

**Dated**

**LOOK LOCAL LIMITED (1)**

**– and –**

**(2)**

**FRANCHISE AGREEMENT**

**SHAKESPEARES**

**S O L I C I T O R S**

Somerset House, Temple Street, Birmingham B2 5DJ

Tel: 0121 632 4199 Fax: 0121 643 2257

DX 13015 Birmingham 1

Ref: JEL

**THIS AGREEMENT** is dated

**Parties**

1. **LOOK LOCAL LIMITED** incorporated and registered in England and Wales with company number 05503661 whose registered office is at Suite 14, Malvern House, New Road, Solihull, West Midlands B91 3DL (“the Franchisor”).
2. **Franchisee Address.**

**Background**

- A. The Franchisor, as a result of extensive research and practical business experience, has developed the Business, which is carried on under the Trade Name.
- B. The Franchisor has built up a substantial reputation and goodwill in the Trade Name which is associated with the highest standards of service. The Franchisor has licensed all rights in the Trade Name from the owner, being look Local Publications Ltd (“the Owner”).
- C. The Franchisor has developed specialised Services to be used in the Business.
- D. The Franchisor is the owner of the System.
- E. The Owner has applied to register the Trade Marks, which are associated with the Services.
- F. The Franchisee wishes to acquire from the Franchisor the right and franchise to operate the Business in accordance with the terms of this Agreement.

**Agreed terms**

1. **Definitions**

- 1.1 The definitions and rules of interpretation in this clause apply in this Agreement:

**Administration Fee**

Means the administration fee to be paid by the Franchisee to the Franchisor as set out herein in consideration of the Franchisor assuming responsibility for computerised or manual invoicing and accounting services to businesses serviced by the Franchisee.

**Business**

the supply of a local business directory within the Territory;

**Commencement Date:**

Means the date of signing of this agreement and shall continue in force thereafter for the Initial Term unless and until terminated in accordance with the terms set out in this Agreement and subject to the Franchisees option to renew as set out herein

**Confidential Information**

any information which is disclosed to the Franchisee by the Franchisor pursuant to, or in connection with, this Agreement (whether orally or in writing and whether or not such information is expressly stated to be confidential) or shall otherwise come into the hands of the Franchisee in relation to the Business or the Services other than information which is already in the public domain;

<b>Database</b>	the Franchisor's database which shall be updated by the Franchisee in respect of the Franchisee's customers and parties receiving the Directory at any time;
<b>Default Notice</b>	a written notice served by the Franchisor setting out the nature of the default and giving the Franchisee 7 days, in the case of a default relating to a failure to promptly make payment of any sums owing by the Franchisee to the Franchisor, and such period as the Franchisor may specify in any other case <b>PROVIDED</b> that in the case of a Persistent Default the Franchisee shall not be entitled to any period of grace within which to remedy any such default, neglect or failure;
<b>Directory</b>	the printed copies of the local business directory to be distributed to a maximum of 4,000 households within the Territory;
<b>Equipment</b>	the list of equipment together with the specific software required for the operation of the Services by the Franchisee as specified in the Manual;
<b>Force Majeure</b>	any circumstance beyond the reasonable control of either party including (without limitation) an act of God, an act of government or regulatory bodies, default or interference caused by others, war or national emergency;

**Gross Revenue:**

Means the sum total of all sales receipts and receivables (whether or not payment is made) of the Business including, but not limited to, the selling of advertising space, excluding value added tax, in the operation of the Business by the Franchisee or its employees, and any other revenue related to, or derived from, the provision of the Intellectual Property and Know How of the Franchisor, and shall include uncollected credit amounts and estimated and assumed gross revenues received by or offered to Franchisees arising out of any loss of profits insurance claims.

**Initial Term:**

Means the period of years as set out in schedule 3

**Initial Fee**

the sum of £4,950 Plus VAT

**Intellectual Property:**

Means the property as listed in schedule 2 the proprietor of which is Look Local Publications Limited, and the use of which the Franchisor is entitled to licence as set out herein.

**Management Charge**

the charge payable by the Franchisee to the Franchisor in accordance with clause 10;

**Management Services Fee:**

Means the management services fee to be paid by the Franchisee to the Franchisor in consideration of continuing advice and support in such

amount and in accordance with the terms set out herein.

**Policies and procedures Manual** the Manual setting out the operations and procedures for running the Business compiled by the Franchisor;

**Marketing Materials:**

Means point of sales aids and consumables including, but not limited to, posters, leaflets, brochures, product packaging and other marketing advertising and promotional materials consumed in the Business, as more particularly set out in the Policies and Procedures Manual and as amended by variation, addition or deletion by the Franchisor, from time to time in its absolute discretion.

**Nominated Supplier:**

Means a supplier from which the franchisee shall purchase product or services set out in the Policies and Procedures Manual as amended by variation by the Franchisor from time to time in its absolute discretion.

**Persistent Default** a default, neglect or failure by the Franchisee and or the Guarantor of the same agreement, obligation or condition which has occurred more

than twice in any period of one year as notified to the Franchisee;

**Premises**

the Franchisee's Premises as set out in Schedule 4;

**Services**

the specialised services but not limited to (including the sale of advertising space to local businesses and organisations in the Territory for insertion into the Directory) developed by the Franchisor to be used in or supplied by the Business and listed in the Manual;

**Support**

Refers to the provision of an initial training programme for the Franchisee and any manager or proposed manager of the business who has entered into a contract of employment with the Franchisee as set out in the Policies and procedures Manual.

**System**

the Confidential Information relating to the management and operation of the Business and the methods of marketing and promoting the Business;

**Territory**

the area referred to in Schedule 1;

**Trade Marks**

the trade marks and service marks set out in Schedule 2;

**Trade Name**

the name "Look Local" under which the Business is carried on.

1.2 Any reference in this agreement to writing includes e-mail, cable, facsimile transmission or similar means of communication.

- 1.3 Any reference in this agreement to any provision of a statute or statutory instrument shall be construed as a reference to that provision as amended, re-enacted or extended.

## 2. **Rights granted**

- 2.1 In consideration of the Franchisee paying the Initial Fee, the Franchisor grants the Franchisee an exclusive licence to:

- 2.1.1 operate the Business;
- 2.1.2 use the Trade Name and the Trade Marks;
- 2.1.3 use the Franchisor's copyright, material, know-how, knowledge; and
- 2.1.4 use the benefit of the Franchisor's accounting, management and marketing knowledge and experience;
- 2.1.5 subject at all times to clause 2.3 below deliver up to 4,000 copies of the Directory to households ("a Book")

from the Premises and within the Territory.

- 2.2 The Franchisor shall not itself operate or make use of or license any person other than the Franchisee to operate the Business under the Trade Name in the Territory.

- 2.3 The parties agree and acknowledge that the licence granted pursuant to clause 2.1 above is limited to the delivery of a maximum of 4,000 copies of each edition of the Directory in the Territory. In the event the Franchisee wishes to deliver copies of the Directory to more than 4,000 households in the Territory the Franchisee may request the Franchisor's consent (such consent not to be unreasonably withheld or delayed) for a further licence from the Franchisor to supply and deliver a further Book or Books within the Territory PROVIDED THAT

- 2.3.1 there must be no outstanding breach by the Franchisee of any of the terms and conditions of this Agreement or any other Agreement with the Franchisor;

2.3.2 the Franchisee pays to the Franchisor the sum of £3,950.00 plus VAT

2.3.3 the Franchisee pays to the Franchisor the Management Charge in accordance with clause 10.1 of this Agreement.

2.4 The parties agree and acknowledge that any licence in respect of a further Book in the Territory shall be for the delivery of a maximum of 4,000 copies of each edition of the Directory and shall at times be in accordance with the terms and conditions of this Agreement.

### 3. **Franchise**

3.1 The Franchisee shall pay the Initial Fee on the date of this agreement.

### 4. **Term**

4.1 The term of the Agreement is 5 years from the date of this Agreement (“the Terms”) subject to termination in accordance with clause 17 of this Agreement.

### 5. **Rights of Renewal**

5.1 At the end of the Term the Franchisee will have the option to enter into a new franchise agreement (“the New Franchise Agreement”) with the Franchisor PROVIDED THAT ALL of the following conditions are fulfilled:

5.1.1 the option may only be exercised by the Franchisee by giving written notice to the Franchisor not more than 6 months nor less than 3 months before the expiry of the Term;

5.1.2 there must be no outstanding breach by the Franchisee of any of the terms and conditions of this Agreement or any other agreement with the Franchisor;

5.1.3 the Franchisee must have substantially observed and performed the terms and conditions of this Agreement and any other agreement with the Franchisor;

5.1.4 the Franchisee and the Guarantor must sign a New Franchise Agreement (within 21 days of being requested to do so by the Franchisor) with the Franchisor save that:-

5.1.4.1 the New Franchise Agreement shall be for a period at least equal to the Term;

5.1.4.2 the Franchisee will not be required to pay any sum expressed to be by way of initial franchise fee;

5.1.4.3 any option in the New Franchise Agreement for the Franchisee to enter into another franchise agreement or to renew any rights will not apply to the Franchisee; and

5.1.4.4 the Franchisee will pay all reasonable legal costs and expenses of the Franchisor in connection with the New Franchise Agreement.

