



718 PERRY AVENUE | BIG RAPIDS, MICHIGAN 49307

O F F E R I N G M E M O R A N D U M

CAPITAL MARKETS | INVESTMENT PROPERTIES

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The CBRE logo is displayed in white, bold, sans-serif capital letters on a dark red background. To the right of the logo, a stylized red apple with a green leaf is partially visible.

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EXECUTIVE SUMMARY

PROPERTY HIGHLIGHTS

STABLE INVESTMENT, 100% OCCUPIED

- Applebee's has been operating at this location since 2000. There are 10 years remaining on the current lease term.

NATIONALLY RECOGNIZED TENANT, SUCCESSFUL FRANCHISEE GUARANTY

- Applebee's is the world's largest casual dining chain with over 2,000 restaurants. The franchisee, TSFR Apple Venture, LLC, successfully operates 66 Applebee's locations in Michigan.

GREAT LOCATION, STRONG DEMOGRAPHICS WITHIN A 5 MILE TRADE AREA

- The property is located on a main commercial highway, Perry Avenue (15,400 VPD), just west of South State Street (25,700 VPD), in an out lot of a shopping center that is anchored by Sears, Big Lots and TSC, less than one mile from Ferris State University and Big Rapids Hospital, Spectrum Health.
- Dense retail corridor with nearby national/credit tenants including Walmart, Lowe's, Meijer, Walgreens and more.

ZERO LANDLORD RESPONSIBILITIES

- Applebee's is operating on an absolute NNN lease requiring zero landlord responsibilities.

ATTRACTIVE RENTAL ESCALATIONS

- The lease is equipped with 10% rental escalations in 2018 and 2023.

STRONG STORE SALES

- Store sales were \$2.4+ million in 2017.



EXECUTIVE SUMMARY

INVESTMENT OVERVIEW

INVESTMENT OVERVIEW

TSFR Apple venture, LLC, a successful franchisee for Applebee's, has 10 years remaining on its absolute triple net (NNN) lease which will end in June 2028. The lease calls for escalations of 10% in June 2018 and June 2023. The lease is equipped with four, five-year renewal options for which the rental rate will be 95% of a market rental rate, but no less than 110% of the then current rental rate, established at the time of each renewal. As the lease is absolute NNN in nature, the tenant is responsible for procuring and paying for all operating expenses including real estate taxes, insurance, utilities, and repairs and maintenance of all structural and non-structural items. Therefore, the landlord will have zero responsibilities as it pertains to operating expenses and/or capital expenditures.

The restaurant was constructed and opened in 2000 and contains 4,170 square feet. The property sits on a 0.90-acre parcel along the north side of Perry Street (M-20/ US-131 BUS) east of Water Tower Road, providing for excellent visibility and accessibility. The site is within a primary retail corridor in the area and is near major retailers such as Meijer, Walmart Supercenter and Lowe's Home Improvement Center. Ferris State University is located less than one mile east of the property, as well as national hotel chains.

There are more than 15,004 residents within three miles earning an average household income of \$48,953. In five miles, there are over 19,299 residents with average household incomes of \$54,326.

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CBRE, Inc. has been retained by the property owner as the exclusive marketing advisor for the disposition of the absolute triple net leased Applebee's (the "Property") located at 718 Perry Avenue, Big Rapids, MI 49307.

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PROPERTY DESCRIPTION

APPLEBEE'S | 718 PERRY AVENUE | BIG RAPIDS, MICHIGAN 48185

	SITE SUMMARY
LOCATION	718 Perry Avenue Big Rapids, MI 49307
COUNTY	Mecosta
PARCEL NUMBER	5417-15-400-016
YEAR BUILT	2000
PARCEL SIZE	0.87
STORIES	One
BUILDING SIZE (SF)	4,107
ZONING	C-1 Commerical
PARKING	Adequate Surface Parking Spaces
INGRESS / EGRESS	Three curb cuts via Perry Ave
TRAFFIC COUNTS	15,400 VPD along Perry Ave and 25,700 VPD along South State Street
STRUCTURE	Masonry

