



THE TEN SPOT[®]

manicures, pedicures, waxing, facials + gent grooming

FRANCHISING OPPORTUNITIES



THE TEN SPOT INC.®

The Ten Spot Headquarters

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Director of New Business:

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PLEASE NOTE:

This is a general overview of what is included in franchising a 10 Spot Beauty Bar. This document is intended to be a general guide of what is to be inclusive in a franchise agreement with THE TEN SPOT® INC. It is not meant to be a Franchise Disclosure Agreement. A formal Franchise Disclosure Agreement will be presented if further interested persists and upon the signing of a non-disclosure agreement. Please note that this document is intended for the potential franchisee only and contains privileged and confidential information intended only for the purpose of determining future interest in the opening a 10 Spot franchise. Any other distribution, copying or disclosure is strictly prohibited.

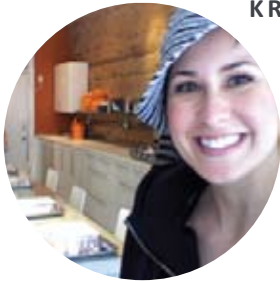
so, what is a franchise?

Franchising is a business relationship where a franchisor (a company or individual who owns the franchise system, i.e. : US) grants a license to a franchisee (a company or person who contracts to use the franchise system i.e.: YOU) the right to use the franchisors trademark, brand and operating system for an initial fee (initial franchise fee). In return the franchisee provides a share of the income back to the franchisor (a royalty).

why franchise the ten spot?

THE TEN SPOT® has established brand recognition as the premier spa serving progressive professionals and style-savvy individuals. This has been accomplished through a strategy of marrying the relaxed atmosphere and efficient service of low-end nail salons with the expert service execution and impeccable guest care of high-end spas. The brand is defined by a vibe that is fun, funky, modern, and carefree, which enables it to break down stigma associated with some personal services [e.g. Brazilian waxing] and to attract new clientele. THE TEN SPOT® team displays the highest standards of competence and knowledge, and exceeds industry standards for cleanliness. The team is rewarded through competitive wages and benefits not present in competitors [health benefits, education], and through advancement opportunities. THE TEN SPOT® expansion through franchising will target up-and-coming neighbourhoods, encouraging prosperity, as it has done in the past. The strategies which enabled achievement of the vision include educational and outreach events for target demographics, an earned-media strategy to garner attention in key publications, a social media strategy which is married to marketing and discounts, marketing in key neighbourhood publications, expansion into new markets, and the beginning stages of development of branded products. At present THE TEN SPOT® has delivered on its vision, with two successful, beautiful, and modern locations; strong management, branding/marketing expertise; high-standards and quality; and a highly-trained team of professionals.

the executive team



KRISTEN WOOD; OWNER & CREATOR

Kristen's extensive experience in marketing, graphic design, events and entrepreneurship equip her to execute the further expansion of THE TEN SPOT® through more locations and branded products. Kristen is responsible for the creation and continued growth of THE TEN SPOT® INC. brand and corporation. She is responsible for strategy, marketing, PR, promotion, branding, vision, direction and risk taking. She's also responsible for ensuring that THE TEN SPOT® earns a profit and generates sufficient cash flow and oversees all aspects of the business including but not limited to; start-up, service coordination and management, service/product sales, graphic design, client service, web presence, quality control, and protocol creation/implementation. Kristen has extensive experience in leadership roles, event production, branding and marketing through employment opportunities at Segal Communications [Toronto], VICE Magazine [New York], Strut Magazine [Montreal] and Suite 16 Night Club [New York]. She has a Collegial Degree in Graphic Design; print, publishing and web [Received Academic Excellence Distinction for highest academic average obtained in program] from The International Academy of Design and Technology. As well as a Bachelor of Arts Degree; Philosophy Major from Huron University College, University of Western Ontario.



LAURA WITTHOLZ; DIRECTOR OF FINANCES

Laura Wittholz is the Director of Finance for THE TEN SPOT® Inc. Her tasks include all bookkeeping, forecasting and budgetary duties. Laura has over 12 years of experience working with small to medium size corporations and has been with THE TEN SPOT® for four years. Her strengths include budgeting, cash flow management, operations & financial analysis and reporting. She works closely with our accountants to ensure THE TEN SPOT® continues to be a profitable business.



LISA KOZORIZ; DIRECTOR OF SPA OPERATIONS

Lisa is the Director of Spa Operations. She takes a personal interest in the performance of the business and is responsible for overseeing the day to day operations of each respective location. Her role includes employee management, guest relations, esthetic services quality control, inventory purchases for retail and back bar, budgeting for expenditures and staffing, scheduling, retail development, training, payroll and benefit management, staff meetings and overall morale and positive vibe of each of the beauty bars. She is supported by each locations Manager and Assistant Manager.



BRADY WOOD ; DIRECTOR OF NEW BUSINESS AND MEDIA RELATIONS

Brady is THE TEN SPOT®'s Director of New Business and Media Relations. Brady lends his expertise in strategy and public relations to the expansion of the Ten Spot brand. Brady works with THE TEN SPOT®'s leadership team, potential franchisees, and the media to support this growth.

company overview

THE TEN SPOT® Beauty Bar is a boutique “anti-spa” that offers manicures, pedicures, waxing, facial services and Gent Grooming. In addition, it is a retail vendor of luxury beauty care products for face, hand and body as well as other unique gift items.

THE TEN SPOT® INC. corporate head office is located at 1402 Queen Street East, Studio C4. It was incorporated May 12th, 2006 and began operation August 1st, 2006. Currently there are two locations up and running.

THE TEN SPOT® has carved out a specific niche within Toronto. We have successfully managed to turn the spa experience into a social experience. Groups of progressive, professional and style savvy individuals come and get pampered while catching up with each other. The personality of our space is unique and is represented in our tongue and cheek marketing, advertising, general business approach as well as with our estheticians themselves. We specifically hire estheticians that compliment the personalities of our guests – progressive, outgoing and expert at what they do. We pride ourselves on providing an impeccable service with impeccable customer service.

Our hip and edgy vibe also comes to life in our space itself. Stainless steel and concrete are the running themes, giving the guest the visual assurance of style, cleanliness and functionality. Unlike your average spa, we have concrete/stainless steel manicure bars, which are stylistically accented by stainless steel/subway tiled pedicure banquettes. Not only is our esthetic design slick and sleek – it is also provides a social atmosphere that is unique and not found in any other spa or nail bar in the city! Not to mention we’ve become famous for the best waxing in the city with our two waxing rooms (outfitted with plasma TV/DVD players) constantly booked to capacity. Retail items have been researched and are on the cutting edge of what our guests are looking for in terms of both esthetics and benefits of products.

To date our client list exceeds half a million unique guests who are very loyal and visit us on a regular basis. Our email database is currently at 10,000 Toronto emails. We can’t deny the impact of our word of mouth advertising and have been thrilled to see it spill over into higher profile praise.



THE TEN SPOT® has been featured and recommended by the editors of such notable publications as Fashion Magazine, LOU LOU, Flare, Elle Magazine, Strut, Bobbi, Sweetspot.ca, Where, CBC Radio, The National Post, Globe & Mail, The Toronto Star, Toronto Life as well as numerous blogs and beauty sites. THE TEN SPOT® has been the feature spa of L’Oreal Fashion Week, the location of the latest Sophie Kinsella book launch (author of the Bestselling Shopaholic series), the press interview spot for Balmshell cosmetic creators as well as numerous music artists. It has been the location for film shoots and most recently partnered up with Cake Beauty, Universal music and FLOW 93.5 for the latest Mariah Carey CD launch promotion!

owning your own ten spot beauty bar

There are many steps to franchising a 10 SPOT Beauty Bar. The first of which is your review of this initial franchising package and filling out our Franchise Interest Questionnaire. From there, we take an in depth look at each potential candidate to ensure that from both ends, we both feel we are a perfect match for each other. The success of each individual franchise location is just as important to the franchisee as it is to us. Your success means our success and growth and so it's vital that our values, goals and motivation are aligned. In order to do this, we'll have a series of meetings and interviews to evaluate your personality and feasibility. All the while, you too will be able to evaluate and judge us to see if THE TEN SPOT® is the right business for you to own. At a certain stage, a Franchise Disclosure Agreement will be presented and away we go!

franchise support

The following is a general overview of the type of support provided with the franchise agreement. It is our intention to provide each franchisee with as much support as possible to make their location a complete success because in turn, it makes THE TEN SPOT® a success! Support, guidance and assistance are available indefinitely.

INITIAL SET UP

- Assistance in choosing a location within designated area and sublease
- Assistance in design, layout and production of renovations
- Full training on all aspects of the spa industry
- Day to day operations of THE TEN SPOT®
- Set up of vendor accounts and opening orders (professional supplies and retail)
- Employee hiring assistance and training
- Administrative & Software training
- Assistance in Soft & Grand Opening, Media and PR

BRANDING DESIGN & COLLATERAL

- Branding Manuals and Guidelines
- Business Card Templates
- Service Menu's
- Promotional Materials
- Instore signage

ONLINE PRESENCE

- E-blasts (monthly newsletters sent to 10,000 plus Toronto Subscribers)
- Presence and buzz on 10 Spot Corporate Website (www.the10spot.com) and 10 Spot social media outlets
- Online Appointment Booking Capabilities
- Online Gift Certificate Sales

ESTHETICIAN MANUAL:

- House Rules

- > Operation Guidelines
- > Guest Care
- > Health & Safety Standards,
- > Sanitization Procedure and Policies
- > Service Protocols
- > Tests and Quizzes

GUEST COORDINATOR MANUAL:

- > Daily Operations
- > Opening & Closing Duties
- > Appointments
- > Transactions
- > Discounts and Club Cards
- > 5 Start Guest Service Protocol

MANAGEMENT MANUAL:

- > Policies
- > Guest Care
- > Staff Management
- > Administrative
- > How To

franchise financial commitments

Understanding the financial commitment is crucial to the franchise partner process. The following outlines what you need to know about in pursuing THE TEN SPOT® franchise.

GETTING STARTED:

- > A franchise fee of \$48,000 is charged for each new franchise

Construction and start up costs are additional. The construction and start up cost for THE TEN SPOT® Beauty Bar are estimated to be between \$75,000 to \$150,000 depending largely on what structural changes need to be made to the rental space if any and size of the location.

You must secure your own financing. THE TEN SPOT® does not provide any financing but will assist where possible in your loan application.

ONCE OPENED AND OPERATING:

As part of your Franchise Agreement, each location is required to pay the following fees:

- > 6% Monthly Royalty Fee on Gross Sales plus HST
This Royalty Fee would be debited at the completion of each monthly sales period.
- > up to 3% Advertising/Marketing/Web Fee
This Fee is matched by all loctions.



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