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Crittenden Research, Inc., P.O. Box 1150, Novato, CA 94948 Customer service (800) 421-3483

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Woks Get Hotter

The fast-casual and QSR Asian segment heats up as contenders old and new expand. **Yoshinoya** aims to open another 13 by year's end and 15 to 20 annually after that. With more 1,300-units worldwide, Yoshinoya will make a push into the U.S. while ramping up its franchising program introduced last year. **Samurai Sam's** new fast casual spin-off **Samurai Sam's Asian Fusion** is open in Los Angeles and another is in the works for Phoenix this year. Parent company **Kahala** carefully tweaks the concept to be more versatile for expansion. The leader of the U.S. fast-Asian segment **Panda Restaurant Group Inc.** is on track to open 160 **Panda Express** units this year, so expect another 90 or before 2009. SoCal Brand **City Wok** will open two units by year's end in the Denver market.

Yoshinoya, Samurai Sam's, Panda and City Wok all target similar inline and end cap real estate with low square footage. Increasing vacancies create a plethora of opportunities for these brands as retail developers report a vacancy rates climbing toward 8% nationwide. Yoshinoya is in R&D for a slimmer prototype to shave a little square footage off its standard 1,800 s.f. to 2,200 s.f. model that would allow it to fit into those vacancies. However, the company is cautious to keep 30 to 40 seats. Samurai Sam's Brand President **Sean Wieting** believes the prototype could be shaved down as low as 1,200 s.f. to pass savings onto franchisees. The smaller units' look and ambiance could be altered slightly as the brand hones in on a perfect ambiance to investment ratio. City Wok's franchisees hope to cash in on the vacancies and will move with haste to close deals. The other aspect that makes these brands appealing is that they provide variety and international flare. Asian concepts are a welcomed change from typical fast casual and QSR burger, pizza, sandwich and Mexican concepts because they offer international flavors and more variety than the usual American standards.

Yoshinoya plans to end 2008 with 93 units in the U.S., mainly in the Southwest and SoCal. Watch for six stores in Las Vegas, three for Arizona, two in NoCal and a couple more in Los Angeles. The company is in talks with several area develops for Hawaii and other California markets. Yoshinoya makes the claim of being the first to introduce the beef bowl to Japan in the late 1800s. Since then, the company built its menu around that signature item but expanded the menu to include chicken, shrimp and salads. Yoshinoya is careful to keep food natural and not use process meats to maintain healthier products. The company targets inline, end cap and freestanding units and likes strip centers in a sea of rooftops. Ideal real estate includes mixed-use, power and grocery-anchored centers. VP of Franchise Development and Sales **Scot Hobert** prefers multi-unit franchisees with retail or restaurant experience. Yoshinoya requires franchisees to sign on for a minimum of three units. An average initial investment to open one unit ranges $700K to $1.4M, which includes three months of working capital. Franchisees often work with **Nara Bank** and SBA loans for financing needs. An average check is $7.75.

Samurai Sam's targets the Southeast for growth with its new Asian Fusion concept. The company looks for area developers to help speed up growth in its new region, which includes Florida, The Carolinas and Georgia. Samurai Sam's also directs expansion to existing markets in the West including California, Arizona, Utah and Colorado. An ideal unit would work well in newer strip centers and lifestyle centers alike. End caps with patios and great visibility are preferred. Samurai Sam's aims to raise AUVs from $300K to $550K, which will also increase its sales-to-investment ratio to 2-to- 1. With buildout already very low at only $175K to $200K, the company needs to increase guest counts. The Asian Fusion Grill will feature a Pan-Asian menu to include Japanese, Chinese, Thai, Vietnamese and Korean cuisine — compared to the QSR units that only offer Japanese. An average check is intended to be about a dollar more than the $8.25 check of the QSR model.

Continued on Next Page

Woks Get Hotter…

Continued from Page 1

Niche leader Panda Express, with more than 1,100 units, jumps into Jacksonville, Fla., and is on a pace to hits its goal of 160 openings this year, with 74 already up and running. Because Panda doesn't franchise, AUVs at $1.1M can aid growth more directly. The vast majority of units are end caps or freestanding pads with drive thrus. The remaining 15% to 20% accounts for enclosed malls and nontraditional locations like airports, universities and casinos. VP of Real Estate **David Landsberg** likes Wal-Mart, Target, Lowe's and The Home Depot as neighbors. An average check is about $9.

