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PARAMOUNT FINE FOODS: Go Global or go home

R. Chandrasekhar wrote this case under the supervision of Professor Dominic Lim solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Late one Friday evening in December 2014, Mohamad Fakih received a call from an investment banker. Fakih was the president and chief executive officer of Paramount Fine Foods (Paramount), a Lebanese restaurant chain based in Toronto. He was winding up for the weekend when he received the call—the third one that week.

The investment banker had already stated that his client, a major restaurant chain, was interested in acquiring Paramount. The client was ready to sign a confidentiality agreement with Paramount to conduct due diligence. Fakih agreed to discuss the proposal after his imminent holidays. “The price of success!” he said to himself as he got off the call.

When Fakih acquired Paramount in 2007, the company was insolvent. Its annual sales were CA$1.7 million[[1]](#footnote-1) from a single location in Mississauga, Ontario, Canada. Fakih not only managed to turn around the company within a year, he expanded it to a nine-restaurant Canada-wide chain by 2014.

Paramount was on a high-growth path. Its annual sales had gone up to $70 million in seven years. The growth momentum seemed sustainable. Fakih owned 100 per cent of the company and was considering expanding into markets beyond Canada. He had already sent a team to the United States to meet with potential franchisees. At the same time, Paramount itself had become an acquisition target. The calls from the investment banker were among several other recent expressions of interest.

Fakih wondered how best to proceed:

I have been grappling for some time with three options. Should I continue to expand in Canada? Should I go international? Or should I harvest the business? I need to evaluate each option and make a call one way or the other. In doing so, I need to find answers to two basic questions: What would best serve the interests of the employees and vendors of Paramount? What would best serve my interests as an entrepreneur?

CANADIAN RESTAURANT INDUSTRY

In 2014, the Canadian restaurant industry contributed 4 per cent to the national gross domestic product. With revenues of $71.2 billion (see Exhibit 1), the restaurant industry had been growing at rate of 4.5 per cent per year. With 91,250 establishments providing jobs to 1.2 million people, it was the fourth-largest private sector employer.[[2]](#footnote-2)

The industry had witnessed several historic trends. The 1980s marked the proliferation of quick service restaurants, which pioneered process standardization. The 1990s saw the gradual disappearance of the “three square meals” schedule that had ruled Canadian eating habits for decades. The 2000s saw the rise of new social concepts, such as work-life balance and quality time. In turn, new categories appeared in the restaurant industry, including fast-casual dining.

By 2014, the Canadian restaurant industry was feeling the growing influence of consumers aged between 18 and 34 years. Millennials formed 36.8 per cent of the Canadian workforce, overtaking both Generation X (aged 35 to 51), at 33.9, per cent and baby boomers (aged 52 to 80), at 31.1 per cent.[[3]](#footnote-3) Millennials had perspectives on food that differed from their predecessors’ concerns, including the origin of foods, sustainability of the environment, and the use of pesticides, antibiotics, and growth hormones during plant cultivation and animal breeding.

A 2015 Morgan Stanley Research report surveyed 3,000 U.S. adults who had eaten at restaurants in the preceding three months.[[4]](#footnote-4) The study found that millennials were more likely to eat out on a weekly basis than generation X or baby boomer consumers. They accounted for over 50 per cent of customers visiting fast-casual restaurants. Unlike their predecessor generations, for whom healthy food usually referred to lower calories, Millennials defined healthy food in terms of freshness, lower processing, and fewer artificial ingredients. Millennials were also the most mobile-engaged consumer group, with an average of 2.3 restaurant application downloads on their smartphones.

Two broader trends were also driving growth in the restaurant industry in Canada: franchising and immigration. Franchising had wide geographical coverage and facilitated process standardization, which restaurateurs valued as advantages of the franchising model. Franchising de-risked the business for both the franchisor and the franchisee. It also generated a ripple effect in terms of wealth creation in the community. The main source of income for the franchisor was the royalty collected from the franchisee on gross sales, typically between 4 and 6 per cent.

