

WENDY'S

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



OFFERING MEMORANDUM



1169 Highway 20/81
McDonough, GA 30253

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Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some

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SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.



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McDonough, GA 30253

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Brand New Construction | Expected to Open May 2021
- ✓ Premium Frontage on Highway 20 / 81 | First Restaurant People See when Exiting off I-75
- ✓ Dense Retail Corridor | Lowes, Walmart, Dollar Tree, Hobby Lobby, Kohl's, JC Penney, Five Guys, Chick-fil-A, Zaxby's, Burger King, Popeyes, as well as Many More
- ✓ Strong Traffic Counts | Hampton Road and I-75 | Average Daily Traffic Counts Exceeds 21,316 and 117,000 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: \$2,592,000 | CAP RATE: 5.00% | RENT: \$129,600

THE OFFERING

Purchase Price	\$2,592,000
CAP Rate	5.00%
Annual Rent	\$129,600

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	1169 Highway 20/81
City, State ZIP	McDonough, GA 30253
Building Size (SF)	2,584 SF
Lot Size (Acres)	1.00
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	\$129,600	\$10,800	-
Year 2	\$129,600	\$10,800	-
Year 3	\$131,220	\$10,935	1.25%
Year 4	\$132,860	\$11,072	1.25%
Year 5	\$134,521	\$11,210	1.25%
Year 6	\$136,203	\$11,350	1.25%
Year 7	\$137,905	\$11,492	1.25%
Year 8	\$139,629	\$11,636	1.25%
Year 9	\$141,374	\$11,781	1.25%
Year 10	\$143,141	\$11,928	1.25%
Year 11	\$144,931	\$12,078	1.25%
Year 12	\$146,742	\$12,229	1.25%
Year 13	\$148,577	\$12,381	1.25%
Year 14	\$150,434	\$12,536	1.25%
Year 15	\$152,314	\$12,693	1.25%
Year 16	\$154,218	\$12,852	1.25%
Year 17	\$156,146	\$13,012	1.25%
Year 18	\$158,098	\$13,175	1.25%
Year 19	\$160,074	\$13,339	1.25%
Year 20	\$162,075	\$13,506	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 1169 Highway 20/81, McDonough, GA. The property consists of 2,584 square feet of building space and is situated on approximately 1.00 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

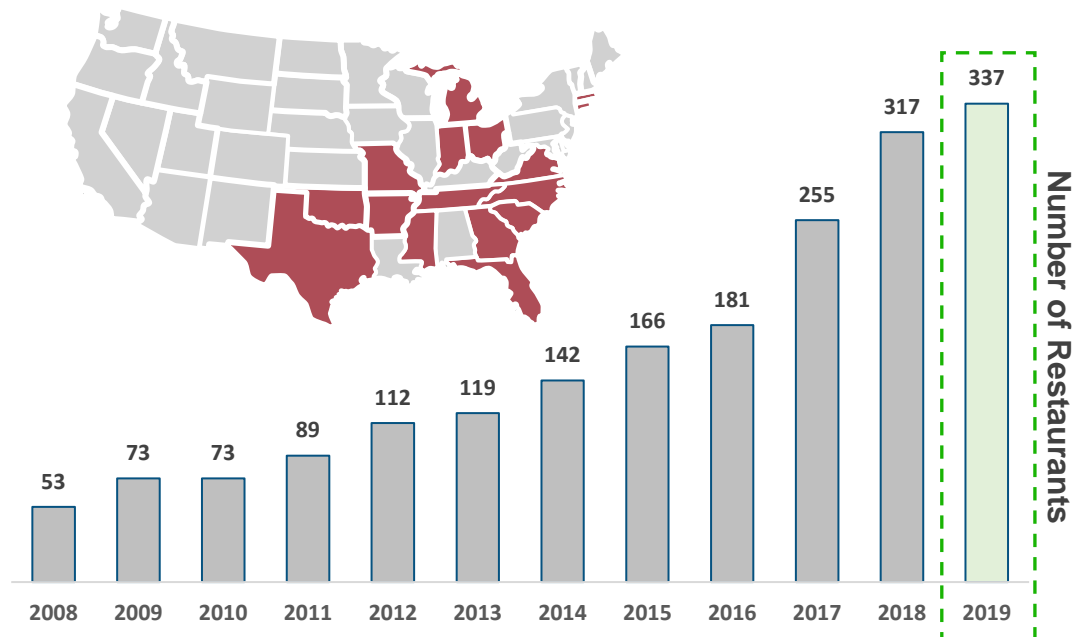
2019 Full-Year Highlights:

- ✓ 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:

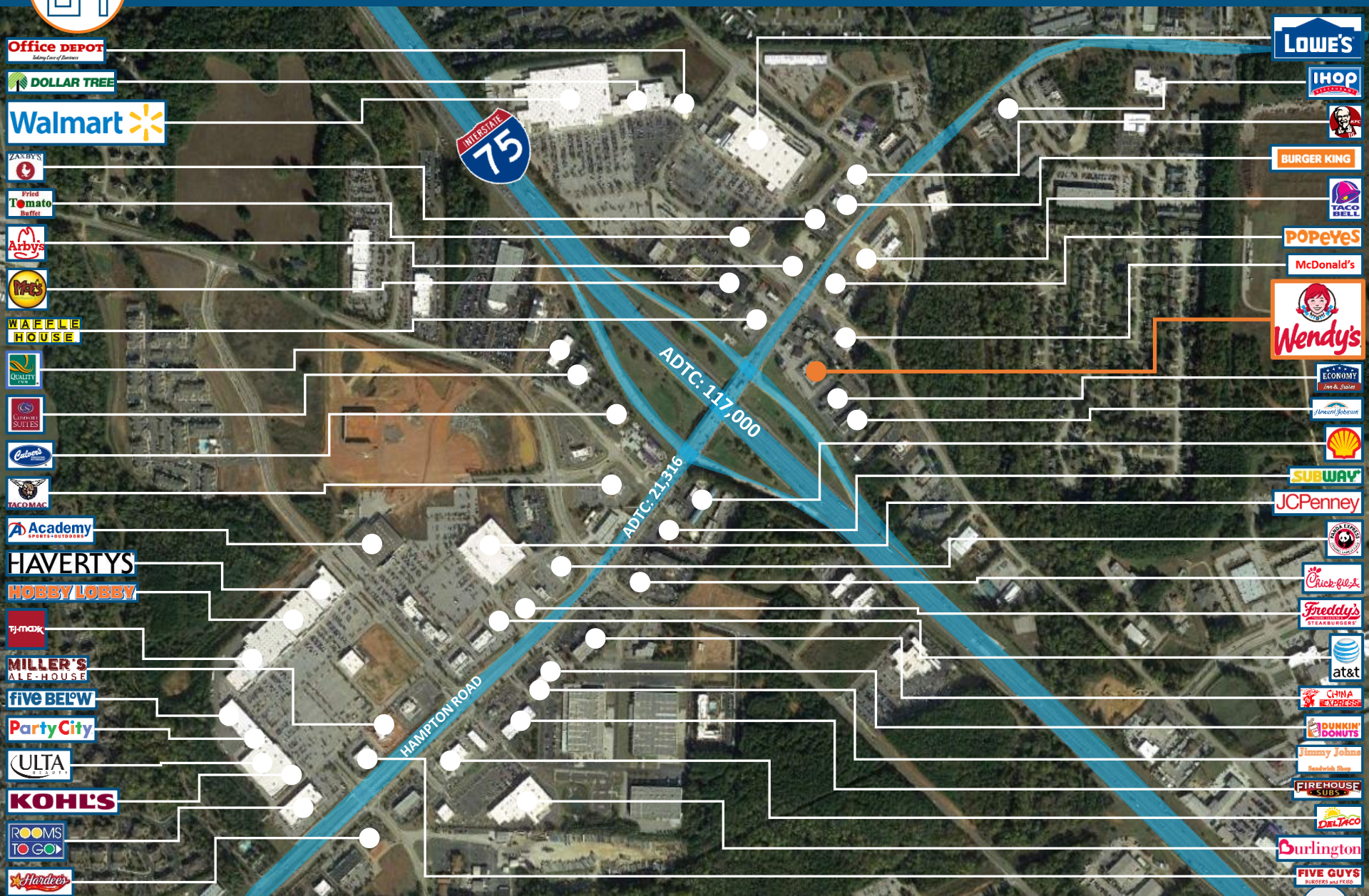
"Our geographical footprint and drive-thru operations have allowed us to continue serving the changing needs of guests as people adapt to local government orders. We are grateful to our employees, delivery drivers and supply-chain operators for continuing to deliver essential restaurant food items."

