

# WENDY'S

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



# OFFERING MEMORANDUM



705 S MacArthur Blvd  
Oklahoma City, OK 73128

# 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 Build | Just Opened November 2019
- ✓ Strong Traffic Counts | S MacArthur Boulevard and I-40 | Average of 18,458 and 110,342 Vehicles Per Day
- ✓ Dense Retail Corridor | Walmart, Sam's Club, Home Depot, Dollar Tree, Ross Dress for Less, Hobby Lobby, Dick's Sporting Goods, Best Buy, Ulta Beauty Supply, KFC, Pizza Hut, Jersey Mikes, Taco Bell, Starbucks, Panera Bread, Chick-fil-A, and Others
- ✓ Strong Demographics | More Than 170,949 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: \$2,485,437 | CAP RATE: 5.15% | RENT: \$128,000

## THE OFFERING

Purchase Price	\$2,485,437
CAP Rate	5.15%
Annual Rent	\$128,000

## PROPERTY DESCRIPTION

Property	Wendy's
Property Address	705 S MacArthur Blvd
City, State ZIP	Oklahoma City, OK 73128
Building Size (SF)	3,218
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	\$128,000	\$10,667	-
Year 2	\$128,000	\$10,667	-
Year 3	\$129,600	\$10,800	1.25%
Year 4	\$131,220	\$10,935	1.25%
Year 5	\$132,860	\$11,072	1.25%
Year 6	\$134,521	\$11,210	1.25%
Year 7	\$136,203	\$11,350	1.25%
Year 8	\$137,905	\$11,492	1.25%
Year 9	\$139,629	\$11,636	1.25%
Year 10	\$141,374	\$11,781	1.25%
Year 11	\$143,141	\$11,928	1.25%
Year 12	\$144,931	\$12,078	1.25%
Year 13	\$146,742	\$12,229	1.25%
Year 14	\$148,577	\$12,381	1.25%
Year 15	\$150,434	\$12,536	1.25%
Year 16	\$152,314	\$12,693	1.25%
Year 17	\$154,218	\$12,852	1.25%
Year 18	\$156,146	\$13,012	1.25%
Year 19	\$158,098	\$13,175	1.25%
Year 20	\$160,074	\$13,339	1.25%

## Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 705 S MacArthur Blvd in Oklahoma City, OK. The property consists of 3,218 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

