

# WENDY'S

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



# OFFERING MEMORANDUM



1928 GA-155 N  
McDonough, GA 30252

# Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other

locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

## CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a

thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

## NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.



# 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

- ✓ Brand New Construction | Expected to Open May 2019
- ✓ Outparcel to Union Grove Crossroads | Newly Developed Kroger-Anchored Center Opening this Year
- ✓ Affluent Suburb of Atlanta | Average Household Income Exceeds \$95,000 in a One-Mile Radius
- ✓ Dense Population Counts | Over 67,000 People within Five Miles and Expected to Grow by Roughly 15% by 2022
- ✓ East Lake Elementary, Union Grove Middle and High School Each Within a Two-Mile Radius Of Property

## 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: \$2,641,121 | CAP RATE: 5.35% | RENT: \$141,300

## THE OFFERING

Purchase Price	\$2,641,121
CAP Rate	5.35%
Annual Rent	\$141,300

## PROPERTY DESCRIPTION

Property	Wendy's
Property Address	1928 GA-155 N
City, State ZIP	McDonough, GA 30252
Building Size (SF)	2,584 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	\$141,300	\$11,775	-
Year 2	\$141,300	\$11,775	-
Year 3	\$143,066	\$11,922	1.25%
Year 4	\$144,855	\$12,071	1.25%
Year 5	\$146,665	\$12,222	1.25%
Year 6	\$148,499	\$12,375	1.25%
Year 7	\$150,355	\$12,530	1.25%
Year 8	\$152,234	\$12,686	1.25%
Year 9	\$154,137	\$12,845	1.25%
Year 10	\$156,064	\$13,005	1.25%
Year 11	\$158,015	\$13,168	1.25%
Year 12	\$159,990	\$13,332	1.25%
Year 13	\$161,990	\$13,499	1.25%
Year 14	\$164,015	\$13,668	1.25%
Year 15	\$166,065	\$13,839	1.25%
Year 16	\$168,141	\$14,012	1.25%
Year 17	\$170,242	\$14,187	1.25%
Year 18	\$172,370	\$14,364	1.25%
Year 19	\$174,525	\$14,544	1.25%
Year 20	\$176,707	\$14,726	1.25%

## Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 1928 GA-155 N, McDonough, GA. The property consists of 2,584 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.otcmarkets.com](http://www.otcmarkets.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%

