



OYSTER BAY SEAFOOD

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BUSINESS PLAN for PROPOSED RESTAURANT

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Executive Summary

Oyster Bay Seafood is a full-service, destination seafood restaurant that will provide diners in Center County with an upscale, celebratory experience. The restaurant will feature a menu based on fresh seafood in season, paired with a deep selection of wines, beers and spirits with an emphasis on local producers. Oyster Bay Seafood is being developed by three local restaurant professionals with a combined total of over 35 years of hands-on experience in upscale restaurants and over ten years with successful restaurants in the local market.

Oyster Bay Seafood's menu will be priced to achieve an average check of \$24.50 at lunch and \$45.50 at dinner (including alcohol). First year sales for the restaurant are estimated to be \$2.1 million with a prime cost of 66.2%, due in large part to anticipated increases in the local minimum wage. Operating cash flows before taxes for the first full year of operations are projected to be \$125,623 or about 6% of sales.

Oyster Bay Seafood will be located at 602 Lake Street which is part of the growing Waterfront neighborhood. This area is becoming increasingly popular with Oyster Bay Seafood's target market of upscale professional singles and couples of working age. While there is successful local restaurant competition for these customer types, there are no waterfront nor seafood focused restaurants in the area, nor are there competitors at this price point that offer facilities for small private parties and professional entertaining. Based on recent experience in upscale restaurants in this market, the development team feels there is a viable niche for a restaurant like Oyster Bay Seafood.

Anticipated buildout costs, including funds for working capital and contingency, are \$1,224,429 or \$490 per seat. The team behind Oyster Bay Seafood is contributing a total of \$150,000 in personal equity to the project, and seeks an additional \$450,000 in equity funding and seeks loans totaling \$625,000 in order to fully finance the development and early operational expenses of the restaurant. Based on conservative growth estimates, Oyster Bay Seafood is projected to have an average return on investment of 28% over five years and to have fully paid back all initial equity investment in 3.4 years.

1a. Overview

Oyster Bay Seafood is a full-service seafood restaurant that will provide an upscale, celebratory experience and feature a menu based on fresh seafood in season, prepared in a variety of light, modern ways and paired with a deep selection of wines, beers and spirits with an emphasis on local producers.

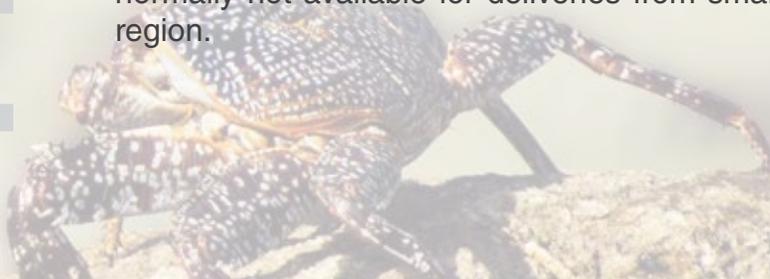
1b. Unique Selling Proposition

Oyster Bay Seafood's tagline is "Making Friends through Fish." We feel this playful tagline conveys the style of food we offer, the close connections we intend to develop with fishermen and other providers, and the warm, inclusive atmosphere we will strive to provide to our guests.

Oyster Bay Seafood is intended to be a destination restaurant where intimate and small group celebrations will take place, as well as the first choice to bring visitors to experience both a beautiful lakeside location – unique among restaurants in this market – and the best that local providers can offer in terms of specialty wines and small-fishery seafood in a friendly, attentive and smoothly operated setting. Oyster Bay Seafood is not intended to be extremely casual nor overly formal, but rather, will be a full-service restaurant where food-oriented locals and visitors can enjoy interesting and well-prepared seafood dishes featuring familiar ingredients like trout and salmon as well as less familiar items prepared in approachable ways. We will emphasize the origins of the ingredients and beverages we sell and will feature an open kitchen where guests can see the freshness of the fish and the skill of our staff.

1c. Meal Periods/Opening Hours

Oyster Bay Seafood will be open for lunch (11:30-2:30) and dinner (5:30-11:00) on Monday through Saturday. The restaurant will be closed on Sundays. We have elected to not open on Sundays in order to give our staff the time to recharge and provide excellent service on opening days. Also, fresh fish is normally not available for deliveries from small producers on Sundays in our region.



