

FRANCHISE INFORMATION REPORT

CLOTHING
nty
EXCHANGE

nty CLOTHING
EXCHANGE

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

DIRECT 952-283-3411

TOLL-FREE 866-261-2030, Ext 5



THANK YOU FOR YOUR INTEREST

The following information covers many of the details you have already seen on the website and more. It will give you a concise overview of the highlights of your franchise business opportunity. You will receive considerably more detailed information in our Franchise Disclosure Document (FDD) when you complete and return our [NTY Clothing Exchange Initial Application](#).

If you experience any difficulty in using the link above to complete your NTY Clothing Exchange Initial Application, please call us at 952-923-1223 during regular business hours.

The NTY Clothing Exchange Team

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WHAT IS NTY CLOTHING EXCHANGE?



NTY Clothing Exchange is the resale store with awesome brands and killer deals, so teens and young adults can look fierce without going flat broke. In fact, most of the merchandise within our stores is marked at about 70% off of original retail prices!

From floor to ceiling, the stores are serious about style. They are always super-clean, well-organized and stocked full of one-of-a-kind designs. NTY Clothing Exchange is for all shapes and sizes; we buy and sell trendy, fun fashions in sizes 1-19, S-XXL for girls and sizes 28-40 and S-XXL for guys.

NTY Clothing Exchange is unique because it's not consignment or thrift, it's upscale resale. We pay CASH On-the-Spot for gently-used, on-trend clothing, shoes and accessories; or we offer store credit for 25% more. Our resale brand puts money back into the pockets of the people in the community and promotes the reuse of goods, which also benefits the environment.

Fun events, constantly changing inventory and amazing sales are always happening at NTY Clothing Exchange stores, and every time customers walk in the door, they can expect a friendly staff that provides great customer service.

CUSTOMER PROFILE

(PAGE 1 OF 2)



WHO IS OUR TARGET CUSTOMER?

Our ideal customers are teenagers and young adults that live within a 30-mile radius of our store. They lead very active lives, balancing school, extra curricular activities, a social life and often a part-time job. Our target customers are strongly tied to their friends and their smartphones. They follow fashion trends closely and share similar tastes with their peers. They want to be fashionable and wear their favorite name brands. Because NTY Clothing Exchange's target customers rely on their parents or part-time jobs for shopping money, they appreciate our amazingly low prices. Guys and gals in this group are learning to be independent, and they are likely to ask for assistance from a friendly, knowledgeable staff to find what they are looking for or to get their questions answered.

MILLENNIALS



Our Millennial customers are women and men ages 21 to 35. 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 required to wear business-casual outfits from 9:00 to 5:00, five days a week. They look to us to provide them with fun, stylish weeknight and weekend clothing at a great price. Many Millennials may have high levels of student loan debt, so our prices suit their financial needs.

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 are critical to their daily life so, we must have a strong online and social media presence in order to connect with them.

GENERATION Z



Our Generation Z customer group is comprised of guys and gals between the ages of 10 and 20. These tweens and teens have grown up with technology at their fingertips and, from a very young age, have maintained social media accounts and essentially a personal brand for the world to see.

Big events in their short life include 9-11 and an economic recession, which brought concerns for security and safety to the forefront within their families and the communities around them. Competition is greater in many aspects of their lives, including education, athletics and the arts. As a result, most Generation Z guys and gals are driven and focused on their short and long-term goals.

This up-and-coming generation looks to us to provide them with unique fashion finds that will help them to develop their personal style. And when they find a store they love, they share the news with their friends and social media followers.

CUSTOMER PROFILE

(PAGE 2 OF 2)



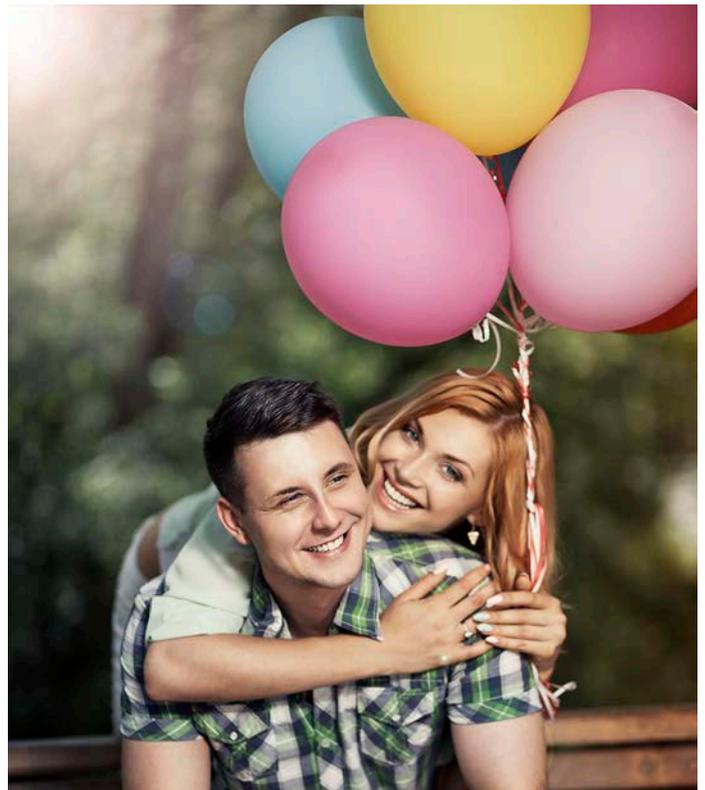
GENERATION X

Our Generation X (Gen X) customers are women and men ages 35 to 50, and they are oftentimes parents of tweens and teens. Gen X customers are highly educated and usually well-established in their careers, so they are extremely busy with work and family activities. They are not typically as tied to social media sites as the Millennial group, but they are keen on trends because they have children growing up in our technology-dependent world.

