



## Franchise Executive Summary



# Franchise Executive Summary

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# Franchise Executive Summary

## What Is Costa Vida?

Our beach-inspired Mexican restaurant franchise has proven itself as a successful restaurant chain and as a supportive franchisor

Costa Vida Fresh Mexican Grill is a proven, rapidly growing fast-casual Mexican restaurant franchise that is expanding throughout the U.S. With nearly 100 units open, we have proven our concept as a successful restaurant brand and as a franchise opportunity.

Our franchise owners serve fresh, made-from-scratch Mexican food that tastes amazing, and the restaurants have a Mexican coast-inspired atmosphere designed to create a relaxed and welcoming customer experience.

## Our success formula

- Innovative menu featuring flavorful, Mexican-inspired cuisine developed by our executive chef.
- Relaxed customer experience inspired by the beaches of Mexico.
- Efficient walk-through service model which allows guests to personalize entrées without sacrificing speed of service.
- Strong unit-level economics, allowing franchisees to scale quickly.
- Flexible real-estate footprint, allowing for free-standing and shopping center locations while maintaining profitability.
- Low investment relative to other fast-casual restaurants.
- Executives with deep experience in food service and multi-unit operations.
- Franchisee-focused corporate culture.
- Proven concept as both a scalable restaurant model and as a franchise organization.
- Key banking relationships allowing successful franchisees to ramp up quickly and dominate their market.

## The inspiration behind Costa Vida

The idea behind Costa Vida was born from a trip to Cabo San Lucas, Mexico. When our founders came back from a visit there, they wanted to bring not just the flavors, but the culture of that coastal lifestyle back with them, so they opened up the first Costa Vida restaurant in 2003.

Ask a smart, successful multi-unit franchisee when to invest in a restaurant franchise, and they'll tell you to wait until it has 50-100 units. This demonstrates proof of concept as a restaurant brand, showing the systems are battle-tested, the company can penetrate new markets and they are already leading a group of successful franchise owners.

With almost 100 restaurants open and operating in many regions of the U.S., we've proven our worth but still have many prime development opportunities in many territories, making Costa Vida the right concept at the right time for the right franchisees.





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## Tight operations that create better returns

We serve amazing food to guests, but for any restaurant, great food should be a given. What makes us stand out is how our preparation and cooking processes make everything better, not just in taste, but in operational efficiency, waste reduction and cost savings. That all makes our Mexican restaurant franchise a strong and sustainable investment.

## Franchisor executives who understand your business

Chairman of the Board Sean Collins and President and CEO Dave Rutter were the first franchisees of Costa Vida. The results they achieved, the growth they built and the upward potential they saw inspired them to buy the young company. They stay connected to that experience and the experience of our franchisees through involvement in our corporate-owned locations, which we run just like the franchised locations. We directly understand how every decision we make impacts and benefits our franchise partners.

We don't just rely on our own experiences, of course; the voices and direct feedback of our franchise owners are crucial to our decision-making. Our franchisee association, the Costa Vida Advisory Council, regularly communicates with leadership to voice concerns and challenges, and we have a strong track record of listening and responding to those concerns and implementing the great ideas we receive.





# Franchise Executive Summary

## What Are The Startup Costs?

Breaking down how much it costs to open a Mexican restaurant with Costa Vida

Wondering what it costs to open a Mexican restaurant with Costa Vida? The estimated initial investment for one franchise location ranges from \$659,500 - \$1,025,000, not including real estate costs.

