

Paper Plus New  
Zealand Ltd

# Franchise Disclosure Document



FANZ Approved July 2013

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# FRANCHISE DISCLOSURE DOCUMENT

## FRANCHISOR COMPANY: PAPER PLUS NEW ZEALAND LTD


This disclosure document should help you make up your mind. While it includes some information about your contract (Franchise Agreement), don't rely on it alone to understand your contract. Read your entire contract carefully. Buying a franchise is a serious undertaking. Take your time to decide. You are also required to have the franchise agreement explained to you by a solicitor and should seek accountancy and financial advice on the franchise proposition.


## DETAILS OF THE FRANCHISOR COMPANY:


### 1. Franchisor Company:


- |                        |                                                                                                                                                                                           |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) Name:              | Paper Plus New Zealand Ltd                                                                                                                                                                |
| (b) Registered Office: | Building 5<br>17 Lambie Drive<br>Manukau<br>Auckland<br><br>Phone: (09) 262-2486<br>Fax: (09) 262-2768<br>Email: <a href="mailto:franchise@paperplus.co.nz">franchise@paperplus.co.nz</a> |
| (c) Bank               | BNZ Bank<br>Auckland Commercial                                                                                                                                                           |
| (d) CFO                | Gary Palmer<br>Paper Plus Support Office                                                                                                                                                  |
| (e) Auditors           | KPMG<br>Chartered Accountants<br>Auckland                                                                                                                                                 |
| (f) Solicitors         | Malloy Goodwin Harford<br>Barristers and Solicitors<br>Auckland                                                                                                                           |

## 2. Directors:

Name:	<b>Katie Treneman</b>
Description:	Chairman of the Board
Address:	Howick
	<p>After finishing her Commerce Degree, Katie spent 6 years in commercial and chartered accountancy roles.</p> <p>After travelling overseas Katie returned to the family business and now owns and operates Paper Plus Howick with her mother, Bev Winstone.</p> <p>Katie enjoys boating, water skiing and snow skiing.</p>

Name:	<b>David Moir</b>
Description:	Director (Deputy Chairman)
Address:	Nelson
	<p>David has been a member of the Paper Plus Group for over 20 years. He is currently a Director and Shareholder of Nambas Ltd which along with his wife Sue and Sean &amp; Jill Weir own Paper Plus stores in Nelson, Blenheim and a 50% share in Take Note Takaka.</p> <p>David has had governance experience through being a former Director of the Paper Plus Group, the Nelson Marlborough Chamber of Commerce, Chairman of Nayland College Board of Trustees and was the founding Chairman of Uniquely Nelson.</p> <p>David enjoys family pursuits, all sports, and the occasional surf.</p>

<b>Name:</b>	<b>Stuart Gunn</b>
<b>Description:</b>	Director
<b>Address:</b>	Te Puke
	<p>Coming from an academic background of economics, computer science and geophysics, Stuart has finally found true vocational satisfaction in the book and stationery retail sector.</p> <p>Stuart purchased his Te Puke store when it was an independent, joining the Topline Group which was acquired by Paper Plus in 2000 to form the Take Note brand. He has since rebranded to Paper Plus.</p> <p>Stuart spent five years as a director of Paper Plus (2002 – 2007), and chaired the Books &amp; More Liaison Committee as these stores were assimilated into the Group.</p>

<b>Name:</b>	<b>Doug Grant</b>
<b>Description:</b>	Director
<b>Address:</b>	Gore
	<p>Together with his wife Denise, Doug owns and operates Paper Plus Gore.</p> <p>Born and raised in Southland, he left the area in 1986 and travelled NZ and Australia extensively through his work in tourism. After a 3 year O.E. to Europe, he returned to NZ to continue in tourism management.</p> <p>Doug has held past positions of President on NZ Tour Drivers Guild, Chairman of Eastern Southland Chamber of Commerce and presently sits on the Gore District Council, which he has held since 2012. Within the Gore community, he holds seats on the St James Theatre Trust, and the Dolamore Trust.</p>

<b>Name:</b>	<b>Maurice Kidd</b>
<b>Description:</b>	Independent Director
<b>Address:</b>	Auckland
	<p>In 2008 Maurice Kidd was appointed as an Independent Director to the Group's Board.</p> <p>Maurice brings with him substantial experience as an advisor and, in many instances, as a director to a number of public and private companies. Maurice has a finance and investment background with extensive governance experience. He has held senior positions in New Zealand and international organisations. As well as Paper Plus', his current directorships include: Solution Dynamics Limited (Chairman), Molemap New Zealand Limited (Chairman), Image Centre Limited (Chairman) and East Pack Limited.</p> <p>He is a member of the Institute of Chartered Accountants of New Zealand and the New Zealand Institute of Directors.</p>

