

# APPLEBEE'S

EXCLUSIVE NET LEASED OFFERING

*Representative Photo*



# OFFERING MEMORANDUM



389 John Scott Hwy  
Steubenville, OH 43952

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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 | Walmart, Lowe's, Bath & Body Works, Texas Roadhouse, Aldi, Aspen Dental, AMC, Planet Fitness, Harbor Freight Tools and Many More
- ✓ Features High Visibility & Ease of Access along John Scott Highway
- ✓ Strong Traffic Counts | John Scott Highway and Highway 22 | Average Daily Traffic Counts of 21,500 and 23,000 Vehicles Respectively
- ✓ Close Proximity to the Fort Steuben Mall | Major Retail and Dining Attraction with Nearly 40 Stores Operating in the More Than 800,000 Square Foot Mall
- ✓ Located Nearby to Trinity Hospital West | State of the Art Medical Facility | Recently Underwent a \$75 Million Renovation

## 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 1996



Representative Photo



Representative Photo



# Financial Analysis & Investment Summary



**PRICE: \$2,296,296 | CAP RATE: 6.75% | RENT: \$155,000**

## PROPERTY DESCRIPTION

Property	Applebee's
Property Address	389 John Scott Hwy
City, State ZIP	Steubenville, OH 43952
Building Size (SF)	4,606
Lot Size (Acres)	+/- 1.47 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$2,296,296
CAP Rate	6.75%
Annual Rent	\$155,000

## 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	\$155,000	\$12,917	-
Year 2	\$157,325	\$13,110	1.50%
Year 3	\$159,685	\$13,307	1.50%
Year 4	\$162,080	\$13,507	1.50%
Year 5	\$164,511	\$13,709	1.50%
Year 6	\$166,979	\$13,915	1.50%
Year 7	\$169,484	\$14,124	1.50%
Year 8	\$172,026	\$14,335	1.50%
Year 9	\$174,606	\$14,551	1.50%
Year 10	\$177,225	\$14,769	1.50%
Year 11	\$179,884	\$14,990	1.50%
Year 12	\$182,582	\$15,215	1.50%
Year 13	\$185,321	\$15,443	1.50%
Year 14	\$188,101	\$15,675	1.50%
Year 15	\$190,922	\$15,910	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



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.

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

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.



