

FRANCHISE INFORMATION REPORT



AFTER READING THE
FOLLOWING REPORT
CONTACT ONE OF OUR
FRANCHISE REPRESENTATIVES
TO TAKE THE NEXT STEP

DIRECT 952-923-1223

Thank You for Your Interest

We are pleased to present you with a comprehensive overview of the franchise business opportunity offered by Clothes Mentor. This report aims to provide you with a concise yet informative summary of the highlights you have already encountered on our website, and it will also offer additional insights into the potential of this franchise venture.

While this report covers many essential details, we want to emphasize that a more in-depth understanding can be gained by reviewing our Franchise Disclosure Document (FDD). The FDD offers a comprehensive and detailed exploration of the franchise opportunity, and we encourage you to request an application to proceed further. To obtain an application, kindly reach out to us via email at franchise@clothesmentor.com.

We appreciate your interest in Clothes Mentor and look forward to providing you with the information to make an informed decision about this exciting franchise opportunity.

The Clothes Mentor Team

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What is Clothes Mentor?

Prepare to embark on a shopping experience like no other. Let me introduce you to the irresistible world of Clothes Mentor—a haven of upscale resale where fashion dreams come true without breaking the bank. Are you ready to indulge in the thrill of discovering gently used, name-brand, and designer clothing, shoes, and accessories at jaw-dropping prices of up to 70% off their original retail value? I thought so!

When you step foot into a Clothes Mentor store, prepare to be captivated. Immerse yourself in a clean and meticulously designed shopping oasis, where every shelf and rack is thoughtfully organized to enhance browsing pleasure. Picture a sea of neatly arranged colors and sizes to create a visually stunning spectacle, ensuring you effortlessly find exactly what you desire.

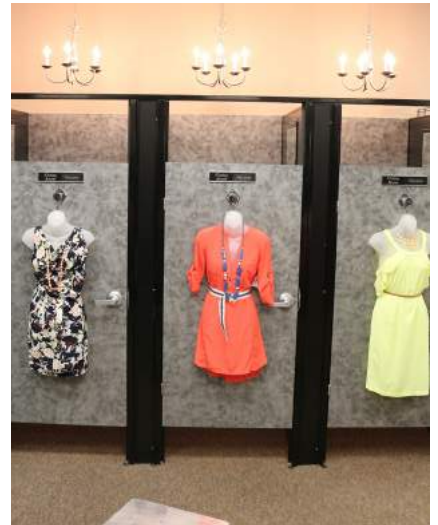
Here's a secret behind the magic of our merchandise: it comes straight from stylish individuals like you—those forgotten treasures are hidden away in your closet, longing for a new lease on life. At Clothes Mentor, we believe in the power of second chances. We offer CASH On-the-Spot or store credit for your pristine, name-brand, and designer pieces in sizes 0 to 26, including maternity wear and fabulous shoes, handbags, and accessories that deserve a fresh start.

But our story continues. Clothes Mentor is so much more than a shopping destination. With stores peppered throughout the United States, we're committed to serving the unique needs of our local communities. By buying and selling high-quality items, we infuse financial prosperity back into the pockets of our wonderful customers. And let's not forget the environmental benefits of choosing resale—it's a celebration of reusing goods and reducing waste, one fashion-forward step at a time.

As if that weren't enough, some of our stores even offer complimentary personal shoppers to elevate your shopping experience. Imagine having your very own fashion guru by your side, guiding you toward the perfect ensemble. And for those seeking a touch of glamour and camaraderie, we host fabulous private events like Girl's Night Out. We know how to have fun while looking fabulous!

So, whether you visit one of our many locations or step into any Clothes Mentor store across the country, rest assured that you'll encounter nothing short of excellence. Our stellar merchandise selection is matched only by our warm and professional staff, dedicated to providing unparalleled customer service. Prepare to be pampered, uplifted, and transformed into the fashion goddess you were born to be.

Don't delay, dear friend. Your next fashion adventure awaits at Clothes Mentor. Join us on this captivating journey, where extraordinary style and unbeatable value unite. Embrace the thrill and let us bring out the very best version of you!





WHO IS OUR TARGET CUSTOMER?

Our target customer is a 25 to 55 year-old woman who lives within a 20-mile radius of our store. She leads a very active lifestyle, whether at work or at home with her family. Her life is busy and her style needs to keep up. She loves her designer and brand names, yet is driven by value. She is socially and environmentally conscious and feels that recycling her clothing is a way in which she can help the cause. She is independent and seeks out retailers who are friendly and knowledgeable when needed.

MILLENNIALS

Our Millennial customers are women ages 25 to 35. They live a very active lifestyle and are constantly on the go. They are defined as confident, tolerant and networked. They know what they want. Also, they have a defined sense of style in their personal life, but may be entering the workforce and are looking to us to provide them with stylish clothing at a great price for interview outfits and business-casual clothing for their first job.

This generation is civic-minded with a strong sense of community, both local and global. They are very connected, and their world is mobile. Social media, smartphones and mobile computing is critical to their daily life so, we must have a strong social media presence in order to connect with them. This customer appreciates our advanced technologies, which allow them to complete their transactions more quickly and provides them with electronic data.

Many Millennials may have high levels of student loan debt, so our prices suit their financial needs. They can get their favorite designer and name brands that help define their personal style at a great price.



GENERATION X

Our Generation X (Gen X) customers are women ages 35 to 50. Gen X customers are highly educated and are oftentimes earning the second income in the family, so they are cost conscious. They are extremely busy, juggling work and family activities. Their focus is on the family and putting its needs first. At some point they may have lost their personal sense of style as they were focused on their family. Our Personal Shopper program will be a significant benefit to these customers as we help them define their look.

This generation has also been called the MTV generation. They grew up on movies such as *The Breakfast Club*, *Sixteen Candles* and *Weird Science*. They look to us to keep them up to date on the latest trends and fashion. Gen X customers love that we provide them designer and brand-name items at a great price and also trendier pieces for their personal wardrobe.



Customer Profile

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BABY BOOMERS

The Baby Boomers are women ages 50 to 65. They make up approximately 15% of our customer base. Baby Boomers grew up at a time of dramatic social change. Memorable events during their life include the Vietnam War; civic, environmental and women's rights movements. These changes caused them to be socially and financially responsible.

Baby Boomers work hard and plan for the future. They have been defined as free-spirited, experimental and having strong individualism. Many of them are more conservative and stick to strong personal financial plans.

These customers look to us to provide them with value: high-quality merchandise at a great price. They also expect a higher level of customer service provided by a friendly and knowledgeable staff.

