Franchise Application

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This document is a Franchise Application Agreement (the “Agreement”) and is effective [DATE],

**BETWEEN: [FIRST PARTY NAME]** (the "Franchisor"), a company organised and existing under the laws of the [COUNTRY], with its head office located at:

 [YOUR COMPLETE ADDRESS]

**AND: [SECOND PARTY NAME]** (the "Applicant"), a company organised and existing under the laws of the [COUNTRY], with its head office located at:

 [COMPLETE ADDRESS]

WHEREAS Applicant recognises the value of the Franchisor’s reputation, know-how and unique experience with respect to the operation of [BRIEFLY DESCRIBE INDUSTRY AND BUSINESS];

WHEREAS Applicant wishes to apply to obtain a franchise to operate a [YOUR COMPANY NAME] at civic address [FULL ADDRESS], Province of [COUNTRY] (the “Franchise”).

NOW THEREFORE THE PARTIES HERETO WITNESSETH THAT:

1. The Applicants hereby make application to enter into a Franchise Agreement with the Franchisor upon substantially the same terms and conditions as are set forth below and such other terms and conditions as are generally contained in the Franchisor’s standard form of Franchise Agreement, a copy of which is annexed hereto as Annexure 1 (the “Franchise Agreement”), subject to such reasonable modifications as may mutually be agreed upon by the parties.

2. The Applicants shall form a company (hereinafter “[COMPANY NAME]”) to enter into the Franchise Agreement with the Franchisor and to administer the Franchise and otherwise execute the obligations of the Franchisee under the Franchise Agreement.

3. The Franchisor shall grant [COMPANY NAME] the right to use the Franchisor’s system, business format, method, procedures, standards and trademarks, including the trademark “[COMPANY NAME]”, in connection with the operation of a [COMPANY NAME] at the above-mentioned premises.

4. [COMPANY NAME] shall pay an initial franchise fee in an amount to be agreed upon by the parties for the opportunity to operate the above-mentioned franchise upon execution of the Franchise Agreement.

5. In addition to the initial franchise fee, [COMPANY NAME] shall pay a continuing weekly royalty, throughout the original and any renewal term of the Franchise Agreement, based on gross sales of the Franchise, as defined in Article [NUMBER] of the Franchise Agreement.

The royalty rate payable during the initial term of the Franchise Agreement is [%] of the total gross sales derived from the operation of the franchise. Royalties payable during any renewal term may be varied, at the discretion of the Franchisor, to reflect the then-current royalty fee being charged by the Franchisor.

6. In addition to the foregoing royalty fee, [COMPANY NAME] shall pay a continuing weekly marketing fee, throughout the original and any renewal term of the Franchise Agreement, based on gross sales of the Franchise, as defined in the Franchise Agreement. The marketing fee payable during the initial term of the Franchise Agreement is [%] of the weekly gross sales derived from the operation of the franchise. The marketing fee is subject to a variation in any renewal term at the discretion of the Franchisor on the same basis as the foregoing royalty fee.

7. In addition to the foregoing royalty and marketing fees, [COMPANY NAME] shall pay to the Franchisor a continuing weekly advertising contribution, which shall not exceed [%] of gross sales, as defined in the Franchise Agreement, for the use of any regional and national advertising funds which may be established by the Franchisor. The said advertising contribution is subject to a variation in any renewal term at the discretion of the Franchisor on the same basis as the foregoing royalty fee.

8. The Franchise Agreement shall have an initial term of [NUMBER] years, and if [COMPANY NAME] qualifies, may be renewed for an additional period of [NUMBER] years, subject to the terms and conditions of Article [NUMBER] of the Franchise Agreement.

9. [COMPANY NAME] shall execute a Sublease Agreement with the Franchisor upon substantially the same terms and conditions as are contained in the Franchisor’s draught Sublease Agreement, a copy of which is annexed hereto as Annexure 2 (the “Sublease Agreement), subject to such reasonable modifications as may hereinafter be mutually agreed upon between the parties.

10. [COMPANY NAME] and the Applicants shall enter into an agreement to purchase the assets of the Franchise, substantially upon the terms and conditions of the draught Asset Purchase Agreement annexed hereto as Annexure 3, at a price to be negotiated between the parties hereto (the “Asset Purchase Agreement”).

11. The total amount payable by [COMPANY NAME] and the Applicants hereunder *in re*spect of the initial franchise fee and the purchase price of the assets referred to in the Asset Purchase Agreement shall be the sum of [AMOUNT] Dollars, allocated thereunder as provided therein.

