

WENDY'S

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



OFFERING MEMORANDUM



3675 Cascade Road
Atlanta, GA 30331

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Strong Demographics | Population Within a Five-Mile Radius Exceeds 160,694 Individuals
- ✓ Unparalleled Location | Situated in Atlanta | State Capital and Most Populous City in Georgia
- ✓ Strong Traffic Counts | Cascade Road and I-285 | Average Daily Traffic Counts Exceed 21,058 and 138,438 Vehicles
- ✓ Compelling Location Fundamentals | Situated as an Outparcel to a Publix Shopping Center

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: \$2,880,000 | CAP RATE: 5.00% | RENT: \$144,000

THE OFFERING

Purchase Price	\$2,880,000
CAP Rate	5.00%
Annual Rent	\$144,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	3675 Cascade Road
City, State ZIP	Atlanta, GA 30331
Building Size (SF)	2,839
Lot Size (Acres)	+/- 0.86
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	\$144,000	\$12,000	-
Year 2	\$144,000	\$12,000	-
Year 3	\$145,800	\$12,150	1.25%
Year 4	\$147,623	\$12,302	1.25%
Year 5	\$149,468	\$12,456	1.25%
Year 6	\$151,336	\$12,611	1.25%
Year 7	\$153,228	\$12,769	1.25%
Year 8	\$155,143	\$12,929	1.25%
Year 9	\$157,082	\$13,090	1.25%
Year 10	\$159,046	\$13,254	1.25%
Year 11	\$161,034	\$13,420	1.25%
Year 12	\$163,047	\$13,587	1.25%
Year 13	\$165,085	\$13,757	1.25%
Year 14	\$167,149	\$13,929	1.25%
Year 15	\$169,238	\$14,103	1.25%
Year 16	\$171,353	\$14,279	1.25%
Year 17	\$173,495	\$14,458	1.25%
Year 18	\$175,664	\$14,639	1.25%
Year 19	\$177,860	\$14,822	1.25%
Year 20	\$180,083	\$15,007	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 3675 Cascade Road in Atlanta, GA. The property consists of 2,839 square feet of building space and is situated on approximately 0.86 acre 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.otcmart.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%

