

WENDY'S

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



OFFERING MEMORANDUM



1555 Rome Highway
Cedartown, GA 30125

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1555 Rome Highway
Cedartown, GA 30125

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Brand New Construction | Site Expected to Open February 2021
- ✓ Located as an Outparcel to a Home Depot | Surrounded by Tractor Supply Co., Walmart, Dollar Tree, Verizon, Zaxby's, McDonalds, Papa Johns, Little Caesars and More
- ✓ Strong Traffic Counts | Rome Hwy and David Road | Approximately 17,090 and 11,800 Vehicles Per Day, Respectively
- ✓ Compelling Location Fundamentals | Located 20 Minutes Outside of Rome, GA | Largest City in Northwest Georgia

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: \$2,142,857 | CAP RATE: 5.25% | RENT: \$112,500

THE OFFERING

Purchase Price	\$2,142,857
CAP Rate	5.25%
Annual Rent	\$112,500

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	1555 Rome Highway
City, State ZIP	Cedartown, GA 30135
Open Date	2021
Building Size (SF)	2,646
Lot Size (Acres)	+/- 1.06
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	\$112,500	\$9,375	-
Year 2	\$112,500	\$9,375	-
Year 3	\$113,906	\$9,492	1.25%
Year 4	\$115,330	\$9,611	1.25%
Year 5	\$116,772	\$9,731	1.25%
Year 6	\$118,231	\$9,853	1.25%
Year 7	\$119,709	\$9,976	1.25%
Year 8	\$121,206	\$10,100	1.25%
Year 9	\$122,721	\$10,227	1.25%
Year 10	\$124,255	\$10,355	1.25%
Year 11	\$125,808	\$10,484	1.25%
Year 12	\$127,380	\$10,615	1.25%
Year 13	\$128,973	\$10,748	1.25%
Year 14	\$130,585	\$10,882	1.25%
Year 15	\$132,217	\$11,018	1.25%
Year 16	\$133,870	\$11,156	1.25%
Year 17	\$135,543	\$11,295	1.25%
Year 18	\$137,238	\$11,436	1.25%
Year 19	\$138,953	\$11,579	1.25%
Year 20	\$140,690	\$11,724	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 1555 Rome Highway In Cedartown, GA. The property consists of 2,646 square feet of building space and is situated on approximately 1.06 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."

