

FRANCHISE

INFORMATION KIT

Patagonia
COFFEE





Patagonia Coffee was born, a place that would change the way people enjoyed **coffee and food**.

A passionate **coffee lover** was inspired by the beauty of **Patagonia** and decided to open a café with that name. They learned everything about coffee and roasted it to **perfection**.

The place became cozy for coffee **enthusiasts**, decorated with pictures of **Patagonia**. Additionally, they cared about the community and the **environment**, working with local farmers and providing **employment opportunities** to young people in the area.

Over time, they expanded the café to other cities in **Chile**. Today, **Patagonia Coffee** is known throughout **the country**, a place to enjoy **high-quality** coffee and a special atmosphere that celebrates the **beauty of nature**.

Bruno Veyre
CEO











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Suymary of key commercial terms



· Development Term

10 Years with 10-year renewal term subject to performance of Master Franchise Agreement (MFA) and 1) execution of then current MFA and 2) agreement to a new Development Schedule for the new term and 3) payment of a renewal fee which will not be more than 50% of the Master Franchise fee for the initial

· Sub-Franchise Rights

After 2nd year of Development Term and subject to Master Franchisee meeting development schedule and other infrastructure and performance related criteria (e.g. operations and training team to support franchise development, distribution & logistics, marketing fund etc.) and compliance with local

· Exclusive Master Franchise Fee

\$US80K - \$US8K deposit (10%), \$US72K on sign the agreement.

· Outlet Franchise Fees (per store/kiosk)

A) 10K paid to Franchisor prior to the opening of each company owned Outlet starting from the 3rd Outlet
 B) The greater of \$US10K or 50% of sub-franchise fee charged for sub-franchised outlets paid to Franchisor prior to the opening of each sub-franchised owned Outlet.

· Royalties

A) 5% of Gross Sales paid to Franchisor for each company owned Outlet.

· Minimum Marketing expenditure

A) \$US20K allocated for initial launch in the Development Area during 6-month period leading up to and following the opening of the 1st outlet in the Development Area
 B) 2% of Gross Sales allocated for on-going advertising in the Development Area.

· Minimum Development schedule

B) MFE must meet the Minimum Annual and Cumulative Development Schedule targets to maintain exclusivity, development rights and conditional sub-franchise rights however if MFE fails to meet the Cumulative Development Schedule targets at the end of any Development Year MFE will not lose exclusivity, development rights and conditional sub-franchise rights if it catches up on the Cumulative

· Training Requirements

4 weeks training for up to 4 MFE personnel at Franchisor HQ & outlets in Chile. MFE responsible for own

· Opening Support

A) 2 weeks pre-opening/opening support in the Development Area by up to 2 Franchisor employees.
 B) MFE responsible for Franchisor personnel travel / accommodation related costs.

· Ongoing Support

A minimum of 2 visits to the Development Area annually during the 1st year of the Development Term and a minimum of 1 visit to the Development Area annually each year thereafter.

· Proprietary Products

MFE must purchase certain proprietary products from Franchisor or suppliers approved by Franchisor.

· Approval of Locations

Final location selection for the 1st 2 Outlets in the Development Area must be approved by Franchisor.

· Other Requirements

Other requirements as per Franchisor standard LOI with additional require



(*) Development Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Minimum # of Outlets	1	2	1	2	1	2	1	2	1	2	15
Cumulative # of Outlets	1	3	4	6	7	9	10	12	13	15	15



PATAGONIA NEW OUTLET DEVELOPMENT COST ESTIMATE

CONSTRUCTION COST

Renovation - Structural & Carpentry	\$US 40,000
Signage & Menu Board	\$US 5,000

Total CONSTRUCTION COST	\$US 45,000
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EQUIPMENT COST

Kitchen Equipment	\$US 10,000
Furniture & Fixtures	\$US 4,000
POS System	\$US 5,000

Total EQUIPMENT COST	\$US 19,000
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TOTAL NEW STORE DEVELOPMENT COST	\$US64,000
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Notes:

1 The above estimate represents the typical costs to set up 110 s.q.m. Patagonia Coffee store in Chile. Construction costs will vary depending on the type of outlet (i.e. mall, in-line, free standing etc.). Construction cost and some equipment costs will also vary depending in the size of the outlet.

2 the above estimate is provided for potential Patagonia Coffee Master Franchisee candidates for discussion purposes only. It should in no way be relied upon as a basis for decision making as the franchisor has not yet made a detailed study of the specific country or the potential Master Franchisee candidate may be interested pursuing.

3 The above estimate does not include Franchise fees, rental and security deposits, administrative costs, architects and consultants fees or other pre-operating costs which will vary from store to outlet.



PATAGONIA PRO-FORMA P & L

Gross Sales	100%
Total food and Packaging cost	21%
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GROSS PROFIT	79%
Labor Cost	23%
Other operating costs	5%
Rent	20%
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Total OPERATING EXPENSE	48%
Advertising	2%
Royalty	5%
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Total ROYALTY	7%
NET INCOME (■-■)	24% (ebidta)

Notes:

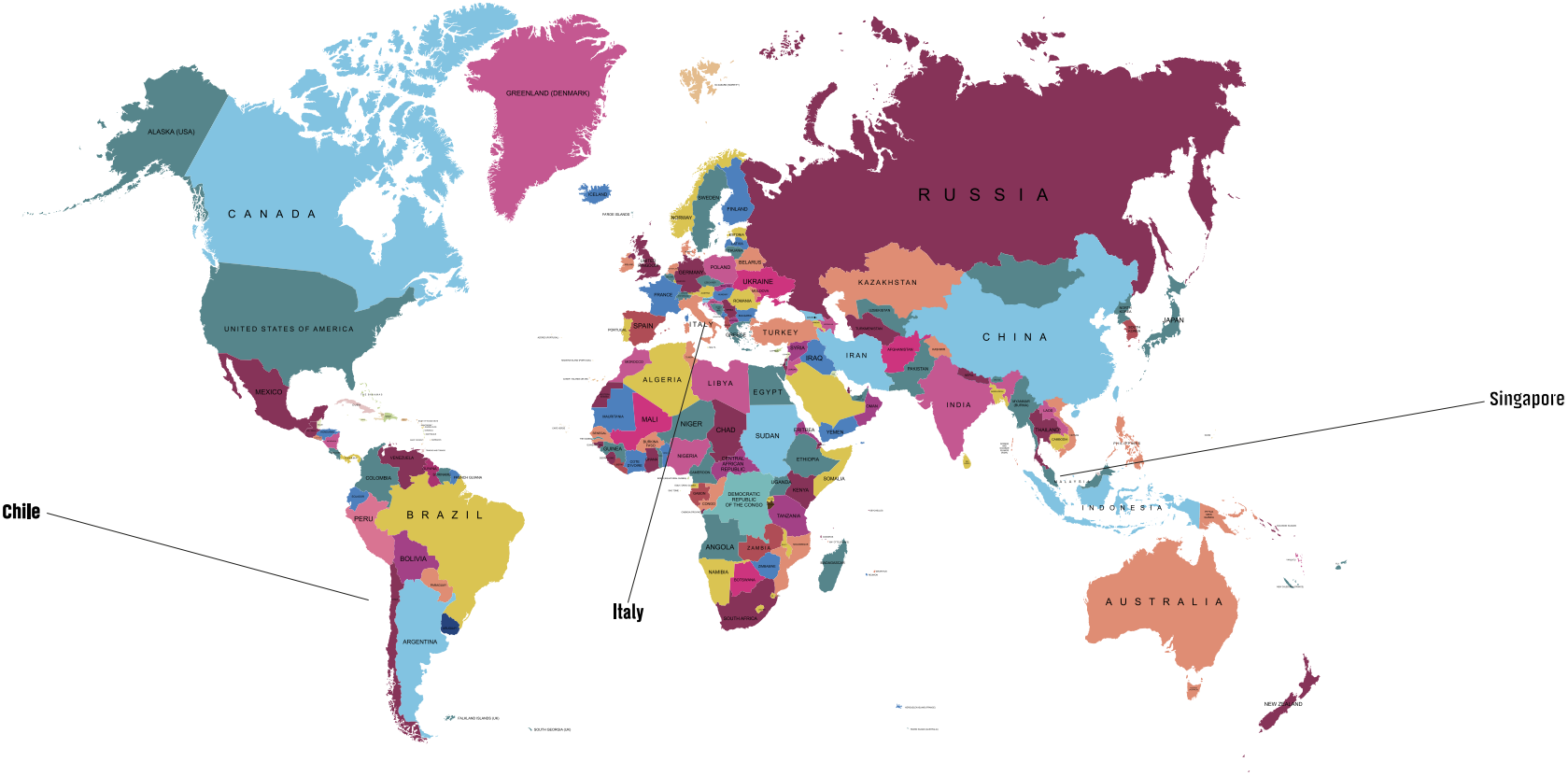
1 The above Pro-forma P & L is based on information from the Patagonia outlet At Chile While the pro-forma is based on actual results it should be noted it is only a pre-operating projection and does not predict the actual performance of a outlet

2 The above Pro-forma P & L is provided for discussion purposes only. It should in no way be relied upon as a basis for decisionmaking as the franchise or has not conducted a detailed study. Country that the potential master franchisee candidate may be interested in pursuing and the costs of constructing and operating outlets in that country.

3 Apotential master franchisee candidate must always apply independent consideration and due diligence to such factors andshould obtain advice and input from independent advisors as necessary.



We are expanding World wide through our Patagonia Coffee Franchise programme and looking for established and committed partnets.



Contact information offices: **Chile** Barros Arana 1098 1901 Concepción / **U.S.A** 30138 Cedar Shores Rd Unit 333D, Ocean view, delaware 19970 / **Italy** Via Brigata Orobica 9/1 36043 Camisano Vicentino (VI) **Singapore** 113B Jalan Besar Singapore 208833









Patagonia Coffee is a special place that stands out for its commitment to inclusion and diversity. They have opened their doors to individuals with **Down syndrome**, providing them with meaningful job opportunities and **contributing** to the building of a more inclusive and equitable society.

At **Patagonia Coffe**, the quality of coffee is combined with the **value of diversity**, creating a warm and welcoming environment where everyone is welcomed and appreciated for their unique contributions.

Furthermore, they are **supervised by specialists** in each area to ensure the best environment for **effective inclusion**.





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