

LETTER FROM THE CEO



Hi and welcome to Total Tools, Australia's most trusted, premier trade and industrial tools retailer.

At Total Tools, we not only sell the best brands and the highest quality

industrial and commercial tools, we also business partner with high calibre, passionate and professional individuals to achieve such a standing within the Australian market place.

Established over 25 years ago, this is undoubtedly a true Australian business success story. We have a long and proud track record of accomplishment and success amongst our hard working and committed franchisees and staff. This success can be attributed to the effective and close working relationship between franchisor and franchisee where the **maximisation of sales and profitability** for each business unit is our **NO 1 priority**.

We are recognised for our huge range of professional tools, trusted for our knowledgeable service and advice, and sought after for our "can get it, will get it" approach to service our most important asset - our customer.

We are most proud of our People - the Franchisee and Franchisor TEAM. The dedication to delivering success, support and execution on display in all of our stores and at the Support Office is the backbone of this wonderful brand.

Total Tools is an exciting and fast changing retail environment, where our franchisees and the franchisor work together in creating a business model that provides the best solution for our customers, and an enjoyable environment for all stakeholders including our supplier partners.

As we continue our path to stellar growth throughout all of Australia, we seek people with the key attributes and energy that are already entrenched in our group's culture.

Total Tools seeks people with these attributes:

- Entrepreneurial flair and understanding of a franchisee's ambassadorial role in a local community and territory
- Operator/Manager/Learner/Leader with an enormous work ethic
- Seeking a long term commitment and investment leading to long term business ownership success and personal wealth creation
- Knowledge and history in retail/business/trade/TOOLS.

In our view **Total Tools is 'tool heaven'** and I invite you to come and **BUILD** our brand in Australia with us right now.

Regards,

A handwritten signature in black ink, appearing to read 'Tim Cockayne'. The signature is fluid and cursive, with a horizontal line extending from the end.

Tim Cockayne
CEO Total Tools

BUILD AUSTRALIA WITH US

Established as Australia's leading trade and industrial tool retailer, Total Tools is currently embarking on a strong growth trajectory throughout Australia and there has never been a better time to secure your own business future than now.

Supplying tools and accessories to Australia's tradesmen for more than 25 years has allowed us to firmly establish ourselves within the industrial landscape as the tool supplier of choice throughout Australia.

As Australia's most trusted tool retailer, we understand that being the best means selling the best, that's why Total Tools is renowned by tradesmen across the country. Our product profile, knowledgeable staff and superior service means we are sought after by those who use tools for a living.

Our extensive advertising and marketing campaigns have developed the Total Tools brand into a recognised symbol of quality across jobsites everywhere.

To continue our successful growth, Total Tools is expanding its national network and requires the next wave of entrepreneurial brand ambassadors to take the business to new heights.



**AS AUSTRALIA'S MOST TRUSTED
TOOL RETAILER, WE UNDERSTAND
THAT BEING THE BEST MEANS
SELLING THE BEST.**

In 1989, a group of like-minded tool store owners, who were operating their own independent tool stores decided to join forces and establish a co-operative buying group.

This newly formed group set out to achieve economies of scale and back-end efficiencies in order to increase customer satisfaction. Simultaneously they became founding members of what would become Australia's leading trade and industrial tool retailer, **Total Tools**.



OUR HISTORY

At Total Tools, the products and retail environment change constantly to meet expectations and move with marketplace innovations. However the service and knowledge we provide our customers still remains as strong as ever.

Total Tools started in 1989 as a co-op of independent tool stores and in November 2007, our Board of Directors implemented a Network Development Plan utilising a franchising model. Total Tools 'National Support Office' was established and resourced to assist with executing this new strategic direction.

From humble independent beginnings Total Tools is today positioned as the pre-eminent professional industrial & trade tool retailer in Australia.

20 franchisees are today shareholders of the business as well as store owners.