5.2 Upon signing the New Franchise Agreement the Franchisee shall be deemed to have released the Franchisor from all claims demands or liability under this Agreement.

## **6. Franchisor's initial obligations**

6.1 The Franchisor shall within an agreed time but no more than four weeks of the date of this Agreement start to provide:

6.1.1 consultation with the general management of the Franchisor with regard to accountancy, book-keeping, advertising and the day to day operation of the Business;

6.1.1 specific sales training, at the request and expense of the Franchisee, at such Location as the Franchisor may specify;

6.1.2 a copy of the Manual which shall at all times remain the property of the Franchisor;

6.1.3 initial guidance as to how to contact and sell space in the Directory to customers within the Territory;

- 6.1.4 supply the Franchisee with a designated telephone number for use in the Business which shall at all times remain the property of the Franchisor;
- 6.1.5 training as to the use of the Database and provide the Franchisee with a copy of its password to use such System.

## **7. Franchisor's continuing obligations**

7.1 The Franchisor shall:

- 7.1.1 provide the Franchisee with updates to the Manual containing details of any alterations and/or improvements in or to the System;
- 7.1.2 provide the Franchisee with reasonable access to the general management of the Franchisor for consultation about the conduct of the Business with a view to enabling the Franchisee to operate the System properly;
- 7.1.3 provide the Franchisee with advice, know-how and guidance in such areas as management, promotion and methods of operating the Business;
- 7.1.4 provide the Franchisee, at the Franchisee's expense, with stationery, invoices, quotation forms, contracts and other documentation for use by the Franchisee in its dealings with customers and other third parties;
- 7.1.5 provide the Franchisee, at the Franchisee's expense, on a monthly basis (which will be agreed between the parties) with the agreed number of copies of the Directory;

## **8. Franchisee's obligations**

8.1 The Franchisee shall:

- 8.1.1 acquire, prior to the commencement of trading, the Equipment;
- 8.1.2 acquire such other equipment, books of account and any other items

which are necessary for the performance by the Franchisee of its obligations under this agreement;

8.1.3 ensure that it is creditworthy at all times and that adequate finance is available to it to enable it to perform its obligations under this Agreement and by way of working capital;

8.1.4

8.1.4.1 operate the System properly and strictly in accordance with the provisions of the Manual as amended from time to time;

8.1.4.2 not make use of or disclose the Manual for any purpose other than for the conduct of the Business;

8.1.4.3 not part with possession nor make any copies of the Manual or any part of it;

8.1.4.4 ensure that the Manual with which it is provided is kept up to date at all times;

8.1.5

8.1.5.1 use its best endeavors to maintain the highest standards in all matters connected with the Business;

8.1.5.2 sell or distribute only the Directory and not sell anything or provide any other service without the Franchisor's prior written approval;

8.1.6 place upon all letter headings, bills, invoices, editions of the Directory and any other documents or literature employed by it in connection with the Business in such manner and in such place as the Franchisor may direct, the following words (or such other words to similar effect as may from time to time be specified by the Franchisor) "**A LOOK LOCAL**" business operated under franchise and independently owned by" followed by the Franchisee's name;

## 8.1.7

- 8.1.7.1 not pledge the credit of the Franchisor, or represent itself as being the Franchisor or a partner or agent of the Franchisor save in the latter case where the Franchisee is expressly authorised in writing to act as its agent in the performance of any national accounts contract or part of it;
- 8.1.7.2 not permit any person connected in any way with the Franchisee to represent himself or the Franchisee in such a way that others dealing with him or the Franchisee might regard him or the Franchisee as a director officer employee agent or otherwise authorised to act on behalf of the Franchisor;
- 8.1.7.3 if it is a corporate entity ensure that no part of the Trade Name or the Trade Marks shall form part of the Franchisee's corporate name;
- 8.1.7.4 not do anything which may bring the Trade Name or any of the Trade Marks into disrepute;
- 8.1.7.5 without prejudice to any other rights or remedies of the Franchisor compensate the Franchisor for any use by the Franchisee of any intellectual property rights of the Franchisor otherwise than in accordance with this agreement;
- 8.1.7.6 indemnify the Franchisor for any liability incurred to third parties for any use of any intellectual property rights of the Franchisor by the Franchisee (or by others with its consent) otherwise than in accordance with this agreement;

## 8.1.8

- 8.1.8.1 use only such Equipment (including but not limited to the software specified in the Manual) in the conduct of the

Business in the supply of the Directory as have been previously approved in writing by the Franchisor;

8.1.9

- 8.1.9.1 operate the Business upon such days and during such hours as the Franchisee considers necessary;
- 8.1.9.2 diligently carry on the Business at the Premises and use its best endeavors to promote the Business within the Territory and not outside its boundaries;
- 8.1.9.3 not in any way whether directly or indirectly actively solicit or tout for business to supply the Directory to or for anyone at any address which is outside the Territory;
- 8.1.9.4 ensure that there are employed in the Business such number of staff as are sufficient to enable the Business to operate efficiently and to meet the demand for the supply of the Directory;
- 8.1.9.5 use its best endeavors to establish, maintain and increase the turnover of the Business;
- 8.1.9.6 only deliver each monthly edition of the Directory to 4,000 households or businesses within the Territory;
- 8.1.9.7 handout to passing custom no more than the agreed number of copies of each monthly edition of the Directory within the Territory;
- 8.1.9.8 make contracts with customers for inclusion in the Directory on the standard terms and conditions set out in the Manual but determine its own prices notwithstanding that the Franchisor may recommend minimum prices set out in the Manual;
- 8.1.9.9 not enter into any agreement, arrangement or concerted practice with any other franchisee of the Franchisor or any other person whatsoever in relation to the prices at which

the Franchisee will sell the space in the Directory;

- 8.1.10 engage at the Franchisee's expense such parties whether on a sub-contracting basis or otherwise to assist, if required, in the distribution of each monthly edition of the Directory;
- 8.1.11 to conform with the current national pricing schedule matrix as set up by the Franchisor, with regards to advertising space sold by the Franchisor on behalf of the Franchisee. The revenue split between Franchisor and Franchisee, being 50% to Franchisor and 50% to Franchisee of the gross revenue, and can be changed at any time at the sole discretion of the Franchisor
- 8.1.12 Blank
- 8.1.13
  - 8.1.13.1 subject to clause 8.1.16.4.3 insert such information as the Franchisor may require of all parties having purchased space in any edition of the Directory and of such parties who receive a copy of such Directory at any time ("the Customer Information") into the Franchisor's Database which for the avoidance of doubt shall remain at all times the property of the Franchisor;
  - 8.1.13.2 keep confidential at all times the password to the Database.
- 8.1.14
  - 8.1.14.1 not subscribe for any telephone lines or numbers ;
  - 8.1.14.2 ensure that during normal business hours there is at all times a person familiar with the Business available to receive and respond to calls and enquiries;
- 8.1.15 observe and perform such national accounts contractual obligations as may be specified by the Franchisor in accordance with the terms informed to the Franchisee by the Franchisor from time to time unless otherwise specified by the Franchisor and keep the Franchisor

fully and effectually indemnified against all claims demands, damages, costs or expenses which may be incurred or received by the Franchisor resulting from any breach by the Franchisee of the provisions of this clause or from any other act default or neglect of whatsoever nature on the part of the Franchisee;

#### 8.1.16

8.1.16.1 comply with all statutory or other legal requirements and regulations which apply to the Franchisee and to the Business;

8.1.16.2 as and when required by law register with H M Customs and Excise for VAT and deliver to the Franchisor on the due date for its submission to H M Customs and Excise a copy of the Franchisee's return relating to VAT and deliver to the Franchisor a copy of any assessment to VAT which may be raised by H M Customs and Excise within 7 days of its receipt by the Franchisee;

8.1.16.3 without limiting the generality of the provisions of clause 8.1.16.1 forthwith register and maintain its registration under the Data Protection Acts and comply with the requirements of the Business Names Act 1985 and with the provisions of any statute which may repeal re-enact or amend such Act;

#### 8.1.16.4

8.1.16.4.1 comply with, and ensure that its employees, agents and contractors comply with the Data Protection Acts and all other laws rules and regulations from time to time in force regulating the collection, storage, use and destruction of personal data, including but not limited to making all necessary notifications to the Information Commissioner and obtaining all necessary consents;