# Thrive Restaurant Group Operations Team



## 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





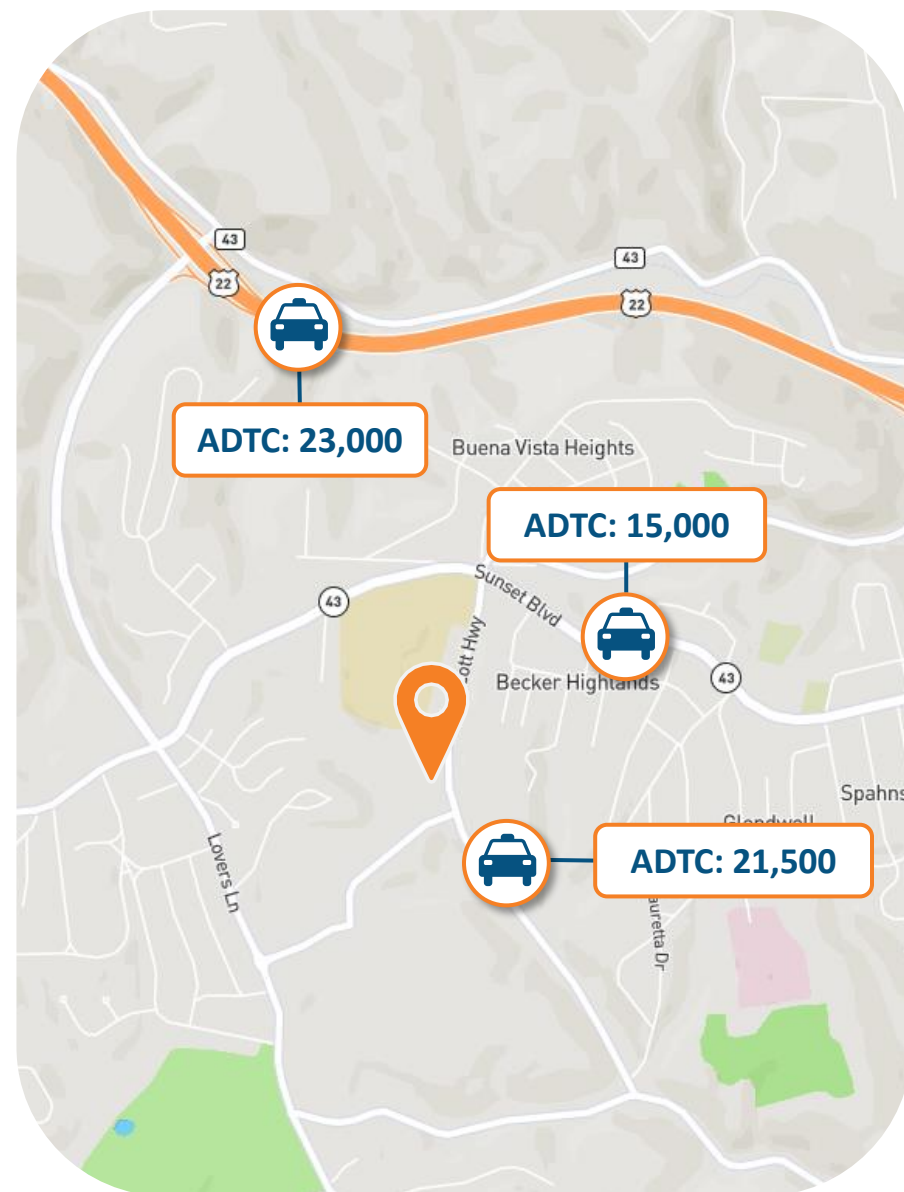


# Location Overview

The subject investment property is situated along John Scott Highway, which is a main thoroughfare through the area and brings 21,500 vehicles directly past the subject property each day. Additionally, nearby Highway 22 and Sunset Blvd bring an additional 23,000 and 15,000 vehicles into the immediate area, on average, each day. There are approximately 25,000 people living within a three-mile radius of the subject property and nearly 42,000 within a five-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 malls. Major national retail and dining concepts include: Lowe's, JCPenney, AMC, Party City, Harbor Freight Tools, Aldi, Texas Roadhouse, Hibbett Sports, and Walmart. The subject property also benefits from being located just up the road from the Fort Steuben Mall, which is one of the largest shopping and dining attractions for those living in Steubenville and the surrounding areas. The mall is made up of 38 stores and encompasses more than 800,000 square feet. The mall is a staple of the Steubenville community, and has been for more than 45 years. The subject property also benefits from its close proximity to the Trinity West Hospital, which is located just southeast of the subject property. The medical facility recently underwent a \$75 million expansion project in 2018. The hospital is a part of the larger Trinity Health System, which is Upper Ohio's only American College of Cardiology Accredited Chest Pain Center, and as such, attracts patients from throughout the region who seek world-class cardiology care.

Steubenville is a city in, as well as the county seat of, Jefferson County, Ohio. Located along the Ohio River roughly 33 miles from Pittsburgh, the city has a population of approximately 20,000 people. The city is home to several campuses of colleges and universities, including Franciscan University of Steubenville and Eastern Gateway Community College. Steubenville has become a popular suburb to the city of Pittsburgh, thanks to the recent construction of the Findlay Connector, which connects residents of Steubenville with the Pittsburgh International Airport and downtown Pittsburgh. Pittsburgh is a city in the state of Pennsylvania and is the county seat of Allegheny County. With a population of approximately 302,000 living within the city limits, Pittsburgh ranks as the 66th largest city in the country and the second largest in the state. Once a steel focused town, Pittsburgh has shifted its economic focus to high technology, robotics, health care, nuclear engineering, tourism, biomedical technology, finance, and education. A recent National Bureau of Economic Research report names Pittsburgh as the second-best U.S. city for intergenerational economic mobility





