



ACME Restaurants Inc

03.17.15

Table of Contents

ACME Restaurants Inc
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TABLE OF CONTENTS

TIL Score Summary	4
Tenant Score Information	6
Tenant Financials	7
Industry Score Information	9
Industry Analysis	10
Lease Score Information	12
Lease Terms - Cash Flow	13
Understanding the TIL Score	15
Glossary	16
Background Checks	19



TIL ScoreTM SUMMARY

TIL Score

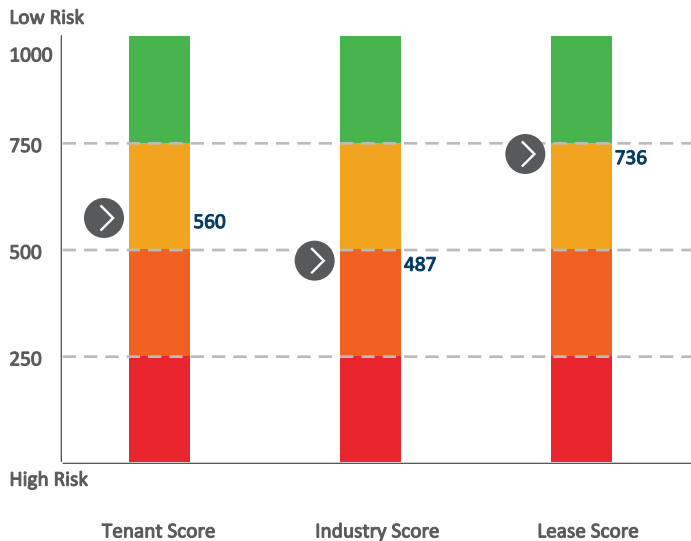
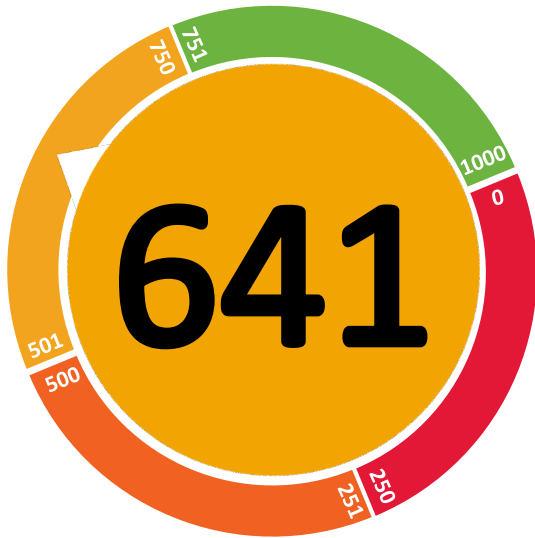
ACME Restaurants Inc

RSF: 3,901

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RISK

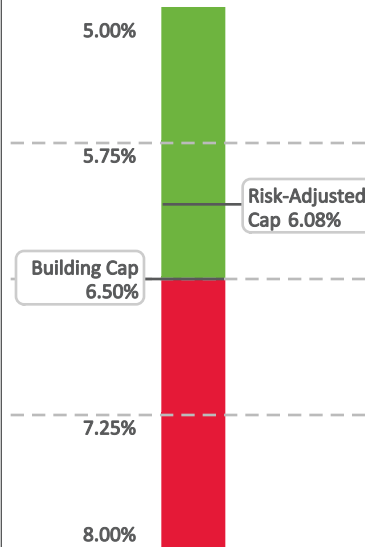


High risk 0-250 251-500 501-750 751-1000 Low risk

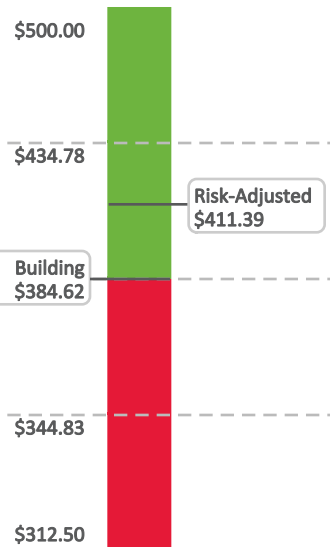
* Reference page 15 for a higher level explanation of the scale.

