



\*REPRESENTATIVE PHOTO



OFFERING  
MEMORANDUM

## APPLEBEE'S ABSOLUTE NNN LEASE

1396 ARMORY DRIVE, FRANKLIN, VA 23851

OFFERING MEMORANDUM  
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# INVESTMENT OVERVIEW



This is an extremely rare opportunity to acquire an absolute NNN leased Applebee's. The offering is the fee simple interest, with a long term 19 year lease. The lease provides for increases in rent of 10% every five years. Rent increases carry through the options to renew. The tenant is Potomac Family Dining Group, an operator of 65 restaurants.

The property benefits from its strategically located along Armory Drive, the main retail corridor in Franklin. The site is adjacent to the Southhampton Shopping Center anchored by Food Lion, Belk, and Roses.

## INVESTMENT HIGHLIGHTS

**LONG TERM ABSOLUTE NNN LEASE**

**100% FEE SIMPLE INTEREST**

**ZERO LANDLORD OBLIGATIONS**

**STRONG OPERATOR OF APPLEBEE'S RESTAURANTS**

**STRONG STORE SALES - HEALTHY RENT TO SALES RATIO**

**EARLY LEASE RENEWAL**

**SURROUNDED BY MAJOR RETAILERS INCLUDING SUPER WALMART SUPERCENTER, LOWE'S, AND TRACTOR SUPPLY CO.**

## OFFERING SPECIFICATIONS

**PRICE** \$2,704,615

**CAP RATE** 6.50%

**NET OPERATING INCOME** \$175,800

**SQUARE FOOTAGE** 3,794

**LOT SIZE** 1.70 AC

# FINANCIAL SUMMARY

## APPLEBEE'S • ABSOLUTE NNN LEASE OFFERING

1396 ARMORY DRIVE, FRANKLIN, VA 23851

**\$2,704,615 • 6.50%**

### SUMMARY

TENANT NAME	Applebee's
SQUARE FOOTAGE	3,794
LEASE BEGINS	5/1/2019
LEASE ENDS	12/31/2038
ANNUAL RENT	\$175,800
OPTIONS	Three, 5-Year
INCREASES	10% every 5 years and at Options

### OFFERING SUMMARY

	NET OPERATING INCOME	CAP RATE
CURRENT	\$175,800.00	6.50%
2024-2028	\$193,380.00	7.15%
2029-2033	\$212,718.00	7.87%
2034-2038	\$233,989.80	8.65%
OPTION 1	\$257,388.78	9.52%
OPTION 2	\$283,127.66	10.47%
OPTION 3	\$311,440.42	11.52%

# LEASE ABSTRACT

## BASIC TERMS

TENANT	Applebee's
GUARANTOR	Potomac Family Dining
BUILDING SIZE	3,794 SF
LOT SIZE	1.70 AC
ADDRESS	1396 Armory Drive, Franklin, VA
LEASE END	May 1, 2019
LEASE END	December 31, 2038
RENEWAL OPTIONS	Three, 5-Year
INCREASES	10% every 5 years

## OBLIGATIONS

LANDLORD OBLIGATIONS	NO LANDLORD OBLIGATIONS
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## RENT SCHEDULE

PERIOD (YEARS)	MONTHLY RENT	ANNUAL RENT	RENT/SF
CURRENT	\$14,650	\$175,800.00	\$46.33
2024-2028	\$16,115	\$193,380.00	\$50.96
2029-2033	\$17,726	\$212,718.00	\$56.06
2034-2038	\$19,499	\$233,989.00	\$61.67
OPTION 1	\$21,449	\$257,388.00	\$67.84
OPTION 2	\$23,593	\$283,127.00	\$74.62
OPTION 3	\$25,953	\$311,440.00	\$82.08





# TENANT OVERVIEW

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**65** LOCATIONS



**PRIVATELY** HELD

## POTOMAC FAMILY DINING

Potomac Family Dining was founded in late 2010 with the acquisition of 30 Applebee's in Northern Virginia, Southern Maryland, and parts of Pennsylvania and West Virginia areas. Today, Potomac Family Dining operates 65 restaurants.

