

Granite City Food & Brewery Ltd. Announces Chapter 11 Filing to Facilitate Structured Sale Process

Minneapolis – December 16, 2019 – Granite City Food & Brewery Ltd. (OTCPink: GCFB), a casual dining restaurant group, today announced that it has filed a voluntary petition under Chapter 11 in the United States Bankruptcy Court for the District of Minnesota. Granite City intends to contemporaneously file a motion seeking approval of auction and sale procedures under Section 363(f) of the United States Bankruptcy Code.

After an intensive review of strategic alternatives, Granite City’s Board of Directors determined that a reorganization of its businesses was needed. The Board further determined that the restructuring could only be accomplished by filing for Chapter 11. Concurrently, Granite City has announced a going concern sale to KRG Granite Acquisition LLC for aggregate consideration of \$7.5 million plus certain liabilities. The transaction remains subject to Bankruptcy Court approval and an auction process which is expected to conclude in February 2020.

Granite City has secured a \$5 million debtor in possession loan, subject to Bankruptcy Court approval, to fund operations through the auction and sale process. Granite City continues to operate its business as a “debtor in possession” subject to the supervision and orders of the Bankruptcy Court in accordance with the U.S. Bankruptcy Code. Management expects to continue operations without interruption during the Chapter 11 case.

“The Granite City Board of Directors and management team have thoroughly assessed our strategic options and financial situation and unanimously agree that this structured sale process represents the best possible solution for the company,” said Richard H. Lynch, Chairman of the Board and Chief Executive Officer of Granite City. “We believe pursuing this path will provide value to our creditors, enable one or more future restaurateurs to operate our locations, and preserve hundreds of jobs,” continued Mr. Lynch.

The proposed auction process, if approved by the Bankruptcy Court, would allow interested parties to submit binding offers at the auction to acquire substantially all of Granite City’s assets, free and clear of Granite City’s indebtedness and liabilities.

Additional information about this process and proposed asset sale, as well as other documents relating to the restructuring and reorganization proceedings, is available from Duff & Phelps Securities LLC by contacting Darren Gange at darren.gange@duffandphelps.com or Matthew Gates at matthew.gates@duffandphelps.com. Bankruptcy Court filings and information about the claims process can be found at a separate website maintained by Granite City’s noticing agent, Epiq Corporate Restructuring, LLC, at <https://dm.epiq11.com/GraniteCity>.

Certain Granite City subsidiaries concurrently filed voluntary petitions under Chapter 11. The subsidiaries filing Chapter 11 cases include Granite City Restaurant Operations, Inc., Granite City of Indiana, Inc., Granite City of Kansas Ltd., and Granite City of Maryland, Inc. Granite City has filed a motion with the Bankruptcy Court seeking to administer all of the Chapter 11 cases jointly under the caption *In re Granite City Food & Brewery Ltd., et al.*

During the pendency of its Chapter 11 case, Granite City plans to discontinue its periodic filings with the OTC Market. Granite City cautions that trading in its securities during the pendency of its Chapter 11 case is highly speculative and poses substantial risks. Trading prices for the Company's securities may not bear any substantive relationship to the probable outcome for equity security holders in its Chapter 11 case. No assurance can be given that, as a result of Granite City's Chapter 11 case, Granite City's equity securities, including common stock and options, will not be cancelled and extinguished without any monetary recovery to the holders thereof.

About Granite City

Granite City Food & Brewery Ltd. operates two casual dining concepts: Granite City Food & Brewery and Cadillac Ranch All American Bar & Grill. The Granite City concept features its award-winning signature line of hand-crafted beers finished on-site as well as local and regional craft beers from brewers in various markets. In addition, these casual dining restaurants offer a wide variety of menu items that are prepared fresh daily. The extensive menu features contemporary American fare made in its scratch kitchens. Granite City opened its first restaurant in 1999; there are currently 25 Granite City restaurants in 13 states. Cadillac Ranch restaurants feature freshly prepared, authentic, All-American cuisine in a fun, dynamic environment. Its patrons enjoy a warm, Rock N' Roll inspired atmosphere. The Cadillac Ranch menu is diverse with offerings ranging from homemade meatloaf to pasta dishes, all freshly prepared using quality ingredients. The Company currently operates 4 Cadillac Ranch restaurants in 4 states. Additional information about Granite City Food & Brewery and Cadillac Ranch can be found at www.gcfb.com and www.cadillacranchgroup.com.

Forward-Looking Statements

This press release contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Statements including the words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “anticipate,” “believe,” “seek,” “target” or similar expressions are forward-looking statements. These statements reflect Granite City’s current views, expectations and beliefs concerning future events. In addition, any statements related to Granite City’s plans to sell substantially all of its assets pursuant to Chapter 11 of the U.S. Bankruptcy Code; Granite City’s intention to continue operating in the ordinary course of business during the Chapter 11 case; Granite City’s belief that the sale process will be in the best interest of Granite City and its stakeholders; the continued uninterrupted operation of Granite City’s restaurants during the Chapter 11 proceedings; and other statements regarding Granite City’s strategy and future operations, performance and prospects are forward-looking statements. Such plans, expectations and statements are as to future events and are not to be viewed as facts, and reflect various assumptions of management of Granite City and are subject to significant business, financial, economic, operating, competitive, litigation and other risks and uncertainties and contingencies (many of which are difficult to predict and beyond the control of Granite City) that could cause actual results to differ materially from the statements included herein, including, without limitation: the potential adverse impact of the Chapter 11 filings on Granite City’s liquidity and results of operations; changes in Granite City’s ability to meet its financial obligations during the Chapter 11 process and to maintain contracts that are critical to its operations; the outcome and timing of the Chapter 11 process and the proposed auction and asset sale; the effect of the Chapter 11 filings and proposed asset sale on Granite City’s relationships with vendors, regulatory authorities, employees and other third parties; possible proceedings that may be brought by third parties in connection with the Chapter 11 process or the proposed asset sale; uncertainty regarding obtaining Bankruptcy Court approval of a sale of Granite City’s assets or other conditions to the proposed asset sale; and the timing or amount of any distributions, if any, to Granite City’s stakeholders. The inclusion of forward-looking statements should not be regarded as a representation by Granite City that any of its plans will be achieved. Investors should take note that many factors, including those more fully described in Granite City’s Chapter 11 filings, could affect Granite City’s future financial results and could cause actual results to differ materially from those expressed in forward-looking statements, such as those contained in this press release. The forward-looking statements in this press release are qualified by risk factors identified herein and in prior OTC reports filed by Granite City. These risk factors, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Granite City assumes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

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