

OFFERING MEMORANDUM

Wendy's 20 Year NNN Lease | New 2023 Construction | Knoxville MSA



\$2,700,000 Average Sales / Very Low RTSR - 5.18% RTSR



REPRESENTATIVE PHOTO

 903 NEW HIGHWAY 68, SWEETWATER, TN 37874

Marcus & Millichap

INVESTMENT OVERVIEW

Marcus & Millichap is pleased to present for sale this Wendy's Hamburger Restaurant located at 903 New Highway 68 in Sweetwater (Knoxville MSA), Tennessee. Sweetwater is a city in Monroe and McMinn Counties with a population of 6,312. Sweetwater is the home of Craighead Caverns which contains the Lost Sea, the largest underground lake in the United States. In 2022, TravelMag named Sweetwater one of Tennessee's Ten Most Charming Cities. Sweetwater is centered along U.S. Route 11 between its junction with State Route 68 and State Route 322. On January 15, 2022, Red Stag Fulfillment announced plans to develop a 420-acre commerce distribution center along I-75 which is estimated to provide 3,500 jobs and annual tax revenue of \$1.9 million to the city of Sweetwater.

Nearby colleges and universities include Cleveland State Community College with 3,573 enrolled students, Tennessee Wesleyan University with 1,103 enrolled students and Roane State Community College with 5,636 enrolled students.

Also located nearby the property is Athens Regional Medical Center with 118 beds serving the community and Starr Regional Medical Center with 278 beds.

Numerous apartment complexes surround this Wendy's Restaurant including Sequoyah Trail Apartments, West Hills Apartments, Dogwood Trace II Apartments, Cross Creek Apartments, Monroe Ridge Apartments, Apartments 1, Ridgeview Apartments, Crestview Apartments, New Adventure Apartments, Mountain View Apartments, Ridgeway Apartments, and Island Grove Apartments.

Wendy's is an international fast food restaurant chain founded by Dave Thomas on November 15, 1969 in Columbus, Ohio. The Wendy's Company (NASDAQ:WEN) is the world's third largest quick service hamburger company (following Burger King and McDonald's). It includes more than 6,500 franchise and company restaurants in the United States and in 29 other countries and U.S. Territories worldwide. (5,457 restaurants are franchised and 77 percent of them are located in North America). It's annual sales volume is over \$2.06+ Billion.

INVESTMENT HIGHLIGHTS

- Brand New 2023 Construction Wendy's Restaurant with Drive Thru
- 20 Year Absolute NNN Lease | No Landlord Responsibilities
- Attractive 7.5% Rent Increases Every 5 Years
- Strong Wendy's Operator | 76+ Units
- \$2,700,000 Average Sales / Very Low RTSR - 5.18% RTSR
- Wendy's Hamburger Restaurant Located at 903 New Highway 68 in Sweetwater (Knoxville MSA), Tennessee Population 6,312 and Named One of Tennessee's Most Charming Cities
- Average Household Income Exceeds \$62,482 in a Mile Radius
- Located across from Ingles Market and Rural King and in Front of a Dollar Tree
- Traffic Counts Exceeding 20,000 Vehicles Per Day
- Nearby Colleges and Universities Include Cleveland State Community College with 3,573 Enrolled Students, Tennessee Wesleyan University with 1,103 Enrolled Students and Roane State Community College with 5,636 Enrolled Students
- This Wendy's is Located Nearby Athens Regional Medical Center with 118-Beds and Starr Regional Medical Center with 278-Beds
- Numerous Apartments Complexes Surround this Property Including Sequoyah Trail Apartments, West Hills Apartments, Dogwood trace II Apartments, Cross Creek Apartments, Monroe Ridge Apartments, Apartments 1, Ridgeview Apartments, Crestview Apartments, New Adventure Apartments, Mountain View Apartments, Ridgeway Apartments and Island Grove Apartments
- The Wendy's Company is the World's Third Largest Quick Service Hamburger Company with 6,500 Restaurants and Over \$2.06+ Billion Annual Sales

THE OFFERING



Wendy's
903 New Highway 68
Sweetwater, Tennessee 37874



PROPERTY DETAILS

| | |
|----------------------|------------------------|
| Lot Size | 38,997 SF (0.90 Acres) |
| Rentable Square Feet | 2,243 SF |
| Price/SF | \$1,134.84 |
| Year Built | 2023 |

