

Tenant Description

Dine Brands Global is the latest rebranding of DineEquity. Dine Brands franchises Applebee's and IHOP restaurants in all 50 states, as well as numerous countries.

Applebee's combines simple American fare with flair, classic drinks, and local drafts. IHOP is best known for their pancakes and other breakfast items. Both of these brands are completely operated by franchisees.

The Dine Brands Global began in 1958 as a single IHOP restaurant before expanding and franchising. In November 2007, the acquisition of Applebee's was completed to create what is now known as Dine Brands Global. Currently, Dine Brands is at the beginning of their 5-year growth plan emphasizing strengthening the Leadership team, investing in the existing brands, strategically expanding the portfolio, and leveraging technology, data, and analytics.

Net Lease Overview

While the Dine Brands Global brands have been experiencing some difficulties with sales in recent years, their properties can still make an attractive investment. IHOP and Applebee's tend to sign leases that require no landlord responsibilities. The leases typically feature strong increases during the primary term providing a hedge against future inflation.

Dine Brands Global franchises all of its locations, meaning there are a variety of operators guaranteeing the restaurant leases. This makes it critical for investors to look into the financial strength of the franchisee for any property they are considering.



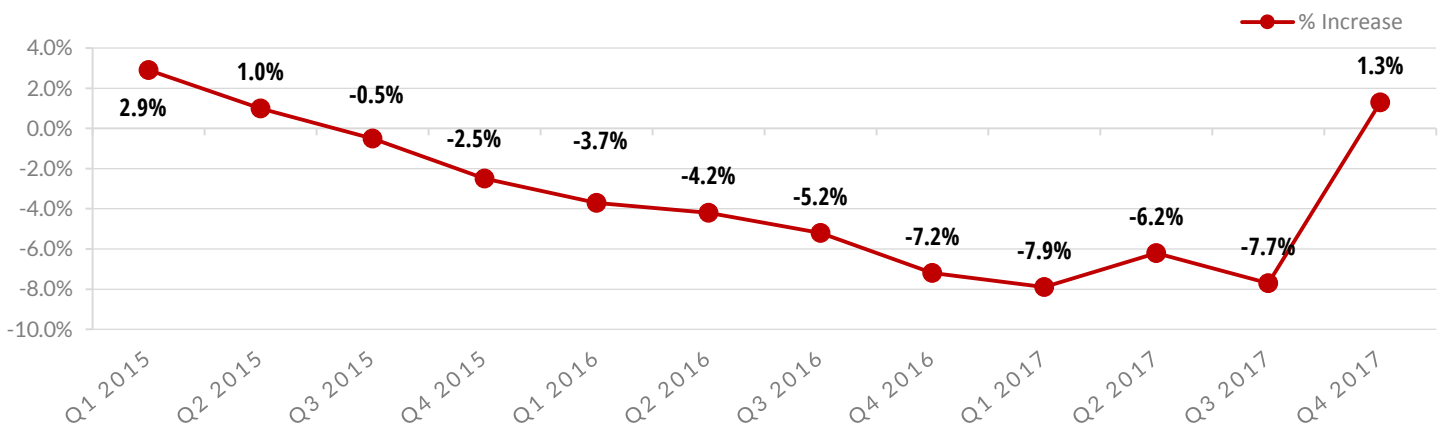
IHOP and Applebee's buildings are typically in the 4,000 – 5,000 square foot range with a good size parcel of land underneath. These buildings and plots are highly adaptable and can be backfilled with a new restaurant concept with minimal expense or effort.

While the Casual Dining sector has seen some tenants closing locations, it remains an industry that is protected from online competition. There will be some turbulence as the sector evolves to keep up with changing customer demand but dining out will require brick and mortar locations.

Recent News

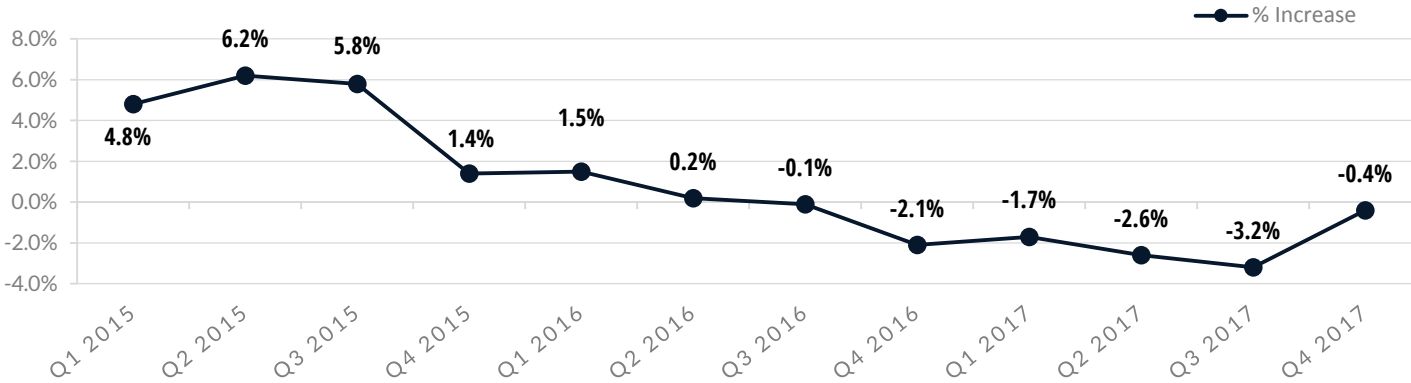
Dine Brands Global has recently closed many locations for both brands and have announced plans to close more during 2018. The past and future closing have been attributed in large part to declining same-restaurant sales. Many attribute Applebee's and IHOP's inability to lure younger generations with the declining sales.

