

APPLEBEE'S

EXCLUSIVE NET LEASED OFFERING

Representative Photo



OFFERING MEMORANDUM



172 Cassidy Blvd
Pikeville, KY 41501

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Investment Highlights



Optimal Lease Structure

- ✓ 15-Year Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases | 1.50% Annually
- ✓ Four (4) Tenant Renewal Periods of Five (5) Years Each

Compelling Location Fundamentals

- ✓ Dense Retail Corridor | McDonald's, Walmart, Arby's, Steak 'n Shake, Burger King, Buffalo Wild Wings, Moe's Southwest Grill, Texas Roadhouse, Marshalls, Hobby Lobby, Petco, Dollar General, Dollar Tree, and Many More
- ✓ Features High Visibility & Ease of Access On Cassidy Boulevard
- ✓ Strong Traffic Counts | North Mayo Trail | Average 33,600 Vehicles Per Day
- ✓ Compelling Location Fundamentals | Located Less Than Four-Miles North of the University of Pikeville | 25 Acre, 2,400 Undergraduate Student Campus

Strong Brand, Exceptional Operator

- ✓ Legacy Apple III, LLC | 20 Strong Performing Unit Entity
- ✓ Part of the Thrive Restaurant Group Family | Experience Operating in the Restaurant Industry Since 1966
- ✓ Thrive Restaurant Group Is Comprised of More Than 80 Restaurant Locations Across 11 States | Includes the Operations of 59 Applebee's Restaurants
- ✓ Long Term Operational History | Restaurant Has Been in Operation Since 2000



Representative Photo



Representative Photo



Financial Analysis & Investment Summary



PRICE: \$2,222,222 | CAP RATE: 6.75% | RENT: \$150,000

PROPERTY DESCRIPTION

Property	Applebee's
Property Address	172 Cassidy Blvd
City, State ZIP	Pikeville, KY 41501
Building Size (SF)	4,437
Lot Size (Acres)	+/- 1.51
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$2,222,222
CAP Rate	6.75%
Annual Rent	\$150,000

LEASE SUMMARY

Tenant / Guarantor	Legacy Apple III, LLC
Lease Term	15 Years
Lease Commencement	Close of Escrow
Lease Expiration	15 Years from the Close of Escrow
Lease Term Remaining	15 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Four (4), Five (5)-Year
Rental Increases	1.50% Annually

RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$150,000	\$12,500	-
Year 2	\$152,250	\$12,688	1.50%
Year 3	\$154,534	\$12,878	1.50%
Year 4	\$156,852	\$13,071	1.50%
Year 5	\$159,205	\$13,267	1.50%
Year 6	\$161,593	\$13,466	1.50%
Year 7	\$164,016	\$13,668	1.50%
Year 8	\$166,477	\$13,873	1.50%
Year 9	\$168,974	\$14,081	1.50%
Year 10	\$171,508	\$14,292	1.50%
Year 11	\$174,081	\$14,507	1.50%
Year 12	\$176,692	\$14,724	1.50%
Year 13	\$179,343	\$14,945	1.50%
Year 14	\$182,033	\$15,169	1.50%
Year 15	\$184,763	\$15,397	1.50%





Concept & Tenant Overview



ABOUT APPLEBEE'S

Founded nearly four decades ago on the principles of exceptional value and family fun, Applebee's Services, Inc. operates what is today the largest casual-dining chain in the world. This prominent eatery draws people of all ages and lifestyles with its fun, family-friendly atmosphere and signature bar and grill menu.

Headquartered in Glendale, CA, Applebee's has been providing customers with great service and even better food since 1980. With over 2,000 locations worldwide, Applebee's is an iconic chain that has strong brand recognition in not only America, but Europe, South America, and the Middle East as well. Applebee's prides itself in the commitment it makes to provide not only the best American food possible, but it's commitment to providing customers with a great dining experience for over 40 years now.

Applebee's continues to grow and prosper, and further differentiates itself with innovative attractions, like the popular Carside to Go service available at many of its restaurants. And the company continually works to add greater value and broaden its appeal, as evidence by the "It's a Whole New Neighborhood" campaign, indicative of a fresh re-energizing approach and promise of new, enticing menu items.

ABOUT THRIVE RESTAURANT GROUP

Legacy Apple III, LLC is a part of the Thrive Restaurant Group, which is a seasoned restaurant operator with more than 50 years of experience in the industry. Thrive Restaurant Group has been operating in the restaurant space since 1966 when Darrel Rolph became a Pizza Hut franchisee and opened his first store. From there the brand took off, expanding rapidly.

