



Build your
own business



WARNER.

Fences • Path & driveway gates • Auto-gate openers • Balustrades

Warner Fences

This information package is an outline of the Warner Fences franchise. It explains how our system works as well as helping you to understand what an investment in Warner Fences will mean to you.

This is an opportunity for you as an investor to have the independence and rewards of owning your own business. The structure provides the benefits of self-employment with the backup and security of a larger organisation. You will be in business for yourself but not by yourself.

The company's origins date back to the early 1990's. Ken and Karen Warner saw an opportunity to establish themselves in the fencing market in Canterbury. Their early efforts were rewarding and they began to realise that there was a national opportunity to establish a business in the fencing market that could one day be the dominant player in New Zealand.

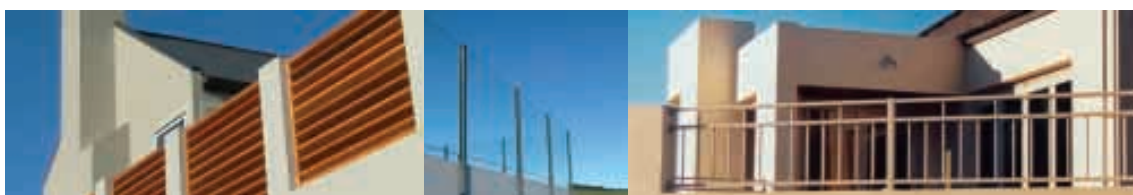
Growth via franchising was the logical step as it combined their own know how with the local franchisees enthusiasm and knowledge of local opportunities.

Tim Austin purchased Warner Fences in mid-2008 from the founders Ken & Karen Warner. Tim could see the potential ahead for all involved. Tim's previous experience as Chief Executive of Versatile Buildings in Australia for 6 years was highly relevant. Versatile operated under the same business model, with the franchisor manufacturing and the franchisee selling and installing. Within Versatile, Tim was responsible for attracting and growing the business with around 80 direct employees and 45 franchisees.

Ultimately franchise relationships work best where there is good communication and the network works towards building a brand with a strong competitive advantage. Leadership through this is important and everyone has a role to play.

Warner Fences is now one of, if not the biggest, national fence business. A national network of franchisees from Northland to Southland sees Warner Fences as the industry leader.

The opportunity does not stop here however. The market continues to grow as people care more about their properties and their schools, their hospitals, their rest homes. People care about protecting their most valuable assets.



Introduction to Franchising

Franchising is now one of New Zealand's fastest growing forms of business expansion; it is a concept that has traditionally developed out of difficult economic times.

Franchising really began near the time of the last major depression in the 1930s, when business owners with multiple outlets experienced greater difficulty in controlling costs and achieving sales than an owner operator. Since then, franchising has developed into a powerful way of operating many multi-unit businesses successfully.

In New Zealand, franchising started approximately 15 years ago. If you wish to enter into business you need to be working closely with people, you need contacts, buying privileges, advertising expertise, operational and technical assistance, training, branding and most importantly the help of people who have 'been there and done that'. Statistics prove that participation in a franchise operation will improve your chances of success.

New Zealand Franchising is to the forefront of new business today - you have to be superior to survive and belong to a group that involves experts who believe in their products. Fellow franchisees and franchisors are these people. Joining the experience of other franchisees together with the franchisor results in a network of people with multiple strengths.

It is estimated that there are over 5000 businesses operating in New Zealand with various sales and service concepts, this displays the incredible strength of franchising as a concept and business programme.

Franchising is not the right move for all businesses, however it is the future for Warner Fences in New Zealand.



Objective

Warner Fences objective is to achieve excellence in quality and service to customers, to create and provide a low maintenance solution to both beautify and protect the things that they love.

Warner Fences, through a powerful franchise system, are the leaders in the gate, fence, wall and automation industry in New Zealand.

Warner Fences aim to ensure customer satisfaction, which will create profits for all its operators.

Each franchise region is encouraged to have a high profile display location featuring a range of fences.



The Business Process

So what does a Warner Fence franchisee do? For simplicity the business process can be described as follows:

The franchisee is responsible for all aspects of selling and installing Warner Fences, Gates and Balustrades.

Phone, Internet, email and walk-in enquiry is established via local advertising (in particular Yellow Pages) and national advertising. National advertising includes the web site, direct marketing to architects and specifiers and brand advertising.

Enquiries are converted into on-site sales appointments which are then converted into a sale.

The fence, gate or balustrade is then supplied by Warner Fences in Christchurch or sourced from a third party (depending on the product).

Using local installers the franchisee then organises installation, and when completed receives payment from the customer.

In more simple terms the operator purchases components and services, then sells it as a package to consumers with a healthy profit difference ie.

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For details contact Tim Austin on 03-323 9688.

The Warner Fences system offers various ways of generating income/profits:

1. Direct sales to end users
2. Referrals from fellow franchisees
3. Sales through dealers / retailers
4. Sales from specifiers
5. Installations



The Franchisor

Warner Fences franchisees today are enjoying a very well recognised profile, with Tim and his team providing continual support, new product development, marketing, technical advice, etc.

