


1.0 Executive Summary

The purpose of this business plan is to raise \$5,000,000 US Dollars (USD) for the purchase of the Orient Hotel, a heritage listed hotel located in the heart of the historic 19th century port city of Fremantle, Western Australia. Financials provided by the owner's agents (see attached Information Memorandum, Orient Hotel, 39 High Street, Fremantle, Western Australia, Australia. 6160) detail the hotel's current status and profitability. The Executive Summary contained within the Information Memorandum forms the basis for this Business Plan, which is Part One of a two part Business Plan for the purchase of the Orient Hotel (Part One) and renovation (Part Two), of the internal building, commencing in October, 2014.

J and H.K. Joyce Pty Ltd, is a Perth based private company, which will work with the existing lessee's whilst planning for a complete internal renovation of the three interior floors to provide customers with an outstanding five star luxury Australian Hotel/Pub experience, modern, versatile reception, conference and meeting facilities with luxurious boutique hotel rooms to accommodate the guest seeking luxury, comfort and an escape from the busyness of life. The company was founded by Helen and Jonathan Joyce.

1.1 Selling Agents Executive Summary (Part One: Business Plan)

Information Memorandum | Orient Hotel, Fremantle WA | April 2013



executive summary

The Property
39 High Street, Fremantle WA

Investment Highlights

- Freehold offering. Operating Hotel
- Short term lease in place to existing hotel operator over part ground floor and basement
- Remaining part ground floor and whole of levels one and two leased to Phoenix Academy
- Liquor licence remains with the property at lease expiry in October 2014
- Prominent corner location in Fremantle's historic west end – Notre Dame University precinct
- Excellent opportunity to capitalise on growing meetings/convention market in Fremantle
- Potential for residential development

Building Areas

Basement	274sq m
Ground	722sq m
First Floor	492sq m
Second floor	492sq m
Total:	1,980sq m

Site Area
1,296.5sq m (approximately)

Title
Freehold – Lots 62 7 63 Deposited Plan 222428 Certificate of Title Volume 1906 Folio 119

Description
Savills are pleased to offer this rare opportunity to purchase or lease. The Orient Hotel, Fremantle. Occupying a very high profile corner location, within Fremantle's historic West end, The Orient Hotel provides a range of investment and business opportunities:

- Short term lease over the operating ground floor hotel till October 2014 provides immediate cash flow
- Significant areas over the ground, first and second floors are available with vacant possession and provide excellent meetings/convention space; or
- Opportunity to retain owner related lease over these areas to June 2015
- Flexible "City Centre" zoning, provides retail, office, residential, hotel opportunities
- Opportunity to utilise for convention/meetings/weddings etc

Zoning
"City Centre" – LPS No.4

Income/Tenancy Details

- Hotel lease to beer operator. Net income \$153,750 plus outgoings per annum. Lease expires October 2014
- Lease to Keyseq Pty Ltd (owner related) over part ground, first and second floors. Estimated net income plus outgoings \$218,800 per annum. Lease expires June 2015
- Estimated net passing income \$371,831 per annum

Outgoings
\$129,710 per annum (estimated)

Method of Sale
Expressions of Interest
Closing 23 May 2013

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income summary

Orient Hotel		
Fremantle Beverages - Hotel Operation		
Lease Income	\$153,750	
Estimated Outgoings recovery	\$72,335	
		\$226,085
Phoenix Academy		
Lease Income	\$218,182	
Estimated Outgoings recovery	\$57,375	
		\$275,557
Gross Passing Income		\$501,642 pa
Less Estimated Total Outgoings		\$129,711 pa
Estimated Net Income		\$371,931 pa



Outgoings	
Electricity Total All Areas	Amount
Total	\$ -49,365.00
Security Monitoring	Amount
Total	\$ 398.64
Land Tax	Amount
NSR - Land Tax	\$ 11,564.30
Total	\$ 11,564.30
Shire Rates	Amount
City of Fremantle - Shire rates	\$ 24,561.95
Total	\$ 24,561.95
Fire Alarm Monitoring	Amount
Annual Fire Alarm Monitoring (FSA)	\$ 1,569.21
Total	\$ 1,569.21
Water Rates	Amount
Water Rates	\$ 1,551.80
Total	\$ 1,551.80
Water - Consumption	Amount
Water - Consumption	\$ 3,608.55
Water - Consumption	\$ 4,226.20
Total	\$ 8,034.75
Water - Annual Sewerage Charge	Amount
Water - Sewerage	\$ 11,671.00
Total	\$ 11,671.00
Insurance - Building	Amount
Insurance - Building & Contents	\$ 16,335.80
Total	\$ 16,335.80
Fire Service	Amount
Total	\$ 4,455.36
Outgoings Total	\$129,710.81

J and H.K. Joyce Pty Ltd, is seeking to become a premier, luxury five star boutique hotel operator featuring 20 guest rooms and private lounge area, fully equipped, interactive reception/conference, and meeting facility floor, with full kitchen and bar facilities with, a private ground floor hotel foyer, saloon and club/cocktail bar, and an adjacent coffee shop and patisserie. The business will have multiple revenue streams, which will allow the business to achieve maximum profitability by providing luxury accommodation, luxury, interactive and centrally located reception, conference and meeting facilities and, a social meeting, drinking and dining ground floor suited to the vast number of Notre Dame University students, who live and study around the Orient Hotel's location. The second section of the business plan will further describe the renovations planned and services offered by the revamped Orient Hotel.

1.3 The Financing

J and H.K. Joyce Pty Ltd, is seeking to raise \$5,000,000 (USD) from lenders/investor(s). J and H.K. Joyce Pty Ltd expect to raise the required capital via a loan facility, bond facility or through a suitable partnership arrangement involving percentage payment of nett profits until such time as loan principal is repaid in full.

1.4 Mission Statement

J and H.K. Joyce Pty Ltd.'s mission is to become the best luxury boutique hotel, conference and reception venue, and bar venue in Fremantle and Perth. When people talk about going out for the night, they'll say, "Let's go to the, Orient!"

