

WENDY'S

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



OFFERING MEMORANDUM



2231 Scenic Highway S
Snellville, GA 30078

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SPECIAL COVID-19 NOTICE

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Snellville, GA 30078

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Brand New Construction | Expected to Open September 2020
- ✓ Strong Demographics | Population Within a Five-Mile Radius Exceeds 168,196 Individuals
- ✓ Unparalleled Location | Located 25 Miles from Atlanta | State Capital and Most Populous City in Georgia
- ✓ Affluent Suburban Community | Average Household Income Within a Three-Mile Radius Exceeds \$90,918
- ✓ Strong Traffic Counts | Scenic Highway and Main St E | Average Daily Traffic Counts Exceed 54,760 and 54,350 Vehicles

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 337+ 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: \$2,720,000 | CAP RATE: 5.00% | RENT: \$136,000

THE OFFERING

Purchase Price	\$2,720,000
CAP Rate	5.00%
Annual Rent	\$136,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	2231 Scenic Highway S.
City, State ZIP	Snellville, GA 30078
Open Date	Expected September 2020
Building Size (SF)	2,562
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	\$136,000	\$11,333	-
Year 2	\$136,000	\$11,333	-
Year 3	\$137,700	\$11,475	1.25%
Year 4	\$139,421	\$11,618	1.25%
Year 5	\$141,164	\$11,764	1.25%
Year 6	\$142,929	\$11,911	1.25%
Year 7	\$144,715	\$12,060	1.25%
Year 8	\$146,524	\$12,210	1.25%
Year 9	\$148,356	\$12,363	1.25%
Year 10	\$150,210	\$12,518	1.25%
Year 11	\$152,088	\$12,674	1.25%
Year 12	\$153,989	\$12,832	1.25%
Year 13	\$155,914	\$12,993	1.25%
Year 14	\$157,863	\$13,155	1.25%
Year 15	\$159,836	\$13,320	1.25%
Year 16	\$161,834	\$13,486	1.25%
Year 17	\$163,857	\$13,655	1.25%
Year 18	\$165,905	\$13,825	1.25%
Year 19	\$167,979	\$13,998	1.25%
Year 20	\$170,079	\$14,173	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 2231 Scenic Highway S. in Snellville, GA. The property consists of 2,562 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 337 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, 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. As of May 2020, Wendy's and its franchisees employ hundreds of thousands of people across more than 6,800 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, with 337 restaurants 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 a workforce of approximately 11,000 employees. The Company's current public information is available pursuant to SEC Rule 15c2-11 and FINRA Rule 6432 at www.otcm Markets.com, under the stock symbol MHGU, or the Company's website www.meritagehospitality.com.



Excerpt from Meritage Hospitality Group Press Release Dated February 24, 2020:

"Our operations and development performance in 2019 represented significant milestones in our 5-year growth plan, finishing the year strong with 337 restaurants in operation. Despite minor development delays and non-cash impacts to reported net earnings, we were pleased with fiscal 2019 results of achieving 12.2% EBITDA growth while developing and renovating a record number of new locations. We continue to transform our restaurant portfolio through the development of new locations and renovation of existing locations, offering both guests and employees more conveniences. Looking ahead to 2020, we are forecasting a transformative year, with robust sales growth of approximately \$100 million that includes the rollout of breakfast in our Wendy's restaurants, new restaurant development, modernizations and the continued development of our new Morning Belle breakfast, brunch and lunch restaurant concept. Operational excellence continues to be our inspiration, leveraging the Company's best-in-class 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

