

# Arbtron Investment Group, Inc. BUSINESS PLAN

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## **EXECUTIVE SUMMARY**

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Arbtron Investment Group, Inc (“Arbtron” or the “Company”) is a privately held corporation established in the state of Nevada for the purpose of investing in Commercial Real Estate (CRE) and taking advantage of the lucrative and potential tax benefits offered by the state. The state provides tax breaks for commercial real estate holding and trust companies as a hedge against stock market volatility while offering cash-on-cash returns and a higher-than-average return through long-term cash flow and equity growth.

Arbtron was founded in 2022, with a significant group of accredited investors and other associations. The Company’s founder, Mr. Calvin L. Burton Sr., has formed both a national and international network, as well as an experienced group of Commercial Real Estate (CRE) professionals and CRE organizations that work as Professional Syndication of Real Estate Investors (PSREI), forming a unique online marketplace for creative groups and a vast opportunity for accredited investors and others.

The Company acts as a Qualifying Intermediary for Private Investors (QIPI), lawyers, and tax professionals (CPAs), and other interested financial institutions in order to create a coalition for acquisition. Arbtron’s focus will be on resale and off-market CRE, leveraging investment capital from a network of the formed CRE coalition, joint ventures, and other corporate partnerships, while increasing the visibility of other accredited investors through direct and indirect funding of CRE investments nationwide.

The headquarters of Arbtron are in Research Triangle Park, North Carolina. The Company has formed affiliation organizations nationwide and will create partnerships with other Syndicated Commercial Real Estate Investment Groups across the country. Arbtron acts as a Qualified Intermediary for CRE and the collaborations of investors, tax, legal advisors, funding groups, and creates an effective coalition between the investment group of professional and commercial property owners in this unique marketplace by using proprietary cloud-based software.

Within its second year of growth, Arbtron Investment Group, Inc, as a registered trademark, will expand to create Arbtron Holding & Trust and ARBTRON Financial Group, LLCs. With proper funding and the mergers and acquisitions of key advisors and other professionals, the Company will include a full-service commercial and residential brokerage firm, will provide additional incentives such as 1031 Tax Exchanges, and will also provide

opportunities for other mergers and partnerships of Arbtron's stock and other securities, such as Real Estate Investment Trusts (REITs) or Exchange-Traded Funds (ETFs) earning compounding interest (see: business plan for Arbtron Holding & Trust and ARBTRON Financial Group). Additionally, Arbtron plans to purchase a construction company in its fifth year of operation and will provide investors details once a proper acquisition candidate is identified. As the business begins operations in the commercial construction phase, the Company will be known as an online marketplace for commercial real estate deal finders, creative cash flow, financing, and online proprietary CRE tools, establishing a model for both diversified and alternative forms of CRE investments.

Arbtron's founder and CEO Calvin L. Burton Jr. has over 15 years of senior leadership and real estate expertise. Mr. Burton founded two businesses worth nearly \$1 million. Mr. Burton studied Queens College and Embry-Riddle Aeronautical University-Aeronautical Science. Mr. Burton brings a wealth of residential and CRE transaction and educational experience to Arbtron's team of executives, staff, and clients. He is a part of the Commercial Real Estate Investors Ideal Team (VIP) & Syndicated and is a licensed New York State Real Estate Broker. He belongs to many real estate, business, and charity organizations.

To achieve the Company's near-term objectives, Arbtron Investment Group is seeking \$1.7 million in investor funding. These funds will be used for the Company's first property purchase, reserves for tenant improvements, and working capital among other startup expenses.

### **Company Ownership**

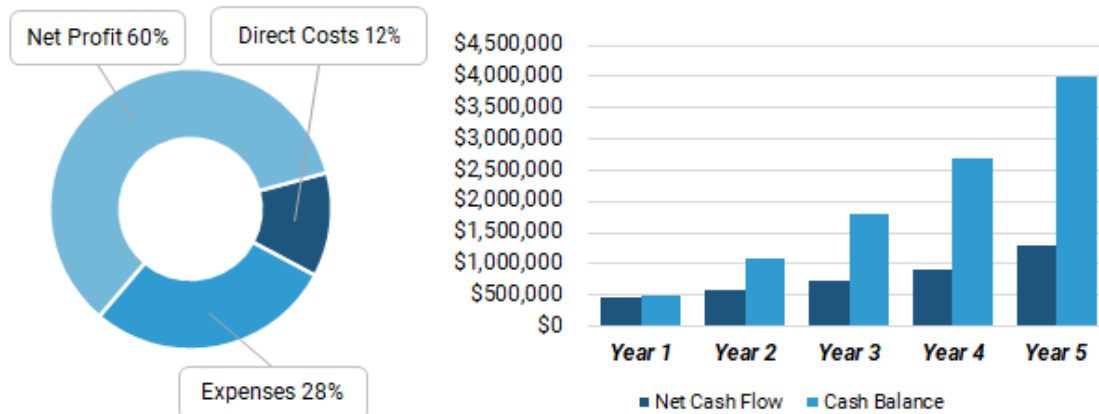
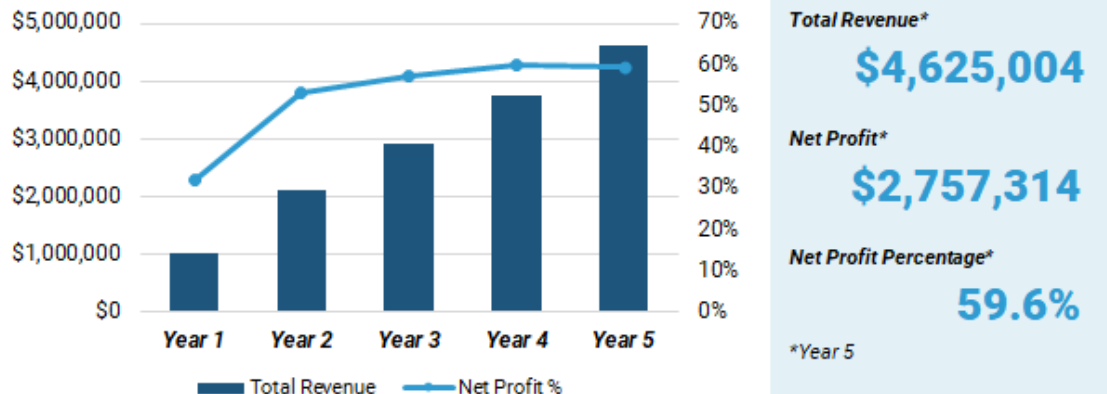
Arbtron Investment Group is an S-Corp registered in the state of Nevada.

The Company is owned by Calvin Burton (100%).

### **Company Location**

The Company is located in Durham, North Carolina.

## COMPANY HIGHLIGHTS



	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Revenue</b>	<b>\$1,027,314</b>	<b>\$2,116,267</b>	<b>\$2,906,340</b>	<b>\$3,741,912</b>	<b>\$4,625,004</b>
Gross Margin	\$904,036	\$1,862,315	\$2,557,579	\$3,292,883	\$4,070,003
Operating Expenses	\$575,245	\$733,864	\$890,263	\$1,050,268	\$1,312,690
EBITDA*	\$561,708	\$1,486,785	\$2,133,150	\$2,815,948	\$3,456,064
Net Profit	\$328,792	\$1,128,451	\$1,667,316	\$2,242,615	\$2,757,314
<b>Net Profit %</b>	<b>32.0%</b>	<b>53.3%</b>	<b>57.4%</b>	<b>59.9%</b>	<b>59.6%</b>

\*Earnings Before Interest, Taxes, Depreciation, & Amortization

## Use Of Funds

The table below outlines the sources and uses of funding:

### **SOURCES & USES**

<i><b>SOURCES OF FUNDS</b></i>	
Investor	\$1,700,000
<b>TOTAL SOURCES</b>	<b>\$1,700,000</b>
<i><b>USES OF FUNDS</b></i>	
<i><b>START-UP EXPENSES</b></i>	
Legal	\$5,000
Website Development	\$3,000
Initial Marketing	\$1,200
Closing Fees	\$38,580
<b>Total Start-up Expenses</b>	<b>\$47,780</b>
<i><b>START-UP ASSETS</b></i>	
Working Capital	\$39,720
Property Purchase	\$1,500,000
Tenant Improvements	\$112,500
<b>Total Start-up Assets</b>	<b>\$1,652,220</b>
<b>TOTAL USES</b>	<b>\$1,700,000</b>

## Investor Proposition

The following investor proposition uses a number of variables to determine a hypothetical share of the property in exchange for investment. The following scenario is up for negotiation and is dependent on operating and valuation assumptions. The property valuation is based on a multiple of 5 times year 5 EBITDA along with a projected 25% growth in 5 years. It should be noted that the return is dependent on subjective measurements of risk and reward, and valuations are subject to market conditions.

### SINGLE PROJECT INVESTOR IRR

	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
<b>INVESTMENT</b>	<b>\$1,700,000</b>					
Investor Share	50%					
Net Profit		\$189,958	\$376,150	\$416,829	\$448,523	\$459,552
% of Profits Distributed		90%	90%	90%	90%	90%
Profits Distributed		\$170,963	\$338,535	\$375,146	\$403,671	\$413,597
Investor Share of Distributed Profits		\$85,481	\$169,268	\$187,573	\$201,835	\$206,799
Year 5 Valuation Multiple						5
Company Valuation						\$2,297,762
Investor Share of Valuation						\$1,148,881
Real Estate Value	\$1,612,500	\$1,693,125	\$1,773,750	\$1,854,375	\$1,935,000	\$2,015,625
Investor Share of Real Estate						\$1,007,813
Investor Cash Flow	(\$1,700,000)	\$85,481	\$169,268	\$187,573	\$201,835	\$2,363,492
<b>Investor IRR</b>	<b>14%</b>					

## **ARBTRON INVESTMENT GROUP: AN OVERVIEW**

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Arbtron Investment Group is a new real estate investment trust focused on commercial real estate within the Research Triangle metropolitan area. The Company is diversified, investing using leverage capital from investors, which it ties in with its own funds to purchase mixed-use properties, which typically have retail and restaurant spaces on the ground level and apartments or lofts on the upper floors. Arbtron Investment Group preferentially seeks out structures with units that are ready to be leased immediately, filling occupancy as soon as possible.

