

HORVATH & TREMBLAY

ERIE | PA

CORPORATE GUARANTY



SINGLE TENANT NET LEASE OPPORTUNITY

LEAD AGENT



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DISCLAIMER

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INVESTMENT HIGHLIGHTS



Horvath & Tremblay is pleased to present the exclusive opportunity to purchase the Corporate Wendy's investment property located at 5902 Wattsburg Road in 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 15+ years of term remaining plus 2 renewal options (1, 5-year and 1, 4-year). The lease includes an attractive 10% rent increase every 5 years throughout the base term and at the start of each option period. The Wendy's lease is Corporate Guaranteed.

- **LONG LEASE TERM:** The Corporate Wendy's lease has 15+ years of term remaining plus 2 renewal options (1, 5-year and 2, 4-year).
- **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 \$4.77 billion and 2019 revenues of \$1.71 billion. Wendy's is the world's 3rd largest hamburger franchise with more than 6,788 restaurants worldwide.
- **STRATEGIC COMMUTER LOCATION:** The Property is located immediately off of Exit 29 (Wattsburg Road - PA Route 8) along Interstate 90 which connects Buffalo to the east with Cleveland to the west. Wendy's has a large Pylon sign that is visible from both directions along Interstate 90.
- **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 10% rent increases every 5 years throughout the base term and at the start of each option period, providing a steady increase in income and an attractive hedge against inflation.
- **STRONG DEMOGRAPHICS:** Over 121,500 residents and 51,100 households are located within a 5-mile radius of the Property with an average household income of \$62,909.
- **TRAFFIC COUNTS:** The Property is located off of Exit 29 along Interstate 90, with outstanding signage visible from both directions along Interstate 90 and Wattsburg Road. The property sees combined traffic counts in excess of 53,000 vehicles per day.





\$3,464,450

LIST PRICE



5.00%

CAP RATE



\$173,223

NET OPERATING INCOME

5902 WATTSBURG ROAD | ERIE, PA 16509

OWNERSHIP:	Fee Simple
BUILDING AREA:	3,080 SF
YEAR BUILT:	1992
LAND AREA:	4.02 Acres
GUARANTOR:	Corporate
LEASE TYPE:	Absolute NNN
ROOF & STRUCTURE:	Tenant Responsibility
RENT COMMENCEMENT DATE:	03/21/2016
LEASE EXPIRATION DATE:	03/31/2036
LEASE TERM REMAINING:	15 Years, 7 Months
RENEWAL OPTIONS:	1, 5-Year & 1, 4-Year Option



ANNUALIZED OPERATING DATA

YEAR	START	END	TERM	RENT	% INC
1 - 5	03/21/2016 - 03/31/2021			\$157,475	
6 - 10	04/01/2021 - 03/31/2026			\$173,223	10.0%
11 - 15	04/01/2026 - 03/31/2031			\$190,545	10.0%
16 - 20	04/01/2031 - 03/31/2036			\$209,599	10.0%
21 - 25	04/01/2036 - 03/31/2041		OPTION 1	\$230,559	10.0%
26 - 29	04/01/2041 - 03/31/2045		OPTION 2	\$253,615	10.0%

TENANT OVERVIEW

COMPANY HIGHLIGHTS

- #6 ranked fast-food chain in America based on 2018 system-wide sales
- #2 ranked fast-food hamburger chain in America based on 2018 systemwide sales, only behind McDonald's
- Nine consecutive years of system-wide same-store sales growth
- Three consecutive years of global net restaurant expansion
- 182 new restaurants opened in 2019, bringing global total to 6,788
- Wendy's entering Europe in next 12-18 months following 23 straight quarters of international same-store sales growth
- "Breakfast Battle" launched in 2020 with a revamped breakfast menu and a \$20 million marketing campaign

It is important to note that while Wendy's franchises the majority of its locations, the subject Property at 5902 Wattsburg Road in Erie, Pennsylvania is a **corporate owned and operated restaurant**. As a result, the lease is fully backed and guaranteed by the corporate parent, The Wendy's Company.



ABOUT THE TENANT

The Wendy's Company (NASDAQ: WEN) is the world's 2nd largest hamburger franchise and has a market cap of \$4.77 Billion. Known for superior-quality ingredients, unique menu offerings, contemporary restaurant designs as well as its flexible approach to developing new markets, Wendy's is meaningfully differentiated and well-positioned for future growth. 2019 delivered global system-wide sales growth of 4.4%, driven by North America same-store sales growth of approximately 2.8% and new restaurant development. Wendy's opened over 180 restaurants in 2019, expanding its net global footprint by approximately 1.2%. Wendy's achieved strong financial results as well, with an adjusted EBITDA of ~\$413M, an adjusted EPS of \$0.59, and a \$221M in its free cash flow, which is a testament to its resilient business model. 2019 also marked Wendy's ninth consecutive year of same-restaurant sales growth in North America and its fourth consecutive year of global net restaurant expansion.

