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FOR IMMEDIATE RELEASE

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**MERITAGE REPORTS SECOND QUARTER 2011 RESULTS;
CONTINUED SALES GROWTH & STORE EXPANSION**

Grand Rapids, Michigan, July 26, 2011. Meritage Hospitality Group, Inc. (OTCQX: MHGU), the nation's premier franchise operator, today reported financial results for the quarter ended July 3, 2011.

Second Quarter 2011 Highlights

- Sales increased 22.3% to \$24.4 million from \$19.9 million for the same period last year.
- Income from Operations was \$738,000 compared to \$935,000 for the same period last year.
- Net Income was \$457,000 compared to \$845,000 for the same period last year.
- Consolidated EBITDA (a non-GAAP measure) was \$898,000 compared to \$1.3 million for the same period last year.
- In 2011, the Company recorded preopening and acquisition expenses of \$289,000 associated with the acquisition of 14 Wendy's restaurants and the opening of two newly rebranded Twisted Rooster restaurants. Additionally, in 2011, the Company incurred discontinued operations charges of \$215,000 related to the closure of one of its underperforming O'Charley's restaurants.
- The Company declared its 31st consecutive quarterly dividend on its Series B Cumulative convertible Preferred Stock of \$0.20 per share, which was payable on July 1, 2011 to shareholders of record as of June 15, 2011.

"We are pleased with the operational integration of our newly acquired Wendy's restaurants in Jacksonville, FL and Atlanta, GA and remain focused on our growth plan and consolidated financial performance targets for 2011. Food cost remains the near-term challenge, with beef prices at 40 year record highs. We are experiencing strong consumer acceptance of our casual dining restaurant conversions into Twisted Roosters, with same store sales increases averaging 100% in the three locations," said Meritage CEO, Robert E. Schermer, Jr.

Six Months 2011 Highlights

- Sales for the six months increased 13.3% to \$44.0 million compared to sales of \$38.8 million for the same period last year.
- Income from Operations was \$1.1 million compared to \$1.3 million for the same period last year.
- Net Earnings were \$594,000 compared to \$1,394,000 for the same period last year.
- Consolidated EBITDA (a non-GAAP measure) was \$1.7 million compared to \$2.2 million in 2010.
- In 2011, the Company recorded preopening and acquisition expenses of \$355,000 associated with the acquisition of 14 Wendy's restaurants and the opening of two newly rebranded Twisted Rooster restaurants. Additionally, in 2011, the Company incurred discontinued operations charges of \$215,000 related to the closure of one of its underperforming O'Charley's restaurants.

The Company is on target with its five-year growth plan and remains optimistic about the long-term growth prospects for the Wendy's brand. The Wendy's brand opportunities for Meritage include revitalization of the core products, facility modernization, new store construction and expansion into emerging markets.

Meritage is one of the nation's premier franchise operators, currently operating 87 quick-service and casual dining restaurants. The Company specializes in the development and operation of restaurants. The Company is headquartered in Grand Rapids and employs a workforce of approximately 2,500. Meritage continues to seek unique opportunities to capitalize on its substantial restaurant 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 news 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>.