

WENDY'S

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



OFFERING MEMORANDUM



301 W Hively Ave
Elkhart, IN 46517

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Elkhart General Hospital | Located Three-Miles From the Subject Property | A 357-Bed Facility with Over 2,000 Employees
- ✓ Strong Academic Presence | Elkhart Central and Memorial High Schools | Combined Enrollment Exceeding 3,600 Students
- ✓ Heavily Trafficked Area | W Hively Ave and S Main St | Over 14,000 and 16,000 Vehicles Per Day on Average

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: \$2,285,714 | 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	301 W Hively Ave
City, State ZIP	Elkhart, IN 46517
Building Size (SF)	2,400
Lot Size (Acres)	+/- 0.64
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 301 W Hively Ave in Elkhart, IN. The property consists of 2,400 square feet of building space and is situated on approximately 0.64 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%

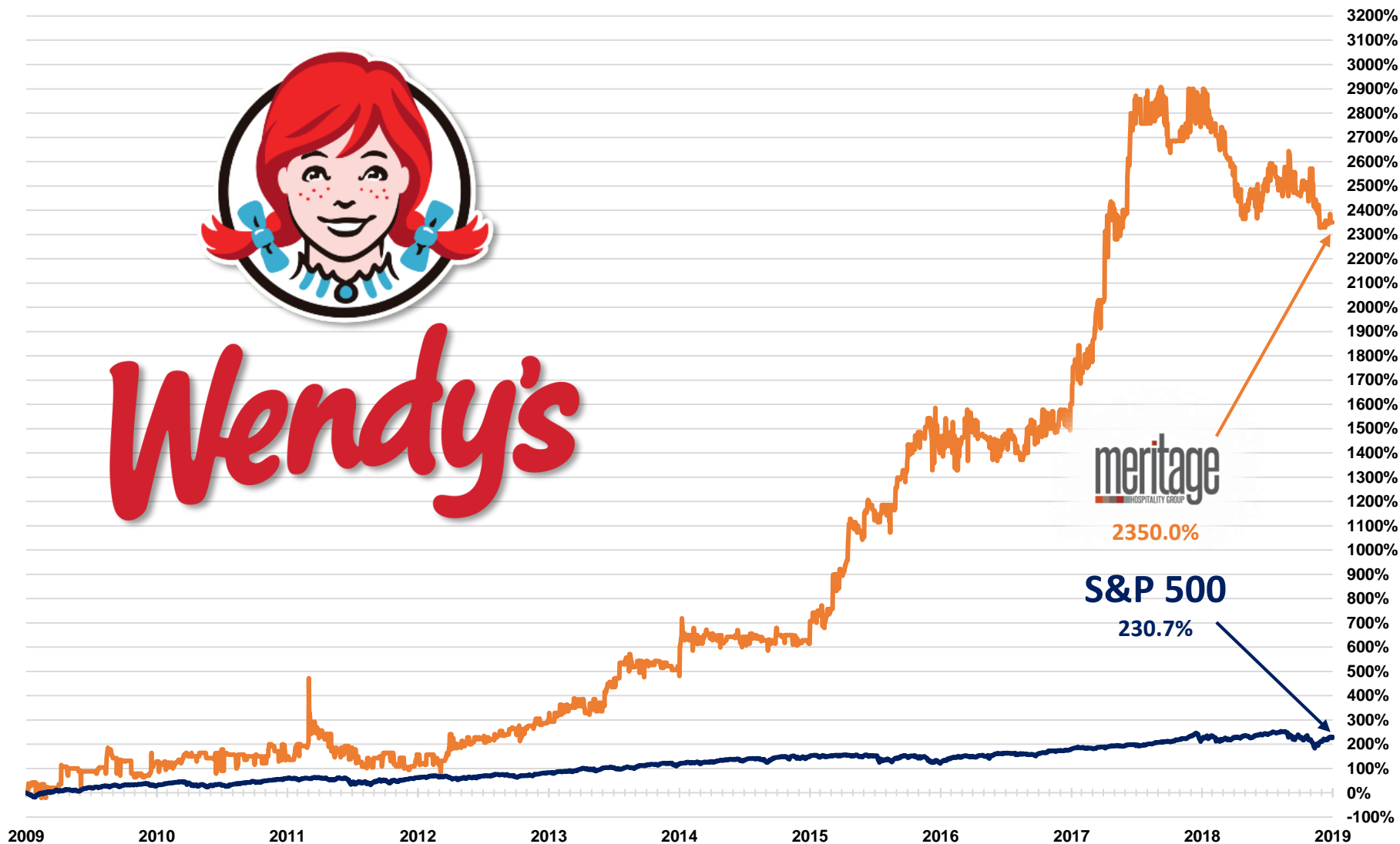
Wendy's



10-Year Historical Performance



Wendy's





Surrounding Area

Wendy's



Wendy's

Marcus & Millichap



Location Overview



This Wendy's property is located at 301 W Hively Ave in Elkhart, IN. Elkhart is a city in Elkhart County, IN. Elkhart has the larger population of the two principal cities of the Elkhart-Goshen Metropolitan Statistical Area.

