

Restaurant Monthly Update

November 2016



Q Market Update

Sales at existing restaurants continued their downward trend in September, as the latest survey data indicated a -1.1% decline in same-store sales and -3.5% decline in traffic. September marked the fifth month out of the past six where the industry faced negative same-store sales and traffic growth. At the current pace, the restaurant industry in 2016 is facing the weakest annual same-store sales performance since the recession in 2009.

California was the best performing region in the third quarter, logging positive same-store sales growth of +0.8% in September, albeit with declining traffic of -2.1%. The worst performing region was once again the Southwest, which reported same-store sales and traffic declines of -2.9% and -5.7%, respectively. Income growth in this region appears to be a major contributing factor, as three (Louisiana, New Mexico, and Oklahoma) of the four states included in the region are among the 10 states with the lowest second quarter year-over-year growth in personal income.

Based on same-store sales performance, QSR (Quick Service Restaurants) continued to be the top performing segment during September for the eighth consecutive month with same-store sales growth of +2.2% in the third quarter. Polished Casual maintained flat same-store sales growth, while Fast Casual, Fine Dining, and Casual Dining all experienced declines in September.

Not captured in the same-stores sales data, however, is traffic growth attributable to new sources. This activity, fueled, in part, by Millennials' spending power, includes chef-inspired fast-casual concepts and meal-kit prep delivery services, as well as new unit expansion driven by the availability and lower cost of capital. Sales from these segments are not accounted for in the current data and continue to grow at a steady rate. According to U.S. Census data, overall restaurant sales have increased in 2016, with expectations of achieving 5% year-over-year growth.

Year-over-year job growth for new chain restaurants was reported at a modest +0.7%, compared to the +3.7% average year-over-year growth during the first seven months of the year. Employee retention has been cited by a majority of restaurant operators as one of the most critical challenges faced in 2016. This continued staffing and retention difficulty is expected to carry into the fourth quarter. When combined with declining same-store sales at many existing brands and segments, the restaurant industry as a whole is expected to face a difficult remainder of the year.

KEY INFORMATION



September same-store sales and traffic declined -1.1% and -3.5%, respectively



QSR continued to be the top performing segment during September with same-store sales growth of +2.2%



Restaurant industry job growth was reported at a modest +0.7% Y-o-Y



The restaurant industry is expected to face continued challenges and more restaurant closures throughout the remainder of 2016

Millennials Scaling Back Restaurant Visits

According to NPD, consumers between the ages of 18 and 35 have scaled back visits to restaurants over the past ten years. While Millennials under the age of 20 have increased their restaurant visits, they still eat at restaurants at a far lower rate than members of Generation X at their peak. According to new federal data, one of the largest factors shaping this trend is the food pricing disparity between restaurants and grocers. Restaurant prices have risen +2.4% over the past year while grocery prices for foods eaten at home have decreased nearly -2.2% over the same period. This phenomenon is primarily driven by increasing wages in a labor-intensive restaurant industry, forcing restaurant operators to increase menu prices in an attempt to offset these expenses. Grocers, on the other hand, have been able to decrease their prices with globally depressed commodity costs. This pricing gap is often credited as a significant contributor to the downward trend in same-store sales across most restaurant segments. As long as this restaurant-grocery pricing gap persists, consumers may continue to opt toward eating at home.

Driving Traffic in Today's Environment

Although the restaurant industry has relied primarily on increases in menu pricing and check averages to drive sales over the past several years, going forward, the pricing disparity between restaurants and grocers will likely force companies to rely more on traffic growth to drive same-store sales in the near future. Fortunately, there are a number of initiatives for restaurant operators to help reverse the trends in traffic. Brands can create consumer value propositions beyond pricing alone by offering convenient delivery programs and enhanced takeout options, like that of Domino's Pizza and Papa John's. Furthermore, concepts can promote brand loyalty through innovative marketing, expanded catering options, and technology to connect with consumers outside of the restaurant. As consumers become better educated on healthier eating and food supply transparency, successful restaurants will continue to adapt their menus to allow for dietary flexibility. Restaurant owners can additionally revitalize their brand by refreshing store designs to expand appeal beyond their core customer base.

Increased Investor Appetite for Growth Stage Concepts

Despite the challenging year for the industry amidst the downturn in same-store sales and traffic, restaurant investments continue to flourish, especially for emerging entrants in the fast-casual category who are favored more by the Millennial consumer and who continue to take market share from long-established, traditional casual dining operators. Restaurants still remain an attractive investment within the consumer space, as traditional retail has been heavily impacted by the growth of e-commerce. While no restaurant companies have gone public over the past year, investors continue to pour money into smaller growth concepts. Many funds prefer to invest in restaurant concepts early on in their lifecycles to help shape their stories. Additionally, private equity groups have been interested in buying into small, emerging fast-casual chains with attractive unit-level economics and cash-on-cash returns with the hopes of accelerating organic growth and regional expansion.

Recent Investments in Growth Concepts



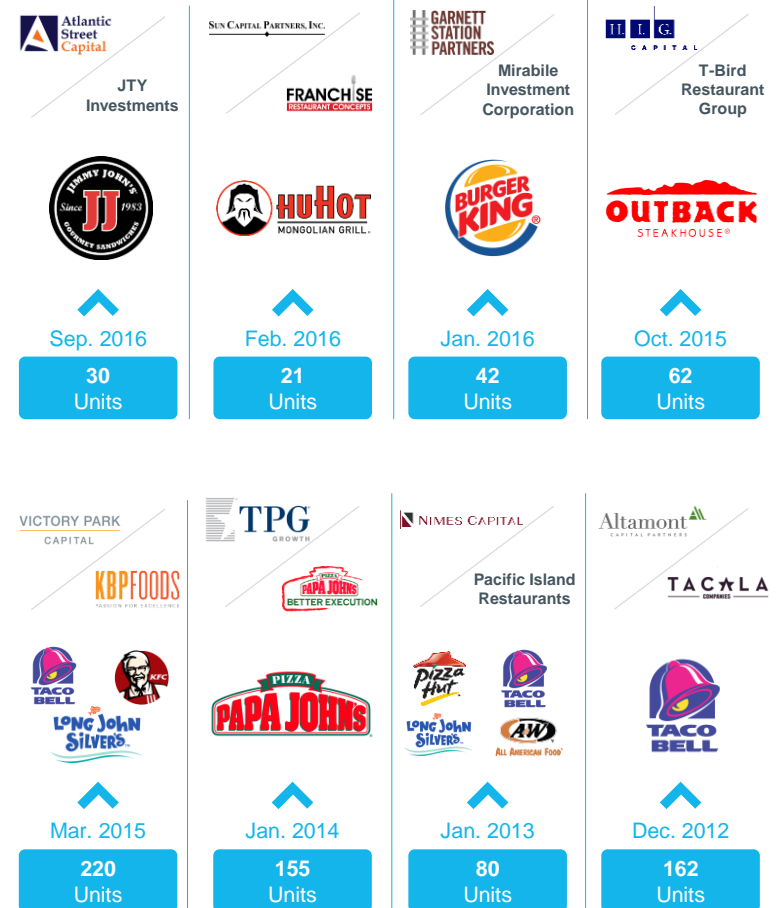
Increased Private Equity Interest In Franchisees

In recent years, the market has shown that franchisees are not valued as highly as franchisors, even amid growing prices for multi-unit franchisee operators. Since franchisees do not control their brand, they are beholden to a separate company to a certain extent for the direction of their business and ultimate exit. In addition, franchisees are also typically not as profitable because they must pay a certain percentage of sales to their franchisor and face higher costs for maintenance and capital improvements.

Private equity firms tended to avoid franchisees a decade ago, but that trend has changed in recent years as investors discovered the benefits of investing in these businesses. Franchisees typically operate numerous restaurants, thus generating substantial cash that can be distributed to owners in the form of dividends or management fees. The consistency and stability of cash flows of franchise businesses (particularly those in Tier 1 systems) has attracted many lenders into the industry. Lenders have competed to make loans to large-scale franchise businesses, and that competition has driven down the cost of loans and made terms available to borrowers more favorable. Furthermore, franchisees can be a low-risk investment when executed correctly. Private equity firms are buying franchisees that control markets, enabling them to control local marketing and avoid losing reputation from other poorly-managed franchised restaurants in their area. Franchisees also tend to buy established, well known brands, such as Burger King, Taco Bell and Pizza Hut.

In recent years, franchisees have also demonstrated an ability to grow at rates that rival many brands. Large-scale franchisees have been able to aggressively acquire locations in recent years, funded with cash and readily available, low-cost debt at attractive multiples, especially when factoring in synergies that can be realized. Many operators such as Yum! Brands, one of the world's largest restaurant companies with the highly-recognizable brands of Taco Bell, Pizza Hut, and KFC, have decided to capitalize on these trends by refranchising. By the end of 2017, YUM! is targeting having over 95% of its restaurants owned and operated by franchisees.

