

FRANCHISE AGREEMENT

PART A SALIENT DETAILS

1. Parties to this agreement are:
 - 1.1 Franchisor, being **0861TRAVEL (PTY) LTD** (registration number: 2003/0270941/07)
 - 1.2 The Franchisee, being _____
(registration number: _____)
 - 1.3 The Members of the Franchisee, being: -
 - 1.3.1 _____
Identity Number: _____
 - 1.3.2 _____
Identity Number: _____
 - 1.3.3 _____
Identity Number: _____
 - 1.3.4 _____
Identity Number: _____
2. The Location herein referred to is _____
3. The Commencement Date referred to in D.1 is _____
4. The Franchise Fee referred to in I.1 is
 - a) Retail Store R75 000-00 (Seventy Five Thousand Rand) exclusive of VAT
 - b) Kiosk R50 000.00 (FiftyThousand Rand) exclusive of VAT
 - c) Home Edition R25 000.00 (Twenty Five Thousand Rand) exclusive of VAT
 - d) Business Traveller R35 000.00 (Thirty Five Thousand Rand) exclusive of VAT.
5. The Name of the Franchised Franchise is " _____ "

**PART B
RECITALS**

1. The Franchisor owns Trade Secrets and Know-how (as hereinafter defined), relating to the design and development of franchises in distinctive style under the style of 0861 Travel pursuant to uniform systems developed and owned by the Franchisor all of which may be improved, further developed or otherwise modified by the Franchisor from time to time ("the System").
2. The System has been developed by the Franchisor as a uniform method and philosophy of operation, customer service, marketing, advertising, promotion, publicity, technical knowledge and operations relative to The Franchise business.
3. The Franchisor is the registered owner of the Trademark "0861 Travel". The Franchisor may from time to time develop other trademarks, logos and trade secrets for purposes of use in conjunction with the Trademark "0861 Travel" in The Franchise ("the Trademarks").
4. The Franchisor grants to persons who meet the Franchisor's qualifications and are willing to undertake the investment and effort, franchises to establish and operate a 0861 Travel Franchise at a specified location and a licence to use the Trademarks in connection with the promotion and operation of The Franchise.
5. The Franchisee is desirous of obtaining a franchise to establish and operate a 0861 Travel ("The Franchise") at the Location and the Franchisor is willing to grant such a franchise upon the terms and conditions hereinafter set forth.

PART C
ACKNOWLEDGEMENTS

The Franchisee acknowledges warrants and represents to the Franchisor as an inducement to the Franchisor to enter into this agreement, as follows: -

1. The Franchisee has read this agreement and undertakes and accepts the terms and conditions contained in this agreement as being reasonable and necessary to maintain the Franchisor's standards of quality and service and the uniformity of those standards at all 0861 Travel Franchises in order to protect and preserve the goodwill of the name, reputation of 0861 Travel Franchises and the goodwill of the Trademarks.
2. The Franchisee recognises the policy of the Franchisor to welcome any member of the public who conforms to normal standards of dress and behaviour, regardless of race, colour or creed.
3. The Franchisee has conducted an independent investigation of the business contemplated by this agreement and recognises the nature of The Franchise business may evolve and change over time, that an investment in The Franchise involves business risks, and the success of the venture is primarily dependent upon the business ability and efforts of the Franchisee.
4. The Franchisee has not received or relied upon any representation, warranty or, guarantee, expressed or implied, of whatsoever nature or kind, including but not limited to the cost of establishment (including fixtures, fittings, décor and equipment), turnover, profits, or success of the business venture contemplated by this agreement.
5. No representations have been made by the Franchisor, or by its officers, directors, shareholders, employees, or agents, that are contrary to the terms contained in this agreement.
6. In all of their dealings with the Franchisee, the officers, directors, employees, and agents of the Franchisor act only in a representative capacity, not in an individual capacity, and that this agreement, and all business dealings between the Franchisee and such individuals as a result of this agreement, are solely between Franchisee and the Franchisor.
7. The Franchisee has adequate financial resources to establish and operate The Franchise; and
8. The application for the franchise made by the Franchisee to the Franchisor ("the Application") is true and correct in each and every respect and the Franchisee has made no incorrect statement therein or failed to make any statement which would be necessary to be made in order to make the statements made therein not misleading.
9. If the Franchisee is a company, close corporation or partnership each shareholder, member or partner thereof as at the Commencement Date, has been disclosed in writing to the Franchisor prior to signature hereof.
10. Within seven (7) days of demand by the Franchisor, or failing such demand on at least one (1) occasion per annum (but not later than 31 December) in each and every year during the current of this agreement, to deliver to the Franchisor at list containing the full names and addresses of all shareholders or members of the Franchisee or the names of all the partners of the Franchisee, duly certified by the auditor, accounting officer or accountant (as the case may be) of the Franchisee.
11. In the event of the Franchisee being a corporate body and the name of such corporate body incorporates (in whole or in part) the name of The Franchise than in the event of the expiration or termination of this agreement the Franchisee and its owner shall cause forthwith the change of its corporate name to such name as does not incorporate any part of the name of The Franchise. The members of the corporate body hereby bind themselves, jointly and severally, to comply with the provisions hereof. No Franchisee shall be entitled to utilise the name "0861 Travel" or any derivative thereof without the prior written consent of the Franchisor.

**PART D
GRANT OF FRANCHISE**

1. The Franchisee has applied for a franchise to establish, own and operate a Franchise at the site described as the Location in A.2 under the name referred to in A.5 and such application has been approved by the Franchisor in reliance upon all the representations made therein. Subject to the provisions of this agreement, the Franchisor hereby grants to the Franchisee a non-exclusive franchise ("the Franchise") to construct and operate The Franchise at and only at the Location (and only under the name referred to in A.5), and to use the System and Trademarks in the operation thereof (including the said name of The Franchise), for a period of 10 years commencing on the Commencement Date unless terminated earlier as provided in clause P hereof. Termination or expiration of this agreement shall constitute a termination or expiration of the Franchise.
2. Provided that the Franchisee is in substantial compliance with this agreement, the Franchisor will not operate or grant a Franchise for the operation of another 0861 Travel Franchise within 1km radius.
3. The Franchisor shall have the right in its sole discretion to:-
 - 3.1 manufacture and distribute products authorised for 0861 Travel Franchises under the Trademarks or other trademarks, service marks, logos, and commercial symbols through retail travel stores and other channels of distribution, except other franchises;
 - 3.2 grant other franchises for 0861 Travel Franchise at such locations as the Franchisor, in its sole discretion, deems appropriate subject only to the territorial rights granted to the Franchisee paragraph D.2 hereof.
4. The Franchisee agrees that he will at all times, faithfully, honestly, and diligently perform his obligations hereunder and that he will continuously exert his best efforts to promote and enhance the business of The Franchise and all other franchises in the 0861 Travel Franchise Group.

**PART E
DEVELOPMENT AND OPENING OF FRANCHISE**

1. The Franchisee has leased the Location for The Franchise and shall cause a 0861 Travel Franchise to be laid out and fitted in accordance with the Franchisor's directions, plans and specifications. All building work and modifications shall be at the Franchisee's expense. The Franchisee shall employ a competent contractor to do all required construction or development who is approved for such purpose by the Franchisor. Approval of a contractor by the Franchisor shall be based upon his reputation for reliability, the quality of his work and financial responsibility, and such other factors as the Franchisor reasonably determines are relevant. If plans and specifications furnished by the Franchisor for The Franchise are modified by or for the Franchisee by anyone other than the Franchisor or its architect, the Franchisee shall submit final, detailed plans and specifications to the Franchisor for its prior written consent before re-modelling or construction is commenced. All remodelling and construction must be in strict accordance with plans and specifications or directions furnished or approved by the Franchisor.
2. The Franchisee agrees to commence such construction or development as soon as possible and to expeditiously attend to its completion, purchase all supplies, purchase and attend to the installation of all fixtures and equipment, train all employees, obtain all required insurance, and licences and, in general, do all things necessary so that The Franchise shall be open for business in accordance with paragraph E.3 of this clause on the Commencement Date or such later date agreed to by the Franchisor in writing. The Franchisee shall timeously effect payment (to the Franchisor or any other person) of any costs of and incidental to the establishment of The Franchise (it being recorded that the intention of the parties in respect hereof is, inter alia, in order to ensure that The Franchise is completed and open for business as soon as possible).

3. The Franchisee agrees not to permit its management to open The Franchise for business until the Franchisor determines that development has been completed in accordance with paragraph E.1 of this clause and that The Franchise's general manager and other personnel as the Franchisor deems requisite, have completed the Franchisor's training programme to the Franchisor's satisfaction. The Franchisee shall prepare and submit to the Franchisor for its prior written approval an opening advertising and promotional programme for implementation as soon as the Franchisor is satisfied with the standard of operation of The Franchise. The Franchise shall be open for business to the general public as at the Commencement Date or such other date as may be agreed to by the Franchisor in writing.

PART F TRAINING AND GUIDANCE

1. The Franchisor shall furnish to the Franchisee and its management (the selection of such persons for training being at the sole discretion of the Franchisee) a training programme (the nature and extent whereof shall be in the sole discretion of the Franchisee) in operation of a 0861 Travel franchise during such period and for such time as the Franchisor in its discretion designates prior to the Commencement Date of this agreement. The training program may be at the Franchisor's principal offices, another Franchise, and/or at The Franchise. The Franchise's general manager and such other personnel as herein before referred to must pursue and complete the Franchisor's training program to the sole, subjective satisfaction of the Franchisor.
2. If, in the Franchisor's sole opinion, it is reasonably necessary, the Franchisor will furnish personnel to supervise the operation of The Franchise until such training is completed. Supervision of the operation of The Franchise during any such period shall be for and on behalf of the Franchisee, provided that the Franchisor shall only have a duty to utilise its best efforts and shall not be liable to the Franchisee or its owners for any debts, losses, or obligations incurred by The Franchise, or to any creditor of the Franchisee for any materials, equipment, fixtures, furnishings, supplies or services purchased by The Franchise during such period. The Franchisee shall reimburse the Franchisor upon demand for all of the Franchisor's direct and indirect costs in connection with such supervision, including personnel costs, travel and living expenses. The Franchisor may, at its election, require the Franchisee to replace any franchise manager who in the Franchisor's reasonable determination does not meet the Franchisor's standard for knowledge and performance or who does not pursue or complete the Franchisor's training programme to the Franchisor's sole, subjective satisfaction. The Franchisor may require the Franchisee and/or previously trained and experienced franchise managers to attend periodic refresher courses at locations designated by the Franchisor. The Franchisee shall be responsible for all travel, living expenses and other costs (including salaries) which he, his franchise manager and other personnel incur in connection with initial training and any subsequent training program.
3. The Franchisor shall furnish to the Franchisee guidance in connection with:-
 - 3.1 methods, standards and operating procedures used by 0861 Travel Franchises;
 - 3.2 purchasing approved equipment, furnishings, fixtures, signs, and displays
 - 3.3 advertising and promotional programmes;
 - 3.4 employee training;
 - 3.5 administration, bookkeeping, accounting, and general operating and management procedures.