ADDITIONAL INFLUENCES

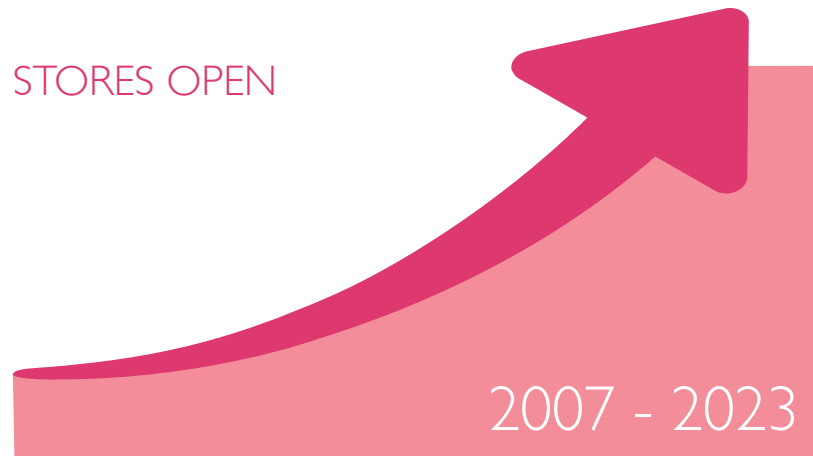
GEOGRAPHIC LOCATIONS | ETHNIC GROUPS | SOCIAL & ECONOMIC CONDITIONS

INCOME LEVELS | OCCUPATIONS | FAMILY/MARITAL STATUS



Brand Growth

Even when the economy was struggling between 2008 and 2009, Clothes Mentor was booming—and we're still growing! The brand started franchising in 2007, and now there are 121 Clothes Mentor stores open with another 13 soon to be opened.



In the last 5 years Clothes Mentor has:

35 Million
Items kept out of landfills



1.4 Million

Handbags
were recirculated



2.4 Million

Pieces of jewelry
were recirculated



3.1 Million

Pairs of shoes
were recirculated

\$137 Million paid back to the
Women in our communities.

\$896 Million

The amount that women saved by shopping at
Clothes Mentor VS paying full retail prices.

3.8 Million

Fashionistas sold their gently loved fashion
items to our stores.

Discover the Benefits of a Clothes Mentor Franchise

When it comes to franchising, Clothes Mentor offers a proven and successful business model that has stood the test of time. Our franchise opportunity provides a clear path toward success, allowing you to bypass years of trial and error, minimize costly mistakes, and achieve your goals more efficiently.

Here are some key benefits you can expect when becoming a Clothes Mentor franchise owner:

BUSINESS PLANNING: We understand the critical importance of a well-developed plan. Our team will work closely with you to create a comprehensive business plan that serves as your financial and operational guide during the crucial start-up phase of your franchise.

TRAINING: We are committed to your success from day one. Our franchisees receive extensive training through our pre- and post-opening programs, combining classroom instruction with hands-on experience. This comprehensive training equips you with the knowledge and skills necessary to run a successful Clothes Mentor store.

BANK FINANCING: As a Clothes Mentor franchisee, you will have access to our preferred Small Business Administration (SBA) lender. This expert lender specializes in pre-qualifying franchisees and understands our brand, business plan, and efficient loan processing, ensuring a smooth financing process.

STORE LOCATION ASSISTANCE: Finding the perfect location for your store is crucial. Our standardized real estate process provides a well-defined strategy for site selection, lease negotiation, and legal review, ensuring you secure the ideal location for your Clothes Mentor store.

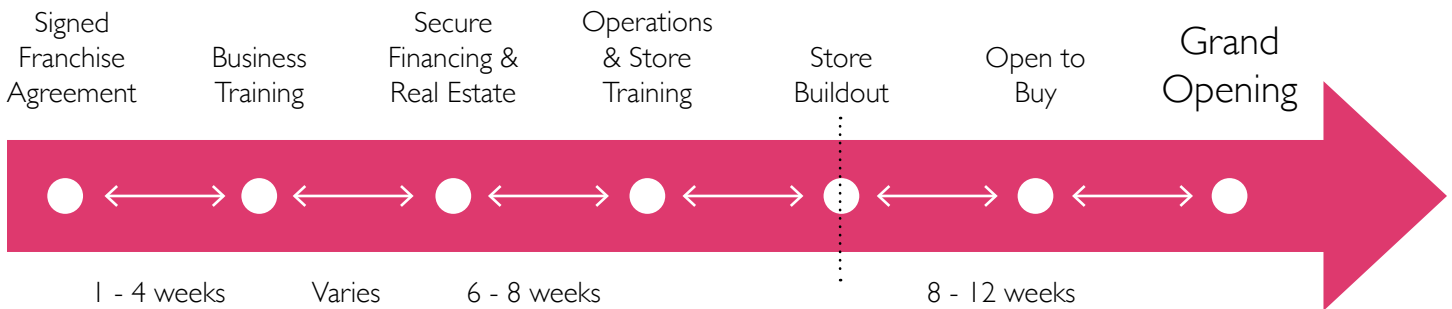
STORE OPENING ASSISTANCE: We have established relationships with proven vendors who offer competitive pricing and outstanding service for all aspects of store build-out. From fixtures and equipment to interior/exterior signage and point-of-sale systems, we streamline the process, making your store opening as smooth as possible.

POINT-OF-SALE (POS) SYSTEM: Our proprietary POS system is equipped with cutting-edge software designed specifically for the unique needs of the resale industry. With touch screen capabilities and a built-in appraisal matrix system, our POS system simplifies gently used merchandise's buying and selling process, ensuring efficiency and accuracy.

FRANCHISE BUSINESS CONSULTANT (FBC): Our dedicated FBCs are your trusted advisors and small business consultants. They provide ongoing support and guidance, helping you excel in all aspects of your resale operation, including financial performance, merchandising, and customer service.

MARKETING SUPPORT: Even before your store opens, we help generate excitement and anticipation within your local community. We continue to provide marketing support at both the local and national levels, empowering you with effective strategies and materials to attract customers and drive sales.

Franchise Opening Timeline



The timeline for opening your Clothes Mentor store typically ranges from 6 to 12 months after the accepted Franchise Agreement. However, please note that the duration may vary based on factors such as the time of year, financing availability, site selection process, local construction timelines, and your ability to attend training promptly.

To ensure a successful launch, it is essential that you complete the initial training programs and open your store by the agreed-upon date outlined in Exhibit A of the Franchise Agreement. This mutually agreed date will be determined in collaboration with our team.