Recent Franchisee Transactions



Source: Nation's Restaurant News, TDn2K's Black Box Intelligence, Morningstar and The WSJ

Restaurant Oversupply Forcing Industry Restructuring

The restaurant industry is facing one of the largest shakeouts in recent history, primarily driven by the oversupply of concepts in the past decade. Inexpensive and readily accessible capital and relatively low barriers to entry have resulted in the emergence of new, rapidly-growing fast-casual concepts. At the industry's peak in 2014, more than 630,000 restaurants were operating in the U.S., representing a growth rate of +7.3% since 2006. This industry growth outpaced the growth rate of the overall population at +6.9% during the same period, according to NPD Group, which studies U.S. eating patterns. Over the past two years, the number of restaurants has declined to nearly 624,000, while meal-kit prep delivery services have greatly expanded in convenience stores and supermarkets all across the country.

The restaurant-grocer pricing disparity continues to dampen traffic, leading many chains to begin using discounts to entice guests to visit their restaurants. While discount pricing may work for certain chains, the proliferation of this tactic is only expected to drive down profit margins and increase competition in an already saturated market. Traffic in the casual dining segment, for example, has fallen for each of the past 14 months.

As the industry remains saturated, many restaurant chains (particularly those in the casual dining) are closing hundreds of underperforming units. Operators such as Ignite Restaurant Group, Bob Evan's, Ruby Tuesday, and even Pollo Tropical have recently announced restaurant closures.

Small to midsize restaurants are facing the greatest threat of bankruptcy, as they struggle to retain market share against new emerging concepts and a few, large brands that dominate the space. Rising labor costs, employee turnover, and escalating rent expenses have only compounded the problem for these restaurant chains, especially those that are already burdened with high debt loads and multiple years of poor financial performance. With all of these factors considered, the industry has experienced 10 major bankruptcy filings in the past 12 months, with more likely on the horizon. Many of the recent victims are familiar with the bankruptcy process with some having filed for bankruptcy protection multiple times in their histories.

Recent Restaurant Bankruptcies



Rita Restaurant Corp.
Oct. 2016



Garden Fresh Restaurant Corp.
Oct. 2016



Cosi Inc.
Sep. 2016



Zio's Italian Kitchen
Sep. 2016



Fox & Hound/ Champ's
Aug. 2016



Logan's Roadhouse
Aug. 2016



Johnny Carino's
Jul. 2016



Ovation Brands
Mar. 2016



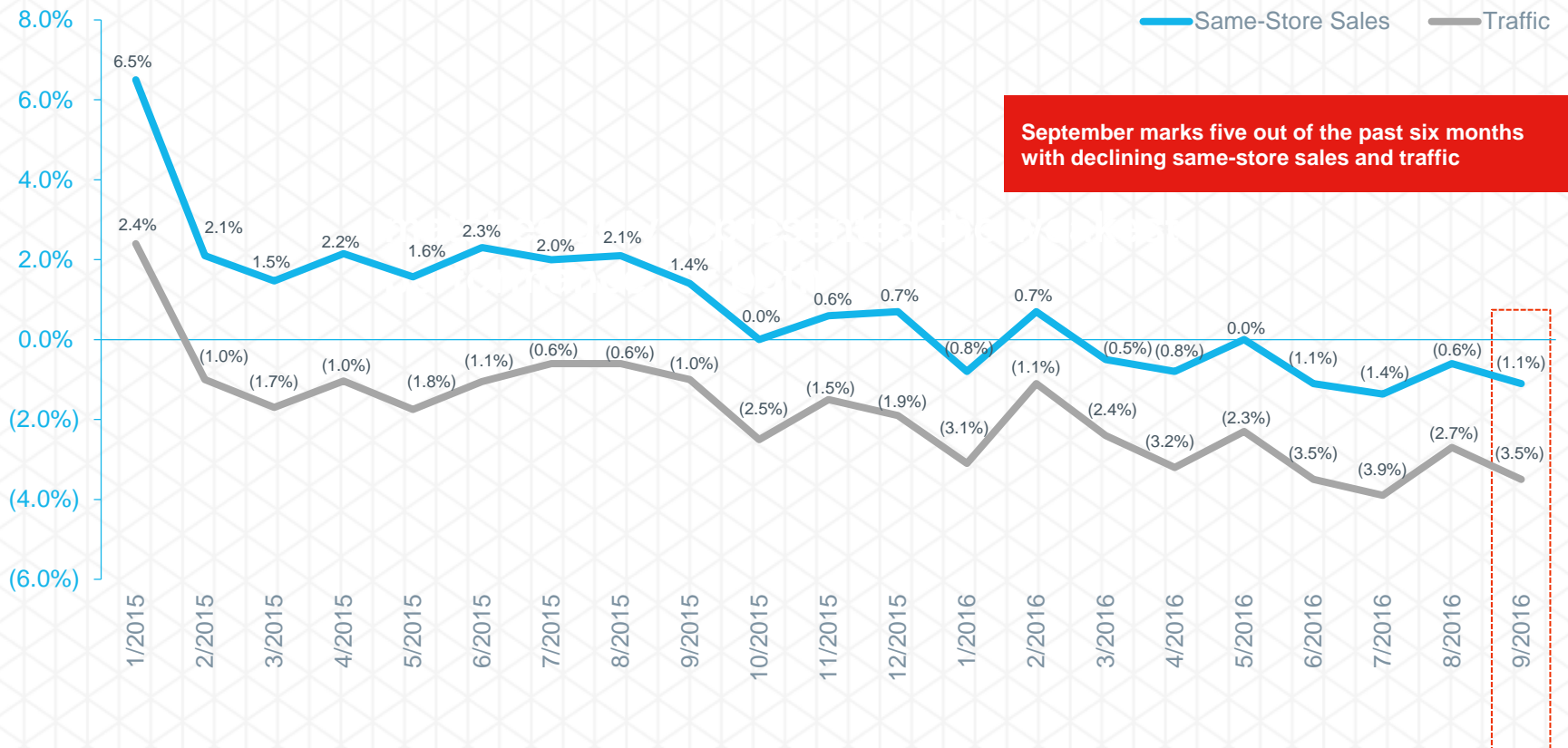
Black-Eyed Pea
Dec. 2015



Quaker Steak & Lube
Nov. 2015

Source: Nation's Restaurant News, TDn2K's Black Box Intelligence, Morningstar and The WSJ

