



FRANKIES

Frankies Restaurants Pty Ltd

CROWD FUNDING OFFER DOCUMENT

CROWDFUNDING OFFER DOCUMENT

7th November 2019

Offer of fully-paid ordinary shares
in Frankies Restaurants Pty Ltd at
\$1 per share to raise a maximum of
\$1,500,000

This crowd-sourced funding (CSF) offer document
relates to the Offer of fully-paid ordinary shares in
Frankies Restaurants Pty Ltd.
This Offer is made under the CSF regime in Part 6D.3A
of the Corporations Act 2001 (Corporations Act).

Issuer

Frankies Restaurants Pty Ltd ACN 636 666 325

Intermediary

Birchal Financial Services Pty Ltd AFSL 502618

CROWDFUNDING OFFER DOCUMENT

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SECTION I

RISK WARNING

Crowd-sourced funding is risky. Issuers using this facility include new or rapidly growing ventures. Investment in these types of ventures is speculative and carries high risks.

You may lose your entire investment, and you should be in a position to bear this risk without undue hardship.

Even if the company is successful, the value of your investment and any return on the investment could be reduced if the company issues more shares.

Your investment is unlikely to be liquid. This means you are unlikely to be able to sell your shares quickly or at all if you need the money or decide that this investment is not right for you.

Even though you have remedies for misleading statements in the offer document or misconduct by the company, you may have difficulty recovering your money.

There are rules for handling your money. However, if your money is handled inappropriately or the person operating the platform on which this offer is published becomes insolvent, you may have difficulty recovering your money.

Ask questions, read all information given carefully, and seek independent financial advice before committing yourself to any investment.



SECTION 2

INFORMATION ABOUT THE COMPANY

Dear Investor,

Frankies was founded in 2014 when Geoff and Xavier Manson teamed up with Anthony McBride to develop a series of friendly spaces in regional Victoria where people could come to eat, drink and celebrate. Frankies is renowned for serving speciality coffee, cocktails and all day dining while continuing to support and involve the local community in order to make a positive change.

Frankies has become one of the most recognised hospitality brands in Gippsland. Operating two Café-Restaurants in Pakenham and Warragul, a temporary coffee roastery space and partnering with our sister food relief charity, Frankies Community Kitchen.

Frankies is an established group of coffee, cocktail and all day dining venues in regional Victoria. The desire to bring 'real city espresso coffee & exciting delicious food to the country' has been our number one aim. Our Café-Restaurants have fully equipped kitchens, offering a menu of fresh & classic options, that are seasonally adjusted and priced to suit all budgets

There are plans to open a Cafe-Bar in the future. This venue would serve the same coffee, cocktails and all day dining menu as our Cafe-Restaurants, but won't have a full kitchen. Food preparation will be prepared in an off-site central kitchen, which will ensure that quality and consistency are always maintained.

We'll see you at Frankies.





Planned for 2019:

Location openings - 1 new Cafe - Restaurant - Bar in early 2020 and 2 additional Cafe - Restaurant - Bars by the end of 2021. Our focus is to become the most recognised hospitality brand in regional Victoria.

In 2019-2020 our growing tea will pour over 1,500,000 cups of coffee, smash 50,000 avocados, crack 400,000 eggs, roast over 15,000kg of our own Frankies coffee blend, and serve over 500,000 loyal customers.

We are thrilled with our progress and are proud to be offering investors an opportunity to join us to fund our exciting growth. Our plans for the next phase are to be established in 5 regional locations by the end of 2020.

We look forward to your support as we embark on the next stage in our journey.

In 2019-2020 our growing team will:



Pour over
1,500,000
cups of coffee



Smash
50,000
avocados



Crack
400,000
eggs



Roast over
15,000 kgs
of our own Frankies
coffee blend

2.1 COMPANY DETAILS

This offer of shares is made by Frankies Restaurants Pty Ltd ACN 636 666 325 (the Company). The Company was incorporated on the eighth day of October 2019.

Company Name	Frankies Restaurants Pty Ltd
ACN	636 666 325
Offer Type	Crowd sourced funding
Offer Date	7/11/2019
Offer Details	Offer of fully paid ordinary shares in Frankies Restaurants Pty Ltd at \$1 AUD per share to raise a maximum of \$1,500,000.
Registered office and contact details	Frankies Restaurants Pty Ltd 28 Victoria Street, Warragul VIC 3820 PO BOX 173 Warragul Vic 3820
Principle place of business	Frankies Restaurants Pty Ltd 28 Victoria Street, Warragul VIC 3820
Related Companies	<p>The Frankies Group is comprised of the following wholly owned subsidiaries of the Company:</p> <p>Frankies Pakenham – Caffè Domenico Pty Ltd – ACN 162 800 384 ATF The CBPK Trust</p> <p>Frankies Warragul – Dailyshot Pty Ltd – ACN 162898544 ATF The CDWGL Trust</p> <p>Frankies Traralgon Pty Ltd – ACN 636 699 575 ATF The Frankies Traralgon Trust</p>

2.2 DESCRIPTION OF THE BUSINESS

2.2.1 Who are we?

We are an established hospitality group that focuses on serving speciality coffee, cocktails and all day dining while continuing to support and involve the local community.

Frankies was established in 2014 and has been continuing to improve on product quality and development as well as improvements to staff training and operational procedures. The Frankies Group prides itself on providing a memorable experience for guests that go above and beyond expectations.