While we strive to facilitate a timely and efficient process, please be aware that certain circumstances beyond our control may impact the exact duration of the timeline. Rest assured; we are committed to supporting you every step of the way as you work towards the grand opening of your Clothes Mentor store.

For any further inquiries or clarification regarding the opening timeline, please feel free to contact our dedicated franchise team.

Captivating the Right Audience: Developing a Solid Business Plan for Your Clothes Mentor Franchise

In the pursuit of achieving your business goals, a well-crafted and professional business plan plays a pivotal role in generating excitement and attracting the right stakeholders. A meticulously designed plan secures the necessary financing and is a guiding compass to drive customer acquisition and amplify sales.

At Clothes Mentor, we understand the importance of a comprehensive business plan during the critical start-up phase of your franchise. Our dedicated team is committed to working closely with you, ensuring your project is a robust financial and operational blueprint for your store. We recognize the significance of making a lasting impression when presenting your business to potential lenders, and we equip you with the tools to captivate any audience.

THE BUSINESS PLANNING PROCESS: GUIDING YOU TOWARDS SUCCESS

STEP 1: REVIEW THE MARKET

Together, we will develop an introductory section that provides a clear snapshot of your current business position. We delve into formulating effective sales and marketing strategies to steer your business toward success in the coming year.

STEP 2: YOUR TARGET CUSTOMER OVERVIEW

Understanding your prospective customers is crucial. We assist you in conducting a comprehensive analysis of your target audience, identifying their desires, needs, and the motivating factors that drive their purchasing decisions.

STEP 3: YOUR BUSINESS GOALS

Setting concrete and measurable goals for your store's first three years of operation is paramount. We collaborate to establish achievable objectives and discuss key performance indicators that will allow you to track your progress and make informed decisions.

STEP 4: MARKETING STRATEGIES & TACTICS

This section forms the core of your plan, outlining your unique marketing message and the strategies you will employ to promote your business. We define the steps necessary to achieve your marketing goals and explore the tactical initiatives that propel you forward.

STEP 5: YOUR BUDGET

Financial projections are vital to the success of your venture. Our experts guide you in developing a comprehensive budget, encompassing projected

expenses, gross margins, and crucial aspects such as marketing, rent, payroll, utilities, etc.

STEP 6: YOUR RESOURCES

Identifying the key players in your team is essential for seamless store operations. We help you delegate responsibilities and assign roles for store management, marketing, and accounting, ensuring efficient utilization of resources.

FLEXIBILITY AND GROWTH: ADAPTING TO YOUR CHANGING NEEDS

We recognize that businesses evolve and adapt over time. Rest assured, your business plan remains flexible, enabling us to assist you in making necessary adjustments to align with your changing needs.

In conclusion, a meticulously crafted business plan is the cornerstone of success for your Clothes Mentor franchise. It empowers you to secure financing, attract customers, and chart a path toward achieving your entrepreneurial aspirations. Our team of experts stands ready to provide guidance and support throughout the planning process, ensuring that your business plan reflects your unique vision and paves the way for your future success.

Optimizing Your Real Estate Process: Building a Strong Foundation for Your Clothes Mentor Franchise

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Once you have embarked on this exciting journey by signing on and securing financing, your next crucial step is navigating the real estate process. We understand the significance of closely managing this stage to foster a robust and prosperous relationship from the outset. At Clothes Mentor, we have implemented a standardized real estate process encompassing site selection, lease negotiation, and legal review, all with a clearly defined all-in-one strategy.

To ensure the seamless execution of this process, we have joined forces with renowned real estate experts at Colliers International. By collaborating with a trusted and outsourced real estate solutions provider like Colliers International, we unlock numerous benefits, including cost and time savings and a more streamlined and expedited store opening experience.

PARTNERING WITH COLLIERS INTERNATIONAL: TRANSFORMING REAL ESTATE INTO AN ADVANTAGE

Colliers International is a leading global commercial real estate services organization renowned for its entrepreneurial spirit. With over 16,300 professionals spread across 502 offices worldwide, they are committed to forging strategic partnerships with Clothes Mentor and our franchisees, delivering tailored services that convert real estate into a competitive advantage.

NAVIGATING THE REAL ESTATE PROCESS: A STEP-BY-STEP GUIDE

Phase 1: Franchise Location Evaluation and Broker Assistance

This phase entails a comprehensive evaluation of various factors related to site selection to identify the perfect location for your store. For Clothes Mentor, we recommend considering the following general location features:

- Proximity to suburban power strip centers
- Ideal space ranging between 2,500 to 3,500 square feet
- Our stores are typically located near regional or fashion malls frequented by women aged 25 and above seeking high-quality, name-brand clothing, shoes, and accessories.

Phase 2: Site Selection and Letter of Intent (LOI)

During this stage, we assist you in negotiating and submitting proposals while providing guidance on preparing a well-crafted Letter of Intent (LOI).

Phase 3: Lease Agreement (LA) and Space Preparation

Our team reviews your lease agreement to ensure alignment with the previously established LOI. We also facilitate a clear understanding of when the landlord will hand over the space to you, enabling effective planning for space preparation.

Optimizing Your Real Estate Process: Building a Strong Foundation for Your Clothes Mentor Franchise

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Contact Robin Zellmer, Vice President, Corporate Solutions

For any inquiries or further assistance regarding the real estate process, please feel free to reach out to Robin Zellmer, Vice President, Corporate Solutions, at the following contact information:

Direct: 952 837 3089

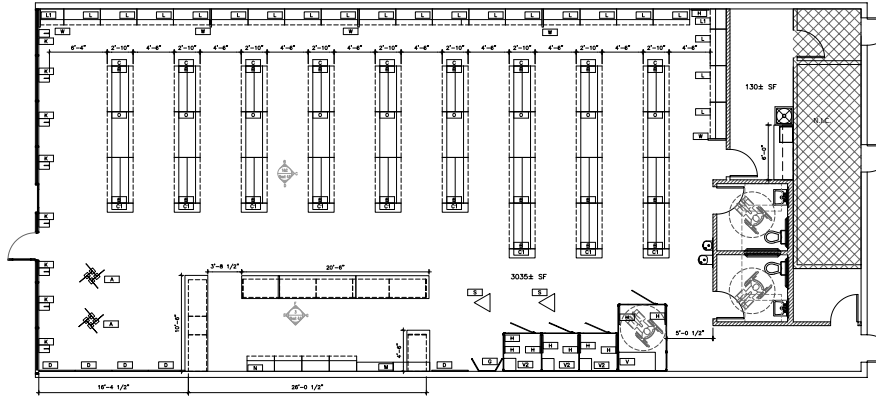
Email: robin.zellmer@colliers.com



In conclusion, our partnership with Colliers International empowers you to navigate the real estate process confidently and efficiently. Together, we aim to establish a strong foundation for your Clothes Mentor franchise, positioning you for long-term success. By leveraging their expertise and our collective knowledge, we transform real estate into a strategic advantage, enabling you to thrive in the competitive market.

