

WENDY'S

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



OFFERING MEMORANDUM



3102 Southwest Dr
Jonesboro, AR 72404

Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

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.

CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a

thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

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

- ✓ Seller Will Commit to a Remodel
- ✓ Jonesboro is the Largest City in Northeast Arkansas | Cultural and Economic Center for the Region
- ✓ Affluent Community with Average Household Income Exceeding \$103,000 in a One-Mile Radius
- ✓ Highly Trafficked Location | Southwest Drive Experiences Traffic Counts of 22,000 Vehicles Per Day
- ✓ Easy Access off I-555 | Over 36,000 Vehicles Per Day
- ✓ Arkansas State University is Just Five Miles Away | Enrolls More Than 14,000 Students Each Semester

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: \$2,181,818 | CAP RATE: 5.50% | RENT: \$120,000

THE OFFERING

Purchase Price	\$2,181,818
CAP Rate	5.50%
Annual Rent	\$120,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	3102 Southwest Dr
City, State ZIP	Jonesboro, AR 72404
Building Size (SF)	3,022 SF
Lot Size (Acres)	0.78
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	\$120,000	\$10,000	-
Year 2	\$120,000	\$10,000	-
Year 3	\$121,500	\$10,125	1.25%
Year 4	\$123,019	\$10,252	1.25%
Year 5	\$124,556	\$10,380	1.25%
Year 6	\$126,113	\$10,509	1.25%
Year 7	\$127,690	\$10,641	1.25%
Year 8	\$129,286	\$10,774	1.25%
Year 9	\$130,902	\$10,909	1.25%
Year 10	\$132,538	\$11,045	1.25%
Year 11	\$134,195	\$11,183	1.25%
Year 12	\$135,872	\$11,323	1.25%
Year 13	\$137,571	\$11,464	1.25%
Year 14	\$139,291	\$11,608	1.25%
Year 15	\$141,032	\$11,753	1.25%
Year 16	\$142,795	\$11,900	1.25%
Year 17	\$144,580	\$12,048	1.25%
Year 18	\$146,387	\$12,199	1.25%
Year 19	\$148,217	\$12,351	1.25%
Year 20	\$150,069	\$12,506	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 3102 Southwest Dr, Jonesboro, AR. The property consists of 3,022 square feet of building space and is situated on approximately 0.78 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.otcmartets.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%

