



IHOP | Offering Memorandum

16361 Gateway Lane, King George, Virginia 22485



This Offering Memorandum is brought to you by:

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TABLE OF CONTENTS

1	Executive Summary
2	Lease Summary
3	Tenant Summary
4	Market Overview
5	Regional Overview
6	Bird's Eye
7	Trade Area
8	Demographics / Market Map

INTERNATIONAL HOUSE OF PANCAKES | 16361 GATEWAY LANE | KING GEORGE, VIRGINIA

The offering is located within King George Gateway shopping center in King George, Virginia and consists of a **net leased International House of Pancakes (IHOP)** with **over 19 years of primary term remaining, plus four, five-year options**. The rent is scheduled to **increase by 10% every five years** throughout both the term and the first two options; the remaining two options will increase by the then fair market rent. The **lease is guaranteed by Wilhelm Restaurant Group** (Sake, Inc.), a franchisee operating 19 IHOP restaurants within the Washington, DC MSA. With **excellent visibility off Route 301**, the offering is **shadowed by Walmart Supercenter** with nearby national retailers such as Petco, Peebles, Five Guys, AutoZone, Murphy's Express and Starbucks, among others. Wendy's recently executed a ground lease on the parcel between Starbucks and Murphy's Express and will begin construction in April of 2019. Including an **adjacent Holiday Inn Express**, there are **264 existing and 64 additionally planned hotel rooms within a quarter mile** of the offering, as well as **1,500 daily attendees** of Dehlgren Educational and Research Center and **1,500 employees** of Lockheed Martin, SAIC and Northrop Grumman. **Naval Surface Warfare Center Dehlgren Division is a major employer** in the region with **10,000 employees**. A point of entry to the center, **Gate B is less than a mile from the offering** off Route 301 and Bennion Road. A further **source of revenue is available via the future rights and monies to a remote ATM pad** on the northern part of the parcel.

INVESTMENT HIGHLIGHTS

Open 24 Hours a Day

24/7



New Construction
Delivered 2018

Busy Retail Corridor



Rights to Future
ATM Pad

Market
Washington DC MSA



Long Term Lease

PRICE

\$1,787,600

CURRENT NOI

\$93,849

CAP

5.25%

LEASE ABSTRACT

Tenant	IHOP	Remaining Term	19+ Years
Lease Guarantor	Sake, Inc. (Wilhelm Restaurant Group)	Net Operating Income	\$93,849
Lease Type	NNN	Increases	10% Every 5-Years
Rent Commencement	7/1/2018	Options	Four, Five-Year
Lease Expiration	6/30/2038	Building - Square Feet	4,578 SF
Lease Term	20-Years	Land - Acres	1.50 AC
CAMs	Tenant Reimburses	Option to Terminate	No
Taxes	Tenant Reimburses	Option to Purchase	No
Roof and Structure	Landlord Responsible	Right of First Offer	No ^[1]

INITIAL TERM

Lease Year	Monthly Rent	Annual Rent	Increases
7/1/2018 - 6/30/2023	\$7,820.75	\$93,849.00	-
7/1/2023 - 6/30/2028	\$8,602.83	\$103,233.96	10%
7/1/2028 - 6/30/2033	\$9,465.02	\$113,580.24	10%
7/1/2033 - 6/30/2038	\$10,411.14	\$124,933.68	10%

OPTIONS

Lease Year	Monthly Rent	Annual Rent	Increases
7/1/2038 - 6/30/2043	\$11,452.63	\$137,431.56	10%
7/1/2043 - 6/30/2048	\$12,597.13	\$151,165.56	10%
7/1/2048 - 6/30/2053	FMV		
7/1/2053 - 6/30/2058	FMV		

[1] The Right of First Offer has already been waived.

International House of Pancakes

www.ihop.com

\$1.951 B	1,700+	1958
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Net Sales

Locations

Year Founded

The International House of Pancakes was founded in 1958 and focuses on a family-centric, casual dining experiences at an affordable price. The brand has since dominated the casual restaurant category and created a franchise model (an estimated 99% of restaurants are franchise operated) which has allowed the brand to expand across the globe. In February of 2019, IHOP’s president Darren Rebelez announced its fourth consecutive quarter outperforming in the family dining category based on comparable sales. In 2018, same-store revenues grew by 1.5% and total revenues grew by 3.9%. After opening 34 U.S. restaurants and 11 international restaurants, IHOP surpassed 1,700 units during the fourth quarter of 2018.

