

Disclosure Document

for franchisee
or prospective franchisee.

Sep 2023



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1. Item 1 - First page

1.1 (a) DISCLOSURE DOCUMENT FOR FRANCHISEE OR PROSPECTIVE FRANCHISEE

(b) The franchisor's:

- (i) name: LJ Hooker Home Loans Pty Limited
- (ii) business address and phone number: Address: Suite 114C / 84-90 Hotham Street, Preston VIC 3072
Phone: 1300 515 200
- (iii) ACN and ABN, or ARBN (or foreign equivalent if the franchisor is a foreign franchisor): ACN: 106 564 765
ABN: 34 106 564 765
ARBN/ Foreign equivalent: Not applicable

The signature of the franchisor or of a director, officer or authorised agent of the franchisor:



.....Director/Officer/Authorised Agent

(c) The preparation date of the disclosure document: 27th September 2023

(d) The following statement:

This disclosure document contains some of the information you need in order to make an informed decision about whether to enter into a franchise agreement. It should be read together with the key facts sheet and the information statement you have received.

Entering into a franchise agreement is a serious undertaking. Franchising is a business, and like any business, the franchise (or franchisor) could fail during the franchise term. This could have consequences for the franchisee.

A franchise agreement is legally binding on you if you sign it.

You are entitled to a waiting period of 14 days (not 14 business days) before you enter into this agreement.

If this is a new franchise agreement (not the renewal of a franchise agreement, nor the extension of the term or scope of a franchise agreement), you will be entitled to a 'cooling off' period of 14 days (not 14 business days) after signing the agreement, during which you may terminate the agreement (In some circumstances a 'cooling off' period may end later).

If you decide to terminate the agreement during the cooling off period, the franchisor must, within 14 days, return all payments (whether of money or of other valuable consideration) made by you to the franchisor under the agreement. However, the franchisor may deduct from this amount the franchisor's reasonable expenses, if the expenses or their method of calculation have been set out in the agreement.

Take your time, read all the documents carefully, talk to other franchisees and assess your own financial resources and capabilities to deal with the requirements of the franchised business.

You should make your own enquiries about the franchise and about the business of the franchise.

You should get independent legal, accounting and business advice before signing the franchise agreement.

It is often prudent to prepare a business plan and projections for profit and cash flow.

You should also consider educational courses, particularly if you have not operated a business before.

If you request the franchisor to give you this disclosure document, any attachments to it, the key facts sheet, the proposed franchise agreement and the Franchising Code of Conduct in printed form, electronic form or both, the franchisor must comply with your request

Table of Contents

1.	Item 1 – First page	2
2.	Item 2 – Franchisor details	5
3.	Item 3 – Business experience	7
4.	Item 4 – Litigation	8
5.	Item 4.3 Payments to agents	10
6.	Item 6 – Existing franchises	10
7.	Item 7 – Master franchises.....	11
8.	Item 8 – Intellectual property	13
9.	Item 9 – Franchise site or territory	17
10.	Item 10 – Supply of goods or services to a franchisee	18
11.	Item 11 – Supply of goods or services by a franchisee	21
12.	Item 12 – Supply of goods or services – online sales	21
13.	Item 13 – Sites or territories	23
14.	Item 14 – Other payments	24
15.	Item 15 – Marketing or other cooperative funds	26
16.	Item 16 – Financing	27
17.	Item 17 – Unilateral variation of the Franchise Agreement.....	28
18.	Item 18 – Arrangements to apply at the end of the Franchise Agreement	29
19.	Item 19 – Amendment of Franchise Agreement on transfer of franchise	31
20.	Item 20 – Earnings information	31
21.	Item 21 – Financial details	33
22.	Item 22 – Updates	34
23.	Item 23 – Receipt	35
	Schedule 1 - Items 6.1, 6.2 and 6.4 - Current and former franchisee's key details	38
	Schedule 2 - Item 6.5 – Franchisees contact details for each key event.....	42
	Schedule 3 - Item 10.1(j) - Supplier and Rebate Details	45
	Schedule 4 - Items 13.2 and 13.3 – Details of site and territory history	46
	Schedule 5 - Item 14 - Tables of Payments.....	47
	Schedule 6 - Item 22 – Changes in materially relevant facts (if any) and relevant information	60
	Schedule 7 - Item 18 – Arrangements to apply at the end of the Franchise Agreement	61
	Annexure A - Franchising Code of Conduct	67
	Annexure B - Franchise Agreement	69
	Annexure C – Solvency Statement and Financial Reports (Last 2 Financial Years).....	71
	Annexure D - Acknowledgement of receipt of Disclosure Document	73

1. This disclosure document has been prepared in accordance with clauses 8(3), (4) and (5) of the *Franchising Code of Conduct* (the **Code**) prescribed as a mandatory industry code under S51AE of the *Competition and Consumer Act 2010* (Cth) (the **CCA**). The Code is contained in Schedule 1 to the *Competition and Consumer (Industry Codes-Franchising) Regulation 2014* (Cth) that commenced on 1 January 2015. A copy of that Regulation and the Code is annexed to this disclosure document.
2. In this disclosure document:
 - ◆ a reference to "we" "us" "our", the "franchisor" or "LJ Hooker Home Loans" is a reference to LJ Hooker Home Loans Pty Limited; and
 - ◆ a reference to the "Franchise Agreement" is a reference to the LJ Hooker Home Loans Franchise Agreement attached to this disclosure document; and
 - ◆ a reference to a 'financial year' is a reference to the franchisor's financial year ending 30 June.

Unless defined in this document capitalised expressions set out in this disclosure document bear the same meaning given to those expressions in the Franchise Agreement.

3. The franchisor strongly recommends that you seek and obtain independent legal, accounting and business advice from experienced franchising professionals on the terms of this document, the Franchise Agreement, Operations Manual and any relevant guarantee and any other documents you will be required to sign in connection with the franchise. There are certificates that you must provide to us in relation to obtaining that advice. We must obtain from you those certificates before we enter into an agreement with you.
4. The contents of this disclosure document have been prepared as at the preparation date in Item 1.1(c). The franchisor is required to annex to this disclosure document any materially relevant information of the kind required to be disclosed to you under clauses 17(2) and 17(3) of the Code that has changed between the date of preparation and the date that we have provided this disclosure document to you. If such information has been given it will be contained in Schedule 6.
5. This disclosure document may be given to you electronically. If you do consent to electronic delivery, then we may ask you to sign a form of consent to electronic delivery as well as signing the separate page contained in Annexure E being the Item 23 acknowledgement of receipt of disclosure document and returning it to us.
6. We are required to give this disclosure document to a prospective franchisee at least 14 days before entering into a franchise agreement. The person acknowledging receipt of this disclosure document on behalf of the prospective franchisee should retain the original of this document and ensure that a copy is provided to all directors, shareholders of the prospective franchisee and anyone who is guaranteeing the obligations of the prospective franchisee.
7. Under the Code we have attached a copy of the Franchise Agreement in the form in which it is to be executed. If, after the date of giving you this disclosure document, during the course of negotiations there are changes made to the Franchise Agreement before it is to be signed, then we do not have to reissue a new disclosure document to you if the changes are of the kind of change specified in clause 9(3) of the Code.

2. Item 2 – Franchisor details

2.1 The franchisor's:

- (a) **Name:** LJ Hooker Home Loans Pty Limited
- (b) **Address, or addresses, of registered office and principal place of business in Australia:**

Registered Office: Suite 114C / 84-90 Hotham Street, Preston VIC 3072

Principal Place of Business: Suite 114C / 84-90 Hotham Street, Preston VIC 3072

- (c) **ABN, ACN or ARBN (or foreign equivalent if the franchisor is a foreign franchisor):**

ACN: 106 564 765

ABN: 34 106 564 765

ARBN (or foreign equivalent): Not applicable

2.2 The name under which the franchisor carries on business in Australia relevant to the franchise is:

The Franchisor carries on business in Australia under the name of LJ Hooker Home Loans.

2.3 A description of the kind of business operated under the franchise:

Franchising and mortgage broking LJ Hooker Home Loan Products and approved panel lender Products utilising the System provided by LJ Hooker Home Loans as detailed in the Franchise Agreement.

2.4 The number of years the franchise or franchise system has operated in Australia:

The franchisor was incorporated in October 2003 and the Company commenced franchising in September 2004. The franchise and franchise system has operated in Australia for 20 years.

2.5 The name, ABN, ACN or ARBN, registered office and principal place of business of each associate of the franchisor that is a body corporate (if any):

Name	ABN, ACN or ARBN	Registered office	Principal place of business
LJHHL Holdings Pty Ltd	ACN: 606 543 971	Suite 114C / 84 Hotham Street, Preston VIC 3072	Suite 114C / 84 Hotham Street, Preston VIC 3072

2.6 The name and address of each associate of the franchisor that is not a body corporate (if any), and if applicable, each associate's ABN or ARBN:

Name	Address
Paul Joseph O'Regan	16 Cheeseman Street, Croydon VIC 3136
George Bousattout	105 The Boulevard, Thomastown VIC 3074

2.7 A description of the relationship between:

- (a) each associate mentioned in item 2.5 and the franchisor; and
- (b) each associate mentioned in item 2.6 and the franchisor;

and of the relevance of the relationship to the franchise system and the franchise.

Each associate that is a body corporate mentioned in item 2.5 is listed below.

Associate Name	Description of the relationship of the associate to the franchisor and relevance of the relationship of the associate to the system and the franchise:
LJHHL Holdings Pty Ltd	This entity is the sole shareholder of LJ Hooker Home Loans Pty Ltd.

Each associate that is an individual mentioned in item 2.6 is listed below:

Associate Name	Description of the relationship to the franchisor and relevance of the relationship of the associate to the system and the franchise:
Paul Joseph O'Regan	Director of the following companies within the LJ Hooker Home Loans group of companies: LJ Hooker Home Loans Pty Ltd, and LJHHL Holdings Pty Ltd.
George Bousattout	Company Secretary of the following companies within the LJ Hooker Home Loans group of companies: LJ Hooker Home Loans Pty Ltd, and LJHHL Holdings Pty Ltd.

2.8 For each officer of the franchisor – name, position held and qualifications (if any):

Officer Name	Position held with the franchisor	Formal Qualifications (Academic, Professional and/or Trade)
Paul Joseph O'Regan	Director of the following companies within the LJ Hooker Home Loans group of companies: LJ Hooker Home Loans Pty Ltd; (Chief Executive Officer) LJHHL Holdings Pty Ltd.	Diploma of Franchising Economic and Accounting Business Degree Diploma in Business Studies Certificate IV in Finance & Mortgage Broking
George Bousattout	Company Secretary of the following companies within the LJ Hooker Home Loans group of companies: LJ Hooker Home Loans Pty Ltd; (National Operations Manager) LJHHL Holdings Pty Ltd;	Diploma of Franchising Bachelor of Business majoring in Accounting Certificate IV in Finance & Mortgage Broking

3. Item 3 – Business experience

3.1 Summary of the relevant business experience of each person mentioned in item 2.6 for the past 10 years, including length of experience in:

- (a) working in the franchise system; and
- (b) working for the franchisor.

Name	Summary of relevant business experience	Length of experience in working in the franchise system	Length of experience working for the franchisor
Paul Joseph O'Regan	Prior to joining LJ Hooker, Paul was National Head of Franchising at RAMS for six years where he was integral to developing its franchise model and had full accountability of the franchise business. In the last three years at RAMS Paul delivered impressive sales growth figures of 40 per cent year-on-year. Paul has previously held senior roles with both Westpac and ANZ. Paul is the current Chief Executive Officer, LJ Hooker Home Loans.	23 Years	9 Years
George Bousattout	Prior to joining LJ Hooker, George was the State Operations Manager (VIC) and National Franchise Manager at RAMS for 15 years. Prior to RAMS, George was employed with ANZ Bank in the capacity of State Operations Manager Corporate Leasing / Business Bank Manager for 12 years. George is the current National Operations Manager, LJ Hooker Home Loans.	23 Years	8 Years

3.2 A summary of the relevant business experience of the Franchisor for the past 10 years including,

- (a) length of experience in:
 - (i) operating a business that is substantially the same as that of the franchise; and

LJ Hooker Home Loans Pty Ltd was incorporated on 3 October 2003 and the Company commenced franchising in September 2004.
 - (ii) offering other franchises that are substantially the same as the franchise; and

Nil.

- (b) whether the franchisor has offered franchises for other businesses and, if so:
- (i) a description of each such business; and
 Nil
- (ii) for how long the franchisor offered franchises for each such business.
 N/A

4. Item 4 – Litigation

4.1 Details of:

- (a) current proceedings by a public agency, criminal or civil proceedings or arbitration, relevant to the franchise, against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, in Australia alleging:
- | | |
|--|------|
| (i) breach of a franchise agreement; or | None |
| (ii) contravention of trade practices law; or | None |
| (iii) contravention of the <i>Corporations Act 2001</i> ; or | None |
| (iv) unconscionable conduct; or | None |
| (v) misconduct; or | None |
| (vi) an offence of dishonesty. | None |
- (b) proceedings against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, other than for unfair dismissal of an employee, under:
- (i) section 12 of the *Independent Contractors Act 2006*; or
- (ii) a law of a State or Territory that regulates workplace relations or independent contractors.
- None

4.2 Whether the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, has been:

- (a) in the last 10 years - convicted of a serious offence or equivalent offence outside Australia; or
 No
- (b) in the last 5 years - subject to final judgment in civil proceedings for a matter referred to in paragraph 4.1(a)).
 No
- (c) in the last 10 years - bankrupt, insolvent, under administration or an externally administered body corporate in Australia or elsewhere.
 No

4.3 For items 4.1 and 4.2 - the following details (where relevant):

- (a) The names of the parties to the proceedings;
- (b) The name of the court, tribunal or arbitrator;
- (c) The case number;
- (d) The general nature of the proceedings;
- (e) The current status of the proceedings;
- (f) The date and content of any undertaking or order under section 87B of the *Competition and Consumer Act 2010*;
- (g) the penalty or damages assessed or imposed;
- (h) the names of the persons who are bankrupt, insolvent under administration or externally administered;
- (i) the period of the bankruptcy, insolvency under administration or external administration.

For any current proceedings disclosed in item 4.1(a):

The names of the parties to the proceedings	Not applicable
The name of the court, tribunal, or arbitrator	Not applicable
The case number	Not applicable
The general nature of the proceedings	Not applicable
The current status of the proceedings	Not applicable

For any proceedings disclosed in item 4.1(b) (where relevant):

The names of the parties to the proceedings:	Not applicable
The name of the court, tribunal, or arbitrator:	Not applicable
The case number:	Not applicable
The general nature of the proceedings:	Not applicable
The current status of the proceedings:	Not applicable
The date and content of any order or undertaking under section 87B of the <i>Competition and Consumer Act 2010</i>:	Not applicable
The penalty or damages assessed or imposed:	Not applicable
The names of the persons who were bankrupt, insolvent under administration or externally administered	Not applicable
The period of the bankruptcy, insolvency under administration or external administration	Not applicable

For any of the matters disclosed in item 4.2 (where relevant):

The names of the parties to the proceedings:	Not applicable
The name of the court, tribunal, or arbitrator:	Not applicable
The case number:	Not applicable
The general nature of the proceedings:	Not applicable
The current status of the proceedings:	Not applicable
The date and content of any order or undertaking under section 87B of the <i>Competition and Consumer Act 2010</i>:	Not applicable
The penalty or damages assessed or imposed:	Not applicable
The names of the persons who were bankrupt, insolvent under administration or externally administered	Not applicable
The period of the bankruptcy, insolvency under administration or external administration	Not applicable

4.4 The percentage of franchisees in the franchise system that were a party to a mediation, conciliation or arbitration process that was conducted, or was pending, in the previous financial year (whether the disputes to which the mediation, conciliation or arbitration processes relate were initiated by the franchisor or one or more franchisees).

0%

5. Payments to agents

5.1 For any agreement under which the franchisor must pay an amount, or give other valuable consideration, to a person who is not an officer, director or employee of the franchisor in connection with the introduction or recruitment of a franchisee – the name of the person.

First Contact Australia (Ben Pilley)

The franchisor reserves the right to enter into future agreements or arrangements with recruitment companies or individuals for the purpose of introducing or assisting with the recruitment of new franchisees and loan writers.

6. Item 6 – Existing franchisees

6.1 Number, sorted by State, Territory, Region, of:

- (a) existing franchised businesses; and
- (b) existing franchisees; and
- (c) businesses owned or operated by the franchisor or an associate of the franchisor in Australia that are substantially the same as the franchised business - NIL.

For details in response to 6.1 (a) and (b) - refer to the table in Schedule 1.

6.2 For each existing franchisee:

- (a) **business address, if this is not the franchisee's residential address; and**
- (b) **business phone number; and**
- (c) **year when the franchisee started operating the franchised business.**

Refer to the relevant table in Schedule 1.

6.3 However, if there are more than 50 franchises, the franchisor may instead give details under item 6.2 for all franchisees in the State, Territory, region or metropolitan area in which the franchise is to be operated.

Not applicable

6.4 For each of the last 3 financial years and for each of the following events - the number of franchised businesses for which the event happened:

- (a) **the franchise was transferred;**
- (b) **the franchised business ceased to operate;**
- (c) **the Franchise Agreement was terminated by the franchisor;**
- (d) **the Franchise Agreement was terminated by the franchisee;**
- (e) **the Franchise Agreement was not extended;**
- (f) **the franchised business was bought back by the franchisor;**
- (g) **the Franchise Agreement was terminated and the franchised business was acquired by the franchisor.**

Note - An event may be counted more than once if more than one paragraph applies to it.

Refer to the relevant table in Schedule 1.

6.5 Subject to subclause 32(1), the franchisor must supply, for each event mentioned in item 6.4, the name, location and contact details of each franchisee, if the information is available.

Subject to subclause 32(1), the name, location and contact details of each franchisee for each key event included in Item 6.4 above is set out in the Table in Schedule 2.

7. Item 7 – Master franchises

7.1 If the franchisor is also a sub franchisor – the master franchisor's:

- (a) **name;**
- (b) **address, or addresses, of registered office and principal place of business; and**
- (c) **ABN, ACN or ARBN (or foreign equivalent if applicable).**

Master Franchisor's Name	Address/es of registered office and principal place of business	ABN/ACN/ARBN (or foreign equivalent if applicable)
Not applicable	Not applicable	Not applicable

7.2 The name under which the master franchisor carries on business relevant to the franchise.

Not applicable

7.3 For each officer of the master franchisor – name, position held and qualifications (if any).

Name	Position Held	Qualifications
Not applicable	Not applicable	Not applicable

7.4 For each of the last 3 financial years and each of the following events – the number of:

- (a) franchise agreements terminated by the master franchisor;
- (b) franchise agreements terminated by the franchisor;
- (c) franchise agreements that were not extended by the master franchisor.

Note: an event may be counted more than once if more than one paragraph applies.

Financial year	Number of franchise agreements terminated by master franchisor	Number of franchise agreements terminated by the franchisor	Number of franchise agreements that were not extended by the master franchisor
Ending 30 June 2023	Not applicable	Not applicable	Not applicable
Ending 30 June 2022	Not applicable	Not applicable	Not applicable
Ending 30 June 2021	Not applicable	Not applicable	Not applicable

7.5 The following details about the master franchise:

- (a) the term of the franchise agreement, including the date that it began;
- (b) the territory of the franchise;
- (c) whether the franchise agreement may be renewed;
- (d) whether the term of the franchise agreement may be extended, and if so, any preconditions applying to an extension;
- (e) whether the scope of the franchise agreement may be extended;
- (f) whether the franchise agreement may be transferred, and if so, whether the franchisee is required to become a party to a franchise agreement with the transferee;
- (g) the grounds on which the franchise agreement may be terminated;
- (h) if the franchise agreement is terminated, how a sub franchisor’s franchise agreement with a franchisee is affected.

Item	Details
(i) term of franchise agreement (including begin date):	Not applicable
(j) territory of franchise:	Not applicable
(k) whether the franchise agreement may be renewed:	Not applicable
(l) whether the term can be extended, and if so, any preconditions:	Not applicable
(m) whether scope of franchise agreement can be extended:	Not applicable
(n) whether the franchise agreement can be transferred, and if so, whether the franchisee is required to become a party to a franchise agreement with the transferee:	Not applicable
(o) the grounds on which the franchise agreement may be terminated:	Not applicable
(p) if franchise agreement is terminated, how a sub franchisor's franchise agreement with a franchisee is affected:	Not applicable

8. Item 8 – Intellectual property

8.1 For any trade mark used to identify, and for any patent, design or copyright that is material to the franchise system (*intellectual property*):

(a) Description of the intellectual property:

	Description	Registration Date	Registration Number	Place of Registration
Trade Marks	See 8.1(c) below	See 8.1(c) below	See 8.1(c) below	See 8.1(c) below
Patents	Nil	Nil	Nil	Nil
Designs	Nil	Nil	Nil	Nil

	Description	Registration Date	Registration Number	Place of Registration
Copyright	Copyright in the Operations Manual and all other manuals, the software, LJ Hooker advertising materials and the know how used in, or forming part of the LJ Hooker franchise system. Copyright is not capable of being registered in Australia however copyright protection is afforded under the Copyright Act.	N/A	N/A	N/A
Confidential Information	Confidential information is not capable of being registered in Australia. It is protected by contractual obligations in the Franchise Agreement and the Operations Manual to maintain confidentiality.	N/A	N/A	N/A
Domain Names	www.ljhooker.com.au	N/A	N/A	Australia
	www.ljhooker.com	N/A	N/A	Australia
	www.ljhookerhomeloans.com.au	N/A	N/A	Australia

(b) Details of the franchisee's rights and obligations in connection with the use of the intellectual property:

The franchisee's rights and obligations in connection with the use of intellectual property are broadly set out in clauses 2.1, 2.3, 3.2, 4.3, 4.7, 4.11, 7.4, 7.8, 8.1, 11, 17.2, 19.2 and 23.14 of the Franchise Agreement. In summary, the franchisee must only use the intellectual property in accordance with the franchisor's instructions and directions; submit to the franchisor for approval all advertising material relating to the intellectual property; render reasonable assistance to the franchisor in relation to any matter affecting the protection of the intellectual property; and on termination or expiry of the Franchise Agreement immediately cease using the intellectual property and remove it from all materials (e-communications and printed materials) and places where the franchisee has displayed it.

Form of Intellectual property relevant to the system	Rights in relation to use	Obligations in relation to use
Trade marks	The franchisee is granted the right to use the trade marks in connection with the operation of the franchised business	Refer to clause 2.1 and 2.3 Franchise Agreement in relation to right to trade under the business name and obligations regarding its use.

Form of Intellectual property relevant to the system	Rights in relation to use	Obligations in relation to use
	The franchisee is granted the right to register and trade under the business name	Refer to clause 4.11 Franchise Agreement generally in relation to obligations attaching to the use of the intellectual property in the operation of the business
Patents	Not applicable	Not applicable
Designs	Not applicable	Not applicable
Copyright	The franchisee is given the right to access the Operations Manual to enable it to operate the franchised business in accordance with its standards and image	Clause 8 Franchise Agreement obliges the franchisee to comply with the terms of the Operations Manual and Franchise Agreement.
Confidential Information	The franchisee is given access to confidential information and the right to use it in the conduct of the business	Clause 23.15 Franchise Agreement obliges the franchisee to maintain the secrecy and confidentiality of all confidential information
All intellectual property	The franchisee must use the intellectual property in the manner prescribed by the franchisor	Clause 2.1, 2.3, 3.2, 4.3, 4.7, 4.11, 11, 17.2, 19.2 and 23.14 the Franchise Agreement sets out the obligations of the franchisee in relation to use of the intellectual property.


On expiration or termination of the Franchise Agreement, the right to use the Intellectual Property ceases and the franchisee is obliged to:

- (1) return all materials containing any of the Intellectual Property including the Operations Manual and any of the Confidential Information;
- (2) remove all signage, fixtures and fittings and promotional material from the premises; and
- (3) comply with various other obligations as detailed in the Franchise Agreement.

See, for example, clause 19.2 of the Franchise Agreement.

- (c) **Whether the intellectual property is registered in Australia, and if so, the registration date, registration number and place of registration:**

The following trademarks are registered (or pending) or registrable in Australia and are licensed under the Franchise Agreement:

Trademark	Classes	Registration number	Registration date	Status	Place of registration
Word – LJ HOOKER	35, 36	1183929	25/06/2007	Registered	Australia
Word - LJ HOOKER Image - 	16, 35, 36	1473399	08/02/2012	Registered	Australia

Trademark	Classes	Registration number	Registration date	Status	Place of registration
LJ Hooker Home Loans	16, 35, 36	1473402	08/02/2012	Registered	Australia
Make Dreams Happen LJ Hooker	16, 35, 36	1754882	25/02/2016	Registered	Australia

(d) Any judgment or pending proceedings that could significantly affect ownership or use of the intellectual property, including:

- (i) name of court or tribunal; and**
- (ii) matter number; and**
- (iii) summary of the claim or judgment.**

There are no judgments or pending proceedings that could significantly affect ownership or use of the above-described intellectual property. If there are any, they are disclosed below:

Description	Name of Court or Tribunal	Matter number	Summary of claim or judgment
Not applicable	Not applicable	Not applicable	Not applicable

(e) If the intellectual property is not owned by the franchisor - who owns it:

LJ Hooker Corporation Pty Limited (the **Licensor**) owns the LJ Hooker name and trademarks which is licensed to the Franchisor for the purpose of sub-licensing it to the franchisee.

(f) Details of any agreement that significantly affects the franchisor's rights to use, or to give others the right to use, the intellectual property including:

(i) parties to the agreement;

LJ Hooker Corporation Pty Limited, LJ Hooker Limited and L.J. Hooker Financial Services Pty Ltd (now known as LJ Hooker Home Loans Pty Ltd) are the parties to the LJ Hooker Name Licence Agreement.

(ii) nature and extent of any limitation;

Under the LJ Hooker Name Licence Agreement, the franchisor is granted a right to sub-license the 'LJ Hooker' name and 'Make Dreams Happen LJ Hooker' to the franchisees and to use the intellectual property in the operation of the franchised business and otherwise in accordance with the Franchise Agreement and Operations Manuals. The franchisor may grant to LJ Hooker Home Loans franchisees the right to use the intellectual property provided the franchisor is not in default of its obligations under the LJ Hooker Name Licence Agreement.

(iii) duration of the agreement;

The franchisor's rights under the LJ Hooker Name Licence Agreement are for an undefined term.

(iv) conditions under which the agreement may be terminated.

The franchisor's rights may be terminated by the Licensor if the franchisor becomes insolvent; the franchisor commits a breach of a material term of LJ Hooker Name Licence Agreement and fails to remedy it within 10 business days of notice by the Licensor; as a consequence of the sub-licencing arrangements entered into in reliance on the terms of LJ Hooker Name Licence Agreement the LJ Hooker name is brought into disrepute or change of control event occurs in the ownership of the franchisor.

8.2 The franchisor is taken to comply with item 8.1 for any information that is confidential if the franchisor gives:

- (a) a general description of the subject matter; and**
- (b) a summary of the conditions for use by the franchisee.**

See answers above

9. Item 9 – Franchise site or territory

9.1 Whether the franchise is:

- (a) for an exclusive or non-exclusive territory:**
- (b) limited to a particular site:**

The right to operate the franchise is for an exclusive territory, the Allocated Location. The franchisee is allocated a number of postcodes and is responsible for exclusively servicing the geographical area of each postcode and each LJ Hooker real estate office located within each postcode(s) subject to Minimum Performance Standards and Allocated Location Performance Standards being met. The office premises are chosen by the franchisee and approved by franchisor.

For the territory of the franchise:

Territory		Yes / No/ Details
(a)	Whether other franchisees may own or operate a business that is substantially the same as the franchised business.	Yes, but in a different Allocated Location.
(b)	Whether the franchisor or an associate of the franchisor may own or operate a business that is substantially the same as the franchised business	Yes, the Franchisor reserves the right to establish a business that is substantially the same as the franchised business.
(c)	Whether the franchisor or an associate of the franchisor may establish other franchises that are substantially the same as the franchise	No

(d)	Whether the franchisee may own or operate a business that is substantially the same as the franchise outside the territory of the franchise	Yes, but in a different Allocated Location.
(e)	Whether the franchisor may change the territory or site of the franchise, and if so, the circumstances in which such a change may occur	<p>Yes. The Franchisee may, from time to time at the discretion of the Company, be offered additional postcode(s) thereby expanding the Allocated Location. It is at the Franchisee's choice whether it wishes to accept the additional postcode(s).</p> <p>If the Franchisee is in breach of the Franchise Agreement and fails to remedy the breach pursuant to clause 5 of the Franchise Agreement then the Franchisor may, at its discretion, but not unreasonably, withdraw the Franchisee's right to service all or part of the Allocated Location by giving 30 days' written notice to the Franchisee.</p> <p>Postcodes are those used by Australia Post. Postcodes may be changed by Australia Post from time to time.</p>

10. Item 10 – Supply of goods or services to a franchisee

10.1 For the franchisor's requirements for supply of goods or services to a franchisee -details of:

(a) any requirement for the franchisee to maintain a level of inventory or acquire an amount of goods or services:

No minimum inventory is required. The franchisee must maintain all the insurance policies required under the Agreement during the Term except in the case of any group insurance policy established and administered by the franchisor for the benefit of the franchisees.

In addition, the franchisee is required to obtain training from the franchisor before commencing operations and when so directed by the Franchisor during the Term.

(b) restrictions on acquisition of goods or services by the franchisee from other sources:

The franchisee must recommend LJ Hooker Home Loan Products and approved panel lender Products to meet the Minimum Performance Standards set out in clause 3 of the Operations Manual. The franchisee is not permitted to utilise the services of any other aggregator. As at the date of this disclosure document, the Aggregator is Connective.

(c) ownership by the franchisor or an associate of the franchisor of an interest in any supplier from which the franchisee may be required to acquire goods or services:

Nil

(d) the obligation of the franchisee to accept goods or services from the franchisor, or from an associate of the franchisor:

The franchisee is required to obtain training from the franchisor before commencing operations and when so directed by the franchisor during the Term.

(e) the franchisor's obligation to supply goods or services to the franchisee:

The franchisor will supply the following goods and services to the franchisee:

- (i) Operations Manual
- (ii) Training; and
- (iii) Advertising material and services.

(f) whether the franchisee will be offered the right to be supplied with the whole range of the goods or services of the franchise:

The franchisee will be offered the right to be supplied with the whole range of products, including, LJ Hooker Home Loan Products and approved panel lender Products. However, this right is subject to the franchisee being in compliance with the terms and conditions of the Agreement and Credit Legislation.

(g) conditions under which the franchisee can return goods, and to whom:

The franchisee may return goods to the suppliers from whom they received the goods (as set out in their contracts with the suppliers). The franchisee may also have rights to return goods under the *Competition and Consumer Act 2010* (Cth) for any consumer guarantee that applies to those goods.

The franchisee may also return goods to the franchisor if they have been provided by the franchisor subject to the franchisee's rights under applicable law unless otherwise agreed in writing by the parties.

(h) conditions under which the franchisee can obtain a refund for services provided by the franchisor, and from whom:

Subject to any applicable consumer guarantee under the Australian Consumer Law, schedule 2 of the *Competition and Consumer Act 2010* (Cth).

In addition to the above, If the franchisee terminates the Agreement during the Cooling Off Period, the franchisor will, within 14 days, repay all money paid by the franchisee under the Agreement less reasonable costs and expenses incurred by the franchisor, which include the negotiation, preparation and execution of the Agreement and related documents, the costs to investigate the financial status, business experience and reputation of the franchisee and guarantors, any training, computer software and statutory fees in relation to the Business Name.

(i) whether the franchisor may change the range of goods or services, and if so, to what extent:

Yes. The franchisor may introduce new products as provided for in the definition of the word "Products" as listed in the Franchise Agreement.

(j) whether the franchisor, a master franchisor (if different from the franchisor), or an associate of the franchisor or master franchisor, will receive a rebate or other financial benefit from a supplier of goods or services to the franchisee; and:

If the franchisor or an associate of the franchisor currently receives a rebate or other financial benefit from the supply of goods or services to the franchisee the name of the business providing it will be disclosed in Schedule 3.

- (k) if the franchisor, master franchisor or associate will receive a rebate or other financial benefit described in paragraph (j) from one or more suppliers:
- (i) the nature of the rebate or other financial benefit received from each supplier; and
 - (ii) the name of each business providing the rebate or other financial benefit; and
 - (iii) the total amount of rebates or other financial benefits received in the previous financial year from each supplier, expressed as a single aggregate percentage of total group purchases from that supplier (not including any purchases made by units of the franchised business operated by the franchisor, master franchisor or associate); and

If the franchisor or an associate of the franchisor currently receives a rebate or other financial benefit from the supply of goods or services to the franchisee the nature of the rebate or other financial benefit, the name of the business providing it and the relevant percentage will be disclosed in Schedule 3.

- (l) whether a rebate or other financial benefit described in paragraph (j) is shared, directly or indirectly, with the franchisee; and

No.

- (m) if a rebate or other financial benefit described in paragraph (j) is shared directly or indirectly with the franchisee:

- (i) the method for working out how much of the rebate or other financial benefit is retained by the franchisor, master franchisor or associate, and how much is shared, directly or indirectly, with the franchisee, described by reference to a percentage of the rebate or other financial benefit, or another method for working out how much is retained, and how much is shared with the franchisee; and
- (ii) a description of each direct and indirect benefit received by the franchisee.

Not applicable, refer to item 10.1(l)

Note: Before a requirement is made under paragraph (b) or (c), the franchisor may notify, or seek authorisation from, the Australian Competition and Consumer Commission (see Part VII of the Act).

- 10.2 For the purposes of paragraphs 10.1(j) to (m), a rebate or other financial benefit does not include:

- (a) the price paid by the franchisee, or a part of that price, for the supply of goods or services by the franchisor, master franchisor or associate; or
- (b) any incentive or other financial benefit that the franchisor, master franchisor or associate is entitled to receive in connection with a lease of premises or the franchisee's right to occupy premises.

- 10.3 The franchisor is not required to disclose the details referred to in subparagraph 10.1(k)(iii) in relation to a supplier if:

- (a) the franchisee is permitted to acquire goods or services from sources other than the franchisor without the franchisor's approval; or

- (b) **the whole of the rebate or other financial benefit that will be received by the franchisor, master franchisor or associate from that supplier is to be returned to the franchisee directly as a payment into a cooperative fund controlled or administered by or for the franchisor.**

11. Item 11 – Supply of goods or services by a franchisee

11.1 For the franchisor's requirements for supply of goods or services by a franchisee - details of:

- (a) **Restrictions on the goods or services that the franchisee may supply:**

Services are restricted to what the Franchise Agreement authorises the franchisee and their loan writers to perform.

- (b) **Restrictions on the persons to whom the franchisee may supply goods or services:**

There are no restrictions on the persons to whom the franchisee may supply goods or service other than those imposed as a consequence of the application of Credit Legislation, Anti-Money Laundering and Counter-Terrorism Funding Act 2006 and verification of identity requirements in relevant legislation.

- (c) **Whether the franchisee must supply the whole range of the goods or services of the franchise?**

Yes for the franchise granted.

Note: Before a requirement is made under paragraph (a) or (b), the Franchisor may notify, or seek authorisation from, the Australian Competition and Consumer Commission (See Act, Part VII)

12. Item 12 – Supply of goods or services – online sales

12.1 Details of whether the franchisee may make available online:

- (a) **goods of the same type or brand; or**
 (b) **services of the same type.**

Presently not applicable as home loans are not offered online. However, home loan products may be advertised on-line by the franchisor and franchisees can provide credit assistance to customers utilising online capabilities.

12.2 If goods or services may be made available online by the franchisee, the following information:

- (a) whether the Franchise Agreement restricts, or places conditions on, the franchisee’s ability to make those goods and services available online;
- (b) whether goods or services may be made available via a third party website, and if so, specified restrictions or conditions by the franchisor on the franchisee’s use of a third party website;
- (c) the extent to which those goods or services may be supplied outside the territory of the franchise.

Can the franchisee make available goods online?	No	
Can the franchisee make available services online?	No Refer to item 12.1	
If so:		
(a) Whether the Franchise Agreement restricts, or places conditions on, the franchisee’s ability to make those goods and services available online	(b) Whether goods or services may be made available via a third party website, and if so, specified restrictions or conditions by the franchisor on the franchisee’s use of a third party website	(c) The extent to which those goods or services may be supplied outside the territory of the franchise
Not applicable	Not applicable	Not applicable

12.3 Details of whether:

- (a) the franchisor or an associate of the franchisor; or
- (b) other franchisees;

makes, or expects to make, goods or services available online.

Does the franchisor make, or expect to make, goods or services available online?	Yes, the Franchisor will advertise its home loan products and the services of franchisees online.
Does an associate of the franchisor make, or expect to make, goods or services available online?	No
Do other franchisees make, or expect to make, goods or services available online?	No - see above

12.4 If goods or services are made, or are expected to be made, available online by the franchisor, an associate of the franchisor or other franchisees, the following information:

- (a) the extent to which those goods or services may be supplied in the territory of the franchise;
- (b) in the case of goods or services made available via a third party website—the domain name or URL of the third party.

If goods or services are made, or are expected to be made, available online by the following parties, details of:

Party	(a) the extent to which those goods or services may be supplied in the territory of the franchise	(b) in the case of goods or services made available via a third party website—the domain name or URL of the third party website
Franchisor	Advertising and digital marketing	https://www.ljhookerhomeloans.com.au
Associate of the Franchisor	Not Applicable	Not Applicable
Other franchisees	Not Applicable	Not Applicable

12.5 Details of any profit sharing arrangements that apply in relation to goods or services made available online and would affect the franchisee, and whether these arrangements may be unilaterally changed by the franchisor.

Nil.

13. Item 13 – Sites or territories

13.1 The policy of the franchisor, or an associate of the franchisor, for selection of as many of the following as are relevant:

(a) the site to be occupied by the franchised business;

This is entirely at the franchisees discretion however approval is required by the franchisor. Please refer to section 17 of the Operations Manual for further details regarding the site selection process.

(b) the territory in which the franchised business is to operate.

These are based on postcodes where the Franchisor wishes the Franchisee to establish a business to exclusively service customers within the Allocated Location as set out in Schedule “C” of the Franchise Agreement.

13.2 Details of whether the territory or site to be franchised has, in the previous 10 years, been subject to a previous franchise granted by the franchisor, and if so, details of the franchised business, including the circumstances in which the previous franchisee ceased to operate.

As of Financial Year 2017 the franchised territory, the Allocated Location, is determined by reference to Australia Post postcodes. Previously the Allocated Locations were determined by reference to the location of LJ Hooker Real Estate franchised offices that were exclusively serviced by the Franchisee. Schedule 4 sets out information across the past 10 years pertaining to Allocated Locations that may include all or part of the territory to be franchised to the franchisee but may not exactly match the particular Allocated Location of the Franchisee.

Please see Schedule 4 for this information.

13.3 Details of whether the franchisor, or an associate of the franchisor, has an interest in a lease that will be used for the operation of the franchised business, including an interest as a landlord or head lessee, or another interest disclosed under clause 13 of this code.

The franchisor does not have an interest in any proposed lease relating to the franchise business.

13.4 The details mentioned in items 13.2 and 13.3 must be provided:

- (a) in a separate document; and
- (b) with the disclosure document.

Not applicable - see 13.3 above.

Please see Schedule 4 for this information.

14. Item 14 – Other payments

Prepayments

14.1 If the franchisor requires a payment before the Franchise Agreement is entered into - why the money is required, how the money is to be applied and who will hold the money:

- | | | |
|-----|--------------------------------|--|
| (a) | why the money is required | An application fee of \$16,500.00 inclusive of GST to assist with the processing and entry into the Franchise Agreement. |
| (b) | how the money is to be applied | The fee is applied to the establishment of the franchise as follows;

Franchise Fee \$16,500.00 |
| (c) | who will hold the money | The payment is held by LJ Hooker Home Loans Pty Ltd. |

As well as the payments that are to be made to the franchisor, the franchisee should be aware that there are many other expenses associated with operating a franchise. The franchisor cannot estimate what those expenses might be. To a large extent it depends on the scale of the franchisee’s operations.

14.2 The conditions under which a payment will be refunded.

If the franchisee does not wish to proceed with the franchise after it has signed the Franchise Agreement or paid non-refundable money to the franchisor then it is entitled during the fourteen day cooling off period to give notice to the franchisor terminating the Franchise Agreement.

If it does terminate then the Franchisor is entitled to retain part of the deposit equal to the franchisor’s legal costs and its actual and administrative costs of interviewing, investigating and selecting the franchisee and the costs of the franchisor for any training provided to the franchisee.

Except for a termination by the franchisee during the cooling off period, if the Franchise Agreement is terminated, or expires, there is no refund of any of the fees paid. If the transaction involves a transfer or renewal, then there is no refund for the fees payable on the transfer or renewal of a franchise.

Establishment costs

14.3 Details of the range of costs to start operating the franchised business, based on current practice, for the following matters:

- (a) **real property, including property type, location and building size;**
- (b) **equipment, fixtures, other fixed assets, construction, remodelling, leasehold improvements and decorating costs;**
- (c) **inventory required to begin operation;**
- (d) **security deposits, utility deposits, business licences, insurance and other prepaid expenses;**
- (e) **additional funds, including working capital, required by the franchisee before operations begin;**
- (f) **other payments by a franchisee to begin operations.**

The information for items 14.3, 14.4 and 14.5 is set out in Table 1 of Schedule 5.

14.4 For item 14.3, the details for each payment must include:

- (a) **description of the payment; and**
- (b) **amount of the payment or the formula used to work out the payment; and**
- (c) **to whom the payment is made; and**
- (d) **when the payment is due; and**
- (e) **whether the payment is refundable and, if so, under what conditions.**

The information for items 14.3 and 14.4 is set out in Table 1 of Schedule 5.

14.5 For item 14.4, if the amount of the payment cannot easily be worked out – the upper and lower limits of the amount.

The information includes where the amount cannot easily be worked out an upper and lower limit. In some cases however it is impossible to estimate.

Other payments

14.6 For each recurring or isolated payment payable by the franchisee to the franchisor or an associate of the franchisor or to be collected by the franchisor or an associate of the franchisor for another person:

- (a) **description of the payment; and**
- (b) **amount of the payment or the formula used to work out the payment; and**
- (c) **to whom the payment is made; and**
- (d) **when the payment is due; and**
- (e) **whether the payment is refundable and, if so, under what conditions.**

The information for item 14.6 is set out in Table 2 of Schedule 5.

14.7 For each recurring or isolated payment, that is within the knowledge or control of the franchisor or is reasonably foreseeable by the franchisor, that is payable by the franchisee to a person other than the franchisor or an associate of the franchisor:

- (a) a description of the payment;
- (b) the amount of the payment or formula used to work out the payment;
- (c) to whom the payment is made;
- (d) when the payment is due;
- (e) whether the payment is refundable, and if so, under what conditions.

The information for items 14.7 is set out in Table 3 of Schedule 5.

14.8 For item 14.6 or 14.7, if the amount of the payment cannot be easily determined an estimate of the upper and lower limit of the amount is used above.

The information includes where the amount cannot easily be determined an estimate of the upper and lower limit.

14.9 If 2 or more items 14.1, 14.3 and 14.6 apply to a payment, the information required by those items in relation to that payment need be set out only once.

Refer to items 14.1, 14.3 and 14.6 above.

