

## FRANCHISE AGREEMENT

This Franchise Agreement ("Agreement") is made on the date of execution.

### PARTIES

#### Franchisor

SpudsToGo Limited  
5 South Charlotte Street  
Edinburgh EH2 4AN  
Scotland  
("Franchisor")

#### Franchisee

Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact Details: \_\_\_\_\_  
("Franchisee")

Together referred to as "the Parties".

### 1. DEFINITIONS AND INTERPRETATION

1.1 "Business" means the operation of a retail jacket potato food outlet trading as SpudsToGo, including Dr. Van Illa's Ice Cream Clinic and CoffeeSpot.

1.2 "Brands" means SpudsToGo, Mr. Spuds, The Brand You Already Know, Dr. Van Illa, Dr. Van Illa's Clinic, Vanilla Deficiency Syndrome (VDS), CoffeeSpot, and all associated trademarks, logos, trade dress, systems, and goodwill.

1.3 "Gross Sales" means all revenue generated by the Business from the sale of goods and services, whether by card or other electronic means, **exclusive of VAT and any other sales taxes**, and without deduction for costs, expenses, refunds, discounts, commissions, chargebacks, or any other amounts.



1.4 "Territory" means the exclusive geographic area allocated to the Franchisee, defined in Schedule 1.

## 2. GRANT OF FRANCHISE

2.1 The Franchisor grants the Franchisee a non-exclusive, non-transferable right to operate the Business under the Brands within the Territory for the Term.

2.2 This Agreement does not confer ownership of any intellectual property, business system, goodwill, or real estate.

## 3. TERM AND RENEWAL

3.1 The initial term of this Agreement shall be **ten (10) years**.

3.2 Following expiry, the Agreement may be renewed annually by mutual agreement on the same commercial percentages, subject to annual review.

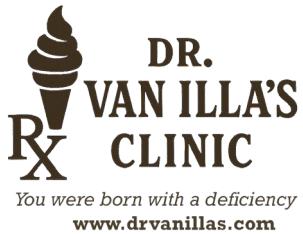
3.3 No additional franchise fee shall be payable on renewal.

## 4. FRANCHISE FEE AND VAT

4.1 The Franchisee shall pay an initial, non-refundable franchise fee of £10,000 plus VAT, payable upon execution of this Agreement.

4.2 The Franchisor is VAT registered and shall charge VAT on all taxable supplies, including but not limited to franchise fees, management fees, branded merchandise, uniforms, marketing materials, and equipment.

4.3 VAT registration by the Franchisee is recommended but shall only be mandatory once turnover exceeds HMRC thresholds.



## 5. PROPERTY AND PREMISES

- 5.1 The Business shall not operate from rental premises.
- 5.2 All premises shall be purchased, owned, or controlled by **Kestrel Assets Limited**.
- 5.3 The Franchisee shall have no proprietary, leasehold, or equitable interest in the premises.

## 6. MANAGEMENT FEE AND COMMERCIAL STRUCTURE

6.1 The Franchisee shall pay the Franchisor a **monthly management fee equal to 40% of Gross Sales**, plus VAT, calculated on Gross Sales generated during each calendar month and payable in arrears. The management fee shall become due and payable upon presentation of an electronic invoice, which shall be delivered by email and made available through the Franchisee's online console, and shall be paid within seven (7) days of presentation. **Any unpaid amount shall constitute a material breach of this Agreement.**

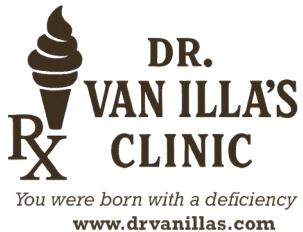
6.2 The management fee includes, without limitation:

- a) Property provision
- b) Initial equipment and fit-out
- c) Interior and exterior design
- d) Signage and branding
- e) Ongoing royalties
- f) Advertising and marketing contribution
- g) Central systems and operational support
- h) Territory exclusivity

6.3 Internally, the Franchisor allocates the management fee as:

- a) 2% advertising
- b) 8% royalty
- c) 30% property and infrastructure allocation

6.4 This internal allocation is for accounting purposes only and does not create separate rights for the Franchisee.



## 7. ePOS SYSTEM AND CASHLESS OPERATION

7.1 The Franchisor shall provide an approved electronic point-of-sale ("ePoS") system as part of the initial equipment.

7.2 **All sales must be recorded through the ePoS system without exception.**

7.3 The Business shall operate on a **cashless basis only**. No cash payments shall be accepted.

7.4 Any manipulation, bypassing, or under-reporting of sales constitutes a material breach and grounds for immediate termination.

## 8. PRODUCTS, SUPPLY CHAIN AND KOSHER COMPLIANCE

8.1 All toppings shall be produced by the Franchisor at its central commercial kitchen and supplied to each location.

8.2 Each location shall operate with refrigeration and freezer storage only and minimal cooking facilities, including potato ovens, bain maries, and infrared ovens.

