

WENDY'S

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



OFFERING MEMORANDUM



7663 Merrill Road
Jacksonville, FL 32277

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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

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Table of Contents

Investment Highlights	4
Financial Analysis & Investment Summary	5
Concept Overview	6 – 8
Surrounding Area	9
Location Overview	10
Regional Map	11
Demographics	12





LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Outparcel to Retail Shopping Center
- ✓ Heavily-Trafficked Location
- ✓ Close Proximity to Interstate 295 | 42,500 Vehicles Per Day
- ✓ Robust Population Count | 153,675 within a Five Mile Radius
- ✓ Jacksonville University | Over 4,000 Students | Two Miles from the Property

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 318 Unit Operator
- ✓ Premier, National Growing Franchise with 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: \$2,358,491 | CAP RATE: 5.30% | RENT: \$125,000

THE OFFERING

Purchase Price	\$2,358,491
CAP Rate	5.30%
Annual Rent	\$125,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	7663 Merrill Road
City, State ZIP	Jacksonville, FL 32277
Building Size (SF)	3,242
Lot Size (Acres)	0.65
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	\$125,000	\$10,417	-
Year 2	\$125,000	\$10,417	-
Year 3	\$126,563	\$10,547	1.25%
Year 4	\$128,145	\$10,679	1.25%
Year 5	\$129,746	\$10,812	1.25%
Year 6	\$131,368	\$10,947	1.25%
Year 7	\$133,010	\$11,084	1.25%
Year 8	\$134,673	\$11,223	1.25%
Year 9	\$136,356	\$11,363	1.25%
Year 10	\$138,061	\$11,505	1.25%
Year 11	\$139,787	\$11,649	1.25%
Year 12	\$141,534	\$11,794	1.25%
Year 13	\$143,303	\$11,942	1.25%
Year 14	\$145,094	\$12,091	1.25%
Year 15	\$146,908	\$12,242	1.25%
Year 16	\$148,744	\$12,395	1.25%
Year 17	\$150,604	\$12,550	1.25%
Year 18	\$152,486	\$12,707	1.25%
Year 19	\$154,392	\$12,866	1.25%
Year 20	\$156,322	\$13,027	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 7663 Merrill Road, Jacksonville, FL. The property consists of 3,242 square feet of building space and is situated on approximately 0.65 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 318 unit operator and the second largest franchisee in the Wendy's system.



Concept Overview



About Wendy's

Wendy's was founded in 1969 by Dave Thomas in Columbus, Ohio. Dave built his business on the premise, "Quality is our Recipe," which remains the guidepost of the Wendy's system. Wendy's is best known for its made-to-order square hamburgers, using fresh, never frozen beef, freshly-prepared salads with hand-chopped lettuce, and other signature items like chili, baked potatoes and the Frosty dessert. The Wendy's Company (NASDAQ: WEN) is committed to doing the right thing and making a positive difference in the lives of others. This is most visible through the Company's support of the Dave Thomas Foundation for Adoption and its signature Wendy's Wonderful Kids program, which seeks to find every child in the North American foster care system a loving, forever home. Today, Wendy's and its franchisees employ hundreds of thousands of people across more than 6,600 restaurants worldwide with a vision of becoming the world's most thriving and beloved restaurant brand. Currently, Wendy's is the world's number three hamburger chain in terms of locations (only behind McDonald's and Burger King).

About Meritage Hospitality Group

Meritage Hospitality Group is one of the nation's premier restaurant operators, currently with 318 restaurants in operation located in 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, operating with a workforce of approximately 10,000 employees. The Company is the nation's only publicly-traded Wendy's restaurant franchisee and their public filings can be viewed at www.otcmarkets.com, under the stock symbol MHGU, or the Company's website www.meritagehospitality.com.