1d. **Guest Experience**

The welcome at Oyster Bay Seafood is intended to be warm and gracious. Guests will be able to see the open kitchen and fresh seafood on ice as they are escorted to their tables or if they choose to sit at the ten seat bar. Service will be smooth and professional, but also genuine and heartfelt. The design of the restaurant will suggest an upscale but relaxed, convivial dining style. However, the restaurant will not be loud – we intend to encourage conversation and lingering over specialty after-dinner drinks and housemade desserts. Key attributes of Oyster Bay Seafood will be guest comfort, transparency in food sourcing and preparation, knowledgeable service, and always warm hospitality.

1e. **Menu and Signature Items**

Oyster Bay Seafood's menu will be divided into sharable plates and individual plates. Guests may choose to make a meal with any combination. Sharable plates will include shellfish in a variety of raw and steamed preparations; seafood cakes (which will also be a good way of utilizing leftovers and trimmings); grilled skewers; and unique housemade norimaki rolls. Individual plates will include housemade soups and chowders (again helping to utilize all product); grilled or baked seafood in unique preparations; salads with and without seafood elements; and two to three non-seafood items to broaden the menu's appeal. The beverage list will feature pairings with signature dishes and specials, and will include recommended beer and/or spirit pairings as well as wines. The dessert menu will be relatively short but all items will be made in house and change seasonally, although we will always offer one cake, one pie, and one crumble in addition to other items. Each guest's meal will finish with a complimentary plate of mini-cookies made by our culinary team using family recipes that will be described on an accompanying "thank you for dining" card.

1f. **Pricing**

At Oyster Bay Seafood, shared plates will range from \$10.00 to \$35.00 (for raw seafood platters); individual plates will be from \$12.00 to \$35.00, and desserts will be \$8.00 to \$10.00 each. We will sell many wines by the glass for between \$9.00 and \$15.00, as well as a selection of craft beers on tap for \$5-6 for a half pint and \$7-9 for a pint. Bottles of wine will be from \$30 to \$200 with an emphasis on bottles in the \$40-50 range. Cocktails will range from \$8 to \$16 depending on the brand and the preparation. This relatively high price point has been selected for this venture because seafood is a relatively high cost item but with careful purchasing directly from fishermen and/or small scale suppliers as well as an ability to be flexible in the menu as seafood varieties and prices change, we feel we can offer a high quality experience at this upscale but not luxury price point. This price point also fits neatly with the prices offered by our most direct competitors in the area (see Section 3). Pricing will be set to reflect an average food cost of 32% across the entire menu.

The Team

The team behind Oyster Bay Seafood has a total of thirty-five years of experience in the restaurant industry.



Mindy Welch – Mindy started working in restaurants when she was fifteen and has moved through the ranks to be general manager of three different full-service dining operations. Her most recent position was the general manager of The Landings where she managed a team of 90 employees and maintained a high quality, profitable operation for two years.



Ollie Garcia – Ollie has most recently been the kitchen manager and head chef for Casa Brava where he and his team earned high ratings for food on the Zagat survey. Ollie trained under Chef Steve Vargas at Marco's Restaurant on Exeter Street and has over twenty years' working in numerous restaurant kitchens in this market and in the region.



Geraldine Houston – Gerry presently works as the wine director at The Landings and is currently studying for her Level 2 sommelier exam. She also has worked as a winery intern at BlueBell Wines and as a server at a number of local upscale restaurants while she was a student in college.

This team came together while working at The Landings where the three recognized each other's talents and became strong colleagues. With the impending sale of The Landings to new owners, Mindy, Ollie and Gerry have seized this opportunity to strike out with their own restaurant venture based on this good working relationship and their strong knowledge of the local upscale dining market.