2.2.2 Current, future & growth

Our tried and tested business model has been developed in a way that makes it scalable. What that means is that we have the potential to take our model and apply it to multiple venues and regions allowing us to grow our brand and continue to realise cost efficiencies across the board.

Our business model is based on multiple different facets that collectively create a profitable enterprise. Our venues are purpose built to be efficient and accommodating to maximise sales and minimise costs while continuing to provide genuine and memorable experiences for guests. One of the core components of our model is consistency. A large part of our success relies on repeat guests and this is achieved through consistency. We achieve this through rigorous training and controlling supply of our key products. By controlling supply of our key products not only do we control quantity but also quality allowing us to uphold a level of quality that stacks up against the best in the country.

- We delivered sales growth of 9.73% in FY19, whilst the hospitality sector on average grew by around 2%
- We delivered on our plans to generate revenues in excess of \$4.7m for the FY 18/19.
- Our model focuses on each site generating revenues of \$2m annually. By achieving these sales, each site reaches the budgeted profitability levels, while continuing to go above and beyond our guest's expectations."
- We are in advanced talks to secure our third site before the end of 2019. Our aim is to purchase an existing business, giving Frankies instant cash flow and allowing us to continue building on the foundations of that existing business.

- We proved the model in our largest site in Warragul Frankies, which has been a huge success and has reached profitability trading levels almost immediately.
- By the end of 2019 we will have launched our retail range Frankies at Home. A retail collection led by our compostable Frankies Coffee Pods for Nespresso® compatible machines.
- We have a strong, ambitious and experienced senior team in place who can deliver our accelerated growth plan. This includes our Operations Manager, New Openings Manager/Training Manager, Marketing Co-Ordinator and Accounts/Payroll Manager who between them combined, have 16 years of experience in the business, and over 40 years of experience in the industry.

2.2.3 Premises

Frankies Pakenham Lease:

Premises- Shop 4 & 5, Village Lakeside, 9-17 Lakeside Boulevard, Pakenham, Victoria 3810.
Lease Terms - Commencement Date- 1/12/2016
Options - Three further terms of five(5) years until 30th November 2036.
Fixed Rent increases of 3% per annum.

Frankies Warragul Lease:

Premises - 28/26B Victoria Street, Warragul 3820
Lease terms - Commenced 1st April 2017
Lease term 10 years and options of another 2 further terms of five years which expires 30th March 2037.
Fixed Rent increases of 2% per annum.

Frankies Roastery Lease:

Premises - 22-24 Victoria Street, Warragul 3820
Lease terms - Commenced 13/10/2016
Lease term 5 years and options of another 5 further terms of five years which expire 12th October 2046.
Fixed Rent increases of 2% per annum.



Industry average
growth of **2%**
in FY19

Frankies sales
growth of **9.73%**
in FY19

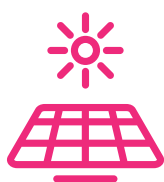
* Reports obtained from 2018 National Industry Insights ASIC report.

We're building a bigger roastery so we can keep up with demand from our stores and our new retail range, Frankies at Home.

- **Frankies at Home** - Frankies at Home is our new online retail range and subscription, supplying fresh beans and capsules. We anticipate launching this project in early 2020. Our Frankies at Home retail range will be spearheaded by our new Compostable Coffee Pods for Nespresso® compatible machines. Refill pack of 30 Nespresso® compatible, home compostable and biodegradable coffee pods filled with your choice of Frankies House Blend, Straight Black Blend or Organic coffee. Delivered in slim packaging to glide straight through your letterbox. The packaging contains three boxes of ten coffee pods.



- **The new coffee roastery** - In 2020 we are relocating the roasting of the Frankies House Blend to its own roastery which is located next to the Warragul Cafe-Restaurant. This will enable the future roasting of up to 100,000 kgs of coffee per year opening a new market for Frankie's wholesale customers and Frankie's at Home espresso beans and capsule market.
- **Frankies Wholesale** - Our wholesale department is operated by our Head Roaster, Andy Tin ham and our Head of Coffee, Xavier Manson. Together they roast, taste and select the coffee that is to be sent out to our wholesale customers every week.



*Sustainability is
part of Frankies
promise towards
making a positive change*

– Geoff Manson



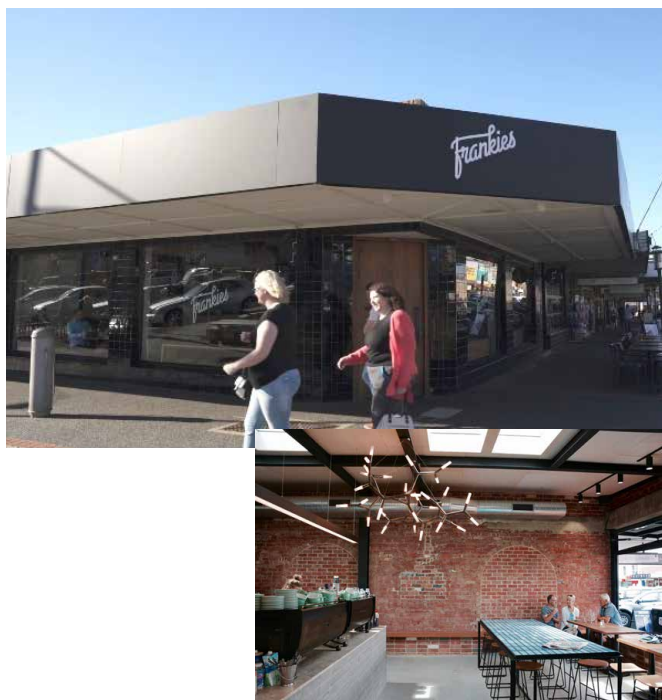
- **Off the grid** - The roastery will be solar-powered and it is planned to be off the grid.
- **Worm farms** - With the installation of Worm Lover worm farms, our aim is to reduce most of our food waste including coffee grinds from Frankies Warragul. Our coffee grinds are also collected from our wholesale customers and used in gardens and local farms.
- **Sustainability** - Our coffee bags and boxes are 100% recyclable and are collected by our wholesale driver to be recycled and reused. As part of our sustainability program in 2019-2020 we are rolling out the above re-use and recycling program to all our customers.
- **Coffee grinds** - Please don't throw away your spent coffee. Place the spent coffee from your dump tubes into the plastic buckets that we supply, and our driver will collect them. Our driver will exchange clean empty buckets for full ones and return your spent coffee to our warehouse. The spent coffee will be sent to farms where it will be used to make organic compost.

