

# WENDY'S

BRAND NEW 20-YEAR TRIPLE-NET (NNN) SALE LEASEBACK



# OFFERING MEMORANDUM



3847 Hwy 138 SE  
Stockbridge, GA 30281

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# Table of Contents

Investment Highlights	4
Financial Analysis & Investment Summary	5
Concept Overview	6 – 8
Surrounding Area	9
Location Overview	10
Regional Map	11
Demographics	12





## LOCATION

### REAL ESTATE FUNDAMENTALS

- ✓ Recently Remodeled
- ✓ Hard, Signalized Corner
- ✓ Dense Retail Corridor | Surrounding Tenants Include: Walmart, Lowe's, Kroger, Aldi, CVS Pharmacy, Office Depot, Kohl's, Big Lots, Dollar Tree, McDonald's, Burger King
- ✓ Highly Trafficked Location | Over 35,000 Vehicles Per Day on GA-138 | Easily Accessible Via I-75 & I-675
- ✓ Robust Demographics | 128,312 Individuals Residing within a Five-Mile Radius

## LEASE

### LEASE STRUCTURE

- ✓ Brand New 20-Year Sale Leaseback
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases | Lesser of Change in CPI or One and a Quarter Percent (1.25%) Annually Starting in Year 3
- ✓ Six (6) Tenant Renewal Periods of Five (5) Years Each

## TENANT

### TENANT / GUARANTOR

- ✓ Meritage Hospitality Group is an Experienced 318 Unit Operator
- ✓ Premier, National Growing Franchise with Operations in 16 States
- ✓ Expansion into Key Markets
- ✓ Proven Track Record with Operational History of Multiple High-Volume Locations throughout the Country
- ✓ Public Company Guarantee (MHGU)
- ✓ Strong Brand Recognition | Wendy's is the World's Number Three Hamburger Chain
- ✓ Founded in 1986



# Financial Analysis & Investment Summary *Wendy's*

PURCHASE PRICE: \$2,181,818 | CAP RATE: 5.50% | RENT: \$120,000

## THE OFFERING

Purchase Price	\$2,181,818
CAP Rate	5.50%
Annual Rent	\$120,000

## PROPERTY DESCRIPTION

Property	Wendy's
Property Address	3847 Hwy 138 SE
City, State ZIP	Stockbridge, GA 30281
Building Size (SF)	2,976 SF
Lot Size (Acres)	1.00
Type of Ownership	Fee Simple

## LEASE SUMMARY

Property Type	Net-Leased Restaurant
Ownership	Public (OTCQX: MHGU)
Tenant / Guarantor	Meritage Hospitality Group
Lease Term	20 Years
Lease Commencement	Day Following Close of Escrow
Lease Expiration	20 Years from Close of Escrow
Lease Term Remaining	20 Years
Lease Type	Triple Net (NNN)
Roof & Structure	Tenant Responsible
Options to Renew	Six (6), Five (5) Year Option Periods
Rental Increases	Lessor of Change in CPI or 1.25% Annually Starting Year 3

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation
Year 1	\$120,000	\$10,000	-
Year 2	\$120,000	\$10,000	-
Year 3	\$121,500	\$10,125	1.25%
Year 4	\$123,019	\$10,252	1.25%
Year 5	\$124,556	\$10,380	1.25%
Year 6	\$126,113	\$10,509	1.25%
Year 7	\$127,690	\$10,641	1.25%
Year 8	\$129,286	\$10,774	1.25%
Year 9	\$130,902	\$10,909	1.25%
Year 10	\$132,538	\$11,045	1.25%
Year 11	\$134,195	\$11,183	1.25%
Year 12	\$135,872	\$11,323	1.25%
Year 13	\$137,571	\$11,464	1.25%
Year 14	\$139,291	\$11,608	1.25%
Year 15	\$141,032	\$11,753	1.25%
Year 16	\$142,795	\$11,900	1.25%
Year 17	\$144,580	\$12,048	1.25%
Year 18	\$146,387	\$12,199	1.25%
Year 19	\$148,217	\$12,351	1.25%
Year 20	\$150,069	\$12,506	1.25%

## Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 3847 Hwy 138 SE, Stockbridge, GA. The property consists of 2,976 square feet of building space and is situated on approximately 1.00 acre of land.

