

FRANCHISE OPPORTUNITY

SPARE ZONE HOLDINGS (PTY) LTD

Introductory Prospectus

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We have pleasure in presenting to you our Franchise Proposal

The Spare Zone Holdings (PTY) LTD Franchise Prospectus will be explained to you in the enclosed document.

1. The background information regarding our Spare Zone Holdings (PTY) LTD retail franchise.
2. You will be required to complete a Confidentiality Agreement with Spare Zone Holdings (PTY) LTD

Once Spare Zone Holdings has completed the above and are confident that you will be a suitable candidate to join the Spare Zone Holdings (PTY) LTD family, you will be requested to attend interviews with the franchisor of Spare Zone Holdings (PTY) LTD.

Once you have been approved as a potential Franchisee, you will be required to deposit the franchise fee of R100 000.00 into the franchisor's banking account. Furthermore, you will be required to prove that you have Capital to the value of the franchise store you are applying for. This is required to set up the store and to have working capital at your disposal. These funds will be given to the Franchise Department with your Application forms for final approval and for the necessary credit limits to be set.

Thereafter you will be requested to attend a 3 months practical training course, where all aspects of being part of a franchise group will be undertaken. You will also be required to complete intense training in the buying and selling of motor spare parts. Whilst you will be undergoing all these training sessions, your store will be in the process of completion.

We are there to support you. If you have any queries regarding Spare Zone Holdings (PTY) LTD franchise, or if anything is unclear, please forward your queries to the writer.

Thank you for your interest. We look forward to receive your application.

Yours Sincerely

G MUHAMMAD
FRANCHISOR

THE FRANCHISE CONCEPT

A Spare Zone Holdings (PTY) LTD franchise store is not an ordinary auto parts shop. Spare Zone Holdings (PTY) LTD offer retail of automotive spare parts to customers in high density urban locations and the country side across South Africa. This is a retail franchise opportunity.

A Spare Zone Holdings (PTY) LTD retail store is a full turn-key operations. Included in the franchise package is full training and support, tools and equipment, recruitment of staff, signage, office furniture, computer software packages, site locations, lease negotiations and stationery. In other words, a store ready for you to start trading.

Established in 2007, Spare Zone Holdings (PTY) LTD are retail stores built around the needs of the driving community focusing on various motoring products such as, service parts, body parts, accessories, tools, car care, tyres, tubes and hardware products. We are a service orientated establishment and our knowledge of motor spare parts is vast. We have three retail stores in the Gauteng area. Our vision is to grow the brand and open 6 stores by 2016.

BRANDS

We stock a wide variety of spare parts for the leading brand car manufacturers. We sell parts for, AUDI, BMW, VW, MERCEDES, TOYOTA, MAZDA, FORD, OPEL, NISSAN, HYUNDAI, KIA, FIAT, RENAULT, ALFA ROMEO, SAAB, CHERRY, TATA, MAHINDRA, SEAT, SUZUKI, PROTON, CHEVROLET, CITROEN, MITSUBISHI, ISUZU, GEELEY, PEOGUET.

BRANDS

We keep well known and trusted automotive brands. Some of our top selling brands are, DARSON filters, TORPEDO CV joints, BOREAL brake pads, MYTY brake disc, ROMAN wiper blades, KARA shock absorbers, DYMOND inner tubes, BOZZA hydraulic jacks, LUK clutch kits, GUD filters, FERODO brake pads, TIMKIN bearings, RAM belts, MONROE shocks, GABRIAL shocks, NGK spark plugs, CHAMPION spark plugs, AE engine parts, PAYEN gaskets, SHIELD car care, WYNN'S car care, SPANJAARD car care, CASTROL oils, SHELL oils, Hi-Pro Lube oils, LING LONG Tyres, DUNLOP Tyres, AWS tools, TREK lubricants.

We have an excellent relationship with most of the spare parts suppliers. And we can negotiate much better prices as a group than as individual store owners.

WHO'S IDEAL FOR SPARE ZONE STORE?

It is not a prerequisite to have any motor vehicle parts experience but previous experience is an advantage. The ideal Spare Zone store franchise is an entrepreneur with a positive outlook. They need to be a good communicator, a good command of the English language is an important factor.

