



How to get your own **KARE** **SHOP**

FRANCHISE WITH **KARE**



KARE

What is KARE?

KARE works with a successful retail concept based on proprietary design lines, by which products are introduced directly into the market without any wholesalers.

No other manufacturer offers this modern and consumer oriented range of furniture, lamps and gifts.

Over the past 25 years we have gained a wealth of experience in the fiercely competitive German and Austrian retail markets, as well as economic success.

KARE's experts in advertising, planning and shop-fitting have gained extensive international experience with shop concepts of Escada, Boss, Adidas and similar brands.

At the moment, KARE is the most successful direct marketing concept for design products in franchise shops in Germany.



KARE

Who is behind it?

Jürgen Reiter and Peter Schönhofen are the founders of KARE and continue to be sole partners in the company.

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Head office with showroom "RED BOXX" at Garching near Munich.



KARE

**Franchising:
the guarantor of
success for founders
of a new business**

Founders of a new business joining a franchise system, have better chances of success than independent founders. The study “Franchising - a guarantor of success for setting up new business?”, which was released of the International Centre of Franchising and Cooperation (F&C) in November 2005, proves that franchisees fail during the first four years of activity to a sensibly lesser extent than founders in general.

Torben Leif Brodersen, managing director of the German Franchise Association (Deutscher Franchise-Verband DFV e.V.), is not surprised by the result of the study. “It confirms our longtime experience and the general uptrend of franchise business – the advantages of a “ready-to-use” concept turn Franchising to a success story for self-employed persons.



KARE

The franchisee: Basics

The franchise partnership is a partnership for mutual economic success, based on the close and continuous cooperation of separate companies that are legally and financially independent.

The applicant for a franchise license for a KARE shop should fulfil the following requirements:

- o at least 250,000 EUR equity
- o basic knowledge of business administration
- o franchisee or a senior employee must have retailing experience
- o familiarity with economic background at the location
- o presentation of competitor market analysis



KARE

The location

We can place our know-how at your disposal for the choice and assessment of a location. The following conditions apply for any new KARE shop location:

- o city with at least 150,000 residents
- o minimum space 400 square metres, maximum space 2.000 square metres
- o location with high customer frequency, at least 1b in the city centre or in a flourishing shopping mall
- o at least 6 metres of shop window area
- o ideally located near other stores for the same target group, such as "IKEA", "ligne roset", "Bo Concept", "Habitat", or "Zara" or "Mexx"
- o best place in shopping malls is usually at ground floor level, but this depends on the structure of the centre
- o deliveries via own ramp or at central delivery point with ramp (in shopping malls)
- o stockroom in store between 20 and 100 square meters, depending on shop size



KARE

Who does what?

Even a system based on a strong partnership requires rules. The rights and obligations of the partners are set out in the franchise agreement. Strong brands in particular have to rely on sound principles, secured in an open system, so as to achieve sustainable success and so that a new brand can gain popularity quickly in the market. The agreement also provides the franchisee with information on everything he can expect from the franchisor and all the services on offer.

Generally the following services are offered:

Franchisor provides you with:

concept	synergies
brand	market potential
know-how	leadership
training	continuous
support	update of sales mix
supervision	

Franchisee provides KARE with:

initiative	manpower
accountability	capital
cooperation	entrepreneurial spirit
contacts	information
local knowledge advertising	royalties



KARE

What do you get from KARE?

- The franchisee obtains the right to make use of the KARE brand in an agreed market area
- KARE prepares the entire shop plan for the franchisee.
- KARE supervises tasks and implementation schedules until shop opens and can, on request, assist in all operations.
- KARE provides functional display units for goods and lighting systems in order to obtain the typical franchise-shop image.
- KARE provides promoters (complete catalogue, special catalogues, flyers and advertising brochures, banners, merchandising)

