



It's a personal thing...



Commitment to success

The last decade has seen a significant increase in the number of New Zealanders choosing to own and operate their own business. Realising the benefits of working for themselves, being in control of their own destiny and the potential rewards that this brings, more and more people are choosing to invest their effort and capital into a business of their own.

The Industry

Wholesale Distributors Limited (WDL) is proud to be one of only two major supermarket groups in New Zealand providing people from a variety of backgrounds with the opportunity to enter into the exciting, challenging and rewarding industry of grocery retailing.

WDL is the franchisor of a group of independently owned and operated supermarkets. There are currently two brands in the group which trade under the brand names of SuperValue® and FreshChoice®. Whilst the majority of our stores are located in the South Island, opportunities for growth through new or existing sites are considered in both the North and South Islands.

So, who are we?

This profile provides an overview of WDL, our structure, our people, and the services we provide as part of our commitment to running profitable supermarket operations and ensuring our franchisees realise their goals through owning and operating a successful business.

WDL is a division of Progressive Enterprises Ltd (PEL), one of New Zealand's largest retailing and distribution companies.

Distribution centres, located in Auckland, Palmerston North and Christchurch, distribute well over one million cases per week to the company owned stores and our SuperValue and FreshChoice stores.

Progressive Enterprises Ltd's enormous size enables it to purchase stock, provide plant and equipment and source technology efficiently and cost effectively.

PEL is in turn 100% owned by Woolworths Limited which is one of Australasia's largest retailers

The benefits of the SV|FC franchisees

WDL offers franchisees the best of both worlds when it comes to owning and running a successful supermarket business – the benefits of working with a small, dedicated team, combined with the backing and resources of a large parent company.

At WDL we know all our franchisees personally. Many of the support team have been retailers themselves and understand the business intimately. Regular visits and communication ensure the trading environments and individual business conditions are understood.

WDL strongly advise prospective franchisees to consult a lawyer prior to signing a franchise agreement or any other legal documentation.



SuperValue - *Just what you need*

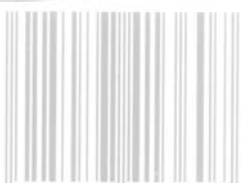


SuperValue is a supermarket brand with considerable heritage. First established in the South Island in the early 1960's, SuperValue is one of the most enduring and trusted supermarket brands.

Today the focus of the SuperValue brand is to be New Zealand's best, local, convenient, friendly community based supermarket by offering convenient locations, accessible car parking, stores that are quick and easy to get around and personalised service. SuperValue provides an alternative service to customers who value convenient, friendly service and hassle-free shopping over the bustle and impersonality of the bigger supermarkets.

With SuperValue, you don't have to travel far for a good range of groceries at competitive prices. All this is encapsulated in SuperValue's by-line: "SuperValue - Just what you need"

The majority of stores are located in the South Island, however the brand's presence in the North Island is growing rapidly. The range of size and locations of the SuperValue stores makes this an ideal entry-level opportunity for people seeking to own and run their first supermarket business and provides the stepping stone to move through the group into our larger stores.



9 415077 413607 >

FreshChoice - Think Fresh



FreshChoice is New Zealand's newest and fastest growing supermarket brand. Established in 1995, FreshChoice enjoys a reputation for providing a wide range of quality foods at very competitive prices.

FreshChoice is all about providing a pleasant, modern shopping environment that customers can enjoy, while knowing that the prices they pay for their weekly groceries are competitive with other supermarkets.

FreshChoice stores are bright, colourful and modern, with a full offering of departments including in-store bakery, delicatessen, produce, butchery, seafood and an extensive

range of wine and beer. Each store also offers a range of gourmet and international foods, specialty coffees and a growing selection of organics and gluten free products.

Price is an important part of the FreshChoice offer. Weekly specials on everyday items mean customers enjoy extra savings over and above the already low shelf prices.

Freshness and quality of the product in our fresh food departments is of the highest standard. This is a key focus and is reflected in our brand name.



Store Operations - *Support where it counts.*



Support where it counts.

Running a successful supermarket operation requires a lot more than manning the checkouts, chatting to customers and paying the wages. 'Behind-the-scenes' work includes keeping accurate records, monitoring the store's progress on a daily basis, adhering to central and local government rules and regulations and maintaining a happy and stable workforce.

WDL provides a range of functions and support services to ensure you have the information, resources and assistance you need to operate your store successfully, both today and in the long term.

