



# Applebee's

5503 MILAN ROAD, SANDUSKY, OHIO 44870



*An offering by America's most experienced owner of all-cash, high-quality net leased properties.*

## *Disclosure*

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*This brochure is meant to be read in conjunction with the Private Placement Memorandum ("Memorandum"). A potential investor should review the Memorandum, Exhibits and all additional documents in their entirety before making a decision to purchase.*

## *Risks*

*There is no assurance that owning TIC interests will result in a profit, will appreciate in value, or can be sold at a profit. Ownership of rental properties can be speculative and can involve risks beyond the control of any property owner. Therefore, you should have the financial wherewithal to withstand a potential loss of some or all of your investment and to pay for your share of any related costs of ownership of the property. There are risks associated with the ownership of a TIC interest. Potential investors should pay special attention to the "Risks Section" in the Memorandum. These risks include, but are not necessarily limited to real estate risks, risks relating to the TIC ownership and administration of the property, risks relating to lack of liquidity, and tax risks of a 1031 exchange.*



# TIC OFFERING

1031 EXCHANGE

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Dear Investor:

For real estate owners seeking high-quality property investment for direct ownership or to complete their 1031 exchanges, net leased commercial properties are one of the most sought-after assets. AEI has been specializing in commercial net lease property investments since 1974. As landlord for major American corporations, we've developed, owned, and managed more than 300 net lease properties in 39 states, representing the investment capital of more than 19,000 investors nationwide.

For TIC investors seeking direct asset ownership, a commercial income property under a long-term net lease to a name-brand corporate tenant is a very attractive choice. AEI is a leader in the TIC industry. We were the first company in America to offer securitized TIC investments in 1992. We were the first company to receive a favorable Private Letter Ruling from the IRS with respect to the qualification of our TIC-1031 offerings as "like-kind" property. We are one of the most experienced sources of net lease property TIC offerings in the country.

This offering brings the optimal components of an AEI property together in one investment: a category leading tenant, Applebee's, a property in an ideal location and an attractive long-term net lease.

We look forward to sharing more information with you on this or other TIC-1031 properties.

Sincerely,



Robert P. Johnson  
President/CEO  
AEI Capital Corporation



# TIC OFFERING

1031 EXCHANGE

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## INVESTMENT OVERVIEW

<b>Tenant:</b>	Apple Ohio, LLC	<b>Lot Size:</b>	57,164 sq. ft. (1.31 Acres)
<b>Guarantor:</b>	Apple American Group, LLC	<b>Lease Term:</b>	10/23/2003 - 10/31/2023
<b>Price:</b>	\$4,159,583	<b>Renewal Options:</b>	4 5-year options
<b>Cap Rate:</b>	6.00%*	<b>Rent Increases:</b>	7.5% every 5 years (next increase 11/1/2013)
<b>Initial Distribution Rate:</b>	5.75%*	<b>Minimum Investment:</b>	\$150,000
<b>Annual Rent:</b>	\$249,755*		
<b>Gross Leasable Area:</b>	4,994 sq. ft.		
<b>Lease Type:</b>	Absolute NNN		

*\*As of 11/1/2013. Potential investors should review the Projected Cash-Flow, included as Exhibit "C" in the Memorandum, prior to making any purchase decisions.*



# PROPERTY HIGHLIGHTS

**Guarantor:**

- Apple American Group, LLC – One of the largest franchisees in the Applebee's system
- Applebee's is the largest casual dining concept in the U.S.
- Apple American Group, LLC operates 273 Applebee's restaurants in 9 states

**Location:**

- Located along major retail and restaurant corridor
- Directly to the east of US Route 250 – a major travel corridor for 3.5 million annual visitors
- Consistently among the top performing Applebee's in the region
- 32.3% of all the residents in a one-mile radius visited an Applebee's in the last 6 months