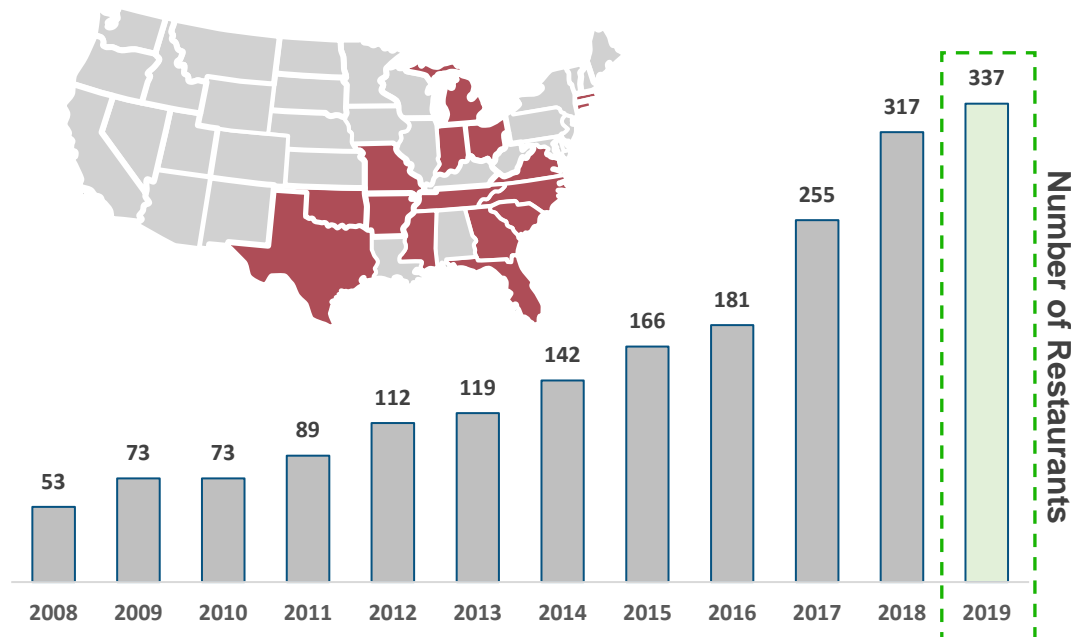
2019 Full-Year Highlights:

- ✓ Sales increased 7.4% to \$467.5 million compared to \$435.3 million last year
- ✓ Consolidated EBITDA (a non-GAAP measure) increased 12.2% to \$44.6 million compared to \$39.7 million last year
- ✓ The Company developed or acquired a net of 20 restaurants during the year, to finish with 337 restaurants in operation across 16 states
- ✓ Common stock dividends increased 60% to \$0.24 per share compared to \$0.15 last year



Looking Ahead: Resilient Business Model:

- ✓ Speed, convenience and affordability have been differentiators in quick service restaurant operations in past times of economic stress
- ✓ Wendy's restaurants are built for off premise sales, with approximately 70% of normal sales generated through the restaurant drive-thru, which remain open and operating
- ✓ The Wendy's system offers digital and delivery options for additional off-premise sales
- ✓ Lower gas prices decrease supply delivery costs and increase consumer disposable income
- ✓ Low interest rates provide efficient capital for future growth opportunities



Excerpt from Meritage Hospitality Group Press Release Dated April 16, 2020:

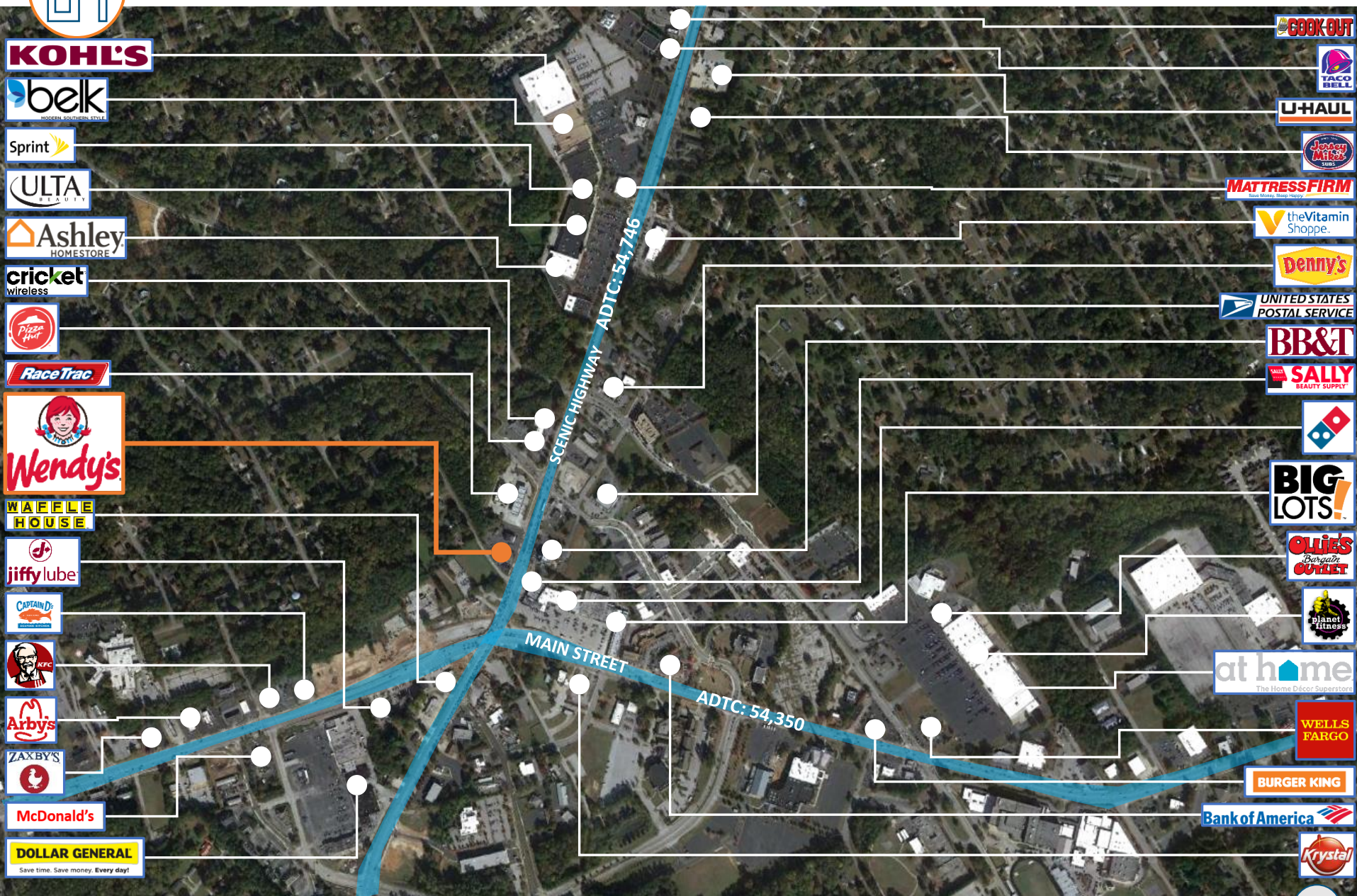
"Our geographical footprint and drive-thru operations have allowed us to continue serving the changing needs of guests as people adapt to local government orders. We are grateful to our employees, delivery drivers and supply-chain operators for continuing to deliver essential restaurant food items."

- Robert E. Schermer, Jr. (CEO - Meritage Hospitality Group)



Surrounding Area

Wendy's





Location Overview



This Wendy's property is located at 2231 Scenic Highway S. in Snellville, GA. Snellville is a city in Gwinnet County. It is a developed suburb of Atlanta and a part of the Atlanta metropolitan area and is located roughly 35-40 minutes east of Downtown Atlanta via US-78 and Interstate 285.