In 1998, Thrive Restaurant Group built 9 Applebee's in Iowa and well as acquiring 16 Applebee's in Iowa and Illinois. This started a long and successful partnership with Applebee's, as they have grown their operational footprint of the brand to 59 restaurants, including their most recent acquisition of 20 units. Thrive Restaurant Group continues its successful operational career and is expected to further grow their operations footprint in the years to come.





Thrive Restaurant Group History



1966 1968 1973 1981 1994 1997 1998 2002 2011 2014 2017 2018 2019 2020

Darrel Rolph becomes a Pizza Hut franchisee in IA.

Darrel & David Rolph form Sasnak Management Corporation and build Pizza Huts in VA, WV and FL.

Darrel & David sell their 26 Pizza Huts to PepsiCo.

Form Apple Corps, LP; Build nine Applebee's in IA; Acquire 16 Applebee's in IA and IL.

Jon takes over operations of Sasnak.

Jon & Lauren Rolph found HomeGrown, a daytime eatery restaurant in Wichita, Kansas. Nigel POS is launched at opening.

Open two more HomeGrown locations in Wichita; Jon & Lauren found Peace, Love & Pie in Wichita, which offers unique twists on the classic dessert.

Pizza Hut goes public; Darrel merges his 5 stores into the new public company and stays on as National Director of Operations.

Darrel & David found Carlos O'Kelly's Mexican Cafes in Cedar Rapids, IA; Grows to 49 restaurants in ten states.



Darrel & David found US Restaurant Properties, a publicly traded REIT.

David's son, Jon, returns to the company.

Close several Carlos O'Kelly's locations & the restaurant is rebranded.



Sasnak becomes Thrive Restaurant Group; Jon forms Legacy Apple, LLC.; Acquires 8 Applebee's locations in SD, IA, and NE; Acquires 8 more units in TN & KY from a second acquisition.



Acquisition of 20 Applebee's units in WV, OH, KY, VA.



David Rolph – Chairman

David began his restaurant career in 1970 as an Assistant Manager at Pizza Hut – just to help pay for college. This job turned into ownership of 26 Pizza Huts across Virginia, West Virginia, and Florida, and a 40 year partnership with his brother, Darrel. David and Darrel started Sasnak Management in 1973 and their own restaurant concept in 1981, which was a casual dining Mexican restaurant called Carlos O’Kelly’s. By the time they sold their Pizza Huts in 1994, they were operating 24 Carlos restaurants in 10 states between Kansas and Washington, DC. Carlos continued to grow by 3 to 4 stores per year for the next decade. In 1998, they bought 16 Applebee’s in Iowa and Illinois and have since built 9 more. These 25 units make up Apple Corps, LP. Darrel passed away in 2011. A new partnership with David’s son, Jon, led to the acquisition of 16 stores across South Dakota, Iowa, and Tennessee in April and July of 2018. These stores operate under the banner of Legacy Apple, LLC. David plays guitar in a local band, and he’s an avid pilot, fly fisherman, and grandfather.



Jon Rolph – President & CEO

After graduating from Baylor University, Jon joined the family business in 2002. He held a number of key positions in the company, including restaurant-level operations, V.P. of Administration & Marketing, and as COO of Carlos O’Kelly’s, eventually succeeding his father as President of Sasnak Management, which was rebranded to Thrive Restaurant Group in 2019. Jon has served on the boards of several local and national organizations. Currently, Jon is on the Board of Directors of Intrust Bank, Greater Wichita Partnership Co-Chair, Applebee’s Franchise Tech Council Chairman, and Applebee’s Franchise Business Council Vice President, he is also the Secretary and Board Member for Centralized Supply Chain Services. Most recently, he was appointed to the Kansas Board of Regents. In 2015 he partnered with High Touch Technologies to engineer a modern Point of Sale system for restaurants, which was named Nigel. In 2017 Jon and his wife, Lauren, founded HomeGrown, a breakfast/lunch eatery, and launched Nigel at the opening. Two years later, two more HomeGrown locations opened along with an emerging pie concept, Peace, Love & Pie.



