

ABOUT WINDSOR PLYWOOD

Thank you for your inquiry about Windsor Plywood.

Windsor Building Supplies Ltd. Is a British Columbia company with its head office and 10 acre distribution center located in Langley, BC (thirty minutes East of Vancouver, just off Highway 1).

Windsor Plywood is a familiar name across Western Canada. We are 60 units strong. Most of our operations are franchised. Windsor Building Supplies Ltd. (the franchisor) owns outright or in part, about one third of the outlets. Windsor Plywood facilities can be found in Manitoba (4), Saskatchewan (4), Alberta (18), British Columbia (29), Ontario (1), Washington State (3) and Montana (1).

Windsor Plywood has grown each and every year since 1969 when the Windsor Plywood enterprise started with its first franchise in North Vancouver, BC. Current franchisees come from wide and varied backgrounds of farming, banking, construction, the wholesale and retail sides of the Building Material business and from our own staff. Our program offers the incentive of owning one's own business and providing opportunities that are not available in the usual employer/employee environment. We are not just another buying group.

WINDSOR PLYWOOD IS DIFFERENT! Our facilities are smaller than most of our building supply and lumber yard competitors. Our emphasis is placed on the specialty side of the business. We strive to service each individual market by providing interesting specialty stores that are easily controlled and staffed. We try to provide a measure of customer service not easily maintained in large Home Centers and concentrate on a product line built on high quality finishing materials.

In Windsor Plywood's market, nearly all competing yards and home centers are members of a chain or buying group. Windsor Plywood strives to combine the best features of national marketing with the advantages of volume buying. Our unique product line is enhanced by our own distribution center and its competent staff of buyers, expeditors and administrative support.

BASIC FACTS

Any Windsor Plywood outlet contemplated is capable of sales of \$2,000,000 per year, or more.

A prospective franchisee will require approximately \$250,000 - \$350,000 as an initial investment. In certain instances, i.e. resale of existing units or joint ventures with Windsor Building Supplies Ltd., arrangements may be possible for a lesser investment.

The balance of funds required for inventory, equipment and fixtures and accounts receivable can usually be arranged through the franchisor's bank under terms and conditions that tend to be more favourable than those generally available to an independent business person. Through a subsidiary company, Windsor Plywood is also able to provide leasing arrangements for certain fixed assets for the conduct of a Windsor Plywood franchise. The franchise cost is \$35,000.00. The franchise becomes the property of the franchisee and in the event of a sale of the franchise to a third party, this should be part of the consideration to the vendor.

PURCHASING

There is no obligation on the part of the franchisee to purchase inventory from Windsor Building Supplies Ltd. However, due to the uniqueness of the product outline and convenience of shipping from the Langley Distribution Centre, most stores look to Windsor Plywood as a major source. Windsor Plywood will not permit the membership of its franchises in any other buying group or similar chain.

PURCHASING

On commodity goods within the building supplies industry, negotiated discounts exist that are necessary to maintain our competitive position in the marketplace. Windsor Plywood's position is very clear - discounts that are a matter of price are passed on to the stores either directly by the supplier or by credit note from Home Office. In addition, many Windsor Plywood suppliers grant annual volume rebates on overall group purchases. Rebates for annual volume are held by the franchisor. Windsor Plywood differs from some of the other groups in that it is not a cooperative in design rather a private company endeavoring to make a profit on its varied activities, while at the same time providing an infrastructure of services that can benefit its franchises.

ROYALTIES

Each franchise pays 2.25% of its gross monthly sales to the Franchisor.

ADVERTISING

Each franchise is charged a monthly advertising production fee. For this nominal charge they are provided with finished digital art for ads and flyers, layouts, point-of-sale material for major sales events and product art, either customized to suit the store requirements or on-line Windsor Plywood Products. Radio jingles are also included. Each store pays their own advertising costs and collects any of the co-op advertising dollars for locally placed ads that are available from major suppliers. This fee may be adjusted each year depending on the advertising program.

ACCOUNTING SERVICES

Windsor Building Supplies Ltd. provides a comprehensive accounting service for the franchisee stores. A qualified professional accountant is on our home office staff to facilitate the preparation of unaudited financial statements for franchisees.

The company provides accounts receivable, posting, maintenance of general ledger and cash book and all other day-to-day functions, including accounts payable. This service is provided on user-pay basis.

The accounting department can also generate a monthly income statement for each store.

These services streamline the paperwork function at the store level and allow more production time in the sales area.

OTHER SERVICES

General insurance, health and medical benefits, computerized accounting, volume discounts on credit card usage, reload facilities, training programs, stationery, corporate website, sales aids, etc., are all available from the franchisor.

PARTNERSHIPS

We receive many inquiries about the prospect of franchises being purchased by a partnership of two individuals who will both be active in the business. It is Windsor Plywood's experience that these types of arrangements are rarely successful and therefore we do not entertain them. Similarly, absentee ownership is discouraged.

DOCUMENTATION

Pursuant to the provisions of Section 3 of the Franchises Act for the Province of Alberta, we have been granted exemption from filing a prospectus. A Statement of Material Facts is provided in Alberta in accordance with Section 4 of the act.

A formal "franchise agreement" is signed between the franchisor and franchisee. This clearly outlines the rights of both parties.

A Registered User Application is signed by both parties, permitting the franchisee to use the name Windsor Plywood and its various marks.

Should you be interested in further discussions about joining the Windsor Plywood team, please contact:

S. R. Jones, President (250) 752-3100
Curt Crego, Chief Operating Officer (604) 455-9663

Bankers: The Royal Bank of Canada - Vancouver, BC
External Accountants: Grant Thornton, LLP - Vancouver, BC

Windsor Plywood