

FIVE GUYS - 20 YEAR NNN SALE LEASEBACK

Mentor (Cleveland), Ohio



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- Disclaimer -

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The Property - Investment Summary

Property	Five Guys - Single Tenant
Lease Guarantor	Wholesome Enterprises LLC 25 Unit Five Guys Guarantor
Address	9180 Mentor Avenue Mentor, Ohio 44060
Deal Type	Absolute NNN Sale Leaseback
Lease Type	Triple-Net - Tenant responsible for all repairs & maintenance, including roof, structure, and parking lot
Market	Cleveland-Elyria MSA
Population	2,058,844
Building Size	3,198 Square Feet
Lot Size	1.024 Acres
Primary Traffic Count	21,418 VPD
Shadow Anchor	Meijer Grocery - 191,008 Square Feet
Rent Commencement	Close of Escrow
Lease Expiration	20 Year Base Term
Renewal Options	Six 5-Year Options
Net Operating Income	Year 1-5: \$82,500 Year 6-10: \$89,100
Cap Rate	5.8%
Price	\$1,422,000



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The Property - Property Description

Investment Highlights

- 20 Year NNN Lease with No Landlord Obligations
- Strong Parent Guarantor - Wholesome Enterprises LLC Operates 25 Five Guys Restaurants and is one of the Top Five Guys Franchisees in the United States
- Grocery Anchored - Meijer Opened Their 191,008 SF Grocery Store Behind Five Guys in 2020
- Located in Thriving Retail and Industrial Commercial Corridor Surrounded by Businesses, Daytime Workers, and Households
- Under Market Rent - Rent of \$82,500 Annually is \$26 PSF and Well Below the Market for a Freestanding Restaurant
- Lease Features Rental Increases Every 5 Years During the Initial Term and Options
- Ideal 1031 Investment with Hands-Off Lease with Guaranty

Property Description

Strong Parent Guarantor | 25 Unit Five Guys Franchisee

For sale to qualified investors is a 20 year absolute triple net sale lease-back with Five Guys in Mentor, Ohio. Situated on 1 acre of prime land at the entrance to a nearly 200,000 SF Meijer grocery store, this investment provides 20 years of guaranteed base term plus increases in and unbeatable location. The franchisee is one of the top in the chain and operates 25 Five Guys with continued annual growth. The lease will be guaranteed by the parent company owning all 25+ locations. Additionally, with low rent of \$82,500 per year (\$26 psf), this is also a value play as rents for similar freestanding buildings consistently exceed \$35 psf in this corridor. The building itself has an outdoor patio and is drive thru accessible if desired in the future. The property is situated in one of the most dynamic commercial markets in all of Ohio. Nearby businesses include the LakeHealth Medical and Surgery Center, UH Medical Center, Memorial Middle School, Chipotle, Panda Express, Panera, Brueggers, Starbucks, Applebee's, Bob Evans, Taco Bell, Meijer, Walmart, PetSmart, Walgreens, Lowe's, Dick's, Kohl's, HomeGoods, and many more.

Mentor, Ohio

Mentor is a city in Lake County, Ohio, with a population of 47,159 people. In 2010, CNNMoney.com ranked Mentor 37th in a list of the "Top 100 Best Places to Live in America." It is part of the Cleveland-Elyria Metropolitan Statistical Area and is located in the eastern suburbs, approximately 20 miles east of downtown Cleveland. As of 2012, Mentor was ranked the 6th largest retail market in Ohio and ranking 7th in the state for restaurants. The city was formally established in 1855 and was home to James A. Garfield, the 20th President of the United States. The city is also home to Headlands Beach State Park, the longest public swimming beach in Ohio. Surrounding the city are multiple national and international corporations, business and schools employing thousands of workers daily. Some of these include Avery Dennison Corporation, Lincoln Electric Holdings, Inc., FirstEnergy Corp., STERIS Corporation, Lake Health System, Inc., The Lubrizol Corporation, Parker-Hannifin Corporation.