Greg Stroud – CFO

Greg joined Thrive in 2017 as Chief Financial Officer. He’s originally from New Mexico, a graduate of New Mexico State University, and a graduate of the GE Financial Services Training Program. He began his career managing tax and financial processes and developing Six Sigma expertise at General Electric. He joined Koch Industries in 1997, where he led multiple organizations including Risk Management, Procurement, Information Technology, Indirect Tax, and Accounting. His leadership spanned employees in 6 countries and across corporate-wide capabilities that touched every Koch company. In the community, he coached youth sports for 10 years, served in youth ministry for 15 years, and serves on the Elder Board at Pathway Church for the past 8 years. He also serves on the Advisory Board for a regional design-build construction firm.



Thrive Restaurant Group Operations Team



Mike Coffey - COO

Mike started his restaurant career as a manager for Bennigan's restaurant in 1992 after completing his Officer Basic Course with the US Army Reserve. He was promoted to GM in 1994. In 1996, Mike joined Chili's as a manager. During his 21 year tenure with Chili's he was promoted to GM in 1997, Area Director in 2001, and to Regional Director in 2011, where he supervised 64 restaurants located in North Carolina, South Carolina, West Virginia and Virginia. Mike spent a year as an Area Operating Partner with Panera Bread in 2017 before joining Thrive Restaurant Group as the COO of their Applebee's division in 2018. Mike is an Applebee's Culinary Test Partner and was elected to the Applebee's Franchise Operations Council in 2019.



Ryan Bond - CPO

Ryan joined Thrive in April 2011. He brought with him a wide variety of work experiences -- he has worked in start-ups, pharmaceuticals, manufacturing and higher education -- in sales, business development and teaching faculty roles. Additionally, he's helped and equipped more than two-dozen organizations to achieve better futures for themselves through his organization development consulting. Ryan has led and contributed to a variety of projects with the common theme of creating experiences that bring out the best in our brands, each other and our guests. Some of that work is tangible -- restaurant design, training programs, process improvement; and some conceptual -- asking questions, shaping mindsets, leadership development, and brand design. In 2019 Ryan became Thrive's Chief People Officer and was elected to the Applebee's Franchise People Council.

Brand Involvement and Individual Awards

Jon Rolph

- Chairman - Franchise Technology Council
- Vice President - Franchise Business Council
- Secretary & Board of Directors - Centralized Supply Chain Service