1.5 Management Team

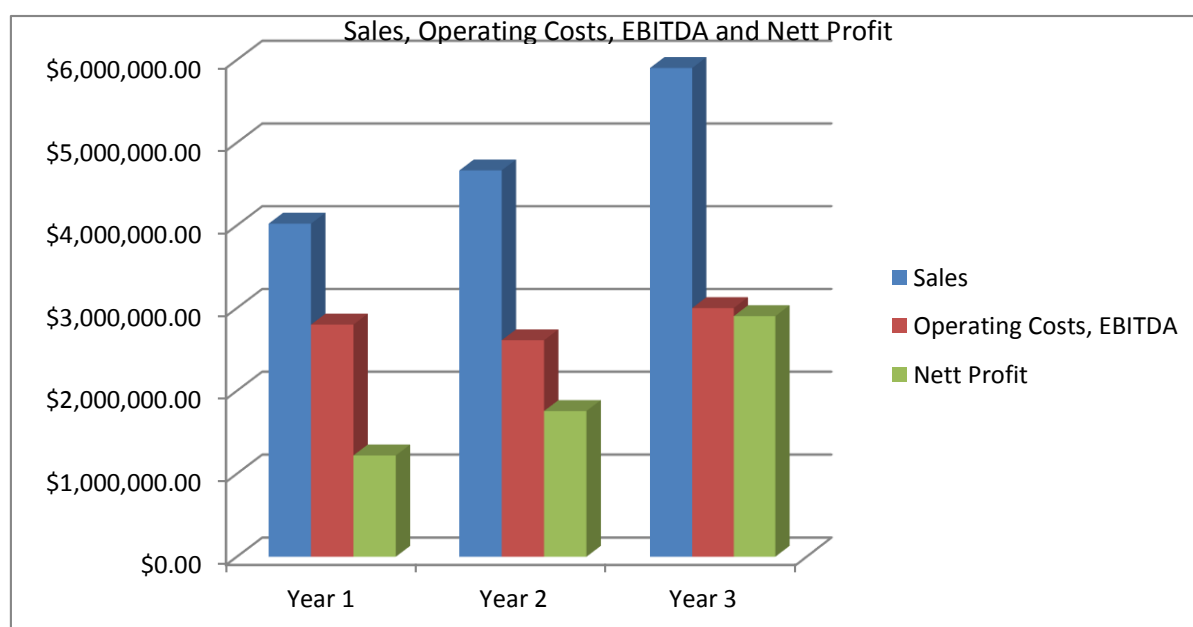
The Company was founded by Jonathan and Helen Kay Joyce. Mr Joyce has over twenty years of general management experience in a variety of professional roles. Mrs Joyce excels in administration and support roles within a variety of office and business settings, utilising her skills to ensure the effective operation business entities in the back office sector. Through their expertise, they will be able to bring the operations of the business to profitability within its first year of operations. Jonathan and Helen Kay Joyce believe in employing the best people, utilising their skills, experience, knowledge and enthusiasm to contribute to achieving the best outcomes for the business operation.

To this end, the Orient Hotel will employ the best Hotel Manager to bring to fruition their business goals and vision. To support the Manager in their role we will obtain an innovative, switched on and creative Marketing expert (employed or consultant) to promote and grow the business sections of the hotel to targetted users. These two leaders will be supported by a renowned Bar Manager and team, an Executive Chef and team, a Coffee Shop and Patisserie leader with their team, and a Hotel reception, house and administrative team. Our pre-requisite will be for enthusiastic people who know their game and are innovators in their own right, willing to work within a team of like-minded people.

1.6 Sales Forecasts

J and H.K. Joyce Pty Ltd expect to maintain current sales based on the Selling Agent's figures provided in the Information Memorandum Executive Summary until the completion of renovations scheduled to commence in October/November 2014, when current leases expire and the re-opening of the revamped Orient Hotel in January/February 2015. Accommodation, Liquor, Conference and Patisserie sales are expected to commence a strong rate of growth at the start of operations. Below are the expected financials over the next three years.

Pro Forma Profit and Loss (Yearly)			
Year	1	2	3
Sales	\$4,020,605.00	\$4,663,901.00	\$5,901,955.00
Operating Costs	\$2,093,339.00	\$2,198,006.00	\$2,307,905.00
EBITDA (Taxes, Interest and Depreciation)	\$ 706,590.00	\$ 709,788.00	\$ 692,267.00
Nett Profit	\$1,220,676.00	\$1,756,107.00	\$2,901,783.00



Projected Start Up Costs	
Purchase Price	\$4,537,650.00
Stamp Duty	\$ 227,737.00
Transfer Fees	\$ 1,019.00
Settlement Fees	\$ 6,197.00
Fire Levy	\$ 4,034.00
Rates	\$ 44,858.00
Fire/Security Services	\$ 1,781.00
Insurance	\$ 14,794.00
Miscellaneous Costs	\$ 9,056.00
Total Start-up Costs	\$ 4,856,182.00

1.6 Expansion Plan

J and H.K. Joyce Pty Ltd expect the business will aggressively expand its core business base during the first three years of operation. J and H.K. Joyce Pty Ltd intend to implement marketing campaigns which will effectively target individuals within the target market domestically and internationally. The Company will seek to link the Hotel operations to its range of Bed and Breakfast and Executive stay properties it successfully operates in Fremantle.

2.0 Company and Financing Summary

2.1 Registered Name and Corporate Structure

J and H.K. Joyce Pty Ltd is registered as a private company in the State of Western Australia, Australia. Our Australian Business Number (ABN) is: 57 159741 385. (See attached Australian Securities and Investment Commission registration certificate)

2.2 Required Funds

At this time, the Hotel and Resort requires \$5,000,000 (USD) of loan funds. Below is a breakdown of how these funds will be used:

2.3 Management Equity

After the requisite capital is raised, J and H.K. Joyce Pty Ltd will retain a 100% ownership in the business.

2.5 Exit Strategy

J and H.K. Joyce Pty Ltd has planned for two possible exit strategies. The first strategy would be to sell the Orient Hotel to liquor, hospitality and conference entity at a significant premium. Since, the hotel industry maintains a moderate risk profile once the business is established; the Management feels that the Hotel Orient could be sold for ten to fifteen times earnings. The second exit scenario would entail selling a portion of the Company via a private offering for partner/s and or investors. After a detailed analysis, it was found that the Company could sell for twenty times earnings on the open market depending on the business's annual growth rate and strength of earnings.

3.0 Products and Services

Below is a description of the services to be offered by the revamped Orient Hotel.