VALUE

TIL Score Cap Rate Adjustment



TIL Score Leasehold Value



Cap Rate Adjustment	Cap Rate	Lease Value	Value \$/SF
Cap Rate Adjustment	6.50%	\$1,500,385	\$384.62
TIL Risk Adjusted Cap Rate	6.08%	<u>\$1,604,821</u>	<u>\$411.39</u>
TIL Cap Rate Differential	-0.42%	\$104,437	\$26.77

Risk Effect On Value

The **TIL** Score ranks the transaction by combining three scores:

- Tenant Score
- Industry Score
- Lease Score

These scores are weighted to create an overall ranking. The **TIL** Score is then applied to the building CAP Rate to illustrate its effect on value.

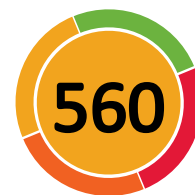
TIL SCORE™



TENANT SCORE INFORMATION

Tenant Score Information

ACME Restaurants Inc



INDUSTRY: Limited-Service Restaurants
Reported on NAICS 6, County Level

TENANT VS. LOCAL INDUSTRY COMPETITORS

Overall Tenant Score



Business Performance Factors



Factor	Tenant	Local Industry	Risk Level
EBITDA Margin %	13.2%	10.6%	681
EBITDA Growth Rate %	36.7%	-1.4%	970
Net Revenues Growth Rate %	-0.7%	-0.6%	25
Gross Profit %	26.1%	58.6%	35

Business Performance Factors Financial Industry Benchmarks that reflect growth and financial margins of a company, influenced by the ability of the company to pay rent.

Business Risk Factors



Factor	Tenant	Local Industry	Risk Level
Current Ratio	2.6	0.9	960
Debt/Equity	1.3	11.3	742
Net Revenues Size (\$000)	\$2,487	\$786	573
Asset Turnover	0.6	1.6	30
ROE %	2.4%	28.9%	30
ROA %	1.1%	6.9%	30

Business Risk Factors Financial Industry Benchmarks that reflect size, liquidity, leverage and efficient use of a company's assets, influenced by the ability of the company to pay rent.

TIL Score Key

0-250	251-500	501-750	751-1000
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- Low risk level.** Indicated by a score of 751-1000.
- Medium to Medium-Low risk level.** Indicated by a score of 501-750.
- High to Medium risk level.** Indicated by a score of 251-500.
- High risk level.** Indicated by a score of 0-250.

*Reference page 15 for a higher level explanation of the scale.

**All terms can be found in the glossary section of the (RE)port on page 17.

Tenant Financials

ACME Restaurants Inc



	CURRENT PERIOD	PRIOR PERIOD
Type of Financials	Company Prepared	Company Prepared
Cash or Accrual	Accrual	Accrual
Number of Months Covered	12	12

INCOME STATEMENT

Denomination	\$ Thousands	\$ Thousands
End of Fiscal Period	Dec 31, 2012	Dec 31, 2011
Net Revenue	\$2,487	\$2,505
Adjusted Gross Profit	\$648	
EBITDA	\$328	\$240
Net Income	\$46	
Corporate Annual Rent Expense	\$0	

BALANCE SHEET

Assets

Current Assets	\$922
Long Term Assets	\$3,441
Total Assets	\$4,363

Liabilities

Current Liabilities	\$350
Long Term Liabilities	\$2,084
Total Liabilities	\$2,434

Shareholders Equity

	\$1,929
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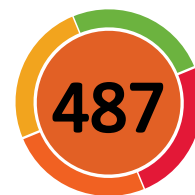
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INDUSTRY SCORE INFORMATION

Industry Score Information

ACME Restaurants Inc



INDUSTRY: Limited-Service Restaurants

LOCAL INDUSTRY VS. US INDUSTRY

Overall Industry Score



Business Performance Factors



Factor	Local Industry	US Industry	Risk Level
EBITDA Margin %	10.6%	10.5%	502
EBITDA Growth Rate %	-1.4%	1.8%	463
Net Revenues Growth Rate %	-0.6%	1.2%	443
Gross Profit %	58.6%	58.8%	488

Business Performance Factors Financial Industry Benchmarks that reflect growth and financial margins of a company, influenced by the ability of the company to pay rent.

Business Risk Factors



Factor	Local Industry	US Industry	Risk Level
Current Ratio	0.9	0.9	487
Debt/Equity	11.3	10.6	499
Net Revenues Size (\$000)	\$3,152,509	\$168,253,916	470
Asset Turnover	1.6	1.6	509
ROE %	28.9%	27.8%	502
ROA %	6.9%	6.7%	504

Business Risk Factors Financial Industry Benchmarks that reflect size, liquidity, leverage and efficient use of a company's assets, influenced by the ability of the company to pay rent.