- **Our Coffee Roastery & Frankies HQ** - In 2020 we will open a state of the art coffee roastery in Warragul. From here we will continue to roast the coffee supplied to our current and future stores. The roastery will give us the capacity to meet our demands for the next 10 years.



Frankies Warragul – Established 2014

Revenue 2.91m FY 2018/19



Frankies Pakenham – Established 2014

Revenue 1.86m FY 2018/19



OUR PLANNED CAFÉ-RESTAURANTS



Under our new plan, our focus will be sites with a minimum 250sqm to larger sites of 350sqm. The focus will be to open in large regional cities

– Geoff Manson

Future Location
Bendigo

Future Location
Ballarat

Pakenham
(Existing)

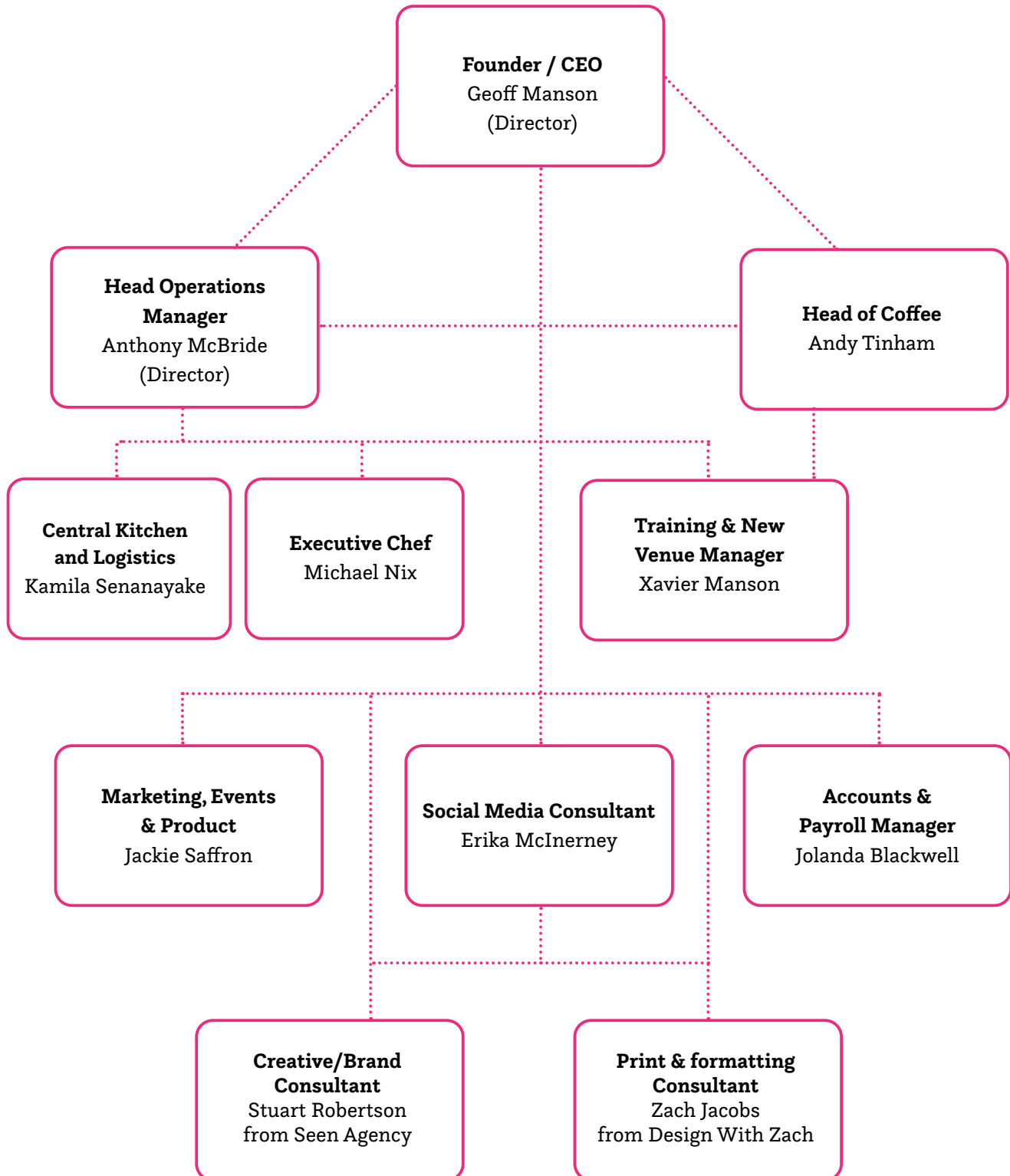
Warragul
(Existing)

Future Location
Traralgon-Central

2.3 OUR PEOPLE

2.3.1 Organisational Structure

Figure 1: Organisational structure



2.3.2 Directors & Management

By the end of 2020, our Frankies family is expected to grow from 80 members to 130 members.