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



Surrounding Area

Wendy's





Location Overview

This Wendy's property is located at 1169 Highway 20/81 in McDonough, Georgia. McDonough is a city in and county seat of Henry County, Georgia and is part of the Atlanta metropolitan area. The subject property is less than 30 miles from Atlanta right off I-75.

SURROUNDING RETAIL & POINTS OF INTEREST

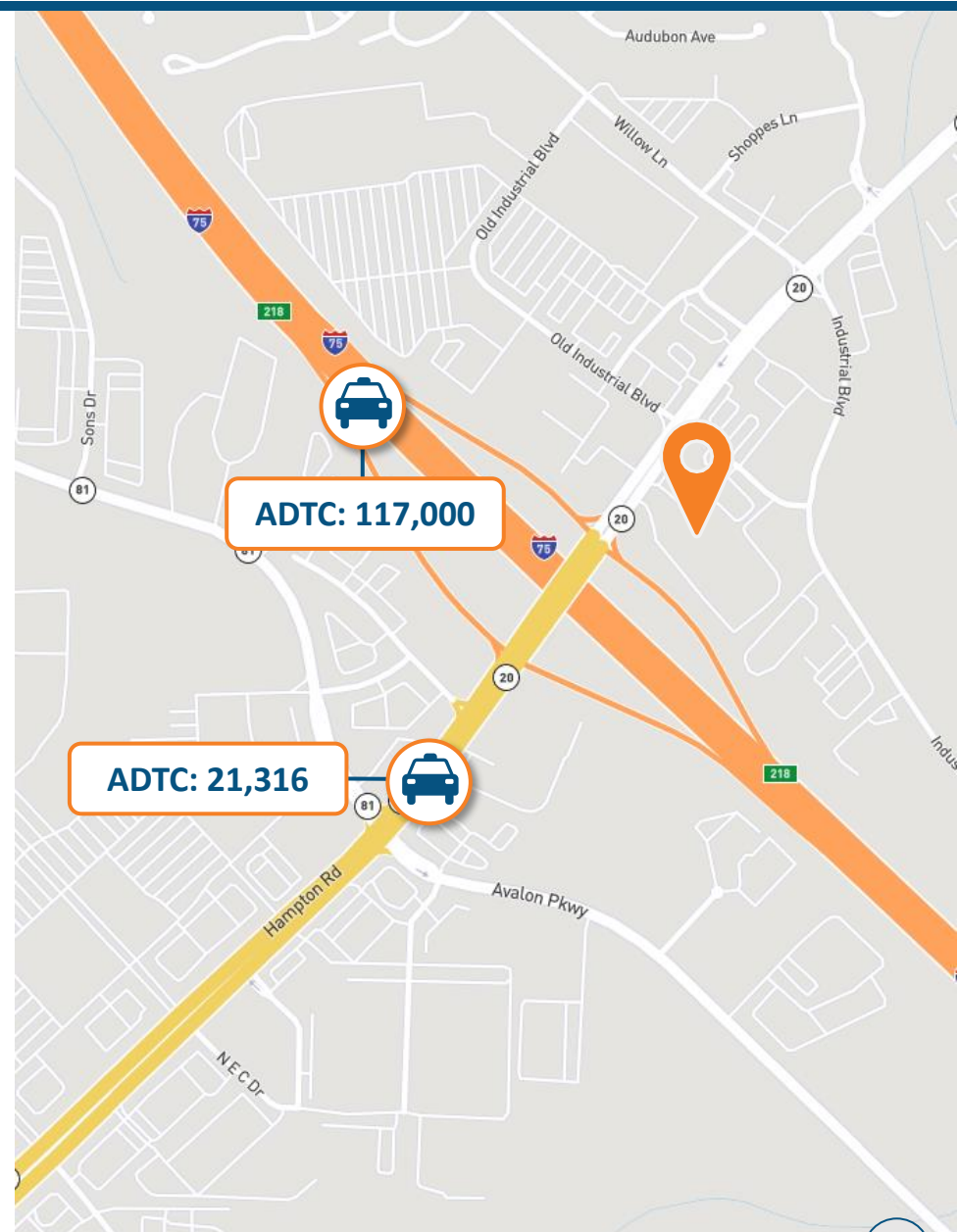
The subject property benefits from excellent frontage along Hampton Road as one of the first restaurants people will see as they exit from I-75 and head into downtown McDonough. Located in close proximity to the subject property are several national and local tenants, shopping centers, hospitality accommodations, and academic institutions. Major national tenants include: Lowes, Walmart, Dollar Tree, Hobby Lobby, Kohl's, JC Penney, Five Guys, Chick-fil-A, Zaxby's, Burger King, Popeyes, as well as many more. This property is located within close proximity to several academic institutions which include: East Lake Elementary, Union Grove Middle and High School, and Hickory Flat Elementary School. Piedmont Henry Hospital is located just over 5 miles from the subject property, the second largest employer within a five-mile radius, with over 931 individuals.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 38,237 people residing within a three-mile radius and 72,049 people within a five-mile radius of this property. The subject Wendy's benefits from being located in an affluent suburb of Atlanta. Within a five-mile radius, the average household income is approximately \$87,000. This Wendy's is located on Highway 20/81 right off I-75 which boasts average daily traffic counts of 21,316 and 117,000 vehicles, respectively.