## 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%

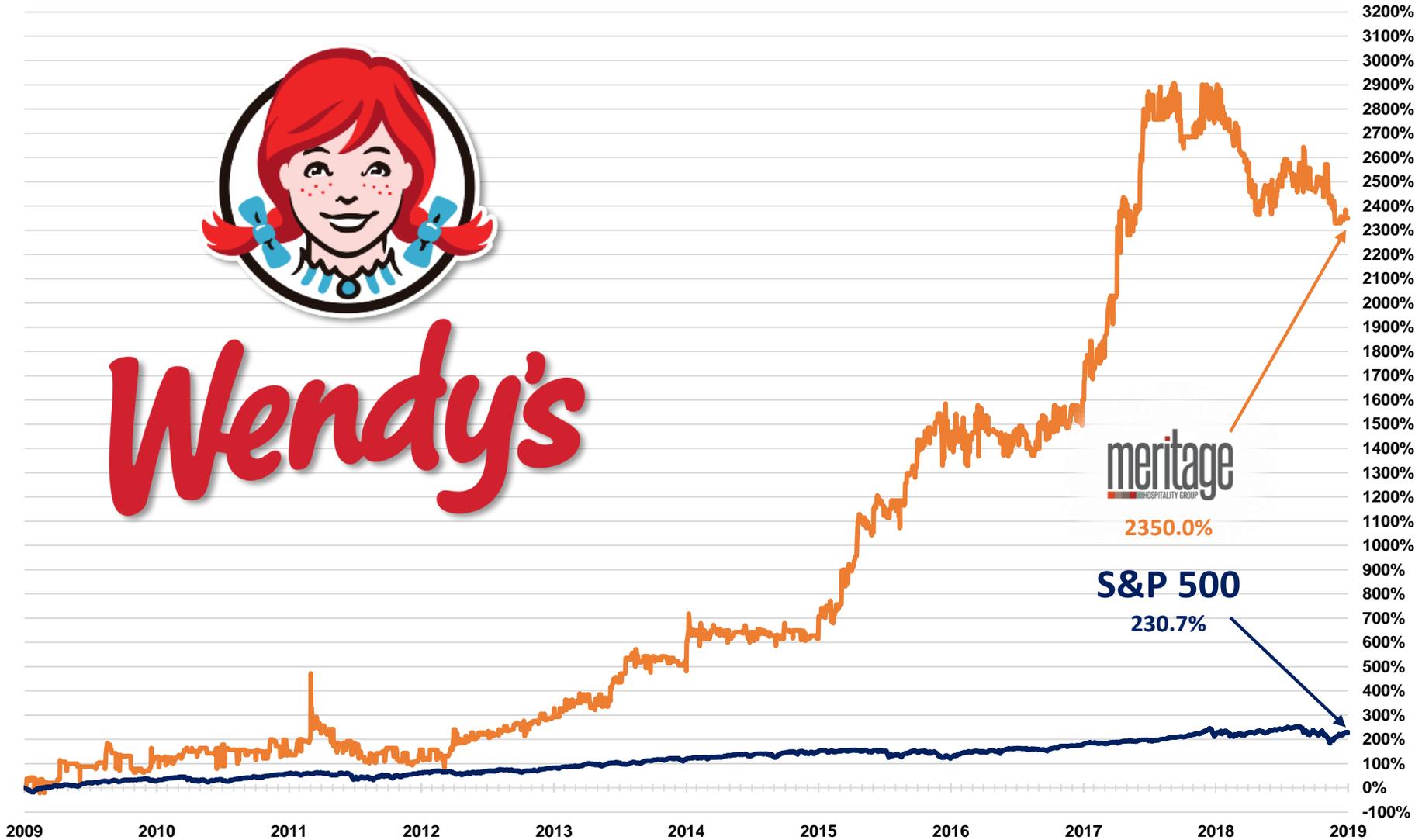
# Wendy's



## 10-Year Historical Performance



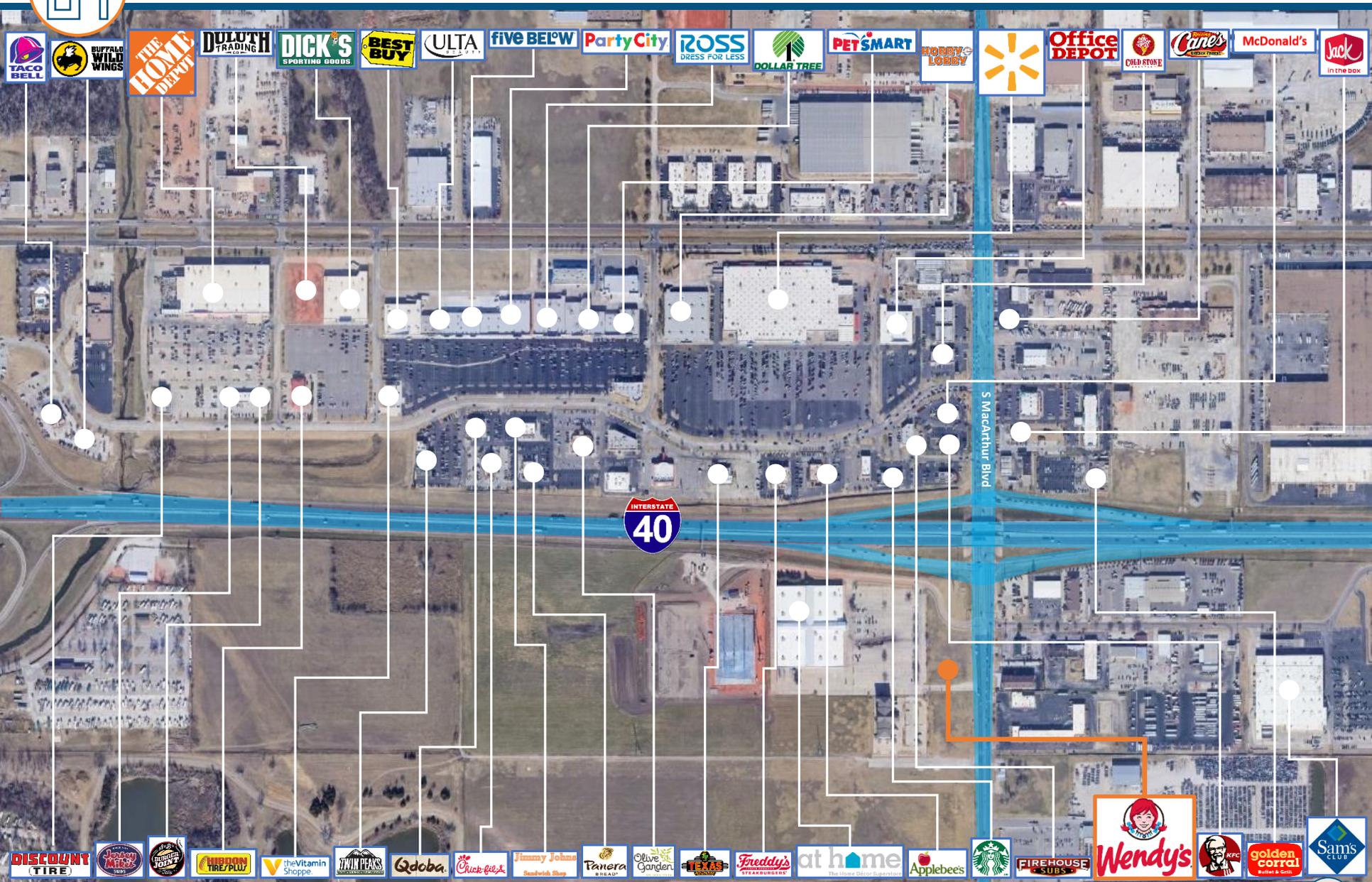
# Wendy's





# Surrounding Area

Wendy's



Wendy's

Marcus & Millichap



# Location Overview



This Wendy's property is located at 705 S MacArthur Boulevard in Oklahoma City. Oklahoma City is the capital of Oklahoma and is the largest city in Oklahoma County.