Seamless Store Buildout: Partnering with Industry-Leading Vendors

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f.c. dadson
SPECIALTY STORE SERVICES
Store fixtures and supplies

At Clothes Mentor, we have joined forces with trusted and proven vendors who provide unparalleled pricing and service to facilitate the buildout of your store. Our partnerships with F.C. Dadson and Specialty Store Services streamline the process of preparing your store for its grand opening. To ensure consistency across our brand, we guide you in adhering to our quality standards for fixtures and essential supplies. You will have user-friendly prototypical drawings and a detailed list of specifications covering interior and exterior materials, décor, fixtures, supplies, equipment, and signage.

As you embark on the development of your store, we simplify the task of meeting our specifications, as well as complying with the Americans with Disabilities Act (ADA) and other relevant federal, state, and local laws, ordinances, building codes, permit requirements, lease requirements, and restrictions. Before commencing construction, we will discuss your plans and assist in reviewing any necessary revisions during the buildout process. Rest assured that all construction materials, fixtures, equipment, furniture, décor, and signs for your store are of the highest quality and readily accessible.

DIFFERENTIATING FACTORS OF F.C.DADSON AND SPECIALTY STORE SERVICES:

ONE-STOP STORE SUPPLY SHOPPING

Enjoy a streamlined process for ordering equipment, fixtures, supplies, graphics, and other décor elements.

STORE IN-A-BOX COORDINATED DELIVERY

Your fixtures and store supplies are efficiently shipped on a single trailer, saving you time and minimizing shipping charges. This expedited process helps you open your store sooner.

RETAIL CONSTRUCTION

Benefit from their extensive experience in construction management, bridging the gap between

the franchisor, franchisee, landlord, and general contractor. They ensure your store is built to our exact specifications while keeping costs under control.

DEDICATED PROJECT MANAGERS

Their experienced project managers handle the day-to-day details, freeing up your time to focus on promoting and building your business.

RETAIL EXPERTISE

With a combined experience of over 70 years, they have a proven track record in developing, manufacturing, and shipping fixtures and supplies to numerous retailers nationwide.

Seamless Store Buildout: Partnering with Industry-Leading Vendors

(PAGE 1 OF 2)

FRANCHISOR/FRANCHISEE RELATIONSHIP

They immerse themselves in every aspect of our business and thoroughly understand our Franchise Disclosure Document, enabling them to serve your best interests during the buildout phase.

In summary, our collaboration with F.C. Dadson and Specialty Store Services empowers you to navigate the store buildout process seamlessly. With their expertise and dedication, we ensure your store reflects our brand's high standards while adhering to industry regulations. We are committed to fostering a successful and mutually beneficial relationship throughout the buildout journey.



We conduct two separate, comprehensive training programs that provide our new owners with both pre-opening and post-opening classes ranging from business planning, financial management and real-estate selection to store operations, merchandising, inventory management and POS system training as well as a full week of in-store training. Check out the break down of each of our training programs below.

TRAINING PREREQUISITE

BUSINESS TRAINING

We suggest you and your partner(s) to attend Business Training in the first available class after you have signed your Franchise Agreement.

OPERATIONS AND STORE TRAINING

It is ideal for you to receive training on the operational aspect of the business as close to your "Open to Buy" period as possible. So as soon as you've completed Business Training, submitted your signed lease to us and ordered your fixture package for your store, you are ready to attend Operations and Store Training.

BUSINESS TRAINING

In this two and a half day training program, we'll cover all of the tools available to you and the assistance that we provide for opening your store. Business Training includes:

REAL ESTATE/SITE SELECTION

What should go into a lease and what criteria to use to get the best possible site.

BUSINESS PLANNING

Receive comprehensive guidance in preparing a solid business plan and explore various financing options.

BUSINESS TRAINING (CONTINUED)

NEW STORE DEVELOPMENT

Get an in-depth understanding of store buildout, fixture detailing, signage, flooring options, and more.

MARKETING

Discover a range of marketing options, including print, digital, and social media, to effectively promote your store.

PERSONNEL MANAGEMENT

Learn strategies for recruiting, hiring, training, and developing a skilled and motivated team.

QUICKBOOKS

Implement QuickBooks accounting software to streamline your daily business expense management.

OPERATIONS AND STORE TRAINING

Once you have completed Business Training, submitted your signed lease, and ordered your fixture package, you will be ready to attend the Operations and Store Training program. This six-day intensive program covers all aspects of running your store daily. The Operations Training includes:

MARKETING

Learn practical strategies for grand opening advertising, local store marketing, print, and multimedia advertising, website development, and social media management.

CUSTOMER SERVICE

Gain valuable insights into providing exceptional customer service, understanding customer cues, and fostering long-term customer loyalty.

MERCHANDISING & STORE STANDARDS

Maximize your store's profitability through effective visual merchandising techniques. Understand and implement the company's store standards to maintain a consistent brand image.

LOSS PREVENTION

Develop the skills to identify and prevent internal and external theft through comprehensive loss prevention training and tools.

INVENTORY MANAGEMENT

Gain in-depth knowledge of seasonal buying and selling, clearance procedures, and strategies to maximize profitability.

PRODUCT KNOWLEDGE

Acquire expertise in buying and selling products by utilizing our comprehensive training resources. These include trend reports, buyer's guides, exams for staff, on-site inventory evaluations, mall visit programs, advanced training workshops, and on-demand video training accessible through Clothes Mentor's extranet.

Participating in our training programs will equip you with the knowledge, skills, and tools necessary to operate your Clothes Mentor franchise confidently. We aim to empower you to excel in all aspects of your business and create a thriving and profitable store.

Cutting-Edge Point-of-Sale Software for Seamless Operations

At Clothes Mentor, we understand the importance of efficient and adaptable technology in running a successful resale business. That's why our unique point-of-sale (POS) system is equipped with specialized software designed to meet the industry's ever-changing needs. With its user-friendly touchscreen capabilities and integrated product appraisal buying matrix, our POS system will streamline the buying and selling process while comprehensively tracking your store's operations, including daily sales summaries, inventory buys, and complex customer transactions. Our trusted third-party supplier owns the proprietary software, and you will purchase your software license and hardware directly from them.



