



***EPK National Restaurant Appraisal, Inc.***

*In conjunction with*

***Market Pulse Partners***



***The Restaurant Market Pulse  
26<sup>th</sup> Annual Edition:***

***2014 - The Year in Review***

***Complimentary Overview***



Each year since 1988 our seasoned restaurant research team has published the results of our comprehensive annual survey of widely used Restaurant Finance and Investment Indices.

These Indices are used on a daily basis by restaurant financial market participants in their investment, valuation, acquisition and underwriting decisions.

Over the past three decades the results of our annual survey have consistently proven to be a good indication of where the market has been and have often served as a good barometer of “things to come” in the market as a whole.

As in past years, one of the more humorous aspects of the annual Restaurant Market Pulse process have been the additional comments submitted by various confidential survey respondents such as operators, lenders, investors and others. These comments offer insights into the mindset of the market, a perspective not captured by a review of the raw data”.

These comments have once again painted a varied picture - ranging from financial industry veterans who indicated that they were experiencing unexpected demand for related services to investors who bemoaned the continued lack of “good quality” deals. Many others cited the “cap rate compression that has depressed their returns” in recent years.

On the other hand we have heard from many QSR operators who have reported increasing comp sales across the board while at the same time hearing that many casual dining operators are “still waiting for the train to come into the station”.

Last year, it appeared that the overarching sentiment we detected from our analysis of the submitted commentary was that we may have turned the corner and could look forward to an improving Restaurant Finance market into 2014 and beyond. As we look back on 2014 from the current perspective it appears that a rising tide has lifted some boats, with others still run aground waiting on the rising tide...

On the pages that follow you will find key highlights from our 26<sup>th</sup> Annual Edition of the **Restaurant Market Pulse**, our annual review of the Restaurant Finance, Investment and Development market.