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The Property - Property Photos



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The Property - Property Photos

MEIJER OPENED 2020 DIRECTLY BEHIND PROPERTY



PATIO SEATING



PROMINENT SIGNAGE



FIVE GUYS - 20 Year NNN Sale Leaseback

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The Property - Property Photos



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Performance & Tenancy - Rent Roll

Tenant Name	Square		Lease Term		Rental Rates		Recovery	Comments/Options
	Feet	Pro-rata	Begin	End	Begin	Annually	Type	
Wholesome Development Mentor LLC	3,198	100%	1-1-2021	12-31-2040	1-1-2021	\$82,500	NNN	Tenant is leasing the property on a triple-net basis and pays all expenses directly.
					1-1-2026	\$89,100		
					1-1-2031	\$98,010		
Guaranteed By: Wholesome Enterprises LLC					1-1-2036	\$107,811		Options: Six 5-year options with 10% rental increase at the start of each option. Tenant must give written notice 180 days prior to lease expiration or option date.
					Options:			
					1-1-2041	\$118,592.10		
					1-1-2046	\$130,451.31		
					1-1-2051	\$143,496.44		
					1-1-2056	\$157,846.08		
					1-1-2061	\$173,630.69		
					1-1-2066	\$190,993.76		

FIVE GUYS®

BURGERS and FRIES

Five Guys Burgers and Fries opened its first location in Arlington, Virginia in 1986. Beginning as a family-owned, community restaurant, Janie and Jerry Murrell along with their five sons opened a total of five Five Guys locations in the Washington, D.C. metro area from 1986 to 2001. In 2003, the family began offering franchising opportunities that were immediately successful, landing them national recognition in several trade publications including *Nation's Restaurant News* and the *Franchise Times*. Since then, according to their website, Five Guys has expanded to 1,500 locations across the United States, Canada, the United Kingdom, Asia, Europe, and The Middle East, with over 1,500 units in development.

The fast-casual restaurant chain focuses on hamburgers, hot dogs, and French fries, has received numerous awards in the D.C. area, including the award for “Number 1 Burger” for seven years by *Washingtonian Magazine*. Awards also extend nationwide; in 2011 Five Guys ranked first in “Fast Food - Large Chains” and “Best Burger” in Zagat’s annual Fast Food Survey. In 2012, in a poll of 7,600 fast-food customers, Five Guys ranked number one in food quality, taste, services, cleanliness, and atmosphere. In 2017 and 2018, the Harris Poll named Five Guys as the *Best Burger Restaurant Brand* of the year.

Wholesome Enterprises LLC, the franchisee and operator of the Five Guys restaurant in Mentor, Ohio, and guarantor of the lease, currently owns and operates 25 Five Guys restaurants throughout Northeast Ohio and Pennsylvania. They are projecting company sales to be approximately \$35 Million for the current fiscal year. The company has operated this store for the past five years and opened their first Five Guys restaurant in Pittsburgh in 2005.

Website: www.fiveguys.com

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The Market - About Cleveland

Cleveland Regional Highlights

- The Cleveland Clinic consistently ranks in the Top 5 for Best Hospitals in the U.S., with 5.1 million patient visits per year.
- In the 2018 Fortune 500 ranking of the largest U.S. corporations, 8 companies are based in Northeast Ohio.
- According to the 2019 Census Estimate, the Cleveland-Akron-Canton CSA has a population of 3,515,646 people. The area is also home to NBA, NFL, and MLB professional franchises.
- The RNC (Republican National Convention) was held in Cleveland at the end of July 2016, and was estimated to have generated over \$200 Million in direct spending.



- Case Western Reserve University & Cleveland State University reside in the heart of downtown Cleveland. Combined enrollment is over 28,000 students.
- Developers have rolled out an average of 1,000 new apartment units per year over the past 5 years in Cleveland. According to a recent National Rent Report by *Zumper*, Cleveland also ranked #1 of the top 100 Cities in terms of one-bedroom rent growth, showing the continuing demand.

Top Employers

Company	# Of Employees
• Cleveland Clinic	32,251
• University Hospitals	14,518
• Progressive Insurance	8,379
• The MetroHealth System	5,823
• Key Corp	4,812
• Case Western Reserve University	4,512
• Swagelok Co	4,186
• Sherwin-Williams Co	3,430
• Lincoln Electric Co	2,800
• Nestle USA	2,298