# Property Photos







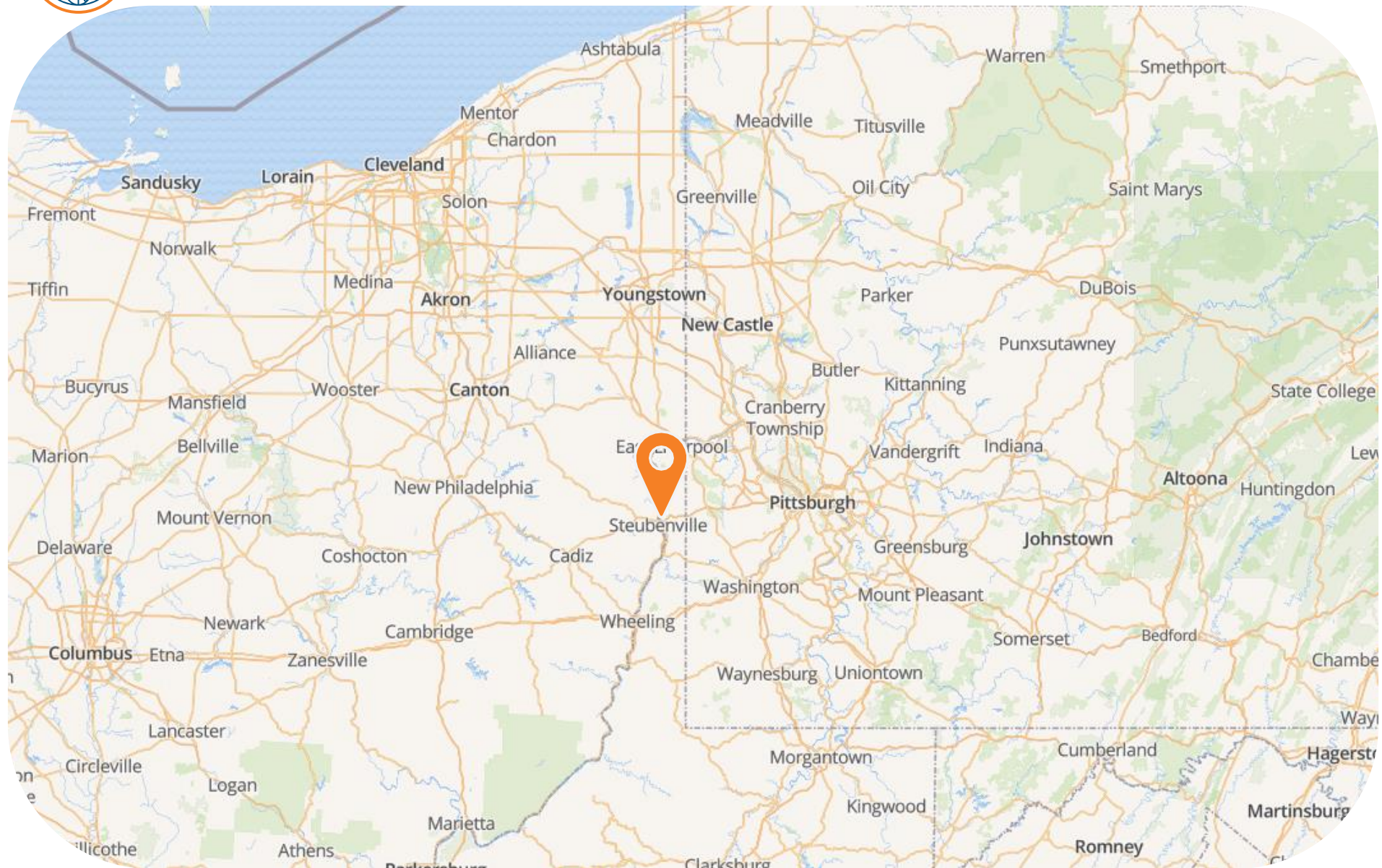
# Surrounding Area Photos







# Local Map





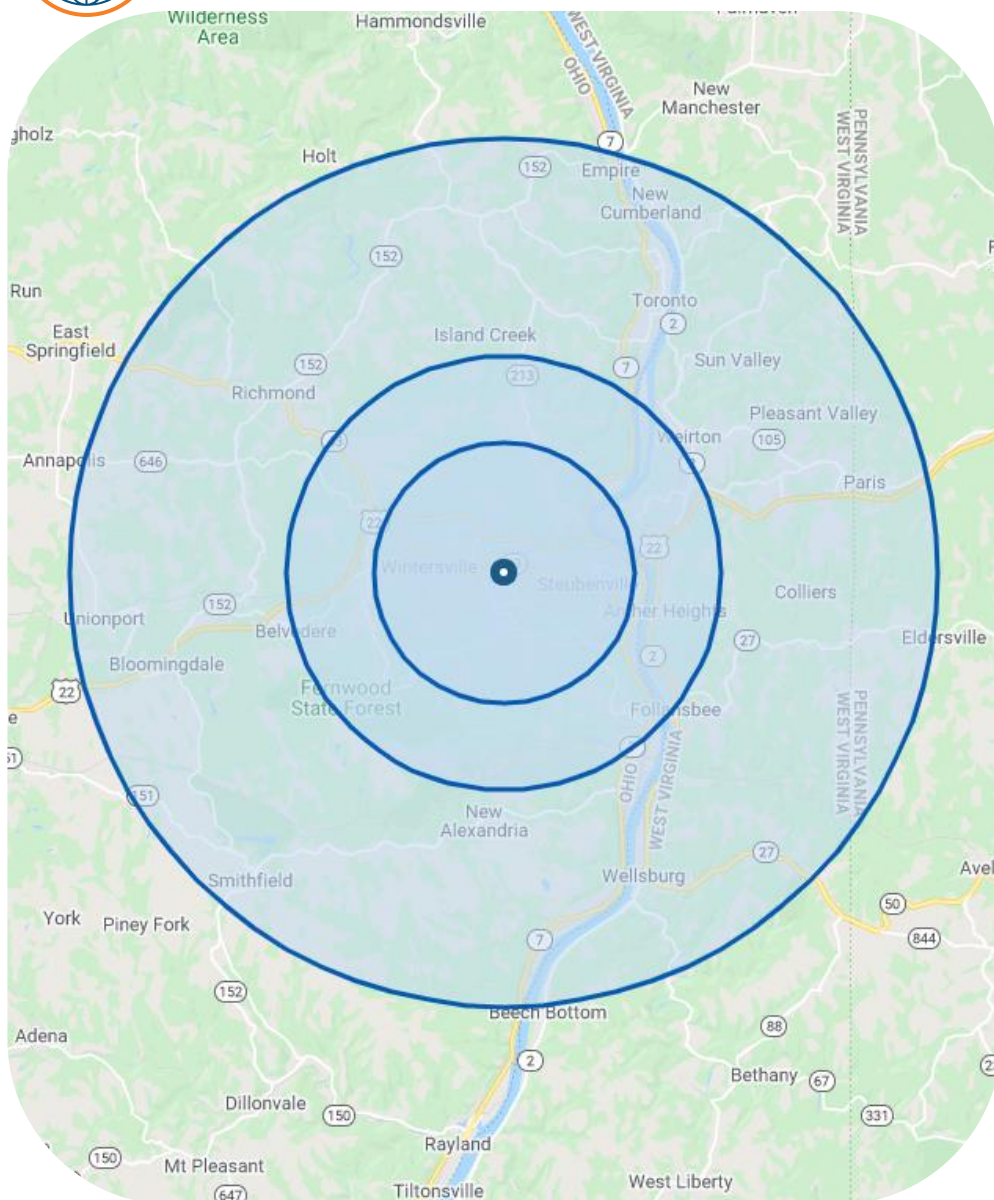


# Regional Map





# Demographics



## POPULATION

	3 Miles	5 Miles	10 Miles
2023 Projection	24,408	41,189	90,646
2018 Estimate	24,927	41,913	92,263
2010 Census	25,707	43,343	95,619
2000 Census	27,143	44,868	101,032

## INCOME

Average	\$59,747	\$59,193	\$60,424
Median	\$42,859	\$43,472	\$45,551
Per Capita	\$25,032	\$25,264	\$25,798

## HOUSEHOLDS

2023 Projection	10,087	17,308	38,596
2018 Estimate	10,185	17,450	38,897
2010 Census	10,630	18,230	40,603
2000 Census	11,066	18,816	42,164

## HOUSING

2018	\$105,742	\$102,496	\$100,822
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## EMPLOYMENT

2018 Daytime Population	29,595	45,019	85,636
2018 Unemployment	8.02%	7.92%	7.13%
2018 Median Time Traveled	19 Mins	22 Mins	25 Mins

## RACE & ETHNICITY

White	83.58%	86.90%	91.91%
Native American	0.04%	0.02%	0.02%
African American	11.11%	8.65%	4.91%
Asian/Pacific Islander	0.71%	0.64%	0.50%





# Market Overview



*Pittsburgh, Pennsylvania*

## Pittsburgh

Pittsburgh is a city in the state of Pennsylvania and is the county seat of Allegheny County. With a population of approximately 302,000 living within the city limits, Pittsburgh ranks as the 66<sup>th</sup> largest city in the country and the second largest in the state. Once a steel focused town, Pittsburgh has shifted its economic focus to high technology, robotics, health care, nuclear engineering, tourism, biomedical technology, finance, and education. A recent National Bureau of Economic Research report names Pittsburgh as the second-best U.S. city for intergenerational economic mobility. Additionally, Pittsburgh's transition from its industrial heritage has earned it praise as "the poster child for managing industrial transition." Other major cities in the northeast and mid-west have increasingly borrowed from Pittsburgh's model in order to renew their economic base. Today, the largest employer in the city is the University of Pittsburgh Medical Center, which employs 48,000 people. All hospitals, outpatient clinics, and doctor's office positions combine for 116,000 jobs. Education is also a major driver in the region, with the single largest employer in the sector being the University of Pittsburgh, with nearly 11,000 employees. Six Fortune 500 Companies call the Pittsburgh area home, including: PNC Financial Services, PPG Industries, U.S. Steel, The Kraft Heinz Company, WESCO International, Dick's Sporting Goods. A leader in environmental design, Pittsburgh is home to 60 of the world's green buildings, while billions have been invested in the area's Marcellus natural gas fields.

Pittsburg is also home to a flourishing arts and cultural scene, with world renown performing arts venues such as the Heinz Hall for the Performing Arts and the Benedum Center, home to the Pittsburgh Symphony Orchestra and Pittsburgh Opera, respectively.



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