City Wok expects to capitalize on the soft economy and seize favorable lease deals due to the increase in vacancies. CEO **Stuart Davis** is bullish on new units and feels the brand is well positioned in the market due to its high quality and low price points. Watch for the SoCal brand to head into Florida next year. Ideal units range 2,000 s.f. to 2,500 s.f. Inline spots in grocery-anchored and daily need strip centers work best. City Wok looks for high traffic patterns, high visibility, good ingress/egress and a favorable tenant mix. An average check is $12 and AUVs range $1.8M to $2.3M at newer units. The company is also aggressively looking for corporate units as well.

A Winning Trifecta

Unique Pizza & Subs Corp. (UPZS) and **A.H.C./Zero's Subs** cash in on multiple cuisine drivers to fuel expansion. Watch for UPZS to open up to 25 units this year including a mix of new stores, conversions and mobile kitchens. The 13-unit company concentrates on California, Las Vegas, Michigan and Atlanta as new markets. Zero's Subs inks its sixth Western region franchisee on its way to 10 units this year and 20 the next.

The economy gets tougher and tougher so restaurant brands need to be sure they are maximizing revenue potential to keep guests counts up. By selling pizza, wings and subs, UPZS and Zero's hit on three sales drivers to maximize their concepts' consumer appeal. Segment leaders like Wingstop, Domino's and Subway hone in on their signature cuisine and have shown obvious success with hundreds to thousands of units. UPZS and Zero's, growing concepts both, drive sales as one-stop shops for pizza, wings and subs. One-stop shops are becoming more important with rising gas prices and time becoming a luxury for many. Technomic reported that the sandwich category grew sales by 5.7% in 2007, while it grew units by 1.6% and the entire pizza category's sales grew by 1.6% and units grew by 0.9% in 2007. Add the growing strength of the wing niche and UPZS and Zero's can ride all three niches' development success.

Expect UPZS units in Detroit, Atlanta and California this year. The 13-unit company builds new units and converts existing mom-and-pop pizza restaurants. President and CEO **Jim Vowler** spent 10 years honing this model by opening units in a variety of different real estate types with whatever existing equipment the mom-and-pop units contained. UPZS is now primed for national growth. Vowler likes end caps and freestanding units that can be a mix of service levels and sizes. UPZS can open units as small as 600 s.f. to 700 s.f. that are DTO all the way up to a full-service sports bar. An average transaction is about $16.90 in its home market of Pittsburgh and $2 to $3 higher out West. UPZS will also launch a mobile kitchen model. An 18-ft truck will set up in parking lots of retail centers while a store is under construction. The mobile kitchens can also be moved to cash in on busy dayparts at different locations. For example, the mobile unit might be near train and subway stations during the day and be moved to busier entertainment and bar districts at night.

Watch for Zero's top open in Yuma, Ariz., Olancha, Calif., and several locations in Los Angeles by year's end. The 60-plus-unit company will target the Southwest for immediate growth. Zero's is primed for traditional and non-traditional locations alike. Franchisee **Ranjit Singh** takes advantage of non-traditional locations and opens his first unit in his Mobil gas station. The location is on the heavily traveled route between Los Angeles and Mammoth Lakes, Calif. Singh believes Zero's will complement his existing convenience store and gas station by providing more choices to travelers. The concept features subs, pizza, wraps, salads, fries and even wings. Everything is baked and no fryers are onsite, keeping equipment and insurance costs low but also offering a health value to consumers. Average initial investments are kept low around $137K to $225K. The company targets units from 1,200 s.f. to 1,400 s.f. but can work as small as 750 s.f. Area Director **Elizabeth Fitzpatrick** looks for big-box and grocery-anchored centers and ideal neighbors include Wal-Mart, Target and offices. An average check is $7 to $8 for a meal deal.

M&As Invigorate Brand Expansion

With the lending market getting tighter every day, some brands are looking for expansion assistance through the acquisition or merger with an existing brand. One of the largest meal assembly chains, **My Girlfriend's Kitchen** (MGFK) is scooped up by competitor **The Dinner A'Fare** (DA), which will merge the two brands under the DA name. **Oregano's Pizza Bistro** with **Restaurant Acquisition Partners** (RAP) partner up on the regional casual Italian brand for rapid expansion with RAP providing the funding and some added experience. **Organic To Go** (OTG) stomps into Washington, D.C., with two more acquisitions. The organic café brand picks up four **Balducci's Food Lover's Markets** from High Noon and one **Marvelous Market**. **Burger King** (BK) just bought 72 restaurants in the Midwest from franchisee **Simmonds Restaurant Management**.