His vision was to create a company that would make a long term commitment to becoming a major franchisee and leader in the Applebee's brand. He felt that being part of such a major brand (the largest in the casual dining segment) would allow him to leverage the advantages such a national relationship could provide, while understanding that the biggest opportunity was proudly contained in the name of the restaurant brand itself - Applebee's Neighborhood Grill and Bar. Neighborhood is the key. The company is a brand which takes total pride in being the neighborhood restaurant in every community of which they are a part.

True to his vision, in October of 2012, Potomac Family Dining acquired 39 additional Applebee's in Southern Virginia and part of Northern North Carolina. After this second acquisition the company became the sixth largest franchisee in the Applebee's system.

While the company is only six years old, it has had a short and exciting history. They believe that the most exciting times and growth still lay ahead.



# LOCATION AERIAL





# REGIONAL OVERVIEW



# DEMOGRAPHICS



	3 MILES	5 MILES	10 MILES
TOTAL POPULATION	9,005	11,925	22,460
TOTAL HOUSEHOLDS	3,692	4,849	8,934
AVERAGE HOUSEHOLD INCOME	\$39,633	\$43,441	\$47,790
AVERAGE AGE	40.70	41.10	41.50

# AREA OVERVIEW

DEMOGRAPHICS	3 MILES	5 MILES	10 MILES
TOTAL HOUSEHOLDS	3,692	4,849	8,934
TOTAL POPULATION	9,005	11,925	22,460
PERSONS PER HOUSEHOLD	2.40	2.40	2.50
AVERAGE HOUSEHOLD INCOME	\$39,633	\$43,441	\$47,790
AVERAGE HOUSE VALUE	\$184,509	\$179,950	\$182,659
AVERAGE AGE	40.70	41.10	41.50
POPULATION WHITE	3,750	5,690	12,723
POPULATION BLACK	4,970	5,872	9,086
POPULATION AM. INDIAN & ALASKAN	35	42	83
POPULATION ASIAN	76	89	133
POPULATION HAWAIIAN & PACIFIC ISLAND	4	5	15
POPULATION OTHER	170	227	419

## FRANKLIN, VIRGINIA

Franklin is an independent city in the Commonwealth of Virginia. The Bureau of Economic Analysis combines the city of Franklin with Southampton County for statistical purposes.

Modern Franklin has two major industrial sectors: agriculture and manufacturing. Franklin is listed as being the 13th-most profitable and 12th-largest farming community in the state. The neighboring areas of Southampton and Isle of Wight counties, along with the city of Suffolk, are all ranked in the 20 most profitable farming counties, with Southampton County being the eighth-largest in the state.

With the high agricultural profile of Franklin and the surrounding areas, it was only with the opening of the Camp Lumber Mill in 1887 that the manufacturing sector began to expand. The Camp Lumber Mill became the Union Camp Corporation, which was eventually bought by International Paper. Today, the International Paper mill, located on the eastern boundary of the city, beside the Blackwater River, produces lumber, pulp and paper products and other chemical by-products.

Franklin is located in southeastern Virginia at 36°40′29″N 76°55′50″W (36.674954, -76.930799). Its eastern border is the Blackwater River, a south-flowing tributary of the Chowan River, the principal inflow for Albemarle Sound in North Carolina. U.S. Route 58 (Southampton Parkway) follows the southern border of the city, leading east 21 miles (34 km) to Suffolk and 42 miles (68 km) to Norfolk. To the west US 58 leads 35 miles (56 km) to Emporia. U.S. Route 258 passes through the center of Franklin as East Second Avenue, South Main Street, and South Street; US 258 leads northeast 15 miles (24 km) to Windsor, Virginia, and southwest 21 miles (34 km) to Murfreesboro, North Carolina.





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