

CORPORATE LEASE

SINGLE TENANT
NET LEASE
OPPORTUNITY



ERIE | PA

HORVATH & TREMBLAY



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DISCLAIMER

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INVESTMENT HIGHLIGHTS



Horvath & Tremblay is pleased to present the exclusive opportunity to purchase the Wendy's investment property located at 105 E 12th Street in Downtown Erie, Pennsylvania (the "Property"). Wendy's has a long operating history at the location and signed a new, 20-year, lease at the Property in 2016. The absolute triple-net lease currently has 17+ years of term remaining plus one, 5-year renewal option. The lease includes an 11.3% rent increase in November 2021 and a 10% rent increase every five years thereafter. The Wendy's lease is corporately guaranteed.

- **LONG LEASE TERM:** The Wendy's lease has 17+ years of term remaining plus one, 5-year renewal options.
- **CORPORATE GUARANTY:** The lease is guaranteed by Wendy's corporate parent. The Wendy's Company is a publicly traded company (NASDAQ: WEN) with a market cap of \$4.4 billion and 2018 revenues of \$1.6 billion. Wendy's is the world's 3rd largest hamburger franchise with more than 6,600 restaurants worldwide.
- **STRATEGIC DOWNTOWN LOCATION:** The Property is located at a signalized intersection on a primary roadway in Downtown Erie within walking distance to numerous housing and employers. The Property is also less than 0.5 miles from Erie Station on Amtrak's Lake Shore Limited line connecting Boston, New York City and Buffalo to the east with Cleveland and Chicago to the west.
- **ZERO MANAGEMENT RESPONSIBILITIES:** The Wendy's lease is absolute triple net and requires zero management responsibilities making it an attractive investment for the passive real estate investor.
- **ATTRACTIVE RENT INCREASE:** The lease calls for an 11.3% rent increase on 11/01/2021 and a 10% rent increase every 5-years thereafter including in year 1 of the option period, providing a steady increase in income and an attractive hedge against inflation.
- **STRONG DEMOGRAPHICS:** Over 94,500 residents and 40,500 households are located within a 3-mile radius of the Property with an average household income of \$53,304.
- **RETAIL TRADE AREA:** Additional retailers and attractions driving traffic to the area include Taco Bell, McDonald's, Arby's, Tim Hortons, Family Dollar, Citizens Bank, PNC Bank, The Avalon Hotel & Conference Center, Warner Theater, The Erie Insurance Arena (concerts and events), the Erie Children's Museum, Gannon University (enrollment 4,500) and UPMC Park (home of the Erie SeaWolves, Double-A affiliate of the Detroit Tiger).



105 E 12TH STREET | ERIE, PA 16501

OWNERSHIP:	Fee Simple
BUILDING AREA:	3,282 SF
LOT SIZE:	0.92 Acres
YEAR BUILT:	2007
TENANT:	Wendy's Properties, LLC
GUARANTOR:	Corporate
LEASE TYPE:	Absolute Triple Net
ROOF & STRUCTURE:	Tenant Responsibility
RENT COMMENCEMENT DATE:	03/21/2016
LEASE EXPIRATION DATE:	10/31/2036
LEASE TERM REMAINING:	17+ Years
RENEWAL OPTIONS:	1, 5-Year Option

	LIST PRICE:	\$2,662,768
	CAP RATE:	5.00%
	NOI:	\$133,138

ANNUALIZED OPERATING DATA

START	END	TERM	RENT	% INC
03/21/2016	- 10/31/2021		\$133,138	
11/01/2021	- 10/31/2026		\$148,240	11.3%
11/01/2026	- 10/31/2031		\$163,064	10.0%
11/01/2031	- 10/31/2036		\$179,370	10.0%
11/01/2036	- 10/31/2041	OPTION 1	\$197,307	10.0%



	Industry:	Quick Service Restaurant (QSR)
	Locations:	6,656
	2018 Company Revenue:	\$1.6 Billion
	2018 Average Annual Sales Per North America Restaurant	\$1.6 Million
	2018 North America Company-Operated Restaurant Margin	15.8%
	Current Dividend Yield	1.94%
	Current Market Cap (08/01/2019)	\$4.4 Billion

ABOUT THE TENANT

The Wendy's Company (NASDAQ: WEN) is one of the world's largest hamburger franchise and has a market cap of \$4.4 Billion. The Wendy's system includes more than 6,600 franchise and Company-owned restaurants in the U.S. and 29 countries worldwide. Wendy's was founded in 1969 by Dave Thomas and is currently headquartered in Dublin, Ohio.

When Wendy's International and Arby's parent company, Triarc Companies, merged in 2008, they created the 3rd largest US fast-food chain (behind only McDonald's and Yum! Brands). This merger formed the Wendy's/Arby's Group, the parent company of Wendy's International, Inc. and Arby's Restaurant Group, Inc. which are the franchisors of the Wendy's and Arby's restaurant systems. Wendy's/Arby's Group creation has altered the perception of both Wendy's and Arby's net lease properties with the introduction of new management and new menu concepts.

Wendy's is an attractive Single Tenant Net Lease investment due to the underlying asset location. Restaurants are typically in a 3,000-4,000 square foot building with a drive-thru window, and situated on 0.5 - 1.5 acre of land.



