



ACQUIRING A HARD ROCK CAFE FRANCHISE

A Hard Rock Cafe franchise allows you to become part of one of the most successful internationally recognized brands anywhere in the world.

- Anti-Established in London in 1971
- Over 120 Cafes in 40 countries
- Over 50 million customers a year
- Over 12 million logo items sold annually

Hard Rock Cafe merchandise is sought after around the world by satisfied fans wanting to memorialize their visit to your Cafe. Use this unique competitive edge.

- Over 40% of our annual revenue comes from merchandise sales
- An exclusive line of thousands of items are available for sale
- You can add to your restaurant revenue, giving you an advantage over your competition

The Hard Rock family is proud of its staff around the world, all of who play an integral part in giving our guests an outstanding experience. Qualified staff want to work at Hard Rock.

- Over 7,000 staff worldwide
- One of the most sophisticated, award winning staff training programs in the industry
- Reduced staff turnover
- Our reputation keeps staff recruitment costs down -they come to you

As a Hard Rock Cafe franchisee you have the flexibility to shape and mould your own Cafe to suit local market conditions. Go after the business you want.

- State-of-the-art PC based Audio/Video content with built-in flexibility
- Open plan or counter retail design layouts
- Live Music program
- Late night business program
- Wide range of bar packages

Our customer profile is one of the widest in the industry, appealing to your local market as well as visitors.

Hard Rock Cafe allows you to differentiate in an overcrowded marketplace. You are partnering with a high-profile global brand that offers a unique blend of excitement, security, longevity and flexibility.



HARD ROCK CAFE FRANCHISES

Defining a Franchise

The exclusive right to develop & operate a number of Hard Rock Cafes for a certain period of time, within a certain geographic region, in return for consideration.

Obtaining a Franchise

Franchises are granted to substantial, experienced companies who have proven themselves capable of meeting Hard Rock Cafe's high standards.

Franchise Costs

Area Development Agreement

- An up-front fee is paid to secure the exclusive right to develop & operate Hard Rock Cafes within a certain geographic region
- Fees vary depending upon the size of the territory, number of locations & length of the agreement

Site Fee

- Potential markets are predetermined in the Franchise Agreement
- An individual site fee must be paid prior to developing each new Cafe
- Fees must be paid within a pre-agreed time-frame

Annual Fees

- 5% of all Food & Beverage Gross Receipts paid monthly in arrears
- 10% of all Merchandise Gross Receipts paid monthly in arrears
- A memorabilia lease payment of 10% of the appraised value

The Development Process

Corporate Advisory Services

- Cafe Development (Site selection advice, Cafe design advice, access to approved consultants/contractors/vendors)
- Operations (Equipment purchase & Operating Supply budget advice, access to approved manufacturers & suppliers)

Additional Corporate Services

- Additional Services (Marketing, sales and promotion, grand opening planning)
- Pre-opening Program (Budget planning)
- Pre-opening Coordinator
- Central Services (Business planning)



Training

- Approval of key management personnel
- 12 week Corporate Manager in Training program
- On site pre-opening training
- On going training & development

Advertising & Marketing

- Pre-opening Advertising
- Ongoing local Advertising (% of Gross receipts annually)
- Cooperation with Corporate/Franchisee advertising programs
- Global Advertising Fund (% of Gross receipts annually)
- Internet

Standards

- Maintain Corporate standards at all times
- Assigned Operating Supervisor
- Audit schedule
- Annual operational reviews

Obligations

- As a franchisee you are obligated to abide by our guidelines which include but are not limited to continuous operation, annual marketing & promotion plan, conference attendance, confidentiality, no staff poaching, maintaining image, appearance of staff, pricing and the like
- Protect our licensed rights
- Maintain accounts in compliance with guidelines including but not limited to Budgets weekly, monthly, quarterly and annual reports, auditing, record retention, corporate computer systems and the like
- Insurance must be retained in compliance with Corporate guidelines

Merchandise

- Retail store design advice
- Merchandise design & development
- Merchandise origination and access to approved vendors

Memorabilia Lease

- Memorabilia will be designed, mounted delivered and installed in your location
- Memorabilia will be refreshed on a pre-determined cycle
- There is a separate memorabilia lease agreement for each individual Café
- Corporate design, material, shipping and installation costs are paid by the Franchisee and vary depending upon amount, value and destination

Exclusivity

- Hard Rock Cafe International administers the brand on a global basis
- Hard Rock Cafe International will not develop company owned Cafes within your territory as long as your Franchise Agreement remains valid



INITIAL INVESTMENT

The following chart describes the estimated initial investment for a single Restaurant.

We have prepared these estimates based on our experience. Except as expressly indicated otherwise, these estimates cover your initial cash investment up to the opening of your Restaurant. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. You should not plan to draw income from the operation during the start-up and development stage of your business, the actual duration of which will vary materially from restaurant to restaurant and cannot be predicted by us for your Restaurant. You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage, or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your business, which in turn will depend upon factors such as the demographics and economic conditions in the area in which your Restaurant is located, the presence of other "Hard Rock Cafe" Restaurants or other public awareness of our business and Marks within the general vicinity of your proposed Restaurant, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from operation to operation and cannot be meaningfully estimated by us, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation.

	Estimated Investment		Comments
	Low	High	
Franchise Site Fees	\$ 350,000	\$ 750,000	Based on a multiple of anticipated revenue
Design & Engineering	\$ 150,000	\$ 200,000	Varies by market & amount of work required
Project Management	\$ 30,000	\$ 100,000	Varies by market & amount of oversight required
Permits, Licenses & Utilities	\$ 5,000	\$ 40,000	Varies by country and municipality
General Construction	\$1,500,000	\$2,200,000	Assumes 7,500 sq ft unit. Varies by market & condition
Permanent Fixtures	\$ 40,000	\$ 100,000	Varies based on design and layout
Kitchen & Bar Package	\$ 250,000	\$ 350,000	Varies by number of floors, kitchens & bars selected
Audio & Video System	\$ 150,000	\$ 250,000	Standard package varies based on market needs
Signage	\$ 40,000	\$ 125,000	Varies to comply with local restrictions & controls
Fire & Security Systems	\$ 30,000	\$ 50,000	Varies according to local code requirements
Furniture	\$ 50,000	\$ 80,000	Varies depending upon #of seats selected
Computers & POS System	\$ 100,000	\$ 125,000	Varies depending upon import duties
Legal Fees	\$ 25,000	\$ 75,000	Varies by country and jurisdiction, licensing laws
Accounting Fees	\$ 10,000	\$ 15,000	Varies by country and jurisdiction
Real Estate Broker's Fees	\$ 15,000	\$100,000	Varies by country and jurisdiction
Sales Marketing & PR	\$ 50,000	\$100,000	Varies depending upon nature of opening campaign
Pre-Opening Costs	\$ 200,000	\$250,000	Training costs will fluctuate depending upon location
TOTAL	\$2,995,000	\$4,910,000	No contingencies are included