14.10 To avoid doubt, this item covers a payment of significant capital expenditure.

The franchisee must at its cost and expense (which may be a significant capital expense), comply with modifications, changes, additions, deletions, substitutions and alterations; provided however, that such changes shall not materially and unreasonably increase the obligations under the Franchise Agreement.

The franchisee should also refer to clause 30 of the Code which outlines the circumstances in which the franchisor is able to require franchisees to incur an expense which may be a significant capital expenditure. The Tables in Schedule 5 above may outline payments of significant capital expenditure required to be incurred by the franchisee during the term or at the end of the term on a renewal, extension or entering into a new agreement. It may not be possible to predict exactly the amount of that expenditure and a high / low range may be provided where possible.

There may also be additional obligations in the Franchise Agreement that require the franchisee to expend significant capital expenditure (in addition to these amounts disclosed) in certain circumstances including those outlined in clause 30 of the Code.

15. Item 15 - Marketing fund or other cooperative funds

15.1 For each marketing fund or other cooperative fund, controlled or administered by or for the franchisor, or a master franchisor to which the franchisee may be required to contribute, the following details:

- (a) **The kinds of person who contribute to the fund (for example, franchisee, franchisor, outside supplier):**

There is no requirement to contribute to a marketing fund. Please see answer to Item 15.1(g) below.

- (b) How much the franchisee must contribute to the fund and whether other franchisees contribute at a different rate:**

Not applicable.

- (c) Who controls or administers the fund:**

Not applicable.

- (d) Whether the fund is audited, and if so, by whom and when:**

Not applicable.

- (e) How the fund's financial statements can be inspected by franchisees:**

Not applicable.

- (f) The kinds of expenses for which the fund may be used:**

Not applicable

- (g) the fund's expenses for the last financial year, including the percentage spent on production, marketing, administration and other stated expenses:**

Expense	Amount (AU\$)	Percentage
Production	N/A	N/A
Advertising	N/A	N/A
Administration	N/A	N/A
Other state expenses	N/A	N/A
Total	N/A	N/A

- (h) whether the franchisor, master franchisor or an associate of either of them supplies goods or services for which the fund pays and if so, details of the goods or services:**

Not applicable.

- (i) whether the franchisor or master franchisor must spend part of the fund on marketing or promoting the franchisee's business.**

Not applicable.

16. Item 16 – Financing

- 16.1 The material conditions of each financing arrangement that the franchisor, its agent or an associate of the franchisor offers to the franchisee for establishment or operation of the franchised business.**

The franchisor or any agent or associate of the franchisor does not offer any form of financing to franchisees or prospective franchisees for the establishment or operation of the franchised business.

- 16.2 For Item 16.1, the material conditions of a financing arrangement include the following:**

- (a) any requirement that the franchisee must provide a minimum amount of unborrowed working capital for the franchised business;
- (b) any requirement that a franchisee must meet a stated debt to equity ratio in relation to the franchised business.

The franchisor recommends that the franchisee has sufficient equity to fund the working capital requirements for the franchise business which will depend upon the turnover, profitability and trading results of the franchisee's franchise business.

The franchisor recommends that the franchisee should obtain, before entering into the Franchise Agreement or any other financial commitment, independent accounting, legal and business advice on the present or future working capital requirements for the franchised business.

The franchisor has not determined a minimum amount of working capital (borrowed or otherwise) that a prospective franchisee or existing franchisee will require for the set-up, development, acquisition or operation of the franchised business. The franchisor does not require a prospective or existing franchisee to meet a stated debt to equity ratio in relation to the franchised business. It is up to a prospective or existing franchisee to provide the working capital required for the setup, development, acquisition or operation of a franchised business.

17. Item 17 – Unilateral variation of the Franchise Agreement

- 17.1 The circumstances in which the franchisor has unilaterally varied a franchise agreement in the last 3 financial years (including, if applicable, financial years before this code came into force), other than variations of a minor nature.**

Financial year 2023	Financial year 2022	Financial year 2021
Nil	Nil	Nil

- 17.2 The circumstances in which the Franchise Agreement may be varied, unilaterally, by the franchisor in the future.**

The franchisor does not normally vary any existing franchise agreement unilaterally although some fees and charges may increase in accordance with the provisions of the Franchise Agreement.

However the franchisor does regularly review and update its standard form of Franchise Agreement that it offers to prospective franchisees for a new grant or to existing franchisees for a renewal or transfer of an existing franchise. The franchisor does have the right to unilaterally determine the provisions of that Franchise Agreement.

The franchisor may amend the Operations Manual throughout the term of the franchise. Whilst the Operations Manual does not form part of the Franchise Agreement its terms are essential and must be complied with by the franchisee. As a result, the franchisor has and always will have the right to unilaterally vary the Operations Manual.

17A. Arbitration of disputes

- 17A.1 Whether the franchise agreement provides for arbitration of disputes in a manner consistent with Subdivision C of Division 3 of Part 4.**

No applicable. The franchise agreement does not contain an arbitration clause.

17B. Ways of ending the franchise agreement early**17B.1 A summary of the rights the franchisor has under the franchise agreement to terminate the franchise agreement before it expires, and the circumstances in which those rights may be exercised**

Pursuant to clause 17.1 of the franchise agreement, the franchisor may terminate the franchise agreement on 7 days written notice of termination to the franchisee if any of the events specified in clause 17.1 occur.

Pursuant to clause 17.2 of the franchise agreement, the franchisor may terminate the franchise agreement where the franchisee breaches any of its material obligations under the franchise agreement and fails to remedy within 30 days after the franchisor gives the franchisee written notice specifying that the franchisor intends to terminate the franchise agreement for breach, what the franchisor requires the franchisee to do to remedy the breach.

17B.2 A summary of the rights the franchisee has under the franchise agreement to terminate the franchise agreement before it expires, and the circumstances in which those rights may be exercised

The franchisee is not permitted to terminate the franchise agreement before it expires under the franchise agreement, unless the agreement is a new franchise agreement and the franchisee has 'cooling off' rights which must be exercised within 14 days of the franchisee entering into the agreement. However, the franchisee is permitted to propose an early termination of the franchise agreement in accordance with clause 26B of the Franchising Code of Conduct.

18. Item 18 - Term of agreement and arrangements to apply at the end of the franchise agreement**18.1 Details of arrangements to apply at the end of the franchise agreement, including:**

- (aa) the terms of the franchise agreement; and**
- (a) whether the prospective franchisee will have an option to:**
 - (i) renew the Franchise Agreement; or**
 - (ii) enter into a new Franchise Agreement; and**
- (b) whether the prospective franchisee will be able to extend the term of the Franchise Agreement, and if so, the processes the franchisor will use to determine whether to extend the term of the Franchise Agreement; and**
- (c) if the prospective franchisee will have an option to renew the Franchise Agreement—whether the prospective franchisee will be entitled to compensation at the end of the agreement if it is not renewed and, if so, how that compensation will be determined; and**
- (d) details of the arrangements that will apply to unsold stock, marketing material, equipment and other assets purchased when the Franchise Agreement was entered into, including:**
 - (i) whether the franchisor will purchase the stock, marketing material, equipment and other assets; and**

- (ii) **if the franchisor is to purchase the stock, marketing material, equipment and other assets—how prices will be determined; and**
- (e) **whether the prospective franchisee will have the right to sell the business at the end of the Franchise Agreement; and**
- (f) **if the prospective franchisee will have the right to sell the business at the end of the Franchise Agreement—whether the franchisor will have first right of refusal, and how market value will be determined; and**
- (fa) **the prospective franchisee’s rights relating to any goodwill generated by the franchisee (including, if the franchisee does not have a right to any goodwill, a statement to that effect); and**
- (g) **whether the franchisor will consider any significant capital expenditure undertaken by the franchisee during the Franchise Agreement, in determining the arrangements to apply at the end of the Franchise Agreement and**
- (h) **whether the franchise agreement includes a restraint of trade or similar clause.**

This information is transaction specific and it has been set out in Schedule 7.

- 18.2 Details of whether the franchisor has, in the last 3 financial years, considered any significant capital expenditure undertaken by franchisees, in determining the arrangements to apply at the end of Franchise Agreements between the franchisor and those franchisees.**

This information is transaction specific and it has been set out in Schedule 7.

- 18.3 If the franchisee does not have the option to renew the Franchise Agreement the following statement must be included in bold 12 point type:**

The franchisee does not have an option to renew the Franchise Agreement. At the end of the Franchise Agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the Franchise Agreement ends and the franchisee no longer has a right to carry on the franchised business.

This information is transaction specific and it has been set out in Schedule 7.

- 18.4 If the franchisee cannot extend the term of the Franchise Agreement the following statement must be included in bold 12 point type:**

The franchisee cannot extend the term of the Franchise Agreement. At the end of the Franchise Agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not do so, the Franchise Agreement ends and the franchisee no longer has a right to carry on the franchised business.

This information is transaction specific and it has been set out in Schedule 7.

- 18.5 If the franchisee:**

- (a) **does not have the option to renew the Franchise Agreement; and**
- (b) **cannot extend the term of the Franchise Agreement,**

the following statement must be included in bold 12 point type:

The franchisee does not have the option to renew the Franchise Agreement and cannot extend the term of the Franchise Agreement. At the end of the Franchise Agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the Franchise Agreement ends and the franchisee no longer has a right to carry on the franchised business.

This information is transaction specific and it has been set out in Schedule 7.

19. Item 19 - Amendment of Franchise Agreement on transfer of franchise

19.1 Whether the franchisor will amend (or require the amendment of) the Franchise Agreement on or before the transfer of the franchise.

Yes. In order to effect a transfer of the business, the new franchisee will be required to sign the franchisor's then current franchise agreement.

20. Item 20 - Earnings information

20.1 If the franchisor proposes to give earnings information, the franchisor must give it in the disclosure document or in a separate document attached to the disclosure document.

Earnings information is not given refer to Item 20.1A, 20.2, 20.2A and 20.3.

20.1A If the franchisor gives earnings information to a prospective transferee or a franchisee before giving the prospective franchisee or franchisee a copy of the disclosure document relating to the franchise, the franchisor must also give the prospective franchisee or franchisee earnings information in the disclosure document or an attachment to it.

Not applicable as earnings information is not given.

20.2 Earnings information includes the following information:

- (a) historical earnings data for:**
 - (i) the franchised business; or**
 - (ii) a franchise in the franchise system;**
- (b) if subparagraph (a)(ii) applies – any differences between the franchise in the franchise system and the franchised business;**
- (c) projected earnings for the franchised business and the assumptions on which those projections are based;**
- (d) any other information from which historical or future earnings information of the franchised business can be assessed.**

Not applicable as earnings information is not given

20.2A If earnings information is given by the franchisor in the disclosure document or an attachment to it—the following statement:

To the best of the franchisor's knowledge, the earnings information given is accurate (other than particular earnings information specified in the document as earnings information that the franchisor knows is not accurate).

Not applicable as earnings information is not given.

20.3 If earnings information is not given — the following statement:

The franchisor does not give earnings information about an LJ Hooker Home Loans franchise.

Earnings may vary between franchisees and accordingly the franchisor cannot estimate earnings for a particular franchise.

The franchisor does not give earnings information about existing franchisees.

Earnings may vary between franchisees and accordingly the franchisor cannot estimate earnings for a particular franchise.

Due to the nature of the franchised business, earnings are highly dependent on a franchisee's own effort and ability.

If the business to be acquired by the franchisee involves an existing going concern then turnover figures may be provided by the owner of that Business. This does not mean that the franchisor has vetted or audited the figures to substantiate whether they give a true and correct view of the financial position of that business.

The franchisor is not liable for, nor responsible to you or anyone else for any earnings information supplied by third parties. If the franchisor does provide earnings information then that information is supplied to you on the qualifications and disclaimers contained in this Prior Representation Deed. The information is confidential and given to potential franchisees on the basis that it must be returned if you do not proceed.

The franchisor does not furnish or authorise its directors, employees or agents to give any oral or written information concerning the actual or potential sales, costs, income or profits of a franchised business.

Actual results vary from territory to territory and the franchisor cannot estimate the results of any particular franchised territory, site or Allocated Location.

Earnings and/or profits, if any, of any franchised business are the franchisees responsibility. Directors, employees and agents of the franchisor, associates of the franchisor and franchisees are not authorised to make any claims, statements or representations as to the prospects or chances of success that franchisees can expect.

The franchisor may give out information of past or current achievements of its franchisees when authorised to do so by those franchisees. However, you may wish to speak to existing franchisees (if any) to make your own investigations. The franchisor is not responsible for any, claims, statements or representations made by its franchisees and no authority is conferred upon them to make claims, statements or representations on behalf of the franchisor.

The franchisor does not guarantee your success. You are in business for yourself not by yourself. You may need to spend more to promote or operate your franchised business than other franchisees. We suggest that you seek independent accounting and business advice before you proceed.

You should prepare a business plan and at least consider what will happen to you if your business is not profitable or your business is required to be closed.

There are many factors that affect or may affect the success or otherwise of a franchised business. Some of these factors are within the franchisor's or your control. Others are within the control of third parties such as governments, councils, landlords and financiers.

20.4 Earnings information that is a projection or forecast must include the following details:

- (a) the facts and assumptions on which the projection or forecast is based;
- (b) the extent of enquiries and research undertaken by the franchisor and any other compiler of the projection or forecast;
- (c) the period to which the projection or forecast relates;
- (d) an explanation of the choice of the period covered by the projection or forecast;
- (e) whether the projection or forecast includes depreciation, salary for the franchisee and the cost of servicing loans;
- (f) assumptions about interest and tax.

Not applicable.

21. Item 21 - Financial details

21.1 A statement of the franchisor's solvency that:

- (a) reflects the franchisor's position:
 - (i) at the end of the last financial year; or
 - (ii) if the franchisor did not exist at the end of the last financial year – at the date of the statement; and
- (b) is signed by at least one director of the franchisor; and
- (c) gives the directors' opinion as to whether there are reasonable grounds to believe that the franchisor will be able to pay its debts as and when they fall due.

I certify that as at the end of the last financial year of the franchisor ending on 30 June 2023, it is the opinion of the directors of the franchisor that there were reasonable grounds to believe that the franchisor was able to pay its debts as and when they fall due.

 Director of the franchisor

21.2 Financial reports for each of the last two completed financial years that have been prepared by the franchisor in accordance with sections 295 to 297 of the *Corporations Act 2001*, or the foreign equivalent of that Act applicable to the franchisor, prepared by the franchisor.

Financial Reports are provided at Annexure C

21.3 If:

(a) the franchisor is part of a consolidated entity that is required to provide audited financial reports under the *Corporations Act 2001*, or a foreign equivalent of that Act applicable to the consolidated entity; and

(b) a franchisee requests those financial reports;

financial reports for each of the last two (2) completed financial years, prepared by the consolidated entity.

Not applicable.

21.4 Item 21.2 and 21.3 do not apply if:

(a) the statement under 21.1 is supported by an independent audit provided by:

(i) a registered company auditor; or

(ii) if the franchisor is a foreign franchisor - a foreign equivalent for that franchisor;

within 4 months after the end of the financial year to which the statement relates; and

(b) a copy of the independent audit is provided with the statement under item 21.1.

The director's solvency declaration and financial reports are provided at Annexure C.

21.5 If the franchisor or consolidated entity (the *entity*) has not existed for 2 or more financial years, then instead of providing the financial reports mentioned in item 21.2 or 21.3, the following:

(a) a statutory declaration of the entity's solvency;

(b) an independent audit report on the entity's solvency as at the date of the entity's declaration.

Not applicable, the franchisor has existed for more than two financial years.

21.6 If the franchisor or consolidated entity (the *entity*) was insolvent in either or both of the last 2 completed financial years, the following:

(a) a statement of the period during which the entity was insolvent;

(b) a statutory declaration of the entity's solvency;

(c) an independent audit report on the entity's solvency as at the date of the entity's declaration.

Not applicable as the franchisor was not insolvent in either or both of the last two completed financial years.

22. Item 22 - Updates

22.1 Any information to be given under clause 17 of the Code that has changed between the date of the Disclosure Document and the date the Disclosure Document is given under the Code.

The Code requires the franchisor to give notice to franchisees and prospective franchisees under clause 17(2) of the Code if certain materially relevant facts (as described in clause 17(3) of the Code) change. If there has been any change, it will be listed in Schedule 6.

That notice must be given within 14 days of the Directors of the franchisor becoming aware of that change.

23. Item 23 – Receipt

23.1 On the last page of the disclosure document:

- (a) a statement to the effect that the prospective franchisee may keep the disclosure document; and**
- (b) a form on which the prospective franchisee can acknowledge receipt of the disclosure document.**

The prospective franchisee is entitled to keep this disclosure document.

A form on which the prospective franchisee can acknowledge receipt of the disclosure document is attached.

Item 23 – Receipt

Acknowledgement of receipt of disclosure document

Statements required under Item 23:

The franchisee or prospective franchisee may keep this disclosure document.

The franchisee or prospective franchisee acknowledges receipt of this Disclosure Document by signing and completing the form below and returning it to the franchisor.

The franchisee acknowledges receipt from the franchisor of a copy of this Disclosure Document, current as at 27th September 2023, including the following annexures:

- (1) Annexure A - Franchising Code of Conduct;
- (2) Annexure B - Franchise Agreement;
- (3) Annexure C – Financial Reports;
- (4) Annexure D- Acknowledgement of receipt of Disclosure Document.

<p>Please complete the table below and return one copy of the receipt to the franchisor. The franchisee may retain a copy of the receipt. The signing of the receipt does not oblige the franchisee to proceed with the acquisition of an LJ Hooker Home Loans franchise. Signed by or on behalf of the franchisee or the prospective franchisee:</p>	<p>Sign Here:</p> <p>Sign Here:</p>
<p>Print full name of the actual franchisee or prospective franchisee that intends to enter into the agreement in full (including the name of any trust and its ACN or ABN):</p>	<p>Name:</p> <p>ACN/ABN:</p>
<p>Print full names and circle appropriate designation of person signing (e.g. John Smith - Sole Director)</p>	<p>Name:</p> <p>Designation: *Director/ Sole Director/ Partner/ Individual Trustee</p> <p>Name:</p> <p>Designation: *Director/ Secretary/ Partner/ Individual Trustee</p>
<p>Date of Receipt:</p>	<p>___/___/___</p>
<p>Time of Receipt:</p>	<p>: AM/PM</p>
<p>Manner of Receipt:</p>	

<p>(* Circle correct answer or insert other method)</p>	<p>Received by: *Email/ Mail/ Courier/ Hand delivery or collection Other method:</p>
<p>Consent to electronic communications between franchisee and franchisor.</p>	<p>Name:</p> <p>Designation: *Director/ Sole Director/ Partner/ Individual Trustee</p> <p>Name:</p> <p>Designation: *Director/ Secretary/ Partner/ Individual Trustee</p>

[Note: If you are signing on behalf of a corporate franchisee then insert the names of the Directors signing and their office (e.g. Director or Sole Director) designation. If more than one Director or partner then all must sign.]

THIS PAGE MUST REMAIN IN THE DISCLOSURE DOCUMENT BUT THE PROSPECTIVE FRANCHISEE MUST ALSO SIGN AND COMPLETE IT AND RETAIN IT FOR ITS RECORDS. USE THE FORM CONTAINED IN ANNEXURE E

Schedule 1 - Items 6.1, 6.2 and 6.4 - Current and former franchisee's key details

Item 6.1 - Number of existing franchised businesses, franchisees and businesses operated by the franchisor or an associate

The Table below contains information about the franchisees of the franchisor as at the date of the Disclosure Document being the number sorted by State of existing franchised businesses, existing franchisees and businesses owned and operated by the franchisor or an associate of the franchisor in Australia that are substantially the same as the franchised business:

HOMELOANS:

State or Territory	Existing franchised businesses	Existing franchisees	Businesses owned or operated by the franchisor or an associate of the franchisor that are substantially the same as the franchised business
ACT	1	1	Nil
New South Wales	14	14	Nil
Northern Territory	1	1	Nil
Queensland	6	8	Nil
South Australia	3	2	Nil
Tasmania	1	1	Nil
Victoria	5	6	Nil
Western Australia	0	0	Nil
Total	31	33	Nil

Item 6.2

Table of current franchisees and their contact details:

Australian franchises are listed on the following pages. The date the current agreement commenced is listed. Should the franchisee or prospective franchisee require additional information on individual franchises listed, LJ Hooker Home Loans Pty Ltd is only too pleased to provide that information on request.

State:	Office:	Franchisee:	(a) business address, if this is not the franchisee's residential address	(b) business phone number	(c) year when the franchise started
ACT	LJ Hooker Home Loans ACT	Empire3 Lending Pty Ltd	1063 Frogmore Road, Frogmore NSW 2586	0409 524 471	2021
NSW	LJ Hooker Home Loans Northern Beaches	Mickley Investments Pty Ltd ATF The Mickley Family Trust	13a Carrington Ave, Cromer NSW 2099	0418 499 857	2017
NSW	LJ Hooker Home Loans NSW Hills District	Nican Media Solutions Pty Ltd		0404 161 940	2017
NSW	LJ Hooker Home Loans Sydney Eastern Suburbs	Eric Greening Financial Services Pty Ltd	1/19 Sutherland Crescent, Darling Point NSW 2027	0407 346 269	2018
NSW	LJ Hooker Home Loans Sydney Cumberland	Pax Mortgages Pty Ltd	Level 7, 44 Miller Street, North Sydney NSW 2060	0425 333 282	2018
NSW	LJ Hooker Home Loans Northern Districts	Pax Mortgages Pty Ltd	Level 7, 44 Miller Street, North Sydney NSW 2060	0425 333 282	2018
NSW	LJ Hooker Home Loans Newcastle & Hunter Region	Australian Capital Developments Pty Ltd		0411 221 565	2018
NSW	LJ Hooker Home Loans North Shore	Yao Mortgage Pty Ltd	Suite 401, Level 4, 2 Help Street, Chatswood NSW 2067	0433 338 906	2018
NSW	LJ Hooker Home Loans Gosford NSW	Lisamc Pty Ltd		02 4323 3133	2019
NSW	LJ Hooker Home Loans Sydney Penrith	Organised Finance Pty Ltd		0403 587 887	2021
NSW	LJ Hooker Home Loans Sydney Outer West	Finance and Computer Technology Pty Ltd		0400 862 547	2022
NSW	St George / Sutherland	EGT & Associates Pty Ltd		0414 717 634	2023

NSW	Sydney Inner West	RHSS Pty Ltd		0425 602 890	2023
NSW	Macarthur	Fortune Lending Pty Ltd		0468 882 608	2023
NSW	Sydney South West	Devine Lending Pty Ltd		0424 060 587	2023
QLD	LJ Hooker Home Loans Ipswich and Toowoomba	Marks Financial Group Pty Ltd ATF The Marks Family Trust		0421 962 271 0423 744 307	2019
QLD	LJ Hooker Home Loans Brisbane Bayside	BWG Financial Pty Ltd		0432 067 180	2020
QLD	LJ Hooker Home Loans Gold Coast	TL Home Loans Pty Ltd		0404 046 193	2021
QLD	LJ Hooker Home Loans Far North QLD	Darren John Cordingley & Kylie Jane Cordingley ATF The Cordingley Family Trust		0408 017 148	2021
QLD	LJ Hooker Home Loans Brisbane East	My Financial Security Pty Ltd ATF The Lewis Asset Holdings Trust		0416 881 812	2022
QLD	LJ Hooker Home Loans Sunshine Coast & Wide Bay	Outstanding Home Loans Pty Ltd ATF OHL Trust		0412 975 001	2023
NT	LJ Hooker Home Loans Northern Territory	MESCP Pty Ltd		0406 065 747	2022
SA	LJ Hooker Home Loans Adelaide Central	Financial Ventures Pty Ltd	Level 1, 152 King William Road, Hyde Park SA 5061	0403 005 030	2020
SA	LJ Hooker Home Loans Hills & Country	Financial Ventures Pty Ltd	Level 1, 152 King William Road, Hyde Park SA 5061	0403 005 030	2020
SA	LJ Hooker Home Loans Adelaide North	Howden Finance Pty Ltd ATF The Howden Finance Trust		0488 988 418	2023
TAS	LJ Hooker Home Loans Tasmania North	Mary Broadhurst Finance Brokers Pty Ltd		0427 062 167	2022
VIC	LJ Hooker Home Loans Melbourne East	Aspirations Infinite Pty Ltd		0434 083 848	2019
VIC	LJ Hooker Home Loans Melbourne North	RKA Financial Services Pty Ltd		0439 244 325	2021
VIC	LJ Hooker Home Loans Inner Melbourne	Multi Lend Pty Ltd		0422 883 772	2021

VIC	LJ Hooker Home Loans Melbourne West	Ark Bros Pty Ltd		0458 111 203	2022
VIC	LJ Hooker Home Loans Gippsland	Caffieri & Sons Pty Ltd		0421 338 914	2022

Items 6.4(a) to (g) - Table of details of key events

For each of the last 3 financial years and for each of the following events - the number of franchised businesses for which the event happened:

HOME LOANS:

Details of events of each of the last 3 financial years*	Year 1 01/07/2020 to 30/06/2021	Year 2 01/07/2021 to 30/06/2022	Year 3 01/07/2022 to 30/06/2023
(c) the franchise was transferred;	0	0	0
(d) the franchised business ceased to operate;	5	1	2
(e) the Franchise Agreement was terminated by the franchisor;	0	0	0
(f) the Franchise Agreement was terminated by the franchisee;	5	1	1
(g) the Franchise Agreement was not extended;	0	0	0
(h) the franchised business was bought back by the franchisor; and	0	0	0
(i) the Franchise Agreement was terminated and the franchised business was acquired by the franchisor.	0	0	0

Schedule 2 - Item 6.5 – Franchisees contact details for each key event

Note that disclosure of information is subject to clause 32(1) of the Code which allows the franchisor not to disclose this information where the franchisee has requested in writing that their details not be disclosed.

RESIDENTIAL:

Item 6.4(a) Franchise was transferred:			
Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Nil	Nil	Nil
Financial Year ending 30 June 2022	Nil	Nil	Nil
Financial Year ending 30 June 2021	Nil	Nil	Nil

Item 6.4(b) Franchised business ceased to operate:			
Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Outstanding Home Loans Pty Ltd ATF OHL Trust		0412 975 001
	Kevin David O'Callaghan Pty Ltd		1300 515 200
Financial Year ending 30 June 2022	REALMONEYLEADS Pty Ltd		0427 275 037
Financial Year ending 30 June 2021	Loan Writer Pty Ltd		0408 480 202
	Horking Financial Solutions Pty Ltd		0456 040 428
	Arcstone Pty Ltd	Suite E, Level 12, Crown Tower 163/200 Crown Street, Wollongong NSW 2500	0412 089 550
	Paul Francis Griffin		0407 103 959
	GJ Loans (QLD) Pty Ltd		0428 104 492

Item 6.4(c) Franchise Agreement terminated by franchisor:			
Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Nil	Nil	Nil

Financial Year ending 30 June 2022	Nil	Nil	Nil
Financial Year ending 30 June 2021	Nil	Nil	Nil

Item 6.4(d) Franchise Agreement terminated by franchisee:

Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Outstanding Home Loans Pty Ltd ATF OHL Trust		0412 975 001
Financial Year ending 30 June 2022	REALMONEYLEADS Pty Ltd		0427 275 037
Financial Year ending 30 June 2021	Loan Writer Pty Ltd		0408 480 202
	Horking Financial Solutions Pty Ltd		0456 040 428
	Arcstone Pty Ltd	Suite E, Level 12, Crown Tower 163/200 Crown Street, Wollongong NSW 2500	0412 089 550
	Paul Francis Griffin		0407 103 959
	GJ Loans (QLD) Pty Ltd		0428 104 492

Item 6.4(e) Franchise Agreement not extended:			
Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Nil	Nil	Nil
Financial Year ending 30 June 2022	Nil	Nil	Nil
Financial Year ending 30 June 2021	Nil	Nil	Nil

Item 6.4(f) Franchise business bought back by franchisor:			
Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Nil	Nil	Nil
Financial Year ending 30 June 2022	Nil	Nil	Nil
Financial Year ending 30 June 2021	Nil	Nil	Nil

Item 6.4(g) Franchise business acquired by franchisor after termination:			
Relevant financial year	Name of franchisee	Location of franchise	Contact details
Financial Year ending 30 June 2023	Nil	Nil	Nil
Financial Year ending 30 June 2022	Nil	Nil	Nil
Financial Year ending 30 June 2021	Nil	Nil	Nil

Schedule 3 - Item 10.1(j) - Supplier and Rebate Details

Name of Business providing rebate or financial benefit	Financial benefit/rebate shared directly or indirectly with franchisees	Rebate percentage
Nil	Nil	Nil

Schedule 4 - Items 13.2 and 13.4 – Details of site and territory history

Has the territory or site to be franchised in the previous 10 years, been subject to a previous franchise granted by the franchisor?

Note : Remove all text highlighted in blue except for the applicable option. Insert wording specific to each individual franchise where sections are highlighted in green

Option 1 : If it has been in the last 10 years use the following:

Yes. A territory that covers part of the Allocated Location has been subject to a franchise in the previous 10 years. Details including the circumstance in which the previous franchisee ceased to operate are as follows:

Site	Period in which it operated	Details including circumstances in which the previous franchisee ceased to operate
[insert]	Operated between ### to ###	[insert]

Option 2: If this transaction is a renewal or extension: Use option 1 and also add the following:

In addition to the information described above a territory that covers part of the Allocated Location has been subject to a franchise business operated by [INSERT] during the period ## to ##.

The franchise business was established by the current franchisee and will continue to be operated by the current franchisee pursuant to the current renewal of the franchise.

NB if the franchisee is a licensee converting then put details of this in this Schedule

Option 3: If this transaction is a transfer use Option 1 and also add the following:

In addition to the information described above a territory that covers part of the Allocated Location has been subject to a franchise business operated by [INSERT].

The franchise business is now being transferred by [INSERT] to [INSERT] pursuant to the business sale contract dated [INSERT] between the parties and on the terms of the attached Franchise Agreement.

Option 4: If never has been in last 10 years - delete options 1 - 3 and just use the following

The site has never been subject to a franchise granted by the franchisor in the last 10 years.

The site to be franchised has not been subject to a franchised business operated by a previous franchise granted by the franchisor or operated by the franchisor.

Schedule 5 - Item 14 - Tables of Payments

TABLE 1- ITEM 14.3- 14.5 TABLE OF ESTABLISHMENT COSTS

Establishment costs

14.3 Details of the range of costs to start operating the franchised business, based on current practice, for the following matters:

- (a) real property, including property type, location and building size;**
- (b) equipment, fixtures, other fixed assets, construction, remodelling, leasehold improvements and decorating costs;**
- (c) inventory required to begin operation;**
- (d) security deposits, utility deposits, business licences, insurance and other prepaid expenses;**
- (e) additional funds, including working capital, required by the franchisee before operations begin;**
- (f) other payments by a franchisee to begin operations.**

14.4 For item 14.3, the details for each payment must include:

- (a) description of the payment; and**
- (b) amount of the payment or the formula used to work out the payment; and**
- (c) to whom the payment is made; and**
- (d) when the payment is due; and**
- (e) whether the payment is refundable and, if so, under what conditions.**

The information for item 14.4 is set out in the table at item 14.5.

14.5 For item 14.4, if the amount of the payment cannot easily be worked out – the upper and lower limits of the amount.

The information on the following pages sets out the range of costs which are commonly encountered by a new franchisee when establishing a franchised business based on current practice.

This information is provided as a guide only and may not reflect cost you will incur.

*The information provided includes a number of assumptions which **WILL VARY** depending upon many factors dependent on the specific circumstances of each individual franchise; the franchisee's management skill, experience and business acumen; the existing assets of the franchise and local economic conditions and the suppliers.*

The assumptions are given to assist the franchisee's independent financial advisers to form their own view on the financial information and likely variances or additional costs in the context of the franchisee's specific circumstances.

Note all figures are exclusive of GST.

Expenditures	Description of payment	Amount of the payment or the formula used to work out the payment	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
(a) Real property (including property type, location, and building size)					
	The franchisee will need an office premises. The property type, location and building size is entirely decided by the franchisee. The franchisee may decide to rent or buy an office.	It is impossible to predict the amount of rent or formula for calculation of rent. Office rents vary greatly and depend on things such as office size, location and market conditions. Rents can vary from \$10,000 - \$350,000 per year or higher depending on size and location	As specified by the lessor. Normally, the lessor or its agent.	As specified by the lessor.	As specified by the lessor.
<p>Warning:</p> <p>The franchisor has no control over the amount of rental payments charged by, or the conduct of, property owners. There is a risk that a landlord may seek a revised rental payment that makes the operation of the business significantly less profitable or even not viable.</p> <p>In forming an opinion on the suitability of a site the franchisee should consider these risks. The franchisor makes no warranties as to the likelihood of the landlord granting any additional tenure beyond that expressly contained in the lease, or that the landlord will be reasonable in setting any rental payment for any additional period, dealing with relocation or otherwise managing the tenancy. These are factors beyond the control of the franchisor.</p>					
(b) Equipment, fixtures, other fixed assets, construction, remodelling, leasehold improvements, decorating costs					
	The franchisee will need office equipment such as desks, computers, telephones, printers and so on.	The cost to fit out an office will vary and will depend on size, location and personal choice.	As specified by the supplier.	As specified by the supplier.	As specified by the supplier.

	The office premises may require some construction, remodelling, leasehold improvements or decorating costs.	It is impossible to predict the cost of any remodelling and improvements . These costs will typically be determined by the condition of the office premises chosen by the franchisee.	As specified by the supplier.	As specified by the supplier.	As specified by the supplier.
(c) Inventory required to begin operation					
	Not applicable, the franchisee is not required to buy any inventory.	Not applicable	Not applicable	Not applicable	Not applicable
(d) Security deposits, utility deposits, business licences, insurance and other prepaid expenses					
These may vary greatly and will depend on things such as the size of the office, number of employees, the franchisee's previous claim history and so on.	Utility deposits for telephone and internet connections	Approximately \$200 - \$2,000	As specified by the supplier	When required by the supplier.	As determined by the supplier.
	Business name registration	Approximately \$40 - \$500 per annum	Australian Securities and Investments Commission (ASIC)	As specified by the relevant body, normally on registration.	As specified by the relevant body.
	Insurances	Approximately \$2,000 - \$50,000 per annum	As specified by the supplier	As specified by the supplier.	As specified by the supplier.
(e) Additional funds (including working capital, required by the franchisee before operations begin					
	Working capital	\$50,000 - \$500,000	Not applicable	Not applicable	Not applicable
(f) Other payments by a franchisee to begin operations					
	The franchisee's legal, accounting and business Advice fees.	\$2,000 - \$20,000	The franchisee's accountant, Business advisor and / or lawyer	As specified by the Franchisee's accountant, business advisor and /or lawyer.	As specified by the franchisee's accountant, Business advisor and / or lawyer.

	Stamp duty on the franchisee's office lease (Where applicable)	As specified by the revenue office of the relevant state or territory	As specified by the revenue office of the relevant state or territory	As specified by the revenue office of the relevant state or territory	As specified by the revenue office of the relevant state or territory
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TABLE 2 - ITEM 14.6 PAYMENTS TO THE FRANCHISOR OR ASSOCIATE OF THE FRANCHISOR OR COLLECTED BY THE FRANCHISOR FOR ANOTHER PERSON

Other payments

- 14.6 For each recurring or isolated payment payable by the franchisee to the franchisor or an associate of the franchisor or to be collected by the franchisor or an associate of the franchisor for another person:

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
Credit Representative Fee	Currently \$220.00 per month. This amount will increase annually by up to a maximum of 5%.	Franchisor	Throughout the first week of every month commencing on the Commencement Date of the Agreement	Not refundable
Connective Aggregation Fee	Currently \$330.00 per month.	Franchisor	Throughout the first week of every month commencing on the Commencement Date of the Agreement	Not refundable
Core Logic Marketing System Fee	Currently \$100.00 per month.	Franchisor	Throughout the first week of every month commencing 3 months from the Commencement Date of the Agreement	Not refundable
Outsourced Processing Fee	Currently \$395.00 per month.	Franchisor	Throughout the first week of every month commencing 3 months from the Commencement Date of the Agreement	Not refundable
Promotional Amount	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Costs of audit of franchisee's accounts	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
Administration fee on assignment of Franchise Agreement	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Merchant Fees	All Major Credit Cards (Diners Club not accepted). Typically between 0.5% to 2.0% of the transaction cost.	Franchisor	When paying any payment to the Company by applicable credit card	Not refundable

TABLE 3 - ITEM 14.7 PAYMENTS TO PERSONS OTHER THAN THE FRANCHISOR OR AN ASSOCIATE OF THE FRANCHISOR

14.7 For each recurring or isolated payment, that is within the knowledge or control of the franchisor or is reasonably foreseeable by the franchisor, that is payable by the franchisee to a person other than the franchisor or an associate of the franchisor:

- (a) a description of the payment;
- (b) the amount of the payment or formula used to work out the payment;
- (c) to whom the payment is made;
- (d) when the payment is due;
- (e) whether the payment is refundable and, if so, under what conditions.

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
Accounting, bookkeeping and legal advice including advice sought before, during and after the franchise term	Typically a minimum of \$5,000 per annum but depends on supplier choice and extent of use.	Supplier	Throughout term of franchise	Not usually
Advertising & Marketing	Typically a minimum of \$10,000 per annum but depends on supplier choice and extent of use.	Supplier	Throughout term of franchise	Not usually
Banking and Finance costs including repayment of loans, interest fees and charges	Typically a minimum of \$1,000 per annum but depends on size of business. Inclusive of Merchant & Bank Fees, Finance & Government Charges	Bank or financier	Throughout term of franchise	Not usually
Utilities such as power Electricity, Gas & Water	Typically a minimum of \$5,000 per annum but depends on size of premises occupied.	Supplier	Monthly throughout term of franchise	Not usually
Franchisee's expenses during training	Typically a minimum of \$3,000 per annum but depends on travel requirements and number of employees.	Supplier	Before or during training	Not refundable
Freight	Typically a minimum of \$1,000 per annum but depends on	Supplier	Throughout term of franchise	Not usually

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
	supplier choice and extent of use.			
Insurance	Typically a minimum of \$5,000 per annum but depends on extent of insurance coverage.	Supplier	Annually	Not usually
Motor Vehicle expenses such as acquisition or finance costs, insurance, registration, fuel, servicing, maintenance and repairs.	Typically a minimum of \$20,000 per annum but depends on size of business and number of employees.	Supplier	Throughout term of franchise	Not usually
Costs of legal advisers acting on behalf of the Franchisor pursuant to the Franchise Agreement	Typically \$2,000 per annum but will vary depending upon the nature and extent of the work involved.	The Franchisor or the Franchisor's legal advisers	When incurred	Not refundable
Legal Fees and Duty upon Renewal	The Franchisor's costs of renewing the franchise including reimbursement of the Franchisor's legal fees and stamp duty.	Duty to the State Government Legal fees payable to the Franchisor's lawyers	At time of renewal	Not refundable
Printing, Stationery & Office supplies	Typically a minimum of \$100 per month depending on supplier choice and extent of use. Additional cost will be incurred if specific customer contact or promotional activities are engaged.	Supplier	Monthly throughout term of franchise and when incurred	Not usually
Postage	Typically a minimum of \$100.00 per month. Amount will vary significantly if any customer contact or promotional activities are	Supplier	Monthly throughout term of franchise and when incurred	Not usually

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
	engaged impacted by the number of customers, items being distributed and frequency of communication.			
Costs of participation in promotional activities	Typically a minimum of \$5,000 per annum but depends on office's level of involvement.	Promotional service providers	When incurred	Not refundable
Rental and outgoings on the premises	\$10,000.00 - \$350,000.00 per annum. This amount will vary significantly depending on the size and operations of the office.	The landlord	Monthly (or as otherwise directed by the landlord)	Not refundable
Payments required under lease	Up to \$25,000.00 per annum. This amount will vary significantly depending on the size and operations of the office.	The landlord	Monthly (or as otherwise directed by the landlord) or the terms of the lease	Not refundable
Property Make Good & Refurbishment	Typically a minimum of \$5,000 - \$20,000 but depends on specific clauses of property lease.	The landlord	Monthly (or as otherwise directed by the landlord) or the terms of the lease	Not refundable
Security monitoring	Typically a minimum of \$1,000 per annum. Difficult to estimate as depends on the supplier choice and extent of use.	Supplier	Monthly or as otherwise directed by supplier	Not refundable
Property Repairs & Maintenance	Typically a minimum of \$2,000 per annum but depends on age of premises.	The landlord	Monthly (or as otherwise directed by the landlord)	Not refundable
Telephone, Fax, Internet & Monitoring	\$100.00 - \$250.00 per month for Telephone & Fax costs difficult to determine due to varying size of business operations and extent of use.	Suppliers	Monthly or as otherwise directed by supplier	Not refundable

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
	<p>\$100.00 - \$200.00 per month. Internet costs difficult to determine due to varying size of business operations & extent of use.</p> <p>\$100.00 - \$250.00 per month Mobile Phone costs difficult to determine due to varying size of business operations & extent of use.</p> <p>\$150.00 - \$300.00 per quarter. Remote Monitoring service costs difficult to determine due to varying size of business operations & extent of use.</p>			
Travel, Meals & Entertainment	Typically a minimum of \$2,000 per annum but depends on office policies.	Suppliers	Throughout term of franchise	Not refundable
Salaries & Wages & payments to contractors	Currently the minimum award wage payable for a full time, adult employee ranges between \$42,713 - \$60,471 depending on the employees' level of classification. Contracted Loan Writers remunerated on a commission only basis will generally receive between 50% - 80% of the upfront commission payable to the Franchisee, and between 0% - 80% of the trail commission payable to the Franchisee. Actual amounts will vary according to Franchisee's involvement in the operations of the	employees	Monthly or as otherwise directed by franchisee	Not refundable

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
	business, number of team members employed, on a full time, part time, casual basis, or contractual basis, and how the Franchisee takes their wage as a salary or as drawings including / not including bonus and incentive schemes. Accruals for statutory entitlements such as Annual, Personal Carers (Sick) and Long Service Leave need to be estimated given number of employees and their contract terms.			
Superannuation	Varies according to the gross wages paid as per above and is currently calculated at eleven per cent (11%) of gross wages paid.	employees	Monthly or as otherwise directed by franchisee	Not refundable
Fringe Benefits Tax	Typically a minimum of \$3,000 but depends on number and value of benefits provided.	employees	Monthly or as otherwise directed by franchisee	Not refundable
Workers Compensation	Typically a minimum of \$1,000 but will vary according to state regulations, number of employees and contractors, salaries and wages paid for the preceding year and estimates payable for the ensuing year.	Insurance Provider	Monthly or as otherwise directed by franchisee	Not refundable
Amortisation	Typically from \$3,000 per annum upwards but this varies according to the business structure	N/A	N/A	Not refundable

Description of payment	Estimated amount or estimated low-high range or formula (excluding GST)	To whom the payment is made	When the payment is due	Whether refundable; if so, under what conditions
	nominated by the Franchisee.			
Depreciation	Typically upwards of \$2,000 per annum but this varies according to the business structure nominated by the Franchisee.	N/A	N/A	Not refundable
Interest Expense	Typically upwards of \$4,000 per annum but this varies according to the level of debt finance required by the Franchisee.	Financier	N/A	Not refundable
Repairs & Maintenance	Typically upwards of \$3,000 per annum but depends on premises and age of business assets.	Supplier	N/A	Not refundable

Schedule 6 - Item 22 – Changes in materially relevant facts (if any) and relevant information

There are no changes in materially relevant facts since the preparation date of this Disclosure Document.