Applebee's Domestic Same-Restaurant Sales

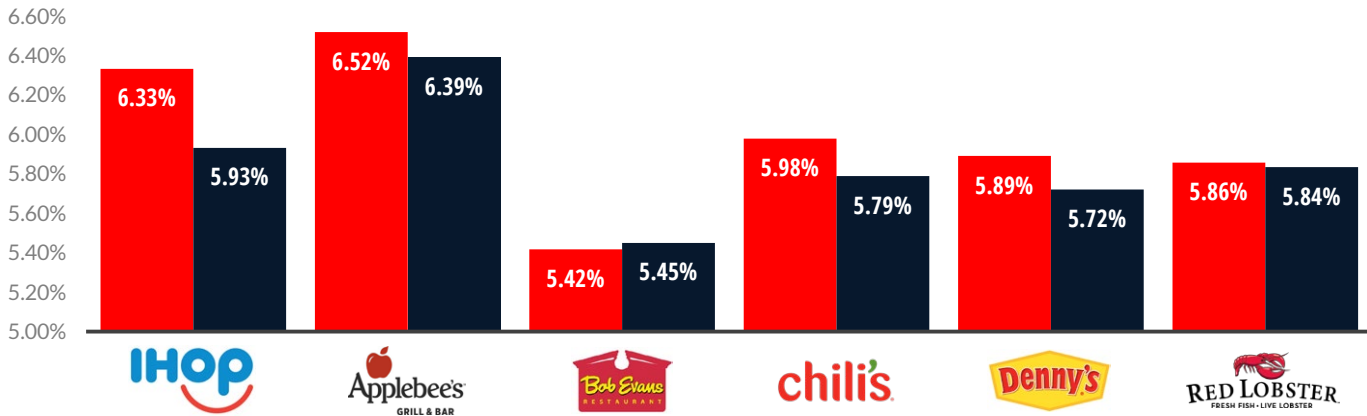


Applebee's general sale trend has been negative. Dine Brands Global attributes the spike in Q4 of 2017 to favorable customer response to marketing initiatives implemented during the quarter.

IHOP Domestic Same-Restaurant Sales

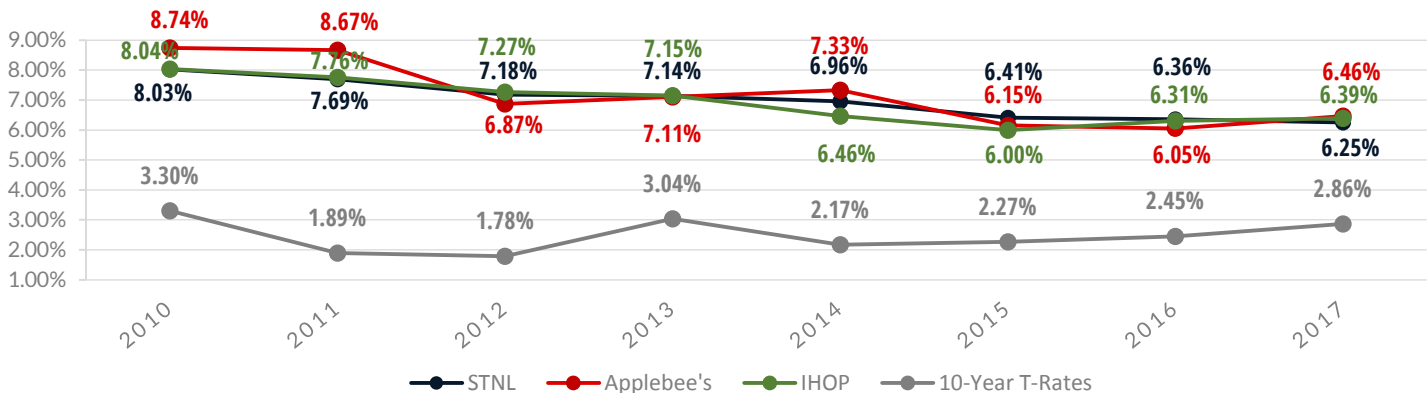


Average Cap Rates Over the Past 12 Months



Over the last year, IHOP and Applebee's have been trading at cap rates slightly above other casual dining tenants.

STNL Cap Rates vs. Applebee's & IHOP Cap Rates vs. 10-Year Treasury Rates



IHOP and Applebee's have been trading around the Single Tenant Net Lease (STNL) average over the last five years.

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