

Master Franchise Agreement

This is an Agreement made between

Sample Franchisor Ltd

And

Sample Master Franchise Ltd

Master Franchise Agreement Contents

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2 Definitions

In this Agreement (including the Introduction):

“**Associations**” means the industry associations or groups applicable to the industry or industry in which the franchise operates;

“**Approved Apparel**” means clothing or uniforms that are deemed acceptable by the Franchisor or specified from time to time by the Franchisor;

“**Application Questionnaire**” means the questionnaire which the Master Franchisee is required to complete.

“**Approved Suppliers**” means the Franchisor and any other party that the Franchisor specifies as being a supplier to the Master Franchisee;

“**Approved Products**” means those products manufactured and/or distributed by the Franchisor or approved suppliers to the franchisor network;

“**Business Plan**” means the business plan, prepared on an annual basis by the Master Franchisee in consultation with the Franchisor prior to the commencement of each trading year. Such a plan will contain sales and expenses and such other relevant information as the franchisor shall reasonably require;

“**Brand Identification**” means the registered or unregistered trade names, trademarks, service marks, branding, brand identity, Marks, business name, colours, logos or devices set out in Item 2 of Schedule 3 or as may at any time be used by the Franchisor and approved for use by the Master Franchisee in relation to the Branding and customer recognition of the Franchise System;

“**Brand Image**” means the graphical image for the Franchise System comprising the business name, branding, Marks, logo, colour schemes, font, designs, web page, layout, stationery, signage, uniforms and livery defined in the Operations Manuals or Branding Manuals or as otherwise stipulated by the Franchisor at any time;

“**Business**” means the franchise business conducted by the Master Franchisee;

“**Business Day**” means any day other than a public holiday;

“**Code**” means the Franchising Code of Ethics specified by the British Franchising Association (BFA);

“**Commencement Date**” means the date of commencement of this Agreement set out in Item 1 of Schedule 1;

“**Company Products**” means all products and associated products made available by the Franchisor and company for the Master Franchisee;

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6 Franchise Fees

6.1 Payments upon Signing

The Master Franchisee must on or before the signing of the Master Franchise Agreement pay the Master Franchise Fee as specified in Item 4 of Schedule 1 to the Franchisor on the terms of payment agreed between the parties.

6.2 Payment for Products, Stationery and Further Equipment

The Master Franchisee agrees to pay the Franchisor the amounts specified on invoices for all Products, Equipment and Stationery supplied to the Master Franchisee by the Franchisor with seven (7) days of receiving the invoice.

6.3 Accommodation and Travel Cost

The Master Franchisee will pay all travel and accommodation costs to the Franchisor should the Master Franchisee require the Franchisor to travel for the purposes of complying with the terms and conditions of this agreement, including training and establishing a premises.

6.4 Payment Deduction Rights

Notwithstanding the rights of the Franchisor under any other provision of this Agreement, the Franchisor may deducted any monies payable by the Franchisor to the Master Franchisee which are due to the Franchisor by the Master Franchisee under this Agreement and the Master Franchisee hereby authorises the Franchisor to make such deductions. Nothing in clause 6.6 will affect the right of the Franchisor to recover from the Master Franchisee any moneys or interest that remains owing to the Franchisor after deductions are made pursuant to this clause.

6.5 Net Payments

No deduction from the fees specified in this agreement shall be made by the Master Franchisee to the Franchisor.

6.6 Additional Charges, Levies and Taxes

The Master Franchisee shall be responsible for any and all taxes, sales taxes, duties, bank fees, levies, charges or commissions of any nature whatsoever imposed by an Authority and are additional to the amounts specified in this Agreement.

6.7 Interest

Any monies owed to the Franchisor by the Master Franchisee and not paid on the due date for payment will incur an interest rate as specified in Item 7 of the Schedule, such interest to be calculated daily and shall continue to accrue until payment is received in full by the Franchisor.

6.8 Franchisee Fees

Upon the Franchisor entering into a Franchise Agreement with a Franchisee, and such an agreement being duly executed with the payment of the Franchise Fee from the Franchisee to the Master Franchisee in accordance with the terms and conditions of the Franchise Agreement, the Master Franchisee will pay the Franchisor the sum specified in item 13 of Schedule 1.

6.9 Franchisee Renewal Fees

Upon the Franchisor entering into a Franchise Agreement with a Franchisee to renew the License to Operate under the terms and conditions of the Franchise Agreement, and such an agreement being duly executed with the payment of the Renewal Fee from the Franchisee to the Master Franchisee, the Master Franchisee will pay the Franchisor the sum specified in item 14 of Schedule 1.

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8 Premises and Equipment

8.1 Premises Approval

The Franchisor must approve the premises that the Master Franchisee wishes to conduct business from. Such approval will be given in accordance with the franchise system and will take into account the suitability of the premises to fully facilitate the running of the Franchise. The Master Franchisee agrees not to conduct the Business other than from the Premises and approved by the Franchisor.

8.2 Premises Preparation

All Works required by the Franchisor to be undertaken to the Premises must be carried out and completed by the Master Franchisee prior to commencing the Business. The Master Franchisee must, at its own cost, obtain all necessary permits, consents, licenses and authorisations from all relevant Authorities which are required before carrying out the Works. The Premises must comply with the requirements of any Authority.

