

WENDY'S

EXCLUSIVE NET-LEASE OFFERING



OFFERING MEMORANDUM



101 West Boulevard
Chesterfield, SC 29709

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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.



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Chesterfield, SC 29709

Table of Contents

Investment Highlights	4
Financial Analysis & Investment Summary	5
Concept Overview	6 – 7
Surrounding Area	8
Location Overview	9
Regional Map	10
Demographics	11





LOCATION

REAL ESTATE FUNDAMENTALS

- ✓ Compelling Location Fundamentals | Located on the Hard Corner of a Four-Way Intersection
- ✓ Located in Chesterfields Main Retail Corridor | Surrounded by USPS, Exxon, Subway, BP, and More
- ✓ Chesterfield High School | Located Less than a Mile from the Subject Wendy's | Total Enrollment of 450 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: \$1,960,000 | CAP RATE: 5.00% | RENT: \$98,000

THE OFFERING

Purchase Price	\$1,960,000
CAP Rate	5.00%
Annual Rent	\$98,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	101 West Boulevard
City, State ZIP	Chesterfield, SC 29709
Building Size (SF)	3,400 SF
Lot Size (Acres)	1.38
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	\$98,000	\$8,167	-
Year 2	\$98,000	\$8,167	-
Year 3	\$99,225	\$8,269	1.25%
Year 4	\$100,465	\$8,372	1.25%
Year 5	\$101,721	\$8,477	1.25%
Year 6	\$102,993	\$8,583	1.25%
Year 7	\$104,280	\$8,690	1.25%
Year 8	\$105,584	\$8,799	1.25%
Year 9	\$106,903	\$8,909	1.25%
Year 10	\$108,240	\$9,020	1.25%
Year 11	\$109,593	\$9,133	1.25%
Year 12	\$110,963	\$9,247	1.25%
Year 13	\$112,350	\$9,362	1.25%
Year 14	\$113,754	\$9,479	1.25%
Year 15	\$115,176	\$9,598	1.25%
Year 16	\$116,616	\$9,718	1.25%
Year 17	\$118,073	\$9,839	1.25%
Year 18	\$119,549	\$9,962	1.25%
Year 19	\$121,044	\$10,087	1.25%
Year 20	\$122,557	\$10,213	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 101 West Boulevard in Chesterfield, SC. The property consists of 3,400 square feet of building space and is situated on approximately 1.38 acres 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

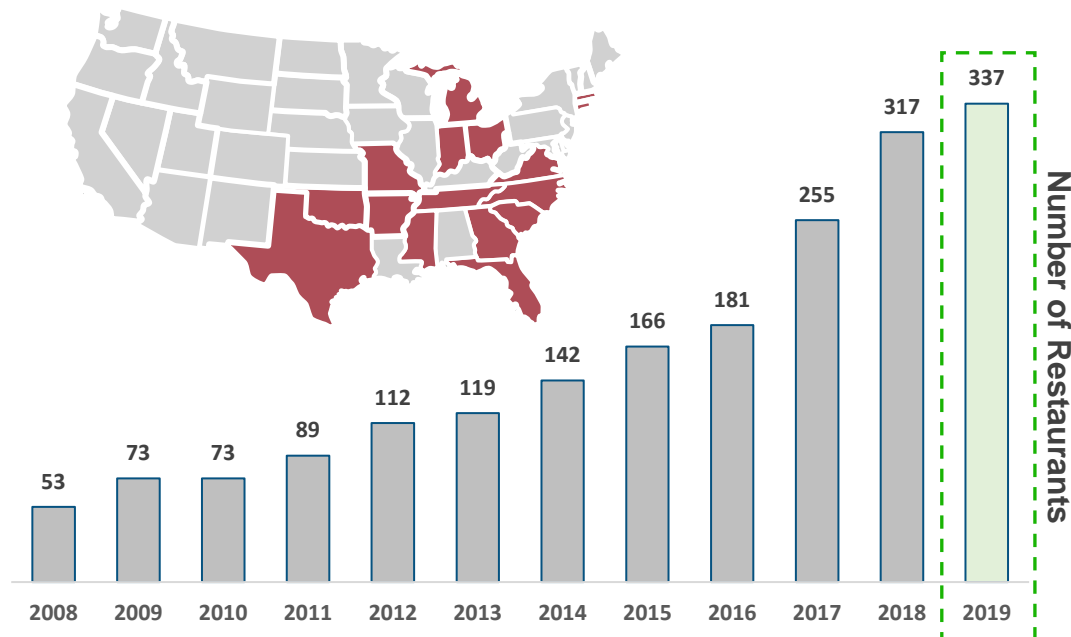
2019 Full-Year Highlights:

- ✓ 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



CHESTERFIELD
FIRE
DEPARTMENT



WEST BOULEVARD





Location Overview



This Wendy's property is located at 101 West Boulevard in Chesterfield, SC. Chesterfield is a town in and the county seat of Chesterfield County and is located approximately 60 miles from Charlotte, NC.

SURROUNDING RETAIL & POINTS OF INTEREST

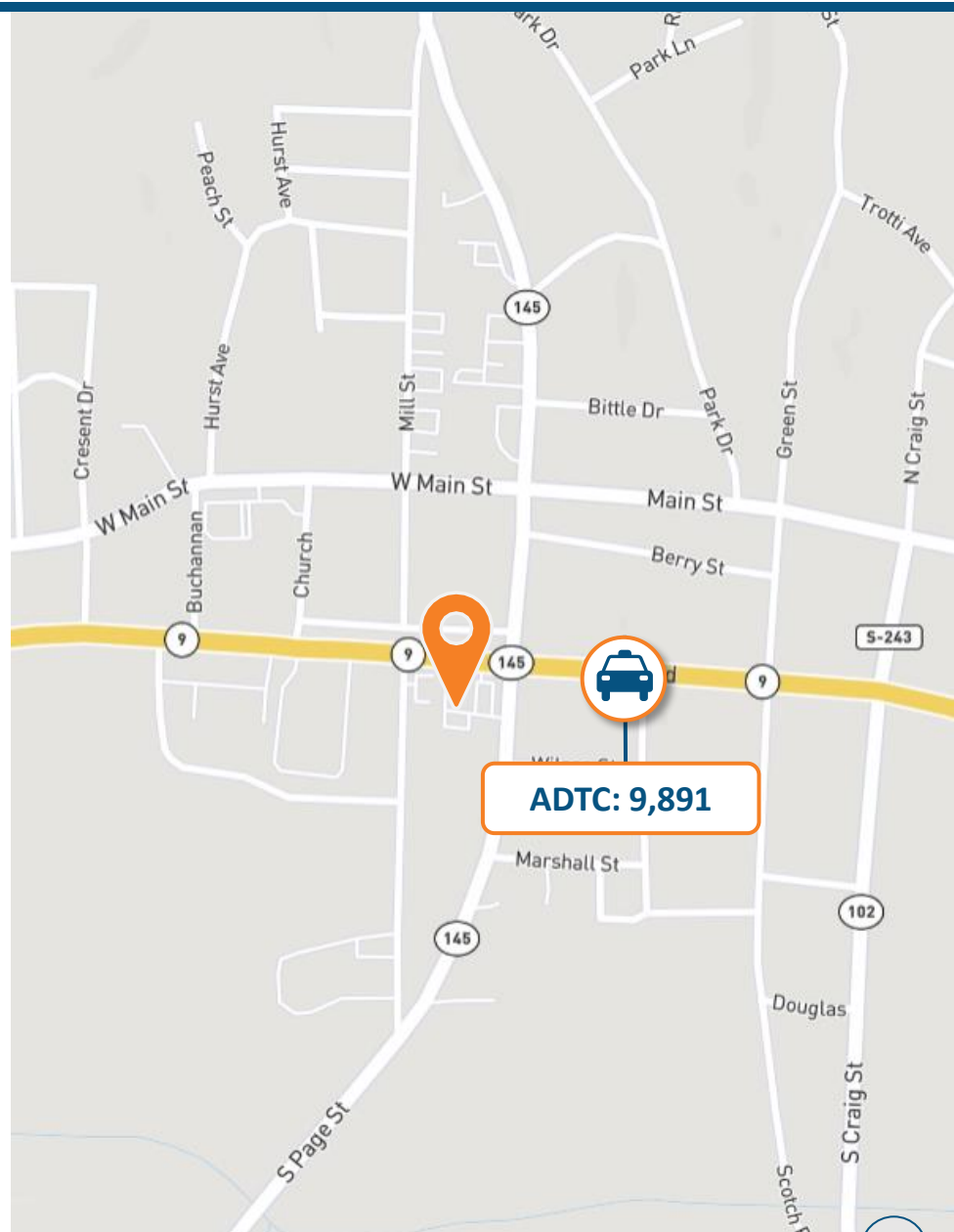
The property is strategically located in the main retail corridor of Chesterfield surrounded by national and local tenants, shopping centers and academic institutions. Major national tenants in the area include Napa Auto Parts, Subway, Exxon, USPS, First Citizens Bank, BP and many more. The subject property benefits from being located less than a mile from Chesterfield High School. Chesterfield High School serves the town of Chesterfield as well as surrounding towns and has a total enrollment of approximately 450 students. This Wendy's is located ten miles from McLeod Health Cheraw. McLeod Health Cheraw is a 59-bed acute care facility.