The chart in this section has a detailed breakdown of the estimated initial investment, not including real estate lease costs, for opening a Costa Vida restaurant. The data comes from Item 7 of our Franchise Disclosure Document.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Franchise Fee (See Note 1)	\$30,000	Lump Sum	Upon signing of the Franchise Agreement	Costa Vida Management
Area Development Fee (See Note 2)	\$15,000 per Costa Vida Restaurant to be opened under the Development Schedule	Lump Sum	Upon signing of the ADA; will be applied to Franchise Fee upon execution of each Franchise Agreement under the ADA	Costa Vida Management
Travel and Living Expenses while Training (See Note 3)	\$15,000	Lump Sum	As incurred during training	Employees, airlines, hotels, and restaurants
Tenant Improvements and Build-out (See Note 4)	\$300,000-375,000	As Arranged	As arranged or incurred	Contractors, Vendors
Building and Design Permit and Professional Fees (See Note 5)	\$14,000-49,000	Lump Sum	As incurred before opening	Architect, Engineer, Municipalities, Lawyers, Consultants, etc.
Restaurant Equipment including POS & Computers (See Note 6)	\$150,000-255,000	Lump Sum	Upon delivery before opening	Vendors
Trade Dress, Woodwork, Furniture, Design Package, & Fixtures (See Note 6)	\$55,000-90,000	Lump Sum	Upon delivery before opening	Vendors
Opening Supplies & Inventory (See Note 7)	\$10,000-\$15,000	Lump Sum	Upon delivery before opening	Suppliers
Small wares	\$15,000-\$20,000	Lump Sum	Upon delivery before opening	Suppliers
Signage	\$8,000-33,000	Lump Sum	As incurred before opening	Approved Suppliers
Grand opening promotion & special assistance (See Note 8)	\$10,000-\$20,000	As Arranged	Within 30 days of opening	Vendors
Security & Utility Deposits (See Note 9)	\$1,000-\$18,000	As Arranged	As incurred	Vendors, Utility Companies, Landlord
Insurance (See Note 10)	\$1,500-\$5,000	As incurred	Annually	Insurance Brokers, Insurance company
Additional Funds - 3 Months (See Note 11)	\$50,000-\$100,000	Lump Sum	As incurred	Vendors, Employees, Utilities, Landlord, etc.
Totals	\$659,500-1,025,000 (not including real estate lease costs)			

View Item 7 Notes at <http://costafranchise.com/financial-disclosure-notes/#Item7>.

