



Retail Property Sub-leasing Business Plan

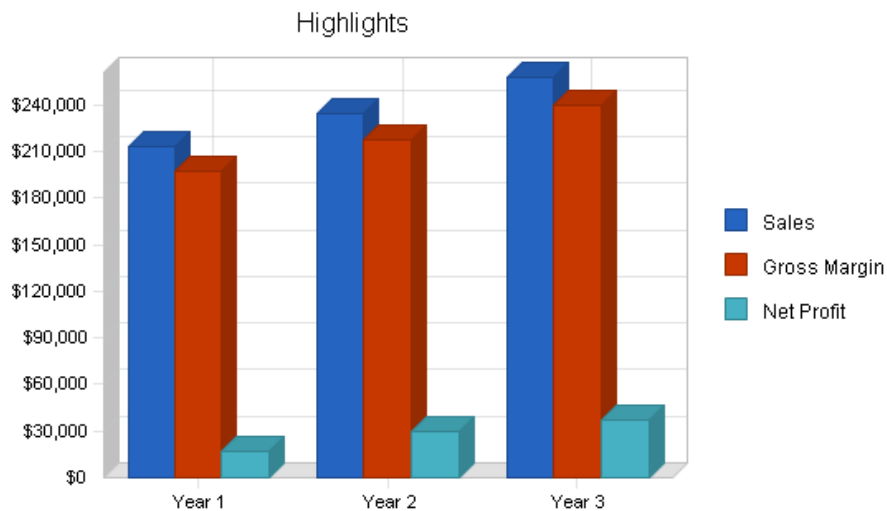
Galerie de Beaute is best described as a mall of beauty professionals. Galerie de Beaute will lease fully equipped units to state-licensed beauty professionals.

Owners of traditional salons face many challenges when starting a new business. Purchasing equipment and finding a location in a high traffic area with reasonable rent is often difficult. Although 40% of beauty professionals own their own business, 60% are employed in a privately-owned shop.

In a traditional salon environment employees are paid 50% commission. These employees are often charged for supplies and products utilized. These issues sometimes lead to high turnover in the industry. Because of these challenges, salon owners have resorted to booth rental in those states in which it is legal. Although booth rentals are attractive to many; there are some drawbacks. To be considered a booth renter and not an employee by the IRS and the state, a signed lease is required. If an audit is performed and there is no signed lease, this could involve significant liability, including back taxes, interest and penalty.

A long-term loan or an additional investment will be sought to supplement owner investment. This will help Galerie de Beaute make the required leasehold improvements to the selected site. Leasehold improvements include installation of equipment, electrical, plumbing and carpentry required to construct 24 suites.

First year profit is estimated at £17,000 growing to £37,500 in year three.



1.1 Mission

- Establish Ourstate's first salon mall
- Provide high quality suites
- Maintain long-term financial stability
- Provide access to a spectrum of beauty and personal-care professionals
- Maintain the highest levels of professional ethics
- Foster a progressive environment, which attracts talented entrepreneurs
- Stay true to community commitment



1.2 Objectives

- Galerie de Beaute is an alternative for salon professionals who have the goal of salon ownership.
- Galerie de Beaute will provide hairstylists, nail technicians and massage therapists the opportunity to operate a mini-salon with minimal start-up capital expenditures.

1.3 Keys to Success

- Galerie de Beaute is located on the heavily travelled corridor of routes 13 and 40. Average daily traffic exceeds 20,000 vehicles.
- Galerie de Beaute is attractive to salon professionals because the professional pays a set monthly expense. The salon professional is no longer required to work as a commissioned employee.
- Galerie de Beaute gives salon professionals the opportunity to rent fully equipped units. Rent includes the locked unit, utilities, and insurance. Each salon professional will set his/her hours, set his/her pricing, schedule appointments and purchase supplies.
- Owners of traditional salons face many challenges when starting a new business. Purchasing equipment and finding a location in a high traffic area with reasonable rent is often difficult. Although 40% of beauty professionals own their own business, 60% are employed in a privately-owned shop.
- In a traditional salon environment employees are paid 50% commission. In addition these employees are often charged for supplies and products utilized. These issues lead to high turnover in the industry. Because of these challenges, salon owners have resorted to booth rental in those states in which it is legal.
- Although booth rentals are attractive to many; there are some drawbacks. To be considered a booth renter and not an employee by the IRS and the state, a signed lease is required. If an audit is performed and there is no signed lease, this could involve significant liability, including back taxes, interest and penalty.
- Salon malls have been established in several other states (i.e. Maryland, Virginia, Ohio and Nevada). Ourstate, and those immediately adjacent do not, as yet, have any salon malls.

Company Summary

Galerie de Beaute is best described as a mall of beauty salon professionals. Galerie de Beaute will lease fully equipped units to state licensed beauty professionals. The standard Galerie de Beaute lease will include private locking units with telephone jacks, shampoo bowl, styling station, hair dryer, and styling chair. The benefits of doing business at Galerie de Beaute is as follows: the maintenance service of the common area, utilities included in the lease payment, professional liability insurance, and on-site coin operated washer and dryer.

The relationship between Galerie de Beaute and potential applicants will be that of landlord and tenant. The tenant will be responsible for registering their 'salon' with the Division of Professional Regulation Board of Cosmetology and Barbering and acquiring business licensure.

2.1 Company Ownership

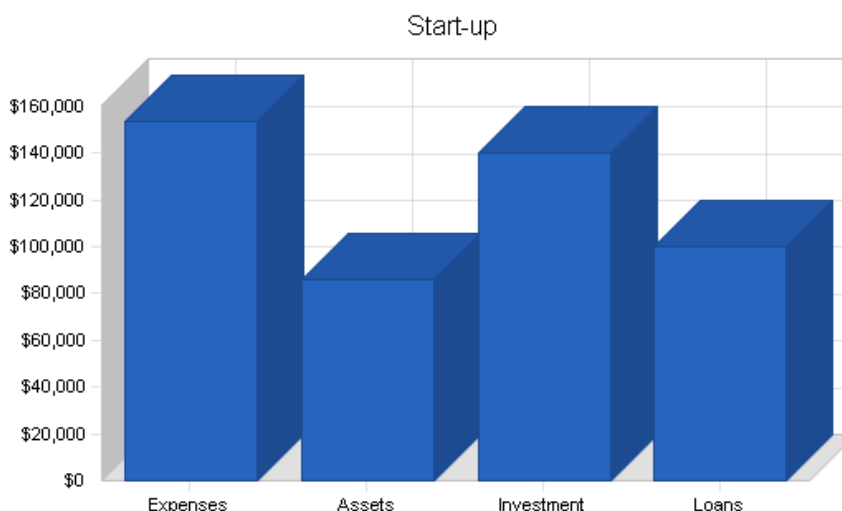
Galerie de Beaute has been established as a limited liability corporation by partners Marcela Wave and Curley Lockes. The ownership is based on the weight of the partners working capital input.