Arbtron Investment Group has modeled its operations after Fundrise, which offers smaller investors the opportunity to get into the real estate game through low-cost investments. The Company offers a return on investment of between 10% and 15%, with turnaround times ranging in the one year to seven-year time frame. The average purchase price of each project will be in the \$1-2 million range, and Arbtron Investment Group intends to purchase two properties within the first year.

Arbtron Investment Group intends to start operations small, purchasing existing structures. But as it grows, the Company will also pursue new developments, working with a general contractor that manages every aspect of the construction process. The Company envisions creating developments similar to the new Fenton building in Cary, North Carolina, which includes live, dine, shop communities.

Arbtron Investment Group intends to hold its investment properties for at least five years. The Company will outsource its project management to a local property manager. Companies currently under consideration include Acorn + Oak and Pickett and Sprouse.



## MARKET ANALYSIS SUMMARY

The National Association of Realtors publishes monthly reports on the various segments of the real estate market. The organization's April 2022 report noted the following key data for the commercial and mixed-use real estate market:<sup>1</sup>

"In the office market, asking rents continue to increase although rents are still below the inflation rate, which reduces its attractiveness as an inflation hedge. Still, asking rents continue to recover, with an average growth of 1.3% year-over-year as of April. Only the Washington, DC metro area is suffering from a 0.2% year-over-year rent decline. Given the ongoing construction of about 150 MSF, vacancy rate will likely remain above 10%, but rents will continue to increase modestly."

The NAR goes on to link the market's strength to overall economic growth and employment, publishing the following graph showing net job gains figures for the leading metro areas, of which the Raleigh-Durham area is one:<sup>2</sup>

### 132 of 401 metro areas and submarkets (33%) have net job gains as of April 2022 compared to pre-pandemic peak employment (February 2020)

#### Highest net job gains ('000)

Dallas-Fort Worth-Arlington, TX	181.1
Austin-Round Rock, TX	80.2
Atlanta-Sandy Springs-Roswell, GA	67.3
Riverside-San Bernardino-Ontario, CA	46.4
Nashville-Davidson-Murfreesboro-Franklin, TN	37.7
Tampa-St. Petersburg-Clearwater, FL	36.9
Phoenix-Mesa-Scottsdale, AZ	35.6
Provo-Orem, UT	31.0
Jacksonville, FL	29.6
Raleigh, NC	28.2
Charlotte-Concord-Gastonia, NC-SC	25.9
Indianapolis-Carmel-Anderson, IN	22.8
Salt Lake City, UT	22.0
Lakeland-Winter Haven, FL	21.6
Boise City, ID	20.1
North Port-Sarasota-Bradenton, FL	16.0
Denver-Aurora-Lakewood, CO	14.0
Elkhart-Goshen, IN	13.1
Fayetteville-Springdale-Rogers, AR-MO	12.9
Knoxville, TN	12.8

#### Highest net job losses ('000)

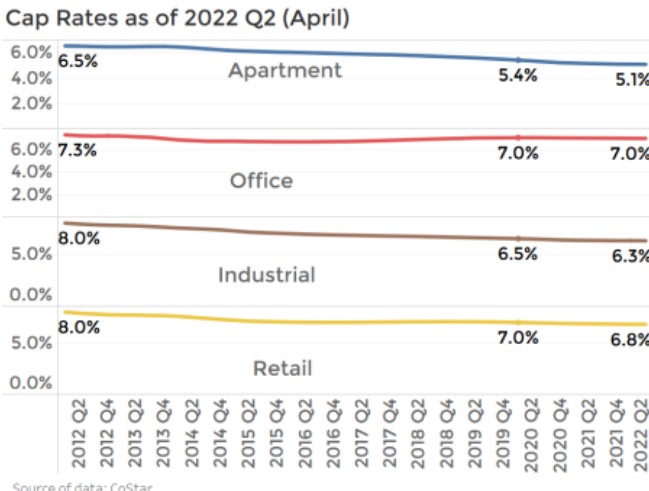
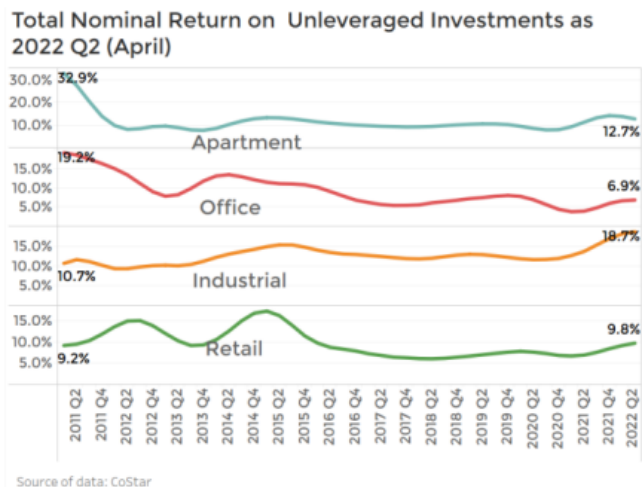
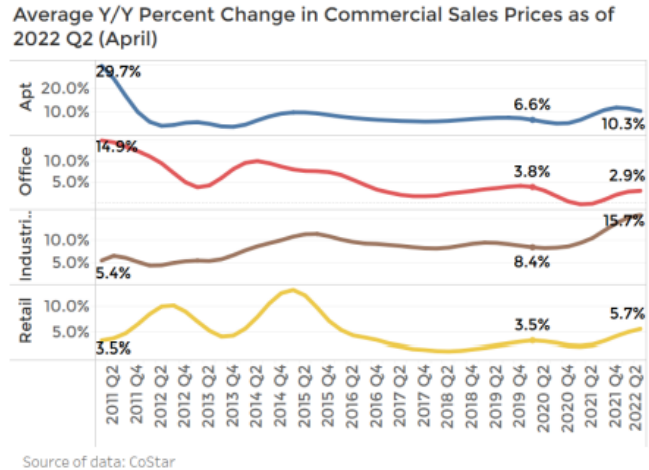
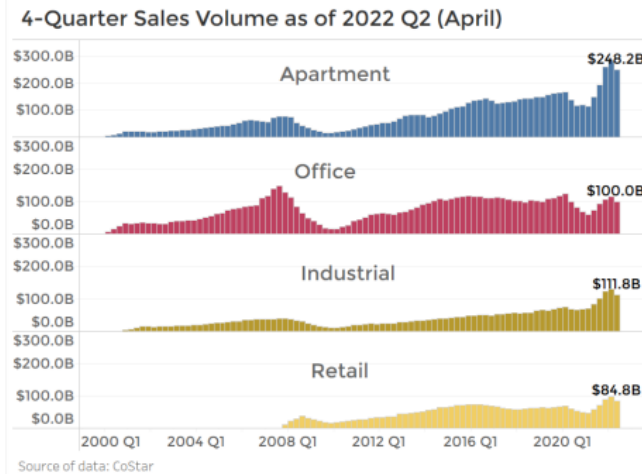
New York-Newark-Jersey City, NY-NJ-PA	-395.9
New York City NY	-258.2
Los Angeles-Long Beach-Anaheim, CA	-192.4
San Francisco-Oakland-Hayward, CA	-88.0
Washington-Arlington-Alexandria, DC-VA-MD-WV	-87.7
Chicago-Naperville-Elgin, IL-IN-WI	-86.7
Minneapolis-St. Paul-Bloomington, MN-WI	-77.1
Boston-Cambridge-Nashua, MA-NH Metro NECTA	-74.4
Pittsburgh, PA	-53.4
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	-52.3
Detroit-Warren-Dearborn, MI	-46.0
Urban Honolulu, HI	-44.6
Putnam-Rockland-Westchester, NY	-41.3
New Orleans-Metairie, LA	-40.6
Seattle-Tacoma-Bellevue, WA	-39.2
Philadelphia City, PA	-33.0
St. Louis, MO-IL	-32.8
Milwaukee-Waukesha-West Allis, WI	-31.8
Bergen-Hudson-Passaic, NJ	-30.2
Houston-The Woodlands-Sugar Land, TX	-28.0
Cleveland-Elyria, OH	-27.7

The COVID-19 pandemic famously drove workers to leave the office and work from home, but as the pandemic subsides and becomes endemic, workers are returning to the office.

<sup>1</sup> "Commercial Market Insights." National Association of Realtors. April 2022. Source: <https://tinyurl.com/4myn599k>

<sup>2</sup> Ibid.

The NAR reports that “as of April 2022, just 8% of employed workers 16 years old or over teleworked because of the pandemic, down from a peak of 35%, but still twice than the 6% rate prior to the pandemic.”<sup>3</sup> Other data from the NAR regarding commercial investments are presented as follows:<sup>4</sup>



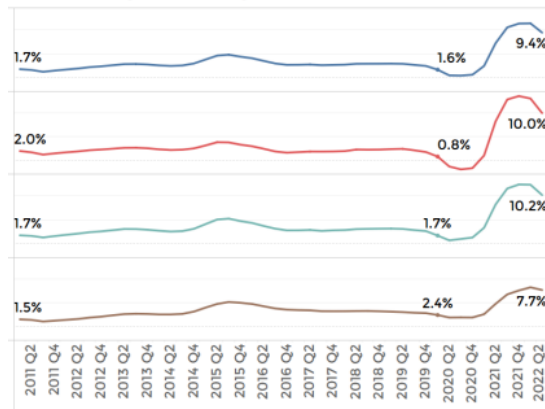
Additionally, rents in Class A and B buildings are increasingly being seen as a hedge against inflation, points out the NAR, as asking rents are up 10% year-over-year. These data are shown as follows:<sup>5</sup>

<sup>3</sup> “Commercial Market Insights.” National Association of Realtors. April 2022. Source: <https://tinyurl.com/4myn599k>

<sup>4</sup> Ibid.

<sup>5</sup> Ibid.

