RESTAURANT BRANDS NEW ZEALAND LIMITED

Target Company Statement

In response to a partial takeover offer by Global Valar S.L.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR URGENT ATTENTION.

If you have any questions in respect of this document or the Offer, you should seek advice from your financial or legal adviser.

10 December 2018

Contents

Chairman's letter

10 December 2018

Dear Restaurant Brands New Zealand Limited Shareholder

Introduction

Global Valar S.L. ("**Global Valar**"), a subsidiary of Finaccess Capital S.A. de C.V. ("**Finaccess Capital**"), has made a partial takeover offer for 75% of the fully paid ordinary shares ("**Shares**" or "**Restaurant Brands Shares**") in Restaurant Brands New Zealand Limited ("**Restaurant Brands**") (the "**Offer**").

This letter forms part of Restaurant Brands' Target Company Statement in response to the Offer. The Target Company Statement is required by the Takeovers Code and includes the Directors' recommendation, as well as an Independent Adviser's Report prepared by Grant Samuel & Associates Limited (the "**Independent Adviser**") on the merits of the Offer. You should read this Target Company Statement, including the Independent Adviser's Report, carefully and in full when considering whether to accept the Offer. Capitalised terms used in this Target Company Statement have the meanings given to them in the Glossary.

Directors' unanimous recommendation

The Board's analysis of the Offer was led by the Independent Directors, Ted van Arkel (Chairman), Vicky Taylor, Hamish Stevens and David Beguely. The Board sought advice from Macquarie Capital (New Zealand) Limited as financial adviser and Harmos Horton Lusk Limited as legal adviser, and carefully considered the Independent Adviser's Report, minority protections and a range of other factors, including those in Sections 1 to 4 of this Target Company Statement.

The Board unanimously recommends that you should **ACCEPT the Offer for all of your Shares**, in the absence of a Superior Proposal which Global Valar does not match.

The Independent Directors intend to **ACCEPT the Offer for all of the Shares that they hold or control**, in the absence of a Superior Proposal which Global Valar does not match.

You should, when deciding whether to accept the Offer, consider your own individual circumstances, views on value and the merits of the Offer and investment time horizons. If you have any questions, you are encouraged to seek your own independent financial, taxation or legal advice.

Major Shareholder support

Interests associated with Stephen Copulos (a non-executive Director of Restaurant Brands), which together own 8.52% of the Restaurant Brands Shares (and together represent the largest holding of Restaurant Brands Shares), have agreed to accept the Offer for all of their Shares.

Key features of the Offer

The full terms and conditions of the Offer are set out in Global Valar's Offer Document, which accompanies this Target Company Statement.

The key features of the Offer are as follows:

1. The Offer is a partial takeover for up to 75% of Restaurant Brands Shares.
2. The Offer price is **NZ$9.45** cash per Share (the "**Offer Price**").
3. The Offer is subject to certain conditions, including:
   (a) Global Valar receiving acceptances for 75% of the Restaurant Brands Shares. This condition may be waived by Global Valar and the Offer will then become conditional on Global Valar receiving acceptances for at least 50.01% of the Restaurant Brands Shares. Global Valar is not obliged to waive this condition;[1]
   (b) the consent of the New Zealand Overseas Investment Office;
   (c) the conditional consent of the Yum! Franchisors to the Offer becoming unconditional in all respects; and
   (d) no material adverse change occurring between 26 November 2018 and the time that the Offer is declared unconditional by Global Valar.

Your acceptance of the Offer may be scaled down

Under the terms of the Offer, you can accept the Offer for some or all of your Restaurant Brands Shares.

The Offer is a partial offer. If you accept the Offer for **up to 75%** of your Restaurant Brands Shares and the Offer becomes unconditional, you will be guaranteed to sell those Shares to Global Valar under the Offer. If you accept the Offer for **more than 75%** of your Restaurant Brands Shares and the Offer becomes unconditional, the number

[1] If Global Valar waives the 75% minimum acceptance condition, the Offer is conditional on Global Valar receiving acceptances for more than 50% of Restaurant Brands' Shares. However, for the sake of simplicity, this has been reflected in this Target Company Statement as 50.01% of the Restaurant Brands Shares.

of Shares acquired from you under the Offer may be subject to scaling. Accordingly, the Board considers that there is a reasonable prospect that you will remain as a Shareholder in Restaurant Brands after the Offer, even if you accept the Offer for all of your Shares.

Further explanation of the scaling mechanism is set out in Section 4 of the Target Company Statement and a worked example is included in Appendix A of this Target Company Statement.

Outcomes of the Offer

If the Offer is successful, Global Valar will hold between 50.01% and 75% of the Restaurant Brands Shares. This will result in a corresponding reduction in the liquidity of the Shares on the NZX Main Board and ASX.

As the majority shareholder in Restaurant Brands, Global Valar will be able to determine the composition of the Restaurant Brands Board. Control of the Board will allow Global Valar to, amongst other things, influence or control Restaurant Brands' strategy and change the company's dividend policy. In this regard, Global Valar has advised the Board that Global Valar intends to support Restaurant Brands' existing strategy and does not intend to change Restaurant Brands' dividend policy in the near term. Global Valar has also agreed with the Yum! Franchisors that Global Valar will use commercially reasonable endeavours to maintain a high level of continuity in the Restaurant Brands' senior management team, including using commercially reasonable endeavours to retain Russel Creedy as Chief Executive Officer for at least three years.

For further information about the potential outcomes of the Offer, the implications of those outcomes and Global Valar's intentions for Restaurant Brands, see Sections 3 and 4 of this Target Company Statement.

Ongoing minority Shareholder protections

If the Offer is successful, the Companies Act, Takeovers Code and the provisions of the NZX Listing Rules will continue to provide various protections for minority Shareholders, including restrictions on transactions with related parties (including Global Valar), limitations on the issue of new Shares and the requirement for a minimum number of Independent Directors.

For further information about minority protections, see Part B of Section 3 of this Target Company Statement.

Acceptance and timing

If you wish to accept the Offer, use the acceptance form that accompanied Global Valar's Offer Document and carefully follow the instructions on that form. If you do not wish to accept the Offer, you do not need to take any further action. For more information about your options in respect of the Offer, see the Frequently Asked Questions in Section 4 of this Target Company Statement.

If you are considering accepting the Offer, there is no advantage in accepting the Offer early. The Offer must remain open until 12 March 2019, acceptances are irrevocable, and shareholdings for scaling purposes will be assessed on the closing date (and not, for example, on the date of acceptance). In addition, it is possible that new information relevant to the Offer (for example, if a Superior Proposal eventuates) may arise after the date of this Target Company Statement. Accordingly, the Directors suggest that Shareholders who are considering accepting the Offer should do so towards the end of the Offer period.

Conclusion

The Board considers that the Offer provides an attractive opportunity for Shareholders to accelerate the realisation of some of the future value of their Restaurant Brands Shares in cash now. Accordingly, on behalf of the Directors, I would like to reiterate our support for the Offer. We recommend that you **ACCEPT the Offer for all of your Shares** in the absence of a Superior Proposal which is not matched by Global Valar. Accepting the Offer for all of your Shares maximises your opportunity to sell Shares under the Offer.

On behalf of the Directors, I thank you for your support of Restaurant Brands.

Yours faithfully,

Ted van Arkel, Chairman
Restaurant Brands New Zealand Limited

Section 1:
Why you should accept the Offer – summary

The Board unanimously recommends that you **ACCEPT the Offer for all of your Shares** in the absence of a Superior Proposal which is not matched by Global Valar.

In arriving at this recommendation, the Directors have considered many factors, including the Offer Price, the partial nature of the Offer, key conditions of the Offer, potential outcomes of the Offer, the likelihood of a competing transaction and Global Valar's intentions after the Offer. The key reasons for the Directors' recommendation are summarised below.

1. The Offer Price is attractive and represents a material premium to the market price of Restaurant Brands Shares prior to the announcement of the Offer.

2. The Offer Price of NZ$9.45 per share is substantially above the upper end of the Independent Adviser's value range of NZ$8.15 to NZ$8.92 per share.

3. The Offer provides an opportunity for Shareholders to realise some of the future value of at least 75% of their Restaurant Brands Shares now for cash.

4. Finaccess Capital supports Restaurant Brands' existing growth strategy.

5. Competing transactions are unlikely.

Further details are set out in Section 2 of this Target Company Statement. Additional factors for Shareholders to consider are set out in Section 3 of this Target Company Statement and Section 4 sets out the answers to certain Frequently Asked Questions. The Directors strongly encourage you to take account of Sections 2 to 4, and the merits of the Offer addressed in the Independent Adviser's Report, when considering your options in respect of the Offer.

Section 2: Why you should accept the Offer – the detail

1. The Offer Price is attractive and represents a premium to Restaurant Brands' trading prices on the NZX and ASX

Offer Price premium

The Offer Price of NZ$9.45 cash per Share represents:

(a) a premium of 24.3% to the closing price of NZ$7.60 on 17 October 2018, the last trading day before Restaurant Brands announced Global Valar's indicative proposal to make the Offer; and

(b) a premium of 23.1% to the New Zealand volume weighted average price for the six months ended 17 October 2018.[2]

Restaurant Brands Shares listed at NZ$2.20 in May 1997. Restaurant Brands Shares have closed below the Offer Price every day since listing.

Comparison against other change of control transactions

NZ$9.45 per Share values Restaurant Brands' earnings favourably when compared with other comparable change of control transactions. The Offer Price of NZ$9.45 per Share implies a ratio of EV[3] to underlying EBITDA[4] for last 12 months to 26 February 2018 of 14.1x.[5] This compares favourably to the average for this ratio of recent precedent comparable transaction multiples of 8.8x EV to historic EBITDA.[6]

No brokerage costs payable

No brokerage costs will be charged on the transfer of your Restaurant Brands Shares to Global Valar if you accept the Offer. In contrast, if you sell your Restaurant Brands Shares on the NZX or ASX markets you may incur brokerage charges.

Post-Offer Share price

If the Offer does not succeed, the Board considers that it is likely that the price for Restaurant Brands Shares will decline to levels more in line with (or potentially below) the price prior to Restaurant Brands' initial announcement of Finaccess Capital's indicative proposal to make the Offer.

For more information about the potential post-Offer Share price if the Offer succeeds, see Part A of Section 3 of this Target Company Statement.

[2] Six month value weighted average price as at 17 October 2018 is NZ$7.68.

[3] Restaurant Brands considers that EV (enterprise value) is the best valuation metric for comparing transaction multiples. It represents the total purchase price paid for a company (including outstanding debt balances and cash) and allows for comparisons of transactions even though companies may have differing capital structures.

[4] Enterprise Value divided by underlying EBITDA (Earnings before interest, tax, depreciation, amortisation, significant items, associates and minority interest).

[5] FY18 EBITDA includes earnings from Starbucks New Zealand, which was sold in FY19. The historic EV / EBITDA multiple of 14.1x was calculated using an enterprise value of NZ$1,333.1 million and an FY18 EBITDA of NZ$94.4 million. Enterprise value is calculated as equity value of NZ$1,175.4 million plus net debt of NZ$157.7 million as at 26 February 2018. The equity value is calculated as the NZ$9.45 Offer Price per Share times the Shares on issue of 124,380,523 as at 26 February 2018. This differs to the historic EV / EBITDA multiple of 13.9x provided in the Independent Adviser's Report, which uses an enterprise value of NZ$1,316.2 million and an FY18 EBITDA of NZ$94.4 million. The difference in enterprise value is due to the use of FY19 net debt of NZ$137.1 million (forecast net debt as at completion) and 124,768,523 shares on issue which represents the fully diluted Shares post vesting of performance rights held by Russel Creedy and Grant Ellis.

[6] Source: Grant Samuel Independent Adviser's Report in relation to the Offer, page 30.

2. The Offer Price of NZ$9.45 per Share is substantially above the upper end of the Independent Adviser's value range of NZ$8.15 to NZ$8.92 per Share

The Independent Adviser has assessed the value of Restaurant Brands Shares (including a premium for control) to be in the range of NZ$8.15 to NZ$8.92 per Restaurant Brands Share. The Offer Price of NZ$9.45 cash per Restaurant Brands Share is substantially above the upper end of this range.

The Independent Adviser's Report is included as Appendix B to this Target Company Statement.

3. The Offer provides an opportunity for Shareholders to realise some of the future value of at least 75% of their Restaurant Brands Shares now for cash

In recent years Restaurant Brands has successfully achieved a number of milestones, including the acquisition of its Australian and Hawaiian operations. As a result of these growth initiatives, the company has experienced strong Share price appreciation.

Restaurant Brands has a number of further growth opportunities available to it. However, the execution of Restaurant Brands' future growth plans could take a number of years to achieve and involves execution risks.

The Directors believe the Offer, which allows Shareholders to sell at least 75% of their Restaurant Brands Shares for NZ$9.45 cash per Share, provides an attractive opportunity for you to realise some of the future value for your Restaurant Brands Shares now.

The partial nature of the Offer means that there is a reasonable prospect that you will continue to hold Shares after completion of the Offer (even if you accept the Offer for all of your Shares). For more information about Restaurant Brands' future strategy, and the factors that may influence the future value of your ongoing investment in Restaurant Brands, see paragraph 4 below and Part A of Section 3 of this Target Company Statement.

4. Finaccess Capital supports Restaurant Brands' existing growth strategy

In recent years, the Restaurant Brands Board has adopted and pursued an international growth strategy, including the acquisition of KFC stores in Australia and Pizza Hut and Taco Bell stores in Hawaii, Saipan and Guam. Restaurant Brands has also stated that it is actively investigating acquisition opportunities in the mainland of the United States of America.

Global Valar has confirmed to the Board that Global Valar intends to support Restaurant Brands' management to continue to execute the existing strategy. Global Valar has also agreed with the Yum! Franchisors that Global Valar will use commercially reasonable endeavours to maintain a high level of continuity in the Restaurant Brands' senior management team, including using commercially reasonable endeavours to retain Russel Creedy as Chief Executive Officer for at least three years.

Finaccess Capital, which is Global Valar's indirect holding company, has a successful track record. It acquired a majority shareholding in European quick service restaurant operator AmRest Holdings S.E. ("**AmRest**") in 2016 and has supported a growth strategy that has seen an increase in AmRest's store numbers, EBITDA and share price. For more information, see Part A of Section 3.

5. Competing transactions are unlikely

Since Restaurant Brands' announcement on 18 October 2018 to NZX and ASX of Global Valar's indicative proposal to the make the Offer, and up to ASX market close on 28 November 2018 (being the last practicable date before the date of this Target Company Statement), no competing transaction has emerged.

Your Directors do not believe that a competing transaction is likely to emerge during the Offer period.

Section 3: Other factors for you to consider

1. What is this Section?

1.1 Section 3 of this Target Company Statement was prepared by the Independent Directors and addresses a number of the factors, additional to those set out in Section 2. The Independent Directors encourage you to take these factors into account when considering the Offer.

1.2 This Section is presented in two Parts:

(a) Part A: Factors which may influence the future value of your Restaurant Brands Shares; and

(b) Part B: Post-Offer minority Shareholder protections.

Part A: Factors which may influence the future value of your Restaurant Brands shares

2. The value of your remaining Shares

2.1 If Global Valar receives acceptances to the Offer for more than 75% of the Restaurant Brands Shares, acceptances to the Offer will be subject to scaling. As a result, the Independent Directors believe that there is a reasonable prospect that Shareholders who accept the Offer (even Shareholders who accept for all of their Shares) will continue to hold Restaurant Brands Shares after completion of the Offer.

2.2 If you accept the Offer for some or all of your Restaurant Brands Shares, the total value of your investment in Restaurant Brands is:

(a) the value you receive for the sale of the Restaurant Brands Shares under the Offer at NZ$9.45 per share; plus

(b) the value of any Restaurant Brands Shares that you continue to hold after the Offer.

2.3 Restaurant Brands Shares traded on NZX in the range of NZ$6.48 to NZ$8.04 per share during the 12 months prior to the initial announcement of Global Valar's indicative proposal to make the Offer. There is a risk that the Share price, after the Offer completes, may retreat to levels more closely in line with (or potentially below) that historial range.

2.4 Ultimately, the Share price and the value of your remaining Restaurant Brands Shares after completion of the Offer will be determined by the factors which usually affect market prices of listed company shares, including general economic and market factors, as well as factors specific to Restaurant Brands including post-Offer business strategy, dividends, debt levels, capital structure, share trading liquidity and future change of control events. Some of these factors are discussed below.

3. Business strategy

Global Valar support for existing strategy

3.1 If the Offer is completed, Global Valar will control the composition of the Board and, as a result, will control Restaurant Brands' post-Offer business strategy.

3.2 In recent years, the Restaurant Brands Board has adopted and pursued an international growth strategy, including the acquisition of KFC stores in Australia and Pizza Hut and Taco Bell stores in Hawaii, Saipan and Guam. Restaurant Brands has also stated that it is actively investigating acquisition opportunities in the mainland United States of America.

3.3 Global Valar has confirmed to the Independent Directors that Global Valar intends to support Restaurant Brands' management to continue to execute the existing strategy, and the Independent Directors believe the success of that strategy over the past few years was key to Global Valar's decision to make the Offer at NZ$9.45 per Restaurant Brands Share.

3.4 Consistent with this, Global Valar has also agreed with the Yum! Franchisors that Global Valar will use commercially reasonable endeavours to maintain a high level of continuity in the Restaurant Brands' senior management team, including using commercially reasonable endeavours to retain Russel Creedy as Chief Executive Officer for at least three years (see paragraphs 3.11 to 3.16 below).

3.5 Restaurant Brands' ability to continue to successfully implement its growth strategy after the completion of the Offer will be fundamental to the future value of Restaurant Brands Shares. The Independent Directors are unable to assess the likelihood of this occurring, but note that the existing growth strategy of AmRest was accelerated after the investment in that company by Finaccess Capital, which is the indirect parent company of Global Valar.

Finaccess Capital's investment in AmRest[7]

3.6 AmRest, which is listed on the Warsaw, Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, is the largest independent chain restaurant operator in Central and Eastern Europe. The company is also developing its operations in Western Europe, Russia and China.

[7] Source: Finaccess Capital.

3.7 Finaccess Capital first acquired a 32% shareholding in AmRest in August 2015. Finaccess Capital subsequently increased its shareholding to 61% in 2016, before decreasing its shareholding to 56% in 2017 because of a sale of AmRest shares to AmRest management.

3.8 Finaccess Capital has advised the Independent Directors that, since first investing in AmRest:[8]

(a) AmRest's network has increased from approximately 850 stores to approximately 2,000 stores;

(b) adjusted EBITDA has increased from PLN 467 million[9] in FY15 to PLN 689 million in FY17 (with consensus forecast adjusted EBITDA of PLN 809 million in FY18), representing annual growth of approximately 20%; and

(c) the share price has increased over 130% (equivalent to an effective annual return of approximately 30%).

3.9 The success of AmRest after Finaccess Capital's investment is not a guarantee that the same will occur for Restaurant Brands under Global Valar majority ownership. However, it indicates to the Independent Directors that Finaccess Capital has experience as a majority owner in a listed company, with a track record of supporting an international growth strategy.

Change of strategy

3.10 It is possible that the post-Offer Board could change Restaurant Brands' strategy in the future (for example, to adjust to changing economic conditions). As any future change in strategy cannot be known now, the Independent Directors are unable to assess the impact on value and risk profile of any change.

Yum! requirements

3.11 Certain subsidiaries of Yum! Brands Inc (referred to collectively in this Target Company Statement as "**Yum!**") are the franchisors of the KFC, Pizza Hut and Taco Bell brands operated by Restaurant Brands.

3.12 Under franchise arrangements between the Yum! Franchisors and Restaurant Brands, the consent of the Yum! Franchisors is required prior to Global Valar acquiring control of Restaurant Brands under the Offer. As a result, consent of the Yum! Franchisors is an Offer condition.

3.13 Certain subsidiaries of Yum! Brands Inc, Global Valar and Restaurant Brands have entered into a conditional consent letter, under which the Yum! Franchisors have conditionally consented to Global Valar acquiring control of Restaurant Brands under the Offer ("**Yum! Consent Letter**").

3.14 The conditions to the Yum! Consent Letter are the satisfaction of the Yum! Franchisors' franchisee due diligence requirements in respect of Finaccess Capital and Global Valar, and the Yum! Franchisors, Finaccess Capital and Restaurant Brands entering into formal agreements to give effect to requirements recorded in the Yum! Consent Letter.

3.15 Those requirements have implications for Restaurant Brands' future business strategy, including the following:

(a) Finaccess Capital must use commercially reasonable endeavours to ensure a high level of continuity of Restaurant Brands' senior management and use commercially reasonable endeavours to ensure that Russel Creedy remains as Chief Executive Officer of Restaurant Brands for at least three years after completion of the Offer. During that period, Finaccess Capital must ensure that Russel Creedy is not engaged or employed by any of Finaccess Capital's affiliated companies.

(b) Restaurant Brands must comply with specified new store development obligations for KFC and Pizza Hut in New Zealand.

(c) If Restaurant Brands reaches an agreement with the relevant Yum! Franchisor in relation to the operation of Taco Bell in New Zealand and Australia, Restaurant Brands will be required to satisfy new store development obligations for Taco Bell in these territories.

(d) Restaurant Brands must maintain operational separation from AmRest (excluding certain administrative functions).

3.16 The Independent Directors are comfortable with Restaurant Brands agreeing to the matters in paragraph 3.15. In accordance with its existing growth strategy, Restaurant Brands would have agreed the same or substantially similar new store development obligations with the relevant Yum! Franchisor even if Global Valar had not made the Offer.

[8] Source: Finaccess Capital. Figures calculated as at 30 October 2018.

[9] PLN designates Polish złoty, which is the Polish currency.

4. Dividends and imputation credits

4.1 Restaurant Brands' current dividend policy is to pay dividends having regard to all relevant factors, including financial performance, cash flow, capital requirements and the availability of imputation credits. Restaurant Brands' dividend policy does not guarantee the payment of dividends or commit to any timing or quantum of dividends.

4.2 Restaurant Brands paid total dividends (interim and final) of NZ$0.28 per Restaurant Brands Share in respect of FY18. Restaurant Brands has not paid an interim dividend in respect of the current financial year, FY19, because of the Offer. Restaurant Brands will not pay the interim dividend if the Offer is successful.

4.3 Global Valar has confirmed to the Independent Directors that it does not currently intend to promote a change to Restaurant Brands' dividend policy in the near term. Global Valar has also stated that, after completion of the Offer, the dividend policy will "need to continue to be assessed against other capital requirements in the business on an ongoing basis, with Shareholder value from a dividend needing to be considered relative to potential value creation from reinvesting the funds within the business."

4.4 Consistent with Global Valar's statement above, the Independent Directors believe that Global Valar will focus on growth, rather than dividend yield. Accordingly, there is a reasonable prospect that, if the Offer is successful, Global Valar will prioritise Restaurant Brands' use of available cash to fund acquisitions and store roll-outs by Restaurant Brands over the payment of dividends at pre-Offer levels.

4.5 If the Offer is successful, Restaurant Brands will lose the balance of imputation credits in its imputation credit account. This may reduce Restaurant Brands' ability to pay dividends to Shareholders in a tax effective manner (i.e. by attaching imputation credits to dividends paid) in the short to medium term.

5. Debt levels and capital structure

5.1 Global Valar has advised the Independent Directors that it does not intend to significantly lever Restaurant Brands (i.e. increase Restaurant Brands' debt) and that its investment philosophy is based on ensuring portfolio companies have a responsible level of leverage (i.e. debt).

5.2 Global Valar has also advised the Independent Directors that Global Valar does not envisage any future equity capital being required from Restaurant Brands Shareholders in the near to medium term, although any large-scale initiatives which are unable to be funded from business cashflow would require an assessment of capital sources at the relevant time. This would include consideration of both debt and equity capital, having regard to the matters set out in paragraph 5.1.

5.3 The Independent Directors understand from Finaccess Capital that:[10]

(a) on investing in AmRest, Finaccess Capital set a maximum target leverage ratio of net debt / EBITDA at 3.2x; and

(b) despite borrowing to fund growth, AmRest remains within the target leverage ratio.

6. Liquidity

6.1 Share trading liquidity is the ability to buy or sell Restaurant Brands Shares in reasonable quantities and within a short timeframe without materially affecting the share price.

6.2 Liquidity is affected by the quantity of trades through NZX and ASX, which is influenced by the number of Shares which are available to trade (often referred to as "free float"). A decrease in free float means that fewer Shares are available to trade, which can reduce liquidity.

6.3 The Independent Directors consider that currently there is a reasonable level of liquidity in the market for Restaurant Brands Shares. In the 12 month period prior to 17 October 2018, 28,387,443 Restaurant Brands Shares traded through NZX and 65,662 traded through ASX.

6.4 The recent levels of liquidity are supported by a current free float of approximately 91% (being all of the Restaurant Brands Shares, other than those owned by interests associated with Stephen Copulos) and the inclusion of Restaurant Brands in the S&P/NZX50 index.

6.5 If the Offer is completed, the free float of Restaurant Brands Shares (the Shares available for trading through the market) will decrease to between 25% and 49.99% depending on the outcome of the Offer. This is likely to result in a decrease in liquidity and Restaurant Brands Shares being removed from the S&P/NZX50 index.

[10] Source: Finaccess Capital as at 30 October 2018.

6.6 A decline in liquidity may have a negative influence on the market price of Restaurant Brands Shares and may limit your ability to sell your Restaurant Brands Shares after completion of the Offer at a price that you are prepared to accept.

6.7 That said:

(a) at a Share price of NZ$7.60 per Share, being the closing price on the NZX on the day prior to the initial announcement of the partial takeover proposal, a 25% free float implies approximately NZ$236 million of Shares available to be traded; and

(b) given the scaling mechanism described in Part A, the Independent Directors consider that there is a reasonable prospect that Restaurant Brands will have several thousand Shareholders after completion of the Offer.

6.8 These factors may assist to support future liquidity in the market for Restaurant Brands Shares.

7. Future control transactions

Finaccess Capital will determine the future control of Restaurant Brands

7.1 If the Offer is successful, Global Valar will become the majority Shareholder in Restaurant Brands and will determine the future control of the company. No change of control transaction (such as a full takeover offer by a third party or a takeover by way of scheme of arrangement promoted by a third party) affecting Restaurant Brands can be successful unless that transaction is supported by Global Valar.

Yum! requirements

7.2 Under the Yum! Consent Letter (see paragraph 3.13 above), Finaccess Capital and the Yum! Franchisors have agreed that the consent of the Yum! Franchisors is required to:

(a) a change of control of Restaurant Brands after completion of the Offer; and

(b) changes of control of Global Valar and certain of its holding companies, as well as certain transfers of minority shareholdings in those companies.

7.3 The requirements in paragraph 7.2(b) provide the Yum! Franchisors with a veto over future transactions which result in a change of control of Restaurant Brands, as well as certain other share transfers within the Global Valar holding company structure. These requirements could have negative implications for remaining Shareholders in Restaurant Brands after completion of the Offer, as breaches of those requirement may give rise to deemed defaults under the franchise arrangements between Restaurant Brands and the Yum! Franchisors.

7.4 However, the Independent Directors do not consider this to be a material risk for the following reasons:

(a) after completion of the Offer, Global Valar will own between 50.01% and 75% of the Restaurant Brands Shares. Global Valar's interests will be aligned with other Shareholders in maintaining the Yum! Franchisor franchise arrangements, as Global Valar will bear the greatest proportionate economic impact of any disruption to those arrangements;

(b) as noted in paragraph 3.7, Finaccess Capital is currently a 56% Shareholder in AmRest, which is also a significant operator of brands franchised by certain subsidiaries of Yum! Brands Inc. This heightens Finaccess Capital's commercial interests in maintaining a good relationship with the Yum! Franchisors by complying with, and ensuring that Global Valar complies with, the Yum! Consent Letter requirements; and

(c) under the Yum! Consent Letter, Finaccess Capital has a 30 day cure period to remedy breaches of the provisions referred to in paragraph 7.2 above.

Finaccess Capital may increase its control of Restaurant Brands

7.5 After waiting 12 months from the completion of the Offer, Global Valar is entitled to acquire an additional 5% shareholding in Restaurant Brands in each 12 month period, by way of on-market and off-market transactions, under the "creep" provisions of the Takeovers Code. There are no pricing restrictions on these transactions.

7.6 Importantly, unless certain limited exceptions apply, Global Valar could not make any "creeping" acquisition of Restaurant Brands Shares at any time while Global Valar was in possession of inside information (non-public price sensitive information) concerning Restaurant Brands.

7.7 In addition to "creeping" acquisitions, Global Valar is entitled to make a follow-on takeover offer at any time after completion of the Offer. Finaccess Capital has agreed that it will not do so within 12 months after the completion of the Offer at a price below NZ$9.45 per Restaurant Brands Shares adjusted up or down in proportion to any change in the S&P/NZX50 index after completion of the Offer (for example, a 10% decline in the S&P/NZX 50 index would result in a

10% decrease in the NZ$9.45 "floor price" and a 10% increase in the S&P/NZX 50 index would result in a 10% increase in the NZ$9.45 "floor price"). After the expiry of that period, Finaccess Capital will be free to make another takeover offer at any price.

7.8 The Board of Restaurant Brands may waive the prohibition on Global Valar making a takeover offer at a price below the "floor price" during the first 12 months after completion of the Offer. While Restaurant Brands is listed by NZX (see paragraphs 8.3 to 8.9 below), any persons who are appointed as Directors of Restaurant Brands to represent Global Valar will be "interested" in any proposed waiver and will be unable to vote on the Board decision.

7.9 If Global Valar increases its holding of Restaurant Brands Shares to 90% or more, whether as a result of a "creeping" acquisition or a takeover offer, Global Valar is entitled, within a specified period, to compulsorily acquire the remaining Restaurant Brands Shares. If Global Valar chooses not to do so then, within a specified period, remaining holders of Restaurant Brands Shares can require Global Valar to purchase those Shares.

7.10 The compulsory acquisition price will depend on the manner in which Global Valar increased its shareholding to 90% or above. In some cases (for example, if Global Valar increased its shareholding to 90% or above as a result of "creeping" acquisition), the compulsory acquisition price must be a cash sum certified as fair and reasonable by an independent adviser.

Part B: Post-Offer minority Shareholder protections

8. Shareholder protections

8.1 After completion of the Offer, if you continue to hold Restaurant Brands Shares you will have the benefit of various legal protections for minority Shareholders.

8.2 This Part B is intended to be a general (and non-exhaustive) high level summary of certain of those legal protections. It is not legal advice. If you have any questions about your legal rights as a holder of Restaurant Brands Shares, you should seek your own legal advice which is specific to your circumstances.

Ongoing NZX and ASX listings

8.3 Many of the Shareholder protections described in this Part B arise under the NZX Listing Rules. To ensure that you continue to enjoy those protections, Global Valar has agreed that, for 12 months after completion of the Offer, it will not take steps to de-list Restaurant Brands from the NZX except where Global Valar becomes entitled to compulsorily acquire the remaining Shares in Restaurant Brands as a result of a takeover offer that complies with the minimum price commitment described in paragraph 7.7.

8.4 After the 12 month period referred to in paragraph 8.3 it is possible that Global Valar could seek for the Board to apply to NZX for delisting of Restaurant Brands. However, Global Valar has informed the Independent Directors that it would only look to delist Restaurant Brands by moving to 100% ownership and would not intend to have minority investors in an unlisted business.

8.5 Ultimately, delisting, and the conditions of delisting, are at NZX's discretion. The Independent Directors understand that, where a company is delisting from NZX and not moving to another recognised stock exchange (e.g. ASX), NZX usually requires, as a pre-condition to delisting, that the delisting be approved by an ordinary resolution of the minority shareholders.