TIL Score Key

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Industry Analysis

ACME Restaurants Inc



INDUSTRY ANALYSIS – Limited-Service Restaurants (NAICS: 722513)

Reporting Level: Reported on NAICS 6, County Level

Local Industry		US Industry	
# of Companies	4,013	# of Companies	204,122
Combined Revenue (\$000)	\$3,152,509	Combined Revenue (\$000)	\$168,253,916
Average Revenue (\$000)	\$786	Average Revenue (\$000)	\$824
Tenant Revenue (\$000)	\$2,487	Net New Establishments	5,773
Tenant Revenues Quartile	2nd		
Tenant EBITDA Quartile	2nd		
Net New Establishments	167		

INDUSTRY TRENDS

	2011	2012	2013	2011vs.2012 % Growth	2012vs.2013 % Growth
# of Establishments					
Local	3,633	3,846	4,013	5.9%	4.3%
National	189,303	198,349	204,122	4.8%	2.9%
# of Employees					
Local	47,526	49,124	50,970	3.4%	3.8%
National	3,182,509	3,305,039	3,435,784	3.9%	4.0%
Payroll/Net Sales %					
Local	18.7%	18.9%	18.9%	1.0%	-0.2%
National	18.9%	19.1%	19.2%	1.2%	0.4%
Average Rent – Establishment					
Local	\$61.9	\$60.3	\$60.0	-2.6%	-0.5%
National	\$63.4	\$62.2	\$62.9	-1.9%	1.2%
Rent Per Employee (\$000)					
Local	\$4.7	\$4.7	\$4.7	-0.2%	0.0%
National	\$3.8	\$3.7	\$3.7	-1.1%	0.3%
Rent to Sales %					
Local	7.6%	7.6%	7.6%	-0.0%	0.0%
National	7.6%	7.6%	7.6%	0.0%	-0.0%

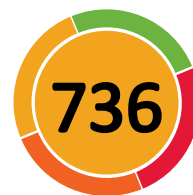
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LEASE SCORE INFORMATION

Lease Score Information

ACME Restaurants Inc



Overall Lease Score



Lease term:	Tenant	Local Industry	Risk Level
Months to B/E	38.2	N/A	420
Rent Coverage - Corporate Rent Not Included	2.5	1.4	965
Rent to Sales % - Corporate Rent Not Included	5.2%	7.6%	965

TIL Score Key

0-250	251-500	501-750	751-1000
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* Reference page 15 for a higher level explanation of the scale.

LEASE TERMS

Space Size	Suite	Security	\$/SF	Amount
3,901	100	None	\$0.00	\$0

Capitalized Costs	Month	\$/SF	Amount
Tenant Allowance	1.0	\$55.00	\$214,555
Other	0.0	\$0.00	\$0
Total Capital		\$55.00	\$214,555

Lease Commissions	Month	\$/SF	Amount
Tenant Rep	1	\$1.00	\$3,901
Landlord Rep	1	\$0.50	\$1,950
Total Commissions		\$1.50	\$5,852
Total Capital &		\$56.50	\$220,406

Free Rent	# Months	\$/SF	Amount
Base Rent	6	\$17.50	\$68,268
Recoveries	12	\$8.00	\$31,208
Total Free Rent		\$25.50	\$99,476
Total Inducements		\$82.00	\$319,882

LEASE METRICS

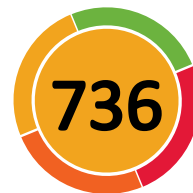
Net Rent Break-even Months	38.2	NPV-Lease Deal	\$37.33/SF
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**All terms can be found in the glossary section of the (RE)port on page 15.

Lease Terms – Cash Flow

ACME Restaurants Inc

RSF: 3,901



CASH FLOW BASIS

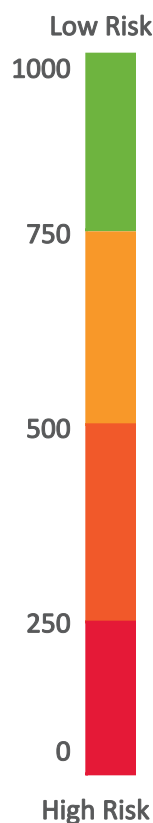
Year	Tenant Allowance	Free Rent	Lease Commissions	Legal & Moving Fees	Base Rent	Other Rent	Landlord Tax & Operating	Net Cash Flow \$/Sf	Net Cash Flow
Year 1	(\$55.00)	(\$17.50)	(\$1.50)		\$25.00		(\$8.00)	(\$57.00)	(\$222,357)
Year 2					\$25.50	\$8.00	(\$8.00)	\$25.50	\$99,476
Year 3					\$26.50	\$8.00	(\$8.00)	\$26.50	\$103,376
Year 4					\$27.50	\$8.00	(\$8.00)	\$27.50	\$107,278
Year 5					\$28.50	\$8.00	(\$8.00)	\$28.50	\$111,178
Year 6					\$14.50	\$4.00	(\$4.00)	\$14.50	\$56,564
Totals	(\$55.00)	(\$17.50)	(\$1.50)	\$0.00	\$147.50	\$36.00	(\$44.00)	\$65.50	\$255,516