The following are changes in materially relevant facts since the preparation date:

Relevant item 22 reference	Date of change in fact	Nature of materially relevant change
Nil	Nil	Nil

Schedule 7 - Item 18 – Term of agreement and arrangements to apply at the end of the Franchise Agreement

18.1 Details of arrangements to apply at the end of the Franchise Agreement, including:

(aa) the term of the franchise agreement; and

The term of the franchise agreement is five (5) years.

(a) whether the prospective franchisee will have an option to:

(i) renew the Franchise Agreement; or

(ii) enter into a new Franchise Agreement; and

(b) whether the prospective franchisee will be able to extend the term of the Franchise Agreement, and if so, the processes the franchisor will use to determine whether to extend the term of the Franchise Agreement are set out in the Table below.

Is the franchisee able to extend the term of the Franchise Agreement?	Yes. The franchisee may request the franchisor to agree to extend the Franchise Agreement however there is no express right to require the franchisor to extend the Franchise Agreement. It is a decision made by the franchisor in its absolute discretion.
If yes, the processes the franchisor will use to determine whether to extend the term of the Franchise Agreement.	<p>If the Franchise Agreement is expiring and does not contain an option to renew, then whether the franchisor is prepared to enter into a new agreement or extension is at the absolute discretion of the franchisor.</p> <p>The franchisee will have to meet the criteria and conditions set out in the end of term policy (if any) existing at the time of the proposed extension that outline the franchisor's then current end of term requirements. If no policy exists, the decision will be at the absolute discretion of the Franchisor.</p> <p>The terms of the new agreement will be on the standard terms and conditions used by the franchisor for new Franchisees at the relevant time.</p> <p>Under the Code, the franchisor is required to provide the franchisee with notice of its intention prior to the end of the term of the Franchise Agreement. That is a notice as to whether it intends to extend the term of the Agreement or enter into a new Agreement.</p>

	<p>Such notice will be given in accordance with the provisions and within the timeframes prescribed by the Code and based on the franchisor's published policy on end of term arrangements.</p> <p>It is up to the absolute discretion of the franchisor to determine whether it is prepared to extend the term of the Franchise Agreement past the end of the term or grant a new agreement. There is no representation or assurance that it will commit post end of term date and nor is there any obligation on it to do so.</p> <p>The definition of Term in the Franchise Agreement includes the initial term and any period of holding over agreed to by the franchisor (refer to clause 3 of the Franchise Agreement). A holding over is NOT considered to be an extension of the Term of the Franchise Agreement</p>
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- (c) if the prospective franchisee will have an option to renew - whether the prospective franchisee will be entitled to compensation at the end of the Franchise Agreement if it is not renewed and, if so, how that compensation will be determined.

Does the franchisee have an option to renew	Yes.
Will the prospective franchisee be entitled to compensation at the end of the Franchise Agreement if it is not renewed and if so details of how that compensation will be determined.	<p>There is no obligation imposed on the franchisor to pay any amount to the franchisee at the end of the Franchise Agreement.</p> <p>For clarity there is no payment to a franchisee for goodwill or any repayment of the initial fee at the end of the Term.</p>

- (d) details of the arrangements that will apply to unsold stock, marketing material, equipment and other assets purchased when the Franchise Agreement was entered into, including:

- (i) whether the franchisor will purchase the stock, marketing material, equipment and other assets; and
- (ii) if the franchisor is to purchase the stock, marketing material, equipment and other assets - how prices will be determined.

The franchisor will not purchase the stock, marketing material, equipment or other assets. However, the franchisor does have a first right of refusal to purchase the trail commission of the franchised business during the term and for a period of 12 months after expiration or termination of the agreement.

- (e) **Whether the prospective franchisee will have the right to sell the business at the end of the Franchise Agreement?**

Normally at the end of the term of the Franchise Agreement there is no remaining term or right in of the Franchise Agreement to sell and the franchisor therefore does not normally allow the franchisee the right to sell it as a franchised business once the Franchise Agreement expires. The franchisee is entitled to sell the business assets (but not the franchise), subject to the franchisors first right of refusal.

- (f) **If the prospective franchisee will have the right to sell the business at the end of the Franchise Agreement – whether the franchisor has the first right of refusal, and how the market value will be determined.**

No the franchisee has no right to sell the business at the end of the term set out in the Franchise Agreement.

- (fa) **the prospective franchisee's rights relating to any goodwill generated by the franchisee (including, if the franchisee does not have a right to any goodwill, a statement to that effect); and**

Pursuant to clause 4.11(f) of the franchise agreement, the franchisee is not entitled to any goodwill.

- (g) **whether the franchisor will consider any significant capital expenditure undertaken by the franchisee during the Franchise Agreement, in determining the arrangements to apply at the end of Franchise Agreement?**

No. The franchisor will not consider any capital expenditure undertaken by the franchisee during the term of the Franchise Agreement.

- (h) **whether the franchise agreement includes a restraint of trade or similar clause.**

Yes, please refer to clause 17.3 of the franchise agreement.

18.2 Details of whether the franchisor has, in the last 3 financial years, considered any significant capital expenditure undertaken by franchisees, in determining the arrangements to apply at the end of Franchise Agreements between the franchisor and those franchisees.

Details of whether the franchisor has considered any significant capital expenditure undertaken by franchisees, in determining the arrangements to apply at the end of franchise agreements between the franchisor and those franchisees.	Financial year 2023	Financial year 2022	Financial year 2021
The franchisor has not considered any significant capital expenditure undertaken by franchisees in determining the arrangements to apply at the end of franchise agreements.	No	No	No

18.3 If the franchisee does not have the option to renew the Franchise Agreement, the following statement must be included in bold 12 point type:

~~**The franchisee does not have the option to renew the Franchise Agreement. At the end of the Franchise Agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the Franchise Agreement ends and the franchisee no longer has a right to carry on the franchised business.**~~

18.4 If the franchisee cannot extend the term of the Franchise Agreement, the following statement must be included in bold 12 point type:

The franchisee cannot extend the term of the Franchise Agreement. At the end of the Franchise Agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not do so, the Franchise Agreement ends and the franchisee no longer has a right to carry on the franchised business.

18.5 If the franchisee:

- (a) does not have the option to renew the Franchise Agreement; and
- (b) cannot extend the term of the Franchise Agreement?

the following statement must be included in bold 12 point type:

~~The franchisee does not have the option to renew the Franchise Agreement and cannot extend the term of the Franchise Agreement. At the end of the Franchise Agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the Franchise Agreement ends and the franchisee no longer has a right to carry on the franchised business.~~

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Annexure A - Franchising Code of Conduct

A copy of the *Competition and Consumer (Industry Codes-Franchising) Regulation 2014* (Cth) is attached.



Competition and Consumer (Industry Codes— Franchising) Regulation 2014

Select Legislative Instrument No. 168, 2014

made under section 51AE of the

Competition and Consumer Act 2010

Compilation No. 9

Compilation date: 11 November 2022

Includes amendments up to: F2022L01445

Registered: 15 November 2022

Prepared by the Office of Parliamentary Counsel, Canberra

About this compilation

This compilation

This is a compilation of the *Competition and Consumer (Industry Codes—Franchising) Regulation 2014* that shows the text of the law as amended and in force on 11 November 2022 (the *compilation date*).

The notes at the end of this compilation (the *endnotes*) include information about amending laws and the amendment history of provisions of the compiled law.

Uncommenced amendments

The effect of uncommenced amendments is not shown in the text of the compiled law. Any uncommenced amendments affecting the law are accessible on the Legislation Register (www.legislation.gov.au). The details of amendments made up to, but not commenced at, the compilation date are underlined in the endnotes. For more information on any uncommenced amendments, see the series page on the Legislation Register for the compiled law.

Application, saving and transitional provisions for provisions and amendments

If the operation of a provision or amendment of the compiled law is affected by an application, saving or transitional provision that is not included in this compilation, details are included in the endnotes.

Editorial changes

For more information about any editorial changes made in this compilation, see the endnotes.

Modifications

If the compiled law is modified by another law, the compiled law operates as modified but the modification does not amend the text of the law. Accordingly, this compilation does not show the text of the compiled law as modified. For more information on any modifications, see the series page on the Legislation Register for the compiled law.

Self-repealing provisions

If a provision of the compiled law has been repealed in accordance with a provision of the law, details are included in the endnotes.

Contents

1	Name.....	1
3	Authority.....	1
4	Code of conduct.....	1
4A	Functions of Australian Small Business and Family Enterprise Ombudsman relating to Franchising Code of Conduct.....	1
5	Transitional—clause 8.....	1
Schedule 1—Franchising Code of Conduct		3
Part 1—Introduction		3
Division 1—Preliminary		3
1	Name of code.....	3
2	Purpose of code.....	3
3	Application.....	3
3A	Code does not apply in relation to franchise agreement that forms part of arrangements relating to certain co-operatives or mutual entities.....	4
Division 2—Definitions		5
4	Definitions.....	5
5	Meaning of <i>franchise agreement</i>	9
Division 2A—Amount of civil penalty for certain contraventions by bodies corporate		11
5A	Amount of civil penalty for certain contraventions by bodies corporate.....	11
Division 3—Obligation to act in good faith		12
6	Obligation to act in good faith.....	12
Part 2—Disclosure requirements before entry into a franchise agreement		14
Division 1—Application		14
7	Application of Part—master franchisors.....	14
Division 2—Disclosure document		15
8	Franchisor must maintain a disclosure document.....	15
9	Franchisor to give documents to a franchisee or prospective franchisee.....	16
9A	Key facts sheet.....	18
10	Franchisee or prospective franchisee to give advice to franchisor before entering into franchise agreement.....	19
Division 3—Information statement		21
11	Franchisor to give information statement to prospective franchisee.....	21
Part 3—Franchise agreements		22
Division 1—Application		22
12	Application of Part—master franchisors.....	22

Division 2—Franchisor’s obligations	23
Subdivision A—Disclosure obligations	23
13 Copy of lease etc.....	23
14 Copy of other agreements.....	24
15 Financial statements for marketing funds and other cooperative funds administered by or for franchisor or master franchisor.....	25
16 Franchisee may request copy of disclosure document.....	26
17 Disclosure of materially relevant facts.....	26
Subdivision B—Notification obligations (other than for new vehicle dealership agreements)	28
17A Application of Subdivision.....	28
18 End of term arrangements.....	28
Subdivision C—Record keeping obligations	29
19 Keeping certain information and documents.....	29
Division 3—Terms of franchise agreement	30
19A Franchisor’s legal costs relating to franchise agreement.....	30
20 Prohibition on release from liability etc.....	30
21 Jurisdiction for settling disputes.....	30
22 Costs of settling disputes.....	31
23 Effect of restraint of trade clause if franchise agreement not extended.....	31
Division 4—Transfer of franchise agreement	33
24 Request for franchisor’s consent to transfer.....	33
25 Franchisor’s consent to transfer.....	33
Division 5—Termination of franchise agreement	35
26 Termination—cooling off after entering into new franchise agreement.....	35
26A Termination—cooling off after transferring franchise agreement.....	36
26B Franchisee may propose termination at any time.....	37
27 Termination—breach by franchisee.....	37
28 Termination—no breach by franchisee.....	38
29 Notice of termination by franchisor on particular grounds.....	38
Division 6—Miscellaneous	41
30 Significant capital expenditure not to be required.....	41
30A Information and discussion about capital expenditure.....	41
31 Payments to and from marketing funds.....	42
31A Franchisor not to vary franchise agreement retrospectively and unilaterally.....	42
32 Disclosure of former franchisee details.....	42
33 Association of franchisees or prospective franchisees.....	43
Part 4—Resolving disputes	44
Division 1—General	44
34 Internal complaint handling procedure.....	44
35 Resolving disputes.....	44
36 When a party is taken to be trying to resolve a dispute.....	44
37 Right to bring proceedings unaffected.....	44

Division 3—Code complaint handling procedure	45
Subdivision A—Notification of dispute	45
40A Notification of dispute	45
40B Similar disputes between 2 or more franchisees and one franchisor	45
Subdivision B—ADR process	46
41A ADR process	46
41B Termination of ADR process	46
41C Costs of ADR process	47
Subdivision C—Arbitration	47
43A Arbitration by agreement for dispute resolution	47
43B Arbitration procedure	47
43C Termination of arbitration	49
43D Costs of arbitration	49
Subdivision D—Confidentiality	49
44A Confidentiality requirements	49
Part 5—New vehicle dealership agreements	50
Division 1—Preliminary	50
46 Application of Part	50
Division 1A—Terms of agreement	51
46A Franchise agreement must provide for compensation for early termination	51
46B Franchise agreement must provide reasonable opportunity for return on franchisee’s investment	52
Division 2—End of term obligations	53
47 Notification obligation—franchisor	53
48 Notification obligation—franchisee	53
49 Obligation to manage winding down of agreement	54
Division 4—Resolving disputes	55
52 Franchisees may request multi-franchisee dispute resolution	55
Part 5A—Franchise Disclosure Register	56
Division 1—Establishment and content	56
53 Establishment of Register	56
53A Contents of Register	56
53B Secretary may correct clerical errors and remove, update and replace certain information and documents	56
Division 2—Obligation to provide information for inclusion in the Register	58
53C Initial obligation to provide information for inclusion in Register—franchisors that give a disclosure document on or before 31 October 2022	58
53D Initial obligation to provide information for inclusion in Register—other franchisors	59
53E Obligation to annually update or confirm information included in Register	60

Division 3—Redacting certain information from documents	62
53F Redacting certain information from documents	62
Division 4—Giving of information by agents	63
53G Agents may provide or give information	63
Division 5—Other matters	64
53H Delegations by Secretary	64
53J Review of this Part.....	64
Part 6—Application, saving and transitional provisions	65
Division 1—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (New Vehicle Dealership Agreements) Regulations 2020	65
54 Definitions	65
55 End of term obligations.....	65
56 Capital expenditure	66
57 Resolving disputes	66
58 Review of amendments.....	66
Division 2—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Fairness in Franchising) Regulations 2021	68
59 Definitions	68
60 Application of amendments relating to dispute resolution	68
61 Application of provisions about leasing or other occupation of premises.....	68
62 Application of provisions about marketing funds and other cooperative funds.....	68
63 Application of provisions about franchisor’s legal costs.....	69
64 Application of amendment relating to restraint of trade.....	69
65 Application of provisions about termination.....	69
66 Application of provisions about capital expenditure.....	69
67 Application of provisions about retrospective variation of franchise agreements by franchisors	70
68 Application of amendments about new vehicle dealership agreements	70
69 Application of amendments of Annexure 1 of Schedule 1 (about disclosure documents).....	70
Division 3—Amendments made by the Treasury Laws Amendment (Corporate Insolvency Reforms Consequential Amendments) Regulations 2021	71
70 Application of amendment to clause 17 (disclosure of materially relevant facts).....	71
Division 4—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Penalties and Other Matters) Regulations 2022	72
71 Application of amendments relating to penalties	72

**Division 5—Amendments made by the Competition and
Consumer (Industry Codes—Franchising)
Amendment (Additional Information)
Regulations 2022**

	73
72 Application of amendments	73

**Annexure 1—Disclosure document for franchisee or
prospective franchisee**

	74
1 First page	74
2 Franchisor details	75
3 Business experience	75
4 Litigation	76
5 Payments to agents	77
6 Existing franchises	77
7 Master franchises	78
8 Intellectual property	79
9 Franchise site or territory	79
10 Supply of goods or services to a franchisee	80
11 Supply of goods or services by a franchisee	81
12 Supply of goods or services—online sales	81
13 Sites or territories	82
14 Other payments	83
15 Marketing fund or other cooperative funds	84
16 Financing	84
17 Unilateral variation of franchise agreement	85
17A Arbitration of disputes	85
17B Ways of ending the franchise agreement early	85
18 Term of agreement and arrangements to apply at the end of the franchise agreement	85
19 Amendment of franchise agreement on transfer of franchise	87
20 Earnings information	87
21 Financial details	88
22 Updates	89
23 Receipt	89

Endnotes

	90
Endnote 1—About the endnotes	90
Endnote 2—Abbreviation key	91
Endnote 3—Legislation history	92
Endnote 4—Amendment history	93

1 Name

This is the *Competition and Consumer (Industry Codes—Franchising) Regulation 2014*.

3 Authority

This instrument is made under section 51AE of the *Competition and Consumer Act 2010*.

4 Code of conduct

For section 51AE of the *Competition and Consumer Act 2010*, the code set out in Schedule 1:

- (a) is prescribed; and
- (b) is a mandatory industry code.

4A Functions of Australian Small Business and Family Enterprise Ombudsman relating to Franchising Code of Conduct

The Australian Small Business and Family Enterprise Ombudsman has the following functions in relation to the code set out in Schedule 1:

- (a) keeping lists of persons who can provide services of arbitration, conciliation or mediation for the purposes of that code or of a franchise agreement as defined in that code;
- (b) in accordance with that code, appointing persons who can provide services of arbitration, conciliation or mediation of disputes for the purposes of that code or a complaint handling procedure of a franchise agreement (as defined in that code), on request by one or more of the parties;
- (c) receiving information about disputes that are being, or have been, dealt with under that code or a complaint handling procedure of a franchise agreement as defined in that code;
- (d) regularly providing to the Minister statistical information relating to disputes that have been or are being dealt with under that code or a complaint handling procedure of a franchise agreement as defined in that code.

5 Transitional—clause 8

- (1) Subclause 8(1) of the new code does not apply if a franchisor has an existing disclosure document.
- (2) If a franchisor has an existing disclosure document:
 - (a) the existing disclosure document may be given under the new code before 1 November 2015; and

Section 5

- (b) the franchisor must update the existing disclosure document so that it complies with subclauses 8(3), (4) and (5) of the new code by 31 October 2015; and
- (c) the requirements of subclause 8(6) of the new code apply to a financial year that begins on or after 1 January 2015.

(3) In this section:

existing disclosure document means a franchisor's disclosure document (within the meaning of the old code) that exists on 1 January 2015.

new code means the Franchising Code of Conduct set out in Schedule 1 to this instrument.

old code means the Franchising Code of Conduct set out in the Schedule to the *Trade Practices (Industry Codes—Franchising) Regulations 1998* as in force immediately before 1 January 2015.

Schedule 1—Franchising Code of Conduct

Note: See section 4.

Part 1—Introduction

Division 1—Preliminary

1 Name of code

This code is the *Franchising Code of Conduct*.

2 Purpose of code

The purpose of this code is to regulate the conduct of participants in franchising towards other participants in franchising.

3 Application

- (1) Subject to subclause (4), this code applies to conduct occurring on or after 1 January 2015 (other than to discharge an outstanding obligation that arose under the old code) in relation to a franchise agreement entered into on or after 1 October 1998.
- (2) However, this code does not apply to a franchise agreement:
 - (a) to which another mandatory industry code, prescribed under section 51AE of the *Competition and Consumer Act 2010*, applies; or
 - (b) if:
 - (i) the franchise agreement is for goods or services that are substantially the same as those supplied by the franchisee before entering into the franchise agreement; and
 - (ii) the franchisee has supplied those goods or services for at least 2 years immediately before entering into the franchise agreement; and
 - (iii) sales under the franchise are likely to provide no more than 20% of the franchisee's gross turnover for goods or services of that kind for the first year of the franchise.
- (3) Paragraph (2)(b) ceases to apply to a franchise agreement if:
 - (a) sales under the franchise provide more than 20% of the franchisee's gross turnover for the goods or services for 3 consecutive years; and
 - (b) the franchisee tells the franchisor that paragraph (a) of this subclause applies.
- (4) The provisions of this code mentioned in column 2 of the following table in relation to an item do not apply to a franchise agreement mentioned in column 1 of the item:

Schedule 1 Franchising Code of Conduct

Part 1 Introduction

Division 1 Preliminary

Clause 3A

Provisions of this code that do not apply to certain franchise agreements		
	Column 1	Column 2
Item	If a franchise agreement is entered into ...	these provisions do not apply to the agreement ...
1	on or after 1 March 2008 but before 1 January 2015	(a) subclause 21(2); and (b) clauses 22 and 23
2	on or after 1 October 1998 but before 1 March 2008	(a) paragraph 20(1)(b); and (b) subclause 21(2); and (c) clauses 22 and 23

(5) However, subclause (4) ceases to apply in relation to a franchise agreement mentioned in column 1 of the table in that subclause if the agreement is varied or transferred on or after 1 January 2015.

(6) In this clause:

old code means the Franchising Code of Conduct set out in the Schedule to the *Trade Practices (Industry Codes—Franchising) Regulations 1998* as in force immediately before 1 January 2015.

3A Code does not apply in relation to franchise agreement that forms part of arrangements relating to certain co-operatives or mutual entities

This code does not apply in relation to a franchise agreement that forms part of arrangements under which the franchisee is:

- (a) a member of a co-operative that is entered on a register maintained under:
 - (i) the Co-operatives National Law; or
 - (ii) the *Co-operatives Act 2009* (WA), as in force on the day this clause commences; or
- (b) a member with voting rights of a mutual entity.

Note: For *Co-operatives National Law*, see subclause 4(1). For *mutual entity*, see subclause 4(2) of this code and section 51M of the *Corporations Act 2001*.

Division 2—Definitions

4 Definitions

(1) In this code:

ABN has the same meaning as in the *A New Tax System (Australian Business Number) Act 1999*.

ADR practitioner means a conciliator or mediator.

ADR process means conciliation or mediation.

ANZSIC division and subdivision codes means the division and subdivision codes for an industry that are specified in the Australian and New Zealand Standard Industrial Classification (ANZSIC) 2006, published by the Australian Bureau of Statistics, as existing on the day Schedule 1 to the *Competition and Consumer (Industry Codes—Franchising) Amendment (Franchise Disclosure Register) Regulations 2022* commences.

associate, for a franchisor, means a person:

- (a) who:
 - (i) is a director or related body corporate, or a director of a related body corporate, of the franchisor; or
 - (ii) for a franchisor that is a proprietary company—directly or indirectly owns, controls, or holds with power to vote, at least 15% of the issued voting shares in the franchisor; or
 - (iii) is a partner of the franchisor; and
- (b) whose relationship with the franchisor is relevant to the franchise system, including because:
 - (i) the person supplies goods or services to a franchisee; or
 - (ii) the person gives the franchisee a right to occupy premises, whether under a lease or otherwise; or
 - (iii) the person owns intellectual property used in the franchise system; or
 - (iv) the person is involved in market research, market testing, market development, sales promotion or management of the franchise system.

complainant has the meaning given by clause 35.

Co-operatives National Law means the Law set out in the appendix to the *Co-operatives (Adoption of National Law) Act 2012* (NSW), as in force on 1 July 2021, and applying in a State or Territory under the following:

- (a) the *Co-operatives (Adoption of National Law) Act 2012* (NSW);
- (b) the *Co-operatives National Law Application Act 2013* (Vic.);
- (c) the *Co-operatives National Law Act 2020* (Qld);
- (d) the *Co-operatives National Law (South Australia) Act 2013* (SA);
- (e) the *Co-operatives National Law (Tasmania) Act 2015* (Tas.);

- (f) the *Co-operatives National Law (ACT) Act 2017* (ACT);
- (g) the *Co-operatives (National Uniform Legislation) Act 2015* (NT).

disclosure document has the meaning given by clause 8.

electronic signature of a person means the unique identification of the person in an electronic form.

engage in conduct means:

- (a) do an act; or
- (b) omit to perform an act.

extend:

- (a) in relation to the scope of a franchise agreement, means a material change to:
 - (i) the terms and conditions of the agreement; or
 - (ii) the rights of a person under or in relation to the agreement; or
 - (iii) the liabilities that would be imposed on a person under or in relation to the agreement; or
- (b) in relation to the term of a franchise agreement, occurs when the period of the agreement is extended, other than because of an option exercisable by the franchisee during the term of the agreement.

financial year, in relation to a franchisor and a franchise, means a period of 12 months in respect of which financial statements relating to the franchise are prepared for the franchisor.

franchise includes the following:

- (a) the rights and obligations under a franchise agreement;
- (b) a master franchise;
- (c) a subfranchise;
- (d) an interest in a franchise.

franchise agreement has the meaning given by clause 5.

franchisee includes the following:

- (a) a person to whom a franchise is granted;
- (b) a person who otherwise participates in a franchise as a franchisee;
- (c) a subfranchisor in its relationship with a franchisor;
- (d) a subfranchisee in its relationship with a subfranchisor.

franchise system includes a business system in which a franchisor grants a franchise to a franchisee.

franchisor includes the following:

- (a) a person who grants a franchise;
- (b) a person who otherwise participates in a franchise as a franchisor;
- (c) a subfranchisor in its relationship with a subfranchisee;
- (d) a subfranchisor in a master franchise system;

(e) a subfranchisor in its relationship with a franchisee.

interest in a franchise includes a legal or beneficial interest in:

- (a) a franchise agreement or a franchised business, whether arising as a result of a guarantee of a franchisee's obligations under the agreement or otherwise; or
- (b) shares or voting rights in a corporation, not being a listed corporation, that owns a franchised business; or
- (c) units or voting rights in a unit or other trust that owns a franchised business; or
- (d) the capital or income of a partnership that owns a franchised business.

key facts sheet means a document that meets the requirements of subclause 9A(1).

master franchise means a franchise in which the franchisor grants to a subfranchisor the right:

- (a) to grant a subfranchise; or
- (b) to participate in a subfranchise.

motor vehicle means a vehicle that uses, or is designed to use, volatile spirit, gas, oil, electricity or any other power (except human or animal power) as the principal means of propulsion, but does not include a vehicle used, or designed to be used, on a railway or tramway.

Note: Examples of motor vehicles are as follows:

- (a) motor car;
- (b) motorcycle;
- (c) tractor;
- (d) motorised farm machinery;
- (e) motorised construction machinery;
- (f) aircraft;
- (g) motor boat.

motor vehicle dealership:

- (a) means a business of buying, selling, exchanging or leasing motor vehicles that is conducted by a person other than a person who is only involved as a credit provider, or provider of other financial services, in the purchase, sale, exchange or lease; and
- (b) includes a business of selling motor vehicles that is conducted by a person (for the purposes of this code, the franchisee) who sells the motor vehicles as an agent for a principal (for the purposes of this code, the franchisor).

new light goods vehicle means a new road vehicle of the kind referred to in clause 4.5.5 of the Vehicle Standard (Australian Design Rule – Definitions and Vehicle Categories) 2005.

new passenger vehicle means a new road vehicle of a kind referred to in clause 4.3 of the Vehicle Standard (Australian Design Rule – Definitions and Vehicle Categories) 2005.

new road vehicle has the same meaning as in section 78 of the *Road Vehicle Standards Act 2018*.

new vehicle dealership agreement means a motor vehicle dealership agreement relating to a motor vehicle dealership that predominantly deals in new passenger vehicles or new light goods vehicles (or both).

Note: A motor vehicle dealership agreement is taken to be a franchise agreement (see paragraph 5(2)(c)).

obligation to act in good faith: see clause 6.

Ombudsman means the Australian Small Business and Family Enterprise Ombudsman.

prospective franchisee means a person who deals with a franchisor for the right to be granted a franchise.

Register means the Franchise Disclosure Register established and maintained under clause 53.

renew, in relation to a franchise agreement, occurs when the franchisee exercises an option during the term of the agreement to renew the agreement.

respondent has the meaning given by clause 35.

Secretary means the Secretary of the Department that is administered by the Minister administering the *Australian Small Business and Family Enterprise Ombudsman Act 2015*.

serious offence means:

- (a) an offence under any law of the Commonwealth or a State or a Territory for which, if the act or omission had taken place in the Jervis Bay Territory, a person would be liable, on first conviction, to imprisonment for a period of not less than 5 years; or
- (b) a contravention of any provision of the *Corporations Act 2001*.

Note: Jervis Bay Territory is mentioned because it is a jurisdiction in which the Commonwealth has control over the criminal law.

significant capital expenditure has a meaning affected by subclause 30(2).

subfranchisor means a person who is:

- (a) a franchisee in relation to a master franchise; and
- (b) a franchisor in relation to a subfranchise granted under the master franchise.

trade mark has the meaning given by the *Trade Marks Act 1995*.

Note: A **trade mark** is a sign (including any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent (or any combination of these)) used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person (see section 17 of the *Trade Marks Act 1995*).

transfer, in relation to a franchise agreement, includes a situation in which:

- (a) the agreement is terminated on the basis that a new franchise agreement is entered into between the franchisor and prospective transferee; or
- (b) the franchisee's rights and obligations under the agreement are assigned to a prospective transferee; or
- (c) the agreement contemplates a transfer in specified circumstances and those circumstances happen.

virtual attendance technology means any technology that allows a person to attend an ADR process or an arbitration without being physically present at the ADR process or arbitration.

- (2) In this code, the following terms have the meanings given by the *Corporations Act 2001*:

ACN
ARBN
body corporate
Chapter 5 body corporate
consolidated entity
director
insolvent under administration
listed corporation
misconduct
mutual entity
officer
proprietary company
registered company auditor
registered office
related body corporate
restructuring practitioner
small proprietary company

5 Meaning of *franchise agreement*

- (1) A **franchise agreement** is an agreement:
- (a) that takes the form, in whole or part, of any of the following:
 - (i) a written agreement;
 - (ii) an oral agreement;
 - (iii) an implied agreement; and
 - (b) in which a person (the **franchisor**) grants to another person (the **franchisee**) the right to carry on the business of offering, supplying or distributing goods or services in Australia under a system or marketing plan substantially determined, controlled or suggested by the franchisor or an associate of the franchisor; and

Schedule 1 Franchising Code of Conduct

Part 1 Introduction

Division 2 Definitions

Clause 5

- (c) under which the operation of the business will be substantially or materially associated with a trade mark, marketing or a commercial symbol:
 - (i) owned, used or licensed by the franchisor or an associate of the franchisor; or
 - (ii) specified by the franchisor or an associate of the franchisor; and
 - (d) under which, before starting or continuing the business, the franchisee must pay or agree to pay to the franchisor or an associate of the franchisor an amount including, for example:
 - (i) an initial capital investment fee; or
 - (ii) a payment for goods or services; or
 - (iii) a fee based on a percentage of gross or net income whether or not called a royalty or franchise service fee; or
 - (iv) a training fee or training school fee;but excluding:
 - (v) payment for goods and services supplied on a genuine wholesale basis; or
 - (vi) repayment by the franchisee of a loan from the franchisor or an associate of the franchisor; or
 - (vii) payment for goods taken on consignment and supplied on a genuine wholesale basis; or
 - (viii) payment of market value for purchase or lease of real property, fixtures, equipment or supplies needed to start business or to continue business under the franchise agreement.
- (2) For subclause (1), each of the following is taken to be a franchise agreement:
- (a) the transfer or renewal of a franchise agreement;
 - (b) the extension of the term or the scope of a franchise agreement;
 - (c) a motor vehicle dealership agreement.
- (3) However, none of the following in itself constitutes a franchise agreement:
- (a) an employer and employee relationship;
 - (b) a partnership relationship;
 - (c) a landlord and tenant relationship;
 - (d) a mortgagor and mortgagee relationship;
 - (e) a lender and borrower relationship.

Division 2A—Amount of civil penalty for certain contraventions by bodies corporate

5A Amount of civil penalty for certain contraventions by bodies corporate

- (1) This clause has effect for the purposes of the following civil penalty provisions of this code:
 - (a) subclauses 17(1) and (2);
 - (b) clause 33;
 - (c) subclauses 46A(1), (2) and (3);
 - (d) clause 46B.
- (2) The amount of the civil penalty for a contravention of a civil penalty provision referred to in subclause (1) by a body corporate is the greatest of the following:
 - (a) \$10,000,000;
 - (b) if the court can determine the value of the benefit that the body corporate, and any body corporate related to the body corporate, has obtained directly or indirectly and that is reasonably attributable to the contravention—3 times the value of that benefit;
 - (c) if the court cannot determine the value of that benefit—10% of the annual turnover of the body corporate during the period of 12 months ending at the end of the month in which the contravention occurred.

Division 3—Obligation to act in good faith

6 Obligation to act in good faith

Obligation to act in good faith

- (1) Each party to a franchise agreement must act towards another party with good faith, within the meaning of the unwritten law from time to time, in respect of any matter arising under or in relation to:
- (a) the agreement; and
 - (b) this code.

This is the ***obligation to act in good faith***.

Civil penalty: 600 penalty units.

- (2) The obligation to act in good faith also applies to a person who proposes to become a party to a franchise agreement in respect of:
- (a) any dealing or dispute relating to the proposed agreement; and
 - (b) the negotiation of the proposed agreement; and
 - (c) this code.

Matters to which a court may have regard

- (3) Without limiting the matters to which a court may have regard for the purpose of determining whether a party to a franchise agreement has contravened subclause (1), the court may have regard to:
- (a) whether the party acted honestly and not arbitrarily; and
 - (b) whether the party cooperated to achieve the purposes of the agreement.

New vehicle dealership agreements

- (3A) Without limiting the matters to which a court may have regard for the purpose of determining whether a party to a new vehicle dealership agreement has contravened subclause (1) and without limiting subclause (3), the court must have regard to whether the terms of the agreement are fair and reasonable.

Franchisor must not enter into franchise agreement that includes provision limiting or excluding obligation to act in good faith

- (4) A franchisor must not enter into a franchise agreement that includes a provision that limits or excludes, or purports to limit or exclude, the obligation to act in good faith.

Civil penalty: 600 penalty units.

- (5) A franchisor must not enter into a franchise agreement that includes a provision that limits or excludes, or purports to limit or exclude, the obligation to act in good faith by applying, adopting or incorporating, with or without modification,

the words of another document, as in force at a particular time or as in force from time to time, in the agreement.

Civil penalty: 600 penalty units.

Other actions may be taken consistently with the obligation

- (6) To avoid doubt, the obligation to act in good faith does not prevent a party to a franchise agreement, or a person who proposes to become such a party, from acting in his, her or its legitimate commercial interests.
- (7) If a franchise agreement does not:
- (a) give the franchisee an option to renew the agreement; or
 - (b) allow the franchisee to extend the agreement;
- this does not mean that the franchisor has not acted in good faith in negotiating or giving effect to the agreement.

Schedule 1 Franchising Code of Conduct

Part 2 Disclosure requirements before entry into a franchise agreement

Division 1 Application

Clause 7

Part 2—Disclosure requirements before entry into a franchise agreement

Division 1—Application

7 Application of Part—master franchisors

A master franchisor need not comply with the requirements of this Part in relation to a subfranchisee.

Division 2—Disclosure document

8 Franchisor must maintain a disclosure document

Disclosure document to inform franchisee or prospective franchisee

- (1) A franchisor must create a document (a **disclosure document**) relating to a franchise that complies with subclauses (3), (4) and (5).

Civil penalty: 600 penalty units.

- (2) The purpose of a disclosure document is to:
- (a) give a prospective franchisee, or a franchisee proposing to:
 - (i) enter into a franchise agreement; or
 - (ii) renew a franchise agreement; or
 - (iii) extend the term or scope of a franchise agreement;information from the franchisor to help the franchisee to make a reasonably informed decision about the franchise; and
 - (b) give a franchisee current information from the franchisor that is material to the running of the franchised business.

Content and form of disclosure document

- (3) Information in a disclosure document must:
- (a) comply with the following:
 - (i) be set out in the form and order of Annexure 1;
 - (ii) use the headings and numbering of Annexure 1;
 - (iii) if applicable—include additional information under the heading “Updates”; or
 - (b) comply with the following:
 - (i) if particular items are applicable—use the headings and numbering of Annexure 1 for those items;
 - (ii) if particular items are not applicable—include an attachment that sets out the headings and numbering of Annexure 1 for those items.
- (4) A disclosure document must be signed by the franchisor, or a director, officer or authorised agent of the franchisor.
- (5) A disclosure document must also have a table of contents based on the items in Annexure 1, indicating the page number on which each item begins. If the disclosure document attaches other documents, the table of contents must list these other documents too.

Maintaining a disclosure document

- (6) After entering into a franchise agreement, the franchisor must update the disclosure document within 4 months after the end of each financial year.

Clause 9

Civil penalty: 600 penalty units.

- (7) However, the franchisor need not update the disclosure document after the end of a financial year if:
- (a) the franchisor did not enter into a franchise agreement, or only entered into 1 franchise agreement, during the year; and
 - (b) the franchisor does not intend, or if the franchisor is a company, its directors do not intend, to enter into another franchise agreement in the following financial year.
- (8) Despite subclause (7), if a request is made under subclause 16(1), the franchisor must update the disclosure document so that it reflects the position of the franchise as at the end of the financial year before the financial year in which the request is made.

Civil penalty: 600 penalty units.

9 Franchisor to give documents to a franchisee or prospective franchisee

- (1) A franchisor must give a prospective franchisee the documents mentioned in subclause (1A) at least 14 days before whichever of the following occurs first:
- (a) the franchisor and the prospective franchisee enter into a franchise agreement;
 - (b) the prospective franchisee makes a non-refundable payment (whether of money or of other valuable consideration) to the franchisor or an associate of the franchisor in connection with the proposed franchise agreement.

Civil penalty: 600 penalty units.

- (1A) For the purposes of subclause (1), the documents are as follows:
- (a) a copy of the franchise agreement, in the form in which it is to be executed;
 - (b) a copy of the disclosure document relating to the franchise:
 - (i) as updated under subclause 8(6); or
 - (ii) if subclause 8(7) applies—updated to reflect the position of the franchise as at the end of the financial year before the financial year in which the copy of the disclosure document is given; or
 - (iii) if the disclosure document is created in the financial year in which the copy of the disclosure document is given—as created under subclause 8(1);
 - (c) a copy of the key facts sheet relating to the franchise:
 - (i) as updated under subclause 9A(2); or
 - (ii) if subclause 9A(3) applies—updated to reflect the position of the franchise as at the end of the financial year before the financial year in which the copy of the key facts sheet is given; or
 - (iii) if the key facts sheet is created in the financial year in which the copy of the key facts sheet is given—as created under subclause 9A(1);
 - (d) a copy of this code;
 - (e) if:

- (i) premises are leased to the franchisor or an associate of the franchisor; and
- (ii) the franchisor or associate proposes to sublease the premises to the prospective franchisee for the purposes of a franchised business, or to permit the prospective franchisee to occupy the premises for those purposes without a lease;

a copy of:

- (iii) the lease of the premises to the franchisor or associate or, if the franchisor or associate is not in possession of the lease, a summary of the commercial terms negotiated by the franchisor or associate and the lessor of the premises (including any lease incentives); and
- (iv) if the lessor of the premises to the franchisor or associate complies with a requirement by or under a law of a State or Territory to disclose to the franchisor or associate (as lessee) written information relating to the lease—that information or, if the franchisor or associate is not in possession of that information, any information of that kind of which the franchisor is aware.

Note: If it is proposed that the prospective franchisee lease premises from, or occupy premises under another right granted by, the franchisor or an associate, clause 26 lets the franchisee terminate the franchise agreement up to 14 days after being given a document setting out the terms of the lease or right to occupy the premises.

(2) If a franchisor or franchisee proposes to:

- (a) renew a franchise agreement; or
- (b) extend the term or scope of a franchise agreement;

the franchisor must give to a franchisee (within the meaning of paragraph (a) of the definition of that expression) the documents mentioned in subclause (1A) at least 14 days before renewal or extension of the franchise agreement.

Civil penalty: 600 penalty units.

(2A) If a request is made under clause 24 that a franchisor consent to the transfer of a franchise agreement (the **existing franchise agreement**) to a person (the **prospective transferee**), the franchisor must, at least 14 days before giving the consent, give the prospective transferee:

- (a) if the transfer does not involve executing another franchise agreement:
 - (i) a copy of the existing franchise agreement; and
 - (ii) each other document (if any) the franchisor requires the prospective transferee to sign to give effect to the transfer; and
- (b) a copy of the documents mentioned in paragraphs (1A)(b), (c) and (d) and, if applicable, paragraph (1A)(e).

Civil penalty: 600 penalty units.

(2B) However, subclause (2A) does not apply to a transfer that involves entry into a new franchise agreement.

Note: Subclause (1) applies to such a transfer.

Schedule 1 Franchising Code of Conduct

Part 2 Disclosure requirements before entry into a franchise agreement

Division 2 Disclosure document

Clause 9A

- (2C) If the person to whom documents must be given under subclause (1), (2) or (2A) requests the documents in printed form, electronic form or both, the franchisor must comply with the request. However, if the documents have been given in one of those forms (whether requested by the person or not) by the time required by that subclause, a later request for the documents in the other form (or both forms) does not require the franchisor to comply with the subclause again.
- (3) A franchisor is taken to have complied with the requirements of this clause even if, during the relevant 14-day or longer period, changes are made to a franchise agreement:
- (a) to give effect to a franchisee's request; or
 - (b) to fill in required particulars; or
 - (c) to reflect changes of address or other circumstances; or
 - (d) for clarification of a minor nature; or
 - (e) to correct errors or references.
- (4) If:
- (a) the franchisor gives a person documents under subclause (1), (2) or (2A) in relation to a franchise agreement; and
 - (b) after giving those documents and before the franchise agreement is entered into, renewed, extended or transferred, the franchisor gives the person earnings information in relation to the franchise;
- the franchisor is taken not to have given the person the documents required by subclause (1), (2) or (2A) (as applicable) in relation to the franchise agreement.

9A Key facts sheet

Requirements for key facts sheet

- (1) The key facts sheet relating to a franchise:
- (a) must be in the form published on the Commission's website; and
 - (b) must include the information required by the form; and
 - (c) must include only information about matters relating to the franchise:
 - (i) that is included in the disclosure document relating to the franchise; or
 - (ii) that is required to be given to the franchisee under this code.

Maintaining a key facts sheet

- (2) After entering into a franchise agreement, the franchisor must update the key facts sheet relating to the franchise within 4 months after the end of each financial year.

Civil penalty: 600 penalty units.

- (3) However, the franchisor need not update the key facts sheet after the end of a financial year if:
- (a) the franchisor did not enter into a franchise agreement, or only entered into one franchise agreement, during the year; and

- (b) the franchisor does not intend, or if the franchisor is a company, its directors do not intend, to enter into another franchise agreement in the following financial year.
- (4) Despite subclause (3), if a request is made under subclause 16(1), the franchisor must update the key facts sheet so that it reflects the position of the franchise as at the end of the financial year before the financial year in which the request is made.

Civil penalty: 600 penalty units.