3.1 Rental of Hotel Rooms

The Orient Hotel intends to operate as a five star rated luxury facility which will feature a number of amenities commonly found in comparably priced boutique hotels. As stated in the executive summary, the Company expects that the final facility will feature 20 suite style rooms. Each room will have a king or two full sized beds, access to high speed internet, a luxurious bathroom, full cable access, a desk, lounge furniture and other quality amenities.

The Orient Hotel will provide the highest quality a-la-carte dining experience for its hotel guests and the wider public, seeking to create a restaurant of superb reputation where everyone wants to be part of a superior dining experience.

The Orient Hotel will fill a gap in the high volume conference/industry meeting and wedding/birthday and other receptions in an environment where there are simply not enough venues available to cater for the demand present in these industries in Perth, Western Australia.

The Orient Hotel will provide a stylish, innovative and appealing licensed venue which will be the meeting place for people of all ages to gather day and night, it will seek to build its current user group of young University students plus young people coming into Fremantle for a night's entertainment. In addition the Hotel will provide a companionable drinking environment for people to gather and socialise over a drink and lunch.

The Orient Hotel will have a unique and specialist Coffee Shop and Patisserie to provide food and refreshment for people working in the area, University students, tourists and others seeking sustenance during their stay in Fremantle.

4.0 Strategic and Market Analysis

4.1 Economic Outlook

Currently, the economic market condition in Australia is excellent. Australia holds a Triple A credit rating, has seen growth in employment numbers and provides a stable economic climate with strong prospects for sustained growth and security, ranked as number three in world economies. The recent devaluation of the Australian dollar from the highs of the past two years (up to \$1.07 against the US Dollar) to its current level in the \$0.92 - \$0.94 range makes Australia more desirable as a tourist destination for overseas tourists from the United States of America, the United Kingdom and Europe.

The devaluation of the Australian Dollar has resulted in the phenomenon of Australians heading overseas, for multiple holidays, has come to an end. The task of hospitality, tourism and conference providers, like the Orient Hotel, will be to attract these domestic tourists to Fremantle and Perth for their holidays.

Although the 'mining boom' in Western Australia is said to be over, the level of investment in current operations, planned projects and an industry workforce over 100,000 people still makes the industry a major employer and user of accommodation and conference facilities.

4.2 Industry Analysis

Within the Perth City metropolitan area there are 236 hotels, ranging from small pubs and hotels to 2/3 star motels and up to 5 star luxury hotels. Fremantle has a range of accommodation and hospitality providers ranging from Backpacker Lodges (generally former traditional pub/hotels converted to accommodation for overseas backpackers), to 2/3 star motel/hotels and one 4 star hotel. The Fremantle Tourism industry employs 1,900 people and generated \$370m in sales in 2011.

The strength of tourism in Fremantle is further illustrated by the number of visitor nights spent in the city, which has grown by 9% per annum since 2002, from 487,900 to 970,200 in 2010. Day trip visitors to Fremantle are from a younger demographic with 54% in the 18 – 44 years age bracket, whilst overnight visitors are significantly older, with 72% at 45 years and older.

Demand for accommodation in Fremantle is high, with only one 4 star hotel and a number of other 2 and 3 star hotel/motels available. No plans for additional construction are noted for at least the next ten years. Thanks to the increased tourist numbers to Australia and Fremantle, plus Western Australia's booming mining and oil industries, accommodation across the whole of Perth is often booked out months in advance. The current residential tenancy market is operating at 10% vacancy and real estate prices are beginning to increase after a slow period following the Global Financial Crisis. There are numerous Bed and Breakfast businesses and holiday apartments in Fremantle, where generally there are people most nights roaming Fremantle looking for accommodation

Fremantle's rich heritage and historic buildings, some dating back to the earliest days of the Swan River Colony, provide the backdrop for Fremantle's strong tourism industry and associated accommodation and hospitality services. Visitors to Fremantle come from throughout the world to visit the vibrant port city, and embrace the laid back culture, warm climate, access to recreational fishing and diving, and charter boat options. Fremantle's museums and art galleries add to the diverse experiences available for visitors to the city, along with the numerous entertainment and dining options.

Easy access to the capital city of Perth, domestic and international airports and great starting point for all of Western Australia's many world famous tourist destinations;

- o the vineyards and wineries of the South West;
- o Ningaloo National Park, famous Whale Shark, in Exmouth in WA's north-west; and,
- o the Bungle Bungle's, Broome and many other destinations in the Kimberley region of Western Australia's top end.

The hotel industry is mature. The future growth rate of the industry is expected to remain in line with the growth of the general economy. J and H.K. Joyce Pty Ltd believes that the key to remaining competitive in this field is to continually upgrade and improve the level of service offered by the Hotel while concurrently branding the Company's name among frequent hotel travellers and local residents seeking licensed venue and entertainment. The marketing strategies that the Company intends to use to brand its image and name will be discussed in the next section of the

4.3 Customer Profile

J and H.K. Joyce Pty Ltd seek the young to middle age single or couple who lead reasonably affluent lifestyles. Their income base will be over the \$100,000.00 (AUD) and they will generally be rated as "well off" professional/semi-professional people. They will be local, national or international visitors seeking to stay in picturesque Fremantle as a base for their holidays, for business or for other reasons. Generally, they seek a break from the busyness of their lives in a place of luxury, with minimal technological reminders of their professions present around them.

Typically, our guests will come from the following sections of life:

- Rich, young executive wanting break from hurry of business and technology
- Business people – international and national
- Fly in/Fly out oil and mining
- Couples and young families
- Honeymoon couples from Wedding receptions, etc.

Our guests will enjoy the luxury of stepping out to find local restaurants, coffee shops or breakfast bars. Their geographic location is in the heart of the best example of 19th century historical buildings in the world, with a working international port nearby, a fishing boat harbour, magnificent parks, the glorious Indian Ocean with clean beaches and the beautiful Swan River passing through the city.

From their Bed and Breakfast room or their suite in the Orient Hotel, they can step out to be relaxed and soothed by Fremantle's many wonders, or use it as a base to travel beyond Fremantle into the City of Perth and beyond into the wider tourist regions of Western Australia.