Whether it is a major player like BK buying out a franchisee or a smaller niche brand such as OTG trying to enter new markets, acquisitions seem to be coming out of the woodwork lately. Most of these deals are for brands on the rise, showing that buyers are putting their faith in entrepreneurs expected to deliver strong returns with large expansion plans. A capital investor can provide the funds a small regional brand like Oregano's who wants to expand outside existing markets without putting the company in major debt or changing its core values. Opportunities to grow quickly and gain instant brand awareness can be achieved by DA, which more than doubles its portfolio with the acquisition of MGFK. Even the biggest players look for ways to gain or maintain market share. BK positions it pawns with the purchase of a large portfolio from one its largest franchisees. This keeps the high-performing portfolio in the company, while giving corporate a solid Midwestern footprint.

Meal-prep chain DA acquires 43-unit MGFK chain in a deal that has been in the works since early January *(RI 04/07/08)*. All MGFK units will now fly the DA flag and the two menus will also merge bringing the best selections from both companies. DA President **Ken Wright** is ready to accelerate growth and will build upon the customer and vendor relationships that MGFK offers. The acquisition gives DA around 60 units, boosts franchise exposure and allows DA to jump into West Coast markets from its Atlanta home base and gives the once localized brand a national presence. MGFK Co-Founder **Marcia Hales** originally approached a private equity firm in Salt Lake City along with DA to purchase her brand, but when that deal fell through DA stepped up to the plate and acquired it on its own. Hales decided to sell because she felt the brand needed new management and it was time for her to move on. The company is aggressively franchising with a franchisee fee of $35K and amount to open one unit ranges from $123K to $239K. The MGFK stores are around 1,600 s.f. and were already similar in design to DA stores so all only signage changes are required.

Blank-check company RAP takes on the Oregano's name partnering with the eight-unit brand to prepare for expansion. This merger will provide additional capital for growth including the possibility of franchising in the future. Look for immediate expansion in existing Arizona markets and beyond. Three new units are in development for 2009 in Phoenix. Oregano's has seen SSS rise 4% for the year and Founder and President **Mark Russell** is notices long waits at restaurants and thinks people are trading down from upscale Italian brands. The deal came about because Russell wants to work with an investor who will not come in and mess with the brand and its philosophies. RAP was formed to serve as a vehicle to effect a merger, capital stock exchange, or asset acquisition with an operating business in the restaurant industry. The average check at the full-service Italian chain is $12 to $14. Units range from 3,500-s.f. to 5,000-s.f. freestanding with patios in neighborhood centers near the community. It is important to all involved that the brand retains its culture and no changes will be made. Once the transaction is complete, most likely in Q4, Oregano's will become publicly traded.

OTG latest deal marks the company's first venture out of the West Coast. CEO **Jason Brown** feels that these two acquisitions give the company a solid foothold into the Greater Washington, D.C., market. OTG will focus on this metropolitan area for immediate future growth. Converting the five cafés begin immediately with the first Balducci's already underway in the District. The other three Balducci units and the Marvelous Market are expected to undergo the conversion to the brand by the end of the summer. This MM unit was not included in Thompson Hospitality's buyout of MM last month. OTG also operates a catering and delivery kitchen in Reston, Va., to service its newest market. The company's expansion strategy of buying up small one to five unit concepts in its existing markets of SoCal and Seattle has shifted gears since getting a $10M influx of capital back in March. Since then, OTG has purchased eight cafés. With a huge jump into the East Coast, expect the company to pick up the pace even further. Brown prefers finding existing companies with a solid infrastructure in place, good locations and catering opportunities. The company's portfolio includes 34 cafés, more than 120 wholesale locations, 14 universities and 11 LAX airport locations. Keep an eye on a San Diego airport location scheduled to open later this year.