The tenant will enter into a brand new, 20-year triple-net (NNN) lease with absolutely no landlord responsibilities upon the day following the close of escrow. The lease will call for rental increases that will be the lesser of the change in CPI or 1.25% annually starting in Year 3. The rental increases will continue through the base term and into the six, five-year tenant renewal options. The lease will carry a guaranty from Meritage Hospitality Group, an experienced 318 unit operator and the second largest franchisee in the Wendy's system.





# Concept Overview



## About Wendy's

**Wendy's** was founded in 1969 by Dave Thomas in Columbus, Ohio. Dave built his business on the premise, "Quality is our Recipe," which remains the guidepost of the Wendy's system. Wendy's is best known for its made-to-order square hamburgers, using fresh, never frozen beef, freshly-prepared salads with hand-chopped lettuce, and other signature items like chili, baked potatoes and the Frosty dessert. The Wendy's Company (NASDAQ: WEN) is committed to doing the right thing and making a positive difference in the lives of others. This is most visible through the Company's support of the Dave Thomas Foundation for Adoption and its signature Wendy's Wonderful Kids program, which seeks to find every child in the North American foster care system a loving, forever home. Today, Wendy's and its franchisees employ hundreds of thousands of people across more than 6,600 restaurants worldwide with a vision of becoming the world's most thriving and beloved restaurant brand. Currently, Wendy's is the world's number three hamburger chain in terms of locations (only behind McDonald's and Burger King).

## About Meritage Hospitality Group

**Meritage Hospitality Group** is one of the nation's premier restaurant operators, currently with 318 restaurants in operation located in Arkansas, Connecticut, Florida, Georgia, Indiana, Massachusetts, Michigan, Missouri, Mississippi, North Carolina, South Carolina, Ohio, Oklahoma, Tennessee, Texas and Virginia. Meritage is headquartered in Grand Rapids, Michigan, operating with a workforce of approximately 10,000 employees. The Company is the nation's only publicly-traded Wendy's restaurant franchisee and their public filings can be viewed at [www.otcmartets.com](http://www.otcmartets.com), under the stock symbol MHGU, or the Company's website [www.meritagehospitality.com](http://www.meritagehospitality.com).



*"Our performance in 2018 was strong, resulting in a record year of profitable growth for the Company on all financial metrics highlighted above. We continued to invest and transform our restaurant business through modernization and new locations, offering guests more conveniences. Importantly, our restaurant operations exceeded expectations for the year, a tribute to our 317 general managers and restaurant operating teams. Results included the incremental impact of 10 new restaurant locations, 14 renovations and the integration of 56 restaurants acquired during the year. Looking ahead to 2019, we are forecasting another year of solid sales and earnings growth, driven by people development, guest count growth and restaurant modernization programs. Operational excellence continues to be our primary focus, utilizing the Company's unique operating platform and restaurant development expertise, while delivering on the Wendy's brand promise of quality, convenience, and value."*

- Robert E. Schermer, Jr. (CEO - Meritage Hospitality Group)





# Concept Overview

Wendy's

## Significant Growth Ahead: Goals for 2021

# 2021

420 Restaurants



## \$700+

Million  
Sales

## +39%

5-Year Sales  
Annual Growth Rate

## \$70+

Million  
EBITDA

## +45%

5-Year EBITDA  
Annual Growth Rate

## 2018 Full-Year Highlights:

- ✓ Sales increased 39.3% to \$435.3 million compared to \$312.6 million last year
- ✓ Earnings from Operations increased 75.9% to \$25.4 million compared to \$14.4 million last year
- ✓ Net Income increased 45.6% to \$13.2 million compared to \$9.0 million last year
- ✓ Consolidated EBITDA (a non-GAAP measure) increased 50.3% to \$39.7 million compared to \$26.4 million last year
- ✓ The Company developed or acquired a net of 62 restaurants during the year, to finish with 317 restaurants in operation across 16 states