4.4 Competitive Analysis

Fremantle City grew out of being a settlement by the British in the early 19th Century. It was not until the gold rush of 1895, that Fremantle came into its own as an international port and experienced rapid growth in population, infrastructure, economic prosperity and employment.

Being a working port with a sudden increase in freight and passengers passing through the number of workers required to operate the port increased significantly. Thousands of dock workers coming home from work each day all wanted a 'watering hole' to stop at for a quiet drink with mates before heading home for the night. Almost overnight, numerous worker hotels sprung up across Fremantle to cater for the high demand caused by dock workers.

In Fremantle's High Street there were six worker's hotels, including the Orient Hotel, where dock workers drank. A further 5 worker hotels were located around Fremantle at varying distances from the port operations. Since the 1970's, reductions in dock worker numbers and changing economic and social demographic conditions, have seen the number of these hotels decline significantly. Of the six hotels in High Street, Fremantle, four are owned by Notre Dame University for use as campus buildings for lecture theatres, offices and other uses. Currently, the Orient Hotel leases one of its floors to a training college and there is one other operating 'worker' hotel. Three hotels have been converted to backpacker accommodation, Fremantle being an extremely popular destination for backpackers travelling through Western Australia.

Of the remaining hotels, two have made the transition to becoming successful micro-brewery hotels brewing and selling their particular brand of beer to clients and providing restaurant facilities to guests.

The remaining hotel, and only potential competitor (the Railway Hotel), is currently for sale at \$15 million (AUD) and concept plans have the top two floors established for guest accommodation, with the ground floor and basement area being set aside for a bar(cocktail?), takeaway eatery (Nandos), a coffee shop, and a basement jazz/music club. This property has been on the market for over a year and has attracted no buyers to date.

5.0 Marketing Plan

The Hotel and Resort intends to maintain an extensive marketing campaign that will ensure maximum visibility for the business in its targeted market. Below is an overview of the marketing strategies and objectives of the business.

5.1 Marketing Objective

- Engage a broad based public relations firm targetted towards high end travel publications for all aspects of the businesses business services.
- Contracting international tourism marketing company to represent the company's services and products to overseas travellers heading for Australia, and Fremantle, Western Australia in particular.
- Employ a full time Business Development/Marketing/Conference Manager working to promote, plan and build the Orient Hotel conference, reception and meeting facilities to the wider business and social community.
- Establish relationships with travel agents both domestically and internationally.
- Develop an online presence by developing a website and placing the Company's name and contact information with online directories, in addition to maximising our presence on social media and professional websites like Facebook, LinkedIn and Google.
- Promote the Fremantle Short Stay Accommodation and The Orient Hotel locally in Perth metropolitan area and, Fremantle in particular, as a place to stay, to socialise, to celebrate, to meet and share and to experience.

- Develop plan to approach major oil, mining and commercial companies to invite staff responsible for accommodation of visiting executives and 'fly in/fly out' staff when staying in Perth. Arrange for tour and luncheon to demonstrate accommodation and benefits for companies and staff.

5.2 Marketing Strategies

Management intends to use a qualified advertising and marketing firm, to help the Orient Hotel reach its intended audience of hotel guests, conference and reception users and licensed venue goers. This campaign will include the use of traditional print and media advertising as well as the Internet. Direct advertising campaigns will be of significant importance to J and H.K. Joyce Pty Ltd as the business is offering its guest services to a specified group of upper middle and upper income people. Timely coverage of the J and H.K. Joyce Pty Ltd and its resort will be further directed through ongoing press relations, news releases and feature stories targeted at key professional and resort communities and other media outlets. Publicity activities will be designed to generate ongoing coverage about the Hotel in targeted media by providing writers and editors with newsworthy releases, features, stories, briefs, and visual material for their columns and stories. In depth coverage may also be obtained about the Orient Hotel by hosting in-house interviews to be conducted by a company spokesperson.

Additionally, wedding and other receptions, conventions, trade shows, online advertising activities, sales development and viral marketing campaigns will follow carefully orchestrated strategies by marketing personnel in conjunction with marketing experts. The Company may also use a number of TV and radio personalities to visit and experience the location so that they may "plug" the facility in lifestyle and travel columns during their respective interviews. The business will also maintain advertisements in lifestyle/travel magazines and other publications that are geared towards the Company's targeted market. A further avenue of potential business is the Oil and Mining Industry with its high number of fly in/fly out employees requiring accommodation when in Perth on transition, attending conferences, on courses and various other reasons. Add to this the high number of national and international business and industry experts flying in and out of Perth on a regular basis you have a significant business base from which to work with and provide innovative, rewarding and profitable business opportunities for the Hotel.

5.3 Pricing

Approximate pricing for suites at the Fremantle Short Stay Accommodation Bed and Breakfast Rooms will range from:

Based on location and room size	\$170.00/night to \$270.00/night
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Approximate pricing for suites at the Orient Hotel will range from:

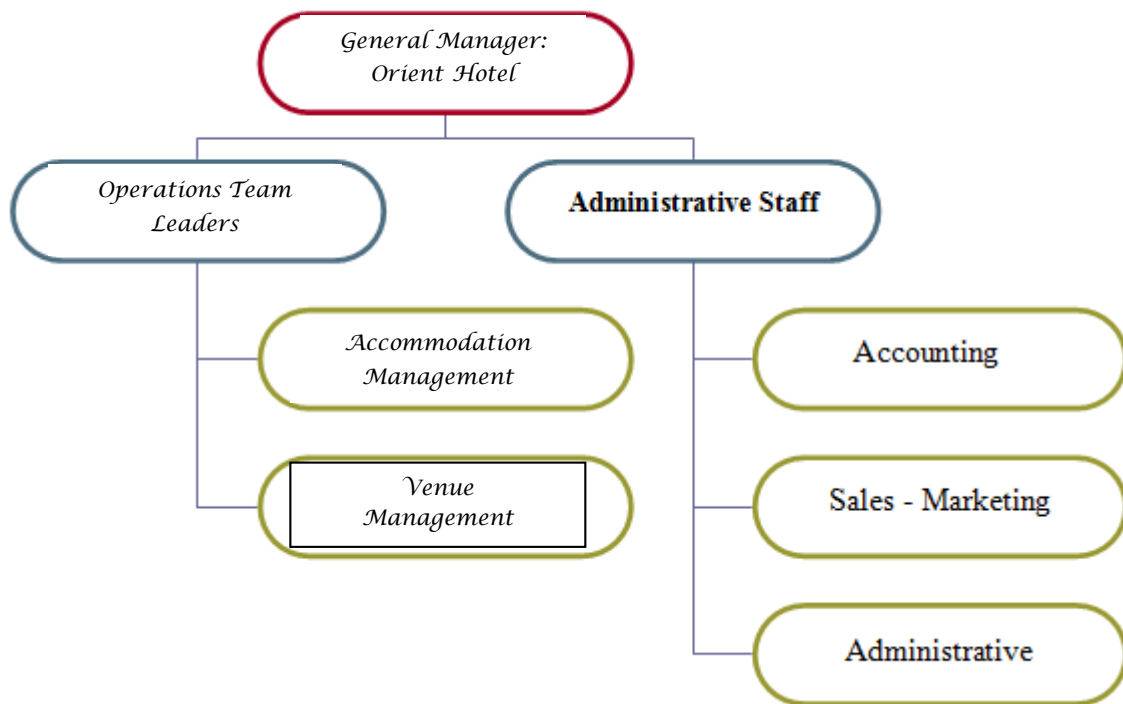
Standard Suite:	\$235.00/night
Luxury Suite:	\$285.00/night
Premier Suite:	\$335.00/night

