

APPLEBEE'S

EXCLUSIVE NET LEASED OFFERING

Representative Photo



OFFERING MEMORANDUM



505 Armco Road
Ashland, KY 41101

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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, Big Lots, Kroger, CVS Pharmacy, Dick's Sporting Goods, T.J. Maxx, Kohl's, Belk, Panera Bread, Chick-fil-A, Arby's, Bob Evans, Outback Steakhouse and Many More
- ✓ Strong Traffic Counts | Winchester Avenue | Average 29,025 Vehicles Per Day
- ✓ Compelling Location Fundamentals | Located Less Than Two Miles From Kings Daughters Medical Center | Fourth Largest Hospital in Kentucky and Largest Employer in Ashland | More Than 4,000 Employees
- ✓ Strong Academic Presence | Ashland Community and Technical College | Student Enrollment Exceeds 2,000 People

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 1998



Representative Photo



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Financial Analysis & Investment Summary



PRICE: \$1,851,852 | CAP RATE: 6.75% | RENT: \$125,000

PROPERTY DESCRIPTION

Property	Applebee's
Property Address	505 Armco Rd
City, State ZIP	Ashland, KY 41101
Building Size (SF)	4,760
Lot Size (Acres)	+/- 1.59
Type of Ownership	Fee Simple

THE OFFERING

Purchase Price	\$1,851,852
CAP Rate	6.75%
Annual Rent	\$125,000

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	\$125,000	\$10,417	-
Year 2	\$126,875	\$10,573	1.50%
Year 3	\$128,778	\$10,732	1.50%
Year 4	\$130,710	\$10,892	1.50%
Year 5	\$132,670	\$11,056	1.50%
Year 6	\$134,661	\$11,222	1.50%
Year 7	\$136,680	\$11,390	1.50%
Year 8	\$138,731	\$11,561	1.50%
Year 9	\$140,812	\$11,734	1.50%
Year 10	\$142,924	\$11,910	1.50%
Year 11	\$145,068	\$12,089	1.50%
Year 12	\$147,244	\$12,270	1.50%
Year 13	\$149,452	\$12,454	1.50%
Year 14	\$151,694	\$12,641	1.50%
Year 15	\$153,969	\$12,831	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

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

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

Jon takes over operations of Sasnak.

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

Darrel & David sell their 26 Pizza Huts to PepsiCo.

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

Darrel Rolph becomes a Pizza Hut franchisee in IA.

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

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.