## 2019 Financial Outlook - Strong Growth Ahead:

- ✓ Sales growth of +10 to 20%
- ✓ Earnings from Operations growth of +10% to 20%
- ✓ Net Earnings growth of +10% to 20%
- ✓ EBITDA growth of +10% to 20%

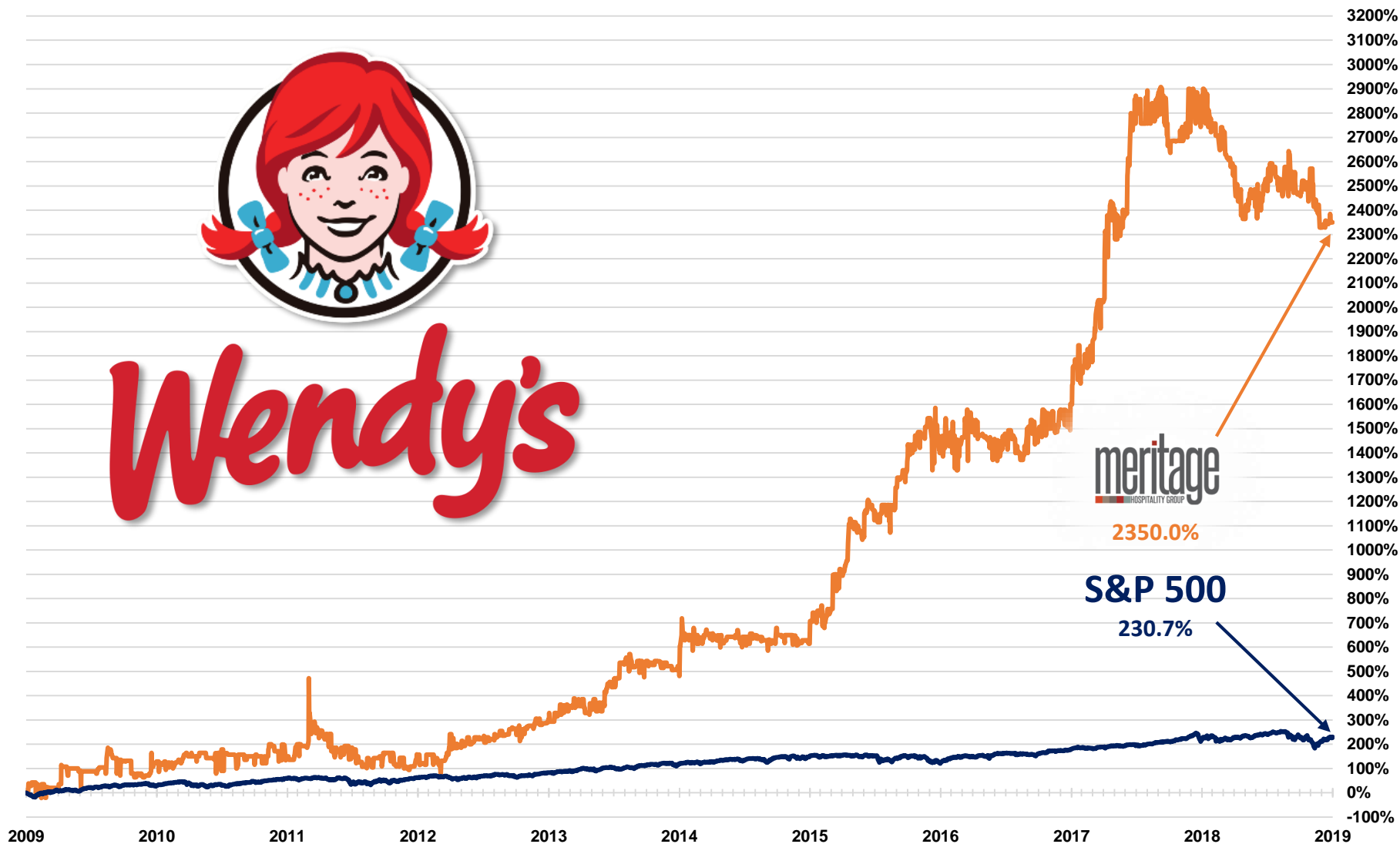
# Wendy's



## 10-Year Historical Performance



# Wendy's







# Surrounding Area

Wendy's



Marcus & Millichap





# Location Overview

This Wendy's property is located at 3847 Hwy 138 SE in Stockbridge, Georgia. Stockbridge is a city in Henry County and is part of the Atlanta metropolitan area.

