

FRANCHISE DISCLOSURE DOCUMENT



IHOP FRANCHISOR LLC
a Delaware limited liability company
450 North Brand Boulevard, 7th Floor
Glendale, California 91203-4415
(818) 240-6055
www.ihop.com

We offer two different franchise programs for Restaurants at non-traditional venues which feature “IHOP” pancakes as well as a diverse menu of other breakfast, lunch and dinner items.

The total investment necessary to begin operation of an IHOP franchise at a non-traditional venue is as follows:

Program	Low	High
Full-Service Program	\$690,654	\$3,425,950
IHOP Limited-Service Program	\$551,004	\$1,442,325

This includes Initial Fees of \$33,750 to \$119,480 per Full-Service Restaurant and \$23,750 to \$51,480 per IHOP Limited-Service Restaurant to be developed which must be paid to the Franchisor or an IHOP Affiliate.

This Franchise Disclosure Document (this “Disclosure Document”) summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Dave Gleason, Director, Non-Traditional Development, 450 North Brand Boulevard, 7th Floor, Glendale, California 91203-4415, (818) 240-6055, Dave.Gleason@ihop.com.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit A and Exhibit A-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only IHOP business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an IHOP franchisee?	Item 20 or Exhibit A or Exhibit A-2 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The IHOP non-traditional multi-unit franchise agreement requires you to resolve disputes with us by mediation and arbitration only in California. Out-of-state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and arbitrate with us in California than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is IHOP Franchisor LLC, a Delaware limited liability company, formed on July 28, 2014. In this Disclosure Document, the words “IHOP,” “we,” “our” and “us” refer to IHOP Franchisor LLC, and when appropriate, our affiliates. “You” means the person or entity who buys the franchise.

This Disclosure Document is for the franchise offering of “International House of Pancakes,” “IHOP” and “IHOP Express” Restaurants at non-traditional venues (defined below). We offer franchise programs for the development, sale and operation of International House of Pancakes and “IHOP” Restaurants in traditional venues under a separate franchise disclosure document, on terms which may differ materially from the terms of this Disclosure Document. We also test, develop, franchise and may operate other new fast casual and quick serve concepts, as well as concepts, restaurants, and prototypes located in urban and other markets, which may operate under the name “flip’d by IHOP” or other names which may include “IHOP.” You may not be offered the opportunity to participate in all programs. Our agents for service of process are listed by state in Exhibit H of this Disclosure Document.

Non-traditional venues are generally within another primary business or in conjunction with another business or at institutional settings. Examples include schools, colleges and universities, military and other governmental facilities, hospitals, airports, highway rest stops, toll roads, hotels, motels, arenas, travel plazas, office or in-plant food facilities, supermarkets, grocery stores or convenience stores, casinos, stadiums, shopping malls and any other site, venue or location, some of which may be operated by a master concessionaire or contract food service provider (“Non-Traditional Venue”). Traditional venues are all other venues or sites (“Traditional Venue”).

On or about September 30, 2014 (the “Closing Date”), our parent, Dine Brands Global, Inc. (“Dine Brands”) (formerly known as DineEquity, Inc.), and various of its existing direct and indirect subsidiaries closed a securitization transaction involving both the IHOP and Applebee’s brands (the “Securitization”), as part of which various existing subsidiaries contributed their assets, including intellectual property, real and personal property and equipment and related leases and subleases, notes and indebtedness of franchisees, and the business and related agreements concerning manufacturing, sourcing and sales of goods and services, to newly-formed subsidiaries of Dine Brands, including us.

On the Closing Date, International House of Pancakes, LLC (“IHOP LLC”) ceased offering and selling new domestic franchises and contributed all then-existing U.S. IHOP franchise agreements and related franchisee notes and guarantee agreements, among other assets, to newly-formed IHOP Restaurants LLC. IHOP LLC also contributed all then-existing U.S. area development agreements to us, and we became responsible for all new domestic franchise sales commencing October 1, 2014. Prior to January 4, 2016, IHOP LLC offered and sold IHOP franchises internationally. On January 4, 2016, Dine Brands conducted a reorganization of its international operations such that substantially all the international assets of IHOP LLC were transferred to Dine Brands International, Inc. (formerly known as DineEquity International, Inc.). The transfer included development and franchise agreements for territories outside of the United States (including Mexico). Dine Brands International, Inc. serves as the franchisor for all international IHOP franchisees and franchisees with restaurants in the U.S. territories.

Our parent companies, all organized under Delaware law, are: IHOP Funding LLC; IHOP SPV Guarantor LLC; IHOP LLC and Dine Brands.

Our only affiliate that offers franchises in the United States in any line of business is Applebee’s Franchisor LLC (“Applebee’s”), discussed below, whose principal business address is 450 North Brand Boulevard, 7th Floor, Glendale, California 91203. Dine Brands acquired the Applebee’s chain in November

2007. Our affiliates that provide products or services to our franchisees, all organized under Delaware law are: Dine Brands, whose activities as manager include administering collections, franchising, marketing, real property, intellectual property, and providing certain pre-opening and post-opening services to franchised Restaurants; IHOP Property LLC (“IHOP Property”) which leases certain real property to franchisees; IHOP Leasing LLC (“IHOP Leasing”) which leases and subleases some franchised locations to franchisees, and IHOP TPGC LLC which administers our gift card program (each, excluding Applebee’s, is referred to as an “IHOP Affiliate”).

Our principal business address and that of our parent companies, and the IHOP Affiliates, is 450 North Brand Boulevard, 7th Floor, Glendale, California 91203.

We have offered franchises for Restaurants operating under the “IHOP” and “International House of Pancakes” names (each a “Restaurant” or “IHOP Restaurant”) since October 1, 2014, but we generally do not directly operate Restaurants. We have no predecessor, however, several of our then-affiliated entities previously offered franchises under the “IHOP” and “International House of Pancakes” brand names since the chain began in 1958, namely:

International House of Pancakes, Inc. from 1960 until February 2007;

IHOP Franchising, LLC from March 2007 to February 2009;

IHOP Franchise Company, LLC from April 2009 through December 2011, when it assigned its then-existing U.S. franchise agreements to, and then merged with, IHOP LLC; and

IHOP LLC from December 2011 through September 2014 (this is the same entity that franchised from 1960 until February 2007, but in December 2008 converted to a limited liability company).

These Restaurants feature “IHOP” pancakes as well as a diverse menu of other breakfast, lunch and dinner items. As of January 2, 2022, there were a total of 1,665 franchised IHOP Restaurants in the U.S. and U.S. Territories and no company-owned Restaurants which were operated by us or our affiliates.

Our affiliate, Applebee’s, has offered franchises for restaurants under the trade names “Applebee’s Neighborhood Grill & Bar,” “Applebee’s” and “Applebee’s Grill & Bar” (the “Applebee’s Marks”) since October 1, 2014, and does not offer franchises in other lines of business. Other affiliated entities have offered franchises under the Applebee’s Marks in the U.S. and internationally:

Applebee’s International, Inc. (“Applebee’s International”) from March 1988 to November 2007;

Applebee’s Franchising, LLC from November 2007 to December 2011 when it assigned its then-existing franchise agreements to, and then merged with, Applebee’s International;

Applebee’s International from January 2012 through September 2014 (in the U.S.); and from January 2012 to January 3, 2016 (internationally); and

Dine Brands International, Inc. from January 4, 2016 to the present (internationally and in the U.S. territories).

As of January 2, 2022, there were a total of 1,518 Applebee’s brand franchised restaurants in the U.S. and U.S. Territories and 69 company-owned Applebee’s brand restaurants which were operated by Applebee’s or its affiliates.

IHOP intends to conduct business under the names “IHOP,” “International House of Pancakes” and “IHOP Express.”

IHOP Affiliates operate Full-Service Restaurants (defined below) at Traditional Venues. In addition to franchising IHOP Restaurants at Traditional Venues and Non-Traditional Venues, and operating IHOP Restaurants at Traditional Venues, IHOP or its IHOP Affiliates may lease certain real property to franchisees, lease certain equipment to franchisees, and sell certain products to franchisees at Traditional Venues. We are developing and testing and may operate and franchise other new fast-casual and quick service concepts, as well as concepts, restaurants, and prototypes located in urban markets, which may operate under the name “IHOP Express,” “Flip’d by IHOP” or other names, which may include “IHOP.” Additionally, IHOP is developing, testing, refining and franchising a system for operating restaurants that fits within the definition of “Other IHOP Concepts” under the name “flip’d by IHOP” or another name selected by IHOP and may operate such restaurants. At this time, such offering is currently made only pursuant to exemptions from the registration and disclosure provisions of the franchise laws. Besides Full-Service Restaurants (defined below) franchised and operated at Traditional Venues, as described in other franchise disclosure documents, and the businesses described in this Disclosure Document, IHOP has no other businesses.

Except as described in this Item 1, neither Dine Brands nor any of the IHOP Affiliates have operated IHOP Restaurants, or offered franchises in other lines of business.

Franchise Programs. We offer two separate Non-Traditional Venue franchise programs by this Disclosure Document, and we may allow you the opportunity to purchase a franchise under either or both programs:

(1) Under the “Full-Service Program,” you would develop, equip, and operate a specified number of family style three meal occasion, Full-Service Restaurants at Non-Traditional Venues within a specified period at either a specific site (the “Franchised Location”) or numerous locations, depending on the terms negotiated. The typical Full-Service Restaurant, features the full IHOP menu with a range of “signature” “IHOP” pancakes, coffee and other offerings, as well as a diverse menu of other breakfast, lunch and dinner items, is approximately 2,000 to 5,000 square feet, and offers table and to-go service (a “Full-Service Restaurant”).

(2) Under the “IHOP Limited-Service Program,” you would develop, equip and operate a specified number of IHOP Express Restaurants at Non-Traditional Venues utilizing a quick-serve format (“Quick-Serve Restaurant”) (which occupies approximately 800 to 1,200 square feet, with counter-ordering, pay and pick-up service, portable items from a limited menu offering and with shared seating such as in a food court setting, or limited dedicated seating) or fast-casual format (“Fast-Casual Restaurant”) (which occupies approximately 1,200 to 3,500 square feet, with counter ordering and table delivery service, an expanded menu offering packaged items for dine-in or take-out, and dedicated seating) within a specified period at the Franchised Location or numerous locations, depending on the terms negotiated. Quick-Serve Restaurant and Fast-Casual Restaurant are collectively referred to as “IHOP Limited-Service Restaurant(s).” The typical IHOP Limited-Service Restaurant, either quick-serve or fast-casual, features a more limited range of signature “IHOP” pancakes, coffee and other breakfast, lunch and dinner offerings under a more limited menu.

The family dining, quick-serve and fast-casual segments of the foodservice market are highly developed and competitive. If you become an IHOP Non-Traditional Venue franchisee you will serve the general public and will compete with other businesses offering similar products and services, including full-service, fast-casual, quick-serve and fast food Restaurants. The items and products sold at IHOP and IHOP Limited-Service Restaurants will be sold to any customer whom you may serve. Sales at Restaurants located at Traditional Venues are typically not seasonal, although weather conditions in the geographic location of the Restaurant and the type of venue at which the Restaurant is located may have an impact on sales. Sales at Non-Traditional Venues will be affected by the volume and frequency that potential customers visit the Non-Traditional Venue where your Restaurant is located. For example, if your Restaurant is located within an airport terminal at an airport that experiences seasonal fluctuations, or other disruptions, your business may be adversely affected. Similarly, if your Restaurant is at a location that is within a venue (e.g., a convention

center) that is frequented by customers only during specified operating days and hours, your business will be affected by the operating hours of that location.

Under the Full-Service and Limited-Service Programs, you would execute an IHOP Non-Traditional Multi-Unit Franchise Agreement (“IHOP NT MUFA”) which describes your franchise area, type of Non-Traditional Venue, development schedule, and Initial Franchise Fee in the form attached as Exhibit B and, if you are already party to an agreement with us, you will also execute a General Release (Non-Traditional) in the form attached as Exhibit I. The approved location(s) would be located in a Non-Traditional Venue, which could be within another primary business or in conjunction with other businesses or at institutional settings such as schools, colleges and universities, military and other governmental facilities, hospitals, airports, highway rest stops, toll roads, hotels, motels, arenas, travel plazas, office or in-plant food facilities, supermarkets, grocery or convenience stores, casinos, stadiums, shopping malls and any other site, venue or location operated by a master concessionaire or contract food service provider. For each IHOP and IHOP Express Restaurant you develop under the IHOP NT MUFA, you would also execute a separate Non-Traditional Franchise Addendum (“NT FA”) on the form attached to the IHOP NT MUFA at the time you acquire the right to the Restaurant site.

Specific Industry Regulation. California and other states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Restaurant, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Restaurant premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for Restaurants; employee practices concerning the storage, handling, cooking and preparation of food; nutrition and menu labeling; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness, (e) govern the use of vending machines, (f) control the sale of alcoholic beverages; (g) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials; and (h) establish mandatory nutritional content labeling and disclosures, including on menus, and impose restrictions on certain types of cups and containers. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

In 2020, 2021 and 2022, due to the global coronavirus pandemic, some state and local government agencies and at some point possibly the federal government have ordered (or suggested) that Restaurants temporarily close for dining or have otherwise severely limited the ability to operate Restaurants, including without limitation through restrictions, including capacity restrictions, or prohibitions on the conduct of in restaurant dining and/or outdoor dining. We cannot predict what other government orders or suggestions may be adopted in response to the coronavirus pandemic or how long these conditions will last but anticipate that they will have a considerable impact on our business and that of our franchisees for at least a short-term basis.

ITEM 2

BUSINESS EXPERIENCE

John Peyton—Chief Executive Officer, Dine Brands:

Mr. Peyton was appointed as Chief Executive officer of Dine Brands effective January 4, 2021. From October 2016 until November 2020, he served as President and Chief Executive Officer of Realogy Franchise Group LLC. Prior to October 2016, Mr. Peyton spent 17 years with Starwood Hotels and Resorts Worldwide, holding various positions including Chief Marketing Officer, Senior Vice President of Global Operations and Chief Operations Officer, North America Hotel Division, among others.

Jay D. Johns – President:

Mr. Johns has served as President of IHOP since June 2019. From April 2017 until June 2019, he was the Senior Vice President, Operations of IHOP LLC. He served as an executive officer of certain of our affiliates from November 2013 to April 2017. Prior to November 2013, he held various management positions with Dine Brands and its subsidiaries.

Vance Chang – Chief Financial Officer, Dine Brands:

Mr. Chang was appointed as Chief Financial Officer of Dine Brands effective June 14, 2021. From November 2019 to June 2021, he served as the Chief Financial Officer of Exer Urgent Care. From April 2016 to November 2019, he served as the Chief Financial Officer for Yoga Works. From August 2013 to April 2016, he served as Head of Corporate Finance for Pressed Juicery.

Tony Moralejo – President, International and Global Development, Dine Brands:

Mr. Moralejo has served as President, International and Global Development of Dine Brands since February 2020. From August 2016 until February 2020, he was the Executive Vice President, International Business and Global Development of Church's Chicken. From May 2013 until August 2016, he was the Senior Vice President and Chief Development Officer of Church's Chicken.

Kieran Donahue – Chief Marketing Officer, IHOP LLC:

Ms. Donahue was appointed as Chief Marketing Officer of IHOP LLC effective February 22, 2021. From December 2015 to October 2020, she was the Vice President, Brand, Marketing & Digital (Americas) of Marriott International, Inc..

Christine K. Son – Board of Managers and Senior Vice President, Legal, General Counsel and Secretary:

Ms. Son has served as Senior Vice President, Legal, General Counsel and Secretary and was appointed to IHOP's Board of Managers effective April 23, 2021. Ms. Son joined Dine Brands in 2011, and has served as Vice President, Deputy General Counsel and Assistant Secretary of Dine Brands since 2019 and as Vice President, Associate General Counsel from 2014 to 2019.

Justin Skelton – Chief Information Officer, Dine Brands:

Mr. Skelton has served as Chief Information Officer since June 2020. From April 2020 to June 2020, he was Interim Chief Information Officer. From June 2019 to April 2020, Mr. Skelton was Vice President, IT Infrastructure and Operations. He was Vice President, Infrastructure, Support, and Operations for CVS Health Corporation located in Scottsdale, Arizona from February 2016 to June 2019. Prior to that Mr. Skelton worked at Bank of America / Merrill Lynch, based in Irvine, CA from July 2008 to April 2015 and served in a variety of executive roles, most notably as CIO Insurance Services Division and CTO of Home Loans and Insurance.

Charles Scaccia – Senior Vice President, Operations, IHOP LLC:

Mr. Scaccia has served as Senior Vice President, Operations of IHOP LLC since June 2019. From November 2015 until June 2019, he was the East Division Vice President, Franchise Operations of IHOP LLC. From February 2013 until November 2015, he was the West Division Vice President, Franchise Operations of IHOP LLC.

Gary P. DuBois – Vice President, Quality Assurance, Dine Brands:

Mr. DuBois has served as Vice President, Quality Assurance of Dine Brands since March 2009. He has also served as an executive officer of certain of our affiliates since March 2009.

Bernard J. Angelo – Independent Manager:

Mr. Angelo has served as Independent Manager for IHOP since July 2014. Since July 2014, Mr. Angelo has also served as Independent Manager for Applebee's. Since April 1997, Mr. Angelo has served as Senior Vice President and Director of Global Securitization Services, LLC, located in Melville, NY.

Kevin P. Burns – Independent Manager:

Mr. Burns has served as our Independent Manager since our formation on July 28, 2014. Since July 28, 2014, Mr. Burns has also served as Independent Manager for Applebee's. Since December 1996, Mr. Burns has served as President and Director of Global Securitization Services, LLC, located in Melville, NY.

ITEM 3

LITIGATION

Pending Litigation

No pending litigation is required to be disclosed under this Item 3.

Concluded Litigation

(1) *Irvine Food Corp. v. Dine Brands Global, Inc., et al.* (Superior Court of the State of California, County of Los Angeles), Case No. 19GDCV00749. On June 7, 2019, former franchisee Richard Miano, sole owner of Irvine Food Corp., filed a complaint against Dine Brands, IHOP, and its affiliates ("Dine Parties"). The complaint alleges that the Dine Parties failed to successfully negotiate a lease extension for Mr. Miano's IHOP located in Irvine, California. As a result of the landlord's decision to select another tenant to occupy the property, Mr. Miano was unable to continue operating his restaurant at the Irvine location. The complaint alleges claims for breach of contract, misrepresentation, violation of business and profession code § 20025, breach of the covenant of good faith and fair dealing, and unfair business practices. On July 11, 2019, the Dine Parties moved to compel arbitration and Plaintiff agreed to arbitrate the case. On March 16, 2021, the arbitrators found in the Dine Parties' favor on all claims. On April 23, 2021, the arbitrators awarded the Dine Parties \$1,266,515.10 in costs and attorney's fees.

(2) *Himelda Mendez v. IHOP Restaurants LLC* (United States District Court for the Southern District of New York), Case No. 1:19-cv-9854. On October 25, 2019, Himelda Mendez filed a class action complaint against IHOP, alleging that IHOP failed to include Braille on its gift cards, in violation of the ADA and New York disability access laws. The matter settled for \$7,000 and was dismissed on July 29, 2020.

(3) *IHOP Restaurants LLC v. 1385-Tyler, Inc. and Meredith Elston* (United States District Court, Eastern District of Texas), Case No. CV 20-cv-00099-JDK. After providing franchisee with notice that IHOP did not intend to extend the expiration date of his franchise agreement and requesting that he turn-over the restaurant by the February 23, 2020 expiration date, IHOP commenced this action on February 25, 2020 to enforce its rights and to enjoin franchisee from continuing to operate the restaurant. The parties reached a resolution of this matter and IHOP voluntarily dismissed the case on June 12, 2020.

(4) *Crystal Williamson v. Brooklyn Hop 2 LLC, et al.* (United States District Court for the Eastern District of New York), Case No. 1:18-cv-05615-AMD-SMG. On October 9, 2018, Crystal Williamson, a

former employee of franchisee Brooklyn Hop 2 LLC, filed a class action complaint against the franchisee, DineEquity, Inc., IHOP, and its affiliates (“Dine Parties”). The complaint alleges Defendants violated federal and state antitrust laws by agreeing to non-solicitation and no-hire provisions in the franchise agreements. On May 7, 2019, the parties reached a settlement in which Plaintiff received a payment of \$9,500.00.

(5) Heartland Consumer Products, LLC, et al. v. DineEquity, Inc., et al. (United States District Court for the Southern District of Indiana), Case No. 1:17-cv-01035-SEB-TAB. On April 3, 2017, Heartland Consumer Products LLC and TC Heartland LLC, the manufacturer of a sucralose-based sugar substitute branded as Splenda, filed suit against DineEquity, Inc. and its affiliates (“DineEquity”). The complaint alleged that DineEquity infringed upon Heartland’s alleged trademark rights in Splenda. The complaint asserted claims for trademark infringement, false designation of origin, unfair competition, and trademark dilution. On September 26, 2018, the parties reached a settlement, wherein DineEquity agreed to allow the Plaintiff’s tabletop sweeteners to be the exclusive tabletop sweeteners in the system.

(6) IHOP Restaurants LLC, et al. v. Moeini Corporation (United States District Court for the Southern District of Alabama), Case No. 17-cv-570. After terminating the franchisee for multiple operational failures, IHOP commenced this action on December 29, 2017 to enforce its termination rights and to enjoin the franchisee from continuing to operate the restaurants. On February 7, 2018, the federal court granted IHOP’s motion for a preliminary injunction to enjoin the franchisee from operating the restaurants and using IHOP’s trademarks. On February 4, 2019, IHOP filed a notice of voluntary dismissal.

(7) Azhar Chaudhry; ARS Restaurant, Inc.; and Lucky Star #5409, Inc. v. International House of Pancakes, LLC, Civil Case No. 15-cv-3504 (N.D. Ill.) and In re Lucky #5409, Inc. and Azhar Chaudhry (United States Bankruptcy Court for the Northern District of Illinois), Case No. 16-16264 (N.D. Ill.). After receiving notice for operational failures, on April 21, 2015, the franchisee sued IHOP alleging breach of contract, discrimination, and violations of the Illinois Franchise Disclosure Act. On August 26, 2015, the court granted IHOP’s motion for a preliminary injunction to enjoin the franchisee from using IHOP’s trademarks and dismissed the franchisee’s complaint. On September 2, 2015, the franchisee appealed the court’s orders to the Seventh Circuit Court of Appeals. The Seventh Circuit appeal was stayed upon franchisee’s filing of his bankruptcy case on May 13, 2016. Subsequently, the appeal was dismissed. On May 13, 2016, franchisee Azhar Chaudhry and an affiliated entity, Lucky #5409, Inc., the owner and operator of one Restaurant located in Bridgeview, Illinois, voluntarily filed for Chapter 11 bankruptcy protection. On December 28, 2017, the Restaurant was transferred to another franchisee with IHOP’s consent.

(8) IHOP Restaurants, LLC v. Len-W Foods, Inc., Civil Case No. 1:15-CV-2600-SCJ (N.D. Ga.) After receiving notice for operational failures, on July 14, 2015, the franchisee sued IHOP to prevent termination of the franchise agreement. On July 21, 2015, IHOP removed the action to federal court. On September 18, 2015, the federal court granted IHOP’s motion for a preliminary injunction to enjoin the franchisee from operating the Restaurant and using IHOP’s trademarks. On April 5, 2016, the court granted judgment in IHOP’s favor and awarded IHOP attorneys’ fees in the amount of \$71,787.45 and costs in the amount of \$255.07.

(9) In re HOP 1 Enterprises, Inc. (United States Bankruptcy Court for the District of Hawaii), Case No. 15-00397 (D. Haw.). On March 30, 2015, franchisee HOP 1, which owns and operates one Restaurant located in Maui, voluntarily filed for Chapter 11 bankruptcy protection. On January 6, 2016, IHOP objected to franchisee’s plan of reorganization. On December 15, 2017, the parties entered into a settlement agreement wherein the ownership interests in the franchisee entity will be transferred to an IHOP approved individual.

(10) Lorraine Enterprises L.C. v. International House of Pancakes, Inc. (United States District Court, Eastern District of Tennessee Court Case No. 3:07-CV-373) On or about September 27, 2007, a complaint for injunctive relief was filed by Lorraine Enterprises, L.C., a franchisee of five IHOP Restaurants in Texas, against IHOP, Inc. alleging breach of contract, violation of the implied covenant of good faith and

fair dealing, violation of the California Franchise Relations Act, violation of the Texas Deceptive Trade Practices Act, and tortious interference with contracts and with prospective business advantage, claiming that IHOP improperly terminated plaintiff's franchises. Concurrently, a demand for arbitration was filed by the franchisee against IHOP with the American Arbitration Association in Los Angeles, California. These actions were in response to a notice of default and termination sent by IHOP on or about August 24, 2007 for each of the five IHOP Restaurants due to the alleged unauthorized assignment of ownership interests in the franchisee. The matter was settled in June, 2008 whereby IHOP was paid the sum of \$375,000.00 in consideration for the withdrawal and cancellation of the notices of default. The federal claims and demand for arbitration were dismissed with prejudice and the injunction was vacated.

(11) *Alex Ikbariah and I & K Enterprises, Inc. v. International House of Pancakes, Inc., et al.* (Chancery Court for the State of Tennessee, 30th Judicial District Court, Shelby County, Case No. CH-06-0824-1). On or about April 25, 2006, an action was filed by Alex Ikbariah, a current IHOP franchisee of three IHOP Restaurants in Michigan and Tennessee, and I & K Enterprises, Inc., a former IHOP franchisee (which is owned and/or controlled by Mr. Ikbariah) of an IHOP Restaurant in Tennessee, against IHOP, Inc., IHOP Corp., IHOP Properties, Inc. and a former IHOP employee, alleging fraud, unfair and deceptive trade practices, extortion, disparate treatment, defective software, and failure to approve the sale of an IHOP Restaurant by requiring the Plaintiff to pay obligations owed to IHOP with respect to an IHOP Restaurant abandoned by the Plaintiff (which IHOP maintains was a condition of assignment as set forth in the franchise agreement), and seeking rescission of the franchise agreement, sublease, equipment lease and promissory note for the abandoned IHOP Restaurant, damages, including punitive damages, attorney fees and costs in excess of \$3 million. IHOP denied the allegations. The matter was settled in December 2009. Pursuant to a Settlement Agreement and Release of Claims, Mr. Ikbariah paid IHOP \$80,000 and the action was dismissed.

(12) *IHOP IP, LLC et al v. Nazimuddin Hashim, et al.* (United States District Court, District of California (the "Court"), Case No. CV 09-9130 GHK (AJWx)). In December, 2009, IHOP IP, LLC, IHOP Franchising, LLC and IHOP LLC filed an action against the franchisee of an IHOP Restaurant in Simi Valley, California alleging trademark infringement, unfair competition, unfair competition and false advertising, common law unfair competition, and breach of contract, and seeking specific performance and declaratory relief based on the franchisee's continued operations after the franchise was terminated for failure to remodel the Restaurant pursuant to the terms of the franchise agreement, as amended. In January, 2010, IHOP filed a motion for preliminary injunction to require the franchisee to cease using IHOP's trademarks in the operation of the Restaurant. In February 2010, the franchisee filed a counterclaim seeking declaratory relief and injunctive relief, alleging breach of contract, breach of the implied covenant of good faith and fair dealing, fraud in the inducement, negligent misrepresentation, statutory unfair competition, and unfair trade practices. IHOP denies the allegations and intends to vigorously pursue its claims and defenses. In March, 2010, the court granted IHOP's motion for a preliminary injunction. On January 12, 2011, a Judgment Pursuant to Stipulation was filed with the Court pursuant to which a permanent injunction in favor of IHOP was granted, franchisee was ordered to pay the sum of \$50,000 to IHOP and franchisee received nothing on its counterclaim.

(13) *I.H.O.P. No. 46-3, Inc. and Jennifer Alaimo v. International House of Pancakes, Inc., IHOP Properties, Inc. and International House Associates*, (NJ Superior Court Bergen County (Chancery Division), Civil Action No. C-61-11, removed to The United States District Court for the District of New Jersey, Case No. 11-cv-01044-WJM-MF). On February 22, 2011, our franchisee I.H.O.P. No. 46-3, Inc. (the "Franchisee") and its owner Jennifer Alaimo (collectively referred to as "Plaintiffs") filed an action against us, our affiliate IHOP Properties, Inc. and International House Associates (the Landlord for the property from which the Franchisee operates its franchised IHOP Restaurant). The Plaintiffs claimed that we violated the New Jersey Practices Act and breached the franchise agreement and the implied covenant of good faith and fair dealing as a result of our requiring the Plaintiffs to pay a "re-franchising fee" and enter into a new franchise agreement which contains terms that are materially different than the terms of the franchisee's existing franchise agreement. The Plaintiffs sought injunctive relief to require us to: (i) together with IHOP Properties, Inc. enter a lease extension with the Landlord; and (ii) enter a renewal franchise agreement with the Franchisee under the terms and conditions of its existing franchise agreement. The Plaintiffs also sought compensatory,

consequential and statutory damages as well as attorneys' fees and costs. On February 24, 2011, we filed a petition to remove the case from the Superior Court for the State of New Jersey to the United States District Court for the District of New Jersey. On March 15, 2011, the U.S. District Court remanded the case to the Superior Court for the State of New Jersey on jurisdictional grounds. On June 2, 2011, the parties agreed to submit the dispute to binding arbitration before the American Arbitration Association and the other action was dismissed. On or about October 20, 2011, the Franchisee signed a current form franchise agreement and withdrew the arbitration demand.

(14) Candice Watkins v DineEquity, Inc. et al. (Superior Court New Jersey, Camden County, Case No. L-5406-11). On or about October 31, 2011, named plaintiff Candice Watkins filed a class action lawsuit on behalf of herself and all others similarly situated alleging that IHOP Restaurants in New Jersey violate the state's Consumer Fraud Act and Truth in Consumer Contract Warranty and Notice Act by not disclosing beverage prices on menus. Defendants removed the case from state court to federal court on or around December 9, 2011. On or around March 12, 2012, plaintiff amended her complaint and alleged only the claim for Truth in Consumer Contract Warranty and Notice Act. The court granted Defendants' motion to dismiss on August 29, 2012, but gave plaintiff an opportunity to amend the complaint. Defendants filed another motion to dismiss the complaint, which was granted with prejudice on January 30, 2013. Plaintiff filed a Notice of Appeal on February 6, 2013. The oral argument for the appeal was heard by the Third Circuit of Appeals on November 7, 2013. On November 7, 2014, the Third Circuit affirmed the dismissal of the case.

Defendants removed this matter to federal court on August 25, 2010 and filed a Motion to Dismiss. IHOP prevailed on its motion to dismiss. On or about April 14, 2011, Plaintiff filed a Notice of Appeal with the Ninth Circuit Court of Appeal. On March 28, 2013, the Ninth Circuit affirmed the dismissal of the matter. On May 17, 2013, IHOP filed an application seeking an award of attorneys' fees, which was granted.

(15) In re A&F Enterprises, Inc. II, et al. (United States Bankruptcy Court for the Northern District of Illinois, Case No. 13-C-7020). In February 2013, franchisee Ali Alforookh and the entities through which he owned and operated 19 Restaurants located in Illinois, Wisconsin and Missouri filed for bankruptcy protection. As a result of an order issued by the bankruptcy court, two of the 19 Restaurants were returned to Franchisor in the third quarter of 2013. Within the bankruptcy proceedings, the franchisee asserted adversarial proceedings against Franchisor, alleging violations of the franchise agreements. The Court granted IHOP's motion to stay the adversary proceeding in favor of the arbitration provisions in the agreement. The franchisee's adversary proceeding was subsequently dismissed. IHOP also brought adversary proceedings against the Debtors, and sought to terminate Debtors' exclusivity to propose a plan of reorganization on the grounds of incurable defaults of the franchise agreements, including underreporting of sales, and underpayment of royalties. In May 2014, the Chapter 11 trustee appointed an interim manager to operate the remaining 17 Restaurants. The trustee subsequently closed two of these Restaurants where the franchise agreements had expired during the bankruptcy proceedings. In June 2014, the remaining 15 Restaurants were transferred by the trustee to an existing franchisee, who will operate the Restaurants going forward. Franchisor and its affiliates received \$900,000 during the second quarter of 2014 as well as \$197,000 in the third quarter of 2014, including amounts due to the Franchisor for real estate taxes, gift card liabilities, and unpaid royalties resulting from the franchisee's underreporting of sales. IHOP is no longer a party to the underlying bankruptcy case which is continuing.

(16) R-Hops, Inc. v. IHOP Franchising, LLC (Arbitration), American Arbitration Association Case No. 01-14-00003944. On or about May 8, 2014, claimant R-Hops commenced arbitration against Franchisor alleging that the franchisor entered a franchise agreement with a third party to open another IHOP Restaurant within its exclusive territory. On September 22, 2015, the arbitrator ruled in IHOP's favor on all claims and awarded IHOP \$29,060.36 in attorneys' fees and costs.

(17) Shouvik, LLC v. International House of Pancakes, LLC, Case No.: 47-CV-2014-902085.00 was initiated by franchisee, Shouvik, LLC, on October 7, 2014 in Alabama State Court (Madison County). The complaint alleges breach of contract regarding IHOP's termination of the franchise agreement and breach

of covenant of good faith and fair dealing. Shouvik, LLC is seeking a preliminary injunction and a request for declaratory and injunctive relief. This matter was removed to United States District Court for the Northern District of Alabama, Case No.: 5-14-CV-02116-AKK on October 31, 2014. On November 7, 2014, International House of Pancakes, LLC as the franchisor filed an answer and counterclaim for trademark infringement, unfair competition, ejection, unlawful detainer and breach of contract. IHOP filed its own preliminary injunction motion in federal court. On December 29, 2014, the Court ruled in IHOP's favor and entered an order that the franchisee surrender the Restaurant to IHOP immediately. On February 13, 2015, the matter was ordered to arbitration. On April 4, 2016, the arbitrator ruled in IHOP's favor on all claims and awarded IHOP \$200,887.47 in compensatory damages, attorneys' fees and costs.

(18) *Pasqual, Inc. et al. v. IHOP Franchise Company LLC, et al.*, Civil Case No: 14-cv-07521-JS-SIL (E.D.N.Y.) On or about December 24, 2014, the franchisee initiated litigation against the franchisor and sought to extend the franchise agreement beyond the expiration of that franchise agreement. On March 19, 2015, the federal magistrate judge denied the franchisee's motion for a preliminary injunction. The matter proceeded in arbitration. On June 7, 2016, the arbitrator ruled in IHOP's favor on all claims and the parties entered a settlement agreement requiring franchisee to pay IHOP \$300,000, which included attorney's fees and costs, dismiss the federal court action and de-identify the Restaurant.

No other litigation is required to be disclosed in this Item 3.

ITEM 4

BANKRUPTCY

Vance Chang is the Chief Financial Officer of IHOP Franchisor LLC. Prior to this role he was the Chief Financial Officer of YogaWorks, Inc. Mr. Chang left YogaWorks in November of 2019. On October 14, 2020, YogaWorks filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware due to COVID-19-related business pressures. YogaWorks has its principal place of business at 2215 Main Street, Santa Monica, CA 90405.

ITEM 5

INITIAL FEES

Initial Franchise Fee. The Initial Franchise Fee is non-refundable.

You will develop up to a specified number of IHOP and/or IHOP Express Restaurants within your franchise area per a negotiated schedule. You will be responsible for constructing and equipping the Restaurants. On signing the IHOP NT MUFA, you will not pay a fee. For each Restaurant you develop, you must sign a separate NT FA and pay an Initial Franchise Fee equal to \$25,000 for each Full-Service Restaurant and \$15,000 for each Limited-Service Restaurant. We reserve the right in our discretion to reduce or waive these fees in certain circumstances. The fees disclosed in this section are subject to variance in accordance with the terms of the Development Incentive Plan set forth below.

Renewals and Extensions. If you are presently signing an NT FA in connection with a renewal term, then your existing IHOP NT MUFA will govern the amount of the Initial Franchise Fee payable to us, if any. As of the date of this Disclosure Document, the Initial Franchise Fee for a renewal NT FA to extend your right to operate your Restaurant upon the expiration of your existing NT FA is \$5,000.00 ("Renewal Fee"). We may also vary the amount of the Initial Franchise Fee or Renewal Fee based upon the type of Restaurant you develop.

Although this disclosure document uses the term “renewal,” it refers to extending our relationship at the end of your initial term and you must, at our option, sign a new IHOP NT MUFA and/or NT FA that may have materially different terms and conditions than your original contract.

Range of Initial Franchise Fees. During Fiscal 2021, the Initial Franchise Fees paid by IHOP franchisees pursuant to agreements under programs described in this Disclosure Document did not vary from the standard Initial Franchise Fees mentioned above except that one franchisee with multiple obligations paid a franchise of \$20,000 for each Full Service Restaurant developed.

No Refund of Initial Franchise Fees. The Initial Franchise Fee is not refundable.

Development Incentive Plan. Subject to the terms and conditions of the Development Incentive Plan, if you open an incremental, new Restaurant (i.e. a new Restaurant above and beyond what you or your affiliates would be obligated to develop under any development agreements, multi-unit franchise agreements, replacement obligations or otherwise), you may be eligible to receive a waiver of your Initial Franchise Fee and/or a royalty rebate.

Subject to terms and conditions, eligible incremental Restaurants that open in 2022 will receive a waiver of the Initial Franchise Fee and a royalty rebate as follows: 2% from the date of Restaurant opening through the first anniversary thereof; and 1% from the first anniversary of the opening date to the second anniversary thereof.

Subject to terms and conditions, eligible incremental Restaurants that open in 2023 will receive a choice of either a waiver of the Initial Franchise Fee or a royalty rebate as follows: 2% from the date of Restaurant opening through the first anniversary thereof; and 1% from the first anniversary of the opening date to the second anniversary thereof.

The Development Incentive Plan is subject to additional terms and conditions further described in the 2022 IHOP Traditional Restaurant Development Incentive Program and include, but are not limited to, you and each of your affiliates remaining in good standing and maintaining full compliance with all agreements to which it is party with IHOP and any of its affiliates.

Financing of Initial Franchise Fees. IHOP does not finance any of the Initial Franchise Fee payable under the NT FA.

Opening Training Support Fees. At its sole discretion, IHOP will determine the opening training needs for each location. If we determine you will need training support and/or operational assistance to open your Restaurant, you will pay an Opening Training Support Fee between \$0 and \$55,000 for each Full-Service Restaurant and between \$0 and \$7,000 for each Limited-Service Restaurant upon execution of your agreement, based upon the number of trainers deemed necessary by IHOP. This fee is subject to increase if the opening schedule changes or if overtime is requested.

Technology: Point-of-Sale (“POS”) Setup, Training and Support. If we determine you will need POS setup, training and support for a new Restaurant opening, you will pay us or the vendor \$7,980 plus airfare for onsite implementation support for each of your first three Restaurant openings. Beginning with your fourth Restaurant, you may opt for remote POS setup, training and support for the cost of \$3,500.

Payments for Goods Received from Franchisor. You must purchase and cause to be delivered and installed before the opening of the Restaurant(s), certain items of equipment and an inventory of smallwares. You may purchase these items of equipment and smallwares from any supplier which is approved by IHOP or from IHOP or an IHOP Affiliate, if it sells such items. If you elect to order and purchase any smallware items from IHOP or an IHOP Affiliate, if it sells the items, the cost will be between approximately \$5,000 and

\$30,000, depending on the items purchased for each Full-Service Restaurant and between approximately \$5,000 and \$20,000, depending on the items purchased for each Limited Service Restaurant.

ITEM 6

OTHER FEES

Type of Fee ¹	Amount	Due Date	Remarks
Royalty	4.5% of total gross sales ²	Payable weekly on the Wednesday of the next week	Gross sales include all revenue from the Restaurant except sales or use tax.
National Advertising Fee	Up to 3.5% of gross sales ³	Same as Royalty fee	Franchisees owning and operating Restaurants at Traditional Venues may pay at a different rate.
Local Advertising Expenditure Requirement	Up to 1% of total gross sales ⁴	Proof of expenditures for a approved marketing required annually	Payable to third parties for marketing.
Additional Training Fee	\$5,000 per person per Restaurant	Prior to training	Payable if your leader is replaced, requiring the new leader to complete Initial Training.
Compliance Audit Fee and Interest	Interest on the understated or unpaid amounts due to us at the highest rate allowed by law ⁵ plus cost of audit	On demand	Interest is due on any understated or unpaid amounts due to franchisor. Audit fee is payable if audit shows an understatement of at least 2% of gross sales for any period, or if you fail to produce records.
Delayed Development Fee	\$350 per day for Full-Service Restaurant; \$180 per day for Limited-Service Restaurant	Upon your request for additional time	Payable for up to 180 days ⁶ Delayed Development Fees may be waived where the delay is outside of your control.
Dine Brands Restaurant Technology Support Center (Help Desk)	\$1,000 to \$1,800 per year, subject to change	30 days after billing	This service is optional.
Digital Products Service Fee	\$0 to \$350 per month	30 days after billing (billed annually)	We require “FlyBuy”, guest payment and ordering from their own device (“Bring Your Own Device”), and other digital products. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.
Implementation Fees	\$250 to \$1500	Upon demand	These fees relate to deployment and support for hardware and software upgrades, as well as other products.
Insurance ⁷	Amount of unpaid premiums	Upon demand	Payable only if we elect to obtain coverage upon your failure to do so.

Type of Fee ¹	Amount	Due Date	Remarks
Late Fee	Highest rate permitted by law or 1% per month, whichever is less	Continues to accrue until paid	Payable if you are late paying any amount due IHOP or an IHOP Affiliate.
Renewal Fee	\$5,000	Upon execution of renewal agreement	Payable upon execution of renewal NTFA (see Item 5).
Transfer Fee	\$7,500 plus \$5,000 training fee per person per Restaurant	50% of Transfer Fee payable at the time you notify IHOP of the proposed transfer, and the balance payable by the effective date of transfer. Training fee payable prior to commencement of training, prior to transfer.	Payable if you are approved to sell your franchise. Includes training fee for two people for 1 year. All or part of the training fee may be waived to the extent that, in our judgment, training is not required.
Food Safety Evaluation Reaudit Fee ⁸	\$0 to \$1,160	Upon demand.	See Note (8)
Egg Audit ⁹	\$0 to \$500	Upon demand.	See Note (9)

NOTES:

- (1) All fees, unless otherwise noted, are imposed by and are payable to IHOP. All fees are non-refundable, unless otherwise noted.
- (2) Depending upon the terms negotiated, the Continuing Royalty may be reduced or eliminated for a period of time either throughout the term of the Franchise, or in other cases, for a limited period, then remain at 4.5% for the balance of the term. We also reserve the right in our discretion to reduce or eliminate the Continuing Royalty in other circumstances. The royalty is also subject to variance in accordance with the terms of the Development Incentive Plan described herein.
- (3) The National Advertising Fee will range from 1% to 3.5% of gross sales, depending on the level of advertising support (“Level”) assigned to your Restaurant. There are three Levels. Your Restaurant’s Level will be determined by us based on a combination of factors, including but not limited to, the placement and visibility of your Restaurant in relation to the venue, ease of parking, flow of traffic, pedestrian access and your Restaurant’s menu offerings (full-menu or limited menu). The assignment of your Restaurant’s Level is our sole and ultimate decision.

The National Advertising Fees for the Levels are:
 - Level 1: 3.5% of gross sales
 - Level 2: 2% of gross sales
 - Level 3: 1% of gross sales
- (4) The Local Advertising Expenditure Requirement will range from 0% to 1% of gross sales, depending on your Restaurant’s Level. The Local Advertising Expenditure Requirement for the Levels are:
 - Level 1: 0% of gross sales
 - Level 2: 1% of gross sales
 - Level 3: 0% of gross sales
- (5) Interest begins from the date of the underpayment.
- (6) Although time is of the essence, IHOP may in its sole discretion agree to grant you a additional time of up to 1 year beyond the date set forth in the IHOP NT MUFA to open the Franchised Restaurant. In consideration for IHOP granting this additional time and agreeing to forestall termination of the IHOP NT MUFA, you must pay a fee to IHOP in an amount to be determined by IHOP in its sole discretion, not to exceed \$10,000. The fee can vary depending upon factors such as the status of the development, reasons for your inability to meet the scheduled opening date, the level of effort exhibited by you in the development process and the amount of a additional time requested.

- (7) You must maintain insurance of the types and minimum amounts (naming IHOP, including its parent and our designated subsidiaries and affiliates, and respective officers, directors, members, managers, employees, a agent, successors and assigns of IHOP, as additional insureds) that we specify in the Standard Operation Procedures Manuals (as amended, restated, supplemented or otherwise modified from time to time in our sole discretion, “Operations Manuals”) or supplementary insurance bulletins issued by us from time to time (“Insurance Bulletins). Insurance policies may not be subject to cancellation without 10 days’ prior written notice to us. You must provide certificates of insurance evidencing coverage on an ongoing basis. You may obtain additional insurance as you may desire.
- (8) If your Restaurant fails a routine food safety evaluation (“FSE”), it will receive an automatic unannounced FSE reaudit prior to the next routine FSE. You will be billed (either by IHOP or the third party) and must promptly pay the approximately \$290 cost of the reaudit, which amount is subject to change from time to time. If your Restaurant fails the FSE reaudit, additional FSE reaudits will be conducted at your sole cost and expense until your Restaurant passes. If you have any unpaid FSE reaudit invoices, all pending reaudits for the franchisee may be put on hold. The \$1,160 figure represents a Restaurant that requires 4 FSE reaudits but note that you must pay for the costs of all reaudits until your Restaurant passes unless otherwise agreed to in writing by IHOP. See Item 8 for details.
- (9) If your Restaurant fails shell and/or liquid egg temperatures (> 41°F) during a routine FSE or FSE reaudit, it will receive an automatic unannounced egg audit prior to the next routine FSE or FSE reaudit. You will be billed (either by IHOP or the third party) and must promptly pay the approximately \$125 cost of the egg audit, which amount is subject to change from time to time. If an FSE reaudit was also triggered, the egg temperatures observed during the FSE reaudit may be used in place of an egg audit. If your Restaurant fails the egg audit, an additional egg audit will be conducted at your sole cost and expense. The \$500 figure represents a Restaurant that requires 4 egg audits but note that you must pay for the costs of all egg audits until your Restaurant passes unless otherwise agreed to in writing by IHOP.

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
FULL-SERVICE RESTAURANT

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (2)	\$25,000	\$25,000	Certified or cashier’s check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	\$10,000	\$45,000	As required by landlord	Per lease.	Landlord

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Construction	\$350,000	\$2,300,000	As required by contractor, architect, engineers, government, etc.	Per contracts and governmental requirements for permits and fees.	Contractors and vendors
Major Equipment, and Fixtures	\$150,000	\$425,000	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	\$5,000	\$30,000	As required by suppliers	Per terms of purchase agreements.	Suppliers, IHOP or an IHOP Affiliate (if available)
Signage	\$25,000	\$100,000	As required by suppliers	Per purchase agreement(s).	Suppliers
Inventory	\$10,000	\$30,000	As required by suppliers	Per purchase agreement(s).	Suppliers
Working Capital	\$10,000	\$60,000			You retain
Insurance (4)	\$30,000	\$75,000	As required by suppliers	As required by suppliers.	Suppliers
Site Approval Costs (5)	\$0	\$50,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (6)	\$0	\$55,000	Certified or cashier's check or wire transfer	Upon invoice .	IHOP
POS Setup, Training and Support Fee (7)	\$3,500	\$7,980	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (8)	\$1,100 per year	\$3,300 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (9)	\$1,000 per year	\$2,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (10)	\$90 per month	\$400 per month	As required by suppliers	Upon your request for service.	Suppliers
Kitchen Display System (11)	\$15,000	\$20,000	As required by suppliers	Upon set up.	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Server Tablets (12)	\$0	\$20,000	As required by suppliers	Upon purchase.	Suppliers
On-Line Ordering (13)	\$91 per month	\$91 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management (“MDM”) Fee (14)	\$12 per year	\$480 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (15)	\$0 per month	\$350 per month	Certified or cashier’s check or wire transfer	30 days after billing (billed annually).	IHOP or supplier
Implementation Fees (16)	\$250	\$1,500	Certified or cashier’s check or wire transfer	Upon invoice.	IHOP
POS System (17)	\$20,000	\$30,000	As required by suppliers	Upon demand.	Suppliers
Wait Listing (18)	\$15 per month	\$69 per month	As required by suppliers	Upon demand.	Suppliers
Curb Side Pick Up – Fly Buy/I’ve Arrived	\$20 per month	\$30 per month	As required by suppliers	Upon demand.	Suppliers
Customer Relationship Management (“CRM”) Fee (19)	\$0 per month	\$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (20)	\$0 per month	\$30 per month	As required by suppliers	Upon demand.	Suppliers
Ordering Kiosks (21)	\$0	\$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	\$4,000	\$7,000	As required by suppliers	As required by a airline, hotel and Restaurants for transportation, car rental, lodging and meals during training.	Airline, hotel and Restaurants
Design Service Fee (22)	\$6,700	\$6,700	As required by suppliers	Per a greement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (23)	\$0	\$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Additional Funds – 3 months (24)	\$16,500	\$85,250	Checks	Payroll, utilities, attorneys, and accountants.	Employees, suppliers
Miscellaneous (25)	\$5,000	\$26,000	As required by suppliers	Per agreement(s) with suppliers. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (26)	\$690,654	\$3,425,950			

NOTES:

- (1) All fees payable to IHOP are non-refundable, except as otherwise noted. Payments to third parties may be refundable depending upon your agreement with the third-party.
- (2) We reserve the right in our discretion to reduce or waive the Initial Franchise Fee in certain circumstances. The Initial Franchise Fee may be waived for eligible Restaurants as described in the Development Incentive Plan.
- (3) The above figures assume that you will lease the Franchised Location from a third party and convert or construct the Restaurant, and we estimate these figures as the cost of 3 months' rent. The typical Restaurant is approximately 2,000 to 5,000 square feet on a lot of approximately 30,000 to 50,000 square feet. If you lease the real estate and/or building from a third party, you must make lease payments typically on a monthly basis. Also, you may need to make security deposits with the Landlord. Unusual site preparation and utility connection costs and fees could increase costs. If you purchase the property, we estimate the cost will vary between \$300,000 and \$2 million.
- (4) These figures assume that you will pay the entire insurance premiums for the first year on or before opening the franchise. Most franchisees, however, pay the premiums in installments which may be monthly, quarterly or semi-annually, and the actual initial investment would be lower. You may obtain additional insurance as you may desire. The estimated costs depend on the building square footage, sales, payroll and workers' compensation rates in the state in which the Restaurant is located. The insurable risks specified in the Operations Manuals and Insurance Bulletins are minimum coverages. We urge franchisees to consult with their insurance brokers or agents to determine appropriate additional coverages for them.
- (5) You must obtain various photographs, surveys, demographic information packages, and similar items for submission to us in connection with obtaining a approval of your proposed location.
- (6) The amount of the fee will be based on the number of trainers deemed necessary by IHOP, in its sole discretion, unless waived by IHOP. The fee is subject to increase if opening schedule changes after IHOP has secured the Training Team or if overtime is requested and/or approved by IHOP. See Item 11 for details.
- (7) The amount of the fee will be based on whether the POS support is onsite or remote. The support must be onsite for the first three Restaurants you open and will cost \$7,800 plus airfare. Beginning with your fourth Restaurant, you may opt for remote support at the fee of \$3,500.
- (8) The current fees reflect software as a service pricing based on the number of devices and functionality used in the restaurant. See Item 11 for details.
- (9) You currently must purchase this equipment and procure these services from an approved payment gateway vendor for credit card processing services. These figures include the estimated cost to purchase the equipment and a monthly of \$63.

- (10) You must achieve 50/20 internet bandwidth speed utilizing commercial grade hardware and including 4G or 5G back up and guest Wi-Fi to support restaurant operations and guests' needs. Wi-Fi connection is required in order to utilize IHOP Academy and other technology platforms. *See* Item 11 for further details.
- (11) You must have a kitchen display system ("KDS") to monitor and organize orders received at your Restaurant.
- (12) Server tablets are currently optional; however, in the future, we may require that you purchase one server tablet per server for the front of the house and you will need to have an approved service model that meets our specifications, as determined by us from time to time. These figures include the estimated cost to purchase the approximately seven to ten tablets, chargers, batteries, and skins.
- (13) You must sign an Authorized Operator Agreement for access and use of an approved provider's on-line ordering system in form and substance approved by us. These figures include the estimated cost for services provided by Mobo Systems, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.
- (14) This fee is required for all hardware in the restaurant. Fees are charged per terminal and range from \$12 per device annually to \$24 per device annually. *See* Item 11 for further details.
- (15) Digital products currently include "FlyBuy", but guest payment and ordering from their own device ("Bring Your Own Device"), and other digital products may be required in the future. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.
- (16) These fees relate to deployment and support for hardware and software upgrades, as well as other products.
- (17) Subject to some exceptions, you must purchase or lease, depending on the program, an IHOP-approved POS computer system unless another IHOP approved system is agreed to in writing by IHOP in its sole discretion. The current cost of purchasing the POS computer system is between \$20,000 to \$30,000 and includes the software license and hardware. All Restaurants must have a POS computer system that meets IHOP's specifications. This describes our current POS system and provider, however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees. *See* Item 11 for further details.
- (18) Waitlist enables restaurants to seat more guests, more efficiently through a service provided by an approved Waitlist vendor. Waitlist is currently optional but may be required by us in the future.
- (19) This fee may be funded by the National Advertising Fund or there could be all or a portion of the fees required to be paid directly by the Franchisee.
- (20) Catering is currently optional but may be required in the future. The current approved supplier for catering is Mobo Systems, Inc.; however, we may, from time to time, evaluate and approve other vendors as an approved supplier.
- (21) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.
- (22) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.
- (23) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.
- (24) *See* "GENERAL NOTES" following the last table below.
- (25) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.
- (26) The above figures cover the cost to build one Full-Service Restaurant.

YOUR ESTIMATED INITIAL INVESTMENT

LIMITED-SERVICES RESTAURANTS: IHOP FAST-CASUAL RESTAURANT

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (2)	\$15,000	\$15,000	Certified or cashier's check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	\$5,000	\$25,000	As required by landlord	As required by landlord.	Landlord
Construction	\$240,000	\$680,000	As required by contractor, architect, engineers, government, etc.	Per contracts and governmental requirements for permits and fees.	Contractors and vendors
Major Equipment, and Fixtures	\$180,000	\$350,000	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	\$5,000	\$20,000	Certified or cashier's check or wire transfer	Per purchase agreements.	Suppliers or IHOP or an Affiliate (at your election)
Signage	\$15,000	\$35,000	As required by suppliers	Per purchase agreements.	Suppliers
Inventory	\$3,000	\$15,000	As required by suppliers	Per agreements with suppliers.	Suppliers
Working Capital	\$5,000	\$50,000	N/A	N/A	You retain
Insurance (4)	\$20,000	\$40,000	As required by supplier	As required by suppliers.	Suppliers
Site Approval Costs (5)	\$0	\$30,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (6)	\$0	\$7,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
POS Setup, Training, and Support Fee (7)	\$3,500	\$7,980	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (8)	\$1100 per year	\$3,300 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (9)	\$1,000 per year	\$2,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (10)	\$90 per month	\$400 per month	As required by suppliers	Upon your request for service.	Suppliers
Kitchen Display System (11)	\$15,000	\$20,000	As required by suppliers	Upon set up.	Suppliers
Server Tablets (12)	\$0	\$20,000	As required by suppliers	Upon purchase.	Suppliers
On-Line Ordering (13)	\$91 per month	\$91 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management ("MDM") Fee (14)	\$12 per year	\$480 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (15)	\$0 per month	\$350 per month	Certified or cashier's check or wire transfer	30 days after billing (billed annually).	IHOP or supplier
Implementation Fees (16)	\$250	\$1,500	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS System (17)	\$20,000	\$30,000	As required by suppliers	Upon demand.	Suppliers
Waitlisting (18)	\$15 per month	\$69 per month	As required by suppliers	Upon demand.	Suppliers
Curb Side Pick Up – Fly Buy/I've Arrived	\$20 per month	\$30 per month	As required by suppliers	Upon demand.	Suppliers
Customer Relationship Management ("CRM") Fee (19)	\$0 per month	\$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (20)	\$0 per month	\$30 per month	As required by suppliers	Upon demand.	Suppliers
Ordering Kiosks (21)	\$0	\$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	\$4,000 per person	\$7,000 per person	As required by suppliers	As required by a airline, hotel and Restaurants.	Airline, hotel and Restaurants
Design Service Fee (22)	\$4,800	\$6,700	As required by suppliers	Per agreement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (23)	\$0	\$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Additional Funds - 3 months (24)	\$8,250	\$42,625	As required by suppliers	As required by suppliers for payroll, utilities, attorneys, and accountants.	employees, suppliers
Miscellaneous (25)	\$2,500	\$13,000	As required by suppliers	Per agreement(s) with supplier. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (26)	\$551,004	\$1,442,325			

NOTES:

- (1) All fees payable to IHOP are non-refundable, except as otherwise noted.
- (2) We reserve the right in our proposed discretion to reduce or waive the Initial Franchise Fees in certain circumstances. The Initial Franchise Fee may be waived for eligible Restaurants as described in the Development Incentive Plan.
- (3) The above figures assume that you will lease the Franchised Location(s) from a third party and construct or convert the Restaurant, and we estimate these figures as the cost of 3 months' rent. The typical Restaurant is approximately 1,200 to 3,500 square feet. If you lease the real estate and building from a third party, you must make lease payments typically on a monthly basis. Also, you may need to make security deposits with the Landlord. Unusual site preparation and utility connection costs and fees could increase costs. If you purchase the property, we estimate the costs could vary between \$300,000 and \$2 million.
- (4) These figures assume that you will pay the entire insurance premiums for the first year at or before opening your Restaurant. Most franchisees, however, pay the premiums in installments which may be monthly, quarterly or semi-annually, and the actual initial investment would be lower. You may obtain additional insurance as you may desire. The estimated costs depend on the building square footage, sales, payroll and workers' compensation rates in the state in which the Restaurant is located. The insurable risks specified in the Operations Manuals and Insurance Bulletins are minimum coverages. We urge franchisees to consult with their insurance brokers or agents to determine appropriate additional coverages for them.
- (5) You must obtain various photographs, surveys, demographic information packages, and similar items for submission to us in connection with a approval of your proposed location.
- (6) The amount of the fee will be based on the number of trainers deemed necessary by IHOP, in its sole discretion, unless waived by IHOP. The fee is subject to increase if opening schedule changes after IHOP has secured the Training Team or if overtime is requested and/or approved by IHOP. *See* Item 11 for details.
- (7) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.
- (8) The current fees reflect software as a service pricing based on the number of devices and functionality used in the restaurant. *See* Item 11 for details.
- (9) You currently must purchase this equipment and procure these services from an approved payment gateway vendor for credit card processing services. These figures include the estimated cost to purchase the equipment and a monthly of \$63.
- (10) You must achieve 50/20 internet bandwidth speed utilizing commercial grade hardware and including 4G or 5G back up and guest Wi-Fi to support restaurant operations and guests' needs. Wi-Fi connection is required in order to utilize IHOP Academy and other technology platforms. *See* Item 11 for further details.

- (11) You must have a kitchen display system (“KDS”) to monitor and organize orders received at your Restaurant.
- (12) Server tablets are currently optional; however, in the future, we may require that you purchase one server tablet per server for the front of the house and you will need to have an approved service model that meets our specifications, as determined by us from time to time. These figures include the estimated cost to purchase the approximately seven to ten tablets, chargers, batteries, and skins.
- (13) You must sign an Authorized Operator Agreement for access and use of an approved provider’s on-line ordering system in form and substance approved by us. These figures include the estimated cost for services provided by Mobo Systems, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.
- (14) This fee is required for all hardware in the restaurant. Fees are charged per terminal and range from \$12 per device annually to \$24 per device annually. *See* Item 11 for further details.
- (15) Digital products currently include “FlyBuy”, but guest payment and ordering from their own device (“Bring Your Own Device”), and other digital products may be required in the future. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.
- (16) These fees relate to deployment and support for hardware and software upgrades, as well as other products.
- (17) Subject to some exceptions, you must purchase or lease, depending on the program, an IHOP-approved POS computer system, unless another IHOP approved system is agreed to in writing by IHOP in its sole discretion. The current cost of purchasing the POS computer system is between \$20,000 to \$30,000 and includes the software license and hardware. All Restaurants must have a POS computer system that meets IHOP’s specifications. This describes our current POS system and provider, however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees. *See* Item 11 for further details.
- (18) Waitlist enables restaurants to seat more guests, more efficiently through a service provided by an approved Waitlist vendor. Waitlist is currently optional but may be required by us in the future.
- (19) This fee may be funded by the National Advertising Fund or there could be all or a portion of the fees required to be paid directly by the Franchisee.
- (20) Catering is currently optional but may be required in the future. The current approved supplier for catering is Mobo Systems, Inc.; however, we may, from time to time, evaluate and approve other vendors as an approved supplier.
- (21) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.
- (22) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.
- (23) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.
- (24) *See* “GENERAL NOTES” below.
- (25) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.
- (26) The above figures cover the cost to build one Fast-Casual Restaurant.

YOUR ESTIMATED INITIAL INVESTMENT
LIMITED-SERVICES RESTAURANTS: IHOP QUICK-SERVE RESTAURANT

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (2)	\$15,000	\$15,000	Certified or cashier's check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	\$5,000	\$25,000	As required by landlord	As required by landlord.	Landlord
Construction	\$160,000	\$300,000	As required by contractor, architect, engineers, government, etc.	Per contracts and governmental requirements for permits and fees.	Contractors and vendors
Major Equipment, and Fixtures	\$140,000	\$240,000	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	\$5,000	\$15,000	Certified or cashier's check or wire transfer	Per purchase agreements.	Suppliers or IHOP or an Affiliate (at your election)
Signage	\$15,000	\$35,000	As required by suppliers	Per purchase agreements.	Suppliers
Inventory	\$3,000	\$15,000	As required by suppliers	Per agreements with suppliers.	Suppliers
Working Capital	\$5,000	\$50,000			You retain
Insurance (4)	\$10,000	\$30,000	As required by supplier	As required by suppliers.	Suppliers
Site Approval Costs (5)	\$0	\$10,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (6)	\$0	\$7,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS Setup, Training and Support Fee (7)	\$3,500	\$7,980	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (8)	\$1,100 per year	\$3,300 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (9)	\$1,000 per year	\$2,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (10)	\$90 per month	\$400 per month	As required by suppliers	Upon your request for service.	Suppliers
Kitchen Display System (11)	\$15,000	\$20,000	As required by suppliers	Upon set up.	Suppliers
Server Tablets (12)	\$0	\$20,000	As required by suppliers	Upon purchase.	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
On-Line Ordering (13)	\$91 per month	\$91 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management (“MDM”) Fee (14)	\$12 per year	\$480 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (15)	\$0 per month	\$350 per month	Certified or cashier’s check or wire transfer	30 days after billing (billed annually).	IHOP or supplier
Implementation Fees (16)	\$250	\$1,500	Certified or cashier’s check or wire transfer	Upon invoice.	IHOP
POS System (17)	\$20,000	\$30,000	As required by suppliers	Upon demand.	Suppliers
Wait Listing (18)	\$0 per month	\$69 per month	As required by suppliers	Upon demand.	Suppliers
Curb Side Pick Up – Fly Buy/I’ve Arrived	\$20 per month	\$30 per month	As required by suppliers	Upon demand.	Suppliers
Customer Relationship Management (“CRM”) Fee (19)	\$0 per month	\$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (20)	\$15 per month	\$30 per month	As required by suppliers	Upon demand.	Suppliers
Ordering Kiosks (21)	\$0	\$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	\$4,000	\$7,000	As required by suppliers	As required by airline, hotel and Restaurants.	Airline, hotel and Restaurants
Design Service Fee (22)	\$4,800	\$6,700	As required by suppliers	Per a agreement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (23)	\$0	\$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.
Additional Funds - 3 months (24)	\$5,500	\$28,400	As required by suppliers	As required by suppliers for payroll, utilities, attorneys, and accountants.	employees, suppliers
Miscellaneous (25)	\$2,000	\$9,000	As required by suppliers	Per a agreement(s) with supplier. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (26)	\$417,754	\$899,100			

NOTES:

- (1) All fees payable to IHOP are non-refundable, except as otherwise noted.
- (2) We reserve the right in our discretion to reduce or waive the Initial Franchise Fees in certain circumstances. The Initial Franchise Fee may be waived for eligible Restaurants as described in the Development Incentive Plan.
- (3) The above figures assume that you will lease the Franchised Location(s) from a third party and construct or convert the Restaurant, and we estimate these figures as the cost of 3 months’ rent. The

typical Restaurant is approximately 800 to 1,200 square feet. If you lease the real estate and building from a third party, you must make lease payments, typically on a monthly-basis. Also, you may need to make security deposits with the Landlord. Unusual site preparation and utility connection costs and fees could increase costs. If you purchase the property, we estimate the costs could vary between \$300,000 and \$2 million.

- (4) These figures assume that you will pay the entire insurance premiums for the first year at or before opening your Restaurant. Most franchisees, however, pay the premiums in installments which may be monthly, quarterly or semi-annually, and the actual initial investment would be lower. You may obtain additional insurance as you may desire. The estimated costs depend on the building square footage, sales, payroll and workers' compensation rates in the state in which the Restaurant is located. The insurable risks specified in the Operations Manuals and Insurance Bulletins are minimum coverages. We urge franchisees to consult with their insurance brokers or agents to determine appropriate additional coverages for them.
- (5) You must obtain various photographs, surveys, demographic information packages, and similar items for submission to us in connection with a approval of your proposed location.
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- (7) The amount of the fee will be based on whether the POS support is onsite or remote. The support must be onsite for the first three Restaurants you open and will cost \$7,980 plus airfare. After you open your fourth Restaurant, you may opt for remote support at the fee of \$3,500.
- (8) The current fees reflect software as a service pricing based on the number of devices and functionality used in the restaurant. *See* Item 11 for details.
- (9) You currently must purchase this equipment and procure these services from an approved payment gateway vendor for credit card processing services. These figures include the estimated cost to purchase the equipment and a monthly of \$63.
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- (13) You must sign an Authorized Operator Agreement for access and use of an approved provider's online ordering system in form and substance approved by us. These figures include the estimated cost for services provided by Mobo Systems, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.
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- (15) Digital products currently include "Fly Buy", but guest payment and ordering from their own device ("Bring Your Own Device"), and other digital products may be required in the future. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.
- (16) These fees relate to deployment and support for hardware and software upgrades, as well as other products.
- (17) Subject to some exceptions, you must purchase or lease, depending on the program, an IHOP-approved POS computer system unless another IHOP approved system is agreed to in writing by

IHOP in its sole discretion. The current cost of purchasing the POS computer system is between \$20,000 to \$30,000 and includes the software license and hardware. All Restaurants must have a POS computer system that meets IHOP's specifications. This describes our current POS system and provider, however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees. See Item 11 for further details.

- (18) Waitlist enables restaurants to seat more guests, more efficiently through a service provided by an approved Waitlist vendor. Waitlist is currently optional but may be required by us in the future.
- (19) This fee may be funded by the National Advertising Fund or there could be all or a portion of the fees required to be paid directly by the Franchisee.
- (20) Catering is currently optional but may be required in the future. The current approved supplier for catering is Mobo Systems, Inc.; however, we may, from time to time, evaluate and approve other vendors as an approved supplier.
- (21) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.
- (22) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.
- (23) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.
- (24) *See* "GENERAL NOTES" below.
- (25) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.
- (26) The above figures cover the cost to build one Quick-Serve Restaurant.

GENERAL NOTES. The figures in the charts above should be understood with the following explanation:

The disclosure laws require us to include an estimate of all costs and expenses to operate the franchise during the "initial phase" of the business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for the Restaurant industry, so our disclosures cover a 3 month period (the total estimated initial investment includes pro-rated costs and expenses related to Transaction Services/OHEICS, wifi services, and on-line ordering for 3 months). The figures next to the "Additional Funds" column in each of the charts above assume you would cover the following specific expenses that you would incur during the first three months of operation and receive no operating income during this period; 3 months payroll (and related taxes and payroll expenses) for staff, utilities, and attorneys' and accountants' fees. The estimates do not cover rent or mortgage payments, Royalty payments, National Advertising Fees, Local Advertising Expenditure Requirements, or the cost of goods sold, all of which vary depending on your sales levels, nor do they cover any interest or other financing costs you may incur, which will vary depending on how much you borrow. Other than as noted above, all other expenditures are stated only through the franchise opening date. The amounts stated above for working capital, deposits and prepaid expenses assume that sales from the Restaurant would be sufficient to defray operating expenses from the inception of operation by you. If, for any reason, sales are slow at the inception of operation, which has happened in certain Restaurants in the past and is a possibility which should be considered in any new Restaurant, additional funds might be needed to pay operating expenses. The figures stated above do not include any provision for managerial salaries or draws by you.

The amount required for equipment and for improvements to real property, or for modifications to same, is determined principally by the size and type of the Restaurant. Figures given, therefore, represent the best information known to IHOP and the IHOP Affiliates for the costs for the smallest and least complexly constructed and equipped Restaurant to the largest and most complexly constructed and equipped Restaurant likely to become the subject of the franchise.

If you operate from a leased location, the amount which you must pay generally will include taxes, insurance and maintenance. If the Restaurant is in a shopping center, you may be required to become a member of the shopping center's Merchant's Association and may be required to pay a percentage of the gross revenue to the association. Under the Full-Service Program and IHOP Limited-Service Program, no part of the taxes, maintenance and insurance of Merchant's

Association fees to be paid in accordance with the lease is paid to IHOP. We relied on our experience and the experience of our affiliates and franchisees who provided projected or actual costs of Restaurants to compile this estimate.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Site Approval. Although you are solely responsible for selecting the site of your Restaurant, each site on which you propose to construct a Restaurant must first be approved in writing by IHOP, and you must, at your own expense, construct, improve and equip the Restaurant in conformance to IHOP's then-current standards and specifications. You are solely responsible for locating the site for your Restaurant, although we may assist you in our sole discretion. Even if we assist you to locate a site, you may not construe any assistance we may provide, or our acceptance of a site you propose as a guarantee or other assurance that the site will necessarily be successful. We will provide, without cost to you, standard prototypical plans and specifications for the construction of a Restaurant and for equipment and signs, but excluding site plans, and/or remodel specifications for the conversion of a Restaurant. You should request the plans and specifications at least 6 months before construction must begin. If existing conditions, applicable laws such as the Americans with Disabilities Act, local building codes or zoning provisions require modifications to be made to the Franchised Location(s) or Restaurant(s), you must bring the Franchised Location(s) and Restaurant(s) into compliance at your sole cost and expense, and subject to our prior written approval. You must then, at your sole cost and expense, adapt the standard plans to the particular site in conformity with local requirements, our plans, and submit them to us for written approval. All modifications to the plans or deviations from the provided specifications are subject to our prior written approval. If requested by IHOP, upon completion of the construction, and prior to opening, you must submit to us a certification from your architect that the building was built or converted, as applicable, in accordance with plans previously submitted and approved by IHOP and that the plans as submitted comply with all applicable laws and codes, including the Americans with Disabilities Act.

After you have located a site, you must submit for our review a site package, including site plans, a map, a survey, a proposed floor plan, relevant statistics and characteristics of the site, proposed elevations, a preliminary budget, a term sheet or letter of intent for lease, license or purchase of the site, demographic information, various photographs, a draft lease, license or purchase agreement, and other information regarding the proposed location that IHOP requires. Once you submit all required items, we will either reject the site or issue our final approval within 45 days. If we fail to notify you of our acceptance or rejection of the site within 45 days, the proposed site will be deemed rejected by IHOP. You may not sign the lease, license or purchase agreement until we give you final approval and issue the NT FA for the site. You must also provide a fully signed copy of the lease, license or purchase agreement in the form previously approved by IHOP promptly after execution.

Unless waived in writing by us in our sole discretion, one condition of final lease approval will be that you and your landlord execute and deliver an Addendum to Lease in substantially the form of Exhibit S. You may not sign the lease or purchase agreement until we give you final approval and issue the Franchise Agreement for the site. You must provide a fully signed copy of the lease or purchase agreement in the form previously approved by IHOP promptly after execution and prior to the opening of the Restaurant.

Furniture, Fixtures and Equipment. You must purchase and cause to be delivered and installed before the opening of the Restaurant(s), certain items of equipment and smallwares inventory, including, for example, kitchen equipment, booths, furniture, POS system (*see* Item 11 for details), and decor items, in quantities and in accordance with the specifications established by IHOP. You may purchase those items from any approved supplier/distributor/manufacture. If you elect to order and purchase any items from IHOP or an IHOP Affiliate, and if it sells the items, IHOP and/or the IHOP Affiliate may be the sole supplier(s)/distributor(s)/manufacturer(s) of such items and IHOP and/or the IHOP Affiliate may derive revenue from the purchase.

We estimate that substantially all your expenditures for leases and purchases in establishing and operating your business will be for goods and services which are subject to sourcing restrictions (that is, from us, IHOP Affiliates, from suppliers approved by us, or purchased in accordance with our specifications).

Proprietary Products. You must purchase from IHOP or an IHOP Affiliate (if sold by the IHOP Affiliate) or from our designated distributors who have purchased the products from IHOP or an IHOP Affiliate, all of your requirements for buttermilk pancake mix, egg batter, Protein pancake mix, Corn Cake pancake mix, Belgian waffle batter, and those other future products as may be specified by IHOP, all of which use proprietary formulas owned by IHOP or an IHOP Affiliate (“Proprietary Products”). IHOP and/or an IHOP Affiliate may derive revenue from its sale of these items by charging a mark-up on the sale of these items to IHOP-designated distributors or, if applicable, to franchisees.

Trademarked Products. You must use certain products which bear the trademark, trade name or logo “IHOP,” “IHOP Express,” “International House of Pancakes” or “House of Pancakes” or “GFGB” brand identification (“Trademarked Products”) which may include dishware, silverware, napkins, placemats, coasters, uniforms, promotional items, syrup pitchers, coffee carafes, menus, guest checks, forms and other items. IHOP or an IHOP Affiliate shall, upon your request, provide specifications for the Trademarked Products, and you may purchase them either from IHOP or an IHOP Affiliate (if IHOP or the applicable IHOP Affiliate sells the products), suppliers/distributors/manufacturers designated by IHOP or suppliers/distributors/manufacturers you choose who are approved by IHOP and can meet IHOP’s specifications and who sign a royalty-free trademark license in a form reasonably satisfactory to IHOP. If you elect to purchase the Trademarked Products from IHOP or an IHOP Affiliate, they may or will derive profits from such purchases.

Other Products. Except for Proprietary Products, as described above, all food products, services, supplies, equipment and materials permitted or required to be used in each Restaurant must be purchased from IHOP or IHOP Affiliate(s), if offered by IHOP or IHOP Affiliate(s), from suppliers, distributors or manufacturers approved or designated by IHOP, or from suppliers, distributors or manufacturers you select (as described below) who are approved in writing by IHOP or IHOP Affiliate(s) and not subsequently disapproved. If you wish to purchase any non-specified food product other than the Proprietary Products, coffee, and other products that have not already been approved by IHOP, or if you wish to purchase any item from supplier(s), distributor(s) or manufacturer(s) you select, you must deliver notice to IHOP of your desire to do so, which notice must specify the name and address of the supplier, distributor or manufacturer, and the items desired to be purchased from that supplier/distributor/manufacturer. IHOP or an IHOP Affiliate will, upon your request, furnish specifications, by established brand name wherever possible, for such items. Before approval of any supplier/distributor/manufacturer, we can require that we be allowed to inspect the supplier’s, distributor’s or manufacturer’s facilities. We can also conduct tests on products, require full production runs, and require that samples from the supplier, distributor or manufacturer be delivered to us or to a designated independent testing laboratory for testing. You or the supplier/distributor/manufacturer, will be required to bear the costs associated with the inspections, tests and other procedures involved in the approval process. You may not purchase any products from a proposed supplier, distributor or manufacturer until and unless IHOP has provided written approval to you. IHOP or an IHOP Affiliate may disapprove or later withdraw its approval of any supplier, distributor or manufacturer you select upon the grounds which may include, but are not limited to, that the supplier, distributor or manufacturer has failed to demonstrate, to the reasonable satisfaction of IHOP or the IHOP Affiliate: (a) the ability of the supplier, distributor or manufacturer to supply a product meeting the specifications of IHOP; (b) the reliability of the quality of the supplier’s, distributor’s or manufacturer’s product or service; (c) the supplier’s production facility meets IHOP’s standards for food safety; and (d) the willingness and agreement of the supplier or distributor to permit IHOP or an IHOP Affiliate to make periodic inspections, reasonable in respect to frequency, time and manner of inspection, to assure the supplier’s or distributor’s continued conformity to specifications and food safety standards. Franchisees will be notified of approval or disapproval of the proposed alternative supplier within two days to six months (time span is based on a variety of factors, including but not limited to the complexity of the ingredients, the process

of matching the formula, third party audits and the ability to commercialize the product and are prioritized by the order in which the requests are received).

Notwithstanding the above, you are prohibited from purchasing products, equipment, and other items, except as approved in writing by IHOP in its sole discretion. We ordinarily do not establish specific standards or specifications for, or require use of, approved suppliers for items such as repair and maintenance services and other miscellaneous items.

Effective February 16, 2009, affiliates of IHOP LLC and Applebee's International and representatives of franchisees in each system formed an independent purchasing and distribution cooperative, Centralized Supply Chain Services, LLC ("CSCS"), a Delaware limited liability company. CSCS performs the supply chain functions for certain franchised Restaurants in the IHOP and Applebee's systems. CSCS is owned and controlled by two separate cooperatives: a cooperative for the IHOP concept, Pancake Supply Chain Co-Op, Inc. (the "IHOP Co-op"), and a cooperative for the Applebee's concept, Apple Supply Chain Co-Op, Inc. (the "Applebee's Co-op"). Neither CSCS, nor the IHOP Co-op, nor the Applebee's Co-op is our affiliate. You may participate in the purchasing and distribution cooperative arrangement on a voluntary basis, as either a member or a nonmember.

If you choose to become a member of the IHOP Co-op, you will execute a Membership Subscription Agreement and pay \$100 for one share of IHOP Co-op common stock, regardless of how many Restaurants you own. These are the same terms under which franchisees participate. Members must purchase their requirements of certain products and services through CSCS. At times, members of the IHOP Co-op, including IHOP and participating franchisees, may also receive patronage dividends, based upon their purchases. Patronage dividends are not available to nonmembers.

As of the date of this Disclosure Document, none of our officers have disclosed any ownership interest in any of our suppliers. From time to time, one or more of our officers may own interests in suppliers as a result of ownership of mutual funds or equities which are purchased in managed accounts. In addition, a supplier may be a direct or indirect subsidiary of a public company in which one or more of our officers owns an interest, but that officer may be unaware of the public company's ownership interest in the supplier.

Without IHOP's prior written consent, you may not use, offer, sell, or give away except at the Franchised Location, any required products as set forth in the Operations Manuals, or other goods or services which utilize IHOP's Trade Secrets in whole or in part, including its recipes, or any goods, services, materials, supplies, or inventory (including food, beverages, condiments, and smallwares) purchased by you or any of your affiliates (or any Owner, officer, director, manager of either) from or through any approved supplier pursuant to any pricing or purchasing terms negotiated or arranged by IHOP or any IHOP Affiliate for or on behalf of IHOP or our franchisees. In addition, you shall not at any time purchase greater quantities of such products than necessary to meet your reasonably anticipated requirements to operate your IHOP Restaurant.

Insurance. You must procure and maintain during the term of the NT FA policies of insurance insuring you against the insurable risks specified in the Operations Manuals and Insurance Bulletins and at least the amounts of coverage so specified, as same may change from time to time. All policies of insurance must name IHOP including its parent and our designated subsidiaries and affiliates, and respective officers, directors, members, managers, employees, agent, successors and assigns of IHOP (and others under some circumstances), if applicable, and nominees of IHOP as it may designate as additional insureds, as their interests may appear. In the event IHOP does not receive proper evidence of insurance, IHOP may, but is not obligated to procure such insurance as is necessary to meet its requirements, but the insurance need not name you as an insured or additional insured, and you shall be responsible for all payments for such insurance.

Pepsi-Cola. In 2012, IHOP LLC, certain of its affiliates and CSCS entered a multi-year agreement with PepsiCo Sales, Inc. ("Pepsi"), a wholly-owned subsidiary of PepsiCo., Inc. to be the fountain beverage supplier for the System in the United States. Pepsi contributes an amount per gallon of product sold in

Restaurants, depending on the percentage of franchisees that meet an agreed-upon performance level, to an advertising and marketing fund. Each year, the fund proceeds are distributed to franchisees that have signed a participation agreement with Pepsi and met their performance obligations under such participation agreement. New franchisees must sign an agreement (the IHOP Beverage Sales Participation Agreement) with Pepsi in form and substance approved by us to supply their fountain beverages.

Guest Information Feedback Tool. We have entered an agreement with a vendor to administer a guest experience survey program for Restaurants. All franchisees must participate in the survey program. IHOP LLC will pay for the costs of the program in 2021. We reserve the right to require franchisees to pay for all costs of the program in 2022 and after.

Food Safety Evaluation (“FSE”). Restaurant food safety performance is routinely evaluated by an independent third party, two times per year. IHOP will pay for the costs of the routine FSE program in 2022 and reserves the right to require franchisees to pay all costs associated with the FSE program in 2022 and after. If a Restaurant fails a routine food safety evaluation, it will receive an automatic unannounced FSE reaudit prior to the next routine FSE. The franchisee will be billed (either by IHOP or the third party) and must promptly pay the approximately \$290 cost of the reaudit, which amount is subject to change from time to time. If the Restaurant fails the FSE reaudit, additional FSE reaudits will be conducted at the franchisee’s sole cost and expense until the Restaurant passes. If a franchisee has any unpaid FSE reaudit invoices, all pending reaudits for the franchisee may be put on hold and passing reaudit scores reverted back to the original failing score.

On-Line Ordering. You must sign an Authorized Operator Agreement for access and use of an approved provider’s on-line ordering system in form and substance approved by us. *See* Item 11 for additional information.

Internet 50/20. You must achieve 50/20 internet bandwidth speed utilizing either your current supplier or one of the IHOP-negotiated suppliers (currently Comcast or Interface) utilizing commercial grade hardware and including 4G or 5G back up and guest Wi-Fi.

Digital Products. We may require that you purchase digital products from us that are brand standard in order to provide a consistent guest experience across our brand. These products may include products such as “Flybuy” and guest payment and ordering solutions (“Pay ‘n Go,” “Bring Your Own Device”) and others as we determine. You may be required to sign one or more agreements with approved third party providers. Fees associated with these products may be payable to us or a third party.

EMV. We require franchisees to have Europay, Mastercard, and Visa (“EMV”) Point to Point Encryption (“P2P”) encryption certified solutions for processing payment in the Restaurant. Currently, we require franchisees to use approved payment devices (currently, Ingenico devices) purchased through FreedomPay and we currently require franchisees to use FreedomPay’s EMV processing as part of the credit card gateway solution or any future solution we may implement.

Public Relations; Crisis Communications. You should inform us if and when you retain a local public relations firm and provide us with the identity of that firm. Regardless of whether you have retained a local public relations firm, you should allow us to review and approve, in our sole discretion, all press releases and related external communications relating to us or our affiliates or Restaurant(s) before their distribution to the media (digital and/or traditional).

You must comply with our or Dine Brands’ crisis communication protocol in effect at the time of the crisis. You must alert us to any actual crisis situation (or any potential crisis situation) that develops, regardless of whether you have obtained the assistance of a local public relations firm.

Payments from Franchisees for Goods and Services. Neither IHOP nor the IHOP Affiliates provide material benefits to you based on your use of designated or approved sources for the purchase of goods, but doing so is one of your obligations and we may either require you to purchase replacement products from a designated supplier or terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement. IHOP and the IHOP Affiliates may derive revenue and profit based on your purchases from IHOP or IHOP Affiliates. During Fiscal 2021:

1. IHOP LLC’s total revenues from all sources was \$1,217,000, and its revenue from purchases of products and services by franchisees was \$808,000, representing 66.5% of its total revenues.
2. IHOP Restaurants LLC’s total revenues from all sources was \$164,661,000, and its revenue from purchases of products and services by franchisees was \$164,661,000, representing 100% of its total revenues.
3. IHOP Leasing LLC’s total revenues from all sources was \$104,297,000, and its revenue from purchases of products and services by franchisees was \$104,297,000, representing 100% of its total revenues.
4. IHOP Property LLC’s total revenues from all sources was \$9,298,000, and its revenue from purchases of products and services by franchisees was \$9,298,000, representing 100% of its total revenues.
5. IHOP Franchisor LLC’s total revenues from all sources was \$123,911,000, and its revenue from purchases of products and services by franchisees was \$123,911,000, representing 100% of its total revenues.

ITEM 9

FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the IHOP NT MUFA and NT FA. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document. All section references are to the IHOP NT MUFA unless otherwise noted.

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition/lease	Sections 3.2, 3.3	Items 8 and 11
b. Pre-opening purchases/leases	Section 4.5(b), (c), (d), (e)	Item 8
c. Site development and other pre-opening requirements	Section 3.3, 3.4	Items 6, 7, 8 and 11
d. Initial and ongoing training	Section 4.5(f)	Item 11
e. Opening	Section 4.5(f)(v)	Item 11
f. Fees	Sections 4.4, 4.5(f)(v); Sections 5, 6, 7, 8, 9, 10 of Attachment A; Sections 5, 6, 9, 10, 12 of NT FA	Items 5 and 6
g. Compliance with standards and policies/Operations Manuals	Section 4.5(a)	Item 11

<u>Obligation</u>	<u>Section in Agreement</u>	<u>Disclosure Document Item</u>
h. Trademarks and proprietary information	Sections 5.1, 5.2, 5.3	Items 13 and 14
i. Restrictions on products/services offered	Section 4.5(b), (c), (d), (e)	Item 16
j. Warranty and customer service requirements	Section 4.5(a)(b)	Item 11
k. Territorial development and sales quotas	Article 1, Sections 1, 2, 3 of Attachment A	Item 12
l. Ongoing product/service purchases	Section 4.5(a), (b), (c), (d), (e)	Item 8
m. Maintenance, appearance and remodeling requirements	Section 4.6	Item 11
n. Insurance	Section 9.4	Items 6 and 8
o. Advertising	Section 4.4 (c), (d), 4.5(g)	Items 6 and 11
p. Indemnification	Section 9.5	Item 6
q. Owner's participation/management/staffing	Section 4.5 (f)	Items 11 and 15
r. Records/reports	Section 4.4 (e), (f)	Item 6
s. Inspections/audits	Section 4.4 (e)	Items 6 and 11
t. Transfer	Sections 6.1, 6.2, 6.3	Item 17
u. Renewal	Section 4.3; Section 5 of Attachment A	Item 17
v. Post-termination obligations	Sections 8.1, 8.2	Item 17
w. Non-competition covenants	Section 5.4 (c); Section 11 of the NT FA, Attachment B	Item 17
x. Dispute resolution	Article 10	Item 17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, IHOP is not required to provide you with any assistance. Unless otherwise noted, all cited section references are to the IHOP NT MUFA.

As described in Item 1, the assistance described below may be performed by one or more IHOP Affiliates on our behalf.

Pre-Opening. If you become an IHOP franchisee, we will have the following obligations to you before you open your Restaurant:

1. **Locating a Site.** We will furnish to you, at no additional cost, information concerning the written materials that you must submit to us for us to consider proposed locations for a Restaurant. We call this the "Development Manual," and it includes procedures for the site review package. (Section 3.2)

Although you are solely responsible for selecting the site for your Franchised Restaurant, we will review information and data you provide regarding your proposed site(s) and we must approve the site. You

may not develop a Restaurant until we have issued our acceptance of the site. IHOP estimates that it takes approximately seven months to obtain site acceptance. This time frame may vary depending on whether you provide the required information to IHOP in a timely manner. The matters considered by us in accepting the location for the proposed site may include the following: (1) proximity to existing IHOP Restaurants; (2) traffic patterns, parking, access and visibility; (3) weekend/weekday retail and commercial traffic generation; (4) existence of legal restrictions on signage and IHOP identity features, such as our signature blue roof, awning, building height and other architectural elements; (5) proximity to specialty attractions (such as race tracks, sports complexes); (6) population and demographic characteristics of the surrounding area; (7) rent and associated costs; (8) lease and term provisions; (9) estimated cost of tenant improvements; (10) physical characteristics of the premises if already in existence; (11) quality, vitality and growth trends or potential of the surrounding area; (12) effect on future development in the surrounding trade area; and (13) other factors particular to the proposed location or trade area. Under the terms of the IHOP NT MUFA, you must submit a site to IHOP for review at least six months before the date by which you must open the Restaurant.

If IHOP does not accept your site, you will not be issued a NT FA for the location, you will not have any rights to develop an IHOP Restaurant at that site, and you must submit another site for approval by IHOP. Your failure to open a Restaurant by the date specified in your IHOP NT MUFA may result in termination of the agreement. You may forestall termination by paying a fee to IHOP to obtain additional time within which to open the Restaurant. (See Section 3.2 and Section 3.5 for further details regarding the timeframes and site selection process.)

You may not construe any assistance we may provide, or our acceptance of a site, as a guarantee or other assurance that the site will necessarily be successful.

2. Plans and Specifications. We will provide you with IHOP's standard prototypical plans and specifications for the erection of a Restaurant and for equipment and signs and/or remodel specifications for the conversion of a Restaurant to an "IHOP" or "IHOP Express" Restaurant. (Section 3.3). The use of a design service is required. We currently use Livit Design Service, but reserve the right to use another service supplier in the future.

3. Training.

Training. This Item 11 summarizes IHOP's existing training program for IHOP restaurants. IHOP evaluates its training program from time to time and reserves the right to make changes. There are two primary components to IHOP's training program: (1) Certified Leader Training and (2) Initial Opening Training.

Certified Leader Training

First, IHOP requires that each Franchisee have two restaurant leaders (one of which may be Franchisee if he or she is actively participating in day-to-day operations of the restaurant) per restaurant trained in day-to-day IHOP restaurant operations and requires that each obtains and maintains certification through an approved IHOP training program such as the "SMILE Leadership" program described in more detail below. Individuals certified in the day-to-day operations of an IHOP restaurant, and that complete leadership training are referred to as IHOP Certified Restaurant Leaders, or Certified Leaders. Certified Leaders shall be responsible for running the day-to-day operation of the IHOP restaurant which shall be done in accordance with IHOP Standard Operating Procedures and applicable legal and health and safety code requirements.

The training and certification of the two required Certified Leaders must be completed prior to the opening of the new IHOP restaurant. This training is typically offered no later than two months before opening or take-over of the IHOP restaurant. If a Certified Leader is to be replaced by a new individual, such new individual must complete training and obtain his or her certification as a Certified Leader within 90 days of the departing Certified Leader's last day.

If Franchisor provides training to more than the two prospective Certified Leaders, or if Franchisee requests, and is approved to delay the Certified Leader Training more than six months following the opening date of the new IHOP location, Franchisee must pay Franchisor's then-current training fee for such training. As of the date of this Disclosure Document, the fee is \$5,000 per person.

The Certified Leader training program referred to above is comprised of two parts: (1) a six-week program of approximately 45 to 50 hours per week of training and (2) a leadership skills capstone workshop comprised of six sessions, held virtually, over a two-week time period. The initial training program covers foundational restaurant operation skills training and IHOP Brand Standard Operating Practices ("SOP"). This training is delivered through a blended learning approach utilizing a learning management system called IHOP Academy for consistent messaging and knowledge transfer to trainees, workbook assignments and interactive, real-world exercises designed to both introduce and reinforce learning activities. Trainers provide coaching and monitor trainees' progress through the approved IHOP leadership training program ("SMILE Leadership") to ensure key learnings are achieved and to validate that learners can execute IHOP's SOPs. SMILE Leadership includes team member skills training in each of the applicable team member positions. The IHOP leadership skills training included in SMILE Leadership layers in various restaurant management topics. Those topics include: effective team leadership, guest safety, daily manager workflow, effective scheduling, productivity management, restaurant hospitality, revenue accounting procedures, team member training, restaurant financial controls, managing equipment, IHOP inspections and IHOP marketing programs. SMILE Leadership is designed as a 5 or 6-week program, consisting of five 10-hour days each week, including self-paced study. Trainees must pass online and practical tests which include observation and testing of on-the-job performance to demonstrate knowledge and skill level to advance from the restaurant training program to the restaurant leadership training program, and to graduate from restaurant leadership training. Passing grades must be achieved in both the position and leadership training programs. The leadership skills capstone workshop builds upon the 5 to 6-week program. These workshops are comprised of six sessions, held virtually, over a two-week time period. The learner is required to enroll and complete the leadership skills capstone workshop no later than 3 months after completion of the 5 to 6-week program. Additionally, trainees must successfully complete an IHOP-approved food safety certification program. Depending on the level of knowledge and experience of the trainee, IHOP reserves the right to increase or reduce the number of hours spent in training, or to change the location of the training to accommodate the needs of the trainee, or IHOP or the applicable IHOP Affiliate. From time to time, in our sole discretion we may agree to waive or provide alternative training arrangements for certain qualifying franchisees by reason of such persons' prior training and experience.

Certified Leader Training shall be given at such time and location as shall be determined by Franchisor in its sole discretion and may be delivered in whole or in part in a virtual classroom, at an IHOP Restaurant, at a training center designated by Franchisor, or any combination thereof. The trainees shall pursue and complete such training to Franchisor's satisfaction in its sole discretion. IHOP, in its sole discretion, may extend the Initial Training of trainees to: (a) re-enforce skills with which they may be having difficulty; (b) have the trainee "shadow" a Certified Leader to observe, learn and re-enforce the formal training previously completed; or (c) attend a new IHOP opening. The length of training is extended until such time as each trainee is able to achieve its Certified Leader Certification or a mutual decision is reached between IHOP and Franchisee to terminate such trainee's training, which may result in IHOP requiring Franchisee to identify an alternative trainee. If an alternative trainee is identified, all costs associated with the training of such alternative trainee would be Franchisee's responsibility.

Franchisor shall have the right to require Franchisee, its Designated Representative (if applicable), and the Certified Leaders employed by Franchisee to attend at least one management seminar per year. Such management seminars may be given virtually, at an IHOP Restaurant, at a training center, or such other place or combination of places designated from time to time by Franchisor. Franchisor shall not impose any attendance fee or tuition for mandatory seminars but may charge a reasonable fee or tuition for optional seminars.

Even if Franchisor provides the Certified Leader Training, Initial Opening Training, or certain other management seminars without additional charge, Franchisee shall bear all costs and expenses incurred by Franchisee, its Designated Representative, its Certified Leaders, and any other attendees in connection with attendance at all training programs and seminars, including compensation, transportation costs, meals, lodging and other living expenses. Neither Franchisor nor any of its Affiliates will pay any compensation for any services performed by any trainee during any training.

Instructional materials supplied for trainee use during training presently includes a training plan, Operations Manuals, training videos, recipes, course materials, and various other materials as needed.

In addition, IHOP uses an e-Learning system (currently IHOP Academy). IHOP Academy is a web-based personal learning and training environment for the administration, delivery, tracking and reporting of learning programs. Currently, there are no fees associated with the use, access and maintenance of this program, but IHOP reserves the right to charge a fee in the future. IHOP Academy requires certain high-speed internet and technology hardware, and the costs of such internet access and hardware shall be Franchisee's responsibility. Each franchised restaurant is required to maintain 2 Wi-Fi enabled tablet or laptop devices. These devices must be in good working order and meet at least the minimum technical requirements for IHOP's e-Learning system.

Initial Opening Training

In addition to Certified Leader Training, IHOP requires training incident to the opening of each IHOP restaurant ("Initial Training"). IHOP will review Franchisee's experience and staffing plan in order to determine, at its sole discretion, the Initial Training requirements which must be met. In determining such training requirements, IHOP will consider such factors as the candidates' overall restaurant industry experience, IHOP specific experience, as well as whether such candidates have other training resources available to it (e.g. Franchisee already has trained employees that are Certified Leaders acceptable to IHOP who can assist in training the crew of the new IHOP restaurant), and if and when Franchisee last opened a IHOP restaurant. At its sole discretion, IHOP will determine the opening training needs (including the number of trainers required) for each location. IHOP may determine that it is necessary to provide a full complement of trainers for Franchisee's restaurant opening. If IHOP determines Franchisee will need training support and/or operational assistance from IHOP to open a IHOP restaurant, Franchisee will pay an Opening Training Support Fee of between \$0 and \$55,000 per restaurant (in the case of a Full Service restaurant) and between \$0 and \$7,000 (in the case of a Limited Service restaurant) based upon the number of trainers deemed necessary by IHOP. This fee is subject to increase if the opening schedule changes or if overtime is requested.

If applicable, the IHOP provided training team will provide initial training assistance to new hired Team Members for a period of approximately three weeks allocated at IHOP's discretion between two weeks prior to opening and up to one week after the opening of the restaurant. The scheduling of the training team will generally be done 30 days prior to the anticipated opening date of the Franchised Restaurant, based on the schedule provided by Franchisee. If training must be rescheduled for any reason other than an act of God, Franchisee shall pay to IHOP any increase in costs that are incurred by IHOP due to the scheduling changes, which costs may include but are not limited to increases in airfare, hotel expenses, salaries, car rental, and training material shipping and storage. IHOP estimates this cost to be between \$500 and \$6,000 per person but such costs may be greater. Franchisee shall pay these charges to IHOP within 30 days after billing therefor.

In addition, IHOP uses an e-Learning system (currently IHOP Academy). IHOP Academy is a web-based personal learning and training environment for the administration, delivery, tracking and reporting of learning programs. Currently, there are no fees associated with the use, access and maintenance of this program, but IHOP reserves the right to charge a fee in the future. IHOP Academy requires certain high-speed internet and technology hardware, and the costs of such internet access and hardware shall be Franchisee's responsibility. Each franchised restaurant is required to maintain 2 Wi-Fi enabled tablet or laptop devices.

These devices must be in good working order and meet at least the minimum technical requirements for IHOP’s e-Learning system.

If Franchisee is utilizing IHOP’s training support and/or on-location assistance to open its restaurant and requests that IHOP personnel spend more than 40 hours per week in the restaurant and IHOP approves the request, Franchisee shall pay to IHOP any costs which it may incur, including without limitation, overtime, salaries, for the additional hours.

Currently, IHOP engages Modis Staffing to provide restaurant opening training when deemed necessary by the Brand. IHOP no longer employs staff members for training. Modis Staffing employs approximately 20 trainers with a combined experience of over 200 years.

INITIAL TRAINING PROGRAM – FULL-SERVICE PROGRAM

<u>Subject</u>	<u>Hours of Classroom Training¹</u>	<u>Hours of On the Job Training</u>	<u>Location</u>
RESTAURANT TRAINING			
Orientation & Evaluations	10	0	Approved IHOP Restaurant Training Program locations throughout the United States
Dish Washer/Busser (Combo)	1	20	Same locations (as determined periodically) as Orientation and Evaluations
Cook (Food Preparation & Cooking)	1.5	85	Same locations (as determined periodically) as Orientation and Evaluations
Host/Hostess and Server	2	55	Same locations (as determined periodically) as Orientation and Evaluations
RESTAURANT SUBTOTAL	14.5	160	

<u>Subject</u>	<u>Hours of Classroom Training²</u>	<u>Hours of on the Job Simulation Training or Self Study</u>	<u>Location</u>
MANAGEMENT TRAINING			
Management Training Orientation	4	0	Approved IHOP Restaurant Training Program locations throughout the United States

¹ This is an estimate. The eLearning platform will create self-paced electronic “classroom” learning for the trainee.

² This is an estimate. The eLearning platform will create self-paced electronic “classroom” learning for the trainee.

<u>Subject</u>	<u>Hours of Classroom Training²</u>	<u>Hours of on the Job Simulation Training or Self Study</u>	<u>Location</u>
Restaurant Management Skills	1	64	Same locations (as determined periodically) as Management Training Orientation
Basic Management Skills	1.5	32	Same locations (as determined periodically) as Management Training Orientation
Business Finance	1.5	17.5	Same locations (as determined periodically) as Management Training Orientation
Testing	4	0	Same locations (as determined periodically) as Management Training Orientation
IHOP Academy Workshop	16	0	Hosted virtually
MANAGEMENT SUBTOTAL:	28	113.5	*or at a regional location (to be determined) offered periodically throughout the year.

RESTAURANT SUBTOTAL	14.5	160
MANAGEMENT SUBTOTAL:	28	113.5
TOTAL TRAINING:	42.5	273.5

IHOP LIMITED-SERVICE INITIAL TRAINING PROGRAM

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On the Job Training</u>	<u>Location</u>
RESTAURANT TRAINING			
Orientation & Evaluations	10	0	Approved IHOP Restaurant Training Program locations*
Prep and Line Cook (Food Preparation and Cooking) Dish Washer/Busser (Combo)	6	27	Approved IHOP Restaurant Training Program locations*
Host/Hostess and Cashier Barista and Server/Runner	6	24	Approved IHOP Restaurant Training Program locations*

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On the Job Training</u>	<u>Location</u>
Management Duties Orders/Schedule/POS/Back of House Procedures	4	4	Approved IHOP Restaurant Training Program locations
RESTAURANT SUBTOTAL	26	55	

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on the Job Simulation Training or Self Study</u>	<u>Location</u>
MANAGEMENT TRAINING			
Management Training Orientation	4	0	Approved IHOP Restaurant Training Program locations throughout the United States
Restaurant Management Skills	1	42	Approved IHOP Restaurant Training Program locations throughout the United States
Basic Management Skills	1.5	21	Approved IHOP Restaurant Training Program locations throughout the United States
Business Finance	1.5	12	Approved IHOP Restaurant Training Program locations throughout the United States
Testing	4	0	Approved IHOP Restaurant Training Program locations throughout the United States
IHOP Academy Workshop	16	0	Regional locations based on need and a vailbility
MANAGEMENT SUBTOTAL:	28	75	

RESTAURANT SUBTOTAL	26	55
MANAGEMENT SUBTOTAL:	28	75
TOTAL TRAINING:	54	130

Restaurant and Management training classes are held upon request of the trainee and held as scheduled with the specific Restaurant Training Program location. Training classes are held in franchisee-owned Restaurants at various locations around the U.S.

You will bear the costs and living expenses for you and your employees to attend training for both the five or six week program and all workshops. While additional training and refresher courses are offered by IHOP from time to time, you are not required to attend unless attendance is deemed essential by IHOP.

From time to time, we may agree to provide alternative training arrangements for certain qualifying franchisees.

4. Technology – POS Setup, Training and Support. If we determine in our sole discretion that you will need POS setup, training, and support for a new Restaurant opening, we will provide you with onsite implementation support for each of your first three Restaurant openings for the cost of \$7,980 plus airfare for one of our support staff. Beginning with your fourth Restaurant, you may choose remote POS setup, training and support for the cost of \$3,500 per Restaurant. This describes our current POS system and provider; however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees.

5. Equipment and Supplies. You will acquire the necessary equipment, furniture, signs, fixtures, opening inventory and supplies that meet IHOP's written specifications as set forth in the Operations Manuals from third party suppliers. You may purchase these items from IHOP, or its Affiliates, if available.

Typical Length of Time Before Opening. IHOP estimates that the typical length of time between the signing of the NT FA and the opening of the Restaurant is between one to 18 months. Factors which may affect these time periods include the obtaining of the necessary financing and completion of necessary construction and/or remodeling, as applicable.

IHOP's Obligations During the Operation of the Franchise. IHOP (or Dine Brands on our behalf) will provide the following assistance and other services during the operation of your Restaurant:

1. Administratively segregate on its books and records an Advertising Fund (described below).
2. Furnish you with one set of Operations Manuals for the Franchised Location. (Section 4.5(a)). Attached as Exhibit F is a copy of the table of contents of the Operations Manual for the Full-Service Program in effect as of the date of this Disclosure Document that indicates the number of pages devoted to each subject. Attached as F-1 is a copy of the table of contents of the Operations Manual for an IHOP Express in effect as of the date of this Disclosure Document that indicates the number of pages devoted to each subject.

Except for the services described above, we are not obligated to provide you with any other services. In addition, if we say that "we may provide" you a service or use similar words, it means that we are not obligated to provide that service to you.

National Advertising Fund. The Advertising Fund contains all Table Allowances (as defined in Section 4.5(g)(iii) of the IHOP NT MUFA), together with all National Advertising Fees paid by all franchisees and licensees that operate Restaurants in the U.S. operating under the marks which include IHOP or International House of Pancakes. As of the date of this Disclosure Document, the National Advertising Fee for Non-Traditional Venue programs is up to 3.5% of gross sales. Not all franchisees contribute to the National Advertising Fund at the same rate (*see* Item 6). We reserve the right to vary the rate of contribution of certain franchisees or waive the requirement of certain categories or types of Restaurants to contribute. IHOP administratively segregates the Advertising Fund on its books and records and furnishes you with annual summary information with respect to the receipts and expenditures of monies by and from the National Advertising Fund. IHOP may disburse funds from the Advertising Fund for one or more of the following

purposes: (a) advertising, public relations and promotional campaigns and materials designed to promote and enhance the value of all “IHOP” Restaurants; and (b) reimbursing IHOP for its actual expenses incurred in providing administrative services with respect to the National Advertising Fund, as well as actual, general and administrative expenses of IHOP’s internal Marketing Department (some or all of these costs and expenses may be incurred by an IHOP Affiliate which may perform the services), consultants and third party agencies; and (c) providing contributions to Regional Advertising Cooperatives for IHOP Full-Service Restaurants located in Traditional Venues in an amount as we may determine in our discretion, for local advertising, and those franchisees may pay a higher national advertising fee. No funds from the Advertising Fund are used for advertising that is principally a solicitation for the sale of franchises. You will be permitted to participate in national advertising promotions, as determined by your Restaurant’s Level (*see* Item 6).

