

WENDY'S

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



OFFERING MEMORANDUM



3990 3rd St.
Memphis, TN 38109

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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 properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease,

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Investment Highlights

PRICE: \$2,210,526 | CAP: 4.75% | RENT: \$105,000

Wendy's

About the Investment

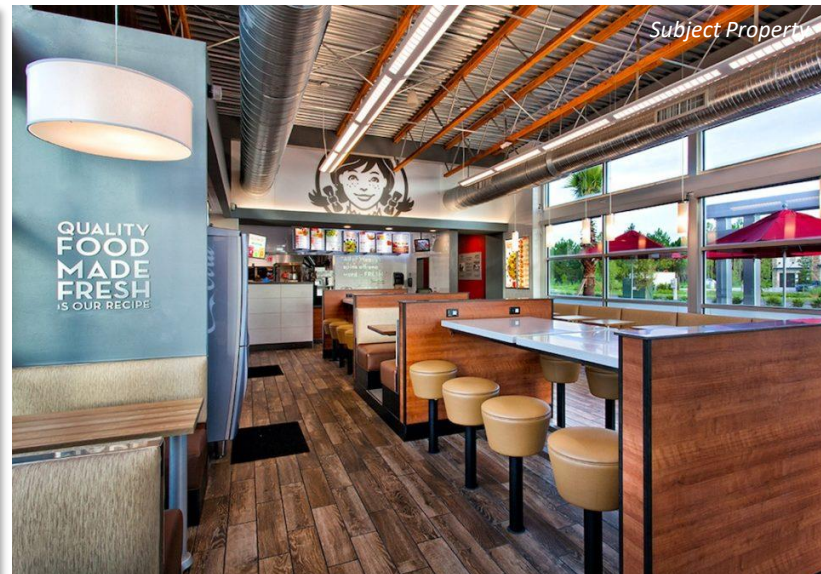
- ✓ Brand New 20-Year Sale Leaseback
- ✓ Triple Net (NNN) Lease with Zero Landlord Responsibilities
- ✓ Attractive Rental Increases | Lesser of Change in CPI or One and a Quarter Percent (1.25%) Annually Starting in Year 3
- ✓ Six (6) Tenant Renewal Periods of Five (5) Years Each

About the Location

- ✓ Dense Retail Corridor | Taco Bell, Safe Way, Walgreens, Dollar General, Family Dollar, Exxon, Church's Chicken, AutoZone, Western Union, Valero, and Many More
- ✓ Strong Demographics | Population Exceeds 115,000 Individuals Within a Five-Mile Radius
- ✓ Strong Real Estate Fundamentals | Located Less Than 9-Miles from Downtown Memphis, TN
- ✓ Strong Traffic Counts | Over 24,600 and 10,500 Vehicles Per Day Along South 3rd Street and Horn Lake Road
- ✓ Memphis International Airport | Located Approximately Six-Miles Away | One of the Busiest Cargo Airports in the World
- ✓ 15 Primary Education Institutions with 5 Miles of Subject Property | Nearly 10,000 Students Enrolled

About the Tenant / Brand

- ✓ 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

PRICE: \$2,210,526 | CAP: 4.75% | RENT: \$105,000



THE OFFERING

Purchase Price	\$2,210,526
CAP Rate	4.75%
Annual Rent	\$105,000

PROPERTY DESCRIPTION

Property	Wendy's
Property Address	3390 3 rd St
City, State ZIP	Memphis, TN 38109
Year Built / Renovated	1993/2005
Building Size (SF)	2,998 SF
Lot Size (Acres)	0.86
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	\$105,000	\$8,750	-
Year 2	\$105,000	\$8,750	-
Year 3	\$106,313	\$8,859	1.25%
Year 4	\$107,641	\$8,970	1.25%
Year 5	\$108,987	\$9,082	1.25%
Year 6	\$110,349	\$9,196	1.25%
Year 7	\$111,729	\$9,311	1.25%
Year 8	\$113,125	\$9,427	1.25%
Year 9	\$114,539	\$9,545	1.25%
Year 10	\$115,971	\$9,664	1.25%
Year 11	\$117,421	\$9,785	1.25%
Year 12	\$118,888	\$9,907	1.25%
Year 13	\$120,375	\$10,031	1.25%
Year 14	\$121,879	\$10,157	1.25%
Year 15	\$123,403	\$10,284	1.25%
Year 16	\$124,945	\$10,412	1.25%
Year 17	\$126,507	\$10,542	1.25%
Year 18	\$128,088	\$10,674	1.25%
Year 19	\$129,690	\$10,807	1.25%
Year 20	\$131,311	\$10,943	1.25%