For Oyster Bay Seafood, the team will retain similar roles: Mindy will serve in the role of lead restaurant developer and general manager and will be responsible for all hiring and personnel issues, finances, marketing, leasing, and the coordination of the development process. She will also manage all front of house service operations once the restaurant is open. Ollie and Gerry will be responsible for menu development, purchasing and inventory management, operational planning and execution, and will work with the design team on the restaurant facility because of their expertise in food (Ollie) and wine (Gerry) operations. Ollie will manage all kitchen operations once the restaurant is open. Gerry will manage the bar and the beverage program for Oyster Bay Seafood after opening.

We are confident that this team's good working relationship and excellent local experience will be strong contributors to Oyster Bay Seafood's success.

3a. Target Customers

Oyster Bay Seafood will target adult diners seeking a special meal out. The anticipated age range for the majority of our guests will be 35-55 years, with an emphasis on middle- to upscale income couples. The customers we seek will be interested in food and wine, adventurous eaters who follow dining trends, and comfortable with spending \$18-26 for an entrée. They may be frequent shoppers at the local farmer's market, upscale wine shops, and specialty food stores. Because they are working professionals, these customers tend to eat out more than once a week and often entertain family, friends and business associates at restaurants rather than at home. While this age group may have children and Oyster Bay Seafood will happily serve families, the restaurant will not be positioned as a child-oriented dining location.

We are targeting this market specifically because of our proposed menu of light, fresh and flavorful preparations focusing on seafood. According to research by Technomic Inc., affluent adult diners tend to be more concerned with healthy eating than younger diners and have increased their consumption of seafood over the past ten years. Most customers do not eat seafood at home because they think it is difficult or messy to prepare, so dining out is the preferred way for many people to eat healthful fish and shellfish dishes. Seafood also pairs well with wine, especially the white wines that are made locally and that are in some cases "cult" purchases for wine savvy customers because of the limited availability of these wines.

According to the most recent census data from the United States Government, there are roughly 50,000 people in Center County (22% of the county's population) in our target age range and 54% of the county residents own their own homes. The mean income in the county is \$71,400 which is nearly \$3,000 higher than the rest of the state, and 51.5% of county residents are in management, medical, scientific or educational jobs – these are the upscale professionals we hope to attract to Oyster Bay Seafood. And the county is growing with the opening of the new, enlarged medical center which will add many more professional jobs to the area. The local Economic Development Board projects that the county will add between 2000 and 4000 jobs between now and 2024. Home prices have risen here faster than in many other areas and are well above the median home value for the surrounding counties, which also points to a more affluent customer base going forward.

Based on this information, we feel that there is currently a large enough target market to support an upscale dining concept like Oyster Bay Seafood and that this market is likely to grow over the next ten to fifteen years.

The Market

Section 3

3b. Competitive Analysis

Because our community is economically healthy and has a fairly affluent population, there are many existing restaurants that are going after a similar customer. Specifically, we see our major competitors in the area to be:

Marco's. Marco's is a modern Italian dinner-only restaurant with 48 seats that emphasizes a small but diverse selection of lighter and unique Italian-inspired preparations and a comprehensive yet affordable Italian wine list. Entrees at Marco's are between \$17 and \$35, while appetizers and desserts range from \$7 to \$14. Marco's has proven very popular with our target customer, especially on Thursday and Friday nights. The restaurant is closed on Sunday and does not take reservations. Recent reviews on Yelp and TripAdvisor rate the restaurant fairly highly (4 out of 5 stars) and praise the food and the service, although some report that the portion sizes and prices do not represent good value.

Café Montsouris. The same owners that operate Marco's have recently opened this dinner-only French bistro which is doing very well. The menu is divided into four sections: small plates, medium plates, full-size entrees and daily specials that rotate consistently through the week. The pricing is similar to Marco's as is the size: the Café has about 50 seats plus another four tables outdoors in good weather. House wine is available on tap and there is a comprehensive French wine by the glass program. We see a lot of older professional couples dining here. Café Montsouris is busiest on Thursdays through Saturdays, and is closed on Mondays, and like its sister concept, Marco's, does not take reservations. On Yelp, the restaurant has five stars and most reviews rave about the food and service. Complaints tend to be about pricing policies and the cramped seating.

