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Wednesday 4 March , 2009

(By Email)

Hello

Thank you for your interest in Zorb®. We would be interested in furthering your enquiry.

The first step in our process is finding and qualifying Operating Principals or Zorb® Masters who will come to work with us.

Zorb® Masters develop and personally manage a fully functional Zorb® site that operates in a tourist area 7 days a week, 52 weeks a year.

We receive a huge number of enquiries from around the world and to be short-listed for our Zorb® Master programme we will require the following:

1. A potential Zorb® Master will need to demonstrate that they can invest sufficient capital into a franchise. The minimum investment required to be a Zorb® Master is unencumbered funds to invest at a 20% shareholding level in the business. This is with the site acquisition and development funded by Zorb® and you paying all relevant fees. If you need further capital for a franchise we will assist you to find other investors. All shareholders have to be approved by Zorb Limited and at this point you should not approach other investors.

The amount of investment is country dependent but includes many components, the Zorb®Globe, the Zorbulator (Zorb® lift), POS and computer based enrolment system, safety gear, merchandise etc.

If you do not meet this criteria but are able to qualify as a Zorb® Master we can provide another way to become a franchisee through our Business Facilities Lease Programme.

2. Potential Zorb® Masters will need to supply us with detailed information about their experience and background, including any other people who may be involved in their immediate team and must be able to pay the Zorb® Master Qualification Deposit of US\$5000.00. This sum is **refundable** if you attend the qualification course but are **not** approved as a Zorb® Master. If you are approved it will form part of the Franchise Fee payable during the Option Period or as a deposit on a Business Facilities Lease.
3. Potential Zorb® Masters will need to attend a Zorb® Master qualification and training course.
4. If qualified, potential Zorb® Masters will then be offered the opportunity to join, depending on the experience of the candidate, as an Assistant Site Manager or receive

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further training on the new site. Candidates should expect to complete up to six months of service, if they do not have prior relevant management experience before, and will then be offered a franchise or a Business Facilities Lease.

An Assistant Manager is paid as a Duty Manager. Pay and conditions are only discussed once the candidate qualifies and has indicated commitment to the Zorb Master Program.

5. Once a Zorb® Master qualifies while working with us we then provide a guarantee of a franchise or a Business Facilities Lease. We will offer you a site. The site location selection is done by our Capital Projects Team. If you own land that you wish us to consider as a site we will refer that to our Capital Projects Team. We will not deal with any party that is not an owner in regard to potential sites.
6. Many countries have special laws covering the offering of a franchise. Under our franchise agreement we work with our business partners and Zorb® Masters to complete all the disclosure requirements that may be required in each jurisdiction. All parties who are interested in working with us as either a Zorb® Master, or property owners or investors, do so on the basis that no offer can or will be made by Zorb® until we work through all the requirements of the laws of the country involved. Requests for “disclosure documents” or a “prospectus” can only be answered this way - those documents will be identified by us working together, creating and filing those documents at the time a contract is to be signed.
7. Next Steps:
  1. Please supply a resume and any references or background you think will assist us.
  2. If you are an executive of an existing tourism business please supply a profile on your company.
  3. We will then advise you how we wish to proceed but the usual next step is a telephone conference.
  4. Please view our FAQs page following this.

Regards

Craig Horrocks  
CEO



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## FAQ's for POTENTIAL ZORB MASTERS

1.	<i>Your letter mentions a minimum investment of 20% in unencumbered funds. What is the dollar value?</i>	Although the investment level is country dependent, as a guideline the <u>minimum</u> amount of <u>total</u> equity required would be around USD\$250,000. This would be with the site acquisition and development funded by Zorb. The total investment depending on land and construction costs will be in the region of USD\$1.5m to \$2.0m.
2.	<i>Your letter mentions construction costs. What are these?</i>	A fully operational Zorb site requires extensive construction (regardless of the existing terrain). This will include earthworks, roads, drainage, lighting, reception building, launch building, Zorb lift.
3.	<i>What is a Business Facilities Lease?</i>	Each Business Facilities Lease is structured according to individual circumstances, however it is a system which allows Zorb Masters to run their own franchised site whilst leasing the operation from Zorb Limited. Over a pre-agreed period of time, the business is bought from Zorb Limited.
4.	<i>How often do you hold Zorb Master Qualification Workshops?</i>	We organise workshops as soon as we can taking into account the preferred location from the candidates point of view; and the the travel plans and availability of our senior team.
5.	<i>Where is the Zorb Master Qualification Workshop held?</i>	These are held at our site in either Rotorua, New Zealand or Pigeon Forge, Tennessee.
6.	<i>What is the duration of the Workshop?</i>	Three days.
7.	<i>What is the purpose of the Workshop?</i>	This is an intensive workshop which will ensure that you have the answers to the literally thousands of questions that a potential franchisee needs to have covered in order to really understand the whole process from site selection, acquisition, design, construction, start-up staff selection and training, key systems (such as Point of sale) merchandise etc. Regardless of country effectively the business has to turnover in excess of USD 1million. A business with that turnover based on providing an adventure experience does require adequate capital and our Qualification process is designed to ensure that all your questions are answered in the one intensive training session and that at the end, if we agree you qualify, you have all the tools to complete the project successfully.
8.	<i>Who attends the Workshop?</i>	Attendance is required for the person who will be operating the Zorb site on a day to day basis. Members of our Senior Management Team (including representatives from our Board of Directors) will be in attendance to run the workshop and conduct interviews with candidates.
9.	<i>I have a great piece of land perfect for Zorb. How do I get it approved?</i>	The process of finding the best site for a Zorb operation is one which we undertake in partnership with our qualified Zorb Masters. Many factors are taken into account and a significant amount of market research is carried out. Our Capital Projects Team are in place to assist qualified Zorb Masters through this process. We ask you to refrain from a location search until you have qualified as a Zorb Master. At this point you will be fully