Continued on Next Page

M&As Invigorate Brand Expansion…

Continued from Page 3

BK acquires 72 restaurants in Iowa and Nebraska from franchisee Simmonds Restaurant Management as part of an ongoing portfolio management strategy. BK North America President **Chuck Fallon** has expanded the company's restaurant presence in Midwest markets, enabling the company to leverage existing infrastructure and establish brand presence as a result of this deal. BK has been picking up portfolios elsewhere too. In April, BK acquired 56 restaurants in The Carolinas from one of its largest franchisees for $49M or $875K/restaurant. The timing of the acquisition was perfect for Simmonds' President and CEO **Michael Simmonds** who was ready to simplify his life and lighten his portfolio. Simmonds also franchises Taco John's and Jimmy John's in the Midwest. The Cypress Group acted as the sell-side advisor to Simmonds.

Market Leaders Sandwich Competitors

Regional and mid-sized sandwich chains differentiate themselves from the big three and upscale leader Panera with stand out products and a focus on catering that allow them to sweep up casual dining customers. **Jersey Mike's**, **Roly Poly Franchise Systems** and **Thundercloud Subs** all have expansion plans and bet on consumers trading down to fast-casual dining, but also give them good reason to trade down to their concepts. Jersey Mike's is looking for a total of 50 units this year and 75 to 100 for next year, while capitalizing on larger subs and new catering programs. Roly Poly plans 15 new locations in the next year and 15 to 20 for 2009. The rolled sandwich chain bets on catering sales and healthy options to keep sales climbing. Thundercloud will add another three locations to its portfolio in the Texas market, while adding new menu items and online ordering.

Many brands are not having their best quarters but one segment that has not slowed down at all, the fast casual sandwich segment. The segment overall experienced 13.3% sales growth and 9.5% unit growth increases last year and most of them are seeing similar trends this year. Panera Bread Co. is the highest grossing fast-casual chain with $2.2B in sales last year and finished Q1 with a 3.3% increase in SSS, but what about the upscale mid sized chains no one is talking about? In their respective markets Jersey Mike's, Roly Poly Franchise Systems and Thundercloud Subs, are big players in the sandwich segment and can draw casual diners in with interesting options not offered at Subway, Quiznos and even Panera.

Jersey Mike's Director of Real Estate and Finance **Mike Parkhill** knows his brand stands out because they focus on quality and portion size in a time when large competitors are more price point oriented. With Subway and Quizno's offering small sandwiches for $5, Jersey Mike's giant subs are 15" and can provide two meals for sharing or saved for later. New products and pushing catering and delivery increase traffic too. Roly Poly specializes in rolled sandwiches and does 40% to 50% of its sales through catering and Founders **Linda Wolf** and **Julie Reid** have noticed that sophisticated ingredients are becoming the latest trend in the sandwich segment so the duo strive to keep their menu one step ahead of that trend. They also added more hot options because of customer suggestions and now hot sandwiches make up 50% of sales. Thunderclouds Director of Franchise Sales **David Cohen** has seen sales pick up as people trade down from a $10 to a $7 lunch and is positive that trend will continue. Some Thundercloud units offer drive thrus, giving them a leg up on the competition.

Jersey Mike's will open 50 stores by the end of the year including California, Phoenix, Texas, Chicagoland, Washington, D.C., as well as the West Coast of Florida. The pipeline remains robust for next year with 75 to 100 units on the way. The 351-unit company is also pushing catering this year and will roll out a new catering program market by market. Parkhill also notices office catering picking up because people are not driving to big meetings: instead they opt to save money and hold meetings in house. Sales are split 50/50 between lunch and dinner and AUVs are approximately $500K. Units are usually 1,200-s.f. to 1,600-s.f. inlines and lifestyle centers work well. Jersey Mike's has roots with single-unit developers but now the push is for multi-unit franchisees in an effort step up growth and buildout markets quickly. The franchisee fee is $18.5K and initial amount to open one unit is $109K to $381K. Parkhill acknowledges that is a very challenging time for lending but still sees good conventional funding for franchisee with experience and/or good credit.

Watch for 15 more Roly Poly units in the next eight to 12 months including Danville, Calif., Chicago, Mobile, Ala., Fairfield, Conn., Tampa and Tallahassee, Fla., adding to the 155-unit portfolio. Anticipate a total of 15 to 20 new units during 2009 in existing markets. The menu offers 50 different hot or cold rolled sandwiches all cooked without butter or oil. The average check is just under $8 and lunch to early evening is the busiest daypart.