A HISTORY OF GROWTH IN THE TOOL INDUSTRY



TOOLS MARKET

Total Tools has firmly established itself as the market leader in professional tool retailing, servicing the daily needs of Australia's tradesmen who use tools for a living.

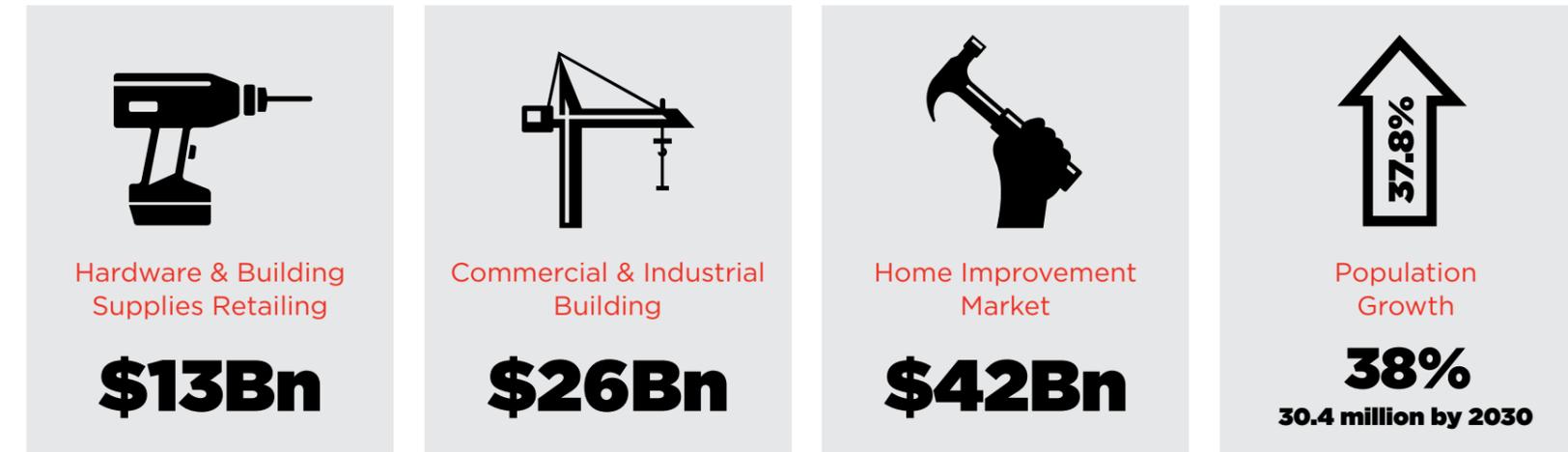
The hardware and building supplies retailing industry is expected to grow beyond \$13 billion stemming from spending in the household construction and home renovation market which is a \$42 billion industry.

Australia's population will continue to grow at a rapid pace over the next 20 years, increasing by 38% to reach 30.4 million by 2030. Growth will be driven by high rates of positive net migration as well as substantial natural population growth.

