

WENDY'S

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



OFFERING MEMORANDUM



8455 Roswell Road
Atlanta, GA 30350

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Strong Demographics | Population Within a Three-Mile Radius Exceeds 79,063 Individuals
- ✓ Strong Traffic Counts | Roswell Road, Northridge Road, and Turner McDonald Parkway | Average Daily Traffic Counts Exceed 36,723, 26,700 and 198,900 Vehicles
- ✓ Affluent Suburban Community | Average Household Income Within a Three-Mile Radius Exceeds \$128,220
- ✓ Unparalleled Location | Situated in Atlanta | State Capital and Most Populous City in Georgia

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: \$2,300,000 | CAP RATE: 5.00% | RENT: \$115,000

THE OFFERING

Purchase Price	\$2,300,000
CAP Rate	5.00%
Annual Rent	\$115,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	8455 Roswell Road
City, State ZIP	Atlanta, GA 30350
Building Size (SF)	2,898
Lot Size (Acres)	+/- 0.46
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	\$115,000	\$9,583	-
Year 2	\$115,000	\$9,583	-
Year 3	\$116,438	\$9,703	1.25%
Year 4	\$117,893	\$9,824	1.25%
Year 5	\$119,367	\$9,947	1.25%
Year 6	\$120,859	\$10,072	1.25%
Year 7	\$122,369	\$10,197	1.25%
Year 8	\$123,899	\$10,325	1.25%
Year 9	\$125,448	\$10,454	1.25%
Year 10	\$127,016	\$10,585	1.25%
Year 11	\$128,604	\$10,717	1.25%
Year 12	\$130,211	\$10,851	1.25%
Year 13	\$131,839	\$10,987	1.25%
Year 14	\$133,487	\$11,124	1.25%
Year 15	\$135,155	\$11,263	1.25%
Year 16	\$136,845	\$11,404	1.25%
Year 17	\$138,555	\$11,546	1.25%
Year 18	\$140,287	\$11,691	1.25%
Year 19	\$142,041	\$11,837	1.25%
Year 20	\$143,816	\$11,985	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 8455 Roswell Road in Atlanta, GA. The property consists of 2,898 square feet of building space and is situated on approximately 0.46 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%