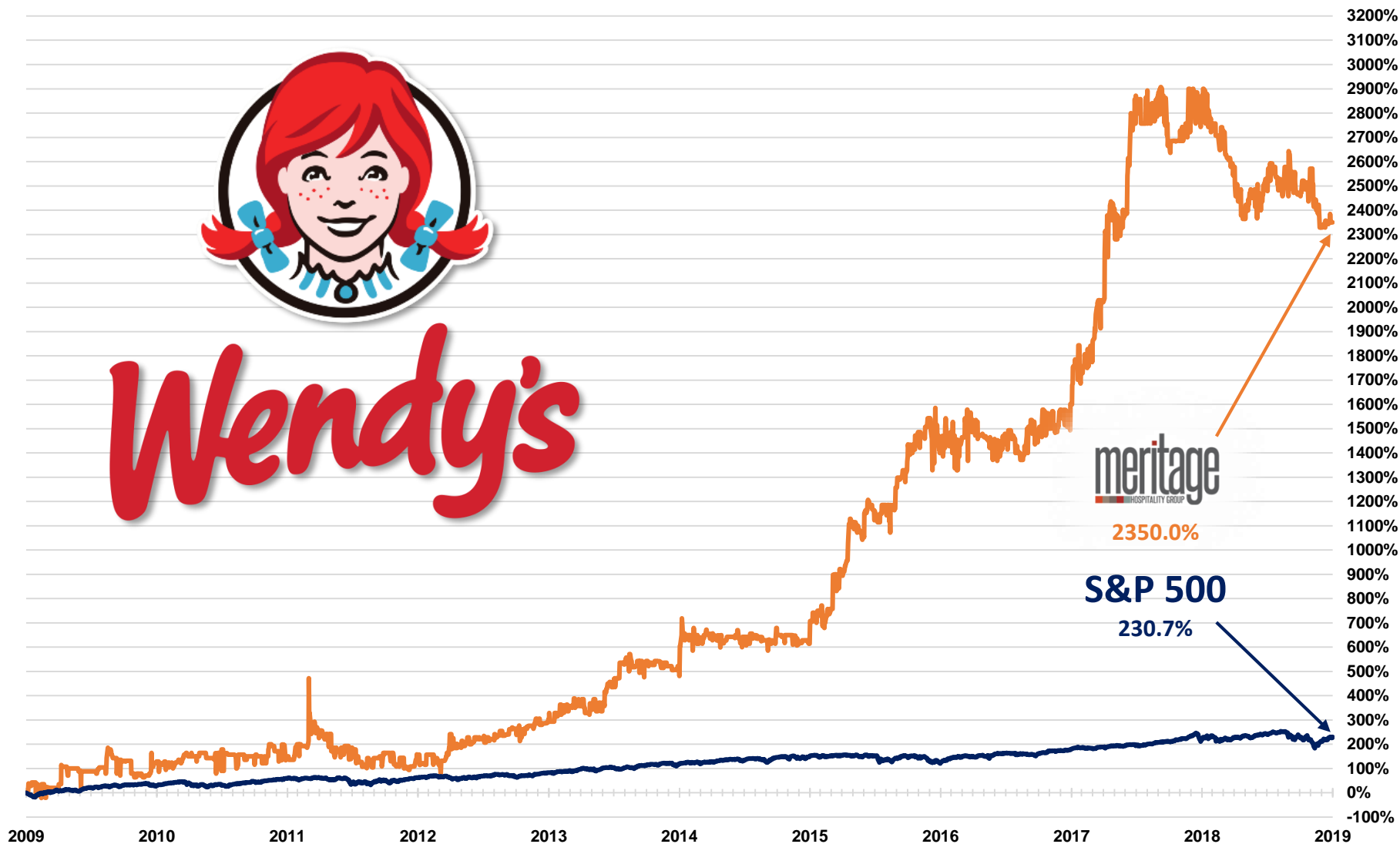
Wendy's



10-Year Historical Performance



Wendy's



meritage
HOSPITALITY GROUP

2350.0%

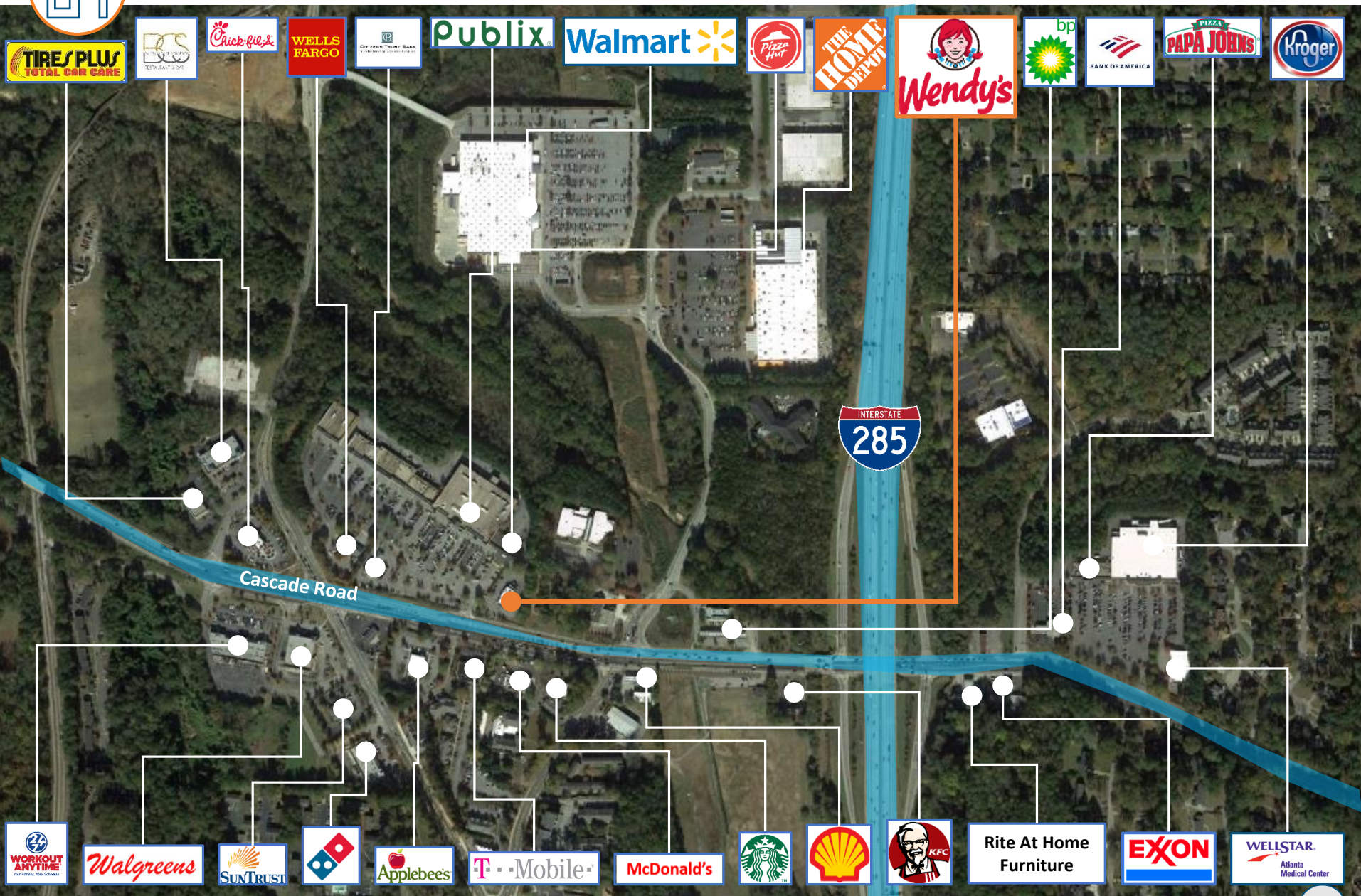
S&P 500

230.7%



Surrounding Area

Wendy's



Marcus & Millichap



Location Overview

This Wendy's property is located at 3675 Cascade Road in Atlanta, GA. Atlanta is the seat of Fulton County, the most populous county in Georgia. Portions of the city extend eastward into neighboring Dekalb County.

SURROUNDING RETAIL & POINTS OF INTEREST

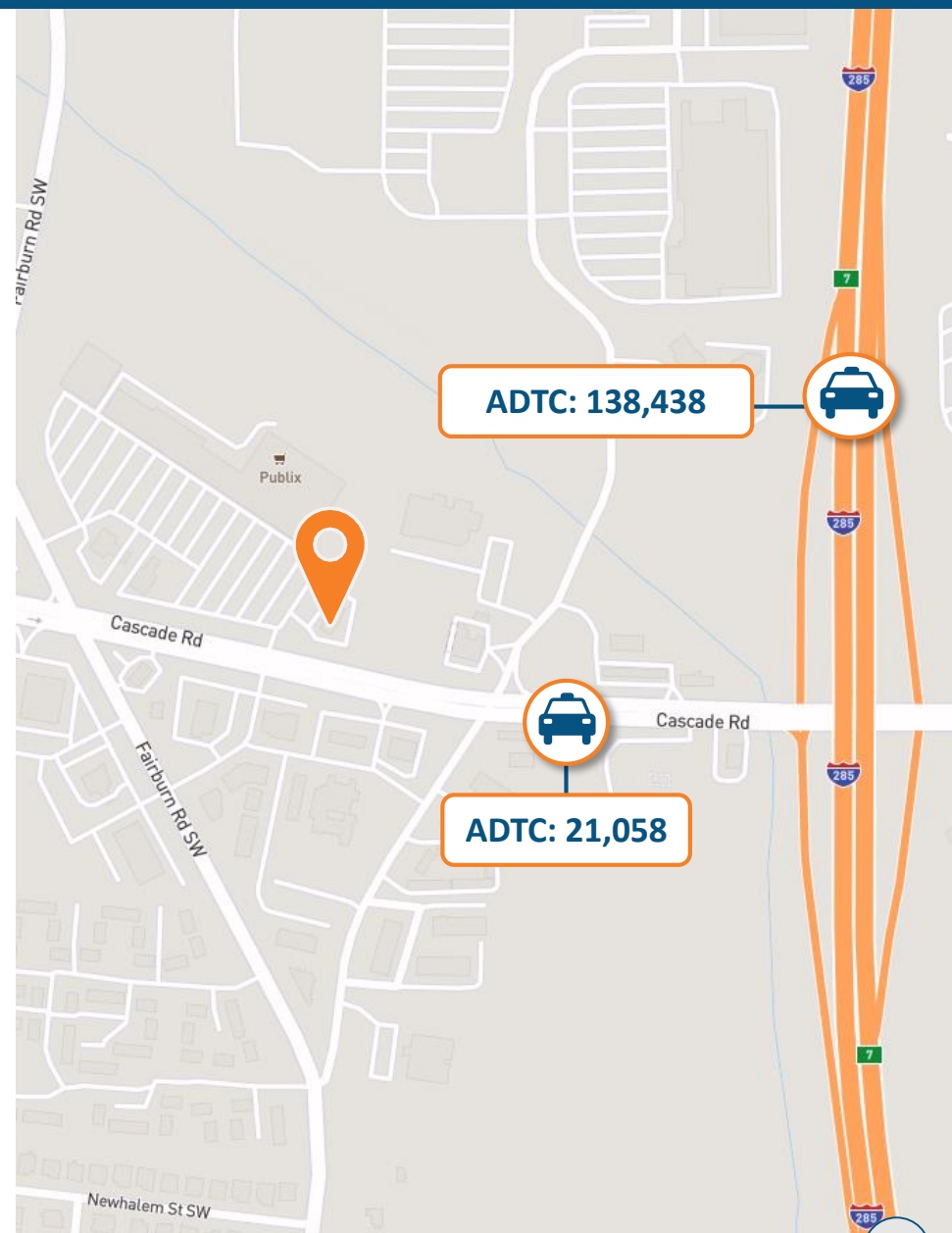
The subject property is well positioned as an outparcel to a Publix Super Market shopping center with several national and local tenants, academic institutions, and medical centers all within close proximity. Major national tenants in the surrounding area include: Walmart, Home Depot, Kroger, Walgreens, SunTrust Bank, Chick-fil-A, Pizza Hut, Starbucks, McDonald's, Applebee's Grill + Bar, as well as several others. The subject Wendy's benefits from being within a five-mile radius of several academic institutions. Most notable of these being Frederick Douglas High School and Daniel McLaughlin Therrell High School, with a combined enrollment exceeding 1,851 students. Located just under 12 miles from the subject Wendy's property is Hartsfield-Jackson Atlanta International Airport. Hartsfield Jackson is the world's busiest airport servicing more than 107 million passengers in 2018.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 57,300 people residing within a three-mile radius and 160,694 people within a five-mile radius of the subject property. This Wendy's is situated on Cascade Road which boasts average daily traffic counts exceeding 21,058 vehicles. Cascade Road intersects with I-285 which brings an additional 138,438 vehicles into the immediate area daily.