<b>Name:</b>	<b>Alastair Kerr</b>
<b>Description:</b>	Independent Director
<b>Address:</b>	Nelson
	<p>In 2016, Alastair Kerr was appointed as an Independent Director to the Group's Board.</p> <p>Alastair brings board and advisory expertise of a number of companies in both different sectors and countries. He has a background in retail and consumer facing businesses working with both families, entrepreneurs and franchisees. Current directorships include Fenwick Limited (UK), J Murphy and Sons (UK), and MPC Group Pty (Australia).</p> <p>He was previously Managing Director of Virgin Retail Europe and The Body Shop EMEA</p>

### **3. Executive Management:**

#### **(a) Chief Executive Officer (CEO):**

Name:	<b>Sam Shosanya</b>
Description:	Chief Executive Officer
Business Experience:	Joined Paper Plus Group in November 2014 Formerly Warehouse and Warehouse Stationery RedGroup (ex Whitcoulls)

#### **(b) Officer Responsible for Finance (CFO):**

Name:	<b>Gary Palmer</b>
Description:	Chief Financial Officer
Business Experience:	Joined Paper Plus Group in January 2015. Chartered Accountant. Has held various senior financial management roles.

#### **(c) Officer Responsible for Retail, Franchising and Site Development:**

Name:	<b>Andy Kean</b>
Description:	Group Retail Operations Manager
Business Experience:	Joined Paper Plus Group in September 2015. Formerly with Warehouse Group and Woolworths. Extensive retail operational experience.

#### **(d) Officer Responsible for Merchandising and Purchasing:**

Name:	<b>Megan Webster</b>
Description:	Group Merchandise Manager
Business Experience:	Ten years' experience in category and merchandise management at Paper Plus Group, following an extensive background at Warehouse Stationery.

#### **(e) Officer Responsible for Commercial Management**

Name:	<b>Dave McAteer</b>
Description:	Commercial Manager
Business Experience:	Former general manager of Private Label Development. Commercial management experience with Foodstuffs.

**(f) Officer Responsible for Marketing:**

Name:	<b>Lyle Hastings</b>
Description:	Group Marketing Manager
Business Experience:	More than 20 years retail management experience, including marketing and general management

**(h) Officer Responsible for IT:**

Name:	<b>Mandy Kennedy</b>
Description:	Chief Information Officer
Business Experience:	Joined Paper Plus Group in August 2016. With a background in business consulting and programme delivery, has extensive experience in understanding business requirements at both a strategic and tactical level, and facilitating delivery of technology solutions and services to support them.

#### **4. Business Experience of the Franchisor Company**

##### **Company History**

In 1983 a co-operative comprising five Book and Stationery retailers was formed and named Nationwide Stationers. The purpose of the cooperative was to form a buying group to gain access to better pricing and products. By May 1984 the group had 62 members.

Over time the level of brand exposure and advertising increased and growth was so strong that in 1987 a decision was made to re-brand. The Paper Plus retail brand was launched with huge excitement and advertising. At this time a second tier business was also formed with 11 of the Nationwide Stationers members under the brand name "Local Value". This soon grew to 40 stores but was later sold.

In 1997 the brand was refreshed and updated to give it more consumer appeal and a more modern look. A new Paper Plus brand logo was launched to the market. Fly Buys, a new loyalty programme, was launched to the New Zealand market in 1997 with Paper Plus being one of the founding retailers. Fly Buys has now grown to be one of the most successful loyalty programmes worldwide with Paper Plus remaining the only Bookseller and Stationer with Fly Buys in New Zealand.

In 2000 Paper Plus purchased the Topline and Paperworld franchises which were rebranded to Take Note. Take Note stores became an integral part of their local communities, developing a dynamic retail identity that is both bold and welcoming. The distinctive purple and orange combined with the modern logo gave Take Note a unique image in the market.

In 2006 the Books and More brand was assimilated into the Group's two main brands, Paper Plus and Take Note, giving those brands coverage in most towns and cities throughout New Zealand.

A new look green Paper Plus was launched in 2007 and this model was enhanced to the Concept 6 model and further refined to the Concept 6.1 model in 2014.



The Paper Plus Select brand was launched in 2013 with the first store opening in 2014.

The brand change demonstrated market leadership, gained attention in a competitive market and positioned Paper Plus as the lifestyle choice in books, stationery, greeting cards, paper products and associated gifts.

### **The Group**

Paper Plus Group is a co-operative franchise business model consisting of five brands: Paper Plus, Paper Plus Select, Paper Plus Office, Office Spot and Take Note. Paper Plus, Paper Plus Select and Take Note brands retail in books, stationery, greeting cards, magazines and giftware. Paper Plus Office and Office Spot specialise in home office and business supplies. Paper Plus Group is proud to be a New Zealand owned and operated company.

### **Paper Plus Group Vision**

We will be the preferred choice in our communities by delivering sustainable franchise business models.