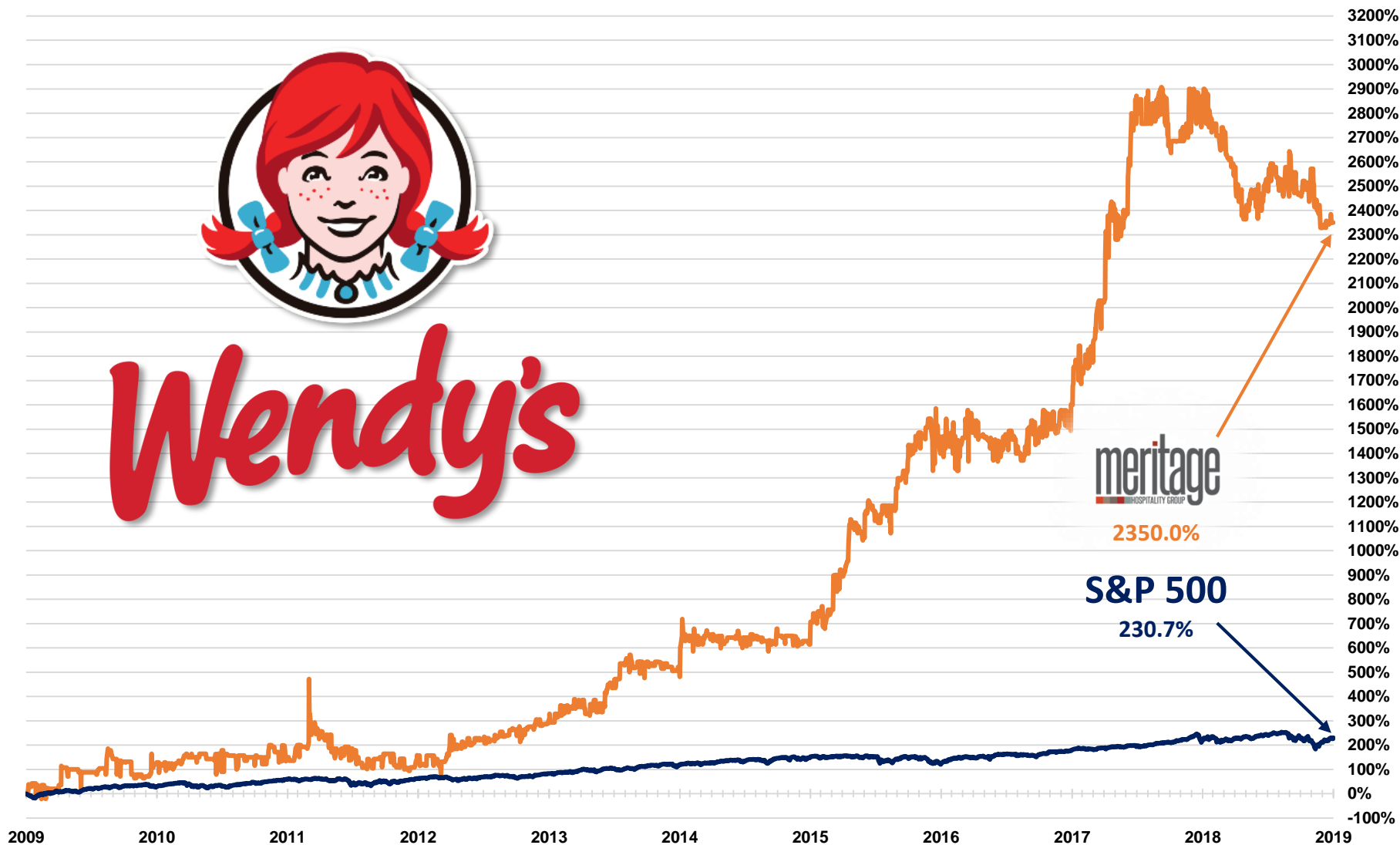
Wendy's



10-Year Historical Performance



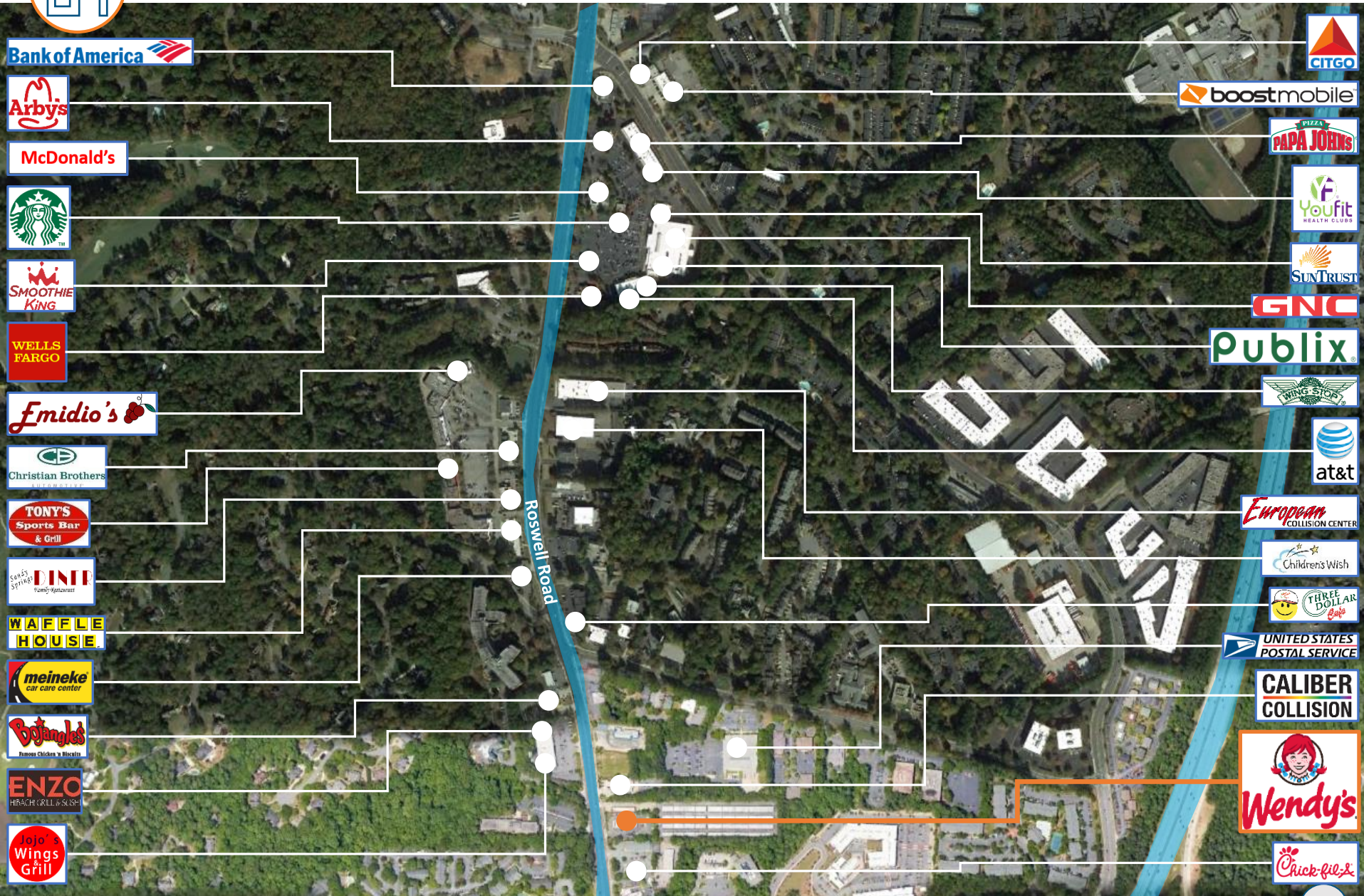
Wendy's





Surrounding Area

Wendy's





Location Overview

This Wendy's property is located at 8455 Roswell 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

