



Serious about Seafood

FRANCHISE DOCUMENT

**KIWIS'
FAVOURITE**
Fish & Chips



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CONGRATULATIONS!
YOU ARE ON THE ROAD TO BECOMING YOUR OWN
BOSS AND RUNNING AN LJ'S STORE.
WHILST WE DON'T WANT TO OVER-COMPLICATE
THINGS AND FILL YOUR LIFE WITH PAPERWORK,
WE ARE LEGALLY OBLIGED TO TALK YOU THROUGH
THE DETAILS OF BECOMING AN LJ'S FRANCHISE
OWNER.

FROM EMPLOYEE TO EMPLOYER

We're looking for hardworking, dedicated, business-minded people to come onboard.

Do you have what it takes to be your own boss?

Check out our 12 step guide to becoming an LJ's franchisee:

1. Read and digest this Franchisee Document
2. Fill in the Franchise Application form
3. Meet with the management team from LJ's to discuss the financial viability of purchasing a franchise
4. Review the LJ's Franchise Agreement
5. Meet with LJ's management to finalise all details required to complete a Sale and Purchase Agreement for the purchase of a store as a franchise business
6. Sign the Franchise Agreement
7. Spend six to seven weeks working full-time in one or more of the current stores*
8. Settlement on your LJ's Franchise takes place
9. Run your designated store with an LJ's support manager for up to three weeks to ensure all systems and procedures are in place and functioning correctly
10. Become your own boss and an LJ's franchisee

Franchisee and franchisor obligations are detailed and specified in the standard LJ's Franchise Agreement, a copy of which will be made available to the applicant after an Application for the Purchase of a Franchise has been completed.

The franchisee is required to have at least one franchisee operationally working in the store managing the business on a full-time and hands-on basis.



FRANCHISE RECRUITMENT PROCESS FLOWCHART

EXPRESSION OF INTEREST

Expressions of Interest sent via a form from our website or social channels. The Welcome Email is automatically generated and sent to the candidate with detailed information about the LJ's business.

FIRST CONTACT

A discovery discussion (phone call) is conducted to learn more about the candidate and discuss their future plans, initial investment, operations of a store, commitment, recruitment process and our training requirements.

APPLY VIA FRANCHISE LAB

If the candidate is interested in finding out more, an **Information Request** form is sent to the candidate which includes a non disclosure agreement via Franchise Lab. Once the application has been completed, it is assessed and a decision is made on whether or not to progress with the candidate.

SELF ASSESSMENT CHECK

Once the **Information Request** form has been successfully reviewed, a **Self Assessment** form is sent to the candidate to complete through Franchise Lab. Once the **Self Assessment** form has been completed a meeting is organised at the Support Office in Auckland.

FIRST MEETING

The First Meeting takes place at the LJ's Support Office with either the owner of LJ's and / or the Business Development Manager to further understand what the goals and ambitions are of the candidate, where their strengths lie and potential stores and sites.

DUE DILIGENCE REVIEW

Due Diligence Workbook and Franchisee contact details are issued and candidate completes the following due diligence steps:

1. One phone conversation and two meetings with any of our existing Franchisees.
2. Completes an outline of their interactions and answer reflective questions.

STORE ORIENTATION

Candidate spends two full days in a store in both production and sales to provide a hands-on experience. This will be with an existing Franchisee to learn what it takes to run a store.

FINANCIAL HEALTH CHECK

Candidate meets with the LJ's Support Office to ascertain and review their financial position and investment level, and discuss store or site that the candidate has identified as an opportunity. Proof of funds will be required at this point in time.

FINAL MEETING

Candidate to attend final interview with the LJ's Owner and / or the Business Development Manager. This is done via the **Final Meeting** tool in Franchise Lab. A decision is then made on approval to commence training and identifying an appropriate site.

REFERENCE & POLICE CHECKS

Two professional reference checks are conducted using the details provided in the Application Form. Email is sent to the candidate to apply for a Police Check.

APPROVAL

This is where the exciting bit starts. We sign the Franchise Agreement so there is commitment from both parties. This includes paying a \$3,000 +GST refundable deposit, which will form part of the Franchise Fee.



WHAT WE'RE ALL ABOUT

LJ's is a family business and is the largest franchised seafood chain in New Zealand. Our goal is to provide an extremely high quality, healthy food experience for our customers at competitive prices.