Immigration was also driving growth in the industry. The annual number of landed immigrants averaged 235,000 since the 1900s. Arab countries accounted for 12 per cent of total immigrants to Canada in 2011.[[5]](#footnote-5) Among the household population of Arab origin of about 850,000 in Canada in 2011, Lebanese were the largest segment at 190,000. Nearly 40 per cent of the Lebanese immigrants had settled in Ontario.

Immigrants had grown up in their home countries with distinctive cuisines that were not always readily available in the Canadian cities they had chosen. This issue created a demand for ethnic cuisine in Canada as well as new business opportunities for entrepreneurs—in most cases, for the immigrants themselves. Paramount catered mainly to the immigrant population from the Arab countries who shared a common cuisine. However, dishes like shawarma were also popular in Asian countries with large Muslim populations, such as Pakistan.

Fakih explained the characteristics and wide appeal of Arab cuisine as follows:

Ethnic foods are compelling business propositions in a multicultural society like Canada. They are popular with specific communities which provide a captive audience and whose own numbers are on the rise as more and more of them come into Canada. They are also popular with mainstream Canadians who have greater opportunities than before to try new forms of cuisine. The unique characteristic of ethnic foods is that they have a short shelf life. Freshness is part of their value proposition. They are also among the most difficult to prepare, requiring personal skills of chefs who play a crucial role in the business. They are also more amenable to ordering at a counter and seeing the food being prepared, rather than sitting down at a table and waiting for a server to come and take the order. Ethnic foods, in that sense, enhance customer experience which is good for a restaurateur looking to provide additional value to a customer.

MOHAMAD FAKIH AND PARAMOUNT FINE FOODS

When Fakih acquired Paramount in 2007, it was a single-location restaurant with sales of between $2,500 and $3,000 per day. It served various Lebanese dishes including baked pita (flat bread), shawarma (grilled meat), hummus (chickpea dip), and kofta (ground beef). Its flagship product was baklāwa, a pastry made of layers of filo, filled with chopped nuts, and held together with honey.

Fakih moved to Toronto, Canada in 2000 from Lebanon. He arrived as a landed immigrant via Italy, where he studied gemmology. In Toronto, he worked at a coffee shop and later ran a watch dealership. He then entered the real estate industry as a builder in Mississauga, a large suburb of Toronto. He often dined at Paramount with his family, where he found the food and ambiance nostalgic (“taking me back to my days in Lebanon”). Fakih found the food “great, tasting just like home,” and the owners—a Lebanese couple—hospitable. His overall impression of Paramount was that it was a good business, run by good people, providing good food.

One night in early 2007, while waiting for an order of baklāwa, he was speaking confidentially with the owners, who admitted that they were on the verge of bankruptcy. They required a lifeline of $250,000 in working capital and were looking for a buyer. They also owed arrears of $800,000 to the Canada Revenue Agency.

Fakih did not know anything about managing an eatery but had an intuitive feeling about the business potential of providing ethnic fare in a city of immigrants. However, he wanted professional validation before making any decisions, so he sought the advice of The Fifteen Group, a Toronto-based restaurant consultancy. With a note of caution on the financial state of Paramount, the consultancy firm confirmed that the fundamentals of the ethnic restaurant were generally sound, based on three factors that Fakih was already drawn to: an expanding immigrant population, a growing cultural diversity, and the increasing popularity of ethnic cuisine among the mainstream population.

If Paramount could be turned around, Fakih stood to ride a wave of success to make the business a market leader across Canada, and eventually North America and beyond. However, if the venture failed, Fakih would stand to lose everything. Fakih interpreted the message from The Fifteen Group as fitting the adage “Go big or go home.” Fakih did not want to “go home.” On the contrary, he envisioned 300 restaurants under the Paramount banner as his idea of “going big.”

Fakih had built up reserves of $320,000 from his real estate business, which had been growing both in revenues and margins. He lent $250,000 to the owners of Paramount to meet their immediate need to pre-empt bankruptcy. The real estate business was profitable; Paramount was not. And yet, both would require Fakih’s full-time attention, so he could only choose one of the two ventures. Fakih chose Paramount, but asked that the original owners continue running the business. They refused, and asked for an additional compensation of $150,000 to leave the business completely behind. Fakih agreed to pay them $20,000 every quarter from Paramount’s proceeds, until their compensation for the business was fully paid.