### **Purpose**

To inspire people to live bigger lives

### **Values**

We will live by the following values as we strive to achieve our vision:

- Contributing to communities
- Respectful in our relationships
- Above and beyond in our efforts
- Fun and Positivity
- Trust and Integrity
- Support for each other, because together we are better as one team

Very few retail chains can match the past performance and rapid growth of the Paper Plus Group. Our plans for expansion are based on solid trading results which will create more jobs for New Zealanders.

Paper Plus Group is committed to remaining a vibrant and integral part of the New Zealand retail scene. Definitely an organisation on the move, Paper Plus Group is the largest stationery and books franchise system in New Zealand. Today, the Paper Plus Group has around 120 member stores nationwide, with a combined sales turnover of approximately \$140 million a year. The Paper Plus Group is based on sound franchise systems and support for its members, while retaining all the values associated with being a cooperative, and is a member of the Franchise Association of New Zealand.

In recent years, Paper Plus stores have taken the high ground in stationery and book retailing and the brand has become a highly visible household name throughout New Zealand.

The high profile Paper Plus enjoys nationwide has again been clearly demonstrated in recent independent research which indicates high brand awareness from respondents, as against all other competitors. This will continue to be reinforced as the network grows and the vigorous brand marketing activities are maintained. In 2016, Paper Plus was awarded the Reader's Digest Quality Service Award.

## Paper Plus

The Paper Plus brand has become an iconic retail brand within the Books and Stationery industry with high visibility and recognition throughout New Zealand. Today the Paper Plus brand continues to grow with a combined turnover in excess of \$100 million per annum. Paper Plus is well represented throughout New Zealand, and has a strong presence in both city and provincial centres, with over 85 stores in locations from Northland to Invercargill.



After extensive research and analysis Paper Plus Group opened a “new look” Paper Plus store at Sylvia Park Shopping Centre, Auckland in June 2007. This was the beginning of a new look and new feel Paper Plus offer and launched the repositioning of the brand, to a more customer centred model.

Paper Plus stores are strong participants within the biggest loyalty programme in New Zealand – Fly Buys. This offers Paper Plus stores a huge competitive advantage in the market.

Paper Plus stores are recognised as being a highly desirable tenant in high profile retail areas, with the popularity of stores in the stationery and book trade being well accepted.

## Paper Plus Select

The Paper Plus Select brand was launched in 2013 with the first store opening in 2014. It is a smaller format Paper Plus store with a smaller core range offering of books and stationery, and many incorporate a NZ Post and/or Lotto outlet. Many of the Take Note stores are currently rebranding to Paper Plus Select.



## Paper Plus Office



Paper Plus Office is a recent addition to the Paper Plus Group and is dedicated to commercial stationery and serving local businesses. The launch of Paper Plus Office in July 2012 provides the Group the ability to present a complete offer to market. Paper Plus Office offers a huge range of paper products, computer accessories and supplies, office furniture, art and craft, writing and organisation products and general office supplies.

A simple no-frills commercial and home office stationery offer – Paper Plus Office store layouts are designed for simple, easy navigation, and ease of merchandise selection with a focused product range.

Paper Plus Office will have two main formats. Whilst there will be stand-alone Paper Plus Office stores; in the majority of cases the offer will be incorporated into existing Paper Plus stores to enable them to provide a more complete offer to the market.

## Take Note



The Take Note brand has approximately 20 stores throughout New Zealand - all of which are locally owned and operated. A number of the stores have a full NZ Post agency and some incorporate Kiwi Bank services and Lotto.

The Take Note brand is defined as a local store; convenient and offering "local solutions" to the community. Take Note stores tailor ranges and special offers to suit their local demographic and community profile, which can differ throughout the country.

Take Note has been an important part of local communities for many years, offering personalised service and delivering essential services to customers along with a great range of books, stationery and gift ideas.

### 5. Key Financial Data:

We certify that there have been no significant material changes in the Company's financial position since 31 March 2016 and the Company has reasonable grounds to believe that it will be able to pay its debts as and when they fall due and the Franchisor is solvent as at today's date.

PPNZ Ltd Director Signature

Catherine Treneman

PPNZ Ltd Director Name

PPNZ Ltd Director Signature

David Moir

PPNZ Ltd Director Name

DATED this 21<sup>st</sup> day of September 2016

A copy of the Paper Plus Group Annual Report can be obtained from the Companies Office.

### 6. Debt, Legal Proceedings or Bankruptcy/Insolvencies:

The Directors, Executive Officers and Principals of Paper Plus New Zealand Ltd have no materially relevant Debt, Administrative, Criminal or Civil Proceedings or Bankruptcy / Insolvencies (past or pending) concerning the Franchisor Company.

## **7. Summary of the Main Particulars and Features of the Franchise:**

### **(a) The Paper Plus Business:**

What follows is NOT a summary of the Franchise Agreement itself, which you must read carefully.