Following a 10 year period of living and working overseas, Ben Frewin returned to New Zealand looking for a new and exciting opportunity. In 2011 he bought the LJ's business. It was their dream to buy a New Zealand owned and operated franchise which could be grown and developed using existing operational systems.

The LJ's brand has grown rapidly from the introduction of the first store in 1990, to a chain of 10 stores operating from Glenfield to the Kapiti Coast. The majority of LJ's' stores are located in the foodcourts within most of the major New Zealand shopping centres and malls, where there are high volumes of foot traffic. LJ's currently has various stand-alone, fast casual premises in prime inner city locations where foot traffic volumes are high.

A number of our Franchisees have been involved with the business for a number of years. Some of our Franchisees have worked their way up from Store Managers to owners.

FRANCHISEE OPERATED STORES

Auckland

- » LJ's Glenfield
- » LJ's Waitakere
- » LJ's Hunters Plaza
- » LJ's Manukau City
- » LJ's Botany
- » LJ's Takanini
- » LJ's Supa Centa

Waikato

- » LJ's The Base

Bay of Plenty

- » LJ's Rotorua

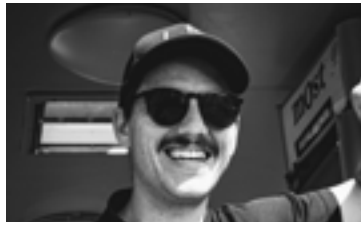
Wellington

- » LJ's Coastlands

MOBILE UNIT

Available nationwide for events, festivals and private hire

MEET THE TEAM!



BEN FREWIN

Owner & Managing Director

Ben is the Managing Director of LJ's Systems NZ Ltd. A qualified Chartered Accountant, Ben has restructured the LJ's brand to ensure it is now poised for sustainable growth. Ben spends most of his time scoping out potential new opportunities for the LJ's brand, both here and abroad.

Ben acquired the LJS Brand in 2011 and has set about improving the overall robustness of the business and improving the overall brand proposition for the business.

We're serious about seafood. We really are!

LUCINDA FREWIN

Designer

Lucinda is the LJ's store designer. After qualifying as an architect in London, Lucinda worked on a variety of projects such as shopping malls, hotels, apartment complexes and a library. She now contributes to the redesign of existing stores and new stand-alone stores, whilst helping to build the LJ's brand.

KYLE HARGREAVES

Business Development Manager

With 14+ years' experience in the hospitality industry and 6 of those years were focused on Area Management and Operations, Kyle has extensive knowledge and experience looking after franchisees and their systems. Kyle is focused on working alongside franchisees to help improve their day to day operations as well as actively engaging in community by supporting local schools and sports clubs.

EGA WIBISONO

Marketing Administrator

Ega came into New Zealand from Surabaya, Indonesia in 2019 to study his Bachelor of Agribusiness and Food Marketing at Lincoln University. He took the junior opportunity at LJ's as a marketing administrator in 2022 to gain his work experience in New Zealand and to bring a fun, young, and lively working atmosphere to LJ's Systems Ltd. He is also an experienced designer and a Gen Z who was born alongside social media!

DANUSHA EDIRISINGHE

Brand Auditor, Caravan Manager, Operations Assistant

Coming all the way from Sri Lanka, Danusha (Danu) started his career in a kitchen. He then moved to New Zealand where he became a professional baker. He has worked in several bakeries in Auckland. Before joining LJ's Systems Ltd., Danu was the assistant manager for New World Botany's in house bakery. At LJ's, Danu fights at the front line in making sure our stores are kept clean and comfortable. Moreover, he is the face of our caravan at events all around NZ!

MICHELLE GALANG

Administration

Michelle is from the Philippines and has been working virtually at LJ's since 2019. She has years of experience with administrative and marketing tasks. From being a real estate VA, affiliate manager, marketing assistant, project management and marketing manager, and being with clients from different countries - proven to have a "can do" attitude.



WE'RE A BIT DIFFERENT

LJ'S – A UNIQUE BUSINESS

The major competition for LJ's within its segment of the fast food market traditionally comes from the large number of fragmented small vendors and businesses selling, in the main, fish and chips and sometimes other take-away foods.

There is no real direct competition, or identifiable threat, within this market segment from any other professionally managed company or group of companies. None has the blend of skills, operational and marketing expertise, local market knowledge, stock purchasing power and technical resources to match those of LJ's.