## SURROUNDING RETAIL & POINTS OF INTEREST

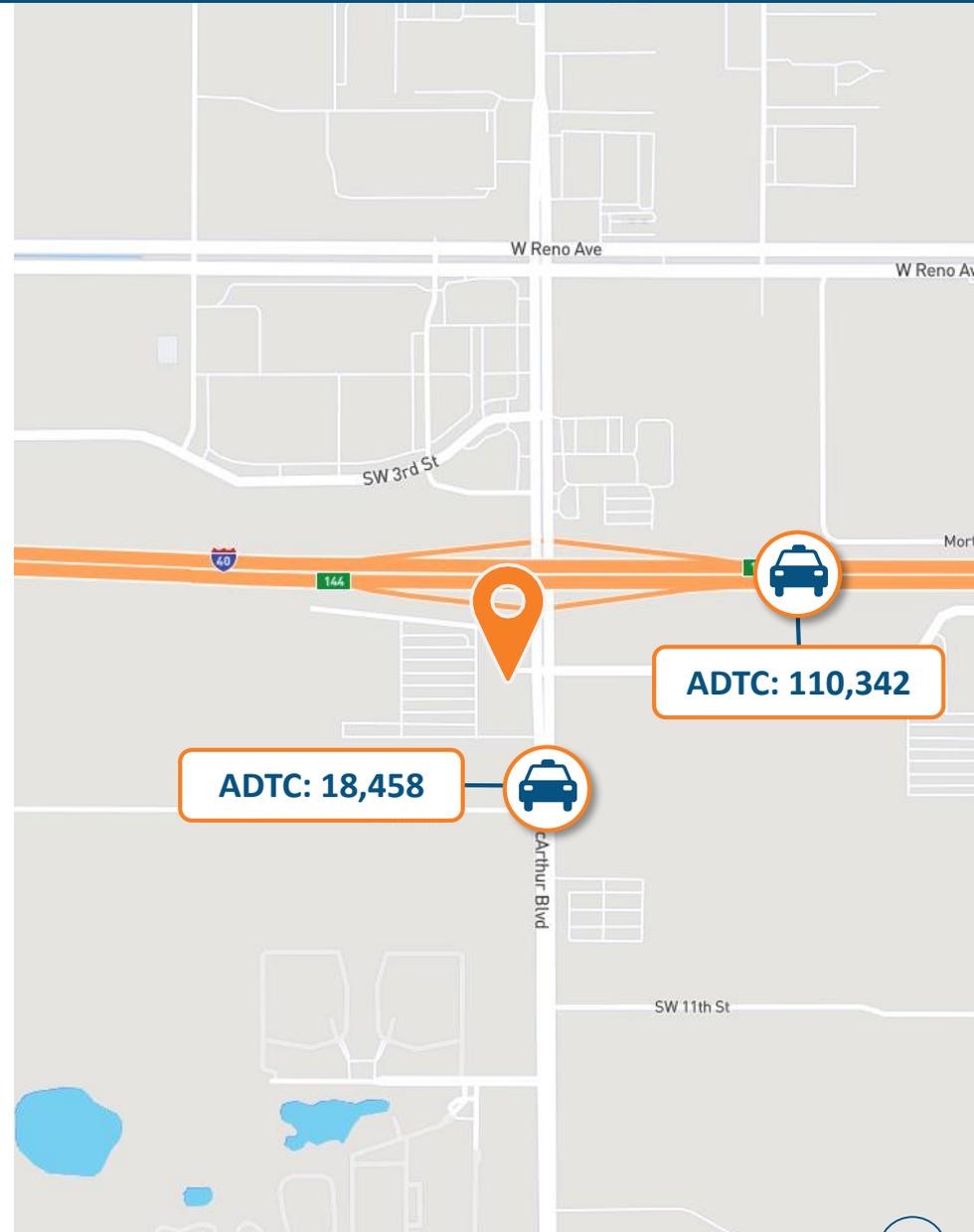
The subject property is well-positioned as an outparcel to At Home Furniture in a dense retail corridor surrounded by national and local tenants, shopping centers, and academic institutions. Major national tenants in the surrounding area include: Walmart, Sam's Club, Home Depot, Dollar Tree, Ross Dress for Less, Hobby Lobby, Dick's Sporting Goods, Best Buy, Ulta Beauty Supply, KFC, Pizza Hut, Jersey Mikes, Taco Bell, Starbucks, Panera Bread, Chick-fil-A, as well as several others. This Wendy's benefits from being located just over five-miles from Will Rogers World Airport. Will Rogers World Airport is the busiest commercial airport in the State of Oklahoma servicing over 4.34 million passengers in 2018. The subject property is located just five-miles from the Oklahoma State Fair Park. The Oklahoma State Fair happens every year for 11 days and attracts over one million visitors.

## TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 48,133 people residing within a three-mile radius and 170,949 people within a five-mile radius of this property. This Wendy's benefits with premium frontage along S MacArthur Boulevard which experiences average daily traffic counts exceeding 18,458 vehicles. S MacArthur Boulevard intersects with I-40 which brings an additional 110,342 vehicles into the immediate area on average.

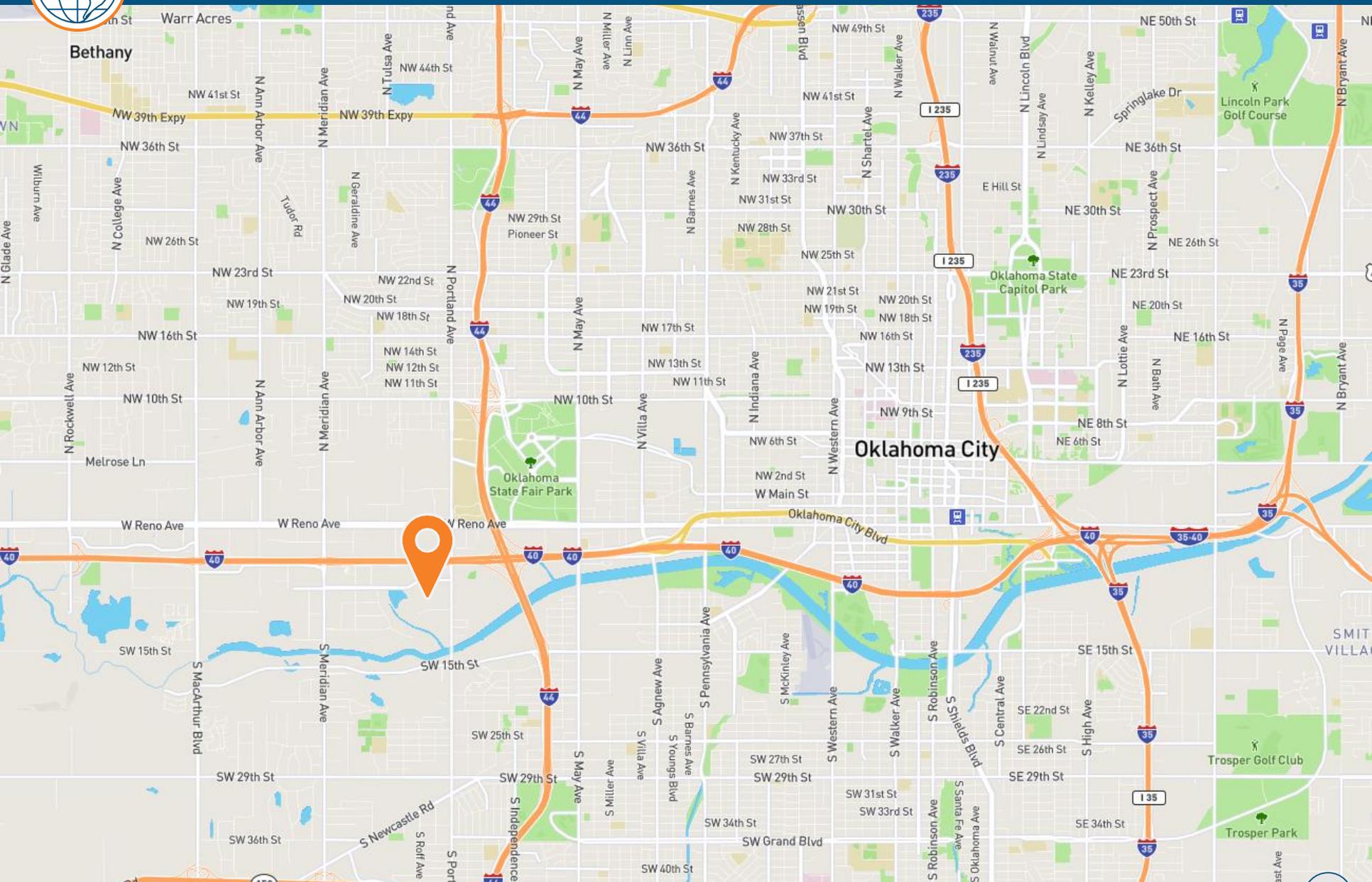
## OKLAHOMA CITY, OK

Oklahoma City is the capital of Oklahoma, its largest city and the county seat of Oklahoma County. The Oklahoma City MSA is the 44th most populous statistical area in the United States and the largest in the region outside of Texas. Oklahoma City lies along one of the primary corridors into Texas and Mexico, and is a three-hour drive from the Dallas-Fort Worth metropolitan area. Oklahoma City features one of the largest livestock markets in the world, however, oil, natural gas, petroleum products and related industries drive the economy due to its location in the middle of an active oil field – in fact, oil derricks dot the capitol grounds itself. Not surprisingly, two of the largest employers are Fortune 500 companies Chesapeake Energy Corporation (NYSE: CHK) and Devon Energy Corporation (NYSE: DVN). Yet as the city and MSA continue to grow and diversify, other sectors including information technology, services, healthcare and administration have drawn investments from other major entities. Sonic Drive-In, Hobby Lobby and Love's Travel Stops & Country Stores have corporate headquarters in Oklahoma City and the FAA, OGE Energy Corporation, AT&T, Dell, Hertz, UPS, Farmers Insurance Group, Coca-Cola, Boeing and Johnson Controls, among others, have significant operations there. Moreover, the Oklahoma City MSA is home to both Tinker Air Force Base and the University of Oklahoma. Tinker AFB currently employs over 27,000 military, civilian and contract personnel staffing major Department of Defense, Air Force and Navy missions that provide depot maintenance, product support, services and supply chain management and information support for 31 weapon systems, 10 commands, 93 Air Force bases and 46 foreign nations. The University of Oklahoma is the largest educational institution in Oklahoma currently serving over 30,000 students and employing nearly 12,000 full and part-time faculty and staff.