Providing for their family is top priority, but with college on the horizon, they strive to teach their kids to be smart with money. This includes picking up a part-time job and buying their own clothing. Gen Xers look to our store as a high-value option for their teenagers to find their favorite brands and styles for great prices.

ADDITIONAL INFLUENCES

GEOGRAPHIC LOCATIONS | ETHNIC GROUPS | SOCIAL & ECONOMIC CONDITIONS
STUDENT STATUS | INCOME LEVELS | OCCUPATIONS | FAMILY/MARITAL STATUS



BRAND GROWTH

Being the youngest brand in the NTY Franchise family positions NTY Clothing Exchange perfectly for serving its young customers as well as its franchisees. Stores are designed to be modern and trendy, offering an exciting resale shopping experience that's truly unique. And with seven stores and counting to be open across the United States in only its second year as a franchise, NTY Clothing Exchange has many opportunities for growth at both the brand and store levels.

It's no secret that the young adult audience loves to shop for fashion. According to research compiled from the 2014 Marketingvox, Rand Youth Poll, annual teen spending in the United States is approximately \$259 billion. And out of that, teens tend to spend the largest percentage of their money on apparel that defines their personal style. According to 2016 research by Piper Jaffray, upper-income teens spend 38% of their money on clothing, shoes and accessories. They are selective when it comes to brands and styles, and their fashion choices change frequently.

TEENS SPEND MORE MONEY ON CLOTHES THAN FOOD



Upper-income teens on average spend a majority—38%—of their money on clothing, shoes and accessories. That's even more than they spend on food! Source: Piper Jaffray, Taking Stock With Teens Survey 2016.

NTY Clothing Exchange offers its customers an outlet for selling their gently used name-brand and designer clothing, shoes and accessories for cash on-the-spot. High-quality items from their overstuffed closets can be passed on to fellow fashion-forward teens while generating additional income—for more shopping, of course!

As this up-and-coming generation discovers the extensive selection of their favorite brands and current styles for amazingly low prices at NTY Clothing Exchange, they become repeat shoppers, and bring their friends, too! And because constantly changing inventory is inherently part of the NTY Clothing Exchange resale business, current and new customers are provided with a fresh take on buying and selling unique, high-quality merchandise every day.

TOP TEEN BRANDS FOR 2016

Top Clothing Brands		Top Handbag Brands		Top Footwear Brands	
1	Nike	21%	1	Michael Kors	38%
2	American Eagle	8%	2	Kate Spade	16%
3	Forever 21	7%	3	Coach	12%
4	Ralph Lauren	6%	4	Louis Vuitton	4%
5	Hollister	4%	5	Gucci	4%
1	Nike	48%	2	Vans	10%
2	Vans	10%	3	Converse	7%
3	Converse	7%	4	Adidas	4%
4	Adidas	4%	5	Sperry Top-Sider	3%

The following are the top teen brands for 2016. Source: Piper Jaffray, Taking Stock With Teens Survey 2016.

FRANCHISE SUPPORT OVERVIEW

NTY Clothing Exchange comes with a proven successful business model. NTY Franchise Company has developed a clear path that will help you to avoid years of trial and error, reduce costly mistakes, shorten your learning curve and, ultimately, reach your goals sooner.

The following are key benefits that come along with a NTY Clothing Exchange franchise:

BUSINESS PLANNING

We'll work with you to develop a plan that can be used as the financial and operational guide for your store during the critical start-up phase of your business.

TRAINING

We conduct three separate, comprehensive training programs that provide our new owners with both pre-opening and post-opening classes and hands-on experience.

BANK FINANCING

We have a Small Business Administration (SBA) preferred status lender who can help you with prequalification before you commit to opening your store. This lender knows our brand, our business plan and how to process loans quickly and efficiently.

STORE LOCATION ASSISTANCE

NTY Franchise company has adopted a standardized real estate process that has a clearly defined all-in-one strategy for site selection, lease negotiation and legal review.

STORE OPENING ASSISTANCE

We have proven vendors already in place to get the best pricing and service on everything needed for store buildout: fixtures, equipment, interior/exterior signage, point-of-sale system and more.

POINT-OF-SALE (POS) SYSTEM

The unique software that runs our proprietary POS system was specifically designed to meet the ever-changing needs of the resale business. With touch screen capabilities and a built-in buy matrix, the system assists in the buying and selling of NTY Clothing Exchange inventory.

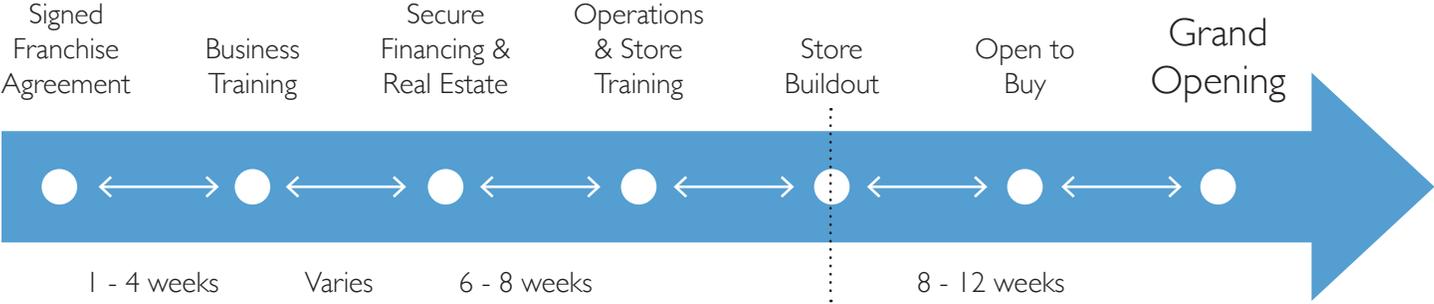
REGIONAL OPERATIONS MANAGER (ROM)

Our Regional Operations Managers (ROM) serve as small business consultants for our franchisees. They are responsible for ensuring success in all areas of the resale operation, including financial performance, merchandising and customer service.

