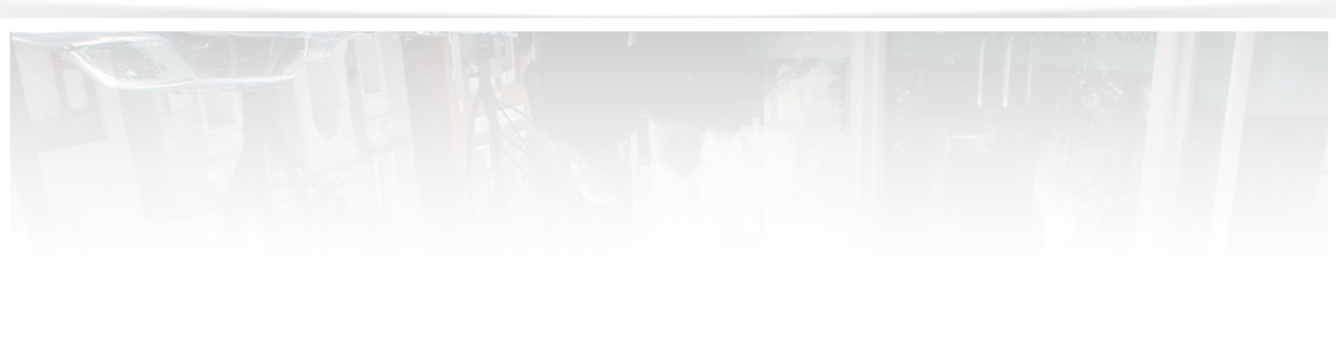

The Tasting Room

Iconic, Modern American, Fine Dining Restaurant

Offered exclusively by: King & King Business Advisors



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Introduction - The Tasting Room

101 N. Market Street, Frederick, Maryland 21701

Established in 2001, The Tasting Room restaurant and wine bar has earned a reputation as a modern American force in the Frederick area. Combining the essence of Frederick and the modern styles of New York, The Tasting Room provides diners with an experience to remember.

Situated in the heart of Frederick's historic district, The Tasting Room captures the energy of Market St. with floor to ceiling windows and a 180° panoramic view. Fresh local ingredients and unwavering consistency have been the benchmarks for this ultra-successful Michael Tauraso establishment.



ZAGAT

WASHINGTON DC ▾ Ratings & Reviews Lists Buzz

The Tasting Room

American | Frederick

FOOD	DECOR	SERVICE	COST
27	23	26	\$48

Ratings are out of 30. Key to ratings ⓘ

Floor-to-ceiling windows bordering a "bright, contemporary interior" mean this "sophisticated" Frederick "favorite" is literally "a place to see and be seen" while partaking of "wonderful", "well-executed" New American fare, "superb martinis" and an "extensive" wine list; it's a "splurge" and can be "crowded", but with "exceptional" service, it's suited to a "special occasion."

Overview

For some The Tasting Room is a romantic fantasy destination, for others it's a culinary excursion to the hustling and bustling streets of New York City. Founded in 2001, The Tasting Room has become one of the very few premier fine dining restaurants in the town of Frederick, Maryland. The Tasting Room, situated on the corner of Market and Church Streets in downtown Frederick offers a cosmopolitan atmosphere second-to-none and a menu to match.

In addition to it's great location, intimate atmosphere, excellent service, and exquisite menu items The Tasting Room is a financial success. with revenues in 2009, 2010, 2011, 2012 & 2013 of \$2,198,076, \$2,350,784, \$2,598,284, \$2,416,010 & \$2,450,257 respectively. Management reports Seller's Discretionary Cash Flow (SDCF) in the same years to be \$492,054, \$501,334, \$558,173, \$452,232 & \$560,831 respectively (average approximately 20% net per year).

Frederick is located in Frederick County in the northern part of the state of Maryland, and is occasionally considered part of Western Maryland. The city has served as a major crossroads since colonial times. Today it is located at the junction of Interstate 70, Interstate 270, U.S. Route 340, U.S. Route 40, U.S. Route 40 Alternate and U.S. Route 15 (which runs north-south). In relation to nearby cities, Frederick lies 46 miles west of Baltimore, 49 miles north and slightly west of Washington, D.C., 24 miles southeast of Hagerstown, Maryland, and 71 miles southwest of Harrisburg, Pennsylvania. The city has a total area of 23.13 square miles.