Our POS system optimizes your store's performance and simplifies day-to-day operations. With its advanced features and user-friendly interface, you'll have the tools to drive sales, manage inventory effectively, and enhance customer experiences.

Our dedicated team can always assist you with technical support or software inquiries.

HIGHLIGHTED FEATURES OF OUR POINT-OF-SALE SOFTWARE

POS BASICS

- Conduct typical sales transactions with ease.
- Enjoy discount and coupon capabilities, as well as various payment options.
- Access detailed administrative functions for efficient store management.

PRODUCT APPRAISAL BUYING MATRIX:

- Utilize an intuitive touchscreen system automation to make informed inventory purchases at the right price.
- Benefit from a department, category, and brand-specific matrix with suggested costs and retails
- Enhance the buying process with interactive links to platforms like eBay for seamless sourcing.

EMPLOYEE ACCOUNTABILITY

- Track individual employees' activities, including sales, buys, and returns, and review inventory sell

rate performance by the employee.

- Objectively measure and manage employee productivity, leading to improved buyer training and performance evaluation

INTEGRATED, SECURE CREDIT CARD PROCESSING

- Enjoy chip and pin capabilities for secure transactions.
- Streamline customer transactions and easily reconcile daily credit card transactions.

ONLINE REPORTING CAPABILITY

- Monitor your store's performance remotely through comprehensive executive summary reports.
- Compare your store's performance with others and delve deeper into reports for an in-depth analysis of business metrics.

Cutting-Edge Point-of-Sale Software for Seamless Operations

QUICKBOOKS INTEGRATION

- Seamlessly integrate daily sales activities into QuickBooks for efficient financial management.
- Obtain more accurate and detailed daily reporting of vital point-of-sale transactions, improving month-end financial analysis.

INTEGRATED LOYALTY PROGRAM

- Implement a fully integrated custom rewards program to incentivize customer loyalty.
- Track all transactions for data-driven marketing strategies.
- Seamlessly integrate with the Clothes Mentor app for a unified customer experience

Our POS system optimizes your store's performance and simplifies day-to-day operations. With its advanced features and user-friendly interface, you'll have the tools to drive sales, manage inventory effectively, and enhance customer experiences.

Our dedicated team can always assist you with technical support or software inquiries.

TECH SUPPORT

- Benefit from automatic data backups for peace of mind
- Receive timely software updates for improved functionality.
- Access remote support software for effective communication and training

SYSTEMS

- Enjoy full Windows compatibility for seamless integration with your operating system.
- It is built on a robust and capable database system.
- Includes full features such as barcode readers and scanners to enhance operational efficiency.

Store Operations



THE ESSENTIAL ROLE OF YOUR FRANCHISE BUSINESS CONSULTANT

At Clothes Mentor, we prioritize your success as a franchise owner. That's why we have assigned a dedicated Franchise Business Consultant (FBC) to serve as your small business consultant, supporting you in various aspects of your resale operation, from financial performance to merchandising and customer service. Your FBC will be your go-to resource throughout different stages of your business, ensuring you receive the guidance and assistance needed for optimal performance. Below, we outline the key points of contact you can expect with your FBC:

PRE-OPENING VISIT

- Timeframe: Two weeks after opening your store to buy merchandise and to fill the store amazing fashions.
- Duration: One to two days.
- Focus: Your FBC will assist you in proper inventory buying, ensure correct fixture installation, and verify the functionality of your POS system.

STORE GRAND OPENING VISIT

- Timeframe: The day before and the day of your store's grand opening.
- Duration: One to two days.
- Focus: Your FBC will provide final adjustments to merchandising, offer staff training support, and be available as a resource to address any questions during the store opening.

90-DAY FOLLOW-UP VISIT

- Timeframe: One to two days.
- Focus: Your FBC will assess your operations, conduct a comprehensive customer service analysis, provide POS training, and ensure that any emerging issues are addressed promptly. They can assist with essential small business practices, including hiring, bookkeeping, business planning/forecasting, and cash flow management.

ONGOING STORE VISITS

- Frequency: Every 9-12 months.
- Focus: Your FBC will serve as a dedicated small business analyst and counselor, offering insights and guidance to help you continually improve your operations and maximize your success.

MONTHLY OPERATIONS CALLS

- Frequency: Monthly.
- Focus: During these calls, your FBC will assist you with inventory planning, advertising, and marketing strategies, POS reporting, budgeting, and other crucial aspects of your business.

Store Operations

CONFERENCES

- Frequency: Annually.
- Focus: Our conferences provide valuable networking opportunities and comprehensive training sessions for all franchise owners, managers, and staff members. It's a chance to connect with professionals and stay updated on industry trends and best practices.

With the continuous support of your FBC and the collaborative opportunities at conferences, you'll have the guidance, knowledge, and resources necessary to thrive as a Clothes Mentor franchise owner.

Empowering Your Marketing Success

At Clothes Mentor, we understand that effective marketing plays a crucial role in driving the success of your store. That's why we offer comprehensive marketing training and ongoing support to all our franchisees. With our guidance, you'll gain the knowledge and tools to excel in various marketing areas, including electronic, print, social, digital, and local store marketing. Here's a breakdown of our marketing support:

DIFFERENT AREAS OF MARKETING

ELECTRONIC MEDIA

We have a recommended media buyer who will assist you in launching and planning long-term goals for TV, cable, radio, Pandora, Hulu, and other electronic media channels. Their expertise will help you maximize your advertising impact.

PRINT MEDIA

We deeply understand different print media formats and how to leverage them effectively in our stores. We also provide in-house design services for creating customized print materials, and we work with trusted vendors to streamline the process of obtaining your print materials.

SOCIAL MEDIA

Social media is a dynamic and ever-evolving platform, and we offer extensive support to franchisees in this area. We assist you in setting up your social media accounts, provide training on best practices, offer content resources, and provide ongoing updates to ensure you stay current with social media trends and strategies.

DIGITAL MEDIA

Our comprehensive and mobile-responsive website, clothesmentor.com, is a hub for customers to access information about the Clothes Mentor brand and individual stores. We collaborate with a top search engine optimization (SEO)/digital company to enhance the visibility of the leading brand website and offer you the option to promote your local store website through SEO techniques.

Our free Clothes Mentor app, linked to Club CM (our customer loyalty program), enables customers to track their reward points and conveniently store their receipts on their mobile devices.