There is support provided with regular visits from an allocated retail area manager who is responsible for ensuring you get the help and advice you need. Retail area managers are experienced retailers who offer sound business advice in all aspects of supermarket retailing. They are an integral part of the management and development of the franchise system.

Financial Assistance

Finance plays a major role in the operation of any business. The financial strength of WDL and our parent company means that franchisees can receive assistance, where certain criteria are met, in a number of areas ranging from the initial business purchase through to expansion or the replacement of plant and store fit-out.

WDL closely monitors the performance of each market to make sure it is in line with budget projections and industry benchmarks. Our senior operations and financial managers are also

able to assist you with matters relating to the finance and operation of your business.

Human Resources

WDL offers members advice and assistance on all matters relating to employment. We also have access to specialists in the following areas: risk assessment, loss prevention, security, food safety, and health and safety.

Via PEL, WDL is also a member of the New Zealand Retailers Association (NZRA). The NZRA has two full time industrial relations consultants that provide free advice to member stores.

Insurance

With regards to insurance, SV|FC markets are able to take advantage of a group scheme that offers very competitive rates on both business and personal insurance. Savings via PEL negotiated contracts also extend to areas such as credit card commissions, telephone charges and store security.



Information Technology - *An integral part of modern supermarketing.*



Information technology is an integral part of the operational framework of all modern supermarkets. Whilst advanced technology enables us to serve our customers more efficiently and provides us with useful and timely information about our business, we understand that not everyone is a technology expert.

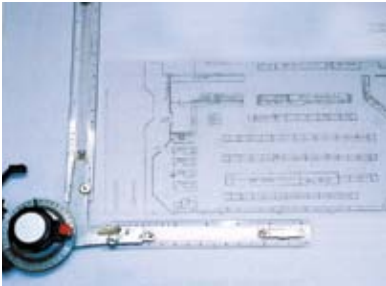
At WDL we have staff to provide you with assistance and guidance on all IT matters. Whether you have a question regarding the operation of your in-store systems, or a problem that needs fixing, our staff are available to

help. Often issues can be sorted out over the telephone, however if it requires someone on-site, we will either come out to you or arrange for an expert to visit your store. We also recognise that problems don't just occur during office hours – we have a help desk on-call seven days a week during all hours that our stores are open.

We can advise you on the purchasing of new equipment, and assist with the installation. We search the world for leading edge technology that enhances the business' ability to trade now and in the future.



Supermarket Design and Outfitting - *Continuous store development.*



Whether it is an existing supermarket requiring partial or complete remodelling, or the building of a brand new store, WDL's store development team can develop the design, provide plans and quotes and manage the entire project through to completion. Working in consultation with franchisees, WDL aims to keep its stores looking modern and attractive. Solutions are provided that are practical and cost effective and enhance franchisees' investment in their businesses.

The store development team also helps with the purchase of a range of plant and equipment, from supermarket trolleys through to sophisticated refrigeration units. As well as providing advice on the purchase of plant to suit your particular needs, the store development team can source new and second-hand equipment on your behalf, and help to on-sell any surplus plant you may have.



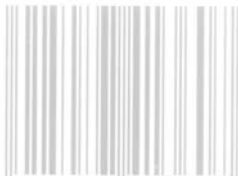
Distribution - *Getting the product into the store.*



All WDL stores can purchase the majority of their dry grocery stock through one of PEL's distribution centres. These distribution centres supply PEL's company owned stores as well as supply PEL's franchised stores. WDL ensures that the needs of our franchised stores are catered for with such things as delivery times, order quantities, and range. PEL, through third party suppliers, also operate chilled, frozen, meat and produce distribution centres.



Advertising and Marketing - *Clear direction about who we are.*



9 415077 413607 >

WDL has a marketing department dedicated to the production of quality advertising and promotional material for each of our supermarket brands. This includes weekly circular and newspaper advertising, in-store promotions and special events marketing such as local festivals, new store openings and seasonal events like Christmas, Easter, Mothers' Day, etc.

As well as group-wide promotions, the marketing department works with stores on an individual or regional basis to put together one-off marketing campaigns that address a specific need. It may be, for example, that an individual store wants to increase its promotional presence to pre-empt a competitor opening in the same area, or to link into a local event or promotion such as the Winter Festival in Queenstown.

The marketing department provides all stores with an effective, professional range of in-store point of sale material, from weekly specials tickets through to specially designed point-of-sale for specific promotions.