Geoff Manson (Frankie's Founder and CEO). Geoff founded Frankies in 2014, with friend Anthony McBride, and is the driving force behind Frankies. Previously, Geoff was a multi-franchise owner with Hungry Jack's for 21 years and the founder of a coffee distribution business Creative Coffee.



Anthony McBride (Operations Manager, People and Culture Director). Anthony worked together with Geoff at Hungry Jack's and then Brumby's Bakeries before joining forces with Geoff again at Frankies in 2014. Anthony has recently purchased equity in the Frankies business and has been responsible for establishing

the Operations Manual, procedures and establishing the all well-known positive with purpose Frankie's culture.



Xavier Manson (Operations Support training, operations in new sites and Beverage Training, Menu and Product Dev), Xavier graduated from Deakin University with a Business Degree before joining Frankies in 2017. Xavier has been the Restaurant Manager at Warragul since 2018 and will move to a new opening in 2019 as Operations

support & training and will continue in this role as new restaurants open. Xavier plans to purchase equity in the 2019-2020 year.



Jackie Saffron (Part-time Marketing, Events and Product support). Jackie has been instrumental in ensuring that the brand integrity and feel is communicated clearly to the general public. Jackie joined us in 2017 from Riviana Foods where she was involved in project management, label artwork, advertising and website design.



Andy Tinham (Our Capsule Manager and Head Roaster) has been responsible for the roasting to date at a shared roastery and is responsible for planning the capsule roasting, the finished product and the move to the new roastery premises. Andy has been with Frankies as the coffee Operations Manager and Technical support for the last 4 years.



Michael Nix (Food Director and Executive Chef). Formerly the Executive Chef for the 4 food venues at the Royal George Hotel in Brisbane. Michael's keen eye for the latest trend in city food, local grown food approach and modern simplified menu design keeps Frankies relevant. Michael brings to Frankies his experience in delivering a high quality, high margin product, with consistency across a multi-site operation.



Kamila Senanayake (Central Kitchen and Logistics). Kamila, an experienced Head Chef, will be in charge of the new central kitchen as well as continuing to excel in his current role as the Head Chef at the Pakenham venue. Kamila's focus is on the highest quality while bettering margins and establishing long term relationships with our growing number of suppliers. Kamila joined us after an extensive experience with Melbourne city cafes-restaurants including the Sandhill Groups Bridge Hotel in Richmond and Sirromet Winery in Brisbane. The central kitchen will stand alone and will not be subsidized by the café-Restaurants.

2.4 CAPITAL STRUCTURE

2.4.1 Issued capital

Table 1: Issued capital of the Company before the Offer

Shareholder	Share Type	Shares	Options
G&G Manson Family Trust (G Manson)	Ordinary	4,432,000	Nil
Colt77 Pty Ltd (Anthony McBride)	Ordinary	548,000	Nil
Total		4,980,000	

Table 2 sets out the issued capital of the Company following the Offer.

Table 2: Issued capital of the Company following the Offer

Shareholders	Minimum Subscription	%	Maximum Subscription	%
G&G Manson Family Trust (G Manson)	4,432,000	82.39%	4,432,000	68.40%
Colt77 Pty Ltd (Anthony McBride)	548,000	10.18%	548,000	8.46%
Offer Shares	400,000	7.43%	1,500,000	23.16%
Total	5,380,000	100%	6,480,000	100%

2.4.2 Rights & liabilities associated with securities

Set out below is a brief summary of the rights and liabilities associated with the company's securities. For further information, including information relating to restrictions on transfer and drag along and tag along rights, please refer to the constitution in the annexure to this offer document.

Preference shares

There are no preference shares on issue

Ordinary shares

Immediately after issue and allotment, the shares offered under this offer document will be fully paid ordinary shares. All ordinary shares have the same voting rights (one vote for each share held) and the same rights to receive dividends.

Options

No options have been granted to any party over any of the company's securities.

2.4.3 Debt funding and other sources of funding

Director loans

Directors Loans To date, Frankies has been primarily funded by the companies founding shareholders Geoff Manson and Anthony McBride. The Frankies group has a principle & Interest loan originally over 10 years and short-term equipment finance. The key terms of this loan are set out below. (a) There is a loan from one of the founders Geoff Manson totaling \$138,007. This loan is at no interest and does not have a fixed repayment schedule. (b) Business Loan with Bank of Bendigo-current balance as at 1/7/19 was \$785,000.

2.5 RISKS FACING THE BUSINESS

An investment in the Frankies Restaurant Group should be seen as high-risk and speculative. A description of the main risks that may impact our business is below. Investors should read this section carefully before deciding to apply for shares under the Offer. There are also other, more general risks associated with the Company (e.g. risks relating to general economic conditions or the inability to sell our shares).

