INFORMATION STATEMENT FOR PROSPECTIVE FRANCHISEES

BEFORE YOU SIGN THE FRANCHISE AGREEMENT

Entering a franchise is a big decision. Before you sign a franchise agreement, have you checked these important things off the checklist?

√	Learn about franchising	Franchisees who participate in pre-entry training tend to have better relationships with their franchisor and be more successful in business. Free, online courses for prospective franchisees can be found at www.accc.gov.au/franchising-education-program . Information about franchising in English and other languages can be found at www.accc.gov.au/buyingafranchise .
✓	Conduct due diligence	The best way to get to know the franchise business is to thoroughly research the franchise system and study the disclosure document, the franchise agreement and any other documents provided by the franchisor. You can also talk to current and former franchisees to understand what they find rewarding and challenging about the business.
✓	Get professional advice	It's important to get legal, accounting and business advice from independent professionals with expertise in franchising. They will see risks you can't and will help you in your decision making.
✓	Consider other options	Looking at more than one franchise business is a good way to test if this is the right franchise for you.

WHAT IS FRANCHISING?

It is important that you understand what franchising is before you enter a franchise agreement

Franchising is a way of doing business based on a brand name and business system. Usually the franchisor controls the system closely. The franchisor grants you the right to operate a business in line with its system, normally for a set period of time.

As a result, you may be limited in the changes you can make in the business without the agreement of the franchisor.

So in some ways your franchise is your business and in some ways it is not your business.

You will usually be bound by confidentiality obligations. This may include limits on your rights to discuss the franchise business with third parties or to use the franchisor's intellectual property or business system outside the franchise.

As the franchise adjusts to meet changes in the market, the franchisor might make changes to the franchise system. A franchisor may be able to make these changes, even if you don't agree with them.

Benefits

Some franchise systems offer benefits other types of businesses cannot

- · an existing product or service
- · an existing reputation and image
- · a pool of resources to fund advertising
- economies of scale when purchasing supplies

Not all franchise systems offer the benefits listed above - and franchising also involve risks.

Risks

Even with a well-established brand, franchising is not risk free

Watch out for site turnover

Look for warning signs about a franchise system like the turnover of sites. If one site has had many owners (known as churning) it could mean it is not in a suitable location. A high turnover across a system might indicate the system has expanded too quickly or without a plan to make existing businesses successful (known as burning).

Think about potential unexpected expenses

Franchisors can impose significant capital expenditure on you if certain conditions are met. For example, if some conditions are met a franchisor can make you pay for new equipment or to refurbish your store - even if it costs you a lot of money.

If something is important, make sure it's in the franchise agreement

Some franchise agreements contain 'no agent' and 'entire agreement' clauses. Franchisors usually include these clauses so the terms of the franchise agreement can override any previous information provided to you. This could include all verbal or written information from an agent, the franchisor or an associate of the franchisor. If there is something important that you've been promised verbally or in writing that is not in the franchise agreement, consider the risk you are taking.

You can choose not to sign the agreement.

These are not the only risks. Can you think of more?



BEFORE YOU SIGN THE FRANCHISE AGREEMENT

Take your time to do your research and seek professional advice. If the franchisor tries to rush you, remember you can walk away.

There will always be other opportunities.

You will have lots of questions to ask your franchisor, professional advisers and current and former franchisees. Here are some more questions to consider:

Franchisor experience and reputation

- How long has the franchise system been operating?
 What success has it had and where? The economy
 has its ups and downs. Consumer demand for products
 or services is not the same in every geographical area.
- What experience does the franchisor and its key staff have in managing a business?

Start-up costs

- How much working capital or extra funds will you need to get the business established?
- How long will it take you to break even after paying the costs of setting up the business?

Ongoing costs

- · Can you only get products from an approved supplier?
- Does the franchisor receive rebates from suppliers and how is that rebate used?
- Will you pay franchise fees even if you are not making a profit?
- Will you make enough money to pay yourself as well as any staff? Labour costs can be hard to estimate. It is up to you to know what employment laws apply and to comply with them. The Fair Work Ombudsman can help you understand workplace rights and obligations: www.fairwork.gov.au/franchises
- What happens when there is 'wastage' and 'shrinkage'
 with products? Some franchise agreements include clauses
 on wastage and shrinkage. Wastage usually refers to products
 that are no longer fit for sale. Shrinkage can include theft,
 another loss or accounting error.

