**From:** HSBC Corporate Bank

**To:** You

**Subject:** Fwd: New Deal Information - Restaurant C

See below new deal information from Restaurant Group.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**From:** Restaurant Group CEO

**To:** HSBC Corporate Bank

**Subject:** New Deal Information – Restaurant C

Dear HSBC Corporate Banking Team,

I have some new information to share, which I thought would be useful as you continue your evaluation of our debt financing for the proposed acquisition of Restaurant C.

* The management consultants that we hired have now completed their commercial due diligence. In short, their findings confirmed Restaurant C is the market leader in the region for Premium Fusion QSR offerings. We have also uncovered lots of opportunities to cross-sell Restaurant Group’s offerings to create a blended version of our offerings, which we feel will accelerate Restaurant C’s growth in existing and future markets (along with cost synergies such as savings from duplicate costs, etc).
  + The consultants also found some traditional value-for-money QSRs were increasingly exploring a foray into premium offerings, as they can see the significant market opportunity ahead. In response, we commissioned a detailed round of customer surveys and branding surveys, and pleasingly found that Restaurant C is regarded as the only pure premium brand within its current operational countries, with these traditional QSRs looking to expand into premium seen as “cheap”, “low quality” and “archaic”.
* Restaurant C’s CEO is likely to depart the company after the proposed acquisition, due to a divergence in our respective growth plans for the business. We have got on the front foot in the last few weeks since uncovering this and have already shortlisted three very strong candidates (one internal, two external). All three are highly experienced operators and we are continuing our evaluation of them. The likely outcome is that one will take on the Asian CEO role post-acquisition.
* Lastly, our risk consultants have rounded out their analysis of Restaurant C’s medium-term expansion plan. Their preliminary findings have somewhat eased our concerns around the business expanding from five well-developed countries (Singapore, Malaysia, Japan, South Korea, Hong Kong) into Indonesia and Taiwan. In essence, their findings indicate both of these expansion countries represent “low” country risks, centred on the improving economic situation in both countries, emergence of the middle class, step-change improvements in governance in recent years, and a materially strengthening financial system.

Best,

Restaurant Group CEO