ATLANTA, GA

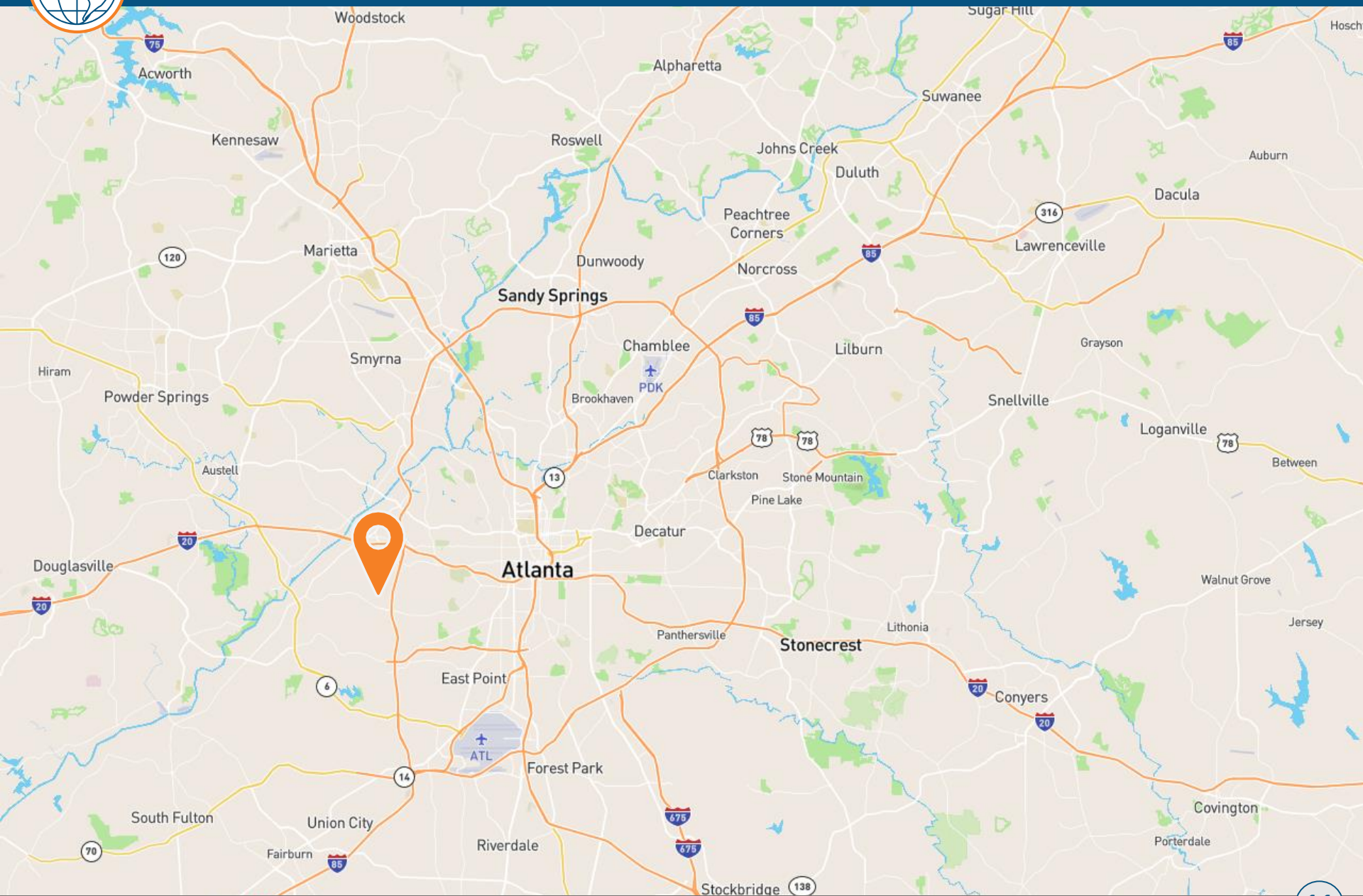
Atlanta is the capital and most populous city in the U.S. state of Georgia. With an estimated 2018 population of 498,044, it is also the 37th most-populous city in the United States. Atlanta is rated as a "beta(+)" world city that exerts a moderate impact on global commerce, finance, research, technology, education, media, art and entertainment. It ranks in the top twenty among world cities and 10th in the nation with a gross domestic product of \$385 billion. The economy in Atlanta is considered diverse, with dominant sectors that include aerospace, transportation, logistics, professional and business services, media operations, medical services, and information technology. Atlanta is home to the nation's third-largest concentration of Fortune 500 companies and hosts the global headquarters of corporations like The Coca-Cola Company, The Home Depot, Delta Airlines, AT&T Mobility, Chick-fil-A, and UPS. Atlanta is home to professional franchises for four major team sports: the Atlanta Braves of Major League Baseball, the Atlanta Hawks of the National Basketball Association, the Atlanta Falcons of the National Football League, and the Atlanta United FC of Major League Soccer. The mild weather year-round allows residents to hike, paddle and bike. The Atlanta metro area has several acclaimed cultural institutions, including Zoo Atlanta and the High Museum of Art. More than 30 institutions of high education call Atlanta home, including Emory University, Georgia Institute of Technology and Spelman College.





