

O'Charley's completes \$105M sale-leaseback deal

October 18, 2011 | By [Alan Snel](#)

O'Charley's Inc. has completed a \$105 million sale-leaseback deal for 50 O'Charley's restaurant properties with real estate investment firm STORE Capital of Scottsdale, Ariz.

The company said it will use net proceeds from the 20-year sale-leaseback deal, about \$103.8 million, as well as \$11.4 million in available cash to pay off long-term debt.

“The impact of the two transactions will be a decrease in annual interest expense associated with the senior notes of approximately \$10 million, which will be offset by approximately \$8.8 million of incremental annual rent expense. The full impact of these changes will be reflected in the company's 2012 results,” O'Charley's said in a statement.

O'Charley's Inc. chief executive David Head said the sale-leaseback strengthened the company's finances.

“We believe we have significantly strengthened our financial position. In addition, by monetizing approximately half of our real estate portfolio and locking in more favorable long-term financing, the transaction increases our flexibility in a difficult operating environment,” Head said.

O'Charley's Inc. also said it has entered into an Amended and Restated Credit Agreement with its existing banks, under which it has reduced its revolving credit facility to \$30 million from \$45 million and extended the facility's term to 2016.

O'Charley's Inc. is based in Nashville, Tenn. and operates or franchises 343 restaurants under its flagship O'Charley's chain, and the Ninety Nine Restaurant and Stoney River Legendary Steaks brands.

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