

WENDY'S

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



OFFERING MEMORANDUM



3425 Highway 81 E
McDonough, GA 30252

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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.



3425 Highway 81 E
McDonough, GA 30252

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LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Brand New Construction | Site Expected to Open March 2021
- ✓ Located as an Outparcel to a Newly Built Publix Anchored Shopping Center
- ✓ Affluent Suburb of Atlanta | Average Household Income Within a Five-Mile Radius Exceeds \$94,903
- ✓ Strong Traffic Counts | Average Daily Traffic Counts Exceed 15,000 Vehicles Per Day on Highway 18 E
- ✓ Ola High School and Ola Middle School | Located One and a Half Miles from the Subject Wendy's | Total Combined Enrollment Exceeds 2,700 Students

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: \$2,285,714 | 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	3425 Highway 81 E
City, State ZIP	McDonough, GA 30252
Open Date	2021
Building Size (SF)	2,164
Lot Size (Acres)	+/- 1.13
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 3425 Highway 81 E in McDonough, GA. The property consists of 2,164 square feet of building space and is situated on approximately 1.13 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

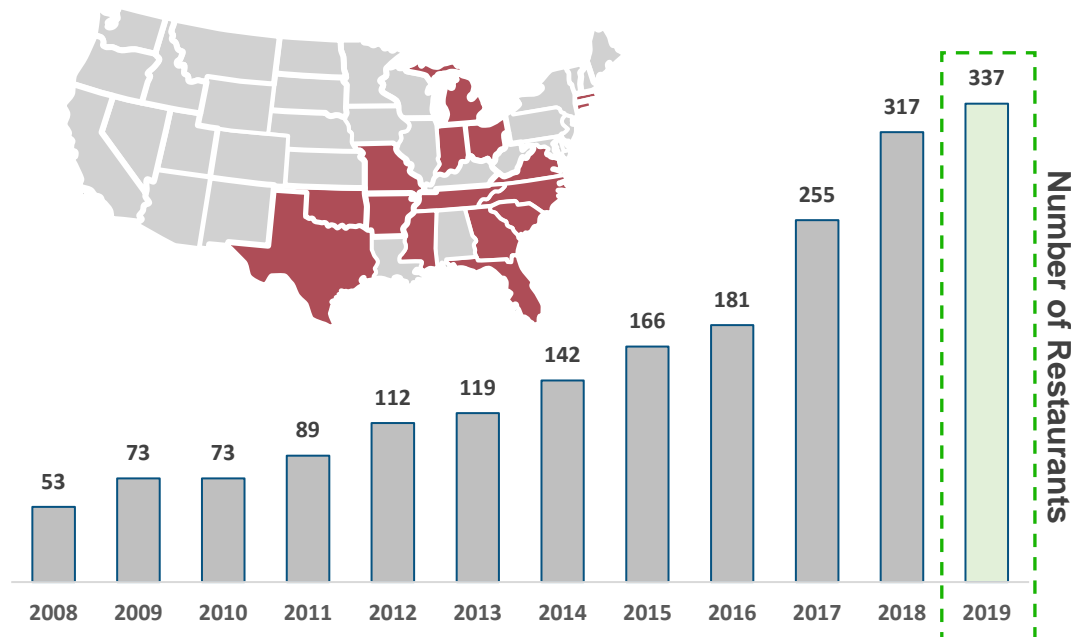
2019 Full-Year Highlights:

- ✓ 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)



New Development

Wendy's



*<http://www.dartretail.com/properties/ShoppesatOlaCrossroads>



Location Overview

This Wendy's property is located at 3425 Highway 81 in McDonough, GA. McDonough is a city in and the county seat of Henry County. It is part of the Atlanta Metropolitan Area.