If Advertising Fund expenditures in any 1 calendar year exceed the total amount contributed to said fund during that year, IHOP (or Dine Brands, or IHOP Restaurants LLC, as applicable) shall have the right to be reimbursed from funds contributed to that fund in a succeeding year. If there is any excess remaining in the fund at the end of any calendar year, the excess shall be retained in the fund for future uses as described above.

Advertising may be disseminated in various media, including television, radio, print, POS, outdoor banners, and billboards, online and other emerging media on a national, regional or local level, though most advertising is national. Advertising is generated primarily by a national advertising agency under the direction of IHOP’s Marketing Department. Occasionally, IHOP Affiliates may receive payments from the National Advertising Fund as reimbursement of costs incurred to provide or purchase services or premiums for use by a substantial number of Regional Advertising Cooperatives for Restaurants located at Traditional Venues. During Fiscal 2021, IHOP LLC on its behalf and as agent for its affiliates; spent the following percentages of total Advertising and Marketing Fund revenues on:

Production of commercials and other advertisements	7.0%
Media placement	76.7%
Administrative expenses	3.6%
Public Relations	0.7%
Market Research	0.6%
Advertising Agency Fees	10.0%
Restaurant Advertising	1.4%

Local Advertising Expenditure Requirements. In addition to the National Advertising Fund, you may be required to spend up to 1% of your weekly gross sales for local advertising which must be approved by IHOP, unless waived by IHOP in its sole subjective discretion. You must provide documentation of your expenditures with such supporting evidence as IHOP may require on an annual basis to confirm that your expenditures were approved and paid for and that the advertising was conducted. If your Restaurant is assigned to Level 1 (*see* Item 6) then you are permitted to join a local marketing cooperative. If you become a member of a local marketing cooperative you must also pay the fees then required for participation in the national advertising program. An IHOP Marketing Department representative will be available to assist you in the development of local marketing to promote your Restaurant. Unless IHOP determines, in its sole judgment, that you will not be required to advertise locally, you are required to advertise locally. You shall pay for all advertising conducted by you locally whether on television, radio, in print advertising, on banners, in any electronic or computer medium, or otherwise, and all such advertisements must be approved by our Marketing

Department. Franchisees that operate Restaurants at Traditional Venues may participate in local marketing cooperatives.

Advertising Council. There is no advertising council composed of franchisees that advises IHOP on advertising policies. A Franchise Leadership Council of current IHOP franchisees from each IHOP-defined geographic region was created and is sponsored by IHOP and/or its affiliates. The Franchise Leadership Council has established advertising and menu subcommittees to discuss pertinent issues regarding advertising and marketing. See Item 20 for information regarding IHOP's franchisee Franchise Leadership Council.

Regional Advertising Cooperatives. IHOP or the IHOP Affiliates may develop Regional Advertising Cooperatives designed to promote and enhance the value of all IHOP Restaurants in each region. IHOP (or an IHOP Affiliate) is responsible for administration of the Regional Advertising Cooperatives. Regional Advertising Cooperatives operate pursuant to written Advertising Cooperative Operating Procedures established by IHOP, which are subject to revision from time to time and are available for review by you. The geographical area for each Regional Advertising Cooperative shall be designated by IHOP in our sole subjective judgment, presently based on Nielson's defined "Designated Marketing Areas (DMA)." You have the option to participate in a Regional Advertising Cooperative that IHOP designates in your Restaurant's DMA if your Restaurant is assigned to Level 1 (see Item 6). The amount you contribute to your Regional Advertising Cooperative varies depending on your decision to participate. Not all franchisees contribute to the Regional Advertising Cooperative at the same rate. Provided the Regional Advertising Cooperative adheres to IHOP's established Advertising Cooperative Operating Procedures, Restaurants owned by IHOP or one of the IHOP Affiliates within an advertising cooperative region will contribute to, participate in and vote on the same basis as franchised Restaurants in the Region, except that they will not vote on the formation of the advertising cooperative or on the amount to be contributed by members. Your NT FA provides IHOP with the power to require Regional Advertising Cooperatives to be formed, changed, dissolved or merged. IHOP may in its discretion contribute a portion of the National Advertising Fees paid by franchisees to the Regional Advertising Cooperatives. IHOP may decide to contribute to the Regional Advertising Cooperatives at any time in its sole subjective discretion. If there are any cooperative contributions remaining in the cooperative at the end of any calendar year which IHOP is not required to reimburse or credit on account of advertising expenditures incurred by Franchisee, they shall become part of the National Advertising Fund. The local Regional Advertising Cooperatives' funds are not audited, and there are no financial statements available for review.

POS Systems. Subject to some exceptions, you must purchase or lease an IHOP-approved POS computer system, consisting of a preapproved computer system that meets IHOP's specifications unless a different system is agreed to in writing by IHOP in its sole discretion. The cost of purchasing the POS computer system is between \$20,000 to \$30,000 and includes the software license and hardware. All IHOP Restaurants must have a preapproved POS computer system that meets IHOP's specifications, unless a different system is agreed to by IHOP in its sole discretion. This section describes our current POS system and provider; however, we may, from time to time, evaluate and approve other systems and/or vendors as a POS provider. We reserve the right to increase these fees. The following POS computer system is currently approved by IHOP:

The Tray POS system, which consists of hardware and software for a touch screen Android based POS system, through which all server orders are inputted into the server terminals and guest checks are tendered at either the server or cashier terminal, with orders printed in the kitchen via kitchen printers and/or kitchen display monitors. These handheld terminals (also referred to as Tablets) are currently optional, but we may require them in the future.

All new IHOP Restaurants will utilize the current approved version of Tray POS or other preapproved POS system running on approved and up to date hardware, which may include terminals and tablets. In order to maintain compliance with PCI requirements, minimize system downtime, and improve ongoing support, IHOP is further advising franchisees to expect the following on an ongoing basis: (i) monthly updates on

supported hardware and software for the POS systems, including those components that will be removed from support; (ii) minor upgrades to the Tray POS every 18 months or as required to meet security requirements; (iii) server and front of the house terminal upgrades every four to five years; and (iv) Android Operating System upgrades as required to meet security requirements, end of life, and/or minimum systems requirements. Franchisees are responsible for the installation of the security, hardware, and software upgrades to their operating system as recommended by Tray POS Systems, including all costs, in the timeframe specified by Tray, as required by third parties for PCI compliance.

The Tray POS system also generates various reports, including financial, menu mix, hourly sales, open and closed guest check reports and labor reporting information. IHOP began using the Tray POS System in September, 2021. The Tray POS System is supplied by Vendys, Inc., Scottsdale, Arizona, 844-873-8729. Tray fees are based on a software as a service model and pricing ranges from \$1,100 to \$3,300 annually based on the number of devices and functionality used in the restaurant. Tray pricing is subject to change. You may obtain help desk support from the Dine Brands Restaurant Technology Support Center, 8140 Ward Parkway, Kansas City, Missouri 64114, (866) 546-9920 at an approximate cost of \$1,000 to \$1,800 per year, subject to change.

All IHOP Restaurants must be compliant with the Payment Card Industry Data Security Standard (“PCI”). You are accountable for ensuring and maintaining PCI compliance at your Restaurant at your sole cost and expense. IHOP reserves the right to set minimally acceptable hardware, software, network, router, firewall and virus protection standards for use in all your IHOP Restaurants, at your cost and expense.

IHOP will have the right to access all the information (including sales and financial data) and the systems that generate them for marketing, audit and sales verification purposes and to retrieve transaction information including sales mix, usage and other operations data both in-person and electronically through the internet via a broadband connection, to be obtained and maintained at your cost and expense, or if not available in your area, a separate dedicated telephone line and modem or such alternative electronic means of gathering this information, at your cost and expense, as IHOP may specify from time to time. There are no contractual or other limitations on IHOP’s right to access your computer system.

The MICROS POS system is not proprietary property of IHOP. Except as described above, as of the date of this Disclosure Document, there are no other systems approved for your use. You may be required in the future to upgrade or change your system at IHOP’s request.

All IHOP franchisees are required to use Mobile Device Management (“MDM”) on all hardware in the restaurant. This service is currently provided by Esper, a third-party vendor but IHOP reserves the right to evaluate other providers and make changes as required. The fees for this service may be charged directly to you, the franchisee, or IHOP may choose to cover these fees. Fees are per terminal and range from \$12 per device annually to \$24 per device annually.

On-Line Ordering. You must sign an Authorized Operator Agreement for access and use of an approved provider’s on-line ordering system in form and substance approved by us. The current approved provider is Mobo Systems, Inc., but we may use other providers in the future. Currently, the fee with Mobo Systems, Inc. is \$91 a month (per Restaurant) for the use, access and maintenance of the on-line ordering system. This monthly fee covers the application and menu setup, menu maintenance, service, support and production account maintenance.

EMV/P2P. You must purchase equipment and procure services from an approved vendor approved for credit card processing services. Specifically, you are required to use the approved payment devices (currently Ingenico Lane3000, Move5000, and Mobi tablet devices) purchased through an approved vendor and you are required to use the approved vendor's EMV processing as part of the credit card gateway solution or any future solution we may implement. Currently, the initial investment ranges between \$1,000 and \$2,500 for equipment and a monthly fee of \$63 to be paid to the vendor.

KDS. You must have a KDS to monitor and organize orders received at your Restaurant. Currently, the initial investment for hardware and installation ranges between \$15,000 and \$20,000.

Curb Side Pick Up (CSPU). CSPU enables restaurants to provide guests the ability to order "to go" food and, through a service provided by "Fly Buy", monitor when the guest arrives in the parking lot at which time a restaurant team member completes the transaction by bringing the food to the guest in his or her car. CSPU with "FlyBuy" is SOP but IHOP may determine that it's necessity or feasibility to provide may not be required for a specific location. This determination is determined by IHOP in its sole discretion.

Waitlist. Waitlist enables restaurants to seat more guests, more efficiently through a service provided by NoWait or Waitwhile. Waitlist is currently optional but may be required by IHOP in the future.

IHOP Loyalty. International Bank of Pancakes is the rewards program that a customer can join through downloading the IHOP app or through ihop.com. The loyalty program is primarily funded by the National Advertising Fund, and there are no additional technology or operating fees required to support the program. Except for certain non-traditional venues, all domestic restaurants must participate in the program. Not all non-traditional venues will be able to participate in the loyalty program. Customers earn "Pancoins" based on their spend on qualifying purchases in restaurant or through IHOP digital channels (app or ihop.com). The "Stack Market" is the virtual marketplace where customers will redeem their Pancoins for coupons for menu items or other items available in the market at that time. Pancoins can be accumulated and redeemed for menu or other items in the Stack Market and only expire after there has been 24 months of inactivity of the customer's account. Franchisees are responsible for honoring the coupons earned by customers participating in the loyalty program. Additional details and requirements of the program are found in the International Bank of Pancakes Terms and Conditions.

None of the systems (other than the IHOP app referenced in the IHOP Loyalty section) are the proprietary property of IHOP. Except as described above, as of the date of this Disclosure Document, there are no other systems approved for your use. You may be required in the future to upgrade or change your system at IHOP's request.

ITEM 12

TERRITORY

You will not receive an exclusive territory for your Franchised Restaurant. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Non-Traditional Venue Program. You are granted the non-exclusive right to develop and operate one or more "IHOP" or "IHOP Express" Restaurants at a designated type or category of Non-Traditional Venue in (or at) a specified franchised area which may be one or more specified Non-Traditional Venue sites in one or more cities, counties, states, or some other defined area. After we sign the IHOP NT MUFA, depending on the terms negotiated, you will have the right to propose to develop a Full-Service Restaurant or an IHOP Limited-Service Restaurant and enter into a NT FA, if the site is approved by us. Under the IHOP NT MUFA,

we may require you to develop up to a specified number of Full-Service and/or IHOP Limited-Service Restaurants by an anticipated opening date. During the term of the IHOP NT MUFA, IHOP may own, operate, franchise any other Non-Traditional Venue “IHOP” or “IHOP Express” Restaurants in the franchised area. We reserve all other rights. Until the termination or expiration of the IHOP NT MUFA, you shall retain your non-exclusive right to develop Restaurants at designated Non-Traditional Venues in the franchised area if you comply with your development and other obligations under the IHOP NT MUFA. If you fail to meet any of your obligations under the IHOP NT MUFA, including the development obligations, or breach any NT FA executed by you pursuant to the IHOP NT MUFA or any other agreement(s) with IHOP, IHOP may terminate your right to develop, open and operate new “IHOP” and “IHOP Express” Restaurants in the franchised area, but the termination of the right to develop in the franchised area will not terminate any rights relating to any franchised location granted under any NT FA then in effect between you and IHOP unless you are in default with the greater of three of your Franchised Restaurants or 25% or more of your Franchised Restaurants. (Section 7.2(d),).

The continuation of your non-exclusive right to develop in the franchised area is dependent upon your compliance with your development and other obligations under the IHOP NT MUFA, and all other agreements with IHOP, as described above.

Franchised Location. You are granted the right to operate one Restaurant at a specific franchised location (“Franchised Location”) which is agreed upon at the time of the execution of the NT FA. You will not receive an exclusive territory. Your rights are non-exclusive and limited to the specific Restaurant location. IHOP reserves all rights, including the right to own, operate, franchise Restaurants or other business concepts operating under names other than “International House of Pancakes,” “IHOP” or “IHOP Express,” and other names, and to produce, franchise, license, distribute and market products at or through any outlet, regardless of the proximity to your Restaurant. You are free to advertise to customers, wherever located. You have no option, right of first refusal or similar right to acquire additional franchises. You will not have a right to relocate the Restaurant to any other location.

As discussed in Item 1 of this Disclosure Document, IHOP or its Affiliate has in the past and may in the future establish other franchise or company-owned outlets selling similar products or services under a different trade name or trademark.



IHOP or one or more IHOP Affiliates have in the past and may in the future, acquire other chains, or establish other franchises or company-owned outlets, which sell similar products or services under a different trade name or trademark. As discussed in Item 1 of this Disclosure Document, IHOP Affiliates, Applebee’s International (or its affiliate), currently operates and franchises Restaurants under the trade name “Applebee’s Neighborhood Grill & Bar.” There is no restriction on Applebee’s or its franchisees from developing “Applebee’s Neighborhood Grill & Bar” brand Restaurants or soliciting customers near any IHOP Restaurant, nor is IHOP or its franchisees restricted from operating IHOP Restaurants or soliciting customers near any Applebee’s brand Restaurant. We do not expect that there will be material conflicts between the two systems regarding territory, customers or franchisor support. The principal business address for the Applebee’s operations is 450 North Brand Boulevard, 7th Floor, Glendale, California 91203.

Other IHOP Concepts. Within the category of “Other IHOP Concepts,” IHOP franchises and may operate a business under a different trademark. Specifically, IHOP is developing, testing, refining and franchising a system for operating restaurants that fits within the definition of “Other IHOP Concepts” under the name “flip’d by IHOP” or another name selected by IHOP and may operate such restaurants. It is contemplated that while such restaurants will have certain overlapping menu items with those sold by franchisees, including without limitation products like buttermilk pancakes, such restaurants will offer a different service model and guest experience. Accordingly, in circumstances where there exist both a traditional IHOP and a flip’d by IHOP in proximity to each other, a guest could potentially decide between the two restaurants based on the desired service level and guest experience. Based on factors including differences in the service model and guest experience between the two systems, we do not expect that there will be material conflicts between the systems regarding territory, customers and franchisor support. While it is contemplated that these restaurants will be franchised as opposed to franchisor owned or operated, IHOP reserves the right to own and operate such restaurants. IHOP began its test or pilot program for such restaurants during calendar 2021. The principal business address for Flip’d by IHOP operations is 450 North Brand Boulevard, 7th Floor, Glendale, California 91203. IHOP does not plan to maintain physically separate offices and training facilities for the two systems.

ITEM 13

TRADEMARKS

We will license you to use various trademarks, service marks, trade names, logotypes and other commercial symbols (“Trademarks”) including the following marks which are registered or applied for on the Principal Register of the United States Patent and Trademark Office.

DESCRIPTION OF TRADEMARK	PICTURE OF TRADEMARK	REGISTRATION NUMBER	PRINCIPAL REGISTER	REGISTRATION DATE
IHOP (Block Letters) (Restaurant Services)		3,429,406	Principal	5/20/08
IHOP (Balloon Style) (Restaurant Services)		3,429,405	Principal	5/20/08

DESCRIPTION OF TRADEMARK	PICTURE OF TRADEMARK	REGISTRATION NUMBER	PRINCIPAL REGISTER	REGISTRATION DATE
IHOP Restaurant (Restaurant Sign/Color) (Restaurant Services)		3,433,996	Principal	5/27/08
IHOP Restaurant (Restaurant Sign/Black & White) (Restaurant Services)		3,429,408	Principal	5/20/08
International House of Pancakes (words) (Restaurant Services)	INTERNATIONAL HOUSE OF PANCAKES	3,514,724	Principal	10/14/08
IHOP Express (Word Mark)(Restaurant and food take-our Restaurant services)	IHOP EXPRESS	3,771,927	Principal	4/6/10
IHOP and design (smile logo)		4,642,598	Principal	11/18/14
IHOP Express Logo (smile logo)		5,027,820	Principal	8/23/16

There is no presently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the Trademarks that would materially affect your right to use the Trademarks. There are no pending infringement, opposition, or cancellation proceedings, or any pending material litigation involving the Trademarks.

IHOP Restaurants LLC is the owner of the above Trademarks in the United States. We have, among others, signed a License Agreement dated September 30, 2014 under which IHOP Restaurants LLC has licensed us to use and sublicense the above Trademarks for 99 years unless terminated for breach. Except for the License Agreement with IHOP Restaurants LLC, we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Trademarks in any manner material to the franchise. We know of no superior prior rights or infringing use that could materially affect your use of the Trademarks.

If any third party makes any claim, by suit or otherwise, against you, because of your use, in accordance with the terms of the Franchise Agreement, of any of our trademarks or service marks, you must promptly notify IHOP, in writing, and that upon receiving that notice, IHOP will retain counsel of its own choosing to defend you against the claim, suit or demand and IHOP will protect, indemnify, and save you from any loss, costs or expenses concerning the claim, suit or demand. IHOP considers the Trademarks to be a valuable asset and, upon notification of any infringing use of the Trademarks, IHOP will, though not obligated by the IHOP NT MUFA to do so, take such action which it deems appropriate in its discretion to protect its rights, and your corresponding rights, concerning the use of the Trademarks. Periodically, in the Operations Manuals or supplemental bulletins, we may add to, delete, or modify any or all the Trademarks. You must modify or discontinue the use of a mark or logo, at your expense, if we modify or discontinue it. We will not compensate you for any modification or discontinuation of any mark or logo, and you will be required to use any new mark or logo that we may adopt for the system.

There are no infringing uses known to IHOP that could materially affect your use of the Trademarks in this State or any other state in which the franchise business is to be located.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights material to the franchise. However, you must operate your Restaurant in accordance with the policies and procedures in the Operations Manuals. You must treat the information contained in these Operations Manuals and any other manuals or supplemental material supplied by us as confidential. The Operations Manuals are IHOP Restaurants LLC's sole property (and licensed to us and IHOP Affiliates) and you may not duplicate, copy, disclose or disseminate the contents of the Operations Manuals at any time, without our prior written consent. We have the right to modify or supplement the Operations Manuals upon notice or delivery to you. You must keep the Operations Manuals current at all times, and upon the termination or non-renewal of your franchise, return the Operations Manuals to us.

You may not communicate, divulge or use any confidential information concerning our (or IHOP Affiliates') methods or procedures during or after the term of the Franchise Agreement. This confidential information may only be disclosed to you and your employees in connection with the operation of your franchise, and must not be made known to any other person, firm or corporation. At our request, you must have your executives, employees or any other person with access to this information to enter into a confidentiality agreement to maintain the confidentiality of this information. Refer to Section 5.4(a) and (b) of the IHOP NT MUFA. We are not required to protect you from any infringements.

You must notify us as soon as possible of any copyright infringement claim. We are not required to take affirmative action when you notify us of an infringement claim. We and our affiliates have the sole right to conduct the defense of and settle the claim and to retain control of any negotiations related to any claim. You must cooperate in all actions we or our affiliates take regarding a claim and must assist us and our affiliates, at our and their expense, in the defense of a claim.

There is no presently effective determination of the United States Copyright Office (Library of Congress) or any court affecting these copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, Single Store Development Agreement, Multi-Store Development Agreement or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are a certified manager, you must actively participate in the day-to-day operation of the Franchised Restaurant and employ an additional IHOP certified leader to do so. You must attend and satisfactorily complete IHOP's Training Program, unless IHOP agrees to waive this requirement. If IHOP waives this requirement, then 2 IHOP certified managers or an IHOP certified manager and one IHOP certified leader are required to operate the Restaurant's day to day operations. IHOP may at its discretion waive the training requirement if: (i) you are deemed to have the necessary experience operating IHOP Restaurants; (ii) you agree to hire a manager who has satisfactorily completed IHOP's Certified Leader Training Program or who is deemed by IHOP to have the necessary experience operating IHOP Restaurants; or (iii) you hire a manager who will satisfactorily complete IHOP's Certified Leader Training Program. There is no requirement that the leader must own an equity interest in the franchise. In addition, at our request, you must have your leader to enter a confidentiality agreement. Refer to Items 11 and 14 for details. Also, refer to Section 5.4(c) of the IHOP NT MUFA regarding non-competition.

If a franchisee is a corporation or other business entity, unless IHOP otherwise consents, one person approved by IHOP shall at all times own directly or indirectly 51% or more of all the outstanding stock (if a corporation), all membership interests (if a limited liability company), a partner's partnership rights (if a partnership), and 51% or more of all voting rights in the business entity. In addition, that person shall be president (if a corporation), general partner (if a partnership), leader (if a limited liability company) or the comparable position if it is any other form of business entity. IHOP will review any proposed deviations from these approved structures at your request, provided you agree to reimburse IHOP for all legal fees and costs it may incur in this review process. Refer to Section 6.2 of the IHOP NT MUFA for details.

If a franchisee is a corporation or other business entity, all its shareholders or owners and their spouses, as applicable, must sign a guarantee in the form(s) attached as Exhibit C and E, as applicable, unless waived by IHOP in its sole discretion. The guarantee provides that we may proceed against the shareholders or owners independently of the business entity which owns the franchise and contains various provisions to facilitate this purpose, including waivers of notice and defenses.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must serve only those items and products as are expressly designated and approved in writing by IHOP for sale and service from or at the Franchised Restaurant. You must offer all items and products that IHOP designates as required for all franchisees for sale and service from or at the Restaurant. IHOP shall have the right, at its sole discretion, to change from time to time, without limitation, any items or products designated and approved for use by you without further modification to the IHOP NT MUFA or any other agreement between us. You are not restricted as to the customers whom you may serve.

ITEM 17

**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP**

These tables list certain important provisions of the NT FA, NT MUFA and related agreements. You should read these provisions in the agreements attached to this disclosure document.

IHOP NT FA

<u>Provision</u>	<u>Section in NT FA*</u>	<u>Summary</u>
a. Length of the license term	Section 3	Term is equal to the term of the lease or facility contract and is typically 5 to 10 years, but may be less depending on the customary lease term provided by the host venue.
b. Renewal or extension of the term	Sections 4.2, 4.3 of IHOP NT MUFA; Section 5 in Attachment A	If you are in compliance, you can add two Renewal terms of not more than 5 five years each. We may, at our sole discretion, agree to grant an extension for a longer term. The term of any renewal or extension is subject to the terms of the master lease or license. Once the two Renewal Terms are exhausted, you have no further contractual right to renew or extend the term of the Non-Traditional Restaurant Franchise Addendum.
c. Requirements for you to renew or extend	Sections 4.2, 4.3 of IHOP NT MUFA	Although this table uses the term “renewal,” it refers to extending our relationship at the end of your term and you must sign our then-current NT FA, you must have complied with your obligations during the term, you must pay a Renewal Fee, you must demonstrate your financial ability to refurbish and remodel your Restaurant and you must do so, and you must sign a new lease or a amendment to lease (if applicable).
d. Termination by you	Section 7.1 of IHOP NT MUFA	If the Facility terminates the Facility Contract
e. Termination by IHOP without cause	Not applicable	
f. Termination by IHOP with cause	Section 7.2 of IHOP NT MUFA	IHOP can terminate only if you default.
g. “Cause” defined- defaults which can be cured	Section 7.2 of IHOP NT MUFA	You have 7 days to cure a default. Except for nonpayment of fees, if the default cannot be cured within 7 days, you must immediately begin to cure the default and you will be given an additional reasonable period to cure the default.

<u>Provision</u>	<u>Section in NT FA*</u>	<u>Summary</u>
h. "Cause" defined - defaults which cannot be cured	Section 7.2 of IHOP NT MUFA	Includes failure; unlawful Assignment; danger to public health or safety, noncompliance with law, failure to open Restaurant by date specified; failure to maintain a "B" ranking, understating gross sales.
i. Your obligations on termination/non-renewal	Sections 7.2(d) and 8 of IHOP NT MUFA	You must cease use of our marks, return all manuals, de-identify the Restaurant premises, assign to us or cancel all website home pages and domain names, assign all telephone numbers to us at our option and pay all amounts due to us.
j. Assignment of contract by IHOP	Section 6.1 of IHOP NT MUFA	No restriction on IHOP's right to assign or delegate any of its obligations.
k. "Transfer" by you - definition	Section 6.2 of IHOP NT MUFA	Includes transfer of a agreement or transfer of stock that results in more than 49% of stock held by new owner (subject to IHOP's right of first refusal, except in the case of your death or legal incapacity).
l. IHOP's approval of transfer by franchisee	Section 6.2 of IHOP NT MUFA	Transfers require IHOP's written consent, which will not be unreasonably withheld.
m. Conditions for IHOP's approval of transfer	Section 6.2 of IHOP NT MUFA	New franchisee: qualifies, completes training, must sign new franchise documents. You must pay a transfer and training fee and all amounts then due and owing, and the remaining balance, if any, of the Initial Franchise Fee, unless waived by us, in our discretion. Transfer of real estate must not adversely affect ability to operate a Restaurant at the location.
n. IHOP's right of first refusal to acquire your business	Not applicable	
o. IHOP's option to purchase your business	Not applicable	
p. Your death or disability	Not applicable	
q. Non-competition covenants during the term of the license	Section 5.4(c) of IHOP NT MUFA; Section 11 of NT FA	No involvement in competing business.
r. Non-competition covenants after the license is terminated or expires	Not applicable	
s. Modification of the agreement	Section 10.9 of IHOP NT MUFA	IHOP may amend or supplement Operations Manuals without your consent, and may modify the NT FA only with your written consent.

<u>Provision</u>	<u>Section in NT FA*</u>	<u>Summary</u>
t. Integration/merger clause	Section 10.8 of IHOP NT MUFA	All agreements between the parties are in the IHOP NT MUFA and the NT FA, or related written agreements. Only the terms of the IHOP NT MUFA, NT FA and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document, IHOP NT MUFA and NT FA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 10.2 of the IHOP NT MUFA	Subject to state law, except for certain claims (injunctive relief and trademark claims), all disputes must be arbitrated in Los Angeles, California.
v. Choice of forum	Section 11 of IHOP NT MUFA	Subject to state law, except for claims for injunctive relief, all disputes must be arbitrated in Los Angeles, California.
w. Choice of law	Section 11 of IHOP NT MUFA	Subject to state law, California law applies

*Except as otherwise noted

IHOP NT MUFA

<u>Provision</u>	<u>Section in IHOP NT MUFA</u>	<u>Summary</u>
a. Term of the agreement	Section 2.1; Section 4 of Attachment A	Initial term is equal to the duration of the development rights, but is typically one to three years.
b. Renewal or extension of the term	Section 2.2	You will have no right to renew.
c. Requirements for you to renew or extend	Section 2.2	You have no right to renew.
d. Termination by you	Section 7.1	If the Facility terminates the Facility Contract.
e. Termination by IHOP without cause	Not applicable	
f. Termination by IHOP with cause	Section 7.2	IHOP can terminate only if you default.
g. "Cause" defined - defaults which can be cured	Section 7.2	You have seven days to cure any payment default. You have 30 days to cure any other default.

<u>Provision</u>	<u>Section in IHOP NT MUFA</u>	<u>Summary</u>
h. “Cause” defined - defaults which cannot be cured	Section 7.2	Includes your breach of any other agreement with IHOP, if you fail to cure the breach within the time allowed by that other agreement, your attempt to assign the IHOP NT MUFA without consent, your conviction for certain crimes, and your violation of the confidentiality restrictions, if your continued operation of the Franchised Restaurant will result in imminent danger to health or public safety, loss of goodwill for the IHOP brand, failure to pay IHOP, failure to maintain at least a “B” rating or its equivalent.
i. Your obligations on termination/non-renewal	Sections 7.2(d) and 8	You may not develop any additional IHOP Restaurants. Termination of the IHOP NT MUFA does not affect any of the NT FAs which you have signed prior to termination.
j. Assignment of contract by IHOP	Section 6.1	No restriction on IHOP’s right to assign.
k. “Transfer” by you - definition	Section 6.2	Includes transfer of a agreement or granting of security interest in a agreement.
l. IHOP’s approval of transfer by licensee	Section 6.2	Transfers require IHOP’s written consent, which it may grant or withhold in its sole and absolute discretion.
m. Conditions for IHOP’s approval of transfer	Section 6.2	If you assign the IHOP NT MUFA, you must simultaneously assign (to the same person) all NT FAs signed pursuant to the IHOP NT MUFA.
n. IHOP’s right of first refusal to acquire your business	Not applicable	
o. IHOP’s option to purchase your business	Not applicable	
p. Your death or disability	Not applicable	
q. Non-competition covenants during the term of the franchise	Section 5.4(c)	Neither you nor your owners and affiliates, nor their officers, directors, and managers may operate a family-style full-service or fast-casual Restaurant, pancake house, or coffee shop during the term.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	
s. Modification of the agreement	Section 10.9	Requires written instrument signed by all parties.

<u>Provision</u>	<u>Section in IHOP NT MUFA</u>	<u>Summary</u>
t. Integration/merger clause	Section 10.8	IHOP NT MUFA sets forth entire a greement between the parties concerning its subject matter. Only the terms of the IHOP NT MUFA and other related written a greements are binding (subject to applicable law). Any representations or promises outside of the disclosure document and IHOP NT MUFA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 10.2,10.3, 10.4, 10.5	Subject to state law, generally, all claims under IHOP NT MUFA must be arbitrated in Los Angeles, California.
v. Choice of forum	Section 10.2(b)	Subject to state law, Los Angeles County, California, unless otherwise required by law.
w. Choice of law	Section 10.1	Subject to state law, California law governs, except as to limitations on competition (as to which law of the state where the breach occurs will govern).

ITEM 18

PUBLIC FIGURES

IHOP does not use any public figure to promote its franchises or licenses.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Under our Non-Traditional Venue Full-Service Program and IHOP Limited-Service Program, we do not make any representations about a franchisee's future financial performance on the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jacob Barden, Vice President, Development, 450 North Brand Boulevard, 7th Floor, Glendale, California 91203-4415, (818) 637-5206, jacob.barden@dinebrands.com, the Federal Trade Commission and the appropriate state administrators.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1A				
System-wide Outlet Summary For Years 2019 to 2021 ⁽¹⁾ (Traditional Venue Locations)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	1,689	1,696	+7
	2020	1,696	1,654	-42
	2021	1,654	1,638	-16
Company-Owned	2019	0	0	0
	2020	0	3	+3
	2021	3	0	-3
Total Outlets	2019	1,689	1,696	+7
	2020	1,696	1,657	-39
	2021	1,657	1,638	-19
Notes				
(1) The figures in Table No. 1A include system-wide totals for Traditional Venue locations as of December 31, 2019, December 31, 2020 and Fiscal Year 2021. See Table 1B for total franchised Non-Traditional Venue locations.				

Table No. 1B				
System-wide Outlet Summary For Years 2019 to 2021 ⁽¹⁾ (Non-Traditional Venue Locations)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	24	23	-1
	2020	23	21	-2
	2021	21	27	+6
Company-Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	24	23	-1
	2020	23	21	-2
	2021	21	27	+6

Table No. 1B				
System-wide Outlet Summary For Years 2019 to 2021 ⁽¹⁾ (Non-Traditional Venue Locations)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Notes				
(1) The figures in Table No. 1B include system-wide totals for Non-Traditional Venue locations as of December 31, 2019, December 31, 2020 and Fiscal Year 2021. There are no company-owned Non-Traditional Venue locations.				

Table No. 2		
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2019 to 2021 ⁽¹⁾		
State	Year	Number of Transfers
ALABAMA	2019	0
	2020	3
	2021	1
ARIZONA	2019	4
	2020	0
	2021	42
CALIFORNIA	2019	27
	2020	0
	2021	15
CONNECTICUT	2019	0
	2020	0
	2021	0
DELAWARE	2019	0
	2020	1
	2021	0
GEORGIA	2019	0
	2020	16
	2021	3

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021⁽¹⁾

State	Year	Number of Transfers
IDAHO	2019	0
	2020	0
	2021	3
ILLINOIS	2019	7
	2020	2
	2021	12
INDIANA	2019	0
	2020	0
	2021	20
IOWA	2019	0
	2020	0
	2021	0
KANSAS	2019	1
	2020	1
	2021	3
LOUISIANA	2019	0
	2020	6
	2021	0
MAINE	2019	0
	2020	0
	2021	1
MARYLAND	2019	1
	2020	2
	2021	1
MASSACHUSETTS	2019	1
	2020	0
	2021	0
MICHIGAN	2019	14
	2020	0
	2021	0
MINNESOTA	2019	0
	2020	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021⁽¹⁾

State	Year	Number of Transfers
	2021	0
MISSOURI	2019	3
	2020	0
	2021	0
MISSISSIPPI	2019	1
	2020	1
	2021	0
NEVADA	2019	0
	2020	0
	2021	2
NEW HAMPSHIRE	2019	0
	2020	0
	2021	0
NEW JERSEY	2019	4
	2020	0
	2021	2
NEW MEXICO	2019	0
	2020	0
	2021	2
NEW YORK	2019	3
	2020	2
	2021	0
NORTH CAROLINA	2019	2
	2020	22
	2021	0

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2019 to 2021⁽¹⁾

State	Year	Number of Transfers
NORTH DAKOTA	2019	0
	2020	0
	2021	0
OHIO	2019	0
	2020	0
	2021	9
OKLAHOMA	2019	0
	2020	0
	2021	9
PENNSYLVANIA	2019	11
	2020	6
	2021	1
RHODE ISLAND	2019	0
	2020	0
	2021	0
SOUTH CAROLINA	2019	1
	2020	16
	2021	0
SOUTH DAKOTA	2019	0
	2020	0
	2021	0
TENNESSEE	2019	0
	2020	10
	2021	2
TEXAS	2019	0
	2020	11
	2021	10
VIRGINIA	2019	0
	2020	14
	2021	1
WASHINGTON	2019	0
	2020	1

Table No. 2		
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2019 to 2021 ⁽¹⁾		
State	Year	Number of Transfers
	2021	4
WYOMING	2019	0
	2020	1
	2021	0
TOTAL	2019	80
	2020	115
	2021	146
Notes		
(1) The figures in Table No. 2 include outlet transfers for both Traditional Venue and Non-Traditional Venue locations as of December 31, 2019, December 31, 2020, and Fiscal Year 2021.		

Table No. 3A								
Status of Franchised Outlets for Years 2019 to 2021 ⁽¹⁾ (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
ALABAMA	2019	19	0	1	0	0	0	18
	2020	18	0	0	0	0	2	16
	2021	16	0	0	0	0	0	16
ALASKA	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
ARIZONA	2019	45	1	0	1	0	0	45
	2020	45	0	0	0	0	0	45
	2021	45	0	0	0	0	3	42
ARKANSAS	2019	16	0	0	0	0	0	16
	2020	16	0	0	0	0	1	15
	2021	15	0	0	0	0	0	15
CALIFORNIA	2019	232	0	1	0	0	0	231
	2020	231	0	0	3	0	4	224
	2021	224	2	0	2	0	3	221
COLORADO	2019	37	1	0	1	0	0	37

Table No. 3A

Status of Franchised Outlets for Years 2019 to 2021⁽¹⁾ (Traditional Venue Locations)

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2020	37	0	0	0	0	1	36
	2021	36	0	0	0	0	0	36
CONNECTICUT	2019	9	0	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
DELAWARE	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
DISTRICT OF COLUMBIA	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
FLORIDA ⁽²⁾	2019	146	5	0	4	0	1	146
	2020	146	3	0	3	0	0	146
	2021	146	2	0	0	0	3	145
GEORGIA ⁽³⁾	2019	80	1	0	2	0	0	79
	2020	79	2	0	0	0	0	81
	2021	81	2	0	0	0	1	82
GUAM	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
HAWAII	2019	8	0	0	0	0	1	7
	2020	7	0	0	0	0	2	5
	2021	5	0	0	0	0	0	5
IDAHO	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	1	7
ILLINOIS	2019	50	0	0	0	0	0	50
	2020	50	0	0	0	0	3	47
	2021	47	0	0	0	0	4	43
INDIANA	2019	24	1	1	0	0	0	24
	2020	24	2	0	0	0	0	26
	2021	26	0	0	0	0	0	26

Table No. 3A

Status of Franchised Outlets for Years 2019 to 2021⁽¹⁾ (Traditional Venue Locations)

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
IOWA	2019	11	1	0	0	1	0	12
	2020	12	0	0	0	0	1	11
	2021	11	0	0	0	0	1	10
KANSAS	2019	28	1	0	0	0	0	29
	2020	29	0	0	0	0	0	29
	2021	29	1	0	0	0	0	30
KENTUCKY	2019	10	1	0	0	0	0	11
	2020	11	0	0	0	0	0	11
	2021	11	1	0	0	0	0	12
LOUISIANA	2019	31	0	0	0	0	0	31
	2020	31	0	0	0	0	0	31
	2021	31	0	0	0	0	2	29
MAINE	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
MARYLAND	2019	51	0	0	0	0	0	51
	2020	51	0	0	1	0	0	50
	2021	50	1	0	0	0	1	50
MASSACHUSETTS	2019	21	1	0	0	0	0	22
	2020	22	0	0	0	0	0	22
	2021	22	0	0	0	0	0	22
MICHIGAN	2019	25	0	0	1	0	0	24
	2020	24	1	0	0	0	0	25
	2021	25	0	0	0	0	0	25
MINNESOTA	2019	9	0	0	0	0	0	9
	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	1	8
MISSISSIPPI	2019	15	1	3	0	0	0	13
	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
MISSOURI	2019	33	0	0	0	0	0	33
	2020	33	0	0	0	0	1	32

Table No. 3A

Status of Franchised Outlets for Years 2019 to 2021⁽¹⁾ (Traditional Venue Locations)

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2021	32	1	0	0	0	2	31
MONTANA	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	0	4
NEBRASKA	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	1	0	0	0	1	6
NEVADA	2019	23	0	0	2	0	0	21
	2020	21	1	0	0	0	0	22
	2021	22	1	0	0	0	0	23
NEW HAMPSHIRE	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
NEW JERSEY	2019	45	3	0	0	0	0	48
	2020	48	1	0	0	0	0	49
	2021	49	1	0	1	0	1	48
NEW MEXICO	2019	22	0	0	0	0	0	22
	2020	22	0	0	0	3	6	13
	2021	13	3 ⁽⁴⁾	0	0	0	1	15
NEW YORK	2019	56	1	0	0	0	0	57
	2020	57	1	0	0	0	0	58
	2021	58	3	0	0	0	2	59
NORTH CAROLINA	2019	54	2	0	0	0	0	56
	2020	56	1	0	0	0	8	49
	2021	49	2	0	0	0	2	49
NORTH DAKOTA	2019	2	0	0	0	2	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2

Table No. 3A

Status of Franchised Outlets for Years 2019 to 2021⁽¹⁾ (Traditional Venue Locations)

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
NORTHERN MARIANA ISLANDS	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
OHIO	2019	40	2	3	0	0	0	39
	2020	39	1	0	0	0	1	39
	2021	39	1	0	0	0	7	33
OKLAHOMA	2019	31	0	0	0	0	0	31
	2020	31	0	0	0	0	0	31
	2021	31	1	0	0	0	1	31
OREGON	2019	9	2	0	0	0	0	11
	2020	11	0	0	0	0	0	11
	2021	11	2	0	0	0	0	13
PENNSYLVANIA	2019	27	0	0	0	0	0	27
	2020	27	0	0	0	0	0	27
	2021	27	0	0	0	0	1	26
PUERTO RICO	2019	5	1	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
RHODE ISLAND	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
SOUTH CAROLINA	2019	33	0	0	0	0	0	33
	2020	33	0	0	0	0	2	31
	2021	31	0	0	0	0	1	30
SOUTH DAKOTA	2019	2	0	0	0	1	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
TENNESSEE	2019	39	0	0	0	0	0	39
	2020	39	0	0	0	0	3	36
	2021	36	1	0	0	0	2	34
TEXAS	2019	207	6	1	4	0	0	208
	2020	208	3	0	2	0	4	205

Table No. 3A

Status of Franchised Outlets for Years 2019 to 2021⁽¹⁾ (Traditional Venue Locations)

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2021	205	4	0	0	0	1	208
UTAH	2019	21	1	0	0	0	0	22
	2020	22	0	0	0	0	0	22
	2021	22	0	0	0	0	1	21
VERMONT	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
VIRGINIA	2019	64	2	0	0	0	0	66
	2020	66	0	0	0	0	3	63
	2021	63	2	0	0	0	0	65
WASHINGTON	2019	32	0	0	0	0	0	32
	2020	32	0	0	0	0	1	31
	2021	31	1	0	0	0	0	32
WEST VIRGINIA	2019	8	0	0	0	0	0	8
	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
WISCONSIN	2019	15	0	0	0	0	0	15
	2020	15	0	0	0	0	1	14
	2021	14	0	0	0	0	1	13
WYOMING	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
TOTALS	2019	1,689	34	10	15	0	2	1,696
	2020	1,696	16	0	9	3	46	1,654
	2021	1,654	30	0	3	0	45	1,638

Notes

- (1) The figures in Table No. 3A include status of franchised outlets for Traditional Venue locations as of December 31, 2019, December 31, 2020, and Fiscal Year 2021.
- (2) All Florida outlets are franchised by a subfranchisor.
- (3) Three Georgia outlets are franchised by a subfranchisor.
- (4) These three New Mexico outlets are the same three outlets included in Table No. 4 as "sold to franchisees". They had previously been operated by a prior franchisee, were closed, and were then franchised to a different franchisee during Fiscal Year 2021.

Table No. 3B

Status of Franchised Outlets for Years 2019 to 2021⁽¹⁾ (Non-Traditional Venue)

State		Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
ARKANSAS	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
CALIFORNIA	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
GEORGIA	2019	1	1	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
ILLINOIS	2019	2	0	1	0	0	0	1
	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
INDIANA	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
IOWA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
KANSAS	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MARYLAND	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
MICHIGAN	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
NEBRASKA	2019	2	0	2	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
NEVADA	2019	1	0	0	0	0	0	1

	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NEW JERSEY	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
NEW YORK	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	1	1
NORTH CAROLINA	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
OHIO	2019	1	0	1	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
OKLAHOMA	2019	3	0	1	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
PENNSYLVANIA	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
TENNESSEE	2019	2	0	1	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
TEXAS	2019	2	1	0	0	0	0	3
	2020	3	0	0	0	0	1	2
	2021	2	2	0	0	0	0	4
VIRGINIA	2019	3	0	0	0	0	0	3
	2020	3	0	0	1	0	0	2
	2021	2	0	0	0	0	1	1
TOTAL	2019	24	5	6	0	0	0	23
	2020	23	3	0	1	0	4	21
	2021	21	8	0	0	0	2	27

Notes

(1) The figures in Table No. 3B include status of franchised outlets for Non-Traditional Venue locations as of December 31, 2019, December 31, 2020 and Fiscal Year 2021.

Table No. 4

Status of Company-Owned Outlets for Years 2018 to 2020⁽¹⁾ (Traditional Venue)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
ALABAMA	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
IOWA	2019	0	0	1	0	1	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
NEW MEXICO	2019	0	0	0	0	0	0
	2020	0	0	3	0	0	3
	2021	3	0	0	0	3 ⁽²⁾	0
NORTH DAKOTA	2019	0	0	2	0	2	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
SOUTH DAKOTA	2019	0	0	1	0	1	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
TOTALS	2019	0	0	4	0	4	0
	2020	0	0	3	0	0	3
	2021	3	0	0	0	3	0

Notes

(1) The figures in Table No. 4 include status of company-owned outlets for Traditional Venue locations as of December 31, 2019, December 31, 2020, and Fiscal Year 2021.

(2) These three New Mexico outlets are the same three outlets included in Table No. 3A as “opened”. They had previously been operated by a prior franchisee, were closed, and were then franchised to a different franchisee during Fiscal Year 2021.

Table No. 5A

Projected New Franchised Outlets as of January 1, 2022 (Traditional Venue)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2022 Fiscal Year	Projected New Company - Owned Outlets in the 2022 Fiscal Year
ARKANSAS	0	2	0
CALIFORNIA	1	5	0

Table No. 5A			
Projected New Franchised Outlets as of January 1, 2022 (Traditional Venue)			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2022 Fiscal Year	Projected New Company - Owned Outlets in the 2022 Fiscal Year
COLORADO	0	3	0
CONNECTICUT	1	1	0
FLORIDA	0	5	0
GEORGIA	0	3	0
INDIANA	0	1	0
KANSAS	0	3	0
LOUISIANA	0	2	0
MARYLAND	1	1	0
MISSOURI	0	1	0
NEBRASKA	0	1	0
NEW YORK	0	5	0
NORTH CAROLINA	0	6	0
OHIO	0	3	0
PUERTORICO	0	1	0
TENNESSEE	0	1	0
TEXAS	1	4	0
VIRGINIA	0	2	0
WASHINGTON	0	1	0
WISCONSIN	0	1	0
Total	4	52	0

Table No. 5B			
Projected New Franchised Outlets as of January 1, 2022 (Non-Traditional Venue)			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2022 Fiscal Year	Projected New Company - Owned Outlets in the 2022 Fiscal Year
ARKANSAS	0	1	0
CALIFORNIA	0	2	0
GEORGIA	1	1	0
ILLINOIS	0	2	0
MARYLAND	1	1	0

Table No. 5B

Projected New Franchised Outlets as of January 1, 2022 (Non-Traditional Venue)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2022 Fiscal Year	Projected New Company - Owned Outlets in the 2022 Fiscal Year
OHIO	0	2	0
OKLAHOMA	1	0	0
TEXAS	0	3	0
VIRGINIA	0	1	0
WEST VIRGINIA	0	2	0
Total	3	15	0

Current Franchised Locations

Attached as Exhibit A is a list of the names, addresses and telephone numbers of all IHOP Restaurant outlets in the U.S. as of the end of Fiscal Year 2021.

Attached as Exhibit A-1 is a complete list of company-owned IHOP brand Restaurants in the U.S. operated by affiliates of IHOP as of the end of Fiscal Year 2021.

Former Franchisees

Attached as Exhibit A-2 is a list of the names and last known addresses and telephone numbers of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the Fiscal Year 2021 or who has not communicated with us or our affiliate within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Purchase of Previously-Owned Franchise Outlet

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchise outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with IHOP. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. Several former franchisees signed agreements that include confidentiality clauses as part of a settlement of litigation (*see* Item 3). Several current franchisees signed agreements that include confidentiality clauses as part of a test for new products and/or equipment, or as a member of an IHOP sponsored committee that considers new products, services, and the procurement of products and services for IHOP or Franchising Restaurants.

Trademark Specific Franchisee Organizations

A Franchise Leadership Council of current IHOP franchisees from each IHOP-defined geographic region was created by and is sponsored by IHOP and/or its affiliates. It has no separate address, telephone number, email address or web address.

The following independent franchisee association has asked to be included in this Disclosure Document:

Name: Blue Roof Franchisee Association
c/o John Jordan, Executive Director
Address: 4919 Lamar Avenue
Mission, KS 66202
Email Address: brfa@dc-kansascity.com
Website: www.brfa.net

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements as of January 2, 2022, January 3, 2021, and December 29, 2019.

Also included are the audited financial statements of our parent company, Dine Brands as of its fiscal years ending January 2, 2022, January 3, 2021, and December 29, 2019. These financials are included because Dine Brands performs certain post-sale obligations for the franchisor; Dine Brands does not guarantee our performance of obligations to our franchisees.

We and Dine Brands have a 52/53 week fiscal year ending on the Sunday nearest to December 31 of each year. For convenience, in this Disclosure Document, we may sometimes refer to fiscal years as ending on December 31 and fiscal quarters as ending on the nearest calendar quarter-end. There were 52 calendar weeks in our and Dine Brands' 2021 fiscal year ended on January 2, 2022, and 53 calendar weeks in our and Dine Brands' 2020 fiscal year ended on January 3, 2021. The 2019 and 2018 fiscal years ended on December 29, 2019 and December 30, 2018, respectively, and each contained 52 calendar weeks.

ITEM 22

CONTRACTS

The following agreements are attached as Exhibits to this Disclosure Document:

Exhibit B: IHOP Non-Traditional Multi-Unit Franchise Agreement
Exhibit B-1: Development Incentive Program Amendment
Exhibit C: Guarantee of Obligations (IHOP Non-Traditional Multi-Unit Franchise Agreement)
Exhibit E: Guarantee of Obligations (Non-Traditional Restaurant Franchise Addendum)
Exhibit I: General Release (Non-Traditional)
Exhibit J: Trademark License Agreement (Non-Traditional)

ITEM 23

RECEIPTS

Two copies of a Receipt for this Disclosure Document are attached as the last two pages of this Disclosure Document. Please sign, date and return one copy to us and retain the other copy for your files.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATES	EFFECTIVE DATE
California	PENDING
Hawaii	PENDING
Illinois	March 23, 2022
Indiana	March 23, 2022
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	March 23, 2022
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

LIST OF IHOP FRANCHISEES

EXHIBIT A

IHOP - LIST OF FRANCHISEES AS OF DECEMBER 31, 2021

<u>Restaurant Legal Entity</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Phone Number</u>
Goldrush Pancakes No. 2, Inc.	11100 Old Seward Highway	ANCHORAGE	AK	99515-3036	(907) 341-4125
Goldrush Pancakes No. 4, Inc.	1106 North Muldoon Road, Suite 155	ANCHORAGE	AK	99504-6108	(907) 332-4467
Goldrush Pancakes, Inc.	501 E Tudor Rd	ANCHORAGE	AK	99503-7320	(907) 279-4467
Goldrush Pancakes No. 3, Inc.	1890 East Parks Highway	WASILLA	AK	99654-7353	(907) 864-4467
Cox Holding Company LLC	16211 Athens-Limestone Blvd.	ATHENS	AL	35613-2213	(256) 232-8708
4463 LLC	1428 Beltline Road SW	DECATUR	AL	35601-5504	256-686-3054
4459, Inc.	3407 Ross Clark Circle	DOTHAN	AL	36303-2579	(334) 794-5712
KMG Enterprises, Inc.	221 State Farm Parkway	HOMEWOOD	AL	35209-7170	(205) 290-0995
DEMAZ Inc	2730 John Hawkins Parkway	HOOVER	AL	35244-4001	(205) 682-2822
4455, Inc.	6151 University Drive NW	HUNTSVILLE	AL	35806-1773	(256) 830-0047
Edwards, Douglas	3001 S. Memorial Parkway	HUNTSVILLE	AL	35801-5304	(256) 288-0070
Madison 3451, Inc.	8622 US Highway 72 West NW	MADISON	AL	35758-9578	(256) 722-8991
Atigh Restaurants, LLC	4375 Rangeline Road	MOBILE	AL	36619-9561	(251) 217-7313
M. K. Atigh, Inc.	3912 Airport Blvd	MOBILE	AL	36608-1622	(251) 342-7501
4445 LLC	115 Eastern Boulevard	MONTGOMERY	AL	36117-2007	334-398-8915
KMG Enterprises, Inc.	1904 US Hwy 78 E	OXFORD	AL	36203-2020	(256) 832-3116
Zuaiter, Rick	2000 Pelham Parkway	PELHAM	AL	35124-1177	(205) 987-1325
Phenix Cakes, LLC	3747 Hwy 431 N	PHENIX CITY	AL	36867-2363	(334) 291-9600
Eggs and More, LLC	2729 Legends Parkway	PRATTVILLE	AL	36067-6559	(334) 285-1955
One Eyed Jack's, Inc.	724 Skyland Boulevard	TUSCALOOSA	AL	35405-3931	(205) 366-1130
3121 HOP, LLC	17821 Interstate 30	BENTON	AR	72015-2932	(501) 778-4700
3260 HOP, LLC	306 W. Commerce Drive	BRYANT	AR	72022-2399	(501) 847-8775
3656 HOP LLC	302 South Rockwood Dr	Cabot	AR	72023-2881	(501) 941-3300
1943 HOP, LLC	1161 Old Morrilton Hwy	CONWAY	AR	72032-9108	(501) 764-4467
3067 HOP, LLC	3153 W. Wedington Drive	FAYETTEVILLE	AR	72704-5763	(479) 442-0770
ARK 1919, Inc.	7809 Rogers Ave	FORT SMITH	AR	72903-5545	(479) 452-0501
Chung, Bong	3837 Central Ave	HOT SPRINGS	AR	71913-6900	(501) 520-4020
Arkhop, LLC	2411 S Caraway Rd	JONESBORO	AR	72401-6208	(870) 268-8134
1944 HOP, LLC	11601 Hermitage Rd	LITTLE ROCK	AR	72211-3716	(501) 954-7737
436 HOP, Ltd.	101 N. University Ave	LITTLE ROCK	AR	72205-3102	(501) 664-2014
1933 HOP, LTD.	4225 Warden Rd	NORTH LITTLE ROCK	AR	72116-7093	(501) 771-9700
Abdel-Salam, Ahmad	4604 W Walnut St	ROGERS	AR	72756-1474	(479) 631-2467
Hop 3193, LLC	401 East Harrell Drive	RUSSELLVILLE	AR	72802-2276	(479) 968-4467
3090 HOP LLC	3513 East Race Ave	SEARCY	AR	72143-6202	(501) 368-0895
Chung Enterprises of Texarkana, Inc.	329 E 51st St	TEXARKANA	AR	71854-1003	(870) 772-9915
Romulus Restaurants, L.L.C	1491 N Dysart Rd	AVONDALE	AZ	85323-1515	(623) 925-1260
Bullhop, LLC	600 Highway 95, Suite 900	BULLHEAD CITY	AZ	86429-5005	(928) 754-2205
Romulus Restaurants, L.L.C	2064 E. Florence Blvd.	CASA GRANDE	AZ	85122-5402	(520) 426-1700
Romulus Restaurants, L.L.C	935 W Elliott Rd	CHANDLER	AZ	85224-2191	(480) 917-0140
Romulus Restaurants, L.L.C	3877 South Arizona Avenue	CHANDLER	AZ	85248-2701	(480) 568-8994
Romulus Restaurants, L.L.C	2654 E. Route 66	Flagstaff	AZ	86004-4305	(928) 527-3154
Romulus Restaurants, L.L.C	3495 East Baseline Road	GILBERT	AZ	85234-2651	(480) 813-5498
Romulus Restaurants, L.L.C	6601 W Peoria Ave	GLENDALE	AZ	85302-1011	(623) 878-9631
Kinghop, LLC	3600 Stockton Hill Road	KINGMAN	AZ	86401-3027	(928) 681-3300

IHOP - LIST OF FRANCHISEES AS OF DECEMBER 31, 2021

Havahop, LLC	101 Paseo del Sol Avenue	LAKE HAVASU CITY	AZ	86403-4636	(928) 854-6501
Romulus Restaurants, L.L.C	20429 N. John Wayne Parkway	Maricopa	AZ	85138-6408	(520) 233-2056
Romulus Restaurants, L.L.C	1150 N Higley Rd	MESA	AZ	85205-5300	(480) 981-3398
Romulus Restaurants, L.L.C	2100 S Power Rd	Mesa	AZ	85208-6632	(480) 325-5966
Romulus Restaurants, L.L.C	10662 E. Southern Avenue	MESA	AZ	85209-3805	(480) 354-7781
Romulus Restaurants, L.L.C	913 N. Dobson Road	MESA	AZ	85201-7590	(480) 610-0792
Romulus Restaurants, L.L.C	1671 N Industrial Park Dr	NOGALES	AZ	85621-4525	(520) 377-0500
Romulus Restaurants, L.L.C	8359 W Bell Rd	PEORIA	AZ	85382-3701	(623) 412-1001
Romulus Restaurants, L.L.C	10603 West Olive	PEORIA	AZ	85345-7323	(623) 977-0595
Romulus Restaurants, L.L.C	9976 W. Happy Valley Rd	Peoria	AZ	85383-4105	(623) 362-8002
Romulus Restaurants, L.L.C	1230 N 51st Ave	PHOENIX	AZ	85043-1732	(602) 352-1766
Romulus Restaurants, L.L.C	5020 E Ray Rd	PHOENIX	AZ	85044-6406	(480) 598-0887
Romulus Restaurants, L.L.C	2501 N 44th St	PHOENIX	AZ	85008-2444	(602) 808-9380
Romulus Restaurants, L.L.C	4501 E Cactus Rd	PHOENIX	AZ	85032-7701	(602) 765-1430
Romulus Restaurants, L.L.C	2529 N 75th Ave	PHOENIX	AZ	85035-1211	(623) 245-2611
Romulus Restaurants, L.L.C	2508 N Central Ave	PHOENIX	AZ	85004-1333	(602) 253-7971
Romulus Restaurants, L.L.C	2000 West Northern Avenue	PHOENIX	AZ	85021-5755	(602) 995-4044
Romulus Restaurants, L.L.C	2090 East Baseline Road	PHOENIX	AZ	85042-6906	(602) 243-0734
Romulus Restaurants, L.L.C	2103 West Happy Valley Road	PHOENIX	AZ	85085-1842	(623) 587-4491
Romulus Restaurants, L.L.C	4201 W. Bell Road	PHOENIX	AZ	85053-2710	(602) 298-9274
Romulus Restaurants, L.L.C	1743 E. Camelback Rd	Phoenix	AZ	85016-4015	(602) 279-8990
Romulus Restaurants, L.L.C	3000 N. Glassford Hill Road	PRESCOTT VALLEY	AZ	86314-1246	(928) 775-4121
Romulus Restaurants, L.L.C	20710 E. Victoria Lane	QUEEN CREEK	AZ	85142-7643	(480) 987-5836
Romulus Restaurants, L.L.C	8950 E Mountain View Rd	SCOTTSDALE	AZ	85258-4401	(480) 661-8998
Romulus Restaurants, L.L.C	13734 W Bell Rd	SURPRISE	AZ	85374-3804	(623) 556-2151
Romulus Restaurants, L.L.C	705 S Rural Avenue, Suite 101	TEMPE	AZ	85281-2045	(480) 303-6585
Romulus Restaurants, L.L.C	5101 E Grant Rd	TUCSON	AZ	85712-2144	(520) 323-3144
Romulus Restaurants, L.L.C	7945 E Broadway Blvd	TUCSON	AZ	85710-3936	(520) 546-9140
Romulus Restaurants, L.L.C	1500 W Grant Rd	TUCSON	AZ	85745-1404	(520) 798-3371
Romulus Restaurants, L.L.C	8445 N Cerius Stravenue	TUCSON	AZ	85742-8141	(520) 744-1316
Romulus Restaurants, L.L.C	4187 N Oracle Rd	TUCSON	AZ	85705-2721	(520) 293-3003
Romulus Restaurants, L.L.C	1963 W. Valencia Road	Tucson	AZ	85746-6633	(520) 807-5795
Romulus Restaurants, L.L.C	575 E 16th St	YUMA	AZ	85365-2027	(928) 782-5094
Zafar Restaurant 735, Inc.	5031 Kanan Rd	AGOURA	CA	91301-2515	(818) 991-4957
Seven Forty Two Company, Inc.	701 S Fremont	ALHAMBRA	CA	91803-1320	(626) 284-0458
Anaheim Pancake, Inc.	2250 E Lincoln Ave	ANAHEIM	CA	92806-4107	(714) 533-4467
Anahop, Inc.	1840 S Harbor Blvd	ANAHEIM	CA	92802-3510	(714) 663-1600
Cal-Hope, Inc.	830 N Euclid St	ANAHEIM	CA	92801-4127	(714) 535-3550
Top Hop, Inc.	1560 S Harbor Blvd	ANAHEIM	CA	92802-2312	(714) 635-0933
Arcadia Pancakes, Inc.	1113 S Baldwin Ave	ARCADIA	CA	91007-7509	(626) 446-2034
Nokim, Inc.	3252 Riverside Dr	BAKERSFIELD	CA	93308-6356	(661) 323-3048
Pancakes 789, Inc.	9220 Rosedale Hwy	BAKERSFIELD	CA	93312-2161	(661) 587-7090
Shiralian Enterprises, Inc.	29541 Stockdale Hwy	BAKERSFIELD	CA	93312-9644	(661) 764-6907
Baldwin Park Pancakes, Inc.	3111 Baldwin Park Blvd	BALDWIN PARK	CA	91706-4748	(626) 962-2306
Nine Fifty One Company, Inc.	730 W Ramsey St	BANNING	CA	92220-4942	(951) 922-2826

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Barstow 3465, Inc.	2841 Lenwood Roac	BARSTOW	CA	92311-9587	(760) 253-2828
Clamel Enterprises, Inc.	7131 Eastern Ave	BELL GARDENS	CA	90201-3905	(323) 771-2680
Belmont H.C.F.C., Inc.	510 El Camino Real	BELMONT	CA	94002-2121	(650) 610-8887
Brea 3480 Inc.	297 S Randolph Avenue	BREA	CA	92821-5733	(714) 990-4467
Buena Park Pancakes, Inc.	7950 Beach Blvd	BUENA PARK	CA	90620-1939	(714) 522-7448
Seven Twenty Eight Company, Inc.	913 N San Fernando Blvd	BURBANK	CA	91504-4326	(818) 842-8622
Camarillo Pancakes, Inc.	1620 Daily Dr	CAMARILLO	CA	93010-6268	(805) 484-1346
Caphop, LLC	1549 41st Avenue	CAPITOLA	CA	95010-2914	(831) 475-0540
Carpenteria Pancakes, Inc.	1114 Casitas Pass Road	CARPINTERIA	CA	93013-2104	(805) 566-4926
Seven Seventy Two Company, Inc.	21716 Avalon Blvd	CARSON	CA	90745-3301	(310) 830-5872
Hotcakes No. 23, Inc.	34031 Date Palm Dr	CATHEDRAL CITY	CA	92234-6860	(760) 328-3010
Chatsworth Pancakes, Inc.	21103 Devonshire St	CHATSWORTH	CA	91311-2317	(818) 700-8398
Chino 930 Inc.	12585 Central Ave	CHINO	CA	91710-3514	(909) 613-1595
Hotcakes No. 26, Inc.	1206 Broadway	CHULA VISTA	CA	91911-2911	(619) 585-8600
Syed, Abutalib S.	2258 Otay Lakes Rd	CHULA VISTA	CA	91915-1000	(619) 656-7780
Indyhop, Inc.	18261 Gale Ave.	CITY OF INDUSTRY	CA	91748-1259	(626) 956-4100
Khan, Inc.	1100 Shaw Ave	CLOVIS	CA	93612-3991	(559) 324-0245
Seven Seventy Three Company, Inc.	249 E Compton Blvd	COMPTON	CA	90220-2412	(310) 638-8988
Pancakes 655, Inc.	4619 Clayton Rd	CONCORS	CA	94521-2932	(925) 687-1124
TomNatCo Inc.	2450 Wardlow Rd	CORONA	CA	92880-2890	(951) 736-5416
Costa Mesa Pancakes, Inc.	3125 Harbor Blvd	COSTA MESA	CA	92626-2506	(714) 545-0800
West Covina 716 Inc.	702 S Citrus Ave	COVINA	CA	91722-3417	(626) 966-1241
Nine Forty Two Company, Inc.	4991 Lincoln Ave	CYPRESS	CA	90630-2655	(714) 816-1677
Hsiung, Christopher	2398 Junipero Serra Blvd	DALY CITY	CA	94015-1647	(650) 992-8887
M Khan Food, Inc.	1745 Cowell Blvd	DAVIS	CA	95616-6306	(530) 750-0170
Zafar Delano Restaurant, Inc.	710 Woollomes Ave	Delano	CA	93215-9591	(661) 778-0835
Dinahop, Inc.	780 W. El Monte Way	DINUBA	CA	93618-3542	(559) 596-0995
Downeyhop, Inc.	11414 Paramount Blvd.	DOWNEY	CA	90241-4528	(562) 923-0767
Duhop, Inc.	988 Hamilton Road	DUARTE	CA	91010-2700	(626) 303-4861
C & H 1718, Inc.	6379 Dublin Blvd	DUBLIN	CA	94568-7569	(925) 828-7934
Hotcakes No. 9, Inc.	1286 Oakdale Ave	EL CAJON	CA	92021-6450	(619) 440-0205
Lahorian Capital Group, Inc.	2362 S 4th St	EL CENTRO	CA	92243-6002	(760) 352-1100
Elcerritohop, LLC	11511 San Pablo Avenue	EL CERRITO	CA	94530-1958	(510) 232-5490
Segundohop, Inc.	755 N. Sepulveda Blvd.	EL SEGUNDO	CA	90245-3425	(310) 227-8300
Pancakes 1707, Inc.	9170 E Stockton Blvd	ELK GROVE	CA	95624-9510	(916) 686-4901
Peak California Restaurant Group, LLC	4101 San Pablo Ave	EMERYVILLE	CA	94608-3680	(510) 601-0310
Ash Hop Inc.	15635 Ventura Blvd	ENCINO	CA	91436-3128	(818) 783-4470
Hotcakes No. 2, Inc.	354 W El Norte Parkway	ESCONDIDO	CA	92026-1925	(760) 480-9791
Hotcakes No. 7, Inc.	1340 E. Valley Parkway	ESCONDIDO	CA	92027-2312	(760) 489-8730
Munni Food, Inc.	1601 N Texas St	FAIRFIELD	CA	94533-3813	(707) 422-5775
Ford, Anthony	718 W Ventura St	FILLMORE	CA	93015-1835	(805) 524-1456
Pancakes 3148, Inc.	2525 Iron Point Road	FOLSOM	CA	95630-8708	(916) 817-6580
Fontana 3457 Inc.	9781 Sierra Ave	FONTANA	CA	92335-1716	(909) 357-1590
Fontana 945 Inc.	16866 Foothill Blvd	FONTANA	CA	92335-8407	(909) 350-7083
F & C 888, Inc.	531 FOSTER CITY BLVD.	FOSTER CITY	CA	94404-1602	(650) 573-8887

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Pancakes 1727, Inc.	7119 N Fresno St	FRESNO	CA	93720-2936	(559) 440-0494
Pancakes 654, Inc.	3020 Tulare St	FRESNO	CA	93721-1415	(559) 486-8642
Pancakes 659, Inc.	3418 W Shaw Ave	FRESNO	CA	93711-3216	(559) 275-045C
MRNT, Inc.	151 W Orangethorpe Ave	FULLERTON	CA	92832-2901	(714) 525-4544
Glendale 708 Inc.	605 N Glendale Ave	GLENDALE	CA	91206-2408	(818) 242-0922
Granada Hills Pancakes, Inc.	16943 Devonshire St	GRANADA HILLS	CA	91344-7407	(818) 366-0774
F & B GLOBAL, INC.	746 Taylorville Rd	GRASS VALLEY	CA	95949-7713	(530) 272-7928
Hanhop, Inc.	180 North 11th Avenue	HANFORD	CA	93230-4669	(559) 583-9863
Knudson #601 LLC	22222 Foothill Blvd	HAYWARD	CA	94541-2711	(510) 886-2244
Hemethop, Inc.	180 North Sanderson Avenue	HEMET	CA	92545-4900	(951) 658-540C
Hespehop, Inc.	13233 Main Street	HESPERIA	CA	92345-4608	(760) 956-9555
Hyderali, Abdul	2575 Highland Ave	HIGHLAND	CA	92346-2003	(909) 864-7677
Hollywood Five, Inc.	7006 Sunset Blvd	HOLLYWOOD	CA	90028-7510	(323) 466-837C
KEDD 954, Inc.	200 S Main Street #116	HUNTINGTON BEACH	CA	92648-8103	(714) 374-4553
Nine Eighteen Company, Inc.	18782 Beach Blvd	HUNTINGTON BEACH	CA	92648-2006	(714) 962-440C
Grandcakes, Inc.	6300 Santa Fe Ave	HUNTINGTON PARK	CA	90255-3806	(323) 584-0234
Hotcakes - Indio, Inc.	42150 Jackson St., Bldg. D	INDIO	CA	92203-9789	(760) 262-7025
Inglewood 2017 Inc.	4410 Century Blvd	Inglewood	CA	90304-1518	(310) 844-7196
Parhop, Inc.	18542 MacArthur Blvd	IRVINE	CA	92612-1216	(949) 474-4467
PJ Warren, Inc.	1301 W Imperial Hwy	LA HABRA	CA	90631-6995	(562) 266-1542
Hotcakes No. 11, Inc.	8747 Broadway	LA MESA	CA	91941-8045	(619) 462-9897
Hotcakes No. 28, Inc.	3637 Avocado Blvd.	LA MESA	CA	91941-7337	(619) 670-1205
PJ Warren, Inc.	15140 La Mirada Blvd	LA MIRADA	CA	90638-4724	(714) 521-5448
Hotcakes No. 21, Inc.	79892 Hwy 111	LA QUINTA	CA	92253-6005	(760) 342-8485
TomNatCo Inc.	1201 Foothill Blvd	LA VERNE	CA	91750-3324	(909) 392-1055
Elhop, Inc.	18248 Collier Avenue	LAKE ELSINORE	CA	92530-2754	(951) 674-4522
Lake Forest 3531 Inc.	23592 Rockfield Blvd.	LAKE FOREST	CA	92630-1751	(949) 588-689C
Lakewood Pancakes, Inc.	5316 Lakewood Blvd	LAKEWOOD	CA	90712-1720	(562) 634-5311
Lancaster 3551 Inc.	1650 W Ave. K	Lancaster	CA	93534-5930	(661) 723-2206
Hsiung, Helen C.	4567 1st St	LIVERMORE	CA	94551-4917	(925) 606-8887
LAXMI US 1234 Food corp.	1230 W Kettleman Lane	LODI	CA	95240-6049	(209) 369-1361
Hotcakes No. 16, Inc.	2050 N Bellflower Blvd	LONG BEACH	CA	90815-3049	(562) 799-4467
Long Beach Pancakes, Inc	700 E 45th St	LONG BEACH	CA	90807-1510	(562) 422-831C
Alisal Ventures LLC	8600 S Sepulveda Blvd	LOS ANGELES	CA	90045-4002	(310) 410-4457
Alisal Ventures LLC	5655 Wilshire Blvd	LOS ANGELES	CA	90036-3710	(323) 297-4467
Ashoori, Farshad Dan	2912 S Sepulveda Blvd	LOS ANGELES	CA	90064-3913	(310) 478-4017
Bunhop, LLC	12115 W. Ohio Avenue	LOS ANGELES	CA	90025-2507	(310) 826-3865
Holloway 733, Inc.	8461 Santa Monica Blvd	LOS ANGELES	CA	90069-4218	(323) 656-5468
Los Angeles Pancakes, Inc.	800 S Flower St	LOS ANGELES	CA	90017-4608	(213) 629-1755
Seven Forty Four Company, Inc.	2227 N Figueroa Street	LOS ANGELES	CA	90065-1023	(323) 224-9163
Seven Ninety Two Company, Inc.	1880 W Slauson Ave	LOS ANGELES	CA	90047-1126	(323) 296-4465
Seven Seventeen, Inc.	3165 W Sixth St	LOS ANGELES	CA	90020-1708	(213) 388-777C
Stocker 003 Inc.	3625 Stocker St	LOS ANGELES	CA	90008-2503	(323) 291-0001
The Munirs Company	2201 W Cleveland Ave	MADERA	CA	93637-8716	(559) 675-5175
Hsiung, Helen C.	1150 E Yosemite Ave	MANTECA	CA	95336-5052	(209) 825-395C

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Marinahop, Inc.	4070 Lincoln Blvd.	MARINA DEL REY	CA	90292-5614	(310) 301-920C
H & M Restaurant Corp.	1190 Arnold Dr	MARTINEZ	CA	94553-4133	(925) 228-3322
Menifee Foods, Inc.	26035 Newport Rd	MENIFEE	CA	92584-9142	(951) 679-1922
C & H 888, Inc.	765 East Calaveras Blvd.	MILPITAS	CA	95035-5440	(408) 942-8887
Khan, Inc.	1669 E Hatch Rd	MODESTO	CA	95351-5009	(209) 556-050C
Six Thirty Six Company, Inc.	2098 W Orangeburg Ave	MODESTO	CA	95350-3742	(209) 342-9065
Monterey Park 767 Inc.	2060 S. Atlantic Blvd	MONTEREY PARK	CA	91754-6304	(323) 887-1111
Moreno 760 Inc.	24318 Hemlock Ave, Unit L	MORENO VALLEY	CA	92557-7223	(951) 242-1522
Moreno Valley 3610 Inc.	16080 Perris Blvd	Moreno Valley	CA	92551-4618	(951) 242-0144
Seven Seventy Nine Company, Inc.	25340 Madison St	MURRIETA	CA	92562-8908	(951) 600-0777
Munir, Mohammad	201 Soscol Ave	NAPA	CA	94559-4007	(707) 637-444C
Hotcakes No. 6, Inc.	1430 E Plaza Blvd	NATIONAL CITY	CA	91950-3665	(619) 474-8096
C & H 687, Inc.	5687 Jarvis Ave	NEWARK	CA	94560-1259	(510) 794-5687
Silverking Enterprises, LLC	2315 Michael Dr	NEWBURY PARK	CA	91320-3233	(805) 499-584C
North Hollywood 3723 Inc.	6343 Laurel Canyon Blvd	North Hollywood	CA	91606	8187324622
Northridge 2015 Inc.	9012 Tampa Avenue	NORTHRIDGE	CA	91324-3523	(818) 280-6605
Norwalk 939 Inc.	12623 Norwalk Blvd	NORWALK	CA	90650-3141	(562) 868-6394
Peak California Restaurant Group, LLC	144 Vintage Way	NOVATO	CA	94945-5003	(415) 892-2232
Hotcakes No. 27, Inc.	4253 Oceanside Blvd.	OCEANSIDE	CA	92056-3471	(760) 630-146C
Hotcakes No. 29, Inc.	1806 Oceanside Blvd	OCEANSIDE	CA	92054-3452	(760) 721-6282
Nine Twenty Five Company, Inc.	2285 S Archibald Ave	ONTARIO	CA	91761-8534	(909) 930-676C
Ontario 947, Inc.	4422 Ontario Mills Parkway	ONTARIO	CA	91764-5107	(909) 980-865C
Seven Forty Six, Inc.	1931 N Oxnard Blvd	OXNARD	CA	93030-2904	(805) 485-0225
Hotcakes No. 25, Inc.	72363 Hwy 111	PALM DESERT	CA	92260-2786	(760) 674-3125
Hotcakes No. 22, Inc.	471 S Indian Canyon Dr	Palm Springs	CA	92262-7828	(760) 322-7177
Palmdale 3670 Inc.	38045 47th St E Suite I	Palmdale	CA	93552-3108	(661) 794-2115
Palmdale 794, Inc.	39176 10th Street W	PALMDALE	CA	93551-3740	(661) 273-7777
Double O Two, Inc.	8555 Vesper Ave	PANORAMA CITY	CA	91402-2914	(818) 891-6186
Paramount 3582 Inc.	16230 Paramount Blvd	Paramount	CA	90723-5400	(310) 933-8513
Seven Forty One Company, Inc.	880 S Arroyo Parkway	PASADENA	CA	91105-3212	(626) 449-5226
BGM Promise, Inc.	1688 N Perris Blvd, Suite J	PERRIS	CA	92571-4702	(951) 943-1844
Peak California Restaurant Group, LLC	5312 Old Redwood Hwy	PETALUMA	CA	94954-1165	(707) 792-911C
U & S Corporation	2290 Loveridge Rd	PITTSBURG	CA	94565-5022	(925) 427-687C
Pesa'h Corporation	131 N Kraemer Blvd	PLACENTIA	CA	92870-5000	(714) 528-7838
Pomona 3468 Inc	50 Rio Rancho Roac	POMONA	CA	91766-5639	(909) 622-450C
Channel Islands Pancakes, Inc.	747 West Channel Islands Boulevard	PORT HUENEME	CA	93041-2130	(805) 984-980C
Rancho 759 Inc	7228 Archibald Ave	RANCHO CUCAMONGA	CA	91701-5017	(909) 941-1814
Hotcakes No. 24, Inc.	34199 Monterey Ave	RANCHO MIRAGE	CA	92270-2700	(760) 770-5686
RPV Pancakes, Inc.	29403 S Western Ave	RANCHO PALOS VERDES	CA	90275-1124	(310) 832-7364
Pancakes 642, Inc	2495 Hilltop Dr	REDDING	CA	96002-0507	(530) 221-513C
Nine Forty Company, Inc.	1630 Industrial Park Ave	REDLANDS	CA	92374-2829	(909) 335-603C
Tai Wah, Inc.	491 Veterans Blvd	REDWOOD CITY	CA	94063-1119	(650) 367-8845
Peak California Restaurant Group, LLC	3401 Klose Way	RICHMOND	CA	94806-5726	(510) 758-580C
Magnolia Avenue, Inc.	10301 Magnolia Ave	RIVERSIDE	CA	92505-1809	(951) 688-9806
Nine Fifty Company, Inc.	361 E Alessandro Blvd	RIVERSIDE	CA	92508-2463	(951) 789-6082

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Seven Fifty-Four, Inc.	1320 University Ave	RIVERSIDE	CA	92507-4445	(951) 369-4028
Pancakes 1716, Inc.	6751 Stanford Ranch Rd	ROCKLIN	CA	95677-2682	(916) 632-0682
Seven Ninety Company, Inc.	3506 Rosemead Blvd	ROSEMEAD	CA	91770-2073	(626) 571-4467
Pancakes 3547, Inc.	100 North Sunrise Ave.	ROSEVILLE	CA	95661-2905	(916) 771-4748
Pancakes 1717, Inc.	3800 Northgate Blvd	SACRAMENTO	CA	95834-1615	(916) 929-3330
Pancakes 1726, Inc.	3525 Bradshaw Rd	SACRAMENTO	CA	95827-3304	(916) 369-8575
Pancakes 1760, Inc.	1421 Meadowview Rd	SACRAMENTO	CA	95832-1009	(916) 427-4467
Pancakes 3306, Inc.	2035 Arden Way	SACRAMENTO	CA	95825-2201	(916) 929-4908
Pancakes 3378, Inc.	3001 N Street	SACRAMENTO	CA	95816-6514	(916) 455-1548
Pancakes 694, Inc.	4821 Madison Ave	SACRAMENTO	CA	95841-2518	(916) 338-0373
T & S Business Corporation	4770 Florin Rd	SACRAMENTO	CA	95823-2505	(916) 392-1125
The Munirs Company II	2941 Advantage Lane	SACRAMENTO	CA	95834-9666	(916) 575-9025
Pancakes 660, Inc.	1075 N Davis Rd	SALINAS	CA	93907-1946	(831) 758-6882
San Bernardino 937, Inc.	4023 N University Parkway #6	SAN BERNARDINO	CA	92407-1823	(909) 473-1195
San Bernardino Pancakes, Inc.	219 E Hospitality Lane	San Bernardino	CA	92408-3411	(909) 888-7880
Tai Wah, Inc.	590 El Camino Real	SAN BRUNO	CA	94066-4347	(650) 588-8344
Hotcakes No. 17, Inc.	915 Avenida Pico	SAN CLEMENTE	CA	92673-3908	(949) 361-9455
Eight Twenty-Three, Inc.	2390 Roll Dr	SAN DIEGO	CA	92154-7237	(619) 671-0282
Hotcakes No. 1, Inc.	6135 Balboa Ave	SAN DIEGO	CA	92111-3105	(858) 277-4791
Hotcakes No. 10, Inc.	3335 Midway Dr	SAN DIEGO	CA	92110-4910	(619) 223-1425
Hotcakes No. 13, Inc.	8440 Mira Mesa Blvd	SAN DIEGO	CA	92126-2311	(858) 271-7995
Hotcakes No. 14, Inc.	2169 Fenton Pkwy, Suite 108	SAN DIEGO	CA	92108-4735	(619) 640-3711
Hotcakes No. 15, Inc.	856 Grand Ave	SAN DIEGO	CA	92109-3906	(858) 274-9764
Hotcakes No. 18, Inc.	4291 Camino de la Plaza	SAN DIEGO	CA	92173-3026	(619) 690-9411
Hotcakes No. 5, Inc.	5851 University Ave	SAN DIEGO	CA	92115-6251	(619) 265-8602
Hotcakes Rancho Bernardo, Inc.	16759 Bernardo Center Dr.	SAN DIEGO	CA	92128-2509	(858) 375-5788
Hotcakes Saturn Boulevard, Inc.	615 Saturn Blvd.	SAN DIEGO	CA	92154-4732	(619) 359-8383
Ashoori, Farshad Dan	903 W Arrow Hwy	SAN DIMAS	CA	91773-2400	(909) 592-6980
Silverking Enterprises, LLC	1225 Truman St	SAN FERNANDO	CA	91340-3219	(818) 837-1814
One Jefferson Pancakes, Inc.	200 Beach St	SAN FRANCISCO	CA	94133-1216	415-655-3381
C & H 608, Inc.	644 N First Street	SAN JOSE	CA	95112-5109	(408) 294-4130
Pancakes 3552, Inc.	981 Blossom Hill Rd.	SAN JOSE	CA	95123-1102	(510) 430-3543
San Jose Pancakes, Inc.	1012 Miller Ave	San Jose	CA	95129-2939	(408) 863-0285
The Munirs Company II	101 Curtner Ave. #60	San Jose	CA	95125-1060	(669) 230-3104
Seven Seventy Six Company, Inc.	212 Madonna Rd	SAN LUIS OBISPO	CA	93405-5409	(805) 547-9140
Hotcakes No. 12, Inc.	1020 W San Marcos Blvd #160	SAN MARCOS	CA	92069-4031	(760) 471-2108
Six Fourteen, Inc., a California Corporation	1825 Fourth St	SAN RAFAEL	CA	94901-2786	(415) 524-8355
Pesa'h Corporation	1001 E 17th St	SANTA ANA	CA	92701-2546	(714) 953-7515
Ruiz, Rigoberto	1740 E Edinger Ave	SANTA ANA	CA	92705-5031	(714) 258-7127
Santa Ana 3628 Inc.	2407 S. Bristol St	Santa Ana	CA	92707-5150	(714) 617-5337
Santa Barbara Pancakes, Inc.	1701 State St	SANTA BARBARA	CA	93101-2521	(805) 898-1886
Seven Fifty One, Inc.	4765 Calle Real	SANTA BARBARA	CA	93110-1308	(805) 967-3030
Seven Eighty Three Company, Inc.	18677 Soledad Canyon Rd	SANTA CLARITA	CA	91351-3701	(661) 250-1860
Santa Maria Pancakes, Inc.	202 Nicholson Ave	SANTA MARIA	CA	93454-4706	(805) 925-1513

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Peak California Restaurant Group, LLC	1401 Fulton Rd	SANTA ROSA	CA	95403-1809	(707) 542-4467
Peak California Restaurant Group, LLC	2745 Fourth St	SANTA ROSA	CA	95405-4726	(707) 579-4000
Hotcakes No. 8, Inc.	9708 Mission Gorge Rd	SANTEE	CA	92071-3808	(619) 562-4246
Seven Fifty Three Company, Inc.	26135 Bouquet Canyon Rd	SAUGUS	CA	91350-2644	(661) 253-2696
N. H. Enterprises, Inc.	4014 Tweedy Blvd	SOUTH GATE	CA	90280-6136	(323) 564-8697
Six Twenty Seven Company, Inc.	3730 Lake Tahoe Blvd	SOUTH LAKE TAHOE	CA	96150-8904	(530) 544-4880
Peak California Restaurant Group, LLC	316 S Airport Blvd	SOUTH SAN FRANCISCO	CA	94080-6704	(650) 583-8020
Valencia Pancakes, Inc.	24737 Pico Canyon Rd	STEVENSON RANCH	CA	91381-1702	(661) 254-1537
Pancakes 3546, Inc.	2716 W. March Lane	STOCKTON	CA	95219-6571	(209) 475-9793
Six Fifty Three Company, Inc.	1674 E Hammer Lane	STOCKTON	CA	95210-4119	(209) 951-3137
Tarzana 748, Inc.	19100-K Ventura Blvd	TARZANA	CA	91356-3238	(818) 609-1548
Ceti Capital Group, Inc.	32135 US Hwy 79	TEMECULA	CA	92592-6809	(951) 302-7126
Torrahop, Inc.	24631 Crenshaw Blvd., Unit D	TORRANCE	CA	90505-5358	(310) 326-7535
Seventeen O Eight Company, Inc.	3120 Naglee Rd	TRACY	CA	95304-7319	(209) 839-8701
795, Enterprises Inc.	6520 Foothill Blvd	TUJUNGA	CA	91042-2705	(818) 352-0460
Tuhop, Inc.	1004 E. Prosperity Avenue	TULARE	CA	93274-2354	(559) 684-7440
C&H 1703, Inc.	1625 Countryside Dr	TURLOCK	CA	95380-9528	(209) 668-6793
Union City Pancakes, Inc.	32010 Dyer St	UNION CITY	CA	94587-1700	(510) 675-0934
Upland 747 Inc.	80 N Euclid Ave	UPLAND	CA	91786-6000	(909) 981-6944
Pancakes 688, Inc.	114 Plaza Dr	VALLEJO	CA	94591-3702	(707) 642-1566
Seven Sixty Six, Inc.	1771 S Victoria Ave	VENTURA	CA	93003-6503	(805) 650-8002
Sheerji, Inc.	14794 La Paz Dr	VICTORVILLE	CA	92392-4006	(760) 245-1062
Hattar, Michael	1627 S Mooney Blvd	VISALIA	CA	93277-4443	(559) 741-0908
Hotcakes No. 3, Inc.	632 Sycamore Ave	VISTA	CA	92083-7910	(760) 727-9642
Walhop, LLC	2910 North Main Street	WALNUT CREEK	CA	94597-2003	(925) 938-3111
West Hills 778 Inc.	22810 Vanowen St	WEST HILLS	CA	91307-2532	(818) 710-9452
WestSacHop, LLC	779 Ikea Court, Suite 100	WEST SACRAMENTO	CA	95605-1635	(916) 617-2600
Flapjacks, Inc.	11139 Washington Blvd	WHITTIER	CA	90606-3007	(562) 692-4490
Whithop, Inc.	15344 Whittier Blvd.	WHITTIER	CA	90603-1336	(562) 947-0100
Pancakes 1749, Inc.	1310 Franklin Rd	YUBA CITY	CA	95993-4604	(530) 755-0148
YUCCA 3543 Inc.	57044 29 Palms Hwy.	YUCCA VALLEY	CA	92284-2932	(760) 228-2900
Mile & Half Foods LLC	2025 Main St.	ALAMOSA	CO	81101-2322	(719) 589-3750
La Familia, Inc.	5280 Wadsworth Bypass, Bldg P	ARVADA	CO	80002-3730	(303) 425-1134
1821, Inc.	13700 E Mississippi Ave	AURORA	CO	80012-3690	(303) 743-7474
3584 Inc	13650 E. Colfax Ave.	Aurora	CO	80011-6970	(303) 341-7125
Parker 1833 LLC	5820 S Parker Rd	AURORA	CO	80015-1113	(303) 400-4467
Parker 1833 LLC	1675 28th St	BOULDER	CO	80301-1001	(303) 444-2115
Gold Mine Investors, LLC	962 S. 4th Street	BRIGHTON	CO	80601-6750	(303) 654-1600
3514, LLC	108 Latigo Lane	Cañon City	CO	81212-8101	(719) 275-2111
1825, Inc.	575 Genoa Way	CASTLE ROCK	CO	80104-7902	(303) 814-2246
1827 LLC	2290 Southgate Rd	COLORADO SPRINGS	CO	80906-2607	(719) 635-0777
3196 LLC	5749 Stetson Hill Blvd.	COLORADO SPRINGS	CO	80917-4222	(719) 597-0123
3500, LLC	6005 Constitution Ave.	COLORADO SPRINGS	CO	80915-1225	(719) 574-7777
3574 LLC	3090 N. Chestnut St	COLORADO SPRINGS	CO	80907-5010	(719) 632-2404
3668 LLC	3167 W. Colorado Avenue	Colorado Springs	CO	80904-2040	(719) 635-9770

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Parker 1833 LLC	512 N Chelton Rd	COLORADO SPRINGS	CO	80909-5218	(719) 632-5098
Parker 1833 LLC	8065 N Academy Blvd	COLORADO SPRINGS	CO	80920-2036	(719) 264-0469
2076, Inc.	1595 S. Colorado Blvd.	DENVER	CO	80222-3704	(303) 758-1492
Altura Enterprises, LLC	3730 Quebec St	DENVER	CO	80207-1600	(303) 399-4646
Altura Enterprises, LLC	800 Englewood Parkway	ENGLEWOOD	CO	80110-7315	(303) 761-4467
Parker 1833 LLC	1502 Oakridge Dr	FORT COLLINS	CO	80525-7305	(970) 226-3154
2111 LLC	6450 South Highway 85-87	FOUNTAIN	CO	80817-1008	(719) 392-1900
Peak Restaurant Group, LLC	2420 Hwy 6 and 50	GRAND JUNCTION	CO	81505-1102	(970) 248-9559
Copper Mine, LLC	2701 W 29th St	GREELEY	CO	80631-8500	(970) 339-3334
1818, Inc.	7017 S Clinton St	GREENWOOD VILLAGE	CO	80112-3629	(303) 790-1818
1831, Inc.	9565 S University Blvd	HIGHLANDS RANCH	CO	80126-7803	(720) 344-7383
3519, Inc	389 S. Wadsworth Blvd	LAKEWOOD	CO	80226-3108	(720) 974-0757
Westland Ventures, LLC	2495 William Ave.	LIMON	CO	80828-9334	(719) 775-9032
Parker 1833 LLC	7733 W Long Dr	LITTLETON	CO	80123-1245	(303) 904-9609
Altura Enterprises, LLC	2040 Ken Pratt Boulevard	LONGMONT	CO	80501-6587	(303) 776-6262
1422, Inc.	5450 Stone Creek Circle	LOVELAND	CO	80538-8838	(970) 203-9300
3581 Inc	221 W. 104th Ave.	NORTHGLENN	CO	80234-4103	(303) 252-0942
Parker 1833 LLC	11133 S Parker Rd	PARKER	CO	80134-4772	(720) 851-8121
1822 LLC	4701 N Freeway Rd	PUEBLA	CO	81008-2058	(719) 546-0070
Parker 1833 LLC	2015 S Pueblo Blvd	PUEBLA	CO	81005-2577	(719) 564-4600
SUPERIOR 2071 INC.	401 Center Drive	SUPERIOR	CO	80027-8616	(303) 499-2177
Westminster 1830, Inc.	4730 W 120th Ave	WESTMINSTER	CO	80020-3328	(303) 410-8900
Hartford Management Solutions, LLC	339 Cottage Grove Road	BLOOMFIELD	CT	06002-3148	(860) 243-1160
Douglas Neal Restaurants II, LLC	2400 Dixwell Avenue	HAMDEN	CT	06514-1810	(203) 281-0022
Manchester Pancakes, Inc.	191 Deming Street	MANCHESTER	CT	06042-1731	(860) 644-1713
Cheema, Maqsood A.	3280 Berlin Turnpike	NEWINGTON	CT	06111-4628	(860) 666-6222
D & G Restaurants, L.L.C.	486 Boston Post Road	ORANGE	CT	06477-3510	(203) 799-8000
Southington Pancakes, Inc.	885 Queen Street	SOUTHINGTON	CT	06489-1507	(860) 276-0487
Stamford Pancakes, Inc.	2410 Summer Street	STAMFORD	CT	06905-4505	(203) 324-9819
Douglas Neal Restaurants, LLC	1040 North Colony Road	WALLINGFORD	CT	06492-1764	(203) 269-9901
Waterbury Pancake House, Inc.	495 Union Street, Suite 2168	WATERBURY	CT	06706-1200	(203) 573-8822
DC Pancakes, LLC	3100 14th Street NW	WASHINGTON	DC	20010-2415	(202) 939-0500
Father & Sons, LLC	1523 Alabama Avenue SE	WASHINGTON	DC	20032-5054	(202) 563-5890
Chenega IH, LLC	240 Fox Hunt Drive	BEAR	DE	19701-2536	(302) 834-4467
Chenega IH, LLC	21 S Little Creek Rd	DOVER	DE	19901-4798	(302) 736-5578
New Castle Operating Group, Inc.	148 N Dupont Hwy	NEW CASTLE	DE	19720-3102	(302) 325-2188
Chenega IH, LLC	2644 Kirkwood Hwy	NEWARK	DE	19711-7252	(302) 575-9429
Chenega IH, LLC	36670 Bayside Outlet Drive	REHOBOTH BEACH	DE	19971-4200	(302) 226-8082
Chenega IH, LLC	22812 Sussex Hwy.	SEAFORD	DE	19973-5865	(302) 628-1224
Wilmington DE Pancake House Inc.	2001 Concord Pike, Suite 102	WILMINGTON	DE	19803-2904	(302) 427-3860
Sunshine Restaurant Merger Sub, LLC	588 South Alafaya Trail #60	Alafaya	FL	32828-8139	(407) 454-9931
Sunshine Restaurant Merger Sub, LLC	1120 W. Orange Blossom Trail	Apopka	FL	32712-3326	(407) 565-2388
Sunshine Restaurant Merger Sub, LLC	10050 Calle Comercio	BOCA RATON	FL	33428-1305	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	27240 Bay Landing Drive	BONITA SPRINGS	FL	34135-4363	(239) 949-4340
Sunshine Restaurant Merger Sub, LLC	1797 North Congress Ave.	BOYNTON BEACH	FL	33426-8205	(561) 736-7220

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Sunshine Restaurant Merger Sub, LLC	5427 14th Street	BRADENTON	FL	34207-3307	(941) 758-1453
Sunshine Restaurant Merger Sub, LLC	6320 State Road 64 East	BRADENTON	FL	34208-6214	(941) 746-5193
Sunshine Restaurant Merger Sub, LLC	1270 East Brandon Blvd	BRANDON	FL	33511-5529	(813) 571-2339
Sunshine Restaurant Merger Sub, LLC	20133 Cortez Blvd	Brooksville	FL	34601	(352) 421-3188
Sunshine Restaurant Merger Sub, LLC	700 East Highway 436	CASSELBERRY	FL	32707-5306	(407) 331-9022
Sunshine Restaurant Merger Sub, LLC	30200 US Highway 19 North	CLEARWATER	FL	33761-1046	(727) 789-4467
Sunshine Restaurant Merger Sub, LLC	2589 South Highway 27	CLERMONT	FL	34711-6788	(352) 243-4467
Sunshine Restaurant Merger Sub, LLC	4160 W State Road 520	COCOA	FL	32926-4161	(321) 631-3414
Sunshine Restaurant Merger Sub, LLC	3830 North Atlantic Avenue	COCOA BEACH	FL	32931-3461	(321) 783-0620
Sunshine Restaurant Merger Sub, LLC	13100 US Highway 301	DADE CITY	FL	33525-5439	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	201 South Federal Highway	DANIA BEACH	FL	33004-3616	(954) 929-1529
Sunshine Restaurant Merger Sub, LLC	100 Ambersweet Way	DAVENPORT	FL	33897-8430	(863) 353-1416
Sunshine Restaurant Merger Sub, LLC	2204 South Atlantic Avenue	DAYTONA BEACH	FL	32118-5333	(386) 255-9629
Sunshine Restaurant Merger Sub, LLC	427 North Atlantic Avenue	DAYTONA BEACH	FL	32118-3935	(386) 253-8319
Sunshine Restaurant Merger Sub, LLC	155 Bill France Boulevard	DAYTONA BEACH	FL	32114-6074	(386) 238-8883
Sunshine Restaurant Merger Sub, LLC	320 Dirksen Road	DEBARY	FL	32713-3903	(386) 668-9901
Sunshine Restaurant Merger Sub, LLC	516 South Federal Highway	DEERFIELD BEACH	FL	33441-5915	(954) 725-6602
Sunshine Restaurant Merger Sub, LLC	1215 North Woodland Blvd	DELAND	FL	32720-2211	(386) 736-2868
Sunshine Restaurant Merger Sub, LLC	4745 West Atlantic Ave	DELRAY BEACH	FL	33445-3828	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	1560 S. Federal Highway	DELRAY BEACH	FL	33483-5032	(561) 266-9235
Sunshine Restaurant Merger Sub, LLC	10859 Emerald Coast Parkway	DESTIN	FL	32541-4122	(850) 650-1777
Sunshine Restaurant Merger Sub, LLC	16025 US 441	EUSTIS	FL	32726-2002	(352) 589-6070
Sunshine Restaurant Merger Sub, LLC	1825 East/West Parkway	FLEMING ISLAND	FL	32003-6348	(904) 215-9564
Sunshine Restaurant Merger Sub, LLC	12801 S Cleveland Avenue	FORT MYERS	FL	33907-3816	(239) 274-0922
Sunshine Restaurant Merger Sub, LLC	3101 West Oakland Park Blvd	FT. LAUDERDALE	FL	33311-1229	(954) 731-8249
Sunshine Restaurant Merger Sub, LLC	1241 South Federal Highway	FT. LAUDERDALE	FL	33316-2068	(954) 779-7599
Sunshine Restaurant Merger Sub, LLC	1101 N Federal Highway	FT. LAUDERDALE	FL	33304-1465	(954) 567-9687
Sunshine Restaurant Merger Sub, LLC	3625 SW 13th Street	GAINESVILLE	FL	32608-3541	(352) 336-1839
Sunshine Restaurant Merger Sub, LLC	6708 Forrest Hill Blvd	GREEN ACRES	FL	33415-3038	(561) 434-2707
Sunshine Restaurant Merger Sub, LLC	1020 West Hallandale Blvd	HALLANDALE	FL	33009-5219	954-457-0210
Sunshine Restaurant Merger Sub, LLC	1645 W. 49th Street	HIALEAH	FL	33012-2958	(305) 827-4481
Sunshine Restaurant Merger Sub, LLC	3315 West 80th Street	HIALEAH	FL	33018-7558	(305) 556-3734
Sunshine Restaurant Merger Sub, LLC	2754 Hollywood Blvd	HOLLYWOOD	FL	33020-4241	(954) 923-3011
Sunshine Restaurant Merger Sub, LLC	399 Homestead Blvd	HOMESTEAD	FL	33030-7320	(305) 248-1990
Sunshine Restaurant Merger Sub, LLC	7940 103rd Street	JACKSONVILLE	FL	32210-6663	(904) 771-7776
Sunshine Restaurant Merger Sub, LLC	8400 Baymeadows Road	JACKSONVILLE	FL	32256-7422	(904) 730-3571
Sunshine Restaurant Merger Sub, LLC	9010 Atlantic Blvd	JACKSONVILLE	FL	32211-8750	(904) 721-6333
Sunshine Restaurant Merger Sub, LLC	3250 Hodges Blvd.	Jacksonville	FL	32224-1231	(904) 240-0180
Sunshine Restaurant Merger Sub, LLC	6773 West Indiantown Rd	JUPITER	FL	33458-8908	(561) 747-0128
Sunshine Restaurant Merger Sub, LLC	14505 SW 42nd Street	KENDALL	FL	33175-6840	(305) 480-6767
Sunshine Restaurant Merger Sub, LLC	3416 N Roosevelt Blvd	KEY WEST	FL	33040-4126	(305) 292-6319
Sunshine Restaurant Merger Sub, LLC	1715 West Vine Street	KISSIMMEE	FL	34741-3115	(407) 846-2311
Sunshine Restaurant Merger Sub, LLC	5184 W Irlo Bronson Memorial Hwy	KISSIMMEE	FL	34746-5370	(407) 396-1500
Sunshine Restaurant Merger Sub, LLC	6065 Irlo Bronson Memorial Hwy	KISSIMMEE	FL	34747-4512	(407) 396-0406
Sunshine Restaurant Merger Sub, LLC	7529 W Irlo Bronson Mem Hwy	KISSIMMEE	FL	34746-1700	(407) 396-2033

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Sunshine Restaurant Merger Sub, LLC	3322 W. US Highway 90	Lake City	FL	32025	(386) 269-3196
Sunshine Restaurant Merger Sub, LLC	2850 Ridge Way	Lake Wales	FL	33859-6807	(863) 676-6748
Sunshine Restaurant Merger Sub, LLC	4562 Lake Worth Road	LAKE WORTH	FL	33463-4320	(561) 641-7823
Sunshine Restaurant Merger Sub, LLC	3447 South Florida Avenue	LAKELAND	FL	33803-4757	(863) 646-7087
Sunshine Restaurant Merger Sub, LLC	3427 U S Highway 98 North	LAKELAND	FL	33809-3804	(863) 858-5299
Sunshine Restaurant Merger Sub, LLC	7800 Ulmerton Road	LARGO	FL	33771-4057	(727) 524-8680
Sunshine Restaurant Merger Sub, LLC	6495 Overseas Highway	MARATHON	FL	33050-2759	(305) 743-5952
Sunshine Restaurant Merger Sub, LLC	7944 West Sample Road	MARGATE	FL	33065-4712	(954) 340-6500
Sunshine Restaurant Merger Sub, LLC	8201 North Wickham Road	Melbourne	FL	32940-2145	(321) 426-9655
Sunshine Restaurant Merger Sub, LLC	285 N W 42nd Avenue	MIAMI	FL	33126-5434	(305) 643-1210
Sunshine Restaurant Merger Sub, LLC	7378 S.W. 40th Street (Bird Rd)	MIAMI	FL	33155-6626	(305) 263-6882
Sunshine Restaurant Merger Sub, LLC	9696 W Sunset Drive	MIAMI	FL	33173-3222	(305) 598-1714
Sunshine Restaurant Merger Sub, LLC	12755 SW 88th St	MIAMI	FL	33186-4326	(305) 383-7775
Sunshine Restaurant Merger Sub, LLC	7450 NW 186th Street	MIAMI	FL	33015-3006	(305) 825-9966
Sunshine Restaurant Merger Sub, LLC	18860 S Dixie Hwy	MIAMI	FL	33157-7736	(305) 233-3267
Sunshine Restaurant Merger Sub, LLC	11927 South Dixie Hwy	MIAMI	FL	33156-4440	(305) 253-2484
Sunshine Restaurant Merger Sub, LLC	869 SW 107 Avenue	Miami	FL	33174-1619	(305) 925-0576
Sunshine Restaurant Merger Sub, LLC	6928 Collins Avenue	MIAMI BEACH	FL	33141-3206	(305) 866-8961
Sunshine Restaurant Merger Sub, LLC	5175 NW 36th Street	MIAMI SPRINGS	FL	33166-5950	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	7990 Miramar Parkway	MIRAMAR	FL	33023-5857	(954) 981-7489
Sunshine Restaurant Merger Sub, LLC	11302 Miramar Parkway	MIRAMAR	FL	33025-5801	(954) 431-3866
Sunshine Restaurant Merger Sub, LLC	1921 Davis Blvd.	NAPLES	FL	34104-4275	(239) 793-0704
Sunshine Restaurant Merger Sub, LLC	6631 Dudley Drive	NAPLES	FL	34105-3831	(239) 643-7500
Sunshine Restaurant Merger Sub, LLC	4736 US Hwy 19	NEW PORT RICHEY	FL	34652-4921	(727) 847-7880
Sunshine Restaurant Merger Sub, LLC	13061 N Cleveland Avenue	NORTH FORT MYERS	FL	33903-4862	(239) 652-5800
Sunshine Restaurant Merger Sub, LLC	12875 Biscayne Blvd.	NORTH MIAMI	FL	33181-2359	(305) 981-8819
Sunshine Restaurant Merger Sub, LLC	1101 N E 163rd Street	NORTH MIAMI BEACH	FL	33162-4502	(305) 940-1691
Sunshine Restaurant Merger Sub, LLC	312 U S Highway 1	NORTH PALM BEACH	FL	33408-5507	(561) 842-8372
Sunshine Restaurant Merger Sub, LLC	1124 Southwest Pine Avenue	OCALA	FL	34471-0631	(352) 629-2727
Sunshine Restaurant Merger Sub, LLC	11100 SW 93rd Court	OCALA	FL	34481-5187	(352) 291-9486
Sunshine Restaurant Merger Sub, LLC	315 Blanding Blvd	ORANGE PARK	FL	32073-4208	(904) 272-0690
Sunshine Restaurant Merger Sub, LLC	647 East Colonial Drive	ORLANDO	FL	32803-4674	(407) 896-8313
Sunshine Restaurant Merger Sub, LLC	6005 International Drive	ORLANDO	FL	32819-8322	(407) 351-0031
Sunshine Restaurant Merger Sub, LLC	795 South Semoran Blvd	ORLANDO	FL	32807-3121	(407) 927-0389
Sunshine Restaurant Merger Sub, LLC	7661 International Drive	ORLANDO	FL	32819-8263	(407) 351-4090
Sunshine Restaurant Merger Sub, LLC	12400 S Apopka-Vineland Road	ORLANDO	FL	32836-6721	(407) 239-0909
Sunshine Restaurant Merger Sub, LLC	9990 International Drive	ORLANDO	FL	32819-8017	(407) 352-9447
Sunshine Restaurant Merger Sub, LLC	5203 Kirkman Road	ORLANDO	FL	32819-7563	(407) 370-0597
Sunshine Restaurant Merger Sub, LLC	7693 S Orange Blossom Trail	ORLANDO	FL	32809-6912	(407) 854-8839
Sunshine Restaurant Merger Sub, LLC	11571 University Blvd.	ORLANDO	FL	32817-2112	(407) 306-0800
Sunshine Restaurant Merger Sub, LLC	5463 Gateway Village Circle #105	ORLANDO	FL	32812-4008	(407) 438-3394
Sunshine Restaurant Merger Sub, LLC	7344 W Colonial Drive	ORLANDO	FL	32818-6503	(407) 734-5714
Sunshine Restaurant Merger Sub, LLC	11793 International Drive	ORLANDO	FL	32821-7393	(407) 674-8285
Sunshine Restaurant Merger Sub, LLC	190 South Atlantic Avenue	ORMOND BEACH	FL	32176-6638	(386) 672-7153
Sunshine Restaurant Merger Sub, LLC	17 Alafaya Woods Blvd.	OVIEDO	FL	32765-9386	(407) 359-0888

