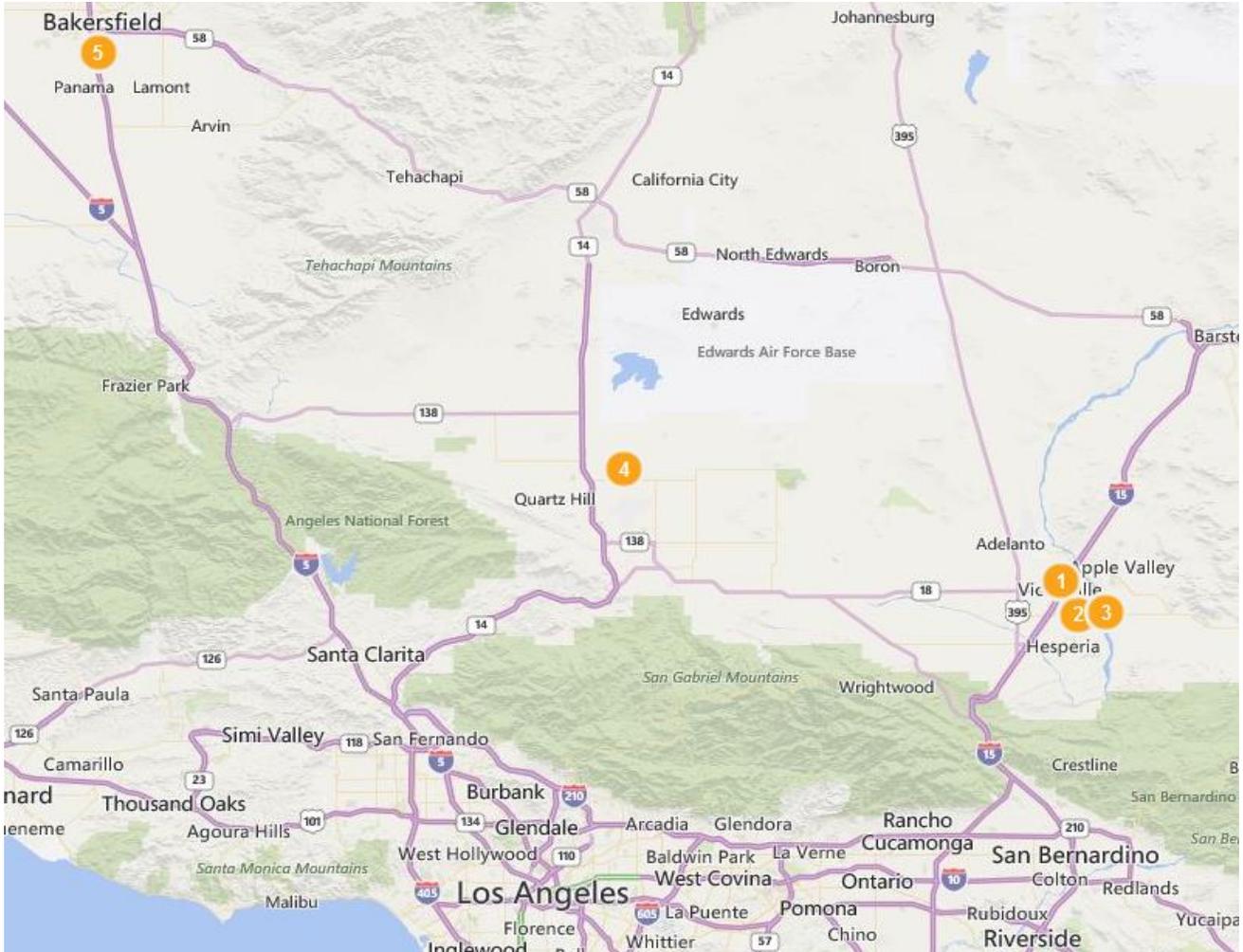


## 5 Papa John's SoCal \$1,119,000



Papa John's is the 3rd largest take-out and delivery pizza chain in the U.S. with over 3,300 units in all 50 U.S. states and 30 international markets. New franchisees must have a minimum of \$150K net worth and \$50K liquid, plus sufficient resources to make the purchase. Restaurant experience preferred but not required. Relevant general management experience required for Operator. 6 weeks of training in KY required.

From Bakersfield to Lancaster is about 1 hour 20 min. From Lancaster to Apple Valley is another 1 hour 20 min. Price does not include inventory of about \$3K/store and transfer fees of \$4K/store.

Store	YE 2014 Sales	YE 2014 Adj EBITDA
1- Victorville	\$869,878	\$158,551
2- Hesperia	\$660,810	\$100,939
3- Apple Valley	\$722,485	\$126,111
4- Lancaster	\$518,922	\$76,508
5- Bakersfield	\$411,641	\$58,187
<b>TOTAL</b>	<b>\$3,183,736</b>	<b>\$520,297</b>

## PJ 5 Bakersfield Sales History

Store*	YE 2012 Sales	YE 2013 Sales	% Change	YE 2014 Sales	% Change
PJ #3183 Victorville 15683 Roy Rogers Dr. Victorville, CA 92394	\$944,460	\$916,716	-2.94%	\$872,229	-4.85%
PJ #3307 Hesperia 17003 Bear Valley Rd. Hesperia, CA 92395	\$638,197	\$608,322	-4.68%	\$670,294	10.19%
PJ #4209 Apple Valley 12218 Apple Valley Rd. Apple Valley, CA 92308	\$75,406	\$713,537		\$720,013	0.91%
PJ #4359 Lancaster 1721 E. Avenue J Lancaster, CA 93535		\$192,292		\$519,757	
PJ #4370 Bakersfield 2401 White Lane Bakersfield, CA 93304		\$42,172		\$396,670	
<b>TOTAL</b>	<b>\$1,658,063</b>	<b>\$2,473,039</b>		<b>\$3,178,963</b>	

\*Victorville and Hesperia opened in 2009

Apple Valley opened P13 2012

Lancaster opened P9 2013

Bakersfield opened P12 2013.

