



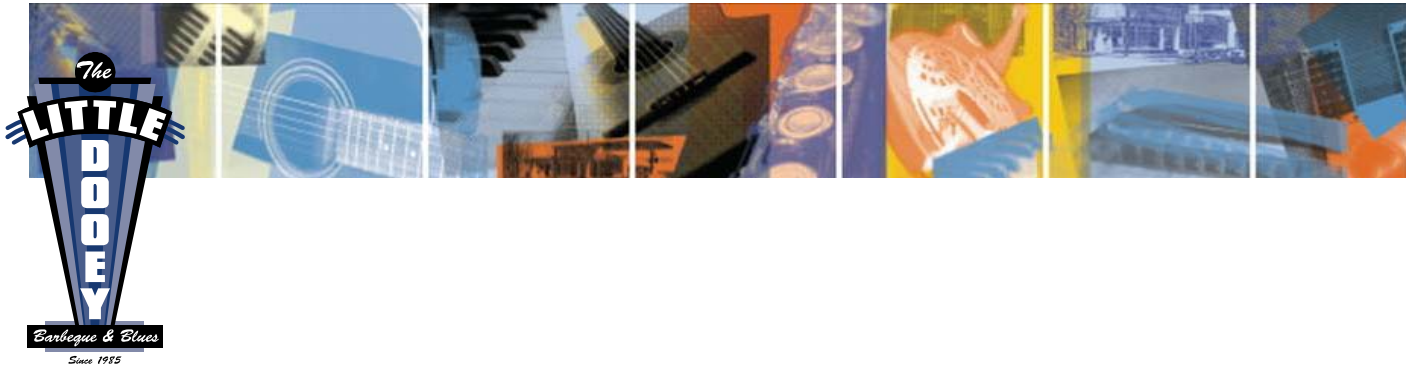
## Frequently Asked Questions

### Issues Pertaining to Franchise Cost

1. What is the Initial Franchise Fee?  
*The initial franchise fee for each restaurant unit is \$35,000.*
2. What are the payment terms?  
*The Initial Franchise Fee is payable in full with a signed Franchise Agreement.*
3. Is any part of the Initial Franchise Fee refundable?  
*No part of the fee is refundable.*
4. Are accounting or bookkeeping services available through LDQ?  
*Bookkeeping services should be obtained by an accounting firm. We do offer some limited services with reports, which are part of the royalty fee.*
5. Is a specified amount of working capital required to cover operating costs until profits can be made?  
*As with any business, some working capital is required at start up, usually between \$10,000 - \$50,000 but this will vary on the size of your restaurant and the amount of business you anticipate in the opening days.*
6. Are there royalty fees associated with the franchise? If so how much are they and how are they determined?  
*Yes, royalty fees are based on Gross Sales at a rate of 5%, and paid weekly via automatic bank draft. They are determined with the POS system (required), which is polled to a central office. A sample report can be obtained by the franchisee.*
7. How and when are sales reported?  
*Sales are reported each Monday of the following week through the POS system.*
8. How are advertising and promotional costs divided?  
*An Advertising Fee of 2.5% of Gross Sales is paid monthly via automatic bank draft. This money is used for local and national advertising and promotion for the Franchisees.*
9. Must premises be purchased or leased, and are there further conditions on either of these?  
*Premises may be either leased or purchased and upfit to match the current décor package. All upfit plans must be approved by LDQ, LLC.*
10. Am I allowed to transfer my ownership in the franchise? If so, how much will it cost?  
*Yes, you may transfer your ownership in the franchise, however the transferee must meet the current franchisee qualifications. The transfer fee is \$10,000 for each franchised business sold to a third party.*

### Issues Pertaining to Franchise Location

1. Does the franchise apply to specific geographical area? If so, are boundaries clearly defined?  
*While there is no exclusive territory, your franchise agreement will specify the area that you and LDQ have decided on for the operation your franchised business(es).*



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2. Who has the right to select the site?

*It is your right to select the area or site for your location. LDQ does offer site selection assistance for all franchisees. In all cases, LDQ must approve, in writing, the site or area before any leases are signed or construction commences.*

3. Does the franchisee have the right of first refusal option as to any additional franchisees in the territory?

*If the other location is within a two (2) mile radius (1/2 mile radius for areas with a statistical metropolitan area with a population of 500,000 people) the franchisee will have the right of first refusal within 30 days.*

4. Who is responsible for obtaining zoning variances, if required?

*The franchisee will be responsible for obtaining all variances, permits and licenses required for the construction and operation of the franchised business.*

### Issues Pertaining to the Building, Equipment and Supplies

1. Are plans and specifications of the buildings determined by LDQ, LLC? If so, does this control extend to the selection of contractors and supervision of construction?

*LDQ will supply a copy of prototype plans. The franchisee then needs to have an architect format the plans to the specific site. LDQ must approve the plans prior to construction. LDQ does not require the use of specific contractors nor does LDQ supervise the construction process, however, all contractors, architects and engineers are required to have licenses in good standing.*

2. Are there any restrictions on remodeling or redecorating?

*LDQ has a specific décor package to aid in the branding of The Little Dooney Barbeque and Blues. Any changes to the décor package, including modification to fit a particular site, must be approved by LDQ.*

3. Must equipment and supplies be purchased from LDQ or approved supplier?

*To maintain quality and consistency, product must be purchased by a LDQ approved vendor. A franchisee may get approval to purchase through another vendor by submitting samples to LDQ and requesting written approval. Some products do not require approved vendors. The list of products requiring approved vendors and the names of approved vendors are available from LDQ.*

### Issues Pertaining to the Operating Practices

1. What continuing management aid, training and assistance will be provided by LDQ?

*LDQ requires all owners, kitchen managers and general managers to attend a pre-opening training program. LDQ will also provide assistance during the first week of operations. Additional training is available upon request for a fee.*

2. What degree of control does LDQ have over store operations?

*LDQ has an established and proven system that we provide to our franchisees to help ensure the success of their business. LDQ does not have control over who the franchisee hires, however, LDQ may require that specialized kitchen staff positions pass a LDQ test confirming their knowledge of their position and duties.*

3. Does LDQ assist in bookkeeping, accounting as well as state and federal reporting requirements?

*LDQ does not provide bookkeeping assistance. It is the responsibility of the franchisee to ensure that all local, state and federal reporting requirements are met timely.*

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