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FOR IMMEDIATE RELEASE

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**MERITAGE REPORTS PRELIMINARY FOURTH QUARTER AND FULL-YEAR 2011 RESULTS;
2012 TARGETS AND LONG-TERM OUTLOOK**

GRAND RAPIDS, Michigan, February 6, 2012. Meritage Hospitality Group Inc. (OTCQX: MHGU), the nation's premier franchise operator, today reported preliminary financial results for the 2011 fiscal year ended January 2, 2012.

Consolidated 2011 Summary

- Sales increased 18.6% to a record \$91.9 million compared to \$77.5 million in 2010.
- Income from Operations was \$3.2 million, the same as reported in 2010.
- Net Income from Continuing Operations increased 24.2% to \$3.1 million compared to \$2.5 million in 2010.
- Consolidated EBITDA (a non-GAAP measure) increased 6.4% to \$5.0 million in 2011, compared to \$4.7 million in 2010.
- Meritage opened or acquired 17 new restaurants, to finish 2011 with 89 operating restaurants.
- The Company declared its 33rd consecutive quarterly dividend on its Series B Cumulative Convertible Preferred stock of \$.20 per share, which was payable on January 1, 2012 to shareholders of record as of December 15, 2011.

“The consumer environment showed positive signs of improvement in our Florida, Georgia and Michigan markets. Acquisitions, renovations and new store development contributed to our record sales in 2011, a testament to the hard work and commitment of our approximately 2,700 employees. Relevant consumer products, supported by our unique web-based operating platform and store level execution, remain the key to our accelerating growth and consolidation plans,” stated Robert E. Schermer, Jr., the Company's CEO.

Fourth Quarter 2011 Highlights

- Sales increased 25.6% to \$24.0 million compared to \$19.1 million in 2010.
- Income from Operations was \$1.1 million, the same as reported in the fourth quarter of 2010.
- Net Income from Continuing Operations increased 241.6% to \$1.6 million compared to \$468,000 in the fourth quarter of 2010.
- Consolidated EBITDA (a non-GAAP measure) increased 24.2% to \$1.8 million compared to \$1.5 million in the same period last year.
- Commodity cost pressures (primarily beef) eased as expected in the fourth quarter, although we anticipate continued margin pressure due to unusually high beef prices. Beef pricing volatility is complicated by required U.S. Government subsidies for corn-based ethanol consuming an estimated 40% of the U.S. corn crop.

2012 Financial Targets & Long-Term Outlook

The Company's 2012 operating plan includes the following financial expectations:

- Sales growth of 10% to 15%
- Income from Operations growth of 20% to 25%
- Net Income growth of 20% to 25%
- EBITDA growth of 20% to 25%

The 2012 plan includes the addition of five to ten Wendy's restaurants from acquisitions and new store development and two to four new Twisted Rooster restaurants.

The Wendy's restaurant system, under the new leadership of Emil Brolick, remains focused on extensive brand revitalization, new product innovations, restaurant facility re-imaging and global expansion. The Wendy's goal is to build a menu that is relevant to consumers and drives profitable sales growth. As part of the remodel effort, which Wendy's terms "Image Activation," the system is working to enhance the entire customer experience including restaurant design, elevated food preparation and higher customer service standards.

Meritage's planned unit growth for its Twisted Rooster restaurants, a casual dining brand wholly owned by the Company, is expected to generate accelerating cash earnings contributions in 2012.

The Company's long-term operating plan calls for a combined total of 150 Wendy's and Twisted Rooster restaurants by 2015. The focus of our capital management strategy continues to be investment in core business growth opportunities.

About Meritage

Meritage is one of the nation's premier franchise operators, currently managing 89 quick service and casual dining restaurants. The Company specializes in the development and operation of quick service and casual dining restaurant properties. The Company is headquartered in Grand Rapids and employs a growing workforce of approximately 2,700. The Company seeks new opportunities to capitalize on its unique web-based operating platform and substantial restaurant 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 www.meritagehospitality.com.

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