There are approximately 6,788 Wendy's restaurants currently in operation in the United States and 30 foreign countries and U.S. territories worldwide. Expansion into new markets and continued development within existing markets will be the dominant drivers of Wendy's global strategy in the coming years. The company's international markets have quietly achieved a string of 24 straight quarters of same-store sales growth

In March 2020, Wendy's launched a rejuvenated lineup of breakfast sandwiches and morning drinks, looking to provoke a "Breakfast Battle" as a seemingly not-so-veiled threat to McDonald's, which has long dominated the fast-food breakfast space. Wendy's is supporting the effort with a \$20 million marketing campaign that it believes can help grow the daypart to comprise 10% of total U.S. sales.

Image Activation, Wendy's strategy to re-image existing restaurants and build new restaurants, remains an integral part of Wendy's global growth strategy. At the end of 2019, approximately 58% of the global system has been image-activated.



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.



	3 MILES	5 MILES	10 MILES
POPULATION			
2020 Estimate	41,070	121,534	192,559
2025 Projection	39,591	119,214	187,131
2010 Census	42,688	127,571	200,010
BUSINESS			
2020 Est. Total Business	858	5,183	8,678
2020 Est. Total Employees	10,500	77,641	126,152
HOUSEHOLDS			
2020 Estimate	16,213	51,148	82,956
2025 Projection	15,897	51,112	82,182
2010 Census	15,786	50,160	80,453
INCOME			
Average Household Income	\$70,864	\$62,909	\$70,239
Median Household Income	\$55,142	\$47,774	\$53,663



121,500+
PEOPLE WITHIN 5 MILES



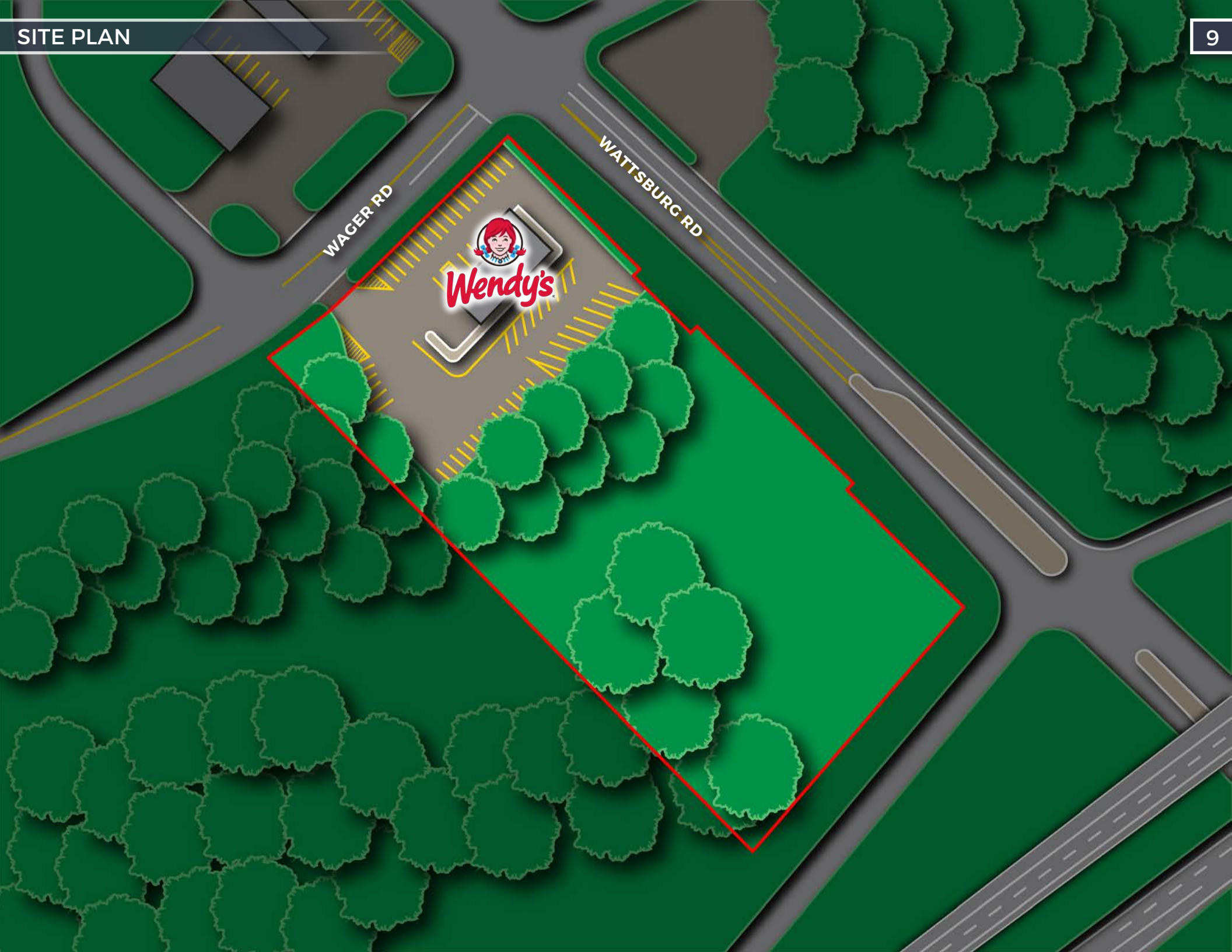
53,000+
VEHICLES PER DAY
I-90 + WATTSBURG RD



\$62,500+
AVERAGE HOUSEHOLD INCOME











WENDY'S
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