FINANCIAL OVERVIEW

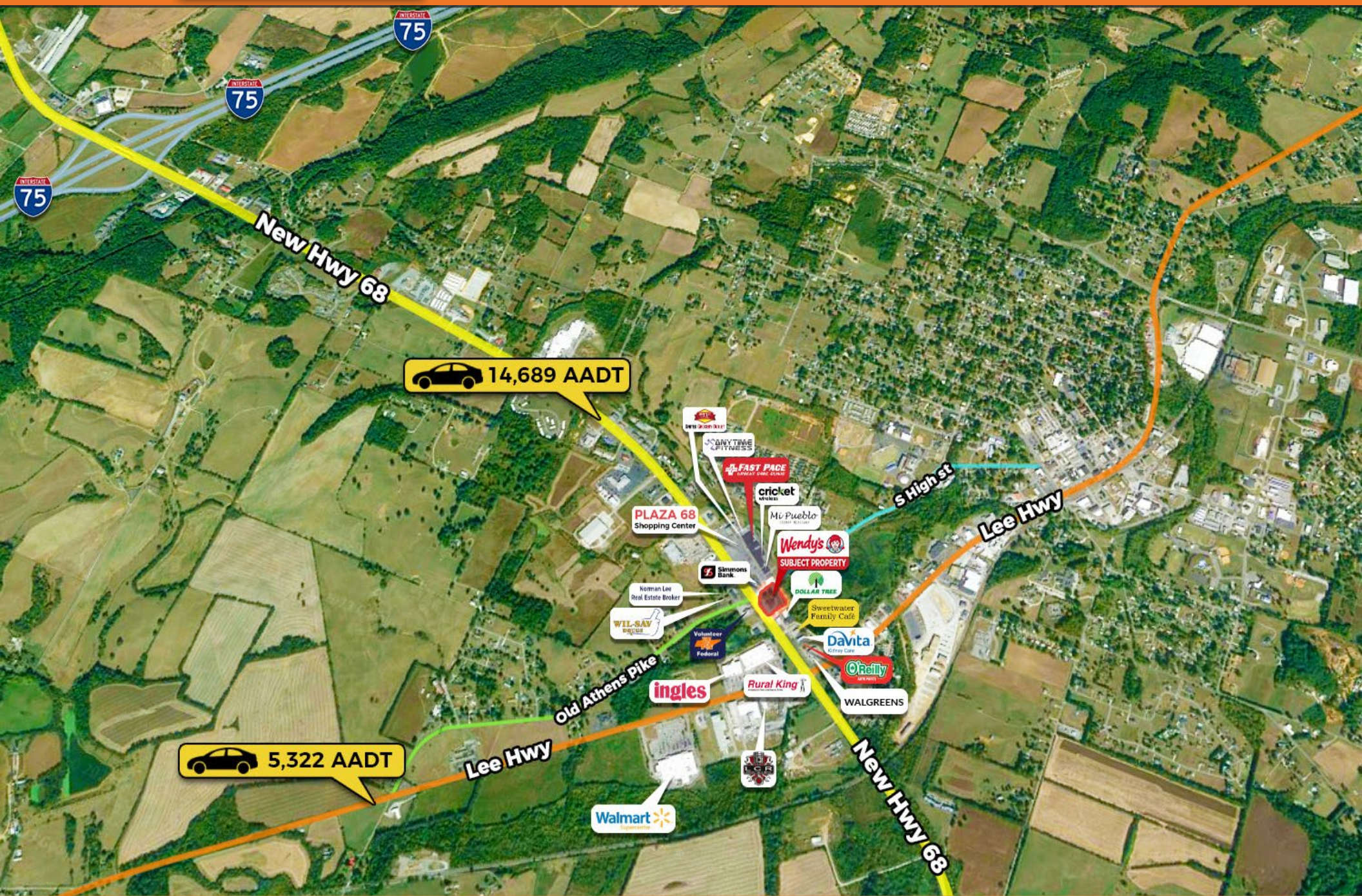
| | |
|-------------------|--------------------|
| List Price | \$2,545,454 |
| Down Payment | 100% / \$2,545,454 |
| Cap Rate | 5.50% |
| Type of Ownership | Fee Simple |