As of the 2010 U.S. census, there were 65,239 people residing in Frederick city and roughly 27,000 households. The city's population grew by 23.6% in the ten years since the 2000 census, making it the fastest growing incorporated area in the state of Maryland with a population of over 50,000 for 2010.

Frederick's historic downtown houses more than 200 retailers, restaurants and antique shops along Market, Patrick and East streets. Restaurants feature a diverse array of cuisines, including Italian American, Thai, Vietnamese, and Cuban, as well as a number of regionally recognized dining establishments, such as The Tasting Room.

The National Restaurant Industry

Excerpted from the National Association of Restaurants website:

2014 Facts at a Glance

- **\$683.4 billion:** Restaurant industry sales.
- **3.6%:** Restaurant industry sales increase in nominal terms.
- **1.2%:** Restaurant industry sales increase in real (inflation-adjusted) terms.
- **990,000:** Restaurant locations in the United States.
- **13.5 million:** Restaurant industry employees.
- **10%:** Restaurant workforce as part of the overall U.S. workforce.
- **47%:** Restaurant industry share of the food dollar.
- **Eight in 10:** Restaurant owners who started their industry careers in entry-level positions.
- **Nine in 10:** Salaried restaurant employees who started as hourly workers.
- **Nine in 10:** Restaurants with fewer than 50 employees.
- **Seven in 10:** Restaurants that are single-unit operations.



2014 Restaurant Industry

POCKET FACTBOOK



Locations 990,000

Restaurant Industry Sales (In Billions of Current Dollars)



CONSUMER TRENDS BY THE NUMBERS

- ▶ **72%** Consumers who would consider dining out more often if menu prices were lower during off-peak times.
- ▶ **58%** Consumers who are likely to make a restaurant choice based on its environmental sustainability efforts.
- ▶ **64%** Consumers who are more likely to visit a restaurant that offers locally-produced food items.
- ▶ **81%** Consumers who say there are more healthy options at restaurants than there were two years ago.
- ▶ **72%** Consumers who are more likely to visit a restaurant that offers healthful options.
- ▶ **43%** Consumers who would use a touch-screen ordering kiosk if available.
- ▶ **44%** Consumers who would use a smartphone to look up nutrition information for restaurant food if available.
- ▶ **43%** Consumers who have placed a restaurant takeout or delivery order online.
- ▶ **47%** Consumers who would use an electronic payment system at the table if available.
- ▶ **87%** Consumers who say good service is a key attribute for choosing a restaurant.
- ▶ **33%** Consumers who factor in information from peer-review websites when choosing a restaurant.
- ▶ **65%** Consumers who say ease of parking is a key attribute for choosing a limited-service restaurant.

2014 Industry Sales Projection: \$683.4 Billion

Category	2014 Sales (Billion \$)
Commercial	\$624.3
Eating Places	455.9
Bars and Taverns	20.0
Managed Services	47.1
Lodging Place Restaurants	34.8
Retail, Vending, Recreation, Mobile	66.4
Noncommercial Restaurant Services	56.6
Military Restaurant Sales	2.5

Restaurant Industry's Share of the Food Dollar



America's Restaurants:

SMALL BUSINESSES WITH A LARGE IMPACT ON OUR NATION'S ECONOMY

- ▶ Restaurant industry sales are projected to total **\$683.4 billion** in 2014 and equal 4 percent of the U.S. gross domestic product.
- ▶ Restaurant industry job growth is projected to outpace the overall economy for the **15th** consecutive year in 2014.
- ▶ The restaurant industry is projected to employ **13.5 million** people in 2014 — about one in 10 working Americans.
- ▶ The restaurant industry is expected to add **1.3 million** jobs over the next decade, with employment reaching **14.8 million** by 2024.
- ▶ More than nine in 10 eating-and-drinking place businesses have fewer than 50 employees.
- ▶ More than seven in 10 eating-and-drinking places are single-unit operations.
- ▶ **\$72,880** Sales per full-time-equivalent employee at eating-and-drinking places in 2012.
- ▶ Average unit sales in 2011 were **\$874,000** at full-service restaurants and **\$777,000** at quick-service restaurants.