Such guidance shall, at the discretion of the Franchisor, be furnished from time to time during the currency of this agreement in the form of the Franchisor's operating manual (the "Operating Manual"), bulletins, other written materials, videos and training aids, the acquisition whereof by the Franchisee being compulsory (at any time during the currency of the Franchise Agreement), shall be payable by the Franchisee to the Franchisor upon demand. If reasonably requested by the Franchisee, the Franchisor will furnish additional guidance and assistance at per diem fees based upon the Franchisor's actual cost in providing such guidance and assistance. The Franchisor shall advise the Franchisee from time to time of operating problems at The Franchise disclosed by reports submitted to or inspections made by the Franchisor or its representatives.

4. The Franchisor will loan to the Franchisee during the term of the Franchise one copy of the Operating Manuals. The Operating Manuals shall contain mandatory and suggested instructions, specifications, standards and operating procedures prescribed from time to time by the Franchisor for 0861 Travel Franchises and information relative to other obligations of the Franchisee hereunder and the operation of The Franchise. The Operating Manuals may be modified from time to time to reflect changes in the image, décor, design, format, appearance, methods, standards and specifications approved for 0861 Travel Franchises. The Franchisee shall comply fully with all instructions, specifications, standards and operating procedures in the Operating Manuals (including any modifications thereto from time to time during the currency of this agreement). The Franchisee may not at any time make any unauthorised use or disclosure of or copy any part of the Operating Manuals and if the Franchisee does so he shall, without prejudice to the Franchisor's other legal remedies, be liable in respect of each such use, disclosure or copy, to pay the Franchisor a sum equal to the aggregate of the royalties due and/or paid by the Franchisee for the previous three (3) completed months or R10 000.00 (ten thousand rand), whichever is, the greater, as pre-estimated liquidated damages.

PART G TRADEMARKS

1. The Franchisee acknowledges that his right to use or exploit the Trademarks is derived solely from this agreement and is limited to the conduct of business by the Franchisee pursuant to and in compliance with this agreement and all applicable standards, specifications, and operating procedures prescribed by the Franchisor from time to time during the term of the franchise. Any unauthorised use or exploitation of the Trademarks by the Franchisee and any goodwill established thereby shall inure to the exclusive benefit of the Franchisor and that this agreement does not confer any goodwill or other interest in the Trademarks upon the operation of The Franchise). All provisions of this agreement applicable to the Trademarks shall apply to any additional proprietary trade and service marks and commercial symbols hereafter authorised for use or exploitation by and licensed to the Franchisee by the Franchisor.
2. Without limiting the generality of the provisions of G1, the Franchisee shall not use or exploit, or permit the usage of exploitation, directly or indirectly, of any of the Trademarks in any manner whatsoever in respect of any promotional, advertising or marketing campaign without the prior written consent of the Franchisor.
3. The Franchisee agrees to use the Trademarks as the sole identification of The Franchise, provided that the Franchisee shall identify himself as the independent owner thereof in the manner prescribed by the Franchisor. The Franchisee shall not use the Trademarks as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to the Franchisee hereunder) or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to the Franchisee hereunder) or in any modified form, nor may the Franchisee use any Trademarks in connection with the performance or sale of any unauthorised services or products or in any other manner not expressly authorised in writing by the Franchisor. The Franchisee agrees to prominently use and/or display products and other supplies and packaging materials designated by the Franchisor and in connection with advertising and marketing materials all Trademarks shall be displayed in the manner prescribed by the Franchisor. The Franchisee agrees to give such notices of trade and service marks registrations as the Franchisor specifies and from time to time to enter into and procure registration at his cost of such Registered User Agreements as may be required by the Franchisor.
4. The Franchisee shall immediately notify the Franchisor of any apparent infringement of or challenge to the Franchisee's use of the Trademarks, or claim by any person of any rights in the Trademarks, and the Franchisee shall not communicate with any person other than the Franchisor and its attorneys in connection with any such infringement, challenge or claim. The Franchisor shall have sole discretion to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any such infringement, challenge, or claim or otherwise relating to any Trademark. The Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as many in the opinion of the Franchisor's legal advisors, be necessary or advisable to protect and maintain the interests of the Franchisor in the Trademarks.

5. If it becomes advisable at any time in the Franchisor's sole discretion for the Franchisor and/or the Franchisee to modify or discontinue use of any trademark, and/or use one or more additional or substitute trade or service marks, the Franchisee agrees to comply with the Franchisor's directions to modify or otherwise discontinue the use of such trademark and/or to utilise such trademark within a reasonable time after notice thereof by the Franchisor. The Franchisor shall not be obligated to compensate the Franchisee for any costs incurred by the Franchisee in connection with any such additional, modified, discontinued or substitute trade or service mark.

PART H RELATIONSHIP OF PARTIES / INDEMNIFICATION

1. It is understood and agreed by the parties hereto that this agreement does not create a fiduciary relationship between them, that the Franchisor and the Franchisee shall be independent contractors, and that nothing in this agreement is intended to make either party a general or special agent, joint venture, partners, or employee of the other for any purpose. The Franchisee shall conspicuously identify himself in all dealings with customers, suppliers, public officials, and others as the owner of The Franchise under a franchise with the Franchisor and shall place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as the Franchisor may require from time to time.
2. The Franchisee shall not employ any of the Trademarks in signing any contract, cheque, purchase agreement, negotiable instrument or other legal obligation, application for any license or permit, or in a manner that may result in liability of the Franchisee. Neither the Franchisor nor the Franchisee shall make any express or implied agreement, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other or represent that their relationship is other than Franchisor and Franchisee and neither the Franchisor nor the Franchisee shall be liable by or have any liability under any agreements or representations made by the other that are not expressly authorised hereunder, nor shall the Franchisor be liable for any damages to any person or party directly or indirectly arising out of the operation of The Franchise, or the Franchisee's business authorised by or conducted pursuant to the Franchise, whether caused by the Franchisee's negligent or wilful action, failure to act or any other cause of whatsoever nature.
3. The Franchisee indemnifies and holds the Franchisor, its shareholders, directors, officers, employees, agents and assignees harmless against any liability for any claims arising out of the operation of The Franchise. For purposes of this indemnification "claims" shall mean and include all obligations, including tax in connection with sales made or business conducted by the Franchisee or payments to the Franchisor pursuant to this agreement, actual and consequential damages and costs reasonably incurred in the defence of any claim against the Franchisor, such as, by way of illustration, but not limitation, accountants', attorneys' and expert witness fees, costs of investigation and other litigation expenses and travel and living expenses. The Franchisor shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this agreement.

**PART I
FEES**

1. The Franchisee agrees to pay to the Franchisor an initial franchise fee in the amount set out in A.4 which fee shall be payable to the Franchisor upon the execution of this agreement. The initial franchise fee shall be fully earned by the Franchisor when paid and is non-refundable for any reason whatsoever.
2. With effect from the date of the commencement of the Franchisee's operation, which date shall be determined by the Franchisor, the Franchisee shall pay to the Franchisor on or before the tenth day of each calendar month during each and every month of the currency of this agreement a Royalty fee as follows:

- Ticketing

a **Retail Store**

R 0 – R400 000 turnover	R 7 500 plus VAT per month
R 400 001 – R600 000 turnover	R10 000 plus VAT per month
R 600 001 – R 800 000 turnover	R12 500 plus VAT per month
R 800 001 – R 1 000 000 plus turnover	R15 000 plus VAT per month

b. **Kiosk**

R 0 – R400 000 turnover	R 5 000 plus VAT per month
R 400 001 – R600 000 turnover	R 7 500 plus VAT per month
R 600 001 – R 800 000 turnover	R10 000 plus VAT per month
R 800 001 – R 1 000 000 plus turnover	R12 500 plus VAT per month

c. **Home Edition**

R 0 – R400 000 turnover	R 5 000 plus VAT per month
R 400 001 – R600 000 turnover	R 7 500 plus VAT per month
R 600 001 – R 800 000 turnover	R10 000 plus VAT per month
R 800 001 – R 1 000 000 plus turnover	R12 500 plus VAT per month

d. **Business Traveller**

R 0 – R400 000 turnover	R 7 500 plus VAT per month
R 400 001 – R600 000 turnover	R10 000 plus VAT per month
R 600 001 – R 800 000 turnover	R12 500 plus VAT per month
R 800 001 – R 1 000 000 plus turnover	R15 000 plus VAT per month

- Ad hoc and Corporate Travel – Franchisor receives commissions generated through contract purchases on the Multires system
- Tour Operators – Franchisor receives over rider commission on purchases made through It's approved preferred operators, the franchisee receives the standard commission payable by the tour operator to a travel agent.

Ticketing

Means ALL purchasing of ticketing is done via the GDS. It is recorded that at the current time this service is provided by Worldspan. The franchisee can only sell airlines that the Franchisor is linked to or has a contract with. The only exceptions would be non- IATA based airlines where the franchisor does not have a contract. Commission will only be paid where the Franchisor is linked or has a contract.

The Franchisee may consult with the supplier directly on products available on the GDS – this is in respect of Retail prices quoted on GDS. The group fares, IT fares and corporate fares may only be dealt with by the Franchisor with regards to pricing and bookings.