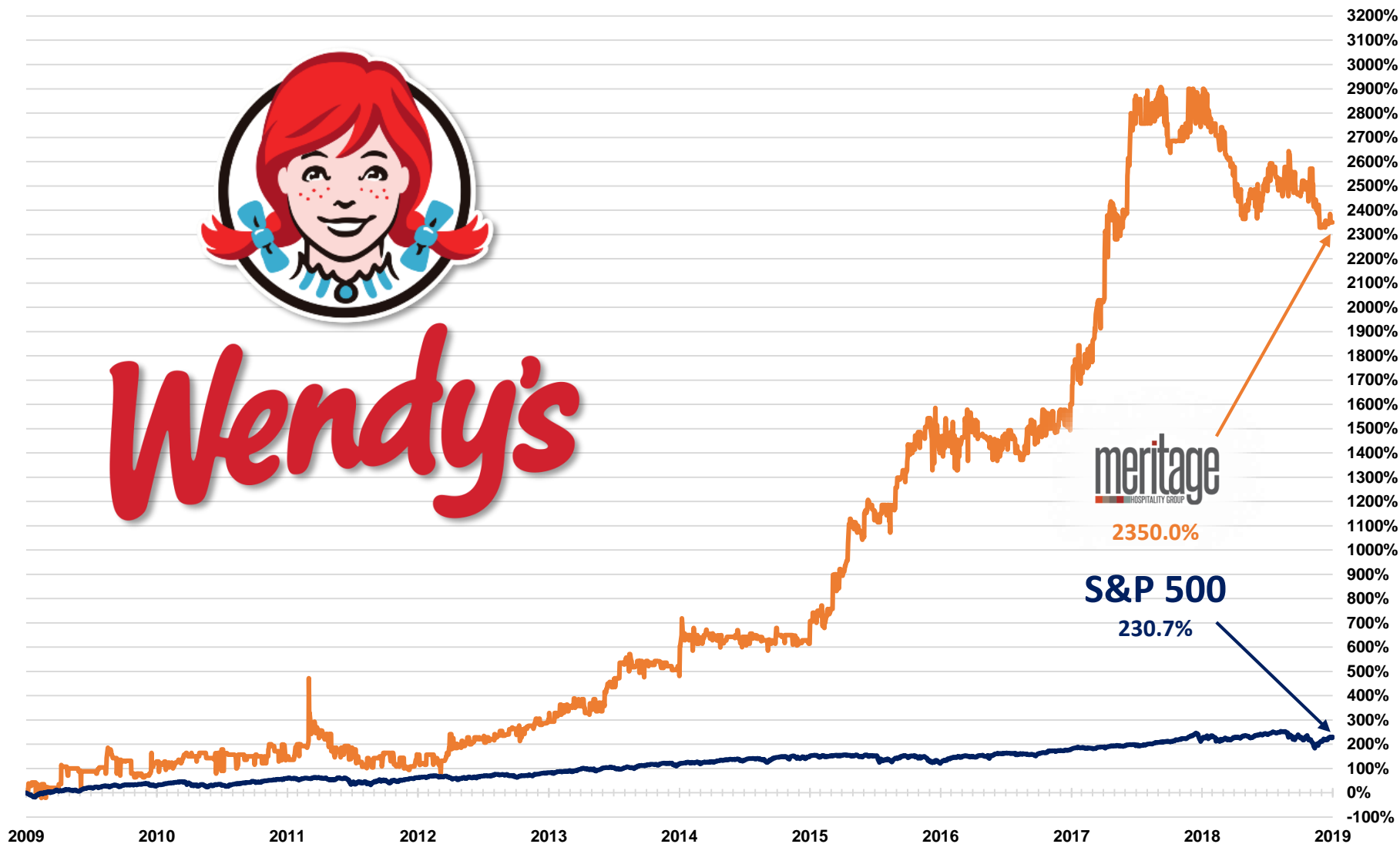
Wendy's



## 10-Year Historical Performance



# Wendy's







# Surrounding Area

Wendy's





# Location Overview

This Wendy's property is located at 1928 GA-155 N in McDonough, Georgia. McDonough is a city in and county seat of Henry County, Georgia and is part of the Atlanta metropolitan area. The subject property is less than 30 miles from Atlanta which is easily accessible by nearby I-75.