CORNERSTONES OF CAREER AND ENTREPRENEURIAL OPPORTUNITIES

- ▶ One-half of all adults have worked in the restaurant industry at some point during their lives, and one out of three got their first job experience in a restaurant.
- ▶ **Eight in 10** restaurant owners say their first job in the restaurant industry was an entry-level position.
- ▶ **Nine in 10** salaried restaurant employees started as hourly workers.
- ▶ **59%** of first-line supervisors/managers of food preparation and service workers in 2012 were women, **14%** were black or African-American and **17%** were of Hispanic origin.
- ▶ Restaurants employ more minority managers than any other industry.
- ▶ The number of black or African-American-owned restaurant businesses jumped **188%** between 1997 and 2007, compared to a **36%** increase for all restaurant businesses.
- ▶ The number of Hispanic-owned restaurant businesses increased **80%** between 1997 and 2007, while the number of Asian-owned restaurant businesses grew **60%**.
- ▶ The number of women-owned restaurant businesses rose **50%** between 1997 and 2007.

AN ESSENTIAL PART OF DAILY LIFE

- ▶ **Nine in 10** consumers say they enjoy going to restaurants.
- ▶ **Two in five** consumers say restaurants are an essential part of their lifestyle.
- ▶ **Seven in 10** consumers say their favorite restaurant foods provide flavors that can't easily be duplicated at home.
- ▶ **Three-quarters** of consumers say going to a restaurant with family and friends is a better use of their leisure time than

Visit Restaurant.com/Forecast to view the 2014 Restaurant Industry Forecast video.

The Local Market

Excerpted from livability.com website:

LIVABILITY
TOP 100 BEST PLACES TO LIVE | TOP 10 LISTS | RELOCATE | TRAVEL | BEST PLACES BY STATE | BEST PLACES BLOG

2014
Top 10 Best Downtowns 2014

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#6 **Frederick** **PREV** **NEXT**
Maryland



Downtown Frederick's Carroll Creek Park features public art, offices, retailers and residences.

Photo: Visit Frederick/C. Kurt Holter

The orange glow of a setting sun enhances the romantic appeal of Carroll Creek Park in downtown [Frederick, Md.](#) Curved bridges extend over the water, and street lights bathe red brick pathways in warm light. It's one of many settings in this historic and artistic haven that residents and visitors find alluring. Tall church steeples rise above 18th-century buildings that house martini bars, boutique shops and art galleries.

Downtown Frederick emerged from economic decline during the late 1960s and survived a devastating flood in 1976. But perhaps it's greatest comeback stems from recent revitalization efforts that helped turn the downtown area into a magnet for East Coast artists.

Residents have seen steady income growth, falling unemployment and a high occupancy rate that continues to spark development of residential and commercial projects. In 2003, the state designated downtown Frederick an Arts & Entertainment District, which allows artists and craftsmen to sell their work tax free. This lured many artists to the area, and residents and service-oriented businesses followed. More than 2,500 historic properties in the downtown area have been renovated for modern use while preserving Colonial-era architectural elements. Beyond more than a dozen antique shops are food markets, bookstores, bottle shops and wellness centers, all within walking distance of residences.

Those living in and around downtown Frederick use recreational facilities like Diggs Pool, which has water features for young children, and Baker Park, offering tennis courts, athletic fields, playgrounds and a small lake. An incredibly dog-friendly city, many shops and even some restaurants allow dogs, while Dog Park gives canines a place to run around. Locals crowd into cafes and small music venues to hear up-and-coming musicians, while the Weinberg Center for the Arts features shows by many well-known performers, movies and sing-alongs with a Wurlitzer organ.

Key Indicators

- 5.8 percent unemployment
- 4.04 percent average income growth
- 5.8 percent vacancy

Quick Facts About Frederick

Population:
67,086

Med. Age:
34

Med. Household
Income:
\$68,081

Med. Home Price:
\$196,899

Average Work
Commute:
18 MINUTES



Business Information

Legal name of business entity which owns the operating business: TR LTD.