All advertising and marketing material is produced in keeping with the brand image that has been developed for both SuperValue and FreshChoice, so that everything we do reinforces the positioning of our brands in the market place. The large size of the Woolworths Group enables WDL to buy all forms of media through bulk deals. This ensures we get the best coverage possible at economic rates.

Using internal sales and industry benchmark information like that provided by AC Nielsen, Aztec and other reputable research houses, regular analysis is undertaken to measure the effectiveness of each campaign. Based on these reviews the programme is continually fine-tuned to ensure the maximum impact is attained.



Merchandising - *The right product at the right price.*



Category Management

WDL has a dedicated category management team who are responsible for all issues relating to product range/supply, merchandising, pricing and promotion. To make informed decisions, category managers use sophisticated information systems to analyse a vast amount of internal and external supermarket data. When required, the category management team uses third party providers to create optimised shelf relay plans. These plans are designed to maximise profit and sales.

By having a core focus on certain categories, each category manager has expert knowledge of the trends in the industry, the performance of the products within the category, their profitability, and has developed working relationships with the key manufacturers to ensure the most efficient management possible.

Category managers are an essential link between the stores and suppliers, and for implementing Progressive Group initiatives. Category managers work closely with the marketing team to monitor competitive marketing activity, ensuring that both our shelf prices and promotional prices are in line with each brand's profile. Initiatives and promotional price points are carefully balanced against store profitability targets to ensure the best possible offer is maintained.

Corporate Brands

All WDL stores stock Private Labels that have been developed for Progressive and Woolworths markets. Select Signature range, Home Brand, Naytura, Free From, Fishermans Best and a large range of general merchandise under a number of brands offer customers a competitively priced alternative to mainstream supplier brands. They also provide a point of difference from our competitors.

Considerable research has gone into the development of these corporate brands which, with their striking packaging and strict quality guidelines, have proved very popular with customers. Both Select Signature range, which provides customers with an alternative to premium brands, and Home Brand, which offers an alternative to budget lines, have significant growth potential in all our markets.

A wide range of supporting point-of-sale has been created to encourage consumers to buy these profitable lines. Select Signature range has developed a strong, high quality brand identity and Home Brand offers our lowest possible everyday prices. Further expansion of these brands and other ranges is ongoing. There is a strong focus on the research and development of Private Label to ensure we have the right product at the right price in each category within the supermarket.



9 415077 413607 >

Communication - Keeping the lines open.



At WDL we understand that no-one knows their businesses better than our franchisees, and that to provide the service and support to help them succeed means having open and regular communication. As well as anyone at WDL being only a phone call away to talk with franchisees, there are a number of formalised ways that we ensure we stay in touch:

Brand Management

Franchisees of both the FreshChoice and SuperValue brands are represented by brand management members – two franchisee members who, on behalf of all stores in the group, have input into the promotional and marketing programmes for the brand.

Brand management meetings are held regularly, during which time the effectiveness of the previous two monthly promotional programme is reviewed, the next proposed programme is signed off, and any marketing or other business initiatives put forward are considered.

Brand management meetings follow a formal agenda, they are chaired by the operations manager and also attended by the marketing manager and merchandise manager. The minutes of the meetings are circulated to all franchisees in the group.

Full Group Meetings

During the year WDL hosts a full group meeting which all members are to attend. These meetings are an opportunity for members of the same brand to get together and discuss any issues relating to the group as a whole, and for WDL to present any relevant information to enhance the operations of their businesses.

Prior to the meeting all franchisees are asked to submit items for discussion. This forms the agenda which is sent out to all members in advance. As with brand management meetings, full group meetings are chaired by the operations manager, and are attended by all senior members of the WDL team. The second full group meeting of the year is normally held in November and is followed by a Christmas function.

Annual Conference

Once a year WDL holds a conference for all members from both SuperValue and FreshChoice. Held in the middle of the year, usually over 2 days, the conference is a mix of reviewing the past year's performance and the year ahead, looking at new developments in the industry, and enjoying some social time together as a group. It also gives franchisees the opportunity to network with other members who they may not otherwise get to see.

For further information about this exciting opportunity, please contact our Operations Manager, Robert Smith (03) 371 0200. email: robert.smith@progressive.co.nz





SuperValue and FreshChoice are the franchised brands of Wholesale Distributors Limited,
which is a wholly owned subsidiary of Progressive Enterprises Limited.
Contact us as 29 Byron St, Sydenham, PO Box 4047, Christchurch. Ph 03 371 0200 Fax 03 377 3597