

INCITY Boys & Girls

FRANCHISING AGREEMENT

PARTIES:

1. AZRA HAZIR GİYİM SAN. TİC. A.Ş

(Shall be briefly referred as "INCITY" or "DEALER" hereinafter.)

Address: Meşrutiyet Mah. Şair Nigar Sokak No:34/1 Osmanbey/Istanbul

2.

(Shall be referred as "FRANCHISE" or "CLIENT" hereinafter.)

Address:.....
.....

ANNEXES:

- 1-SIGNATORY CIRCULAR OF THE FRANCHISE
- 2- PHOTOCOPY OF THE TITLE DEED OR RENTAL CONTRACT OF THE FRANCHISE'S OUTLET STORE
- 3- PHOTOCOPY OF THE FRANCHISE'S TAX CERTIFICATE
- 4-FRANCHISE'S TRADE REGISTRY CERTIFICATE
- 5- RESIDENCY CERTIFICATE AND PHOTOCOPY OF THE IDENTITY CARD OF THE NATURAL PERSON FRANCHISING
- 6-LETTER OF GUARANTEE or MORTGAGE PAPER OF THE REAL ESTATE

SUBJECT OF THE AGREEMENT:

-All clothing and accessories to be produced and/or supplied by **INCITY** shall be exclusively put for retail sale by the FRANCHISE. The FRANCHISE shall not offer wholesale to other outlet stores and companies.

for the commodities of any type, number, color, model and size, as approved by İNCİTY. The Franchise gives its orders to İNCİTY in the place and time to be determined by İNCİTY either directly and/or through its authorized personnel. The Franchise writes down its order on the printed purchase order and signs the order. The commodities indicated on the purchase order which presents the signature of the Franchise is considered to be the firm sale of İNCİTY to the Franchise. The Franchise's not purchasing or returning the commodities it has ordered shall not abolish its duty and liability towards İNCİTY. In such a case, İNCİTY shall charge the Franchise for the commodities ordered and collect receivables. The FRANCHISE irrevocably acknowledges and accepts these terms.

2.2- İNCİTY is the sole determiner of the prices and terms of sale for its commodities. The Franchise cannot object to prices and terms for any reason. Also, the Franchise cannot refrain from receiving the commodities that it has purchased or ordered.

2.3- The Franchise cannot produce or let the third-party production of the commodities which are subject to this agreement and sold by the dealer, and cannot purchase them from other providers, either. The Franchise shall exclusively purchase these commodities from the dealer.

2.4- İNCİTY agrees to comply with the order given by the FRANCHISE, in principle. However, İNCİTY is allowed to make changes to the fabrics, colors, sizes and quantities of the commodities ordered due to the reasons for production or purchase conditions. İNCİTY has the right to sell or not to sale any commodity as it wishes.

2.5- The commodities purchased by the Franchise shall be received in the storehouses of İNCİTY located in Istanbul. Following reception of the commodities, all costs to occur from transportation, insurance, damage and etc. and all relevant expenses shall be covered by the Franchise. The ordered commodities, which are not received in the place of delivery, shall be dispatched by İNCİTY to the Franchise on condition that the transportation fee and the transportation risk are covered by the Franchise.

2.6- The Franchise is expected to examine the commodities in the place of delivery and give a written notification of loss or claim (save for the legal provisions applying to hidden defects) to the dealer within 8 (eight) days after the delivery, pertaining to the type, quality, size, color, quantity of the commodities and etc. None of the objections and notifications shall be accepted unless written.

3-TERMS AND CONDITIONS FOR SALE

3.1- The Franchise cannot offer sale in any places than the outlet store identified in the agreement. The franchise shall offer retail sale of the purchased commodities at the rate identified by INCiTY. The franchise accepts and commits not to offer sale at a price either below or above the retail price rate identified by INCiTY and to compensate any damage and loss from which INCiTY may suffer for this reason.

