

WENDY'S

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



OFFERING MEMORANDUM



2929 Ferndale Road
Goshen, IN 46571

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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

- ✓ Dense Retail Corridor | National Tenants Include: Walmart, Lowe's, Meijer, Target, Aldi, Hobby Lobby, JCPenney, Jo-Ann, Staples, Kohl's, and More
- ✓ Goshen is Situated Just 23 Miles Outside of South Bend | Home to Notre Dame University
- ✓ Strong Demographics | 184,100 Individuals within a Ten-Mile Radius
- ✓ Highly Trafficked Location | Lincoln Highway Experiences Traffic Counts in Excess of 23,700 Vehicles Per Day
- ✓ Goshen and Concord High School | Combined Total Enrollment Exceeding 3,500 Students

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

PURCHASE PRICE: \$2,285,714 | CAP RATE: 5.25% | RENT: \$120,000

THE OFFERING

Purchase Price	\$2,285,714
CAP Rate	5.25%
Annual Rent	\$120,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	2929 Ferndale Road
City, State ZIP	Goshen, IN 46517
Building Size (SF)	4,866
Lot Size (Acres)	1.08
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 2929 Ferndale Road in Shelly, IN. The property consists of 4,866 square feet of building space and is situated on approximately 1.08 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%

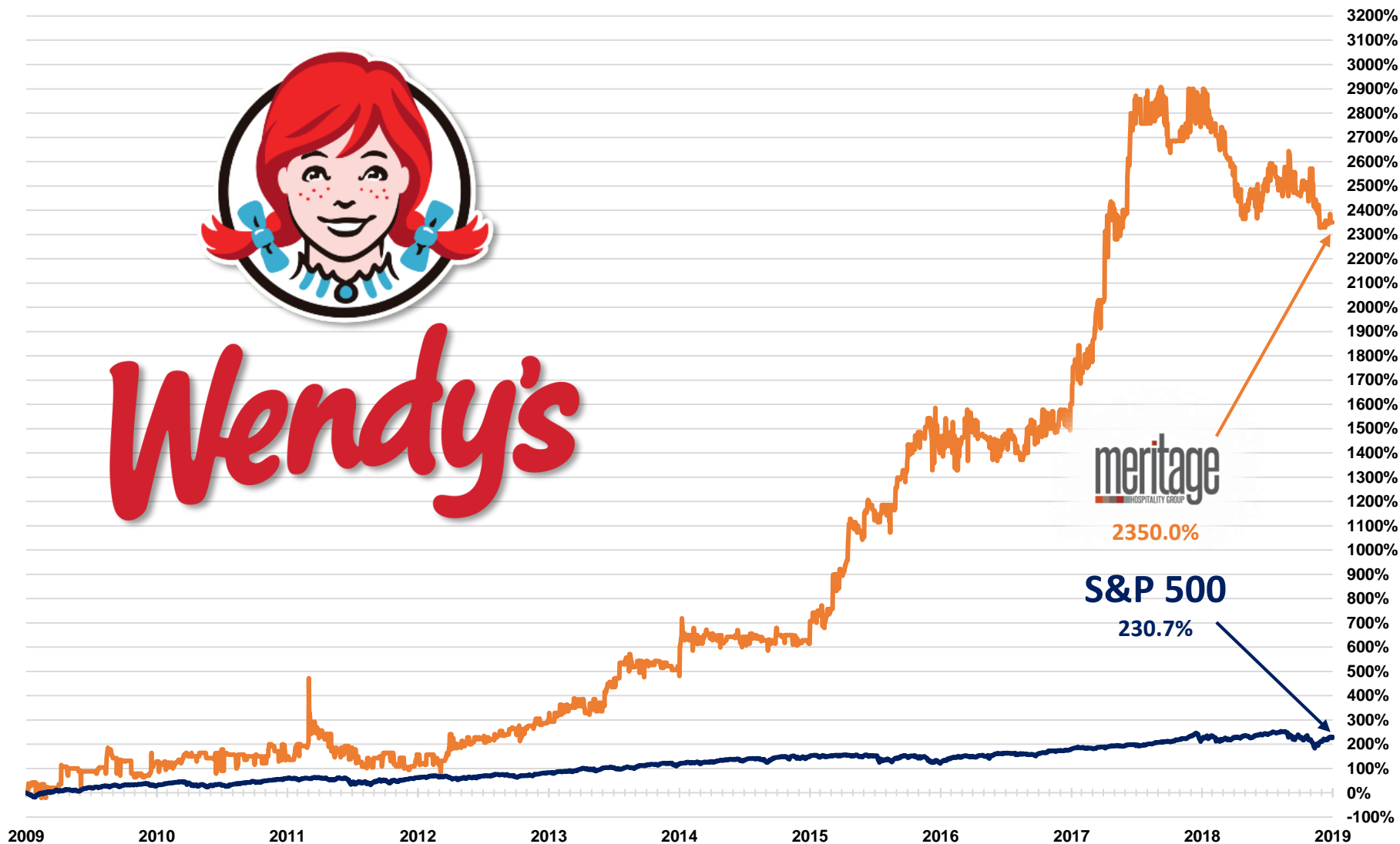
Wendy's



