

The pre-qualification, franchise application and approval process will take a few weeks. The process is as follows:

Pre-qualification:

- ◆ Prospective franchisee completes and submits their application request online
- ◆ Musgrave will review the application request based on market potential and the applicant's match to the requirements
- ◆ Based on this review, the applicant will be notified as to whether he or she is a viable franchise candidate

Formal franchise application & qualification:

Following a successful pre-qualification, a formal application and in-depth evaluation of the candidate's qualifications to become a Musgrave franchisee will be completed.

- ◆ Musgrave then will coordinate an introductory market visit with the candidate
- ◆ Candidate signs a Non-Disclosure Agreement and is given a draft legal agreement
- ◆ Musgrave will coordinate the candidate's visit to Musgrave headquarters to acquaint them with the International Franchising Leadership Team, answer the candidate's questions and hold an in-depth discussion of market opportunities
- ◆ Candidate completes and submits a business plan, based on the Musgrave business plan template provided. Musgrave will support the candidate's business planning as much as possible
- ◆ Musgrave reviews the Formal Franchise Application, including financial analysis and reference checks
- ◆ Musgrave carries out a review of the candidate's business plan

LOI (Letter of Intent), Development and Franchise Agreements:

- ◆ Following successful formal qualification and approval, the next step is the conditional commitment to proceed with negotiation of development terms for the location, to be documented by an LOI between the candidate and Musgrave.
- ◆ Among other things, the LOI will address:
 - ◆ Number of units to be developed per year
 - ◆ Royalty rate terms
 - ◆ Concept and initial fee
 - ◆ Marketing commitments

Route to *Market*

Musgrave

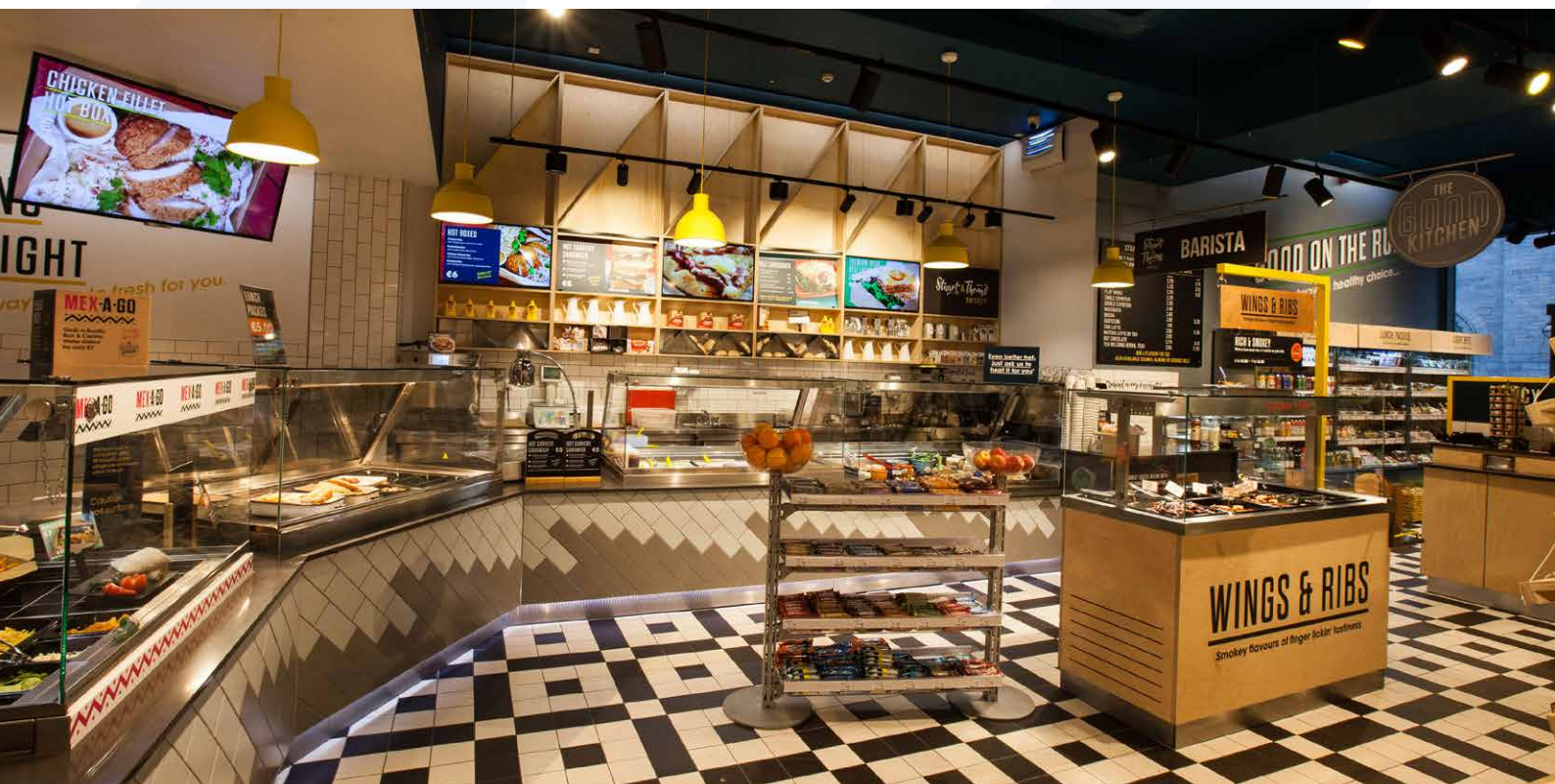
Once the LOI is signed, the candidate will provide Musgrave with the documentation to finalise their due diligence to enter into the formal franchise relationship. This documentation will include:

- ◆ Confirmation of the legal existence and ownership structure(s) of the proposed development/franchise entities
- ◆ Completion of background check and authorisation forms for the ultimate owners of these entities (if it is not completed as part of the application process)

While the final due diligence is being performed by Musgrave, the candidate will have the opportunity to:

- ◆ Review the Development Agreement
- ◆ Develop a market development plan

On successful completion of Musgrave's due diligence and signing of the Development Agreement, the franchisee begins a search for suitable sites in priority trading areas.



SuperValu

Centra

Daybreak

MACE

DIF DONNYBROOK FAIR

Dialprix

MUSGRAVE
MarketPlace

Dialsur
TU CASH & CARRY

LA ROUSSE
FOODS

FRANK AND HONEST
GOURMET COFFEE COMPANY

CHIPMONGERS
FOR CHIP LOVERS