

The Philadelphian Franchising Opportunity

Dear Prospective Franchisee:

We would like to thank you for your interest regarding the purchase of a franchise with The Philadelphian. We are very enthused and excited to be able to offer, to certain qualified individuals, an opportunity to join The Philadelphian family in purchasing one or more of a limited number of franchises that will be made available in the coming months.

With this offer comes the opportunity to own and operate your own business, with the security of having a name and product recognition that is well established, along with the formula that has been greatly successful. Through our training program and on-going consultation, you will benefit greatly from the knowledge and expertise provided by the people who originated The Philadelphian and subsequently established it as one of the most popular food institutions in the area.

We truly believe that our unique and diverse menu, along with our widespread reputation for unconditional quality, will be a springboard for success in this endeavor. We must state, however, that your success will be strongly affected by your commitment to maintaining the high standards and quality of service that we have established.

In the following, you will find a short summary of some of the services provided by the franchisor and certain obligations of the franchisee. Also included is an estimate of a franchise's start-up costs and initial operating expenditures.

Please be advised that this is a "basic" outline of some of the terms and conditions regarding the purchase of The Philadelphian franchise. A Uniform Franchise Offering Circular and Franchise Agreement will be furnished to you when mutual interest has been established and your Franchise Pre-Evaluation application has been processed.

You should carefully review these documents before making an investment. One of our knowledgeable sales representatives will be available to meet with you and answer any questions that you may have regarding the specifics involved in the purchase and operation of one of the best franchise opportunities available today.

Sincerely,

Rob L Russen

Director of Franchise Operations
(941) 296-5357
rob@thephiladelphian.biz

Basic Outline for the Purchase of The Philadelphian Franchise

Franchisor Provisions

We will provide training on all major aspects of The Philadelphian franchise, including on-site assistance for the first week of franchise operations. We will furnish an operating manual, which includes a complete product list and all recipes. We will offer assistance with the layout of the floor plan and the purchasing of equipment and supplies. We will also provide menu design and artwork for outdoor signs and indo menu boards. We will also be available for consultation regarding the franchise operation.

Franchise Guidelines

Our franchisees must follow the standard operating procedures prescribed during the training period and reiterated in the operating manual. Consistency must be maintained in all areas, including menu items and all product brands. We will recommend distributors of all products and ensure competitive prices of same. Business operating hours will be determined by the franchisee, subject to our approval, to what best suits each individual location.

Franchisee Obligations

Franchisees must pay a one-time franchise fee of \$25,000 for legal use of The Philadelphian name and menu, plus additional fees for training, initial on-site operating assistance and on-going consultation. Franchisees must also pay us royalties in the amount of six-percent of the gross sales from the store, excluding sales tax. Franchisees are responsible for funding all of their startup and operating costs such as equipment, inventory, leasehold improvements, insurance, licenses, etc. Franchisees will conduct employee hiring and determine wage scale. It is imperative for franchises to have had some experience in a retail food environment, or t employ a store manager who fits this criterion.

The franchisee will determine the following, subject to approval by The Philadelphian Franchising, Inc.:

- Choice of geographical area and specific location.
- Lease negotiation and/or purchase of property.
- Advertisement and promotions for individual location.

Costs

The actual cost of opening a Philadelphia store will vary based on a variety of factors including: Geographic location; square footage, leasehold improvements required for existing building remodeling; whether the location is leased or purchase; equipment needs based on anticipated sales volume.

The following should only be considered as an estimate of the capital needed to open and operate your restaurant during the initial 12 months after you open your business. We cannot guarantee that you will not incur additional expenses.

The projections listed are based on a strip mall store of 1600 sq. ft. in size. The Philadelphian requires a minimum net worth and available capital of \$250,000 with a minimum liquidity of \$80,000 for a single store owner with a minimum net worth and available capital of \$500,000 with minimum liquidity of \$200,000 for area developers.

Estimated Initial Investment

Initial Franchise Fee	\$ 25,000
Grand Opening Marketing Fee (Deposited at the start of your store's construction to be utilized during the first 60 days after opening)	\$ 5,000
Rent (monthly) (Including taxes, insurance, CAM lease, utility & security deposits)	\$ 3,500
Lease & Utility Security Deposits	\$ 3,800
Lease Improvements	\$ 100,000
Equipment & Fixtures	\$ 80,000
Architectural Fees	\$ 6,000
Insurance	\$ 1,500
Training	\$ 5,500
Administration Fee (Including lease and floor plan review)	\$ 3,000

Signage	\$ 3,500
Working Capital	\$ 30,000
Initial Inventory & Supplies	\$ 5,000
TOTAL	\$271,800

Due to inflation and other factors beyond our control these estimates are subject to change.

Ideal Locations for The Philadelphian Restaurants

Area –

- The best locations are near office, industrial and medical facilities, schools, universities and government buildings.

Visibility –

- The site should be highly visible from the road and contain fascia and pylon signage. The Philadelphia prefers an end-cap that is facing the street without obstructions. We also like locations that provide a drive-thru and/or patio seating.

Shopping Center –

- The ideal center is within 200 feet of the main road, located on an outparcel with approximately 10,000 to \$20,000 SF of retail space. The center should have ample parking available. We prefer new or recently renovated shopping centers. Regarding ingress and egress, the center should have a direct curb cut with signalized access from the main road.

Demographics –

- Look for locations that have a daytime population and a residential population of at least 8,000 people within a one-mile radius. Traffic counts should exceed 20,000 cars per day.

Confidentiality Agreement

I, _____, in consideration of the approval by The Philadelphian Franchising Incorporated (“The Philadelphian”) to review certain confidential information including, without limitation, certain literature and/or other information relating to the operation of a Philadelphian franchise (“Confidential Information”) before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such confidential information in recognition that such information is confidential and is divulged only to The Philadelphian franchisees. In the event that I am unable to consummate the contemplated purchase of The Philadelphian franchise, or to otherwise become a The Philadelphian franchisee, I shall not disclose any of this information to any other person or persons. I further represent and warrant that I shall not use such information in any other capacity except as an authorized The Philadelphian franchisee. I hereby acknowledge that I shall not reproduce any of the confidential information being entrusted to me today, nor shall I make any oral or written notes regarding the information contained herein.

I acknowledge and agree that disclosure or unauthorized use of any of the confidential information presented to me could possible cause The Philadelphian immediate and irreparable harm which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such confidential information, to the entry of injunctive relief in favor of The Philadelphian , including temporary restraining orders and preliminary injunctions, without the requirement of bond, under the usual equity rules.

I authorize The Philadelphian and its affiliates to conduct a background investigation of my financial condition, general character and reputation. I authorize the release of my credit report and such other information requested by The Philadelphian and its affiliates by all financial institutions, credit bureaus and other public and private reporting organizations, government, regulatory entities, employers and other references contacted by The Philadelphian or its affiliates in connection with my application for The Philadelphian franchise. I agree to provide The Philadelphian a personal financial statement in connection with my application for a franchise.

I have read the above Confidentiality Agreement and understand its terms. I would not sign on this agreement if I did not understand it and agree to be bound by its terms.

Dated: _____

Signed: _____