



zen massage[®]

No Contracts • No Membership Fees

close your eyes and count to zen[®]

Zen Massage[®] Franchisee Site Location Guidebook

Ownership / Proprietary Statement

In accepting this publication, the holder agrees that such publication is owned by Zen Massage Franchising, Inc. and is loaned to the holder. The holder further agrees that the publication shall remain at all times the sole property of Zen Massage Franchising, Inc. and that the contents of the publication are confidential and trade secrets of Zen Massage Franchising, Inc. and may not be reproduced, except as specifically authorized in writing by Zen Massage Franchising, Inc.

Maintaining This Manual

It is the intent of Zen Massage Franchising, Inc. to keep this manual current. From time to time, revisions to this manual will be made and posted to the Franchisee section of the website.

It is not the intent of this manual to conflict with any federal, state, or local health regulation(s), labor law(s), or other regulations or codes. If a conflict exists, federal, state, or local regulations always supersede any statement made by Zen Massage Franchising, Inc. if the regulation is stricter.

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Manual Receipt

Date: _____

I, _____, have read the
(Franchisee Full Name – Print)
Franchise Agreement and the Ownership / Proprietary Statement
regarding the use and confidential nature of the Zen Massage[®]
Site Location Guidebook, I agree to the terms of use. I have taken
possession of a Zen Massage[®] Site Location Guidebook.

Franchisee Signature

Date

Trainer Signature

Date

(Or authorized Zen Massage[®] staff)

ZEN SITE LOCATION GUIDEBOOK

Welcome to Zen!

This guidebook contains general information to help you find a potential location for your new Zen Massage[®], get corporate approval for the site, and secure a favorable lease arrangement. The information you provide during the initial approval process will also assist us in helping you develop the detailed plans for your site, should it be approved.

Please take time to read the Site Selection and Lease Guidelines information to familiarize yourself with the overall process of finding a location, assessing its potential, and negotiating with a landlord. Then, when you think you have a great location for your Zen Massage[®], complete the Site Location Worksheet and submit it for a formal review. Your real estate agent or tenant representative should be able to assist you in completing most of the worksheet.

We want to assist you in finding that perfect location so please be diligent in providing us with all the requested material in the proper form. This will save a lot of time in the approval process.

All information should be submitted to

Zen Massage Franchising, Inc. – Attn: Site Review
P.O. Box 820
Harrisburg, NC 28075

Please feel free to call or e-mail with any questions at:

877-427-1320
sales@zenmassageusa.com
rscribner@zenmassageusa.com

Sincerely,

Zen Massage Franchising, Inc.

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SITE DEVELOPMENT PROCESS

The following step-by-step information is to help you understand the general process that is followed in submitting a site for approval, obtaining the architectural design drawings, obtaining approved construction drawings, and having your approved site up-fitted to a Zen Massage® location. You must have your signed first franchise agreement before you complete this process for your first location.

1. You locate a potential site that you believe fits the general criteria for a Zen location based on the information you have received from Zen Massage Franchising, Inc. (ZMFI), your tenant representative, and your knowledge of the local market area.

ZMFI can assist you at this stage with demographic information and lease negotiation suggestions.

ZMFI has specific requirements for any franchisee's lease so a copy of the letter of intent, lease proposal, and final copy (prior to signing) must be submitted to ZMFI. A ZMFI representative will guide you in ensuring all ZMFI requirements are addressed in the lease.

2. You submit the completed Site Location Worksheet and all required photos and information requested in the worksheet to ZMFI. For your locations after the first location, this can be submitted along with a signed franchise agreement and fee.
3. The ZMFI Franchise Review Committee will accept or decline the location and franchise agreement. If the site is declined, the franchise agreement can be amended to be applied to other approved sites.

It is recommended that the franchisee secure the services of a local architect as soon as a site is approved and ready for the design phase. The local architect can provide the franchisee a Site Survey that is designed to discover and document relevant information specific to the proposed site. This survey can prevent costly mistakes, oversights, and discover issues that can result in expensive solutions to remedy if not addressed early in the process.

The Site Survey is strongly recommended for existing sites that will require a remodel, as opposed to a "vanilla shell" or a new construction.