PROPERTY RENT DATA

| RENT INCREASES | MONTHLY RENT | ANNUAL RENT |
|---|------------------|---------------------|
| 11/01/2023 - 10/31/2028 (Current) | \$11,667 | \$140,000 |
| 11/01/2028 - 10/31/2033 | \$12,542 | \$150,500 |
| 11/01/2023 - 10/31/2038 | \$13,482 | \$161,788 |
| 11/01/2038 - 10/31/2043 | \$14,493 | \$173,922 |
| 11/01/2043 - 10/31/2048 (Option 1) | \$15,580 | \$186,966 |
| 11/01/2048 - 10/31/2053 (Option 2) | \$16,749 | \$200,988 |
| 11/01/2053 - 10/31/2058 (Option 3) | \$18,005 | \$216,062 |
| 11/01/2058 - 10/31/2063 (Option 4) | \$19,356 | \$232,267 |
| Base Rent (\$62.42 / SF) | | \$140,000 |
| Net Operating Income | | \$140,000.00 |
| TOTAL ANNUAL RETURN | CAP 5.50% | \$140,000 |

LEASE ABSTRACT

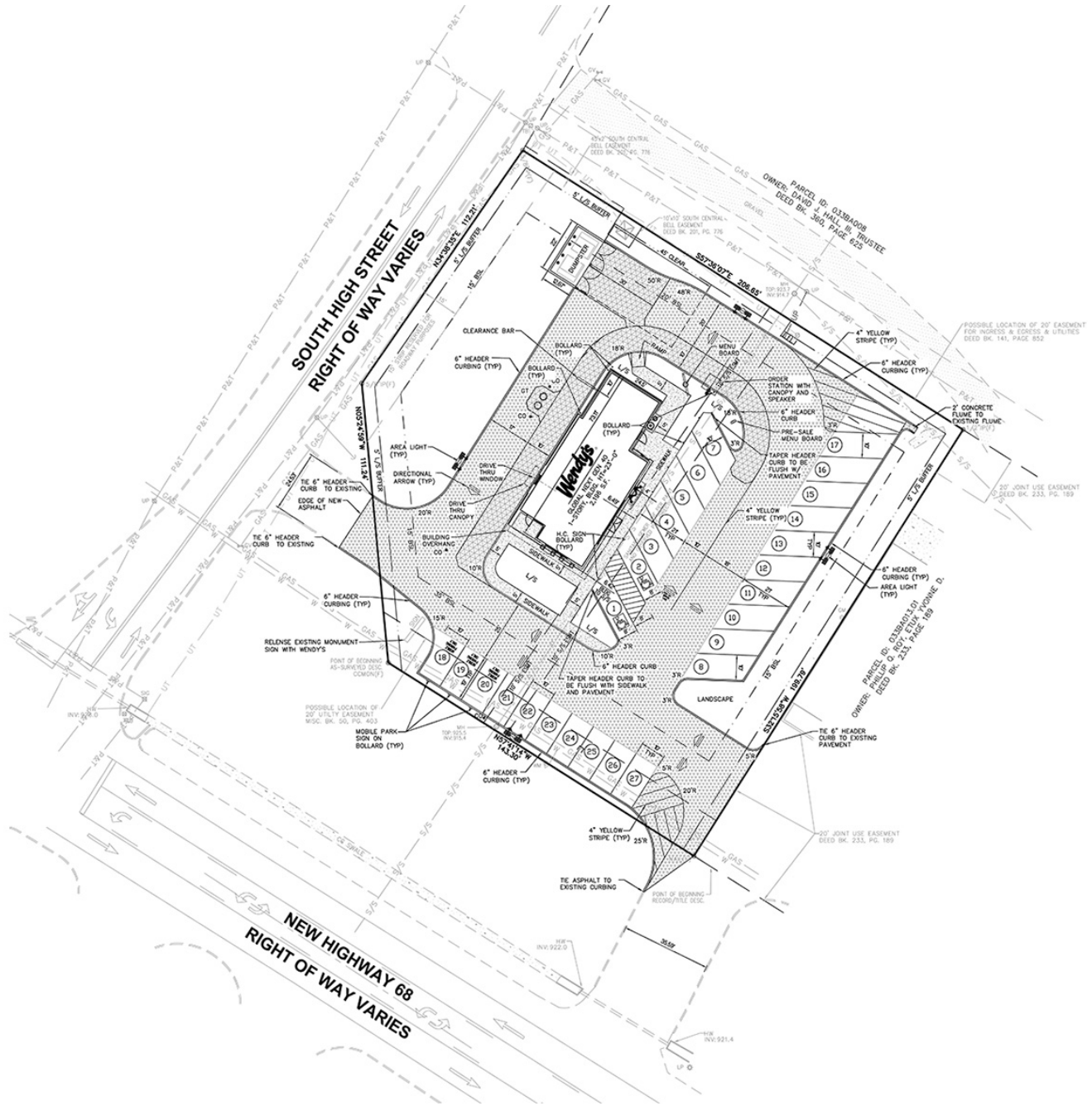
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|------------------------------|--|
| Tenant Trade Name | Wendy's |
| Tenant | Franchisee |
| Ownership | Private |
| Guarantor | 76+ Units Franchisee Guarantee (WENJAI Restaurant Group) |
| Lease Type | NNN |
| Lease Term | 20 Years |
| Lease Commencement Date | 11/01/2023 |
| Rent Commencement Date | 11/01/2023 |
| Expiration Date of Base Term | 10/31/2043 |
| Increases | 7.5% every 5 Years during Lease Term and Option Periods |
| Options | Four 5-Year Options |
| Term Remaining on Lease | 20 Years |
| Property Type | Net Leased Restaurant Fast Food |
| Landlord Responsibility | None |
| Tenant Responsibility | All |
| Right of First Refusal | Yes |