All transactions must be captured on Multires. All credit card transactions with regard to Master and Visa cards may be processed through the Multires back end for credit cards at an additional cost of 4% of the total cost of the air ticket plus any fees. Should the Franchisee opt for the processing of the clients credit card through Worldspan, then no further charges will be levied for credit card processing. The Franchisee would then be obliged to ensure that all the correct documentation for such processing is signed and the SCCCF's are received by the Franchisor on BSP dates, 7, 15, 21 and last day of the month. Failure to comply will result in the Franchisee being held for any ADM and/or credit card reversals.

Diners and Amex can be processed directly through the GDS, Worldspan. In this case the client does not pay for any credit card charges. The franchisee must ensure that all correct documents are signed by the client as the franchisee would be responsible for any reversals.

Ad Hoc and Corporate Travel

The Franchisee may purchase travel products from the Franchisor through the contracts that the Franchisor has with the following suppliers

- Airlines (Group/IT/Corporate/Youth/Conference)
- Car Hire
- Accommodation
- Transport
- Cruises
- Charters
- Activities

Ad Hoc or corporate travel deals with domestic and international travel where the client is specifically requesting travel arrangements that do not involve a package offered by a tour operator, but rather separate travel products making up the clients travel needs. All transactions must be processed on Multires and only master and visa credit cards will be accepted. No further charges will be levied for credit card processing, on the basis that it is a 0861 travel contract supplier.

Should the franchisee purchase products through the franchisors wholesale contracts as indicated above, then the franchisee will be entitled to a rebate based on points which will be credited to the franchise fee. One point equals one rand. Points are calculated on the basis that all commission earned by the franchisee through the whole sale contract divided by three (3) equals the amount of points earned

In the event that the franchisee uses their own supplier, Multires must still be used to record and invoice under misc. sales or other tour operators. However, the franchisee has to use their own credit card facility to collect the funds or the back end of Multires may be used for an additional charge of 5%.

TOURS (Leisure only)

The franchisor may only use the following tour operators **for land arrangements only**. IT fares supplied by 0861travel, or system fares that the franchisor is linked to, can only be used. The only exception is where the franchisor does not have IT fares for the land arrangements requested, or where the tour operator has prepaid airfares with guaranteed land availability. The operators currently approved by the franchisor are as follows:

- 0861Travel
- Thompson's
- ITT
- Beachcombers
- Top Holidays
- Trafalgar
- ATO/Absolute Tours
- World Leisure
-

All staff, franchise owners and management of the franchisee have to register with the operators as a branch of 0861Travel and must process the transaction on Multires. All credit card transactions will attract an additional 4%, and only master and visa cards will be acceptable. In the event that the client wants to use diners or Amex this can be done direct with the operator provided all documents are signed by the client as required by the operator

In the event that **0861Travel** is the chosen operator then **no credit card charges** will be levied and points will be awarded on the aforementioned basis

All requests for operators not listed above, must be made in writing to the Franchisor for approval (Part K clause 5)

2. As used in this agreement, the term "Net Sales" shall mean and include all sales by The Franchise of travel and tourism promotional products, and all other products and services of The Franchise, whether or not identified by the Trademarks and whether consumed on or off the Location, less tax collected from customers and paid to the Receiver of Revenue.
3. All royalty and service fees, advertising contributions, amounts due for purchases by the Franchisee from the Franchisor or its associates, and other amounts which the Franchisee owes to the Franchisor or its associates shall bear interest from the due date at the highest applicable rate allowed by law for open account business credit. The Franchisee acknowledges that this paragraph shall not constitute the Franchisor's agreement to accept such payments after same are due or a commitment by the Franchisor to extend credit to, or otherwise finance the Franchisee's operation of, The Franchise. The Franchisee acknowledges that his failure to pay all amounts when due shall constitute grounds for termination of this agreement, as provided in Part P hereof, notwithstanding the provision of this paragraph.
4. Notwithstanding any designation by the Franchisee, the Franchisor shall have sole discretion to apply any payments by the Franchisee to any past indebtedness of the Franchisee for royalty and service fees, advertising contributions, purchases from the Franchisor or its associates, interest or any other indebtedness.
5. Marketing plans and programmes will be presented to all franchisees for National 0861TRAVEL marketing. Upon approval by each franchisee, the costs will be recovered equally.

PART J
TRADE SECRETS

1. The Franchisor possesses certain confidential information consisting of user name and passwords, knowledge of sales and profit performance at any one or more 0861 Travel Franchises, knowledge of test programs, concepts or results relating to new travel items, and advertising and promotional programs, sources of suppliers of services, advertising, promotion and marketing techniques, the selection and training of franchise managers and in general, methods, techniques, formulas, formats, specifications, procedures, information systems and knowledge in the operation and franchising of 0861 Travel Franchise. All or any of the foregoing and hereinafter referred to as "Trade Secrets". The Franchisor will disclose the Trade Secrets to the Franchisee in furnishing him with plans for The Franchise, in furnishing him with the Operating Manuals, by providing guidance and assistance to the Franchisee hereunder in connection with site selection where applicable and in the performance of the Franchisor's other obligations and the exercise of its other rights under this agreement.

2. The Franchisee, and if the Franchisee is a company, each shareholder thereof, or if the Franchisee is a close corporation, each member thereof, or if the Franchisee is a partnership, each partner thereof, or if the Franchisee is owned by a company or close corporation, such company or close corporation and each shareholder or member thereof (the Franchisee and each such said shareholders, members, partners, bodies corporate or shareholders/members of such bodies corporate, as the case may be, being hereinafter collectively referred to as "the Restraintees"), each acknowledge and agree that they will not acquire an interest in the Trade Secrets other than the right to utilise them in the development and operation of The Franchise during the term of this agreement, that the use or duplication of the Trade Secrets and any other business will constitute an unfair competition and a material breach of this agreement. The Restraintees each acknowledge and agree that the Trade Secrets are the Franchisor's property and are disclosed to the Restraintees solely on the condition that the Restraintees each hereby agree and undertake that during the term of this agreement and all times thereafter each of them:-
 - 2.1 will not use the Trade Secrets in any other business or capacity;
 - 2.2 will maintain the absolute confidentiality of the Trade Secrets;
 - 2.3 will not make unauthorised copies of any portions of the Trade Secrets disclosed in written form, including without limitation, any plans, the Operating Manuals, circulars supplements and additions thereof;
 - 2.4 Will operate and implement all reasonable procedures prescribed from time to time by the Franchisor to prevent the unauthorised use and disclosure of the Trade Secrets, including without limitation restrictions on disclosure thereof to employees of the Franchisee and the use of non-disclosure and non-competition clauses as prescribed by the Franchisor in employment agreements with employees who have access to the Trade Secrets. Executed copies of such agreement shall be promptly delivered to the Franchisor if the Franchisor so requires.

3. The Franchisee, and if the Franchisee is a company each shareholder thereof, or if the Franchisee is a partnership each partner thereof or if the Franchisee is owned by a company or close corporation such company or close corporation and each shareholder or member thereof (the Franchisee and each such said shareholders, members, partners, bodies corporate or shareholders/members of such bodies corporate (as the case may be) being hereinafter collectively referred to as "the Restraintees"), acknowledge and agree that the Franchisor would be unable to protect the Trade Secrets against unauthorised use or disclosure and would be unable to encourage a free exchange of ideas and information among owners of 0861 Travel Franchises if any of the Restraintees was permitted to hold an interest in any competitive business as described below. Each of the Restraintees also acknowledge that the Franchisor has granted the rights to the Franchisee herein set forth in consideration of, and in reliance upon, the Franchisee's agreement to deal exclusively with the Franchisor. Therefore, during the entire term of this agreement, anywhere in the Republic of South Africa ("the Territory"), each of the Restraintees hereby undertake and warrant in favour of the Franchisor that he shall not directly or indirectly:-
 - 3.1 carry on; or
 - 3.2 be engaged or concerned or interested in or employed by; or
 - 3.3 solicit business for; or
 - 3.4 be a proprietor of or director, shareholder, member or partner in;

- 3.5 act as a consultant, trustee, manager, employee, agent, representative, administrator, partner, advisor, officer or in any other like capacity to; or
 - 3.6 render any service (gratuitously or otherwise) to; or
 - 3.7 lend or advance, or bind himself/themselves as surety for, any sum of money or assist financially;
- any business, company, close corporation, partnership, trust, person, body corporate, association or other legal or business entity (incorporated or unincorporated) which, within the Territory, conducts, licences or franchises any franchise or establishment:-
- 3.8 which is similar or has a similar appearance or image or format or design or layout or décor or colour scheme or menu, or any combination thereof, to any 0861 Travel Franchise in operation or under construction during the currency of this agreement;
 - 3.9 is similar in design or uses methods similar to, or is likely to cause confusion with or create the impression of, a 0861 Travel Franchise or that of a franchise which is affiliated to or associated with 0861 Travel Franchises.
- 4. Each of the Restraintees jointly and severally undertake and warrant in favour of the Franchisor that they will produce that any shareholder, member or partner of the Franchisee (as the case may be) who for any reason whatsoever is not a signatory to this agreement shall be and remain bound by all the provisions of clause J.3.
 - 5. The restraints imposed upon each of the Restraintees in terms of clause J.3 shall be deemed to be entire, separate, several (including as to every capacity and each activity referred to therein), separately enforceable and independent restraints in favour of the Franchisor by each of the Restraintees.