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Sunshine Restaurant Merger Sub, LLC	5129 Highway 90	Pace	FL	32571-1013	(850) 463-3176
Sunshine Restaurant Merger Sub, LLC	212 Palm Coast Parkway NE	Palm Coast	FL	32137-4738	(386) 264-6834
Sunshine Restaurant Merger Sub, LLC	1101 E. 23rd Street	PANAMA CITY	FL	32405-5324	(850) 872-7033
	15620 Panama City Beach Parkway, Unit				
Sunshine Restaurant Merger Sub, LLC	100	PANAMA CITY BEACH	FL	32413-5412	(850) 236-8200
Sunshine Restaurant Merger Sub, LLC	2305 North University Drive	PEMBROKE PINES	FL	33024-4001	(954) 744-3016
Sunshine Restaurant Merger Sub, LLC	18279 Pines Blvd. #A3	PEMBROKE PINES	FL	33029-3678	(954) 441-4998
Sunshine Restaurant Merger Sub, LLC	2112 N Flamingo Rd	PEMBROKE PINES	FL	33028-3501	(954) 251-1831
Sunshine Restaurant Merger Sub, LLC	4671 Park Blvd	PINELLAS PARK	FL	33781-3531	(727) 546-4582
Sunshine Restaurant Merger Sub, LLC	805 South Collins Street	PLANT CITY	FL	33563-5517	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	1393 South University Drive	PLANTATION	FL	33324-4000	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	1395 Pompano Parkway	POMPANO BEACH	FL	33069-4323	(954) 917-3463
Sunshine Restaurant Merger Sub, LLC	851 W Sample Road	POMPANO BEACH	FL	33064-1900	(954) 941-0311
Sunshine Restaurant Merger Sub, LLC	1789 Tamiami Trail	PORT CHARLOTTE	FL	33948-2534	(941) 255-9228
Sunshine Restaurant Merger Sub, LLC	990 SW Saint Lucie West Blvd.	PORT SAINT LUCIE	FL	34986-1766	(772) 621-9000
Sunshine Restaurant Merger Sub, LLC	1501 South Tamiami Trail	PUNTA GORDA	FL	33950-5909	(941) 637-1404
Sunshine Restaurant Merger Sub, LLC	11350 Bloomingdale Avenue	Riverview	FL	33578-3708	(813) 436-0185
Sunshine Restaurant Merger Sub, LLC	12978 South US Highway 301	Riverview	FL	33578	(813) 440-6358
Sunshine Restaurant Merger Sub, LLC	516 N. State Road 7	Royal Palm Beach	FL	33411-3508	(561) 660-6321
Sunshine Restaurant Merger Sub, LLC	3150 S Orlando Drive	SANFORD	FL	32771-5615	(407) 688-0895
Sunshine Restaurant Merger Sub, LLC	111 South Oregon Ave.	SANFORD	FL	32771-6667	(407) 688-8300
Sunshine Restaurant Merger Sub, LLC	4000 S. Tamiami Trail	SARASOTA	FL	34231-4513	(941) 925-8500
Sunshine Restaurant Merger Sub, LLC	600 US Hwy 27N	SEBRING	FL	33870-2001	(863) 382-8870
Sunshine Restaurant Merger Sub, LLC	3660 Commercial Way	SPRINGHILL	FL	34606-2317	(352) 683-5525
Sunshine Restaurant Merger Sub, LLC	2560 State Road 16	ST. AUGUSTINE	FL	32092-0515	(904) 829-2215
Sunshine Restaurant Merger Sub, LLC	4101 13th Street	ST. CLOUD	FL	34769-6756	(407) 891-8141
Sunshine Restaurant Merger Sub, LLC	5001 Gulf Boulevard	ST. PETE BEACH	FL	33706-2423	(727) 360-8595
Sunshine Restaurant Merger Sub, LLC	4199 34th Street South	ST. PETERSBURG	FL	33705-5015	(727) 865-7916
Sunshine Restaurant Merger Sub, LLC	1350 South Walnut Street	STARKE	FL	32091-4521	(904) 368-9945
Sunshine Restaurant Merger Sub, LLC	1425 South Federal Highway	STUART	FL	34994-3428	(772) 220-3452
Sunshine Restaurant Merger Sub, LLC	2454 North University Drive	SUNRISE	FL	33322-3044	(954) 749-4545
Sunshine Restaurant Merger Sub, LLC	2225 North Monroe Street	TALLAHASSEE	FL	32303-4814	(850) 385-0010
Sunshine Restaurant Merger Sub, LLC	2840 Apalachee Parkway	TALLAHASSEE	FL	32301-3608	(850) 656-1621
Sunshine Restaurant Merger Sub, LLC	6101 N University Dr	TAMARAC	FL	33321-4024	(954) 721-7666
Sunshine Restaurant Merger Sub, LLC	802 S Dale Mabry Highway	TAMPA	FL	33609-4411	(813) 873-0275
Sunshine Restaurant Merger Sub, LLC	3501 E Busch Blvd	TAMPA	FL	33612-2309	(813) 443-2178
Sunshine Restaurant Merger Sub, LLC	11111 N Dale Mabry	TAMPA	FL	33618-3803	(813) 962-1102
Sunshine Restaurant Merger Sub, LLC	4910 Spruce Street	TAMPA	FL	33607-1418	(813) 288-8828
Sunshine Restaurant Merger Sub, LLC	408 East Bearss Ave.	TAMPA	FL	33613-1614	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	40489 US Highway 19	Tarpon Springs	FL	34689	(727) 947-4012
Sunshine Restaurant Merger Sub, LLC	11710 Morris Bridge Road	TEMPLE TERRACE	FL	33617-1808	(800) 501-6155
Sunshine Restaurant Merger Sub, LLC	3480 Wedgewood Lane	THE VILLAGES	FL	32162-7185	(352) 674-9064
Sunshine Restaurant Merger Sub, LLC	3755 Cheney Highway	TITUSVILLE	FL	32780-2500	(321) 264-2025
Sunshine Restaurant Merger Sub, LLC	10740 State Road 54	TRINITY	FL	34655-2264	(727) 376-8717
Sunshine Restaurant Merger Sub, LLC	1838 U S Hwy 1	VERO BEACH	FL	32960-5414	(772) 569-8225

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Sunshine Restaurant Merger Sub, LLC	8800 20th Street	VERO BEACH	FL	32966-6902	(772) 257-8208
Sunshine Restaurant Merger Sub, LLC	855 Palm Bay Road NE	West Melbourne	FL	32904	(321) 216-2089
Sunshine Restaurant Merger Sub, LLC	1503 Belvedere Road	WEST PALM BEACH	FL	33406-1030	(561) 242-4949
Sunshine Restaurant Merger Sub, LLC	1776 North Military Trail	WEST PALM BEACH	FL	33409-4714	(561) 689-1196
Sunshine Restaurant Merger Sub, LLC	345 E. State Road 44	WILDWOOD	FL	34785-8511	(352) 748-6074
Sunshine Restaurant Merger Sub, LLC	1915 Cypress Garden Blvd	WINTER HAVEN	FL	33884-1552	(863) 326-1772
Sara Int'l, Inc.	125 Cartmell Drive	ALBANY	GA	31707-7625	(229) 438-2112
4492 LLC	870 N Main Street	ALPHARETTA	GA	30004-2332	(678) 587589C
Adday, Inc.	1180 Baxter St	ATHENS	GA	30606-3710	(706) 354-1356
Athens Ahmed Family Restaurant, Inc.	1061 Parkway Place	ATHENS	GA	30606-6171	(706) 353-0344
413A LLC	2741 Clairmont Road, NE	ATLANTA	GA	30329-2712	(404) 633-1889
Eggs-Cellence, LLC	2510 Flat Shoals Road	ATLANTA	GA	30349-4314	(770) 703-790C
Global Concessions, Inc	7700 Spine Road, Concourse T	ATLANTA	GA	30320-4201	(404) 762-0019
Ponce Dining, LLC	428 Ponce de Leon Avenue NE	ATLANTA	GA	30308-2015	(404) 228-2741
Peachtree Food Group, LLC	3125 Peach Orchard Roac	AUGUSTA	GA	30906-6900	(706) 364-6147
Scripture, Willie Joe	1870 E West Connector	AUSTELL	GA	30106-1246	(678) 945-4311
3577 LLC	520 Carl Bethlehem Road	BETHLEHEM	GA	30620-2104	678-900-1568
MPO Pancakes, Inc.	4122 Highway 20	BUFORD	GA	30518-3440	(678) 714-1435
PZ1MA, LLC	742 Hwy 53 SE	CALHOUN	GA	30701	(706) 624-980C
TUJO Restaurant Group, L.L.C.	3010 Northside Parkway	CANTON	GA	30115-3541	(770) 345-1411
TUJO Restaurant Group, L.L.C.	1615 Highway 27 South	CARROLLTON	GA	30117-6935	(678) 796-061C
TUJO Restaurant Group, L.L.C.	640 East Main Street	CARTERSVILLE	GA	30121-3305	(770) 386-3539
TUJO Restaurant Group, L.L.C.	5516 Peachtree Industrial Blvd.	CHAMBLEE	GA	30341-2045	(770) 452-8335
Columbus Cakes, LLC	2939 N Lake Parkway	COLUMBUS	GA	31909-2519	(706) 507-1635
Columbus Vista II, LLC	2111 Airport Thruway	COLUMBUS	GA	31904-9050	(706) 323-1199
Talokas Cakes, LLC	6317 Talokas Lane	COLUMBUS	GA	31909-5641	(706) 569-0522
3769 LLC	167 Steven B Tanger Blvd	Commerce	GA	30529	762-244-4903
4402, Inc.	1310 Dogwood Drive SE	CONYERS	GA	30012-5075	(770) 860-0555
TUJO Restaurant Group, L.L.C.	10340 Industrial Blvd. NE	COVINGTON	GA	30014-1477	(770) 787-001C
Mead International, Inc.	920 Market Place Boulevard	CUMMING	GA	30041-7920	(770) 888-2911
Reller, David C.	1510 Walnut Avenue	DALTON	GA	30720-3831	(706) 226-2862
R. R. Ventures of the Emerald Coast, Inc.	4117 Dawson Forest Road E	DAWSONVILLE	GA	30534-7720	(706) 265-2256
KMG Enterprises, Inc.	7401 Douglas Blvd	DOUGLASVILLE	GA	30135-1554	(770) 577-8272
4493 LLC	11720 Medlock Bridge Rd	DULUTH	GA	30097-1509	4702687567
R. R. Ventures of the Emerald Coast, Inc.	2178 Pleasant Hill Rd	DULUTH	GA	30096-4660	(770) 623-9626
TUJO Restaurant Group, L.L.C.	90 Highland Crossing South	ELLIJAY	GA	30540-2349	(706) 698-4467
Peachtree Food Group, LLC	4361 Washington Road	EVANS	GA	30809-3939	(706) 364-2095
Fairburn Cakes, LLC	8028 Senoia Road	Fairburn	GA	30213	470-278-299C
JROD Incorporated	705 Jeff Davis Drive N	FAYETTEVILLE	GA	30214-1698	(770) 460-755C
Clamore IX, LLC	2047 Battlefield Parkway	FORT OGLETHORPE	GA	30742-4025	(706) 858-980C
Davani International, Inc.	430 Jesse Jewell Parkway SW	GAINESVILLE	GA	30501-4204	(770) 539-912C
Cannon International, Inc.	1341 N Expy	Griffin	GA	30223-9009	(770) 412-7007
Lovejoy Dining Group, LLC	11473 Tara Blvd	Hampton	GA	30228-1687	(678) 519-1441
Jacmat Management, Inc.	301 N Central Ave	HAPEVILLE	GA	30354-1620	(404) 209-9393
Eagles Landing Investments, LLC	808 W. Oglethorpe Hwy	Hinesville	GA	31313-4401	912-255-5968

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Iftikhar, Mohammed	61 Depot Drive	HIRAM	GA	30141-2732	(770) 222-9666
5643 LLC	122 Truckstop Way	Jackson	GA	30233-6109	(770) 775-8188
R.W. McGuire Enterprises, Inc.	1950 N Cobb Parkway	KENNESAW	GA	30152-4504	(770) 499-2174
Sunshine Restaurant Merger Sub, LLC	1160 East Boone Avenue	KINGSLAND	GA	31548-5429	(912) 576-5458
Rodriguez, Jose	1513 Lafayette Parkway	LA GRANGE	GA	30241-2585	(706) 883-8100
4410 LLC	955 Lawrenceville Suwanee Road	LAWRENCEVILLE	GA	30043-5421	(678) 629-3627
Adam Ahmed Investments, LLC	1143 Scenic Highway	LAWRENCEVILLE	GA	30045-6356	(678) 512-0411
3187 LLC	4018 Lawrenceville Highway NW	LILBURN	GA	30047-2205	470-268-8535
Stone Mountain Family Restaurants, Inc.	4205 Stone Mountain Hwy	LILBURN	GA	30047-3339	(770) 736-0554
KMG Enterprises, Inc.	970 Thornton Rd	LITHIA SPRINGS	GA	30122-2622	(770) 732-6252
Hassan, Nashat	3020 Panola Road	LITHONIA	GA	30038-2316	(770) 323-2330
Stonecrest Family Restaurant, Inc.	2910 Stonecrest Drive	LITHONIA	GA	30038-2690	(678) 526-0771
Ithaka International Inc.	4971 Bill Gardner Parkway	LOCUST GROVE	GA	30248-2910	(678) 432-3111
Bosami, LLC	4176 Logan Drive	LOGANVILLE	GA	30052-2265	(678) 639-0600
Impala International Inc.	165 Tom Hill Sr. Blvd.	MACON	GA	31210-1816	(478) 254-7100
Madison Cakes, LLC	1881 Eatonton Rd	Madison	GA	30650	706 438 1049
Bis Inc.	2390 Dallas Highway SW	MARIETTA	GA	30064-2750	(770) 485-1267
Nisyros, Intl., Incorporated	3130 Johnson Ferry Rd	MARIETTA	GA	30062-5657	(770) 640-1731
Samira, Inc.	179 Cobb Parkway S	MARIETTA	GA	30060-9208	(770) 590-0425
Solar International, Inc.	905 Highway 20 W	MC DONOUGH	GA	30253-6517	(770) 957-6150
ACN Family, Inc.	2598 N. Columbia Street	MILLEDGEVILLE	GA	31061-8709	(478) 452-0332
Sarah Ahmed Family Restaurant, Inc.	2170 West Spring Street	MONROE	GA	30655-3195	(770) 267-1508
Llano Grande, Inc.	1474 Southlake Plaza Drive	MORROW	GA	30260-1752	(770) 961-7112
Unicoy, Inc.	630 Hwy 34 E	NEWMAN	GA	30265-1007	(770) 252-3998
4452 LLC	6125 Peachtree Parkway	NORCROSS	GA	30092-3304	678-231-0081
Pancakes and More, LLC	5000 Jimmy Carter Blvd	NORCROSS	GA	30093-2041	(770) 242-8390
TUJO Restaurant Group, L.L.C.	243 Marketplace Connector	PEACHTREE CITY	GA	30269-3542	(770) 486-1552
AVF INC.	1406 Sam Nunn Blvd	Perry	GA	31069	478-224-0356
Eagles Landing Investments, LLC	421 Pooler Parkway, Ste 200	POOLER	GA	31322-5102	912-737-2916
Club Sand Restaurant, Inc.	722 Highway 138 SW	RIVERDALE	GA	30274-3910	(770) 478-7433
Iftikhar Enterprises, Inc.	35 Riverbend Drive SW	ROME	GA	30161-6065	(706) 295-2172
457 LLC	10686 Alpharetta Hwy	ROSWELL	GA	30076-1427	770-696-2633
SS406 LLC	6120 Roswell Rd	SANDY SPRINGS	GA	30328-3904	(404) 256-4639
Eagles Landing Investments, LLC	1800 E. Victory Drive, #B	SAVANNAH	GA	31404-4195	912-999-8845
Eagles Landing Investments, LLC	4 East Gateway Blvd.	SAVANNAH	GA	31419-7554	912-219-3652
Scripture, Willie Joe	2530 Cobb Parkway SE	SMYRNA	GA	30080-3060	(770) 850-0811
Scripture, Willie Joe	5131 S. Cobb Drive SE	SMYRNA	GA	30080-7151	(404) 792-7118
SFAL, Inc.	3675 Highway 138 SE	STOCKBRIDGE	GA	30281-4173	(770) 507-1911
FM SJ INC	5170 Memorial Drive	STONE MOUNTAIN	GA	30083-3111	(404) 508-4480
3143 LLC	3463B Lawrenceville Suwanee Road	SUWANEE	GA	30024-6574	678-288-9318
Sunshine Restaurant Merger Sub, LLC	324 Liberty Street	THOMASVILLE	GA	31757-4822	(229) 236-4467
Adday II, Inc.	4276 La Vista Rd	TUCKER	GA	30084-5309	470-545-1356
Sanrod Restaurants, Incorporated	6902 Londonderry Way	UNION CITY	GA	30291-2035	(770) 964-5501
Sunshine Restaurant Merger Sub, LLC	1821 West Hill Ave	VALDOSTA	GA	31601-5161	(229) 249-8444
4429, Inc.	2710 Watson Blvd	WARNER ROBINS	GA	31093-2948	(478) 953-6589

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Scripture, Willie Joe	8979 Hwy 92	WOODSTOCK	GA	30189-3689	(770) 926-4581
VSE Hilo LLC	111 E. Puainako Street, Space 790	HILO	HI	96720-5295	(808) 959-260C
VSE Honolulu Airport, LLC	3269 Koapaka Street	Honolulu	HI	96819	(808) 492-1321
VSE Waikiki II, LLC	1850 Ala Moana Blvd.	HONOLULL	HI	96815-1602	(808) 949-4467
VSE Waikiki LLC	2211 Kuhio Avenue	HONOLULL	HI	96815-2834	(808) 921-240C
Hop 1 Enterprises, Inc.	70 E Kaahumanu Ave	KAHULUI MAUI	HI	96732-2176	(808) 871-400C
MPH Holdings, LLC	211 Highway 18 East	Algona	IA	50511	
AFM, LLC	2402 SE Delaware Avenue	ANKENY	IA	50021-4766	(515) 963-0102
AFM 3530, LLC	502 Brandilynn Blvd	CEDAR FALLS	IA	50613-7451	(319) 266-668E
AFM, LLC	2545 Edgewood Rd SW	CEDAR RAPIDS	IA	52404-3253	(319) 390-0077
FLIP 3175, Inc.	2435 James Street	CORALVILLE	IA	52241-1245	(319) 248-1122
DECAN LLC.	4807 SE 14th Street	DES MOINES	IA	50320-1603	(515) 953-580C
Peak Restaurant Group, LLC	801 Gordon Drive	SIoux CITY	IA	51101-1829	(712) 234-0077
Catherine Fuentes	6301 Douglas Avenue	URBANDALE	IA	50322-3311	(515) 331-055E
AFM, LLC	2009 Crossroads Blvd	WATERLOO	IA	50702-4403	(319) 287-4467
CADENS LLC	150 SE Alice's Road	Waukee	IA	50263-1010	(515) 518-344E
AFM 3619, LLC	5045 Bentley Drive	West Des Moines	IA	50265-6997	(515) 267-167E
RMLS HOP Idaho, L.L.C	3599 Federal Way	BOISE	ID	83705-5221	(208) 426-912E
RMLS HOP Idaho, L.L.C	7959 W Emerald St	BOISE	ID	83704-9024	(208) 322-4467
Peak Restaurant Group, LLC	2463 S 25th E	IDAHO FALLS	ID	83406-5706	(208) 524-088E
RMLS HOP Idaho, L.L.C	3525 E Fairview Ave	MERIDIAN	ID	83642-5816	(208) 888-121E
PRP 3034, LLC	1420 Nampa Caldwell Blvd.	NAMPA	ID	83651-1608	(208) 468-997E
Peak Restaurant Group, LLC	4122 Yellowstone Ave	POCATELLO	ID	83202-2422	(208) 637-220C
Peak Restaurant Group, LLC	1944 Blue Lakes Blvd N	TWIN FALLS	ID	83301-3005	(208) 732-000C
Ristich, Michelle	1671 W Lake St	ADDISON	IL	60101-6707	(630) 932-177E
2103 Restaurant Group, LLC	181 Homer Adams Pkwy	ALTON	IL	62002-5925	(618) 433-994C
AURORA IL 1300, INC.	583 S Route 59	AURORA	IL	60504-8168	(630) 375-089C
Aurora IL 5415, Inc.	2455 Augusta Way	AURORA	IL	60506-6444	(630) 340-5747
BLOOMINGTON IL 5429, INC	2109 E. Empire St	BLOOMINGTON	IL	61704-3508	(309) 662-889E
RMLS HOP ILLINOIS LLC	730 N Janes Ave	BOLINGBROOK	IL	60440-1241	(630) 972-9682
Raza Bradley LLC	1347 Kinneman Drive	BOURBONNAIS	IL	60914-9376	(815) 929-976E
RZ5304 Bridgeview LLC	7240 W 79th Street	BRIDGEVIEW	IL	60455-1527	(708) 594-577C
Pancake Holding Company, LLC	1345 E. Main St.	CARBONDALE	IL	62901-3116	(618) 490-1061
FLIP 1202, Inc.	5929 N Lincoln Ave	CHICAGO	IL	60659-3728	(773) 769-155C
FLIP 3132, Inc.	7601 S. Cicero Ave., Ste P09B	CHICAGO	IL	60652-1027	(773) 767-434C
New Zaks USA Inc.	4210 N Cicero Ave	CHICAGO	IL	60641-1603	(773) 685-0242
Ristich and Ristich, Inc.	2818 W Diversey Ave	CHICAGO	IL	60647-1702	(773) 342-8901
RMLS HOP ILLINOIS LLC	3760 N Halsted St	CHICAGO	IL	60613-3907	(773) 296-004E
RMLS HOP ILLINOIS LLC	3003 S Cicero Ave	CICERO	IL	60804-3639	(708) 780-732E
USA JAN, Inc.	4821 Cal Sag Road	CRESTWOOD	IL	60445-4499	(708) 824-188E
RMLS HOP ILLINOIS LLC	6606 Northwest Highway	CRYSTAL LAKE	IL	60014-7964	(815) 356-6404
EAST PEORIA IL 3304, INC.	214 W. Camp Street	EAST PEORIA	IL	61611-2004	(309) 698-3244
ELGIN IL 5306, INC.	101 S Randall Road	ELGIN	IL	60123-5551	(847) 289-4801
RMLS HOP ILLINOIS LLC	100 Asbury Ave	EVANSTON	IL	60202-3893	(847) 328-145C
RMLS HOP ILLINOIS LLC	100 South Mannheim Road	HILLSIDE	IL	60162-1800	(708) 401-567E

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RMLS HOP ILLINOIS LLC	2250 Barrington Rd	HOFFMAN ESTATES	IL	60195-2014	(847) 885-9508
RMLS HOP ILLINOIS LLC	2430 173rd Street	LANSING	IL	60438-1031	(708) 474-224C
Pancake Holding Company, LLC	2607 Blue Heron Dr.	Marion	IL	62959-4987	(618) 364-0879
RZ5413 Matteson LLC	20900 Cicero Ave	MATTESON	IL	60443-1643	(708) 748-1813
MC HENRY IL 1294, INC.	4228 W Elm St	MC HENRY	IL	60050-4001	(815) 759-0213
Issam1289, Inc.	1040 W North Ave	MELROSE PARK	IL	60160-1506	(708) 343-8258
Raza Morris LLC	60 Hampton Street	MORRIS	IL	60450-9175	(815) 416-0995
FLIP 3225, Inc.	7056 West Forest Preserve Drive	NORRIDGE	IL	60706-7123	(708) 779-511C
R & R Restaurant Group, Inc.	1028 W Highway 50	O' FALLON	IL	62269-1830	(618) 632-540C
RZ3285 Oswego LLC	2850 US Highway 34	OSWEGO	IL	60543-8346	(630) 554-9065
PEORIA IL 5412, INC.	5012 N Big Hollow Rd	PEORIA	IL	61615-3549	(309) 689-889C
Raza Peru LLC	4383 Venture Drive	PERU	IL	61354-1014	(815) 220-8772
LARRY MC LLC	3311 Broadway Ave	Quincy	IL	62301-3713	(217) 222-4467
RMLS HOP ILLINOIS LLC	6960 Argus Drive	ROCKFORD	IL	61107-5868	(815) 394-5315
R & R 5411, Inc.	7120 N. Mannheim Road	ROSEMONT	IL	60018-3620	(847) 297-7992
RZ5409 St Charles LLC	125 Smith Rd	SAINT CHARLES	IL	60174-5206	(630) 377-7448
RMLS HOP ILLINOIS LLC	1700 E. Higgins Rd.	SCHAUMBURG	IL	60173-5114	(847) 278-7494
NAAS Inc.	9500 Skokie Blvd	SKOKIE	IL	60077-1313	(847) 675-510C
RMLS HOP ILLINOIS LLC	2600 Sunrise Drive	SPRINGFIELD	IL	62703-5680	(217) 789-4467
RMLS HOP ILLINOIS LLC	4001 Wabash Avenue	SPRINGFIELD	IL	62711-6458	(217) 698-4467
Issam1293, Inc.	700 N Milwaukee Ave	VERNON HILLS	IL	60061-1593	(847) 247-9307
Janmohammed, Salauddin	2662 Belvidere Rd	WAUKEGAN	IL	60085-6006	(847) 782-880C
RMLS HOP INDIANA, L.L.C.	1935 E. 53rd Street	ANDERSON	IN	46013-2831	(765) 640-460C
RMLS HOP INDIANA, L.L.C.	410 S College Mall Road	Bloomington	IN	47401-6310	(812) 339-876C
RMLS HOP INDIANA, L.L.C.	395 W. Northfield Drive	BROWNSBURC	IN	46112-7361	(317) 350-2167
River Road Restaurants, LLC	1220 Veterans Pkwy..	CLARKSVILLE	IN	47129-2394	(812) 285-1772
RMLS HOP INDIANA, L.L.C.	54 Johnson Blvd.	COLUMBUS	IN	47201-1590	(812) 348-269C
FLIP 3115, Inc.	2905 Ferndale Road	ELKHART	IN	46517-8789	(574) 875-4777
RMLS HOP INDIANA, L.L.C.	2726 Emerson Dr	Elkhart	IN	46514-5644	(574) 206-8237
5404 LLC	601 N Burkhardt Rd	EVANSVILLE	IN	47715-2737	(812) 471-051C
RMLS HOP INDIANA, L.L.C.	9750 North by Northeast Blvd.	FISHERS	IN	46037-9783	(317) 288-0122
RMLS HOP INDIANA, L.L.C.	4403 Coldwater Rd	FORT WAYNE	IN	46825-5522	(260) 483-8435
RMLS HOP INDIANA, L.L.C.	6839 West Jefferson Blvd.	FORT WAYNE	IN	46804-6211	(260) 432-904C
RMLS HOP INDIANA, L.L.C.	1535 W Washington Center Rd	FORT WAYNE	IN	46825-4144	(260) 490-4467
RMLS HOP INDIANA, L.L.C.	938 Indianapolis Blvd.	HAMMOND	IN	46320-1005	(219) 473-1683
RMLS HOP INDIANA, L.L.C.	7521 US Hwy 31 S	INDIANAPOLIS	IN	46227-8544	(317) 859-0355
RMLS HOP INDIANA, L.L.C.	9115 East 56th St	Indianapolis	IN	46216-2034	(317) 591-1238
RMLS HOP INDIANA, L.L.C.	6901 W. 38th Street	INDIANAPOLIS	IN	46254-3905	(317) 802-7492
AMNSI LLC	1201 W. North Street	Kendallville	IN	46755-2841	260-302-1121
RMLS HOP INDIANA, L.L.C.	50 West County Rd., 300 South	KOKOMC	IN	46902-5137	(765) 453-5955
RMLS HOP INDIANA, L.L.C.	4215 State Road 26 E	LAFAYETTE	IN	47905-4816	(765) 446-0716
RMLS HOP INDIANA, L.L.C.	3038 South Western Avenue	MARION	IN	46953-3964	(765) 662-949C
RMLS HOP INDIANA, L.L.C.	1474 E 79th Ave	MERRILLVILLE	IN	46410-5702	(219) 795-1329
FLIP 3064, INC.	5225 Franklin Street	MICHIGAN CITY	IN	46360-7856	(219) 874-5376
KASV, Inc.	4115 N. Main Street	MISHAWAKA	IN	46545-3196	(574) 259-5305

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RMLS HOP INDIANA, L.L.C.	3300 N. Chadam Lane	MUNCIE	IN	47304-5221	(765) 254-4467
RMLS HOP INDIANA, L.L.C.	540 West Eaton Pike	RICHMOND	IN	47374-2642	(765) 966-300C
RMLS HOP INDIANA, L.L.C.	1850 US Highway 41	Schererville	IN	46375-1602	(219) 322-6961
RMLS HOP INDIANA, L.L.C.	2901 S Third Street	TERRE HAUTE	IN	47802-3707	(812) 232-3132
Wichita Dove Restaurant, LLC	1906 N. Rock Rd	Derby	KS	67037-3715	(316) 260-186E
Walking Dove, Inc.	1410 West Wyatt Earp Blvd.	DODGE CITY	KS	67801-4039	(620) 371-6777
Awarta, LLC	2831 W. 18th Avenue	EMPORIA	KS	66801-6180	(620) 412-958E
Running Dove, Inc.	2507 East Crestway Drive	GARDEN CITY	KS	67846-6947	(620) 272-000C
Flying Dove, Inc.	4000 General Hays Road	HAYS	KS	67601-6000	(785) 621-4467
TA Management Group, LLC	1807 E 17th Ave	HUTCHINSON	KS	67501-1102	(620) 664-943E
BJS, Inc.	321 East Ash Street	JUNCTION CITY	KS	66441-1408	(785) 238-480C
Midwest Enterprises, LLC	1919 Prairie Crossing	KANSAS CITY	KS	66111-1210	(913) 788-446E
Rainbow Cakes, Inc.	3928 Rainbow Blvd	KANSAS CITY	KS	66103-2961	(913) 948-6222
Flying Dove, Inc.	484 N. Main St.	LANSING	KS	66043-1312	(913) 727-1111
KMG Enterprises, Inc.	3102 Iowa Street	LAWRENCE	KS	66046-5202	(785) 842-6462
Sabra & Co, LLC	4661 Bauer Farm Dr.	Lawrence	KS	66049	785-424-7097
Liberal Restaurant LLC	2704 Centennial Blvd.	LIBERAL	KS	67901-4920	(620) 626-976E
BJS, Inc.	101 Goodfood Place	MANHATTAN	KS	66502-5022	(785) 587-193C
Merriam Restaurant LLC	5870 Antioch Rd	Merriam	KS	66202-2017	(913) 766-661E
Oakley Restaurant LLC	1001 Highway 40	Oakley	KS	67748-6061	(785) 672-356E
Im El Zuz LLC	20014 W. 153rd St.	OLATHE	KS	66062-9594	(913) 782-9977
Olathe 5321, Inc.	15410 W 119th Street	OLATHE	KS	66062-5606	(913) 393-2174
Abu Ross LLC	9099 Metcalf Avenue	OVERLAND PARK	KS	66212-1403	(913) 901-888E
Dove Restaurant, LLC	8400 W 151st Street	Overland Park	KS	66223-2108	(913) 608-525E
OP5305, Inc.	6936 W 119th Street	OVERLAND PARK	KS	66209-2016	(913) 498-136E
Harvest Wheat, Inc.	535 W. Diamond Drive	SALINA	KS	67401-8624	(785) 825-589E
Harvest Wheat, Inc.	2273 S 9th Street	SALINA	KS	67401-7308	(785) 825587E
Cake Shawnee 5330 LLC	15350 Shawnee Mission Pkwy	SHAWNEE	KS	66217-9312	(913) 962-4467
RMLS HOP OKC, LLC	551 NW US Highway 24	Topeka	KS	66617-1949	(785) 354-904E
RMLS HOP OKC, LLC	1731 SW Wanamaker Rd	TOPEKA	KS	66604-3812	(785) 271-110C
Golden Dove, Inc.	11855 E Kellogg Dr	WICHITA	KS	67207-1939	(316) 652-7251
Issa Enterprises I LLC	3204 N. Maize Rd	Wichita	KS	67205-7390	(316) 928-228C
South Side Restaurant, LLC	4870 S. Washington Street	WICHITA	KS	67216-1000	(316) 522-211E
West Side Restaurant, LLC	515 S Ridge Circle	WICHITA	KS	67209-2233	(316) 773-0077
White Dove, Inc.	3505 N Rock Road	WICHITA	KS	67226-1320	(316) 630-8401
Country Road 3058, Inc.	331 Diederich Blvd.	ASHLAND	KY	41101-7007	(606) 324-4444
River Road Restaurants, LLC	3240 Scottsville Road	BOWLING GREEN	KY	42104-6311	(270) 904-233E
Bona 3666, Inc.	300 Cross Roads Blvd.	Cold Spring	KY	41076-2171	859-908-0292
River Road Restaurants, LLC	3900 N. Dixie Highway	ELIZABETHTOWN	KY	42701-8610	(270) 769-655C
BONA 5520, Inc.	6885 Houston Road	FLORENCE	KY	41042-5124	(859) 647-0802
River Road Restaurants, LLC	2306 Palumbo Drive	LEXINGTON	KY	40509-1011	(859) 269-0844
River Road Restaurants, LLC	2380 Norman Lane Suite 110	Lexington	KY	40503-3011	(859) 277-702E
River Road Restaurants, LLC	1401 S. Hurstbourne Parkway	LOUISVILLE	KY	40222-5791	(502) 618-225C
River Road Restaurants, LLC	105 Pavilion Parkway	NEWPORT	KY	41071-2891	(859) 360-0527
River Road Restaurants, LLC	3070 Highland Pointe Dr.	Owensboro	KY	42303	(270) 240-1444

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Landon Restaurants, Inc.	2861 James Sanders Blvd.	PADUCAH	KY	42001-9476	(270) 538-5244
River Road Restaurants, LLC	1062 Barnes Mill Road	RICHMOND	KY	40475-8729	(859) 353-846C
4470, L.C.	2715 S MacArthur Dr	ALEXANDRIA	LA	71301-2922	(318) 767-166E
1930, LLC	3006 College Dr	BATON ROUGE	LA	70808-3117	(225) 218-8467
4478, LLC	6875 Siegen Lane	BATON ROUGE	LA	70809-4531	(225) 291-5311
HBP Group, LLC	3680 Harding Blvd.	BATON ROUGE	LA	70807-5219	(225) 355-5351
1471, L.C.	1989 Airline Dr	BOSSIER CITY	LA	71112-2448	(318) 752-4467
3106 L.C.	670 Boardwalk Blvd.	BOSSIER CITY	LA	71111-4385	(318) 741-446E
Ruby I.X. LLC	14099 Highway 90	BOUTTE	LA	70039-3511	(985) 758-230C
JAMAL & KAMAL, INC.	325 N Highway 190	COVINGTON	LA	70433-5006	985-327-749E
DS 3159, LLC	2260 Home Depot Drive	DENHAM SPRINGS	LA	70726-5228	(225) 665-693E
Ruba, L.L.C	151 Westbank Expressway	GRETNA	LA	70053-2461	(504) 366-4177
Ruby XII LLC	207 W Minnesota Park Rd	HAMMOND	LA	70403-6124	(985) 902-9124
JAMAL & KAMAL, INC.	1719 Manhattan Blvd	HARVEY	LA	70058-3409	(504) 227-020E
JAMAL & KAMAL, INC.	1719 Martin Luther King Jr Blvd	HOUMA	LA	70360-2409	(985) 580-4467
Ruba, L.L.C	3400 Williams Blvd.	KENNER	LA	70065-3726	(504) 712-0274
3230 NE Evangeline Thruway, LLC	3230 NE Evangeline Thruway	LAFAYETTE	LA	70507-3538	(337) 235-363C
4000 Ambassador Caffery, LLC	4000 Ambassador Caffery Pkwy	LAFAYETTE	LA	70503-5263	(337) 406-2834
LC1497, LLC	2601 Admiral King St	LAKE CHARLES	LA	70615-6901	(337) 474-4644
Ruby X, LLC	5025 Lapalco Blvd.	MARRERO	LA	70072-4235	(504) 309-557E
Ruba, L.L.C	3400 South I-10 Service Road W	METAIRIE	LA	70001-2192	(504) 212-328C
Ruby XIV, LLC	5048 Veterans Blvd	METAIRIE	LA	70006-5150	(504) 304-517E
4489, L.C.	4205 Pecanland Mall Drive	MONROE	LA	71203-7007	(318) 322-5424
3432, LLC	5119 University Parkway	NATCHITOCHE	LA	71457-7169	(318) 228-886C
JAMAL & KAMAL, INC.	12150 I-10 Service Rd	NEW ORLEANS	LA	70128-3502	(504) 244-001E
Ruby V, LLC	833 Canal Street	NEW ORLEANS	LA	70112-2305	(504) 593-044C
Ruby XV, LLC	3511 S. Carrollton Ave	New Orleans	LA	70118-4507	(504) 267-740E
1481, LLC	6109 Financial Plaza	SHREVEPORT	LA	71129-2592	(318) 671-0307
Gilmar, L.L.C.	8010 Youree Dr	SHREVEPORT	LA	71115-2324	(318) 798-079E
JAMAL & KAMAL, INC.	61101 Airport Road	SLIDELL	LA	70460-6838	(985) 641-4577
3160, L.C.	202 Blanchard Street	WEST MONROE	LA	71291-7370	(318) 362-0061
Attleboro Pancakes, Inc.	383 Washington Street	ATTLEBORO	MA	02703-5916	(508) 399-818E
Braintree Pancakes, Inc.	755 Granite Street	Braintree	MA	02184	(781) 519-4391
Forty Seven Twenty Five Company, Inc.	1850 Soldiers Field Road	BRIGHTON	MA	02135-1113	(617) 787-053E
Brockton Pancakes, Inc.	540 Westgate Drive	BROCKTON	MA	02301-1816	(508) 521-605C
Harvard Square Pancakes, Inc.	16 Eliot Street #18	CAMBRIDGE	MA	02138-5706	(617) 354-099E
Dedham Pancakes, Inc.	260 Providence Highway	DEDHAM	MA	02026-1878	(781) 326-071E
Framingham Pancakes, Inc.	17 Edgell Road	FRAMINGHAM	MA	01701-4833	(508) 270-2694
Hyannis Pancakes, Inc.	790 Iyannough Rd.	HYANNIS	MA	02601-4916	(508) 778-299E
Milford Pancakes, Inc.	17 Medway Road	Milford	MA	01757-2902	(508) 244-4904
Cardinal Restaurant of Massachusetts, Inc.	47 Faunce Corner Rd	NORTH DARTMOUTH	MA	02747-4202	(508) 996-1999
Northborough Pancakes, Inc.	4102 Shops Way	NORTHBOROUGH	MA	01532-3200	(508) 393-1222
Norwood Pancakes, Inc.	1378 Boston Providence Highway	NORWOOD	MA	02062-5004	(781) 769-6442
Plymouth Pancakes, Inc.	10 Shops at 5 Way	PLYMOUTH	MA	02360-2677	(774) 773-719E

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Forty Seven Eighty One Company, Inc.	115 Parkway Street	QUINCY	MA	02169-5044	(617) 770-9414
Raynham Pancakes, Inc.	235 Route 44	RAYNHAM	MA	02767-5447	(508) 828-4295
Revere Pancakes, Inc.	105 Squire Road	REVERE	MA	02151-1309	(781) 289-6012
Salem Pancakes, Inc.	2 Traders Way	SALEM	MA	01970-1866	(978) 825-9020
Forty Seven Sixty Five Company, Inc.	114 Broadway	SAUGUS	MA	01906-1039	(781) 233-4097
Bergantino, Inc.	70 Boston Turnpike	SHREWSBURY	MA	01545-3601	(508) 791-9328
Dine In Group, LLC	270 Cooley St	Springfield	MA	01128-1112	(413) 342-4002
Thirteen Eighteen Co., Inc.	95 Main Street	TEWKSBURY	MA	01876-1708	(978) 640-8950
GABL Pancakes, Inc.	640 Riverdale Street	WEST SPRINGFIELD	MA	01089-4610	(413) 736-3854
Chenega IH, LLC	980 Hospitality Way	ABERDEEN	MD	21001-1779	(443) 327-8277
NMS3, Inc.	600 E. Pratt St	Baltimore	MD	21202-3354	(667) 212-5966
Bel Air Pancakes Inc	593 Baltimore Pike	BEL AIR	MD	21014-4319	(443) 371-6330
Harvest Ocean City, Inc.	11328 Samuel Bowen Blvd	Berlin	MD	21811-2466	(410) 973-2785
Harvest 562 Inc.	15470 Annapolis Rd	BOWIE	MD	20715-1846	(301) 464-4550
NMS Bowie Dining, LLC	16451 Excalibur Road	Bowie	MD	20716	
Hospitality Management of Capitol Heights, Inc.	9003 Central Ave	CAPITOL HEIGHTS	MD	20743-3805	(301) 324-9003
NMS Dining, Inc.	5525A Baltimore National Pike	Catonsville	MD	21228-1513	(667) 802-5105
Harvest Kent Island, Inc.	300 Abruzzi Dr	Chester	MD	21619-2395	(443) 249-3350
Sunipa II, Inc.	8905 Woodyard Road	CLINTON	MD	20735-4257	(301) 868-4356
King Star Enterprises, Inc.	10001 York Rd	COCKEYSVILLE	MD	21030-3303	(410) 666-7034
Hospitality Management of College Park, Inc.	9680 Baltimore Ave	COLLEGE PARK	MD	20740-1324	(301) 982-7400
Akhter, Rummana	3601 Bladensburg Rd	COLMAR MANOR	MD	20722-1809	(301) 779-0838
NMS2 Dining Inc	8825 Centre Park Dr	Columbia	MD	21045-2165	(443) 864-4395
Dundalk Operating Group, Inc.	1557 Merritt Blvd	DUNDALK	MD	21222-2113	(410) 282-2145
Dunn cake II, Inc.	7 Lee Airpark Drive	EDGEWATER	MD	21037-1237	(410) 956-3245
Edgewood Pancake, LLC	1804 Pulaski Highway	EDGEWOOD	MD	21040-1610	(410) 676-0404
Eldersburg Pancakes, Inc.	1316 Londontown Blvd	Eldersburg	MD	21784-6409	(410) 828-1475
Maryland Pancake House, Inc.	2990 Donnell Dr	FORESTVILLE	MD	20747-3202	(301) 967-9300
Frederick Pancakes, Inc.	2421 Osprey Way	FREDERICK	MD	21701-1918	(301) 662-4500
Koerner, Milton E.	5277 Buckeystown Pike	FREDERICK	MD	21704-7535	(240) 529-1006
Sharp 563, Inc.	206 N Frederick Ave	GAITHERSBURG	MD	20877-2409	(301) 840-5706
Harvest Gambrills, Inc	889 MD Route 3 N, Suite 100	GAMBRILLS	MD	21054-1620	(443) 292-4275
Harvest Associates Incorporated	20009 Century Blvd.	GERMANTOWN	MD	20874-1105	(301) 528-9903
Twenty One Thirty Seven, Inc.	7146 Ritchie Hwy	GLEN BURNIE	MD	21061-2904	(410) 760-5800
BFS Foods, Inc.	2815 Chestnut Ridge Rd.	Grantsville	MD	21536-2033	(301) 895-8135
Hospitality Management of Greenbelt, Maryland, Inc.	7405 Greenbelt Road	GREENBELT	MD	20770-3402	(301) 486-1234
Sharp 592, Inc.	17820 Garland Groh Blvd	HAGERSTOWN	MD	21740-1992	(301) 791-5855
Lansdowne Pancakes, Inc.	3531 Washington Blvd., Ste. 301	HALETHORPE	MD	21227-1673	(443) 701-4317
Family Dining, Inc.	7371 Assateague Drive	JESSUP	MD	20794-3201	(443) 661-4465
Harvest La Plata, LLC	116 Rosewick Road	LA PLATA	MD	20646-4231	(301) 539-7373
Laurel Pancakes, Inc.	15004 Baltimore Ave	LAUREL	MD	20707-4628	(301) 498-7488
Five Twenty One Associates, Inc.	4400 St. Barnabas Rd	MARLOW HEIGHTS	MD	20748-1812	(301) 423-4545

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Mt. Airy Pancakes, Inc.	1001 Twin Arch Road, Suite 1	MOUNT AIRY	MD	21771-4130	(301) 703-5382
Trout Holding, Inc.	8500 Annapolis Road, Unit H	NEW CARROLLTON	MD	20784-3020	(301) 429-2088
Professional Restaurant Group, Inc.	7925 Belair Rd	NOTTINGHAM	MD	21236-3705	(410) 661-3183
Harvest Olney, Inc.	18147 Village Center Dr	Olney	MD	20832-1414	(240) 389-1164
Owings Mills Pancakes, Inc.	10917 Boulevard Circle	OWINGS MILLS	MD	21117-7817	(410) 685-0413
Uni-Hop, Inc	6171 Oxon Hill Road	OXON HILL	MD	20745-3146	(301) 839-4468
Harvest Pasadena, Inc.	8112 Ritchie Highway	PASADENA	MD	21122-6916	(410) 793-5031
Harvest Prince Frederick, LLC	680 Prince Frederick Blvd.	PRINCE FREDERICK	MD	20678-3146	(410) 535-3555
Eat and Dine Inc.	8696 Liberty Rd	RANDALLSTOWN	MD	21133-4707	(410) 521-2283
Sharp 594, Inc.	775 Rockville Pike	ROCKVILLE	MD	20852-1136	(301) 738-1894
Rosedale Pancake, LLC	8620 Pulaski Highway	ROSEDALE	MD	21237-3008	(410) 238-0102
Chenega IH, LLC	2732 N Salisbury Blvd	SALISBURY	MD	21801-2143	(410) 334-6276
Dunckake, Inc.	12251 Tech Road	SILVER SPRING	MD	20904-1901	(301) 680-192C
Moore Hospitality 506, Inc.	7405 New Hampshire Ave	TAKOMA PARK	MD	20912-6944	(301) 434-8204
Harvest-Towson Inc	6820 Loch Raven Blvd	TOWSON	MD	21286-8301	(410) 769-840C
Five Forty Nine, Inc.	2190 Crain Highway	WALDORF	MD	20601-3146	(301) 843-1233
Westminster Pancakes, Inc.	490 Meadow Creek Drive	WESTMINSTER	MD	21158-4445	(410) 857-2998
Moore Hospitality, Inc.	2526 University Blvd, W	WHEATON	MD	20902-1911	(301) 942-2323
Auburn Pancake, LLC	649 Turner Street	AUBURN	ME	04210-5295	(207) 330-7081
Augusta Pancake LLC	110 Community Drive	AUGUSTA	ME	04330-8009	(207) 480-1692
Portland Pancake, LLC	195 Maine Mall Rd	PORTLAND	ME	04106-2310	(207) 774-7475
Saco Pancake, LLC	515 Maine St	Saco	ME	04072-1564	(207) 401-570C
FLIP 5442, INC.	1981 Pipestone Rd	BENTON HARBOR	MI	49022-2314	(269) 925-150C
Chenega IH, LLC	2187 S Telegraph Road	BLOOMFIELD HILLS	MI	48302-0250	(248) 333-7522
Farah Enterprises Brighton, Inc.	8075 Nemco Roac	BRIGHTON	MI	48116-9413	(810) 225-602C
Chenega IH, LLC	5946 N. Sheldon Road	CANTON	MI	48187-3154	(734) 254-9846
Taylor, Karl T.	3796 Alpine Ave NW	COMSTOCK PARK	MI	49321-8908	(616) 784-3233
Chenega IH, LLC	24140 Ford Road	DEARBORN HEIGHTS	MI	48127-3231	(313) 274-0577
TSFR APPLE VENTURE LLC	333 E. Jefferson Ave	Detroit	MI	48226-4352	(313) 879-5141
Chenega IH, LLC	2771 E Grand River Ave	EAST LANSING	MI	48823-4710	(517) 337-8311
Chenega IH, LLC	3227 Miller Road	FLINT	MI	48507-4826	(810) 285-8462
Chenega IH, LLC	7800 W. Grand River Hwy	Grand Ledge	MI	48837-8212	(517) 412-7373
JHG Beltline, LLC	2071 E Beltline Ave NE	GRAND RAPIDS	MI	49525-9779	(616) 364-121C
Monder, Inc.	5039 28th Street SE	GRAND RAPIDS	MI	49512-2067	(616) 956-0494
KT Taylor Corporation	4767 Wilson Ave SW	GRANDVILLE	MI	49418-2853	(616) 534-2543
JHG Holland, LLC	3110 Beeline Road	HOLLAND	MI	49424-8034	(616) 994-0184
Chenega IH, LLC	1213 North West Road	Jackson	MI	49202-2048	(517) 917-0808
Farah Company, Inc.	14200 Middlebelt Road	LIVONIA	MI	48154-4540	(734) 422-4467
Chenega IH, LLC	1240 Dixie Highway	MONROE	MI	48162-5201	(734) 639-2074
Chenega IH, LLC	5245 Pickard Street	MOUNT PLEASANT	MI	48858-5007	(989) 773-405C
JHG Fruitport, LLC	5220 Harvey Street	Muskegon	MI	49444-6712	(231) 903-6317
Chenega IH, LLC	43317 Grand River Avenue	NOVI	MI	48375-1739	(248) 773-8444
FLIP 3068, INC.	5325 South Westnedge	PORTAGE	MI	49002-0407	(269) 382-675C
Chenega IH, LLC	31117 Little Mack Road	ROSEVILLE	MI	48066-4557	(586) 293-2838
Chenega IH, LLC	29202 Woodward Ave	ROYAL OAK	MI	48073-0901	(248) 544-0908

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Chenega IH, LLC	2255 Tittabawassee Road	SAGINAW	MI	48604-9427	(989) 790-734C
Chenega IH, LLC	13785 Lakeside Circle	STERLING HEIGHTS	MI	48313-1315	(586) 566-5554
Chenega IH, LLC	3132 Rochester Road	Troy	MI	48083-5421	(248) 250-6199
Pilot Travel Centers LLC	21055 West Road	WOODHAVEN	MI	48183-3245	(734) 675-4982
Farah Franchise, LLC	4221 Ellsworth Road	YPSILANTI	MI	48197-7535	(734) 528-4467
Blue Fin Two, Incorporated	6972 Gadwall Street	APPLE VALLEY	MN	55124-7257	(952) 997-4467
Rashid Corporation	2231 Killebrew Dr	BLOOMINGTON	MN	55425-1881	(952) 854-348C
Brooklyn Center Pancakes, Inc.	5601 Xerxes Avenue N	BROOKLYN CENTEF	MN	55430-2806	(763) 560-9622
Blue Fin Two, Incorporated	2080 County Road 42 West	BURNSVILLE	MN	55337-6925	(952) 898-4467
Coon Rapids Pancakes #5460, Inc	North Town Mall	COON RAPIDS	MN	55448-5601	(763) 780-4467
Maplewood Pancakes, Inc.	1935 Beam Avenue	MAPLEWOOD	MN	55109-1173	(651) 748-170C
Blue Fin Two, Incorporated	7680 10th Street North	OAKDALE	MN	55128-5338	(651) 578-0038
Waite Park Pancakes, Inc.	327 2nd Street S	WAITE PARK	MN	56387-2314	(320) 259-4467
Belton 220, Inc.	220 Peculiar Drive	BELTON	MO	64012-5119	(816) 994-252C
BLUE RESTAURANTS, LLC	1135 NE Coronado Dr	Blue Springs	MO	64014-2944	(816) 598-8747
Kenco, Inc.	1055 W Hwy 376	BRANSON	MO	65616-7131	(417) 339-4467
Youssef, Mohamac	11237 Saint Charles Rock Rd	BRIDGETON	MO	63044-2702	(314) 739-6964
Pancake Holding Company, LLC	2406 Williams Street	CAPE GIRARDEAU	MO	63703-5752	(573) 803-3138
Tamara II, Inc.	4 McBride & Son Center Drive	CHESTERFIELD	MO	63005-1406	(636) 536-6905
Logan Restaurants, Inc.	51 Conley Road	COLUMBIA	MO	65201-6477	(573) 442-9242
Tamara IV, Inc.	110 Kate G Lane	FENTON	MO	63026-7743	(636) 326-999C
Abdel-Salam, Ahmad	5 N Highway 67	FLORISSANT	MO	63031-7102	(314) 830-912C
Cake Amura LLC	12128 S US Highway 71	GRANDVIEW	MO	64030-1129	(816) 6731226
Cake Independence 5400 LLC	20100 E. Valley View Circle	INDEPENDENCE	MO	64057-1592	(816) 795-8787
Einabus, LLC	2011 Missouri Blvd.	JEFFERSON CITY	MO	65109-4790	(573) 321-5776
Abdel-Salam, Ahmad	2117 S Rangeline Rd	JOPLIN	MO	64804-3242	(417) 781-4201
Abu Joug LLC	4149 Sterling Ave.	KANSAS CITY	MO	64133-1348	(816) 2986122
Cake 5334 LLC	4337 N Chouteau Trafficway	KANSAS CITY	MO	64117-1724	(816) 4378024
KMG Enterprises, Inc.	5201 NW 64th Street	KANSAS CITY	MO	64151-2453	(816) 741-9366
Salous, Mohammed	628 NE 291 Highway	LEES SUMMIT	MO	64086-2534	(816) 525-6068
Cake Sarsura LLC	125 N. Stewart Road	LIBERTY	MO	64068-1052	(816) 429-800C
CAKE NKC MO LLC	2909 Burlington St	North Kanas City	MO	64116	
K&R Restaurant Group, Inc.	1912 Highway K	O' FALLON	MO	63366-3987	(636) 281-4467
Cake Raytown 2095 LLC	10000 East 350 Highway	RAYTOWN	MO	64138-1801	(816) 358-4467
Burin, LLC	1735 N. Bishop Ave	ROLLA	MO	65401-2251	(573) 343-4442
TALA-MO, Inc.	4103 Lemay Ferry Road	SAINT LOUIS	MO	63129-1859	(314) 892-4467
Tamara III, Inc.	8049 Clayton Rd	SAINT LOUIS	MO	63117-1105	(314) 725-8798
Sara Inc.	3851 Veteran's Memorial Parkway	SAINT PETERS	MO	63376-6416	(636) 300-0505
5339, Inc.	3804 S Glenstone Avenue	SPRINGFIELD	MO	65804-4418	(417) 890-680C
CK Hospitality Inc.	2647 N Kansas Expy	SPRINGFIELD	MO	65803-1114	(417) 868-8783
Cake Besso LLC	3804 North Belt Highway	ST. JOSEPH	MO	64506-1342	(816) 259-213C
2145 Restaurant Group, LLC	6456 Chippewa St.	St. Louis	MO	63109-2106	(314) 833-4467
Udala, LLC	729 N Charles St	WARRENSBURG	MO	64093-1211	660-362-040C
Jenna, Inc.	10 Layla Lane	WENTZVILLE	MO	63385-1033	(636) 887-4467
Khani, Michael A.	2680 Beach Blvd	BILOXI	MS	39531-4519	(228) 594-2211

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Cake D'Iberville 2106 LLC	11475 Cinema Way Drive	D'IBERVILLE	MS	39540-9390	(228) 396-1016
Ruby XIII, LLC	5076 Lakeland Drive	Flowood	MS	39232-8900	(769) 524-4190
Khani, Michael A.	15130 Turkey Creek Drive	GULFPORT	MS	39503-4292	(228) 868-2211
SM Enterprises, Inc	2904 Hardy St	HATTIESBURG	MS	39401-7053	(601) 264-6789
Nadia Esmail	2700 Greenway Dr	JACKSON	MS	39204-3303	(601) 923-9901
Ruby VI, L.L.C.	474 Briarwood Drive	JACKSON	MS	39206-3003	(601) 206-1101
Cake Meridian 3517 LLC	220 N. Frontage Rd	MERIDIAN	MS	39301-6141	(601) 2865511
Miss Omelet, LLC	7768 Craft Goodman Road	OLIVE BRANCH	MS	38654-6659	(662) 895-9460
Eggspert, LLC	2152 Jackson Avenue W	OXFORD	MS	38655-5407	(662) 513-9991
Ruby VIII, LLC	500 S. Lofton	PICAYUNE	MS	39466-4836	(601) 798-4422
Miss Omelet, LLC	321 Goodman Road W	SOUTHAVEN	MS	38671-9410	(662) 349-1020
Eggspert, LLC	3965 N. Gloster Street	TUPELO	MS	38804-0915	(662) 620-1458
Llana, Robert	2833 King Ave W, Suite A	BILLINGS	MT	59102-6409	(406) 651-8778
PRP 3051, LLC	1687 N. 19th Ave.	BOZEMAN	MT	59718-3649	(406) 587-4467
PRP 3075, LLC	2425 US Highway 93 North	KALISPELL	MT	59901-2114	(406) 752-5504
PRP 3053, LLC	3700 N Reserve Street	MISSOULA	MT	59808-1518	(406) 541-4467
Beaver Creek Pancakes, Inc.	1150 Beaver Creek Commons Drive	APEX	NC	27502-3919	(919) 387-8147
HAR DEL, INC.	229 Airport Road, Suite 1	ARDEN	NC	28704-9514	(828) 684-2828
SunCakes NC, LLC	1106 E Dixie Dr	ASHEBORO	NC	27203-8813	(336) 308-8137
AMJOE, LLC	275 Smokey Park Hwy. Bldg 500	ASHEVILLE	NC	28806-1140	(828) 633-1806
HAR DEL, INC.	245 Tunnel Road	ASHEVILLE	NC	28805-1819	(828) 255-8601
SunCakes NC, LLC	900 Longpine Rd	BURLINGTON	NC	27215-9160	(336) 343-6040
Carycakes, Inc.	1301 Kildaire Farm Road	CARY	NC	27511-5525	(919) 469-1835
Four is a Crowd, LLC	230 East W. T. Harris Blvd	CHARLOTTE	NC	28262-3492	(704) 717-9600
Highland Hospitality, LLC	5815 Highland Shoppes Drive	CHARLOTTE	NC	28269	704-885-2657
SunCakes NC, LLC	16015-A Lancaster Highway	CHARLOTTE	NC	28277-2032	980-580-0251
SunCakes NC, LLC	134 W Woodlawn Road	CHARLOTTE	NC	28217-2110	980-580-0455
SunCakes NC, LLC	8146 S Tryon Street	CHARLOTTE	NC	28273-3325	980-580-0250
Chenega IH, LLC	6305 Allegacy Way	CLEMMONS	NC	27012-9628	(336) 766-8650
SunCakes NC, LLC	1821 N Pointe Drive	DURHAM	NC	27705-3415	984-245-0070
R-Hops, Inc	1700 City Center Blvd.	ELIZABETH CITY	NC	27909-8961	(252) 337-9838
Hye Hop, Inc.	7821 Good Middling Drive	FAYETTEVILLE	NC	28304-5994	(910) 323-8880
Juliangel Corporation	1935 Skibo Road	FAYETTEVILLE	NC	28314-1541	(910) 764-1721
Farshchi, Majid	1450 US Highway 70 W	GARNER	NC	27529-2552	(919) 661-2604
SunCakes NC, LLC	504 Cox Road	GASTONIA	NC	28054-0627	980-888-9800
Goldencaakes, Inc.	1100 N. Berkeley Blvd.	GOLDSBORO	NC	27534-3418	(919) 759-3055
3512A LLC	1609 Westover Terrace	GREENSBORO	NC	27408-7105	336-763-5634
Chenega IH, LLC	2735 Ring Road	GREENSBORO	NC	27405-5129	(336) 375-9875
SunCakes NC, LLC	1101 Lanada Rd	GREENSBORO	NC	27407-2651	(336) 962-2885
4415A LLC	3010 S. Evans Street	GREENVILLE	NC	27834-6939	252-689-2923
SunCakes NC, LLC	2415 US Highway 70 SE	HICKORY	NC	28602-8301	(828) 639-8855
SunCakes NC, LLC	110 E Parris Avenue	HIGH POINT	NC	27262-7709	(336) 905-6712
Harvest Holly Springs LLC	7304 GB Alford Hwy	HOLLY SPRINGS	NC	27540-7692	(919) 552-8570
Nemo Restaurants LLC	14001 W. Hwy 74	Indian Trail	NC	28079-9657	(704) 234-8963
Chenega IH, LLC	2720 Richlands Highway, #300	JACKSONVILLE	NC	28540-3684	(910) 219-4410

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Chenega IH, LLC	320 Western Blvd	JACKSONVILLE	NC	28546-6303	(910) 353-2324
SunCakes NC, LLC	800 Cloverleaf Plaza	KANNAPOLIS	NC	28083-6982	980-499-4924
Knightdale Pancakes, Inc.	6707 Knightdale Blvd.	KNIGHTDALE	NC	27545-7300	(919) 266-0418
Eagle's Landing Restaurants, LLC	4470 Kahn Drive	LUMBERTON	NC	28358-2326	910-802-4491
SunCakes NC, LLC	9253 E. Independence Blvd	MATTHEWS	NC	28105-4501	704-246-3447
TA Operating LLC	500 Buckhorn Roac	Mebane	NC	27302	919-304-7476
Eagle's Landing Restaurants, LLC	478 River Highway	MOORESVILLE	NC	28117-6828	980) 444- 6585
Chenega IH, LLC	4950 ARENDELL ST STE A	MOREHEAD CITY	NC	28557-2686	(252) 222-0515
4438A LLC	3400 M. L. King, Jr. Blvd	NEW BERN	NC	28562-2301	252-288-6920
SunCakes NC, LLC	9940 Pineville-Matthews Rd	PINEVILLE	NC	28134-7551	980-580-0530
Sixcakes, Inc.	7471 Six Forks Road	RALEIGH	NC	27615-6164	(919) 847-4467
SunCakes NC, LLC	3009 Capital Boulevard	RALEIGH	NC	27604-3333	984-302-3055
Harvest Rocky Mount, LLC	790 N Wesleyan Blvd	ROCKY MOUNT	NC	27804-1756	(252) 443-4999
SunCakes NC, LLC	105 Faith Road	SALISBURY	NC	28146-7003	980-892-6290
Sandhill Hospitality, LLC	10840 US 15-501 Highway	Southern Pines	NC	28387-6243	(910) 556-4589
Harvest Spring Lake LLC	1417 North Bragg Boulevard	SPRING LAKE	NC	28390-2010	(910) 436-0663
MBG & Associates, LLC	61 Weaver Blvd., Suite C	WEAVERVILLE	NC	28787-9804	(828) 645-3800
Chenega IH, LLC	5355 Market Street	WILMINGTON	NC	28405-3505	(910) 790-3311
Farisco Family Restaurants, LLC	5628 Carolina Beach Road	WILMINGTON	NC	28412-2608	910-769-1804
Chenega IH, LLC	5985 University Parkway	WINSTON-SALEM	NC	27105-1341	(336) 377-2287
SunCakes NC, LLC	1295 Silas Creek Parkway	WINSTON-SALEM	NC	27127-5628	(336) 930-0182
Peak Restaurant Group, LLC	1701 45th St SW	FARGO	ND	58103-7796	(701) 282-6538
Peak Third Party Restaurant Group, LLC	3951 32nd Avenue South	GRAND FORKS	ND	58201-5905	(701) 775-7001
Ashoori, Farshad Dan	1503 Cornhusker Road	BELLEVUE	NE	68123-4419	(402) 292-6690
Ashoori, Farshad Dan	7201 S 84th Street	LA VISTA	NE	68128-2130	(402) 339-2880
Ashoori, Farshad Dan	6440 O Street	Lincoln	NE	68510-2331	(402) 904-6605
Ashoori, Farshad Dan	4501 N 27th Street	LINCOLN	NE	68521-4113	(402) 477-4467
Omaha 5338 Inc.	2801 Pine Lake Road	Lincoln	NE	68516	402-904-4910
Ashoori, Farshad Dan	12423 W Center Road	OMAHA	NE	68144-3927	(402) 333-3533
Bedford Pancakes, Inc	224 South River Road	BEDFORD	NH	03110-6819	(603) 296-0236
Nashua Pancakes, Inc.	230 Daniel Webster Hwy	NASHUA	NH	03060-5504	(603) 546-0400
William J. Burns	2028 Woodbury Ave	NEWINGTON	NH	03801-2819	(603) 430-4981
Rochester Pancakes, Inc.	160 Washington St	ROCHESTER	NH	03839-5510	(603) 948-1238
Elsherif Group, LLC	528 S. Broadway	SALEM	NH	03079-4438	(603) 870-9081
Seabrook Pancakes, Inc.	570 Lafayette Road, Unit 301	SEABROOK	NH	03874-6258	(603) 474-0512
Laksh Management, Inc.	542 Bloomfield Avenue	BLOOMFIELD	NJ	07003-3302	(973) 743-9177
Shreeji Restaurant Group, LLC	1129 Broad Street	BLOOMFIELD	NJ	07003-3092	(973) 893-0151
HARVEST 2017 INC.	1759 Route 88	BRICK	NJ	08724-3016	(732) 202-0511
Burlington Operating Group, Inc.	2703 Mount Holly Road, Suite 4	BURLINGTON	NJ	08016-4175	(609) 386-1880
Cedar Knolls Pancake House LLC	102 E. Hanover Avenue	Cedar Knolls	NJ	07927-2069	(973) 998-6258
SHARP 4652 INC	1602 Church Roac	CHERRY HILL	NJ	08002-1203	(856) 667-3454
SMK-Clifton Pancake House, Inc.	680 Route 3 West	CLIFTON	NJ	07012-2302	(973) 471-7717
Tri-Hop Inc.	766 Route 18 North	EAST BRUNSWICK	NJ	08816-4907	(732) 390-6565
Vaid 3721 Inc	610 Route 33	East Windsor	NJ	08520	(609) 443-1211
MAC 46-1, Inc.	50 Parsonage Road	EDISON	NJ	08837-2416	(732) 548-3020

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Elizabeth NJ Pancake House Inc.	650-672 Kapkowski Road	ELIZABETH	NJ	07201-3028	(908) 353-760C
Elizabeth Operating Group Inc.	465 N. Broad Street	ELIZABETH	NJ	07208-3772	(908) 351-8833
Frank D. Carfora, Inc.	141-147 N. Dean Street	ENGLEWOOD	NJ	07631-2501	(201) 568-8088
Broadway Pancakes, LLC	37-13 Broadway	FAIR LAWN	NJ	07410-5428	(201) 402-382C
Harvest 2051, Inc.	3077 State Highway Route 27	FRANKLIN PARK	NJ	08823-1314	(732) 960-1019
Hackettstown Operating Group Inc.	200 Mountain Avenue	HACKETTSTOWN	NJ	07840-2436	(908) 684-2315
Harvest 2085, Inc.	787 Route 33	HAMILTON	NJ	08619-4409	(973) 630-1721
Excalibur of Bergen, Inc.	111 Route 17 South	HASBROUCK HEIGHTS	NJ	07604-2531	(201) 288-0355
Vaid Hop, Inc.	260 Route 206 South	HILLSBOROUGH	NJ	08844-5166	(908) 281-9753
Vaid Howell Pancakes Inc.	4731 Route 9	HOWELL	NJ	07731-4020	(732) 961-100C
ABKA Holding Limited Liability Company	1212 Springfield Avenue	IRVINGTON	NJ	07111-1984	(973) 371-2222
Jersey NJ Pancake House INC.	700 Route 440	JERSEY CITY	NJ	07304-1094	(201) 432-040C
Kenvil Pancake House, Inc	810 US Highway 46	KENVIL	NJ	07847-2632	(973) 927-7899
Harvest 4694, Inc.	106 Route 36	KEYPORT	NJ	07735-1449	(732) 264-239C
KGM-GTE, Inc.	297 Route 72 W	MANAHAWKIN	NJ	08050-2890	(609) 978-437C
Artieda, Victor	4618 Black Horse Pike	MAYS LANDING	NJ	08330-3213	(609) 484-8687
Marlwick, Inc.	12 Route 9 North	MORGANVILLE	NJ	07751-1575	(732) 617-9024
Plat Enterprises, LLC	1120 US Hwy 22	N. PLAINFIELD	NJ	07060-1749	(908) 791-9355
Vaid Hotcakes Inc	2200 State Route 66	NEPTUNE	NJ	07753-4062	(732) 775-5608
Cambrook Foods LLC	109 Bergen Street	NEWARK	NJ	07103-2424	(973) 802-1555
Urban City Foods LLC	915 Broad St.	Newark	NJ	07102	973-732-253C
VAID 3655 INC	1431 US Route 1	North Brunswick	NJ	08902-2132	(732) 354-4477
Troy Hills Pancake House Inc.	792 Route 46 West	PARSIPPANY	NJ	07054-3401	(973) 396-8629
Foya Foods LLC	301 Main Street Ste. 180-182	PATERSON	NJ	07505-1856	(973) 925-470C
Phillipsburg Operating Group, Inc.	1313 US Highway 22 W	Phillipsburg	NJ	08865-4109	(908) 388-1994
Piscataway Pancake House, Inc.	1340 Centennial Ave	PISCATAWAY	NJ	08854-4324	(732) 562-1441
Ramsey Pancake House LLC	475 Route 17 South	RAMSEY	NJ	07446-2012	(201) 236-2401
Vaid Pancakes Inc.	900 Easton Avenue	SOMERSET	NJ	08873-1760	(732) 227-900C
46-5, Inc.	610 Cedar Lane	TEANECK	NJ	07666-1703	(201) 836-650C
GAE-TEE, Inc.	178 Route 37 East	TOMS RIVER	NJ	08753-5536	(732) 349-4555
MKG - GTE, Inc.	941 Route 37 West #6	TOMS RIVER	NJ	08755-5054	(732) 286-2083
BMP TOTOWA LLC	360 Route 46	TOTOWA	NJ	07512-1841	(973) 890-2802
M&H 2, Inc.	785 Parkway Avenue	TRENTON	NJ	08618-2729	(609) 403-8174
Kenny Family Enterprises, Inc.	2500 Route 22 E	UNION	NJ	07083-8540	(908) 687-2022
KBDS Enterprises, Inc.	3196A Kennedy Blvd	UNION CITY	NJ	07087-2351	(201) 617-7079
Vineland IHOP L.L.C.	2216 W. Landis Ave.	VINELAND	NJ	08360-3431	(856) 696-380C
Sharp, Robert	285 Route 73 North	W. BERLIN	NJ	08091-2500	(856) 753-8404
E.J.S. Pancake House LLC	2027 Route 35	Wall Township	NJ	07731-3647	(732) 449-425C
Monroe Operating Group, Inc.	334 Berlin Cross Keys Road	WILLIAMSTOWN	NJ	08094-3473	(856) 318-759C
3330 Alamogordo, Inc.	1413 South White Sands Blvd.	ALAMOGORDO	NM	88310-7254	(575) 443-126C
ABQ Restaurants LLC	5221 Ouray Road Northwest	ALBUQUERQUE	NM	87120-3030	(505) 554-1057
ABQ Restaurants LLC	1400 Mercantile Ave	ALBUQUERQUE	NM	87107-7039	(505) 344-1244
ABQ Restaurants LLC	7500 Menaul Blvd NE	ALBUQUERQUE	NM	87110-3638	(505) 508-4513
3448 Artesia, Inc.	105 South First Street	ARTESIA	NM	88210-2109	(575) 746-445C
3362 Carlsbad, Inc.	2529 South Canal Street	CARLSBAD	NM	88220-6521	(575) 234-1599

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RMLS HOP NEW MEXICO, L.L.C	811 E. 21st Street	CLOVIS	NM	88101-4803	(575) 763-4043
3454 Deming, Inc.	813 E. Pine Street	DEMING	NM	88030-3806	(575) 544-9903
Dajani, Tawfiq	3546 E Main St	FARMINGTON	NM	87402-5329	(505) 564-3400
RMLS HOP NEW MEXICO, L.L.C	3600 N. Lovington Highway	HOBBS	NM	88240-1022	(575) 392-1083
1443 Las Cruces, Inc.	2900 Del Rey Boulevard	LAS CRUCES	NM	88011-5006	(575) 522-8240
FADI 3428, INC.	351 E. University Avenue	LAS CRUCES	NM	88005-3399	(575) 556-9949
3470 LOS LUNAS, INC.	1580 Main Street NW	LOS LUNAS	NM	87031-7083	(505) 866-9280
Al-Nairab, Sohail H.	2304 N Main St	ROSWELL	NM	88201-6453	(575) 625-6767
Dajani, Tawfiq	3301 Cerrillos Rd	SANTA FE	NM	87505-2948	(505) 438-3773
Pebble 1614, Inc.	2450 Pebble Rd	HENDERSON	NV	89074-7089	(702) 933-0420
Sixteen Eighteen Company, Inc.	1201 S Boulder Hwy	HENDERSON	NV	89015-6989	(702) 558-5321
Warm Springs 1615, Inc.	1230 W Warm Springs Rd	HENDERSON	NV	89014-8739	(702) 547-4096
Centennial Food Corp.	5970 Centennial Center Blvd	LAS VEGAS	NV	89149-4558	(702) 515-1791
Cheyenne Food Corp	6870 W Cheyenne Ave	LAS VEGAS	NV	89108-4590	(702) 656-3220
Las Vegas 3684 Inc.	1809 S Las Vegas Blvd	Las Vegas	NV	89104-1329	(702)640-0182
Nellihop, LLC	5280 East Craig Road	LAS VEGAS	NV	89115-2257	(702) 643-1938
Nellis Food Corp.	352 N Nellis Blvd, Suite G	LAS VEGAS	NV	89110-5336	(702) 438-2000
Rainbow 1606 Inc.	3595 S Rainbow Blvd	LAS VEGAS	NV	89103-1005	(702) 365-1004
Sahara 1613 Inc.	9480 W Sahara Ave	LAS VEGAS	NV	89117-5357	(702) 341-9009
Sahara 1613 Inc.	7305 South Rainbow Suite 100	Las Vegas	NV	89113	725-204-9115
Sixteen Nineteen Company, Inc.	5170 S Fort Apache Rd	LAS VEGAS	NV	89148-1717	(702) 871-6696
Sixteen O Eight Company, Inc.	1401 S Decatur Blvd	LAS VEGAS	NV	89102-8508	(702) 877-1316
Sixteen O Nine Company, Inc.	3780 S Maryland Parkway	LAS VEGAS	NV	89119-5651	(702) 737-0375
Sixteen Ten Company, Inc.	4860 Boulder Hwy	LAS VEGAS	NV	89121-3018	(702) 454-1126
Summerhop, LLC	9651 Trailwood Drive	LAS VEGAS	NV	89134-6249	(702) 243-2587
Tropicana 1611 Inc.	3260 E Tropicana Ave	LAS VEGAS	NV	89121-7316	(702) 433-8430
Craig Road Food Corp.	2026 W Craig Rd	NORTH LAS VEGAS	NV	89032-3030	(702) 638-6500
BAM HOP, LLC	100 W. Primm Blvd.	PRIMM	NV	89019-7016	(702) 679-6577
AFSANEH 3, LLC	10150 N McCarran Blvd	RENO	NV	89503-6843	(775) 787-7700
AFSANEH, LLC	9786 S. Virginia Street	RENO	NV	89511-5941	(775) 853-6655
Six Thirty Company, Inc.	1800 S Virginia St	RENO	NV	89502-3402	(775) 786-5028
Springhop, LLC	7490 S. Las Vegas Blvd.	SOUTH LAS VEGAS	NV	89123-1008	(702) 617-0077
AFSANEH 2, LLC	4752 Galleria Parkway	SPARKS	NV	89436-9603	(775) 626-1060
Chenega IH, LLC	16 Wolf Road	ALBANY	NY	12205-2603	(518) 459-7540
O & M Pancakes, Inc.	4003 Maple Rd	AMHERST	NY	14226-1029	(716) 446-1117
ASTORIA NY PANCAKE HOUSE INC.	2161 31st St	Astoria	NY	11105	718-971-1644
Bay Shore Food Corp.	Shore Mall	BAY SHORE	NY	11706-5039	(631) 968-6187
Bay Terrace NY Pancake House, Inc.	21133 26th Ave	Bayside	NY	11360	718-316-6058
817 Allerton Incorporated	817 Allerton Avenue	BRONX	NY	10467-8389	(718) 515-0161
Broccoli, Domenicc	1001 White Plains Road	BRONX	NY	10472-6013	(718) 823-4467
Bronx Pancakes, Inc.	4340 Boston Post Roac	BRONX	NY	10475-1020	(718) 325-6664
Cross Bronx Full Circle, Inc.	961 East 174th Street, #6	BRONX	NY	10460-5058	(718) 860-4467
DM2Pancakes, Inc.	5645 Broadway	BRONX	NY	10463-5504	(718) 549-4565
US Restaurants Inc	243-247 East 149th Street	Bronx	NY	10451	718 713 2912
Brooklyn Hop 2, LLC	785 Flushing Avenue	BROOKLYN	NY	11206-4107	(718) 408-1368

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Brooklyn Hop 3, LLC	2244 Church Avenue	BROOKLYN	NY	11226-4195	(718) 287-4467
Brooklyn HOP 4 LLC	253 Livingston Street	BROOKLYN	NY	11201-5838	(718) 222-4467
Forty Six Nineteen Company, Inc.	2101 Ralph Avenue	BROOKLYN	NY	11234-5405	(718) 251-2262
Mike's HOP, Inc.	11000 Flatlands Avenue	BROOKLYN	NY	11207-8215	(718) 257-4467
Pancakes of Coney Island LLC	1019 Surf Ave	BROOKLYN	NY	11224-2810	(718) 676-7220
Chenega IH, LLC	50 Thruway Plaza Dr	CHEEKTOWAGA	NY	14225-4901	(716) 895-8601
Chenega IH, LLC	4211 Route 31	Clay	NY	13041	(315) 944 - 3008
Chenega IH, LLC	611 Plank Road	CLIFTON PARK	NY	12065-2020	(518) 348-1892
B-Hop Corp	2159 Jericho Turnpike	COMMACK	NY	11725-2903	(631) 499-7265
3688 Food Services Corp.	201 Airport Plaza Blvd	Farmingdale	NY	11735-3934	(631) 393-6750
KIMCNEFOOD, LLC	155-17 Northern Blvd	FLUSHING	NY	11354-5031	(718) 353-5576
Freeport Pancake House, Inc.	133 B West Sunrise Highway	FREEPORT	NY	11520-3523	(516) 442-2668
Reya's Excellent Pancake Inc	28 S. Central Avenue	HARTSDALE	NY	10530-2313	(914) 682-8271
3279 Food Services Corp.	666 Motor Parkway	HAUPPAUGE	NY	11788-5141	(631) 273-6600
Hicksville Pancake House Inc.	100 West Old Country Road	Hicksville	NY	11801-4032	(516) 719-0860
Gani of Suffolk County, Inc.	259B Old Walt Whitman Rd	HUNTINGTON STATION	NY	11746-4124	(631) 423-8760
Jamaica Pancake House Inc.	170-19 Hillside Avenue	JAMAICA	NY	11432-4546	(718) 523-4561
4698 Food Services Corp.	141 Alexander Avenue	LAKE GROVE	NY	11755-1101	(631) 863-1110
Larchmont Pancake House, Inc	1375 Boston Post Roac	LARCHMONT	NY	10538-3904	(914) 834-4734
Levittown Pancake House Inc	2935 Hempstead Turnpike	LEVITTOWN	NY	11756-1330	(516) 597-5490
Lindenhurst Pancake House, Inc.	25 West Sunrise Highway	LINDENHURST	NY	11757-2424	(631) 225-9818
Mave Corporation	1586 Northern Blvd	MANHASSET	NY	11030-3006	(516) 365-2732
Fran-Cakes, Inc.	155 Dolson Avenue	MIDDLETOWN	NY	10940-6538	(845) 343-0880
Samrdh Excellent Pancake Inc	1745 E Main St	MOHEGAN LAKE	NY	10547-1356	(914) 743-1780
Monroe Pancake House, Inc.	290 Larkin Dr. Ste 106	MONROE	NY	10950-4948	(845) 395-9229
Chenega IH, LLC	535 French Rd	NEW HARTFORD	NY	13413-1043	(315) 724-2930
G.O. & B., LLC	2294 Adam Clayton Powell Jr. Blvd.	NEW YORK	NY	10030-2804	(917) 675-6097
Pancakes of Coney Island LLC	110 East 23rd Street	New York	NY	10010	
Trihop 14th Street LLC	235-237 E. 14th Street	NEW YORK	NY	10003-4113	(212) 388-1499
Trihop 177th Street, LLC	4168 Broadway	New York	NY	10033-3772	(212) 927-3777
O.C.I. Management, Inc.	44 Route 17k	NEWBURGH	NY	12550-3916	(845) 569-4467
Bren Hop Corp.	2971 Long Beach Roac	OCEANSIDE	NY	11572-3202	(516) 536-0527
Food Marketing Concepts, Ltd.	9801 Liberty Avenue	OZONE PARK	NY	11417-1653	(718) 659-6501
4777 Food Services Corp.	513 Patchogue Road	PORT JEFFERSON STATION	NY	11776-1006	(631) 928-3888
Chenega IH, LLC	2550 South Road	POUGHKEEPSIE	NY	12601-5468	(845) 462-1792
3631 Food Services Corp.	1490 Old Country Road	Riverhead	NY	11901-2040	(631) 591-2727
Chenega IH, LLC	2190 N. Goodman Street	ROCHESTER	NY	14609-1043	(585) 482-4467
3198 Food Services Corp.	339 Portion Road	RONKONKOMA	NY	11779-2343	(631) 580-5600
Richie's H.O.P., Inc.	25402 Rockaway Blvd	ROSEDALE	NY	11422-3107	(718) 978-6689
ZARA EXCELLENT PANCAKE INC.	40 Spring Valley Market Place	SPRING VALLEY	NY	10977-5212	(845) 517-5303
SI Graniteville Pancake House Inc.	935 Richmond Avenue #947	STATEN ISLAND	NY	10314-1501	(718) 494-4467
W.P.S. Industries, Inc.	180 E Sunrise Highway	VALLEY STREAM	NY	11581-1312	(516) 825-9388
Chenega IH, LLC	3720 Vestal Parkway East	VESTAL	NY	13850-2312	(607) 644-9051
Chenega IH, LLC	1290 Arsenal St	Watertown	NY	13601-2182	(315) 681-4081

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Di Hop Corp.	651 Montauk Highway	WEST BABYLON	NY	11704-8217	(631) 321-0953
Freeport Pancake House, Inc.	533 Old Country Road	WESTBURY	NY	11590-5109	(516) 280-500C
Williston Pancake House Inc.	145 Hillside Avenue	WILLISTON PARK	NY	11596-1700	(516) 746-8421
Ozerovsky's Family Enterprise, Inc.	2620 Central Park Avenue	YONKERS	NY	10710-1126	(914) 395-1111
5508, Inc.	2877 S Arlington Rd	AKRON	OH	44312-4715	(330) 644-4467
Country Road 3663, Inc.	1006 E. East State Street	Athens	OH	45701-2158	(740) 447-902C
River Road Restaurants, LLC	Meadbowbrook Market Square #11	BEDFORD	OH	44146-1113	(440) 439-4462
River Road Restaurants, LLC	833 Boardman Poland Rc	BOARDMAN	OH	44512-5116	(330) 758-8505
RMLS Hop Ohio, L.L.C	10 Consumer Center Drive	CHILLICOTHE	OH	45601-2667	(740) 773-4467
Bona 3661, Inc.	6475 Glenway Avenue	Cincinnati	OH	45248-5200	(513) 620-8579
BONA 5513, Inc.	7400 Beechmont Ave.	CINCINNATI	OH	45255-4102	(513) 233-2505
BONA 5515, Inc.	3222 Geier Drive	CINCINNATI	OH	45209-5000	(513) 731-3666
BONA 5521, Inc.	9540 Colerain Avenue	CINCINNATI	OH	45251-2004	(513) 385-0029
River Road Restaurants, 3170, LLC	3511 Steelyard Drive	CLEVELAND	OH	44109-2387	(216) 741-0407
River Road Restaurants, LLC	10810 Brookpark Road	CLEVELAND	OH	44130-1119	(216) 898-0298
RMLS Hop Ohio, L.L.C	7130 Sawmill Road	COLUMBUS	OH	43235-1943	(614) 766-799C
RMLS Hop Ohio, L.L.C	5500 Renner Road	COLUMBUS	OH	43228-9359	(614) 851-3909
BONA 3703, INC.	6930 Miller Lane	Dayton	OH	45414-2657	(937) 387-9106
BONA 5516, Inc.	1217 Omniplex Drive	FOREST PARK	OH	45240-1280	(513) 671-5042
RMLS Hop Ohio, L.L.C	2040 Stringtown Rd	GROVE CITY	OH	43123-3993	(614) 801-0443
RMLS Hop Ohio, L.L.C	651 Hebron Road	HEATH	OH	43056-1349	(740) 522-6192
5461 LLC	6535 Airport Hwy	HOLLAND	OH	43528-9394	(419) 868-9831
Bona 3576, Inc.	7609 Old Troy Pike	HUBER HEIGHTS	OH	45424	(937) 660-820C
RMLS Hop Ohio, L.L.C	1585 River Valley Circle North	LANCASTER	OH	43130-8400	(740) 654-779C
5430 LLC	3289 Elida Rd	LIMA	OH	45805-1219	(419) 228-0607
Country Road 3061, Inc.	103 Crooked Run Lane	Marietta	OH	45750-7964	(740) 374-4314
BONA 5522, Inc.	5063 Bowen Drive	MASON	OH	45040-7671	(513) 229-096C
5503, Inc.	22 Massillon Marketplace Drive SW	MASSILLON	OH	44646-2016	(330) 833-6529
3724, Inc.	17887 Bagley Rd	Middleburg Heights	OH	44130	440-625-003C
BONA 5514, Inc.	5699 Romar Drive	MILFORD	OH	45150-8506	(513) 965-0926
TA Operating LLC	12906 Deshler Rd.	North Baltimore	OH	45872	419-257-3744
5509, Inc.	4760 Portage St NW	NORTH CANTON	OH	44720-7009	(330) 966-9805
3572, Inc.	2190 Walker Lake Rd	ONTARIO	OH	44903-6521	(419) 747-1126
5450 LLC	10151 Fremont Pike	PERRYSBURG	OH	43551-3332	(419) 873-0505
RMLS Hop Ohio, L.L.C	2413 Taylor Square Drive	REYNOLDSBURC	OH	43068-9500	(614) 861-280C
5456 LLC	4045 Talmadge Road	TOLEDO	OH	43623-3501	(419) 474-6701
BONA 5518, Inc.	7748 Cox Lane	WEST CHESTER	OH	45069-6548	(513) 779-091C
RMLS Hop Ohio, L.L.C	40 Polaris Parkway	WESTERVILLE	OH	43082-8007	(614) 392-204C
RMLS HOP OKC, LLC	2520 Veterans Blvd.	ARDMORE	OK	73401-9568	(580) 223-070C
FOH Operations, LLC	1410 SE Washington Blvd., Ste. B	BARTLESVILLE	OK	74006-4533	(918) 331-970C
Spoon, LLC	1901 E. Hillside Drive	BROKEN ARROW	OK	74012-2364	(918) 355-530C
Chip, LLC	2020 S. Cherokee Streeet	CATOOSA	OK	74015-3232	(918) 739-3055
WWC Spirits, LLC	12252 Ruppe Rd.	DAVIS	OK	73030-9253	(580) 369-4042
Chicken, LLC	901 Westside Drive	DURANT	OK	74701-3082	(580) 380-4915
HADAF, LLC	1220 E 2nd St	EDMOND	OK	73034-5317	(405) 715-260C

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ENID, LLC	4125 W Owen K. Garriott Rd	ENID	OK	73703-4820	(580) 237-8996
Lawton -2109, LLC	4020 NW Cache Road	LAWTON	OK	73505-3634	(580) 357-7464
RMLS HOP OKC, LLC	1421 S Air Depot Blvd	MIDWEST CITY	OK	73110-4811	(405) 741-4440
RMLS HOP OKC, LLC	2501 S Service Rd	MOORE	OK	73160-5524	(405) 895-6652
Cake, LLC	1600 North 32nd Street	MUSKOGEE	OK	74401-2248	(918) 683-0500
RMLS HOP OKC, LLC	1068 E. State Hwy 152	MUSTANG	OK	73064-5118	(405) 730-8883
RMLS HOP OKC, LLC	840 Ed Noble Pkwy	NORMAN	OK	73072-4878	(405) 292-4467
RMLS HOP OKC, LLC	1049 12th Avenue NE, Suite 140	NORMAN	OK	73071-5313	(405) 701-1616
1490 OKC, LLC	701 S Meridian Ave	OKLAHOMA CITY	OK	73108-1601	(405) 917-7900
1907 OKC, LLC	7708 NW Expressway	OKLAHOMA CITY	OK	73132-1573	(405) 470-0790
2028, Inc.	401 E. California Ave	OKLAHOMA CITY	OK	73104-4210	(405) 231-4467
HADAF, LLC	2624 W Memorial Rd	OKLAHOMA CITY	OK	73134-8031	(405) 753-9800
HADAF, LLC	5201 N Classen Blvd	OKLAHOMA CITY	OK	73118-4450	(405) 840-4467
RMLS HOP OKC, LLC	2 W I-240 Service Rd	OKLAHOMA CITY	OK	73139-8012	(405) 635-9633
RMLS HOP OKC, LLC	11312 Westmark Drive	OKLAHOMA CITY	OK	73099-7600	(405) 577-5960
Sugar, LLC	9005 N. 121st East Ave.	OWASSO	OK	74055-5992	(918) 609-6226
Toast, LLC	101 S Highway 97	SAND SPRINGS	OK	74063-6515	(918) 419-2015
Cheese, LLC	12101 South Waco Ave.	SAPULPA	OK	74066-6949	(918) 296-9625
SHAWNEE, LLC	185 W Interstate Pkwy	SHAWNEE	OK	74804-1330	(405) 275-446754
HADAF, LLC	611 N Main St	STILLWATER	OK	74075-5408	(405) 533-4467
WWC Spirits, LLC	777 Casino Avenue	THACKERVILLE	OK	73459-9774	(580) 276-1781
COMBO, LLC	7123 S Lewis Ave	TULSA	OK	74136-5402	(918) 496-8244
First Hills, LLC	7007 South Memorial Drive	Tulsa	OK	74133	9189575314
Griddle, LLC	3130 S Memorial Dr	TULSA	OK	74145-1306	(918) 621-4467
Sampler, LLC	8222 E 103rd St South	TULSA	OK	74133-7081	(918) 970-4776
Skilllet, LLC	11020 East 71st St	TULSA	OK	74133-2526	(918) 254-2277
Paul, Eric	15935 SW Regatta Lane	BEAVERTON	OR	97006-8925	(503) 614-8485
Paul, Eric	30 Bend River Mall Dr	BEND	OR	97701-7528	(541) 317-9812
Mesk Investment 3730 LLC	3215 W 11th Ave	Eugene	OR	97402	
MESK Investment, LLC	849 NE 25th Ave	HILLSBORO	OR	97124-5975	(503) 648-3226
Mesk Investment 3607 LLC	1101 NE Highway 99W	McMinnville	OR	97128-2718	(503) 883-9695
Mesk Investment 3635, LLC	1383 Center Dr	Medford	OR	97501-7902	(458) 226-2511
Mesk Investment 3700 LLC	19709 S Highway 213	Oregon City	OR	97045	5038504892
Denic Restaurants, Inc.	9840 NE Cascades Parkway	PORTLAND	OR	97220-6825	(503) 282-4467
MESK Investment 675, LLC	4931 SE 82nd Ave	PORTLAND	OR	97266-3103	(503) 771-1582
MESK Investment 1728, LLC	407 Lancaster Dr NE	SALEM	OR	97301-4729	(503) 375-9988
Mesk Investment 3653 LLC	16814 SW Edy Road	Sherwood	OR	97140-8366	(503) 825-9368
MESK Investment 670, LLC	3427 Gateway	SPRINGFIELD	OR	97477-1057	(541) 747-1024
Mesk Investment 3571 LLC	22583 NE Glisan St	Wood Village	OR	97060-3787	(503) 665-2598
Lehigh Operating Group, Inc.	1511 Lehigh Street	ALLENTOWN	PA	18103-3813	(610) 797-6113
Ardmore PA Pancakes House Inc.	130 W Lancaster Ave	ARDMORE	PA	19003-1305	(610) 642-2555
Bluebell PA Pancake House Inc.	1720 DeKalb Pike	BLUE BELL	PA	19422-3352	(610) 270-9101
Scott's Hot Cakes, LLC	8040 Peach St.	ERIE	PA	16509-4733	(814) 520-5303
Exton Operating Group, Inc.	471 John Young Way	Exton	PA	19341-2548	(484) 872-8384
Harvest 568, Inc.	110 Lincoln Hwy, Suite #1	FAIRLESS HILLS	PA	19030-1011	(215) 269-1565

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Concordville Operating Group, Inc.	200 Town Centre Dr	Glen Mills	PA	19342-3345	(484) 840-843C
Harvest 3402 Inc	5159 Route 30 East	GREENSBURG	PA	15601-6692	(724) 834-1345
Harvest 3407 Inc	4002 Union Deposit Rd	HARRISBURG	PA	17109-5906	(717) 652-3875
Jenkintown PA Pancake House Inc.	481 Old York Rd	JENKINTOWN	PA	19046-2735	(215) 886-615C
Rocky Restaurants LLC	133 Twin Rocks Rd.	Lake Ariel	PA	18436-4859	(570) 689-9112
Harvest 3405 Inc	2319 Lincoln Hwy E	LANCASTER	PA	17602-1113	(717) 390-3726
Rocky Restaurants LLC	33 Stop Plaza Drive	Mifflintown	PA	17059	7174368941
Aramingo Operating Group, Inc.	3400 Aramingo Ave	PHILADELPHIA	PA	19134-4513	(215) 427-337C
DYC Pancake House Inc.	1320 Walnut Street	PHILADELPHIA	PA	19107-5410	(215) 732-1726
M&H 4, Inc.	10740 Roosevelt Blvd	PHILADELPHIA	PA	19116-3938	(215) 969-517C
Roosevelt PA Pancake House Inc.	4310 Roosevelt Blvd	PHILADELPHIA	PA	19124-3019	(215) 744-7841
Snyder PA Pancake House Inc.	3 Snyder Avenue	PHILADELPHIA	PA	19148-2722	(215) 339-5095
Harvest 3223 Inc	1002 Sutherland Drive	PITTSBURGH	PA	15205-4865	(412) 859-0354
Harvest 3238 Inc	4656 Browns Hill Road	PITTSBURGH	PA	15217-2938	(412) 586-5981
Harvest 3403 Inc	9036 St. Simon Way	PITTSBURGH	PA	15237-5690	(412) 364-1618
Harvest 3404 Inc	1661 S. Atherton Street	STATE COLLEGE	PA	16801-6210	(814) 238-1045
Harvest 3236 Inc	702 Walmart Drive	UNIONTOWN	PA	15401-8425	(724) 438-569C
RZ Excellent Pancake LLC	101 S 69th St	UPPER DARBY	PA	19082-3212	(610) 352-4467
Pyramid Operating Group, Inc.	150 Easton Rd	WARRINGTON	PA	18976-2513	(215) 491-5905
Rocky Restaurants LLC	2550 State Route 534	WHITE HAVEN	PA	18661-4016	(570) 443-7443
Harvest 3614 Inc	770 Kidder Street	Wilkes-Barre	PA	18702-6911	(570) 846-4893
Excellent Pancake, Inc.	2701 N Meridian Blvd	WYOMISSING	PA	19610-3331	(610) 374-930C
Harvest 3406 Inc	108 Pauline Dr.	YORK	PA	17402-4624	(717) 900-450C
Encanto Sunrise, Inc.	#1 Prime Outlet Blvd Manati Ward	BARCELONETA	PR	00617	787-970 3434
Encanto Sunrise, Inc.	Carr. 167 Int 29, Plazoleta del Canton	BAYAMON	PR	00959	787-545-8804
Encanto Restaurants, Inc.	200 Rafael Cordero, Plaza Centro Mall	CAGUAS	PR	00725	787-743 8820
Encanto Sunrise, Inc.	Street PR 30S, Los Colobos Shopping Center Local 6-9 Ponce Town Center, Lot # 092 , Carr #2 Int	CAROLINA	PR	00983	787-710-2189
Encanto Sunrise, Inc.	Carr # 10 Km 25.7	Puerto Rico	PR	00731	787-651-5151
Encanto Sunrise, Inc.	9410 Los Romeros Ave. - Local 184C	SAN JUAN	PR	00926	787-626-2222
CRMG East Providence, Inc.	75 Highland Avenue, Unit C	EAST PROVIDENCE	RI	02914-1246	(401) 435-4467
CRMG Lincoln, Inc	622 George Washington Highway	Lincoln	RI	02865-4273	(401) 333-1593
Cardinal, William	159 W. Main Road	MIDDLETOWN	RI	02842-4936	(401) 847-9818
Providence Pancakes, Inc.	45 Pleasant Valley Parkway	PROVIDENCE	RI	02908-5603	(401) 626-4314
Warwick Pancakes, Inc.	1802 Post Road	WARWICK	RI	02886-1501	(401) 738-0003
Eagles Landing Investments, LLC	180 Aiken Mall Dr	AIKEN	SC	29803-6799	803-226-0657
SunCakes SC, LLC	3191 N. Main Street	ANDERSON	SC	29621-2764	(864) 772-1255
Eagles Landing Investments, LLC	266 Robert Smalls Parkway	BEAUFORT	SC	29906-4213	843-379-5137
Eagles Landing Investments, LLC	11 Towne Drive	BLUFFTON	SC	29910-4201	843-757-9155
Eagle's Landing Restaurants, LLC	771 Daniel Ellis Drive	CHARLESTON	SC	29412-3035	854-222-3812
Alaimo and Alaimo, Inc.	7719 Two Notch Rd	COLUMBIA	SC	29223-6223	(803) 788-5101
Arsalco, Inc.	813 St. Andrews Rd	COLUMBIA	SC	29210-5813	(803) 731-2136
SunCakes SC, LLC	1031 Assembly St	COLUMBIA	SC	29201-3145	(803) 830-3775
R & R 4406, Inc.	6525 Calhoun Memorial Hwy #6525A	EASLEY	SC	29640-3669	(864) 442-0833

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Makawi, Mohamed	2681 David H McLeod Blvd	FLORENCE	SC	29501-4041	843-407-6902
411 Company Inc.	915 Wade Hampton Blvd	GREENVILLE	SC	29609-4943	(864) 412-5511
R & R 4406, Inc.	1 Park Woodruff Drive	GREENVILLE	SC	29607-5728	(864) 676-0032
Eagles Landing Investments, LLC	482 Bypass 72 NW	GREENWOOD	SC	29649-1404	(864) 377-8595
3452 LLC	1494 West Wade Hampton Blvd, Suite A	GREER	SC	29651-6079	864-655-4170
Eagles Landing Investments, LLC	5571 Sunset Blvd.	LEXINGTON	SC	29072-8017	803-520-7129
Farshchi, Majid	1787 N. Highway 17	MOUNT PLEASANT	SC	29464-3334	(843) 849-0639
Farshchi, Majid	1300 S Kings Hwy	MYRTLE BEACH	SC	29577-4507	(843) 626-0136
Myrna Family Restaurant, LLC	100 Legends Road, Unit 5	MYRTLE BEACH	SC	29579-7076	843-796-1066
Farshchi, Majid	7361 Mazyck Rd	N. CHARLESTON	SC	29406-6422	(843) 824-9390
MKKM, Inc.	4936 Centre Point Drive	N. CHARLESTON	SC	29418-6927	854-222-3743
Eagles Landing Investments, LLC	1248 Knox Ave	North Augusta	SC	29841-4055	803-426-1355
Farshchi, Majid	700 Highway 17 N	NORTH MYRTLE BEACH	SC	29582-2908	(843) 249-9742
Eagles Landing Investments, LLC	2567 North Road	ORANGEBURG	SC	29118-1823	(803)937-5568
Blue Coral Springs, LLC	2797 Cherry Road	ROCK HILL	SC	29730-8960	(803) 325-1705
3589 LLC	2095 East Main St	Spartanburg	SC	29307-1430	864-754-4134
SunCakes SC, LLC	8135 Warren H. Abernathy Highway	SPARTANBURG	SC	29301-2451	(864) 598-3055
Dorchester Family Restaurant, LLC	9976 Dorchester Road	SUMMERVILLE	SC	29485-8529	843-594-3951
Farshchi, Majid	1217 N Main Street	SUMMERVILLE	SC	29483-7329	(843) 851-3400
Eagles Landing Investments, LLC	2485 Broad Street	SUMTER	SC	29150-1820	(803) 869-4778
ELR 3540, LLC	2040 Bells Highway	WALTERBORC	SC	29488-6815	(843)898-6072
PRP 3044, LLC	550 Disk Drive	RAPID CITY	SD	57701-7870	(605) 341-4467
Peak Restaurant Group, LLC	4510 W 41st St	SIOUX FALLS	SD	57106-0929	(605) 362-6632
SunCakes TN, LLC	5420 Target Drive	ANTIOCH	TN	37013-3870	629-204-3910
Clamore III, LLC	5814 Brainerd Road	CHATTANOOGA	TN	37411-5505	(423) 490-0559
RMLS Hop Midwest, L.L.C.	2819 B Wilma Rudolph Boulevard	CLARKSVILLE	TN	37040-5156	(931) 503-0911
Clamore V, LLC	4323 Freedom Parkway NW	CLEVELAND	TN	37312-7801	(423) 479-9707
Clamore XIV, LLC	1115 Interstate Drive	COOKEVILLE	TN	38501-4133	(931) 646-4600
Tenhop, LLC	1106 N. Germantown Pkwy	CORDOVA	TN	38016-5893	(901) 756-6488
Tenhop, LLC	1655 Highway 51 South, Suite A	COVINGTON	TN	38019-3241	(901) 296-5340
SunCakes TN, LLC	1203 Murfreesboro Road, Ste 190	FRANKLIN	TN	37064-3028	(615) 282-0090
Crockett Enterprises, Inc.	195 Van Hill Road	Greeneville	TN	37745-7601	(423) 234-4467
SunCakes TN, LLC	5016 Old Hickory Blvd	HERMITAGE	TN	37076-2566	629-204-3890
Reller, David C.	5113 Highway 153	HIXSON	TN	37343-4519	(423) 877-4732
Ikbariah, Alex	9 Stonebridge Blvd	JACKSON	TN	38305-2055	(731) 660-3440
SunCakes TN, LLC	3214 Peoples Street	JOHNSON CITY	TN	37604-4142	(423) 427-2550
SunCakes TN, LLC	1201 E Stone Dr	KINGSPORT	TN	37660-4126	423-830-1090
Clamore II, LLC	5604 Merchants Center Blvd	KNOXVILLE	TN	37912-3479	(865) 689-1202
Clamore X, LLC	7609 Mountain Grove Drive	KNOXVILLE	TN	37920-6755	(865) 577-0230
Clamore XII LLC	313 Lovell Road	KNOXVILLE	TN	37922-1907	(865) 671-3804
DCR Restaurants, Inc.	7128 Kingston Pike	KNOXVILLE	TN	37919-5707	(865) 588-8331
SunCakes TN, LLC	2219 Gallatin Pike N	MADISON	TN	37115-2005	629-262-5100
Clamore VII, LLC	906 Turner Street	MARYVILLE	TN	37801-3840	(865) 981-9677
Eggbowl, LLC	2810 Wolfcreek Pkwy	MEMPHIS	TN	38133-8152	(901) 266-0400
Eggbowl, LLC	1661 Sycamore View Road	MEMPHIS	TN	38134-7313	(901) 213-3195