Type of risk	Description of risk
Competition	We currently operate in an incredibly competitive industry. Our industry is one of the most progressive and a failure to compete successfully with the changing times would have a negative impact on the revenue and prospects of the company.
Loss of skilled staff	The success of Frankies is largely dependent on the quality of its staff and their ability to perform at a high level for long periods of time. Retaining skilled staff is difficult as they will often be approached by other employers offering more money or a change in environment. Our inability to provide a workplace that is one that staff love and feel appreciated would result in the loss of said staff which would have an adverse affect on the business.
Quality and Reputation	Naturally a fall in the quality and reputation of the business has a negative affect on revenue and profitability. Each of the Frankies venues are important to the overall success of the brand so we must continue to achieve consistency in quality across all sites.
Financial Risk	Our strategy for growth by continuing to open new stores means that we must be continually mindful of our ability to manage our cash flows in order to meet any current liabilities as well as ensuring that we have sufficient capital to fund additional development.

2.6 FINANCIAL INFORMATION

2.6.1 Consolidated balance sheet as at 28th October 2019.

Below is the consolidated statement of financial position for the Frankies Group as at 28 October 2019, prepared in accordance with the Accounting Standards.

CURRENT ASSETS	
Cash on Hand	12,400
Cash at Bank	237,476
Inventory-stock on hand	42,446
Term Deposit	9,169
TOTAL CURRENT ASSETS	301,491

NON-CURRENT ASSETS	
Plant & Equipment	2,876,210
TOTAL NON-CURRENT ASSETS	2,876,210

TOTAL ASSETS	3,177,701
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LIABILITIES	
CURRENT LIABILITIES	
Trade Creditors	93,237
GST & PAYG liability	44,377
Loan to G Manson	130,887
Hire Purchase creditors	218,189
Bendigo Business Loan	766,643
Total Current Liabilities	1,253,333

NET ASSETS	1,924,368
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TRUST EQUITY	
Issued Capital	1,897,610
TOTAL TRUST EQUITY	1,897,610

2.6.2 Consolidated FY 19 EBITDA Statement-July 2018 to June 2019

Below are the profit and loss statements of the companies that form the Frankies Group for the 2018/19 financial year, prepared in accordance with the Accounting Standards. A pro forma consolidated profit and loss for the Frankies Group for the 2018/19 financial year has also been included below.

	PAKENHAM	WARRAGUL	ROASTERY	CONSOLIDATED
Total Income	\$1,865,080	\$2,913,563	\$233,220	\$5,011,863
Total Cost of Sales	\$497,622	\$789,557	\$69,966	\$1,357,145
Gross Profit	\$1,367,458	\$2,124,006	\$163,254	\$3,654,718
Total Normalized Fixed Expenses	\$377,805	\$500,472	\$53,178	\$931,455
Total Employment Expenses	\$797,103	\$1,152,179	\$35,984	\$1,985,266
Total Expenses	\$1,174,908	\$1,652,651	\$89,162	\$2,916,721
EBITDA	\$192,550	\$471,355	\$74,092	\$737,997

Detailed Operational Breakdown – July 2018 to June 2019

	PAKENHAM	WARRAGUL	ROASTERY	CONSOLIDATED
Total POS Sales Coffee	685,201	834,444	233,220	1,752,865
Total POS Sales Food/ drinks	1,179,879	2,079,119	nil	3,258,998
Total POS Sales	1,865,080	2,913,563	233,220	5,011,863
Total Cost of Sales	497,622	789,557	69,966	1,357,145
Total Cost of Sales %	26.68%	27.10%	30.00%	27.08%
Total Employment Expenses	797,103	1,152,179	35,984	1,985,266
Employment Expenses %	42.74%	39.55%	15.43%	39.61%
Rent & Outgoings \$	125,341	98,771	33,000	257,112
Rent & Outgoings %	6.72%	3.39%	14.15%	5.13%

In Table 1 and 2 above, employee wages and director remuneration are included in the EBITDA. Details of payments to be made to directors and senior managers are detailed below:

- Directors' remuneration: \$100,000
- Operations Management salaries are included in the total Employment Expenses in table 1 and 2.

2.6.3 Consolidated Cash Flow Statement

Below is a pro forma consolidated cash flow statement for the Frankies Group for the 2018/19 financial year.

CASH FLOWS FROM OPERATING ACTIVITIES		
	Receipts from customers	5,011,863
	Payments to suppliers and employees	4,273,866
	Cash receipts from other operating activities	0
	Cash payments from other operating activities	0
Total Cash Flows from Operating Activities		737,997

CASH FLOWS FROM INVESTING ACTIVITIES		
	Payments for property, plant and equipment	183,377
	Other cash items from investing activities	0
Total Cash Flows from Investing Activities		183,377

CASH FLOWS FROM FINANCING ACTIVITIES		
	Loan repayments	428,096
Total Cash Flows from Financing Activities		428,096
	Net Cash Flows	126,524
Cash Balances		
	Cash and equivalents at beginning of period	129,307
	Cash and equivalents at end of period	255,831
	Net Change in cash for the period	126,524

2.6.4 Managers comments on historical performance and outlook

SALES

Forecasts are inherently uncertain and should not be solely relied upon as they are subject to change, uncertainty and unexpected events, many of which cannot be controlled. Accordingly, actual results may differ from forecasts provided in this document. No representation or assurance can be given that these forecasts will be achieved.

As detailed further below, projected annualised revenue for the financial year ending 30th June 2020 is expected to reflect 19% growth, which the Directors consider is objectively reasonable on the basis of historical business performance and planned activities for the remainder of the 19/20 financial year.