**PART K
FRANCHISE IMAGE AND OPERATING STANDARDS**

- 1. The Franchisee agrees:-
 - 1.1 that neither The Franchise nor the Location will be used for any purpose other than the operation of The Franchise in compliance with this agreement;
 - 1.2 to maintain the condition and appearance of The Franchise and the Location in accordance with the standards of the Franchisor and consistent with the image of a 0861 Travel Franchise as a clean, sanitary, attractive, stylish and efficiently operated franchise offering high quality travel and tourism services and courteous and helpful service;
 - 1.3 to effect such maintenance of The Franchise and the Location as is required by the Franchisor from time to time to maintain such condition, appearance, and efficient operation, including without limitation:-
 - 1.3.1 continuous and thorough cleaning and sanitation of the interior and exterior of The Franchise;
 - 1.3.2 interior and exterior repair of The Franchise;
 - 1.3.3 maintenance of equipment at peak performance;
 - 1.3.4 replacement of worn out or obsolete improvements, fixtures, furnishings, equipment and signs with approved improvements, fixtures, furnishings, equipment and signs;
 - 1.3.5 Periodic painting and decorating.
 - 1.3.6 to upgrade and/or refurbish The Franchise at reasonable intervals determined by the Franchisor to reflect changes in the equipment image, design, format, or operation of 0861 Travel Franchises introduced by the Franchisor from time to time and required of new 0861 Travel Franchise franchisees subject to approval by the Franchisor of detailed plans and specifications for all construction, repair or refixturing in connection with such upgrading or remodelling;
 - 1.3.7 to place or display at The Franchise (interior or exterior) only such signs, emblems, lettering, logos and display only such advertising material that are from time to time approved in writing by the Franchisor;

- 1.4 not to allow any other form of entertainment without the Franchisor's prior written consent.

If the Franchisee does not maintain the condition and appearance of The Franchise as herein required, the Franchisor may (in its sole discretion), upon not less than seven (7) days written notice to the Franchisee, repair, remodel, upgrade, paint, decorate or replace the whole or any part of The Franchise including any fixtures, equipment or signs therein. The Franchisee shall pay for all the costs of and incidental to the foregoing upon demand therefore by the Franchisor.

2. The Franchisee shall not make any material replacements of or alterations to The Franchise, improvements, layout, fixtures and furnishings, signs, equipment or appearance of The Franchise as originally developed without prior written approval by the Franchisor. The Franchisee shall not install or have installed any vending machines, video games, or similar devices without the prior written approval of the Franchisor.
3. The Franchisee acknowledges that the reputation and goodwill of 0861 Travel Franchises are based upon, and can be maintained only by, the sale of distinctive, high quality travel and tourism services, and other promotional products and the presentation and packaging of such products in an attractive manner. The Franchisee therefore agrees that The Franchise will conform to the Franchisor's specifications and quality standards and purchase from distributors and suppliers designated or approved by the Franchisor (which may include the Franchisor or any associate of the Franchisor), all travel and tourism services. In the event of any of the aforesaid products, promotional materials, and the like being supplied by the Franchisor or its associate(s), the Franchisee shall abide by the terms and conditions (including as to payment, collection and delivery) adopted by the Franchisor or its associate(s) from time to time in respect of the supply of such said products, promotional materials and the like.
4. In approving distributors and suppliers for The Franchise, the Franchisor may take into consideration such factors as price of products or supplies and reliability of the distributor or other supplier. The Franchisor may concentrate purchases with one or more distributors and/or other suppliers to obtain the lowest prices and/or the best advertising support and/or services for any group of 0861 Travel Franchises franchised or operated by the Franchisor. Approval of a distributor or supplier may be conditional on requirements relating to the frequency of delivery, standards of service, including prompt attending to complaints, and concentration of purchases, as set forth above, and may be temporary, pending a further evaluation of such distributor or other supplier by the Franchisor.
5. The Franchisee shall offer all products and services approved by the Franchisor. If the Franchisee desires to add items to or delete items to be sold at or by The Franchise, he must first obtain the prior written approval of the Franchisor. The Franchisor requires such approval of new items to assure itself that such items are of the type and quality approved for 0861 Travel Franchises and are consistent with the image and format of 0861 Travel Franchises. The Franchisee agrees that he will not, without prior written approval by the Franchisor, offer any or other products that are not authorised by the Franchisor for 0861 Travel Franchises.
6. The Franchisee acknowledges that each and every detail of the appearance, layout, décor, travel and tourism products, and supplies utilised, service offered, and operation of The Franchise is important to the Franchisor. The Franchisee agrees to comply with all mandatory specifications, standards and operating procedures relating to:-
 - 6.1 Travel and tourism products and services for sale;
 - 6.2 building design and building materials;
 - 6.3 appearance and dress of employees;
 - 6.4 appearance, cleanliness, sanitation, standards of services, security procedures and operating of The Franchise;
 - 6.5 hours and days during which The Franchise will be open for business;
 - 6.6 crime prevention procedures and programs prescribed by the Franchisor;
 - 6.7 packaging, promotional, advertising and marketing materials and activities.

The Franchisee acknowledges and agrees that mandatory specification, standards and operating procedures, which in the sole discretion of the Franchisor may become necessary and desirable from time to time, may be prescribed from time to time by the Franchisor in the Operating Manuals or otherwise communicated to the Franchisee in writing. Any reference thereto in this agreement shall include all such mandatory specifications, standards and operating procedures. The Operating Manuals and any other specifications, standards and operating procedures communicated in writing to the Franchisee shall be deemed to form part of this agreement and shall be binding upon and implemented by the Franchisee.

7. The Franchisee shall purchase and install such electronic communications and computer equipment, including a facsimile machine, modem and computerised cash register, as the Franchisor may from time to time require. The Franchisor shall be enabled, in terms of this clause, to specify the precise nature, type and make of any business machine including cash register and computers which it requires the Franchisee to install in the premises.
8. Subject to the terms of the Franchisee's Lease, The Franchise shall be opened on the days and hours specified in the Operating Manuals unless the Franchisor approves other or additional hours recommended by the Franchisee.
9. The Franchisee shall secure and maintain in force in its name all required licences, permits and certificates relating to the operation of The Franchise and shall, if so required by the Franchisor, transmit copies of all such licences, certificates, and permits to the Franchisor within ten (10) days of their receipt by the Franchisee. The Franchisee shall operate The Franchise in full compliance with all applicable laws, ordinances and regulations relating to labour laws, occupational hazards, health, workmen's compensation insurance, unemployment insurance and payment of all taxes, imposts and levies. All marketing by the Franchisee shall be factual, ethical and in good taste in the judgement of the Franchisor and shall be subject to the Franchisor's approval. The Franchisee shall in all dealings with its customers, suppliers, the Franchisor and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. The Franchisee agrees to refrain from any business or advertising practice which, in the sole subjective opinion of the Franchisor, may be injurious to the business of the Franchisor and the goodwill associated with the Trademarks and/or other 0861 Travel Franchises. Within ten (10) days of the receipt by the Franchisee of any report from any health department or other comparable agency, the Franchisee shall forthwith post a copy of such report to the Franchisor. The Franchisee shall notify the Franchisor in writing within three (3) days of the commencement of any action or proceeding and of the issue of any summons, interdict, writ or order of any court or other quasi judicial body, which may adversely affect the operation or financial condition of the Franchisee or The Franchise or of any notice of breach of any law, ordinance, or regulation relating to health or sanitation.
10. The Franchisee shall remain in effective control of The Franchise and shall not permit any person other than a properly trained manager to control The Franchise without the prior written consent of the Franchisor. The Franchisee shall not employ, without the prior written permission of the Franchisor, any person who has during a period of six (6) months prior to commencement of such intended employment been employed by the Franchisor or any other Franchisee of the Franchisor. The Franchisee shall continuously and strictly carry out and enforce all security measures and purchase such security equipment as specified from time to time by the Franchisor.
11. The Franchisee shall hire all employees of The Franchise, be exclusively responsible for all obligations arising out of the employment and (except as set forth in F.1) for the proper training of such employees in the operation of The Franchise. The Franchisee shall require all employees to maintain a neat and clean appearance and to conform to the standards of dress and uniforms (if any) specified by the Franchisor time to time.

12. During the term of the Franchise, the Franchisee shall maintain force, under policies of insurance issued by insurers approved by the Franchisor, the insurable risks enumerated in the Operating Manuals at not less than the amount of such coverage so specified. The Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, including public liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability or other relevant changes in circumstances. Such insurance policies shall insure the Franchisee and the Franchisor and shall provide for ten- (10) day's prior written notice to the Franchisor and shall provide for ten- (10) day's prior written notice to the Franchisor of any material modification, cancellation or expiration of a policy. The Franchisee shall provide evidence satisfactory to the Franchisor that such insurance is of full force and effect prior to commencing business at The Franchise. If the Franchisee fails or refuses to maintain the required insurance coverage or to furnish satisfactory evidence thereof, the Franchisor at its option and in addition to its other rights and remedies hereunder, may obtain such insurance coverage on behalf of the Franchisee and the Franchisee shall fully co-operate with the Franchisor in its efforts to obtain and maintain such insurance policies, promptly execute all forms or instruments required to obtain any such insurance, allow any inspections of The Franchise which are required to obtain or maintain such insurance and pay to the Franchisor, on demand, any costs and premiums incurred by the Franchisor. The Franchisee's obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by the Franchisor, nor shall the maintenance of such insurance relieve the Franchisee of any obligations under this paragraph of this agreement. The Franchisor shall not be liable for the sufficiency of any insurance which may be obtained by it.
13. The Franchisee shall fully perform all obligations to be performed by him under the lease for the Location and shall within three (3) days after receipt of any notice of breach from its landlord post a copy of such notice to the Franchisor together with a statement of the steps proposed to be taken by the Franchisee in response to such notice.
14. The lease agreement will be in the name of the Franchisee as lessee and such lease agreement shall contain a provision to the effect that the Location referred to in paragraph A.2 shall not be used for any other brand, save the brands under the franchise acquired in terms of this agreement.

PART L
ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

1. The Franchisee shall establish and maintain at its own expense bookkeeping, accounting, and record keeping system conforming to the requirements prescribed by the Franchisor from time to time, including but not limited to, the preparation and retention of books, records and computer printouts. The Franchisee shall purchase and install any such computerised cash registers, computers and communications equipment (including a facsimile machine and computerised point of sale, electronic date and communications equipment) as may be specified by the Franchisor from time to time. With respect to the operation and financial situation of The Franchise, the Franchisee shall, if so required by the Franchisor, furnish to the Franchisor in the form and in the manner prescribed such financial and other information as is required by the Franchisor from time to time, including but not limited to:-
 - 1.1 by the tenth (10th) day following each calendar month a report of the Gross and Net Sales of The Franchise for the preceding calendar month and such other data, information, and support records as the Franchisor from time to time requires in the sole discretion of the Franchisor.
 - 1.2 Within twenty (20) days after the end of each calendar quarter, a profit and loss statement for the preceding calendar quarter and a year to date profit and loss statement for The Franchise;
 - 1.3 Within forty-five (45) days after the end of the Franchisee's financial year, a balance sheet and an annual profit and loss statement reflecting all year-end adjustment for The Franchise;
 - 1.4 Within (10) days of their filing, exact copies of all General Sales Tax or VAT returns;
 - 1.5 Upon request such portions of the Franchisee's income tax returns that reflect the operation of The Franchise.
2. Each such report and financial statement shall be verified and signed by the Franchisee in the manner prescribed by the Franchisor.