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

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

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

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

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





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

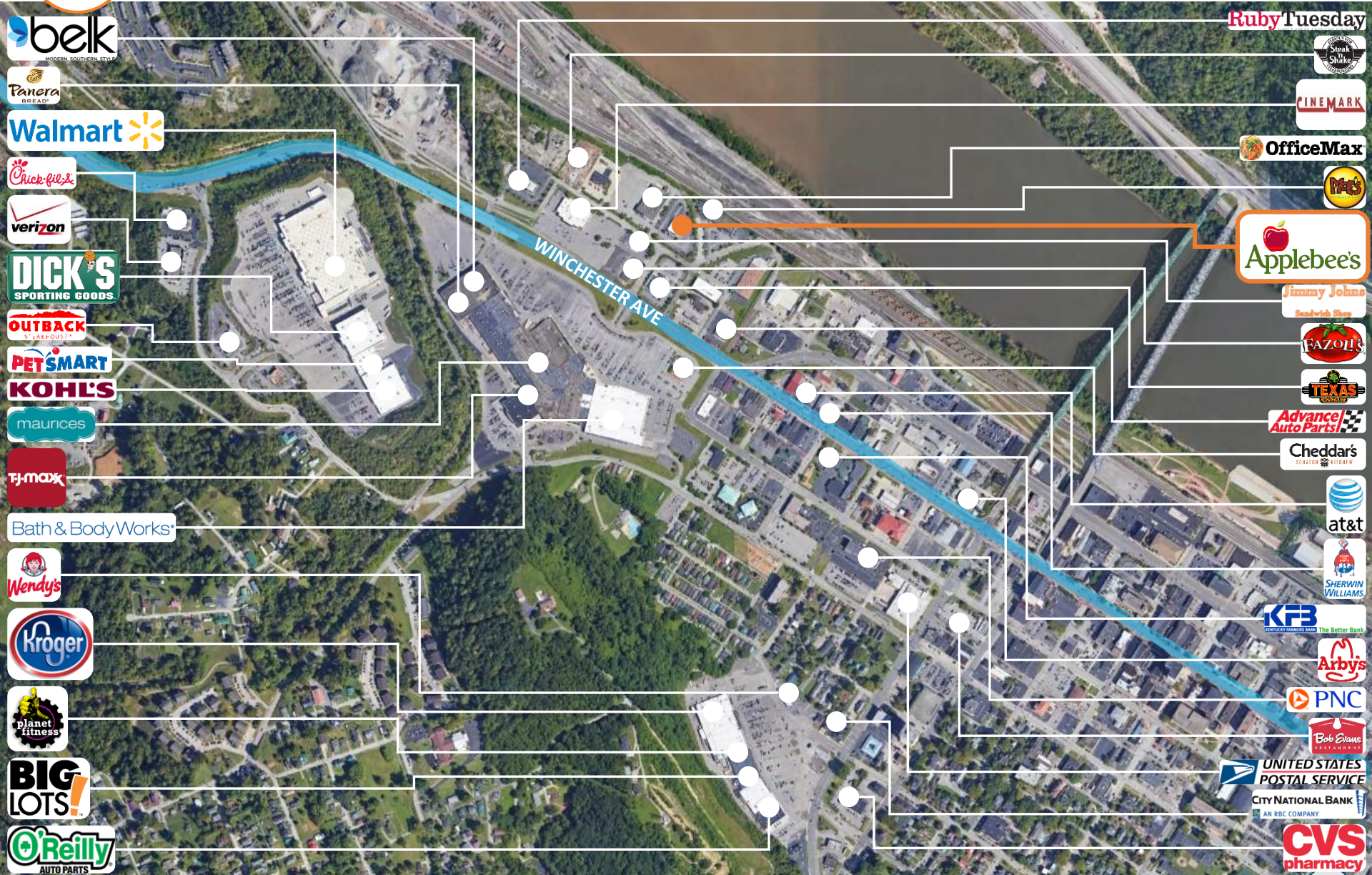
- Member - Franchise People Council

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



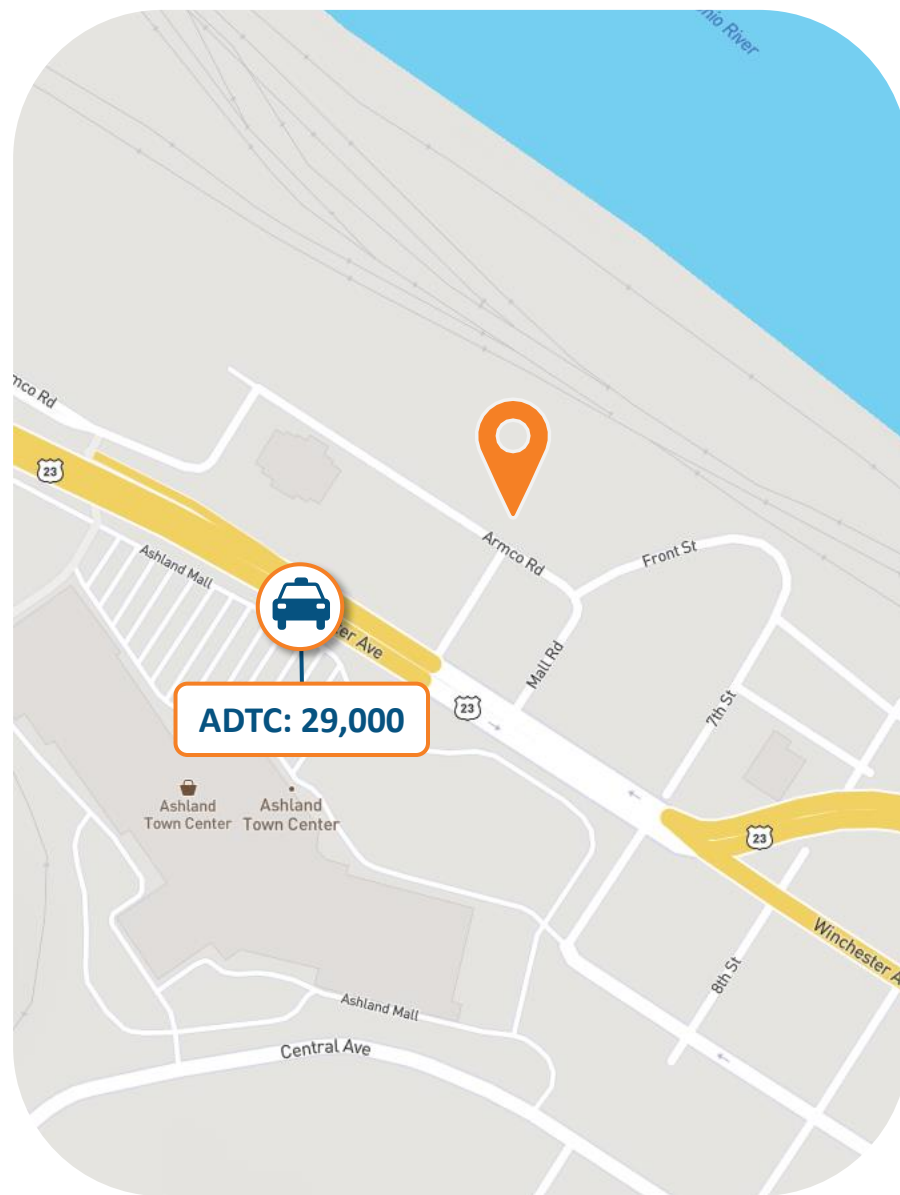


Location Overview