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Eggpan, LLC	2060 Union Ave	MEMPHIS	TN	38104-4138	(901) 725-4448
S & S Eatery Inc	4725 Showcase Boulevard	MEMPHIS	TN	38118-8497	901-207-2812
S & S Eatery Inc	3710 Riverdale Road	MEMPHIS	TN	38115-5400	(901) 737-3902
Eggpan, LLC	8484 Wilkinsville Road	MILLINGTON	TN	38053-1504	(901) 873-4407
Clamore VIII, LLC	472 Crockett Trace Dr.	MORRISTOWN	TN	37813-1643	(423) 587-4433
Nashville Pancake Stax, Inc.	520 Pleasant Grove Rd	Mount Juliet	TN	37122-3785	(615) 288-4388
Ikbariah, Alex	1728 Old Fort Parkway	MURFREESBORO	TN	37129-3384	(615) 867-0705
SunCakes TN, LLC	4098 Nolensville Pike	NASHVILLE	TN	37211-4516	629-204-3340
SunCakes TN, LLC	6800 Charlotte Pike, Ste 117	NASHVILLE	TN	37209-4282	629-204-3885
Clamore XI, LLC	355 S. Illinois Avenue	OAK RIDGE	TN	37830-6741	(865) 220-5450
Panapple, L.P.	3636 Parkway	PIGEON FORGE	TN	37863-3812	(865) 429-2335
Panapple, L.P.	1802 Parkway	SEVIERVILLE	TN	37862-7006	(865) 429-3925
SunCakes TN, LLC	779 Team Blvd.	SMYRNA	TN	37167-5676	(615) 625-0707
RMLS HOP TEXAS, L.L.C.	3750 S Clack St	ABILENE	TX	79606-2725	(325) 695-2432
AHDAF, LLC	3910 Belt Line Rd	ADDISON	TX	75001-4305	(972) 241-9295
3300 E. Main St, LLC	3300 E. Main St.	ALICE	TX	78332-7319	(361) 661-1123
ACG 3006, L.P.	315 Central Expressway North	ALLEN	TX	75013-2631	(214) 383-3434
ACG 1337, L.P.	2100 S Western St	AMARILLO	TX	79109-1516	(806) 352-2646
ACG 3003, L.P.	1711 East Interstate 40	AMARILLO	TX	79102-4325	(806) 220-2715
1432, Inc.	1105 W Interstate Hwy 20	ARLINGTON	TX	76017-5857	(817) 784-6040
ACG 3026, L.P.	1315 Wet N Wild Way	ARLINGTON	TX	76011-4302	(817) 795-7700
Tripoli, LLC	5950 Interstate 20 W	ARLINGTON	TX	76017-1037	(817) 561-9973
ACG 1359, L.P.	901 E Koenig Lane	AUSTIN	TX	78751-1504	(512) 452-7311
ACG 1421, L.P.	707 E Cesar Chavez	AUSTIN	TX	78701-4100	(512) 478-9520
ACG 1439, L.P.	11654 Research Blvd	AUSTIN	TX	78759-4033	(512) 345-7124
ACG 1476, L.P.	1101 S Mo Pac Expy	AUSTIN	TX	78746-5779	(512) 327-9284
ACG 1477, L.P.	13201 Ranch Rd 620 N, Bldg Q	AUSTIN	TX	78717-1025	(512) 336-9234
ACG 1487, L.P.	14310 North IH-35	AUSTIN	TX	78728-7093	(512) 989-2333
ACG 3000, L.P.	8801 South Interstate Highway 35	AUSTIN	TX	78744-6713	(512) 291-8442
ACG 3682, L.P.	7710 North FM 620 Rd.	Austin	TX	78726	(512) 772-2715
Nazarian 1473, Inc.	5001 Garth Rd	BAYTOWN	TX	77521-9640	(281) 421-9555
Bona 1372, Inc.	3830 College St	BEAUMONT	TX	77701-4620	(409) 833-5510
Bona 1900, Inc.	5875 Eastex Freeway	BEAUMONT	TX	77706-6921	(409) 899-3117
ACG 3602, L.P.	1705 N I-35	BELLMEAD	TX	76705-2534	(254) 420-8388
1004 MAIN ST., LLC	1004 Main Street	Brownsville	TX	78526-3659	(956) 435-9768
2430 Pablo Kisel, Ltd	2430 Pablo Kisel Blvd	BROWNSVILLE	TX	78526-4095	(956) 550-0333
ACG 3024, L.P.	758 North Earl Rudder Freeway	BRYAN	TX	77802-2914	(979) 774-9560
4290, Inc.	908 N Burlison Blvd	BURLESON	TX	76028-2904	(817) 426-2600
ACG 3419, LP	7061 S. Desert Blvd.	CANUTILLC	TX	79835-8556	(915) 877-9980
AHDAF, LLC	2625 Old Denton Rd #900	CARROLLTON	TX	75007-5126	(972) 323-1700
ACG 1450, L.P.	205 E FM 1382	CEDAR HILL	TX	75104-2147	(972) 293-2464
ACG 3025, L.P.	800 East Whitestone Blvd.	CEDAR PARK	TX	78613-9056	(512) 260-8880
CAKE 1947 LLC	401 FM 2094 Rd	CLEAR LAKE SHORES	TX	77565-2683	(281) 334-9888
ACG 3416, LP	2234 N Main St	CLEBURNE	TX	76033-5012	(817) 556-0136
ACG 1375, L.P.	103 College Ave	COLLEGE STATION	TX	77840-1406	(979) 846-7073

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ACG 3651, L.P.	4434 State Highway 6 South	COLLEGE STATION	TX	77845-4427	(979) 402-7726
Lorraine Enterprises, L.C.	1508 Interstate 45 S	CONROE	TX	77304-2806	(936) 756-9445
Haidar, Moussa	5202 S Padre Island Dr	CORPUS CHRISTI	TX	78411-4102	(361) 993-5535
New 5202 South Padre Island Drive, LP	2037 S Padre Island Drive	CORPUS CHRISTI	TX	78401-2502	(361) 814-5535
ACG 3015, L.P.	26301 Northwest Highway	CYPRESS	TX	77429-5762	(281) 256-3563
ACG 1333, L.P.	1626 W Mockingbird Lane	DALLAS	TX	75235-5009	(214) 634-0200
ACG 1454, L.P.	2310 Stemmons Trail	DALLAS	TX	75220-5327	(214) 358-5599
ACG 3010, L.P.	4333 DFW Turnpike	DALLAS	TX	75211-1304	(214) 634-4467
ACG 3027, L.P.	7830 N. Central Expressway	DALLAS	TX	75206-1902	(214) 346-6520
ACG 3410, L.P.	2825 Forest Lane	DALLAS	TX	75234-7501	(972) 241-2121
ACG 3418, LP	4770 Vista Wood Blvd.	DALLAS	TX	75232-1360	(214) 376-3841
ACG 3650, L.P.	7317 Gaston Ave	DALLAS	TX	75214-4131	(972) 520-5449
D&B Mitchell Group, LLC	2610 N International Parkway	Dallas	TX	75261-0124	(972) 973-6433
ACG 1937, L.P.	801 S Hwy 287	DECATUR	TX	76234-1629	(940) 627-1290
5248 N 10th, LLC	2203 Veterans Blvd.	DEL RIO	TX	78840-3120	(830) 774-3272
Stacks Corporation	701 N US Hwy 75	DENISON	TX	75020-1338	(903) 464-9400
ACG 3649, L.P.	3200 North Interstate 35	DENTON	TX	76201-5153	(940) 390-7051
ACG 3648, L.P.	165 Hargraves Drive, Suite N100	Dripping Springs	TX	77837-8506	(512) 902-1174
KTTT PAN HOUSE, LLC	794 Lucky Eagle Dr	Eagle Pass	TX	78852-2430	(830) 752-4866
2716 West, LLC	2716 W. University Drive	EDINBURG	TX	78539-2829	(956) 387-0444
Haidar, Moussa	517 E Trenton	EDINBURG	TX	78539-2931	(956) 316-4466
ACG 1934, L.P.	655 Sunland Park Drive, Suite C	EL PASO	TX	79912-5168	(915) 845-1700
ACG 3012, L.P.	1889 N. Zaragoza Road	EL PASO	TX	79936-7912	(915) 857-3921
ACG 3020, L.P.	6080 Gateway East	EL PASO	TX	79905-2025	(915) 772-4077
ACG 3413, L.P.	4500 Hondo Pass	EL PASO	TX	79904-1308	(915) 751-7665
Al-Nairab, Sohail H.	1341 George Dieter Dr	EL PASO	TX	79936-7410	(915) 590-0025
ACG 3004, L.P.	111 S. Interstate Highway 45	ENNIS	TX	75119-5110	(972) 878-0692
ACG 3018, L.P.	2710 State Highway 121	EULESS	TX	76039-4073	(817) 205-3473
Family Cafeteria of the Southwest, Inc.	2309 W Airport Freeway	EULESS	TX	76040-3966	(817) 540-0719
ACG 1948, L.P.	2600 Long Prairie Rd	FLOWER MOUND	TX	75022-4839	(972) 899-3235
1465, Inc.	5901 SW Loop 820	FORT WORTH	TX	76132-1826	(817) 263-8525
ACG 3007, L.P.	12750 North Freeway	FORT WORTH	TX	76177-3002	(817) 431-6300
ACG 3681, L.P.	4600 W. Bailey Boswell Rd.	Fort Worth	TX	76179-4320	(817) 269-2999
Bluefork, LLC	3700 Alta Mesa Blvd	FORT WORTH	TX	76133-5606	(817) 292-6508
Near East Enterprise, LLC	8640 E Freeway (I-30)	FORT WORTH	TX	76120-4408	(817) 277-7983
Ramtran, Inc.	1664 S University Dr	FORT WORTH	TX	76107-6574	(817) 336-4191
Tripoli, LLC	5920 Quebec St	FORT WORTH	TX	76135-3605	(817) 237-2894
Tripoli, LLC	3860 NE Loop 820	FORT WORTH	TX	76137-3406	(817) 838-0022
ACG 1942, L.P.	2480 Preston Rd	FRISCO	TX	75034-9429	(972) 712-8700
ACG 3017, L.P.	9509 North Dallas Parkway	FRISCO	TX	75034-3480	(214) 872-3189
ACG 3734, LP	1375 US Highway 380	Frisco	TX	75033	
ACG 1954, L.P.	402 N Interstate 35	GAINESVILLE	TX	76240-3800	(940) 612-1900
Fertitta Hospitality, LLC	5224 Seawall Blvd	GALVESTON	TX	77551-4003	(409) 740-7474
ACG 1404, L.P.	1313 W Centerville Rd	GARLAND	TX	75041-5908	(972) 613-7800
ACG 3014, L.P.	5175 N. President George Bush Highway	GARLAND	TX	75040-2763	(972) 530-4300

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ACG 3013, L.P.	750 South Interstate 35	GEORGETOWN	TX	78628-4167	(512) 864-248C
ACG 3508, L.P.	5252 S. State Highway 360	GRAND PRAIRIE	TX	75052-8307	(972) 352-2987
Bluefork, LLC	4103 S Carrier Pkwy	GRAND PRAIRIE	TX	75052-3215	(972) 262-1931
Maha Trading, LLC	2060 N Highway 360	GRAND PRAIRIE	TX	75050-1423	(972) 647-8502
Zanobia, LLC	7006 Wesley St	GREENVILLE	TX	75402-7133	(903) 454-1135
ACG 3028, L.P.	170 East Central Texas Expressway	HARKER HEIGHTS	TX	76548-1889	(254) 526-7702
1102 N. Ed Carey, LLC	1102 N ED CAREY DR	HARLINGEN	TX	78550	9562917113
2105 W. Lincoln, LTD	2105 W Lincoln St	HARLINGEN	TX	78552-5919	(956) 440-9451
ACG 1486, L.P.	203 I-35 Hwy NE	HILLSBORO	TX	76645-2618	(254) 582-0061
1436, Inc.	2940 W Sam Houston Pkwy S	HOUSTON	TX	77042-3604	(713) 977-9908
1448, Inc.	2515 Southwest Fwy	HOUSTON	TX	77098-4603	(713) 520-9908
1449, Inc.	13335 FM 1960 Road W	HOUSTON	TX	77065-4001	(281) 469-043C
1469, Inc.	11222 Fuqua St	HOUSTON	TX	77089-2513	(281) 922-9908
1480, Inc.	6888 Gulf Fwy, Suite 700	HOUSTON	TX	77087-2548	(713) 847-9908
ACG 1417, L.P.	11225 Katy Freeway	HOUSTON	TX	77079-2103	(713) 467-940C
ACG 1459, L.P.	13405 East Freeway	HOUSTON	TX	77015-5901	(713) 451-4999
ACG 3623, L.P.	12340 Northwest Freeway	HOUSTON	TX	77092-3112	(832) 258-6874
Adi, Fawaz	5911 Hwy 6 N	HOUSTON	TX	77084-1835	(281) 463-944C
Bona, Inc.	6759 Hwy 6 S	HOUSTON	TX	77083-1511	(281) 561-6983
Cake 1414 LLC	5790 FM 1960 Rd W	HOUSTON	TX	77069-4204	(281) 587-8164
Cake 1444 LLC	1414 Cypress Station	HOUSTON	TX	77090-3022	(281) 893-0063
Houston Crosstimbers, Inc.	15 E Crosstimbers St	HOUSTON	TX	77022-6216	(713) 694-890C
Lorraine Enterprises, L.C.	8515 West Loop S	HOUSTON	TX	77096-1722	(713) 661-9795
Lorraine Enterprises, L.C.	19989 Katy Freeway	HOUSTON	TX	77094-1019	(281) 398-8667
MAS AMIN 1336 INC	5729 Westheimer Rd	HOUSTON	TX	77057-5719	(713) 952-1378
MAS AMIN 1478, INC.	6508 Washington Ave	HOUSTON	TX	77007-2113	(713) 426-210C
MAS AMIN 1904 INC	8607 Southwest Fwy	HOUSTON	TX	77074-1501	(713) 779-4467
Nazarian, Inc.	197 Greens Rd	HOUSTON	TX	77060-1330	(281) 876-4467
Bona 1435, Inc.	19711 Eastex Freeway	HUMBLE	TX	77338-3513	(281) 548-7778
Fadi 1952, Inc.	7353 FM 1960 Rd E	HUMBLE	TX	77346-3130	(281) 812-4911
Lorraine Enterprises, L.C.	3008 Hwy 30 W	HUNTSVILLE	TX	77340-0768	(936) 291-755C
Full Stack-4, LLC	6240 Precinct Line Rd	HURST	TX	76054-2609	(817) 788-1946
ACG 1468, L.P.	1801 N Belt Line Rd	IRVING	TX	75061-1509	(972) 986-0035
ACG 1939, L.P.	900 Market Place	IRVING	TX	75063-8038	(214) 574-710C
ACG 3511, L.P.	24515 Katy Freeway, Ste. # 900	KATY	TX	77494-1311	(281) 392-0041
ACG 3702, LP	700 N. Tarrant Parkway	Keller	TX	76248	682-333-0201
Maradaya, LP	1429 Sidney Baker	KERRVILLE	TX	78028-2739	(830) 792-494C
Killeen - 1455, LLC	700 West Central Texas Expy	KILLEEN	TX	76541-2564	(254) 526-4467
2612 S. 77 Expressway, LLC	2612 S. 77 Expressway	KINGSVILLE	TX	78363-2103	(361) 595-4469
ACG 3676, L.P.	23746 Eastex Freeway	Kingwood	TX	77339	(713)568-6261
ACG 3030, L.P.	5401 Kyle Center Drive	KYLE	TX	78640-6622	(512) 268-2907
ACG 1956, L.P.	6406 Interstate Hwy 45	LA MARQUE	TX	77568-3085	(409) 986-9778
Bona 1451, Inc.	202 E Hwy 332	LAKE JACKSON	TX	77566-5682	(979) 285-0606
ACG 3009, L.P.	790 N. I-35 E	LANCASTER	TX	75146-1804	(972) 274-9191
7503 Sandario, LTD	7503 San Dario Ave	LAREDO	TX	78045-7370	(956) 753-9555

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Yama LP	5920 Bandera Rd	LEON VALLEY	TX	78238-1821	(210) 509-780C
ACG 1438, L.P.	2345 S Stemmons Expressway	LEWISVILLE	TX	75067-8754	(972) 459-1751
ACG 3412, L.P.	3408 S. Main Street	LINDALE	TX	75771-7728	(903) 882-343C
1458, Longview, Inc.	203 W Loop 281	LONGVIEW	TX	75605-4440	(903) 663-9552
Cake Lubbock 1463 LLC	3911 S Loop 289	LUBBOCK	TX	79423-1134	(806) 785-7084
RMLS HOP TEXAS, L.L.C.	1627 University Ave	LUBBOCK	TX	79401-4417	(806) 744-5153
ACG 1474, LP	4400 S Medford Dr	LUFKIN	TX	75901-5640	(936) 634-141C
Full Stack-4, LLC	1951 Hwy 287 N	MANSFIELD	TX	76063-4808	(817) 453-3101
111 West I-20, LLC	111 Interstate 20 W	MARSHALL	TX	75672-8374	(903) 935-468C
1900 South 10th, LLC	1900 S Tenth St	MC ALLEN	TX	78503-5404	(956) 682-5913
Houston Crosstimbers, Inc.	4321 N 10th St	MC ALLEN	TX	78504-3008	(956) 682-4467
H & C Hakim, Inc.	1960 N Central Expressway	MC KINNEY	TX	75070-2908	(972) 562-1855
1399, LLC	101 Grand Junction Blvd	MESQUITE	TX	75149-3129	(972) 285-1513
ACG 3023, L.P.	701 Interstate Highway 30	MESQUITE	TX	75150-2703	(972) 240-5017
RMLS HOP TEXAS, L.L.C.	2507 West Loop 250 N	MIDLAND	TX	79705-3108	(432) 684-575C
RMLS HOP TEXAS, L.L.C.	301 East Interstate 20	MIDLAND	TX	79701-2031	(432) 686-0537
314 N. Shary, LLC	314 N. Shary Road	MISSION	TX	78572-8355	(956) 581-970C
ACG 3598, L.P.	9220 Highway 6	MISSOURI CITY	TX	77459-4994	(713) 392-3661
3232, L.L.C.	2502 W. Ferguson Road, Ste 200	MOUNT PLEASANT	TX	75455-2942	(903) 572-740C
Adi, Fawaz	4117 North St	NACOGDOCHES	TX	75961-1822	(936) 560-5444
Ramakaya, LP	817 Interstate 35 N	NEW BRAUNFELS	TX	78130-3780	(830) 620-0115
ACG 3618, L.P.	5050 State Hwy 114	NORTHLAKE	TX	76262-1437	(940) 367-015C
RMLS HOP TEXAS, L.L.C.	2973 John Ben Shepperd Pkwy	ODESSA	TX	79762-8157	(432) 363-8742
ACG 3021, L.P.	3646 East Sam Houston Parkway S	PASADENA	TX	77505-3102	(281) 487-213C
Alsad Corporation, Inc.	3605 Spencer Hwy	PASADENA	TX	77504-1111	(713) 944-990C
1927, Inc.	2829 Broadway St	PEARLAND	TX	77581-4506	(281) 412-4242
Lorraine Enterprises, L.C.	3110 Silverlake Village Dr	PEARLAND	TX	77584-8081	(713) 436-674C
ACG 3415, L.P.	18709 Limestone Commercial Drive	PFLUGERVILLE	TX	78660-4501	(512) 990-347C
1601 South Cage LLC	1601 S. Cage Rd.	PHARR	TX	78577-6354	(956) 961-429C
Kim's Food Service, LLC	2241 Highway 271 N	Pittsburg	TX	75686	903-855-801C
RMLS HOP TEXAS, L.L.C.	701 N. Interstate 27	PLAINVIEW	TX	79072-5815	(806) 296-5563
5270, Inc.	4804 W Plano Pkwy	PLANO	TX	75093-5309	(972) 596-5004
ACG 1413, L.P.	933 N Central Expressway	PLANO	TX	75075-8805	(972) 422-777C
Mara Mara, Inc.	1133 W Oaklawn Rd	PLEASANTON	TX	78064-3957	(830) 480-500C
Pahop, LLC	8685 Memorial Blvd	PORT ARTHUR	TX	77640-7014	(409) 721-631C
Porter 1945, Inc.	23681 Church St	PORTER	TX	77365-4613	(281) 354-377C
1959 HIGHWAY 181, LLC	1830 Highway 181	PORTLAND	TX	78374-4191	(361) 643-4467
JC Pearce Enterprises, Inc.	1010 S Central Expressway	RICHARDSON	TX	75080-7303	(972) 231-8622
ACG 3509, L.P.	22610 Bellaire Blvd.	RICHMOND	TX	77406-5877	(281) 232-702C
Ritran, Inc.	2616 Ridge Rd	ROCKWALL	TX	75087-5511	(972) 772-962C
ACG 3599, L.P.	6737 Reading Road	ROSENBERG	TX	77471-2970	(281) 750-2691
ACG 1467, L.P.	2002 N IH 35	ROUND ROCK	TX	78681-2135	(512) 388-1123
RMLS HOP TEXAS, L.L.C.	4302 College Hills Blvd	SAN ANGELO	TX	76904-6920	(325) 223-286C
DAMA, Inc.	19239 Stone Oak Parkway, Suite 205	SAN ANTONIO	TX	78258-3472	(210) 495-180C
Damaraya, LP	1500 SW Loop 410	SAN ANTONIO	TX	78227-1605	(210) 675-777C

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Dara, LP	11613 Bandera Rd	SAN ANTONIO	TX	78250-6818	(210) 543-9154
Darayama, LP	3523 Roosevelt Avenue	SAN ANTONIO	TX	78214-2832	(210) 922-6342
Darayama, LP	14424 San Pedro	SAN ANTONIO	TX	78232-4300	(210) 404-1699
Dayarada, Inc.	3115 SE Military Drive	SAN ANTONIO	TX	78223-3813	(210) 333-2985
Kama, LP	6831 North Loop 1604 East	SAN ANTONIO	TX	78247-5332	(210) 651-8262
Kamaraya, LP	10622 Culebra Road	SAN ANTONIO	TX	78251-1320	(210) 521-1225
Madarada, Inc.	107 SW Loop 410	SAN ANTONIO	TX	78245-2167	(210) 681-5826
Marakaya, LP	739 Hot Wells Blvd	SAN ANTONIO	TX	78223-2626	(210) 533-0525
Maya Maya, Inc.	9911 W Interstate 10	San Antonio	TX	78230-2237	(210) 437-1271
Rada Rada Inc	5821 Worth Parkway	SAN ANTONIO	TX	78257-9534	(210) 561-7873
Ramamara, LP	3820 Broadway	SAN ANTONIO	TX	78209-6310	(210) 824-8113
Ramzi Hakim	203 N. Loop 1604	San Antonio	TX	78232	2109673017
River Rama, Inc.	849 E. Commerce St., Ste. 657	San Antonio	TX	78205-3939	(210) 444-1201
Yadarada, Inc.	6519 FM 78	SAN ANTONIO	TX	78244-1366	(210) 666-0621
Yam Yam, LP	12780 W IH 10	SAN ANTONIO	TX	78230-1046	(210) 690-3131
Yamakara, LP	6031 West IH 10	SAN ANTONIO	TX	78201-2104	(210) 736-1965
Yara, LP	2634 SW Military Dr	SAN ANTONIO	TX	78224-1028	(210) 921-9800
Raya, Inc.	1113 N IH 35	SAN MARCOS	TX	78666-7038	(512) 396-4467
Yamadara, LP	17220 Interstate Highway 35 North	SCHERTZ	TX	78154-1293	(210) 654-6200
Yamadaya, LP	2777 N. Hwy 123	SEGUIN	TX	78155-7470	(830) 379-1241
Maraya, Inc.	8107 Agora Pkwy	SELMA	TX	78154-1317	(210) 945-0911
Shepherd Happy Dough Brand LLC	10100 US HWY 59 S	Shepherd	TX	77371	8336991552
H & C Hakim #2, Inc.	2617 N US Hwy 75	SHERMAN	TX	75090-0501	(903) 893-8262
ACG 1498, L.P.	3317 E State Hwy 114	SOUTHLAKE	TX	76092-9175	(817) 424-0788
ACG 1437, L.P.	25619 I H 45	SPRING	TX	77380-3506	(281) 367-6626
ACG 3507, LP	21312 Kuykendahl Rd	SPRING	TX	77379-3307	(281) 288-9037
MAS AMIN 1419, INC.	12725 Southwest Freeway	STAFFORD	TX	77477-3806	(281) 240-3500
MAS AMIN 1483, INC.	16530 Southwest Freeway	SUGAR LAND	TX	77479-2328	(281) 494-4334
ACG 3411, L.P.	1220 Mockingbird Lane	SULPHUR SPRINGS	TX	75482-4855	(903) 885-2406
Temple - 1941, LLC	3913 Bell Dr	TEMPLE	TX	76502-4843	(254) 791-2200
ACG 3011, L.P.	270 E. Interstate 20	TERRELL	TX	75160-2092	(972) 563-8050
ACG 1929, L.P.	4801 Hwy 121	THE COLONY	TX	75056-2916	(469) 384-1400
Cake Time 1950 LLC	22607 Tomball Parkway	TOMBALL	TX	77375-8239	(281) 655-4200
ACG 3414, L.P.	209 S SW Loop 323	TYLER	TX	75702-6511	(903) 526-0049
Anthraper Enterprises, Inc.	115 W Southwest Loop 323	TYLER	TX	75701-8702	(903) 561-1133
Haidar, Moussa	7606 NE Zac Lentz Parkway	VICTORIA	TX	77904-1390	(361) 573-3360
ACG 3001, L.P.	4109 South Jack Kultgen Expressway	WACO	TX	76706-1936	(254) 757-1133
Cook, James	1206 N Hwy 77	WAXAHACHIE	TX	75165-5114	(972) 937-0272
Bluefork, LLC	2005 S Main St	WEATHERFORD	TX	76086-5576	(817) 598-1925
Wang, Mitchell	803 E NASA Road One, #160	WEBSTER	TX	77598-5304	(281) 282-9253
2201 West Expressway 83, LTD	2201 West Expressway 83	WESLACO	TX	78576-3901	(956) 447-4467
Zanobia, LLC	2015 S Cherry Lane	WHITE SETTLEMENT	TX	76108-3603	(817) 246-5401
Anna A. Corp.	4025 Southwest Parkway	WICHITA FALLS	TX	76308-3562	(940) 691-5555
Pertex, Inc.	1004 Broad St	WICHITA FALLS	TX	76301-4410	(940) 322-4555
ACG 3586, L.P.	2592 W. FM 544	WYLIE	TX	75098-4936	(972) 429-0551

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Peak Restaurant Group, LLC	925 W State Rd	AMERICAN FORK	UT	84003-3379	(801) 492-2880
PRP 3069, LLC	980 West 200 North	CEDAR CITY	UT	84720-2304	(435) 867-0502
Peak Restaurant Group, LLC	388 North Market Place Dr	CENTERVILLE	UT	84014-1702	(801) 296-8000
Peak Third Party Restaurant Group, LLC	1194 Draper Pkwy.	DRAPER	UT	84020-7015	(801) 548-1566
Peak Restaurant Group, LLC	4550 Highland Dr	HOLLADAY	UT	84117-4202	(801) 278-4467
Peak Restaurant Group, LLC	920 N Main St	LAYTON	UT	84041-2260	(801) 593-0433
Peak Restaurant Group, LLC	1040 N Main St	LOGAN	UT	84341-2216	(435) 752-4467
Peak Restaurant Group, LLC	5277 S State St	MURRAY	UT	84107-4828	(801) 281-8900
Peak Restaurant Group, LLC	189 12th St (84404-5601)	OGDEN	UT	84412-5606	(801) 621-7000
Peak Restaurant Group, LLC	850 W 1250 S	OREM	UT	84058-5904	(801) 226-1771
Peak Third Party Restaurant Group, LLC	742 South 1270 West	Payson	UT	84651-2626	(385) 895-6791
Peak Restaurant Group, LLC	947 W Riverdale Rd	RIVERDALE	UT	84405-3718	(801) 392-4467
Peak Restaurant Group, LLC	307 West 2100 S	SALT LAKE CITY	UT	84115-1825	(801) 461-4466
Peak Third Party Restaurant Group, LLC	635 East 400 South	SALT LAKE CITY	UT	84102-2803	(385) 419-9060
Peak Restaurant Group, LLC	10815 State St	SANDY	UT	84070-4104	(801) 523-8613
Peak Restaurant Group, LLC	1852 West 500 S	SPRINGVILLE	UT	84663-1844	(801) 491-3400
Peak Restaurant Group, LLC	275 S Green Springs Dr	WASHINGTON	UT	84780-1574	(435) 627-2282
Peak Restaurant Group, LLC	7188 Plaza Center Dr	WEST JORDAN	UT	84084-5506	(801) 260-1930
Peak Restaurant Group, LLC	3383 Decker Lake Dr	WEST VALLEY CITY	UT	84119-3459	(801) 908-6043
PRP 3031, LLC	3122 South 5600 West	WEST VALLEY CITY	UT	84120-1300	(801) 966-8800
Peak Restaurant Group, LLC	2487 South 800 West	WOODS CROSS	UT	84087-1724	(801) 298-1900
Five Sixty-six, Inc	7694 Richmond Hwy	ALEXANDRIA	VA	22306-2843	(703) 660-6659
P.Y. Pancakes, Inc.	3425-A Richmond Hwy	ALEXANDRIA	VA	22305-3127	(703) 519-4220
Sunipa, Inc.	6254 Duke St	ALEXANDRIA	VA	22312-2701	(703) 658-2163
Arlington Pancakes, Inc.	935 N Stafford St	ARLINGTON	VA	22203-1812	(703) 522-3118
Ashburn Pancakes, Inc.	44030 Pipeline Plaza	ASHBURN	VA	20147-5880	(703) 723-3367
SunCakes VA, LLC	3495 Linden Dr	BRISTOL	VA	24202-5809	(276) 821-2211
3376 Corporation	6419 Shiplett Blvd.	BURKE	VA	22015-3446	(703) 455-4891
3117 Corporation	13810 Braddock Road	CENTREVILLE	VA	20121-2456	(703) 815-1379
#572 Corporation	13804 Metrotech Dr	CHANTILLY	VA	20151-3241	(703) 378-5291
SunCakes VA, LLC	1740 Rio Hill Center	CHARLOTTESVILLE	VA	22901-1140	(434) 234-8440
Harvest-493, Inc	641 Battlefield Blvd N	CHESAPEAKE	VA	23320-4948	(757) 549-0030
Harvest-575, Inc	2501 Taylor Rd	CHESAPEAKE	VA	23321-2203	(540) 733-3039
Chester Pancakes, Inc.	12251 Bermuda Crossroad Lr	CHESTER	VA	23831-2353	(804) 768-9077
SunCakes VA, LLC	65 Peppers Ferry Rd NW	CHRISTIANSBURG	VA	24073-1067	(540) 385-7400
3471 LLC	338 Southpark Circle, Suite D	COLONIAL HEIGHTS	VA	23834-3914	(804) 520-5000
3189 Corporation	15271 Creativity Drive	CULPEPER	VA	22701-2504	(540) 829-9455
Harvest Danville, LLC	101 Teal Court	DANVILLE	VA	24541-5573	(434) 792-5476
3289 Corporation	3914 Fettle Park Drive	DUMFRIES	VA	22025-1997	(703) 441-2525
Sharp 471, Inc.	9490 Blake Lane	FAIRFAX	VA	22031-1157	(703) 277-1022
Sharp 570, Inc.	6655 Arlington Blvd	FALLS CHURCH	VA	22042-3002	(703) 237-5191
3579 Corporation	10 Simpson Road	FREDERICKSBURG	VA	22406-1024	(540) 993-4445
4411, Inc.	2831 Plank Road	FREDERICKSBURG	VA	22401-4947	(540) 785-4336
3456 Corporation	135 Crooked Run Plaza, Suite 130	FRONT ROYAL	VA	22630-7020	(540) 636-2324
2009 Corporation	7495 Iron Bar Lane	GAINESVILLE	VA	20155-2994	(571) 261-1705

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Broad Street Pancakes, Inc. 520A LLC	9820 W Broad St 1002 W Mercury Blvd	GLEN ALLEN HAMPTON	VA VA	23060-4171 23666-3405	(804) 346-5424 757-964-9378
SunCakes VA, LLC 3637 Corporation	109 University Blvd 494 Elden Street	HARRISONBURG Herndon	VA VA	22801-3747 20170-4542	(540) 246-0266 (703) 657-2199
3620 Corporation Springfield Pancakes, Inc. 496, Inc.	16361 Gateway Lane 6206 Interparcel Road 980 Edwards Ferry Rd NE	King George KINGSTOWNE LEESBURG	VA VA VA	22485-0002 22315-3223 20176-3317	(540) 413-1482 (703) 971-0051 (703) 779-7501
5634 LLC 3438 Corporation	2516 N. Lee Highway 7784 Gunston Plaza Drive	Lexington LORTON	VA VA	24450-3335 22079-1897	(540) 463-3478 223 (703) 339-1168
HARVEST LYNCHBURG, LLC 3190 Corporation	5500 Fort Avenue 12901 Galveston Court	LYNCHBURG MANASSAS	VA VA	24502-5318 20112-8685	(434) 239-9725 (703) 680-1140
Harvest - Manassas Mall, Inc. Harvest - Manassas, Inc.	8300 Sudley Rd 8785 Centreville Rd	MANASSAS MANASSAS	VA VA	20109-3458 20110-8423	(703) 396-9130 (703) 257-1937
Mechanicsville Pancakes, Inc. Hull Street Pancakes, Inc.	7401 Sandy Lane 12321 Chattanooga Plaza	MECHANICSVILLE MIDLOTHIAN	VA VA	23111-3533 23112-4867	(804) 730-5764 (804) 763-4199
Cobb & Scheuch, Inc Four Eighty Seven, Inc. 577 LLC	15447 Warwick Blvd 11745 Jefferson Ave 114 E 21st St	NEWPORT NEWS NEWPORT NEWS NORFOLK	VA VA VA	23608-1505 23606-4410 23517-2315	(757) 877-3991 (757) 591-0388 757-937-2122
Cobber, Inc. Midlothian Pancakes, Inc.	1295 N Military Hwy 7714 Midlothian Turnpike	NORFOLK RICHMOND	VA VA	23502-2228 23235-5226	(757) 455-2880 (804) 327-1650
NMS Carmia Dining, LLC NMS Laburnum Dining, LLC	1101 Carmia Way 4840 S. Laburnum Avenue	Richmonc RICHMOND	VA VA	23235 23231-2714	8044641676 (804) 562-5846
NMS Willow Lawn, LLC 573 LLC	1601 Willow Lawn Dr 3926 Franklin Rd SW	Richmonc ROANOKE	VA VA	23230 24014-3055	8047161238 540-655-4654
HARVEST ROANOKE LLC 4501 Corporation	4764 Valley View Blvd NW 320 Worth Ave	ROANOKE STAFFORD	VA VA	24012-2029 22556-1538	(540) 265-4289 (540) 658-1036
Dulles Pancakes, Inc. Koerner, Milton E. 3485 LLC	24290 Liberty Harvest Court 46931 Cedar Lake Plaza 6200 College Drive	Sterling STERLING SUFFOLK	VA VA VA	20166-2295 20164-8653 23435-3696	(703) 327-0456 (703) 421-5784 757-967-0777
Harvest 591, Inc. 3475 LLC	1210 N Main St 4401 Virginia Beach Blvd	SUFFOLK VIRGINIA BEACH	VA VA	23434-4321 23462-3106	(757) 923-4201 757-937-2588
Berkey's, Inc. Pancakes of Landstown, Inc.	1316 Fordham Drive 3300 Princess Anne Road, Suite 711	VIRGINIA BEACH VIRGINIA BEACH	VA VA	23464-5334 23456-2603	(757) 523-9851 (757) 689-3359
SunCakes VA, LLC SunCakes VA, LLC	1540 General Booth Blvd 817 First Colonial Road	VIRGINIA BEACH VIRGINIA BEACH	VA VA	23454-5103 23451-6125	(757) 901-0658 (757) 901-0659
4508, Inc. SunCakes VA, LLC	6445 Lee Hwy 747 E Rochambeau Dr	WARRENTON WILLIAMSBURG	VA VA	20187-7903 23188-2187	(540) 428-1820 (757) 920-7032
SunCakes VA, LLC Winchester Pancakes, Inc. #588 Corporation	170 Front Royal Pike 180 Crock Wells Mill Drive 13718 Smoketown Rd	WINCHESTER WINCHESTER WOODBIDGE	VA VA VA	22602-7312 22603-3943 22192-4236	(540) 773-0200 (540) 545-8866 (703) 580-5641
BC York, Inc. Harvest Gordonsville, LLC	5518 George Washington Memorial Hwy 137 Wood Ridge Terrace	YORKTOWN ZION CROSSROADS	VA VA	23692-2764 22942-6966	(757) 369-4937 (540) 832-1823
Star Generations, Inc. 1715, Inc.	155 Dorset Street, Ste D6 1044 Outlet Collection Way SW	SOUTH BURLINGTON AUBURN	VT WA	05403-6265 98001-6537	(802) 658-3303 (253) 833-7559
638, Inc.	14747 NE 20th St	BELLEVUE	WA	98007-3716	(425) 747-5975

IHOP - LIST OF FRANCHISEES AS OF DECEMBER 31, 2021

CES PHILOXENIA, LLC	420 West Bakerview Road	BELLINGHAM	WA	98226-8106	(360) 255-2048
JESSIEHOP2 CORP	27149 185th Ave. SE, Ste 115	COVINGTON	WA	98042-8423	(253) 656-0152
Central Cardan Hospitality, LLC	2704 Triple L Loop	ELLENSBURG	WA	98926-6594	(509) 925-2444
A & R Investment Group	10301 Evergreen Way	EVERETT	WA	98204-3863	(425) 355-3122
MESK Investment #2047, LLC	3710 Broadway	EVERETT	WA	98201-3786	(425) 252-0717
Khauv, John	178 SW Campus Dr	FEDERAL WAY	WA	98023-7926	(253) 661-7300
MESK Investment 664 LLC	1433 NW Sammamish Rd	ISSAQUAH	WA	98027-8902	(425) 392-1361
Mendenhall Restaurants, LLC	6511 West Canal Dr	KENNEWICK	WA	99336-7803	(509) 737-0491
MESK Investment 3708 LLC	24060 104th Ave SE	Kent	WA	98031	253-480-7142
MesK Investment 3639 LLC	925 Frontier Circle East Suite 200	Lake Stevens	WA	98258-2423	(425) 595-5352
MESK Investment 628, LLC	4300 196th Street SW	LYNNWOOD	WA	98036-6721	(425) 776-2838
Pancake King, LLC	16518 Twin Lakes Avenue	MARYSVILLE	WA	98271-4720	(360) 652-2373
MesK Investment 3430, LLC	2001 Freeway Drive	MOUNT VERNON	WA	98273-5470	(360) 336-0808
Guru Nanak Restaurants, Inc.	3519 Martin Way E	OLYMPIA	WA	98506-5049	(360) 459-5649
MESK Investment NW, LLC	1520 Cooper Point Rd SW	OLYMPIA	WA	98502-5785	(360) 570-9962
Mendenhall Restaurants, LLC	5015 Road 68	PASCO	WA	99301-9175	(509) 544-9449
MesK Investment 3440, LLC	13333 Meridian E, Suite A	PUYALLUP	WA	98373-2405	(253) 445-2445
665, Inc.	610 Rainier Ave S	RENTON	WA	98055-2409	(425) 228-8697
Khauv, John	20402 International Blvd	SEATAC	WA	98198-5801	(206) 592-5928
Guru Nanak Restaurants, Inc.	950 E Madison St	SEATTLE	WA	98122-4318	(206) 323-9323
Guru Nanak Restaurants, Inc.	10002 Aurora Ave N #2-24	SEATTLE	WA	98133-9347	(206) 517-4467
MesK Investment 2129, LLC	3150 NW Bucklin Hill Road	SILVERDALE	WA	98383-9024	(360) 698-4793
MVNR Hospitality LLC	4209 N Division St	SPOKANE	WA	99207-1608	(509) 483-8188
MVNR Hospitality LLC	14706 E Indiana Ave	SPOKANE	WA	99216-1814	(509) 927-2888
MVNR Hospitality LLC	5403 E Sprague Ave	SPOKANE	WA	99212-0822	(509) 568-1111
668, Inc.	7445 S Hosmer	TACOMA	WA	98408-1220	(253) 474-5320
MESK Investment Lakewood, Inc.	10005 Lakewood Drive SW	TACOMA	WA	98499-3838	(253) 588-7898
MESK Investment NW, LLC	1802 S Mildred St	TACOMA	WA	98465-1633	(253) 566-1777
JESSIEHOP CORP	17250 Southcenter Parkway, Suite 104	TUKWILA	WA	98188-3351	(206) 575-0330
Paul, Eric	7951 NE Vancouver Plaza Dr	VANCOUVER	WA	98662-6625	(360) 254-4467
GRAND CHUTE WI 5434, INC.	4101 W Wisconsin Ave	GRAND CHUTE	WI	54913-8610	(920) 733-6829
GREEN BAY WI 5428, INC.	2415 S Oneida Street	GREEN BAY	WI	54304-5582	(920) 499-1460
JANESVILLE WI 2011 INC.	3000 Deerfield Rd	JANESVILLE	WI	53546-3455	(608) 756-1175
VASK, Inc.	7200 75th Street	KENOSHA	WI	53142-7638	(262) 948-1813
Madison 1255 Inc.	4614 E Washington Ave	MADISON	WI	53704-3236	(608) 240-0838
Middleton 3669 Inc.	2229 Deming Way	Middleton	WI	53562-5510	(608) 824-2020
MILWAUKEE WI 3200, INC.	1010 West Layton Avenue	MILWAUKEE	WI	53221-2472	(414) 727-1020
OSHKOSH WI 5455, INC.	1400 S Koeller Street	OSHKOSH	WI	54902-6168	(920) 235-3411
Plover 3125, Inc.	3025 Village Park Drive	PLOVER	WI	54467-4314	(715) 254-0955
Racine 5337, Inc.	5800 Durand Avenue	RACINE	WI	53406-5055	(262) 583-1016
Wausau 3268, Inc.	2008 North Mountain Road	WAUSAU	WI	54401-7127	(715) 298-9744
MILWAUKEE WI 5405, INC.	1110 Miller Park Way	WEST MILWAUKEE	WI	53214-3653	(414) 647-8645
FLIP 5458, INC.	346 Highway 13	WISCONSIN DELLS	WI	53965-7902	(608) 844-2615
Sharp, Robert	130 Mall Road	BARBOURSVILLE	WV	25504-1823	(304) 733-9410
Country Road 3055, Inc.	1920 Harper Road	BECKLEY	WV	25801-2612	(304) 252-4467

IHOP - LIST OF FRANCHISEES AS OF DECEMBER 31, 2021

Country Road 3059, Inc	185 White Oaks Blvd.	BRIDGEPORT	WV	26330-4589	(304) 842-6894
Country Road 3057, Inc.	134 Jefferson Crossing Way	CHARLES TOWN	WV	25414-4964	(304) 724-8300
Sharp, Robert	6308 MacCorkle Ave SE	CHARLESTON	WV	25304-2918	(304) 925-4467
Country Road 3056, Inc.	201 Venture Road	MORGANTOWN	WV	26508-7301	(304) 291-2020
Country Road 3060, Inc.	475 Oakland Street, Ste. 104	MORGANTOWN	WV	26505-3983	(304) 292-4301
Country Road 3054, Inc.	46 RHL	SOUTH CHARLESTON	WV	25309-8278	(304) 746-0070
Diamond Mine, LLC	1938 Dell Range Blvd	CHEYENNE	WY	82009-4917	307-514-2141
PRP 3091, LLC	100 Gateway Blvd.	ROCK SPRINGS	WY	82901-5742	(307) 362-9999
Pacific Pancakes, LLC	345 Chalan San Antonio Unit B	TAMUNING		96931	671-989-4467
Pacific Pancakes, LLC	1245 Pale San Vitores Road	Tumon		N/A	

LIST OF COMPANY-OWNED OUTLETS

EXHIBIT A-1

No company owned outlets as of December 31, 2021.

LIST OF IHOP FRANCHISEES WHO HAVE CEASED TO DO BUSINESS

EXHIBIT A-2

**IHOP - LIST OF FRANCHISEES WHO HAVE CEASED TO DO BUSINESS
AS OF DECEMBER 31, 2021**

<u>Restaurant Legal Entity</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Phone Number</u>
Romulus Restaurants, L.L.C.	2725 S Woodlands Village Blvd	FLAGSTAFF	AZ	86001-2960	(928) 779-5888
Romulus Restaurants, L.L.C.	920 S Gilbert Rd	GILBERT	AZ	85296-3434	(480) 926-4467
Romulus Restaurants, L.L.C.	1906 S. Highway 92	SIERRA VISTA	AZ	85635-4619	(520) 459-2958
Nine Nineteen Pancakes, Inc.	1441 E Main St	BARSTOW	CA	92311-3216	(760) 256-1020
Lancaster 764, Inc.	843 W Ave I	LANCASTER	CA	93534-1926	(661) 945-3964
RSM Pancakes, Inc.	30492 Avenida de Las Banderas	RANCHO SANTA MARGARITA	CA	92688-3935	(949) 858-4021
Hotcakes No. 4, Inc.	10155 Paseo Montril	SAN DIEGO	CA	92129-2929	(858) 484-9797
Napa Pancakes, Inc.*	1401 E Monte Vista Ave	VACAVILLE	CA	95688-3015	(818) 700-1752
Sunshine Restaurant Merger Sub, LLC	1345 Lee Road	ORLANDO	FL	32810-5438	(407) 296-7434
Sunshine Restaurant Merger Sub, LLC	1199 N Washington Blvd(Hwy301)	SARASOTA	FL	34236-2611	(941) 366-0896
Sunshine Restaurant Merger Sub, LLC	4369 Tamiami Trail South	VENICE	FL	34293-7094	(941) 492-2318
Farshchi, Majid	24187 US Highway 80 E	STATESBORC	GA	30461-0800	(912) 764-4341
FLIP 5425, INC.	3035 E 53rd Street	DAVENPORT	IA	52807-3013	(563) 459-0770
Cardan Hospitality of Idaho, Inc.	2301 N Fourth St	COEUR D ALENE	ID	83814-3603	(208) 667-9600
BRITTANY MC CORP.	131 North Annie Glidden Road	DEKALB	IL	60115-2701	(815) 517-1056
FLIP 5439, INC.	2131 Willow Road	GLENVIEW	IL	60025-7638	(847) 657-9570
JOLIET IL 1292, INC.	1444 N Larkin Ave	JOLIET	IL	60435-3767	(815) 741-4832
BRITTANY MC CORP.	411 E. Lincoln Highway	NEW LENOX	IL	60451-1973	(815) 717-6373
Ruby XI, L.L.C	1021 Airline Drive	KENNER	LA	70062-6956	(504) 305-1072
JAMAL & KAMAL, INC.	220 Belle Terre Blvd.	LAPLACE	LA	70068-3100	(985) 652-4468
Harvest Salisbury, Inc.	1309 S. Salisbury Blvd	Salisbury	MD	21801-6840	(410) 219-1009
Coon Rapids Pancakes #5432, Inc.	12792 Riverdale Blvd NW	COON RAPIDS	MN	55448-1259	(763) 576-0199
Midwest Hospitality Services, L.L.C.	15484 Manchester Road	ELLISVILLE	MO	63011-3053	(636) 227-4467
Pancake Holding Company, LLC	10893 Sunset Plaza	SAINT LOUIS	MO	63127-1220	(314) 965-6662
SunCakes NC, LLC	5335 Ballantyne Commons Parkway	CHARLOTTE	NC	28277-0699	980-890-8120
SunCakes NC, LLC	1661 E Broad St	STATESVILLE	NC	28625-4303	980-759-8236
Ashoori, Farshad Dan	4707 N 72nd Street	OMAHA	NE	68134-2329	(402) 572-0100
Flipndough, Inc.	304 Wootton Street	BOONTON	NJ	07005-1951	(973) 541-4815
Royal Pancakes, LLC	14A Royal Rd.	FLEMINGTON	NJ	08822-6002	(908) 237-3805
Taos Hanuman Management LLC	830 Paseo Del Pueblo Sur	Taos	NM	87571-6758	(575) 758-2788
Greater Omentum and Lawrence Harlem Foods, LLC	2082 Lexington Avenue	NEW YORK	NY	10035-1775	(212) 860-0844
Chenega IH, LLC	556 Jefferson Road	ROCHESTER	NY	14623-3228	(585) 292-0380
Pancakes of the Palisades, LLC	4282 Palisades Center Dr.	WEST NYACK	NY	10994-6802	(845) 875-9060
River Road Restaurants, 5505, LLC	35846 Detroit Rd	AVON	OH	44011-1681	(440) 937-4467
BONA 5519, Inc.	7862 Montgomery Road	CINCINNATI	OH	45236-4301	(513) 891-1777
River Road Restaurants, 5507, LLC	1160 W River Rd N	ELYRIA	OH	44035-2814	(440) 324-4241
2142 LLC	7777 County Road 236	FINDLAY	OH	45840-9544	(567) 525-4284
River Road Restaurants, LLC	1980 Niles Cortland Rd SE	WARREN	OH	44484-3036	(330) 505-9480
River Road Restaurants, LLC	35085 Euclid Ave., #2	WILLOUGHBY	OH	44094-4507	(440) 953-3962
RMLS Hop Ohio, L.L.C.	3674 Maple Ave	Zanesville	OH	43701-1072	(740) 453-3666

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

*This restaurant was sold to another franchisee.

**IHOP - LIST OF FRANCHISEES WHO HAVE CEASED TO DO BUSINESS
AS OF DECEMBER 31, 2021**

2039 OKC, LLC	12230 N I-35 Service Road	OKLAHOMA CITY	OK	73131-6402	(405) 478-4200
Scott's Hot Cakes, LLC	2933 W. 12th Street	Erie	PA	16505-3921	(814) 920-7334
Alex Hamm Restaurants, LLC	215 E Bay Street	Charleston	SC	29401-2634	(843) 737-6612
SunCakes TN, LLC	1602 Haynes Street	CLARKSVILLE	TN	37043-4544	(931) 614-0768
Tenhop, LLC	1035 W Poplar Ave	COLLIERVILLE	TN	38017-3180	(901) 854-8894
Yamakaya, Inc	4818 Walzem Rd	SAN ANTONIO	TX	78218-2113	(210) 946-2878
PRP 3122, LLC	3843 West 13400 South	RIVERTON	UT	84065-1605	(801) 302-3311
Jade Food Works, LLC	683-B Moores Ferry Rd	SKIPPERS	VA	23879-2153	(434) 634-2440
Madison 2089 Inc.	2825 University Ave., Suite 1	MADISON	WI	53705-3631	(608) 236-4200
PRP 3045, LLC	510 E. Lathrop Road	EVANSVILLE	WY	82636-9522	(307) 235-0111

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

*This restaurant was sold to another franchisee.

**IHOP NON-TRADITIONAL MULTI-UNIT FRANCHISE AGREEMENT
("IHOP NT MUFA")**

EXHIBIT B

IHOP # _____

**IHOP NON-TRADITIONAL
MULTI-UNIT FRANCHISE AGREEMENT**

FRANCHISEE: _____
DATED: _____

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IHOP NON-TRADITIONAL MULTI-UNIT FRANCHISE AGREEMENT

THIS IHOP Non-Traditional Multi-Unit Franchise Agreement (“**Agreement**”) is made and entered into as of the date set forth on the signature page of this Agreement, _____ (“**Effective Date**”), by and between IHOP Franchisor LLC, a Delaware limited liability company (“**IHOP**”), and _____, a _____, having its principal offices at _____ (“**Franchisee**”) with reference to the following:

A. IHOP and its affiliates have developed and continue to develop certain products, methods, techniques, know-how and trade secrets (“**System**”) for operating IHOP brand restaurants (“**Restaurants**”) that offer products and services and operate under IHOP’s trade names, service marks, and trademarks (“**Marks**”) including “IHOP,” “International House of Pancakes,” and “IHOP Express” and which feature the sale of pancakes, coffee and various other breakfast, lunch and dinner food items.

B. The System, when conducted in accordance with this Agreement and IHOP’s Operations Bulletins (defined below) and all bulletins, notices and supplements thereto, and all ancillary manuals, specifications, instructions and materials, as the same may be amended from time to time (“**Standards**”), is designed to enable Restaurants to compete effectively in their respective marketplaces;

C. IHOP has developed and continues to develop a non-traditional franchise program (“**Non-Traditional Program**”) for the development of one or more high-quality Restaurants operating under the Marks in various operating formats at various non-traditional venues (“**Facilities**”).

D. IHOP has developed and grants certain franchisees the right to develop one or more Restaurants in Facilities.

E. Franchisee desires to develop, and IHOP desires to grant Franchisee the right to develop one or more IHOP Limited-Service Restaurant(s) (defined below) and/or IHOP Full-Service Restaurant(s) (as defined in **Attachment B**) in Facilities in the Franchise Area (defined below) pursuant to this Agreement.

1.

GRANT OF FRANCHISE RIGHTS

1.1 Grant of Franchise Rights

(a) IHOP grants to Franchisee, and Franchisee accepts the right (“**Franchise Rights**”), to develop one or more Restaurants located in the “**Franchised Area**” described in **Attachment A**. Franchisee will develop only the specific number, type of Restaurants, in the type of Facility(ies) and within the time-period described in **Attachment A**.

(b) Each Restaurant that Franchisee develops (“**Franchised Restaurant**”) will be opened and operated in accordance with this Agreement, but will be individually franchised pursuant to a separate Non-Traditional Restaurant Franchise Addendum (“**NTFA**”) to be entered into between IHOP and Franchisee, the form of which is attached as **Attachment B**, and which will identify the location and certain activities approved by IHOP for the **Franchised Restaurant**. This Agreement does not grant Franchisee any right or

license to use any of the Marks except as set forth in Section 1.1(c) below. Except as set forth in Section 1.1(c) below, Franchisee's right or license to use the Marks, if any, will be granted pursuant to each NT FA.

(c) IHOP may grant to Franchisee a non-exclusive, non-transferable, royalty-free license to use the Marks in connection with Franchisee's submittal of a proposal to develop a Franchised Restaurant in response to a Request for Proposal from a Facility, in IHOP's sole discretion, provided that Franchisee executes a trademark license agreement in a form prescribed by IHOP. In the event Franchisee retains the services of a third party to assist Franchisee with its submittal of a proposal, said third party shall execute a non-disclosure agreement in a form prescribed by IHOP acknowledging that such person or entity will maintain the confidentiality of the information they receive in connection with their providing said services to Franchisee.

1.2 No Exclusivity; IHOP's Reserved Rights.

(a) Except as provided in a NT FA, this Agreement provides Franchisee no exclusivity in the Franchised Area or within Facilities. If IHOP grants Franchisee an exclusive area surrounding a Franchised Restaurant and within a Facility ("**Franchised Area**"), the NT FA for the Franchised Restaurant will specify the Franchised Area.

(b) IHOP and its affiliates retain all rights not otherwise expressly granted to Franchisee under this Agreement and under any individual NT FA. IHOP and its affiliates reserve the exclusive and unrestricted right, at their option, now and in the future, directly and indirectly: (i) to own, operate and franchise and license restaurants and other business concepts operating under the names "International House of Pancakes," "IHOP Express," "IHOP," and "Flip'd by IHOP" at any location outside of Facilities and at any location within Facilities, provided that any location within a Facility may not be within any Franchised Area granted to Franchisee; (ii) to own, operate franchise and license restaurants and other business concepts operating under names other than "International House of Pancakes," "IHOP Express," "IHOP," or "Flip'd by IHOP" regardless of their proximity to or economic impact on Franchisee's Franchised Restaurant(s), and regardless of whether other restaurants or other business concepts offer products that are the same or similar to those that are or may be offered by Franchisee's Franchised Restaurant(s); and (iii) to offer, sell, produce, franchise, license, distribute and market any products (whether or not under the Marks), including pre-packaged food, snacks and beverage products, books, clothing, souvenirs and novelty items, at or through any outlet (regardless of its proximity to or economic impact on Franchisee's Franchised Restaurant(s)), including grocery stores, supermarkets and convenience stores, and through any distribution channel, at wholesale or retail, including via mail order catalogs, direct mail advertising, Internet marketing or other distribution methods, whether or not under the "International House of Pancakes," "IHOP Express" or "IHOP" names or the Marks. Nothing herein grants any exclusive rights as to the customers Franchisee may serve.

2.

NON-TRADITIONAL FRANCHISE RIGHTS TERM

2.1 Non-Traditional Franchise Term. The term of the Franchise Rights ("**Non-Traditional Franchise Term**") will commence on the Effective Date and will expire on the earlier of: (i) the specific anniversary of the Effective Date described on **Attachment A**; or (ii) the date on which the last restaurant to be developed during the Non-Traditional Franchise Term hereunder opens for business ("**Expiration Date**"), unless otherwise modified, terminated or extended as provided in this Agreement.

2.2 Effect of Termination or Expiration of Franchise Term. On and after the Expiration Date or earlier termination of the Non-Traditional Franchise Term, Franchisee will have no further right to develop any Franchised Restaurant(s) which are not, at the time of such termination or expiration, the subject of a NT FA then in effect between IHOP and Franchisee. The terms of NT FA then in effect will survive in their totality any expiration or earlier termination of the Franchise Rights, and the applicable terms and conditions of this Agreement will continue to govern the parties' relationship, and the rights and obligations of the parties, with respect to operation of each Franchised Restaurant operated under the still effective NT FA.

3. RESTAURANT DEVELOPMENT

3.1 Cooperation, Collaboration and Review of Actions; Facility Requirements.

(a) Recognizing that Franchisee's operation of the Franchised Restaurant(s) may be subject to operational standards placed on Franchisee by Facilities, for example, with respect to hours and days of operation, access to the Facilities by IHOP for purposes of conducting inspections, or use of Facility-approved contractors for construction, Franchisee shall provide IHOP with all such standards of Facilities when submitting a site for IHOP approval and any time the standards are changed by Facilities. IHOP agrees to take commercially reasonable steps to consult with Franchisee, and facilitate resolutions regarding compliance with this Agreement, including the Standards, prior to formally notifying it of any default pursuant to this Agreement related to the Standards or other actions that IHOP is permitted or required to pursue under this Agreement with respect to such a default. However, nothing in this Agreement will be construed to compel IHOP to waive, defer or otherwise modify termination or other adverse actions permitted or required by Section 7.2 of this Agreement.

(b) IHOP and Franchisee acknowledge and confirm that the terms and conditions of this Agreement may be subject to relevant restrictions, rules and regulations imposed by Facilities. Franchisee shall provide IHOP with any such restrictions, rules and regulations imposed by Facilities when submitting a site for IHOP approval, and any time same are changed by Facilities. IHOP and Franchisee agree that each of them will cooperate with the other to address the needs, requirements or restrictions of Facilities and to provide Franchisee the ability to remain in compliance with its contract or lease agreement with a Facility ("**Facility Contract**"), including with respect to: (i) the design of Franchised Restaurant prototypes and necessary modifications; (ii) equipment; and (iii) the use of alternate suppliers for non-proprietary products. IHOP will not unreasonably deny Franchisee's request for a variance from a term or condition of this Agreement or IHOP's Standards that is expressly based on a need to comply with a restriction, rule or regulation imposed by a Facility. However, in no event may the terms and conditions of the Facility Contract and other relevant restrictions, rules and regulations alter the fundamental rights and obligations of the parties under this Agreement or restrict either party's termination rights under this Agreement.

(c) Notwithstanding anything to the contrary herein, Franchisee hereby represents, warrants and agrees as follows with respect to each Facility Contract which Franchisee is required to execute: (i) Franchisee will have the exclusive right to provide food-service management services at each Franchised Location pursuant to each Facility Contract between Franchisee and the Facility; (ii) nothing in the Facility Contract will prevent Franchisee from full and complete compliance with all of the terms and conditions in this Agreement; and (iii) the Facility Contract will not materially infringe or supersede the rights of IHOP and the obligations of Franchisee hereunder.

3.2 Site Review. When Franchisee has located a proposed site for a Franchised Restaurant, Franchisee will submit such proposed site to IHOP in writing, along with such information as IHOP may require at least six months prior to the Anticipated Opening Date as set forth in **Attachment A** hereto, IHOP will notify Franchisee within 45 days of receipt of all required information of its acceptance or rejection of the site. If IHOP fails to notify Franchisee of its acceptance or rejection of the site within said 45 days, the proposed site will be deemed rejected by IHOP. Franchisee acknowledges and agrees that selection of a site for a Franchised Restaurant is Franchisee's sole responsibility and that if IHOP provides any assistance to Franchisee in evaluating or selecting the site, that assistance will not be construed as a guarantee or other assurance of any kind that the site will necessarily be a successful or profitable site.

3.3 Plans, Construction, Build-Out and Furnishing of Franchised Restaurants. Franchisee must acquire the location for each Franchised Restaurant at its sole cost and expense. IHOP will provide Franchisee with standard plans and specifications for the construction of a prototype IHOP Limited-Service and/or IHOP Full-Service Restaurant (as defined in **Attachment B**), as applicable, and for equipment and signs, but excluding site plans, for each IHOP Limited-Service and/or IHOP Full-Service Restaurant Franchisee develops pursuant to this Agreement, following the Effective Date and timeframe of the applicable NT FA. Franchisee will prepare site plans and make such reasonable modifications to IHOP's plans as may be required by the Facility or nature of the location within the Facility; provided that IHOP must consent and approve such modifications in writing, which approval will not be unreasonably withheld. Upon IHOP's request, Franchisee will have its architect, upon completion of construction, provide IHOP with a certification that the Franchised Restaurant was built in accordance with plans previously submitted to and approved by IHOP and that the plans, as submitted to IHOP, comply with all applicable laws and codes. Franchisee must make all such modifications to IHOP's site plans at Franchisee's sole cost and expense. It is Franchisee's sole responsibility to ensure that the Franchised Restaurant premises complies with all applicable laws and codes and Facility requirements. Franchisee will provide IHOP with comprehensive information regarding all phases of the development process and weekly progress reports during construction, in a form and containing information designated by IHOP. Franchisee will use its best efforts to promptly complete construction and build out, as applicable, and have all fixtures, furnishings, machinery and equipment installed, parking areas completed, inventory delivered, business and other permits obtained, personnel employed and all other necessary items related to the Franchised Restaurant complete so that the Franchised Restaurant will be open for business to the public as expeditiously as possible, but in any event no later than the date specified in the applicable NT FA ("**Anticipated Opening Date**").

3.4 Approval for Opening. Franchisee will notify IHOP of the anticipated construction completion and opening dates and, within a reasonable time after construction is completed, IHOP will have the right, but not the obligation, to conduct a final inspection of the Franchised Restaurant for compliance with Standards. Franchisee will not open the Franchised Restaurant without IHOP's written consent. IHOP will not unreasonably withhold its authorization to open the Franchised Restaurant.

3.5 Delayed Development Fee. If Franchisee cannot have all items completed as specified in Section 3.3 above and have the Franchised Restaurant open for business to the public by the Anticipated Opening Date, Franchisee may forestall any termination of this Agreement by IHOP caused by its failure to open a Franchised Restaurant by the Anticipated Opening Date, and extend the Anticipated Opening Date by providing IHOP with a written notice and request for additional time ("**Delay Notice**") (paying a fee in the sum of \$350.00 per day for an IHOP Full-Service Restaurant and \$180.00 per day for an IHOP Limited-Service Restaurant) ("**Delayed Development Fee**"). The Delay Notice and Delayed Development Fee must be received by IHOP no later than 10 business days prior to the expiration of the Anticipated Opening Date. The Delay Notice will specify the amount of additional time Franchisee requests, but in no event, will that

additional time be more than 180 days after the Anticipated Opening Date. If the Franchisee presents evidence reasonably acceptable to IHOP that the delay is caused by the Facility, IHOP will provide a grace period of up to 60 days, at IHOP's option, before the Delayed Development Fee begins to accrue in accordance with this Section 3.5. If Franchisee pays the Delayed Development Fee for a period encompassing 180 days but cannot open the Franchisee Franchised Restaurant within 180 days after the Anticipated Opening Date, IHOP has the option to grant Franchisee the right to purchase an additional extension for a monetary amount IHOP will determine. Under no circumstance will Franchisee be permitted to purchase more than one such extension during the term of this Agreement.

4.

FRANCHISED RESTAURANT TERMS AND CONDITIONS

4.1 Execution of NT FA for each Franchised Restaurant. For each Franchised Restaurant Franchisee may develop pursuant to this Agreement, IHOP and Franchisee will enter into a Non-Traditional Restaurant Franchise Addendum, which will grant Franchisee the right, and pursuant to which Franchisee will undertake the obligation, to operate an IHOP Limited-Service or IHOP Full-Service Restaurant at a specific location within a Facility under the Standards and the Marks. Each NT FA will be executed by IHOP and Franchisee prior to the commencement of construction and Anticipated Opening Date for each Franchised Restaurant. Each NT FA will contain a general release of claims by Franchisee.

4.2 Term. The term of each NT FA ("Term") will commence on the signing date of the NT FA ("Effective Date") and will expire on the specific anniversary of the date the Franchised Restaurant opens for business ("Actual Opening Date"), which will be inserted by IHOP in the NT FA ("Location Expiration Date"). The Term will be coterminous with the term of Franchisee's Facility Contract for the Location (as defined in the NT FA), but in any event, will be of a duration of no less than five years and no more than 10 years. If applicable law requires IHOP to give notice to Franchisee prior to the expiration of a NT FA Term, the applicable NT FA will remain in effect on a week-to-week basis from the earlier of the Location Expiration Date or the time that IHOP provides notice of expiration until the expiration of the requisite notice period.

4.3 Renewal. After a Location Expiration Date, Franchisee will have no further right to operate the Franchised Restaurant for which the Term has expired unless Franchisee has satisfied in all material respects the requirements and conditions set forth in this Section 4.3, and signs IHOP's then-current form of NT FA in accordance with this Section 4.3. Franchisee's failure to perform any of the acts, or deliver any of the documents required by this Section 4.3 will be deemed an election by Franchisee not to renew the applicable NT FA and Franchisee's right to renew the NT FA will lapse and expire, except where otherwise prohibited by law.

(a) If Franchisee has satisfied in all respects the requirements and conditions set forth in this Section 4.3 and signs IHOP's then-current form of NT FA for a renewal term ("**Renewal Term**"), that Renewal Term will commence upon the Location Expiration Date and will be coterminous with the term of Franchisee's Facility Contract for the Location, but in any event will be no more than five years. IHOP will determine the precise length of the Renewal Term, which will depend on whether Franchisee has the right to operate the Franchised Restaurant at the Facility for another five years. If Franchisee does not have the right to operate the Franchised Restaurant at the Facility for another five years, the Renewal Term will be shortened to reflect the amount of time Franchisee has the right to operate the Franchised Restaurant at the Facility, as that time is set forth in the applicable Facility Contract. IHOP's then-current form of NT FA may supplement this Agreement, may amend this Agreement and may contain terms that are materially different from those Franchisee agrees to in this Agreement and the form of NT FA attached to this Agreement. If Franchisee has

satisfied in all respects the requirements and conditions set forth in this Section 4.3, Franchisee will have the option to enter into no more than two NT FAs for Renewal Terms in accordance with this Section 4.3, each for a Renewal Term of up to five years.

(b) To exercise its renewal rights in accordance with this Section 4.3, Franchisee will notify IHOP of Franchisee's intent to sign a Franchisee's NT FA for the Renewal Term at least six months but not more than 12 months before the Location Expiration Date. No earlier than 10 days and no later than 21 days after Franchisee receives IHOP's then-current form of NT FA, Franchisee will execute the NT FA and return it to IHOP.

(c) To enter a NT FA for a Renewal Term, Franchisee must:

(i) Have performed, in all material respects, all its obligations under this Agreement and the NT FA and under all other agreements and NT FAs between Franchisee and its affiliates and IHOP and its affiliates;

(ii) Have the right to continue to occupy the Franchised Restaurant Location (as defined in the NT FA);

(iii) Have paid to IHOP the then-current renewal fee ("**Renewal Fee**"), the current amount of which is stated in **Attachment A**, upon the execution of the NT FA for the Renewal Term;

(iv) Not have received three or more notices of default during any 24-month period during the Term; and

(v) Have provided written assurance satisfactory to IHOP of Franchisee's willingness and financial ability to refurbish and remodel the Franchised Restaurant in accordance with IHOP's then-current Standards. Prior to the Location Expiration Date, Franchisee will have completed refurbishing and remodeling the Franchised Restaurant in accordance with IHOP's then-current Standards unless Franchisee is prohibited from doing so by the Facility, provided Franchisee advised IHOP of this prohibition at the time Franchisee exercised its option to renew and IHOP agreed to waive or modify this requirement, and IHOP has agreed that Franchisee may delay such refurbishing and remodeling for a period of time agreed to by IHOP and Franchisee in writing.

(d) If IHOP is not offering new franchises or is otherwise not lawfully able to offer Franchisee IHOP's then-current form of NT FA at the time Franchisee elects to renew, IHOP may, at its option, agree to extend the applicable NT FA on its current terms, for a period of up to five years.

4.4 **Fees.**

(a) **Initial Fee.** Franchisee will pay to IHOP an initial franchise fee for each Franchised Restaurant it develops at the time that Franchisee signs a NT FA. The amount of the initial franchise fee is set forth in **Attachment B** to this Agreement.

(b) **Royalty Fee.** Franchisee will pay to IHOP continuing royalty fees ("**Continuing Royalty**") for each weekly reporting period consisting of Monday through Sunday, or another seven consecutive day period IHOP designates ("**Reporting Period**") based on the Gross Sales of each of the Franchised Restaurants it develops as described in Section 6 of each NT FA. For purposes of this Agreement, "**Gross Sales**" means the total revenues derived by Franchisee in and from each of the Franchised Restaurants

and arising out of Franchisee's activities pursuant to this Agreement, whether for cash sales of food and other merchandise or otherwise, or charge sales thereof, or revenues from any source arising out of the operation of the Franchised Restaurant(s) and Franchisee's activities pursuant to this Agreement, deducting therefrom: (1) all refunds and allowances, if any; (2) any sales or excise taxes which are separately stated and which Franchisee collects from customers and pays to any federal, state or local taxing authority; and (3) any amounts paid via cash, credit card or other means with respect to vending machines or pay telephones which are located in or about the Franchised Restaurant(s), if such vending machines and/or pay telephones are leased and not owned by Franchisee, in which case Gross Sales will include only the commissions Franchisee receives from those leases.

(c) **National Advertising Fee.** Franchisee will pay to IHOP a national advertising fee ("**National Advertising Fee**"), which is up to 3.5% of the Gross Sales of each of the Franchised Restaurants.

(d) **Local Advertising Expenditure.**

(i) Franchisee shall spend up to an additional 1% of its weekly Gross Sales for local advertising approved by IHOP ("**Local Advertising Expenditure Requirement**") unless waived in whole or in part by IHOP in its sole subjective discretion. Franchisee shall provide documentation of its expenditures with such supporting evidence as IHOP may require, on an annual basis to confirm that such expenditures were approved and paid for by Franchisee, and the advertising was conducted.

(e) **Time and Manner of Payments, Reporting and Recordkeeping.**

(i) The Continuing Royalty and other fees payable under this Agreement will be due on the Wednesday following the Reporting Period in which such Gross Sales were earned, and will be accompanied by a statement in the form and with such detail as IHOP may prescribe, showing how the Continuing Royalty was computed for the Reporting Period, and accompanied by all electronic point-of-sale system tapes of each Franchised Restaurant in operation for all or a portion of the Reporting Period. If Franchisee fails to submit a statement showing how Continuing Royalty was computed for any Reporting Period, submits a statement that is not in the form or with the detail as IHOP may prescribe or fails to submit Continuing Royalty and other fees due under this Agreement in a timely manner, IHOP reserves the right to calculate the amount due for the applicable Reporting Period based on one or more prior statements Franchisee has submitted to IHOP.

(ii) Within 30 days after the expiration of each calendar quarter (or other three-month period IHOP designates), Franchisee will provide to IHOP a profit and loss statement, in the form IHOP prescribes, for the Franchised Restaurant(s) in operation for all or a portion of the calendar quarter. Within 90 days after the end of each calendar year, Franchisee will provide to IHOP a profit and loss statement and balance sheet for the Franchised Restaurant(s) in operation for all or a portion of the calendar year. All financial statements must comply with any specific requirements IHOP designates and must be prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") consistently applied from applicable period to period, and must be certified by Franchisee, or Franchisee's Chief Executive Officer or Chief Financial Officer, as being true, correct and complete, and as being prepared in accordance with GAAP.

(iii) IHOP will require Franchisee to participate in IHOP's electronic funds transfer program, authorizing IHOP to receive payments by pre-authorized bank draft, wire transfer, Automated Clearing House (**ACH**) transfer or otherwise, unless IHOP waives this requirement in its sole subjective discretion.

(iv) Franchisee will keep and preserve for at least 36 months after each calendar year (or a longer period if required by applicable law), point-of-sale system reports, guest checks, sales tax returns, bank books relating to the Franchised Restaurant(s) and any other evidence of Gross Sales of the Franchised Restaurant(s). IHOP or its designated agents will have the right, upon at least two days' prior written notice to Franchisee, to examine and copy, at IHOP's expense, and remove the books, records, accounts, and business tax returns of Franchisee as they relate solely to the operation of the Franchised Restaurant(s). In addition, Franchisee's owners will allow IHOP and its affiliate's access to, and upon request will provide copies of, Franchisee's owners' state, federal and local income tax returns, and Franchisee and its owners waive any privilege pertaining thereto. If IHOP or its representative audits Gross Sales and payments to IHOP are found to be unpaid or understated in by any amount, Franchisee will immediately pay the additional amount payable, plus interest at the highest rate allowed by law. If Gross Sales are understated by 2% or more, Franchisee will also immediately reimburse IHOP for the cost of the audit and any subsequent audit IHOP may perform to ensure compliance with this Agreement.

(v) IHOP and its affiliates will have the right, at any time and from time to time, to enter the Franchised Restaurants and other business offices to inspect the premises, fixtures, furnishings and equipment thereon (including the right to inspect POS Systems (as defined below), and other equipment, as applicable, and to take readings of all documenters, pre-checkers and POS Systems), audit, verify sales and make or request copies of books of account, bank statements, documents, records, tax returns, papers and files of Franchisee relating to Gross Sales and business transacted. Such audit and/or sales verification may include the on-site presence of one or more personnel of IHOP or its affiliate for up to seven consecutive days.

(f) **Taxes.** IHOP and Franchisee are each responsible for their own sales, use, excise, personal property, income and any other taxes. On a monthly basis, Franchisee will submit to IHOP a copy of Franchisee's monthly sales tax reports for each Franchised Restaurant.

4.5 Franchised Restaurant Operations.

(a) **Operations Bulletins and Standards.** Franchisee must not operate in any manner that reflects adversely on the Marks or the Standards. IHOP will provide Franchisee with access to a copy of its operations bulletins ("**Operations Bulletins**") throughout the Term and the term of each NT FA. IHOP may from time to time revise the Operations Bulletins to incorporate changes, and will advise Franchisee of such changes and provide reasonable time schedules for implementation. Franchisee will operate the Franchised Restaurant(s) in conformity with the Operations Bulletins and IHOP's Standards. Franchisee will not deviate from the Standards in the Operations Bulletins without IHOP's prior written consent. Franchisee will not reproduce any portion of the Operations Bulletins by any means, will at all times keep the Operations Bulletins in a secure place or secure, password protected electronic file and, upon termination or expiration of this Agreement and the NT FA, will return the Operations Bulletins to IHOP.

(b) **Purchases of Products, Equipment, Supplies and Materials.**

(i) Franchisee will sell, serve and dispense only those items and products as IHOP may designate in the Operations Bulletins or otherwise in the Standards from time to time. IHOP will provide Franchisee with a list of IHOP's approved and designated suppliers and distributors of goods and services for the construction, equipping and operation of the Franchised Restaurant(s), and will further provide Franchisee with updated lists of such suppliers and distributors periodically throughout the Term and the term of each NT FA. Franchisee will purchase such items from suppliers and distributors who have been approved by IHOP in the Operations Bulletins or otherwise in writing and not thereafter disapproved.

(ii) In the event that Franchisee should desire to procure any food product (other than proprietary products, which include dry mixes and coffee) supplies, equipment, or material from any supplier or distributor not designated by IHOP or its affiliate, Franchisee shall deliver written notice to IHOP or its affiliate of its desire to do so, which notice shall identify the name and address of such supplier or distributor and the items desired to be purchased from such supplier or distributor. IHOP shall have the right to inspect the supplier's or distributor's facilities, conduct tests on products, require full production runs, and require that samples from the supplier or distributor be delivered, at IHOP's option, either to IHOP or to an independent, certified laboratory designated by IHOP for testing. Franchisee, or the supplier or distributor on behalf of Franchisee, shall pay the costs of any such test. IHOP may withhold approval of any supplier or distributor proposed by Franchisee if, among other grounds, such supplier or distributor shall fail to demonstrate, to the reasonable satisfaction of IHOP or its affiliate: (i) the ability to supply a product meeting IHOP's specifications; (ii) reliability with respect to the quality of the product or service; or (iii) willingness and agreement to permit IHOP or its affiliate to make periodic inspections, reasonable in respect of frequency, time and manner of inspection, to assure continued conformity to specifications.

(iii) Franchisee will be required to install and implement IHOP's designated computerized point of sale cash collection system (including all related hardware and software) ("**POS System**"), unless waived by IHOP in its sole discretion if Franchisee uses a comparable POS System that will enable Franchisee to share operating information with IHOP and that is pollable by IHOP. Franchisee will not be required to use any pre-printed menus or pre-priced standardized numbered guest checks, and will be free to procure menus and standardized numbered guest checks with prices of its own choosing; provided such menus and standardized numbered guest checks will, in all respects except as to prices, strictly comply with the specifications contained in the Operations Bulletins.

(c) **Trademarked Product Purchases.** Franchisee will purchase products which bear IHOP trademarks that may include, as provided in the Operations Bulletins, dishware, silverware, napkins, placemats, coasters and other items from IHOP's designated suppliers and in compliance with IHOP's specifications ("**Trademarked Products**").

(d) **Proprietary Product Purchases.** Franchisee will purchase only from or through arrangements made by IHOP, its affiliates, the Co-op (as defined below) or other distributors IHOP may specify from time to time, all its requirements for buttermilk pancake mix, egg batter, Harvest Grain N'Nut® pancake mix, Corn Cake pancake mix, waffle batter, Belgian waffle mix, coffee and other future products as may be developed by, through or at the direction of IHOP ("**Proprietary Products**").

(e) **Co-op Membership; Use of Products Purchased.** Franchisee acknowledges that the IHOP system is served by an independent third party purchasing cooperative, Centralized Supply Chain Services, LLC and that Franchisee will have the right, as a Franchisee of IHOP, to become a member of Pancake Supply Chain Co-op, Inc. (collectively with Centralized Supply Chain Services, LLC, the "**Co-op**"). Franchisee agrees that it will not, without IHOP's prior written consent, use, offer, sell or give away, except at a Franchised Restaurant, any products or services purchased through arrangements made by the Co-op or as a consequence of Franchisee's membership in the Co-op. Further, Franchisee agrees that it will not, without IHOP's prior written consent, use, offer, sell or give away, except at a Franchised Restaurant, any Proprietary Products or Trademarked Products, no matter the source of supply or means of purchase. Upon the termination or earlier expiration of this Agreement and each Non-Traditional Restaurant Franchise Addendum entered into pursuant to this Agreement, IHOP may, at its option, purchase from Franchisee at a price equal to Franchisee's book value, consisting of Franchisee's cost therefor, less depreciation computed in accordance with GAAP, all Proprietary Products and/or Trademarked Products purchased by Franchisee in the ordinary course of its

business which are, in IHOP's or its affiliate's reasonable judgment, in good, usable condition. IHOP shall provide written notice of its intent to purchase such Proprietary Products or Trademarked Products within 10 days of the date of termination or expiration of this Agreement.

(f) **Management of Franchised Restaurants; Training.**

(i) Franchisee must designate a representative with authority and oversight for the development and operation of Franchisee's planned IHOP Franchised Restaurant(s) and who will be responsible for the day-to-day operation of the Franchised Restaurant(s) ("**Designated Representative**"). Franchisee's Designated Representative must devote such of his or her time as is reasonably necessary for the efficient operations of the Franchised Restaurant(s) and the performance of Franchisee's obligations under this Agreement.

(ii) Franchisee's Designated Representative must participate in and complete to IHOP's satisfaction an agreed initial training program to be held at a training Restaurant or training center IHOP designates. The initial training program will consist of six weeks of training in the operation of an IHOP Full-Service Restaurant or approximately four to five weeks of training in the operation of an IHOP Limited-Service Restaurant.

(iii) Franchisee must designate one to two general managers, as IHOP may require, for each Franchised Restaurant developed by Franchisee. IHOP will require Franchisee's proposed general manager for each Franchised Restaurant to participate in and complete, to IHOP's satisfaction, the initial training program to be held at a training Restaurant or training center IHOP designates, unless waived by IHOP in its sole subjective judgment evidenced in good faith, due to such person's prior training and experience. If a manager is replaced by a new manager, such new manager must attend and successfully complete the initial training program, unless waived by IHOP, and Franchisee shall pay the then-current training fee.

(iv) Franchisee agrees to comply with IHOP's training requirements, as set forth in detail in the Operations Bulletins and as summarized in this Section 4.5(f), the current costs of which are summarized in **Attachment A**.

(v) IHOP may, at its option, provide training support and/or operational assistance on site for each Franchised Restaurant for such period of time as IHOP deems necessary, but not exceeding three weeks. If IHOP will provide a training team to provide training support and/or operations assistance for a period of up to three weeks, allocated at IHOP's sole discretion between one week prior to opening and up to two weeks after opening. Franchisee agrees to pay to IHOP a Training Support Fee of up to \$55,000.00 for an IHOP Full-Service Restaurant and \$7,000 for an IHOP Limited-Service Restaurant. The amount of the fee will be based upon the number of trainers deemed necessary by IHOP, in its sole discretion. The opening training support team for an IHOP Full-Service Restaurant is typically made up of seven trainers, of which four are provided by IHOP at no additional cost to Franchisee. Up to three additional trainers will be provided by IHOP, at a cost to Franchisee of \$7,000 per trainer, unless waived by IHOP. The opening training support team for an IHOP Limited-Service Restaurant is typically made up of four trainers, of which three are provided by IHOP at no additional cost to Franchisee, and the fourth trainer will be provided by IHOP at a cost of \$7,000 to Franchisee, unless waived by IHOP. The additional trainer(s) may be supplied by Franchisee, with the understanding that these trainers must be committed to work on the opening training for the entire duration of the opening training, and provided they meet IHOP's requirements, as specified from time to time. These requirements include being a certified trainer in their current IHOP Restaurant, and successfully passing

an SOP test administered by IHOP prior to and at the opening. There will be no additional charge for the trainer(s) supplied by Franchisee unless Franchisee's trainer(s) fail to meet the above commitments and qualifications, in which case Franchisee will be required to pay \$5,500 per additional trainer supplied by IHOP. If Franchisee does not have any qualified opening trainers, Franchisee will be required to pay to IHOP the sum of up to \$55,000 for an IHOP Full-Service Restaurant and \$7,0000 for an IHOP Limited-Service Restaurant, upon execution of the Non-Traditional Restaurant Franchise Addendum. The scheduling of the training team will be generally done 30 days prior to the anticipated opening date of each Franchised Restaurant, based on the schedule provided by Franchisee. If training must be rescheduled for any reason other than an act of God, Franchisee shall pay to IHOP any increase in costs that are incurred by IHOP due to the scheduling changes, which costs may include but are not limited to increases in airfare, car rental, and training material shipping and storage, within 30 days after billing. After the opening of the first Franchised Restaurant, IHOP will work with Franchisee to certify a number of Franchisee's personnel as certified trainers, and thereafter, provided that Franchisee's personnel are and remain certified by IHOP, Franchisee's certified personnel will provide all or a portion of the opening training support with respect to the Franchised Restaurant(s). Franchisee will reimburse IHOP for its reasonable out-of-pocket expenses in providing certification to Franchisee's personnel to perform initial training and opening training support for Franchised Restaurant(s).

(vi) Franchisee's certified training personnel will attend such additional courses, seminars, and other training programs as IHOP may designate from time to time. Franchisee will bear its own costs for such additional programs, but IHOP will not charge any fees for those attending these additional courses, seminars, or other training programs.

(g) **Advertising.**

(i) Franchisee's National Advertising Fee is set forth in **Attachment B** and will range from 1% to 3.5%, depending on the level of contribution assigned to the Restaurant by IHOP in its sole discretion.

(ii) The National Advertising Fee paid by Franchisee will be administratively segregated on IHOP's or its affiliate's books and records ("**National Advertising Fund**"), together with the aggregate of: (i) National Advertising Fee payments made by all U.S. Franchisees and Franchisees of IHOP Restaurants; (ii) payments equal to the National Advertising Fees of IHOP Restaurants operated by IHOP's affiliates; and (iii) all rebates, allowances, discounts and other monetary compensation IHOP or its affiliates receive on account of the purchase of food items, supplies or services by all Franchisees and franchisees in consideration for the open display by all Franchisees and franchisees (including, when required, Franchisee), in consideration for the open display and advertising of a supplier's product, trademark or logo ("**Table Allowances**"). Table Allowances shall not include any allowances granted on account of purchases by less than all IHOP franchisees and Franchisees.

From sums available in the National Advertising Fund, IHOP develops advertising, public relations and promotional campaigns designed to promote and enhance the image, identity or patronage of all IHOP Franchised Restaurants, company operated restaurants and franchised restaurants. IHOP may, but is not obligated to, make expenditures from the National Advertising Fund to pay for advertising, public relations and promotional campaigns or similar activities designed to promote and enhance the image, identity or patronage of all IHOP Restaurants. Permissible expenditures may include a wide variety of associated activities and materials, to be determined by IHOP. IHOP may disburse funds from the National Advertising Fund to pay for IHOP's and its affiliates' actual administrative expenses with respect to the National Advertising Fund, including, without limitation, the actual, general and administrative costs relating

to IHOP's or its affiliates' internal Marketing Department, including direct overhead, consultants and third party agencies, and excluding only direct costs relating to IHOP's franchise sales program. In all phases and aspects of such activities, including cost, development, type, format and style, quantity, timing, placement, choice of media or agency, and all other matters, IHOP's decision will be final. IHOP has no obligation whatsoever to allocate or expend National Advertising Fund contributions to benefit any particular Franchisee, group of Franchisees, or type of IHOP brand Franchised Restaurant, on a pro rata or proportional basis or otherwise. The National Advertising Fund is not a trust fund and will be commingled with IHOP's and its affiliates' other funds.

Within a reasonable time after the expiration of each of IHOP's fiscal years, IHOP will furnish Franchisees and franchisees summary information with respect to the receipts and expenditures of monies by and from the National Advertising Fund, containing the following information: (1) the opening balance in the National Advertising Fund at the beginning of the fiscal year; (2) the total amount of fees paid into the National Advertising Fund by all Franchisees and franchisees during the fiscal year; (3) the total amount of Table Allowances IHOP and its affiliates received during the fiscal year; (4) a reasonably itemized summary breakdown and description of disbursements from the National Advertising Fund during such preceding fiscal year, sufficient to indicate each class of expenditures made from the National Advertising Fund and the amount of expenditures made for each class; and (5) the net balance, if any, remaining in the National Advertising Fund at the close of the fiscal year, which net balance, if any, will be retained for future advertising. If IHOP's and its affiliates' expenditures exceed the amount contributed to the National Advertising Fund in any fiscal year, IHOP and its affiliates will have the right to be reimbursed to the extent of the excess from amounts subsequently contributed to the fund.

(iii) Franchisee may not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any internet home page, website, social media site, including those utilizing mobile technology, bulletin board, newsgroup or other internet-related medium) which in any way uses or displays the Marks, in whole or part, and Franchisee shall not cause or allow the Marks, or any of them, to be used or displayed in whole or part, as an internet domain name, or on or in connection with any internet home page, website, social media site, including those utilizing mobile technology, bulletin board, newsgroup or other internet-related activity without IHOP's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as IHOP may establish.

(iv) IHOP may (but is not required to) develop an Intranet network through which IHOP and its licensees and franchisees (including Franchisee) may communicate by e-mail or similar electronic means and through which IHOP may disseminate updates to the System and other confidential information. If IHOP develops such an Intranet network, Franchisee agrees to use the facilities of the Intranet in strict compliance with the System, and with such procedures, policies, standards and specifications as IHOP may establish from time to time (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). If IHOP shall develop said Intranet, IHOP shall have no obligation to maintain the Intranet, and may discontinue its use at any time without liability to Franchisee.

(v) Franchisee's Local Advertising Expenditure Requirement is set forth on **Attachment B** and will range from 0% to 1%, depending on the level of contribution assigned to the Restaurant by IHOP in its sole discretion.

(vi) IHOP shall, from time to time, develop regional advertising cooperatives (“**Regional Advertising Cooperatives**”). IHOP may establish and modify from time to time guidelines and procedures which shall govern the conduct and operation of the Regional Advertising Cooperatives. The geographical description of each region (hereinafter “**Advertising Region**”) shall be designated by IHOP in its sole subjective judgment, exercised in good faith. Franchisee may be allowed to join a Regional Advertising Cooperative in the Restaurant’s Advertising Region depending on the level of contribution assigned to the Restaurant by IHOP in its sole discretion. If Franchisee participates in a Regional Advertising Cooperative then Franchisee’s contribution amount is the Local Advertising Expenditure Requirement.

(vii) If Franchisee’s Local Advertising Expenditure Requirement has been paid by Franchisee to IHOP during IHOP’s fiscal year then in progress, IHOP shall reimburse Franchisee or credit Franchisee’s account with IHOP for: (i) Franchisee’s IHOP-approved local advertising expenses incurred during said fiscal year (after deducting any expenses that IHOP has previously paid or is or may be required to pay on account of advertising run by, for, or on behalf of Franchisee), and, (ii) contributions made by Franchisee during said fiscal year (whether through payment to IHOP or directly to a third party) to the Regional Advertising Cooperative, if any, of which Franchisee is a member, for advertising of the Franchised Restaurant; provided, however, that the combined amount of IHOP’s said reimbursements for any of its fiscal years pursuant to (i) and (ii) shall in no event exceed the Local Advertising Expenditure Requirement actually paid by Franchisee during said fiscal year, and such right of reimbursement shall be subject to the condition that Franchisee furnish IHOP with appropriate verification, satisfactory to IHOP, of such advertising expenditures and that the advertising resulting therefrom has been placed and paid for either by Franchisee or the Regional Advertising Cooperative of which Franchisee is a member and that no liability to any party exists or may exist with respect to such advertising. The Local Advertising Expenditure Requirement payments which are contributed in a particular fiscal year of IHOP, but which IHOP is not required to reimburse or credit on account of advertising expenditures incurred by Franchisee during said fiscal year, shall become part of IHOP’s general operating funds or the National Advertising Fund.

(h) **Compliance with Governmental Regulations.** Franchisee will meet and maintain all health standards at or above required industry levels applicable to the operation of the Franchised Restaurant, and will timely obtain all permits, certificates, or licenses necessary for the lawful operation of the Franchised Restaurant. Franchisee will operate the Franchised Restaurant in compliance with all applicable laws. Applicable laws mean and include all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any governmental authority, which governs the construction or operation of the Franchised Restaurant.

4.6 Maintenance, Remodeling and Refurbishing of Franchised Restaurants.

(a) Franchisee will at all times maintain in first class condition, at its sole expense and in compliance with IHOP’s Standards, the interior and exterior of each Franchised Restaurant and any appurtenant area over which Franchisee has control. Except as provided in Section 3.1 of this Agreement, every five years during each Term, at Franchisee’s sole cost and expense, Franchisee will refurbish, remodel and improve (“**Update**”) each Franchised Restaurant in accordance with IHOP’s then-current Standards as set forth in the Operations Bulletins or otherwise in writing by IHOP. Franchisee will commence the first Update on the fifth anniversary of the Actual Opening Date of each NT FA and each subsequent Update will commence years from the date the last update commenced. Franchisee will complete each Update as expeditiously as possible, but in any event within 30 days after commencing the Update.

(b) Franchisee expressly authorizes IHOP's or one of its affiliate's representatives to enter any Franchised Restaurant at any time during business hours, without notice, to inspect the premises, fixtures, furnishings and equipment therein, and to examine and inspect the operations in all respects to determine compliance with this Agreement and the IHOP's Standards, Operations Bulletins, policies, rules and regulations.

5.

PROPRIETARY MARKS AND SYSTEM; CONFIDENTIALITY AND NON-COMPETITION

5.1 IHOP Representations Concerning Marks and Standards. IHOP represents that it has the right to use, and to grant Franchisee the right to use, the Marks and the Standards.

5.2 Use of IHOP's Name. Franchisee agrees that each Franchised Restaurant developed under this Agreement will be named "IHOP," "IHOP Express," "International House of Pancakes," or "International House of Pancakes Restaurant," as specified by IHOP, or any combination thereof IHOP may approve, at IHOP's option. Franchisee agrees that it will not use any suffix or prefix and that all signs, advertising and slogans will only bear the name and Marks as IHOP may specify in its Operations Bulletins.

5.3 Franchisee Representations Concerning Marks and Standards.

(a) Franchisee will use the Marks designated by IHOP only in the manner authorized and permitted by IHOP in the Operations Bulletins and under the Standards from time to time solely for the operation of the Franchised Restaurant(s) at the Franchised Restaurant(s) or in connection with IHOP approved advertising for the Franchised Restaurant(s). Franchisee will identify itself as an independent owner of the Franchised Restaurant(s) in conjunction with any use of the Marks or the operation of the Franchised Restaurant(s), in the manner that IHOP specifies in the Operations Bulletins, and will promptly notify IHOP of any suspected unauthorized use of, or any challenge to the validity of the Marks, or any challenge to IHOP's ownership of, right to use or ability to grant others the right to use, or Franchisee's right to use, the Marks or Standards under this Agreement. IHOP will promptly take such action as may be necessary to defend against any such claim, demand or challenge and IHOP will protect, indemnify and hold Franchisee harmless from any loss, costs, or expenses arising out of or relating to such claim, demand or suit. Franchisee will have no right to settle compromise or litigate any claim involving the Marks. IHOP shall have the right to defend, compromise or settle any such claim at IHOP's sole cost and expense, and Franchisee shall cooperate fully with IHOP in connection under the defense of any such claims. Franchisee will not assert any claim to goodwill, reputation or ownership of the Marks, which Franchisee agrees that, as between IHOP and Franchisee are the sole and exclusive property of IHOP. Except to the limited extent expressly granted hereunder, Franchisee will not use, or permit the use, as part of its business entity name, the phrases "IHOP," "International House of Pancakes," "House of Pancakes," "IHOP Express" "DineEquity" or any phrase or combination of words confusingly similar thereto.

(b) Franchisee will not develop, create, generate, own, license, lease or use in any manner any computer medium or other electronic medium (including any internet home page, website, bulletin board, newsgroup or other internet-related medium) which in any way uses or displays the Marks, in whole or in part. Franchisee will not cause or allow the IHOP name or Marks to be used or displayed in whole or in part on any social networking website (for example, Twitter, Facebook or My Space), in any internet domain name or in connection with any internet home page, website, bulletin board, newsgroup or other internet-related activity without IHOP's prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as IHOP may establish from time to time.

(c) IHOP may, but is not required to develop an internet network through which IHOP and its franchisees (including Franchisee) can communicate by email or similar electronic means and through which IHOP may disseminate updates to the System and other Confidential Information (defined below) (“**Intranet**”). If IHOP develops such an Intranet, Franchisee agrees to use the Intranet in strict compliance with the Standards (including, without limitation, standards, protocols and restrictions relating to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements). If IHOP develops an Intranet, IHOP will have no obligation to maintain the Intranet, and may discontinue its use at any time without liability to Franchisee.

5.4 Confidentiality and Non-Competition.

(a) **Owners.** Prior to execution of this Agreement, Franchisee will provide IHOP with a list of its owners, which must include all individuals, shareholders, general partners, limited partners, members or other owners of or an ownership interest in Franchisee (“**Owners**”). Franchisee will cause its Owners to complete an application and such other documentation as IHOP may require, and to execute covenants similar in substance to the covenants contained in this Section 5.4. Upon an Assignment in accordance with this Agreement, Franchisee will cause any new Owners to execute covenants similar in substance to the covenants contained in this Section 5.4.

(b) **Nondisclosure of Confidential Information.** Except as required by law, neither Franchisee, nor any Owner will, during the Term and the term of each NT FA or thereafter, communicate, divulge, or use for the benefit of, anyone else, any confidential information, knowledge, trade secrets or know-how (“**Confidential Information**”) which may be communicated to them, or of which they may be apprised. Franchisee will divulge Confidential Information only to its respective employees that must have access to it to perform their responsibilities; provided, however, that Franchisee acknowledges IHOP may utilize information regarding the operations, expenses and financial performance of Franchised Restaurant(s) that Franchisee discloses to IHOP. All matters, information, knowledge, know-how, trade secrets, techniques and other data of IHOP will be deemed Confidential Information for purposes of this Agreement. Franchisee will require its Owners and any other person who may have access to any Confidential Information to execute covenants, guarantees and/or undertakings that such person will maintain the confidentiality of information they receive in connection with their association with IHOP, and that they will comply with non-competition covenants similar in substance to those contained in Section 5.4(c) below. Franchisee agrees to maintain all IHOP’s Confidential Information separately from Franchisee’s other businesses. Franchisee will not permit any Designated Representative, manager or other person who has access to IHOP’s Confidential Information, Operations Bulletins or Standards to be employed within or involved with any of Franchisee’s other businesses.

(c) **Non-Competition.** Franchisee and its Owners will not, during the term of this Agreement, any Restaurant Franchise Term and any renewal thereof, directly or indirectly, own, operate, control or have any interest in any family style restaurant, pancake house, coffee shop (defined to mean a full service or fast casual restaurant; not, by way of example, a Starbuck’s), buffet serving breakfast, or diner, including but not limited to Village Inn, Bob’s Big Boy, Shoney’s, Denny’s, Perkins’, Waffle House, Baker’s Square, Coco’s, JB’s, Allie’s, Cracker Barrel, Marie Callendar’s, Friendly’s, Bob Evans’ Farms, Mimi’s Carrows, Hometown Buffet, or any other food service operation that sells pancakes or omelettes or derives more than 25% of its total sales from breakfast items (“**Competitive Business**”). Notwithstanding the foregoing, IHOP may, but is not obligated to, approve Franchisee’s and/or its Owners’ ownership of a Competitive Business or the location of a Franchised Restaurant in a Facility within which Franchisee or an Owner has an existing Competitive Business (“**Existing Business**”). If IHOP excludes Franchisee’s or a

Controlling Owner's Existing Business from this Section 5.4(c), such exclusion will be noted in the NT FA for the Franchised Restaurant(s) to be developed within such Facility.

(d) **Reverse Engineering Prohibited.** IHOP retains all rights, title and interest in and to all Proprietary Products and all product specifications which may be disclosed to Franchisee or utilized by Franchisee pursuant to this Agreement. Franchisee and its Owners will not reverse engineer, decompile or disassemble any IHOP product, including, but not limited to, any Proprietary Product. Franchisee will take reasonable steps to ensure that no employee reverse engineers, decompiles or disassembles any IHOP product, including, but not limited to, any Proprietary Product. Notwithstanding anything to the contrary in this Agreement, IHOP will have the right to terminate this Agreement and all NT FAs or other franchise agreements then in effect, and seek all remedies at law and in equity which may be available to IHOP for violation of this Section 5.4(d), upon reasonable belief or proof that Franchisee, any current or former employee of Franchisee or any Owner, agent or other representative of Franchisee, has violated this Section 5.4(d).

6. ASSIGNMENT

6.1 Assignment or Delegation by IHOP. IHOP may transfer or assign this Agreement or any of its rights or obligations under this Agreement, each NT FA or any of its rights or obligations under each NT FA, its direct or indirect ownership interests or its assets, in whole or in part, without the consent of Franchisee; provided that the assignee will agree to assume all of IHOP's obligations under this Agreement and each NT FA that IHOP assigns to the assignee. Without limiting the foregoing, IHOP may: (i) assign any and all of its rights and obligations under this Agreement to an affiliate; (ii) sell its assets, its Marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) undertake a refinancing recapitalization, leveraged buy-out or other economic or financial restructuring; or (vi) merge, acquire other business entities or be acquired by another business entity. IHOP shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands, or damages arising from or related to any or all the above actions (or variations thereof). Franchisee agrees upon request to execute such documents as IHOP may reasonably request, including but not limited to a consent to assignment and an estoppel certificate, as may be required by the terms of IHOP's financing arrangements. Following assignment, IHOP will no longer be responsible for post-assignment obligations. IHOP will have the right to delegate to one or more of its affiliates some of all IHOP's duties to Franchisee under this Agreement.

6.2 Assignment by Franchisee.

(a) This Agreement has been entered into by IHOP in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Franchisee. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Franchisee will sell, encumber, assign, transfer, convey, pledge, merge, or give away, voluntarily or involuntarily, in whole or in part, by operation of applicable law or otherwise ("**Assign**" or an "**Assignment**"), any direct or indirect interest in this Agreement or any Non-Traditional Franchise Addendum or any of its rights or privileges under this Agreement or any Non-Traditional Franchise Addendum, in Franchisee (except as provided with respect to Assignments that do not effect a Change of Control in Section 6.2(d) below), or in all or substantially all of the assets of the businesses which are the subject of this Agreement and each NT FA without the prior written consent of IHOP, which consent may be withheld at IHOP's option. Except as provided in Section 6.2(b) of this Agreement, Franchisee acknowledges and agrees that it will not

be permitted to Assign any interest in this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Franchised Restaurant(s) developed under this Agreement or any NT FA executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of Franchisee's Franchised Restaurant(s), and of all interests in the NT FAs executed pursuant to this Agreement. At IHOP's election, the assignee must execute IHOP's then-current form of Non-Traditional Multi-Unit Franchise Agreement and IHOP's then-current form of NT FA for each Franchised Restaurant then developed or under development by Franchisee.

(b) Franchisee will not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement or any Non-Traditional Franchise Addendum in any manner whatsoever without the prior express written consent of IHOP. To the extent that the foregoing prohibition may be ineffective under applicable law, Franchisee will provide not less than 30 days' prior written notice (which notice will contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement or any NT FA. Franchisee will pay IHOP a transfer fee specified from time to time in the Operations Bulletins ("**Transfer Fee**"). Franchisee will pay IHOP 50% of the Transfer Fee at the time Franchisee serves written notice upon IHOP of the proposed Assignment. IHOP may waive all or a part of the training fee to the extent IHOP determines that the assignee's Designated Representative does not require training. Franchisee will sign a general release of claims upon IHOP's receipt of a Transfer Fee in accordance with this Section 6.2(b).

(c) To the extent Franchisee's securities, partnership or other ownership interests are not currently publicly traded, securities, partnership or other ownership interests in Franchisee may be (i) offered to the public under the Securities Act of 1933, as amended, (ii) registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation; or (iii) offered by private offering or otherwise, but in all cases all materials required for any such private offering by federal or state law will be submitted to IHOP for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering will be submitted to IHOP for such review prior to their use. No such offering by Franchisee will imply that IHOP is participating in an underwriting, issuance or offering of securities of Franchisee or IHOP, and IHOP's review of any offering materials will be limited solely to the subject of the relationship between Franchisee and IHOP and its Affiliates. IHOP may, at its option, require Franchisee's offering materials to contain a written statement prescribed by IHOP concerning the limitations described in the preceding sentence. Franchisee, its owners and the other participants in the offering shall fully defend and indemnify IHOP, and its affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and will execute any additional documentation required by IHOP to further evidence this indemnity. For each proposed offering, Franchisee will pay to IHOP a non-refundable fee ("**Offering Fee**"), which will be in addition to any Transfer Fee, or such greater amount as is necessary to reimburse IHOP for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee will give IHOP written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section.

(d) Notwithstanding the above, any transfer of interests in Franchisee that does not result in a Change in Control of Franchisee may be completed without IHOP's prior written consent, if the conditions and requirements set forth in this Section 6.2(d) are met. In connection with any proposed transfer of interests in Franchisee that does not result in a Change in Control of Franchisee, Franchisee will promptly notify IHOP

of such proposed transfer in writing and will provide such information relative thereto as IHOP may reasonably request prior to the transfer. The transferee will not be one of IHOP's competitors and will not be a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, or support, or be in any way associated with, any terrorist group or any groups or organizations that provide any form of direct or indirect support or assistance to terrorist groups. As to entities or individuals who will hold any ownership interests in the transferee and therefore will be Owners as defined in Section 5.4 of this Agreement, such entities or individuals may be required to execute non-competition covenants (including covenants applicable upon the termination of a person's relationship with Franchisee). For the purposes of this Section 6.2(d), a "**Change in Control**" is effected upon a transfer, in a single transaction or in a series of transactions, (a) if Franchisee is a corporation or limited liability company, of more than 49% of the ownership or voting shares or membership interests, as applicable, or each class of Franchisee's issued and outstanding capital stock or membership interests, as applicable including, by way of example and without limitations, a 49% owner acquiring an additional 2% ownership interest, or (b) if Franchisee is a partnership, if the transfer would result in a change of the owner of more than 49% interest in the operating profits and operating losses of the partnership as well as more than 49% of the ownership or voting interests in the partnership (and more than 49% interest in the shares of each class of capital stock or voting interests of any corporate general partner).

6.3 Third Party Operator. Franchisee may transfer management or operations of any Franchised Restaurant to a third-party operator, subject to IHOP's consent, which consent will not be unreasonably withheld; provided IHOP may, at its option, revoke its consent to the manager or operations of any Franchised Restaurant by a third-party operator in the event that such third-party operator fails to operate the Franchised Restaurant in compliance with the Standards. Franchisee further agrees that any third-party operator must, and its key managerial employees must, sign a form of confidentiality and non-competition agreement containing the covenants in Section 5.4 of this Agreement.

7. TERMINATION

7.1 Termination Right. If a Facility unilaterally terminates the Facility Contract with Franchisee and requires that Franchisee close a Franchised Restaurant within that Facility, Franchisee will have the right to terminate without penalty or liability for damages, the NT FA for the Franchised Restaurant located within the Facility, upon providing IHOP with 60 days' written notice; provided, however, that any action or inaction by Franchisee which causes, facilitates or allows a Facility to terminate its contract with Franchisee will void this Section 7.1.