TURNAROUND AND PROGRESS TO DATE

Fakih got busy negotiating with Paramount’s suppliers and with the Canada Revenue Agency regarding outstanding debts. He switched the monitoring of profit margins to a weekly basis from the monthly practice, which helped uncover reasons for Paramount’s losses. Costs were out of control, mainly due to 52 employees being designated as chefs, of which only a few were actually involved in mainline food preparation. Most of the others were assigned odd jobs outside the restaurant such as roasting nuts and coffee beans, which had become subsidiary and unprofitable lines of business for the previous owners.

The overall productivity of the many employees designated as chefs was low. The payroll cost for several mainline chefs was $6,000 per month. These employees considered themselves beyond reproach because of their signature recipes, which had established the restaurant’s reputation. However, they focused only on the creative side of the restaurant business, at the expense of the commercial side of the company. Within months of taking over control of Paramount, Fakih reduced the number of chefs from 52 to 11, which he considered a reasonable level, based on the prevailing business volume.

Fakih also worked to reduce product loss and waste. For example, a cooking grill normally held 16 skewer platters, which were all packed and sold as a “kilo” of barbecued meat. However, when Fakih weighed one skewer, he realized that each of the 16 skewers weighed 150 grams, for a total of 2,400 grams, or 2.4 kilograms, of meat being sold as a “kilo.” Fakih suggested changing the practice—which had been going on for years because nobody had bothered to weigh the skewers—to a lower number of skewers. When the chef in control of that menu item strongly objected, he was replaced. Fakih renamed the order a “family platter,” rather than a “kilo,” and raised the price.

Negotiating with the chefs was the most trying challenge, as Fakih discovered. They felt strongly that their practices should not be questioned. For example, the meat content in the shawarma recipe consisted of 70 per cent chicken legs, and the rest was chicken breast. The product cost estimated 20 per cent in waste, but when Fakih tracked the recipe leftovers, he found the waste to be closer to 50 per cent, so he suggested reversing the recipe to 70 per cent chicken breast and 30 per cent chicken legs. The new strategy would increase the yield (due to higher density of meat in the breast), provide a healthier product (due to less fat content in chicken breast), and thus justify raising the price. Fakih also ensured that each sandwich would contain exactly 120 grams of shawarma, for more accurate pricing than the previous practice, when the quantity of shawarma varied between 110 grams and 150 grams.

Fakih implemented a performance appraisal system for the chefs and applied a new hourly pay program, rather than fixed salary, to avoid paying for long smoking breaks. The chefs were asked to prepare the mainstay dishes for each day during their early morning shift. The cooking throughout the day would be done by newly recruited line cooks, who required minimal expertise to run the machines that would do the cooking. The line cooks were paid an economical wage of $10 to $11 per hour, also ensuring that a pipeline of upcoming potential chefs was in place. Fakih decided to hone his own skills as a chef, soon building a library of recipes that could be replicated, thereby taking the control away from individual chefs who had owned the recipes.

Fakih soon recognized the importance of consistency in operations, which led to the idea of pursuing franchising as a means towards growth and expansion of the business. Fakih considered the idea of a restaurant chain after taking the time to learn some hard lessons about running a restaurant business, as he explained:

I made several mistakes when I was finding my feet during the first year. For example, Eid [an important Muslim holiday] was nearing in October and I said: let us stock up 500 kilo[gram]s of baklāwa for the busy season. While the baklāwa was being made in the bakery, I brought in the cleaners telling them to use the best smelling soap and freshen up the place for the forthcoming festivities. The smell wafted over the preparation and baklāwa started smelling like soap. We junked the consignment and redid the lot. We had sold some of it to customers. I decided to recall what we had sold. We delivered a fresh packet individually to each customer at their home as a replacement. We also gave an additional kilo[gram] free to make amends. The feedback was positive. It was my first lesson in customer care.