8.3 Inspection of Premises

Upon completion of all necessary works to the Premises, the Master Franchisee must notify the Franchisor. The Franchisor may inspect the Premises and if the Franchisor considers that the Premises does not meet the Branding Image or comply with the Manuals, then the Master Franchisee must, at its own expense, carry out such further Works as may be required by the Franchisor to meet the Branding Image or Manual requirements.

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11 Promotion, Advertising and Marketing

11.1 Branding and Signage

The Master Franchisee must display the Business Name, Branding Image and Branding Identification and any Signs in the manner specified by the Franchisor and specified in the Manuals.

11.2 Branding or Signs Restrictions

The Master Franchisee must obtain the prior written consent of the Franchisor to display on the Premises and Vehicle of any trademark, logo or emblem other than those specified with the Business Name, Branding Image and Branding Identification and identified in the Manuals.

11.3 Cost of Signage

The Master Franchisee will pay for all costs associated with updating the display of signs bearing the Business Name, Branding Image and Branding Identification.

11.4 Business Promotion

The Master Franchisee must use its best endeavours to promote the Business and the Business Name, Branding Image and Branding Identification.

11.5 Promotional Material

The Master Franchisee must ensure that any stationery, advertising and promotional material includes a statement approved by the Franchisor that specifies that the Business is operated as an independent business of the Master Franchisee under license from the Franchisor, and as specified in the Manuals to this effect.

11.6 Other Advertising

Prior consent of the Franchisor must be gained by the Master Franchisee before using any advertising or promotional material not supplied by the Franchisor.

11.7 Adherence to Manuals

The Master Franchisee must follow the procedures and guidelines outlined in the Manuals when undertaking any advertising, marketing or promotional activity.

11.8 Marketing

The Franchisor has set up a national marketing fund to conduct all advertising and promotional activities on a national basis. The national marketing fund shall be maintained and administered by the Franchisor for the benefit of the Franchisor, all Master Franchisees and all Franchisees. The Master Franchisee acknowledges that the Franchisor, in consultation with all Master Franchisees is entitled to administer the marketing fund as it deems appropriate. The National Marketing Fund shall be administered in the following manner by the Franchisor:

- (a) The Master Franchisee shall collect the marketing levy payable pursuant to the franchise agreements between the Master Franchisee and each individual Franchisee. The Master Franchisee shall pay all such monies received into the national marketing fund where such monies shall be held upon trust for the benefit of all Franchisees in the network.
- (b) The national marketing fund shall be subject to an annual audit and the auditor's report shall be made available to all Master Franchisees and Franchisees upon request. The costs of the audit, and of preparation of the report, will be paid from the Fund.

Initials _____

18 Indemnity of Franchisor

- 18.1** The Master Franchisee will hold harmless and indemnify the Franchisor against any and all claims and actions arising out of running the Business and carrying out the provisions of this Agreement. Such indemnity shall include, without limitation, expenses, judgments, fines, settlements, claims, proceedings, damages, losses, liability and costs and other amounts (including all legal costs) actually and reasonably incurred in connection with any liability, suit, action, loss, or damage arising or resulting from the Master Franchisees participation and actions in the Business for which the Master Franchisee is held civilly or criminally liable, or which it incurs concerning:
- (a) A breach by the Master Franchisee of this Agreement or any other agreement between the Franchisor and Master Franchisee; or
 - (b) A breach by the Master Franchisee of any warranties or representations express or implied made by the Master Franchisee to the Franchisor; or
 - (c) Any injury to any person or damage to any property arising from the conduct of the Business; or
 - (d) The inability of the Master Franchisee to settle all debts and expenses of the Business; or
 - (e) Any negligent or willful act or omission by the Master Franchisee or by the personnel of the Master Franchisee; or
 - (f) Any legal proceedings in which the Franchisor is made a party or is otherwise involved arising directly or indirectly out of this Agreement or the Business (except where costs are awarded in favour of the Master Franchisee against the Franchisor).

Initials _____

25 Obligations of the Franchisor

25.1 Training and Support

The Franchisor will supply training and support as follows:

(a) **Initial Training**

Initial training for the Master Franchisee and relevant personnel including assistance with the set-up, launch and initial development of the Business, through on-site assistance provided by the Implementation Staff;

(b) **Ongoing Training**

The Franchisor shall provide training within the Territory as required by the Master Franchisee. All costs of training within the Territory shall be payable by the Master Franchisee including any costs incurred by the Franchisor (such as travel, accommodation and reasonable living expenses).

25.2 Meetings of Master Franchisees

The Franchisor may, on a regular basis, convene meetings of the Master Franchisees for the purpose of discussing the Franchise operations. The Franchisor will endeavour to give to the Master Franchisee not less than thirty (30) Business Days notice of such meeting. The Master Franchisee will, at its own expense, either attend these meetings personally or send one of the Key Personnel.

25.3 Establishing Business

The Franchisee acknowledges while the Franchisor will provide training and initial and ongoing assistance to the Franchisee, the Franchisee is responsible for establishing the Franchisee's own reputation and client base in the Territory.

25.4 Management Contract

The Franchisor may, at the Franchisor's option, enter into a management contract for part or all of its services provided to the Master Franchisee. The Master Franchisee agrees to deal with any such manager in the same manner as it would otherwise deal with the Franchisor entity or person.

25.5 Manuals

The Franchisor will lend the Master Franchisee sufficient copies of the manuals to provide to Franchisees. The manual may be updated from time to time during the term and will always remain the property of the Franchisor. Copyright in the manual including any amendments will on no account whatsoever pass to the Master Franchisee or Franchisees.

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