

WENDY'S

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



OFFERING MEMORANDUM



3351 W. Tecumseh Road
Norman, OK 73707

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Brand New Construction | Expected to Open November 2019
- ✓ Affluent Population | Average Household Income Exceeds \$121,416 within a One-Mile Radius
- ✓ Strong Traffic Counts | W. Tecumseh Road, 36th Ave NW, and I-35 | Average Daily Traffic Counts Exceeding 20,417, 14,020, and 79,084 Vehicles
- ✓ Compelling Location Fundamentals | Located Across the Street from Norman Regional HealthPlex | A 168-Bed Facility

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: \$2,330,097 | CAP RATE: 5.15% | RENT: \$120,000

THE OFFERING

Purchase Price	\$2,330,097
CAP Rate	5.15%
Annual Rent	\$120,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	3351 W Tecumseh Road
City, State ZIP	Norman, OK 73072
Building Size (SF)	2,164
Lot Size (Acres)	+/- 0.71
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 3351 W Tecumseh Road in Norman, OK. The property consists of 2,164 square feet of building space and is situated on approximately 0.71 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.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%

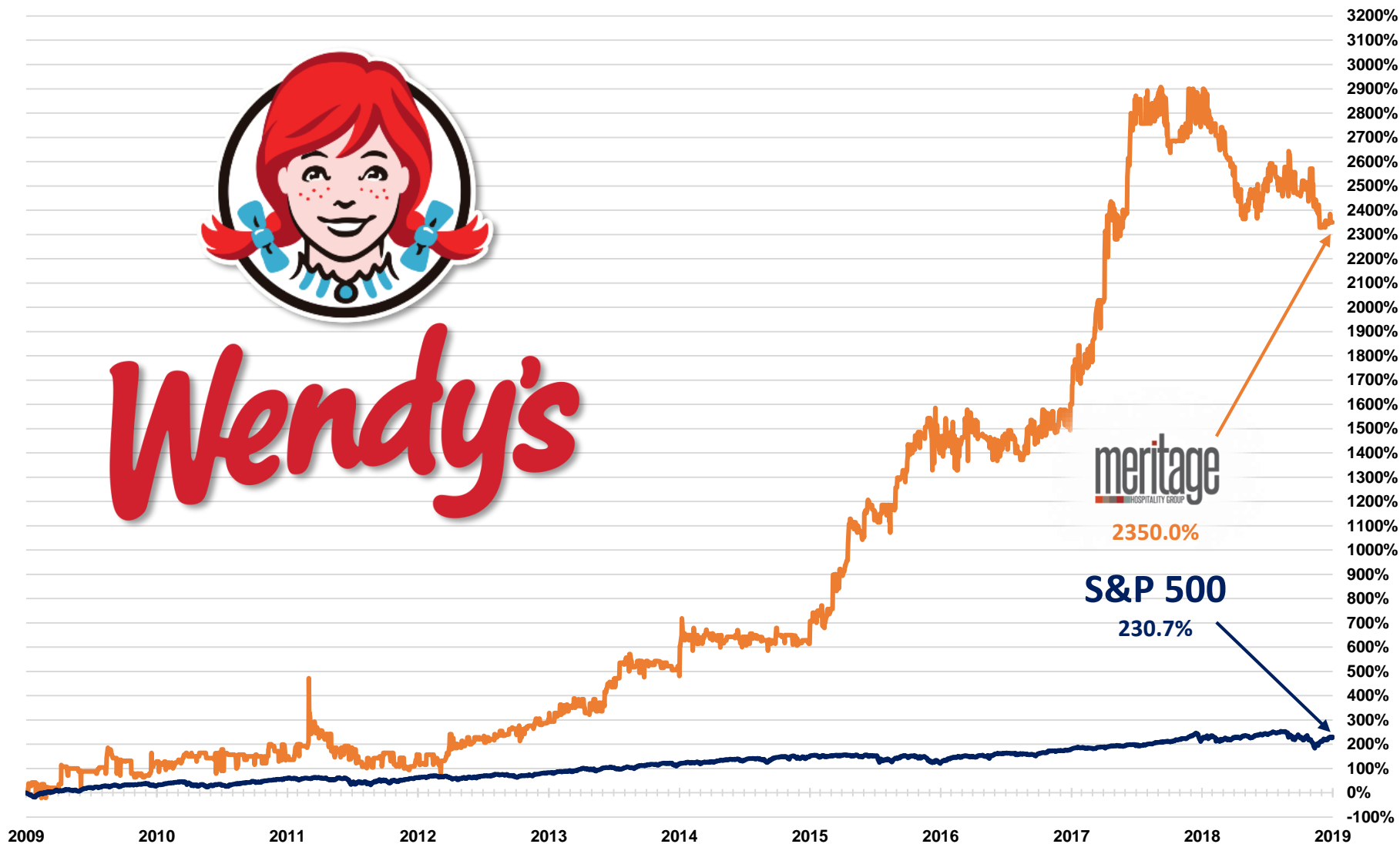
Wendy's



10-Year Historical Performance



Wendy's





Surrounding Area

Wendy's

True to your money
MIDFIRST BANK

ARVEST
BANK

CVS
pharmacy

W. Tecumseh Road

Wendy's

anatole
at NORMAN

Pizza
Hut

SONIC

SUPERCUTS

McDonald's

SUBWAY

NORMAN
REGIONAL
Health System

Wendy's

Marcus & Millichap



Location Overview

This Wendy's property is located 3351 W. Tecumseh Road in Norman, OK. Norman is a city in the U.S. State of Oklahoma located 20 miles south of downtown Oklahoma City.