8.6 Finaccess Capital has also agreed that it will not take steps to delist Restaurant Brands from ASX within 12 months after completion of the Offer. It is possible that, after that period, the Board may seek to de-list Restaurant Brands from ASX. The Independent Directors understand that this would not require Shareholder approval.

8.7 Global Valar has informed the Independent Directors that Global Valar believes there to be a number of benefits from Restaurant Brands maintaining its current listings, including access to capital to fund future growth while also providing existing Shareholders an opportunity to continue participating in the business over the long term.

8.8 The Board of Restaurant Brands may waive the prohibition on Global Valar taking steps to de-list Restaurant Brands from NZX and/or ASX during the first 12 months after completion of the Offer. Any persons who are appointed as Directors of Restaurant Brands to represent Global Valar will be "interested" in any proposed waiver and will be unable to vote on the Board decision.

8.9 Restaurant Brands' constitution requires the company to comply with the NZX Listing Rules.

New NZX Listing Rules

8.10 NZX has implemented new Listing Rules which will come into effect on 1 January 2019. Accordingly, this Part B summarises the position under the current and new NZX Listing Rules.

9. Governance protections

Requirement for New Zealand resident Directors and Independent Directors

9.1 Under the current NZX Listing Rules, the Board must have at least two Directors who are resident in New Zealand and at least two Independent Directors (or, if there are eight or more Directors, three or one-third of the board, rounded down).

9.2 Under the new NZX Listing Rules, the Board must have at least two Directors who are resident in New Zealand and at least two Independent Directors.

Directors' duties

9.3 Under the Companies Act 1993, all Directors, including any Global Valar representatives who are appointed as Directors of Restaurant Brands, owe the same duties to Restaurant Brands.

9.4 Amongst other duties, all Directors, in their capacity as Directors, must act in good faith and in the best interests of Restaurant Brands.

Prohibitions on interested Director voting

9.5 Under the current and new NZX Listing Rules, Directors must not vote on a Board resolution in respect of a matter on which a Director is interested. A Director will be interested in a matter in various circumstances, including:

(a) if the Director is a party to, or may derive a material financial benefit from, the matter;

(b) if the Director has a material financial interest in another party to the matter; and

(c) if the Director is a director or officer of another party to, or person who may derive a material financial benefit from, the matter.

9.6 The two exceptions to the above rule are that a Director may vote on:

(a) a matter in which a Director is interested if, under the Companies Act, the matter requires Directors to sign a certificate (for example, a "best interests" certificate for the issue of Shares or a solvency certificate for the authorisation of a dividend); or

(b) the approval of Director indemnities granted under the Companies Act.

10. Shareholder oversight

Major transactions

10.1 Under the Companies Act, a "major transaction" requires shareholder approval by special resolution.

10.2 In broad terms, a major transaction is the sale or purchase of assets having a value in excess of 50% of the pre-transaction market value of Restaurant Brands' gross assets. Importantly, the major transaction rules are entity specific: a transaction by a subsidiary of Restaurant Brands will not require major transaction Restaurant Brands Shareholder approval under the Companies Act.

10.3 If a major transaction is approved by Shareholders, those Shareholders who vote all of their Restaurant Brands Shares against the major transaction have minority buyout rights, being the right to require Restaurant Brands to acquire their Shares for a fair and reasonable cash price.

Related party transactions

10.4 Under the current and new NZX Listing Rules, Restaurant Brands must not enter into a "material transaction" (or series of related transactions) with a "related party" without Shareholder approval by ordinary resolution. The related party cannot vote on this resolution. Global Valar will be a related party of Restaurant Brands after completion of the Offer.

10.5 "Material transactions" include asset sales or purchases having a value of more than 10% of Restaurant Brands' average market capitalisation and service arrangements where the annual gross costs is more than 1% of Restaurant Brands' average market capitalisation. In addition, the issue of securities having a market value of more than 10% of Restaurant Brands' average market capitalisation is also a "material transaction".

Annual meetings

10.6 Restaurant Brands must continue to hold annual meetings.

10.7 Under the current NZX Listing Rules, Restaurant Brands must hold each annual meeting in New Zealand.

10.8 Under the new NZX Listing Rules, Restaurant Brands must hold each annual meeting in New Zealand, or Australia (if Shareholders can participate in the meeting by audio, audio and visual, and/or electronic means).

11. Anti-dilution protection for minorities

NZX Listing Rules restrictions on share issues

11.1 Under the current and new NZX Listing Rules, Restaurant Brands must not issue Restaurant Brand Shares without Shareholder approval by ordinary resolution unless an exception applies. A Shareholder (e.g. Global Valar) cannot vote on a resolution to approve the issue of Shares to itself.

11.2 Under the current NZX Listing Rules, the key exceptions to the Shareholder approval requirements are for:

(a) renounceable rights issues; and

(b) placements of up to 20% of Restaurant Brands' share capital in a 12 month period.

11.3 Under the new NZX Listing Rules, the key exceptions to the Shareholder approval requirements are for:

(a) renounceable or accelerated rights issues; and

(b) placements of up to 15% of Restaurant Brands' share capital in a 12 month period.

11.4 Placements of new Restaurant Brands Shares are still subject to the related party transaction rules summarised in paragraph 10 above as well as the Takeovers Code restrictions described in paragraph 12 below.

11.5 In addition, if Global Valar has Board representation (which the Independent Directors understand is intended) the NZX Listing Rules prohibit a placement of Restaurant Brands Shares solely to Global Valar without Shareholder approval.

Governance requirements

11.6 Under the Companies Act, to issue Shares, the Board must resolve, and Directors must certify, that the price for the issue and the terms of the issue are fair and reasonable to Restaurant Brands and to all existing Shareholders.

12. Restrictions on Global Valar increasing its shareholding

Takeovers Code restrictions

12.1 Under the Takeovers Code, after completion of the Offer, Global Valar cannot increase its shareholding in Restaurant Brands, except by way of one of the following:[11]

(a) another takeover (including by way of a scheme of arrangement);

(b) with prior Shareholder approval by ordinary resolution (on which Global Valar cannot vote); or

(c) the "creep" rules summarised below.

"Creep" rules

12.2 The Takeovers Code's "creep" rules are referred to in paragraph 7 above. To re-iterate, after a "stand down" period of 12 months after completion of the Offer, Global Valar may acquire, on or off market, up to 5% of Restaurant Brands' Shares in each 12 month period. However, Global Valar would still be subject to usual insider trading restrictions.

13. Shareholder information

Annual reports

13.1 Under the current NZX Listing Rules, Restaurant Brands must prepare, and make available to Shareholders, an annual and a half-year report.

13.2 Under the new NZX Listing Rules, Restaurant Brands must prepare, and make available to Shareholders, an annual report. This is also a Companies Act obligation.

13.3 The annual report must include audited consolidated financial statements for Restaurant Brands.

Continuous disclosure

13.4 Under the current and new NZX Listing Rules, Restaurant Brands must immediately disclose price sensitive information to NZX, subject to certain limited exceptions.

[11] There are also a number of exemptions that would permit Global Valar to temporarily increase its shareholding in certain circumstances, provided it reduced that shareholding within a specified time period.

Section 4: Frequently asked questions

1. What are my options?

1.1 You have four options in response to the Offer. You can:

(a) reject (i.e. not accept) the Offer;

(b) accept the Offer for all of your Restaurant Brands Shares;

(c) accept the Offer of some, but not all, of your Restaurant Brands Shares; or

(d) sell your Restaurant Brands Shares on the NZX or ASX (or off market) at any time if you do not wish to hold them or participate in the Offer.

1.2 If you accept the Offer for more than 75% of your Shares, your acceptance may be subject to scaling. Scaling is discussed in further detail in paragraph 4 below and in Appendix A of this Target Company Statement.

2. How do I accept or reject the Offer?

2.1 If you wish to accept the Offer, use the appropriate acceptance form that accompanied Global Valar's Offer Document, and carefully follow the instructions on that form. If you accept the Offer, your acceptance is irrevocable. This means that you cannot withdraw your acceptance or change your mind (for example, if you wished to consider other options for your Restaurant Brands Shares) once you have accepted the Offer.

2.2 If you wish to reject (i.e. not accept) the Offer, you do not need to take any action.

3. What are the key dates?

What is the time frame for accepting the Offer?

3.1 You have until the end of the Offer period to decide whether or not to accept the Offer.

3.2 At the date of this Target Company Statement, the Offer period will end on 11:59pm on 12 March 2019, being 60 working days after the date of the Offer.

3.3 If Global Valar satisfies the minimum acceptance condition in the period that begins 5 working days prior to the closing date of the Offer, the Offer period is automatically extended for 10 working days from the date on which the condition is satisfied. This provides Shareholders who have not accepted the Offer further time to consider doing so.

When is my shareholding assessed for the purposes of scaling?

3.4 Your shareholding is assessed for the purposes of scaling on the closing date of the Offer (and not, for example, on the date of the Offer or the date of your acceptance). Therefore, accepting the Offer early will not affect the scaling of your acceptance.

When will I be paid if I accept the Offer?

3.5 If you accept the Offer, Global Valar will not pay you for any Restaurant Brands Shares to be acquired from you under the Offer until the Offer has closed. As noted above, the closing date is 12 March 2019, being 60 working days after the date of the Offer.

3.6 You should also be aware that the Offer may remain conditional for up to 20 working days after the Offer has closed, to provide Global Valar with time to satisfy outstanding conditions (such as Overseas Investment Office consent).

3.7 Global Valar will not pay you for any Restaurant Brands Shares to be acquired from you under the Offer until after the Offer becomes unconditional.

3.8 Accordingly, accepting the Offer early during the Offer period will not result in early payment to you.

4. Will my acceptance of the Offer be scaled?

Can I sell all of my Shares to Global Valar under the Offer?

4.1 The Offer is a partial takeover offer. Global Valar is offering to purchase only up to 75% of the Shares in Restaurant Brands. Global Valar will only acquire and pay for Shares under the Offer if Global Valar declares the Offer unconditional.

4.2 You may accept the Offer for any number of your Restaurant Brands Shares, but you are only certain of being able to sell up to 75% of your shareholding. There is no guarantee that you can sell more than 75% of your Restaurant Brands Shares under the Offer. If you accept the Offer for more than 75% of your shareholding, your acceptance may be subject to scaling in accordance with the Takeovers Code.

4.3 If Global Valar receives acceptances for between 50.01% and 75% of the Restaurant Brands Shares and declares the Offer unconditional, Global Valar will acquire all the Restaurant Brands Shares you accept into the Offer. Your Restaurant Brands Shares will not be subject to scaling.

How does scaling work?

4.4 If Global Valar receives acceptances for more than 75% of the Restaurant Brands Shares and you accept the Offer for more than 75% of your Restaurant Brands Shares, your Restaurant Brands Shares will be subject to scaling.

4.5 Scaling involves two steps. First, Global Valar will take up the lesser of:

(a) 75% of all the Restaurant Brands Shares held by each accepting Shareholder; and

(b) the full number of Restaurant Brands Shares for which a Shareholder accepted the Offer, where that number is equal to or less than 75% of the Shareholder's total shareholding.

4.6 Second, if necessary to achieve the total 75% shareholding in Restaurant Brands that Global Valar wishes to acquire, Global Valar will acquire further Restaurant Brands Shares from those Shareholders who accept the Offer for more than 75% of their shareholdings, calculated on a proportional basis to the total excess acceptances.

4.7 A worked example of the scaling mechanism is set out in Appendix A to this Target Company Statement.

If I accept the Offer for no more than 75% of my Shares, will I be subject to scaling?

4.8 No. You can accept the Offer for up to 75% of your Restaurant Brands Shares without being subject to scaling. For example, if you hold 1,000 Shares, you may accept the Offer for 750 Shares or fewer Shares without your acceptances being scaled down.

If I accept the Offer for more than 75% of my Shares, how many Shares will Global Valar purchase from me?

4.9 If you accept the Offer for more than 75% of your Restaurant Brands Shares, at completion of the Offer, Global Valar must purchase at least 75% of your Shares. Whether, and the extent to which, Global Valar purchases further Restaurant Brands Shares from you will depend on the total number of acceptances to the Offer that Global Valar receives (see the answer to the question "*How does scaling work?*" above).

If you accept the Offer for all of your Restaurant Brands Shares and the Offer is subject to scaling you will not be able to sell all of your Restaurant Brands Shares under the Offer.

5. What are the potential outcomes of the Offer?

5.1 There are three potential outcomes of the Offer:[12]

(a) Global Valar receives acceptances to the Offer for less than 50.01% of the Restaurant Brands Shares or does not otherwise declare the Offer unconditional; or

(b) Global Valar receives acceptances to the Offer for between 50.01% and 75% of the Restaurant Brands Shares and declares the Offer unconditional; or

(c) Global Valar receives acceptances to the Offer for more than 75% of the Restaurant Brands Shares and declares the Offer unconditional.

5.2 These outcomes are discussed below.

What happens if Global Valar does not receive acceptances for more than 50.01% of Restaurant Brands Shares or does not otherwise declare the Offer unconditional?

5.3 If Global Valar does not receive acceptances to the Offer for 50.01% or more of the Restaurant Brands Shares or if the Offer is not otherwise declared unconditional, the Offer will lapse. No Restaurant Brands Shares will be acquired from you (or any other Shareholder) under the Offer and you will not be paid for any Restaurant Brands Shares for which you accept the Offer.

What happens if Global Valar receives acceptances for between 50.01% and 75% of Restaurant Brands Shares?

5.4 The Offer is conditional on Global Valar receiving acceptances for at least 75% of the Restaurant Brands Shares. Global Valar is able to waive this condition and, if it does so, the Offer will be conditional on Global Valar receiving acceptances for at least 50.01% of the Restaurant Brands Shares.

5.5 If Global Valar receives acceptances to the Offer for between 50.01% and 75% of the Restaurant Brands Shares and declares the Offer unconditional:

[12] If Global Valar waives the 75% minimum acceptance condition, the Offer is conditional on Global Valar receiving acceptances for more than 50% of Restaurant Brands' Shares. However, for the sake of simplicity, this has been reflected in this Target Company Statement as 50.01% of the Restaurant Brands Shares.

(a) Global Valar will acquire all of the Restaurant Brands Shares that have been accepted into the Offer. Accepting Shareholders will not be subject to scaling or pro-rata adjustment of their acceptances. The final percentage shareholding in Restaurant Brands owned by Global Valar will be between 50.01% and 75% – determined by the level of acceptances to the Offer by Shareholders.

(b) Restaurant Brands will remain listed on the NZX and ASX and the Restaurant Brands Shares will continue to be quoted on, and tradeable on, the NZX and ASX. See paragraphs 6 and 8.3 to 8.6 of Section 3 for more information.

(c) At a shareholding of between 50.01% and 75%, Global Valar will have effective, but not absolute control of Restaurant Brands:

   (i) Global Valar will be able to pass an ordinary resolution (a resolution requiring a bare majority of the votes cast) by itself. This will allow Global Valar to control the composition of the Board of Restaurant Brands. Control of the Board will allow Global Valar to, amongst other things, determine Restaurant Brands' business strategy, change the company's dividend policy and approve certain changes to the company's capital structure. For further information see paragraphs 3 and 4 of Section 3.

   (ii) Global Valar will also have significant influence over special resolutions (a resolution requiring a 75% majority of the votes cast) and, depending on the degree to which other Shareholders vote on the resolution, may be able to determine the outcome of special resolutions. Special resolutions are required for major transactions, changes to the constitution and certain other matters. For further information about major transactions see paragraph 10 of Section 3.

(d) The price of Restaurant Brands Shares on the NZX and ASX may fall below the price that prevailed before Restaurant Brands announced that Finaccess Capital was considering making a partial takeover for Restaurant Brands. For further information see Part B of Section 3.

What happens if Global Valar receives acceptances for more than 75% of Restaurant Brands Shares?

5.6 If Global Valar receives acceptances for more than 75% of the Restaurant Brands Shares and declares the Offer unconditional, Global Valar will become the holder of 75% of the Restaurant Brands Shares:

   (a) Shareholders who have accepted the Offer for more than 75% of their Restaurant Brands Shares will have their acceptances scaled in accordance with the Takeovers Code and Global Valar will acquire from accepting Shareholders the number of Restaurant Brands Shares determined under the scaling process.

   (b) Restaurant Brands will remain listed on the NZX and ASX and the Restaurant Brands Shares will continue to be quoted on, and tradeable on, the NZX and ASX. See paragraphs 6 and 8.3 to 8.6 of Section 3 for more information.

   (c) In addition to being able to control the composition of the Board of Restaurant Brands as described in paragraph 5.5(c)(i) above, Global Valar will also be able to pass special resolutions by itself.

   (d) The price of Restaurant Brands Shares on the NZX and ASX may fall below the price that prevailed before Restaurant Brands announced that Finaccess Capital was considering making a partial takeover for Restaurant Brands. For further information see Part B of Section 3.

Section 5: Takeovers Code Disclosures

This Section 5 sets out the information required by Schedule 2 of the Takeovers Code in relation to the Offer. Where any information required by Schedule 2 to the Takeovers Code is not applicable, no statement is made regarding that information.

1. Date

1.1 This Target Company Statement is dated 10 December 2018.

2. Offer

2.1 This Target Company Statement relates to a partial takeover offer by Global Valar S.L. to purchase 75% of the fully paid ordinary shares in Restaurant Brands, for a cash purchase price of NZ$9.45 per Restaurant Brands Share.

2.2 The Offer is due to close at 11:59pm on 12 March 2019.

2.3 The full terms of the Offer are set out in Global Valar's Offer Document dated 10 December 2018, which accompanies this Target Company Statement.

3. Target company

3.1 The name of the target company is Restaurant Brands New Zealand Limited.

3.2 The postal address of Restaurant Brands is:

PO Box 22-749
Otahuhu
Auckland
New Zealand

3.3 Restaurant Brands' website is at: http://www.restaurantbrands.co.nz.

3.4 The contact email address of Restaurant Brands is investor@rbd.co.nz.

4. Directors of Restaurant Brands

4.1 The names of the Directors of Restaurant Brands are:

(a) Eduard Koert (Ted) van Arkel (Chairman)

(b) Stephen Copulos

(c) David Ernest Beguely

(d) Hamish William Stevens

(e) Victoria Ann Taylor

4.2 The Board has determined that Ted van Arkel, David Beguely, Hamish Stevens and Victoria Taylor are Independent Directors for the purposes of the NZX Listing Rules. Stephen Copulos is a non-executive Director.

5. Ownership of equity securities of Restaurant Brands

Ownership interests of Directors and Senior Managers of Restaurant Brands

Restaurant Brands Shares

5.1 The only class of equity securities on issue in Restaurant Brands is Restaurant Brands Shares. The number and the percentage of Restaurant Brands Shares held or controlled by each Director or Senior Manager of Restaurant Brands, or their associates, is set out in the following table. For the purposes of this Target Company Statement, the Directors have determined that the Senior Managers of Restaurant Brands are Russel Creedy (Chief Executive Officer) and Grant Ellis (Chief Financial Officer).

Name of Director or Senior Manager	Description	Number of Restaurant Brands Shares held or controlled	Percentage of total Restaurant Brands Shares
Ted van Arkel	Director	160,609	0.13%
Stephen Copulos[13]	Director	10,630,819	8.52%
David Beguely[14]	Director	50,000	0.04%
Russel Creedy[15]	Senior Manager (Chief Executive Officer)	571,601	0.46%
Grant Ellis[16]	Senior Manager (Chief Financial Officer)	203,211	0.16%

No other ownership of equity securities

5.2 Except as set out above, no other Director or Senior Manager, or their associates, holds or controls any equity securities of Restaurant Brands.

Ownership interests of substantial product holders of Restaurant Brands

5.3 The table below sets out the number and the percentage of Restaurant Brands Shares held or controlled by any other person holding or controlling 5% or more of the Restaurant Brands Shares, to the knowledge of Restaurant Brands. The information in this table relating to New Zealand Central Securities Depository Limited is based on information as at 23 November 2018 which was provided by New Zealand Central Securities Depository Limited on 26 November 2018.

Name of substantial product holders	Number of Restaurant Brands Shares held or controlled	Percentage of total Restaurant Brands Shares
New Zealand Central Securities Depository Limited[17]	70,078,074	56.17%
Stephen Copulos[18]	10,630,819	8.52%

5.4 Except as set out in the table above, to Restaurant Brands' knowledge no other person holds or controls more than 5% of a class of equity securities of Restaurant Brands.

Issues of equity securities

5.5 Except as set out in paragraphs 5.6 to 5.8, Restaurant Brands has not, in the two year period ending on the date of this Target Company Statement, issued any equity securities to Directors or Senior Managers or their associates.

[13] Stephen Copulos controls his Restaurant Brands Shares through: (a) HSBC Custody Nominees Australia Limited as custodian for Eyeon No 2 Pty Ltd (as to 1,585,482 shares); (b) HSBC Custody Nominees Australia Limited as custodian for PC Nab Pty Ltd (as to 2,117,853 shares); (c) Citibank N.A., New Zealand Branch as custodian for Eyeon QSR Pty Ltd (as to 5,198,817 shares); (d) Citibank N.A., New Zealand Branch as custodian for Copulos Superannuation Pty Ltd (as to 862,937 shares); (e) Citibank N.A., New Zealand Branch as custodian for Eyeon Investments Pty Ltd (as to 662,686 shares); and (f) Citibank N.A., New Zealand Branch as custodian for Copulos Foundation Pty Ltd (as to 203,044 shares).

[14] David Beguely controls his Restaurant Brands Shares through Tiakarete Pty Ltd as trustee of the Tiakarete Superannuation Fund, of which he is the beneficial owner.

[15] Russel Creedy is the registered holder and beneficial owner of 571,601 Restaurant Brands Shares. Russel Creedy's spouse, Linda Creedy, is the registered holder and beneficial owner of 20,399 Restaurant Brands Shares. Linda Creedy may be an associate of Russel Creedy for the purposes of the Takeovers Code.

[16] Grant Ellis is the registered holder and beneficial owner of 194,529 Restaurant Brands Shares. Along with Ian Lewington and Lynley Lewington, he is also an owner as trustee of 8,682 Restaurant Brands Shares held by JBWere (NZ) Nominees Limited as custodian for the Lewington Business Trust. Grant Ellis has no beneficial interest in the Restaurant Brands Shares held by JBWere (NZ) Nominees Limited as custodian for the Lewington Business Trust.

[17] New Zealand Central Securities Depository Limited holds Restaurant Brands Shares as a custodian and bare trustee. It is not the beneficial owner of Restaurant Brands Shares.

[18] See footnote 13.

Performance rights

5.6 In August 2017, Restaurant Brands issued to Russel Creedy 252,000 performance rights and to Grant Ellis 126,000 performance rights. Each performance right entitled the holder to one Restaurant Brands Share if the closing price for Restaurant Brands Shares was or exceeded NZ$10.00 for 40 consecutive trading days within a prescribed period (if certain other conditions were satisfied) or, in the event of a takeover, at the discretion of the Board.

5.7 All performance rights vested on 4 December 2018. On that date, as recorded in the table under paragraph 5.8, Restaurant Brands issued to Russel Creedy 252,000 Restaurant Brands Shares and to Grant Ellis 126,000 Resturant Brands Shares.

Restaurant Brands Shares

5.8 The following Shares of Restaurant Brands have, during the two year period ending on the date of this Target Company Statement, been issued to Directors or Senior Managers or their associates.

Name	Position	Number of Restaurant Brands Shares issued	Reason for issue	Consideration per share	Date of transaction
Grant Ellis	Senior Manager (Chief Financial Officer)	196	Issue of Shares on reinvestment of dividends under Restaurant Brands' Dividend Reinvestment Plan	NZ$7.79[19]	22 June 2018
Russel Creedy	Senior Manager (Chief Executive Officer)	252,000	Issue of Shares under Restaurant Brands' Performance Rights Plan	Nil	4 December 2018
Grant Ellis	Senior Manager (Chief Financial Officer)	126,000	Issue of Shares under Restaurant Brands' Performance Rights Plan	Nil	4 December 2018

6. Trading in Restaurant Brands

6.1 Except for the Share issues disclosed in paragraph 5.8, no Director or Senior Manager (including their associates) has acquired or disposed of any equity securities of Restaurant Brands during the six month period before ASX market close on 28 November 2018 (being the latest practicable date before the date of this Target Company Statement).

6.2 No Restaurant Brands Shares were acquired or disposed of during the six month period before ASX market close on 28 November 2018 (being the latest practicable date before the date of this Target Company Statement) by any person holding or controlling 5% or more of Restaurant Brands Shares as at the date of this Target Company Statement (excluding share acquisitions and disposals by New Zealand Central Securities Depository Limited, which holds Shares as a custodian and bare trustee).

7. Acceptance of Offer

7.1 The table below sets out, as at the date of this Target Company Statement, the name of every Director, Senior Manager and associate of a Director or Senior Manager who has advised Restaurant Brands that he or she intends to accept the Offer, and the number of Restaurant Brands Shares in respect of which the person intends to accept the Offer.

Name	Description	Number of Restaurant Brands Shares in respect of which the person intends to accept the Offer
Ted van Arkel	Director	160,609
Stephen Copulos	Director	10,630,819[20]
David Beguely	Director	50,000[21]

[19] See footnote 16. These Shares were acquired for the Lewington Business Trust. Grant Ellis has no beneficial interest in the Restaurant Brands Shares held by JBWere (NZ) Nominees Limited as custodian for the Lewington Business Trust.

[20] See footnote 13.

[21] See footnote 14.

7.2 Ted van Arkel and David Beguely intend to accept the Offer absent a Superior Proposal which is not matched by Global Valar.

7.3 Global Valar, Finaccess Capital, the Copulos Interests and Stephen Copulos (who is a Director of Restaurant Brands) have entered into a lock-in deed dated 25 November 2018 under which the Copulos Interests agreed to accept the Offer ("**Lock-in Deed**"). The Lock-in Deed is summarised in paragraphs 11.2 and 11.3. A full copy of the Lock-in Deed was attached to the substantial product holder notice filed by Global Valar with NZX on 26 November 2018.

8. Ownership of equity securities of Global Valar

8.1 Neither Restaurant Brands, nor any Director, Senior Manager or any of their associates, holds or controls any equity securities of Global Valar or any related company of Global Valar.

9. Trading in equity securities of Global Valar

9.1 Neither Restaurant Brands, nor any Director, Senior Manager or any of their associates, has acquired or disposed of any equity securities of Global Valar or any related company of Global Valar during the six month period before ASX market close on 28 November 2018, being the latest practicable date before the date of this Target Company Statement.

10. Arrangements between Global Valar and Restaurant Brands

10.1 Except as set out below in this paragraph 10, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Global Valar or any associates of Global Valar and Restaurant Brands or any related company of Restaurant Brands in connection with, in anticipation of, or in response to, the Offer.

Confidentiality Agreement

10.2 On 16 July 2018, Finaccess Capital and Restaurant Brands entered into a confidentiality agreement under which Finaccess Capital agreed to keep confidential information provided by Restaurant Brands in connection with its evaluation of a potential transaction involving the acquisition of shares.

Pre-Bid Agreement

10.3 Finaccess Capital, Global Valar and Restaurant Brands have entered a pre-bid agreement dated 25 November 2018 relating to the Offer (the "**Pre-Bid Agreement**"). The material terms of the Pre-Bid Agreement are as follows:

(a) Global Valar was required to:

  (i) send the Takeover Notice to Restaurant Brands not later than 8.00 am one business day after the date of the Pre-Bid Agreement; and

  (ii) make the Offer as soon as reasonably practicable and, in any event, not later than 20 business days after sending the Takeover Notice.

(b) Restaurant Brands was required to:

  (i) make an agreed public statement on signing of the Pre-Bid Agreement;

  (ii) prepare this Target Company Statement within an agreed timeframe; and

  (iii) procure that the Board unanimously recommended that Shareholders accept the Offer (subject to the consideration under the Offer being within or above the Independent Adviser's valuation range for the Shares and there being no unmatched Superior Proposal).

(c) Restaurant Brands must procure that each Director of Restaurant Brands (other than Stephen Copulos) accepts the Offer in respect of any Shares which he/she owns or controls, except where there is an unmatched Superior Proposal.

(d) Restaurant Brands must not:

  (i) solicit, or engage in talks in relation to, a competing transaction to acquire control, or a material part of the business, of Restaurant Brands; or

  (ii) make available non-public information about the business of Restaurant Brands to any third party in relation to such a competing transaction,

  except in relation to an unsolicited competing transaction where the Board determines that a failure to engage in such talks or provide non-public information would be likely to constitute a breach of the fiduciary or statutory duties owed by the Directors of Restaurant Brands. This obligation applies from the date of the Pre-Bid Agreement until the agreement is terminated or Global Valar fails to match a Superior Proposal.

(e) If a matter or circumstance arises which will, or is likely to, result in a breach or non-satisfaction of certain conditions in clause 5.4 of the terms of the Offer, Global Valar must not invoke its right to terminate the Pre-Bid Agreement for such breach or non-satisfaction of those conditions unless they remain breached or unsatisfied for a period of two business days after Global Valar's notice of breach.

(f) In relation to the condition in clause 5.2 of the terms of the Offer (Overseas Investment Office consent):

(i) Global Valar and Restaurant Brands will co-operate with one another in relation to obtaining the consent under the Overseas Investment Act 2005; and

(ii) Global Valar will not withhold its approval to the terms of any consent or conditions of consent granted by the Overseas Investment Office ("**OIO**") if the terms and conditions imposed are the standard terms or conditions of consent available on the OIO website as at the date of the Pre-Bid Agreement.

(g) Restaurant Brands must notify Global Valar if Restaurant Brands receives a competing transaction (including any inquiries to initiate negotiations or requests for non-public information that could lead to a competing transaction).

(h) Restaurant Brands must provide Global Valar with the opportunity to match any Superior Proposal, which will be duly considered by the Board of Restaurant Brands.

(i) Restaurant Brands must pay Global Valar a reimbursement sum of NZ$7,000,000 (plus GST, if any) where:

(i) Restaurant Brands fails to issue the public statement referred to in paragraph (b)(i) above;

(ii) any Director of Restaurant Brands fails to recommend the Offer, makes other adverse comments in relation to the Offer or (other than Stephen Copulos) fails to accept this Offer, other than as a result of:

(A) the Independent Adviser concluding that the consideration under this Offer does not fall within or above its valuation range for the Shares;

(B) a failure of any of the conditions set out in clauses 5.2 (Overseas Investment Office consent), 5.3 (Yum! consent) or 5.4(q) (No restraining orders) of the terms of the Offer Terms; or

(C) Global Valar breaching the Pre-Bid Agreement;

(iii) a competing transaction is announced prior to the closing of the Offer and is successfully implemented within 12 months of that announcement;

(iv) Restaurant Brands, with the intention of frustrating this Offer, solicits or encourages a person to acquire 10% or more of the Shares and that person does not accept the Offer;

(v) the Pre-Bid Agreement is terminated after Global Valar fails to match a Superior Proposal; or

(vi) any of the Copulos Interests fail to accept the Offer in accordance with the Lock-in Deed.

(j) Restaurant Brands is not required to pay a reimbursement sum to Global Valar if the Offer becomes unconditional.

(k) Global Valar was required to pay Restaurant Brands a reimbursement sum of NZ$7,000,000 (plus GST, if any) if it failed to give the Takeover Notice or make the Offer in accordance with the Pre-Bid Agreement.