The Franchise System operates as "Paper Plus", "Paper Plus Select", "Take Note" and "Office Spot". Paper Plus New Zealand Ltd has developed a unique and integrated image and technique for the design and operation of retail stores. We specialise in the sale of books, stationery, magazines, greeting cards and other associated items under the trade names "Paper Plus", "Paper Plus Select", "Take Note", and "Office Spot". We operate a brand system which includes proprietary rights in certain valuable service marks, logos and trade names including the trade names "Paper Plus", "Paper Plus Select", "Take Note", and "Office Spot" and includes distinctive images which comprises designs and colour schemes for business premises, signs, layouts, fixtures and fittings.

Paper Plus New Zealand Ltd the Franchisor has very strong financial backing and today, as a Company is very sound. (Refer 5 above).

### **(b) Corporate Identity:**

Considerable time and attention has been given to the design of our corporate identity. The Paper Plus, Paper Plus Select, Take Note, Paper Plus Office and Office Spot brands are a valuable asset legally and actively protected by Paper Plus New Zealand Ltd.

The brands are the basic principal building blocks of the Paper Plus, Paper Plus Select, Take Note, Paper Plus Office and Office Spot images. We use them to tie together all our activities. Paper Plus, Take Note, Paper Plus Office and Office Spot are our symbols.

#### **Unauthorised use of Paper Plus New Zealand Brands and Logos:**

An unauthorised usage fee of \$500 per use will be charged if any Paper Plus New Zealand Limited brand/s is used incorrectly or without permission from the Paper Plus Group. All use of brands and logos must be approved by Paper Plus New Zealand Limited prior to being used.

(c) Sample of trademark, logo, trade name and commercial label (as shown):

### Paper Plus Logo (Concept 6.1)



### Concept 6.1 Colour Palette



### Paper Plus Select (Concept 6.1)



## Paper Plus Office (Concept 6)



## Take Note




The Paper Plus, Paper Plus Select, Take Note, Paper Plus Office and Office Spot brands are valuable assets. They must be reproduced accurately and in accordance with these guidelines.

In the event that Paper Plus New Zealand Ltd judges that reproduction of the Brand does not meet its criteria, Paper Plus New Zealand Ltd reserves the right to demand reprints or force to recall the applicable offending product from the market place at the Franchisee's expense.














### 7.2 Registration Number under The Trade Mark Act 1953:

Case number	Case Title	Picture	Case Status	Owner	Class
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 <a href="#">170688</a>	PAPER PLUS		Registered	Paper Plus New Zealand Limited	16
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 <a href="#">183935</a>	PAPER PLUS ; PAPER PLUS & ; PAPER PLUS & ;		Registered	Paper Plus New Zealand Limited	42
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 <a href="#">234461</a>	PAPER WORLD ; PAPER WORLD ; PAPER WORLD ; PAPER WORLD		Expired but restorable	Paper Plus New Zealand Limited	16
 <a href="#">234462</a>	PAPER WORLD ; PAPER WORLD ; PAPER WORLD ; PAPER WORLD		Expired but restorable	Paper Plus New Zealand Limited	42
 <a href="#">246337</a>	Paper plus		Registered	Paper Plus New Zealand Limited	16
 <a href="#">253316</a>	PLUS CARD		Registered	Paper Plus New Zealand Limited	16
 <a href="#">283278</a>	Paper plus		Registered	Paper Plus New Zealand Limited	35
 <a href="#">634037</a>	HERITAGE		Registered	Paper Plus New Zealand Limited	16
 <a href="#">662513</a>	CARTRIDGE PLUS		Registered	Paper Plus New Zealand Limited	2
 <a href="#">662514</a>	CARTRIDGE PLUS		Registered	Paper Plus New Zealand Limited	37
 <a href="#">682126</a>	PAPER PLUS ; PAPERPLUS		Registered	Paper Plus New Zealand Limited	35










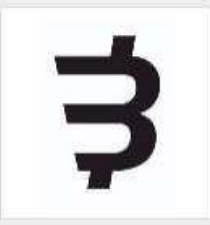



















 <a href="#">682129</a>	Paper plus		Registered	Paper Plus New Zealand Limited	35
 <a href="#">735140</a>	Books & More ; Books and More		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">735141</a>	Books & more ; Books & more		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">751556</a>	Print Centre		Registered	Paper Plus New Zealand Limited	35, 37
 <a href="#">772733</a>	Office Spot		Registered	Paper Plus New Zealand Limited	20, 35
 <a href="#">774105</a>	paperplus My books. My stationery. My store.		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">774110</a>	select it! snip it! \$ save it!		Registered	Paper Plus New Zealand Limited	35