To attract new customers, Fakih advertised in the weekend editions of community newspapers to reach specific ethnic groups among local immigrants. Although the publications had limited circulation, they offered a captive pool of readership to advertisers at reasonable rates of about $200 per insertion. Fakih focussed the advertising in local Arabic, Pakistani, and Indian newspapers, which soon made readers aware of Paramount and its product offerings. Fakih also renovated the restaurant to create a Middle Eastern ambience. After finding that customers would rush out of the restaurant to attend prayer sessions, Fakih decided to provide a prayer room in the restaurant, which ensured that customers could stay in the restaurant longer.

During the Eid holiday period in 2007, Paramount achieved weekly sales of $75,000—considered the gold standard in the restaurant industry—and did so without serving alcohol. Fakih attributed his success to the considerable size of the local Middle Eastern population. However, he had recently noticed that many of the restaurant’s non-Middle Eastern customers were repeat customers, which led Fakih to plan Paramount’s expansion in two different directions: more outlets and in other areas.

Fakih first considered expanding to a second location. Going beyond the current location was an uncommon strategy for an ethnic eatery—especially a Lebanese eatery. Ethnic restaurants were usually run by local residents who preferred to stay close to their surroundings and their customers. Fakih then thought of moving beyond the Toronto area to other regions, both within and outside the province. His vision of Paramount’s future was beginning to form. He would create the number one Middle Eastern restaurant chain in North America and make Lebanese food accessible to the mainstream population in different geographical areas.

For Paramount’s second location, he chose Thornhill, another suburb of Toronto to the north, along the iconic Yonge Street, a major transportation route and a Toronto landmark. The second location opened in July 2009. Thornhill was known for its ethnically diverse population, with 70 per cent of its inhabitants—110,430 people—speaking 89 different languages as their mother tongue, according to Canada’s 2011 census.[[6]](#footnote-6)

The expansion to a second location was not a smooth transition. Although the newly recruited staff was trained at the Mississauga location to ensure uniformity of service standards, consistency of food quality was an issue. Fakih decided that a master kitchen was needed, where all chefs would be centralized and food preparation would be aggregated to be distributed to the various restaurants through a feeder service. However, such a master kitchen was viable only with an operation of six or more locations. Therefore, the need for a master kitchen provided its own compulsion to expand to new locations.

Fakih’s vision of the future of Paramount began to materialize in his mind. As he explained, he was forming a clear picture of the restaurant’s menu, clientele, food source, decor, and ambiance:

I decided to position Paramount as a unique restaurant. Our menu will be alcohol free. We will cater to the health conscious. We will choose authentic Middle Eastern recipes. We will source meat from grass-fed animals and buy only locally-grown vegetables. To ensure complete control over the value chain, we will go for an integrated model covering all the way from the farm to the table. We will provide information about our food sources to whoever wants to know. We will preserve Lebanese dining culture and take it to new geographies. We will incorporate unique customer experience, beyond our cuisine, into features like delicate lighting and chandeliers, wall surface waterfalls, rich colour palettes, traditional music, and warm welcoming staff.

Fakih also wanted to promote Paramount as a halal restaurant, which meant that it complied with Islamic practices regarding breeding and slaughter of animals meant for consumption. For example, the animal would grow at a natural pace without being given hormones enhancing body mass. It would be killed by hand, not by machine, while the animal was alive and standing. A cut would be applied to the jugular vein, carotid artery, or windpipe so that death would be instantaneous, without suffering. Halal meats were known to be healthy options, which was important to millennial customers.

A halal ecosystem was gradually developing in Canada on the supply side. For example, over a dozen halal-certifying organizations were mandated to verify whether producers followed halal practices. The two largest organizations—the Islamic Food and Nutrition Council of Canada and the Halal Monitoring Authority—served the Greater Toronto Area. Halal certification was becoming widely accepted in Canada. The Canadian Food Inspection Agency was working to develop new labelling regulations requiring that all halal products should not only be certified by designated organizations but that all halal claims on labels, packaging, and advertising materials had to mention the name of the certifying organization. The regulations were expected to be in place by April 2016.[[7]](#footnote-7)

During Paramount’s expansion to a third location in November 2009, in downtown Toronto, Fakih once again pondered the merits of a commissary—a master kitchen. However, it was not until October 2011, when he opened a fourth location in London, Ontario, that he set up the master kitchen in Mississauga. Execution was a critical factor in the success of a master kitchen.