10 Franchisee or prospective franchisee to give advice to franchisor before entering into franchise agreement

- (1) The franchisor must not:
 - (a) enter into a franchise agreement; or
 - (b) renew or transfer a franchise agreement; or
 - (c) extend the term or scope of a franchise agreement; or
 - (d) enter into an agreement to:
 - (i) enter into a franchise agreement; or
 - (ii) renew or transfer a franchise agreement; or
 - (iii) extend the term or scope of a franchise agreement; or
 - (e) receive a non-refundable payment (whether of money or of other valuable consideration) under a franchise agreement or an agreement to enter into a franchise agreement;unless the franchisor has received from the franchisee or prospective franchisee a written statement that the franchisee or prospective franchisee has received, read and had a reasonable opportunity to understand the disclosure document and this code.
- (2) Before a franchise agreement is entered into, the franchisor must have received from the prospective franchisee:
 - (a) signed statements, that the prospective franchisee has been given advice about the proposed franchise agreement or franchised business, by:
 - (i) an independent legal adviser; or
 - (ii) an independent business adviser; or
 - (iii) an independent accountant; or
 - (b) for each kind of statement not received under paragraph (a), a signed statement by the prospective franchisee that the prospective franchisee:
 - (i) has been given that kind of advice about the proposed franchise agreement or franchised business; or
 - (ii) has been told that that kind of advice should be sought but has decided not to seek it.
- (3) Subclause (2):
 - (a) does not apply to:
 - (i) the renewal of a franchise agreement; or

Schedule 1 Franchising Code of Conduct

Part 2 Disclosure requirements before entry into a franchise agreement

Division 2 Disclosure document

Clause 10

- (ii) the extension of the term or scope of a franchise agreement; and
 - (b) does not prevent the franchisor from requiring any or all of the statements mentioned in paragraph (2)(a).
- (4) In this clause, a reference to a prospective franchisee includes a reference to a prospective transferee.

Division 3—Information statement

11 Franchisor to give information statement to prospective franchisee

- (1) A franchisor must give a copy of the information statement relating to franchising that is published on the Commission’s website to a prospective franchisee. The copy of the information statement must be given:
 - (a) as soon as practicable, and not later than 7 days, after the prospective franchisee formally applies or expresses an interest in acquiring a franchised business; and
 - (b) before the franchisor gives the prospective franchisee any of the documents described in clause 9.

Civil penalty: 600 penalty units.

- (4) To avoid doubt, the requirements of this clause do not apply in relation to:
 - (a) the renewal of a franchise agreement; or
 - (b) the extension of the term or scope of a franchise agreement.

Part 3—Franchise agreements

Division 1—Application

12 Application of Part—master franchisors

- (1) A master franchisor need not comply with the requirements of this Part in relation to a subfranchisee.
- (2) This clause does not limit the effect of clauses 15 and 31.

Division 2—Franchisor's obligations

Subdivision A—Disclosure obligations

13 Copy of lease etc.

Occupying premises under lease

- (1) If a franchisee leases premises from the franchisor or an associate of the franchisor for the purposes of a franchised business, the franchisor or the associate must give to the franchisee:
- (a) either:
 - (i) a copy of the lease; or
 - (ii) a copy of the agreement to lease; and
 - (b) details of any incentive or financial benefit that the franchisor or associate is entitled to receive as a result of the lease or agreement to lease.

Civil penalty: 600 penalty units.

- (2) The copy and details must be given within 1 month after the lease or agreement to lease is signed by the parties.

Civil penalty: 600 penalty units.

(2A) If:

- (a) premises are leased to the franchisor or an associate of the franchisor; and
 - (b) a franchisee subleases, or a prospective franchisee proposes to sublease, the premises for the purposes of a franchised business; and
 - (c) the lessor of the premises to the franchisor or associate complies with a requirement by or under a law of a State or Territory to disclose to the franchisor or associate (as lessee) written information relating to the lease;
- the franchisor or associate must, if requested to do so in writing, give the franchisee or prospective franchisee a copy of that information.

Note: A copy must also be given by the franchisor to a prospective franchisee before entering into a franchise agreement (see subclauses 9(1) and (1A)).

Civil penalty: 600 penalty units.

- (2B) The copy requested under subclause (2A) must be given as soon as reasonably practicable, and not later than 7 days, after the request is made.

Civil penalty: 600 penalty units.

- (3) If the franchisee occupies, without a lease, premises leased by the franchisor or an associate of the franchisor, the franchisor or the associate must give the following to the franchisee:
- (a) a copy of the franchisor's lease or agreement to lease or of the associate's lease or agreement to lease;

Clause 14

- (b) details of any incentive or financial benefit that the franchisor or associate is entitled to receive as a result of the lease or agreement to lease;
- (c) a copy of the documents that give the franchisee the right to occupy the premises;
- (d) written details of the conditions of occupation;
- (e) details of any incentive or financial benefit that the franchisor or associate is entitled to receive as a result of the franchisee's right to occupy the premises.

Civil penalty: 600 penalty units.

- (4) The copy and details must be given within 1 month after:
 - (a) the occupation commences; or
 - (b) for the documents mentioned in subparagraph (3)(b)(i)—the documents are signed by the parties.

Civil penalty: 600 penalty units.

(4A) If:

- (a) a franchisee occupies, or a prospective franchisee proposes to occupy, without a lease, premises for the purposes of a franchised business under a right given or to be given by the franchisor or an associate of the franchisor; and
- (b) the premises are leased to the franchisor or associate; and
- (c) the lessor of the premises to the franchisor or associate complies with a requirement by or under a law of a State or Territory to disclose to the franchisor or associate (as lessee) written information relating to the lease;

the franchisor or associate must, if requested to do so in writing, give to the franchisee or prospective franchisee a copy of that information.

Note: A copy must also be given by the franchisor to a prospective franchisee before entering into a franchise agreement (see subclauses 9(1) and (1A)).

Civil penalty: 600 penalty units.

- (4B) The copy requested under subclause (4A) must be given as soon as reasonably practicable, and not later than 7 days, after the request is made.

Civil penalty: 600 penalty units.

Incentive or financial benefit

- (5) In this clause, the details of any incentive or financial benefit must include the name of the business providing the incentive or financial benefit.

14 Copy of other agreements

- (1) If a franchise agreement requires:
 - (a) the franchisee; or
 - (b) directors, shareholders, beneficiaries, owners or partners of the franchisee;

to enter into an agreement of a kind mentioned in subclause (2), the franchisor must give to the franchisee a copy of the agreement.

Civil penalty: 600 penalty units.

- (2) The franchisor must give to the franchisee a copy of the following kinds of agreements:
 - (a) a lease (other than a lease of premises which is covered by clause 13) or hire purchase agreement;
 - (b) an agreement under which the franchisee gains ownership of, or is authorised to use, any intellectual property;
 - (c) a security agreement, including a guarantee, mortgage, security deposit, indemnity, loan agreement or obligation to provide a bank guarantee to a third party;
 - (d) a confidentiality agreement;
 - (e) an agreement not to carry on business within an area or for a time after the franchise agreement is terminated.
- (3) The agreement must be given:
 - (a) at least 14 days before the day on which the franchise agreement is signed, if it is available at that time; or
 - (b) if it is not available at that time—when it becomes available.

15 Financial statements for marketing funds and other cooperative funds administered by or for franchisor or master franchisor

- (1) This clause applies if a franchise agreement requires the franchisee to pay money to a marketing fund or other cooperative fund controlled or administered by or for the franchisor or a master franchisor (whether the franchisee is a franchisee or subfranchisee of the franchisor or master franchisor).

Preparing and auditing financial statements for fund

- (2) The fund administrator must:
 - (a) within 4 months after the end of the last financial year, prepare an annual financial statement detailing all of the fund's receipts and expenses for the last financial year; and
 - (b) ensure that the statement includes sufficient detail of the fund's receipts and expenses so as to give meaningful information about:
 - (i) sources of income; and
 - (ii) items of expenditure, particularly with respect to marketing (however described); and
 - (c) have the statement audited by a registered company auditor within 4 months after the end of the financial year to which it relates.

Civil penalty: 600 penalty units.

- (3) The fund administrator does not have to comply with paragraph (2)(c) in respect of a financial year if, within 3 months after the end of the year, 75% of the
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Clause 16

franchisees (whether franchisees or subfranchisees of the franchisor or master franchisor) in Australia who contribute to the fund have voted to agree that the fund administrator does not have to comply with the paragraph in respect of the year.

Giving copies of statements and audit reports to contributors to fund

- (4) The fund administrator must:
- (a) give the franchisee a copy of the statement within 30 days of preparing it; and
 - (b) if an audit of the statement is required—give the franchisee a copy of the auditor's report within 30 days of receiving it.

Civil penalty: 600 penalty units.

Costs of administering and auditing fund

- (5) The reasonable costs of administering and auditing the fund must be paid from the fund.

Meaning of fund administrator

- (6) In this clause:

fund administrator means:

- (a) the franchisor or master franchisor who controls or administers the fund; or
- (b) if the franchisor or master franchisor has authorised an associate to control or administer the fund—the authorised associate.

16 Franchisee may request copy of disclosure document

- (1) If a franchisee requests, in writing, a franchisor to give the franchisee a copy of the disclosure document relating to the franchise, the franchisor must give the franchisee a copy of the disclosure document and the key facts sheet relating to the franchise:
- (a) if subclause 8(8) applies—within 2 months of the date of the request; and
 - (b) in any other case—within 14 days of the date of the request.

Civil penalty: 600 penalty units.

- (2) However, a request under subclause (1) can be made only once every 12 months.
- (3) If the request is for the disclosure document in printed form, electronic form or both, the franchisor must give the copy of the disclosure document and the key facts sheet in the form or forms requested.

17 Disclosure of materially relevant facts

Financial details

- (1) If:
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- (a) either:
 - (i) a statement or declaration referred to in item 21 of Annexure 1 is made; or
 - (ii) a document referred to in that item comes into existence; and
- (b) the statement or declaration is not reflected in, or the document is not provided together with, a disclosure document that has been updated under subclause 8(6);

the franchisor must give to a prospective franchisee a copy of the statement, declaration or document, as soon as reasonably practicable, but in any event, before the prospective franchisee enters into a franchise agreement with the franchisor.

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

Other matters

- (2) If a disclosure document does not mention a matter mentioned in subclause (3), the franchisor must tell a franchisee or prospective franchisee about the matter, in writing, within a reasonable time (but not more than 14 days) after the franchisor becomes aware of it.

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

- (3) For subclause (2), the matters are the following:
 - (a) change in majority ownership or control of:
 - (i) the franchisor or an associate of the franchisor; or
 - (ii) the franchise system;
 - (b) proceedings by a public agency, a judgment in criminal or civil proceedings or an award in an arbitration against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, in Australia alleging:
 - (i) breach of a franchise agreement; or
 - (ii) contravention of trade practices law; or
 - (iii) contravention of the *Corporations Act 2001*; or
 - (iv) unconscionable conduct; or
 - (v) misconduct; or
 - (vi) an offence of dishonesty;
 - (c) a judgment against the franchisor or an associate of the franchisor, other than for unfair dismissal of an employee, under:
 - (i) Part 3 of the *Independent Contractors Act 2006*; or
 - (ii) a law of a State or Territory that regulates workplace relations or independent contractors;

Clause 17A

- (d) civil proceedings in Australia against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate the franchisor, by at least 10%, or 10, of the franchisees in Australia of the franchisor (whichever is the lower);
 - (e) any judgment that is entered against the franchisor or an associate of the franchisor in Australia, and is not discharged within 28 days, for at least:
 - (i) for a small proprietary company—\$100 000; or
 - (ii) for any other company—\$1 000 000;
 - (f) any judgment that is entered against the franchisor or an associate of the franchisor in a matter mentioned in item 4 of Annexure 1;
 - (g) the franchisor or an associate of the franchisor becoming a Chapter 5 body corporate;
 - (h) a change in the intellectual property, or ownership or control of the intellectual property, that is material to the franchise system;
 - (i) the existence and content of:
 - (i) any undertaking given by the franchisor or an associate of the franchisor under section 87B of the *Competition and Consumer Act 2010*; and
 - (ii) any order made by the Federal Court of Australia under that section in relation to such an undertaking.
- (4) For paragraphs (3)(b), (c), (d), (e) and (f), the franchisor must tell the franchisee:
- (a) the names of the parties to the proceedings; and
 - (b) the name of the court or tribunal; and
 - (c) the case number; and
 - (d) the general nature of the proceedings.
- (5) For paragraph (3)(g), the franchisor must tell the franchisee the name and address of the administrator, controller, liquidator or restructuring practitioner.

Note: Nothing in this code affects the operation of Part VIIC of the *Crimes Act 1914* (which includes provisions that, in certain circumstances, relieve persons from the requirement to disclose spent convictions and require persons aware of such convictions to disregard them).

Subdivision B—Notification obligations (other than for new vehicle dealership agreements)

17A Application of Subdivision

This Subdivision does not apply to a new vehicle dealership agreement.

Note: For new vehicle dealership agreements, see Division 2 of Part 5.

18 End of term arrangements

- (1) The franchisor of a franchise agreement must notify the franchisee, in writing, whether the franchisor intends to:
 - (a) extend the agreement; or

(b) enter into a new agreement.

- (2) The franchisor's notice must be given:
- (a) if the term of the franchise agreement is 6 months or longer—at least 6 months before the end of the term of the agreement; and
 - (b) if the term of the franchise agreement is less than 6 months—at least 1 month before the end of the term of the agreement.

Civil penalty: 600 penalty units.

- (3) Unless the franchisor does not intend to extend the franchise agreement, the franchisor's notice must include a statement to the effect that, subject to subclause 16(2), the franchisee may request a disclosure document under clause 16.

Civil penalty: 600 penalty units.

Subdivision C—Record keeping obligations

19 Keeping certain information and documents

- (1) If this code requires a franchisee or prospective franchisee, or allows a franchisee or prospective franchisee, to give something to a franchisor in writing, the franchisor must keep the written thing or a copy of it.
- (2) If a franchisor:
 - (a) makes a statement or claim in the franchisor's disclosure document; and
 - (b) relies on a document to support the statement or claim;the franchisor must keep the document.
- (3) A franchisor must keep the written thing or document for at least 6 years after it is created.

Division 3—Terms of franchise agreement

19A Franchisor’s legal costs relating to franchise agreement

- (1) A franchisor must not enter into a franchise agreement that has the effect of:
 - (a) requiring the franchisee to pay all or part of the franchisor’s costs of legal services relating to preparing, negotiating or executing the agreement or documents relating to the agreement; or
 - (b) allowing the franchisor or an associate of the franchisor to require the franchisee to pay all or part of those costs.

Civil penalty: 600 penalty units.

- (2) Subclause (1) does not prevent the franchisor from entering into a franchise agreement that requires the franchisee to make a payment, before the franchisee starts the franchised business, of a fixed amount of dollars that:
 - (a) is specified in the agreement; and
 - (b) is stated in the agreement as being for the franchisor’s costs of legal services relating to preparing, negotiating or executing the agreement; and
 - (c) is stated in the agreement not to include any amount for the franchisor’s costs of legal services that will or may be provided, after the agreement is entered into, in relation to preparing, negotiating or executing other documents.

20 Prohibition on release from liability etc.

- (1) A franchise agreement must not require a franchisee to sign:
 - (a) a general release of the franchisor from liability towards the franchisee; or
 - (b) a waiver of any verbal or written representation made by the franchisor.

Note: See subclauses 3(4) and (5).

- (2) However, subclause (1) does not prevent a franchisee from settling a claim against the franchisor after entering into a franchise agreement.

21 Jurisdiction for settling disputes

- (1) A franchise agreement may contain a clause that:
 - (a) if a party to the agreement wishes to bring an action or proceedings in relation to a dispute under the agreement, requires the party to bring the action or proceedings in a State or Territory in which the franchised business is based; or
 - (b) if a party to the agreement wishes to refer a dispute under the agreement to an ADR process, requires the ADR process to be conducted in a State or Territory in which the franchised business is based.
- (2) A franchise agreement must not contain a clause that:

- (a) requires a party to the agreement to bring an action or proceedings in relation to a dispute under the agreement:
 - (i) in any State or Territory outside that in which the franchised business is based; or
 - (ii) in any jurisdiction outside Australia; or
- (b) requires an ADR process for a dispute under the agreement to be conducted:
 - (i) in any other State or Territory outside that in which the franchised business is based; or
 - (ii) in any jurisdiction outside Australia.

Note: See subclauses 3(4) and (5).

22 Costs of settling disputes

A franchisor must not enter into a franchise agreement that includes a provision that requires the franchisee to pay to the franchisor costs incurred by the franchisor in relation to settling a dispute under the agreement.

Note: See subclauses 3(4) and (5).

Civil penalty: 600 penalty units.

23 Effect of restraint of trade clause if franchise agreement not extended

- (1) A restraint of trade clause in a franchise agreement has no effect after the agreement expires if:
 - (a) the franchisee had given written notice to the franchisor seeking to extend the agreement on substantially the same terms as those:
 - (i) contained in the franchisor's current franchise agreement; and
 - (ii) that apply to other franchisees or would apply to a prospective franchisee; and
 - (b) immediately before the expiry, the franchisee was not in serious breach of the agreement or any related agreement; and
 - (c) the franchisee had not infringed the intellectual property of, or a confidentiality agreement with, the franchisor during the term of the agreement; and
 - (d) the franchisor does not extend the agreement; and
 - (e) either:
 - (i) the franchisee claimed compensation for goodwill because the agreement was not extended, but the compensation given was merely a nominal amount and did not provide genuine compensation for goodwill; or
 - (ii) the agreement did not allow the franchisee to claim compensation for goodwill in the event that it was not extended.
- (2) Subclause (1) also applies in respect of a restraint of trade clause that is incorporated into a franchise agreement:
 - (a) by reference to another document; or

Schedule 1 Franchising Code of Conduct

Part 3 Franchise agreements

Division 3 Terms of franchise agreement

Clause 23

(b) by another document physically attached to the agreement.

Note: See subclauses 3(4) and (5).

Division 4—Transfer of franchise agreement

24 Request for franchisor’s consent to transfer

- (1) A person may request, in writing, that a franchisor consent to the transfer of a franchise agreement.
- (2) A request must be accompanied by all information that the franchisor would reasonably require and expect to be given to make an informed decision.
- (3) If the franchisor requires further information to make an informed decision, the franchisor may, in writing, request the person to provide specified information relevant to making the decision.

25 Franchisor’s consent to transfer

Giving consent

- (1) A franchisor must advise, in writing, a person who has made a request under clause 24 for consent to the transfer of a franchise agreement:
 - (a) whether consent is given, and if not, give reasons why not; and
 - (b) if consent is given—whether the franchisor’s consent is subject to one or more conditions being satisfied.
- (2) A franchisor must not unreasonably withhold consent to the transfer of a franchise agreement.

Note: A franchisor may reasonably withhold consent to the transfer of a franchise agreement in the circumstances provided by subclause (6A).

Civil penalty: 600 penalty units.

Consent taken to be given

- (4) If the franchisor does not advise the person, in writing, that the franchisor does not consent to the transfer of the franchise agreement within 42 days of the later of:
 - (a) the date the request is made; and
 - (b) if the franchisor seeks further information—the date the last of the information is provided to the franchisor;then:
 - (c) the franchisor is taken to have given consent; and
 - (d) that consent cannot be revoked under subclause (5).

Revoking consent

- (5) Within 14 days of giving consent, the franchisor may revoke it by advising the person, in writing, that the franchisor’s consent is revoked and the reasons why consent has been revoked.

Clause 25

- (6) A franchisor must not unreasonably revoke the franchisor's consent to the transfer of a franchise agreement.

Note: A franchisor may reasonably revoke the franchisor's consent to the transfer of a franchise agreement in the circumstances provided by subclause (6A).

Civil penalty: 600 penalty units.

Circumstances in which franchisor's consent may reasonably be withheld or revoked

- (6A) A franchisor may reasonably withhold consent, or reasonably revoke consent, to the transfer of a franchise agreement in the following circumstances:
- (a) the proposed transferee is unlikely to be able to meet the financial obligations that the proposed transferee would have under the franchise agreement;
 - (b) the proposed transferee does not meet a reasonable requirement of the franchise agreement for the transfer of the franchise agreement;
 - (c) the proposed transferee does not meet the selection criteria of the franchisor;
 - (d) the proposed transferee does not agree, in writing, to comply with the obligations of the franchisee under the franchise agreement;
 - (e) the franchisee has not paid or made reasonable provision to pay an amount owing to the franchisor;
 - (f) the franchisee has not remedied a breach of the franchise agreement;
 - (g) the franchisor has not received from the proposed transferee a written statement that the transferee has received, read and had a reasonable opportunity to understand the disclosure document and this code.

Paragraphs (a) to (g) do not limit the circumstances in which a franchisor's consent may be reasonably withheld or revoked.

Definition

- (7) In this clause:

transferee means a franchisee who seeks to acquire a franchise business through the transfer of the franchise agreement.

Division 5—Termination of franchise agreement

26 Termination—cooling off after entering into new franchise agreement

- (1) A franchisee may terminate a franchise agreement within 14 days after entering into the agreement.
- (1A) Subclauses (1B) and (1C) apply if, immediately before the franchise agreement is entered into:
 - (a) there is a proposal that the franchisor, or an associate of the franchisor:
 - (i) lease premises for the franchised business to the franchisee; or
 - (ii) allow the franchisee to occupy premises for the franchised business under a right (an **occupancy right**) other than a lease; and
 - (b) the lease or occupancy right is not in force.
- (1B) The franchisee may terminate the franchise agreement within 14 days after receiving from the franchisor or associate:
 - (a) the first document setting out the terms of the proposed lease or occupancy right; or
 - (b) any later document setting out the terms of the proposed lease or occupancy if the terms are not substantially identical to the terms set out in the first document (excluding changes to the terms that were requested by the franchisee).
- (1C) The franchisee may terminate the franchise agreement within 14 days after entering into the lease or being granted the occupancy right if, before entering into the lease or being granted the occupancy right, the franchisee did not receive from the franchisor or associate a document setting out terms of the proposed lease or occupancy right that are substantially identical to the actual terms of the lease or occupancy right (excluding changes to the actual terms of the lease or occupancy right that were requested by the franchisee).
- (1D) Subclauses (1), (1B) and (1C) do not limit one another.

Note: Those subclauses do not provide for the franchisee to terminate another agreement with the franchisor (such as a lease of premises from the franchisor) or an agreement with anyone else.

- (2) Subclauses (1), (1B) and (1C) do not apply to:
 - (a) the renewal of an existing franchise agreement; or
 - (b) the extension of the term or scope of an existing franchise agreement; or
 - (c) the transfer of a franchise agreement that does not involve entry into a new franchise agreement between the transferee and the franchisor.

Note: Clause 26A deals with cooling off after such a transfer.

- (3) If the franchisee terminates an agreement under subclause (1), (1B) or (1C), the franchisor must, within 14 days, repay all payments (whether of money or of other valuable consideration) made by the franchisee to the franchisor connected with the agreement.

Clause 26A

Civil penalty: 600 penalty units.

- (4) However, the franchisor may deduct from the amount repaid under subclause (3) the franchisor's reasonable expenses if the expenses or their method of calculation have been set out in the agreement.

26A Termination—cooling off after transferring franchise agreement

- (1) This clause applies if a franchise agreement is transferred between a person (the *old franchisee*) who was the franchisee under the agreement and a person (the *new franchisee*) who becomes the franchisee for the purposes of the agreement without a new franchise agreement being entered into by the new franchisee and the franchisor.

Note: Clause 26 deals with a transfer that involves a new franchise agreement being entered into by the franchisor and the person to whom the transfer was made by the old franchisee.

- (2) The new franchisee may, by written notice given to the old franchisee and the franchisor in accordance with subclause (3), do all of the following:
- (a) cease to be the franchisee for those purposes;
 - (b) if the old franchisee can become the franchisee for those purposes again—cause the old franchisee to do so;
 - (c) if there was an agreement (the *transfer agreement*) between the new franchisee and the old franchisee for the purposes of the transfer—terminate the transfer agreement.
- (3) A notice under subclause (2) must be given within whichever of the following periods ends earlier:
- (a) the period of 14 days starting on the day after the new franchisee becomes the franchisee for the purposes of the franchise agreement;
 - (b) the period ending on the day the new franchisee takes possession and control of the franchised business.

Refunds from franchisor to new franchisee

- (4) If, by notice given under subclause (2), the new franchisee ceases to be the franchisee for the purposes of the franchise agreement, the franchisor must, within the period of 14 days starting on the day after the notice was given, repay all payments (whether of money or of other valuable consideration) made by the new franchisee to the franchisor under the franchise agreement.

Civil penalty: 600 penalty units.

- (5) However, the franchisor may deduct from the amount repaid under subclause (4) the franchisor's reasonable expenses if the expenses or their method of calculation have been set out in the franchise agreement.

Refunds from old franchisee to new franchisee

- (6) If, by notice given under subclause (2), the new franchisee terminates the transfer agreement, the old franchisee must, within the period of 14 days starting on the day after the notice was given, repay all payments (whether of money or of other valuable consideration) made by the new franchisee to the old franchisee under the transfer agreement.

Civil penalty: 600 penalty units.

- (7) However, the old franchisee may deduct from the amount repaid under subclause (6) the old franchisee's reasonable expenses if the expenses or their method of calculation have been set out in the transfer agreement.

26B Franchisee may propose termination at any time

- (1) A franchisee may, at any time, give the franchisor a written proposal for termination of their franchise agreement on the terms specified in the proposal, despite the agreement. The proposal must set out the reasons for the proposed termination.

- (2) If the franchisor is given a proposal under subclause (1), the franchisor must give the franchisee a substantive written response to the proposal within 28 days.

Note: If the response is to refuse to terminate, or to refuse to agree to terminate, the franchise agreement on the terms proposed, a dispute may arise. Under clause 35, the dispute can be dealt with under Division 3 of Part 4.

- (3) If the franchisor has given the franchisee a substantive written response to a proposal (the *earlier proposal*) under subclause (2), the franchisor is not required to give the franchisee another response to that proposal.

- (4) However, if the franchisee gives the franchisor another written proposal (the *later proposal*) for termination of their franchise agreement for a different reason from the reason given for the earlier proposal, the franchisor must comply with subclause (2) in relation to the later proposal.

- (5) If the franchisor's response is to refuse to terminate, or to refuse to agree to terminate, the franchise agreement on the terms proposed, the response must include the reasons for the refusal.

Note: Each party to a franchise agreement is under an obligation to act in good faith in relation to the agreement (see clause 6).

- (6) This clause is not intended to otherwise limit the rights or obligations of the franchisor or franchisee under a law of the Commonwealth or a State or Territory or under the franchise agreement.

27 Termination—breach by franchisee

- (1) This clause applies if:
- (a) a franchisee breaches a franchise agreement; and
 - (b) the franchisor proposes to terminate the franchise agreement.

Clause 28

- (2) The franchisor must:
- (a) give to the franchisee reasonable notice, in writing, that the franchisor proposes to terminate the franchise agreement because of the breach; and
 - (b) tell the franchisee what the franchisor requires to be done to remedy the breach; and
 - (c) allow the franchisee a reasonable time to remedy the breach.

Civil penalty: 600 penalty units.

- (3) For paragraph (2)(c), the franchisor does not have to allow more than 30 days.
- (4) If the breach has been remedied in accordance with paragraphs (2)(b) and (c), the franchisor must not terminate the franchise agreement because of the breach.

Civil penalty: 600 penalty units.

- (4A) Subclauses (2) and (4) do not prevent the franchisor from exercising a power under the agreement to terminate the agreement if, at the time of the termination, the franchisor and franchisee agree to the termination.
- (5) Part 4 (resolving disputes) applies in relation to a dispute arising from termination under this clause.

28 Termination—no breach by franchisee

- (1) This clause applies if:
- (a) a franchisor terminates a franchise agreement:
 - (i) in accordance with the agreement; and
 - (ii) before it expires; and
 - (iii) without the consent of the franchisee; and
 - (b) the franchisee has not breached the agreement.
- (2) For subparagraph (1)(a)(iii), a condition of a franchise agreement that a franchisor can terminate the franchise agreement without the consent of the franchisee is not taken to be consent.
- (3) Before terminating the franchise agreement, the franchisor must give reasonable written notice of the proposed termination, and reasons for it, to the franchisee.

Civil penalty: 600 penalty units.

- (4) Part 4 (resolving disputes) applies in relation to a dispute arising from termination under this clause.

29 Notice of termination by franchisor on particular grounds

- (1) This clause applies if a franchise agreement gives the franchisor power to terminate the agreement on any of the following grounds:
- (a) the franchisee no longer holds a licence that the franchisee must hold to carry on the franchised business;

- (b) the franchisee becomes bankrupt, an insolvent under administration or a Chapter 5 body corporate;
- (c) the franchisee is a company that is deregistered by the Australian Securities and Investments Commission;
- (d) the franchisee voluntarily abandons the franchised business or the franchise relationship;
- (e) the franchisee is convicted of a serious offence;
- (f) the franchisee operates the franchised business in a way that endangers public health or safety;
- (g) the franchisee acts fraudulently in connection with the operation of the franchised business.

Franchisor must give 7 days' notice of proposed termination

- (2) The franchisor must not terminate the agreement because of a ground mentioned in subclause (1) unless the franchisor has given the franchisee 7 days' written notice of the proposed termination and the ground for it.

Civil penalty: 600 penalty units.

- (3) However, clauses 27 and 28 do not prevent the franchisor from exercising the power under the agreement to terminate the agreement if the franchisor has not met the requirements of subclause 27(2) or subclause 28(3).

Note: Those requirements include giving reasonable written notice of the termination to the franchisee.

Rapid appointment of ADR practitioner or arbitrator for dispute over proposed termination

- (4) If the franchisor gives the franchisee written notice of the proposed termination and the franchisee tells the franchisor, in writing under subclause 40A(1) or a corresponding provision of the franchise agreement, about a dispute relating to the proposed termination then:
 - (a) despite subclause (2), the franchisor must not terminate the agreement until after the end of 28 days after the notice was given; and
 - (b) despite subclauses 40A(3), (4) and (5) or corresponding provisions of the franchise agreement:
 - (i) the franchisee may refer the matter to an ADR practitioner for an ADR process if the franchisee and franchisor do not agree promptly how to resolve the dispute; and
 - (ii) either the franchisee or the franchisor may request the Ombudsman to appoint an ADR practitioner for the ADR process relating to the dispute if the franchisee and franchisor do not agree promptly on who should be the ADR practitioner; and
 - (iii) if requested, the Ombudsman must appoint an ADR practitioner as soon as practicable; and

Clause 29

- (c) despite paragraph 43B(4)(a), the Ombudsman must appoint an arbitrator for the dispute as soon as practicable after receiving a request from the parties to the franchise agreement to do so.

Requiring franchisee to cease operating franchised business because of ground in subclause (1)

- (5) If the franchise agreement provides for the franchisor to take action to cause or require the franchisee not to operate all or part of the franchised business because of a ground mentioned in subclause (1), the franchisor may, by written notice given to the franchisee, require the franchisee not to operate the business or the part of the business because of that ground.
- (6) Subclause (5) has effect despite paragraph (4)(a) if the action provided for by the franchise agreement to cause the franchisee not to operate all or part of the franchised business because of a ground mentioned in subclause (1) would involve termination of the franchise agreement by the franchisor.

Note: In this case, while paragraph (4)(a) prevents the franchisor from terminating the agreement within 28 days after notice of the proposed termination was given, the franchisor may, under subclause (5), require the franchisee not to operate all or part of the franchised business because of a ground mentioned in subclause (1).

Division 6—Miscellaneous

30 Significant capital expenditure not to be required

- (1) A franchisor must not require a franchisee to undertake significant capital expenditure in relation to a franchised business during the term of the franchise agreement.

Civil penalty: 600 penalty units.

- (2) For the purposes of subclause (1), *significant capital expenditure* excludes the following:
- (a) expenditure that is disclosed to the franchisee in the disclosure document that is given to the franchisee before:
 - (i) entering into or renewing the agreement; or
 - (ii) extending the term or scope of the agreement;
 - (b) if expenditure is to be incurred by all or a majority of franchisees—expenditure approved by a majority of those franchisees;
 - (c) expenditure incurred by the franchisee to comply with legislative obligations;
 - (d) expenditure agreed by the franchisee.

30A Information and discussion about capital expenditure

- (1) This clause applies if a disclosure document for a franchise agreement discloses expenditure of the kind mentioned in paragraph 30(2)(a).
- (2) The franchisor must include in the disclosure document as much information as practicable about the expenditure, including the following:
- (a) the rationale for the expenditure;
 - (b) the amount, timing and nature of the expenditure;
 - (c) the anticipated outcomes and benefits of the expenditure;
 - (d) the expected risks associated with the expenditure.
- Example: The information could include the type of any upgrades to facilities or premises, any planned changes to the corporate identity of the franchisor's brand and indicative costs for any building materials.
- (3) Before entering into, renewing or extending the term or scope of the agreement, the franchisor and the franchisee or prospective franchisee must discuss the expenditure.
- (4) The discussion must include a discussion of the circumstances under which the franchisee or prospective franchisee considers that the franchisee or prospective franchisee is likely to recoup the expenditure, having regard to the geographical area of operations of the franchisee or prospective franchisee.

31 Payments to and from marketing funds

(1) This clause applies if a franchise agreement requires the franchisee to pay money to a marketing fund that is controlled or administered by or for the franchisor or a master franchisor (whether the franchisee is a franchisee or subfranchisee of the franchisor or master franchisor).

(2) The fund administrator must maintain a separate account with a financial institution for payments to the marketing fund by franchisees.

Civil penalty: 600 penalty units.

(3) If the franchisor or master franchisor operates one or more units of a franchised business, the franchisor or master franchisor must make payments to the marketing fund on behalf of each of those units on the same basis as franchisees of other units of the franchised business.

Civil penalty: 600 penalty units.

(4) Despite any terms of a franchise agreement, the fund administrator must use payments to the fund only to:

(a) meet expenses that:

(i) have been disclosed to franchisees in the disclosure document in accordance with paragraph 15.1(f) of Annexure 1; or

(ii) are legitimate expenses for marketing (however described); or

(iii) have been agreed to by a majority of franchisees that are required to make payments to the fund; or

(b) pay the reasonable costs of administering and auditing the fund.

Civil penalty: 600 penalty units.

Meaning of fund administrator

(5) In this clause:

fund administrator means:

(a) the franchisor or master franchisor who controls or administers the fund; or

(b) if the franchisor or master franchisor has authorised an associate to control or administer the fund—the authorised associate.

31A Franchisor not to vary franchise agreement retrospectively and unilaterally

A franchisor must not vary a franchise agreement with retrospective effect unless the franchisee has given written consent to the variation.

32 Disclosure of former franchisee details

(1) A former franchisee may give a franchisor a written request that the former franchisee's details not be disclosed to a prospective franchisee.

- (2) If such a request is made, the franchisor must not disclose the former franchisee's details to a prospective franchisee.
- (3) A franchisor must not engage in conduct with the intention of influencing a former franchisee to make, or not make, such a request.

Civil penalty: 600 penalty units.

33 Association of franchisees or prospective franchisees

A franchisor must not engage in conduct that would restrict or impair:

- (a) a franchisee or prospective franchisee's freedom to form an association; or
- (b) a franchisee or prospective franchisee's ability to associate with other franchisees or prospective franchisees for a lawful purpose.

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

Part 4—Resolving disputes

Division 1—General

34 Internal complaint handling procedure

A franchise agreement must provide for a complaint handling procedure that has the same effect as subclauses 40A(1) to (4) and clause 41A except for providing for imposition of a civil penalty.

35 Resolving disputes

A party to a franchise agreement (the *complainant*) who has a dispute with another party to the franchise agreement (the *respondent*) may:

- (a) take action under the agreement's complaint handling procedure; or
- (b) take action in accordance with the procedure set out in Division 3 of this Part.

Note: See also Division 4 of Part 5 in relation to new vehicle dealership agreements.

36 When a party is taken to be trying to resolve a dispute

- (1) A party will be taken to be trying to resolve a dispute if the party approaches the resolution of the dispute in a reconciliatory manner, including doing any of the following:
 - (a) attending and participating in meetings at reasonable times;
 - (b) not taking action during the dispute, including by providing inferior goods, services, or support, which has the effect of damaging the reputation of the franchise system;
 - (c) not refusing to take action during the dispute, including not providing goods, services or support, if the refusal to act would have the effect of damaging the reputation of the franchise system;
 - (d) if an ADR process is being used to try to resolve the dispute—both:
 - (i) making the party's intention clear, at the beginning of the process, as to what the party is trying to achieve through the process; and
 - (ii) observing any obligations relating to confidentiality that apply during or after the process.
- (2) To avoid doubt, if an ADR process is being used to try to resolve the dispute, subclause (1) applies whether the ADR process is conducted under this code or otherwise.

37 Right to bring proceedings unaffected

This Part does not affect the right of a party to a franchise agreement to bring legal proceedings, whether under the franchise agreement or otherwise.

Division 3—Code complaint handling procedure

Subdivision A—Notification of dispute

40A Notification of dispute

- (1) The complainant must tell the respondent in writing:
 - (a) the nature of the dispute; and
 - (b) what outcome the complainant wants; and
 - (c) what action the complainant thinks will resolve the dispute.
- (2) The parties must then try to agree how to resolve the dispute.

Note: Arbitration could be one way the parties agree to resolve the dispute. In that case, Subdivision C will apply.
- (3) If the parties cannot agree how to resolve the dispute within 21 days, any party may refer the matter to an ADR practitioner for an ADR process under:
 - (a) a franchise agreement; or
 - (b) this code.
- (4) If the parties cannot agree on who should be the ADR practitioner, any party may request the Ombudsman to appoint an ADR practitioner.
- (5) The Ombudsman must appoint an ADR practitioner within 14 days of the request, or a corresponding request under a provision of the franchise agreement corresponding to subclause (4).

40B Similar disputes between 2 or more franchisees and one franchisor

- (1) This clause applies if 2 or more franchisees have similar disputes under their franchise agreements with the same franchisor.
- (2) To avoid doubt, the franchisees and the franchisor may agree to resolve their disputes in the same way.
- (3) For the purpose of deciding whether to agree to resolve their disputes in the same way, the franchisees may discuss their disputes with each other, despite any confidentiality requirements provided in their franchise agreements.
- (4) To avoid doubt, if any of the franchisees and the franchisor cannot agree how to resolve their disputes, all of the franchisees (who cannot agree) or the franchisor may refer the matter to a single ADR practitioner in accordance with subclause 40A(3) for a single ADR process for all of their disputes.

Note: Each of the disputes remains separate, even if there is a single ADR process dealing with all of them.
- (5) To avoid doubt, if any of the franchisees and the franchisor cannot agree on who should be the ADR practitioner, all of the franchisees (who cannot agree) or the franchisor may request the Ombudsman in accordance with subclause 40A(4) to

Clause 41A

appoint a single ADR practitioner for a single ADR process for all of their disputes.

- (6) If:
- (a) under subclause (4), all of the franchisees refer the matter to a single ADR practitioner for a single ADR process for all of their disputes; or
 - (b) under subclause (5), all of the franchisees request the appointment of a single ADR practitioner for a single ADR process for all their disputes and the appointment is made;

but the franchisor does not agree that there should be a single ADR process for all the disputes or does not agree to the appointment of the ADR practitioner, the ADR practitioner may conduct the ADR process despite the franchisor's disagreement.

Note: If the ADR practitioner conducts the ADR process despite the franchisor's disagreement, the franchisor is required to attend the ADR process and try to resolve the dispute (see subclauses 41A(3) and (5)). Clause 36 (when a party is taken to be trying to resolve a dispute) applies in relation to all the parties to the disputes.

Subdivision B—ADR process

41A ADR process

- (1) An ADR practitioner appointed for a dispute may decide the time and place for the ADR process for the dispute (subject to subclause (2)).
- (2) The ADR process must be conducted in Australia and may be conducted by means of virtual attendance technology.
- (3) Each party to the dispute must attend the ADR process.

Civil penalty: 600 penalty units.

- (4) For the purposes of subclause (3), a party is taken to attend an ADR process if the party is represented in the ADR process by a person who has the authority to enter an agreement to settle the dispute on behalf of the party.
- (5) The parties must try to resolve the dispute.

Note: For when a party is taken to be trying to resolve a dispute, see clause 36.

- (6) After the ADR process has started, the ADR practitioner must advise the Ombudsman, within 28 days, of that fact.

41B Termination of ADR process

- (1) This clause applies to an ADR process for a dispute if:
 - (a) at least 30 days have elapsed after the day the ADR process began; and
 - (b) the dispute has not been resolved.
- (2) The ADR practitioner for the ADR process may terminate the ADR process at any time unless satisfied that a resolution of the dispute is imminent.

- (3) However, if a party asks the ADR practitioner to terminate the ADR process for the dispute and gives written reasons for the request, the ADR practitioner must terminate the ADR process to the extent that it relates to that party's dispute.
- (4) If the ADR practitioner terminates the ADR process for a dispute under this clause, the ADR practitioner must issue a certificate stating:
 - (a) the names of the parties; and
 - (b) the nature of the dispute; and
 - (c) that the ADR process for the dispute has finished; and
 - (d) that the dispute has not been resolved; and
 - (e) the reason for terminating the ADR process for the dispute.
- (5) The ADR practitioner must give a copy of the certificate to:
 - (a) the Ombudsman; and
 - (b) each of the parties to the dispute.

41C Costs of ADR process

- (1) The parties to a dispute are equally liable for the costs of an ADR process under this Subdivision for the dispute (including the cost of the ADR practitioner, the cost of room hire and the cost of any additional input (including expert reports) agreed by the parties to be necessary to conduct the ADR process), unless they agree otherwise.

Note: If a single ADR process is conducted under this Subdivision for multiple disputes, this clause applies separately to each of the disputes, and the costs of the ADR process for each dispute will be the part of the overall cost of the ADR process that is attributable to that dispute.

- (2) The parties must pay for their own costs of attending the ADR process.

Subdivision C—Arbitration

43A Arbitration by agreement for dispute resolution

The dispute between the complainant and the respondent may, by written agreement, be resolved in whole or part by arbitration. The agreement may be the franchise agreement or a separate agreement.

43B Arbitration procedure

- (1) This clause applies if the complainant and the respondent agree, in writing, to have a dispute resolved by arbitration conducted in accordance with this Subdivision.

Appointment of arbitrator

- (2) The parties must request the Ombudsman to appoint an arbitrator for the dispute.

Clause 43B

- (3) The parties may request the Ombudsman to appoint a particular arbitrator agreed on by the parties (who may or may not be included in the list kept by the Ombudsman under paragraph 4A(a) of this instrument).
- (4) The Ombudsman must:
 - (a) appoint an arbitrator within 14 days after receiving the request unless the Ombudsman is satisfied that the complaint giving rise to the dispute:
 - (i) is frivolous or vexatious; or
 - (ii) has previously been the subject of another arbitration; and
 - (b) if the parties have requested the Ombudsman to appoint a particular arbitrator—appoint that arbitrator; and
 - (c) give the parties to the dispute, in writing, details of the arbitrator appointed.

Conduct of arbitration

- (5) Subject to subclause (6), the arbitrator must decide:
 - (a) how the arbitration is to be conducted (for example, by telephone or in meetings, including by means of virtual attendance technology); and
 - (b) the time and place for the arbitration; and
 - (c) the day the arbitration commences for the purposes of this Subdivision.
- (6) The arbitration must be conducted in Australia.

Arbitrator must notify Ombudsman that arbitration has commenced

- (7) Within 14 days after the arbitration has commenced, the arbitrator must notify the Ombudsman, in writing, that the arbitration has commenced and of the nature of the dispute.

Note: The arbitrator decides under paragraph (5)(c) when an arbitration commences.

Attendance at arbitration

- (8) Each party to the dispute must attend the arbitration.

Civil penalty: 600 penalty units.
- (9) For the purposes of subclause (8), a party is taken to attend an arbitration if the party is represented at the arbitration by a person who has the authority to enter into an agreement to settle the dispute on behalf of the party.

Arbitrator must give notice of successful arbitration

- (10) If the dispute is resolved, the arbitrator must, within 14 days after the dispute is resolved:
 - (a) set out, in writing, the terms of the resolution; and
 - (b) give a copy of the terms to each party to the dispute; and
 - (c) notify the Ombudsman that the dispute has been resolved.