Earnings

- Have any profit or earning promises been made to you?
 Ask current and former franchisees if profit or earning promises were kept. Their contact details will be in the Disclosure Document.
- Will you have an exclusive territory in which to operate your business?
- Does your franchisor have the ability to compete with you online?

Changes

 What changes can be made without your approval and how will this impact your business?

Franchisor-franchisee relationships

 What are the dispute resolution procedures? Will the franchise agreement include a commitment by the franchisor to binding arbitration? Arbitration can be a quicker and less expensive way to resolve disputes than going to court. It might be hard to imagine needing arbitration, but it could become important if things go wrong.

What happens at the end of a franchise agreement?

- Will you be able to renew the agreement if you want to?
 Are there conditions on this?
- What rules apply if you want to sell the business before the end of the term?
- When the franchise term ends, what are you entitled to (such as paid market value for your equipment or for goodwill), and what happens if you are in debt? Goodwill usually refers to the market value added to the franchise business by the franchisee for example, by building a client-base. However, in franchising, franchisees often have limited rights once the franchise agreement ends. You may not get any value for goodwill at the end.
- Are there any restrictions on you starting a similar business if the agreement is not renewed? It's a good idea to obtain legal advice on restraint of trade clauses.
- If the franchise ends unexpectedly, how would this impact you? Are you aware of the types of events that may lead to non-renewal or termination of an agreement? For example, if the franchisor becomes insolvent, you may not be compensated for the loss of your business. Nor may you get back the money you contributed to a marketing fund.

Speak to former franchisees to find out what happened at the end of their agreement. Their contact details are in the Disclosure Document.



IF YOU CHANGE YOUR MIND

AFTER YOU SIGN THE FRANCHISE AGREEMENT

Take your time before you sign

The Franchising Code of Conduct gives you at least 14 days to read all the information that a franchisor provides you, including the franchise agreement, disclosure document, key facts sheet and information about any lease arrangement.

You can take longer than 14 days to study this information and get advice. For most people this is a bigger investment decision than buying a house so it is okay to take your time before signing a franchise agreement.

Is there is cooling off period if I change my mind?

You are entitled to terminate a new franchise agreement within 14 days. If you choose to exercise this right, you are entitled to a refund of the payments you have made (though reasonable expenses may be retained).

Your rights related to cooling-off are outlined in the Franchising Code of Conduct.

What if I have doubts?

If you have any doubts, consider not signing the franchising agreement or exercising your right to back out of the agreement during the cooling off period.

Even if you have already invested time and money, it is worth considering how much more you could lose if the business is not successful.



Know your rights

A franchisee may have private rights of action under the Franchising Code of Conduct, the Australian Consumer Law and the law of contract. Your franchise agreement is a contract that contains many of your legal rights and obligations. You may have rights in contract law if the franchisor does not honour the agreement.

The Franchising Code of Conduct requires franchisors to disclose certain information to both potential and existing franchisees. It also sets out minimum conditions relating to the rights of the parties under a franchise agreement. It can be found at www.legislation.gov.au.

Dispute resolution

Franchisors must have an internal procedure for handling complaints. If you can't agree on an outcome within three weeks, either party may refer the matter to mediation or conciliation facilitated by an independent third party. Arbitration is also an option when both parties agree to this process.

Dispute resolution services are provided by the Australian Small Business and Family Enterprise Ombudsman (ASBFEO). Visit the ASBFEO website, email <u>info@asbfeo.gov.au</u> or call 1300 650 460.

Enforcing your rights

If something goes wrong after you sign the agreement, you may need to take your own legal action to enforce your rights.



ACCC's role

The Australian Competition and Consumer Commission (ACCC) enforces the Australian Consumer Law and the Franchising Code of Conduct. The ACCC takes action for breaches of these laws where it serves the public interest. The ACCC does not take action on your behalf if something goes wrong for your franchise. You can make a report to the ACCC through its website at www.accc.gov.au/contact-us.

Sign up to the ACCC's Franchise Information Network

Subscribers receive regular email bulletins about current franchising issues, including changes to the law, information for franchisors about compliance and updates about the ACCC's franchising work. To subscribe, visit www.accc.gov.au/fin.



TO GET MORE INFORMATION ABOUT FRANCHISING AND RUNNING A BUSINESS GO TO:

www.business.gov.au offers information about franchising and running a business.

