

Kudo Beans Franchise

75%/25% Partnership

Kudo Beans is ready! We'd like to take you along with us and partner up in New York City. We are prepared to offer our partners up to 75% financing. We also do a full turnkey operation. We are prepared to find you prime locations that only the top firms can offer. Kudo Beans will take you through each step until opening day. This is a partnership with Kudo Beans headquarters and YOU are the president/owner of the café. You take 75% and Kudo Beans will get 25% of net PROFIT.

75%/25% Partnership Outline:

- All business expenses are paid first including the loan payments
- Expenses (rent, food & beverage COGS, salaries, supplies & all expenses)
- Partner takes 75% of profit/stock
- Kudo Beans takes 25% of profit/stock
- **No Royalty fees 6% of sales (2007)**
- **No Advertising fees 1% to 5% of sales (2007)**
- **No Franchise Fee \$ 25,000**
- **No Turnkey Fee \$ 50,000**

WE DON'T MAKE MONEY UNTIL ALL EXPENSES ARE PAID FIRST.
WE DON'T MAKE MONEY UNTIL YOU DO.

We offer full turnkey operation and support, we are offering:

- We will find a location
- Negotiate the lease
- Franchisor's Prototype Plans
- Oversee permits, construction to interior designs
- Setup electric, gas, telephone, DSL to fax machines, DSL
- Setup office to training
- Select all equipments to total setup
- Hire and train all employees
- Training & Operation Manual
- Advertisements, p/r, marketing
- Initial Training – 4 to 8 weeks
- Opening Training
- Grand Opening Advertising
- Oversee grand opening party
- Guidance
- Inspections
- List of Suppliers
- Delegations
- Ongoing Support and updates

We ask that our partners invest only 25% of the financing and we will finance up to 75% varies upon credit approval.

All café owners will have stock option into Kudo Beans Inc. before we go IPO.

Anticipated Franchisee Development Cost	Projected Franchise Development Cost: with kitchen	
ITEM	LOW ESTIMATE	HIGH ESTIMATE
Franchise Fee	\$ 25,000	\$ 25,000
Lease Utility & Security Deposits	\$ 24,000	\$ 36,000
Leasehold Improvements	\$ 150,000	\$ 205,000
Signage	\$ 25,000	\$ 30,000
Furniture & Fixtures	\$ 15,000	\$ 17,000
Equipment	\$ 120,500	\$ 154,000
Point of Sale System	\$ 18,000	\$ 19,000
Office Equipment & Supplies	\$ 3,000	\$ 5,000
Business Licenses & Permits	\$ 2,500	\$ 5,000
Architect Fees	\$ 16,000	\$ 20,000
Initial Inventory	\$ 7,500	\$ 9,000
Insurance	\$ 1,000	\$ 1,250
Training Expenses	\$ 3,000	\$ 8,000
Grand Opening Advertising	\$ 5,000	\$ 10,000
Additional Funds/Working Capital	\$ 25,000	\$ 50,000
TOTAL ESTIMATED INITIAL INVESTMENT	\$ 440,500	\$ 594,250
AVERAGE INITIAL INVESTMENT	\$ 517,375	

Assumes average of 1,500 sq. ft.

Excludes franchisee and employee salaries

Low end of deposits and insurance assumes two months; high end assumes three months

Signage, furniture, equipment, POS equipment, initial inventory based on Actuals

Training assumes \$85/night hotel, shared; 3 to 4 weeks of training

Office equipment and supplies is an estimate

Anticipated Franchisee Development Cost

Projected Franchise Development Cost: without kitchen
--

ITEM	LOW ESTIMATE	HIGH ESTIMATE
Franchise Fee	\$ 25,000	\$ 25,000
Lease Utility & Security Deposits	\$ 17,520	\$ 26,280
Leasehold Improvements	\$ 120,000	\$ 140,000
Signage	\$ 8,000	\$ 10,000
Furniture & Fixtures	\$ 2,000	\$ 3,000
Equipment	\$ 102,300	\$ 122,000
Point of Sale System	\$ 13,000	\$ 15,000
Office Equipment & Supplies	\$ 2,000	\$ 3,000
Business Licenses & Permits	\$ 2,500	\$ 5,000
Architect Fees	\$ 9,000	\$ 12,000
Initial Inventory	\$ 2,500	\$ 3,000
Insurance	\$ 875	\$ 1,000
Training Expenses	\$ 2,975	\$ 7,450
Grand Opening Advertising	\$ 4,000	\$ 9,000
Additional Funds/Working Capital	\$ 20,000	\$ 45,000
TOTAL ESTIMATED INITIAL INVESTMENT	\$ 331,670	\$ 426,730
AVERAGE INITIAL INVESTMENT	\$ 379,200	

Assumes average of 1,000 sq. ft.

Excludes franchisee and employee salaries

Low end of deposits and insurance assumes two months; high end assumes three months

Signage, furniture, equipment, POS equipment, initial inventory based on Actuals

Training assumes \$85/night hotel, shared; 3 to 4 weeks of training

Office equipment and supplies is an estimate