Kal Essa, an aspiring franchisee, recognized the merits and the efficiency of Paramount’s master kitchen while exploring the feasibility of becoming a Paramount franchise owner:

I remember: I was negotiating the franchise of the fifth corporate restaurant in Hamilton, which Paramount had opened in March 2013. This was in early 2014. The restaurant had about 40 employees—22 on the frontline and 18 in the kitchen. What impressed me, as I was going through my part of due diligence, was the near-faultless execution of the logistics between the restaurant at Hamilton and the master kitchen at Mississauga. The restaurant ordered just enough food to last for no more than two days, and the tri-weekly delivery ensured that the semi-cooked food was given finishing touches and warmed up by line cooks before being served.

In January 2012, Fakih opened the Paramount Butcher Shop in Mississauga. The new facility not only met the need for halal meats at the various restaurants, it also sold halal meats to the public as a standalone business entity. Fakih found the standard level of butcher shops that catered to the typical backyard barbecue consumer unacceptable in terms of cleanliness and smell. He decided to visit Victor Churchill, a fourth-generation butcher shop in Australia that was ranked among the best in the world, to witness its practices first-hand and incorporate them into his own shop.

An in-house butcher shop made business sense for Paramount because it could minimize waste. The butcher shop could sell fresh beef at the front end and age the beef at the back end of the premises. The best steaks were known to be those made from beef that was 28 to 32 days old. The butcher shop would also deal directly with animal farmers in Ontario to ensure that animals were grown in healthy surroundings. The backward integration was unlike most ethnic restaurants in Canada, which received their meats from wholesalers and distributors, rather than dealing with farmers directly.

As an entrepreneur, Fakih typically relied on his instincts, although he often sought corroborated evidence before acting on them. Therefore, he considered customer surveys, feedback from social media, secret shoppers, and online review sites for his decisions. He also personally participated in one-on-one communications with restaurant guests, seeking their inputs on improving customer service.

Rosanna Skinner had joined Fakih at his watch dealership in 2003 as operations officer and had stayed on with him through various business endeavours. Skinner had an opportunity to witness aspiring franchisees—all of them potential entrepreneurs—walk through the doors of Paramount’s head office, so she had some insight to share:

I have developed, over time, a sense of what makes entrepreneurs tick. They have a clear sense of where they are heading. When they face setbacks, they find ways around them and move on. They have a positive outlook that is infectious. They have presence. They put people at ease. I would rate Fakih high on each of those attributes. I think what makes him tick is that he is a people person.

By December 2014, Paramount had nine restaurants (see Exhibit 2) and employed a total of 450 people in the various restaurants and at head office (see Exhibit 3), with total annual revenues of $70 million. As the expansion continued, Fakih began to see corporate culture as a binding force, which he decided to pursue in two different ways. First, Paramount would periodically organize an activity that provided employees with an opportunity to have fun as a group. For example, a weekly indoor soccer game could allow employees to connect with one another outside work hours. Second, a recognition program would allow senior managers to reward exceptional employees with prizes at designated company functions.

GROWTH OPTIONS

Expand Offerings in the Domestic Market

Fakih still saw Canada as an untapped market to offer Lebanese cuisine to the mainstream Canadian population. He also saw it as a limiting factor, given his ambitious growth plans of opening 300 restaurants. With its population concentrated mainly in the metropolitan cities of Toronto, Vancouver, and Montreal, Canada’s geography would not sustain Fakih’s elaborate plans.

However, fast-casual dining was the fastest growing segment of the Canadian restaurant market. It had gained currency during the post-recession period after 2008. The reasons for the growing popularity were three-fold: it enabled customization of offerings with toppings and ingredients of one’s own choice; it ensured that food was prepared fresh, often within sight; and it had the halo effect of health and wellness around it.