Continued on Next Page

Market Leaders Sandwich Competitors…

Continued from Page 4

Roly Poly units are usually 1,000-s.f. to 1,600-s.f. inlines in upscale markets and coffee or yogurt chains make good neighbors. There is also a smaller 500-s.f. DTO unit in some markets. Founder and President Wolf only looks for owner/operators who are required to work in the store and understand their respective markets. She sees this as a family friendly concept because the store closes at 6 p.m. and franchisees can have a life outside the store. The franchisee fee is $25K including training and amount to open one unit ranges from $80K to $135K, there is no advertising fee. Franchisee can work with any bank and must be able to finance half of the investment.

Thundercloud Subs will add a new store this month is Pflugerville, Texas, and a couple more stores next year including Cedar Park, Texas. The 27-unit company is staying close to its Austin, Texas, home base for now and will not franchise the concept for the time being. The company is getting its feet wet with catering programs and recently added online ordering options, with 10% to 20% of sales are from takeout. The average check is $6.50 and 65% of the business is done from 11 a.m. to 1:30 p.m. Units average at 1,200 s.f. and Director of Franchise Sales Cohen likes end caps in strip centers and generally does not do freestanding units. The company works with **Blue & Associates** general contractor in Austin. He likes to be near retailers that are busy during all dayparts like a dry cleaner that brings in both morning and evening traffic and Starbucks, yogurt or ice cream concepts work well too. The company does all funding internally.

Diners Provide Timeless Sales

They are not exactly "greasy spoons," but family-style diner concepts **Ruby's Diner** and **Black Bear Diners Inc.** are tackling customers' desire for good, affordable comfort food at a time when value and consistency is a priority. Both plan new units and have strategies to drive sales. Ruby's will add four units this year in California and New Jersey and bets on takeout and non-traditional units to keep sales up. Black Bear has two locations planned for Nevada and Washington, while looking toward Colorado and Central California for future sites. The diner counts on loyal customers staying close to home to push sales.

Casual-dining chains have the opportunity to pick up extra sales during a slower economy — they just need to know where to look for them. Instead of freaking out about high gas prices some chains can capitalize on it like Black Bear, which is keeping sales and traffic counts up with loyal locals who visit the diner more frequently as they cut back on travel plans because of high gas prices. Black Bear Franchise Administrator **Pam Riggings** also bets on large portions and reasonable prices to keep people coming back for more. Takeout is another option for extra sales and Ruby's Founder and CEO **Doug Cavanaugh** has seen to-go sales climb as much as 25% at some locations recently. The increase could be due to people wanting to take food home with them to save on drinks and tip. Cavanaugh will also bet on some non-traditional locations like an airport unit at the Newark, N.J., and a drive-in unit complete with waitresses on roller skates in Anaheim, Calif.

Look for four new Ruby's Diners on the Malibu Pier, the **Irvine Spectrum** in Irvine, Calif., **Garden Walk** in Anaheim, Calif., and the Newark, N.J., airport coming before the end of the year. Founder and CEO Cavanaugh is cautious with expansion plans for 2009 and is focusing on the getting the locations in development off the ground before adding to the pipeline, but a unit is planned for San Clemente, Calif., as part of the **Marble Head** development. The 51-unit casual dining chain's menu is mostly burgers, shakes, salads and sandwiches and the average check is $11.50. AUVs are just north of $2.5M. The units average 4,500 s.f. and freestanding is preferred in lifestyle centers near entertainment components or other restaurants that breed strong traffic. Cavanaugh is working with real estate developers **The Irvine Co**., **Westfield LLC** and **Excel Realty Holdings** on projects. Expansion is funded through commercial lenders, investors and landlord funding. Single- and multi-unit franchisees are welcomed and any location outside California is done by a franchisee. Franchise fees are $45K and initial amount to open one unit is around $1.5M.

Watch out for new Black Bears in Friendly, Nev., in the fall and Sequim, Wash., next year. Franchise Administrator Riggings is also looking in Rifle, Colo., and Central California for future units. The menu is typical diner fare but it constantly changes as the company tests new items. An average check at the 38-unit chain is $8 to $12/lunch and $14 to $28/dinner for two. AUVs range from $20K/week to $65K/week. The restaurant is open during all three dayparts, with breakfast being the busiest. Units are around 5,000 s.f. and are usually freestanding right off the freeway. The company is SBA approved and will work with both single- and multi-unit franchisees. The franchisee fee is $40K and the amount to open one unit is a wide range of $350K to $1M depending on location.