The local firm secured for a site survey must be willing to provide comprehensive information to ZMFI and be willing to engage in a positive "back and forth" dialogue with ZMFI in order to communicate the needed information.

The franchisee will begin planning to attend Zen training at this point. Zen training will be scheduled to accommodate the Zen calendar and the franchisee's timeline for opening. Please see your Store Opening Manual.

4. During the process to this point, the franchisee is to be interviewing general contractors and architects to secure professional services for completing the construction

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documents (adding the engineering detail and stamping plans for local use), obtaining all needed permits, and preparing for the bidding process and build-out.

5. When a proposed site and franchise agreement are accepted, the design phase for the location will begin in a timely manner based on the site's availability, lease terms, etc. The information provided in the Site Location Worksheet will be used to start the design process along with additional information that may be requested from the landlord and/or local architect such as architectural detail in print or CAD format, landlord approval for construction variances, specific code information, site surveys, additional dimensions and photos, etc.
6. The design drawings should include a Floor Plan (showing all furnishings), Reflected Ceiling Plan – RCP (showing all ceiling detail and lighting), Elevations Plan (showing all cabinetry, interior décor location, paint and finishing detail, and casework detail). The design drawings will also include required equipment detail (electrical and plumbing specifications), all finishes detail (paint colors, laminate colors, floor materials, door material and hardware, etc.), and specific notes regarding specific installation instructions and pricing programs negotiated by ZMFI.
7. The design drawings phase can take 3-5 weeks depending on availability of information, difficulties associated with the space, and revisions.

Please note that the franchisee is to provide a signed copy of the lease prior to design drawings beginning. Due to the nature of the timing with lease negotiations and time allowance for build-out, the design phase can commence prior to lease signing with a written understanding between ZMFI and the franchisee.

A copy of the signed lease must be sent to ZMFI prior to the release of the design documents unless a variance to this policy is agreed to in writing as mentioned above.

8. The franchisee is to have the design drawings completed by a local architect for permitting and construction. This step can take 2-4 weeks for the completion of the drawings and an additional 2-6 weeks for permitting depending on the locale. It is recommended that the franchisee investigate the availability of "expedited permitting" in the area. The local architect should be able to advise on the actual time involved and options for expediting.
9. The local architect must receive written approval from ZMFI for any changes in the design drawings. Communication between the local architect and ZMFI is expected and welcomed. The franchisee is responsible to remedy any unapproved changes so please be sure the local architect is made aware of this process.
10. Once the final construction documents are completed, ZMFI must approve the plans before they can go to permitting and construction. This approval is typically done in one day since there should have been on-going communication between ZMFI and the local architect and all changes would have been pre-approved before the final plans were completed.

The franchisee is to see that the local architect sends a completed set of plans to ZMFI as soon as they are approved.

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11. The franchisee submits the plans to General Contractors (GC) for bids. The bid process varies among GCs but typically takes 2-3 weeks.
12. A copy of the GC bids are to be sent to ZMFI. ZMFI does not approve or decline bids. This is just for information and support use.
13. Once the franchisee accepts a GC proposal, the build-out process can begin. The franchisee is required to provide ZMFI with the GC name and contact information.

The franchisee is responsible for securing written approval from ZMFI for any changes in the construction documents that are requested / required. This request typically comes from the GC in most instances, but the franchisee is responsible to remedy all unapproved changes so please be sure the GC is aware of this process. A Change Request Form is to be submitted by the franchisee or GC to ZMFI for each desired change.

14. The Tentative Opening date (TO) will be set once the GC starts the project. This TO will be the benchmark for many other actions required to open a store so updating it, and keeping it based in reality, is a necessary part of the new store process.
15. The franchisee will receive a New Store Opening Manual (NSOM) once a lease is signed. This manual will guide the franchisee through all the steps that are required to run concurrent with the build-out.

A ZMFI representative (DM) will communicate regularly with the franchisee to ensure that the tasks associated with timeline in the NSOM are being completed.

