Bruns Con te, sempre.



OUR FRANCHISING

The Brand Brums

Brums is the most famous brand of the Preca Brummel Group. The brand was born 50 years ago to place a new interpretation of the traditional Italian style. Over the years the Brums production focused itself on a high level target, **0–16 years old**, with a wide variety of collections and garments.

The Brums collections are distributed through **240 mono-brand stores** and almost 600 multi-brand boutiques all over the world. The Brums garments are the ideal choice for a spontaneous and lively fashion.

Brums has been the first brand among children's wear sector establishing and adopting the franchise formula. In 1989 Brums has opened the first Franchising store in one of the most important European location: Corso Buenos Aires in Milan. The successful Franchising formula adopted by Brums allowed over the years a widespread distribution on the whole Italian territory, and lately also abroad.

During the last five years the number of new opened stores has going over 240 in 2012.









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Brums Stores Features

• At least 30.000 inhabitants Catchment area Downtown • Best commercial streets Location / siting Shopping center / mall • The location will be evaluated by a Preca Brummell manager. G.L.A 90 - 150 Sq/Mt Warehouse surface • 15-20 Sq/Mt - Children's wear • 0-2 years > apparel, layette, underwear and newborn shoes Sector • 2-10 years > clothing, accessories, underwear • 10-16 years > clothing, accessories, underwear **Shop windows** • At least 2





Activities starting dates:

If possible at the beginning of the sales season:

- from 30 August to 30 September for the Fall/Winter season
- from 20 February to 20 March for the Spring/Summer season

Complete furniture:

Estimated cost of furniture is around € 500,00 per square meter. Some important features to be considered:

- interior structure of the shop
- possibility to use the existing frames
- different outside personalization
- linear measurement

Following points are not included in the above mentioned costs:

- alarm system
- possible building works
- air-conditioned system
- lighting project and lamps
- floor

Preca Brummel S.p.A., making use of its professional men, will send to the Franchisee **an interior and outside** (doors – windows and signs) project.

The Franchisee will be provided with the lighting project (lux required in all the areas) by Preca Brummel, but it shall be installed by local firms. The Franchisee has the possibility to make use of local firms also for some building works (flooring, frames and signs installation, false ceiling realization, electric plans etc) following the Preca Brummel standards.

Employees:

• To be evaluated depending on the store size.

Turnover:

• From 2.500 to 6.000 €/sq, depending on the location and to the store size.

Opening activities:

- Preca Brummel S.p.A. supports the shop opening with advertising materials.
- The Trade Marketing team will support the Franchisee in order to plan all In-Store and local communication activities.







Guarantees requested:

• 40.000 € bank guarantee has to be delivered to Preca Brummel S.p.A. within 30 days before the store opening date.

Duration:

- Open Ended.
- Contract resolution is possible on both sides 3 years later the signing date providing a 6 months advance notice.

Sell Out pricing:

• The Franchisee, to get a good result, should follow the company selling and prices policies.

Orders:

- First two commercial seasons (Fall–Winter and Spring–Summer) > Preca Brummel will prepare a simulation of the b.e.p.; consequently the first two orders will be set including a product selection that satisfy both economic and commercial Store requirements and allow a good selling activity. For the first year (2 season: Fall/Winter and Spring/Summer) the Franchisee will be allowed to return part of the un-sold goods (the Franchisee will keep in its warehouse 10 % of the original order, all exceeding goods will be returned). This operation will reduce financial start-up risks.
- **Following seasons** > The Franchisee will order an appropriate and representative products selection considering the Preca Brummel marketing instructions and the requirements of the local market.
- Deliveries of goods:
 - Spring/Summer > starting from January (sometimes Springs preview can be available from December).
 - Fall/Winter > starting from June.

Order payment effect:

payment at 30/60/90/120/150 days, invoice date.

Store Insurance:

- It is required by the Franchising agreement and it has to be delivered before the store opening date.
- The Franchisor will present an insurance policy to the franchisee aimed at covering various risks related to the store activity.

Training:

• Training courses are held both in the opening phase and during the normal operations of the store and they are organized in the Preca Brummel headquarter or in shops or in other location indicated by Preca Brummel.

The training are aimed at improving the sales abilities, management and fitting of the store, this create an important competitive difference between us and our competitors.

IT System:

- All shops are provided with an IT system. Total amount of it is 5.000€ and it is hired by the franchisor.
- The assistance and installation costs (una tantum) will be at the Franchisee charge.

Marketing fee:

• The marketing materials (which are different every season) can be directly ordered by the Franchisee through the Preca Brummel web platform.

The Franchisor requires to the Franchisee an yearly contribution equal to 1% on the total amount of goods bought during the year as partial coverage of the national advertising campaign and marketing materials costs.

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How to Manage a Brums Store

Corporate Communication:

- Preca Brummel chooses the most important media channel (press, posting, direct mailing) according to the institutional communication strategic goals. Moreover every season the Franchisor supply the following materials in order to give more a more visibility to the shop:
 - Pop materials and material for windows fittings.
 - Different promotional materials.
 - Customized free of charge gadgets for children.
 - Catalogues.
 - Fidelity cards.















Visual Merchandising:

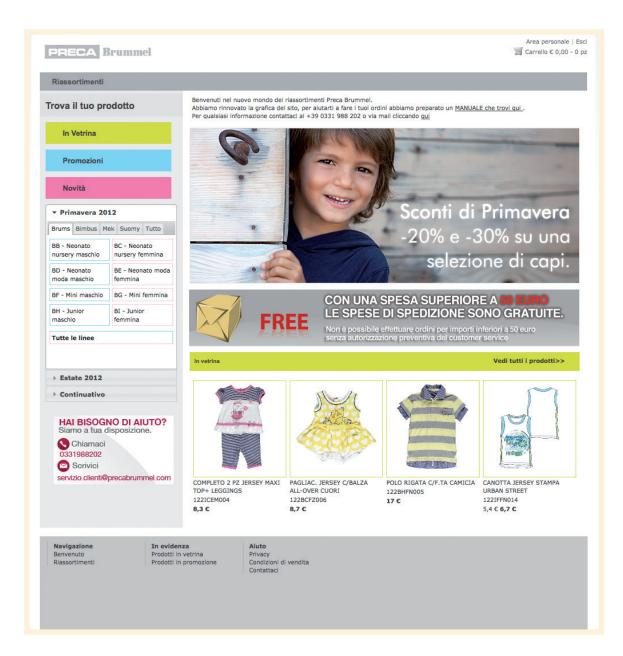
- Communication materials for the interior Store Set-up and displays.
- Realization of a **"visual merchandising book"** to make easier the shop set up and to improve the store image.
- The books can also be consulted through the new Preca Brummel Portal on the company website *www.brums.com*.

Local Advertising:

- All the activities related to local communication, directed to increase and strengthen the brand awareness on the territory, have a primary importance.
 - The choice of the communication channel can be changed following customers needs and its location.
- The choice of the **communication channel** and the graphics to be used have to be shared and **approved by Preca Brummel marketing team.**

Restocking:

• In addition to the seasonal orders, Preca Brummel S.p.A. put at its franchisees disposal a modern "reassortment platform" that allow the integration of the order with other items available in the Preca Brummel central stock during the sales season.





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