

Checkers

\$8,000,000 for 10 Units in the
Northeastern US

Real Estate available on 4 units for
\$5,000,000

Confidential Information Memorandum
April 2021



Checkers- 10 Units in the Northeastern US

Disclaimer:

FranBizNetwork (“FBN”), has been retained as exclusive broker for the sale of ten Checkers locations in the Northeastern US (“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.

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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.

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FranBizNetwork is happy to bring to the market 10 Checkers Drive-In locations in the Northeastern US. 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 Checkers
- 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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- **\$8,000,000 for 10 Units in the Northeastern US**
- **Real Estate is available on 4 units for \$5,000,000**

Store #	Trailing 12 Month Sales ending 3/31/2021	Trailing 12 Month Post G&A Adjusted Net Profit ending 3/31/2021	Real Estate Available
1	\$1,778,743	\$383,323	Yes, for \$1,415,000
2	\$1,635,821	\$200,858	Yes, for \$1,320,000
3	\$625,667	(\$18,373)	No
4	\$784,682	(\$6,779)	Yes, for \$945,000
5	\$991,632	\$91,308	No
6	\$1,064,363	\$185,477	No
7	\$1,073,363	\$64,607	No
8	\$2,348,350	\$502,700	No
9	\$1,441,221	\$248,647	No
10	\$1,928,573	\$470,104	Yes, for \$1,320,000
	\$13,672,415	\$2,121,872	\$5,000,000

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Overview

- Trailing 12 Month Sales ending 3/31/2021 are \$13.6M and Trailing Adjusted Post G&A EBITDA is \$2.1M.
- 4 fee properties are for sale, implied rents of 6% of sales have been deducted from the EBITDA figures. Real Estate is priced at \$5,000,000 (7.3% cap rate)
- Price for the package of 10 stores is \$8,000,000, an approximate 3.75x multiple of post G&A EBITDA.
- Stores are franchisee owned, franchise agreements will be assigned to buyer with remaining term.
- Price does not include inventory or lease security deposits.
- Price does not include franchise transfer fees of approximately \$5,000 per store.
- This will be an asset sale, with all assets delivered free and clear of liens.
- District Manager and Director of Operations may be available to work with new buyer.
- 9 of the stores will require some remodel work; cost is up to \$250K, although this may be scaled back for underperforming stores. Franchisor likely to offer incentives when remodels are completed. 1 store needs approximately \$25K of remodel work.
- Franchisor requires a minimum of \$750k net worth with at least \$250k liquid assets, or commensurate with purchase. Restaurant experience preferred but not required. Operating partner and one other person must attend 5 weeks of training- 4 weeks in the restaurant and 1 week in Tampa.

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Franchise:

- Headquartered in Tampa, FL, Checkers was founded in 1986 and now boasts over 577 units nationwide. Checkers acquired Rally's in 1999. The two chains combine to make one of the fastest growing restaurants in the industry with more than 800 locations across the country. Known for their bold flavored and seared burgers, indulgent milkshakes, and Famous Seasoned Fries.
- Franchise agreements are set at 4% for royalties and 3.75% for advertising.
- Approximately \$5,000 franchise transfer fee per store (not included in price).
- Checkers & Rally's was named a Best Franchise Deal by QSR Magazine in 2018.
- Entrepreneur Magazine "Franchise 500" Ranking – Top 100 fastest growing franchises in the U.S.

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Sales History

Store #	2017 Net Sales	2018 Net Sales	% change over 2017	2019 Net Sales	% change over 2018	2020 Net Sales	% change over 2019	Q1 2020	Q1 2021	% change
1	\$1,329,510	\$1,278,602	-3.8%	\$1,292,988	1.1%	\$1,652,640	27.8%	\$312,361	\$438,459	40.4%
2	\$1,285,501	\$1,224,630	-4.7%	\$1,348,183	10.1%	\$1,545,929	14.7%	\$310,581	\$400,453	28.9%
3	\$709,682	\$673,632	-5.1%	\$600,651	-10.8%	\$584,765	-2.6%	\$113,816	\$154,724	35.9%
4	\$651,161	\$630,096	-3.2%	\$616,678	-2.1%	\$760,302	23.3%	\$155,472	\$179,857	15.7%
5	\$769,886	\$717,377	-6.8%	\$686,665	-4.3%	\$899,822	31.0%	\$162,041	\$253,865	56.7%
6	\$996,828	\$980,152	-1.7%	\$971,016	-0.9%	\$1,027,250	5.8%	\$212,005	\$249,124	17.5%
7	\$1,082,622	\$1,015,068	-6.2%	\$963,273	-5.1%	\$1,025,649	6.5%	\$193,050	\$240,769	24.7%
8	\$1,960,679	\$1,951,745	-0.5%	\$1,917,475	-1.8%	\$2,233,763	16.5%	\$435,502	\$550,093	26.3%
9	\$1,183,305	\$1,099,194	-7.1%	\$1,065,616	-3.1%	\$1,350,344	26.7%	\$244,446	\$335,329	37.2%
10	\$1,339,403	\$1,305,712	-2.5%	\$1,346,707	3.1%	\$1,812,047	34.6%	\$330,794	\$449,146	35.8%
	\$11,308,577	\$10,876,208	-3.8%	\$10,809,252	-0.6%	\$12,892,511	19.3%	\$2,470,068	\$3,251,819	31.6%

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Leases

Store #	Trailing 12 Month Sales ending 3/31/2021	Monthly Rent	Monthly Rent on RE property - Implied 6% of Sales	Total Annual Occupancy Costs	Occupancy Costs as a % of Sales	Lease Expiration	Next Rent Increase / Remodel
1	\$1,778,743	N/A	\$8,894	\$106,725	6%	N/A	N/A
2	\$1,635,821	N/A	\$8,179	\$98,149	6%	N/A	N/A
3	\$625,667	\$3,938		\$47,256	8%	8/31/2029	\$6,416.67 on 9/1/2024
4	\$784,682	N/A	\$3,923	\$47,081	6%	N/A	N/A
5	\$991,632	\$4,167		\$50,000	5%	3/31/2038	\$5,833.33 on 4/1/2023
6	\$1,064,363	\$5,041		\$60,492	6%	11/30/2040	10% on 12/1/25
7	\$1,073,363	\$6,417		\$77,000	7%	7/31/2047	10% on 8/1/2022
8	\$2,348,350	\$7,900		\$94,800	4%	7/2033	TBD
9	\$1,441,221	\$5,299		\$63,584	4%	2/2067	Annual CPI
10	\$1,928,573	N/A	\$9,643	\$115,714	6%	N/A	N/A
Total	\$13,672,415		\$30,639	\$760,801	6%		