SURROUNDING RETAIL & POINTS OF INTEREST

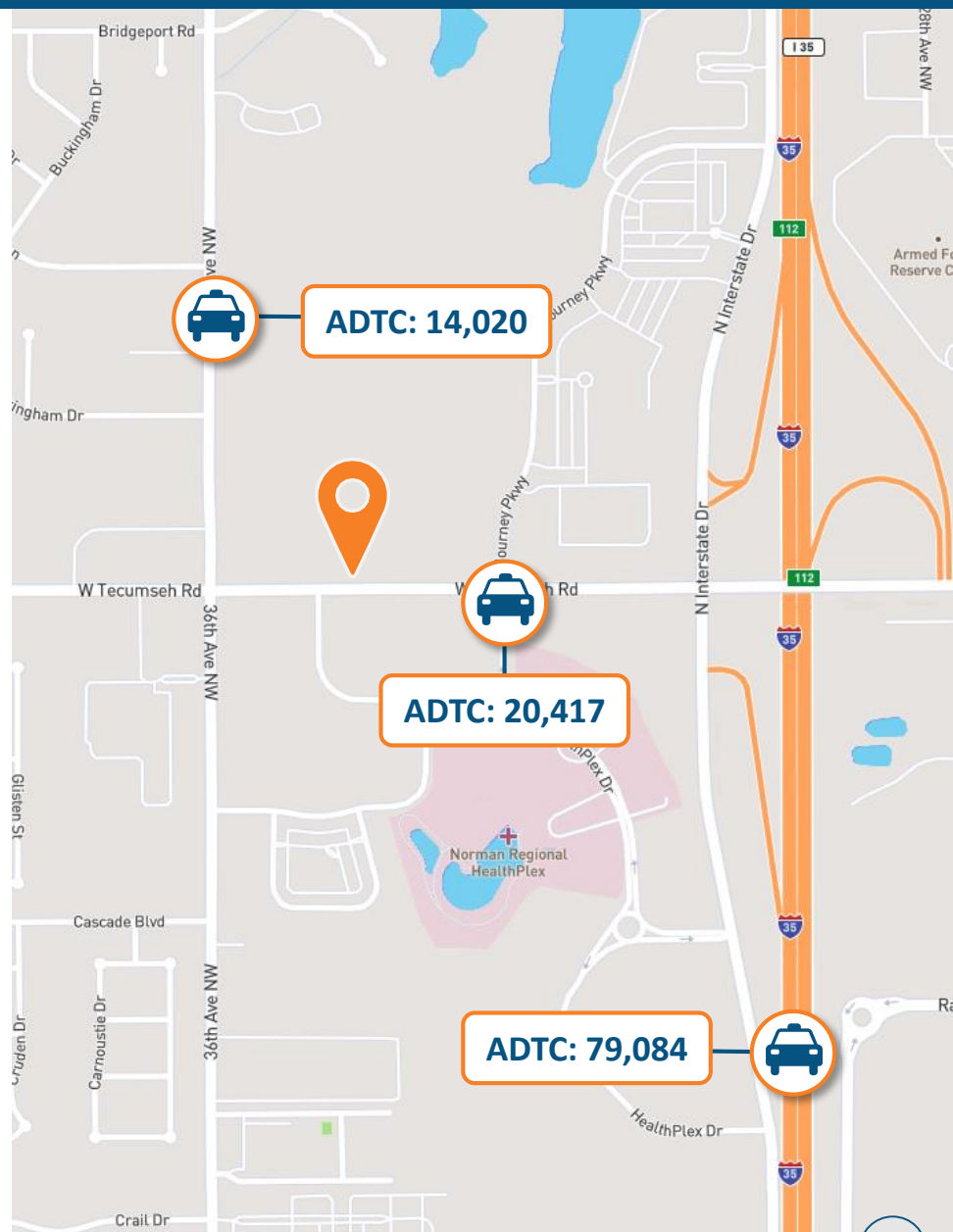
The subject property is well-positioned in an industrial and medical park surrounded by national and local tenants, hospitality accommodations, and academic institutions. Major national tenants in the surrounding area include: CVS Pharmacy, Walmart Neighborhood Market, 7-Eleven, Pizza Hut, McDonalds, Sonic Drive-In, as well as several others. This Wendy's benefits from being located directly across the street from Norman Regional HealthPlex. Norman Regional HealthPlex is a 168-bed, state-of-the-art specialty hospital with three main areas of service: cardiology and cardiovascular services, orthopedic and spine services and women's and children services. The subject property is located just over five-miles from University of Oklahoma, a public research university, with over 31,702 students enrolled.