ASKING PRICE:
\$3,123,000

RENTABLE SF:
4,107 SF

CAP RATE:
7.00%



PROPERTY DESCRIPTION

MICRO AERIAL



PROPERTY DESCRIPTION

LOCATION MAP



COMPANY OVERVIEW

LEASE GUARANTY OVERVIEW

The lease is guaranteed by TSFR Apple Venture, LLC, which owns 66 Applebee’s entities in Michigan. TSFR Apple Venture, LLC is part of TEAM Schostak Family Restaurants (TSFR), a Livonia-based family-owned restaurant group formed in 2003 with an expansive portfolio of casual and fast-casual dining restaurants across the state of Michigan, including Applebee’s, MOD Pizza and Del Taco. It is one of Michigan’s largest and most diverse multi-brand restaurant groups. In total, TSFR owns 66 Applebee’s locations, five MOD Pizza locations (with plans to open 25 locations in Michigan over the next five years) and four Del Taco locations.

COMPANY OVERVIEW

With more than 2,000 restaurants in 49 U.S. states, Puerto Rico and 16 countries around the world, Applebee’s is the world’s largest casual dining brand. Founded in 1980 in Atlanta, Georgia, Applebee’s offers classic bar-and-grill menu items featuring higher-quality ingredients and premium preparation techniques, reasonable prices, and quality service in a neighborhood setting. Sustainable same-restaurant-sales momentum is expected to be generated for the Applebee’s brand by significantly increasing the effectiveness of Applebee’s marketing efforts, making meaningful improvements to the operational performance of restaurants, and continuously introducing fresh, innovative dishes for guests to enjoy.

In July 2007, IHOP Corp. acquired Applebee’s for approximately \$2.1 billion. After the acquisition, IHOP Corp changed its name to DineEquity, Inc. (NYSE: DIN) which remains the parent company today. DineEquity, Inc. franchises nearly all of its IHOP and Applebee’s restaurants; with a combined total of more than 3,250 locations, it is the largest full service restaurant company in the world.

FRANCHISOR INFORMATION

Tenant Trade Name	Applebee’s
Parent Company	DineEquity (NYSE: DIN)
Credit Rating (Parent)	Not Rated
Ownership (Parent)	Public
Founded	1980
Headquarters	Kansas City, MO
Number of Locations	2,000+ Worldwide



FINANCIAL OVERVIEW

LEASE ABSTRACT

TENANT	Applebee's
GUARANTOR	TSFR Apple Venture, LLC
LEASE TYPE	Absolute Triple Net
COMMENCEMENT DATE	September 1, 2009
EXPIRATION DATE	June 12, 2028
REMAINING LEASE TERM	10 years
CONCLUDED YEAR ONE RENT	\$218,607.40 / \$52.42 per SF

RENTAL ESCALATIONS The lease includes 10% rental escalations in July 2023 to \$240,468/yr. Thereafter the rental escalations are a function of market rent as defined in the option language.

RENEWAL OPTIONS The lease includes four, five-year renewal options with a notification period that begins with 18 months of remaining lease term and ends with no less than 11 months of remaining lease term. The rental rate for each option period shall be equal to 95% of market rent determined at that time, but shall be no less than 110% of the base rent for the prior lease year.

OPTION TO PURCHASE None

TERMINATION OPTION None

OPERATING COSTS

REAL ESTATE TAXES:

Tenant shall pay all real estate taxes directly to the collecting authority.

INSURANCE:

Tenant shall, at its own expense, keep in force and effect all insurance policies.

COMMON AREAS:

Tenant shall be solely responsible for, and shall pay directly, the cost of all utility services provided to the property throughout the lease term.

ASSIGNMENT

Can be assigned to a franchisee with eight (8) or more units so long as financial conditions are met. See lease section 25.01.

LANDLORD RESPONSIBILITIES

Zero landlord responsibilities.

TENANT RESPONSIBILITIES

Tenant shall, at its own cost and expense, maintain and keep in good repair all parts of the property, structural and non-structural, including but not limited to roof, structure, landscaping, and parking lot maintenance.