SURROUNDING RETAIL & POINTS OF INTEREST

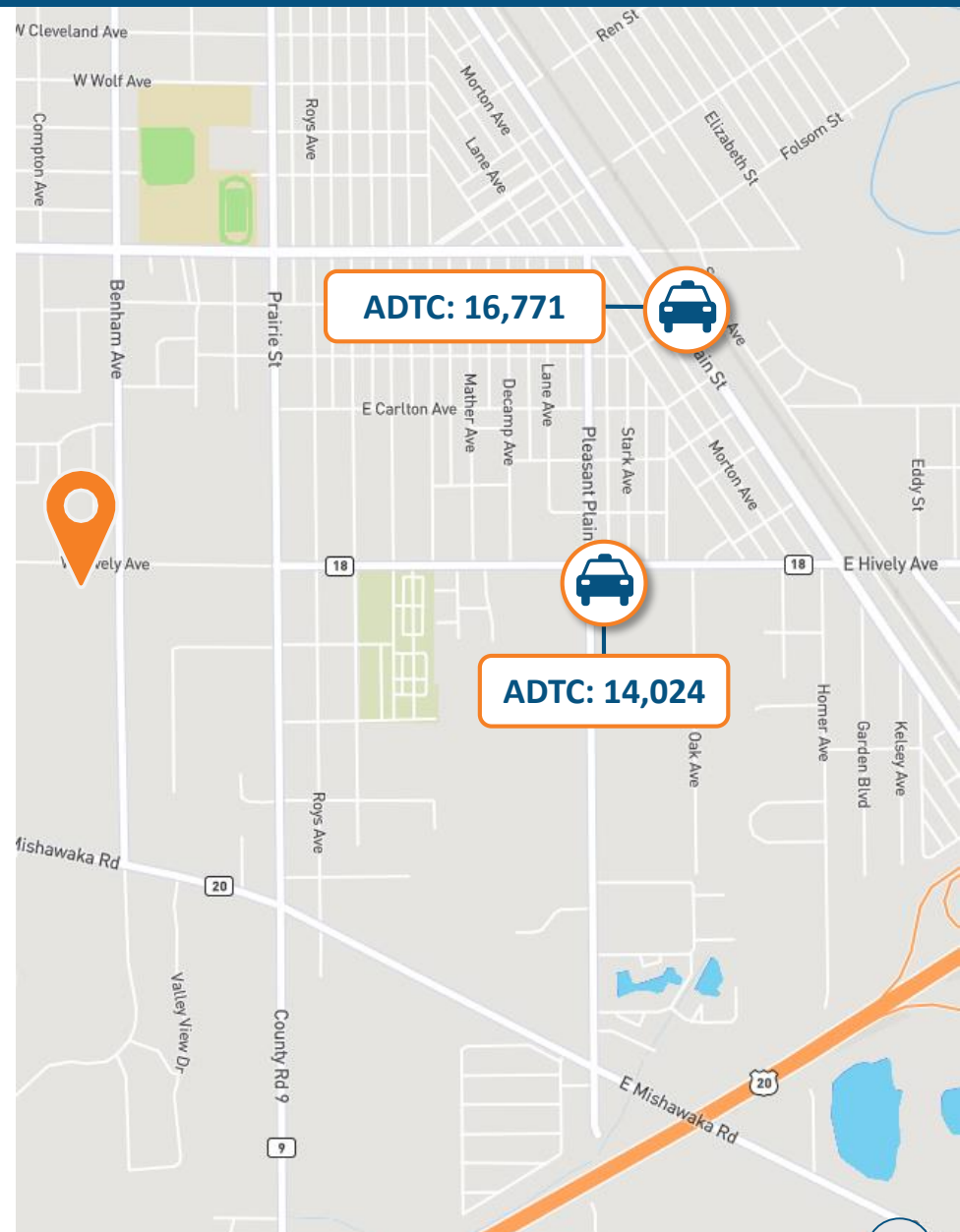
The subject property is well-positioned in a strong retail corridor with national and local tenants, shopping centers, hospitals, and academic institutions. Located across the street from Woodland Crossing shopping center, national tenants in the surrounding area include: Sears, Kroger, CVS Pharmacy, Walgreens, Big Lots, Family Dollar, Subway, as well as several others. The subject Wendy's property benefits from being located just under three miles from Elkhart General Hospital. Elkhart General Hospital is a 357-licensed-bed hospital comprised of over 300 physicians representing more than 30 medical specialties, and nearly 2,000 employees serve in nursing, technical, administrative and support capacities. The subject property benefits from being located within a five-mile radius of several academic institutions. Most notable of these being Elkhart Central and Memorial High Schools with a combined enrollment exceeding 3,600 students.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 51,023 people residing within a three-mile radius and 92,696 people within a five-mile radius of the subject property. This Wendy's is located on W Hively Ave which experiences average daily traffic counts of 14,024 vehicles. W Hively Ave intersects with S Main St which brings an additional 16,771 vehicles into the immediate area daily.