SURROUNDING RETAIL & POINTS OF INTEREST

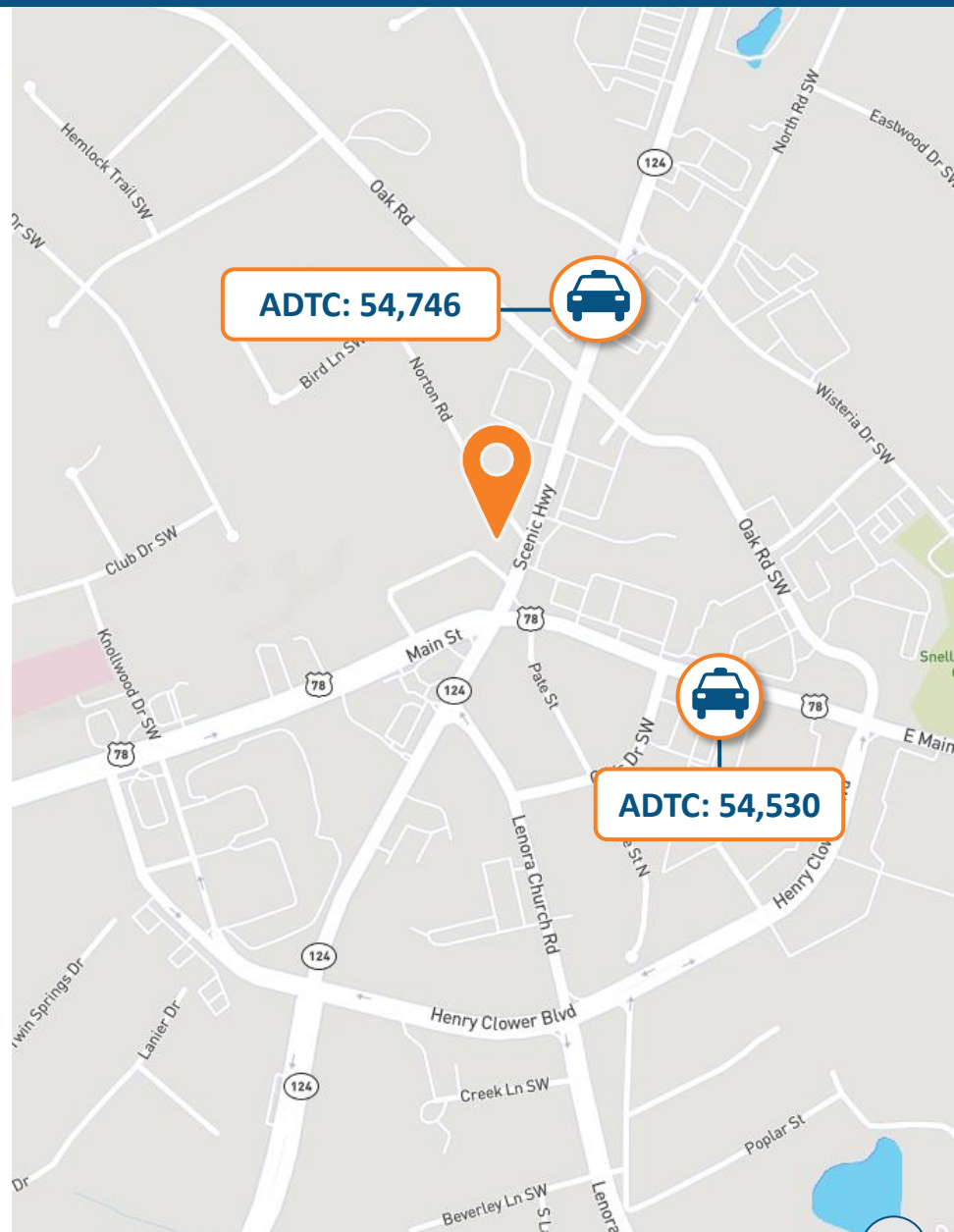
The subject property is well positioned in the town center of Snellville with several national and local tenants, shopping centers, academic institutions, and medical centers all within close proximity. Major national tenants in the surrounding area include: Dollar General, Big Lots, Belk, Kohl's, Ashely HomeStore, Ollie's Bargain Outlet, At Home, Jersey Mikes, McDonalds, Waffle House, KFC, Taco Bell, Zaxby's, as well as several others. This Wendy's is located just under a mile and a half from Eastside Medical Center, a 310-bed facility with over 1,200 employees. The subject property benefits from being within a five-mile radius of several academic institutions. Most notable of these being South Gwinnet High School a public high school with a total enrollment exceeding 2,800 students.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 58,767 people residing within a three-mile radius and 168,196 people within a five-mile radius of the subject property. This Wendy's property benefits from being located in an affluent suburban community. The average household income within a three-mile radius exceeds \$90,918. This Wendy's is situated on Scenic Highway which experiences average daily traffic counts exceeding 54,746 vehicles. Scenic Highway intersects with Main St which brings an additional 54,530 vehicles into the immediate area daily.