FINANCIAL ANALYSIS

YEAR ONE CASH FLOW ESTIMATES

			ASKING PRICE DOWN PAYMENT RENTABLE SQUARE FEET CAP RATE	\$3,123,000 All Cash 4,170 7.00%		
Income				4/2018 - 3/2019	Per Month	Per SF
Base Rent						
Applebee's						
1/2011 - 6/2028						
11+ Years Remain	100%	4,170	SF	\$218,607	\$18,217	\$52.42
Total Base Rent				\$218,607	\$18,217	\$52.42
Scheduled Base Rental Revenue				\$218,607	\$18,217	\$52.42
Expense Reimbursement Revenue - <i>Tenant To Procure and Pay Direct</i>						
Insurance				\$0	\$0	\$0.00
Common Area Maintenance				\$0	\$0	\$0.00
Real Estate Taxes				\$0	\$0	\$0.00
Total Expense Reimbursement Revenue				\$0	\$0	\$0.00
Gross Potential Income				\$218,607	\$18,217	\$52.42
Effective Gross Income				\$218,607	\$18,217	\$52.42
Operating Expense Estimates - <i>Tenant To Procure and Pay Direct</i>						
Insurance				\$0	\$0	\$0.00
Common Area Maintenance				\$0	\$0	\$0.00
Real Estate Taxes				\$0	\$0	\$0.00
Total Common Area Expenses				\$0	\$0	\$0.00
Total Expenses				\$0	\$0	\$0.00
NET OPERATING INCOME				\$218,607	\$18,217	\$52.42



MARKET OVERVIEW

LOCATION OVERVIEW

Applebee's is in Big Rapids, the county seat of Mecosta County, Michigan. The city is located within Big Rapids Township. Big Rapids is home to the main campus of Ferris State University, a four-year public university (14,167 students enrolled), well known for its College of Pharmacy

The property is situated on Perry Ave, which connects U.S. Highway 131 with South State Street. U.S. Highway 131 has average daily traffic counts of 15,400 vehicles. South State Street has average daily traffic counts of 25,700 vehicles. The site is within a primary retail corridor in the area and near major retailers such as Meijer, Walmart Supercenter and Lowe's Home Improvement Center, which further increase consumer traffic and promote crossover shopping in the area. Ferris State University is located less than one mile east of the property, along with national hotel chains such as Holiday Inn Big Rapids and Super 8 Big Rapids. In addition, the asset is only one mile from Big Rapids Hospital Spectrum Health (61 beds).

There are approximately 15,004 people within a three-mile radius of this property and more than 19,299 within a five-mile radius, with an average household income of over \$54,000.

AREA SUMMARY

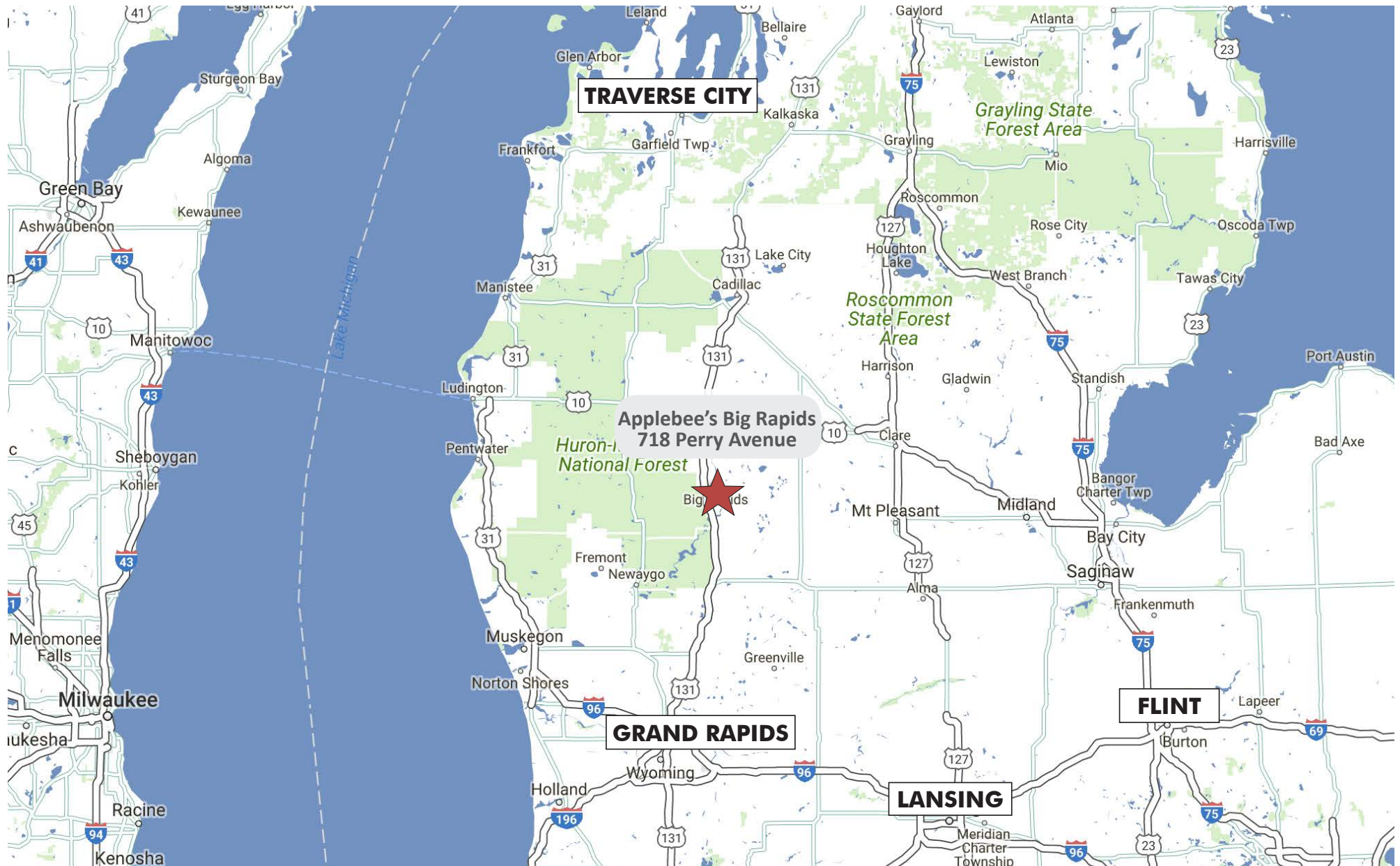
Big Rapids is situated on the western edge of Mecosta County located in central Michigan. The city is located 55 miles north of Grand Rapids, Michigan, the state's second largest city. Big Rapids is situated off US Route 131 which connects the northern portion of the state to the southern portion. The City of Big Rapids had a population of 10,614 as of July 1, 2017. Mecosta County had a 2016 population of 43,221. The city is in Big Rapids Township but it is politically independent. Per the US Census Bureau, the city has a total area of 4.48 square miles.