2.2 Start-up Summary

Equipment will be purchased to furnish each unit. The average cost of equipment to furnish a unit is approximately £1,800. It is estimated that we will have 24 units for rent; thus equipment cost is £44,000. Construction of 24 individual units and the common areas (including restrooms and laundry facilities) has been estimated at £140,000. Other expenses such as incorporation, legal and advertising come to £2,400. The first month's rent and security totaled £8,000. Office and common areas equipment and furnishings come to £6,000



in expensed equipment and current assets. Total start-up requirements including cash on-hand are estimated at £240,000.



Start-up

Requirements

Start-up Expenses

Legal	£535
Stationery etc.	£40
Brochures	£300
Consultants	£1,000
Insurance	£125
Rent	£8,000
Leasehold Improvements/Unit Construction	£140,000
Expensed Equipment	£4,000
Other	£0
Total Start-up Expenses	£154,000

Start-up Assets

Cash Required	£40,000
Other Current Assets	£2,000
Long-term Assets	£44,000
Total Assets	£86,000

Total Requirements £240,000

Start-up Funding



Start-up Expenses to Fund	£154,000
Start-up Assets to Fund	£86,000
Total Funding Required	£240,000

Assets

Non-cash Assets from Start-up	£46,000
Cash Requirements from Start-up	£40,000
Additional Cash Raised	£0
Cash Balance on Starting Date	£40,000
Total Assets	£86,000

Liabilities and Capital

Liabilities

Current Borrowing	£0
Long-term Liabilities	£100,000
Accounts Payable (Outstanding Bills)	£0
Other Current Liabilities (interest-free)	£0
Total Liabilities	£100,000

Capital

Planned Investment

Owner	£100,000
Owner	£40,000
Other	£0
Additional Investment Requirement	£0
Total Planned Investment	£140,000

Loss at Start-up (Start-up Expenses)	(£154,000)
Total Capital	(£14,000)

Total Capital and Liabilities	£86,000
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Total Funding	£240,000
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Services

Galerie de Beaute will lease fully equipped units to state licensed beauty professionals. The standard beauty salon lease will include private locking units with telephone jacks, shampoo bowl, styling station, hair dryer and styling chair. The benefits of doing business at Galerie de Beaute are: the maintenance service of the



common area, utilities included in unit lease, professional liability insurance, and on-site washer and dryer.

Market Analysis Summary

Ourstate has approximately 4,800 licensed cosmetologists, barbers, nail technicians, and aestheticians.

Per the Encyclopedia of American Industries, Third Edition, Volume Two: Service and Non-Manufacturing Industries, p110: “Hairdressing services have proven to be virtually recession proof, as consumers traditionally cut back on other discretionary expenses before decreasing their spending on personal grooming.”

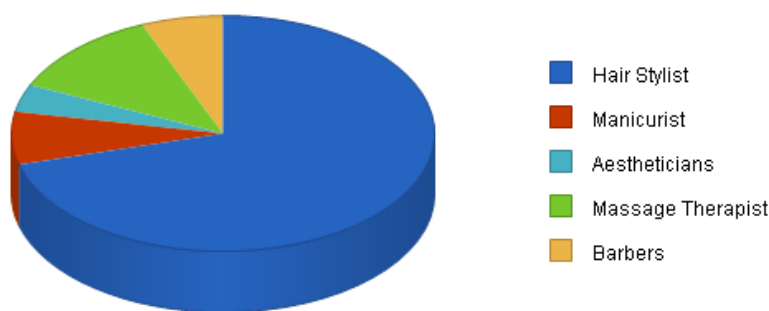
Entities have concentrated on capturing market share through densely populated communities. Ourcounty, Ourstate fits that description. Approximately 64% of Ourstate’s population reside in Ourcounty, per the 2000 U.S. Census.

According to the 1998-1999 Occupational Outlook Handbook, approximately 586,000 hairdressers, hair stylists and cosmetologists were employed in the U.S. in 1996, with 43,000 jobs held by manicurists. The Occupational Outlook Handbook expects employment in the cosmetology industry to increase as fast as the national average for all professions through 2006. Manicurists are expected to experience the fastest growth, as are other such specialists as aestheticians and electrologists.

4.1 Market Segmentation

Galerie de Beaute is making suites available by the following segmentation. The suites are segmented by potential use. Because there are approximately 2,300 licensed cosmetologists in Ourcounty, 18 suites were devoted to hairstylists. With nail technicians growing at a faster rate, we will look to devote more salons to nail technicians in the future. Currently there are approximately 237 nail technicians in Ourcounty, 202 barbers and 123 aestheticians.

Market Analysis (Pie)



Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Hair Stylist	5%	2,300	2,415	2,536	2,663	2,796	5.00%
Manicurist	12%	237	265	297	333	373	12.01%
Aestheticians	10%	123	135	149	164	180	9.99%
Massage Therapist	5%	390	410	431	453	476	5.11%



Barbers	1%	202	204	206	208	210	0.98%
Total	5.54%	3,252	3,429	3,619	3,821	4,035	5.54%

4.2 Target Market Segment Strategy

Based on the growth rate of potential customers, Galerie de Beaute will need to investigate the opportunity to open a second location to service potential customers by year 2008.

4.3 Service Business Analysis

Although Ourcounty, Ourstate has many barber shops, beauty shops, spas and nail salons; the concept of a salon mall is new to Ourstate. There are no hair stylist or nail salons on the half mile heavily travelled route 13/40 from route 141 to the 13/40 split. The closest establishment is located on route 141 in the Sell-O-Mart on route 273.