Restaurant Sector Monthly Same-Store Sales and Traffic Growth



Quarterly Same-Store Sales Performance – Last 2 Years ●○○○○○

	2014				2015				2016									
	Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2		Q3	
Mass Casual																		
Cracker Barrel Old Country Store, Inc.	3.3%	↑	7.9%	↑	5.2%	↑	3.8%	↑	2.5%	↑	0.6%	↔	2.3%	↑	3.2%	↑	N/A	
Brinker International, Inc.																		
Chili's Grill & Bar	2.3%	↑	4.2%	↑	2.2%	↑	0.1%	↔	(1.1%)	↓	(2.1%)	↓	(3.6%)	↓	(1.8%)	↓	(1.4%)	↓
Maggiano's Little Italy	0.6%	↔	2.3%	↑	0.1%	↔	(0.1%)	↔	(1.7%)	↓	(1.8%)	↓	0.2%	↔	(1.7%)	↓	(0.6%)	↔
Bloomin' Brands, Inc.																		
Bonefish Grill	2.6%	↑	0.7%	↔	0.9%	↔	(4.6%)	↓	(6.1%)	↓	(5.4%)	↓	(2.7%)	↓	0.9%	↔	1.7%	↑
Carrabba's Italian Grill	(1.2%)	↓	0.3%	↔	1.9%	↑	0.9%	↔	(2.0%)	↓	(4.0%)	↓	(2.0%)	↓	(4.8%)	↓	(2.1%)	↓
Fleming's Prime Steakhouse & Wine Bar	4.8%	↑	3.4%	↑	3.0%	↑	3.2%	↑	(0.6%)	↔	(0.3%)	↔	1.3%	↑	(0.8%)	↔	(1.9%)	↓
Outback Steakhouse	4.8%	↑	6.4%	↑	5.0%	↑	4.0%	↑	0.1%	↔	(2.2%)	↓	(1.3%)	↓	(2.5%)	↓	(0.7%)	↔
DineEquity, Inc.																		
Applebee's	1.7%	↑	2.8%	↑	2.9%	↑	1.0%	↑	(0.5%)	↔	(2.5%)	↓	(3.7%)	↓	(4.2%)	↓	(5.2%)	↓
IHOP	2.4%	↑	6.1%	↑	4.8%	↑	6.2%	↑	5.8%	↑	1.4%	↑	1.5%	↑	0.2%	↔	(0.1%)	↔
Bob Evans Farms, Inc.	0.0%	↔	3.8%	↑	2.1%	↑	(0.3%)	↔	(3.2%)	↓	(3.6%)	↓	(3.0%)	↓	(3.2%)	↓	N/A	
Biglari Holdings Inc.	2.6%	↑	2.9%	↑	6.0%	↑	4.8%	↑	3.0%	↑	3.6%	↑	1.8%	↑	(0.7%)	↔	N/A	
Denny's Corporation	2.4%	↑	4.7%	↑	7.2%	↑	7.3%	↑	6.1%	↑	2.9%	↑	2.5%	↑	(0.5%)	↔	1.0%	↑
Red Robin Gourmet Burgers Inc.	1.4%	↑	4.3%	↑	3.8%	↑	3.6%	↑	3.7%	↑	(1.6%)	↓	(2.2%)	↓	(3.2%)	↓	(3.6%)	↓
Ruby Tuesday, Inc.	1.1%	↑	(1.0%)	↓	(0.3%)	↔	(1.7%)	↓	0.6%	↔	0.8%	↔	(3.1%)	↓	(3.7%)	↓	(2.7%)	↓
Luby's, Inc.	0.4%	↔	0.2%	↔	3.1%	↑	(1.0%)	↓	0.2%	↔	1.2%	↑	3.1%	↑	(0.6%)	↔	N/A	
Ignite Restaurant Group, Inc.																		
Brick House Tavern + Tap	7.5%	↑	5.7%	↑	5.4%	↑	2.8%	↑	(0.7%)	↔	(2.8%)	↓	(4.5%)	↓	(6.3%)	↓	(8.9%)	↓
Joe's Crab Shack	(4.4%)	↓	(4.5%)	↓	(3.8%)	↓	(4.0%)	↓	(6.6%)	↓	(2.9%)	↓	(1.3%)	↓	(6.8%)	↓	(6.5%)	↓
Famous Dave's of America Inc.	(2.3%)	↓	(4.0%)	↓	(4.9%)	↓	(9.2%)	↓	(9.8%)	↓	(10.6%)	↓	(7.7%)	↓	(6.4%)	↓	N/A	
Median	2.0%	↑	3.2%	↑	3.0%	↑	1.0%	↔	(0.6%)	↔	(2.0%)	↓	(1.7%)	↓	(2.2%)	↓	(1.9%)	↓
Mean	1.7%	↑	2.6%	↑	2.5%	↑	0.9%	↔	(0.6%)	↔	(1.6%)	↓	(1.2%)	↓	(2.4%)	↓	(2.4%)	↓

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months

Represents most actively traded public restaurant companies

Quarterly Same-Store Sales Performance – Last 2 Years

○○○○○●

	2014				2015				2016			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3			
Specialty Casual												
Darden Restaurants, Inc.												
Bahama Breeze	1.1% ↑	(0.6%) ↔	3.2% ↑	1.7% ↑	1.8% ↑	2.4% ↑	9.9% ↑	5.4% ↑	3.9% ↑			
The Capital Grille	3.9% ↑	5.0% ↑	6.1% ↑	4.4% ↑	7.2% ↑	1.5% ↑	5.3% ↑	1.5% ↑	(1.2%) ↓			
Eddie V's	2.5% ↑	4.9% ↑	9.6% ↑	5.2% ↑	5.1% ↑	1.1% ↑	4.1% ↑	0.9% ↔	(1.7%) ↓			
LongHorn Steakhouse	2.8% ↑	2.6% ↑	5.4% ↑	5.2% ↑	4.4% ↑	2.6% ↑	5.2% ↑	1.1% ↑	0.6% ↔			
Olive Garden	(1.3%) ↓	0.5% ↔	2.2% ↑	3.4% ↑	2.7% ↑	1.0% ↑	6.8% ↑	1.6% ↑	2.0% ↑			
Seasons 52	(0.3%) ↔	1.2% ↑	5.2% ↑	3.1% ↑	3.9% ↑	4.5% ↑	5.7% ↑	3.7% ↑	0.7% ↔			
Yard House	2.3% ↑	3.7% ↑	5.4% ↑	3.2% ↑	3.4% ↑	1.7% ↑	3.9% ↑	1.4% ↑	0.0% ↔			
Texas Roadhouse, Inc.	5.8% ↑	6.8% ↑	8.7% ↑	8.0% ↑	7.0% ↑	4.4% ↑	4.3% ↑	4.5% ↑	3.4% ↑			
Buffalo Wild Wings Inc.	5.8% ↑	5.5% ↑	6.5% ↑	3.3% ↑	2.6% ↑	1.0% ↑	(2.0%) ↓	(2.1%) ↓	(1.7%) ↓			
Dave & Buster's Entertainment, Inc.	8.7% ↑	10.5% ↑	9.9% ↑	11.0% ↑	8.8% ↑	6.0% ↑	3.6% ↑	1.0% ↑	N/A			
BJ's Restaurants, Inc.	0.3% ↔	1.2% ↑	3.2% ↑	0.5% ↔	2.3% ↑	0.7% ↔	0.6% ↔	(0.2%) ↔	(3.4%) ↓			
Chuy's Holdings, Inc.	3.0% ↑	3.8% ↑	1.9% ↑	3.2% ↑	4.2% ↑	3.2% ↑	3.2% ↑	1.0% ↑	0.3% ↔			
Median	2.7% ↑	3.8% ↑	5.4% ↑	3.4% ↑	4.1% ↑	2.1% ↑	4.2% ↑	1.3% ↑	0.3% ↔			
Mean	2.9% ↑	3.8% ↑	5.6% ↑	4.4% ↑	4.5% ↑	2.5% ↑	4.2% ↑	1.7% ↑	0.3% ↔			

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months

Represents most actively traded public restaurant companies

Quarterly Same-Store Sales Performance – Last 2 Years ○○●○○○

	2014				2015				2016									
	Q3		Q4		Q1		Q2		Q3		Q4		Q1		Q2		Q3	
Polished Casual																		
The Cheesecake Factory Incorporated	2.1%	↑	1.4%	↑	4.2%	↑	2.8%	↑	2.2%	↑	1.1%	↑	1.7%	↑	0.3%	↔	1.7%	↑
J. Alexander's Holdings, Inc.																		
J. Alexander's/Redlands Grill	N/A		N/A		N/A		N/A		(0.2%)	↔	1.4%	↑	(3.0%)	↓	(1.8%)	↓	1.4%	↑
Stoney River Steakhouse and Grill	N/A		N/A		N/A		N/A		4.7%	↑	6.2%	↑	0.7%	↔	1.8%	↑	1.8%	↑
Kona Grill Inc.	2.7%	↑	3.1%	↑	2.2%	↑	1.0%	↑	1.6%	↑	3.2%	↑	3.6%	↑	2.5%	↑	0.7%	↔
Bravo Brio Restaurant Group, Inc.																		
Bravo! Cucina Italiana	(6.7%)	↓	(3.9%)	↓	(1.7%)	↓	(2.1%)	↓	(3.1%)	↓	(5.2%)	↓	(4.1%)	↓	(8.4%)	↓	(8.0%)	↓
Brio Tuscan Grille	(5.2%)	↓	(4.2%)	↓	(1.0%)	↓	(1.6%)	↓	(3.8%)	↓	(4.3%)	↓	(2.1%)	↓	(6.4%)	↓	(3.7%)	↓
Median	(1.6%)	↓	(1.3%)	↓	0.6%	↔	(0.3%)	↔	0.7%	↔	1.3%	↑	(0.7%)	↔	(0.8%)	↔	1.1%	↑
Mean	(1.8%)	↓	(0.9%)	↔	0.9%	↔	0.0%	↔	0.2%	↔	0.4%	↔	(0.5%)	↔	(2.0%)	↓	(1.0%)	↓
Fine Dining																		
Ruth's Hospitality Group Inc.	4.8%	↑	5.0%	↑	2.8%	↑	4.2%	↑	3.3%	↑	3.2%	↑	3.1%	↑	1.5%	↑	2.1%	↑
Fogo de Chao, Inc.	N/A		N/A		N/A		4.2%	↑	2.8%	↑	3.5%	↑	1.1%	↑	(1.6%)	↓	N/A	
Del Frisco's Restaurant Group, Inc.																		
Del Frisco's Double Eagle Steak House	8.4%	↑	4.8%	↑	2.3%	↑	1.0%	↑	(1.4%)	↓	(1.6%)	↓	(0.1%)	↔	(1.9%)	↓	(3.7%)	↓
Del Frisco's Grille	N/A		N/A		(3.5%)	↓	(6.3%)	↓	(3.5%)	↓	(4.5%)	↓	(2.8%)	↓	(2.0%)	↓	(1.4%)	↓
Sullivan's Steakhouse	0.6%	↔	1.8%	↑	4.8%	↑	(3.0%)	↓	1.2%	↑	(1.8%)	↓	(1.8%)	↓	2.9%	↑	(3.2%)	↓
The ONE Group Hospitality, Inc.	5.7%	↑	2.6%	↑	(3.5%)	↓	3.1%	↑	0.3%	↔	(0.8%)	↔	2.8%	↑	(5.2%)	↓	N/A	
Median	5.3%	↑	3.7%	↑	2.3%	↑	2.1%	↑	0.8%	↔	(1.2%)	↓	0.5%	↔	(1.8%)	↓	(2.3%)	↓
Mean	4.9%	↑	3.6%	↑	0.6%	↔	0.5%	↔	0.5%	↔	(0.3%)	↔	0.4%	↔	(1.1%)	↓	(1.6%)	↓

