

EXCLUSIVE INVESTMENT SUMMARY

SINGLE TENANT, NNN WENDY'S IN TUSCALOOSA, AL, HOME TO THE UNIVERSITY OF ALABAMA



ACTUAL PHOTO – TUSCALOOSA, AL



204 15th STREET E | TUSCALOOSA, ALABAMA

HFF®

MARKETING ADVISORS

MARC MANDEL

Managing Director

484.532.4212

mmandel@hfflp.com

STEVE SCHRENK

Director

484.532.4213

sschrenk@hfflp.com

COLER YOAKAM

Senior Managing Director

469.232.1982

cyoakam@hfflp.com

FINANCING ADVISORS

MARK WEST

Senior Managing Director

469.232.1974

mwest@hfflp.com

MICHAEL GEORGE

Director

469.232.1906

mgeorge@hfflp.com

BRANDON CHAVOYA

Managing Director

469.232.1967

bchavoya@hfflp.com



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INVESTMENT SUMMARY

WENDY'S | TUSCALOOSA, ALABAMA



INVESTMENT SUMMARY

Holliday Fenoglio Fowler, L.P. (“HFF”) Net Lease Advisory is pleased to exclusively offer a net lease opportunity to acquire a fee simple interest in a single tenant property leased to **Wendy’s** (the “Property”) in Tuscaloosa, AL one of the most livable and entrepreneurial cities in the country. Wendy’s is currently in Year 7 of its 20 year, NNN lease term. The lease features rare, 2% annual rental increases which shall continue through the two, 10-year option periods. Wendy’s is the world’s third largest quick-service restaurant company in the hamburger sandwich segment. As of March 2019, there were 6,710 Wendy’s restaurants in operation (of these, 358 were operated by the Company). As of YE 2018, the Company reported revenue of \$1.264BN. Per QSR Magazine, Wendy’s has the 4th highest average sales per unit in its peer set. The operator, Starboard Group, operates over 182 Wendy’s restaurants and was ranked 32nd in the *Franchise Times Restaurant Monitor 200*.

The Property sits along 15th Street, one of the primary retail corridors in Tuscaloosa with a traffic count of over 30,000 VPD. The Property is approximately 2.6 miles away from the University of Alabama. Additionally, the Property is less than a mile from McFarland Boulevard, a main thoroughfare that runs north-south through the city. The Property is surrounded by numerous other retailers, including The Fresh Market, Belk, Applebee’s, Bed Bath & Beyond, PetSmart and DSW Shoe Warehouse. Minutes from the Property sit University Mall, Shoppes at Legacy Park and Parkview Plaza Shopping Center, three of the premier retail destinations in Tuscaloosa. Furthermore, DCH Regional Medical Center, a 593-bed not for profit hospital and medical complex, sits just 1 mile from the Property. DCH is the second largest employer in Tuscaloosa County with over 3,400 employees, and reports revenue of over \$1.9 billion per year.

Tuscaloosa, AL is a thriving and growing community in western Alabama which has seen growth of over 20% since 2000. Tuscaloosa is home to The University of Alabama, the oldest and largest university in the state with an enrollment of more than 38,563 students. Tuscaloosa is also known for its industrial and manufacturing base. In 2017, Mercedes-Benz announced a \$1 billion investment at its Tuscaloosa plant to make SUVs for the company’s EQ electric brand, bringing 600 new jobs to the area.



\$3,446,643

ASKING PRICE

5.75%

CAP RATE

\$198,182

NOI

13.5 Years

REMAINING LEASE TERM

INVESTMENT HIGHLIGHTS



Wendy's Restaurants has been at the location since 2012; there are 13.5 years remaining on their NNN lease with rare, annual rental increases, inclusive of their two (2), ten (10) year options



The Property is situated along 15th Street E- a main business thoroughfare in the area with numerous surrounding retailers and employers, including DCH Regional Medical Center and University Medical Center; Nearby retailers include The Fresh Market, Target and ALDI



Wendy's is the world's third largest quick-service restaurant company in the hamburger sandwich segment; As of March 2019, there were 6,710 Wendy's restaurants in operation (of these, 358 were operated by the Company); As of YE 2018, the Company reported revenue of \$1.264BN



Tuscaloosa is consistently ranked as one of the most livable and entrepreneurial communities in the country; Established on February 6, 1818, one year before Alabama became a state, Tuscaloosa is the second largest county in the State in terms of area (with 1,351 square miles), and the City of Tuscaloosa is the county seat