Investment Summary

Marcus & Millichap is pleased to present the exclusive listing for a Wendy's located at 3990 3rd St, Memphis, TN. The property consists of 2,998 square feet of building space and is situated on approximately 0.86 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 March 2021, 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, currently with 340 restaurants in operation 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 with a workforce of approximately 11,000 employees. The Company's current and publicly available information pursuant to SEC Rule 15c2-11 and FINRA Rule 6432 can be found at www.otcm Markets.com, under the stock symbol MHGU/Disclosures or the Company's website, www.meritagehospitality.com.



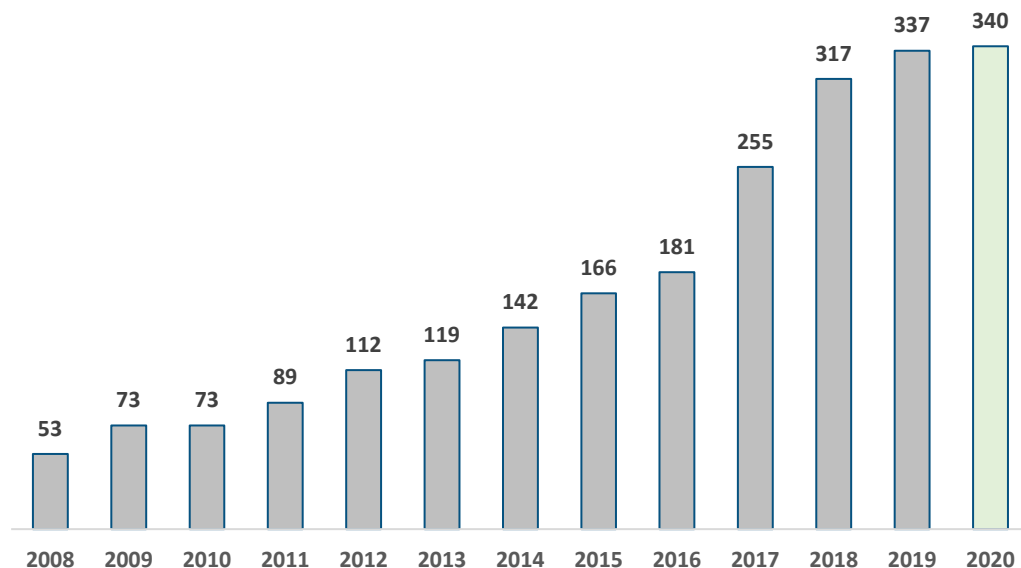


Concept Overview



2020 Full-Year Highlights:

- ✓ Sales increased 10.4% to a record \$516.2 million compared to \$467.5 million last year
- ✓ Earnings from Operations increased 21.8% to \$25.8 million compared to \$21.2 million last year
- ✓ Net Earnings increased 22.4% to \$15.8 million compared to \$12.9 million last year
- ✓ Consolidated EBITDA (a non-GAAP measure) increased 4.9% to \$46.7 million compared to \$44.6 million last year
- ✓ The Company developed or acquired a net of 3 restaurants, to finish with 340 restaurants in operation across 16 states



2021 Full-Year Outlook - Continued Growth Ahead:

- ✓ Sales growth of +10% to 15%
- ✓ Earnings from Operations growth of +20% to 30%
- ✓ Net Earnings growth of +20% to 30%
- ✓ EBITDA growth of +15% to 20%
- ✓ Dividend growth +100% to 125%