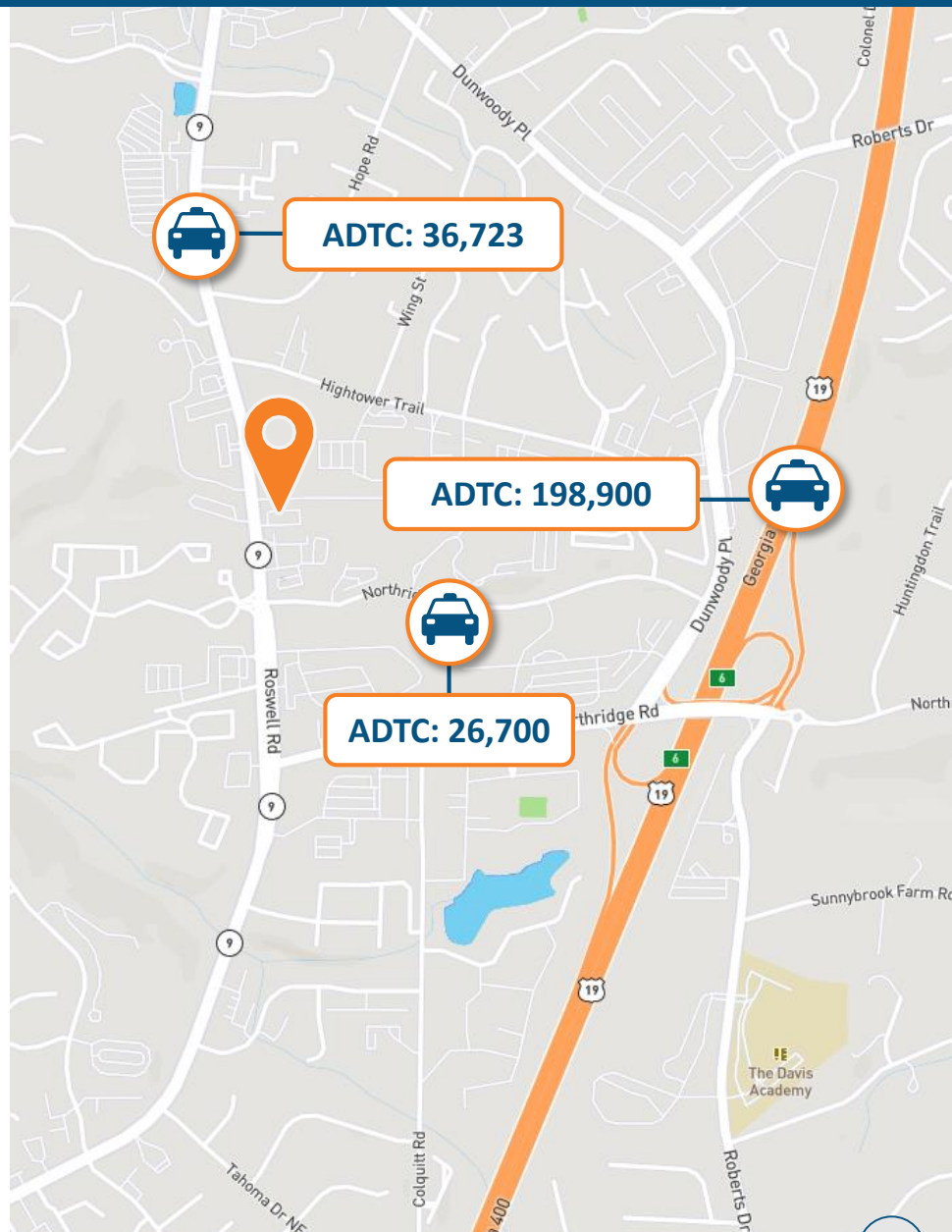
The subject property is well positioned in a strong retail and industrial corridor with national and local tenants, shopping centers, and academic institutions all within close proximity. Major national tenants in the surrounding area include: Publix, Bank of America, Wells Fargo, USPS, Caliber Collision, Meineke Car Care Center, Starbucks, Chick-fil-A, Waffle House, McDonalds, Papa Johns, Arby's, Smoothie King, as well as several others. The subject property benefits from being within a five-mile radius of several academic institutions. Most notable of these being North Springs High School, less than three-miles from the subject property, with a total enrollment exceeding 1,626 students.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 79,063 people residing within a three-mile radius and 218,638 people within a five-mile radius of the subject property. This Wendy's benefits from being located in an affluent suburban community. The average household income within a three-mile radius exceeds \$128,220. This Wendy's is situated on Roswell Road which boasts average daily traffic counts exceeding 36,723 vehicles. Roswell Road intersects with Northridge Road and runs perpendicular to Turner McDonald Pkwy which brings an additional 26,700 and 198,900 vehicles into the immediate area daily.