Wilhelm Restaurant Group

Sake, Inc.	19 Restaurants
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Guarantor

Operator

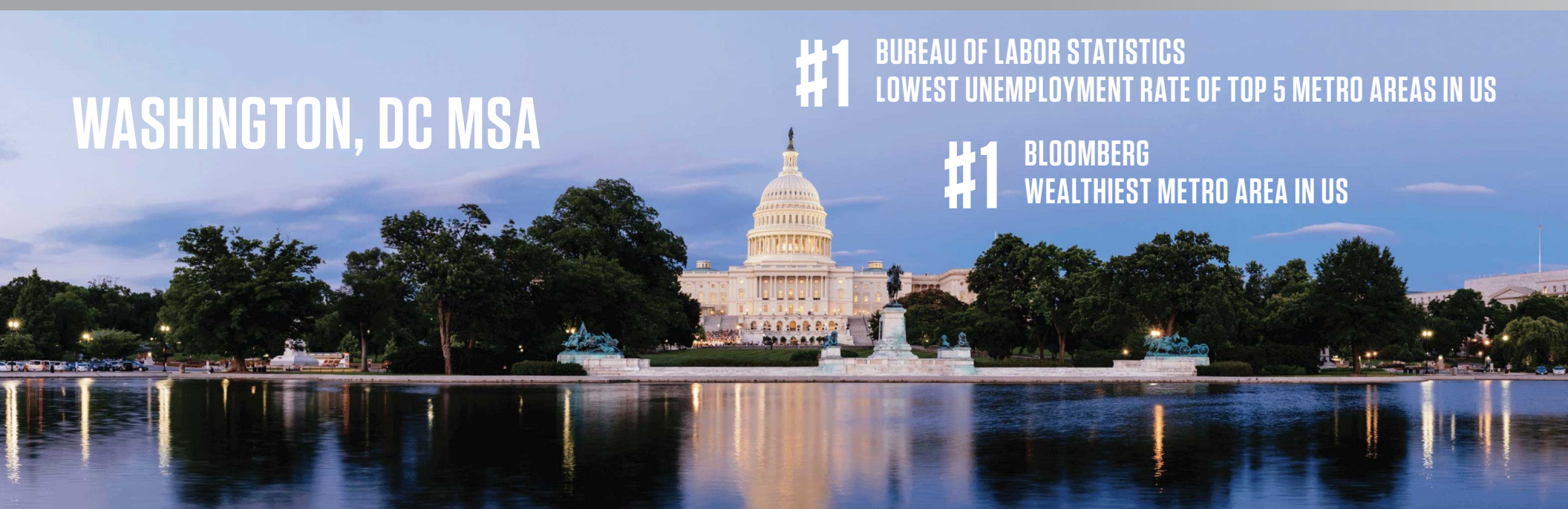
Wilhelm Restaurant Group (WRG) is a franchisee operator with a focus on the Washington, DC MSA. With over two decades of experiences, WRG currently operates 19 restaurants.



WASHINGTON, DC MSA

#1 BUREAU OF LABOR STATISTICS
LOWEST UNEMPLOYMENT RATE OF TOP 5 METRO AREAS IN US

#1 BLOOMBERG
WEALTHIEST METRO AREA IN US



With a population of over six million, the Washington, DC Metropolitan Statistical Area (MSA) includes the District of Columbia, as well as twenty-two counties and jurisdictions within Maryland and Virginia. The region has one of the best performing economies in the nation with a highly educated workforce of which more than 50% possess a bachelor's degree or higher.

The Washington, DC MSA also has one of the most dynamic economies in the nation, driven by the Federal Government, lobbying, biotechnology, defense contracting, data processing and tourism. Fifteen Fortune 500 companies call the region home, along with over 400 international associations and 1,000 internationally owned companies. As a testament to the strength of the economy, Amazon announced in 2018 that its new East Coast headquarters would be in the Washington, DC MSA, bringing with it 25,000 new employment opportunities and an economic impact that will transform the region.

The region also serves as an international tourist destination. Over 22.8 million visitors, spending approximately \$7.5 billion, visit annually to experience the culture, history, and hospitality the MSA has to offer. Three world-class airports support the MSA: Washington Dulles International Airport (IAD), Baltimore/Washington International Thurgood Marshall Airport (BWI) and Ronald Reagan Washington National Airport (DCA).