Mike Coffey

- Member - Franchise Operations Council
- Culinary Test Partner

Ryan Bond

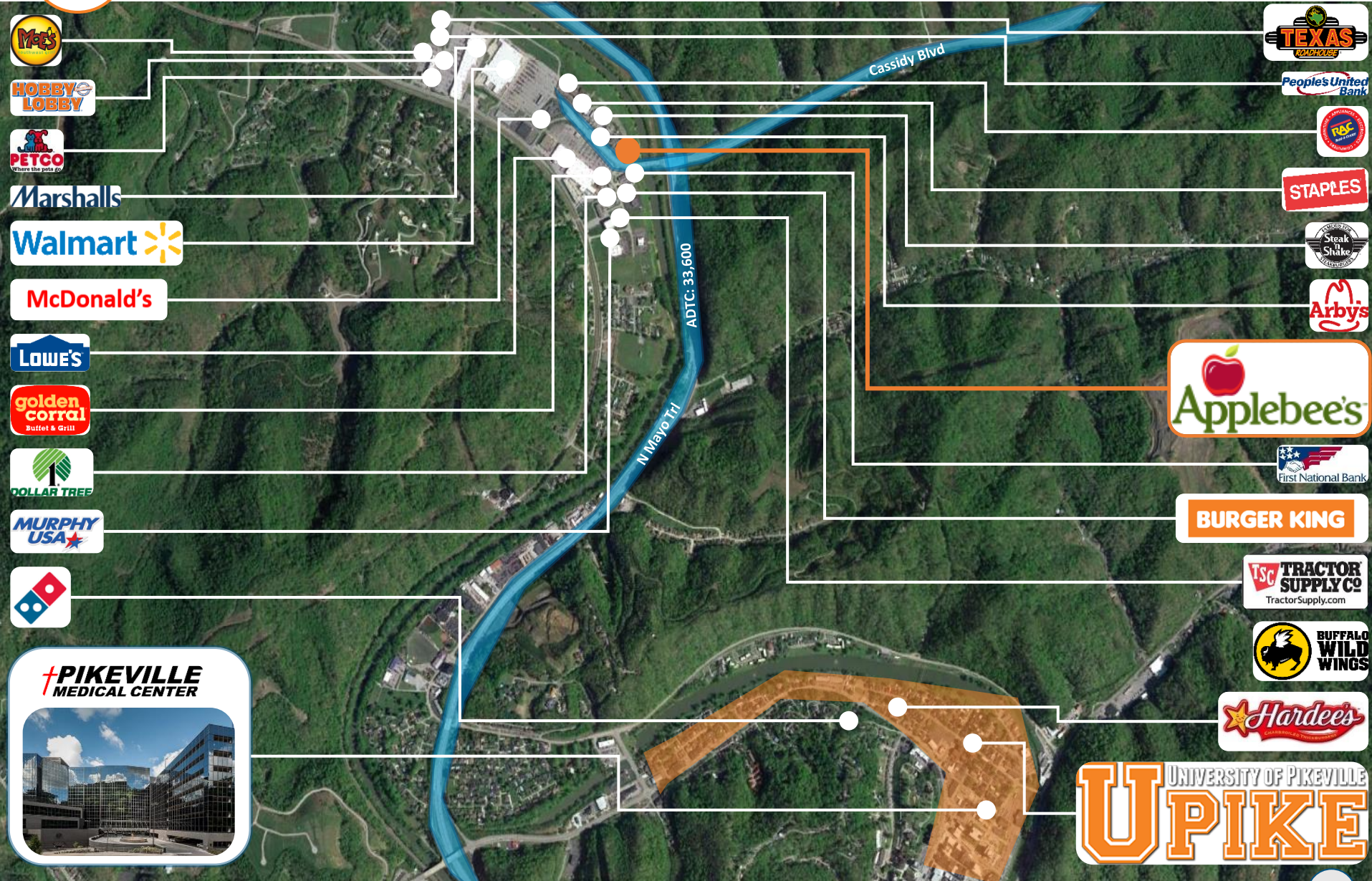
- Member - Franchise People Council

Recent Company-Wide Recognition

- **2017** - Highest Guest Retention
- **2018** - Deal Maker of the Year
- **2018** - Culinary Innovator of the Year
- **2019** - Culinary Partner of the Year
- **2019** - Top 10 in Ticket Times