ATLANTA, GA

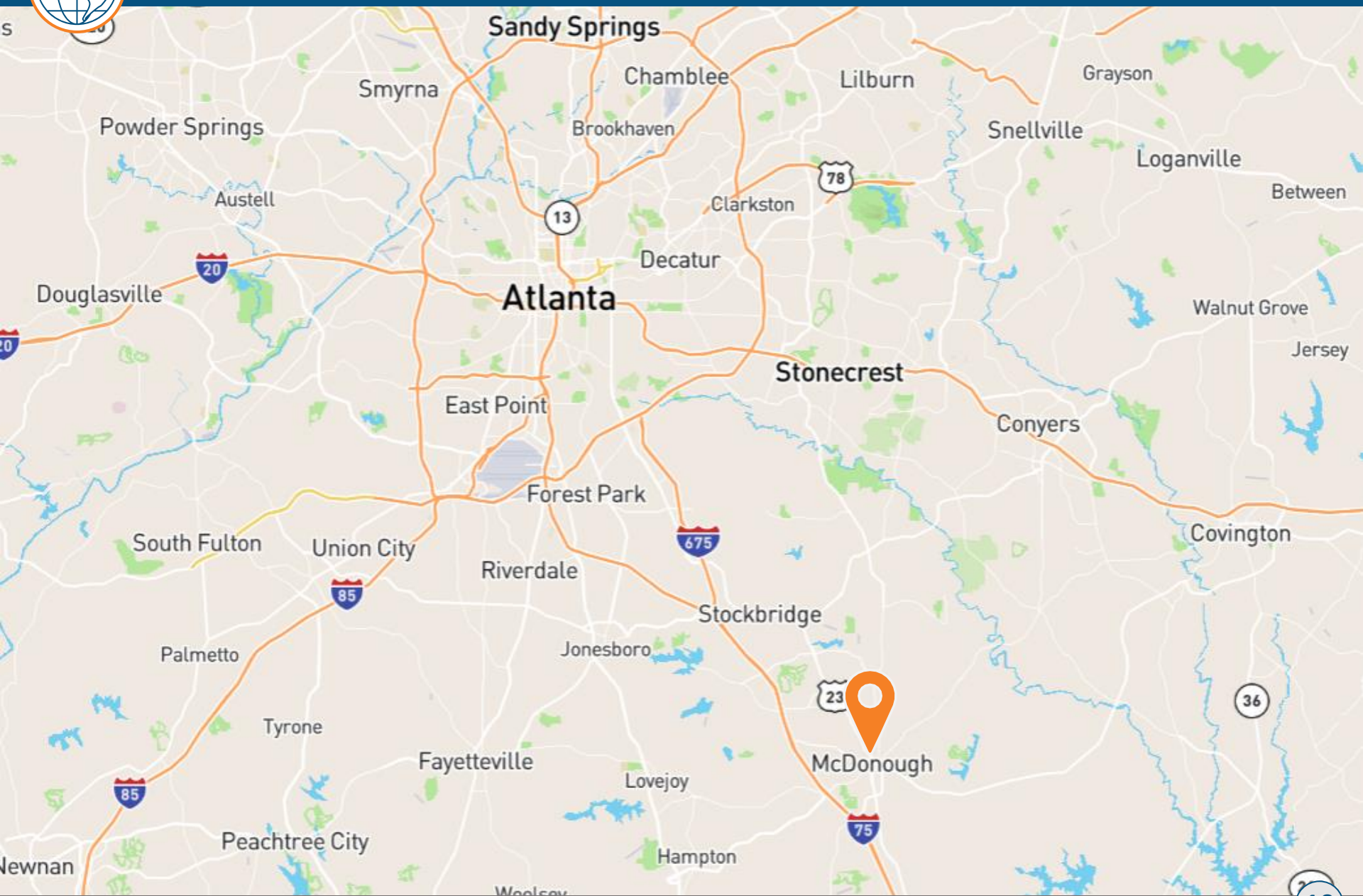
The Atlanta metro area encompasses 29 counties in north western Georgia. With few natural barriers to limit development, tremendous population growth over the past decade has expanded the metro's borders and the region now has a population of roughly 5.7 million people. Over the next five years, the region is expected to add nearly 500,000 residents. Meanwhile, new redevelopment projects in the downtown and midtown sections of Atlanta present a vast array of housing, entertainment and retail opportunities that are attracting residents back to the city and providing options for people moving to the metro. Encompassing \$304 billion, the Atlanta metropolitan area is the eighth largest economy in this country and 17th-largest in the world. Over 75 percent of Fortune 1000 companies conduct business in Atlanta. Many corporations are drawn to Atlanta on account of the city's educated workforce. As of 2010, 43 percent of adults in the city have college degrees, compared to 27 percent in the nation as a whole. Atlanta is home to the headquarters of many different corporations such as The Coca-Cola Company, The Home Depot, Delta Air Lines, AT&T Mobility, Chick-fil-A, UPS, and Newell Rubbermaid among others. Atlanta has a dynamic, distinctly Southern culture, due primarily to a large population of migrants from other parts of the U.S., in addition to many recent immigrants to the U.S. who have made the metropolitan area their home. This has established Atlanta as the cultural and economic hub of an increasingly multi-cultural metropolitan area.