Ourstate code does not address booth rental, but the advantage of Galerie de Beaute is the privacy of secure, individual leased unit mini-salon versus 'booth' rental. Nearbystate does not permit booth rental as an alternative to salon ownership, a point for Galerie de Beaute to consider in future expansion.

4.3.1 Competition and Buying Patterns

The driving factor in choosing one type of arrangement over the other will undoubtedly be cost. Owners of traditional salons face many challenges when starting a new business. Purchasing equipment and finding a location in a high traffic area with reasonable rent is often difficult. Although 40% of beauty professionals own their own business, 60% are employed in a privately owned shop.

In a traditional salon environment employees are paid 50% commission. These employees are often charged for supplies and products utilized. These issues sometimes lead to high turnover in the industry. Because of these challenges, salon owners have resorted to booth rental in those states in which it is legal.

The Solution is Galerie de Beaute

Galerie de Beaute		Traditional Salon	
Weekly Sales	£800	Weekly Sales	£800
Weekly Rent	£225	Weekly Commission	£400
Telephone	£10	Telephone	£0
Supplies	£40	Supply Charge-back	£80
Income Before Taxes	£525	Income Before Taxes	£320

If a salon professional can increase earnings by making 55% commission rather than 50% commission the income difference will be the determining factor when choosing employment at one salon over another. We can offer an alternative to the commission environment. The qualities of salon ownership with less paperwork will be appealing. In the scenario presented above the potential income is 64% before taxes.

Strategy and Implementation Summary

The funding strategy as it relates to Galerie de Beaute is as follows:

- Management will contribute personal funding towards working capital. The funding from each partner are from various sources (i.e. home equity line of credit, credit for equipment, etc).



- Management will also present the business plan to the small business loan officer at our local bank.
- Management will identify nonprofit organizations which assist start ups (i.e. SCORE, Hometown Economic Development Corporation and First State Community Loan Fund).

Once contact is made with the various funding sources Management will determine which opportunities would best fit our needs. The main point of concern is the long-term interest rate. Management has determined that interest rates 7% or less would best fit our financial plan.

Once funding issues have been resolved Management will turn its attention to leasing the suites.

Identifying potential tenants to sign a one year lease is management's priority. The goal is to have approximately 10 tenants committed by the grand opening; thus placing Galerie de Beaute in the position to break even within the 2nd quarter of operation.

5.1 Competitive Edge

Galerie de Beaute's competitive edge is that we are the first enterprise of this kind in Ourstate. All other salons are owned and operated by a few individuals that either are sole proprietors or pay employees 50% to 60% commission. Some owners prefer not to have employees, but rent out remaining booths.

To be considered a booth renter and not an employee by the IRS and the state, a signed lease is required. If an audit is performed and there is no signed lease, this could involve significant liability, including back taxes, interest and penalty.

5.2 Marketing Strategy

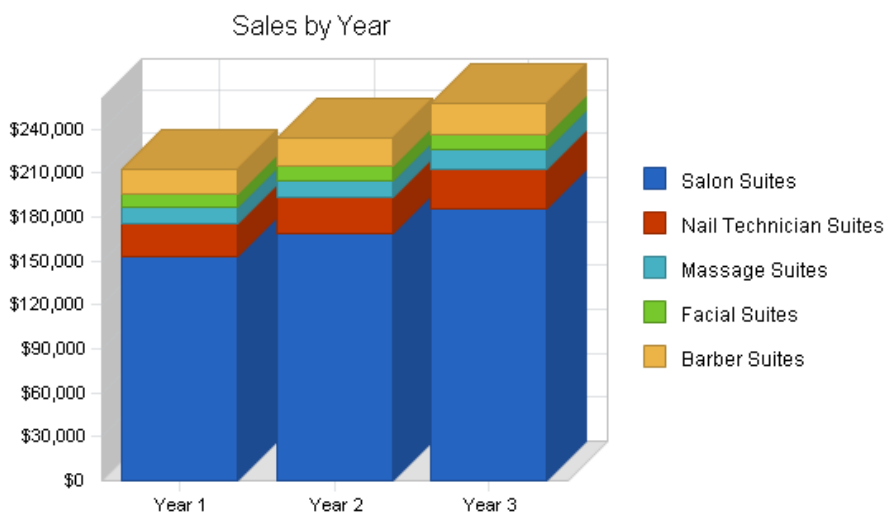
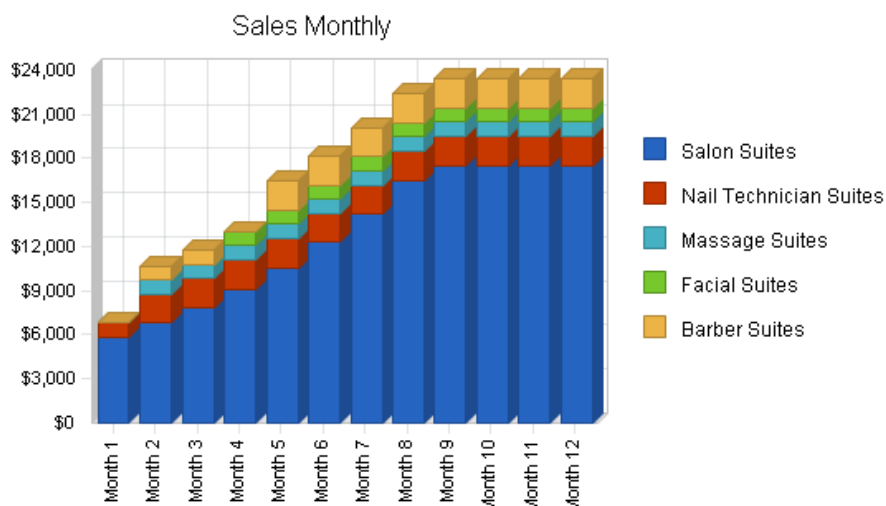
The initial marketing strategy requires creating a database of licensed beauty professionals in the state. The list of individuals is of public record and listed on Ourstate's website. Once we have gathered addresses and phone numbers, we will send out direct mail advertisements. We will continue to update our database as information is made available. The second strategy, which will be ongoing, is to acquire tenants by placing advertisements in The News Journal, Community News, and on Galerie de Beaute's Web page. In the Business Opportunities section of the classifieds, Galerie de Beaute will advertise for licensed beauty professionals (i.e. cosmetologists, nail technicians and massage therapists).

