

Restaurant Research's Industry Data Report

New Build Cost Update

7/16/09

Key Data Points

- Restaurant Research's 8th annual New Build Cost analysis provides average building cost estimates (excluding land) broken down by building & site work, equipment & signs, small wares & inventory, soft costs and initial franchise fees for 34 national chains with system-wide sales in excess of \$1 billion. Data sources include a combination of franchisee survey responses, franchise disclosure documents and public company reports.
- Chart trend analysis provides a segment comparison on 5 key data points (1) sales to investment excluding land, (2) average sales per sq. ft., (3) average building costs per sq. ft., (4) aggregate building costs and (5) allocation of building costs by the major components.
- Finally, a breakdown of current franchise fees (initial, royalty, advertising and renewal) is included along with a summary of franchisor incentives designed to encourage new store development.
- Refer to pages 2 - 4 for sample data exhibits included in the report.

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RR Clients

Includes major lenders, investors, major US restaurant chains, operators and industry consultants. Please check www.ChainRestaurantData.com for a partial client list and customer testimonials.

More About Us

Restaurant Research LLC leverages an extensive network of industry players as part of its annual Concept Benchmark Analysis due diligence process for 22 large US restaurant chains. Also, RR tracks store level data for all major chains with system-wide sales in excess of \$1B across all major restaurant segments in order to produce 11 key Industry Data Topic reports. For more information please contact us at info@ChainRestaurantData.com or 203-405-1901.

Billion Dollar Restaurant Chain Data Report - New Build Costs 2009 (Sorted by Sales/Investment)

Concept	Building Format ⁽²⁾	Annual Sales Per New Unit	Construction & Initial Start-up Costs ⁽¹⁾						Building Requirements			Sales and Investment Ratios (No Land)		
			Building & Site Work	Equipment & Signs	Small Wares & Inventory	Soft Costs ⁽³⁾	Franchise Fee	Total Invest. No Land	Land (Sq. Feet)	Building (Sq. Feet)	Seats	Sales to Invest.	Avg. Sales Per Sq. Foot	Total Invest. Per Sq. Foot
Fast Casual														
Panera Bread	I													
Chipotle ⁽⁴⁾	I													
Fast Casual Average														
Casual														
Buffalo Wild Wings	F													
Red Robin	F													
Olive Garden ⁽⁵⁾	F													
Texas Roadhouse	F													
Chili's Small Town	F													
T.G.I. Friday's	F													
Chili's Grill & Bar	F													
T.G.I. Friday's "P9"	F													
Applebee's	F													
Red Lobster ⁽⁵⁾	F													
Ruby Tuesday ⁽⁶⁾	F													
Casual Average														
Family														
IHOP	F													
Denny's	F													
Perkins														
Family Average														
Pizza														
Papa John's	I													
Domino's	I													
Pizza Hut	I													
Little Caesar's	I													
Pizza Average														
Pizza Hut Cityscape	F													
Chicken														
Church's	F													
Popeyes	F													
KFC	F													
Chicken Average														
Sandwich														
Subway	I													
McDonald's	F													
Quizno's	I													
Burger King	F													
Dairy Queen	F													
Wendy's	F													
Sonic Drive-In	F													
Carl's Jr.	F													
Taco Bell	F													
Jack in the Box	F													
Arby's	F													
Hardee's	F													
Sandwich Average														
Coffee/Bakery														
Dunkin Donuts														
QSR Average														
QSR Average														
\$1 Billion Chain Average														
\$1 Billion Chain Average														

Notes:

- (1) For a single traditional store unless otherwise noted. Figures are based on the average of the high and low range as indicated in the FDD, public filings, company web sites and/or franchisee estimates.
- (2) Building format: F-Freestanding, I-Inline
- (3) Soft costs include pre-construction costs such as architectural and engineering fees, permits, training expenses, opening advertising and utility deposits, but excludes liquor license due to the extreme range in costs.
- (4) Chipotle is not pursuing new franchisees, but to make a fair comparison with other franchised concepts, the historical initial franchise fee has been added to total costs.
- (5) Olive Garden and Red Lobster do not franchise. To make a fair comparison with other franchised concepts, the average segment initial franchise fee has been added to total costs.
- (6) Ruby Tuesday's soft costs are included in building & site work.

Billion Dollar Restaurant Chain Data Report - Franchise Fees & Development Incentives 2009

Concept	Per Unit Initial Fee	Per Unit Development Fee/Deposit	Development Fee Credit?	Term	Renewal Fee	Renewal Term	Royalty	National/ Co-op Advertising	Local Advertising	Total Advertising	Development Incentives/Unique Programs
Fast Casual											
Panera Bread											
Casual											
Applebee's											
Buffalo Wild Wings											
Chili's											
Red Robin											
Ruby Tuesday											
Outback											
Texas Roadhouse											
T.G.I. Fridays											
Family											
Denny's											
Perkins											
IHOP											
Delivery Pizza											
Domino's											
Little Caesar's											
Papa John's											
Pizza Hut											
Pizza Hut w/Wings treet											
Chicken											
Church's											
KFC											
Popeyes											
Sandwich											
Arby's											
Burger King											
Carl's Jr.											
Chick-fil-A											
Dairy Queen											
Hardee's											
Jack in the Box											
McDonald's											
Quizno's											
Sonic Drive-In											
Subway											
Taco Bell											
Wendy's											
Coffee/Bakery											
Dunkin (Manufact/Retail)											

Source: FDD, company reports and websites.

New Build Cost Components as a % of Total Investment - July 2009

	Construction & Initial Start-up Costs (excluding land)				
Concept	Building & Site Work	Equipment & Signs	Small Wares & Inventory	Soft Costs	Franchise Fee
Fast Casual					
Panera Bread					
Casual					
Applebee's					
Buffalo Wild Wings					
Chili's Grill & Bar					
Chili's Small Town					
Red Robin					
Ruby Tuesday					
T.G.I. Fridays					
T.G.I. Fridays "P9"					
Texas Roadhouse					
Casual Average					
Family					
Denny's					
IHOP					
Perkins					
Family Average					
Pizza					
Domino's					
Little Caesar's					
Papa John's					
Pizza Hut					
Pizza Average					
Pizza Hut Cityscape					
Chicken					
Church's					
KFC					
Popeyes					
Chicken Average					
Sandwich					
Arby's					
Burger King					
Carl's Jr.					
Dairy Queen					
Hardee's					
Jack in the Box					
McDonald's					
Quizno's					
Sonic Drive-In					
Subway					
Taco Bell					
Wendy's					
Sandwich Average					
Coffee/Bakery					
Dunkin Donuts					
QSR Average					
QSR Average					
\$1 Billion Chain Average					