<u>www.accc.gov.au/buyingafranchise</u> includes a franchisee manual and other information, videos and publications for people thinking about buying a franchise, including in languages other than English.











You don't need to have a lot of experience in food or business, just the smarts and business mindset that makes YOU like US – a Retail Zoo creature possessed with passion for life and business.





There are three exciting retail brands to choose from, each with their own unique personality and product.

(Note: Betty's Burgers are not currently franchising).

With over 600 stores worldwide, you get to be a part of a global success story!

Our signature back-ofhouse systems have been implemented across all Retail Zoo brands. Tried and tested, our intelligent and secure systems are the envy of other franchise networks, and provide our franchise partners with invaluable insights into their businesses.



The Retail Zoo application process involves successfully completing the following 14 steps:

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- 1 Quick expression of interest form (online).
- 2 Complete full application Boost applicants to pay deposit (\$2,200)
- (3) Telephone interview
- 4 Confidentiality agreement and deed of undertaking
- 5 Network sales figures and operational questionnaire
- 6 Face-to-face interview
- 7 Franchise kit

- 8 Experience day Cibo and Salsas applicants to pay deposit (\$2,200)
- (9) Financial diagnostic and company kit
- 10) Due diligence update
- (11) Reference checks
- (12) Final Panel Interview

Post-application process

- (13) Franchise documents
- 14) Training (3 weeks)

Further details about each step in the application process is provided in the FAQ section.





ARE YOU A BOOSTIE?

If you love life – and business – you probably are!

If you are passionate about health and wellbeing, embrace our 'love life' philosophy and are business-minded, then Boost is the perfect brand for you!

Being a Boostie is more than just running a business; it's an opportunity to be part of a established, supportive international business community.





SO WHAT IS THE BOOST JUICE STORY?

Janine Allis, founder of Boost Juice Bars, identified a gap in the Australian market, and the rest is history.

Walking through downtown LA, Janine saw how popular take away juices were in the late 90s.

Janine returned to Australia without any business qualifications, and began to build a juice company from her kitchen table. Today Boost Juice is a global sensation, and Janine continues to share her 'love life' philosophy with humour, warmth and down-to-earth wisdom that has made her a household name in Australian business.

PERFECTING THE FRANCHISE MODEL FROM THE GROUND UP

Janine and husband Jeff Allis are the perfect duo. Leveraging their respective strengths, they worked tirelessly on perfecting the in-store processes as wel as building bulletproof back-of-house systems to drive the brand to success.

It is this signature tried-and-true testing that has grown Boost Juice into the global, award-winning brand that everyone knows and loves!





A GROWING INTERNATIONAL EMPIRE THAT SUPPORTS LIVING AND LOVING LIFE

That first store in Adelaide has grown into over 550 Boost Juice Bars in 14 regions – including Singapore, United Kingdom and India!

Boost has grown into a global business community that enjoys healthy profits, ongoing support, product development and superior processes. For these reasons, Boost Juice remains a market leader in this competitive food franchise category.

PARTNER WITH AN AWARD-WINNING BRAND THAT IS EXPANDING ACROSS THE WORLD

Boost Juice has won numerous awards over the years, including but not limited to, being inducted into the My Business Hall of Fame, AMEX Franchisor Award Finalist in 2005, Australian Retail Association Retailer of the Year in 2007 and Retail Executive of the Year 2012.

In 2004 Janine was awarded as Telstra Business Woman of the Year,

and in 2010 our international expansion was recognised and awarded the

Franchise Council of Australia's International Franchisor of the Year Award.









the pleasure of a great investment

Join the Fresh Mex inferno

hang on to your taste buds!

desire is growing fast

Aussie casual diners love it!

It's fresh, popular and delicious. And everyone wants it!

That's why Salsas Fresh Mex is one of the hottest franchises available in Australia right now.





For decades now 'Tex Mex' has been huge in the US, and more recently the fresher, healthier 'Fresh Mex' category has emerged. The continued growth and success of this Mexican category sees it surpassing many other popular food franchise trends worldwide. Fresh Mex is a delicious, fresh and healthy fast food alternative that is setting Australians taste buds on fire!

born from a blaze of glory

meeting the soaring demand for fresh mex in australia

The popularity of Fresh Mex was projected by Retail Zoo from the outset.

Salsas uses the same proven growth platforms and structures that have seen Boost Juice become a market leader.





meet your partners in the marketplace

The Mexican food category is already producing record sales across Australia with its fusion of market demand and established business structures.