5.3 Sales Strategy

The sales strategy of Galerie de Beaute for year 1 is upon opening to have signed leases for 10 units. Each subsequent quarter increase signed leases by five.

5.3.1 Sales Forecast

The sales forecast for Galerie de Beaute is based on a steady increase in sales in the first year. Sales increase by approximately 8% on the Salon Suites. Because we have more units we expect to sign approximately 1 lease per month after the start up of ten. We anticipate lease renewals for subsequent years thus resulting in 100% occupancy. The direct cost related to each unit is £62.50 per month as it relates to the monthly loan repayment.



Sales Forecast

	Year 1	Year 2	Year 3
Sales			
Salon Suites	£153,505	£168,855	£185,740
Nail Technician Suites	£22,425	£24,668	£27,134
Massage Suites	£10,725	£11,798	£12,977
Facial Suites	£8,775	£9,653	£10,618
Barber Suites	£17,550	£19,305	£21,236
Total Sales	£212,980	£234,277	£257,705

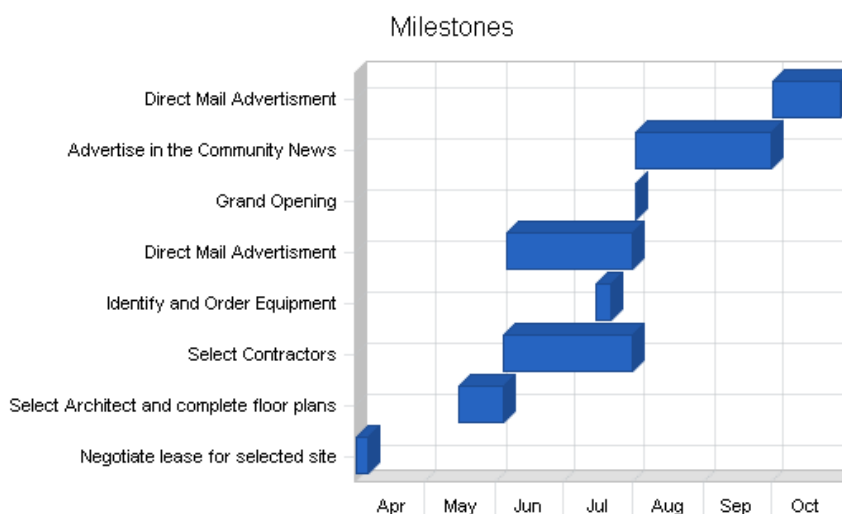
	Year 1	Year 2	Year 3
Direct Cost of Sales			
Salon Suites	£11,250	£12,375	£13,613
Massage Suites	£688	£756	£832
Facial Suites	£508	£558	£614
Barber Suites	£1,196	£1,315	£1,447
Nail Technician Suites	£1,421	£1,563	£1,719
Subtotal Direct Cost of Sales	£15,061	£16,567	£18,224



5.4 Milestones

The lease for 166 S. Fastlane Highway was signed in April 2004, with a start date of June 1, 2004. The month of May has been devoted to investigating additional financing resources, and working with the architect and general contractor to come to an agreement on the best floor plan for this type of environment. This includes taking into consideration the heating and air conditioning of the units, plans that will win approval from the county and plans that will be comfortable for future tenants. June and July will be dedicated to construction, ordering equipment and marketing. We selected the contractor because of his history of getting jobs completed on time. It is crucial that the jobs move quickly. Marketing will be more effective if we can have sample units to show. We will be taking the same approach if we were showing a sample home.

After 3 years of successful operation Galerie de Beaute will research additional sites in Ourstate or Neighboringstate.



Milestones

Milestone	Start Date	End Date	Budget	Manager	Department
Negotiate lease for selected site	3/31/2004	4/5/2004	£8,000	Curley	Operations
Select Architect and complete floor plans	5/15/2004	6/4/2004	£5,000	Curley/Marcela	Operations
Select Contractors	6/4/2004	7/31/2004	£135,000	Marcela	Operations
Identify and Order Equipment	7/15/2004	7/21/2004	£44,000	Marcela	Operations
Direct Mail Advertisement	6/5/2004	7/31/2004	£150	Curley	Marketing
Grand Opening	8/1/2004	8/1/2004	£0	Marcela/Curley	Operations
Advertise in the Community News	8/1/2004	9/30/2004	£600	Curley	Marketing
Direct Mail Advertisement	10/1/2004	10/31/2004	£150	Curley	Marketing
Totals			£192,900		

Management Summary

Galerie de Beaute will not require a full staff.

Maintenance: Maintenance of common areas and snow removal will be a contracted expense. The contract will explain in detail the services required (i.e. mopping, cleaning bathrooms and trash removal).

Administrative duties will be shared by the partners. The partners will meet regularly to assign new duties or



reassign duties as needed. It has been stated in partnership agreement that accounting duties will be rotated quarterly between the partners.

New Business: Application process, lease agreement, first and security deposit. Marcela Wave/Curley Lockes

Accounts Payable/Receivable: Collection and posting of rent. Disbursement of loan, rent, maintenance and advertising payments. Marcela Wave/Curley Lockes

Site Manager: Meet tenants monthly to address customer service issues. Renegotiate agreements. Walk through site before closing to ensure site is secure. Marcela Wave/Curley Lockes

6.1 Personnel Plan

Because tenants will be responsible for their individual suites, management will make periodic visits throughout the day to ensure maintenance issues and tenants' concerns are being addressed. The front door will be on a timer, locking at 6:00 p.m. Management will walk through around closing to ensure the building is secure.

Maintenance will be contracted. The contract will require cleaning restrooms and maintaining common areas. Tenants are responsible for maintenance within the suites. We will require approximately 16 hours per week @ approximately £7.00/hour.

The partners have over 20 years combined experience in accounting. Bookkeeping will be handled by partners with periodic review by an Accountant.

Personnel Plan

	Year 1	Year 2	Year 3
Curley Lockes/Manager	£24,000	£36,000	£40,000
Marcela Wave/Manager	£24,000	£36,000	£40,000
Other	£0	£0	£0
Total People	2	2	2
Total Payroll	£48,000	£72,000	£80,000

Financial Plan

The cash flow projections show a steady growth. The pace and rate is consistent. At this rate this gives the Management the time needed to research other locations, establish a strong position when researching financing related to purchase the next location.