(l) Global Valar must pay to Restaurant Brands a reimbursement sum of NZ$7,000,000 (plus GST, if any) if it fails to meet its payment obligations to Shareholders under the Offer.

(m) Global Valar will not delist Restaurant Brands from the NZX or ASX within 12 months after completion of this Offer, except where Global Valar becomes entitled to compulsorily acquire the remaining Restaurant Brands Shares under Part 7 of the Takeovers Code as a result of a takeover offer which complies with the requirements summarised in paragraph (n).

(n) If Global Valar makes a further takeover offer for Restaurant Brands within 12 months after completion of this Offer ("**Follow-On Offer**"), the offer price of the Follow-On Offer must be at least NZ$9.45 per Share, subject to an adjustment on a pro-rata basis to reflect any decline or increase (if any) in the S&P/NZX 50 index between the date of completion of this Offer and the date that Global Valar gives the notice of intention for the Follow-On Offer.

(o) Restaurant Brands has agreed to waive all of its rights, and not make any claim against, any director, shareholder, officer, employee or representative of Finaccess Capital and each of its related companies, in connection with any breach of any representations, covenants, and warranties of Finaccess Capital (and any member of the Finaccess group) in the Pre-Bid Agreement, or any other act or omission in connection with the Pre-Bid Agreement or the Offer, except in the case of wilful misconduct or fraud.

(p) Finaccess Capital guarantees the obligations of Global Valar under the Pre-Bid Agreement.

Disclosure Letter

10.4 Restaurant Brands and Global Valar have signed a disclosure letter dated 25 November 2018 relating to the ability of Restaurant Brands to make fair disclosures to Global Valar in relation to certain conditions set out in clause 5.4 of the terms of the Offer and for the purposes of relevant corresponding provisions of the Pre-Bid Agreement.

Yum! Consent Letter

10.5 Kentucky Fried Chicken International Holdings LLC, Pizza Hut International LLC and Taco Bell Corp., Finaccess Capital and Restaurant Brands have entered into a letter agreement dated 19 November 2018 under which the Yum! Franchisors gave conditional consent to the acquisition by Global Valar of up to 75% of the Restaurant Brands Shares under the Offer (the "**Yum! Consent Letter**").

10.6 The consent of the Yum! Franchisors in the Yum! Consent Letter is conditional on:

(a) the satisfaction of the Yum! Franchisors' franchisee due diligence requirements in respect of Global Valar and Finaccess Capital; and

(b) Finaccess Capital and Restaurant Brands entering into formal agreements relating to the ownership of Restaurant Brands, and the operation and development of Restaurant Brands' KFC, Pizza Hut and Taco Bell businesses after completion of this Offer.

10.7 The key requirements for the formal agreements contemplated by the Yum! Consent Letter are summarised in paragraphs 3.13 to 3.16 and 7.2 to 7.4 of Section 3 of this Target Company Statement.

11. Relationship between Global Valar and Directors and Senior Managers of Restaurant Brands

11.1 Except as set out in this paragraph 11, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Global Valar and any associates of Global Valar, and any Director or Senior Manager of Restaurant Brands or any related company of Restaurant Brands in connection with, in anticipation of, or in response to, the Offer.

Lock-in Deed

11.2 Under the Lock-in Deed each of the Copulos Interests has irrevocably agreed to accept, and Stephen Copulos has irrevocably agreed to procure that each of the Copulos Interests accept, the Offer in respect of:

(a) the Shares held (directly or indirectly) by each of the Copulos Interests as at the date of the Lock-in Deed (being, in aggregate, 10,630,819 Shares, which represent 8.52% of the Shares on issue); and

(b) any other Shares acquired by Stephen Copulos and/or any of the Copulos Interests on or after the date of the Lock-in Deed,

(together, the "**Copulos Shares**").

11.3 The material terms of the Lock-in Deed are as follows:

(a) Subject to the Offer being made by Global Valar on the terms attached to the Lock-in Deed, the Copulos Interests must accept the Offer in respect of all of the Copulos Shares.

(b) The Copulos Interests must accept the Offer by the later of the date which is two working days after date of despatch of the Offer and the date on which the Offer is received by the Copulos Interests. The Copulos Interests may delay their acceptance of the Offer for up to seven working days if Restaurant Brands announces that it has received a Superior Proposal and has provided Global Valar with an opportunity to match it.

(c) Acceptance of the Offer by the Copulos Interests is subject to the condition that the Directors of Restaurant Brands do not withdraw or qualify their recommendation that all Restaurant Brands Shareholders accept the Offer or the Directors of Restaurant Brands otherwise indicate that Restaurant Brands Shareholders should not accept the Offer.

(d) None of Stephen Copulos or the Copulos Interests will dispose of, encumber or deal in any way with any of the Copulos Shares (or any interest in them), except to accept this Offer.

(e) None of Stephen Copulos or the Copulos Interests will:

(i) enter into any discussions or negotiations relating to the possible disposal of the Copulos Shares or provide any information of any nature to a third party for the purposes of encouraging or facilitating a competing transaction;

(ii) make any public statement indicating a lack of support for, or endorsement of, the Offer or supporting, recommending or endorsing a different transaction to the Offer; or

(iii) directly or indirectly, engage in, initiate, solicit, continue or encourage any proposals or approaches or offers from, or discussions or negotiations with, any person in relation to a competing transaction.

(f) The restrictions summarised in paragraph (e) do not prevent Stephen Copulos from taking certain actions in his capacity as a Director of Restaurant Brands, provided that such actions do not breach the Pre-Bid Agreement.

(g) The Lock-in Deed may be terminated by the Copulos Interests if the Directors of Restaurant Brands withdraw or qualify their recommendation that all Restaurant Brands Shareholders accept the Offer or the Directors of Restaurant Brands otherwise indicate that Restaurant Brands Shareholders should not accept the Offer.

(h) The Lock-in Deed will automatically terminate if:

(i) the Offer lapses; or

(ii) the Offer is withdrawn in accordance with the Takeovers Code.

(i) Each of the Copulos Interests may exercise and/or control the exercise of all voting rights (as defined in the Takeovers Code) attached to their respective Copulos Shares in whatever manner it sees fit until such time as the Offer is declared unconditional.

Pre-Bid Agreement

11.4 Under the Pre-Bid Agreement, Global Valar and Finaccess Capital have agreed:

(a) to ensure that, for seven years after the closing date of the Offer, the constitutions of Restaurant Brands and its subsidiaries provide for each company to indemnify each of its current and former directors and officers for liability incurred by that person in his or her capacity as a director or officer of the company;

(b) that, prior to the closing date of the Offer, Restaurant Brands was, with Finaccess Capital's prior consent (not to be unreasonably withheld), permitted to enter into arrangements to secure directors' and officers' run-off insurance for a period of up to seven years from the closing date and pay all premiums required;

(c) each of Finaccess Capital and Global Valar has agreed to waive all of its rights, and not make any claim against, the Directors and employees (which would include the Senior Managers) of Restaurant Brands, or any related company of Restaurant Brands in connection with any breach of the Pre-Bid Agreement or any other act or omission in connection with the Pre-Bid Agreement or the Offer, except in the case of wilful misconduct or fraud.

11.5 The Directors and Senior Managers of Restaurant Brands are not parties to the Pre-Bid Agreement. However, they are able to personally enforce the provisions summarised in paragraph 11.4 under the Contract and Commercial Law Act 2017.

Yum! Consent Letter

11.6 The Yum! Consent Letter contemplates that Global Valar will use commercially reasonable endeavours to ensure that Russel Creedy is retained as Chief Executive Officer of the Restaurant Brands group for at least three years following completion of the Offer.

12. Agreement between Restaurant Brands and its Directors and Senior Managers

12.1 Except as set out in this paragraph 12, no agreement or arrangement (whether legally enforceable or not) has been made, or is proposed to be made, between Restaurant Brands or any related company of Restaurant Brands and any Directors, Senior Managers, or their associates, of Restaurant Brands or its related companies, under which a payment or other benefit may be made or given by way of compensation for loss of office, or as to their remaining in or retiring from office in connection with, in anticipation of, or in response to, the Offer.

Performance rights vesting letters

12.2 On 25 November 2018, Restaurant Brands entered into letter agreements with each of Russel Creedy (Restaurant Brands' Chief Executive Officer) and Grant Ellis (Restaurant Brands' Chief Financial Officer) under which Restaurant Brands agreed that performance rights previously issued to each executive would vest, and Restaurant Brands would issue Shares to each executive, if Global Valar gave the Takeover Notice and if the relevant executive remained employed by Restaurant Brands on the record date for the Offer.

12.3 Further background to, and terms of, the letter agreements are summarised in paragraphs 23.5 to 23.9.

Run-off insurance

12.4 On 25 November 2018, the Board of Restaurant Brands approved run-off insurance cover, for a period of seven years, for Directors and Senior Managers.

Directors' fees

12.5 It is intended that an aggregate sum of NZ$20,000 will be allocated from the existing total pool of directors' fees (currently NZ$475,000 per annum – as approved by shareholders at the most recent Annual Shareholders' Meeting) to pay each Independent Director an ad hoc fee to reflect the significant increase in Independent Director workload in connection with the Offer.

13. Interests of Directors and Senior Managers of Restaurant Brands in contracts of Global Valar or its related companies

13.1 Except as set out in paragraph 11 above, no Director or Senior Manager, or their associates, has an interest in any contract to which Global Valar, or any related company of Global Valar, is a party. Except as set out in paragraph 13A.2, Restaurant Brands is unable to quantify the monetary value of the interests described in paragraph 11.

13A. Interests of Restaurant Brands' substantial security holders in material contracts of Global Valar or its related companies

13A.1 Other than the Lock-in Deed described in paragraph 11 above, no person who, to the knowledge of the Directors or the Senior Managers holds or controls 5% or more of any class of equity securities of Restaurant Brands, has an interest in any material contract to which Global Valar, or any related company of Global Valar, is a party.

13A.2 If the Copulos Interests accept the Offer for all of their Restaurant Brands Shares, as required to do so by the Lock-in Deed, and sell 75% of the Shares held by the Copulos Interests at NZ$9.45 per Share under the Offer, the Copulos Interests will receive, in aggregate, NZ$75,345,929.

13A.3 Restaurant Brands is unable to quantify the monetary value of the other aspects of the Lock-in Deed.

14. Additional information

14.1 In the opinion of Restaurant Brands' Directors and to the best of their knowledge, no additional information is required to make that information in the Offer Document correct or not misleading.

15. Recommendation

15.1 Your Directors **unanimously** recommend that Shareholders **ACCEPT the Offer for all of their Shares** in the absence of a Superior Proposal which Global Valar does not match. Accepting the Offer for all of your Shares maximises your opportunity to sell Shares under the Offer.

15.2 The details of the Directors' recommendation, and reasons for it, are set out in the Chairman's Letter and Sections 1 and 2 of this Target Company Statement. Further factors which influenced the Directors' recommendation are set out in Sections 3 and 4, and in the Independent Adviser's Report. You are encouraged to read each of those Sections and the Independent Adviser's Report carefully and in full.

15.3 Before deciding whether to accept the Offer, you should also consider your own individual circumstances, views on value and the merits of the Offer and investment time horizons.

15.4 If you have any questions, you are encouraged to seek your own independent financial, taxation or legal advice.

15.5 Your Directors' interests in Restaurant Brands Shares are disclosed in paragraph 5 above.

16. Actions of Restaurant Brands

16.1 Except for the arrangements summarised in paragraph 10 above, there are no material agreements or arrangements (whether legally enforceable or not) of Restaurant Brands or any related company of Restaurant Brands entered into as a consequence of, in response to, or in connection with, the Offer.

16.2 There are no negotiations underway as a consequence of, in response to, or in connection with, the Offer that relate to, or could result in:

(a) an extraordinary transaction, such as a merger, amalgamation or reorganisation, involving Restaurant Brands or any of its related companies;

(b) the acquisition or disposition of material assets by Restaurant Brands or any of its related companies;

(c) an acquisition of equity securities by, or of, Restaurant Brands or any of its related companies; or

(d) any material change in the issued equity securities of Restaurant Brands, or the policy of the Restaurant Brands Board relating to distributions of Restaurant Brands. For discussion of Restaurant Brands' dividend policy after completion of the Offer, see paragraph 4 of Section 3 of this Target Company Statement.

17. Equity securities of Restaurant Brands

17.1 As at the date of this Target Company Statement, Restaurant Brands has 124,758,523 Restaurant Brands Shares on issue. All Restaurant Brands Shares are fully paid.

17.2 Restaurant Brands has no options, or rights to acquire equity securities, on issue.

17.3 Subject to certain conditions in the constitution of Restaurant Brands and the NZX Listing Rules and the ASX Listing Rules, each Restaurant Brands Share confers upon the holder the right to:

(a) an equal share in dividends authorised by the Restaurant Brands Board;

(b) an equal share in the distribution of surplus assets on liquidation of Restaurant Brands;

(c) participate in certain further issues of equity securities by Restaurant Brands; and

(d) cast one vote on a show of hands or the right to cast one vote per share on a poll, at a meeting of Shareholders on any resolution, including a resolution to:

(i) appoint or remove a director or auditor;

(ii) alter Restaurant Brands' constitution;

(iii) approve a major transaction;

(iv) approve an amalgamation involving Restaurant Brands; and

(v) put Restaurant Brands into liquidation.

18. Financial information

18.1 Every person to whom the Offer is made is entitled to obtain from Restaurant Brands a non-electronic copy of Restaurant Brands' most recent annual report (being the annual report for the 52-week period ended 26 February 2018) and half-year report (being the half-year report for the 28-week period ended 10 September 2018) by making a written request to:

Restaurant Brands New Zealand Limited
PO Box 22-749
Otahuhu
Auckland
New Zealand

18.2 An electronic copy of the annual report and half-year report is also available on Restaurant Brands' website at http://www.restaurantbrands.co.nz/.

Forfeiture of Australian tax losses

18.3 If the Offer is successful, all of the Restaurant Brands group's Australian carried forward revenue losses will be forfeited and it is likely that all of, or the majority of, the Restaurant Brands group's Australian carried forward capital losses will be forfeited. This will mean those losses will not be available to set-off against future income or capital gains.

18.4 Australian carried forward capital losses can only be set-off against future capital gains. Australian carried forward revenue losses and the majority of the Australian carried forward capital losses are ring-fenced to one Australian group company and there is currently limited ability to utilise those losses.

No other information

18.5 Other than as set out in this Target Company Statement and the Independent Adviser's Report:

(a) there have been no known material changes in the financial or trading position, or prospects, of Restaurant Brands since the 2018 annual report; and

(b) there is no other information about the assets, liabilities, profitability and financial affairs of Restaurant Brands that could reasonably be expected to be material to the making of a decision by Shareholders to accept or reject the Offer.

19. Independent advice on merits of the Offer

19.1 Grant Samuel & Associates Limited is the Independent Adviser who has provided a report under rule 21 of the Takeover Code ("**Independent Adviser's Report**") in relation to the merits of the Offer. A copy of the full Independent Adviser's Report is set out in Appendix B to this Target Company Statement.

20. Asset valuations

20.1 No information provided in this Target Company Statement refers to a valuation of any asset of Restaurant Brands.

21. Prospective financial information

21.1 The Independent Adviser's Report contains prospective financial information in relation to Restaurant Brands. The principal assumptions on which the prospective financial information is based are set out in the Independent Adviser's Report.

21.2 In considering the prospective financial information contained in the Independent Adviser's Report, you should note that the information was prepared for internal management purposes only. It was not prepared for, or with the intention of giving, public guidance as to Restaurant Brands' future financial performance. Accordingly, the basis of preparation of the prospective financial information, while appropriate for internal management purposes, may differ from the basis which would be adopted when prepared for external reporting purposes.

21.3 Other than the prospective financial information referred to above, this Target Company Statement does not refer to any other prospective financial information about Restaurant Brands.

22. Sales of unquoted equity securities under the Offer

22.1 There are no unquoted equity securities that are subject to the Offer.

23. Market prices for quoted equity securities under the Offer

Market prices

23.1 The Restaurant Brands Shares are quoted on the NZX Main Board and ASX.

23.2 The closing price on the NZX Main Board and ASX of Restaurant Brands Shares on:

(a) 28 November 2018, being the latest practicable working day before the date on which this Target Company Statement is sent by Restaurant Brands, was NZ$8.53 on the NZX Main Board and AU$7.33 on the ASX; and

(b) 23 November 2018, being the last day on which NZX and ASX was open for business before the date on which Restaurant Brands received the Takeover Notice, was NZ$8.45 on the NZX Main Board and AU$7.26 on the ASX.

23.3 The highest and lowest closing market prices of Restaurant Brands Shares on the NZX Main Board and ASX (and the relevant dates) during the six months before 23 November 2018 (being the last day on which NZX and ASX was open for business before the date on which Restaurant Brands received the Takeover Notice), were as follows:

(a) the highest closing market price of Restaurant Brands Shares was NZ$8.70 on the NZX Main Board on 5 November 2018 and AU$8.05 on the ASX on 22 June 2018; and

(b) the lowest closing market price of Restaurant Brands Shares was NZ$7.37 on the NZX Main Board on 15 October 2018 and AU$6.89 on the ASX on 13 August 2018.

Dividend and Dividend Reinvestment Plan

23.4 On 22 June 2018 Restaurant Brands paid a final dividend for the 52-week period ended 26 February 2018 of NZ$0.18 per Share and issued 751,180 Restaurant Brands Shares under its Dividend Reinvestment Plan.

Vesting of performance rights

23.5 On 28 August 2017, Restaurant Brands announced that it had established a Performance Rights Plan for Russel Creedy and Grant Ellis. Under the Performance Rights Plan Restaurant Brands issued to Russel Creedy 252,000 performance rights and to Grant Ellis 126,000 performance rights.

Each performance right entitled the holder to one Restaurant Brands Share if the closing price for Restaurant Brands Shares was or exceeded NZ$10.00 for 40 consecutive trading days within a prescribed period (if certain other conditions were satisfied).

23.6 Under the terms of the performance rights, the Board of Restaurant Brands had the discretion to take certain actions if there was a change of control transaction, including early vesting. The Offer, if completed, will be a change of control transaction.

23.7 Accordingly, the Board of Restaurant Brands has resolved to exercise its discretion and deemed the performance rights to have vested on 4 December 2018. On that date, Restaurant Brands issued to Russel Creedy 252,000 Restaurant Brands Shares and to Grant Ellis 126,000 Resturant Brands Shares.

23.8 Russel Creedy and Grant Ellis have each agreed with Restaurant Brands that:

(a) they will not deal with their Shares during the Offer period, except to accept the Offer, and will not deal with any remaining Shares for 10 trading days after completion of the Offer;

(b) if the Offer is not completed or if Russel Creedy or Grant Ellis ceases to be an employee of Restaurant Brands prior to completion of the Offer, Russel Creedy or Grant Ellis (as applicable) must:

(i) transfer his Shares (less any Shares sold under the Offer, if applicable) back to Restaurant Brands for no consideration; and

(ii) if he sells Shares under the Offer, pay the gross proceeds of sale to Restaurant Brands; and

(c) if the Offer is completed and Russel Creedy or Grant Ellis ceases to be an employee of Restaurant Brands within 10 trading days after completion of the Offer, Russel Creedy or Grant Ellis (as applicable) must transfer his remaining Shares back to Restaurant Brands for no consideration.

23.9 The restrictions summarised in paragraph 23.8 only apply to Shares issued to Russel Creedy and Grant Ellis as a result of the vesting of their respective performance rights.

No other distributions or changes to equity securities

23.10 Other than:

(a) the dividend referred to in paragraph 23.4;

(b) the issue of Restaurant Brands Shares under the Dividend Reinvestment Plan referred to in paragraph 23.4; and

(c) the issue of Shares to Russel Creedy and Grant Ellis under the Performance Rights Plan,

during the six month period before 23 November 2018 (being the last day on which NZX and ASX was open for business before the date on which Restaurant Brands received the Takeover Notice), Restaurant Brands did not issue any equity securities, make any changes to any equity securities on issue, or make any distributions, which could have affected the market prices of Restaurant Brands Shares.

Imputation credits

23.11 If the Offer is successful, Restaurant Brands will lose the balance of imputation credits in its imputation credit account. This may reduce Restaurant Brands' ability to pay dividends to Shareholders in a tax effective manner (i.e. by attaching imputation credits to dividends paid) in the short to medium term.

No other information

23.12 Except as set out in this Target Company Statement, there is no other information about the market price of Restaurant Brands Shares that would reasonably be expected to be material to the making of a decision by Shareholders when making a decision to accept or reject the Offer.

24. Other information

Partial offer

24.1 The Offer is a partial takeover offer for up to 75% of the Restaurant Brands Shares. Global Valar cannot acquire more than 75% of the Restaurant Brands Shares under the Offer. If Global Valar receives acceptances for more than 75% of the Restaurant Brands Shares, acceptances will be scaled in accordance with the Takeovers Code. Accordingly, there is a reasonable prospect that you will remain a Shareholder after completion of the Offer, even if you accept the Offer for all of your Shares.

24.2 If all Shareholders accept the Offer for all of their Restaurant Brands Shares, each Shareholder will, at completion of the Offer, sell 75% of their Restaurant Brands Shares and retain 25% of their Restaurant Brands Shares.

Rounding

24.3 All percentages referred to in this Target Company Statement are rounded to two decimal places unless otherwise stated.

Minimum acceptance condition

24.4 If Global Valar waives the 75% minimum acceptance condition to the Offer, the Offer is conditional on Global Valar receiving acceptances for more than 50% of Restaurant Brands' Shares. However, for the sake of simplicity, this has been reflected in this Target Company Statement as 50.01% of the Restaurant Brands Shares.

Reliance on Information

24.5 In preparing this Target Company Statement, Restaurant Brands has relied on the completeness and accuracy of information provided to it by or on behalf of various persons, including Finaccess Capital, Global Valar and New Zealand Central Securities Depository Limited.

25. Approval of Target Company Statement

25.1 This Target Company Statement has been unanimously approved by the Directors.

26. Certificate

26.1 To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this Target Company Statement is, in all material respects, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by Restaurant Brands under the Takeovers Code.

SIGNED by:

Ted van Arkel

Hamish Stevens

Russel Creedy

Grant Ellis

Appendix A: How scaling works – a worked example

When is the Offer subject to scaling?

The Offer is a partial takeover offer to purchase 75% of all of the Restaurant Brands Shares on issue. If the Offer is declared unconditional, Global Valar will acquire up to 93,568,893 Restaurant Brands Shares (75% of 124,758,523, assuming no Share are issued prior to completion of the Offer).

If Global Valar receives acceptances for between 50.01% and 75% of the Restaurant Brands Shares and the Offer becomes unconditional, Global Valar will acquire all Restaurant Brands Shares that have been accepted into the Offer. Acceptances of the Offer will not be subject to scaling.

If Global Valar receives acceptances for more than 93,568,893 Restaurant Brands Shares (more than 75% of the Restaurant Brands Shares) and the Offer becomes unconditional, acceptances of the Offer will be scaled. Under the Takeovers Code a two-step process is applied to calculate any necessary scaling, as summarised in this Appendix A.

A Shareholder who accepts the Offer for only 75% of its shareholding (or for a lesser number of Restaurant Brands Shares) will not be subject to any scaling if the Offer is successful.

Description of two-step scaling mechanism

Step 1

At Step 1, Global Valar must take up from each accepting Shareholder the lessor of:

- 75% of all of the Restaurant Brands Shares held by that accepting Shareholder; or
- the full number of Restaurant Brands Shares for which that shareholder accepted the Offer, where that number is equal to or less than 75% of the Shareholder's total shareholding.

At the end of the Step 1 calculations, Global Valar is then able to determine the total number of Restaurant Brands Shares still required to achieve 75% ownership of Restaurant Brands (being 93,475,337 Restaurant Brands Shares).

Example: At the time of scaling, Restaurant Brands will have 124,758,523 Restaurant Brands Shares on issue. If Shareholders accepted the Offer for 100,000,000 Restaurant Brands Shares (assuming that every accepting Shareholder accepts the Offer in respect of all of their Restaurant Brands Shares), 75,000,000 Restaurant Brands Shares will be acquired under the Step 1 calculations (being 75% of the 100,000,000), with a further 18,568,893 Restaurant Brands Shares still being required to achieve a shareholding of 93,568,893 Restaurant Brands Shares.

Step 2

At Step 2, Global Valar determines:

- the number of Restaurant Brands Shares for which it received acceptances which were not taken up at Step 1 (the "**Surplus Shares**"); and
- the total number of additional Restaurant Brands Shares it needs to take up in order to achieve 75% ownership of the Restaurant Brands Shares.

The additional Restaurant Brands Shares referred to above are acquired from the Shareholders who accepted the Offer for more than 75% of their Restaurant Brands Shares (termed "**Surplus Acceptors**").

Global Valar will take up Restaurant Brands Shares from each Surplus Acceptor on a proportionate basis relative to the total number of Surplus Shares. That proportion is calculated as follows:

$$\frac{\text{(Total number of Restaurant Brands Shares required to achieve 75\% ownership post Step 1)}}{\text{(Total number of Surplus Shares)}}$$

Example: Shareholders accepted the Offer for 100,000,000 Restaurant Brands Shares (assuming that every accepting Shareholder accepted the Offer for all of their Restaurant Brands Shares), and Global Valar took up 75,000,000 Restaurant Brands Shares at Step 1. This left 25,000,000 Surplus Shares held by Surplus Acceptors. Accordingly, the proportion of each Surplus Acceptor's Surplus Shares taken up by Global Valar at Step 2 is calculated as follows:

$$\frac{18{,}568{,}893}{(100{,}000{,}000-75{,}000{,}000)} = 74.28\%$$

Therefore, Global Valar must take up from each Surplus Acceptor 74.28% (rounded to two decimal places) of that Surplus Acceptor's Surplus Shares.

In this example, assuming a Shareholder accepts the Offer for its entire shareholding of 1,000 Restaurant Brands Shares, that shareholder will have 750 Restaurant Brands Shares acquired at Step One, and a further 185 Restaurant Brands Shares acquired in Step Two (rounded down to the nearest Share). That Shareholder would then be left with 65 Restaurant Brands Shares following the close of the Offer.

Appendix B:
Independent Adviser's Report

RESTAURANT BRANDS NEW ZEALAND LIMITED

INDEPENDENT REPORT IN RELATION TO THE TAKEOVER OFFER FROM FINACCESS CAPITAL

Grant Samuel confirms that it:

- has no conflict of interest that could affect its ability to provide an unbiased report; and
- has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

Grant Samuel has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

GRANT SAMUEL & ASSOCIATES LIMITED

NOVEMBER 2018

TABLE OF CONTENTS

GLOSSARY

TERM	DEFINITION
Code	The Takeovers Code
Companies Act	Companies Act 1993
DCF	Discounted Cash Flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Finaccess Capital	Finaccess Capital, S.A.d.e.C.V
Global Valar	Global Valar S.L.
FY15	Financial year ended 2 March 2015
FY16	Financial year ended 29 February 2016
FY17	Financial year ended 27 February 2017
FY18	Financial year ended 26 February 2018
FY19F	Forecast for the financial year ending 25 February 2019
Grant Samuel	Grant Samuel and Associates Limited
OIO	Overseas Investment Office
RBD	Restaurant Brands New Zealand Limited

1 Executive Summary

On 26 November 2018 Restaurant Brands New Zealand Limited (**RBD**) announced that it had received a notice of intention to make a Takeover Offer from Finaccess Capital, S.A.de C.V (**Finaccess Capital**) to acquire up to 75% of the issued capital of RBD for a cash consideration of $9.45 cash per share (the **Offer**). Global Valar S.L. (**Global Valar**), a subsidiary of Finaccess Capital, is the acquirer under the Offer. Global Valar has signalled that it does not want 100% or for the company to be de-listed at this time.

The Offer is conditional on Global Valar receiving acceptances sufficient for it to control 75% of the voting rights in RBD. This condition may be waived by Global Valar provided it has received acceptances sufficient for it to control at least 50.01% of the voting rights in RBD.

The possible outcomes of the Offer are:

Global Valar achieves acceptances less than 50.01%.

In this circumstance no shares will be acquired by Global Valar and the shareholding structure of RBD will remain unchanged. If Global Valar is not successful in achieving the 50.01% minimum threshold at its current offer price it may or may not choose to increase the offer price. If Global Valar chooses to increase its current offer price while the Global Valar Offer is still open, the increased value will be available to all shareholders even if they have already accepted the current offer price. Any increased price would also be available to the locked up shareholders.

Global Valar achieves acceptances greater than 50.01% but less than 75%

In these circumstances assuming the Offer becomes unconditional:

- Global Valar will proceed to acquire all of the shares that have been accepted into the Global Valar Offer. Accepting shareholders will not be subject to scaling or pro-rata adjustment of their acceptances. Global Valar will become the cornerstone shareholder in RBD with a shareholding of between 50.01% and 75%. The final percentage owned by Global Valar will be a function of the level of acceptances from all shareholders. The liquidity of RBD shares will be reduced, and the free float will be reduced. The closer the Global Valar shareholding approaches the 75% limit, the more the liquidity in RBD shares will contract;
- At a shareholding of between 50.01% and 75% Global Valar would have effective but not absolute control of RBD. Global Valar would be able to control the Board and therefore key decisions affecting the business such as strategy, dividend policy, appointment of Directors, acquisitions and divestments and capital programmes. With a shareholding greater than 50% Global Valar would be able to dictate the outcome of ordinary resolutions put to shareholders, unless it is disqualified from voting under NZX Listing Rules or the Takeovers Code. It would not be able to control but would have significant influence over special resolutions (those resolutions requiring 75% of votes cast in respect of the resolution). Special resolutions often relate to transformational events such as major transactions or changes to the constitution. There are protections for minority shareholders in the NZX Listing Rules and the Companies Act; and
- RBD must continue to have at least two independent directors on the board of RBD. Global Valar will be able to determine the identities of those independent directors. At the time of the preparation of this report, Finaccess Capital have given no information as to whom the independent directors will be.

Global Valar receives acceptances greater than 75%

In these circumstances assuming the Offer becomes unconditional, Global Valar is not permitted to acquire more than 75% of the issued shares in RBD under the construct of the Global Valar Offer. In the case of excess acceptances, Global Valar is required under Rule 12 of the Takeovers Code to take up from each offeree the lesser of:

- 75% of a shareholders' shares accepted into the Offer; and

- all of the shares in respect of which the shareholder has accepted into the Offer.

If the number of shares acquired under this mechanism is less than the total percentage sought (75% in this case), then Global Valar will acquire further shares from accepting shareholders, who accepted for more than 75% of their shares, pro rata to the total shares accepted into the Offer by accepting shareholders, who accepted for more than 75% of their shares.

