



## TFSA Cheap Stocks: 1 Retail Value Pick With Valuable Real Estate

### Description

The company owns a chain of 54 retail furniture stores operating as **Leon's Furniture** ([TSX:LNF](#)) and 117 stores operating as The Brick. These stores offer a full complement of value-priced, quality brand name and [private label household furniture](#), home electronics, home office products, appliances, and mattresses manufactured and supplied by well-known manufacturers.

The Brick store features clearance products. It is designed to compete with independent national bedding chains and features mid- to high-end product lines, including national brands and exclusive specialty products.

### Fair franchise arrangements

In addition, the company has 28 franchise groups operating Leon's Furniture stores, which tend to be in smaller centres. Under the terms of each store's respective franchise agreement, the franchisee is required to pay a franchise fee and royalties for each franchise for the use of the Leon's name and marketing support services. Each franchisee also participates in the company's volume purchase rebates.

The company has entered franchise arrangements with independent stores and entrepreneurs seeking to utilize the warehousing, systems, brand recognition, purchasing power, and advertising that Brick stores enjoy, enabling Leon's to reach smaller markets that it might not otherwise be able to penetrate in a cost-effective manner. Revenue is earned in the form of an initial franchise fee, margin on product sold through the franchisee, and on-going royalty payments.

### Commercial real estate assets

Through the multiple company locations, Leon's is a [significant supplier](#) in Canada of home appliances to builders, developers, renovators, property management companies, hotel and extended care industries, landlords, insurance companies, and government bodies. The commercial sales division has a dedicated sales team that focuses on specific industry sectors, including the building community

by providing display furniture to builders.

Further, Leon's also owns commercial real estate, which it leases to third parties. The eCommerce division both supports and expands the company's traditional retail operations and is an important part of the Leon's operations. The eCommerce division provides the company the ability to display, sell, distribute, and service a rapidly expanding product line.

## Providing customers with peace of mind

The repair services division also performs work in respect of warranties for products sourced without manufacturer warranties for products sold with extended warranties and for products sent to the repair services division by manufacturers who need to repair a product under their manufacturer's warranty.

Also, Leon's offers the company's customers insurance on purchase card balances, which provides coverage for a variety of circumstances. These credit insurance products are intended to provide customers with peace of mind concerning an individual's decision to purchase on credit. Leon's offers warranties on appliances, electronics and furniture to provide coverage that extends beyond the manufacturer's warranty period by up to five years. The warranty contracts provide both repair and replacement service depending upon the nature of the warranty claim.

Due to the availability of warehouses at almost all of Leon's corporate stores, the company is able to offer customers the opportunity to take merchandise with them or offer the service of convenient and fast home delivery. This attracts customers and could significantly increase future sales and the stock price.

### CATEGORY

1. Investing

### POST TAG

1. canada

### TICKERS GLOBAL

1. TSX:LNF (Leon's Furniture Limited)

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