43C Termination of arbitration

- (1) The arbitrator conducting an arbitration of a dispute in accordance with this Subdivision must terminate the arbitration if all parties to the dispute jointly request the arbitrator to do so.
- (2) If the arbitrator terminates an arbitration under subclause (1), the arbitrator must issue a certificate stating:
 - (a) the names of the parties to the arbitration; and
 - (b) the nature of the dispute that was the subject of the arbitration; and
 - (c) that the arbitration has been terminated; and
 - (d) that the dispute has not been resolved.
- (3) The arbitrator must give a copy of the certificate to:
 - (a) the Ombudsman; and
 - (b) each party to the dispute.

43D Costs of arbitration

- (1) Each party to a dispute that was the subject of an arbitration in accordance with this Subdivision must pay half of all reasonable costs (if any) associated with the conduct of the arbitration, unless the parties to the arbitration agree otherwise.
- (2) However, each party to a dispute that was the subject of an arbitration in accordance with this Subdivision must pay that party's costs of attending the arbitration, unless the parties agree otherwise.

Subdivision D—Confidentiality

44A Confidentiality requirements

The complainant and respondent must observe any confidentiality requirements relating to information disclosed or obtained in dealing with or resolving the dispute by an ADR process or arbitration.

Part 5—New vehicle dealership agreements

Division 1—Preliminary

46 Application of Part

This Part applies to new vehicle dealership agreements.

Note: In this Part, a reference to a franchise agreement is a reference to a new vehicle dealership agreement.

Division 1A—Terms of agreement

46A Franchise agreement must provide for compensation for early termination

- (1) A franchisor must not enter into a franchise agreement unless the agreement:
- (a) provides for the franchisee to be compensated if the franchise agreement is terminated before it expires because the franchisor:
 - (i) withdraws from the Australian market; or
 - (ii) rationalises its networks in Australia; or
 - (iii) changes its distribution models in Australia; and
 - (b) specifies how the compensation is to be determined, with specific reference to the following:
 - (i) lost profit from direct and indirect revenue;
 - (ii) unamortised capital expenditure requested by the franchisor;
 - (iii) loss of opportunity in selling established goodwill;
 - (iv) costs of winding up the franchised business.

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

- (2) A franchisor must not enter into a franchise agreement unless the agreement contains provision for the franchisor to buy back or compensate the franchisee for new road vehicles, spare parts and special tools if:
- (a) the franchise agreement is not renewed and a new agreement is not entered into; or
 - (b) the franchise agreement is terminated before it expires because the franchisor:
 - (i) withdraws from the Australian market; or
 - (ii) rationalises its networks in Australia; or
 - (iii) changes its distribution models in Australia.

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

- (3) A franchisor must not enter into a franchise agreement that contains a provision that purports to exclude any compensation to which the franchisee may be entitled, other than under the agreement, if the agreement is terminated before it expires other than because the franchisee has breached the agreement.

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

46B Franchise agreement must provide reasonable opportunity for return on franchisee's investment

A franchisor must not enter into a franchise agreement unless the agreement provides the franchisee with a reasonable opportunity to make a return, during the term of the agreement, on any investment required by the franchisor as part of entering into, or under, the agreement.

Note: If expenditure is disclosed in a disclosure document for a franchise agreement, the circumstances in which the expenditure is likely to be recouped must be discussed (see clause 30A).

Civil penalty:

- (a) for a contravention by a body corporate—the amount under clause 5A; or
- (b) for a contravention by a person who is not a body corporate—\$500,000.

Division 2—End of term obligations

Note: Subdivision B of Division 2 of Part 3 does not apply to new vehicle dealership agreements (see clause 17A).

47 Notification obligation—franchisor

- (1) The franchisor of a franchise agreement must notify the franchisee, in writing, whether the franchisor intends to:
 - (a) extend the agreement; or
 - (b) enter into a new agreement; or
 - (c) neither extend the agreement nor enter into a new agreement.
- (2) If the term of the agreement is 12 months or longer, the franchisor's notice must be given:
 - (a) at least 12 months before the end of the term of the agreement; or
 - (b) if the parties to the agreement agree on a later time—before that later time.

Civil penalty: 600 penalty units.

- (3) If the term of the agreement is less than 12 months, the franchisor's notice must be given:
 - (a) if the term of the agreement is 6 months or longer—at least 6 months before the end of the term of the agreement; and
 - (b) if the term of the agreement is less than 6 months—at least 1 month before the end of the term of the agreement.

Civil penalty: 600 penalty units.

- (4) If the franchisor intends to enter into a new agreement, the franchisor's notice must include a statement to the effect that, subject to subclause 16(2), the franchisee may request a disclosure document under clause 16.

Civil penalty: 600 penalty units.

- (5) If the franchisor gives a notice that the franchisor intends to neither extend the agreement nor enter into a new agreement, the notice must include the reasons for the franchisor's intention.

Civil penalty: 600 penalty units.

48 Notification obligation—franchisee

- (1) The franchisee of a franchise agreement must notify the franchisor, in writing, whether the franchisee intends to:
 - (a) renew the agreement; or
 - (b) enter into a new agreement; or
 - (c) neither renew the agreement nor enter into a new agreement.

Clause 49

- (2) If the term of the agreement is 12 months or longer, the franchisee's notice must be given:
 - (a) at least 12 months before the end of the term of the agreement; or
 - (b) if the parties to the agreement agree on a later time—before that later time.
- (3) If the term of the agreement is less than 12 months, the franchisee's notice must be given:
 - (a) if the term of the agreement is 6 months or longer—at least 6 months before the end of the term of the agreement; and
 - (b) if the term of the agreement is less than 6 months—at least 1 month before the end of the term of the agreement.
- (4) If the franchisee gives a notice to the franchisor that the franchisee intends to neither renew the agreement nor enter into a new agreement, the notice must include the reasons for the franchisee's intention.

49 Obligation to manage winding down of agreement

- (1) This clause applies if:
 - (a) under clause 47, the franchisor gives the franchisee a notice that the franchisor intends to neither extend the agreement nor enter into a new agreement; or
 - (b) under clause 48, the franchisee gives the franchisor a notice that the franchisee intends to neither renew the agreement nor enter into a new agreement.
- (2) The parties must, as soon as practicable, agree to a written plan (with milestones) for managing the winding down of the dealership, including how the franchisee's stock (including new road vehicles, spare parts and service and repair equipment) will be managed over the remaining term of the agreement.
- (3) The parties must cooperate to reduce the franchisee's stock of new road vehicles and spare parts over the remaining term of the agreement.

Division 4—Resolving disputes

52 Franchisees may request multi-franchisee dispute resolution

- (1) This clause applies if:
 - (a) a franchisor has entered into franchise agreements with 2 or more franchisees; and
 - (b) 2 or more of the franchisees each have a dispute of the same nature with the franchisor.
- (2) Two or more of the franchisees mentioned in paragraph (1)(b) may ask the franchisor to deal with the franchisees together about the dispute.

Note: See also Part 4 (resolving disputes).

Part 5A—Franchise Disclosure Register

Division 1—Establishment and content

53 Establishment of Register

- (1) The Secretary must establish and keep a register for the purposes of this Part.
- (2) The register is to be known as the Franchise Disclosure Register.
- (3) The Register must be kept by electronic means.
- (4) The Register must be made available for public inspection, without charge, on the internet.

53A Contents of Register

- (1) The Register must contain the information that is required to be provided by a franchisor under Division 2.
- (2) The Register may contain other information provided by a franchisor if:
 - (a) the information relates to the franchise system of the franchisor or is relevant to prospective franchisees or existing franchisees of a franchise agreement; and
 - (b) the information is not:
 - (i) personal information that relates to an individual other than the franchisor; or
 - (ii) information that relates to a particular franchisee of the franchisor; or
 - (iii) information that relates to a particular site being occupied by a franchisee of the franchisor.
- (3) The Register may only contain the following documents that are provided by a franchisor:
 - (a) the disclosure document created and maintained by the franchisor under clause 8;
 - (b) the key facts sheet created and maintained by the franchisor under clause 9A;
 - (c) the standard form of the franchise agreement used by the franchisor;
 - (d) a logo of the franchisor.

Note: Before a document is provided for inclusion in the Register certain information must be redacted from the document (see Division 3).

53B Secretary may correct clerical errors and remove, update and replace certain information and documents

- (1) The Secretary may correct, or cause to be corrected, any clerical errors or obvious mistakes in the Register.

- (2) The Secretary must remove or replace a document or information that is included in the Register by a franchisor if:
- (a) the Secretary receives a request from the franchisor asking for the document or information to be removed because the franchisor has ceased to operate a franchise or franchise system; or
 - (b) the franchisor gives information to replace information included in the Register; or
 - (c) the franchisor gives a document to replace a document included in the Register.
- (3) The Secretary may remove a document or information included in the Register by a franchisor if:
- (a) the document or information has been in the Register for a period of at least 18 months; and
 - (b) during that period the franchisor has not:
 - (i) given another document to replace the document included in the Register; or
 - (ii) updated the information included in the Register; or
 - (iii) notified the Secretary that the document or information included in the Register remains current.
- (4) The Secretary may remove from the Register a document or information included in the Register by a franchisor if the document contains, or the information is:
- (a) personal information that relates to an individual other than the franchisor; or
 - (b) information that relates to a particular franchisee of the franchisor; or
 - (c) information that relates to a particular site being occupied by a franchisee of the franchisor; or
 - (d) information of a kind determined under subclause (5).
- (5) The Secretary may, by legislative instrument, determine kinds of information that may be removed from the Register, or enable a document to be removed from the Register, under subclause (4).

Division 2—Obligation to provide information for inclusion in the Register

53C Initial obligation to provide information for inclusion in Register—franchisors that give a disclosure document on or before 31 October 2022

Franchisors to which this clause applies

- (1) This clause applies to a franchisor if:
 - (a) the franchisor has created a disclosure document under clause 8; and
 - (b) on or before 31 October 2022 the franchisor gives a copy of the disclosure document under clause 9; and
 - (c) if the franchisor is the master franchisor in a master franchise system—the master franchise system has 2 or more subfranchisors.

Franchisor must provide information for inclusion in Register

- (2) The franchisor must, in accordance with subclause (3), provide the following information for inclusion in the Register:
 - (a) the name of the franchisor;
 - (b) the name under which the franchisor carries on business in Australia relevant to the franchise;
 - (c) if the franchisor has an ABN—the franchisor's ABN;
 - (d) the address, or addresses, of the franchisor's registered office and principal place of business in Australia;
 - (e) the business telephone number and email address of the franchisor;
 - (f) the ANZSIC division and subdivision codes for the industry in which the business operated under the franchise operates;
 - (g) any information required to be provided to the Secretary under a determination under subclause (4).

Note: Persons other than the franchisor may provide the information on behalf of the franchisor (see Division 4).

Civil penalty: 600 penalty units.

- (3) The information must:
 - (a) be provided in a form and manner approved by the Secretary in writing; and
 - (b) be provided on or before 14 November 2022.

Franchisors may be required to provide information to the Secretary

- (4) The Secretary may, by legislative instrument, determine that each or a specified franchisor must provide to the Secretary information that is required to be included in a disclosure document created by the franchisor if the information is not:

- (a) personal information that relates to an individual other than the franchisor;
or
- (b) information that relates to a particular franchisee of the franchisor; or
- (c) information that relates to a particular site being occupied by a franchisee of the franchisor.

Note 1: For specification of one or more classes of franchisors, see subsection 13(3) of the *Legislation Act 2003*.

Note 2: Clause 8 requires certain information to be included in a disclosure document.

53D Initial obligation to provide information for inclusion in Register—other franchisors

Franchisors to which this clause applies

- (1) This clause applies to a franchisor if:
 - (a) the franchisor is proposing to enter into a franchise agreement with a prospective franchisee; and
 - (b) a copy of the disclosure document relating to the franchise is required to be given to the prospective franchisee under clause 9; and
 - (c) the franchisor has not previously provided information relating to the franchise for inclusion in the Register under this clause or clause 53C; and
 - (d) if the franchisor is the master franchisor in a master franchise system—the master franchise system has 2 or more subfranchisors.

Obligation to provide information

- (2) The franchisor must, in accordance with subclause (3), provide the following information for inclusion in the Register:
 - (a) the name of the franchisor;
 - (b) the name under which the franchisor carries on business in Australia relevant to the franchise;
 - (c) if the franchisor has an ABN—the franchisor's ABN;
 - (d) the address, or addresses, of the franchisor's registered office and principal place of business in Australia;
 - (e) the business telephone number and email address of the franchisor;
 - (f) the ANZSIC division and subdivision codes for the industry in which the business operated under the franchise operates;
 - (g) any information required to be provided to the Secretary under a determination under subclause (4).

Note: Persons other than the franchisor may provide the information on behalf of the franchisor (see Division 4).

Civil penalty: 600 penalty units.

- (3) The information must be provided:
 - (a) in a form and manner approved by the Secretary in writing; and

Clause 53E

- (b) at least 14 days before the franchisor enters into the franchise agreement with the prospective franchisee.

Franchisors may be required to provide information to the Secretary

- (4) The Secretary may, by legislative instrument, determine that each or a specified franchisor must provide to the Secretary information that is required to be included in a disclosure document created by the franchisor if the information is not:
 - (a) personal information that relates to an individual other than the franchisor; or
 - (b) information that relates to a particular franchisee of the franchisor; or
 - (c) information that relates to a particular site being occupied by a franchisee of the franchisor.

Note 1: For specification of one or more classes of franchisors, see subsection 13(3) of the *Legislation Act 2003*.

Note 2: Clause 8 requires certain information to be included in a disclosure document.

53E Obligation to annually update or confirm information included in Register

Franchisors to which this clause applies

- (1) This clause applies to a franchisor if:
 - (a) information is included, or was required to be included, in the Register under clause 53C or 53D; and
 - (b) if the franchisor is the master franchisor in a master franchise system—the master franchise system has 2 or more subfranchisors.

Obligation to update or confirm information

- (2) The franchisor must, in accordance with subclause (3), do the following:
 - (a) if information included by the franchisor in the Register remains current—confirm that the information is correct;
 - (b) to the extent that the following information is incorrect, out-of-date or has not previously been provided by the franchisor for inclusion in the Register—provide or update the following information:
 - (i) the name of the franchisor;
 - (ii) the name under which the franchisor carries on business in Australia relevant to the franchise;
 - (iii) if the franchisor has an ABN—the franchisor's ABN;
 - (iv) the address, or addresses, of the franchisor's registered office and principal place of business in Australia;
 - (v) the business telephone number and email address of the franchisor;
 - (vi) the ANZSIC division and subdivision codes for the industry in which the business operated under the franchise operates;
 - (vii) any information that was required to be provided to the Secretary under a determination under subclause 53C(4) or 53D(4);

- (c) provide any information required to be provided to the Secretary under a determination under subclause (4) of this clause.

Note: Persons other than the franchisor may provide the information on behalf of the franchisor (see Division 4).

Civil penalty: 600 penalty units.

- (3) The information must be provided:
- (a) in a form and manner approved by the Secretary in writing; and
 - (b) at least once for each financial year that:
 - (i) if the franchisor was required by clause 53C to provide information for inclusion in the Register—ends after 31 October 2022; or
 - (ii) if the franchisor was required by clause 53D to provide information for inclusion in the Register for a franchise agreement the franchisor is proposing to enter into—ends after the day the franchisor enters into the franchise agreement; and
 - (c) on or before the 14th day of the fifth month following the end of the financial year.

Franchisors may be required to provide information to the Secretary

- (4) The Secretary may, by legislative instrument, determine that each or a specified franchisor must provide to the Secretary information that is required to be included in a disclosure document created by the franchisor if the information is not:
- (a) personal information that relates to an individual other than the franchisor; or
 - (b) information that relates to a particular franchisee of the franchisor; or
 - (c) information that relates to a particular site being occupied by a franchisee of the franchisor.

Note 1: For specification of one or more classes of franchisors, see subsection 13(3) of the *Legislation Act 2003*.

Note 2: Clause 8 requires certain information to be included in a disclosure document.

Division 3—Redacting certain information from documents

53F Redacting certain information from documents

- (1) This clause applies to a franchisor if the franchisor is providing for inclusion in the Register:
 - (a) a document referred to in subclause 53A(3); or
 - (b) a link to a website that publishes such a document.
- (2) Before the franchisor provides the document or link for inclusion in the Register, the franchisor:
 - (a) must redact from the document the following kinds of information:
 - (i) personal information that relates to an individual other than the franchisor;
 - (ii) information that relates to a particular franchisee of the franchisor;
 - (iii) information that relates to a particular site being occupied by a franchisee of the franchisor; and
 - (b) may redact from the document information that is of a commercial nature and is commercially sensitive.

Division 4—Giving of information by agents

53G Agents may provide or give information

A franchisor required under a clause in Division 2 to provide or give information is taken to have complied with the requirement if someone else provides or gives the information in accordance with the clause on the franchisor's behalf.

Division 5—Other matters

53H Delegations by Secretary

- (1) The Secretary may, in writing, delegate all or any of the Secretary's functions or powers under this Part to an SES employee, or acting SES employee, in the Department.

Note: Sections 34AA to 34A of the *Acts Interpretation Act 1901* contain provisions relating to delegations.

- (2) In performing a delegated function or exercising a delegated power, the delegate must comply with any written directions of the Secretary.

53J Review of this Part

- (1) The Minister must cause a review of the operation of this Part to be undertaken.
- (2) The review must commence on or after 15 November 2023.
- (3) The person or persons undertaking the review must, on or before 30 June 2024, give the Minister a written report of the review.
- (4) The review must include an opportunity for franchise industry stakeholders to make written submissions on the operation of this Part.

Part 6—Application, saving and transitional provisions

Division 1—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (New Vehicle Dealership Agreements) Regulations 2020

54 Definitions

In this Division:

amending regulations means the *Competition and Consumer (Industry Codes—Franchising) Amendment (New Vehicle Dealership Agreements) Regulations 2020*.

commencement date means 1 June 2020.

55 End of term obligations

Agreements entered into on or after commencement date

- (1) Division 2 of Part 5, as inserted by the amending regulations, applies to:
 - (a) a new vehicle dealership agreement that is entered into on or after the commencement date; and
 - (b) such an agreement as later renewed or extended.

Agreements in force immediately before commencement date

- (2) Subclauses (3) and (4) apply to a new vehicle dealership agreement that was in force immediately before the commencement date.
- (3) Despite the amendments made by the amending regulations, Subdivision B of Division 2 of Part 3, as in force immediately before the commencement date, continues to apply to the agreement (subject to subclause (4)).
- (4) If the agreement is later renewed or extended, then, on and after the renewal or extension:
 - (a) Subdivision B of Division 2 of Part 3, as in force immediately before the commencement date, does not apply to the agreement (as renewed or extended); and
 - (b) Division 2 of Part 5, as inserted by the amending regulations, applies to the agreement (as renewed or extended).

56 Capital expenditure

Application of clause 50

- (1) Clause 50, as inserted by the amending regulations, applies to a new vehicle dealership agreement if:
 - (a) the disclosure document for the agreement is created or updated on or after the commencement date; and
 - (b) the agreement is entered into, renewed or extended after the creation or updating of the disclosure document.

Application of clause 30

- (2) Despite the amendments made by the amending regulations, clause 30, as in force immediately before the commencement date, continues to apply to a new vehicle dealership agreement that was entered into, renewed or extended before the commencement date.
- (3) Despite the amendments made by the amending regulations, clause 30, as in force immediately before the commencement date, also continues to apply to a new vehicle dealership agreement if:
 - (a) the disclosure document for the agreement was created, or most recently updated, before the commencement date; and
 - (b) the agreement is entered into, renewed or extended on or after the commencement date.

Application of clause 51

- (4) Clause 51, as inserted by the amending regulations, applies in relation to a disclosure document:
 - (a) that is created or updated on or after the commencement date; and
 - (b) that is for a new vehicle dealership agreement that is to be entered into, renewed or extended after the creation or updating of the disclosure document.

57 Resolving disputes

Clause 52, as inserted by the amending regulations, applies to a new vehicle dealership agreement that is entered into, renewed or extended before, on or after the commencement date.

58 Review of amendments

- (1) The Minister must cause a review of the operation of the amendments made by the amending regulations to be conducted before 1 April 2024.
- (2) The Minister must cause a written report of the review to be prepared.

- (3) The Minister must cause a copy of the report to be tabled in each House of the Parliament within 15 sitting days of that House after the report is given to the Minister.

Division 2—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Fairness in Franchising) Regulations 2021

59 Definitions

In this Division:

amending regulations means the *Competition and Consumer (Industry Codes—Franchising) Amendment (Fairness in Franchising) Regulations 2021*.

60 Application of amendments relating to dispute resolution

- (1) The amendments made by Schedule 1 (about dispute resolution) to the amending regulations apply in relation to disputes notified on or after the day this clause commences (whether the franchise agreements to which the disputes related were entered into, extended or renewed before, on or after that day).
- (2) However, the amendment of clause 34 and the repeal of Division 2 of Part 4, and subclause 40B(3) as inserted by Schedule 1, apply in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.
- (3) So far as Divisions 2 and 3 of Part 4 and clause 45, as in force immediately before the commencement of Schedule 1 to the amending regulations, have effect after that commencement, they have effect as if:
 - (a) the Ombudsman were the mediation adviser; and
 - (b) anything done before that commencement by or in relation to the mediation adviser had been done by or in relation to the Ombudsman.

61 Application of provisions about leasing or other occupation of premises

- (1) Subclauses 13(2A), (2B), (4A) and (4B), as inserted by Schedule 8 to the amending regulations, apply in relation to information that was disclosed to the franchisor or associate before, on or after 1 July 2021.
- (2) Subclause 13(3), as amended by Schedule 8 to the amending regulations, applies in relation to occupation of premises starting on or after 1 July 2021.

62 Application of provisions about marketing funds and other cooperative funds

Clause 15, as inserted by Schedule 5 to the amending regulations, applies in relation to financial statements prepared on or after 1 July 2021 for financial years ending on or after 30 June 2021.

63 Application of provisions about franchisor’s legal costs

Clause 19A, as inserted by Schedule 6 to the amending regulations, applies in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.

64 Application of amendment relating to restraint of trade

The amendment of clause 23 by Schedule 9 to the amending regulations applies in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.

65 Application of provisions about termination

- (1) Subclauses 26(1), (1A), (1B), (1C) and (1D), as inserted by Schedule 3 to the amending regulations, apply in relation to franchise agreements entered into on or after 1 July 2021.
- (2) Clause 26A, as inserted by Schedule 3 to the amending regulations, applies in relation to transfers of franchise agreements that occur on or after 1 July 2021.
- (3) Clause 29, as substituted by Schedule 3 to the amending regulations, applies in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.
- (4) Despite the repeal of clause 29 by Schedule 3 to the amending regulations, that clause, as in force immediately before 1 July 2021, continues to apply on and after that date in relation to franchise agreements to which that clause applied that were entered into before that date.
- (5) However, subclause (4) does not apply in relation to a franchise agreement that was entered into before 1 July 2021 and is extended or renewed on or after that date.

66 Application of provisions about capital expenditure

- (1) Clause 30, as substituted by Schedule 4 to the amending regulations, applies in relation to:
 - (a) franchise agreements entered into, extended or renewed on or after 1 July 2021; and
 - (b) new vehicle dealership agreements to which clause 50 applied immediately before 1 July 2021.

Note: For the application of clause 50 immediately before 1 July 2021, see clause 56.

- (2) Despite the repeal of clause 30 by Schedule 4 to the amending regulations, that clause, as in force immediately before 1 July 2021, continues to apply on and after that date in relation to franchise agreements (except new vehicle dealership agreements) to which that clause applied immediately before that date.

Schedule 1 Franchising Code of Conduct

Part 6 Application, saving and transitional provisions

Division 2 Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Fairness in Franchising) Regulations 2021

Clause 67

- (3) Despite the repeal of subclauses 30(1) and (2) by Schedule 4 to the amending regulations, those subclauses, as in force immediately before 1 June 2020, continue to apply on and after 1 July 2021 in relation to new vehicle dealership agreements to which clause 30, as in force immediately before 1 June 2020, applied immediately before 1 July 2021 because of subclause 56(2) or (3).
- (4) Clause 30A, as inserted by Schedule 4 to the amending regulations, applies in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.

67 Application of provisions about retrospective variation of franchise agreements by franchisors

Clause 31A, as inserted by Schedule 7 to the amending regulations, applies in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.

68 Application of amendments about new vehicle dealership agreements

The amendments made by Schedule 11 to the amending regulations apply in relation to franchise agreements entered into, extended or renewed on or after 1 July 2021.

69 Application of amendments of Annexure 1 of Schedule 1 (about disclosure documents)

The amendments of Annexure 1 of Schedule 1 made by Schedule 2 to the amending regulations apply in relation to disclosure documents that are given, or copies of which are given, on or after 1 November 2021.

**Division 3—Amendments made by the Treasury Laws Amendment
(Corporate Insolvency Reforms Consequential
Amendments) Regulations 2021**

**70 Application of amendment to clause 17 (disclosure of materially relevant
facts)**

The amendment of clause 17 made by Schedule 1 to the *Treasury Laws Amendment (Corporate Insolvency Reforms Consequential Amendments) Regulations 2021* applies in relation to a franchisor, or an associate of a franchisor, that becomes a Chapter 5 body corporate on or after the commencement of that Schedule.

Schedule 1 Franchising Code of Conduct

Part 6 Application, saving and transitional provisions

Division 4 Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Penalties and Other Matters) Regulations 2022

Clause 71

Division 4—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Penalties and Other Matters) Regulations 2022

71 Application of amendments relating to penalties

The amendments made by Part 1 of Schedule 1 to the *Competition and Consumer (Industry Codes—Franchising) Amendment (Penalties and Other Matters) Regulations 2022* apply in relation to contraventions occurring on or after the commencement of that Part.

Division 5—Amendments made by the Competition and Consumer (Industry Codes—Franchising) Amendment (Additional Information) Regulations 2022

72 Application of amendments

- (1) The amendments of clause 53B made by the amending regulations apply in relation to information or documents included in the Register before, on or after the commencement day.
- (2) The amendments of clause 53D made by the amending regulations apply in relation to franchise agreements entered into on or after the commencement day.
- (3) If paragraph 53D(3)(b) would, apart from this clause, require a franchisor to provide information at least 14 days before a day in November 2022 that is on or after the commencement day, that paragraph applies to the franchisor as if it required the information to be provided on or before 30 November 2022.
- (4) In this clause:

amending regulations means the *Competition and Consumer (Industry Codes—Franchising) Amendment (Additional Information) Regulations 2022*.

commencement day means the day the amending regulations commence.

Note: The information required by subclause 53C(3) to be provided on or before 14 November 2022 will include any information required to be provided under a determination under subclause 53C(4), as substituted by the amending regulations, if:

- (a) the commencement day is 14 November 2022 or an earlier day; and
- (b) that determination is made on or before 14 November 2022.

Annexure 1—Disclosure document for franchisee or prospective franchisee

Note: See subclause 8(3).

1 First page

1.1 On the first page:

- (a) in bold upper case:
DISCLOSURE DOCUMENT FOR FRANCHISEE OR PROSPECTIVE FRANCHISEE; and
- (b) the franchisor's:
 - (i) name; and
 - (ii) business address and phone number; and
 - (iii) ABN, ACN or ARBN (or foreign equivalent if the franchisor is a foreign franchisor); and
- (c) the signature of the franchisor, or of a director, officer or authorised agent of the franchisor; and
- (d) the preparation date of the disclosure document; and
- (e) the following statement:

This disclosure document contains some of the information you need in order to make an informed decision about whether to enter into a franchise agreement. It should be read together with the key facts sheet and the information statement you have received.

Entering into a franchise agreement is a serious undertaking. Franchising is a business and, like any business, the franchise (or franchisor) could fail during the franchise term. This could have consequences for the franchisee. A franchise agreement is legally binding on you if you sign it.

You are entitled to a waiting period of 14 days (not 14 business days) before you enter into this agreement.

If this is a new franchise agreement (not the renewal of a franchise agreement, nor the extension of the term or the scope of a franchise agreement), you will be entitled to a “cooling off” period of 14 days (not 14 business days) after signing the agreement, during which you may terminate the agreement. (In some circumstances a “cooling off” period may end later.)

If you decide to terminate the agreement during the cooling off period, the franchisor must, within 14 days, return all payments (whether of money or of other valuable consideration) made by you to the franchisor under the agreement. However, the franchisor may deduct from this amount the franchisor's reasonable expenses, if the expenses or their method of calculation have been set out in the agreement.

Take your time, read all the documents carefully, talk to other franchisees and assess your own financial resources and capabilities to deal with the requirements of the franchised business.

You should make your own enquiries about the franchise and about the business of the franchise.

You should get independent legal, accounting and business advice before signing the franchise agreement.

It is often prudent to prepare a business plan and projections for profit and cash flow.

You should also consider educational courses, particularly if you have not operated a business before.

If you request the franchisor to give you this disclosure document, any attachments to it, the key facts sheet, the proposed franchise agreement and the Franchising Code of Conduct in printed form, electronic form or both, the franchisor must comply with your request.

2 Franchisor details

- 2.1 The franchisor's:
 - (a) name; and
 - (b) address, or addresses, of registered office and principal place of business in Australia; and
 - (c) ABN, ACN or ARBN (or foreign equivalent if the franchisor is a foreign franchisor).
- 2.2 The name under which the franchisor carries on business in Australia relevant to the franchise.
- 2.3 A description of the kind of business operated under the franchise.
- 2.4 The number of years that the franchise or franchise system has operated in Australia.
- 2.5 The name, ABN, ACN or ARBN, address of registered office and principal place of business of each associate of the franchisor that is a body corporate (if any).
- 2.6 The name and address of each associate of the franchisor that is not a body corporate (if any), and if applicable, each associate's ABN or ARBN.
- 2.7 A description of the relationship between:
 - (a) each associate mentioned in item 2.5 and the franchisor; and
 - (b) each associate mentioned in item 2.6 and the franchisor;and of the relevance of the relationship to the franchise system and the franchise.
- 2.8 For each officer of the franchisor—name, position held and qualifications (if any).

3 Business experience

- 3.1 A summary of the relevant business experience of each person mentioned in item 2.8 for the past 10 years, including length of experience in:
 - (a) working in the franchise system; and

Item 4

(b) working for the franchisor.

3.2 A summary of relevant business experience of the franchisor for the past 10 years, including:

(a) length of experience in:

- (i) operating a business that is substantially the same as that of the franchise; and
- (ii) offering other franchises that are substantially the same as the franchise; and

(b) whether the franchisor has offered franchises for other businesses and, if so:

- (i) a description of each such business; and
- (ii) for how long the franchisor offered franchises for each such business.

4 Litigation

4.1 Details of:

(a) current proceedings by a public agency, criminal or civil proceedings or arbitration, relevant to the franchise, against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, in Australia alleging:

- (i) breach of a franchise agreement; or
- (ii) contravention of trade practices law; or
- (iii) contravention of the *Corporations Act 2001*; or
- (iv) unconscionable conduct; or
- (v) misconduct; or
- (vi) an offence of dishonesty; and

(b) proceedings against the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, other than for unfair dismissal of an employee, under:

- (i) section 12 of the *Independent Contractors Act 2006*; or
- (ii) a law of a State or Territory that regulates workplace relations or independent contractors.

4.2 Whether the franchisor, a franchisor director, an associate of the franchisor or a director of an associate of the franchisor, has been:

- (a) in the last 10 years—convicted of a serious offence, or an equivalent offence outside Australia; or
- (b) in the last 5 years—subject to final judgment in civil proceedings for a matter mentioned in paragraph 4.1(a); or
- (c) in the last 10 years—bankrupt, insolvent under administration or a Chapter 5 body corporate in Australia or elsewhere.

4.3 For items 4.1 and 4.2—the following details (where relevant):

- (a) the names of the parties to the proceedings;
- (b) the name of the court, tribunal or arbitrator;

- (c) the case number;
- (d) the general nature of the proceedings;
- (e) the current status of the proceedings;
- (f) the date and content of any undertaking or order under section 87B of the *Competition and Consumer Act 2010*;
- (g) the penalty or damages assessed or imposed;
- (h) the names of the persons who are bankrupt, insolvent under administration or externally administered;
- (i) the period of the bankruptcy, insolvency under administration or external administration.

4.4 The percentage of franchisees in the franchise system that were a party to a mediation, conciliation or arbitration process that was conducted, or was pending, in the previous financial year (whether the disputes to which the mediation, conciliation or arbitration processes relate were initiated by the franchisor or one or more franchisees).

5 Payments to agents

5.1 For any agreement under which the franchisor must pay an amount, or give other valuable consideration, to a person who is not an officer, director or employee of the franchisor in connection with the introduction or recruitment of a franchisee—the name of the person.

6 Existing franchises

- 6.1 Number, sorted by State, Territory or region, of:
- (a) existing franchised businesses; and
 - (b) existing franchisees; and
 - (c) businesses owned or operated by the franchisor or an associate of the franchisor in Australia that are substantially the same as the franchised business.
- 6.2 For each existing franchisee:
- (a) business address, if this is not the franchisee's residential address; and
 - (b) business phone number; and
 - (c) year when the franchisee started operating the franchised business.
- 6.3 However, if there are more than 50 franchises, the franchisor may instead give details under item 6.2 for all franchisees in the State, Territory, region or metropolitan area in which the franchise is to be operated.
- 6.4 For each of the last 3 financial years and for each of the following events—the number of franchised businesses for which the event happened:
- (a) the franchise was transferred;
 - (b) the franchised business ceased to operate;
 - (c) the franchise agreement was terminated by the franchisor;
 - (d) the franchise agreement was terminated by the franchisee;

Item 7

- (e) the franchise agreement was not extended;
- (f) the franchised business was bought back by the franchisor;
- (g) the franchise agreement was terminated and the franchised business was acquired by the franchisor.

Note: An event may be counted more than once if more than one paragraph applies.

- 6.5 Subject to subclause 32(1), the franchisor must supply, for each event mentioned in item 6.4, the name, location and contact details of each franchisee if the information is available.

7 Master franchises

- 7.1 If the franchisor is also a subfranchisor—the master franchisor’s:
- (a) name; and
 - (b) address, or addresses, of registered office and principal place of business; and
 - (c) ABN, ACN or ARBN (or foreign equivalent if applicable).
- 7.2 The name under which the master franchisor carries on business relevant to the franchise.
- 7.3 For each officer of the master franchisor—name, position held and qualifications (if any).
- 7.4 For each of the last 3 financial years and each of the following events—the number of:
- (a) franchise agreements terminated by the master franchisor;
 - (b) franchise agreements terminated by the franchisor;
 - (c) franchise agreements that were not extended by the master franchisor.

Note: An event may be counted more than once if more than one paragraph applies.

- 7.5 The following details about the master franchise:
- (a) the term of the franchise agreement, including the date that it began;
 - (b) the territory of the franchise;
 - (c) whether the franchise agreement may be renewed;
 - (d) whether the term of the franchise agreement may be extended and if so, any preconditions applying to an extension;
 - (e) whether the scope of the franchise agreement may be extended;
 - (f) whether the franchise agreement may be transferred, and if so, whether the franchisee is required to become a party to a franchise agreement with the transferee;
 - (g) the grounds on which the franchise agreement may be terminated;
 - (h) if the franchise agreement is terminated, how a subfranchisor’s franchise agreement with a franchisee is affected.

8 Intellectual property

- 8.1 For any trade mark used to identify, and for any patent, design or copyright that is material to, the franchise system (*intellectual property*):
- (a) description of the intellectual property; and
 - (b) details of the franchisee's rights and obligations in connection with the use of the intellectual property; and
 - (c) whether the intellectual property is registered in Australia, and if so, the registration date, registration number and place of registration; and
 - (d) any judgment or pending proceedings that could significantly affect ownership or use of the intellectual property, including:
 - (i) name of court or tribunal; and
 - (ii) matter number; and
 - (iii) summary of the claim or judgment; and
 - (e) if the intellectual property is not owned by the franchisor—who owns it; and
 - (f) details of any agreement that significantly affects the franchisor's rights to use, or to give others the right to use, the intellectual property, including:
 - (i) parties to the agreement; and
 - (ii) nature and extent of any limitation; and
 - (iii) duration of the agreement; and
 - (iv) conditions under which the agreement may be terminated.
- 8.2 The franchisor is taken to comply with item 8.1 for any information that is confidential if the franchisor gives:
- (a) a general description of the subject matter; and
 - (b) a summary of conditions for use by the franchisee.

9 Franchise site or territory

- 9.1 Whether the franchise is:
- (a) for an exclusive or non-exclusive territory; or
 - (b) limited to a particular site.
- 9.2 For the territory of the franchise:
- (a) whether other franchisees may own or operate a business that is substantially the same as the franchised business; and
 - (b) whether the franchisor or an associate of the franchisor may own or operate a business that is substantially the same as the franchised business; and
 - (c) whether the franchisor or an associate of the franchisor may establish other franchises that are substantially the same as the franchise; and
 - (d) whether the franchisee may own or operate a business that is substantially the same as the franchised business outside the territory of the franchise; and
 - (e) whether the franchisor may change the territory or site of the franchise and if so, the circumstances in which such a change may occur.

Item 10

10 Supply of goods or services to a franchisee

- 10.1 For the franchisor's requirements for supply of goods or services to a franchisee—details of:
- (a) any requirement for the franchisee to maintain a level of inventory or acquire an amount of goods or services; and
 - (b) restrictions on acquisition of goods or services by the franchisee from other sources; and
 - (c) ownership by the franchisor or an associate of the franchisor of an interest in any supplier from which the franchisee may be required to acquire goods or services; and
 - (d) the obligation of the franchisee to accept goods or services from the franchisor, or from an associate of the franchisor; and
 - (e) the franchisor's obligation to supply goods or services to the franchisee; and
 - (f) whether the franchisee will be offered the right to be supplied with the whole range of the goods or services of the franchise; and
 - (g) conditions under which the franchisee can return goods, and to whom; and
 - (h) conditions under which the franchisee can obtain a refund for services provided by the franchisor, and from whom; and
 - (i) whether the franchisor may change the range of goods or services, and if so, to what extent; and
 - (j) whether the franchisor, a master franchisor (if different from the franchisor), or an associate of the franchisor or master franchisor, will receive a rebate or other financial benefit from a supplier of goods or services to the franchisee; and
 - (k) if the franchisor, master franchisor or associate will receive a rebate or other financial benefit described in paragraph (j) from one or more suppliers:
 - (i) the nature of the rebate or other financial benefit received from each supplier; and
 - (ii) the name of each business providing the rebate or other financial benefit; and
 - (iii) the total amount of rebates or other financial benefits received in the previous financial year from each supplier, expressed as a single aggregate percentage of total group purchases from that supplier (not including any purchases made by units of the franchised business operated by the franchisor, master franchisor or associate); and
 - (l) whether a rebate or other financial benefit described in paragraph (j) is shared, directly or indirectly, with the franchisee; and
 - (m) if a rebate or other financial benefit described in paragraph (j) is shared directly or indirectly with the franchisee:
 - (i) the method for working out how much of the rebate or other financial benefit is retained by the franchisor, master franchisor or associate, and how much is shared, directly or indirectly, with the franchisee, described by reference to a percentage of the rebate or other financial

- benefit, or another method for working out how much is retained, and how much is shared with the franchisee; and
- (ii) a description of each direct and indirect benefit received by the franchisee.

Note: Before a requirement is made under paragraph (b) or (c), the franchisor may notify, or seek authorisation from, the Australian Competition and Consumer Commission (see Part VII of the Act).

10.2 For the purposes of paragraphs 10.1(j) to (m), a rebate or other financial benefit does not include:

- (a) the price paid by the franchisee, or a part of that price, for the supply of goods or services by the franchisor, master franchisor or associate; or
- (b) any incentive or other financial benefit that the franchisor, master franchisor or associate is entitled to receive in connection with a lease of premises or the franchisee's right to occupy premises.

10.3 The franchisor is not required to disclose the details referred to in subparagraph 10.1(k)(iii) in relation to a supplier if:

- (a) the franchisee is permitted to acquire goods or services from sources other than the franchisor without the franchisor's approval; or
- (b) the whole of the rebate or other financial benefit that will be received by the franchisor, master franchisor or associate from that supplier is to be returned to the franchisee directly as a payment into a cooperative fund controlled or administered by or for the franchisor.

11 Supply of goods or services by a franchisee

11.1 For the franchisor's requirements for supply of goods or services by a franchisee—details of:

- (a) restrictions on the goods or services that the franchisee may supply; and
- (b) restrictions on the persons to whom the franchisee may supply goods or services; and
- (c) whether the franchisee must supply the whole range of the goods or services of the franchise.

Note: Before a requirement is made under paragraph (a) or (b), the franchisor may notify, or seek authorisation from, the Australian Competition and Consumer Commission (see Part VII of the Act).

12 Supply of goods or services—online sales

12.1 Details of whether the franchisee may make available online:

- (a) goods of the same type or brand; or
- (b) services of the same type.

12.2 If goods or services may be made available online by the franchisee, the following information:

- (a) whether the franchise agreement restricts, or places conditions on, the franchisee's ability to make those goods and services available online;

Item 13

- (b) whether goods or services may be made available via a third party website, and if so, specified restrictions or conditions by the franchisor on the franchisee's use of a third party website;
- (c) the extent to which those goods or services may be supplied outside the territory of the franchise.

12.3 Details of whether:

- (a) the franchisor or an associate of the franchisor; or
- (b) other franchisees;

makes, or expects to make, goods or services available online.

12.4 If goods or services are made, or are expected to be made, available online by the franchisor, an associate of the franchisor or other franchisees, the following information:

- (a) the extent to which those goods or services may be supplied in the territory of the franchise;
- (b) in the case of goods or services made available via a third party website—the domain name or URL of the third party website.

12.5 Details of any profit sharing arrangements that apply in relation to goods or services made available online and would affect the franchisee, and whether these arrangements may be unilaterally changed by the franchisor.

13 Sites or territories

13.1 The policy of the franchisor, or an associate of the franchisor, for selection of as many of the following as are relevant:

- (a) the site to be occupied by the franchised business;
- (b) the territory in which the franchised business is to operate.

13.2 Details of whether the territory or site to be franchised has, in the previous 10 years, been subject to a franchised business operated by a previous franchise granted by the franchisor and, if so, details of the franchised business, including the circumstances in which the previous franchisee ceased to operate.

13.3 Details of whether the franchisor, or an associate of the franchisor, has an interest in a lease that will be used for the operation of the franchised business, including an interest as a landlord or head lessee, or another interest disclosed under clause 13 of this code.

13.4 The details mentioned in items 13.2 and 13.3 must be provided:

- (a) in a separate document; and
- (b) with the disclosure document.

14 Other payments

Prepayments

- 14.1 If the franchisor requires a payment before the franchise agreement is entered into—why the money is required, how the money is to be applied and who will hold the money.
- 14.2 The conditions under which a payment will be refunded.

Establishment costs

- 14.3 Details of the range of costs to start operating the franchised business, based on current practice, for the following matters:
- (a) real property, including property type, location and building size;
 - (b) equipment, fixtures, other fixed assets, construction, remodelling, leasehold improvements and decorating costs;
 - (c) inventory required to begin operation;
 - (d) security deposits, utility deposits, business licences, insurance and other prepaid expenses;
 - (e) additional funds, including working capital, required by the franchisee before operations begin;
 - (f) other payments by a franchisee to begin operations.
- 14.4 For item 14.3, the details for each payment must include:
- (a) a description of the payment; and
 - (b) the amount of the payment or the formula used to work out the payment; and
 - (c) to whom the payment is made; and
 - (d) when the payment is due; and
 - (e) whether the payment is refundable and, if so, under what conditions.
- 14.5 For item 14.4, if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount.

