



Background

Thank you for your interest in a Wheels 4 Rent Used Car Rentals Corporation franchise.

My name is Ernest Weintraub, I founded the company in Toronto, Ontario in March of 1991, after many years of experience in the transportation industry.

My first experience in the transportation industry was a brief position at a company called Lignex Lumber Limited in Toronto between 1969-1970. I specialized in the haulage of lumber products between Northern Ontario and Quebec to Toronto and Detroit. Following that experience, I was a lumber sales representative until late 1973. During my 3 years in lumber sales, I also worked part time in the airport taxi business so that I could make ends meet and support a young growing family. This led me to recognize a great opportunity in the airport transportation industry. In partnership with a friend, together, we founded Airlift Limousine Service Ltd. Airlift originated as a small airport limousine service at Toronto International Airport (Pearson) and quickly grew into the second largest limousine company in Ontario. In 1978, I bought out my partner's shares and continued developing the company on my own.

By the early 1980's, Airlift operated a fleet of Lincoln and Cadillac Sedans at Pearson Int'l Airport as well as a livery fleet in the Cities of Toronto, Mississauga, Markham and Richmond Hill. Airlift provided limousine services for weddings, proms, graduations, visiting celebrities, and for various other social functions. It was my goal to ensure that Airlift was constantly looking for new and creative opportunities to serve its customers. Airlift was the first limousine company in Toronto to offer stretched limousines equipped with a colour TV, bar and VCR. Airlift was also first in providing airport service by station wagons for groups traveling with skis, golf clubs or extra baggage.

In late 1985, I sold Airlift Limousine and purchased a franchise in a leading, nation-wide, used car rental chain and learned very quickly how some franchisors take advantage of franchisees by draining their resources, loyalty

and willingness to be part of the team.

In late 1987, the franchisor encountered many difficulties and I realized that I was contributing to advertising funds and not receiving any advertising or support from the franchisor. I was required to pay approximately 10% of my gross earnings into royalties and advertising. The funds seemed to be "going down the drain"

In early 1988, I left this rental chain and joined a new "up and coming" international car rental chain as a franchisee. Once again, I experienced the same negative environment. I found that the franchisor was not acting in the best interest of the franchisees or the company.

A year later, after securing a proper and reliable insurer, I became an independent car rental operator under the name Downtown Car & Truck Rental. I rented new vehicles to the public and to government agencies such as Ontario Hydro, Toronto Hydro, Government of Ontario and the Federal Government of Canada. However, I still continued to rent older, but reliable used cars to a different segment of the automobile market. In addition, I also developed a successful Ryder Truck Rental agency that operated from two profitable locations.

In 1991, Canada experienced a major economic recession, forcing new car rental companies to adopt very aggressive pricing policies. Most independent operators had difficulty competing. I gradually phased-out my new car rental operation and I focused on developing the used car rental business. This strategy led to the creation of the Wheels 4 Rent Used Car Rentals brand.

This economic condition and strict rental policies from major car rental agencies, made it difficult for people without credit cards and steady jobs to rent cars in the Toronto Area. I recognized that this would be a profitable target market of rental customers. Also, now that almost all the independent car rental companies were out of business and most of the major companies were only renting to drivers over 25 years old, there was another market to service, as our insurance allows drivers age 21 and over.

I also realized that more people were watching

their pennies and when they were paying for the rental cars, they were looking for less frills and more value for their money. I realized that shiny new rental cars didn't seem to be as important anymore, as many just wanted cheap and reliable transportation to get from point A to point B. This is the premise upon which Wheels 4 Rent was developed and this is exactly what it provides!

I launched a fresh new approach to the car rental business whereby only 2 tiers of pricing are used; one for credit card holders and another for the higher risk, non-credit cardholders. Pricing is simple and includes the Collision Damage Waiver and a number of free kilometers. All cars are priced the same no matter what size, or style. The customer has a choice from the available cars all at the same price.

I have been operating Wheels 4 Rent since 1991 using these strategies and business model. In 1995, I realized that the market for used car rentals was growing rapidly and this presented a great opportunity for franchising.

CORPORATE PHILOSOPHY

Based on the company's strategy, two slogans were developed to be used in all its advertising.

"No Hidden Costs - No Surprises"
" No Credit Card - No Problem"



RENTAL VEHICLES

Our rental vehicles are basic, common, reliable automobiles that are easy to operate and repair. We avoid cars with fancy electrical options and accessories because - the fewer toys a car has,

the less that is likely to go wrong with it.

