



IHOP

201 ELECTRIC RD | SALEM, VA
OFFERING MEMORANDUM



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INVESTMENT HIGHLIGHTS

- New 15 year absolute triple-net lease in place
- 1% fixed annual rental increases beginning in 2023
- Successful franchisee operator with 29 locations under Alliance Pancakes, LLC
- Alliance Pancakes is a subsidiary of the largest IHOP franchisee in the country
- Parent Company, Argonne Capital, generates over \$1.6 billion in annual revenue with their diversified portfolio of brands including IHOP, On the Border, Krystal, Planet Fitness and John Deere to name a few
- Adjacent to a Kroger-anchored neighborhood center, with additional tenants such as Starbucks, McDonald's, and Subway to name a few
- Located 6 miles from downtown Roanoke and 4.5 miles from Roanoke-Blacksburg Regional Airport
- Combined traffic counts of over 39,000 cars per day at the intersection of S. Electric Road and E. Main Street
- Over 52,000 residents in a 3-mile radius and over 123,000 in a 5-mile radius
- Oversized 1.26-acre parcel which allows for flexibility on redevelopment in the future



Investment Summary

» ADDRESS	201 Electric Rd Salem, VA 30016
» LIST PRICE	\$2,388,000
» NOI	\$160,000
» CAP RATE	6.70%
» GLA	± 7,980 SF
» YEAR BUILT/REMODELED	1989/R2013
» NUMBER OF STORIES	One
» LANDSCAPING	Professional
» TOPOGRAPHY	Generally Level

Tenant Summary

Tenant Trade Name	IHOP
Type of Ownership	Fee Simple
Tenant	Alliance Pancakes, LLC 29 Units
Lease Type	NNN
Roof and Structure	Tenant Responsible
Term Remaining	± 14 Years
Lease Commencement Date	9/1/2018
Lease Expiration Date	8/31/2033
Increases	1% annually beginning in 2023
Options	Three, 5-Year Options

Annualized Operating Data

	Monthly Rent	Annual Rent	Rent/PSF
Current - 8/31/23	\$13,333.33	\$160,000	6.70%
9/1/23 - 8/31/24	\$13,466.66	\$161,600	6.77%
9/1/24 - 8/31/25	\$13,601.33	\$163,216	6.83%
9/1/25 - 8/31/26	\$13,737.34	\$164,848	6.90%
9/1/26 - 8/31/27	\$13,874.72	\$166,497	6.97%
9/1/27 - 8/31/28	\$14,013.46	\$168,162	7.04%
9/1/28 - 8/31/29	\$14,153.60	\$169,843	7.11%
9/1/29 - 8/31/30	\$14,295.13	\$171,542	7.18%
9/1/30 - 8/31/31	\$14,438.09	\$173,257	7.26%
9/1/31 - 8/31/32	\$14,582.47	\$174,990	7.33%
9/1/32 - 8/31/33	\$14,728.29	\$176,739	7.40%
Option 1 (Average)	\$15,950.21	\$182,112.91	7.63%
Option 2 (Average)	\$16,763.83	\$191,402.50	8.02%
Option 3 (Average)	\$17,618.95	\$201,165.95	8.42%

Tenant Overview

» Company Name International House of Pancakes	» # of Locations ±1,700	» Headquarters Glendale, CA
	» Year Founded 1958	» Website www.ihop.com

Since 1958, IHOP® has been the place where people connect over breakfast, enjoy study breaks, grab a bite before or after sporting events and so much more. The IHOP family restaurant chain continues to serve their world-famous pancakes and a wide variety of breakfast, lunch and dinner items that are loved by people of all ages. The casual dining restaurant offers pancakes, omelets, French toasts and waffles, crepes, burgers, sandwiches, soups, salads, hash brown stacks, desserts and beverages. International House of Pancakes, LLC also provides a line of syrups through retail stores, mass merchandisers and grocery outlets in the United States. Offering an affordable, everyday dining experience with warm and friendly service, IHOP restaurants are franchised and operated by Glendale, California-based International House of Pancakes, LLC, a wholly-owned subsidiary of DineEquity, Inc., and its affiliates. DineEquity, Inc. is one of the largest full-service restaurant companies in the world with more than 400 franchisee partners.