APPENDIX

Understanding the TIL Score

RISK SCORE MEANING



Low Risk: Based upon the tenant's financial strength, the proposed lease structure and local industry economics, the TIL Score indicates this transaction is stronger than 76% to 100% of other potential transactions.

Below Average Risk: Based upon the tenant's financial strength, the proposed lease structure and local industry economics, the TIL Score indicates this transaction is stronger than 75% to 51% of other potential transactions.

Above Average Risk: Based upon the tenant's financial strength, the proposed lease structure and local industry economics, the TIL Score indicates this transaction is weaker than 50% to 74% of other potential transactions.

High Risk: Based upon the tenant's financial strength, the proposed lease structure and local industry economics, the TIL Score indicates this transaction is weaker than 75% to 100% of other potential transactions.

INDUSTRY BENCHMARKS USED FOR RISK SCORE

Business Risk Factors Index

Financial Industry Benchmarks that reflect size, liquidity, leverage and efficient use of a company's assets, influenced by the ability of the company to pay rent.

Business Performance

Financial Industry Benchmarks that reflect growth and financial margins of a company, influenced by the ability by the company to pay rent.

Current Ratio

Debt/Equity

Asset Turnover

Net Revenues Size"

ROE

ROA

EBITDA Margin %

EBITDA Growth Rate

Net Revenues Growth Rate

Gross Margin %

*All terms can be found in the glossary section of the (RE)port on page 16.

Glossary

TIL TERMS

TIL Score:	The TIL Score (Tenant, Industry, Lease) is comprised of 3 components: the tenant vs. its competitors, the tenant's industry vs. the US industry and the tenant's lease vs. its competitors. A TIL Score is the weighted average of the Tenant Score, Industry Score and Lease Score within this report. The TIL Score represents the amount of risk on a scale of 0-1000, with 0 as the highest risk and 1000 as the lowest risk. The number is also associated with a color
Tenant Score:	The Tenant Score differentiates the tenant's financial strengths to its industry competitors locally or nationally.
Industry Score:	The Industry Score differentiates the local industry's financial strengths to the national industry.
Lease Score:	The Lease Score differentiates the proposed lease terms of the tenant vs. its industry competitors rent costs locally or nationally.

FINANCIAL TERMS

Adjusted Gross	A company's revenue minus its cost of goods sold. Gross profit is a company's residual profit after selling a product or service and deducting the cost associated with its production and sale.
Asset Turnover:	Amount of sales or revenue generated per dollar of assets; an indicator of the efficiency with which a company is deploying its assets.
Balance Sheet:	A financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by the shareholders.
Cost Of Goods Sold (COGS):	The direct costs attributable to the production of the goods sold by a company. COGS appears on the income statement and can be deducted from revenue to calculate a company's gross margin. Also referred to as "cost of sales." COGS does not include sales costs or indirect labor costs.
Current Assets:	A balance sheet account that represents the value of all assets that are reasonably expected to be converted into cash within one year in the normal course of business.
Current Ratio:	Current Assets divided by Current Liabilities. A liquidity ratio that measures a company's ability to pay short-term obligations including rent.
Debt to Equity:	A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.
Depreciation:	A method of allocating the cost of a tangible asset over its useful life. Businesses depreciate long-term assets for both tax and accounting purposes. This is a non-cash charge and is not calculated in EBITDA.
EBITDA:	It is essentially net income with interest, taxes, depreciation, and amortization added back to it. It can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions. The EBITDA of a company gives an indication of the current operational profitability of the business, i.e. how much profit does it make with its present assets and its operations on the products it produces and sells. EBITDA margin is EBITDA divided by Net Revenues.
EBITDA Growth Rate:	The year-over-year change in EBITDA measured as a percentage.
Gross Profit:	A company's revenue minus its cost of goods sold. Gross profit is a company's residual profit after selling a product or service and deducting the cost associated with its production and sale. Gross Margin is Gross Profit divided by Net Sales.
Interest Expense:	The amount reported by a company or individual as an expense for borrowed money.
Income Statement:	A financial statement that measures a company's financial performance over a specific accounting period. It also shows the net profit or loss incurred over a specific accounting period, typically over a fiscal quarter or year.