7.2 Notice of Material Default and Cure Rights.

(a) If IHOP determines that Franchisee is in material default of this Agreement and/or a NT FA, IHOP may, at its option, notify Franchisee that it will have seven days after its receipt of a notice of default within which to remedy such material default, or such lesser time as set forth herein below and to provide evidence of such remedy. If such default is not cured within the specified time (or for non-monetary defaults, such additional reasonable time period not to exceed 30 days, if Franchisee has commenced and is diligently pursuing cure of a material default that by its nature requires additional cure time), IHOP will have the right to immediately terminate this Agreement and/or the applicable NT FA by providing notice of termination to Franchisee.

(b) Notwithstanding anything to the contrary in this Agreement, IHOP may, at its option, terminate this Agreement or any NT FA immediately upon notice to Franchisee:

(i) If Franchisee's continued operation of one or more Franchised Restaurants will result in an imminent danger to health or public safety as determined by IHOP in its reasonable discretion;

(ii) If Franchisee's continued operation of one or more Franchised Restaurants will devalue the Marks or cause a loss of goodwill for the IHOP brand and Franchisee fails to cure such default within 48 hours after receiving written notice from IHOP of the default;

(iii) If any Franchised Restaurant is not ready to be opened for business in compliance with Section 3.4 of this Agreement by the Anticipated Opening Date, or the additional time permitted by Section 3.5 of this Agreement lapses, IHOP may terminate the applicable NT FA;

(iv) If Franchisee attempts to Assign this Agreement, without the prior written consent of IHOP and in violation of Section 6.2 of this Agreement, or if an Assignment of this Agreement by Franchisee will occur by operation of law, or due to judicial process;

(v) If Franchisee fails or refuses to pay its payment obligations to IHOP in accordance with the terms of this Agreement and fails to cure such default by paying all amounts in full no more than seven days after receiving notice of such default from IHOP;

(vi) If Franchisee fails to maintain at least a "B" rating or its equivalent under IHOP's then-current evaluation criteria for franchisees and Franchisees and fails to commence curing such default within seven days after receiving notice of such default from IHOP;

(vii) If Franchisee understates Gross Sales by 5% or more in any report to IHOP or its affiliates;

(viii) If Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any applicable law governing the operation of a Franchised Restaurant;

(ix) If Franchisee fails or refuses to pay its payment obligations to IHOP in accordance with the terms of this Agreement three or more times during any 12-month period, whether or not IHOP provides notice of such default and whether or not Franchisee has cured such defaults; or

(x) If Franchisee fails to open the number of Franchised Restaurants specified in **Attachment A** by the applicable Anticipated Opening Date.

(c) Notwithstanding anything to the contrary in this Agreement, this Agreement and all NT FAs then in effect will terminate automatically if Franchisee is insolvent, or, if Franchisee files a voluntary petition and is adjudicated bankrupt; or if an involuntary petition is filed against it and such petition is not dismissed within 30 days; or if it will make an assignment for the benefit of creditors; or if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, be appointed to take charge of Franchisee's affairs or any of its property; or if dissolution be commenced by or against Franchisee or if any judgment against Franchisee remains unsatisfied or unbonded of record for 15 days.

(d) IHOP and Franchisee agree that if a default by Franchisee can be reasonably attributed to specific acts, errors or omissions stemming from operations or personnel at one (or more) specific Franchised Restaurants(s), and such default gives rise to a right of termination by IHOP under this Agreement, IHOP will be limited to terminating Franchisee's rights to operate only those Franchised Restaurants(s) and the NT FAs to which such default is directly attributable, and this Agreement and Franchisee's rights under this Agreement and other NT FAs then in effect will otherwise remain in full force and effect as to such other non-defaulting Franchised Restaurants from and after the termination of rights to such defaulting Franchised Restaurant(s). Notwithstanding the foregoing, in the event the greater of three Franchised Restaurants owned and/or operated by Franchisee or its affiliates or 25% or more of the Franchised Restaurants owned and/or operated by Franchisee or its affiliates are in default, IHOP shall have the right to terminate this Agreement and all other NT FAs then in effect.

8.

OBLIGATIONS OF FRANCHISEE UPON TERMINATION

8.1 Upon termination or expiration of this Agreement and/or a NT FA, all rights granted under this Agreement and/or the applicable the NT FA will terminate (as set forth in the applicable notice of termination or expiration), and (except as to any remaining rights under this Agreement, if still effective or any other NT FA still in effect, as applicable):

(a) **Cessation of Operations.** Franchisee will immediately cease to operate the applicable Franchised Restaurant(s), and if Franchisee is then no longer operating any Franchised Restaurant(s), will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee or Franchisee of IHOP.

(b) **Cessation of Use of Confidential Information and Marks.** Franchisee will immediately and permanently cease to use, by advertising or in any other manner whatsoever, any Confidential Information, including as to Franchisee Confidential Information associated with the Standards, Operations Bulletins and all Marks, and return any hardcopy Operations Bulletins to IHOP.

(c) **De-Identification Requirement.** Upon the expiration or earlier termination of any Non-Traditional Restaurant Franchise Addendum for any reason, Franchisee shall, upon written demand of IHOP, at its sole cost and expense remove all IHOP Marks from all buildings, signs, fixtures and furnishings, and alter to and paint all buildings and other improvements maintained pursuant to the NT FA to a design and color which is basically different from IHOP's authorized building design and paint schedule. In addition to and without limiting the generality of the foregoing, Franchisee shall make any other changes which IHOP deems prudent.

(d) **Payment of Monies Due.** Franchisee will promptly pay all sums owing to IHOP and its Affiliates with respect to the terminated Franchised Restaurants.

8.2 Compliance with Post Term Covenants and Other Continuing Obligations. All covenants, obligations, and agreements of IHOP and/or Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, will survive such termination or expiration.

9.

GUARANTEE, INDEPENDENT CONTRACTOR, EXPERIENCE, INSURANCE AND INDEMNIFICATION

9.1 Guarantee. If IHOP, at its option, based upon Franchisee's financial position and performance history, requires Franchisee's obligations to be guaranteed, each person or entity owning (directly or indirectly), the equity or voting rights of Franchisee and their spouses, if and as applicable, will execute a guarantee of obligations ("**Guarantee**") in a form prescribed by IHOP, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to IHOP and its affiliates under this Agreement and each NT FA executed pursuant to this Agreement. Franchisee will provide IHOP, prior to execution of this Agreement, a statement of ownership interests or other similar shareholder or member information of Franchisee and its Owners in the form that IHOP prescribes.

9.2 No Fiduciary Relationship. This Agreement does not create a fiduciary relationship between the parties to this Agreement. Franchisee is an independent contractor; and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Neither party is authorized to make any contract, agreement, warranty, or representation on the other parties' behalf, or to incur any debt or other obligations in the other parties' name. Franchisee will conspicuously identify itself and the Franchised Restaurant(s) in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Franchisee of IHOP, and will place such notice of independent ownership in its Franchised Restaurant(s) and on all forms.

9.3 Franchisee's Experience. IHOP has entered this Agreement upon the knowledge and belief that Franchisee and/or one or more of its Owners, officers, partners, directors, managers, members and employees, as applicable, have significant experience operating one or more similar restaurants, whether under the IHOP brand or other brands. IHOP is relying on Franchisee's and/or its Owners', officers' and directors' experience operating one or more restaurants under the IHOP brand or other brands. Franchisee represents and warrants to IHOP that Franchisee has such knowledge and experience in the financial, operational and other business matters associated with developing one or more Restaurants in Facility(ies) as to be capable of evaluating the merits and risks of developing one or more Franchised Restaurants in Facility(ies) and as to be capable of independently undertaking to construct and operate a Franchised Restaurant in a Facility. Franchisee will not rely on IHOP to instruct Franchisee as to the specific risks or preferred practices with respect to opening Franchised Restaurant(s) in Facility(ies).

9.4 Insurance. Subject to any other additional requirements set forth in the Facility Contract, Franchisee will procure, prior to the opening of each Franchised Restaurant, and will maintain in full force and effect at all times during the term of each NT FA, at Franchisee's expense, an insurance policy or policies protecting Franchisee, IHOP, their affiliates, and their respective partners, managers, members, officers, shareholders, directors, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Restaurant(s). IHOP will prescribe minimum standards, coverages and limits in the Operations Bulletins, and Franchisee agrees to procure and maintain insurance policies in compliance with the Operations Bulletins. Such policy or policies will: (a) be written by insurer(s) licensed and admitted to write coverage in the states in which the Franchised Restaurants are located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; (b) name IHOP and its partners, stockholders, directors, agents, and employees as additional insured's on a primary non-contributory basis; and (c) comply with the general requirements prescribed by Facilities from time to time.

Franchisee will supply IHOP with certificates of insurance from time to time during the term of this Agreement, including 10 days prior to the date that a Franchised Restaurant opens for business to the public, 10 days prior to the date on which any insurance policy is scheduled to expire, and at such other times as IHOP may reasonably require. If Franchisee fails to procure and maintain insurance for any Franchised Restaurant, IHOP, at Franchisee's expense may, but is not obligated to, procure such insurance as is necessary to meet IHOP's requirements. Franchisee may obtain such other additional insurance as Franchisee deems proper in connection with the operation of its business.

9.5 Indemnification. Franchisee will indemnify and hold harmless to the fullest extent by law, IHOP, its parents and affiliates and their respective directors, officers, managers, members, partners, employees, shareholders, and agents, ("**Indemnitees**") from any and all "**losses and expenses**" (as defined below) incurred in connection with any formal or informal dispute, procedure, claim, demand, investigation, or inquiry, or any settlement thereof, which arises directly or indirectly from, as a result of, or in connection with Franchisee's material acts, errors or omissions in connection with this Agreement and each NT FA and the Franchised Restaurant(s) ("**event(s)**"), and regardless of whether such losses and expenses resulted from any strict or vicarious liability imposed by law on the Indemnitees. The term "**losses and expenses**" will be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. The Indemnitees will give Franchisee prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, the Indemnitees may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided the Indemnitees will seek the advice and counsel of Franchisee in connection with any such defense and/or settlement. Any assumption of defense by the Indemnitees will not modify the indemnification obligation.

9.6 [Reserved].

10.

GENERAL CONDITIONS AND PROVISIONS

10.1 Choice of Law. IHOP and Franchisee agree that the laws of California (without giving effect to any conflict of laws) will govern the parties' relationship and the interpretation and enforcement of this Agreement and the NT FAs; except that as to Section 5.4(c) of this Agreement the law of the state where the affected Franchised Restaurant is domiciled will govern the interpretation and enforcement of this Agreement.

10.2 Non-Binding Mediation; Arbitration; Injunctive Relief; Costs and Expenses.

(a) The parties agree that either party must submit any claim, controversy, or dispute arising out of this Agreement to non-binding mediation before bringing any action in any court or other adversarial proceeding, including arbitration as provided below, provided that Franchisee will not be required to pursue mediation of any claim, controversy, or dispute involving its contract with a Facility, and provided that IHOP will not be required to pursue mediation (or arbitration) for any action relating to amounts owed to IHOP by Franchisee or for any action involving violation of its intellectual property rights, including without limitation, its ownership of the Marks, or for any action in which IHOP seeks injunctive relief. Any non-binding mediation will take place in Glendale, California and will be conducted through either an individual mediator or a mediation services organization agreed by the parties, provided the mediator will be experienced in the mediation of food service business disputes, and IHOP and Franchisee agree to each bear one-half of the

mediator's fees and their own costs related to the mediation. Failing agreement by IHOP and Franchisee on the mediator within 30 days after a party provides a written demand for mediation, the mediator will be selected by the American Arbitration Association ("AAA") from its approved panel of mediators.

(b) With respect to any controversies, disputes or claims which are not finally resolved through non-binding mediation (or if either party fails to respond to or participate in non-binding mediation within 60 days following delivery of notice of a request for mediation to the other party), the parties agree that such controversies, disputes or claims will be submitted to arbitration before and in accordance with the then-current commercial rules of the AAA; provided that the jurisdiction of the arbitrators will be limited to a decision rendered pursuant to California common and statutory law. Judgment upon the award may be entered in any court having jurisdiction thereof. All arbitration claims and proceedings will be filed and prosecuted separately and individually in the name of Franchisee and IHOP (and/or its affiliates), and not in any representative capacity, and will not be consolidated with claims asserted by any other franchisee or licensee. The situs of arbitration proceedings shall be in Los Angeles, California.

(c) If either party initiates non-binding mediation or arbitration in accordance with this Section 10.2, the applicable statute of limitations will be tolled while such proceedings are pending.

(d) Nothing contained in this Agreement will bar either party's right to seek injunctive relief in any court of competent jurisdiction without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Confidential Information, the Marks or an action or omission by Franchisee arising from an obligation to a Facility.

(e) If any party to this Agreement commences any action or proceeding for the purpose of enforcing, or preventing the default of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged default of any provision hereof, or for a declaration of such party's rights or obligations under this Agreement, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees for the services rendered to such prevailing party.

10.3 Non-exclusivity of Remedy. No right or remedy conferred upon or reserved to IHOP or Franchisee by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

10.4 IHOP's Remedies.

(a) In addition to all other remedies granted by this Agreement, if Franchisee defaults in the performance of any of its obligations or materially breaches any term or condition of this Agreement or any NT FA, IHOP or its affiliate may, at their election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee cure such default for the account and on behalf of Franchisee, and the cost to IHOP or its affiliate will be due and payable on demand and will be deemed to be additional compensation due to IHOP or its affiliate under this Agreement and will be added to the amount of compensation next accruing hereunder, at the election of IHOP or its affiliate.

(b) In the event of a material breach of this Agreement, IHOP may, at its election pursue the following remedies in addition to such other remedies as may be available to IHOP under this Agreement

and at law or equity: (i) terminate this Agreement and all NT FAs entered into under this Agreement, and thereafter bring such action as IHOP may deem proper to protect its rights under this Agreement, in accordance with this Section 10, and (ii) seek to recover such damages, including all sums due and owing pursuant to this Agreement, the NT FAs and any other agreement between IHOP or one of its affiliates and Franchisee, as IHOP may, at its option, deem appropriate. In computing such damages, it is agreed that the benefit of IHOP's bargain will include the present value of average Continuing Royalty fees, computed on the basis of the last 52 weeks that Franchisee conducted business at one or more Franchised Restaurants (or if no Franchised Restaurant has been open for 52 weeks, the longest period that any Franchised Restaurant was open for business) multiplied by the aggregate of the number of weeks remaining under each Term, computed from the effective date of the termination of this Agreement.

(c) In addition to the other remedies available to IHOP, in the event that Franchisee shall fail or refuse to make any of the payments due under this Agreement or any NT FA entered into pursuant to this Agreement, when due, Franchisee shall pay interest at the highest rate permitted by law, or 1% per month, whichever is less, on such late obligations to defray the cost of maintaining Franchisee's account in arrears, it being expressly understood that payment of this charge shall not forgive or excuse any arrearage.

10.5 LIMITATION OF ADJUDICATIVE PROCEEDINGS; WAIVER OF DAMAGES. IHOP AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF IHOP AND FRANCHISEE BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST THE OTHER, WILL BE COMMENCED WITHIN TWO YEARS FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION WILL BE BARRED. IHOP AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY OR SPECIAL DAMAGES AGAINST THE OTHER (INCLUDING BUT NOT LIMITED TO LOST PROFITS) AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH WILL BE LIMITED TO THE RECOVERY OF ANY DIRECT OR GENERAL DAMAGES SUSTAINED BY IT.

10.6 Waiver and Delay. Subject to the parties' agreements in Section 3.1, no waiver by IHOP of any defaults, and no failure, refusal or neglect of IHOP to exercise any right, power or option given to it under this Agreement or under any Non-Traditional Franchise Addendum or other agreement between IHOP or one of its affiliates and Franchisee, or IHOP's insistence upon material compliance with or performance of the obligations under this Agreement or any NT FA or other agreement between IHOP or one of its affiliates and Franchisee, will constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent default or a waiver by either party of its right at any time thereafter to require compliance with the applicable provisions.

10.7 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the parties, subject to the prohibitions and restrictions against transfer and assignment contained in this Agreement.

10.8 Entire Agreement. This Agreement and the Attachments incorporated into this Agreement contain all the terms and conditions agreed upon by the parties to this Agreement concerning the subject matter hereof. Except as set forth in the franchise disclosure document, no other agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind any of the parties to this Agreement and all

prior agreements, understandings and representations, are merged into this Agreement and superseded hereby. This Agreement cannot be modified or changed except by written instrument signed by all the parties to this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

10.9 Severability, Modification. Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to applicable law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, Section, paragraph, sentence or clause of this Agreement will be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

10.10 Notices. Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties pursuant to this Agreement will be deemed so delivered at the time delivered by hand or email; one business day after electronically confirmed transmission by facsimile; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to Franchisee or IHOP, as applicable, at the addresses set forth on the signature page. Either party may change its address for receiving notices, demands and other communications as in this Agreement provided by a written notice given in the manner aforesaid to the other party.

10.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures; provided the party delivering such electronic or facsimile signature will deliver to the other an original signature page within 24 hours after transmission.

11.

REPRESENTATIONS, CONVENANTS AND ACKNOWLEDGMENTS

11.1 Organizational Representations and Warranties. IHOP and Franchisee each represent and warrant to the other that it is duly organized and validly existing under the law of the state of its formation, is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns require such qualification and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within its corporate power.

11.2 Anti-Terrorism and Anti-Corruption Laws. Franchisee represents and warrants to IHOP that neither it nor any of its owners is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee represents and warrants that has not violated, and agrees not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13224 (text currently

available at <http://www.treas.gov/offices/enforcement/ofac/legal/eo/13224.pdf>), or any similar law. The foregoing constitutes continuing representations and warranties, and Franchisee will immediately notify IHOP in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

[SIGNATURES ON NEXT PAGE]

The parties have executed this Agreement as of the Effective Date set forth below.

IHOP:

FRANCHISEE:

IHOP FRANCHISOR LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

***Effective Date:** _____

Address for Notice Purposes:

Address for Notice Purposes:

General Counsel
IHOP Franchisor LLC
450 N. Brand Blvd., 7th Floor
Glendale, California 91203

Fax: _____
Email: _____
Attn.: _____

Fax: _____
Email: _____
Attn.: _____

ATTACHMENT A

NON-TRADITIONAL MULTI-UNIT FRANCHISE AGREEMENT TERMS

1. The **Franchised Area** described in Section 1.1(a) is defined as the geographic territory contained within the boundaries described below:

2. Franchisee may develop Franchised Restaurants in the following type(s) of Facility(ies):

- ___ a. Airports
- ___ b. Educational Facilities (for example, schools, colleges or universities)
- ___ c. Sports Facilities (for example, stadiums or arenas)
- ___ d. Recreational Facilities (for example, theme parks, amusement parks, casinos, zoos)
- ___ e. Healthcare Facilities (for example, hospitals)
- ___ f. Government Facilities (for example, military bases)
- ___ g. Convention and Conference Centers
- ___ h. Business Facilities (for example, cafeterias or office campuses)
- ___ i. Travel Hubs (for example, train stations, turnpikes and limited access toll road plazas)
- ___ j. Other non-traditional venues, specifically: _____

3. Franchisee may develop up to _____ (specify number) Franchised Restaurants. Franchisee will develop the Franchised Restaurants within _____ years from the Effective Date or according to the following time periods:

# of Franchised Restaurants:	Anticipated Opening Date:	Type of Restaurant(s) (IHOP Limited-Service or IHOP Full-Service or “Flip’d by IHOP”, as defined in Attachment B):

4. The **Expiration Date** described in Section 2.1 is: _____
5. The **Renewal Fee** as of the date of this Agreement described in Section 4.3(c)(iii) is \$5,000.
6. The **National Advertising Fee** described in Section 4.4(c) is up to 3.5% of Gross Sales.
7. The **Local Advertising Expenditure Requirement** described in Section 4.4(d) is up to 1% of Gross Sales.
8. The current **Transfer Fee** described in Section 6.2(b) consists of a \$7,500 transfer fee and a \$5,000 training fee for each NT FA.
9. The current **Offering Fee** described in Section 6.2(c) is \$5,000.
10. The current training costs, as described in Section 4.5(f), are as follows:

a) **Initial Training:** Franchisee will not pay any initial training fee for up to two persons. Franchisee shall pay all expenses for such trainees. If IHOP provides initial training for more than two persons for each Franchised Restaurant, or if Franchisee requests training for a general manager more than one year after the Effective Date of a NT FA, Franchisee must pay IHOP's then-current training fee for such training, which is \$5,000 as of the date of this Agreement.

b) **Opening Training Support:** Franchisee shall pay an opening training support fee for each Franchised Restaurant for which IHOP elects to provide such assistance, which may be up to \$55,000 for an IHOP Full-Service Restaurant or up to \$7,000 for an IHOP Limited-Service Restaurant. Franchisee shall pay all expenses for such trainers.

IHOP # _____
City/State: _____
Facility: _____

ATTACHMENT B

NON-TRADITIONAL RESTAURANT FRANCHISE ADDENDUM

This Non-Traditional Restaurant Franchise Addendum (“**NT FA**”) is made and entered into as of _____, 20__ (“**Commencement Date**”), by and between IHOP Franchisor LLC, a Delaware limited liability company (“**IHOP**”), and _____, a _____, having its principal offices at _____ (“**Franchisee**”) with reference to the following facts:

A. IHOP and Franchisee have entered into an IHOP Non-Traditional Multi-Unit Franchise Agreement (“**IHOP NT MUFA**”) pursuant to which IHOP granted Franchisee rights to develop one or more Franchised Restaurants in the Franchise Area (defined in **Attachment A** to the IHOP NT MUFA).

B. IHOP has agreed to permit Franchisee to develop one or more Franchised Restaurant(s) at non-traditional venue(s) (“**Facility(ies)**”), which include, but are not limited to, educational facilities such as schools and universities, travel facilities such as airports, bus stations, train stations, travel centers and truck stops recreational facilities such as theme parks, amusement parks, zoos, casinos and shopping malls, government facilities such as military bases, healthcare facilities such as hospitals, sports facilities such as stadiums and arenas, convention centers and other venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, as set forth in **Attachment A** to the IHOP NT MUFA;

C. Under the IHOP Limited-Service Program, IHOP has agreed to permit Franchisee to develop one or more quick-serve Franchised Restaurants, which occupy approximately 800-1,200 square feet, with counter order, pay and pick up service, portable items from a limited menu offering and with shared seating such as in a food court setting or limited dedicated seating (“**Quick-Serve Restaurant**”) or fast-casual Franchised Restaurants, which occupy approximately 1,200 – 3,500 square feet, with counter ordering and table delivery service, an expanded menu offering packaged items for dine in or take out and dedicated seating (“**Fast-Casual Restaurant**,” and collectively with Quick-Serve Restaurant as “**IHOP Limited-Service Restaurant(s)**”). Under the Full-Service Program, IHOP has agreed to permit Franchisee to develop one or more full-service Franchised Restaurants, which occupy approximately 2,500 – 5,000 square feet, with table delivery service in a dedicated dining area with a full menu offering (“**Full-Service Restaurant**”).

D. Franchisee now desires to locate, develop and operate one Franchised Restaurant, under the Standards and Marks, and pursuant to the IHOP NT MUFA, at the Location listed below, and IHOP has agreed to grant Franchisee the right to locate, develop and operate such Franchised Restaurant.

NOW THEREFORE, the parties agree as follows:

1. **Incorporation by Reference.** It is agreed that, except for those specific items set forth below, all the terms, conditions and provisions of the IHOP NT MUFA (including all defined terms) are incorporated

in this NT FA as if fully and completely set forth in this NT FA. The incorporation of the applicable terms and provisions of the IHOP NT MUFA into this NT FA will continue in effect so long as this NT FA remains in effect, notwithstanding the expiration or termination of the development rights under the IHOP NT MUFA.

2. **Grant.** Subject to the terms and conditions of the IHOP NT MUFA and Franchisee’s continuing faithful performance, IHOP hereby grants to Franchisee the right to operate one restaurant under the Standards and the Marks (“**Franchised Restaurant**”) to be located at:

 (“**Location**”)

The Franchised Restaurant at the Location will be operated as an:

- ___ a. IHOP Limited-Service Restaurant
 - ___ (i) Fast-Casual Restaurant
 - ___ (ii) Quick-Serve Restaurant
- ___ b. IHOP Full-Service Restaurant

3. **Initial Term.** This Term will commence on the Effective Date and continue for a term of _____ years from the Actual Opening Date, unless terminated earlier as provided in the IHOP NT MUFA. Termination of this NT FA will not, in and of itself, effect a termination of the NT MUFA. Franchisee will have the right to obtain a successor term in accordance with the terms and conditions of Section 4.2 of the IHOP NT MUFA.

4. **Franchised Area.** The following area within the Facility has been designated by IHOP and accepted by Franchisee as the “**Franchised Area**” of the Franchised Restaurant in accordance with Section 4.1 of the IHOP NT MUFA:

[] The area is described as follows:

5. **Initial Franchise Fee.** Franchisee will pay to IHOP an initial franchise fee of:
- ___ a. \$15,000 for an IHOP Limited-Service Restaurant (Fast-Casual Restaurant or Quick-Serve Restaurant)
 - ___ b. \$25,000 for an IHOP Full-Service Restaurant

6. **Continuing Royalty.** IHOP and Franchisee agree that the Continuing Royalty for the Franchised Restaurant authorized by this Addendum will be in the amount of 4.5% of Gross Sales.

7. **Anticipated Opening Date:** _____

8. **National Advertising Fee:**

- Level 1: 3.5% of Gross Sales
- Level 2: 2% of Gross Sales
- Level 3: 1% of Gross Sales

9. **Local Advertising Expenditure Requirement:**

- Level 1: 0% of Gross Sales
- Level 2: 1% of Gross Sales
- Level 3: 0% of Gross Sales
- Level 4: Other: _____

10. **Permitted to join Regional Advertising Cooperative:** Yes
 No

11. **Existing Business(es).** IHOP agrees that Franchisee's Existing Business(es) are not deemed Competitive Businesses for purposes of Section 5.4(c) of the IHOP NT MUFA:

Existing Business: _____

Specific Location within Facility: _____

12. **Training** (Check as applicable):

- _____ # of people to go to Initial Training: _____
- _____ Initial Training Waived
- _____ Opening Training Support Required
- _____ # of Trainers IHOP to Provide: _____
- _____ # of Trainers Franchisee to Provide: _____
- _____ Opening Training Support Fee: _____
- _____ Opening Training Support Waived

13. **General Release.** Franchisee (on its behalf and on behalf of its respective parents, subsidiaries and affiliates and each of their respective past and present members, officers, directors, stockholders, agents and employees, in their corporate and individual capacities) ("**Releasors**") freely and without any influence forever releases and covenants not to sue IHOP, or its respective parents, subsidiaries and affiliates and each of their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities ("**Releasees**") with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected ("**Claims**"), which any Releasors now own or hold or may at any time have owned or held as of the Effective Date of this NT FA, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the NT FA, this NT FA and all other agreements between any Releasor and any Releasee, the sale of any franchise or license to any Releasor and the development and operation of all existing Franchised Restaurants. Franchisee expressly agrees that fair

consideration has been given by it for this mutual general release and fully understands that this is a negotiated, complete and final release of all Claims. This general release does not release or otherwise impair or affect any claims arising after the date of this NT FA.

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

Franchisee, for itself and for the Releasors, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

With respect to those claims, demands, obligations, liabilities, actions, and causes of actions being released pursuant to this General Release, Franchisee, for itself and for the Releasors, acknowledges that it is releasing unknown claims and waives all rights it has or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect.

Franchisee, for itself and for the Releasors, acknowledges that this General Release extends to claims which the Releasors do not know or suspect to exist in favor of the Releasors at the time of executing this General Release, which if known by the Releasors may have materially affected its decision to enter this General Release. It is understood by the Releasors that the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. The Releasors, therefore, expressly assume the risk of the facts turning out to be so different and agrees that this Mutual General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Non-Traditional Restaurant Franchise Addendum on _____, 20__.

IHOP:
IHOP FRANCHISOR LLC

FRANCHISEE:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

**ADDENDUM TO IHOP NON-TRADITIONAL RESTAURANT FRANCHISE
ADDENDUM (2022 DEVELOPMENT INCENTIVE)**

EXHIBIT B-1

**ADDENDUM TO NON-TRADITIONAL RESTAURANT FRANCHISE ADDENDUM
(2022 DEVELOPMENT INCENTIVE)**

This ADDENDUM TO NON-TRADITIONAL RESTAURANT FRANCHISE ADDENDUM (this “**Addendum**”) is entered into on the ____ day of _____, 2022 (the “**Effective Date**”) by and between IHOP FRANCHISOR LLC, a Delaware limited liability company (“**Franchisor**”), and [_____], a [_____] (“**Franchisee**”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the NTFA (as defined below).

WHEREAS, Franchisor and [Franchisee] entered into a Non-Traditional Restaurant Franchise Addendum dated as of the Effective Date (the “**NTFA**”) with respect to the non-traditional IHOP restaurant located at [_____] (the “**Franchised Restaurant**”);

WHEREAS, Franchisee is not obligated to and is not opening the Franchised Restaurant under any previously existing IHOP Non-Traditional Multi-Unit Franchise Agreement with IHOP or other obligation to IHOP;

WHEREAS, Franchisor and Franchisee desire to amend and supplement the NTFA as hereinafter set forth.

NOW, THEREFORE, in consideration of mutual covenants and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Amendment to the NTFA.

a. Section 5 of the NTFA is hereby amended and restated in its entirety as follows:

“5.01 **Initial Franchise Fee.**

(a) Franchisee will pay to IHOP an initial franchise fee of:

____ a. \$15,000 for an IHOP Limited-Service Restaurant (Fast-Casual Restaurant or Quick-Serve Restaurant); or

____ b. \$25,000 for an IHOP Full-Service Restaurant (such fee, as applicable, the “**Initial Franchise Fee**”); provided, however, that Franchisor will waive the Initial Franchise Fee if Franchisee is in full compliance with each of the eligibility requirements set forth below under Section 5.01(c) (the “**Incentive Eligibility Requirements**”) as of the Restaurant Open Date.

(b) Notwithstanding the foregoing, if Franchisee fails to comply with, or fails to satisfy, one or more of the Incentive Eligibility Requirements on or prior to the third anniversary of the Restaurant Open Date, Franchisor may, in its sole

discretion, require Franchisee to immediately pay to Franchisor the Initial Franchise Fee.

(c) **“Incentive Eligibility Requirements”** shall mean the following:

- (i) Franchisee and its Affiliates must be in, and maintain, full compliance with this Agreement, and any other development, franchise, deferral or any other agreement entered into with Franchisor and/or its Affiliates, including but not limited to leases, subleases, or equipment leases, payment, development (including replacement development) and operational obligations;
- (ii) The Franchised Restaurant must be fully opened to the public for dining in and operating in accordance with the terms of the NTFA and MUFA (as defined), as determined by Franchisor in its sole discretion, (the **“Restaurant Open Date”**) on or before December 31, 2022;
- (iii) The Franchised Restaurant shall represent an incremental opening by the Franchisee and must not (1) fulfill the development obligation pursuant to any development agreement between Franchisor and Franchisee and/or its Affiliates and (2) represent the opening, reopening, relocation or replacement of a closed, closing or to-be-closed restaurant, either by Franchisee, its Affiliates or a third-party; and
- (iv) Each other criterion or qualification as may be specified in the 2022 IHOP Non-Traditional Restaurant Development Incentive Program as communicated to Franchisee on March 7, 2022 (the **“Plan”**).

b. Section 6 pf the NTFA is hereby amended and restated in its entirety as follows:

“6.01 Continuing Royalty.

(a) Franchisee shall pay to Franchisor a Continuing Royalty in an amount equal to 4.5% of Franchisee’s Gross Sales during the preceding weekly Reporting Period (the **“Full Rate”**); provided, however, that Franchisee shall pay (1) 2.5% of Franchisee’s Gross Sales during the preceding weekly Reporting Period (the **“First Reduced Rate”**) for the first 52 weekly Reporting Periods (the **“First Reduced Rate Period”**) and (2) 3.5% of Franchisee’s Gross Sales during the preceding weekly Reporting Period (the **“Second Reduced Rate”**, and together with the First Reduced Rate, the **“Reduced Rate”**) for the 52 weekly Reporting Periods immediately following the First Reduced Rate Period (the **“Second Reduced Rate Period”**, and together with the First Reduced Rate Period, the

“**Reduced Rate Period**”), in each case, only if Franchisee is in full compliance with the Incentive Eligibility Requirements as of the Restaurant Open Date.

(b) Notwithstanding the foregoing, if Franchisee fails to comply with, or fails to satisfy, one or more of the Incentive Eligibility Requirements during the Reduced Rate Period, Franchisor may, in its sole discretion, and without notice to Franchisee, increase the Reduced Rate to the Full Rate.

(c) The Reduced Rate shall only apply to the Franchised Restaurant and may not be transferred to a different restaurant under any circumstances. Franchisee shall, in all cases, pay at least the Full Rate starting no later than the first weekly Reporting Period after the end of the Reduced Rate Period, and through the end of the term of the NTFA. Time is of the essence with respect to the obligations under this Addendum.

2. Ratification. Except as expressly modified herein, all other terms and conditions of the NTFA and the associated Multi-Unit Franchise Agreement pursuant to which the Franchised Restaurant was developed (the “MUFA”) shall remain unmodified and in full force and effect. Franchisee hereby ratifies and reaffirms each and every term and condition set forth in the MUFA and NTFA effective as of the date hereof and as amended hereby.

3. Confidentiality. The terms and conditions of this Addendum, the other documents referenced herein and/or executed in connection herewith, and any related discussions are confidential and shall not be disclosed by Franchisee to any third party without the prior written consent of Franchisor.

4. Governing Law. This Addendum shall be governed by, and construed and enforced in accordance with, the internal laws of the State of California, without regard to its conflict of laws provisions.

5. No Further Amendment. No amendment or modification of this Addendum will be binding unless executed in writing by the parties or their permitted successors or assigns. No course of conduct or course of performance under this Addendum or any other agreement between the parties will be deemed to amend or modify this Addendum.

6. Entire Agreement. This Addendum, the Plan, and together with all documents referenced herein, represents the entire agreement between the parties regarding the subject matter hereof, and supersedes any and all prior and contemporaneous proposals, agreements, understandings, representations, inducements and statements, whether oral or written, of the parties regarding the subject matter hereof. This Addendum shall be binding upon and shall inure to the benefit of the parties and their permitted successors and assigns.

7. Contract Interpretation. The section headings are inserted as a matter of convenience and in no way define, limit or describe the scope of such section or affect the interpretation of this Addendum. The invalidity or enforceability, in whole or in part, of any provision of this Addendum will not affect the validity or enforceability of any other provision. In the event of a conflict or inconsistency between the terms of this Addendum and the Franchise Agreement, the terms of this Addendum shall control and any questions of interpretation thereto shall be decided by the Franchisor, in its sole discretion.

8. Waiver. No purported waiver of a breach or default will be valid unless specifically stated in writing by the waiving party. No such waiver waives any subsequent breach or default of the same or any other term in this Addendum.

9. Assignment. Franchisee may not assign any of its rights or delegate any of its obligations under this Addendum without the prior written consent of Franchisor. Any assignment by Franchisee in breach of this Addendum is void.

10. Counterparts. This Addendum may be executed in any number of counterparts and by any electronic means, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same agreement.

IN WITNESS WHEREOF, Franchisor and Franchisee have caused this Addendum to be executed as of the day and year first above written.

FRANCHISOR:

IHOP FRANCHISOR LLC
a Delaware limited liability company

By: _____
Name: Jacob Barden
Title: Vice President, Development

FRANCHISEE:

[_____]
a [_____]

By: _____
Name: [_____]
Title: [_____]

**GUARANTEE OF OBLIGATIONS
(IHOP NT MUFA)**

EXHIBIT C

**GUARANTEE OF OBLIGATIONS
(IHOP Non-Traditional Multi-Unit Franchise Agreement)**

THIS GUARANTEE OF OBLIGATIONS (IHOP Non-Traditional Multi-Unit Franchise Agreement) (“**Guarantee**”) is given by _____ (hereinafter referred to as “**the undersigned**”) to IHOP FRANCHISOR LLC, a Delaware limited liability company (hereinafter referred to as “**IHOP**”), in consideration of the execution of the IHOP Non-Traditional Multi-Unit Franchise Agreement by _____ (hereinafter referred to as “**Franchisee**”).

The undersigned hereby covenants with IHOP that if default shall, at any time, be made by Franchisee in the payment of any sums of money due IHOP pursuant to the Non-Traditional Multi-Unit Franchise Agreement between IHOP Franchisor LLC and Franchisee to be executed concurrently herewith (hereinafter referred to as the “**IHOP NT MUFA**”), or if Franchisee shall default in fulfilling any of the covenants, agreements or conditions of the IHOP NT MUFA to be performed by Franchisee, the undersigned shall pay to IHOP, its successors or assigns, any sums of money which may be owing under the IHOP NT MUFA and/or shall take such action as may be required to cure the default in any of the covenants, agreements or conditions of the IHOP NT MUFA to be performed by Franchisee, and the undersigned will pay all damages that may arise as a consequence thereof.

This Guarantee shall be a continuing guarantee, and the liability of the undersigned hereunder shall in no way be affected or diminished in any manner whatsoever by reason of the assertion by IHOP against Franchisee of any of the rights or remedies reserved to IHOP pursuant to the IHOP NT MUFA, by reason of the waiver by IHOP, or the failure of IHOP to enforce any, of the provisions, covenants, or conditions of the IHOP NT MUFA, or by reason of the granting by IHOP of any indulgence or extension of time to Franchisee, and the liability hereunder shall in no way be affected or diminished by reason of any amendment, modification, renewal or extension of the IHOP NT MUFA, or the abandonment or surrender of the IHOP NT MUFA by Franchisee.

The undersigned hereby expressly waives the following:

- (i) Notice of the acceptance of this Guarantee by any person or entity; and
- (ii) Any and all notices to which the undersigned might otherwise be entitled to in connection with this Guarantee and the IHOP NT MUFA. It shall not be necessary for IHOP, in order to enforce this Guarantee, to first institute any suit or proceeding or exhaust legal remedies against Franchisee.

The undersigned hereby waives any right to require, as a condition precedent to bringing action on this Guarantee:

- (a) Proceeding against Franchisee under the IHOP NT MUFA; or
- (b) Pursuing any other remedy in IHOP’s, their successors’ or assigns’ power whatsoever.

This Guarantee shall not be discharged or affected by the dissolution, liquidation or bankruptcy of Franchisee or the merger of Franchisee with another business entity.

This Guarantee is an absolute guaranty of payment and not of collection. The undersigned agrees to pay reasonable attorneys' fees, court costs and any and all other costs and expenses which may be incurred in the enforcement of this Guarantee, whether or not suit is brought hereon.

This Guarantee shall inure to the benefit of the IHOP and their successors and assigns. Notice of assignment, transfer or disposition by IHOP of their interests hereunder or under the IHOP NT MUFA is hereby waived by the undersigned.

The undersigned agrees to be personally bound by each and every provision of the IHOP NT MUFA including, without limitation, the agreement to arbitrate disputes in Section 10.2 of the IHOP NT MUFA.

This Guarantee shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, this Guarantee of Obligations is executed this _____ day of _____, 20__.

**APPROVED:
FRANCHISEE:**

**ACCEPTED:
IHOP:
IHOP FRANCHISOR LLC**

By: _____

Its: _____

FINANCIAL STATEMENTS

EXHIBIT D

FINANCIAL STATEMENTS

IHOP Franchisor LLC

Fiscal Year Ended January 2, 2022

With Report of Independent Auditors

IHOP Franchisor LLC

Financial Statements

Fiscal Year Ended January 2, 2022

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Report of Independent Auditors

Member of IHOP Franchisor LLC

Opinion

We have audited the financial statements of IHOP Franchisor LLC (the Company), which comprise the balance sheet as of January 2, 2022, and the related statements of income, member's equity and cash flows for the fiscal year then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at January 2, 2022, and the results of its operations and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

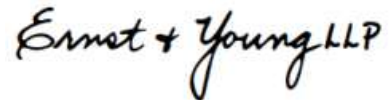
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



March 18, 2022

IHOP Franchisor LLC

Balance Sheet (In thousands)

January 2, 2022

Assets

Current assets:

Cash	\$	4,814
Receivables, net of allowance of \$73		16,557
Related party note receivable		<u>7,000</u>
Total current assets		28,371

Long-term restricted cash		16,400
Long-term receivables, net of allowance of \$68		10,230
Other non-current assets		<u>295</u>
Total assets	\$	<u>55,296</u>

Liabilities and member's equity

Current liabilities:

Deferred revenue	\$	2,893
Other accrued expenses		<u>96</u>
Total current liabilities		2,989

Long-term deferred revenue		<u>20,764</u>
Total liabilities		23,753

Commitments and contingencies

Member's equity:

Contributed capital		35,465
Due from Member (net of Due to Affiliates of \$324,927)		(200,648)
Retained earnings		<u>196,726</u>
Total member's equity		<u>31,543</u>
Total liabilities and member's equity	\$	<u>55,296</u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Income (In thousands)

Fiscal Year Ended January 2, 2022

Revenues

Franchise revenues	\$ 122,463
Financing revenues	<u>1,444</u>
Total revenues	<u>123,907</u>

Costs and Expenses

Franchise expenses:	
Advertising expenses	51,660
Bad debt expense reversal	(2,377)
Other franchise expenses	<u>851</u>
Total franchise expenses	50,134
Financing expenses	39
General and administrative expenses	<u>15,479</u>
Total costs and expenses	<u>65,652</u>
Other income, net	<u>1,389</u>
Net income	<u>\$ 59,644</u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Member's Equity
(In thousands)

Fiscal Year Ended January 2, 2022

	Contributed Capital	Due from Member, net	Retained Earnings	Total
Balance, January 3, 2021	\$ 35,465	\$ (125,368)	\$ 157,732	\$ 67,829
Net income	—	—	59,644	59,644
Dividend distribution (Note 5)	—	—	(20,650)	(20,650)
Change in Due from Member, net (Note 5)	—	(75,280)	—	(75,280)
Balance, January 2, 2022	\$ 35,465	\$ (200,648)	\$ 196,726	\$ 31,543

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Cash Flows (In thousands)

Fiscal Year Ended January 2, 2022

Operating activities

Net income	\$ 59,644
Adjustments to reconcile net income to cash flows provided by operating activities:	
Changes in operating assets and liabilities	
Due from Member, net	(58,880)
Receivables	1,623
Deferred revenue	(1,028)
Other accrued expenses	39
Other	<u>(295)</u>
Cash flows provided by operating activities	<u>1,103</u>

Financing activities

Funding to affiliate	<u>(16,400)</u>
Cash flows used in financing activities	<u>(16,400)</u>
Net change in cash and restricted cash	(15,297)
Cash and restricted cash at beginning of year	<u>36,511</u>
Cash and restricted cash at end of year	<u>\$ 21,214</u>

Supplemental Disclosure of non-cash financing activity:

Transfer from Due from Member to Member's Equity	<u>\$ 58,880</u>
Related-party note settlement via dividend distribution	<u>\$ 20,650</u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Notes to the Financial Statements

January 2, 2022

1. Formation and Business

Organization

IHOP Franchisor LLC (the Company) is a single-member limited liability company formed in Delaware on July 28, 2014 and is governed by the limited liability company agreement dated July 28, 2014. The Company is a wholly-owned subsidiary of IHOP Funding LLC (the Member), which, through various entities, is a wholly-owned subsidiary of International House of Pancakes, LLC (IHOP LLC), which is a wholly-owned subsidiary of Dine Brands Global, Inc. (Dine).

On June 5, 2019, the Member and a sister entity (the Co-Issuers), each a special purpose, wholly-owned indirect subsidiary of Dine, issued \$1.3 billion of fixed rate senior secured notes. The Co-Issuers also replaced their existing revolving financing facility with a new revolving financing facility. The fixed rate senior secured notes and the revolving credit facility are referred to collectively herein as the “Notes.” The Notes were issued in a securitization transaction pursuant to which substantially all of Dine’s domestic revenue-generating assets and domestic intellectual property are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of Dine (the “Guarantors”) that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the Notes.

Nature of Operations

The Company was formed as a special purpose entity to act as franchisor and to hold all rights, title and interest in new franchise agreements for International House of Pancakes® (IHOP) restaurants in the United States effective after September 30, 2014 (the Agreements) and all accrued and future rights to collection under the Agreements. In its capacity as the franchisor, the Company enters into all additional development and franchise agreements for IHOP® restaurants within the United States (including all substitute or replacement franchise agreements for existing IHOP restaurants).

As of January 2, 2022, there were 876 IHOP restaurants subject to franchise agreements held by the Company located in 47 states.

Fiscal Period

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. The 2021 year presented herein began on January 4, 2021 and ended January 2, 2022. The 2021 fiscal year contained 52 weeks.

Profits and Losses and Distributions

All profits and losses and distributions will be allocated entirely to the Member.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of allowance for doubtful accounts and notes receivable and contingencies. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Risks and Uncertainties

The Company was subject to risks and uncertainties as a result of the outbreak of a novel strain of coronavirus, designated "COVID-19" and declared to be a pandemic in March 2020. The Company first began to experience impacts from COVID-19 in March 2020, as federal, state and local governments reacted to the COVID-19 pandemic by encouraging or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, reduced operating hours, restaurant dine-in and/or indoor dining limitations, capacity limitations or other restrictions that largely limited restaurants to off-premise sales (take-out and delivery) in the early stages of the pandemic. Subsequently, government-imposed dine-in restrictions have been relaxed, removed and reinstated as incidents of infection decrease or increase within the respective governmental jurisdictions. As of January 2, 2022, 99% of the Company's restaurants were open and operating without government-mandated restrictions.

The Company cannot predict how long the pandemic will last, whether/when recurrences of the virus and its variants may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company's brand and in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Revenue Recognition

The Company's revenues are recorded in franchise revenues. Franchise revenues consist primarily of royalty revenues, advertising fees and franchise fees. Franchise revenue is recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

2. Summary of Significant Accounting Policies, continued

The Company owns and franchises the IHOP restaurant concept. The franchise arrangement is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the month of reported sales by the franchisee, neither of which requires estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Financing revenue is recorded as earned.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

2. Summary of Significant Accounting Policies, continued

Advertising

Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized on an annual basis. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. The advertising fees are recorded as a liability to International House of Pancakes, LLC as a component of Due to Affiliates against which specific costs are charged.

Concentrations of Credit Risk

The Company's cash and receivables are potentially subject to concentration of credit risk. Cash is placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash. At times, cash balances may be in excess of FDIC insurance limits.

Accounts receivables are derived from revenues earned from franchisees located in the United States. Financing receivables arise from the financing of restaurant equipment by franchisees. The Company is not subject to a significant concentration of credit risk with respect to accounts receivable.

As of January 2, 2022, two franchisees owned a total of 122 IHOP restaurants, representing 13.9% of the Company's restaurants. Revenues from these franchisees represented 16.0% of the Company's total revenues for the year ended January 2, 2022. No individual franchisee represented more than 10% of the Company's total revenue for the year ended January 2, 2022.

Allowance for Credit Losses

The Company determines the allowance based on historical experience, current payment patterns and reasonable and supportable forecasts used in assessing the franchisees' ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. Allowance for doubtful accounts is continually reviewed. Past due balances are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Income Taxes

The Company, a disregarded entity for both federal and state tax filing purposes, elected to simplify the accounting for income taxes under Accounting Standards Update No. 2019—12, *Income Taxes*, which does not require tax allocation. Accordingly, its results are included in the consolidated tax returns of Dine.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

2. Summary of Significant Accounting Policies, continued

Restricted Cash

Long-term restricted cash of \$16.4 million at January 2, 2022 represents interest reserves set aside for the duration of the Notes. Dine reduced its interest reserve by \$16.4 million and the Company paid Dine \$16.4 million in April 2021.

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred and are included as a component of franchise expenses in the Statement of Income.

3. Revenue Disclosures

The following table disaggregates franchise revenue by major type for the year ended January 2, 2022:

Franchise revenue:	<i>(In thousands)</i>
Royalties	\$ 66,133
Advertising fees	51,660
Franchise, development and other fees	4,670
Total franchise revenue	<u>\$ 122,463</u>

The components of the change in the Company's deferred revenue during the year ended January 2, 2022 are as follows:

	Deferred Franchise Revenue (short- and long-term)
	<u>(In thousands)</u>
Balance at January 3, 2021	\$ 24,685
Recognized as revenue during the fiscal year	(3,987)
Fees deferred during the fiscal year	2,959
Balance at January 2, 2022	<u>\$ 23,657</u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

3. Revenue Disclosures, continued

The balance of deferred revenue as of January 2, 2022, is expected to be recognized as follows:

	<i>(In thousands)</i>
2022	\$ 2,893
2023	2,744
2024	2,517
2025	2,235
2026	1,920
Thereafter	11,348
Total deferred franchise revenue.....	<u>\$ 23,657</u>

4. Receivables

Receivables balance at January 2, 2022 were as follows:

	<i>(In thousands)</i>
Accounts receivable	\$ 13,246
Equipment leases receivable	12,626
Notes receivable	<u>1,056</u>
Total receivables	26,928
Less: allowance for doubtful accounts	<u>(141)</u>
	<u>26,787</u>
Less: current portion	<u>(16,557)</u>
Long-term receivables	<u>\$ 10,230</u>

Accounts receivable primarily includes royalty receivables due from franchisees. Financing receivables primarily relate to leasing of the restaurant equipment to franchisees. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.5% per annum at January 2, 2022 and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease.

The primary indicator of the credit quality of financing receivables is delinquency. As of January 2, 2022, there were no financing receivables delinquent more than 90 days.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

4. Receivables, continued

Changes in the allowance for credit losses during the fiscal year ended January 2, 2022 were as follows:

	Accounts Receivable	Notes Receivable, short-term	Notes Receivable, long-term	Equipment Leases Receivable	Total
	<i>(in thousands)</i>				
Balance, January 3, 2021	\$ 3,009	\$ 6	\$ 3	\$ 1,432	\$ 4,450
Bad debt (credit) expense	(2,521)	(6)	(1)	151	(2,377)
Write-offs	(415)	—	—	(1,527)	(1,942)
Other	—	—	—	10	10
Balance, January 2, 2022	<u>\$ 73</u>	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ 66</u>	<u>\$ 141</u>

5. Related Party Transactions

All cash receipts from the Company's operating revenue are collected and administered by the Member, resulting in a balance due from Member. All cash disbursements related to the Company's operating expenses are paid by affiliated entities (the Affiliates), resulting in a balance due to Affiliates. The Company, the Member and the Affiliates are under the common control of Dine. The Company and Dine determined that the balance due to Affiliates and the balance due from Member (collectively, the Related Party balances) will not be settled until the securitization structure described in Note 1 is dissolved. Since the Related Party balances will not be settled until the dissolution of the Company and the Company, the Member and the Affiliates are all under the common control of Dine, the net amount of the Related Party balances is classified within equity as Due from Member, net. Changes in Related Party balances are considered to be non-cash financing activity.

IHOP LLC allocates costs of general and administrative services to the Company, including information technology, human resources, quality assurance, training, legal, payroll, audit, tax, and communication. These costs are allocated on a basis the Company believes to be reasonable, primarily proportional allocation based on revenue, or specific identification, where applicable. The Company cannot estimate with any reasonable certainty what the charges for similar transactions would have been on a stand-alone basis. The total amount of allocated costs charged to the Company of \$15.4 million for the fiscal year ended January 2, 2022 is included in general and administrative expenses in the Statement of Income.

In May 2016, Dine borrowed \$20.0 million from the Company at an interest rate of 6.5% per annum. The note was due in September 2021 with interest payable semiannually beginning in March 2017. This note was settled via dividend distribution of \$20.7 million in September 2021, representing repayment of principal and the final interest payment.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

5. Related Party Transactions, continued

In November 2019, Dine borrowed an additional \$7.0 million from the Company at an interest rate of 6.5% per annum. This note will be due in the second quarter of 2022 with interest payable semiannually beginning in December 2019. A total interest income of \$1.4 million related to these notes is included in other income, net in the Statement of Income for the fiscal year ended January 2, 2022.

6. Lease Disclosures

The Company engages in leasing activity as a lessor. The Company's lease portfolio originated when Dine was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included Dine's purchase or leasing of the site on which the restaurant was located, equipping the restaurant and subsequently leasing/subleasing the site and equipment to the franchisee. With a few exceptions, Dine ended this practice in 2003. The Company's lease activity is comprised of pre-existing lease arrangements renewed after September 30, 2014.

The Company recognized interest income on equipment leases of \$1.4 million during the fiscal year ended January 2, 2022.

Future minimum payments to be received under equipment leases as of January 2, 2022 were as follows:

	<i>(In thousands)</i>
2022	\$ 4,012
2023	3,564
2024	3,074
2025	2,631
2026	1,844
Thereafter	12,979
Total	<u>28,104</u>
Less: interest	<u>(15,478)</u>
Total net investment in leases	12,626
Less: current portion	<u>(2,730)</u>
Total long-term investment in leases.....	<u>\$ 9,896</u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 2, 2022

7. Commitments and Contingencies

The Company is subject to lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience related to pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

8. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through March 18, 2022, the date the financial statements were available to be issued.

FINANCIAL STATEMENTS

IHOP Franchisor LLC

Fiscal Year Ended January 3, 2021

With Report of Independent Auditors

IHOP Franchisor LLC

Financial Statements

Fiscal Year Ended January 3, 2021

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Report of Independent Auditors

Member of IHOP Franchisor LLC

We have audited the accompanying financial statements of IHOP Franchisor LLC, which comprise the balance sheet as of January 3, 2021, and the related statements of income, member's equity and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IHOP Franchisor LLC at January 3, 2021, and the results of its operation and its cash flows for the fiscal year then ended, in conformity with U.S. generally accepted accounting principles.

March 17, 2021

IHOP Franchisor LLC

Balance Sheet (In thousands)

January 3, 2021

Assets

Current assets:

Cash	\$	3,711
Receivables, net of allowance of \$3,016		<u>17,935</u>
Total current assets		21,646

Long-term restricted cash		32,800
Long-term receivables, net of allowance of \$1,434		11,125
Related party note receivable		<u>27,000</u>
Total assets	\$	<u>92,571</u>

Liabilities and member's equity

Current liabilities:

Deferred revenue	\$	2,819
Other accrued expenses		<u>57</u>
Total current liabilities		2,876

Long-term deferred revenue		<u>21,866</u>
Total liabilities		24,742

Commitments and contingencies

Member's equity:

Contributed capital		35,465
Due from Member (net of Due to Affiliates of \$261,222)		(125,368)
Retained earnings		<u>157,732</u>
Total member's equity		<u>67,829</u>
Total liabilities and member's equity	\$	<u>92,571</u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Income (In thousands)

Fiscal Year Ended January 3, 2021

Revenues

Franchise revenues	\$ 77,610
Financing revenues	<u>1,584</u>
Total revenues	<u>79,194</u>

Costs and Expenses

Franchise expenses:	
Advertising expenses	32,477
Bad debt expense	4,741
Other franchise expenses	<u>570</u>
Total franchise expenses	37,788
Financing expenses	43
General and administrative expenses	11,364
Other income, net	<u>(1,846)</u>
Total costs and expenses	<u>47,349</u>

Net income	<u>\$ 31,845</u>
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See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Member's Equity
(In thousands)

Fiscal Year Ended January 3, 2021

	Contributed Capital	Due from Member, net	Retained Earnings	Total
Balance, December 29, 2019	\$ 35,465	\$ (78,898)	\$ 91,445	\$ 48,012
Adoption of income tax simplification accounting guidance (Note 2)	—	(36,678)	34,501	(2,177)
Adoption of credit loss accounting guidance (Note 2)	—	—	(59)	(59)
Net income	—	—	31,845	31,845
Change in Due from Member, net (Note 5)	—	(9,792)	—	(9,792)
Balance, January 3, 2021	\$ 35,465	\$ (125,368)	\$ 157,732	\$ 67,829

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Cash Flows (In thousands)

Fiscal Year Ended January 3, 2021

Operating activities

Net income	\$ 31,845
Adjustments to reconcile net income to cash flows provided by operating activities:	
Changes in operating assets and liabilities	
Due from Member, net	(26,892)
Receivables	(4,559)
Deferred revenue	1,488
Other accrued expenses	<u>(179)</u>
Cash flows provided by operating activities	<u>1,703</u>

Financing activities

Funding from affiliate	<u>17,100</u>
Cash flows provided by financing activities	<u>17,100</u>

Net change in cash and restricted cash	18,803
Cash and restricted cash at beginning of year	<u>17,708</u>
Cash and restricted cash at end of year	<u>\$ 36,511</u>

Supplemental Disclosure of non-cash financing activity:

Transfer from Due from Member to Member's Equity	<u>\$ 26,892</u>
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See accompanying notes to the financial statements.

IHOP Franchisor LLC

Notes to the Financial Statements

January 3, 2021

1. Formation and Business

Organization

IHOP Franchisor LLC (the Company) is a single-member limited liability company formed in Delaware on July 28, 2014 and is governed by the limited liability company agreement dated July 28, 2014. The Company is a wholly-owned subsidiary of IHOP Funding LLC (the Member), which, through various entities, is a wholly-owned subsidiary of International House of Pancakes, LLC (IHOP LLC), which is a wholly-owned subsidiary of Dine Brands Global, Inc. (Dine).

On June 5, 2019, the Member and a sister entity (the Co-Issuers), each a special purpose, wholly-owned indirect subsidiary of Dine, issued \$1.3 billion of fixed rate senior secured notes. The Co-Issuers also replaced their existing revolving financing facility with a new revolving financing facility. The fixed rate senior secured notes and the revolving credit facility are referred to collectively herein as the “Notes.” The Notes were issued in a securitization transaction pursuant to which substantially all of Dine’s domestic revenue-generating assets and domestic intellectual property are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of Dine (the “Guarantors”) that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the Notes.

Nature of Operations

The Company was formed as a special purpose entity to act as franchisor and to hold all rights, title and interest in new franchise agreements for International House of Pancakes® (IHOP) restaurants in the United States effective after September 30, 2014 (the Agreements) and all accrued and future rights to collection under the Agreements. In its capacity as the franchisor, the Company enters into all additional development and franchise agreements for IHOP® restaurants within the United States (including all substitute or replacement franchise agreements for existing IHOP restaurants).

As of January 3, 2021, there were 806 IHOP restaurants subject to franchise agreements held by the Company located in 47 states.

Fiscal Period

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. The 2020 year presented herein began on December 30, 2019 and ended January 3, 2021. The 2020 fiscal year contained 53 weeks.

Profits and Losses and Distributions

All profits and losses and distributions will be allocated entirely to the Member.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of allowance for doubtful accounts and notes receivable and contingencies. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Risks and Uncertainties

The Company was subject to risks and uncertainties as a result of the outbreak of a novel strain of coronavirus, designated "COVID-19" and declared to be a pandemic in March 2020. The Company first began to experience impacts from COVID-19 in March 2020, as federal, state and local governments reacted to the COVID-19 pandemic by encouraging or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, reduced operating hours, restaurant dine-in and/or indoor dining limitations, capacity limitations or other restrictions that largely limited restaurants to off-premise sales (take-out and delivery) in the early stages of the pandemic. Over the course of 2020, certain of these restrictions were relaxed as incidents of infection from the initial outbreak declined, but many of the restrictions were reinstated as incidents of infection surged. The degree and duration of restriction varied by individual geographic area. The extent of the continuing impact of the COVID-19 pandemic on the Company's business remains highly uncertain and difficult to predict, as the operating status of our restaurants remains fluid and subject to change as government authorities modify existing restrictions or implement new restrictions on restaurant operations in response to changes in the number of COVID-19 infections and the availability and acceptance of vaccines in their respective jurisdictions. Additionally, economies worldwide have been negatively impacted by the COVID-19 pandemic, which possibly could cause a domestic and/or global economic recession.

The Company has taken several actions to mitigate the effects of the COVID-19 pandemic on its operations and its franchisees, as follows (i) deferred franchisee payment of royalty, advertising and other fees, and lease obligations for up to two months on a case-by-case basis; (ii) deferred franchisee development obligations for up to 15 months; and (iii) deferred franchisee remodel obligation until the end of 2022. In addition, Dine, on behalf of various subsidiaries (including the Co-Issuers) engaged in restaurant franchising activities, as follows: (i) engaged a national real estate firm to assist franchisees with landlord discussions regarding rent deferrals, abatements and other modifications to lease agreements; (ii) negotiated deferrals and abatements for properties on which the Company was lessee and (iii) hired external consultants to work with franchisees in assessing their financial health and to better understand performance variability.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

2. Summary of Significant Accounting Policies, continued

The severity of the continued impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, how long the pandemic will last, whether/when recurrences of the virus may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company's brands and, in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. The Company's future results of operations and liquidity could be impacted adversely by the length of time dine-in restrictions are in place and the success of any initiatives or programs that the Company may undertake to address financial and operational challenges faced by itself and its franchisees. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Revenue Recognition

The Company's revenues are recorded in franchise revenues. Franchise revenues consist primarily of royalty revenues, advertising fees and franchise fees. Franchise revenue is recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company owns and franchises the IHOP restaurant concept. The franchise arrangement is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

2. Summary of Significant Accounting Policies, continued

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the month of reported sales by the franchisee, neither of which requires estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Advertising

Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized on an annual basis. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. The advertising fees are recorded as a liability to International House of Pancakes, LLC as a component of Due to Affiliates against which specific costs are charged.

Financing revenue is recorded as earned.

Concentrations of Credit Risk

The Company's cash and receivables are potentially subject to concentration of credit risk. Cash is placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash. At times, cash balances may be in excess of FDIC insurance limits.

Accounts receivables are derived from revenues earned from franchisees located in the United States. Financing receivables arise from the financing of restaurant equipment by franchisees. The Company is not subject to a significant concentration of credit risk with respect to accounts receivable.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

2. Summary of Significant Accounting Policies, continued

As of January 3, 2021, one franchisee owned a total of 65 IHOP restaurants, representing 8.1% of the Company's restaurants. Revenues from this franchisee represented 9.2% of the Company's total revenues for the year ended January 3, 2021. No individual franchisee represented more than 10% of the Company's total revenue for the year ended January 3, 2021.

Allowance for Credit Losses

The Company determines the allowance based on historical experience, current payment patterns and reasonable and supportable forecasts used in assessing the franchisees' ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. Allowance for doubtful accounts is continually reviewed. Past due balances are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Income Taxes

In December 2019, the Financial Accounting Standards Board ("FASB") issued new guidance intended to simplify the accounting for income taxes, change the accounting for certain income tax transactions, and make other minor changes. The Company has elected to adopt the standard early through a retrospective approach. As the Company is a legal entity not subject to tax, the new guidance no longer requires the allocation of the consolidated amount of current and deferred tax expense of Dine. Accordingly, the cumulative income tax impacts historically recorded in the Company's financials have been reversed. The Company removed \$2.2 million deferred tax and recorded an increase of \$36.7 million in Due from Member, net and an adjustment of \$34.5 million to retained earnings as reflected in the Statement of Member's Equity.

Restricted Cash

Dine voluntarily increased the interest reserve for securitized debt held by the Co-Issuers from \$15.7 million to \$32.8 million. This reserve is included as long-term-restricted cash on the Company's balance sheet at January 3, 2021

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred and are included as a component of franchise expenses in the Statement of Income.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

2. Summary of Significant Accounting Policies, continued

Accounting Standards Adopted Effective December 30, 2019

In February 2016, the Financial Accounting Standards Board (“FASB”) issued new guidance on the measurement of current expected credit losses (“CECL”) on financial instruments. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. The Company adopted this change in accounting principle as of the first day of the first fiscal quarter of 2020 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted.

Upon adoption of the new CECL guidance, the Company recognized an increase to its allowance for credit losses of \$59 thousand. The Company recognized an adjustment to retained earnings upon adoption of \$59 thousand.

Additional new accounting guidance became effective for the Company as of the beginning of fiscal 2020 that the Company reviewed and concluded was either not applicable to its operations or had no material effect on its financial statements in the current or future fiscal years.

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements when adoption is required in the future.

3. Revenue Disclosures

The following table disaggregates franchise revenue by major type for the year ended January 3, 2021:

Franchise revenue:	<i>(In thousands)</i>
Royalties	\$ 41,310
Advertising fees	32,477
Franchise, development and other fees	3,823
Total franchise revenue	<u>\$ 77,610</u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

3. Revenue Disclosures, continued

The components of the change in the Company's deferred revenue during the year ended January 3, 2021 are as follows:

	Deferred Franchise Revenue (short- and long-term)
	<u>(In thousands)</u>
Balance at December 29, 2019	\$ 23,197
Recognized as revenue during the fiscal year	(3,516)
Fees deferred during the fiscal year	5,004
Balance at January 3, 2021	<u>\$ 24,685</u>

The balance of deferred revenue as of January 3, 2021 is expected to be recognized as follows:

	<i>(In thousands)</i>
2021	\$ 2,819
2022	2,756
2023	2,594
2024	2,380
2025	2,107
Thereafter	12,029
Total deferred franchise revenue.....	<u>\$ 24,685</u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

4. Receivables

Receivables balance at January 3, 2021 were as follows:

	<i>(In thousands)</i>
Accounts receivable	\$ 18,014
Equipment leases receivable	14,750
Notes receivable	<u>746</u>
Total receivables	33,510
Less: allowance for doubtful accounts	<u>(4,450)</u>
	<u>29,060</u>
Less: current portion	<u>(17,935)</u>
Long-term receivables	<u>\$ 11,125</u>

Accounts receivable primarily includes royalty receivables due from franchisees. Financing receivables primarily relate to leasing of the restaurant equipment to franchisees. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.5% per annum at January 3, 2021 and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease.

The primary indicator of the credit quality of financing receivables is delinquency. As of January 3, 2021, there were no financing receivables delinquent more than 90 days.

Changes in the allowance for credit losses during the fiscal year ended January 3, 2021 were as follows:

	<u>Accounts Receivable</u>	<u>Notes Receivable, short-term</u>	<u>Notes Receivable, long-term</u>	<u>Equipment Leases Receivable</u>	<u>Total</u>
	<i>(in thousands)</i>				
Balance, December 29, 2019	\$ 63	\$ —	\$ —	\$ —	\$ 63
Increase due to CECL adoption	33	—	—	26	59
Bad debt expense for the fiscal year	2,913	6	3	1,819	4,741
Write-offs	—	—	—	(413)	(413)
Balance, January 3, 2021	<u>\$ 3,009</u>	<u>\$ 6</u>	<u>\$ 3</u>	<u>\$ 1,432</u>	<u>\$4,450</u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

5. Related Party Transactions

All cash receipts from the Company's operating revenue are collected and administered by the Member, resulting in a balance due from Member. All cash disbursements related to the Company's operating expenses are paid by affiliated entities (the Affiliates), resulting in a balance due to Affiliates. The Company, the Member and the Affiliates are under the common control of Dine. The Company and Dine determined that the balance due to Affiliates and the balance due from Member (collectively, the Related Party balances) will not be settled until the securitization structure described in Note 1 is dissolved. Since the Related Party balances will not be settled until the dissolution of the Company and the Company, the Member and the Affiliates are all under the common control of Dine, the net amount of the Related Party balances is classified within equity as Due from Member, net. Changes in Related Party balances are considered to be non-cash financing activity.

IHOP LLC allocates costs of general and administrative services to the Company, including information technology, human resources, quality assurance, training, legal, payroll, audit, tax, and communication. These costs are allocated on a basis the Company believes to be reasonable, primarily proportional allocation based on revenue, or specific identification, where applicable. The Company cannot estimate with any reasonable certainty what the charges for similar transactions would have been on a stand-alone basis. The total amount of allocated costs charged to the Company of \$11.3 million for the fiscal year ended January 3, 2021 is included in general and administrative expenses in the Statement of Income.

In May 2016, Dine borrowed \$20.0 million from the Company at an interest rate of 6.5% per annum. The note is due in September 2021 with interest payable semiannually beginning in March 2017. In November 2019, Dine borrowed an additional \$7.0 million from the Company at an interest rate of 6.5% per annum. This note will be due in the second quarter of 2022 with interest payable semiannually beginning in December 2019. A total interest income of \$1.8 million related to these notes is included in other income, net in the Statement of Income for the fiscal year ended January 3, 2021.

6. Lease Disclosures

The Company engages in leasing activity as a lessor. The Company's lease portfolio originated when Dine was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included Dine's purchase or leasing of the site on which the restaurant was located, equipping the restaurant and subsequently leasing/subleasing the site and equipment to the franchisee. With a few exceptions, Dine ended this practice in 2003. The Company's lease activity is comprised of pre-existing lease arrangements renewed after September 30, 2014.

The Company recognized interest income on equipment leases of \$1.6 million during the fiscal year ended January 3, 2021.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended January 3, 2021

6. Lease Disclosures, continued

Future minimum payments to be received under equipment leases as of January 3, 2021 were as follows:

	<i>(In thousands)</i>
2021	\$ 3,615
2022	3,355
2023	2,947
2024	2,459
2025	1,676
Thereafter	14,985
Total	<u>29,037</u>
Less: interest	<u>(14,287)</u>
Total net investment in leases	14,750
Less: current portion	<u>(2,428)</u>
Total long-term investment in leases.....	<u><u>\$ 12,322</u></u>

7. Commitments and Contingencies

The Company is subject to lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience related to pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

8. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through March 17, 2021, the date the financial statements were available to be issued.

FINANCIAL STATEMENTS

IHOP Franchisor LLC

Fiscal Year Ended December 29, 2019

With Report of Independent Auditors

IHOP Franchisor LLC

Financial Statements

Fiscal Year Ended December 29, 2019

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Report of Independent Auditors

Member of IHOP Franchisor LLC

We have audited the accompanying financial statements of IHOP Franchisor LLC, which comprise the balance sheet as of December 29, 2019, and the related statements of income, member's equity and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IHOP Franchisor LLC at December 29, 2019, and the results of its operation and its cash flows for the fiscal year then ended, in conformity with U.S. generally accepted accounting principles.

March 20, 2020

IHOP Franchisor LLC

Balance Sheet (In thousands)

December 29, 2019

Assets

Current assets:

Cash	\$	2,008
Receivables		<u>11,858</u>
Total current assets		13,866

Long-term restricted cash		15,700
Long-term receivables		12,702
Deferred income tax assets, net		2,177
Related party note receivable		<u>27,000</u>
Total assets	\$	<u><u>71,445</u></u>

Liabilities and member's equity

Current liabilities:

Deferred revenue	\$	3,270
Other accrued expenses		<u>236</u>
Total current liabilities		3,506

Long-term deferred revenue		<u>19,927</u>
Total liabilities		23,433

Commitments and contingencies

Member's equity:

Contributed capital		35,465
Due from Member (net of Due to Affiliates of \$212,872)		(78,898)
Retained earnings		<u>91,445</u>
Total member's equity		<u>48,012</u>
Total liabilities and member's equity	\$	<u><u>71,445</u></u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Income (In thousands)

Fiscal Year Ended December 29, 2019

Revenues

Franchise revenues	\$ 101,952
Financing revenues	<u>1,741</u>
Total revenues	<u>103,693</u>

Costs and Expenses

Franchise expenses	44,939
Financing expenses	47
General and administrative expenses	12,512
Other income, net	<u>(1,657)</u>
Total costs and expenses	<u>55,841</u>

Income before income taxes	47,852
Provision for income taxes	<u>(11,649)</u>
Net income	<u>\$ 36,203</u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Member's Equity
(In thousands)

Fiscal Year Ended December 29, 2019

	Contributed Capital	Due from Member, net	Retained Earnings	Total
Balance, December 30, 2018	\$ 35,465	\$ (46,148)	\$ 55,242	\$ 44,559
Net income	—	—	36,203	36,203
Change in Due from Member, net (Note 5)	—	(32,750)	—	(32,750)
Balance, December 29, 2019	<u>\$ 35,465</u>	<u>\$ (78,898)</u>	<u>\$ 91,445</u>	<u>\$ 48,012</u>

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Cash Flows (In thousands)

Fiscal Year Ended December 29, 2019

Operating activities

Net income	\$ 36,203
Adjustments to reconcile net income to cash flows provided by operating activities:	
Due from Member, net	(32,750)
Deferred income taxes	103
Changes in operating assets and liabilities	
Receivables	(492)
Deferred revenue	(430)
Other accrued expenses	(201)
Cash flows provided by operating activities	<u>2,433</u>

Investing activities

Issuance of related party note receivable	<u>(7,000)</u>
Cash flows used in investing activities	<u>(7,000)</u>

Net change in cash and restricted cash	(4,567)
Cash and restricted cash at beginning of year	<u>22,275</u>
Cash and restricted cash at end of year	<u>\$ 17,708</u>

Supplemental Disclosure of non-cash financing activity:

Transfer from Due from Member to Member's Equity	<u>\$ 32,750</u>
--------------------------------------------------	------------------

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Notes to the Financial Statements

December 29, 2019

1. Formation and Business

Organization

IHOP Franchisor LLC (the Company) is a single-member limited liability company formed in Delaware on July 28, 2014 and is governed by the limited liability company agreement dated July 28, 2014. The Company is a wholly-owned subsidiary of IHOP Funding LLC (the Member), which, through various entities, is a wholly-owned subsidiary of International House of Pancakes, LLC (IHOP LLC), which is a wholly-owned subsidiary of Dine Brands Global, Inc. (Dine).

On June 5, 2019, the Member and a sister entity (the Co-Issuers), each a special purpose, wholly-owned indirect subsidiary of Dine, issued \$1.3 billion of fixed rate senior secured notes. The Co-Issuers also replaced their existing revolving financing facility with a new revolving financing facility. The fixed rate senior secured notes and the revolving credit facility are referred to collectively herein as the “Notes.” The Notes were issued in a securitization transaction pursuant to which substantially all of Dine’s domestic revenue-generating assets and domestic intellectual property are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of Dine (the “Guarantors”) that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the Notes.

Nature of Operations

The Company was formed as a special purpose entity to act as franchisor and to hold all rights, title and interest in new franchise agreements for International House of Pancakes® (IHOP) restaurants in the United States effective after September 30, 2014 (the Agreements) and all accrued and future rights to collection under the Agreements. In its capacity as the franchisor, the Company enters into all additional development and franchise agreements for IHOP® restaurants within the United States (including all substitute or replacement franchise agreements for existing IHOP restaurants).

As of December 29, 2019, there were 697 IHOP restaurants subject to franchise agreements held by the Company located in 46 states.

The Company’s fiscal year began December 31, 2018 and ended December 29, 2019.

Profits and Losses and Distributions

All profits and losses and distributions will be allocated entirely to the Member.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of income taxes, allowance for doubtful accounts and notes receivable and contingencies. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Revenue Recognition

The Company's revenues are recorded in franchise revenues. Franchise revenues consist primarily of royalty revenues, advertising fees and franchise fees. Franchise revenue is recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company owns and franchises the IHOP restaurant concept. The franchise arrangement is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

2. Summary of Significant Accounting Policies, continued

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the month of reported sales by the franchisee, neither of which requires estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized at the end of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. The advertising fees are recorded as a liability to International House of Pancakes, LLC as a component of Due to Affiliates against which specific costs are charged.

Financing revenue is recorded as earned.

Concentrations of Credit Risk

The Company's cash and receivables are potentially subject to concentration of credit risk. Cash is placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash. At times, cash balances may be in excess of FDIC insurance limits.

Accounts receivables are derived from revenues earned from franchisees located in the United States. Financing receivables arise from the financing of restaurant equipment by franchisees. The Company is not subject to a significant concentration of credit risk with respect to accounts receivable.

As of December 29, 2019, one franchisee owned a total of 67 IHOP restaurants, representing 10% of the Company's restaurants. Revenues from this franchisee represented 11.5% of the Company's total revenues for the year ended December 29, 2019. No other individual franchisee represented more than 10% of the Company's total revenue for the year ended December 29, 2019.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

2. Summary of Significant Accounting Policies, continued

Allowance for Credit Losses

The Company determines the allowance based on historical experience, current payment patterns and assessment of franchisees' ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. Allowance for doubtful accounts is continually reviewed. Past due balances are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Income Taxes

Consolidated federal income tax returns are filed by Dine. The Company files as part of the consolidated returns of Dine. The Company provides for federal and state income tax by applying an effective tax rate to income before taxes. The Company utilizes the liability method of accounting for income taxes, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Deferred taxes are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

The Company determines its tax contingencies in accordance with U.S. GAAP governing the accounting for contingencies. The Company records estimated tax liabilities to the extent the contingencies are probable and can be reasonably estimated. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities including all appeals or litigation processes, based on its technical merits. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information. When applicable, the Company recognizes interest accrued related to unrecognized tax benefits and penalties as a component of the income tax provision recognized in the Statement of Income.

Restricted Cash

Long-term restricted cash of \$15.7 million at December 29, 2019 represents interest reserves required to be set aside for the duration of the Notes.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

2. Summary of Significant Accounting Policies, continued

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred and are included as a component of franchise expenses in the Statement of Income.

Accounting Standards Adopted Effective December 31, 2018

In February 2016, the Financial Accounting Standards Board (“FASB”) issued guidance with respect to the accounting for leases, as codified in Accounting Standards Topic 842 (“ASC 842”). The guidance is intended to improve financial reporting of leasing transactions by requiring entities that lease assets to recognize assets and liabilities for the rights and obligations created by leases, as well as by requiring additional disclosures related to an entity's leasing activities. The Company adopted this change in accounting principle using the modified retrospective method. The Company has elected the package of practical expedients for adoption that permitted the Company not to reassess its prior conclusions regarding lease identification, lease classification and initial direct costs. The Company also elected a short-term lease exception policy and an accounting policy not to separate non-lease components from lease components. The Company did not elect to use an allowable expedient that permitted the use of hindsight in performing evaluations of its leases.

The accounting for the Company's existing finance leases upon adoption of ASC 842 remained substantially unchanged. There was no cumulative effect of adopting ASC 842, and adoption had no significant impact on the Company's cash flows from operations or its results of operations. The Company implemented internal controls necessary to ensure compliance with the accounting and disclosure requirements of ASC 842. See Note 6 for the required disclosures related to the Company's leasing activities.

Newly Issued Accounting Standards Not Yet Adopted

In June 2016, the FASB issued new guidance on the measurement of credit losses on financial instruments. The new guidance will replace the incurred loss methodology of recognizing credit losses on financial instruments that is currently required with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. Application of the new guidance may result in the earlier recognition of credit losses as the new methodology will require entities to consider forward-looking information in addition to historical and current information used in assessing incurred losses. The Company will adopt the new guidance on a modified retrospective basis beginning with its first fiscal quarter of 2020. In preparation for the adoption, the Company has established the methodology it will use to estimate expected credit losses. Based on that methodology, the Company estimates the impact of adoption will not be material.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

3. Revenue Disclosures

The following table disaggregates franchise revenue by major type for the year ended December 29, 2019:

Franchise revenue:	<i>(In thousands)</i>
Royalties	\$ 54,266
Advertising fees	43,978
Franchise, development and other fees	3,708
Total franchise revenue	\$ 101,952

The components of the change in the Company's deferred revenue during the year ended December 29, 2019 are as follows:

	Deferred Franchise Revenue (short- and long-term)
	<i>(In thousands)</i>
Balance at December 30, 2018	\$ 23,627
Recognized as revenue during the year ended December 29, 2019	(3,513)
Fees deferred during the year ended December 29, 2019	3,083
Balance at December 29, 2019	\$ 23,197

The balance of deferred revenue as of December 29, 2019 is expected to be recognized as follows:

	<i>(In thousands)</i>
2020	\$ 3,270
2021	2,495
2022	2,373
2023	2,238
2024	2,025
Thereafter	10,796
Total deferred franchise revenue	\$ 23,197

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

4. Receivables

	<i>(In thousands)</i>
Accounts receivable	\$ 9,705
Financing receivables	<u>14,855</u>
Total receivables	24,560
Less: current portion	<u>(11,858)</u>
Long-term receivables	<u><u>\$ 12,702</u></u>

Accounts receivable primarily includes royalty receivables due from franchisees. Financing receivables primarily relate to leasing of the restaurant equipment to franchisees. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.4% per annum at December 29, 2019 and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease.

The primary indicator of the credit quality of financing receivables is delinquency. As of December 29, 2019, there were no financing receivables delinquent more than 90 days.

Allowance for Doubtful Accounts

	(in thousands)
Balance at December 30, 2018.....	\$ —
Provision.....	<u>63</u>
Balance at December 29, 2019.....	<u><u>\$ 63</u></u>

5. Related Party Transactions

All cash receipts from the Company's operating revenue are collected and administered by the Member, resulting in a balance due from Member. All cash disbursements related to the Company's operating expenses and income taxes are paid by affiliated entities (the Affiliates), resulting in a balance due to Affiliates. The Company, the Member and the Affiliates are under the common control of Dine. The Company and Dine determined that the balance due to Affiliates and the balance due from Member (collectively, the Related Party balances) will not be settled until the Class A-2 Notes are repaid and the securitization structure under which the Class A-2 Notes were issued is dissolved. Since the Related Party balances will not be settled until the dissolution of the Company and the Company, the Member and the Affiliates are all under the common control of Dine, the net amount of the Related Party balances is classified within equity as Due from Member, net. Included in Due from Member, nets is \$11.6 million of income taxes payable for the fiscal year ended December 29, 2019. Changes in Related Party balances are considered to be non-cash financing activity.

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

5. Related Party Transactions, continued

IHOP LLC allocates costs of general and administrative services to the Company, including information technology, human resources, quality assurance, training, legal, payroll, audit, tax, and communication. These costs are allocated on a basis the Company believes to be reasonable, primarily proportional allocation based on revenue, or specific identification, where applicable. The Company cannot estimate with any reasonable certainty what the charges for similar transactions would have been on a stand-alone basis. The total amount of allocated costs charged to the Company of \$12.5 million for the fiscal year ended December 29, 2019 is included in general and administrative expenses in the Statement of Income.

In May 2016, Dine borrowed \$20.0 million from the Company at an interest rate of 6.5% per annum. The note is due in September 2021 with interest payable semiannually beginning in March 2017. In November 2019, Dine borrowed an additional \$7.0 million from the Company at an interest rate of 6.5% per annum. This note will be due in the second quarter of 2022 with interest payable semiannually beginning in December 2019. A total interest income of \$1.4 million related to these notes is included in other income, net in the Statement of Income for the fiscal year ended December 29, 2019.

6. Lease Disclosures

The Company engages in leasing activity as a lessor. The Company's lease portfolio originated when Dine was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included Dine's purchase or leasing of the site on which the restaurant was located, equipping the restaurant and subsequently leasing/subleasing the site and equipment to the franchisee. With a few exceptions, Dine ended this practice in 2003. The Company's lease activity is comprised of pre-existing lease arrangements renewed after September 30, 2014.

The Company recognized interest income on equipment leases of \$1.7 million during the fiscal year ended December 29, 2019.

Future minimum payments to be received under equipment leases as of December 29, 2019 were as follows:

	<i>(In thousands)</i>
2020	\$ 3,357
2021	3,076
2022	2,838
2023	2,549
2024	2,118
Thereafter.....	13,841
Total	<u>27,779</u>
Less: interest	(13,113)
Total net investment in leases	<u>14,666</u>
Less: current portion	(2,096)
Total long-term investment in leases.....	<u><u>12,570</u></u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

7. Commitments and Contingencies

The Company is subject to lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience related to pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

8. Income Taxes

The Company is a disregarded entity for both federal and state tax filing purposes. Its results are included in the consolidated tax returns of Dine. The provision for income taxes in the financial statement is computed on a standalone return basis and includes a deferred provision in accordance with U.S. GAAP.

The provision for income taxes for the fiscal year ended December 29, 2019 is as follows:

	<i>(In thousands)</i>
Provision for income taxes:	
Current	
Federal	\$ 9,558
State	<u>1,988</u>
	11,546
Deferred	
Federal	66
State	<u>37</u>
	<u>103</u>
Provision for income taxes	<u>\$ 11,649</u>

The effective tax rate for the fiscal year ended December 29, 2019 differs from the expected federal income tax rate as follows:

Statutory federal income tax rate	21.0%
State and other taxes, net of federal tax benefit	<u>3.3</u>
Effective tax rate	<u>24.3%</u>

IHOP Franchisor LLC

Notes to the Financial Statements (continued)

Fiscal Year Ended December 29, 2019

8. Income Taxes, continued

The net deferred income tax asset consisted of the following deferred tax assets and liabilities at December 29, 2019:

	<i>(In thousands)</i>
Revenue recognition	\$ 5,659
Other	<u>113</u>
Deferred tax assets	<u>5,772</u>
Recognition of franchise and equipment sales	<u>(3,595)</u>
Deferred tax liabilities	<u>(3,595)</u>
Net deferred income tax asset	<u>\$ 2,177</u>

The Company considers evidence, both positive and negative, that could impact the assessment of future realization of deferred tax assets. As of December 29, 2019, management determined that, based on available evidence, there was no valuation allowance against deferred tax assets necessary. The Company had no unrecognized tax benefits as of December 29, 2019.

9. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through March 20, 2020, the date the financial statements were available to be issued.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Dine Brands Global, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dine Brands Global, Inc. and Subsidiaries (the Company) as of January 2, 2022 and January 3, 2021, the related consolidated statements of comprehensive income (loss), stockholders' deficit and cash flows for each of the three years in the period ended January 2, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 2, 2022 and January 3, 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 2, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 2, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 2, 2022 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Measurement and valuation of allowance for credit losses

Description of the Matter As of January 2, 2022, the Company's allowance for credit losses was \$11.9 million against a gross receivables balance of \$174.4 million. As discussed in Note 4 to the consolidated financial statements, the Company's gross receivables primarily consist of amounts due from franchisees related to royalties, advertising fees, leases, and equipment notes, as well as gift card receivables due from third-party vendors. The carrying amount of receivables, net of the allowance, represents the total amount expected to be collected over the life of the receivables. Included in the allowance for credit losses are specific reserves against account balances due from franchisees which are deemed to be "at-risk" based primarily on payment delinquency.

Auditing the allowance for credit losses was complex due to the judgmental nature and the degree of subjectivity involved with evaluating management's assessment of the collectability of at-risk receivables. In addition to historical collection data, such assessments of the amounts expected to be collected include franchisee-specific evaluations of creditworthiness, which involve a high level of subjectivity.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the establishment of allowance for credit losses, including the information used by management in those controls.

Our audit procedures included, among others, validating the completeness of the identified at-risk receivables based on payment delinquency. We tested management's assessment of historical collections by performing a retrospective analysis over past due balances. We also tested management's evaluation of the creditworthiness of franchisees with material at-risk balances based on management's communications with such franchisees and review of franchisee financial performance. Additionally, we considered payments received subsequent to year end as part of our evaluation of management's assumptions regarding the collectability of the balances.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2004.

Los Angeles, California
March 2, 2022

Dine Brands Global, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

Assets	December 31,	
	2021	2020
Current assets:		
Cash and cash equivalents	\$ 361,412	\$ 383,369
Receivables, net of allowance of \$4,959 (2021) and \$15,057 (2020)	119,968	121,897
Restricted cash	47,541	39,884
Prepaid gift card costs	28,175	29,080
Prepaid income taxes	10,529	6,178
Other current assets	6,728	6,098
Total current assets	574,353	586,506
Other intangible assets, net	539,390	549,671
Operating lease right-of-use assets	335,428	346,086
Goodwill	251,628	251,628
Property and equipment, net	179,411	187,977
Deferred rent receivable	50,257	56,449
Long-term receivables, net of allowance of \$6,897 (2021) and \$7,999 (2020)	42,493	54,512
Non-current restricted cash	16,400	32,800
Other non-current assets, net	10,006	9,316
Total assets	<u>\$ 1,999,366</u>	<u>\$ 2,074,945</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	\$ —	\$ 13,000
Accounts payable	55,956	37,424
Gift card liability	165,530	144,159
Current maturities of operating lease obligations	72,079	69,672
Current maturities of finance lease and financing obligations	10,693	11,293
Accrued employee compensation and benefits	40,785	21,237
Accrued advertising expenses	33,752	21,641
Deferred franchise revenue, short-term	7,246	7,682
Dividends payable	6,919	—
Other accrued expenses	17,770	22,460
Total current liabilities	410,730	348,568
Long-term debt, net, less current maturities	1,279,623	1,491,996
Operating lease obligations, less current maturities	320,848	345,163
Finance lease obligations, less current maturities	59,625	69,012
Financing obligations, less current maturities	31,967	32,797
Deferred income taxes, net	76,228	78,293
Deferred franchise revenue, long-term	46,100	52,237
Other non-current liabilities	17,052	11,530
Total liabilities	2,242,173	2,429,596
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$1 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value; shares: 40,000,000 authorized; 2021 -24,992,275 issued, 17,163,946 outstanding; 2020 - 24,882,122 issued, 16,452,174 outstanding	250	249
Additional paid-in-capital	256,189	257,625
Retained earnings (accumulated deficit)	35,415	(55,553)
Accumulated other comprehensive loss	(59)	(55)
Treasury stock, at cost; shares: 2021 - 7,828,329; 2020 - 8,429,948	(534,602)	(556,917)
Total stockholders' deficit	(242,807)	(354,651)
Total liabilities and stockholders' deficit	<u>\$ 1,999,366</u>	<u>\$ 2,074,945</u>

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands, except per share amounts)

	Year Ended December 31,		
	2021	2020	2019
Revenues:			
Franchise revenues:			
Royalties, franchise fees and other	\$ 357,146	\$ 267,959	\$ 368,171
Advertising revenues	274,790	201,494	283,015
Total franchise revenues	631,936	469,453	651,186
Company restaurant sales	146,000	108,054	131,214
Rental revenues	113,933	105,939	120,666
Financing revenues	4,298	5,822	7,112
Total revenues	896,167	689,268	910,178
Cost of revenues:			
Franchise expenses:			
Advertising expenses	272,303	202,012	281,781
Bad debt (credit) expense	(4,928)	12,756	(365)
Other franchise expenses	28,512	24,204	31,338
Total franchise expenses	295,887	238,972	312,754
Company restaurant expenses	136,748	111,550	123,272
Rental expenses:			
Interest expense from finance leases	3,446	4,563	5,602
Other rental expenses	84,397	84,939	85,157
Total rental expenses	87,843	89,502	90,759
Financing expenses	464	528	579
Total cost of revenues	520,942	440,552	527,364
Gross profit	375,225	248,716	382,814
General and administrative expenses	171,838	144,791	162,815
Interest expense, net	63,331	66,895	60,393
Closure and impairment charges	5,409	132,620	1,487
Amortization of intangible assets	10,679	10,903	11,702
Loss on extinguishment of debt	—	—	8,276
Loss (gain) on disposition of assets	2,045	2,069	(332)
Income (loss) before income taxes	121,923	(108,562)	138,473
Income tax (provision) benefit	(24,059)	4,568	(34,127)
Net income (loss)	97,864	(103,994)	104,346
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustment	(4)	3	2
Total comprehensive income (loss)	\$ 97,860	\$ (103,991)	\$ 104,348
Net income (loss) available to common stockholders:			
Net income (loss)	\$ 97,864	\$ (103,994)	\$ 104,346
Less: Net income allocated to unvested participating restricted stock	(2,295)	(420)	(3,532)
Net income (loss) available to common stockholders	\$ 95,569	\$ (104,414)	\$ 100,814
Net income (loss) available to common stockholders per share:			
Basic	\$ 5.69	\$ (6.43)	\$ 5.95
Diluted	\$ 5.66	\$ (6.43)	\$ 5.85
Weighted average shares outstanding:			
Basic	16,799	16,230	16,934
Diluted	16,890	16,230	17,245

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(In thousands)

	Common Stock			Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares Outstanding	Amount	Additional Paid-in Capital			Shares	Cost	
Balance at December 31, 2018	17,644	\$ 250	\$ 237,726	\$ 10,414	\$ (60)	7,341	\$ (450,603)	\$ (202,273)
Adoption of lease accounting guidance	—	—	—	(5,030)	—	—	—	(5,030)
Net income	—	—	—	104,346	—	—	—	104,346
Other comprehensive gain	—	—	—	—	2	—	—	2
Purchase of common stock	(1,348)	—	—	—	—	1,348	(111,697)	(111,697)
Reissuance of treasury stock	285	(1)	(520)	—	—	(285)	12,490	11,969
Net use of shares for stock plans	(30)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(30)	—	(2,728)	—	—	—	—	(2,728)
Stock-based compensation	—	—	10,808	—	—	—	—	10,808
Dividends on common stock	—	—	982	(48,077)	—	—	—	(47,095)
Tax payments for share settlement of restricted stock units	—	—	(76)	—	—	—	—	(76)
Balance at December 31, 2019	16,522	249	246,192	61,653	(58)	8,404	(549,810)	(241,774)
Adoption of credit loss accounting guidance	—	—	—	(497)	—	—	—	(497)
Net loss	—	—	—	(103,994)	—	—	—	(103,994)
Other comprehensive gain	—	—	—	—	3	—	—	3
Purchase of common stock	(460)	—	—	—	—	460	(26,527)	(26,527)
Reissuance of treasury stock	433	—	1,102	—	—	(433)	19,420	20,522
Net use of shares for stock plans	(8)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(36)	—	(2,479)	—	—	—	—	(2,479)
Stock-based compensation	—	—	12,508	—	—	—	—	12,508
Dividends on common stock	—	—	507	(12,715)	—	—	—	(12,208)
Tax payments for share settlement of restricted stock units	—	—	(205)	—	—	—	—	(205)
Balance at December 31, 2020	16,452	249	257,625	(55,553)	(55)	8,430	(556,917)	(354,651)
Net income	—	—	—	97,864	—	—	—	97,864
Other comprehensive loss	—	—	—	—	(4)	—	—	(4)
Purchase of common stock	(59)	—	—	—	—	59	(4,480)	(4,480)
Reissuance of treasury stock	661	1	(1,459)	—	—	(661)	26,795	25,337
Net use of shares for stock plans	132	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(22)	—	(1,771)	—	—	—	—	(1,771)
Stock-based compensation	—	—	11,577	—	—	—	—	11,577
Dividends on common stock	—	—	—	(6,896)	—	—	—	(6,896)
Tax payments for share settlement of restricted stock units	—	—	(9,783)	—	—	—	—	(9,783)
Balance at December 31, 2021	17,164	\$ 250	\$ 256,189	\$ 35,415	\$ (59)	7,828	\$ (534,602)	\$ (242,807)

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities			
Net income (loss)	\$ 97,864	\$ (103,994)	\$ 104,346
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Depreciation and amortization	39,885	42,829	42,493
Non-cash stock-based compensation expense	11,577	12,508	10,808
Non-cash closure and impairment charges	5,324	132,501	1,485
Non-cash interest expense	2,852	2,698	3,369
Deferred income taxes	(2,065)	(20,049)	(5,494)
Deferred revenue	(6,573)	(7,111)	(7,695)
Loss on extinguishment of debt	—	—	8,276
Loss (gain) on disposition of assets	2,041	2,069	(332)
Other	(1,593)	(1,246)	(3,568)
Changes in operating assets and liabilities:			
Accounts receivable, net	7,301	(9,750)	(396)
Deferred rent receivable	6,192	13,859	6,761
Current income tax receivables and payables	(3,837)	16,143	8,677
Operating lease assets and liabilities	(18,212)	(15,179)	(8,567)
Gift card receivables and payables	14,759	12,231	(1,037)
Other current assets	(629)	(2,191)	(498)
Accounts payable	13,131	6,455	583
Accrued employee compensation and benefits	19,714	(1,909)	(3,575)
Accrued advertising expenses	12,111	12,881	(1,166)
Other current liabilities	(4,007)	3,758	710
Cash flows provided by operating activities	<u>195,835</u>	<u>96,503</u>	<u>155,180</u>
Cash flows from investing activities			
Principal receipts from notes, equipment contracts and other long-term receivables	20,230	31,155	24,075
Net additions to property and equipment	(16,849)	(10,927)	(19,424)
Proceeds from sale of property and equipment	946	537	2,540
Additions to long-term receivables	—	(1,475)	(6,955)
Other	(466)	(565)	(389)
Cash flows provided by (used in) investing activities	<u>3,861</u>	<u>18,725</u>	<u>(153)</u>
Cash flows from financing activities			
Proceeds from issuance of long-term debt	—	—	1,300,000
Repayment of long-term debt	(9,750)	(3,250)	(1,283,750)
Borrowings from revolving credit facility	—	220,000	—
Repayments of revolving credit facility	(220,000)	—	(25,000)
Payment of debt issuance costs	—	—	(13,150)
Dividends paid on common stock	—	(23,934)	(46,859)
Repurchase of common stock	(4,191)	(29,853)	(109,698)
Principal payments of finance lease obligations	(10,238)	(12,451)	(13,639)
Proceeds from stock options exercised	25,337	20,523	11,969
Repurchase of restricted stock for tax payments upon vesting	(1,771)	(2,480)	(2,728)
Tax payments for share settlement of restricted stock units	(9,783)	(205)	(76)
Cash flows (used in) provided by financing activities	<u>(230,396)</u>	<u>168,350</u>	<u>(182,931)</u>
Net change in cash, cash equivalents and restricted cash	(30,700)	283,578	(27,904)
Cash, cash equivalents and restricted cash at beginning of year	456,053	172,475	200,379
Cash, cash equivalents and restricted cash at end of year	<u>\$ 425,353</u>	<u>\$ 456,053</u>	<u>\$ 172,475</u>
Supplemental disclosures			
Interest paid	\$ 65,229	\$ 69,208	\$ 66,104
Income taxes paid	\$ 31,300	\$ 11,873	\$ 44,748
Non-cash conversion of accounts receivable to notes receivable	\$ 4,258	\$ 1,307	\$ 185

See the accompanying notes to the consolidated financial statements.

1. The Company

The first International House of Pancakes[®] (“IHOP”) restaurant opened in 1958 in Toluca Lake, California. Shortly thereafter, the Company began developing and franchising additional restaurants. The Company was incorporated as IHOP Corp. under the laws of the State of Delaware in 1976. In November 2007, the Company acquired Applebee's International, Inc., which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, the name of the Company was changed to DineEquity, Inc. and on February 20, 2018, the name of the Company was changed to Dine Brands Global, Inc.[®] (“Dine Brands Global”). The Company owns, franchises and operates two restaurant concepts: Applebee's Neighborhood Grill + Bar[®] (“Applebee's”), in the bar and grill segment within the casual dining category of the restaurant industry, and IHOP[®] in the family dining category of the restaurant industry.

As of December 31, 2021, there were 1,751 IHOP restaurants, of which 1,595 were subject to franchise agreements and 156 were subject to area license agreements. These IHOP restaurants were located in all 50 states of the United States, the District of Columbia, two United States territories and seven countries outside the United States. As of December 31, 2021, there were 1,680 Applebee's[®] restaurants, of which 1,611 were subject to franchise agreements and 69 were company-operated restaurants. These Applebee's restaurants were located in 49 states of the United States, two United States territories and 11 countries outside the United States.

References herein to Applebee's and IHOP restaurants are to these restaurant concepts, whether operated by franchisees, area licensees or the Company. Retail sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company.

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Dine Brands Global, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Periods

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. In a 52-week fiscal year, each fiscal quarter contains 13 weeks, comprised of two, four-week fiscal months followed by a five-week fiscal month. In a 53-week fiscal year, the last month of the fourth fiscal quarter contains six weeks. For convenience, the Company refers to its fiscal years as ending on December 31 and its fiscal quarters as ending on March 31, June 30 and September 30. The December 31, 2021 fiscal year ended January 2, 2022 and contained 52 weeks. The 2020 fiscal year ended January 3, 2021 contained 53 weeks. The 2019 fiscal year ended December 29, 2019 contained 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles (“U.S. GAAP”) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of the following: impairment of tangible and intangible assets and goodwill; income taxes; allowance for doubtful accounts and notes receivables; lease accounting estimates; contingencies; and stock-based compensation. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Risks and Uncertainties

The Company is subject to risks and uncertainties as a result of the outbreak of a novel strain of coronavirus, designated “COVID-19” and declared to be a pandemic in March 2020. The Company first began to experience impacts from COVID-19 in March 2020, as federal, state and local governments reacted to the public health crisis by encouraging and/or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, restaurant dine-in limitations and other restrictions that largely limited the restaurants of the Company's franchisees and its company-operated restaurants to take-out and delivery sales during the initial stages of the pandemic. Subsequently, government-imposed dine-in restrictions have been

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

relaxed, removed and reinstated as incidents of infection decrease or increase within the respective governmental jurisdictions. As of December 31, 2021, 99% of domestic Applebee's and IHOP restaurants and 32% of international Applebee's and IHOP restaurants were open and operating without government-mandated restriction.

We cannot predict how long the pandemic will last, whether/when recurrences of the virus and its variants may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company's brands and, in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Concentration of Credit Risk

The Company's cash, cash equivalents, restricted cash and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash, cash equivalents and restricted cash. At times, cash, cash equivalents and restricted cash balances may be in excess of FDIC insurance limits.

Accounts receivable are derived from revenues earned from franchisees and area licensees located primarily in the United States. Financing receivables arise from the financing of restaurant equipment, real estate leases or franchise fees with the Company by IHOP franchisees. The Company is subject to a concentration of credit risk with respect to receivables from franchisees that own a large number of Applebee's or IHOP restaurants. As of December 31, 2021, two franchisees (one Applebee's franchisee and one franchisee with cross-brand ownership) operated a combined total of 825 Applebee's and IHOP restaurants in the United States, which comprised 26.1% of the total Applebee's and IHOP franchise and area license restaurants in the United States. Revenues from these two franchisees represented 18.0%, 17.1%, and 17.4% of total consolidated revenue for the years ended December 31, 2021, 2020 and 2019, respectively. One franchisee represented 11.8%, 11.0% and 10.6% of total consolidated revenue for the years ended December 31, 2021, 2020 and 2019, respectively. Receivables from these franchisees totaled \$19.7 million and \$20.4 million at December 31, 2021 and 2020, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. These cash equivalents are stated at cost which approximates market value. Cash held related to IHOP advertising funds and the Company's gift card programs is not considered to be restricted cash as there are no restrictions on the use of these funds. The components of cash and cash equivalents were as follows:

	December 31,	
	2021	2020
	(In millions)	
Money market funds	\$ 30.0	\$ 175.0
IHOP advertising funds and gift card programs	101.5	71.6
Other depository accounts	229.9	136.8
Total cash and cash equivalents	<u>\$ 361.4</u>	<u>\$ 383.4</u>

Restricted Cash

Current

Current restricted cash primarily consisted of funds required to be held in trust in connection with the Company's securitized debt and funds from Applebee's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. The components of current restricted cash were as follows:

	December 31,	
	2021	2020
	(In millions)	
Securitized debt reserves	\$ 29.9	\$ 27.0
Applebee's advertising funds	17.5	12.8
Other	0.1	0.1
Total current restricted cash	<u>\$ 47.5</u>	<u>\$ 39.9</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Non-current

Non-current restricted cash of \$16.4 million and \$32.8 million at December 31, 2021 and 2020, respectively, represents interest reserves set aside for the duration of the securitized debt. The required reserve is approximately one quarter's interest payment on the Company's securitized debt. The Company voluntarily increased the amount held in non-current cash to twice the required amount during the year ended December 31, 2020 and reduced the reserve back to the minimum amount during the year ended December 31, 2021.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Properties under finance leases are stated at the present value of the minimum lease payments. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or remaining useful lives. Leasehold improvements and properties under finance leases are amortized on a straight-line basis over their estimated useful lives or the lease term, if less. The general ranges of depreciable and amortizable lives are as follows:

Category	Depreciable Life
Buildings and improvements	25 to 40 years
Leaseholds and improvements	Shorter of primary lease term or between three to 40 years
Equipment and fixtures	Three to five years
Internal-use software	Three to 10 years
Properties under finance leases	Primary lease term or remaining primary lease term

Long-Lived Assets

On a regular basis, the Company assesses whether events or changes in circumstances have occurred that potentially indicate the carrying value of long-lived assets (primarily assets related to property and equipment leased or subleased to franchisees) may not be recoverable. The analysis is performed at the restaurant level for indicators of impairment. The Company tests for impairment using current and historical operating results and cash flows as well as other relevant facts and circumstances as the primary basis for estimates of future cash flows. The Company considers factors such as the number of years the franchisee's restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. Continuing losses associated with an asset are an indicator of impairment.

If it is decided that there has been an impairment, the carrying amount of the asset is written down to the estimated fair value as determined in accordance with U.S. GAAP governing fair value measurements. The primary method of estimating fair value is based on a discounted cash flow analysis. Any loss resulting from impairment is recognized as a charge against operations.

See *Note 13 - Closure and Long-lived Tangible Asset Impairment Charges*, of the Notes to the Consolidated Financial Statements for additional information.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets received. The Company's identifiable intangible assets are comprised primarily of the Applebee's tradename and Applebee's franchise agreements. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method and estimated useful lives. Goodwill and intangible assets considered to have an indefinite life (primarily the Applebee's tradename) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill has been allocated to three reporting units. The significant majority of the Company's goodwill resulted from the November 29, 2007 acquisition of Applebee's and was allocated to the Applebee's franchised restaurants unit ("Applebee's franchise unit"). Smaller amounts of goodwill arising from other business combinations have been allocated to the IHOP franchised restaurants unit ("IHOP franchise unit") and the Applebee's company restaurants unit ("Applebee's company unit"). See *Note 6 - Goodwill*, of the Notes to the Consolidated Financial Statements for additional information.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

The Company evaluates the goodwill of the Applebee's franchise and company units and the indefinite-lived Applebee's tradename for impairment as of October 31 of each year. The Company evaluates the goodwill of the IHOP franchise unit for impairment as of December 31 of each year. In addition to the annual evaluation for impairment, goodwill and indefinite-lived intangible assets are evaluated more frequently if the Company believes indicators of impairment exist.