ATLANTA, GA

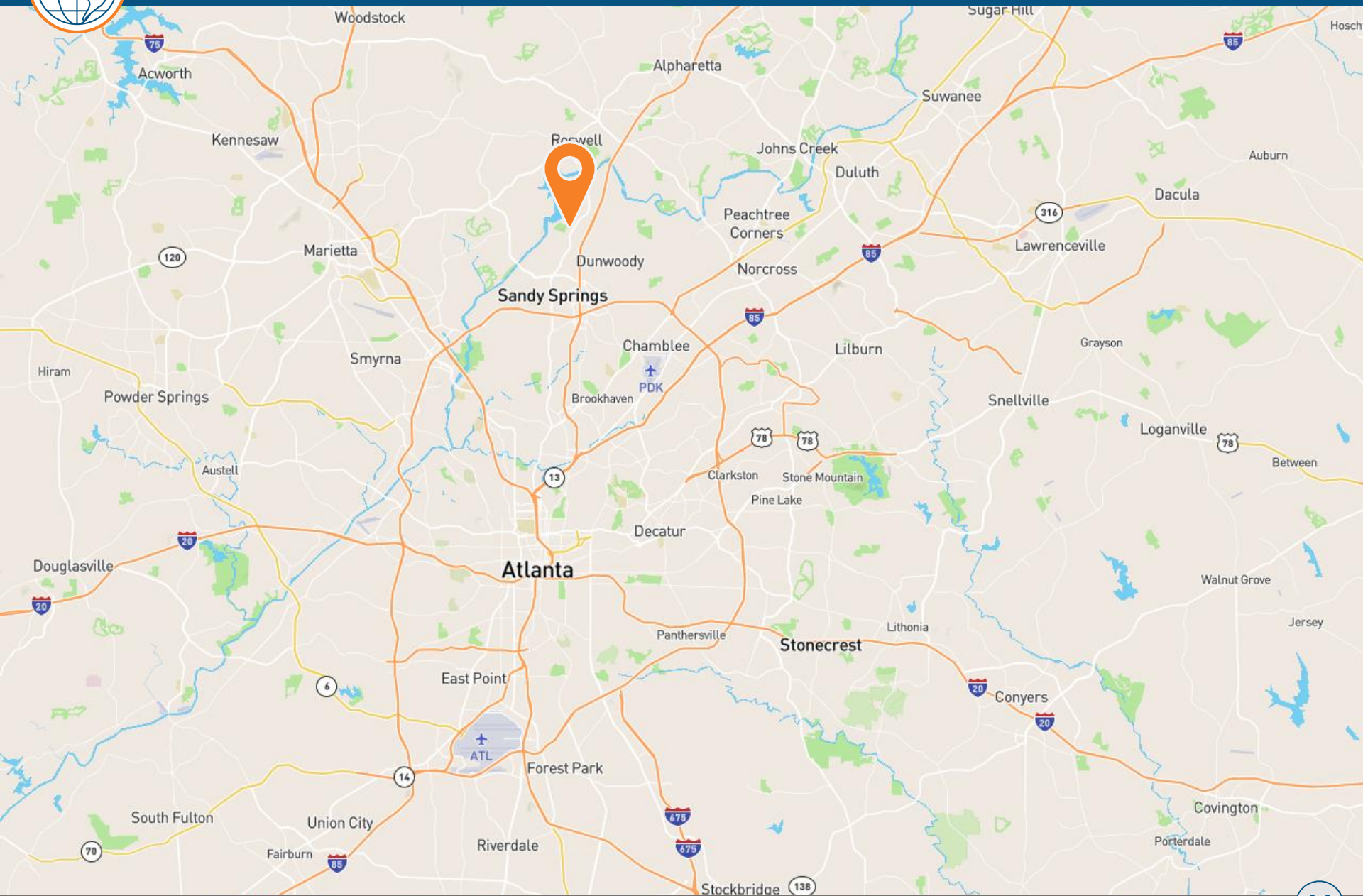
Atlanta is the capital and most populous city in the U.S. state of Georgia. With an estimated 2018 population of 498,044, it is also the 37th most-populous city in the United States. Atlanta is rated as a "beta(+)" world city that exerts a moderate impact on global commerce, finance, research, technology, 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 nations 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.





