



Ace International FAQs

Q: What are the steps in becoming an Ace licensee?

A:

I. Introduction

II. Qualification

III. Discovery

IV. Validation

V. Decision

VI. Execution

Q: What is the typical investment in opening an Ace store?

A: Depending on the size of the store and the market we estimate a store development fee of approximately \$1mm per store (excluding real estate) for a 1,000 square meter store. This would include store design, fixtures, furniture, and equipment, point of sale, signage and opening stock order.

Q: What does the license fee include?

A: The opportunity to own the exclusive rights to the Ace brand, rights to more than 10,000 private label products and over 100,000 SKUs, and a dedicated sourcing team in China and regional support to ensure rapid replenishment and experts in your country, training, trademark registration etc.

Q: How does Ace determine the license fee?

A: We use several factors including: market potential, initial support expenses in assisting the new retailer in entering the market, attorney fees, trademark registration, in country support prior to opening first store.

Q: What is the Ace Stock Subscription investment?

A: The ability to invest in your company by purchasing \$25,000 of AIH stock in your first store and \$15,000 for each additional store. Affords the retailer a direct equity investment in Ace International.

Q: Are the AIH shares traded on the open market such as NYSE, NASDAQ?

A: No, these shares may be purchased or sold amongst Ace retailers and AIH. A third party determines the value of the company and shares on an annual basis.

Q: How does Ace assist me once I have become a licensee and identified my first store?

A: Ace has a dedicated project management team that assists in store floor plans, fixturing, visual merchandising, and opening stock orders. Additionally, the Ace consumer marketing team assists with coordinating public relations and advertising campaigns.

Q: How does Ace help me with training?

A: Ace provides extensive training for our new retailers including: New Owners Institute and Top Gun Training for store managers along with an extensive library of training material available 24 hours.

Q: How long are the initial terms and is there an option for renewal?

A: Initial term is 10 years. There is an option of renewal for an additional 10 years for a total of 20 years.



Q: What is a “royalty”?

A: The 3% royalty is a fee calculated as a percent of gross retail sales and paid to Ace on a monthly basis for ongoing exclusive brand usage, in country support, continued training, and access to Ace’s proprietary operating methods and systems including AWOR (Ace Way of Retailing) and Ace Learning Place, etc.

Q: How does Ace calculate the store potential for a territory?

A: Many factors are used such as demographics, competition, geography, logistics, real estate accessibility, and population growth, etc.

Q: What is an LOI?

A: A Letter of Intent that outlines the key terms and conditions agreed by the prospect and AIH.

Q: What if I currently own/operate a chain of home improvement stores in my “territory”; can I still become a licensee?

A: Yes, Ace provides a comprehensive conversion package that allows existing retailers to join the Ace family and re-brand their stores, increase profitability, enhance gross margin and implement the “Ace Way of Retailing” and take advantage of all the benefits our retailers share worldwide.

Q: What takes place at the Ace Fall & Spring Show? How can I attend?

A: You will meet Ace key strategic vendors, see our new product assortments, participate in training work-shops to sharpen your retailer skills and visit the three day vendor fair. For more information on our next show, please contact Jackie Prado at jprad@acehardware.com.

Q: Is there in an opportunity to meet in my region to discuss the Ace Opportunity?

A: Yes, there are regional shows where you will receive a chance to share best practices with fellow Ace retailers and learn of the best product selections Ace has to offer for your market. You will also meet key global vendors and see our new regional programs from the warehouse.

Q: What are approximate ranges of a stores sales performance?

A: Store sales range from region to region and retailer to retailer, we would be more than happy to discuss these regional ranges directly with each candidate.

Q: What does Ace estimate a store’s profitability to be?

A: The performance of each store is different and fluctuates depending on gross margins, expenses and taxes.

Q: What is Ace International Store Growth Strategy?

A: Our growth depends on the successful alignment with local entrepreneurs, we strive to perfect the store model and provide the tools for our retailer/shareholders to effectively execute at retail. Our three vehicles of store growth are existing retailer expansion, new licensees and conversion of existing home improvement multi store operators.

Q: Does Ace provide any incentive package for the conversion of my home improvement chain:

A: Ace will work directly with your ownership and management team to evaluate a comprehensive “conversion package” which will include assistance in rebranding, in store conversion execution, public relations and advertising and training.