LJ'S SET TO EXPAND

LJ's has a presence in most of the major shopping mall locations throughout New Zealand and is now ideally positioned for a controlled move towards more stand-alone stores. Such a move would take advantage of the previously untapped and very large after-hours dinner market currently unavailable to the shopping mall type stores. For these reasons, the planned and progressive growth of the LJ's throughout New Zealand is ensured.



OUR OFFERING

Great food at a great price

The groups' standard products lines are encompassed in a national menu and all have an established track record and reputation. The LJ's customer base believe that our food is exceptional value for money, both in quality and price.

Menu pricing is set nationally in order to maximise margins on each product line, as well as to maintain a competitive pricing structure with other operators within the food environment. The national menu also includes a range of set combo meals and special meal packs designed to attract a specific segment of the market, simplify the customer interaction process, and is in keeping with industry trends.

In addition to the national menu, LJ's encourages franchises to develop their own in-store marketing promotions and specials from the range of menu items available.

Bulk purchasing power

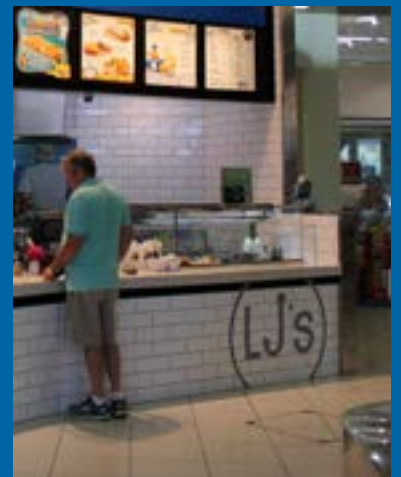
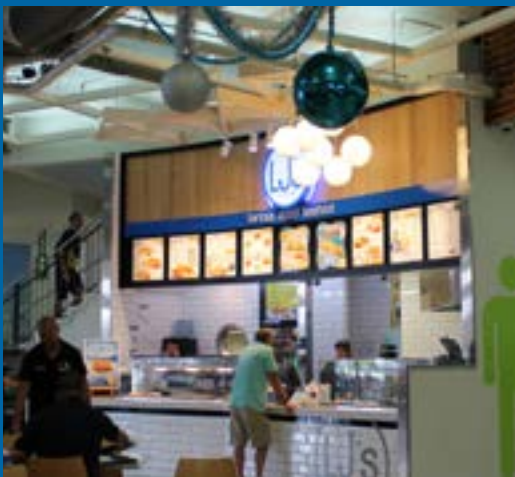
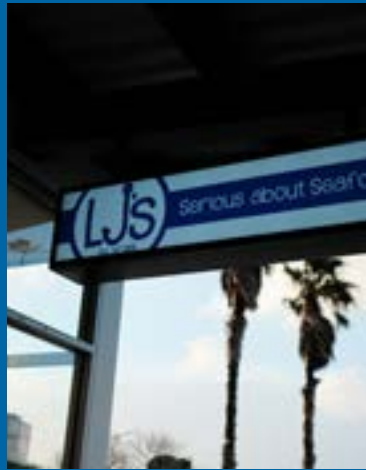
The supply and distribution of all material and stock used in the business is organised by LJ's

in order to maximise the bulk purchasing power through volume, as well as standardising in-store product pricing. Franchisees are provided with comprehensive details of the authorised stock to purchase including the correct cost of each item. Each franchisee is responsible for purchasing the stock directly from the designated distributor, with stock being delivered and invoiced directly to the franchisee by the distributor.

Continual innovation

LJ's continually leads the market by maintaining a competitive edge with new ideas and products to meet changing consumer preferences and new market opportunities. Recent innovations include addressing a more health conscious market with the introduction of a selection of Salad offerings and hot-plate grills providing customers with the option to have their meals grilled.

LJ's operate an on-going programme of product research and development. At any given time there is at least one new product or concept being extensively trialled and evaluated in several stores, prior to nationwide launch.