The trendsetters in the fast-casual segment in both Canada and the United States included restaurant chains like Chipotle Mexican Grill, Panera Bread, Qdoba Mexican Eats, Freshii, and Baja Fresh. Their success had provided strong tailwinds for chains like Paramount. For example, Freshii had grown to become a 101-restaurant chain after only nine years of operation. With company-wide sales of $41.7 million for the year ending December 2014, Freshii was believed to have generated adjusted earnings before interest, tax, depreciation and amortization (EBITDA) of US$3 million on consolidated revenues of US$9.0 million.[[8]](#footnote-8)

Although it represented about 1 per cent of the 6.6 billion restaurant visits made annually by Canadians, the fast-casual segment was projected to grow by 5 to 7 per cent until 2020, unlike the quick service restaurant segment, which was forecast to grow at a rate of only 1 per cent until 2020.[[9]](#footnote-9) The segment was also becoming competitive, but Fakih felt that Paramount would have no difficulties establishing growth in Canada because its niche offerings were also gaining mainstream acceptance.

Expanding Beyond Canada

Paramount was beginning to receive offers from potential franchisees both within Canada and abroad. Its positioning in the broader health and wellness space was of interest to entrepreneurs in the United States. Franchising would be the ideal route for growth, according to Fakih. It was important to ensure that the brand was protected. As such, consistency of offerings was crucial. A dedicated executive team would provide infrastructure support in designing, building, furnishing, training, and purchasing at the new locations.

A 2015 forecast of the U.S. restaurant industry by the National Restaurant Association had projected 3.8 per cent growth in 2014, with revenue expected to reach $709.2 billion in 2015.[[10]](#footnote-10) There were around 2.5 million immigrants from predominantly Muslim countries in the United States in 2013, which had been growing by 295,743 people between 2010 and 2013. Total growth of immigrants during that same period was 21 per cent,[[11]](#footnote-11) which provided a launch platform for Paramount.

Halal food was also gaining acceptance in major American cities, occupying a place of its own in the U.S. food chain. For example, the number of halal restaurants had grown from 200 in 1998 to over 7,600 in 2016. Many of them were single-location, locally-owned establishments. An exception was Halal Guys, which started as a hot dog cart on 53rd Street in Manhattan, in New York, in the 1990s. Halal Guys grew exponentially from its first franchise in 2015 to 22 U.S. franchises within a year. Whole Foods, an American supermarket chain offering organic foods, had started selling halal foods in its stores in 2010, with Saffron Road as its best-selling halal brand. Nearly 80 per cent of Saffron Road consumers were simply food lovers, who had no Islamic background.[[12]](#footnote-12)

As part of a hub-and-spokes model of going global, Fakih had identified three geographic location entry points, in order of priority: New York, to serve North American franchises; England, to serve European franchises; and Dubai, to serve Middle Eastern franchises.

Harvest

The call from the investment banker had set Fakih thinking: Was it time to harvest the business he had built at Paramount? Fakih believed that selling the business should be preceded by at least three years of internal preparation. Such a build-up would be required for a true and fair assessment of the company’s financials, in accordance with established accounting and regulatory norms. It also required a steady measure of the company’s EBITDA, because the business would be valued as a multiple of its EBITDA. To date, the company’s average total enterprise value had been estimated at 7.5 to 8 times its EBITDA for restaurants in Canada and a little over 10 times its EBITDA for restaurants in North America.[[13]](#footnote-13)

Fakih was still operating in a growth mode, given the opportunities for expansion that lay ahead within Canada and beyond. Building a global business out of a niche product like Lebanese cuisine was an opportunity that he did not want to miss. The pace at which Paramount had been growing seemed to be sustainable, but to what end, he wondered.