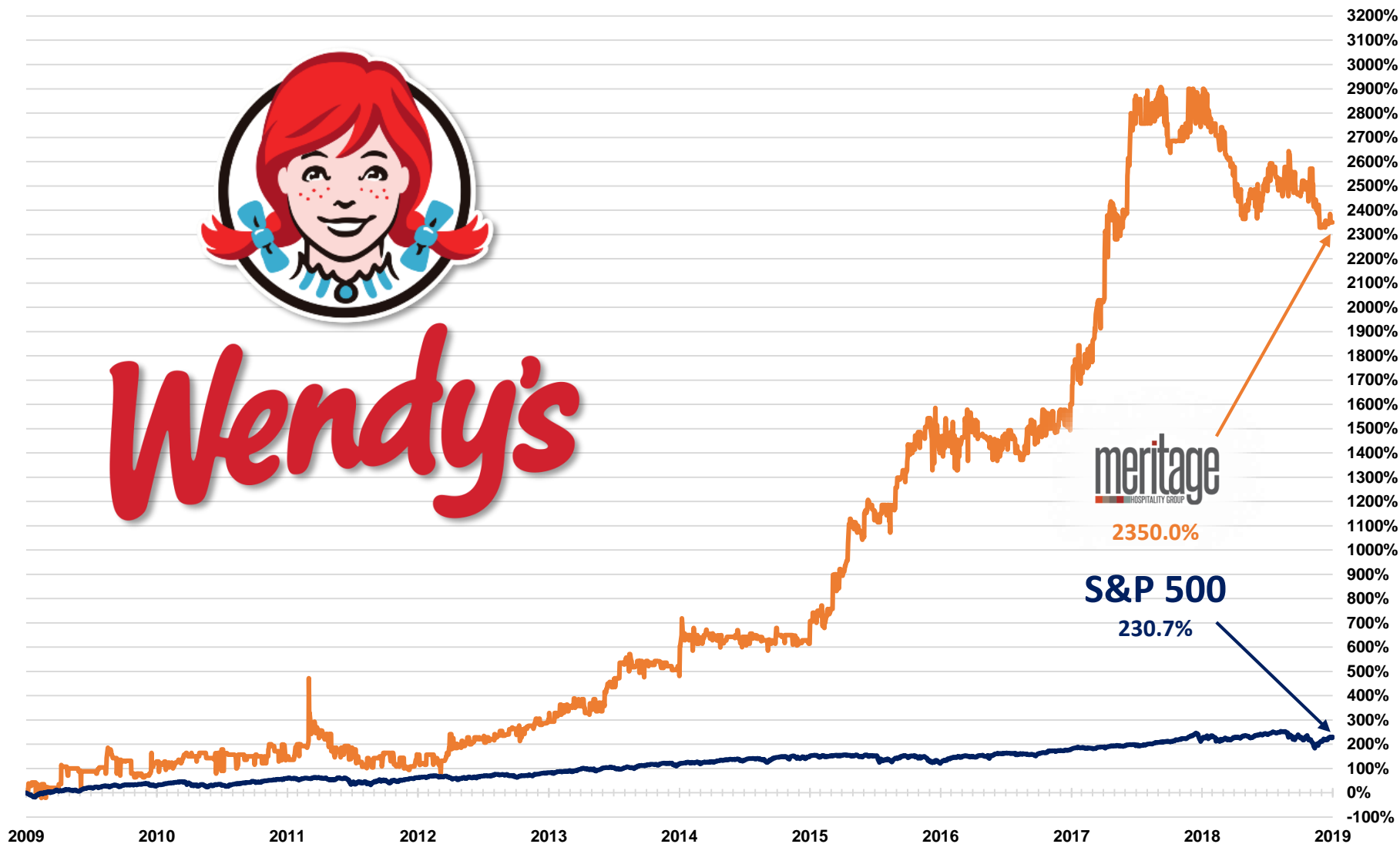
Wendy's



10-Year Historical Performance



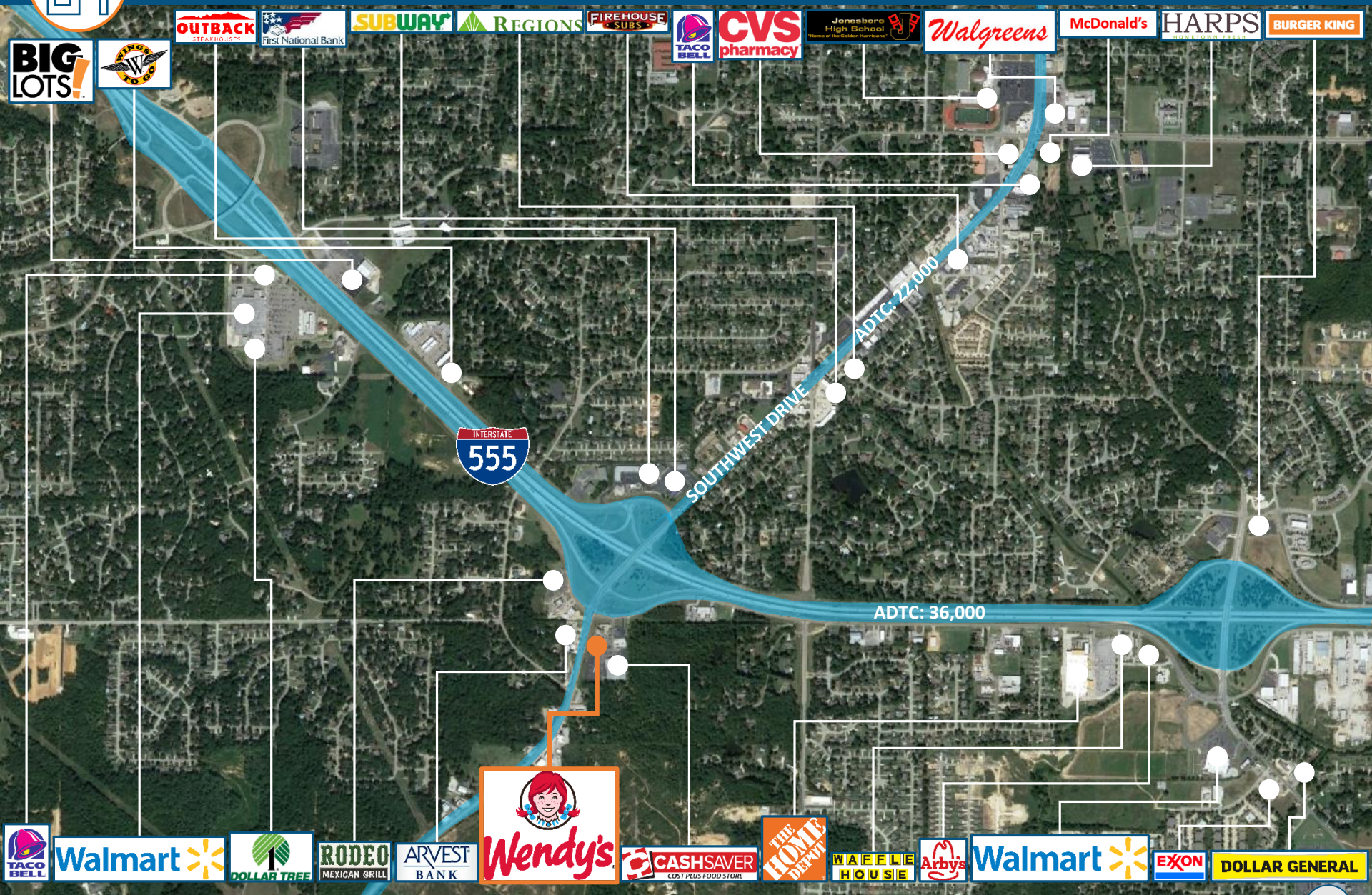
Wendy's





Surrounding Area

Wendy's





Location Overview

This Wendy's property is located at 3102 Southwest Drive in Jonesboro, Arkansas. Jonesboro is among the largest cities in the state of Arkansas. Form a triangle by connecting Little Rock, St. Louis, and Memphis, and you'll see Jonesboro stands out as the largest metropolitan city in what amounts to a 17,000 square-mile triangle area. The Jonesboro region is a proven leader in a number of categories attractive to business including geography, favorable climate, viable economy, advantageous tax structure, affordable housing, low crime rate, growing medical community, opportunity for education, expanding retail and industrial community, recreational opportunities, cultural, sports and civic organizations.