8.3 **No fryers of any kind are permitted.**

8.4 Only approved products and toppings may be sold.

8.5 All locations shall be **Kosher certified by Hebrew Synagogue.**

8.6 Supplies must be sourced from the Franchisor unless otherwise approved in writing. Alternative suppliers must be Kosher certified.

8.7 **Use of any non-Kosher raw materials is grounds for immediate termination without notice.**

## 9. DR. VAN ILLA'S ICE CREAM CLINIC

9.1 Only vanilla ice cream shall be sold.

9.2 Products include soft serve, approved toppings, cones, cups, tubs, and containers.



**9.3 No other flavours or ice cream products are permitted.**

## **10. EQUIPMENT, CCTV AND INFRASTRUCTURE**

**10.1 All equipment remains the exclusive property of the Franchisor.**

**10.2 The Franchisor shall repair or replace defective equipment arising from ordinary use.**

**10.3 Equipment damaged intentionally, negligently, or through misuse shall be reimbursed by the Franchisee.**

**10.4 Each location shall operate with internal CCTV owned by the Franchisor.**

**10.5 The Franchisor shall have live access to CCTV feeds at all times.**

## **11. TELECOMS AND CONNECTIVITY**

**11.1 The Franchisor shall provide and retain ownership of the Business telephone number and internet connection.**

**11.2 Outgoing mobile and non-UK numbers shall be blocked.**

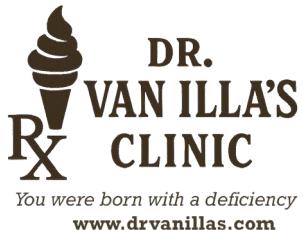
## **12. HOURS OF OPERATION AND SHABBAT DISCLOSURE**

**12.1 Hours of operation shall be agreed between the Parties prior to opening.**

**12.2 Unless otherwise agreed, the standard operating hours shall be:**

- a) Monday to Thursday: 7:00Am – 11:00pm**
- b) Friday: Early closing, time to be agreed**
- c) Sunday: 7:00am – 11:00pm**
- d) Saturday: Closed**

**12.3 The Franchisee may elect to open on Saturday (Shabbat), but this shall not be mandatory.**



12.4 The Franchisee's decision regarding Saturday operation shall be recorded and published as **Open Shabbat** or **Closed Shabbat** on the Franchisor's website and materials.

12.5 Any change to Shabbat operation must be notified in writing.

### 13. LABOUR AND INSURANCE

13.1 The Franchisee is responsible for all labour costs.

13.2 The Franchisee shall maintain:

- a) Employer's liability insurance
- b) Public liability insurance
- c) Product liability insurance

### 14. NO EQUITY OR OWNERSHIP INTEREST

14.1 The Franchisee does not earn, accrue, or acquire any equity or goodwill.

14.2 The Franchisee is an operator only.

### 15. TERRITORY AND FUTURE LOCATIONS

15.1 Territory shall be defined based on population estimates at the time of signing.

15.2 In smaller towns or villages, only one location may operate.

15.3 In larger metropolitan areas, multiple locations may operate.

15.4 The Franchisor shall not locate another store unreasonably close to an existing location.

15.5 The Franchisee shall have first option on new locations within their area or elsewhere in the UK, subject to separate agreement.



## 16. EXIT, SURRENDER AND TRANSFER

16.1 The Franchisee may surrender the franchise at any time by giving **30 days' written notice**.

16.2 Upon surrender, all use of the Brands shall cease.

16.3 The Franchisee may sell or transfer the franchise subject to:

- a) Written approval of the Franchisor (not unreasonably withheld)
- b) Buyer vetting and approval

16.4 A vetting fee of £1,500 plus VAT shall be payable by the proposed buyer.

## 17. TERMINATION

17.1 The Franchisor may terminate immediately for:

- a) Non-Kosher operations
- b) Fraud or dishonesty
- c) Sales manipulation
- d) Brand misuse
- e) Insolvency

## 18. LIABILITY AND INDEMNITY

18.1 The Franchisee operates at its own commercial risk.

18.2 The Franchisee indemnifies the Franchisor against all claims arising from operation.

## 19. GOVERNING LAW

19.1 This Agreement shall be governed by the laws of Scotland.

19.2 The Scottish courts shall have exclusive jurisdiction.



## 20. ENTIRE AGREEMENT

20.1 This Agreement constitutes the entire agreement between the Parties.

### EXECUTED BY THE PARTIES

For SpudsToGo Limited

Signature: \_\_\_\_\_

For the Franchisee

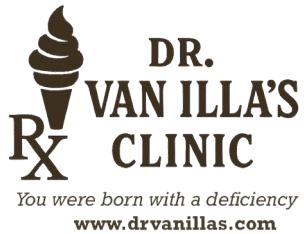
Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## FRANCHISE AGREEMENT

### Schedule 1 (Territory Definition)

TBA

### Schedule 2 (Equipment & Fit-Out)

TBA

### Schedule 3 (Menu & Approved Products)

TBA

### Franchise Prospect Summary for applicants

TBA