The property is in close proximity to one of the nation's premier institutions for higher learning and research; Founded in 1831, University of Alabama is one of the largest universities in the Southeast and the city's largest employer with 11,347 employees, of which 1,175 are full-time faculty; It is home to more than 38,563 students and boasts one of the Best College Football Teams in the country

TENANT OVERVIEW

WENDY'S | TUSCALOOSA, ALABAMA



REPRESENTATIVE PHOTO

WENDY'S CORPORATE OVERVIEW



THE WENDY'S COMPANY

Wendy's was founded in 1969 by Dave Thomas in Columbus, OH. Thomas orchestrated the company on the premise, "Quality is our Recipe," which remains as the staple of the Wendy's system. Now, headquartered in Dublin, OH, The Wendy's Company, through its subsidiaries, operates as a quick-service restaurant company in the hamburger sandwich segment worldwide. It is involved in operating, developing, and franchising a system of quick-service restaurants. The company is best known for its made-to-order square hamburgers, using fresh, never frozen beef. But, its restaurants offer a range of other items such as chicken breast sandwiches, chicken nuggets, chili, French fries, baked potatoes, salads, soft drinks, Frosty desserts, and kids' meals. Today, Wendy's and its franchisees employ hundreds of thousands of people across more than 6,700 restaurants worldwide. The Company was formerly known as Wendy's/Arby's Group, Inc., but changed its name to The Wendy's Company in July 2011.

THE WENDY'S RESTAURANT SYSTEM

Wendy's is the world's third largest quick-service restaurant company in the hamburger sandwich segment. Wendy's is primarily engaged in the business of operating, developing and franchising a system of distinctive quick-service restaurants serving high quality food. As of March 31, 2019, there were 6,710 Wendy's restaurants in operation. Of these restaurants, 358 were operated by the Company. All of Wendy's company-operated restaurants are located in the United States.

Corporate Overview

Tenant Trade Name	Wendy's
US Headquarters	Dublin, OH
Number of Locations	6,700+
Stock Ticker	WEN (Nasdaq)
Credit Rating	B (S&P)
Website	wendys.com



TENANT/OPERATOR OVERVIEW



The Starboard Group was founded in 1998 when Andrew Levy, the current CEO, purchased 5 restaurants in Pennsylvania. Currently, the Starboard Group operates over 182 Wendy's restaurants in the Alabama, Florida, Illinois, Michigan, Missouri, New Jersey, Pennsylvania, Virginia, and Wisconsin markets.

In 2015, Starboard established a Wendy's Brazil Joint Venture. The joint venture secured Master Franchisor rights to Brazil and in 2016 the first Wendy's opened in Sao Paulo. Now, Starboard operates 5 restaurants in the country.

The Starboard was recently ranked 32nd in the Franchise Times Restaurant Monitor 200. The Monitor ranks the largest multi unit franchisors in the United States.

Corporate Overview

US Headquarters	Coral Springs, FL
Year Established	1998
Restaurants Under Operation	182
Employees	5,400+
Website	starboardwendys.com



FINANCIAL ANALYSIS

WENDY'S | TUSCALOOSA, ALABAMA





LEASE ABSTRACT

\$3,446,643

ASKING PRICE

5.75%

CAP RATE

\$198,182

NOI

LEASE DETAIL

Tenant	Starboard Group of Alabama, LLC
Address	204 15 th Street E
Branded As	Wendy's Restaurant
Building Size	3,393 SF
Year Built	2010
Parcel Size	0.96 AC
Annual Rent	\$198,182
Lease Type	Fee Simple: NNN
Roof & Structure	Tenant's Responsibility
Lease Commencement	12/19/2012
Lease Expiration	12/31/2032
Remaining Lease Term	13.5 Years
Remaining Options	Two (2), Ten (10) Year Options