ABOUT WENDY'S

The Wendy's Company (NASDAQ: WEN) is the world's third largest quick-service hamburger company. The Wendy's system includes more than 7,240 franchise and Company restaurants in the U.S. and 29 other countries and U.S. territories worldwide.

WENDY'S CORPORATE

| | |
|---------------------|-------------------|
| Sales Volume | \$2.18+ Billion |
| Net Worth | N/A |
| Credit Rating | B + |
| Rating Agency | Standard & Poor's |
| Stock Symbol | WEN |
| Board | NASDAQ |
| HQ | DUBLIN, OHIO |
| Number of Locations | 7,240+ |



WENJAI
RESTAURANT GROUP



INGREDIENTS MATTER



Wen JAI, based in Pompano, Florida is one of the largest multi-unit franchisees of Wendy's with a total of 90 Stores and more than 2,700 employees. To date, Wen JAI owns Wendy's restaurants in GA, FL, TX, NM, SC, and TN with three locations currently under construction. Wen JAI plans to remodel three Wendy's this year to include updated features such as fireplaces, a variety of inviting seating options, Wi-Fi, flat-screen TVs and digital menu boards. The company has an overall goal to eventually remodel all Wendy's and open another 11 locations over the next four years.

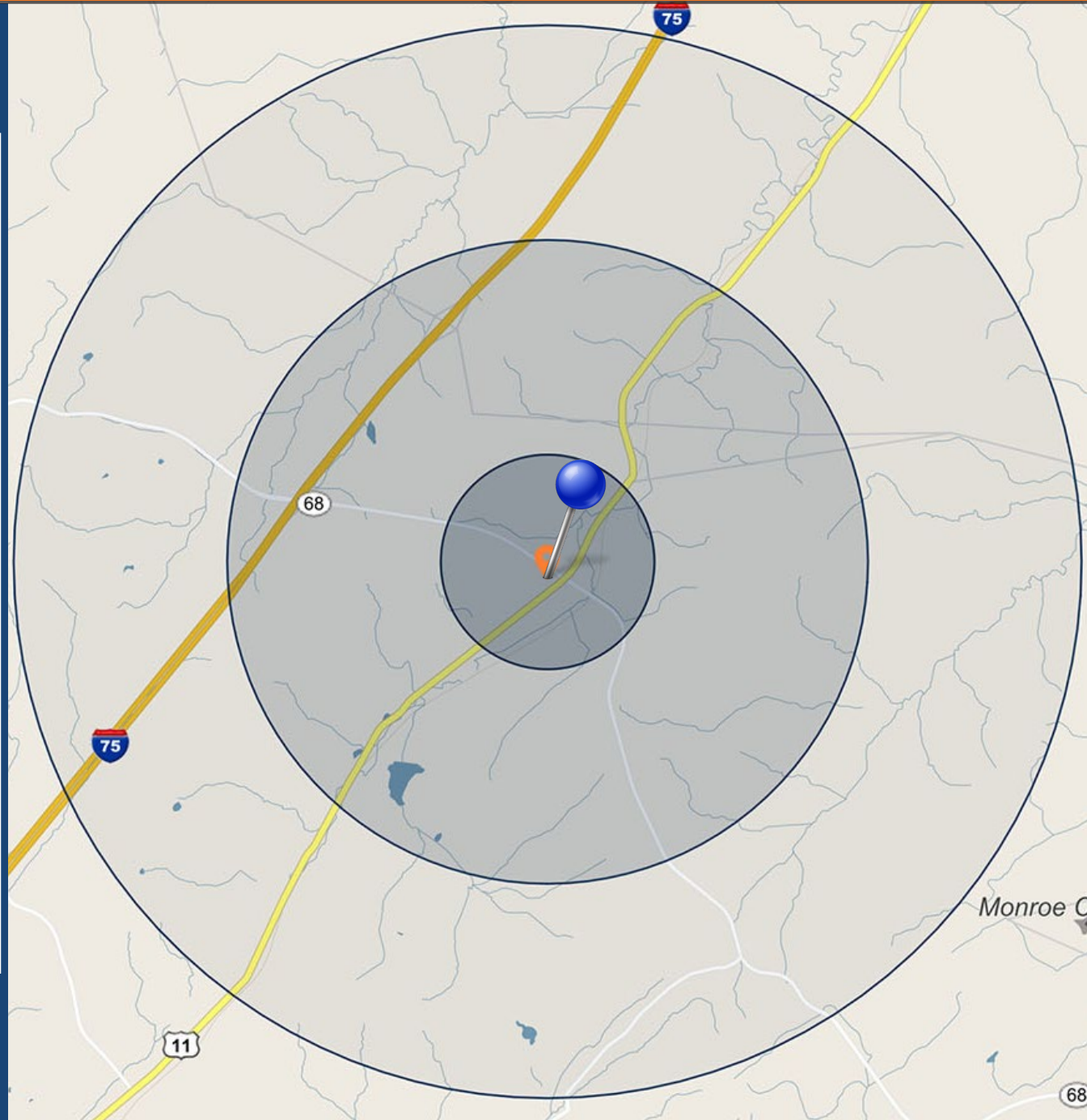
"We strive to remain leaders in the nation's evolving quick service restaurant industry by delivering an exceptional experience of quality, service and cleanliness to our customers through high quality food, friendly staff, high operational standards, and being engaged in our communities," said Jhonny Mercado, Chairman of Wen JAI Restaurant Group. "JAI looks forward to expanding Wendy's presence and positively impacting communities across the country."

Wen JAI will also be expanding to other brands with the acquisition of 20 Taco Bell locations in Atlanta, GA this May 30, 2023. The company will then have 3,300 employees.

Wen JAI plans to open 6 more Taco Bell locations in the next 4 years. "This is a great opportunity, and we are very excited to be part of the Taco Bell brand. I am confident this will be a major achievement that will bring growth to the JAI team", said Jhonny Mercado. By the end of 2023 the company will grow to have 3,500 employees and 106 restaurants.

Wen JAI Restaurant Group and Wendy's have a longstanding history, dating back to when JAI opened its first Wendy's restaurant in Miami, Florida in 2007. Since then, JAI-owned restaurants has boasted above average unit volume (AUV) within Wendy's franchise system, thanks to their five-star management team who pride themselves on using quality service, continual improvement, community involvement and innovation to measure success. The JAI team is proud to support children in foster care. "Every year we are committed to this cause. Our team puts 100% of their efforts to succeed in all fundraisers", said Jhonny Mercado. JAI has been recognized by the brand for its achievements in the fundraising for Wendy's charity, Dave Thomas Foundation for Adoption.