"Our performance in 2018 was strong, resulting in a record year of profitable growth for the Company on all financial metrics highlighted above. We continued to invest and transform our restaurant business through modernization and new locations, offering guests more conveniences. Importantly, our restaurant operations exceeded expectations for the year, a tribute to our 317 general managers and restaurant operating teams. Results included the incremental impact of 10 new restaurant locations, 14 renovations and the integration of 56 restaurants acquired during the year. Looking ahead to 2019, we are forecasting another year of solid sales and earnings growth, driven by people development, guest count growth and restaurant modernization programs. Operational excellence continues to be our primary focus, utilizing the Company's unique operating platform and restaurant development expertise, while delivering on the Wendy's brand promise of quality, convenience, and value."

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





Concept Overview

Wendy's

Significant Growth Ahead: Goals for 2021

2021

420 Restaurants



\$700+

Million
Sales

+39%

5-Year Sales
Annual Growth Rate

\$70+

Million
EBITDA

+45%

5-Year EBITDA
Annual Growth Rate

2018 Full-Year Highlights:

- ✓ Sales increased 39.3% to \$435.3 million compared to \$312.6 million last year
- ✓ Earnings from Operations increased 75.9% to \$25.4 million compared to \$14.4 million last year
- ✓ Net Income increased 45.6% to \$13.2 million compared to \$9.0 million last year
- ✓ Consolidated EBITDA (a non-GAAP measure) increased 50.3% to \$39.7 million compared to \$26.4 million last year
- ✓ The Company developed or acquired a net of 62 restaurants during the year, to finish with 317 restaurants in operation across 16 states

2019 Financial Outlook - Strong Growth Ahead:

- ✓ Sales growth of +10 to 20%
- ✓ Earnings from Operations growth of +10% to 20%
- ✓ Net Earnings growth of +10% to 20%
- ✓ EBITDA growth of +10% to 20%