16. As the TO approaches, the DM will coordinate the pre-open support, store training, and store opening support that ZMFI provides for each new store. The franchisee is responsible for coordinating accurate scheduling with the DM for all the required steps necessary to receiving approval to open the new store.
17. The DM will perform all the required pre-open support, carry out training based on the Zen Training Module, and ensure that the franchisee has fulfilled all requirements to opening a Zen location. When all requirements have been fulfilled, the DM will call ZMFI to obtain approval to open the store. A Zen location can open to the public only after formal approval has been given to the DM. This approval is simply a formality if the franchisee has followed the process to this point and cooperated with ZMFI in completing all the required steps.
18. The DM will remain on-site after the store opening for 2 or 3 days. Post-open support will begin once the DM leaves the site. The post-open support is a combination of calls, emails, and return visits as needed. Additional visits and support may be added as needed.

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SELECTING YOUR SITE

Finding the best location for your Zen Massage® franchise is important to the healthy growth of your business. If you need assistance in selecting the best site for your Zen franchise, the franchisor will be available to help you assess the viability of possible locations. Zen Massage Franchising, Inc. must approve the preferred location you select prior to your making a binding commitment for the site.

SITE CRITERIA

If you have not yet located a site for your Zen Massage®, you must locate a suitable site within the “territory” (as identified in your Franchise Agreement) within the time limits set after the execution of the franchise agreement.

Zen Massage Franchising, Inc. reserves the right to approve the site you select. Approval will be granted for sites that meet the franchisor’s standards for the following:

- Demographic characteristics
- Traffic patterns
- Parking
- Accessibility
- Predominant character of the area
- Competition from other similar businesses in the area
- Proximity to other businesses
- Other commercial characteristics
- Size, appearance, and other physical characteristics of the premises

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Specific recommendations include the following:

- Site should have a highly visible retail space.
- Competitors' locations and proximity should be noted and studied. How well are they doing?
- Ideally, ample parking should be available. If not, arrangements with nearby parking lots should be considered to allow for additional client parking.
- Adequate opportunity to create visibility through exterior signage should be available.
- The site should be a minimum of 2,000 square feet. It may be larger. If a central office is desired, additional space should be leased to accommodate the office.
- Minimally, space should be delivered in "white box" or "vanilla box" condition with finished walls and ceilings, concrete floor, plumbing, electrical and lighting and entrance door. Having the landlord complete the build-out with paint, carpet, lighting, etc. with the costs being incorporated into the lease agreement is preferred.

Keep in mind that many requirements (light placement, electrical, HVAC duct placement, etc.) can be done according to your specs in new construction if the landlord or contractor has the information in time.

**This
will
save
you
some
money!**

- The initial lease term should not exceed 5 years. However, it may be necessary to sign a longer term lease to secure an excellent location. Renewal options may be negotiated for additional years at agreed upon guaranteed rates. These options are generally invoked six to nine months prior to expiration of the lease and are

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made part of the initial lease document. Maintaining lease terms with your franchise term should be considered.

- Other contributing factors include:
 - Traffic generators such as office buildings, dense residential, shopping centers, entertainment facilities (ex: upscale health clubs, Target), etc.
 - Access to labor pool
 - Attitudes, trends, habits, and patterns in the local market

OBTAINING THE FRANCHISOR'S APPROVAL OF YOUR SITE

Before you acquire a site for use as a Zen franchise, you must submit a description of the proposed site to ZenMassage Franchising, Inc. accompanied by a letter of intent or other evidence satisfactory to Zen Massage Franchising, Inc. which confirms your favorable prospects for obtaining the proposed site. The franchisor will provide you with written approval or disapproval of the proposed site in a timely fashion.

Complete the Site Location Worksheet and send to ZEN MASSAGE FRANCHISING, INC. for review.

NEGOTIATING AND SIGNING THE LEASE

Before you begin negotiating, ask the landlord to show you his or her owner's title insurance policy, and copies of existing mortgages, restrictions, easements and the like. This will verify that you are dealing with the proper owner and also determine what restrictions and rights exist on the property that may affect your ability to operate and what rights the landlord's mortgagee has that may be adverse to your interest.

Before signing a lease, be sure you understand what your costs related to the site will be; this includes what is and is not included in the rent and an estimate of construction costs. Keep in mind that high construction costs can never be retrieved if you find you must leave your original location.