A self-motivated individual who can motivate others too. Have leadership qualities. Honesty, professionalism and be able to interact well with people.

Who is able to work according to systems, policies and procedures. Follow rules and regulations. The franchisee must have a strong desire to grow the business and the brand because our franchisees are our business partners in that an absolutely transparent relationship exists between us.

THE FRANCHISE STRUCTURE

Once you have been approved as a potential Franchisee, you will be required to prove Capital to the value of your choice of store.

WE OFFER TWO DIFFERENT TYPES OF STORES

One, fully independent and completely owned by the Franchisee. In this case the franchisee will reap all the benefits and success of his business. This is an advantageous option for an individual who can fully invest the total amount.

The second type is where the franchisee does not have the full capital available to be an independent franchisee. In this case the franchisee must have 49% of the required capital. The balance will be invested by the franchisor.

Currently the franchisee contributes a franchise fee of 3% on the gross turnover, excl VAT. Gross turnover comprises all sales taken through the point of sale systems.

WHAT DOES A SPARE ZONE FRANCHISE OFFER YOU?

TRAINING

Spare Zone offer a comprehensive and practical training course. The training is a 1 month long course covering all aspects of managing a business at one of our existing stores.

We offer further onsite training for our franchisees and their staff. Our training includes Product and Industry knowledge. Service standards, Introduction programmer for new franchisees. Software training for computer systems.

We also provide ongoing assistance and support at our existing stores. Quarterly meetings will be held to discuss any new developments in the industry. However, the cost of travel and accommodation will be for the franchisees account.

SITE SELECTION

The franchisor will assist the franchisee to identify the most suitable location and help negotiate the terms and conditions of the lease.

- Premises must be in an acceptable area
- Parking space should be available to accommodate customers
- Sufficient building frontage should be available to display Spare Zone
- Minimum retail space required : 200m2
- A legal entity should be registered with DTI

DEVELOPEMENT OF SHOP

The Franchisor provides a complete turnkey operation, from design and development, to the fixtures and fittings of the site.

OPENING OF THE STORE

The franchisor's operation team will provide with full assistance in the opening of your Spare Zone shop and will provide all the marketing and promotional items with great festivities.

STANDARDS

The most important factor within the Spare Zone shop is ensuring the maintenance of standards throughout the group and monitoring each individual store.

We highly emphasize on personalized service. Customer relations are of utmost importance and providing value for money through quality products.

SUPPORT AND COMMUNICATION SYSTEM

The franchisor monitors the progress and success of each store monthly and provides reports and an overview of the franchise channel as a whole. Additional support is extended to the franchise stores by senior managements, who may need assistance with their monthly targets and goals.

WHY OWN A SPARE ZONE

- This Franchise opportunity offers you access to a complete Business System, which covers all aspects of setting up and running your own retail auto parts Business successfully.
- A Spare Zone franchisee solely owns the business and has all the benefits of the growth and success of the business.
- A Spare Zone franchise allows you to sell and market parts with the same standard as any major parts retailer.
- Spare Zone are a service driven retail outlet which has achieved an exceptional name in the auto parts market.
- The full support and expertise of the franchisor is on hand when required.
- The growth and the margins are very favorable to the Franchisee.
- A Franchisee will benefit from group advertising in national media and tailor made quarterly specials.
- A franchisee will participate in group meetings and exhibitions.

- Our Franchisees are the success of the Spare Zone family and as such we offer them the very best in support from sales, training, technical and marketing wings of the company.

FINANCIAL INVESTMENT

Franchise cost: Between R 500 000.00 and 750 000.00 (excl VAT)

Upfront Fee: R 100 000.00 (excl VAT)

Monthly Service Fee: 3% (excl VAT)

Franchise Fee:	R 50,000.00
Fittings & Fixtures Depends on the type of set-up required	R 50,000.00
Initial Stock Cost:	R 300,000.00
Total	R 400,000.00
Working Capital	R 500,000.00
Initial advertising and marketing	R 25,000.00
Total	R 525,000.00

The above figures are calculated on a store size of 200 - 250m2 and are not final