Exhibit 1: CANADIAN RESTAURANT INDUSTRY—REVENUE BY SECTOR (in CA$ million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2011** | **2012** | **2013** | **2014** |
| Quick Service Restaurants  Full Service Restaurants  Contract and Social Caterers  Drinking Establishments | 21,962  21,486  4,213  2,362 | 23,114  22,545  4,447  2,339 | 24,138  23,722  4,600  2,311 | 25,417  24,813  4,904  2,330 |
| Subtotal: Commercial Food Services | 50,024 | 52,445 | 54,771 | 57,464 |
| Accommodation Food Services  Institutional Food Services  Retail Food Services  Other Food Services | 5,235  3,532  1,270  2,304 | 5,456  3,669  1,227  2,362 | 5,623  3,898  1,351  2,416 | 5,890  3,985  1,426  2,484 |
| Subtotal: Non-Commercial Food Services | 12,341 | 12,714 | 13,289 | 13,785 |
| **Total Food Services** | **62,365** | **65,159** | **68,060** | **71,249** |

Note: Some totals may vary due to rounding.

Source: Prepared by the authors with information from “2015 Canadian Chain Restaurant Industry Review,” GE Capital Franchise Finance, accessed March 8, 2017, www.restaurantinvest.ca/site/restaurant\_invest/assets/pdf/2015\_canadian\_

chain\_restaurant\_industry\_review.pdf.