Glossary

Income Tax Expense:	A liability owing to federal, state/provincial and municipal governments. Tax expenses are calculated by multiplying the appropriate tax rate of an individual or business by their income before taxes, after factoring in such variables as non-deductible items, tax assets and tax liabilities.
Long Term Liabilities:	In accounting, a section of the balance sheet that lists obligations of the company that become due more than one year into the future. The portions of long-term liabilities that will become due within the next 12 months are listed under current liabilities, such as the current portion of long-term debt.
Net Income:	A company's total earnings (or profit). Net income is calculated by taking revenues and adjusting for the cost of doing business, depreciation, interest, taxes and other expenses. This number is found on a company's income statement and is an important measure of how profitable the company is over a period of time.
Net Revenues:	The amount of sales generated by a company after the deduction of returns, allowances for damaged or missing goods and any discounts allowed. Revenue is also known as sales.
Net Revenues Growth Rate:	The year-over-year change in Net Revenues measured as a percentage.
Net Revenues Size:	Measures the net revenues of a tenant vs. its industry competitors.
One-Time in COGS:	A COGS charge against earnings that is expected to be an isolated one and not likely to occur again.
One-Time in SG&A:	A SG&A charge against earnings that is expected to be an isolated one and not likely to occur again.
ROA (Return On Assets):	A percentage that shows how profitable a company's assets are in generating revenue.
ROE (Return On Equity):	A percentage that measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners.
Shareholders' Equity:	A firm's total assets minus its total liabilities. It represents the amount by which a company is financed through common and preferred shares.

INDUSTRY TRENDS TERMS

Average Rent Per Establishment:	Measures an average cost of rent within an industry.
Employee:	Full and part-time employees, including salaried officers and executives of corporations. Included are employees on sick leave, holidays, and vacations; not included are proprietors and partners of
Establishment:	A single physical location where business is conducted or where services or industrial operations are performed.
Payroll/Net Sales:	Measures the efficiency of employment costs that drive net sales.
Payroll:	Total annual payroll includes all forms of compensation, such as salaries, wages, commissions, bonuses, vacation allowances, sick-leave pay, and the value of payments in kind (e.g., free meals and lodgings) paid during the year to all employees.
Rent Per Employee:	Measures the efficiency of use of rented space.
Rent to Net Sales %:	Measures the efficiency of rent costs that are required to drive net sales.

LEASE TERMS

Base Rent (Net):	The amount of Rent that is paid above operating expenses and real estate taxes. Considered the Landlords "Profit".
Base Year:	The stated value (rate) in a lease that the tenant must pay rent when operating expenses exceed the base year value.
Gross Rent Break-even Years:	Break-even based upon the monthly gross rental rate.
Free Rent:	A tenant inducement that permits the tenant not to pay rent for a period of time during the lease term.

Glossary

Gross Rent:	The total rent paid including Base and operating and real estate taxes paid by the tenant.
Landlord Tax & Operating	Operating expenses a landlord incurs to operate a commercial property. Operating expenses can be utilities, security and real estate taxes. These expenses can be recoverable and paid by tenants as rent.
Lease Commissions:	Commissions paid the real estate brokers who represent the tenant (tenant broker) or the landlord (landlord rep).
Legal & Moving Fees:	Negotiated tenant inducements offered by landlords.
Months to B/E:	The number of months it takes the amount of base rent received equals the amount of cash outlays and free rent paid by the landlord divided by the entire lease term.
Net Cash Flow:	Rent less operating expenses less capital.
Net Rent Break-even Years:	Break-even based upon the monthly base or net rental rate.
NAR:	Net Annuitized Rent - The amortized NPV received on an annual basis.
NPV:	Net Present Value - Cash flow discounted back by an interest rate over the lease term. Represents the total profit or loss of a lease deal.
Other Rent:	Rent paid by the tenant for their proportionate share of operating expenses and Real Estate taxes.
Rent Coverage:	A ratio that measures the tenant's proposed rent to EBITDA and compares the ratio to its industry competitors' rent coverage. A tenant's rent should compare within range to its competitors' rental costs.
Rent to Sales:	A ratio that measures the tenant's proposed annual rent expense to its net sales and compares the ratio to its industry competitors. A tenant's rent should compare within range to its competitors' rental costs.
Tenant Allowance:	A cash inducement paid by the landlord to a tenant for building out a tenants space.



Background Checks