If the Global Valar Offer is successful at any level over the 75% threshold (recognising that it is highly unlikely that acceptances representing exactly 75% will be received), RBD shareholders who accept the Global Valar Offer for their entire shareholding will not be able to sell all of the accepted shares into the Global Valar Offer as excess acceptances will be scaled back. The table below shows examples of various levels of total acceptances to the Global Valar Offer, and the implications for accepting shareholders:

NUMBER AND % OF SHARES ACCEPTED INTO THE GLOBAL VALAR OFFER THAT WOULD BE ACQUIRED BY GLOBAL VALAR

% OF SHARES THAT ARE TENDERED INTO THE OFFER	% OF SHARES TENDERED INTO THE OFFER THAT WILL BE ACQUIRED BY GLOBAL VALAR POST SCALING	EXAMPLE: NUMBER OF SHARES THAT WILL BE ACQUIRED BY GLOBAL VALAR UNDER THE OFFER, ASSUMING A SHAREHOLDER HAS AND TENDERS 1,000 RBD SHARES	EXAMPLE: NUMBER OF SHARES OWNED AFTER THE GLOBAL VALAR OFFER HAS CLOSED, ASSUMING A SHAREHOLDER HAS AND TENDERS 1,000 SHARES
50.01%	100.00%	1,000	-
55.00%	100.00%	1,000	-
60.00%	100.00%	1,000	-
65.00%	100.00%	1,000	-
70.00%	100.00%	1,000	-
75.00%	100.00%	1,000	-
80.00%	93.75%	938	62
85.00%	88.24%	882	118
90.00%	83.33%	833	167
95.00%	78.95%	789	211
100.00%	75.00%	750	250

The table above shows that if acceptances in respect of greater than 75% of RBD's shares then a shareholder who accepts shares into the Global Valar Offer will only have certainty that 75% of their shares would be acquired under the Global Valar Offer. The level of scaling increases as the overall acceptance level increases e.g. if all RBD shareholders accept the Global Valar Offer for all of their shares, Global Valar will only acquire 75% of each shareholder's shares.

All shareholders are treated equally in a partial offer regardless of their shareholding size. Accordingly, there is no certainty what proportion of shares an accepting shareholder will be able to sell if the Global Valar Offer is successful. Accepting shareholders, who accepted for more than 75% of their shares, could end up with small and potentially uneconomic parcels of shares. This is a less appealing feature of partial offers.

If the 75% acceptance threshold is met in the last 5 working days of the Offer period, the Offer period is automatically increased by 10 working days.

Importantly, shareholders may choose to accept none of their shares, some of their shares, or all of their shares into the Offer. There is no requirement to accept all the shares at the Offer.

As the Global Valar Offer is a partial offer there is no certainty what proportion of each accepting shareholder's, who accepted for more than 75% of their shares, shares in RBD will be bought if the Global Valar Offer is successful. All that is certain is that if the Offer becomes unconditional, shareholders will be

able to sell at least 75% of the shares they currently own if they accept all their shares into the Global Valar Offer and the Global Valar Offer is accepted by shareholders at 50.01% or greater of the issued shares in RBD. Given that excess acceptances will be scaled down it is almost certain that if the Global Valar Offer achieves acceptances greater than 75%, accepting shareholders who accept for more than 75% of their holdings will not be able to sell all of their shares into the Global Valar Offer. This lack of certainty is problematic for communications with shareholders but is in line with the rules of the Takeovers Code.

When considering the options outlined above, RBD shareholders should also consider the following:

- the Offer price of $9.45 per share is above Grant Samuel's assessed value range for RBD shares. In Grant Samuel's opinion the full underlying value of RBD shares is in the range of $8.15 - $8.92 per share. This value represents the value of 100% of the equity in RBD and therefore includes a premium for control;
- the Offer price of $9.45 per share implies a premium of 24.3% relative to the closing price of $7.60 per share on 17 October 2018 – being the last trading day prior to the announcement of the Finaccess Capital indicative proposal to make the Offer, and a premium of 23% over the volume weighted average share price (**VWAP**) over the 30 trading days prior to the announcement of $7.69 per share. The premium is similar to the average premium for control generally observed in successful takeovers of other NZX listed companies;
- under a partial offer the actual premium over the closing price before the Offer was announced is less as not all shares will be accepted into the Offer. Assuming 75% of shares are accepted into the Offer and the share price after the Offer closes reverts to the 1 month VWAP (calculated prior to the Offer being announced), the weighted average share price[1] is $9.01 which is a premium of 18.6% over the $7.60 pre-Offer share price;
- if the minimum acceptance levels are not achieved, theoretically Global Valar could elect to increase the price it is prepared to pay for RBD during the offer period or in any subsequent offer. However, there is no certainty that a revised offer would be tabled. Unless a revised offer from Global Valar or a competing takeover offer from another party is made, in the short-term RBD's shares are likely to trade at levels below the Offer price of $9.45 per share; and
- acceptance of the Offer is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser(s).

Section 2 sets out a summary of the terms and conditions of the Offer and an overview of Global Valar and its intentions for managing RBD which will be important for shareholders who may become minority shareholders in a company controlled by Global Valar.

A detailed assessment of the merits of the Offer is outlined in section 7 of this report. Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

---

[1] Calculated as 75% of the Offer price and 25% of the 1 month VWAP of $7.69

2 Terms of the Offer

2.1 Background

On 18 October 2018 RBD announced that it had received an indicative proposal to make a Takeover Offer from Finaccess Capital through its subsidiary Global Valar to acquire up to 75% of the issued capital of RBD for a cash consideration of $9.45 cash per share. The formal notice of intention to make a Takeover Offer was received on 26th November 2018.

The Offer is subject to several key conditions that are set out in the Takeover Notice, including:

- approval from the New Zealand Overseas Investment Office (**OIO**); and
- Yum! Brands, Inc., (**Yum!**) consent to the Offer becoming unconditional in all respects.

In addition the Offer will not be completed unless the following usual conditions are satisfied or waived by Global Valar:

- no restraining order, injunction or other order that would prevent or prohibit the transaction issued by any court of competent jurisdiction or regulatory agency;
- no material adverse change occurs or is discovered, announced, disclosed or otherwise becomes known to Global Valar;
- none of the following occurs:
  - no subdivision of the RBD shares;
  - no other changes to or repurchase of the RBD shares;
  - no new shares issued other than in relation to the Performance Rights issued to the CEO and CFO;
  - no performance rights, convertible securities or other equity securities by any RBD Group member;
  - no dividends are paid;
  - there is no sale of the whole or a substantial part of RBD's businesses or properties;
  - no security interest granted in respect of the whole or substantial part of RBD's businesses or properties;
  - no change to the Constitution of any member of RBD; and
  - no insolvency event occurs in relation to RBD.

The full list of conditions to the Offer are set out in the Takeover Offer Document.

RBD and Global Valar have entered into a pre-bid agreement which sets out the responsibilities of both parties leading up to the making of the Takeover Offer by Global Valar. The pre-bid agreement provides for, amongst other matters:

- Global Valar cannot terminate the agreement for breach or non-satisfaction of certain Offer conditions if the relevant matter or circumstance had been:
  - fairly disclosed in Finaccess's due diligence;
  - fairly disclosed to NZX in the last 24 months; or
  - actually known by Global Valar on the date of the agreement.
- Following receipt of Global Valar's Takeover Notice, RBD is required to:

- prepare a target company statement to be sent to the RBD shareholders with the Offer;
- procure its board of directors to unanimously recommend that shareholders accept the Offer, subject to the Independent Adviser's Report concluding that the Offer price is within or above Grant Samuel's valuation range for the shares and there being no "unmatched superior proposal"; and
- procure that each director (other than Mr. Stephen Copulos) accepts the offer within two business days of the offer being made. Interests associated with Stephen Copulos have entered into a separate lock-in deed to accept the Offer.

▪ The pre-bid agreement also contains certain exclusivity arrangements to apply until the end of the Offer. In summary, during the exclusivity period:

- ***No Shop.*** RBD must not solicit any competing transaction or any proposal that may reasonably be expected to encourage or lead to the making of a competing transaction;
- ***No Talk.*** RBD must not enter into discussions or negotiations in relation to, or which would reasonably be expected to lead to, a competing transaction;
- ***No Due Diligence.*** RBD must not provide or make available to a third party any non-public information relating to RBD in relation to, or which would reasonably be expected to lead to the making of, a competing transaction;
- ***Notification.*** If RBD receives a potentially competing transaction, or any request to do anything referred to in the no due diligence provisions (as described above), RBD must notify Global Valar within two business days; and
- ***Matching Right.*** If RBD receives a competing transaction which the board of RBD concludes is a superior proposal, RBD must give Global Valar five business days to provide an equivalent or better proposal to the terms of the superior proposal. If Global Valar does not exercise its matching rights, then the exclusivity period ends and either Global Valar or RBD may terminate the pre-bid agreement.

▪ RBD is not required to comply with its "no talk" and "no due diligence" obligations if it receives an unsolicited bona fide competing transaction and the directors, acting in good faith and having considered legal advice, determine that:

- failing to respond to such competing transaction would be likely to constitute a breach of the fiduciary or statutory duties owed by a director to RBD or its shareholders; and
- the bona fide competing transaction may result in a superior proposal.

2.2 Finaccess Capital

In 2012 Anheuser Busch InBer, the world's biggest brewery acquired the remaining 49.8% of Mexico's Grupo Modelo for US$20 billion, adding Corona, the top selling imported beer in the United States to its brands.

Grupo Finaccess was founded by Mr. Carlos Fernández following completion of the transaction. Carlos Fernández is the majority shareholder of Grupo Finaccess. The founder and former owner of Grupo Modelo was Carlos Fernández's great uncle. Finaccess Capital is one of five divisions of Grupo Finaccess which invests in businesses across different sectors to create value over the long term. It has a strong presence in the casual dining and quick service restaurant sector, as well as in real estate in Europe and Asia. Finaccess Capital major investments in publicly traded companies include:

▪ ˜56% stake in AmRest, a European fast-food and casual dining restaurant operator listed on the Polish stock exchange (approximate US$2.6 billion market cap); and

- ˜18% stake in Inmobiliaria Colonial, a Spanish real estate business listed on the Spanish stock exchange (approximate US$4.8 billion market cap).

Finaccess Capital has given the following undertakings to Yum! in regard to the future operations of RBD:

- to operate RBD as a standalone business and maintain operational separation between RBD and AmRest;
- to maintain a high level of continuity in the senior management team of RBD; and
- continue a focus on Yum! brands and committing to certain development obligations imposed by Yum! which RBD management are comfortable with.

Finaccess Capital has given the following undertakings to RBD in regard to the future operations of RBD:

- for 12 months after the completion of the takeover, agreeing not to de-list RBD unless it makes a full takeover offer for all of the RBD shares (and as a result, Global Valar becomes entitled to compulsorily acquire the remaining RBD shares under the Takeovers Code); and
- if such takeover offer is made by Global Valar for all of the RBD shares in the 12 months following completion of the Takeover Offer, the Offer price will not be less than $9.45 per share, subject to adjustment for any percentage change upwards or downwards, in the NZX 50 index during that period.

3 Scope of the Report

3.1 Purpose of the Report

The Directors of RBD have engaged Grant Samuel & Associates Limited (**Grant Samuel**) to prepare an Independent Adviser's Report to assess the Offer. Grant Samuel is independent of RBD and Global Valar and has no involvement with, or interest in, the outcome of the Offer.

Rule 21 of the Takeovers Code requires the Independent Adviser to report on ***the merits of an offer***. The term "merits" has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Takeovers Code does not prescribe a meaning of the term "merit", the Panel has interpreted the word "merits" includes both positives and negatives in respect of a transaction.

A copy of this report will accompany the Target Company Statement to be sent to all RBD shareholders. This report is for the benefit of the shareholders of RBD. The report should not be used for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Offer. This report should be read in conjunction with the Qualifications, Declarations and Consents outlined at Appendix A.

This report has been prepared without taking into account the objectives, financial situation or needs of individual RBD shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Target Company Statement issued by RBD in relation to the Offer.

Whether to accept or not to accept the Offer is a matter for individual shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Offer should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell securities in RBD outside of the Offer. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to accept or not to accept the Offer. Shareholders should consult their own professional adviser in this regard.

3.2 Basis of Evaluation

Grant Samuel has evaluated the Offer by reviewing the following factors:

- the terms of the Offer;
- the impact of the Offer on the ownership and control of RBD;
- the estimated value range of RBD and the price of the Offer when compared to that estimated value range;
- the likelihood of an alternative offer and alternative transactions that could realise fair value for RBD shareholders;
- the likely market price and liquidity of RBD shares in the absence of the Offer;
- any advantages or disadvantages for RBD shareholders of accepting or rejecting the Offer;
- the current trading conditions for RBD;
- the likely market price of RBD shares after the Offer closes;
- the timing and circumstances surrounding the Offer; and
- the attractions and risks of RBD's business.

3.3 Approach to Valuation

Grant Samuel has estimated the value range of RBD with reference to its full underlying value. In Grant Samuel's opinion the price to be paid in the context of a full takeover that may result in a change of control should reflect the full underlying value of the company. In the context of takeover offers, the support for this opinion is twofold:

- the Code's compulsory acquisition provisions apply when a single shareholder or group of associated shareholders acquires 90% or more of the voting rights in a Code company.
- Where rule 57 of the Code requires the price payable on compulsory acquisition to be determined, the Code seeks to avoid issues of premiums or discounts for minority holdings by providing that a class of shares is to be valued as a whole with each share then being valued on a pro rata basis. In other words, a minority shareholder is allocated its share of the full underlying value. Grant Samuel believes that the appropriate test for fairness under a full or partial takeover offer where the offeror will gain control is the full underlying value, prorated across all shares. The rationale for this opinion is that it would be inconsistent for one group of minority shareholders, those selling under compulsory acquisition, to receive a different price under the same offer from those who accepted the offer earlier; and
- under the Code a single shareholder, or group of associated shareholders, can only acquire 20% or more of the voting rights in a Code company if an offer to acquire shares is made to all shareholders of the company or if non-associated shareholders give their approval to the acquisition by an ordinary resolution. As a result, a controlling shareholding (generally accepted to be no less than 40% of the voting rights) cannot be transferred to another owner without the acquirer making an offer on the same terms and conditions to all shareholders (unless non-associated shareholders pass on ordinary resolution approving the transfer). One of the core foundations of the Code is that all shareholders be treated equally. Any control premium that is implied by an offer is available to all shareholders under a takeover offer (in a scenario where an offeror will gain control), regardless of the size of their shareholding or the size of the offeror's shareholding at the time the offer is made.

Accordingly, Grant Samuel is of the opinion that not only because shares acquired under a compulsory acquisition scenario are required to be valued at a price equivalent to full underlying value, but because the control premium (if any) is available to all shareholders, the share price under either a full or partial takeover offer where the offeror will gain control should be within or exceed the prorated full underlying valuation range of the company.

RBD has been valued at fair market value, which is defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information.

Grant Samuel's opinion is to be considered as a whole. Selecting portions of the analyses or factors considered by it, without considering all the factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary. For the avoidance of doubt, Appendices A to E form part of this report.

4 Overview of the Global Fast Food Restaurants Industry

4.1 Overview of Global Market[2]

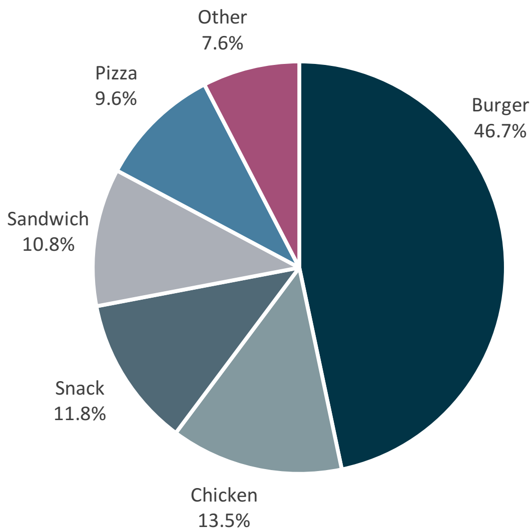
RBD operates in the global fast food restaurants industry. During 2017, it was estimated that global fast food restaurant industry revenue was approximately US$650 billion across approximately 783,000 restaurants and approximately 540,000 enterprises, employing 11.9 million people. The industry is typically segmented based on the main type of food served. The primary segments are outlined below:

OVERVIEW OF PRIMARY SEGMENTS OF THE GLOBAL FAST FOOD RESTAURANTS INDUSTRY

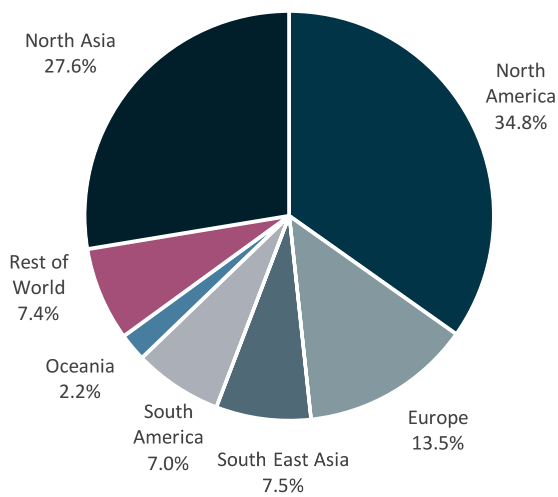
SEGMENT	INDUSTRY REVENUE %	PRIMARY BRANDS	PRIMARY PRODUCTS
Burger	46.7%	McDonald's, Burger King	Burgers, french fries
Chicken	13.5%	KFC, Chick-fil-A	Chicken, chicken salads, chicken wraps
Snack	11.8%	Starbucks, Dunkin' Donuts	Coffee shop, ice cream shops, smoothie bars
Sandwich	10.8%	Subway, Panera, Arby's	Sandwiches, soups, salads
Pizza	9.6%	Pizza Hut, Domino's, Papa Johns	Pizza, salad, pasta
Other	7.6%	-	Latin American, Chinese, hot dogs

Revenue in each country is driven by the size of the population and per capita income. Developed areas of the world with above-average levels of disposable income account for the largest proportion of revenue - North America is the largest market representing approximately 35% of total industry revenue. Other developed regions also have high concentrations of industry revenue, with Europe accounting for an estimated 13.5% of industry revenue. Oceania, which includes Australia and New Zealand, comprises 2.2% of industry revenue. Within many of these developed regions, the industry is considered to be in a mature stage of its economic cycle and close to reaching market saturation. A breakdown of industry revenue by product segment and geographic region is depicted below:

INDUSTRY REVENUE BY PRODUCT SEGMENT (%)



INDUSTRY REVENUE BY BUSINESS LOCATION (%)



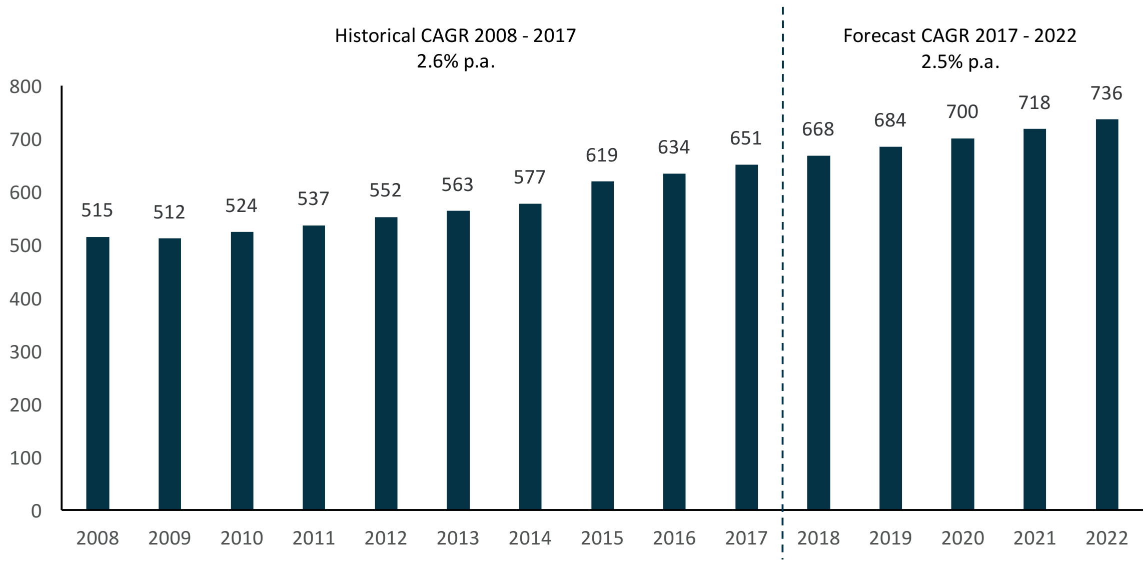
The global fast food restaurant industry is characterised by a low level of market share concentration (i.e. it is highly fragmented) with the industry's four largest players accounting for less than 35% of total revenue.

[2] Source: IBIS World Industry Report on Global Fast Food Restaurants Industry dated January 2018.

There exists a substantial number of single-location restaurants providing a diverse range of cuisine and fast food choices to customers.

The global fast food restaurant industry is forecast to continue to expand with global economic growth. Consumer spending on small luxuries (including eating out), is also expected to increase. Rising international expansion of US-based fast food chains is expected to continue to be the primary driver of industry growth as emerging economies increasingly demand more fast food options. Additionally, demand for fast food is expected to increase in line with the expansion of healthy menu options, and as some of the concerns over the health risks associated with fast food dissipate. Industry revenue is forecast to increase at an annualised rate of 2.5% p.a. to US$736 billion over the five years to 2022. The following chart shows the historical and forecast trend in industry revenue:

HISTORICAL AND FORECAST TREND IN GLOBAL FAST FOOD INDUSTRY REVENUE (US$ BILLIONS)



4.2 Overview of Major Global Fast Food Restaurant Chains

The major global fast food restaurant chains (ordered by number of outlets) are summarised below:

OVERVIEW OF LARGEST GLOBAL QUICK SERVICE RESTAURANT STORE CHAINS (TOP 12 BY OUTLETS)

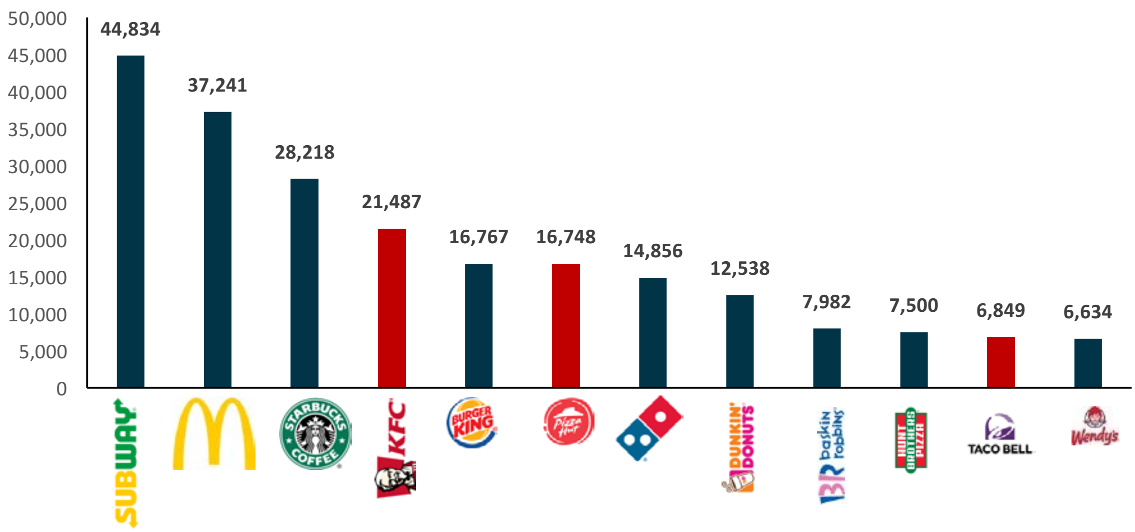
RANK	BRAND	INDUSTRY CATEGORY	OWNERSHIP	NUMBER OF OUTLETS
#1	Subway	Sandwich	Private	44,834
#2	McDonald's	Burger	McDonald's Corporation	37,241
#3	**Starbucks**	**Snack**	**Starbucks Corporation**	**28,218**
#4	**KFC**	**Chicken**	**Yum!**	**21,487**
#5	Burger King	Burger	Restaurant Brands International	16,767
#6	**Pizza Hut**	**Pizza**	**Yum!**	**16,748**
#7	Domino's	Pizza	Domino's Pizza Inc.	14,856
#8	Dunkin' Donuts	Snack	Dunkin' Brands Group Inc.	12,538
#9	Baskin Robbins	Snack	Dunkin' Brands Group Inc.	7,982
#10	Hunt Brothers Pizza	Pizza	Private	7,500
#11	**Taco Bell**	**Other (Mexican)**	**Yum!**	**6,849**
#12	Wendy's	Burger	Wendy's Corporation	6,634

Source: Grant Samuel Research

The following comments are relevant when reviewing the table above:

- *Subway* is the largest fast food restaurant chain globally with approximately 45,000 outlets in over 100 countries. The *Subway* brand is privately owned and is estimated to generate approximately US$18.8 billion in revenue per annum;
- McDonald's Corporation is the world's largest fast food chain (by revenue) with more than 37,000 outlets. Approximately 85% of its outlets are franchisee owned;
- Starbucks Corporation is the largest coffee chain in the world with more than 28,000 outlets;
- Yum! Brands Inc. (**Yum!**) is a fast food conglomerate with more than 45,000 outlets under the *KFC, Pizza Hut* and *Taco Bell* brands. The right to operate these brands is franchised to numerous franchisees around the world;
- *Burger King* is the second largest burger chain in the world behind McDonald's. It is owned by US-listed company Restaurant Brands International Inc. Restaurant Brands International also owns the Tim Hortons and Popeye brands;
- *Domino's* operates pizza stores in the US and internationally. Approximately 90% of the sites are franchisee owned. *Domino's* is a key competitor of *Pizza Hut*;
- *Dunkin' Donuts* and *Baskin Robbins* are owned by Dunkin Brands Group Inc. *Dunkin' Donuts* specialises in doughnuts and *Baskin Robins* specialises in cakes; and
- the following graph shows the number of stores globally for the world's largest quick service restaurant chains. Brands franchised by RBD are shaded in red.

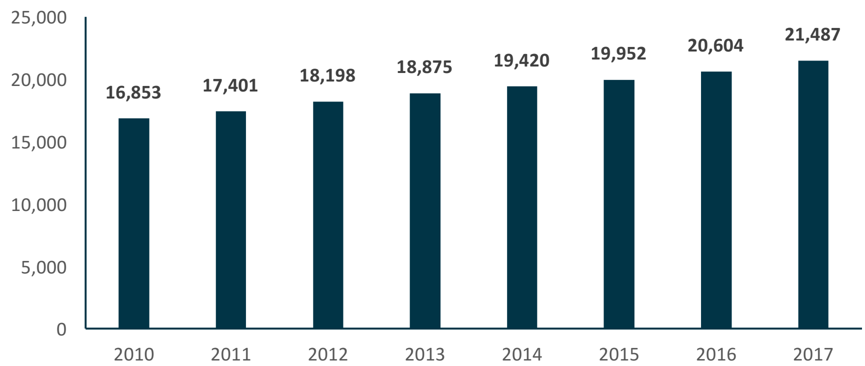
NUMBER OF GLOBAL OUTLETS – TOP 12 BRANDS BY OUTLET NUMBERS



4.3 Overview of Brands Franchised by Restaurant Brands New Zealand

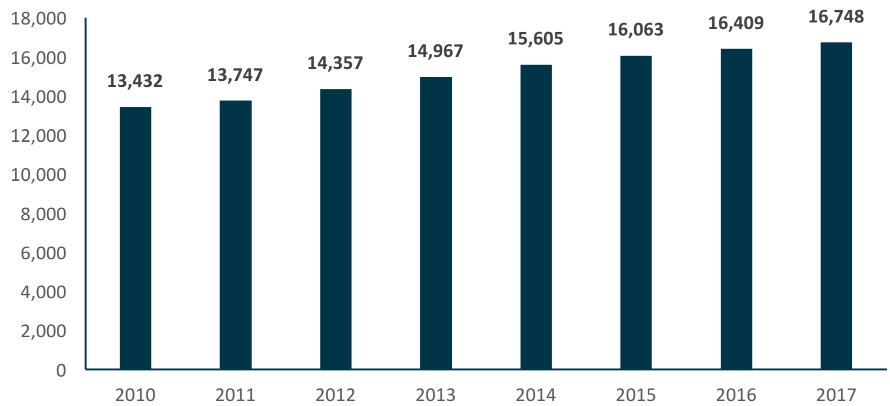
An overview of the brands franchised to RBD are provided below:

4.3.1 KFC

Contribution to RBD	FY18 Revenue – NZ$471m (64% of total) Number of stores (as at February 2018) – 155 (49% of total)
Global Outlets	21,487 outlets in 131 countries and territories (as at 31 December 2017)
Ownership	Yum! (listed)
Business Model	Franchised (97%)
History	KFC was founded in Corbin, Kentucky by Colonel Harland D. Sanders, an early developer of the quick service restaurant business and a pioneer of the restaurant franchise concept. The Colonel perfected his secret blend of 11 herbs and spices for Kentucky Fried Chicken in 1939 and signed up his first franchisee in 1952.
Brand Concept	KFC restaurants offer fried and non-fried chicken products such as sandwiches, chicken strips, chicken-on-the-bone and other chicken products. KFC restaurants also offer a variety of entrees and side items suited to local preferences and tastes. Restaurant decor throughout the world is characterized by the image of the Colonel.
Historical Growth in Global Outlets[3]	
Competitors	KFC has the leading position in the global chicken segment. Its primary competitors are the other large fast food chains such as McDonald's and Burger King.

[3] Source: Yum! Annual Reports (2010 – 2017).

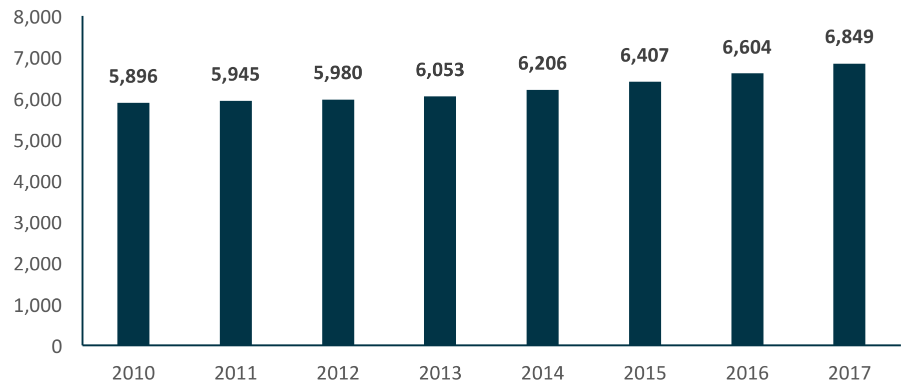
4.3.2 Pizza Hut

Contribution to RBD	FY18 Revenue – NZ$113m (15% of total) Number of stores (as at February 2018) – 81 (26% of total)
Global Outlets	16,748 outlets in 106 countries and territories (as at 31 December 2017)
Ownership	Yum! (listed)
Business Model	Franchised
History	The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specialising in the sale of ready-to-eat pizza products.
Brand Concept	Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Pizza Hut features a variety of pizzas which are marketed under varying names. Each of these pizzas is offered with a variety of different toppings suited to local preferences and tastes. Many Pizza Hut outlets also offer pasta and chicken wings, including approximately 5,900 stores offering wings under the *WingStreet* brand in the U.S. Outside the U.S., Pizza Hut casual dining restaurants offer a variety of core menu products other than pizza, which are typically suited to local preferences and tastes. Pizza Hut units feature a distinctive red roof logo on their signage.
Historical Growth in Global Sites[4]	

Competitors	Pizza Hut's predominant competitor is Domino's. Domino's currently has ˜14,900 outlets globally which is slightly behind Pizza Hut. However, Domino's has been growing faster than the Pizza Hut brand globally, especially outside of the US market. To a lesser extent, Pizza Hut also competes against independent pizza chains. The pizza market has lower barriers to entry and is more competitive than the chicken market.

[4] Source: Yum! Annual Reports (2010 – 2017).

