

Cara Completes \$230 Million Private Placement of Subscription Receipts

VAUGHAN, ON, April 15, 2016 /CNW/ - Cara Operations Limited (TSX: CAO) ("Cara" or the "Company") announced today that it has completed its previously announced offering of 7,863,280 subscription receipts (the "Subscription Receipts"), on a private placement basis by a syndicate of agents led by Scotia Capital Inc. (acting as sole bookrunner) and including BMO Nesbitt Burns Inc. and RBC Dominion Securities Inc., at a price of \$29.25 per Subscription Receipt (the "Offering") which raised gross proceeds of approximately \$230 million.

The net proceeds of the Offering will be used by Cara 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 as at the financial year ended September 30, 2015, two Québec based food manufacturing plants and two distribution centres generating sales of \$225 million as at the financial year ended September 30, 2015, and a valuable real estate portfolio. The Acquisition is expected to close in the summer of 2016, subject to satisfaction of customary conditions, including the receipt of relevant regulatory approvals. 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.

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. The Offering proceeds, less a portion of the agents' fees, are being held in escrow pending the closing of the Acquisition.

As part of the Offering, Fairfax Financial Holdings Limited and its affiliates have purchased 3,487,180 Subscription Receipts, accounting for approximately \$102 million of the total \$230 million gross proceeds, resulting in Fairfax maintaining their approximately 40% equity interest and approximately 57% voting interest in Cara.

The Subscription Receipts were 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 are subject to a customary four month hold period under Canadian securities laws. The securities 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.

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 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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