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It is recommended that an attorney or tenant representative be used to ensure you are getting the best deal and that all contingencies are considered.

In order to be well positioned for lease negotiations, we recommend you familiarize yourself with the definitions that follow.

LEASE DEFINITIONS

PSF - Per Square Foot. Some parts of the country quote rent by the month and some quote by the year based on a “per square foot” amount. One dollar PSF [per square foot] per month equals \$12 PSF per year.

Net Lease/Triple Net Lease- This means that the rent quoted does not include additional expenses including property taxes, maintenance, and property insurance. This figure will rise as increases occur.

Gross Lease – This means the rent quoted requires no additional payments as one might have under a triple net lease.

Sublease – This means that the previous tenant is still paying rent and that you are paying the previous tenant who will be paying the landlord.

Build-out Allowance (“TI” – Tenant Improvement) – You should always determine if the landlord offers a build-out allowance, an amount the landlord gives you toward the completion of your construction. This is usually calculated in a price per square foot allowance.

If you pay for a service each month through your rent, be sure you are not charged a second time for these services. Make sure you understand what is included in maintenance. Have your lawyer go over the lease with you; so both you and your landlord understand your respective rights and responsibilities.

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LEASE PROVISIONS TO NEGOTIATE

Terms of the Lease –We recommend a 5-year term with additional year renewal options to equal at least 10 years. The terms may vary based on the condition of the premises, its location, and the finish-out allowance provided.

Rent – Rent is always negotiable and should be based on factors such as the health of the overall market, the strength of your specific location, condition of the premises, and the amount the landlord is willing to pay toward build-out.

Security Deposit – This amount should never exceed one month’s rent. In some cases, based on your credit and rental history, this amount may be lowered or waived. The deposit is held in escrow and should be returned to you in full at the end of the lease assuming there has been no damage to the premises other than normal wear and tear. The cost of repairing any damage beyond normal wear and tear may be deducted from the security deposit. The deposit may be held in either an interest-bearing or non-interest bearing account.

Insurance – Make sure that the landlord does not require additional insurance that is not required by your franchise agreement. The landlord will normally require that you list the landlord as an “Additional Insured” on the policy and furnish evidence that you have done so.

Build-Out Allowance – If the landlord negotiated a finish-out allowance, the terms should be in writing as a part of the lease. It should state the exact amount, to whom it is to be delivered to (tenant or contractor), and when it will be paid. It should also include any requirements by the landlord, which might effect when payment is made such as final lien releases from general contractor or subcontractor.

Attorneys’ Fees - Most standard leases require you to pay the landlord’s attorney fees and costs if the landlord sues you. Make this a reciprocal provision. That is to say, you should insist upon a prevailing party attorney fees provision whereby the successful party (either you or the landlord) in any suit concerning the lease or its interpretation would be entitled to the payment of its attorney fees and costs by the losing party.

Free Rent - Try to negotiate a period of free rent, particularly if there is a period when your business is under construction and not open for business. This negotiation is generally more successful in times when the overall office market is weak, and there are higher-than-normal vacancy rates in the area.

Late Charges - Most leases allow landlords to impose a late charge on

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tenants that pay their rent late. Try to include a five- to ten-day grace period before a late charge is imposed. Try to eliminate a percentage charge or a fixed fee; instead, negotiate interest charges, which are typically benchmarked to current bank or credit card rates on a per annum basis.

Heating, Ventilation and Air Conditioning (HVAC) - Scrutinize the HVAC language in the lease in conjunction with your architect. In particular, be sure you understand any responsibility you may share for equipment maintenance, replacement and/or operating costs.

Be sure you get the ductwork and load provided according to your specifications for a Zen Massage®.

Other Provisions to Consider –

1. Capping CAM (Common Area Maintenance) charges at a fixed limit.
2. Allocating some parking slots exclusively for your location with signs “Reserved for Zen.”
3. Approval for maximum signage and approved corporate design.

OBTAINING THE FRANCHISOR’S APPROVAL OF THE LEASE

After you find a suitable location and Zen Massage Franchising, Inc. has approved it, obtain lawful possession of the premises through a lease or a binding agreement to purchase the site. The franchisor must approve any lease of the premises. **You must deliver a copy of the proposed lease to us before it is signed by you.** If you intend to purchase the site, the purchase agreement must also be submitted to us for our review.