Entity type: Maryland Close Stock Corporation

Trade name: The Tasting Room

Maryland SDAT Tax Id#: D06367981

Date of formation: June 26, 2001

Business office address: 221 North Market Street, #1, Frederick, Maryland 21701

Place of business address: 101 North Market Street, Frederick, Maryland 21701

Facilities: There is a long term, transferrable lease in place which management reports is below current market rates

President, CEO, Resident Agent: Michael A. Tauraso

Business hours: Lunch Monday-Saturday 11:00AM-2:30PM, Dinner Monday-Thursday 5:00PM-10:PM, Dinner Friday & Saturday 5:00PM-11:00PM, Happy hours Monday-Thursday 3:00PM-6:00PM, Closed on Sundays

Financial records: Annual financial records and reports along with copies of tax returns will be made available as required during the regular course of due-diligence.

License required: Business, Food/Health Department, Alcohol

Number of employees: Sixteen (16) full time and fourteen (14) part time.

Litigation and Ability to Sell Assets: Management advises this writer there are no agreements or litigation blocking the sale of these assets.

Selling price: \$1,650,000

Historical Analysis of Operations

	2009	2010	2011	2012	2013
SALES	\$2,195,075	2,350,784	2,598,284	2,416,010	\$2,450,257
COST OF GOODS SOLD					
Food & Beverage	720,086	773250	884525	813013	816513
Labor	534,149	585180	612448	605541	597218
Casual Labor	916	0	600	15109	1916
Restaurant Supplies	48,141	58846	54619	52350	56415
Total Cost of Sales	1,303,292	1417276	1552192	1486013	1472062
Gross Profit	891,783	933508	1046092	929997	978195
GENERAL & ADMIN. EXPENSE					
Advertising	329	22,433	29,035	13,273	24,381
Auto & Truck	17,365	11,416	7,772	8,235	7,253
Bank Charges & CC Fees	63,148	67,047	66,535	62,447	63,275
Charitable Contributions	1,413	800	0	3,000	1,250
Depreciation & Amortization	46,811	37,779	22,521	73,937	103,979
Employee Benefit Program	0	0	0	0	0
General Supplies	1,649	1,377	0	0	0
Insurance	29,660	43,521	42,196	67,783	37,982
Meals & Entertainment	4,684	5,392	5,887	652	766
Office Supplies	15,091	13,934	10,672	8,931	12,170
Professional Fees	22,113	25,243	27,480	31,680	27,513
Rent	67,301	74,009	97,542	97,984	69,576
Repairs & Maintenance	49,925	21,154	41,075	37,968	34,249
Taxes & Licenses	62,012	67,503	72,350	69,053	62,678
Telephone & Pager	4,745	8,145	8,428	7,462	5,072
Utilities	34,179	36,303	42,021	39,288	40,589
Non Tax Deductible Expenses					
50% Meals & Entertainment	4,685	5,392	5,887	662	766
Officer Health Insurance	5,146	6,598	6,888	5,136	3,883
Payroll Tax Credit for ER SS Tax	16,284	19,907	24,151	24,201	25,961
Total G & A Expense	446,540	469,953	510,440	551,702	521,343
NET INCOME BEFORE INTERESTS	445,243	463,555	535,652	378,295	456,852
Gain on Fixed Assets	0	0	0	0	0
Interest Expense	-1,867	-1,213	-715	-4,286	-3,723
Interest Income	30	0	0	0	0
NET INCOME BEFORE OFFICER'S SALARY	443,406	46,462,342	534,937	374,009	453,129
Officer's Salary	-52,903	-66,598	-50,000	-54,953	-53,900
NET INCOME (PER BOOKS)	390,503	395,744	484,937	319,056	399,229
Add Back					
Officer's Salary	52,903	66,598	50,000	54,953	53,900
Depreciation & Amortization	46,811	37,779	22,521	73,937	103,979
Interests (net)	1,837	1,213	715	4,286	3,723
Bottom Line Seller Discretionary Cash Flow	\$492,054	\$501,334	\$558,173	\$452,232	\$560,831

(Provided by management and said to have been based
on the business income tax returns)

Photographs