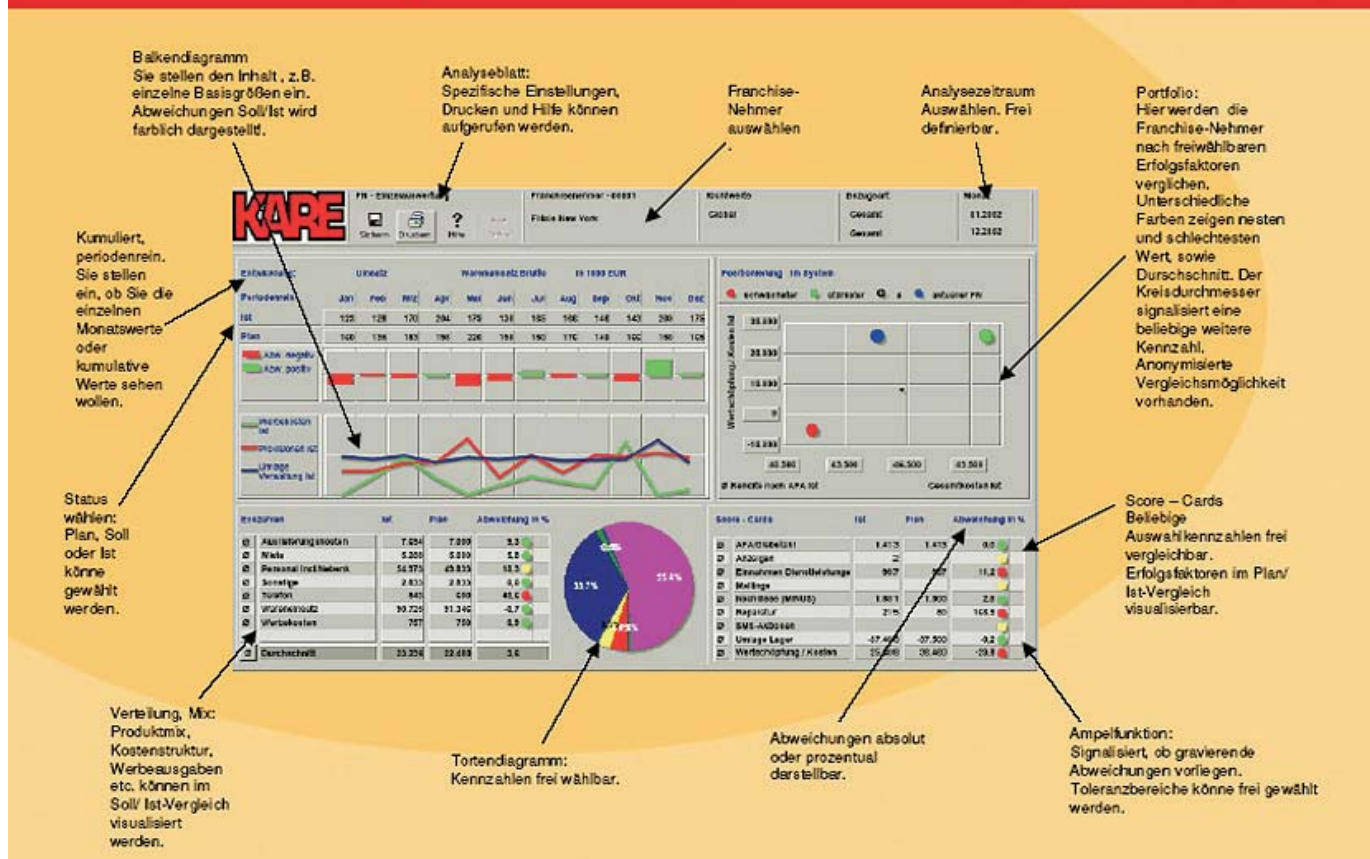


KARE

What do you get from KARE?

- KARE supports the franchisee in public relations or, if desired, can assume overall responsibility for this (at additional cost).
- The franchisee gets Layouts, specifications and films for the production of sales and advertising material, unless it is not provided by KARE.
- He receives the franchise booklet, which sets out the most important factors of the system, for example:
 - o product range analysis with checklists
 - o competitor analysis
 - o merchandising guidelines
 - o advertising basics
 - o organization and scheduling of publicity campaign

Das Controlling ...