LOCAL STORE MARKETING

We recognize the importance of local area marketing in promoting your business. Drawing from successful strategies other stores implement, we provide you with proven ideas and tips to help you establish a strong presence in your market.

During your training, we will delve into these marketing areas in depth, covering topics such as marketing budgets and optimal allocation strategies. With our comprehensive marketing support, you'll have the resources and expertise to promote your Clothes Mentor store and attract loyal customers effectively.



Marketing Collateral



Initial Investment Overview

The charts below show the approximate dollar amounts you need to get the doors open, have a working capital reserve, get stocked with inventory and be ready for customers.

ESTIMATED RANGE

Low End Approximately	\$272,000
High End Approximately	\$395,500

While it's likely that most stores will land in the targeted range listed above, it's also dependent upon a number of variables. Further detailed information is outlined in our Franchise Disclosure Document (FDD). To get a copy of this document, please contact your Clothes Mentor franchise representative.

TYPE OF EXPENDITURES

Initial Franchise Fee	\$25,000
Leasehold Improvements	\$25,000 - \$60,000
Signs	\$5,000 - \$9,000
Fixtures	\$50,000 - \$70,000
Proprietary Software and POS	\$19,000
Inventory	\$50,000-\$70,000
Deposits, Business Licenses & Permits	\$7,000 - \$15,000
Legal and Accounting	\$0 - \$4,000
Security	\$7,000 - \$10,000
Travel Expenses to Attend Training	\$4,000 - \$8,500
Pre-Opening Labor Expenses	\$10,000 - \$15,000
Grand Opening Advertising	\$16,000 - \$20,000
Miscellaneous Pre-opening Expenses	\$14,000 - \$20,000
Rent - 3 months	\$20,000 - \$25,000
Additional Funds – 3 Months	\$20,000 - \$25,000
TOTAL	\$272,000 - \$395,500

SIMPLY STATED EXAMPLE FOR CLOTHES MENTOR at \$300,000 total investment:
You will need \$90,000 cash down (30% of total investment) and \$210,000 in assets outside of the business itself to put up as collateral on the business loan.

Diverse Financing Options for Your Clothes Mentor Business

When financing your Clothes Mentor franchise, we understand that flexibility is critical. That's why we offer a range of financing options to suit your unique needs and circumstances. Explore the following financing avenues:

SMALL BUSINESS ADMINISTRATION (SBA) LOAN

SBA 7(a) loans are federally guaranteed by the SBA and issued by banks. You can benefit from this loan program as a preapproved Clothes Mentor franchise. The SBA can secure up to 85% of loans up to \$150,000 and 75% over \$150,000.

ROLLOVER 401(K)

With this option, you can utilize your 401(k) funds to finance your Clothes Mentor business without incurring early withdrawal penalties or taxable distributions. By establishing a C Corporation, you can purchase private stock shares of your new franchise store using your 401(k) funds.

ALTERNATIVE FRANCHISE LENDING

Alternative lending institutions offer creative programs to secure franchise financing, especially for those needing to meet larger national banks' requirements. These lenders have a diverse portfolio of products, including SBA loans.

HOME EQUITY LOAN / CASH OUT REFINANCE

Taking advantage of the increasing value of your property, you can tap into your home equity or opt for a cash-out refinance to fund your franchise. This option provides the potential for a more stable interest rate than traditional business financing.

LEASING ALTERNATIVES

Leasing offers an attractive solution for reducing the cash-down requirements and down payments for your startup costs. You can lease up to \$50,000 for fixtures, technology, and signs, with a monthly payment of over 60 months.

PORTFOLIO LOANS

With portfolio loans, you can borrow up to 80% of the value of your stock, bond, and mutual funds. These loans are interest-only payments and are collateralized by your portfolio, ensuring a secure financial arrangement.

UNSECURED LOANS

Unsecured loans, often called "signature loans," rely on your credit history and require no collateral. To qualify, having a high credit score, a clean credit history, and low credit utilization would be best.

FRIENDS AND FAMILY

This common source of business financing allows your friends and family to invest in your business through an equity position or a fixed rate of return. They trust your abilities and see the potential in you and a Clothes Mentor franchise.

CASH

For investors with substantial capital, funding your franchise with all cash is a straightforward and self-explanatory option.

At Clothes Mentor, we aim to provide the necessary resources and guidance to secure the financing option that best suits your needs. Our team is dedicated to supporting you every step of the way in building your successful franchise.

SBA Lenders

Nancy Broudo
SVP

215-360-4519
nbroudo@boefly.com



BOEFLY

1. Access to BoeFly's partner lenders and 401(k) referral partner to further facilitate and expedite a more predictable and positive lending outcome
2. Ability to secure financing for startup and expansion units, acquisitions, working capital and debt refinance
3. SBA & Conventional loans with competitive rates and terms



Megan Mitchell
Account Manager
425-526-7489

meghan.mitchell@guidantfinancial.com



GUIDANT FINANCIAL

1. Rollover for Business Startups (ROBS) - Roll your qualified retirement funds tax and penalty-free!
2. SBA Express (\$50K - \$150K)
3. SBA 7A (\$150 - \$5M)
4. ULOC (Unsecured Line of Credit) - \$20K - \$100K
5. Leverage Line - Securities based credit lines
6. Equipment Leasing (\$20K - \$500K)

Return on Investment

With Clothes Mentor's proven resale business model, franchisees have achieved an enviable return on their investment. The graphic below shows some of the impressive financial performance information covered in Item 19 of the Clothes Mentor Franchise Disclosure Document (FDD).

Also, the average gross margin for Clothes Mentor stores is 67.64%. That's an outstanding number within the retail industry. And following our proven resale business model, which includes a simple-to-follow buy matrix, makes the 67.64% gross margin easy for Clothes Mentor stores to maintain.

Think you can't make money selling used women's clothing? **Think again!**

\$272,000
— TO —
\$395,500*

INITIAL INVESTMENT
RANGE

\$67.64%**

AVERAGE GROSS
MARGIN FOR 2022

\$1,442,359***


AVERAGE TOP PERFORMING
STORES GROSS SALES

All of this was achieved by selling used women's clothing, shoes and accessories with an exciting upscale resale business model taught by the experts at NTY Franchise Company.