Major employers in Mecosta county include: Ferris State University, Big Rapids, Haworth, Mecosta County Medical Center and Wolverine Worldwide. Ferris State University is one of the largest universities in Michigan. In addition to its College of Pharmacy, Ferris State is also known for its one of a kind PGA Golf Management program with over 1/3 of the graduates from that program taking on key roles in the golf industry. In 2016 the fall admissions for the school were at 14,187 students. The university has driven the economy of Big Rapids for over 100 years.



MARKET OVERVIEW

REGIONAL MAP



DEMOGRAPHICS OVERVIEW



POPULATION

	1 MILE	3 MILES	5 MILES
2017 Population - Current Year Estimate	7,573	15,012	19,234
2022 Population - Five Year Projection	7,701	15,132	19,348
2010 Population - Census	7,351	14,649	18,837
2000 Population - Census	7,179	13,901	18,022
2010-2017 Annual Population Growth Rate	0.41%	0.34%	0.29%
2017-2022 Annual Population Growth Rate	0.34%	0.16%	0.12%



HOUSEHOLDS

	1 MILE	3 MILES	5 MILES
2017 Households - Current Year Estimate	1,979	5,019	6,741
2022 Households - Five Year Projection	2,033	5,072	6,797
2010 Households - Census	1,858	4,847	6,545
2000 Households - Census	1,687	4,504	6,115
2010-2017 Annual Household Growth Rate	0.87%	0.48%	0.41%
2017-2022 Annual Household Growth Rate	0.54%	0.21%	0.17%
2017 Average Household Size	2.39	2.34	2.37



HOUSEHOLD INCOME

	1 MILE	3 MILES	5 MILES
2017 Average Household Income	\$43,910	\$49,147	\$54,279
2022 Average Household Income	\$48,655	\$53,675	\$59,713
2017 Median Household Income	\$26,836	\$31,192	\$37,030
2022 Median Household Income	\$28,595	\$33,027	\$38,960
2017 Per Capita Income	\$14,164	\$17,853	\$20,127
2022 Per Capita Income	\$15,538	\$19,402	\$22,077