ELKHART, IN

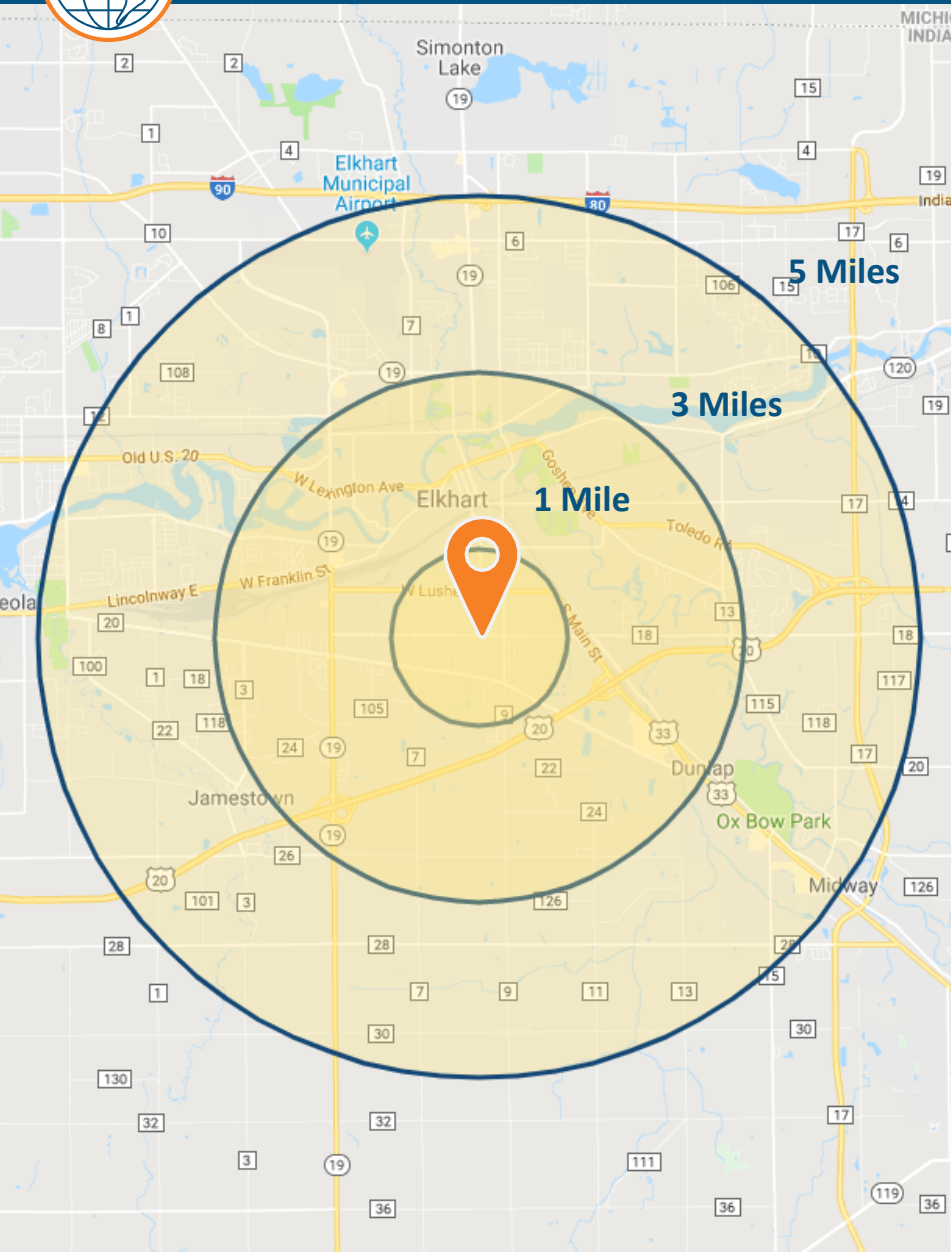
Elkhart is a city in Elkhart County, Indiana, located 15 miles east of South Bend, Indiana, 110 miles east of Chicago, Illinois, and 150 miles north of Indianapolis, Indiana. Elkhart is best known for two industries: recreational vehicles and musical instruments. It has been referenced as the "RV Capital of the World" and the "Band Instrument Capital of the World" for decades. Elkhart is home to many Recreational vehicle (RV) manufacturers, boat manufacturers, and van conversion companies, including Bennington Marine, Forest River Inc, Keystone, as well others. Other notable industries in Elkhart include: pharmaceuticals, electronic components, manufactured housing, and mobile homes. Farming also plays a big role in the local economy along with other smaller industries. Tourism rounds out Elkhart County's economy. Destinations such as Das Dutchman Essenhaus in Middlebury and Amish Acres in Nappanee along with annual events such as the Elkhart Jazz Festival, the Amish Acres Arts Crafts Festival, and the Elkhart County 4 H Fair draw in thousands of tourists every year. The Fair is the second largest county fair in the United States. Indiana as a whole ranks high in low taxes and low costs of doing business. Due to the heavy volume of manufacturing jobs traditionally