4.3.3 Taco Bell

Contribution to RBD	FY18 Revenue – NZ$96m (13% of total) Number of stores (as at February 2018) – 37 (12% of total)
Global Outlets	6,849 outlets in 27 countries and territories (as at 31 December 2017)
Ownership	Yum! (listed)
Business Model	Franchised (90%)
History	The first Taco Bell restaurant was opened in 1962 by Glen Bell in Downey, California, and in 1964, the first Taco Bell franchise was sold.
Brand Concept	Taco Bell specialises in Mexican-style food products, including various types of tacos, burritos, quesadillas, salads, nachos and other related items. Taco Bell offers breakfast items in its U.S. stores. Taco Bell restaurants feature a distinctive bell logo on their signage.
Historical Growth in Global Sites[5]	
Primary competitors	Taco Bell's primary competitor, especially in the US market is Chipotle Mexican Grill. Outside of the US the Taco Bell brand is relatively underdeveloped. In Hawaii, Taco Bell's only competitor in the Mexican Quick Service Restaurant (**QSR**) segment are Taco Del Mar. Taco Bell's segment market share in Hawaii is high at approximately 90%.

[5] Source: Yum! Annual Reports (2010 – 2017).

4.3.4 Carl's Jr.

Contribution to RBD	FY18 Revenue – NZ$35m (5% of total) Stores (as at February 2018) – 19 (6% of total)
Global Outlets	1,616 outlets in approximately 28 countries and territories (as at 31 December 2017)
Ownership	Privately held (CKE Restaurants)
Business Model	Franchised (95%)
History	In 1941, Carl N. Karcher and his wife Margaret founded the predecessor of Carl's Jr. in Los Angeles after they purchased a hot dog cart. In 1945, the Karchers moved to California to open their first Carl's Drive-In Barbecue with hamburgers on the menu.
Brand Concept	Carl's Jr. offers a limited menu of breakfast, lunch and dinner products featuring charbroiled burgers, chicken tenders and other related items. Carl's Jr. features a distinctive smiling star on their logo.
Primary competitors	Carl's Jr. primarily competes against McDonald's and Burger King in New Zealand (and to a lesser extent Wendy's). KFC is also a primary competitor in New Zealand, although it operates in a different market segment.

5 Profile of Restaurant Brands

5.1 Overview of Operations

RBD operates fast food restaurants in New Zealand, Australia, Hawaii, Saipan and Guam. As at 18 November 2018, the company operated a total of 283 outlets across the *KFC, Pizza Hut, Taco Bell* and *Carl's Jr.* brands. RBD employs approximately 8,000 people and serves 120,000 customers daily across its operations. RBD is headquartered in Auckland, New Zealand. A breakdown of the number of outlets by brand and geography is outlined below:

BREAKDOWN OF RBD OPERATED OUTLETS BY BRAND AND LOCATION (AS AT 18 NOVEMBER 2018)

	NEW ZEALAND	AUSTRALIA	SAIPAN, HAWAII & GUAM	TOTAL
KFC	94	61	-	**155**
Pizza Hut	29	-	45	**74**
Taco Bell	-	-	36	**36**
Carl's Jr.	18	-	-	**18**
Total	**141**	**61**	**81**	**283**

5.2 Background and History

The following table provides a summary of the key events since RBD was established in 1997:

TIMELINE OF KEY COMPANY EVENTS

1997	-	RBD formed to acquire the New Zealand operations of the KFC and Pizza Hut brands.
1998	-	RBD secured New Zealand Franchise for Starbucks Coffee, opening its first store in Parnell, Auckland.
2000	-	Acquisition of Eagle Boys pizza business in New Zealand. Stores were subsequently rebranded to Pizza Hut.
2002	-	Acquisition of 51 Pizza Hut stores in Victoria, Australia
2008	-	Sale of Pizza Hut business in Victoria, Australia.
2011	-	Pizza Hut starts selling a number of its smaller regional stores to independent franchisees.
	-	Acquired the New Zealand Franchise for Carl's Jr.
2012	-	Carl's Jr. commenced store roll out in New Zealand.
2014	-	Acquired 7 additional *Carl's Jr.* stores in Auckland.
2016	-	Acquisition of QSR Pty Ltd, which owns 42 KFC stores in New South Wales, Australia.
2017	-	Acquisition of Pacific Island Restaurants Inc., which owns 37 Taco Bell stores and 45 Pizza Hut stores in Hawaii, Guam and Saipan.

5.3 Consolidated Financial Performance

The historical financial performance of RBD for the years ended February 2015 to 2018 (**FY15** to **FY18**), and the forecast for the year ending to 25 February 2019 (**FY19F**), is summarised below:

RBD SUMMARY FINANCIAL PERFORMANCE (NZ$ MILLIONS)

YEAR END FEBRUARY	2015A	2016A	2017A	2018A	2019F
New Zealand	359.5	387.6	400.0	421.4	419.4
Australia	-	-	97.2	151.8	195.4
Hawaii	-	-	-	167.5	183.7
Store sales	**359.5**	**387.6**	**497.2**	**740.8**	**798.5**
Change in store revenue %		*7.8%*	*28.3%*	*49.0%*	*7.8%*
Other revenue	13.1	16.5	20.4	25.5	28.7
Total revenue	**372.6**	**404.1**	**517.5**	**766.3**	**827.2**
Cost of sales[6]	(289.8)	(314.3)	(402.8)	(601.3)	(649.9)
Gross profit	**82.8**	**89.8**	**117.1**	**164.9**	**177.3**
Gross margin %	*22.2%*	*22.2%*	*22.5%*	*21.5%*	*21.3%*
Marketing and distribution expenses	(21.2)	(23.2)	(30.9)	(43.0)	(47.7)
General and administration expenses	(12.8)	(13.8)	(17.2)	(27.5)	(30.7)
Operating expenses	**(34.0)**	**(37.0)**	**(48.1)**	**(70.5)**	**(78.4)**
Normalised EBITDA	**48.7**	**52.8**	**69.0**	**94.4**	**98.9**
EBITDA margin %	*13.1%*	*13.1%*	*13.3%*	*12.3%*	*12.4%*
Depreciation & amortisation	(16.6)	(18.3)	(24.5)	(31.9)	(33.9)
Normalised EBIT	**32.1**	**34.5**	**44.5**	**62.5**	**65.0**
Non-trading items	1.3	(0.5)	(5.1)	(4.8)	(1.6)
EBIT	**33.4**	**34.1**	**39.4**	**57.8**	**63.4**
Financing expenses	(1.0)	(1.0)	(2.3)	(5.6)	(6.9)
Taxation expense	(8.6)	(9.0)	(11.1)	(16.7)	(15.8)
NPAT	**23.8**	**24.1**	**26.0**	**35.5**	**40.7**
Number of owned stores					
New Zealand	181	173	170	171	142
Australia	-	-	42	61	62
Hawaii	-	-	-	82	83
Total stores	**181**	**173**	**212**	**314**	**287**

Source: RBD and Grant Samuel analysis

Commentary in relation to historical financial information.

The following points are relevant when reviewing the table above:

- RBD acquired 42 *KFC* stores in New South Wales in April 2016. During FY18, RBD acquired a further 18 stores in New South Wales across three transactions. In March 2017, RBD acquired US based Pacific Island Restaurants, adding a further 82 stores under both the *Pizza Hut* and *Taco Bell* brands. The decline in store numbers in FY19 reflects the sale of Starbucks Coffee New Zealand during the financial year;

[6] Cost of sales in RBD's Annual Report includes depreciation and amortisation expenses. This is shown in depreciation and amortisation below.

- RBD's gross margins have remained relatively stable during the historical period, ranging between 21.5% and 22.5%;
- the decline in EBITDA margin percentage from FY17 to FY18 was in part attributable to the acquisition of Pacific Islands Restaurants Inc. which had lower operating margins;
- non-trading items consist of acquisition costs, amortisation of franchise rights, store closure costs, impairments and other expenses not related to the trading business;
- financing expenses have increased over the historical period as RBD has raised additional debt to fund acquisitions; and
- in New Zealand continued same store sales growth from *KFC* has been offset in part by less than stellar performances from *Pizza Hut* and *Carl's Jr.* KFC generates 75% of New Zealand revenue and 87% of EBITDA.

RBD's current performance reflects the following attributes:

- *KFC* organic growth and refurbishment programme;
- acquisitions have been a significant driver of earnings growth over the last few years and this growth strategy is expected to be continued into the future with a number of potential acquisition opportunities in both Australia and the US. These potential, but not certain, acquisitions have been discussed with Yum! which has indicated its support. The successful track record of acquisitions is likely to be one of the key attractions of RBD to Global Valar;
- the *Taco Bell* and *KFC* franchises enjoy relatively high margins. The acquisition of *Taco Bell* stores in Hawaii and Guam should enable RBD to expand this franchise into other existing jurisdictions in which it operates;
- establishing *Carl's Jr.* as a new brand in the New Zealand market has been more difficult and taken longer than expected to reach a level of acceptable earnings;
- in New Zealand RBD has been able to operate all four franchises from one central head office generating significant economies of scale; and
- the first in-line (i.e. not free standing DriveThru) *KFC* in Fort St, Auckland has been very successful in terms of both the capital cost to develop and turnover per square metre. RBD is looking to expand the number of in-line *KFC* stores, initially in New Zealand.

Future outlook.

- RBD has nearly doubled the size of the business through acquisitions of franchisee businesses in New South Wales and Hawaii, Guam and Saipan over the last two financial years;
- it has established a record of consistently growing revenues both from existing businesses through new stores and major refurbishments and through acquisitions to a point where today RBD is a multi brand international business;
- RBD is in discussions with Yum! about the *Taco Bell* brand in New Zealand and Australia;
- in Australia there are over 600 *KFC* outlets with all but 50 operated by franchisees of Yum!. The 50 Yum! owned stores are all in New South Wales and present an acquisition opportunity for RBD. In addition there are another 90 stores in New South Wales operated by independent franchisees; and
- in Hawaii major store transformations are underway with both *Pizza Hut* and *Taco Bell* along with the development of new stores and some acquisitions. RBD is also seeking expansion opportunities on the US mainland.

Principal assumptions in relation to FY19F.

The FY19 forecast is based on management's current forecasts, including:

- actual results for the nine operating periods to 5 November 2018 plus management's forecast for the four operating periods to 25 February 2019;
- Starbucks Coffee New Zealand sold at the end of October 2018;
- average annual foreign exchange rates of US$0.66 per NZD and A$0.91 per NZD;
- net debt at the end of FY19 of NZ$137.1 million; and
- capital expenditure of NZ$47.0 million, including four new stores opened across the portfolio and a number of store refurbishments.

5.4 Financial Performance by Division

The historical financial performance for each division is summarised below:

5.4.1 New Zealand

The financial performance of the New Zealand operations from FY15 to FY18, and the forecast for FY19, is summarised below:

FINANCIAL PERFORMANCE OF NEW ZEALAND OPERATIONS (NZ$ MILLIONS)

YEAR END FEBRUARY	2015A	2016A	2017A	2018A	2019F
KFC	265.0	282.5	296.5	319.6	334.3
Pizza Hut	48.4	44.9	40.5	41.1	36.5
Starbucks	26.1	26.8	26.7	25.8	16.0
Carl's Jr.	20.1	33.4	36.3	34.9	32.6
Store sales revenue	**359.5**	**387.6**	**400.0**	**421.4**	**419.4**
Change in store revenue %	*9.2%*	*7.8%*	*3.2%*	*5.4%*	*(0.5%)*
Other revenue	13.1	16.5	20.4	25.3	28.6
Total revenue	**372.6**	**404.1**	**420.4**	**446.7**	**447.9**
Total expenses	(323.9)	(351.3)	(362.9)	(383.7)	(383.2)
Normalised EBITDA[7]	**48.7**	**52.8**	**57.5**	**63.0**	**64.8**
EBITDA margin %	*13.1%*	*13.1%*	*13.7%*	*14.1%*	*15.4%*
Depreciation & amortisation	(16.6)	(18.3)	(19.8)	(18.3)	(18.7)
Normalised EBIT [8]	**32.1**	**34.5**	**37.7**	**44.7**	**46.1**
Number of RBD owned stores					
KFC	91	91	92	94	96
Pizza Hut	46	39	35	36	28
Starbucks	26	25	24	22	-
Carl's Jr.	18	18	19	19	18
Total	**181**	**173**	**170**	**171**	**142**

- the New Zealand business continues to deliver consistent growth, driven by the strength of the *KFC* brand. *KFC*'s same store sales growth was 6.2% in FY18 and 4.1% in Q1 of FY19. New in-line stores are expected to provide growth opportunities in high foot traffic CBD areas;
- the Pizza Hut New Zealand Master Franchise Agreement was finalised in June 2018 with RBD becoming the Master Franchisee for the *Pizza Hut* brand in New Zealand for the next 10 years. Under the new arrangement RBD steps into the position of franchisor for existing independent franchisees and receives a share of the franchise fees payable to Yum!. A further 10 of RBD's owned *Pizza Hut* stores are forecast to be sold to franchisees in FY19;
- RBD sold Starbucks Coffee New Zealand at the end of October 2018. The sale reflects the non-core nature of the brand with management focus being better spent on *KFC* and other growth initiatives across the group; and
- RBD's focus for *Carl's Jr.* has been to improve EBITDA margins. EBITDA margins have increased from 1.3% in FY16 to 5.7% in FY18 and the EBITDA margin is forecast to increase to 6.0% in FY19. Margin

[7] Normalised EBITDA means EBITDA before non-trading items

[8] Normalised EBIT means EBIT before non-trading items

improvement has been assisted by a revised menu and growth in sales revenue. The decline in store numbers during FY19 reflects the permanent closure of a store due to major road works near the site.

5.4.2 Australia

The financial performance of the Australian operations from FY17 to FY18, including the forecast for FY19 is summarised below:

FINANCIAL PERFORMANCE AUSTRALIAN OPERATIONS (NZ$ MILLIONS)

YEAR END FEBRUARY	2017A	2018A	2019F
KFC sales revenue	**97.2**	**151.8**	**195.4**
Change in store revenue %	*n.a.*	*56.2%*	*28.7%*
Total expenses	(85.7)	(135.1)	(172.0)
Normalised EBITDA	**11.5**	**16.7**	**23.4**
EBITDA margin %	*11.8%*	*11.0%*	*12.0%*
Depreciation & amortisation	(4.7)	(6.9)	(8.3)
Normalised EBIT	**6.8**	**9.8**	**15.1**
Number of owned stores			
KFC	42	61	62

- since the acquisition of 42 *KFC* stores in April 2016, RBD has added a further 19 stores (18 stores acquired and one new store build). KFC Australia has consistently delivered strong same store sales growth. Same store sales growth in FY19 is supported by the rollout of delivery to 20 stores by year end, scheduled price increases for selected products and a number of refurbishments and upgrades.

5.4.3 Hawaii

The financial performance of the Hawaii (including Guam and Saipan) operations for FY18, and the forecast for FY19, is summarised below:

PERFORMANCE HAWAII OPERATIONS (NZ$ MILLIONS)

YEAR END FEBRUARY	2018A	2019F
Pizza Hut	72.0	78.3
Taco Bell	95.5	105.5
Store sales revenue	**167.5**	**183.7**
Change in store revenue %	*n.a.*	*9.7%*
Other revenue	0.2	0.2
Total revenue	**167.7**	**183.9**
Total expenses	(151.3)	(168.3)
Normalised EBITDA	**16.3**	**15.6**
EBITDA margin %	*9.7%*	*8.5%*
Depreciation & amortisation	(6.7)	(6.9)
Normalised EBIT	**9.7**	**8.6**
Number of owned stores		
Pizza Hut	45	46
Taco Bell	37	37
Total	**82**	**83**

- the Hawaii operations commenced in March 2017 following the acquisition of Pacific Island Restaurants. The acquisition provided RBD with access to the *Taco Bell* brand which has exhibited strong same store sales growth and customer loyalty. RBD is currently awaiting consents to refurbish stores that have been underinvested in and to build new *Taco Bell* stores. The consenting process in Hawaii is very protracted; and
- the Hawaii business has experienced a period of operational and customer disruption in the *Pizza Hut* brand as a result of the recently implemented POS and website upgrades. There have also been some trading headwinds in FY19, particularly rising wage and commodity prices. RBD management believe that these pricing pressures are also being felt by its competitors in the market.

5.5 Financial Position

The financial position of RBD as at February 2017 and 2018 and 5 November 2018 is summarised below:

RBD - FINANCIAL POSITION (NZ$ MILLIONS)

AS AT	FEB 2017	FEB 2018	5 NOV 2018
Inventories	8.7	12.6	10.1
Trade & other receivables	4.3	8.8	10.5
Creditors & accruals	(50.4)	(67.5)	(62.2)
Provision for employee entitlements	(2.0)	(2.5)	(16.3)
Income tax payable	(3.6)	(4.2)	(3.1)
Net working capital	**(43.1)**	**(52.8)**	**(61.0)**
Intangible assets	84.4	246.3	257.8
Property, plant & equipment	124.4	157.2	159.9
Deferred income	(6.2)	(9.8)	(8.9)
Deferred tax asset	10.3	15.0	16.1
Other assets/(liabilities)	(1.6)	2.4	-
Net operating assets	**168.2**	**358.3**	**363.9**
Net debt	23.9	(156.7)	(141.7)
Net assets	**192.1**	**201.6**	**222.2**
STATISTICS			
Shares on issue at period end (million)	*122.8*	*123.6*	*124.4*
Net assets per share	*$1.56*	*$1.63*	*1.79*
Gearing[9]	*(14.2%)*	*43.7%*	*38.9%*

Source: RBD and Grant Samuel analysis

- RBD has a negative net working capital position as it receives revenue in cash at the point of sale and pays employees on a weekly basis and suppliers on varying longer terms. The increase in the negative net working capital position is the result of the increase in the size of the business;
- intangible assets primarily relates to goodwill paid upon business acquisitions. The large increase in the intangible asset balance from February 2017 to February 2018 related to the acquisition of Pacific Island Restaurants Inc. and further *KFC* stores in Australia;
- property, plant and equipment primarily consists of leasehold improvements and restaurant fit out costs; and
- deferred income relates to non-routine revenue from suppliers and landlords and is recognised in profit or loss over the life of the associated contract.

[9] Gearing is net borrowings divided by net assets plus net borrowings.

5.6 Cash Flow

RBD's cash flows from FY15 to FY18 is summarised below:

RBD SUMMARY CASH FLOW (NZ$ MILLIONS)

YEAR END FEBRUARY	2015A	2016A	2017A	2018A
Normalised EBITDA	**48.7**	**52.8**	**69.0**	**94.4**
Tax	(9.2)	(10.6)	(13.5)	(15.8)
Interest	(1.0)	(1.0)	(2.3)	(5.6)
Movement in working capital (and other items)	(3.3)	3.6	(0.2)	(0.4)
Non-trading items	1.3	(0.5)	(5.1)	(4.8)
Net operating cash flow	**36.5**	**44.3**	**47.9**	**67.8**
Business acquisitions	(10.4)	-	(63.9)	(147.5)
Net purchase of property, plant & equipment	(19.8)	(16.5)	(12.4)	(22.3)
Purchase of intangible assets	(2.8)	(1.7)	(3.7)	(4.8)
Landlord contributions received	-	2.8	1.0	1.2
Net investing cash flow	**(33.0)**	**(15.3)**	**(79.0)**	**(173.3)**
Net drawdown/(repayment) of borrowings	14.4	(9.9)	30.7	64.7
Net proceeds from share issue	-	-	91.1	-
Dividends paid	(17.1)	(19.6)	(22.6)	(23.7)
Net financing cash flow	**(2.6)**	**(29.4)**	**99.2**	**40.9**
Net cash flow	**0.8**	**(0.5)**	**68.1**	**(64.6)**
Opening cash	0.8	1.6	1.1	70.4
Cash balances of acquired businesses	-	-	1.5	4.6
FX gains/(losses)	-	-	(0.3)	(0.2)
Closing cash	**1.6**	**1.1**	**70.4**	**10.1**

Source: RBD Financial Statements

- RBD's net operating cash flows have increased as the business has grown its store network and underlying profitability;
- the purchase of QSR Pty Ltd comprising 42 *KFC* stores in New South Wales, Australia for A$82.4 million was completed during FY17, and the purchase of Pacific Island Restaurants for US$105 million was completed during FY18;
- RBD raised NZ$94 million in new equity capital through an underwritten entitlement offer during FY17 to fund the acquisition of Pacific Island Restaurants Inc. Share issue costs of $2.7 million have been netted off the gross proceeds of the share issue above;
- a portion of these funds remained on deposit at the end of FY17 pending the settlement of the Pacific Island Restaurant Inc acquisition; and
- RBD's dividend payout ratio has ranged between 80-85% of underlying NPAT (i.e. excluding non-trading items) between FY16 and FY18.

5.7 Capital Structure and Ownership

RBD has the following securities on issue:

- 124,380,523 ordinary shares; and
- a total of 378,000 performance rights granted to Russel Creedy (**CEO**) and Grant Ellis (**CFO**) entitling the holders to one ordinary RBD share subject to vesting criteria options over unissued ordinary shares. We understand that the performance rights will vest (and the associated shares will be issued) on the record date for the Offer.

As at 2 November 2018, RBD had approximately 7,220 registered shareholders. The top 10 shareholders own approximately 40.4% of the ordinary shares on issue:

RBD - MAJOR SHAREHOLDERS AS AT 2 NOVEMBER 2018

	NUMBER OF SHARES (000S)	PERCENTAGE
Copulos, Stephen	10,631	8.6%
Craigs Investment Partners (private wealth)	6,318	5.1%
Hobson Wealth Partners Ltd. (private wealth)	6,090	4.9%
Fisher Funds Management	6,020	4.8%
First NZ Capital (private wealth)	4,027	3.2%
Diab Investments NZ Ltd.	3,500	2.8%
Euro Pacific Asset Management LLC	3,326	2.7%
Guardians of New Zealand Superannuation	3,273	2.6%
Grandeur Peak Global Advisors LLC	2,840	2.3%
Columbia Wanger Asset Management LLC	2,710	2.2%
Top 10 Shareholders	**50,261**	**40.4%**
Other Shareholders	74,120	59.6%
Total Shares	**124,381**	**100.0%**

Source: NZX Research

5.8 Share Price Performance

5.8.1 Liquidity

The following table shows the volume of RBD shares traded in the 12 months prior to the announcement of the partial takeover proposal on 18 October 2018:

RBD - SHARE PRICE HISTORY

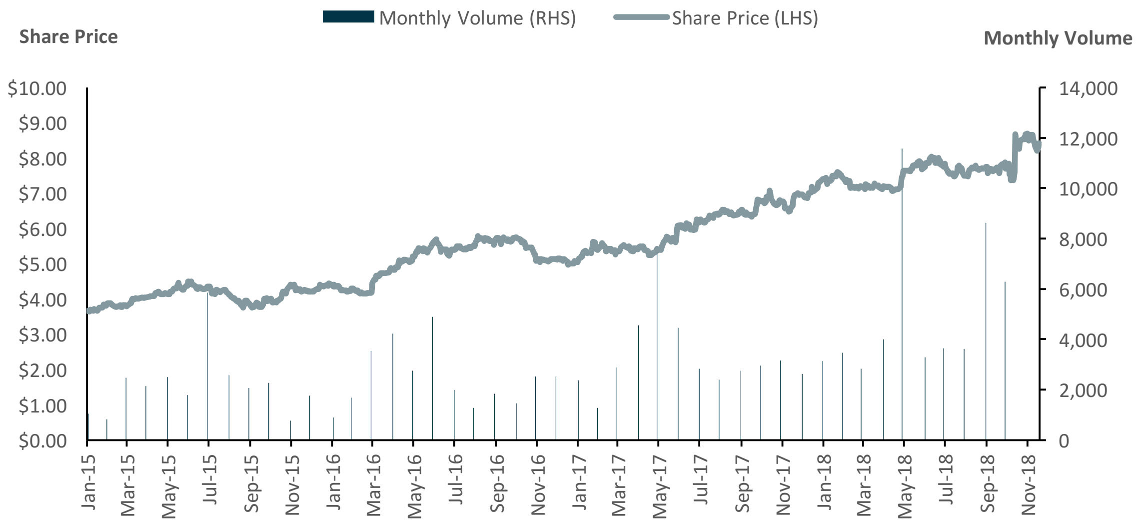
TIME PERIOD	LOW	HIGH	VWAP	VOLUME (000S)
1 month	$7.25	$7.87	$7.69	6,722
3 months	$7.25	$7.87	$7.68	15,414
6 months	$7.05	$8.15	$7.67	34,239
12 months	$6.46	$8.15	$7.47	53,249

Source: NZX Company Research

5.8.2 Share Price Performance

The share price and trading volume history of RBD shares since the beginning of 2015 is depicted below:

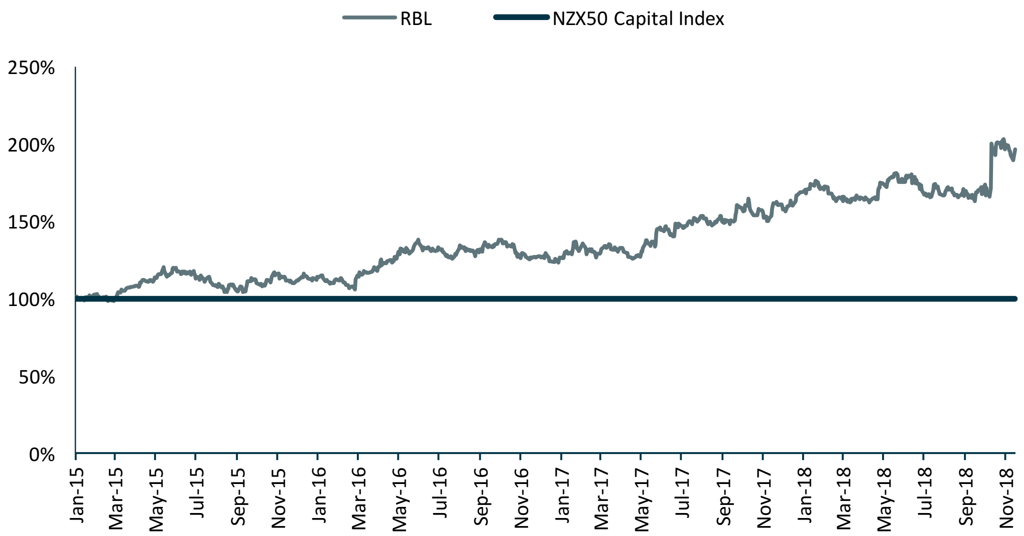
RBD SHARE PRICE PERFORMANCE SINCE BEGINNING OF 2015



Source: NZX Company Research

RBD's share price against the NZX50 Capital Index is shown below:

RBD RELATIVE PERFORMANCE VERSUS THE NZX50 CAPITAL INDEX



Source: Capital IQ

RBD has significantly outperformed the NZX50 Capital Index since the beginning of 2015 with its shares up by more than 67% versus the Index prior to the announcement of the partial takeover proposal on 18 October 2018.

6 Valuation of Restaurant Brands

6.1 Methodology

6.1.1 Overview

Grant Samuel's valuation of RBD has been estimated on the basis of fair market value as a going concern, defined as the estimated price that could be realised in an open market over a reasonable period of time assuming that potential buyers have full information. The valuation of RBD is appropriate for the acquisition of the company as a whole and accordingly incorporates a premium for control. The value is in excess of the level at which, under current market conditions, shares in RBD could be expected to trade on the share market. Shares in a listed company normally trade at a discount of 15% - 25% to the underlying value of the company as a whole, but the extent of the discount (if any) depends on the specific circumstances of each company.

The most reliable evidence as to the value of a business is the price at which the business or a comparable business has been bought and sold in an arm's length transaction. In the absence of direct market evidence of value, estimates of value are made using methodologies that infer value from other available evidence. There are four primary valuation methodologies commonly used for valuing businesses:

- capitalisation of earnings or cash flows;
- discounting of projected cash flows (**DCF**);
- industry rules of thumb; and
- estimation of the aggregate proceeds from an orderly realisation of assets.

Each of these valuation methodologies has application in different circumstances. The primary criterion for determining which methodology is appropriate is the actual practice adopted by purchasers of the type of business involved. A detailed description of each of these methodologies is outlined at Appendix D.

6.1.2 Preferred approach

Grant Samuel has placed primary reliance on the capitalisation of earnings methodology in determining a value range for RBD. This is primarily due to the availability of quality information that can be analysed to determine an applicable multiple range. This information includes the earnings multiples implied from the prices of comparable transactions and the sharemarket ratings of listed companies.

In addition, a DCF valuation was undertaken as a cross check.

6.2 Summary

Grant Samuel has valued RBD in the range of $1,017 - $1,113 million, which corresponds to a value of $8.15 to $8.92 per share. The valuation is summarised below:

RBD - VALUATION SUMMARY ($ MILLIONS)

	REPORT SECTION REFERENCE	VALUE RANGE	
		LOW	HIGH
Enterprise value		1,154	1,250
Less: Net Debt	6.2.1	(137)	(137)
Value of equity		**1,017**	**1,113**
Shares on issue (millions)	6.2.2	124.8	124.8
Value per share		**$8.15**	**$8.92**

The value exceeds the price at which, based on current market conditions, Grant Samuel would expect RBD shares to trade on the NZX in the absence of a takeover offer or proposal similar to the Offer with Global Valar. The valuation reflects the strengths and weaknesses of RBD and takes into account the following factors:

- *KFC* is a leading international fast food brand that has demonstrated consistent growth in recent years. RBD's *KFC* business in New Zealand is attractive with strong EBITDA margins. The opportunity to expand the *KFC* business in Australia through the acquisition of independent franchisees and Yum! owned stores in New South Wales is also attractive. RBD also has opportunities to expand into new geographies including a store rollout program in Hawaii;
- the *Pizza Hut* brand operates in a more competitive market with lower barriers to entry than *KFC*. The *Domino's* brand is growing more rapidly than the *Pizza Hut* brand globally. This is likely to put further pressure on sales growth and margins in New Zealand and Hawaii. The opportunity to repurpose *Pizza Hut* sites to incorporate to the higher margin *Taco Bell* stores in Hawaii is an attractive opportunity;
- *Taco Bell* is an attractive brand with strong margins. The opportunity to apply the learnings from the *KFC* store transformation programme in New Zealand to refresh the *Taco Bell* stores in Hawaii should yield improved performance and an attractive return on investment. There are currently discussions underway with Yum! to potentially bring the brand to New Zealand and parts of Australia;
- RBD has an established record of expansion through acquisition which has enabled it to achieve high growth in the four years since 2014:

Revenue	+125%
EBIT	+105%
NPAT (Reported)	+77%
NPAT (Excluding non-trading items)	+114%

- RBD management believe that these growth levels are sustainable given the number of franchisee chains which could potentially be acquired at reasonably attractive multiples. In addition, there exist expansion opportunities in each of the three key regions RBD operates in; and
- RBD has a strong working relationship with Yum!, albeit with normal tensions that exist between franchisors and franchisees. This has allowed RBD to expand rapidly through acquisition and new store builds.

6.2.1 Net debt for valuation purposes

For valuation purposes, Grant Samuel has adopted the forecast net debt of $137.1 million at 25 February 2019, being the forecast net debt at the settlement date of the Offer.

