



Franchise Management Manual

Section 14:

Sale, Renewal and Termination

This is a confidential document.

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14.1 Introduction

One of the primary objectives and advantages of adopting the franchise system of business operations is to enable independent business people to work effectively towards building a sound business, which through their efforts can result in a sustained and profitable income as well as a valuable asset.

We trust that a strong and lasting relationship will be forged with all our franchisees and that parts of this section will see little use. We recognise, however, that a franchisee may at some stage decide to sell the business.

Certain legal requirements may need to be met during any assignment, renewal or termination process. It is recommended that franchisees seek independent legal advice and closely examine their Franchise Agreement in these situations.

Note:

If there is any variation between this section and the Franchise Agreement, the Franchise Agreement shall prevail.

14.2 Assignment / Sale of Business

Introduction

Assignment requirements are set out in the Franchise Agreement.

A franchisee may not sell, transfer or assign your ShowerFix business during the first year of the term of the Agreement.

If you wish to sell, transfer or assign your ShowerFix business you must notify the franchisor in writing and offer it to the franchisor on the same term offered to you or proposed by you.

When considering assigning your business it is important that you understand the needs and requirements of ShowerFix. We need to ensure that an active and successful franchise system is maintained in order to protect it and all franchisees; that standards are maintained and enhanced; and that any monies due to ShowerFix are paid in full.

We strongly recommend that you seek independent legal advice in respect of any proposed sale

Notice of Assignment

If you wish to sell, transfer or assign your franchise operation you must notify ShowerFix in writing prior to any marketing or promotion of the business. This notice should specify the price and the terms and conditions on which you wish to assign the business as well as all of the information that would be supplied, or is normal practice to supply, to a prospective purchaser of the business.

Franchisor Option to Purchase

You must disclose the terms of any offer received to ShowerFix. Prior to your acceptance of any offer from a proposed purchaser, ShowerFix has first right and option to purchase the business under the terms set out in the Franchise Agreement.

Promoting the Sale

In consultation with ShowerFix, as Franchisor, you need to prepare a marketing plan that outlines how you intend to market the business for sale. This must be submitted for approval prior to implementation. If it is not approved it must be revised and resubmitted to ShowerFix.

Franchisee Acceptance of Offer

If the franchisor does not elect to purchase business, the franchisee may enter into a contract with the purchaser conditional on:

- ▶ Franchisee to pay all monies due to ShowerFix as set out in the Franchise Agreement, including the Assignment Fee.
- ▶ ShowerFix approval of the incoming franchisee. Any new franchisee must meet selection criteria as determined by ShowerFix (e.g. funds, resources, skills, business experience, etc).
- ▶ Incoming franchisee must successfully complete ShowerFix initial training programme.
- ▶ Prior to settlement of the proposed sale the new franchisee must enter into and sign the Franchise Agreement (as set out in your Agreement).
- ▶ The new Franchisee will remain on the existing Franchise Agreement for the balance of the remaining term of the agreement. (Unless otherwise agreed between the Franchisor and the new Franchisee.)

Sourcing Purchasers

If you decide to sell your business, you will need to take the appropriate steps to find a suitable purchaser; that is, someone who is prepared to pay a fair market price and who meets the suitability criteria of ShowerFix. These criteria relate to, but are not limited to;

- ▶ Ability to comply with the Franchise Agreement
- ▶ Good moral character and reputation
- ▶ Financial resources, stability, and capacity required for the purchase and ongoing operation of the business
- ▶ Health and fitness
- ▶ Business and marketing skills and other relevant experience
- ▶ Meeting ShowerFix franchisee profile parameters

All marketing materials must have ShowerFix prior approval and contain any special provisions specified by the franchisor.

★	STANDARD
14.2.1	Franchisees may not sell, assign or transfer the franchise within the first year of the term of the Agreement.
14.2.2	Franchisees must inform ShowerFix in writing of their wish to sell prior to any marketing or promotion of the business.
14.2.3	ShowerFix has first option to purchase the franchise operation.
14.2.4	Any sale, transfer or assignment must have prior written approval from ShowerFix.
14.2.5	The outgoing franchisee must pay all monies due and satisfy all obligations to the franchisor as set out in the Franchise Agreement

14.3 Renewal

The length of the initial term and subsequent renewal terms for your ShowerFix Franchise Agreement are set out in the Franchise Agreement along with conditions for renewal.

In order to seek renewal, you need to provide written notice to ShowerFix not less than six months before the expiry of the term and each of the Renewal Periods for each respective period.

Renewal will be granted if you have met the conditions set out in the Franchise Agreement including not being in breach of any provisions in the Agreement, payment of the Renewal Fee and other specified costs.

	STANDARD
14.3.1	Refer to your Franchise Agreement for the conditions regarding renewal of your ShowerFix Franchise Agreement.


14.4 Termination

A number of events can give rise to ShowerFix having the right to terminate the Franchise Agreement. Some events can result in immediate termination; while others will result in a notice of breach of the agreement being given, granting the franchisee a fixed time to remedy the default.

Full details relating to the circumstances under which the Franchise Agreement can be immediately terminated are set out in the Franchise Agreement.

The Agreement also lists specific actions which must be completed by a franchisee upon termination.

Franchisees that have any queries regarding termination processes should consult their Franchise Agreement and contact their legal advisors or ShowerFix.

	STANDARD
14.4.1	Review and ensure that you are conversant with the clauses relating to termination as documented in the Franchise Agreement.