

LETTER OF INTENT & CONFIDENTIALITY UNDERTAKING I.R.O SLAP CHIPS CO FRANCHISE

Are you a hands-on businessperson? Like to know everything that is going on, from inventory control and operational processes in the back office to being out front, greeting and talking to customers? Then SLAP CHIPS CO is the franchise business for you. Please complete the information below.

The hereinafter mentioned Prospective Franchisee ("the Applicant") has expressed interest in acquiring a SLAP CHIPS CO Franchise and by doing so would receive the non-exclusive rights to trade under the name, logo and colours of SLAP CHIPS CO and to promote the products supplied by SLAP CHIPS CO.

❖ Refer to guidelines attached hereto

Name & Surname of Principal Shareholder, Member or Sole Trader:

Name of Company, Close Corporation/Trust:

Registration / Trust No: _____

ID No: _____ ID No: _____

Take note that we can approve you as a franchisee however we cannot guarantee that the landlord will allow you to proceed in taking over the franchise if you are not a SA Citizen.

Contact Number: (Cell) _____

(Fax) _____

(E-mail) _____

Preferred area:

(Where do you want to open your store?) * We would like to suggest that when making your choice that you select a region / area that is not too far from where you reside as it is very important that you are able to be hands-on and manage your store.

Physical Address of the Applicant:

Postal Address of the Applicant: _____

*** SUPPORTING DOCUMENTS TO ACCOMPANY YOUR LETTER OF INTENT:**

- Certified Copies of ID (All Members, Directors, Trustees)
- Company Registration / Trust Documents
- Proof of Residence of all Members, Directors, Trustees)
- 3 Months Bank Statements
- Copy of All Shareholder Certificates
- If married In Community of property (Spouse must also send copy of his/her ID)

Franchising Financial Elements 2021

Application Fee:

Application fee to show commitment to actually wanting to acquire a SLAP CHIPS CO and to compensate for the costs of interviews and in-store assessment, etc. This amount is partially refunded (no interest applicable) in the event of the potential applicant withdrawing during this process as per our terms and conditions.

Franchise Fee:

This fee includes:

- The right to use and operate under the SLAP CHIPS CO name and concept;
- Initial owner and staff training;
- Assistance with site selection and evaluation;
- Initial legal costs incurred in conclusion of the Franchise Agreement;
- Assistance with Lease negotiations; and
- Initial pre-opening/launch assistance.

This fee is payable upfront as a deposit pending conclusion of the negotiations and is non-refundable after signature of the franchise agreement. Any costs incurred prior to signature of the Franchise Agreement (in the event that the transaction is not consummated for any reason) will be deducted from this upfront payment prior to a refund being processed. These costs may include, without limitation:

- Franchisee assessment costs
- Site feasibility studies
- Costs associated with Lease negotiations
- Training
- Any other costs incurred and/or disbursements made in respect of the transaction

Establishment Costs:

- See breakdown furnished below.
- Please note that certain costs that may be specific to the proposed site/location are not included. This would include costs such as travelling and accommodation of the Franchisee and staff during the relevant training period (bearing in mind that the training may be some distance from the proposed site).

Amount Payable:

Franchise Set up fee

FULL STORE

Franchise fee / average set up cost of a max store size 60m2

R595 000.00 Incl VAT

Payable as follows:

On signature hereof an Application/ Joining fee

R100 000.00 Incl VAT

(A 45 day notice period shall be applicable in respect to any refunds and in the event that either Party cancels the present Letter of Intent and which cancellation shall be in writing)

Balance of Franchise Set up Fee to be paid on signature of Franchise Agreement

The full set up cost is payable to Casual Dining Concepts at least 45 days prior to shop fitting.

Please note that these amounts do not include any Supplier Transport charges, Import Duties, Customs Clearance fees which will be for the Franchisees account.

Please note:

- ***These are approximate costs and will change depending on Country and size of site.***
- ***These estimates are set for 3 months but are however subject to change without notice due to the volatile US\$ / ZAR rate.***
- ***These amounts do not include any Transport charges, Import Duties, Customs Clearance fees which will be for the Franchisees account.***
- Should a franchisee request a feasibility study, they will be quoted accordingly.