The Editors

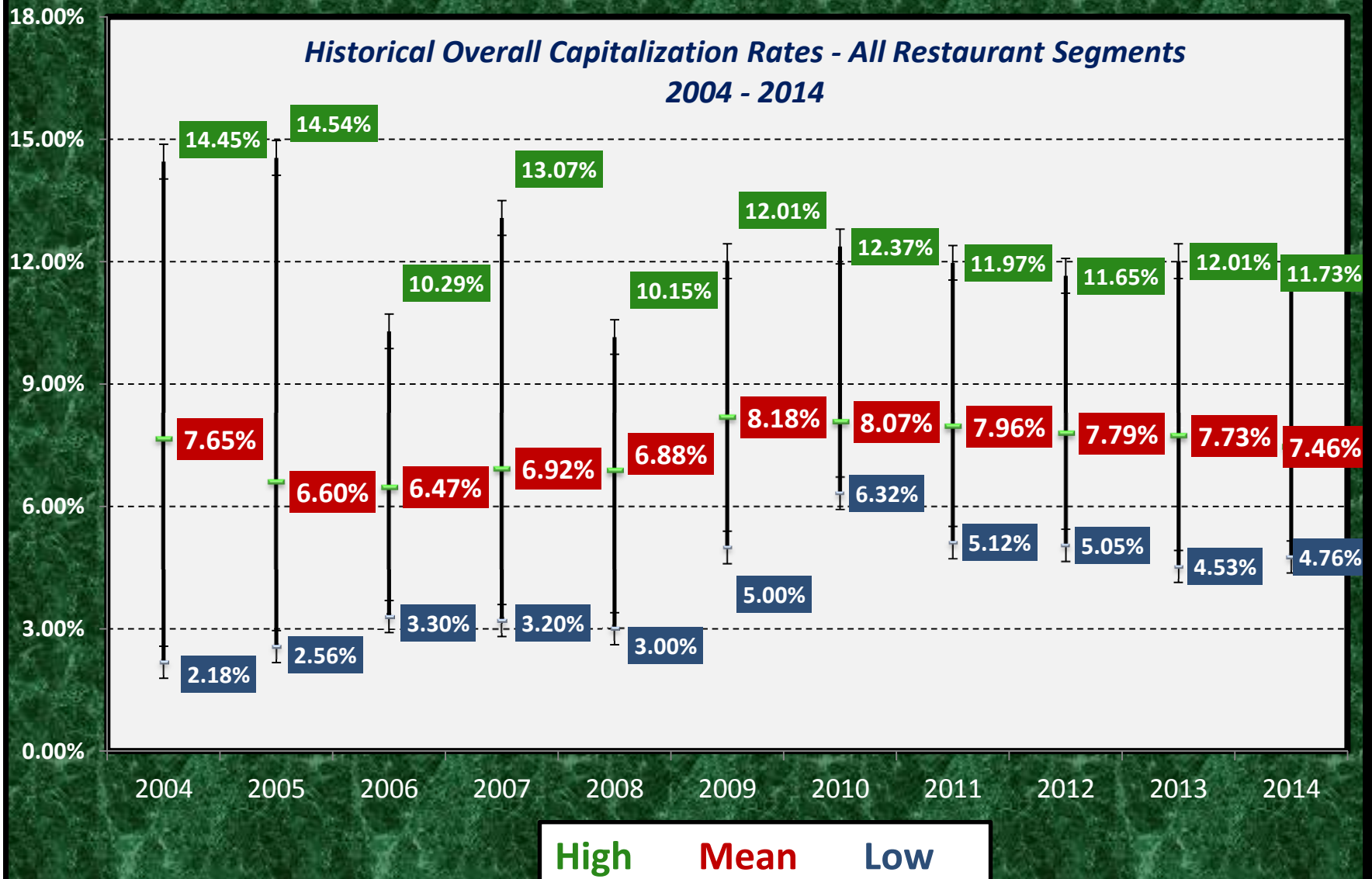




*Please note the following:*

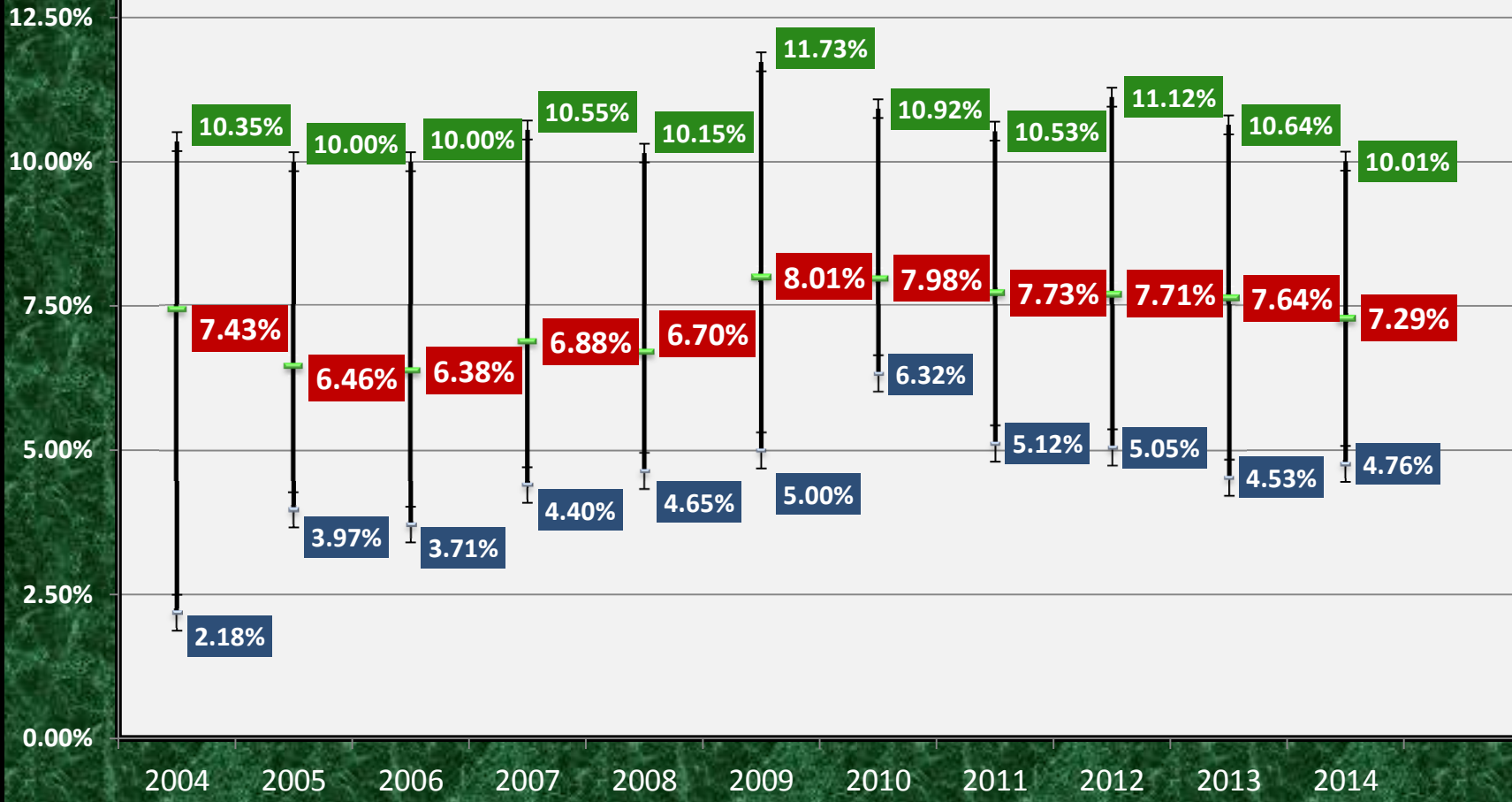
- *All presented Restaurant Market Pulse transaction and summary data is believed representative of single unit arms length secondary market transactions only. Aggregate or multiple unit sale leaseback financing or acquisition transactions are not included in the survey data.*
- *All data has been obtained from publicly available sources in conjunction with confidential discussions with various confidential market participants deemed reliable for purposes of this informational product but not warranted by EPK National Restaurant Appraisal, Inc. or Market Pulse Partners as to their accuracy for purposes of this presentation.*
- *All data has been developed through review of publicly available sources, proprietary and confidentially developed survey data and subscription services, as applicable, to the extent possible.*
- *The survey data has been presented in an illustrative format only and is not intended or designed to be relied upon as investment advice, USPAP, GAAP, FAS or any regulatory authority compliant source data or as the basis for any valuation, financial analysis or specific course of action or decision making by the reader. The data summary set forth herein is presented for illustrative and entertainment purposes only and we make no warranties, either explicit or implied, regarding the accuracy of the data or the trends indicated herein.*
- *The level of disclosure in this illustrative entertainment presentation has been intentionally limited and is not intended to, nor does it comply with, any regulatory reporting requirement of any agency or professional trade association or regulatory group. This article and transmittal of the results of our proprietary market research is not, and is not intended to be, construed as a scientific survey.*