7.1 Important Assumptions

The General Assumptions assumes current interest rates are 5%, long term interest rates are 7% and the tax rate is 30%.

General Assumptions

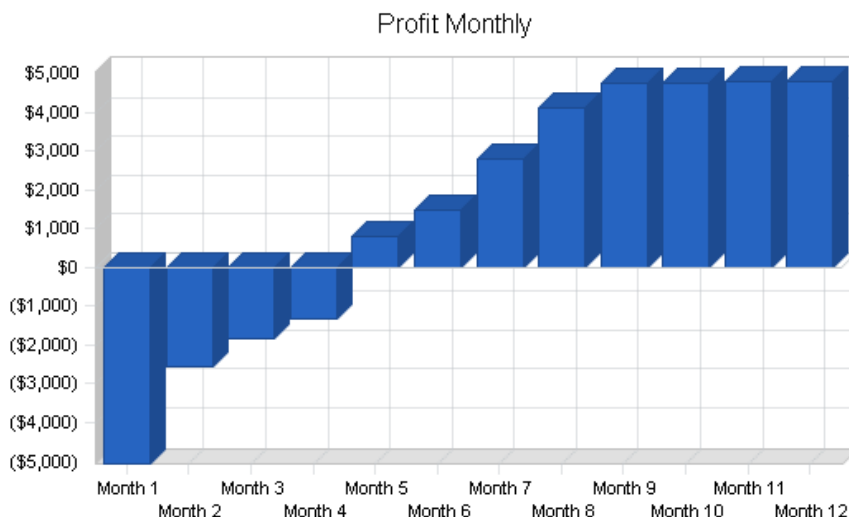
	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	5.00%	5.00%	5.00%

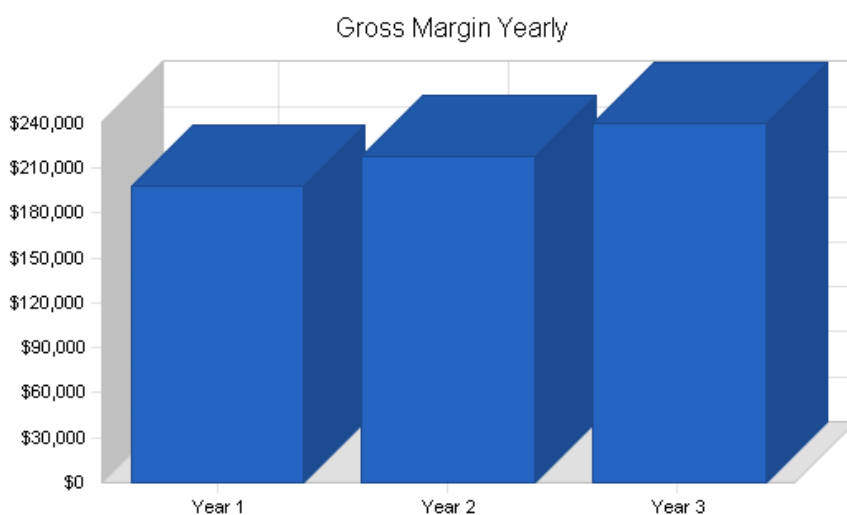
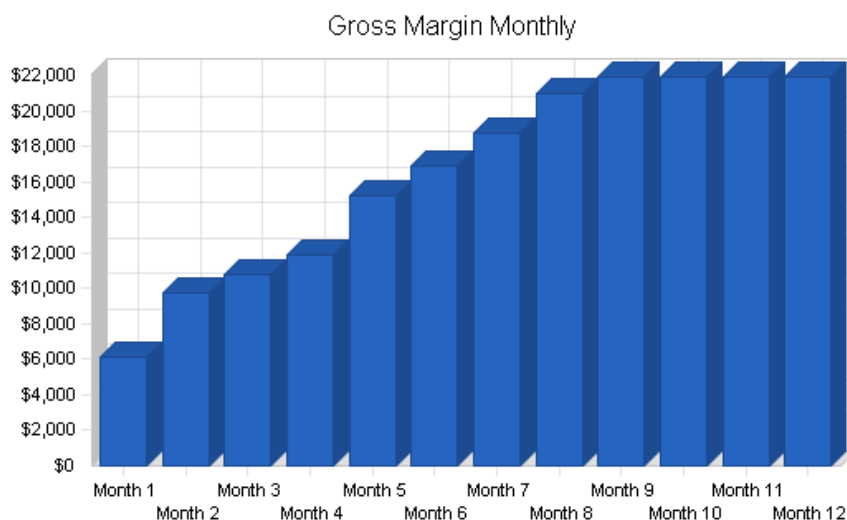


Long-term Interest Rate	7.00%	7.00%	7.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

7.2 Projected Profit and Loss

Projected profit and loss assumes long-term interest expense at 7%, it also includes owners' salaries and taxes. Net profit is calculated after tax. Expenses include triple net lease fees of £2/sq ft, which is approximately £9,600 per year. After several months of operation net profit growth from month to month ranges from approximately 10%-20%. After year 1 net profits continue growth in the range of 10%-15%.





Pro Forma Profit and Loss

	Year 1	Year 2	Year 3
Sales	£212,980	£234,277	£257,705
Direct Cost of Sales	£15,061	£16,567	£18,224
Other Costs of Sales	£0	£0	£0
Total Cost of Sales	£15,061	£16,567	£18,224
Gross Margin	£197,918	£217,710	£239,481
Gross Margin %	92.93%	92.93%	92.93%