Surrounding Area



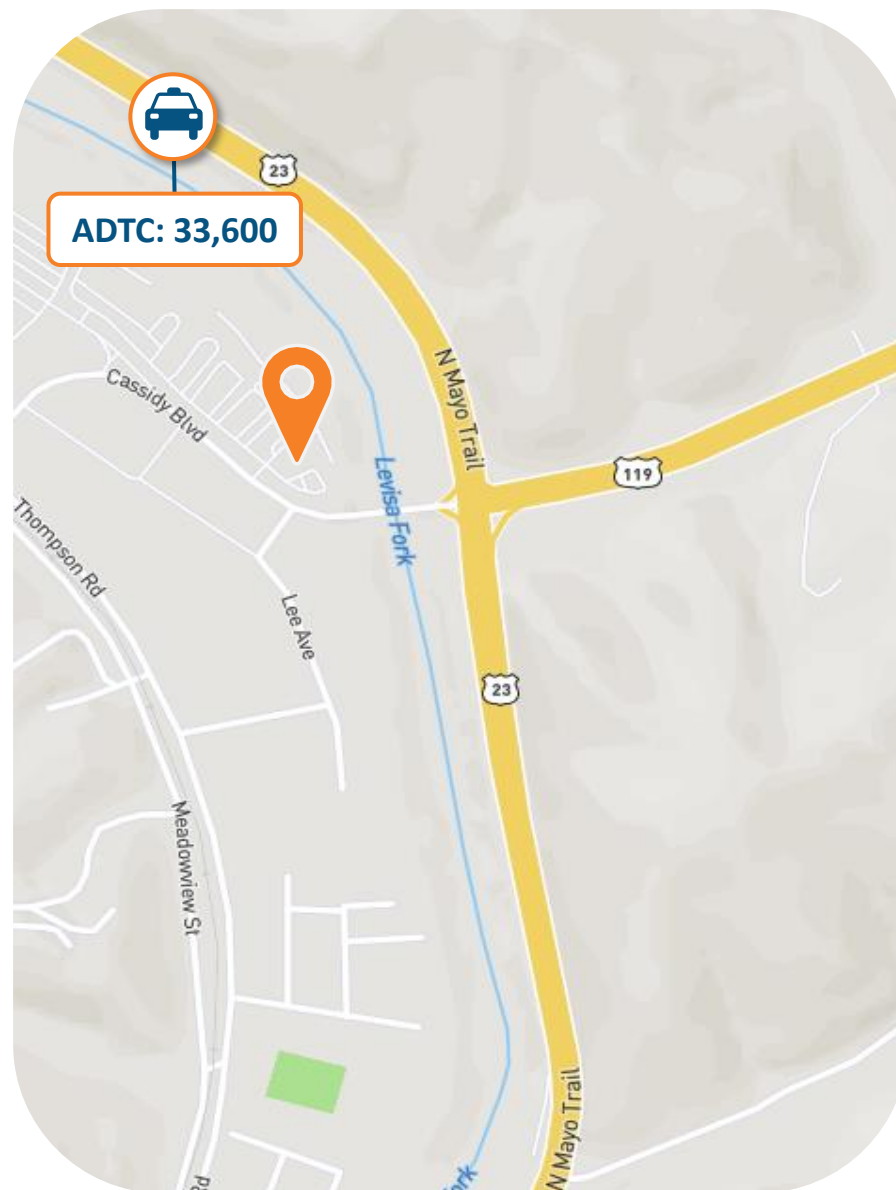


Location Overview

The subject investment property is situated along Cassidy Boulevard, which intersects with North Mayo Trail, a major vessel that runs along the Levisa Fork to the University of Pikeville. North Mayo Trail boats just over 33,600 average daily vehicles. There are more than 14,300 individuals residing within a five-mile radius of the property and more than 34,300 individuals within a ten-mile radius.

The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers and hospitality accommodations all within close proximity of this property. Major national tenants include: McDonald's, Walmart, Arby's, Steak 'n Shake, Burger King, Buffalo Wild Wings, Moe's Southwest Grill, Texas Roadhouse, Marshalls, Hobby Lobby, Petco, Dollar General, Dollar Tree, and several other quick service restaurants. Additionally, several hospitality accommodations are within immediate proximity to the subject investment property. These include: Hilton Garden Inn, Holiday Inn Express & Suites, Landmark of Pikeville, Hilton Garden Inn, Hampton Inn, Brookshire Inn & Suites, and more. This property also benefits from being situated just four miles up the Levisa Fork from the University of Pikeville, a 25-acre campus, home to over 2,400 students. Additionally, just down the road from the subject property is the Pikeville Medical Center, a 300-bed medical facility, is in the immediate area and is the largest hospital in southeastern Kentucky with over 3,000 employees.

Pikeville has been a center of rapid development in Eastern Kentucky since the 1990s. Pikeville College (now the University of Pikeville) opened the Kentucky College of Osteopathic Medicine in 1997. The university also opened the Kentucky College of Optometry, the first optometry school in Central Appalachia, in the fall of 2016. In October 2005, the 7,000 seat, multi-purpose Eastern Kentucky Exposition Center opened in downtown. Pikeville Medical Center has established itself as a regional healthcare center. In 2014, a new 11-story clinic and a 10-story parking structure was completed at a cost of \$150 million. Late 2017 saw several announcements regarding tenants for the recently opened Kentucky Enterprise Industrial Park. A second tenant in the park was announced on December 15, 2017 with an announcement by EnerBlu, Inc. that they would be investing nearly \$400 million in Pikeville with the construction of a facility to manufacture advanced batteries for use in power grids, commercial and military transportation units, and other equipment. In addition, the manufacturing facility will assemble the batteries into proprietary equipment. It is anticipated that EnerBlu will supply approximately 875 jobs soon after construction of the facility is completed in 2020.