Excerpt from Meritage Hospitality Group Press Release Dated February 10, 2021:

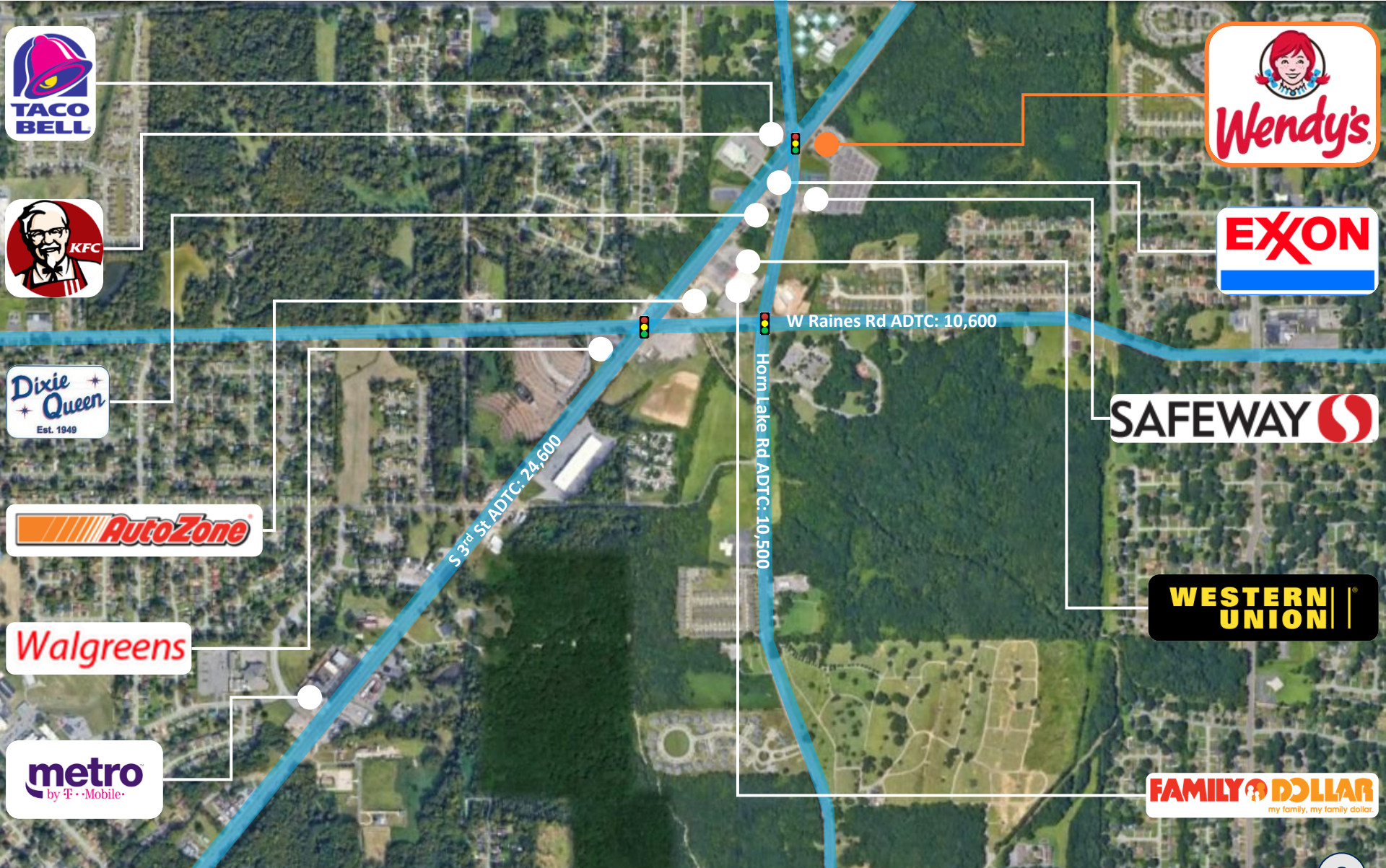
"We achieved record financial results during an unprecedented and challenging year. This was quite an accomplishment given the negative impact from COVID-19 in the first quarter, resulting from mandated closures associated with the pandemic. Our restaurant operating teams and real estate development group finished the balance of the year strong, supported by a resilient Wendy's brand. As we continue to build on our sales momentum with double digit growth during the first quarter of 2021, we are focused on executing our critical priorities including employee and customer safety while delivering speed, convenience and affordable quality food"