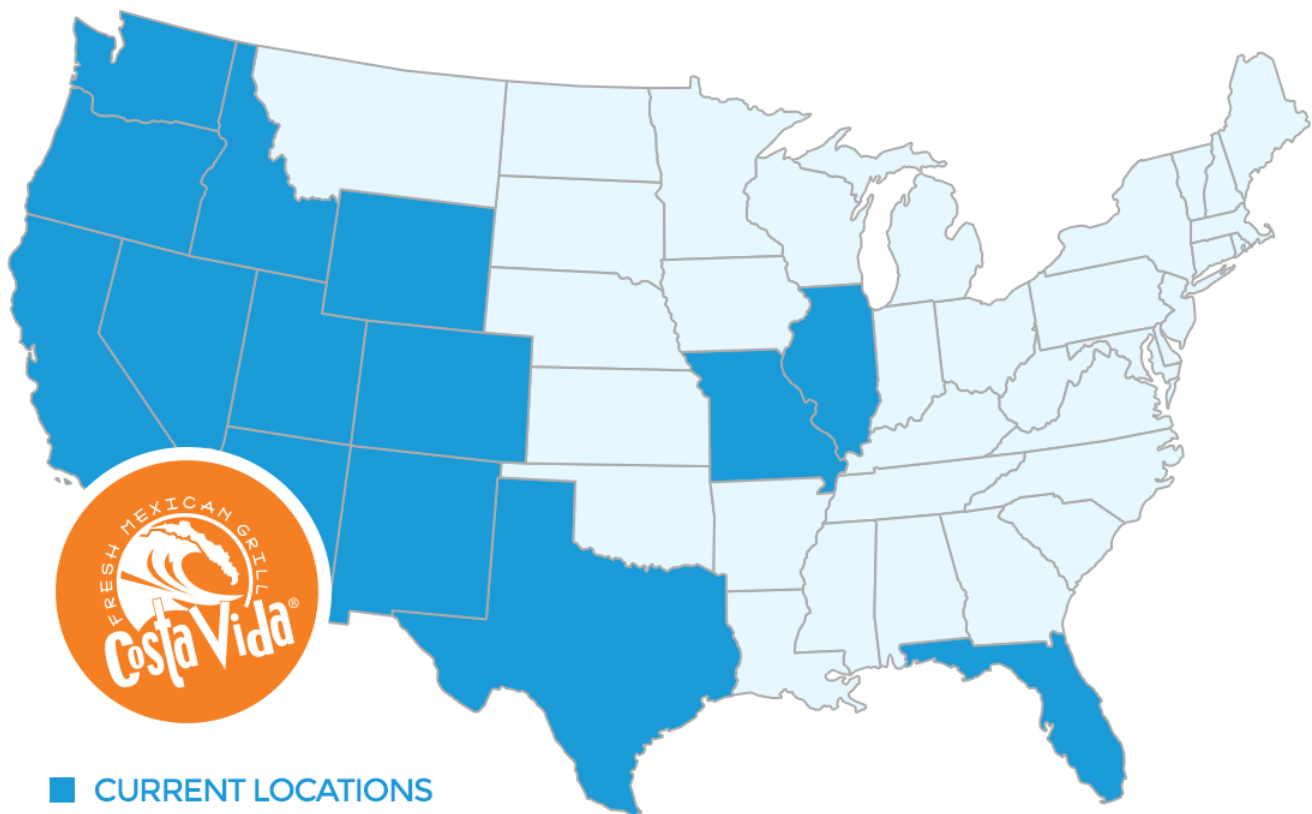


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## What Territories Are Available?

Find out more about opportunities for development and expansion with Costa Vida Mexican restaurants for sale throughout the U.S.

It's no surprise that Mexican food and Mexican-inspired food is more popular than ever before. The bold flavors and variety of options mean there's something for everyone, and there's plenty of room in the market for a rapidly growing brand like Costa Vida. We have Mexican restaurants for sale throughout the U.S., both in developed areas and entirely new markets.



In addition to locations in 14 states, we also have Costa Vida restaurants open in Alberta, Canada. Call us at 888-218-1035 to discuss U.S. or Canadian opportunities

We have nearly 100 restaurants open and operating, including both company and franchised locations. We have restaurants nationwide, with a particularly strong presence in Western states, and prime market-development opportunities are available for both single-unit deals and multi-unit Area Development Agreements.



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## Our strategic growth plan

“One of the things we’re real excited about is that Costa Vida, up to this point, has been predominantly an intermountain west brand, but right now we’re looking at strategic development in the top 30 markets across the U.S.,” says Director of Development Terry Jennings. “Costa Vida is a great concept. It’s proven itself over time in our core markets. We believe that in a top market on a top piece of real estate, we have the opportunity to compete with the very best nationally.”

We also have flexible real estate footprints, making it easier to find great locations in tight markets. “When looking at the marketplace, we’ll consider all the strategic opportunities whether it’s top quality inline space, an end cap, a drive-thru or free-standing,” adds Jennings. “Costa Vida has proven to be successful in any of those venues. While drive-thru and free standing restaurants are more recent venues for Costa Vida, they have demonstrated some outstanding results.”





# Franchise Executive Summary



## How Much Money Can A Costa Vida Make?

Franchisor support, vendor relationships and efficient operations can increase your Costa Vida profit potential

Costa Vida is a great franchise for people experienced in the restaurant business due to its scalability, strong unit-level economics and food service-veteran leadership. Compared to other restaurant franchises, our operations and vendor relationships keep costs down and food waste low, helping you increase your Costa Vida profit potential.

There are a number of factors you'll want to evaluate as you take a look at the options available to you in the Mexican fast-casual segment, such as franchisor experience and ongoing support. But you'll also want to more closely understand your Costa Vida profit and income potential. We understand how important those numbers are to your informed decision, and that's why we like to offer a clear financial picture to every qualified Costa Vida franchise candidate.