3.2- The starting and end dates of and the terms and conditions for discounted sales shall be identified by INCiTY and the franchise shall apply the discount rates to be identified by INCiTY. INCiTY has the right to decide what commodities shall be and what commodities shall not be offered for discounted sale.

3.3- The FRANCHISE is expected to purchase the packaging materials to be used for sales from INCiTY or from a manufacturing company recommended by INCiTY.

3.4- The FRANCHISE is liable to comply with the system used by INCiTY pertaining to sales and inventory monitoring and customer information, as well as making necessary investments in the hardware (software, computer and etc.) recommended by INCiTY.

4-TERMS AND CONDITIONS FOR DISBURSEMENT

4.1- The franchise pays for the costs of purchased commodities in advance or in installments, based on the dates of the bills. INCiTY identifies the profit margin and term of the franchise seasonally and notifies the franchise. The franchise is already committed to this disbursement plan. INCiTY has already developed an installment disbursement plan for the franchise based on the date of the bill and shall notify the

new plan at the beginning of every season, hereinafter. The due date of disbursement shall be 90 days if not notified specifically.

4.2- New orders of the franchise shall not be taken into consideration if the franchise has not paid for the previous account balance in cheque or in cash. The validity of the franchise's orders shall be identified by the availability of a deficit account of the franchise.

4.3- In case that the franchise does not pay for the cheques and bills on due dates:

- The cheques and bills following the unpaid cheques and bills shall become past due and payable.

- Commercial default interest shall be applied beginning on the date of payment.

- The dealer shall be authorized to convert any of the guarantees into the amount of payment which is equivalent to the debt.

- The franchise shall also accept to pay for the attorney fee amounting to 10 % of the total amount of receivable if legal procedures are applied for unpaid bonds and cheques.

4.4- In case that the signatory has a corporate status in the cheques and bills issued in return for the received orders, the signatory shall be considered to have undertaken the responsibility jointly and severally and shall be included in legal proceedings, so.

4.5- Even if the cheques and bills which are issued in return for the commodities purchased for the franchise do not belong to the franchise formally, the franchise also accepts the responsibility for these assets, therefore, shall be included in legal proceedings, too. If the franchise gives the dealer the cheques and bonds belonging to the third parties in return for its debt, then the franchise shall be responsible for the signatures of the previous signatories and shall notify the identity information and addresses of these previous signatories to the dealer in case of a default, too.

4.6- The receivables of the franchise occurring from any type of disbursement and guarantees converted into cash and the receivables occurring from the costs of the returned commodities shall be set off for THE DELAY INTEREST PRIMARILY and the residue shall be set off for the principal debt.

4.7- The agreement hereby also serves as a contract of current account between the parties of the agreement, as regulated by the Article 87 and relevant articles of the Turkish Code of Commerce. According to this contract of current account, the franchise shall pay for the commercial default interest beginning from the starting date of default without the need for notification. The contract of current account is

based on the dealer's entry book, registry and papers. The provisions of this agreement are treated as SPECIAL PROVISIONS.

5-ADVERTISEMENTS AND SALES PROMOTIONS

5.1- The franchise cannot carry out publicity activities relevant to the brand of "iNCiTY" and cannot carry out advertising and promotion activities on its own behalf or on behalf of the third parties without written permission of the dealer. The FRANCHISE is liable to join sales promotion activities organized by iNCiTY.

5.2- The FRANCHISE accepts and commits to comply with the credit card procedures and other sales promotion activities which are already conducted or can be conducted by iNCiTY later.

5.3- The franchise makes use of all visual and packaging materials to be put inside and outside of the outlet store in the standards identified by iNCiTY and in compliance with its permission, and the cost is folded.

5.4- The FRANCHISE is liable to have and use a minimum quantity of customer questionnaire forms, customer information forms and similar documents of iNCiTY in its outlet store and also is liable to provide feedback to iNCiTY. The FRANCHISE purchases such materials for customers at the cost identified by iNCiTY.