MARKETING

Before a store even opens, we help to create excitement about NTY Clothing Exchange. From national to local levels, we provide marketing support to all stores.

TIMELINE TO OPENING



The typical length of time between our acceptance of the Franchise Agreement and the opening of your store varies from 6 to 12 months. This period may be longer or shorter, depending on the time of year, availability of financing, site selection, local construction delays, how soon you can attend training or other factors. You must complete the initial training programs and open your store by the date that we and you agree as stated in Exhibit A of the Franchise Agreement.

BUSINESS PLANNING



The #1 goal of a business plan is to get the right people excited about your business. A solid and professional well-designed business plan can help you to raise the funds necessary for you to finance the business, attract more customers and boost sales.

We'll work with you to develop a plan that can be used as the financial and operational guide for your store during the critical start-up phase of your business. You need to be at your best when you present your new business to a lender and we'll give you the tools to impress any audience.

THE BUSINESS PLANNING PROCESS IS MADE UP OF SEVERAL STEPS

STEP 1: REVIEW THE MARKET

We'll help you to develop an introductory section: a description of where your business stands today, how you intend to put your sales and marketing plans in place, and what this will mean to your business during the next 12 months.

STEP 2: YOUR TARGET CUSTOMER OVERVIEW

This overview will examine who your prospective customers are, what they want and what motivates them to buy.

STEP 3: YOUR BUSINESS GOALS

In detail, we'll assist you in establishing your store's goals for the first three years of operation. It's important to put your goals down on paper, and we'll discuss the elements of your business that are possible to track so you can gauge your progress. Together, we'll develop goals that are achievable, time-bound and measureable.

STEP 4: MARKETING STRATEGIES & TACTICS

This section is the heart of your plan. It details what your marketing message is, what you plan to do to market your business, how you plan to achieve your marketing goals and the tactics you'll use to meet them.

STEP 5: YOUR BUDGET

The last section of your plan will break down the projected expenses of your store. Your budgeted plan will include estimated gross margins and key expenses such as marketing, rent, payroll, utilities and other categories.

STEP 6: YOUR RESOURCES

Determine who on your team will handle different areas of your store including running the store, marketing the business and handling the accounting.

Keep in mind that your plan is flexible, so if your business changes we can help you to make adjustments based on your needs.

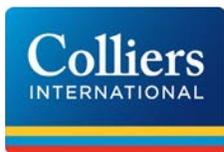
REAL ESTATE



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Securing the right site and negotiating a competitive lease may significantly impact the sales and profitability of your store. NTY Franchise Company provides extensive knowledge and assistance with finding a great location for your store as well as help negotiating your lease.

After you have secured financing for your business, your first major step is to go through the real estate process. NTY Franchise Company has adopted a standardized real estate process that features a clearly defined, all-in-one strategy for site selection, lease negotiation and legal review. In order to accomplish this, we have teamed up with real estate experts, Colliers International. By outsourcing the real estate services, our franchisees receive many benefits such as money and time savings and a faster store-opening process.

COLLIERS INTERNATIONAL

Colliers International is a leading global commercial real estate services organization defined by their spirit of enterprise. With more than 16,300 professionals in 502 offices worldwide, they are dedicated to creating strategic partnerships with NTY Franchise Company and our franchisees, providing customized services that transform real estate into a competitive advantage.

REAL ESTATE PROCESS

Phase 1: Franchise Location Evaluation and Broker Assistance

Identifying the right location for your store and the parameters to consider when evaluating the perfect location for your store.

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

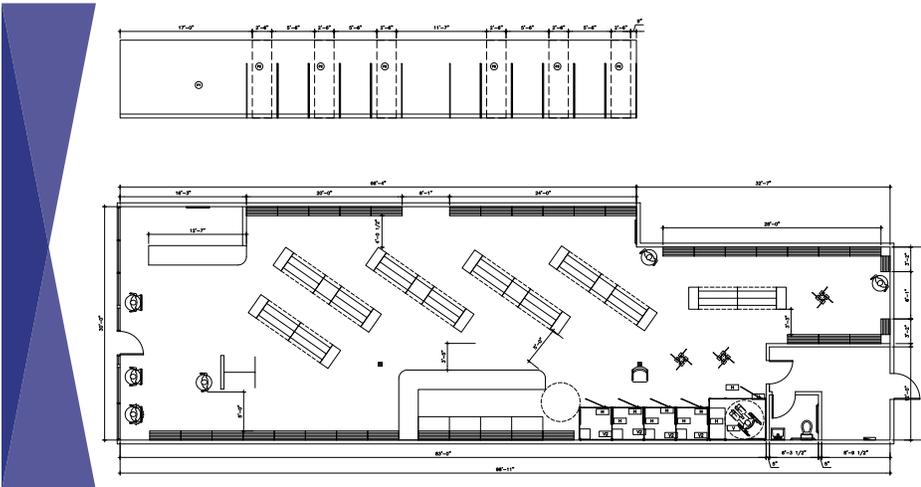
Understanding various aspects of site selection and identifying the perfect location for your store. For NTY Clothing Exchange we recommend the following general location features:

- Within a suburban power strip center
- 2,500 to 3,500 square feet

Phase 3: Lease Agreement (LA) and Space Preparation

Reviewing your lease agreement to make sure it matches your LOI and understanding what your time lines are for the landlord to turn over the space to you.

NEW STORE DEVELOPMENT



NTY Franchise Company has teamed up with proven vendors that offer the best pricing and service available for your store buildout. F.C. Dadson and Specialty Store Services help to streamline the process of getting your store ready to open.