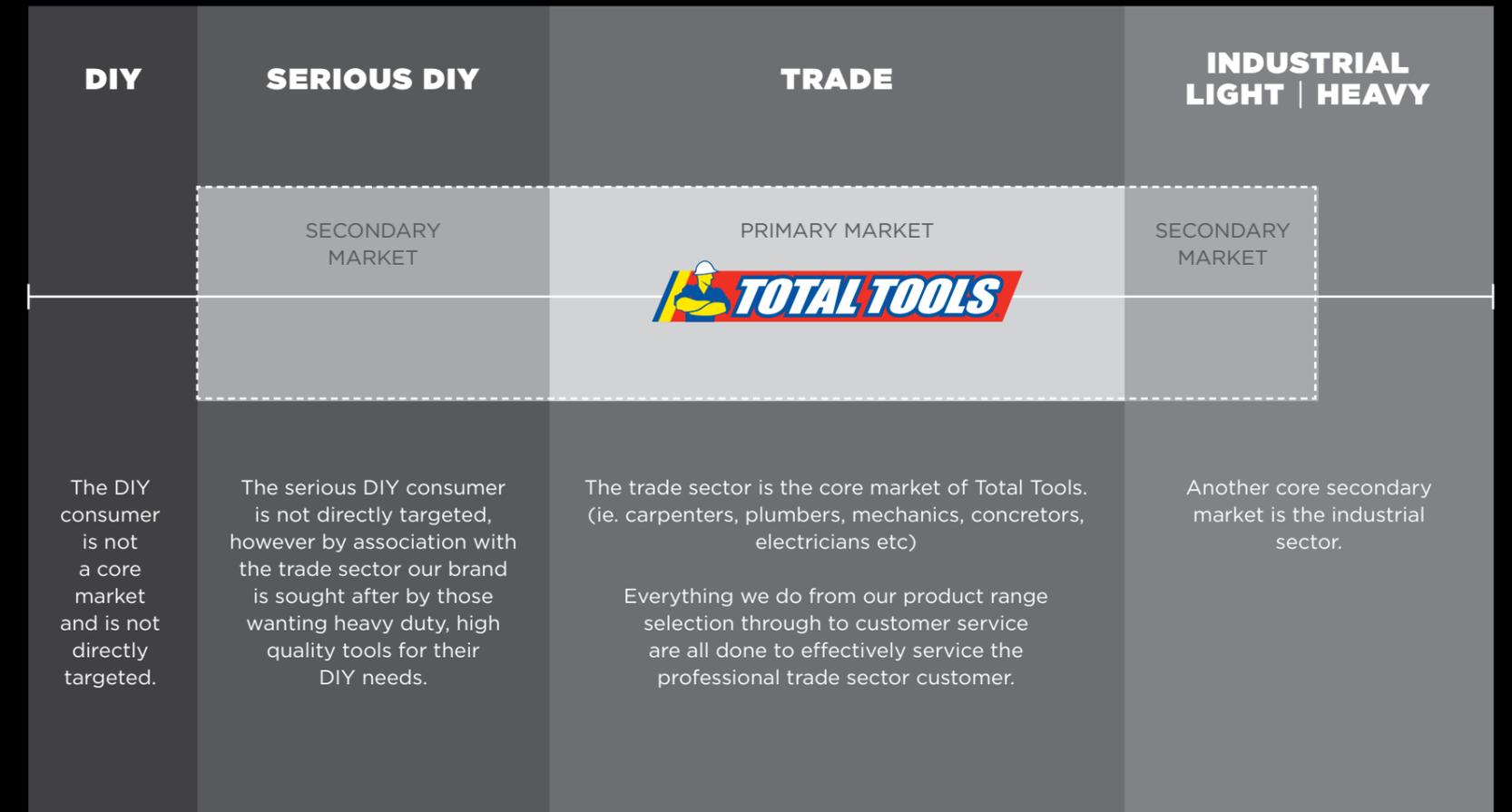
Between 2010 and 2030 the foreign-born population will increase nearly twice as fast as the Australian-born population accounting for 34.4% of the total population in 2030.

This will translate into building new household construction and new land releases to cater for the growth in the population.

Australian tradesmen will need tools to keep up with the housing explosion over the next 20 years.



TOTAL TOOLS' MARKET SEGMENT



AN INDUSTRY WORTH \$42 BILLION

PROUDLY OWNED BY TOTAL TOOLS



AUTOMOTIVE

Premium quality sockets, automotive hand tools, engineering tools, tool kits, tool boxes & trolleys.



MACHINERY

High quality pressure washers, generators and large industrial machinery.



POWER TOOLS

Cost effective options across a range of power tools from drill drivers & demolition hammers to angle grinders, heat guns and a huge range of accessories.



GENERAL TOOLS

Mid level products covering a range of categories including hand tools, tool boxes and LED lighting.