Expenses

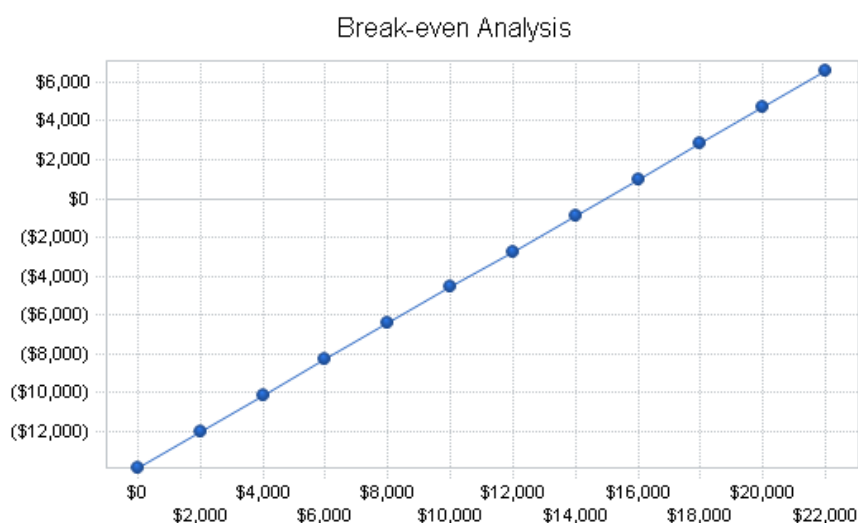
Payroll	£48,000	£72,000	£80,000
Sales and Marketing and Other Expenses	£3,600	£3,600	£3,600
Depreciation	£9,600	£9,600	£9,600
Rent	£47,916	£52,701	£55,096
Utilities	£29,450	£0	£0



Insurance	£1,500	£1,500	£1,500
Maintenance Contract	£6,000	£6,000	£6,000
Triple Net Lease Fees	£9,600	£9,600	£9,600
Payroll Taxes	£8,100	£11,700	£12,900
Other	£2,700	£2,700	£2,700
Total Operating Expenses	£166,466	£169,401	£180,996
Profit Before Interest and Taxes	£31,452	£48,309	£58,485
EBITDA	£41,052	£57,909	£68,085
Interest Expense	£6,545	£5,740	£4,900
Taxes Incurred	£7,472	£12,771	£16,076
Net Profit	£17,435	£29,798	£37,510
Net Profit/Sales	8.19%	12.72%	14.56%

7.3 Break-even Analysis

The break-even analysis of Galerie de Beaute is an illustration of the number of units which are required to be leased at an average rent of £975/month. With 12 units leased, this will cover the fixed costs (i.e. rent, insurance, security, maintenance), variable cost related to triple net leasing of £2/sq ft, water and electricity and the owners' salaries of £4,000/month.



Break-even Analysis

Monthly Revenue Break-even £14,928

Assumptions:

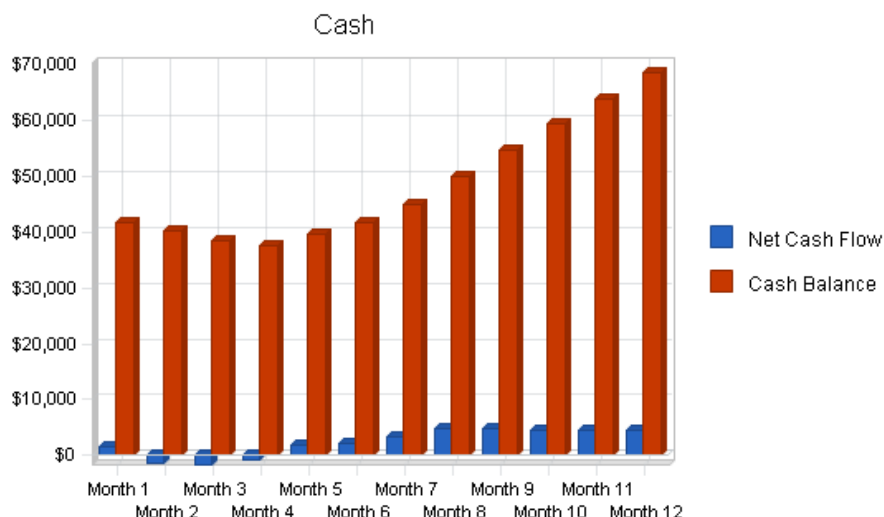
Average Percent Variable Cost 7%

Estimated Monthly Fixed Cost £13,872



7.4 Projected Cash Flow

Cash flow begins with an adequate cash balance; is negative for four months, then becomes positive. One-hundred fifty five thousand dollars has been invested by the partners. The owners will receive year-end dividend payouts beginning in the second fiscal year. The long-term debt of £100,000 will be repaid over the course of eight years at an interest rate of 7%. The net cash flow is listed before interest and taxes.



Pro Forma Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	£212,980	£234,277	£257,705
Subtotal Cash from Operations	£212,980	£234,277	£257,705
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	£0	£0	£0
New Current Borrowing	£0	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0
New Long-term Liabilities	£0	£0	£0
Sales of Other Current Assets	£0	£0	£0
Sales of Long-term Assets	£0	£0	£0
New Investment Received	£0	£0	£0
Subtotal Cash Received	£212,980	£234,277	£257,705
Expenditures			
Expenditures from Operations			
Cash Spending	£48,000	£72,000	£80,000
Bill Payments	£124,577	£126,147	£129,961
Subtotal Spent on Operations	£172,577	£198,147	£209,961



Additional Cash Spent

Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0
Principal Repayment of Current Borrowing	£0	£0	£0
Other Liabilities Principal Repayment	£0	£0	£0
Long-term Liabilities Principal Repayment	£12,000	£12,000	£12,000
Purchase Other Current Assets	£0	£0	£0
Purchase Long-term Assets	£0	£0	£0
Dividends	£0	£8,000	£12,000
Subtotal Cash Spent	£184,577	£218,147	£233,961
Net Cash Flow	£28,403	£16,131	£23,744
Cash Balance	£68,403	£84,533	£108,277

7.5 Projected Balance Sheet

The nature of Galerie de Beaute's business is to carry no inventory; salon unit leases are paid current; thus there are no accounts receivables; and limited long-term assets in equipment on the books are depreciated over five years. In the future we may purchase a building for a 2nd location if demand requires.