CONTACTS

A.H.C./Zero's Subs: 620 N. Brand Blvd., Suite 405, Glendale, CA 91203. Elizabeth Fitzpatrick, Area Developer, (818) 545-9130. efitzpatrick@zeros.com

Black Bear Diners Inc.: 201 N. Mount Shasta Blvd., Suite C, Shasta, CA 960767. Pam Riggings, Franchise Administrator, (530) 926-1411. pam.riggings@blackbearsdiner.com

Biggby Coffee: 2501 Coolidge Road, Suite 302, East Lansing, MI 48823. Mike McFall, President, (517) 482-8145. mike@biggby.com

Bold Food (Bobby's Burger Palace): P.O. Box 1102, New York, NY 10159. Laurence Kretchmer, Partner; Chris Langley, Public Relations, (212) 255-6717. chris@bullfrogandbaum.com

Burger King: 5505 Blue Lagoon Drive, Miami, FL 33126. John, Chidsey, CEO; Chuck Fallon, President, North America, (305) 378-3000. www.bk.com

Chicken Dijon Rotisserie & Grill: 2808 Oregon Court, Suite 152, Torrance, CA 90503. Niko Albanis, COO, (310) 320-7717. niko@chickendijon.com

Chick Pita Grill: 28241 Crown Valley Parkway, Suite C, Laguna Niguel, CA 92677. Leo Tomatyos, Founder, (877) 716-8886. www.chickpitagrill.com

City Wok: 73744 Highway 111, Suite 3, Palm Desert, CA 92260. Stuart Davis, CEO, (760) 985 0852. sdavis@citywok.com

Cypress Group, The: 9785 S. Maroon Circle, Suite 350, Englewood, CO 80112. Dean Zuccarello, CEO, (303) 680-4141. dzuccarello@cypressgroup.biz

Daphne's Greek Café: 6125 Cornerstone Court, Suite 100, San Diego, CA 92121. George Katakalidis, Founder/CEO; Chalise Zolezzi, Marketing and Public Relations Manager, (858) 784-0811. ChaliseZ@daphnes.biz

Darden Restaurants Inc.: 5900 Lake Ellenor Drive, Orlando, FL 32809. Andrew Madesen, President/COO; Brad Richmond, CFO, (407) 245-5000, fax (407) 245-5114. dardeninfo@darden.com

Dinner A' Fare, The: Ken Wright, President, (678) 847-6050, fax (866) 221-7924. franchising@dinnerafare.com

Fleming's Steakhouse and Winebar: 1300 Dove St., Suite 105, Newport Beach, CA 92660. Skip Fox, President, (949) 222-2223. sfox@flemingssteakhouse.com

International Food Products Group (Inka Grill): 620 Newport Center Drive, Newport Beach, CA 92660. Ana Kishihara, Founder; Mairead Howe, Media Contact, (949) 232-4333. maireadhowe@gmail.com

Jersey Mike's: 2251 Landmark Place, Manasquan, NJ 08736. Mike Parkhill, Director of Real Estate and Finance, (732) 223-4044. mparkhill@jerseymikes.com

Kahala Corporation (Samurai Sam's Asian Fusion): 9311 E. Via De Ventura, Scottsdale, AZ 85258. Chris Prasifka, President; Sean Wieting, Brand President; Kate Guess, Manager Business Relations/Public Affairs, (480) 362-4800. kguess@kahalacoldstone.com

Nexcen Brands Inc. 1330 Avenue of the Americas, 40th Floor, New York, NY 10019. Robert D'Loren, President/CEO, (212) 277-1100. investorrelations@nexcenbrands.com

Organic To Go: 111 Glendale Blvd., Los Angeles, CA 90026. Jason Brown, President, (800) 304-4550. www.organictogo.com

Oregano's Pizza Bistro: 7217 E. Shea Blvd., Scottsdale, AZ 85260. Mark Russell, Founder/President, (480) 829-0898. www.oreganos.com

Panda Restaurant Group Inc.: 1683 Walnut Grove Ave., Rosemead, CA 91770. David Landsberg, VP of Real Estate, West; Thien Ho, Manager, Corporate Relations, (626) 372-8478. Thien.Ho@PandaRG.com