 <a href="#">774119</a> book choices bc		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">774121</a> take note read it write it send it		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">774122</a> Book Finder ; Book Finder		Registered	Paper Plus New Zealand Limited	35
 <a href="#">774124</a> Kerre's choices bc		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">774127</a> bc		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">774133</a> kids choices bc		Registered	Paper Plus New Zealand Limited	16, 35

 <a href="#">784577</a> take note		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">828967</a> My Books & Bubbles		Registered	Paper Plus New Zealand Limited	35
 <a href="#">828968</a> THE SOURCE		Registered	Paper Plus New Zealand Limited	35
 <a href="#">828970</a> My BIG DEAL		Registered	Paper Plus New Zealand Limited	9, 35, 36
 <a href="#">828971</a> My BIG DEAL		Registered	Paper Plus New Zealand Limited	9, 35, 36
 <a href="#">828972</a> BIG DEAL		Registered	Paper Plus New Zealand Limited	9, 35, 36
 <a href="#">840123</a> Representation Only		Registered	Paper Plus New Zealand Limited	35
 <a href="#">840125</a> Paper Plus Office ; Paperplus Office		Registered	Paper Plus New Zealand Limited	35

 <a href="#">840130</a> my kidsclub		Registered	Paper Plus New Zealand Limited	35
 <a href="#">843182</a> 100% LOCALLY OWNED & OPERATED		Registered	Paper Plus New Zealand Limited	35
 <a href="#">843183</a> Books for Life		Registered	Paper Plus New Zealand Limited	35
 <a href="#">844022</a> paper plus		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">846165</a> Office paperplus ; Office paperplus		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">846610</a> base paperplus		Registered	Paper Plus New Zealand Limited	9, 16
 <a href="#">846611</a> base paperplus		Registered	Paper Plus New Zealand Limited	9, 16
 <a href="#">846612</a> inkie		Registered	Paper Plus New Zealand Limited	9, 16

 <a href="#">846613</a> inkie		Registered	Paper Plus New Zealand Limited	9, 16
 <a href="#">846614</a> inkie paperplus		Registered	Paper Plus New Zealand Limited	9, 16
 <a href="#">846616</a> inkie paperplus		Registered	Paper Plus New Zealand Limited	9, 16
 <a href="#">852237</a> base		Registered	Paper Plus New Zealand Limited	9, 16
 <a href="#">852238</a> Representation Only		Registered	Paper Plus New Zealand Limited	9, 16, 35, 36
 <a href="#">955278</a> paperplus Select		Registered	Paper Plus New Zealand Limited	35

 <a href="#">955279</a> paper-plus Select		Registered	Paper Plus New Zealand Limited	35
 <a href="#">959892</a> MY MAIL; MYMAIL		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">959894</a> mymail		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">963389</a> OCTAVO		Registered	Paper Plus New Zealand Limited	9
 <a href="#">998081</a> paperplusgroup		Registered	Paper Plus New Zealand Limited	16, 35
 <a href="#">998082</a> FAVOURITE paper plus		Registered	Paper Plus New Zealand Limited	16, 35, 41
 <a href="#">1017594</a> Representation Only		Accepted	Paper Plus New Zealand Limited	9, 16, 35, 36
 <a href="#">1017595</a> PAPER PLUS PERKS		Accepted	Paper Plus New Zealand Limited	9, 16, 35, 36
 <a href="#">1017596</a> THE BOOK CHICK		Accepted	Paper Plus New Zealand Limited	35, 41
 <a href="#">1017597</a> IMAGINATION FUEL STATION		Accepted	Paper Plus New Zealand Limited	35, 38, 41

Tickle Your Imagination		TICKLEIMAGINATION	Trademark Pending	Paper Plus New Zealand Limited	
 <a href="#">1017599</a>	Representation Only		Accepted	Paper Plus New Zealand Limited	16, 35, 41
 <a href="#">1020928</a>	THE BOOK CHICK		Under Examination	Paper Plus New Zealand Limited	35, 41
 <a href="#">1020929</a>	Representation Only		Under Examination	Paper Plus New Zealand Limited	35, 41
 <a href="#">1020931</a>	IMAGINATION STARTS HERE		Under Examination	Paper Plus New Zealand Limited	35, 38, 41
 <a href="#">1020932</a>	PAPER PLUS RADIO IMAGINATION FUEL STATION		Under Examination	Paper Plus New Zealand Limited	35, 38, 41

Paper Plus Tech



Trademark Pending

Paper Plus New Zealand Limited

We have no pending litigation in relation to our trademarks, logos, trade names, commercial labels or symbols.