SAFETY

Ladders, safety ware and material handling.



AIR TOOLS

A comprehensive range of air compressors and air tools.



VALUE TOOLS

Great value entry-level products covering a range of categories including hand tools, tool boxes, hand trolleys and air tools.

EXCLUSIVELY SOLD IN OUR STORES

EXCLUSIVE BRANDS

In addition to a successful retailing business model, Total Tools also researches, develops, sources, innovates and imports our own products for sale under our eight exclusive brands, each of which covers a key market category.

The Total Tools exclusive brands program has been steadily gaining momentum since its establishment some 15 years ago.

The Total Tools exclusive brands program was initially developed to fill an identified gap in the automotive hand tool market and has since evolved into a comprehensive multi-channel program that offers everything from a \$4 socket through to \$1,000 tool kits or even an \$11,000 industrial compressor.

These products and brands are all carefully developed by the Total Tools category teams to ensure they occupy very specific market positions alongside key supplier partners such as Makita, Stanley, Bosch, Irwin & Cigweld to name just a few.

Our Franchisees benefit from the fact that there is 'no middle man' with our exclusive brands which generate higher margins and profits for you.



THE BENEFITS OF BECOMING A FRANCHISEE

TRAINING

Onsite training takes place at a store alongside an experienced franchisee

QUALITY

Only the best brands in the market

EXCLUSIVITY

Over 1000 exclusive product lines are ranged through 7 brands that provide higher profits for store owners

MARKETING

- **National**
Fully funded national catalogue campaigns
- **Regional**
Marketing rebate paid to all regions for marketing support (radio, TV, etc)
- **Local**
Marketing rebate paid to all stores to assist with specific store events



LEADERSHIP

Australia's most trusted tool retailer

VISION

A unique corporate image with a strong support office

RESULTS

Outstanding history of continuous sales and development growth

LOW ONGOING FEES

Only 2% royalty fees and no marketing levy

NATIONAL SUPPORT OFFICE

A highly professional team helping you in all areas from site selection to new store establishment to becoming highly competitive in your marketplace

BUYING POWER

Built from years of positive supplier relationships and collective purchasing

TOTAL TOOLS - THE BEST CHOICE FOR YOU

Total Tools offers a unique, successful and superior business model that has been refined over the past 25 years. Total Tools has therefore become the most trusted industrial tool retailer business in Australia which is rapidly expanding into new and exclusive premium territories.



GREG HEATH

Former Total Tools CEO became a Franchisee at Thebarton

"As the CEO of Total Tools for five years I could see the positive direction the group was taking and had an intimate understanding of the uncapped potential associated with owning a Total Tools business. My belief in the Total Tools business model made the decision to switch from CEO of the group to store owner quite simple and today I'm successfully managing Adelaide's biggest professional tool store."



TIM VEITCH

Trainee Franchisee at Albion Park

"I want to enjoy what I do and to feel passionate about it... it's also got to make money! I found Total Tools covered these three key aspects at the time of choosing a Franchisee."

HOW WE SUPPORT OUR FRANCHISEES

The leadership and vision of our founding members, who are still operating their own Total Tools stores today, is passed onto all new franchisees as part of a mentor program that takes place during training.

1 ESTABLISHMENT SUPPORT

From the outset the Total Tools team and our expert agencies support and guide you through the entire new store process – ensuring all critical elements are covered which include, but is not limited to:

- Site location and property selection
- Lease advice, contract negotiation and documentation support
- Demographic research for new store locations
- Store design, store fit-out
- Staff selection and training
- Grand opening and local area marketing
- Marketing support
- Operations support
- Product support
- IT support

2 TRAINING

All successful franchisees will undertake an initial training program of three months which will include spending a period of time in existing Total Tools stores to become familiar with all aspects of store operations. This will give you the skills and confidence required to successfully operate your own store from day one. This includes but is not limited to:

- Mentoring assistance from an existing Franchisee
- Training in Operations
- Product Management
- Store Management
- Product Purchasing
- Staff Management
- Marketing

3 ONGOING FRANCHISE SUPPORT

The Total Tools National Support Office has dedicated staff in place to support all franchisees and will strive to provide ongoing support in the following ways:

- Provide professional and reliable systems, programs and advice
- Support and enable the franchisee to focus on running their store
- Continuously seek to improve our systems and programs
- Create brand awareness and a consistent marketing program for franchisees
- Source new products, negotiate rebates for stores
- Assist our franchisees to develop the ability to manage their own business
- Maintain our market leader position, generate brand awareness across Australia

GIVING YOU THE TOOLS TO SUCCEED

ESTABLISHMENT SUPPORT

From the outset the Total Tools team and our expert agencies will support and guide you through the entire new store process – ensuring all critical elements are covered.

TRAINING

All successful franchisees will undertake an initial training program of 3 months.

ONGOING FRANCHISE SUPPORT

The Total Tools National Support Office has dedicated staff in place to provide franchisees with ongoing operations, marketing, product, store and staff support.



MARKETING SUPPORT

Total Tools is continually investing in marketing and proven sales driving initiatives, without charging a marketing levy to our franchisees.

Total Tools view marketing and promotion as paramount to the success and growth of each store and the Total Tools franchise network as a whole.

Unlike other franchise models, Total Tools does not charge franchisees a marketing levy as our strong buying power across all stores enables us to negotiate marketing rebates with many of our suppliers.

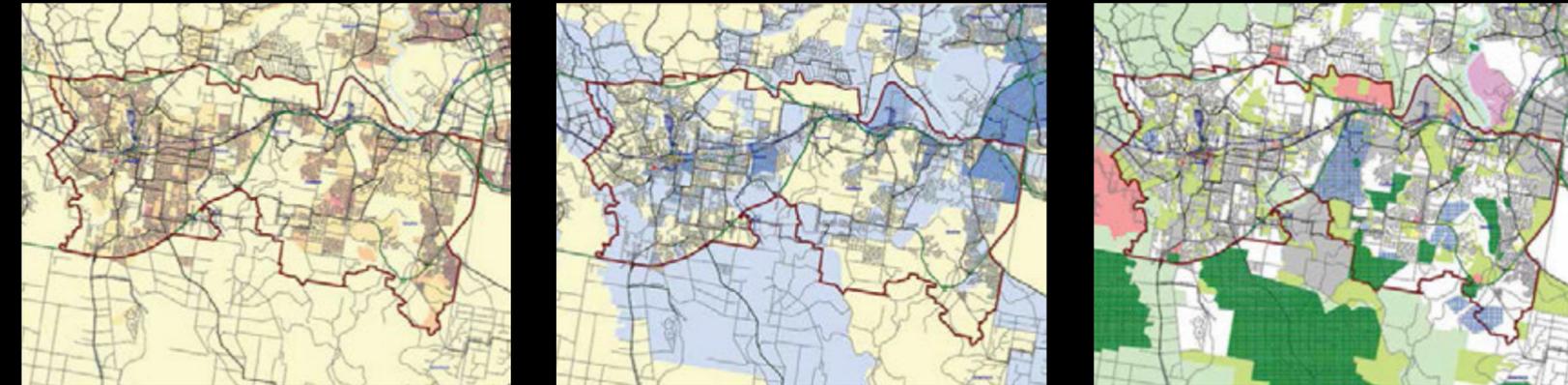
The three tiers of marketing provides national brand exposure while also allowing you to customise campaigns to your local area.

- 1. NATIONAL MARKETING** consisting of 12 monthly national campaigns, ranging from 28 page month long catalogues through to one day events.
- 2. REGIONAL MARKETING** including at the region's discretion TV and radio advertising, regional specific sales campaigns and more.
- 3. LOCAL MARKETING** covers store specific activity aimed at promoting and driving sales in a local area or territory, this often includes VIP trade nights among other activities.