When evaluating goodwill and indefinite-lived intangible assets for impairment, under U.S. GAAP, the Company may first perform an assessment of qualitative factors to determine if the fair value of the reporting unit or the intangible asset is more-likely-than-not greater than the carrying amount. Such qualitative factors include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, current and future income tax rates, the competitive environment, fluctuations in the market value of the Company's common stock, absolute and relative to peers, overall financial performance and results of past impairment tests. If, based on a review of the qualitative factors, the Company determines it is more-likely-than-not that the fair value is greater than the carrying value, the Company may bypass a quantitative test for impairment.

In performing the quantitative test for impairment of goodwill, the Company primarily uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method. Significant assumptions used to determine fair value under the discounted cash flow method include expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied. The Company measures impairment as the excess of a reporting unit's carrying amount over its fair value as determined by the quantitative test described above.

In the process of performing its quantitative impairment review of intangible assets considered to have an indefinite life, the Company primarily uses the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt to be applied to the forecast revenue stream.

Revenue Recognition

The Company's revenues are recorded in four categories: franchise operations, company restaurant operations, rental operations and financing operations. Franchise revenue (which comprises most of the Company's revenues) and revenue from company-operated restaurants are recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods. The Company's rental and financing revenues are recognized in accordance with other U.S. GAAP accounting standards and are not subject to ASC 606.

Franchise Revenues

The Company owns and franchises the Applebee's and IHOP restaurant concepts. The franchise arrangement for both brands is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement for both brands primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required. Additionally, all domestic IHOP franchise agreements require franchisees to purchase proprietary pancake and waffle dry mix from the Company.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenues ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenues are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either a contract asset (unbilled receivable) or, once billed, accounts receivable, on the balance sheet;
- Revenue from the sales of proprietary pancake and waffle dry mix is recognized in the period in which distributors ship the franchisee's order; recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term, the month of sale as reported by the franchisee or the date of product shipment, none of which require estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Company Restaurant Revenues

Company restaurant revenues comprise retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities, with no significant judgments required.

Rental Revenues

Rental operations revenues include revenues from operating leases and interest income from direct financing leases. See *Basis of Presentation and Summary of Significant Accounting Policies - Leases*.

Financing Revenues

Financing operations revenues consist primarily of interest income from the financing of franchise fees and equipment leases, other notes receivable from franchisees and sales of equipment associated with refranchised IHOP restaurants. Interest income is recorded as earned.

Gift Card

The Company administers gift card programs for Applebee's and IHOP. The Company records a liability in the period in which a gift card is sold and recognizes costs associated with its administration of the gift card programs as prepaid assets when the costs are incurred. The liability and prepaid asset recorded on the Company's books are relieved when gift cards are redeemed. If redemption occurs at a franchisee-operated restaurant, the gift card revenue, net of costs, is remitted to the franchisee. The Company receives gift card breakage revenue only from gift cards redeemed at company-operated restaurants. Breakage revenue for gift cards estimated to be redeemable at company-operated restaurants for the years ended December 31, 2021 and 2020 was \$0.3 million in each year. Breakage revenue was not recorded for the year ended December 31, 2019 as the Company did not have sufficient history from operating the restaurants on which to base an estimate for breakage.

Allowance for Credit Losses

The allowance for credit losses is the Company's best estimate of the amount of probable credit losses incurred on existing receivables; however, changes in circumstances relating to receivables may result in changes to the allowance in the future. The Company determines the allowance based on historical losses, current conditions, and reasonable and supportable forecasts used in assessing the franchisee's or area licensee's ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. The Company continually reviews the allowance for credit losses. Past due balances and future obligations are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. See *Note 4, Current Expected Credit Losses*, of the Notes to the Consolidated Financial Statements for additional information.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Leases

The Company accounts for its leasing activities in accordance with accounting guidance for leases, as codified in Accounting Standards Topic 842 (“ASC 842”), adopted as of the beginning of its 2019 fiscal year. In adopting ASC 842, the Company utilized expedients that allowed it to retain the classification, as either an operating lease or a finance lease, that was previously determined under prior accounting guidance for leases. The Company reassesses this classification upon renewal, extension or the modification of an existing lease agreement. The Company determines the appropriate classification upon entering into a new contract determined to contain a lease.

Operating lease assets and liabilities are recognized at the lease commencement date, or were recognized upon adoption of ASC 842. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives and impairment of operating lease assets.

The Company's lease agreements generally do not provide information to determine the implicit interest rate in the agreements. This requires the Company to estimate an incremental borrowing rate to be used in calculating operating lease liabilities as of the adoption or commencement date. The Company estimates the incremental borrowing rate primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption or commencement date; and (iii) adjustments for differences between these rates and the lease term.

The cost of an operating lease is recognized over the lease term on a straight-line basis. The lease term commences on the date the Company has the right to control the use of the leased property. Certain leases may contain provisions for rent holidays and fixed-step escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and fixed-step escalations are reflected in rent expense on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as deferred rent. Certain leases may include rent escalations based on inflation indexes and fair market value adjustments. Certain leases may contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant's sales. Subsequent escalations subject to such an index and contingent rental payments are recognized as variable lease expense.

The rental payments (as lessee) or receipts (as lessor) on those property leases that meet the finance lease criteria result in the recognition of interest expense or interest income and a reduction of finance lease obligation or financing lease receivable, respectively. Finance lease obligations are amortized based on the Company's incremental borrowing rate and direct financing lease receivables are amortized using the implicit interest rate.

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred.

Advertising

Advertising expense reflected in the Consolidated Statements of Comprehensive Income (Loss) includes contributions to the national advertising fund made by Applebee's and IHOP, local marketing advertising costs incurred by company-operated restaurants, and certain advertising costs incurred by the Company to benefit future franchise operations. Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

Advertising expense included in company restaurant operations for the years ended December 31, 2021, 2020 and 2019 was \$6.8 million, \$5.2 million and \$6.1 million, respectively.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in U.S. GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 inputs are unobservable and reflect the Company's own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required under U.S. GAAP to be measured at fair value on a recurring basis. None of the Company's non-financial assets or non-financial liabilities is required to be measured at fair value on a recurring basis. Assets recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis include items such as property and equipment, operating lease assets, goodwill and other intangible assets, which are measured at fair value if determined to be impaired. The Company has not elected to use fair value measurement for any assets or liabilities for which fair value measurement is not presently required.

The Company believes the fair values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate their carrying amounts due to their short duration.

The fair values of non-current financial instruments, determined based on Level 2 inputs, are shown in the following table:

	December 31,	
	2021	2020
	(In millions)	
Face value of Series 2019-1 Fixed Rate Senior Secured Notes	\$ 1,287.0	\$ 1,296.8
Fair value of Series 2019-1 Fixed Rate Senior Secured Notes	\$ 1,312.9	\$ 1,259.5

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. The Company records estimated tax liabilities to the extent the contingencies are probable and can be reasonably estimated. The Company recognizes interest accrued related to unrecognizable tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

The Company is taxed on global intangible low-tax income ("GILTI") earned by certain foreign subsidiaries and recognizes the current tax on GILTI as an expense in the period the tax is incurred. The Company includes the current tax impact of GILTI in our effective tax rate.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities based on its technical merits, including all appeals or litigation processes. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information.

Stock-Based Compensation

Members of the Board of Directors and certain employees are eligible to receive stock options, restricted stock, restricted stock units and performance units pursuant to the Dine Brands Global, Inc. 2019 Stock Incentive Plan. Shares of unvested restricted stock are subject to restrictions on transfer and forfeiture under certain circumstances. The holder of unvested restricted stock has the right to vote and receive regular cash dividends with respect to the shares of unvested restricted stock.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

The Company accounts for all stock-based payments to employees and non-employee directors, including grants of stock options, restricted stock, restricted stock units and performance units to be recognized in the financial statements, based on their respective grant date fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods.

The grant date fair value of restricted stock and stock-settled restricted stock units is determined based on the Company's stock price on the grant date. The Company estimates the grant date fair value of stock option awards using the Black-Scholes option pricing model, which considers, among other factors, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. The Company estimates the grant date fair value of awards with performance-based market conditions using a Monte Carlo simulation method which considers, among other factors, the performance-based market condition, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. Awards of cash-settled restricted stock units are classified as liabilities with the liability and compensation expense related to cash-settled awards adjusted to fair value at each balance sheet date.

Net Income (Loss) Per Share

Net income (loss) per share is calculated using the two-class method prescribed in U.S. GAAP. Basic net income (loss) per share is computed by dividing the net income (loss) available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) available to common stockholders for the period by the weighted average number of common shares and potential shares of common stock outstanding during the period if their effect is dilutive. The Company uses the treasury stock method to calculate the weighted average shares used in the diluted earnings per share calculation. Potentially dilutive common shares include the assumed exercise of stock options and assumed vesting of restricted stock.

Other Comprehensive Income (Loss)

For the years ended December 31, 2021, 2020 and 2019, the income tax benefit or provision allocated to items of other comprehensive income (loss) was not significant.

Treasury Stock

The Company may from time to time utilize treasury stock when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined using the first-in, first-out method.

Dividends

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the dividend declaration. Dividends declared in excess of retained earnings are recorded as a reduction of additional paid-in capital.

Reporting Segments

The Company identifies its reporting segments based on the organizational units used by management to monitor performance and make operating decisions. The Company has five operating segments: Applebee's franchise operations, IHOP franchise operations, rental operations, financing operations and company-operated restaurant operations. The Company has four reporting segments: franchise operations, (an aggregation of Applebee's and IHOP franchise operations), rental operations, financing operations and company-operated restaurant operations. The Company considers these to be its reportable segments, regardless of whether any segment exceeds 10% of consolidated revenues, income before income tax provision or total assets.

Franchise Segment

As of December 31, 2021, the franchise operations reportable segment consisted of 1,611 restaurants operated by Applebee's franchisees in the United States, two United States territories and 11 countries outside the United States and 1,751 restaurants operated by IHOP franchisees and area licensees in the United States, two United States territories and seven countries outside the United States. Franchise operations revenue consists primarily of royalties and advertising fees based on a percentage of the franchisee's gross sales, sales of proprietary products (primarily IHOP pancake and waffle dry mixes) and other franchise fees.

Franchise operations expenses include advertising expense, the cost of proprietary products, pre-opening training expenses and other franchise-related costs.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Rental Segment

Rental operations revenue includes revenue from operating leases and interest income from direct financing leases. Rental operations expenses are costs of operating leases and interest expense of finance leases on franchisee-operated restaurants. The rental operations revenue and expenses are primarily generated by IHOP. Applebee's has an insignificant amount of rental activity.

Financing Segment

Financing operations revenue primarily consists of interest income from the financing of IHOP franchise fees and equipment leases, notes receivable from Applebee's and IHOP franchisees and sales of equipment associated with refranchised IHOP restaurants. Financing expenses are the cost of restaurant equipment.

Company Segment

As of December 31, 2021, the Company operated 69 Applebee's restaurants that were acquired from a former franchisee in December 2018. All company-operated restaurants were located in the United States. Company restaurant sales are retail sales at company-operated restaurants. Company restaurant expenses are operating expenses at company-operated restaurants and include food, beverage, labor, benefits, utilities, rent and other operating costs.

Accounting Standards Adopted in the Current Fiscal Year

In December 2019, the Financial Accounting Standards Board ("FASB") issued new guidance intended to simplify the accounting for income taxes, change the accounting for certain income tax transactions, and make other minor changes. The Company adopted the new guidance at the beginning of the first fiscal quarter of 2021. Adoption did not have any material effect on the consolidated financial statements.

Additional new accounting guidance became effective for the Company as of the beginning of fiscal 2021 that the Company reviewed and concluded was either not applicable to its operations or had no material effect on its consolidated financial statements in the current or future fiscal years.

Newly Issued Accounting Standards Not Yet Adopted

In March 2020, with an update in January 2021, the FASB issued guidance which provides optional expedients and exceptions for applying current U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The guidance can be adopted immediately and is applicable to contracts entered into on or before December 31, 2022. The Company is currently evaluating its contracts that reference LIBOR and the potential effects of adopting this new guidance.

In July 2021, the FASB issued guidance which affect lessors with lease contracts that (i) have variable lease payments that do not depend on a reference index or a rate and (ii) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. The amendments are effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating lease contracts and the potential effects of adopting this new guidance.

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements when adoption is required in the future.

3. Revenue Disclosures

The following table disaggregates our franchise revenues by major type for the years ended December 31, 2021, 2020 and 2019:

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

3. Revenue Disclosures (Continued)

	Year ended December 31,		
	2021	2020	2019
	(In thousands)		
Franchise Revenues:			
Royalties	\$ 292,372	\$ 215,214	\$ 302,169
Advertising fees	274,790	201,494	283,015
Pancake and waffle dry mix sales and other	51,250	38,936	53,973
Franchise and development fees	13,524	13,809	12,029
Total franchise revenues	\$ 631,936	\$ 469,453	\$ 651,186

Accounts and other receivables related to franchise revenues as of December 31, 2021 and 2020 were \$66 million (net of allowance of \$1.1 million) and \$76.3 million (net of allowance of \$11.4 million), respectively, and were included in receivables, net in the Consolidated Balance Sheets.

Changes in the Company's deferred franchise revenue during the year ended December 31, 2021 were as follows:

	Deferred Franchise Revenue (short- and long-term)
	(In thousands)
Balance at December 31, 2020	59,919
Recognized as revenue during the year ended December 31, 2021	(12,101)
Fees deferred during the year ended December 31, 2021	5,528
Balance at December 31, 2021	\$ 53,346

The balance of deferred franchise revenue as of December 31, 2021 is expected to be recognized as follows:

	(In thousands)
2022	\$ 7,246
2023	6,800
2024	6,191
2025	5,416
2026	4,597
Thereafter	23,096
Total	\$ 53,346

4. Current Expected Credit Losses (“CECL”)

The CECL reserve methodology requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Under the CECL model, reserves may be established against financial asset balances even if the risk of loss is remote or has not yet manifested itself.

In applying the CECL methodology, the Company developed its estimated loss reserves in the following manner. The Company continued to record specific reserves against account balances of franchisees deemed “at-risk” when a potential loss is likely or imminent as a result of prolonged payment delinquency (greater than 90 days past due) and where notable credit deterioration has become evident. For financial assets that are not currently deemed “at-risk,” an allowance is recorded based on expected loss rates derived pursuant to the following CECL methodology that assesses four components - historical losses, current conditions, reasonable and supportable forecasts, and a reversion to history, if applicable.

Historical Losses

Historical loss rates over a five-year span were calculated for financial assets with common risk characteristics. The Company determined historical loss rate data for each franchise brand concept was more relevant than a single blended rate. Historical losses were determined based on the average charge-off method. Historical loss rates are further adjusted by factors related to current conditions and forecasts of future economic conditions.

4. Current Expected Credit Losses (Continued)

Current Conditions

The Company identified three metrics that it believes provide the most relevant reflection of the current risks inherent in the Company's franchisee-based restaurant business, as follows: (1) delinquency status, (2) system-wide same-restaurant sales, and (3) restaurant unit-level economics. The current conditions adjustment factor was adjusted to account for the impact of the COVID-19 pandemic.

Reasonable and Supportable Forecasts

The third component in the CECL methodology involves consideration of macroeconomic conditions that can impact the estimate of expected credit losses in the future. The Company has not developed an internal methodology in this regard; rather, the Company utilizes existing, publicly accessible sources of economic data, primarily forecasts of overall unemployment rate as well as consumer spending based on the personal consumption expenditure index.

Reversion to History

The Company has determined that reversion to history was not required since the remaining average lives of the Company's financial assets are not exceedingly lengthy.

The Company considers its portfolio segments to be the following:

Accounts Receivable (Franchise-Related)

Most of the Company's short-term receivables due from franchisees are derived from royalty, advertising and other franchise-related fees.

Gift Card Receivables

Gift card receivables consist primarily of amounts due from third-party vendors. Receivables related to gift card sales are subject to seasonality and usually peak around year end as a result of the December holiday season.

Notes Receivable

Notes receivable balances primarily relate to the conversion of certain Applebee's franchisee accounts receivable to notes receivable, cash loans to franchisees for working capital purposes, a note receivable in connection with the sale of IHOP company restaurants in June 2017, and IHOP franchise fee and other notes. The notes are typically collateralized by the franchise. The notes have a term from one to seven years and bear interest averaging 4.0% and 4.7% per annum at December 31, 2021 and 2020, respectively. Due to the risk inherent in Applebee's notes that were converted from previously delinquent franchisee accounts receivable balances, a significant portion of these notes have specific reserves recorded against them totaling \$10.4 million as of December 31, 2021.

Equipment Leases Receivable

Equipment leases receivable primarily relate to IHOP franchise development activity prior to 2003. IHOP provided the financing for the leasing of the equipment. Equipment lease contracts are collateralized by the equipment in the restaurant. Equipment lease contracts are due in equal weekly installments, and bear interest averaging 9.9% and 9.8% per annum at December 31, 2021 and 2020, respectively. The term of an equipment lease contract typically coincides with the term of the corresponding restaurant building lease. The weighted average remaining life of the Company's equipment leases is 4.7 years as of December 31, 2021. The estimated fair value of the equipment collateralizing these lease contracts are not deemed to be significant given the very seasoned and mature nature of this portfolio.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

4. Current Expected Credit Losses (Continued)

Direct Financing Leases Receivable

Direct financing lease receivables also primarily relate to IHOP franchise development activity prior to 2003 when IHOP typically leased or purchased the restaurant site, built and equipped the restaurant, and then franchised the restaurant to a franchisee. IHOP provided the financing for leasing or subleasing the site. Direct financing leases at December 31, 2021, comprised 70 leases with a weighted average remaining life of 5.2 years, and relate to locations that IHOP is leasing from third parties and subleasing to franchisees. Where applicable, building leases and equipment contracts contain cross-default provisions wherein a default under one constitutes a default under all.

Distributor Receivables

Receivables due from distributors are related to the sale of IHOP's proprietary pancake and waffle dry mix to franchisees through the Company's network of suppliers and distributors and are included as part of Other receivables.

Total receivables balances at December 31, 2021 and 2020 were as follows:

<u>Receivables</u>	2021	2020
	(In millions)	
Accounts receivable	\$ 63.6	\$ 85.7
Gift card receivables	33.4	22.5
Notes receivable	19.7	18.6
Financing receivables:		
Equipment leases receivable	33.4	43.9
Direct financing leases receivable	16.7	22.7
Other	7.6	6.1
	174.4	199.5
Less: allowance for doubtful accounts and notes receivable	(11.9)	(23.1)
	162.5	176.4
Less: current portion	(120.0)	(121.9)
Long-term receivables	\$ 42.5	\$ 54.5

Changes in the allowance for credit losses during the years ended December 31, 2021 and 2020 were as follows:

	Accounts Receivable	Notes receivable, short-term	Notes receivable, long-term	Lease Receivables	Equipment Receivables	Other ⁽¹⁾	Total
	(In millions)						
Balance, December 31, 2019	\$ 0.7	\$ 2.4	\$ 8.2	\$ —	\$ —	\$ —	\$ 11.3
Increase due to CECL adoption	0.3	—	0.1	0.1	0.1	0.1	0.7
Bad debt expense for the year ended December 31, 2020	5.0	2.5	0.5	1.2	3.4	0.2	12.8
Advertising provision adjustment	5.4	(0.7)	(1.2)	—	—	—	3.5
Write-offs	(0.2)	(0.6)	(2.3)	(0.9)	(1.2)	—	(5.2)
Recoveries	0.0	—	—	0.0	—	—	—
Balance, December 31, 2020	\$ 11.2	\$ 3.6	\$ 5.3	\$ 0.4	\$ 2.3	\$ 0.3	\$ 23.1
Bad debt (credit) expense for the year ended December 31, 2021	(8.2)	1.4	1.1	0.1	0.8	(0.1)	(4.9)
Advertising provision adjustment	(1.8)	(0.3)	0.2	—	—	—	(1.9)
Write-offs	(0.2)	(0.9)	—	(0.5)	(3.0)	—	(4.6)
Recoveries	0.0	—	—	0.2	—	—	0.2
Balance, December 31, 2021	\$ 1.0	\$ 3.8	\$ 6.6	\$ 0.2	\$ 0.1	\$ 0.2	\$ 11.9

⁽¹⁾ Primarily distributor receivables, gift card receivables and credit card receivables

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

4. Current Expected Credit Losses (Continued)

The Company's primary credit quality indicator for all portfolio segments is delinquency. The delinquency status of receivables (other than accounts receivable, gift card receivables and distributor receivables) at December 31, 2021 was as follows:

	Notes receivable, short-term	Notes receivable, long-term	Lease Receivables	Equipment Receivables	Other ⁽¹⁾	Total
(In millions)						
Current	\$ 5.0	\$ 13.3	\$ 16.7	\$ 33.4	\$ 1.8	\$ 70.2
30-59 days	0.0	—	—	—	—	0.0
60-89 days	0.0	—	—	—	—	—
90-119 days	—	—	—	—	—	—
120+ days	1.4	—	—	—	—	1.4
Total	<u>\$ 6.4</u>	<u>\$ 13.3</u>	<u>\$ 16.7</u>	<u>\$ 33.4</u>	<u>\$ 1.8</u>	<u>\$ 71.6</u>

⁽¹⁾ Primarily credit card receivables

The year of origination of the Company's financing receivables is as follows:

	Notes receivable, short and long- term	Lease Receivables	Equipment Receivables	Total
(In millions)				
2021	\$ 13.1	\$ 2.7	\$ —	\$ 15.8
2020	0.6	1.4	—	2.0
2019	0.2	0.8	—	1.0
2018	—	—	—	—
2017	5.7	—	—	5.7
Prior	0.1	11.8	33.4	45.3
Total	<u>\$ 19.7</u>	<u>\$ 16.7</u>	<u>\$ 33.4</u>	<u>\$ 69.8</u>

The Company does not place its financing receivables in non-accrual status.

The following table summarizes the activity in the allowance for doubtful accounts and notes receivable for the year ended December 31, 2019, prior to the adoption of CECL:

	(In millions)
Allowance for Doubtful Accounts	
Balance at December 31, 2018	\$ 17.2
Provision	(0.4)
Write-offs	(5.0)
Recoveries	(0.5)
Balance at December 31, 2019	<u>\$ 11.3</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

5. Property and Equipment

Property and equipment by category at December 31, 2021 and 2020 were as follows:

	2021	2020
	(In millions)	
Leaseholds and improvements	\$ 221.1	\$ 221.7
Properties under finance leases	94.6	95.2
Equipment and fixtures	52.5	51.3
Buildings and improvements	54.2	55.4
Land	51.3	52.1
Internal-use software	55.7	47.8
Construction in progress	5.5	5.0
Property and equipment, gross	534.9	528.5
Less: accumulated depreciation and amortization	(355.5)	(340.5)
Property and equipment, net	\$ 179.4	\$ 188.0

The Company recorded depreciation expense on property and equipment of \$29.2 million, \$31.9 million and \$30.8 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Accumulated depreciation and amortization includes accumulated amortization for properties under finance leases in the amount of \$52.7 million and \$49.6 million at December 31, 2021 and 2020, respectively.

6. Goodwill

The significant majority of the Company's goodwill arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of goodwill for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Applebee's Franchise Unit	Applebee's Company Unit	IHOP Franchise Unit	Total
	(In millions)			
Balance at December 31, 2018	\$ 328.4	\$ 6.1	\$ 10.8	\$ 345.3
Purchase price adjustment related to business acquisition	—	(1.5)	—	(1.5)
Balance at December 31, 2019	328.4	4.6	10.8	343.9
Impairment loss	(92.2)	—	—	(92.2)
Balance at December 31, 2020	236.2	4.6	10.8	251.6
Balance at December 31, 2021	\$ 236.2	\$ 4.6	\$ 10.8	\$ 251.6

Gross and net carrying amounts of goodwill at December 31, 2021 and 2020 are as follows:

	December 31, 2021			December 31, 2020		
	Gross	Accumulated Impairment Loss	Net	Gross	Accumulated Impairment Loss	Net
	(In millions)					
Applebee's Franchise Unit	\$ 686.7	\$ (450.5)	\$ 236.2	\$ 686.7	\$ (450.5)	\$ 236.2
Applebee's Company Unit	4.6	—	4.6	4.6	—	4.6
IHOP Franchise Unit	10.8	—	10.8	10.8	—	10.8
Total	\$ 702.1	\$ (450.5)	\$ 251.6	\$ 702.1	\$ (450.5)	\$ 251.6

The Company assesses goodwill for impairment in accordance with its policy described in *Note 2 - Basis of Presentation and Summary of Significant Accounting Policies*.

6. Goodwill (Continued)

The Company evaluates its goodwill and the indefinite-lived Applebee's tradename for impairment annually in the fourth quarter of each year or on an interim basis if events or changes in circumstances between annual tests indicate a potential impairment. Definite-lived intangible assets and long-lived tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable based on estimated undiscounted future cash flows.

2021 Assessment

In the fourth quarter of 2021, the Company performed qualitative assessments of its goodwill in accordance with its accounting policies. As result of the qualitative assessment, the Company concluded it was more likely than not that the fair values of each unit exceeded the respective carrying amounts and therefore, a quantitative test of impairment was not necessary.

2020 Assessment

Because of the risks and uncertainties associated with the COVID-19 pandemic, the Company performed an interim assessment to determine whether the impact of COVID-19 indicated a potential impairment to its goodwill and intangible assets. In the second quarter of 2020, the Company noted that its common stock had recovered less of its early March 2020 (pre-pandemic) market value than the overall U.S. stock market had recovered. The Company also was able to assess several months of data as to the impact of the COVID-19 pandemic on its operations and, in turn, assess the impact that might have on the risk premium incorporated into its discount rate. Based on these developments, the Company determined that an interim quantitative test for impairment of the goodwill of the Applebee's Franchise and Company units should be performed as of May 24, 2020. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The fair value technique used in this instance is classified as Level 3, where unobservable inputs are used when little or no market data is available.

In performing the quantitative test for impairment of goodwill, the Company used the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of goodwill and intangible assets. Significant assumptions made by management in estimating fair value under the discounted cash flow model include future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied.

As a result of performing the quantitative test of impairment, the Company recognized an impairment loss of \$92.2 million in 2020 to the goodwill of the Applebee's Franchise unit. The majority of the impairment was due to an increase in the assessed risk premium incorporated into the discount rate assumption. There was no impairment of the Applebee's Company unit.

2019 Assessment

In the fourth quarter of 2019, the Company performed qualitative assessments of its goodwill in accordance with its accounting policies. As result of the qualitative test, the Company concluded it was more likely than not that the fair values of each unit exceeded the respective carrying amounts and therefore, a quantitative test of impairment was not necessary.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

7. Other Intangible Assets

The significant majority of the Company's other intangible assets arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amounts for the years ended December 31, 2021, 2020 and 2019 are as follows:

	Not Subject to Amortization		Subject to Amortization			Total
	Tradename	Other	Franchising Rights	Reacquired Franchise Rights	Favorable Leaseholds	
	(In millions)					
Balance at December 31, 2018	\$ 479.0	\$ 2.7	\$ 89.0	\$ 11.5	\$ 3.6	\$ 585.9
Amortization expense	—	—	(10.0)	(1.7)	(0.1)	(11.7)
Additions	—	0.5	—	—	0.5	1.0
Balance at December 31, 2019	479.0	3.2	79.0	9.8	4.1	575.1
Impairment	(11.0)	—	—	(3.3)	(0.8)	(15.1)
Amortization expense	—	—	(10.0)	(0.8)	(0.1)	(10.9)
Additions	—	0.6	—	—	—	0.5
Balance at December 31, 2020	468.0	3.8	69.0	5.7	3.2	549.7
Amortization expense	—	—	(10.0)	(0.6)	(0.1)	(10.7)
Additions	—	0.4	—	—	—	0.4
Balance at December 31, 2021	<u>\$ 468.0</u>	<u>\$ 4.2</u>	<u>\$ 59.0</u>	<u>\$ 5.1</u>	<u>\$ 3.1</u>	<u>\$ 539.4</u>

In December 2018, the Company acquired 69 Applebee's restaurants. In its allocation of the purchase price, the Company recorded \$11.6 million of reacquired franchise rights as an intangible asset. Additions other intangibles for the years ended December 31, 2021, 2020 and 2019 are individually insignificant.

Impairments in 2020

As discussed in *Note 6 - Goodwill*, the Company determined that indicators of impairment existed prior to the annual test for impairment and performed an interim quantitative test for impairment of Applebee's tradename and reacquired franchise rights in the second quarter of 2020. In performing the impairment test of the tradename, the Company used the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and a discount rate applied to the forecast revenue stream. As a result of performing the quantitative test of impairment, the Company recognized an impairment of \$11.0 million to Applebee's tradename. The majority of the impairment was due to an increase in the assessed risk premium incorporated into the discount rate assumption. In addition, the Company determined that the carrying amounts of reacquired franchise rights and favorable leaseholds exceeded the estimated fair value by \$3.3 million and \$0.8 million, respectively, and recorded impairments to those intangible assets.

Annual amortization expense for the next five fiscal years is estimated to be approximately \$10.7 million per year.

Gross and net carrying amounts of intangible assets subject to amortization at December 31, 2021 and 2020 are as follows:

	December 31, 2021			December 31, 2020		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In millions)					
Franchising rights	\$ 200.0	\$ (141.0)	\$ 59.0	\$ 200.0	\$ (131.0)	\$ 69.0
Reacquired franchise rights	8.3	(3.2)	5.1	8.3	(2.6)	5.7
Favorable leaseholds	3.4	(0.3)	3.1	\$ 3.4	\$ (0.2)	3.2
Total	<u>\$ 211.7</u>	<u>\$ (144.5)</u>	<u>\$ 67.2</u>	<u>\$ 211.7</u>	<u>\$ (133.7)</u>	<u>\$ 78.0</u>

In the fourth quarter of fiscal 2021 and 2019, the Company performed a qualitative assessment of the Applebee's tradename and concluded the fair value exceeded the carrying amount.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

8. Long-Term Debt

Long-term debt at December 31, 2021 and 2020 consists of the following components:

	2021	2020
	(In millions)	
Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I	\$ 693.0	\$ 698.3
Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II	594.0	598.5
Series 2019-1 Variable Funding Senior Notes Class A-1, variable interest rate of 2.42% at December 31, 2021	—	220.0
Debt issuance costs	(7.4)	(11.8)
Long-term debt, net of debt issuance costs	1,279.6	1,505.0
Current portion of long-term debt	—	(13.0)
Long-term debt	<u>\$ 1,279.6</u>	<u>\$ 1,492.0</u>

Long-Term Debt

On June 5, 2019, Applebee’s Funding LLC and IHOP Funding LLC (the “Co-Issuers”), each a special purpose, wholly-owned indirect subsidiary of the Company, issued two tranches of fixed rate senior secured notes, the Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I (“Class A-2-I Notes”) in an initial aggregate principal amount of \$700 million and the Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II (“Class A-2-II Notes”) in an initial aggregate principal amount of \$600 million (the “Class A-2-II Notes” and, together with the Class A-2-I Notes, the “2019 Class A-2 Notes”). The 2019 Class A-2 Notes were issued pursuant to an offering exempt from registration under the Securities Act of 1933, as amended.

The Co-Issuers also replaced their existing revolving financing facility, the 2018-1 Variable Funding Senior Notes, Class A-1 (“2018 Class A-1 Notes”), with a new revolving financing facility, the 2019-1 Variable Funding Senior Notes, Class A-1 (the “Credit Facility”), on substantially the same terms as the 2018 Class A-1 Notes in order to conform the term of the Credit Facility to the anticipated repayment dates for the 2019 Class A-2 Notes. The Credit Facility and the 2019 Class A-2 Notes are referred to collectively herein as the “New Notes.”

The New Notes were issued in a securitization transaction pursuant to which substantially all of the domestic revenue-generating assets and domestic intellectual property, as further described below, held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of the Company (the “Guarantors”) were pledged as collateral to secure the New Notes.

2019 Class A-2 Notes

The New Notes were issued under a Base Indenture, dated as of September 30, 2014, amended and restated as of June 5, 2019 (the “Base Indenture”), and the related Series 2019-1 Supplement to the Base Indenture, dated June 5, 2019 (the “Series 2019-1 Supplement”), among the Co-Issuers and Citibank, N.A., as the trustee (in such capacity, the “Trustee”) and securities intermediary. The Base Indenture and the Series 2019-1 Supplement (collectively, the “Indenture”) will allow the Co-Issuers to issue additional series of notes in the future subject to certain conditions set forth therein.

While the 2019 Class A-2 Notes are outstanding, payment of principal and interest is required to be made on the Class A-2 Notes on a quarterly basis. The payment of principal on the 2019 Class A-2 Notes may be suspended when the leverage ratio for the Company and its subsidiaries is less than or equal to 5.25x. Exceeding the leverage ratio of 5.25x does not violate any covenant related to the New Notes.

As of December 31, 2021 the Company’s leverage ratio was 3.86x. Therefore, quarterly principal payments are not required. During 2021, the Company’s leverage ratio exceeded 5.25x until the quarterly payment period ended September 30, 2021. Accordingly, the Company made three principal payments totaling \$9.75 million in 2021.

The Company may voluntarily repay the New Notes at any time; however, if the Company repays the New Notes prior to certain dates, it would be required to pay make-whole premiums. As of December 31, 2021, the make-whole premium associated with voluntary prepayment of the Class A-2-I Notes was approximately \$10 million; this amount declines each quarter to zero in June 2022. As of December 31, 2021, the make-whole premium associated with voluntary prepayment of the Class A-2-II Notes was approximately \$39 million; this amount declines each quarter to zero in June 2024. The Company would also be subject to a make-whole premium in the event of a mandatory prepayment required following a Rapid Amortization Event or certain asset dispositions. The mandatory make-whole premium requirements are considered derivatives

8. Long-Term Debt (Continued)

embedded in the New Notes that must be bifurcated for separate valuation. The Company estimated the fair value of these derivatives to be immaterial as of December 31, 2021, based on the probability-weighted discounted cash flows associated with either event.

The legal final maturity of the 2019 Class A-2 Notes is in June 2049, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2-I Notes will be repaid in June 2024 (the “Class A-2-I Anticipated Repayment Date”) and the Class A-2-II Notes will be repaid in June 2026 (the “Class A-2-II Anticipated Repayment Date”). If the Co-Issuers have not repaid or refinanced the Class A-2-I Notes by the Class A-2-I Anticipated Repayment Date or the Class A-2-II Notes by the Class A-2-II Anticipated Repayment Date, then additional interest will accrue on the Class A-2-I Notes and the Class A-2-II Notes, as applicable, at the greater of: (A) 5.0% and (B) the amount, if any, by which the sum of the following exceeds the applicable Class A-2 Note interest rate: (x) the yield to maturity (adjusted to a quarterly bond-equivalent basis) on the applicable anticipated repayment date of the United States Treasury Security having a term closest to 10 years plus (y) 5.0%, plus (z) 2.15% for the Class A-2-I Notes and 2.64% for the Class A-2-II Notes.

2019 Class A-1 Notes

The Co-Issuers also entered into the Credit Facility that allows for drawings up to \$225 million of variable funding notes and the issuance of letters of credit. The 2019 Class A-1 Notes were issued under the Indenture. Drawings and certain additional terms related to the Credit Facility are governed by the 2019 Class A-1 Note Purchase Agreement, dated June 5, 2019, among the Co-Issuers, certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor (“the Guarantors”), the Company, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters of credit, swingline lender and administrative agent (the “Purchase Agreement”).

The Credit Facility is governed, in part, by the Purchase Agreement and by certain generally applicable terms contained in the Indenture. The applicable interest rate under the Credit Facility depends on the type of borrowing by the Co-Issuers. The applicable interest rate for advances is generally calculated at a per annum rate equal to the commercial paper funding rate or one-, two-, three- or six-month Eurodollar Funding Rate, in either case, plus 2.15%. The applicable interest rate for swingline advances and unreimbursed draws on outstanding letters of credit is a per annum base rate equal to the sum of (a) 1.15% plus (b) the greatest of (i) the Prime Rate in effect from time to time, (ii) the Federal Funds Rate in effect from time to time plus 0.50% and (iii) the one-month Eurodollar Funding Rate plus 1.00%. There is no upfront fee for the Credit Facility. There is a fee of 50 basis points on any unused portion of the Credit Facility. Undrawn face amounts of outstanding letters of credit that are not cash collateralized accrue a fee of 2.15% per annum. It is anticipated that the principal and interest on the Credit Facility will be repaid in full on or prior to the quarterly payment date in June 2024 (the “2019 Class A-1 Anticipated Repayment Date”), subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions.

Management Agreement

Under the terms of the Management Agreement, dated September 30, 2014, as amended and restated as of September 5, 2018, as further amended and restated as of June 5, 2019 and as amended by that certain Amendment No. 1 to Management Agreement dated November 21, 2019, among the Co-Issuers and the Guarantors (collectively, the “Securitization Entities”), the Company, Applebee’s Services, Inc., International House of Pancakes, LLC and the Trustee, the Company will act as the manager with respect to substantially all of the assets of the Securitization Entities (the “Securitized Assets”). The primary responsibilities of the manager will be to perform certain franchising, distribution, intellectual property and operational functions on behalf of the Securitization Entities with respect to the Securitized Assets pursuant to the Management Agreement. The manager will be entitled to the payment of the weekly management fee, as set forth in the Management Agreement and will be subject to the liabilities set forth in the Management Agreement. The Company, as Manager, voluntarily began waiving its receipt of the weekly management fee in April 2020 and resumed its receiving the weekly management fee in July 2020.

Covenants and Restrictions

The New Notes are subject to a series of covenants and restrictions customary for transactions of this type, including: (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the New Notes, (ii) provisions relating to optional and mandatory prepayments, and the related payment of specified amounts, including specified call redemption premiums in the case of Class A-2 Notes under certain circumstances; (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the New Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The New Notes are subject to customary rapid amortization events provided for in the Indenture, including events tied to failure of the Securitization Entities to maintain the stated debt service coverage ratio (“DSCR”), the sum of domestic retail sales for all restaurants being

8. Long-Term Debt (Continued)

below certain levels on certain measurement dates, certain manager termination events, certain events of default and the failure to repay or refinance the Class A-2 Notes on the anticipated repayment dates. The New Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the New Notes, failure of the Securitization Entities to maintain the stated DSCR, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties and certain judgments.

In general, the DSCR ratio is Net Cash Flow (as defined in the Indenture) for the four quarters preceding the calculation date divided by the total debt service payments (as defined in the Indenture) of the preceding four quarters. The complete definitions of the DSCR and all calculation elements are contained in the Indenture. Failure to maintain a prescribed DSCR can trigger a Cash Flow Sweeping Event, a Rapid Amortization Event, a Manager Termination Event or a Default Event as described below. In a Cash Flow Sweeping Event, the Trustee is required to retain 50% of excess Cash Flow (as defined in the Indenture) in a restricted account. In a Rapid Amortization Event, all excess Cash Flow is retained and used to retire principal amounts of debt. In a Manager Termination Event, the Company may be replaced as manager of the assets securitized under the Indenture. In a Default Event, the outstanding principal amount and any accrued but unpaid interest can be called to become immediately due and payable. Key DSCRs are as follows:

- DSCR less than 1.75x - Cash Flow Sweeping Event
- DSCR less than 1.20x - Rapid Amortization Event
- Interest-only DSCR less than 1.20x - Manager Termination Event
- Interest-only DSCR less than 1.10x - Default Event

The Company's DSCR for the reporting period ended December 31, 2021 was approximately 4.7x.

Use of Credit Facilities

In March 2020, the Co-Issuers drew down a total of \$220.0 million of the amount then available under the Credit Facility. The entire \$220.0 million was repaid on March 5, 2021, and there have been no new borrowings since that date. The maximum amount of borrowings from the Credit Facility outstanding during the year ended December 31, 2021 was \$220.0 million. At December 31, 2021, there were no borrowings outstanding under the Credit Facility. It is anticipated that any principal and interest on the Credit Facility outstanding will be repaid in full on or prior to the quarterly payment date in June 2024, subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions.

The current interest rate for borrowings under the Credit Facility is the three-month LIBOR rate plus 2.15% for 60% of the advances and the commercial paper funding rate of our conduit investor plus 2.15% for 40% of the advances. The weighted average interest rate on Credit Facility borrowings for the period outstanding during the year ended December 31, 2021 was 2.42%.

At December 31, 2021, \$3.3 million was pledged against the Credit Facility for outstanding letters of credit, leaving \$221.7 million of the Credit Facility available for borrowing. The letters of credit are used primarily to satisfy insurance-related collateral requirements.

Loss on Extinguishment of Debt

In connection with the repayment of the 2014 Class A-2 Notes, during the year ended December 31, 2019, the Company recognized a loss on extinguishment of debt of \$8.3 million, representing the remaining unamortized costs related to the 2014 Class A-2 Notes at the time of repayment. Prior to the extinguishment on June 5, 2019, amortization costs of \$1.4 million associated with the 2014 Class A-2 Notes were included in interest expense for the year ended December 31, 2019.

8. Long-Term Debt (Continued)

Debt Issuance Costs

The Company incurred costs of approximately \$12.9 million in connection with the issuance of the 2019 Class A-2 Notes. These debt issuance costs are being amortized using the effective interest method over estimated life of each tranche of the 2019 Class A-2 Notes. Amortization costs of \$2.2 million, \$2.1 million and \$1.2 million included in interest expense for the years ended December 31, 2021, 2020 and 2019, respectively. Unamortized debt issuance costs of \$7.4 million are reported as a direct reduction of the Class A-2 Notes in the Consolidated Balance Sheets.

The Company incurred costs of approximately \$0.2 million in connection with the replacement of the 2018-1 Class A-1 Notes with the Credit Facility in 2019. These debt issuance costs have been added to the remaining unamortized costs of approximately \$2.8 million related to the 2018 Class A-1 Notes, the total of which costs is now being amortized using the effective interest method over the estimated five-year life of the Credit Facility. Amortization costs of \$0.6 million, \$0.6 million and \$0.8 million were included in interest expense for the years ended December 31, 2021, 2020 and 2019, respectively.

Total unamortized debt issuance costs of \$1.5 million related to the Credit Facility and prior credit facility are classified as other long-term assets because there are no borrowings outstanding against the Credit Facility at December 31, 2021. At December 31, 2020, unamortized debt issuance costs of \$2.2 million were reported as a direct reduction of the Class A-1 Notes in the Consolidated Balance Sheets.

Maturities of Long-term Debt

- The anticipated repayment date of the Class A-2-I Notes is June 2024.
- The anticipated repayment date of the Class A-2-II Notes is June 2026.
- Quarterly principal payments on the Class A-2-I and Class A-2-II Notes totaling \$3.25 million (\$13.0 million per annum) are required if the Company's leverage ratio is greater than 5.25x.

9. Financing Obligations

On May 19, 2008, the Company entered into a Purchase and Sale Agreement relating to the sale and leaseback of 181 parcels of real property (the "Sale-Leaseback Transaction"), each of which is improved with a restaurant operating as an Applebee's Neighborhood Grill and Bar (the "Properties"). On June 13, 2008, the closing date of the Sale-Leaseback Transaction, the Company entered into a Master Land and Building Lease ("Master Lease") for the Properties. The proceeds received from the transaction were \$337.2 million. The Master Lease calls for an initial term of twenty years and four, five-year options to extend the term.

The Sale-Leaseback Transaction does not qualify as a sale under current U.S. GAAP. Accordingly, the Sale-Leaseback Transaction continues to be recorded under the financing method. The value of the land and leasehold improvements will remain on the Company's books and the leasehold improvements will continue to be depreciated over their remaining useful lives. The net proceeds received were recorded as a financing obligation. A portion of the lease payments is recorded as a decrease to the financing obligation and a portion is recognized as interest expense. In the event the lease obligation of any individual property or group of properties is assumed by a qualified franchisee, the portion of the transaction related to that property or group of properties is recorded as a sale in accordance with U.S. GAAP and the net book value of those properties will be removed from the Company's books, along with a ratable portion of the remaining financing obligation.

As of December 31, 2021, the portion of the original Sale-Leaseback Transaction related to 158 of the 181 Properties has qualified as a sale by assignment of the lease obligation to a qualified franchisee or a release from the lessor. In accordance with the accounting described above, the property and equipment and financing obligations have each been cumulatively reduced by approximately \$284.2 million.

9. Financing Obligations (Continued)

As of December 31, 2021, future minimum lease payments under financing obligations during the initial terms of the leases related to the sale-leaseback transactions are as follows:

Fiscal Years	(In millions)
2022	\$ 4.5
2023	4.4
2024	5.0
2025	5.0
2026	5.4
Thereafter	29.4
Total minimum lease payments	53.7
Less: interest	(20.9)
Total financing obligations	32.8
Less: current portion ⁽¹⁾	(0.8)
Long-term financing obligations	\$ 32.0

⁽¹⁾ Included in current maturities of finance lease and financing obligations on the consolidated balance sheets.

10. Lease Disclosures

The Company engages in leasing activity as both a lessee and a lessor. The majority of the Company's lease portfolio originated when the Company was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included the Company's purchase or leasing of the site on which the restaurant was located and subsequently leasing/subleasing the site to the franchisee. With a few exceptions, the Company ended this practice in 2003 and the Company's current lease activity is predominantly comprised of renewals of existing lease arrangements and exercises of options on existing lease arrangements.

The Company currently leases from third parties the real property on which approximately 540 IHOP franchisee-operated restaurants and one Applebee's franchisee-operated restaurant are located; the Company (as lessor) subleases the property to the franchisees that operate those restaurants. The Company also leases property it owns to the franchisees that operate 55 IHOP restaurants and one Applebee's restaurant. The Company leases from third parties the real property on which 69 Applebee's company-operated restaurants are located. The Company also leases office space for its principal corporate office in Glendale, California and restaurant support centers in Leawood, Kansas and Raleigh, North Carolina. The Company does not have a significant amount of non-real estate leases.

The Company's existing leases/subleases related to IHOP restaurants generally provide for an initial term of 20 to 25 years, with most having one or more five-year renewal options. Leases related to Applebee's restaurants generally have an initial term of 10 to 20 years, with renewal terms of five to 20 years. Option periods were not included in determining liabilities and right-of-use assets related to operating leases. Restaurants associated with approximately 330 of the Company's leases met the sales levels that required variable rent payments to the Company (as lessor), based on a percentage of restaurant sales in 2021. Restaurants associated with approximately 65 of the Company's leases met the sales levels that required variable rent payments by the Company (as lessee), based on a percentage of restaurant sales in 2021.

The individual lease agreements do not provide information to determine the implicit interest rate in the agreements. The Company made significant judgments in determining the incremental borrowing rates that were used in calculating operating lease liabilities as of the adoption date. Due to the large number of leases, the Company applied a portfolio approach by grouping the leases based on the original lease term. The Company estimated the interest rate for each grouping primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption date; and (iii) adjustments for differences in years to maturity.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

The Company's lease cost for the years ended December 31, 2021, 2020, and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Finance lease cost:			
Amortization of right-of-use assets	\$ 4.6	\$ 5.0	\$ 5.3
Interest on lease liabilities	5.4	6.6	7.7
Operating lease cost	98.7	109.8	106.2
Variable lease cost	7.0	0.8	2.7
Short-term lease cost	0.1	0.0	0.0
Sublease income	(104.6)	(96.8)	(110.9)
Lease cost	<u>\$ 11.2</u>	<u>\$ 25.4</u>	<u>\$ 11.0</u>

Future minimum lease payments under noncancelable leases as lessee as of December 31, 2021 were as follows:

	Finance Leases	Operating Leases
	(In millions)	
2022	\$ 14.3	\$ 91.8
2023	11.7	76.6
2024	9.9	72.0
2025	8.1	59.5
2026	7.5	49.9
Thereafter	44.3	126.8
Total minimum lease payments	<u>95.8</u>	<u>476.6</u>
Less: interest/imputed interest	(26.3)	(83.7)
Total obligations	<u>69.5</u>	<u>392.9</u>
Less: current portion	(9.9)	(72.1)
Long-term lease obligations	<u>\$ 59.6</u>	<u>\$ 320.8</u>

The weighted average remaining lease term as of December 31, 2021 was 9.5 years for finance leases and 6.8 years for operating leases. The weighted average discount rate as of December 31, 2021 was 10.1% for finance leases and 5.5% for operating leases.

During the years ended December 31, 2021, 2020 and 2019, the Company made the following cash payments for leases:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Principal payments on finance lease obligations	\$ 10.2	\$ 12.5	\$ 13.6
Interest payments on finance lease obligations	\$ 5.4	\$ 6.6	\$ 7.7
Payments on operating leases	\$ 91.7	\$ 101.1	\$ 91.9
Variable lease payments	\$ 6.2	\$ 0.7	\$ 2.5

The Company's income from operating leases for the years ended December 31, 2021, 2020 and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Minimum lease payments	\$ 96.0	\$ 97.2	\$ 102.8
Variable lease income	15.3	5.2	11.5
Total operating lease income	<u>\$ 111.3</u>	<u>\$ 102.4</u>	<u>\$ 114.3</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

Future minimum payments to be received as lessor under noncancelable operating leases as of December 31, 2021 were as follows:

	(In millions)
2022	\$ 102.3
2023	98.1
2024	89.9
2025	76.9
2026	62.4
Thereafter	131.1
Total minimum rents receivable	<u>\$ 560.7</u>

The Company's income from direct financing leases at December 31, 2021, 2020 and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Interest income	\$ 2.1	\$ 3.4	\$ 5.0
Variable lease income	0.5	0.3	1.3
Total financing lease income	<u>\$ 2.6</u>	<u>\$ 3.7</u>	<u>\$ 6.3</u>

Future minimum payments to be received as lessor under noncancelable direct financing leases as of December 31, 2021 were as follows:

	(In millions)
2022	\$ 7.8
2023	3.9
2024	1.8
2025	1.0
2026	0.9
Thereafter	4.4
Total minimum rents receivable	19.8
Less: unearned income	(3.1)
Total direct financing leases receivable	16.7
Less: current portion	(6.6)
Long-term direct financing leases receivable	<u>\$ 10.1</u>

11. Commitments and Contingencies

Purchase Commitments

In some instances, the Company enters into commitments to purchase advertising and other items. Most of these agreements are fixed price purchase commitments. At December 31, 2021, the outstanding purchase commitments were \$78.1 million, of which \$62.7 million related to advertising commitments over the next twelve months.

Lease Guarantees

In connection with the sale of Applebee's restaurants to franchisees and other parties, the Company has, in certain cases, guaranteed or had potential continuing liability for lease payments. The Company had outstanding lease guarantees or was contingently liable for approximately \$223.1 million and \$245.6 million as of December 31, 2021 and 2020, respectively. These amounts represent the maximum potential liability of future payments under these leases. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from 2022 through 2048. Excluding unexercised option periods, the Company's potential liability for future payments under these leases as of December 31, 2021 was \$49.2 million. In the event of default, the indemnity and default clauses in our sale or assignment agreements govern our ability to pursue and recover damages incurred. No material liabilities for these guarantees have been recorded as of December 31, 2021.

11. Commitments and Contingencies (Continued)

Litigation, Claims and Disputes

The Company is subject to various lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of the Company's litigation are expensed as such fees and expenses are incurred. In the opinion of management, these matters are adequately covered by insurance or, if not so covered, are without merit or are of such a nature or involve amounts that would not have a material adverse impact on the Company's business or consolidated financial statements. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience in connection with pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

Letters of Credit

The Company provides letters of credit, primarily to various insurance carriers to collateralize obligations for outstanding claims. As of December 31, 2021, the Company had approximately \$3.3 million of unused letters of credit outstanding that reduce the Company's available borrowing under its 2019 Class A-1 Notes. These letters of credit expire on various dates in 2021 and are automatically renewed for an additional year if no cancellation notice is submitted.

12. Stockholders' Deficit

Stock Repurchase Programs

In February 2019, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to \$200 million of the Company's common stock (the "2019 Repurchase Program") on an opportunistic basis from time to time in the open market or in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2019 Repurchase Program, as approved by the Board of Directors, does not require the repurchase of a specific number of shares and can be terminated at any time. In connection with the approval of the 2019 Repurchase Program, the Board of Directors terminated the prior repurchase program approved in October 2015 (the "2015 Repurchase Program") which had authorized the Company to repurchase up to \$150 million of the Company's common stock.

A summary of shares repurchased under the 2019 Repurchase Program and the 2015 Repurchase Program, during the years ended December 31, 2021, 2020 and 2019, and cumulatively for each program, is as follows:

	<u>Shares</u>	<u>Cost of shares</u> (In millions)
<u>2019 Repurchase Program:</u>		
Repurchased during the year ended December 31, 2021	59,099	\$ 4.5
Repurchased during the year ended December 31, 2020	459,899	\$ 26.5
Repurchased during the year ended December 31, 2019	1,237,698	\$ 103.3
Cumulative (life-of-program) repurchases	1,756,696	\$ 134.3
Remaining dollar value of shares that may be repurchased	n/a	\$ 65.7
<u>2015 Repurchase Program:</u>		
Repurchased during the year ended December 31, 2019	110,499	\$ 8.4
Cumulative (life-of-program) repurchases	1,589,995	\$ 126.2
Remaining dollar value of shares that may be repurchased	n/a	n/a

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

12. Stockholders' Deficit (Continued)

Dividends

On October 28, 2021, the Board of Directors declared a fourth quarter 2021 cash dividend of \$0.40 per share of common stock, payable on January 7, 2022 to the stockholders of record as of the close of business on December 17, 2021. Dividends were not declared for the first, second and third quarters of 2021.

During the fiscal years ended December 31, 2021, 2020 and 2019, the Company declared and paid dividends on common stock as follows:

<u>Year ended December 31, 2021</u>	<u>Declaration Date</u>	<u>Payment Date</u>	<u>Dividends declared per share</u>	<u>Dividends paid per share</u>	<u>Total dividends paid⁽¹⁾</u>
					(In millions)
Fourth quarter	December 20, 2021	(2)	0.40	—	—
Total			<u>\$ 0.40</u>	<u>\$ —</u>	<u>\$ —</u>
			<u>Dividends declared per share</u>	<u>Dividends paid per share</u>	<u>Total dividends paid⁽¹⁾</u>
<u>Year ended December 31, 2020</u>	<u>Declaration Date</u>	<u>Payment Date</u>			
Payment of prior year declaration	(3)	January 10, 2020	—	\$ 0.69	\$ 11.7
First quarter	February 20, 2020	April 3, 2020	\$ 0.76	0.76	12.7
Total			<u>\$ 0.76</u>	<u>\$ 1.45</u>	<u>\$ 24.4</u>
<u>Year ended December 31, 2019</u>					
Payment of prior year declaration	(4)	January 4, 2019	\$ —	\$ 0.63	\$ 11.4
First quarter	February 20, 2019	April 5, 2019	\$ 0.69	0.69	12.5
Second quarter	May 13, 2019	July 12, 2019	0.69	0.69	12.2
Third quarter	August 1, 2019	October 4, 2019	0.69	0.69	11.8
Fourth quarter	October 8, 2019	(3)	0.69	—	—
Total			<u>\$ 2.76</u>	<u>\$ 2.70</u>	<u>\$ 47.9</u>

(1) Includes dividend equivalents paid on restricted stock units

(2) The fourth quarter 2021 dividend of \$6.9 million was paid on January 7, 2022.

(3) The fourth quarter 2019 dividend of \$11.7 million was paid on January 10, 2020.

(4) The fourth quarter 2018 dividend of \$11.4 million was paid on January 4, 2019.

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends in excess of retained earnings are recorded as a reduction of additional paid-in capital. All dividends declared during the fiscal years ended December 31, 2021, 2020 and 2019 were declared from retained earnings.

Treasury Stock

Repurchases of the Company's common stock are included in treasury stock at the cost of shares repurchased plus any transaction costs. Treasury stock may be re-issued when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined on the first-in, first-out ("FIFO") method. The Company re-issued 660,718 shares, 433,477 shares and 285,302 shares, respectively, during the years ended December 31, 2021, 2020 and 2019 at a total FIFO cost of \$26.8 million, \$19.4 million and \$12.5 million, respectively.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

13. Closure and Long-lived Tangible Asset Impairment Charges

Closure and long-lived tangible asset impairment charges for the years ended December 31, 2021, 2020 and 2019 were as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Closure charges	\$ 3.7	\$ 3.0	\$ 1.5
Long-lived tangible asset impairment	1.7	22.3	—
Total closure and long-lived tangible asset impairment charges	<u>\$ 5.4</u>	<u>\$ 25.3</u>	<u>\$ 1.5</u>

Closure Charges

The closure charges of \$3.7 million for the year ended December 31, 2021 comprised \$2.1 million related to 20 IHOP restaurants closed in 2021 and \$1.6 million for revisions to existing closure reserves, including accretion, primarily for 28 IHOP restaurants closed prior to December 31, 2020.

Approximately \$1.6 million of closure charges for the year ended December 31, 2020 related to seven IHOP restaurants closed during 2020, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2020. Approximately \$0.5 million of closure charges for the year ended December 31, 2019 related to two IHOP restaurants and one Applebee's restaurant closed during 2019, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2019.

Long-lived Tangible Asset Impairment

The long-lived asset impairment of \$1.7 million for the year ended December 31, 2021 related to five IHOP franchisee-operated restaurants for which the carrying amount exceeded the future projected cash flows. The primary method of estimating fair value is based on a discounted cash flow analysis. The Company also considers factors such as the number of years the restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. For locations owned by the Company, current purchase offers, if any, or valuations from independent third party sources are utilized, if available. The analysis is performed at the restaurant level for indicators of permanent impairment. The impairment recorded represented the difference between the carrying value and the estimated fair value. The impairments primarily related to operating lease right-of-use assets.

The long-lived asset impairment of \$22.3 million for the year ended December 31, 2020 related to 29 Applebee's company-operated restaurants and 41 IHOP franchisee-operated restaurants for which the carrying amount exceeded the undiscounted cash flows. Approximately \$15.1 million of the total impairment related to operating lease right-of-use assets, while \$7.2 million related to impairments of land, building, leasehold improvements and finance leases. The impairments by individual property varied in amount, ranging from the largest single-property impairment of \$1.3 million to less than \$5,000.

There were no long-lived tangible asset impairment charges for the year ended December 31, 2019.

14. Stock-Based Incentive Plans

General Description

Currently, the Company is authorized to grant stock options, stock appreciation rights, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors under the Dine Brands Global, Inc. 2019 Stock Incentive Plan (the “2019 Plan”). The 2019 Plan was approved by stockholders on May 14, 2019 to permit the issuance of up to 2,050,000 shares (subject to adjustment as defined in the 2019 Plan for shares that may become available from prior plans) of the Company’s common stock for incentive stock awards. The 2019 Plan will expire in May 2029.

The Dine Brands Global, Inc. 2016 Stock Incentive Plan (the “2016 Plan”) was adopted in 2016 to permit the issuance of up to 3,750,000 shares of the Company’s common stock for incentive stock awards. The 2016 Plan was terminated upon adoption of the 2019 Plan, but there are stock options (vested and unvested) and unvested restricted stock and restricted stock units issued under the 2016 Plan that are outstanding as of December 31, 2021.

The DineEquity, Inc. 2011 Stock Incentive Plan (the “2011 Plan”) was adopted in 2011 to permit the issuance of up to 1,500,000 shares of the Company’s common stock for incentive stock awards. The 2011 Plan was terminated upon adoption of the 2016 Plan, but there are vested stock options issued under the 2011 Plan that are outstanding as of December 31, 2021.

The 2019 Plan, 2016 Plan and the 2011 Plan are collectively referred to as the “Plans.”

Stock-Based Compensation Expense

From time to time, the Company has granted nonqualified stock options, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors of the Company under the Plans. The nonqualified stock options generally vest ratably over a three-year period in one-third increments and have a maturity of ten years from the grant date. Options vest immediately upon a change in control of the Company, as defined in the Plans. Option exercise prices equal the closing price of the Company's common stock on the New York Stock Exchange on the date of grant. Restricted stock and restricted stock units are issued at no cost to the holder and vest over terms determined by the Compensation Committee of the Company's Board of Directors, generally either three years from the date of grant or in one-third increments over three years, as well as immediately upon a change in control of the Company, as defined in the Plans. The Company either utilizes treasury stock or issues new shares from its authorized but unissued share pool when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. See *Note 13, Stockholders' Deficit*, of Notes to the Consolidated Financial Statements, for treasury shares utilized related to equity grants during the years ended December 31, 2021, 2020 and 2019.

The following table summarizes the Company's stock-based compensation expense included as a component of general and administrative expenses in the consolidated financial statements:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Total stock-based compensation expense:			
Equity classified awards expense	\$ 11.6	\$ 12.6	\$ 10.9
Liability classified awards expense	2.3	1.0	3.2
Total pretax stock-based compensation expense	13.9	13.6	14.1
Book income tax benefit	(3.5)	(3.4)	(3.5)
Total stock-based compensation expense, net of tax	<u>\$ 10.4</u>	<u>\$ 10.2</u>	<u>\$ 10.6</u>

As of December 31, 2021, total unrecognized compensation cost related to restricted stock and restricted stock units of \$15.9 million and \$2.9 million related to stock options is expected to be recognized over a weighted average period of approximately 1.3 years for restricted stock and restricted stock units and 1.5 years for stock options.

Equity Classified Awards - Stock Options

The per share fair values of the stock options granted have been estimated as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes model considers, among other factors, the expected life of the option and the historical volatility of the Company's stock price. The Black-Scholes model meets the requirements of U.S. GAAP, but the fair values generated by the model may not be indicative of the actual fair values of the Company's stock-based awards.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

The following table summarizes the assumptions used in the Black-Scholes model for stock options granted in the years ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Risk free interest rate	0.5 %	1.2 %	2.5 %
Weighted average historical volatility	67.7 %	30.5 %	30.3 %
Dividend yield	— %	3.5 %	2.8 %
Expected years until exercise	4.5	4.6	4.7
Weighted average fair value of options granted	\$ 40.25	\$ 17.53	\$ 21.93

Stock option activity for the years ended December 31, 2021, 2020 and 2019 is summarized as follows:

	Number of Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Millions)
Outstanding at December 31, 2018	1,439,708	\$ 63.21		
Granted	132,832	98.97		
Exercised	(211,352)	57.36		
Forfeited	(106,745)	72.19		
Expired	(37,005)	93.06		
Outstanding at December 31, 2019	1,217,438	66.43		
Granted	167,969	87.17		
Exercised	(270,024)	76.01		
Forfeited	(45,247)	86.39		
Expired	(55,466)	107.78		
Outstanding at December 31, 2020	1,014,670	64.16		
Granted	95,891	75.28		
Exercised	(524,536)	48.79		
Forfeited	(59,468)	88.39		
Expired	(50,653)	98.61		
Outstanding at December 31, 2021	475,904	\$ 76.65	6.8	\$ 3.5
Vested and Expected to Vest at December 31, 2021	462,179	\$ 76.59	6.7	\$ 3.5
Exercisable at December 31, 2021	296,959	\$ 73.28	5.7	\$ 3.0

The total intrinsic value of options exercised during the years ended December 31, 2021, 2020 and 2019 was \$17.9 million, \$4.3 million and \$6.9 million, respectively.

Cash received from options exercised under all stock-based payment arrangements for the years ended December 31, 2021, 2020 and 2019 was \$25.3 million, \$20.5 million and \$12.0 million, respectively. The actual tax benefit realized for the tax deduction from option exercises under the stock-based payment arrangements totaled \$4.5 million, \$1.1 million and \$1.8 million, respectively, for the years ended December 31, 2021, 2020 and 2019.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

Equity Classified Awards - Restricted Stock and Restricted Stock Units

Activity in equity classified awards of restricted stock and restricted stock units for the years ended December 31, 2021, 2020 and 2019 is as follows:

	Shares of Restricted Stock	Weighted Average Grant-Date Per Share Fair Value	Restricted Stock Units	Weighted Average Grant-Date Per Share Fair Value
Outstanding at December 31, 2018	267,242	\$ 64.21	374,529	\$ 31.05
Granted	75,556	96.86	23,427	95.77
Released	(76,962)	76.25	(12,347)	90.34
Forfeited	(41,321)	67.20	(27,802)	34.53
Outstanding at December 31, 2019	224,515	70.52	357,807	30.35
Granted	163,522	73.68	30,997	77.33
Released	(95,211)	55.75	(33,234)	63.98
Forfeited	(38,495)	85.03	—	—
Outstanding at December 31, 2020	254,331	76.50	355,570	28.01
Granted	141,264	83.24	68,998	63.04
Released	(60,407)	66.90	(318,976)	23.19
Forfeited	(58,577)	82.09	—	—
Outstanding at December 31, 2021	276,611	\$ 80.85	105,592	\$ 71.00

Liability Classified Awards - Cash-settled Restricted Stock Units

The Company has granted cash-settled restricted stock units to certain employees. These instruments are recorded as liabilities at fair value as of the respective period end.

	Cash-Settled Restricted Stock Units
Outstanding at December 31, 2018	53,766
Granted	20,989
Released	(462)
Forfeited	(10,441)
Outstanding at December 31, 2019	63,852
Granted	2,658
Released	(1,426)
Forfeited	(12,128)
Outstanding at December 31, 2020	52,956
Granted	—
Released	(38,916)
Forfeited	(1,241)
Outstanding at December 31, 2021	12,799

For the years ended December 31, 2021, 2020 and 2019, \$1.5 million, \$0.3 million and, \$1.6 million respectively, was included as stock-based compensation expense related to cash-settled restricted stock units. At December 31, 2021 and 2020, liabilities of \$0.9 million and \$2.5 million, respectively, related to cash-settled restricted stock units were included as part of accrued employee compensation and benefits in the Consolidated Balance Sheets.

Liability Classified Awards - Long-Term Incentive Awards

The Company has granted cash long-term incentive awards to certain employees (“LTIP awards”). Annual LTIP awards vest over a three-year period and are determined using a multiplier from 0% to 200% of the target award based on the total stockholder return of the Company's common stock compared to the total stockholder returns of a peer group of companies. Though LTIP awards are only paid in cash, since the multiplier is primarily based on the price of the Company's common stock, the awards are considered stock-based compensation in accordance with U.S. GAAP and are classified as liabilities. For the years ended December 31, 2021, 2020 and 2019, expense of \$0.8 million, \$0.7 million and \$1.7 million, respectively, was included in stock-based compensation expense related to the LTIP awards. At December 31, 2021 and 2020, liabilities of \$1.5 million and \$2.1 million, respectively, were included as accrued employee compensation and benefits in the Consolidated Balance Sheets.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

15. Employee Benefit Plans

401(k) Savings and Investment Plan

Effective January 1, 2013, the Company amended the Dine Brands Global, Inc. 401(k) Plan to (i) modify the Company matching formula and (ii) eliminate the one-year completed service requirement that previously had to be met to become eligible for Company matching contributions. As amended, the Company matches 100% of the first four percent of the employee's eligible compensation deferral and 50% of the next two percent of the employee's eligible compensation deferral. All contributions under this plan vest immediately. Company common stock is not an investment option for employees in the 401(k) Plan, other than shares transferred from a prior employee stock ownership plan. Substantially all of the administrative cost of the 401(k) plan is borne by the Company. The Company's matching contribution expense was \$2.9 million, \$2.8 million and \$3.0 million for the years ended December 31, 2021, 2020 and 2019, respectively.

16. Income Taxes

The provision (benefit) for income taxes for the years ended December 31, 2021, 2020 and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
Provision (benefit) for income taxes:	(In millions)		
Current			
Federal	\$ 20.2	\$ 11.0	\$ 31.2
State	4.6	3.1	6.5
Foreign	1.4	1.3	1.9
	<u>26.2</u>	<u>15.4</u>	<u>39.6</u>
Deferred			
Federal	(2.3)	(17.3)	(3.8)
State	0.2	(2.7)	(1.7)
	<u>(2.1)</u>	<u>(20.0)</u>	<u>(5.5)</u>
Provision (benefit) for income taxes	<u>\$ 24.1</u>	<u>\$ (4.6)</u>	<u>\$ 34.1</u>

The provision (benefit) for income taxes differs from the expected federal income tax rates as follows:

	Year Ended December 31,		
	2021	2020	2019
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Non-deductibility of goodwill impairment	—	(17.9)	—
Non-deductibility of officer's compensation	2.2	(0.9)	1.0
State and other taxes, net of federal tax benefit	3.1	1.2	2.8
Excess tax deficiencies or benefits	(7.1)	0.1	(0.6)
Change in unrecognized tax benefits	(0.1)	2.0	1.8
Change in valuation allowance	0.5	(1.5)	0.5
Changes in tax rates and state tax laws	0.2	(0.4)	(0.5)
General business credits	(0.9)	0.8	(1.3)
Other	0.8	(0.2)	(0.1)
Effective tax rate	<u>19.7 %</u>	<u>4.2 %</u>	<u>24.6 %</u>

The 2021 effective tax rate of 19.7% applied to pretax book income was different than the statutory Federal income tax rate of 21% primarily due to the one-time recognition of excess tax benefits on stock-based compensation, offset by non-deductibility of executive compensation and state and local income taxes.

The 2020 effective tax rate of 4.2% applied to pretax book loss was significantly different than the statutory Federal income tax rate of 21% primarily because of the \$92.2 million impairment of goodwill incurred, which was not deductible for income tax purposes and therefore had no associated tax benefit.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

Note 16. Income Taxes (Continued)

The 2019 effective tax rate of 24.6% applied to pretax book income was higher than the statutory Federal tax rate of 21% primarily due to tax expense associated with unrecognized tax benefits and state and local income taxes, offset by the recognized benefit from general business credits.

The Company files federal income tax returns and the Company or one of its subsidiaries file income tax returns in various state and international jurisdictions. With few exceptions, the Company is no longer subject to federal tax examinations by tax authorities for years before 2017 and state or non-United States tax examinations by tax authorities for years before 2011. The Company believes that adequate reserves have been recorded relating to all matters contained in the tax periods open to examination.

Net deferred tax assets (liabilities) at December 31, 2021 and 2020 consisted of the following components:

	2021	2020
	(In millions)	
Lease liabilities	\$ 112.9	\$ 119.6
Employee compensation	12.1	7.5
Revenue recognition	35.4	36.6
Other	8.4	10.2
Deferred tax assets	168.8	173.9
Valuation allowance	(4.2)	(3.0)
Total deferred tax assets after valuation allowance	164.6	170.9
Recognition of franchise and equipment sales	(8.2)	(10.7)
Capitalization and depreciation ⁽²⁾	(122.7)	(123.2)
Lease assets	(108.6)	(114.2)
Other	(1.3)	(1.1)
Deferred tax liabilities	(240.8)	(249.2)
Net deferred tax liabilities	\$ (76.2)	\$ (78.3)

⁽¹⁾ Primarily related to the 2007 Applebee's acquisition.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regards to future realization of deferred tax assets. As of December 31, 2021, management determined it is more likely than not that the benefit from foreign tax credit carryforward and certain state deferred tax assets, including net operating loss carryforwards, from the Applebee's company-operated restaurants will not be realized. In recognition of this risk, the Company provided a valuation allowance of \$4.2 million.

The Company had gross operating loss carryforwards for state tax purposes of \$23.6 million and \$13.3 million as of December 31, 2021 and 2020, respectively. The net operating loss carryforwards begin to expire in 2034 if not utilized.

The total gross unrecognized tax benefit as of December 31, 2021 and 2020 was \$1.9 million and \$2.2 million, respectively, excluding interest, penalties and related income tax benefits. If recognized, these amounts would affect the Company's effective income tax rates.

The Company estimates the unrecognized tax benefits may decrease over the upcoming 12 months by an amount up to less than \$0.1 million related to settlements with taxing authorities, statutes of limitations expirations and method changes. For the remaining liability, due to the uncertainties related to these tax matters, the Company is unable to make a reasonable estimate as to when cash settlement with a taxing authority will occur. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In millions)		
Unrecognized tax benefit as of January 1	\$ 2.2	\$ 7.6	\$ 5.2
Changes for tax positions of prior years	0.5	—	2.1
Increases for tax positions related to the current year	0.3	0.2	0.5
Decreases relating to settlements and lapsing of statutes of limitations	(1.1)	(5.6)	(0.2)
Unrecognized tax benefit as of December 31	\$ 1.9	\$ 2.2	\$ 7.6

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

Note 16. Income Taxes (Continued)

As of December 31, 2021, the accrued interest was \$0.6 million and accrued penalties were less than \$0.1 million, excluding any related income tax benefits. As of December 31, 2020, the accrued interest and penalties were \$0.9 million and less than \$0.1 million, respectively, excluding any related income tax benefits. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARP Act”) was enacted in response to the COVID-19 pandemic. The ARP Act did not result in a material impact on our income tax provision for the year ended December 31, 2021.

17. Net Income (Loss) Per Share

The computation of the Company's basic and diluted net income (loss) per share is as follows:

	Year Ended December 31,		
	2021	2020	2019
	(In thousands, except per share data)		
Numerator for basic and diluted income (loss) per common share:			
Net income (loss)	\$ 97,864	\$ (103,994)	\$ 104,346
Less: Net income allocated to unvested participating restricted stock	(2,295)	(420)	(3,532)
Net income (loss) available to common stockholders - basic	95,569	(104,414)	100,814
Effect of unvested participating restricted stock	13	—	33
Numerator - income (loss) available to common shareholders - diluted	<u>\$ 95,582</u>	<u>\$ (104,414)</u>	<u>\$ 100,847</u>
Denominator:			
Weighted average outstanding shares of common stock - basic	16,799	16,230	16,934
Effect of dilutive securities:			
Stock options	91	—	311
Weighted average outstanding shares of common stock - diluted	<u>16,890</u>	<u>16,230</u>	<u>17,245</u>
Net income (loss) per common share:			
Basic	<u>\$ 5.69</u>	<u>\$ (6.43)</u>	<u>\$ 5.95</u>
Diluted	<u>\$ 5.66</u>	<u>\$ (6.43)</u>	<u>\$ 5.85</u>

For the year ended December 31, 2020, diluted loss per common share was computed using the basic weighted average number of shares outstanding during the period as the 100,056 shares from common stock equivalents would have been antidilutive.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

18. Segment Reporting

Information on segments and a reconciliation of gross profit to income (loss) before income taxes is as follows:

	Year Ended December 31,		
	2021	2020	2019
Revenues	(In millions)		
Franchise operations	\$ 631.9	\$ 469.5	\$ 651.2
Rental operations	114.0	105.9	120.7
Company restaurants	146.0	108.1	131.2
Financing operations	4.3	5.8	7.1
Total	<u>\$ 896.2</u>	<u>\$ 689.3</u>	<u>\$ 910.2</u>
Gross profit (loss), by segment			
Franchise operations	\$ 336.0	\$ 230.5	\$ 338.4
Rental operations	26.1	16.4	29.9
Company restaurants	9.3	(3.5)	8.0
Financing operations	3.8	5.3	6.5
Total gross profit	<u>375.2</u>	<u>248.7</u>	<u>382.8</u>
Corporate and unallocated expenses, net	(253.3)	(357.3)	(244.3)
Income (loss) before income taxes	<u>\$ 121.9</u>	<u>\$ (108.6)</u>	<u>\$ 138.5</u>
Interest expense			
Rental operations	\$ 4.9	\$ 6.3	\$ 7.7
Company restaurants	3.3	2.7	2.1
Corporate	63.3	66.9	60.4
Total	<u>\$ 71.5</u>	<u>\$ 75.9</u>	<u>\$ 70.2</u>
Depreciation and amortization			
Franchise operations	\$ 10.1	\$ 10.1	\$ 10.3
Rental operations	11.1	12.3	13.4
Company restaurants	7.0	7.0	6.4
Corporate	11.7	13.4	12.4
Total	<u>\$ 39.9</u>	<u>\$ 42.8</u>	<u>\$ 42.5</u>
Impairment of goodwill and intangible assets, closure and other impairment charges			
Franchise operations	\$ 1.7	\$ 122.1	\$ —
Company restaurants	3.7	10.5	1.5
Total	<u>\$ 5.4</u>	<u>\$ 132.6</u>	<u>\$ 1.5</u>
Capital expenditures			
Franchise operations	\$ —	\$ —	\$ 0.6
Company restaurants	6.5	2.7	3.2
Corporate	10.3	8.2	15.6
Total	<u>\$ 16.8</u>	<u>\$ 10.9</u>	<u>\$ 19.4</u>
Goodwill			
Franchise operations	\$ 247.0	\$ 247.0	\$ 339.3
Company restaurants	4.6	4.6	4.6
Total	<u>\$ 251.6</u>	<u>\$ 251.6</u>	<u>\$ 343.9</u>
Total assets			
Franchise operations	\$ 991.0	\$ 997.7	\$ 1,116.2
Rental operations	426.5	451.5	503.8
Company restaurants	117.2	121.1	134.3
Financing operations	39.7	49.9	72.0
Corporate	425.0	454.7	223.2
Total	<u>\$ 1,999.4</u>	<u>\$ 2,074.9</u>	<u>\$ 2,049.5</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

19. Subsequent Events

On February 17, 2022, the Company's Board of Directors declared a first quarter 2022 cash dividend of \$0.46 per share of common stock, payable on April 1, 2022 to the stockholders of record as of the close of business on March 21, 2022.

On February 17, 2022, the Company's Board of Directors authorized a new share repurchase program, effective April 1, 2022, of up to \$250 million (the "2022 Repurchase Program"). Approximately \$66 million remained available for repurchases under the existing 2019 Share Repurchase Program as of December 31, 2021. In connection with the approval of the 2022 Repurchase Program, effective April 1, 2022, the 2019 Share Repurchase Program will terminate.

Item 8. Financial Statements and Supplementary Data.

Index to Consolidated Financial Statements

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<u>Consolidated Balance Sheets as of December 31, 2020 and 2019</u>	<u>63</u>
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<u>Consolidated Statements of Stockholders' Deficit for each of the three years in the period ended December 31, 2020</u>	<u>65</u>
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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Dine Brands Global, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dine Brands Global, Inc. and Subsidiaries (the Company) as of January 3, 2021 and December 29, 2019, the related consolidated statements of comprehensive (loss) income, stockholders' deficit and cash flows for each of the three years in the period ended January 3, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 3, 2021 and December 29, 2019, and the results of its operations and its cash flows for each of the three years in the period ended January 3, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 3, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 2, 2021 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Goodwill and Indefinite Lived Intangible Assets

Description of the Matter

At January 3, 2021, the Company's goodwill and indefinite lived tradename intangible asset (tradename) were \$251.6 million and \$468.0 million, respectively. The majority of the goodwill and the entirety of the tradename relates to the Applebee's franchised restaurants reporting unit (Applebee's franchise unit). As discussed in Notes 2, 6 and 7 to the consolidated financial statements, goodwill and tradename are tested for impairment at least annually, and more frequently if the Company believes indicators of impairment exist. During the second quarter of fiscal 2020, due primarily to the impact of the COVID-19 pandemic on the Company's operations and stock price, management determined that impairment indicators existed and performed quantitative impairment tests. As a result of the impairment tests, the Company recognized a \$92.2 million impairment related to goodwill and an \$11.0 million impairment related to tradename, which represented the amounts by which the carrying values exceeded the estimated fair values of the reporting unit and tradename assets, respectively.

Auditing management's goodwill and tradename impairment tests was especially challenging and complex due to the significant estimation underlying the determination of fair values. In particular, the fair value estimates were sensitive to changes in the significant assumptions used under the income and market approaches utilized to determine the fair value of goodwill and the relief of royalty method utilized to determine the fair value of tradename. Significant assumptions made by management in estimating fair value under the income and market approaches included future trends in sales and the appropriate discount rate, as well as the selection of guideline companies and the valuation multiples applied. Significant assumptions used to determine fair value under the relief of royalty method included future trends in sales, royalty rate and discount rate.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill and tradename impairment tests, including controls over the review of the indicators of potential impairment, assumptions used, financial forecasts and the accuracy of the underlying data.

Our testing of the Company's impairment measurements included, among other procedures, evaluating the significant assumptions and data used in estimating fair values. For example, we compared the forecasted future sales growth rates to historical results, analyst projections and industry trends. We also performed sensitivity analyses on the significant assumptions used, agreed historical balances to accounting records, and recalculated management's estimates. Additionally, we involved our valuation specialists to assist with our evaluation of the methodology used and to assess whether assumptions such as discount rates were comparable to observable market data.

We have served as the Company's auditor since 2004.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 2, 2021

Dine Brands Global, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

Assets	December 31,	
	2020	2019
Current assets:		
Cash and cash equivalents	\$ 383,369	\$ 116,043
Receivables, net of allowance of \$15,057 (2020) and \$3,138 (2019)	121,897	136,869
Restricted cash	39,884	40,732
Prepaid gift card costs	29,080	36,077
Prepaid income taxes	6,178	13,290
Other current assets	6,098	3,906
Total current assets	586,506	346,917
Other intangible assets, net	549,671	575,103
Operating lease right-of-use assets	346,086	366,931
Goodwill	251,628	343,862
Property and equipment, net	187,977	216,420
Long-term receivables, net of allowance of \$7,999 (2020) and \$8,155 (2019)	54,512	85,999
Deferred rent receivable	56,449	70,308
Non-current restricted cash	32,800	15,700
Other non-current assets, net	9,316	28,271
Total assets	<u>\$ 2,074,945</u>	<u>\$ 2,049,511</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 13,000	\$ —
Accounts payable	37,424	40,925
Gift card liability	144,159	159,019
Current maturities of operating lease obligations	69,672	72,815
Current maturities of finance lease and financing obligations	11,293	13,669
Accrued employee compensation and benefits	21,237	23,904
Accrued advertising expenses	21,641	8,760
Deferred franchise revenue, short-term	7,682	10,086
Dividends payable	—	11,702
Other accrued expenses	22,460	17,032
Total current liabilities	348,568	357,912
Long-term debt, net, less current maturities	1,491,996	1,288,248
Operating lease obligations, less current maturities	345,163	359,025
Finance lease obligations, less current maturities	69,012	77,393
Financing obligations, less current maturities	32,797	37,682
Deferred income taxes, net	78,293	98,499
Deferred franchise revenue, long-term	52,237	56,944
Other non-current liabilities	11,530	15,582
Total liabilities	2,429,596	2,291,285
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$1 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value; shares: 40,000,000 authorized; 2020 -24,882,122 issued, 16,452,174 outstanding; 2019 - 24,925,447 issued, 16,521,921 outstanding	249	249
Additional paid-in-capital	257,625	246,192
(Accumulated deficit) retained earnings	(55,553)	61,653
Accumulated other comprehensive loss	(55)	(58)
Treasury stock, at cost; shares: 2020 - 8,429,948; 2019 - 8,403,526	(556,917)	(549,810)
Total stockholders' deficit	(354,651)	(241,774)
Total liabilities and stockholders' deficit	<u>\$ 2,074,945</u>	<u>\$ 2,049,511</u>

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Comprehensive (Loss) Income
(In thousands, except per share amounts)

	Year Ended December 31,		
	2020	2019	2018
Revenues:			
Franchise revenues:			
Royalties, franchise fees and other	\$ 267,959	\$ 368,171	\$ 375,640
Advertising revenues	201,494	283,015	268,294
Total franchise revenues	469,453	651,186	643,934
Company restaurant sales	108,054	131,214	7,084
Rental revenues	105,939	120,666	121,934
Financing revenues	5,822	7,112	7,979
Total revenues	689,268	910,178	780,931
Cost of revenues:			
Franchise expenses:			
Advertising expenses	202,012	281,781	269,590
Bad debt expense (credit)	12,756	(365)	452
Other franchise expenses	24,204	31,338	60,577
Total franchise expenses	238,972	312,754	330,619
Company restaurant expenses	111,550	123,272	5,872
Rental expenses:			
Interest expense from finance leases	4,563	5,602	6,894
Other rental expenses	84,939	85,157	83,862
Total rental expenses	89,502	90,759	90,756
Financing expenses	528	579	597
Total cost of revenues	440,552	527,364	427,844
Gross profit	248,716	382,814	353,087
General and administrative expenses	144,791	162,815	166,683
Impairment and closure charges	132,620	1,487	2,107
Interest expense, net	66,895	60,393	61,686
Amortization of intangible assets	10,903	11,702	10,105
Loss on extinguishment of debt	—	8,276	—
Debt refinancing costs	—	—	2,523
Loss (gain) on disposition of assets	2,069	(332)	(625)
(Loss) income before income tax benefit (provision)	(108,562)	138,473	110,608
Income tax benefit (provision)	4,568	(34,127)	(30,254)
Net (loss) income	(103,994)	104,346	80,354
Other comprehensive (loss) income, net of tax:			
Adjustment to unrealized loss on available-for-sale investments	—	—	50
Foreign currency translation adjustment	3	2	(5)
Total comprehensive (loss) income	\$ (103,991)	\$ 104,348	\$ 80,399
Net (loss) income available to common stockholders:			
Net (loss) income	\$ (103,994)	\$ 104,346	\$ 80,354
Less: Net income allocated to unvested participating restricted stock	(420)	(3,532)	(2,711)
Net (loss) income available to common stockholders	\$ (104,414)	\$ 100,814	\$ 77,643
Net (loss) income available to common stockholders per share:			
Basic	\$ (6.43)	\$ 5.95	\$ 4.43
Diluted	\$ (6.43)	\$ 5.85	\$ 4.37
Weighted average shares outstanding:			
Basic	16,230	16,934	17,533
Diluted	16,230	17,245	17,789

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(In thousands)

	Common Stock			(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares Outstanding	Amount	Additional Paid-in Capital			Shares	Cost	
Balance at December 31, 2017	17,993	\$ 250	\$ 276,408	\$ (69,940)	\$ (105)	7,029	\$(422,153)	\$ (215,540)
Net income	—	—	—	80,354	—	—	—	80,354
Other comprehensive gain	—	—	—	—	45	—	—	45
Purchase of common stock	(479)	—	—	—	—	479	(34,929)	(34,929)
Reissuance of treasury stock	167	—	(2,551)	—	—	(167)	6,479	3,928
Net use of shares for stock plans	(11)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(27)	—	(1,972)	—	—	—	—	(1,972)
Stock-based compensation	—	—	10,546	—	—	—	—	10,546
Dividends on common stock in excess of retained earnings	—	—	(44,705)	—	—	—	—	(44,705)
Balance at December 31, 2018	17,644	250	237,726	10,414	(60)	7,341	(450,603)	(202,273)
Adoption of lease accounting guidance	—	—	—	(5,030)	—	—	—	(5,030)
Net income	—	—	—	104,346	—	—	—	104,346
Other comprehensive gain	—	—	—	—	2	—	—	2
Purchase of common stock	(1,348)	—	—	—	—	1,348	(111,697)	(111,697)
Reissuance of treasury stock	285	(1)	(520)	—	—	(285)	12,490	11,969
Net use of shares for stock plans	(30)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(30)	—	(2,728)	—	—	—	—	(2,728)
Stock-based compensation	—	—	10,808	—	—	—	—	10,808
Dividends on common stock	—	—	982	(48,077)	—	—	—	(47,095)
Tax withheld related to settlement of restricted stock units	—	—	(76)	—	—	—	—	(76)
Balance at December 31, 2019	16,522	249	246,192	61,653	(58)	8,404	(549,810)	(241,774)
Adoption of credit loss accounting guidance (Note 2)	—	—	—	(497)	—	—	—	(497)
Net loss	—	—	—	(103,994)	—	—	—	(103,994)
Other comprehensive gain	—	—	—	—	3	—	—	3
Purchase of common stock	(460)	—	—	—	—	460	(26,527)	(26,527)
Reissuance of treasury stock	433	—	1,102	—	—	(433)	19,420	20,522
Net use of shares for stock plans	(8)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(36)	—	(2,479)	—	—	—	—	(2,479)
Stock-based compensation	—	—	12,508	—	—	—	—	12,508
Dividends on common stock	—	—	507	(12,715)	—	—	—	(12,208)
Tax withheld related to settlement of restricted stock units	—	—	(205)	—	—	—	—	(205)
Balance at December 31, 2020	16,452	\$ 249	\$ 257,625	\$ (55,553)	\$ (55)	8,430	\$(556,917)	\$ (354,651)

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2020	2019	2018
Cash flows from operating activities			
Net (loss) income	\$ (103,994)	\$ 104,346	\$ 80,354
Adjustments to reconcile net (loss) income to cash flows provided by operating activities:			
Impairment and closure charges	132,501	1,485	2,038
Depreciation and amortization	42,829	42,493	32,175
Non-cash stock-based compensation expense	12,508	10,808	10,546
Non-cash interest expense	2,698	3,369	3,792
Deferred income taxes	(20,049)	(5,494)	(11,847)
Deferred revenue	(7,111)	(7,695)	(5,577)
Loss on extinguishment of debt	—	8,276	—
Loss (gain) on disposition of assets	2,069	(332)	(623)
Other	(2,566)	(5,374)	(949)
Changes in operating assets and liabilities:			
Accounts receivable, net	(9,750)	(396)	3,149
Current income tax receivables and payables	16,143	8,677	8,119
Gift card receivables and payables	12,231	(1,037)	(1,488)
Other current assets	(2,191)	(498)	10,425
Accounts payable	6,455	583	(9,940)
Accrued employee compensation and benefits	(1,909)	(3,575)	13,183
Accrued advertising expenses	12,881	(1,166)	—
Other current liabilities	3,758	710	6,989
Cash flows provided by operating activities	<u>96,503</u>	<u>155,180</u>	<u>140,346</u>
Cash flows from investing activities			
Principal receipts from notes, equipment contracts and other long-term receivables	31,155	24,075	25,771
Net additions to property and equipment	(10,927)	(19,424)	(14,279)
Proceeds from sale of property and equipment	537	2,540	655
Additions to long-term receivables	(1,475)	(6,955)	(6,500)
Acquisition of business	—	—	(20,155)
Other	(565)	(389)	(293)
Cash flows provided by (used in) investing activities	<u>18,725</u>	<u>(153)</u>	<u>(14,801)</u>
Cash flows from financing activities			
Proceeds from issuance of long-term debt	—	1,300,000	—
Repayment of long-term debt	(3,250)	(1,283,750)	(13,000)
Borrowings from revolving credit facility	220,000	—	75,000
Repayments of revolving credit facility	—	(25,000)	(50,000)
Payment of debt issuance costs	—	(13,150)	(3,633)
Dividends paid on common stock	(23,934)	(46,859)	(51,125)
Repurchase of common stock	(29,853)	(109,698)	(33,603)
Principal payments of finance lease obligations	(12,451)	(13,639)	(13,907)
Proceeds from stock options exercised	20,523	11,969	3,928
Tax payments for restricted stock upon vesting	(2,480)	(2,728)	(1,972)
Tax payments for share settlement of restricted stock units	(205)	(76)	—
Cash flows provided by (used in) financing activities	<u>168,350</u>	<u>(182,931)</u>	<u>(88,312)</u>
Net change in cash, cash equivalents and restricted cash	283,578	(27,904)	37,233
Cash, cash equivalents and restricted cash at beginning of year	172,475	200,379	163,146
Cash, cash equivalents and restricted cash at end of year	<u>\$ 456,053</u>	<u>\$ 172,475</u>	<u>\$ 200,379</u>
Supplemental disclosures			
Interest paid	\$ 69,208	\$ 66,104	\$ 66,059
Income taxes paid	\$ 11,873	\$ 44,748	\$ 34,246
Non-cash conversion of accounts receivable to notes receivable	\$ 1,307	\$ 185	\$ 11,959

See the accompanying notes to the consolidated financial statements.

1. The Company

The first International House of Pancakes[®] (“IHOP”) restaurant opened in 1958 in Toluca Lake, California. Shortly thereafter, the Company began developing and franchising additional restaurants. The Company was incorporated as IHOP Corp. under the laws of the State of Delaware in 1976. In November 2007, the Company acquired Applebee's International, Inc., which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, the name of the Company was changed to DineEquity, Inc. and on February 20, 2018, the name of the Company was changed to Dine Brands Global, Inc.SM (“Dine Brands Global”). The Company owns, franchises and operates two restaurant concepts: Applebee's Neighborhood Grill + Bar[®] (“Applebee's”), in the bar and grill segment within the casual dining category of the restaurant industry, and IHOP[®] in the family dining category of the restaurant industry.

As of December 31, 2020, there were 1,772 IHOP restaurants, of which 1,611 were subject to franchise agreements and 158 were subject to area license agreements. These IHOP restaurants were located in all 50 states of the United States, the District of Columbia, two United States territories and nine countries outside the United States. As of December 31, 2020, there were 1,711 Applebee's[®] restaurants, of which 1,642 were subject to franchise agreements and 69 were company-operated restaurants. These Applebee's restaurants were located in 49 states of the United States, two United States territories and 11 countries outside the United States.

References herein to Applebee's and IHOP restaurants are to these restaurant concepts, whether operated by franchisees, area licensees or the Company. Retail sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company.

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Dine Brands Global, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Periods

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. In a 52-week fiscal year, each fiscal quarter contains 13 weeks, comprised of two, four-week fiscal months followed by a five-week fiscal month. In a 53-week fiscal year, the last month of the fourth fiscal quarter contains six weeks. For convenience, the Company refers to its fiscal years as ending on December 31 and its fiscal quarters as ending on March 31, June 30 and September 30. The December 31, 2020 fiscal year ended January 3, 2021 and contained 53 weeks. The 2019 and 2018 fiscal years ended December 29, 2019 and December 30, 2018, respectively, and each contained 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles (“U.S. GAAP”) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of the following: impairment of tangible and intangible assets and goodwill; income taxes; allowance for doubtful accounts and notes receivables; lease accounting estimates; contingencies; and stock-based compensation. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Risks and Uncertainties

The Company was subject to risks and uncertainties as a result of the outbreak of a novel strain of coronavirus, designated “COVID-19” and declared to be a pandemic in March 2020. The Company first began to experience impacts from COVID-19 in March 2020, as federal, state and local governments reacted to the COVID-19 pandemic by encouraging or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, reduced operating hours, restaurant dine-in and/or indoor dining limitations, capacity limitations or other restrictions that largely limited restaurants to off-premise sales (take-out and delivery) in the early stages of the pandemic. Most of the Company's international restaurants were impacted as well as

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

a result of restrictions put in place in various countries similar to those in the United States. Over the course of 2020, certain of these restrictions were relaxed as incidents of infection from the initial outbreak declined, but many of the restrictions were reinstated as incidents of infection surged. The degree and duration of restriction varied by individual geographic area. The extent of the continuing impact of the COVID-19 pandemic on the Company's business remains highly uncertain and difficult to predict, as the operating status of our restaurants remains fluid and subject to change as government authorities modify existing restrictions or implement new restrictions on restaurant operations in response to changes in the number of COVID-19 infections and the availability and acceptance of vaccines in their respective jurisdictions. Additionally, economies worldwide have been negatively impacted by the COVID-19 pandemic, which possibly could cause a domestic and/or global economic recession.

The Company has taken several actions to mitigate the effects of the COVID-19 pandemic on its operations and its franchisees, as follows: (i) drew down \$220 million from its revolving credit facility, leaving available remaining borrowing under the facility of approximately \$2 million; (ii) terminated repurchases of common stock for the foreseeable future; (iii) the Company's Board of Directors decided not to declare a dividend for the second, third and fourth quarters of 2020; (iv) voluntarily increased the interest reserve for securitized debt from the required \$16.4 million (one quarter of estimated interest) to \$32.8 million; (v) reduced discretionary costs, limited new hiring and reduced the use of independent contractors; (vi) temporarily furloughed certain team members across various functional groups at its restaurant support centers during 2020; (vii) deferred franchisee payment of royalty, advertising and other fees, and lease obligations for up to two months on a case-by-case basis; (viii) deferred franchisee development obligations for up to 15 months and franchisee remodel obligation until the end of 2022; (ix) engaged a national real estate firm to assist franchisees with landlord discussions regarding rent deferrals, abatements and other modifications to lease agreements; (x) negotiated deferrals and abatements for properties on which the Company was lessee and (xi) hired external consultants to work with franchisees in assessing their financial health and to better understand performance variability.

The severity of the continued impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, how long the pandemic will last, whether/when recurrences of the virus may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company's brands and, in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. The Company's future results of operations and liquidity could be impacted adversely by the length of time dine-in restrictions are in place and the success of any initiatives or programs that the Company may undertake to address financial and operational challenges faced by itself and its franchisees. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Concentration of Credit Risk

The Company's cash, cash equivalents, restricted cash and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash, cash equivalents and restricted cash. At times, cash, cash equivalents and restricted cash balances may be in excess of FDIC insurance limits.

Accounts receivable are derived from revenues earned from franchisees and area licensees located primarily in the United States. Financing receivables arise from the financing of restaurant equipment, leases or franchise fees with the Company by IHOP franchisees. The Company is subject to a concentration of credit risk with respect to receivables from franchisees that own a large number of Applebee's or IHOP restaurants. As of December 31, 2020, two franchisees (one Applebee's franchisee and one franchisee with cross-brand ownership) operated a combined total of 830 Applebee's and IHOP restaurants in the United States, which comprised 26.0% of the total Applebee's and IHOP franchise and area license restaurants in the United States. Revenues from these two franchisees represented 17.1%, 17.4%, and 19.8% of total consolidated revenue for the years ended December 31, 2020, 2019 and 2018, respectively. One franchisee represented 11.0%, 10.6% and 11.9% of total consolidated revenue for the years ended December 31, 2020, 2019 and 2018, respectively. Receivables from these franchisees totaled \$20.4 million and \$14.4 million at December 31, 2020 and 2019, respectively.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. These cash equivalents are stated at cost which approximates market value. Cash held related to IHOP advertising funds and the Company's gift card programs is not considered to be restricted cash as there are no restrictions on the use of these funds. The components of cash and cash equivalents were as follows:

	December 31,	
	2020	2019
	(In millions)	
Money market funds	\$ 175.0	\$ —
IHOP advertising funds and gift card programs	71.6	56.6
Other depository accounts	136.8	59.4
Total cash and cash equivalents	<u>\$ 383.4</u>	<u>\$ 116.0</u>

Restricted Cash

Current

Current restricted cash primarily consisted of funds required to be held in trust in connection with the Company's securitized debt and funds from Applebee's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. The components of current restricted cash were as follows:

	December 31,	
	2020	2019
	(In millions)	
Securitized debt reserves	\$ 27.0	\$ 38.3
Applebee's advertising funds	12.8	2.3
Other	0.1	0.1
Total current restricted cash	<u>\$ 39.9</u>	<u>\$ 40.7</u>

Non-current

Non-current restricted cash of \$32.8 million and \$15.7 million at December 31, 2020 and 2019, respectively, represents interest reserves set aside for the duration of the securitized debt. The required reserve is approximately one quarter's interest payment on the Company's securitized. The Company voluntarily increased the amount held in non-current cash to twice the required amount during the year ended December 31, 2020.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Properties under finance leases are stated at the present value of the minimum lease payments. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or remaining useful lives. Leasehold improvements and properties under finance leases are amortized on a straight-line basis over their estimated useful lives or the lease term, if less. The general ranges of depreciable and amortizable lives are as follows:

Category	Depreciable Life
Buildings and improvements	25 to 40 years
Leaseholds and improvements	Shorter of primary lease term or between three to 40 years
Equipment and fixtures	Three to five years
Internal-use software	Three to 10 years
Properties under finance leases	Primary lease term or remaining primary lease term

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Long-Lived Assets

On a regular basis, the Company assesses whether events or changes in circumstances have occurred that potentially indicate the carrying value of long-lived assets (primarily assets related to property and equipment leased or subleased to franchisees) may not be recoverable. The Company tests impairment using historical cash flows and other relevant facts and circumstances as the primary basis for estimates of future cash flows. The Company considers factors such as the number of years the franchisee's restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. The analysis is performed at the restaurant level for indicators of permanent impairment.

Recoverability of the Company's assets is measured by comparing the assets' carrying value to the undiscounted future cash flows expected to be generated over the assets' remaining useful life or remaining lease term, whichever is less. Total expected undiscounted future cash flows that are less than the carrying amount of the assets is an indicator of impairment. If it is decided that there has been an impairment, the carrying amount of the asset is written down to the estimated fair value as determined in accordance with U.S. GAAP governing fair value measurements. The primary method of estimating fair value is based on a discounted cash flow analysis. Any loss resulting from impairment is recognized as a charge against operations.

See Note 13 - Long-lived Tangible Asset Impairment and Closure Charges, of the Notes to the Consolidated Financial Statements for additional information.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets received. The Company's identifiable intangible assets are comprised primarily of the Applebee's tradename and Applebee's franchise agreements. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method and estimated useful lives. Goodwill and intangible assets considered to have an indefinite life (primarily the Applebee's tradename) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill has been allocated to three reporting units. The significant majority of the Company's goodwill resulted from the November 29, 2007 acquisition of Applebee's and was allocated to the Applebee's franchised restaurants unit ("Applebee's franchise unit"). Smaller amounts of goodwill arising from other business combinations have been allocated to the IHOP franchised restaurants unit ("IHOP franchise unit") and the Applebee's company restaurants unit ("Applebee's company unit"). See Note 6 - Goodwill, of the Notes to the Consolidated Financial Statements for additional information.

The Company evaluates the goodwill of the Applebee's franchise and company units and the indefinite-lived Applebee's tradename for impairment as of October 31 of each year. The Company evaluates the goodwill of the IHOP franchise unit for impairment as of December 31 of each year. In addition to the annual evaluation for impairment, goodwill and indefinite-lived intangible assets are evaluated more frequently if the Company believes indicators of impairment exist.

When evaluating goodwill and indefinite-lived intangible assets for impairment, under U.S. GAAP, the Company may first perform an assessment of qualitative factors to determine if the fair value of the reporting unit or the intangible asset is more-likely-than-not greater than the carrying amount. Such qualitative factors include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance and results of past impairment tests. If, based on a review of the qualitative factors, the Company determines it is more-likely-than-not that the fair value is greater than the carrying value, the Company may bypass a quantitative test for impairment.

In performing the quantitative test for impairment of goodwill, the Company primarily uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method. Significant assumptions used to determine fair value under the discounted cash flow method include expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied. The Company measures impairment as the excess of a reporting unit's carrying amount over its fair value as determined by the quantitative test described above.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

In the process of performing its quantitative impairment review of intangible assets considered to have an indefinite life, the Company primarily uses the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt to be applied to the forecast revenue stream.

Revenue Recognition

The Company's revenues are recorded in four categories: franchise operations, company restaurant operations, rental operations and financing operations. Franchise revenue (which comprises most of the Company's revenues) and revenue from company-operated restaurants are recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods. The Company's rental and financing revenues are recognized in accordance with other U.S. GAAP accounting standards and are not subject to ASC 606.

Franchise Revenues

The Company owns and franchises the Applebee's and IHOP restaurant concepts. The franchise arrangement for both brands is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement for both brands primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required. Additionally, all domestic IHOP franchise agreements require franchisees to purchase proprietary pancake and waffle dry mix from the Company.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenues ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenues are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either a contract asset (unbilled receivable) or, once billed, accounts receivable, on the balance sheet;
- Revenue from the sales of proprietary pancake and waffle dry mix is recognized in the period in which distributors ship the franchisee's order; recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term, the month of sale as reported by the franchisee or the date of product shipment, none of which require estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

Company Restaurant Revenues

Company restaurant revenues comprise retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities, with no significant judgments required.

Rental Revenues

Rental operations revenues include revenues from operating leases and interest income from direct financing leases. See *Basis of Presentation and Summary of Significant Accounting Policies - Leases*.

Financing Revenues

Financing operations revenues consist primarily of interest income from the financing of franchise fees and equipment leases, other notes receivable from franchisees and sales of equipment associated with refranchised IHOP restaurants. Interest income is recorded as earned.

Gift Card

The Company administers gift card programs for Applebee's and IHOP. The Company records a liability in the period in which a gift card is sold and recognizes costs associated with its administration of the gift card programs as prepaid assets when the costs are incurred. The liability and prepaid asset recorded on the Company's books are relieved when gift cards are redeemed. If redemption occurs at a franchisee-operated restaurant, the gift card revenue, net of costs, is remitted to the franchisee. The Company receives gift card breakage revenue only from gift cards redeemed at company-operated restaurants. Breakage revenue for gift cards redeemed at company-operated restaurants for the year ended December 31, 2020 was not material. Breakage revenue was not recorded for the years ended 2019 and 2018 as the Company did not have sufficient history from operating the restaurants on which to base an estimate for breakage.

Allowance for Credit Losses

The allowance for credit losses is the Company's best estimate of the amount of probable credit losses incurred on existing receivables; however, changes in circumstances relating to receivables may result in changes to the allowance in the future. The Company determines the allowance based on historical losses, current conditions, and reasonable and supportable forecasts used in assessing the franchisee's or area licensee's ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. The Company continually reviews the allowance for credit losses. Past due balances and future obligations are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Credit losses historically have been within management's estimates.

Leases

The Company accounts for its leasing activities in accordance with accounting guidance for leases, as codified in Accounting Standards Topic 842 ("ASC 842"), adopted as of the beginning of its 2019 fiscal year. In adopting ASC 842, the Company utilized expedients that allowed it to retain the classification, as either an operating lease or a finance lease, that was previously determined under prior accounting guidance for leases. The Company reassesses this classification upon renewal, extension or the modification of an existing lease agreement. The Company determines the appropriate classification upon entering into a new contract determined to contain a lease.

Operating lease assets and liabilities are recognized at the lease commencement date, or were recognized upon adoption of ASC 842. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

The Company's lease agreements generally do not provide information to determine the implicit interest rate in the agreements. This requires the Company to make significant judgments in determining the incremental borrowing rate to be used in calculating operating lease liabilities as of the adoption or commencement date. The Company estimates the incremental borrowing rate primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption or commencement date; and (iii) adjustments for differences between these rates and the lease term.

The cost of an operating lease is recognized over the lease term on a straight-line basis. The lease term commences on the date the Company has the right to control the use of the leased property. Certain leases may contain provisions for rent holidays and fixed-step escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and fixed-step escalations are reflected in rent expense on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as deferred rent. Certain leases may include rent escalations based on inflation indexes and fair market value adjustments. Certain leases may contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant's sales. Subsequent escalations subject to such an index and contingent rental payments are recognized as variable lease expense.