Percent Change in Asking Rent as of 2022 Q2 (April)

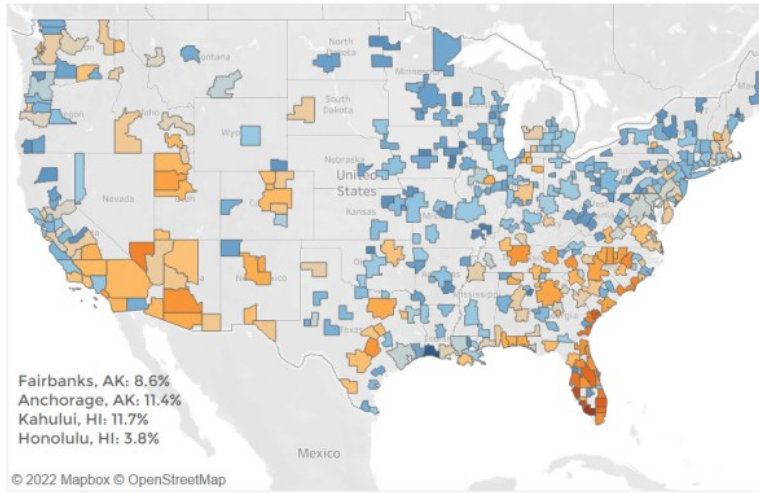


Analysis of CoStar data

**Apartment Outlook as of May 2022**

	2021 Actual	2022 F	2023 F
Vacancy Rate	5.2%	4.8%	4.8%
Rent Growth	8.3%	12.8%	12.8%
Price Growth	9.5%	12.2%	11.8%
Cap Rate	5.5%	5.2%	5.3%

27% of metro areas have double-digit apartment asking rent growth (orange areas)



Source: NAR analysis of CoStar data

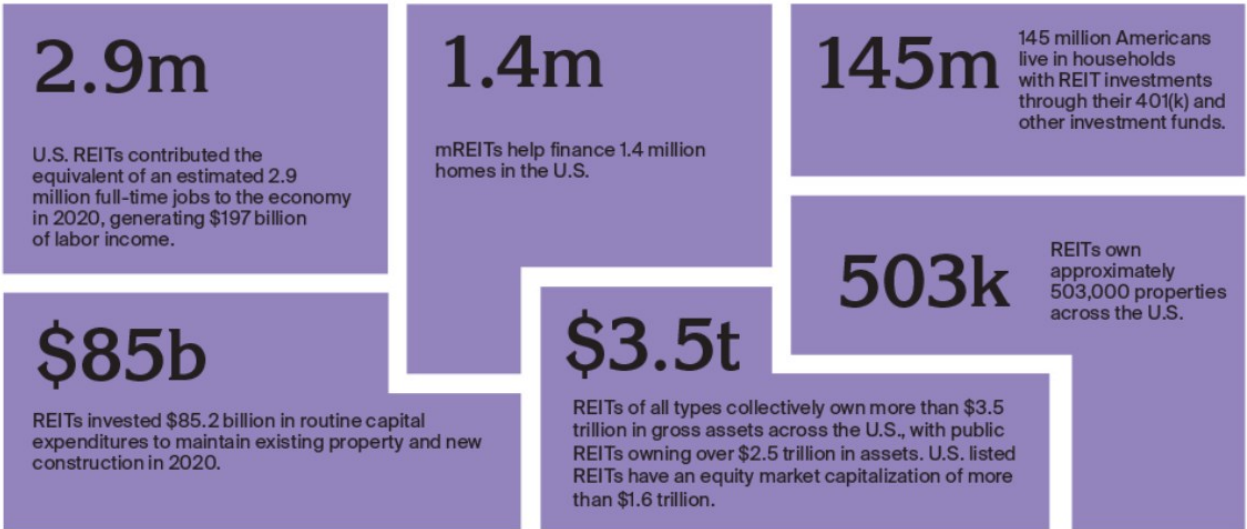
**Top Rent Growth in 2022 Q2**

Naples - FL	26.2%
Fort Myers - FL	24.2%
Hilton Head Island - SC	22.6%
Orlando - FL	19.5%
Wilmington - NC	18.7%
Palm Beach - FL	18.5%
Myrtle Beach - SC	18.1%
Fort Lauderdale - FL	18.1%
Elkhart - IN	17.8%
Sarasota - FL	17.4%
Miami - FL	16.8%
Ocala - FL	16.4%
Daytona Beach - FL	16.2%
Cleveland - TN	16.0%
Savannah - GA	15.8%
Greensboro - NC	15.7%
Lakeland - FL	15.6%
Durham - NC	15.0%
Charlotte - NC	14.9%
Charleston - SC	14.7%
Nashville - TN	14.7%

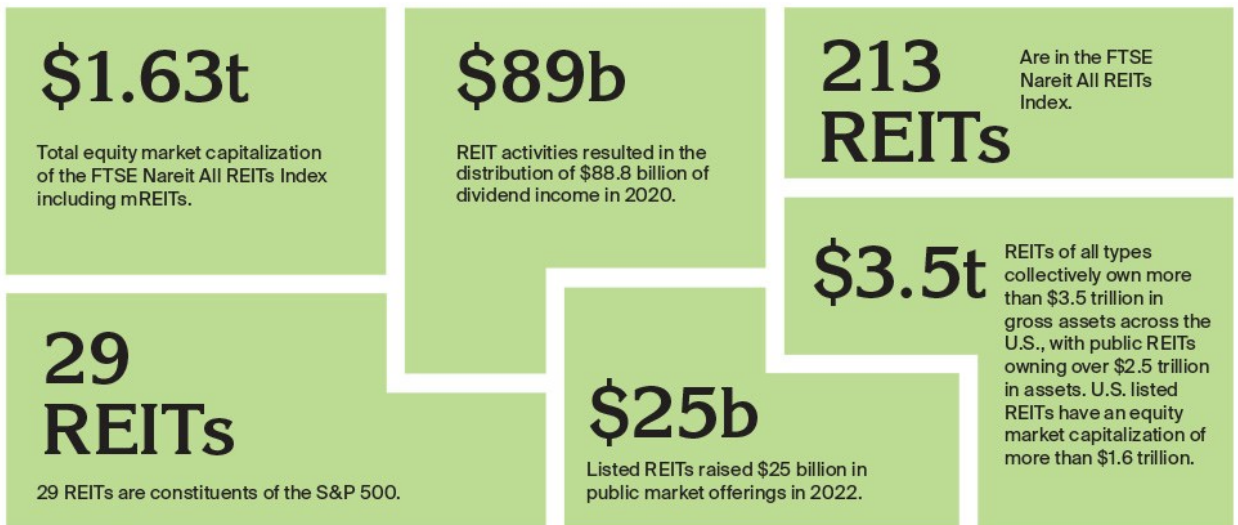


Companies using the REIT investment model are a major part of the national economy, collectively owning \$3.5 trillion in real assets in the U.S., as shown in the following infographics from Nareit:<sup>6</sup>

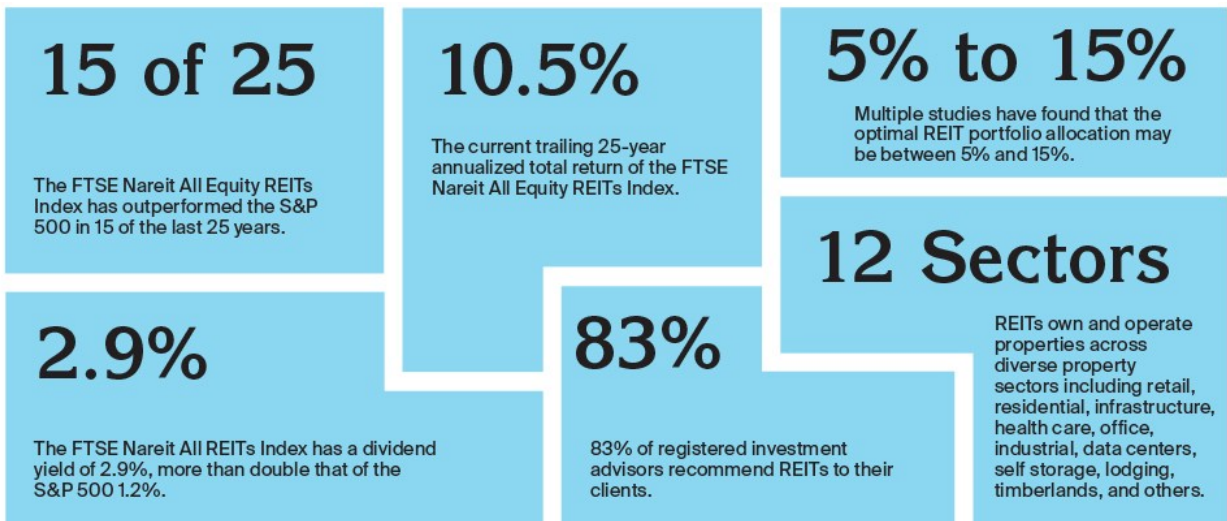
<sup>6</sup> "REITs by the Numbers." Nareit. Source: <https://www.reit.com/data-research/data/reits-numbers>



Nareit, Q1 2022



Nareit, Q1 2022



Nareit, Q1 2022

Raleigh-Durham was ranked the third hottest housing market in the U.S. by Zillow in January 2022, indicating the strength of the broader real estate market in the metro. Avison Young reported in the fourth quarter of 2021 that the area’s retail market was showing signs of recovery and stabilization after the pandemic and was benefitting from various corporations’ investments in re-purposing obsolete space, including Epic Games’ redevelopment of Cary Towne Center. Other notable projects included the redevelopment of the former JCPenney at North Hills into a mixed-use development, the new EchoPark Automotive facility at the former Crossroads Ford dealership, and the acquisition of South Hills Mall and Plaza by NorthPond Partners.<sup>7</sup> Raleigh-Durham-Cary is well known as the Research Triangle, for its hosting of various major institutions, including Duke University, UNC Chapel Hill, and all of the biotechnology and pharmaceutical activity that accompanies these institutions’ endeavors. Other major institutions include Fidelity and Bolt Manufacturing. This fertile business market is drawing in new manufacturers to the area, which will further spur the local economy. Pertinent figures regarding the local real estate market are shown as follows:<sup>8</sup>