## SURROUNDING RETAIL & POINTS OF INTEREST

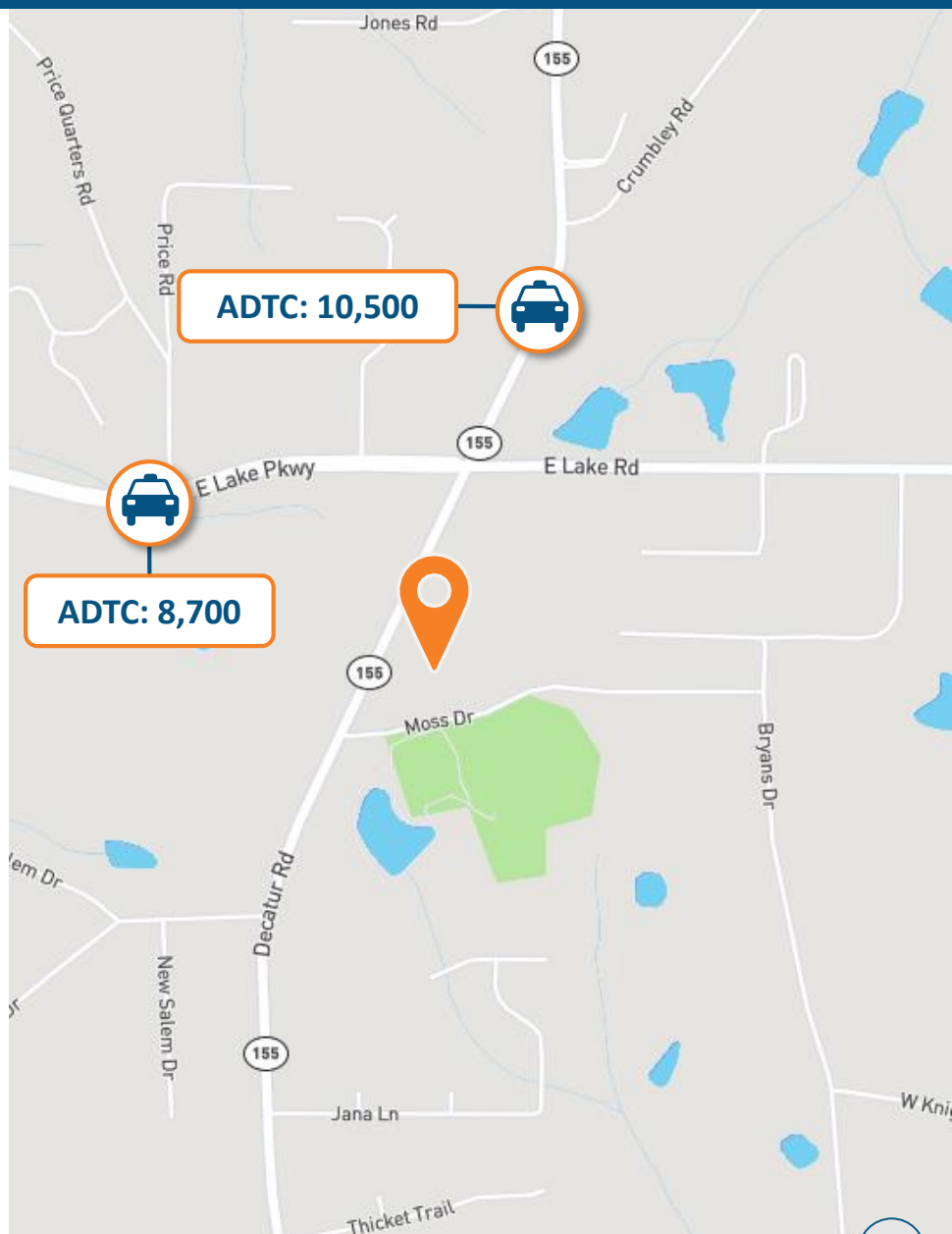
The subject property benefits from excellent frontage along GA-155 and is an outparcel to Union Grove Crossroads, a Kroger anchored shopping center located at the intersections of East Lake Parkway and Hwy 155. The Union Grove Crossroads will also feature 30,000 SF of specialty retail and restaurant space and is expected to open this year. Major national tenants in the surrounding area include: Kroger, Rite Aid, Dunkin' Donuts, Subway, Waffle House, Taco Bell, McDonald's, and Pizza Hut among various others. This property is located within close proximity to several academic institutions which include: East Lake Elementary, Union Grove Middle and High School, and Hickory Flat Elementary School. Grant Airport, three miles from subject Wendy's, is a local airport open for public use, which has an average of 50 aircraft operations each month.

## TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 20,777 people residing within a three-mile radius and 67,874 people within a five-mile radius of this property. Within that same three and five-mile radius, average household incomes exceeds \$90,000 and \$80,000 respectively. This Wendy's is located on Highway 155 near it's intersection with East Lake Parkway. These two roads boast traffic counts of 10,500 and 8,700 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.