Roly Poly Franchise Systems: Linda Wolf, Founder/President, fax (203) 341-9957. rolypolyhq@aol.com www.rolypoly.com

Ruby's Diner: 660 Newport Center Drive, Suite 850, Newport Beach, CA 92660. Doug Cavanaugh, CEO, (949) 644-7829. rubyman@rubys.com

Simmonds Restaurant Management Inc.: 11404 W. Dodge Road, Suite 650, Omaha, NE 68154. Michael Simmonds, President/CEO, (402) 493-2300, fax (402) 493-8181. www.bkmidwest.com

Thundercloud Subs: 1102 W. Sixth St., Austin, TX 78703. David Cohen, Director of Franchise Sales, (512) 479-8805. dco@austin.rr.com

Unique Pizza and Subs: P.O. Box 1268, Monroeville, PA 15146. Jim Vowler, Founder/President/CEO, (724) 600-4720.

Yoshinoya Franchise of North America Inc.: 991 W. Knox St., Torrance, CA 90502. Scot Hobert, VP of Franchise Development & Sales, (310) 353-7110. scoth@yoshinoyausa.com

Serving Up Capital

Concept: Bobby's Burger Palace **Capital Source: GE Capital Solutions, Franchise Finance**

Bobby's Burger Palace, brainchild of celebrity chef **Bobby Flay**, receives $5M in financing from GE Capital Solutions for multiple locations. Bobby's Burger Palace debuts in Long Island, N.Y., this month and more are in the works. Expect the concept to feature classic burgers from several metropolitan cities across the nation. Odds are the concept could pop up in locales where Flay already has restaurants including Las Vegas, Atlantic City, N.J., and The Bahamas. This marks the first fast-casual concept for Flay. The concept incorporates aspects of casual dining like food runners and bussers to enhance the dining experience and ultimately placing the concept in the hybrid-casual niche. Anticipate units to be around 4,500 s.f.

Concept: NexCen Brands Inc. **Capital Source: BTMU Capital Corporation (BTMUCC)**

Snack segment conglomerate NexCen enters into letter agreement with BTMUCC to extend the original forbearance period on its over $180M credit facility through August 8, 2008. This agreement should enhance NexCen's ability to access more cash to fund operations. NexCen will work with BTMUCC to restructure the loan facility before the end of the forbearance period. As of the beginning of the year, NexCen's facility increased from $150M to $181M to help fund the acquisition of Great American Cookies (GAC). To date the company has borrowed $70M for GAC, $16M for the acquisition of Pretzel Time and Pretzel Maker and $19M for Maggie Moos and Marble Slab.

Short Orders

🍽 Anticipate eight to nine new **Biggby Coffee** units coming this year in Pittsburgh, Downtown Chicago, Sarasota, Fla., and additional units in Michigan. President **Mike McFall** expects around 36 to 40 stores for next year throughout the Midwest and Southeast including Charleston, S.C., and Detroit. McFall's goal is to have the 100-unit portfolio up to 250 locations by 2010. The average beverage check at the coffeehouse is $3.23 and beverages make up 80% to 85% of sales. Units are typically 1,500 s.f. and end caps are preferred for drive thrus, but not a must. Strip centers and big-box anchor centers with lots of retail works best. Wal-Mart, Lowe's and The Home Depot make great neighbors. Development is done 100% through franchising and both single- and multi-unit franchisees are welcomed. The franchisee fee is $30K and initial amount to open one unit is $300K, plus or minus 10%. Franchisees need to find competitive lending in their own markets.

🍽 Peruvian casual-dining chain **Inka Grill** will begin franchising the brand nationally in collaboration with Francorp Inc. and plans to add thirty franchises in the next two years, adding up to 220 units in the next five years. The concept only operates a few locations in Southern California, but will begin looking for franchisees throughout the Golden State, Nevada and Arizona. **International Food Products Group**'s fully owned subsidiary Restaurant Holdings Group will facilitate the development and expansion of Inka Grill. This will be one of the first Peruvian restaurant franchised concepts to be established in the U.S. Also, look for Inka Grill's most popular meals to be sold through major retail stores nationwide. The menu is made up of traditional meals from Northern Providences of Peru using a lot of seafood, chicken, lamb, beef and potatoes.