This provides the franchisee with the ability to focus on selling and installing without the need to be concerned about:

- * Manufacturing the product
- * Product development
- * Procurement and importation of supplies
- * Overall direction
- * Marketing
- * The 'big picture'
- * Associated costs with all of the above areas

The Product Range

Fences and gates are a necessity of life. People are becoming more conscious of protecting the things that they love, including family, homes, cars etc. Therefore there has become a real need for Warner Fences to produce products to fill this demand.

Warner Fences offers a range of steel, aluminum, and glass fences. Innovative product designs and considerable options enable sizing and layout to suit almost any situation.

The Product Range includes:

- * Futura Fences (patented kitset system)
- * Warner Fences (face welded)
- * Gates
- * Balustrade and Glass
- * Gate automation



Support and Backup

The franchisors are keen to support all aspects of running your business. They realise that there is much more to your business than quoting and supplying. Tim and his team have vast experience in all aspects of business, which is made freely available to all operators. Warner Fences are constantly following market trends, endeavouring to improve procedures where necessary and are always on the 'look-out' for new concepts that could enhance or complement the existing product range. On the other hand, we value the input and suggestions of all franchise operators and where possible implement any changes or modifications that will create long term benefit.

Support will be provided in the following areas:

- * Marketing
- * Technical issues
- * Product design
- * Training
- * Administration & accounting
- * Expos
- * Graphics
- * Promotions
- * Tenders
- * Operations

When you have purchased a Warner Fences Franchise, and signed the contract, a two week training period will begin. During this period you will work with the franchisor, or a suitably qualified person, who will train you in all aspects of operating the franchise. (Training is usually done on the job in your own territory).



Manufacturing and Supply

Warner Fences Head Office in Christchurch supplies most of the fences, gates, accessories & components to the franchises. The large quantities of materials purchased for the Group provide opportunities to negotiate bulk purchase prices. A large percentage of materials are imported and held in stock by Warner. Product is powder coated by Warner Head Office in house. This means franchisee's only have work in progress as stock.

Warner Fences currently sells more than 25,000 metres of fencing per annum.

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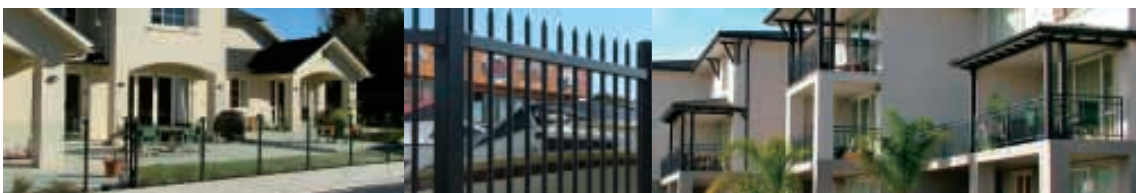
The Agreement and the Operations Manual

As you progress in your investigation of the Warner Fences franchise, copies of the franchise agreement and comprehensive procedures manuals can be made available to you. It is recommended that you involve your solicitor and accountant in checking out this business proposition to clarify any uncertainties that you may have.

Why Choose Warner Fences?

Because Warner Fences provide:

- * an **exclusive territory** that means 100% loyalty to you
- * a **National Brand** with significant equity and brand awareness
- * **Sales enquiry generation** (web, Yellow pages, national advertising, specifier marketing, 0800 phone enquiries)
- * a **proven** business system
- * a **quality exclusive** product range
- * **easy-to-follow** systems to ensure your **competitive advantage**
- * the formula to achieve **low to no risk debtors**
- * ongoing **marketing support**
- * comprehensive **procedures manuals**
- * comprehensive **design and costings manuals**
- * detailed **installation & operations manuals**
- * **higher value sales** ie. average sale (\$3,000)
- * an **opportunity to join forces** with existing operators
- * **group advertising** power
- * administration support
- * the opportunity to control your own quoting, providing the potential to get a 'better' price
- * a formula to **build your own valuable business**
- * the **opportunity to make good money** by being in business for yourself but not by yourself



The Advantages of a Warner Fences Franchise

1. Quality and Exclusive Product

The ability to exclusively sell and install the quality product is a considerable advantage in operating a Warner Fences Franchise.

2. Low Risk Debtors

The franchisor has developed a system which offers low to no risk debtors. Over many years trading little/no bad debt has been incurred by the franchisees.

3. An Exclusive Geographic Area

Your geographic area is an asset, which will accrue value as your franchise matures. An exclusively owned area gives you the security of knowing that all the work initiated from your territory goes directly to you.

4. A System which ensures Continual Growth

Because of the strength of a growing franchise network, Warner Fences can afford to purchase large volumes of stock, commit to expensive advertising strategies and take on large national business. As a result of such power we are able to be leaders in the industry.