- 8.1.16.4.2 use its best endeavors to obtain consent from its customers, prospective customers and parties who may receive the Directory to personal data supplied by them being processed by the Franchisee and passed on to the Franchisor (including the entering of such personal data into the Database) and other franchisees operating under license from the Franchisor and upon consent being obtained the Franchisee will pass this personal data to the Franchisor if the Franchisor so requests;
  - 8.1.16.4.3 provided consent has been obtained from the parties referred to and in accordance with clause 8.1.16.4.2 at all times maintain the Database in accordance with clause 8.1.13.1;
  - 8.1.16.4.4 not intentionally damage or destroy any Customer Information or data for any reason unless specifically instructed to do so by the owner of such Customer Information;
  - 8.1.16.4.5 use its best endeavors to ensure the accuracy of any personal data entered into and held in the Database;
  - 8.1.16.4.6 accept that the data held in the Database whether the input was made by the Franchisor or the Franchisee, shall be the property of the Franchisor irrespective of the termination or expiry of this Agreement;
- 8.1.17 at all times be courteous and co-operative in all its dealings with such prospective franchisees as the Franchisor may specify and at the request of the Franchisor, provide such prospective franchisees with such information as they may reasonably and properly require but in

so doing the Franchisee shall not disclose to them any trade secrets of the Business, the System nor any confidential information of the Franchisor or any of its franchisees nor disclose to them any of the contents of the Manual;

8.1.18 not during the subsistence of this Agreement, except with the prior written consent of the Franchisor or under the terms of this agreement or any other agreement with the Franchisor currently in force:

8.1.18.1 be directly or indirectly engaged, concerned or interested in any capacity whatsoever (except as the holder of not more than 5% of the shares in any company whose shares are listed or dealt in on The Stock Exchange) in any business which is the same as or similar to the Trade Name in the Territory or in any territory where it would compete with any member of the Franchisor's network or the Franchisor;

8.1.18.2 at any time employ or seek to employ any person then employed by the Franchisor or any of its franchisees nor shall it directly or indirectly induce any such person to leave his or her employment without the previous written consent of such person's employer nor will the Franchisee employ any such person without like consent within 6 months after the termination of such person's employment;

8.1.19 during the subsistence of this Agreement and after Termination:

8.1.19.1 not, except for the sole purpose of conducting the Business during the subsistence of this Agreement, divulge or use whether directly or indirectly for its own benefit or for the benefit of any person firm or company other than the Franchisor, any information or knowledge concerning the System which may be communicated to the Franchisee or which the Franchisee may acquire in carrying out its obligations under this Agreement;

- 8.1.19.2 not use any Confidential Information provided to the Franchisee by the Franchisor for any purposes other than running the Business during the subsistence of this Agreement but this obligation shall cease after termination if such Confidential Information becomes generally known or easily accessible otherwise than by the Franchisee's breach;
- 8.1.19.3 keep this Agreement confidential and not disclose nor permit disclosure of any of its contents to anyone other than its professional advisors and then only if the Franchisee ensures that such disclosure is made to them in confidence and that no copies of the whole or any part of it are made;
- 8.1.20 on entering into this or any other agreement or transaction with the Franchisor during the Term or any continuation of it, make full disclosure of all material circumstances and of everything known to it in relation to the contract or transaction which would be likely to influence the conduct of the Franchisor including, in particular, the disclosure of other agencies or franchises in which the Franchisee is interested directly or indirectly;
- 8.1.21 if it is a corporate entity, ensure that there is no change in the beneficial ownership of the issued shares, or of the de facto control, of the Franchisee without the prior written consent of the Franchisor;
- 8.1.22 if it is a partnership, ensure that there is no change in the constitution of such partnership, or in the terms of its partnership agreement, without the prior written consent of the Franchisor;
- 8.1.23 ensure that there is no change in the beneficial ownership or of the de facto control of the Business without the prior written consent of the Franchisor;
- 8.1.24 submit to the Franchisor's nominated supplier of printing services on such date as agreed between the Franchisor and Franchisee in such form as such printer shall dictate, including printing of books, additional flyers/inserts, prices based on the Franchisor current tariff.

## 9. **Training/Support**

- 9.1 The Franchisor shall provide dedicated sales training to the Franchisee, if requested by the Franchisee. Such training shall be held at such Location and at such time as the Franchisor shall determine. The Franchisee shall pay the then current rates of the Franchisor in respect of such training and shall, in addition, bear the cost of any related travel or subsistence.
- 9.2 The Franchisor may, at its discretion, delay the holding of the training sessions referred to in clause 9.1 above until such time as sufficient franchisees have requested that such training be provided.

## 10. **Fees**

- 10.1 The Initial Franchise Fee set out in Schedule, which is non-refundable and will be deemed fully earned upon execution of this agreement and is paid in addition to the Management Services Fee, Administration Fee and all other payments due to the Franchisor as set out herein.
- 10.2 Management Services Fee. The Franchisee shall pay ten percent of the Gross Revenue plus VAT. The Management Services Fee shall be paid by the 6<sup>th</sup> day of each calendar month in respect of Gross Revenue of the preceding calendar month.
- 10.2.1 Throughout the currency of this Agreement a minimum Administration Fee of £1,020 plus VAT payable in 12 equal monthly instalments of £85 plus VAT per month; or ten percent of gross revenue plus VAT whichever shall be the greater. Such minimum Management Services Fee shall be subject to annual adjustment on December 31<sup>st</sup> in each year in proportion to the increase in the Index in the then current year
- 10.3 The Management Services Fee is to be paid without deduction or set-off on the relevant date set out in clause 10.1 above.
- 10.4 The Franchisor reserves the right to increase the Management Services Fee by notifying the Franchisee no less than 3 months prior to the annual anniversary of this Agreement. Such increase shall take effect from the commencement of the next year of the Agreement.

- 10.5 The Administration fee shall be equal to three percent plus VAT of Gross Revenue. The Administration fee shall be paid by the 6<sup>th</sup> day of each calendar month in respect of Gross Revenue of the preceding calendar month.
- 10.6 The Franchisor will charge one percent of the gross revenue plus VAT for Marketing of the Franchise Business. This shall be paid in line with the other charges to the Franchisee by the 6th day of each calendar month.
- 10.7 The Franchisor reserves the right to offer additional business/services to the Franchisee and reserves the right to increase or decrease all relevant charges at its absolute discretion
- 10.8 The Initial Franchise Fee, the Management Services Fee, the Administration Fee, payment for all products and services, and all other sums payable to the Franchisor by virtue of this agreement shall remain payable notwithstanding that any part of the Intellectual Property shall be invalid, cease to exist or otherwise fail to protect or benefit the Franchisor and/or Franchisee
- 10.9 The franchisee shall not be entitled to receive interest on any sum remitted to the Franchisor under the terms of this agreement.
- 10.10 If any sums due to the Franchisor are not paid by the Franchisee on the due date such sums shall bear interest calculated at the rate of two percent per month or part of a month for which there is any sum due but not paid from the Franchisee to the Franchisor.
- 10.11 All payments paid by virtue of this agreement by the Franchisor to the Franchisee are subject to the addition of value added tax or such other tax required to be paid by law at the rate for the time currently in force

## 11. **Accounting records**

- 11.1 The Franchisee shall:
  - 11.1.1 maintain an accurate record of all transactions of the Business
  - 11.1.2 maintain on the Premises in a form approved by the Franchisor in accordance with the Policies and Procedures Manual (and preserve the same for at least two years after the end of the financial year to

which they relate) full and accurate books of account and all underlying or supporting records and vouchers relating to the Business and permit the Franchisor (or any person firm or company nominated by the Franchisor) during business hours to inspect the said books of account and records and to take copies thereof; If an inspection or audit of the books and records of the Business shall reveal any sums in excess of fifty pounds as due and unpaid to the Franchisor, the Franchisee shall pay the reasonable costs of such inspection or audit

11.1.3 for each of its accounting years supply to the Franchisor not less than two financial statements (including a balance sheet and profit and loss account) the first being an interim statement covering the first six months of the said year and the other for the Franchisee's full accounting year which shall be certified to the Franchisor as correct by the Franchisee's auditor who shall be a chartered or certified accountant. Such certificates and financial statements shall be delivered to the Franchisor within thirty days from the end of the said interim period or as the case may be within ninety days from the end of the said accounting year;

11.1.4 provide such further information relating to the Business as the Franchisor shall in its discretion think necessary to assist the Franchisor in the discharge of its duties or the enforcement of its rights under the provisions of this Agreement.