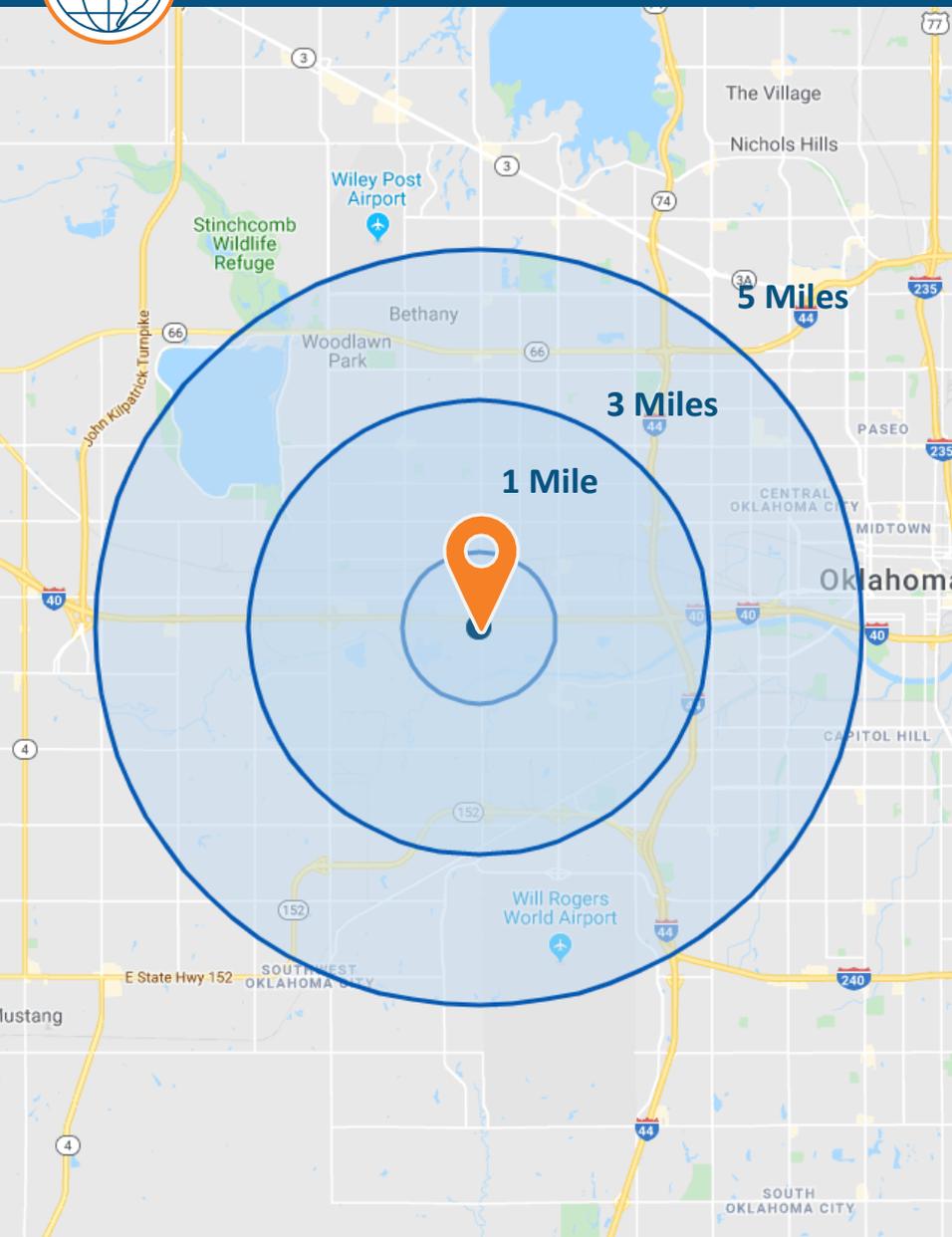


# Regional Map





# Demographics



## MAJOR EMPLOYERS

Employer	# of Employees
Hobby Lobby Creative Centers	13,000
Mike Monroney Aeronautical Ctr	4,523
World Trading Company Inc	2,500
Putnam City School Dist I-001	2,076
Terex Roadbuilding	1,504
Will Rogers World Airport	1,100
Atc Drivetrain	1,000
Flight Inspection Services	1,000
Esc	950
Factory Direct Inc	800
Health Care Innovations Prvte	800
Coca-Cola	700

# of Employees based on 5 mile radius

## DEMOGRAPHICS

Population	1 Mile	3 Miles	5 Miles
2023 Projection	490	46,734	169,567
2018 Estimate	501	48,133	170,949
2010 Census	396	45,778	162,501
2000 Census	373	48,205	158,051
<b>Income</b>			
Average	\$67,507	\$52,304	\$55,077
Median	\$56,931	\$39,854	\$41,581
Per Capita	\$39,123	\$20,407	\$21,051
<b>Households</b>			
2023 Projection	286	18,371	64,968
2018 Estimate	289	18,653	64,716
2010 Census	226	17,760	61,682
2000 Census	218	19,109	62,680
<b>Employment</b>			
2018 Daytime Population	2,752	76,397	194,625
2018 Unemployment	3.77%	5.35%	4.92%
2018 Median Time Traveled	23 Mins	21 Mins	22 Mins



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



**OK BROKER OF RECORD:**

Mark McCoy  
Marcus & Millichap  
300 Throckmorton Street, Suite 1500  
Fort Worth, TX 76102  
Lic # 181981