# 2014 Restaurant Market Pulse



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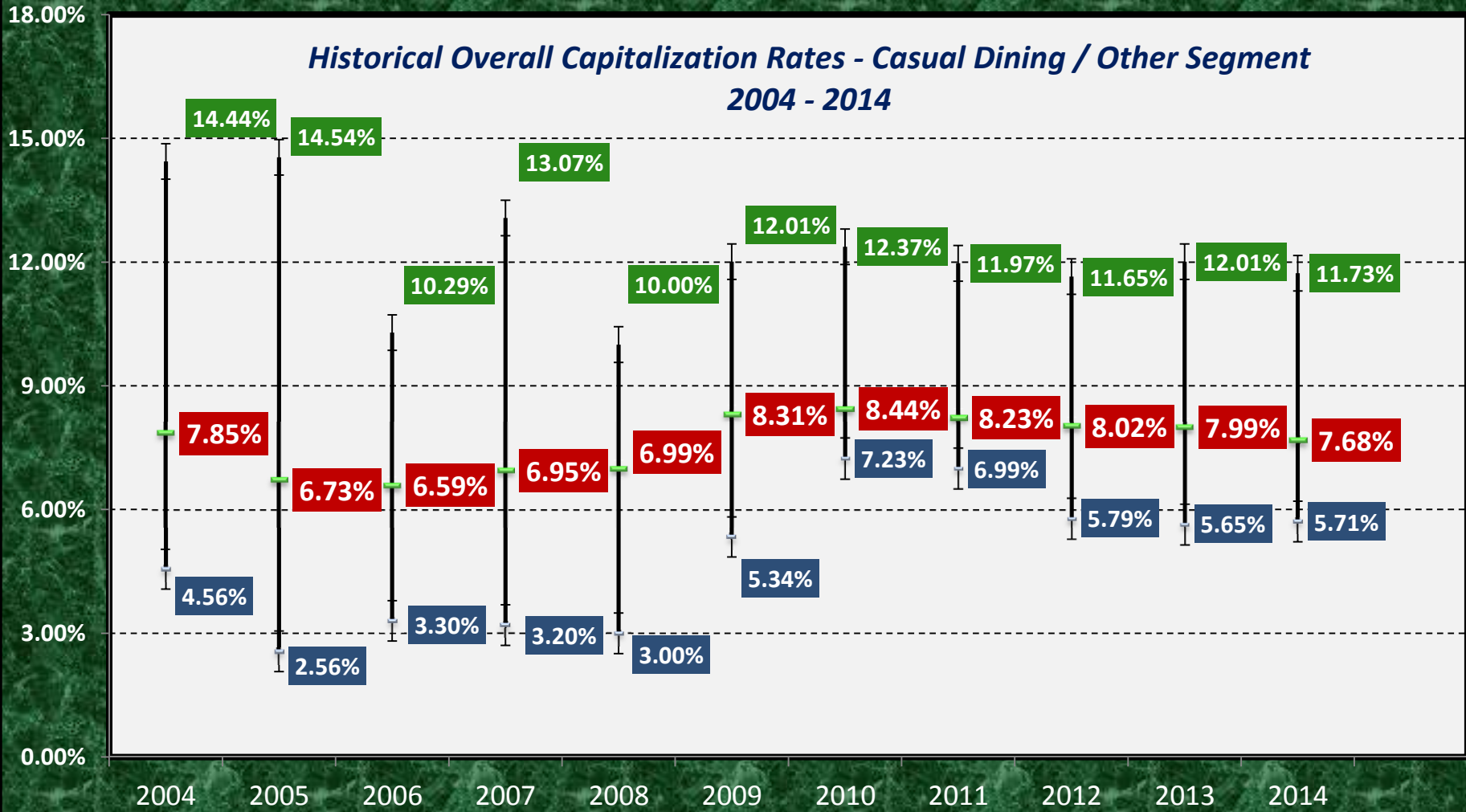
*Historical Overall Capitalization Rates - QSR Segment  
2004 - 2014*



