

WENDY'S

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



OFFERING MEMORANDUM



880 Stateline Rd W, Southaven, MS 38671

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Less than 15 Miles South of Memphis, TN | Cultural and Economic Center of West Tennessee and the Greater Mid-South Region
- ✓ Freestanding Property with Excellent Visibility within a Dense Retail Corridor
- ✓ Hard, Signalized Corner | Highly Trafficked Location
- ✓ Easily Accessible Via Interstate 55 | One of the First Stops off of Exit Ramp | I-55 Experiences Average Daily Traffic Counts of 72,000 Vehicles

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 310 Unit Operator
- ✓ Premier, National Growing Franchise | Second Largest Franchise in the Wendy's System | 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: \$2,000,000 | CAP RATE: 5.50% | RENT: \$110,000

THE OFFERING

Purchase Price	\$2,000,000
CAP Rate	5.50%
Annual Rent	\$110,000
Price / SF	\$742
Rent / SF	\$40.82

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	880 Stateline Rd W
City, State ZIP	Southaven, MS 38671
Building Size (SF)	2,695
Lot Size (Acres)	0.72
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	\$110,000	\$9,166.67	-
Year 2	\$110,000	\$9,166.67	-
Year 3	\$111,375	\$9,281.25	1.25%
Year 4	\$112,767	\$9,397.27	1.25%
Year 5	\$114,177	\$9,514.73	1.25%
Year 6	\$115,604	\$9,633.67	1.25%
Year 7	\$117,049	\$9,754.09	1.25%
Year 8	\$118,512	\$9,876.01	1.25%
Year 9	\$119,994	\$9,999.46	1.25%
Year 10	\$121,493	\$10,124.46	1.25%
Year 11	\$123,012	\$10,251.01	1.25%
Year 12	\$124,550	\$10,379.15	1.25%
Year 13	\$126,107	\$10,508.89	1.25%
Year 14	\$127,683	\$10,640.25	1.25%
Year 15	\$129,279	\$10,773.25	1.25%
Year 16	\$130,895	\$10,907.92	1.25%
Year 17	\$132,531	\$11,044.27	1.25%
Year 18	\$134,188	\$11,182.32	1.25%
Year 19	\$135,865	\$11,322.10	1.25%
Year 20	\$137,564	\$11,463.63	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 880 Stateline Rd W, Southaven, MS. The property consists of 2,695 square feet of building space and is situated on approximately 0.72 acres 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 ~310 unit operator and the second largest franchisee in the Wendy's system.



Concept Overview



About Wendy's

Wendy's is an American international fast food chain restaurant founded by Dave Thomas on November 15, 1969, in Columbus, Ohio. The company moved its headquarters to Dublin, Ohio on January 29, 2006. The Wendy's chain offers made-to-order burgers and fries as well as such alternative menu items as baked potatoes, chili, and salads. The chain is known for its square hamburgers, sea salt fries and the Frosty, a form of soft serve ice cream mixed with frozen starches. As of 2018, Wendy's is the world's number three hamburger chain in terms of locations (only behind McDonald's and Burger King), with approximately 6,600 franchise and Company-operated restaurants in the United States and 30 countries and U.S. territories worldwide.

About Meritage Hospitality Group

Meritage Hospitality Group is one of the nation's premier restaurant operators and is the nation's only publicly-traded Wendy's restaurant franchisee (OTCQX: MHGU). As of April 1, 2018, the Company operated 310 restaurants across 16 states: 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, and has a workforce of ~9,400 employees.

Full-Year Outlook: Strong Sales & Earnings Growth Ahead:

- ✓ Sales growth of +40% to 50%
- ✓ Earnings from Operations growth of +55% to 65%
- ✓ Net Earnings growth of +40% to 50%
- ✓ EBITDA growth of +40% to 50%
- ✓ Common stock dividend growth +50% to 100%



"The first quarter of 2018 was quite eventful, completing four acquisitions, along with the subsequent integration of 56 Wendy's located across four states and the opening of seven newly built or renovated restaurants. Our operating teams performed exceptionally well integrating all of these new locations into our operating platform, which resulted in first quarter record sales of nearly \$100 million. We plan to accelerate our investment spending in 2018 with a goal of 32 additional reimaged and newly built Wendy's restaurants. Our new and newly renovated Wendy's restaurants continue to out-perform, positioning the Company for transformational sales and earnings growth ahead."