STRATEGIC DEMOGRAPHIC DATA

Total Tools external research consultants have complete detailed analysis of sales drivers, demographic data and future building developments across Australia. This data was then used to carefully map out the territories for every Total Tools store to give every franchisee the best chance to succeed. Each Total Tools store operates in an exclusive territory.

EXAMPLE TOTAL TOOLS TERRITORY BOUNDARY AND DEMOGRAPHICS



Dwelling Density



Business Locations and Employment



Current and Future Land Developments



EXCLUSIVE TERRITORIES AVAILABLE

Total Tools has identified a number of premium territories across Australia that are strategic to the growth of the company and are primed for success.

Once these Territories are sold, we will advertise the Territory as sold out, as shown in Victoria and ACT.



SUCCESS STORIES



GEOFF PATNAUDE
Total Tools Founder

"Everybody is willing to help, everybody is available and I think that that is the culture we encouraged over a long period of time at Total Tools."



WARREN JONES
Chairman and Total Tools Franchisee

"My wife has worked from 5, 6 to 7 days a week right down to a single day or not at all, and that is the opportunity that this model provides."



IAN CHAMBERS
Total Tools Franchisee

"It has been remarkable how we have seen the group grow. It's been a fantastic journey, we learn something every day. I certainly can't imagine doing anything else, that's for sure."