SURROUNDING RETAIL & POINTS OF INTEREST

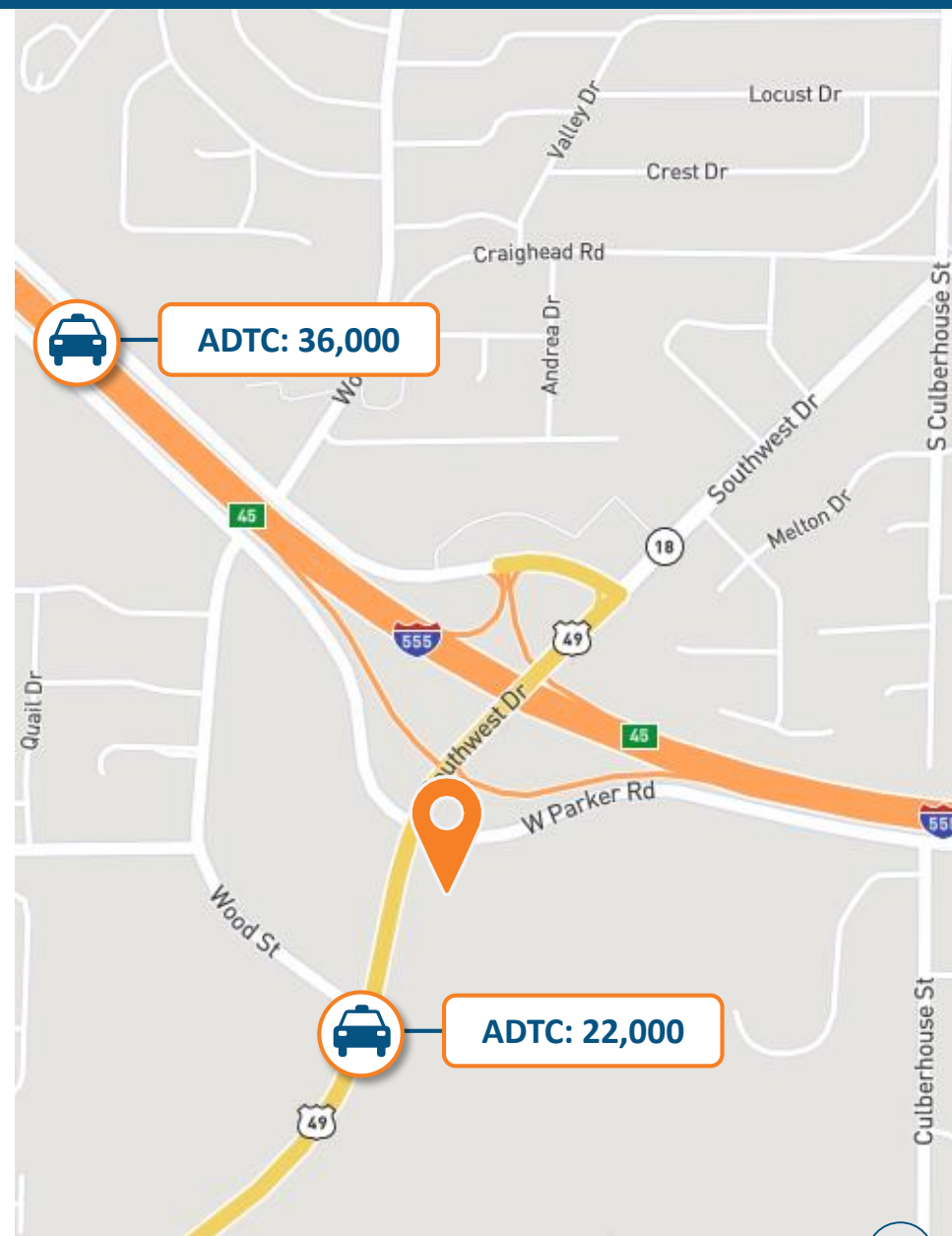
The subject property is well-positioned along Southwest Drive as the first restaurant travelers will see as they come off Interstate 555. There are many major national and local tenants in the surrounding area which include: Lowe's, several Walmart Supercenters, Taco Bell, CVS Pharmacy, Walgreens, Big Lots, Home Depot, Dollar Tree, and Pizza Hut among various others. There are also numerous lodging accommodations for travelers passing through the immediate area such as Hilton Garden Inn, Scottish Inns, Best Western Plus, Holiday Inn Express & Suites, Fairfield Inn & Suites by Marriott, and Hampton Inn. Just a few miles north of the property is Arkansas State University, a public research university enrolling more than 14,000 students. Additionally, the property is just five miles away from the Jonesboro Municipal Airport, which is mostly used for general aviation, but also serves Air Choice One subsidized air service.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has very strong demographics, with approximately 39,244 people residing within a three-mile radius and 67,245 people within a five-mile radius of this property. The immediate area is also highly affluent with average household income within a one-mile radius exceeding \$103,000. This property is ideally situated on Southwest Drive directly off Interstate 555. These two roads experience average traffic counts of approximately 22,000 and 36,000 vehicles per day, respectively.