### Market by the numbers

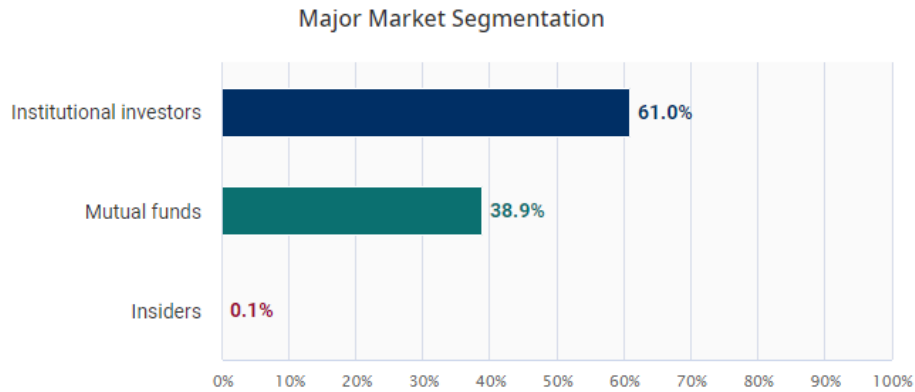
BY SUBMARKET	VACANCY			NET ABSORPTION		
	Inventory	Vacant SF	Vacant %	4Q21	Last 12 Mos.	SF Underway
West Raleigh	957,651	56,531	5.9%	2,047	9,851	-
US 70/Glenwood Avenue	5,012,103	415,645	8.3%	38,903	(14,955)	11,000
Six Forks Road	1,967,153	122,083	6.2%	(92)	(11,702)	6,627
Wake Forest/Falls of Neuse Road	2,498,952	156,908	6.3%	17,436	12,345	-
US 1/Capital Boulevard	6,548,754	420,622	6.4%	22,850	159,825	123,703
Downtown Raleigh	847,913	153,654	18.1%	24,106	17,467	52,300
Village District	635,120	10,737	1.7%	21,523	37,403	-
Eastern Wake	3,553,956	197,397	5.6%	68,500	89,754	33,053
Southern Wake	4,264,515	172,407	4.0%	6,065	48,947	24,538
Cary	6,851,452	423,001	6.2%	158,781	185,040	199,854
I-40/RTP	1,014,662	43,263	4.3%	895	25,688	9,613
Central Durham	924,726	172,943	18.7%	(2,525)	(35,475)	5,700
North Durham	3,535,699	254,493	7.2%	26,566	39,064	-
South Durham	5,153,914	276,544	5.4%	32,097	27,322	-
Orange County	2,786,054	184,149	6.6%	39,512	102,555	-
<b>Totals</b>	<b>46,552,624</b>	<b>3,060,377</b>	<b>6.6%</b>	<b>456,664</b>	<b>693,129</b>	<b>466,388</b>

<sup>7</sup> “Raleigh-Durham retail market trends.” Avison Young. Fourth Quarter 2021. Source: <https://tinyurl.com/2p86sunh>

<sup>8</sup> Ibid.

## Market Segmentation

Arbtron Investment Group targets investors seeking REIT investments to add to their portfolios, as well as tenants at its buildings. According to IBISWorld, the typical REIT customer base is as follows:



2021 INDUSTRY REVENUE

**\$214.4bn**

Real Estate Investment Trusts  
Source: IBISWorld

However, it is important to note that Arbtron Investment Group is modeling its service after Fundrise, which was the first company to use a crowdfunding approach to real estate investment. As such, the Company may attract smaller investors seeking a way to get into real estate investment with lower initial investments.

As far as Arbtron Investment Group's tenant base goes, this segment is divided into two main groups:

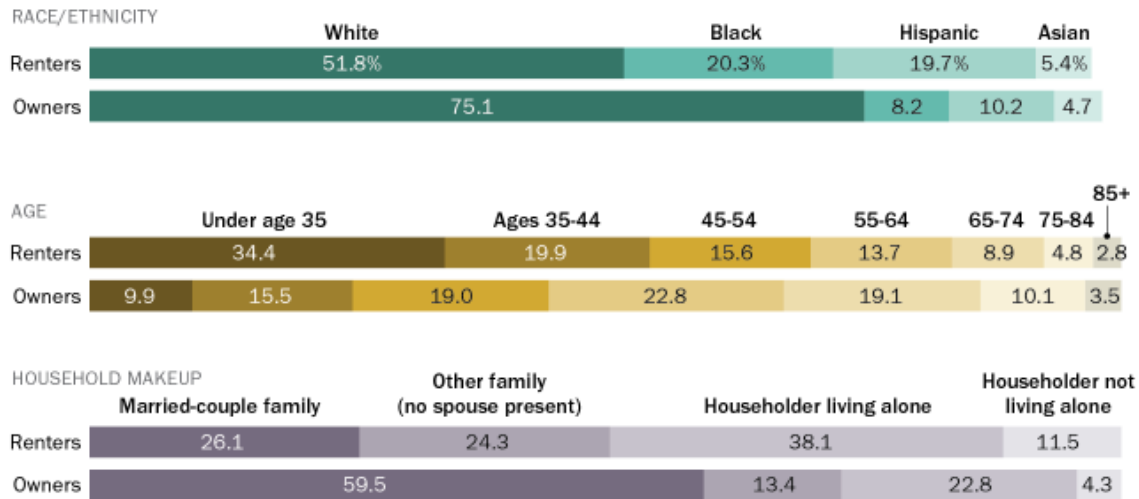
**Commercial tenants:** The Company will attract companies operating in the retail, restaurant, and service-based economy. Examples include coffee shops, ice cream and gelato shops, clothing and jewelry stores, furniture stores, gyms, massage therapists, spas, chiropractors and physical therapists, and the like.

**Residential tenants:** On the upper levels of the Company's structures, individuals, couples, and families will rent apartment space. Pew Research Center has published the following statistics regarding the characteristics of tenant households:<sup>9</sup>

<sup>9</sup> DeSilver, Drew. "As national eviction ban expires, a look at who rents and who owns in the U.S." Pew Research Center. August 2

## Americans who are Black, Hispanic or younger more likely to rent than own

% of household heads who are \_\_\_\_\_ by selected demographics, 2019

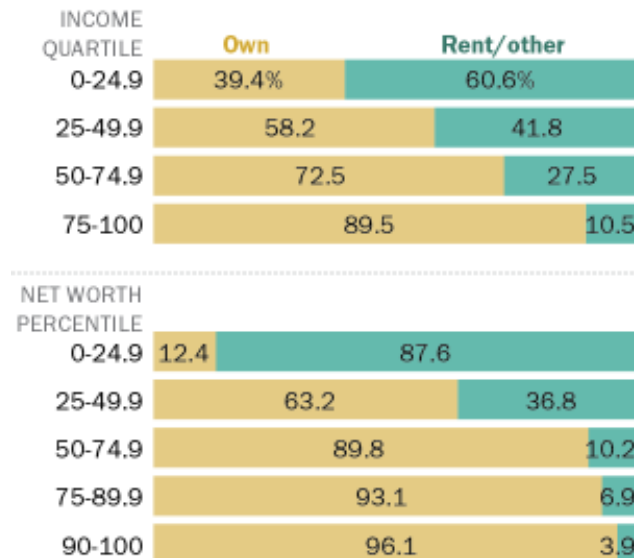


Note: Race and ethnicity categories reflect U.S. Census Bureau terminology. Black or African American adults and Asian Americans do not include Hispanics. Hispanics/Latinos are of any race.  
Source: Pew Research Center analysis of Census Bureau data.

PEW RESEARCH CENTER

## U.S. renters tend to earn less, have less wealth than homeowners

Housing status by income and net worth, 2019



Source: Survey of Consumer Finances 2019, Federal Reserve.

PEW RESEARCH CENTER

## Industry Analysis

Arbtron Investment Group will operate within the *Commercial Leasing* industry, in which operators “serve as lessors of buildings that are not used as residences or dwellings. Industry participants include owner-lessors of nonresidential buildings, establishments that rent real estate and then act as lessors in subleasing it to others, and establishments that provide full-service office space.” IBISWorld data regarding this industry’s performance to date and anticipated performance through 2026 are presented as follows:

### Key Statistics

**\$177.7BN**  
REVENUE

Annual Growth 2016–2021: -3.2%  
Annual Growth 2021–2026: 2.5%

Annual Growth 2016–2026



**\$67.0BN**  
PROFIT

Annual Growth 2016–2021: -9.1%

Annual Growth 2016–2021



### Key External Drivers

% = 2016–21 Annual Growth

**0.5pp**

National unemployment rate

**-0.3pp**

Prime rate

**0.5%**

Number of businesses

**5.0pp**

Investor uncertainty

**4.2%**

Corporate profit

**3.7pp**

Office rental vacancy

**37.7%**  
PROFIT MARGIN

Annual Growth 2016–2021

**-13.9pp**

Annual Growth 2016–2021



## Competitors

Arbtron Investment Group will face competition from other investors in the Raleigh-Durham metropolitan area, of which there are many. According to Redfin data, “nearly one in every four properties sold in the fourth quarter of 2021 were sold to an investor.”<sup>10</sup> Since investors typically do not have a heavy web presence or market their brands to consumers, and since they often invest in multiple markets around the nation at once, it can be difficult to assess the number of players operating in any market at a given moment. However, examples of companies investing in commercial real estate in the Raleigh-Durham area are presented as follows:

<sup>10</sup> “Investors are buying 1 in 4 homes in Raleigh, 1 in 5 in Durham.” WRAL TechWire. February 24, 2022. Source: <https://tinyurl.com/2pmaux5f>



## **FCP**

[www.fcfdc.com](http://www.fcfdc.com)

FCP has been in operation since 1999, investing in residential and commercial real estate, improving properties through redevelopment and active asset management. One of its more recent projects in the Raleigh area was the redevelopment of a former warehouse into a mixed-use property, in partnership with Kane Realty Corp. It currently has six funds under management, and it invests in commercial, multi-family, and structured investment asset classes across the country ranging from New Jersey to Arizona. FCP currently has \$9.3 billion in investments.