The rental payments or receipts on those property leases that meet the finance lease criteria result in the recognition of interest expense or interest income and a reduction of finance lease obligation or financing lease receivable, respectively. Finance lease obligations are amortized based on the Company's incremental borrowing rate and direct financing lease receivables are amortized using the implicit interest rate.

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred.

Advertising

Advertising fees included as franchise revenue for the years ended December 31, 2020, 2019 and 2018 were \$201.5 million, \$283.0 million and \$268.3 million, respectively.

Advertising expense reflected in the Consolidated Statements of Comprehensive (Loss) Income includes contributions to the national advertising fund made by Applebee's and IHOP, local marketing advertising costs incurred by company-operated restaurants, and certain advertising costs incurred by the Company to benefit future franchise operations. Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Advertising expense included in company restaurant operations for the years ended December 31, 2020, 2019 and 2018 was \$5.2 million, \$6.1 million, and \$0.3 million, respectively.

Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in U.S. GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 inputs are unobservable and reflect the Company's own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required under U.S. GAAP to be measured at fair value on a recurring basis. None of the Company's non-financial assets or non-financial liabilities is required to be measured at fair value on a recurring basis. Assets recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis include items such as property and equipment, operating lease assets, goodwill and other intangible assets, which are measured at fair value if determined to be impaired. The Company has not elected to use fair value measurement for any assets or liabilities for which fair value measurement is not presently required.

The Company believes the fair values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate their carrying amounts due to their short duration.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

The fair values of non-current financial instruments, determined based on Level 2 inputs, are shown in the following table:

	December 31,	
	2020	2019
	(In millions)	
Face value of Series 2019-1 Fixed Rate Senior Secured Notes	\$ 1,296.8	\$ 1,300.0
Fair value of Series 2019-1 Fixed Rate Senior Secured Notes	\$ 1,259.5	\$ 1,326.3

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. The Company records estimated tax liabilities to the extent the contingencies are probable and can be reasonably estimated. The Company recognizes interest accrued related to unrecognizable tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive (Loss) Income.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities based on its technical merits, including all appeals or litigation processes. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information.

Stock-Based Compensation

Members of the Board of Directors and certain employees are eligible to receive stock options, restricted stock, restricted stock units and performance units pursuant to the Dine Brands Global, Inc. 2019 Stock Incentive Plan. Shares of unvested restricted stock are subject to restrictions on transfer and forfeiture under certain circumstances. The holder of unvested restricted stock has the right to vote and receive regular cash dividends with respect to the shares of unvested restricted stock.

The Company accounts for all stock-based payments to employees and non-employee directors, including grants of stock options, restricted stock, restricted stock units and performance units to be recognized in the financial statements, based on their respective grant date fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods.

The grant date fair value of restricted stock and stock-settled restricted stock units is determined based on the Company's stock price on the grant date. The Company estimates the grant date fair value of stock option awards using the Black-Scholes option pricing model, which considers, among other factors, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. The Company estimates the grant date fair value of awards with performance-based market conditions using a Monte Carlo simulation method which considers, among other factors, the performance-based market condition, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. Awards of cash-settled restricted stock units are classified as liabilities with the liability and compensation expense related to cash-settled awards adjusted to fair value at each balance sheet date.

Net (Loss) Income Per Share

Net (loss) income per share is calculated using the two-class method prescribed in U.S. GAAP. Basic net (loss) income per share is computed by dividing the net (loss) income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net (loss) income per share is computed by dividing the net (loss) income available to common stockholders for the period by the weighted average number of common shares and potential shares of common stock outstanding during the period if their effect is dilutive. The Company uses the treasury stock method to calculate the weighted average shares used in the diluted earnings per share calculation. Potentially dilutive common shares include the assumed exercise of stock options and assumed vesting of restricted stock.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Other Comprehensive (Loss) Income

For the years ended December 31, 2020, 2019 and 2018, the income tax benefit or provision allocated to items of other comprehensive (loss) income was not significant.

Treasury Stock

The Company may from time to time utilize treasury stock when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined using the first-in, first-out method.

Dividends

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends declared in excess of retained earnings are recorded as a reduction of additional paid-in capital.

Reporting Segments

The Company identifies its reporting segments based on the organizational units used by management to monitor performance and make operating decisions. The Company has five operating segments: Applebee's franchise operations, IHOP franchise operations, rental operations, financing operations and company-operated restaurant operations. The Company has four reporting segments: franchise operations, (an aggregation of Applebee's and IHOP franchise operations), rental operations, financing operations and company-operated restaurant operations. The Company considers these to be its reportable segments, regardless of whether any segment exceeds 10% of consolidated revenues, income before income tax provision or total assets.

Franchise Segment

As of December 31, 2020, the franchise operations reportable segment consisted of 1,642 restaurants operated by Applebee's franchisees in the United States, two United States territories and 11 countries outside the United States and 1,769 restaurants operated by IHOP franchisees and area licensees in the United States, two United States territories and 9 countries outside the United States. Franchise operations revenue consists primarily of royalties and advertising fees based on a percentage of the franchisee's gross sales, sales of proprietary products (primarily IHOP pancake and waffle dry mixes) and other franchise fees.

Franchise operations expenses include advertising expense, the cost of proprietary products, pre-opening training expenses and other franchise-related costs.

Rental Segment

Rental operations revenue includes revenue from operating leases and interest income from direct financing leases. Rental operations expenses are costs of operating leases and interest expense of finance leases on franchisee-operated restaurants. The rental operations revenue and expenses are primarily generated by IHOP. Applebee's has an insignificant amount of rental activity.

Financing Segment

Financing operations revenue primarily consists of interest income from the financing of IHOP franchise fees and equipment leases, notes receivable from Applebee's franchisees and sales of equipment associated with refranchised IHOP restaurants. Financing expenses are the cost of restaurant equipment.

Company Segment

As of December 31, 2020, the Company operated 69 Applebee's restaurants that were acquired from a former franchisee in December 2018. The company segment presented in these financial statements consists of these 69 Applebee's restaurants in 2020 and 2019 and for three weeks in December of 2018. All company-operated restaurants were located in the United States. Company restaurant sales are retail sales at company-operated restaurants. Company restaurant expenses are operating expenses at company-operated restaurants and include food, beverage, labor, benefits, utilities, rent and other operating costs.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Accounting Standards Adopted Effective January 1, 2020

In February 2016, the Financial Accounting Standards Board (“FASB”) issued new guidance on the measurement of current expected credit losses (“CECL”) on financial instruments. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. The Company adopted this change in accounting principle as of the first day of the first fiscal quarter of 2020 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted.

Upon adoption of the new CECL guidance, the Company recognized an increase to its allowance for credit losses of \$0.7 million. The Company recognized an adjustment to retained earnings upon adoption of \$0.5 million, net of tax of \$0.2 million.

Additional new accounting guidance became effective for the Company as of the beginning of fiscal 2020 that the Company reviewed and concluded was either not applicable to its operations or had no material effect on its consolidated financial statements in the current or future fiscal years.

Newly Issued Accounting Standards Not Yet Adopted

In December 2019, the FASB issued new guidance intended to simplify the accounting for income taxes, change the accounting for certain income tax transactions, and make other minor changes. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2021; early adoption in any interim period after issuance of the new guidance is permitted. The Company is currently assessing the impact this guidance will have on its consolidated financial statements but does not expect this standard to have a material effect on its financial statements. The Company did not adopt the standard early.

In March 2020 with an update in January 2021, the FASB issued guidance which provides optional expedients and exceptions for applying current U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (“LIBOR”) or by another reference rate expected to be discontinued. The guidance can be adopted immediately and is applicable to contracts entered into on or before December 31, 2022. The Company is currently evaluating our contracts that reference LIBOR and the potential effects of adopting this new guidance. The Company is currently assessing the impact this guidance will have on its consolidated financial statements but does not expect this standard to have a material effect on its financial statements. The Company does not intend to adopt the standard early.

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements when adoption is required in the future.

3. Revenue Disclosures

The following table disaggregates our franchise revenues by major type for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,		
	2020	2019	2018
	(In thousands)		
Franchise Revenues:			
Royalties	\$ 215,214	\$ 302,169	\$ 311,568
Advertising fees	201,494	283,015	268,294
Pancake and waffle dry mix sales and other	38,936	53,973	52,108
Franchise and development fees	13,809	12,029	11,964
Total franchise revenues	\$ 469,453	\$ 651,186	\$ 643,934

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

3. Revenue Disclosures (Continued)

Accounts and other receivables related to franchise revenues as of December 31, 2020 and 2019 were \$76.3 million (net of allowance of \$11.4 million) and \$63.5 million (net of allowance of \$0.7 million), respectively, and were included in receivables, net in the Consolidated Balance Sheets.

Changes in the Company's contract liability for deferred franchise revenues during the year ended December 31, 2020 were as follows:

	Deferred Franchise Revenue (short- and long-term)
	(In thousands)
Balance at December 31, 2019	67,030
Recognized as revenues during the year ended December 31, 2020	(12,913)
Fees deferred during the year ended December 31, 2020	5,802
Balance at December 31, 2020	\$ 59,919

The balance of deferred franchise revenues as of December 31, 2020 is expected to be recognized as follows:

	(In thousands)
2021	\$ 7,682
2022	7,273
2023	6,758
2024	6,158
2025	5,372
Thereafter	26,676
Total	\$ 59,919

4. Current Expected Credit Losses

Prior to the adoption of CECL, the Company recorded incurred loss reserves against receivable balances based on current and historical information, with delinquency status being the primary indicator of a deterioration in credit quality. The recently adopted CECL reserve methodology requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Under the CECL model, reserves may be established against financial asset balances even if the risk of loss is remote or has not yet manifested itself.

Upon adoption of the CECL methodology, the Company developed its estimated loss reserves in the following manner. The Company continued to record specific reserves against account balances of franchisees deemed “at-risk” when a potential loss is likely or imminent as a result of prolonged payment delinquency (greater than 90 days past due) and where notable credit deterioration has become evident. For financial assets that are not currently deemed “at-risk,” an allowance is recorded based on expected loss rates derived pursuant to the following CECL methodology that assesses four components - historical losses, current conditions, reasonable and supportable forecasts, and a reversion to history, if applicable.

Historical Losses

Historical loss rates over a five-year span were calculated for financial assets with common risk characteristics. The Company determined historical loss rate data for each franchise brand concept was more relevant than a single blended rate. Historical losses were determined based on the average charge-off method. Historical loss rates are further adjusted by factors related to current conditions and forecasts of future economic conditions.

Current Conditions

The Company identified three metrics that it believes provide the most relevant reflection of the current risks inherent in the Company’s franchisee-based restaurant business, as follows: (1) delinquency status, (2) system-wide same-restaurant sales, and (3) restaurant unit-level economics. The current conditions adjustment factor was increased to account for the impact of the COVID-19 pandemic.

4. Current Expected Credit Losses (Continued)

Reasonable and Supportable Forecasts

The third component in the CECL methodology involves consideration of macroeconomic conditions that can impact the estimate of expected credit losses in the future. The Company has not developed an internal methodology in this regard; rather, the Company utilizes existing, publicly accessible sources of economic data, primarily forecasts of overall unemployment rate as well as consumer spending based on the personal consumption expenditure index.

Reversion to History

The Company has determined that reversion to history was not required since the remaining average lives of the Company's financial assets are not exceedingly lengthy.

The Company considers its portfolio segments to be the following:

Accounts Receivable (Franchise-Related)

Most of the Company's short-term receivables due from franchisees are derived from royalty, advertising and other franchise-related fees.

Gift Card Receivables

Gift card receivables consist primarily of amounts due from third-party vendors. Receivables related to gift card sales are subject to seasonality and usually peak around year end as a result of the December holiday season.

Notes Receivable

Notes receivable balances primarily relate to the conversion of certain Applebee's franchisee accounts receivable to notes receivable, cash loans to franchisees for working capital purposes, a note receivable in connection with the sale of IHOP company restaurants in June 2017, and IHOP franchise fee and other notes. The notes are typically collateralized by the franchise. The notes have a term from two to ten years and bear interest averaging 4.7% and 5.1% per annum at December 31, 2020 and 2019, respectively. Due to the risk inherent in Applebee's notes that were converted from previously delinquent franchisee accounts receivable balances, a significant portion of these notes have specific reserves recorded against them totaling \$8.9 million as of December 31, 2020.

Equipment Leases Receivable

Equipment leases receivable also relate to IHOP franchise development activity prior to 2003. IHOP provided the financing for the leasing of the equipment. Equipment lease contracts are collateralized by the equipment in the restaurant. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.8% and 9.9% per annum at December 31, 2020 and 2019, respectively. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease. The weighted average remaining life of the Company's equipment leases is 5.5 years as of December 31, 2020. The estimated fair value of the equipment collateralizing these lease contracts are not deemed to be significant given the very seasoned and mature nature of this portfolio.

Direct Financing Leases Receivable

Direct financing lease receivables relate to IHOP franchise development activity prior to 2003 when IHOP typically leased or purchased the restaurant site, built and equipped the restaurant, then franchised the restaurant to a franchisee. IHOP provided the financing for leasing or subleasing the site. Direct financing leases at December 31, 2020, comprised 90 leases with a weighted average remaining life of 4.1 years, and relate to locations that IHOP is leasing from third parties and subleasing to franchisees. Where applicable, building leases and equipment contracts contain cross-default provisions wherein a default under one constitutes a default under all.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

4. Current Expected Credit Losses (Continued)

Distributor Receivables

Receivables due from distributors are related to the sale of IHOP's proprietary pancake and waffle dry mix to franchisees through the Company's network of suppliers and distributors and are included as part of Other receivables.

Total receivables balances at December 31, 2020 and 2019 were as follows:

Receivables	2020	2019
	(In millions)	
Accounts receivable	\$ 85.7	\$ 60.8
Gift card receivables	22.5	46.7
Notes receivable	18.6	28.9
Financing receivables:		
Equipment leases receivable	43.9	56.3
Direct financing leases receivable	22.7	34.0
Franchise fee notes receivable	0.1	0.2
Other	6.0	7.3
	199.5	234.2
Less: allowance for doubtful accounts and notes receivable	(23.1)	(11.3)
	176.4	222.9
Less: current portion	(121.9)	(136.9)
Long-term receivables	\$ 54.5	\$ 86.0

Changes in the allowance for credit losses during the year ended December 31, 2020 were as follows:

	Accounts Receivable	Notes receivable, short-term	Notes receivable, long-term	Lease Receivables	Equipment Receivables	Other ⁽¹⁾	Total
	(In millions)						
Balance, December 31, 2019	\$ 0.7	\$ 2.4	\$ 8.2	\$ —	\$ —	\$ —	\$ 11.3
Increase due to CECL adoption	0.3	0.0	0.1	0.1	0.1	0.1	0.7
Bad debt expense for the year ended December 31, 2020	5.0	2.5	0.5	1.2	3.4	0.2	12.8
Advertising provision adjustment	5.4	(0.7)	(1.2)	—	—	—	3.5
Write-offs	(0.2)	(0.6)	(2.3)	(0.9)	(1.2)	—	(5.2)
Recoveries	0.0	—	—	0.0	—	—	—
Balance, December 31, 2020	\$ 11.2	\$ 3.6	\$ 5.3	\$ 0.4	\$ 2.3	\$ 0.3	\$ 23.1

⁽¹⁾ Primarily distributor receivables, gift card receivables and credit card receivables

The Company's primary credit quality indicator for all portfolio segments is delinquency. The delinquency status of receivables (other than accounts receivable, gift card receivables and distributor receivables) at December 31, 2020 was as follows:

	Notes receivable, short-term	Notes receivable, long-term	Lease Receivables	Equipment Receivables	Other ⁽¹⁾	Total
	(In millions)					
Current	\$ 3.9	\$ 12.2	\$ 22.7	\$ 43.9	\$ 2.0	\$ 84.7
30-59 days	0.1	—	—	—	—	0.1
60-89 days	0.1	—	—	—	—	0.1
90-119 days	0.1	—	—	—	—	0.1
120+ days	2.3	—	—	—	—	2.3
Total	\$ 6.5	\$ 12.2	\$ 22.7	\$ 43.9	\$ 2.0	\$ 87.3

⁽¹⁾ Primarily credit card receivables

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

4. Current Expected Credit Losses (Continued)

The year of origination of the Company's financing receivables is as follows:

	Notes receivable, short and long- term	Lease Receivables	Equipment Receivables	Total
	(In millions)			
2020	\$ 1.5	\$ 1.5	\$ —	\$ 3.0
2019	2.6	0.9	—	3.5
2018	8.1	—	—	8.1
2017	6.4	—	—	6.4
2016	—	1.3	—	1.3
Prior	0.1	19.0	43.9	63.0
Total	\$ 18.7	\$ 22.7	\$ 43.9	\$ 85.3

The Company does not place its financing receivables in non-accrual status.

The following table summarizes the activity in the allowance for doubtful accounts and notes receivable for the years ended December 31, 2019 and 2018, prior to the adoption of CECL:

Allowance for Doubtful Accounts	(In millions)
Balance at December 31, 2017	\$ 22.2
Provision	10.3
Charge-offs	(15.3)
Balance at December 31, 2018	17.2
Provision	(0.4)
Charge-offs	(5.0)
Recoveries	(0.5)
Balance at December 31, 2019	\$ 11.3

5. Property and Equipment

Property and equipment by category at December 31, 2020 and 2019 were as follows:

	2020	2019
	(In millions)	
Leaseholds and improvements	\$ 221.7	\$ 235.4
Properties under finance leases	95.2	100.5
Equipment and fixtures	62.1	60.7
Buildings and improvements	55.4	56.6
Land	52.1	55.9
Internal-use software	37.0	34.7
Construction in progress	5.0	4.7
Property and equipment, gross	528.5	548.5
Less: accumulated depreciation and amortization	(340.5)	(332.1)
Property and equipment, net	\$ 188.0	\$ 216.4

The Company recorded depreciation expense on property and equipment of \$31.9 million, \$30.8 million and \$22.1 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Accumulated depreciation and amortization includes accumulated amortization for properties under finance leases in the amount of \$49.6 million and \$51.1 million at December 31, 2020 and 2019, respectively.

6. Goodwill

The significant majority of the Company's goodwill arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of goodwill for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Applebee's Franchise Unit	Applebee's Company Unit	IHOP Franchise Unit	Total
	(In millions)			
Balance at December 31, 2017	\$ 328.4	\$ —	\$ 10.8	\$ 339.2
Business acquisition	—	6.1	—	6.1
Balance at December 31, 2018	328.4	6.1	10.8	345.3
Purchase price adjustment related to business acquisition	—	(1.5)	—	(1.5)
Balance at December 31, 2019	328.4	4.6	10.8	343.9
Impairment loss	(92.2)	—	—	(92.2)
Balance at December 31, 2020	<u>\$ 236.2</u>	<u>\$ 4.6</u>	<u>\$ 10.8</u>	<u>\$ 251.6</u>

Gross and net carrying amounts of goodwill at December 31, 2020 and 2019 are as follows:

	December 31, 2020			December 31, 2019		
	Gross	Accumulated Impairment Loss	Net	Gross	Accumulated Impairment Loss	Net
	(In millions)					
Applebee's Franchise Unit	\$ 686.7	\$ (450.5)	\$ 236.2	\$ 686.6	\$ (358.2)	\$ 328.4
Applebee's Company Unit	4.6	—	4.6	4.6	—	4.6
IHOP Franchise Unit	10.8	—	10.8	10.8	—	10.8
Total	<u>\$ 702.1</u>	<u>\$ (450.5)</u>	<u>\$ 251.6</u>	<u>\$ 702.1</u>	<u>\$ (358.2)</u>	<u>\$ 343.9</u>

The Company assesses goodwill for impairment in accordance with its policy described in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies.

Because of the risks and uncertainties associated with the COVID-19 pandemic, the Company performed an interim assessment to determine whether the impact of COVID-19 indicated a potential impairment to its goodwill and intangible assets. In the second quarter of 2020, the Company noted that its common stock had recovered less of its early March 2020 (pre-pandemic) market value than the overall U.S. stock market had recovered. The Company also was able to assess several months of data as to the impact of the COVID-19 pandemic on its operations and, in turn, assess the impact that might have on the risk premium incorporated into its discount rate. Based on these developments, the Company determined that an interim quantitative test for impairment of the goodwill of the Applebee's Franchise and Company units should be performed as of May 24, 2020. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The fair value technique used in this instance is classified as Level 3, where unobservable inputs are used when little or no market data is available.

As a result of performing the quantitative test of impairment, the Company recognized an impairment loss of \$92.2 million to the goodwill of the Applebee's Franchise unit. The majority of the impairment was due to an increase in the assessed risk premium incorporated into the discount rate assumption. There was no impairment of the Applebee's Company unit.

In the fourth quarter of 2020, the Company performed qualitative assessments of the goodwill of the Applebee's Franchise unit, the Applebee's Company unit and the IHOP franchise unit. In performing that analysis the Company considered, among other things, the Company's operating performance subsequent to May 2020 and what, if any, impact that performance had on the long-term forecast of future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital that had been used in performing a quantitative impairment test as of May 2020. The Company also considered the market value of the Company's stock, absolute and relative to peers, the continuing favorable impact of the Tax Cuts and Jobs Act (the "Tax Act") on future cash flows and general economic conditions and the impact these changes might have on an appropriate discount rate. As result of the qualitative test, the Company concluded it was more likely than not that the fair values of each unit exceeded the respective carrying amounts and therefore, a quantitative test of impairment was not necessary.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

6. Goodwill (Continued)

In the fourth quarter of 2019, the Company performed qualitative assessments of the goodwill of the Applebee's Franchise unit, the Applebee's Company unit and the IHOP franchise unit. In performing that analysis the Company considered, among other things, Applebee's key performance indicators during 2019 and what, if any, impact that performance had on the long-term forecast of future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital that had been used in performing a quantitative impairment test in the third quarter of 2017. The Company also considered the current market price of its common stock, the favorable impact of the Tax Act on future cash flows and the impact these changes would have on an appropriate discount rate. As result of the qualitative test, the Company concluded it was more likely than not that the fair values of each unit exceeded the respective carrying amounts and therefore, a quantitative test of impairment was not necessary.

7. Other Intangible Assets

The significant majority of the Company's other intangible assets arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of intangible assets for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Not Subject to Amortization		Subject to Amortization			Total
	Tradename	Other	Franchising Rights	Reacquired Franchise Rights	Favorable Leaseholds	
	(In millions)					
Balance at December 31, 2017.....	\$ 479.0	\$ 2.4	\$ 99.0	\$ —	\$ 2.3	\$ 582.8
Amortization expense.....	—	—	(10.0)	(0.1)	—	(10.1)
Additions.....	—	0.3	—	11.6	1.3	13.2
Balance at December 31, 2018.....	479.0	2.7	89.0	11.5	3.6	585.9
Amortization expense.....	—	—	(10.0)	(1.7)	(0.1)	(11.7)
Additions.....	—	0.5	—	—	0.5	1.0
Balance at December 31, 2019.....	479.0	3.2	79.0	9.8	4.1	575.1
Impairment.....	(11.0)	—	—	(3.3)	(0.8)	(15.1)
Amortization expense.....	—	—	(10.0)	(0.8)	(0.1)	(10.9)
Additions.....	—	0.6	—	—	—	0.6
Balance at December 31, 2020.....	\$ 468.0	\$ 3.8	\$ 69.0	\$ 5.7	\$ 3.2	\$ 549.7

In December 2018, the Company acquired 69 Applebee's restaurants. In its allocation of the purchase price, the Company recorded \$11.6 million of reacquired franchise rights as an intangible asset. Other additions to favorable leaseholds and other intangibles for the years ended December 31, 2020, 2019 and 2018 are individually insignificant.

As discussed in Note 6 - Goodwill, the Company determined that indicators of impairment existed prior to the annual test for impairment and performed an interim quantitative test for impairment of Applebee's tradename and reacquired franchise rights in the second quarter of 2020. In performing the impairment test of the tradename, the Company used the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and a discount rate applied to the forecast revenue stream. As a result of performing the quantitative test of impairment, the Company recognized an impairment of \$11.0 million to Applebee's tradename. The majority of the impairment was due to an increase in the assessed risk premium incorporated into the discount rate assumption. In addition, the Company determined that the carrying amounts of reacquired franchise rights and favorable leaseholds exceeded the estimated fair value by \$3.3 million and \$0.8 million, respectively, and recorded impairments to those intangible assets.

Annual amortization expense for the next five fiscal years is estimated to be approximately \$10.7 million per year. The weighted average life of the intangible assets subject to amortization was 19.9 years and 18.5 years at December 31, 2020 and 2019, respectively.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

7. Other Intangible Assets (Continued)

Gross and net carrying amounts of intangible assets subject to amortization at December 31, 2020 and 2019 are as follows:

	December 31, 2020			December 31, 2019		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In millions)					
Franchising rights.....	\$ 200.0	\$ (131.0)	\$ 69.0	\$ 200.0	\$ (121.0)	\$ 79.0
Reacquired franchise rights.....	8.3	(2.6)	5.7	11.6	(1.8)	9.8
Favorable leaseholds.....	3.4	(0.2)	3.2	\$ 4.2	\$ (0.1)	4.1
Total.....	\$ 211.7	\$ (133.7)	\$ 78.0	\$ 215.8	\$ (122.9)	\$ 92.9

In the fourth quarter of fiscal 2020 and 2019, the Company performed a qualitative assessment of the Applebee's tradename and concluded the fair value exceeded the carrying amount.

8. Long-Term Debt

Long-term debt at December 31, 2020 and 2019 consists of the following components:

	2020	2019
	(In millions)	
Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I.....	\$ 698.3	\$ 700.0
Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II.....	598.5	600.0
Series 2019-1 Variable Funding Senior Notes Class A-1, variable interest rate of 2.42% at December 31, 2020.....	220.0	—
Debt issuance costs.....	(11.8)	(11.8)
Long-term debt, net of debt issuance costs.....	1,505.0	1,288.2
Current portion of long-term debt.....	(13.0)	—
Long-term debt.....	\$ 1,492.0	\$ 1,288.2

Long-Term Debt

On June 5, 2019, Applebee's Funding LLC and IHOP Funding LLC (the "Co-Issuers"), each a special purpose, wholly-owned indirect subsidiary of the Company, issued two tranches of fixed rate senior secured notes, the Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I ("Class A-2-I Notes") in an initial aggregate principal amount of \$700 million and the Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II ("Class A-2-II Notes") in an initial aggregate principal amount of \$600 million (the "Class A-2-II Notes" and, together with the Class A-2-I Notes, the "2019 Class A-2 Notes"). The 2019 Class A-2 Notes were issued pursuant to an offering exempt from registration under the Securities Act of 1933, as amended.

The Co-Issuers also replaced their existing revolving financing facility, the 2018-1 Variable Funding Senior Notes, Class A-1 ("2018 Class A-1 Notes"), with a new revolving financing facility, the 2019-1 Variable Funding Senior Notes, Class A-1 (the "Revolver"), on substantially the same terms as the 2018 Class A-1 Notes in order to conform the term of the Revolver to the anticipated repayment dates for the 2019 Class A-2 Notes. The Revolver and the 2019 Class A-2 Notes are referred to collectively herein as the "New Notes."

The New Notes were issued in a securitization transaction pursuant to which substantially all of the domestic revenue-generating assets and domestic intellectual property, as further described below, held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of the Company (the "Guarantors") were pledged as collateral to secure the New Notes.

2019 Class A-2 Notes

The New Notes were issued under a Base Indenture, dated as of September 30, 2014, amended and restated as of June 5, 2019 (the "Base Indenture"), and the related Series 2019-1 Supplement to the Base Indenture, dated June 5, 2019 (the "Series 2019-1 Supplement"), among the Co-Issuers and Citibank, N.A., as the trustee (in such capacity, the "Trustee") and securities

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

8. Long-Term Debt (Continued)

intermediary. The Base Indenture and the Series 2019-1 Supplement (collectively, the “Indenture”) will allow the Co-Issuers to issue additional series of notes in the future subject to certain conditions set forth therein.

While the 2019 Class A-2 Notes are outstanding, payment of principal and interest is required to be made on the Class A-2 Notes on a quarterly basis. The payment of principal on the 2019 Class A-2 Notes may be suspended when the leverage ratio for the Company and its subsidiaries is less than or equal to 5.25x. Exceeding the leverage ratio of 5.25x does not violate any covenant related to the New Notes.

The Company's leverage ratio exceeded 5.25x as of June 30, 2020 and has remained greater than 5.25x since then. As of December 31, 2020 the Company's leverage ratio was 7.20x. Accordingly, the Company began making principal payments in the fourth quarter of 2020, and will continue to make payments as long as the leverage ratio exceeds 5.25x.

The Company may voluntarily repay the New Notes at any time; however, if the Company repays the New Notes prior to certain dates, it would be required to pay make-whole premiums. As of December 31, 2020, the make-whole premium associated with voluntary prepayment of the Class A-2-I Notes was approximately \$35 million; this amount declines each quarter to zero in June 2022. As of December 31, 2020, the make-whole premium associated with voluntary prepayment of the Class A-2-II Notes was approximately \$74 million; this amount declines each quarter to zero in June 2024. The Company would also be subject to a make-whole premium in the event of a mandatory prepayment required following a Rapid Amortization Event or certain asset dispositions. The mandatory make-whole premium requirements are considered derivatives embedded in the New Notes that must be bifurcated for separate valuation. The Company estimated the fair value of these derivatives to be immaterial as of December 31, 2020, based on the probability-weighted discounted cash flows associated with either event.

The legal final maturity of the 2019 Class A-2 Notes is in June 2049, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2-I Notes will be repaid in June 2024 (the “Class A-2-I Anticipated Repayment Date”) and the Class A-2-II Notes will be repaid in June 2026 (the “Class A-2-II Anticipated Repayment Date”). If the Co-Issuers have not repaid or refinanced the Class A-2-I Notes by the Class A-2-I Anticipated Repayment Date or the Class A-2-II Notes by the Class A-2-II Anticipated Repayment Date, then additional interest will accrue on the Class A-2-I Notes and the Class A-2-II Notes, as applicable, at the greater of: (A) 5.0% and (B) the amount, if any, by which the sum of the following exceeds the applicable Class A-2 Note interest rate: (x) the yield to maturity (adjusted to a quarterly bond-equivalent basis) on the applicable anticipated repayment date of the United States Treasury Security having a term closest to 10 years plus (y) 5.0%, plus (z) 2.15% for the Class A-2-I Notes and 2.64% for the Class A-2-II Notes.

2019 Class A-1 Notes

The Co-Issuers also entered into the Revolver that allows for drawings up to \$225 million of variable funding notes and the issuance of letters of credit. The Revolver Notes were issued under the Indenture. Drawings and certain additional terms related to the Revolver are governed by the 2019 Class A-1 Note Purchase Agreement, dated June 5, 2019, among the Co-Issuers, certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor (“the Guarantors”), the Company, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters of credit, swingline lender and administrative agent (the “Purchase Agreement”).

The Revolver is governed, in part, by the Purchase Agreement and by certain generally applicable terms contained in the Indenture. The applicable interest rate under the Revolver depends on the type of borrowing by the Co-Issuers. The applicable interest rate for advances is generally calculated at a per annum rate equal to the commercial paper funding rate or one-, two-, three- or six-month Eurodollar Funding Rate, in either case, plus 2.15%. The applicable interest rate for swingline advances and unreimbursed draws on outstanding letters of credit is a per annum base rate equal to the sum of (a) 1.15% plus (b) the greatest of (i) the Prime Rate in effect from time to time, (ii) the Federal Funds Rate in effect from time to time plus 0.50% and (iii) the one-month Eurodollar Funding Rate plus 1.00%. There is no upfront fee for the Revolver. There is a fee of 50 basis points on any unused portion of the Revolver. Undrawn face amounts of outstanding letters of credit that are not cash collateralized accrue a fee of 2.15% per annum. It is anticipated that the principal and interest on the Revolver will be repaid in full on or prior to the quarterly payment date in June 2024 (the “2019 Class A-1 Anticipated Repayment Date”), subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions.

Management Agreement

Under the terms of the Management Agreement, dated September 30, 2014, as amended and restated as of September 5, 2018, as further amended and restated as of June 5, 2019 and as amended by that certain Amendment No. 1 to Management Agreement dated November 21, 2019, among the Co-Issuers and the Guarantors (collectively, the “Securitization Entities”), the Company, Applebee’s Services, Inc., International House of Pancakes, LLC and the Trustee, the Company will act as the

8. Long-Term Debt (Continued)

manager with respect to substantially all of the assets of the Securitization Entities (the “Securitized Assets”). The primary responsibilities of the manager will be to perform certain franchising, distribution, intellectual property and operational functions on behalf of the Securitization Entities with respect to the Securitized Assets pursuant to the Management Agreement. The manager will be entitled to the payment of the weekly management fee, as set forth in the Management Agreement and will be subject to the liabilities set forth in the Management Agreement. The Company, as Manager, voluntarily began waiving its receipt of the weekly management fee in April 2020 and this waiver remains in place as of December 31, 2020.

Covenants and Restrictions

The New Notes are subject to a series of covenants and restrictions customary for transactions of this type, including: (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the New Notes, (ii) provisions relating to optional and mandatory prepayments, and the related payment of specified amounts, including specified call redemption premiums in the case of Class A-2 Notes under certain circumstances; (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the New Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The New Notes are subject to customary rapid amortization events provided for in the Indenture, including events tied to failure of the Securitization Entities to maintain the stated debt service coverage ratio (“DSCR”), the sum of domestic retail sales for all restaurants being below certain levels on certain measurement dates, certain manager termination events, certain events of default and the failure to repay or refinance the Class A-2 Notes on the anticipated repayment dates. The New Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the New Notes, failure of the Securitization Entities to maintain the stated DSCR, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties and certain judgments.

In general, the DSCR ratio is Net Cash Flow (as defined in the Indenture) for the four quarters preceding the calculation date divided by the total debt service payments (as defined in the Indenture) of the preceding four quarters. The complete definitions of the DSCR and all calculation elements are contained in the Indenture. Failure to maintain a prescribed DSCR can trigger a Cash Flow Sweeping Event, a Rapid Amortization Event, a Manager Termination Event or a Default Event as described below. In a Cash Flow Sweeping Event, the Trustee is required to retain 50% of excess Cash Flow (as defined in the Indenture) in a restricted account. In a Rapid Amortization Event, all excess Cash Flow is retained and used to retire principal amounts of debt. In a Manager Termination Event, the Company may be replaced as manager of the assets securitized under the Indenture. In a Default Event, the outstanding principal amount and any accrued but unpaid interest can be called to become immediately due and payable. Key DSCRs are as follows:

- DSCR less than 1.75x - Cash Flow Sweeping Event
- DSCR less than 1.20x - Rapid Amortization Event
- Interest-only DSCR less than 1.20x - Manager Termination Event
- Interest-only DSCR less than 1.10x - Default Event

The Company's DSCR for the reporting period ended December 31, 2020 was approximately 3.3x.

Use of Credit Facilities

In March 2020, the Co-Issuers drew down a total of \$220.0 million of the amount then available under the Revolver. Although the Company had no immediate need for additional liquidity, the Co-Issuers drew on the Revolver to increase the Company's financial flexibility in light of then-current market conditions and uncertainty due to the COVID-19 outbreak. It is anticipated that the principal and interest on the Revolver will be repaid in full on or prior to the quarterly payment date in June 2024, subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions. The current interest rate for borrowings under the Revolver is the three-month LIBOR rate plus 2.15% for 60% of the advances and the commercial paper funding rate of our conduit investor plus 2.15% for 40% of the advances. The interest rate on Revolver borrowings at December 31, 2020 was 2.42%. The weighted average interest rate on Revolver borrowings for the period outstanding during the year ended December 31, 2020 was 2.72%.

At December 31, 2020, \$2.8 million was pledged against the Revolver for outstanding letters of credit, leaving \$2.2 million of the Revolver available for borrowing. The letters of credit are used primarily to satisfy insurance-related collateral requirements.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

8. Long-Term Debt (Continued)

Loss on Extinguishment of Debt

In connection with the repayment of the 2014 Class A-2 Notes, during the year ended December 31, 2019, the Company recognized a loss on extinguishment of debt of \$8.3 million, representing the remaining unamortized costs related to the 2014 Class A-2 Notes at the time of repayment. Prior to the extinguishment on June 5, 2019, amortization costs of \$1.4 million and \$3.4 million associated with the 2014 Class A-2 Notes was included in interest expense for the years ended December 31, 2019 and 2018 respectively.

Debt Issuance Costs

The Company incurred costs of approximately \$12.9 million in connection with the issuance of the 2019 Class A-2 Notes. These debt issuance costs are being amortized using the effective interest method over estimated life of each tranche of the 2019 Class A-2 Notes. Amortization costs of \$2.1 million and \$1.2 million were included in interest expense for the years ended December 31, 2020 and 2019, respectively. Unamortized debt issuance costs of \$9.6 million are reported as a direct reduction of the Class A-2 Notes in the Consolidated Balance Sheets.

The Company incurred costs of approximately \$0.2 million in connection with the replacement of the 2018-1 Class A-1 Notes with the Revolver in 2019. These debt issuance costs have been added to the remaining unamortized costs of approximately \$2.8 million related to the 2018 Class A-1 Notes, the total of which costs is now being amortized using the effective interest method over the estimated five-year life of the Revolver. Amortization costs of \$0.6 million were included in interest expense for the year ended December 31, 2020. Unamortized debt issuance costs of \$2.2 million are reported as a direct reduction of the Class A-1 Notes in the Consolidated Balance Sheets.

At December 31, 2019, \$2.7 million of unamortized debt issuance costs related to the Revolver were classified as other long-term assets because there had been no borrowing against the Revolver.

Debt Refinancing Costs

In connection with the termination of the 2014 Purchase Agreement, the Company recognized as expense \$0.9 million of unamortized debt issuance costs associated with the 2014 Variable Funding Notes during the year ended December 31, 2018. In addition, the Company incurred costs of \$1.6 million associated with the evaluation of various alternatives for refinancing the Company's securitized indebtedness that were also charged to expense during the year ended December 31, 2018. These costs totaling \$2.5 million were reported as "Debt refinancing costs" in the Consolidated Statements of Comprehensive (Loss) Income for the year ended December 31, 2018.

Maturities of Long-term Debt

Face-value maturities of long-term debt for each of the next five years, assuming the Company's leverage ratio remains greater than 5.25x and the Revolver is not extended beyond the 2019 Class A-1 Anticipated Repayment Date, are as follows:

	<u>(In millions)</u>
2021	\$ 13.0
2022	13.0
2023	13.0
2024	903.3
2025	6.0
Thereafter	568.5
Total	\$ 1,516.8

9. Financing Obligations

On May 19, 2008, the Company entered into a Purchase and Sale Agreement relating to the sale and leaseback of 181 parcels of real property (the “Sale-Leaseback Transaction”), each of which is improved with a restaurant operating as an Applebee’s Neighborhood Grill and Bar (the “Properties”). On June 13, 2008, the closing date of the Sale-Leaseback Transaction, the Company entered into a Master Land and Building Lease (“Master Lease”) for the Properties. The proceeds received from the transaction were \$337.2 million. The Master Lease calls for an initial term of twenty years and four, five-year options to extend the term.

The Sale-Leaseback Transaction does not qualify as a sale under current U.S. GAAP. Accordingly, the Sale-Leaseback Transaction continues to be recorded under the financing method. The value of the land and leasehold improvements will remain on the Company’s books and the leasehold improvements will continue to be depreciated over their remaining useful lives. The net proceeds received were recorded as a financing obligation. A portion of the lease payments is recorded as a decrease to the financing obligation and a portion is recognized as interest expense. In the event the lease obligation of any individual property or group of properties is assumed by a qualified franchisee, the portion of the transaction related to that property or group of properties is recorded as a sale in accordance with U.S. GAAP and the net book value of those properties will be removed from the Company’s books, along with a ratable portion of the remaining financing obligation.

As of December 31, 2020, the portion of the original Sale-Leaseback Transaction related to 158 of the 181 Properties has qualified as a sale by assignment of the lease obligation to a qualified franchisee or a release from the lessor. In accordance with the accounting described above, the property and equipment and financing obligations have each been cumulatively reduced by approximately \$284.2 million.

As of December 31, 2020, future minimum lease payments under financing obligations during the initial terms of the leases related to the sale-leaseback transactions are as follows:

Fiscal Years	(In millions)
2021	\$ 4.5
2022	4.5
2023	4.4
2024	5.0
2025	5.0
Thereafter	34.8
Total minimum lease payments	58.2
Less: interest	(24.7)
Total financing obligations	33.5
Less: current portion ⁽¹⁾	(0.7)
Long-term financing obligations	\$ 32.8

⁽¹⁾ Included in current maturities of finance lease and financing obligations on the consolidated balance sheet.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures

The Company engages in leasing activity as both a lessee and a lessor. The majority of the Company's lease portfolio originated when the Company was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included the Company's purchase or leasing of the site on which the restaurant was located and subsequently leasing/subleasing the site to the franchisee. With a few exceptions, the Company ended this practice in 2003 and the Company's current lease activity is predominantly comprised of renewals of existing lease arrangements and exercises of options on existing lease arrangements.

The Company currently leases from third parties the real property on which approximately 600 IHOP franchisee-operated restaurants and one Applebee's franchisee-operated restaurant are located; the Company (as lessor) subleases the property to the franchisees that operate those restaurants. The Company also leases property it owns to the franchisees that operate approximately 60 IHOP restaurants and one Applebee's restaurant. The Company leases from third parties the real property on which 69 Applebee's company-operated restaurants are located. The Company also leases office space for its principal corporate office in Glendale, California and restaurant support centers in Kansas City, Missouri and Raleigh, North Carolina. The Company does not have a significant amount of non-real estate leases.

The Company's existing leases/subleases related to IHOP restaurants generally provide for an initial term of 20 to 25 years, with most having one or more five-year renewal options. Leases related to Applebee's restaurants generally have an initial term of 10 to 20 years, with renewal terms of five to 20 years. Option periods were not included in determining liabilities and right-of-use assets related to operating leases. Approximately 320 of the Company's leases met the sales levels that required variable rent payments to the Company (as lessor), based on a percentage of restaurant sales in 2020. Approximately 50 of the leases met the sales levels that required variable rent payments by the Company (as lessee), based on a percentage of restaurant sales in 2020.

The individual lease agreements do not provide information to determine the implicit interest rate in the agreements. The Company made significant judgments in determining the incremental borrowing rates that were used in calculating operating lease liabilities as of the adoption date. Due to the large number of leases, the Company applied a portfolio approach by grouping the leases based on the original lease term. The Company estimated the interest rate for each grouping primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption date; and (iii) adjustments for differences in years to maturity.

The Company's lease cost for the years ended December 31, 2020 and 2019 was as follows:

	Year Ended December 31,	
	2020	2019
	(In millions)	
Finance lease cost:		
Amortization of right-of-use assets	\$ 5.0	\$ 5.3
Interest on lease liabilities	6.6	7.7
Operating lease cost	109.8	106.2
Variable lease cost	0.8	2.7
Short-term lease cost	0.0	0.0
Sublease income	(96.8)	(110.9)
Lease cost	<u>\$ 25.4</u>	<u>\$ 11.0</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

Future minimum lease payments under noncancelable leases as lessee as of December 31, 2020 were as follows:

	Finance Leases	Operating Leases
	(In millions)	
2021	\$ 15.9	\$ 91.1
2022	14.5	84.7
2023	11.7	69.8
2024	9.7	64.3
2025	8.6	55.3
Thereafter	50.9	144.9
Total minimum lease payments	111.3	510.1
Less: interest/imputed interest	(31.7)	(95.2)
Total obligations	79.6	414.9
Less: current portion	(10.6)	(69.7)
Long-term lease obligations	\$ 69.0	\$ 345.2

The weighted average remaining lease term as of December 31, 2020 was 9.2 years for finance leases and 7.3 years for operating leases. The weighted average discount rate as of December 31, 2020 was 10.2% for finance leases and 5.7% for operating leases.

During the years ended December 31, 2020 and 2019, the Company made the following cash payments for leases:

	Year Ended December 31,	
	2020	2019
(In millions)		
Principal payments on finance lease obligations	\$ 12.5	\$ 13.6
Interest payments on finance lease obligations	6.6	7.7
Payments on operating leases	101.1	91.9
Variable lease payments	0.7	2.5

The Company's income from operating leases for the years ended December 31, 2020 and 2019 was as follows:

	Year Ended December 31,	
	2020	2019
(In millions)		
Minimum lease payments	\$ 97.2	\$ 102.8
Variable lease income	5.2	11.5
Total operating lease income	\$ 102.4	\$ 114.3

Future minimum payments to be received as lessor under noncancelable operating leases as of December 31, 2020 were as follows:

	(In millions)
2021	\$ 101.7
2022	98.8
2023	94.4
2024	86.0
2025	73.4
Thereafter	155.8
Total minimum rents receivable	\$ 610.1

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

The Company's income from direct financing leases at December 31, 2020 and 2019 was as follows:

	Year Ended December 31,	
	2020	2019
	(In millions)	
Interest income.....	\$ 3.4	\$ 5.0
Variable lease income.....	0.3	1.3
Total financing lease income.....	<u>\$ 3.7</u>	<u>\$ 6.3</u>

Future minimum payments to be received as lessor under noncancelable direct financing leases as of December 31, 2020 were as follows:

	(In millions)
2021.....	\$ 10.5
2022.....	7.7
2023.....	3.7
2024.....	1.5
2025.....	0.7
Thereafter.....	3.1
Total minimum rents receivable.....	<u>27.2</u>
Less: unearned income.....	<u>(4.5)</u>
Total direct financing leases receivable.....	22.7
Less: current portion.....	<u>(8.4)</u>
Long-term direct financing leases receivable.....	<u>\$ 14.3</u>

11. Commitments and Contingencies

Purchase Commitments

In some instances, the Company enters into commitments to purchase advertising and other items. Most of these agreements are fixed price purchase commitments. At December 31, 2020, the outstanding purchase commitments were \$90.0 million, the majority of which related to advertising.

Lease Guarantees

In connection with the sale of Applebee's restaurants to franchisees and other parties, the Company has, in certain cases, guaranteed or had potential continuing liability for lease payments. The Company had outstanding lease guarantees or was contingently liable for approximately \$245.6 million and \$257.2 million as of December 31, 2020 and 2019 respectively. These amounts represent the maximum potential liability of future payments under these leases. Excluding unexercised option periods, the Company's potential liability for future payments under these leases as of December 31, 2020 was \$36.6 million. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from 2021 through 2048. In the event of default, the indemnity and default clauses in our sale or assignment agreements govern our ability to pursue and recover damages incurred. No material liabilities for these guarantees have been recorded as of December 31, 2020.

Litigation, Claims and Disputes

The Company is subject to various lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of the Company's litigation are expensed as such fees and expenses are incurred. In the opinion of management, these matters are adequately covered by insurance or, if not so covered, are without merit or are of such a nature or involve amounts that would not have a material adverse impact on the Company's business or consolidated financial statements. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience in connection with pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

11. Commitments and Contingencies (Continued)

ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

Letters of Credit

The Company provides letters of credit, primarily to various insurance carriers to collateralize obligations for outstanding claims. As of December 31, 2020, the Company had approximately \$2.8 million of unused letters of credit outstanding that reduce the Company's available borrowing under its 2019 Class A-1 Notes. These letters of credit expire on various dates in 2021 and are automatically renewed for an additional year if no cancellation notice is submitted.

12. Stockholders' Deficit

Stock Repurchase Programs

In February 2019, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to \$200 million of the Company's common stock (the "2019 Repurchase Program") on an opportunistic basis from time to time in the open market or in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2019 Repurchase Program, as approved by the Board of Directors, does not require the repurchase of a specific number of shares and can be terminated at any time. In connection with the approval of the 2019 Repurchase Program, the Board of Directors terminated the prior repurchase program approved in October 2015 (the "2015 Repurchase Program") which had authorized the Company to repurchase up to \$150 million of the Company's common stock.

A summary of shares repurchased under the 2019 Repurchase Program and the 2015 Repurchase Program, during the years ended December 31, 2020 and 2019, and cumulatively for each program, is as follows:

	Shares	Cost of shares
		(In millions)
<u>2019 Repurchase Program:</u>		
Repurchased during the year ended December 31, 2020	459,899	\$ 26.5
Repurchased during the year ended December 31, 2019	1,237,698	\$ 103.3
Cumulative (life-of-program) repurchases	1,697,597	\$ 129.8
Remaining dollar value of shares that may be repurchased	n/a	\$ 70.2
<u>2015 Repurchase Program:</u>		
Repurchased during the year ended December 31, 2019	110,499	\$ 8.4
Cumulative (life-of-program) repurchases	1,589,995	\$ 126.2
Remaining dollar value of shares that may be repurchased	n/a	n/a

Dividends

On February 20, 2020, our Board of Directors approved payment of a cash dividend of \$0.76 per share of common stock, payable at the close of business on April 3, 2020 to the stockholders of record as of the close of business on March 20, 2020. Dividends were not declared for the second, third and fourth quarters of 2020.

During the fiscal years ended December 31, 2020, 2019 and 2018, the Company declared and paid dividends on common stock as follows:

Year ended December 31, 2020	Declaration Date	Payment Date	Dividends declared per share	Dividends paid per share	Total dividends paid⁽¹⁾
					(In millions)
Payment of prior year declaration	(2)	January 10, 2020	—	\$ 0.69	\$ 11.7
First quarter	February 20, 2020	April 3, 2020	\$ 0.76	0.76	12.7
Total			\$ 0.76	\$ 1.45	\$ 24.4

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

12. Stockholders' Deficit (Continued)

Year ended December 31, 2019	Declaration Date	Payment Date	Dividends declared per share	Dividends paid per share	Total dividends paid⁽¹⁾
Payment of prior year declaration	(3)	January 4, 2019	—	\$ 0.63	\$ 11.4
First quarter	February 20, 2019	April 5, 2019	\$ 0.69	0.69	12.5
Second quarter	May 13, 2019	July 12, 2019	0.69	0.69	12.2
Third quarter	August 1, 2019	October 4, 2019	0.69	0.69	11.8
Fourth quarter	October 8, 2019	(2)	0.69	—	—
Total			\$ 2.76	\$ 2.70	\$ 47.9
Year ended December 31, 2018					
Payment of prior year declaration	(4)	January 5, 2018	\$ —	\$ 0.97	\$ 17.7
First quarter	February 14, 2018	April 6, 2018	\$ 0.63	0.63	11.5
Second quarter	May 14, 2018	July 6, 2018	0.63	0.63	11.4
Third quarter	August 2, 2018	October 5, 2018	0.63	0.63	11.4
Fourth quarter	October 6, 2018	(3)	0.63	—	—
Total			\$ 2.52	\$ 2.86	\$ 52.0

(1) Includes dividend equivalents paid on restricted stock units

(2) The fourth quarter 2019 dividend of \$11.7 million was paid on January 10, 2020.

(3) The fourth quarter 2018 dividend of \$11.4 million was paid on January 4, 2019.

(4) The fourth quarter 2017 dividend of \$17.7 million was paid on January 5, 2018.

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends in excess of retained earnings are recorded as a reduction of additional paid-in capital.

Dividends recorded during the fiscal years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Dividends declared from retained earnings	\$ 12.7	\$ 48.1	\$ —
Dividends declared from additional paid-in capital	\$ —	\$ —	\$ 44.7

Treasury Stock

Repurchases of the Company's common stock are included in treasury stock at the cost of shares repurchased plus any transaction costs. Treasury stock may be re-issued when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined on the first-in, first-out ("FIFO") method. The Company re-issued 433,477 shares, 285,302 shares and 167,396 shares, respectively, during the years ended December 31, 2020, 2019 and 2018 at a total FIFO cost of \$19.4 million, \$12.5 million and \$6.5 million, respectively.

13. Long-lived Tangible Asset Impairment and Closure Charges

Long-lived tangible asset impairment and closure charges for the years ended December 31, 2020, 2019 and 2018 were as follows:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Long-lived tangible asset impairment	\$ 22.3	\$ —	\$ 0.1
Closure charges	3.0	1.5	2.0
Total long-lived tangible asset impairment and closure charges	\$ 25.3	\$ 1.5	\$ 2.1

13. Long-lived Tangible Asset Impairment and Closure Charges (continued)

Long-lived Tangible Asset Impairment

The long-lived asset impairment for the year ended December 31, 2020 related to 29 Applebee's company-operated restaurants and 41 IHOP franchisee-operated restaurants for which the carrying amount exceeded the undiscounted cash flows. The primary method of estimating fair value is based on a discounted cash flow analysis. The Company also considers factors such as the number of years the restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. For locations owned by the Company, current purchase offers, if any, or valuations from independent third party sources are utilized, if available. The analysis is performed at the restaurant level for indicators of permanent impairment. The impairment recorded represents the difference between the carrying value and the estimated fair value. Approximately \$15.1 million of the total impairment related to operating lease right-of-use assets that had been recorded in 2019 upon adoption of new lease accounting guidance codified in ASC 842, while \$7.2 million related to impairments of land, building, leasehold improvements and finance leases. The impairments by individual property varied in amount, ranging from the largest single-property impairment of \$1.3 million to less than \$5,000.

There were no long-lived tangible asset impairment charges for the year ended December 31, 2019. Long-lived tangible asset impairment charges for the year ended December 31, 2018 were insignificant.

Closure Charges

Approximately \$1.6 million of closure charges for the year ended December 31, 2020 related to seven IHOP restaurants closed during 2020, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2020. Approximately \$0.5 million of closure charges for the year ended December 31, 2019 related to two IHOP restaurants and one Applebee's restaurant closed during 2019, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2019. Approximately \$1.8 million of closure charges for the year ended December 31, 2018 related to one IHOP franchise restaurant closed during 2018, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2018.

14. Stock-Based Incentive Plans

General Description

Currently, the Company is authorized to grant stock options, stock appreciation rights, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors under the Dine Brands Global, Inc. 2019 Stock Incentive Plan (the "2019 Plan"). The 2019 Plan was approved by stockholders on May 14, 2019 to permit the issuance of up to 2,050,000 shares (subject to adjustment as defined in the 2019 Plan for shares that may become available from prior plans) of the Company's common stock for incentive stock awards. The 2019 Plan will expire in May 2029.

The Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "2016 Plan") was adopted in 2016 to permit the issuance of up to 3,750,000 shares of the Company's common stock for incentive stock awards. The 2016 Plan was terminated upon adoption of the 2019 Plan, but there are stock options (vested and unvested) and unvested restricted stock and restricted stock units issued under the 2016 Plan that are outstanding as of December 31, 2020.

The DineEquity, Inc. 2011 Stock Incentive Plan (the "2011 Plan") was adopted in 2011 to permit the issuance of up to 1,500,000 shares of the Company's common stock for incentive stock awards. The 2011 Plan was terminated upon adoption of the 2016 Plan, but there are vested stock options issued under the 2011 Plan that are outstanding as of December 31, 2020.

The 2019 Plan, 2016 Plan and the 2011 Plan are collectively referred to as the "Plans."

Stock-Based Compensation Expense

From time to time, the Company has granted nonqualified stock options, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors of the Company under the Plans. The nonqualified stock options generally vest ratably over a three-year period in one-third increments and have a maturity of ten years from the grant date. Options vest immediately upon a change in control of the Company, as defined in the Plans. Option exercise prices equal the closing price of the Company's common stock on the New York Stock Exchange on the date of grant. Restricted stock and restricted stock units are issued at no cost to the holder and vest over terms determined by the Compensation Committee of the Company's Board of Directors, generally three years from the date of grant or immediately

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

upon a change in control of the Company, as defined in the Plans. The Company either utilizes treasury stock or issues new shares from its authorized but unissued share pool when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting.

The following table summarizes the Company's stock-based compensation expense included as a component of general and administrative expenses in the consolidated financial statements:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Total stock-based compensation expense:			
Equity classified awards expense	\$ 12.6	\$ 10.9	\$ 10.6
Liability classified awards expense	1.0	3.2	3.1
Total pretax stock-based compensation expense	13.6	14.1	13.7
Book income tax benefit	(3.4)	(3.5)	(3.5)
Total stock-based compensation expense, net of tax	<u>\$ 10.2</u>	<u>\$ 10.6</u>	<u>\$ 10.2</u>

As of December 31, 2020, total unrecognized compensation cost related to restricted stock and restricted stock units of \$16.5 million and \$2.6 million related to stock options is expected to be recognized over a weighted average period of approximately 1.2 years for restricted stock and restricted stock units and 1.3 years for stock options.

Equity Classified Awards - Stock Options

The per share fair values of the stock options granted have been estimated as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes model considers, among other factors, the expected life of the option and the historical volatility of the Company's stock price. The Black-Scholes model meets the requirements of U.S. GAAP, but the fair values generated by the model may not be indicative of the actual fair values of the Company's stock-based awards.

The Company granted 167,969 stock options during the year ended December 31, 2020 for which the fair value was estimated using a Black-Scholes option pricing model. The following table summarizes the assumptions used in the Black-Scholes model:

	2020	2019	2018
Risk free interest rate	1.2 %	2.5 %	2.6 %
Weighted average historical volatility	30.5 %	30.3 %	26.1 %
Dividend yield	3.5 %	2.8 %	3.6 %
Expected years until exercise	4.6	4.7	4.6
Weighted average fair value of options granted	\$ 17.53	\$ 21.93	\$ 11.94

The Company granted 25,330 performance-based stock options and 55,245 performance-based restricted stock units during the year ended December 31, 2018, with performance periods ranging from 36 to 40 months. The following summarizes the assumptions used in estimating the fair values:

	2018
Risk free interest rate	2.5 %
Weighted average historical volatility	34.4 %
Dividend yield	3.4 %
Expected years until exercise	3.0
Weighted average fair value of options granted	\$ 9.79
Weighted average fair value of restricted stock units granted	\$ 53.72

As of December 31, 2020, all of the stock options and 26,670 of the restricted stock units have been forfeited.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

Stock option activity for the years ended December 31, 2020, 2019 and 2018 is summarized as follows:

	Number of Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Millions)
Outstanding at December 31, 2017	1,272,048	\$ 61.44		
Granted	248,899	69.12		
Exercised	(74,930)	52.43		
Forfeited	(6,309)	68.80		
Outstanding at December 31, 2018	1,439,708	63.21		
Granted	132,832	98.97		
Exercised	(211,352)	57.36		
Forfeited	(106,745)	72.19		
Expired	(37,005)	93.06		
Outstanding at December 31, 2019	1,217,438	66.43		
Granted	167,969	87.17		
Exercised	(270,024)	76.01		
Forfeited	(45,247)	86.39		
Expired	(55,466)	107.78		
Outstanding at December 31, 2020	1,014,670	\$ 64.16	6.4	\$ 7.0
Vested and Expected to Vest at December 31, 2020	996,118	\$ 63.71	6.4	\$ 7.0
Exercisable at December 31, 2020	415,914	\$ 70.43	5.0	\$ 0.9

The total intrinsic value of options exercised during the years ended December 31, 2020, 2019 and 2018 was \$4.3 million, \$6.9 million and \$2.4 million, respectively.

Cash received from options exercised under all stock-based payment arrangements for the years ended December 31, 2020, 2019 and 2018 was \$20.5 million, \$12.0 million and \$3.9 million, respectively. The actual tax benefit realized for the tax deduction from option exercises under the stock-based payment arrangements totaled \$1.1 million, \$1.8 million and \$0.6 million, respectively, for the years ended December 31, 2020, 2019 and 2018.

Equity Classified Awards - Restricted Stock and Restricted Stock Units

Activity in equity classified awards of restricted stock and restricted stock units for the years ended December 31, 2020, 2019 and 2018 is as follows:

	Shares of Restricted Stock	Weighted Average Grant-Date Per Share Fair Value	Restricted Stock Units	Weighted Average Grant-Date Per Share Fair Value
Outstanding at December 31, 2017	275,191	\$ 65.97	303,348	\$ 28.39
Granted	92,466	69.20	86,990	57.21
Released	(74,253)	81.07	(15,737)	98.54
Forfeited	(26,162)	61.27	(72)	53.49
Outstanding at December 31, 2018	267,242	64.21	374,529	31.05
Granted	75,556	96.86	23,427	95.77
Released	(76,962)	76.25	(12,347)	90.34
Forfeited	(41,321)	67.20	(27,802)	34.53
Outstanding at December 31, 2019	224,515	70.52	357,807	30.35
Granted	163,522	73.68	30,997	77.33
Released	(95,211)	55.75	(33,234)	63.98
Forfeited	(38,495)	85.03	—	—
Outstanding at December 31, 2020	254,331	\$ 76.50	355,570	\$ 28.01

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

Liability Classified Awards - Cash-settled Restricted Stock Units

The Company has granted cash-settled restricted stock units to certain employees. These instruments are recorded as liabilities at fair value as of the respective period end.

	Cash-Settled Restricted Stock Units
Outstanding at December 31, 2019	63,852
Granted	2,658
Released	(1,426)
Forfeited	(12,128)
Outstanding at December 31, 2020	52,956

For the years ended December 31, 2020, 2019 and 2018, \$0.3 million, \$1.6 million and, \$0.8 million respectively, was included as stock-based compensation expense related to cash-settled restricted stock units.

Liability Classified Awards - Long-Term Incentive Awards

The Company has granted cash long-term incentive awards to certain employees (“LTIP awards”). Annual LTIP awards vest over a three-year period and are determined using a multiplier from 0% to 200% of the target award based on the total stockholder return of the Company's common stock compared to the total stockholder returns of a peer group of companies. Though LTIP awards are only paid in cash, since the multiplier is primarily based on the price of the Company's common stock, the awards are considered stock-based compensation in accordance with U.S. GAAP and are classified as liabilities. For the years ended December 31, 2020, 2019 and 2018, expense of \$0.7 million, \$1.7 million and \$2.3 million, respectively, was included in stock-based compensation expense related to the LTIP awards. At December 31, 2020 and 2019, liabilities of \$2.1 million and \$2.9 million, respectively, were included as accrued employee compensation and benefits in the Consolidated Balance Sheets.

15. Employee Benefit Plans

401(k) Savings and Investment Plan

Effective January 1, 2013, the Company amended the Dine Brands Global, Inc. 401(k) Plan to (i) modify the Company matching formula and (ii) eliminate the one-year completed service requirement that previously had to be met to become eligible for Company matching contributions. As amended, the Company matches 100% of the first four percent of the employee's eligible compensation deferral and 50% of the next two percent of the employee's eligible compensation deferral. All contributions under this plan vest immediately. Company common stock is not an investment option for employees in the 401(k) Plan, other than shares transferred from a prior employee stock ownership plan. Substantially all of the administrative cost of the 401(k) plan is borne by the Company. The Company's matching contribution expense was \$2.8 million, \$3.0 million and \$2.4 million for the years ended December 31, 2020, 2019 and 2018, respectively.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

16. Income Taxes

The (benefit) provision for income taxes for the years ended December 31, 2020, 2019 and 2018 was as follows:

	Year Ended December 31,		
	2020	2019	2018
(Benefit) provision for income taxes:	(In millions)		
Current			
Federal	\$ 11.0	\$ 31.2	\$ 33.6
State	3.1	6.5	6.4
Foreign	1.3	1.9	2.1
	<u>15.4</u>	<u>39.6</u>	<u>42.1</u>
Deferred			
Federal	(17.3)	(3.8)	(7.8)
State	(2.7)	(1.7)	(4.0)
	<u>(20.0)</u>	<u>(5.5)</u>	<u>(11.8)</u>
(Benefit) provision for income taxes	<u>\$ (4.6)</u>	<u>\$ 34.1</u>	<u>\$ 30.3</u>

The (benefit) provision for income taxes differs from the expected federal income tax rates as follows:

	Year Ended December 31,		
	2020	2019	2018
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Non-deductibility of goodwill impairment	(17.9)	—	—
State and other taxes, net of federal tax benefit	1.2	2.8	3.6
Change in unrecognized tax benefits	2.0	1.8	3.3
Change in valuation allowance	(1.5)	0.5	0.4
Changes in tax rates and state tax laws	(0.4)	(0.5)	(1.6)
Change in accounting for excess tax deficiencies/benefits	0.1	(0.6)	0.1
General business credits	0.8	(1.3)	(0.2)
Other	(1.1)	0.9	0.8
Effective tax rate	<u>4.2 %</u>	<u>24.6 %</u>	<u>27.4 %</u>

The Company recognized \$92.2 million impairment of goodwill during the second quarter of 2020 that was not deductible for federal income tax purposes and therefore had no associated tax benefit. The impairment of goodwill lowered the 2020 effective tax rate by 17.9% when compared to the U.S. statutory rate.

The difference in the 2019 overall effective tax rate from the U.S. statutory rate was primarily attributed to state taxes and unrecognized tax benefits offset by benefits associated with an increase in general business credits.

The Company applied a lower state tax rate to the deferred tax balances during fourth quarter of 2018, a result of the state legislative changes and the acquisition of 69 Applebee's restaurants in December 2018. The change in the state tax rate applied to the deferred tax balances lowered the 2018 effective tax rate by 1.6%.

The Company files federal income tax returns and the Company or one of its subsidiaries file income tax returns in various state and international jurisdictions. The Internal Revenue Service examination of tax years 2014 to 2016 concluded during the fourth quarter of 2020, and the Company received a refund of \$12.3 million, inclusive of interest income of \$1.1 million. With few exceptions, the Company is no longer subject to federal tax examinations by tax authorities for years before 2017 and state or non-United States tax examinations by tax authorities for years before 2011. The Company believes that adequate reserves have been recorded relating to all matters contained in the tax periods open to examination.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

Note 16. Income Taxes (Continued)

Net deferred tax assets (liabilities) at December 31, 2020 and 2019 consisted of the following components:

	2020	2019
	(In millions)	
Lease liability ⁽¹⁾	\$ 119.6	\$ 125.9
Employee compensation	7.5	9.2
Revenue recognition	36.6	32.8
Other	10.2	5.9
Deferred tax assets	173.9	173.8
Valuation allowance	(3.0)	(1.5)
Total deferred tax assets after valuation allowance	170.9	172.3
Recognition of franchise and equipment sales	(10.7)	(13.7)
Capitalization and depreciation ⁽²⁾	(123.2)	(130.8)
Lease assets ⁽¹⁾	(114.2)	(125.8)
Other	(1.1)	(0.5)
Deferred tax liabilities	(249.2)	(270.8)
Net deferred tax liabilities	\$ (78.3)	\$ (98.5)

⁽¹⁾ Primarily related to the adoption of ASC 842

⁽²⁾ Primarily related to the 2007 Applebee's acquisition.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regards to future realization of deferred tax assets. As of December 31, 2020, management determined it is more likely than not that the benefit from foreign tax credit carryforward and certain state deferred tax assets, including net operating loss carryforwards from the Applebee's company-operated restaurants, will not be realized. In recognition of this risk, the Company provided a valuation allowance of \$3.0 million.

The Company had gross operating loss carryforwards for state tax purposes of \$13.3 million and \$0.5 million as of December 31, 2020 and 2019, respectively. The net operating loss carryforwards begin to expire in 2032 if not utilized.

The total gross unrecognized tax benefit as of December 31, 2020 and 2019 was \$2.2 million and \$7.6 million, respectively, excluding interest, penalties and related income tax benefits. If recognized, these amounts would affect the Company's effective income tax rates.

The Company estimates the unrecognized tax benefits may decrease over the upcoming 12 months by an amount up to \$0.8 million related to settlements with taxing authorities, statutes of limitations expirations and method changes. For the remaining liability, due to the uncertainties related to these tax matters, the Company is unable to make a reasonable estimate as to when cash settlement with a taxing authority will occur. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2020	2019	2018
	(In millions)		
Unrecognized tax benefit as of January 1	\$ 7.6	\$ 5.2	\$ 5.9
Changes for tax positions of prior years	—	2.1	3.8
Increases for tax positions related to the current year	0.2	0.5	0.4
Decreases relating to settlements and lapsing of statutes of limitations	(5.6)	(0.2)	(4.9)
Unrecognized tax benefit as of December 31	\$ 2.2	\$ 7.6	\$ 5.2

As of December 31, 2020, the accrued interest was \$0.9 million and accrued penalties were less than \$0.1 million, excluding any related income tax benefits. As of December 31, 2019, the accrued interest and penalties were \$2.5 million and less than \$0.1 million, respectively, excluding any related income tax benefits. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive (Loss) Income.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act did not result in a material impact on our income tax benefit for the year ended December 31, 2020.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

17. Net (Loss) Income Per Share

The computation of the Company's basic and diluted net (loss) income per share is as follows:

	Year Ended December 31,		
	2020	2019	2018
	(In thousands, except per share data)		
Numerator for basic and diluted (loss) income per common share:			
Net (loss) income	\$ (103,994)	\$ 104,346	\$ 80,354
Less: Net income allocated to unvested participating restricted stock	(420)	(3,532)	(2,711)
Net (loss) income available to common stockholders - basic	(104,414)	100,814	77,643
Effect of unvested participating restricted stock	—	33	16
Numerator - (loss) income available to common shareholders - diluted	<u>\$ (104,414)</u>	<u>\$ 100,847</u>	<u>\$ 77,659</u>
Denominator:			
Weighted average outstanding shares of common stock - basic	16,230	16,934	17,533
Effect of dilutive securities:			
Stock options	—	311	256
Weighted average outstanding shares of common stock - diluted	<u>16,230</u>	<u>17,245</u>	<u>17,789</u>
Net (loss) income per common share:			
Basic	<u>\$ (6.43)</u>	<u>\$ 5.95</u>	<u>\$ 4.43</u>
Diluted	<u>\$ (6.43)</u>	<u>\$ 5.85</u>	<u>\$ 4.37</u>

For the year ended December 31, 2020, diluted loss per common share was computed using the basic weighted average number of shares outstanding during the period as the 100,056 shares from common stock equivalents would have been antidilutive.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

18. Segment Reporting

Information on segments and a reconciliation of gross profit to income before income tax provision is as follows:

	Year Ended December 31,		
	2020	2019	2018
Revenues	(In millions)		
Franchise operations	\$ 469.5	\$ 651.2	\$ 643.9
Rental operations	105.9	120.7	121.9
Company restaurants	108.1	131.2	7.1
Financing operations	5.8	7.1	8.0
Total	<u>\$ 689.3</u>	<u>\$ 910.2</u>	<u>\$ 780.9</u>
Gross profit (loss), by segment			
Franchise operations	\$ 230.5	\$ 338.4	\$ 313.3
Rental operations	16.4	29.9	31.2
Company restaurants	(3.5)	8.0	1.2
Financing operations	5.3	6.5	7.4
Total gross profit	248.7	382.8	353.1
Corporate and unallocated expenses, net	(357.3)	(244.3)	(242.5)
(Loss) income before income taxes	<u>\$ (108.6)</u>	<u>\$ 138.5</u>	<u>\$ 110.6</u>
Interest expense			
Rental operations	\$ 6.3	\$ 7.7	\$ 9.2
Company restaurants	2.7	2.1	0.1
Corporate	66.9	60.4	61.7
Total	<u>\$ 75.9</u>	<u>\$ 70.2</u>	<u>\$ 71.0</u>
Depreciation and amortization			
Franchise operations	\$ 10.1	\$ 10.3	\$ 10.5
Rental operations	12.3	13.4	11.7
Company restaurants	7.0	6.4	0.4
Corporate	13.4	12.4	9.6
Total	<u>\$ 42.8</u>	<u>\$ 42.5</u>	<u>\$ 32.2</u>
Impairment of goodwill and intangible assets, closure and other impairment charges			
Franchise operations	\$ 122.1	\$ —	\$ —
Company restaurants	10.5	1.5	2.1
Total	<u>\$ 132.6</u>	<u>\$ 1.5</u>	<u>\$ 2.1</u>
Capital expenditures			
Franchise operations	\$ —	\$ 0.6	\$ —
Company restaurants	2.7	3.2	—
Corporate	8.2	15.6	14.3
Total	<u>\$ 10.9</u>	<u>\$ 19.4</u>	<u>\$ 14.3</u>
Goodwill (franchise segment)	<u>\$ 251.6</u>	<u>\$ 343.9</u>	<u>\$ 345.3</u>
Total assets			
Franchise operations	\$ 997.7	\$ 1,116.2	\$ 1,152.1
Rental operations	451.5	503.8	255.6
Company restaurants	121.1	134.3	66.5
Financing operations	49.9	72.0	73.7
Corporate	454.7	223.2	226.8
Total	<u>\$ 2,074.9</u>	<u>\$ 2,049.5</u>	<u>\$ 1,774.7</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

19. Selected Quarterly Financial Data (Unaudited)

	<u>Revenues</u>	<u>Gross Profit</u>	<u>Net Income (Loss)</u>	<u>Net Income Per Share— Basic⁽²⁾</u>	<u>Net Income Per Share— Diluted⁽²⁾</u>
	(In thousands, except per share amounts)				
2020					
1st Quarter.....	\$ 206,884	\$ 84,427	\$ 22,328	\$ 1.33	\$ 1.31
2nd Quarter ⁽¹⁾	109,712	30,122	(134,779)	(8.33)	(8.33)
3rd Quarter.....	176,643	66,784	10,018	0.60	0.60
4th Quarter.....	196,029	67,383	(1,561)	(0.10)	(0.10)
2019					
1st Quarter.....	\$ 237,182	\$ 102,571	\$ 31,643	\$ 1.76	\$ 1.73
2nd Quarter.....	228,080	94,855	21,390	1.20	1.18
3rd Quarter.....	217,405	89,720	23,917	1.38	1.36
4th Quarter.....	227,511	95,668	27,396	1.61	1.59

⁽¹⁾ The Company recognized a pretax charge of \$123.7 million for impairments of goodwill, intangible assets and long-lived assets in the second quarter of 2020. See Note 6 - Goodwill, Note 7 - Other Intangible Assets and Note 13 - Long-lived Tangible Asset Impairment and Closure Charges, of Notes to the Consolidated Financial Statements.

⁽²⁾ The quarterly amounts of earnings per share may not add to the full year amount as each quarterly calculation is discrete from the full-year calculation.

Item 8. Financial Statements and Supplementary Data.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Dine Brands Global, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dine Brands Global, Inc. and Subsidiaries (the Company) as of December 29, 2019 and December 30, 2018, the related consolidated statements of comprehensive income (loss), stockholders' (deficit) equity and cash flows for each of the three years in the period ended December 29, 2019, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 29, 2019 and December 30, 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 29, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 29, 2019, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2020 expressed an unqualified opinion thereon.

Adoption of Accounting Standards Update No. 2016-02

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for accounting for leases due to the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842), effective December 31, 2018. As explained below, auditing the Company's determination of incremental borrowing rates in connection with the adoption of Topic 842 was a critical audit matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill and Indefinite Lived Intangible Assets Impairment

Description of the Matter

At December 31, 2019, the Company's goodwill and indefinite lived tradename intangible asset (tradename) were \$343.8 million and \$479.0 million, respectively. The majority of the goodwill and the entirety of the tradename relates to the Applebee's franchised restaurants unit (Applebee's franchise unit). As discussed in Notes 2, 6 and 7 to the consolidated financial statements, goodwill and tradename are tested for impairment at least annually, and more frequently if the Company believes indicators of impairment exist. During 2019, the Company performed an assessment of indicators of potential impairment, including macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance and results of past impairment tests, to determine if the fair value of the Applebee's franchise unit's goodwill and tradename were impaired.

Auditing management's annual goodwill and tradename impairment tests was complex due to the high degree of judgment required to assess management's evaluation of the indicators of potential impairment, including comparing sales, operating expenses, overhead expenses, depreciation and capital expenditures to the historical and projected amounts that were used in previous impairment tests and assess whether any variances were indicative of potential impairments.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's annual goodwill and tradename impairment tests, including controls over the review of the indicators of potential impairment, financial forecasts and the accuracy of the underlying data used.

Our audit procedures also included, among others, assessing the various indicators considered by management by comparing such factors to metrics independently obtained from third-party sources. For example, to assess the macro-economic conditions, we compared the real gross domestic product used in the Company's analysis to the actual and projected measures which we independently identified. Furthermore, we evaluated the Company's analysis of overall market and industry conditions using industry sales trend data obtained from an independent source. Additionally, we compared the actual financial measures for the year ended December 31, 2019, such as sales, operating expenses, overhead expenses, depreciation and capital expenditures, to those forecasted in the previous impairment analysis in order to assess the historical accuracy of management's forecasting. We also recalculated the Company's market capitalization and compared the results to the market capitalization from prior periods. We evaluated whether any variances from the projections or changes in market capitalization were indicative of potential impairment of the goodwill and tradename.

Determination of Incremental Borrowing Rates

Description of the Matter

As discussed above and in Note 2 to the consolidated financial statements, effective December 31, 2018, the Company adopted Accounting Standards Update No. 2016-02, *Leases* (Topic 842), which resulted in the recognition of operating lease right-of-use assets of \$395.6 million and operating lease liabilities of \$453.0 million. The calculation of the right-of-use assets and the lease liabilities includes an estimate of the present value of the future lease payments to be made over the remaining lease term, discounted using the Company's incremental borrowing rates. The incremental borrowing rate is the rate of interest that the lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Auditing management's assessment of the incremental borrowing rates in connection with the adoption of Topic 842 was especially challenging due to the complexity of the calculation methodology and the sensitivity of the right-of-use assets and lease liabilities to changes in the incremental borrowing rates.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process for determining the incremental borrowing rates. For example, we tested controls over the review of the methodology and assumptions used to determine the incremental borrowing rates, including the lease terms and the Company's creditworthiness.

Our audit procedures also included, among others, evaluating the methodology and underlying data used by the Company. With the assistance of our specialists, we independently identified relevant market yields using the Company's credit rating, current market environment for recent debt transactions, and market data available to support the adjustment required to reflect a collateralized borrowing rate, as well as the lease terms, and compared those rates to the incremental borrowing rates used by management. We also tested the accuracy and completeness of the lease data by comparing lease information used in the incremental borrowing rate calculations to a sample of lease agreements.

We have served as the Company's auditor since 2004.

/s/ ERNST & YOUNG LLP

Los Angeles, California
February 24, 2020

Dine Brands Global, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

Assets	December 31,	
	2019	2018
Current assets:		
Cash and cash equivalents	\$ 116,043	\$ 137,164
Receivables, net	136,869	137,504
Restricted cash	40,732	48,515
Prepaid gift card costs	36,077	38,195
Prepaid income taxes	13,290	17,402
Other current assets	3,906	3,410
Total current assets	346,917	382,190
Other intangible assets, net	575,103	585,889
Operating lease right-of-use assets	366,931	—
Goodwill	343,862	345,314
Property and equipment, net	216,420	240,264
Long-term receivables, net	85,999	103,102
Deferred rent receivable	70,308	77,069
Non-current restricted cash	15,700	14,700
Other non-current assets, net	28,271	26,152
Total assets	\$ 2,049,511	\$ 1,774,680
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	\$ —	\$ 25,000
Accounts payable	40,925	43,468
Gift card liability	159,019	160,438
Current maturities of operating lease obligations	72,815	—
Current maturities of finance lease and financing obligations	13,669	14,031
Accrued employee compensation and benefits	23,904	27,479
Dividends payable	11,702	11,389
Deferred franchise revenue, short-term	10,086	10,138
Other accrued expenses	25,792	24,243
Total current liabilities	357,912	316,186
Long-term debt, net, less current maturities	1,288,248	1,274,087
Operating lease obligations, less current maturities	359,025	—
Finance lease obligations, less current maturities	77,393	87,762
Financing obligations, less current maturities	37,682	38,482
Deferred income taxes, net	98,499	105,816
Deferred franchise revenue, long-term	56,944	64,557
Other non-current liabilities	15,582	90,063
Total liabilities	2,291,285	1,976,953
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$1 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value; shares: 40,000,000 authorized; 2019 - 24,925,447 issued, 16,521,921 outstanding; 2018 - 24,984,898 issued, 17,644,267 outstanding	249	250
Additional paid-in-capital	246,192	237,726
Retained earnings	61,653	10,414
Accumulated other comprehensive loss	(58)	(60)
Treasury stock, at cost; shares: 2019 - 8,403,526; 2018 - 7,340,631	(549,810)	(450,603)
Total stockholders' deficit	(241,774)	(202,273)
Total liabilities and stockholders' deficit	\$ 2,049,511	\$ 1,774,680

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands, except per share amounts)

	Year Ended December 31,		
	2019	2018	2017
Revenues:			
Franchise revenues:			
Royalties, franchise fees and other	\$ 368,171	\$ 375,640	\$ 360,253
Advertising revenue	283,015	268,294	234,165
Total franchise revenues	651,186	643,934	594,418
Company restaurant sales	131,214	7,084	7,518
Rental revenues	120,666	121,934	121,437
Financing revenues	7,112	7,979	8,352
Total revenues	910,178	780,931	731,725
Cost of revenues:			
Franchise expenses:			
Advertising expenses	281,781	269,590	243,096
Other franchise expenses	30,973	61,029	50,890
Total franchise expenses	312,754	330,619	293,986
Company restaurant expenses	123,272	5,872	7,838
Rental expenses:			
Interest expense from finance leases	5,602	6,894	8,153
Other rental expenses	85,157	83,862	82,439
Total rental expenses	90,759	90,756	90,592
Financing expenses	579	597	598
Total cost of revenues	527,364	427,844	393,014
Gross profit	382,814	353,087	338,711
General and administrative expenses	162,815	166,683	165,679
Interest expense	60,393	61,686	61,979
Amortization of intangible assets	11,702	10,105	10,009
Closure and other impairment charges	1,487	2,107	3,968
Loss on extinguishment of debt	8,276	—	—
Debt refinancing costs	—	2,523	—
Gain on disposition of assets	(332)	(625)	(6,249)
Impairment of goodwill and intangible assets	—	—	531,634
Income (loss) before income tax (provision) benefit	138,473	110,608	(428,309)
Income tax (provision) benefit	(34,127)	(30,254)	85,559
Net income (loss)	104,346	80,354	(342,750)
Other comprehensive income (loss), net of tax:			
Adjustment to unrealized loss on available-for-sale investments	—	50	—
Foreign currency translation adjustment	2	(5)	2
Total comprehensive income (loss)	\$ 104,348	\$ 80,399	\$ (342,748)
Net income (loss) available to common stockholders:			
Net income (loss)	\$ 104,346	\$ 80,354	\$ (342,750)
Less: Net (income) loss allocated to unvested participating restricted stock	(3,532)	(2,711)	6,768
Net income (loss) available to common stockholders	\$ 100,814	\$ 77,643	\$ (335,982)
Net income (loss) available to common stockholders per share:			
Basic	\$ 5.95	\$ 4.43	\$ (18.96)
Diluted	\$ 5.85	\$ 4.37	\$ (18.96)
Weighted average shares outstanding:			
Basic	16,934	17,533	17,725
Diluted	17,245	17,789	17,740

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Stockholders' (Deficit) Equity
(In thousands)

	Common Stock					Treasury Stock		
	Shares Outstanding	Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Shares	Cost	Total
Balance at December 31, 2016	17,970	\$ 251	\$ 292,809	\$ 325,451	\$ (107)	7,165	\$ (422,263)	\$ 196,141
Net loss	—	—	—	(342,750)	—	—	—	(342,750)
Other comprehensive gain	—	—	—	—	2	—	—	2
Purchase of Company common stock.....	(146)	—	—	—	—	146	(10,003)	(10,003)
Reissuance of treasury stock.....	281	—	(7,478)	—	—	(281)	10,113	2,635
Net use of shares for stock plans	(71)	(1)	1	—	—	—	—	—
Repurchase of restricted shares for taxes.	(41)	—	(2,396)	—	—	—	—	(2,396)
Stock-based compensation.....	—	—	10,783	—	—	—	—	10,783
Dividends on common stock	—	—	407	(52,641)	—	—	—	(52,234)
Dividends on common stock in excess of retained earnings	—	—	(17,718)	—	—	—	—	(17,718)
Balance at December 31, 2017	17,993	250	276,408	(69,940)	(105)	7,029	(422,153)	(215,540)
Net income.....	—	—	—	80,354	—	—	—	80,354
Other comprehensive gain	—	—	—	—	45	—	—	45
Purchase of Company common stock.....	(479)	—	—	—	—	479	(34,929)	(34,929)
Reissuance of treasury stock.....	167	—	(2,551)	—	—	(167)	6,479	3,928
Net use of shares for stock plans	(11)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes.	(27)	—	(1,972)	—	—	—	—	(1,972)
Stock-based compensation.....	—	—	10,546	—	—	—	—	10,546
Dividends on common stock in excess of retained earnings	—	—	(44,705)	—	—	—	—	(44,705)
Balance at December 31, 2018	17,644	250	237,726	10,414	(60)	7,341	(450,603)	(202,273)
Adoption of ASC 842 (Note 2).....	—	—	—	(5,030)	—	—	—	(5,030)
Net income.....	—	—	—	104,346	—	—	—	104,346
Other comprehensive gain	—	—	—	—	2	—	—	2
Purchase of Company common stock.....	(1,348)	—	—	—	—	1,348	(111,697)	(111,697)
Reissuance of treasury stock.....	285	(1)	(520)	—	—	(285)	12,490	11,969
Net use of shares for stock plans	(30)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes.	(30)	—	(2,728)	—	—	—	—	(2,728)
Stock-based compensation.....	—	—	10,808	—	—	—	—	10,808
Dividends on common stock	—	—	982	(48,077)	—	—	—	(47,095)
Other	—	—	(76)	—	—	—	—	(76)
Balance at December 31, 2019	16,522	\$ 249	\$ 246,192	\$ 61,653	\$ (58)	8,404	\$ (549,810)	\$ (241,774)

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities			
Net income (loss)	\$ 104,346	\$ 80,354	\$ (342,750)
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Impairment of goodwill and intangible assets	—	—	531,634
Depreciation and amortization	42,493	32,175	30,648
Non-cash stock-based compensation expense	10,808	10,546	10,752
Non-cash interest expense	3,369	3,792	3,364
Loss on extinguishment of debt	8,276	—	—
Closure and impairment charges	1,485	2,038	3,834
Deferred income taxes	(5,494)	(11,847)	(136,127)
Deferred revenue	(7,695)	(5,577)	—
Gain on disposition of assets	(332)	(623)	(6,285)
Other	(5,374)	(949)	(10,980)
Changes in operating assets and liabilities:			
Accounts receivable, net	(396)	3,149	(8,430)
Current income tax receivables and payables	8,677	8,119	(8,490)
Gift card receivables and payables	(1,037)	(1,488)	(3,322)
Other current assets	(498)	10,425	(8,247)
Accounts payable	583	(9,940)	7,208
Accrued employee compensation and benefits	(3,575)	13,183	(1,126)
Other current liabilities	(456)	6,989	4,050
Cash flows provided by operating activities	<u>155,180</u>	<u>140,346</u>	<u>65,733</u>
Cash flows from investing activities			
Principal receipts from notes, equipment contracts and other long-term receivables	24,075	25,771	20,486
Proceeds from sale of property and equipment	2,540	655	1,100
Acquisition of business	—	(20,155)	—
Additions to property and equipment	(19,424)	(14,279)	(13,370)
Additions to long-term receivables	(6,955)	(6,500)	—
Other	(389)	(293)	(541)
Cash flows (used in) provided by investing activities	<u>(153)</u>	<u>(14,801)</u>	<u>7,675</u>
Cash flows from financing activities			
Proceeds from issuance of long-term debt	1,300,000	—	—
Repayment of long-term debt	(1,283,750)	(13,000)	(3,250)
Borrowings from revolving credit facilities	—	75,000	—
Repayments of revolving credit facilities	(25,000)	(50,000)	—
Dividends paid on common stock	(46,859)	(51,125)	(69,790)
Repurchase of Dine Brands common stock	(109,698)	(33,603)	(10,003)
Principal payments of finance lease obligations	(13,639)	(13,907)	(12,949)
Payment of debt issuance costs	(13,150)	(3,633)	—
Proceeds from stock options exercised	11,969	3,928	2,635
Tax payments for restricted stock upon vesting	(2,728)	(1,972)	(2,396)
Other	(76)	—	—
Cash flows used in financing activities	<u>(182,931)</u>	<u>(88,312)</u>	<u>(95,753)</u>
Net change in cash, cash equivalents and restricted cash	(27,904)	37,233	(22,345)
Cash, cash equivalents and restricted cash at beginning of year	200,379	163,146	185,491
Cash, cash equivalents and restricted cash at end of year	<u>\$ 172,475</u>	<u>\$ 200,379</u>	<u>\$ 163,146</u>
Supplemental disclosures			
Interest paid	\$ 66,104	\$ 66,059	\$ 67,522
Income taxes paid	\$ 44,748	\$ 34,246	\$ 59,528
Non-cash conversion of accounts receivable to notes receivable	\$ 185	\$ 11,959	\$ 5,286

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements

1. The Company

The first International House of Pancakes® (“IHOP”) restaurant opened in 1958 in Toluca Lake, California. Shortly thereafter, the Company began developing and franchising additional restaurants. The Company was incorporated as IHOP Corp. under the laws of the State of Delaware in 1976. In November 2007, the Company acquired Applebee's International, Inc., which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, the name of the Company was changed to DineEquity, Inc. and on February 20, 2018, the name of the Company was changed to Dine Brands Global, Inc.SM (“Dine Brands Global”). The Company owns, franchises and operates two restaurant concepts: Applebee's Neighborhood Grill + Bar® (“Applebee's”), in the bar and grill segment within the casual dining category of the restaurant industry, and IHOP in the family dining category of the restaurant industry.

As of December 31, 2019, there were 1,841 IHOP® restaurants, of which 1,680 were subject to franchise agreements and 161 were subject to area license agreements. These IHOP restaurants were located in all 50 states of the United States, the District of Columbia, three United States territories and 13 countries outside the United States. As of December 31, 2019, there were 1,787 Applebee's® restaurants, of which 1,718 were subject to franchise agreements and 69 were company-operated restaurants. These Applebee's restaurants were located in all 50 states of the United States, two United States territories and 12 countries outside the United States.

References herein to Applebee's and IHOP restaurants are to these restaurant concepts, whether operated by franchisees, area licensees or the Company. Retail sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company.

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Dine Brands Global, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Periods

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. In a 52-week fiscal year, each fiscal quarter contains 13 weeks, comprised of two, four-week fiscal months followed by a five-week fiscal month. In a 53-week fiscal year, the last month of the fourth fiscal quarter contains six weeks. For convenience, the Company refers to its fiscal years as ending on December 31 and its fiscal quarters as ending on March 31, June 30 and September 30. The 2019 fiscal year ended December 29, 2019 and contained 52 weeks. The 2018 fiscal year ended December 30, 2018 and contained 52 weeks. The 2017 fiscal year ended December 31, 2017 and contained 52 weeks.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles (“U.S. GAAP”) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of the following: impairment of tangible and intangible assets and goodwill; income taxes; allowance for doubtful accounts and notes receivables; lease accounting estimates; contingencies; and stock-based compensation. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company's cash, cash equivalents, restricted cash and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash, cash equivalents and restricted cash. At times, cash, cash equivalents and restricted cash balances may be in excess of FDIC insurance limits.

Accounts receivable are derived from revenues earned from franchisees and area licensees located primarily in the United States. Financing receivables arise from the financing of restaurant equipment, leases or franchise fees with the Company by IHOP franchisees. The Company is subject to a concentration of credit risk with respect to receivables from franchisees that

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

own a large number of Applebee's or IHOP restaurants. As of December 31, 2019, there were two franchisees that owned 400 or more restaurants each (one Applebee's franchisee and one franchisee with cross-brand ownership). These franchisees operated 874 Applebee's and IHOP restaurants in the United States, which comprised 26.4% of the total Applebee's and IHOP franchise and area license restaurants in the United States. Revenues from these franchisees represented 17.4%, 19.8%, and 19.3% of total consolidated revenue for the years ended December 31, 2019, 2018 and 2017, respectively. One franchisee represented 10.6% and 11.9% of total consolidated revenue for the years ended December 31, 2019 and 2018, respectively. No single franchisee represented more than 10% of total consolidated revenue for the year ended December 31, 2017. Receivables from these franchisees totaled \$14.4 million and \$17.5 million at December 31, 2019 and 2018, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. These cash equivalents are stated at cost which approximates market value. Cash held related to IHOP advertising funds and the Company's gift card programs is not considered to be restricted cash as there are no restrictions on the use of these funds. Total cash balances related to the IHOP advertising funds and the Company's gift card programs were \$56.6 million and \$52.2 million as of December 31, 2019 and 2018, respectively.

Restricted Cash

Current

Current restricted cash of \$40.7 million at December 31, 2019 consisted of \$38.4 million of funds required to be held in trust in connection with the Company's securitized debt and \$2.3 million of funds from Applebee's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. Current restricted cash of \$48.5 million at December 31, 2018 primarily consisted of \$42.3 million of funds required to be held in trust in connection with the Company's securitized debt and \$6.2 million of funds from Applebee's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities.

Non-current

Non-current restricted cash of \$15.7 million and \$14.7 million at December 31, 2019 and 2018, respectively, represents interest reserves required to be set aside for the duration of the securitized debt.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Properties under finance leases are stated at the present value of the minimum lease payments. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or remaining useful lives. Leasehold improvements and properties under finance leases are amortized on a straight-line basis over their estimated useful lives or the lease term, if less. The Company has capitalized certain costs incurred in connection with the development of internal-use software which are included in equipment and fixtures in Note 5 - Property and Equipment, of the Notes to the Consolidated Financial Statements and are amortized over the expected useful life of the asset. The general ranges of depreciable and amortizable lives are as follows:

<u>Category</u>	<u>Depreciable Life</u>
Buildings and improvements.....	25 to 40 years
Leaseholds and improvements	Shorter of primary lease term or between three to 40 years
Equipment and fixtures	Three to five years
Internal-use software	Three to 10 years
Properties under finance leases	Primary lease term or remaining primary lease term

Long-Lived Assets

On a regular basis, the Company assesses whether events or changes in circumstances have occurred that potentially indicate the carrying value of long-lived assets (primarily assets related to property and equipment leased or subleased to franchisees) may not be recoverable. The Company tests impairment using historical cash flows and other relevant facts and circumstances as the primary basis for estimates of future cash flows. The Company considers factors such as the number of years the franchisee's restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. The analysis is performed at the restaurant level for indicators of permanent impairment.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Recoverability of the Company's assets is measured by comparing the assets' carrying value to the undiscounted future cash flows expected to be generated over the assets' remaining useful life or remaining lease term, whichever is less. Total expected undiscounted future cash flows that are less than the carrying amount of the assets is an indicator of impairment. If it is decided that there has been an impairment, the carrying amount of the asset is written down to the estimated fair value as determined in accordance with U.S. GAAP governing fair value measurements. The primary method of estimating fair value is based on a discounted cash flow analysis. Any loss resulting from impairment is recognized as a charge against operations.

See Note 13 - Closure and Other Impairment Charges, of the Notes to the Consolidated Financial Statements for additional information.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets received. The Company's identifiable intangible assets are comprised primarily of the Applebee's tradename and Applebee's franchise agreements. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method and estimated useful lives. Goodwill and intangible assets considered to have an indefinite life (primarily the Applebee's tradename) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill has been allocated to three reporting units. The significant majority of the Company's goodwill resulted from the November 29, 2007 acquisition of Applebee's and was allocated to the Applebee's franchised restaurants unit ("Applebee's franchise unit"). Smaller amounts of goodwill arising from other business combinations have been allocated to the IHOP franchised restaurants unit ("IHOP franchise unit") and the Applebee's company restaurants unit ("Applebee's company unit"). See Note 6 - Goodwill, of the Notes to the Consolidated Financial Statements for additional information.

The Company evaluates the goodwill of the Applebee's franchise and company units and the indefinite-lived Applebee's tradename for impairment as of October 31 of each year. The Company evaluates the goodwill of the IHOP franchise unit for impairment as of December 31 of each year. In addition to the annual evaluation for impairment, goodwill and indefinite-lived intangible assets are evaluated more frequently if the Company believes indicators of impairment exist.

When evaluating goodwill and indefinite-lived intangible assets for impairment, under U.S. GAAP, the Company may first perform an assessment of qualitative factors to determine if the fair value of the reporting unit or the intangible asset is more-likely-than-not greater than the carrying amount. Such qualitative factors include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance and results of past impairment tests. If, based on a review of the qualitative factors, the Company determines it is more-likely-than-not that the fair value is greater than the carrying value, the Company may bypass a quantitative test for impairment.

In performing the quantitative test for impairment of goodwill, the Company primarily uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method. Significant assumptions used to determine fair value under the discounted cash flow method include expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied. The Company measures impairment as the excess of a reporting unit's carrying amount over its fair value as determined by the quantitative test described above.

In the process of performing its quantitative impairment review of intangible assets considered to have an indefinite life, the Company primarily uses the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt to be applied to the forecast revenue stream.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Company's revenues are recorded in four categories: franchise operations, rental operations, financing operations and company restaurant operations. Franchise revenue (which comprises most of the Company's revenues) and revenue from company-operated restaurants are recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods. The Company's rental and financing revenues are recognized in accordance with other U.S. GAAP accounting standards and are not subject to ASC 606.

Franchise Revenue

The Company owns and franchises the Applebee's and IHOP restaurant concepts. The franchise arrangement for both brands is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement for both brands primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required. Additionally, all domestic IHOP franchise agreements require franchisees to purchase proprietary pancake and waffle dry mix from the Company.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either a contract asset (unbilled receivable) or, once billed, accounts receivable, on the balance sheet;
- Revenue from the sales of proprietary pancake and waffle dry mix is recognized in the period in which distributors ship the franchisee's order; recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term, the month of sale as reported by the franchisee or the date of product shipment, none of which require estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Company Restaurant Revenue

Company restaurant revenue comprises retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities, with no significant judgments required.

Rental operations revenue includes revenue from operating leases and interest income from direct financing leases. See *Basis of Presentation and Summary of Significant Accounting Policies - Leases*.

Financing operations revenue consists primarily of interest income from the financing of franchise fees and equipment leases, other notes receivable from franchisees and sales of equipment associated with refranchised IHOP restaurants.

The Company administers gift card programs for Applebee's and IHOP. The Company records a liability in the period in which a gift card is sold and recognizes costs associated with its administration of the gift card programs as prepaid assets when the costs are incurred. The liability and prepaid asset recorded on the Company's books are relieved when gift cards are redeemed. If redemption occurs at a franchisee-operated restaurant, the gift card revenue, net of costs, is remitted to the franchisee. The Company receives gift card breakage revenue only from gift cards redeemed at company-operated restaurants. Breakage revenue for gift cards redeemed at company-operated restaurants for the years ended December 31, 2019, 2018 and 2017 was not material.

Allowance for Credit Losses

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses incurred on existing receivables; however, changes in circumstances relating to receivables may result in changes to the allowance in the future. The Company determines the allowance based on historical experience, current payment patterns, future obligations and the Company's assessment of the franchisee's or area licensee's ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. The Company continually reviews the allowance for doubtful accounts. Past due balances and future obligations are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Credit losses historically have been within management's estimates. See *Newly Issued Accounting Standards Not Yet Adopted*.

Leases

The Company accounts for its leasing activities in accordance with accounting guidance for leases, as codified in Accounting Standards Topic 842 ("ASC 842"), adopted as of the beginning of its 2019 fiscal year. In adopting ASC 842, the Company utilized expedients that allowed it to retain the classification, as either an operating lease or a finance lease, that was previously determined under prior accounting guidance for leases. See *Accounting Standards Adopted Effective January 1, 2019*. The Company reassesses this classification upon renewal, extension or the modification of an existing lease agreement. The Company determines the appropriate classification upon entering into a new contract determined to contain a lease.

Operating lease assets and liabilities are recognized at the lease commencement date, or were recognized upon adoption of ASC 842. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets.

The Company's lease agreements generally do not provide information to determine the implicit interest rate in the agreements. This requires the Company to make significant judgments in determining the incremental borrowing rate to be used in calculating operating lease liabilities as of the adoption or commencement date. The Company estimates the incremental borrowing rate primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption or commencement date; and (iii) adjustments for differences between these rates and the lease term.

The cost of an operating lease is recognized over the lease term on a straight-line basis. The lease term commences on the date the Company has the right to control the use of the leased property. Certain leases may contain provisions for rent holidays and fixed-step escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and fixed-step escalations are reflected in rent expense on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as deferred rent. Certain leases may include rent escalations based on inflation indexes and fair market value adjustments. Certain leases may contain contingent rental provisions that include a fixed

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

base rent plus an additional percentage of the restaurant's sales. Subsequent escalations subject to such an index and contingent rental payments are recognized as variable lease expense.

The rental payments or receipts on those property leases that meet the finance lease criteria result in the recognition of interest expense or interest income and a reduction of finance lease obligation or financing lease receivable, respectively. Finance lease obligations are amortized based on the Company's incremental borrowing rate and direct financing leases are amortized using the implicit interest rate.

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred.

Advertising

Advertising fees included as franchise revenue for the years ended December 31, 2019, 2018 and 2017 were \$283.0 million, \$268.3 million and \$234.2 million, respectively.

Advertising expense reflected in the Consolidated Statements of Comprehensive Income (Loss) includes local marketing advertising costs incurred by company-operated restaurants, contributions to the national advertising fund made by Applebee's and IHOP and certain advertising costs incurred by the Company to benefit future franchise operations. Costs of advertising are typically expensed either as incurred or the first time the advertising takes place. Advertising expense included in company restaurant operations for the years ended December 31, 2019, 2018 and 2017 was \$6.1 million, \$0.3 million, and \$0.3 million, respectively.

Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in U.S. GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 inputs are unobservable and reflect the Company's own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required under U.S. GAAP to be measured at fair value on a recurring basis. None of the Company's non-financial assets or non-financial liabilities is required to be measured at fair value on a recurring basis. Assets recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis include items such as property and equipment, operating lease assets, goodwill and other intangible assets, which are measured at fair value if determined to be impaired. The Company has not elected to use fair value measurement for any assets or liabilities for which fair value measurement is not presently required.

The Company believes the fair values of cash equivalents, restricted cash, accounts receivable and accounts payable approximate their carrying amounts due to their short duration.

The fair values of non-current financial instruments, determined based on Level 2 inputs, are shown in the following table:

	December 31, 2019	December 31, 2018
	(In millions)	
Face value of Long-term debt.....	\$ 1,300.0	\$ 1,283.8
Fair value of Long-term debt.....	\$ 1,326.3	\$ 1,280.9

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. The Company records estimated tax liabilities to the extent the contingencies are probable and can be

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

reasonably estimated. The Company recognizes interest accrued related to unrecognizable tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities based on its technical merits, including all appeals or litigation processes. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information.

Stock-Based Compensation

Members of the Board of Directors and certain employees are eligible to receive stock options, restricted stock, restricted stock units and performance units pursuant to the Dine Brands Global, Inc. 2019 Stock Incentive Plan. Shares of unvested restricted stock are subject to restrictions on transfer and forfeiture under certain circumstances. The holder of unvested restricted stock has the right to vote and receive regular cash dividends with respect to the shares of unvested restricted stock.

The Company accounts for all stock-based payments to employees and non-employee directors, including grants of stock options, restricted stock, restricted stock units and performance units to be recognized in the financial statements, based on their respective grant date fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods.

The grant date fair value of restricted stock and stock-settled restricted stock units is determined based on the Company's stock price on the grant date. The Company estimates the grant date fair value of stock option awards using the Black-Scholes option pricing model, which considers, among other factors, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. The Company estimates the grant date fair value of awards with performance-based market conditions using a Monte Carlo simulation method which considers, among other factors, the performance-based market condition, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. Awards of cash-settled restricted stock units are classified as liabilities with the liability and compensation expense related to cash-settled awards adjusted to fair value at each balance sheet date.

Net Income (Loss) Per Share

Net income (loss) per share is calculated using the two-class method prescribed in U.S. GAAP. Basic net income (loss) per share is computed by dividing the net income available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income available to common stockholders for the period by the weighted average number of common shares and potential shares of common stock outstanding during the period if their effect is dilutive. The Company uses the treasury stock method to calculate the weighted average shares used in the diluted earnings per share calculation. Potentially dilutive common shares include the assumed exercise of stock options and assumed vesting of restricted stock.

Other Comprehensive Income (Loss)

For the years ended December 31, 2019, 2018 and 2017, the income tax benefit or provision allocated to items of other comprehensive income (loss) was not significant.

Treasury Stock

The Company may from time to time utilize treasury stock when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined using the first-in, first-out method.

Dividends

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends declared in excess of retained earnings are recorded as a reduction of additional paid-in capital.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Reporting Segments

The Company identifies its reporting segments based on the organizational units used by management to monitor performance and make operating decisions. The Company has five operating segments: Applebee's franchise operations, IHOP franchise operations, rental operations, financing operations and company-operated restaurant operations. The Company has four reporting segments: franchise operations, (an aggregation of Applebee's and IHOP franchise operations), rental operations, financing operations and company-operated restaurant operations. The Company considers these to be its reportable segments, regardless of whether any segment exceeds 10% of consolidated revenues, income before income tax provision or total assets.

Franchise Segment

As of December 31, 2019, the franchise operations reportable segment consisted of 1,718 restaurants operated by Applebee's franchisees in the United States, two United States territories and 12 countries outside the United States and 1,841 restaurants operated by IHOP franchisees and area licensees in the United States, three United States territories and 13 countries outside the United States. Franchise operations revenue consists primarily of royalties and advertising fees based on a percentage of the franchisee's gross sales, sales of proprietary products (primarily IHOP pancake and waffle dry mixes) and other franchise fees.

Franchise operations expenses include advertising expense, the cost of proprietary products, pre-opening training expenses and other franchise-related costs.

Rental Segment

Rental operations revenue includes revenue from operating leases and interest income from direct financing leases. Rental operations expenses are costs of operating leases and interest expense of finance leases on franchisee-operated restaurants. The rental operations revenue and expenses are primarily generated by IHOP. Applebee's has an insignificant amount of rental activity.