5.5- The FRANCHISE has to join the overall promotional activities to be organized by iNCiTY for its franchises. The FRANCHISE is liable to display and distribute the required minimum quantity of outlet store promotional materials such as catalogues, posters and etc. provided by iNCiTY for every season.

5.6- iNCiTY inspects the personnel and activities of the Franchise's outlet store and may demand training or replacement of the personnel considered incompetent. The Franchise has to comply with such demand.

6- PROTECTION OF THE BRAND

6.1- The FRANCHISE is liable to convey iNCiTY all information and relevant documents that can give damage to the brand of iNCiTY. The FRANCHISE is also liable to offer retail sale of iNCiTY brand products in a way that protects the international image and quality of the brand.

6.2- All brand, registry, license, production rights and etc. of the iNCiTY products to be sold by the franchise are vested in iNCiTY. The FRANCHISE cannot use and cannot allow other parties to use the name and brand of iNCiTY and any of the aforementioned rights associated with iNCiTY for other products that are not provided by iNCiTY. The Franchise also accepts and undertakes to immediately notify iNCiTY of such unfair and unauthorized uses in written.

7-GUARANTEE

7.1- As a guarantee for all kinds of debts to arise from this agreement, the franchise shall give a letter of credit, the amount of which shall be determined by İNCİTY in Turkish Liras or in foreign currencies, and if İNCİTY does not require such a letter of credit, then the franchise shall supply its real estate mortgage, treasury bond and bank deposit certificate to İNCİTY as a guarantee.

7.2- İNCİTY has the right to keep the supplied guarantee or guarantees during the effective period of the agreement or to cash out these guarantees either fully or partially in order to set off its credits in return for the receivables that have arisen or shall arise from this agreement. The franchise cannot oppose this right. Cashing out the franchise's guarantees by İNCİTY shall not abolish İNCİTY's right to claim its rights arising from this agreement or proceed against the franchise.

7.3- The dealer may request the franchise to increase the amount of guarantee in case that the guarantee becomes inadequate due to the changes in the market conditions and expanded volume of sales and the Franchise has to conform to this request, then. New orders shall be given and received only after the amount of the guarantee is increased.

8-AUDIT

8.1- İNCİTY has the right to audit the enforcement of this agreement. Hereinafter, İNCİTY has the right to audit and control and to make amendment to the following processes and procedures of the Franchise, as well as making warnings and notifications to the Franchise, and requiring necessary sanctions:

- Commercial registers and supporting documents
- Prices and conditions of sale
- Customer relations
- Execution of miscellaneous rights arising from the agreement

9- EFFECTIVE PERIOD OF THE AGREEMENT

The agreement shall be in effect for (1) year. The effective period of the agreement shall be automatically extended for the next year offering the same terms and conditions unless otherwise is notified in written by one of the parties 6 months before the expiry date of the agreement.

10-RETURN OF A PRODUCT

INCiTY, by no means, shall accept the returned products except for defective commodities. Except for the defective commodities, the bills and delivery notes dispatched by the Franchise shall not be accepted by INCiTY. Even if accepted mistakenly, they shall be returned to the franchise. The FRANCHISE cannot return the commodities even if it closes down its outlet store and/or the agreement is terminated for any reason. If INCiTY accepts the returned commodities for a reason, the wholesale discounts shall be reflected on the commodities received from the franchise at the same rate in case that wholesale discounts are applied to the same commodities in a season.

11- TERMINATION OF THE AGREEMENT

11.1- INCiTY is allowed to terminate this agreement before its date of expiry if the franchise does not meet the requirements or violate one of the requirements of this agreement. In that case, INCiTY has the right to require the franchise to compensate all damages and losses arising or to arise from this agreement. In meeting the requirements of this agreement, the franchise shall undertake the responsibility for all material and immaterial damages and losses due to its imperfect exercises and faulty practices.