Property Photos



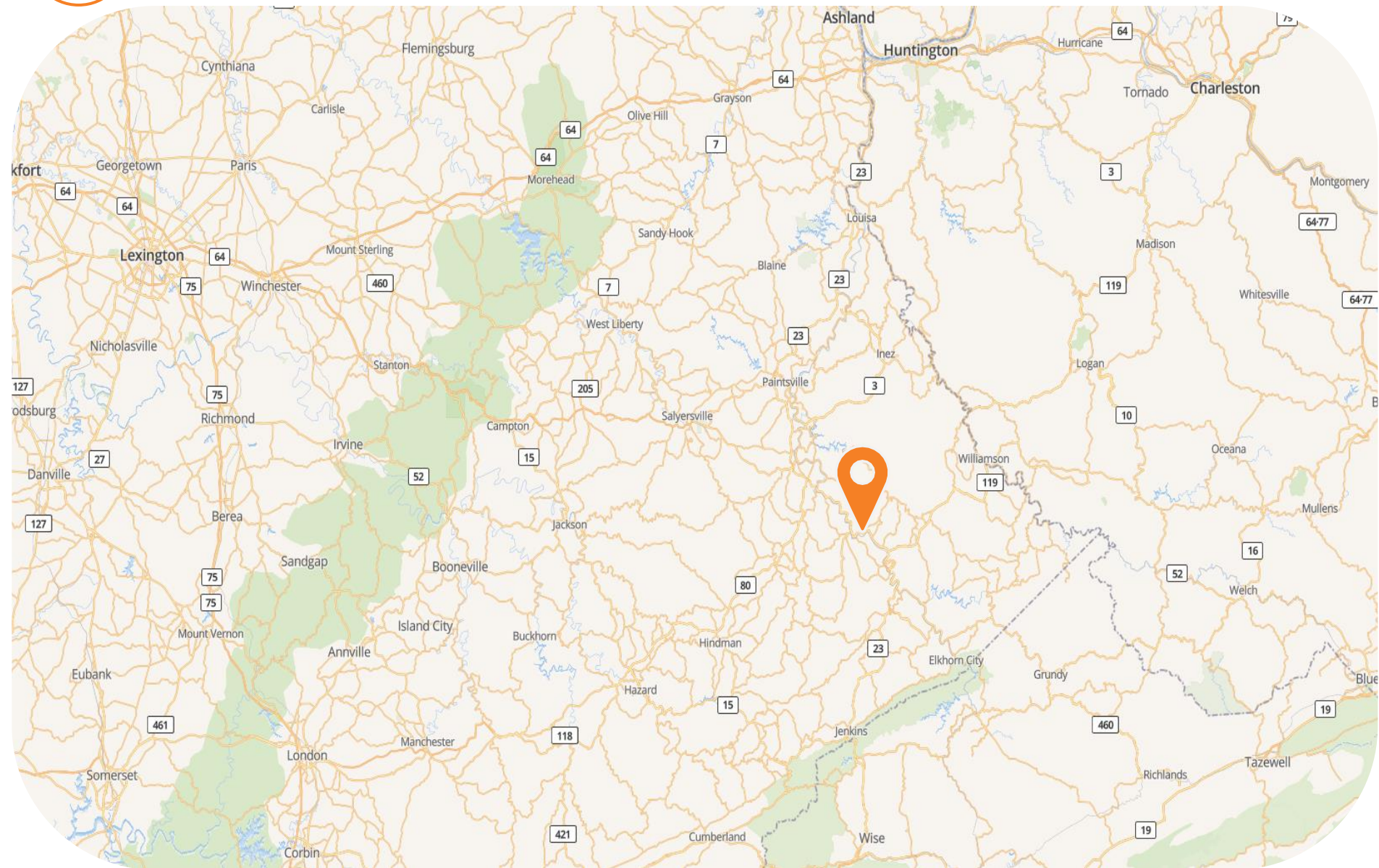


Surrounding Area Photos



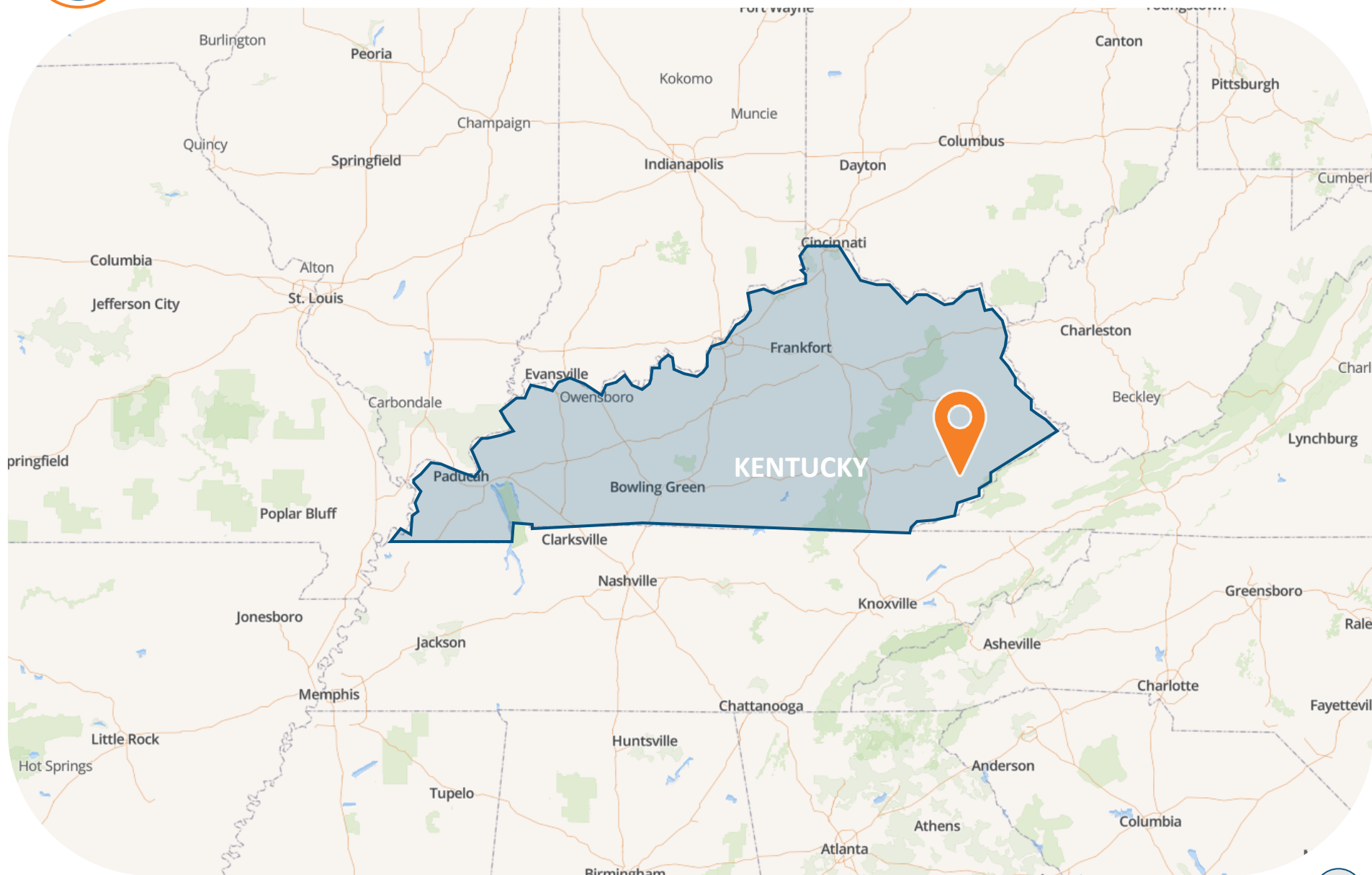


Local Map



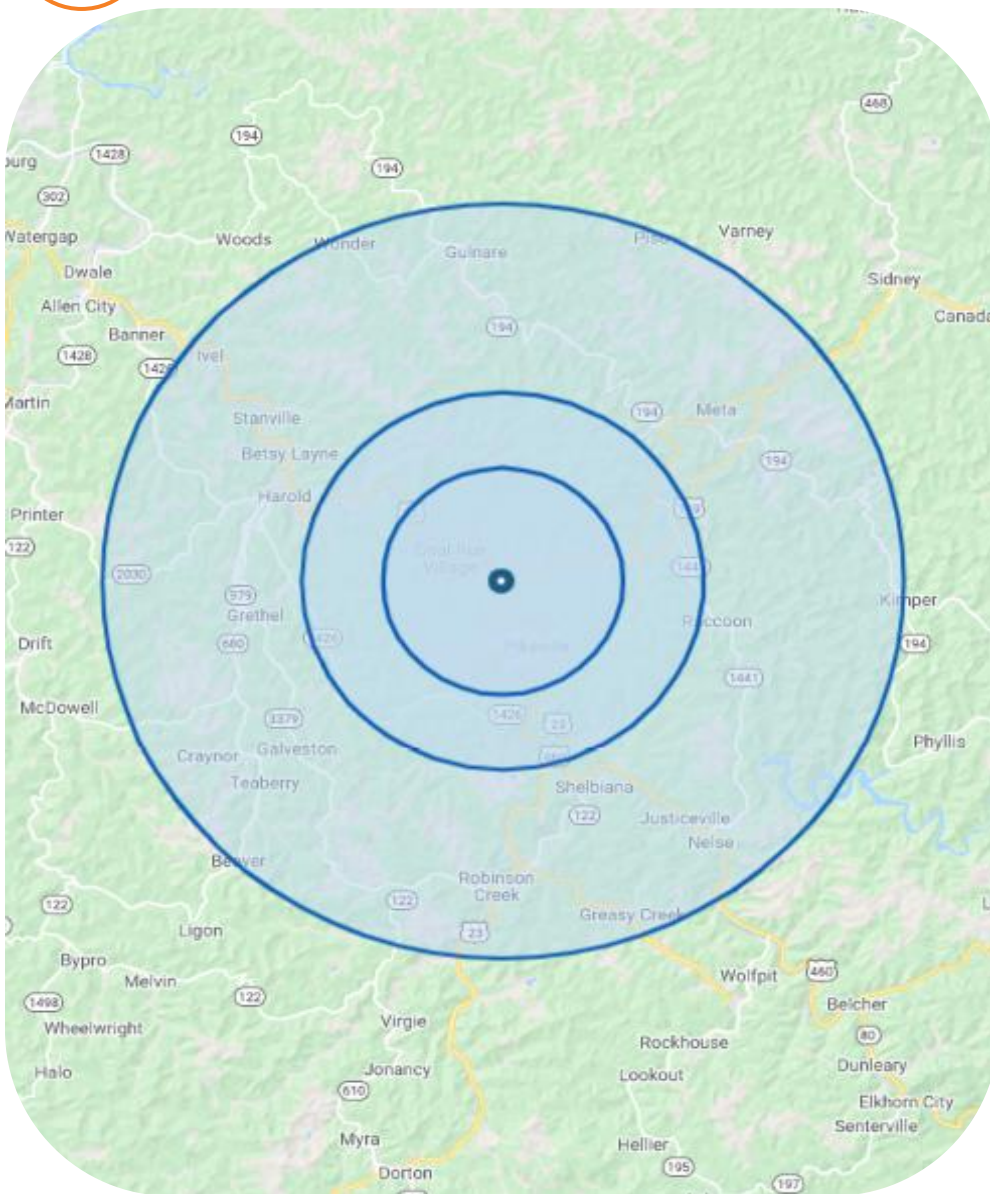


Regional Map





Demographics



	3 Miles	5 Miles	10 Miles
POPULATION			
2023 Projection	8,622	14,408	34,299
2018 Estimate	8,528	14,326	34,579
2010 Census	8,681	14,842	36,008
2000 Census	8,341	14,467	36,688
INCOME			
Average	\$63,563	\$61,988	\$52,814
Median	\$35,853	\$37,715	\$35,368
Per Capita	\$26,679	\$25,739	\$21,643
HOUSEHOLDS			
2023 Projection	3,432	5,815	13,915
2018 Estimate	3,404	5,768	13,940
2010 Census	3,680	6,225	14,910
2000 Census	3,552	6,015	14,859
HOUSING			
2018	\$119,102	\$106,903	\$87,446
EMPLOYMENT			
2018 Daytime Population	19,613	28,314	42,062
2018 Unemployment	8.22%	7.98%	8.77%
2018 Median Time Traveled	15 Mins	17 Mins	23 Mins
RACE & ETHNICITY			
White	92.98%	94.39%	96.56%
Native American	0.08%	0.09%	0.05%