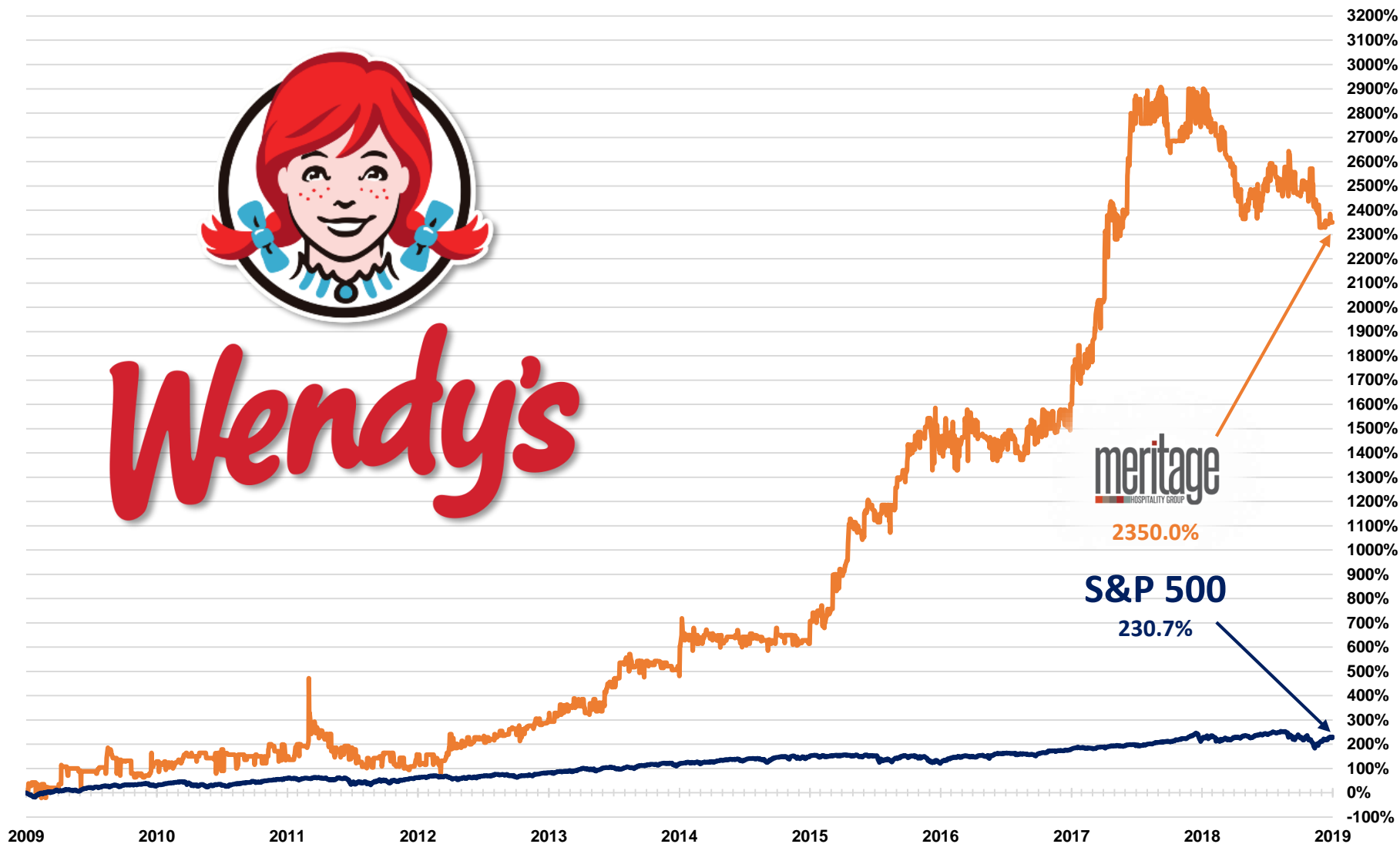
Wendy's



10-Year Historical Performance



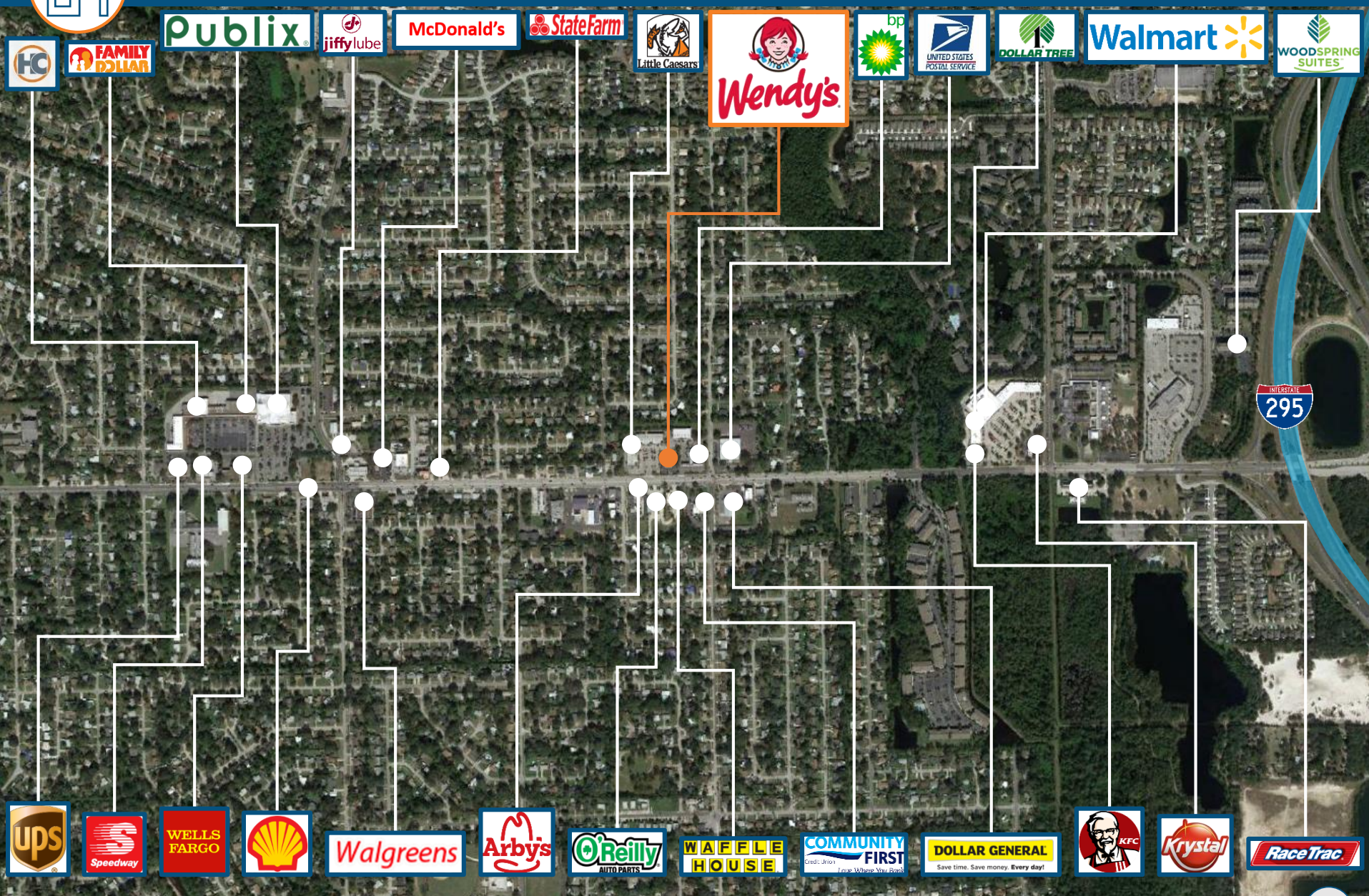
Wendy's





Surrounding Area

Wendy's



Marcus & Millichap



Location Overview

This Wendy's property is located at 7663 Merrill Road in Jacksonville, Florida. Jacksonville is the most populous city in Florida and the largest city by area in the contiguous United States.