**High**   **Mean**   **Low**

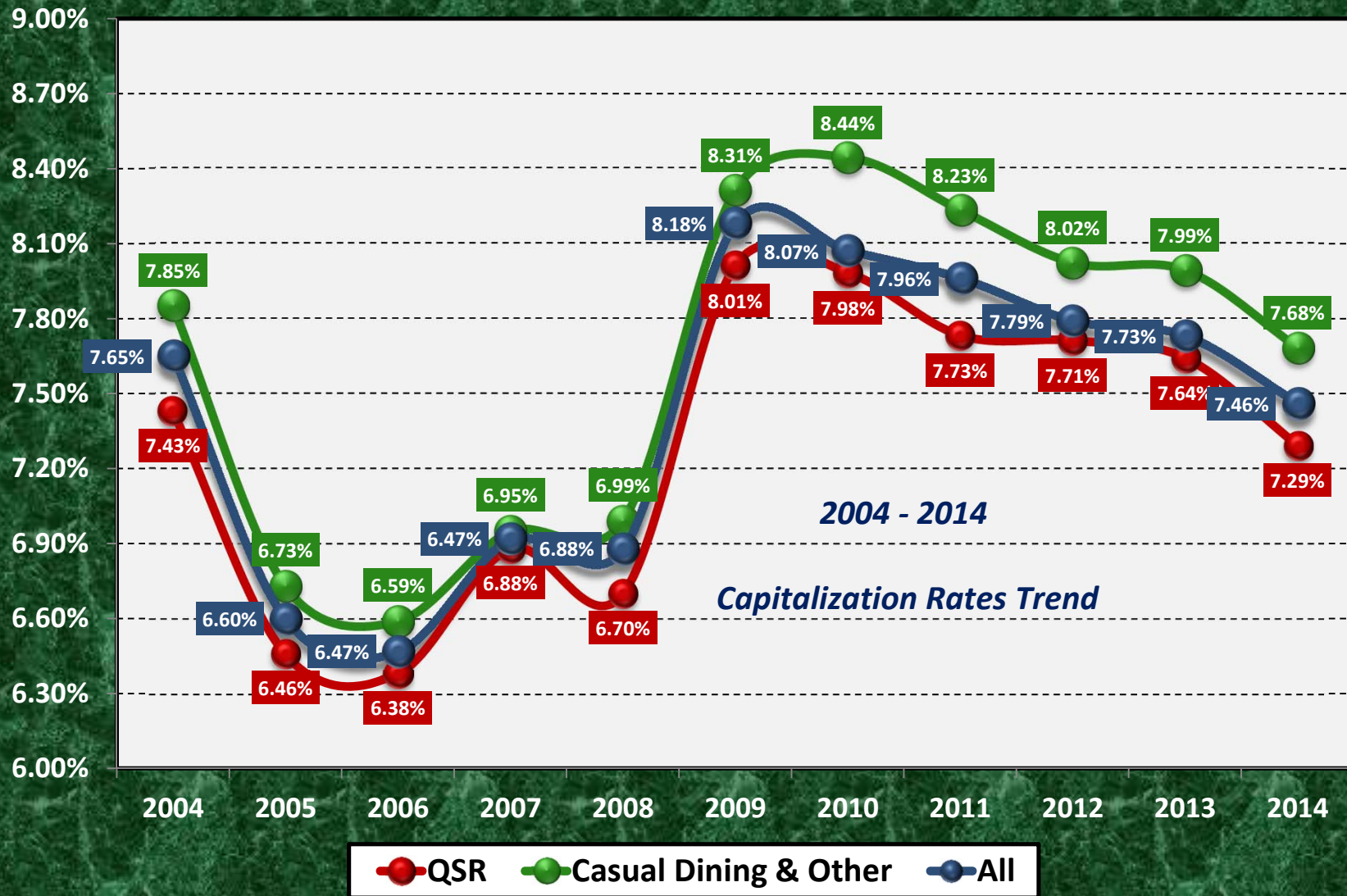
# 2014 Restaurant Market Pulse

*Historical Overall Capitalization Rates - Casual Dining / Other Segment  
2004 - 2014*



**High**   **Mean**   **Low**

# 2014 Restaurant Market Pulse





# 2014 Restaurant Market Watch