JONESBORO, AR

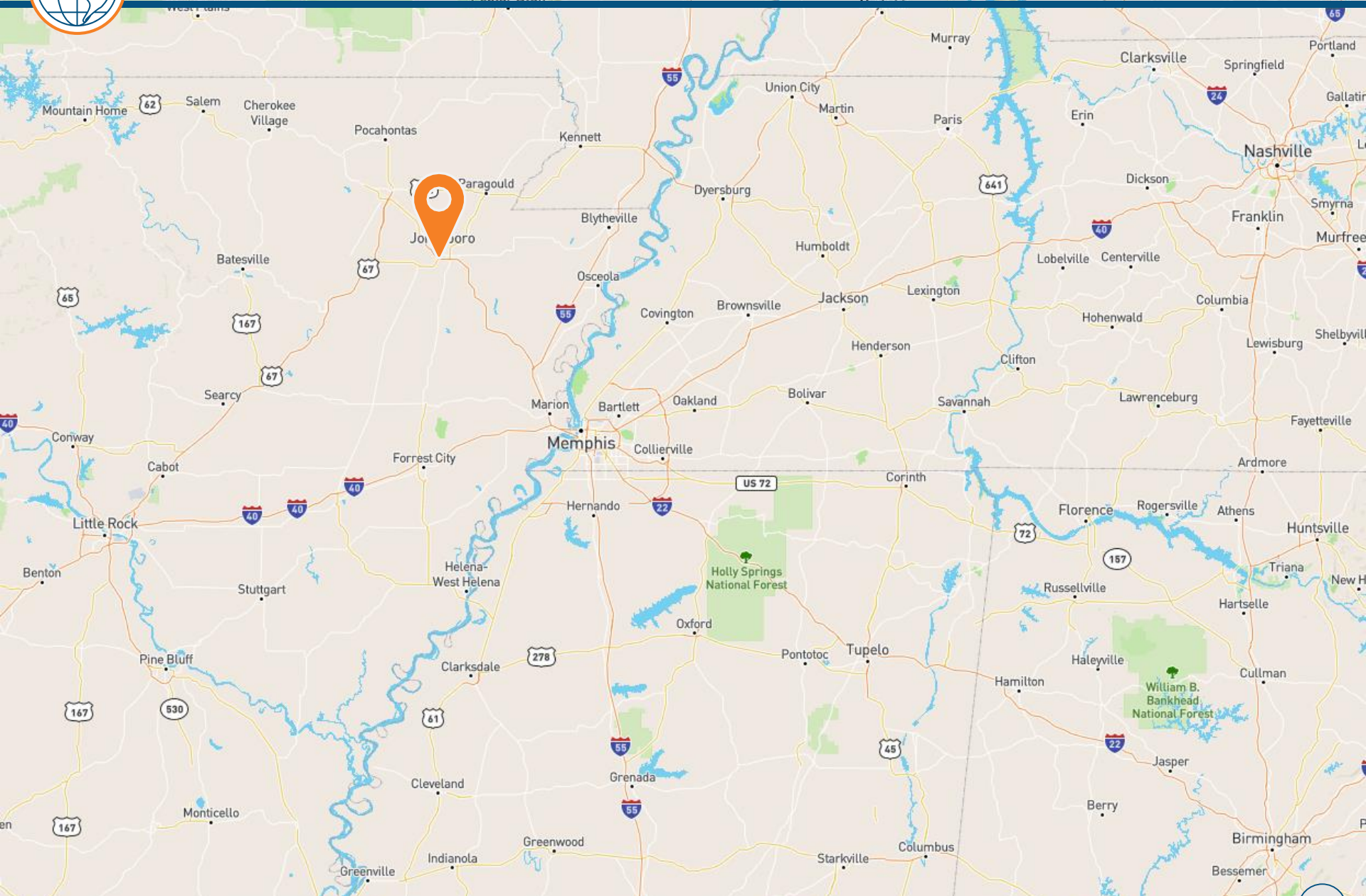
The City of Jonesboro is the county seat for Craighead County, which is located in northeast Arkansas. Today, Jonesboro has established itself as the perennial hub of Northeast Arkansas' agricultural production. To the east lies the alluvial cotton delta and to the southwest is the fertile rice land. Large farms produce soybeans, rice, cotton, fish, and livestock. One of the world's two largest rice mills, Riceland Rice, is located here. The city has not limited itself to agriculture. It is the trade, cultural, and medical center of a 7,000-square mile area. Because of its shopping centers, shops, restaurants, and other attractions, Jonesboro has become the major trade center for 500,000 people in northeast Arkansas and southeast Missouri. Jonesboro has a modern hospital, which has been serving the area since 1902. The Arkansas Services Center provides the area with the most extensive medical facilities available.