5. Training

The minimum training period is of two weeks duration consisting of one week setting up and confirming all suppliers, equipment and stock and a further week training in all aspects of running the operation.

6. Operator Participation

Warner Fences franchise operators help co-ordinate the direction of the Franchise Group. Warner Fences welcomes franchise operators to share in the management and strategic development of the Franchise Group.

7. Support and Back-Up from a Large Organisation

The franchisor has run a national operation prior to Warner Fences therefore has a full understanding of what is expected of a franchise operator. As a result this enables the franchisor to provide personal expertise and assistance in every aspect that may be necessary. It is the franchisor's opinion that should there be any doubt over any particular situation that they are only a phone call away.



8. Good Return on Investment

Based on the performance of current Warner Fences franchise operators the return on your investment should be within one year from commencement.

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9. Excellent Company Image

From the personal appearance of franchisees and staff, to signwritten vehicles, specifier manuals, brochures, and product, Warner Fences profile is undisputedly the best. Warner Fences aim to market a high level of professionalism and service, which ultimately pays dividends to the franchisee.

10. Wholly New Zealand Privately Owned

Because Warner Fences is a wholly New Zealand owned franchise system, it has a larger percentage to invest back into the New Zealand growth of the franchise which will in turn benefit all New Zealand owners. Furthermore, the system has been developed and proven in the New Zealand environment to suit local conditions and needs. You also know who directs the destiny of the business and can join in the vision for the future.

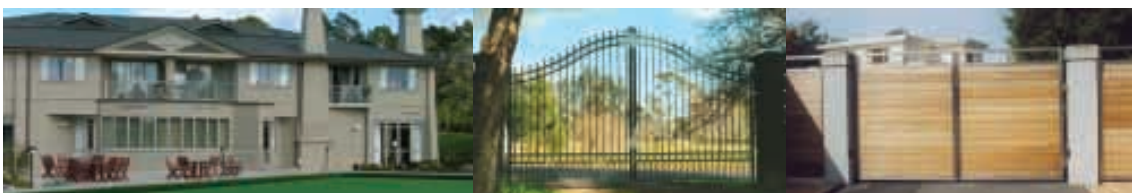
11. Multi Media Advertising Programme

Because of the size of the company and Group, Warner Fences can afford to take a much broader approach to advertising, ensuring a good response rate and brand awareness. Warner Fences has an ongoing marketing and advertising plan which from time to time will include widespread pamphlet distribution, Yellow Pages, internet, local papers, newsletters and nationwide magazine advertising, ensuring growth and continuity of work in your territory.

12. Marketing / Promotional Assistance by Franchisor

Warner Fences assist with the marketing in your territory by way of:

- * Establishing resellers and dealers
- * Designing and compiling promotional material
- * National & commercial contracts
- * Newsletter and technical information to specifiers
- * Government contracts
- * Expo display assistance



Warner Fences Current Franchise Operators and Expected Expansion Programme for Franchises in New Zealand

| | |
|---------------------------------------|-----------------------|
| Whangarei & Northland | (operating) |
| Auckland North Shore | (operating) |
| Auckland West | (operating) |
| Auckland East | (operating) |
| Auckland South | (operating) |
| Waikato | (operating) |
| Bay of Plenty | (operating) |
| Palmerston North/Central North Island | (not marketed as yet) |
| Hawkes Bay | (not marketed as yet) |
| Taranaki | (not marketed as yet) |
| Wellington | (operating) |
| Nelson/Marlborough | (not marketed as yet) |
| Canterbury | (operating) |
| Otago/Southland | (operating) |

Desirable Skills and Characteristics

New franchises will need to demonstrate most of the following:

- * Good people skills with a good ability to sell and strongly customer orientated
- * Positive 'can-do' attitude
- * A well-organised person, able to manage projects and have many balls in the air
- * Good computer skills and an ability to understand costs
- * Understand the importance of marketing and branding
- * Sufficient working capital



The Selection Process

We are in this business for the long term and we both need to ensure that a long term commitment is beneficial for both parties.

Having read this document, if you feel that you would like to pursue this opportunity you are invited to complete our franchise application form. These will be carefully reviewed and a shortlist of candidates will be selected for an initial interview. At this point we will share more information with you.

The interview is a two-way process. It provides the opportunity for Warner Fences to learn more about you and for you to learn more about the opportunity.

From initial interviews we will continue the selection process until a suitable candidate is selected and an appointment is made.

Conclusion

A Warner Fence franchise offers an excellent opportunity for you to form a profitable business relationship with a sound and well established player in the fencing and gate market in New Zealand.

The products are diverse and comprehensive and are aesthetically pleasing. The market is growing and the opportunity is significant. Existing franchisees are succeeding financially with the right application, you could to.

If you want to become a Warner Fences Franchisee please make contact with us:

Tim Austin

Managing Director

Warner Fences

Telephone office 03 323 9688 or mobile 021 934 500

Or email: tim@warnerfences.co.nz

