

AFRO'S CHICKEN SHOP™

FRANCHISING OPPORTUNITY

Afro's Chicken Shop (Afro's) is a young brand, full of energy, fun and exuberance, keen to grow and disrupt the establishment.

If you enjoy a challenge and are not scared of hard work and long hours; and can commit to the values and ethos of Afro's; then an Afro's Chicken Shop franchise may be what you are looking for.

You must be a people person – friendly and professional to staff and customers alike. Leadership and staff motivational skills are key to success. Experience in a managerial position would be great as well as in the QSR sector but are not a pre-requisite. You will have to be hands-on in the business as an owner-operator; so self-motivation, lots of enthusiasm and stamina will be needed. You will need to draw on your skills in providing excellent service to customers and being able to market your shop and the brand in general. Ideally you should be computer literate and understand basic accounting. It's a long-term investment that you must be able to commit to.

Total cost to open an Afro's is around R1.260m excl VAT (naturally it is size dependant). You will need to have roughly R630 000 in ready cash and a clean credit record to be able to borrow the rest.

Do you qualify so far?

You will be operating your own business within the parameters of the Afro's format and branding. Whilst we will be there for you and will assist you by giving you the tools and training to achieve success – you must nevertheless understand that you will face all the normal risks that any business faces. There are no guarantees of success!

We are ideally looking for an operator that has the ability and financial resources to operate several shops within an area. And preference will be given to such an applicant.

Still keen?

LOCATION AND ESTABLISHMENT ASSISTANCE:

- You will identify potential sites based on your knowledge of the area and we will assist to evaluate the best for an Afro's.
- Assistance with lease negotiation (don't sign a lease without our approval).
- Our designers will draw up the plans and get approvals from the relevant municipality.
- We will get quotes from suppliers and present fit-out budgets.
- Project Management of the shop build.
- Help in applying for a business licence (but ultimately its your responsibility)

TRAINING:

- This is critical to the success of the business, and therefore you, your managers and all support staff will need to attend intensive hands-on training in an existing Afro's shop. (All travel costs, accommodation, meals and the wages of your staff will be for your account).
- You will receive training manuals on how to fully operate the shop – both Front Of House (FOH) and Kitchen/Back of House (BOH).
- Standard Operating Procedure's (SOP's) for all menu items
- Further training will be provided in your shop just prior to opening and post opening.

FINANCIAL:

It is our intention to get you into business at the cheapest cost possible and we're always looking for ways to save you money on setting up the shop. We make no margin on anything that goes into your shop - if you can buy the same piece of equipment cheaper than what we can source it for then your supplier wins.

Application fee: R4500 + VAT

This demonstrates that you are serious about joining the Afro's family and covers our time and costs in conducting interviews, assessments etc. This fee is deducted from the franchise fee of successful applicants.

Franchise fee: R90 000

Payable upfront as a deposit pending conclusion of the franchise agreement and is non-refundable once the franchise agreement is signed.

The fee includes:

- The right to operate an Afro's shop and use the Afro's name.
- All training
- Fees to conclude the franchise agreement
- Site evaluation assistance
- Lease negotiation assistance
- On-going assistance from our Operational, Finance and Marketing team

Shop Design fee (Approximately): R50 000

An independent Architectural & Design practice will do all layouts & design work including 3D renders. The fee includes plan submission costs to the relevant Municipality but excludes other professional fees like engineer certificates etc because these are dependent on the requirements of the applicable Municipality.

Project management fee: R90 000

Our team will get quotes from shopfitters, equipment suppliers, builders, plumbers, electricians etc and draw up a detailed shop fit-out budget and build timetable. Thereafter we will supervise the build and fit-out of the shop to ensure it meets our specification and design standards.

Build and fit-out cost: approximately R750 000

This cost is very much dependant on the shop size.

We will negotiate on your behalf a fit-out allowance with the Landlord. In most cases Landlords will assist either in doing certain wet works like tiling, plumbing etc or giving a cash allowance. You will receive this benefit.

Working capital: Approximately R200 000

This includes:

- Deposits
- Stock
- Wages etc

Launch Marketing Fund: Approximately R80 000

This will cover your Launch Activation & at least the first three months of trading until the shop becomes established in the area.

SUMMARY OF COSTS

Fit out Cost	<i>(Building of Shop & Cost of Equipment)*</i>	750 000	
Fees	<i>(Franchise, Design, Project Management)*</i>	230 000	
Working Capital	<i>(Deposits, Stock, Wages)*</i>	200 000	
Marketing Fund	<i>(Launch Activation, Local Brand Awareness)*</i>	80 000	
Total Investment	<i>(approximately)</i>	1 260 000	Ex VAT
		1 449 000	Incl VAT

**Example costs listed above are an indicator of the costs & not an exhaustive list*

Note on VAT:

You will be responsible for registering for VAT in order to claim back all VAT as an input cost. This process can take several months, therefore you will need to fund the VAT portion of approximately R189 000 until it can be refunded by SARS.

FUNDING:

Cash	<i>(approximately)</i>	630 000	(50%)
Borrowings		630 000	
Short Term Loan for VAT	<i>(approximately)</i>	189 000	
Total Funding		1 449 000	

MONTHLY TURNOVER BASED FEES:

On-Going Franchise Fee (Monthly Royalty)	5% of Net Turnover
National Advertising Levy	3% of Monthly Net Turnover

THE NEXT STEPS

If you believe you have what it takes to operate an Afro's, please download the application form, fill it in, sign it and email the form to franchising@afroschicken.co.za. Once this is received, we will process your application on a first-received-first-processed basis.

Please note that there is no guarantee that your application will be successful, nor do we give any undertaking that we will agree to a shop at your proposed location. Afro's decision is final and no correspondence will be entered into regarding reasons for rejection.

AFROS FRANCHISING PROCESS

1. Applicant to download the application form from the website, complete and submit to Afros at franchising@afroschicken.co.za
2. Afros will scrutinise the application form and if it passes the first hurdle will send a non-disclosure agreement and invoice for the application fee. The agreement is to be signed and submitted together with proof of payment of the application fee to franchising@afroschicken.co.za
3. Afros will perform the credit checks and any other tests it considers necessary to vet the applicant.
4. If all good, a meeting in person at Afros HO will be set up and the Disclosure Document will be made available.
5. Once the Disclosure Document has been read and all questions answered and if the applicant is still keen, then the R90k + VAT franchise fee (less the application fee) is to be paid by way of deposit.
6. Once received, Afros will visit the proposed site and if acceptable, will have talks with the Landlord.
7. If the site is unacceptable, then the applicant has 30 days to find an alternative site that is acceptable, failing which the Franchise fee less the application fee will be refunded.
8. If the site is acceptable, then the main franchise agreement will be signed by the parties.
9. Balance of fees to be paid within 10 business days of signature of the Franchise Agreement (takes into account the cooling off period) and then the designer will be briefed to start the design of the shop.
10. The premises lease is signed by the applicant once approved by Afros.
11. Budgets to be prepared and approved by Franchisee and then equipment ordered.
12. Plans submitted to local municipality for approval and quotes to build the shop received and approved and instruction to start issued.
13. Training at Afros HO and the closest Afros shop to commence
14. Shop build complete, onsite training starts and then shop opens.

Thank you for your interest in Afro's.