You must send a copy of the signed lease to the corporate office within 15 days of its execution.

REQUIRED LEASE INCLUSIONS

If you are leasing, you must be sure to have included in your lease the following provisions:

- A provision that allows employees of Zen Massage Franchising, Inc. to enter the leased premises to make any modifications necessary to protect the marks of Zen Massage Franchising, Inc.

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- A provision reserving the right of Zen Massage Franchising, Inc. to receive an assignment of the lease upon termination or expiration of your franchise relationship.
- A provision that requires the landlord to provide Zen Massage Franchising, Inc. upon written request, with all sales and other information it may have related to the operation of your Zen franchise.
- A provision that requires the landlord concurrently to provide Zen Massage Franchising, Inc. with a copy of any written notice of deficiency sent to you and grants Zen Massage Franchising, Inc. the right (without obligation) to cure any deficiency under the lease if you should fail to do so within 15 days after the expiration period you are given in which to cure the default.
- A provision that allows you to display the trademarked Zen Massage[®] logo, subject only to the provisions of local ordinances.
- A provision which states that the premises will only be used for the operation of a Zen Massage[®].

Under no circumstances should the lease contradict or interfere with the franchisor's rights or the franchisee's duties as described in this manual and in the franchise agreement. Have your attorney go over the lease with you so both you and your landlord understands your respective rights and responsibilities.

Example from Actual Lease Agreement:

42. Franchisor Requirements

Tenant has (or will) entered into a franchise agreement (the "Franchisee Agreement") with Zen Massage Franchising, Inc. ("Franchisor"). It is the intent of the Landlord and Tenant to provide the Franchisor with the opportunity to preserve the Premises as a franchised business in the event of any default or early termination of the lease or the Franchise Agreement and to assure the Landlord that in the event Franchisor exercises its rights contained in this Paragraph 42, any defaults of the Tenant under the Lease will be cured by Franchisor before it takes possession of the Premises.

Landlord agrees to provide Franchisor with a copy of any written notice of default under the Lease sent to Tenant. If Tenant fails to cure any default, Franchisor, in its sole discretion, has the right (but not the obligation): (i) to cure any default, and (ii) to assume the Lease pursuant to the Collateral Assignment below. Franchisor must

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notify Landlord within (10) days after the expiration of the period in which Tenant has to cure the default that it will assume the Lease and any default of Tenant must be cured within said ten (10) day period. Upon the request of Franchisor, Landlord, Tenant and Franchisor agree to enter into a collateral assignment (the "Collateral Assignment") of the Lease in a form reasonably acceptable to the Landlord, Tenant and Franchisor, which provides that Franchisor will be allowed to take an assignment of the Lease upon any early termination of Tenant's rights under the lease or the Franchise Agreement. Notwithstanding the foregoing, in the event the Franchisor becomes the Tenant by assignment of the Lease in accordance with the Collateral Assignment or otherwise, then Franchisor shall be liable for all of the obligations of the Tenant on its part to be Assignment or otherwise, then Franchisor shall be liable for all of the obligations of the Tenant on its part to be performed or observed under the Lease and Franchisor shall promptly cure any default of Tenant.

Notwithstanding anything to the contrary contained in Paragraph 19 or elsewhere in this Lease, Tenant shall have the right, without Landlord's consent or approval, to assign its interest in this Lease to the Franchisor, however, Landlord shall be promptly notified of such assignment and a copy of the assignment document shall be promptly provided to Landlord.

To the extent that Landlord is in possession of any Gross Sales information provided by Tenant to landlord, Landlord and Tenant agree that upon the request of Franchisor, but no more often than two (2) times per year, Landlord shall provide such Gross Sales information to Franchisor.

Franchisor's address for notices is: PO Box 820 Harrisburg, NC 28075

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DEVELOPING YOUR SITE

Once your lease has been approved, you will receive your Store Opening manual, which has basic store design plans and décor specifications. Your contractor/architect will use this information to complete your set of plans, to comply with local codes and ordinances.