DIFFERENT TYPES OF STORES

| MOST IMPORTANT | | |
|-----------------------|---|--|
| STORE TYPE | STANDALONE STORE | FOODCOURT |
| LOCATION | <p>Good visibility (Sign should be seen 30m from all traffic directions)</p> <p>Near other quality food operators (St Pierre's Sushi, Sal's, Pita Pit, Burger Fuel)</p> <p>On the side of the road heading home from work, access from main road.</p> | <p>Quality Mall (Clear site lines from 2 directions - 3 preferred)</p> <p>Near other good quality food operators (St Pierre's Sushi, Tank, McDonald's)</p> <p>High foot traffic area</p> |
| PARKING | <p>Good parking for customers</p> <p>Good delivery access</p> <p>Good collection access - UBER/DOORDASH</p> | <p>Good parking for Customer</p> <p>Good delivery access</p> |
| POWER | 100amp 3 phase OR 63 amps 3 phase if GAS supplied on site | 100amp 3 phase OR 63 amps 3 phase if GAS supplied on site |
| DRAINAGE | Kitchen and Bathroom (for standalone stores), min. 100mm outlet | Kitchen and grease trap, min. 100mm outlet |

| EXTREMELY HELPFUL | | |
|--------------------------|---|---|
| STORE TYPE | STANDALONE STORE | FOODCOURT |
| EXTRACTION | 2.8-3m hood area with supply by landlord. 25001/sec min. | Extraction supplied by landlord. 25001/sec min. |
| CONVERSIONS | Existing stores with extraction and back of house stations, plumbing and/or equipment | |
| TOILETS | Stand alone | Mall based - shared |

setting up a new business alone in today's economic and retail environment can be an uncertain and stressful experience. Statistics show that 80% of first-time businesses will fail within their first 5 years; however, 80% of franchised businesses will still be going in 5 years (see article on 'Buying a Franchise - Why')

A turnkey operation - no uncertainty, guesswork or mistakes on setting up the business

BENEFITS OF AN LJ'S FRANCHISE

PURCHASING A BUSINESS WHICH IS PART OF AN ESTABLISHED FRANCHISE SYSTEM OFFERS SIGNIFICANT ADVANTAGES AND BENEFITS OVER BEING IN BUSINESS ALONE. HOLDING AN LJ'S FRANCHISE OFFERS ALL OF THESE ADVANTAGES AND MANY MORE OVER AND ABOVE A NORMAL FRANCHISE SYSTEM, INCLUDING BENEFITS SUCH AS –

- » Exclusive franchise circular radius territory around the store based on population density of the surrounding territory
- » Strong operational and management experience and support
- » Comprehensive training programme - ensures full and immediate productivity
- » Regular store appraisals providing constructive performance feedback
- » Highest possible quality product and systems ensuring continued satisfied customers
- » A strong competitive edge provided by the healthy aspects of seafood
- » Fully documented operations manual detailing the systems and procedures for the daily operation and management of the business
- » Full on-site operational support by a highly committed and experienced management team
- » Unlimited and free access to business, financial and employment advice and assistance
- » Maximum stock purchasing power and discounts as part of the group volume
- » Purchasing of stock and goods directly from distributors under favourable terms
- » A simple yet comprehensive administration and reporting system
- » Regular analysis and feedback of store financial performance
- » A full set of auxiliary working manuals, files, documents, forms and paperwork
- » Free lessons on how to generate monthly P&L results
- » A new-look and modern store design in a premises business
- » Modern, specialised, yet economical plant, equipment and fittings
- » Customised store design and layout to suit individual store location and requirements
- » Stores are built using years of knowledge, where stores are refined for operational efficiency and effectiveness
- » Stores built and set-up under direct LJ's project management - providing for a comparatively low store purchase cost
- » 6% royalty and 3% marketing fees
- » Strong experience and influence for leasing and supplier negotiations
- » Access to vital market knowledge and contacts
- » A proven and successful system with an established group trading history, providing immediate sales benefits from the goodwill of the franchise name and brand awareness
- » No preclusion to owning multiple outlets
- » Exceptional and sustainable gross profit margins
- » All cash and EFTPOS business – no debtors
- » Custom designed range of integrated full colour take-away packaging
- » Being part of a dynamic group whose philosophies and systems are committed to ensuring continuous improvement and the healthiest high quality product possible at fast food prices provided by fast service operations
- » Comprehensive business insurance cover with discounted group premiums

MOST IMPORTANTLY, AN LJ'S FRANCHISE CAN OFFER AN OPPORTUNITY FOR AN EXCELLENT RETURN ON A RELATIVELY LOW CAPITAL INVESTMENT.