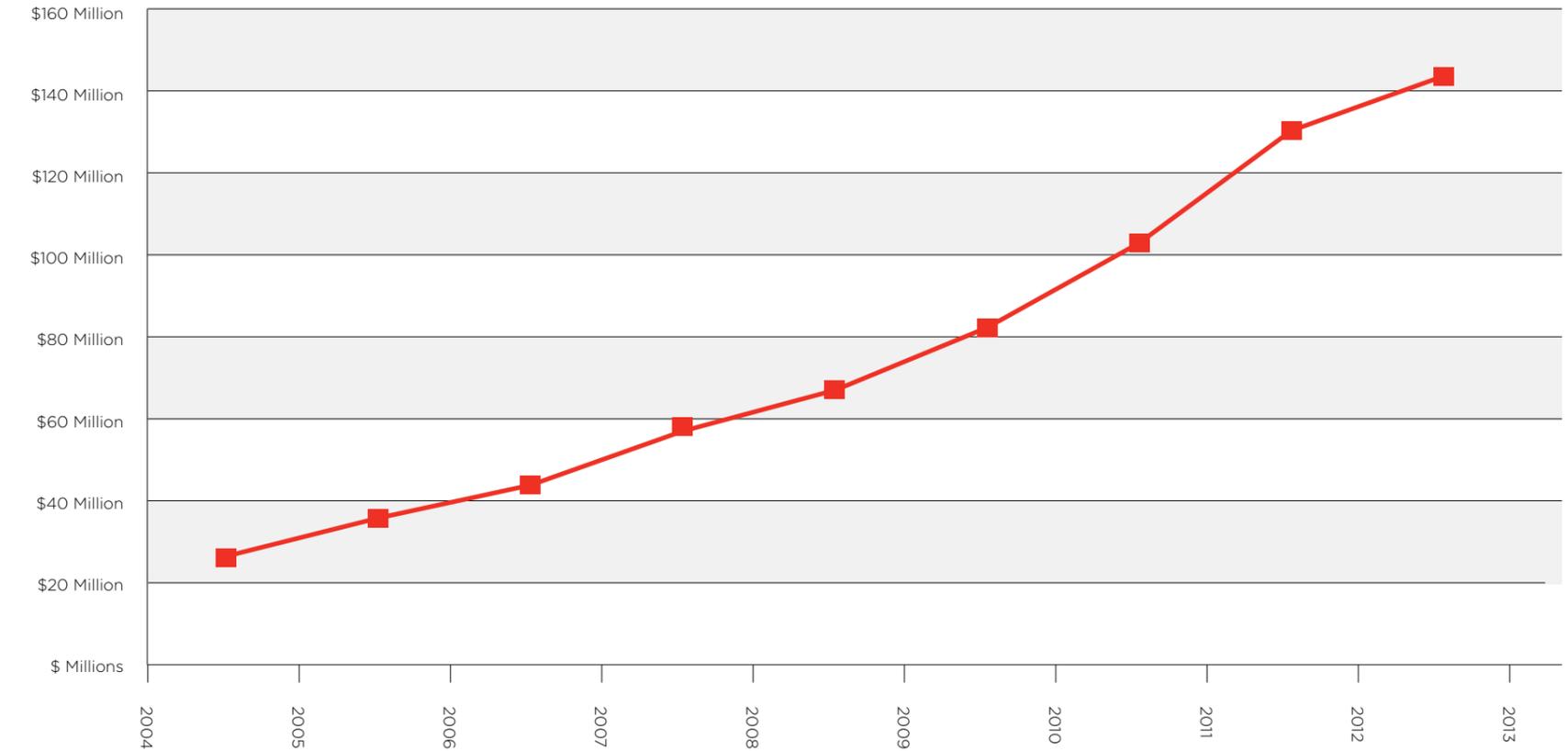


TIM FELDMAN
Total Tools Franchisee

"The Total Tools Marketing Catalogue Program is really strong and consistent; you get all the big brands as well as the Total Tools exclusive brands, so you've got this really strong presence in the market that not a lot of your competitors can replicate."

AND STILL GROWING

TOTAL TOOLS GROUP SALES





FRANCHISE INVESTMENT DETAILS

STORE FRANCHISE SET-UP COSTS

Establishment costs do vary with every location and are also dependent upon store size.

Typical costs based on a store of 1000m² - 1500m² are as follows:

Initial Establishment Fee from \$60,000 (+GST)

Set-up costs, including working capital from \$500K - \$700K (+GST)

Stock requirements are approx. \$900K (+GST) with a 60 day payment arrangement

Total Tools partners with a number of financial institutions to assist with new franchisee's requirements.

If you would be financing (which most do) then you would require approx. \$600k - \$800k (+GST) net equity in order to obtain the required finance to fund a Total Tools Franchise.



ONGOING FRANCHISE FEES

There is an administration fee of only 2.5% of gross sales. The Administration fee covers all National Support Office services. There are no additional ongoing fees charged directly by Total Tools.

Up to 50% finance
of total investment.

STRIVING FOR EXCELLENCE

FINALIST - EMERGING FRANCHISOR OF THE YEAR

Organised by the Franchise Council of Australia, the Emerging Franchisor of the year recognises and rewards excellence on the amazing work franchise companies are doing in the franchisor sector.



FINALIST - EXCELLENCE IN MARKETING

Organised by the Franchise Council of Australia, the Excellence in Marketing recognises and rewards the companies that design and implement a quality marketing plan that supports Franchisees throughout the year.



STEPS TO BECOMING A FRANCHISEE

1. INTERESTED? COMPLETE AN ENQUIRY FORM

Enquire for a Total Tools Franchise either by completing our Enquiry Form on the website, request it by email, social media or by phone. Once your Enquiry Form is completed, please take your time to read and assess our Franchise Information Kit. We will then contact you to have an informal interview and go through your enquiry.

2. APPLY FOR A TOTAL TOOLS FRANCHISE

We will send you an Application Form and a Confidentiality Agreement for you to sign and return.

This is an excellent opportunity for you to learn more about Total Tools and for us to learn more about you. The Franchise Selection Team will provide documentation and sit with you to find which of the available territories most interest you.

4. ACCEPTANCE AND APPROVAL STAGE

Complete the Business Plan and review it during a formal interview with Total Tools Management Team.