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



Surrounding Area

Wendy's





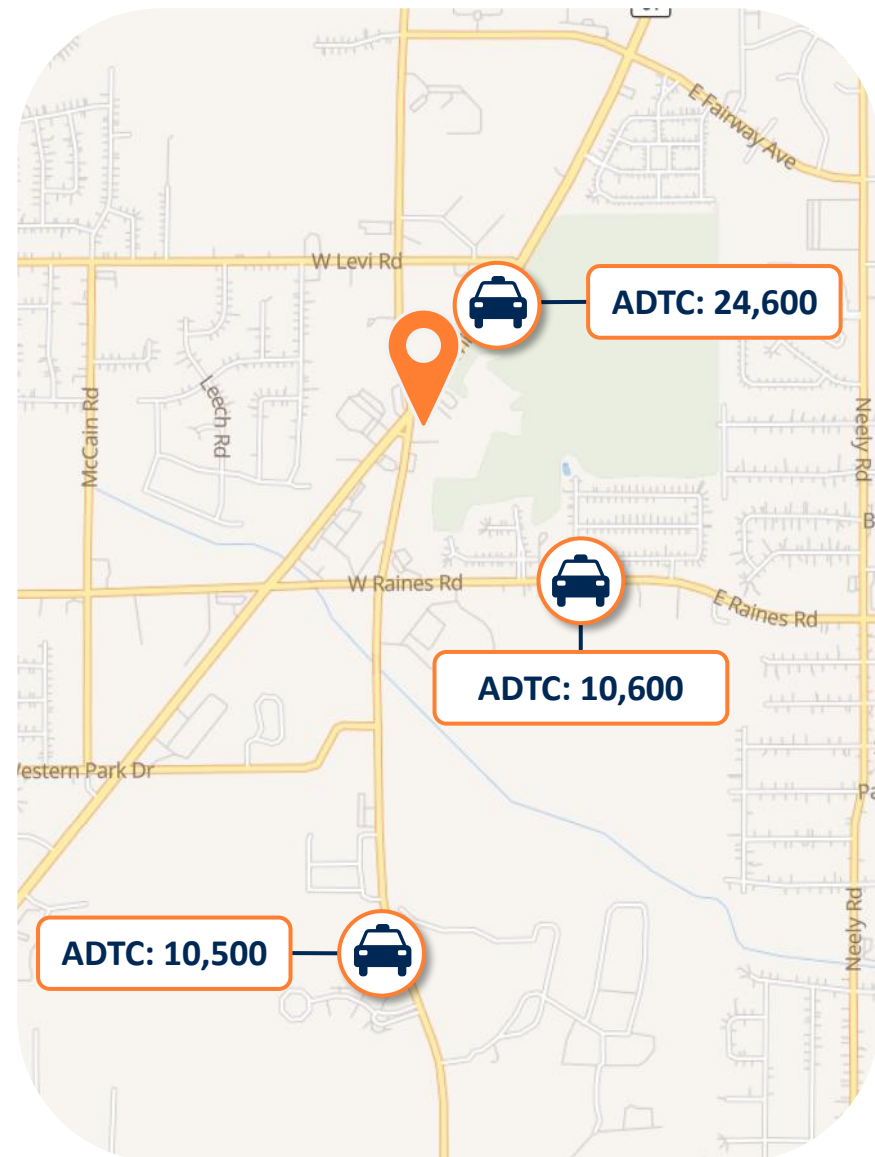
Location Overview

The Wendy's property is situated just off of the intersection of South 3rd Street and Horn Lake Road, which boast average daily traffic counts of 24,600 and 10,500 vehicles respectively. West Raines Road intersects with both South 3rd Street and Horn Lake Road and brings an additional 10,600 vehicles into the immediate area on average daily. There are more than 50,000 individuals residing within a three-mile radius of the property and more than 115,000 individuals within a five-mile radius.

