

WENDY'S

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



OFFERING MEMORANDUM



1799 Meriden-Waterbury Turnpike
Southington, CT 06489

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Brand New Construction | Expected to Open December 2019
- ✓ Strong Traffic Counts | Meriden-Waterbury Turnpike and I-84 | Average Daily Traffic Counts Exceed 16,789 and 105,334 Vehicles
- ✓ Affluent Suburban Community | Average Household Income Within a One-Mile Radius Exceeds \$111,989
- ✓ Dense Retail Corridor | Home Depot, Dollar General, Dunkin' Donuts, Burger King, Subway, Dairy Queen, Comfort Suites, Econo Lodge, as well as several others

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: \$2,800,000 | CAP RATE: 5.00% | RENT: \$140,000

THE OFFERING

Purchase Price	\$2,800,000
CAP Rate	5.00%
Annual Rent	\$140,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	1799 Meriden-Waterbury Turnpike
City, State ZIP	Southington, CT 06489
Building Size (SF)	2,584
Lot Size (Acres)	+/- 1.47
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	\$140,000	\$11,667	-
Year 2	\$140,000	\$11,667	-
Year 3	\$141,750	\$11,813	1.25%
Year 4	\$143,522	\$11,960	1.25%
Year 5	\$145,316	\$12,110	1.25%
Year 6	\$147,132	\$12,261	1.25%
Year 7	\$148,972	\$12,414	1.25%
Year 8	\$150,834	\$12,569	1.25%
Year 9	\$152,719	\$12,727	1.25%
Year 10	\$154,628	\$12,886	1.25%
Year 11	\$156,561	\$13,047	1.25%
Year 12	\$158,518	\$13,210	1.25%
Year 13	\$160,499	\$13,375	1.25%
Year 14	\$162,506	\$13,542	1.25%
Year 15	\$164,537	\$13,711	1.25%
Year 16	\$166,594	\$13,883	1.25%
Year 17	\$168,676	\$14,056	1.25%
Year 18	\$170,785	\$14,232	1.25%
Year 19	\$172,919	\$14,410	1.25%
Year 20	\$175,081	\$14,590	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 1799 Meriden-Waterbury Turnpike in Southington, CT. The property consists of 2,584 square feet of building space and is situated on approximately 1.47 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%