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months

Represents most actively traded public restaurant companies

Quarterly Same-Store Sales Performance – Last 2 Years ○○○●○○

	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3					
Fast Casual																		
Chipotle Mexican Grill, Inc.	19.8%	↑	16.1%	↑	10.4%	↑	4.3%	↑	2.6%	↑	(14.6%)	↓	(29.7%)	↓	(23.6%)	↓	(21.9%)	↓
Panera Bread Company	1.4%	↑	3.0%	↑	0.7%	↔	1.8%	↑	2.8%	↑	2.3%	↑	4.7%	↑	2.6%	↑	3.4%	↑
Shake Shack Inc.	N/A		7.2%	↑	11.7%	↑	12.9%	↑	17.1%	↑	11.0%	↑	9.9%	↑	4.5%	↑	N/A	
El Pollo Loco Holdings, Inc.	7.9%	↑	7.6%	↑	5.1%	↑	1.3%	↑	0.6%	↔	1.8%	↑	0.7%	↔	2.4%	↑	1.6%	↑
Zoe's Kitchen, Inc.	5.9%	↑	7.8%	↑	7.7%	↑	5.6%	↑	4.5%	↑	7.7%	↑	8.1%	↑	4.0%	↑	N/A	
The Habit Restaurants, Inc.	N/A		13.2%	↑	12.6%	↑	8.9%	↑	2.9%	↑	3.3%	↑	2.0%	↑	4.0%	↑	0.2%	↔
Noodles & Company	1.7%	↑	1.3%	↑	0.9%	↔	0.1%	↔	(0.9%)	↔	(1.1%)	↓	(0.1%)	↔	(1.0%)	↓	(0.7%)	↔
Potbelly Corporation	0.5%	↔	3.7%	↑	5.4%	↑	4.9%	↑	3.7%	↑	3.7%	↑	3.7%	↑	1.7%	↑	0.6%	↔
Fiesta Restaurant Group, Inc.																		
Pollo Tropical	5.9%	↑	7.7%	↑	6.4%	↑	4.3%	↑	4.2%	↑	0.4%	↔	0.0%	↔	(1.4%)	↓	N/A	
Taco Cabana	3.5%	↑	6.1%	↑	3.8%	↑	5.6%	↑	4.8%	↑	3.3%	↑	1.7%	↑	(3.8%)	↓	N/A	
Wingstop Inc.	12.4%	↑	12.5%	↑	10.7%	↑	9.0%	↑	6.3%	↑	5.9%	↑	4.6%	↑	3.1%	↑	4.1%	↑
Median	5.9%	↑	7.6%	↑	6.4%	↑	4.9%	↑	3.7%	↑	3.3%	↑	2.0%	↑	2.4%	↑	0.6%	↔
Mean	6.6%	↑	7.8%	↑	6.9%	↑	5.3%	↑	4.4%	↑	2.2%	↑	0.5%	↔	(0.7%)	↔	(1.8%)	↓

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months

Represents most actively traded public restaurant companies

Quarterly Same-Store Sales Performance – Last 2 Years

○○○○●○

	2014		2015				2016		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Quick Service									
McDonald's Corp.	(3.3%) ↓	(1.7%) ↓	(2.6%) ↓	(2.0%) ↓	0.9% ↔	5.7% ↑	5.4% ↑	3.1% ↑	3.5% ↑
Yum! Brands, Inc.									
KFC	2.0% ↑	6.0% ↑	7.0% ↑	3.0% ↑	0.0% ↔	3.0% ↑	1.0% ↑	2.0% ↑	4.0% ↑
Pizza Hut	(2.0%) ↓	0.0% ↔	(1.0%) ↓	1.0% ↑	0.0% ↔	2.0% ↑	5.0% ↑	0.0% ↔	(1.0%) ↓
Taco Bell	3.0% ↑	7.0% ↑	6.0% ↑	6.0% ↑	4.0% ↑	4.0% ↑	1.0% ↑	(1.0%) ↓	3.0% ↑
Restaurant Brands International Inc.									
Burger King	3.6% ↑	4.2% ↑	6.9% ↑	7.9% ↑	5.2% ↑	2.8% ↑	4.4% ↑	3.9% ↑	1.7% ↑
Tim Hortons	6.8% ↑	4.1% ↑	8.9% ↑	7.0% ↑	4.3% ↑	5.8% ↑	5.8% ↑	4.8% ↑	2.0% ↑
Domino's Pizza, Inc.	7.7% ↑	11.1% ↑	14.5% ↑	12.8% ↑	10.5% ↑	10.7% ↑	6.4% ↑	9.7% ↑	13.0% ↑
The Wendy's Company	0.8% ↔	1.7% ↑	3.2% ↑	2.2% ↑	3.1% ↑	4.8% ↑	3.6% ↑	0.3% ↔	N/A
Jack in the Box Inc.	3.1% ↑	4.4% ↑	8.9% ↑	7.3% ↑	6.2% ↑	1.4% ↑	0.0% ↔	1.1% ↑	N/A
Papa John's International Inc.	7.4% ↑	4.1% ↑	6.5% ↑	5.5% ↑	3.0% ↑	1.9% ↑	0.1% ↔	4.8% ↑	5.5% ↑
Sonic Corp.	3.5% ↑	8.5% ↑	11.5% ↑	6.1% ↑	4.9% ↑	5.3% ↑	6.5% ↑	2.0% ↑	(2.0%) ↓
Popeyes Louisiana Kitchen, Inc.	7.2% ↑	10.7% ↑	7.0% ↑	7.9% ↑	5.6% ↑	2.0% ↑	1.1% ↑	0.7% ↔	N/A
Bojangles', Inc.	5.3% ↑	7.0% ↑	7.9% ↑	4.4% ↑	4.1% ↑	0.6% ↔	2.0% ↑	0.2% ↔	0.8% ↔
Del Taco Restaurants, Inc.	N/A	N/A	7.7% ↑	6.0% ↑	5.6% ↑	5.8% ↑	3.2% ↑	3.3% ↑	6.7% ↑
Nathan's Famous Inc.	3.0% ↑	(2.0%) ↓	(2.8%) ↓	(0.7%) ↔	0.5% ↔	(1.3%) ↓	0.2% ↔	(2.2%) ↓	(6.3%) ↓
Papa Murphy's Holdings, Inc.	4.6% ↑	8.4% ↑	5.6% ↑	4.5% ↑	1.4% ↑	(3.1%) ↓	(2.8%) ↓	(4.0%) ↓	(5.8%) ↓
Median	3.5% ↑	4.4% ↑	7.0% ↑	5.8% ↑	4.1% ↑	2.9% ↑	2.6% ↑	1.6% ↑	2.0% ↑
Mean	3.5% ↑	4.9% ↑	6.0% ↑	4.9% ↑	3.7% ↑	3.2% ↑	2.7% ↑	1.8% ↑	1.9% ↑