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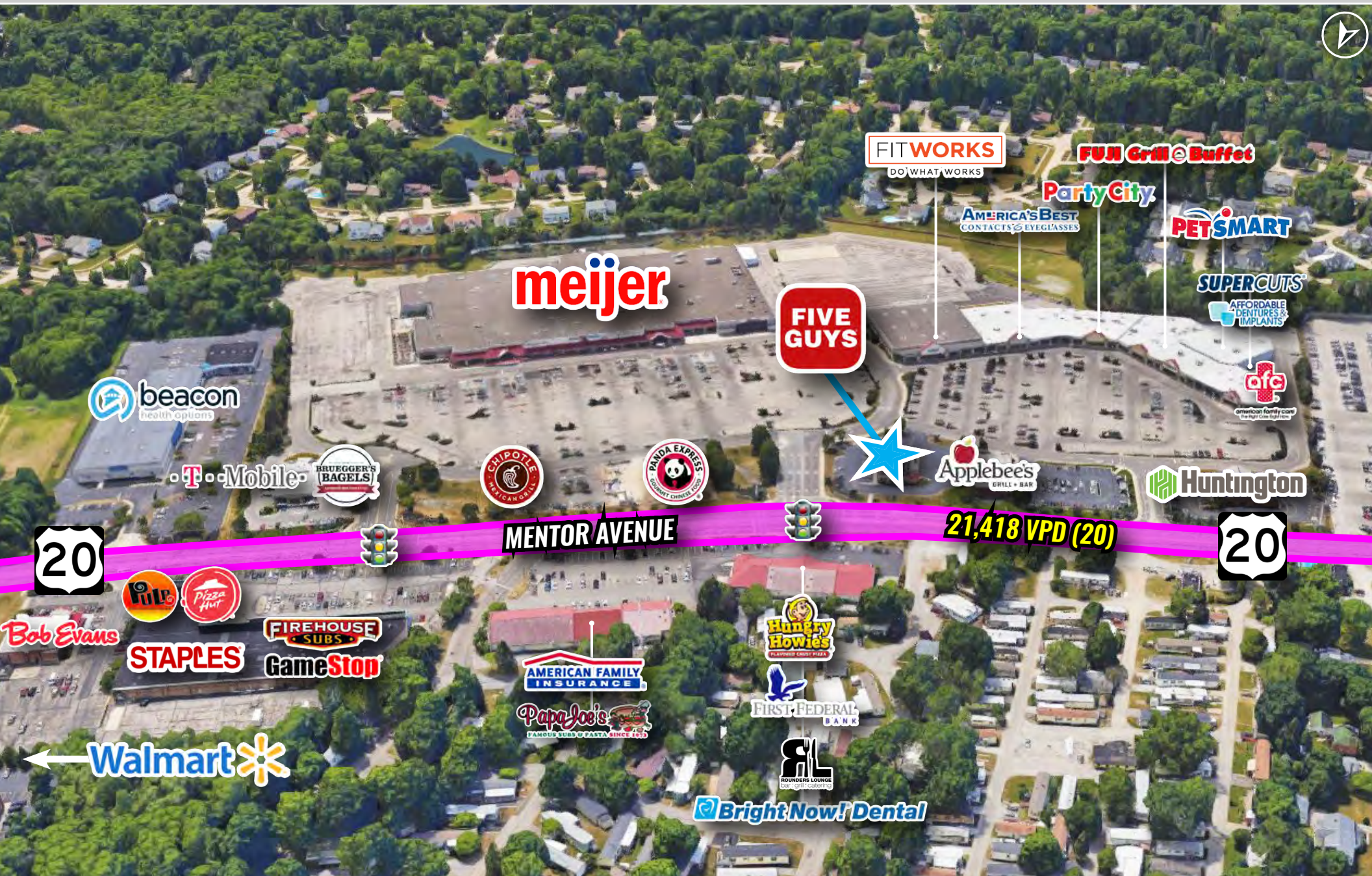
Market Overview - Market Aerial