King George, Virginia

King George is the seat of King George County, Virginia. The county's largest employer is Naval Surface Warfare Center Dahlgren Division, one of the largest research and development centers in the nation. The center covers over 4,300 acres, employs 10,000 daytime workers and has 220 family housing units. The primary focus of the naval facility is research, development, analysis, systems engineering and integration, and certification of complex naval warfare systems. Nearby one of two entry points to the base, government contractors Lockheed Martin, SAIC and Northrop Grumman have satellite offices within a large office park, supporting approximately 1,500 employees.

The Maryland Transportation Authority is committing \$765 million in funding towards the replacement of the Governor General Nice Bridge, carrying Route 301 over the Potomac River between Virginia and Maryland. With construction commencing in March of 2020, the bridge replacement project will support the population influx from the 1,100 workers anticipated over the next 3 to 5 years. The population within 3 miles of the offering (IHOP) alone is expected to grow by 1.53% by 2023 and the average household income is expected to increase by 2.45%.

A substantial push for commercial development in the region is underway. Including the 2018 delivery of the offering and the adjacent Holiday Inn Express, there is also a new Dunkin' near the intersection of Route 301 and Route 206. In April of 2019, construction of a Wendy's within King George Gateway shopping center is breaking ground, and construction is additionally scheduled to begin in July 2019 on an approved 64-room hotel within the immediate vicinity. Such development activity in the area is demonstrative of the vitality of the region.





Walmart

University Drive

SITE
DELIVERED
IHOP

Holiday Inn
Express

verizon



AutoZone

FIVE GUYS
BURGERS and FRIES



UNIVERSITY OF
MARY WASHINGTON
DAHLGREN CAMPUS

Trade Area



DAHLGREN EDUCATIONAL & RESEARCH CENTER

Operated by UNIVERSITY OF MARY WASHINGTON
1,500 Daily Attendees
45,000 SF

KING GEORGE GATEWAY



← GATE B

Naval Surface Warfare Center Dahlgren Division

BASE INFO

4,300 Acres
3.1m SF Facilities
10,000 Employees

Fredericksburg
27 miles

206

Dahlgren Rd

301

17,000
[2018 ADT]

26,000
[2018 ADT]