Salsas franchising success fosters a powerhouse of amigos through comprehensive training, operational support and strong business growth.







HUMBLE BEGINNINGS IN THE ADELAIDE MALL HAVE LEFT A TRAIL OF COFFEE CONNOISSEURS WANTING MORE.

Australians have always had a passion for really good coffee.

After identifying a gap in the market, the first CIBO Espresso Bar was born in Rundle Street, South Australia. The brand is now a South Australian favourite, with a league of loyal fans across the state.





CIBO ESPRESSO: MAKING THE EVERYDAY NECESSITY OF COFFEE A BEAUTIFUL, DAILY ART.

Today's customers are discerning

Their needs have changed a lot in recent years. Transforming the typical Australian café into a traditional Italian 'espresso' experience is an art. It requires an eye for beautiful design, a feeling for ambience and a love of all things Italian.

CIBO Espresso has created and delivered this premium, boutique experience consistently in each CIBO, making it a nationally-recognised and loved brand.

WHO IS THE TYPICAL CIBO CUSTOMER?

A regular CIBO customer is someone who appreciates the simple things in life, done well

By providing a delightful environment for customers
to relax and enjoy their coffee with the paper or with friends,
we love seeing our coffee connoisseurs return
for their favourite daily ritual.





WHAT ABOUT YOU? ARE YOU CIBO ESPRESSO MATERIAL?

Ultimately, if you have a passion for coffee, are great with people and enjoy great service, then this is the brand for you.

Even if you don't know anything about the humble bean, don't worry, we'll make sure you are fully educated in the fine art of making great coffee.

A STRONG BRAND BUILT ON A SIMPLE OFFERING, DONE TO PERFECTION.

With continued passion for all things Italian,
we have built a premium offering of a convivial atmosphere,
attentive service and exquisite Italian food.









The table outlines the initial investment range for each brand:

All ranges indicated are inclusive of:

- Franchise fee
- Design, project management and fit-out of store
- Plant and equipment
- Training (flights and accommodation not included)

BRAND	INDICATIVE INVESTMENT RANGE
Boost Juice	\$220,000 - \$350,000 + GST
CIBO Espresso Hole in the wall	\$220,000 - \$300,000 +GST
CIBO Espresso Kiosk model	\$400,000 - \$500,000 +GST
CIBO Espresso Shop model	\$450,000 - \$600,000 +GST
Salsas Fresh Mex Food court model	\$430,000 - \$480,000 +GST
Salsas Fresh Mex Casual dining	\$575,000 - \$650,000 +GST

(*Greenfield sites are brand new locations)





What is my initial investment if I am purchasing an existing store?

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It is your responsibility to negotiate directly with the current franchisee (or business broker where applicable) in relation to the purchase price of the store.

The franchisor does not facilitate the negotiation process.

In addition to the agreed price, you will also incur costs for the creation of your franchise documentation (note: this is your application deposit – \$2,200), training, travel and accommodation.

You must also seek independent legal and financial advice before investing in a franchise.

The cost of these services are not included in the purchase price of the business.





The term of the initial franchise agreement for all businesses is seven (7) years.



The term of the initial franchise agreement for all businesses is seven (7) years, with an option to renew for a further two terms of seven (7) years and commences from the execution of the franchise agreement. You can also sell your business at any time; you do not need to wait until the end of the franchise agreement term.





Are there any continuing or ongoing fees after the franchise fee and the store establishment costs are paid?

Yes. You will be required to pay an ongoing royalty fee and marketing levy. We provide comprehensive training as well as ongoing support to all of our franchisees. We have a wealth of knowledge and experience that we share with you as a global franchise community.

We have a team of specialists who will work with you on an ongoing

basis in key areas such as leasing, marketing, operations, store design, product, purchasing, IT and training, just to name a few. You will also have a dedicated franchise business consultant (FBC), who will be your first point of contact. Your FBC will work with you to leverage strengths and challenges that you may experience in the ongoing operations of the venture.

The contribution to the marketing fund is invaluable. This money goes towards growing the strength of our brands, with the funds to be spent on large-scale advertising and promotional initiatives. The table below outlines the ongoing fees for each Retail Zoo brand:

BRAND	ROYALTY FEE	MARKETING CONTRIBUTION
Boost Juice	8% +GST	3% +GST
CIBO Espresso	8% +GST	3% +GST
Salsas Fresh Mex	7% +GST	3% +GST

While we will look after marketing the brands on a national scale, it is still very important you market your business to your local community. You will have support from your FBC, in addition to our marketing team with regards to ideas and the execution of local area marketing initiatives.