Price range for use of conference/meeting/reception/facilities will range from:

Small half or one day breakfasts/seminars/meetings:	\$ 500:00 - \$ 1000:00
Full day conference/seminar/trade show:	\$ 2000:00 - \$ 6000:00
Wedding Receptions/Celebrations:	\$ 3000:00 - \$ 13000:00
Bar Sales per annum:	\$ 768750:00 - \$ 1076250:00
Coffee Shop/Patisserie Sales per annum:	\$ 312000:00 - \$ 436800:00

6.0 Organizational Plan and Personnel Summary

6.1 Corporate Organization

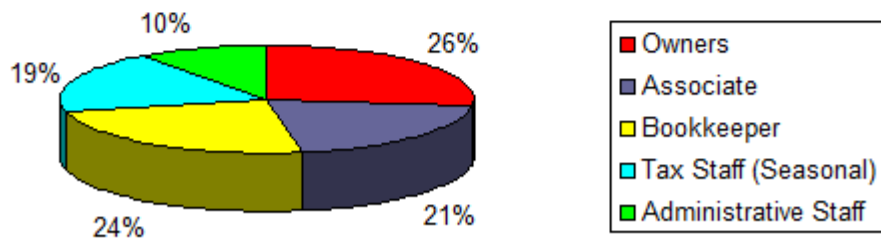


6.2 Organizational Budget

Personnel Plan - Yearly			
Year	1	2	3
Owners	\$65,000	\$66,950	\$68,959
Associate	\$50,000	\$51,500	\$53,045
Bookkeeper	\$58,000	\$59,740	\$61,532
Tax Staff (Seasonal)	\$45,000	\$46,350	\$63,654
Administrative Staff	\$25,000	\$25,750	\$26,523
Total	\$243,000	\$250,290	\$273,712

Numbers of Personnel			
Year	1	2	3
Owners	1	1	1
Associate	1	1	1
Bookkeeper	2	2	2
Tax Staff (Seasonal)	3	3	4
Administrative Staff	1	1	1
Totals	8	8	9

Personnel Expense Breakdown



6.3 Management Biographies

In this section of the business plan, you should write a two to four paragraph biography about your work experience, your education, and your skill set. For each owner or key employee, you should provide a brief biography in this section.

7.0 Financial Plan

7.1 Underlying Assumptions

- Hotel and Resort will have an annual revenue growth rate of 16% per year.
- The Founder will acquire \$5,000,000 (USD) of loan funds to develop the facility.
- The resort property will have an annual appreciation rate of 6% per annum.

7.2 Sensitivity Analysis

In the event of an economic downturn, the business may have a decline in its revenues. Travelling is a luxury and during times of deleterious economic conditions, the business may have issues with its top line income. However, the Company is targeting its services towards high end travellers who are less swayed by difficult economic climates. Additionally, the high margins generated by the business will ensure its continued profitability despite moderate decreases in revenue.

Alternatively, the fall in the value of the Australian currency against the US and major currencies of the world has meant a turnaround in travel patterns is occurring. Until June 2013, Australians travelled in vast number overseas when the Australian Dollars was at historic highs of \$1.04 against the US Dollar. Since then, the situation has reversed with the Australian dollar falling to as low as \$0.90 and seen as likely to stay at this level for some time.

This turnaround in currency value makes Australia more attractive to overseas tourists as a destination to visit and with the opportunity to for Australians visit overseas made substantially more expensive means domestic holidays will increase, and it will be a focus of the Orient Hotel to ensure that both international and domestic tourists experience the pleasure of being a guest at the Orient Hotel in Fremantle.

7.3 Source of Funds

Financing	
Equity Contributions	
Management Investment	\$ 0
Total Equity Financing	\$ 0
Banks and Lenders	
Banks and Lenders	\$5,060,334.00
Bond Fee Lender	\$ 84,000.00
Total Debt Financing	\$5,144,334.00
Total Financing	\$5,144,334.00

7.4 General Assumptions

General Assumptions			
Year	1	2	3
Short Term Interest Rate	6%	6%	6%
Long Term Interest Rate	8%	8%	8%
Company Income Tax	15%	15%	15%
Employee Income Tax	25%	25%	25%