Please submit any revisions or variances to Zen Massage Franchising, Inc. for review before implementing.

As you begin to construct your Zen Massage[®], you must attend to the following within the time limits set forth in the franchise agreement and/or area development agreement: (Please see your Store Opening Manual - 90 Day Timeline)

- Submit plan modifications to the corporate office for review before proceeding with the site build out.
- Research and obtain all zoning, licensing, and permit requirements for your location.
- Supervise construction, obtaining contractors' waivers of liens.
- Purchase the required equipment and furnishings.
- Purchase and install all required décor, fixtures, furnishings, equipment, signs, and computers.
- Create the building interior in compliance with the layouts and models provided by the franchisor.
- Hire the necessary personnel required for the operation of your Zen Massage[®].

Do not open your store until:

- All of the above requirements have been completed.

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- You and your designated manager (if applicable) have completed the Franchisor's training program.
- You have furnished copies of all insurance policies required by your franchise agreement.

Be ready to open the store within **six** months of signing the franchise agreement.

HIRING A GENERAL CONTRACTOR

Many times the landlord may require use of their contractor only. If not, you will need to find a reliable and skilled general contractor. When searching for a contractor, consider the following:

- The contractor's experience and credentials.
- Look at previous work, if possible, and talk to references.
- What is the contractor's general workload commitment?
- Will he be able to finish the job on time?

You may negotiate penalties if the space is not delivered on time (e.g., contractor and/or landlord pays tenant for each day space is late, or provides "free" rent for a comparable period).

ZEN MASSAGE[®] DÉCOR SPECIFICATIONS

Zen Massage Franchising, Inc. has developed the distinctive Zen interior design. The use of colors and displays creates a contemporary, upbeat, relaxing and inviting environment that builds interest for returning and new clients. The unique characteristics of the design, including wall colors, special signage, and display setup must be duplicated in your store. You must purchase all furnishings, including massage tables, chairs, etc., according to precise Zen specifications.

The Zen décor specifications package will include specifications for:

- Exterior design, including window and street signage, if required
- Interior design, including floor plan and signage
- Furniture and fixtures
- Decorating scheme, including materials and colors

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GENERAL SETUP OF YOUR ZEN MASSAGE®

In general, all Zen Massage® locations will follow the same basic organizational structure. You will have massage rooms, reception area, massage therapist lounge and a laundry room.

SPECIAL LICENSES AND PERMITS

Since local ordinances vary, check with your municipal and state authorities to determine:

- The requirements for licenses and/or permits in your area
- The cost of each item
- The time required for approval of each

NOTE: There are often waiting periods involved in obtaining licenses and permits. Be sure to make your investigations well in advance of your proposed opening date.

In particular, you will have to obtain a business license from your city/town hall or local government office, and you will have to register with the state to obtain your sales tax I.D. number. In addition to your business license and sales tax ID numbers, you will want to inquire about the following building permits and inspections:

- Construction permits (preliminary and final)
- Electrical inspections (preliminary and final)
- Plumbing inspections (preliminary and final)
- Occupancy permit
- Certificate of inspection
- Sign permits

We suggest contacting your attorney and/or architect to determine which local ordinances may be applicable to you.

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CONTRACTING UTILITIES AND SERVICES

Make inquiries about utilities and services **well in advance** of your proposed opening date. Be sure to ask:

- Whether a deposit is required and how much it is
- What advance notice will be required for installation, connection, and maintenance schedules

Your store requires the following utilities and services:

Utilities:

- Electricity
- Water and sewer
- Telephone
- Gas

Regular Services:

- Trash collection
- Pest control
- Window washing
- High-speed Internet access (DSL) - Static IP address
- Security, if needed

Occasional Services:

- **Glass repair**
- Sign maintenance
- Equipment repair
- Plumbing
- Locksmith

Be sure you are aware of the services provided by your landlord before you sign your lease.

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Zen Massage® Site Criteria

Size:

- 2,000 to 2,500 sq. ft. is the standard box.
- Size can vary to allow for more or less massage rooms or office space.

Frontage: To be determined by actual square feet of space.