(Note: the above payments are based on net monthly sales)



Due to the significant number of variables affecting the profitability of each individual franchise, we cannot give an accurate indication of what turnover you can expect.

Once we have received your application form and deposit, and after the successful completion of an initial telephone interview, we release a pre-contractual confidentiality agreement to you.

Following the execution of a confidentiality agreement and a meeting with one of our franchisee recruitment consultants, historical sales turnover figures of existing stores may be disclosed to you, together with a financial planning guide.

These documents will assist you in the preparation of your business plan and in completing your due diligence.

If you are purchasing an existing business, the current franchisee will provide you with financials for the business.





Which sites are available?

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You will find available site opportunities for each brand in the franchise section of their respective websites.

At the time that you submit your application form, it is likely that we will also have additional sites available which have been secured or are in the lease negotiation stages throughout Australia.

We never compromise on the quality of the sites we secure – just as we never compromise on the quality of the people we select to become our partners.

Generally speaking, there are three options for site selection:

1 You may be granted the opportunity to franchise a site we have already secured.

2 You may be granted the opportunity to franchise an existing store.

3 You may nominate a particular area on your application form or during the franchise recruitment process.

Sites are something best discussed during the franchise recruitment process. We need to assess your suitability to our networks, just as you need to do your own assessment of our suitability to you and your lifestyle. We take the recruitment of our new franchisees very seriously, and as such have implemented a stringent recruitment process. As a brand, it is our intention is to succeed in every market we choose to enter, and our strategy is to do so by appointing the most suitable people to partner with us and join our network to achieve this goal.



No. Previous experience owning or operating a business would be regarded as advantageous, but it is not imperative as part of the selection process.

Our training program will teach you all you need to know to operate your business, but we do need you to bring enthusiasm and your positive attitude to the table!



Is training provided?

Yes. Retail Zoo offers our partners a comprehensive training program. Our programs can cater for up to two people per store. This program includes a combination of classroom and in-store, hands-on training. The length of the training period is dependent upon which Retail Zoo brand you are applying for. We have a dedicated learning and development team of trainers who will give you the best head start and equip you with the tools and knowledge you will need to get your business up and running.

Our training programs are designed to cover all facets of running a business inclusive of back-of-house operations, as well as running the front of house of the store. Our training team will also assist in the opening of each store.



Yes. At Retail Zoo, our experience dictates that the most successful franchises are those that are run by the owner of the store.

We also believe that the best head-start you can give your business is to commit yourself to it, so you can fully understand every aspect of the operation.

It is important to us that you want to pursue an active involvement in the franchise and do not want to obtain the franchise purely as an investment opportunity.

For these reasons, all our partners are required to work in-store for the first 6 months of operation full time, and a minimum of 20 hours per week thereafter.



How long until I am up and running?

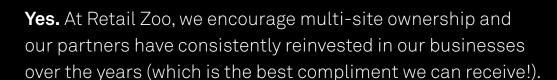
You will firstly need to satisfy all the requirements of the Retail Zoo franchisee recruitment process (on average, this takes between 6-10 weeks to complete).

Following this, the timing of your store opening is completely dependent on the handover and lease commencement date outlined in the lease.

If purchasing a new 'greenfield' opportunity, our internal leasing department negotiates all of the commercial terms of the lease, including the handover date. We nominate a date suitable to you, to the landlord and to Retail Zoo.

When buying an existing business, your franchise recruitment consultant will nominate a settlement date that is suitable for you, the vendor and the team dedicated to supporting you.





There is a comprehensive multi-site assessment process that you will be required to under go to be approved as a multi-site partner. Our criteria for multi-site ownership includes: the operation of your initial store for a minimum of one year; having the financial capability to take on another store; and achieve certain KPIs such as mystery shopper averages, store audits, compliance to the franchise agreement, and business acumen.



Who is my contact?

If you have any additional queries that are not covered in this information pack, you are welcome to contact our franchisee recruitment team at:

Salsas Fresh Mex

salsasinfo@retailzoo.com.au

CIBO Espresso

ciboinfo@retailzoo.com.au

Boost Juice Bars (Australia)

boostinfo@retailzoo.com.au





Submit an expression of interest

To begin your journey with Retail Zoo, you must first visit the website of your brand of choice (boostjuice.com.au, salsas.com.au, cibo.com.au).