(e) **Schedule of Fees & Charges to be made by Franchisee to Paper Plus New Zealand Ltd:**

**Paper Plus and Paper Plus Select**

**Fees associated with becoming a Member:**

Purchase 24,000 shares at \$1.00 per share	\$24,000 (No GST on shares)
Franchise Fee: (non-refundable)	\$15,000 + GST
Training Fee	\$ 5,000 + GST

**Fees associated with selling your business:**

Stocktake	\$3,000 + GST (half each = \$1,500 + GST)
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**Ongoing Levies:**

Annual Administration Levy	\$5,000 per annum + GST (paid monthly)
Ongoing Percentage Administration	1.5% of Retail Sales excluding GST Levy
Annual Advertising Levy	\$1,000 per month + GST (paid monthly) plus 2% of Retail Sales excluding GST

Fees and levies are subject to change from time to time.

The payment of the Franchise Fee and the purchase of 24,000 shares will be made prior to the Franchise being granted. The Administration levies and Advertising levies are payable monthly.

**Warning**

You are being offered ordinary shares in Paper Plus Group Limited.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important to investors to make an informed decision.

The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself



## **Take Note**

### **Fees associated with becoming a Member:**

Purchase 5,000 shares at \$1.00 per share      \$5,000 (No GST on shares)

Franchise Fee: (non-refundable)      \$10,000 + GST

Training Fee      \$ 5,000 + GST

### **Fees associated with selling your business:**

Stocktake      \$3,000 + GST (half each = \$1,500 + GST)

### **Ongoing Levies:**

Annual Administration Levy      \$5,000 per annum + GST (paid monthly)

Ongoing Percentage Administration      1.5% of Retail Sales excluding GST Levy

Fees and levies are subject to change from time to time.

The payment of the Franchise Fee and the purchase of 5,000 shares will be made prior to the Franchise being granted. The Administration levies are payable monthly.

## **Warning**

You are being offered ordinary shares in Paper Plus New Zealand Limited.

New Zealand law normally requires people who offer financial products to give information to investors before they invest. This requires those offering financial products to have disclosed information that is important to investors to make an informed decision.

The usual rules do not apply to this offer because it is a small offer. As a result, you may not be given all the information usually required. You will also have fewer other legal protections for this investment.

Ask questions, read all documents carefully, and seek independent financial advice before committing yourself



## Paper Plus Fly Buys Loyalty Programme

Fly Buys is New Zealand's largest loyalty programme, with over 40 participant partners where you can collect points.

Paper Plus has been part of the Fly Buys programme since 1997. In excess of 40 million points have been issued by Paper Plus. Paper Plus is the only Stationery and Book Seller in New Zealand with Fly Buys. As a Paper Plus store owner, participation in the Fly Buy's loyalty programme is compulsory and includes participation in all advertising and points promotions.

## Big Deal VIP Club

The Big Deal VIP Club was set up initially in 2011 and has now being transformed over a number of years, from an email database to a full rewards club for all Paper Plus customers. The My Big Deal/ Big Deal VIP Club is a trademark brand and programme for Paper Plus NZ Ltd. It is a requirement that all Paper Plus / Paper Plus Select stores operate this club and that every effort is made to gain all the stores customers into the programme.

### **The Big Deal VIP Club is the best way to get a great deal at Paper Plus.**

Not only will customers receive discount vouchers for everything from school and office supplies to wrapping paper, but each purchase earns Big Deal dollars that go towards even more discount vouchers. The customer simply swipes their card, or uses their phone number on every transaction and you will receive a \$5 Big Deal e-voucher for every \$150 you spend at Paper Plus in-store or online. In addition to this the club offers the following benefits:

- Monthly Cardholder Pricing
- Advance notice of what's on
- Exclusive cardholder competitions
- VIP cardholder events
- Be rewarded on all purchases big or small

## (f) Paper Plus Refurbishment Programme

### **Franchise Agreement**

#### **Clause 7.26 (c)**

*Carry out at the Member's cost a refit and/or refurbishment of the Premises to Paper Plus's specifications as reasonably required by Paper Plus from time to time but in any event at intervals of no more than seven (7) years from the initial fitout or from the last fitout or refurbishment of the Premises and regardless of whether the Member was the operator in the Premises at the time of the previous refit or refurbishment.*

Paper Plus is currently working progressively around the country to refurbish all stores to the new Concept 6.1 design. This work will be conducted at the member's cost and in compliance with their Franchise Agreement. Members will be required to complete this work as part of the regional roll-out programme. Paper Plus will consult with all members as part of this process to discuss capital requirements. For new sites the requirement for capital, working capital and other costs will be discussed once a new site has been located and fully assessed as part of the disclosure process.

**(g) Execution of Franchise Agreements and Payment of Fees**

In anticipation of approval by the Board of Paper Plus New Zealand Limited, the Applicant's Solicitor will be required to confirm in writing that they are holding correctly executed Franchise Agreements, have completed the Solicitors Certificate contained in the Franchise Agreement and are holding in Trust the Initial Franchise Fee, and money to pay for the purchase of shares in Paper Plus New Zealand Limited.