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months

Represents most actively traded public restaurant companies

Quarterly Same-Store Sales Performance – Last 2 Years ○○○○○●

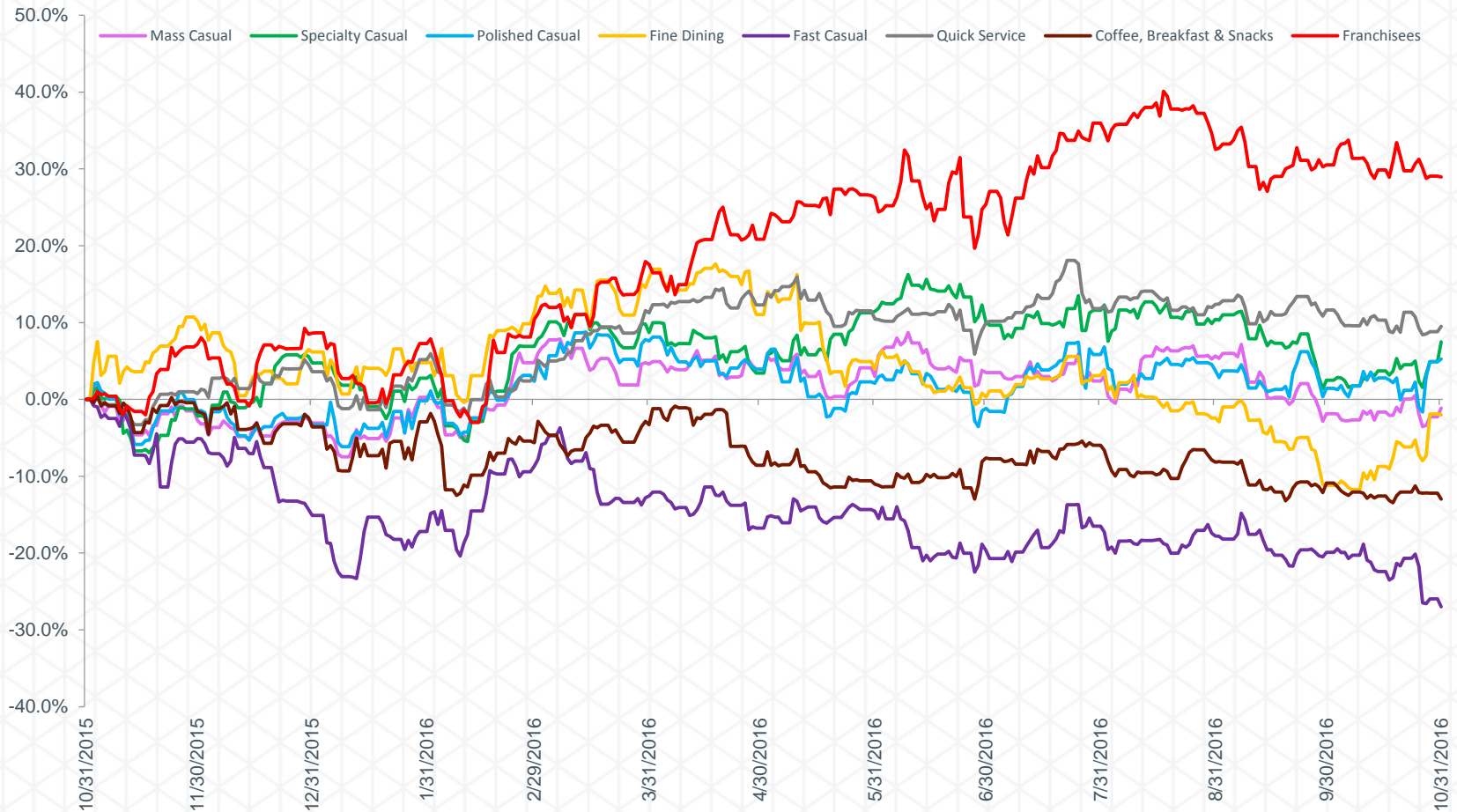
	2014				2015				2016									
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3									
Coffee, Breakfast, & Snacks																		
Starbucks Corporation	5.0%	↑	5.0%	↑	7.0%	↑	8.0%	↑	9.0%	↑	9.0%	↑	7.0%	↑	4.0%	↑	5.0%	↑
Dunkin' Brands Group, Inc.																		
Dunkin' Donuts	2.0%	↑	1.4%	↑	2.7%	↑	2.9%	↑	1.1%	↑	1.8%	↑	2.0%	↑	0.5%	↔	2.0%	↑
Baskin Robbins	5.8%	↑	9.3%	↑	8.0%	↑	3.4%	↑	7.5%	↑	4.4%	↑	5.0%	↑	0.6%	↔	(0.9%)	↔
Jamba, Inc.	3.7%	↑	4.9%	↑	5.0%	↑	(5.9%)	↓	6.6%	↑	5.4%	↑	(2.1%)	↓	4.2%	↑	(1.1%)	↓
Median	4.4%	↑	5.0%	↑	6.0%	↑	3.2%	↑	7.1%	↑	4.9%	↑	3.5%	↑	2.3%	↑	0.6%	↔
Mean	4.1%	↑	5.2%	↑	5.7%	↑	2.1%	↑	6.1%	↑	5.2%	↑	3.0%	↑	2.3%	↑	1.3%	↑
Franchisees																		
Alsea, S.A.B. De C.V.	2.0%	↑	2.4%	↑	6.3%	↑	8.0%	↑	11.4%	↑	10.4%	↑	10.1%	↑	9.6%	↑	9.0%	↑
Domino's Pizza Enterprises Limited	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Arcos Dorados Holdings, Inc.	7.4%	↑	15.4%	↑	9.4%	↑	8.5%	↑	9.4%	↑	12.0%	↑	15.9%	↑	9.5%	↑	15.6%	↑
Domino's Pizza Group plc	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Carrols Restaurant Group, Inc.	3.3%	↑	3.6%	↑	8.4%	↑	10.3%	↑	6.5%	↑	5.1%	↑	5.7%	↑	0.7%	↔	N/A	
Median	3.3%	↑	3.6%	↑	8.4%	↑	8.5%	↑	9.4%	↑	10.4%	↑	10.1%	↑	9.5%	↑	12.3%	↑
Mean	4.2%	↑	7.1%	↑	8.0%	↑	8.9%	↑	9.1%	↑	9.2%	↑	10.6%	↑	6.6%	↑	12.3%	↑

Source: SEC filings, Capital IQ, MergerMarket, Company Press Releases, and various news sources (e.g. NY Times Dealbook, the Deal, Wall Street Journal, etc.)

Same store sales represents the change in year-over-year sales for restaurants that have been open for at least 18 months

Represents most actively traded public restaurant companies

Indexed Stock Price Performance – Last 12 Months



Source: Capital IQ; data as of 10/31/2016. Fast Casual index includes Chipotle Mexican Grill, Panera Bread Company, Shake Shack Inc., Wingstop Inc., Fiesta Restaurant Group, El Pollo Loco Holdings, Zoe's Kitchen, The Habit Restaurants, Potbelly Corporation, Noodles & Company. Quick Service index includes McDonald's Corp, Yum! Brands, Restaurant Brands International Inc., Domino's Pizza, The Wendy's Company, Jack in the Box Inc., Papa John's International Inc., Sonic Corp., Popeyes Louisiana Kitchen, Bojangles, Del Taco Restaurants, Nathan's Famous Inc., Papa Murphy's Holdings. Coffee, Breakfast, & Snacks index includes Starbucks Corporation, Dunkin' Brands Group, Jamba. Franchisees index includes Domino's Pizza Enterprises Limited, Alsea S.A.B., Domino's Pizza Group, Arcos Dorados Holdings, Carrols Restaurant Group. Mass Casual index includes Brinker International, Cracker Barrel Old Country Store, Bloomin' Brands, DineEquity, Bob Evans Farms, Biglari Holdings, Denny's Corporation, Red Robin Gourmet Burgers, Ruby Tuesday, Luby's, Ignite Restaurant Group, Famous Dave's of America. Specialty Casual index includes Darden Restaurants, Texas Roadhouse, Buffalo Wild Wings, Dave & Buster's Entertainment, BJ's Restaurants, Chuy's Holdings. Polished Casual index includes The Cheesecake Factory, J. Alexander's Holdings, Kona Grill, Bravo Brio Restaurant Group. Fine Dining index includes Ruth's Hospitality Group, Fogo de Chao, Del Frisco's Restaurant Group, The ONE Group Hospitality. Represents most actively traded public restaurant companies

Public Restaurant Valuations ●○○○○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Oct-16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
						Revenue		EBITDA				
						LTM	2016E	2017E	LTM	2016E	2017E	
Mass Casual												
Brinker International, Inc.	40%	\$49.24	89.3%	\$2,704	\$4,116	1.27x	1.26x	1.26x	8.6x	8.8x	9.4x	14.8%
Cracker Barrel Old Country Store, Inc.	0%	138.00	79.8%	3,318	3,589	1.23x	1.22x	1.17x	10.0x	9.6x	9.0x	12.3%
Bloomin' Brands, Inc.	11%	17.30	87.0%	1,937	3,115	0.72x	0.73x	0.71x	7.1x	7.1x	7.0x	10.2%
DineEquity, Inc.	100%	79.10	80.0%	1,441	2,742	4.21x	4.23x	4.12x	10.4x	10.3x	10.0x	40.6%
Bob Evans Farms, Inc.	0%	41.22	85.4%	815	1,175	0.89x	0.89x	0.88x	10.0x	8.6x	8.3x	8.8%
Biglari Holdings Inc.	30%	438.18	95.3%	906	1,099	1.28x	1.26x	1.23x	19.4x	17.4x	16.3x	6.6%
Denny's Corporation	90%	10.37	87.3%	776	1,017	2.05x	2.01x	1.95x	11.2x	10.5x	10.1x	18.4%
Red Robin Gourmet Burgers Inc.	16%	46.00	58.5%	611	912	0.71x	0.69x	0.65x	6.2x	6.4x	6.0x	11.6%
Ruby Tuesday, Inc.	12%	2.97	51.5%	176	331	0.31x	NA	NA	4.8x	NA	NA	6.4%
Luby's, Inc.	37%	4.19	82.2%	121	156	0.36x	NA	NA	7.5x	NA	NA	4.8%
Ignite Restaurant Group, Inc.	1%	0.33	7.3%	9	121	0.26x	0.27x	0.28x	5.5x	5.4x	5.1x	4.7%
Famous Dave's of America Inc.	75%	5.00	39.6%	35	43	0.41x	0.43x	0.45x	9.1x	6.0x	5.3x	4.5%
Median			81.1%	\$795	\$1,058	0.81x	1.06x	1.03x	8.8x	8.7x	8.7x	9.5%
Mean			70.3%	\$1,071	\$1,535	1.14x	1.30x	1.27x	9.1x	9.0x	8.7x	12.0%