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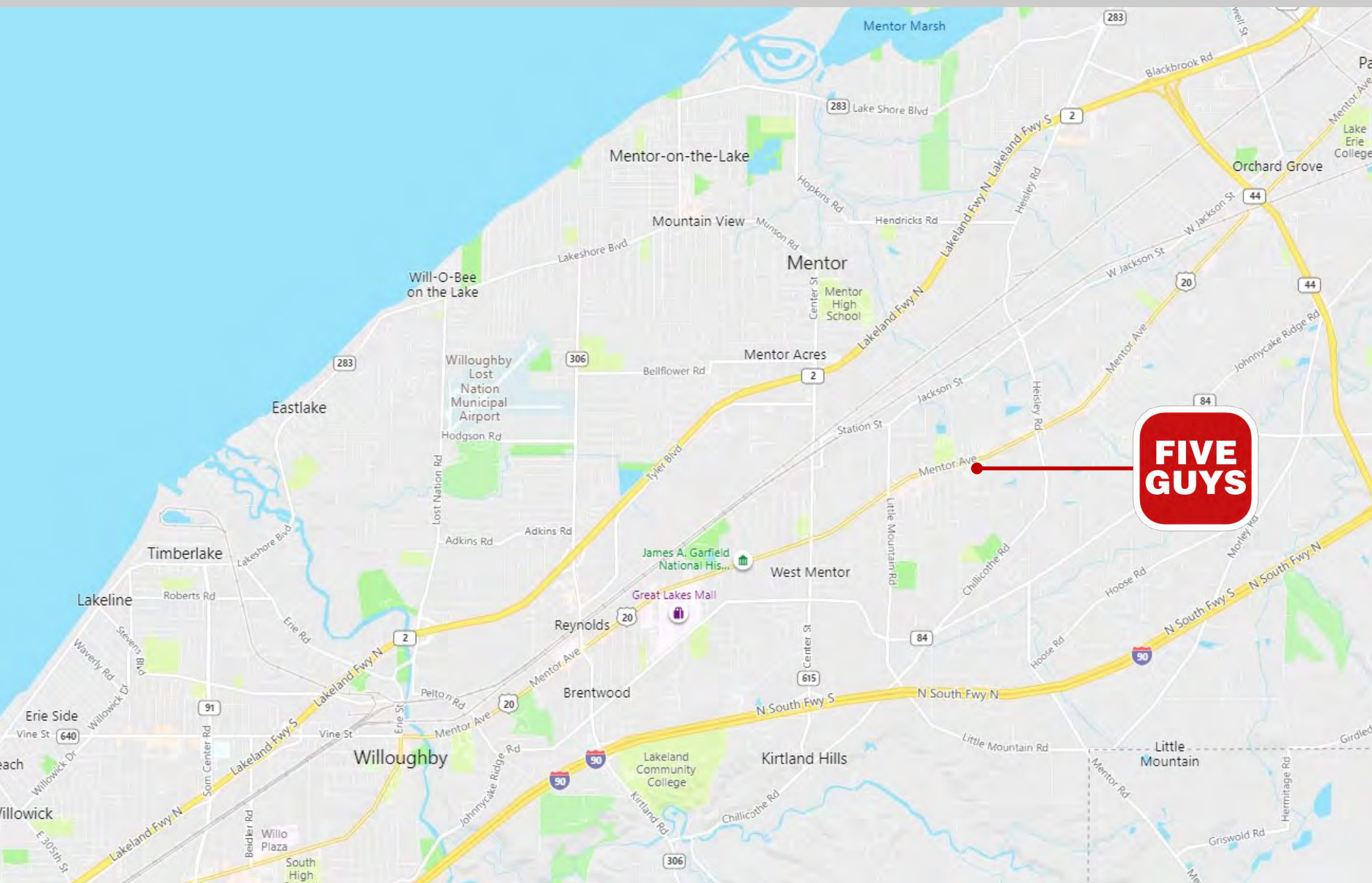
Market Overview - Property Aerial