We rent clean vehicles in good, sound mechanical condition. They are reliable, roadworthy and safe. Customers tend to abuse dirty cars that don't run well. They feel that if we don't care for the car, then why should they.

Figure 1: We rent reliable and clean vehicles



We believe in keeping our vehicle costs as low as possible. We recommend that our franchisees buy vehicles in a specific cost range. We obtain a security deposit for each rental to protect against theft and damage. Vehicles are considered disposable at any time and therefore risk is always kept minimal.

Major repairs are never done on these cars. If a major component of the vehicle breaks down, we dispose of the vehicle immediately. Vehicles are turned over often. Operating using our proven business model results in higher profits for your business.

Some of the advantages of renting used cars are:

- ❑ No vehicle holding costs such as lease payments and depreciation;
- ❑ Vehicle purchase costs are often recovered after only a few rentals;
- ❑ Unlike agencies that rent new cars, if a used car sits on your lot not rented, it does not cost you any money;
- ❑ Cars that are not utilized do not incur insurance charges.

PRICING

Our pricing policy, especially for daily and weekly rentals, is consistent throughout all locations. Insurance (Collision Damage Waiver) is **always** included in the rental. All of our cars are the same price regardless of make, model, year, or size unless you choose to rent specialty vehicles such as mini vans or station wagons. We give the customer a choice of cars from

whatever is available at the time of the rental. We believe in a simple and honest approach to business. We want to give the customers good value for their money and we do not want to add other charges, surprises or hidden costs to the



rental, at the counter or when the vehicle is being returned.

We believe in two pricing tiers. We have one price for credit card holders, and a higher price for higher risk non-credit cardholders. This protects the franchisee from parking tickets and toll charges that often get billed to the registered owner of the vehicle weeks after the customer has returned the vehicle. In most cases, the premium added to the price for the non-credit card holders makes up for parking tags and Electronic Toll Road charges which otherwise are billed to credit cards.

We rent to drivers 21 years old and over. A premium is charged to drivers between 21 and 25 years of age. When renting to young drivers, under the age of 25, we **are** running a higher risk and so we are entitled to charge more for that risk. Most rental companies will not even rent to drivers under 23, or 25 years of age.

HONESTY AND INTEGRITY

We believe very strongly in being honest and straightforward with our customers, whether on the telephone, answering inquiries and quoting prices, or at the rental counter executing the rental agreement.

It is our policy to always explain to customers the types of cars we rent. It is very important that prospective customers know exactly what to expect when they arrive at our rental office. That is, we only rent good, economical and basic transportation - nothing else.

WE MUST BE FAIR AND HONEST AT ALL TIMES

FRANCHISEE SUPPORT

Unlike most franchisors, Wheels 4 Rent Used Car Rentals Corporation understands and recognizes the needs of the franchisee, especially their need to have a reasonable degree of independence and flexibility. We will always support the franchisee in disagreements with customers unless the franchisee is clearly in the wrong. We will not force a franchisee to return money rightfully earned, or give free rentals for the sake of public relations. Most other franchisors may force franchisees to compensate customers each time a customer complains to the head office. We believe that it is very important to strike a balance between customer satisfaction and franchisee support. However, with this in mind, we do not forget about how important it is to serve the customer.

THE CUSTOMER IS NOT ALWAYS RIGHT BUT HE OR SHE IS ALWAYS THE CUSTOMER

And for that reason, we say:

"NO RENTAL" IS BETTER THAN A "BAD RENTAL"

We also provide a comprehensive training program to all new franchisees. This is our way of making sure that each location is successful and is capable of adhering to all our corporate policies and procedures.

PROTECTED TERRITORY

Signing a Franchise agreement with us, will guarantee you a **generous protected territory** with precise boundaries outlined in the franchise agreement guaranteeing you adequate area to enjoy and operate your franchise.

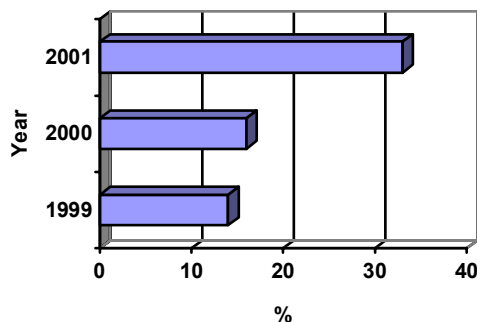
INVESTMENT VALUE

Purchasing a Wheels 4 Rent Franchise will yield a great return for your investment at a minimum risk (see Figure 2 for revenue growth). I truly believe that we are offering a far greater return on your dollar than most of the franchise opportunities in the market today. Our unique royalty plan, encourages growth and will help you make more money. We do not take a percentage of your revenues or additional funds for advertising that doesn't **benefit** you directly. You will only contribute to advertising that impacts your location. We have established caps on the royalties for the first term of your Franchise agreement. It is in everyone's best interest that your investment in a Wheels 4 Rent franchise provides a good return as soon as possible.

have better visibility in displaying your cars and signage. Used car lots, gas stations, garages and similar locations are ideal. Being near to high-density residential areas such as apartment complexes has also proven to be successful.