Public Restaurant Valuations ●○○○○○

(\$ in millions, except per share data)

	% Franchised	Stock	% of	Market	Enterprise	Enterprise Value as a Multiple of						LTM
		Price				Value	Value	Revenue		EBITDA		EBITDA
		31-Oct-16	52 Wk High	Value	Value	LTM	2016E	2017E	LTM	2016E	2017E	Margin
Specialty Casual												
Darden Restaurants, Inc.	3%	\$64.79	94.3%	\$7,974	\$8,300	1.19x	1.19x	1.15x	9.1x	9.0x	8.2x	13.1%
Texas Roadhouse, Inc.	17%	40.52	82.7%	2,854	2,833	1.48x	1.41x	1.28x	11.3x	10.6x	9.4x	13.0%
Buffalo Wild Wings Inc.	49%	145.65	84.2%	2,651	2,737	1.38x	1.36x	1.24x	8.9x	9.0x	8.0x	15.5%
Dave & Buster's Entertainment, Inc.	0%	41.35	82.9%	1,739	2,006	2.15x	2.03x	1.78x	9.2x	8.8x	7.7x	23.3%
BJ's Restaurants, Inc.	0%	36.10	75.9%	840	923	0.96x	0.93x	0.88x	7.2x	7.4x	6.9x	13.4%
Chuy's Holdings, Inc.	0%	28.40	75.2%	477	463	1.49x	1.38x	1.17x	11.7x	10.8x	9.5x	12.7%
Median			82.8%	\$2,195	\$2,372	1.43x	1.37x	1.20x	9.2x	9.0x	8.1x	12.0%
Mean			82.5%	\$2,756	\$2,877	1.44x	1.38x	1.25x	9.6x	9.3x	8.3x	11.3%
Polished Casual												
The Cheesecake Factory Incorporated	5%	\$53.19	98.1%	\$2,457	\$2,490	1.13x	1.10x	1.05x	8.9x	8.6x	8.6x	12.7%
J. Alexander's Holdings, Inc.	0%	9.00	74.4%	132	141	0.64x	0.64x	0.57x	6.6x	5.8x	4.9x	9.8%
Kona Grill Inc.	0%	10.75	62.2%	113	131	0.80x	0.77x	0.65x	11.0x	9.8x	6.9x	7.3%
Bravo Brio Restaurant Group, Inc.	1%	4.50	36.9%	66	116	0.28x	0.28x	0.29x	3.7x	4.4x	4.3x	7.5%
Median			68.3%	\$122	\$136	0.72x	0.70x	0.61x	7.7x	7.2x	5.9x	8.6%
Mean			67.9%	\$692	\$720	0.71x	0.70x	0.64x	7.5x	7.1x	6.2x	9.3%

Public Restaurant Valuations ○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Oct-16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM EBITDA Margin
						Revenue			EBITDA			
						LTM	2016E	2017E	LTM	2016E	2017E	
Fine Dining												
Ruth's Hospitality Group Inc.	54%	\$15.85	84.4%	\$486	\$520	1.36x	1.34x	1.25x	8.9x	8.5x	7.8x	15.3%
Fogo de Chao, Inc.	0%	11.85	43.6%	333	465	1.68x	1.65x	1.46x	8.5x	8.4x	7.5x	19.8%
Del Frisco's Restaurant Group, Inc.	0%	14.30	83.4%	336	336	0.97x	0.96x	0.88x	7.3x	7.2x	6.6x	13.2%
The ONE Group Hospitality, Inc.	0%	2.42	67.8%	60	71	1.05x	0.93x	0.78x	NM	8.6x	4.9x	NM
Median			75.6%	\$335	\$400	1.20x	1.15x	1.06x	8.5x	8.4x	7.1x	15.3%
Mean			69.8%	\$304	\$348	1.26x	1.22x	1.09x	8.2x	8.2x	6.7x	16.1%
Fast Casual												
Chipotle Mexican Grill, Inc.	0%	\$360.76	57.0%	\$10,444	\$10,085	2.61x	2.56x	2.20x	36.3x	43.7x	16.8x	7.2%
Panera Bread Company	54%	190.76	85.1%	4,463	4,817	1.75x	1.72x	1.61x	12.4x	11.8x	10.7x	14.1%
Shake Shack Inc.	48%	31.89	59.6%	1,156	1,138	5.06x	4.40x	3.39x	45.2x	26.3x	20.7x	11.2%
Wingstop Inc.	98%	26.76	80.8%	769	922	10.91x	10.05x	9.06x	30.2x	27.1x	23.6x	36.1%
Fiesta Restaurant Group, Inc.	11%	26.40	68.0%	705	771	1.09x	1.07x	0.98x	8.2x	8.0x	7.2x	13.3%
El Pollo Loco Holdings, Inc.	57%	12.20	79.0%	469	576	1.57x	1.51x	1.37x	9.1x	8.7x	8.1x	17.3%
Zoe's Kitchen, Inc.	2%	22.67	54.3%	441	454	1.78x	1.64x	1.37x	19.8x	18.9x	15.9x	9.0%
The Habit Restaurants, Inc.	4%	14.15	50.4%	368	355	1.38x	1.25x	1.02x	13.2x	11.7x	9.6x	10.5%
Potbelly Corporation	6%	13.05	87.1%	329	300	0.76x	0.73x	0.64x	7.9x	7.6x	6.6x	9.7%
Noodles & Company	14%	4.70	31.4%	131	215	0.46x	0.44x	0.42x	7.8x	7.4x	6.7x	5.9%
Median			63.8%	\$587	\$674	1.66x	1.57x	1.37x	12.8x	11.8x	10.2x	10.8%
Mean			65.3%	\$1,927	\$1,963	2.74x	2.54x	2.21x	19.0x	17.1x	12.6x	13.4%

Public Restaurant Valuations ○○○●○○○

(\$ in millions, except per share data)

	% Franchised	Stock Price	% of	Market	Enterprise	Enterprise Value as a Multiple of					LTM	
		31-Oct-16	52 Wk High	Value	Value	Revenue		EBITDA			EBITDA	
						LTM	2016E	2017E	LTM	2016E	2017E	Margin
Quick Service												
McDonald's Corp.	82%	\$112.57	85.3%	\$96,063	\$119,803	4.80x	4.87x	5.25x	13.0x	12.7x	12.2x	36.8%
Yum! Brands, Inc.	77%	86.28	93.8%	31,665	38,020	2.95x	2.91x	2.89x	12.7x	12.5x	11.7x	23.2%
Restaurant Brands International Inc.	99%	44.47	90.5%	10,411	23,080	5.64x	5.57x	5.28x	13.2x	12.5x	11.5x	42.7%
Domino's Pizza, Inc.	97%	169.24	99.8%	8,137	10,338	4.32x	4.24x	3.85x	22.0x	21.3x	18.8x	19.6%
The Wendy's Company	90%	10.84	95.3%	2,832	5,075	3.00x	3.58x	4.36x	12.7x	12.9x	13.1x	23.6%
Jack in the Box Inc.	75%	93.73	91.3%	3,063	3,953	2.54x	2.44x	2.54x	12.6x	11.9x	10.7x	20.2%
Papa John's International Inc.	85%	75.45	91.4%	2,790	3,105	1.87x	1.81x	1.72x	16.6x	16.4x	15.2x	11.3%
Sonic Corp.	89%	22.91	63.0%	1,100	1,628	2.68x	2.75x	3.27x	9.4x	9.7x	10.3x	28.4%
Popeyes Louisiana Kitchen, Inc.	97%	53.38	84.7%	1,136	1,274	4.83x	4.67x	4.35x	15.3x	14.4x	13.1x	31.5%
Bojangles', Inc.	58%	14.80	74.9%	538	722	1.41x	1.36x	1.23x	9.2x	9.2x	8.4x	15.2%
Del Taco Restaurants, Inc.	45%	13.41	94.1%	509	668	1.54x	1.48x	1.40x	11.1x	9.5x	8.7x	13.8%
Nathan's Famous Inc.	98%	53.30	95.0%	222	298	2.99x	NA	NA	10.9x	NA	NA	27.5%
Papa Murphy's Holdings, Inc.	90%	5.56	39.6%	94	206	1.65x	1.53x	1.37x	8.8x	8.5x	7.9x	18.8%
Median			91.3%	\$2,790	\$3,105	2.95x	2.83x	3.08x	12.7x	12.5x	11.6x	23.2%
Mean			84.5%	\$12,197	\$16,013	3.09x	3.10x	3.12x	12.9x	12.6x	11.8x	24.1%