To submit a quick expression of interest, go to the 'own a' menu at the top of the website, then click on 'apply now'. A form will pop up for you to enter your details.

Our system will automatically send you an email with your log-in details (username and password) to complete the full application form online.



Complete online application form

Our application form must be completed in full by all parties who will be listed on the franchise agreement.

Once you have completed the online application form, you will be prompted to pay a refundable application deposit of AUD\$2,200.

If your application is successful, the deposit will go towards the costs incurred in preparing your franchise documents.

The AUD\$2,200 is fully refundable* and will be returned to you in full should you decide at any time to withdraw your application, or should Retail Zoo deem you unsuitable for this venture.

* The AUD\$2,200 is fully refundable less the reasonable legal costs incurred in preparing the franchise documents. These franchise documents will only be drawn up if an individual is approved into the Retail Zoo franchise network and subsequently granted a secure site.



Telephone interview

This telephone screening process will help the franchisee recruitment department assess your suitability as a partner in the Retail Zoo network.

This interview is also a great opportunity for you to ask any preliminary questions that you may have.

You will be contacted for the telephone interview within approximately 72 hours from the date we received your application form.

Please note that the time frame can vary occasionally due to the volume of applications we receive.



Confidentiality agreement and Deed of Undertaking and Acknowledgment

We will ask that you sign a confidentiality agreement and deed of undertaking before you progress any further through the application process.

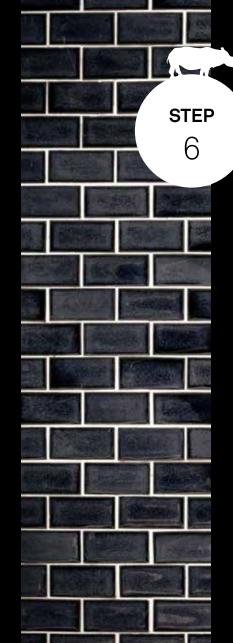
Once we have received your signed and witnessed documentation, we are able to release confidential information to you about the company and any particular sites you may be interested in purchasing.



Due Diligence and Operational Questionnaire

You will be provided with historical sales figures from the brand network, in addition to a financial planning guide. This information will assist you in your due diligence to assess the opportunities with Retail Zoo and your decision as to whether the opportunity is viable for you.

We will also ask you to complete a comprehensive questionnaire detailing a series of operational-based questions which will assist the franchise recruitment team further in assessing your application.



First interview

The first interview may be treated as a get-to-know-you session. Where both parties may form further opinions as to the overall suitability of the application.

It is vital that this interview is attended by all parties to the proposed franchise operation.



Franchise Kit

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You will be issued with the franchise kit (including a pro forma disclosure document, franchise agreement and franchising code of conduct flyer).

At this stage we encourage you to contact existing partners to get an understanding of our network and the way in which we operate. This contact should be part of your due diligence in researching any franchise opportunity.

You can find partner contact details listed in the disclosure document provided to you in your franchise kit. The franchise recruitment team can also facilitate an introduction with other partners in the network so please feel free to raise this in the application process.



In-store experience day

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The 'experience day' is an opportunity to ensure that all potential new partners are not only the right fit for the business; they also have the necessary motivation to become brand ambassadors and strong operational leaders.

We will arrange for you to spend a few hours in one of our stores to get a hands-on understanding of what is involved in the front-of-house operations of a franchise.

This program is facilitated by one of our accredited 'experience day' leaders.



Financial Diagnostic and Company Kit

Once you have decided which opportunity you wish to pursue, Retail Zoo will request that you complete a financial diagnostic form. You will be asked to provide the details of how you intend to fund the set-up of your business and an overview of your personal financial standing. Most of our brands are accredited with the four major banks in Australia, and typically, these banks will lend up to 50% of the cost of the business.

By this stage of the application process, you should be initiating communications with your bank about securing funding if required. This is also the time to begin setting up a company. The franchise recruitment team will provide you with a 'company kit' which is a simple guide to registering a company online. You should also seek advice from your accountant about the best company structure for you.



Due Diligence Update

The due diligence update is one of our final checks that you have completed thorough due diligence into the Retail Zoo franchise opportunity.

The franchise recruitment team will contact you to run through a checklist to ensure that you are ready to move forward and meet our panel of executives before committing to the opportunity. At this time, we would expect that you have created a basic business plan, know the local market intimately, and have firmly decided that this is the right business for you!