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	£68,403	£84,533	£108,277
Other Current Assets	£2,000	£2,000	£2,000
Total Current Assets	£70,403	£86,533	£110,277
Long-term Assets			
Long-term Assets	£44,000	£44,000	£44,000
Accumulated Depreciation	£9,600	£19,200	£28,800
Total Long-term Assets	£34,400	£24,800	£15,200
Total Assets	£104,803	£111,333	£125,477
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	£13,367	£10,100	£10,734
Current Borrowing	£0	£0	£0
Other Current Liabilities	£0	£0	£0
Subtotal Current Liabilities	£13,367	£10,100	£10,734



Long-term Liabilities	£88,000	£76,000	£64,000
Total Liabilities	£101,367	£86,100	£74,734
Paid-in Capital	£140,000	£140,000	£140,000
Retained Earnings	(£154,000)	(£144,565)	(£126,766)
Earnings	£17,435	£29,798	£37,510
Total Capital	£3,435	£25,234	£50,743
Total Liabilities and Capital	£104,803	£111,333	£125,477
Net Worth	£3,435	£25,234	£50,743

7.6 Business Ratios

The ratios are not relevant to Galerie de Beaute for several reasons. Galerie de Beaute does not possess inventory to be evaluated in that fashion. Galerie de Beaute possesses limited equipment long-term assets, but does not carry accounts receivables. Because salon malls are fairly new there are no industry indicators for comparisons; therefore the ratio table is not a good indicator. The Industry Profiles shown correspond to SIC code 6512.0200, Operators of Nonresidential Buildings, chosen because our company is sub-leasing business real estate space to independent business entrepreneurs.

Ratio Analysis

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	0.00%	10.00%	10.00%	3.46%

Percent of Total Assets

Other Current Assets	1.91%	1.80%	1.59%	19.37%
Total Current Assets	67.18%	77.72%	87.89%	22.19%
Long-term Assets	32.82%	22.28%	12.11%	77.81%
Total Assets	100.00%	100.00%	100.00%	100.00%

Current Liabilities	12.75%	9.07%	8.55%	6.80%
Long-term Liabilities	83.97%	68.26%	51.01%	51.69%
Total Liabilities	96.72%	77.34%	59.56%	58.49%
Net Worth	3.28%	22.66%	40.44%	41.51%

Percent of Sales

Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	92.93%	92.93%	92.93%	100.00%
Selling, General & Administrative Expenses	80.50%	76.48%	75.05%	63.74%
Advertising Expenses	0.00%	0.00%	0.00%	0.37%
Profit Before Interest and Taxes	14.77%	20.62%	22.69%	3.52%

Main Ratios



Current	5.27	8.57	10.27	1.84
Quick	5.27	8.57	10.27	1.44
Total Debt to Total Assets	96.72%	77.34%	59.56%	68.83%
Pre-tax Return on Net Worth	725.08%	168.70%	105.60%	1.15%
Pre-tax Return on Assets	23.77%	38.24%	42.71%	3.68%

Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	8.19%	12.72%	14.56%	n.a
Return on Equity	507.55%	118.09%	73.92%	n.a

Activity Ratios				
Accounts Payable Turnover	10.32	12.17	12.17	n.a
Payment Days	27	35	29	n.a
Total Asset Turnover	2.03	2.10	2.05	n.a

Debt Ratios				
Debt to Net Worth	29.51	3.41	1.47	n.a
Current Liab. to Liab.	0.13	0.12	0.14	n.a

Liquidity Ratios				
Net Working Capital	£57,035	£76,434	£99,543	n.a
Interest Coverage	4.81	8.42	11.94	n.a

Additional Ratios				
Assets to Sales	0.49	0.48	0.49	n.a
Current Debt/Total Assets	13%	9%	9%	n.a
Acid Test	5.27	8.57	10.27	n.a
Sales/Net Worth	62.00	9.28	5.08	n.a
Dividend Payout	0.00	0.27	0.32	n.a

Appendix

Sales Forecast

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales													
Salon Suites	0%	£5,850	£6,786	£7,872	£9,131	£10,592	£12,287	£14,253	£16,533	£17,550	£17,550	£17,550	£17,550
Nail Technician Suites	0%	£975	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950
Massage Suites	0%	£0	£975	£975	£975	£975	£975	£975	£975	£975	£975	£975	£975
Facial Suites	0%	£0	£0	£0	£975	£975	£975	£975	£975	£975	£975	£975	£975
Barber Suites	0%	£0	£975	£975	£0	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950	£1,950
Total Sales		£6,825	£10,686	£11,772	£13,031	£16,442	£18,137	£20,103	£22,383	£23,400	£23,400	£23,400	£23,400
Direct Cost of Sales		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Salon Suites		£625	£688	£750	£813	£875	£938	£1,000	£1,063	£1,125	£1,125	£1,125	£1,125
Massage Suites		£0	£63	£63	£63	£63	£63	£63	£63	£63	£63	£63	£63
Facial Suites		£0	£0	£0	£63	£35	£35	£63	£63	£63	£63	£63	£63
Barber Suites		£0	£63	£63	£63	£126	£126	£126	£126	£126	£126	£126	£126
Nail Technician Suites		£35	£126	£126	£126	£126	£126	£126	£126	£126	£126	£126	£126
Subtotal Direct Cost of Sales		£660	£939	£1,001	£1,126	£1,225	£1,287	£1,377	£1,440	£1,502	£1,502	£1,502	£1,502



Personnel Plan

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Curley Lockes/Manager	0%	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000
Marcela Wave/Manager	0%	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000
Other	0%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total People		2	2	2	2	2	2	2	2	2	2	2	2
Total Payroll		£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000

General Assumptions

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Plan Month	1	2	3	4	5	6	7	8	9	10	11	12
Current Interest Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Long-term Interest Rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%
Tax Rate	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%	30.00%
Other	0	0	0	0	0	0	0	0	0	0	0	0