SURROUNDING RETAIL & POINTS OF INTEREST

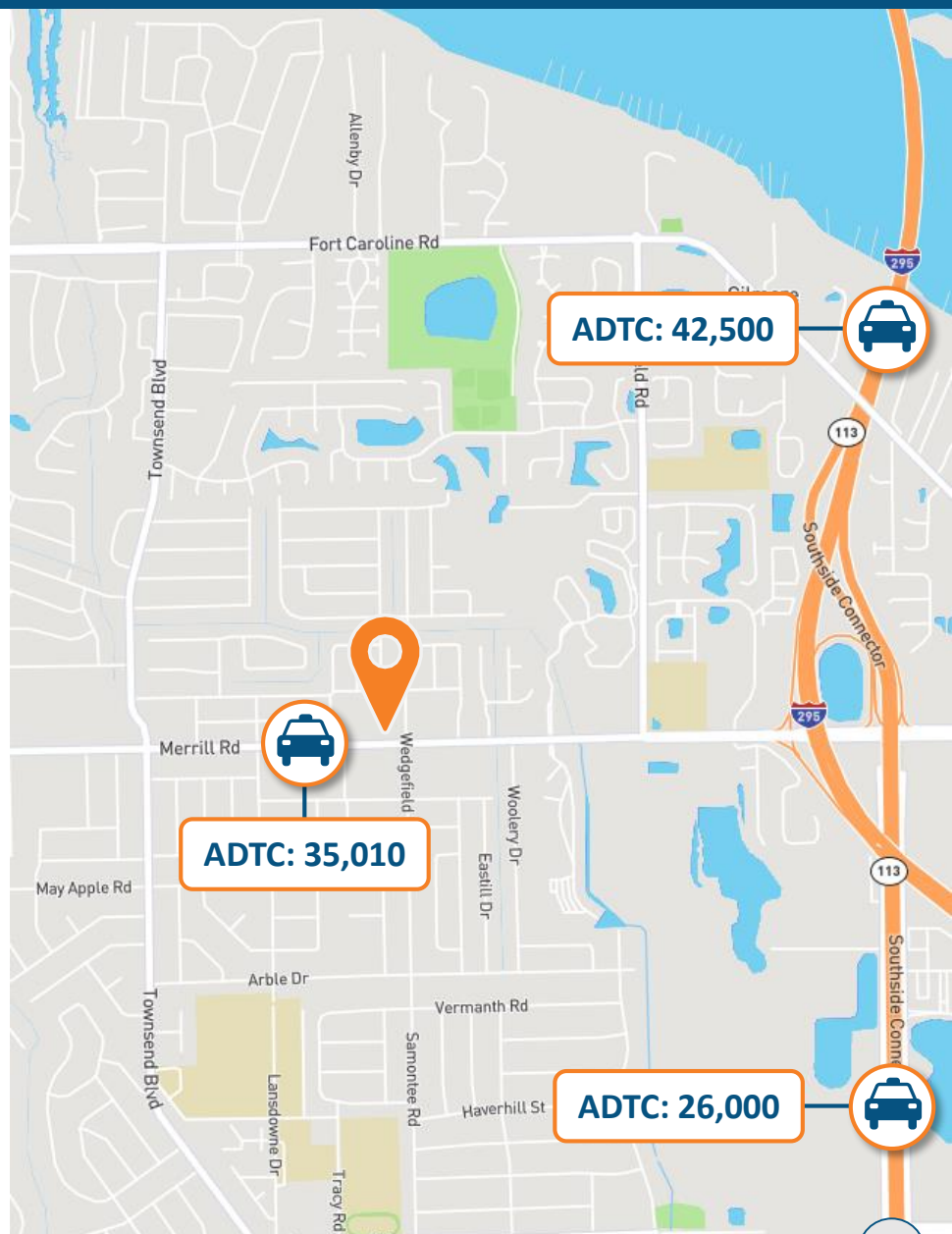
The subject property is well-positioned within a dense residential and retail corridor and benefits from a robust surrounding population. This Wendy's is an outparcel to the J&J Central Plaza mall. Major national retailers in the surrounding area include: Arby's, BP, Dollar General, Dollar Tree, Family Dollar, Jiffy Lube, KFC, Krystal, Little Caesars, McDonald's, O'Reilly Auto Parts, Publix, Shell, Waffle House, Walgreens, Walmart and many more. Jacksonville University is located approximately two miles west of the property and has enrollment of over 4,000 students.