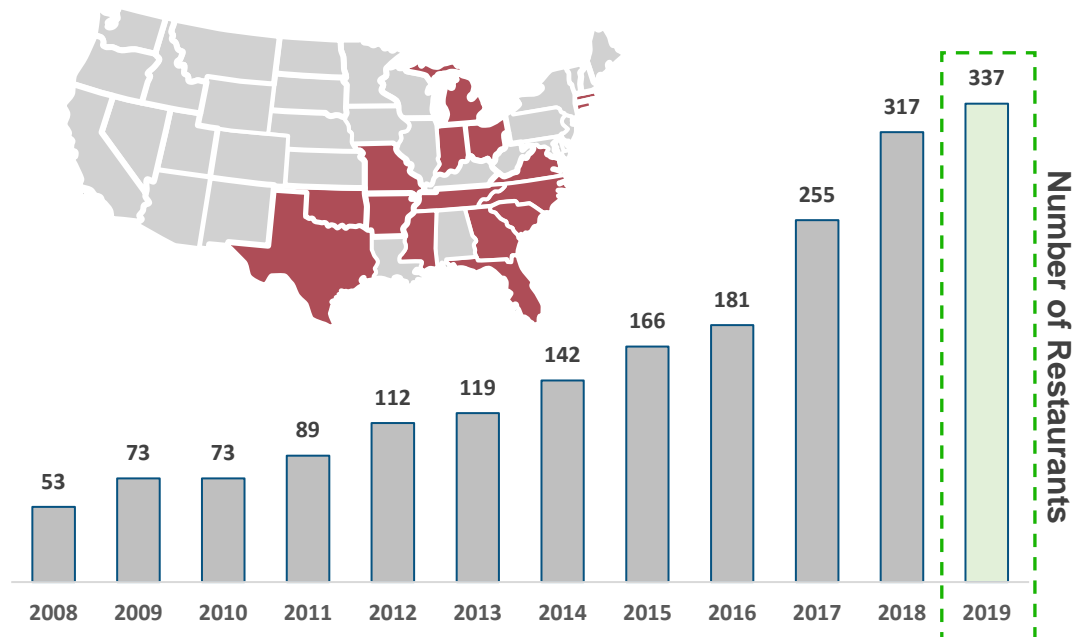


- Robert E. Schermer, Jr. (CEO - Meritage Hospitality Group)





- ✓ **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**



- ✓ **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 1555 Rome Highway in Cedartown, GA. Cedartown is a city in and the county seat of Polk County. Cedartown is the principal city of and is included in the Cedartown, Georgia Micropolitan Statistical Area, which is included in the Atlanta-Sandy Springs-Gainesville, Georgia-Alabama (part) Combined Statistical Area.

SURROUNDING RETAIL & POINTS OF INTEREST