- Robert E. Schermer, Jr. (CEO - Meritage Hospitality Group)



Surrounding Area

Wendy's





Location Overview

This Wendy's property is located at 880 Stateline Road W, Southaven, MS. Southaven is one of the four largest cities in Mississippi and a suburb of Memphis, TN.

SURROUNDING RETAIL & POINTS OF INTEREST

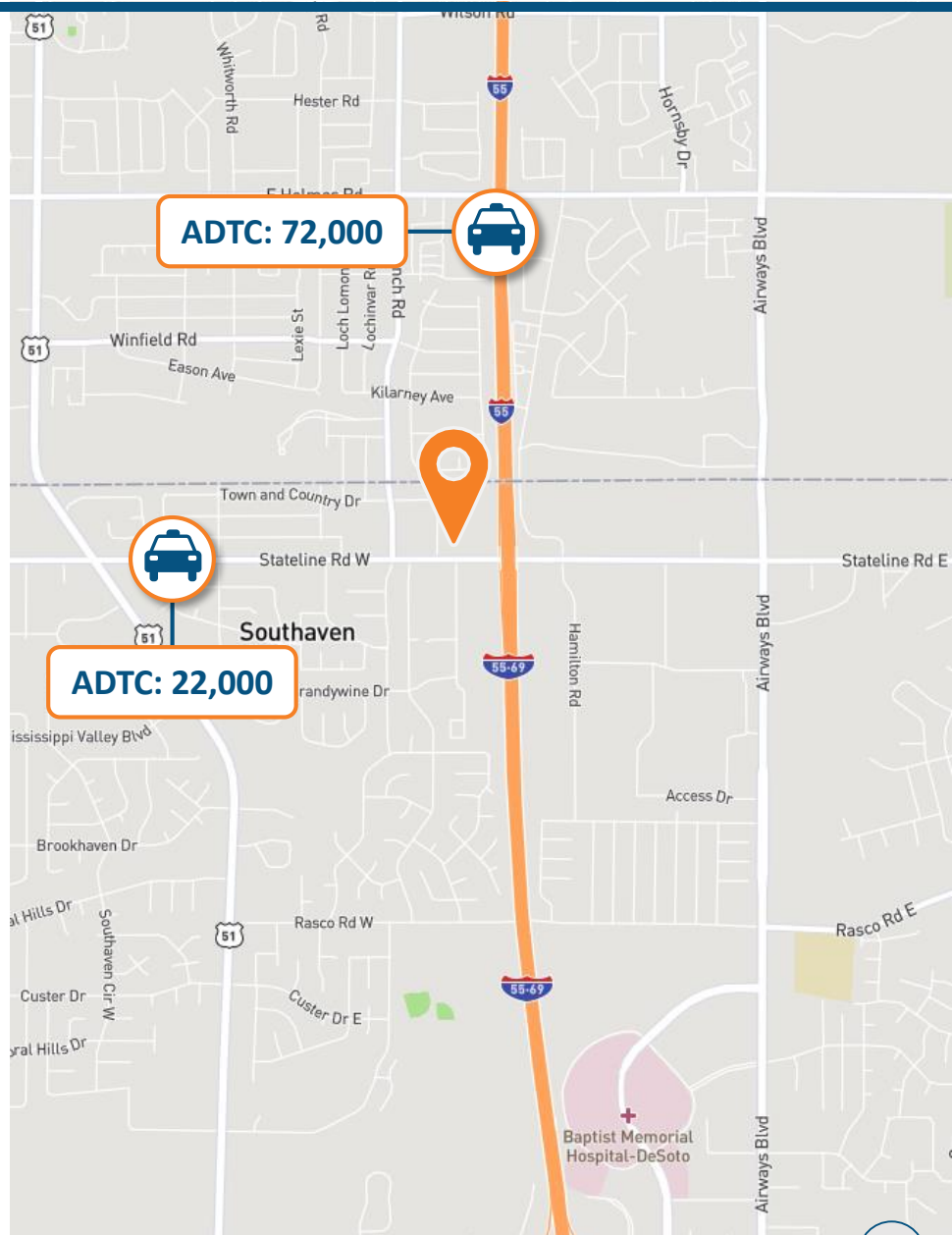
The subject property is well-positioned on a hard corner and is one of the first stops off of the exit ramp of Interstate 55, which traverses the city of Southaven from north to south. There are many national retailers in the immediate area which include: Big Lots, Rite Aid, Checkers, Conn's Home Plus, Bargain Hunt, Burlington, Walgreens, Family Dollar, Kroger, Waffle House, Fred's Pharmacy, Sonic, Captain D's, Taco Bell and many more. There are also numerous lodging accommodations for travelers passing through Southaven such as Southern Inn & Suites, Days Inn by Wyndham, Quality Inn and Super 8. Additionally, The subject property is located approximately six miles from Memphis International Airport, the second largest cargo airport in the world.