**(h) Cooling Off Period:**

Notwithstanding any other provisions the Franchisee shall be entitled to terminate the Franchise Agreement by notice in writing to Paper Plus New Zealand Ltd any time within seven (7) working days after the date of execution of the Franchise Agreement provided that the right of termination by the Franchisee shall not be applicable to an Agreement that is being entered into upon either the sale or purchase of the Business by or from an existing Franchisee.

In the event that the Franchise Agreement is terminated the Franchise Fee will be refunded in full and neither party shall have any further right or claim against the other provided that the Franchisee and Paper Plus New Zealand Ltd shall continue to observe all obligations or confidentiality (implied or expressed).

**(i) Restrictions imposed on the Franchisee:**

Any express or implied right by the Franchisee to the use of the Intellectual Property shall cease upon termination of the Franchise Agreement and the Franchisee appoints Paper Plus New Zealand Ltd as its attorney to execute any documents and do any things which may be necessary for this purpose. Refer to section 7 of the Franchise Agreement for full details of the restrictions.

The Franchisee will not cause or permit anything to be done or omitted which may damage or endanger the Intellectual Property nor assist or allow others to do so.

The Franchisee will not at any time use the Intellectual Property otherwise than as permitted by the Franchise Agreement.

The Franchisee will not except as permitted by the Franchise Agreement use any name or mark similar to or capable of being confused with Paper Plus New Zealand Ltd's Intellectual Property.

If Paper Plus New Zealand Ltd in its sole discretion deems it necessary, both parties will do all things necessary to effect the recording of the Franchisee as a registered user of all or any Intellectual Property. The Franchisee cannot use Paper Plus, Paper Plus Select, Paper Plus Office, Take Note or Office Spot as part of their company name.

**(j) Territory:**

Stores already in existence have territories allocated however these may be subject to adjustment on sale of the business as historical inequities are addressed. Where a new site is being developed a territory will be granted once the application is approved by Paper Plus New Zealand Ltd. Historical background and trading information can be supplied where a franchise has previously traded in a territory within the last 5 years

(k) **Hours of Operation:**

Conduct the Business during normal business hours as referred to in the Franchise Agreement or as prescribed by Paper Plus New Zealand Ltd in writing from time to time subject always to the requirements of the law and to the provisions of the lease (if any) of the Premises.

(f) **Training:**

The prospective Franchisee will be expected to spend a period of not less than two weeks undertaking training at their own cost which will include induction training at Support Office and a period working in a Paper Plus, Take Note or Paper Plus Office store.

This period will be structured to cover a basic level of learning about operating a Paper Plus, Paper Plus Select, Take Note, or Office Spot store and will provide instruction to the prospective member as to correct operating procedures prior to purchase.

A Business Advisor will maintain regular contact and assist in training to gain improved business performance, once a new franchisee commences in their store.

**8. Stock:**

The franchisee will maintain at all times during the term of the Franchise Agreement a reasonable minimum stock level as approved by Paper Plus New Zealand Ltd from time to time; such stock to comprise a comprehensive and representative range of books, stationery and other goods. Operate and maintain core stock brands as specified by Paper Plus New Zealand Ltd. Refrain from stocking items or lines of stock which are deemed or determined by Paper Plus New Zealand Ltd from time to time to be undesirable. Acquire stock for the Business from suppliers who have been first approved by Paper Plus New Zealand Ltd.

**9. Profit Distribution:**

Each person who owns a Paper Plus, Paper Plus Office, Take Note or Office Spot store is entitled to dividends, rebates or other distributions made on the ordinary A shares. Different rebates may be payable dependent on the brand and contribution made by each store.

Paper Plus New Zealand Ltd may in its absolute discretion pay a dividend or rebate to the Franchisee from profits declared by the Board as available for that purpose. The Franchisee acknowledges that nothing in the Franchise Agreement nor any past practices or policies shall oblige the Board to distribute profits and the Board may determine from time to time in its absolute discretion pursuant to the powers given to the Board in the constitution of Paper Plus New Zealand Ltd all matters relating to profit distribution.

The Franchisee acknowledges that at any time the Franchisee is in default of its obligations to Paper Plus New Zealand Ltd whether under the Franchise Agreement or under any other agreement, the Board is entitled to withdraw or disallow any distribution that it might otherwise grant or have granted to or declare or have declared in favour of the Franchisee.

**10. Assignment & Transfer:**

The Franchisee shall not transfer, assign, mortgage, encumber, relinquish, share the possession of, or declare itself trustee of the assets of the Business or the shares in the company where the Franchisee is a company except with Paper Plus New Zealand Ltd's prior written approval and shall act accordingly.

## **11. Termination of Franchise Agreement:**

The Franchisee may terminate the Franchise Agreement immediately by written notice if Paper Plus New Zealand Ltd breaches any clause in the Franchise Agreement and such breach is not remedied by Paper Plus New Zealand Ltd within thirty days of written notice by the Franchisee. The Franchisee shall at all other times give six months notice in writing of termination of this Agreement.