Financing Segment

Financing operations revenue primarily consists of interest income from the financing of IHOP franchise fees and equipment leases, notes receivable from Applebee's franchisees and sales of equipment associated with refranchised IHOP restaurants. Financing expenses are the cost of restaurant equipment.

Company Segment

As of December 31, 2019, the Company operated 69 Applebee's restaurants that were acquired from a former franchisee in December 2018. See Note 18 - Acquisition of Business, of the Notes to the Consolidated Financial Statements for additional information. The company segment presented in these financial statements consists of these 69 Applebee's restaurants in 2019 and three weeks of 2018 as well as 10 IHOP restaurants operated by the Company for the first six months of 2017. All company-operated restaurants were located in the United States. Company restaurant sales are retail sales at company-operated restaurants. Company restaurant expenses are operating expenses at company-operated restaurants and include food, beverage, labor, benefits, utilities, rent and other operating costs.

Accounting Standards Adopted Effective January 1, 2019

In February 2016, the Financial Accounting Standards Board ("FASB") issued guidance with respect to the accounting for leases, as codified in Accounting Standards Topic 842 ("ASC 842"). The guidance is intended to improve financial reporting of leasing transactions by requiring entities that lease assets to recognize assets and liabilities for the rights and obligations created by leases, as well as by requiring additional disclosures related to an entity's leasing activities. The Company adopted this change in accounting principle as of the first day of the first fiscal quarter of 2019 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. The Company has elected the package of practical expedients for adoption that permitted the Company not to reassess its prior conclusions regarding lease identification, lease classification and initial direct costs. The Company also elected a short-term lease exception policy and an accounting policy not to separate non-lease components from lease components. The Company did not elect to use an allowable expedient that permitted the use of hindsight in performing evaluations of its leases.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Upon adoption of ASC 842, the Company recognized operating lease obligations of \$453.0 million, which represented the present value of the remaining minimum lease payments, discounted using the Company's incremental borrowing rate. The Company recognized operating lease right-of-use assets of \$395.6 million. The Company recognized an adjustment to retained earnings upon adoption of \$5.0 million, net of tax of \$1.7 million, primarily related to an impairment resulting from an unfavorable differential between lease payments to be made and sublease rentals to be received on certain leases. The remaining difference of \$50.7 million between the recognized operating lease obligation and the right-of-use assets related to the derecognition of certain assets and liabilities recorded in accordance with U.S. GAAP that had been applied prior to the adoption of ASC 842, primarily \$43.3 million of accrued rent payments. Lease-related reserves for lease incentives, closed restaurants and unfavorable leaseholds were also derecognized.

The accounting for the Company's existing finance leases upon adoption of ASC 842 remained substantially unchanged. Adoption of ASC 842 had no significant impact on the Company's cash flows from operations or its results of operations and did not impact any covenant related to the Company's long-term debt. The Company implemented internal controls necessary to ensure compliance with the accounting and disclosure requirements of ASC 842. See Note 5 for the required disclosures related to the Company's leasing activities.

Additional new accounting guidance became effective for the Company as of the beginning of fiscal 2019 that the Company reviewed and concluded was either not applicable to its operations or had no material effect on its consolidated financial statements in the current or future fiscal years.

Newly Issued Accounting Standards Not Yet Adopted

In June 2016, the FASB issued new guidance on the measurement of credit losses on financial instruments. The new guidance will replace the incurred loss methodology of recognizing credit losses on financial instruments that is currently required with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. Application of the new guidance may result in the earlier recognition of credit losses as the new methodology will require entities to consider forward-looking information in addition to historical and current information used in assessing incurred losses. The Company will adopt the new guidance on a modified retrospective basis beginning with its first fiscal quarter of 2020. In preparation for the adoption, the Company has established the methodology it will use to estimate expected credit losses. Based on that methodology, the Company estimates that upon adoption, it will record an increase to its allowance for credit losses of less than \$1 million, with an offsetting decrease to retained earnings, net of tax impact.

In August 2018, the FASB issued guidance designed to improve the effectiveness of disclosures by removing, modifying and adding disclosures related to fair value measurements. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2020; early adoption in any interim period after issuance of the new guidance is permitted. The Company is currently assessing the impact this guidance will have on its consolidated financial statements.

In August 2018, the FASB issued new guidance on the accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with existing guidance for capitalizing implementation cost incurred to develop or obtain internal-use software. The guidance also provides presentation and disclosure requirements for such capitalized costs. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2020. The Company is currently assessing the impact this guidance will have on its consolidated financial statements.

In December 2019, the FASB issued new guidance intended to simplify the accounting for income taxes, change the accounting for certain income tax transactions, and make other minor changes. The Company will be required to adopt the new guidance beginning with its first fiscal quarter of 2021; early adoption in any interim period after issuance of the new guidance is permitted. The Company is currently assessing the impact this guidance will have on its consolidated financial statements, but does not expect this standard to have a material effect on its financial statements. The Company does not intend to adopt the standard early.

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements as a result of future adoption.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

3. Revenue Disclosures

The following table disaggregates our franchise revenue by major type for the years ended December 31, 2019, 2018 and 2017:

	Year ended December 31,		
	2019	2018	2017
	(In thousands)		
Franchise Revenue:			
Royalties.....	\$ 302,169	\$ 311,568	\$ 297,817
Advertising fees.....	283,015	268,294	234,165
Pancake and waffle dry mix sales and other	53,973	52,108	50,538
Franchise and development fees	12,029	11,964	11,898
Total franchise revenue.....	<u>\$ 651,186</u>	<u>\$ 643,934</u>	<u>\$ 594,418</u>

Accounts and other receivables from franchisees as of December 31, 2019 and 2018 were \$63.5 million (net of allowance of \$0.7 million) and \$62.6 million (net of allowance of \$4.6 million), respectively, and were included in receivables, net in the Consolidated Balance Sheets.

Changes in the Company's contract liability for deferred franchise revenue during the year ended December 31, 2019 were as follows:

	Deferred Franchise Revenue (short- and long-term)
	(In thousands)
Balance at December 31, 2018.....	\$ 74,695
Recognized as revenue during the year ended December 31, 2019	(11,350)
Fees deferred during the year ended December 31, 2019	3,685
Balance at December 31, 2019	<u>\$ 67,030</u>

The balance of deferred franchise revenue as of December 31, 2019 is expected to be recognized as follows:

	(In thousands)
2020.....	\$ 10,086
2021.....	7,862
2022.....	7,337
2023.....	6,765
2024.....	6,074
Thereafter	28,906
Total	<u>\$ 67,030</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

4. Receivables

	2019	2018
	(In millions)	
Accounts receivable.....	\$ 60.8	\$ 63.0
Gift card receivables.....	46.7	47.9
Notes receivable.....	28.9	28.9
Financing receivables:		
Equipment leases receivable.....	56.3	65.8
Direct financing leases receivable.....	34.0	44.9
Franchise fee notes receivable.....	0.2	0.2
Other.....	7.3	7.1
	<u>234.2</u>	<u>257.8</u>
Less: allowance for doubtful accounts and notes receivable.....	(11.3)	(17.2)
	<u>222.9</u>	<u>240.6</u>
Less: current portion.....	(136.9)	(137.5)
Long-term receivables.....	<u>\$ 86.0</u>	<u>\$ 103.1</u>

Accounts receivable primarily includes receivables due from franchisees and distributors. Gift card receivables consist primarily of amounts due from third-party vendors. Interest is not charged on gift card receivables.

Notes receivable primarily relate to the conversion of certain franchisee accounts receivable to notes receivable, cash loans made to franchisees and a note receivable in connection with the sale of IHOP restaurants (See Note 20 - Refranchising of Company-operated Restaurants, of the Notes to Consolidated Financial Statements). The notes have a term from two to ten years, bear interest averaging 5.1% and 4.8% per annum at December 31, 2019 and 2018, respectively, and are collateralized by the franchise.

Financing receivables primarily relate to IHOP franchise development activity prior to 2003 when IHOP typically leased or purchased the restaurant site, built and equipped the restaurant then franchised the restaurant to a franchisee. IHOP provided the financing for the franchise fee, leasing of the equipment and the leasing or subleasing of the site. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.9% and 9.9% per annum at December 31, 2019 and 2018, respectively, and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease. The IHOP franchise fee notes have a term of five to eight years and are due in equal weekly installments, primarily bear interest averaging 5.0% and 5.6% per annum at December 31, 2019 and 2018, respectively, and are collateralized by the franchise. Where applicable, franchise fee notes, equipment contracts and building leases contain cross-default provisions wherein a default under one constitutes a default under all. There is not a disproportionate concentration of credit risk in any geographic area.

The primary indicator of the credit quality of financing receivables is delinquency. As of December 31, 2019 and 2018, approximately less than \$0.1 million and \$0.1 million, respectively, of financing receivables were delinquent more than 90 days.

The following table summarizes the activity in the allowance for doubtful accounts and notes receivable:

	(In millions)
<u>Allowance for Doubtful Accounts</u>	
Balance at December 31, 2016.....	\$ 3.1
Provision.....	20.3
Charge-offs.....	(1.2)
Balance at December 31, 2017.....	<u>22.2</u>
Provision.....	10.3
Charge-offs.....	(15.3)
Balance at December 31, 2018.....	<u>17.2</u>
Provision.....	(0.4)
Charge-offs.....	(5.0)
Recoveries.....	(0.5)
Balance at December 31, 2019.....	<u>\$ 11.3</u>

As of December 31, 2019 and 2018, approximately less than \$0.1 million and \$0.1 million, respectively, of the allowance for doubtful accounts related to financing receivables.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

5. Property and Equipment

Property and equipment by category is as follows:

	2019	2018
	(In millions)	
Leaseholds and improvements.....	\$ 235.4	\$ 255.7
Equipment and fixtures.....	95.4	90.1
Properties under finance lease.....	100.5	100.3
Buildings and improvements.....	56.6	57.9
Land.....	55.9	56.4
Construction in progress.....	4.7	3.7
Property and equipment, gross.....	548.5	564.1
Less: accumulated depreciation and amortization.....	(332.1)	(323.8)
Property and equipment, net.....	<u>\$ 216.4</u>	<u>\$ 240.3</u>

The Company recorded depreciation expense on property and equipment of \$30.8 million, \$22.1 million and \$20.6 million for the years ended December 31, 2019, 2018 and 2017, respectively.

Accumulated depreciation and amortization includes accumulated amortization for properties under finance lease in the amount of \$51.1 million and \$46.2 million at December 31, 2019 and 2018, respectively.

6. Goodwill

The significant majority of the Company's goodwill arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of goodwill for the years ended December 31, 2019, 2018 and 2017 are as follows:

	Applebee's Franchise Unit	Applebee's Company Unit	IHOP Franchise Unit	Total
	(In millions)			
Balance at December 31, 2016.....	\$ 686.6	\$ —	\$ 10.8	\$ 697.4
Impairment.....	(358.2)	—	—	(358.2)
Balance at December 31, 2017.....	328.4	—	10.8	339.2
Business acquisition.....	—	6.1	—	6.1
Balance at December 31, 2018.....	328.4	6.1	10.8	345.3
Purchase price adjustment related to business acquisition.....	—	(1.5)	—	(1.5)
Balance at December 31, 2019.....	<u>\$ 328.4</u>	<u>\$ 4.6</u>	<u>\$ 10.8</u>	<u>\$ 343.9</u>

Gross and net carrying amounts of goodwill at December 31, 2019 and 2018 are as follows:

	December 31, 2019			December 31, 2018		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In millions)					
Applebee's Franchise Unit.....	\$ 686.6	\$ (358.2)	\$ 328.4	\$ 686.6	\$ (358.2)	\$ 328.4
Applebee's Company Unit.....	4.6	—	4.6	6.1	—	6.1
IHOP Franchise Unit.....	10.8	—	10.8	10.8	—	10.8
Total.....	<u>\$ 702.1</u>	<u>\$ (358.2)</u>	<u>\$ 343.9</u>	<u>\$ 703.5</u>	<u>\$ (358.2)</u>	<u>\$ 345.3</u>

In December 2018, the Company acquired 69 Applebee's restaurants. The Company provisionally allocated \$6.1 million of resulting goodwill to the Applebee's Company Unit as of December 31, 2018. Upon completion of the purchase price allocation during 2019, the Company revised the goodwill allocated to the Applebee's Company Unit downwards to \$4.6 million, the balance at December 31, 2019. See Note 18 - Acquisition of Business, of the Notes to the Consolidated Financial Statements.

6. Goodwill (Continued)

The Company assesses goodwill for impairment in accordance with its policy described in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies.

In the fourth quarters of fiscal 2019 and 2018, the Company performed qualitative assessments of the goodwill of the Applebee's franchise unit and the IHOP franchise unit and concluded it was more-likely-than-not that the fair values exceeded the respective carrying amounts. In performing that analysis the Company considered, among other things, Applebee's key performance indicators during 2019 and 2018 and what, if any, impact that performance had on the long-term forecast of future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital that had been used in performing a quantitative impairment test in the third quarter of 2017. The Company also considered the current market price of its common stock, the favorable impact of the Tax Cuts and Jobs Act (the "Tax Act") on future cash flows and the impact these changes would have on an appropriate discount rate. As result of the qualitative test, the Company concluded it was not more likely than not that the fair value of the Applebee's franchise reporting unit is less than its carrying amount and therefore, a quantitative test of impairment was not necessary.

In the third quarter of 2017, the Company noted that the decline in the market price of the Company's common stock since December 31, 2016, which the Company had believed to be temporary, persisted throughout the first eight months of 2017 and that the favorable trend in Applebee's domestic same-restaurant sales experienced in the second quarter of 2017 did not continue into the first two months of the third quarter of 2017. The Company also noted a continuing increase in Applebee's bad debt expense and in royalties not recognized in income until paid in cash. Additionally, the Company also determined an increasing shortfall in franchisee contributions to the Applebee's national advertising fund could require a larger amount of future subsidization in the form of additional franchisor contributions to the fund than previously estimated. Based on these unfavorable developments, the Company determined that indicators of impairment existed and that an interim quantitative test of goodwill for impairment should be performed in the third quarter of 2017.

In performing the quantitative test of goodwill, the Company primarily used the income approach method of valuation that included the discounted cash flow method and the market approach that included the guideline public company method to determine the fair value of goodwill and intangible assets. Significant assumptions used to determine fair value under the discounted cash flow model included expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt.

As a result of performing the quantitative test of impairment, the Company recognized an impairment of Applebee's goodwill of \$358.2 million in 2017. The Company adopted the guidance in FASB Accounting Standards Update 2017-04 on January 1, 2017; accordingly, the amount of the goodwill impairment was determined as the amount by which the carrying amount of the goodwill exceeded the fair value of the Applebee's franchise reporting unit as estimated in the impairment test. The impairment of goodwill is not deductible for federal income tax purposes and therefore had no associated tax benefit.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

7. Other Intangible Assets

The significant majority of the Company's other intangible assets arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amount of intangible assets for the years ended December 31, 2019, 2018 and 2017 are as follows:

	Not Subject to Amortization		Subject to Amortization			Total
	Tradename	Other	Franchising Rights	Reacquired Franchise Rights	Leaseholds	
	(In millions)					
Balance at December 31, 2016.....	\$ 652.4	\$ 2.0	\$ 109.0	\$ —	\$ —	\$ 763.4
Impairment	(173.4)	—	—	—	—	(173.4)
Amortization expense.....	—	—	(10.0)	—	—	(10.0)
Additions	—	0.4	—	—	2.4	2.8
Balance at December 31, 2017.....	479.0	2.4	99.0	—	2.4	582.8
Amortization expense.....	—	—	(10.0)	(0.1)	(0.0)	(10.1)
Additions	—	0.3	—	11.6	1.3	13.2
Balance at December 31, 2018.....	479.0	2.7	89.0	11.5	3.7	585.9
Amortization expense.....	—	—	(10.0)	(1.7)	(0.1)	(11.8)
Additions	—	0.5	—	—	0.5	1.0
Balance at December 31, 2019.....	<u>\$ 479.0</u>	<u>\$ 3.2</u>	<u>\$ 79.0</u>	<u>\$ 9.8</u>	<u>\$ 4.1</u>	<u>\$ 575.1</u>

In December 2018, the Company acquired 69 Applebee's restaurants. The Company completed the purchase price allocation as described in Note 18 - Acquisition of Business, of Notes to the Consolidated Financial Statements and recorded \$11.6 million of reacquired franchise rights as an intangible asset. In June 2017, the Company refranchised nine IHOP restaurants. As discussed in Note 20 - Refranchising of Company-operated Restaurants, of Notes to the Consolidated Financial Statements, the Company recorded a net intangible asset \$2.4 million for below-market leases.

Annual amortization expense for the next five fiscal years is estimated to be approximately \$11.0 million per year. The weighted average life of the intangible assets subject to amortization was 18.5 years and 20 years at December 31, 2019 and 2018, respectively.

Gross and net carrying amounts of intangible assets subject to amortization at December 31, 2019 and 2018 are as follows:

	December 31, 2019			December 31, 2018		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In millions)					
Franchising rights.....	\$ 200.0	\$ (121.0)	\$ 79.0	\$ 200.0	\$ (111.0)	\$ 89.0
Reacquired Franchise Rights	11.6	(1.8)	9.8	11.6	(0.1)	11.5
Leaseholds.....	4.2	(0.1)	4.1	3.7	(0.0)	3.7
Total	<u>\$ 215.8</u>	<u>\$ (122.9)</u>	<u>\$ 92.9</u>	<u>\$ 215.3</u>	<u>\$ (111.1)</u>	<u>\$ 104.2</u>

The Company assessed the Applebee's tradename for impairment in accordance with its policy described in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies. In the fourth quarter of fiscal 2019 and 2018, the Company performed a qualitative assessment of the Applebee's tradename and concluded the fair value exceeded the carrying amount.

As discussed in Note 6 - Goodwill, the Company determined that indicators of impairment existed prior to the annual test for impairment and performed an interim quantitative test for impairment of Applebee's tradename in the third quarter of 2017. In performing the impairment test of the tradename, the Company used the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and a discount rate applied to the forecast revenue stream. As a result of performing this quantitative test, the Company recognized an impairment of Applebee's tradename of \$173.4 million in 2017. The Company recognized a tax benefit of \$65.1 million related to the impairment.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

8. Long-Term Debt

Long-term debt consists of the following components:

	2019	2018
	(In millions)	
Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I	\$ 700.0	\$ —
Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II	600.0	—
Series 2014-1 4.277% Fixed Rate Senior Secured Notes, Class A-2	—	1,283.8
Series 2018-1 Variable Funding Senior Notes Class A-1, variable interest rate of 4.93% at December 31, 2018	—	25.0
Class A-2-I and A-2-II (2019) and Class A-2 (2018) Note debt issuance costs	(11.8)	(9.7)
Long-term debt, net of debt issuance costs	1,288.2	1,299.1
Current portion of long-term debt	—	(25.0)
Long-term debt	<u>\$ 1,288.2</u>	<u>\$ 1,274.1</u>

Long-Term Debt

On June 5, 2019, Applebee's Funding LLC and IHOP Funding LLC (the "Co-Issuers"), each a special purpose, wholly-owned indirect subsidiary of the Company, issued two tranches of fixed rate senior secured notes, the Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I ("Class A-2-I Notes") in an initial aggregate principal amount of \$700 million and the Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II ("Class A-2-II Notes") in an initial aggregate principal amount of \$600 million (the "Class A-2-II Notes" and, together with the Class A-2-I Notes, the "2019 Class A-2 Notes"). The 2019 Class A-2 Notes were issued pursuant to an offering exempt from registration under the Securities Act of 1933, as amended.

The Co-Issuers also replaced their existing revolving financing facility, the 2018-1 Variable Funding Senior Notes, Class A-1 ("2018 Class A-1 Notes"), with a new revolving financing facility, the 2019-1 Variable Funding Senior Notes, Class A-1 (the "2019 Class A-1 Notes"), on substantially the same terms as the 2018 Class A-1 Notes in order to conform the term of the 2019 Class A-1 Notes to the anticipated repayment dates for the 2019 Class A-2 Notes. The 2019 Class A-1 Notes and the 2019 Class A-2 Notes are referred to collectively herein as the "New Notes."

The New Notes were issued in a securitization transaction pursuant to which substantially all of the domestic revenue-generating assets and domestic intellectual property, as further described below, held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of the Company (the "Guarantors") were pledged as collateral to secure the New Notes.

The Company used the majority of the net proceeds of the offering to repay the entire outstanding balance of approximately \$1.28 billion of the Series 2014-1 4.277% Fixed Rate Senior Notes, Class A-2 (the "2014 Class A-2 Notes"). The Company used the remaining proceeds of the offering to pay for transactions costs associated with the securitization refinancing transaction and for general corporate purposes.

2019 Class A-2 Notes

The New Notes were issued under a Base Indenture, dated as of September 30, 2014, amended and restated as of June 5, 2019 (the "Base Indenture"), and the related Series 2019-1 Supplement to the Base Indenture, dated June 5, 2019 (the "Series 2019-1 Supplement"), among the Co-Issuers and Citibank, N.A., as the trustee (in such capacity, the "Trustee") and securities intermediary. The Base Indenture and the Series 2019-1 Supplement (collectively, the "Indenture") will allow the Co-Issuers to issue additional series of notes in the future subject to certain conditions set forth therein.

While the 2019 Class A-2 Notes are outstanding, payment of principal and interest is required to be made on the Class A-2 Notes on a quarterly basis. The payment of principal on the 2019 Class A-2 Notes may be suspended when the leverage ratio for the Company and its subsidiaries is less than or equal to 5.25x. Exceeding the leverage ratio of 5.25x does not violate any covenant related to the New Notes.

The Company's leverage ratio did not exceed 5.25x at any quarterly payment date during 2019; accordingly, the Company was not required to make a principal payment on either the 2019 Class A-2 Notes or the 2014 Class A-2 Notes during the year ended December 31, 2019. As of December 31, 2019, the Company's leverage ratio was 4.57x.

8. Long-Term Debt (Continued)

The Company may voluntarily repay the New Notes at any time; however, if the Company repays the New Notes prior to certain dates, it would be required to pay make-whole premiums. As of December 31, 2019, the make-whole premium associated with voluntary prepayment of the Class A-2-I Notes was approximately \$35 million; this amount declines progressively each quarter to zero in June 2022. As of December 31, 2019, the make-whole premium associated with voluntary prepayment of the Class A-2-II Notes was approximately \$63 million; this amount declines progressively each quarter to zero in June 2024. The Company would also be subject to a make-whole premium in the event of a mandatory prepayment required following a Rapid Amortization Event or certain asset dispositions. The mandatory make-whole premium requirements are considered derivatives embedded in the New Notes that must be bifurcated for separate valuation. The Company estimated the fair value of these derivatives to be immaterial as of December 31, 2019, based on the probability-weighted discounted cash flows associated with either event.

The legal final maturity of the 2019 Class A-2 Notes is in June 2049, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2-I Notes will be repaid in June 2024 (the “Class A-2-I Anticipated Repayment Date”) and the Class A-2-II Notes will be repaid in June 2026 (the “Class A-2-II Anticipated Repayment Date”). If the Co-Issuers have not repaid or refinanced the Class A-2-I Notes by the Class A-2-I Anticipated Repayment Date or the Class A-2-II Notes by the Class A-2-II Anticipated Repayment Date, then additional interest will accrue on the Class A-2-I Notes and the Class A-2-II Notes, as applicable, at the greater of: (A) 5.0% and (B) the amount, if any, by which the sum of the following exceeds the applicable Class A-2 Note interest rate: (x) the yield to maturity (adjusted to a quarterly bond-equivalent basis) on the applicable anticipated repayment date of the United States Treasury Security having a term closest to 10 years plus (y) 5.0%, plus (z) 2.15% for the Class A-2-I Notes and 2.64% for the Class A-2-II Notes.

2019 Class A-1 Notes

The Co-Issuers also entered into a revolving financing facility, the 2019 Class A-1 Notes, that allows for drawings up to \$225 million of variable funding notes and the issuance of letters of credit. The 2019 Class A-1 Notes were issued under the Indenture. Drawings and certain additional terms related to the 2019 Class A-1 Notes are governed by the 2019 Class A-1 Note Purchase Agreement, dated June 5, 2019, among the Co-Issuers, certain special-purpose, wholly-owned indirect subsidiaries of the Company, each as a Guarantor, the Company, as manager, certain conduit investors, financial institutions and funding agents, and Barclays Bank PLC, as provider of letters of credit, swingline lender and administrative agent (the “Purchase Agreement”).

The 2019 Class A-1 Notes will be governed, in part, by the Purchase Agreement and by certain generally applicable terms contained in the Indenture. The applicable interest rate under the 2019 Class A-1 Notes depends on the type of borrowing by the Co-Issuers. The applicable interest rate for advances is generally calculated at a per annum rate equal to the commercial paper funding rate or one-, two-, three- or six-month Eurodollar Funding Rate, in either case, plus 2.15%. The applicable interest rate for swingline advances and unreimbursed draws on outstanding letters of credit is a per annum base rate equal to the sum of (a) 1.15% plus (b) the greatest of (i) the Prime Rate in effect from time to time, (ii) the Federal Funds Rate in effect from time to time plus 0.50% and (iii) the one-month Eurodollar Funding Rate plus 1.00%. There is no upfront fee for the 2019 Class A-1 Notes. There is a fee of 50 basis points on any unused portion of the 2019 Class A-1 Notes facility. Undrawn face amounts of outstanding letters of credit that are not cash collateralized accrue a fee of 2.15% per annum. It is anticipated that the principal and interest on the 2019 Class A-1 Notes will be repaid in full on or prior to the quarterly payment date in June 2024 (the “2019 Class A-1 Anticipated Repayment Date”), subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions.

Guarantee and Collateral Agreement

Under the Guarantee and Collateral Agreement, dated September 30, 2014, as amended and restated as of June 5, 2019, among the Guarantors in favor of the Trustee, the Guarantors guarantee the obligations of the Co-Issuers under the Indenture and related documents and secure the guarantee by granting a security interest in substantially all of their assets.

The New Notes are secured by a security interest in substantially all of the assets of the Co-Issuers and the Guarantors (collectively, the “Securitization Entities”). On the Closing Date, these assets (the “Securitized Assets”) generally included substantially all of the domestic revenue-generating assets of the Company and its subsidiaries, which principally consist of franchise agreements, area license agreements, development agreements, franchisee fee notes, equipment leases, agreements related to the domestic production of and the sale of pancake and waffle dry-mixes, owned and leased real property and intellectual property.

The New Notes are the obligations only of the Co-Issuers pursuant to the Indenture and are unconditionally and irrevocably guaranteed by the Guarantors pursuant to the Guarantee and Collateral Agreement. Except as described below, neither the Company nor any subsidiary of the Company, other than the Securitization Entities, will guarantee or in any way be liable for the obligations of the Co-Issuers under the Indenture or the New Notes.

8. Long-Term Debt (Continued)

Management Agreement

Under the terms of the Management Agreement, dated September 30, 2014, as amended and restated as of September 5, 2018, as further amended and restated as of June 5, 2019 and as amended by that certain Amendment No. 1 to Management Agreement dated November 21, 2019, among the Company, the Securitization Entities, Applebee's Services, Inc., International House of Pancakes, LLC and the Trustee, the Company will act as the manager with respect to the Securitized Assets. The primary responsibilities of the manager will be to perform certain franchising, distribution, intellectual property and operational functions on behalf of the Securitization Entities with respect to the Securitized Assets pursuant to the Management Agreement. The manager will be entitled to the payment of the weekly management fee, as set forth in the Management Agreement and will be subject to the liabilities set forth in the Management Agreement.

The manager will manage and administer the Securitized Assets in accordance with the terms of the Management Agreement and, except as otherwise provided in the Management Agreement, the management standards set forth in the Management Agreement. Subject to limited exceptions set forth in the Management Agreement, the Management Agreement does not require the manager to expend or risk its funds or otherwise incur any financial liability in the performance of any of its rights or powers under the Management Agreement if the manager has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not compensated by payment of the weekly management fee or is otherwise not reasonably assured or provided to it.

Subject to limited exceptions set forth in the Management Agreement, the manager will indemnify each Securitization Entity, the Trustee and certain other parties, and their respective officers, directors, employees and agents for all claims, penalties, fines, forfeitures, losses, liabilities, obligations, damages, actions, suits and related costs and judgments and other costs, fees and reasonable expenses that any of them may incur as a result of (a) failure of the manager to perform or observe its obligations under the Management Agreement, (b) the breach by the manager of any representation, warranty or covenant under the Management Agreement, or (c) the manager's negligence, bad faith or willful misconduct in the performance of its duties under the Management Agreement.

Covenants and Restrictions

The New Notes are subject to a series of covenants and restrictions customary for transactions of this type, including: (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the New Notes, (ii) provisions relating to optional and mandatory prepayments, and the related payment of specified amounts, including specified call redemption premiums in the case of Class A-2 Notes under certain circumstances; (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the New Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The New Notes are subject to customary rapid amortization events provided for in the Indenture, including events tied to failure of the Securitization Entities to maintain the stated debt service coverage ratio ("DSCR"), the sum of domestic retail sales for all restaurants being below certain levels on certain measurement dates, certain manager termination events, certain events of default and the failure to repay or refinance the Class A-2 Notes on the anticipated repayment dates. The New Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the New Notes, failure of the Securitization Entities to maintain the stated DSCR, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties and certain judgments.

Failure to maintain a prescribed DSCR can trigger a Cash Flow Sweeping Event, A Rapid Amortization Event, a Manager Termination Event or a Default Event as described below. In a Cash Flow Sweeping Event, the Trustee is required to retain 50% of excess Cash Flow (as defined in the New Notes) in a restricted account. In a Rapid Amortization Event, all excess Cash Flow is retained and used to retire principal amounts of debt. Key DSCRs are as follows:

- DSCR less than 1.75x - Cash Flow Sweeping Event
- DSCR less than 1.20x - Rapid Amortization Event
- Interest-only DSCR less than 1.20x - Manager Termination Event
- Interest-only DSCR less than 1.10x - Default Event

The Company's DSCR for the reporting period ended December 31, 2019 was 4.27x.

8. Long-Term Debt (Continued)

Use of Credit Facilities

The Company has not drawn on the 2019 Class A-1 Notes subsequent to their June 5, 2019, issuance. At December 31, 2019, \$2.8 million was pledged against the 2019 Class A-1 Notes for outstanding letters of credit, leaving \$222.2 million of 2019 Class A-1 Notes available for borrowing. The letters of credit are used primarily to satisfy insurance-related collateral requirements.

During the year ended December 31, 2019, the Company repaid \$25.0 million of 2018 Class A-1 Notes, representing the amount outstanding at December 31, 2018; the Company did not draw on the 2018 Class A-1 Notes during 2019 prior to their replacement on June 5, 2019. The maximum amount of 2018 Class A-1 Notes outstanding during the period from January 1, 2019 to June 5, 2019 was \$25.0 million and the weighted average interest rate on the 2018 Class A-1 Note for the period outstanding was 4.88%.

Loss on Extinguishment of Debt

In connection with the repayment of the 2014 Class A-2 Notes, the Company recognized a loss on extinguishment of debt of \$8.3 million, representing the remaining unamortized costs related to the 2014 Class A-2 Notes. Prior to the extinguishment on June 5, 2019, amortization costs of \$1.4 million, \$3.4 million and \$3.4 million associated with the 2014 Class A-2 Notes was included in interest expense for the years ended December 31, 2019, 2018 and 2017 respectively.

Debt Issuance Costs

The Company incurred costs of approximately \$12.9 million in connection with the issuance of the 2019 Class A-2 Notes. These debt issuance costs are being amortized using the effective interest method over estimated life of each tranche of the 2019 Class A-2 Notes. Amortization costs of \$1.2 million were included in interest expense for the year ended December 31, 2019. Unamortized debt issuance costs of \$11.8 million are reported as a direct reduction of the Class A-2 Notes in the Consolidated Balance Sheets.

The Company incurred costs of approximately \$0.2 million in connection with the replacement of the 2018-1 Class A-1 Notes with the 2019 Class A-1 Notes. These debt issuance costs have been added to the remaining unamortized costs of approximately \$2.8 million related to the 2018 Class A-1 Notes, the total of which costs is now being amortized using the effective interest method over the estimated five-year life of the 2019 Class A-1 Notes. Amortization costs of \$0.8 million were included in interest expense for the year ended December 31, 2019.

Unamortized debt issuance costs of \$2.7 million related to the 2019-1 Class A-1 Notes are reported as other long-term assets in the Consolidated Balance Sheets at December 31, 2019.

Debt Refinancing Costs

In connection with the termination of the 2014 Purchase Agreement, the Company recognized as expense \$0.9 million of unamortized debt issuance costs associated with the 2014 Variable Funding Notes during the year ended December 31, 2018. In addition, the Company incurred costs of \$1.6 million associated with the evaluation of various alternatives for refinancing our securitized indebtedness that were also charged to expense during the year ended December 31, 2018. These costs totaling \$2.5 million are reported as "Debt refinancing costs" in the Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2018.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

8. Long-Term Debt (Continued)

Maturities of Long-term Debt

Face-value maturities of long-term debt for each of the next five years, assuming the Company's leverage ratio remains less than 5.25x, are as follows:

	(In millions)
2020.....	\$ —
2021.....	—
2022.....	—
2023.....	—
2024.....	700.0
Thereafter.....	600.0
Total	\$ 1,300.0

9. Financing Obligations

On May 19, 2008, the Company entered into a Purchase and Sale Agreement relating to the sale and leaseback of 181 parcels of real property (the “Sale-Leaseback Transaction”), each of which is improved with a restaurant operating as an Applebee’s Neighborhood Grill and Bar (the “Properties”). On June 13, 2008, the closing date of the Sale-Leaseback Transaction, the Company entered into a Master Land and Building Lease (“Master Lease”) for the Properties. The proceeds received from the transaction were \$337.2 million. The Master Lease calls for an initial term of twenty years and four, five-year options to extend the term.

The Sale-Leaseback Transaction does not qualify as a sale under current U.S. GAAP. Accordingly, the Sale-Leaseback Transaction continues to be recorded under the financing method. The value of the land and leasehold improvements will remain on the Company's books and the leasehold improvements will continue to be depreciated over their remaining useful lives. The net proceeds received were recorded as a financing obligation. A portion of the lease payments is recorded as a decrease to the financing obligation and a portion is recognized as interest expense. In the event the lease obligation of any individual property or group of properties is assumed by a qualified franchisee, the portion of the transaction related to that property or group of properties is recorded as a sale in accordance with U.S. GAAP and the net book value of those properties will be removed from the Company's books, along with a ratable portion of the remaining financing obligation.

As of December 31, 2019, the portion of the original Sale-Leaseback Transaction related to 155 of the 181 Properties has qualified as a sale by assignment of the lease obligation to a qualified franchisee or a release from the lessor. In accordance with the accounting described above, the property and equipment and financing obligations have each been cumulatively reduced by approximately \$280.0 million.

As of December 31, 2019, future minimum lease payments under financing obligations during the initial terms of the leases related to the sale-leaseback transactions are as follows:

<u>Fiscal Years</u>	<u>(In millions)</u>
2020 ⁽¹⁾	\$ 5.6
2021.....	5.1
2022.....	5.1
2023.....	5.0
2024 ⁽¹⁾	5.7
Thereafter.....	44.8
Total minimum lease payments.....	71.3
Less: interest.....	(32.8)
Total financing obligations.....	38.5
Less: current portion ⁽²⁾	(0.8)
Long-term financing obligations.....	\$ 37.7

⁽¹⁾ Due to the varying closing date of the Company's fiscal year, 13 monthly payments will be made in 2020 and 2024.

⁽²⁾ Included in current maturities of finance lease and financing obligations on the consolidated balance sheet.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures

The Company engages in leasing activity as both a lessee and a lessor. The majority of the Company's lease portfolio originated when the Company was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included the Company's purchase or leasing of the site on which the restaurant was located and subsequently leasing/subleasing the site to the franchisee. With a few exceptions, the Company ended this practice in 2003 and the Company's current lease activity is predominantly comprised of renewals of existing lease arrangements and exercises of options on existing lease arrangements.

The Company currently leases from third parties the real property on which approximately 600 IHOP franchisee-operated restaurants and one Applebee's franchisee-operated restaurant are located; the Company (as lessor) subleases the property to the franchisees that operate those restaurants. The Company also leases property it owns to the franchisees that operate approximately 60 IHOP restaurants and one Applebee's restaurant. The Company leases from third parties the real property on which 69 Applebee's company-operated restaurants are located. The Company also leases office space for its principal corporate office in Glendale, California and restaurant support centers in Kansas City, Missouri and Raleigh, North Carolina. The Company does not have a significant amount of non-real estate leases.

The Company's existing leases/subleases related to IHOP restaurants generally provide for an initial term of 20 to 25 years, with most having one or more five-year renewal options. Leases related to Applebee's restaurants generally have an initial term of 10 to 20 years, with renewal terms of five to 20 years. Option periods were not included in determining liabilities and right-of-use assets related to operating leases. Approximately 175 of the Company's leases contain provisions requiring additional rent payments to the Company (as lessor) based on a percentage of restaurant sales. Approximately 250 of the Company's leases contain provisions requiring additional rent payments by the Company (as lessee) based on a percentage of restaurant sales.

The individual lease agreements do not provide information to determine the implicit interest rate in the agreements. The Company made significant judgments in determining the incremental borrowing rates that were used in calculating operating lease liabilities as of the adoption date. Due to the large number of leases, the Company applied a portfolio approach by grouping the leases based on the original lease term. The Company estimated the interest rate for each grouping primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption date; and (iii) adjustments for differences in years to maturity.

The Company's lease cost for the year ended December 31, 2019 was as follows:

	Year ended December 31, 2019
	(In millions)
Finance lease cost:	
Amortization of right-of-use assets.....	\$ 5.3
Interest on lease liabilities.....	7.7
Operating lease cost	106.2
Variable lease cost.....	2.7
Short-term lease cost.....	0.0
Sublease income.....	(110.9)
Lease cost.....	<u>\$ 11.0</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

Future minimum lease payments under noncancelable leases as lessee as of December 31, 2019 were as follows:

	Finance Leases	Operating Leases
	(In millions)	
2020	\$ 19.8	\$ 97.4
2021	16.4	81.1
2022	14.7	73.4
2023	11.6	60.6
2024	9.4	54.9
Thereafter.....	55.7	173.0
Total minimum lease payments	<u>127.6</u>	<u>540.4</u>
Less: interest/imputed interest	(37.3)	(108.6)
Total obligations	<u>90.3</u>	<u>431.8</u>
Less: current portion	(12.9)	(72.8)
Long-term lease obligations	<u>\$ 77.4</u>	<u>\$ 359.0</u>

The weighted average remaining lease term as of December 31, 2019 was 8.6 years for finance leases and 7.7 years for operating leases. The weighted average discount rate as of December 31, 2019 was 10.4% for finance leases and 5.7% for operating leases.

During the year ended December 31, 2019, the Company made the following cash payments for leases:

	Year ended December 31, 2019	
	(In millions)	
Principal payments on finance lease obligations.....	\$	13.6
Interest payments on finance lease obligations	\$	7.7
Payments on operating leases.....	\$	91.9
Variable lease payments	\$	2.5

The Company's income from operating leases for the year ended December 31, 2019 was as follows:

	Year ended December 31, 2019	
	(In millions)	
Minimum lease payments.....	\$	102.8
Variable lease income.....		11.5
Total operating lease income.....	<u>\$</u>	<u>114.3</u>

Future minimum payments to be received as lessor under noncancelable operating leases as of December 31, 2019 were as follows:

	(In millions)	
2020	\$	108.3
2021		102.6
2022		99.6
2023		95.2
2024		86.5
Thereafter		214.5
Total minimum rents receivable	<u>\$</u>	<u>706.7</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

The Company's income from direct financing leases at December 31, 2019 was as follows:

	Year ended December 31, 2019
	(In millions)
Interest income	\$ 5.0
Variable lease income	1.3
Total operating lease income	\$ 6.3

Future minimum payments to be received as lessor under noncancelable direct financing leases as of December 31, 2019 were as follows:

	(In millions)
2020	\$ 14.6
2021	11.5
2022	8.2
2023	3.6
2024	1.3
Thereafter	2.5
Total minimum rents receivable	41.7
Less: unearned income	(7.7)
Total net investment in direct financing leases	34.0
Less: current portion	(11.0)
Long-term investment in direct financing leases	\$ 23.0

The following disclosures for the year ended December 31, 2018 were made in accordance with the accounting guidance for leases in effect at that time.

The following is the Company's net investment in direct financing lease receivables:

	December 31, 2018
	(In millions)
Total minimum rents receivable	\$ 57.3
Less: unearned income	(12.4)
Net investment in direct financing leases receivable	44.9
Less: current portion	(11.2)
Long-term direct financing leases receivable	\$ 33.7

Contingent rental income, which is the amount above and beyond base rent, for the years ended December 31, 2018 and 2017 was \$14.3 million and \$14.0 million, respectively.

The following is the Company's net investment in equipment leases receivable:

	December 31, 2018
	(In millions)
Total minimum leases receivable	\$ 89.9
Less: unearned income	(24.1)
Net investment in equipment leases receivable	65.8
Less: current portion	(8.5)
Long-term equipment leases receivable	\$ 57.3

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

10. Lease Disclosures (Continued)

The following are minimum future lease payments on noncancelable leases as lessee at December 31, 2018:

	Capital Leases	Operating Leases
	(In millions)	
2019	\$ 21.0	\$ 91.2
2020 ⁽¹⁾	19.3	92.8
2021	16.2	75.7
2022	14.3	67.6
2023	11.6	55.2
Thereafter	63.4	210.6
Total minimum lease payments	<u>145.8</u>	<u>\$ 593.0</u>
Less: interest	(44.6)	
Capital lease obligations	101.2	
Less: current portion ⁽¹⁾	(13.4)	
Long-term capital lease obligations	<u>\$ 87.8</u>	

⁽¹⁾ Due to the varying closing date of the Company's fiscal year, 13 monthly payments will be made in fiscal 2020.

⁽²⁾ Included in current maturities of capital lease and financing obligations on the consolidated balance sheet.

The asset cost and carrying amount on company-owned property leased at December 31, 2018 was \$89.0 million and \$58.8 million, respectively. The asset cost and carrying amount on company-owned property leased at December 31, 2017, was \$89.0 million and \$60.0 million, respectively. The asset cost and carrying amounts represent the land and building asset values and net book values on sites leased to franchisees.

The minimum future lease payments shown above have not been reduced by the following future minimum rents to be received on noncancelable subleases and leases of owned property at December 31, 2018:

	Direct Financing Leases	Operating Leases
	(In millions)	
2019	\$ 16.2	\$ 105.9
2020 ⁽¹⁾	14.8	106.3
2021	11.7	100.2
2022	8.2	96.2
2023	3.5	91.8
Thereafter	2.9	271.8
Total minimum rents receivable	<u>\$ 57.3</u>	<u>\$ 772.2</u>

⁽¹⁾ Due to the varying closing date of the Company's fiscal year, 13 monthly payments will be made in fiscal 2020.

The Company has noncancelable leases, expiring at various dates through 2057, which require payment of contingent rents based upon a percentage of sales of the related restaurant as well as property taxes, insurance and other charges. Subleases to franchisees of properties under such leases are generally for the full term of the lease obligation at rents that include the Company's obligations for property taxes, insurance, contingent rents and other charges. Generally, the noncancelable leases include renewal options. Contingent rent expense for all noncancelable leases for the years ended December 31, 2018 and 2017 was \$2.7 million and \$2.6 million, respectively. Minimum rent expense for all noncancelable operating leases for the years ended December 31, 2018 and 2017 was \$80.8 million and \$73.0 million, respectively.

11. Commitments and Contingencies

Purchase Commitments

In some instances, the Company enters into commitments to purchase advertising and other items. Most of these agreements are fixed price purchase commitments. At December 31, 2019, the outstanding purchase commitments were \$115.9 million, the majority of which related to advertising.

11. Commitments and Contingencies (Continued)

Lease Guarantees

In connection with the sale of Applebee's restaurants to franchisees and other parties, the Company has, in certain cases, guaranteed or had potential continuing liability for lease payments. The Company had outstanding lease guarantees or was contingently liable for approximately \$257.2 million and \$284.3 million as of December 31, 2019 and 2018 respectively. These amounts represent the maximum potential liability of future payments under these leases. Excluding unexercised option periods, the Company's potential liability for future payments under these leases as of December 31, 2019 was \$40.4 million. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from 2020 through 2048. In the event of default, the indemnity and default clauses in our sale or assignment agreements govern our ability to pursue and recover damages incurred. No material liabilities for these guarantees have been recorded as of December 31, 2019.

Litigation, Claims and Disputes

The Company is subject to various lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of all of the Company's litigation are expensed as such fees and expenses are incurred. In the opinion of management, these matters are adequately covered by insurance or, if not so covered, are without merit or are of such a nature or involve amounts that would not have a material adverse impact on the Company's business or consolidated financial statements. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience in connection with pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

Letters of Credit

The Company provides letters of credit, primarily to various insurance carriers to collateralize obligations for outstanding claims. As of December 31, 2019, the Company had approximately \$2.8 million of unused letters of credit outstanding that reduce the Company's available borrowing under its 2019 Class A-1 Notes. These letters of credit expire on various dates in 2020 and are automatically renewed for an additional year if no cancellation notice is submitted.

12. Stockholders' Deficit

Stock Repurchase Programs

In February 2019, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to \$200 million of the Company's common stock (the "2019 Repurchase Program") on an opportunistic basis from time to time in the open market or in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2019 Repurchase Program, as approved by the Board of Directors, does not require the repurchase of a specific number of shares and can be terminated at any time. In connection with the approval of the 2019 Repurchase Program, the Board of Directors terminated the prior repurchase program approved in October 2015 (the "2015 Repurchase Program") which had authorized the Company to repurchase up to \$150 million of the Company's common stock.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

12. Stockholders' Deficit (Continued)

A summary of shares repurchased under the 2019 Repurchase Program and the 2015 Repurchase Program, during the year ended December 31, 2019 and cumulatively for each program, is as follows:

	Shares	Cost of shares
		(In millions)
<u>2019 Repurchase Program:</u>		
Repurchased during the year ended December 31, 2019	1,237,698	\$ 103.3
Cumulative (life-of-program) repurchases	1,237,698	\$ 103.3
Remaining dollar value of shares that may be repurchased	n/a	\$ 96.7
 <u>2015 Repurchase Program:</u>		
Repurchased during the year ended December 31, 2019	110,499	\$ 8.4
Cumulative (life-of-program) repurchases	1,589,995	\$ 126.2
Remaining dollar value of shares that may be repurchased	n/a	n/a

Dividends

During the fiscal years ended December 31, 2019, 2018 and 2017, the Company declared and paid dividends on common stock as follows:

Year ended December 31, 2019	Declaration Date	Payment Date	Dividends declared per share	Dividends paid per share	Total dividends paid⁽¹⁾
					(In millions)
Payment of prior year declaration.....	(3)	January 4, 2019	—	\$ 0.63	\$ 11.4
First quarter.....	February 20, 2019	April 5, 2019	\$ 0.69	0.69	12.5
Second quarter	May 13, 2019	July 12, 2019	0.69	0.69	12.2
Third quarter	August 1, 2019	October 4, 2019	0.69	0.69	11.8
Fourth quarter.....	October 8, 2019	(2)	0.69	—	—
Total			\$ 2.76	\$ 2.70	\$ 47.9
 <u>Year ended December 31, 2018</u>					
Payment of prior year declaration.....	(4)	January 5, 2018	—	\$ 0.97	\$ 17.7
First quarter.....	February 14, 2018	April 6, 2018	\$ 0.63	0.63	11.5
Second quarter	May 14, 2018	July 6, 2018	0.63	0.63	11.4
Third quarter	August 2, 2018	October 5, 2018	0.63	0.63	11.4
Fourth quarter	October 6, 2018	(3)	0.63	—	—
Total			\$ 2.52	\$ 2.86	\$ 52.0
 <u>Year ended December 31, 2017</u>					
Payment of prior year declaration	(5)	January 6, 2017	\$ —	\$ 0.97	\$ 17.5
First quarter	February 22, 2017	April 7, 2017	\$ 0.97	0.97	17.5
Second quarter	May 15, 2017	July 7, 2017	0.97	0.97	17.5
Third quarter	August 10, 2017	October 6, 2017	0.97	0.97	17.8
Fourth quarter	October 6, 2017	(4)	0.97	—	—
Total			\$ 3.88	\$ 3.88	\$ 70.3

(1) Includes dividend equivalents paid on restricted stock units

(2) The fourth quarter 2019 dividend of \$11.7 million was paid on January 10, 2020.

(3) The fourth quarter 2018 dividend of \$11.4 million was paid on January 4, 2019.

(4) The fourth quarter 2017 dividend of \$17.7 million was paid on January 5, 2018.

(5) The fourth quarter 2016 dividend of \$17.5 million was paid on January 6, 2017.

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends in excess of retained earnings are recorded as a reduction of additional paid-in capital.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

12. Stockholders' Deficit (Continued)

Dividends recorded during the fiscal years ended December 31, 2019, 2018 and 2017 were as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In millions)		
Dividends declared from retained earnings	\$ (48.1)	\$ —	\$ (52.6)
Dividends declared from additional paid-in capital.....	\$ —	\$ (44.7)	\$ (17.7)

On February 20, 2020, our Board of Directors approved payment of a cash dividend of \$0.76 per share of common stock, payable at the close of business on April 3, 2020 to the stockholders of record as of the close of business on March 20, 2020.

Treasury Stock

Repurchases of the Company's common stock are included in treasury stock at the cost of shares repurchased plus any transaction costs. Treasury stock may be re-issued when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined on the first-in, first-out ("FIFO") method. The Company re-issued 285,302 shares, 167,396 shares and 281,185 shares, respectively, during the years ended December 31, 2019, 2018 and 2017 at a total FIFO cost of \$12.5 million, \$6.5 million and \$10.1 million, respectively.

13. Closure and Other Impairment Charges

Closure and other impairment charges for the years ended December 31, 2019, 2018 and 2017 were as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In millions)		
Closure charges.....	\$ 1.5	\$ 2.0	\$ 3.9
Long-lived tangible asset impairment	—	0.1	0.1
Total closure and impairment charges	<u>\$ 1.5</u>	<u>\$ 2.1</u>	<u>\$ 4.0</u>

Closure Charges

Approximately \$0.5 million of closure charges for the year ended December 31, 2019 related to two IHOP restaurants and one Applebee's restaurant closed during 2019, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2019. Approximately \$1.8 million of closure charges for the year ended December 31, 2018 related to one IHOP franchise restaurant closed during 2018, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2018. Approximately \$2.2 million of closure charges for the year ended December 31, 2017 related to one IHOP company-operated restaurant closed during 2017, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2017.

Long-lived Tangible Asset Impairment

There were no long-lived tangible asset impairment charges for the year ended December 31, 2019. Long-lived tangible asset impairment charges for the year ended December 31, 2018 and 2017 were insignificant.

14. Stock-Based Incentive Plans

General Description

Currently, the Company is authorized to grant stock options, stock appreciation rights, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors under the Dine Brands Global, Inc. 2019 Stock Incentive Plan (the "2019 Plan"). The 2019 Plan was approved by stockholders on May 14, 2019 to permit the issuance of up to 2,050,000 shares (subject to adjustment as defined in the 2019 Plan for shares that may become available from prior plans) of the Company's common stock for incentive stock awards. The 2019 Plan will expire in May 2029.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

The Dine Brands Global, Inc. 2016 Stock Incentive Plan (the “2016 Plan”) was adopted in 2016 to permit the issuance of up to 3,750,000 shares of the Company’s common stock for incentive stock awards. The 2016 Plan was terminated upon adoption of the 2019 Plan, but there are stock options (vested and unvested) and unvested restricted stock and restricted stock units issued under the 2016 Plan that are outstanding as of December 31, 2019.

The DineEquity, Inc. 2011 Stock Incentive Plan (the “2011 Plan”) was adopted in 2011 to permit the issuance of up to 1,500,000 shares of the Company’s common stock for incentive stock awards. The 2011 Plan was terminated upon adoption of the 2016 Plan, but there are vested stock options issued under the 2011 Plan that are outstanding as of December 31, 2019.

The IHOP Corp. 2001 Stock Incentive Plan (the “2001 Plan”) was adopted in 2001 and amended and restated in 2005 and 2008 to authorize the issuance of up to 4,200,000 shares of common stock. The 2001 Plan has expired but there are vested stock options issued under the 2001 Plan outstanding as of December 31, 2019.

The 2019 Plan, 2016 Plan, the 2011 Plan and the 2001 Plan are collectively referred to as the “Plans.”

Stock-Based Compensation Expense

From time to time, the Company has granted nonqualified stock options, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors of the Company under the Plans. The nonqualified stock options generally vest ratably over a three-year period in one-third increments and have a maturity of ten years from the grant date. Options vest immediately upon a change in control of the Company, as defined in the Plans. Option exercise prices equal the closing price of the Company's common stock on the New York Stock Exchange on the date of grant. Restricted stock and restricted stock units are issued at no cost to the holder and vest over terms determined by the Compensation Committee of the Company's Board of Directors, generally three years from the date of grant or immediately upon a change in control of the Company, as defined in the Plans. The Company either utilizes treasury stock or issues new shares from its authorized but unissued share pool when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting.

The following table summarizes the Company's stock-based compensation expense included as a component of general and administrative expenses in the consolidated financial statements:

	Year Ended December 31,		
	2019	2018	2017
	(In millions)		
Total stock-based compensation expense:			
Equity classified awards expense	\$ 10.9	\$ 10.6	\$ 10.9
Liability classified awards expense (credit)	3.2	3.1	(1.0)
Total pretax stock-based compensation expense	14.1	13.7	9.9
Book income tax benefit	(3.5)	(3.5)	(3.8)
Total stock-based compensation expense, net of tax	<u>\$ 10.6</u>	<u>\$ 10.2</u>	<u>\$ 6.1</u>

As of December 31, 2019, total unrecognized compensation cost related to restricted stock and restricted stock units of \$15.9 million and \$3.0 million related to stock options is expected to be recognized over a weighted average period of approximately 1.3 years for restricted stock and restricted stock units and 1.3 years for stock options.

Equity Classified Awards - Stock Options

The per share fair values of the stock options granted have been estimated as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes model considers, among other factors, the expected life of the option and the historical volatility of the Company's stock price. The Black-Scholes model meets the requirements of U.S. GAAP, but the fair values generated by the model may not be indicative of the actual fair values of the Company's stock-based awards.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

The Company granted 132,832 stock options during the year ended December 31, 2019 for which the fair value was estimated using a Black-Scholes option pricing model. The following table summarizes the assumptions used in the Black-Scholes model:

	2019	2018	2017
Risk free interest rate	2.5%	2.6%	1.9%
Weighted average historical volatility.....	30.3%	26.1%	22.9%
Dividend yield.....	2.8%	3.6%	7.3%
Expected years until exercise.....	4.7	4.6	4.5
Weighted average fair value of options granted.....	\$ 21.93	\$ 11.94	\$ 4.31

The Company granted 25,330 performance-based stock options and 55,245 performance-based restricted stock units during the year ended December 31, 2018, with performance periods ranging from 36 to 40 months. As of December 31, 2019, all of the stock options and 26,670 of the restricted stock units have been forfeited. During the year ended December 31, 2017, the Company granted 350,000 performance-based stock options and 175,000 performance-based restricted stock units with a performance period of approximately 42 months. These performance-based awards can vest from 0% to 100% of the award granted depending on the Company's stock price over certain measurement periods. Fair value of these grants was estimated using a Monte Carlo simulation method. The following summarizes the assumptions used in estimating the fair values:

	2018	2017
Risk free interest rate	2.5%	1.6%
Weighted average historical volatility.....	34.4%	30.0%
Dividend yield.....	3.4%	9.6%
Expected years until exercise.....	3.0	3.4
Weighted average fair value of options granted.....	\$ 9.79	\$ 3.07
Weighted average fair value of restricted stock units granted	\$ 53.72	\$ 10.19

Stock option activity for the years ended December 31, 2019, 2018 and 2017 is summarized as follows:

	Number of Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in Years)	Aggregate Intrinsic Value (in Millions)
Outstanding at December 31, 2016	701,134	\$ 80.04		
Granted	887,030	48.35		
Exercised	(64,916)	40.59		
Forfeited	(171,847)	65.82		
Expired	(79,353)	87.02		
Outstanding at December 31, 2017	1,272,048	61.44		
Granted	248,899	69.12		
Exercised	(74,930)	52.43		
Forfeited	(6,309)	68.80		
Outstanding at December 31, 2018	1,439,708	63.21		
Granted	132,832	98.97		
Exercised	(211,352)	57.36		
Forfeited	(106,745)	72.19		
Expired	(37,005)	93.06		
Outstanding at December 31, 2019	1,217,438	\$ 66.43	5.7	\$ 24.1
Vested and Expected to Vest at December 31, 2019.....	1,146,329	\$ 67.06	5.6	\$ 22.0
Exercisable at December 31, 2019	561,872	\$ 77.80	3.1	\$ 5.9

The total intrinsic value of options exercised during the years ended December 31, 2019, 2018 and 2017 was \$6.9 million, \$2.4 million and \$1.4 million, respectively.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

14. Stock-Based Incentive Plans (Continued)

Cash received from options exercised under all stock-based payment arrangements for the years ended December 31, 2019, 2018 and 2017 was \$12.0 million, \$3.9 million and \$2.6 million, respectively. The actual tax benefit realized for the tax deduction from option exercises under the stock-based payment arrangements totaled \$1.8 million, \$0.6 million and \$0.5 million, respectively, for the years ended December 31, 2019, 2018 and 2017.

Equity Classified Awards - Restricted Stock and Restricted Stock Units

Activity in equity classified awards of restricted stock and restricted stock units for the years ended December 31, 2019, 2018 and 2017 is as follows:

	Shares of Restricted Stock	Weighted Average Grant-Date Per Share Fair Value	Restricted Stock Units	Weighted Average Grant-Date Per Share Fair Value
Outstanding at December 31, 2016	235,472	\$ 92.91	34,058	\$ 93.95
Granted	216,269	51.89	281,973	22.37
Released	(92,968)	88.62	(12,683)	81.63
Forfeited	(83,582)	79.52	—	—
Outstanding at December 31, 2017	275,191	65.97	303,348	28.39
Granted	92,466	69.20	86,990	57.21
Released	(74,253)	81.07	(15,737)	98.54
Forfeited	(26,162)	61.27	(72)	53.49
Outstanding at December 31, 2018	267,242	64.21	374,529	31.05
Granted	75,556	96.86	23,427	95.77
Released	(76,962)	76.25	(12,347)	90.34
Forfeited	(41,321)	67.20	(27,802)	34.53
Outstanding at December 31, 2019	<u>224,515</u>	\$ 70.52	<u>357,807</u>	\$ 30.35

Liability Classified Awards - Cash-settled Restricted Stock Units

The Company has granted cash-settled restricted stock units to certain employees. These instruments are recorded as liabilities at fair value as of the respective period end.

	Cash-Settled Restricted Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2018	53,766	\$ 79.07
Granted	20,989	83.58
Released	(462)	83.18
Forfeited	(10,441)	88.70
Outstanding at December 31, 2019	<u>63,852</u>	\$ 85.63

For the years ended December 31, 2019 and 2018, \$1.6 million and \$0.8 million, respectively, was included as stock-based compensation expense related to cash-settled restricted stock units.

Liability Classified Awards - Long-Term Incentive Awards

The Company has granted cash long-term incentive awards to certain employees (“LTIP awards”). Annual LTIP awards vest over a three-year period and are determined using a multiplier from 0% to 200% of the target award based on (i) the total stockholder return of the Company's common stock compared to the total stockholder returns of a peer group of companies and (ii) the percentage increase in the Company's adjusted earnings per share (as defined in the applicable award agreement). Though LTIP awards are only paid in cash, since the multiplier is primarily based on the price of the Company's common stock, the awards are considered stock-based compensation in accordance with U.S. GAAP and are classified as liabilities. For the years ended December 31, 2019 and 2018, expense of \$1.7 million and \$2.3 million, respectively, was included in stock-based compensation expense related to the LTIP awards. For the year ended December 31, 2017, a credit \$1.0 million was included in stock-based compensation expense related to the LTIP awards. At December 31, 2019 and 2018, liabilities of \$2.9 million and \$2.4 million, respectively, were included as accrued employee compensation and benefits in the Consolidated Balance Sheets.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

15. Employee Benefit Plans

401(k) Savings and Investment Plan

Effective January 1, 2013, the Company amended the Dine Brands Global, Inc. 401(k) Plan to (i) modify the Company matching formula and (ii) eliminate the one-year completed service requirement that previously had to be met to become eligible for Company matching contributions. As amended, the Company matches 100% of the first four percent of the employee's eligible compensation deferral and 50% of the next two percent of the employee's eligible compensation deferral. All contributions under this plan vest immediately. Company common stock is not an investment option for employees in the 401(k) Plan, other than shares transferred from a prior employee stock ownership plan. Substantially all of the administrative cost of the 401(k) plan is borne by the Company. The Company's matching contribution expense was \$3.0 million, \$2.4 million and \$2.3 million for the years ended December 31, 2019, 2018 and 2017.

16. Income Taxes

The provision (benefit) for income taxes for the years ended December 31, 2019, 2018 and 2017 was as follows:

	Year Ended December 31,		
	2019	2018	2017
Provision (benefit) for income taxes:			
Current		(In millions)	
Federal	\$ 31.2	\$ 33.6	\$ 42.6
State	6.5	6.4	5.1
Foreign	1.9	2.1	2.9
	<u>39.6</u>	<u>42.1</u>	<u>50.6</u>
Deferred			
Federal	(3.8)	(7.8)	(131.0)
State	(1.7)	(4.0)	(5.1)
	<u>(5.5)</u>	<u>(11.8)</u>	<u>(136.1)</u>
Provision (benefit) for income taxes	<u>\$ 34.1</u>	<u>\$ 30.3</u>	<u>\$ (85.6)</u>

The provision (benefit) for income taxes differs from the expected federal income tax rates as follows:

	Year Ended December 31,		
	2019	2018	2017
Statutory federal income tax rate	21.0%	21.0%	35.0%
Non-deductibility of goodwill impairment	—	—	(29.3)
Change in federal tax rate	—	—	15.5
State and other taxes, net of federal tax benefit	2.8	3.6	0.4
Change in unrecognized tax benefits	1.8	3.3	(0.7)
Change in valuation allowance	0.5	0.4	0.3
Domestic production activity deduction	—	—	0.3
Changes in tax rates and state tax laws	(0.5)	(1.6)	(0.3)
Change in accounting for excess tax deficiencies/benefits	(0.6)	0.1	(0.5)
General business credits	(1.3)	(0.2)	0.0
Other	0.9	0.8	(0.7)
Effective tax rate	<u>24.6%</u>	<u>27.4%</u>	<u>20.0%</u>

The difference in the 2019 overall effective tax rate from the U.S. statutory rate was primarily attributed to state taxes and unrecognized tax benefits offset by benefits associated with an increase in general business credits.

The Company applied a lower state tax rate to the deferred tax balances during fourth quarter of 2018, a result of the state legislative changes and the acquisition of 69 Applebee's restaurants in December 2018. The change in the state tax rate applied to the deferred tax balances lowered the 2018 effective tax rate by 1.6%.

The Company recognized a \$358.2 million impairment of goodwill during the third quarter of 2017 that was not deductible for federal income tax purposes and therefore had no associated tax benefit. The impairment of goodwill lowered the 2017 effective tax rate by 29.3%. Additionally, the Company was required to revalue its deferred taxes at the federal tax rate of 21% in accordance with the Tax Act. The change in the federal tax rate applied to the deferred tax balances increased the 2017 effective tax rate by 15.5%.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

Note 16. Income Taxes (Continued)

The Company files federal income tax returns and the Company or one of its subsidiaries file income tax returns in various state and international jurisdictions. The IRS Examination of tax years 2011 to 2013 concluded during the second quarter of 2019, and the Company received a refund of \$13.3 million, inclusive of interest income of \$0.9 million. With few exceptions, the Company is no longer subject to federal tax examinations by tax authorities for years before 2014 and state or non-United States tax examinations by tax authorities for years before 2011. The Company believes that adequate reserves have been recorded relating to all matters contained in the tax periods open to examination.

Net deferred tax assets (liabilities) consisted of the following components:

	2019	2018
	(In millions)	
Employee compensation	\$ 9.2	\$ 9.0
Revenue recognition	32.8	34.3
Other	5.9	16.8
Deferred tax assets	47.9	60.1
Valuation allowance	(1.5)	(0.4)
Total deferred tax assets after valuation allowance	46.4	59.7
Recognition of franchise and equipment sales	(13.7)	(16.8)
Capitalization and depreciation ⁽¹⁾	(130.8)	(139.2)
Acquisition financing costs	—	(0.6)
Basis of property and equipment	—	(8.1)
Other	(0.4)	(0.8)
Deferred tax liabilities	(144.9)	(165.5)
Net deferred tax liabilities	<u>\$ (98.5)</u>	<u>\$ (105.8)</u>

⁽¹⁾ Primarily related to the 2007 Applebee's acquisition.

As of each reporting date, the Company's management considers new evidence, both positive and negative, that could impact management's view with regards to future realization of deferred tax assets. As of December 31, 2019, management determined it is more likely than not that the benefit from foreign tax credit carryforward will not be realized. In recognition of this risk, the Company provided a valuation allowance of \$1.5 million on the deferred tax assets related to the foreign tax credit carryforward.

The Company had gross operating loss carryforwards for state tax purposes of \$0.5 million and \$0.4 million as of December 31, 2019 and 2018, respectively. The net operating loss carryforwards begin to expire in 2031 if not utilized.

The total gross unrecognized tax benefit as of December 31, 2019 and 2018 was \$7.6 million and \$5.2 million, respectively, excluding interest, penalties and related income tax benefits. If recognized, these amounts would affect the Company's effective income tax rates.

The Company estimates the unrecognized tax benefits may decrease over the upcoming 12 months by an amount up to \$1.5 million related to settlements with taxing authorities, statutes of limitations expirations and method changes. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2019	2018	2017
Unrecognized tax benefit as of January 1	\$ 5.2	\$ 5.9	\$ 3.9
Changes for tax positions of prior years	2.1	3.8	2.8
Increases for tax positions related to the current year	0.5	0.4	0.6
Decreases relating to settlements and lapsing of statutes of limitations	(0.2)	(4.9)	(1.4)
Unrecognized tax benefit as of December 31	<u>\$ 7.6</u>	<u>\$ 5.2</u>	<u>\$ 5.9</u>

As of December 31, 2019, the accrued interest was \$2.5 million and accrued penalties were less than \$0.1 million, excluding any related income tax benefits. As of December 31, 2018, the accrued interest and penalties were \$1.1 million and less than \$0.1 million, respectively, excluding any related income tax benefits. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

17. Net Income (Loss) Per Share

The computation of the Company's basic and diluted net income (loss) per share is as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In thousands, except per share data)		
Numerator for basic and diluted income (loss) per common share:			
Net income (loss)	\$ 104,346	\$ 80,354	\$ (342,750)
Less: Net (income) loss allocated to unvested participating restricted stock...	(3,532)	(2,711)	6,768
Net income (loss) available to common stockholders - basic	100,814	77,643	(335,982)
Effect of unvested participating restricted stock	33	16	—
Numerator - net income (loss) available to common shareholders - diluted	<u>\$ 100,847</u>	<u>\$ 77,659</u>	<u>\$ (335,982)</u>
Denominator:			
Weighted average outstanding shares of common stock - basic	16,934	17,533	17,725
Effect of dilutive securities:			
Stock options ⁽¹⁾	311	256	15
Weighted average outstanding shares of common stock - diluted	<u>17,245</u>	<u>17,789</u>	<u>17,740</u>
Net income (loss) per common share:			
Basic	<u>\$ 5.95</u>	<u>\$ 4.43</u>	<u>\$ (18.96)</u>
Diluted	<u>\$ 5.85</u>	<u>\$ 4.37</u>	<u>\$ (18.96)</u>

⁽¹⁾ Stock options were not included in the calculation for the year ended December 31, 2017 as they were antidilutive.

18. Acquisition of Business

In December 2018, the Company acquired 69 Applebee's restaurants in North Carolina and South Carolina from an Applebee's franchisee for a total purchase price of \$21.6 million. The Company entered into the transaction to resolve certain franchisee health issues in what the Company believes was the most expedient and favorable manner for the Company. Indirect costs of \$1.1 million related to the transaction were charged as general and administrative expenses.

A preliminary purchase price allocation was made as of December 31, 2018. During 2019, the Company completed the calculation of deferred income taxes related to the transaction and adjusted the preliminary purchase price allocation as follows:

	Preliminary Allocation	Adjustments	Final Allocation
	(In millions)		
Reacquired franchise rights	\$ 11.6	\$ —	\$ 11.6
Equipment and fixtures	10.0	—	10.0
Inventory	1.4	—	1.4
Deferred income taxes	—	1.5	1.5
Total identifiable assets acquired	<u>23.0</u>	<u>1.5</u>	<u>24.5</u>
Above-market leaseholds, net	(6.5)	—	(6.5)
Other liabilities	(1.0)	—	(1.0)
Net identifiable assets acquired	<u>15.5</u>	<u>1.5</u>	<u>17.0</u>
Goodwill	6.1	(1.5)	4.6
Consideration transferred	<u>\$ 21.6</u>	<u>\$ —</u>	<u>\$ 21.6</u>

In conjunction with the acquisition, the Company assumed finance lease obligations and related property under finance leases of \$9.1 million. The Company also entered into new finance leases totaling \$28.1 million of property under finance leases and finance lease obligations. The net liability for above-market leaseholds is included in other non-current liabilities in the Consolidated Balance Sheet and is being amortized over a weighted average life of 11 years.

The results of operation of these restaurants are included in the Company's consolidated results from the acquisition date. The Company has not presented pro forma results of the restaurants for periods prior to the acquisition because the business is not significant as measured by the amount of the Company's investment in and assets of the business relative to the Company's Consolidated Balance Sheet and by the income before income taxes of the business relative to the Company's average income before income taxes for the most recent five-year period excluding loss years.

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

19. Segment Reporting

Information on segments and a reconciliation of gross profit to income before income tax provision is as follows:

	Year Ended December 31,		
	2019	2018	2017
	(In millions)		
Revenues			
Franchise operations	\$ 651.2	\$ 643.9	\$ 594.4
Rental operations.....	120.7	121.9	121.4
Company restaurants.....	131.2	7.1	7.5
Financing operations.....	7.1	8.0	8.4
Total.....	<u>\$ 910.2</u>	<u>\$ 780.9</u>	<u>\$ 731.7</u>
Gross profit (loss), by segment			
Franchise operations	\$ 338.4	\$ 313.3	\$ 300.4
Rental operations.....	29.9	31.2	30.8
Company restaurants.....	8.0	1.2	(0.3)
Financing operations.....	6.5	7.4	7.8
Total gross profit.....	382.8	353.1	338.7
Corporate and unallocated expenses, net	(244.3)	(242.5)	(767.0)
Income (loss) before income taxes	<u>\$ 138.5</u>	<u>\$ 110.6</u>	<u>\$ (428.3)</u>
Interest expense			
Rental operations.....	\$ 7.7	\$ 9.2	\$ 10.5
Company restaurants.....	2.1	0.1	0.2
Corporate.....	60.4	61.7	62.0
Total.....	<u>\$ 70.2</u>	<u>\$ 71.0</u>	<u>\$ 72.7</u>
Depreciation and amortization			
Franchise operations	\$ 10.3	\$ 10.5	\$ 10.8
Rental operations.....	13.4	11.7	12.0
Company restaurants.....	6.4	0.4	0.1
Corporate.....	12.4	9.6	7.7
Total.....	<u>\$ 42.5</u>	<u>\$ 32.2</u>	<u>\$ 30.6</u>
Impairment of goodwill and intangible assets, closure and other impairment charges			
Franchise operations	\$ —	\$ —	\$ 531.6
Company restaurants.....	1.5	2.1	4.0
Total.....	<u>\$ 1.5</u>	<u>\$ 2.1</u>	<u>\$ 535.6</u>
Capital expenditures			
Franchise operations	\$ 0.6	\$ —	\$ —
Company restaurants.....	3.2	—	0.1
Corporate.....	15.6	14.3	13.3
Total	<u>\$ 19.4</u>	<u>\$ 14.3</u>	<u>\$ 13.4</u>
Goodwill (franchise segment)	<u>\$ 343.9</u>	<u>\$ 345.3</u>	<u>\$ 339.2</u>
Total assets			
Franchise operations	\$ 1,116.2	\$ 1,152.1	\$ 1,188.0
Rental operations.....	503.8	255.6	278.8
Company restaurants.....	134.3	66.5	—
Financing operations.....	72.0	73.7	87.5
Corporate.....	223.2	226.8	181.3
Total.....	<u>\$ 2,049.5</u>	<u>\$ 1,774.7</u>	<u>\$ 1,735.6</u>

Dine Brands Global, Inc. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

20. Refranchising of Company-operated Restaurants

In June 2017, the Company completed the refranchising and sale of related restaurant assets of nine company-operated IHOP restaurants in the Cincinnati, Ohio market area. As part of the transaction, the Company entered into an asset purchase agreement, nine franchise agreements and nine sublease agreements for land and buildings. The Company compared the stated rent under the sublease agreements with comparable market rents and recorded net favorable lease assets of \$2.3 million in connection with the transaction. The Company also received cash of \$1.1 million and a note receivable for \$4.8 million. After allocating a portion of the consideration to franchise fees and derecognizing the assets sold, the Company recognized a gain of \$6.2 million on the refranchising and sale of related restaurant assets during the year ended December 31, 2017.

21. Selected Quarterly Financial Data (Unaudited)

	Revenues	Gross Profit	Net Income (Loss)	Net Income Per Share— Basic ⁽¹⁾	Net Income Per Share— Diluted ⁽¹⁾
	(In thousands, except per share amounts)				
2019					
1st Quarter	\$ 237,182	\$ 102,571	\$ 31,643	\$ 1.76	\$ 1.73
2nd Quarter	228,080	94,855	21,390	1.20	1.18
3rd Quarter	217,405	89,720	23,917	1.38	1.36
4th Quarter	227,511	95,668	27,396	1.61	1.59
2018					
1st Quarter	\$ 188,163	\$ 83,500	\$ 17,073	\$ 0.93	\$ 0.92
2nd Quarter	184,471	78,590	12,713	0.70	0.69
3rd Quarter	194,099	92,626	23,587	1.31	1.29
4th Quarter	214,198	98,371	26,981	1.49	1.47

⁽¹⁾ The quarterly amounts of earnings per share may not add to the full year amount as each quarterly calculation is discrete from the full-year calculation.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain “disclosure controls and procedures,” as such terms are defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act of 1934, as amended, that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their assessment as of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

**GUARANTEE OF OBLIGATIONS
(NON-TRADITIONAL RESTAURANT FRANCHISE ADDENDUM)
("NT FA")**

EXHIBIT E

**GUARANTEE OF OBLIGATIONS
(Non-Traditional Restaurant Franchise Addendum)**

THIS GUARANTEE OF OBLIGATIONS (Non-Traditional Restaurant Franchise Addendum) (“**Guarantee**”) is given by _____ (hereinafter referred to as “**the undersigned**”) to IHOP FRANCHISOR LLC, a Delaware limited liability company, (hereinafter referred to as “**IHOP**”) in consideration of the execution of the Non-Traditional Restaurant Franchise Addendum pertaining to IHOP # _____ located at _____ (the “**Franchised Restaurant**”) by _____ (hereinafter referred to as “**Franchisee**”).

The undersigned hereby covenants with IHOP that if default shall, at any time, be made by Franchisee in the payment of any sums of money due IHOP pursuant to the IHOP Non-Traditional Multi-Unit Franchise Agreement dated _____ (hereinafter referred to as the “**IHOP NT MUFA**”) and/or the Non-Traditional Restaurant Franchise Addendum between IHOP Franchisor LLC and the undersigned, to be entered into concurrently herewith (hereinafter referred to as the “**NT FA**”), or if Franchisee shall default in fulfilling any of the covenants, agreements, or conditions of the IHOP NT MUFA and/or the NT FA to be performed by Franchisee, the undersigned shall pay to IHOP, its successors or assigns, any sums of money which may be owing under the IHOP NT MUFA and/or the NT FA, and/or shall take such action as may be required to cure the default in any of the covenants, agreements or conditions of the IHOP NT MUFA and/or the NT FA to be performed by Franchisee, and the undersigned will pay all damages that may arise as a consequence thereof.

This Guarantee shall be a continuing guarantee, and the liability of the undersigned hereunder shall in no way be affected or diminished in any manner whatsoever by reason of the assertion by IHOP against Franchisee of any of the rights or remedies reserved to IHOP pursuant to the IHOP NT MUFA and/or the NT FA, by reason of the waiver by IHOP, or the failure of IHOP to enforce any, of the provisions, covenants, or conditions of the IHOP NT MUFA and/or the NT FA, or by reason of the granting by IHOP of any indulgence or extension of time to Franchisee, and the liability hereunder shall in no way be affected or diminished by reason of any amendment, modification, renewal or extension of the IHOP NT MUFA and/or the NT FA, or the abandonment or surrender of the Franchised Restaurant by Franchisee.

The undersigned hereby expressly waives the following:

- (i) Notice of the acceptance of this Guarantee by any person or entity; and
- (ii) Any and all notices to which the undersigned might otherwise be entitled to in connection with this Guarantee, the IHOP NT MUFA and/or the NT FA. It shall not be necessary for IHOP, in order to enforce this Guarantee, to first institute any suit or proceeding or exhaust legal remedies against Franchisee.

The undersigned hereby waives any right to require, as a condition precedent to bringing action on this Guarantee:

- (a) Proceeding against Franchisee under the IHOP NT MUFA and/or the NT FA; or
- (b) Pursuing any other remedy in IHOP’s, their successors’ or assigns’ power whatsoever.

This Guarantee shall not be discharged or affected by the dissolution, liquidation or bankruptcy of Franchisee or the merger of Franchisee with another business entity.

This Guarantee is an absolute guaranty of payment and not of collection. The undersigned agrees to pay reasonable attorneys' fees, court costs and any and all other costs and expenses which may be incurred in the enforcement of this Guarantee, whether or not suit is brought hereon.

This Guarantee shall inure to the benefit of the IHOP and their successors and assigns. Notice of assignment, transfer or disposition by IHOP of their interests hereunder or under the IHOP NT MUFA and/or the NT FA is hereby waived by the undersigned.

The undersigned agrees to be personally bound by each and every provision of the IHOP NT MUFA and the NT FA including, without limitation, the agreement to arbitrate disputes in Section 10.2 of the IHOP NT MUFA.

This Guarantee shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, this Guarantee of Obligations is executed this _____ day of _____, 20__.

**APPROVED:
FRANCHISEE:**

**ACCEPTED:
IHOP:
IHOP FRANCHISOR LLC**

By: _____

Its: _____

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(FULL-SERVICE)**

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(IHOP EXPRESS)**

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LIST OF STATE ADMINISTRATORS

EXHIBIT G

STATE ADMINISTRATORS

California

Commissioner
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677 Toll Free

Hawaii

Hawaii Commissioner of Securities
Business Registration Division
Department of Commerce &
Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Office of the Secretary of State
Franchise Section
302 W. Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Securities Division
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Franchise Section
Corporate Oversight Division
Michigan Dept. of Attorney General
G. Mennen Williams Bldg., 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

Minnesota

Securities Section
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York

Investor Protection Bureau
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

North Dakota

North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505
(701) 328-4712

Rhode Island

Securities Division
Department of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
John O. Pastore Complex
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Division of Securities and Retail Franchising
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Securities Division – 3rd Floor
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53703
(608) 266-2139

LIST OF AGENTS FOR SERVICE OF PROCESS

EXHIBIT H

AGENTS FOR SERVICE OF PROCESS

California

Corporation Service Company d/b/a
CSC Lawyers Incorporating Service
Company
2730 Gateway Oaks Drive Suite 100
Sacramento, California 93533

Commissioner of the Department of Business
Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

Hawaii

CSC Services of Hawaii, Inc.
1003 Bishop Street, Suite 1600
Pauahi Tower
Honolulu, Hawaii 96813

Commissioner of Securities
Department of Commerce and Consumer
Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Illinois

Illinois Corporation Service Company
801 Adlai Stevenson Drive
Springfield, Illinois 62703

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Corporation Service Company
251 East Ohio Street, Suite 500
Indianapolis, Indiana 46204

Secretary of State
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Maryland

CSC Lawyers Incorporating Service
Company 7 St. Paul Street, Suite 1660
Baltimore, Maryland 21202

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21201-2020

Michigan

Michigan Attorney General's Office
Corporate Oversight Division, Franchise
Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota

Corporation Service Company
380 Jackson Street, Suite 700
St. Paul, Minnesota 55101

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001

Investor Protection Bureau
Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

North Dakota

Corporation Service Company 316 North
Fifth Street
P.O. Box 1695
Bismarck, North Dakota 58502

Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

Rhode Island

Corporation Service Company
222 Jefferson Boulevard, Suite 200 Warwick,
Rhode Island 02888

Director, Securities Division
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1
John O. Pastore Complex
Cranston, Rhode Island 02920

South Dakota

Corporation Service Company
503 South Pierre Street
Pierre, South Dakota 57501

Director of the Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Corporation Service Company
11 South 12th Street, P. O. Box 1463
Richmond, Virginia 23218

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington

Corporation Service Company
300 Deschutes Way SW, Suite 304
Tumwater, Washington 985012

Director, Department of Financial Institutions
Securities Division – 3rd Floor
150 Israel Road, SW
Tumwater, Washington 98501

Wisconsin

CSC Lawyers Incorporating Service
Company
8040 Excelsior Drive, Suite 400
Madison, Wisconsin 53717

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

**GENERAL RELEASE
(NON-TRADITIONAL)**

EXHIBIT I

**GENERAL RELEASE
(Non-Traditional)**

THIS GENERAL RELEASE (this “**Release Agreement**”) is made by and among IHOP Franchisor LLC, a Delaware limited liability company (“**Company**”), _____ (“**Franchisee**”) and the undersigned “**Majority Owner**” of Franchisee (who together with Franchisee, jointly and severally, referred to herein as “**Releasor**”), effective as of the ___ day of _____, 20__ (the “**Effective Date**”) with reference to the following facts:

- A. Franchisee desires to enter into an IHOP Non-Traditional Multi-Unit Franchise Agreement; and
- B. Company has agreed to execute the IHOP Non-Traditional Master License Agreement on condition, among other things, that Releasor execute this Release Agreement.

THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Company hereby agree as follows:

1. **General Release Agreement.** Except for the performance of the undertakings set forth herein and the Excluded Matters described in Section 2, Releasor for itself and its Constituents, hereby releases and forever discharges Company and each of its Constituents (defined below), including without limitation, Dine Brands Global, Inc., formerly known as DineEquity, Inc. and IHOP Corp., IHOP IP, LLC, IHOP Properties, LLC, IHOP Property Leasing, LLC, IHOP Property Leasing II, LLC, IHOP Real Estate, LLC, IHOP Property LLC, and IHOP Leasing LLC, and their predecessors in interest (jointly and severally the “**Company Released Parties**”) from any and all known and unknown Claims and Claims which Releasor should know or become aware of after diligent and thorough investigation. “**Claims**” shall mean all actual and alleged claims, demands, losses, damages, agreements (whether written or oral), obligations, debts, suits, causes of action, awards, judgments, liabilities, rights to terminate or rescind, and other costs, expenses including attorneys’ fees and court costs whether arising in law or equity, anticipated or unanticipated, past, present, contingent or fixed, existing, claimed to exist or which may hereafter exist which Releasor has or may have against the Company Released Parties arising out of or relating to any act, fact, matter, thing or event that occurred or existed on or before the Effective Date. “**Constituents**” means past, present and future, direct and indirect, parents, subsidiaries, affiliates, owners, shareholders, partners, members, trustees, receivers, executors, representatives, administrators and distributors, and the past, present and future officers, directors, agents, managers, principals, employees, insurers, predecessors, successors, assigns, agents, representatives and attorneys of each of the foregoing.

2. **Excluded Matters.** This Release Agreement is not intended to terminate or amend any executed written franchise, lease or other agreement heretofore executed by and between the Releasor or its Constituents and any Company Released Party or any of the following matters between the Releasor and any Company Released Party: _____ (collectively the “**Franchise Documents**”); and although it is intended to relieve Company and its Constituents of responsibility for its or their failure, if any, to have timely performed or completed obligations which by the terms of the Franchise Documents were to have been performed or completed prior to the Effective Date, it is not intended to release Company from its continuing contractual obligations which arise or continue under and pursuant to the Franchise Documents on and after the date of this Release Agreement (“**Excluded Matters**”).

3. **Waiver of California Civil Code Section 1542.** Releasor, for itself and themselves, and on behalf of its Constituents, acknowledge that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

With respect to those claims being released pursuant to Section 1 hereunder, Releasor, for itself and themselves, and on behalf of its Constituents, acknowledge that it is releasing certain unknown claims as provided above and waives all rights it has or may have under California Civil Code Section 1542 or any other statute or common law principle of similar effect. Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its or their decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor, therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. **Representations, Warranties and Covenant Not to Sue.** Releasor (and each of them) hereby represents and warrants to Company that, in entering into such release: it is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); it has read and fully understands the terms and scope of the Release Agreement that such party is entering into; it intends to be final and conclusive, as to the matters set forth in the Release Agreement entered into by the party; and it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement and will not purport to do so, and it is aware of no third party who contends or claims otherwise. Releasor shall not, directly or indirectly, assert any Claim or commence or cause to be commenced, any proceeding of any kind against any Company Released Party, based upon any matter purported to be released hereby and shall defend, indemnify and hold harmless each Company Released Party from and against the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement and any breach of representations, warranties or covenants hereunder by Releasor or its Constituents.

5. **Miscellaneous.** This Release Agreement: (a) cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto; (b) together with the agreements referenced herein, constitute the entire understanding between and among the parties hereto with respect to the subject matter hereof; (c) may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument; (d) may be executed by facsimile, and signatures on a facsimile copy hereof shall be deemed authorized original signatures; (e) shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns; and (f) supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties hereto, and shall have no applicability in construing this Release Agreement or the terms of this Release Agreement. Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. None of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

6. **Governing Law.** This Release Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without reference to conflict of law principles. Any controversy or claim arising out of or relating to this Release Agreement or any alleged breach hereof, including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Release Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration in the same manner and subject to the same exceptions as provided in the Franchise Documents.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

COMPANY:
IHOP FRANCHISOR LLC

By: _____

Its: _____

RELEASOR:

FRANCHISEE:

By: _____

Its: _____

MAJORITY OWNER:

an individual

TRADEMARK LICENSE AGREEMENT (NON-TRADITIONAL)

EXHIBIT J

**TRADEMARK LICENSE AGREEMENT
(Non-Traditional)**

THIS TRADEMARK LICENSE AGREEMENT (Non-Traditional)(“**Agreement**”) is made and entered into effective as of this ___ day of _____, 20__ (the “**Effective Date**”) by and between IHOP FRANCHISOR LLC, a Delaware limited liability company (“**Licensor**”), and _____, a _____, whose principal place of business is _____ (“**Licensee**”).

WHEREAS, Licensor and/or its affiliates own, have developed and continue to develop distinctive trade names, service marks, trademarks, logos, emblems, Internet domain names, and indicia of origin, including the marks set forth on **Exhibit A** to this Agreement and such other trade names, service marks, trademarks, logos, emblems, Internet domain names, and indicia of origin as are now or hereafter designated by Licensor and its successors and/or affiliates for use in connection with identifying International House of Pancakes® (“**IHOP**”) restaurants in the United States (collectively hereinafter the “**Marks**”).

WHEREAS, Licensor has acquired, pursuant to an Intellectual Property License Agreement dated as of February 25, 2009 between IHOP Restaurants LLC (“**IHOP IP Holder**”) and Licensor (the “**IP License Agreement**”), a license to use and sublicense the Marks from the owner of the Marks, IHOP IP Holder in connection with IHOP Restaurants in the United States;

WHEREAS, Section 2.4 of the IP License Agreement permits Licensor to sublicense the Marks to third parties with the prior written consent of IHOP IP; and

WHEREAS, Licensee desires to use the Marks in connection with Licensee’s submittal of a proposal for an IHOP _____ Restaurant in response to a Request for Proposal from _____ for a location to be developed at _____ (the “**Purpose**”); and

WHEREAS, Licensor, subject to the terms and conditions set forth in this Agreement, is willing to permit Licensee to use the Marks in connection with the Purpose.

NOW, THEREFORE, in consideration of the above premises, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**SECTION 1.
LICENSE**

1.1. Scope of License. Subject to the terms and conditions set forth in this Agreement, Licensor grants to Licensee a non-exclusive, non-transferable, royalty-free license to use the Marks in connection with the Purpose. Licensee shall make no other use of the Marks.

1.2. Non-Assignment. Licensee acknowledges and agrees that the rights granted to Licensee by and obtained by Licensee as a result of or in connection with this Agreement are license rights only, and nothing contained in this Agreement constitutes or shall be construed to be an assignment of any or all of Licensor’s rights in the Marks.

1.3. Ownership of the Marks. Licensee acknowledges that Licensor retains ownership of the Marks and that nothing in this Agreement gives Licensee any right, title or interest in the Marks, other than the right to use the Marks subject to the terms and conditions of this Agreement. Licensor and Licensee acknowledge that Licensor or its affiliate owns all right, title and interest in and to the Marks and all associated goodwill and that nothing herein will prohibit or restrict Licensor's use or right to license others to use the Marks in any way for any goods and services. Licensee acknowledges that all use of the Marks inures to the benefit of Licensor, and Licensor or its affiliate continues to own all trademarks and trademark rights created by such uses.

SECTION 2. LICENSOR'S CONTROL

In order to protect and preserve Licensor's rights in the Marks, Licensee understands, acknowledges, and agrees that: (i) prior to the first date of Licensee's use of the Marks in connection with the Purpose, Licensee shall obtain Licensor's written approval of all aspects of such use; and (ii) once Licensee's use of the Marks in connection with the Purpose is initially approved by Licensor, any subsequent alteration, modification, or change in such use must be reviewed and approved by Licensor prior to implementation of such alteration, modification, or change.

SECTION 3. USE OF THE MARKS

3.1. Format. Licensor retains the right to specify, from time to time, the format in which Licensee shall use and display the Marks, and Licensee shall only use or display the Marks in a format approved by Licensor.

3.2. Proper Notice and Acknowledgment. Every use of the Marks by Licensee shall incorporate appropriate notices (e.g. ® or ™) to designate the Marks as trademarks or service marks.

3.3. Impairment of Licensor's Rights. Licensee shall not at any time, whether during or after the term of this Agreement, do or cause to be done any act or thing challenging, contesting, impairing, invalidating, or tending to impair or invalidate any of Licensor's rights in the Marks or any registrations derived from such rights.

3.4. Licensor's Rights and Remedies. Licensee acknowledges and agrees that Licensor has, shall retain, and may exercise, both during the term of this Agreement and thereafter, all rights and remedies available to Licensor, whether derived from this Agreement, from statute, or otherwise, as a result of or in connection with Licensee's breach of this Agreement, misuse of the Marks, or any other use of the Marks by Licensee which is not expressly permitted by this Agreement.

3.5. Infringement. Licensee shall promptly notify Licensor in writing when it becomes aware of any infringements or imitations of the Marks by any third party. Licensor shall have the right to take any action, or not to take action, against any third party that may be infringing the Marks. Licensee shall cooperate with Licensor, at Licensor's expense, in the prosecution and defense of the Marks, the filing and prosecution of any trademark applications, the recordation of any agreements, the publication of any notices, or the doing of any other act or thing in respect to the Marks that, in Licensor's reasonable judgment, may be necessary or desirable to protect Licensor's rights in the Marks.

SECTION 4.
TERM AND TERMINATION

4.1. Term. The term of this Agreement shall be for the later of (i) three months from the Effective Date or (ii) the date in which the issuer of the Request for Proposal has selected a winning bidder for the proposed IHOP _____ Restaurant; provided, however, that either party may terminate this Agreement, with or without cause, by delivering written notice of termination to the other party, and, unless a later date is specified in such notice, termination shall be effective 30 days after the date such notice is given.

4.2. Termination for Cause. Notwithstanding the provisions of Section 4.1 of this Agreement, this Agreement and all rights granted hereby, including but not limited to Licensee's right to use the Marks, shall automatically terminate without notice from Licensor if: (i) Licensee attempts to assign, sub-license, transfer or otherwise convey, without first obtaining Licensor's written consent, any of the rights granted to Licensee by or in connection with this Agreement; (ii) Licensee fails to obtain Licensor's approval of Licensee's use of the Marks in accordance with Section 2 of this Agreement; (iii) Licensee uses the Marks in a manner in violation of, or otherwise inconsistent with, the restrictions imposed by or in connection with Section 3 of this Agreement; or (iv) Licensee uses the Marks in a manner not expressly permitted by this Agreement.

4.3. Effect of Termination. All rights granted by this Agreement, including, without limitation, Licensee's right to use the Marks, shall expire upon termination of this Agreement, and upon termination Licensee shall immediately cease and desist from all further use of the Marks.

SECTION 5.
MISCELLANEOUS

5.1. Assignment. Licensee shall not assign, sublicense, transfer, or otherwise convey Licensee's rights or obligations under this Agreement without Licensor's prior written consent. Licensee shall indemnify and hold harmless Licensor against all liability, costs, and expenses, including but not limited to a reasonable attorneys' fee, arising out of or in connection with claims relating to an attempted assignment, sublicense, transfer, or other conveyance of Licensee's rights and obligations.

5.2. Governing Law and Consent. This Agreement shall be interpreted, construed, and enforced pursuant to, and in accordance with, the laws of the State of California. The parties agree to submit all disputes arising under or relating to this Agreement to the exclusive jurisdiction of courts located in Los Angeles County, California.

5.3. Entire Agreement. This Agreement supersedes all previous agreements, understandings, and arrangements between the parties, whether oral or written, and constitutes the entire agreement between the parties.

5.4. Amendments. This Agreement may not be modified, amended, altered, or supplemented except by an agreement in writing executed by the parties hereto.

5.5. Waivers. The waiver by either party of a breach or other violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision of this Agreement.

5.6. Notice. Unless otherwise provided herein, any notice, demand, or communication required, permitted, or desired to be given hereunder shall be in writing and shall be delivered by hand, by

telex or telecopy, by facsimile, or by registered or prepaid certified mail through the United States postal service, return receipt requested, addressed as follows:

To Licensor: IHOP Franchisor LLC
450 North Brand Blvd., 7th Floor
Glendale, California 91203
Attention: General Counsel
Fax: 818-637-5361

To Licensee: _____

Attention: _____

or to such other address, and to the attention of such other persons or officers as either party may designate by written notice. Any notice so addressed and mailed shall be deemed duly given three days after deposit in the United States mail, and if delivered by hand, shall be deemed given when delivered, and if telecopied, telexed, or sent by facsimile, shall be deemed given on the first business day immediately following transmittal.

5.7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same Agreement.

5.8. Articles and Other Headings. The articles and other headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of the terms of this Agreement.

5.9. Relationship of the Parties. This Agreement shall not be construed to place the parties in the relationship of legal representatives, partners, joint venturers or agents of or with each other. No party shall have any power to obligate or bind the other party in any manner whatsoever, except as specifically provided herein.

5.10. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

5.11. Specific Performance. The parties hereto agree that the remedy at law for any breach of this Agreement may be inadequate, and that any party hereto shall be entitled to specific performance in addition to any other appropriate relief or remedy.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

IHOP FRANCHISOR LLC
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

CONSENT OF IHOP IP HOLDER

IHOP Restaurants LLC, a Delaware limited liability company, owner of the Marks as referenced above, hereby consents to the foregoing Trademark License Agreement (Non-Traditional) by and between IHOP FRANCHISOR LLC and _____ dated ____ ____, 20__.

IHOP Restaurants LLC,
A Delaware limited liability company

By: _____

Its: _____

EXHIBIT A
MARKS

STATE ADDENDA

EXHIBIT K

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION:

1 California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchise Agreement contains provision that is inconsistent with the law, the law will control.

2 The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

3 The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4 YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

5 Neither the franchisor nor any person or franchise broker disclosed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

6 SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. The following paragraph shall be added to the state cover page:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The agent for receipt of service of process for the Franchisor, IHOP Property Leasing, LLC, IHOP Properties, LLC, and IHOP Real Estate, LLC, is the Hawaii Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, 335 Merchant Street, Room 205, Honolulu, Hawaii 96813.

2. Each provision of this Addendum to the Disclosure Document is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E-1, et seq., are met independently without reference to this Addendum to the Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO DISCLOSURE DOCUMENT
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

ITEM 17- RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required by Law:

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. The provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois franchisees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

3. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.”

4. Item 17t is amended to include the following:

“This section does not exclude representations made in this Franchise Disclosure Document.”

5. Item 17v and 17w are amended by deleting the current language under the Summary column and adding the following in its place and stead:

“Illinois law applies.”

ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

The following shall be inserted in Item 17:

Any general release executed by Franchisee in connection with renewal and/or assignment/transfer shall not apply to liabilities under the Maryland Franchise Registration and Disclosure Law (“Maryland Franchise Law”).

No representations contained in the IHOP Non-Traditional Master License Agreement executed by Franchisee are intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

The provision in the IHOP Non-Traditional Master License Agreement which provides for termination upon bankruptcy of the franchisee (Paragraph 12.02(f)) may not be enforceable under federal bankruptcy law (4 U.S.C. Section 101 et seq.).

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF MARYLAND

This Addendum is agreed to this _____ day of _____ 20__ between IHOP FRANCHISOR LLC and _____ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into between the parties concurrently herewith as follows:

“Any general release required as a condition of renewal and/or assignment/transfer shall not apply to liabilities under the Maryland Franchise Law.

No representations contained in this IHOP Non- Traditional Master License Agreement are intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: _____
Its: _____

LICENSEE:

(Name of Licensee)

By: _____
Its: _____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(b) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(c) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(d) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(e) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(f) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(g) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(h) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (c).

(i) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATIORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE DEPARTMENT OF ATIORNEY GENERAL AT THE FOLLOWING ADDRESS:

525 West Ottawa Street
G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913
(517) 335-7567

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Cover Page, Risk Factors 1 and 2 are amended with the addition of the following language:

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs:

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota law provides franchisees with certain termination rights. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' written notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

3. Minnesota law considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subdivision (g). Franchisor will protect the Franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF MINNESOTA

This Addendum is agreed to this _____ day of _____, 20____, between IHOP FRANCHISOR LLC and _____ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into between the parties concurrently herewith as follows:

1. Article 10 shall be amended by adding the following:

“Notwithstanding anything to the contrary herein,

(a) If any law or regulation by any competent authority with jurisdiction over this Agreement shall limit Franchisor’s rights of termination or require a longer or different notice than that specified in this Article XII, same shall be deemed amended to conform with the minimum requirements of such law or regulation.

(b) Minnesota law provides licensees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, Subdivision 3, 4 and 5 require, except in certain specified cases, that a Licensee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise or license will not be unreasonably withheld .

(c) Nothing in this section shall in any way abrogate or reduce any rights of the Licensee as provided for in Minnesota Statutes, Chapter 80C, or licensees rights to any procedure, forum or remedies provided for by the laws of Minnesota.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: _____
Its: _____

LICENSEE:

(Name of Licensee)

By: _____
Its: _____

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum is agreed to this ____ day of _____, 20__ between IHOP FRANCHISOR LLC and _____ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into between the parties concurrently herewith as follows:

1. The following sentence shall be inserted at the end of Paragraph 10.01 of the IHOP Non-Traditional Master License Agreement:

“Nevertheless, where the New York Franchise Sales Act speaks to the issue, then that law shall apply.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: _____
Its: _____

LICENSEE:

(Name of Licensee)

By: _____
Its: _____

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This Addendum is entered into this ____ day of _____, 20__, between IHOP FRANCHISOR LLC and _____ to amend the IHOP Non-Traditional Master License Agreement (“License Agreement“) which was entered into between the parties concurrently herewith as follows:

1. The last sentence of Article 10, Paragraph 10.2(b) of the License Agreement shall be deleted and the following shall be inserted in its place and stead:

“The situs of arbitration proceedings shall be in North Dakota in that city nearest the Franchised Location which has an American Arbitration Association office or an office that handles proceedings that follow rules and procedures promulgated by the American Arbitration Association or a similar association, and facilities for arbitration.”

2. The following sentence shall be inserted at the end of Article 10, Paragraph 10.4(a) of the License Agreement:

“Notwithstanding the provisions contained herein, to the extent that any provisions are not in accordance with the North Dakota Century Code, such provisions shall be subject to any applicable North Dakota law to the contrary.”

3. The following sentence shall be inserted at the end of Article 10, Paragraph 10.1 of the License Agreement:

“Notwithstanding the provisions of Paragraph 10.1 of the License Agreement, the provisions of the North Dakota Century Code will control to the extent any provision of the License Agreement and/or California law are inconsistent with the Code.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: _____
Its: _____

LICENSEE:

(Name of Licensee)

By: _____
Its: _____

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF RHODE ISLAND

This Addendum is agreed to this ____ day of _____ 20 ____ between IHOP FRANCHISOR LLC and _____ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into concurrently between the parties herewith as follows:

“A provision in an IHOP Non-Traditional Master License Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

IN WITNESS WHEREOF, each of the parties acknowledges having read and understood consents to be bound by all its terms, and be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: _____
Its: _____

LICENSEE:

(Name of Licensee)

By: _____
Its: _____

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Development Agreement and/or License Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the License Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR STATE OF WASHINGTON

THIS ADDENDUM is entered into on this ____ day of _____, 20__ by and between IHOP FRANCHISOR LLC (hereinafter referred to as “IHOP”) and _____ (hereinafter referred to as “Licensee”), with reference to the following facts:

A. Concurrently herewith, IHOP and Licensee have entered into a Non-Traditional Master License Agreement and/or Non-Traditional Restaurant Addendum (hereinafter referred to as the “License Agreement”) in respect of the IHOP, IHOP Express, IHOP U, IHOP ‘N GO, and/or International House of Pancakes restaurant located at _____.

B. Pursuant to the laws of the State of Washington, and specifically under RCW 19.100.180(2)(i) and U of the Franchise Investment Protection Act (hereinafter referred to as the “Act”), a Franchisor is required to fully disclose a franchisee’s rights with respect to termination and renewal in the body of the License Agreement.

WHEREFORE, IT IS AGREED:

The License Agreement is hereby amended to fully disclose the rights of a licensee in the State of Washington with respect to termination and renewal of the license as follows:

1. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.
2. In the event of conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
3. A release or waiver of rights executed by a licensee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.
4. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

[CONTINUED ON NEXT PAGE]

5. All other terms of the License Agreement shall remain the same and in full force and effect.

IHOP:
IHOP FRANCHISOR LLC

By: _____
Its: _____

LICENSEE:

(Name of Licensee)

By: _____
Its: _____

**RECEIPT
TO BE RETURNED**

This Disclosure Document summarizes certain provisions of the IHOP Non-Traditional Multi-Unit Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If IHOP offers you a franchise, IHOP must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, IHOP or an affiliate in connection with the proposed franchise sale or grant.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa requires that we give you this Disclosure Document at the earliest of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If IHOP does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit G.

The franchisor is IHOP Franchisor LLC, located at 450 N. Brand Blvd., 7th Floor, Glendale, CA 91203. Its telephone number is (818) 240-6055.

The name, principal business address and telephone number of the franchise seller(s) offering this franchise is as follows:

- | | | |
|--------------------------|-----------------------|------------------------------------------------------------------------|
| <input type="checkbox"/> | Jim Darby | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Jacob Barden | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Nicole Durham-Mallory | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Tony Moralejo | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | William Urrego | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Gary Moore | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Charles Scaccia | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Nishat Grover | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Dave Gleason | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | Michael Post | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
| <input type="checkbox"/> | | |

(Please check the name(s) and complete as applicable)

Issuance Date: March 23, 2022. See state cover page for effective dates in registration states.

This Disclosure Document is for use in all states.

The name and address of the persons and/or entities listed on Exhibit H, are authorized to receive service of process for IHOP.

I received a disclosure document dated March 23, 2022 that included the following Exhibits:

Exhibit A	List of Franchisees
Exhibit A-1	List of Company-Owned Outlets
Exhibit A-2	List of Franchisees Who Have Ceased to do Business
Exhibit B	IHOP Non-Traditional Multi-Unit Franchise Agreement
Exhibit B-1	Development Incentive Program Addendum
Exhibit C	Guarantee of Obligations (IHOP Non-Traditional Multi-Unit Franchise Agreement)
Exhibit D	Financial Statements
Exhibit E	Guarantees of Obligations (Non-Traditional Restaurant Franchise Addendum)
Exhibit F	Table of Contents of Operations Manuals (Full-Service)
Exhibit F-1	Table of Contents of Operations Manuals (IHOP Express)
Exhibit G	List of State Administrators
Exhibit H	List of Agents for Service of Process
Exhibit I	General Release (Non-Traditional)
Exhibit J	Trademark License Agreement (Non-Traditional)
Exhibit K	State Addenda

Date: _____

Prospective Franchisee:

By: _____

Name: _____

Individually and on behalf of the following entity:

Company Name: _____

Title: _____

(SIGN AND RETURN)

**RECEIPT
TO BE RETAINED**

This Disclosure Document summarizes certain provisions of the IHOP Non-Traditional Multi-Unit Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If IHOP offers you a franchise, IHOP must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, IHOP or an affiliate in connection with the proposed franchise sale or grant.

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| <input type="checkbox"/> | Michael Post | 450 N. Brand Blvd., 7 th Floor, Glendale, CA (818) 240-6055 |
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(Please check the name(s) and complete as applicable)

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Exhibit K	State Addenda

Date: _____

Prospective Franchisee:

By: _____

Name: _____

Individually and on behalf of the following entity:

Company Name: _____

Title: _____

(RETAIN FOR YOUR RECORDS)