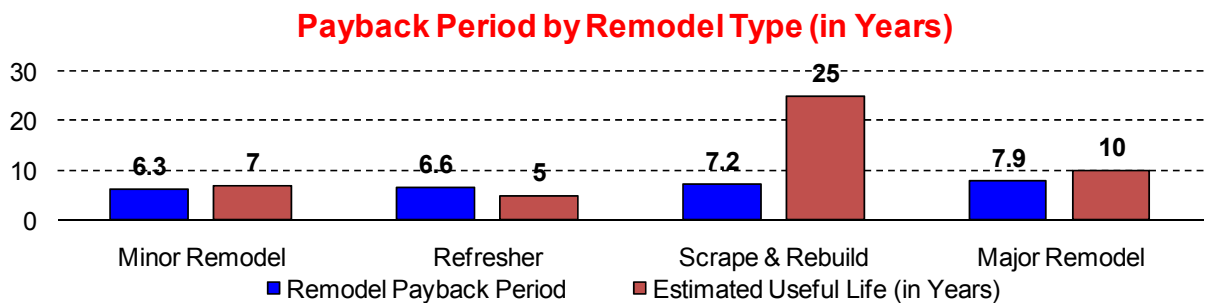


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Restaurant Research Think Piece – May 2011

Remodeling Payback

- RR recently conducted an analysis of remodeling programs for 35 major restaurant chains in which we look at remodel details, costs, ROI and payback periods.
- Please see below chart which highlights our estimated average payback period (i.e. how many years it will take to recoup the remodel investment) by remodel category. The chart also includes our estimated useful life of each remodel category.
- As evident below, operators can expect to get the most bang for the buck from scrape and rebuilds (with a 25 year useful life far exceeding an average 7.2 year investment payback) while paybacks on minor and major remodels are positive but far less compelling. Notably, as the payback period on a refresher typically exceeds its estimated useful life of 5 years, this remodel category (the least extensive of all) should be considered simply a cost of doing business (maintenance cap ex).



Source: RR

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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.

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