**11.1.5** The Franchisee agrees that the Franchisor shall have the responsibility for all computerised or manual invoicing and account services to the Franchisees customers. The Franchisor shall be entitled to deduct the Management Services Fees, Administration Fee and any other legitimate charges for products, services and any finance agreements, and any other out of pocket costs (including but not limited to legal fees and costs incurred by the Franchisor in enforcing payment of accounts by customers of the Franchisee) The Franchisor shall send to the Franchisee by the 5th day of each month all monies due as set out in the dealer report for the preceding month less any monies not collected from Franchisees customers.

## 12. Advertising

- 12.1 The Franchisee will not publish or distribute any advertising or promotional material unless it has been approved in writing by the Franchisor. The Franchisee will immediately cease the use of any advertising or promotional material upon receipt of a request in writing from the Franchisor so to do.
- 12.2 The Franchisee shall prominently display and distribute point of sale marketing material supplied by the Franchisor.
- 12.3 The Franchisee will participate in and comply with the terms of any special advertising promotion or activity as the Franchisor may reasonably direct.

## 13. Insurance

- 13.1 The Franchisee will take out and maintain, at the Franchisee's expense and with a reputable insurance company, insurance cover against loss (including loss of profits) damage and other risks and in such minimum sums as would be prudent under the circumstances from time to time against all liability (including product liability) of the Franchisor and or the Franchisee and or any supplier to the Franchisee, to the Franchisee's employees, customers and/or to members of the public. The Franchisor reserves the right to nominate a suitable insurance company and deduct payment on a monthly basis in line with section 10 of this agreement.
- 13.2 The Franchisor shall not incur any liability to the Franchisee for recommending or not recommending any risks to be covered or minimum sums for which to be insured.
- 13.3 The Franchisee shall furnish the Franchisor from time to time, on demand with copies of the policies and evidence that the then current premiums therefore have been paid.
- 13.4 The Franchisee shall use its best endeavors to arrange with its insurers that no policy will be terminated or cancelled for whatever reason unless 14 days' notice of the insurers' intention has been given to the Franchisor.
- 13.5 The Franchisee will not do nor permit to be done anything whereby any

insurance policy is rendered invalid void or unenforceable.

#### 14. Trade Marks

14.1 Subject to the provisions of clause 14.2, in no circumstances will the Franchisee apply for registration, as proprietor of any trade mark which is similar to the Trade Name or the Trade Marks or any or part of any of them or which would conflict with the Trade Name or the Trade Marks nor will the Franchisee take any action or refuse or decline to take any action which may result in harm to the Trade Marks or put their registrations or any applications for their registration at risk.

14.2 If at any time that the Franchisor (in its own name or acting on behalf of the owner) has applied for the registration of any of the Trade Marks, the Franchisee is deemed in law to have rights in any of the Trade Marks the Franchisee will at the request and expense of the Franchisor make or proceed with (as the case may be) such application and do all things and execute such documents as may be necessary, for obtaining registration in the name of the Franchisee and upon such Trade Marks being registered the Franchisee will assign such registration to the Franchisor for £1.

14.3 The Franchisee will, in all representations of any unregistered or registered Trade Mark used by it in the Business and in connection with the supply of the Directory, append in a manner approved by the Franchisor such inscription as is usual or proper for indicating that such Trade Mark is unregistered or registered as the case may be.

#### 14.4

14.4.1 The Franchisee shall at the request and expense of the Franchisor do all acts and execute all documents for establishing the Franchisee as a user of such of the Franchisor's registered Trade Marks as the Franchisor may specify and where applicable for the record of the Franchisee's permitted use at the Trade Marks Registry;

14.4.2 The Franchisee shall not be entitled to exercise any of the rights granted by this Agreement if it shall have failed within 10 days after receipt of any document referred to in clause 14.4.1 to have executed it and returned it to the Franchisor.

- 14.5 The Franchisee will immediately notify the Franchisor of all infringements or imitations of the Trade Marks, the Trade Name or of any business which appears to or to be attempting to pass itself off as a **LOOK LOCAL** business or a member of the **LOOK LOCAL** network which come to its attention or any attempts to challenge the Franchisee's right to use any of the Trade Marks, or the Trade Name or to carry on the business as a **LOOK LOCAL** business so long as this Agreement subsists.
- 14.6 The Franchisor will, upon receiving advice from specialist counsel that it is likely to succeed, take such action against such infringement challenge and or imitation as it, in its sole discretion, considers appropriate and any rights which the Franchisee may have under Section 30 of the Trade Marks Act 1994 are expressly excluded.
- 14.7 The Franchisee agrees to provide such co-operation as the Franchisor may request in the prosecution of any such action including the provision of evidence and being named as a party to any legal proceedings.
- 14.8 The Franchisor shall have the conduct of any such action and pay all legal expenses and costs which may arise from the joining of the Franchisee as a party except such legal expenses and costs as the Franchisee may incur by taking separate professional advice PROVIDED THAT the Franchisor will not be liable to pay the Franchisee's legal expenses and costs as set out above where it became necessary for such action to be taken to protect the Trade Marks as a direct or indirect result of any default or act or omission on the part of the Franchisee in relation to any intellectual property rights of the Franchisor.
- 14.9 Without prejudice to any right the Franchisee may have to challenge the validity of the Trade Marks or the Franchisor's ownership of any of them, the Franchisee will not, without the prior written consent of the Franchisor, take any action of whatever nature based upon the Trade Marks, the Trade Name or any common law rights which the Franchisee is licensed to use or exercise pursuant to this agreement or any trade mark licence entered into between the parties.
- 14.10 No warranty express or implied is hereby given by the Franchisor with respect to the validity of any of the Trade Marks.

14.11 Nominated Suppliers: In order to ensure uniformity and control of high standards the Franchisee shall purchase Products/services exclusively from a Nominated list supplied by the Franchisor

14.12 The Franchisor shall offer for sale an appropriate and suitable range of products/services upon terms and conditions set out on the Policies and Procedures Manual or approved in writing by the Franchisor in its absolute discretion from time to time.

## 15. Sale of Business

15.1 The Franchisee shall not have the right to assign this Agreement or to grant any sub-franchises but it shall have the right to sell the Business with the prior written consent of the Franchisor and subject to satisfying the provisions of clause 15.3 otherwise than as permitted by clause 16.

15.2 The Franchisor hereby undertakes to grant to a purchaser of the Business who is acceptable to it a franchise for a period equal to the Term commencing with the date of the sale of the Business but otherwise upon similar terms and conditions to those contained in the Franchisor's then current appropriate standard franchise agreement.

15.3 Subject to clause 15.4 the conditions required to obtain the written consent of the Franchisor to the sale of the Business by the Franchisee may include that:

15.3.1 any prospective purchaser that shall submit his offer in writing shall be bona fide and at arms length and shall satisfy the Franchisor's requirements with respect to personal qualities, business qualifications, suitability for maintaining the cohesion of the **LOOK LOCAL** network and any other matters which the Franchisor may consider relevant and shall successfully complete a programme of initial training and must (as must any other person required by the Franchisor pursuant to clause 15.3.4 or otherwise) execute a confidentiality undertaking or a franchise agreement prior to entering into such training as may be required by the Franchisor;

15.3.2 the Franchisee shall pay to the Franchisor a sum equal to 5% (five per cent) plus VAT of the sale price of the Business to cover the costs to the Franchisor of dealing with the application for consent.

The Franchisee shall also pay to the Franchisor:

- 15.3.2.1 if the Franchisor decides to advertise the offering for sale of the Business a sum in respect of the Franchisor's costs in so advertising such costs to be agreed in writing by the parties before they are incurred; or
- 15.3.2.2 if the Franchisor has introduced the prospective purchaser and the Franchisee has not financed the offering specific advertising, 5% (five per cent) plus VAT of the sale price of the Business;
- 15.3.3 the Franchisee must not at the time of its application for consent be in breach of any of its obligations to the Franchisor under the terms of this Agreement;
- 15.3.4 the prospective purchaser shall not be engaged or concerned or interested in any way in any business which carries on a business which competes with the **LOOK LOCAL** business or which is a member of a group of companies one of whose members carries on such a business;
- 15.3.5 the Franchisor shall require to be satisfied that the prospective purchaser has adequate financial resources bearing in mind (inter alia) the purchase price to enable it to trade profitably. The Franchisor in so satisfying itself shall not be taken to be making any representations or giving any warranties to such prospective purchaser;
- 15.3.6 if the prospective purchaser shall be a company the Franchisor shall require to be satisfied:
  - 15.3.6.1 that the individual or individuals who will have ultimate effective voting or de facto control of such company satisfy the provisions of clause 15.3.1; and
  - 15.3.6.2 with the suitability of the other persons who will be directors and or shareholders in such company; and
  - 15.3.6.3 with the shareholding structure; and

15.3.6.4 with the arrangements between the shareholders in such company;

and the prospective purchaser shall procure that its directors and or shareholders shall join it in entering into the standard form of franchise agreement then currently in use by the Franchisor for corporate franchisees;

15.3.7 the Franchisor shall have the right to require changes to be made to the sale and purchase agreement proposed to be entered into by the Franchisee and the prospective purchaser if it considers that there are provisions which may be detrimental to its interests;

15.3.8 payment is made by the Franchisee or the prospective purchaser of all costs and all obligations by or of the Franchisee to the Franchisor and any nominated suppliers are discharged including any sum due under clauses 15.3.2 and 15.3.3 without any right of deduction or set-off.