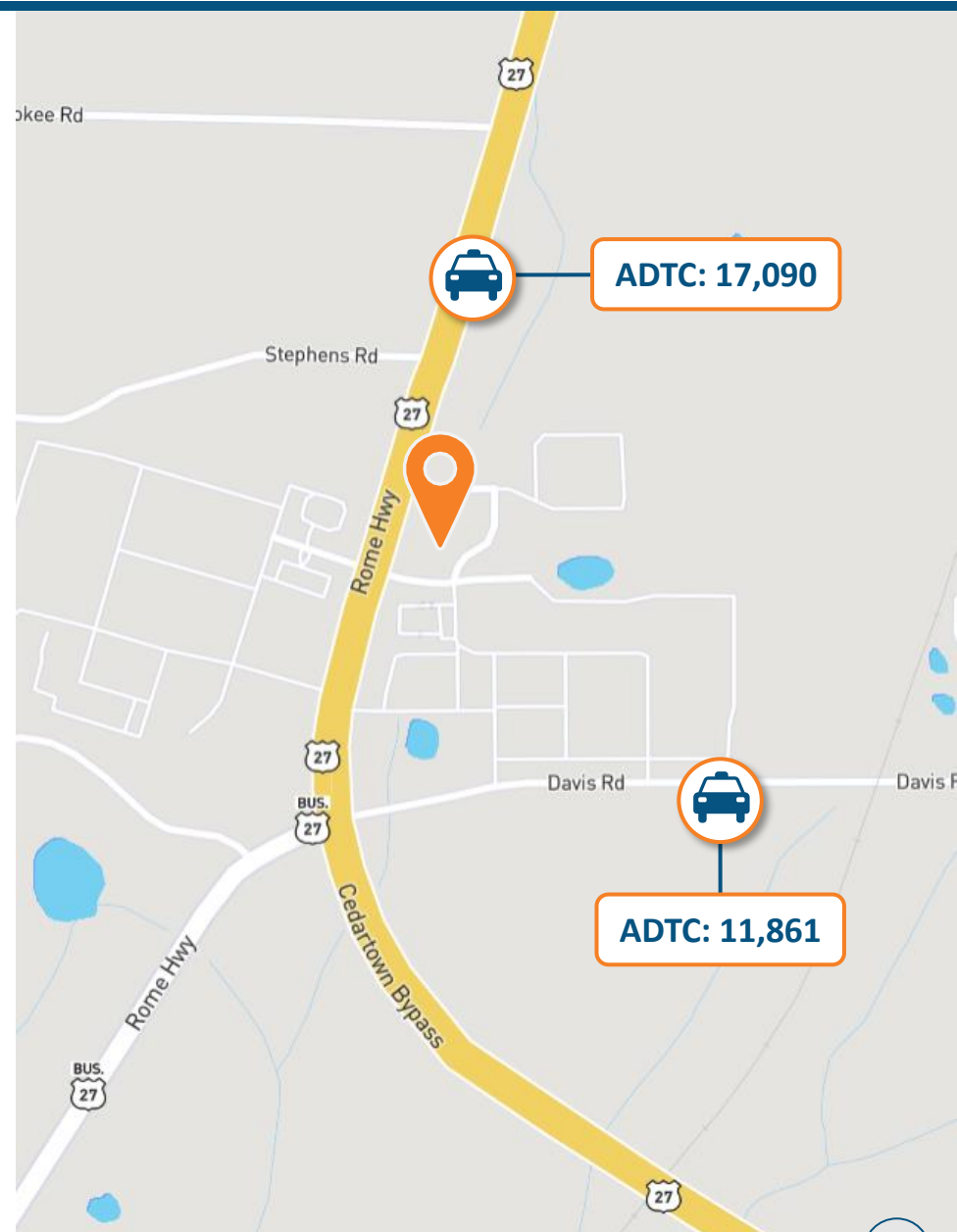
The subject property is well positioned as an outparcel a Home Depot in a strong retail corridor surrounded by national and local tenants shopping centers, and apartment complexes. Major national tenants in the surrounding area include Tractor Supply Co., Walmart, Dollar Tree, Verizon, Zaxby's, McDonalds, Papa Johns, Little Caesars and many more. The subject Wendy's benefits from being located within a five-mile radius of several academic institutions. Most notable of these being Cedartown High School where over 1,200 students are enrolled.

