

Smashburger
6 Units in
North & South
Carolina
\$995,000

Confidential Information
Memorandum
February 2019



Smashburger – 6 Units in North & South Carolina

Disclaimer:

FranBizNetwork (“FBN”), has been retained on behalf of Seller (“Seller”) as exclusive broker for the sale of these six Smashburger locations in NC and SC (“Business”). This Confidential Information Memorandum (“CIM”) has been prepared by FBN from information supplied to it by the Seller and other sources believed to be reliable and is being furnished through FBN solely for the purpose of providing the recipient with general information to assist in an evaluation of the Business. This CIM does not purport to be all-inclusive or necessarily to contain all of the information a prospective purchaser may desire. FBN has not verified independently any of the information, nor does FBN make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this CIM or any other written or oral statement made to a prospective purchaser of the Business. Only those representations and warranties that may be made in a definitive written agreement, when and if it is executed, and subject to such limitations and restrictions as may be specified in such definitive agreement, shall have legal effect.

Interested parties should conduct their own investigation and analysis of the Business and of the information contained in this CIM and should consider the advice of their financial, legal, accounting, tax, and other business advisors in analyzing the books and records of the Business.

This CIM contains proprietary non-public information regarding the Business and is governed by the terms of the Confidentiality Agreement agreed to by the interested party receiving this CIM, which strictly limits the use, disclosure, circulation, and reproduction of the information contained herein. Any person receiving this CIM should carefully read and understand the Non-Disclosure Agreement they signed before reading further.

<https://www.franbiznetwork.com/wp-content/uploads/2014/08/NDA-for-Website-LC.pdf>

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FBN is acting as an exclusive broker to the Seller in connection with the proposed sale of this Business. Prospective purchasers agree not to contact the Seller or any of the Seller’s management or restaurant personnel. All communications, inquiries and requests for information regarding the Assets should be addressed to FBN.

Smashburger – 6 Units in North & South Carolina

FranBizNetwork is happy to bring to the market 6 Smashburger locations in the North Carolina area. Any questions or requests for further information should be directed to Buyer's FBN advisor. Under no circumstances should prospective buyers contact Seller directly.

Overview of the sale process:

- Buyer reviews the CIM and visits the stores as a customer, taking care to be discreet and not alert employees or management to the sale
- Buyer works with FBN advisor to make an offer, contingent upon full due diligence review, franchisor approval, financing if required, and lease assignments.
- Buyer completes full review of the books and records of the business
- Buyer works with FBN advisor to submit application to Smashburger
- Buyer is approved by franchisor and lender (if required)
- Buyer attends franchisor training
- Buyer and Seller complete walk-thrus of each restaurant making sure all equipment is in good working condition.
- Escrow closes and Buyer takes over the store



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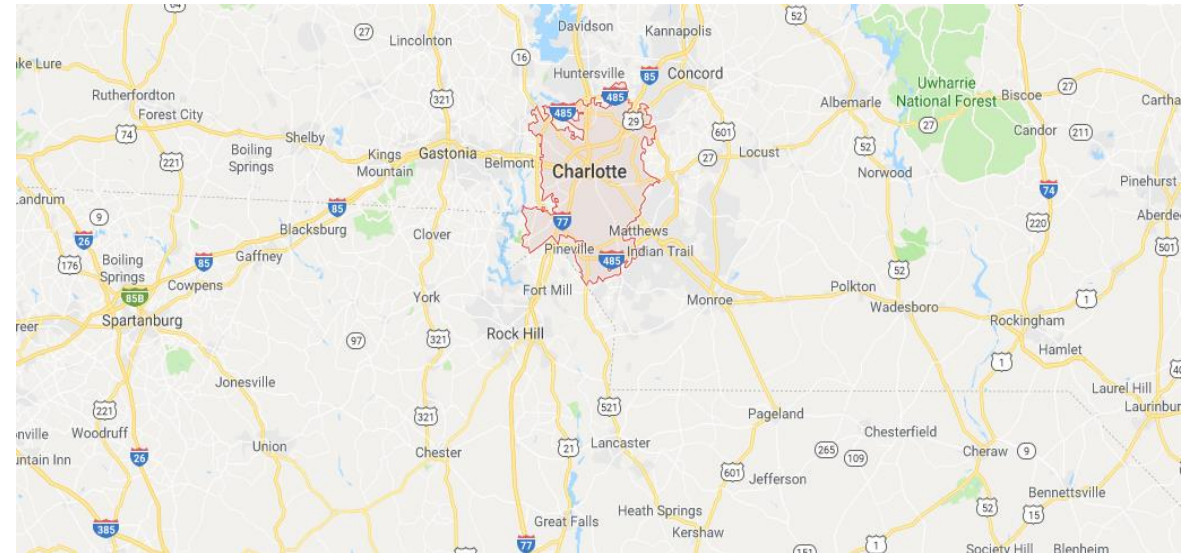