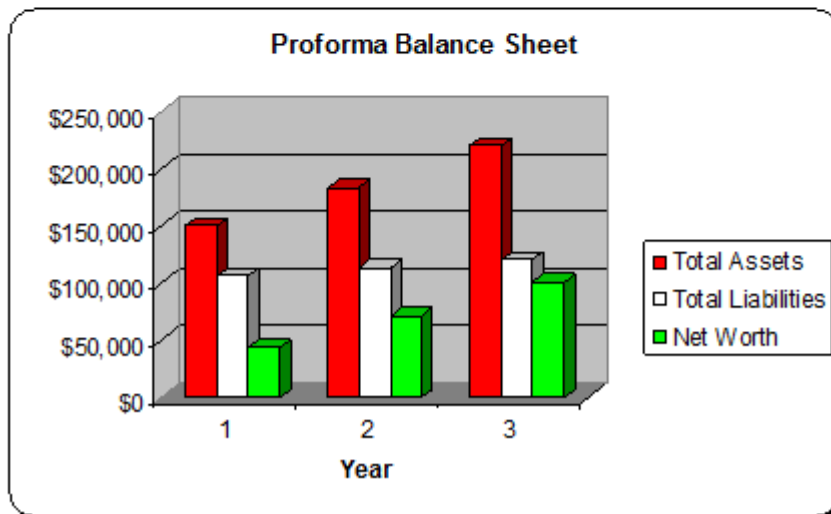
7.5 Profit and Loss Statements

Pro Forma Profit and Loss (Yearly)			
Year	1	2	3
Sales:			
Accommodation	\$1,706,740.00	\$1,979,818.00	\$2,296,589.00
Conference/Meeting/Reception	\$1,916,250.00	\$2,222,850.00	\$2,578,506.00
Licensed Areas	\$982,800.00	\$1,140,048.00	\$1,322,456.00
Restaurant/s	\$2,128,400.00	\$2,468,944.00	\$2,863,975.00
Coffee Shop / Patisserie	\$576,000.00	\$668,160.00	\$775,066.00
Total Sales:	\$7,310,190.00	\$8,479,820.00	\$9,836,592.00
Cost of Goods Sold	-\$3,289,585.00	-\$3,815,919.00	-\$3,934,637.00
Gross Margin:	\$4,020,605.00	\$4,663,901.00	\$5,901,955.00
Operating Income			
Expenses:			
Payroll	\$1,050,000.00	\$1,102,500.00	\$1,157,625.00
General and Administrative	\$140,721.00	\$147,757.00	\$155,144.00
Marketing	\$260,000.00	\$273,000.00	\$286,650.00
Professional Fees	\$40,206.00	\$42,216.00	\$44,326.00
Insurance	\$80,412.00	\$84,433.00	\$88,654.00
Travel	\$25,000.00	\$26,250.00	\$27,563.00
Utilities	\$387,000.00	\$406,350.00	\$426,668.00
Miscellaneous	\$110,000.00	\$115,500.00	\$121,275.00
Total Operating Costs	\$2,093,339.00	\$2,198,006.00	\$2,307,905.00
EBITDA			
Company Income Tax	\$289,090.00	\$328,351.00	\$346,186.00
Interest	\$330,000.00	\$297,000.00	\$263,400.00
Depreciation	\$87,500.00	\$84,437.00	\$82,681.00
Nett Profit	\$1,386,749.00	\$709,788.00	\$692,267.00
Profit Margin	66%	68%	70%

7.6 Cash Flow Analysis

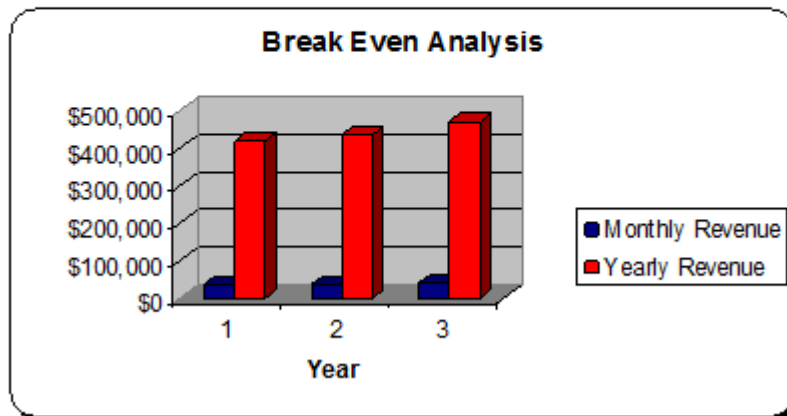
7.7 Balance Sheet

Proforma Balance Sheet - Yearly			
Year	1	2	3
Assets			
Cash	\$88,093	\$104,078	\$123,149
Amortized Development/Expansion Costs	\$52,500	\$58,055	\$65,287
Inventory	\$35,000	\$62,777	\$98,935
FF&E	\$25,000	\$47,222	\$76,148
Accumulated Depreciation	(\$8,036)	(\$16,071)	(\$24,107)
Total Assets	\$192,558	\$256,061	\$339,411
Liabilities and Equity			
Accounts Payable	\$13,005	\$26,716	\$40,990
Long Term Liabilities	\$116,921	\$108,084	\$99,247
Other Liabilities	\$0	\$0	\$0
Total Liabilities	\$129,926	\$134,800	\$140,236
Net Worth	\$62,632	\$121,261	\$199,175
Total Liabilities and Equity	\$192,558	\$256,061	\$339,411



7.8 General Assumptions

Monthly Break Even Analysis			
Year	1	2	3
Monthly Revenue	\$40,693	\$42,545	\$44,462
Yearly Revenue	\$488,319	\$510,540	\$533,545



7.9 Business Ratios

Business Ratios - Yearly			
Year	1	2	3
Sales			
Sales Growth	0.0%	20.0%	17.0%
Gross Margin	70.0%	70.0%	70.0%
Financials			
Profit Margin	16.68%	20.65%	23.18%
Assets to Liabilities	1.48	1.90	2.42
Equity to Liabilities	0.48	0.90	1.42
Assets to Equity	3.07	2.11	1.70
Liquidity			
Acid Test	0.68	0.77	0.88
Cash to Assets	0.46	0.41	0.36