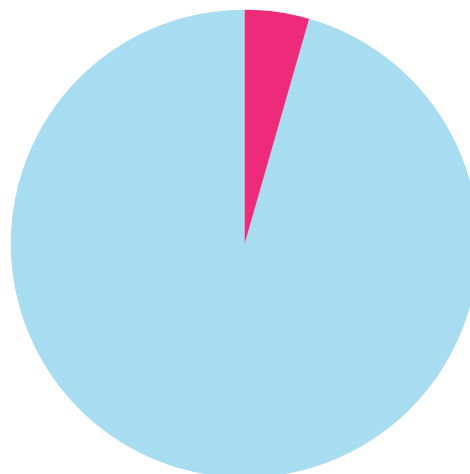
Projected sales in the financial year 19/20:

- Total sales in the FY 19/20 are projected to increase at a rate of 19% overall.
- The addition of venue 3 is projected to add sales of \$960,000 to the group.
- Frankies at home is projected to achieve sales of 2.5% of the group.
- The ordering App is projected to increase to 1.5% of the group sales.
- Catering online is projected to add sales of \$7,800 or 0.2% of the group sales.
- Frankies roastery sales is projected to increase sales to 4.2% of the group in the FY 19/20.

Management see all channels holding equal importance to the business and we have strong sales strategies in place for all. Refer to the sales split graphs above.

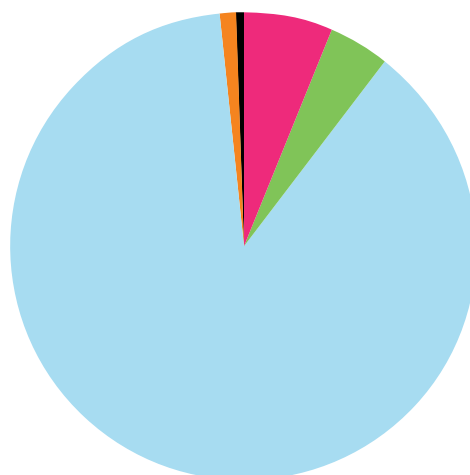
SALES BY CHANNEL (FY 18/19):

The Roastery Wholesale	4.7%
Frankies at Home (PODs)	0%
Café Coffee & Food	95.3%
Ordering APP	0%
Coffee Events/Functions	0%
Catering online	0%

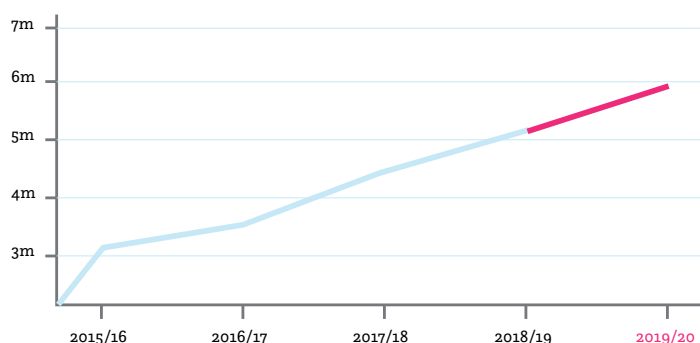


SALES BY CHANNEL (FY 19/20):

The Roastery Wholesale	4.2%
Frankies at Home (PODs)	2.5%
Café Coffee & Food	90.8%
Ordering APP	1.5%
Coffee Events/Functions	0.8%
Catering online	0.2%



TOTAL & PROJECTED SALES





SECTION 3

INFORMATION ABOUT THE OFFER

3.1 TERMS OF THE OFFER

The Company is offering up to 1,500,000 shares at an issue price of \$1 per share to raise up to \$1,500,000. The key terms and conditions of the Offer are set out in Table 4 below.

Table 4: Terms of the Offer

Term	Details
Shares	Fully-paid ordinary shares
Price	\$1 per share
Minimum Subscription	\$400,000
Maximum Subscription	\$1,500,000
Opening date	7/11/2019
Closing date	15/12/2019

A description of the rights associated with the shares is set out in Section 3.3 below. To participate in the Offer, you must submit a completed application form, together with the application money via the Intermediary's platform. The Intermediary's website provides instructions on how to apply for shares under the Offer.

The Intermediary must close the Offer early in certain circumstances. For example, if the Maximum Subscription is reached, the Offer must be closed. If

the Minimum Subscription is not reached or the Offer is closed but not completed, you will be refunded your application money.

Investors may withdraw their application during the Cooling-off Period. Further information on investor cooling-off rights can be found in Section 4 of this CSF offer document.

The Offer is not underwritten.

3.2 USE OF FUNDS

Table 5 below sets out the intended use of funds raised under this Offer, based on the minimum and maximum subscription amounts.

The purpose of this crowdfunding campaign is to raise money to fund future growth. The table below sets out the intended use of funds raised under this offer.

The funds raised under this CSF offer will primarily be used to fund our next venue. The minimum subscription will allow us to fund venue 3 and if we over subscribe it will allow us to achieve venue 4 and 5.

Table 5: Use of funds

Intended use	Year 1: Minimum Subscription \$400,000	Year 1: Maximum Subscription \$1,500,000
New Site Establishment Costs	\$356,000	\$925,500
Equipment	Nil	\$400,000
Training	Nil	\$20,000
Cost of Offer	\$24,000	\$90,000
Product Development	Nil	\$4,500
Legal/Consultants	\$20,000	\$60,000
Working Capital	Nil	Nil
Total funds	\$400,000	\$1,500,000

The costs of the Offer include the Intermediary's fees under the hosting agreement between the Company and the Intermediary. These fees are 6% of all funds raised by the Issuer through Birchall Financial Services Pty Ltd (Intermediary).

Other than as specified above, no other payments from the funds raised will be paid (directly or indirectly) to related parties, controlling shareholders, or any other persons involved in promoting or marketing the Offer.