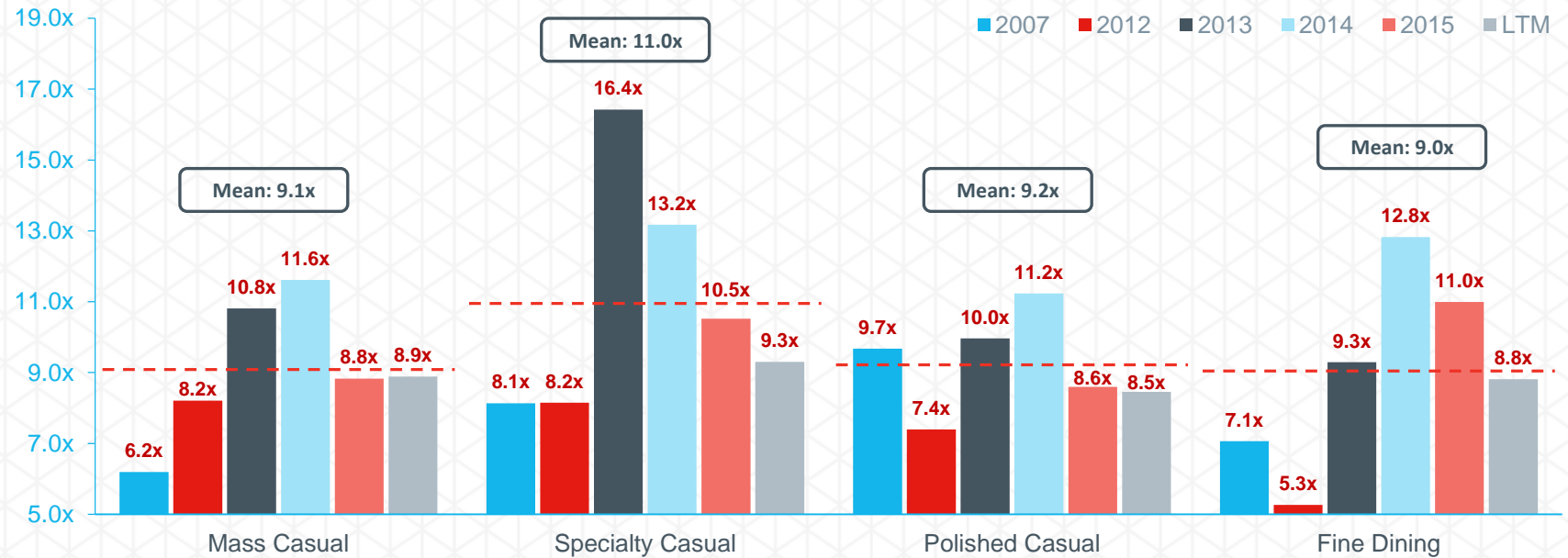
Public Restaurant Valuations ○○○○●○○

(\$ in millions, except per share data)

	% Franchised	Stock Price 31-Oct-16	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin	
						LTM	Revenue 2016E	2017E	LTM	EBITDA 2016E		2017E
Coffee, Breakfast, & Snacks												
Starbucks Corporation	47%	\$53.07	84.0%	\$77,832	\$79,178	3.86x	3.63x	3.35x	17.1x	14.9x	13.4x	22.6%
Dunkin' Brands Group, Inc.	100%	48.36	92.5%	4,437	6,606	8.09x	7.98x	7.77x	15.4x	14.4x	13.9x	52.5%
Jamba, Inc.	92%	10.55	72.0%	161	147	1.54x	1.82x	1.73x	NM	14.6x	11.8x	NM
Median			84.0%	\$4,437	\$6,606	3.86x	3.63x	3.35x	16.2x	14.6x	13.4x	37.5%
Mean			82.8%	\$27,477	\$28,644	4.49x	4.48x	4.28x	16.2x	14.6x	13.0x	37.5%
Franchisees												
Domino's Pizza Enterprises Limited	77%	\$48.87	79.6%	\$4,434	\$4,636	6.60x	5.85x	4.88x	38.0x	29.3x	23.0x	17.4%
Alsea, S.A.B. De C.V.	0%	3.74	96.9%	3,127	3,825	2.00x	1.96x	1.73x	14.5x	14.3x	12.2x	13.8%
Domino's Pizza Group plc	98%	4.15	83.9%	2,050	2,063	4.99x	4.59x	4.17x	20.5x	18.5x	16.6x	24.3%
Arcos Dorados Holdings, Inc.	26%	6.15	93.2%	1,296	1,797	0.63x	0.62x	0.58x	6.8x	8.8x	7.5x	9.3%
Carrols Restaurant Group, Inc.	0%	12.50	84.5%	548	742	0.82x	0.79x	0.76x	8.4x	8.0x	7.5x	9.7%
Median			84.5%	\$2,050	\$2,063	2.00x	1.96x	1.73x	14.5x	14.3x	12.2x	13.8%
Mean			87.6%	\$2,291	\$2,613	3.01x	2.76x	2.42x	17.6x	15.8x	13.4x	14.9%

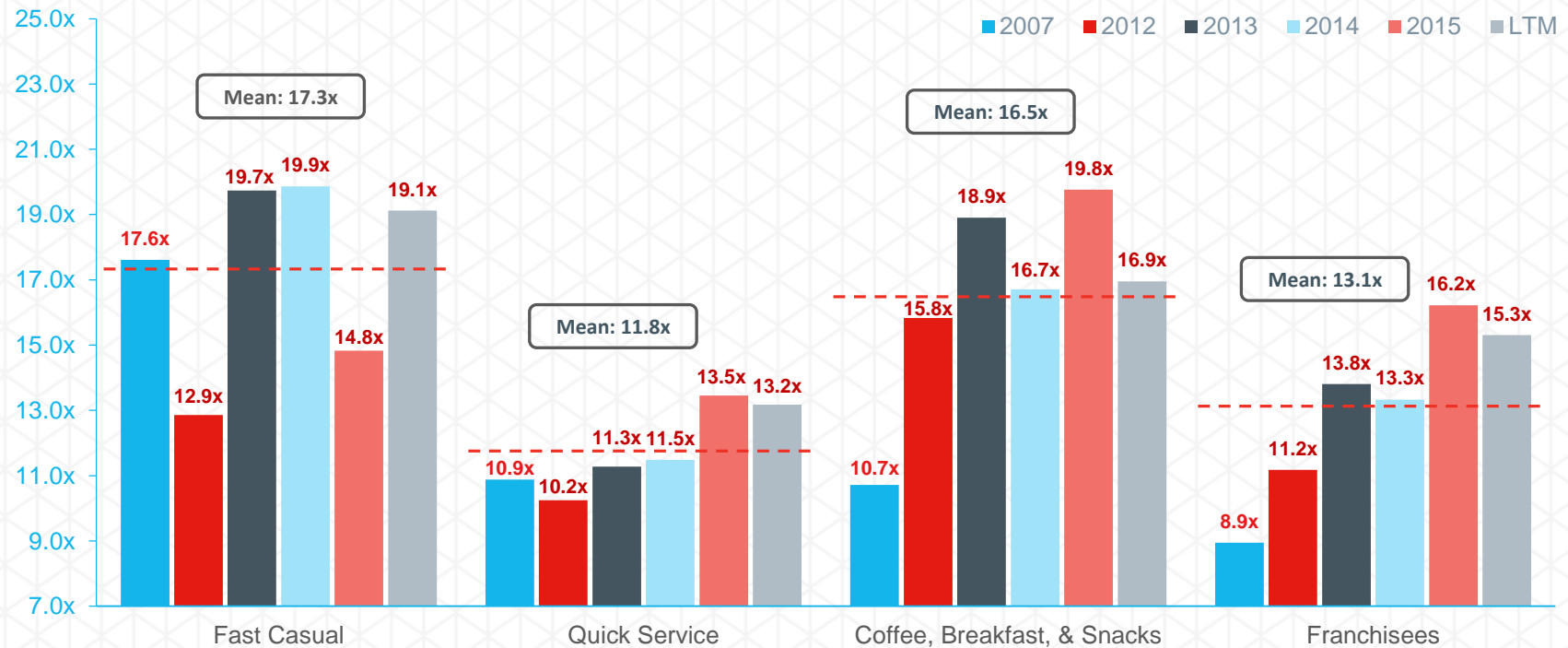
Historical Public Restaurant Trends ○○○○○●○

Enterprise Value as a Multiple of EBITDA



Historical Public Restaurant Trends ○○○○○○●

Enterprise Value as a Multiple of EBITDA



Recent Restaurant M&A Transaction Activity

Tiff's Treats Closes \$11M Round of Funding

On November 1, 2016, Tiff's Treats, the Austin, Texas-based cookie and brownie chain, announced that it closed an \$11M round of funding led by CIC Partners. Since its founding in 1999, the chain has opened 26 total stores and is one of the first concepts in the country to popularize warm cookie delivery. The company has raised \$25M in the past 24 months and will look to utilize the capital investment to open an additional 12 stores in 2017.