Other payments

- 14.6 For each recurring or isolated payment payable by the franchisee to the franchisor or an associate of the franchisor or to be collected by the franchisor or an associate of the franchisor for another person:
- (a) description of the payment; and
 - (b) amount of the payment or formula used to work out the payment; and
 - (c) to whom the payment is made; and
 - (d) when the payment is due; and
 - (e) whether the payment is refundable and, if so, under what conditions.
- 14.7 For each recurring or isolated payment, that is within the knowledge or control of the franchisor or is reasonably foreseeable by the franchisor, that is payable by

Item 15

the franchisee to a person other than the franchisor or an associate of the franchisor:

- (a) a description of the payment; and
- (b) the amount of the payment or formula used to work out the payment; and
- (c) to whom the payment is made; and
- (d) when the payment is due; and
- (e) whether the payment is refundable and, if so, under what conditions.

14.8 For item 14.6 or 14.7, if the amount of the payment cannot easily be worked out—the upper and lower limits of the amount.

14.9 If 2 or more of items 14.1, 14.3 and 14.6 apply to a payment, the information required by those items in relation to that payment need be set out only once.

14.10 To avoid doubt, this item covers a payment of significant capital expenditure.

15 Marketing fund or other cooperative funds

15.1 For each marketing fund or other cooperative fund, controlled or administered by or for the franchisor or a master franchisor, to which the franchisee may be required to contribute, the following details:

- (a) the kinds of persons who contribute to the fund (for example, franchisee, franchisor, outside supplier);
- (b) how much the franchisee must contribute to the fund and whether other franchisees must contribute at a different rate;
- (c) who controls or administers the fund;
- (d) whether the fund is audited and, if so, by whom and when;
- (e) how the fund's financial statements can be inspected by franchisees;
- (f) the kinds of expense for which the fund may be used;
- (g) the fund's expenses for the last financial year, including the percentage spent on production, marketing, administration and other stated expenses;
- (h) whether the franchisor, master franchisor or an associate of either of them supplies goods or services for which the fund pays and, if so, details of the goods or services;
- (i) whether the franchisor or master franchisor must spend part of the fund on marketing or promoting the franchisee's business.

16 Financing

16.1 The material conditions of each financing arrangement that the franchisor, its agent or an associate of the franchisor offers to the franchisee for establishment or operation of the franchised business.

16.2 For item 16.1, the material conditions of a financing arrangement include the following:

- (a) any requirement that the franchisee must provide a minimum amount of unborrowed working capital for the franchised business;

- (b) any requirement that a franchisee must meet a stated debt to equity ratio in relation to the franchised business.

17 Unilateral variation of franchise agreement

- 17.1 The circumstances in which the franchisor has unilaterally varied a franchise agreement in the last 3 financial years (including, if applicable, financial years before this code came into force), other than variations of a minor nature.
- 17.2 The circumstances in which the franchise agreement may be varied, unilaterally, by the franchisor in the future.

17A Arbitration of disputes

- 17A.1 Whether the franchise agreement provides for arbitration of disputes in a manner consistent with Subdivision C of Division 3 of Part 4.

17B Ways of ending the franchise agreement early

- 17B.1 A summary of the rights the franchisor has under the franchise agreement to terminate the franchise agreement before it expires, and the circumstances in which those rights may be exercised.
- 17B.2 A summary of the rights the franchisee has under the franchise agreement to terminate the franchise agreement before it expires, and the circumstances in which those rights may be exercised.

18 Term of agreement and arrangements to apply at the end of the franchise agreement

- 18.1 Details of arrangements to apply at the end of the franchise agreement, including:
 - (aa) the term of the franchise agreement; and
 - (a) whether the prospective franchisee will have an option to:
 - (i) renew the franchise agreement; or
 - (ii) enter into a new franchise agreement; and
 - (b) whether the prospective franchisee will be able to extend the term of the franchise agreement, and if so, the processes the franchisor will use to determine whether to extend the term of the franchise agreement; and
 - (c) if the prospective franchisee will have an option to renew the franchise agreement—whether the prospective franchisee will be entitled to compensation at the end of the agreement if it is not renewed and, if so, how that compensation will be determined; and
 - (d) details of the arrangements that will apply to unsold stock, marketing material, equipment and other assets purchased when the franchise agreement was entered into, including:
 - (i) whether the franchisor will purchase the stock, marketing material, equipment and other assets; and

Item 18

- (ii) if the franchisor is to purchase the stock, marketing material, equipment and other assets—how prices will be determined; and
- (e) whether the prospective franchisee will have the right to sell the business at the end of the franchise agreement; and
- (f) if the prospective franchisee will have the right to sell the business at the end of the franchise agreement—whether the franchisor will have first right of refusal, and how market value will be determined; and
- (fa) the prospective franchisee’s rights relating to any goodwill generated by the franchisee (including, if the franchisee does not have a right to any goodwill, a statement to that effect); and
- (g) whether the franchisor will consider any significant capital expenditure undertaken by the franchisee during the franchise agreement, in determining the arrangements to apply at the end of the franchise agreement; and
- (h) whether the franchise agreement includes a restraint of trade or similar clause.

18.2 Details of whether the franchisor has, in the last 3 financial years, considered any significant capital expenditure undertaken by franchisees, in determining the arrangements to apply at the end of franchise agreements between the franchisor and those franchisees.

18.3 If the franchisee does not have the option to renew the franchise agreement, the following statement must be included in bold 12 point type:

The franchisee does not have the option to renew the franchise agreement. At the end of the franchise agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the agreement, the franchise agreement ends and the franchisee no longer has a right to carry on the franchised business.

18.4 If the franchisee cannot extend the term of the franchise agreement, the following statement must be included in bold 12 point type:

The franchisee cannot extend the term of the franchise agreement. At the end of the franchise agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not do so, the franchise agreement ends and the franchisee no longer has a right to carry on the franchised business.

18.5 If the franchisee:

- (a) does not have the option to renew the franchise agreement; and
- (b) cannot extend the term of the franchise agreement;

the following statement must be included in bold 12 point type:

The franchisee does not have the option to renew the franchise agreement and cannot extend the term of the franchise agreement. At the end of the franchise agreement, the franchisor may, but does not have to, extend the term of the agreement. If the franchisor does not extend the term of the

agreement, the franchise agreement ends and the franchisee no longer has a right to carry on the franchised business.

19 Amendment of franchise agreement on transfer of franchise

- 19.1 Whether the franchisor will amend (or require the amendment of) the franchise agreement on or before the transfer of the franchise.

20 Earnings information

- 20.1 If the franchisor proposes to give earnings information, the franchisor must give it in the disclosure document or in a separate document attached to the disclosure document.
- 20.1A If the franchisor gives earnings information to a prospective transferee or a franchisee before giving the prospective franchisee or franchisee a copy of the disclosure document relating to the franchise, the franchisor must also give the prospective franchisee or franchisee earnings information in the disclosure document or an attachment to it.
- 20.2 Earnings information includes the following information:
- (a) historical earnings data for:
 - (i) the franchised business; or
 - (ii) a franchise in the franchise system;
 - (b) if subparagraph (a)(ii) applies—any differences between the franchise in the franchise system and the franchised business;
 - (c) projected earnings for the franchised business and the assumptions on which those projections are based;
 - (d) any other information from which historical or future earnings information of the franchised business can be assessed.
- 20.2A If earnings information is given by the franchisor in the disclosure document or an attachment to it—the following statement:
- To the best of the franchisor’s knowledge, the earnings information given is accurate (other than particular earnings information specified in the document as earnings information that the franchisor knows is not accurate).
- 20.3 If earnings information is not given—the following statement:
- The franchisor does not give earnings information about a [*insert type of franchise*] franchise.
Earnings may vary between franchises.
The franchisor cannot estimate earnings for a particular franchise.
- 20.4 Earnings information that is a projection or forecast must include the following details:
- (a) the facts and assumptions on which the projection or forecast is based;
 - (b) the extent of enquiries and research undertaken by the franchisor and any other compiler of the projection or forecast;

Item 21

- (c) the period to which the projection or forecast relates;
- (d) an explanation of the choice of the period covered by the projection or forecast;
- (e) whether the projection or forecast includes depreciation, salary for the franchisee and the cost of servicing loans;
- (f) assumptions about interest and tax.

21 Financial details

21.1 A statement of the franchisor's solvency that:

- (a) reflects the franchisor's position:
 - (i) at the end of the last financial year; or
 - (ii) if the franchisor did not exist at the end of the last financial year—at the date of the statement; and
- (b) is signed by at least one director of the franchisor; and
- (c) gives the directors' opinion as to whether there are reasonable grounds to believe that the franchisor will be able to pay its debts as and when they fall due.

21.2 Financial reports for each of the last 2 completed financial years in accordance with sections 295 to 297 of the *Corporations Act 2001*, or a foreign equivalent of that Act applicable to the franchisor, prepared by the franchisor.

Note: See also items 21.4 to 21.6.

21.3 If:

- (a) the franchisor is part of a consolidated entity that is required to provide audited financial reports under the *Corporations Act 2001*, or a foreign equivalent of that Act applicable to the consolidated entity; and
- (b) a franchisee requests those financial reports;

financial reports for each of the last 2 completed financial years, prepared by the consolidated entity.

Note: See also items 21.4 to 21.6.

21.4 Items 21.2 and 21.3 do not apply if:

- (a) the statement under item 21.1 is supported by an independent audit provided by:
 - (i) a registered company auditor; or
 - (ii) if the franchisor is a foreign franchisor—a foreign equivalent for that franchisor;
within 4 months after the end of the financial year to which the statement relates; and
- (b) a copy of the independent audit is provided with the statement under item 21.1.

21.5 If the franchisor or consolidated entity (the *entity*) has not existed for 2 or more financial years, then instead of providing the financial reports mentioned in item 21.2 or 21.3, the following:

- (a) a statutory declaration of the entity's solvency;
- (b) an independent audit report on the entity's solvency as at the date of the entity's declaration.

21.6 If the franchisor or consolidated entity (the **entity**) was insolvent in either or both of the last 2 completed financial years, the following:

- (a) a statement of the period during which the entity was insolvent;
- (b) a statutory declaration of the entity's solvency;
- (c) an independent audit report on the entity's solvency as at the date of the entity's declaration.

22 Updates

22.1 Any information given under clause 17 that has changed between the date of the disclosure document and the date the disclosure document is given under the code.

23 Receipt

23.1 On the last page of the disclosure document:

- (a) a statement to the effect that the prospective franchisee may keep the disclosure document; and
- (b) a form on which the prospective franchisee can acknowledge receipt of the disclosure document.

Endnotes

Endnote 1—About the endnotes

Endnotes

Endnote 1—About the endnotes

The endnotes provide information about this compilation and the compiled law.

The following endnotes are included in every compilation:

Endnote 1—About the endnotes

Endnote 2—Abbreviation key

Endnote 3—Legislation history

Endnote 4—Amendment history

Abbreviation key—Endnote 2

The abbreviation key sets out abbreviations that may be used in the endnotes.

Legislation history and amendment history—Endnotes 3 and 4

Amending laws are annotated in the legislation history and amendment history.

The legislation history in endnote 3 provides information about each law that has amended (or will amend) the compiled law. The information includes commencement details for amending laws and details of any application, saving or transitional provisions that are not included in this compilation.

The amendment history in endnote 4 provides information about amendments at the provision (generally section or equivalent) level. It also includes information about any provision of the compiled law that has been repealed in accordance with a provision of the law.

Editorial changes

The *Legislation Act 2003* authorises First Parliamentary Counsel to make editorial and presentational changes to a compiled law in preparing a compilation of the law for registration. The changes must not change the effect of the law. Editorial changes take effect from the compilation registration date.

If the compilation includes editorial changes, the endnotes include a brief outline of the changes in general terms. Full details of any changes can be obtained from the Office of Parliamentary Counsel.

Misdescribed amendments

A misdescribed amendment is an amendment that does not accurately describe how an amendment is to be made. If, despite the misdescription, the amendment can be given effect as intended, then the misdescribed amendment can be incorporated through an editorial change made under section 15V of the *Legislation Act 2003*.

If a misdescribed amendment cannot be given effect as intended, the amendment is not incorporated and “(md not incorp)” is added to the amendment history.

Endnote 2—Abbreviation key

ad = added or inserted	o = order(s)
am = amended	Ord = Ordinance
amdt = amendment	orig = original
c = clause(s)	par = paragraph(s)/subparagraph(s) /sub-subparagraph(s)
C[x] = Compilation No. x	pres = present
Ch = Chapter(s)	prev = previous
def = definition(s)	(prev...) = previously
Dict = Dictionary	Pt = Part(s)
disallowed = disallowed by Parliament	r = regulation(s)/rule(s)
Div = Division(s)	reloc = relocated
ed = editorial change	renum = renumbered
exp = expires/expired or ceases/ceased to have effect	rep = repealed
F = Federal Register of Legislation	rs = repealed and substituted
gaz = gazette	s = section(s)/subsection(s)
LA = <i>Legislation Act 2003</i>	Sch = Schedule(s)
LIA = <i>Legislative Instruments Act 2003</i>	Sdiv = Subdivision(s)
(md) = misdescribed amendment can be given effect	SLI = Select Legislative Instrument
(md not incorp) = misdescribed amendment cannot be given effect	SR = Statutory Rules
mod = modified/modification	Sub-Ch = Sub-Chapter(s)
No. = Number(s)	SubPt = Subpart(s)
	<u>underlining</u> = whole or part not commenced or to be commenced

Endnotes

Endnote 3—Legislation history

Endnote 3—Legislation history

Name	Registration	Commencement	Application, saving and transitional provisions
Competition and Consumer (Industry Codes—Franchising) Regulation 2014 (SLI No. 168, 2014)	3 Nov 2014 (F2014L01472)	1 Jan 2015 (s 2)	
Corporations and Other Legislation Amendment (Insolvency Law Reform) Regulation 2016	13 Dec 2016 (F2016L01926)	Sch 1 (items 19–23): 1 Mar 2017 (s 2(1) item 2)	—
Competition and Consumer (Industry Codes—Franchising) Amendment (New Vehicle Dealership Agreements) Regulations 2020	29 May 2020 (F2020L00636)	Sch 1: 1 June 2020 (s 2(1) item 2) Sch 2: 1 July 2021 (s 2(1) item 3)	—
Treasury Laws Amendment (Miscellaneous and Technical Amendments) Regulations 2020	14 Dec 2020 (F2020L01610)	Sch 1 (items 5, 6): 15 Dec 2020 (s 2(1) item 2)	—
Competition and Consumer (Industry Codes—Franchising) Amendment (Fairness in Franchising) Regulations 2021	1 June 2021 (F2021L00670)	Sch 2–11 and Sch 12 (item 2): 1 July 2021 (s 2(1) items 3, 5) Remainder: 2 June 2021 (s 2(1) items 1, 2, 4)	—
Treasury Laws Amendment (Corporate Insolvency Reforms Consequential Amendments) Regulations 2021	20 Dec 2021 (F2021L01847)	Sch 1 (items 1–3): 21 Dec 2021 (s 2(1) item 1)	—
Competition and Consumer (Industry Codes—Franchising) Amendment (Penalties and Other Matters) Regulations 2022	18 Mar 2022 (F2022L00336)	15 Apr 2022 (s 2(1) item 1)	—
Competition and Consumer (Industry Codes—Franchising) Amendment (Franchise Disclosure Register) Regulations 2022	31 Mar 2022 (F2022L00471)	1 Apr 2022 (s 2(1) item 1)	—
Competition and Consumer (Industry Codes—Franchising) Amendment (Additional Information) Regulations 2022	10 Nov 2022 (F2022L01445)	11 Nov 2022 (s 2(1) item 1)	—

Endnote 4—Amendment history

Provision affected	How affected
s 2	rep LA s 48D
s 4A	ad F2021L00670
s 6	rep F2022L00336
Schedule 1	
Part 1	
Division 1	
c 3A	ad F2021L00670 rs F2022L00336
Division 2	
c 4	am F2016L01926; F2020L00636; F2021L00670; F2021L01847; F2022L00336; F2022L00471
c 5	am F2021L00670
Division 2A	
Division 2A	ad F2022L00336
c 5A	ad F2022L00336
Division 3	
c 6	am F2021L00670; F2022L00336
Part 2	
Division 2	
c 8	am F2022L00336
c 9	am F2021L00670 ed C5 am F2022L00336; F2022L00471
c 9A	ad F2021L00670 am F2022L00336
Division 3	
c 11	am F2021L00670; F2022L00336
Part 3	
Division 1	
c 12	am F2021L00670
Division 2	
Subdivision A	
c 13	am F2021L00670; F2022L00336
c 14	am F2022L00336
c 15	rs F2021L00670 am F2022L00336
c 16	am F2021L00670; F2022L00336
c 17	am F2016L01926; F2021L01847; F2022L00336

Endnotes

Endnote 4—Amendment history

Provision affected	How affected
Subdivision B	
Subdivision B heading.....	rs F2020L00636
c 17A.....	ad F2020L00636
c 18.....	am F2022L00336
Division 3	
c 19A.....	ad F2021L00670 am F2022L00336
c 20.....	am F2021L00670
c 21.....	am F2021L00670
c 22.....	am F2021L00670 rs F2022L00336
c 23.....	am F2021L00670
Division 4	
c 25.....	am F2022L00336
Division 5	
c 26.....	am F2021L00670; F2022L00336
c 26A.....	ad F2021L00670 am F2022L00336
c 26B.....	ad F2021L00670
c 27.....	am F2021L00670; F2022L00336
c 28.....	am F2022L00336
c 29.....	am F2016L01926 rs F2021L00670 am F2022L00336
Division 6	
c 30.....	am F2020L00636 rs F2021L00670 am F2022L00336
c 30A.....	ad F2021L00670
c 31.....	rs F2021L00670 am F2022L00336
c 31A.....	ad F2021L00670
c 32.....	am F2022L00336
c 33.....	am F2022L00336
Part 4	
Division 1	
c 34.....	am F2021L00670
c 35.....	am F2020L00636; F2021L00670
c 36.....	am F2021L00670
Division 2.....	rep F2021L00670

Endnote 4—Amendment history

Provision affected	How affected
c 38.....	rep F2021L00670
c 39.....	rep F2021L00670
Division 3	
Division 3.....	rs F2021L00670
Subdivision A	
Subdivision A.....	rs F2021L00670
c 40.....	rep F2021L00670
c 40A.....	ad F2021L00670
c 40B.....	ad F2021L00670
Subdivision B	
Subdivision B.....	rs F2021L00670
c 41.....	rep F2021L00670
c 41A.....	ad F2021L00670 am F2022L00336
c 41B.....	ad F2021L00670
c 41C.....	ad F2021L00670
c 42.....	rep F2021L00670
c 43.....	rep F2021L00670
Subdivision C	
Subdivision C.....	ad F2021L00670
c 43A.....	ad F2021L00670
c 43B.....	ad F2021L00670 am F2022L00336
c 43C.....	ad F2021L00670
c 43D.....	ad F2021L00670
Subdivision D	
Subdivision D.....	ad F2021L00670
c 44A.....	ad F2021L00670
Division 4.....	rep F2021L00670
c 44.....	rep F2021L00670
c 45.....	rep F2021L00670
Part 5	
Part 5.....	ad F2020L00636
Division 1	
c 46.....	ad F2020L00636 am F2021L00670
Division 1A	
Division 1A (prev Division 2 first occurring)	
Division 2 (first occurring).....	ad F2021L00670

Endnotes

Endnote 4—Amendment history

Provision affected	How affected
	renum ed C6
c 46A	ad F2021L00670 am F2022L00336
c 46B	ad F2021L00670 am F2022L00336
Division 2	
c 47	ad F2020L00636 am F2022L00336
c 48	ad F2020L00636
c 49	ad F2020L00636 am F2021L00670
Division 3	rep F2021L00670
c 50	ad F2020L00636 rep F2021L00670
c 51	ad F2020L00636 rep F2021L00670
Division 4	
c 52	ad F2020L00636
Part 5A	
Part 5A	ad F2022L00471
Division 1	
c 53	ad F2022L00471
c 53A	ad F2022L00471 am F2022L01445
c 53B	ad F2022L00471 am F2022L01445
Division 2	
c 53C	ad F2022L00471 am F2022L01445
c 53D	ad F2022L00471 am F2022L01445
c 53E	ad F2022L00471 am F2022L01445
Division 3	
c 53F	ad F2022L00471 am F2022L01445
Division 4	
c 53G	ad F2022L00471

Endnote 4—Amendment history

Provision affected	How affected
Division 5	
c 53H.....	ad F2022L00471
c 53J.....	ad F2022L00471
Part 6	
Part 6.....	ad F2020L00636
Division 1	
c 54.....	ad F2020L00636
c 55.....	ad F2020L00636
c 56.....	ad F2020L00636
c 57.....	ad F2020L00636
c 58.....	ad F2020L00636
Division 2	
Division 2.....	ad F2021L00670
c 59.....	ad F2021L00670
c 60.....	ad F2021L00670
c 61.....	ad F2021L00670
c 62.....	ad F2021L00670
c 63.....	ad F2021L00670
c 64.....	ad F2021L00670
c 65.....	ad F2021L00670
c 66.....	ad F2021L00670
c 67.....	ad F2021L00670
c 68.....	ad F2021L00670
c 69.....	ad F2021L00670
Division 3	
Division 3.....	ad F2021L01847
c 70.....	ad F2021L01847
Division 4	
Division 4.....	ad F2022L00336
c 71.....	ad F2022L00336
Division 5	
Division 5.....	ad F2022L01445
c 72.....	ad F2022L01445
Annexure 1	
item 1.....	am F2021L00670
item 4.....	am F2016L01926; F2021L00670
item 10.....	am F2021L00670
item 13.....	am F2021L00670
item 15.....	am F2021L00670
item 17A.....	ad F2021L00670

Endnotes

Endnote 4—Amendment history

Provision affected	How affected
item 17B.....	ad F2021L00670
item 18.....	am F2021L00670
item 20.....	am F2021L00670
Annexure 2.....	am F2020L01610
	rep F2021L00670

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Annexure B - Franchise Agreement

A copy of the Franchise Agreement in the form in which it is to be executed is attached.

Franchise Agreement



LIVE



INVEST



SAVE

LJ HOOKER HOME LOANS PTY LIMITED

A.C.N. 106 564 765

FRANCHISE AGREEMENT

Acknowledgment by Franchisee

- 1) I acknowledge having received at least 14 days before signing this Agreement:**
 - (a) a copy of the Franchising Code of Conduct;**
 - (b) a Key Facts Sheet; and**
 - (c) a Disclosure Document (including a copy of the proposed Franchise Agreement).**

- 2) I have received, read and had a reasonable opportunity to understand the Disclosure Document and Franchising Code of Conduct.**

- 3) I declare that:**
 - * (a) I have been given advice about the proposed Franchise Agreement and/or franchised business by an independent legal advisor/an independent business advisor/an independent accountant; or**

 - * (b) I have been told that I should seek advice about the proposed Franchise Agreement and/or franchised business from an independent legal advisor/an independent business advisor/an independent accountant but have decided not to seek it.**

***(strike out where inapplicable)**

Date: _____

Signed: _____

Witness: _____

INDEX

1.	DEFINITIONS	1
2.	GRANT OF FRANCHISE	6
3.	TERM OF FRANCHISE AND OPTION	8
4.	OPERATION OF THE BUSINESS BY FRANCHISEE	10
5.	ALLOCATED LOCATION	18
6.	INSURANCE, CREDIT REPRESENTATIVE AND OTHER FEES	18
7.	DUTIES OF THE COMPANY	21
8.	THE OPERATIONS MANUAL	22
9.	COMMISSIONS	23
10.	CLAW BACK	24
11.	TECHNOLOGY	24
12.	AGGREGATOR SOFTWARE LICENCE	26
13.	INDEMNITY BY FRANCHISEE	27
14.	CONSENT TO ADDITIONAL REGISTRATION OR INCORPORATION	27
15.	LITIGATION AND COMPLAINTS	27
16.	ASSIGNMENT OF BUSINESS	28
17.	TERMINATION OF FRANCHISE	30
18.	RIGHTS TO TRAIL COMMISSIONS ON TRANSFER, NOVATION, TERMINATION OR EXPIRY	32
19.	ARRANGEMENTS AFTER TERMINATION	33
20.	INTEREST ON OVERDUE MONEY	35
21.	GOODS AND SERVICES TAX	35
22.	GUARANTEE AND INDEMNITY	36
23.	GENERAL MATTERS	37
24.	WHOLE AGREEMENT	42
25.	PRIVACY AND CONFIDENTIAL INFORMATION	42
26.	INTERPRETATION	44

SCHEDULE “A”

SCHEDULE “B”

SCHEDULE “C”

SCHEDULE “D”

SCHEDULE “E”

DATE: This Agreement is made on 2022.

BETWEEN:

LJ HOOKER HOME LOANS PTY LIMITED A.C.N. 106 564 765, of Suite 114C / 84 Hotham Street, Preston VIC 3072 (referred to as, the "Company" or "LJHHL")

And:

(INSERT FRANCHISE COMPANY NAME) A.C.N. (INSERT ACN) ##### of (Insert address details) ("Franchisee")

(Insert Guarantor's Name) of (Insert Address) ("Guarantor").

RECITALS:

- A. LJ Hooker Corporation Limited (ACN 003 890 444) and its related entities (collectively "LJ Hooker") has established a network of franchised real estate offices in Australia to whom it franchises its real estate system and licences it intellectual property.
- B. The Company holds an Australian Credit Licence and is licensed to use the LJ Hooker business name and has been granted access to all LJ Hooker real estate offices for the provision of Products, LJ Hooker Home Loan Products and Related Products.
- C. The business of the Company is to develop a network of franchised home loan offices in Australia to write Products, LJ Hooker Home Loan Products and Related Products.
- D. The Franchisee and the Guarantors have requested the Company to grant to the Franchisee a Franchise.
- E. The Company has agreed to grant a Franchise to the Franchisee on the terms and conditions in this Agreement.

IT IS AGREED:-

1. DEFINITIONS

1.1 Definitions

In this Agreement:

"Action and Business Improvement Plan" means the Action and Business Improvement Plan as described in the Operations Manual to be prepared and performed by the Franchisee in the event of a formal breach notice being issued for failure to meet the Minimum Performance Standards or Allocated Location Performance Standards.

"Aggregator" means the party the Company has contracted with for the purposes of this Agreement to provide an integrated technology platform for lending and the administrative support for the provision of specified home loans and other related products. On the date of this Agreement, the Aggregator is Connective.

"Aggregator Software Licence" means the licence agreement from the Aggregator to use their Software, strictly in accordance with the provisions of those agreements, and to access the related internet services in accordance with the terms of the home page of that service.

“Agreement” means the Franchise Agreement to be entered into by the Franchisee and the Company.

“Allocated Location” means a region or area defined by reference to postcodes as specified in Schedule “C” where the Franchisee has the exclusive right to carry on the Business, utilising the System, within the geographical areas of each postcode and within any place or site where an LJ Hooker real estate office located within the Allocated Location conducts business. Postcodes are those used by Australia Post.

“Allocated Location Performance Standards” means the Allocated Location Performance Standards listed in the Operations Manual that the Franchisee and the Franchisee’s Loan Writers must achieve.

“ASIC” means the Australian Securities and Investments Commission or any successor to this entity.

“Area” means the Regional or Metropolitan area where the Allocated Location is located in order to identify the Minimum Performance Standards applicable to this Agreement. The Area type is displayed in Schedule “C” of the Agreement.

“Australian Credit Licence” means the Company’s Australian Credit Licence as granted to the Company by ASIC under the National Consumer Credit Protection Act 2009.

“Borrower” means the person that is a potential or actual party to a home loan contract and is used interchangeably in this Agreement.

“Business” means the business to be carried on by the Franchisee writing Products, LJ Hooker Home Loan Products and Related Products in accordance with the System and Operations Manual.

“Business Names” means business names related to the Company which have been granted by the Company for use by the Franchisee in the Business as listed under Schedule “C”.

“Business Plan” means the business plan as described in the Operations Manual to be prepared and performed by the Franchisee on an annual basis to support achievement of the Minimum Performance Standards.

“Claw Back” means the upfront commission payment paid by a lender to the Company and Franchisee, that is required to be repaid to the lender in the event that a loan is discharged within a specific time frame as governed by the policies as issued by the lender.

“Code” means the Franchising Code of Conduct prescribed as a mandatory industry code of conduct under s 51AE of the *Competition and Consumer Act 2010* (Cth) as amended or replaced from time to time.

“Commencement Date” means the date in item 1, Schedule “A”.

“Commission” means the commission payable in accordance with clause 9.

“Company” means LJ Hooker Home Loans Pty Ltd ACN 106 564 765 its successors in title and permitted assigns and those claiming through or under it.

“Compliance Management System” means the system made available to the Franchisee by the Company to be utilised by the Franchisee in order to demonstrate compliance in meeting continuing professional development requirements.

“CPD” means continuing professional development.

“Confidential Information” includes but is not limited to technical and business information relating to the Software and all other related documentation and further

includes any information about the LJ Hooker franchise network, the Company's franchise network, the System, the Operations Manual or any related matter which is identified by the Company orally or in writing to be confidential.

"Conflicted Remuneration" means any benefit, whether monetary or non-monetary, that is given to a licensee, or a representative of a licensee, who provides credit assistance to consumers or acts as an intermediary and because of the nature of the benefit or the circumstances in which it is given, could reasonably be expected to influence the credit assistance provided to consumers or how the licensee or representative acts as an intermediary.

"Connective" means Connective Broker Services Pty Ltd ACN 161 731 111, trading as Connective.

"Cooling Off Period" means the period ending 14 days after the Franchisee entering into this Agreement.

But does not apply to the renewal of, or the extension of the term or scope of an existing franchise agreement.

"Credit Legislation" has the same meaning and definition as contained in section 5 of the NCCP.

"Credit Representative" means an Authorised Credit Representative as appointed by the Company in accordance with the NCCP.

"Credit Representative Fee" means the monthly fee due and payable to the Company by all Credit Representatives as described in the Operations Manual and listed in Schedule "E", for operating the Business under the Company's Australian Credit Licence.

"Credit Representative Appointment Form" means the agreement under which the Company authorises a Franchisee, employee of a Franchisee or Loan Writer to engage in credit related activities under its Australian Credit Licence.

"Expiry Date" means the date in item 2, Schedule "A".

"Force Majeure" means any act, omission, circumstance or event over which the Company could not reasonably have exercised control or, having taken reasonable steps, was unable to exercise control.

"Franchise" means the right granted by the Company to operate the Business using the Intellectual Property and the System.

"Franchisee" means the Franchisee and where there is more than one Franchisee means each of them separately and every one of them jointly and severally.

"Further Term" means the number of years in Schedule "A", item 3 being the length of the Term in the New Agreement.

"GST" means the goods and services tax imposed by A New Tax System (Goods and Services Tax) Act 1999 and related legislation. A term used in that Act will have a similar meaning where used in this Agreement.

"Guarantor" means a single Guarantor and where there is more than one Guarantor it means each of them separately and every one of them jointly and severally.

"Home State" means the state or territory the Business is situated in.

"Intellectual Property" means:

- (a) trademarks, designs, copyright, colours, logos, names and insignia licensed or owned, used or developed by the Company (and all additions and improvements to them);
- (b) without limitation the marks and names “LJ Hooker Home Loans” and the red and yellow colours used in connection with those marks and names;
- (c) all promotional material developed by the Company;
- (d) the Operations Manual;
- (e) the Confidential Information;
- (f) the methodology, appearance and functionality of businesses operated by LJHHL Franchisees;
- (g) the methodology, appearance and functionality of businesses operated by LJHRE Franchisees;
- (h) the System;
- (i) the Franchise and Loan Writer Agreements;
- (j) all company and Business Names.

“**LJ Hooker**” means LJ Hooker Corporation and its related companies, including LJ Hooker Franchising Limited ACN 003 890 453.

“**LJ Hooker Home Loans**” means the mortgage lending and wholesale funding business of the Company.

“**LJ Hooker Home Loan Products**” means all residential home loans branded as LJ Hooker home loans.

“**LJHHL Franchisee**” means a person or persons with whom the Company has entered into a Franchise Agreement in a form identical with or similar to this Agreement for a Business the office of which is located anywhere in Australia.

“**LJHRE Franchisee**” means a person or persons with whom LJ Hooker has entered into a Franchise Agreement in respect of a real estate franchise business the office of which is located anywhere in Australia.

“**Loan Writer**” means a person appointed to work in the Business to introduce, secure and process loan applications who are not employees of the Franchisee. A Loan Writer is a direct Credit Representative of the Company upon the execution of the “Credit Representative Appointment Form”.

“**Loan Writer Agreement**” is the agreement between the Loan Writer and the managing Franchisee under which the Loan Writer is engaged to conduct credit related activities.

“**MFAA**” means the Mortgage and Finance Association of Australia.

“**Minimum Performance Standards**” means the Minimum Performance Standards listed in section 3.2 of the Operations Manual that the Franchise must achieve.

“**National Consumer Credit Protection Act or NCCP**” means the National Consumer Credit Protection Act 2009 including codes and regulations under it as amended from time to time.

“**New Agreement**” means the Franchise Agreement to be entered into by the Franchisee and the Company in accordance with clause 3.2.

“**Operations Manual**” means the Business’s Operations Manual referred to in clause 8 of this Agreement.

“Other Fees” means any fee introduced by the Company to assist in the operation and enhancement of the Business as listed in Schedule “E” or advised by the Company to the Franchisee in accordance with clauses 6.5 (g) and 6.5 (h).

“Personal Information” means information or an opinion (including information or an opinion forming part of a database), whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion.

“Premises” means any premises used by the Franchisee to operate the Business as approved by the Company.

“Privacy Act” means the *Privacy Act 1988* (Cth) as amended from time to time.

“Privacy Law” means all legislation, principles, industry codes and policies relating to the collection, use, disclosure, storage or granting of access rights to Personal Information.

“Privacy Policy” means the written policy of the Company in relation to the Privacy Act (as amended) which is available for review by the Franchisee on the Web Site.

“Products” means the products offered by lenders as specified in the Operations Manual including consumer loans, consumer mortgage products, insurance products and any wholesale funding products introduced by the Company from time to time.

“Quarterly Activity Plan” means the quarterly activity plan as described in the Operations Manual to be prepared by the Franchisee upon request from the Company which details the activities to be performed by the Franchisee in order to achieve the Minimum Performance Standards.

“Related Products” means all home loan related products written with an LJ Hooker Home Loan customer by an LJHHL Franchisee.

“Software” means the software as specified in the Manual or as required to be used by the Franchisee to operate the Business.

“Sub-Authorised Credit Representative” means an employee or director of the Business of the Franchisee who has been sub-authorised by the Franchisee to carry out credit activities on behalf of the Franchisee. Sub-Authorised Representatives may be referred to as employees throughout this Agreement.

“System” means the system developed by the Company for the writing of Products, LJ Hooker Home Loan Products and Related Products using the Intellectual Property.

“Term” means the term of this Agreement from the Commencement Date to the Expiry Date as set out in Schedule A, or any earlier termination date.

“Trail Commission” means trail commission payable under the Commission Schedule.

“Upfront Commission” means upfront commission payable under the Commission Schedule.

“Web Site” means the LJ Hooker Web Site established by the Company and LJ Hooker, which at the date of this Agreement is at www.ljhooker.com and/or www.ljhookerhomeloans.com.au.

“Year” means a year commencing on the Commencement Date or the anniversary of the Commencement Date as the context allows.

2. GRANT OF FRANCHISE

2.1 Agreement to grant Franchise

- (a) In consideration of the mutual promises contained in this Agreement, the Company grants to the Franchisee and the Franchisee accepts from the Company, a Franchise in accordance with the terms of this Agreement.
- (b) In granting the Franchise, the Company grants to the Franchisee and the Franchisee accepts the right and obligation to:
 - (i) operate the Business during the Term;
 - (ii) use the Business Names;
 - (iii) use the Intellectual Property; and
 - (iv) use and comply with the System and Operations Manualduring the Term in accordance with the terms of this Agreement.
- (c) The Company represents and warrants to the Franchisee that it has authority to grant to the Franchisee the use of the Intellectual Property.
- (d) The Franchisee acknowledges that this right relates to the Business described in this Agreement and not to residential or commercial real estate or any other form of business.
- (e) The Company appoints the Franchisee as its agent to carry out the identification verification procedures in relation to all finance applications as required by Credit Legislation or any other relevant legislation.
- (f) On execution of this Agreement and on the signing of the form at Schedule "D" "Credit Representative Appointment Form" the Franchisee is appointed as a Credit Representative of the Company.

2.2 Exclusive Rights

- (a) Subject to the Franchisee's continued and strict compliance with this Agreement, the Company grants to the Franchisee for the Term the exclusive right to carry on the Business within the Allocated Location and will not grant another Franchise within the Allocated Location to any other person.
- (b) The Franchisee acknowledges that all LJHHL Franchisees are granted the right to service the LJ Hooker real estate offices located within their Allocated Location exclusively and are permitted to carry on the Business within any place or site where an LJ Hooker real estate office located within an Allocated Location conducts business.
- (c) The Franchisee acknowledges that geographical areas constituting an Australia Post postcode region, may change from time to time which is outside the control of the Company. Postcode regions will be defined by reference to the prevailing Australia Post postcode region definitions.

2.3 Use of Business Names

- (a) The Franchisee must conduct the Business only under the Business Name.
- (b) The Franchisee must display the Business Name and the colours specified in the Operations Manual and any other Intellectual Property in accordance with the Operations Manual.

- (c) Wherever the Business Name is displayed, including any letterhead or other formal documents, the Franchisee must display after the Business Name:
“This business is independently owned and operated by the proprietor (insert the Franchisee’s name)”.
- (d) During the Term, the Franchisee must maintain, at its cost, registration of the Business Name. This includes paying any necessary ASIC fees to maintain the Business Name.
- (e) The Franchisee acknowledges and agrees that the Business Name does not grant any intellectual property rights in such Business Name and the Franchisee acquires the right to use the Business Name only for the purposes of the Business and only during the Term of this Agreement. At the end of the Term or if this Agreement is terminated for any reason the right of the Franchisee to use the Business Name will cease and determine.
- (f) The Franchisee must not use “LJ Hooker”, “LJ Hooker Home Loans” or any derivative thereof, in its own company name, in any website, social/digital platforms, domain name, email address or in any other name unless authorised in this Agreement.
- (g) The Franchisee must not register, vary or cancel the Business Name with ASIC. If ASIC provides to the Franchisee an electronic key, username or code relating to the Business Name, the Franchisee must immediately provide this to the Company.
- (h) The Franchisee must not use, display, advertise or permit to be used, displayed or advertised the Business Name in any place outside of Australia.
- (i) If required at any time, the Franchisee must give and sign any ASIC form or document requested by the Company which may be required to register, vary or cancel the Business Name with ASIC.

2.4 Business Plans

- (a) An annual Business Plan prepared by the Franchisee must be provided to the Company for its approval prior to the Commencement Date of this agreement and by the 31st May each year thereafter or such later date as directed by the Company.
- (b) A Quarterly Activity Plan must be prepared by the Franchisee within 14 days upon request from the Company. The Quarterly Activity Plan will detail the activities that the Franchisee and each of its Loan Writers will undertake in order to achieve the Minimum Performance Standards during the ensuing quarter.
- (c) If a Franchisee fails to provide a copy of the Business Plan or Quarterly Activity Plan to the Company by the due date or specified time frame listed under clauses 2.4 (a) and (b) then the Company may notify the Franchisee that they are in breach of their Agreement. Failure to supply a copy of the Business Plan or Quarterly Activity Plan upon notification from the Company may result in a formal breach notice being issued to the Franchisee requiring the Franchisee to rectify the breach within 30 days.
- (d) If a Franchisee fails to provide a copy of the Business Plan or Quarterly Activity Plan to the Company within 30 days of a formal breach notice being issued, then the Company may terminate this Agreement by giving 30 days’ written notice.

- (e) The Franchisee acknowledges that all Business Plans or Quarterly Activity Plans must be completed to a professional standard and that the Company reserves the right to reject, or, request the Franchisee to amend any Business Plan or Quarterly Activity Plan submitted to the Company which the Company deems to be of an unsatisfactory standard.

2.5 Minimum Performance Standards

- (a) The Franchisee acknowledges that the fundamental business of the Company is to provide LJ Hooker Home Loans Products and approved Products to its customers.
- (b) The Franchisee must ensure that the settlement volumes or number of loans written by the Franchise collectively at least meets or exceeds the Minimum Performance Standards during each quarter throughout each financial year of the Term.
- (c) The Minimum Performance Standards will be reviewed by the Company on a quarterly basis and the Franchisee must cooperate with Company during quarterly reviews of the Minimum Performance Standards.
- (d) If the Franchise fails to meet the Minimum Performance Standards specified under clause 2.5 (b) over two consecutive quarters, then the Company may issue a formal breach notice requiring the Franchisee to rectify the breach. To rectify the breach, the Franchisee must at a minimum provide to the Company a detailed Action and Business Improvement Plan outlining the activities to be undertaken in order to rectify the breach and ensure that during the next quarter the Minimum Performance Standards are met or exceeded.
- (e) If the Franchisee has not rectified a breach of clause 2.5 (b) by achieving the Minimum Performance Standards by the end of the quarter as required in clause 2.5(d), the Company may terminate this Agreement by giving not less than 30 days' written notice.

3. TERM OF FRANCHISE AND OPTION

3.1 Term

This Agreement will commence on the Commencement Date and (subject to earlier termination or holding over of the Term pursuant to clause 3.5) expire on the Expiry Date.

3.2 No further Term

- (a) If there are no Further Terms in Schedule "A", item 3, the Company may, in its absolute and unfettered discretion, before the Expiry Date, grant the Franchisee a further term for such period and upon the terms of the New Agreement. Unless a further term is granted by the Company before the Expiry Date, the Franchisee shall have no right to continue the Franchise after the Expiry Date.
- (b) If a new agreement with a further term is granted to the Franchisee, the parties acknowledge that the Company can impose conditions on that grant, including requiring the Franchisee to undertake and complete specific training programs, upgrading or changing the Premises, varying the Intellectual Property or varying Commission rates.

3.3 Further Term

If there are Further Terms in Schedule “A”, Item 3 and the Franchisee:

- (a) wants to enter into the New Agreement for the Further Term from the Expiry Date; and
- (b) at least 6 months but not more than 12 months before the Expiry Date gives written notice to the Company of that desire; and
- (c) is not in default under this Agreement either on the date of giving notice or on the Expiry Date; and
- (d) all payments by the Franchisee to the Company pursuant to this Agreement are up to date on the date of giving notice and on the Expiry Date; and
- (e) has met or exceeded each of the Minimum Performance Standards in accordance with clause 2.5 in the previous year;

the Company shall grant and the Franchisee shall take a Further Term of the Franchise as Franchisee of the Company.