PART M
ANNUAL REVIEWS, INSPECTIONS AND AUDITS

1. Once each calendar year, at a time designated by the Franchisor, if so required by the Franchisor, the Franchisee and the director/manager of his operations shall be obliged at the Franchisee's expense to meet with representatives of the Franchisor at the Franchisor's principal office from time to time, for the purpose of discussing and reviewing The Franchise's operations, status, and financial performance.
2. To determine whether the Franchisee and The Franchise are complying with the specifications, standards and operating procedures prescribed by the Franchiser for the operation of a 0861 Travel Franchise, the Franchiser or its designated agents shall have the right at any reasonable time and without prior notice to the Franchisee to:-
 - 2.1 inspect The Franchise;
 - 2.2 gain access by use of electronic transmission during all business hours to records maintained by the computerised point of sale, electronic data and communications equipment contemplated in clause L.1;
 - 2.3 observe the Franchisee and any Franchise managers and other employees of The Franchise;
 - 2.4 interview Franchise managers and other employees of The Franchise; and
 - 2.5 Interview customers of The Franchise.

The Franchisee shall present to its customers such customer evaluation forms as are periodically prescribed by the Franchisor and shall participate and/or request that its customers participate in any marketing surveys performed by anyone on behalf of the Franchisor.

3. The Franchisor shall have the right at any time during business hours, and without prior notice to the Franchisee to inspect or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns, and other records of The Franchise and the books and records of any company, close corporation, partnership or any other juristic or natural person which holds any interest in or owns the Franchisee. The Franchisee shall fully co-operate with representatives of Franchisor and independent accountants hired by the Franchisor to conduct any such inspection or audit. In the event that any such inspection or audit shall disclose an understatement of the Net Sales of The Franchise, the Franchisee shall pay to the Franchisor, within fifteen (15) days after receipt of the inspection or audit report, the royalty and service fees and marketing contributions due on the amount of such understatement, plus interest (at the rate and on the terms provided in paragraph I.4 hereof) from the date originally due until the date of payment. Further, in the event of such inspection or audit is made necessary by the failure of the Franchisee to furnish reports, supporting records or other information, as herein required, or to furnish such reports, records or information timeously, or if any understatement of Net Sales for the period of any audit is determined by any such audit or inspection, the Franchisee shall reimburse the Franchisor for the costs of such audit or inspection, including, but not limited to, any charges of any independent accountants the travel expenses and room and board and compensation of the expenses and costs (including salary) of any employee or agent of the Franchisor. The foregoing remedies shall be in addition to and not in lieu of all other remedies and rights of the Franchisor hereunder or under any applicable law.

**PART N
TRANSFER**

1. This agreement, including the Franchisor's rights and obligations, is fully assignable or transferable by the Franchisor and shall inure to the benefit of any transferee or other legal successor to the interest of the Franchisor herein.
2. The Franchisee hereby grants the Franchisor or its nominee, the right of first refusal to purchase The Franchise (or any interest therein) at the same price and on the same terms offered by any bona fide purchaser. The Franchisor (or its nominee) shall have thirty (30) days from date of delivery by hand by the Franchisee of written notice advising of the intention to sell accompanied by the original or a notarially certified copy of the agreement or offer concerned within which to exercise its said right of first refusal. If the Franchisee is a company or close corporation the shareholder or member thereof hereby grants to the Franchisor (or its nominee) the right of first refusal to purchase his shares or member's interest (or any part thereof) in the Franchisee at the same price and on the same terms offered by any bona fide purchaser. The Franchisor (or its nominee) shall have thirty (30) days from date of delivery by hand by the said shareholder or member of written notice advising of the intention to sell accompanied by the original or a notarially certified copy of the agreement or offer concerned within which to exercise its said right of first refusal.
3. The Franchisee shall not under any circumstances whatsoever (including in the event of the Franchisor declining to exercise its rights of first refusal in terms of N.2) assign in whole or in part any right or obligation in terms of this agreement, or otherwise transfer this agreement, The Franchise (or any interest therein), or the Franchise (or any interest therein) or otherwise part with possession of any part of the Location or permit any other party to occupy the Location, without prior written approval of the Franchisor. Any sale, cession, disposal, transfer or assignment which takes place with the Franchisor's approval shall be conditional upon and subject to the purchaser, transferee, cessionary or assignee thereof complying fully *mutatis mutandis* with the provisions of O.1.1 and O1.2, any other terms and conditions imposed by the Franchisor in its discretion, and paying to the Franchisor an initial franchise fee in the amount chargeable by the Franchisor to new franchisees at such time. For the purposes of this clause N:-
 - 3.1 if the Franchise is a company the sale, transfer or disposal (in any manner whatsoever) of any shares in the Franchisee or change in the issued share capital or share capital structure of the Franchisee (existing as at date of signature of this agreement) shall be deemed to be an assignment of this agreement.
 - 3.2 if the Franchisee is a close corporation the transfer, sale or disposal (in any manner whatsoever) of the interest of any member of such close corporation or any alteration in the interest of any member as at date of signature of this agreement) of such close corporation shall be deemed to be an assignment of this agreement.
4. No shareholder or member of the Franchisee shall sell, cede, assign or in any other way alienate or dispose of any loan account in the Franchisee without the prior written approval of the Franchisor.

**PART O
RENEWAL OF FRANCHISE**

1. Provided the Franchisee has been in substantial compliance with all of the terms and conditions of this agreement and is in such compliance on the date of expiration of the initial term of this agreement, the Franchisee shall have the right to renew the Franchise for the term granted and at the royalty rate stipulated by the Franchisor's then standard franchise agreement for 0861 Travel Franchises upon expiration of the initial term of the Franchise, if the Franchisee either:-
 - 1.1 maintains possession of and agrees to refurbish and decorate The Franchise, replace fixtures, furnishings, equipment and signs and otherwise modifies The Franchise in compliance with specifications and standards then applicable under new or renewal franchises for 0861 Travel Franchises; or
 - 1.2 secures a substitute location approved by the Franchisor and agrees to develop such substitute location in compliance with specifications and standards then applicable under new or renewal franchises for 0861 Travel Franchises.

Such renewal shall be without payment of an initial or renewal franchise fee, except that the Franchisor shall have the right to charge the Franchisee for services it renders to the Franchisee or expenses it incurs in conjunction with such renewal.

2. To renew the Franchise, the Franchisee shall at least ninety (90) days before the expiration of this agreement deliver written notice to the Franchisor exercising such right of renewal and the Franchisor shall execute the form of standard Franchise Agreement and any ancillary agreements thereto then customarily used by the Franchisor in the grant or renewal of franchises for the operation of 0861 Travel Franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise.)

**PART P
TERMINATION OF THE FRANCHISE**

The Franchisor shall be entitled to cancel this agreement (without prejudice to its rights to damages or to any other claim of whatsoever nature that it may have against the Franchisee as a result thereof) by giving notice to such effect to the Franchisee:-

1. if the Franchisee abandons or fails to actively operate The Franchise; or
2. if the Franchisee or any of its shareholders, members or partners (in the event that the Franchisee or its owner is a company, close corporation or partnership) surrenders or transfers control of the operation of The Franchise or transfers or otherwise disposes in any manner whatsoever of any of his/their interest in the Franchise (except as expressly permitted by this agreement); or
3. if the Franchisee has made any material misrepresentation or omission in his application for the Franchise; or
4. if the Franchisee is ejected from the Location by reason of its own default; or
5. if the Franchisee or any of its shareholders, members or partners (in the event that the Franchisee or its owner is a company, close corporation or partnership) is convicted by a Court of a crime or offence that is likely to adversely affect the reputation of the Franchisee or The Franchise; or
6. if the Franchisee or any of its shareholders, members or partners (in the event that the Franchisee or its owner is a company, close corporation or partnership) becomes insolvent, makes a general assignment for the benefit of his creditors applies for or consents to the appointment of a receiver, administrator, trustee, or liquidator of all or a substantial part of his assets, is provisionally or finally sequestered or wound-up or is placed under judicial management, or fails to pay his debts and obligations as they fall due in accordance with normal business practices or fails to rescind any judgement which may be granted against him within six (6) weeks of the granting of such judgement; or

7. if the Franchisee or any of its shareholders, members or partners (in the event that the Franchisee or its owner is a company, close corporation or partnership) makes an unauthorised transfer of the Franchise, The Franchise, or any interest in the Franchisee; or
8. if the Franchisee or any of its shareholders, member or partners (in the event that the Franchisee or its owner is a company, close corporation or partnership) is a party to any other franchise agreement with the Franchisor that is terminated by the Franchisor for a breach thereof; or
9. if the Franchisor makes any unauthorised use or disclosure of any Trade Secrets or uses, duplicates, or discloses any portion of the Operating Manuals in breach of this agreement; or
10. if any shareholder, member or partner (in the event that the Franchisee or its owner is a company, close corporation or partnership) or any member of the immediate family of the Franchisee or its owner or of any shareholder, member or partner, whether with or without the Franchisee's knowledge, breaches any of the provisions of clause J hereof; or
11. if the Franchisee fails or refuses to comply with any mandatory specification, standard, or operating procedure relating to the cleanliness or sanitation of The Franchise, violates any health, safety, or sanitation law, ordinance, or regulation and fails to correct such failure or refusal within ten (10) days after written notice thereof is delivered to the Franchisee, or fails to post to the Franchisor within ten (10) days of receipt by the Franchisee any report from any health department; or
12. if the Franchisee fails on two or more separate occasions within any period of twelve (12) consecutive months to submit reports when due or other information or support records; or
13. if the Franchisee fails to pay on due date the royalty and service fees, marketing contributions, or other payments due to the Franchisor or its associates, or otherwise fails to comply with this agreement, whether or not any such failure to comply is corrected after notice thereof is delivered to the Franchisor; or
14. if the Franchisee fails to fulfil any obligation or to make any payment to any third party (including persons responsible for the construction and fitting out of The Franchise) which results in the Franchisee being unable to fulfil any of its obligations in terms of this agreement; or
15. if the Franchisee fails to accurately report the Net Sales of The Franchise; or
16. if the Franchisee abandons or fails to actively operate The Franchise; or
17. if the Franchisee repeatedly breaches any of the terms of this agreement in such manner as to objectively justify the Franchisor in holding that the Franchisees conduct is inconsistent with the intention or ability of the Franchisee to carry out the terms of this agreement; or
18. if the Franchisee fails to comply with any other provision of this agreement or the Operating Manuals or any mandatory specification, standard, procedure or the like prescribed by the Franchisor in writing from time to time and does not:-
 - 18.1 correct such failure within ten (10) days after written notice of such failure to comply is delivered to the Franchisee; or
 - 18.2 if such failure cannot reasonably be corrected within ten (10) days after written notice of such failure to comply is delivered to the Franchisee, undertakes diligent efforts to bring The Franchise into full compliance, and furnish proof acceptable to the Franchisor of such efforts and the date of their expected completion, within ten (10) days after written notice is delivered to the Franchisee.