TRAFFIC COUNTS & DEMOGRAPHICS

The subject Wendy's is situated on Rome Hwy which boasts approximately 17,000 vehicles per day. Rome Hwy intersects with Davis Road which brings an additional 11,861 vehicles into the immediate area daily. There are approximately 20,565 individuals residing within a five-mile radius of the subject property and 43,977 individuals within a ten-mile radius.

ROME, GA

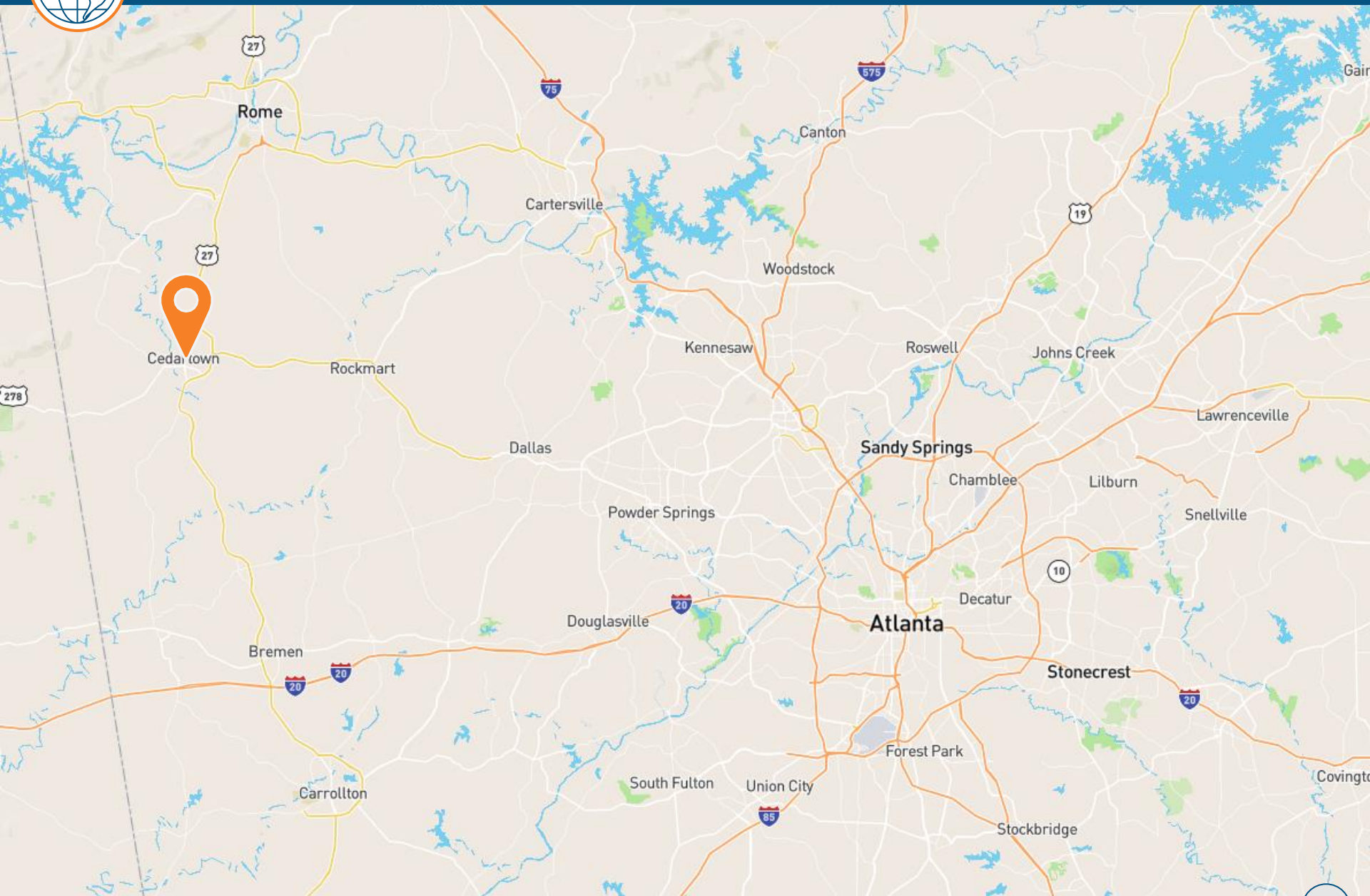
Rome is the largest city in and the county seat of Floyd County, Georgia. It is the largest city in Northwest Georgia and the 19th largest city in the state. It has developed as a regional center in such areas as medical care and education. In addition to its excellent public-school system, there are several private schools. Higher-level institutions include private Berry College and Shorter University, and the public Georgia Northwestern Technical College and Georgia Highlands College. Few cities can compare to the natural beauty and charm of Georgia's Rome. Tucked in the foothills of the ancient Appalachian mountains, Rome is a city that has reverently preserved its past while embracing its future. Throughout the decades, this classic city has grown in sophistication to become a unique portrait of Southern heritage and hospitality. Rome has a strong arts community, a passion for history and a respect for the three gentle rivers winding through the heart of the city. Rome's attractions, historic sites and natural beauty are tempting, but what really stands out are the people – the smiles – the Southern hospitality that offers an open invitation.





Regional Map

Wendy's





Demographics



	3 Miles	5 Miles	10 Miles
POPULATION			
2025 Projection	12,052	20,786	44,373
2020 Estimate	11,901	20,565	43,977
2010 Census	11,410	19,744	42,409
2000 Census	10,803	18,532	39,778
INCOME			
Average	\$61,131	\$58,034	\$60,657
Median	\$46,534	\$44,538	\$47,918
Per Capita	\$22,960	\$20,977	\$22,323
HOUSEHOLDS			
2025 Projection	4,471	7,395	16,239
2020 Estimate	4,402	7,289	16,000
2010 Census	4,232	7,020	15,361
2000 Census	4,068	6,679	14,452
HOUSING			
2020	\$139,172	\$128,043	\$130,054
EMPLOYMENT			
2020 Daytime Population	10,761	15,435	30,002
2020 Unemployment	3.15%	3.17%	3.51%
2020 Median Time Traveled	27 Mins	28 Mins	29 Mins
RACE & ETHNICITY			
White	68.15%	68.20%	78.65%
Native American	0.18%	0.12%	0.09%
African American	12.83%	12.73%	9.91%
Asian/Pacific Islander	1.14%	0.79%	0.61%

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



GA BROKER OF RECORD:

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