TRAFFIC COUNTS & DEMOGRAPHICS

The property has approximately 57,440 people residing within a three-mile radius and 136,550 people within a five-mile radius. The property is located on Stateline Road W which experiences average daily traffic counts of 22,000 vehicles and feeds directly from Interstate 55, which brings an additional 36,000 vehicles through the immediate area on a daily basis. Additionally, Interstate 55 provides easy and direct access to Memphis.

MEMPHIS, TN

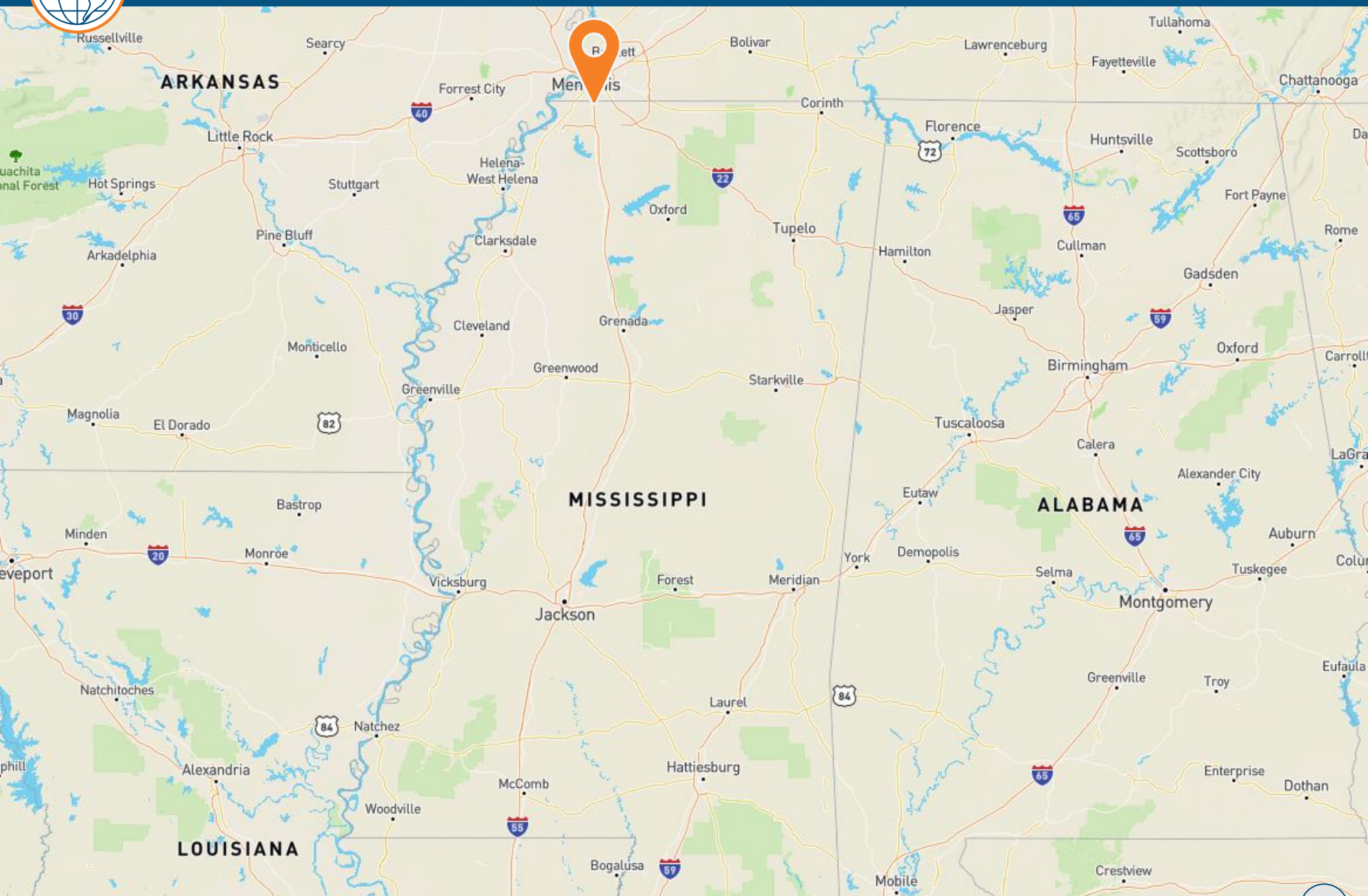
Memphis is the birthplace of Rock n' Roll and the home of the Blues. It's also home to the National Civil Rights Museum, Beale Street, the Memphis Rock and Soul Museum, the National Ornamental Metal Museum and Graceland, the second most visited residence in the United States. Memphis still has a vibrant music scene to this day, with live music each night on Beale Street and in most areas of the city. But music is not Memphis' only export; these days, most goods come through Memphis and its transportation and logistics infrastructure. Not only is the airport the second largest cargo airport in the world – a fact attributable to FedEx's "Super Hub" – but Memphis sits at a crossroads of what is called the four R's: Railroads, Runways, Roads, and the Mississippi River. The city is also home to several Fortune 500 companies, including AutoZone, International Paper, and FedEx, as well as St. Jude Children's Research Hospital and the Memphis Grizzlies. Every year, Beale Street and Downtown's Tom Lee Park are transformed into a sea of music, pork and people during the Memphis in May International Festival. This month long celebration draws tens of thousands of visitors every spring and features the world-famous Beale Street Music Festival, World Championship Barbecue Cooking Contest and several international events honoring a different foreign country every year.