ATLANTA, GA

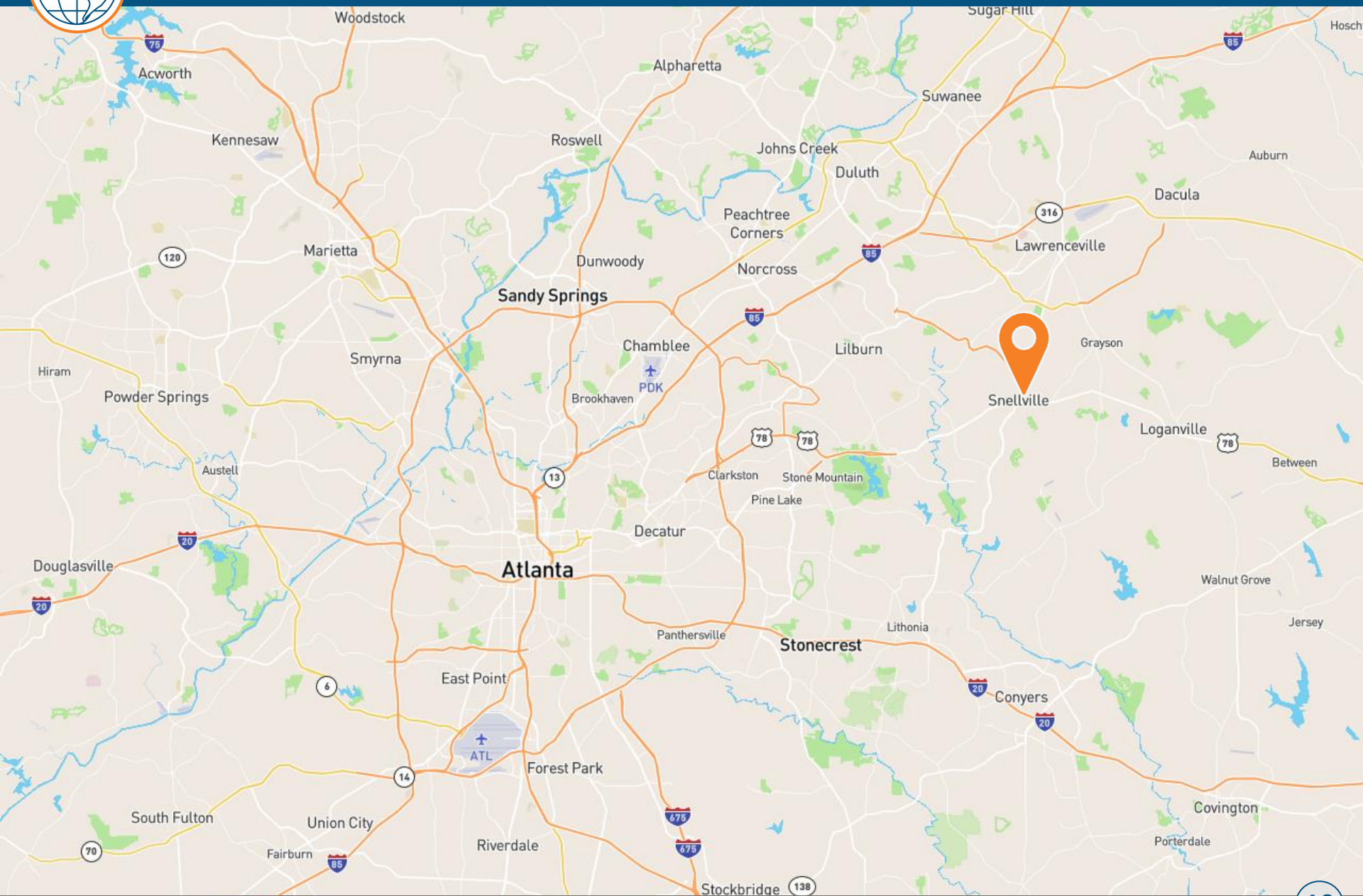
Atlanta is the capital and most populous city in the U.S. state of Georgia. With an estimated 2018 population of 498,044, it is also the 37th most-populous city in the United States. Atlanta is rated as a "beta(+)" world city that exerts a moderate impact on global commerce, finance, research, technology,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