3.4 New Agreement

- (a) The terms of the New Agreement:
 - (i) will include such other updated information about the Franchisee, the Guarantors (including if required by the Company, new Guarantors) and the Company and any other alteration reasonably necessary to give effect to the New Agreement; and
 - (ii) will include this clause but the number of Further Terms in Schedule “A”, item 3 will be reduced by 1. When the number of Further Terms is nil, that New Agreement will not include this clause 3.4.
- (b) The Company must provide to the Franchisee within 1 month of the Franchisee giving a valid notice of exercise of option in accordance with clause 3.3, a current disclosure document, a Key Facts Sheet and a copy of the then current standard terms of a Franchise Agreement.
- (c) The New Agreement (including any declarations, guarantees, notices and other documents that may reasonably be required by the Company in respect of the New Agreement) must be executed by the Franchisee within 1 month of submission to the Franchisee for execution, and shall be prepared and stamped by the Company at the cost of the Franchisee.
- (d) It is a condition precedent of the Company's agreement to grant the option that if the performance of the Franchisee under this Agreement is guaranteed by Guarantors, the Franchisee must at the same time as execution of the new Agreement procure the Guarantor(s) nominated by the Company, execute and deliver to the Company a further guarantee and indemnity in favour of the Company containing such covenants as the Company reasonably requires.
- (e) Unless the Franchisee exercises the option in this Agreement strictly in accordance with this clause, the Franchisee will have no right to continue the Franchise after the Expiry Date.

3.5 Holding Over

In the event of the Franchisee continuing to operate the Business for whatever reason after expiry of the Term, with or without the approval or acquiescence of the Company, such continuation will not be deemed to be

a New Agreement and such continuation shall be strictly on a month to month basis and under the terms and conditions of this Agreement

4. OPERATION OF THE BUSINESS BY FRANCHISEE

4.1 Conduct of Business

- (a) The Franchisee must conduct the Business and maintain all files and records strictly in accordance with the Operations Manual as may be amended from time to time.
- (b) The Franchisee and the Guarantors must not during the Term own or have any interest in any form in any other business which is a competitor of the Business unless approved in writing by the Company.
- (c) The Franchisee and the Guarantors must not during the Term represent or be licensed to any other credit business or otherwise provide home loan products unless the Company has provided its prior written approval.
- (d) The Franchisee and the Guarantors must not during the Term be involved in any business activity which is or may be harmful to or destructive of:
 - (i) the Business; or
 - (ii) the Company; or
 - (iii) LJHRE Franchisees; or
 - (iv) other LJHHL Franchisees; or
 - (v) the reputation or goodwill of the Company or LJ Hooker.

The Franchisee must ensure that its employees and Loan Writers do not become involved in any such activity.

- (e) The Franchisee and the Guarantors must be actively engaged in the Business and must devote their full time and attention to the Business during the Term.
- (f) Where the Franchisee and/or the Guarantors own more than one LJ Hooker Home Loans franchise, they must employ a full time manager or appoint a senior Loan Writer to be responsible for the day to day management of the Business of that Franchise, unless otherwise approved by the Company. This manager must devote their full time and attention to the obligations and tasks otherwise performed by the Franchisee and be responsible for monitoring and managing performance in relation to that particular Franchise.
- (g) The Franchisee must pay all debts of the Business as they fall due in the ordinary course of business including payments of income to employees.
- (h) The Franchisee must not introduce any Products into the Business without first obtaining the Company's written consent. Contracts or agreements for any proposed new Products will be between the Company and the supplier. The Company will advise the Franchisee of the conditions of dealing with the new Product as part of the Business.
- (i) The Franchisee and the Guarantors must at all times:
 - (i) comply with the Code and all Credit Legislation and legislation as may be amended from time to time, which is relevant to the conduct of the Business;

- (ii) in the performance of this Agreement, comply with the code of ethics and rules and regulations of the Company and the Aggregator;
- (iii) comply with the Company's Operations Manual as may be amended from time to time;
- (iv) carry out and complete lender accreditation for any lender as required by the Company;
- (v) keep and maintain proper records for at least 7 years and as required by the Credit Legislation, or any other relevant legislation, including all training registers and credit activity records relating to the operation of the Business;
- (vi) maintain all qualifications, accreditations, certificates and licences required by the Company and/or by law to enable it to carry out and comply with the terms of this Agreement;
- (vii) comply with the MFAA Code of Ethics;
- (viii) not do anything which could give rise to a claim against the Company or the Aggregator for loss or damage from any person who could become a Borrower, including by:
 - (1) making any misleading, deceptive or untrue statements; or
 - (2) acting unconscionably or unfairly; or
 - (3) breaching Credit Legislation.
- (j) It is the responsibility of the Franchisee to know and understand all relevant Credit Legislation and ensure that their Business is run in accordance with the requirements of such Credit Legislation.
- (k) The Franchisee must notify the Company immediately once they become aware of any breach of Credit Legislation, any legislation relevant to the operation of the Business or a breach of this agreement by themselves or any Loan Writers or employees of the Franchisee.
- (l) The Franchisee must not imply or represent to any potential Borrower that it is an independent loan broker or loan writer or that it can approve a loan application.
- (m) The Franchisee must not charge any fee or commission or other payment to any customer or potential customer or receive any fee or commission from any other source except as authorised by the Company.
- (n) The Franchisee must not enter into loan referral agreements directly with any credit provider without the Company's prior written consent.
- (o) The Franchisee must not under any circumstances accept any commissions, payment or benefit, whether monetary or non-monetary that could be deemed Conflicted Remuneration.
- (p) The Franchisee must immediately inform the Company if they suspect that any commissions, payment or benefit, whether monetary or non-monetary could be deemed Conflicted Remuneration.

4.2 Processing of applications

The Franchisee must:

- (a) comply with all rules of conduct and guidelines issued by the Company in accordance with the Operations Manual for the referral of potential

Borrowers and the handling, completing and processing of costs, cheques and documents relating to all finance and insurance applications;

- (b) comply with all relevant Credit Legislation for the referral of potential Borrowers and the handling, completing and processing of costs, cheques and documents relating to all finance applications;
- (c) ensure customers of the Franchisee are not disadvantaged by any conflict of interest of the Company, the Franchisee, Loan Writer or employee of the Franchisee;
- (d) acknowledge that failure to comply with the Operations Manual when processing applications may result in the Company withholding commissions until such time as all requirements have been completed to the satisfaction of the Company.

4.3 Promotion of Business

The Franchisee:

- (a) must properly service the Allocated Location and, in particular, respond to any requests for provision of services or products to LJHRE Franchisees whose office is located within the Allocated Location;
- (b) must cooperate and participate in business development, joint marketing initiatives and any other promotions of the Company which are from time to time promoted or coordinated by the Company, groups of LJHHL Franchisees or LJHRE Franchises located within the Allocated Location;
- (c) must promote all LJ Hooker Home Loan Products and new products introduced by the Company from time to time and ensure their employees and Loan Writers do the same at all times without contravening Credit Legislation;
- (d) must ensure that its advertisements, including display advertisements in newspapers and magazines, conform both as to form and content to the advertising policy and style guide set out in the Operations Manual;
- (e) must obtain written consent from the Company prior to the publication of any advertising and marketing material whether digital, via social media or print media;
- (f) shall not customise the website provided to the Business by the Company unless prior written consent has been granted;
- (g) when operating from an LJHHL branded premises, must not display any branding other than that of the Company using only the Intellectual Property unless otherwise approved by the Company;
- (h) must not grant (and acknowledges it has no right to grant) to any supplier, the right to print, publish or use in any way the Business Names or Intellectual Property or any words, colours or logos or images of the Company unless that supplier has first:
 - (i) been authorised and approved as a supplier by the Company; and
 - (ii) entered into an agreement with the Franchisee and the Company on terms required by the Company giving authorisation to that supplier to carry out the activities specified in the agreement.
- (i) acknowledges that the nature of this Agreement is one which gives the Franchisee access to Products, LJ Hooker Home Loan Products, and Related Products as well as support with establishing relationships with LJ

Hooker real estate offices in the Franchisee's Allocated Location with no guarantees of business being referred to it by the Company or any LJ Hooker real estate offices.

4.4 Premises

The Franchisee:

- (a) must within 12 months, primarily operate the Business from the Premises or such other Premises approved by the Company in writing after written application by the Franchisee;
- (b) must apply to the Company giving details of an alternative Premises it proposes to move the Business to in the event that the Franchisee wishes to relocate or the Premises are destroyed or rendered inaccessible;
- (c) must not commence business from any premises other than the Premises, unless the Company has approved the new premises in writing;
- (d) must provide at the Premises all furnishings, computers, infrastructure and equipment required to carry out the Business as specified in the Operations Manual. All items provided by the Franchisee remain the property of the Franchisee;
- (e) must maintain the interior and exterior of the Premises and all fittings, furnishings and equipment in a state of repair and standard of appearance consistent with and adherent to the standards set forth in the Operations Manual; and
- (f) must ensure that interior and exterior signage is produced and displayed in accordance with the specification set by the Company as set out in the Style Guides.

4.5 Bank Accounts

The Franchisee will open a business bank account in its own name.

4.6 Employees of the Franchisee

- (a) All employees and directors of a Franchisee who are engaged in credit related activity must be appointed by the Franchisee as Sub-Authorised Credit Representatives.
- (b) All appointments of employees who are to act as credit representatives must first be authorised by the Company in writing in accordance with the Operations Manual.
- (c) All employees must sign a Credit Representative Appointment Form prior to engaging in any credit activity on behalf of the Franchisee.
- (d) Approved Sub-Authorised Credit Representatives will be Credit Representatives of the Company. However, the Franchisee must use its best endeavours to supervise employees to ensure their compliance with this Agreement, the Operations Manual and the Credit Legislation.
- (e) Upon appointment of a Sub-Authorised Credit Representative the Company will assist the Franchisee to complete all required documentation for notifying ASIC of the appointment and it will be the responsibility of the Franchisee to lodge the forms with ASIC.
- (f) The Company has the right at any time to terminate an employee as a Sub-Authorised Credit Representative in the case of a breach of their Credit Representative Appointment Form and the Franchisee must comply with all

requests made by the Company to assist the Company in performing its obligations in notifying ASIC of the termination.

- (g) The Franchisee must pay all wages, commissions, workers compensation, tax and superannuation in relation to its employees, including any employee who is an approved Sub-Authorised Credit Representative.
- (h) The Franchisee must at all times employ sufficiently qualified employees to properly serve the public and operate the Business. Recruitment is to be in accordance with the Company's recruitment policy as set out in the Operations Manual.
- (i) Only natural persons may be approved as Sub-Authorised Credit Representatives.
- (j) A Franchisee will not be able to employ an employee to engage in credit related activity, whose Credit Representative Appointment Form has been terminated.
- (k) The Franchisee must not under any circumstances pay an employee Conflicted Remuneration or implement any type of remuneration structure if any aspect of that remuneration structure could be deemed Conflicted Remuneration.

4.7 Loan Writers of the Franchisee

- (a) All Loan Writers operating under a Franchisee and for the Company are to be appointed as direct Credit Representatives of the Company.
- (b) All Loan Writers are to sign a Loan Writer Agreement as may be amended from time to time, the parties to which are the Loan Writer and the Franchisee. This Agreement will detail, amongst other things, the obligations of each party to the other and the Commissions payable. The Loan Writer may not engage in any credit related activity as related to the Franchisee until such time as the Loan Writer Agreement has been executed by all parties and the Credit Representative Appointment Form has been executed.
- (c) The Franchisee must not license the use of or authorise or permit any Loan Writer to use the Intellectual Property until the Loan Writer Agreement has been executed.
- (d) Upon appointment of a Loan Writer it is the responsibility of the Company to notify ASIC of the appointment.
- (e) When recruiting a Loan Writer, the Franchisee must follow the recruitment criteria as outlined in the Operations Manual.
- (f) The Franchisee must employ best endeavours to supervise Loan Writers to ensure their compliance with the Operations Manual and Credit Legislation.
- (g) The Franchisee is to conduct performance reviews and work in progress meetings with each of their appointed Loan Writers in accordance with the Operations Manual.
- (h) The Franchisee must inform the Company immediately once a Loan Writer has been terminated.

4.8 Franchisee, Loan Writer & Employee training

- (a) The Franchisee must undertake ongoing training, as provided by the Company and other industry service providers, in order to maintain

competency in the provision of credit related activities to their customers and the customers of LJHRE.

- (b) The Franchisee must complete at least the minimum CPD hours required to satisfy both industry regulations and the requirements set out in the Operations Manual, as may be amended from time to time.
- (c) It is the responsibility of the Franchisee to ensure all employees and appointed Loan Writers complete necessary training, in accordance with the Operations Manual so as to maintain competence in the provision of credit related activity to their customers and the customers of LJHRE.
- (d) The Franchisee hereby acknowledges that the Company may make available to the Franchisee a Compliance Management System to be used by the Franchisee throughout the Term, the purpose of which is to be used by the Franchisee to demonstrate compliance in meeting their CPD requirements by recording the details of all CPD training completed and the hours obtained.
- (e) Where the Company makes available a Compliance Management System for use by the Franchisee in accordance with clause 4.8 (d), the Franchisee acknowledges that this is the only acceptable method for demonstrating compliance in meeting CPD obligations and that it will be utilised by the Franchisee at all times throughout the Term of the Agreement.
- (f) Should the Franchisee be found to be in breach of clause 4.8 (e) then the Company will advise the Franchisee in writing that in order to rectify, the Franchisee must ensure that all CPD training details and hours obtained by the Franchisee throughout the Term of the Agreement are recorded in the Compliance Management System within one month from the date of notice.
- (g) If instructed by the Company in writing, the Franchisee agrees to undertake additional training where it is identified throughout the course of a compliance review that a specific task or function is not being performed to a satisfactory standard. The written notice will include the method of training required to be undertaken and the time frame for which the training must be completed.
- (h) Should the Franchisee fail to meet the conditions of clause 4.8 (f) or 4.8 (g), then the Company will suspend the Franchisee's Aggregator Software Licence, resulting in a temporary loss of access to the Aggregators systems until such time as the actions required to remedy have been completed.
- (i) The Franchisee or nominated person approved by the Company must attend training and professional development days as notified by the Company from time to time and must ensure that all employees and Loan Writers also attend the training when required. The Company shall provide notification of the requirement to attend training to the Franchisee no less than 4 weeks prior to the date of training.

4.9 Meetings and Annual Conference.

The Franchisee at its expense must ensure the Guarantors, or a manager approved by the Company:

- (a) attend all meetings per year that are convened by the Company for all representatives of LJHHL Franchisees; and
- (b) use their best endeavours to attend all other meetings arranged by the Company including awards functions.

4.10 Audit and Inspection of Books and Records

- (a) The Franchisee, and if necessary the Guarantors, will make all books, records, documents, statements, loan application files and other written or computerised material in relation to credit activity conducted by the Business available for inspection by the Company's representative at any time on the Company giving the Franchisee the minimum of 2 days' notice (or less notice where that is reasonable).
- (b) The Company's representative may take copies of any document or computer hard drive that is relevant to the Business.
- (c) The Franchisee, its directors and Guarantors will use their best endeavours to assist the Company's representative to identify and locate all documents and answer any reasonable questions about the Business and any credit activity conducted by or on behalf of the Franchisee during the Term.
- (d) The purpose of an audit or inspection of documents under this clause is to assess compliance with Credit Legislation, compliance with this Agreement and Operations Manual and/or compliance with any legislative or regulatory requirement relevant to operation of the Business.
- (e) In the event that the Franchisee has breached Credit Legislation, the Company may require the Franchisee to rectify the breach and reserves the right to withhold Commission payable to the Franchisee until such time as the breach is remedied.

4.11 Intellectual Property

- (a) The Franchisee acknowledges and agrees that the Intellectual Property is, and at all times will remain, the exclusive property of the Company and LJ Hooker. The Franchisee acquires a licence to use the Intellectual Property for the purposes of the Business and only during the Term. That licence is automatically revoked upon the termination or expiry of this Agreement.
- (b) The Company grants to the Franchisee the right to use the Intellectual Property only in Australia and only in relation to the Business.
- (c) The Franchisee agrees to only use the Intellectual Property in accordance with instructions, directions and specifications supplied by the Company and to strictly observe those instructions. That covenant includes the manner or context in which the trademarks are used. The Franchisee must comply with all applicable laws and regulations relating to the use of the Intellectual Property.
- (d) At the Company's request, the Franchisee must submit to the Company samples of all types of advertising material and other material relating to the Intellectual Property for the Company's approval. The Company may direct that changes be made to that material which the Franchisee must make.
- (e) The Franchisee agrees at all times to render reasonable assistance to the Company in relation to any matter affecting the protection, maintenance or validity of the Intellectual Property and to advise the Company of any suspected infringements of the right of the Company to protect and preserve the Intellectual Property.
- (f) The Franchisee acknowledges that the ownership and goodwill attaching to the Intellectual Property remains vested in either the Company or LJ Hooker during the Term and after the Expiry Date. The Franchisee agrees never to do any act inconsistent with that position and to never challenge,

contest or call into question the validity or ownership of the Intellectual Property and never contest the Company's right to use or licence the use of the Intellectual Property (including after the end of the Term).

- (g) The Franchisee acknowledges and agrees that its use of any name or material which contains or in any way features the Intellectual Property would only continue to be used under the terms and conditions of this Agreement.
- (h) At the end of the Term, the Franchisee ceases to have the right to use the Intellectual Property and agrees to do anything necessary to give effect to its cancellation as a user of any Intellectual Property. The Franchisee shall not after that date use the Intellectual Property or any trademarks, trading name or corporate name, colour or logo which contains or is confusingly or deceptively similar to the Intellectual Property or to the Business Names or to the image of the Company.

4.12 Attendance by a Company representative

- (a) If the Franchisee fails to operate the Business in accordance with the provisions of this Agreement, the Company may, on one day's written notice to the Franchisee, place a representative of the Company in the Business at the Franchisee's cost until the provisions of this Agreement are complied with in every respect.
- (b) The Franchisee will permit entry to its premises by the representative of the Company and will give access to that representative to all books, records, documents, statements, computer hardware and software necessary to enable the Company's representative to assess whether there has been compliance with this Agreement.

4.13 Reports

- (a) During the Term the Franchisee must provide to the Company within 14 days of being required, a report of the activities of the Business in a form requested by the Company from time to time:
 - (i) signed by the Franchisee; and
 - (ii) containing any particulars required by the Company.

4.14 Significant Capital Expenditure

The Company is entitled under this Agreement and the Code during the Term to require the Franchisee to incur and compel the Franchisee to expend reasonable significant capital expenditure in circumstances where the expenditure;

- (a) has been disclosed to the Franchisee in the Company's disclosure document given to the Franchisee before;
 - (i) entering into this Agreement or renewing the Franchise; or
 - (ii) extending the term or scope of this Agreement;
- (b) has been:
 - (i) incurred by all or a majority of franchisees in the LJ Hooker Home Loans franchise network; and
 - (ii) approved by a majority of those franchisees,

in which event the Franchisee will, for the purpose of this Agreement, be obliged to incur the expense even if the Franchisee did not agree to incur it or vote in favour of the resolution to do so;

- (c) is required to be incurred by the Franchisee to comply with legislative obligations;
- (d) has been agreed to by the Franchisee; or
- (e) is otherwise an expenditure of the kind or nature specified in the Code (from time to time) that the Company is entitled to require the Franchisee to incur in connection with the Business.

5. ALLOCATED LOCATION

- (a) Allocation of an Allocated Location is at the absolute discretion of the Company.
- (b) It is the responsibility of the Franchisee to ensure that the Allocated Location is serviced in accordance with the Allocated Location Performance Standards.
- (c) Should the Franchisee appoint a Loan Writer to service an LJ Hooker real estate office located within the Allocated Location they must ensure;
 - (i) the Loan Writer is a full time dedicated Loan Writer;
 - (ii) the Loan Writer meets the Allocated Location Performance Standards;
 - (iii) any performance issues advised by the LQHRE Franchisee relating to the assigned Loan Writer are immediately addressed through either the coaching of that Loan Writer or the replacement of that Loan Writer.
- (d) If the conditions in clause 5 (b) and (c) are not met, then the Company may issue a formal breach notice requiring the Franchisee to rectify the breach. To rectify the breach, the Franchisee must at a minimum provide to the Company a detailed Action and Business Improvement Plan outlining the activities to be undertaken in order to rectify the breach and ensure that during the next quarter the conditions of clause 5 (b) and (c) are met or exceeded.
- (e) If the Franchisee fails to meet or exceed the conditions of clauses 5 (b) and (c) during the ensuing quarter as required under clause 5 (d), then the Company may, at its discretion, but not unreasonably, withdraw the Franchisee's right to service all or part of the Allocated Location by giving 30 days' written notice to the Franchisee.

6. INSURANCE, CREDIT REPRESENTATIVE AND OTHER FEES

6.1 Franchisee must take cover

Notwithstanding clause 6.4, the Franchisee must effect and keep in force during the Term, insurances:

- (a) against any losses or damages, the Company may reasonably require;
- (b) in the form the Company may reasonably require including sufficient run-off cover and an extension to cover any legal or other costs the Company may incur arising from litigation involving the Franchisee;
- (c) with insurers selected by the Franchisee and approved by the Company (which approval shall not be unreasonably withheld);

- (d) in the name of the Franchisee noting the interest of the Company (where possible) and any other person having an insurable interest as agreed by the Company and the Franchisee;
- (e) required by any Credit Legislation, government or regulatory body in order to operate the Business.

6.2 Policies of Insurance

In particular, the insurance to be effected by the Franchisee must include:

- (a) workers' compensation insurance, WorkCover insurance or employer's liability insurance in accordance with and to the extent required by any State or Territory legislation;
- (b) public liability insurance for a limit of indemnity not less than \$20,000,000 limit, any one occurrence or series of occurrences, arising out of the one event. The policy is to note the Company as the interested party for their respective rights and interests;
- (c) directors and officer's insurance (or equivalent) if deemed necessary by the Company.

6.3 Co-operation

- (a) The Franchisee must cooperate with the insurers and/or the Company in the discussions and negotiations of any claim. The Franchisee must comply with any request from the insurer or the Company in relation to doing or refraining from doing any act in relation to a claim or a possible claim.
- (b) The Franchisee will provide to the Company on an annual basis proof of current insurance policies by providing certificates of currency or currency on an insurer's letterhead within 3 months of insurance renewal.
- (c) If the Franchisee fails to perform any of its obligations under this clause the Company may at its option do any act or thing and incur any cost or expense necessary to perform the Franchisee's obligations. The costs (save for costs for legal services which are prohibited by clause 19A of the Code) and expenses incurred by the Company in performing the Franchisee's obligations will be payable by the Franchisee to the Company on demand and can be recovered by the Company as a liquidated debt.

6.4 Group Insurance

- (a) The Company will effect and keep in force during the Term a group professional indemnity insurance policy for the benefit of the Franchisee, its employees, Loan Writers and the Company to insure against a claim arising from the conduct of the Business or any credit activity undertaken by the Franchisee, its employees or Loan Writers.
- (b) The group insurance policy will provide professional indemnity insurance up to \$10,000,000 for any one claim and \$30,000,000 aggregate in any one year. The aggregate amount will be shared between all LJHHL Franchisees and the Company in any one year.
- (c) The cost of effecting and maintaining a group insurance policy will be shared between LJHHL Franchisees and will form part of the Credit Representative Fee payable monthly to the Company.
- (d) In the event of an allegation or claim being made against a Franchisee and the Franchisee then seeks indemnity under the group professional indemnity policy, the Franchisee will be liable to pay the excess of \$2,000

(or such excess amount which is applicable at the time of the claim) as required under the policy.

6.5 Credit Representative and Other Fees

- (a) The Franchisee acknowledges that upon being appointed as a Credit Representative of the Company a Credit Representative Fee is due and payable via direct debit, one month in advance throughout the Term.
- (b) The Credit Representative Fee will increase annually up to a maximum of 5% over and above the fee paid in the previous year.
- (c) The Franchisee must immediately notify the Company of any changes to the Franchisees bank account details.
- (d) The Franchisee acknowledges that in the event the Credit Representative Fee is not paid to the Company as a result of insufficient funds or failure to notify the Company of a change in bank account details, the Company will notify the Franchisee and the Franchisee must arrange payment of the Credit Representative Fee to the Company within 7 days after receiving notification.
- (e) Failure to pay the Company the Credit Representative Fee within 7 days after receiving notification from the Company may result in a formal breach notice being issued requiring payment to be made within 30 days.
- (f) Failure to pay the Company the Credit Representative Fee within the 30 days upon receiving a formal breach notice may result in the Company terminating the Agreement and Credit Representative status of the Franchisee.
- (g) The Company may, from time to time, need to introduce additional fees and charges due and payable by the Franchisee in order to comply with any statutory obligations, compliance, insurance, software, marketing and promotional activities or any other service or initiative to assist in the operation and enhancement of the Business.
- (h) Written notification will be provided by the Company to the Franchisee advising of any increases to fees and charges and the date from which the fees and charges are due payable. However, the date from which any increased fees and charges are due and payable will be no less than 30 days from the date of the written notification provided.

7. DUTIES OF THE COMPANY

7.1 Contract with Aggregator

The Company may cease or change the Aggregator, or the contractual arrangements for the provision of home loans or the services provided by the Aggregator, from time to time. If the Company makes any such change, it will advise the Franchisee in writing, providing no less than 30 days' notice.

7.2 Software Programs

The Company will provide the Franchisee and its employees and Loan Writers access to suitable software programs for use within the Business for the purpose of servicing the customers of the Business. Ongoing training on software programs will be provided by the Company and any other relevant external training providers as identified by the Company.

7.3 Training

- (a) The Company will provide or arrange training of LJHHL Franchisees and their employees in accordance with the Operations Manual.
- (b) The Company may require Franchisees to pay for any reasonable expenses incurred by the Company in convening training courses.
- (c) When the Company introduces new products or services for use in the Business, the Company will arrange for and provide appropriate training for the use and sale of those products in the Business.

7.4 Reputation of the Company

The Company will take all such action as it considers reasonable and appropriate to protect the good name, image, reputation and Intellectual Property of the Company or LJ Hooker, the Company's franchise network and the LJ Hooker franchise network.

7.5 Counselling and Assistance

The Company may provide counselling and assistance to Franchisees in the conduct of their business and to cooperate with and make recommendations to the Franchisee in the monitoring of the Franchisee's performance in relation to the Minimum Performance Standards and Allocated Location Performance Standards.

7.6 Meetings

The Company may convene and conduct meetings of LJHHL Franchisees and Loan Writers and representatives of the Company for the purposes set out in this Agreement and the Operations Manual.

7.7 Maintenance of Standards

The Company will provide the Franchisee with access to branded templates and other material to be used throughout the Business in order to maintain uniformity and consistent branding.

7.8 Changes to Intellectual Property and System

The Company may at any time decide to:

- (a) modify the use of any component of the Intellectual Property;
- (b) require the Franchisee to use one or more additional, substitute or variations of the Intellectual Property; or

- (c) modify the colour scheme, design or any other thing applicable to the Business; or
- (d) alter, vary or add to the System for the overall benefit of the Company's franchise network or the LJ Hooker franchise network.

These variations may require the Franchisee to incur a capital expense. The Company must act reasonably in:

- (e) providing the Franchisee with written notice of any variation; and
- (f) determining the scope, extent, timing and cost of requiring the Franchisee to undertake any variations

and the Franchisee must ensure that the variations occur in accordance with that notice.

The Company will endeavour where possible, to ensure that any material or significant brand alignment where the capital expense is significant, occurs to coincide with a renewal of the Franchise to enable the Franchisee to undertake a brand alignment as part of any refurbishment obligation.

7.9 Maintenance of Australian Credit Licence

The Company will comply with Credit Legislation in order to maintain their Australian Credit Licence.

7.10 Advertising

- (a) The Company must use reasonable endeavours to maintain and enforce the standard, appearance and consistency of advertising by LJ Hooker Home Loans franchisees.

8. THE OPERATIONS MANUAL

8.1 Development and use of the Operations Manual

- (a) In order to protect the goodwill of the Company and to maintain uniform standards of operation and service and a coordinated network of franchised offices, and to maintain compliance with Credit Legislation, the Company has developed and established the Operations Manual.
- (b) The Company may amend the Operations Manual from time to time to improve the System, facilitate use of the Intellectual Property or maintain compliance with Credit Legislation.
- (c) To the extent that there is any inconsistency between this Agreement and the Operations Manual, the provisions of this Agreement will apply.
- (d) The Franchisee acknowledges that it has read the contents of the Operations Manual before signing this Agreement.
- (e) The Franchisee must not except as required by law or to the extent that the information is in the public domain:
 - (i) discuss or disclose the contents of the Operations Manual with any person; or
 - (ii) disclose to any person any information or methods of operation of the Company which it has gained through its position as Franchisee.

9. COMMISSIONS

9.1 Appointment

- (a) In consideration of the appointment of the Franchisee and the Franchisee performing its obligations under this Agreement, the Company will pay the Franchisee a Commission for any loans and products secured by the Franchisee.
- (b) The Company may authorise the Aggregator and/or other approved parties to make, or direct payments directly due to the Franchisee.

9.2 Payment of Commission

- (a) Commissions will be paid to the Company or its nominee.
- (b) The Company will pay to the Franchisee the Commission. Payment will be made electronically to an account nominated by the Franchisee.
- (c) The Commission payable to the Franchisee is set out in the Schedule of Commissions attached as Schedule "B".
- (d) Subject to Clauses 9.2(f) and 10, a Commission becomes payable after a loan is settled and the Commission has been paid by the lender concerned to the Aggregator and/or other approved parties. The date of supply for the purposes of GST is the date the lender takes title in the security or the date the loan is drawn down, if that is later.
- (e) The Company must pay the amount payable to the Franchisee on receipt of the total Commission payable from the Aggregator and/or other approved parties. It will be sufficient compliance with this clause if the Franchisee receives payments of Commission directly from the Aggregator and/or other approved parties.
- (f) It is acknowledged and agreed that payments due under this Agreement will be payable only when they are received from the Aggregator and/or other approved parties which will be payable only to the extent paid. It is also acknowledged that the Company, Aggregator and/or other approved parties may be entitled to hold back from Commissions a certain amount or amounts due on account of a potential Claw Back or breach. Those amounts of Commission will be paid on receipt.
- (g) Where an amount is clawed back by the Aggregator, Company, or other approved parties the amount clawed back will be repayable by the Franchisee. If an amount of claw back is not repaid, that amount (and any other amounts which may be payable by the Franchisee under this Agreement) may be set off against other amounts due and payable to the Franchisee.
- (h) The Company can refuse to pay Commission to the Franchisee if the Franchisee has breached this Agreement and can refuse to pay Commission to the Franchisee in respect of a particular transaction if the application forms completed by the Franchisee for that transaction have not been properly completed.
- (i) Should any external administrator, receiver or liquidator be appointed to manage the Company due to insolvency or potential insolvency of the Company, the Company acknowledges that the Franchisee's right to receive and be paid Commissions and ongoing Trail Commissions in accordance with this Agreement will continue, notwithstanding the appointment of such administrator, receiver or liquidator. However, nothing in this clause will prevent the Company from withholding payment of

Commissions or Trail Commissions in the event the Franchisee is in default of this Agreement or a Claw Back applies.

9.3 Variations to Commission

The level of Commissions payable as set out in the Schedule of Commissions may be varied for future loans:

- (a) by the Company upon 30 days' prior notice; and
- (b) immediately if the fees payable by the Aggregator or other financial institution vary.

10. CLAW BACK

10.1 Claw Back Provision

The Company may withhold Commission payments to provide for any Commissions paid, which remain subject to the Claw Back Provisions.

- (a) Once the Claw Back amount has been accumulated, Commission payments will be paid on each Commission payment date;
- (b) The Company will continue to provide the Franchisee with a Commission statement;
- (c) The Claw Back amount will be placed in a holding account until such time as no Commission payable remain. A Claw Back by a panel lender other than a Claw Back which arises from a breach by the Franchisee of a provision of a panel lender agreement or code of ethics, or as a direct or indirect result of the Franchisees conduct or omission, will be shared between the Company and the Franchisee in the proportion in which it was originally paid to the Company and the Franchisee.

10.2 A Claw Back which arises as a result of a breach by the Franchisee of the Companies agreement with the Aggregator, or the code of ethics or as a direct or indirect result of the Loan Writers conduct or omission, will result in the total Claw Back being clawed back from the Franchisee.

10.3 This Clause is subject to the Claw Back provisions as stated by the Company or Aggregator by notice or as available from the Software.

10.4 The Company reserves the right to invoice the Franchisee directly to repay to the Company Commission received by the Franchisee that is subject to the Claw Back provisions.

10.5 In the event that the Company decides to invoice the Franchisee directly in accordance with Clause 10.4, the Franchisee must ensure that the entire amount of Commission which is subject to the Claw Back provision is repaid to the Company within 90 Days from the date of issue of the invoice.

10.6 This Clause 10 survives the termination or expiration of this Agreement.

11. TECHNOLOGY

- (a) LJ Hooker shall provide an email service to the Franchisee and their associated Loan Writers and employees, including an email address in the form specified in the Operations Manual, as long as:
 - (i) the email address only be used for the purposes of the Business;
 - (ii) no alternate email address be used within the Business;

- (iii) the email address not be disconnected without prior consent of the Company.
- (b) The Company has established and will maintain the Web Site for the benefit of Franchisees and their employees and Loan Writers. The Company will:
 - (i) insert the name of the Franchisee's Business in the search function of the Web Site;
 - (ii) advise Franchisees of any developments to the Web Site.
- (c) The Franchisee must not use the Business Names or any of the Intellectual Property on any internet site other than the Web Site unless first approved in writing by the Company.
- (d) The Franchisee acknowledges and agrees that:
 - (i) it will comply with the Company's contract with an Internet service provider for connection to the Company's e-mail and Internet service;
 - (ii) all costs of connection to the Company's e-mail and Internet service and for the use of the Internet will be for the account of the Franchisee;
 - (iii) email addresses supplied by the Company be displayed on individualised business cards and other items of Business stationery;
 - (iv) all email messages, both incoming and outgoing from the email address provided to the Franchisee by the Company are and remain the property of the Company and are subject to examination, monitoring, review and audit by the Company at any time.
- (e) The Company may introduce software programs for use by the Franchisee and other LJHHL Franchisees. If that occurs, the Franchisee must bring about the implementation of the use of that program on the terms specified by the Company and ensure that their Loan Writers and employees do the same.
- (f) The Company may use the services of a third party or parties to undertake training, installation and support of the any technology solutions that it may introduce.
- (g) The Franchisee is not permitted to register or use its own domain name or website (including social media platforms or social media networks) on the internet to advertise or promote the Business without the prior written approval of the Company.
- (h) The Franchisee must:
 - (i) have in place its own disaster recovery and back-up procedures;
 - (ii) attend all training in relation to the Web Site as directed by the Company; and
 - (iii) comply with the Company's reasonable direction in relation to use of the Web Site.
- (i) The Company may reject or remove any material from the Web Site at its discretion including if the material does not meet the standard and consistency required by the Company.

- (j) The Franchisee must not link or frame any Web Site with the Franchisee's authorised pages on the Web Site without the Company's prior written consent.
- (k) The Franchisee must not use any Social Media to advertise any LJ Hooker products or services, nor associate with the LJ Hooker brand without first obtaining written consent from the Company.

12. AGGREGATOR SOFTWARE LICENCE

12.1 Licence to Company

The Company holds a non-exclusive licence agreement to use the software of the Aggregator, strictly in accordance with the provisions of that agreement, and to access the related internet services in accordance with the terms of the home page of that service.

12.2 Licence to Franchisee

Pursuant to the terms of this Agreement, the Company grants the Franchisee the right to use the Aggregator Software Licence, subject to the Franchisee acknowledging by execution of this Agreement that that use is subject to the following terms and conditions.

The Franchisee agrees:

- (a) to comply with the terms of the Aggregator Software Licence as required by the Company, Aggregator and other approved companies;
- (b) to ensure that any employees or agents of the Business who may use the Software are made aware of the terms of this Aggregator Software Licence and any employees and agents have completed the Company's training course for using the Software;
- (c) to fully cooperate in the installation of the Software and provide all personnel and equipment reasonably requested of it.

12.3 Acknowledgement

The Franchisee acknowledges that the software of the Aggregator cannot be guaranteed error free and further acknowledge that the existence of any such errors shall not constitute a breach of this Agreement. The Company will not be liable for any indirect or consequential damage arising out of breach of the Aggregator Software Licence or arising out of the supply of a defective program, specifically including:

- (a) any disruption to the Franchisee's business;
- (b) any loss or corruption of the Franchisee's data; or
- (c) any of the Franchisee's service or maintenance costs.

12.4 End of Licence

The Franchisee's rights to use the software of the Aggregator:

- (a) cease immediately upon termination of this Agreement;
- (b) cease if the Aggregator is replaced by the Company; and
- (c) are not transferable.

13. INDEMNITY BY FRANCHISEE

13.1 Indemnity

The Franchisee will indemnify and hold indemnified the Company from and against all claims demands and proceedings which may be brought against the Company from all losses, damages, costs and expenses which may be sustained or incurred by the Company, whether during or after termination of this Agreement, arising out of or by reference to or in respect of:-

- (a) the Business, the Premises or the use of the Business Names;
- (b) any act, neglect, default or omission of the Franchisee, its servants, agents or invitees or of the Guarantors;
- (c) failure of the Franchisee to comply with Credit Legislation or any legislation relating to operation of the Business;
- (d) any business or activity undertaken or carried on by the Franchisee, whether or not such matters arise out of the act or negligence of the Franchisee its agents, employees, Guarantors or invitees, or otherwise. This indemnity shall only apply to the extent to which claims, demands, proceedings, losses, damages, costs and expenses do not arise out of the wilful neglect or default of the Company, its servants or agents.

For the purpose of this clause the Company's "servants or agents" excludes the Franchisee or its servants or agents and costs do not include costs for legal services which are prohibited by clause 19A of the Code.

13.2 Refund of Interest or Commission

The Franchisee will indemnify and hold indemnified the Company, and pay immediately on demand any money which the Company is obliged to pay arising out of any breach or alleged breach of Credit Legislation or any fine or penalty imposed by ASIC relating to improper or unlawful conduct of the Franchisee or any employee of the Franchisee.

14. CONSENT TO ADDITIONAL REGISTRATION OR INCORPORATION

14.1 Franchisee to sign

The Franchisee must, whenever the Company requires, execute such forms of consent or otherwise as ASIC or other relevant statutory authority requires to enable the Company:-

- (a) to register any other Business Names; or
- (b) to incorporate any company or register any business which contains the words "LJ Hooker Home Loans".

14.2 Attorney

The Franchisee irrevocably and unconditionally appoints the Company and its officers, for the time being or any one of them, to complete and execute any form or consent and to lodge the forms at the office of ASIC or relevant authority and to otherwise take such action and execute such documents as may be necessary to enable the Company to register or incorporate a business name or new company.

15. LITIGATION AND COMPLAINTS

- (a) The Franchisee must maintain current external dispute resolution membership, the certificate of which is to be provided to the Company upon request.
- (b) If a complaint is made to or about the Franchisee, an employee or in respect of the Business or legal proceedings are commenced against the Franchisee or notice threatening legal action is given to the Franchisee, the Franchisee must immediately notify the Company and its insurer.
- (c) The Franchisee gives full authority to the Company to resolve all complaints made against the Franchisee and the Business, however the Company can not offer any monetary settlement on behalf of the Franchisee unless the Franchisee approves such monetary amount.
- (d) The Franchisee agrees to provide full co-operation and all relevant documentation to the Company in relation to any complaint made against the Franchisee and the Business upon demand.
- (e) The Franchisee agrees to comply with the dispute resolution procedure as outlined in the Operations Manual as may be amended from time to time.
- (f) In order to protect the goodwill of the Company, no legal action may be taken by the Franchisee in connection with the Business without the consent of the Company. Nothing in this clause will deprive or limit the right of the Franchisee or the Company to take action against the other in respect of any matter or to seek urgent injunctive relief.

16. ASSIGNMENT OF BUSINESS

16.1 No Assignment without Consent

- (a) The Franchisee must not, without the prior written consent of the Company, transfer, novate or assign the Business or any interest in it or any assets (other than plant, fittings, equipment or furniture) or entitlement to the payment of Commissions of the Business. The Franchisee must not sub-licence or sub-franchise the Business.
- (b) Any agreement entered into by the Franchisee for an assignment or transfer must be made conditional upon:
 - (i) the Company not exercising its right to purchase the interest from the Franchisee in accordance with clause 18.1; and
 - (ii) the Company consenting to the assignment or transfer.
- (c) Any change in the directors or shareholders of the Franchisee (other than the addition of a spouse) will be deemed to be a transfer and assignment of the Franchisee's interest under this Agreement and of the Business Names and will require the Company's consent in accordance with this clause.

16.2 Notices to Company

- (a) The Franchisee will give to the Company prior written notice of any agreement, contract, covenant or commitment entered into by the Franchisee in respect of any proposed transfer or assignment and will seek in writing the consent of the Company.
- (b) The notice to the Company must set out the terms and conditions of the proposed transfer or assignment, the parties to that agreement and any other information reasonably required by the Company.

- (c) Subject to any notice given under clause 18.1, the Company will within 42 days of the notice from the Franchisee advise the Franchisee of its consent or otherwise to that transfer or assignment.

16.3 Preconditions to Assignment

Before the date of transfer or assignment the Franchisee must:-

- (a) comply with its obligations pursuant to clauses 16.1, 16.2 and 18.1;
- (b) have paid all other moneys payable pursuant to the terms of this Agreement;
- (c) have complied with all the terms of this Agreement or rectified any subsisting breach of this Agreement.
- (d) prove to the satisfaction of the Company that the proposed transferee or assignee and each of its directors and proposed guarantors:
 - (i) have given written acknowledgement that they have read and understand the terms and conditions and intent of this Agreement;
 - (ii) is a respectable responsible and solvent person;
 - (iii) is capable of adequately carrying on the Business;
 - (iv) has sufficient experience to carry on the Business;
 - (v) is capable of being authorised as a Credit Representative of the Company;
 - (vi) is the holder of all licences required to be held by law for the purposes of carrying on the Business or employs a person who is so licensed;
 - (vii) accepts the Minimum Performance Standards and Allocated Location Performance Standards expressed in section 3.2 of the Operations Manual;
 - (viii) Has completed and submitted a Business Plan to the Company that has been approved.
- (e) procure that the proposed transferee or assignee enters into a covenant with the Company in the form required by the Company that it will duly perform the covenants and agreements on the Franchisee's part contained in this Agreement.
- (f) procure that the proposed assignee or transferee enters into a covenant with the Company in the form required by the Company and provides to the Company such forms under the Act regulating the use and registration of Business Names in the Home State and Corporations Act as are referred to in those clauses.

16.4 New Franchise Agreement

The Company may, as a requirement of its consent to the transfer or assignment, require the Franchisee to surrender its rights in this Agreement and require the proposed assignee or transferee to enter into a new Franchise Agreement (in the form then currently used by the Company in respect of Franchises of this type) with such Guarantors as the Company may reasonably require. The new Franchise Agreement is to be for a term not less than the unexpired period of the Term of this Agreement.

16.5 Withholding Consent

Without limiting any of the obligations of the Franchisee in clause 16.3, and without limiting the Company's right to withhold its consent, it will be reasonable for the Company to withhold its consent where:

- (a) the proposed transferee is unlikely to be able to meet the financial obligations that the proposed transferee would have under the Franchise Agreement;
- (b) the proposed transferee does not meet any reasonable requirements of the Company under this Agreement for the transfer or assignment;
- (c) the proposed transferee has not met the selection criteria of the Company or does not hold the requisite qualifications or experience to operate the Business; or
- (d) the Franchisee has breached the Franchise Agreement and has not remedied the breach.