## **Wood Partners**

[www.woodpartners.com](http://www.woodpartners.com)

This is a major nationwide investment firm that provides property management and development, in addition to property acquisitions. It focuses on multi-family real estate, including mixed-use developments. In the Raleigh area, Wood Partners is working on the Alta Davis structure, which includes 25,000 square feet of retail space and around 400 apartments.

## **The Halle Companies**

[hallecompanies.com](http://hallecompanies.com)

The Halle Companies is in the process of developing a site that covers more than 500 acres, where it will create 450 apartments and a 300,000-square-foot shopping center. It handles construction and asset management, with more than 40 years of industry experience, and its investments are concentrated in the Mid-Atlantic region.

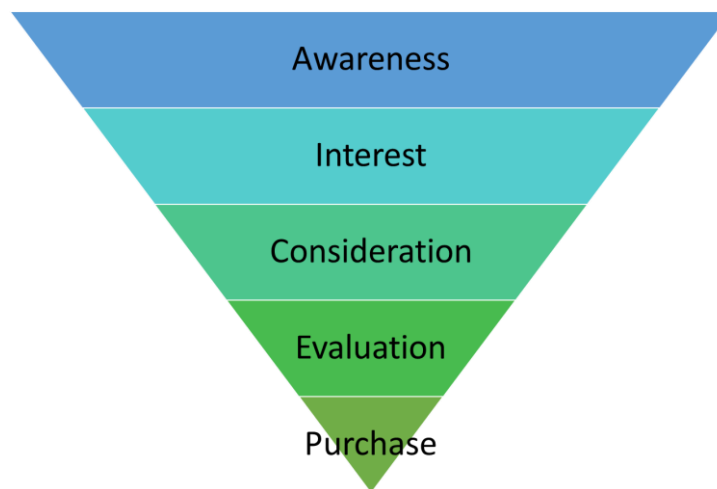
## **Competitive Edge**

Arbtron Investment Group will distinguish itself from other companies involved in real estate investing in the area with a keen focus on a specific type of property, which will reduce the level of competition it faces from other investors. The Company will use its founders' industry expertise to seek out properties that can be quickly turned around and leased, generating handsome returns for its investors. The Raleigh metropolitan area, and the nation at large, is facing a shortage of residential space, and Arbtron Investment Group will be a part of the solution to this problem, by creating new rental units for people seeking a place to live.

## STRATEGY & IMPLEMENTATION SUMMARY

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Arbtron Investment Group will develop a brand that communicates its value proposition and the benefits of its properties and services. A cohesive brand identity, including a memorable logo and all necessary marketing collateral, will transmit a clear message of these values to the Company's tenants and guide the development of marketing campaigns. Arbtron Investment Group's marketing strategy will use a sales funnel that builds awareness of the brand and services, creates a connection with the consumer, and encourages the consumer to call the Company to arrange a property tour. An effective sales and marketing funnel for attracting both B2B and B2C tenants is as follows:



### Objectives

The Company has identified the following objectives and benchmarks as it begins operations:

#### Short-term

- Establish itself as a trusted property lessor
- Build a base of tenants that is large enough to sustain business

#### Long-term

- Enhance its tenant base to sustain the business and support its growth objectives
- Generate enough revenue to expand operations

## Marketing Strategy

Arbtron Investment Group will develop a cohesive and marketing plan, beginning with the creation of a logo, website, and branding materials by a professional graphic designer or digital marketing agency. The Company's campaign will incorporate a variety of advertising channels to increase its exposure among prospective tenants. Arbtron Investment Group is acutely aware of the growing importance of non-traditional channels when it comes to reaching out to businesses, including content marketing and cutting-edge digital tools. Specific channels Arbtron Investment Group will use to reach out to decisionmakers within businesses include the following:

**Marketing Agency:** The Company will hire a marketing agency to handle all brand-building efforts, including the logo and website. The marketing strategy will be overseen by this agency and may include the following tactics:

- Website
- Email marketing
- Paid internet advertising
- Social networking: LinkedIn, Facebook, Instagram
- Search engine optimization
- Banner ads
- Print advertising: newspapers, magazines, commercial trade journals
- Industry events
- Billboards and signs
- Newsletters

**In-house property management team:** In addition to working with an outsourced marketing firm, Arbtron Investment Group will hire an in-house marketing team to handle all property management. This will include the following efforts:

- Local MLS Listings
- Internet-based classifieds listings
- Commercial real estate listings websites: Loopnet, CoStar, RealMassive, Spacelist, Brevitas, Quantum Listing

## **MANAGEMENT SUMMARY**

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### **Calvin Burton, Owner**

Mr. Calvin L. Burton Sr. is the founder and Chief Executive Officer of Arbtron Investment Group, Inc. He has over 15 years of experience in senior-level leadership and real estate. Mr. Burton established and grew two enterprises with enterprise values of nearly \$1 million from their inception. Mr. Burton has attended a variety of colleges and trade schools, including Embry-Riddle Aeronautical University-Aeronautical Science and Queens College. Later, as a real estate broker, he founded Burton Enterprises Inc.

Mr. Burton has an extensive background in public service, having been a decorated member of the New York City Police Department and a decorated and honorably discharged veteran of the United States Marine Corps. He also graduated in the top ten percent of his class from Leadership NCO School in Washington, D.C. Meritorious.

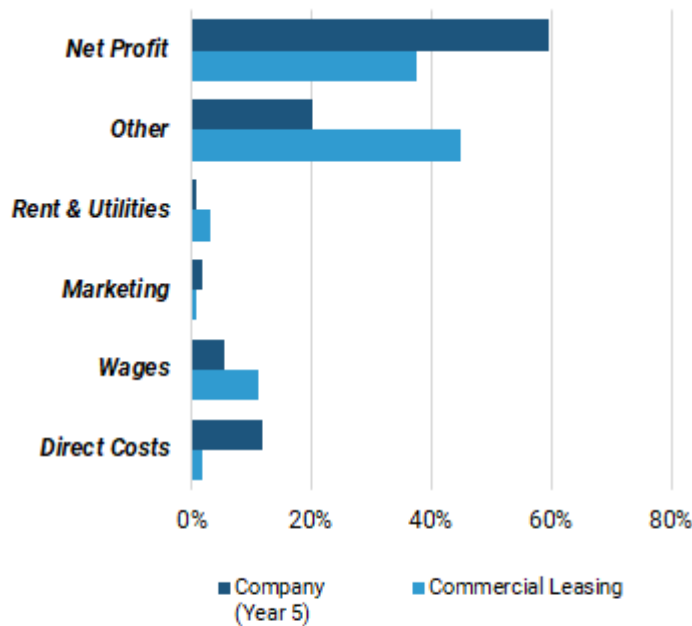
Throughout his tenure, Mr. Burton has completed numerous residential and CRE transactions and CRE educational programs, and brings significant experience to the executives, personnel, and clients of the Arbtron. He has held a Real Estate Broker License in the state of New York and is a current member of the Commercial Real Estate Investors Ideal Team (VIP) & Syndicated. He is affiliated with numerous real estate and business-related organizations and charitable groups.

# FINANCIAL PROJECTIONS

## Financial Assumptions

Financial projections were developed with consideration of the market research included in this business plan and comparable industry analysis.

The table below shows the Company's projected cost and profits in Year 5 compared to IBISWorld's Commercial Leasing industry. As shown, the Company has higher net profit and lower other costs. This is because the Company will be relying on investor funds for the cash to buy the properties rather than paying for a loan which includes interest.



	<b>Company (Year 5)</b>	<b>Commercial Leasing</b>
Direct Costs	12.0%	2.0%
Wages	5.5%	11.3%
Marketing	1.8%	1.0%
Rent & Utilities	0.9%	3.2%
Other	20.1%	44.8%
Net Profit	59.6%	37.7%

Key financial metrics are shown below.

## FINANCIAL METRICS

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>PROFITABILITY</b>					
Gross Margin/Revenue	88.0%	88.0%	88.0%	88.0%	88.0%
EBITDA/Revenue	54.7%	70.3%	73.4%	75.3%	74.7%
NET PROFIT %	32.0%	53.3%	57.4%	59.9%	59.6%
<b>DEBT RATIOS</b>					
Debt/Assets	0.0	0.0	0.0	0.0	0.0
Interest Coverage Ratio	N/A	N/A	N/A	N/A	N/A
Debt Service Coverage Ratio	N/A	N/A	N/A	N/A	N/A
<b>DAYS ON HAND</b>					
Receivables	0	0	0	0	0
Inventory	0	0	0	0	0
Payables	30	30	30	30	30

The table below shows the units and pricing assumptions underlying the revenue forecast:

## UNIT ASSUMPTIONS

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Property Assumptions</b>					
<b>Total Properties</b>	2	3	4	5	6
Commercial Units per Property	5	5	5	5	5
Rent per Commercial Unit	\$37,500	\$37,500	\$37,500	\$37,500	\$37,500
Commercial Rent Income	\$187,500	\$187,500	\$187,500	\$187,500	\$187,500
Residential Units per Property	22	22	22	22	22
Rent per Residential Unit	\$22,608	\$22,608	\$22,608	\$22,608	\$22,608
Residential Rent Income	\$497,376	\$497,376	\$497,376	\$497,376	\$497,376
<b>Total Commercial Rent</b>	<b>\$281,250</b>	<b>\$562,500</b>	<b>\$750,000</b>	<b>\$937,500</b>	<b>\$1,125,000</b>
<b>Total Residential Rent</b>	<b>\$746,064</b>	<b>\$1,492,128</b>	<b>\$1,989,504</b>	<b>\$2,486,880</b>	<b>\$2,984,256</b>
<b>Monthly Rent per Unit</b>					
Commercial Rent	\$3,125.00	\$3,218.75	\$3,315.31	\$3,414.77	\$3,517.22
Residential Rent	\$1,884.00	\$1,940.52	\$1,998.74	\$2,058.70	\$2,120.46
<b>DIRECT UNIT COST</b>					
Property Management			10% of Revenue		
Property Repairs & Maintenance			2% of Revenue		

The following is a five-year revenue forecast. Direct costs include all costs which can be directly tied to revenue and include "cost of goods."