Expanded Profit and Loss Statements

Profit and Loss Statement (First Year)							
Months	1	2	3	4	5	6	7
Sales	\$67,375	\$67,550	\$67,725	\$67,900	\$44,735	\$44,850	\$44,965
Cost of Goods Sold	\$6,738	\$6,755	\$6,773	\$6,790	\$4,474	\$4,485	\$4,497
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	\$60,638	\$60,795	\$60,953	\$61,110	\$40,262	\$40,365	\$40,469
Expenses							
Payroll	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250
General and Administrative	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
Marketing Expenses	\$1,147	\$1,147	\$1,147	\$1,147	\$1,147	\$1,147	\$1,147
Professional Fees and Licensure	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083
Insurance Costs	\$625	\$625	\$625	\$625	\$625	\$625	\$625
Travel and Vehicle Costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250
Rent and Utilities	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458
Miscellaneous Costs	\$410	\$410	\$410	\$410	\$410	\$410	\$410
Payroll Taxes	\$3,038	\$3,038	\$3,038	\$3,038	\$3,038	\$3,038	\$3,038
Total Operating Costs	\$31,460	\$31,460	\$31,460	\$31,460	\$31,460	\$31,460	\$31,460
EBITDA	\$29,177	\$29,335	\$29,492	\$29,650	\$8,801	\$8,905	\$9,008
Federal Income Tax	\$7,201	\$7,220	\$7,238	\$7,257	\$4,781	\$4,794	\$4,806
State Income Tax	\$1,091	\$1,094	\$1,097	\$1,100	\$724	\$726	\$728
Interest Expense	\$1,125	\$1,119	\$1,113	\$1,107	\$1,101	\$1,095	\$1,089
Depreciation Expense	\$491	\$491	\$491	\$491	\$491	\$491	\$491
Net Profit	\$19,269	\$19,411	\$19,552	\$19,694	\$1,703	\$1,798	\$1,893

Profit and Loss Statement (First Year Cont.)						
Month	8	9	10	11	12	1
Sales	\$45,080	\$45,195	\$68,950	\$45,425	\$45,540	\$655,290
Cost of Goods Sold	\$4,508	\$4,520	\$6,895	\$4,543	\$4,554	\$65,529
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	\$40,572	\$40,676	\$62,055	\$40,883	\$40,986	\$589,761
Expenses						
Payroll	\$20,250	\$20,250	\$20,250	\$20,250	\$20,250	\$243,000
General and Administrative	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$14,400
Marketing Expenses	\$1,147	\$1,147	\$1,147	\$1,147	\$1,147	\$13,761
Professional Fees and Licensure	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$25,000
Insurance Costs	\$625	\$625	\$625	\$625	\$625	\$7,500
Travel and Vehicle Costs	\$1,250	\$1,250	\$1,250	\$1,250	\$1,250	\$15,000
Rent and Utilities	\$1,458	\$1,458	\$1,458	\$1,458	\$1,458	\$17,500
Miscellaneous Costs	\$410	\$410	\$410	\$410	\$410	\$4,915
Payroll Taxes	\$3,038	\$3,038	\$3,038	\$3,038	\$3,038	\$36,450
Total Operating Costs	\$31,460	\$31,460	\$31,460	\$31,460	\$31,460	\$377,526
EBITDA	\$9,112	\$9,215	\$30,595	\$9,422	\$9,526	\$212,235
Federal Income Tax	\$4,818	\$4,830	\$7,369	\$4,855	\$4,867	\$70,038
State Income Tax	\$730	\$732	\$1,117	\$736	\$737	\$10,612
Interest Expense	\$1,083	\$1,077	\$1,071	\$1,065	\$1,059	\$13,107
Depreciation Expense	\$491	\$491	\$491	\$491	\$491	\$5,893
Net Profit	\$1,989	\$2,084	\$20,546	\$2,275	\$2,371	\$112,586

Profit and Loss Statement (Second Year)					
		2			
Quarter	Q1	Q2	Q3	Q4	2
Sales	\$142,853	\$178,567	\$192,852	\$199,995	\$714,266
Cost of Goods Sold	\$14,285	\$17,857	\$19,285	\$19,999	\$71,427
Gross Margin	90.0%	90.0%	90.0%	90.0%	90.0%
Operating Income	\$128,568	\$160,710	\$173,567	\$179,995	\$642,839
Expenses					
Payroll	\$50,058	\$62,573	\$67,578	\$70,081	\$250,290
General and Administrative	\$2,995	\$3,744	\$4,044	\$4,193	\$14,976
Marketing Expenses	\$3,000	\$3,750	\$4,050	\$4,200	\$15,000
Professional Fees and Licensure	\$5,150	\$6,438	\$6,953	\$7,210	\$25,750
Insurance Costs	\$1,575	\$1,969	\$2,126	\$2,205	\$7,875
Travel and Vehicle Costs	\$3,300	\$4,125	\$4,455	\$4,620	\$16,500
Rent and Utilities	\$3,675	\$4,594	\$4,961	\$5,145	\$18,375
Miscellaneous Costs	\$1,071	\$1,339	\$1,446	\$1,500	\$5,357
Payroll Taxes	\$7,509	\$9,386	\$10,137	\$10,512	\$37,544
Total Operating Costs	\$78,333	\$97,917	\$105,750	\$109,667	\$391,666
EBITDA	\$50,235	\$62,793	\$67,817	\$70,329	\$251,173
Federal Income Tax	\$15,772	\$19,716	\$21,293	\$22,081	\$78,862
State Income Tax	\$2,390	\$2,987	\$3,226	\$3,346	\$11,949
Interest Expense	\$3,138	\$3,080	\$3,020	\$2,959	\$12,197
Depreciation Expense	\$1,473	\$1,473	\$1,473	\$1,473	\$5,893
Net Profit	\$27,462	\$35,538	\$38,804	\$40,469	\$142,272

Profit and Loss Statement (Third Year)					
		3			
Quarter	Q1	Q2	Q3	Q4	3
Sales	\$155,710	\$194,638	\$210,209	\$217,994	\$778,550
Cost of Goods Sold	\$15,571	\$19,464	\$21,021	\$21,799	\$77,855
Gross Margin	0.0%	0.0%	0.0%	0.0%	0.0%
Operating Income	\$140,139	\$175,174	\$189,188	\$196,195	\$700,695
Expenses					
Payroll	\$54,742	\$68,428	\$73,902	\$76,639	\$273,712
General and Administrative	\$3,115	\$3,894	\$4,205	\$4,361	\$15,575
Marketing Expenses	\$3,270	\$4,087	\$4,414	\$4,578	\$16,350
Professional Fees and Licensure	\$5,305	\$6,631	\$7,161	\$7,426	\$26,523
Insurance Costs	\$1,654	\$2,067	\$2,233	\$2,315	\$8,269
Travel and Vehicle Costs	\$3,630	\$4,538	\$4,901	\$5,082	\$18,150
Rent and Utilities	\$3,859	\$4,823	\$5,209	\$5,402	\$19,294
Miscellaneous Costs	\$1,168	\$1,460	\$1,577	\$1,635	\$5,839
Payroll Taxes	\$8,211	\$10,264	\$11,085	\$11,496	\$41,057
Total Operating Costs	\$84,954	\$106,192	\$114,687	\$118,935	\$424,768
EBITDA	\$55,185	\$68,982	\$74,500	\$77,260	\$275,927
Federal Income Tax	\$17,472	\$21,840	\$23,587	\$24,461	\$87,359
State Income Tax	\$2,647	\$3,309	\$3,574	\$3,706	\$13,236
Interest Expense	\$2,897	\$2,834	\$2,769	\$2,702	\$11,202
Depreciation Expense	\$1,473	\$1,473	\$1,473	\$1,473	\$5,893
Net Profit	\$30,696	\$39,526	\$43,098	\$44,917	\$158,237