PART Q
RIGHTS AND OBLIGATIONS OF FRANCHISOR AND FRANCHISEE UPON TERMINATION OR EXPIRATION
OF THE FRANCHISE

1. The Franchisee agrees to pay to the Franchisor within ten (10) days after the effective date of termination or expiration of the Franchise such royalty and service fees, marketing contributions, amount owed for purchases by the Franchisee from the Franchisor or its associates, interest due on any of the foregoing, and all other amounts owed to the Franchisor or its associates which are then unpaid.
2. If this agreement is terminated by the Franchisee prior to the expiration of this agreement by effluxion of time or by the Franchisor due to any default by the Franchisee, either in regard to his obligations to the Lessor of The Franchise Premises, or to the Franchisor, then the Franchisee shall be obliged to pay the Franchisor damages for the unexpired portion of the franchise period, calculated in accordance with the following formula:-

$$\frac{X \times Z}{Y}$$

Where X = the royalties already paid and payable to date of termination;

Where Y = the number of months expired in terms of this agreement;

Where Z = the number of unexpired months of this agreement.

Notwithstanding anything to the contrary herein contained in this agreement, the Franchisor shall be entitled to claim from the Franchisee such additional or alternative or consequential damages as the Franchisor may have suffered as a result of any premature termination of this agreement. The Franchisee shall bear all legal costs (inclusive of costs as between attorney and own client) and such costs as the Franchisor may have incurred pursuant to any breach of this agreement.

3. The Franchisee agrees that after the termination or expiration of the Franchise he will:-
 - 3.1 not directly or indirectly at any time or in any manner identify himself or any business as a current or former 0861 Travel Franchise, or as a franchisee or licensee of or as otherwise associated with the Franchisor (other than under other franchise agreements with the Franchisor), or use any Trademark, any colourable imitation thereof or other insignia of a 0861 Travel Franchise in any manner or for any purpose or utilise for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with the Franchisor;
 - 3.2 remove all signs, sign faces, and return to the Franchisor or destroy in accordance with the instruction of the Franchisor all marketing materials, and other materials containing any trade mark or otherwise identifying or relating to a 0861 Travel Franchise;
 - 3.3 remove all Trademarks affixed by any uniform;
 - 3.4 take such action as may be required to cancel any registrations relating to his use of any Trademark; and
 - 3.5 cease utilising the name of The Franchise, all proprietary rights therein vesting in the Franchisor;
 - 3.6 furnish to the Franchisor, forthwith upon request at any time after the effective date of termination or expiration, evidence satisfactory to the Franchisor of the Franchisee's compliance with the foregoing obligations.

4. The Franchisee agrees that:-
 - 4.1 upon termination of the franchise, the Franchisee shall immediately close The Franchise and cease trading at the Location;
 - 4.2 upon expiration of the franchise without renewal thereof, the Franchisee will modify the design, décor, and colour scheme of The Franchise in a manner acceptable to the Franchisor (including but not limited to removal of The Franchise's name, the décor, including décor on walls and windows, light fittings and the seating) so that it no longer suggests or indicates a connection with a 0861 Travel Franchise.
5. Upon termination or expiration of the franchise the Franchisee shall immediately cease to use any Trade Secrets of the Franchisor and immediately return to the Franchisor the Operating Manuals and any other confidential materials which have been loaned to or provided to him at any stage whatsoever by the Franchisor.
6. Upon termination or expiration of this agreement without renewal the Franchisor shall have the irrevocable option to purchase from the Franchisee all the assets of The Franchise. The term "assets" shall include, but not be limited to, stock of saleable merchandise, materials, supplies, fixtures, furnishings, equipment, signs and any right of the Franchisee in respect of the lease for the Location and The Franchise. The Franchisor shall have the unrestricted right to assign this option to purchase. The Franchisor or its assignee shall be entitled to all customary warranties and representations in connection with its asset purchase. The purchase price for the assets of The Franchise shall be an amount equal to the book value of the tangible assets of The Franchise as determined in accordance with generally accepted accounting standards. No value shall be placed on the Franchise Agreement or the goodwill of The Franchise. The Franchisor shall be entitled to set off against any damages the amount due to the Franchisee, failing which the purchase price shall be paid in cash. Payment shall take place no later than ninety (90) days after receipt by the Franchisee of the Franchisor's notice of exercise of this option to purchase. If any dispute should arise between the Franchisor (or its assignee) and the Franchisee as to the purchase price for the assets of The Franchise or the customary warranties and representations in connection with the purchase of such assets or any other term or condition relating to the said sale of the assets in terms of this clause Q.6 then and in such event any such dispute shall be referred to for determination to a chartered accountant nominated by the President of the Cape Society of Chartered Accountants whose decision, acting as an expert and not as an arbitrator, shall be final and binding on the parties. The said option shall be exercisable by giving written notice thereof, in the case of termination, within thirty (30) days from the date of such termination, or in the case of expiration without renewal, not later than (90) days prior to the date of expiration provided that in the event of the parties being unable to agree upon the determination of the purchase price or any other aspect relating to the purchase of the assets thereby resulting in the matter being referred for determination to the said chartered accountant then and in such event the Franchisor (or its assignee) shall be entitled to exercise the said option within fifteen (15) days from the date of the said determination of the said chartered accountant. As against payment (or tender thereof) the Franchisee shall deliver to the Franchisor or its assignee (together with any documentation relevant thereto):-
 - 6.1 good and proper title to the assets purchased, free and clear of all liens and encumbrances with all sales and other transfer taxes paid by the Franchisee; and
 - 6.2 all licences for The Franchise, or permits which may be assigned or transferred. In the event that the Franchisee cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there shall be other unresolved issues, delivery of the assets shall still be given by the Franchisee to the Franchisor and the closing of the sale shall be accomplished through the purchase price being held in trust by attorneys nominated by the Franchisor until all unresolved issues have been resolved. The Franchisor shall have the right to set off against and reduce the purchase price by any and all amounts owed by the Franchisee or its associates to the Franchisor. If the Franchisor exercises its option to purchase, pending the closing of such purchase as hereinbefore provided, the Franchisor shall have the right to appoint managers to maintain the operation of The Franchise. Alternatively, the Franchisor may require the Franchisee to close The Franchise during such time period without removing there from any assets. The Franchisee shall maintain in force all insurance policies required by paragraph K.13 hereof until the date of closing.

7. The Franchisee, and if the Franchisee is a company each shareholder thereof, or if the Franchisee is a close corporation each member thereof, or if the Franchisee is a partnership each partner thereof or if the Franchisee is owned by a company or close corporation such company or close corporation and each shareholder or member thereof (the Franchisee and each such said shareholders, members, partners, bodies corporate or shareholders/members of such bodies corporate (as the case may be) being hereinafter collectively referred to as "the Restrainees"), hereby undertake(s) and warrants(s) in favour of the Franchisor that upon the termination or expiration (without renewal) of this agreement ("the termination date") he/they shall not for a period of thirty six (36) months, with effect from the Termination Date, directly or indirectly:-

7.1 carry on; or

7.2 be engaged or concerned or interested in or employed by; or

7.3 solicit business for; or

7.4 be a proprietor of or director, shareholder, member or partner in; or

7.5 act as a consultant, trustee, manager, employee, agent, representative, administrator, partner, advisor, officer or in any other capacity to; or

7.6 render any service (gratuitously or otherwise) to; or

7.7 lend or advance, or bind himself/themselves as surety for, any sum of money or assist financially;

any business, company, close corporation, partnership, trust, person, body corporate, association or other legal or business entity (incorporated or unincorporated) which conducts, licences or franchises any franchise or establishment which within the Republic of South Africa:-

7.8 sells online travel and tourism services, on or off the premises, at the Location or is situated within a five (5) kilometre radius of any 0861 Travel Franchise in operation or under construction as at the termination date;

7.9 which is similar or has a similar appearance or image or format or design or layout or décor or colour scheme, or any combination thereof, to any 0861 Travel Franchise in operation or under construction during the currency of this agreement;

7.10 is similar in design or uses methods similar to, or is likely to cause confusion with or create the impression of, a 0861 Travel Franchise or that of a franchise which is affiliated to or associated with 0861 Travel Franchises.