Pro Forma Profit and Loss

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	£6,825	£10,686	£11,772	£13,031	£16,442	£18,137	£20,103	£22,383	£23,400	£23,400	£23,400	£23,400
Direct Cost of Sales	£860	£939	£1,001	£1,126	£1,225	£1,287	£1,377	£1,440	£1,502	£1,502	£1,502	£1,502
Other Costs of Sales	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Total Cost of Sales	£860	£939	£1,001	£1,126	£1,225	£1,287	£1,377	£1,440	£1,502	£1,502	£1,502	£1,502
Gross Margin	£6,165	£9,748	£10,771	£11,905	£15,218	£16,850	£18,726	£20,944	£21,898	£21,898	£21,898	£21,898
Gross Margin %	90.33%	91.22%	91.50%	91.36%	92.55%	92.90%	93.15%	93.57%	93.58%	93.58%	93.58%	93.58%
Expenses												
Payroll	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000
Sales and Marketing and Other Expenses	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300	£300
Depreciation	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800
Rent	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993	£3,993
Utilities	£1,400	£1,400	£1,400	£1,800	£2,100	£2,800	£2,800	£3,150	£3,150	£3,150	£3,150	£3,150
Insurance	£125	£125	£125	£125	£125	£125	£125	£125	£125	£125	£125	£125
Maintenance Contract	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500	£500
Triple Net Lease Fees	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800	£800
Payroll Taxes	£675	£675	£675	£675	£675	£675	£675	£675	£675	£675	£675	£675
Other	£225	£225	£225	£225	£225	£225	£225	£225	£225	£225	£225	£225
Total Operating Expenses	£12,818	£12,818	£12,818	£13,218	£13,518	£14,218	£14,218	£14,568	£14,568	£14,568	£14,568	£14,568
Profit Before Interest and Taxes	£6,853	£8,071	£8,961	£9,813	£12,930	£13,919	£15,885	£16,376	£17,332	£17,332	£17,332	£17,332
EBITDA	£6,853	£8,071	£8,961	£9,813	£12,930	£13,919	£15,885	£16,376	£17,332	£17,332	£17,332	£17,332
Interest Expense	£578	£572	£566	£560	£554	£548	£543	£537	£531	£525	£519	£513
Taxes Incurred	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169	£2,169
Net Profit	£4,106	£3,230	£4,226	£5,074	£5,107	£5,602	£6,075	£6,566	£6,566	£6,566	£6,566	£6,566
Net Profit/Sales	-74.16%	-23.86%	-15.54%	-10.06%	4.88%	8.04%	13.81%	18.26%	20.34%	20.36%	20.37%	20.39%

Pro Forma Cash Flow

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	£6,825	£10,686	£11,772	£13,031	£16,442	£18,137	£20,103	£22,383	£23,400	£23,400	£23,400	£23,400
Subtotal Cash from Operations	£6,825	£10,686	£11,772	£13,031	£16,442	£18,137	£20,103	£22,383	£23,400	£23,400	£23,400	£23,400
Additional Cash Received												
Sales Tax, VAT, HST/GST Received	0.00%	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Current Borrowing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Long-term Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Sales of Long-term Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
New Investment Received	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Received	£6,825	£10,686	£11,772	£13,031	£16,442	£18,137	£20,103	£22,383	£23,400	£23,400	£23,400	£23,400
Expenditures												
Expenditures from Operations												
Cash Spending	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000	£4,000
Bill Payments	£236	£7,131	£8,448	£8,826	£9,585	£10,875	£11,900	£12,559	£13,507	£13,840	£13,836	£13,832
Subtotal Spent on Operations	£4,236	£11,131	£12,448	£12,826	£13,585	£14,875	£15,900	£16,559	£17,507	£17,840	£17,836	£17,832
Additional Cash Spent												
Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Principal Repayment of Current Borrowing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other Liabilities Principal Repayment	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Long-term Liabilities Principal Repayment	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000	£1,000
Purchase Other Current Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Purchase Long-term Assets	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Dividends	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Cash Spent	£5,236	£12,131	£13,448	£13,826	£14,585	£15,875	£16,900	£17,559	£18,507	£18,840	£18,836	£18,832
Net Cash Flow	£1,589	£(1,445)	£(1,676)	£(794)	£1,857	£2,262	£3,203	£4,824	£4,893	£4,560	£4,564	£4,568
Cash Balance	£41,589	£40,144	£38,468	£37,673	£39,530	£41,792	£44,995	£49,819	£54,712	£59,271	£63,835	£68,403



Pro Forma Balance Sheet

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	£40,000	£41,589	£40,144	£38,468	£37,673	£39,530	£41,792	£44,995	£49,819	£54,712	£59,271	£63,835	£68,403
Other Current Assets	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000	£2,000
Total Current Assets	£42,000	£43,589	£42,144	£40,468	£39,673	£41,530	£43,792	£46,995	£51,819	£56,712	£61,271	£65,835	£70,403
Long-term Assets													
Long-term Assets	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000	£44,000
Accumulated Depreciation	£0	£800	£1,600	£2,400	£3,200	£4,000	£4,800	£5,600	£6,400	£7,200	£8,000	£8,800	£9,600
Total Long-term Assets	£44,000	£43,200	£42,400	£41,600	£40,800	£40,000	£39,200	£38,400	£37,600	£36,800	£36,000	£35,200	£34,400
Total Assets	£86,000	£86,789	£84,544	£82,068	£80,473	£81,530	£82,992	£85,395	£89,419	£93,512	£97,271	£101,035	£104,803
Liabilities and Capital													
Current Liabilities													
Accounts Payable	£0	£6,850	£8,154	£8,508	£9,224	£10,479	£11,482	£12,110	£13,046	£13,379	£13,375	£13,371	£13,367
Current Borrowing	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other Current Liabilities	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Subtotal Current Liabilities	£0	£6,850	£8,154	£8,508	£9,224	£10,479	£11,482	£12,110	£13,046	£13,379	£13,375	£13,371	£13,367
Long-term Liabilities	£100,000	£99,000	£98,000	£97,000	£96,000	£95,000	£94,000	£93,000	£92,000	£91,000	£90,000	£89,000	£88,000
Total Liabilities	£100,000	£105,850	£106,154	£105,508	£105,224	£105,479	£105,482	£105,110	£105,046	£104,379	£103,375	£102,371	£101,367
Paid-in Capital	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000	£140,000
Retained Earnings	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)	(£154,000)
Earnings	£0	(£5,061)	(£7,611)	(£9,440)	(£10,751)	(£9,949)	(£8,490)	(£5,714)	(£1,627)	£3,132	£7,896	£12,663	£17,435
Total Capital	(£14,000)	(£19,061)	(£21,611)	(£23,440)	(£24,751)	(£23,949)	(£22,490)	(£19,714)	(£15,627)	(£10,868)	(£6,104)	(£1,337)	£3,435
Total Liabilities and Capital	£86,000	£86,789	£84,544	£82,068	£80,473	£81,530	£82,992	£85,395	£89,419	£93,512	£97,271	£101,035	£104,803
Net Worth	(£14,000)	(£19,061)	(£21,611)	(£23,440)	(£24,751)	(£23,949)	(£22,490)	(£19,714)	(£15,627)	(£10,868)	(£6,104)	(£1,337)	£3,435