The subject property benefits from being well-positioned in a very dense retail corridor consisting of national and local tenants, academic institutions and shopping centers all within close proximity of this property. Major national tenants in the area include: Safeway, Family Dollar, Walgreens, Taco Bell, Church's Chicken, Exxon, AutoZone, McDonald's, Western Union, Valero, Dollar General as well as many others. This Wendy's also benefits from its close proximity to several academic institutions. There are 15 primary education institutions with five miles of the subject property with a combined student count of over nearly 10,000. There are also several shopping centers within close proximity of the subject property, including the Southland Mall which offers over 60 stores.

Memphis International Airport is located approximately six miles from the subject property. It is home to the FedEx Express global hub, often referred to as the FedEx Superhub or simply the Superhub, which processes many of the company's packages. Non-stop FedEx destinations from Memphis include cities across the continental United States, Canada, Europe, the Middle East, Asia and South America. From 1993 to 2009, Memphis had the largest cargo operations of any airport worldwide. MEM dropped to the second position in 2010, just behind Hong Kong. However, it remained the busiest cargo airport in the United States and in the Western Hemisphere, until 2020, when it once again became the world's busiest cargo handling airport due to the surge in ecommerce partly caused by the COVID-19 pandemic. On the passenger side, MEM averages over 80 passenger flights per day. The 164th Airlift Wing of the Tennessee Air National Guard is based at the co-located Memphis Air National Guard Base, operating C-17 Globemaster III transport aircraft.