10-Year Historical Performance



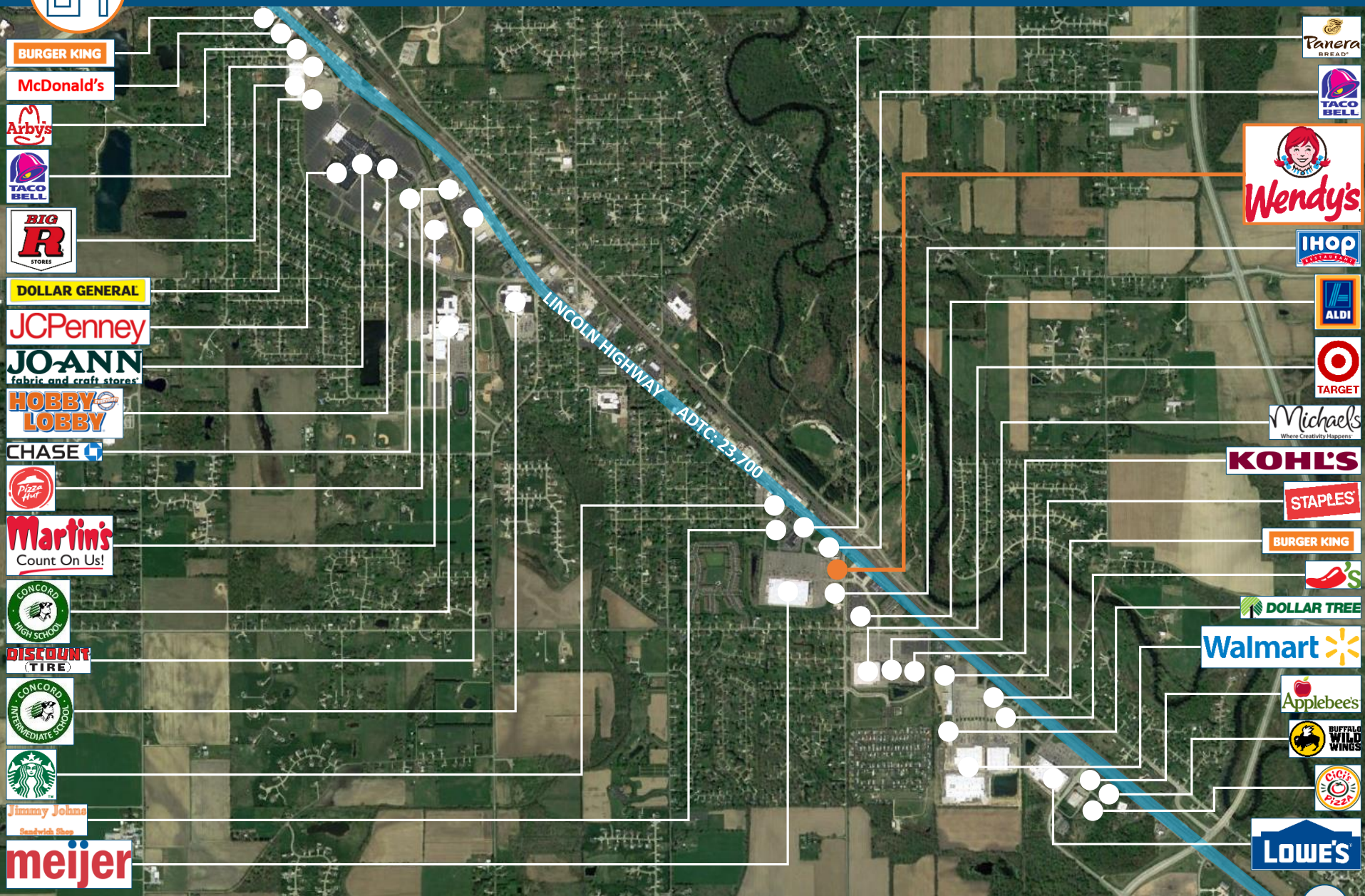
Wendy's





Surrounding Area

Wendy's





Location Overview

This Wendy's property is located at 2929 Ferndale Road, in Goshen, Indiana. Goshen is a city in and the county seat of Elkhart County, Indiana.

SURROUNDING RETAIL & POINTS OF INTEREST

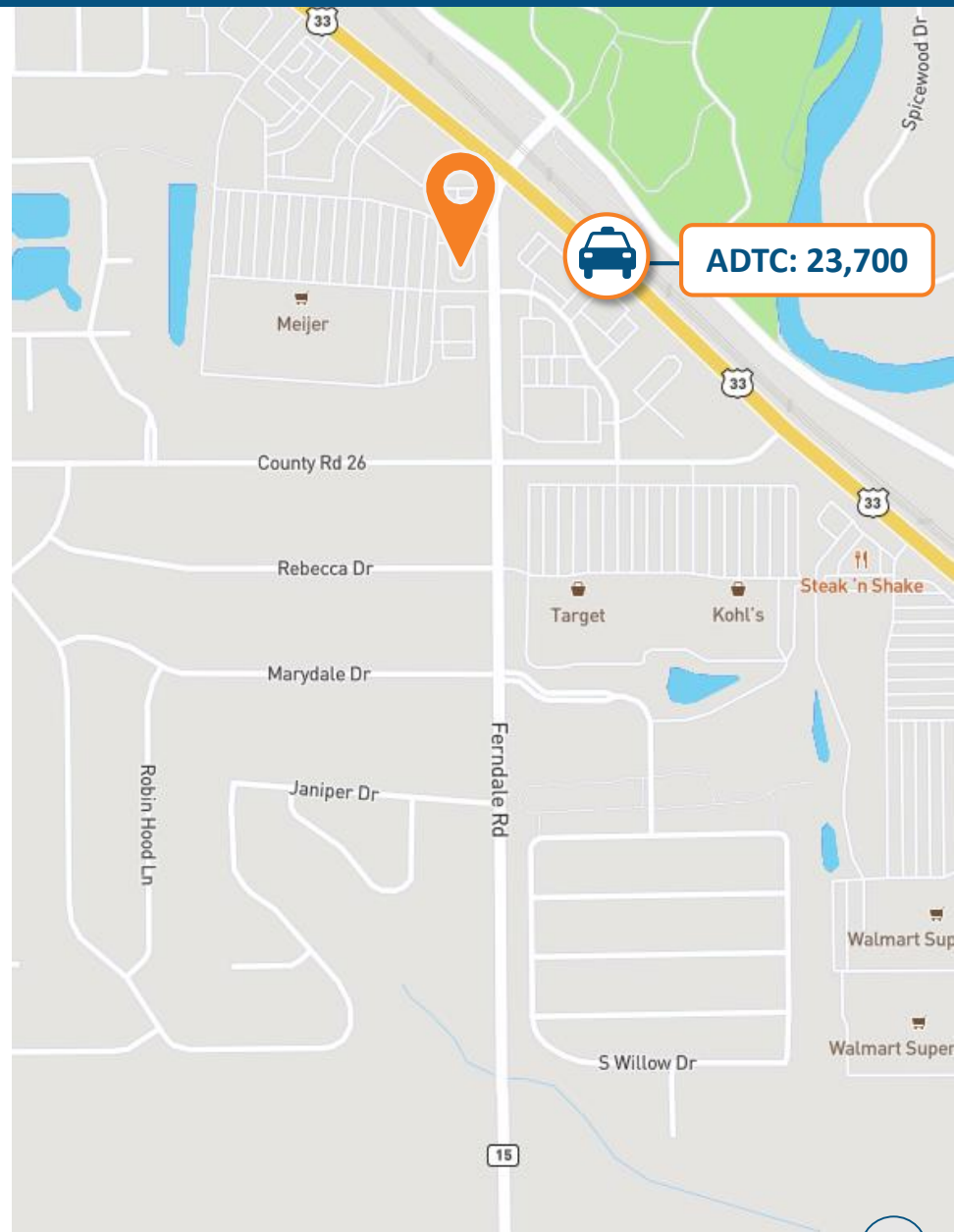
The subject property benefits from being well-positioned in a highly dense retail corridor consisting of national and local tenants, shopping centers, and academic institutions all within close proximity of this property. Major national tenants include: Walmart, Lowe's, Meijer, Target, Aldi, Hobby Lobby, JCPenney, Jo-Ann, Staples, Kohl's, Michael's, Dollar General, Dollar Tree, as well as many others. This Wendy's property also benefits from being situated within a one-mile radius of several academic institutions. The most notable being Concord High School and Goshen High School, which have a combined total enrollment exceeding 3,500 students.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has very strong demographics, with approximately 73,700 people residing within a five-mile radius and 184,100 people within a ten-mile radius of this property. This Wendy's is located on Ferndale Road, which intersects with Lincoln Highway. Lincoln Highway boasts significant traffic counts of 23,700 vehicles per day, respectively.