**Lease Terms:**

- Absolute NNN lease – tenant is responsible for all taxes, insurance, and maintenance
- Over 10 years remaining on primary lease term
- 7.5% rent increase every 5 years (next increase 11/1/2013)
- 6.22% average cap rate over remaining lease term\*



\*As of 11/1/2013



## SITE OVERVIEW

This Applebee's restaurant is located along the largest commercial retail and dining corridor in Sandusky, Ohio. The property is on the west side of US Route 250 (Milan Road) and just north of OH Route 2 where an estimated 16,000 vehicles pass by daily. US Route 250 is a major travel corridor to the area's tourist attractions and lodging destinations. Direct access to the property is available from a signalized intersection in front of the property.

This area is a retail and dining destination for the local residents as well as the estimated 3.5 million tourists who visit annually. There are five amusement parks within a seven-mile radius including Cedar Point, Maui Sands, Great Wolf Lodge, The Kalahari, and Castaway Bay. Surrounding businesses include Walmart, Sam's Club, Home Depot, Lowe's, Staples, Kohl's, Harley Davidson, and Buffalo Wild Wings. The north end of the corridor is anchored by the Sandusky Shopping Complex; a shopping destination consisting of over 80 retailers including Macy's, Sears, Target, Dick's Sporting Goods, and Cinemark Theatres.







Target Red Lobster BEST BUY SHOE CARNIVAL ULTA MCDONALD'S OLD NAVY BED BATH & BEYOND DICK'S

Sandusky Shopping Complex  
 JCPenney macys Sears TJ-MAXX

Great Wolf Lodge

Pizza Hut  
 Five Guys  
 Chipotle  
 Firestone  
 AT&T  
 AT&T

Starbucks  
 Dunkin' Donuts  
 Toys 'R Us  
 CVS Pharmacy

Pier 1 Imports  
 Sizzler  
 Firestone  
 Firestone

Famous Footwear KOHL'S

Harley-Davidson STAPLES

Applebee's

1st Federal Bank of Ohio  
 Fireland's Medical Center

PETCO  
 DOLLAR TREE

250

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Potential investors should be aware only the Applebee's property is available for purchase as part of this offering. Additional photos and images of other retailer names and locations are included on this page for illustrative purpose only.



# TENANT PROFILE

## About the Parent Company

Apple Ohio, LLC conducts business as Applebee's Neighborhood Grill and Bar (Applebee's). Applebee's operates in the grill & bar segment of the casual dining category of the restaurant industry. Applebee's restaurants are known for their fun and family-friendly neighborhood atmosphere and signature grill & bar menu items that guests can only get at Applebee's. Applebee's restaurant is the largest casual dining concept in the United States.

Apple Ohio, LLC is a subsidiary of Apple American Group, LLC. Apple American Group, LLC is the guarantor on the lease and is one of the largest franchises in the Applebee's restaurant system. The company was founded in 1998 and now operates 273 Applebee's restaurants in nine states.



*Photos above are of a similar property*





Applebee's

Welcome Back!

Welcome Back!

5503

Neighbor

Applebee's



# INCOME SUMMARY

YEAR	ANNUAL BASE RENT	CAP RATE <sup>(1)</sup>	TAX EQUIVALENT CAP RATE <sup>(2)</sup>
2013	\$235,234	6.00% <sup>(3)</sup>	8.57%
2014	\$249,755	6.00%	8.58%
2015	\$249,755	6.00%	8.58%
2016	\$249,755	6.00%	8.58%
2017	\$249,755	6.00%	8.58%
2018	\$252,894	6.08%	8.69%
2019	\$268,486	6.45%	9.22%
2020	\$268,486	6.45%	9.22%
2021	\$268,486	6.45%	9.22%
2022	\$268,486	6.45%	9.22%
2023 <sup>(4)</sup>	\$271,842	6.54%	9.34%
Option 1	\$288,623	6.94%	9.91%
Option 2	\$310,270	7.46%	10.66%
Option 3	\$333,540	8.02%	11.46%
Option 4	\$358,555	8.62%	12.31%

(1) The cap rate is calculated based on the annual base rent due and payable by the Tenant under the Lease. Potential investors should refer to the Projected Cash-Flow, included as Exhibit "C" in the Memorandum, for a complete breakdown of estimated expenses and distributions for this offering.