To ensure a uniform image throughout the brand, we will assist you in following our quality standards for fixtures and key supplies for your store. You will be provided with easy-to-follow prototypical drawings and a list of specifications such as interior and exterior materials, décor, fixtures, supplies, equipment and signs.

As you develop your store, we make it easy for you to meet our specifications as well as the Americans With Disabilities Act and other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions. We'll discuss your plans before you begin construction, and we'll also help you to review any revisions if needed during the buildout. All of the construction materials, fixtures, equipment, furniture, décor and signs for your store are high in quality and easily accessible.

WHAT MAKES F.C. DADSON AND SPECIALTY STORE SERVICES DIFFERENT?

ONE-STOP STORE SUPPLY SHOPPING

A streamlined process for ordering equipment, fixtures, supplies, graphics and other décor pieces.

STORE IN-A-BOX COORDINATED DELIVERY

Your fixtures and store supplies ship on one trailer, saving you time and multiple shipping charges. It helps to get your store open faster.

RETAIL CONSTRUCTION

Experienced in construction management, they can help to bridge the gap between franchisor, franchisee, landlord and your general contractor and make sure that your store gets built out to our specifications while keeping costs down.

DEDICATED PROJECT MANAGERS

Their project managers take on many of the day-to-day details, freeing up your time so you can focus on promoting and building your business.

RETAIL EXPERTISE

Combined, they have more than 70 years of experience developing, manufacturing and shipping fixtures and supplies to thousands of retailers across the country.

FRANCHISOR/FRANCHISEE RELATIONSHIP

They familiarize themselves with every aspect of our business and our Franchise Disclosure Document to serve your best interest during buildout.

TRAINING

(PAGE 1 OF 3)



We conduct three 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 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 Training.

STORE TRAINING

We recommend that you attend Store Training immediately following Operations Training, however, you can separate these two training sessions if needed to accommodate your schedule.

TRAINING

(PAGE 2 OF 3)

BUSINESS TRAINING

In this five-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

Comprehensive business planning preparation and a review of financing options.

NEW STORE DEVELOPMENT

All-encompassing how-to on your store buildout, fixture detailing, signage, flooring options, etc.

MARKETING

An introduction to all of the marketing options for your store, from print to digital to social media and more.

PERSONNEL MANAGEMENT

How to recruit, hire, train and develop the best employees for your business.

QUICKBOOKS

Implementation of QuickBooks accounting software into your personal computer to help manage your daily business expenses.

OPERATIONS TRAINING

This five-day program delves into everything you need to know about the day-to-day operation of your store. Operations Training includes:

MARKETING

Grand opening advertising, local store marketing, print advertising, multi-media advertising, your store website and social media.

CUSTOMER SERVICE

An overview of the keys to great customer service, steps to learn customer cues and more.

MERCHANDISING & STORE STANDARDS

Learn how to merchandise your store to maximize profits. Plus, learn about the company store standards.

LOSS PREVENTION

Learn how to detect internal and external theft and how to utilize tools to prevent theft.

INVENTORY MANAGEMENT

An in-depth look at seasonal buying and selling as well as clearance procedures to maximize profitability.

TRAINING

(PAGE 3 OF 3)

PRODUCT KNOWLEDGE

How to buy and sell your product. In addition to general hands-on training for this topic, you'll also receive the following:

- Trend report – a guide highlighting the hottest styles for each upcoming season
- Buyers guide – a training tool to ensure that your buyers know specifics of assessing each piece of merchandise
- Exams – review tests for your staff to make sure they know information from the guides
- On-site inventory evaluations – a feedback report that is provided to you in writing after each visit by NTY Clothing Exchange field support staff
- Mall visit program – a maintenance course provided to you so your staff can keep up with trends in your local market
- Advanced training workshops – an annual national conference hosted for you and your management staff
- On-demand video training – additional help available on NTY Clothing Exchange's convenient extranet

STORE TRAINING

This six-day program includes hands-on experience at our corporate store, where you'll see all of the information you learned during the previous two programs in action. Store Training includes:

DAY 1

Store tour and introduction to the POS system, merchandising, customer service and product classification.

DAY 2

Store opening/closing procedures, back-of-office administration, sales planning, personnel management and POS administration.

DAY 3

Sorting/buying, merchandising, inventory management, POS troubleshooting and loss prevention.

DAY 4

Local store marketing, social media and handling customer complaints.

DAY 5

An all-encompassing overview of the previous four days and putting what you've learned into action.

DAY 6

Questions and answers session and final training certification.

POINT OF SALE

The unique software that runs our point-of-sale (POS) system was specifically designed to meet the ever-changing needs of the resale business. With touch screen capabilities and a built-in buy matrix, the system will assist in the buying and selling of your inventory along with tracking numerous aspects of your store including daily sales summaries, inventory buys, and detailed customer transactions. The proprietary software is the property of our third-party supplier and you will buy your software license and hardware from them.



KEY POINT-OF-SALE SOFTWARE FEATURES

POS BASICS

- Typical sales transactions
- Discount and various coupon capabilities and payment options screens
- Detailed administrative functions

PRODUCT BUY MATRIX

- Easy-to-learn touch screen system automation to effectively buy the right inventory at the right price
- Department, category, brand-specific matrix with suggested costs and retails
- Buy process is enhanced with interactive links to eBay and other buying links

EMPLOYEE ACCOUNTABILITY

- Track individual employees' activities including sales, buys and returns and review inventory sell rate performance by employee
- Can objectively measure and manage employee productivity
- Leads to improved buyer training of best- and worst-selling items

INTEGRATED, SECURE CREDIT CARD PROCESSING

- Chip and pin capabilities
- Streamline customer transactions
- Easy daily credit card transactions reconciliation

ONLINE REPORTING CAPABILITY

- Can monitor stores performance remotely
- Various executive summary reports on store performance with comparisons to other stores
- Ability to drill down further in a report to help analyze the business metrics