ERIE | PA



94,500+
PEOPLE WITHIN 3 MILES



\$53,000+
AVERAGE HOUSEHOLD INCOME
WITHIN 3 MILES



18,365 VPD
E 12TH STREET

OVERVIEW

Erie, Pennsylvania is a city located on the south shore of Lake Erie and is the county seat of Erie County in northwestern Pennsylvania. Erie is the 4th largest city in Pennsylvania, and the largest city in northwestern Pennsylvania with an estimated 2018 population of 97,369 residents. The Erie metropolitan area, equivalent to all of Erie County, consists of 280,566 residents while the Erie-Meadville Combined Statistical Area has a population of 369,331. Erie is located half way between the Buffalo, New York, and Cleveland, Ohio on Interstate 90, and due north of Pittsburgh, Pennsylvania on Interstate 79. Erie's manufacturing sector remains prominent in the local economy, though health care, higher education, technology, service industries and tourism are emerging as significant economic drivers. Over 4 million people visit Erie during summer months for recreation at Presque Isle State Park and Waldameer Park.

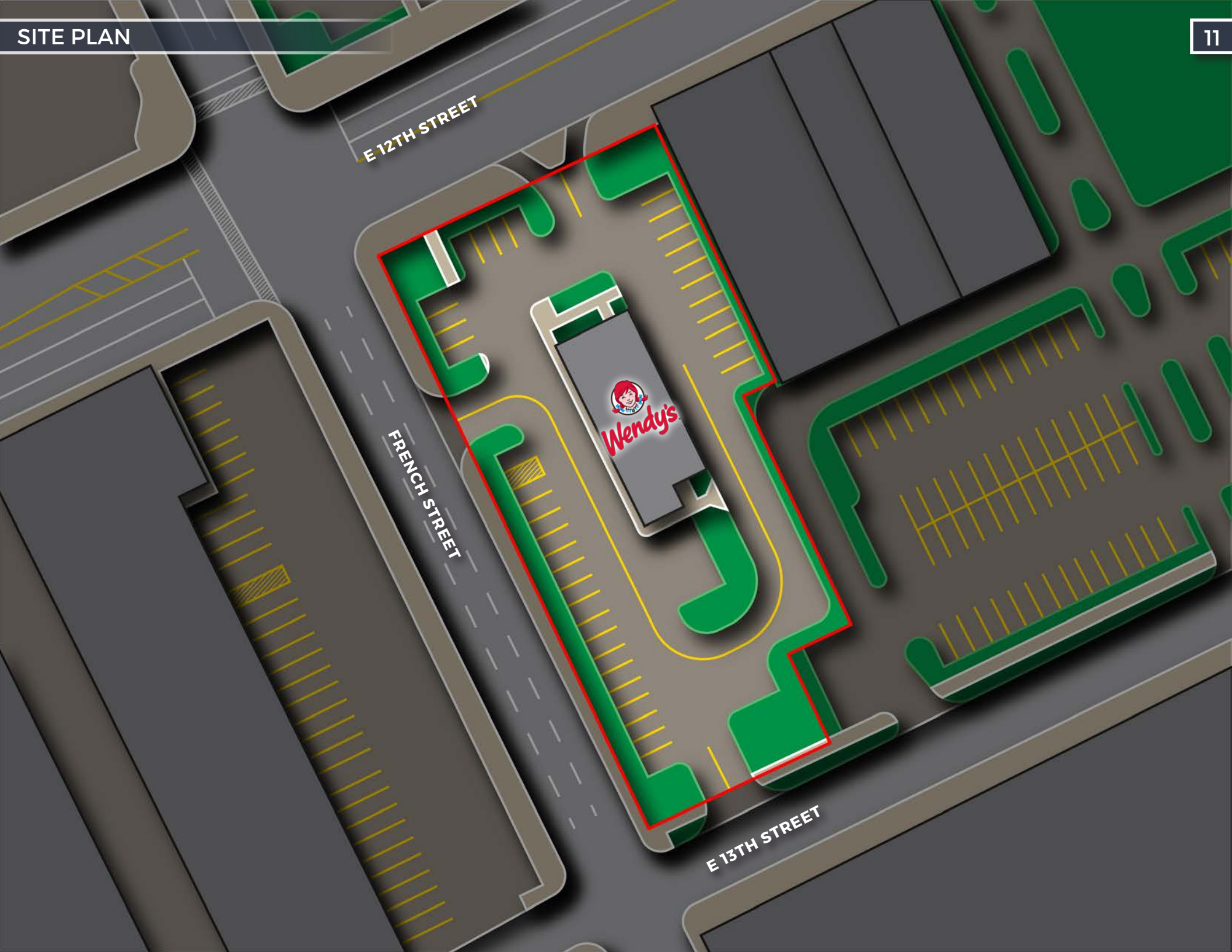
	1 MILE	3 MILES	5 MILES
POPULATION			
2019 Estimate	23,333	94,669	148,912
2024 Projection	24,071	93,833	145,895
2010 Census	24,592	100,525	154,853
BUSINESS			
2019 Est. Total Business	2,134	4,695	7,514
2019 Est. Total Employees	37,575	69,392	105,597
HOUSEHOLDS			
2019 Estimate	9,947	40,500	64,761
2024 Projection	10,706	41,913	66,260
2010 Census	9,837	40,380	63,000
INCOME			
Average Household Income	\$30,278	\$53,304	\$58,836
Median Household Income	\$25,468	\$42,316	\$48,874













REGIONAL MAP