TRAFFIC COUNTS & DEMOGRAPHICS

The subject property has 71,945 individuals residing within a three-mile radius of the property and 153,675 within a five-mile radius. The property is on Merrill Road which experiences traffic counts that exceed 35,000 vehicles per day. The property also benefits from traffic from Interstate 295 which is less than a mile to the east of the property and feeds into Merrill Road directly. Interstate 295 brings approximately 42,500 vehicles per day through the immediate area.

JACKSONVILLE, FL

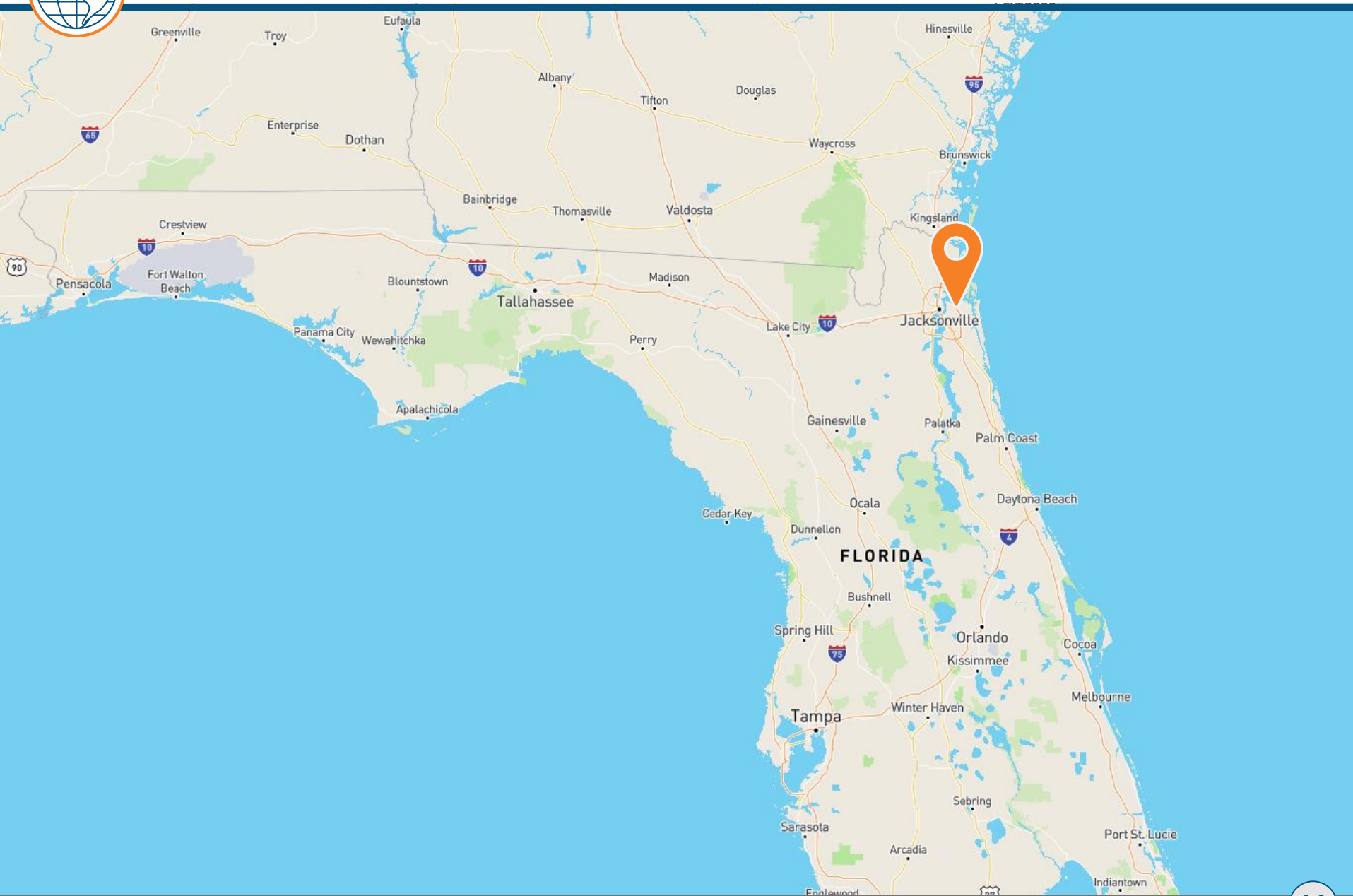
Jacksonville is a seaport city, the most populous city in the state of Florida, and the most populous city in the southeastern United States. The city is the cultural, commercial and financial center of Northern Florida. A major military and civilian deep-water port, the city's riverine location supports two United States Navy bases and the Port of Jacksonville, Florida's third-largest seaport. The Port of Jacksonville is a leading port in the United States for automobile imports, as well as the leading transportation and distribution hub in the state. Jacksonville serves as headquarters for various banking, insurance, healthcare, logistics, and other institutions. The city is home to many prominent corporations and organizations, including the headquarters of four Fortune 500 companies: CSX Corporation, Fidelity National Financial, Fidelity National Information Services, and Southeastern Grocers. Three colleges and universities lie within the city's limits: the University of North Florida, Jacksonville University, and Florida State College at Jacksonville. One professional sports team, the Jacksonville Jaguars of the National Football League, plays their home games in downtown Jacksonville.