QUICKBOOKS INTEGRATION

- Easy and time-saving integration of daily sales activities into QuickBooks
- More accurate and detailed daily reporting of key point-of-sale transactions
- Improves month-end reporting analysis of your financials

TECH SUPPORT

- Automatic data backups
- Software updates are timely and readily available
- Remote access software to communicate and train

SYSTEMS

- Full Windows compatibility
- Built on a strong and capable database system
- Full features including bar code readers and scanners

STORE OPERATIONS



ROLE OF THE REGIONAL OPERATIONS MANAGER

Your Regional Operations Manager (ROM) serves as your small business consultant and is responsible for ensuring your success in all areas of your resale operation including financial performance, merchandising and customer service. To accomplish this your ROM is in contact with you during numerous phases of your business including:

PRE-OPENING VISIT

Takes place 2 weeks after opening your store to begin buying inventory.

- Duration: 1-2 days
- Focus: Helps to ensure proper buying of product, making sure fixtures are installed properly and that the POS system is functioning correctly.

STORE OPENING VISIT

Takes place the day before and the day of opening your store to begin selling merchandise.

- Duration: 2 days
- Focus: Final tweaks to merchandising and staff training. Your ROM will be there as a resource for answering questions at the store opening.

FOLLOW-UP VISIT

Takes place approximately 90 days after opening your store.

- Focus: Operations, full analysis of customer service, POS training and ensuring that bad habits aren't arising. We also assist with small business practices such as hiring, bookkeeping, business planning/forecasting, attaining a clear picture of cash flow and any other operational needs.

ONGOING VISITS

Take place every 9-12 months.

- Focus: Your ROM is there as a small business analyst and counselor.

MONTHLY OPERATIONS CALLS

Take place monthly.

- Focus: Inventory planning, advertising and marketing, POS reporting, budgeting and other items related to your business.

CONFERENCES

Take place annually.

- Focus: Networking and training opportunities for all of our franchise owners, managers and staff in one location.

MARKETING



Marketing is a very important piece in making a store a success, and we are here to help you in many different ways. We offer comprehensive marketing training as well as ongoing marketing support to all franchisees.

Marketing is made up of many areas including electronic media, print media, social media, digital media and local store marketing. During your training, we will cover all of these areas in-depth as well as marketing budgets and how to best allocate them.

DIFFERENT AREAS OF MARKETING

ELECTRONIC MEDIA

This includes TV, cable, radio, Pandora, Hulu and others. We have a recommended media buyer that will help to get you up and running as well as plan long-term goals.

PRINT MEDIA

We know the ins and outs of different forms of print media and how to best utilize them in our stores. We also create many items in-house for stores and work with proven vendors that make getting your print materials easy.

SOCIAL MEDIA

This is an ever-changing area and we offer a lot of support to franchisees. This includes assistance in setting up your social media, training, providing content as well as ongoing updates to be sure you stay current.

DIGITAL MEDIA

This includes ntyclothingexchange.com, a comprehensive, mobile-responsive website that presents customers with easily accessible information about the brand as well as individual stores. It's a place to learn about NTY Clothing Exchange's unique resale concept, be inspired and, ultimately, draw customers to your store.

NTY Franchise Company works with a top search engine optimization (SEO)/digital company that helps to support the main brand website as well as provides a great option for you to promote your local store website with SEO.

LOCAL STORE MARKETING

Local area marketing is a key part in promoting a local business. We have great ideas that have worked for other stores and tips for getting a strong start in your market.

MARKETING COLLATERAL

A totally new kind of RESALE Store for teens and young adults

Unlike a consignment shop, we pay you immediately for the items that we accept.

Here's how easy it is to CASH in on the items you are no longer wearing:

- We buy sizes girls sizes XXS-XXL and 00-19/guys sizes S-XXL and 28-46.
- We buy items that are current styles. The amount we pay is based on brand name, condition, style and current demand.
- We buy your: pants, jeans, tops, shorts, jackets, sweaters, dresses, skirts, coats, shoes, boots, jewelry and bags.
- You NEVER need an appointment. We buy every day.
- We ask that the items that you bring in to sell be in good condition, freshly laundered in baskets or bags.
- We buy from you - what our customers want to buy. We may pass on purchasing certain items based on condition, demand or inventory levels.

NOW BUYING
12989 Ridgedale Drive | 952-641-7723
Located in Ridge Square North Shopping Center
nttyclothingexchange.com |

We pay you CASH on-the-spot!

We are excited to announce a totally new kind of RESALE option for teens and young adults. We aren't a consignment shop, we pay you immediately for the items that we accept. Unlike some resale teen stores, if you choose to be paid with in-store credit for your items, we will give you a 25% bonus. We know you are busy so we will call or text you when your buy complete, you don't have to wait!

Our stores are fun, organized and easy to shop... so you can find what you are looking for without hunting through a jungle of product. You will also love the level of customer service with our friendly and helpful staff.

Some of the brands we buy & sell:

berkeley & hick	guess	miss me
berkspost	h&mt	niko
american eagle	holister	royal
the	levi's	sliver
charlotte russe	lucky brand	three madden
coach	lululemon	true religion
forever 21	michael kors	& many more!

Most wanted!
Spring & Summer items

Tank tops - Sleeveless tops - T-shirts
Midi dresses - Sun dresses - Skirts
Jeans - Khakis - Camis - Shorts
Flats - Heels - Sandals - Athletic shoes
Necklaces - Bracelets - Sunglasses
Designer handbags, wallets & clutches

Here's how easy it is to **CASH in** on the items you are no longer wearing:

We Buy \$ \$ \$ \$

- Girls sizes 00S-XXL & 00-19
- Guys sizes S-XXL & 28-46
- Current styles - we pay based on brand name, condition, style & current demand!
- Pants, jeans, tops, shorts, jackets, sweaters, dresses, skirts, coats, shoes, boots, jewelry, purses & bags

You NEVER need an appointment. We buy every day.