The subject investment property is situated along Armco Road which runs parallel to Winchester Ave. Winchester Ave experiences average daily traffic counts exceeding 29,000 vehicles. There are approximately 63,500 individuals residing within a five-mile radius of the property and more than 115,500 individuals within a ten-mile radius.

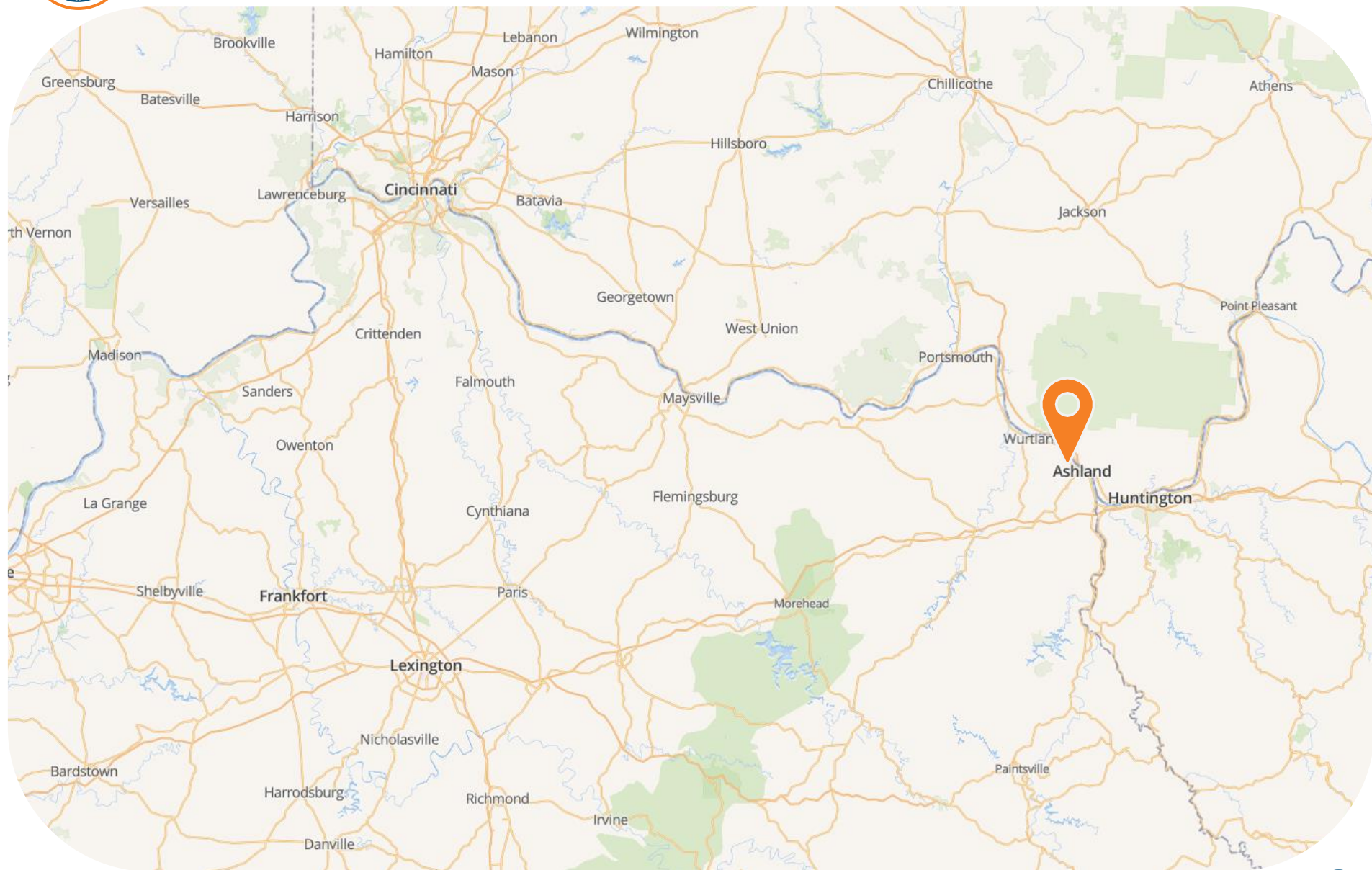
The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, academic institutions and hospitals. Major national tenants in the surrounding area include: Walmart, Big Lots, Kroger, CVS Pharmacy, Dick's Sporting Goods, T.J. Maxx, Kohl's, Belk, Panera Bread, Chick-fil-A, Arby's, Bob Evans, Outback Steakhouse, as well as many more. This Applebee's benefits from being situated less than two miles from Kings Daughter Medical Center. Kings Daughter Medical Center is the fourth largest hospital in Kentucky and largest employer in Ashland with over 4,000 employees. The subject property is located within a five-mile radius of several academic institutions. Most notable of these being Ashland Community and Technical College, located less than two miles from the subject Applebee's, with a student enrollment exceeding 2,200 people.