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- 3 stores in the Charlotte, NC area
- 3 stores in the Columbia, SC area

YE 2018 Sales	YE 2018 Projected EBITDA
\$5,542,528	\$313,362



Executive Summary materials and Proforma were derived from documents provided by Seller and were prepared by FranBizNetwork to help prospective Buyers complete a summary review. These materials should not replace the Buyer's review of actual books and records and a thorough due diligence process. Buyers should not rely on these materials as definitive, but should instead consult the actual due diligence documents.

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Overview

- Price is \$995,000 for the package.
- Stores are franchisee owned, franchise agreements are for 10 years. Remaining term will be assigned, and at expiration a new 10 year term may be purchased. Expirations range from 2022-2027.
- Price does not include the franchise transfer fee of \$40,000
- Price does not include approximately \$51,000 in inventory or lease security deposits.
- This will be an asset sale, with all assets delivered free and clear of liens.
- Price includes development rights to 3 additional stores in Charlotte, NC and one in Columbia, SC. Seller has already paid \$80K of the \$160K in total franchise fees due for these locations.
- One General Manager has 10 years experience in multi-unit QSR management and may be available to work with new buyer as Area Manager. Seller has replacement for General Manager.
- 3 stores are in need of a cosmetic remodel at approximately \$5K each, which seller will provide; other 3 stores are in need of a remodel totaling approximately \$50K, which seller will provide.
- Store hours are Su-Th 11a-9p and Fr-Sa 11a-10p and have approximately 16 employees each.

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Franchise:

- Smashburger was founded in 2007 in Denver, CO.
- Known for their namesake smashing technique—smashing a fresh, never frozen, hand-packed meatball on a hot seasoned grill—resulting in a delicious burger that stands alone in taste, texture, and juiciness.
- Smashburger is the quickest fast-casual concept ever to hit the 200-restaurant milestone, located in 38 states, 9 countries and boasting 340+ locations.
- Franchisor provides 4 weeks of training at a training store near Buyer.
- Franchisor requires restaurant experience, good credit and sufficient net worth and liquidity.

Market:

- The minimum wage in North and South Carolina is \$7.25/hr.
- Charlotte is the most populous city in NC. Home to many professional sports teams and ranked as a top city in young-adult population growth. The Charlotte metro area has seen a record 5 year growth rate of 36% and was the 2nd fastest growing city of 2017. The median age is 34 and the median income is \$61K.

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Sales History

YE 2016 Sales	YE 2017 Sales	% Change over YE 2016	YE 2018 Sales	% Change Over YE 2017
\$3,248,267	\$4,114,892	-7.14%*	\$5,542,528	-11.52%

*Some newly opened stores in 2017 are not reflected in the % Change
Seller uses 4-4-5 accounting so there are 12 periods per year

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Leases

Monthly Rent	Percentage Rent	Lease Security Deposit	Monthly Prop Tax, CAM and Ins.	Total Annual Occupancy Costs	Occupancy Costs as % of Sales	Lease Expiration	Lease Option	Next Rent Increase
\$5,737	None	None	\$2,314	\$96,612	10.51%	12/11/2022	3x5yr	10%
\$5,600	None	None	\$1,674	\$87,288	12.62%	12/15/2023	2x5yr	10%
\$6,329	4% over \$1.89M	\$7,491	\$1,223	\$90,624	8.30%	6/14/2024	3x5yr	10%
\$6,302	None	None	\$1,852	\$97,848	7.55%	5/2/2027	3x5yr	5%
\$7,510	None	None	\$1,126	\$103,632	3.69%	7/31/2027	3x5yr	5%
\$5,179	None	None	\$1,698	\$82,524	6.03%	6/30/2020	2x4yr	5%

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