Beats in your back items that are in stock! Confirmed & freshly laundered in baskets or bags

ntty CLOTHING EXCHANGE
12345 Street Name, City Name
952-641-7723 | nttyclothingexchange.com

Get cash in a FLASH!

- * Current style clothing
- * Jewelry & bags
- * Shoes & boots
- * Guys & Girls items

12989 Ridgedale Dr ♡ located in Ridge Square North next to Edgington's

Like us on Facebook

NTTY clothing exchange
Minnesota

HOW COME?

- DISCOUNTS & PROMOTIONS
- CONTESTS & PRIZES
- PHOTOS OF NEW ARRIVALS
- SALES & PROMOTIONS

ntty CLOTHING EXCHANGE
12345 Street Name, City Name
123-456-7890 | nttyclothingexchange.com

GRAND OPENING!

Thursday, June 5th @ 10am

The first 50 people in line on June 5th & 7th will get a FREE \$20 NTY Clothing Exchange Gift Card!

CLOTHING ntty EXCHANGE

FEED YOUR FASHION OBSESSION

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	\$181,000
High End of Approximately	\$292,000
TARGETED BUDGET RANGE	\$181,000 to \$292,000

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 NTY Clothing Exchange franchise representative.

TYPE OF EXPENDITURES	LOW	HIGH
Initial Franchise Fee	\$15,000	\$20,000
Leasehold Improvements	\$15,000	\$25,000
Fixtures & Supplies	\$50,000	\$70,000
Signs	\$6,000	\$15,000
Deposits & Business Licenses	\$2,000	\$9,000
Additional Funds – 3 Months	\$28,000	\$48,000
POS System	\$10,000	\$15,000
Inventory	\$40,000	\$50,000
Miscellaneous Pre-Opening Expenses	\$15,000	\$40,000
TOTAL	\$181,000	\$292,000

WELLS FARGO SBA LENDING



Julie McDonald
Wells Fargo SBA Lending
612-667-3008
julie.a.mcdonald@wellsfargo.com



As a national Preferred Lender Program (PLP) lender and the nation's largest Small Business Administration (SBA) lender with more than \$1 billion in loans in 2013¹, Wells Fargo has the reliability and expertise to identify and customize the best financing package to fit your business needs and streamline the loan process.

SBA 7A LOAN PROGRAM

Loan Amount: Up to \$5,000,000

USE OF FUNDS

Single/Multi-Unit Acquisition
Equipment & Inventory
Working Capital
Leasehold Improvements
Commercial Real Estate

TERM

Up to 10 yrs.
Up to 10 yrs.
Up to 10 yrs.
Up to 10 yrs.
Up to 25 yrs.

INTEREST RATES

Fully Fixed* & Variable Rate Options
*Depending on Use of Funds

EQUITY INJECTION RANGE

New Franchisee:

Start Up/Leaseholds 30%

Current Franchisee (New or existing location):

Expansion/Leasehold 20%
Business Acquisitions 15%
(Buyer at least 10%)
Commercial Real Estate 10%

GENERAL CRITERIA

Direct/Transferable Industry Experience
FICO Credit Score Generally > 640
No Bankruptcy in Past 7 years
Personal Guaranty > 20% Ownership

WELLS FARGO LENDING STATES

All States except: HI, ME, NH, RI, VT

¹Wells Fargo is the #1 SBA 7(a) lender by dollars according to the U.S. Small Business Administration as of September 30, 2014.

FDD HIGHLIGHTS

An important step in your research is reviewing the Franchise Disclosure Document (FDD). It's filled with a lot of useful information, but it can often be a bit overwhelming. That's why we've nailed down a few highlights for you here:

- **Items 1 & 2 Background...** We have been franchising this business model for more than 25 years.
- **Item 3 Litigation...** None. This shows that we are good business partners.
- **Item 4 No Bankruptcies...** We have been very wise in our financial investments.
- **Item 5 Initial Fee...** Some of the lowest in the franchise business.
- **Item 6 Other Fees...** These are fees you will see in the operation of your business. You can view the breakdown on the chart listed in Item 6 in the FDD.
- **Item 7 Estimated Initial Fees...** These are the fees to open your store, they can vary from store to store or state to state. This is the estimated amount to get the "doors open for business." There is a chart with the breakdown of the fees listed in Item 7. We also have a relationship with Wells Fargo, which will help with setting up your financing. We are also listed on the SBA registry, which makes it easier to work with all SBA approved banks.
- **Item 9 Franchisees Obligation...** What is expected of you as the franchise owner?
- **Item 11 Franchisor Assistance...** This is an explanation of the assistance we as the franchisor will give to you. This is the minimum you will receive from us, hopefully you have seen today that we have much more for you to use in the development of your business.
- **Item 12 Protected Territory...** Describes your protected market, this area will be exclusive to you as a franchisee and will be outlined in the Exhibit A, as part of the Franchise Agreement. We will go through a mapping session to layout your territory with you before the Franchise Agreement is prepared.
- **Item 19 Financial Performance Representations...** Everyone wants to look at this, as it explains our sales history for our franchise locations. Make sure you read the explanation at the top of Item 19, as it will explain what information was used in putting the chart together.
- **Exhibits – Franchise Agreement...** Only 27 pages long. Everyone signs the same agreement. You will want to read the Franchise Agreement first, because it is the agreement you will sign, with only a few changes.
 - a. This will contain a list of owners for your due diligence.
 - b. Exhibit A Protected Area... This will be your chosen protected territory.