TRAFFIC COUNTS & DEMOGRAPHICS

This subject property benefits from being situated on W Tecumseh Road which boasts average daily traffic counts exceeding 20,417 vehicles per day. W Tecumseh Road intersects with I-35 and 36th Ave NW which brings an additional 79,084 and 14,020 vehicles into the immediate area daily. There are over 31,416 individuals residing within a three-mile radius and more than 103,559 individuals within a five-mile radius. This Wendy's property benefits from being located in an affluent suburban community with the average household income of \$121,416 within a one-mile radius.

NORMAN, OK

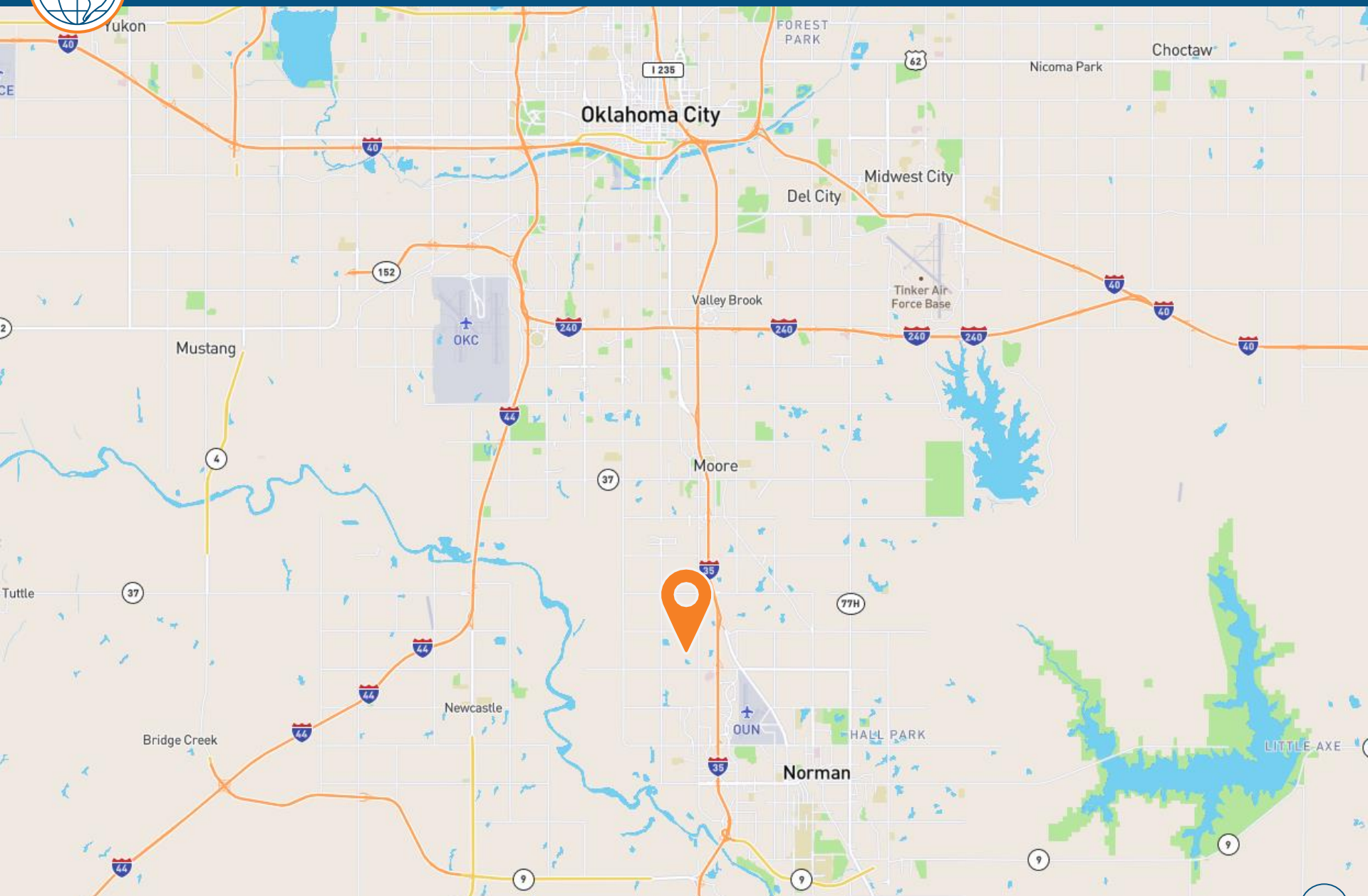
Norman is the county seat of Cleveland County and a part of the Oklahoma City metropolitan area. The city is home to the University of Oklahoma which employs over 10,700 personnel across three campuses, making it a significant driver of Norman's economy. Norman is also home of the National Weather Center, a cooperative research effort between the University of Oklahoma and the National Oceanic and Atmospheric Administration that houses a number of weather- and climate- related organizations. As a result of this on-going academic and public weather research, several private meteorological businesses are present in the city, including Weathernews Americas, Inc., Vieux and Associates Inc., Weather Decision Technologies; WeatherBank, Inc., and Computational Geosciences, Inc. The University of Oklahoma sponsors many collegiate sporting events in Norman. During football season, the Oklahoma Sooners football program contributes significantly to Norman's economy. During game day weekends, Norman sees an influx in out of town traffic from all over the country with over 80,000 people routinely attending football games. Norman's local businesses, especially areas around campus and Campus Corner, benefit greatly from the game day traffic alone. The program ranks in the top 10 of ESPN's top college football money-makers with home games generating revenues at approximately \$59 million and game day operating expenses at about \$6.1 million.