15.4 The Franchisee shall as soon as possible submit to the Franchisor a copy of each written offer or full details of any other offer which the Franchisee proposes to accept which is received from any prospective purchaser to purchase the Business from the Franchisee together with the following information:

15.4.1 a financial statement of affairs and the business history of the prospective purchaser; and

15.4.2 details of any other terms which may have been agreed between the Franchisee and the prospective purchaser and a warranty that such details are complete and accurate in all respects and that there has been no information withheld such warranty shall be effective not only on the date upon which it is given but also at the time of any sale of the Business by the Franchisee to the Franchisor or any approved third party. Upon receipt of such notice accompanied by such information the Franchisor shall in addition to its other rights hereunder have an option to purchase the Business for the same amount and upon the same terms as the proposed purchaser has offered. The Franchisor shall have a period of 30 (thirty) days after

receipt of such written notice and the information referred to in this clause 15.4 to exercise its option to purchase by notice in writing to the Franchisee. The sale and purchase shall be completed within 20 (twenty) days following the service of the Franchisor's Notice. The Franchisee shall notify the Franchisor of any variation in the terms offered by any prospective purchaser and the said period of 30 (thirty) days shall re-commence as from the date of such notification of a variation in the offered terms.

15.5 If the Franchisor shall not exercise such option the Franchisee shall be entitled within the period of six months thereafter to proceed with its application to sell the Business to a prospective purchaser upon the same or on terms no more favourable to a purchaser than those notified to the Franchisor pursuant to clause 15.4 subject to such purchaser satisfying the criteria and subject to the conditions in clauses 15.3.1 to 15.3.8 (inclusive).

15.6 Upon the Franchisor exercising the option contained in clause 15.4 or entering into a franchise agreement with a prospective franchisee and upon the satisfaction of the conditions referred to in clause 15.3 in particular (without derogating from the generality of the foregoing provisions) the successful completion by the prospective franchisee of the programme of initial training the Franchisor and Franchisee shall each be deemed to have released the other from the terms of this Agreement save for those provisions which by their nature of effect survive termination. In addition the Franchisee shall be deemed to have released and discharged the Franchisor from and against all claims and demands whether or not contingent which the Franchisee may have against the Franchisor arising from this Agreement or otherwise in any way out of the relationship between the Franchisor and the Franchisee.

## 16. **Death or incapacity of Franchisee or Guarantor**

16.1 If any Franchisee (being a natural person) shall die during the subsistence of this agreement:

16.1.1 the personal representatives of such Franchisee and any surviving Franchisee shall together decide within a period of 3 months from the date of death of the deceased Franchisee whether they wish the Business to be carried on by a relative or beneficiary of the deceased

Franchisee and any surviving Franchisee;

- 16.1.2 if it is so decided, then the said personal representatives shall together with any surviving Franchisee give written notice of their intention, within the said period of 3 months, to the Franchisor giving the name or names (if that is the case) of such relatives or beneficiaries and upon the Franchisor being satisfied that such individual or individuals would be acceptable by applying the criteria set out in clause 15, the Franchisor will not exercise its option contained in clause 15, but will consent to an assignment of this agreement to such individual or individuals and any surviving Franchisee, subject to their entering into direct covenants with the Franchisor to observe and perform the terms and conditions contained in this Agreement;
- 16.1.3 if the said Personal Representatives and any surviving Franchisee shall wish to sell the Business, then the provisions of clause 15 shall apply and if the Franchisor shall decide not to exercise its option referred to in clause 15 and a prospective purchaser acceptable to the Franchisor by the criteria set out in clause 15 shall be found, the Business may be sold to such purchaser within the period of 6 months from the date of death of the deceased Franchisee in accordance with the provisions contained in clause 15;
- 16.1.4 if requested in writing by the said Personal Representatives and any surviving Franchisee, the Franchisor may (as soon as is reasonably practicable) provide a manager to manage the Business during the period of 3 months specified in clause 16.1.1;
- 16.1.5 the Franchisor shall be entitled to a fee (payable at weekly intervals on the Tuesday of each week) for the provision of any such manager equal to:
  - 16.1.5.1 the normal salary of the manager plus
  - 16.1.5.2 the travelling accommodation and subsistence expenses of the manager plus
  - 16.1.5.3 50% of the total of 16.1.5.1 and 16.1.5.2 plus Value

Added Tax;

- 16.1.6 the Franchisor may also (as soon as is reasonably practicable) if requested by the said Personal Representatives provide such a manager for an additional period of up to 3 months upon the same terms and conditions so as to enable the Personal Representatives and any surviving Franchisee to arrange a sale of the Business;
  - 16.1.7 in the event of any failure promptly to pay to the Franchisor any fee for the provision of the services of any manager, the Franchisor shall be entitled to withdraw the services of any manager without prejudice to its claim for payment of any sum due but not paid;
  - 16.1.8 if the said Personal Representatives and any surviving Franchisee shall not arrange to deal with the Business as provided in clause 16.1 within the relevant period referred to in clause 16.1 or shall intimate to the Franchisor that neither course will be adopted, the Franchisor shall be entitled to withdraw the services of any manager and to terminate this agreement forthwith by notice in writing.
- 16.2 If the Franchisee is a corporate entity and any Guarantor shall die during the subsistence of this Agreement:
- 16.2.1 the Franchisee shall decide, within a period of 3 months from the date of death of such Guarantor, whether a relative or beneficiary of such Guarantor should sign an agreement with the Franchisor substituting him for the deceased in the capacity of Guarantor under the terms of this Agreement:
    - 16.2.1.1 if it is so decided, the Franchisee shall give written notice of it, within the said period of 3 months, to the Franchisor giving the name and address of such relative or beneficiary together with such other information as the Franchisor may require;
    - 16.2.1.2 on the Franchisor being satisfied that such individual would be acceptable as a Guarantor by the criteria set out in clause 15 which apply to a proposed purchaser of the Business, and provided that the Franchisor is satisfied as

to the suitability of the other persons who will be shareholders in the Franchisee, and with the shareholding structure of the Franchisee, and that such individual will have effective voting or be in fact control of the Franchisee, the Franchisor will not exercise its option referred to in clause 15 and will enter into an agreement with the Franchisee any surviving Guarantor and such individual substituting him or her in the place of the deceased Guarantor as Guarantor under the terms of this agreement subject to such individual signing such agreement and executing a Guarantee in favour of the Franchisor;

- 16.2.2 if the Franchisee shall not, within the said period of 3 months, produce an individual as Guarantor in accordance with and subject to the provisions of clause 16.2.1, then the provisions of clause 15 shall apply and if the Franchisor shall decide not to exercise its option referred to in clause 15 and a Purchaser acceptable to the Franchisor by the criteria set out in clause 15 shall be found, the Business shall be sold to such purchaser within the period of 6 months from the date of the death of the deceased Guarantor in accordance with the provisions of clause 15;
- 16.2.3 if requested in writing by the Franchisee the Franchisor may (as soon as is reasonably practicable) provide a manager to manage the Business during the period of 3 months specified in clause 16.2.1;
- 16.2.4 the Franchisor shall be entitled to a fee (payable at weekly intervals on the Tuesday of each week) for the provision of any such manager equal to:
  - 16.2.4.1 the normal salary of the manager plus
  - 16.2.4.2 the travelling accommodation and subsistence expenses of the manager plus
  - 16.2.4.3 50% of the total of 16.2.4.1 and 16.2.4.2 plus Value Added Tax;

- 16.2.5 the Franchisor may also (as soon as is reasonably practicable), if requested by the Franchisee, provide such a manager for an additional period of up to 3 months upon the same terms and conditions so as to enable the Franchisee to arrange a sale of the Business;
- 16.2.6 in the event of any failure promptly to pay to the Franchisor any fee for the provision of the services of any manager the Franchisor shall be entitled to withdraw the services of any manager without prejudice to its claim for payment of any due sum but not paid;
- 16.2.7 if the Franchisee shall not arrange a substitution for the deceased Guarantor within the said period of 3 months as provided in clause 16.2.1, or a sale of the Business within the said period of 6 months as provided in clause 16.2.2 or shall intimate to the Franchisor that neither course will be adopted, the Franchisor shall be entitled to withdraw the services of any manager and to terminate this agreement forthwith by notice in writing;
- 16.2.8 the Franchisee shall, if requested by the Franchisor, do all such acts and things and shall execute all such deeds and documents as may be necessary to give effect to the provisions contained in this clause.
- 16.3 Any action taken by the Franchisor under the provisions of clauses 16.1 or 16.2 on the instructions or with the approval of any person or persons claiming to be the personal representatives of a deceased Franchisee or deceased Guarantor within the meaning of this Agreement, shall be binding on and not under any circumstances be open to challenge by the executor(s) of such deceased Franchisee or Guarantor, even if he or they were not a party or parties to it and by their signing this Agreement each Franchisee and Guarantor (as may be appropriate) expressly bind their executor(s) to ratify and confirm all actions by such person or persons under this Agreement, and to indemnify and free and relieve the Franchisor of and from all liability and responsibility whatever in respect of such action as is referred to above.
- 16.4 Any manager of the Business who is appointed pursuant to the provisions of clause 16.1 or 16.2 shall act as the agent of the said Personal Representatives and any surviving Franchisee in the case of an appointment

under clause 16.1, or of the Franchisee in the case of an appointment under clause 16.2 but shall not be liable (save in the case of negligence) for any loss damages or claims arising from or as a consequence of such management.