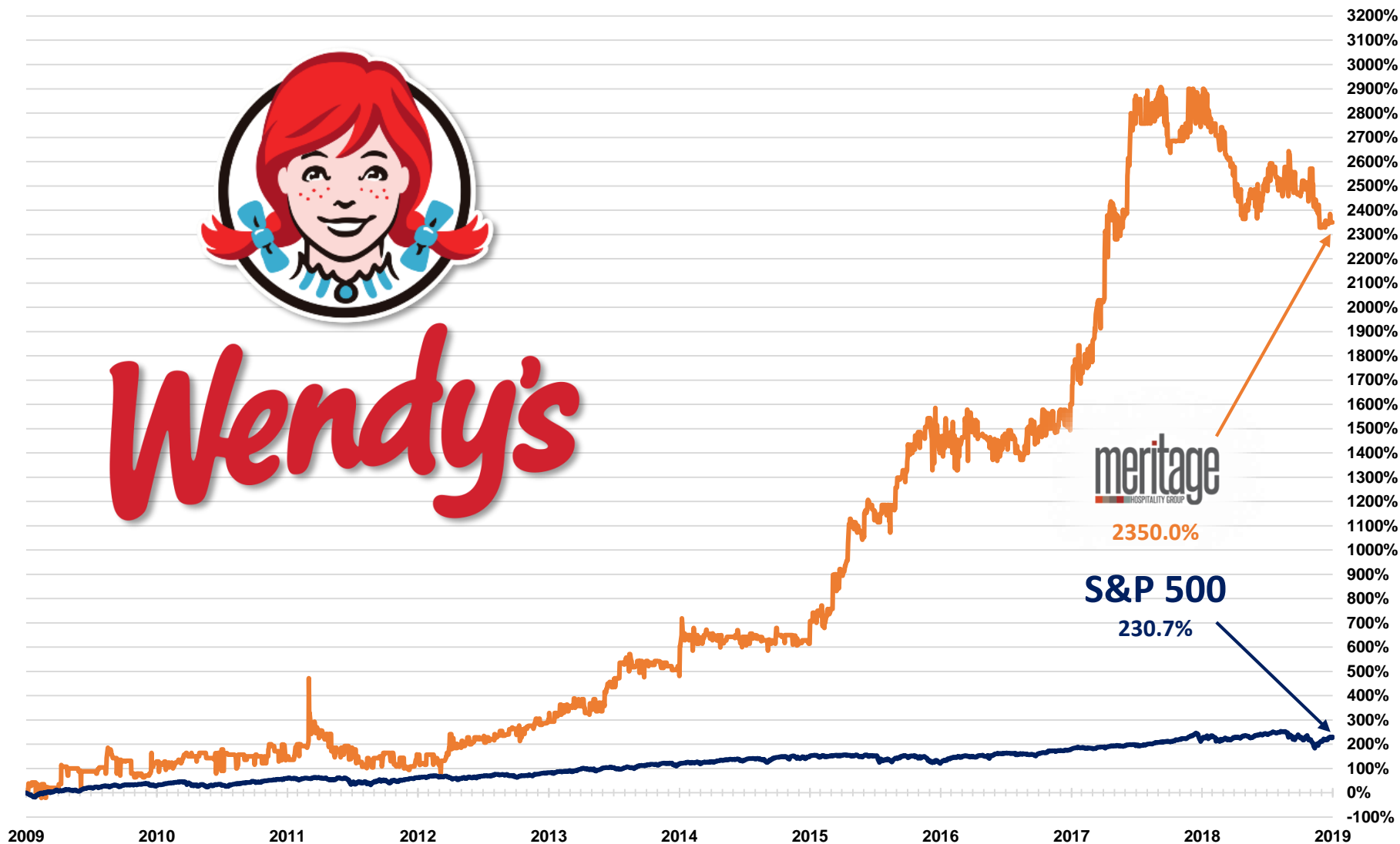
Wendy's



10-Year Historical Performance



Wendy's





Surrounding Area

Wendy's



Marcus & Millichap



Location Overview

Wendy's

This Wendy's property is located at 1799 Meriden-Waterbury Turnpike, Southington, CT. Southington is a town in Hartford County and contains the villages of Marion, Milldale, and Plantsville.

SURROUNDING RETAIL & POINTS OF INTEREST

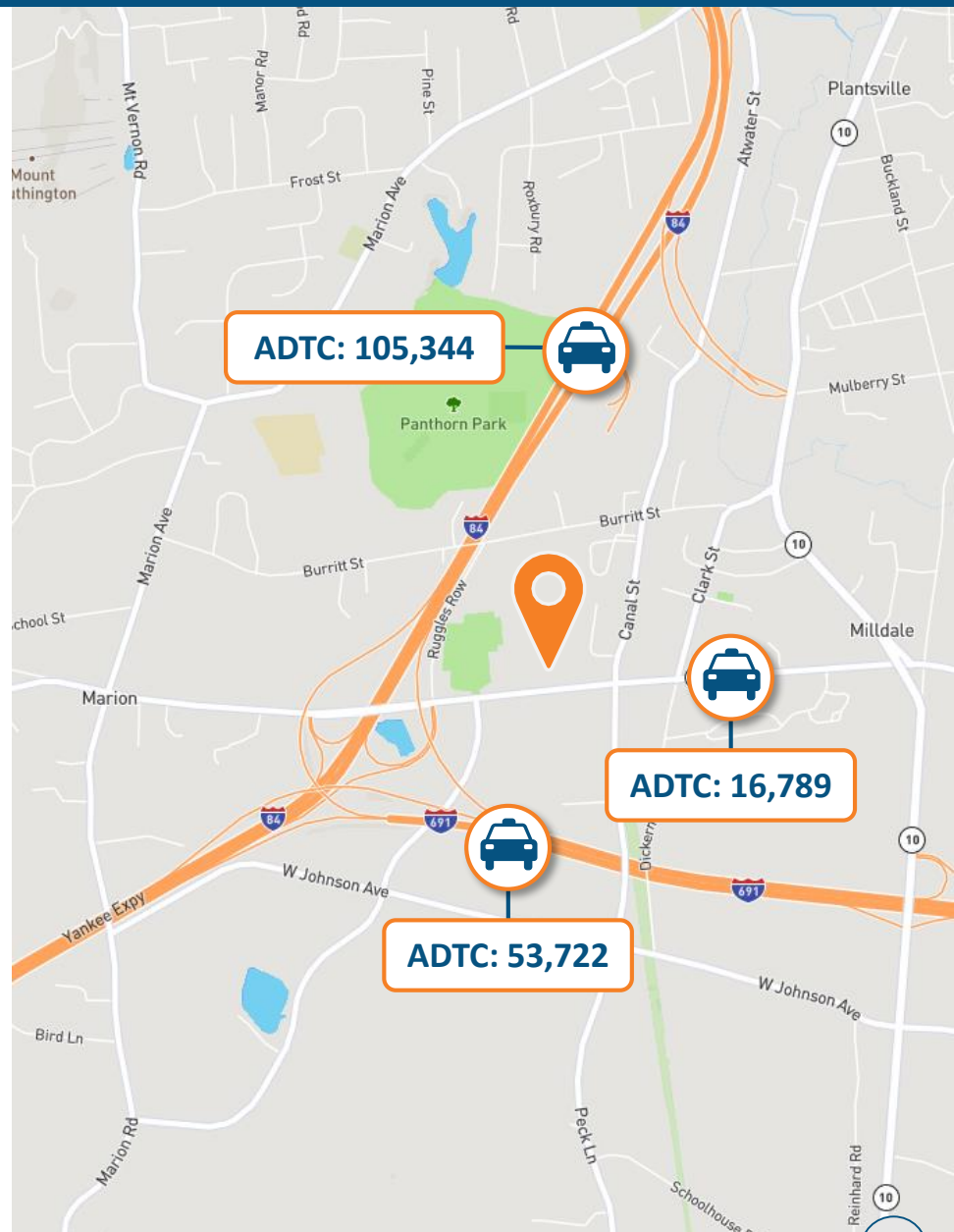
The subject property is well-positioned as one of the first places people see when they get off the exit and as an outparcel to the AMC Southington 12 movie theater. Other major retailers in the area include: Home Depot, Dollar General, Dunkin' Donuts, Burger King, Subway, Dairy Queen, Comfort Suites, Econo Lodge, as well as several others. Located just under three miles from the subject Wendy's property is Mount Southington Ski Area. Mount Southington is one of the only ski resorts in Connecticut with 51 acres of skiable area, 14 trails, and a lift capacity of 6254 per hour.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 32,816 people residing within a three-mile radius and 96,132 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 one-mile radius exceeds \$111,989. This Wendy's is located on Meriden-Waterbury Turnpike directly off the exit from I-84. Meriden-Waterbury Turnpike experiences average daily traffic counts exceeding 16,789 vehicles. I-84 intersects with 1-691 which brings an additional 105,344 and 53,722 vehicles into the immediate area daily.