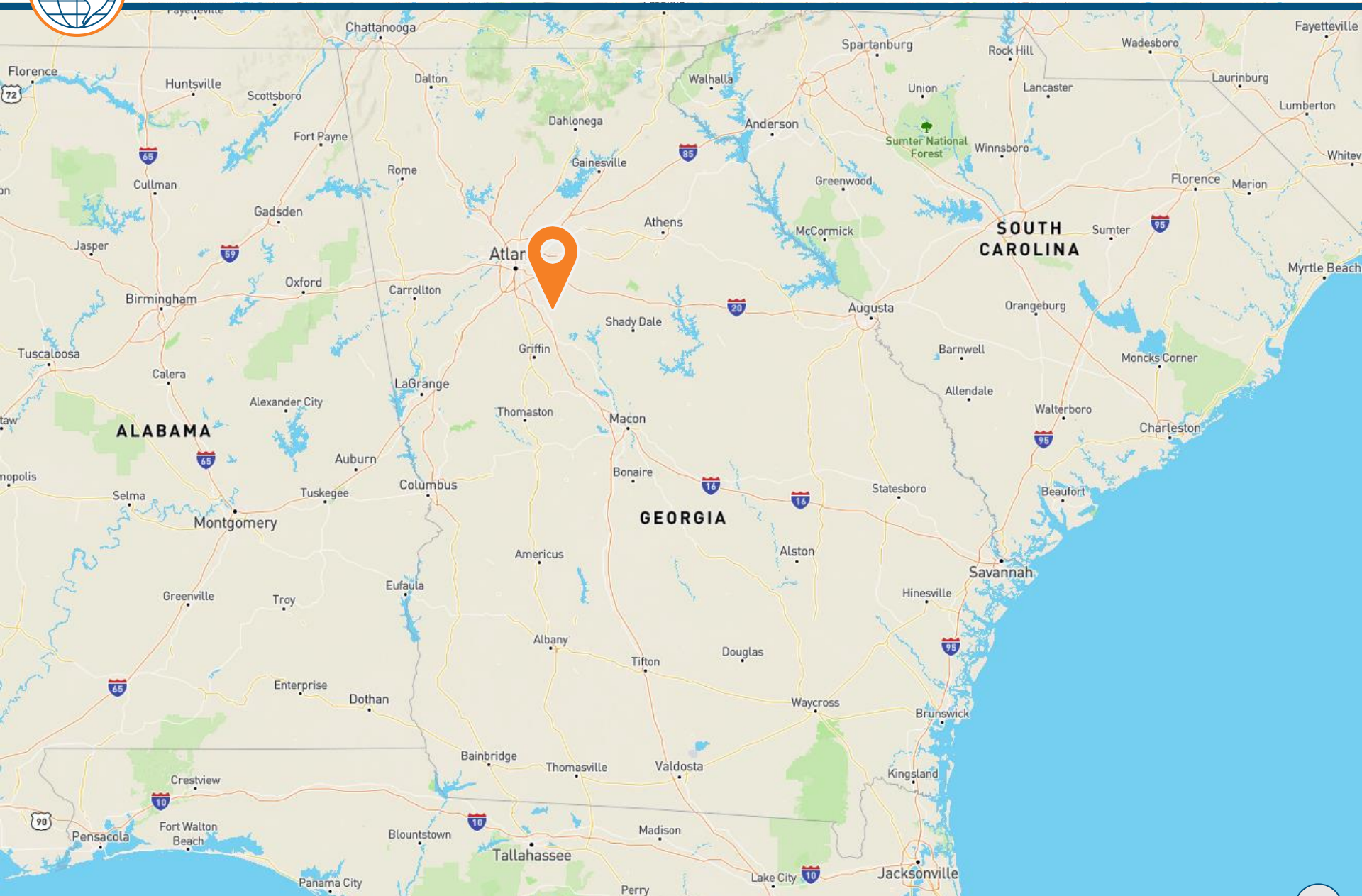






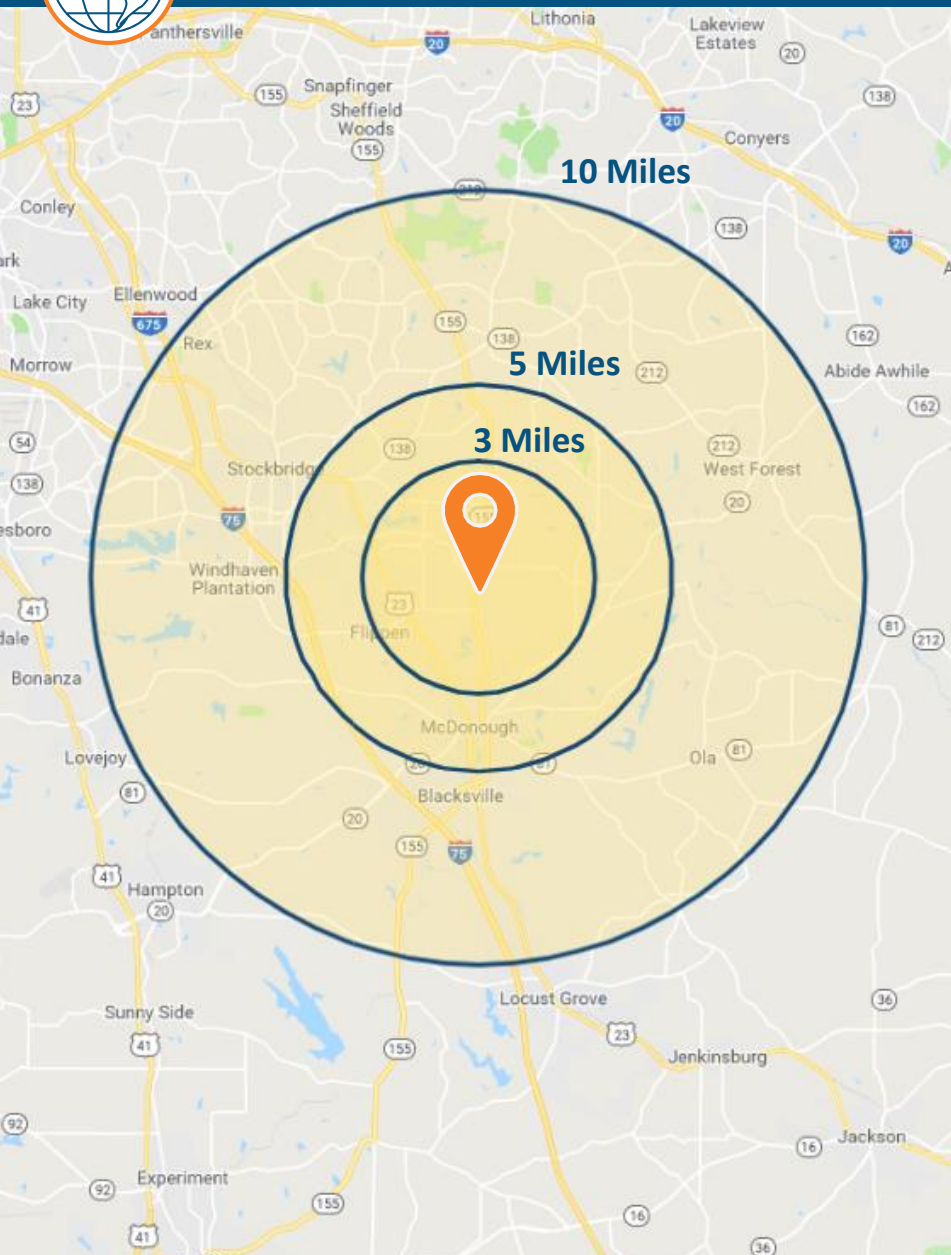
# Regional Map

Wendy's





# Demographics



## MAJOR EMPLOYERS

Employer	# of Employees
Henry County Board of Education	5,207
Walmart	1,361
Piedmont Hospital Inc	931
Briggs & Stratton	802
Phillip Van Heusen	800
Kaiser Permanente Henry Towne Centre Medical Center	735
McDonald's	506
Kroger	476
Goya Foods Inc	473
The Home Depot	462
County of Henry	340
The Jones Financial Companies, L.L.P.	317

# of Employees based on 10 mile radius

## DEMOGRAPHICS

Population	3 Miles	5 Miles	10 Miles
2022 Projection	23,698	78,290	280,459
2017 Estimate	20,777	67,874	245,296
2010 Census	19,279	62,443	225,104
2000 Census	12,835	39,476	147,663
Income			
Average	\$90,922	\$80,212	\$76,275
Median	\$74,620	\$64,706	\$62,187
Per Capita	\$30,536	\$27,940	\$26,428
Households			
2022 Projection	8,134	27,831	99,354
2017 Estimate	6,975	23,576	84,795
2010 Census	6,580	22,003	79,100
2000 Census	4,419	13,863	51,243
Employment			
2017 Daytime Population	17,208	62,384	191,103
2017 Unemployment	5.08%	6.01%	5.53%
2017 Median Time Traveled	34 Mins	34 Mins	35 Mins



Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**



**GA BROKER OF RECORD:**

Michael Fasano  
Marcus & Millichap  
1100 Abernathy Road, N.E. Building 500, Suite 600  
Atlanta, GA 30328  
Tel: (678) 808-2700  
Fax: (678) 808-2710  
License: 352663