GOSHEN, IN

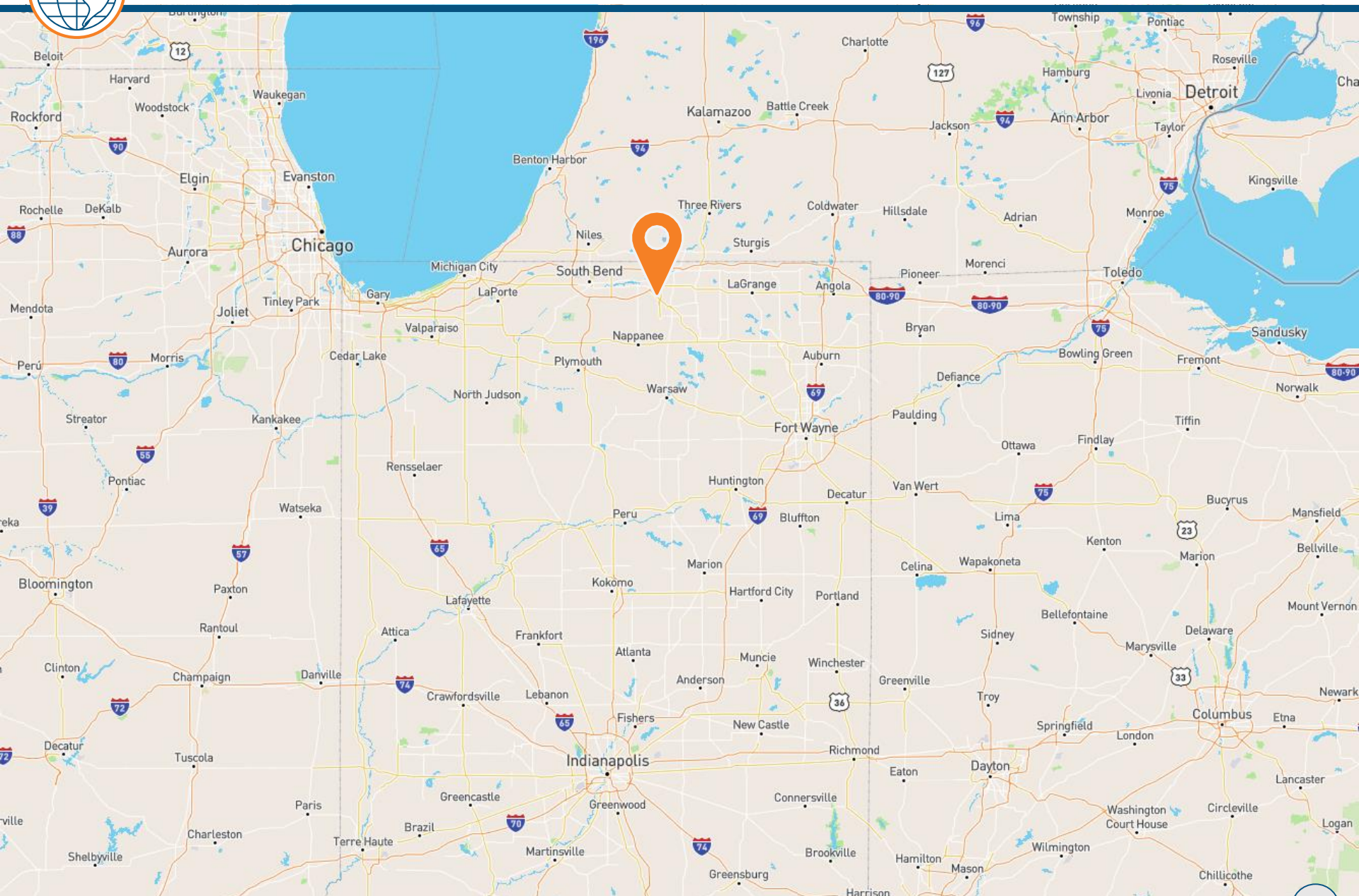
Goshen is a city in and the county seat of Elkhart County, Indiana, United States. It is the smaller of the two principal cities of the Elkhart-Goshen Metropolitan Statistical Area, which in turn is part of the South Bend-Elkhart-Mishawaka Combined Statistical Area. It is located in the northern part of Indiana near the Michigan border, in a region known as Michiana. Goshen is located 10 miles southeast of Elkhart, 25 miles southeast of South Bend, 120 miles east of Chicago, and 150 miles north of Indianapolis. The city is known as a major recreational vehicle and accessories manufacturing center, the home of Goshen College, a small Mennonite liberal arts college, and the Elkhart County 4-H Fair, one of the largest county fairs in the United States. There are automotive component manufacturers like Benteler; firms that build custom bodies onto chassis like Supreme, Independent Protection and Showhauler Trucks. RV manufacturing companies include Dutchmen, Forest River and Keystone. Goshen Community Schools serves the portion of the city in Elkhart Township. This system consists of seven elementary schools, Goshen Middle School, and Goshen High School. In 2012, U.S. News & World Report ranked Goshen High School as the 12th best high school in Indiana, as well as in the top 6% of high schools in the entire country. The district has a total enrollment exceeding 6,700 students.





