



Audi Dealership Application: Minimum Requirements

The following are minimum standard requirements for an investment into an Audi Dealership:

Dealer Classification	Minimum Standard Requirements
<i>Estimated Land Size</i>	6000m ²
<i>Showroom Display Area</i>	240m ²
Vehicle Display	8
<i>Estimated Monthly Vehicle Sales</i>	10 to 40
<i>Minimum Monthly Vehicle Sales per Sales Executive</i>	4 – 6
<i>Estimated Audi Pre-owned Display</i>	20
<i>Estimated Monthly Audi Pre-owned Sales</i>	15-30
<i>Minimum Monthly Vehicle Sales per Sales Executive</i>	4 - 7
<i>Estimated Active Workshop Bays Excluding Diagnostic, Wheel Alignment & Sick Bays</i>	10
<i>Estimated investment cost excluding land</i>	R45m

Audi South Africa has sole discretion in the appointment of a dealership franchise.



Audi suggested minimum preliminary requirements are as follows:

1. Completion of the Preliminary Enquiry document
2. CVs of all proposed management and owners of the business;
3. Personal profile of owner/s including financial standing (personal income statement and balance sheet)
4. A profile or prospectus if it is an organization or entity;
5. Memorandum of intent detailing site locations, funding and economic justification for having a dealership;
6. Copies of building/land ownership or lease agreements
7. Proof of ability to secure the necessary floorplan facilities from a recognised financial institution (new and used vehicle stock funding);
8. CVs of dedicated representative management indicating necessary skills to run a Volkswagen dealership;
9. Proof of ability to obtain securities such as personal suretyships, cessions, bonds;
10. Ability to obtain security in relation to Parts and Accessories in the form of a demand bank guarantee from a recognised financial institution (parts stock funding);
11. Should an application be successful, the dealership / group shall submit its B-BBEE scorecard to Audi SA within 12 months of commencing trade and shall meet targeted scorecard levels in line with the broader Audi SA Dealer Development strategy for BBBEE; (not necessary for countries outside South Africa);
12. Submission of a BEE proposal with a minimum of 50.1% ownership for approval by Audi SA and implementation of such with immediate effect or by the commencement date;
13. Copy of the business shareholders agreement detailing ownership structure;
14. Submission of a comprehensive business plan, including cash flow statement and balance sheet;
15. Copy of audited financials of the holding company;
16. Copy of a signed sale agreement (if applicable);
17. Copy of the property lease agreement (if applicable);
18. Completion of the AUDI AG Business Partner Due Diligence audit.

The application process involves amongst others:

1. Audi SA being willing to investigate the opening of a dealership in a particular area
2. Completing the preliminary enquiry document and meeting the above minimum requirements
3. Audi SA assessing the preliminary enquiry from all applications
4. Meeting with potential applicants should they align with Audi SA requirements
5. Vetting applications
6. Submitting all applications to the VWSA Board for approval should it be decided to expand into an area
7. The Board deciding on the successful applicant
8. Completion of the application process and documentation
9. Implementation of the appointment process



General:

1. Audi SA is currently not actively expanding its dealer network.
2. Ownership of a dealership site is dependent on the dealer operator. Audi SA is not involved in the ownership or funding process.
3. Approximate land sizes of dealerships depend on their location and category of dealership. Refer table above.
4. Start-up costs are estimates and exclude land cost as this varies depending on the dealership location and size.
5. Own contribution is determined by the financial institution loaning the finance. Audi SA is not involved in this.
6. Audi SA does not have a preferred funding institution provided it is a recognised reputable institution.
7. Audi SA does not have a royalty or advertising assistance structure. Dealers have to comply with the Dealer Agreement which entitles them to sell and service contractual products.
8. There is no financial assistance from Audi SA on any start up elements.
9. New and Used vehicle stock is financed separately with Audi Financial Services and is the responsibility of the dealer. No consignment stock is issued.
10. Audi SA provides training on all aspects of the business.
11. Should you wish to conduct a market study for your area of interest, we suggest you contact Lightstone, or similar industry expert in this field. Lightstone can be contacted using the following link <http://www.autostats.co.za/index.aspx>
12. Audi SA management reviews all applications. The final approval is at its sole discretion.
13. Applications can be made to Audi South Africa; Head of Dealer Development; Audi Dealer Development Department; 129 Patricia Road; Sandton; Tel. +27119112700