WE ARE WITH YOU EVERY STEP OF THE WAY



THE SUCCESSFUL FRANCHISEE APPLICANT - PRIOR TO THE OPENING DATE OF THEIR OWN STORE OR THE TAKE-OVER OF AN EXISTING STORE - WILL BE REQUIRED TO COMPLETE A PERIOD OF TRAINING. THEY MUST MAKE THEMSELVES (OR THEIR DULY APPOINTED AND LJ'S APPROVED MANAGER) AVAILABLE TO THE FRANCHISOR IN AUCKLAND AT THE FRANCHISEE'S OWN EXPENSE, TO SPEND A PERIOD OF SEVEN WEEKS WORKING FULL-TIME IN ONE OR MORE OF THE COMPANY'S DESIGNATED TRAINING STORES.

SUCH TRAINING UNDERTAKEN BY A PROSPECTIVE FRANCHISEE IS VOLUNTARY AND DOES NOT ATTRACT ANY FORM OF REMUNERATION FOR THE WORK OR TIME INVOLVED. THE SUCCESSFUL FRANCHISEE WILL WORK ALONGSIDE THE DESIGNATED TRAINING STORE MANAGER UNDER THE FRANCHISEE TRAINING PROGRAMME. THIS CONSISTS OF A FULLY DOCUMENTED TRAINING SCHEDULE AND CHECKLIST, SET UP IN STRUCTURED MODULES WHICH ARE DESIGNED TO PROGRESSIVELY EXPLAIN THE SPECIFIC SYSTEMS AND PROCEDURES FOR WORKING IN, OPERATING AND MANAGING AN LJ'S STORE, INCLUDING:

- » A full review of the company's operations manual, policies and procedures
- » Product knowledge and stock management
- » Menu and specials knowledge
- » Company work rules, policies and procedures
- » Cooking, serving and presentation procedures
- » Customer service and selling procedures
- » Advanced customer service and sales techniques
- » Food hygiene and store cleaning procedures and requirements
- » Cash handling and electronic cash register procedures
- » Daily stock ordering procedures
- » Daily cash balancing and reporting
- » Weekly sales, product and variance analysis reporting
- » Full monthly inventory stock-takes
- » Staff management techniques
- » Setting and customising staff rosters to sales requirements
- » End of week and end of month procedures
- » Daily store opening, set-up and closing procedures
- » Peak lunch and late night trading periods

AS PART OF THE TRAINING PROGRAMME, THE FRANCHISEE WILL SPEND APPROXIMATELY 3 DAYS WITH THE LJ'S SUPPORT OFFICE FOR ADDITIONAL ADMINISTRATION TRAINING REQUIREMENTS, INCLUDING:

- » Franchise administration
- » Financial budgeting and cashflow planning
- » Review of daily, weekly and monthly store administration procedures
- » Accounting systems and requirements
- » Monthly P&L system requirements and procedures
- » Troubleshooting analysis of monthly P&L
- percentages and margins
- » Marketing and promotional programmes and activities
- » PAYE and GST requirements
- » Accounts payable procedures
- » Advanced employment procedures and systems

UPON COMPLETION OF THE FRANCHISEE TRAINING AND ONCE THE FRANCHISEE HAS TAKEN OVER THEIR OWN STORE, LJ'S WILL ALLOCATE A SUPPORT MANAGER TO SPEND AROUND ONE TO THREE WEEKS, WORKING FULL-TIME TOGETHER WITH THE FRANCHISEE IN THE STORE. THIS IS TO ENSURE ALL SYSTEMS AND PROCEDURES ARE IN PLACE AND FUNCTIONING CORRECTLY, AND TO REVIEW THE TRAINING TOGETHER WITH THE FRANCHISEE IN ORDER TO FINALISE ANY FURTHER ISSUES OR TRAINING REQUIREMENTS.



SHOW ME THE MONEY

FRANCHISEES INVESTMENT

An LJ's franchisee is purchasing the right to operate an LJ's store as well as the physical asset of the store itself. The purchase cost is based specifically to the physical configuration of the particular franchised store, the plant and equipment, fixtures and fittings, and the goodwill (if included in the purchase price) of a fully set-up LJ's store as a turnkey operation ready to trade under the LJ's brand name.

Depending on the location and physical requirements of a new store, the total set up costs can range from NZ\$50,000 to NZ\$270,000, exclusive of GST (if any).

The purchase price is therefore for the total business comprising the sub-lease of the store, chattels, plant and equipment, the goodwill of the brand, and the exclusive right to franchise within that area for the duration of the lease and agreement.

In addition, a working capital requirement of approximately \$12,000 excluding GST (if any) is required on settlement of the new business for the purchase of opening stock, uniforms, initial staff training (if required), cash float and the LJ's legal fees for the preparation of the Franchise Agreement, all of which will be provided, invoiced by and payable to LJ's on the settlement date.