12. [COMPANY NAME] and the Applicants expressly acknowledge and recognise that prior to the execution of the Franchise Agreement, the Franchisor may furnish, disclose or otherwise impart to them or to any one or more of them information and material pertaining to the Franchisor which will be of a confidential and proprietary nature, including, without limitation of the foregoing, the Franchisor’s method of operation, special techniques, know-how, promotion, publicity, franchise system, and the contents of the Franchise Agreement and the Franchisor’s other standard documents, and that such information and material and constitutes trade secrets of the Franchisor having immeasurable value.

[COMPANY NAME] and the Applicants accordingly, *in re*cognition of the foregoing and in consideration thereof, agree to hold in confidence and keep secret all such information and material which may be made known to them or to any one or more of them by the Franchisor, or which may be learned by them or any one or more of them in the course of their discussions with the Franchisor, and none of them shall impart, disclose or otherwise make known any of the said information or material or any information or material relating thereto to any competitor of the Franchisor or any other person, firm or company, without the prior written consent of the Franchisor.

It is further understood and acknowledged by [COMPANY NAME] and the Applicants that all such information and material will be received and retained for use by them only in connection with the franchise proposed to be granted herein, and shall not be used, directly or indirectly, by them or any one or more of them for any other purpose without the prior written consent of the Franchisor.

13. The Applicants enclose herewith a deposit in the amount of [AMOUNT] Dollars. It is understood and expressly agreed by the parties that if the Franchise Agreement is entered into between the Franchisor and [COMPANY NAME], the amount of such deposit shall be credited towards payment of the initial franchise fee due at such time, without interest or deduction. If, however, the Franchise Agreement is not consummated on the date hereinafter provided, or on such extended date as may be mutually agreed upon by the parties in writing, for whatever reason, including, without limitation, failure to agree, [COMPANY NAME] and the Applicants expressly agree that [AMOUNT] Dollars will be retained by the Franchisor for its absolute use as consideration for processing the present Franchise Application, and the remainder shall be returned by the Franchisor to the Applicants, in equal proportions, without interest or deduction.

14. [COMPANY NAME] and the Applicants undertake hereby to proceed diligently to settle all outstanding matters with respect to the Franchise Agreement, and to cooperate with and assist the Franchisor in every way possible to ensure that the Franchise Agreement is entered into as soon as possible, including, without limitation of the foregoing, submitting to the Franchisor all such information and documents concerning [COMPANY NAME] and the Applicants as the Franchisor may, at its discretion, reasonably request.

15. [COMPANY NAME] shall enter into the Franchise Agreement with the Franchisor and shall pay the balance of the initial franchise fee due thereunder on [DATE] (the “Closing Date”). In the event that [COMPANY NAME] and the Applicants fail to enter into the Franchise Agreement and to pay the balance of the initial franchise fee to the Franchisor on the above-mentioned date, and further that the Closing Date has not been extended by express written agreement of the parties hereto, the Applicants hereby expressly agree that [AMOUNT] of the deposit referred to Article [NUMBER] hereof will be retained by the Franchisor. In such event, neither the Franchisor, nor [COMPANY NAME] and the Applicants, will have any further rights or obligations hereunder, save and except as to the non-disclosure of confidential information or material as provided above, which provisions shall remain in full force and effect, and any and all material previously received from the Franchisor, together with any and all copies thereof, shall be promptly returned to the Franchisor.

16. The [COMPANY NAME] hereto expressly acknowledge that time is of the essence of the present Franchise Application.

17. The Franchise Agreement, Sublease Agreement, and Asset Purchase Agreement referred to above, as well as the provisions of any other agreement which may be entered between the parties hereto and of the present Franchise Application, shall be construed in accordance with the laws of the [Country] of [COUNTRY] and the laws of [COUNTRY] applicable therein.

18. The [COMPANY NAME] hereto acknowledge that they have requested that this Franchise Application and all related documents be drafted in English, that any notice to be given hereunder or thereunder be given in English, and that any proceedings between the parties relating to this Franchise Application or any related documents be drafted in English.

IN WITNESS WHEREOF, each party to this agreement has caused it to be executed at [PLACE OF EXECUTION] on the date indicated above.

# FRANCHISOR APPLICANT

Authorised Signature Authorised Signature

Print Name and Title Print Name and Title

**ANNEXURE 1**

**FRANCHISE AGREEMENT**

**ANNEXURE 2**

**SUBLEASE AGREEMENT**

**ANNEXURE 3**

**ASSET PURCHASE AGREEMENT**