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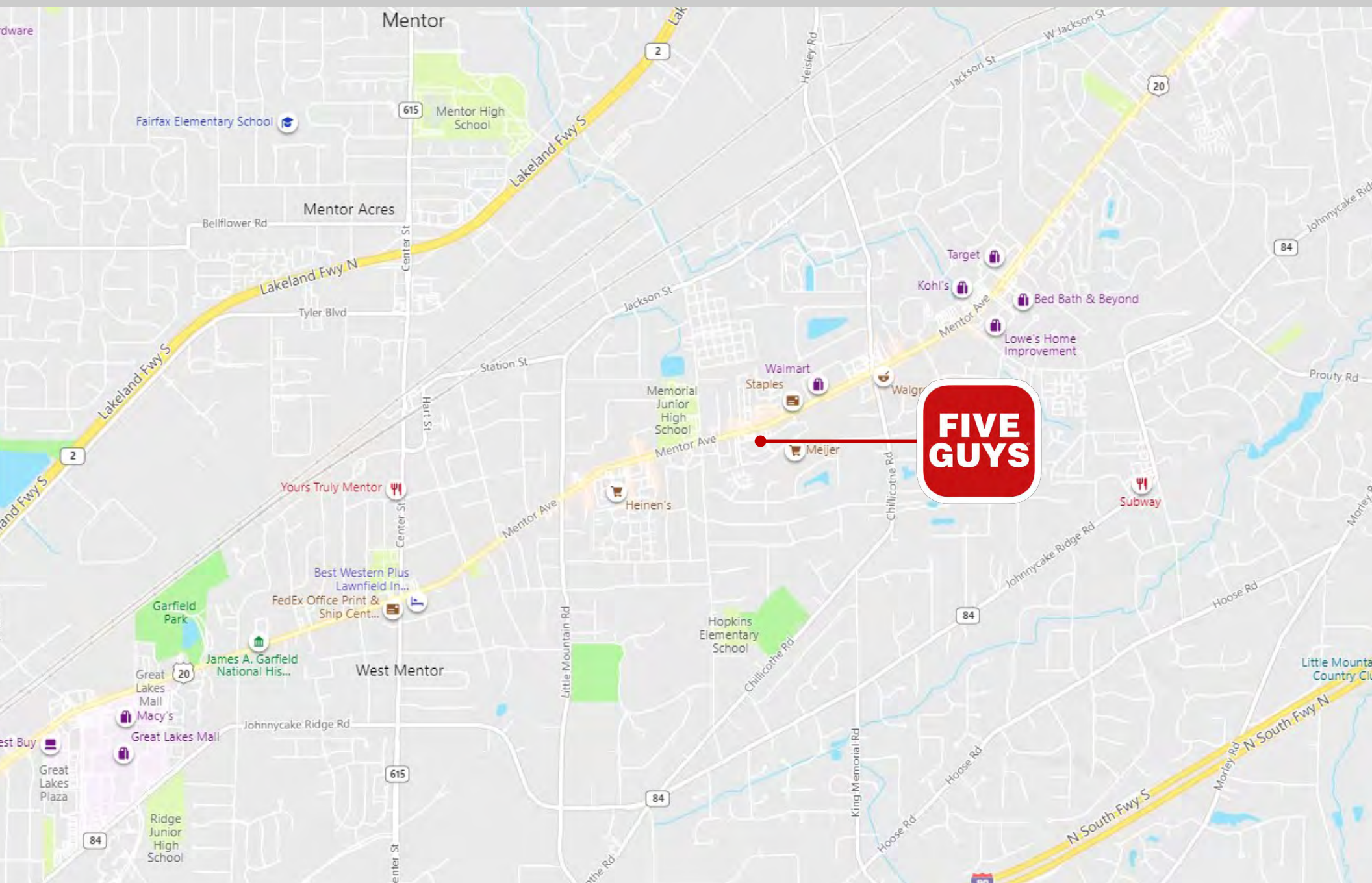
Market Overview - Regional Map



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Market Overview - Local Map



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Market Overview - Demographics

	1 mi	3 mi	5 mi	7 mii
Population				
Current Year Estimated Population	5,961	43,709	107,389	148,530
5 Year Projected Population	5,983	43,784	107,638	148,792
2010 Census Population	5,864	42,888	104,902	145,460
2000 Census Population	6,654	42,483	103,645	145,120
Households				
Current Year Estimated Households	2,557	17,754	43,351	60,064
5 Year Projected Households	2,564	17,783	43,448	60,167
2010 Census Households	2,528	17,427	42,298	58,821
2000 Census Households	2,461	15,929	39,795	56,060
Age (2020)				
Est. Population Under 10 Years	8.7%	9.7%	10.5%	10.5%
Est. Population 10-19	9.9%	11.6%	12.1%	12.1%
Est. Population 20-30	12.8%	12.5%	12.7%	12.8%
Est. Population 30-44	13.1%	14.5%	16.0%	15.9%
Est. Population 45-59	18.9%	19.7%	19.9%	20.0%
Est. Population 60-74	26.6%	23.1%	20.9%	20.9%
Est. Population 75 Years or Over	10.0%	8.9%	7.8%	7.9%
Income (2020)				
Est. HH Inc \$200,000 or more	3.0%	4.4%	3.2%	3.2%
Est. HH Inc \$150,000 to \$199,999	12.7%	11.5%	9.9%	9.3%
Est. HH Inc \$100,000 to \$149,999	19.6%	19.1%	16.7%	16.2%
Est. HH Inc \$75,000 to \$99,999	11.7%	14.6%	14.4%	14.5%
Est. HH Inc \$50,000 to \$74,999	17.1%	16.5%	18.1%	18.7%
Est. HH Inc \$35,000 to \$49,999	12.1%	13.3%	13.7%	13.8%
Est. HH Inc \$25,000 to \$34,999	9.3%	8.1%	9.0%	8.9%
Est. HH Inc \$15,000 to \$24,999	8.5%	6.9%	7.8%	8.1%
Est. HH Inc Under \$15,000	5.9%	5.6%	7.2%	7.3%
Est. Average Household Income	\$ 88,542	\$ 90,673	\$ 85,461	\$ 84,403
Est. Median Household Income	\$ 70,171	\$ 74,246	\$ 66,145	\$ 65,209
Est. Per Capita Income	\$ 37,971	\$ 36,829	\$ 34,499	\$ 34,132