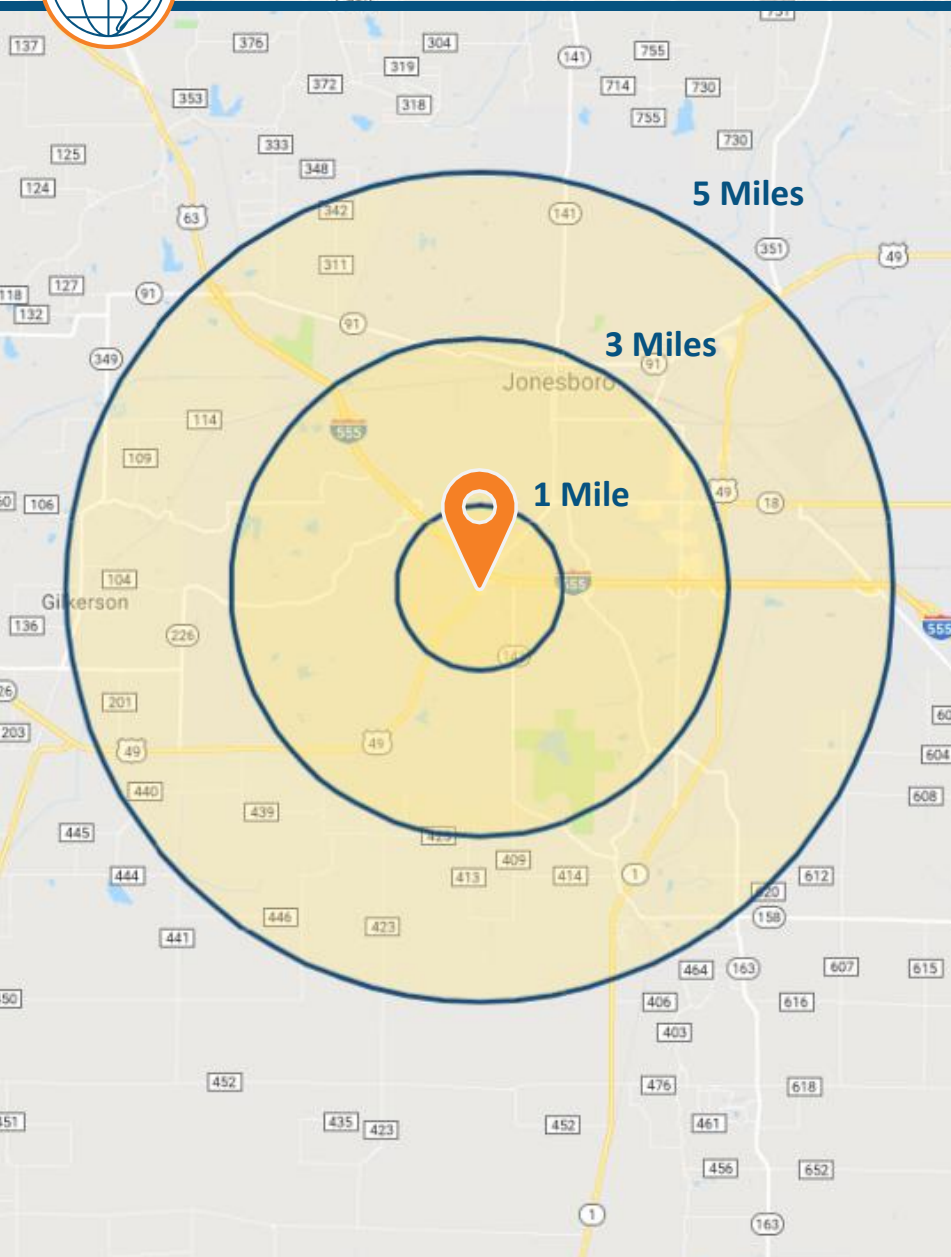
Regional Map

Wendy's





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
St. Bernard's Medical Center	1,500
Hytrol Conveyor Company, Inc.	1,200
Advance Services Inc	1,084
Walmart	800
Quad/Graphics Inc	634
Absolute Care Management Corp	500
Nettleton School District	460
Rivland	450
Arkansas Glass Container Corp	350
Jonesboro Rice Division	291
HealthSouth	250
Southeastern Freight Lines Inc	250

of Employees based on 5 mile radius

DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population			
2023 Projection	5,215	41,214	69,871
2018 Estimate	5,074	39,244	67,245
2010 Census	4,657	35,570	60,547
2000 Census	4,062	30,190	51,620
Income			
Average	\$103,562	\$78,319	\$68,146
Median	\$72,199	\$54,988	\$46,378
Per Capita	\$41,693	\$32,565	\$26,942
Households			
2023 Projection	2,107	17,202	27,486
2018 Estimate	2,035	16,223	26,158
2010 Census	1,867	14,670	23,451
2000 Census	1,601	12,516	20,591
Employment			
2018 Daytime Population	4,763	53,158	90,400
2018 Unemployment	2.28%	3.01%	3.85%
2018 Median Time Traveled	19 Mins	18 Mins	18 Mins

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING