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		versed in the requirements of a successful Zorb site.
10.	<i>I want to be based in a specific area. How do I know you will base a franchise there?</i>	We understand that most potential Zorb Masters have a specific area in which they wish to operate and we invite attendees to the workshop on that basis. The general area (eg. country or state) will be agreed in advance.
11.	<i>How much commercial information will you share?</i>	The Zorb Master Qualification Workshops contain a large amount of commercially sensitive information and we require all attendees to sign a confidentiality agreement prior to commencement.
12.	<i>What happens when I qualify as a Zorb Master?</i>	<p>Once qualification has taken place, we grant an Exclusive Area Dealing Option ("EADO"). This usually provides a 12 month period for us to work together to identify the best locations via a market research plan and source local investment.</p> <p>Of course there is nothing to suggest that the process has to take 12 months but this is a fair amount of time in our experience to establish and secure the right location, site and investment structure.</p> <p>Upon execution of a franchise agreement and payment of a franchise fee (which occurs once the site and investment has been approved by Zorb) the site development can commence.</p>
13.	<i>How long does it typically take to build a Zorb site?</i>	This process can take anything up to 18 months depending on planning and building consents.
14.	<i>What gradient of land required?</i>	We will need a gradient of 12 degrees after construction. A topographical survey is required.
15.	<i>What would a rough estimation on out lay cost of all Zorb products including the brand name?</i>	<p>This is very site dependant. We can give you some component costs but the major costs are in reception and earthworks so component costs can be misleading.</p> <p>All we can sensibly say without subsurface engineering and permit/services requirements the capital project components are:</p> <ol style="list-style-type: none"> <li>1. Earthworks and field drainage - run and catching area - excavation, field drainage, berm building, grass.</li> <li>2. Reception - customer enrolment system, camera and CD burning system, POS (ties into accounting and Zorb Customer Control [ZCC] system), change rooms, toilets, retail display. Office requirements include office area for 1 Manager, Duty Manager, Marketing and Sales Rep and Accounting Services officer. Telephone and computing support for those functions and servers for photos and an office server are required. Cash handling and security cameras need to be considered. With your current facilities much of this may be able to be accommodated within those facilities.</li> </ol>



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		<p>3. Launch pad - vehicle turning and drop off area, customer queuing and loading, Zorb handling devices, launch gates, launch computers (customer control and logging and logging use of Zorb globes also tied into photo product) water supply and water heating. Water storage tanks may be required to deal with the volume draw at peaks.</p> <p>4. Zorbulator - loading frame, unloading frame, electronics, motor, fabrication and erection on site.</p> <p>5. Catching area - in addition to earthworks to provide for runout of the Zorb globes, the Hydro ride (our most popular ride) needs to be drained and the water discharge requires a draining deck with non-slip (we use astro-turf) surface - the water from the rides may require recycling into grey water tanks or detention ponds.</p> <p>6. Car parking</p> <p>7 Fencing</p> <p>8 Storage for Zorb globes and merchandise</p> <p>9 Signage</p> <p>10 Start up working capital, Zorb globes, cameras, blank CDs and merchandise.</p>
	<p><i>What are the on going cost to run a franchise?</i></p>	<p>The on going costs are the franchise fees - these are negotiable. We have a very low upfront fee which is merely designed to cover SOME of our direct costs. We are more interested in having strong franchisees that contribute through strong arrivals and good revenue per customer. Detailed yield, customer numbers and break-evens are provided in the Zorb Master Workshop.</p>
	<p><i>What is the longevity of the Zorb balls?</i></p>	<p>This is a difficult area. We do offer a warranty which is currently effective on the first 1,000 rides. We get more rides than that however care and operating conditions (excessive heat, cold, poor run surfacing, poor handling, poor puncture repairs) are very important. We have Zorb globes that are still in use after 5 years. Our general reason for retiring Zorb globes are concerns about safety and the visual attractiveness of the device. For budgeting purposes we work on average that we will get over 3000 rides.</p>
	<p><i>How much will it cost to set up the Zorb conveyer?</i></p>	<p>This is site dependant on length and costs will be provided only to attendees of the Zorb Master Workshop. However, we can say that break-even analysis against truck and trailer cuts in at as low as 5000 customers p.a.</p>