Exhibit 2: PARAMOUNT—STORE LOCATIONS 2014

Paramount Franchise Group

Paramount Butcher Shop

Paramount Wholesale

Crestlawn

Thornhill

Paramount Corporate

253 Yonge St.

London

Hamilton

Erin Mills

Bramalea

Scarborough

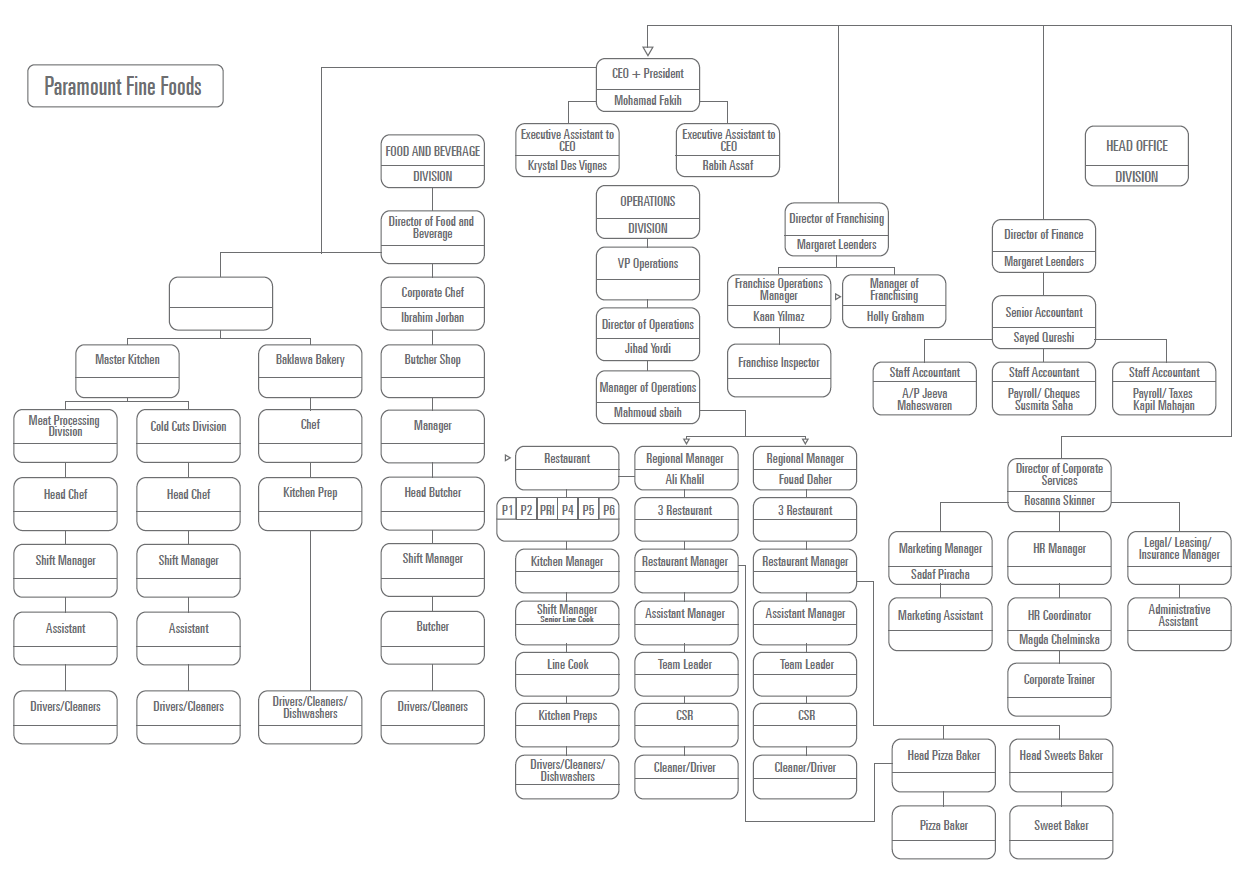
Milton

**ONTARIO**

**9**

Source: Company files.

Exhibit 3: PARAMOUNT FINE FOODS—ORG CHART SEPTEMBER 2014



Source: Company files.

1. All currency amounts are in CA$ unless otherwise specified. [↑](#footnote-ref-1)
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6. “Census Profile: Thornhill,” Statistics Canada, October 24, 2012, accessed January 26, 2017, www12.statcan.gc.ca/census-recensement/2011/dp-pd/prof/details/page.cfm?Lang=E&Geo1=FED&Code1=35089&Geo2=PR&Code2=01&Data=Count&SearchText=Thornhill&SearchType=Begins&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=089&TABID=1. [↑](#footnote-ref-6)
7. Ron Charles, “Halal Labelling Rules Kick in Today, but Certifying Organizations Remain Unregulated,” CBC News: Canada, April 4, 2016, accessed February 19, 2017, www.cbc.ca/news/canada/halal-certification-1.3519910. [↑](#footnote-ref-7)
8. Freshii Inc., *Preliminary Prospectus: Initial Public Offering and Secondary Offering*, 18, 23, 67, 73, December 19, 2016, accessed May 22, 2017, www.sedar.com/GetFile.do?lang=EN&docClass=9&issuerNo=00040470&issuerType=03&project

   No=02567813&docId=4033234; Adjusted EBITDA refers to the EBIDTA that has been further adjusted for share-based compensation, a contract termination fee, service provider commission costs, a legal settlement, other expenses, and costs in connection with the offering and reorganization. Freshii had five company-owned stores as of December 2014. [↑](#footnote-ref-8)
9. “2015 Canadian Chain Restaurant Industry Review,” GE Capital Franchise Finance, accessed March 8, 2017, www.restaurantinvest.ca/site/restaurant\_invest/assets/pdf/2015\_canadian\_chain\_restaurant\_industry\_review.pdf. [↑](#footnote-ref-9)
10. “Executive Summary: 2015 Restaurant Industry Forecast,” National Restaurant Association, accessed January 26, 2017, www.restaurant.org/Downloads/PDFs/News-Research/research/ForecastExecSummary2015-FINAL.pdf. [↑](#footnote-ref-10)
11. Steven A. Camarota and Karen Zeigler, “U.S. Immigrant Population Record 41.3 Million in 2013,” Center for Immigration Studies, September 2014, accessed May 17, 2017, www.cis.org/immigrant-population-record-2013. [↑](#footnote-ref-11)
12. Jeff Green and Craig Giammona, “How Halal Food Became a $20 Billion Hit in America,” Bloomberg, September 14, 2016, accessed October 21, 2016, www.bloomberg.com/news/articles/2016-09-14/america-loves-muslim-food-so-much-for-a-clash-of-civilizations.. [↑](#footnote-ref-12)
13. “Retail: Valuation Snapshot Q1 2014,” PricewaterhouseCoopers (PwC) Canada, accessed May 25, 2017, www.pwc.com/ca/en/retail-consumer/retail-valuations/assets/pwc-retail-valuations-snapshot-q1-2014-en.pdf.pdf. [↑](#footnote-ref-13)