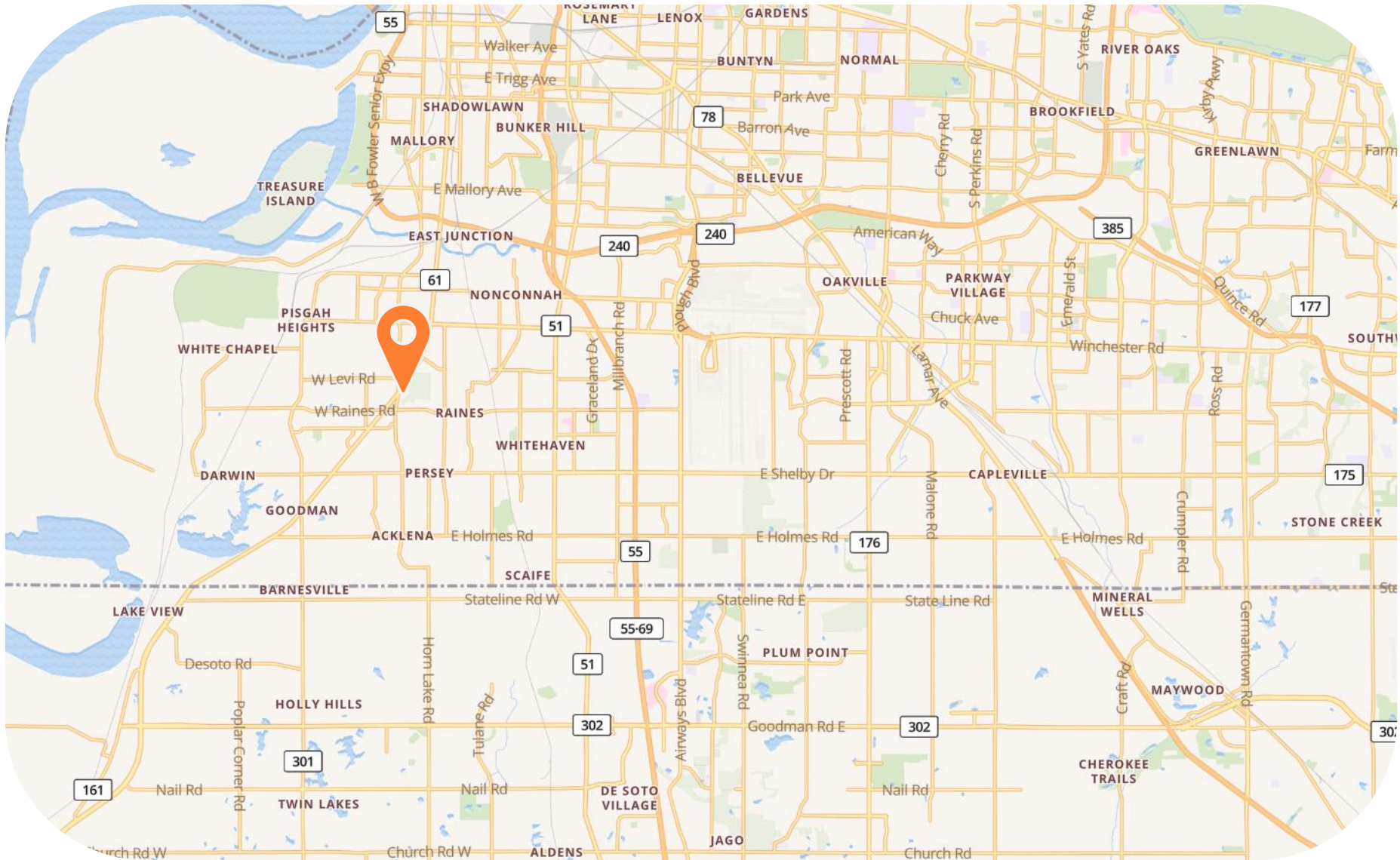
Wendy's





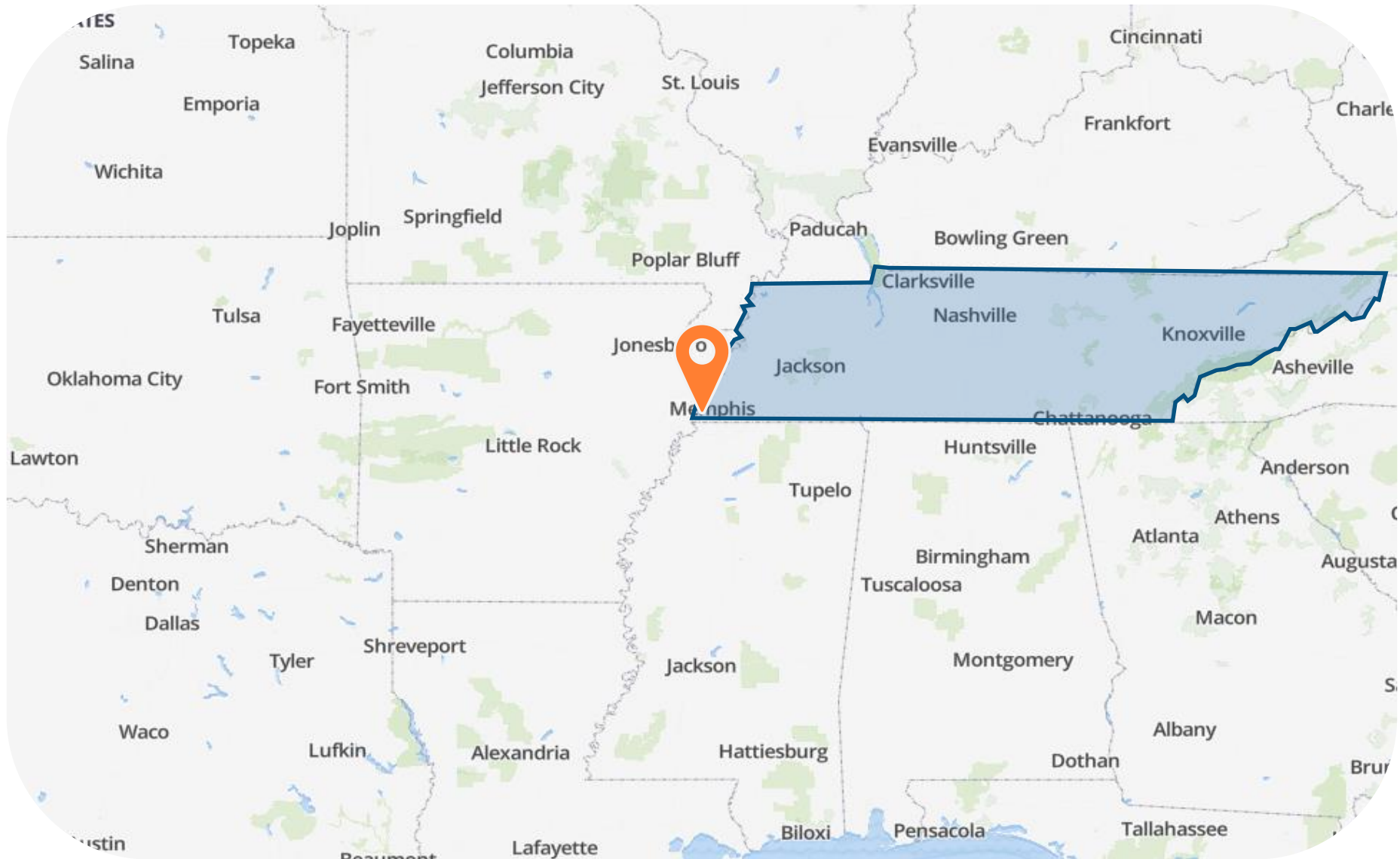
Local Map

Wendy's



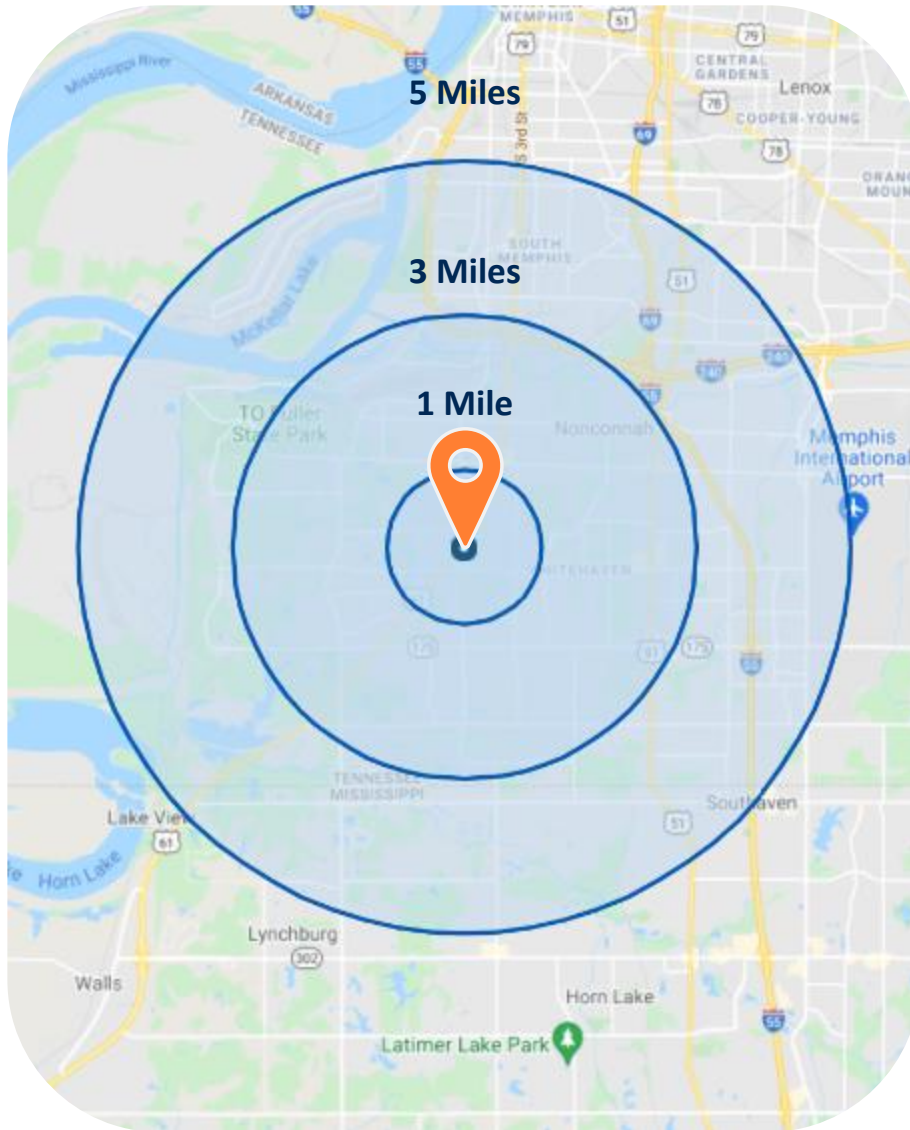


Regional Map





Demographics



	1 Mile	3 Miles	5 Miles
POPULATION TRENDS			
2010 Population	7,916	51,159	113,764
2021 Population	8,088	50,271	115,349
2026 Population Projection	8,119	50,085	116,078
POPULATION BY RACE (2021)			
White	137	1,556	9,414
Black	7,889	48,182	104,489
American Indian/Alaskan Native	9	99	262
Asian	3	36	223
Hawaiian & Pacific Islander	0	7	16
Two or More Races	50	391	946
Hispanic Origin	116	976	2,857
HOUSEHOLD TRENDS			
2010 Households	2,861	18,354	41,432
2021 Households	2,941	17,991	41,706
2026 Household Projection	2,955	17,914	41,898
AVERAGE HOUSEHOLD INCOME (2020)	\$51,216	\$51,187	\$49,406
MEDIAN HOUSEHOLD INCOME (2020)	\$35,411	\$36,714	\$36,951
HOUSEHOLDS BY HOUSEHOLD INCOME (2020)			
<\$25,000	980	6,065	14,703
\$25,000 - \$50,000	967	5,405	11,848
\$50,000 - \$75,000	376	2,850	7,029
\$75,000 - \$100,000	230	1,831	4,049
\$100,000 - \$125,000	207	684	1,760
\$125,000 - \$150,000	91	554	1,087
\$150,000 - \$200,000	31	243	669
