

FINANCE SOURCES

Hill Joins Innovation Capital

David Hill, a long-time financial advisory executive within the multi-unit restaurant industry, has joined boutique investment bank **Innovation Capital** as managing director. Hill will head up the firm's restaurant and retail practice.

Innovation Capital has been working with gaming companies for seven years and has completed 40 transactions worth about \$3.0 billion, said **Matt Sodl**, Innovation president and managing director. They found an underserved niche: small-to mid-sized casinos in regional markets—a casino licensed to operate within a racetrack, for example. And, according to Sodl, Innovation is one of the leading companies working with Native American tribes across the country.

"We're good at working with entrepreneurs who have visions of what they want to accomplish," said Sodl.

As the firm grew, the principals also noticed that branded companies, like those in the restaurant sector, were "underbanked—there's a gap that we're well positioned to fill," he said.

The firm plans on bringing their investor base to the table as far as the restaurant sector is concerned. There is "a whole new universe of investor that is needed in the restaurant marketplace," added Hill.

And, "there are different types of investors that haven't looked at this space in an appropriate way in the past," said Sodl.

Hill's background as a former restaurant operator and developer, combined with his investor experience helps him understand the restaurant operator's business, he said. In a financial advisory role, he's worked with brands such as Sonic, Denny's, KFC, Burger King, McDonald's and Applebee's, to name a few, and he formerly was the founder and chief operating officer of Rocky Mountain Taco, a multi-unit franchise restaurant development company.

"I've paid payroll out of my back pocket on Sunday more times than I care to count," he said of his restaurant operations days. "That adds a unique empathy to the banking process, but I've also invested and been on the banking side. Those three legs to that stool create a great way to build our practice and help operators."

Hill describes his client base as multi-unit franchisees, a group he's worked with for years. "But there's that untapped demand of the regional concept that is looking to grow or rationalize their capital structure, as well," he added.

And because the firm has knowledge in the gaming industry, there may be opportunity to bring the two worlds together. "Vegas has done a good job of bringing the branded chef to upscale hotels there," he said, but regional gaming operations have not. "There could be opportunity for the right type of players to bring high-quality, branded concepts to regional gaming operations. There's synergies there for us, and it could create high value for the restaurant operator and the gaming facility." For more information on Innovation Capital, contact David Hill, managing director, at (310) 988-8286.

Frontline to Lead Real Estate Disposition and Restructuring in Kazi Bankruptcy

Frontline Real Estate Partners, LLC, a real estate consulting and advisory firm, announced that it has been retained to act as real estate advisor for the real estate assets involved in **Kazi Foods'** Chapter 11 bankruptcy proceedings.

Kazi Foods, the second-largest KFC franchisee and the 20th-largest restaurant franchisee in the U.S. according to the Monitor's Top 200 rankings, filed for Chapter 11 bankruptcy in February at four of its 11 entities, affecting approximately 130 restaurant locations across Michigan, Florida, New York, New Jersey and Maryland. Frontline Real Estate Partners will provide real estate advisory and disposition services to market Kazi Foods' portfolio of fee properties and restructure existing leases.

The Kazi disposition and advisory "requires the ability to manage a complex real estate portfolio; an understanding of property values across numerous assets and markets..." said **Josh Joseph**, principal with Frontline, with the goal being "maximum proceeds and cost savings." This is not a liquidation, he told the Monitor, with the intent being Kazi coming out of bankruptcy a stronger company.

Joseph formed Frontline with two other individuals, **Mitch Kahn** and **Matt Darin** in February 2010. They all worked at Hilco Real Estate together; in fact, Kahn was a co-founder of Hilco. They three started their new venture because they wanted to build a business together, said Joseph, and had a great working relationship at Hilco. Today, Frontline works with companies in bankruptcy and distressed situations on their real estate portfolios.

"We have many years of bankruptcy experience, and have been involved in a lot of high-profile bankruptcies," he said. Chapter 11, for instance, has so many nuances that traditional real estate brokers aren't familiar with.

And when there is property disposition, Frontline pulls together all the pertinent information to help buyers do the due diligence they need before they come to the table with an offer. In fact, they even offer a "data room" online where all the pertinent information is stored for the prospective buyer's review. From Joseph's perspective, this gives the seller control of the process. When the buyer is ready to make an offer, they've already seen all the information available and the deal can move forward more quickly.

"What differentiates us is that we play in the spaces of bankruptcy and restructuring," said Joseph. "We're running a streamlined and efficient process." For more information on Kazi properties or Frontline Real Estate Partners, contact Josh Joseph, principal, at jjoseph@frontlinerepartners.com, or at 847-770-6262.