SOUTHINGTON, CT

Southington is a town in Hartford County and is located just under 25 miles from Hartford. Hartford is the capital city of Connecticut. The city is nicknamed the "Insurance Capital of the World," as it hosts many insurance company headquarters and is the region's major industry. Insurance companies that are based in the city are Aetna, Conning & Company, The Hartford, and companies such as Prudential Financial, Lincoln National Corporation, United Healthcare and Axa XL are headquartered there. Hartford is a center for medical care, research, and education. Within Hartford itself the city includes Hartford Hospital, The Institute of Living, Connecticut Children's Medical Center, and Saint Francis Hospital & Medical Center. Hartford houses several world-class institutions such as Trinity College. Other notable institutions include Capital Community College, the University of Connecticut's Hartford campus, the University of Connecticut School of Business and Law, and the University of Hartford. Hartford was founded in 1635 and is among the oldest cities in the United States. It is home to nation's oldest public art museum (the Wadsworth Atheneum), the oldest publicly funded park (Bushnell Park), the oldest continuously published newspaper (the Hartford Courant), and the second-oldest secondary school (Hartford Public High School). It is also home to the Mark Twain House, where the author wrote his most famous works and raised his family, among other historically significant events.



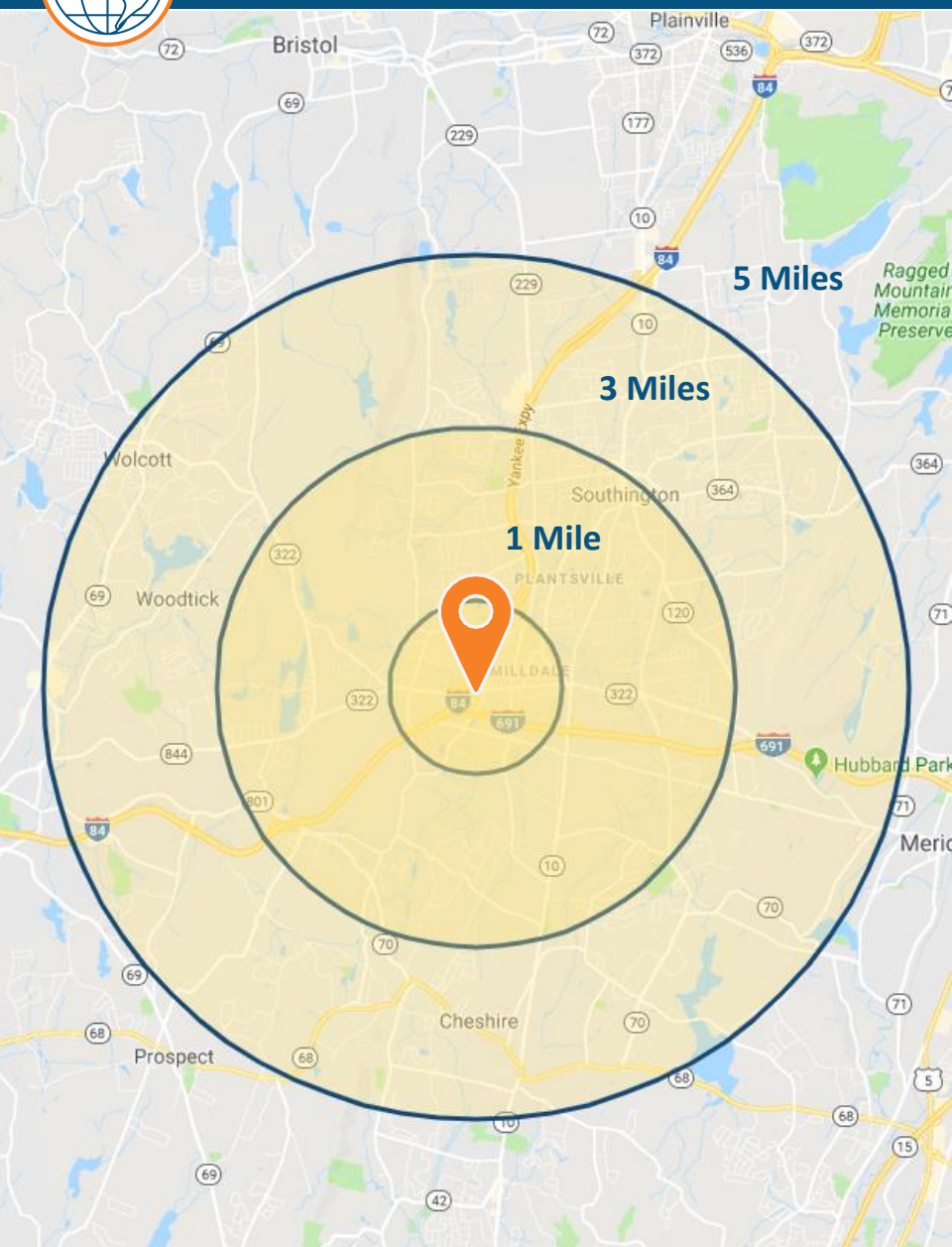
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Demographics



MAJOR EMPLOYERS

Employer	# of Employees
Healthcare Services Group	3,632
Paradigm Hc Cente	900
Atlantic Inertial Systems	800
Manson Youth Institution	700
Cheshire Division	600
Hunters Ambulance Service	600
Goodrich Sensors and Integrate	490
Cheshire Correctional Instn	467
Bozzutos Inc	450
Target	427
Bloomington	400
Southington YMCA Learning Center	350

of Employees based on 5 mile radius

DEMOGRAPHICS

Population

	1 Mile	3 Miles	5 Miles
2023 Projection	2,597	34,078	99,124
2018 Estimate	2,303	32,816	96,132
2010 Census	2,339	32,691	95,920
2000 Census	1,902	31,316	89,705

Income

	1 Mile	3 Miles	5 Miles
Average	\$111,989	\$116,208	\$106,879
Median	\$82,728	\$92,620	\$82,085
Per Capita	\$43,519	\$41,769	\$40,711

Households

	1 Mile	3 Miles	5 Miles
2023 Projection	1,017	12,294	37,608
2018 Estimate	892	11,695	36,232
2010 Census	897	11,609	36,184
2000 Census	643	10,505	33,263

Employment

	1 Mile	3 Miles	5 Miles
2018 Daytime Population	2,217	29,274	87,678
2018 Unemployment	3.21%	3.28%	4.10%
2018 Median Time Traveled	24 Mins	25 Mins	26 Mins

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EXCLUSIVE NET LEASE OFFERING



CT BROKER OF RECORD:

J.D. Parker

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