

PERSPECTIVE

FRANCHISING TERMS AND CONDITIONS

In this document, the franchise granting company "PERSPECTIVE" brand will be referred to as "Franchisor" and the franchise applicant will be referred to as "Franchisee".

Franchise Area

Franchise is granted for a specific country as a whole, or only for one city or region.

Size of Location

For the purpose of productivity and profitability through high variety of collection and proper display of the collection in certain level square meter areas:

- The store projected to be opened must have min. 8 meters width shop facade,
- Net sales area should be min 120 sqm,
- Warehouse should be 15% of the net sales area,

Product Payment Terms

Product Payments shall be in advance as 30% pre-payment of the proforma invoice amount and the remaining balance shall be paid to the Franchisor's account upon completion of orders and before shipment and bank guarantee letter shall be required. Or "LC at Sight" can be also used for the total annual planned purchasing. Bank guarantee/LC can be used regarding to increase the speed of the product flow during season or brand damages issues. Libor+x can be also applied for the late provision of LC.

Franchisee Buying and Retail Price Policy

Franchisor declares the product buying price list on dolar/euro base. Franchisee commits to order minimum 2 times in a year with pre-order method. Franchisee will place order between 15 January-28 February for next winter collection and between 15 July-30 August for next summer collection. 30% amount of the orders will be selected by Franchisor's International Retail Team. Franchisee shall buy minimum determined amount of goods according to the region conditions in each season.

Franchisee shall pay the pre-payments two times in same dates as 1st February and 1st August. If the seasonal order exceeds the prepayment, in this case Franchisee shall pay the difference of pre-payment within 1 week after the order. According to the market conditions, Franchisor prepares a feasibility and check the competitors' prices. After that, Franchisor determines the retail prices according to market conditions with a reasonable margin for the Franchisee in the market.

Franchise Fee

Franchise fee is determined by the Franchisor in accordance with the conditions and potential of the related market.

Kelebek Tekstil Ürünleri Sanayi ve Tic.Ltd.Şti

Kelebek Tekstil Ürünleri Sanayi ve Tic.Ltd.Şti Kazım Orbay Caddesi No:35-37 Bomonti Şişli/İstanbul/Turkey

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Payment of Opening Package and Preparation of Lay-out, Production of Furniture and Decoration

Until 1 month after signing contract between parties, Franchisee shall pay 100.000 USD in advance related the amount of opening product package minimum as 60.000 USD and 40.000 USD in advanced payment (calculation is on decoration section) for preparation of lay-out, production of furniture , decoration and implementation. After preparing the proforma invoice of the first shipment of goods, fixtures and furnitures, the remain balance shall be paid to the Franchiser before shipment.

Retail Experience

Franchisee applicants' past experience in Retail Sector shall speed up the adaptation process and it is a matter of preference as it may increase the quality of the job performed.

Retail Staff

It is significantly important that the franchisee has well trained staff for the retail organization. In case they do not have, they should be able to create such team in a short period of time. If the Franchisee does not have any team/brand manager, than Franchisee needs to show potential of fast team building. Franchisee shall hire minimum 5 years past experienced brand manager. Franchisee shall send its brand manager/shop manager to Franchiser's headquarter minimum 1 month before the opening for training.

Decoration

Franchisor have a specific decoration model applied for high level product presentation. Franchisor will send the special furnitures and fixtures of the total concept to the Franchisee in return for fee. All decoration costs and related franchisor staff travel costs while performing the decoration construction are paid for by the franchisee.

The lay-out, decoration, furniture & stands production, production of signboard and assembly of all production of Franchisee's shop cost is approximately 350 USD per sqm2. Ventilation, floor, shop windows, painting, transportation of produced materials, and local custom costs are not included to this cost. Flight tickets, accommodation and other costs related to travel of the assembly managers are not included.

Logistic

The exporting of the goods shall be on FOB(incoterm 2010) or FCA (Free Carrier-incoterm 2010) basis. Customs cost of the products in Turkey shall be paid by the franchisor, whereas the transportation of the products from the warehouse to destination, insurance and customs costs before the destination and domestic transportation shall be paid by the franchisee. If it's requested, Franchiser provide support regarding the shipping agencies. In case the goods are shipped from other countries, the same applies to the country or countries that the goods are shipped from, instead of Turkey.