African American	3.06%	2.25%	1.22%
Asian/Pacific Islander	1.95%	1.52%	0.78%



Market Overview



Pikeville, KY

Pikeville

Pikeville is included in the AeroReady Region certification and is situated in a great location with interstate quality highways, regional airports, and commercial airports approximately two hours away. The City of Pikeville has a skilled workforce, excess water and sewer infrastructure, an industrial park, and amazing quality of life that compliments the natural beauty of the area.

Through working together with the partnerships, they are able to help businesses and industry to locate to Pikeville and provide them with resources to assist them from starting their business, helping it grow, and sustaining its growth. They seek to attract industry, businesses, and entrepreneurs to the city and region. They work to promote Pikeville as a destination where businesses and industries can benefit from locating to Pikeville.

Being a regional hub for a variety of services including healthcare, education, legal, and finance. The City of Pikeville has established a variety of strong partnerships and network collaborations with businesses within the city. They also work closely with regional economic development firms like One East Kentucky, Shaping the Appalachian Region (SOAR), and Southeast Kentucky Chamber of Commerce.

The City of Pikeville Economic Development Department is dedicated to encourage, support, and promote the economic vitality of the City of Pikeville and Eastern Kentucky. The City of Pikeville is a forward thinking, progressive, and fast-growing municipality in Eastern Kentucky. We serve as a first-point of contact for local businesses, companies, and entrepreneurs interested in locating or relocating to Pikeville, Kentucky



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