SURROUNDING RETAIL & POINTS OF INTEREST

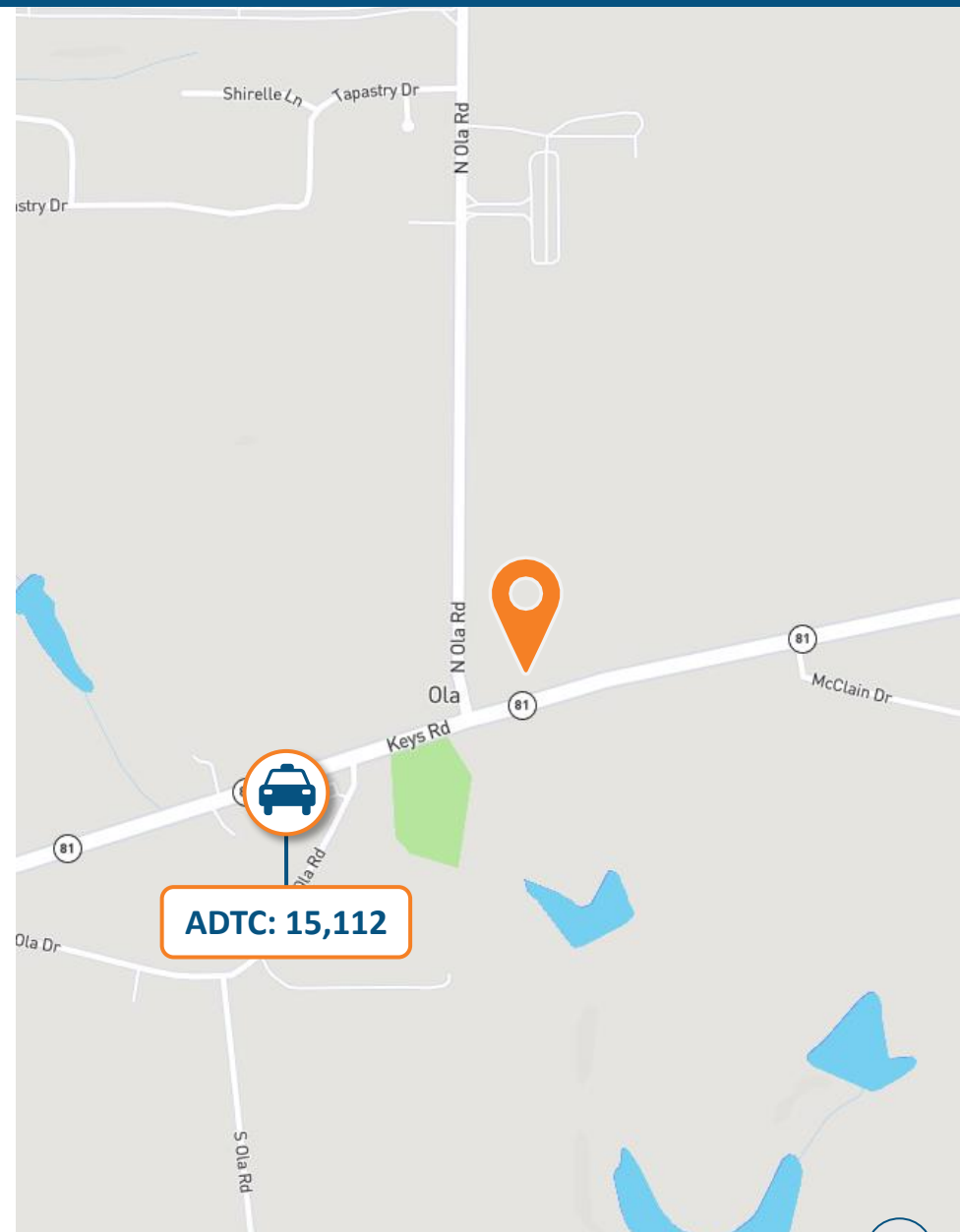
The subject property is well positioned on the corner of Keys Road and N Ola Road as an outparcel to a brand new public anchored shopping center. Shoppes at Ola Crossroads is made up of several local tenants including beauty salons, a pizza shop and a bakery. Major national tenants in the surrounding area include Dollar General and PB. The subject Wendy's property benefits from being located within a five-mile radius of several academic institutions. Most notable of these being Ola Middle School and Ola High School located just under one and a half miles from the subject property with a total combined enrollment exceeding 2,700 students.

TRAFFIC COUNTS & DEMOGRAPHICS

This area has strong demographics, with approximately 35,016 people residing within a five-mile radius and 163,400 people within a ten-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 five-mile radius exceeds \$94,000. This Wendy's is situated on Highway 81 which experiences average daily traffic counts of 15,112 vehicles.