## SURROUNDING RETAIL & POINTS OF INTEREST

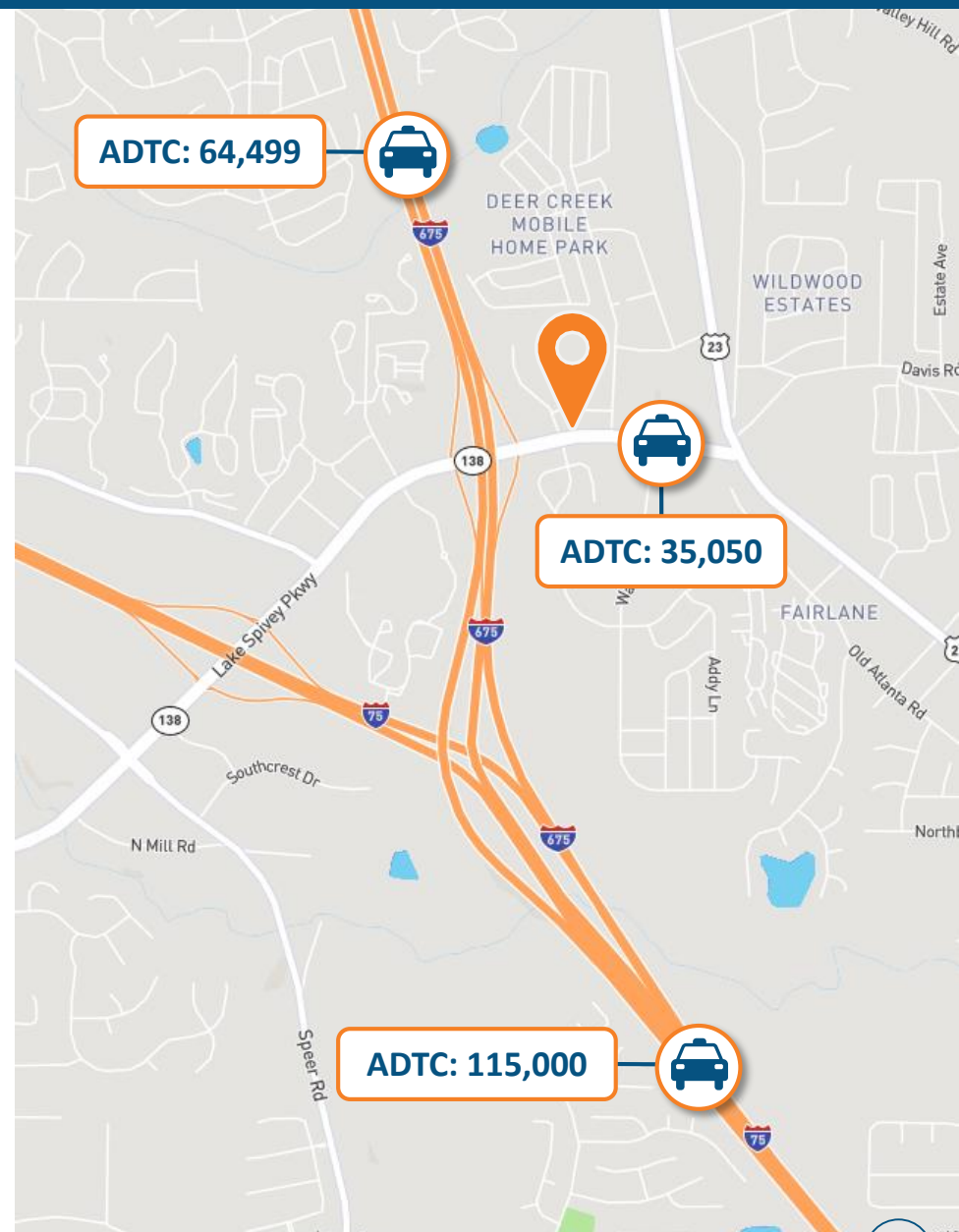
The subject property benefits from excellent frontage along GA-138 SE and is surrounded by many major national and local tenants. National brands in the area include: Walmart, Lowe's, Kroger, Aldi, CVS Pharmacy, Office Depot, Kohl's, Big Lots, Dollar Tree, McDonald's, Burger King, as well as many others. There is also convenient access to major highways such as Interstate 75 and Interstate 675. The property is also surrounded by many national hotels including Hampton Inn, Holiday Inn, Red Roof Inn, Fairfield Inn & Suites, Travelodge Inn & Suites, Sleep Inn & Suites, as well as Econo Lodge. Additionally, the property is located just over 15 miles outside of downtown Atlanta and is just of 10 miles away from Hartsfield-Jackson Atlanta International Airport, known for being the busiest airport in the world.