🍽 Upscale-dining chain **Fleming's Steakhouse and Winebar** plans another four units this year in Charlotte and Raleigh, N.C., Downtown Los Angeles and Marlton, N.J. Look for units in Austin and Houston, Texas, for 2009. The average check is $60 at the 57-unit chain and keep an eye out for major menu changes in October. The dinner-only concept is also testing out lunch menus at a few locations including the new L.A. restaurant. Wine is a major component making up 80% of alcohol sales. Units are around 7,500 s.f. and are usually freestanding or in office buildings near other fine dining restaurants. All units are currently corporate owned and President **Skip Fox** does not have any plans to franchise. Funding for expansion is done internally.

Clarification

Darden Restaurants Inc.'s brand **Longhorn Steakhouse** ended Q4 with AUVs at $2.9M, not $8.1M as it appeared in *RI 7/14/2008*. The $8.1M AUVs belonged to another Darden brand, **Capital Grille**.

Expansion Isn't Greek To These Brands

Watch for **Daphne's Greek Café**, **Chicken Dijon** and **Chick Pita Grill** to expand into new markets while capitalizing on an underserved ethnic cuisine. Daphne's envisions another five units by year's end and another 12 for 2009. Expect the company to open its first unit in Washington State this year in Seattle. Chicken Dijon will open a few more this year in SoCal including Redondo Beach, Calif. Watch for the company to start signing master franchisees to help take the concept nationwide. Chick Pita Grill plans a few more units for SoCal before heading into new markets in 2009.

Fast-casual Greek cuisine is an underserved segment that can sustain massive growth for the next several years. The concepts are so popular because they can take a somewhat foreign cuisine and streamline it making it accessible to suburbanites with healthier and fresher options. All three companies are poised for large growth and want franchisees that will sign on for a territory or new market to help expand the concept outside of their respective comfort zones. Daphne's, with more than 80 units, rolled out a franchise model earlier this year and has opened five units this year. The company has a strong presence in SoCal and recently entered Portland, Ore., and Denver. Daphne's believes that Seattle could eventually be home for 12 to 14 units. Chicken Dijon COO **Niko Albanis** is ready to take the concept nationwide and is on the lookout for experienced master franchisees or individuals with a strong business and sales background. Chick Pita enters the scene with one unit in Orange County, Calif., and several more in the works. Founder **Leo Timatyos** plans to take the concept outside of California next year or 2010.

Look for Daphne's next few units in Portland, Seattle, Aurora, Colo., and Thousand Oaks, Alameda and Valencia, Calif. The company will focus on filling out existing markets in Denver, Portland and Seattle before opening corporate stores in new markets. Chances are Daphne's will hit some new markets in the next year or two through franchising. The company is very selective when choosing franchisees and prefers multi-unit operators with restaurant experience. Ideal candidates will have a proven infrastructure in place and be looking to add another brand. An ideal unit is a 2,000-s.f. inline or end cap in busy retail centers with theatres and grocery stores. An average check is $7 at lunch and $9 at dinner.

Seven-unit Chicken Dijon is ready for large expansion. Watch for the company to open two more units this year and at least another two to three in 2008 while looking to get out of SoCal. The company eyes 1,600-s.f. to 2,000-s.f. inline and end cap units in smaller community centers. Chicken Dijon finds that smaller centers across from power centers are an ideal fit. The company does a large portion of business through delivery, so a good mix of rooftops and offices are preferred. Chicken Dijon severed its partnership with Fransmart and changed its growth strategy to focus on master franchisees. An average transaction runs about $15.

Keep an eye on SoCal upstart chain Chick Pita Grill to open an express unit in Dana Point, Calif., this September. The next couple units will be in cosmopolitan sections of Los Angeles and the company is looking in Westwood, Downtown, Irvine and even possibly the highly anticipated mixed-use center **LA Live**. Founder Timatyos is tweaking the concept and still deciding if the express or fast-casual unit will be the focus for expansion. Smaller mall type express units run 650 s.f. and Chick Pita desires locations near movie theatres, health clubs and entertainment.

The Restaurant Insider Team
E-mail: editor@crittendenrestaurants.com

Customer Service
Tel: **(800) 421-3483** Fax: (415) 475-1516
Email: market@crittendenonline.com

Newsroom Tel: (949) 900-3717
Newsroom Fax: (949) 900-3760

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