Subject to personal hardship, or other such like factors or as agreed to by the Board, the said notice period may after due consideration and by negotiation be of a lesser time frame.

## **12. Restraint on competition:**

The Franchisee covenants with Paper Plus New Zealand Ltd that the Franchisee will not during the term of the Franchise Agreement or for a period of one (1) year after the expiration or termination of the Franchise Agreement:

- (a) Conduct on the Franchisee's own account or be concerned or interested in whether directly or indirectly as agent, representative, trustee, servant, employee, Shareholder, or Director of any other person, firm or corporation conducting a book and stationery retailing business or any similar business from the Premises or within New Zealand provided that the constraints combined in this sub-clause shall not apply to any shareholding in any public company listed on a stock exchange and held for the purposes of investment only.
- (b) Compete directly or indirectly with Paper Plus New Zealand Ltd or any Paper Plus New Zealand Ltd Franchisees within New Zealand.

## **13. Summary of the Main Obligations of the Franchisor:**

- (a) **Fairness**  
Act fairly towards the Franchisee in all matters whilst having due regard for the efficient operation of the Paper Plus New Zealand Ltd Group.
- (b) **Purchasing**  
Arrange purchases of stationery, books and other merchandise from New Zealand and overseas suppliers on behalf of the Franchisee who will then enter into direct purchase contracts with the arranged supplier.
- (c) **Training**  
Provide training and conferences to the Franchisee and its employees to the extent considered necessary by Paper Plus New Zealand Ltd.
- (d) **Advertising**  
Supply the Franchisee with advice concerning the advertising and marketing of stationery and books and such other matters as Paper Plus New Zealand Ltd considers appropriate.
- (e) **Improvements**  
Make available to the Franchisee such information, know how, data and advice in connection with the Franchisee's business to assist the development of the Business.

- (f) **Consultation**  
Will be available at reasonable times for consultations with the Franchisee concerning the operation and performance of the Business.
- (g) **Layout/Location**  
Advise the Franchisee about the choice of location for the Premises and about layout, fittings, refurbishment, signage and colour scheme required.
- (h) **Goodwill and Sales Performance**  
Use its best endeavours to improve and promote the goodwill of the Paper Plus New Zealand Ltd Group and promote public demand for Paper Plus New Zealand Ltd products.
- (i) **Meetings**  
Arrange area and buying meetings of Franchisees in order to promote good relations between Franchisees and to allow them to discuss matters of mutual interest at the Franchisee's cost.
- (j) **Recommendations**  
Examine market trends and conditions and from time to time make recommendations to the Franchisee concerning new stationery, books and other products, the introduction of which may increase the volume of sales for the Franchisee.
- (k) **No Liability**  
Whilst Paper Plus New Zealand Ltd will act in good faith and to the best of its ability in the activities identified it provides no warranty to the Franchisee as to the benefit to the Business and expressly denies any implied warranty that the aforesaid activities will benefit the Franchisee.

#### **14. Financial Requirements by the Franchisor of the Franchisee:**

Paper Plus New Zealand Limited looks for new franchisees with proven sound business experience with a passion for books and stationery. Whilst a background in retailing is not essential it is certainly beneficial. Paper Plus New Zealand Limited will take all these factors into account when considering an application to become a Paper Plus Group franchisee. Such qualifications and past experience can influence the level of equity Paper Plus New Zealand Limited requires from a potential franchisee upon entering the Group.

Indicative funding criteria are as follows:

- |                       |                                                                                                                                  |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Minimum 60% equity if | <input type="checkbox"/> New store – irrespective of experience                                                                  |
|                       | • No previous retail experience                                                                                                  |
| Minimum 50% equity if | <input type="checkbox"/> Previous retail management experience                                                                   |
|                       | • Purchasing existing business                                                                                                   |
|                       | Minimum 40% equity if <input type="checkbox"/> Previous retail experience in Books & Stationery and purchasing existing business |

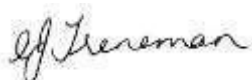
- Existing member purchasing or setting up second or subsequent business.

### 15. Unresolved Litigation:

Paper Plus New Zealand Limited is not involved in litigation with anyone at this time.

### 16. Member of the Franchise Association of New Zealand

Paper Plus NZ Ltd is a member of the Franchise Association of New Zealand and it is a requirement as a member that both the Franchisor and the Franchisee observe and comply with the provisions of the Franchise Association of New Zealand's Code and the Code of Ethics.



\_\_\_\_\_  
PPNZ Ltd Director Signature

Catherine Treneman

\_\_\_\_\_  
PPNZ Ltd Director Name



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PPNZ Ltd Director Signature

David Moir

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PPNZ Ltd Director Name

DATED this 21<sup>st</sup> day of September 2016