Farmer's Field. This 150-seat restaurant focuses on local produce and local wines, and has an accompanying cooking school and catering hall. The menu is very broad, ranging from sandwiches and burgers to modern American fine dining. The price point is a bit lower than we propose for Oyster Bay Seafood. This restaurant has gotten off to a rocky start according to online reviews, but seems to be busy on weekday lunches with lots of downtown workers on their breaks and has a very successful brunch offering. If the service and food kinks are worked out, this restaurant could make real inroads into the local upscale dinner market.

The Landings. This restaurant is not as popular as it once was with younger adult diners, but still does a steady business with older professionals, especially for business lunches and office celebrations, although it only has one small private dining area. The dinner price point is a bit higher than Oyster Bay Seafood's will be, but the menu and wine program are comparable, focusing on creative preparations based on what is fresh alongside some favorite items that have become signature dishes. The chef/owner is a graduate of the Culinary Institute of America and has a high profile locally, including weekly appearances on local media programs to demonstrate recipes. Social media reviews are middling, with most reviewers happy with the food but less so with the ambiance and the prices.

We also expect that there will be a full-service dining option in the new hotel being built on South Street, but do not have any information about the proposed menu or format. However, hotel restaurants often have a hard time attracting local customers unless the restaurant is operated by a well-known local or other food professional. We will stay vigilant as more information about this restaurant comes to light in the coming months.

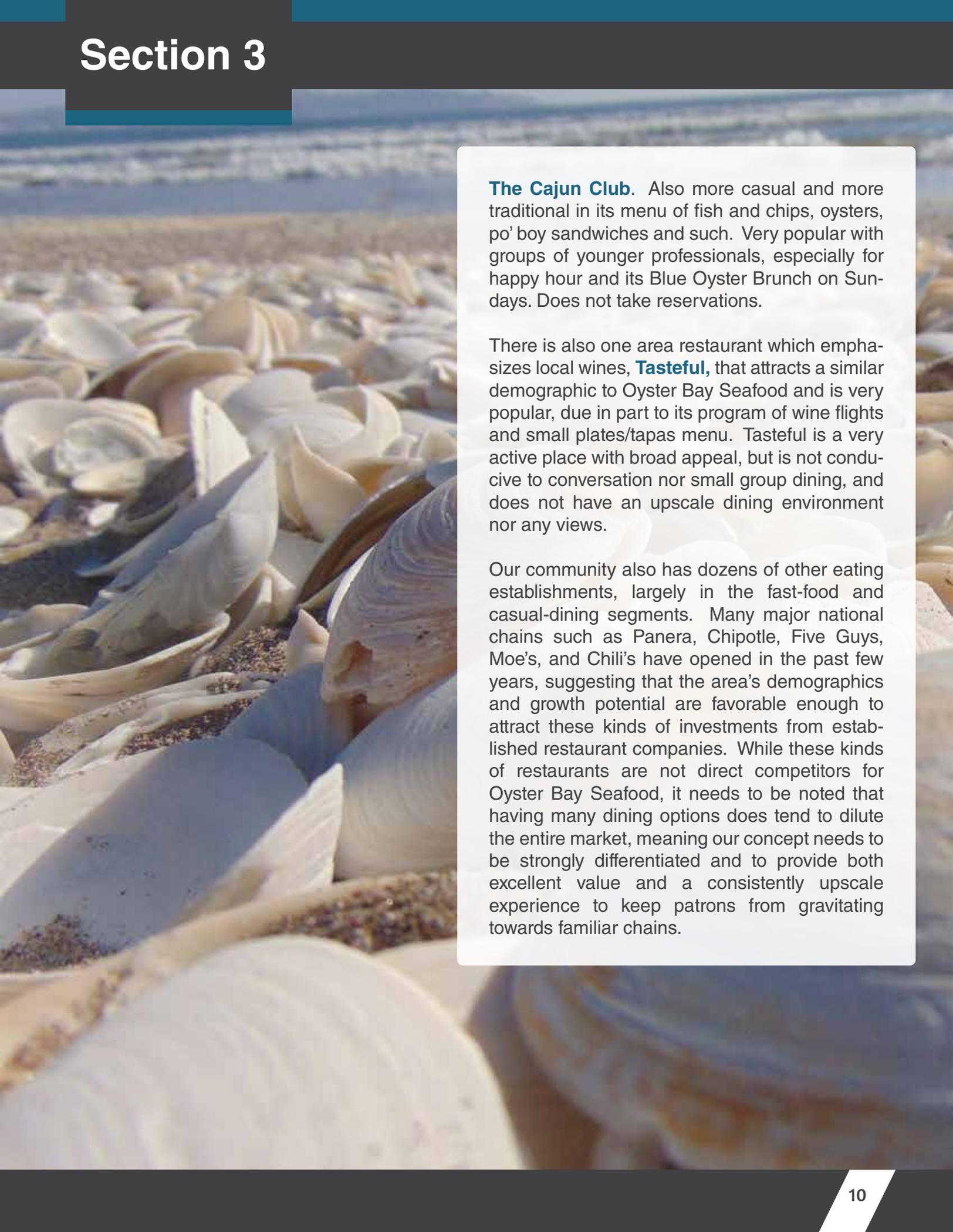
While we recognize that we have some stiff competition, particularly from Marco's and Café Montsouris, we understand that the customer base that we share with these restaurants is relatively large and growing. Both of these competitors are very small, dinner-only restaurants and do not take reservations, making it hard for customers to plan business entertaining or occasions like anniversaries, birthdays, and other intimate celebrations. They also focus on two specific cuisines – modern Italian and bistro French respectively – and have smaller menus in keeping with their smaller kitchens. Oyster Bay Seafood will have a broader menu and will offer a changing array of in-season and generally affordable fresh seafood, unconstrained by a particular style of cuisine which gives our chef Ollie a lot of leeway in purchasing. We also will support special occasion dining more effectively than Marco's or Café Montsouris with reservation policies, more flexible seating arrangements, and portions of our dining area that can be closed off for small groups. Lastly, we will offer lunch service which these two competitors do not currently provide.