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Information Systems

The Franchiser uses “NEBIM V3 ” sales software and ERP program. Programs are used online through Franchiser’s central server. Franchisee shall use the same program, system and all the integration unless the Franchiser’s technical team decides on an alternative system. If Franchisee has owned different sales software , than full bridge integration will be required. Franchiser requires data as online sales, personnel performances and various KPI related to Franchisee’s operation. All related software, server and hardware costs are to be paid by the Franchisee. The integration needs to be finish within 1 month after signing contract. The software can be changed by Franchiser with better systems regarding conditions of markets or technology and software. In that case, Franchisee also should adapt the new system.

Product

All product allocation management of the franchisee is performed by the Franchiser and all products are supplied continuously and accordingly by the Franchiser. Franchisee is obliged to recruit a personnel just for only product management also. Franchisee shall receive written confirmation by Franchiser regarding product planning, merchandise management and campaign management.

Documents of the Company

Entity or corporation making a franchise application must deliver below documents to the franchisor at below address, together with the (Business proposal) field research report

- Company establishment documents
- Balance Sheets
- Circular of Signature (if any)
- Tax Registration Certificate
- Certificate of Activity

Travel Expenses

During preliminary negotiations, all expenditures for store location visits, market search and company visits will be covered by the Franchise candidate.

In the period after the signing of the agreement, it will be a sharing as stated in the agreement.

In case the above conditions are met and we decide to go forward, the franchise agreement shall be concluded after the completion of below requirements as per the Time Table of the Signing Agreement procedures.

TIME TABLE OF SIGNING OF THE AGREEMENT

1. SUBMISSION OF COMPANY PROFILE:

Sending of complete information about your past work experience and financial background to halil.erin@perspective.com.tr ; baran.gencer@perspective.com.tr

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2. UNDERSTANDING FRANCHISE BUSINESS PLAN:

After evaluating your profile, we will send you our Franchise Business Proposal format. Our franchise department staff will be available through mail and phone for answering all queries you might raise.

3. EVALUTION OF THE APPLICATION:

Once the applications are received from the relevant parties, we will begin the qualification process, which includes both credit and background check.

4. EVALUATION OF THE STORE LOCATION:

After the careful evaluation of your application, if it is among the selected, our franchise department will visit your location for site evaluation. We will check to see if your location (either owned or rented) meets the required standards of the Franchisor. All related travel costs shall be cover by the franchisee candidate.

5. FEASIBILITY STUDY:

During the site evaluation visit, our franchise team will study the market in terms of; competitors, their pricing policy, collections, tax regulations, etc.. We will gather all data to determine the retail sales prices and break even point for a profitable and sustainable business. We will make a calculation accordingly to see if there is a possibility to sell in the specified Franchise area with competitive prices and in accordance with the Franchisor requirements/philosophy. All related travel costs shall be cover by the franchisee candidate.

6. MOU SIGNING:

Once the location and the feasibility calculations are finalized, a Memorandum of Understanding (MOU) is signed by both Franchisor and the franchisee applicant.

7. AGREEMENT NEGOTIATIONS AND SIGNING:

The Franchise Agreement shall be signed by mutual consent.

8. STORE SET UP AND PLANNING:

After signing of the agreement, the layout plan of the stores shall be prepared by our interior designers and architects.

Staff selection, training in Turkey, organization plan, marketing and promotional planning and recruitment will be discussed and implemented. The Grand Opening date of the store is decided with proper marketing and after determination of operational flow charts.

9. MANAGEMENT TRAINING & DEVELOPMENT:

The management training program covers all aspects of Store operations and more. All the training travel expenses of our staff and franchisee staff will be cover by the Franchisee.

10. OPENING:

Products shall be prepared and dispatched by our allocation team. We will send our visual merchandising team for the opening day to help to display the products, train and prepare the store. All travel expenses will be covered by the Franchisee.

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