(2) Assuming a 30% tax rate, this is the yield an investor would need to earn if they opted not to do a 1031 exchange and invested 30% less principal to equal the cash flow based on the corresponding cap rate projected in this offering.

(3) As of 11/1/2013

(4) Initial lease term expires 10/31/2023







# SANDUSKY MARKET OVERVIEW

Sandusky is located in northern Ohio on the southern shore of Lake Erie. It is at the intersection of US Route 250 and OH Route 2 between Toledo and Cleveland and approximately eight miles to the north of the Ohio Turnpike. Sandusky is a Great Lakes port community and county seat of Erie County with an estimated population of 25,000.



Sandusky is a tourism and travel destination supported by five surrounding amusement parks and over 80 hotels in a ten-mile radius. In addition to tourism, its location and harbor support local industry by providing an abundant fresh water supply and access to Great Lakes shipping. Sandusky has one of the largest Great Lakes coal ports. Lake-oriented industries, fishing, and shipping add to a well-diversified industrial base of foundries, automotive parts, metal fabricating, construction products, plastics and vinyl products, colorants, paints, and food processing equipment manufacturers.





## VISIT SANDUSKY

Sandusky's tourist destinations fuel the local economy by bringing over 3.5 million visitors annually to local restaurants, hotels, and retail centers. Cedar Point amusement park is its oldest and most famous destination. Cedar Point has 72 rides, four children's areas, a waterpark, three resort hotels, luxury RV campground with cottages and cabins, two marinas, an entertainment complex, award-winning live entertainment, and gift shops. Other area attractions include the historic waterfront, maritime museum, and the Sandusky Speedway.

Over the last six years the local economy has seen an increase in business year-round due to the increase in demand and expansion of the area's four indoor waterparks. The Kalahari, Great Wolf Lodge, Maui Sands, and Castaway Bay attract visitors throughout the winter season both to their indoor recreation facilities as well as event and conference centers.



### ***Cedar Point***

Has received *Amusement Today Magazine's* Golden Ticket Award for "Best Amusement Park in the World" for a record 15 consecutive years.



## ABOUT AEI



Founded in 1970, AEI is one of America's oldest sponsors of net lease real estate investment programs and a leader in the TIC-1031 exchange industry. AEI is a national source of high quality,

commercial real estate for property owners engaged in 1031 tax-deferred property exchanges. AEI has specialized in developing, evaluating and purchasing these types of properties for nearly four decades and offers a portfolio of name-brand, net leased commercial retail properties.

### Why come to AEI for your TIC or 1031 properties?

**Exceptional service.** If this is your first 1031 property exchange or TIC purchase, we make every effort to ensure that you fully understand

the transaction. Our experienced professionals are available to assist you at each step.

**Stability and quality.** AEI offers quality, single tenant properties – freestanding real estate occupied by creditworthy corporate tenants under long-term net leases.

**Acquisition expertise.** AEI has performed institutional-grade due diligence on every property we own. Acquiring property from AEI can reduce this time-consuming, labor-intensive aspect of your property selection process and provide a higher level of expertise than you may be able to provide yourself.

**Post-purchase services.** After your property purchase is complete, AEI can provide the following services:

- Accounting and distribution of rental income
- Year-end 1099 forms for tax reporting
- Assisting with any management concerns you may have about your property
- Monitoring lease compliance, tax and insurance payments, and property maintenance by the tenant







**AEI CAPITAL CORPORATION**

*Quality Properties. Quality Performance. Since 1970.*

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