6.2.2 Fully diluted shares on issue

The fully diluted shares on issue has been calculated as follows:

RBD – FULLY DILUTED SHARES ON ISSUE AS AT 26 NOVEMBER 2018

	MILLION
Shares on issue	124.4
Shares issued on exercise of performance rights	0.4
Fully diluted shares on issue	**124.8**

6.2.3 Valuation assumptions

EARNINGS FOR VALUATION PURPOSES

	NZ$ MILLION
Forecast FY19 EBITDA for valuation purposes	98.9
Less contribution from Starbucks during FY19	(2.8)
Earnings for valuation	**96.1**

The earnings for valuation purposes assumes the following:

- 3% same store sales growth in New Zealand;
- 3.5% same store sales growth in Australia;
- the benefit from 19 new stores in Australia purchased in FY18;
- sales growth of 2.5% in Hawaii and reduction in the Federal Tax rate from 34% to 21%;
- capital expenditure on new stores and refurbishments of NZ$47 million in FY19; and
- foreign exchange rates US$0.66 per NZD and A$0.91 per NZD.

6.2.4 DCF Valuation

A DCF valuation as a cross check was undertaken using RBD's 10 year forecast financial model. Discount rates of 8.5% to 9.0% were applied to the after tax ungeared cash flows. A terminal growth rate of 2.0% pa was assumed. The valuation outcome of the DCF analysis was very similar to the capitalisation of earnings valuation. The DCF valuation which was undertaken as a cross-check was $8.06 - $8.82 per share.

10 YEAR MODEL ASSUMPTIONS

New Zealand

- New Zealand same store growth:

KFC	4.0%
Pizza Hut	3.7%
Carl's Jr.	3.0%

- New Zealand store numbers:

KFC new stores	21
Pizza Hut sales to franchisees	21
New Pizza Hut to be sold to franchisees	57
Carl's Jr. new stores	8

- New Zealand EBITDA margin:

KFC	20.5%
Pizza Hut	10.6%
Carl's Jr.	11.0%

Australia

- Australia same store growth of 3.4% per annum; and
- EBITDA margin for Australian stores of 15.7%.

Hawaii (including Guam and Saipan)

- Hawaii same store growth:

Taco Bell	4.6%
Pizza Hut	1.0%

- Hawaii new stores:

Taco Bell	11
Pizza Hut	7

- Hawaii EBITDA margin:

Taco Bell	19.7%
Pizza Hut	9.0%

6.3 Earnings Multiple Analysis

6.3.1 Implied multiples

Grant Samuel's valuation of RBD implies the following multiples:

RBD – IMPLIED VALUATION MULTIPLES

MULTIPLES	VARIABLE ($MILLION)	LOW	HIGH
Enterprise Value Range ($ millions)		**1,154**	**1,250**
Multiple of EBITDA (times)			
Year ended February 2018 (normalised)[10]	94.4	12.2	13.2
Year ended February 2019 (forecast)[11]	96.1	12.0	13.0
Multiple of EBIT (times)			
Year ended February 2018 (normalised) [10]	62.5	18.5	20.0
Year ended February 2019 (forecast)[11]	62.0	18.6	20.1

Grant Samuel has reviewed the multiples having regard to the multiples implied by transactions involving franchisees of international fast food businesses and the multiples implied by the current share prices of listed franchisees of international fast food brands. An explanation regarding interpreting the above multiples is included in Appendix E. Grant Samuel's enterprise value range implies a multiple range of 12.0 to 13.0 times forecast FY19 EBITDA.

6.3.2 Transaction Evidence

The valuation of RBD has been considered having regard to the earnings multiples implied by the price at which franchisees of international fast food businesses have changed hands. Grant Samuel has primarily focused on franchisees of the major international fast food restaurant chains. The transaction evidence is summarised below:

[10] Adjusted for non-trading items

[11] Excludes earnings from Starbucks

TRANSACTIONS INVOLVING INTERNATIONAL FAST FOOD BRAND FRANCHISEES

DATE	TARGET	ACQUIRER	IMPLIED ENTERPRISE VALUE (MILLIONS)	EBITDA MULTIPLE (TIMES)		EBIT MULTIPLE (TIMES)	
				HISTORIC	FORECAST	HISTORIC	FORECAST
ASIA PACIFIC							
Jun 17	28 KFC stores in Australia	Collins Foods	A$112.0	7.0	n.a.	10.2	n.a.
May 16	13 KFC stores in Australia	Collins Foods	A$25.5	5.9	n.a.	n.a.	n.a.
Mar 16	42 KFC stores in Australia	RBD	A$82.4	5.5	n.a.	n.a.	n.a.
Feb 16	Burger King Korea	Affinity PE	US$171	11.4	n.a.	n.a.	n.a.
May 14	SRS Korea	CVC Capital	US$98	5.4	n.a.	8.9	n.a.
Nov 13	44 KFC stores in Australia	Collins Foods	A$55.6	n.a.	5.5	n.a.	n.a.
Aug 13	75% of Domino's Pizza Japan	DPE	A$282	10.4	n.a.	n.a.	n.a.
Aug 13	KFC Indonesia	Dyviacom	US$492	14.2	15.3	19.3	25.8
Nov 12	SRS Korea	DIP Holdings	US$138	5.3	n.a.	7.7	n.a.
Aug 12	Crust Gourmet Pizza	Retail Food Group	A$44.8	n.a.	n.a.	n.a.	7.0
Feb 12	Pizza Capers	Retail Food Group	A$30.0	n.a.	n.a.	n.a.	7.0
Dec 11	KFC Malaysia	CVC Capital	US$1,038	9.6	9.5	13.8	13.1
Dec 11	Pizza Hut Malaysia	CVC Capital	US$956	7.0	6.3	10.3	8.8
Oct 11	Burger King NZ	Blackstone	NZ$155	8.2	7.9	10.5	11.5
Average - Asia Pacific				**8.2**	**9.2**	**11.5**	**12.3**
UK & EUROPE							
Feb 16	Nordic Service Partners	LGT Capital	SEK 468	7.9	6.0	34.2	16.7
Jul 16	34.3% of AmRest Holdings	Finaccess	£1,250	13.5	12.0	27.4	23.6
Dec 15	Joey's Pizza	DPE	€79	13.2	11.3	n.a.	n.a.
Oct 15	Pizza Sprint	DPE	€35	10.0	n.a.	n.a.	n.a.
Jul 15	31.7% of AmRest Holdings	Finaccess	£770	11.5	10.3	25.1	26.1
Aug 14	Grupo Zena	Alsea, SA.B. De CV	€270	8.4	n.a.	n.a.	n.a.
Feb 11	Restauravia Group	AmRest Holdings	€198	7.4	n.a.	n.a.	n.a.
Average - UK & Europe				**10.3**	**9.9**	**28.9**	**22.1**
THE AMERICAS							
Oct 16	Pacific Island Restaurants	RBD	US$105	7.6	n.a.	n.a.	n.a.
Jan 15	Brazil Fast Food Corp	Shareholders	US$137	8.1	n.a.	10.1	n.a.
Mar 14	Morgan's Foods Inc.	Apex Restaurants	US$50	7.7	n.a.	14.4	n.a.
Nov 11	NPC Restaurant Holdings	Olympus Partners	US$755	7.5	n.a.	13.7	n.a.
Average - The Americas				**7.7**	**-**	**12.7**	**-**
Average – All Transactions				**8.8**	**9.5**	**15.8**	**16.0**

Source: Grant Samuel analysis[12] (see Appendix B)

When observing the table above the following points should be noted:

- approximately three quarters (19 of 27) of the transactions above involve franchisees for Yum! restaurant concepts (*KFC*, *Pizza Hut* and *Taco Bell*). Of these transactions, eight transactions involved *KFC* only franchisees, two involved *Pizza Hut* only franchisees and the other nine transactions involved

[12] Grant Samuel analysis based on company announcements and, in the absence of company published financial forecasts, brokers' reports. Where company financial forecasts are not available, the median of the financial forecasts prepared by a range of brokers has generally been used to derive relevant forecast value parameters. The source, date and number of broker reports utilised for each company depends on analyst coverage, availability and recent corporate activity.

franchisees of multiple Yum! brands. Grant Samuel has not focused on transactions involving head franchisor businesses;

- the implied EBITDA multiples of the transaction evidence range between ˜5.3 times historical EBITDA to ˜14.2 times EBITDA reflecting differences in the size of the targets, the growth prospects of the targets in their primary geographies and the degree of strategic importance of the acquisitions and synergies. For transactions involving smaller franchisees (i.e. with less than US$40m of EBITDA) the implied EBITDA multiples typically range between ˜5.5 to ˜8.5 times EBITDA. The transactions undertaken by Collins Food Limited (the largest *KFC* franchisee in Australia) during 2016 and 2017 were at multiples of 5.9 and 7.0 times EBITDA and the two transactions by RBD announced during 2016 implied multiples of 5.5 and 7.6 times EBITDA;

- smaller transactions that transacted at higher EBITDA multiples include the purchase of a substantial shareholding in KFC Indonesia by Dyviacom (at 14.2 times), the purchase of Burger King Korea by Affinity Private Equity (at 11.4 times) and the purchase of a 75% stake in Domino's Pizza Japan by Domino's Pizza Enterprise Limited at 10.4 times. Each of these target companies operated in markets with significant scope for growth in the store networks and this may explain the higher implied multiples for these transactions. Two of the smaller transactions at higher EBITDA multiples involved DPE purchasing independent pizza chains in geographies where *Domino's* did not have a store footprint. They were strategic acquisitions as they expanded their store network rapidly in the markets versus new store builds;

- in July 2015 Finaccess Capital acquired a 31.7% shareholding in AmRest Holdings, a fast food restaurant company operating in Central and Eastern Europe. A year later, Finaccess Capital acquired a further 34.3% stake in the company. The transactions implied EBITDA multiples of 10.3 times and 12.0 times forecast EBITDA respectively. AmRest is of a similar size to RBD on an enterprise value basis;

- other large transactions included CVC Capital's acquisition of Pizza Hut Malaysia and KFC Malaysia in December 2011 (at multiples of 6.3 and 9.5 times forecast EBITDA respectively). This multiple paid for Pizza Hut Malaysia is close to the 7.5 times EBITDA Olympus Partners paid for NPC Restaurant Holdings, the largest *Pizza Hut* franchisee in the United States;

- the implied EBIT multiples for the transaction evidence varied significantly and in a substantial proportion of cases EBIT was not disclosed. Grant Samuel has placed only limited reliance on the implied EBIT multiples from the transaction evidence in assessing an appropriate capitalisation multiple for RBD; and

- each transaction has its own unique set of circumstances. As such it is often very difficult to identify trends or draw any meaningful conclusions. Further details on these transactions are set out in Appendix B.

6.3.3 Sharemarket Evidence

The valuation of RBD has been considered in the context of the multiples implied by the share market prices of listed franchisees of the leading international fast food restaurant brands. While the size and geographies served by these companies are different, the share market data provides a useful framework within which to assess the valuation of RBD.

SHAREMARKET RATINGS OF LISTED FAST FOOD FRANCHISE COMPANIES[13]

ENTITY	MARKET CAP. (NZ$ MILLIONS)	EBITDA MULTIPLE (TIMES)[14]			EBIT MULTIPLE (TIMES)[15]		
		HISTORIC	FORECAST YEAR 1	FORECAST YEAR 2	HISTORIC	FORECAST YEAR 1	FORECAST YEAR 2
RBD (pre-offer price)	**933**	**11.5**	**10.8**	**9.7**	**17.4**	**16.1**	**14.1**
RBD (at Offer price)	**1,175**	**14.1**	**13.3**	**11.9**	**21.3**	**19.8**	**17.2**
ASIA PACIFIC							
Berjaya Food Berhad	175	8.3	7.6	6.9	14.7	12.5	11.1
Collins Foods Limited	899	11.3	9.5	8.8	16.5	14.3	13.2
Dominos Enteprises Limited	4,546	18.4*	16.2	14.2	23.2	20.1	17.3
KFC Holdings Japan Limited	575	12.6	n.a.	n.a.	n.m.	n.a.	n.a.
PT Fast Food Indonesia Tbk	331	8.8	7.8	6.8	26.2	21.2	16.9
PT Map Boga Adiperkasa Tbk	386	10.9	n.a.	n.a.	19.9	n.a.	n.a.
PT Sarimelati Kenana Tbk	267	7.2	6.8	5.8	10.4	11.5	10.5
Yum! China Holdings Inc.	19,827	9.6	9.4	9.1	15.4	13.5	12.7
Average - Asia Pacific		**10.9**	**9.5**	**8.6**	**18.0**	**15.5**	**13.6**
UK & EUROPE							
AmRest Holdings BV	3,390	17.2	13.2	10.5	38.5*	28.7*	20.2*
DP Eurasia N.V.	383	13.1	11.6	9.1	22.8	17.1	12.7
Domino's Pizza Group PLC	2,564	13.9	13.3	12.1	16.0	15.6	14.8
Ibersol SGPS, SA	465	5.6	6.1	5.5	11.0	11.1	10.7
Sphera Franchise Group SA	316	13.7	10.7	7.9	18.2	14.9	10.8
Average - UK & Europe		**11.6**	**10.4**	**8.6**	**16.7**	**14.7**	**12.3**
THE AMERICAS							
Alsea, SAB de CV	2,823	8.4	8.4	7.3	14.6	14.5	12.2
Arcos Dorados Holdings Inc.	2,311	5.8	6.9	6.1	6.5	11.9	9.0
BK Brasil SA.	1,484	17.0	12.2	9.1	39.4*	28.2*	17.8*
Meritage Hospitality Group	164	10.4	n.a.	n.a.	16.2	n.a.	n.a.
Prestige Holdings Limited	137	6.5	n.a.	n.a.	12.4	n.a.	n.a.
Average - The Americas		**7.8**	**9.2**	**7.5**	**12.4**	**13.2**	**10.6**
Average – All companies		**9.7**	**10.0**	**8.5**	**16.3**	**14.9**	**13.6**

Source: Grant Samuel analysis. n.m. means not meaningful
* denotes outliers

A description of each of the companies above is set out in Appendix C. When observing the table above the following points should be noted:

- the implied multiples of the listed comparable companies varies substantially due to differences in the growth prospects, size, brands and operating margins of each company. In general the larger companies trade at higher multiples and the companies exhibiting higher EBITDA growth are trading at higher EBITDA multiples. Historic and forecast year 1 multiples can often be very high as the contribution from new stores is yet to be fully realised until forecast year 2;

13 The companies selected have a variety of year ends. The financial information presented in the Historic column corresponds to the most recent actual annual result. The forecast column corresponds to the forecast for the subsequent year.

14 Represents gross capitalisation (that is, the sum of the market capitalisation adjusted for minorities, plus borrowings less cash as at the latest balance date) divided by EBITDA.

15 Represents gross capitalisation divided by EBIT.

- Grant Samuel has not focused on Master Franchise businesses. They tend to trade at higher earnings multiples reflecting the value of their brands and lower capital intensity;
- Domino's Pizza Enterprise Limited and Domino's Pizza Group PLC (**Domino's Pizza UK**) are the largest *Domino's* franchisees globally with 2,393 and 1,192 stores respectively. Their higher trading multiples in part reflect the success of the *Domino's* brand globally, which has been growing faster than its primary rival *Pizza Hut* and an expectation for further strong growth in earnings for both companies as they roll out new stores in their existing geographies. DP Eurasia N.V, which operates in Turkey and Russia is also trading at relatively high multiples reflecting the underdeveloped nature of these markets;
- AmRest Holdings BV (which is 56.4% owned by Global Valar), Sphera Franchise Group SA and BK Brasil SA are forecast to achieve strong growth in EBITDA in the next 2 years reflecting the opportunity to roll out new stores in their target geographies and rising disposable incomes in these markets. The historic and forecast year 1 trading multiples for these companies are therefore relatively high;
- Collins Food Limited is a close comparable to RBD in so far that it primarily operates *KFC* restaurants in Australia;
- the multiples are based on closing share prices as at 14 November 2018. The share prices and the multiples do not include a premium for control. Shares in listed companies normally trade at a discount to the underlying value of the companies as a whole;
- the companies selected have varying financial year ends. The data presented above is the most recent annual historical result plus the subsequent forecast year; and
- there are considerable differences between the operations and scale of the comparable companies when compared with RBD. In addition, care needs to be exercised when comparing multiples of New Zealand companies with internationally listed companies. Differences in regulatory environments, share market and broader economic conditions, taxation systems and accounting standards hinder comparisons.

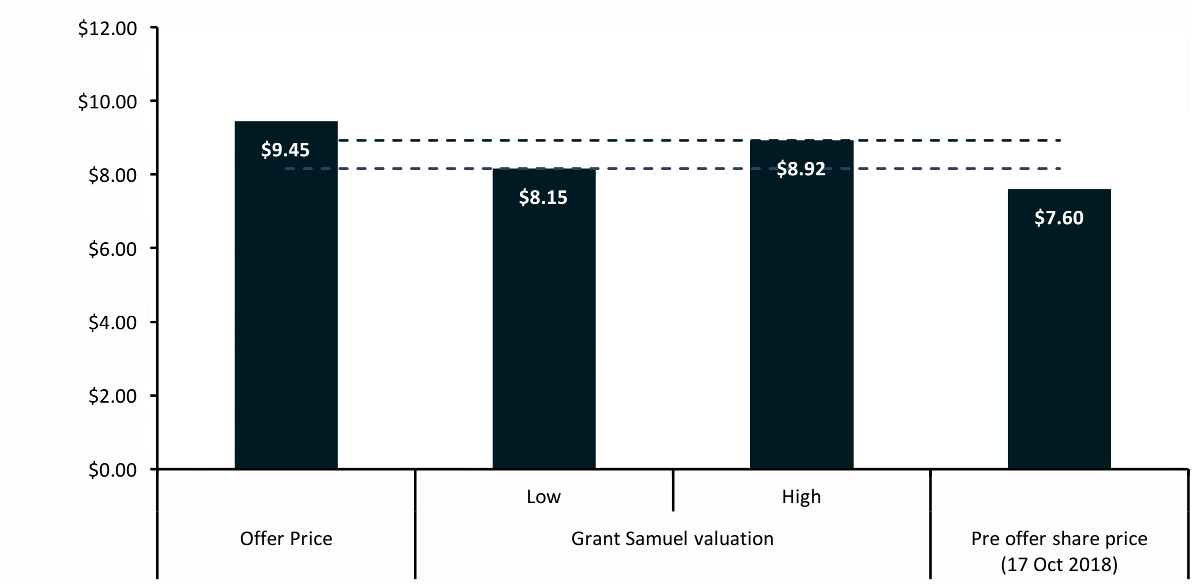
7 Merits of the Global Valar Offer

7.1 The value of the Global Valar Offer

The value of the Offer can be assessed with reference to a number of factors:

- ***Grant Samuel's assessment of the value of RBD***. In Grant Samuel's opinion the full underlying value of RBD shares is in the range of $8.15 to $8.92 per share as set out in Section 6. This value represents the value of acquiring 100% of the equity in RBD and therefore includes a premium for control. In Grant Samuel's opinion the offer price under a takeover offer where the offeror will gain control should be within, or exceed, the pro-rated full underlying valuation range of the company. **The Offer price of $9.45 per share is above Grant Samuel's assessed value range for RBD shares.** The diagram below compares the Offer price with Grant Samuel's assessed value range for RBD shares and the RBD share price immediately prior to the announcement of the Offer;

GLOBAL VALAR OFFER VERSUS GRANT SAMUEL VALUATION RANGE AND PRE OFFER SHARE PRICE (NZ$ PER SHARE)



- ***the premium implied by the Offer***. The Offer represents a premium of 24.3% relative to the closing price of $7.60 per share on 17 October 2018 being the last trading day prior to the announcement of the Offer and a premium of 22.9% over the volume weighted average share price (**VWAP**) over the 30 trading days prior to the announcement of $7.69 per share. Over the longer term the Offer represents a 23.1% premium to the 6-month VWAP. The premium for control is close to the average premium of control generally observed in successful takeovers of other listed companies. Since the announcement of the Offer at a price of $9.45 per share, RBD shares have traded in the range of $8.12 to $8.72 per share; and

- ***comparable company and comparable transaction data***. The Offer implies multiples of 13.9 times historical EBITDA and 13.7 times forecast EBITDA for FY19. Grant Samuel's analysis suggests the historical and forecast EBITDA multiples implied by the Offer are attractive when compared to the multiples implied by the prices paid for controlling shareholdings in international fast food franchisee businesses.

7.2 The timing and circumstances surrounding the Offer

The Offer follows an unsolicited approach from Finaccess Capital. RBD commenced negotiating a transaction with Finaccess Capital culminating in the announced form of the Offer. Finaccess Capital is familiar with the fast food restaurant industry. It has a majority shareholding in AmRest Holdings BV, which operates franchised and owned fast food restaurant chains in Central and Eastern Europe including *Pizza Hut* and *KFC*.

7.3 Outcomes of the Global Valar Offer

The Offer is subject to several key conditions. For the Offer to be successful, more than 50.01% of the total number of voting securities in RBD must be accepted into the Offer. The possible outcomes of the Offer are:

Global Valar achieves acceptances less than 50.01%

In this circumstance no shares will be acquired by Global Valar and the shareholding structure of RBD will be unchanged. If Global Valar is not successful in achieving the 50.01% minimum threshold at its current offer price it may or may not choose to increase the offer price. If Global Valar chooses to increase its current offer price while the Global Valar Offer is still open the increased value will be available to all shareholders even if they have already accepted the current offer price. Any increased price would also be available to the locked up shareholders.

Global Valar achieves acceptances greater than 50.01% but less than 75%

In these circumstances assuming the Offer becomes unconditional:

- Global Valar will proceed to acquire all of the shares that have been accepted into the Global Valar Offer. Accepting shareholders will not be subject to scaling or pro-rata adjustment of their acceptances. Global Valar will become the cornerstone shareholder in RBD with a shareholding of between 50.01% and 75%. The final percentage owned by Global Valar will be a function of the level of acceptances from all shareholders. The liquidity of RBD shares will be reduced, and the free float will be reduced. The closer the Global Valar shareholding approaches the 75% limit, the more the liquidity in RBD shares will contract;
- At a shareholding of between 50.01% and 75% Global Valar would have effective but not absolute control of RBD. Global Valar would be able to control the Board and therefore key decisions affecting the business such as strategy, dividend policy, appointment of Directors, acquisitions and divestments and capital programmes. With a shareholding greater than 50% Global Valar would be able to dictate the outcome of ordinary resolutions put to shareholders, unless it is disqualified from voting under NZX Listing Rules. It would not be able to control but would have significant influence over special resolutions (those resolutions requiring 75% of votes cast in respect of the resolution). Special resolutions often relate to transformational events such as major transactions or changes to the constitution. There are protections for minority shareholders in the NZX Listing Rules and the Companies Act; and
- RBD must continue to have at least two independent directors on the board of RBD. Global Valar will be able to determine the identities of those independent directors. At the time of the preparation of this report, Finaccess Capital have given no information as to whom the independent directors will be.

Global Valar receives acceptances greater than 75%

In these circumstances, assuming the Offer becomes unconditional, Global Valar is not permitted to acquire more than 75% of the issued shares in RBD under the construct of the Global Valar Offer. In the case of excess acceptances, Global Valar is required under Rule 12 of the Takeovers Code to take up from each offeree the lesser of:

- 75% of a shareholders shares accepted into the Offer; and
- all of the shares in respect of which the shareholder has accepted into the Offer.

If the number of shares acquired under this mechanism is less than the total percentage sought (75% in this case), then Global Valar will acquire further shares from accepting shareholders pro rata to the total shares accepted into the Offer by accepting shareholders.

If the Global Valar Offer is successful at any level over the 75% threshold (recognising that it is highly unlikely that acceptances representing exactly 75% will be received), RBD shareholders who accept the Global Valar Offer for their entire shareholding will not be able to sell all of the accepted shares into the Global Valar Offer as excess acceptances will be scaled back. The table below shows examples of various levels of total acceptances to the Global Valar Offer, and the implications for accepting shareholders:

NUMBER AND % OF SHARES ACCEPTED INTO THE GLOBAL VALAR OFFER THAT WOULD BE ACQUIRED BY GLOBAL VALAR

% OF SHARES THAT ARE TENDERED INTO THE OFFER	% OF SHARES TENDERED INTO THE OFFER THAT WILL BE ACQUIRED BY GLOBAL VALAR POST SCALING	EXAMPLE: NUMBER OF SHARES THAT WILL BE ACQUIRED BY GLOBAL VALAR UNDER THE OFFER, ASSUMING A SHAREHOLDER HAS AND TENDERS 1,000 RBD SHARES	EXAMPLE: NUMBER OF SHARES OWNED AFTER THE GLOBAL VALAR OFFER HAS CLOSED, ASSUMING A SHAREHOLDER HAS AND TENDERS 1,000 SHARES
50.01%	100.00%	1,000	-
55.00%	100.00%	1,000	-
60.00%	100.00%	1,000	-
65.00%	100.00%	1,000	-
70.00%	100.00%	1,000	-
75.00%	100.00%	1,000	-
80.00%	93.75%	938	62
85.00%	88.24%	882	118
90.00%	83.33%	833	167
95.00%	78.95%	789	211
100.00%	75.00%	750	250

The table above shows that if acceptances in respect of greater than 75% of RBD's shares then a shareholder who accepts shares into the Global Valar Offer will only have certainty that 75% of their shares would be acquired under the Global Valar Offer. The level of scaling increases as the overall acceptance level increases e.g. if all RBD shareholders accept the Global Valar Offer for all of their shares, Global Valar will only acquire 75% of each shareholder's shares.

All shareholders are treated equally in a partial offer regardless of their shareholding. Accordingly, there is no certainty at this stage what proportion of shares an accepting shareholder will be able to sell if the Global Valar Offer is successful. In that circumstance accepting shareholders would end up with small and potentially uneconomic parcels of shares. This is a less appealing feature of partial offers generally.

Under a partial offer the actual premium over the closing price before the Offer was announced is less as not all shares will be accepted into the Offer. Assuming 75% of shares are accepted into the Offer and the share price after the Offer closes reverts to the 1 month VWAP (calculated prior to the offer being announced), the weighted average share price is $9.01 which is a premium of only 18.6% over the $7.60 pre-Offer closing share price.

If the 75% acceptance threshold is met in the last 5 working days of the Offer period, the Offer period is automatically increased by 10 working days.

As the Global Valar Offer is a partial offer there is no certainty what proportion of each accepting shareholder's shares in RBD will be bought if the Global Valar Offer is successful. All that is certain is that if the Offer becomes unconditional, shareholders will be able to sell at least 75% of the shares they currently own if they accept all their shares into the Global Valar Offer and the Global Valar Offer is accepted by shareholders at 50.01% or greater of the issued shares in RBD. Given that excess acceptances will be scaled down it is almost certain that if the Global Valar Offer achieves acceptances greater than 75%, accepting shareholders who accept for more than 75% of their holdings will not be able to sell all their shares into the Global Valar Offer. This lack of certainty is problematic for communications with shareholders but is in line with the rules of the Takeovers Code.

7.4 Implications for RBD Shareholders if the Global Valar Offer is Successful

If the Global Valar Offer is successful at any level of shareholding between approximately 50.01% and 75%, then RBD will remain a listed company with Global Valar owning a cornerstone shareholding and with effective control over RBD. In these circumstances:

- under the creep provisions of the Takeovers Code, Global Valar will be able to acquire up to a further 5% per annum of the outstanding ordinary shares in RBD after one year following completion of the Offer without making a further partial or full takeover offer for RBD;
- Global Valar could if it wished, sell down some of its shareholding without the prior approval of RBD shareholders. Global Valar could not sell its entire shareholding to another party unless either RBD shareholders approve the transaction in advance or the other party makes a full or partial offer conditional upon receiving acceptances of more than 50%;
- the attraction of RBD as a takeover target could be impacted both positively and negatively if the Global Valar Offer is successful. For any subsequent takeover offer for 100% of the company from another party to be successful, it would require Global Valar to sell its current, or any increased shareholding, in RBD to the new offeror; and
- existing RBD shareholders are highly likely to retain a shareholding in RBD as a consequence of the partial offer structure.

7.5 Other Merits of the Global Valar Offer

In assessing the other merits of the Global Valar Offer Grant Samuel considered the following factors:

- Approximately 40.4% of the issued shares in RBD are owned by the top 10 shareholders. Interests associated with Stephen Copulos have entered into a lock-in deed with Global Valar for their 8.52% shareholding which requires them to accept the offer. Mr Copulos is a director of RBD. The decisions of the other top shareholders on whether or not to accept the Global Valar offer could be instrumental in determining whether Global Valar achieve the 50.01% minimum acceptance level;
- the Global Valar Offer is subject to a number of conditions, which may be waived at Global Valar's discretion. These discretionary conditions principally relate to material changes to the RBD business and capital structure but also include the following specific condition:

  > *Global Valar obtaining all necessary consents required under the Overseas Investment Act 2005 and the Overseas Investment Regulations 2005 for Global Valar to complete the acquisition of the shares in accordance with the Offer, on terms that are usual for the granting of such consents*.

  When and if all consents will be obtained is uncertain. The last date for the consents to be received is 20 working days after the Offer closes, unless otherwise agreed by RBD and Global Valar. If all the necessary regulatory consents are not obtained either by the last date having passed or the relevant regulator refusing to provide consent, the Offer will lapse and Global Valar will not acquire any shares in RBD;

- whether the Global Valar Offer is successful or not, the RBD share price will in all likelihood, fall below the Offer price shortly after the Offer closes, reflecting both the success or not of the Offer itself and the partial offer structure where not all shares held by shareholders are able to be sold into the Offer;
- The Offer price of $9.45 implies a 24.3% premium to the share price on the day before the offer was announced. As the offer is for only 75% of the shares on issue and assuming that all shareholders accept, such that each shareholder will be left with 25% of their existing shareholding the actual premium is less than 24.3% depending on the post offer share price:

IMPLIED PREMIA AT DIFFERENT POST OFFER SHARE PRICES

Post Offer Share Price	$7.25	$7.50	$7.75
Implied Premium	17.1%	17.9%	18.8%

- RBD has agreed to pay Global Valar a reimbursement sum of NZ$7 million (plus GST, if any), if:
  - any director of RBD fails to recommend the Offer, makes adverse comments in relation to the Offer or (other than Stephen Copulous) fails to accept the Offer, other than as a result of:
    - Grant Samuel's independent adviser report concluding that the consideration under the Offer does not fall within or above its valuation range for the shares;
    - a failure of any of the conditions in relation to Overseas Investment Office consent or Yum! consent; or
    - Global Valar breaching the pre-bid agreement.
  - a competing transaction is announced prior to the closing of the Offer and is successfully implemented within 12 months of that announcement;
  - RBD, with the intention of undermining or frustrating the Offer, solicits or encourages a person to acquire 10% or more of the shares and that person does not accept the Offer;
  - the pre-bid agreement is terminated after Global Valar fails to match a superior proposal; or
  - any of the Couplos interests fail to accept the Offer in accordance with the lock-in deed.

Global Valar is liable to pay a reverse break fee of NZ$7 million (plus GST, if any) to RBD if Global Valar breaches its obligations to make payment to shareholders who accept the Offer.

- it is not uncommon for takeover transactions to include a sharing of the "synergy" benefits from an acquisition between the buyer and the seller. As Global Valar is a financial buyer there are no obvious operating synergies that should eventuate if the Offer is implemented;
- RBD shareholders who choose not to vote in favour the Offer may be expecting that Global Valar or another bidder may make another offer at a higher price. There is no certainty regarding the ongoing performance of RBD or that a subsequent offer from Global Valar will be forthcoming if the Offer is rejected by RBD shareholders; and
- the risks and benefits associated with an investment in RBD are outlined in Section 7.6 below. For those shareholders wishing to have an equity investment in the fast food restaurant sector there are other comparable public-market investment opportunities internationally.