HOUSING UNITS

	1 MILE	3 MILES	5 MILES
2017 Housing Units	2,137	5,501	7,579
2017 Vacant Housing Units	158 7.4%	482 8.8%	838 11.1%
2017 Occupied Housing Units	1,979 92.6%	5,019 91.2%	6,741 88.9%
2017 Owner Occupied Housing Units	522 24.4%	2,080 37.8%	3,449 45.5%
2017 Renter Occupied Housing Units	1,457 68.2%	2,939 53.4%	3,292 43.4%



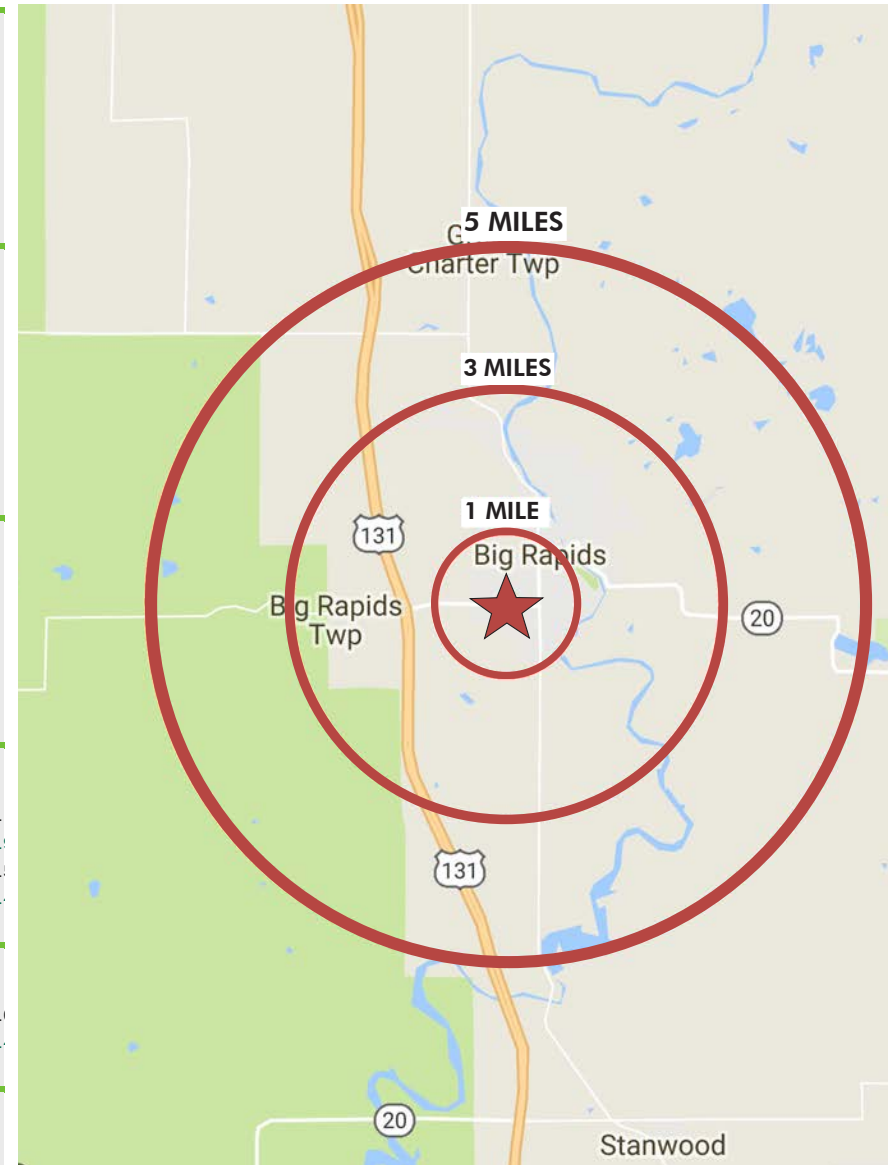
EDUCATION

	1 MILE	3 MILES	5 MILES
2017 Population 25 and Over	1,988	6,303	9,351
HS and Associates Degrees	932 46.9%	3,493 55.4%	5,518 59.1%
Bachelor's Degree or Higher	892 44.9%	2,277 36.1%	3,121 33.5%



PLACE OF WORK

	1 MILE	3 MILES	5 MILES
2017 Businesses	362	819	928
2017 Employees	4,621	10,317	10,882



718 PERRY AVENUE

BIG RAPIDS, MICHIGAN

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