Regional Map

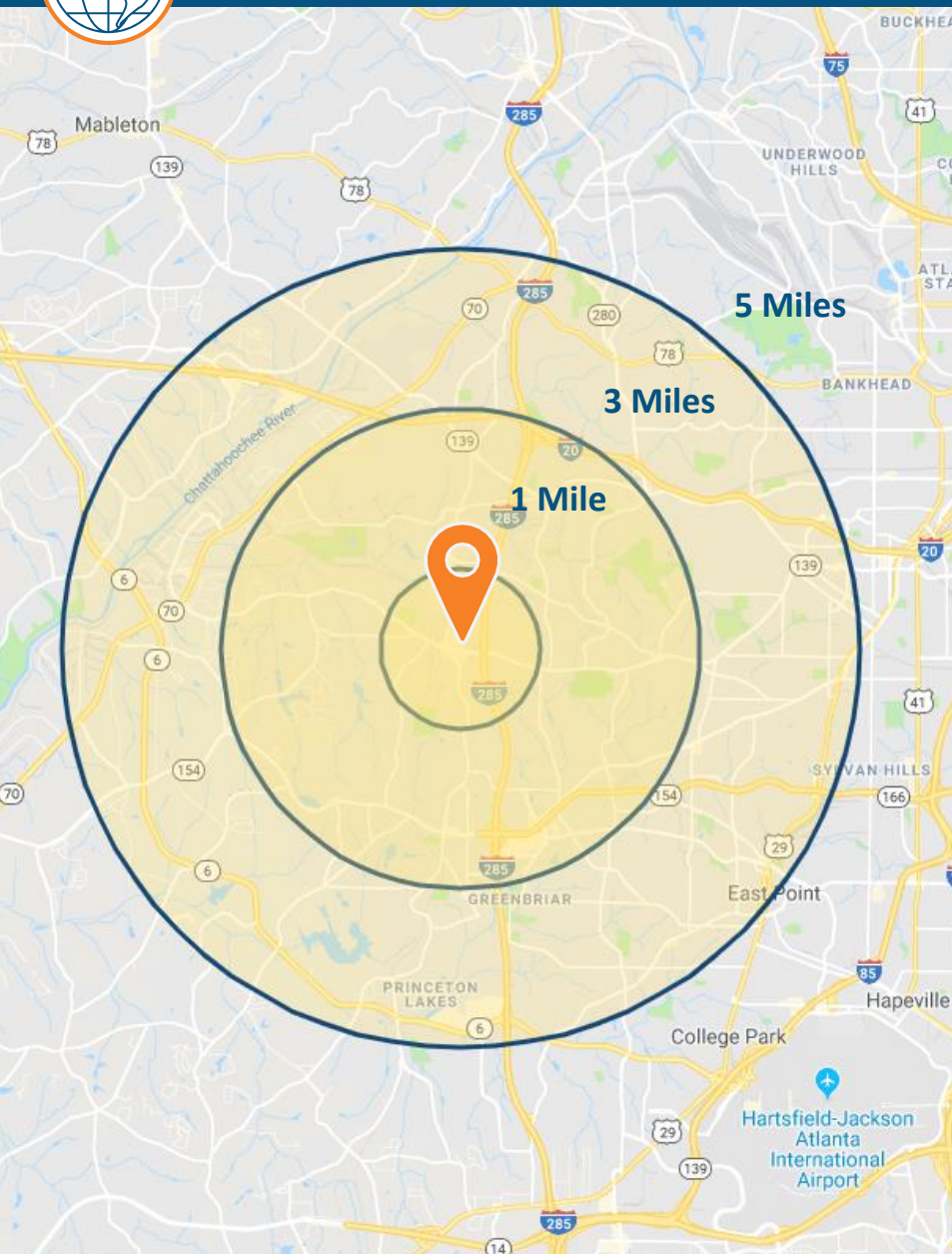
Wendy's





Demographics

Wendy's



MAJOR EMPLOYERS

Employer	# of Employees
Forscom Intelligence Ops	2,500
Caterpillar Authorized Dealer	1,098
Cleveland Mechanical Services	1,000
Yancey Bros Operating Co	950
Nabisco	700
US Army Reserve-Command	700
Macdermid Grphics Slutions LLC	599
Heritage-Crystal Clean Inc	589
CKS Packaging Inc	581
Heartland Express Inc Iowa	555
McMaster-Carr Supply Company	532
National Distributing Co Inc	500

of Employees based on 5 mile radius

DEMOGRAPHICS

Population	1 Mile	3 Miles	5 Miles
2023 Projection	4,551	60,126	166,150
2018 Estimate	4,028	57,300	160,694
2010 Census	3,608	51,577	144,400
2000 Census	2,824	49,271	150,918
Income			
Average	\$76,184	\$61,501	\$57,428
Median	\$55,340	\$39,988	\$37,525
Per Capita	\$33,690	\$24,897	\$22,691
Households			
2023 Projection	2,071	25,007	67,120
2018 Estimate	1,775	23,150	63,154
2010 Census	1,595	20,859	56,840
2000 Census	1,113	18,608	55,640
Employment			
2018 Daytime Population	4,761	61,890	157,605
2018 Unemployment	6.76%	8.10%	8.59%
2018 Median Time Traveled	32 Mins	34 Mins	34 Mins

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



GA BROKER OF RECORD:

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