



### 3 Establishment Costs

#### 3.1 Establishment costs - New Radiator Centre

Referred to below are details of the range of costs to start operating the franchised business, based on current practice.

- (a) Real property, including property type, location and building size: Details of these requirements are specified in the Operations Manual. An estimate of cost is dependant on building size and locality. It is expected the premises will be of a suitable "industrial nature" to operate this type of business.
- (b) Equipment, fixtures, other assets, construction, remodelling, leasehold, improvements and decorating costs: An estimated cost for total refurbishment is approximately \$20,000 - \$30,000. This includes approved sign writing, shop painting, floor covering, reception area, banners, boards and partitioning but not standard operating equipment. It is noted that substantial cost variation will occur in line with the condition of the premises at the time of signing the Franchise Agreement and the condition that is required. An indicative costing of standard equipment is detailed in Attachment 1 of this appendix.
- (c) Inventory required commencing operation: This will vary according to the size of the operating business. Total inventory costs are estimated to be \$12,000 - \$30,000 (depending on store size).
- (d) Security deposits utility deposits, business licences, insurances and other prepaid expenses: There are none specified other than those normally expected to be paid to applicable regulatory authorities to operate such a business from these premises. An allowance should be made for legal fees, stamp duties, council fees, printing and stationery requirements;
- (e) Additional funds, including working capital, required by the Franchisee before operations begin: This is non specified and will vary depending on the size of such business.

For all items detailed above, it is assumed that payment will be made to the appropriate supplier of these services. These suppliers may or may not be recommended by the Franchisor, with payment being the reasonable cost of these services required and due at the time specified by the suppliers of these services. Any monies paid will not be refundable after work has been carried out on the premises as it is expected work will commence after the cooling off period, as stipulated in the Franchise Agreement.



### 3.2 Conversion of Independent Centres

It is assumed that an existing business similar to the business operated under the Franchise is currently in operation on premises that are owned, rented or leased. These premises will be of such a nature as to allow for operation as detailed in the Franchise Agreement clause 5 and its sub-clauses. The range of costs to start operating the franchised business, based on current practice are as follows:

<p>1. Workshop equipment, fixtures, other assets, construction, remodelling, leasehold, improvements and decorating costs: This includes approved sign writing, shop painting, floor covering, reception area, banners, boards and partitioning. It is noted that cost variation will occur in line with the condition of the premises at the time of signing of the Franchise Agreement.</p>	<p>Approximately \$60,000</p>
<p>2. Inventory required to begin operation: This will vary according to the size of the operating business</p>	<p>Approximately \$15000 - 30,000 (depending on store size).</p>
<p>3. Security deposits, utility deposits, business licences, insurances and other prepaid expenses: There are none specified other than those normally expected to be paid to applicable regulatory authorities to continue business operation from these premises;</p>	
<p>4. Additional funds, including working capital, required by the Franchisee before operations begin: This is not specified as the business is currently operated as a business similar to the Franchise business.</p>	

For all items detailed above, it is assumed that payment will be made to the appropriate supplier of these services. These suppliers may or may not be recommended by the Franchisor, with payment being the reasonable cost of these services required and due at the time specified by the supplier of these services.

Any monies paid will not be refundable after work has been carried out on the premises as it is expected work will commence after the cooling off period as stipulated in the Franchise Agreement.