Ceiling Height:

- 8' minimum.
- Preferred: drop ceiling

HVAC:

- 1 ton / 300 square feet
- Must maintain minimum of 75 ° F. and 50% relative humidity.

Gas:

- Gas preferred, when available, for water heater, dryer and gas pack (HVAC)

Electrical:

- minimum: Single phase 200 amp service

Water: Minimum 60 gallon hot water heater

Licenses:

- Typical business and all local, county, and state related licenses will be needed.
- Permits for exterior signage, etc. should be considered

Signage:

- Exterior: Corporate approved design and colors, reader boards, side and rear walls as applicable, walk-way hangers and window stickers as applicable.
- Interior: Corporate approved signage.

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Demographic Parameters:

Zen reaches a very broad client base. The Zen client can be male – female, all ages, and crosses many typical demographic groups. However, some demographics that do fit on a map follow:

- Daytime Population: Denser daytime population that will drive activity
- Population: Denser population
- Minimum Average Household Income: Upper Income \$60,000 +
- Traffic generators: Shopping, Health clubs, Target, Hair/Nail Salons, Tanning, Health Food Stores, etc.

These, and other relevant demographic data, can be provided by Zen Massage Franchising, Inc. for potential sites.

Non-Traditional locations:

Uptown sites as well as other non-traditional sites are not easily determined by demographic mapping. Many of these locations need specific site work to determine the viability of the site.

Lease Requirements:

The landlord will need to be willing to:

- Send a copy of all notices to Zen Massage Franchising, Inc.
- Give Zen Massage Franchising, Inc. the right to cure any defaults that may occur.
- Give Zen Massage Franchising, Inc. the right to take over the lease if necessary.
- Send any financial reports received to Zen Massage Franchising, Inc. upon written request.
- Give Zen Massage Franchising, Inc. the right to assume the lease upon expiration or termination.
- Not put any geographic restrictions not already in the franchise agreement.

It should also be noted that any lease is subject to Zen Massage Franchising, Inc. approval.

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SITE LOCATION WORKSHEET

(To be completed by the Franchisee on each Zen Massage[®] location being considered and returned to Zen Massage Franchising, Inc.)

Note: Much of this information can be completed by your tenant representative or real estate agent. Make as many copies as needed.

Store # _____ (Store number provided by ZMFI if site is approved.)

Franchisee's Name: _____ Phone: (____) _____

Mailing Address: Street: _____

City: _____ State: _____ Zip: _____

Proposed Location Address

Shopping Center Name: _____

Street Address: _____

County: _____ City: _____ State: _____ Zip: _____

Projected Target Dates (provide month, day and year):

Lease signing or purchase: ___/___/___ Space available for tenant improvements:

___/___/___

Landlord

Contact Person Name: _____

Phone: (____) _____

Company Name: _____

Address: _____

Email: _____

Realtor

Contact Person Name: _____

Phone: (____) _____

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Contractor to be used (if known)

Name: _____ Phone: (____) _____

Market Information

Distance to nearest Zen location: _____ (miles)

Location of nearest Zen location: _____ (address)

List all Zen or Massage Envy stores within a 5-mile radius of the proposed site:

	Business Name	Address	Distance
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____

Shopping Center/Store Information

1. Describe the quality of construction/general state of this center
() low end () lower middle () upper middle () high quality () exclusive

2. Does your landlord have a successful record as a developer of retail space?
Yes _____ No _____

3. List National/regional tenants currently leasing space in this center: _____

4. What is the square footage of the store space? _____

5. Does lease term include options to cover period of the franchise agreement? Yes _____ No _____

Access into Center

1. Are there any intersections leading into this site that are traffic light controlled?

Yes _____ No _____

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2. Are there any traffic barriers that inhibit access from any direction? (e.g., water, highways, railroad tracks)? Yes _____ No _____ If yes, please explain:

3. Do the parking needs of other tenants pose a problem? Yes _____ No _____
If yes, explain: _____

4. Can you drive completely around this site without leaving the common area or entering public right-of-way?
Yes _____ No _____

5. Would you describe this site/shopping center as being on the "going home" side of the street? Yes _____ No _____

Main Thoroughfare in front of proposed Site:

Street Name: _____
 Curb cuts into site: One _____ Two _____ Three _____ More _____
 Traffic light controlled access from street onto site? Yes _____ No _____
 Does street have center turn lane? Yes _____ No _____ Raised Median? Yes _____ No _____
 When exiting onto this street, can you turn left? Yes _____ No _____

Primary Adjoining Side Street:

Street Name: _____
 Curb cuts into site: One _____ Two _____ Three _____ More _____
 Traffic light controlled access from street onto site? Yes _____ No _____
 Does street have center turn lane? Yes _____ No _____ Raised Median? Yes _____ No _____
 When exiting onto this street, can you turn left? Yes _____ No _____

Store Visibility

1. Check the distance that the proposed location front/sign can be seen when approached from each direction.

	North	South	East	West
200 yards or more	_____	_____	_____	_____
100 yards or more; less than 200 yards	_____	_____	_____	_____
More than 50; less than 100 yards	_____	_____	_____	_____
50 yards or less	_____	_____	_____	_____
Not visible at all	_____	_____	_____	_____

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Signage

1. Is a pole sign available on the thoroughfare? Yes _____ No _____
2. Is a marquee (space on shopping center's street sign) available? Yes _____ No _____
3. Is under canopy signage available? Yes _____ No _____
If no, please explain: _____
4. Can you use temporary signage at this center? Yes _____ No _____
5. Are you allowed signage on more than one exterior side of the lease space? Yes _____ No _____
6. Are you allowed signage on the rear door? Yes _____ No _____
7. Can you negotiate Zen-approved signage with Landlord? Yes _____ No _____

Restrictions/ Permitting

1. Are there restrictions at this center relative to parking? Yes _____ No _____
2. List special permitting requirements (if any): _____

General Comments:

Signed: Franchisee: _____ Date: _____

Make a copy for your records and mail completed worksheet, drawings of space and center, and required photos to...

**Zen Massage Franchising, Inc. – Attn: Site Review
P.O. Box 820
Harrisburg, NC 28075**

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Site Photos Checklist – *Each Photo is Required*

Each photo must be labeled (on back) with franchisee's name, location address, and photo code. Digital images on CD are acceptable if CD is labeled properly with franchisee's name and location address and each image has appropriate code.

- C1 - Wide view of center or location
- C2 - Main entrance(s) to center
- C3 - National or regional retail stores in center.
- C4 - Wide view of parking

Proposed Site (exterior)

- SE1 - Front of location
- SE2 - Side – if end-cap
- SE3 - All sides – if free-standing
- SE4 - From front door perspective – left, showing street or parking
- SE5 - From front door perspective – right, showing street or parking
- SE6 - From front door perspective – straight ahead, showing street or parking
- SE7 - All walls and locations where signage can be installed
- SE8 – Electrical service including all panels, switches, and meters

Proposed Site (interior)

- SI1 - From front door perspective – reception area
- SI2 - From front door perspective – angle up toward ceiling to show overall height, ceiling system, etc.
- SI3 – From center of space out to windows in all applicable directions
- SI4 – Backrooms if applicable
- SI5 – Electrical distribution room to include all panels, switches, and meters
- SI6 – Restrooms if applicable

Multiple photos of each specified shot should be taken as needed to provide a thorough view. Please just label multiple photos numerically, beginning with the number “1,” after the appropriate code.

Examples:

SI2-1, SI2-2, SI2-3

These are three different photos of the interior ceiling from the front door perspective.

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Surrounding Area

- SA – Any other photos that provide relevant information to site’s quality.

Site General Conditions

Please provide as much detail about the space as possible in answering the following questions. This information is required for site approval and will also be used in the space design and build-out if the site is approved.

1. Ceiling height (list all heights if not a uniform height) _____
2. Gas type (natural, LP) _____
3. Electrical (size of panel(s) – amps) _____
4. Electrical (single phase, 3 phase) _____
5. Type of floor existing (concrete, tile, epoxy) _____
6. Space dimensions _____
 - Please sketch on another sheet or provide any drawings and electronic files available of the space.
 - Provide elevations of space if available.
7. Will the landlord require a plan review before approving final plans?

 - Please provide any landlord build-out requirements. (list or attach information from lease)