



### FRANCHISEE'S INITIAL INVESTMENT TERMS

- Franchise fee of \$ 25,000 per store opened. Fee is due upon contract execution.
- Royalty 5% of gross sales, plus 1% for marketing fund. (Marketing fund includes national advertising of all Kinga stores in major magazines).

### ESTIMATED INITIAL INVESTMENT FOR KINGA EUROPEAN CHILDREN'S SHOES

CATEGORY	ACTUAL OR ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Franchise Fee	\$25,000	Lump Sum	Upon execution of the franchise agreement	Kinga Enterprises
Real Property (See Note 1)	(See Note 1)	(See Note 1)	(See Note 1)	(See Note 1)
On-line store fee (See Note 2)	\$250	Lump Sum	Paid Monthly	Kinga Enterprises
Equipment (See Note 3)	\$6,000	Lump Sum	Upon delivery before opening	Equipment Vendors
Fixtures/Furniture (Note 4)	\$15,000	Lump Sum	Upon delivery before opening	Vendors
Consultant Fees/Training (See Note 5)	\$0	Lump Sum	Upon delivery before opening	Kinga Enterprises
Inventory	\$50,000	Lump Sum/Monthly Payments	Upon delivery before opening	Kinga Enterprises and some Vendors
Signage	\$3000	Lump Sum	Upon delivery before opening	Contract Vendors
Additional Funds (3 months of operation)	\$30,000	Lump Sum	As incurred before opening	Vendors, Suppliers, Employees, Utilities, Landlord etc.
<b>TOTAL</b>	<b>129,250</b>			

### FRANCHISE INITIAL INVESTMENT NOTES

*Note 1:* The total estimated initial investment does not include real estate costs. Kinga European Children's Shoes are typically located in busy strip centers and busy

free standing locations. The cost of leasing of the site for a Kinga store may vary considerably depending on the Franchise store's geographic area. You need to lease a location with a minimum of 600 and a maximum of 850 square foot area. The typical lease offered by any landlord is a 5-year term. Please see additional lease terms and details in the franchise agreement.

*Note 2:* Any Kinga Franchise Store will be required to sell their shoes additionally via our online store at [www.kingashoes.com](http://www.kingashoes.com). The website currently attracts an average of 200,000 visitors a month. The corporation maintains and updates the website on a daily basis. The monthly cost to any Franchisee is \$250 for developing and maintaining the content.

*Note 3:* Estimated cost of purchasing the equipment for Kinga European Children's Shoes is \$6000 and it can vary depending on the Franchisee's location. The cost includes a Dell Computer, a Dell Laser Printer and Intuit Point of Sale software (Multi Store Version 5.0) and a digital camera. The Franchisee is required to purchase a Sony digital camera with 5.0 pixels or higher to be able to easily transfer website shoe photos to the Kinga Enterprises corporate office.

*Note 4:* The Franchisee is required to purchase specific furniture/fixtures from provided vendors to create the exact Kinga European Children's Shoe concept. The manuals and pictures of the store will be provided at the time of the execution of the franchise agreement. The average estimated cost for wooden floor, shelving units, counters and a fitting and sitting area will cost on average \$15,000 per store.

*Note 5:* Any Kinga Franchisee will be required to receive specific training which will last 3 to 4 days. The training will include the proper fitting of shoes, European sizing conversion, types and styles of leather plus a POS equipment training. There is no training fee, however the franchisee will reimburse franchisor for costs such as airfare, hotel and meals. The Franchisee has an option of traveling to Chicago for training or ask the Kinga Enterprises to send a company training consultant to the Franchisee's location.