7.6 Risks and Benefits of an investment in RBD

If the Offer does not meet the minimum 50.01% threshold RBD will remain as a listed company with no shares acquired by Global Valar as a consequence of the Offer. If the Offer does meet the minimum 50.01% and the conditions of the Offer are satisfied the Offer will be completed. In that circumstance shareholders in RBD are highly likely to retain a shareholding in RBD, albeit owning smaller shareholdings. The outlook for RBD with or without Global Valar as a cornerstone shareholder is therefore very relevant to RBD shareholders in deciding whether to support or reject the Offer. Grant Samuel makes the following observations in respect of RBD:

- RBD shareholders will continue to hold their shares and have exposure to the fast food sector and to a company with a strong record of growth and with identified options to continue to expand in New Zealand, Australia and the US;
- the exposure brought by the Global Valar offer may attract new potential buyers. RBD is very heavily exposed to Yum! through the *Pizza Hut, KFC* and *Taco Bell* franchises. Following the disposal of *Starbucks* only the *Carl's Jr.* franchise will not be under an agreement from Yum!. A bidder for RBD would have to be confident that Yum! will give its approval to a new controlling shareholder. Finaccess Capital through its AmRest subsidiary is a *Pizza Hut* and *KFC* franchisee in Europe;
- the fast food market is highly competitive, particularly in pizza, which is primarily a take home/delivery business and burgers. In New Zealand and to a lesser extent in Australia and the US, *KFC* has a strong market position and accordingly enjoys better margins than *Pizza Hut;*
- the strength of the *KFC* brand will underpin the earnings and growth of RBD in the foreseeable future;
- RBD has identified possible acquisition opportunities in Australia and the US, which if successful would underpin the strong growth in earnings experienced over the last two years; and
- RBD has the opportunity to build *KFC* stores in Hawaii and is in discussion with Yum! about *Taco Bell* stores in New Zealand and Australia

A consideration for RBD shareholders is whether, in time, an investment in RBD will yield a higher value outcome than the Offer. The implied multiple of FY19 EBITDA of 13.1 times is relatively high when compared with historic transactions of international fast food franchisees. As with any equity investment there are risks associated with the market in which the company operates. The risks associated with an investment in RBD include:

- the fast food market is highly competitive and will remain so. *Pizza Hut* in New Zealand in particular has suffered from margin pressure, in part from the larger *Domino's* chain;
- stock markets remain high despite some recent weakness in New Zealand and around the world. Whilst no immediate corrections are likely, the gradual tightening of the US Federal Reserve Bank in the US will inevitably lead to pressure on share prices. The Global Valar Offer is at a 24.3% premium to the price of the RBD shares before the announcement of the indicative proposal to make the Offer;
- RBD's relationship with Yum! is a strength as its brands are strong and well supported. Against that, Yum! as a franchisor is in a strong position to ensure that the franchise agreements are in its best interest and do not overly enrich the franchisees. It also has significant influence as to who can become a controlling shareholder of RBD; and
- RBD has experienced strong growth through its acquisition strategy. On a go forward basis, there is a risk that the number and quality of future acquisitions varies from RBD's experience over recent years.

7.7 Other Factors

In Sections 2.2 of this report there is a short list of the operational and governance undertakings given to both RBD and to Yum!. If the Global Valar Offer is successful, Global Valar will hold between 50.01% and 75.0% of RBD, and in doing so will have a large measure of control. The operational and governance undertakings provided by Global Valar give remaining minority shareholders, when combined with the NZX listing rules and the Companies Act, some comfort that Global Valar will continue to operate RBD in a similar manner as currently.

RBD is likely to be a less attractive investment proposition to institutional investors due to the much lower levels of liquidity and a much diminished ability to influence the board of RBD which may be dominated by Global Valar representatives.

If the Offer is successful, all of the RBD's Australian carried forward revenue losses will be forfeited and it is likely that all of, or the majority of, the RBD's Australian carried forward capital losses will be forfeited. This will mean those losses will not be available to set-off against future income or capital gains.

7.8 Likelihood of alternative offers

The prospect of an acquisition by Global Valar was announced on 18 October 2018. As noted earlier, the Global Valar Offer may encourage other bidders to come forward if the Offer does not proceed for whatever reason. To date, no alternative takeover offers or proposals have been forthcoming.

7.9 Acceptance or rejection of the Global Valar Offer

Deciding whether or not to accept the Offer is a matter for individual shareholders based on their own view as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser(s).

GRANT SAMUEL & ASSOCIATES LIMITED

30 NOVEMBER 2018

APPENDIX A - QUALIFICATIONS, DECLARATIONS AND CONSENTS

1. Qualifications

The Grant Samuel group of companies provides corporate advisory services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of the primary activities of Grant Samuel is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 400 public expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Michael Lorimer, BCA, Simon Cotter, BCom, MAppFin, F Fin, Christopher Smith, BCom, PGDipFin, MAppFin, and Jake Sheehan, BCom (Hons). Each has a significant number of years of experience in relevant corporate advisory matters.

2. Limitations and Reliance on Information

Grant Samuel's opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. The report is based upon financial and other information provided by the directors, management and advisers of RBD. Grant Samuel has considered and relied upon this information. Grant Samuel believes that the information provided was reliable, complete and not misleading and has no reason to believe that any material facts have been withheld.

The information provided has been evaluated through analysis, enquiry, and review for the purposes of forming an opinion as to the underlying value of RBD. However in such assignments time is limited and Grant Samuel does not warrant that these inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose.

The time constraints imposed by the Offer are tight. This timeframe restricts the ability to undertake a detailed investigation of RBD. In any event, an analysis of the merits of the Offer is in the nature of an overall opinion rather than an audit or detailed investigation. Grant Samuel has not undertaken a due diligence investigation of RBD. In addition, preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of RBD. It is understood that, where appropriate, the accounting information provided to Grant Samuel was prepared in accordance with generally accepted accounting practice and in a manner consistent with methods of accounting used in previous years.

An important part of the information base used in forming an opinion of the kind expressed in this report is the opinions and judgement of the management of the relevant enterprise. That information was also evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

The information provided to Grant Samuel included projections of future revenues, expenditures, profits and cash flows of RBD prepared by the management of RBD. Grant Samuel has used these projections for the purpose of its analysis. Grant Samuel has assumed that these projections were prepared accurately, fairly and honestly based on information available to management at the time and within the practical constraints and limitations of such projections. It is assumed that the projections do not reflect any material bias, either positive or negative. Grant Samuel has no reason to believe otherwise.

However, Grant Samuel in no way guarantees or otherwise warrants the achievability of the projections of future profits and cash flows for RBD. Projections are inherently uncertain. Projections are predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of management. The actual future results may be significantly more or less favourable.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue. In forming its opinion, Grant Samuel has assumed, except as specifically advised to it, that:

- the title to all such assets, properties, or business interests purportedly owned by RBD is good and marketable in all material respects, and there are no material adverse interests, encumbrances, engineering, environmental, zoning, planning or related issues associated with these interests, and that the subject assets, properties, or business interests are free and clear of any and all material liens, encumbrances or encroachments;
- there is compliance in all material respects with all applicable national and local regulations and laws, as well as the policies of all applicable regulators other than as publicly disclosed, and that all required licences, rights, consents, or legislative or administrative authorities from any government, private entity, regulatory agency or organisation have been or can be obtained or renewed for the operation of the business of RBD, other than as publicly disclosed;
- various contracts in place and their respective contractual terms will continue and will not be materially and adversely influenced by potential changes in control; and
- there are no material legal proceedings regarding the business, assets or affairs of RBD, other than as publicly disclosed.

3. Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to the merits of the Offer. Grant Samuel expressly disclaims any liability to any RBD security holder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees to the extent allowed by law for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Target Company Statement issued by RBD and has not verified or approved any of the contents of the Target Company Statement. Grant Samuel does not accept any responsibility for the contents of the Target Company Statement (except for this report).

4. Independence

Grant Samuel and its related entities do not have any shareholding in or other relationship or conflict of interest with RBD or Global Valar that could affect its ability to provide an unbiased opinion in relation to the Offer. Grant Samuel had no part in the formulation of the Offer. Its only role has been the preparation of this report. Grant Samuel will receive a fixed fee for the preparation of this report. This fee is not contingent on the outcome of the Offer. Grant Samuel will receive no other benefit for the preparation of this report. Grant Samuel considers itself to be independent for the purposes of the Takeovers Code.

5. Information

Grant Samuel has obtained all the information that it believes is desirable for the purposes of preparing this report, including all relevant information which is or should have been known to any Director of RBD and made available to the Directors. Grant Samuel confirms that in its opinion the information provided by RBD and contained within this report is sufficient to enable RBD security holders to understand all relevant factors and make an informed decision in respect of the Offer. The following information was used and relied upon in preparing this report:

5.1 Publicly Available Information

- Takeover Notice lodged by Global Valar;
- RBD's Annual Reports for the financial years ended February 2015-2018;
- RBD's Full Year result presentation for the year to 26 February 2018;
- RBD's Interim Report for the seven periods to 10 September 2018;
- RBD's AGM presentation, dated 21 June 2018; and
- RBD 1H18 Guidance announcement dated 28 September 2017.

5.2 Non Public Information

- RBD's monthly management accounts for the nine periods to 5 November 2018;
- RBD's Board Papers; and
- Pre-bid agreement between Global Valar and RBD.

6. Declarations

RBD has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a Court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. RBD has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by RBD are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to the directors and executive management of RBD. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7. Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Target Company Statement to be sent to security holders of RBD. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

APPENDIX B – RECENT TRANSACTION EVIDENCE

A brief description of each of the transactions listed in Section 6 is outlined below:

TRANSACTIONS INVOLVING FRANCHISEES OF INTERNATIONAL FAST FOOD BRANDS

ASIA PACIFIC REGION

28 KFC Stores in Australia / Collins Foods Limited

On 26 June 2017, Collins Foods Limited (**CFL**) announced that it had agreed to acquire 28 *KFC* restaurants in Australia from Yum! for a purchase price of A$110.2 million. 14 of the restaurants were located in Tasmania, 8 in South Australia and 6 in Western Australia. For the year ended 20 February 2017 the acquisition portfolio generated revenue of A$93.7 million and EBITDA of A$15.7 million. The purchase price implied multiples of 7.0 times EBITDA (after G&A expenses) and 6.5 times (before G&A expenses). It was reported that depreciation was approximately 5% of sales. Applying this percentage implies the acquisition portfolio generated EBIT of approximately A$11.0 million. The implied EBIT multiple has been estimated by Grant Samuel at approximately 10.2 times. All of the stores acquired had been upgraded in line with Yum!'s latest remodelling cycles. The acquisition increased CFL's Australian *KFC* stores from 195 to 223 and provided it with a presence in the South Australian and Tasmania geographies. The implied multiples of this transaction were in line with similar transactions in Australia.

13 KFC Stores in Australia / Collins Foods Limited

On 19 May 2016, CFL announced that it had agreed to acquire 13 *KFC* restaurants located around the New South Wales and Victorian border from the Wright Group for A$25.46 million (plus acquisition costs). The acquisition on a trailing basis was delivering A$4.3 million in EBITDA (before synergies). The purchase price implies a multiple of 5.9 times historical EBITDA. The acquisition increased CFL's *KFC* restaurants to 178 to 191. The implied multiple is in line with similar transactions in Australia.

42 KFC Stores in Australia / Restaurant Brands New Zealand Limited

On 3 March 2016, RBD announced that it had agreed to acquire QSR Pty Limited (**QSR**), the largest *KFC* franchisee in New South Wales with 42 stores for an enterprise value of A$82.4 million. QSR was generating in excess of A$100 million in revenue p.a. and over A$15 million p.a. in EBITDA. The purchase price implied a multiple of approximately 5.5 times EBITDA. The acquisition represented RBD's first step into the Australian market. The implied multiple is in line with similar transactions in Australia.

Burger King South Korea / Affinity Equity Partners

On 19 February 2016, Hong Kong based private equity firm Affinity Equity Partners disclosed that it had agreed to acquire Burger King Korea Ltd from another private equity firm VIG Partners for KRW 210 billion (equivalent to approximately US$171 million). For the 2015 year, Burger King Korea generated EBITDA of KRW 18.4 billion (US$15.0 million). The purchase price implied a multiple of 11.4 times historical EBITDA. At the end of 2015, Burger King Korea had approximately 236 stores.

SRS Korea Co., Ltd. / CVC Capital Partners Limited

On 7 May 2014, private equity firm CVC Capital Partners signed an agreement to acquire SRS KOREA Co. Ltd (**SRS**) from DIP Holdings Co., Ltd for KRW 100 billion (equivalent to approximately US$98 million). SRS operates *KFC* restaurants in South Korea. SRS's historical EBITDA was approximately US$18 million and historical EBIT was approximately US$11 million. The purchase price implies multiples of 5.4 times historical EBITDA and 8.9 times historical EBIT. CVC Capital Partners has been an active investor in fast food restaurant chains in Asia including the *KFC* and *Pizza Hut* chains in Malaysia.

44 KFC Stores in Australia / Collins Foods Limited

On 28 November 2013, CFL announced that it had agreed to acquire Competitive Foods Pty Ltd (**Competitive Foods**), a franchisee of 44 *KFC* restaurants in Australia (consisting 40 in Western Australia and 4 in the Northern Territory), for A$55.6 million. CFL expected Competitive Foods to generate A$110 million in revenue and between A$10.0 to $10.3 million of EBITDA in its 2014 financial year (before synergies). CFL stated that it would invest A$25m in capital expenditure to upgrade the stores to the latest store formats over a four-year period. The purchase price implied a multiple of 5.5 times forecast EBITDA (before synergies). The slightly lower EBITDA multiple paid for Competitive Foods versus other transactions undertaken by CFL is likely attributable to the restaurants requiring significant remodelling capital expenditure. The acquisition consolidated CFL's position as the largest *KFC* franchisee in Australia, increasing its number of *KFC* restaurants from 125 to 169. The acquisition also provided an entry into the Northern Territory.

75% of Domino's Pizza Japan / Domino's Pizza Enterprises Limited

On 13 August 2013, Domino's Pizza Enterprises Limited (**DPE**) announced that it had agreed to acquire a 75% interest in Domino's Pizza Japan (**DPJ**) from Bain Capital for ¥12.0 billion and provide ¥9.0 billion of new debt funding, implying an enterprise value of ¥25.0 billion (equivalent to approximately A$282 million). DPJ is the Domino's Pizza Master Franchisee for Japan and as at 30 June 2013 was the third largest pizza delivery chain in Japan with 259 stores. The acquisition of DPJ provided DPE with a substantial store growth platform with a long-term target of 600 stores in Japan. DPJ generated pro-forma revenue of approximately A$252 million and pro-forma EBITDA of approximately A$28 million for the financial year to 31 March 2013. The purchase price implied a multiple of 10.4 times historical EBITDA.

PT Fast Food Indonesia / Dyviacom

On 24 April 2013, PT Dyviacom Intrabumi Tbk (**Dyviacom**) agreed to acquire a 35.84% stake in PT Fast Food Indonesia Tbk (**KFC Indonesia**) for IDR 2 trillion (equivalent to approximately US$188 million). At the time of this transaction KFC Indonesia had approximately 450 stores. The transaction price implied multiples of 15.3 times forecast EBITDA and 25.8 times forecast EBIT. As at 31 December 2017 its store network had grown to 628. KFC Indonesia remains listed on the Indonesian stock exchange and is currently trading at multiples of 6.5 times forecast EBITDA and 17.6 times forecast EBIT. The relatively high implied multiples of the 2013 transaction may be explained by the strong historical growth achieved by KFC Indonesia. Since 2013, growth has slowed down, potentially explaining why the current trading multiples are lower.

SRS Korea Co., Ltd. / DIP Holdings Co., Ltd.

On 14 September 2014 DIP Holdings Co., Ltd (**DIP**) agreed to acquire the remaining 49.1% stake in SRS Korea Co., Ltd. (**SRS**) for KRW 81 billion (equivalent to approximately US$137 million). SRS operates *KFC* stores in South Korea. The purchase price implied multiples of 5.3 times historical EBITDA and 7.7 times historical EBIT.

Crust Gourmet Pizza Bars / Retail Food Group Limited

On 23 August 2012, Retail Food Group Limited (**RFG**) announced that it had agreed to acquire Crust Gourmet Pizza Bars (**Crust**). Established in Sydney in 2001, *Crust* had 119 outlets at the time of the acquisition (predominantly in the states of New South Wales and Victoria). The transaction followed RFG's acquisition of *Pizza Capers Gourmet Kitchen* brand in April 2012 which has 118 outlets (primarily in Queensland). The purchase price for *Crust* was equivalent to 7.0 times adjusted FY13 EBIT.

Pizza Capers Pty Limited / Retail Food Group Limited

On 28 February 2012, RFG announced that it had agreed to acquire the gourmet pizza chain Pizza Capers Pty Ltd (**Pizza Capers**) for A$30 million. Established in 1996, *Pizza Capers* had 110 outlets at the time of the acquisition (predominantly in the state of Queensland). The purchase price was based on a multiple of 7.0 times forecast FY13 EBIT.

KFC Malaysia / CVC Capital

On 14 December 2011, Johor Corporation and CVC Capital Partners offered to acquire KFC Holdings Malaysia Bhd (**KFC Malaysia**) for MYR 3.2 billion (approximately US$1.0 billion). KFC Malaysia operates *KFC* restaurants in Malaysia, Singapore, Brunei and India. At the time of the acquisition it owned 644 *KFC* stores plus 102 stores under the *Kedai Ayamas* and *RasaMas* brands. *Kedai Ayamas* is a chain of restaurants that offer chicken roasters and light chicken based snacks. *RasaMas* is a chain of restaurants that offer Asian cuisines. The purchase price implied multiples of 9.6 times historical EBITDA and 13.8 times historical EBIT.

QSR Brands Malaysia / CVC Capital

In conjunction with the acquisition of KFC Malaysia, Johor Corporation and CVC Capital Partners acquired QSR Brands Bhd (**QSR Brands**) for MYR 1.96 billion (approximately US$620 million). QSR Brands owns and operates *Pizza Hut* stores, primarily in Malaysia. The purchase price implied multiples of 7.0 times historical EBITDA and 10.3 times historical EBIT.

Burger King NZ / The Blackstone Group

On 17 October 2011, The Blackstone Group (**Blackstone**) announced that its private equity funds had agreed to acquire Antares Restaurant Group (**Antares**) in New Zealand from Anchorage Capital Partners. Antares has the exclusive franchise development rights for the *Burger King* brand in New Zealand with 75 restaurants at the time of the acquisition. For the year ended 31 December 2012 (the first full year post acquisition), Burger King NZ generated EBITDA of NZ$19.6 million and EBIT of NZ$13.5 million on total revenue of NZ$174.9 million. It was disclosed in the financial statements that the purchase price was NZ$104.4 million. At the time of the acquisition, Antares had net debt of NZ$50.7 million which was assumed by the purchaser. The purchase price implies multiples of 7.9 times 2012 EBITDA and 11.5 times 2012 EBIT.

UK & EUROPE:

Nordic Service Partners Holding AB / LGT Capital Partners

On 29 February 2016, an investor group made a tender offer to acquire the 70.85% stake they did not already own in Nordic Service Partners Holdings AB (**NSP**) for approximately SEK 180 million (equivalent to ~US$55 million). NSP operates restaurants under the *Burger King, TGI Fridays*, and *KFC* brands in Sweden and Denmark. The purchase price implied multiples of 6.0 times forecast EBITDA and 16.7 times forecast EBIT (based on the average broker estimate).

Joey's Pizza / Domino's Pizza Enterprises Limited

On 16 December 2015, DPE announced the acquisition of *Joey's Pizza*, the largest pizza delivery chain in Germany, for €79 million (including earnout payments). *Joey's Pizza* was founded in 1988 and had 212 stores at the time of the acquisition, comprising 209 franchise stores and 3 corporate owned stores. Joey's Pizza generated network sales of €135 million and pro-forma underlying EBITDA of €6.0 million. Forecast network sales and pro forma underlying EBITDA for the 2015 financial year were €143 million and €7.0 million respectively. The purchase price implied multiples of 11.3 times forecast pro forma EBITDA. The stores were subsequently rebranded to *Domino's Pizza*. The relatively high purchase price multiple reflected the complementary nature of the store network to DPE's existing operations in Germany.

Pizza Sprint / Domino's Pizza Enterprises Limited

On 14 October 2015, DPE announced the acquisition of *Pizza Sprint*, an independent pizza chain operating in western France with 89 stores (77 franchised and 12 corporate owned) for initial consideration of €31.5 million plus a further €3.5 million in cash payable in instalments over 18 months based on the satisfaction of certain criteria. *Pizza Sprint* generated normalised EBITDA of approximately €3.5 million in its 2015 financial year. The acquisition was highly complementary to DPE's store network in France and increased its store count from 254 to 330. The purchase price implied a multiple of 10 times historical normalised EBITDA. The stores were subsequently rebranded to *Domino's Pizza*.

AmRest Holdings SE / Finaccess Mexico

On 24 July 2015, Finaccess Mexico, SA de CV (**Finaccess**) signed an agreement to acquire a 31.71% stake in AmRest Holdings SE (**AmRest**) from private equity firm Warburg Pincus for approximately £190 million. AmRest operates and manages quick service restaurants, primarily in Eastern Europe. As at 31 December 2015, AmRest operated 904 stores comprising 464 *KFC* stores, 77 *Pizza Hut* stores, 100 *Starbucks* stores, 41 *Burger King* stores, 193 *La Tagliatella (***Tag***)* stores, 25 *Blue Frog* stores and 4 *KABB* stores. *Tag* specialises in Italian cuisines (i.e. pastas and pizzas).

The purchase price implied an enterprise value of approximately £770 million and multiples of 11.5 times historical EBITDA and 10.3 times forecast EBITDA.

On 12 July 2016, Finaccess agreed to acquire an additional 34.3% stake in AmRest for PLN1.55 billion (approximately £143 million). The purchase price implied an enterprise value of approximately £1.25 billion and multiples of 13.5 times historical EBITDA and 12.0 times forecast EBITDA.

Food Service Project, S.L. / Alsea, S.A.B. De C.V.

On 1 August 2014, listed fast food operator Alsea, S.A.B. De C.V. (**Alsea**) and private equity fund Allia Capital Partners (**Allia**) agreed to acquire Food Services Project, S.L. (**Grupo Zena**) for an enterprise value of €260 million. Alsea acquired a 71.8% stake and Allia acquired the remaining 28.2% stake. In the 12 months to June 2014 Grupo Zena's sales were €264 million and its EBITDA was €32 million. At the date of the acquisition Grupo Zena operated 427 restaurants in Spain under the *Domino's Pizza* (127 stores), *Burger King* (60 stores) and four of its own brands (240 stores). The purchase price implied a multiple of 8.1 times historical EBITDA and 10.1 times historical EBIT.

Restauravia Grupo Empresarial S.L. / AmRest Holdings SE

On 11 February 2011, AmRest Holdings SE and the management of Restauravia Grupo Empresarial S.L. (**Restauravia**) agreed to acquire Restauravia for approximately €198 million. At the time of the acquisition Restauravia operated 100 restaurants under its own casual dining brands including the Italian concept *Tagliatella (***Tag**) and 30 *KFC* stores in Spain. The company generated revenue of €99 million and normalised EBITDA of €23.9 million. The purchase price implied a multiple of 7.4 times historical EBITDA. At the time of the acquisition *KFC* was underpenetrated in Spain compared to other international fast food brands such as *McDonald's* and *Burger King*.

THE AMERICAS:

Pacific Island Restaurants Inc. / Restaurant Brands New Zealand Limited

On 26 October 2016, RBD announced that it had agreed to acquire Pacific Island Restaurants, Inc. (**PIR**), the franchisee of 37 *Taco Bell* and 45 *Pizza Hut* stores in Hawaii, Guam and Saipan, for US$105 million (equivalent to approximately NZ$150 million). The purchase price implied a multiple of 7.6 times EBITDA for the 12 months to September 2016. The acquisition provided RBD with an entry into the Hawaiian market and an opportunity to execute an investment programme to progressively refresh PIR's stores to improve profitability. At the time of the acquisition *Taco Bell* had a 91% share of the Hawaii QSR Mexican food market and *Pizza Hut* had a 43% share of the QSR pizza market. During 2015, PIR generated total sales of US$121 million, store level EBITDA of US$18.3 million and consolidated EBITDA of US$13.0 million.

Brazil Fast Food Corp / Controlling Shareholders

On 14 January 2015, the controlling shareholders made a bid to acquire the remaining 25% stake in Brazil Fast Food Corp. (**Brazil Fast Food**) for US$36.8 million. Brazil Fast Food operates quick service restaurants in Brazil. At the date of the acquisition it was the second largest chain in Brazil with 1,257 points of sale operating under the *Bob's, Yoggi, Doggis, KFC* and *Pizza Hut* brand names. The purchase price implied multiples of 8.1 times historical EBITDA and 10.1 times historical EBIT.

Morgan's Foods Inc. / Apex Restaurant Management, Inc.

On 31 March 2014, Apex Restaurant Management, Inc. signed an agreement to acquire Morgan's Foods Inc. for US$20.3 million. At the date of the acquisition Morgan's Foods operated 73 stores under the *KFC, Taco Bell* and *Pizza Hut* brands in the states of Illinois, Missouri, Ohio, Pennsylvania, West Virginia and New York. The purchase price implied multiples of 7.7 times historical EBITDA and 14.4 times historical EBIT.

NPC Restaurant Holdings, LLC / Olympus Growth Fund

On 7 November 2011, private equity fund Olympus Growth Fund and the management of NPC International, Inc. entered into an agreement to acquire NPC Restaurant Holdings, LLC (**NPC**) for US$755 million. At the date of the transaction, NPC was the largest franchisee of any restaurant concept in the US with 1,153 *Pizza Hut* stores across 28 states. The purchase price implied multiples of 7.5 times historical EBITDA and 13.7 times historical EBIT.

APPENDIX C – COMPARABLE LISTED COMPANIES

SUMMARY

A summary of the comparable listed companies is outlined below:

SUMMARY OF COMPARABLE COMPANIES

COMPANY NAME	STORES BY BRAND (%)	PRIMARY INTERNATIONAL BRAND(S)	PRIMARY GEOGRAPHIES (% OF STORES)	TOTAL STORES[16]
Asia Pacific				
Collins Foods Limited	KFC (95%) Sizzler (5%)		Australia (82%) Europe (13%) Asia (5%)	277
Domino's Pizza Enterprises Limited	Domino's (100%)		Europe (44%) Australia and New Zealand (34%) Japan (22%)	2,393
PT Sarimelati Kencana Tbk	Pizza Hut (100%)		Indonesia (100%)	397
PT Fast Food Indonesia Tbk	KFC (100%)		Indonesia (100%)	628
PT Map Boga Adiperkasa Tbk	Starbucks (84%) Other brands (16%)		Indonesia (100%)	384
KFC Holdings Japan Limited	KFC (100%)		Japan (100%)	1,155
Yum! China Holdings Inc.	KFC (69%) Pizza Hut (27%) Other brands (4%)		China (100%)	7,980
Berjaya Food Berhad	Starbucks (70%) Kenny Rogers (22%) Jollibean (8%)		Malaysia (100%)	372
UK & Europe				
AmRest Holdings SE	KFC (40%) Pizza Hut (23%) Starbucks (18%) Other brands (20%)		Poland (28%) Spain (15%) Germany (14%) Russia (11%) France (10%) Czech Republic (8%) Other (9%) Hungary (5%)	1,802

[16] Store numbers are based on most recent disclosures by companies in their Annual Reports or presentations, or corporate websites.

DP Eurasia N.V	Domino's (100%)	Turkey (79%) Russia (21%)	672
Domino's Pizza Group PLC	Domino's (100%)	UK (88%) Europe (12%)	1,236
Ibersol	Pans & Roulette (28%) Burger King (17%) Pizza Hut (15%) KFC (5%) Other brands (35%)	Portugal (49%) Spain (48%) Italy & Angola (3%)	646
Sphera Franchise Group S.A	KFC (63%) Pizza Hut (34%) Other brands (3%)	Romania (100%)	114
The Americas			
Alsea, S.A.B. De C.V.	Domino's (30%) Burger King (19%) Starbucks (28%) Other (24%)	Mexico (68%) Spain (16%) Argentina (7%) Colombia (4%) Chile (4%) Other (1%)	3,588
Prestige Holdings Limited	KFC (47%) Subway (38%) Other brands (15%)	Trinidad and Tobago & Jamaica (100%)	122
BK Brasil Operacao e Assessoria a Restaurantes S.A	Burger King (100%)	Brazil (100%)	736
Arcos Dorados Holdings Inc.	McDonalds (100%)	Brazil (42%) Caribbean (16%) Other Latin America (42%)	2,195
Meritage Hospitality Group Inc.	Wendy's (98%) Other brands (2%)	USA (100%)	254

A brief description of each of the companies listed in Section 6 is outlined below:

FAST FOOD FRANCHISEES – ASIA PACIFIC

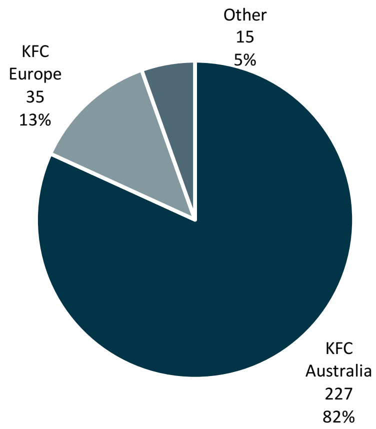
Collins Foods Limited

Collins Foods Limited (**CFL**) operates fast food restaurants under the *KFC, Taco Bell* and *Sizzler* brands in Australia, Europe (The Netherlands & Germany), and Asia. As at 28 June 2018, CFL had 275 stores comprising 227 *KFC* stores in Australia, 35 *KFC* stores in Europe, 14 *Sizzler* stores in Australia and Asia and 1 *Taco Bell* in Brisbane. Of the 225 *KFC* Restaurants in Australia, 138 are located in Queensland (61% of total), 47 in Western Australia (21% of total), and the remaining 42 stores are located in other Australian states (19% of total).

CFL's priorities are growing its core *KFC* business in Australia and Europe through new builds and acquisitions of existing independent franchisees, and continuing to test the viability of the *Taco Bell* brand in Australia.

CFL is trading at multiples of 9.5 times forecast EBITDA and 14.3 times forecast EBIT.

STORES (AS AT 4 OCTOBER 2018)

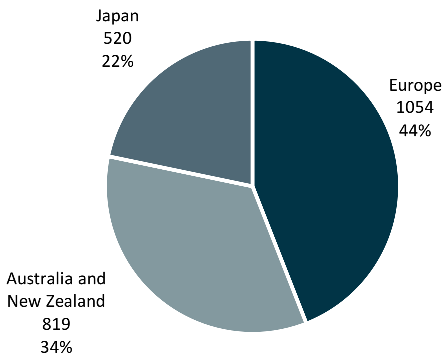


Domino's Pizza Enterprises Limited

Domino's Pizza Enterprises Limited (**DPE**) operates fast food restaurants under the *Domino's* brand in Australia, New Zealand, Japan and Europe (Belgium, France, The Netherlands and Germany). As at 01 July 2018, DPE had 2,393 stores consisting 1,942 franchised stores (81%) and 451 corporate owned stores (19%). 819 stores (36%) were located in Australia and New Zealand, 1,054 stores are in Europe and 520 stores are in Japan.

DPE is trading at very high multiples of historical and forecast year 1 earnings. This is because substantial investment in the rollout of new outlets and geographic expansion in Europe and Japan should result in substantial future earnings growth. The scope for growth in Japan and Europe is substantial. DPE is the largest franchisee of the *Domino's* brand globally. The *Domino's* brand has been outperforming the *Pizza Hut* brand internationally in regards to new store openings.