16.6 Deemed Consent

The Company will be taken to have given consent to the transfer if the Company does not exercise its option in clause 18.1 and gives to the Franchisee written notice:

- (a) that its consent is withheld; and
- (b) setting out why consent is withheld;

within 42 days after receiving a notice conforming to clause 16.2.

17. TERMINATION OF FRANCHISE

17.1 Immediate Termination

The Company may, upon the giving of 7 days written notice to the Franchisee, terminate this Agreement if the Franchisee:

- (a) no longer holds a licence or other necessary requirements that the Franchisee must hold to carry on the Business; or
- (b) is no longer a Credit Representative of the Company; or
- (c) becomes bankrupt, insolvent under administration or an externally administered body corporate; or
- (d) voluntarily abandons the Business or this Agreement or ceases to trade; or
- (e) is convicted of a serious offence; or
- (f) operates the Business in a way that endangers public health or safety; or
- (g) acts fraudulently in connection with the operation of the Business; or
- (h) agrees, at the time of termination, to the termination of this Agreement; or
- (i) is subject to a banning or disqualification order by ASIC; or
- (j) has not remedied a breach of this Franchise Agreement in accordance with 17.2; or
- (k) some other event (specified from time to time) in the Code occurs which would otherwise entitle the Company to immediately terminate this

Agreement without the requirement to give the Franchisee notice to remedy.

17.2 Fundamental Breach

In addition and independently of clause 17.1, if:

- (a) the Franchisee or any Guarantor fails within a reasonable time to perform or observe or commits any breach of any of the duties, obligations or responsibilities required to be performed under this Agreement, (other than in respect of the payment of monies);
- (b) the Franchisee or any Guarantor repeatedly or persistently fails to perform any of the duties, obligations or responsibilities required to be performed or observed under this Agreement;
- (c) the Franchisee fails to comply with the Operations Manual;
- (d) any monies payable by the Franchisee to the Company are unpaid and remain unpaid for a period of 7 days (unless otherwise advised by the Company) after written notice has been given by the Company to the Franchisee requiring payment;
- (e) the Franchisee or a Guarantor commits a breach of any duty or obligation under this Agreement which, in the reasonable opinion of the Company, has a damaging affect on the reputation or the goodwill of the Company, the Company's franchise network or the Intellectual Property;
- (f) persistent complaints are received by the Company about or in relation to the conduct of the Franchisee or its Loan Writers; or
- (g) the Franchisee consists of 2 or more people in a partnership or as shareholders of a corporate Franchisee and that partnership or corporation is dissolved or is involved in an internal dispute, disagreement or other controversy which, in the opinion of the Company (acting reasonably), has or is likely to adversely affect the carrying on of the Business,

then a fundamental breach of this Franchisee Agreement has occurred, and the Company will be entitled to terminate this Agreement, by notice to the Franchisee if the Company:

- (i) gives to the Franchisee reasonable notice that the Company intends to terminate this Agreement as a consequence of the breach if the Franchisee fails to remedy the breach;
- (ii) the Company tells the Franchisee what the Company requires the Franchisee to do to remedy the breach;
- (iii) the Company allows the Franchisee a reasonable time (that does not need to be more than 30 days) to remedy the breach; and
- (iv) the Franchisee fails to remedy that breach in accordance with the notice of breach.

17.3 Non Competition

- (a) After termination of the Agreement, the Franchisee hereby acknowledges and accepts that all customers of the Business that were assisted in entering into any home loan product by the Franchisee and/or its Loan Writers, throughout the Term of this Agreement, are to remain a customer of the Company, and the Franchisee will at all times comply with its obligation of this Clause 17.3 and Clause 19.3.

- (b) After termination of this Agreement, the Franchisee and the Guarantor must not seek to solicit or encourage any customer of the Business to deal with or to contract with the Franchisees new business.
- (c) The Franchisee and the Guarantor must not seek to engage any employee or Loan Writer away from any contractual or other arrangements with the Company or related companies of the Company or other Franchisees.
- (d) After termination of this Agreement, the Franchisee must immediately cease actively servicing the LJ Hooker real estate offices located within the Allocated Location listed under Schedule "C" and must remove all marketing or promotional material promoting the business of the Franchisee from the LJ Hooker real estate offices located within the Allocated Location.
- (e) It is intended by the parties to this Agreement that the restraints contained in this clause operate for a period of 12 months from the termination date.
- (f) The Franchisee and the Guarantor acknowledge that the duration, extent and application of the respective restrictions contained in this clause are not greater than is reasonably necessary for the preservation of the Company's goodwill but that, if such restriction is adduced by any Court of competent jurisdiction to be void or unenforceable but would be valid if part of the wording of this clause was deleted and/or the period was reduced, those restrictions apply with such modifications as may be necessary to make this clause valid and effective.
- (g) In the event of any breach by the Franchisee or the Guarantor of its obligation under this clause then, in addition, and without prejudice to any other remedy which the Company may have, the Company is entitled to seek and obtain injunctive relief.

18. RIGHTS TO TRAIL COMMISSIONS ON TRANSFER, NOVATION, TERMINATION OR EXPIRY

18.1 Option to purchase Franchisee's Business

- (a) If the Franchisee at any time decides to transfer, novate or otherwise sell the Business during the Term or offer for sale the trail commission income within 12 months following expiry or termination of this Agreement, the Franchisee must first offer to sell the Business (or trail commission income) to the Company at the same price and on the same terms and conditions as a bona fide purchaser.
- (b) The offer in clause 18.1(a) must be made in writing to the Company within 5 days and must enclose a true copy of any offer made to the Franchisee by a proposed bona fide independent third party purchaser and set out all of the essential terms and conditions of such offer, including the price at which the proposed purchaser offers to buy the Business.
- (c) The Company will have the right (but no obligation) to accept any offer made by the Franchisee pursuant to this clause by notice in writing to the Franchisee at any time up to twenty-one (21) days after the date on which the offer is delivered to the Franchisor.
- (d) In accepting any offer made by the Franchisee pursuant to this clause the Company may at its election:
 - (i) substitute cash for any other form or method of payment proposed in the offer;

- (ii) deduct from the price set out in the offer any monies which are owing to the Company or which would have been payable had the Company approved the sale; or
 - (iii) deduct from the price any amounts owing by the Franchisee to its employees, Loan Writers or trade creditors of the Business.
- (e) If the Franchisor accepts any offer made by the Franchisee pursuant to this clause, then the Company and the Franchisee must complete the sale within 30 days of the date of such acceptance.
 - (f) If the Company does not accept any offer made by the Franchisee pursuant to this clause the Franchisee may at any time within 90 days of the date upon which such offer was made to the Franchisor sell the Business to another person (subject to the requirements of clause 16) for the same or any greater price and otherwise upon the same terms and conditions as those offered to the Franchisor.
 - (g) If the Franchise is not transferred, novated or otherwise sold in accordance with this clause within 90 days of the date upon which such offer was made to the Franchisor the Franchisee must not enter into any contract to Transfer, novate or otherwise sell the Business to any other person until any offer to such new purchaser has been submitted to the Company and the procedure established by this clause is repeated in each and every instance.

19. ARRANGEMENTS AFTER TERMINATION

19.1 Prior breaches survive termination

Any termination of this Agreement will be without prejudice to any right of action or remedy which any party may have against any other party in respect of any antecedent breach or non-observance of the provisions of this Agreement and will be without prejudice to any other rights or remedies which any party may have against any other party.

19.2 Action to be taken after termination

Upon expiry of the Term or termination of this Agreement for any cause whatsoever the parties agree as follows:-

- (a) The Franchisee will immediately stop using the Business Name.
- (b) The Franchisee will cease to use stationery, and other articles bearing the Business Names and/or the Intellectual Property and the Franchisee will destroy all of those items. If the Franchisee does not comply with this covenant immediately upon termination, the Company may, by written notice, notify the Franchisee that it is in breach of its obligations under this clause and the Company may, at the Franchisee's expense, after the expiry of 7 days from the date of the notice enter upon the premises where the Business is conducted and upon any other premises as any of the items are situated and remove the items and destroy them.
- (c) The Franchisee will immediately cease using the Software and software of any Aggregator.
- (d) The Franchisee will not object to the e-mail address and any individual e-mail addresses provided by the Company from being disconnected from the Business by the Company and must sign anything required to achieve that disconnection.

- (e) The Franchisee, if required, must at the Company's request sign any ASIC form or document varying or cancelling the Business Name. The Franchisee acknowledges that under this Agreement the Company may as agent or attorney vary or cancel the Business Name without the express consent of the Franchisee.
- (f) The Franchisee must at his own expense efface and obliterate the Business Name and Intellectual Property from all places where they have been displayed to the public by the Franchisee his servants and agents. If the Franchisee does not do so immediately on termination, the Company may by written notice notify the Franchisee that it is in breach of its obligations under this clause. The Company may at the Franchisee's expense, after the expiry of 7 days from the date of the notice enter upon the Premises and upon any other premises at which the Business Name and the said colours logos names or words are displayed and efface and obliterate them.

19.3 Data Base

On termination or expiry of this Agreement, any database of customers that have entered into a credit contract or have been provided credit services by the Business throughout the Term of the Agreement with assistance from the Franchisee or any Loan Writer or employee of the Franchisee remains the absolute property of the Company and will be delivered up by the Franchisee to the Company.

19.4 Payment of Money during Cooling Off Period

If the Franchisee terminates this Agreement during the Cooling Off Period, the Company will, within 14 days, repay all money paid by the Franchisee under this Agreement less the following reasonable costs and expenses of the Company;

- (a) costs of the Company in investigating the financial status, business experience and reputation of the Franchisee and Guarantors;
- (b) any training, computer software and other costs incurred by the Company relating to the Business;
- (c) any statutory fees in relation to the Business Name.

19.5 No refund of application fee on Early Termination

If the Franchisee or Franchisor terminates this Agreement at any time during the Term of the Agreement but after the Cooling Off Period, or if the Company and the Franchisee agree to mutually terminate this Agreement at any time during the Term of the Agreement but after the Cooling Off Period, then the Franchisee hereby acknowledges and accepts that the application fee paid to the Company as listed under Item 14.1(a) of the disclosure document is not refundable and that the Company is under no obligation to refund all, or part, of the application fee to the Franchisee.

19.6 No Compensation

The Franchisee acknowledges that:

- (a) the Franchisee is not entitled to compensation or reimbursement from the Company for:
 - (i) any loss of actual or anticipated profits;
 - (ii) any loss of actual or anticipated income;
 - (iii) any loss of goodwill of the Business; or
 - (iv) any loss or diminution in the value of any assets of the Business; or

- (v) any inconsequential or indirect damages or compensation of any kind or nature whatsoever,

arising out of or in connection with the suspension, termination, expiration (non renewal or non extension) of this Agreement, or the Franchisee, or from closure of the Business; and

- (b) nothing in this Agreement;
 - (i) obliges the Company to pay any compensation for goodwill (or any other form of compensation) to the Franchisee unless the Company is compelled to do so by law; or
 - (ii) is intended to prevent the Franchisee from seeking to make a claim for compensation for goodwill of the Business from the Company if:
 - (1) all of the relevant requirements of clause 23 of the Code apply; and
 - (2) the Company intends to enforce the restraint of trade provision in this Agreement

20. INTEREST ON OVERDUE MONEY

20.1 Overdue payments

The Franchisee will pay to the Company on demand interest on any amount which is payable and overdue in accordance with the provisions of this Agreement for a period in excess of 7 days at the rate of 5% over the RBA cash rate. Interest will be payable upon that amount from the date it became due to the date of payment.

21. GOODS AND SERVICES TAX

21.1 Register

The Franchisee must apply for an ABN and must register for GST. The Franchisee must comply with all laws and regulations in relation to GST.

21.2 Application of this clause

This clause applies in relation to taxable supplies except to the extent that there is a specific provision in this Agreement concerning GST on that taxable supply.

21.3 Payment of GST

- (a) A recipient of a taxable supply made under this Agreement must pay to the supplier, in addition to the consideration for the taxable supply, any GST paid or payable by the supplier in respect of the taxable supply.
- (b) The recipient must pay the GST to the supplier:
 - (i) if there is a due date for the consideration for the taxable supply, on the same date as the due date for the consideration in respect of the relevant taxable supply; or
 - (ii) if there is no due date, within 7 days of receiving a written request or a tax invoice from the supplier.
- (c) A party's obligation to reimburse another party for an amount paid or payable to a third party includes GST on the amount paid or payable to the third party except to the extent that the party being reimbursed is entitled to claim an input tax credit for GST.

- (d) Each party making a taxable supply under this Agreement must issue a tax invoice to the other party for each taxable supply at or before the time it makes the taxable supply.
- (e) The Company must issue an adjustment note to the Franchisee as soon as it becomes aware of an adjustment event relating to a taxable supply by the Company under this Agreement.

21.4 Indemnities

- (a) If a payment under an indemnity gives rise to a liability to pay GST, the payer must pay, and indemnify the payee against, the amount of that GST.
- (b) If a party has an indemnity for a cost on which that party must pay GST, the indemnity is for the cost plus all GST (except any GST which that party can obtain an input tax credit).
- (c) A party may recover payment under an indemnity before it makes the payment in respect of which the indemnity is given.

22. GUARANTEE AND INDEMNITY

22.1 Guarantor's request

It is acknowledged that this Agreement has been entered into by the Company at the request of the Guarantors.

22.2 Guarantee

In consideration of the Company entering into this Agreement with the Franchisee at the request of the Guarantors, the Guarantors and each of them jointly and severally:-

- (a) gives as principal contracting party and debtor all of the warranties given by the Franchisee in this Agreement and repeats and gives to the Company on its own behalf all such warranties.
- (b) guarantees to the Company as principal contracting party and debtor the due payment of all monies covenanted or agreed to be paid by the Franchisee in this Agreement and guarantees to the Company the due and punctual performance, observance and fulfilment by the Franchisee of all of the covenants contained or implied in this Agreement.

22.3 Indemnity

- (a) The Guarantors and each of them jointly and severally agree to indemnify the Company and at all times to keep the Company indemnified from and against all damages and all costs losses and expenses which the Company may suffer or incur consequent upon or arising directly or indirectly out of any breach, non-observance or non-performance by the Franchisee or any of the Guarantors of any of the covenants, terms, provisos or conditions contained or implied in this Agreement on the part of the Franchisee or any of the Guarantors.
- (b) Each of the Guarantors jointly and severally agree that this indemnity will continue and the Guarantors and each of them will remain liable to the Company under this indemnity notwithstanding that;
 - (i) as a consequence of such breach, non-observance or non-performance the Company has exercised any of its rights under this Agreement including the right of termination of this Agreement;
 - (ii) the Franchisee may be wound up;

- (iii) the guarantee or this Agreement may for any reason whatsoever be unenforceable either in whole or in part.
- (c) The reference to costs in clause 22.3 does not include any costs for legal services which are prohibited by clause 19A of the Code.

22.4 Acknowledgement

The Guarantors and each of them jointly and severally acknowledge that:-

- (a) The liability of the Guarantors and each of them under this Agreement and guarantee and indemnity will not be affected by the granting of time or other indulgence or concession to the Franchisee or by the compounding, compromise, release, abandonment, waiver, relinquishment, variation, alteration, deletion or renewal of any of the rights of the Company against the Franchisee or by any neglect or omission to enforce such rights or by any other act matter or thing which under the law relating to sureties would or might but for this provision release the Guarantors or any of them from his or her obligations under this Agreement or guarantee and indemnity.
- (b) The guarantee and indemnity is to continue and is to remain in full force and effect until the due performance, observance and fulfilment by the Franchisee of all the covenants and terms of this Agreement on the part of the Franchisee.
- (c) The guarantee and indemnity does not require the Guarantor to pay the Company's costs incurred in relation to settling a dispute under this Agreement or any costs for legal services which are prohibited by clause 19A of the Code.
- (d) Nothing in this clause however is intended to prevent the Company from seeking to recover the Company's costs as a consequence of any order by the Court that the Franchisee or Guarantor pay those costs.
- (e) The guarantee and indemnity is to survive the termination or expiration of this Agreement for all finance applications processed by the Franchisee and the Business whilst under this Agreement.

23. GENERAL MATTERS

23.1 Relationship of Parties

- (a) Unless this Agreement requires otherwise, the Franchisee must conduct the Business as an independent proprietor and the Franchisee agrees that it and the Company are completely separate entities and are not partners, joint venturers or agents of the other in any sense and neither party has the power to bind the other party to any matter except as specifically set out in this Agreement or Operations Manual.
- (b) The Franchisee must not represent himself otherwise than in accordance with this clause and otherwise than as the proprietor of the Business. The Franchisee must not purport to neither incur any obligation on behalf of the Company nor incur any expenditure on behalf of the Company nor pledge its credit or bind it contractually in any way whatsoever and the Franchisee must not represent to any person that it has power to do any of these matters.
- (c) All employees of the Franchisee shall remain employees of the Franchisee and there shall be no implication made by either the Franchisee or an employee that an employee is employed directly by the Company.

23.2 Limitation of Liability

- (a) To the extent permitted by relevant Acts of Parliament:
- (b) Except as set out in paragraph (c), the Company will in no circumstances be liable for damages of any nature, including damages for consequential losses, indirect loss, loss of profits, customer losses, economic loss, loss of opportunity, loss to users of the Website in connection with the performance of its obligations under this Agreement or any failure to perform the obligations.
- (c) The Company's liability in relation to its obligations under this Agreement whether arising out of negligence or otherwise will be limited at its option to:
 - (i) In the case of supply of goods:
 - (1) the replacement of any defective good or part thereof;
 - (2) the repair of any defective good or part thereof; or
 - (3) the payment of the cost of replacing the good or of acquiring equivalent good; or
 - (ii) In the case of services:
 - (1) the performance of any defective service again; or
 - (2) the payment of the cost of having the service supplied again.

23.3 Notices

All notices contemplated under this Agreement will be served as follows:-

- (a) to the Company by pre-paid mail addressed to the Company Secretary of the Company at its registered office; or
- (b) to the Company by email transmission addressed to the Chief Executive Officer of the Company; or
- (c) to the Franchisee or to the Guarantors by email transmission or delivery to the address of the Franchisee or of the Guarantors (respectively) in this Agreement or by posting by pre-paid mail to such address.

Any document forwarded by pre-paid security mail shall be deemed to have been received on the third day following posting of it. Any notice sent by way of email transmission will be deemed received on the day it is sent, provided such email is sent prior to 5pm otherwise the email will be deemed received at 9am on the next business day in the Home State.

23.4 Franchisee's Authority

- (a) The Guarantors and the Franchisee warrant that the Franchisee is empowered by its Constitution (and where the Franchisee is a Trustee, by its Trust Agreement) to enter into this Agreement and to carry on the Business.
- (b) The Franchisee warrants and assures the Company that it has validly entered into this Agreement and in the case of a company, each director signing this Agreement, personally warrants that this Agreement is binding on the Franchisee after execution.

23.5 Waiver of Obligations

No failure of the Company to exercise any power given to it or to insist upon the strict compliance by the Franchisee with any obligations or conditions and no custom or practice of the parties or variances with the terms of this Agreement will constitute a waiver of the Company's rights to demand exact compliance with the terms of this Agreement and nor will a waiver by the Company of any particular default affect or impair the Company's rights in respect to any subsequent default of the same or different nature nor will any delay or omission of the Company to exercise any rights arising from a default affect or impair the Company's rights as to the said default or any subsequent default.

23.6 Severance

Each and every covenant, obligation or restriction in this Agreement and each part of them is deemed to be a severable and independent covenant, obligation or restriction. In the event that any such covenant, obligation or restriction or any part of them be unenforceable, void or otherwise illegal it will be severed from the Agreement between the parties and the remaining provisions of this Agreement will be deemed to apply as if such covenant, obligation or restriction or part thereof were deleted.

23.7 Amendments

Any amendment to this Agreement must only be made by a supplemental or amending agreement.

23.8 Dispute Resolution

The Company is required to include in this Agreement, an internal complaints handling procedure that complies with Part 4 of the Code. The Code provides that a party who has a dispute with another party to this Agreement (referred to in clause 23.9 as the complainant) may choose to either:

- (a) take actions under the provisions of the internal complaint handling procedure set out in clause 23.9; or
- (b) take action in accordance with the procedure set out in Part 4, Division 3 of the Code.

23.9 Internal Complaint Handling Procedure

If a party to this Agreement has a dispute (the **complainant**) with another party to this Agreement (the **respondent**) then:

- (a) the complainant must give Notice to the respondent outlining
 - (i) the nature of the dispute;
 - (ii) what outcome the complainant wants; and
 - (iii) what action the complainant thinks will settle the dispute;
- (b) the complainant and the respondent should then try to agree about how to settle the dispute;
- (c) the parties must act in a conciliatory manner and in good faith as required under the Code to try and resolve the dispute;
- (d) either the complainant or the respondent may refer the dispute for mediation or conciliation either under the terms of this Agreement or the Code; if:

- (i) the parties cannot agree about how to resolve the dispute within 21 days from the date the complainant gave Notice of the dispute in which event either party may refer the matter to a mediator or conciliator; or
- (ii) the parties cannot agree about who should be the mediator or conciliator in which event either party may ask the Ombudsman under the Code to appoint a mediator or conciliator;
- (e) if either party to the dispute elects to have the dispute referred to mediation or conciliation under the Code, then either party can ask the Ombudsman appointed in accordance with the Code to appoint a mediator or conciliator;
- (f) the mediator or conciliator is entitled to determine the time and place for mediation or conciliation but the mediation or conciliation must be conducted in the Home State;
- (g) the parties must attend the mediation or conciliation and try to resolve the dispute and a party is taken to attend mediation or conciliation if the party is represented at mediation or conciliation by a person who has the authority to enter an agreement to settle the dispute on behalf of the party;
- (h) the parties are equally liable and must share equally the costs of mediation or conciliation (including the costs of the mediator, the costs of the room hire and the cost of additional input including expert reports) agreed by both parties to be necessary to conduct the mediation or conciliation and must, if required by the mediator or conciliator, pay their share of the costs prior to the mediation or conciliation and grant immunity from liability (including for those costs) to the mediator or conciliator each party shall pay their own costs of the mediation or conciliation;
- (i) the parties acknowledge that the mediator or conciliator is empowered under the Code to terminate the mediation or conciliation in accordance with the procedures and in the manner specified in the Code; and
- (j) the parties agree that notwithstanding the procedure specified in this clause, each party has the right to seek other relief if mediation or conciliation is not the suitable forum to resolve the dispute or protect the interests of the party.

23.10 Employees and Agents

If the Franchisee must or must not do something:

- (a) it is responsible to ensure that its Loan Writers, employees and agents comply with that obligation; and
- (b) it may not allow or cause it to be done or do or omit to do anything which results in it happening.

23.11 Force Majeure

- (a) The Company will not be liable for any delay or failure or inability to perform its obligations under this Agreement if such failure, delay or inability is due in part or in whole to a Force Majeure event.
- (b) The Company will notify the Franchisee as soon as practicable of any anticipated delay due to Force Majeure. The performance of the Company's obligations under this Agreement is suspended for the period of delay due to the Force Majeure.

23.12 Franchisee as Trustee

If on or after the date of this Agreement, the Franchisee owns the Business as trustee, then, even if the Company is not aware of the trust, the following provisions apply.

- (a) The Franchisee enters into this Agreement both as trustee of the trust and in its personal capacity.
- (b) The Franchisee:
 - (i) warrants it has power under the trust to enter into this Agreement;
 - (ii) warrants it has a right of indemnity under the trust;
 - (iii) assigns any right of indemnity it has under the trust to the Company and must do anything necessary to give effect to the assignment;
 - (iv) must not do anything to prejudice any right of indemnity it has under the trust;
 - (v) must not breach the trust;
 - (vi) warrants it enters into this Agreement in the due administration of the trust; and
 - (vii) must do everything necessary to make available the assets of the trust to rectify a default of this Agreement and compensate the Company for the default.

23.13 Governing Law and Jurisdiction

- (a) This Agreement is governed by the laws of New South Wales and is to be construed in accordance with the laws of New South Wales.
- (b) If the Code requires it, any action or proceeding must be heard by the courts of appropriate jurisdiction in the Home State and the parties submit to the courts of competent jurisdiction in that Home State.
- (c) If the Code requires it, mediation or conciliation of any dispute will be held in the Home State unless the parties agree otherwise.

23.14 Attorney

The Franchisee and Guarantors irrevocably and unconditionally appoints the Company and its officers, for the time being or any one of them, to complete and execute any form or consent or document required under Credit Legislation or the Corporations Act required to cancel the use of any Software (including software of the Aggregator) or remove from any social media website or platform the Franchisee's name, the Business Names or Intellectual Property.

23.15 Confidentiality

The Franchisee agrees:

- (a) to hold the Confidential Information in confidence;
- (b) not to make use of the Confidential Information other than for performing this Agreement;
- (c) to release the Confidential Information only to employees or appointed Loan Writers who need access to it for the purpose of performance within the business and not to release it to any other party;

- (d) to take all reasonable action concerning its employees and independent contractors to ensure that the obligations of non-use and non-disclosure of the Confidential Information under this Agreement can be fully satisfied;
- (e) that the terms of this Agreement are confidential and that it will disclose or discuss them only with its professional advisors for the purpose of obtaining advice and with the parties that have direct responsibilities for carrying out the provisions of this Agreement;
- (f) it is not authorised by the Company to make any public or other statements on behalf of the Company in relation to any aspect of the Business, this Agreement or otherwise. Before making any public statement or press release, which in any way refers to or is likely to impact on the Company or related companies of the Company, the Franchisee must first obtain the Company's written approval.

24. WHOLE AGREEMENT

24.1 Franchisee's confirmation

The Franchisee confirms to the Company that:

- (a) the Franchisee is not party to and does not claim any benefit or entitlement under any other agreement, arrangement or understanding in connection with the Business unless prior written agreement has been provided by the Company;
- (b) any other agreement, arrangement or understanding (if any) in connection with the Business whether with the Company, any related body corporate of either of them, or with any director, officer, agent or representative of either of them or of a related body corporate, has been lawfully terminated; and
- (c) the Franchisee, nor the Guarantor has any claim against the Company or any related body corporate, or any director, officer, agent or representative of the Company prior to the Commencement Date.

25. PRIVACY AND CONFIDENTIAL INFORMATION

25.1 Confidential Information

The Franchisee must keep confidential:

- (a) all records of customers; and
- (b) all guidelines relating to finance applications.

The Franchisee must ensure that members of its staff comply with this clause.

25.2 Collection of Personal Information

When the Franchisee collects Personal Information the Franchisee agrees to:

- (a) comply with any Privacy law by which the Franchisee is bound and any other privacy policy notified by a lender or the Company;
- (b) use the Personal Information only for the purpose of fulfilling the Franchisee's obligations under this Agreement;
- (c) restrict access to the Personal Information to employees who need to access the Personal Information to fulfil the Franchisee's obligations under this Agreement;

- (d) not disclose any Personal Information to a third party without the Company's consent, unless the third party is the individual to whom the Personal Information relates or the third party is a government body entitled to such Personal Information by force of law;
- (e) deal with the Personal Information as directed by the Company, provided that the direction will not cause the Franchisee to breach a Privacy law by which the Franchisee is bound;
- (f) take all reasonable steps to ensure that the Personal Information is protected against misuse and loss, or unauthorised access, modification or disclosure, including:
 - (i) obtain a written agreement from any third party to whom the Personal Information is disclosed, to comply with all Privacy laws and provisions having the same effect as this clause;
 - (ii) not do anything with the Personal Information that will cause the Franchisee or the Company to breach any Privacy law; and
 - (iii) notify the Company immediately if the Franchisee becomes aware that a disclosure of Personal Information:
 - (1) has been made in breach of this clause or any Privacy law; or
 - (2) may be required by law.

25.3 Privacy Legislation

- (a) The Company has established a Privacy Policy in accordance with the Privacy Act.
- (b) The Franchisee must comply with all requirements under the Privacy Act and must adopt and comply with the Company's Privacy Policy in relation to any personal information collected or distributed by it.
- (c) From time to time, the Company may amend the Privacy Policy and will notify the Franchisee of any amendments.

25.4 Disclosure

When collecting Personal Information from or about an individual which will be disclosed to the Company, in addition to the Franchisee's own obligations under any Privacy law, the Franchisee must ensure that the individual is aware of:

- (a) the identity of the Company, as the organisation for whom the Personal Information is being collected, and the Company's contact details as notified by the Company to the Franchisee from time to time;
- (b) the fact that the individual has a right to request access to the Personal Information from the Company;
- (c) the purposes for which the information is collected as notified by the Company to the Franchisee;
- (d) the organisations or types of organisations (if any) to which the Company discloses Personal Information of the kind collected as notified by the Company to the Franchisee;
- (e) any law that requires the Personal Information to be collected by the Company; and
- (f) the main consequences (if any) for the individual if all or part of the Personal Information is not provided to the Company.

25.5 Independent Advice

The Franchisee warrants that the Franchisee has obtained independent legal advice or the Franchisee is aware of the Privacy laws which apply to the Franchisee in respect of this Agreement.

26. INTERPRETATION

26.1 Interpretation

In the interpretation of this Agreement:

- (a) A person includes a firm or a corporation;
- (b) Words importing the singular or plural include the plural or singular number respectively and words importing the masculine gender include the feminine and neuter genders and vice versa;
- (c) Any word not defined in this Agreement but defined in the Code will have the meaning given to it in the Code;
- (d) A term used in a Schedule will have the meaning given to it in the Schedule;
- (e) Unless stated otherwise, any notice must be in writing; and
- (f) "including" when introducing a list does not limit the meaning of the words to which the list relates to those items or to items of a similar kind.

SCHEDULE "A"

- Item 1** **Commencement Date –**

- Item 2** **Expiry Date –**

- Item 3** **Further Term(s) – One (1) Further Term of 5 years**

SCHEDULE “B”
Schedule of Commissions

LJ Hooker Home Loan Products

Rates of Commission

Up-front for new loans and loan amount increases for LJ Hooker Home Loan Products

90% of the total upfront commission paid to the aggregator for disbursement to the Franchisee.

(Total upfront commission payable to the aggregator for all settled LJ Hooker Home Loan Products from the 1st January 2021 is 0.65% (exc GST) of the loan amount).

Trailer Commission for new loans and loan amount increases for LJ Hooker Home Loan Products

90% of the total trail commission paid to the aggregator for disbursement to the Franchisee.

(Total trail commission payable to the aggregator for all settled LJ Hooker Home Loan Products from the 1st January 2021 is 0.15% (exc GST) of the loan amount).

NOTE: In accordance with clause 9.3 (b), should a LJ Hooker Home Loans Product funder propose a promotional offer where the amount of commission payable to the Company is at a reduced interest rate, and this offer is accepted by the Company, then the reduced amount of commission will be absorbed equally between the Company and Franchisee.

Products

Rates of Commission

Up-front for new loans and loan amount increases for panel lender Products

90% of the total upfront commission paid to the aggregator for disbursement to the Franchisee.

(Commission rates used are based on panel lender rates of the time and as of the date of this agreement are displayed in the ‘services’ tab of Connective Mercury)

Trailer Commission for new loans and loan amount increases for panel lender Products

90% of the total trail commission paid to the aggregator for disbursement to the Franchisee.

(Commission rates used are based on panel lender rates of the time and as of the date of this agreement are displayed in the ‘services’ tab of Connective Mercury)

SCHEDULE "C"
Allocated Location

Business Name: (Insert Franchise Name: LJ Hooker Home Loans)

Area: Regional / Metropolitan (Delete whichever is not applicable)

(INSERT FRANCHISE COMPANY NAME)

Within the following Australia Post postcodes:

Insert Postcodes

SCHEDULE "D"
"Credit Representative Appointment Form"

SCHEDULE “E”
“Credit Representative and Other Fees”

Credit Representative Fee

LJ Hooker Home Loans has implemented a Credit Representative Licensing Model.

A Credit Representative Fee is due and payable monthly by all Credit Representatives to LJ Hooker Home Loans and contributes towards some of the costs of holding and maintaining an Australian Credit Licence and supporting compliance obligations associated with having appointed Credit Representatives.

As of the 1st February 2023 the monthly Credit Representative Fee due and payable by all Credit Representatives to LJ Hooker Home Loans is \$220 per month, plus GST. The payment will be deducted from each Credit Representatives bank account via direct debit during the first week of every month.

Connective Aggregation Fee

The Connective Aggregation Fee is a monthly flat fee payable by all individual Franchisees and Loan Writers for the utilisation of Connectives aggregation services.

The cost of the Connective Aggregation Fee is \$330 per month, plus GST. The payment will be deducted from each LJHHL Franchisees bank account via direct debit at the same time the monthly Credit Representative Fee is deducted.

Core Logic Marketing System Fee

The CoreLogic Marketing System is a branded tool that allows LJHHL Franchisees and their Loan Writers to identify customer contact points that can provide business opportunities for you and your real estate referral partners.

The monthly fee payable for access to the CoreLogic Marketing System is \$100 per month, plus GST. The payment will be deducted from each LJHHL Franchisees bank account via direct debit at the same time the monthly Credit Representative Fee is deducted.

Outsourced Processing Fee

Available to all Franchisees and Loan Writers is the ability to utilise our Outsourced Loan Processing Staff who assist with managing the loan application process and are responsible for the majority of the administration tasks associated throughout the process.

The monthly fee payable for access to Outsourced Processing is \$395 per month, plus GST. The payment will be deducted from each LJHHL Franchisees bank account via direct debit at the same time the monthly Credit Representative Fee is deducted.

For Franchisor

Executed by LJ HOOKER HOME LOANS)
PTY LIMITED)
ACN 106 564 765 in accordance with s127)
of the *Corporations Act* 2001 in the)
presence of:)
)
)

.....
Director

.....
Director / Company Secretary

For Franchisee

Executed by (Insert Company Name))
ACN ### ## in accordance with s127)
of the *Corporations Act* 2001 in the)
presence of:)
)
)

.....
Director

.....
Director / Company Secretary

For Guarantor

SIGNED SEALED AND DELIVERED BY)
THE SAID)
(Insert Franchisees Name))
in the presence of:)
)
)
)
)
)

.....
Witness

.....
(Insert Franchisees Name)

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Annexure C – Solvency Statement and Financial Reports (Last 2 Financial Years)

L J HOOKER HOME LOANS PTY LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

**LIABILITY LIMITED BY A SCHEME APPROVED UNDER
PROFESSIONAL STANDARDS LEGISLATION**

L J HOOKER HOME LOANS PTY LTD

ABN: 34 106 564 765

CONTENTS

FOR THE YEAR ENDED 30 JUNE 2023

Appropriation Statement	1
Balance Sheet	2
Income Statement	3
Statement of changes in equity	4
Notes to the Financial Statements	5
Declaration	9
Compilation report	10

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
APPROPRIATION STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Net profit	142,025	209,283
Retained earnings (accumulated losses) at the beginning of the financial year	(2,146,673)	(2,355,956)
RETAINED EARNINGS (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL	<u><u>(2,004,648)</u></u>	<u><u>(2,146,673)</u></u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report of Sheron Russo Pty Ltd.

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,917,301	1,681,787
Trade and other receivables	4	6,414	7,965
Prepayments		67,737	63,982
TOTAL CURRENT ASSETS		1,991,452	1,753,733
NON-CURRENT ASSETS			
Property, plant and equipment	5	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		1,991,452	1,753,733
CURRENT LIABILITIES			
Trade and other payables	6	46,329	46,077
Provisions	8	176,972	112,562
TOTAL CURRENT LIABILITIES		223,301	158,638
NON-CURRENT LIABILITIES			
Trade and other payables	6	17,647	17,647
Borrowings	7	3,699,990	3,699,990
Provisions	8	55,161	24,130
TOTAL NON-CURRENT LIABILITIES		3,772,798	3,741,767
TOTAL LIABILITIES		3,996,099	3,900,405
NET (LIABILITIES) ASSETS		(2,004,647)	(2,146,672)
EQUITY			
Fully Paid Ordinary Shares of \$1		1	1
Retained earnings		(2,004,648)	(2,146,673)
TOTAL EQUITY		(2,004,647)	(2,146,672)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report of Sheron Russo Pty Ltd.

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
INCOME		
Commissions & Fees Received	4,257,471	3,686,347
Event Sponsorships & Income Received	27,670	2,000
Franchise Fees Received	608,523	486,655
Interest Received	19,820	2
Rebates & Subsidies Received	-	10,744
	4,913,485	4,185,748
EXPENSES		
Accountancy	24,600	23,040
Advertising, Promotion & Events	89,327	33,251
Bank Charges	821	578
Commission	2,566,937	2,225,101
Computer Expenses	201,478	151,676
Contractors	137,581	77,451
Depreciation	2,671	8,528
Donations	682	-
Employees Gifts & Benefits	4,401	3,002
Entertainment	12,417	7,576
Filing Fees	7,643	8,702
Franchise & Recruitment Expenses	106,215	77,928
Freight & Couriers	313	-
Insurance	89,035	67,796
Legal Costs	13,058	13,200
Office Expenses	1,022	819
Payroll Tax	17,278	11,633
Postage	432	230
Printing & Stationery	117	125
Rent	23,941	32,515
Salaries	1,306,801	1,120,085
Staff Training	-	574
Subscriptions	2,773	3,288
Superannuation	110,610	93,675
Travelling Expenses	51,307	15,692
	4,771,460	3,976,464
NET PROFIT		
	142,025	209,283
Retained earnings (accumulated losses) at the beginning of the financial year	(2,146,673)	(2,355,956)
RETAINED EARNINGS (ACCUMULATED LOSSES) AT THE END OF THE FINANCIAL	(2,004,648)	(2,146,673)

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report of Sheron Russo Pty Ltd.

L J HOOKER HOME LOANS PTY LTD

ABN: 34 106 564 765

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
Fully Paid Ordinary Shares of \$1	1	1
RETAINED EARNINGS		
Opening retained earnings	(2,146,673)	(2,355,956)
Net profit	142,025	209,283
	<u>(2,004,648)</u>	<u>(2,146,673)</u>
TOTAL EQUITY		
Balance as at 01 July 2022	(2,146,673)	(2,355,956)
Profit	142,025	209,283
	<u>(2,004,647)</u>	<u>(2,146,672)</u>

The accompanying notes form part of these financial statements.
These statements should be read in conjunction with the attached compilation report of Sheron Russo Pty Ltd.

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

The financial statements cover the business of L J HOOKER HOME LOANS PTY LTD and have been prepared to meet the needs of stakeholders and to assist in the preparation of the tax return.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

L J HOOKER HOME LOANS PTY LTD is non-reporting since there are unlikely to be any users who would rely on the general purpose financial statements.

The special purpose financial statements have been prepared in accordance with the significant accounting policies presented below and do not comply with any Australian Accounting Standards unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of significant accounting policies

Revenue and other income

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Other

Other income is recognised on an accruals basis when the company is entitled to it.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the company, commencing when the asset is ready for use.

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in

Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	2023	2022
		\$	\$
3 CASH AND CASH EQUIVALENTS			
Cash at Bank - Macquarie		909,625	1,681,787
Macquarie CMT Account		257,676	-
Macquarie Term Deposits		750,000	-
		1,917,301	1,681,787
 4 TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade Receivables		6,414	6,215
Other Receivables		-	1,750
		6,414	7,965
 5 PROPERTY, PLANT AND EQUIPMENT			
OFFICE FURNITURE AND EQUIPMENT			
Office Equipment - at Cost		12,075	9,404
Less: Accumulated Depreciation		(12,075)	(9,404)
		-	-
 6 TRADE AND OTHER PAYABLES			
CURRENT			
Trade Creditors		2,860	219
Other Creditors		43,469	45,858
		46,329	46,077
 NON-CURRENT			
Associated loans	9	17,647	17,647
		17,647	17,647

These notes should be read in conjunction with the attached compilation report of Sheron Russo Pty Ltd.

L J HOOKER HOME LOANS PTY LTD
ABN: 34 106 564 765
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	2023	2022
		\$	\$
7 BORROWINGS			
NON-CURRENT			
Revolving Line of Credit		3,699,990	3,699,990
		<u>3,699,990</u>	<u>3,699,990</u>
		<u>3,699,990</u>	<u>3,699,990</u>
8 PROVISIONS			
CURRENT			
Provision for Annual Leave		66,670	82,506
Provision for Long Service Leave		110,302	30,056
		<u>176,972</u>	<u>112,562</u>
		<u>176,972</u>	<u>112,562</u>
NON-CURRENT			
Provision for Long Service Leave		55,161	24,130
		<u>55,161</u>	<u>24,130</u>
		<u>55,161</u>	<u>24,130</u>
9 ASSOCIATED LOANS			
Loan LJHHL Holdings Pty Ltd		17,647	17,647
		<u>17,647</u>	<u>17,647</u>
		<u>17,647</u>	<u>17,647</u>

These notes should be read in conjunction with the attached compilation report of Sheron Russo Pty Ltd.

L J HOOKER HOME LOANS PTY LTD

ABN: 34 106 564 765

DIRECTOR'S DECLARATION

The director has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The director of the company declares that:

1. The financial statements and notes present fairly the company's financial position as at 30 June 2023 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements;
2. In the director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the director.

Director



MR PAUL O'REGAN

Dated 20 September 2023

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Annexure D - Acknowledgement of receipt of Disclosure Document

Item 23: Statements required under Item 23:

The franchisee or prospective franchisee may keep this Disclosure Document.

The franchisee or prospective franchisee acknowledges receipt of this Disclosure Document by signing and completing the form below and returning it to the franchisor.

The franchisee acknowledges receipt from the franchisor of a copy of this Disclosure Document, current as at 27th September 2023, including the following annexures:

- (1) Annexure A - Franchising Code of Conduct;
- (2) Annexure B - Franchise Agreement;
- (3) Annexure C - Financial Reports;
- (4) Annexure D - Acknowledgement of receipt of Disclosure Document.

Please complete the table below and return one copy of the receipt to the franchisor. The franchisee may retain a copy of the receipt. The signing of the receipt does not oblige the franchisee to proceed with the acquisition of an LJ Hooker Home Loans franchise.

Signed by or on behalf of the franchisee or the prospective franchisee:	Sign Here: Sign Here:
Print full name of the actual franchisee or prospective franchisee that intends to enter into the agreement in full (including the name of any trust and its ACN or ABN):	Name: ACN/ABN:
Print full names and circle appropriate designation of person signing (<i>e.g. John Smith - Sole Director</i>)	Name: Designation: *Director/ Sole Director/ Partner/ Individual Trustee Name: Designation: *Director/ Secretary/ Partner/ Individual Trustee
Date of Receipt:	___/___/___
Time of Receipt:	
Manner of Receipt: <i>(* Circle correct answer or insert other method)</i>	Received by: *Email/ Mail/ Courier/ Hand delivery or collection Other method:

<p>Consent to electronic communications between franchisee and franchisor.</p>	<p>Name:</p> <p>Designation: *Director/ Sole Director/ Partner/ Individual Trustee</p> <p>Name:</p> <p>Designation: *Director/ Secretary/ Partner/ Individual Trustee</p>
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[Note: If you are signing on behalf of a corporate franchisee then insert the names of the Directors signing and their office (e.g. Director or Sole Director) designation. If more than one Director or partner then all must sign.]