RENT SCHEDULE

Description	Dates	Annual Rent	% Increase
Current Term (Year 7)	1/1/2019 - 12/31/2019	\$198,182	2.00%
Current Term (Year 8)	1/1/2020 - 12/31/2020	\$202,146	2.00%
Current Term (Year 9)	1/1/2021 - 12/31/2021	\$206,189	2.00%
Current Term (Year 10)	1/1/2022 - 12/31/2022	\$210,312	2.00%
Current Term (Year 11)	1/1/2023 - 12/31/2023	\$214,519	2.00%
Current Term (Year 12)	1/1/2024 - 12/31/2024	\$218,809	2.00%
Current Term (Year 13)	1/1/2025 - 12/31/2025	\$223,185	2.00%
Current Term (Year 14)	1/1/2026 - 12/31/2026	\$227,649	2.00%
Current Term (Year 15)	1/1/2027 - 12/31/2027	\$232,202	2.00%
Current Term (Year 16)	1/1/2028 - 12/31/2028	\$236,846	2.00%
Current Term (Year 17)	1/1/2029 - 12/31/2029	\$241,583	2.00%
Current Term (Year 18)	1/1/2030 - 12/31/2030	\$246,414	2.00%
Current Term (Year 19)	1/1/2031 - 12/31/2031	\$251,343	2.00%
Current Term (Year 20)	1/1/2032 - 12/31/2032	\$256,370	2.00%
Option Term 1 (Years 21-30)	1/1/2033-12/31/2042	\$261,497	2.00%
Option Term 2 (Years 31-40)	1/1/2043-12/31/2052	\$318,763	2.00%

TENANT RESPONSIBILITY DETAIL

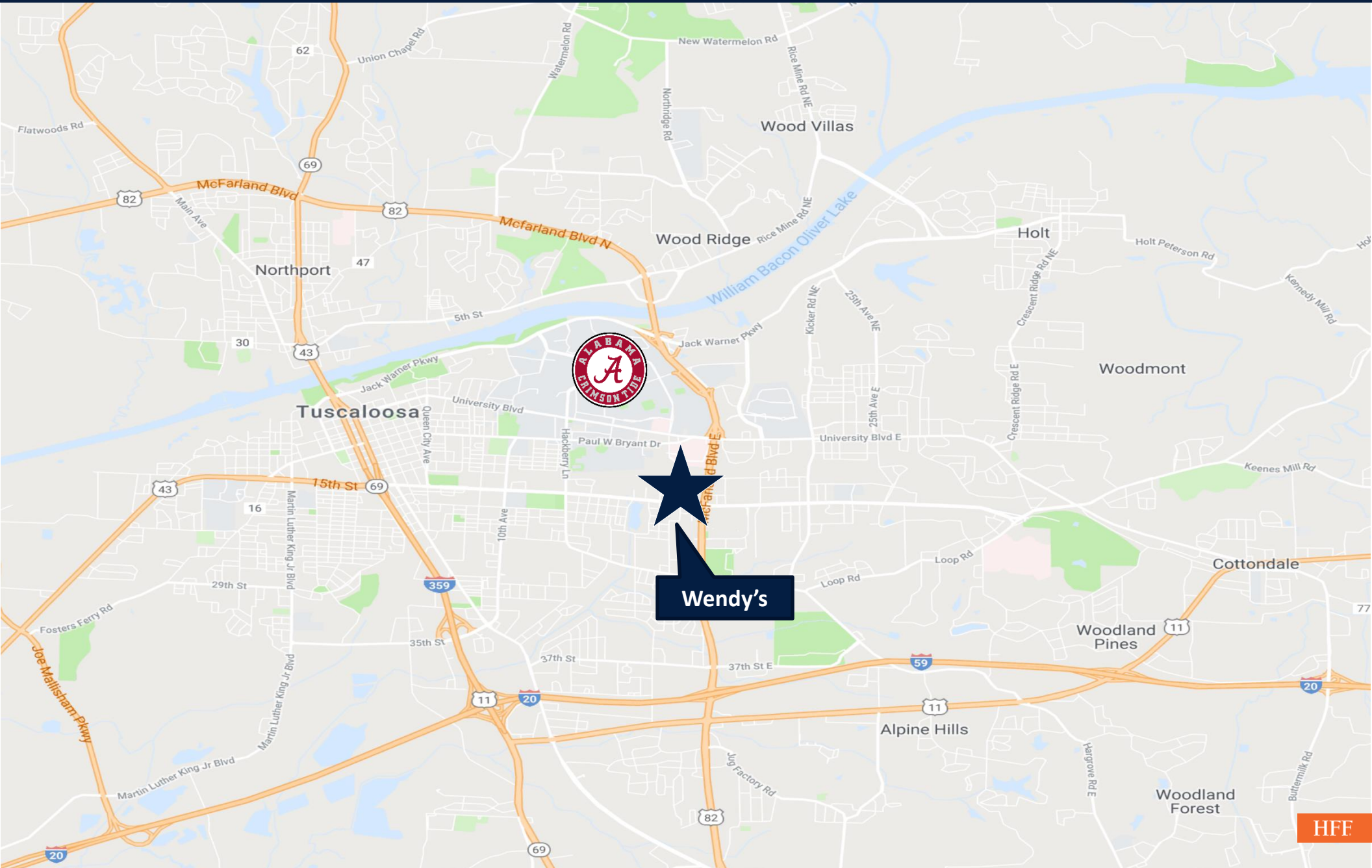
Maintenance & Repairs	Tenant, at its sole cost and expense, shall maintain, repair or replace, in good condition and in compliance with law, all: structural parts of the building and other improvements in which the Lease Premises are located, including without limitation, the foundations, bearing and exterior walls, subflooring and roof; utility systems within or serving the Leased Premises, including heating, ventilating, and air-conditioning systems servicing the Leased Premises, the exterior grounds and the interior and all other portions of the Leased Premises.
Insurance	Tenant shall maintain throughout the Term the following insurance on or in connection the Leased Premises: Insurance against loss, damage or destruction to the Leased Premises, Commercial General Liability insurance in the minimum amount of \$2,000,000, worker's compensation insurance, comprehensive boiler, machinery and equipment breakdown insurance, and business income/rental value insurance.
Taxes	Tenant shall pay to the applicable collecting authority all real estate taxes for the demised premises.
Utilities	Tenant shall pay directly to the collecting authority and be responsible for all rents and charges for water, gas, sewer, utility and communication services relating to any of the Leased Premises.