## REVENUE FORECAST

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>REVENUE</b>					
Commercial Rent	\$281,250	\$579,375	\$795,675	\$1,024,432	\$1,266,197
Residential Rent	\$746,064	\$1,536,892	\$2,110,665	\$2,717,481	\$3,358,806
<b>Total Revenue</b>	<b>\$1,027,314</b>	<b>\$2,116,267</b>	<b>\$2,906,340</b>	<b>\$3,741,912</b>	<b>\$4,625,004</b>
<b>DIRECT COST OF REVENUE</b>					
Commercial Rent	\$102,731	\$211,627	\$290,634	\$374,191	\$462,500
Residential Rent	\$20,546	\$42,325	\$58,127	\$74,838	\$92,500
Subtotal Cost of Revenue	\$123,278	\$253,952	\$348,761	\$449,029	\$555,000
Other Direct Cost	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Costs</b>	<b>\$123,278</b>	<b>\$253,952</b>	<b>\$348,761</b>	<b>\$449,029</b>	<b>\$555,000</b>
<b>GROSS MARGIN</b>	<b>\$904,036</b>	<b>\$1,862,315</b>	<b>\$2,557,579</b>	<b>\$3,292,883</b>	<b>\$4,070,003</b>
<b>GROSS MARGIN/REVENUE</b>	<b>88.0%</b>	<b>88.0%</b>	<b>88.0%</b>	<b>88.0%</b>	<b>88.0%</b>

The Company's personnel forecast is outlined below.

## PERSONNEL FORECAST

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>STAFF COUNT PER POSITION</b>					
President	1	1	1	1	1
Secretary	1	1	1	1	1
<b>Total Staff Count</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>SALARY PER POSITION</b>					
President	\$100,000	\$110,000	\$121,000	\$133,100	\$146,410
Secretary	\$52,000	\$57,200	\$62,920	\$69,212	\$76,133
<b>TOTAL PAYROLL BY POSITION</b>					
President	\$100,000	\$110,000	\$121,000	\$133,100	\$146,410
Secretary	\$52,000	\$57,200	\$62,920	\$69,212	\$76,133
<b>Total Payroll</b>	<b>\$152,000</b>	<b>\$167,200</b>	<b>\$183,920</b>	<b>\$202,312</b>	<b>\$222,543</b>
<b>Payroll/Revenue</b>	<b>14.8%</b>	<b>7.9%</b>	<b>6.3%</b>	<b>5.4%</b>	<b>4.8%</b>



The Company intends to deploy its funding to maximize growth and profitability. In the Profit and Loss table below, gross margin equals revenue minus direct costs. The “bottom line” or profit (as measured before and after interest, taxes, depreciation, and amortization) equals gross margin minus operating expenses.

## PRO FORMA PROFIT & LOSS

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Total Revenue</b>	<b>\$1,027,314</b>	<b>\$2,116,267</b>	<b>\$2,906,340</b>	<b>\$3,741,912</b>	<b>\$4,625,004</b>
Total Direct Cost of Revenue	\$123,278	\$253,952	\$348,761	\$449,029	\$555,000
<b>Gross Margin</b>	<b>\$904,036</b>	<b>\$1,862,315</b>	<b>\$2,557,579</b>	<b>\$3,292,883</b>	<b>\$4,070,003</b>
Gross Margin/Revenue	88.0%	88.0%	88.0%	88.0%	88.0%
<b>EXPENSES</b>					
Marketing	\$18,000	\$37,080	\$50,923	\$65,564	\$81,037
Rent	\$17,750	\$34,125	\$35,831	\$37,623	\$39,504
Utilities	\$1,800	\$3,780	\$3,969	\$4,167	\$4,376
Insurance	\$3,600	\$3,780	\$3,969	\$4,167	\$4,376
Travel	\$2,400	\$2,520	\$2,646	\$2,778	\$2,917
Phone & Internet	\$3,000	\$3,150	\$3,308	\$3,473	\$3,647
Hosting & Software	\$18,000	\$18,900	\$19,845	\$20,837	\$21,879
Professional Fees	\$6,000	\$12,360	\$16,974	\$21,855	\$27,012
Legal & Realtor Fees	\$86,705	\$46,393	\$46,393	\$46,393	\$127,018
Other/Misc	\$10,273	\$21,163	\$29,063	\$37,419	\$46,250
Depreciation	\$232,917	\$358,333	\$465,833	\$573,333	\$698,750
Payroll Taxes & Benefits	\$22,800	\$25,080	\$27,588	\$30,347	\$33,381
Total Payroll	\$152,000	\$167,200	\$183,920	\$202,312	\$222,543
<b>Total Op. Expenses</b>	<b>\$575,245</b>	<b>\$733,864</b>	<b>\$890,263</b>	<b>\$1,050,268</b>	<b>\$1,312,690</b>
Profit Before Int. & Tax	\$328,792	\$1,128,451	\$1,667,316	\$2,242,615	\$2,757,314
EBITDA*	\$561,708	\$1,486,785	\$2,133,150	\$2,815,948	\$3,456,064
Interest Expense	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0
<b>NET PROFIT</b>	<b>\$328,792</b>	<b>\$1,128,451</b>	<b>\$1,667,316</b>	<b>\$2,242,615</b>	<b>\$2,757,314</b>
<b>NET PROFIT %</b>	<b>32.0%</b>	<b>53.3%</b>	<b>57.4%</b>	<b>59.9%</b>	<b>59.6%</b>

\*Earnings Before Interest, Taxes, Depreciation, & Amortization

The table below shows the profit and loss for a single property over the first 5 years. Expenses go down each year because the number of properties means that The Company's expenses will be spread out over multiple properties.

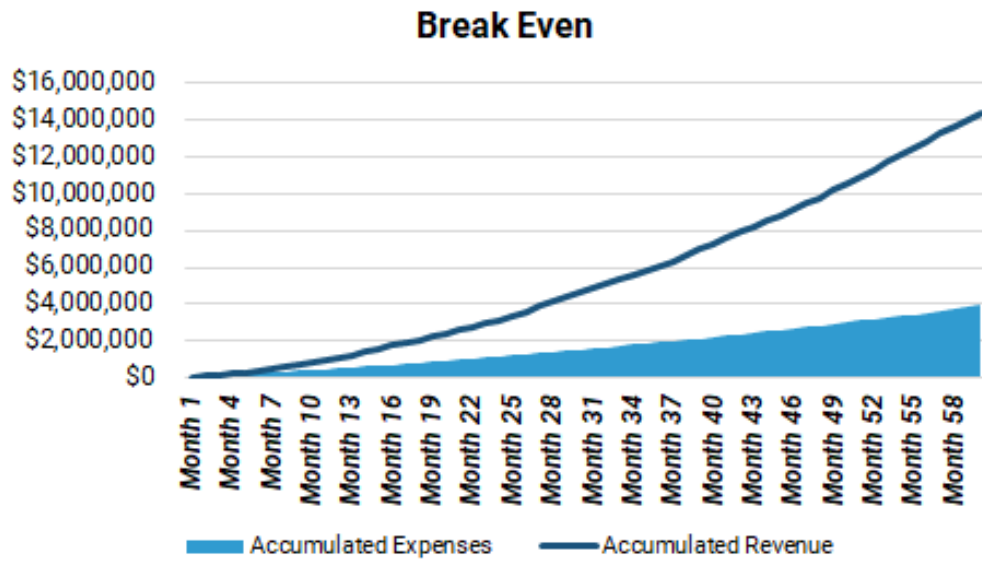
## **SINGLE PROPERTY P&L**

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
<b>Total Properties</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Revenue</b>	<b>\$684,876</b>	<b>\$705,422</b>	<b>\$726,585</b>	<b>\$748,382</b>	<b>\$770,834</b>
Direct Costs	\$82,185	\$84,651	\$87,190	\$89,806	\$92,500
<b>Gross Margin</b>	<b>\$602,691</b>	<b>\$620,772</b>	<b>\$639,395</b>	<b>\$658,577</b>	<b>\$678,334</b>
Expenses*	\$412,733	\$244,621	\$222,566	\$210,054	\$218,782
<b>Net Profit</b>	<b>\$189,958</b>	<b>\$376,150</b>	<b>\$416,829</b>	<b>\$448,523</b>	<b>\$459,552</b>
<b>Net Profit %</b>	<b>28%</b>	<b>53%</b>	<b>57%</b>	<b>60%</b>	<b>60%</b>

The table and chart below demonstrate when the Company is expected to become profitable. Break-even occurs when accumulated revenue equals accumulated expenses. According to the forecasted financials, month 2 will be the point at which break-even will occur.

## BREAK-EVEN ANALYSIS

Break-Even Month	2
Accumulated Gross Revenue	\$114,146



The following depiction of the Company's projected cash flow shows that the Company expects to maintain sufficient cash balances over the five years of this plan. The "pro forma cash flow" table differs from the "pro forma profit and loss" (P&L) table. Pro forma cash flow is intended to represent the actual flow of cash in and out of the Company. In comparison, the revenue and expense projections on the P&L table include "non-cash" items and exclude funding and investment illustrations.