Reference checks

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You are required to provide professional and personal referees in the Retail Zoo franchise application.

The franchise recruitment team will contact you prior to speaking with your referees. After which time, thorough reference checks will then be conducted on all proposed business partners for the Retail Zoo franchise opportunity.



Final interview

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The final interview should take place only when you feel 100% confident about wanting to join our network.

Final approval as a partner will need to be granted by the General Manager and a panel of Retail Zoo key executives. The final interview provides us and you with the opportunity to learn more about each other.

Final approval will either be given at the final interview or within 48 hours following.

The venue for the final interview is our global support office in Melbourne.



Franchise documents

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Following your approval into the franchise network, we will liaise with you about issuing franchise documents.

The timing of the process involved in the preparation and execution of franchise agreements is a minimum of three weeks to comply with the *Franchising Code of Conduct* (for more information on the code, please visit www.accc.gov.au/franchising).

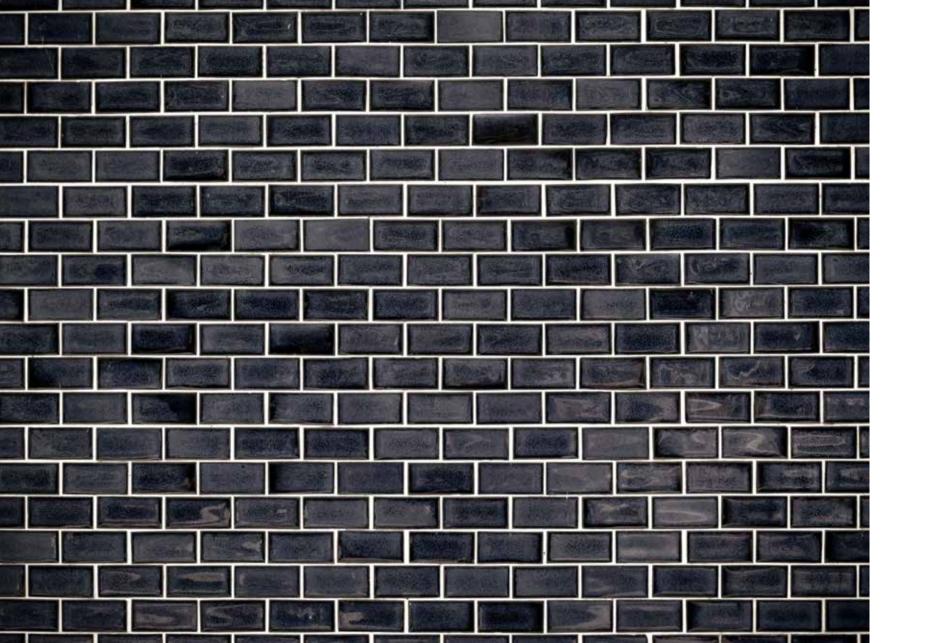


Training

Your training program is determined by the group learning and development manager. The training is conducted by the learning and development operations trainer or an experienced and accredited partner trainer.

Typically, training is scheduled 4-6 weeks prior to your store handover.

This allows for the information you have learnt to be fresh in your mind for when you start in your store.







Do you want to be a global name in business?

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At Retail Zoo, we've been building fantastic food franchises with global brand names that deliver sensational profits – since 2000!





Be part of something bigger

Join a worldwide community of business owners that have grown through Retail Zoo's proven model of supportive business franchise systems.

Here is a place to get seriously nurtured!

Experience established back-end framework with a proven and profitable enterprise that keeps growing and growing.





Our vision for you

With superior business systems and a global presence, our vision is to be the best high-performance food franchise business in the world, with highly profitable brands that are loved by consumers and supported by an unparalleled back-end infrastructure.

By partnering premium brands with high-achieving people, together we succeed in performance and profit.







Our mission is to partner with high-achieving, business-minded people.

By pairing the right franchise partners with a robust, proven business model, we will exceed expectations in performance and profit.



Information statement for prospective franchisee

THINKING OF BECOMING A FRANCHISEE? IT IS IMPORTANT TO CONSIDER THE RISKS AND THE REWARDS.

This document is not a complete guide to franchising; it is a starting point.

It should be combined with your own independent legal, accounting or business advice, and the disclosure document provided by the franchisor.