Ashland is a home-rule class city in Boyd County, Kentucky. Ashland, the largest city in Boyd County, is located upon a southern bank of the Ohio River. Ashland is the smaller of two primary cities in the Huntington-Ashland metropolitan area, which is referred to locally as the "Tri-State area." Ashland serves as an important economic and medical center for northeastern Kentucky and is part of the fifth-largest metropolitan in Kentucky. The subject property is located just over an hour from Lexington. Lexington is the second-largest city in Kentucky and the 60th-largest city in the United States. Known as the "Horse Capital of the World," it is the heart of the state's Bluegrass region. Notable locations in the city include the Kentucky Horse Park, The Red Mile and Keeneland racecourses, Rupp Arena, Transylvania University, the University of Kentucky, and Bluegrass Community and Technical College. Lexington ranks 10th among US cities in college education rate, with 39.5% of residents having at least a bachelor's degree.





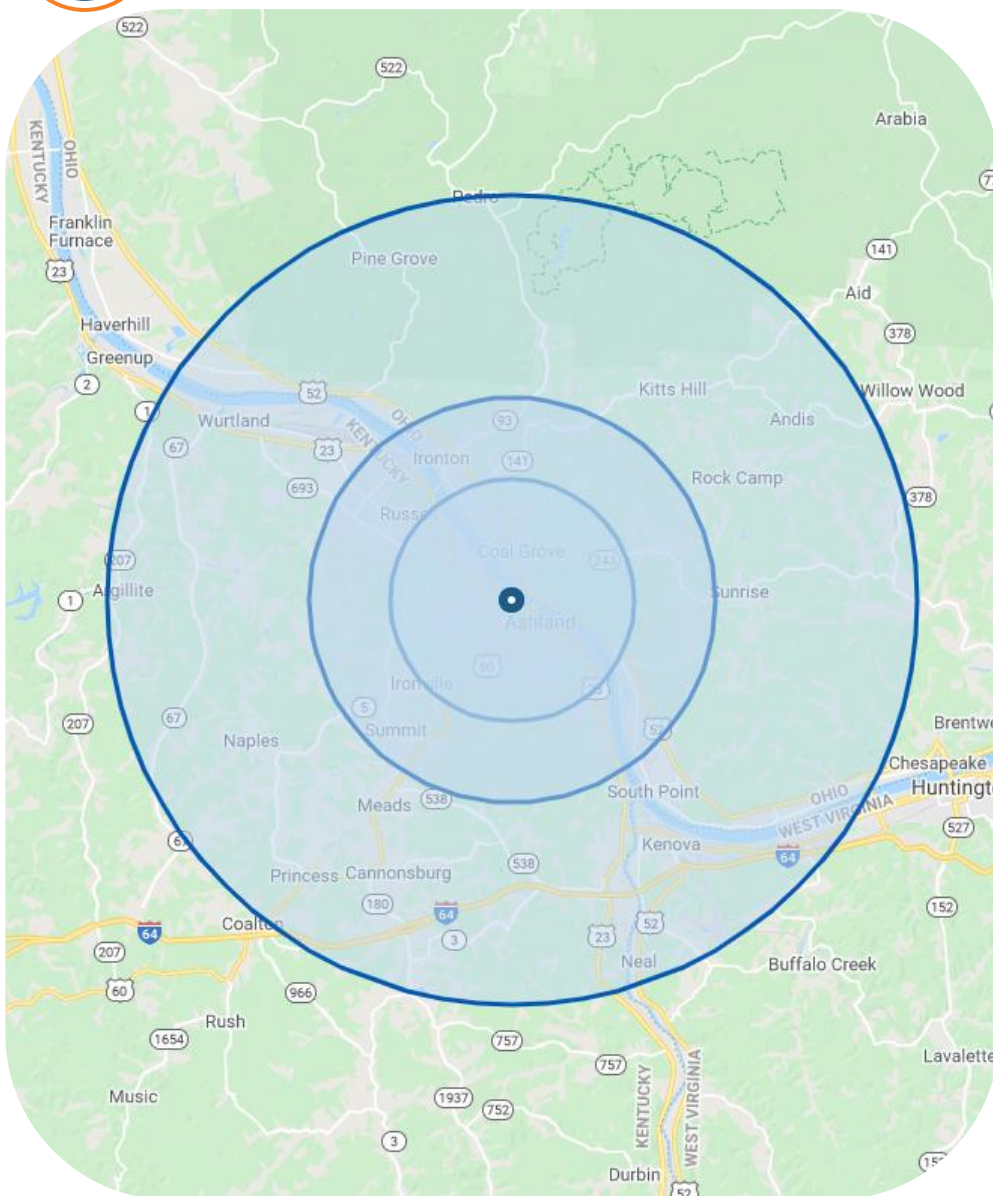
Local Map







Demographics



POPULATION

	3 Miles	5 Miles	10 Miles
2023 Projection	33,582	62,770	114,787
2018 Estimate	34,129	63,405	115,603
2010 Census	34,475	64,064	117,714
2000 Census	35,188	64,108	118,607

INCOME

Average	\$57,271	\$56,936	\$57,460
Median	\$39,451	\$40,304	\$42,242
Per Capita	\$24,143	\$23,343	\$23,297

HOUSEHOLDS

2023 Projection	14,133	25,519	46,315
2018 Estimate	14,270	25,562	46,287
2010 Census	14,618	26,147	47,721
2000 Census	14,964	26,302	48,219

HOUSING

2018	\$101,389	\$102,036	\$102,365
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EMPLOYMENT

2018 Daytime Population	46,188	71,957	122,658
2018 Unemployment	7.86%	7.73%	7.18%
2018 Median Time Traveled	19 Mins	20 Mins	22 Mins

RACE & ETHNICITY

White	94.64%	93.51%	94.92%
Native American	0.00%	0.01%	0.01%
African American	2.14%	3.17%	2.33%
Asian/Pacific Islander	0.59%	0.61%	0.49%



Market Overview



Lexington, Kentucky

Lexington

Lexington is the second-largest city in Kentucky and the 60th-largest city in the United States. Known as the "Horse Capital of the World," it is the heart of the state's Bluegrass region. Notable locations in the city include the Kentucky Horse Park, The Red Mile and Keeneland racecourses, Rupp Arena, Transylvania University, the University of Kentucky, and Bluegrass Community and Technical College. Lexington ranks 10th among US cities in college education rate, with 39.5% of residents having at least a bachelor's degree.

In the 2018 U.S. Census Estimate, the city's population was 323,780 anchoring a metropolitan area of 516,697 people and a combined statistical area of 760,528 people. By land area, Lexington is the 28th largest city in the United States. The city is consolidated entirely within Fayette County, and vice versa. It has a nonpartisan mayor-council form of government, with 12 council districts and three members elected at large, with the highest vote-getter designated vice mayor.

The city is home to several large corporations. Sizable employment is generated by four Fortune 500 companies: Xerox (which acquired Affiliated Computer Services), Lexmark International, Lockheed-Martin, and IBM, employing 3,000, 2,800, 1,705, and 552, respectively. United Parcel Service, Trane, and Amazon.com, Inc. have large operations in the city, and Toyota Motor Manufacturing Kentucky is within the Lexington CSA, located in adjoining Georgetown. A Jif peanut butter plant located here produces more peanut butter than any other factory in the world.



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