Once you have been approved as a Franchisee, we will review your business goals and start working towards setting up all legal documents, defining your territory, site location and organising your training.

3. MOVING FORWARD: PRE-SELECTION PROCESS

It is as important for you to choose the right franchise opportunity as it is for us to choose the right franchisee. At this stage Total Tools will evaluate your application. If moving forward, we will require full payment of the Establishment Fee to secure your territory. A Disclosure Document will be provided, this document describes the business and allows you a cooling off period of 14 days during which we recommend that you get your own independent franchising and funding advice, if necessary.

5. LOCATING AND BUILDING YOUR STORE

Total Tools Franchise Selection Team will assist you in identifying and acquiring the right site. We will assist you in organising your lease and council permits, work on the store lay out and outside appearance of your store.

6. TIME TO START YOUR TRAINING WHILE WE SET UP YOUR STORE

Total Tools National Operations Team will focus on getting your store opened at an agreed date while you undertake your induction training. During this time our Marketing Team will advertise your store opening day nationwide.

7. YOUR STORE IS OPEN!

By the time you open your store, you will have met everyone from our National Support Office Team, as we are all heading toward the same goal: seeing you open your Total Tools store!



**BY THE TIME YOU OPEN YOUR STORE,
YOU WILL HAVE MET EVERYONE IN
OUR NATIONAL SUPPORT TEAM.**

FRANCHISE FAQ

1) WHAT EXPERIENCE DO I NEED TO OWN AND OPERATE A TOTAL TOOLS FRANCHISE STORE?

A background within a trade, retail or another previous business, as well as management is well regarded. Other desirable qualifications include proven financial capability along with a strong work ethic and desire to succeed.

Most importantly it is a willingness to understand how a system and the tools within that system can breed success.

2) DO TOTAL TOOLS REQUIRE FRANCHISEES TO BE ACTIVELY INVOLVED IN OPERATING THE STORE?

Yes. The Total Tools business requires and responds to the personal input and attention of the owner. It is essential that the franchisee become personally involved in all aspects of the business.

You can expect to work many long hours, particularly in the beginning. You should be willing and capable of performing all sales, promotion, and other functions that are required on a daily basis. The demands on you personally can be minimised by your ability to attract, motivate, and retain capable and knowledgeable employees.

3) WHAT ARE THE SERVICES A NEW FRANCHISEE RECEIVES FROM TOTAL TOOLS BEFORE A STORE OPENS?

Determining a good location is an important function, Total Tools have store 'footprint' requirements and will assist in sourcing prospective sites or assist in the selection process should you have in mind a location that is acceptable to Total Tools.

After site selection, the lease is negotiated by Total Tools and signed by the franchisee. Design and construction services are provided by Total Tools for the location.

Total Tools also selects and procures key fixtures and equipment and provides the approved builders for the site development.

4) DOES TOTAL TOOLS HELP ME OPEN MY NEW STORE?

Absolutely, Total Tools provide support personnel to help you establish your store in the areas of merchandise, marketing, IT, product procurement, administration and assist in employee recruitment and training. Our franchisee success is what drives the Total Tools group.

5) WHAT STORE DESIGN ASSISTANCE DO I RECEIVE?

We work with designers to create functional store designs that are another integral part of the Total Tools image and formula. Each Total Tools store features consistent interior decor to provide an industry leading store environment. In addition; striking, instantly identifiable exterior signage has been designed for easy recognition of our brand.

6) HOW SOON CAN I EXPECT TO OPEN MY NEW STORE?

That depends primarily on the availability of locations in the area you have selected for your store. In some areas, sites may already be available which substantially reduces the time involved. As a general rule a three month training program will be undertaken and another 6-12 weeks (approx.) should be allowed before opening.

7) CAN I OWN MORE THAN ONE STORE?

Yes, we certainly encourage multi-site ownership and we have a number of franchisees within the current system who own multiple stores and have built a very successful business portfolio.