KARE

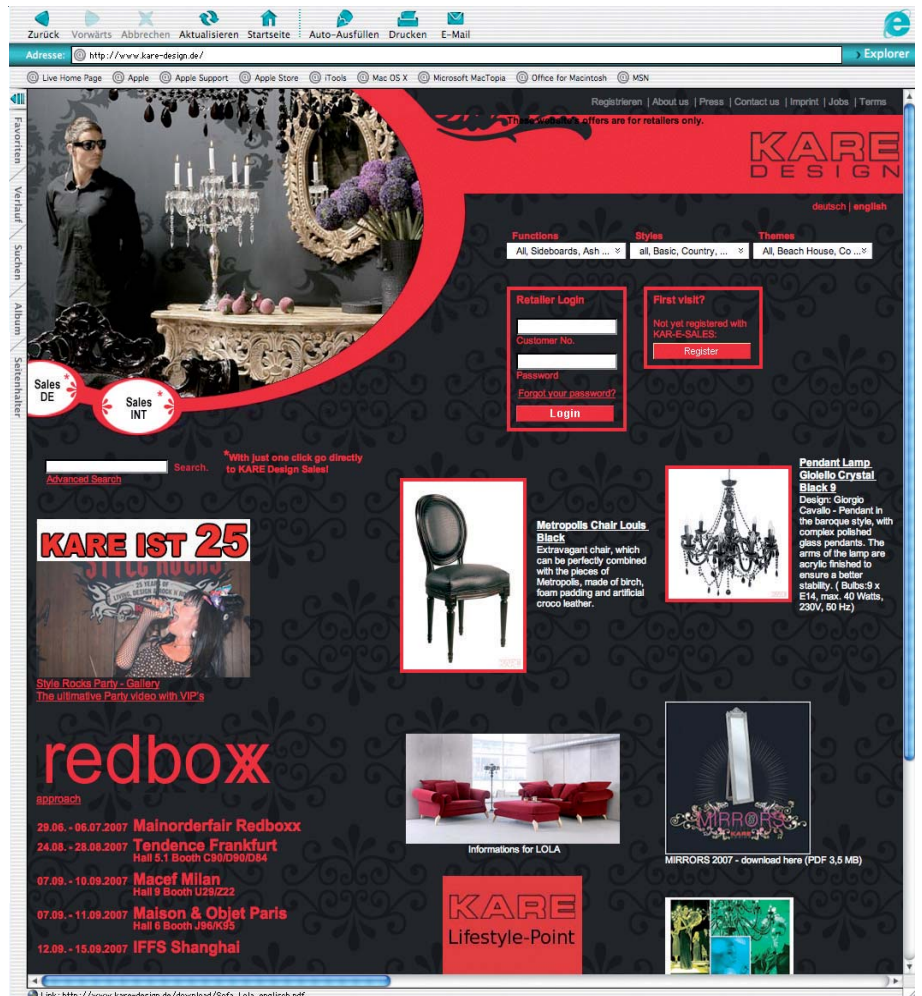
Via its intranet, KARE provides :

- current information on the product lines with detailed product information and wholesale prices.
- KARE provides an enterprise resource planning & cash system (at additional cost). These form the basis for:
 - o economic efficiency analysis
 - o analysis of weak spots
 - o unbiased intercompany comparisons

The assessment of specific national requirements as well as any translation into the local language is to be carried out by the franchisee

... and:

- The scheduling program supports optimized stock planning and provides information about stock levels, delivery times, incoming/ outgoing volumes, as well as offering an online direct order facility.
- The KARE academy in the Munich central provides workshops, seminars as well as hands-on training in the Munich KARE shops. The franchisee's employees will be trained here before the opening. We offer training for shop-assistants and also for managers.
- Franchisee has "TOP PRIORITY", i.e.:
 - o information on any news via email/ intranet/ visit of redboxx
 - o special discount prices on purchases
 - o lowest prices for direct container delivery
 - o priority access to limited special offers



KARE Highlights

KARE offers progressive sales support by:

- KARE local Website and Webshop
This software can be used of the franchisee's (at additional cost). Any programming, translation, maintenance and adaptation to national/local conditions are the franchisee's task.
- Retail catalogue
Comprehensive sales document for end users offered at cost price (translation into national language to do by franchisee)



KARE

Next steps

- o Make an appointment in our head office in Munich
- o Visit our KARE shops in Munich
- o Visit the RED BOXX, our 2.500-square-metre-showroom
- o We will respond to any questions you may have, discuss and sign the contract with you
- o Location visit

Go ahead!

Now you need only dial our number ++49 (0)89 320 820

Your KARE TEAM

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