## CASH FLOW

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>OPERATING</b>					
Net Profit	\$328,792	\$1,128,451	\$1,667,316	\$2,242,615	\$2,757,314
Adjustments to Net Profit					
Depreciation & Amortization	\$232,917	\$358,333	\$465,833	\$573,333	\$698,750
(Increases)/Decreases in Accounts Receivable	\$0	\$0	\$0	\$0	\$0
(Additions)/Depletions of Inventory	\$0	\$0	\$0	\$0	\$0
Increases/(Decreases) in Accounts Payable	\$22,206	\$10,327	\$10,231	\$10,818	\$51,192
Net Cash From Operating Activities	\$583,914	\$1,497,111	\$2,143,381	\$2,826,767	\$3,507,256
<b>INVESTING</b>					
Purchase of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sale of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase of Land	\$0	\$0	\$0	\$0	\$0
Sale of Land	\$0	\$0	\$0	\$0	\$0
Purchase Long-Term Assets	(\$3,225,000)	(\$1,612,500)	(\$1,612,500)	(\$1,612,500)	(\$4,837,500)
Sale of Long-Term Assets	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	(\$3,225,000)	(\$1,612,500)	(\$1,612,500)	(\$1,612,500)	(\$4,837,500)
<b>FINANCING</b>					
Investment	\$3,400,000	\$1,700,000	\$1,700,000	\$1,700,000	\$5,100,000
Dividends	(\$295,912)	(\$1,015,606)	(\$1,500,585)	(\$2,018,353)	(\$2,481,582)
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
Current Borrowing Repay.	\$0	\$0	\$0	\$0	\$0
New Long-Term Liabilities	\$0	\$0	\$0	\$0	\$0
Long-Term Liability Repay	\$0	\$0	\$0	\$0	\$0
Net Cash From Financing Activities	\$3,104,088	\$684,394	\$199,415	(\$318,353)	\$2,618,418
<b>Net Cash Flow</b>	<b>\$463,001</b>	<b>\$569,005</b>	<b>\$730,296</b>	<b>\$895,913</b>	<b>\$1,288,173</b>
<b>Beginning Cash</b>	<b>\$39,720</b>	<b>\$502,721</b>	<b>\$1,071,727</b>	<b>\$1,802,023</b>	<b>\$2,697,936</b>
<b>ENDING CASH</b>	<b>\$502,721</b>	<b>\$1,071,727</b>	<b>\$1,802,023</b>	<b>\$2,697,936</b>	<b>\$3,986,109</b>

The balance sheet below highlights the Company's projected assets, liabilities, and capital:

## BALANCE SHEET

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>ASSETS</b>					
Current Assets					
Cash	\$502,721	\$1,071,727	\$1,802,023	\$2,697,936	\$3,986,109
Accounts Receivable	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$0	\$0	\$0
Other Current Assets	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$502,721</b>	<b>\$1,071,727</b>	<b>\$1,802,023</b>	<b>\$2,697,936</b>	<b>\$3,986,109</b>
Fixed Assets					
Long-Term Assets	\$4,837,500	\$6,450,000	\$8,062,500	\$9,675,000	\$14,512,500
Accum. Depreciation	\$232,917	\$591,250	\$1,057,083	\$1,630,417	\$2,329,167
Land	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$4,604,583</b>	<b>\$5,858,750</b>	<b>\$7,005,417</b>	<b>\$8,044,583</b>	<b>\$12,183,333</b>
<b>Total Assets</b>	<b>\$5,107,305</b>	<b>\$6,930,477</b>	<b>\$8,807,439</b>	<b>\$10,742,519</b>	<b>\$16,169,443</b>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	\$22,206	\$32,532	\$42,764	\$53,582	\$104,774
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$22,206</b>	<b>\$32,532</b>	<b>\$42,764</b>	<b>\$53,582</b>	<b>\$104,774</b>
Long-Term Liabilities	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$22,206</b>	<b>\$32,532</b>	<b>\$42,764</b>	<b>\$53,582</b>	<b>\$104,774</b>
<b>CAPITAL</b>					
Paid-in Capital	\$4,804,088	\$5,488,481	\$5,687,897	\$5,369,543	\$7,987,961
Retained Earnings	(\$47,780)	\$281,012	\$1,409,463	\$3,076,779	\$5,319,394
Earnings	\$328,792	\$1,128,451	\$1,667,316	\$2,242,615	\$2,757,314
<b>Total Capital</b>	<b>\$5,085,099</b>	<b>\$6,897,944</b>	<b>\$8,764,676</b>	<b>\$10,688,937</b>	<b>\$16,064,669</b>
<b>TOTAL CAPITAL + LIABILITIES</b>	<b>\$5,107,305</b>	<b>\$6,930,477</b>	<b>\$8,807,439</b>	<b>\$10,742,519</b>	<b>\$16,169,443</b>

The sensitivity analysis below assumes that revenues are 15% higher or lower than figures projected earlier in this business plan:

## BEST CASE SCENARIO

<b>REVENUE IS 15% GREATER THAN PROJECTED</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenue	\$1,181,411	\$2,433,707	\$3,342,291	\$4,303,199	\$5,318,754
Cost of Goods	\$141,769	\$292,045	\$401,075	\$516,384	\$638,251
Gross Margin	\$1,039,642	\$2,141,662	\$2,941,216	\$3,786,815	\$4,680,504
Gross Margin/Revenue	88%	88%	88%	88%	88%
Operating Expenses	\$575,245	\$733,864	\$890,263	\$1,050,268	\$1,312,690
Net Profit	\$464,397	\$1,407,799	\$2,050,953	\$2,736,547	\$3,367,814
Net Profit/Revenue	39%	58%	61%	64%	63%
Cash Flow	\$598,607	\$848,352	\$1,113,933	\$1,389,846	\$1,898,674
Cash Balance	\$638,327	\$1,486,679	\$2,600,612	\$3,990,458	\$5,889,132

## WORST CASE SCENARIO

<b>REVENUE IS 15% LESS THAN PROJECTED</b>					
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Revenue	\$873,217	\$1,798,827	\$2,470,389	\$3,180,626	\$3,931,253
Cost of Goods	\$104,786	\$215,859	\$296,447	\$381,675	\$471,750
Gross Margin	\$768,431	\$1,582,968	\$2,173,942	\$2,798,951	\$3,459,503
Gross Margin/Revenue	88%	88%	88%	88%	88%
Operating Expenses	\$575,245	\$733,864	\$890,263	\$1,050,268	\$1,312,690
Net Profit	\$193,186	\$849,104	\$1,283,680	\$1,748,682	\$2,146,813
Net Profit/Revenue	22%	47%	52%	55%	55%
Cash Flow	\$327,396	\$289,658	\$346,659	\$401,981	\$677,673
Cash Balance	\$367,116	\$656,774	\$1,003,433	\$1,405,414	\$2,083,087

## APPENDIX: FIRST YEAR FINANCIALS

### REVENUE FORECAST: YEAR 1 MONTHLY

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>REVENUE</b>												
Commercial Rent	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250	\$31,250
Residential Rent	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$82,896	\$82,896	\$82,896	\$82,896	\$82,896	\$82,896
<b>Total Revenue</b>	<b>\$57,073</b>	<b>\$57,073</b>	<b>\$57,073</b>	<b>\$57,073</b>	<b>\$57,073</b>	<b>\$57,073</b>	<b>\$114,146</b>	<b>\$114,146</b>	<b>\$114,146</b>	<b>\$114,146</b>	<b>\$114,146</b>	<b>\$114,146</b>
<b>DIRECT COST OF REVENUE</b>												
Commercial Rent	\$5,707	\$5,707	\$5,707	\$5,707	\$5,707	\$5,707	\$11,415	\$11,415	\$11,415	\$11,415	\$11,415	\$11,415
Residential Rent	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141	\$2,283	\$2,283	\$2,283	\$2,283	\$2,283	\$2,283
Subtotal Cost of Revenue	\$6,849	\$6,849	\$6,849	\$6,849	\$6,849	\$6,849	\$13,698	\$13,698	\$13,698	\$13,698	\$13,698	\$13,698
Other Direct Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Costs</b>	<b>\$6,849</b>	<b>\$6,849</b>	<b>\$6,849</b>	<b>\$6,849</b>	<b>\$6,849</b>	<b>\$6,849</b>	<b>\$13,698</b>	<b>\$13,698</b>	<b>\$13,698</b>	<b>\$13,698</b>	<b>\$13,698</b>	<b>\$13,698</b>
<b>GROSS MARGIN</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>
<b>GROSS MARGIN/REVENUE</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>	<b>88%</b>

## UNIT ASSUMPTIONS: YEAR 1 MONTHLY

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Property Assumptions</b>												
Total Properties	1	1	1	1	1	1	2	2	2	2	2	2
Commercial Units per Property	5	5	5	5	5	5	5	5	5	5	5	5
Rent per Commercial Unit	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125
Commercial Rent Income	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625	\$15,625
Residential Units per Property	22	22	22	22	22	22	22	22	22	22	22	22
Rent per Residential Unit	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884	\$1,884
Residential Rent Income	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448	\$41,448
<b>Total Commercial Rent</b>	<b>\$15,625</b>	<b>\$15,625</b>	<b>\$15,625</b>	<b>\$15,625</b>	<b>\$15,625</b>	<b>\$15,625</b>	<b>\$31,250</b>	<b>\$31,250</b>	<b>\$31,250</b>	<b>\$31,250</b>	<b>\$31,250</b>	<b>\$31,250</b>
<b>Total Residential Rent</b>	<b>\$41,448</b>	<b>\$41,448</b>	<b>\$41,448</b>	<b>\$41,448</b>	<b>\$41,448</b>	<b>\$41,448</b>	<b>\$82,896</b>	<b>\$82,896</b>	<b>\$82,896</b>	<b>\$82,896</b>	<b>\$82,896</b>	<b>\$82,896</b>
<b>Monthly Rent per Unit</b>												
Commercial Rent	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00	\$3,125.00
Residential Rent	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00	\$1,884.00
<b>DIRECT UNIT COST</b>												
Property Management							10% of Revenue					
Property Repairs & Maintenance							2% of Revenue					



## PERSONNEL FORECAST: YEAR 1 MONTHLY

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>STAFF COUNT PER POSITION</b>												
President	1	1	1	1	1	1	1	1	1	1	1	1
Secretary	1	1	1	1	1	1	1	1	1	1	1	1
<b>Total Staff Count</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>SALARY PER POSITION</b>												
President	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
Secretary	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333
<b>TOTAL PAYROLL BY POSITION</b>												
President	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
Secretary	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333	\$4,333
<b>Total Payroll</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>	<b>\$12,667</b>
<b>Payroll/Revenue</b>	<b>22.2%</b>	<b>22.2%</b>	<b>22.2%</b>	<b>22.2%</b>	<b>22.2%</b>	<b>22.2%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>11.1%</b>	<b>11.1%</b>