STORES (AS AT 01 JULY 2018)

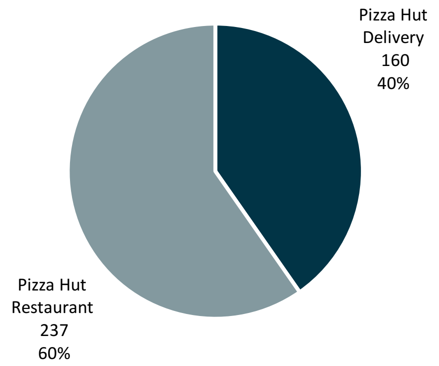


PT Sarimelati Kencana Tbk

PT Sarimelati Kencana Tbk (**Sarimelati Kencana**) operates fast food restaurants under the *Pizza Hut* brand in Indonesia. As at 31 December 2017, the company had 397 outlets. Sarimelati Kencana recently listed on the Indonesian stock exchange (in June 2018). Approximately 60% of its stores are restaurant format and 40% are delivery format. *Pizza Hut* has a dominant share of the quick service pizza market in Indonesia.

Sarimelati Kencana is trading at multiples of 6.8 times forecast EBITDA and 11.5 times forecast EBIT.

STORES (AS AT 31 DECEMBER 2017)

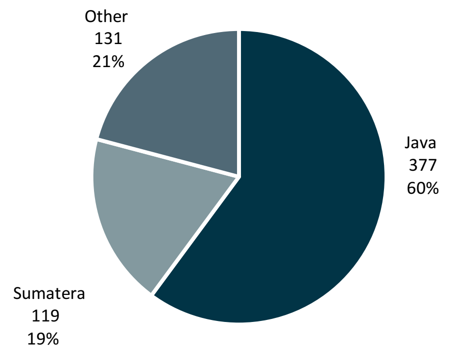


PT Fast Food Indonesia Tbk

PT Fast Food Indonesia Tbk (**KFC Indonesia**) operates fast food restaurants under the *KFC* brand in Indonesia. As at 31 December 2017, KFC Indonesia operated 628 *KFC* restaurants. KFC Indonesia's EBITDA margin of 6.0% is low relative to other listed *KFC* businesses which are achieving closer to 12%.

Fast Food Indonesia is trading at multiples of 7.8 times forecast EBITDA and 21.2 times forecast EBIT. This is lower than its peers on an EBITDA multiple basis but broadly in line on an EBIT multiple basis.

STORES (AS AT 31 DECEMBER 2017)

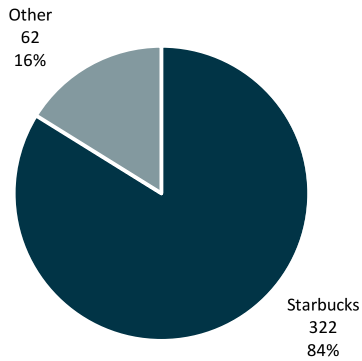


PT Map Boga Adiperkasa

PT Map Boga Adiperkasa (**Map Boga**) operates 384 fast food restaurants under the *Starbucks, Pizza Marzano, Krispy Kreme, Cold Stone Cremery* and *Godiva* brands in Indonesia. 84% of its stores (322) are under the *Starbucks* brand.

Map Boga is trading at multiples of 10.9 times historical EBITDA and 19.9 times historical EBIT. The company is not followed by any brokers and therefore forecast earnings are not calculable. Map Boga has achieved consistent growth in earnings over the past 5 years. The current trading multiples likely reflect expectations for further stronger growth in earnings in future periods. The *Starbucks* brand has grown strongly in Asian markets.

STORES (AS AT 31 DECEMBER 2017)

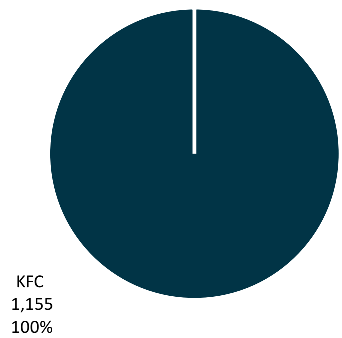


KFC Holdings Japan Limited

KFC Holdings Japan Limited (**KFC Japan**) operates fast food restaurants under the *KFC* brand in Japan. There are currently 1,155[17] stores in Japan.

KFC Japan is trading at a multiple of 12.6 times historical EBITDA. KFC Japan's EBITDA margin was just under 4% in 2017, well below its peers in Australia and New Zealand which are achieving close to ~12%. KFC Japan's EBITDA declined in 2017 as a result of lower store sales. The current trading multiple likely reflects expectation for future improvement in margins the higher levels. As the company is not followed by any brokers forecast earnings multiples are not calculable.

STORES (AS AT 15 NOVEMBER 2018)



[17] Source: Yum Brands Inc. website

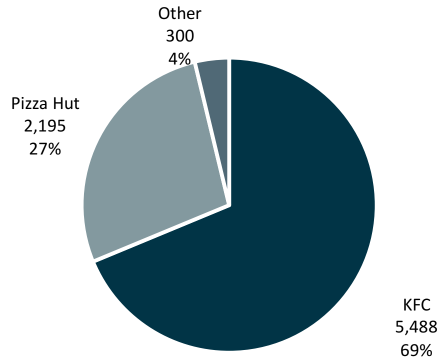
Yum! China Holdings

Yum! China Holdings (**Yum! China**) operates approximately 7,980 fast food restaurants under the *KFC, Pizza Hut, Taco Bell, East Dawning* and *Little Sheep* brands in China. Just under 70% of stores are under the *KFC* brand and 27% under the *Pizza Hut* brand. Yum! China was split off from Yum! in November 2016.

East Dawning is a quick service restaurant brand specialising in Chinese cuisine. *Little Sheep* is a hot pot restaurant.

Yum! China is currently trading at multiples of 9.4 times forecast EBITDA and 13.5 times forecast EBIT. These multiples are broadly in line with its peers.

STORES (AS AT 15 NOVEMBER 2018)

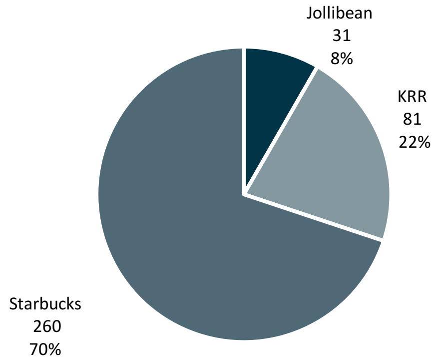


Berjaya Food Berhad

Berjaya Food Berhad (**Berjaya**) operates fast food restaurants under the *Starbucks, Kenny Rogers Roasters (***KRR***)* and *Jollibean* brands in Malaysia, Indonesia and Singapore. Two thirds of stores are under the *Starbucks* brand.

Beryjaya is currently trading at multiples of 7.6 times forecast EBITDA and 12.5 times forecast EBIT. The current trading multiples reflect broker expectations for strong growth due to substantial capital investment in the store network.

STORES (AS AT 30 APRIL 2018)



FAST FOOD FRANCHISEES – UK & EUROPE

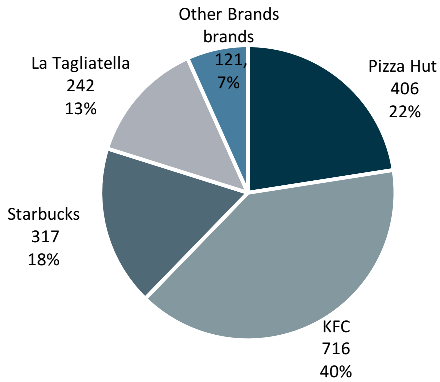
AmRest Holdings SE

AmRest Holdings SE (**AmRest**) operates fast food restaurants, primarily under the *KFC, Pizza Hut, Burger King* and *Starbucks* brands in Central and Eastern Europe and China. AmRest currently has 1,802 stores comprising 716 *KFC* stores, 406 *Pizza Hut* stores, 55 *Burger King* stores, 317 *Starbucks* stores, 242 *La Tagliatella* stores, 52 *Blue Frog* stores and 4 *Kabb* stores.

La Tagliatella is an Italian restaurant chain specialising in pastas and pizzas. *Blue Frog* is specialises in a menu that is based on American cuisine. *Kabb* is a bistro bar specialising in sandwiches, grilled meat, pasta and rice dishes.

AmRest's historical forecast year 1 trading multiples are high due to expectations for strong growth in earnings driven by strong investment in store network expansion.

STORES (AS AT 15 NOVEMBER 2018)

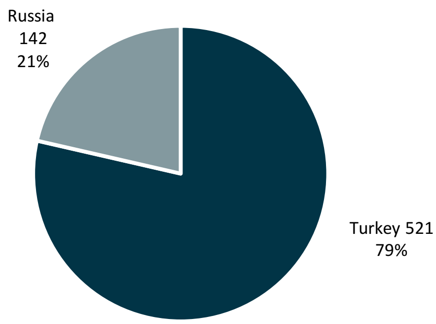


DP Eurasia N.V

DP Eurasia N.V (**Domino's Pizza Eurasia**) operates fast food restaurants under the *Domino's* brand in Turkey and Russia. As at 30 June 2018, Domino's Pizza Eurasia had 672 stores comprising 521 in Turkey, 142 in Russia, 6 in Azerbaijan and 3 in Georgia.

Domino's Pizza Eurasia is currently trading at multiples of 11.6 times forecast EBITDA and 17.1 times forecast EBIT. The historical and forecast multiples are high, reflecting broker expectations for strong growth in the emerging economies of Turkey and Russia as the *Domino's* store network is expanded in these countries.

STORES (AS AT 30 JUNE 2018)



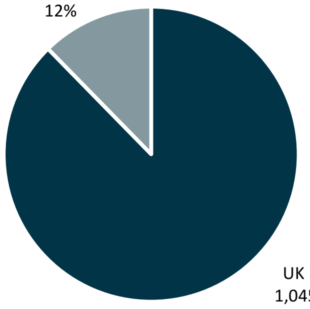
Domino's Pizza Group PLC

Domino's Pizza Group PLC (**Domino's UK**) operates fast food restaurants under the *Domino's* brand in the UK and Europe. As at 31 December 2017, 88% of stores were in the UK and the remainder across Ireland, Norway, Iceland, Switzerland and Sweden.

Domino's Pizza UK also has a 33% investment in Domino's Pizza Germany. DPE owns the other 67% shareholding in this company.

Domino's Pizza UK is trading at multiples of 13.3 times forecast EBITDA and 15.6 times forecast EBIT. The current trading multiples are relatively high, likely reflecting expectations for strong growth in earnings driven primarily by same store sales growth.

STORES (AS AT 31 DECEMBER 2017)

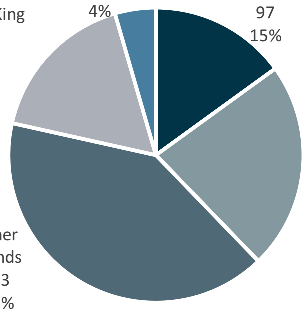


Ibersol, S.G.P.S., S.A

Ibersol, S.G.P.S., S.A (**Ibersol**) operates fast food restaurants under a diverse range of brands including *Pizza Hut* and *KFC* stores in Portugal, Spain, Italy and Angola. As at 31 December 2017, Ibersol had a total of 646 stores comprising 147 *Pans & Roulette* stores, 110 *Burger King* stores, 95 *Pizza Hut* stores, 31 *KFC* stores and 263 stores under the company's other owned brands.

Ibersol is currently trading at a multiple of 6.1 times forecast EBITDA and 11.1 times forecast EBIT. The trading multiples are broadly in line with its peers. Moderate growth is forecast by brokers over the next 3 years.

STORES (AS AT 31 DECEMBER 2017)

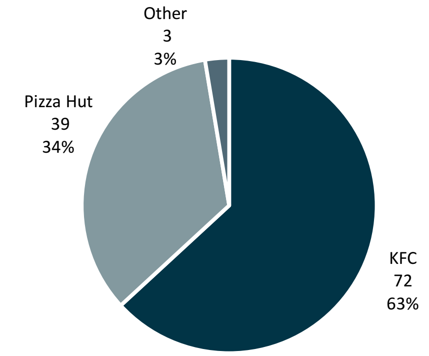


Sphera Franchise Group S.A

Sphera Franchise Group S.A (**Sphera**) operates fast food restaurants under the *KFC, Pizza Hut, Taco Bell* and *Paul* brands in Romania, Italy and Moldova. Approximately 63% of stores are under the *KFC* brand and 34% are under the *Pizza Hut* brand.

Sphera is currently trading at multiples of 10.7 times forecast EBITDA and 14.9 times forecast EBIT. Earnings are forecast to grow strongly in future periods driven by continued expansion of the store network.

STORES (AS AT 31 DECEMBER 2017)



FAST FOOD FRANCHISEES – THE AMERICAS

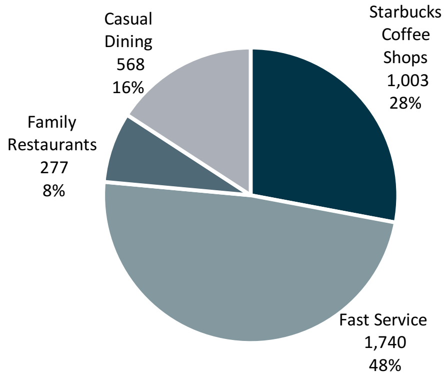
Alsea, S.A.C De C.V

Alsea, S.A.C De C.V (**Alsea**) operates fast food restaurants under the *Domino's Pizza, Burger King, Starbucks* and various other brands in Mexico, Spain, Columbia, Argentina and Brazil. Alsea has 3,588 stores across four business segments:

- ***Fast service restaurants***. 1,740 stores under the *Domino's Pizza* and *Burger King* Brands
- ***Coffee Shops***. 1,003 *Starbucks* branded stores.
- ***Casual Dining.*** 568 stores under various brands.
- ***Family Restaurant.*** 277 stores under the VIPs brand.

Alsea is trading at multiples of 8.4 times forecast EBITA and 14.5 times forecast EBIT. The current trading multiples reflect expectations for further strong growth in earnings.

STORES (AS AT 15 NOVEMBER 2018)

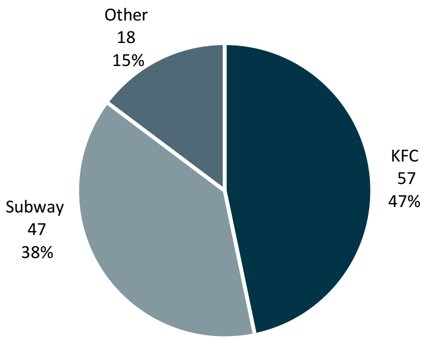


Prestige Holdings Limited

Prestige Holdings Limited (**Prestige**) operates fast food restaurants under the *KFC, Pizza Hut, Subway, TGI Fridays* and *Starbucks* brands in Trinidad and Tobago and Jamaica. Just under 50% are under the *KFC* brand and 38% are under the *Subway* brand.

Prestige is currently trading at multiples of 6.5 times historical EBITDA and 12.4 times forecast EBIT. Over the past 5 years Prestige's operating earnings have declined due to contracting margins. This may explain the relatively low trading multiples. The company is not followed by any brokers and therefore forecast earnings multiples are not calculable.

STORES (AS AT 31 DECEMBER 2017)

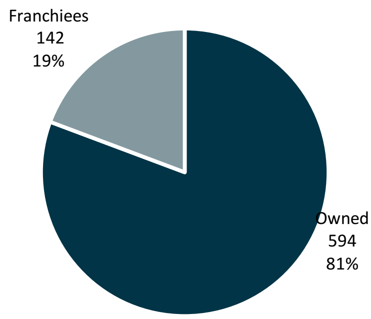


BK Brasil Operacao e Assessoria a Restaurantes S.A

BK Brasil Operacao e Assessoria a Restaurantes S.A (**BK Brazil**) operates fast food restaurants under the *Burger King* brand in Brazil. As at May 2018, BK Brazil had 736 stores comprising 594 owned restaurants and 142 franchised restaurants.

BK Brazil is currently trading at multiples of 12.2 times forecast EBITDA and 28.2 times forecast EBIT. The current trading multiples reflect broker expectations for strong growth in earnings as the *Burger King* brand has grown strongly throughout Brazil which is a largely undeveloped market for the *Burger King* brand.

STORES (AS AT SEPTEMBER 2018)



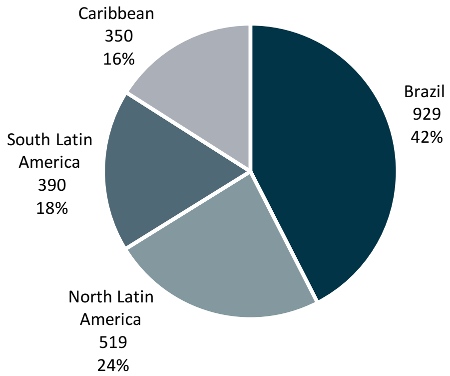
Arcos Dorados Holdings Inc.

Arcos Dorados Holdings Inc. (**Arcos Dorados**) operates fast food restaurants under the *McDonalds* brand in 20 Latin American and Caribbean countries and territories.

As at 30 September 2018, the company operated 2,195 restaurants comprising ˜930 in Brazil, ˜ 520 in North Latin America (Costa Rica, Mexico and Panama), 350 in the Caribbean and 390 in Southern Latin America (Argentina, Chile, Ecuador, Peru and Uruguay).

Arcos Dorados is currently trading at multiples of 6.9 times forecast EBITDA and 11.9 times forecast EBIT.

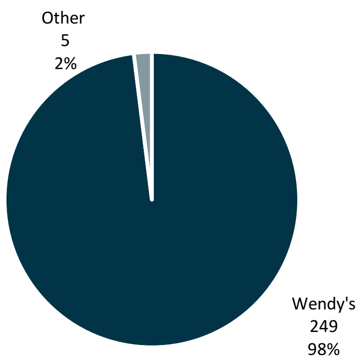
STORES (AS AT 30 SEPTEMBER 2018)



Meritage Hospitality Group Limited

Meritage Hospitality Group Limited (**Meritage**) operates fast food restaurants under the *Wendy's* brand in the USA. As at 31 December 2017, Meritage operated 249 *Wendy's* restaurants and 5 casual dining restaurants under other brands. The company's restaurants are located across 16 states. Meritage has expanded in recent years as a result of the acquisition of existing *Wendy's* stores throughout the USA. It is trading at multiples of 10.4 times historical EBITDA and 16.3 times historical EBIT.

STORES (AS AT 31 DECEMBER 2017)



APPENDIX D – VALUATION METHODOLOGY DESCRIPTIONS

Capitalisation of Earnings

Capitalisation of earnings or cash flows is most appropriate for businesses with a substantial operating history and a consistent earnings trend that is sufficiently stable to be indicative of ongoing earnings potential. This methodology is not particularly suitable for start-up businesses, businesses with an erratic earnings pattern or businesses that have unusual expenditure requirements. This methodology involves capitalising the earnings or cash flows of a business at a multiple that reflects the risks of the business and the stream of income that it generates. These multiples can be applied to a number of different earnings or cash flow measures including EBITDA, EBITA, EBIT or net profit after tax. These are referred to respectively as EBITDA multiples, EBITA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the share market. EBITDA, EBITA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

Where an ongoing business with relatively stable and predictable earnings is being valued Grant Samuel uses capitalised earnings or operating cash flows as a primary reference point. Application of this valuation methodology involves:

- estimation of earnings or cash flow levels that a purchaser would utilise for valuation purposes having regard to historical and forecast operating results, non-recurring items of income and expenditure and known factors likely to impact on operating performance; and
- consideration of an appropriate capitalisation multiple having regard to the market rating of comparable businesses, the extent and nature of competition, the time period of earnings used, the quality of earnings, growth prospects and relative business risk.

The choice between the parameters is usually not critical and should give a similar result. All are commonly used in the valuation of industrial businesses. EBITDA can be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult but care needs to be exercised to ensure that proper account is taken of factors such as the level of capital expenditure needed for the business and whether or not any amortisation costs also relate to ongoing cash costs. EBITA avoids the distortions of intangible amortisation. EBIT can better adjust for differences in relative capital intensity.

Determination of the appropriate earnings multiple is usually the most judgemental element of a valuation. Definitive or even indicative offers for a particular asset or business can provide the most reliable support for selection of an appropriate earnings multiple. In the absence of meaningful offers, it is necessary to infer the appropriate multiple from other evidence.

The primary approach used by valuers is to determine the multiple that other buyers have been prepared to pay for similar businesses in the recent past. However, each transaction will be the product of a unique combination of factors, including:

- economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
- strategic attractions of the business - its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
- rationalisation or synergy benefits available to the acquirer;
- the structural and regulatory framework;
- investment and sharemarket conditions at the time; and

- the number of competing buyers for a business.

A pattern may emerge from transactions involving similar businesses with sales typically taking place at prices corresponding to earnings multiples within a particular range. While averages or medians can be determined it is not appropriate to simply apply such measures to the business being valued. The range will generally reflect the growth prospects and risks of those businesses. Mature, low growth businesses will, in the absence of other factors, attract lower multiples than those businesses with potential for significant growth in earnings. The most important part of valuation is to evaluate the attributes of the specific business being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it appropriately belongs.

An alternative approach in valuing businesses is to review the multiples at which shares in listed companies in the same industry sector trade on the sharemarket. This gives an indication of the price levels at which portfolio investors are prepared to invest in these businesses. Share prices reflect trades in small parcels of shares (portfolio interests) rather than whole companies and it is necessary to adjust for this factor. To convert sharemarket data to meaningful information on the valuation of companies as a whole, it is market practice to add a "premium for control" to allow for the premium which is normally paid to obtain control through a takeover offer. This premium is typically in the range 20-35%.

The premium for control paid in takeovers is observable but caution must be exercised in assessing the value of a company or business based on the market rating of comparable companies or businesses. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. It is inappropriate to apply an average premium of 20-35% without having regard to the circumstances of each case. In some situations there is no premium. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering.

Acquisitions of listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall sharemarket levels and ratings between countries, economic factors (economic growth, inflation, interest rates) and market structures (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or sharemarket levels.

The analysis of comparable transactions and sharemarket prices for comparable companies will not always lead to an obvious conclusion as to which multiple or range of multiples will apply. There will often be a wide spread of multiples and the application of judgement becomes critical. Moreover, it is necessary to consider the particular attributes of the business being valued and decide whether it warrants a higher or lower multiple than the comparable companies. This assessment is essentially a judgement.

Discounted Cash Flow

Discounting of projected cash flows has a strong theoretical basis. It is the most commonly used method for valuation in a number of industries, and for the valuation of start-up projects where earnings during the first few years can be negative. DCF valuations involve calculating the net present value of projected cash flows. This methodology is able to explicitly capture the effect of a turnaround in the business, the ramp up to maturity or significant changes expected in capital expenditure patterns. The cash flows are discounted using a discount rate, which reflects the risk associated with the cash flow stream. Considerable judgement is required in estimating future cash flows and it is generally necessary to place great reliance on medium to long-term projections prepared by management. The discount rate is also not an observable number and must be inferred from other data (usually only historical). None of this data is particularly reliable so estimates of the discount rate necessarily involve a substantial element of judgment. In addition, even where cash flow forecasts are available the terminal or continuing value is usually a high proportion of value. Accordingly, the multiple used in assessing this terminal value becomes the critical determinant in the valuation (i.e. it is a "de facto" cash flow capitalisation valuation). The net present value is typically extremely sensitive to relatively small changes in underlying assumptions, few of which are capable of being predicted with accuracy, particularly beyond the first two or three years. The arbitrary assumptions that need to be made and the width of any value range mean the results are often not meaningful or reliable. Notwithstanding these limitations, DCF valuations are commonly used and can at least play a role in providing a check on alternative methodologies, not least because explicit and relatively detailed assumptions need to be made as to the expected future performance of the business operations.

Industry Rules of Thumb

Industry rules of thumb are commonly used in some industries. These are generally used by a valuer as a "cross check" of the result determined by a capitalised earnings valuation or by discounting cash flows, but in some industries rules of thumb can be the primary basis on which buyers determine prices. Grant Samuel is not aware of any commonly used rules of thumb that would be appropriate to value RBD. In any event, it should be recognised that rules of thumb are usually relatively crude and prone to misinterpretation.

Realisation of Assets

Valuations based on an estimate of the aggregate proceeds from an orderly realisation of assets are commonly applied to businesses that are not going concerns. They effectively reflect liquidation values and typically attribute no value to any goodwill associated with ongoing trading. Such an approach is not appropriate in RBD's case.

APPENDIX E – INTERPRETATION OF MULTIPLES

Earnings multiples are normally benchmarked against two primary sets of reference points:

- the multiples implied by the share prices of listed peer group companies; and
- the multiples implied by the prices paid in acquisitions of other companies in the same industry.

In interpreting and evaluating such data it is necessary to recognise that:

- multiples based on listed company share prices do not include a premium for control and are therefore often (but not always) less than multiples that would apply to acquisitions of controlling interests in similar companies. However, while the premium paid to obtain control in takeovers is observable (typically in the range 20-35%) it is inappropriate to simply add a premium to listed multiples. The premium for control is an outcome of the valuation process, not a determinant of value. Premiums are paid for reasons that vary from case to case and may be substantial due to synergy or other benefits available to the acquirer. In other situations premiums may be minimal or even zero. There are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by share market investors;
- acquisition multiples from comparable transactions are therefore usually seen as a better guide when valuing 100% of a business but the data tends to be less transparent and information on forecast earnings is often unavailable;
- the analysis will give a range of outcomes from which averages or medians can be determined but it is not appropriate to simply apply such measures to the company being valued. The most important part of valuation is to evaluate the attributes of the specific company being valued and to distinguish it from its peers so as to form a judgement as to where on the spectrum it belongs;
- acquisition multiples are a product of the economic and other circumstances at the time of the transaction. However, each transaction will be the product of a unique combination of factors, including:
  - economic factors (e.g. economic growth, inflation, interest rates) affecting the markets in which the company operates;
  - strategic attractions of the business – its particular strengths and weaknesses, market position of the business, strength of competition and barriers to entry;
  - the company's own performance and growth trajectory;
  - rationalisation or synergy benefits available to the acquirer;
  - the structural and regulatory framework;
  - investment and share market conditions at the time, and
  - the number of competing buyers for a business;
- acquisitions and listed companies in different countries can be analysed for comparative purposes, but it is necessary to give consideration to differences in overall share market levels and rating between countries, economic factors (economic growth, inflation, interest rates), market structure (competition etc.) and the regulatory framework. It is not appropriate to adjust multiples in a mechanistic way for differences in interest rates or share market levels;
- acquisition multiples are based on the target's earnings but the price paid normally reflects the fact that there were cost reduction opportunities or synergies available to the acquirer (at least if the acquirer is a "trade buyer" with existing businesses in the same or a related industry). If the target's earnings were

adjusted for these cost reductions and/or synergies the effective multiple paid by the acquirer would be lower than that calculated on the target's earnings;

- while EBITDA multiples are commonly used benchmarks they are an incomplete measure of cash flow. The appropriate multiple is affected by, among other things, the level of capital expenditure (and working capital investment) relative to EBITDA. In this respect:
  - EBIT multiples can in some circumstances be a better guide because (assuming depreciation is a reasonable proxy for capital expenditure) they effectively adjust for relative capital intensity and present a better approximation of free cash flow. However, capital expenditure is lumpy and depreciation expense may not be a reliable guide. In addition, there can be differences between companies in the basis of calculation of depreciation; and
  - businesses that generate higher EBITDA margins than their peer group companies will, all other things being equal, warrant higher EBITDA multiples because free cash flow will, in relative terms, be higher as capital expenditure is a smaller proportion of earnings.

Glossary

Term	Definition
AmRest	AmRest Holdings S.E.
ASX	the Australian Securities Exchange
Copulos Interests	Stephen Copulos, Eyeon QSR Pty Limited, Eyeon No 2 Pty Limited, Copulos Superannuation Pty Ltd, PC Nab Pty Limited, Eyeon Investment Pty Limited and Copulos Foundation Pty Ltd
Directors or **Director**	a director of Restaurant Brands
Finaccess Capital	Finaccess Capital S.A. de C.V., the parent company of Global Valar
Global Valar	Global Valar S.L., an indirect subsidiary of Finaccess Capital
Independent Adviser	Grant Samuel & Associates Limited
Independent Adviser's Report	the report prepared by the Independent Adviser on the merits of the Offer under Rule 21 of the Takeovers Code
Independent Directors	Independent Directors of Restaurant Brands for the purposes of the NZX Listing Rules, being on the date of this Target Company Statement: Ted van Arkel, Victoria Taylor, Hamish Stevens and David Beguely
NZX	NZX Limited
Offer	the partial takeover offer made by Global Valar under the Takeovers Code for 75% of the Restaurant Brands Shares
Offer Document	Global Valar's Offer Document dated 10 December 2018 which sets out the full terms and conditions of the Offer
Offer Price	NZ$9.45 cash in respect of each Restaurant Brands Share
Restaurant Brands	Restaurant Brands New Zealand Limited or, where the context requires, the Restaurant Brands group
Restaurant Brands Share or **Share**	a fully paid ordinary share in the capital of Restaurant Brands
Senior Manager	Russel Creedy, Restaurant Brands' Chief Executive Officer, and Grant Ellis, Restaurant Brands' Chief Financial Officer, being the persons that the Board has determined are senior managers for the purposes of the disclosures contained in this Target Company Statement
Shareholder	each person registered in Restaurant Brands' Share register as a holder of Restaurant Brands Shares

Term	Definition
Superior Proposal	a bona fide, unsolicited competing transaction (broadly, a proposal to acquire 20% or more of the Shares or all or a material part of the business and/or assets of the Restaurant Brands group) that the Board, acting in good faith and after taking account of written advice from its external financial and legal advisers, determines: • is reasonably capable of being valued and implemented taking into account all aspects of the competing transaction (including any timing considerations, conditions precedent and the identity of the proponent); and • would, if completed substantially in accordance with its terms, be more favourable to the Shareholders (as a whole) than the Offer taking into account all terms and conditions of the competing transaction (including consideration, form of consideration, conditionality, funding, certainty and timing)
Takeovers Code	the Takeovers Code recorded in the Takeovers Regulations 2000 (New Zealand), as amended, including any applicable exemption granted by the Takeovers Panel
Takeover Notice	Global Valar's notice of intention to make a partial takeover offer for Restaurant Brands dated 26 November 2018
Target Company Statement	this document together with its appendices
Yum! Franchisors	certain subsidiaries of Yum! Brands Inc which are franchisors of the KFC, Pizza Hut and Taco Bell brands
Related company	has the meaning set out in section 2(3) of the Companies Act read as if a reference to a "company" was a reference to any body corporate wherever incorporated and, in respect of Global Valar, also means any other person which is directly or indirectly controlled by Global Valar or any person under common control with Global Valar

Directory

Board of Directors	Ted van Arkel (Chairman) Stephen Copulos David Beguely Hamish Stevens Victoria Taylor
Independent Adviser	Grant Samuel & Associates Limited
Legal Adviser	Harmos Horton Lusk Limited
Financial Adviser	Macquarie Capital (New Zealand) Limited
Share Registry	Computershare Investor Services Limited
Registered Office	Level 3, Building 7 Central Park 666 Great South Road Penrose, Auckland 1640
Postal Address	PO Box 22-749 Otahuhu Auckland
Contact Phone Number	+ 64 9 525 8700
Website	http://www.restaurantbrands.co.nz/

www.restaurantbrands.co.nz