LANDLORD RESPONSIBILITY DETAIL

None

MARKET OVERVIEW

WENDY'S | TUSCALOOSA, ALABAMA



TUSCALOOSA, ALABAMA OVERVIEW

Tuscaloosa is a thriving and growing community in western Alabama, proven by the over \$3 billion in new construction since 2005. As further evidence, according to Nielsen research, Tuscaloosa has grown by over 20% in both population and number of households since 2000. Today, Tuscaloosa is the fifth largest city in the state and the primary city in an MSA of over 200,000 people, which includes Tuscaloosa, Greene and Hale counties. Tuscaloosa's economy is primarily focused on education and manufacturing, as the home of The University of Alabama and Mercedes-Benz U.S. International, Inc.

The University of Alabama is the oldest and largest university in Alabama, with an enrollment of more than 38,563 students. The University is also the city's largest employer with over 11,000 employees. The University's economic impact on the Tuscaloosa metro area is estimated to be over \$2 billion.

One of the city's largest private sector employers and most notable manufacturers is Mercedes-Benz U.S. International, Inc. (MBUSI). Its 1.1 million square foot facility produces over 240,000 cars per year and is undergoing a \$1 billion expansion of its industrial footprint, most of which is slated for the electric initiative. The expansion is projected to create 600 additional jobs. Other large manufacturers in the area include Goodrich, Nucor Steel, JVC, Johnson Controls, ZF Emborder, Hunt Refining, Westervelt, and many others.

Other large industries in the city include government and healthcare. The DCH Regional Medical Center is one of the state's largest hospitals and operates specialty units for pediatrics, orthopedics, cancer and cardiology. It is also the regions most advanced trauma center. Tuscaloosa's nationally recognized Women's Center at DCH Regional Medical Center offers family-oriented childbirth and intensive care for critically ill newborns. Additionally, Tuscaloosa's VA Medical Center provides primary care, long-term healthcare, and mental healthcare services to eligible veterans in the VA Southeast Network and access to secondary and tertiary care services.