## PRO FORMA PROFIT & LOSS: YEAR 1 MONTHLY

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Total Revenue</b>	\$57,073	\$57,073	\$57,073	\$57,073	\$57,073	\$57,073	\$114,146	\$114,146	\$114,146	\$114,146	\$114,146	\$114,146
Total Direct Cost of Revenue	\$6,849	\$6,849	\$6,849	\$6,849	\$6,849	\$6,849	\$13,698	\$13,698	\$13,698	\$13,698	\$13,698	\$13,698
<b>Gross Margin</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$50,224</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>	<b>\$100,448</b>
Gross Margin/Revenue	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
<b>EXPENSES</b>												
Marketing	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Rent	\$250	\$250	\$250	\$250	\$250	\$250	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708	\$2,708
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$300	\$300	\$300	\$300	\$300	\$300
Insurance	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Travel	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
Phone & Internet	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250
Hosting & Software	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Professional Fees	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Legal & Realtor Fees	\$417	\$417	\$40,729	\$417	\$417	\$417	\$1,497	\$417	\$40,729	\$417	\$417	\$417
Other/Misc	\$571	\$571	\$571	\$571	\$571	\$571	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141	\$1,141
Depreciation	\$8,958	\$8,958	\$17,917	\$17,917	\$17,917	\$17,917	\$17,917	\$17,917	\$26,875	\$26,875	\$26,875	\$26,875
Payroll Taxes & Benefits	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900	\$1,900
Total Payroll	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667	\$12,667
<b>Total Op. Expenses</b>	<b>\$29,012</b>	<b>\$29,012</b>	<b>\$78,283</b>	<b>\$37,971</b>	<b>\$37,971</b>	<b>\$37,971</b>	<b>\$42,380</b>	<b>\$41,300</b>	<b>\$90,571</b>	<b>\$50,258</b>	<b>\$50,258</b>	<b>\$50,258</b>
Profit Before Int. & Tax	\$21,212	\$21,212	(\$28,059)	\$12,254	\$12,254	\$12,254	\$58,069	\$59,149	\$9,878	\$50,190	\$50,190	\$50,190
EBITDA*	\$30,170	\$30,170	(\$10,142)	\$30,170	\$30,170	\$30,170	\$75,985	\$77,065	\$36,753	\$77,065	\$77,065	\$77,065
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>NET PROFIT</b>	<b>\$21,212</b>	<b>\$21,212</b>	<b>(\$28,059)</b>	<b>\$12,254</b>	<b>\$12,254</b>	<b>\$12,254</b>	<b>\$58,069</b>	<b>\$59,149</b>	<b>\$9,878</b>	<b>\$50,190</b>	<b>\$50,190</b>	<b>\$50,190</b>
<b>NET PROFIT %</b>	<b>37.2%</b>	<b>37.2%</b>	<b>-49.2%</b>	<b>21.5%</b>	<b>21.5%</b>	<b>21.5%</b>	<b>50.9%</b>	<b>51.8%</b>	<b>8.7%</b>	<b>44.0%</b>	<b>44.0%</b>	<b>44.0%</b>

\*Earnings Before Interest, Taxes, Depreciation, & Amortization

## CASH FLOW: YEAR 1 MONTHLY

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>OPERATING</b>												
Net Profit	\$21,212	\$21,212	(\$28,059)	\$12,254	\$12,254	\$12,254	\$58,069	\$59,149	\$9,878	\$50,190	\$50,190	\$50,190
Adjustments to Net Profit												
Depreciation & Amortization	\$8,958	\$8,958	\$17,917	\$17,917	\$17,917	\$17,917	\$17,917	\$17,917	\$26,875	\$26,875	\$26,875	\$26,875
(Increases)/Decreases in AR	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(Additions)/Depletions of Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Increases/(Decreases) in AP	\$12,167	\$0	\$39,760	(\$39,760)	\$0	\$0	\$11,104	(\$1,065)	\$39,760	(\$39,760)	\$0	\$0
Net Cash From Operating Activities	\$42,337	\$30,170	\$29,618	(\$9,590)	\$30,170	\$30,170	\$87,089	\$76,000	\$76,513	\$37,305	\$77,065	\$77,065
<b>INVESTING</b>												
Purchase of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase of Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sale of Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-Term Assets	\$0	\$0	(\$1,612,500)	\$0	\$0	\$0	\$0	\$0	(\$1,612,500)	\$0	\$0	\$0
Sale of Long-Term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash From Investing Activities	\$0	\$0	(\$1,612,500)	\$0	\$0	\$0	\$0	\$0	(\$1,612,500)	\$0	\$0	\$0
<b>FINANCING</b>												
Investment	\$0	\$0	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$1,700,000	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$295,912)
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Current Borrowing Repay.	\$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
Long-Term Liability Repay	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash From Financing Activities	\$0	\$0	\$1,700,000	\$0	\$0	\$0	\$0	\$0	\$1,700,000	\$0	\$0	(\$295,912)
<b>Net Cash Flow</b>	<b>\$42,337</b>	<b>\$30,170</b>	<b>\$117,118</b>	<b>(\$9,590)</b>	<b>\$30,170</b>	<b>\$30,170</b>	<b>\$87,089</b>	<b>\$76,000</b>	<b>\$164,013</b>	<b>\$37,305</b>	<b>\$77,065</b>	<b>(\$218,847)</b>
<b>Beginning Cash</b>	<b>\$39,720</b>	<b>\$82,057</b>	<b>\$112,228</b>	<b>\$229,345</b>	<b>\$219,755</b>	<b>\$249,926</b>	<b>\$280,096</b>	<b>\$367,185</b>	<b>\$443,185</b>	<b>\$607,198</b>	<b>\$644,503</b>	<b>\$721,568</b>
<b>ENDING CASH</b>	<b>\$82,057</b>	<b>\$112,228</b>	<b>\$229,345</b>	<b>\$219,755</b>	<b>\$249,926</b>	<b>\$280,096</b>	<b>\$367,185</b>	<b>\$443,185</b>	<b>\$607,198</b>	<b>\$644,503</b>	<b>\$721,568</b>	<b>\$502,721</b>

## BALANCE SHEET: YEAR 1 MONTHLY

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>ASSETS</b>												
Current Assets												
Cash	\$82,057	\$112,228	\$229,345	\$219,755	\$249,926	\$280,096	\$367,185	\$443,185	\$607,198	\$644,503	\$721,568	\$502,721
Accounts Receivable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Inventory	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Current Assets</b>	<b>\$82,057</b>	<b>\$112,228</b>	<b>\$229,345</b>	<b>\$219,755</b>	<b>\$249,926</b>	<b>\$280,096</b>	<b>\$367,185</b>	<b>\$443,185</b>	<b>\$607,198</b>	<b>\$644,503</b>	<b>\$721,568</b>	<b>\$502,721</b>
Fixed Assets												
Long-Term Assets	\$1,612,500	\$1,612,500	\$3,225,000	\$3,225,000	\$3,225,000	\$3,225,000	\$3,225,000	\$3,225,000	\$4,837,500	\$4,837,500	\$4,837,500	\$4,837,500
Accum. Depreciation	\$8,958	\$17,917	\$35,833	\$53,750	\$71,667	\$89,583	\$107,500	\$125,417	\$152,292	\$179,167	\$206,042	\$232,917
Land	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Fixed Assets</b>	<b>\$1,603,542</b>	<b>\$1,594,583</b>	<b>\$3,189,167</b>	<b>\$3,171,250</b>	<b>\$3,153,333</b>	<b>\$3,135,417</b>	<b>\$3,117,500</b>	<b>\$3,099,583</b>	<b>\$4,685,208</b>	<b>\$4,658,333</b>	<b>\$4,631,458</b>	<b>\$4,604,583</b>
<b>TOTAL ASSETS</b>	<b>\$1,685,599</b>	<b>\$1,706,811</b>	<b>\$3,418,512</b>	<b>\$3,391,005</b>	<b>\$3,403,259</b>	<b>\$3,415,512</b>	<b>\$3,484,685</b>	<b>\$3,542,768</b>	<b>\$5,292,406</b>	<b>\$5,302,836</b>	<b>\$5,353,027</b>	<b>\$5,107,305</b>
<b>LIABILITIES</b>												
Current Liabilities												
Accounts Payable	\$12,167	\$12,167	\$51,927	\$12,167	\$12,167	\$12,167	\$23,271	\$22,206	\$61,966	\$22,206	\$22,206	\$22,206
Current Borrowing	\$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
<b>Subtotal Current Liabilities</b>	<b>\$12,167</b>	<b>\$12,167</b>	<b>\$51,927</b>	<b>\$12,167</b>	<b>\$12,167</b>	<b>\$12,167</b>	<b>\$23,271</b>	<b>\$22,206</b>	<b>\$61,966</b>	<b>\$22,206</b>	<b>\$22,206</b>	<b>\$22,206</b>
Long-Term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Liabilities</b>	<b>\$12,167</b>	<b>\$12,167</b>	<b>\$51,927</b>	<b>\$12,167</b>	<b>\$12,167</b>	<b>\$12,167</b>	<b>\$23,271</b>	<b>\$22,206</b>	<b>\$61,966</b>	<b>\$22,206</b>	<b>\$22,206</b>	<b>\$22,206</b>
<b>CAPITAL</b>												
Paid-in Capital	\$1,700,000	\$1,700,000	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000	\$3,400,000	\$5,100,000	\$5,100,000	\$5,100,000	\$4,804,088
Retained Earnings	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)	(\$47,780)
Earnings	\$21,212	\$42,424	\$14,365	\$26,618	\$38,872	\$51,125	\$109,194	\$168,343	\$178,220	\$228,411	\$278,601	\$328,792
<b>Total Capital</b>	<b>\$1,673,432</b>	<b>\$1,694,644</b>	<b>\$3,366,585</b>	<b>\$3,378,838</b>	<b>\$3,391,092</b>	<b>\$3,403,345</b>	<b>\$3,461,414</b>	<b>\$3,520,563</b>	<b>\$5,230,440</b>	<b>\$5,280,631</b>	<b>\$5,330,821</b>	<b>\$5,085,099</b>
<b>TOTAL CAPITAL + LIABILITIES</b>	<b>\$1,685,599</b>	<b>\$1,706,811</b>	<b>\$3,418,512</b>	<b>\$3,391,005</b>	<b>\$3,403,259</b>	<b>\$3,415,512</b>	<b>\$3,484,685</b>	<b>\$3,542,768</b>	<b>\$5,292,406</b>	<b>\$5,302,836</b>	<b>\$5,353,027</b>	<b>\$5,107,305</b>