Regional Map

Wendy's





Demographics



	3 Miles	5 Miles	10 Miles
POPULATION			
2025 Projection	41,183	77,594	237,812
2020 Estimate	38,237	72,049	224,626
2010 Census	31,844	60,369	194,362
2000 Census	16,052	31,777	113,549
INCOME			
Average	\$73,932	\$87,924	\$87,116
Median	\$59,852	\$68,353	\$69,215
Per Capita	\$26,563	\$31,046	\$30,517
HOUSEHOLDS			
2025 Projection	14,845	27,541	83,704
2020 Estimate	13,592	25,305	78,387
2010 Census	11,215	21,048	67,511
2000 Census	5,592	11,037	39,373
HOUSING			
2020	\$189,259	\$210,094	\$202,135
EMPLOYMENT			
2020 Daytime Population	36,889	70,596	191,803
2020 Unemployment	4.51%	4.15%	3.79%
2020 Median Time Traveled	34 Mins	35 Mins	36 Mins
RACE & ETHNICITY			
White	30.90%	38.58%	44.35%
Native American	0.13%	0.10%	0.10%
African American	58.99%	51.66%	45.69%
Asian/Pacific Islander	2.36%	3.10%	3.52%

Glen Kunofsky

Glen.Kunofsky@marcusmillichap.com

212.430.5115

Nicoletti DePaul

Nicoletti.DePaul@marcusmillichap.com

212.430.5186

Ryan Sblendorio

Ryan.Sblendorio@marcusmillichap.com

212.430.5274

Amelia Haydock

Amelia.Haydock@marcusmillichap.com

646.805.1476

Marcus & Millichap

EXCLUSIVE NET LEASE OFFERING



GA BROKER OF RECORD:

John Leonard
Marcus & Millichap
1100 Abernathy Road, N.E. Building 500, Suite 600
Atlanta, GA 30328
License: 252904