TRAFFIC COUNTS & DEMOGRAPHICS

The subject property benefits from being located on the hard corner West Boulevard and S Page St. West Boulevard boasts average daily traffic counts of 9,891 vehicles. There are approximately 5,885 individuals residing within a five-mile radius of the subject property and 17,981 individuals within a ten-mile radius.

CHESTERFIELD, SC

Chesterfield is a town in and the county seat of Chesterfield County, South Carolina, United States. Chesterfield is located just over sixty miles from Charlotte, NC. Charlotte is the most populous city in the U.S. state of North Carolina. Located in the Piedmont region, it is the county seat of Mecklenburg County. It is the 15th-most populous city in the United States and the second-largest in the Southeast behind Jacksonville. The city is the cultural, economic, and transportation center of the Charlotte metropolitan area. Charlotte is home to the corporate headquarters of Bank of America, Truist Financial, and the east coast operations of Wells Fargo, which along with other financial institutions has made it the second-largest banking center in the United States since 1995. Among Charlotte's many notable attractions, some of the most popular include the Carolina Panthers (NFL), the Charlotte Hornets (NBA), the NASCAR All-Star Race, the Wells Fargo Championship, the NASCAR Hall of Fame, the Charlotte Ballet, Children's Theatre of Charlotte, Carowinds amusement park, and the U.S. National Whitewater Center.







Demographics



3 Miles 5 Miles 10 Miles

Population Trends:

	3 Miles	5 Miles	10 Miles
2020 Population	3,086	5,885	17,981

Population by Race (2020):

	3 Miles	5 Miles	10 Miles
White	2,168	4,025	11,238
Black	849	1,724	6,200
American Indian/Alaskan Native	18	38	152
Asian	13	24	115
Hawaiian & Pacific Islander	6	8	12
Two or More Races	32	65	264
Hispanic Origin	38	79	408

Household Trends:

	3 Miles	5 Miles	10 Miles
2020 Households	1,269	2,399	7,120
Owner Occupied	988	1,871	5,469
Renter Occupied	265	497	1,575

Average Household Income (2020):

	3 Miles	5 Miles	10 Miles
Average Household Income (2020):	\$55,125	\$55,573	\$54,205

Households by Household Income (2020):

	3 Miles	5 Miles	10 Miles
<\$25,000	317	599	2,258
\$25,000 - \$50,000	367	717	1,753
\$50,000 - \$75,000	295	522	1,459
\$75,000 - \$100,000	161	289	820
\$100,000 - \$125,000	72	158	457
\$125,000 - \$150,000	5	9	91
\$150,000 - \$200,000	46	84	194
\$200,000+	8	21	89

Median Household Income (2020):

	3 Miles	5 Miles	10 Miles
Median Household Income (2020):	\$46,891	\$45,748	\$43,636



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