found in Elkhart, economic downturns have led to greater tax benefits to further incentivize businesses to invest, develop, and relocate. Furthermore, a strong network of supply industries helps support these and other industries.







Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Memorial Hospital Of South Bend	1,300
Walmart	740
Conn-Selmer Inc	640
Aip/Fw Funding Inc	598
Atwood Mobile Products LLC	512
Meijer 127	475
Duncan Systems	472
Crown Audio	450
Forest River Inc	415
Carpenter Co	400
MSC Industrial Supply	400
Oaklawn Psychiatric Center	400

of Employees based on 5 mile radius

DEMOGRAPHICS

	1 Mile	3 Miles	5 Miles
Population			
2023 Projection	11,869	50,959	94,928
2018 Estimate	11,985	51,023	92,696
2010 Census	11,752	49,846	90,559
2000 Census	12,026	48,877	88,319
Income			
Average	\$51,979	\$56,738	\$64,461
Median	\$43,287	\$45,416	\$51,070
Per Capita	\$17,836	\$20,969	\$24,150
Households			
2023 Projection	4,100	19,072	35,956
2018 Estimate	4,039	18,691	34,497
2010 Census	3,941	18,092	33,304
2000 Census	4,254	18,143	32,960
Employment			
2018 Daytime Population	10,647	55,637	101,805
2018 Unemployment	6.54%	4.87%	4.10%
2018 Median Time Traveled	20 Mins	20 Mins	20 Mins



Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



IN BROKER OF RECORD:

Josh Caruana
Marcus & Millichap
Lic # RB14034355