8. In the event of the Franchisee being a body corporate or partnership and any member or partner thereof ceases to be a member or partner (as the case may be) of the Franchisee prior to the termination or expiration (without renewal) of this agreement, then the provisions of clause Q.7 shall not apply to each such member or partner and in lieu thereof each such member or partner (as the case may be) ("the Restrainees") hereby undertakes(s) and warrant(s) in favour of the Franchisor that they shall not for a period of thirty six (36) month from the date of the cessation of his membership or partnership (as the case may be) ("the termination date"), directly or indirectly:-

8.1 carry on; or

8.2 be engaged or concerned or interested in or employed by; or

8.3 solicit business for; or

8.4 be a proprietor of or director, shareholder, member or partner in; or

8.5 act as a consultant, trustee, manager, employee, agent, representative, administrator, partner, advisor, officer or in any other capacity to; or

8.6 render any service (gratuitously or otherwise) to; or

8.7 lend or advance, or bind himself / themselves as surety for, any sum of money or assist financially;

any business, company, close corporation, partnership, trust, person, body corporate, association or other legal or business entity (incorporated or unincorporated) which conducts, licences or franchises any franchise or establishment which within the Republic of South Africa ("the territory"):-

8.8 sells online travel and tourism services, on or off the premises, at the Location or its situate within a five (5) kilometre radius of any 0861 Travel Franchise in operation or under construction as at the termination date;

- 8.9 which is similar or has a similar appearance or image or format or design or layout or décor or colour scheme, or any combination thereof, to any 0861 Travel Franchise in operation or under construction during the currency of this agreement;
- 8.10 is similar in design or uses methods similar to, or is likely to cause confusion with or create the impression of, a 0861 Travel Franchise or that of a franchise which is affiliated to or associated with 0861 Travel Franchises.
9. If any of the Restrainees, engages in any litigation in connection with the provisions of clauses Q.7 or Q.8 and during the course of such litigation he is in breach of any of the provisions of clauses Q.7 or Q.8, and if the terms and provisions of clause Q.7 or Q.8 are upheld, then and in such event such Restrainee(s) hereby undertake(s) and agree(s) to be bound by the provisions of clauses Q.7 or Q.8 for a period of three (3) years.
10. Each of the Restrainees jointly and severally undertake and warrant in favour of the Franchisor that they will procure that any shareholder, member or partner of the Franchisee (as the case may be) who for any reason whatsoever is not a signatory to this agreement shall be and remain bound by all the Restrainees shall be and remain bound by all the provisions of clauses Q.7 or Q.8.
11. The restraints imposed in terms of clause Q.7 and Q.8 hereof shall:-
- 11.1 be deemed to be in respect of each part thereof, entire, separate, severable and separately enforceable in the widest sense from the other parts thereof. An undertaking or restraint shall be deemed to be a separate undertaking or restraint, notwithstanding the fact that it appears in the same clause, sub-clause or sentence or any other undertaking or is imposed by introduction of a word or phrase conjunctively with or disjunctively from or alternatively to other words or phrase;
- 11.2 be deemed to constitute entire, separate, severable, separately enforceable and independent restraints in favour of the Franchisor by each of the Restrainees;
- 11.3 be for the benefit of the Franchisor and any one or more of its holding, subsidiary, controlled, controlling or associate companies and shall be deemed to have been imposed as a *stipulatio alteri* for the benefit of each of such companies separately and such benefit may be accepted by any of such companies. The fact that such restraint may not be enforceable by any one of such companies shall not affect its enforceability by the others of them;
- 11.4 be assignable by the Franchisor;
- 11.5 be deemed to have been imposed separately in respect of each magisterial district forming part of the territory and the fact that such restraints may not be valid or enforceable in respect of any magisterial district in the territory shall not affect its validity or enforceability insofar as the other parts of the territory are concerned.
12. Each paragraph, clause, term and provision of clauses Q.7 and Q.8 (including, but not limited to, each of the months falling within the periods referred to in clauses Q.7 and Q.8, every capacity in which any of the Restrainees is prohibited from acting in terms of clauses Q.7 and Q.8 and every activity referred to in clauses Q.7 and Q.8 in respect of which the Restrainees are restrained) shall be considered severable and if, for any reason, any part of clause Q.7 or Q.8 are held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation or in terms of a final, binding judgement issued by any court, it shall not impair the operation of, or have any effect upon such other portions of clauses Q.7 or Q.8 as may otherwise remain valid or intelligible which shall continue to be given full force and effect and bind the parties hereto.
13. All obligations of the Franchisor and the Franchisee which expressly or by their nature survive the expiration or termination of this agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.
14. Nothing contained in this clause Q shall be construed as granting the Franchisee any right after the expiry of any restraint in terms hereof to pass off any business as 0861 Travel Franchise.

PART R
TEMPORARY DE-IDENTIFICATION OF THE FRANCHISE

1. In lieu of immediately exercising its rights to terminate this agreement, as set forth in paragraph P hereof, and in the Franchisor's sole discretion, the Franchisor may execute an agreement with the Franchisee calling for the temporary de-identification of The Franchise as a 0861 Travel Franchise (the "De-identification Agreement"). The De-identification Agreement shall be in a form prescribed by the Franchisor, shall set forth all required repair, replacement, refurbishing and/or remodelling which must be completed by the Franchisee, and shall prescribe a timetable in which the Franchisee must cure all defaults under this agreement, and complete such repair, replacement, refurbishing, and/or remodelling which must be completed by the Franchisee, and shall prescribe a timetable in which the Franchisee must cure all defaults under this agreement, and complete such repair, replacement, refurbishing, and/or remodelling.
2. During the term of the De-identification Agreement the Franchisee shall:-
 - 2.1 cover all 0861 Travel signs located on the exterior or in the interior of The Franchise;
 - 2.2 cease all marketing of The Franchise as a 0861 Travel Franchise;
 - 2.3 cease all representations to the public and its customers that The Franchise is a 0861 Travel Franchise; and
 - 2.4 prominently display signs and notices at The Franchise in such a manner and in a form as is prescribed by the Franchisor indicating that The Franchise is temporarily not affiliated with the Franchisor while it is undertaking improvements to bring it into compliance with the standards and specifications required of all 0861 Travel Franchises. During the term of the De-identification Agreement, the Franchisee may continue to use all expendable supplies containing the Trademarks.
3. The term of this agreement shall continue to run during and shall not be extended by, the term of the De-identification Agreement. In the event the Franchisee fails to comply with all of the terms and conditions of the De-identification Agreement, or if upon expiration of the De-identification Agreement, the Franchisee has not completed all required repairs, replacement, refurbishing and/or remodelling the Franchisor may proceed to terminate this agreement as set forth in paragraph P hereof.

PART S
ENFORCEMENT

1. Except as expressly provided to the contrary herein, each paragraph, clause, term, and provision of this agreement and any portion thereof shall be considered severable and if, for any reason any part of this agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation or in terms of a final, binding judgement issued by any Court, it shall not impair the operation of, or have any other effect upon, such other portions of this agreement as may remain otherwise intelligible, which shall continue to be given full force and effect and bind the parties hereto. To the extent that clause J.3 or clause Q.7 is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited and/or length of time, but could be enforceable by reducing any or all thereof, the Franchisee and the Franchisor agree that same shall be enforceable to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought.
2. The Franchisor and the Franchisee may be written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this agreement, effective upon delivery of written notice thereof to other or such other effective date stated in the notice of waiver. Any waiver granted by the Franchisor shall be without prejudice to any other rights the Franchisor may have, will be subject to continuing review by the Franchisor, and may be revoked, in the Franchisor's sole discretion, at any time and for any reason, effective upon delivery to the Franchisee of ten (10) days' prior written notice. The Franchisor and the Franchisee shall not be deemed to have waived any right, power or option reserved by this agreement (including without limitation, the right to demand exact compliance with every term and condition herein, or to declare any breach thereof to be a default and to terminate the Franchisee

prior to the expiration of its term), by virtue of any custom or practice of the parties at variance with the terms hereof; any failure, refusal or neglect of the Franchisor or the Franchisee to exercise any right under this agreement or to insist upon exact compliance by the other with its obligations hereunder, including without limitation any mandatory specification, standard or operating procedure; any waiver, forbearance, delay, failure, or omission by the Franchisor to exercise any right, power, or option, whether of the same, similar or different nature, with respect to one or more other 0861 Travel Franchise; or the acceptance by the Franchisor of any payments due from the Franchisee after any breach of this agreement. The Franchisor shall not be liable for loss or damage or deemed to be in breach of this agreement if its failure to perform its obligations results from:-

- 2.1 transportation shortages, strikes, inadequate supply of equipment, merchandise, supplies, material or energy;
- 2.2 compliance with any law, ruling, order, regulation, requirement, or instruction of any state or municipal authority;
- 2.3 acts of God; and
- 2.4 acts or omissions of the Franchisee;
- 2.5 any other event beyond the reasonable control of the Franchisor.

Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. The aforesaid causes shall not excuse payments of amounts owed at the time of such occurrence or payment of royalties due on any sales thereafter. Notwithstanding anything to the contrary contained in this agreement the Franchisor shall not be liable to the Franchisee for any consequential loss, loss of profits or any other damages howsoever arising or caused.

3. No exercise or enforcement by the Franchisor or the Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or the Franchisee of any other right or remedy hereunder or which the Franchisor or the Franchisee is entitled by law to enforce.
4. This agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in title, and shall not be modified except by written agreement signed by both the Franchisee and the Franchisor.
5. Without prejudice to any other rights or remedies of the Franchisor in terms of this agreement or in law, the Franchisee shall forthwith upon demand by the Franchisor reimburse the Franchisor for any and all legal (on the scale as between attorney and own client) and other costs (including accounting costs) incurred by the Franchisor arising out of any breach by the Franchisor of this Franchise agreement.