## TRAFFIC COUNTS & DEMOGRAPHICS

This area has very strong demographics, with approximately 60,625 people residing within a three-mile radius and 128,312 people within a five-mile radius of this property. This Wendy's is located on GA-138, which averages more than 35,000 vehicles per day. GA-138 directly intersects with both I-75 and I-675, which boast significant traffic counts of 115,000 and 64,499 vehicles per day, respectively.

## ATLANTA, GA

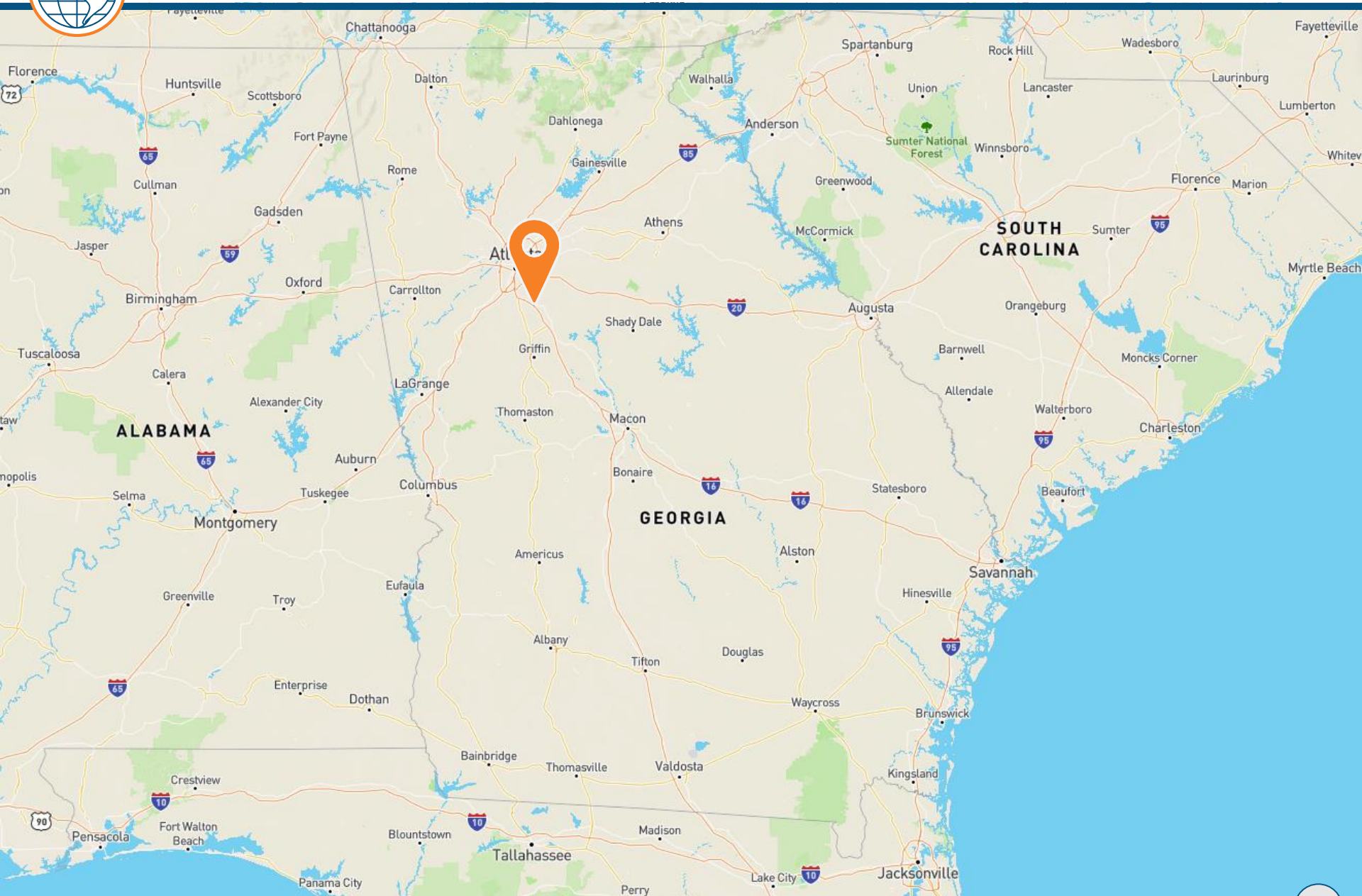
The Atlanta metro area encompasses 29 counties in north western Georgia. With few natural barriers to limit development, tremendous population growth over the past decade has expanded the metro's borders and the region now has a population of roughly 5.7 million people. Over the next five years, the region is expected to add nearly 500,000 residents. Meanwhile, new redevelopment projects in the downtown and midtown sections of Atlanta present a vast array of housing, entertainment and retail opportunities that are attracting residents back to the city and providing options for people moving to the metro. Encompassing \$304 billion, the Atlanta metropolitan area is the eighth largest economy in this country and 17th-largest in the world. Over 75 percent of Fortune 1000 companies conduct business in Atlanta. Many corporations are drawn to Atlanta on account of the city's educated workforce. As of 2010, 43 percent of adults in the city have college degrees, compared to 27 percent in the nation as a whole. Atlanta is home to the headquarters of many different corporations such as The Coca-Cola Company, The Home Depot, Delta Air Lines, AT&T Mobility, Chick-fil-A, UPS, and Newell Rubbermaid among others. Atlanta has a dynamic, distinctly Southern culture, due primarily to a large population of migrants from other parts of the U.S., in addition to many recent immigrants to the U.S. who have made the metropolitan area their home. This has established Atlanta as the cultural and economic hub of an increasingly multi-cultural metropolitan area.