11.2- Summary termination of the agreement shall apply without any period of notice due to the following reasons:

- a) Bankruptcy or loan default of the Franchise
- b) Death of the natural person Franchise
- c) Rescission of the legal person Franchise
- d) Change in the CORPORATE status and its reflection upon management
- e) Strike and lock-out in the Franchise's outlet store for more than a month's time
- f) Forfeiture of the right to use the dealer's brands for any reason
- g) Interdiction of the natural person Franchise
- h) Disclosure of the confidential information relevant to INCiTY to the third parties

11.3- The franchise accepts and undertakes to compensate material and immaterial damages and losses of INCiTY and to pay for the costs of the ordered commodities as a penal obligation if it terminates the agreement before its due date without a justified reason.

11.4- In case that this agreement is terminated for any reason, the guarantees shall not be returned, the credits shall be covered with the guarantees until all debts (also

including penal obligations) are paid and legal proceedings shall be launched if the guarantees are not adequate in quantity.

11.5- Again, in case that this agreement is terminated for any reason, İNCİTY shall not be obliged to accept the commodities returned by the franchise. İNCİTY, even if accepts the returned commodities, shall accept these commodities at a cost of ½ of the amount of the first invoice issued for the commodities of the previous seasons (except for the defective products). The franchise accepts and undertakes to finish its stocks in 2 months following the termination of the agreement.

11.6- In case that the agreement is terminated or is considered to have been terminated, the franchise cannot use the brands of the dealer by any means, cannot keep the advertising and promoting materials relevant to the dealer and its brands such as signs, tables, boards etc. , and shall scrap off, delete and remove them or return them to the dealer. Otherwise, the franchise shall be considered to have acted against the Law on Brands No. 556. In such a case, the dealer can appeal to the Public Prosecutor's Office and make the afore-mentioned materials removed. In addition, the franchise accepts and undertakes to pay for the expenses of İNCİTY for travel, attorney's fee and the costs of the commodities it has purchased from İNCİTY in the last one year's time together with the penalty fine amounting to 25 % of the invoice amount.

12-NOTIFICATIONS

The addresses, which are indicated above, are the contact addresses of the parties for notifications. All notifications to these addresses shall be accepted valid. The parties shall notify each other of their new addresses in written through notary public in 15 days if their addresses are changed. The franchise shall also certify its new address through the District Headman's Office, Chamber of Commerce and Municipality and shall submit this certificate to İNCİTY immediately. Similarly, İNCİTY shall not be held responsible for the circular of signature and the amendments to the principal agreement which are not certified and notified this way.

13-EVIDENCES AND THE COMPETENT COURT

13.1- The parties agree that the registries, records and documents of İNCİTY shall be accepted as the direct evidences in case of a dispute between the parties, as per the Article 287 of the HUMK.

13.2- Disputes arising from this agreement shall be settled by Istanbul Central Courthouse Courts and the Execution Offices.

13.3- The franchise agrees that also the courts located in Istanbul province shall rule in the legal proceedings and legal acts pertaining to the cheques, bills and letters of credits based on this agreement regardless of other competent courts indicated on the cheques and bonds.

14- OBLIGATIONS UNDER FORCE MAJEURE

The dealer cannot be held responsible for inappropriate or imperfect delivery of the commodities to the franchise in cases of force majeure such as war, chaos also including conflict, occupation, sabotage, strike, lock-out, boycott by blue collar and white collar workers, natural disasters such as fire, unavailability of the provision of semi-products and raw materials through import or domestic purchase (a condition emerging outside and beyond the will, power and authority of the dealer) as described by the law. In such cases, responsibility cannot be claimed for the dealer. However, the franchise shall be exempted from compensation and penalty but shall be held responsible for miscellaneous claims.

15- EFFECTIVE PERIOD

15 clauses and the specified annexes comprising this agreement are the integral parts of the agreement. The agreement is signed on/.../..... and shall come into effect thereafter.

**FRANCHISE
DEALER**

AZRA HAZIR GİYİM SAN. Ve TİC. A.Ş