In certain circumstances where credit terms for such costs are available to LJ's, some of these working capital costs may be able to be paid to LJ's on the same normal credit terms. Franchisees should also make an additional allowance for the professional fees that will be incurred by their own professional advisers in the evaluation and setting up of the franchise business.

FINANCIAL ARRANGEMENTS

The franchisor does not offer any financing arrangements to the franchisee in connection with the purchase or the establishment of a new store business, or the funding of the on-going operations. A favourable franchise finance package is available from the company's franchise bankers. LJ's will provide an introduction to the bank giving the franchisees access to the finance package with the right to accept or decline after due considerations of the bank's terms and conditions of any such financing. Most trading banks offer finance for the purchase of franchise businesses. The franchisor does not receive any form of payment or gratuity from any source from the introduction or the placement of financing for the franchisee.

Dependant on individual circumstances, LJ's encourages new franchisees to invest no more than approximately 50 percent of the total store set-up cost into equity in the business in order to minimise exposure to the servicing of any borrowings required.

FRANCHISEE EARNINGS

As an LJ's franchisee, each store's market has already been identified and is in essence that sector of the population who consume fish and chips and associated seafood and meat products as a convenience food, both in a dine-in and take-out situation. In-depth analysis and extensive research is carried out on each particular new store location to determine its total sales volume and the profitability level which can reasonably be expected if the store is well managed to LJ's standards.

LJ's provides comprehensive trading and cashflow budgets and financial planning models customised to the particular store's anticipated turn over expectations, cost of sales of the particular sales mix ratios, and the fixed overheads (such as the lease), that are solely dependent on the location of the particular store. This allows a prospective franchisee to tailor any funding requirements for the initial capital investment, taking into account the projected annual net profitability.

The expectation and goal for any new store is for the franchisee to recoup their initial purchase investment from the net trading profit within 2 to 3 years.

WHAT'S NEXT?

PROGRESSING YOUR APPLICATION

1. At this point should you wish to proceed, you will be required to complete the Franchise Application Form which includes completing a Statement of Financial Position.
2. LJ's will then contact you to discuss your application further, with particular regard to the store or area that you may be interested in.

The franchisor acknowledges to the applicant that all information provided by the applicant is strictly private and confidential to the applicant, and guarantees to the applicant that all information supplied will remain in confidentiality to the directors of the franchisor only.

Please complete the Franchise Application and return it to:

ben@ljs.co.nz



COMPANY DETAILS



Serious about Seafood

The franchisor is the company LJ's Systems NZ Limited, a wholly New Zealand owned and based company carrying out its business within New Zealand under the name of LJ's, and the LJ's Group of Companies.

LJS Support Office
Level 2. Building 2
8/15 Accent Drive
East Tamaki
Auckland
New Zealand

Email ben@ljs.co.nz

www.ljs.co.nz

THE FRANCHISE AGREEMENT & PROJECT PLAN

THE FRANCHISE AGREEMENT AND PROJECT PLAN WILL SPECIFICALLY IDENTIFY:

1. The total investment required.
2. Additional working capital requirements, including:
 - a. Cash float
 - b. Estimated value of the settlement product stock
 - c. Estimated value of the uniforms settlement stock
 - d. Staff training cost contribution (if any)
 - e. Grand opening marketing contribution (if any)
 - f. Estimated legal costs for the preparation of the Franchise Agreement and sub-lease
3. The amount of the deposit
4. The proposed opening date
5. The period of "cooling off" time available after signing the franchise agreement

Upon signing the Franchise Agreement a deposit is required to be paid in order to secure the franchise store. However, the Franchise Agreement will still be conditional upon the applicant's solicitor's evaluation and approval of the Franchise Agreement, and sub-lease, and a period of not less than 7 days will be provided for this. This allows the applicant a 'cooling-off' period after signing the Sale and Franchise, for the sole benefit of the applicant. If the agreement is not declared unconditional by the applicant's solicitor, then the deposit is immediately refunded in full without deduction.

Once the Franchise Agreement becomes unconditional, the successful franchisee will then commence training under the standard LJ's franchisee training programme. The franchisee will be required to sign the Franchise Agreement prior to commencement of works.

Bankers
BNZ
80 Queen Street
Auckland CBD
Auckland 1010

Legal Advisors
Jackson Russell
13/41 Shortland Street
Auckland CBD
Auckland 1010