



FRANCHISE CAPITAL INVESTMENT

Effective as of January 2017 (in CAD currency)

The Franchise Capital Investment required to purchase and operate a Cupcakes Retail Bakery will vary by location, size, landlord leasehold improvements and contractor pricing for each market. The following chart is a general breakdown from low to high build out costs. Please note that any applicable taxes are not included. Please note all figures listed below are estimates.

Estimated Breakdowns for	Low	High
Initial Franchise Fee	\$60,000.00	\$60,000.00
Build Out Costs		
Retail Broker Fee	\$10,000.00	\$15,000.00
Leasehold Improvement & Fixtures	\$100,000.00	\$150,000.00
Contractor & Handling Fees	\$20,000.00	\$30,000.00
Equipment & Small Wares Supplies	\$25,000.00	\$35,000.00
Computer/POS Terminal Package	\$5,000.00	\$10,000.00
Design/Permits/Disbursements	\$10,000.00	\$15,000.00
Total Build Out Costs	\$170,000.00	\$255,000.00
Opening Costs		
First & Last Month or Lease Deposit	\$10,000.00	\$20,000.00
Opening Bakery Supplies Inventory	\$5,000.00	\$10,000.00
Advertising & Promotion	\$5,000.00	\$10,000.00
Additional Training Expenses (excl. travel and lodging)	\$5,000.00	\$10,000.00
Legal & Accounting	\$5,000.00	\$10,000.00
Total Opening Costs	\$30,000.00	\$60,000.00
Estimated Franchise Capital Investment*	\$260,000.00	\$375,000.00

* This estimated total may not include all costs. A complete breakdown will be provided specifically for every franchised location once all quotes/costs are acquired.



Cupcakes Franchisee Requirements

Owning and operating a Cupcakes Retail Bakery can be exciting and very rewarding. Your passion, drive and perseverance are necessary prerequisites as a franchisee, particularly during the startup period. Your success will depend upon your personal involvement, commitment and ability to follow the standards and philosophy created at Cupcakes.

The Cupcakes Franchise Agreement is a 10-year term.

Cupcakes considers the hiring process for potential franchisee's a very serious step. In order to maintain the culture that Cupcakes and its brand are so well recognized for, Cupcakes has established the following minimum franchisee requirements:

- You must have a minimum of 2 years' business and/or management experience
- You must be prepared to work full time in your store(s) with eagerness and enthusiasm (min 40 hrs/wk)
- You must be in good health; operating your own business can be physically and mentally demanding
- You must be willing to follow the systems and manuals provided to you by Cupcakes
- You must understand, appreciate and accept the role and relationship between the "Franchisor" and "Franchisee" partnership

In addition, every Franchisee must have, at a minimum, a satisfactory financial rating and the ability to finance the total capital investment, ongoing operating costs and working capital for the store as required.