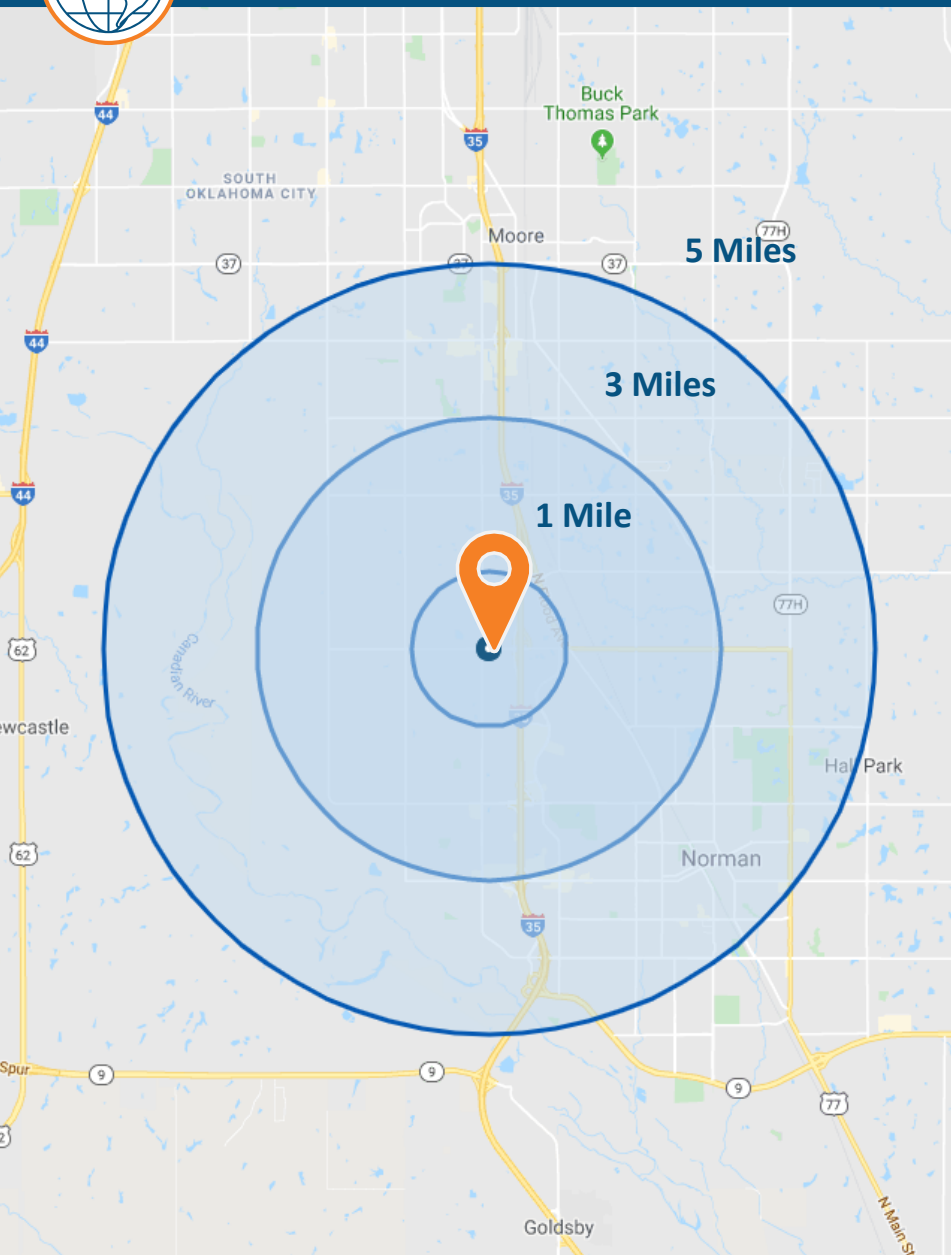
Regional Map

Wendy's





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
University Of Oklahoma Office	2,400
NORMAN REGIONAL HOSPITAL	1,411
Walmart	1,375
Johnson Controls Inc	1,000
University of Oklahoma	769
Abbott Laboratories	764
Jci	600
Griffin Memorial Hospital	500
Norman Moore Technology Center	500
Norman Regional Hospital Auth	408
City of Norman	383

of Employees based on 5 mile radius

DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population			
2023 Projection	6,228	34,433	111,547
2018 Estimate	5,465	31,416	103,599
2010 Census	4,335	26,889	92,237
2000 Census	2,519	20,378	74,952
Income			
Average	\$121,416	\$113,310	\$86,825
Median	\$101,163	\$82,999	\$66,846
Per Capita	\$41,579	\$44,609	\$34,455
Households			
2023 Projection	2,156	13,593	44,111
2018 Estimate	1,872	12,358	40,637
2010 Census	1,481	10,544	35,984
2000 Census	866	8,072	29,265
Employment			
2018 Daytime Population	4,338	29,488	130,078
2018 Unemployment	1.89%	2.56%	3.51%
2018 Median Time Traveled	23 Mins	22 Mins	22 Mins

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



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