16.5 In the event of the incapacity of the Franchisee, or of any Guarantor or of any director of the Franchisee, at any time, the Franchisor shall have the right to appoint personnel (at the cost of the Franchisee) to supervise the conduct of the Business to ensure that the Business is operated in a satisfactory manner to preserve the goodwill associated with the Business and the System.

16.6 In the event of the incapacity of the Franchisee or of any such Guarantor or director lasting for a continuous period of 3 months or a total period of 6 months in any year of the agreement, the Franchisor may by written notice require the Franchisee to dispose of the Business whereupon the provisions of clause 15 of this Agreement shall apply.

## 17. Termination

17.1 The Franchisor may, without prejudice to any other rights or remedies available to it, terminate this Agreement forthwith by notice in writing to the Franchisee, upon a material breach of this agreement and the following shall be deemed to be a material breach but the list shall not be deemed to be exhaustive, and upon such termination all rights of the Franchisee under this agreement shall cease:

17.1.1 if the Franchisee fails to commence the Business within the period of 60 days from the date of this Agreement; or

17.1.2 if the Franchisee fails to commence the services of any further Book (as licensed pursuant to clause 2.3 above) until 60 days of the receipt of the Franchisor's consent to do so.

17.1.3 if the Franchisor has reasonable grounds to suspect any Franchisee of immoral behaviour or any other behaviour that may damage the Franchisor or the Franchisee's reputation; or

17.1.4 if the Franchisee is charged with any criminal offence; or

17.1.5 if the Franchisee is found to be drunk or under the influence of drugs or in possession of alcohol, illegal drugs or any controlled substances

while performing the Services; or

- 17.1.6 if any Franchisee (being a natural person) or any Guarantor has in its franchise application or supporting details provided the Franchisor with information which contains any false or misleading statements or omits any material fact which may make any statement misleading; or
- 17.1.7 if notwithstanding the provisions of clause 14 the Franchisee or any Guarantor challenges the Franchisor's ownership or the validity of any of the Trade Marks or any other or intellectual property rights of the Franchisor; or
- 17.1.8 if any Franchisee (being a natural person) or any Guarantor becomes insolvent makes any arrangement or composition with his creditors or has a bankruptcy petition presented against him or has a receiver appointed of all or any part of his assets or takes any similar action in consequence of debt; or
- 17.1.9 if there is an assignment or a purported assignment of this Agreement otherwise than in accordance with the provisions of clause 16; or
- 17.1.10 if the Franchisee (being a corporate entity) becomes insolvent enters into liquidation whether compulsorily or voluntarily or if it makes any arrangement or composition with its creditors or has a receiver (including an administrative receiver) appointed of all or any part of its assets or takes any similar action in consequence of debt; or
- 17.1.11 if the Franchisee or any Guarantor shall have failed to comply with any Default Notice or is in Persistent Default; or
- 17.1.12 if any other franchise agreement between the Franchisor and the Franchisee has been terminated by reason of any breach on the part of the Franchisee or the Guarantor; or
- 17.1.13 if the Franchisee shall fail to sell the Business within 6 months from the date of the Franchisor's notice given pursuant to clause 16.6.
- 17.1.14 Without prejudice to the generality of the provisions of clause 17.1 if

the Franchisor shall, on reasonable grounds, suspect that any information concerning the Franchisor's business any of its franchisees, the System this agreement or any part of it or particulars of any communication from the Franchisor to the Franchisee and or to any Guarantor is being or has been communicated in any way to any third party or to any competitor of the Franchisor or any of its franchisees, by the Franchisee or any of its employees or any Guarantor or any of the Franchisee's shareholders (if any) or any other person associated with the Franchisee, or such employee, Guarantor or shareholder, then the Franchisor may forthwith without prejudice to any other rights or remedies available to it terminate this agreement and all rights of the Franchisee under this Agreement shall thereupon cease.

## **18. Consequences of Termination**

18.1 Upon Termination the Franchisee shall:

18.1.1 immediately discontinue conducting the Business, the use of the Trade Mark and any other intellectual property rights of the Franchisor, signs, cards, notices and other display or advertising matter indicative of the Franchisor or of any association with the Franchisor or of the Business or the Services;

18.1.2 make or cause to be made such changes in signs, cards, notices and other display or advertising matter as the Franchisor shall reasonably direct, so as effectively to distinguish the Business from its former public and marketing image, and if the Franchisee shall within 30 days of such direction fail or omit to make or cause to be made any change, then the Franchisor shall have power (without incurring any liability to the Franchisee), without the consent of the Franchisee, except for the consent which is hereby irrevocably given, to enter upon the Premises (if they are commercial premises) for the purpose of making and to make or cause to be made any such change at the expense of the Franchisee, which expense the Franchisee shall pay on demand;

18.1.3 when demanded by the Franchisor, deliver up to the Franchisor at

the Franchisee's expense all stationery, literature, signs, cards, notices other display or advertising matter and any other article bearing the name of the Franchisor or any Trade Mark or other intellectual property rights of the Franchisor;

- 18.1.4 co-operate with the Franchisor and upon request by the Franchisor instruct British Telecom plc or the appropriate supplier of telecommunications services to divert as required by the Franchisor all calls made to telephone numbers advertised or used by the Franchisee directly or indirectly in the Business;
- 18.1.5 return to the Franchisor, at the Franchisee's expense, all items which may have been loaned to the Franchisee by the Franchisor including the Manual;
- 18.1.6 forthwith pay to the Franchisor (without any deduction or right of set-off except where the Franchisor itself is in breach or where there exists an indisputable or acknowledged debt or credit owing to the Franchisee by the Franchisor) all sums of money which may be due or owing from the Franchisee to the Franchisor;
- 18.1.7 forthwith prepare audited accounts of the Business for the period from the date when such accounts were last prepared up to and inclusive of the date of termination of this agreement and submit them to the Franchisor within 30 days from the date of Termination;
- 18.1.8 assign to the Franchisor for the sum of £1 in such form as the Franchisor shall reasonably require, the benefit of such contracts with customers as the Franchisor may specify and pay over to the Franchisor any sums received on account of such contracts (without any deduction or right of set off);
- 18.1.9 join with the Franchisor in cancelling any interest of the Franchisee in any of the Trade Marks which may have been recorded with the Registrar of Trade Marks, and if the Franchisee shall fail to do so, the Franchisor is hereby irrevocably appointed the agent of the Franchisee with full authority to give such notice to the Registrar of Trade Marks on behalf of the Franchisee;

- 18.1.10 cease the use of all material of whatever nature the copyright of which is vested in the Franchisor or where its continued use would in any way infringe the Franchisor's copyright;
- 18.1.11 pay the Franchisor's legal costs incurred in obtaining legal advice and in the preparation and service of the termination notice and all disbursements reasonably and properly incurred in relation to it;
- 18.1.12 upon the payment of the sum of £1 by the Franchisor, provide the Franchisor without delay, with full details of all customers and (as far as it is aware) of prospective customers of the Business and there shall be a deemed transfer of such customers and their goodwill to and for the benefit of the Franchisor with effect from the date of payment of the said sum;
- 18.1.13 forthwith cease to use the following and assign to the Franchisor all of the Franchisee's rights title and interest in them for the sum of £1, in such form as the Franchisor shall require and do all such acts and things (including the signature of any document) which may be necessary to ensure that the future use of them by the Franchisor is assured and if the Franchisee shall fail to do so, the Franchisor is hereby irrevocably appointed the agent of the Franchisee, with full authority to give such notice to the relevant supplier on behalf of the Franchisee:
- 18.1.13.1 any domain names which incorporate any of the Trade Marks or the Trade Name or anything confusingly similar to any of them;
- 18.1.13.2 any e-mail address, Internet, domain name listing or registration relating to the Business, the telephone lines and any other lines the numbers of which have been publicly associated with the Business and or the Trade Name; and
- 18.1.13.3 any website which is in any way concerned or in connection with to the Business;
- 18.1.14 immediately cease using any or all of the Trade Marks any and all

domain names, electronic mail addresses and Internet websites that display or use the Trade Marks and acknowledge that the Franchisee has no rights in any of them;

