

Cara Announces \$230 Million Private Placement of Subscription Receipts

Proceeds Will Fund Previously Announced St-Hubert Acquisition

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Cara Operations Limited (TSX:CAO) ("Cara" or the "Company") announced today that it has entered into an agreement with a syndicate of agents (the "Agents") led by Scotia Capital Inc. (acting as sole bookrunner) and including BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc. to sell 7,863,280 subscription receipts ("Subscription Receipts") on a private placement basis (the "Offering"). The Subscription Receipts will be sold at a price of \$29.25 per Subscription Receipt, for gross proceeds to the Company of \$230,000,940.

The net proceeds from the Offering will be used to finance, in part, the purchase price under the Company's previously announced agreement to acquire 100% of Groupe St-Hubert Inc. (the "Acquisition"), Québec's leading full-service restaurant operator as well as a fully-integrated food manufacturer, for \$537 million. The Acquisition will add a major iconic brand to Cara's portfolio and provide Cara with, among other things, 117 restaurants generating System Sales of approximately \$403 million, two Québec-based food manufacturing plants and two distribution centres generating sales of \$225 million and a valuable real estate portfolio. The Acquisition is expected to close in the summer of 2016. Additional details concerning the Acquisition are included in Cara's material change report dated April 4, 2016, filed with the Canadian securities regulatory authorities and available on the Company's SEDAR profile at www.sedar.com. Presentation slides including additional information about the Acquisition are available on Cara's website located at www.cara.com.

Each Subscription Receipt represents the right of the holder to receive, upon closing of the Acquisition and without payment of additional consideration, one subordinate voting share of Cara (a "Subordinate Voting Share") plus an amount per Subordinate Voting Share equal to the amount per Subordinate Voting Share of any dividends for which record dates have occurred during the period from the closing date of the Offering to the date immediately preceding the closing of the Acquisition, less applicable withholding taxes. Closing of the Offering is expected to occur by April 15, 2016, subject to receipt of all required approvals for the Offering, including customary TSX approval. The net proceeds from the Offering will be held in escrow pending the closing of the Acquisition.

As part of the Offering, Fairfax Financial Holdings Limited and its affiliates have agreed to purchase 3,487,180 Subscription Receipts, accounting for approximately \$102 million of the total \$230 million offering size.

Following the completion of the Acquisition and after giving effect to the Offering, the Company's pro forma net debt to Operating EBITDA ratio (adjusted for the full year contribution of New York Fries and the Acquisition as if completed on December 31, 2014) is expected to be approximately 2.0x, providing Cara with significant financial flexibility to continue its growth strategy.

The Subscription Receipts are being offered on a private placement basis in all provinces and territories of Canada and in the United States pursuant to available prospectus exemptions under applicable securities laws. The Subscription Receipts and the underlying Subordinate Voting Shares will be subject to a customary four month hold period under Canadian securities laws.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer, solicitation or sale of the securities in any state in which such offer, solicitation or sale would be unlawful.

Non-IFRS Measures

This press release makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company's results of operations from management's perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. The Company uses non-IFRS measures, including "Operating EBITDA", "Pro Forma Operating EBITDA" and "System Sales", to provide investors with supplemental measures of its operating performance and thus highlight trends

in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. The Company's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets, and to determine components of management compensation.

"Operating EBITDA" is defined as net earnings (loss) from continuing operations before: (i) net interest expense and other financing charges; (ii) gain (loss) on derivative; (iii) write-off of financing fees; (iv) income taxes; (v) depreciation of property, plant and equipment; (vi) amortization of other assets; (vii) impairment of assets, net of reversals; (viii) losses on early buyout / cancellation of equipment rental contracts; (ix) restructuring; (x) conversion fees; (xi) net (gain) / loss on disposal of property, plant and equipment; (xii) stock based compensation; (xiii) change in onerous contract provision; and (xiv) lease costs and tenant inducement amortization.

"Pro Forma Operating EBITDA" is defined as Operating EBITDA adjusted for full-year contribution of New York Fries and the Acquisition, as if the acquisitions had occurred on December 31, 2014.

"System Sales" represents top line sales received from restaurant guests at both corporate and franchise restaurants including take-out and delivery customer orders. System Sales includes sales from both established restaurants as well as new restaurants. Pro forma System Sales for the acquisition of St-Hubert include third party sales from the food division which consist of sales to franchise restaurants, grocery, industrial and food service clients net of commercial expenses. Management believes System Sales provides meaningful information to investors regarding the size of Cara's restaurant network, the total market share of the Company's brands and the overall financial performance of its brands and restaurant owner base, which ultimately impacts Cara's consolidated financial performance.

Forward Looking Information

This press release contains "forward-looking information" within the meaning of applicable securities laws. Forward-looking information in this press release includes statements regarding the timing and completion of the proposed Acquisition. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects", "estimates", "intends", "anticipates", "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "achieve".

Forward-looking information is necessarily based on a number of assumptions and estimates that, while considered reasonable by the Company as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results to be materially different from those expressed or implied by such forward-looking information, including: completion of the Acquisition and the Offering on terms contemplated, including those set out in the share purchase agreement and in a manner consistent with management's expectations; completion of any other financing arrangements; the accuracy of management's assessment of the effects of the Acquisition, including the ability to generate synergies consistent with management's expectations; and the ongoing performance of the businesses of Cara and Group St-Hubert Inc. These assumptions and estimates are not intended to represent a complete list of the assumptions and estimates that could affect the Company.

There are several factors that could cause actual results to differ materially from those contained in forward-looking information, including: future operating results; future general economic and market conditions, including equity capital markets; changes in laws and regulations; and such other factors and risks as described in detail from time to time in documents filed by Cara with securities regulatory authorities in Canada. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information contained herein, except as required by applicable securities laws.

About CARA

Founded in 1883, Cara is Canada's oldest and largest full-service restaurant company. The Company franchises and/or operates some of the most recognized brands in the country including Swiss Chalet, Harvey's, Milestones, Montana's, Kelsey's, East Side Mario's, New York Fries, Prime Pubs, Bier Markt and Landing restaurants. As at December 27, 2015, Cara had 1,010 restaurants, 973 of which were located in Canada and the remaining 37 locations were located internationally. 88% of Cara's restaurants are operated by franchisees and 66% of Cara's locations are based in Ontario. Cara's shares trade on the Toronto Stock Exchange under the ticker symbol CAO. More information about the Company is available at www.cara.com.

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