# Regional Map

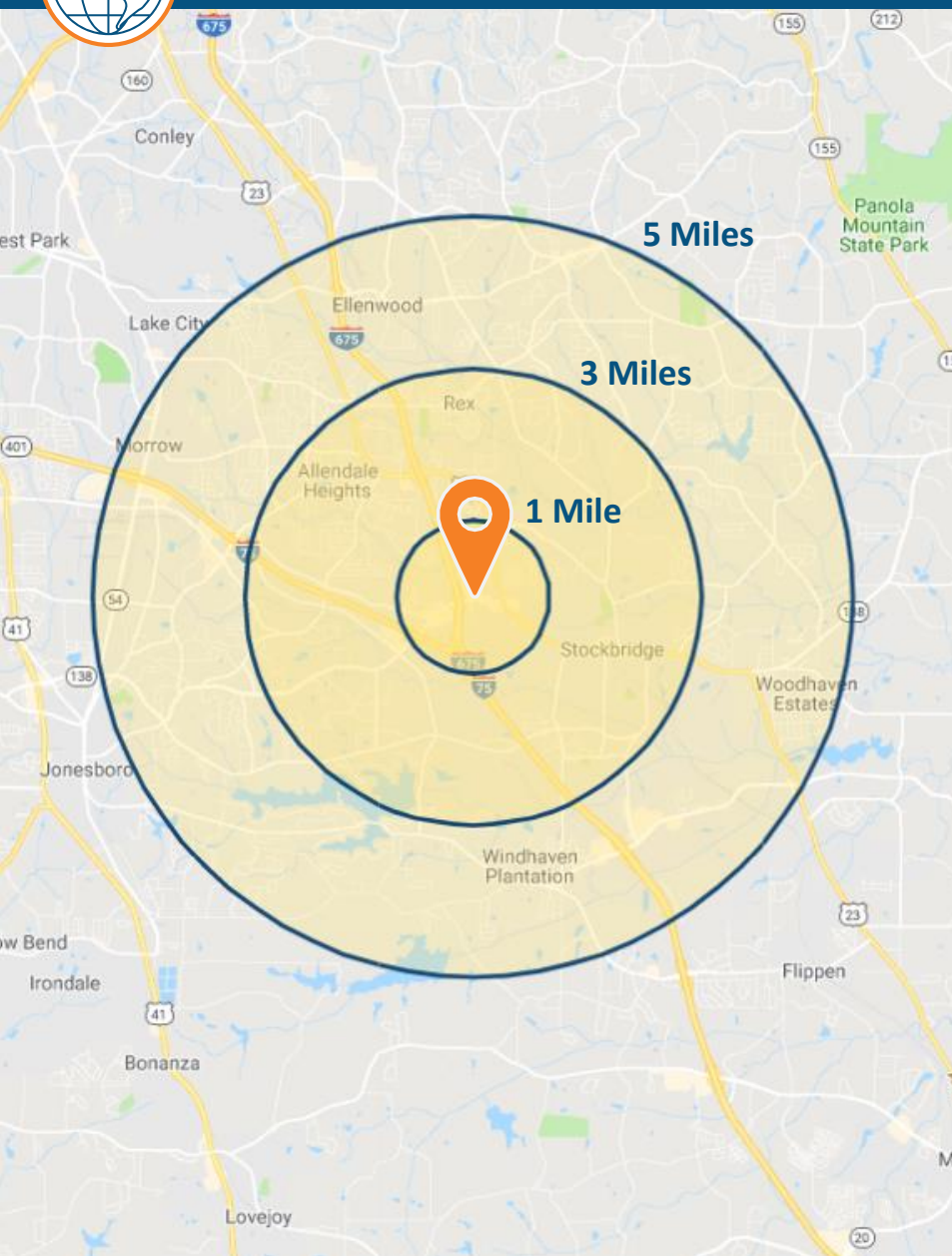
Wendy's







# Demographics



## MAJOR EMPLOYERS

Employer	# of Employees
Walmart	861
Kaiser Permanente Southwood Comprehensive Medical Center	593
Super Service Holdings, LLC	500
Clayton State University	457
County of Clayton	324
Professional Pros Janitorial Services, Inc.	310
Sears Automotive	305
McDonald's	302
Clayton County Police Department	300
The Home Depot	270
Veterans Health Administration	264
Mount Zion High School	260

# of Employees based on 5 mile radius

## DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
<b>Population</b>			
2022 Projection	14,096	66,395	139,485
2017 Estimate	13,585	60,625	128,312
2010 Census	12,475	55,765	118,580
2000 Census	6,698	40,684	94,355
<b>Income</b>			
Average	\$56,833	\$63,325	\$66,947
Median	\$46,491	\$52,869	\$54,729
Per Capita	\$22,290	\$22,403	\$23,883
<b>Households</b>			
2022 Projection	5,696	24,178	51,147
2017 Estimate	5,325	21,437	45,597
2010 Census	4,997	20,167	43,044
2000 Census	2,659	14,520	33,334
<b>Employment</b>			
2017 Daytime Population	7,986	36,749	102,987
2017 Unemployment	5.10%	5.76%	6.08%
2017 Median Time Traveled	31 Mins	32 Mins	32 Mins

Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**



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