COUNTRY
INNS & SUITES



LOCKHEED MARTIN
NORTHROP GRUMMAN
SAIC
APPROXIMATELY
1,500 EMPLOYEES



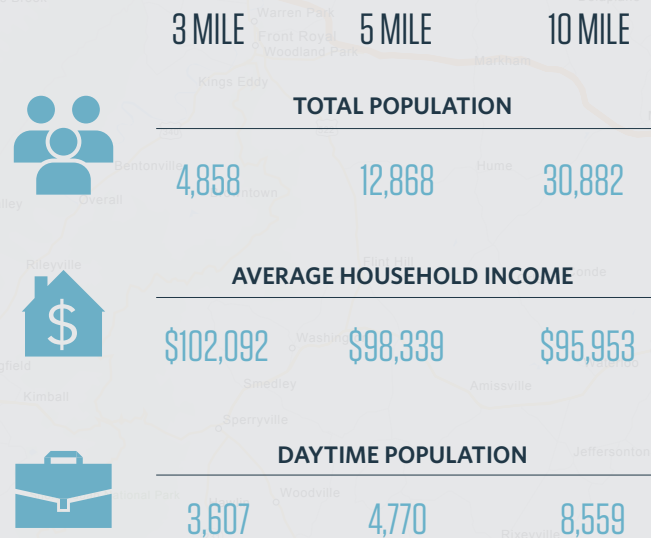
← GATE A

301

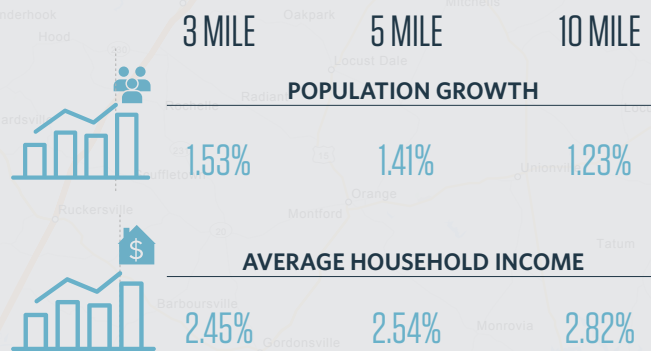
218

James Madison Pkwy

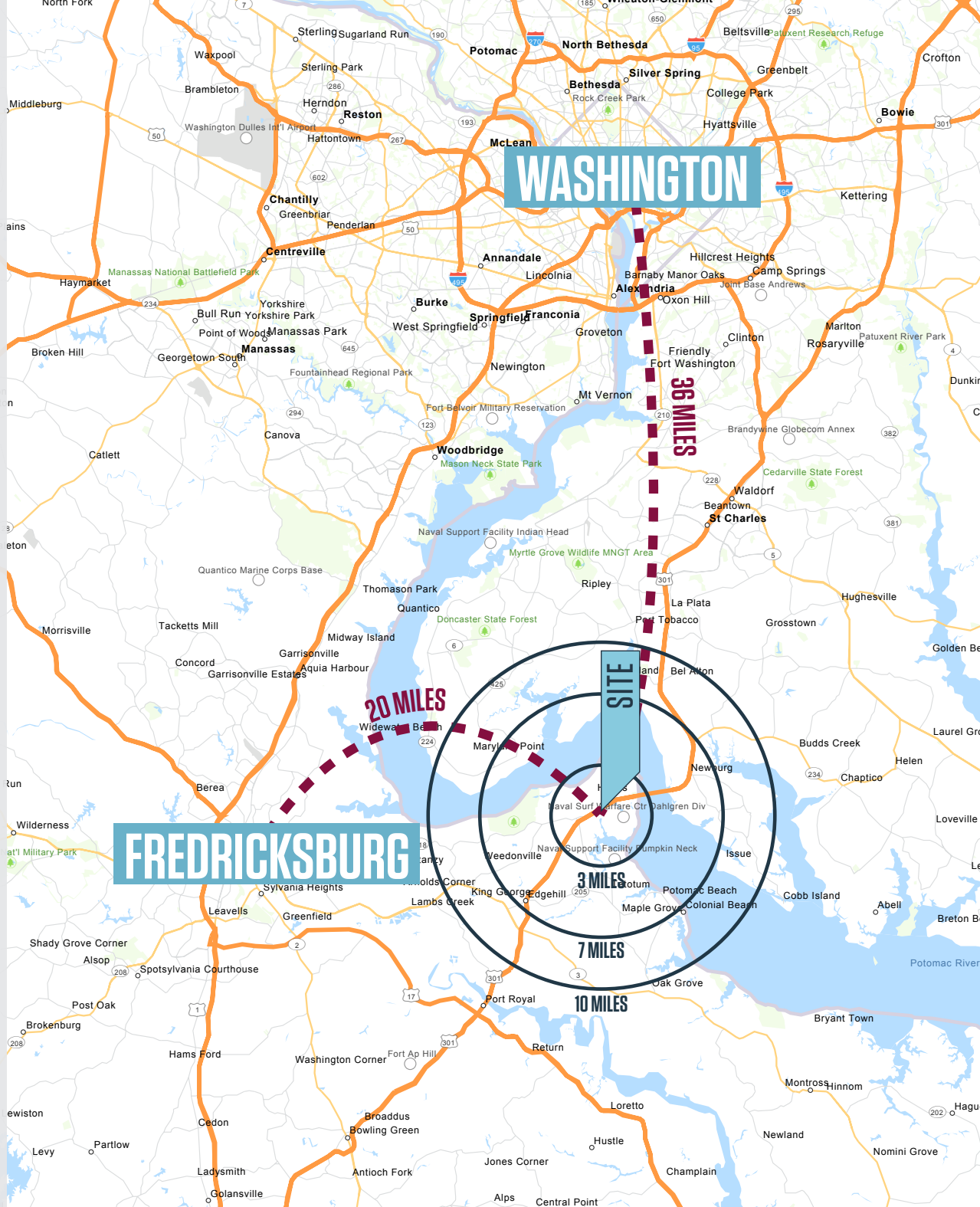
2018 DEMOGRAPHIC SUMMARY



2018 - 2023 GROWTH SUMMARY



SOURCE: ESRI



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