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FOR IMMEDIATE RELEASE

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MERITAGE REPORTS FIRST QUARTER 2011 RESULTS; CONTINUED WENDY'S EXPANSION & CASUAL DINING CONCEPT CONVERSIONS

GRAND RAPIDS, Michigan, May 5, 2011. Meritage Hospitality Group Inc. (OTCQX: MHGU), one of the nation's premier franchise operators, today reported financial results for the first quarter ended April 3, 2011.

First Quarter Highlights

- Sales increased 3.9% to \$19.6 million from \$18.9 million for the same period last year.
- Income from Operations was \$369,000 compared to \$431,000 for the same period last year.
- Net Income was \$149,000 compared to a net income of \$550,000 for the same period last year.
- Consolidated EBITDA (a non GAAP measure) was \$766,000 compared to \$841,000 for the same period last year.
- The Company acquired 14 Wendy's restaurants, adding six stores in Jacksonville, FL and eight stores in Atlanta, GA.
- The Company exited the O'Charley's franchise system and is in the process of converting restaurants to its new Twisted Rooster concept.
- The Company declared its 30th consecutive quarterly dividend on its Series B Cumulative Convertible Preferred stock of \$.20 per share, which was payable on April 1, 2011 to shareholders of record as of March 15, 2011.

In the first quarter, management continued to execute its five year plan with an emphasis on Wendy's restaurant expansion and casual dining conversions into the Company's wholly owned Twisted Rooster restaurant concept. The new Wendy's supply chain is working to mitigate food costs and hedge commodities and fuel prices, which have continued to inflate globally.

"The Company incurred additional expenses in the first quarter, including costs associated with the acquisition of 14 Wendy's restaurants and the closure of three O'Charley's casual dining restaurants. Our focus remains on operational excellence, margin improvements and facility upgrades in our restaurant portfolio. We are aggressively seeking growth

opportunities where we can add value through disciplined operating practices and back-of-house operating systems,” stated Robert E. Schermer, Jr., the company’s CEO. “In today’s business environment, we believe consumer relevance, scale and diversification are essential ingredients for a successful, long-term franchise business model,” added Mr. Schermer.

About Meritage

Meritage is one of the nation’s premier franchise operators, currently operating 86 quick service and casual dining restaurants. The company is headquartered in Grand Rapids and employs a workforce of approximately 2,500 people. The company seeks growth opportunities to capitalize on its substantial development and operating expertise. The company’s public filings can be viewed at www.otcqx.com, under the stock symbol MHGU, or the company’s website www.meritagehospitality.com.

SAFE HARBOR STATEMENT

Certain information in this new release, particularly information regarding future economic performance and finances, and plans, expectations and objectives of management, constitutes forward-looking statements. Factors set forth in our Safe Harbor Statement, in addition to other possible factors not listed, could affect the Company’s actual results and cause such results to differ materially from those expressed in forward-looking statements. Please review the Company’s Safe Harbor Statement at <http://www.meritagehospitality.com>.

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