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## 5 Papa John's SoCal Leases & Franchise Agreements

Store	T13 Sales Thru P11 2014	Monthly Base Rent**	Annual Rent	As % of 2014 Sales	Lease Expiration	Lease Options	Franchise Agmt Expiration***	Royalty	Nat'l Adv
PJ #3183 Victorville	\$872,229	\$3,731	\$44,772	5.1%	1/1/2016	None	2019	5%	6.5%
PJ #3307 Hesperia	\$670,294	\$3,951	\$47,412	7.1%	3/31/2015	TBD	2019	5%	6.5%
PJ #4209 Apple Valley	\$720,013	\$3,669	\$44,028	6.1%	7/1/2017	1x5yr	2022	5%	6.5%
PJ #4359 Lancaster*	\$519,757	\$2,750	\$33,000	6.3%	8/1/2017	1x5yr	2023	5%	6.5%
PJ #4370 Bakersfield*	\$396,670	\$1,600	\$19,200	4.8%	8/1/2023	2x5 yr	2023	5%	6.5%
<b>TOTAL</b>	<b>\$3,178,963</b>	<b>\$15,701</b>	<b>\$188,412</b>	<b>5.9%</b>					

\*Papa John's incentive program calls for no royalties for the first 18 months, the next 6 mos at 2%, the next 6 mos at 3%, then 5% for the remaining term. **Royalties for Lancaster and Bakersfield were recast at 3% in EBITDA calculations here. The royalty rate at Lancaster and Bakersfield is currently 0% but will graduate to 2% in Feb 2015.** The incentive also included new ovens.

\*\*All leases call for annual 3% increases. Rent includes property taxes and building insurance.

\*\*\*All stores need new POS, estimated at \$8K each. Franchise agreements may be renewed for another 10 year term for a min of \$4K.

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## 5 Papa John's SoCal Controllable Costs

<b>2014 Thru Q3 2014</b>	PJ #3183 Victorville	PJ #3307 Hesperia	PJ #4209 Apple Valley	PJ #4359 Lancaster	PJ #4370 Bakersfield	TOTAL
Sales	\$866,913	\$667,085	\$716,336	\$518,391	\$395,357	\$3,164,082
COGS	30.0%	29.9%	29.3%	31.0%	31.9%	30.2%
Labor*	31.1%	32.1%	30.9%	31.8%	36.7%	32.1%
R&M	0.6%	0.7%	0.6%	0.9%	0.4%	0.6%
Utilities	1.6%	2.1%	2.0%	2.5%	1.6%	1.9%

\*Labor includes Crew Labor plus GMs at each store who are paid \$11/hr, bonuses and payroll taxes, mileage, payroll processing fees.

Figures do not include District Manager who currently makes \$64K/yr. DM may be available to work for new Owner.

Labor does not include workers comp.

Labor recast at 24% in EBITDA analysis to more closely align with brand norms.

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**5 Papa John's SoCal**  
**2014 EBITDA Analysis**

YE 2014	PJ #3183 Victorville	PJ #3307 Hesperia	PJ #4209 Apple Valley	PJ #4359 Lancaster	PJ #4370 Bakersfield	TOTAL	%
Sales	\$ 866,913	\$ 667,085	\$ 716,336	\$ 518,391	\$ 395,357	\$3,164,082	100.0%
Net Income	\$129,075	\$79,456	\$102,658	\$76,524	\$59,433	\$447,146	14.1%
<i>Adjustments</i>							
<i>Add back DM Salary*</i>	\$12,800	\$12,800	\$12,800	\$12,800	\$12,800	\$64,000	2.0%
<i>Royalty Adjustment**</i>				-\$15,552	-\$11,861	-\$27,412	-0.9%
<i>Recast Insurance***</i>	-\$18,000	-\$18,000	-\$18,000	-\$18,000	-\$18,000	-\$90,000	-2.8%
<i>Recast Labor****</i>	\$34,677	\$26,683	\$28,653	\$20,736	\$15,814	\$126,563	4.0%
<i>Total Adjustments</i>	\$29,477	\$21,483	\$23,453	-\$16	-\$1,246	\$73,151	2.3%
<b>Adj EBITDA for YE 2014</b>	<b>\$158,551</b>	<b>\$100,939</b>	<b>\$126,111</b>	<b>\$76,508</b>	<b>\$58,187</b>	<b>\$520,297</b>	<b>16.4%</b>

\* District Manager salary not a store-level expense. He currently earns \$64K annually.

\*\*Papa John's incentive program for new stores calls for no royalties for the first 18 months, the next 6 mos at 2%, the next 6 mos at 3%, then 5% for the remaining term. The royalty rate at Lancaster and Bakersfield is currently 0% but will graduate to 2% in Feb 2015. Royalties at those locations were recast at 3% in EBITDA calculations here. The incentive also included new ovens at Lancaster and Bakersfield.

\*\*\* Seller's insurance policy is not on store-level P&L. Recast to \$90K annually, including W/C.

\*\*\*\* Recast to 28% (According to 2014 FDD, Papa John's average of 24.7% for Labor, including payroll taxes and w/c. Seller's actual total Labor is 32%).

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