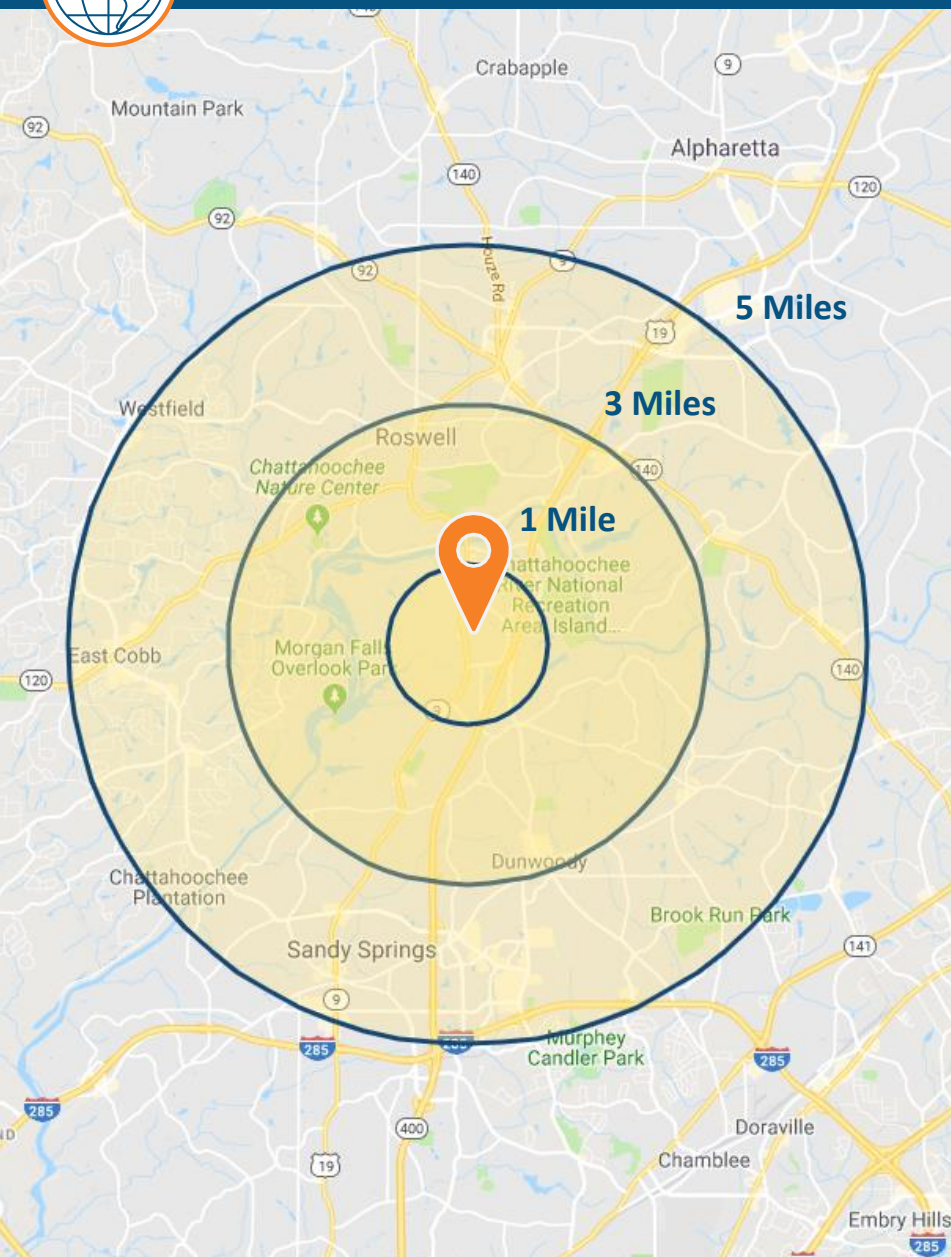
Regional Map

Wendy's





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Cox Holdings Inc	20,277
Angelica	6,573
World Travel Partners Group	5,400
Advance Security	5,173
Altisource Holdings LLC	3,500
UPS	3,498
Allscripts Hlthcare Sltions Inc	2,800
AT&T	2,759
Arbys	2,535
Bobcat Company	2,500
Soverign Hlthcare Holdings LLC	2,500
Simmons Holdings LLC	2,295

of Employees based on 5 mile radius

DEMOGRAPHICS

Population

	1 Mile	3 Miles	5 Miles
2023 Projection	12,254	82,264	229,590
2018 Estimate	11,960	79,063	218,638
2010 Census	11,117	73,648	200,146
2000 Census	10,897	70,740	182,977

Income

Average	\$92,254	\$128,220	\$135,110
Median	\$55,752	\$79,809	\$89,798
Per Capita	\$44,106	\$55,350	\$56,974

Households

2023 Projection	5,860	35,648	97,620
2018 Estimate	5,707	34,103	92,124
2010 Census	5,378	31,956	84,390
2000 Census	5,581	30,976	75,110

Employment

2018 Daytime Population	13,644	64,754	259,494
2018 Unemployment	4.64%	3.48%	3.34%
2018 Median Time Traveled	26 Mins	29 Mins	28 Mins

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



GA BROKER OF RECORD:

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