3.3 WHAT CAN I DO WITH MY SHARES?

Shares in the company are considered non liquid as they cannot be easily transferred or sold. However, there are numerous possible circumstances that may create an opportunity for shareholders to exit the business. These options include but are not limited to:

- A trade purchase of the company

- A listing on a recognised stock exchange
- A private equity investment in the company
- A share buy back by the company

There is no guarantee that any of the exit options will eventuate.

3.4 RIGHTS ASSOCIATED WITH THE SHARES

Immediately after issue, the shares will be fully-paid shares. There will be no liability on the part of shareholders and the shares will rank equally with the shares currently on issue.

The rights associated with the shares are set out in the Company's constitution. A summary of these rights is set out below. A copy of the constitution is attached in the Annexure to this CSF offer document and is available on the Intermediary's platform.

3.3.1 Voting rights

Each shareholder has one vote on a show of hands and, on a poll, one vote for each share held.

3.3.2 Election and removal of directors

Shareholders may vote to elect and remove directors at a general meeting by way of ordinary resolution (50%).

3.3.3 General meetings and notices

Directors have the power to call meetings of all shareholders or meetings of only those shareholders who hold a particular class of shares. Shareholders who hold at least 50% of the votes which may be cast at a general meeting of the Company have the power to call and hold a meeting themselves or to require the directors to call and hold a meeting.

3.3.4 Dividends

All shareholders have a right to receive any dividends declared and paid by the Company. The directors have a discretion and may resolve to pay dividends, subject to their obligations under the Corporations Act (e.g. they cannot pay dividends unless the Company's assets are sufficiently in excess of its liabilities immediately before the dividend is declared and where it may materially prejudice the Company's ability to pay its creditors).

3.3.5 Winding-up

If the Company is wound up and there are any assets left over after all the Company's debts have been paid, the surplus is distributed to holders of ordinary shares after secured and unsecured creditors of the Company. Holders of fully-paid ordinary voting shares rank ahead of other classes of shares (if any).

3.5 INVESTOR REWARDS

- **My Frankies \$250+**

Invest \$250, and you'll receive a code for a 25% discount on our online shop at www.frankies.com.au and 2 free coffees or 2 free cocktails in store.

- **Frankies Friend \$500+**

Invest \$500, and you'll receive 5 free coffees or cocktails, loaded onto your Frankies Card or ordering App and you'll receive a code for a 25% discount on our online shop at www.frankies.com.au.

- **Frankie's Investor \$1000+**

Investors of \$1000 will receive a Frankies Investor Card, loaded with 20 free coffees or cocktails. What's more, we'll send you a Frankies tote bag and a code for a 25% discount on our online shop at www.frankies.com.au.

- **Coffee lovers Invest \$2,500+**

Invest \$2,500 and you'll receive a Frankies Investor Card, loaded up with a free coffee or cocktail every week-that's fifty-two coffee's or cocktails a year. Alongside the card, we'll send you a tin of Frankies coffee beans, a tote bag and a code for a 25% discount on our online shop at www.frankies.com.au.

- **Frankies Black Card \$5,000+**

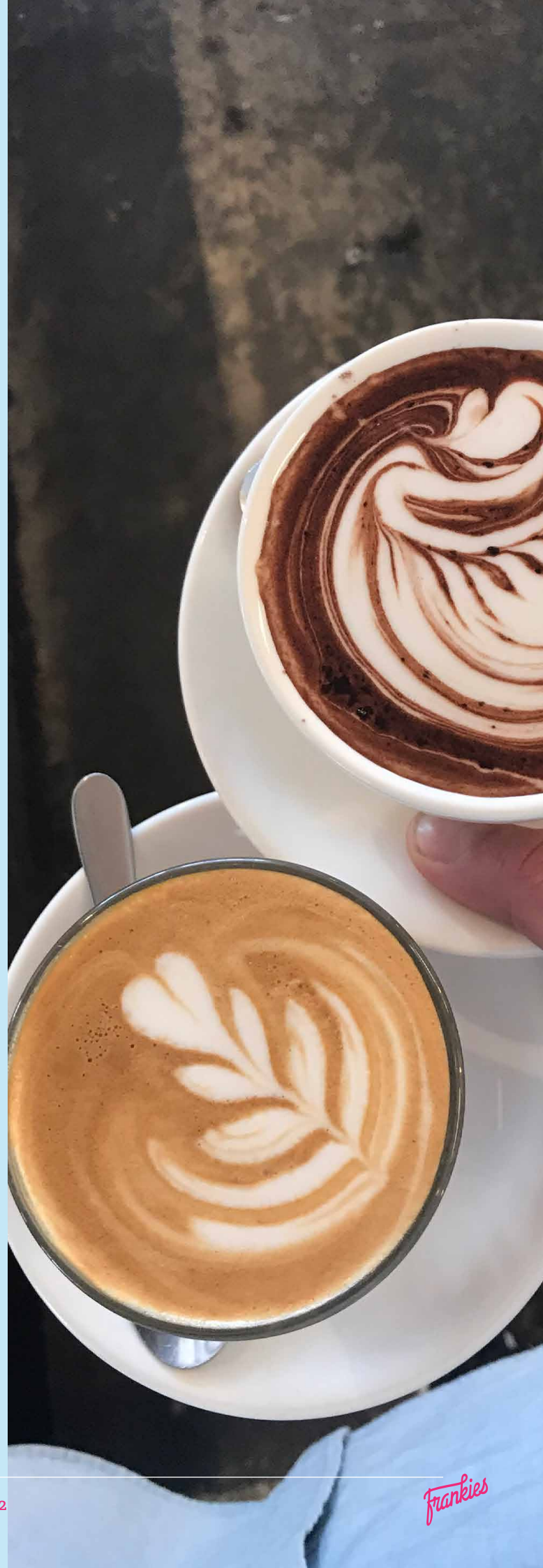
Invest \$5,000 and you'll receive a Frankies Black Card, loaded up with a free coffee or cocktail every day. Alongside the card, we'll send you a tin of Frankies coffee beans, a tote bag and a code for a 33% discount on our online shop at www.frankies.com.au.