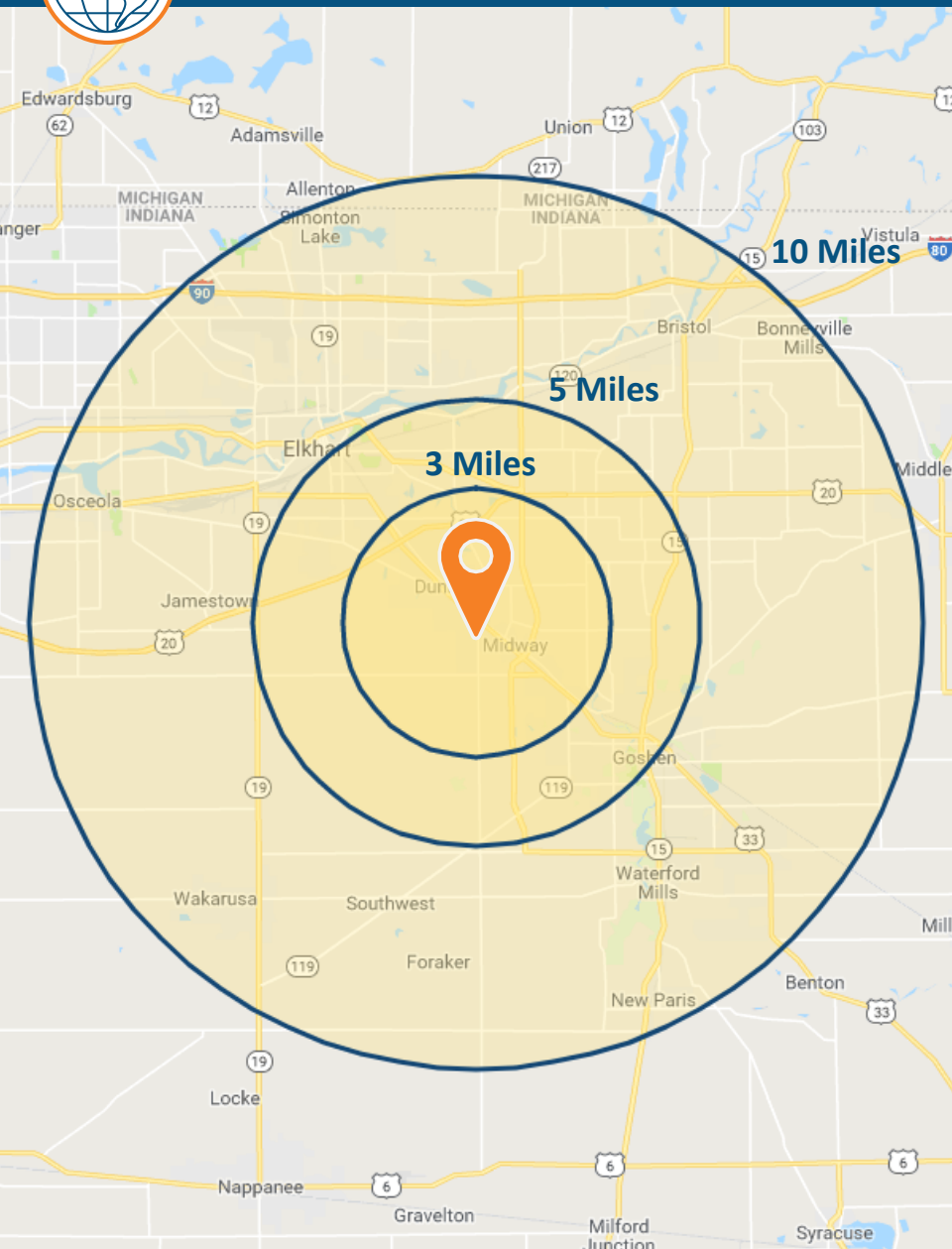
Regional Map

Wendy's





Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Supreme Corporation	2,708
Memorial Hospital of South Bend	1,300
Walmart	1,060
Goshen Health System Inc	1,050
Homecrest Cabinetry	1,025
Lippert Components Manufacturing Inc	750
Utilimaster Holdings Inc	750
Forest River Inc	725
Goshen Hospital Womens Center	679
Kinro Manufacturing Inc	670
Lippert Components Inc	659

of Employees based on 10 mile radius

DEMOGRAPHICS

Population

	3 Miles	5 Miles	10 Miles
2023 Projection	23,180	75,628	190,123
2018 Estimate	22,935	73,709	184,199
2010 Census	22,077	71,526	178,727
2000 Census	18,676	65,945	166,363

Income

	3 Miles	5 Miles	10 Miles
Average	\$74,940	\$67,576	\$69,064
Median	\$61,573	\$53,659	\$55,895
Per Capita	\$26,941	\$23,384	\$25,257

Households

	3 Miles	5 Miles	10 Miles
2023 Projection	8,379	26,256	69,991
2018 Estimate	8,177	25,182	66,721
2010 Census	7,803	24,237	64,112
2000 Census	6,734	23,314	60,861

Employment

	3 Miles	5 Miles	10 Miles
2018 Daytime Population	17,697	64,942	194,112
2018 Unemployment	2.66%	3.74%	3.44%
2018 Median Time Traveled	21 Mins	20 Mins	21 Mins

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



IN BROKER OF RECORD:

Josh Caruana
Marcus & Millichap
Lic # RB14034355