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## FINANCE SOURCES

### MarshallMorgan Executes Sale/Leaseback for BK Franchisee

**MarshallMorgan, LLC** recently announced the sale-leaseback of 10 Burger King restaurants located in Minnesota and the Dakotas in late July for \$9.6 million. The properties were owned and operated by **RedKing Foods, LLC**, a 37-unit Burger King franchisee and were sold to a newly created REIT which is focused on investing in single-tenant properties including QSR franchise restaurants, chain restaurants, supermarkets, drug stores and other retail, service and distribution facilities. MarshallMorgan, in conjunction with **Shawn Bakke** of **Colliers International** developed a detailed due diligence package, provided comprehensive valuation analysis utilizing historical and proforma income statements and marketed this package nationally to REITs, private investors and equity funds.

The sales proceeds from this transaction allowed RedKing Foods to negotiate early payment discounts from its lenders and to pay down a significant portion of its remaining debt. Additionally, RedKing was able to significantly improve its cash flow and profitability by replacing a substantial portion of RedKing's debt with lower rent payments. As a result of its improved financial condition, RedKing Foods has improved its ability to source new capital for its future growth.

MarshallMorgan is a franchise advisory services firm that assists franchisees in negotiating and closing acquisitions, the sale of franchise markets, loan work-outs, restructuring of existing debt, sourcing new debt and equity, sale-leasebacks of owned real estate for new development and upgrades, increased liquidity or to buy down existing debt at a discount. For more information on MarshallMorgan, contact Amer Quraishi, executive vice president at (972) 387-0909, or by e-mail at [aquraishi@marshallmorgan.net](mailto:aquraishi@marshallmorgan.net); or contact Larry Simmons, president, at (972) 387-3131, or by e-mail at [lsimmons@marshallmorgan.net](mailto:lsimmons@marshallmorgan.net).

### Franchise Capital Advisors Closes Financing Deal for Fox Restaurant Concepts

**Franchise Capital Advisors** recently completed the refinance, development facility and revolving credit line for **Fox Restaurant Concepts**, an Arizona-based restaurant company with 31 restaurants across 13 different concepts. According to **Steve Schwanz** and **Ryan Kress**, principals of Franchise Capital Advisors, a regional bank stepped up to refinance debt formerly with GE Capital, and to provide a development facility for future restaurants. The total facility was approximately \$15 million.

Franchise Capital Advisors is a boutique investment banking firm that focuses on mergers and acquisitions, sale/leaseback financing, debt and equity placement, divestitures, recapitalizations, debt restructuring, and other services. For more information, contact Ryan Kress, managing director at 480-355-4390, or by email at [rek@franchisecapitaladvisors.com](mailto:rek@franchisecapitaladvisors.com); or Steve Schwanz, president and managing director at 480-355-4399, or at [sys@franchisecapitaladvisors.com](mailto:sys@franchisecapitaladvisors.com).

### MorrisAnderson Works with Underperforming Restaurant Companies

To complete a restaurant company turnaround is a unique experience, said **Dave Bagley**, managing director of **MorrisAnderson**, a financial, operational and strategic advisory firm that specializes in underperforming companies.

"It's the multi-unit issue," he explained. "You have 50 or 100 mini-versions of the same thing, whereas in manufacturing, you may have one plant. Retail and restaurants are very different. For us it's hands-on management, from working with the regional managers on down to the store-level management. You have to understand what's going on in all the stores."

With some of their non-restaurant clients, "we can raise prices, or shut down divisions." With restaurants, "you have to drill down to the little, incremental things" that can make those changes. He likens it to a baseball game where you hit singles day in and day out to move ahead. "It's a point here and a point there, which makes it more complex."

The firm can take on a general advisory role, or can be as involved as taking over day-to-day operations of the company, often acting as CEO or CFO, while also providing financial advisory. They work with both operating companies and franchisees.

One of his clients had a group of almost 100 restaurants with \$70 million in debt and were headed for bankruptcy. MorrisAnderson focused on operations, closed underperforming units, dealt with the bank, structured the refinancing and restructured the notes from seven to 15 years. "Now the company is back to profitability and the banks are happy where the company is at with their covenants," said Bagley. And, the company was able to get \$30 million to refinance their notes.

Another client had 30 locations and was underwater. "A lot of money was being used to pay for real estate and the company was starved for capex," he said. "So even in bankruptcy, we still got funding for capital expenditures and upgraded the stores." They also instituted a manager program that allowed store level management to excel. Bagley reports the company's growth was five to eight percent after instituting the changes.

"Sometimes the focus goes away from the day-to-day operations because people don't know how to handle the trouble. We handle it so they can go back to day to day," he said. "I'm not going to go in to tell the general manager how to cook his food. I'm going to deal with their vendors, banks and other financial issues. We'll set a strategic goal and then make sure it happens."

For more information on MorrisAnderson, contact Dave Bagley, managing director, at [dbagley@morrisanderson.com](mailto:dbagley@morrisanderson.com) or at (312) 254-0920.