- **Frankies Black Card \$10,000+**

Twice the fun

Invest \$10,000 and you'll receive two Frankies Black Cards-one for you, one for a friend-each loaded up with a free coffee or cocktail, every day. Alongside the black cards, we'll send you a tin of Frankies coffee beans, a tote bag and a code for a 33% discount on our online shop at www.frankies.com.au.

Please note that rewards do not accumulate.





SECTION 4

INFORMATION ABOUT INVESTOR RIGHTS

4.1 COOLING-OFF RIGHTS

You have the right to withdraw your application under this Offer and to be repaid your application money. If you wish to withdraw your application for any reason (including if you change your mind about investing in the Company), you must do so within five business days of making your application (the Cooling-off Period).

You must withdraw your application via the Intermediary's platform as follows: by following the link and instructions on the CSF Offer page on the intermediary's platform.

After your withdrawal has been processed, the Intermediary will refund the application money to your nominated account as soon as possible.

4.2 COMMUNICATION FACILITY FOR THE OFFER

You can ask questions about the Offer on the communication facility available on the Intermediary's platform. You can also use the communication facility to communicate with other investors, with the Company and with the Intermediary about this Offer.

You will be able to post comments and questions about the Offer and see the posts of other investors on the communication facility. The Company and/or the Intermediary will also be able to respond to questions and comments posted by investors.

Officers, employees or agents of the Company, and related parties or associates of the Company or the Intermediary, may participate in the facility and must clearly disclose their relationship to the Company and/or Intermediary when making posts on the facility.

Any comments made in good faith on the communication facility are not subject to the advertising restrictions in the Corporations Act.



4.3 PROPRIETARY COMPANY CORPORATE GOVERNANCE OBLIGATIONS

4.3.1 Annual Report

While the Company is currently a small proprietary company that is not required to prepare annual financial reports and directors' reports, if we successfully complete this Offer, then we will be required to prepare and lodge these annual reports with ASIC (within four months of the financial year end). The Company has a 30th June year end and its financial reports must be lodged by the 31st of October each year.

Our financial reports are currently not required to be audited as we are a small proprietary company. This

means that the Company's financial reports will not be subject to auditor oversight, and, therefore, there will be no independent assurance of the Company's financial statements. However, the directors are still required to ensure that the financial statements give a true and fair view of the Company's financial position and performance, and that the financial statements comply with the accounting standards.

We may be required to have our financial reports audited in the future if we raise more than \$3 million from CSF offers (including this current offer and any future offers), or, otherwise, become a large proprietary company.

4.3.2 Distribution of annual report

The Company is not required to notify shareholders in writing of the options to receive or access the annual report. Shareholders will not be able to elect to receive a copy of the annual report by way of email or post. However, shareholders can access the annual report on the Company's website at the following address www.frankies.com.au (free of charge) or can purchase the report from ASIC.

4.3.3 Related party transactions

If we successfully complete this Offer, the rules on related party transactions in Chapter 2E of the Corporations Act will apply to the Company (for so long as we continue to have CSF shareholders). This means that the Company is required to obtain shareholder approval before giving financial benefits to related parties of the company (e.g. directors and their spouses, children or parents), subject to certain exceptions (such as reasonable remuneration provided to directors).

4.3.4 Takeovers

If we successfully complete this Offer and have more than 50 shareholders, the takeover rules in the Corporations Act will only apply to the company in a very limited way. If someone wants to buy more than 20% of the voting shares in the company, they will be able to do so without complying with the takeover rules. This means a person may be able to get control of the company without making a formal takeover bid to all shareholders or without seeking shareholder approval.

Shareholders will not have the benefit of the full protections under the takeover rules, which means you may not have the right to vote on or participate in a change of control of the company. However, the general principles of ensuring that shareholders have sufficient information and time to consider a change of control will apply to the company. In addition, the Takeovers Panel has jurisdiction to hear disputes relating to control of the company.

GLOSSARY

Company means Frankies Restaurants Pty Ltd
ACN 636 666 325

Cooling-off Period means the period ending five business days after an application is made under this Offer, during which an investor has a right to withdraw their application and be repaid their application money

CSF means crowd-sourced funding under Part 6D.3A of the Corporations Act

Intermediary means Birchal Financial Services Pty Ltd
AFSL 502618

Maximum Subscription means the amount specified in this CSF offer document as the maximum amount sought to be raised by the Offer

Minimum Subscription means the amount specified in this CSF offer document as the minimum amount sought to be raised by the Offer

Offer means an offer of fully-paid ordinary shares by the Company under this CSF offer document

Wholesale Investor means an investor who satisfies the definition of a 'wholesale client' under chapter 7 of the Corporations Act 2001 (Cth).



**Thank you for your interest in becoming an investor of the Frankies family.
We look forward to sharing the success of the future you as a central
part of our story.**

**If you have any questions or would like to know anything further
please email geoff@frankies.com.au**