MEET THE STAFF

(PAGE 1 OF 2)



Ron Olson
President



Chad Olson
Chief Operating
Officer



Jim Wollman
Vice President of
Franchising



Sarah Primmer
Controller

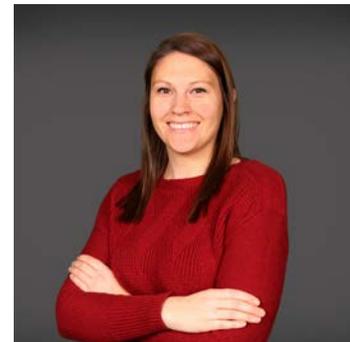
OPERATIONS TEAM



Becky Geyer
Vice President of
NTY Clothing Exchange



Jasmine Malakowsky
Manager of
Softline Operations



Rachel Pella
Fashion Coordinator

FRANCHISE SERVICES TEAM



Pete Palmisano
Vice President of
Franchise Services



Laura Tober
Director of New Store
Development & Real Estate



Rick Stalberger
Director of
Operations Training

MEET THE STAFF

(PAGE 2 OF 2)

FRANCHISE SERVICES TEAM (CONTINUED)



Emmett Dennehy
Franchise Sales
Development Coordinator

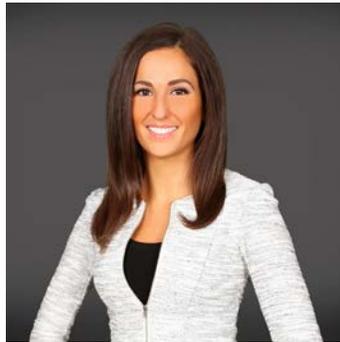


Jan Peterson
Legal Administrative
Assistant

MARKETING TEAM



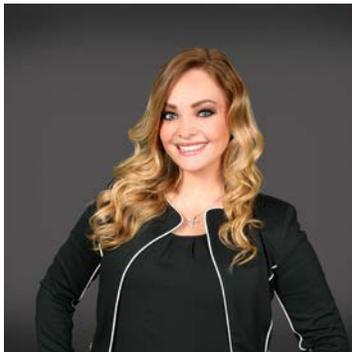
Jenny Mann
Director of Marketing



Maria Castellon
Graphic Designer



Tiana Zielinski
Social Media
Coordinator



Ashley Culbertson
Design Assistant



Jen Stanley
Website Manager

GENERAL QUESTIONS

How much money can I make?

The possibilities are endless, it really comes down to the operator/franchise owner. We give you the system and tools for you to execute your plan.

Once I sign the Franchise Agreement, how long do I have to open my location?

You have 10 months to open your location.

May I interview any number of the franchisees? And may I choose whom I interview?

Yes, in the FDD you will receive a list of owners that you may contact.

What fees do you charge?

You will have a franchise fee, a royalty fee and marketing fees.

Does this contract permit me to sell my business? What restrictions are there affecting my rights to sell the business?

Yes, with our approval. We will qualify them, as we would a new franchisee.

For how long is the franchise granted?

10 years, with a \$10,000 renewal fee for another 10 years.

FDD QUESTIONS

What is the background of the franchisor?

President Ronald G. Olson founded NTY Franchise Company in 2006. Since that time the company has purchased the franchise rights for Clothes Mentor, New Uses, Device Pitstop and Children's Orchard and started NTY Clothing Exchange.

From 1988 to 2000 Mr. Olson was President and Director of Grow Biz International (now called Winmark, a public company). During this time Mr. Olson purchased the franchise rights for Once Upon A Child, Plato's Closet, Play It Again Sports and Music Go Round.

Can I see sales figures of open stores?

We cannot disclose any financial information that is not stated in the FDD. The item 19 in the FDD will outline our disclosure. However, we will furnish you with a list of franchises to contact to assist you with your due diligence.

What is my protected territory?

You will receive an exclusive territory surrounding the location of your store when you sign the Franchise Agreement (the "protected area"). The protected area will be determined by using natural trade areas and population numbers, but will be no less than a 2-mile radius and no greater than a 6-mile radius from a particular intersection. Typically, if you will operate in a metropolitan area with a population in excess of 200,000, you will receive a protected area with a minimum population of 50,000. If you locate your store in a smaller market, you typically will receive a protected area with a minimum population of approximately 25,000. The location of the store and the protected area will be identified in Exhibit A in the Franchise Agreement.

Can I put the Franchise Agreement in a corporate name?

Yes, the Franchise Agreement can be placed in a corporate name as long as the owners sign a guarantor agreement.

TRAINING QUESTIONS

What ongoing training do I get after I open?

You will be assigned a Regional Operations Manager who will act as your small business consultant. You will have monthly operations calls with your ROM and yearly on-site visits. Additionally, you will have access to our intranet site that contains both operations and technical training resources as soon as they are released.

How do you train store managers?

Our training consists of three phases: First you will spend 2-3 weeks at our corporate training facilities. We will send an operations team member to your location prior to your store opening to train the staff that you have hired at that point in time and to review your current inventory. This is typically a 1-2 day visit.

Do you train me? Who pays for my training? Where do I go for training?

Our corporate staff consists of various department and staff members who specialize in their respective areas. These staff members will train you at our corporate offices, corporate retail store and on-site at your store as you proceed towards your opening. Your initial training costs are covered under your franchise fee. You will need to cover the costs for lodging, food and travel for you and/or your staff during your training at our offices.

FINANCE & ACCOUNTING QUESTIONS

How much cash do I need to get started?

You will need approximately 30% of the initial investment, \$75,000 in liquid form.

Will NTY Franchise Company help me to finance the business?

No, NTY Franchise Company helps provide you with the tools that you need to develop your business plan, which, based upon our past experience and your local research and input, covers the goals for sales, expenses and profit. This business planning process guides you in getting bank financing and then managing your ongoing business.

How will I cope with my bookkeeping?

Your POS' daily sales file is exportable to QuickBooks to make your bookkeeping easier. Trainers will go over this with you in training.

