

Key Points of Fruteiro do Brasil's Franchising Scheme

Please find hereafter a list of key points that would have to be addressed in a formal contract.

- 1) Uniformity of style of the franchised "Juice Bar" with those directly run.
It is clearly crucial to preserve and further develop Fruteiro's brand image.
- 2) Modular approach.
The Franchisee can choose the desired width of the product offering, from a minimum module based on smoothies, fresh fruit and packaged Fruteiro's products (sorbets on the stick and smoothies), adding first Frozen Yoghurt, up to the production of artisanal ice cream. This offer may be complemented with selected specialties for a light and healthy meal or snack.
- 3) Supply of equipment.
We would supply the technical equipment and furniture with high value for money ratio.
- 4) Choice of the location.
it is made by the Franchisee, subject to an agreement on our side mainly from the point of view of consistency with our client target and the positioning of our brand.
- 5) Surface.
The outlet surface depends on the assortment, but it usually ranges from 40 to 60 sqm.
- 6) Exclusivity.
The Franchisee would be granted exclusivity in relation to other Fruteiro's Juice Bars within a certain area to be agreed on.
- 7) Price list for Fruteiro's products (pulp, sorbets and smoothies).
Prices would be given promptly to the franchisee to enable him to work out the business plan and check the financial viability of the enterprise. Prices will be reviewed annually or semiannually.
- 8) Minimum agreed yearly quantities.
The Franchisee will have to commit to buy some agreed minimum quantities of Fruteiro's products per year. These amounts are not very demanding targets, but they are necessary to ensure that an outlet doesn't start as Juice Bar to become later something else.
- 9) Further assortment.
It is possible to complement Fruteiro's products and preparations with other menu items, as long as they are in line with Fruteiro's positioning.

10) Coordinated pricing to end customers.

It is not strictly necessary, but it would be quite beneficial to both parties if the franchised Juice Bar had the same price list to consumers as that one of Fruteiro's Juice Bars.

Nevertheless, the possible specific market conditions of the area where the franchised outlet is located would be taken into due consideration.

11) Food safety.

Key for us: the Franchisee will have to contractually commit to respect all principles of food safety. On one side we would expect the Franchisee to be insured against consequences of misuse of Fruteiro's products, on the other we want to be kept harmless from claims towards us raised by any damaged customers.

12) Know-How.

As typical in every franchising contract, we would provide for a continuous transfer of know-how (consulting on equipment, training of personnel, recipes, etc.) and ongoing support for promotional material and activities.

13) Website.

Clearly, the franchised Bar would be included and described in Fruteiro's website.

14) Duration.

It would be a three-year contract, renewable.