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Item 19 of our Franchise Disclosure Document (FDD) details the sales and revenue information reported by our franchisees in business over the previous 12 months.

	High	Mid – Level	Low	Average
	\$1,200,000 and above	\$800,000- \$1,200,000	\$800,000 and below	
No. of Stores	31	28	8	
AUV	\$1,735,905.67	\$992,593.96	\$724,436.91	\$1,304,495.55
COGS	\$514,939.17	\$308,463.37	\$241,564.23	\$396,008.99
Labor	\$424,966.32	\$275,842.92	\$243,413.01	\$340,968.09
Advertising	\$37,968.66	\$22,557.72	\$21,518.30	\$29,564.05
Repair & Maintenance	\$21,818.92	\$14,441.79	\$15,062.95	\$17,929.26
Supplies/Uniforms	\$40,523.55	\$23,686.13	\$20,336.86	\$31,076.67
Utilities	\$41,678.50	\$33,452.99	\$34,800.11	\$37,419.67
EBITDAR	\$387,348.17	\$149,091.64	\$32,114.58	\$245,362.33

## Frequently Asked Questions

Quick facts on getting started in the Mexican restaurant business with Costa Vida

### What is Costa Vida?

Costa Vida Fresh Mexican Grill is a rapidly growing, fast-casual Mexican restaurant franchise that is expanding throughout the U.S. We have proof of concept as a restaurant brand and as a franchise opportunity.

Our guests enjoy chef-inspired, fresh Mexican food that tastes and looks amazing, and the restaurants have a Mexican coast-inspired atmosphere designed to create a relaxed and welcoming customer experience.

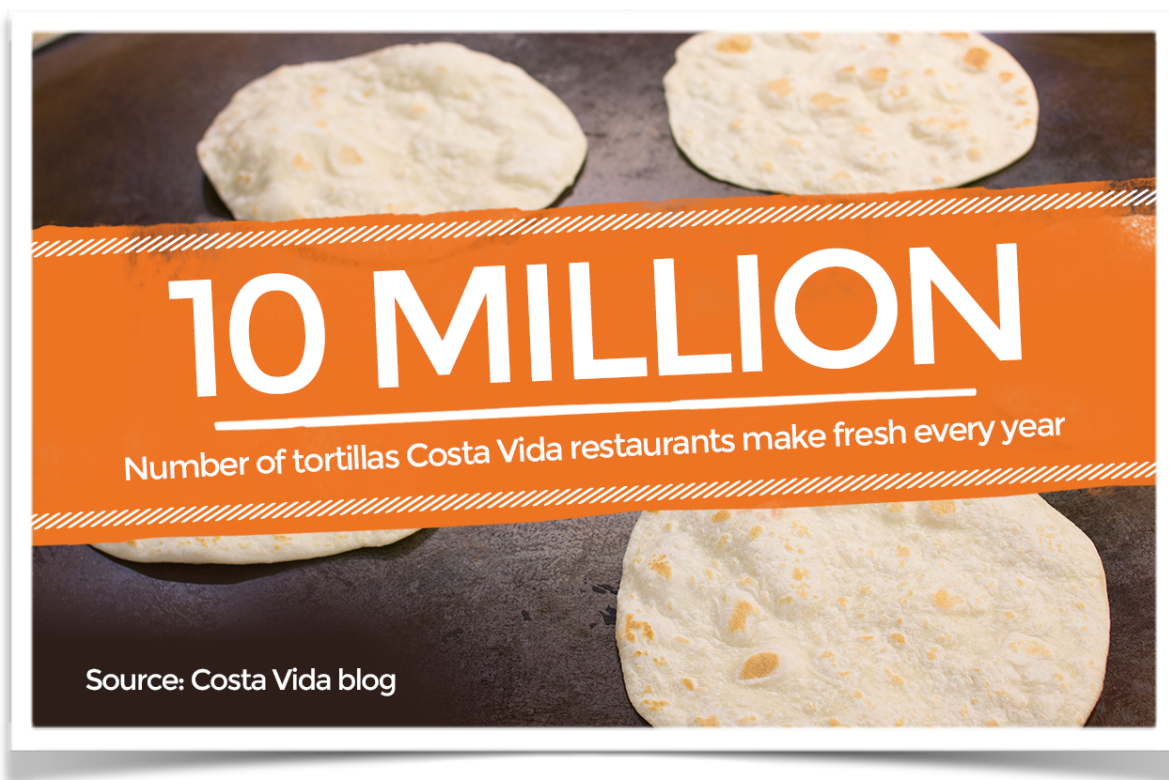
### What sets Costa Vida apart from other Mexican restaurant concepts?