*\$272,500 to \$395,500 is the estimated initial investment range listed in the Franchise Disclosure Document dated April 18, 2023 ** 67.64% is the average gross margin percentage of all 121 Clothes Mentor stores in operation for the entire calendar year ended December 31, 2022. There is no assurance, however; that you will do as well. See Item 19 of the Clothes Mentor Franchise Disclosure Document dated April 18, 2023 for more information. ***\$1,442,359 is the average gross sales of the 30 stores in the top 25% of Clothes Mentor stores in operation for the entire calendar year ended December 31, 2022. See Item 19 of the Clothes Mentor Franchise Disclosure Document dated April 18, 2023 for more information.

CHECK OUT MORE HIGHLIGHTS FROM THE FDD ON THE NEXT PAGE ▶

Clothes Mentor: Achieving Impressive Financial Performance



Clothes Mentor's resale business model has consistently delivered remarkable returns on investment for our franchisees. The graphic below highlights critical financial performance data featured in Item 19 of the Clothes Mentor Franchise Disclosure Document (FDD).

Additionally, Clothes Mentor stores boast an exceptional average gross margin of 67.64%, surpassing industry standards in the retail sector. This remarkable figure is made possible by diligently following our proven resale business model, which includes an integrated buying appraisal matrix system. By adhering to this model, maintaining the 67.64% gross margin becomes effortlessly achievable for Clothes Mentor stores. At Clothes Mentor, we take pride in equipping our franchisees with a successful business framework that ensures exceptional financial performance. With our support and the power of our resale model, you can look forward to a lucrative and rewarding venture.

Meet the Team

(PAGE 1 OF 2)



Ron Olson
CEO



Chad Olson
COO



Jenny Mann
Executive Director of IT



Michelle Johnson
Sr Director of
Operations



Sarah Primmer
VP Finance & HR



Amy Donnelly
Director of Inventory
Management



Dan Goetz
Franchise Business
Consultant



Jarvis Herndon
Franchise Business
Consultant



Linda Berg
Franchise Business
Consultant



Alice Heidenreich
Franchise Business
Consultant



Michael Smith
VP of Strategic
Planning



Jessica Fix
Legal Assistant

Meet the Team

(PAGE 2 OF 2)



Ashley Huebner
Creative Manager / UX
Designer



Catarina Pruett
Digital Marketing
Specialist



Marissa Stacy
Jr Graphic Designer



Sean Marrs
IT/Tech Admin

Frequently Asked Questions (FAQs)

(PAGE 1 OF 4)

GENERAL QUESTIONS

How much earning potential does this franchise offer?

The earning potential ultimately depends on the dedication and efforts of the operator/franchise owner. We provide you with a comprehensive system and tools to execute your business plan successfully.

Once I sign the Franchise Agreement, what is the timeframe to open my location?

It typically takes 6-9 months to open your store. However, you have a period of 12 months to open your location.

Am I allowed to interview franchisees?

Yes, within the Franchise Disclosure Document (FDD), you will receive a list of franchise owners you can contact for interviews and discussions.

What ongoing fees are involved in this franchise opportunity?

We have several ongoing fees, including a royalty fee, marketing fee, and technology fee. The royalty fee is 4% of net sales and is paid weekly. The marketing fee is \$2000 for the year. The technology fee is \$1000 for the year. All the ongoing fees are outlined in Item 6 of the Clothes Mentor Franchise Disclosure Document (FDD).

Does the franchise contract permit me to sell my business? Are there any restrictions?

Yes, you can sell your business with our approval. We will assess and qualify potential buyers as we would with new franchisees.

How long is the franchise granted?

The franchise is granted for a duration of 10 years, with an option to renew for an additional ten years.

FDD QUESTIONS

What is the background of the franchisor?

NTY Franchise Company was founded by President Ronald G. Olson in 2006 when it acquired franchise rights for Clothes Mentor. Prior to this, Mr. Olson served as President and Director of Grow Biz International (now known as Winmark), where he acquired franchise rights for Once Upon A Child, Plato's Closet, Play It Again Sports, and Music Go Round.

Can I access the sales figures of existing stores?

Yes, the financial information of the Clothes Mentor system is detailed in Item 19 of the FDD.

What is my protected territory?

Upon signing the Franchise Agreement, you will be granted exclusive territory for your store (referred to as the "protected area"). The size of the protected area will be determined based on natural trade areas and population figures, ranging from a 2-mile to a 6-mile radius from a specific intersection. Typically, if your store operates in a metropolitan area with a population exceeding 150,000, your protected area will have a minimum population of 50,000. In smaller markets, the minimum population for the protected area is usually around 25,000. The exact location and boundaries of your store's protected area will be defined in Exhibit A of the Franchise Agreement.

Frequently Asked Questions (FAQs)

(PAGE 2 OF 4)

Can the Franchise Agreement be in a corporate name?

Yes, the Franchise Agreement can be executed in a corporate name, provided the corporation's owners sign a guarantor agreement.

TRAINING QUESTIONS

What ongoing training do I receive after opening?

After opening, you will be assigned a Franchise Business Consultant (FBC) who will act as your small business consultant. You can expect, at minimum, monthly operations calls with your FBC and yearly on-site visits. Additionally, our intranet site provides access to operations and technical training resources as they become available.

Do you train me? Who covers the training costs? Where does the training take place?

Our corporate staff, specializing in various departments, will train you virtually, at our corporate offices, retail store, and on-site at your store as you progress toward your opening. The initial training costs are covered under your franchise fee. However, you will be responsible for lodging, food, and travel expenses for yourself and your staff during the training at our offices in Minnesota.

FINANCE & ACCOUNTING QUESTIONS

How much cash do I need to get started?

To get started, you will need approximately 30% of the initial investment, which amounts to \$80,000-\$100,000 in liquid form.

Will Clothes Mentor help me finance the business?

Clothes Mentor provides the tools you need to develop your business plan, which encompasses sales, expenses, and profit goals based on our experience and your local research. This business planning process assists you in obtaining bank financing and managing your ongoing business.

How will I manage my bookkeeping?

Your POS system's daily sales file can be exported to QuickBooks, simplifying your bookkeeping tasks. Trainers will guide you through this process during your training.

What standard financing options are available to me?

Typical financing options include bank loans backed by SBA guarantees. Additionally, companies like Guidant Financial, Benetrends, and Pango Financial assist individuals in accessing retirement funds from IRA, or 401(k) accounts without early withdrawal penalties, providing a funding source for a franchise business.

STORE OPERATIONS QUESTIONS

Where do I source my inventory?

Your store inventory comes from customers in your market area who respond to the advertising and marketing materials we provide or those you create with our approval. We will teach you how to buy the right quality inventory in the right quantities at the right price, which is crucial for your success. Our custom POS hardware/software system makes buying and selling easy, enabling you to maximize your profit potential.