STRATEGY

As the leader in Family Dining, IHOP's 99%-franchised system delivers strong free cash flow results that have been the hallmark of the brand's financial performance for more than half a century. IHOP relies primarily on discounted value pricing and limited-time offers, such as its Free Pancake Giveaway, to drive traffic to its restaurants. The company operates in four segments: franchise operations, company restaurant operations, rental operations, and financing operations. With mostly franchised locations, the IHOP chain includes a dozen corporate-run locations used mostly for testing and training.

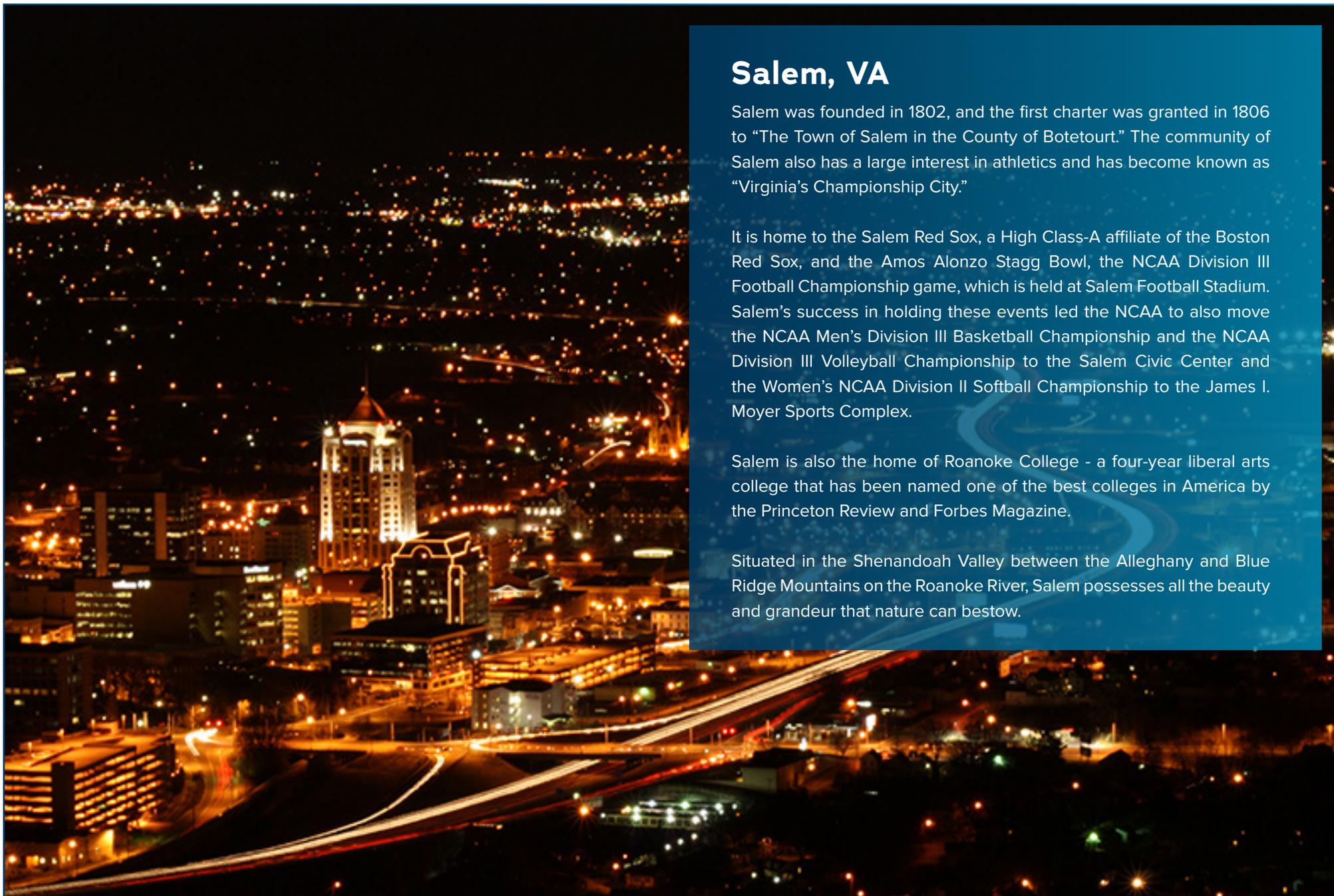
Focused on providing strategic, visionary leadership for their franchisees, DineEquity successfully brought Applebee's and IHOP together in 2007 to revitalize the brands. The company's dedicated focus combined with an expertise in brand revitalization and franchising have been the basis of their financial success in recent years.