Entering a franchise is a big decision. Before you do so, you should:

- Conduct due diligence this means researching the franchise system and talking to current and former franchisees.
- **Get advice** get legal, accounting and/or business advice from professionals with expertise in franchising.

- Read all the documents carefully study the disclosure document, franchise agreement, operating manual and any other documents provided by the franchisor.
- Know your rights make your own enquiries to ensure that it is the right decision for you. The Franchising Code of Conduct sets out the rights and obligations of the people involved in a franchising relationship. It can be found at www.comlaw.gov.au/Details/F2010C00457

You should also consider taking a specialist franchising or business course before making a decision to enter a franchise

agreement. There are free, online education courses available for prospective franchisees.

Some courses can be found here: www.franchise. edu.au/education.html

What is franchising?

Franchising is a model for doing business. When you enter a franchise agreement, the franchisor controls the name, brand and business system you are going to use. The franchisor grants you the right to operate a business in-line with its system, usually for a set period of time. There is no guarantee you will be able to keep your franchise business after the initial period of the agreement ends.

Franchisors must comply with the *Franchising Code* of *Conduct*, which exists under the *Competition* and *Consumer Act 2010*, as well as consumer and company laws. The *Franchising Code of Conduct* sets out minimum requirements for a franchisor to provide specific information to you.

A franchise agreement, once entered into, is a legally binding contract that sets out the terms of the franchise.

Why consider franchising?

A franchise can offer particular benefits over other types of businesses. For example, franchises may have an established product or service and an existing reputation and image. It may also give you access to the franchisor's experience and knowledge in the industry, planning, marketing skills and operating procedures. Some franchise systems offer franchisees a lot of support, some do not.

You should carefully think about whether the franchise system you are considering suits your business experience, skills and needs.

Understanding the franchising relationship

Two important features of franchising are that the franchisor has established the business system you are using, and that most franchise systems rely on each franchise maintaining consistency.

For those reasons, franchisees are usually required to strictly comply with the operating procedures set down by the franchisor. As a result, you may be limited in the changes you can make to the franchise system without the agreement of the franchisor.



You will usually also be bound by confidentiality obligations. This includes limits on your rights to use the franchisor's intellectual property or business system outside the franchise.

Most businesses adjust to meet changes in the market. The franchisor may make changes to the franchise system at any time, but does not have to discuss them with all franchisees.

Unexpected expenses

In franchising, as in any business, unexpected expenses may arise. Events such as a natural disaster or a change in the law or Australian standards can impact your business. You need to have a business plan that takes this into account when working out the funds you will need for the future. You should also make sure you have the type of insurance which is right for your situation.

During the life of your franchise agreement, a franchisor may also decide to update computer systems, introduce new uniforms or change the appearance of the franchise system, and not necessarily specified in the original agreement. Those costs would normally be paid by the franchisee under the agreement.

The risks of franchising

Statistics suggest franchises have a lower failure rate than other businesses, but franchising is not risk free. Franchising is a business and, like any business, there is the potential for a franchisor or franchisee to become insolvent. If this occurs, this may have significant impacts on your business, for instance, you may no longer be able to use the franchise system's branding.

Some of the things you should think about are:

- How much working capital or extra funds you need for the first year or two while the business is getting established.
- Consumer demand for products or services is not the same in every geographical area, and a franchise system might not be successful in every area.

- Your franchisor may have the ability to compete with you **online**.
- As a franchisee, you won't necessarily have the **choice of where you buy the products** you need to run the business, even if you believe you can get those products for a lesser price somewhere else.
- An agreement may allow the franchisor to **terminate the agreement**, even if there hasn't been a breach by a franchisee.
- Some **locations** are better for some businesses than others (i.e. consider a shopping centre versus a main street).
- The **economy** has its ups and downs.
- Whether the business is a **fad** or should it pass the test of time.

You may not have an automatic right to renew your agreement once the initial term is over. You should think about what happens at the end of the agreement:

• Will you be able to recover your outlay and make a profit during the term of the agreement?

- What are your rights and responsibilities around renewing your franchise agreement?
- What are the rules about you selling your business?
- Are there any restrictions on you starting a similar business if you want to?

The Australian Competition and Consumer Commission (ACCC) administer and enforce the Franchising Code. For example, the ACCC can provide information on how supply arrangements work in a franchising relationship.

Further information

Further information on franchising can be found at www.accc.gov.au or by calling the ACCC Small Business Helpline on 1300 302 021.





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