Frequently Asked Questions (FAQs)

(PAGE 3 OF 4)

STORE OPERATIONS QUESTIONS (CONTINUED)

What are the suggested opening hours for the franchise business?

We suggest typical business hours: Monday-Friday from 10 am to 8 pm, Saturday from 10 am to 8 pm, and Sunday from 11 am to 6 pm. Any significant deviations based on local business trends or shopping center standards require approval from our corporate staff.

What can I sell, and what am I restricted from selling?

We buy and sell women's fashions, shoes, accessories, and more. We provide detailed lists of the items we buy and sell in our training materials.

Do you provide instructions and operation manuals?

Yes, we offer product acquisition and operations manuals.

How much control do I have over my business?

As a franchisee, it is your business, and we are here to provide you with the operating system and support to help you grow and maximize your business.

COMMUNICATION AND ONGOING SUPPORT QUESTIONS

What communication systems are in place for franchisees to stay connected with you and each other?

Our intranet site serves as a communication hub, providing updates from our corporate offices and facilitating interactions among franchisees. Additionally, we organize an annual conference where franchisees gather to discuss business strategies and participate in training sessions.

What happens if I encounter operational problems that I cannot solve?

In such cases, you can contact your dedicated Franchise Business Consultant. They can assist and guide in resolving operational challenges and opportunities.

What ongoing support services are available after I open my franchise business?

After your franchise business commences, you will be assigned a Franchise Business Consultant who will act as your small business consultant. They will conduct monthly operations calls with you and make yearly on-site visits to provide support and guidance. Furthermore, you will have access to our intranet site, which offers a wealth of operations and technical training resources as soon as they are released.

Who will be my primary point of contact once I have opened my franchise?

Your main point of contact will be your assigned Franchise Business Consultant. They will serve as your initial and primary connection to our corporate offices, acting as a dedicated small business consultant to help you maximize the potential of your business.

Frequently Asked Questions (FAQs)

(PAGE 4 OF 4)

REAL ESTATE & NEW STORE DEVELOPMENT QUESTIONS

Will Clothes Mentor assist me in finding a suitable location for my store?

Yes, we work with Colliers International, a preferred real estate service provider specializing in retail leasing. They will provide expert assistance in finding an appropriate location for your store.

Do you provide support in designing and laying out my store location?

Absolutely! We have partnered with F.C. Dadson, a company experienced in layout and development services. They will help you with the design and layout of your store location.

Is the POS system user-friendly? How will I determine item pricing?

Yes, our POS system is designed to be user-friendly, simplifying your operations. It also includes features that assist in determining item pricing. Additionally, the system generates various financial reports to aid you in managing your business effectively.

Is the franchise business seasonal?

No, our franchise business has a predictable sales index. While there may be fluctuations in-store traffic and sales throughout the year, these periods align with similar retailers in our industry.

When is the best time to open a franchise?

Anytime is suitable for opening a franchise with us since we have a predictable sales index, allowing for consistent business performance throughout the year.

MARKETING QUESTIONS

What point-of-sale materials and promotional literature do you provide, and are there any associated costs?

Our marketing department has developed an extensive library of promotional materials available to you through our intranet site. You may choose to implement specific marketing and promotional materials in your store and be responsible for purchasing those materials.

Will you assist me in planning my marketing budget?

Yes, we are here to help you determine the most effective allocation of your marketing dollars. We can provide guidance and suggestions to optimize your marketing strategy.

Process Steps

STEP 1 - SCHEDULE AND ATTEND A PRIVATE WEB MEETING

This personal, live web meeting is a brief but very thorough overview of the brand. The main topics covered are:

- The history of Clothes Mentor.
- What the brand represents to both the consumer and to the franchisee (store owner).
- Where the brand fits into the marketplace and why the stores thrive.
- How the franchisee/franchisor relationship really works and our culture.

STEP 2 - QUALIFY AND MEET THE BRAND DIRECTOR

After receiving your completed application and you are considered pre-qualified, an informational phone call is scheduled with the Brand Director. The Brand Director will highlight many brand developments and discuss current initiatives being implemented to further grow bottom line results store owners. In addition, this is a great opportunity to get more of your questions answered.

STEP 3 - REVIEW THE FDD AND GET YOUR QUESTIONS ANSWERED

Review of the Franchise Disclosure Document (FDD) and associated video tutorials. The FDD contains details of the investment, territory protection, overview of our training, support and much more. After reviewing, have a call and get remaining questions answered.

STEP 4 - COMPLETE VALIDATIONS, RESEARCH AND TERRITORY REVIEW

In addition to the lists provided in the FDD, we can also provide you with a contact information list of franchisees who have opted in and volunteered their personal time to speak with you for a more in-depth conversation. We will also cover territory protection with you in a short mapping session of your market area.

STEP 5 - ATTEND DISCOVERY DAY

Not a decision-making day, but rather a one-day orientation covering our franchisee services. It's held at our corporate headquarters in Minneapolis, MN, and takes place before you make any decision on your new business. You'll meet with Clothes Mentor's key personnel, who will present you with concise overviews of all the tools that we provide our franchisees to become successful business owners. The interaction allows you to form a more complete impression of us and the culture and values of our company.

The main topics covered are:

- | | | |
|---------------------|-----------------------------|---------------------------------|
| • Business planning | • Store location assistance | • Franchise Business Consultant |
| • Training | • Store opening assistance | • Marketing |
| • Bank financing | • Point-of-sale system | • Franchise Disclosure Document |

STEP 6 - AWARD THE FRANCHISE

This is the final step in the franchise process where franchises are awarded to qualified candidates.

Contact our Franchise Representatives to Take the Next Step

Thank you for reviewing the comprehensive report provided. We appreciate your time and interest in our franchise opportunity. If you have found the information compelling and want to explore the next steps toward owning a franchise, we encourage you to contact one of our experienced Franchise Representatives.

Our dedicated team is ready to assist you in further discussing the details, answering any additional questions you may have, and guiding you through the process of becoming a franchise owner. We understand that everyone's journey is unique, and we are committed to providing personalized support tailored to your specific needs and aspirations.

To connect with one of our knowledgeable Franchise Representatives and embark on this exciting venture, be sure to contact us at your convenience. We look forward to speaking with you and helping you take the next step toward realizing your entrepreneurial dreams with our franchise opportunity.

If you would like more detailed information after reviewing this Franchise Information Report, please request an application by emailing franchise@clothesmentor.com. The application will help us assess if you would be a good fit for our franchise and if Clothes Mentor aligns with your goals and aspirations.