Thank you for your inquiry in a 'Wheels 4 Rent' franchise.

Figure 2: Revenue Growth



LOCATION AND IMAGE

Our image is that of simplicity. The business is designed to be easy and **uncomplicated** to operate: Whether it is operated as a stand-alone business, an add-on to an existing automotive business, or even as an add-on to a non-automotive business.

Our offices are to be kept small, clean and tidy. In this business we need space to store and display cars and not to entertain clients with fancy office furnishings. We want customers to be served as quickly as possible so that their rental experience is a positive one.

Locations are typically located in a busy area, on a main street, and close to public transportation. Corner locations are preferred, because you will



**Wheels 4 Rent Corporation Used Car Rentals
New Franchisee Start Up Costs**
Cost of cars not included

| | |
|---|------------------|
| Franchise Agreement Cost: | \$ 15,000 |
| 1 Sign up to 4' x 8': on Crezon Plywood | \$ 250 |
| Telephone Deposit: | \$ 250 |
| 1000 Business Cards | \$ 100 |
| Sub Total | \$ 15,600 |

Optional Costs

| | |
|---|----------|
| PSI FLEET Complete Automobile Rental Management | \$ 2,500 |
|---|----------|

Total Fixed & Optional Costs (Applicable taxes extra) \$ 18,100

Variable Costs

| | |
|--|----------------|
| Fleet Insurance Deposit First and Last month | \$ 230 per car |
|--|----------------|

Ongoing Monthly Royalties and Costs

| Royalty Structure | Year | Fee per Vehicle per Month | Maximum Royalty Capped per Month |
|-------------------|-------|---------------------------|----------------------------------|
| | 1 | \$ 25 | \$ 750 |
| | 2 | \$ 25 | \$ 1,000 |
| | 3 | \$ 25 | \$ 1,250 |
| | 4 & 5 | \$ 25 | No Cap |

Telephone as per telephone service provider

Advertising Yellow Pages and other co-op programs
Any other advertising and promotion programs as agreed collectively by local franchisees, paid on a co-op basis.

Note: Office equipment and furniture not included

12 EASY STEPS TOWARDS A "WHEELS 4 RENT" FRANCHISE

If you think that a Wheels 4 Rent franchise may be right for you simply follow these 12 steps:

1. Phone, write, fax or email to **Wheels 4 Rent Corp** and let us know that you are interested.
2. We will immediately send you our complete and informative "Franchise Information Package".
3. Study the information in the package and feel free to contact us with questions you wish to ask or issues you wish to raise.
4. Arrange a meeting with us to review some basic fundamentals of our business.
5. Decide that you wish to enter into a franchise agreement to rent used cars under our proven successful system and registered trademark.
6. Return the completed 'Franchise Application' form to us along with a \$1,000 deposit.
7. We will perform a credit check on you and your corporation (if applicable). If we approve you, we will keep the deposit towards the Franchise fee. If we do not approve you, we will return your deposit promptly.
8. It is up to you to secure a suitable and properly zoned location for the business within the geographic boundaries we have mutually agreed to as **your** "Protected Territory". We will do everything in our power to assist you in securing a location for purchase or lease.
9. You will join us, at our location for the time you require, at your own pace, to learn all the aspects of the business and how to operate it. You will be given a copy of our simple, exclusive and comprehensive **"Operations and Rental Procedures Manual"** that was written by Ernest Weintraub.
10. During your training period we will be assisting you in:
 - i. Obtaining your Motor Vehicle Dealers License, PST and GST Registrations
 - ii. Ordering your signs and telephone service
 - iii. Arranging your fleet insurance and advertising
11. At this point you should be almost ready to start. We will help you obtain and prepare your start-up fleet of cars and teach you how to buy cars if you are not an experienced car dealer.
12. You're in business - GOOD LUCK - We're here to help you along, any time at all.