What standard financing options exist for me?

Bank loans backed by SBA guaranties are a typical financing option. There are also a number of companies such as Benetrends that assist people in accessing retirement dollars in IRA or 401(k) accounts, without early withdrawal penalties, to use as a funding source for a franchise business.

STORE OPERATIONS QUESTIONS

Where do I get my inventory?

Your store inventory comes from customers in your market area responding to the advertising and marketing materials that we provide you or that you create with our approval. We will teach you how to buy the right quality inventory in the right quantities at the right price. This is critical to your level of success. We also teach you how to sell products. Our custom POS hardware/software system makes the buy/sell process very easy to train new managers and staff. It will also help you to manage the inventory so you can maximize your profit potential.

STORE OPERATIONS QUESTIONS (CONTINUED)

What will be the open hours of the franchise business?

Our typical suggested business hours are Monday-Friday 10am-8pm, Saturday 10am-8pm and Sunday 11am-6pm. These are the suggested hours. Any drastic variances based on local business trends or shopping center standards need to be approved by our corporate staff.

What can I sell and what can I not sell?

We have a detailed list of the items we buy and sell in our training materials.

Do you provide instruction and operation manuals?

Yes, we have both product acquisition and operations manuals.

How much control do I have?

It is your business, we are here with the operating system to help you grow that business.

COMMUNICATION AND ONGOING SUPPORT QUESTIONS

What systems do you have for keeping franchisees in touch with you and each other?

We have an intranet site that contains communications from both our corporate offices and other franchisees. We hold an annual conference where franchisees come together to discuss business and participate in training sessions. We send out periodic newsletters to all existing franchisees highlighting upcoming important information.

What would happen if I ran into operational problems that I was not able to solve?

You will be able to contact your Regional Operations Manager (small business consultant).

What continuing services do you provide after the franchise business has commenced?

You will be assigned a Regional Operations Manager who will act as a small business consultant. You will have monthly operations calls with your ROM and yearly on-site visits. Additionally, you will have access to our intranet site that contains both operations and technical training resources as soon as they are released.

Who will be my main point of contact after I have opened?

You will be assigned a Regional Operations Manager who will serve as your first and main point of contact to our corporate offices. This person will essentially function as a small business consultant to help you maximize your business.

REAL ESTATE & NEW STORE DEVELOPMENT QUESTIONS

Does NTY Franchise Company help me find a location?

Yes, NTY's preferred real estate service provider is Colliers International, who are experts in retail leasing. They will assist you in finding a proper location for your store.

Do you help me with the design and layout of my location?

Yes, we have a relationship with F.C. Dadson who will help with the layout and development of your location.

Is the POS system easy to use, and how do I know what to pay for an item?

Yes, the system is easy to use and will help price the items you buy and sell. It also has many financial reports to help you manage your business.

REAL ESTATE & NEW STORE DEVELOPMENT QUESTIONS (CONTINUED)

Is the franchise business seasonal?

No, we have a predictable sales index. There will of course be times throughout the year that produce higher store traffic and sales. These periods are consistent with like retailers in our industry.

When is the best time to open?

Anytime is a good time to open, as we have a predictable sales index.

MARKETING QUESTIONS

What point-of-sale and promotional literature do you supply and do I have to pay for it?

Our marketing department has developed all the material we are currently using at our corporate stores. This vast library of promotional pieces and materials are available to you through our intranet site and preferred vendors. You would be responsible for purchasing any of the marketing and promotional materials you choose to implement in your store.

Do you help me plan my marketing budget?

Yes, we will help layout how to best spend your marketing dollars.

NEXT STEPS

(PAGE 1 OF 2)

STEP 1 - SCHEDULE AND ATTEND A PRIVATE WEB MEETING

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

- The history of NTY Franchise Company and how the brand came to be.
- 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 - Q & A WITH VICE PRESIDENT OF FRANCHISING JAMES WOLLMAN

For this phone call you have the floor—and our VP's ear—to ask any and every question that you may have. How much does it cost? Does it work? Can I make any money? These are just a few frequently asked high-level questions about our system that Jim can either answer directly for you or show you how you can dig deeper to find the answers. With no pressure, and in less time than it takes to browse the web, this call can help you to get more pertinent and detailed information quickly.

STEP 3 - DISCOVERY DAY

Not a decision-making day, but rather a one-day orientation covering all of our franchisee services. It's held at our corporate headquarters in Minneapolis, MN, and it takes place before you make any decision on your new business. You'll meet with NTY's key personnel, who will present you with concise overviews of all the tools that we provide our franchisees so they can help themselves 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
- Training
- Bank financing
- Store location assistance
- Store opening assistance
- Point-of-sale system
- Regional Operations Manager (ROM)
- Marketing
- Franchise Disclosure Document (FDD)

STEP 4 - VALIDATIONS AND RESEARCH WRAP-UP

To wrap up your research on our company and this opportunity before you make a decision to join us, we want you to validate our business and support with our established franchisees.

In addition to the store list and contact information included within 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.

NEXT STEPS

(PAGE 2 OF 2)

After reading this Franchise Information Report you may want more detailed information. Please click the link to complete our brief [NTY Clothing Exchange Initial Application](#) >

This application simply helps us to see if you may be a good fit for us - and if NTY Clothing Exchange may be a good fit for you.

After completing this application you will get information on:

- Store financial performance history.
- Items that make up the initial investment.
- Funding/finance, training & store design/build out.
- Initial and ongoing fees.
- Real estate/site selection support.
- Training tools & advanced programs/workshops.
- Technology tools & system support for inventory and cash flow management.
- Advertising/marketing programs & support.
- Ongoing store operations support.

GET THE INFORMATION LISTED ABOVE
BY SPEAKING WITH US DIRECTLY:

Direct: 952-283-3411

Toll-Free: 866-261-2030, Ext 5