University of Alabama – Coleman Coliseum



Mercedes Manufacturing Facility

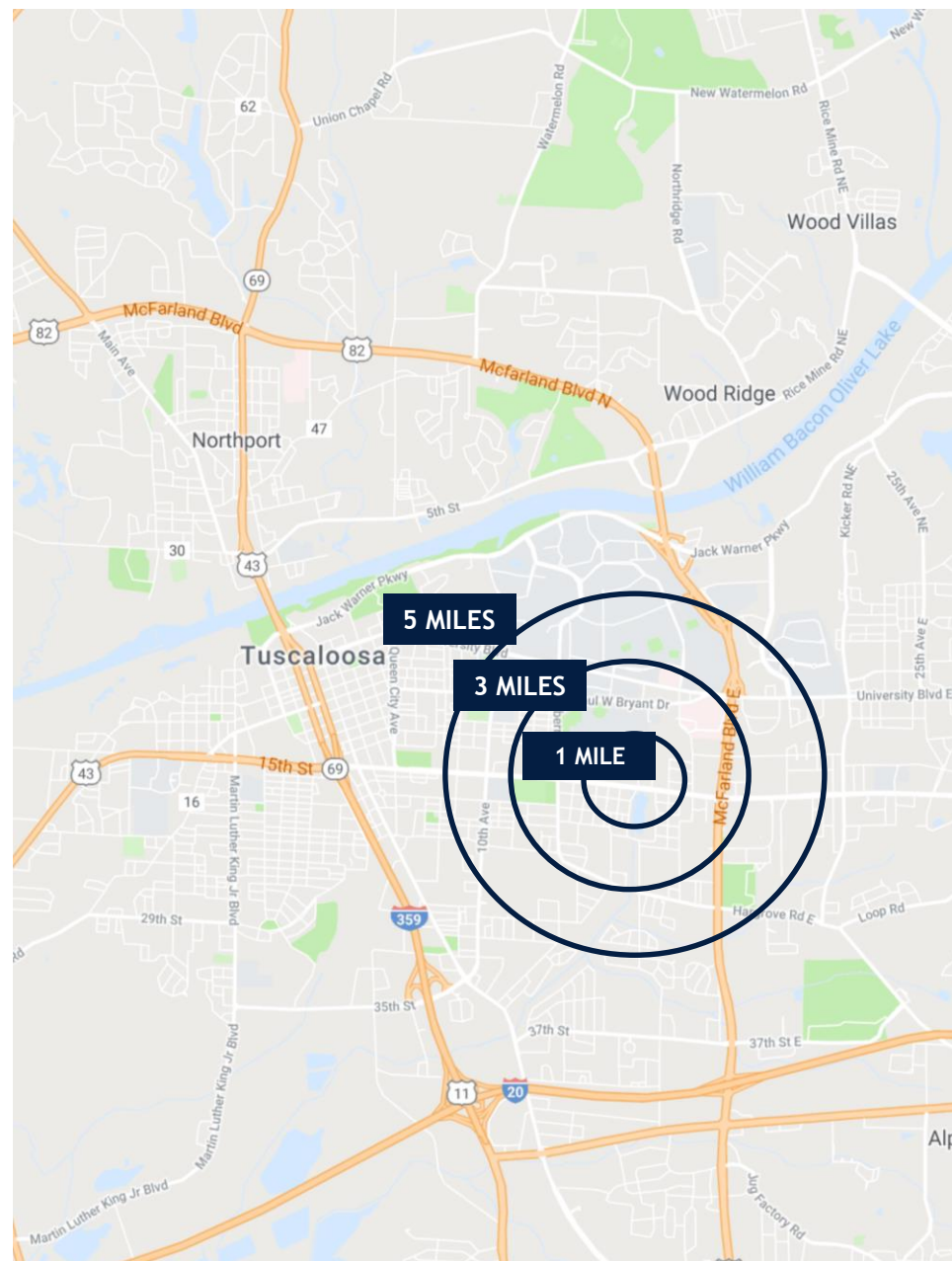
SURROUNDING RETAIL AND AMENITIES



DEMOGRAPHICS: 204 15TH STREET E, TUSCALOOSA, ALABAMA

POPULATION			
	1 MILE	3 MILES	5 MILES
2010 Census	11,674	68,119	112,411
2019 Estimate	12,408	72,869	119,262
2024 Projection	12,767	75,068	122,583
POPULATION GROWTH			
Historical Growth: 2010 to 2019	6.29%	6.97%	6.09%
Projected Growth: 2019 to 2024	2.89%	3.02%	2.79%
HOUSEHOLD INCOME			
2019 Average Household Income	\$45,738	\$53,579	\$60,623
2019 Median Household Income	\$29,751	\$34,456	\$40,752
HOUSEHOLDS			
2010 Census	1,248	11,337	22,832
2019 Estimate	1,328	12,081	24,148
2024 Projection	1,367	12,440	24,809
HOUSEHOLD GROWTH			
Historical Growth: 2010 to 2019	5.55%	8.12%	6.75%
Projected Growth: 2019 to 2024	2.81%	3.28%	2.94%

(Environics Analytics)



*Rings may not be drawn to scale



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MARC MANDEL

Managing Director

484.532.4212

mmandel@hfflp.com

STEVE SCHRENK

Director

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COLER YOAKAM

Senior Managing Director

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