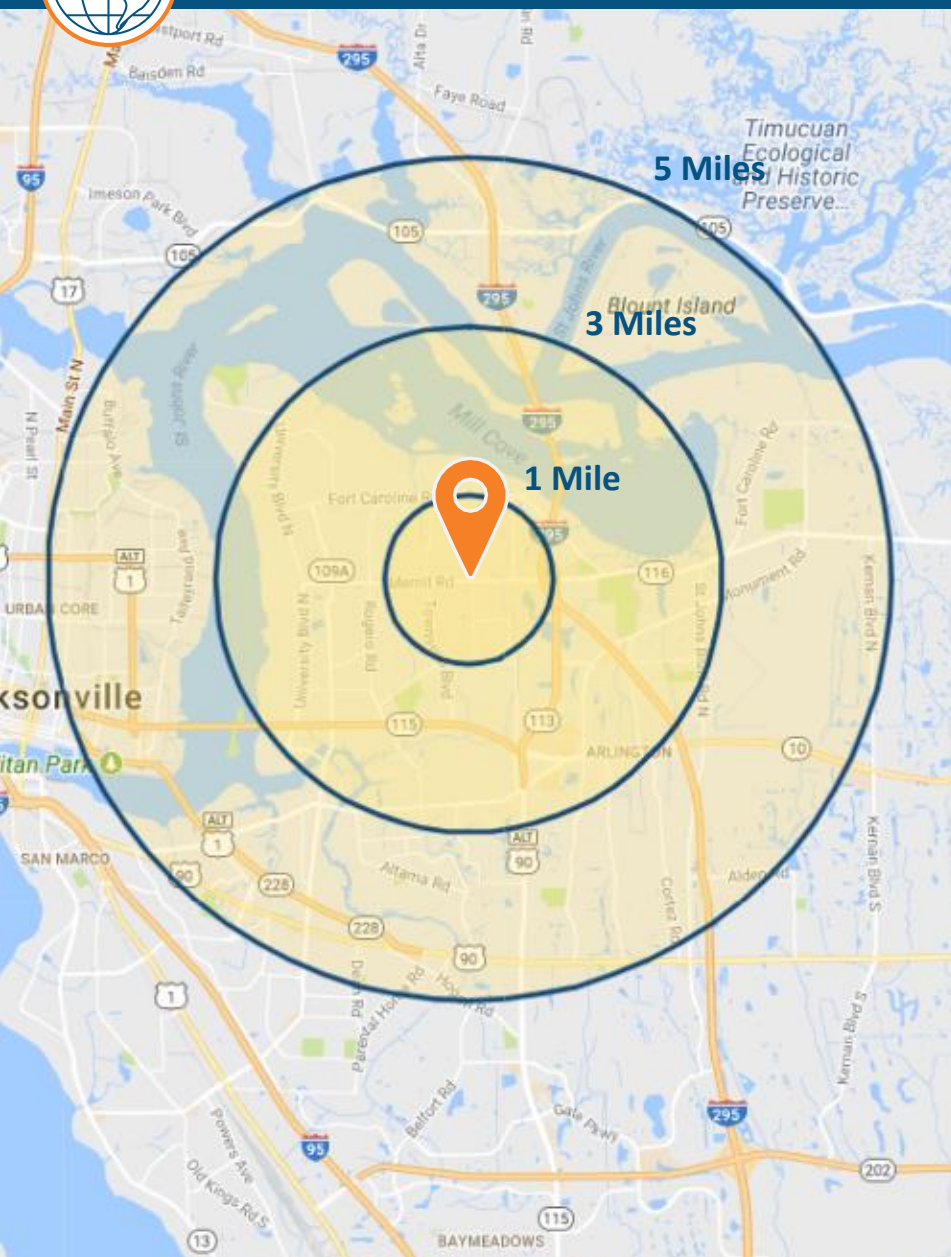
Regional Map

Wendy's





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Bear Parent, Inc.	5,048
HCA Inc	3,000
Memorial Health	1,380
Crowley American Transport	1,300
Carib Energy (USA) LLC	1,130
Crowley Marine Services Inc	1,007
Crowley Liner Services Inc	968
GCA Services Group Inc	850
St. Vincent's Health System Inc	725
KBRwyle	650
Walmart	637

of Employees based on 5 mile radius

DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population			
2023 Projection	17,477	73,264	158,292
2018 Estimate	16,402	71,945	153,675
2010 Census	15,257	67,889	144,966
2000 Census	13,746	68,323	144,957
Income			
Average	\$68,621	\$61,438	\$66,434
Median	\$56,744	\$46,118	\$48,789
Per Capita	\$26,466	\$24,774	\$26,476
Households			
2023 Projection	6,823	29,446	62,762
2018 Estimate	6,326	28,612	60,386
2010 Census	5,928	27,178	57,362
2000 Census	5,210	27,278	57,409
Employment			
2018 Daytime Population	11,760	66,302	158,973
2018 Unemployment	2.99%	4.68%	4.29%
2018 Median Time Traveled	25 Mins	25 Mins	25 Mins

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



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