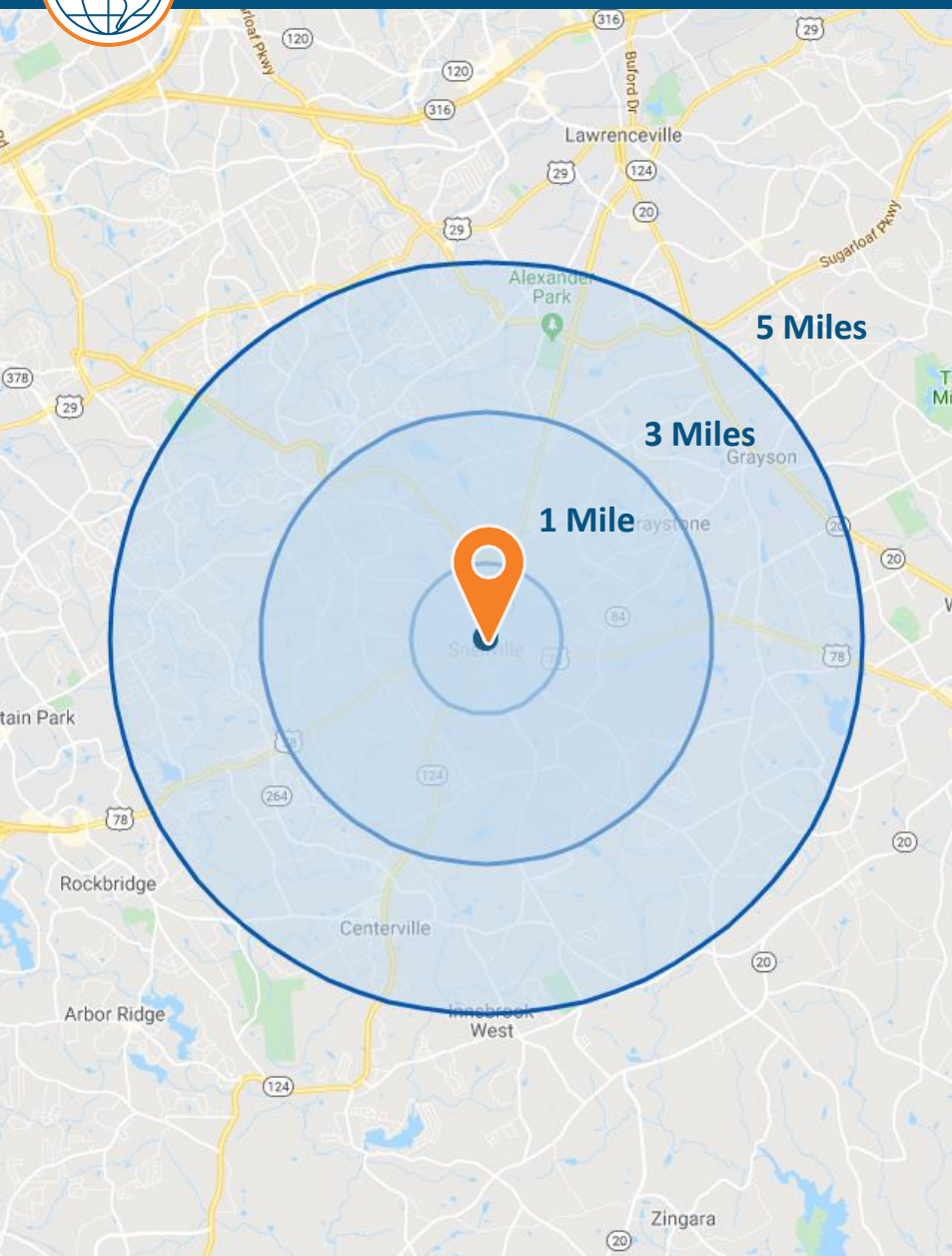
Regional Map

Wendy's





Demographics



	1 Mile	3 Miles	5 Miles
POPULATION			
2024 Projection	5,031	60,035	174,225
2019 Estimate	4,991	58,768	168,497
2010 Census	4,656	54,002	152,185
2000 Census	4,235	47,756	114,740
INCOME			
Average	\$84,385	\$94,796	\$93,517
Median	\$68,172	\$74,983	\$75,388
Per Capita	\$32,648	\$32,312	\$31,433
HOUSEHOLDS			
2024 Projection	1,967	20,605	59,056
2019 Estimate	1,918	19,981	56,565
2010 Census	1,744	18,042	50,202
2000 Census	1,429	15,490	37,285
HOUSING			
2019	\$216,026	\$211,632	\$220,777
EMPLOYMENT			
2019 Daytime Population	7,527	52,002	125,694
2019 Unemployment	4.04%	3.20%	3.04%
2019 Median Time Traveled	36 Mins	39 Mins	39 Mins
RACE & ETHNICITY			
White	60.21%	50.18%	45.01%
Native American	0.05%	0.05%	0.03%
African American	27.17%	34.85%	37.81%
Asian/Pacific Islander	6.02%	6.94%	8.45%

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



GA BROKER OF RECORD:

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