18.1.15 immediately cease to represent itself as a franchisee of the Franchisor and discontinue the use of the Trade Marks, the Trade Name and any and all domain names, electronic mail addresses and Internet websites that display or use the Trade Marks, the Trade Name, designs, symbols or slogans, in any form or imitation, and refrain from identifying itself in name by any word or words which are the same as or similar to any of the Trade Marks, the Trade Name or any part of any of them in any form or fashion;

18.1.16 immediately make available to the Franchisor copies of all past and current Franchisee sales leads and records and all documents related to past and future operations of the Franchisee that may exist including mail receiving agreements and all data and information relating to the foregoing stored in or retrieved or generated from computer or electronic system.

18.2 Upon Termination neither the Franchisee nor any Guarantor shall:

18.2.1 for a period of 2 years after Termination be directly or indirectly engaged concerned or interested in any capacity whatsoever (except as the holder of not more than 5% of the shares in any company whose shares are listed or dealt in on The Stock Exchange) in any business which provides any products or services which compete with any of the Services provided by the Franchisor or any of its franchisees within the Territory;

18.2.2 for a period of 2 years after Termination be directly or indirectly engaged concerned or interested in any business which is conducted within any area in the United Kingdom:

18.2.2.1 if it would compete with the Business conducted or intended to be conducted by:

18.2.2.2 any other franchisee or prospective franchisee of the Franchisor; or

18.2.2.3 the Franchisor itself, or

18.2.3 where a **LOOK LOCAL** business is conducted or intended to be conducted by:

18.2.3.1 any franchisee or prospective franchisee of the Franchisor; or

18.2.3.2 by the Franchisor itself

if in any such case (referred to in clause 18.2.3.1 or 18.2.3.2) the Franchisee shall have provided the Services to customers whose place of business or residence is within such area;

18.2.4 for the period of 2 years after Termination for the purpose of selling any products or services which are the same as or similar to any of the Services directly or indirectly solicit or tout for business from any person who was during the period of 2 years prior to Termination a customer of or in the habit of dealing with the Business;

18.2.5 without prejudice to the foregoing provisions at any time after Termination be directly or indirectly engaged concerned or interested in a business which utilises the System or any significant part of it whilst the same remains confidential nor use the Trade Name or the Trade Marks or any name or mark likely to be confused with it.

18.3 The parties agree that each of the covenants set out in clause 18.2 is separate and severable and enforceable accordingly, and, whilst the restrictions contained in such covenants are considered by the parties to be reasonable in all the circumstances at present, it is acknowledged that restrictions of this nature may be invalid because of changing circumstances or other unforeseen reasons, and accordingly if any of the restrictions shall be adjudged to be void or ineffective for whatever reason, but would be adjudged to be valid and effective if part of its wording were deleted, or its period reduced, or its area reduced in scope, it shall then apply with such modifications as may be necessary to make it valid and effective.

18.4 Termination shall be without prejudice to the accrued rights of the parties and any provision of this agreement which relates to or governs the acts of the parties to this agreement prior to Termination shall remain in full force and

effect and shall be enforceable notwithstanding Termination.

19. **Guarantor's Guarantee**

The Guarantor covenants and undertakes with the Franchisor:

- 19.1 That the Franchisee will duly observe and perform all the obligations contained in this Agreement on the Franchisee's part to be observed and performed.
- 19.2 That if the Franchisee shall fail to observe and perform any of the said obligations or fail to pay for any of the Services supplied to the Franchisee or to make payment when due of business development fees or any other sums which may be payable by the Franchisee under this Agreement the Guarantor will be liable for such default and shall make payment of any sums so due upon demand being made by the Franchisor.
- 19.3 That he will (as a distinct and separate obligation) indemnify and render harmless the Franchisor in respect of all losses damages claims costs and expenses which the Franchisor may incur or suffer by reason of its entry into continuation of or termination of this Agreement.
- 19.4 That he will devote his full time attention and effort to the management and operation of the Business except to the extent and in the manner expressly and previously agreed in writing by the Franchisor.
- 19.5 That he will ensure that at all times there are not less than two directors of the Franchisee (including himself).
- 19.6 That he will not make use of any of the Franchisor's intellectual property rights of whatsoever nature (including the Goodwill) and will not disclose to any third party or make use of any of the elements of the System about which the Guarantor may acquire knowledge by virtue of the training he may have received from the Franchisor his involvement in the Business his shareholding or directorship in the Franchisee. The Guarantor hereby warrants that save pursuant to an agreement entered into with the Franchisor prior to the execution of this Agreement or as disclosed by the Guarantor in writing and annexed to this Agreement and signed by the parties hereto he had no direct knowledge of:

- 19.6.1 the **LOOK LOCAL** business; or
- 19.6.2 how to operate a business similar to the **LOOK LOCAL** business; or
- 19.6.3 how to conduct the **LOOK LOCAL** business; or
- 19.6.4 the System.

The Guarantor accordingly agrees that consequent upon the Franchisor relying on the warranty and statements referred to above the Guarantor would not without the benefit of the System be able to run or participate in any business similar to or which competes with the **LOOK LOCAL** business. The Guarantor accordingly undertakes during the Term and thereafter not to be engaged concerned, involved in any capacity whatsoever in a business which carries on a business similar to or which competes with the **LOOK LOCAL** network where the System would enable such a similar or competing business to conduct its business or would assist or enhance its performance unless the System as a package shall enter the public domain otherwise than in breach of contract or trust by any person having knowledge thereof.

- 19.7 In order to prevent the Franchisor's System from directly or indirectly benefiting competitors that he will not for the period of one year following termination of this Agreement:

- 19.7.1 within the Territory (except as the holder of not more than five per cent (5%) of the shares in any company whose shares are listed or dealt in the Stock Exchange or other recognised public market) directly or indirectly be engaged or concerned or interested in any capacity whatsoever in any business which carries on a business similar to or which competes with the **LOOK LOCAL** business;

- 19.7.2 directly or indirectly be engaged concerned or interested in any capacity whatsoever in a business which is similar to or which competes with the **LOOK LOCAL** business within any territory (other than the Territory) in the United Kingdom served by any member of the **LOOK LOCAL** network or by the Franchisor itself within which a customer of the Franchisee shall have its address or place of business.

- 19.8 The liability of the Guarantor under this clause shall not be in any way affected or impaired by the Franchisor giving time or showing any indulgence whatsoever to the Franchisee.
- 19.9 The Franchisee and Guarantor hereby jointly and severally covenant that the Franchisee will make a true and up-to-date copy of its Memorandum and Articles of Association available to the Franchisor on or before the execution of this Agreement and that during the Term of this Agreement the Memorandum and Articles of Association of the Franchisee as previously supplied to the Franchisor shall not be amended without the prior written consent of the Franchisor.
- 19.10 The Franchisee and Guarantor shall ensure that without the prior written consent of the Franchisor the present beneficial holders of the issued shares in the Franchisee will not permit or suffer the said beneficial interests or any part or interest therein to be transferred alienated or to become the subject of any mortgage charge or other security interest whatsoever. The Guarantor and Franchisee warrant that the Franchisee shall not without the prior written consent of the Franchisor issue any further shares or securities of any other nature to any person other than the Guarantor and the provisions of this clause shall apply to any such shares so issued.
- 19.11 The Guarantor shall not on any grounds whatsoever claim the benefit of any security now or hereafter held over the Franchisee or its assets by him in competition with the Franchisor so as to diminish any payment which the Franchisor would be entitled to receive from the Franchisee or out of its assets provided that nothing herein contained in this clause shall affect the Franchisor's right to recover any amount from the Guarantor which it is hereby entitled to recover on pursuant to any guarantees and indemnities given by the Guarantor in this Agreement.

## 20. **Indemnity**

- 20.1 The Franchisee shall indemnify and keep indemnified the Franchisor from and against any and all loss, damage, liability legal fees and costs incurred by the Franchisor arising from any breach of contract or negligence of the Franchisee his agents, employees or licensees unless such act and or default is required by the terms of this Agreement, the Manual or the Franchisor.