\$200,000+	58	360	560



Market Overview



Memphis, Tennessee



Memphis, is a city located along the Mississippi River in southwestern Shelby County, Tennessee, United States. The 2019 population was 652,000, making Memphis the largest city on the Mississippi River, the second most populous city in Tennessee, as well as the 25th largest city in the United States. Greater Memphis is the 42nd largest metropolitan area in the United States, with a greater Mid-South region, which includes portions of neighboring Arkansas and Mississippi. Memphis is the county seat of Shelby County, the most populous county in Tennessee. As one of the most historic and cultural cities of the southern United States, the city features a wide variety of landscapes and distinct neighborhoods.

Memphis is the birthplace of Rock n' Roll and the home of the Blues. It's also home to the National Civil Rights Museum, Beale Street, the Memphis Rock and Soul Museum, the National Ornamental Metal Museum and Graceland, the second most visited residence in the United States. Memphis still has a vibrant music scene to this day, with live music each night on Beale Street and in most areas of the city. But music is not Memphis' only export; these days, most goods come through Memphis and its transportation and logistics infrastructure. Not only is the airport the second largest cargo airport in the world –a fact attributable to FedEx's "Super Hub" – but Memphis sits at a crossroads of what is called the four R's: Railroads, Runways, Roads, and the Mississippi River. The city is also home to several Fortune 500 companies, including AutoZone, International Paper, and FedEx, as well as St. Jude Children's Research Hospital and the Memphis Grizzlies. Every year, Beale Street and Downtown's Tom Lee Park are transformed into a sea of music, pork, and people during the Memphis in May International Festival. This month-long celebration draws tens of thousands of visitors every spring and features the world-famous Beale Street Music Festival, World Championship Barbecue Cooking Contest, and several other international events honoring a different foreign country every year.

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