



Cafe Wien Consult & Franchise Ges.m.b.H.

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Contract regarding the establishment of original Viennese cafes in the Kuwait area.

This contract is concluded between

- 1. Café Wien-Consult & Franchise Ges.m.b.H.
Rotenturmstraße 24
A -1010 Vienna – Austria/Europe**

**hereafter referred to as Franchisor
and**

- 2.
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hereafter referred to as Franchisee

as follows:

- 1. The Franchisee shall establish original Viennese cafes in Kuwait with a size of ~ 150 - 200 m²/branch.**
- 2. The Franchisee shall manage the cafes to be established by either of the following:**
 - himself, or**
 - intrusted persons or company with appropriate managerial experience in the hospitality industry.**
- 3. The Franchisor is the owner of the registered trade mark "Cafe Wien" and the associated logo and will allow the use of along with the complete plans to establish and operate original Viennese cafés at the contract partner's disposal for the above mentioned country (Kuwait).**
- 4. The Franchisee will have the exclusive right for the use of the "Cafe Wien"- Concept for the duration of the contract provided that agreed expansion (2 branches within 3 years) is guaranteed. For this exclusive right (for the Kuwait area) the Franchisee has to pay a non-recurring exclusivity-fee of US\$ 20.000,-- at the day of signing this contract. The first Cafe Wien branch is required to be opened by December 31st of 2008, otherwise this exclusive right and payment expires.**

5. The complete and proven plans of the Franchisor comprise six fields and contain extensive consultation on all mentioned fields, and commence with the placing of the written order as to the date of the opening of the first franchise site, and in due course, offer current further advice up to the end of this contract. The Franchisor will guarantee all necessary advice and support, but will not guarantee any sales or profit for branches established and operated by the Franchisee.
6. The six fields of consultation – content of the Cafe-Wien Franchise-Manual, which is forwarded to the Franchisee - comprise:

CORPORATE IDENTITY:

- Advice as to a suitable corporate identity for the Franchisee including the use of the mark „Cafe Wien“ and associated logo.

ARCHITECTURAL DESIGN:

- The Franchisor reserves the right to recommend an architect specialized in establishing Viennese cafés and to impose the condition to finalise the details jointly with him. The fee for the architect will be invoiced directly to the Franchisee. Payment is then to be forwarded directly to the architect.
- The project architect may at his direction utilise the services of a locally based architect. This may be selected by the project architect or by the Franchisee.

MENU PLANNING:

- Food and Beverage menu options as well as recipes will be suggested stressing Viennese coffee specialities, pastries and typical Viennese small dishes.

STAFF TRAINING:

- Details as to required staff numbers and training schedule of staff are included.
- Approximately two weeks prior to commencement of operations, a pastry- chef as well as a Viennese head-waiter will each have a one month stay for training purposes.
- In order to guarantee professional project planning as well as the economic success from the beginning, managers and assistant managers of the Franchisor will spend time at the site:
 - 2 people will check the intended sites for branch before project-planning
 - 2 people for 1 week-stay around the date of commencement of operations

The salaries for these people will be paid by the Franchisor. The Franchisee is required however to pay the following items:

- All return airfares from Vienna
- Reasonable**** accomodation and food during their stay
- Any interpreters if necessary
- Any additional freight charges for items to and from Vienna

MARKETING PLAN

- A suitable marketing plan will be developed concentrating on the name "Cafe Wien", and the city of Vienna and the Viennese culture, it shall create a unique sales position in this location for the original Viennese café.

CONTROLLING

- The Franchisor shall also supply an operational plan within this service, which is based on market-data (frequency of passers-by, purchasing power, opening hours, costs for staff, rent, a.s.o.) to be conducted by the Franchisor and which always suggests an ideal skeleton budget adjusted to the current requirements and results.
 - The Franchisee according to this contract has to provide monthly reports and requested figures by the end of following month by fax or e-mail.
 - It also contains an inspection of the café at least once a year by specialists – 2 managers - sent by the Franchisor. Such an inspection for the further development of "Cafe Wien" site takes at least a three day-stay. The contract partner shall be obliged to be available upon agreement for such a period and liable for any costs as detailed.
7. To perform the above services, the Franchisor shall receive a written order from the Franchisee. According to this order the Franchisor shall receive the following fees:
- Upon placing of the order the lump project-fee of US\$ 20.000,--; this includes complete consultation for the establishment of one branch up to the date of the opening of the Café-Wien.
 - On the day of the opening, an annual franchise-fee of US\$ 20.000,-- and for the next nine years the same amount payable every year in advance on this date; this includes the consultation from the date of the opening to the end of the tenth year. At the end of the tenth year the contract can be terminated, or will be valid for another ten years period and the annual consultation-fee will be US\$ 25.000,-- according to a fixed agreement, payable in advance for each further year.
 - If the requested standard of quality and the agreed expansion (three branches until 2010) cannot be or does not want to be guaranteed on termination of the tenth-year period, and if the mark-name and the protected signet will be withdrawn within three months, the Franchisee has the right to end this contract by paying an non-recurring amount of US\$ 20.000,--/branch - not later than 30 days after having being asked to do so by the Franchisor.
 - If Franchisee will not withdraw the name and protected signet within the three month period, he is ignoring his duties concluded in this contract and besides all agreed annual fees will be liable to an additional penalty of US\$ 30.000,--/branch, payable within one month after request by the Franchisor.

8. In the case of any disputes that may arise, the contract partners agree on an initial three-month out of court period during which a suitable resolution to the dispute may be attempted. This period commences on the day when the disputes have been brought from one partner to the knowledge of the other in writing. After this three-month period the contract partner shall refer the dispute to arbitration. The decision of the arbitration tribunal, consisting of a representant of the Franchisee, a representant of Cafe Wien-Consult & Franchise Ges.m.b.H. and the Austrian honorary consul or trade commissioner in charge, nearest to the place of first established "Cafe Wien" site, who will be in the chair, can be taken to court without any more proof of evidence and enforced to either Austrian or Kuwait country law. The decision of arbitration will be made by majority of votes.
9. For any further Viennese cafe which the Franchisee might establish and operate following or similar the concept of the Franchisor in the future, the same rights and duties, especially the franchise fees as contained in this contract shall be applicable.
10. The Franchisor, as the owner of the registered trade mark "Cafe Wien" with protected signet, according to the local trade mark-law, herewith makes available and gives his official allowence to protect this trade mark by registering persons or a company of the Franchisee as representative of this mark for the Franchisee's country according and until end of this contract. The Franchisee has to pay all legal costs for registration and is responsible for cancelling this registration within 3 months after end of this contract by conferring this registration back on Café Wien-Consult & Franchise Ges.m.b.H, Vienna.
11. Tussonia Ltd. in Paphos, Cyprus, is acting as the representative for Café-Wien in the contracted area. They will co-sign this franchise-agreement, and will be responsible for excellent communication between both parties, acceptance of monthly business reports and franchise fees intime.

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Place/Date

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Café Wien - Consult & Franchise Ges.m.b.H.
Franchisor in Austria, Vienna

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Franchisee in Kuwait & Bahrein

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Tussonia Ltd, Cyprus, Paphos
Cafe Wien Representative