PART T INTERPRETATION

The premises are a part of this agreement, which constitutes the entire agreement of the parties, and there are not other oral or written representations, warranties, agreements or the like between the parties relating to the subject matter of this agreement. Nothing in this agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this agreement expressly requires the Franchisor to reasonably approve or not unreasonably approve or not unreasonably withhold its approval of any action or request by the Franchisee, the Franchisor has the absolute right to refuse any request by the Franchisee or to withhold its approval of any action by the Franchisee. In any cases where the Franchisor is required to reasonably approve or not unreasonably withhold approval and it declines to approve or withhold approval, the onus of proving that the Franchisor in so doing is acting unreasonably shall be on the Franchisee. The headings contained herein are for convenience only and do not define, limit, or construe the contents hereof. The term "associate" as used herein is applicable to any company which respectively now or in future, directly or indirectly owns or controls the Franchisor or the Franchisee or is owned or controlled by the Franchisor or the Franchisee as the case may be, and in the case of the Franchisor, any legal entity that sells products or otherwise transacts business with the Franchisee. The Term "Franchisee" as used herein is applicable to one or more persons, company, close corporation or a partnership as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. Any reference to a company in this agreement shall import and include a close corporation and vice versa. Any reference to a shareholder of a company in this agreement shall import and include a member of a close corporation and vice versa. Any

reference in this agreement to "the Restrainees" shall mean one or more, as the case may be, of the persons covered by such phrase. The term "franchised franchise" as used herein means 0861 Travel franchised franchises. If two or more persons are at any time the Franchisee hereunder, whether as partners, joint ventures, or otherwise, their obligations and liabilities to the Franchisor shall be joint and several. References to "Franchisee", "Owner" and "transferee" which are applicable to an individual or individuals shall mean all shareholders, members and partners, if the Franchisee or the transferee is a company, close corporation or partnership or if the Franchisee is owned by a company or close corporation the shareholders or members of such company or close corporation. The term "immediate family" as used herein includes a natural person's parents, spouse and children and the spouse's parents. The term "termination" as used herein is applicable to termination of this agreement before expiry by effluxion of time. The term "termination date" as used herein means the date upon which this franchise agreement terminates or expires (without renewal) (or in the event of the Franchisee ceasing to conduct business subsequent to such termination or expiration at a later date, such later date) or the date upon which any shareholder, member or partner (in the event of the Franchisee being a company, close corporation or partnership) ceases to be for any reason whatsoever a shareholder, member or partner of the Franchisee. If the Franchisee is a company each shareholder thereof, or if the Franchisee is a close corporation each member thereof, or if the Franchisee is a partnership each partner thereof or if the owner of the Franchisee is a company or close corporation such company or close corporation and each shareholder or member thereof, shall (for the purposes set forth herein, including, but not by way of limitation, clauses J and Q) be additional parties to this agreement it however being expressly recorded that if any of the said shareholders, members, partners or body corporate (as the case may be) fails to sign this agreement shall be and remain of full force and effect. Where any reference is made in this agreement to a shareholder of a company or member of a close corporation it shall mean a shareholder or member at any time and from time to time or such company or close corporation during the currency of this agreement. For the purposes of this agreement an "establishment" shall include, without limiting the generality of such term, any business providing or supplying online travel and tourism services to its customers on or off the premises. Words to which a meaning is ascribed in the body of this agreement shall bear that meaning (unless the context clearly otherwise indicates) wherever such words appear thereafter. No agreement to alter, vary, cancel, add to or delete from this agreement shall be of any force or effect unless reduced to writing and signed by the parties. This agreement shall be governed and interpreted according to the laws of the Republic of South Africa.

PART U NOTICES AND PAYMENTS

1. The Franchisor and the Franchisee hereby choose *domicilium citandi et executandi* for all purposes (including, but not by way of limitation, the giving of any notice, the making of any communication, the payment of any monies and the serving of any process) unless this agreement at 122 Campground Road, Rondebosch, Cape Town and the Location respectively. In the event of the Franchisee being a company, close corporation or partnership each shareholder, member or partner thereof or in the event of the Franchisee being owned by a company or close corporation such corporate body and each shareholder or member thereof, who are parties to this agreement, hereby each choose *domicilium citandi et executandi* for all purposes under this agreement at the Location. Any notices to any party to this agreement shall be addressed to it at its domicile aforesaid and either sent by prepaid registered post, delivered by hand or communicated by telex or fax. In the case of any notice sent by prepaid registered post it shall be deemed to have been received on the seventh (7th) business day after posting, in the case of any notice delivered by hand it shall be deemed to have been received on the day of delivery (provided such date is a business day otherwise on the next following business day). For the purposes hereof "business day" means any day other than a Saturday, Sunday or public holiday. The Franchisor shall be entitled by written notice to the Franchisee, to change its said domicile to such other address provided that the change shall only become effective seven (7) days after service of the notice in question.
2. Any requisite payment or report not actually received by the Franchisor during regular business hours on the due date thereof shall be deemed to be a material breach of this agreement.

3. It is recorded that all amounts payable by the Franchisee to the Franchisor or to any third party during the currency of this agreement excludes value added tax ("VAT"). In the circumstances, the Franchisee shall be liable for payment of any VAT levied in terms of the Value Added Tax Act 89 of 1991 (or any statutory modification or re-enactment thereof) in respect of all amounts payable by the Franchisee to the Franchisor or to any other party in terms of this agreement. The Franchisee shall effect payment of such VAT simultaneously with payment of any amount payable by the Franchisee to the Franchisor or any third party (as the case may be) in terms of this agreement.

**PART V
JURISDICTION**

Notwithstanding anything to the contrary contained in this agreement the parties hereby record that this agreement has been negotiated and concluded within the jurisdiction of the Cape of Good Hope Provincial Division of the High Court of South Africa and hereby submit to and consent to the jurisdiction of the said Court in respect of all legal proceedings arising out of or concerning this agreement and the implementation or non-implementation thereof.

**PART W
COSTS**

The Franchisor shall be liable for all costs incurred by it with its attorneys and incidental costs to this agreement together with any Deeds of Suretyship and any Registered User Agreements required from time to time including all stamp duties payable thereon.

Upon signature of this agreement the Franchisee shall pay R75 000 (Seventy Five Thousand rand) excluding VAT to the Franchisor (0861Travel (Pty) Ltd) for the Franchise, Licence and Training Fee. Should suitable premises for a franchise shop not be secured within 90 days from date of payment of the R75 000, then these funds shall be refunded to the Franchisee. The 90 days can be extended by agreement between the parties.

Signed _____ on this _____ day of _____ 20__.

In the presence of the undersigned witnesses:-

1. _____

on behalf of **0861TRAVEL (PTY) LTD** (per Director who warrants that he is duly authorised hereto)

2. _____

Signed _____ on this _____ day of _____ 20__.

In the presence of the undersigned witnesses: -

1. _____

MEMBER 1

2. _____

Signed _____ on this _____ day of _____ 20__.

In the presence of the undersigned witnesses: -

1. _____

MEMBER 2

2. _____

**ANNEXURE A
SURETYSHIP**

"The Franchisee" is assigned the following line of Credit by 0861Travel (Pty) Ltd:

- 1). The sum of R30 000 (thirty thousand rand only) for a period of no longer than 7 (seven) consecutive calendar days.
- 2). The aforesaid amount may only be utilised in respect of E-ticketing services provided by 0861Travel (Pty) Ltd

I, _____, the undersigned

(ID Number _____)

hereby in sodium bind myself to and in favour of:

0861TRAVEL (PTY) LTD
Registration Number 2003/027094/07
("The Creditor")

as surety to and co-principal debtor with "The Franchisee"

Registration Number : _____
("The Debtor")

for the due and punctual payment by the Debtor of all debts and obligations of whatsoever nature and howsoever arising which the Debtor may now or in the future owe to the Creditor arising from the Franchise Agreement hereunder this Suretyship appears (all of which debts and obligations are hereinafter referred to as "the obligations"

As part of my liability in terms hereof I bind myself as aforesaid to pay the amount of all charges and expenses of whatsoever nature, including, but without derogating from the generality of the foregoing, attorney and client legal costs and collection commission incurred by the Creditor in securing or endeavouring to secure fulfilment of the obligations. In addition, my liability hereunder shall be subject to the following:

The rights of the Creditor under this Suretyship shall not be affected or diminished if the Creditor at any time obtains additional suretyships, guarantees, securities or indemnities in connection with the obligations. This suretyship shall be a continuing covering, unconditional and irrevocable suretyship and shall remain in full force and effect notwithstanding any fluctuation in or extinction for any period whatsoever of the obligations. I shall be bound by all admissions or acknowledgements of indebtedness made or given by the Debtor to the Creditor from time to time. No alteration or variation of any present or future agreement between the Debtor and the Creditor shall in any way release me from my liability hereunder

The Creditor shall be entitled without reference or notification to me and without affecting its rights hereunder, to release other sureties and securities, to grant the Debtor extensions of time for payment and to compound or to make any other arrangements with the Debtor for the discharge of the Debtors indebtedness

If the Debtor shall be sequestrated, or being a company or close corporation, be placed in liquidation or under judicial management, whether provisional or final, or shall submit an offer of compromise or of composition or scheme of arrangement in terms of any company or insolvency law, the Creditor shall be entitled to accept any dividend on account and in reduction of the Debtor's indebtedness without prejudicing its right against me, which rights shall further not be prejudiced by its acceptance of any other securities, guarantees or suretyships arising out of any such event, and I further bind myself in any such event not to file any claims against the Debtor, save with the prior written consent of the Creditor

Should the Debtor fail to discharge any of the obligations on due date, the Creditor shall be entitled, notwithstanding any contrary arrangements with the Debtor, to demand from me immediate performance of all the obligations then owing by the Debtor to the Creditor, whether the due date for the performance of the obligations shall have arrived or not

For the purposes of any action against me for provisional sentence or summary judgement, a certificate under the signature of any director or financial manager of the Creditor (neither of whose authority it shall be necessary to prove) as to the amount owing by the Debtor to the Creditor and of the fact that the due date for the discharge of the obligations and/or my obligations hereunder has arrived shall be sufficient and satisfactory proof of the facts therein stated until the contrary shall have been proved

I hereby expressly renounce the benefits of the legal exceptions of "order", "excussion", "division", "cession of action" and all or any exceptions which could or might be pleaded to any claim by the Creditor against me, with the meaning, force and effect of all of which exceptions I declare myself to be full acquainted

No variation or waiver of this Deed of Suretyship shall be valid unless reduced to writing and signed by the Creditor or a person duly authorized in writing by it

For the purposes of this Suretyship and any proceedings, which may be instituted by virtue hereof, I hereby choose domicillium citandi et executandi at (physical address):

_____ (The premises as defined in the Franchise Agreement to which this suretyship is annexed) where all notices and processes may be effectively served and delivered upon me

SIGNED at _____ on this the ____ day of _____ 20

For 0861Travel (Pty) Ltd
Who warrants to that he/she
Is authorized hereto

Franchisee

SIGNED at _____ on this the ____ day of _____ 20

AS WITNESSES:
