

FAQ's

Outlined below are some of the most frequently asked questions from prospective franchisees, along with brief answers. However, this is not to be interpreted as full disclosure. Complete details of the Ho-Lee-Chow® Franchise Agreement are contained in the Franchise Disclosure Document. This document is released to prospective franchisees upon approval of their Application for Consideration and the signing of a confidentiality agreement.

What is the estimated investment in a Ho-Lee-Chow® Franchise?

- The estimated turnkey cost of a Ho-Lee-Chow® store, completely equipped and ready to open, including your Franchise Fee and Training can range from approximately \$150,000 - \$185,000. This figure will vary depending on location, size and which elements of leasehold improvement can be negotiated with each landlord.

How much is the Franchise Fee?

- The Franchise Fee is included in your turnkey cost.

How much of my own capital should I have to invest in the franchise?

- We recommend that you have \$70,000 - \$75,000 in unencumbered cash to get started as a Ho-Lee-Chow® franchisee.

What other initial expenses should I allow for?

- Apart from the turnkey costs of opening the store you need to allow for some working capital to support initial store operations until you are established, cash flow for your own living expenses, opening product inventory, first month's rent and security deposit, deposits for telephone service and utilities, and your expenses for professional legal and accounting advice.

What are my ongoing financial commitments to the franchisor?

- On an ongoing basis, you will be required to submit the following payments:
 - Royalties: 6% of sales
 - Advertising 3% of sales
 - Renovation Fund 1% of sales
 - Call Centre Fee \$1.85 per order in GTA, \$1.95 per order outside GTA

Am I responsible for any local advertising/marketing expenses?

- Franchisees are expected to provide local trading area marketing and advertising support, including household and business menu flyer drops.

This amount will vary according to the number of households and businesses included in each trading area.

What size of space is required for a Ho-Lee-Chow® store?

- Given that we do not operate restaurants with seating we can work with a smaller space than many other food service concepts. Ideally a store should be in the range of 900 - 1000 square feet.

Am I responsible for finding my own location and leasing it?

- Once you have paid your initial deposit to become a Ho-Lee-Chow® Franchisee, we will work with you to identify an appropriate location.

The lease is signed by the franchisor with the franchisee as a sub-tenant.

Is training and support provided, and do I have to pay for it?

- Ho-Lee-Chow® provides comprehensive training in one of our corporate stores, and full support through your store opening. The cost of this training and support is included as part of your turnkey opening cost. Further ongoing support is provided after your store opening.

How is my exclusive trading area defined?

- The exclusive trading area for each Ho-Lee-Chow® store is determined by a number of factors, including population density, traffic patterns, drive times etc.

Where are trading areas available?

- At present there are opportunities to develop Ho-Lee-Chow® stores in specific areas of the GTA as well as in other communities and locations throughout Ontario.

How long is the Franchise Agreement?

- The Franchise Agreement is for a 5 year term, renewable for 3 further 5 year terms.

What is the projected return on investment?

We do not provide pro-forma financial statements. We will, however, work with you in providing key operating cost guidelines that will help you develop your own business plan.