Expanded Cash Flow Analysis

Cash Flow Analysis (First Year)								
Month	1	2	3	4	5	6	7	8
Cash From Operations	\$19,760	\$19,902	\$20,043	\$20,185	\$2,194	\$2,289	\$2,385	\$2,480
Cash From Receivables	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$19,760	\$19,902	\$20,043	\$20,185	\$2,194	\$2,289	\$2,385	\$2,480
Other Cash Inflows								
Equity Investment	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159
Total Other Cash Inflows	\$178,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159	\$3,159
Total Cash Inflow								
Total Cash Inflow	\$197,918	\$23,060	\$23,202	\$23,344	\$5,352	\$5,448	\$5,543	\$5,638
Cash Outflows								
Repayment of Principal	\$775	\$781	\$787	\$793	\$799	\$805	\$811	\$817
A/P Decreases	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075	\$2,075
A/R Increases	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$82,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Outflows	\$85,350	\$2,856	\$2,862	\$2,867	\$2,873	\$2,879	\$2,885	\$2,892
Net Cash Flow								
Net Cash Flow	\$112,568	\$20,204	\$20,340	\$20,476	\$2,479	\$2,568	\$2,658	\$2,747
Cash Balance	\$112,568	\$132,773	\$153,113	\$173,590	\$176,069	\$178,637	\$181,295	\$184,041

Cash Flow Analysis (First Year Cont.)					
Month	9	10	11	12	1
Cash From Operations	\$2,575	\$21,037	\$2,767	\$2,862	\$118,479
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$2,575	\$21,037	\$2,767	\$2,862	\$118,479
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$25,000
Increased Borrowings	\$0	\$0	\$0	\$0	\$150,000
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$3,159	\$3,159	\$3,159	\$3,159	\$37,902
Total Other Cash Inflows	\$3,159	\$3,159	\$3,159	\$3,159	\$212,902
Total Cash Inflow					
Total Cash Inflow	\$5,734	\$24,196	\$5,925	\$6,021	\$331,381
Cash Outflows					
Repayment of Principal	\$823	\$829	\$835	\$842	\$9,695
A/P Decreases	\$2,075	\$2,075	\$2,075	\$2,075	\$24,897
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$0	\$0	\$0	\$0	\$82,500
Dividends	\$0	\$0	\$0	\$94,783	\$94,783
Total Cash Outflows	\$2,898	\$2,904	\$2,910	\$97,699	\$211,876
Net Cash Flow					
Net Cash Flow	\$2,836	\$21,292	\$3,015	-\$91,679	\$119,506
Cash Balance	\$186,878	\$208,170	\$211,185	\$119,506	\$119,506

Cash Flow Analysis (Second Year)					
		2			
Quarter	Q1	Q2	Q3	Q4	2
Cash From Operations	\$30,812	\$38,515	\$41,596	\$43,136	\$154,058
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$30,812	\$38,515	\$41,596	\$43,136	\$154,058
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$8,717	\$10,897	\$11,769	\$12,204	\$43,587
Total Other Cash Inflows	\$8,717	\$10,897	\$11,769	\$12,204	\$43,587
Total Cash Inflow					
	\$39,529	\$49,411	\$53,364	\$55,341	\$197,645
Cash Outflows					
Repayment of Principal	\$2,563	\$2,621	\$2,680	\$2,741	\$10,605
A/P Decreases	\$5,975	\$7,469	\$8,067	\$8,365	\$29,876
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$3,081	\$3,851	\$4,160	\$4,314	\$15,406
Dividends	\$24,649	\$30,812	\$33,277	\$34,509	\$123,247
Total Cash Outflows	\$36,268	\$44,753	\$48,183	\$49,929	\$179,133
Net Cash Flow					
	\$3,261	\$4,658	\$5,181	\$5,412	\$18,512
Cash Balance	\$122,766	\$127,425	\$132,606	\$138,018	\$138,018

Cash Flow Analysis (Third Year)					
		3			
Quarter	Q1	Q2	Q3	Q4	3
Cash From Operations	\$34,004	\$42,506	\$45,906	\$47,606	\$170,022
Cash From Receivables	\$0	\$0	\$0	\$0	\$0
Operating Cash Inflow	\$34,004	\$42,506	\$45,906	\$47,606	\$170,022
Other Cash Inflows					
Equity Investment	\$0	\$0	\$0	\$0	\$0
Increased Borrowings	\$0	\$0	\$0	\$0	\$0
Sales of Business Assets	\$0	\$0	\$0	\$0	\$0
A/P Increases	\$10,025	\$12,531	\$13,534	\$14,035	\$50,125
Total Other Cash Inflows	\$10,025	\$12,531	\$13,534	\$14,035	\$50,125
Total Cash Inflow					
	\$44,030	\$55,037	\$59,440	\$61,641	\$220,148
Cash Outflows					
Repayment of Principal	\$2,803	\$2,867	\$2,932	\$2,998	\$11,599
A/P Decreases	\$7,170	\$8,963	\$9,680	\$10,038	\$35,852
A/R Increases	\$0	\$0	\$0	\$0	\$0
Asset Purchases	\$3,400	\$4,251	\$4,591	\$4,761	\$17,002
Dividends	\$27,204	\$34,004	\$36,725	\$38,085	\$136,018
Total Cash Outflows	\$40,577	\$50,085	\$53,927	\$55,882	\$200,471
Net Cash Flow					
	\$3,452	\$4,952	\$5,513	\$5,759	\$19,677
Cash Balance	\$141,470	\$146,422	\$151,935	\$157,695	\$157,695