Are you applying for funding

Yes ()

No ()

- All payments should be made into the SLAP CHIPS CO bank account.
- A monthly Marketing fee of 2% of turnover is payable to SLAP CHIPS CO
- A monthly Royalty fee of 5% of turnover is payable to SLAP CHIPS CO.

CRITICAL NOTES:

- **Minimum unencumbered cash contribution by franchisee: (i.e. available cash before borrowed funds based on average investment) 50%**
- **The relevant VAT component must be paid to SLAP CHIPS CO prior to commencement with the project and claimed back by the Franchisee from SARS in due course – the VAT amount would either need to be funded by the Franchisee over and above the cash outlined above, or funded by an alternate financier on a "bridging" basis pending payment by SARS (If applicable)**

This offer is made subject to the following terms and conditions:

1. The evaluation of the personal details of, questionnaire responses by and personal interview with the Applicant. SLAP CHIPS CO has the sole right to accept or decline this letter of intent.
2. In the event that SLAP CHIPS CO accepts this letter of intent, a standard formal and comprehensive Franchise Agreement will be entered into.
3. Payment shall be made by the Applicant as detailed above. Payment shall be by EFT in favour of SLAP CHIPS CO, and SLAP CHIPS CO reserves the right to effect clearance of the payment before undertaking any of its obligations.
4. This offer is made by the Applicant with the full understanding of the Terms and Conditions set out in this document. Should SLAP CHIPS CO not accept this expression of interest, the Applicant shall be automatically released from his obligations in terms hereof and the deposit paid to SLAP CHIPS CO shall be refunded to the following account:

Account Holder: _____
Bank: _____
Branch: _____
Branch Code: _____
Account Number: _____

Secrecy:

1. The Applicant acknowledges that:
 - 1.1. The system under which SLAP CHIPS CO operates ("the System") is the sole and beneficial property of SLAP CHIPS CO. The Applicant has no rights in the System.
 - 1.2. Neither the Applicant nor any of its employees have any prior knowledge of the System or any aspect of the intellectual property, including without limitation all know-how and trade secrets pertaining to the business and affairs of SLAP CHIPS CO, or to the manner in which SLAP CHIPS CO renders its services.
2. The Applicant undertakes to:
 - 2.1. Keep secret all information, records, guides and, in particular, any training files, documentation and information as well as all other information supplied by or obtained from SLAP CHIPS CO in relation to the manner in which SLAP CHIPS CO operates, the System and/or its business.
 - 2.2. Not divulge or permit the disclosure of the manner in which SLAP CHIPS CO operates, the System and, in particular but without limitation, the contents of any training files to any third party other than employees employed by the Applicant to conduct SLAP CHIPS CO business and then only to extent absolutely necessary.

3. The Applicant shall, should this letter of intent not be accepted by SLAP CHIPS CO or at the request of CHIPSTAR, forthwith return to SLAP CHIPS CO the Franchise Agreement/Training Manual as well as any other written information supplied by or obtained from SLAP CHIPS CO.

CONSENT AND DECLARATION – CREDIT BUREAU

The Applicant hereby:

- Consents and approves Casual Dining Concepts (PTY) Ltd to carry out a credit enquiry in respect of the Applicant and/or any of its members, shareholders, directors, partners or trustees, either by accessing any credit agency's database or making inquiries with any credit grantors for purposes of making any risk management decision regarding this application;
- Declares that the information supplied herein or attached hereto, is true and complete in every aspect;
- Is aware that should any information be found to be false or incomplete this could lead to the refusal of this application.

Signed at _____ on _____ day of _____ 2021.

As Witness:

Name: _____

Address: _____

For and on behalf of the Applicant

Signed at _____ on _____ day of _____ 2021.

As Witness:

Name: _____

Address: _____

Slap Chips Holdings (Pty) Ltd
t/a SLAP CHIPS CO