Tenant Map





Salem, VA

Salem was founded in 1802, and the first charter was granted in 1806 to “The Town of Salem in the County of Botetourt.” The community of Salem also has a large interest in athletics and has become known as “Virginia’s Championship City.”

It is home to the Salem Red Sox, a High Class-A affiliate of the Boston Red Sox, and the Amos Alonzo Stagg Bowl, the NCAA Division III Football Championship game, which is held at Salem Football Stadium. Salem’s success in holding these events led the NCAA to also move the NCAA Men’s Division III Basketball Championship and the NCAA Division III Volleyball Championship to the Salem Civic Center and the Women’s NCAA Division II Softball Championship to the James I. Moyer Sports Complex.

Salem is also the home of Roanoke College - a four-year liberal arts college that has been named one of the best colleges in America by the Princeton Review and Forbes Magazine.

Situated in the Shenandoah Valley between the Alleghany and Blue Ridge Mountains on the Roanoke River, Salem possesses all the beauty and grandeur that nature can bestow.



Demographics

POPULATION	1 - MILE	3 - MILE	5 - MILE
2023 Projection	6,686	54,615	128,774
2018 Estimate	6,523	52,999	125,384
Growth 2018-2023	2.50%	3.05%	2.70%
HOUSEHOLDS	1 - MILE	3 - MILE	5 - MILE
2023 Projection	2,887	22,383	54,858
2018 Estimate	2,814	21,795	53,480
Growth 2018-2023	2.59%	2.70%	2.58%
INCOME	1 - MILE	3 - MILE	5 - MILE
Average Household Income	\$63,942	\$62,969	\$64,772

Roanoke, VA

Located in the Roanoke Valley of the Roanoke Region of Virginia, Roanoke is the largest municipality in Southwest Virginia. The city is bisected by the Roanoke River and is the main focus of the Roanoke MSA. Other cities in the MSA include Salem, Botetourt, Craig, and Franklin. The Roanoke community has been growing for decades. Being positioned midway between the “great valley” between Maryland and Tennessee has been the key to the city’s growth. The city is also the center for industry, trade, health, education, travel, conventions, and entertainment.



Economy

Since Roanoke’s economy was developed around the Norfolk and Western Railroad. Since then, the city’s economy has grown into many strong sectors. The region is the healthcare and retail hub of a large area, driving the expansion of Carilion Health System and Valley View Mall. Advance Auto Parts is headquartered here and has expanded into one of the largest auto parts retailers in the country. Norfolk Southern remains a major employer, although FreightCar America has been gradually moving closer to being the top employer.

The corporate offices of Virginia Transformer Corporation and utility company, RGC Resources, are also located in Roanoke. Kroger operates its mid-Atlantic regional office in the region, as well. The Roanoke Regional Airport is one of the major facility’s for the United Parcel Service (UPS).

Confidentiality Agreement and Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of IHOP located at **201 Electric Rd, Salem, VA** (“Property”). It has been prepared by Matthews Real Estate Investment Services. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Property. It is not to be used for any other purpose or made available to any other person without the written consent of Seller or Matthews Real Estate Investment Services. The material is based in part upon information supplied by the Seller and in part upon financial information obtained from sources it deems reliable. Owner, nor their officers, employees, or agents makes any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections and form their own conclusions without reliance upon the material contained herein and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum for the Property, you agree:

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3. You will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Seller.

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A prospective purchaser’s sole and exclusive rights with respect to this prospective transaction, the Property, or information provided herein or in connection with the sale of the Property shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Seller or Matthews Real Estate Investment Services or any of their affiliates or any of their respective officers, Directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Property.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Property or constitute an indication that there has been no change in the state of affairs of the Property since the date this Offering Memorandum.

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