

ITEM 5. INITIAL FEES

Initial Franchise Fee

The initial franchise fee for the first two (2) franchise Cafes sold is \$15,000. After the first two franchise Cafes have been sold, the initial franchise fee is \$20,000.

If We approve Your franchise application, You will sign a Preliminary Agreement (**Exhibit A**) and pay Us \$10,000 as a deposit. When We sign the Preliminary Agreement, it becomes a commitment for one Cafe franchise subject to its conditions such as successfully completing training and locating a suitable Cafe site.

You will pay Us the balance of the initial franchise fee in full when the Franchise Agreement (**Exhibit B**) is executed, which will be after site approval, training and before opening Your Cafe. There are no refunds of any part of the deposit or the initial franchise fee, which must be paid in full before You open Your Cafe.

All fees payable to Us are intended to be “net” amounts and You will pay or reimburse Us for any sales, services, use or similar taxes which may be imposed upon any such fees.

Area Development Agreement

We are also offering franchises to Developers who will develop and operate at least 3 to 5 Cafes under an Area Development Agreement.

The Area Development Agreement requires You to pay Us a nonrefundable Development Fee equal to the Initial Franchise Fee for the first Required Cafe plus \$10,000 for each additional Required Cafe (as specified in the development schedule to hold the protected territory). As You develop each Required Cafe, You will pay Us an initial franchise fee (less \$10,000 credit from the Development Fee) for that Cafe.

For each Required Cafe opened under the Area Development Agreement, the initial franchise fee will be \$20,000 and the franchise royalty fee will be 5%.

The initial franchise fee and other fees for additional Cafes will be those fees required by the then-current form of Our Franchise Agreement. There are no refunds of these payments.

ITEM 6. OTHER FEES

NAME OF FEE (1)	AMOUNT	DUE DATE
Franchise Royalty Fee	5% (2)	Weekly (3)
Local Marketing Commitment	The lesser of (i) 2% of Gross sales or (ii) \$1000 per month (2)(4)	As Incurred
System Marketing Fund	Up to 3% of Gross Sales (2)(5)	Weekly (3)
Supplier Approval Fee	Reasonable amount for Our costs and efforts (currently \$1,000)	Upon request for approval
Additional Training	Reasonable Fee (currently \$500 per day)(6)	Upon Invoice
Prototype Building Plans and Specifications	Reasonable Cost (currently \$1,500)	Upon Invoice
Late Payment Fees	\$250 plus interest on late amounts at 18% or highest legal rate (7)	Upon Invoice
Attorney Fees	Reasonable amount to prevailing party in any legal proceeding	Upon conclusion of proceeding
Transfer Fee	25% of then current Initial Fee	Before actual transfer
Renewal Fee	25% of then current Initial Fee	Prior to Renewal
Audit	Reasonable Accounting and Legal Fees (8)	Upon invoice
Indemnification	Amount of claim and costs incurred (9)	Upon Demand

PLEASE SEE THE IMPORTANT FOOTNOTES ON THE NEXT PAGE.

UBATUBA AÇAÍ™ PRELIMINARY AGREEMENT

DATE: _____, 201__

TO: _____ (“You” or “Your”)

FROM: Ubatuba Açai Expansion, LLC. (“Us”, “We” or “Our”)

1. Franchise Approval. (a) You have requested Us to approve and grant one UBATUBA AÇAÍ franchise for a Outlet to be located within the area or at the address described below:

Street Address or Area: _____

City: _____, State: _____ (the “Outlet”)

(b) This Preliminary Agreement is binding upon both parties.

(c) We have approved Your franchise request and commit to You that We will issue a Franchise Agreement for the Outlet subject to fulfillment of and compliance with all of the terms and conditions specified within this Preliminary Agreement.

2. Franchise Disclosure Document. You hereby acknowledge receipt of Our current franchise disclosure document (dated _____, 201__) at least fourteen (14) business days prior to Your submission of this Preliminary Agreement.

3. Deposit; Refunds. You are delivering to Us upon execution of this Preliminary Agreement Your check in the amount of \$10,000 as a deposit against the initial franchise fee. You understand and agree that this deposit and the initial franchise fee are NOT REFUNDABLE in whole or part under any circumstances.

4. Financial Terms of the Franchise. Your Franchise Agreement will contain the following financial terms:

Initial Franchise Fee	\$ _____
Royalty Fee	5% of Gross Sales
Local Marketing	\$1,000 or 2% of Gross Sales (less of
Marketing Fund Fee	(In future) up 3% of Gross Sales
Renewal Fee	25% of then current initial franchise fee
Transfer Fee	25% of then current initial franchise fee

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