| POPULATION | 1 Mile | 3 Miles | 5 Miles |
|-------------------------------|---------------|----------------|----------------|
| 2029 Projection | | | |
| Total Population | 2,270 | 9,123 | 14,397 |
| 2024 Estimate | | | |
| Total Population | 2,236 | 8,974 | 14,191 |
| 2020 Census | | | |
| Total Population | 2,153 | 8,589 | 13,632 |
| 2010 Census | | | |
| Total Population | 1,997 | 8,087 | 12,929 |
| Daytime Population | | | |
| 2024 Estimate | 2,501 | 8,283 | 11,803 |
| HOUSEHOLDS | 1 Mile | 3 Miles | 5 Miles |
| 2029 Projection | | | |
| Total Households | 980 | 3,661 | 5,710 |
| 2024 Estimate | | | |
| Total Households | 957 | 3,571 | 5,583 |
| Average (Mean) Household Size | 2.4 | 2.5 | 2.5 |
| 2020 Census | | | |
| Total Households | 925 | 3,447 | 5,407 |
| 2010 Census | | | |
| Total Households | 886 | 3,265 | 5,153 |
| HOUSEHOLDS BY INCOME | 1 Mile | 3 Miles | 5 Miles |
| 2024 Estimate | | | |
| \$200,000 or More | 3.3% | 2.6% | 2.8% |
| \$150,000-\$199,999 | 3.0% | 2.3% | 3.1% |
| \$100,000-\$149,999 | 13.9% | 14.4% | 14.3% |
| \$75,000-\$99,999 | 16.1% | 16.0% | 14.5% |
| \$50,000-\$74,999 | 14.3% | 16.2% | 18.0% |
| \$35,000-\$49,999 | 9.7% | 12.6% | 13.3% |
| \$25,000-\$34,999 | 10.7% | 10.2% | 9.8% |
| \$15,000-\$24,999 | 12.5% | 12.9% | 12.2% |
| Under \$15,000 | 16.4% | 12.9% | 12.0% |
| Average Household Income | \$67,401 | \$65,959 | \$67,694 |
| Median Household Income | \$30,053 | \$31,476 | \$32,480 |
| Per Capita Income | \$27,518 | \$26,293 | \$26,766 |



GEOGRAPHY: 5 MILE



POPULATION

In 2024, the population in your selected geography is 14,191. The population has changed by 9.76 percent since 2010. It is estimated that the population in your area will be 14,397 five years from now, which represents a change of 1.5 percent from the current year. The current population is 51.4 percent male and 48.6 percent female. The median age of the population in your area is 42.0, compared with the U.S. average, which is 39.0. The population density in your area is 181 people per square mile.



HOUSEHOLDS

There are currently 5,583 households in your selected geography. The number of households has changed by 8.34 percent since 2010. It is estimated that the number of households in your area will be 5,710 five years from now, which represents a change of 2.3 percent from the current year. The average household size in your area is 2.5 people.



INCOME

In 2024, the median household income for your selected geography is \$52,216, compared with the U.S. average, which is currently \$76,141. The median household income for your area has changed by 36.63 percent since 2010. It is estimated that the median household income in your area will be \$57,964 five years from now, which represents a change of 11.0 percent from the current year.

The current year per capita income in your area is \$26,766, compared with the U.S. average, which is \$40,471. The current year's average household income in your area is \$67,694, compared with the U.S. average, which is \$101,307.



EMPLOYMENT

In 2024, 5,962 people in your selected area were employed. The 2010 Census revealed that 46.3 percent of employees are in white-collar occupations in this geography, and 32.9 percent are in blue-collar occupations. In 2024, unemployment in this area was 4.0 percent. In 2010, the average time traveled to work was 24.00 minutes.



HOUSING

The median housing value in your area was \$182,637 in 2024, compared with the U.S. median of \$321,016. In 2010, there were 3,730.00 owner-occupied housing units and 1,423.00 renteroccupied housing units in your area.



EDUCATION

The selected area in 2024 had a lower level of educational attainment when compared with the U.S. averages. 15.1 percent of the selected area's residents had earned a graduate degree compared with the national average of only 13.5 percent, and 6.5 percent completed a bachelor's degree, compared with the national average of 21.1 percent.

The number of area residents with an associate degree was higher than the nation's at 10.9 percent vs. 8.8 percent, respectively.

The area had fewer high-school graduates, 1.9 percent vs. 26.2 percent for the nation, but the percentage of residents who completed some college is higher than the average for the nation, at 52.6 percent in the selected area compared with the 19.7 percent in the U.S.

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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.

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All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)

Marcus & Millichap

The Retail Real Estate Investment Leader

Marcus & Millichap

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