Regional Map

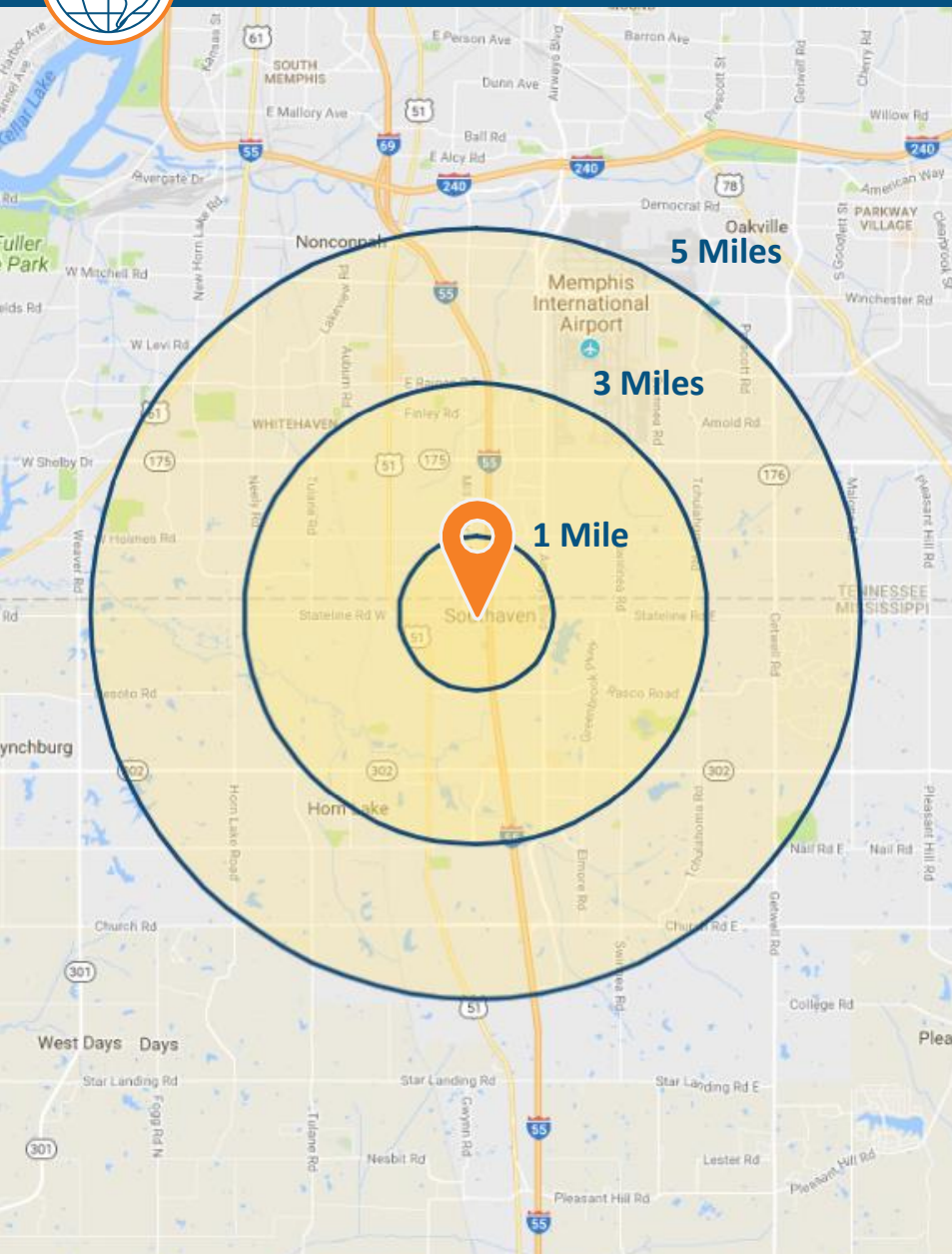
Wendy's



Marcus & Millichap



Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Memphis Service Center	4,000
Methodist Le Bonheur Healthcare	2,273
Methodist Hospital South	1,890
Fred's	778
Summit Truck Group	752
Walmart	720
Baptist Memorial Hospital Desoto	600
Express Financial Services LLC	493
UPS Ground Freight Inc	487
Kroger	479
FedEx	477
Emerson Motor Company	415

of Employees based on 5 mile radius

DEMOGRAPHICS

Population	1 Mile	3 Miles	5 Miles
2022 Projection	9,432	58,172	142,019
2017 Estimate	9,423	57,440	136,550
2010 Census	9,263	55,659	131,663
2000 Census	9,459	55,160	129,151
Income			
Average	\$52,337	\$52,721	\$54,842
Median	\$41,817	\$42,132	\$42,621
Per Capita	\$18,834	\$19,255	\$19,929
Households			
2022 Projection	3,432	21,423	52,272
2017 Estimate	3,391	20,872	49,481
2010 Census	3,327	20,212	47,683
2000 Census	3,386	19,740	45,197
Employment			
2017 Daytime Population	7,615	52,635	148,808
2017 Unemployment	8.06%	7.33%	7.37%
2017 Median Time Traveled	24 Mins	24 Mins	24 Mins



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



MS BROKER OF RECORD:
Anne Williams
Marcus & Millichap
5100 Poplar Ave, Suite 2505
Memphis, TN 38137
Tel: (901) 620-3600
Fax: (901) 620-3610
License: B-20181