## 21. **Improvements**

- 21.1 The Franchisor shall use reasonable endeavours to conceive and develop new and improved methods of conducting a business in accordance with the System and other additions or modifications to the System which it may consider desirable.
- 21.2 The Franchisor agrees to make such improvements additions or modifications available to the Franchisee at the earliest possible opportunity after they have in the opinion of the Franchisor been fully developed and tested.
- 21.3 The Franchisee, for its part, will notify the Franchisor of any improvements in the method of operation of the System and or the Business which it may consider would assist in the development of the System which the Franchisor will evaluate.
- 21.4 The Franchisee shall not introduce any improvement addition modification or innovation into the conduct of the Business or of the System without the prior written consent of the Franchisor.
- 21.5 The Franchisee shall when required by the Franchisor in writing, introduce any improvement addition modification or innovation to the System and the conduct of the Business at the time or times and in the manner specified in such written requirement and the System shall thenceforth be deemed to have been varied as so specified.
- 21.6 In order that the Franchisee, the Franchisor and its other franchisees may all benefit from the free interchange of ideas the Franchisee shall permit the Franchisor to introduce into the System and or the Manual any improvements which may have been notified by the Franchisee to the Franchisor without any payment being made for it by the Franchisor or any of its franchisee to the Franchisee.

## 22. **Manual**

- 22.1 For the avoidance of doubt, any intellectual property rights that may arise in the Policies and Procedures Manual, the Database, the Confidential Information or otherwise including any amendments or revisions made to them shall vest and remain vested in the Franchisor.

22.2 This clause 22 shall survive the termination of this Agreement.

**23. Agency**

23.1 Nothing in this agreement shall be construed as making the parties partners or joint ventures or render any party liable for any of the debts or obligations of any other party. The Franchisee is not, and shall not hold itself out as, the agent of the Franchisor and under no circumstances shall the Franchisee have authority to bind the Franchisor nor hold itself out to any third party as having such authority.

**24. Force Majeure**

24.1 None of the parties to this Agreement shall be responsible to any other party for any delay in performance or non-performance due to Force Majeure, but the affected party shall promptly upon the occurrence of any such causes inform the other parties in writing, stating that such cause has delayed or prevented its performance hereunder and thereafter such party shall take all action within its power to comply with the terms of this agreement as fully and promptly as possible.

**25. Waiver**

25.1 The failure of any party at any time to enforce any of the provisions of this Agreement or to exercise any right under this Agreement shall in no way affect that party's rights after any failure or constitute a waiver of that right.

**26. Interpretation**

26.1 The headings of the clauses are inserted for convenience only and do not affect the construction of this Agreement.

**27. Continuing provisions**

27.1 The termination of this Agreement (for whatever reason) shall not terminate any provision, which is expressly or by implication provided to come into or continue in force after such termination and shall be without prejudice to the accrued rights and liabilities and other remedies of the parties to this Agreement.

**28. Severability**

- 28.1 If any clause or paragraph of this Agreement is held invalid or is otherwise unenforceable the remainder of the Agreement shall not also be invalidated unless in the reasonable opinion of the Franchisor the purpose of this agreement is frustrated as a result.
29. **Modification**
- 29.1 No modification, alteration or waiver of any of the provisions of this Agreement shall be effective unless evidenced in writing and signed by or on behalf of each of the parties.
30. **Interest**
- 30.1 Any sums payable by the Franchisee and not paid by the due date for payment shall bear interest on demand at 4% above HSBC Bank plc base rate from the date payment became due until payment (as well after as before judgment). The Franchisee shall pay all the Franchisor's costs, charges and expenses directly or indirectly incurred in obtaining or otherwise enforcing payment of the same.
31. **Notices**
- 31.1 Any notice or consent required to be given to any party in connection with this Agreement shall be in writing and shall be sent by post or recorded delivery to the address of the party set out in this Agreement or to such changed address as shall for that purpose be notified to the other party and every such notice or consent shall be deemed to have been given at the time when in the course of ordinary transmission it should have been delivered at the address to which it was sent.
32. **Governing Law**
- 32.1 This Agreement is governed in all respects in accordance with English law and shall be construed and take effect as an Agreement made in England.
- 32.2 The Franchisee shall conduct his business in a lawful manner and will faithfully comply with all applicable laws or regulations for the conduct of his business.
- 32.3 The parties will attempt to settle all disputes in good faith on an amicable

basis.

- 32.4 If any dispute arises out of this Agreement which cannot be resolved in accordance with Clause 32.3 the parties will attempt to settle it by mediation in accordance with the British Franchise Association's Mediation Procedure.
- 32.5 Notwithstanding the provisions of Clauses 32.3 and 32.4 the parties shall not be prevented from resolving any dispute by litigation if the procedure envisaged by Clauses 32.3 and 32.4 fails to resolve the dispute or if either party believes that injunctive relief is required or the dispute relates to the non-payment of sums due from one party to the other.
- 32.6 If litigation is instigated as envisaged by Clause 32.5 and the Franchisor is awarded its costs in the proceedings, the Franchisee shall make good the difference between the costs awarded to the Franchisor by the court and the actual costs (including all disbursements and court fees) incurred by the Franchisor, within fourteen days of receiving a request therefore from the Franchisor.

### **33. Entire Agreement**

- 33.1 This Agreement and the Manual constitute the entire agreement between the parties and supersedes all prior agreements, terms or statements in connection with the subject matter of this Agreement. No director, employee or agent of the Franchisor is authorised to make any representation or warranty not contained in this Agreement or the Manual and the Franchisee acknowledges that he has not relied on any such oral or written representations or statements about the Business, the Franchisee's Business, the prospects for the same turnover profitability or any other matter unless such representations or statements are annexed to this Agreement and signed by the parties.
- 33.2 The Franchisee having been given the opportunity to provide to the Franchisor particulars of any statements or representations which he considers have been made and which have induced him to enter into this Agreement shall to the extent that any such statements or representations are not annexed to this Agreement confirm that he has not relied on any such statement or representation.

- 33.3 If the exclusion of liability for negligent misrepresentation fails the test of reasonableness applicable to such an exclusion then liability for negligent misrepresentations shall not be excluded.
- 33.4 It is expressly provided that nothing in this Agreement shall exclude any liability of the Franchisor for pre-contractual statements or representations made fraudulently.
- 33.5 No variation or waiver of any of the provisions in this Agreement shall be binding unless in writing and signed by a duly authorised director or employee of the Franchisor or the Franchisee.

#### 34. **Acknowledgments**

- 34.1 The Franchisee hereby acknowledges that it has no rights to the System save for those rights expressly granted pursuant to this Agreement.
- 34.2 The Franchisee acknowledges that in giving advice to the Franchisee, assisting the Franchisee to establish the Franchisee's Business, recommending equipment and materials and assessing the suitability of the Franchisee, the Franchisor has based its recommendations on experience actually obtained in practice but that the Franchisor does not give any guarantee or warranty with regard to such matters or generally in connection with the sales volume, profitability or any other aspect of the Franchisee's Business. The Franchisee acknowledges that he has been advised by the Franchisor to discuss his intention to enter into this Agreement with other franchisees of the Franchisor and to seek other appropriate independent advice, and that the decision to enter into this Agreement has been taken solely on the basis of the personal judgement and experience of the Franchisee having taken such independent advice. Accordingly the Franchisee acknowledges that no representation, warranty, inducement or promise, express or implied, has been made by the Franchisor or relied upon by the Franchisee in entering into this Agreement save such as may have been notified by the Franchisee to the Franchisor in writing and are annexed to this Agreement and agreed by the parties.

**35. Rights of third parties**

- 35.1 Save as expressly provided in this agreement, no term of this Agreement shall be enforceable under the Contracts (Rights of Third Parties) Act 1999 by a third party other than the parties and their permitted successors and assignees.
- 35.2 A person who is the permitted successor to or assignee of the rights of a party is deemed to be a party to this Agreement and the rights of such successor or assignee shall, subject to and upon any succession or assignment permitted by this Agreement, be regulated by the terms of this Agreement.
- 35.3 Notwithstanding that any term of this Agreement may be or become enforceable by a person who is not a party to it, the terms of this Agreement or any of them may be varied, amended or modified or this Agreement may be suspended, cancelled or terminated by agreement in writing between the parties or this Agreement may be rescinded (in each case), without the consent of any such third party.

This Agreement has been entered into on the date stated at the beginning of it and forms the Commencement date of the agreement

**SCHEDULE 1**

**Territory**

**SCHEDULE 2**

**Trade Marks**



**SCHEDULE 3**

**Initial Term**

**5 Years From Commencement date of Agreement**

**SCHEDULE 4**

**Premises**

Signed by  
for and on behalf of **LOOK**  
**LOCAL LIMITED**

.....  
Director

Signed by  
for and on behalf of

.....

DATE

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