For our guests, we have food that is made fresh from scratch every day in our restaurants. Nothing comes pre-made; our tortillas are made hot and fresh on our comal, fresh vegetables are chopped daily for our various salsas and our meats are never frozen.



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For our franchise partners, our regimented operations ensure quality and consistency while keeping costs and food waste down, better enabling our franchise owners to maximize profit potential. Our leadership has extensive experience in food service and multi-unit operations with direct involvement in our corporate-owned locations, so they're better positioned to help you succeed.



## Who is Costa Vida looking for in a franchisee?

While there are no minimum development requirements, Costa Vida franchisees are generally experienced food and hospitality veterans looking for their next high-growth vehicle. There are some limited opportunities for more passive financial investors.

## How much is the franchise fee?

The franchise fee is \$30,000 for a single location. Under an Area Development Agreement, the Area Development Fee is \$15,000 per Costa Vida restaurant to be opened under the development schedule.

## How much are the royalty fees?

The royalty fees are 6% of monthly net sales. Marketing fees total 4.5% of monthly net sales, broken down into the National Marketing Fund (up to 2% of net sales), Local Marketing Fund (2% of net sales to be spent by franchisee on local advertising and promotion) and the Marketing Administration Fee (0.5% of net sales).





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## What is my total estimated initial investment?

The estimated initial investment for a single Costa Vida location ranges from \$659,500-\$1,025,000, not including real estate lease costs. For a more detailed breakdown of the investment, visit the What are the Startup Costs? page.

## Does Costa Vida offer financing?

Costa Vida has significant banking relationships for financing on new franchisee start-ups, acquisitions and territory expansion.

## What territories are available?

Costa Vida has single-store and multi-unit opportunities available throughout the United States, in both currently developed markets and entirely new territories.

## Is Costa Vida developing internationally?

There are currently three franchise locations in Alberta, Canada, and opportunities are available to develop other locations in Canada. For more information about Canadian development opportunities, please contact us directly at 1-888-218-1035.

## How much money can I make?

Our efficient operations and vendor relationships help our franchisees keep costs down and contribute to strong unit-level economics and earning potential.

While we cannot make any specific guarantees of income or profits at your Costa Vida franchise location, call at 888-218-1035 to request our Executive Summary, where you can review Item 19 of our Franchise Disclosure Document. Item 19 includes details on the financial performance of locations open in the U.S. for the entire 12 months of 2015.



# Franchise Executive Summary

## Next Steps

### Costa Vida Investigation Process

The steps to open a Costa Vida franchise, from your initial research to signing an agreement

- **Request info:** Give us a call at 888-218-1035 to speak with one of our franchise experts.
- **Interview and concept overview:** During our conversation, we'll discuss the opportunity and determine if we each fit what the other is looking for.
- **Submit application:** You will submit your credentials.
- **FDD review:** You examine the Costa Vida Franchise Disclosure Document.
- **Due diligence:** We encourage you to interview existing franchisees within our system to get their insight and feedback.
- **Discovery Day:** You will be invited to meet one-on-one with key members of our management team at our headquarters in Lehi, Utah.
- **Decision:** We execute an agreement.

### Learn more and start a conversation

If you're ready to learn more about the Costa Vida Mexican restaurant franchise, give us a call at 888-218-1035 to discuss the opportunity.