Restaurant Brands NZ Acquires Pacific Island for \$105M

On October 26, 2016, Restaurant Brands New Zealand, the international operator of quick service and takeaway restaurants, acquired Pacific Island Restaurants, a Honolulu, Hawaii-based franchisee of several Yum! Brands restaurants in Hawaii and Guam, for \$105M in stock and cash. Pacific Island Restaurants was established in 1971 and is the sole Taco Bell and Pizza Hut franchisee in Hawaii, Guam and Saipan. Transaction multiples for the deal were 0.88x revenue and 5.5x EBITDA.

General Atlantic Invests in Joe & The Juice

On October 12, 2016, General Atlantic made an investment in Joe & The Juice, a Copenhagen, Denmark-based urban juice bar and coffee concept. General Atlantic joins existing investor Valedo Partners, a Stockholm-based private equity firm, as minority investors. Joe & The Juice will look to use the investment and experience of General Atlantic to expand upon its 160 locations located predominately within the Nordic region of Europe and across the UK.

La Cima Acquires Twin Peaks and General Atlantic

On October 10, 2016, La Cima Restaurants acquired Twin Peaks, the Dallas, Texas-based franchisor of sports bars and restaurants. The deal is unique as La Cima Restaurants was the largest Twin Peaks franchisee before acquiring the franchisor. Twin Peaks was founded in 2005, and has grown system sales rapidly over the past two years to nearly \$270M. The company will utilize the deal to expand upon its 61 locations across the United States, driving top-line growth for the future.

Veggie Grill Wins \$22M in New Funding Round

On October 26, 2016, Veggie Grill, the Los Angeles, California-based vegetarian fast-casual concept, announced that it has received a \$22M capital infusion to fuel the concept's growth. The funding comes from both new and existing investors, including its largest single shareholder, Brentwood Associates, and Powerplant Ventures, a venture capital firm created by the founders of Veggie Grill. The chain will utilize the capital investment to expand to the Midwest and East Coast markets.

Goode Partners Acquires Stonefire Grill

On October 26, 2016, Goode Partners acquired Stonefire Grill, a Westlake Village, California-based fast-casual dining concept. Stonefire Grill was founded in 2000 and currently operates eight locations in the Southern California area, delivering a unique blend of convenient dine-in, take-out and catering options for its customers. Goode Partners will look to utilize its expertise in the restaurant industry to expand the chain into new markets.

Hargett Hunter Acquires Ruggles Green

On October 11, 2016, Hargett Hunter Capital Partners acquired Ruggles Green, a Houston, Texas-based premium fast-casual restaurant concept offering chef-inspired local, organic, and seasonal items. Hargett Hunter's Jason Morgan, who served as CFO of Zoe's Kitchen from 2008 to 2015, will step into the role of CEO for Ruggles Green as the business looks to expand its geographic presence in the near future.

Levine Leichtman Acquires Nothing Bundt Cakes

On October 5, 2016, Levine Leichtman Capital Partners acquired Nothing Bundt Cakes, an Addison, Texas-based franchisor of gourmet bakeries offering specialty, hand-crafted Bundt cakes and related merchandise items. Nothing Bundt Cakes currently operates over 175 locations in the United States and Canada. The company's current management will remain in place and look to partner with Levine Leichtman's franchise expertise to move into its next phase of growth.

Recent Restaurant M&A Transaction Activity

BDT Capital Partners Invests in Lou Malnati's

On September 22, 2016, BDT Capital Partners agreed to take a significant stake in Malnati Organization, a Chicago, Illinois-based casual pizza restaurant chain that operates under the name Lou Malnati's Pizzeria. The company currently operates 46 of its 47 stores within the Chicago area and will look to utilize the investment to expand the family-owned concept into new markets within the coming year.

MTY Acquires Baja Fresh and La Salsa

On September 9, 2016, MTY Food Group, the Canadian franchisor of quick service restaurants, acquired BF Acquisition Holdings, the Irvine, California-based operator of Mexican restaurant businesses Baja Fresh Mexican Grill ("Baja Fresh") and La Salsa Fresh Mexican Grill ("La Salsa"), for \$27M in cash. BF Acquisition Holdings currently franchises and operates 162 Baja Fresh and 23 La Salsa restaurants in the US, Dubai, and Singapore. Duff & Phelps acted as sell-side M&A advisor to Baja Fresh and La Salsa.

Arlon Group Acquires Cicis Pizza

On September 7, 2016, Arlon Group completed its acquisition of Cicis, the Coppell, Texas-based family-friendly pizza buffet restaurant chain. Since its founding in 1985, Cicis has grown to more than 450 restaurants in 33 states. As part of the investment, Arlon will partner with Cicis' management team, led by CEO Darin Harris who has presided over the brand's revitalization since joining the company in 2013, to continue guiding the business.

L Catterton Acquires Velvet Taco

On September 2, 2016, L Catterton completed a majority investment in Velvet Taco, the Dallas, Texas-based fast casual taco restaurant. Concurrent with the investment, L Catterton has initiated a search process with the founder of Velvet Taco to appoint the next CEO of the restaurant chain. Velvet Taco will utilize the growth investment to continue expanding its presence in new and existing markets.

Oath Craft Pizza Receives \$4.5M Series A Funding

On September 13, 2016, Oath Craft Pizza, the Boston, Massachusetts-based fast casual pizza restaurant, closed a \$4.5M Series A investment led by Breakaway Ventures, a Boston-based venture capital firm. The company currently operates four locations in Massachusetts and will utilize this funding to further accelerate rapid growth into new geographic markets, including New York and Washington, DC.

Roark Capital Group Acquires Jimmy John's

On September 8, 2016, Jimmy John's, the Champaign, Illinois-based fast-casual restaurant chain, sold a majority stake to Roark Capital for undisclosed terms. The announcement comes nine months after Founder and CEO James John Liautaud abandoned plans to launch an IPO. Jimmy John's currently has more than 2,500 locations generating \$2 billion in system-wide sales. The Company has opened more than 200 locations in each of the last five years, with a new-unit pipeline of more than 1,100 locations to be opened over the next several years.

CenterOak Partners Acquires Wetzel's Pretzels

On September 2, 2016, CenterOak Partners completed a majority investment in Wetzel's Pretzels, the Pasadena, California-based owner and franchisor of soft pretzel stores, for an undisclosed sum. Wetzel's Pretzels has more than 300 company-owned and franchised locations in 28 states. The company will remain in Pasadena and will look to utilize CenterOak's expertise in the restaurant industry to expand its geographical footprint.

Goode Partners Acquires Silver Diner

On August 24, 2016, Goode Partners completed a majority investment in Silver Diner, Inc., the Rockville, Maryland-based operator of classic American diner concepts, Silver Diner, Silver Diner Airport, and Silver restaurants. The company operates 15 total locations and will look to utilize the investment to fund its geographic expansion and accelerate growth across all three segments of the business. Duff & Phelps acted as financial advisor to the Board of Silver Diner.

Selected Recent Duff & Phelps Restaurant Transactions

Sell-Side Advisor



has been acquired by



Board Advisor



has been acquired by



Sell-Side Advisor



has been acquired by



Sell-Side Advisor



has been acquired by



Board Advisor



has completed a spin-off of Four Corners Property Trust.

Sell-Side Advisor



has been acquired by



Sell-Side Advisor



has been acquired by



Placement Agent



has secured senior debt financing from



Sell-Side Advisor



has completed a going-private transaction.

Board Advisor



has completed a leveraged dividend recapitalization transaction.

Contact Us



Joshua Benn

Global Head of Restaurants
Retail, Consumer and Food
+1 212 450 2840
joshua.benn@duffandphelps.com



Darren Gange

Managing Director
+1 212 871 9429
darren.gange@duffandphelps.com



Farzad Mukhi

Director
+1 424 249 1661
farzad.mukhi@duffandphelps.com

About Duff & Phelps

Duff & Phelps is the premier global valuation and corporate finance advisor with expertise in complex valuation, disputes and investigations, M&A, real estate, restructuring, and compliance and regulatory consulting. The firm's more than 2,000 employees serve a diverse range of clients from offices around the world.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising advisory services are provided in a number of European countries through Duff & Phelps Securities Ltd, UK, which includes branches in Ireland and Germany. Duff & Phelps Securities Ltd, UK, is regulated by the Financial Conduct Authority.

For more information please visit:

www.duffandphelps.com