

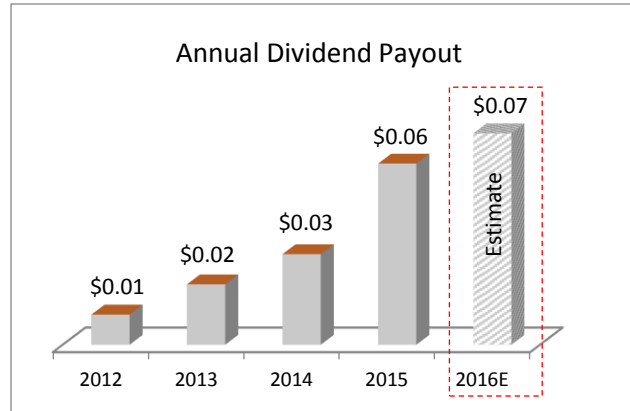


September 15, 2016

Dear Meritage Shareholder:

Enclosed please find our first *quarterly* common stock dividend, issued in the amount of \$0.02 per share for the third quarter, 2016. We have routinely communicated that it is our intent to deliver “dividend growth commensurate with earnings growth” and we are continuing to deliver and build on that key shareholder objective.

At the core of our business strategy is a discipline focused on profitable growth through Wendy’s acquisitions and new restaurant development. In August we completed our 16th Wendy’s acquisition, a 10 store transaction in the Oklahoma City area. This brings our total number of Wendy’s in Oklahoma to 18 restaurants, and represents our first market west of the Mississippi River.



Our vision for restaurant growth over the next 5 years (2017 through 2021) is illustrated below. This 5-year growth plan is both “ambitious and achievable”, similar to our last 5 year-plan. The successful execution of this plan will require a steady drum-beat of acquisitions, renovations and new construction, all of which I believe we highly efficient at creating within the Wendy’s system.



The Wendy’s franchise system continues to consolidate as the first generation franchisees (now approximately 68 years old) are continuing to retire from the business. We seek those franchise opportunities where we believe we can add-value using our operations acumen, information & accounting systems and development expertise.

Employee performance-based compensation remains a cornerstone of our culture and is supported by an organizational development team focused

on recruiting, retaining and rewarding personal performance and growth.

Looking ahead, I believe we are uniquely positioned with our people, systems and size to creating substantial shareholder-value and “dividend growth commensurate with earnings growth” over the next five years.

Thank-you for your interest in Meritage Hospitality.

Robert E Schermer, Jr.
CEO