ATLANTA, GA

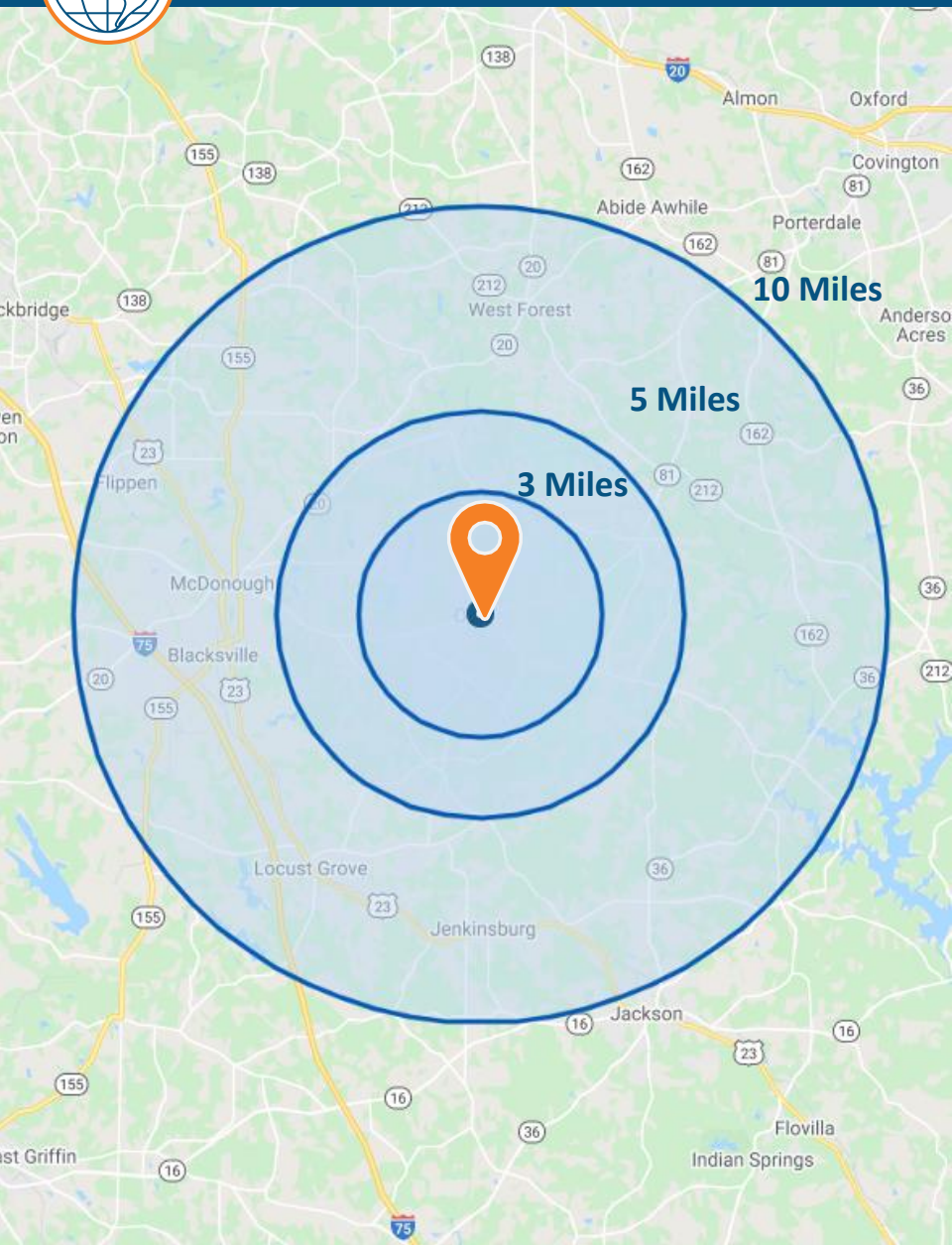
Atlanta is the capital and most populous city in the U.S. state of Georgia. With an estimated 2018 population of 498,044, it is also the 37th most-populous city in the United States. Atlanta is rated as a "beta(+)" world city that exerts a moderate impact on global commerce, finance, research, technology,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







Demographics



	3 Miles	5 Miles	10 Miles
POPULATION			
2025 Projection	16,375	37,362	172,245
2020 Estimate	15,479	35,016	163,400
2010 Census	13,618	30,297	143,486
2000 Census	6,539	13,822	80,174
INCOME			
Average	\$96,689	\$94,903	\$87,104
Median	\$80,760	\$78,725	\$69,407
Per Capita	\$31,432	\$31,370	\$29,721
HOUSEHOLDS			
2025 Projection	5,347	12,393	59,039
2020 Estimate	5,032	11,566	55,597
2010 Census	4,402	9,958	48,536
2000 Census	2,166	4,723	27,524
HOUSING			
2020	\$223,856	\$223,620	\$196,587
EMPLOYMENT			
2020 Daytime Population	10,113	21,177	128,132
2020 Unemployment	3.63%	3.16%	3.81%
2020 Median Time Traveled	40 Mins	40 Mins	37 Mins
RACE & ETHNICITY			
White	75.39%	68.98%	53.12%
Native American	0.22%	0.15%	0.11%
African American	20.04%	26.00%	39.79%
Asian/Pacific Islander	0.97%	1.06%	1.81%

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