Farmer's Field will be a strong competitor for the lunch crowd, but our lakeside location should be an added draw. Farmer's Field has a broader menu than Oyster Bay Seafood will but is not currently seen as providing quality cooking according to social media reviews, which is of even more importance when it comes to serving seafood. The Landings may remain a competitor but its customer base is aging and shrinking; unless it can redefine itself and move toward a lighter, more modern experience under its new ownership, we feel that it will remain a secondary competitor.

There are a few other, more casual restaurants in the area that make seafood a focus but are not offering a similar dining experience and/or price point to Oyster Bay Seafood:

Andy's Dockside. Much more casual than Oyster Bay Seafood and skews younger and less affluent. More emphasis on fried items and beer, and on live music on the weekends. Is also along the lakefront. Can be very loud and occasionally attracts some rough customers. Does not take reservations.

Section 3



The Cajun Club. Also more casual and more traditional in its menu of fish and chips, oysters, po' boy sandwiches and such. Very popular with groups of younger professionals, especially for happy hour and its Blue Oyster Brunch on Sundays. Does not take reservations.

There is also one area restaurant which emphasizes local wines, **Tasteful**, that attracts a similar demographic to Oyster Bay Seafood and is very popular, due in part to its program of wine flights and small plates/tapas menu. Tasteful is a very active place with broad appeal, but is not conducive to conversation nor small group dining, and does not have an upscale dining environment nor any views.

Our community also has dozens of other eating establishments, largely in the fast-food and casual-dining segments. Many major national chains such as Panera, Chipotle, Five Guys, Moe's, and Chili's have opened in the past few years, suggesting that the area's demographics and growth potential are favorable enough to attract these kinds of investments from established restaurant companies. While these kinds of restaurants are not direct competitors for Oyster Bay Seafood, it needs to be noted that having many dining options does tend to dilute the entire market, meaning our concept needs to be strongly differentiated and to provide both excellent value and a consistently upscale experience to keep patrons from gravitating towards familiar chains.

3c. Competitive Strengths and Weaknesses

We are confident that Oyster Bay Seafood fills an important niche in the community for a more upscale yet warm and inviting seafood-oriented restaurant in a waterfront location. We also recognize that the concept has some challenges that will need to be carefully considered in order to be successful in this market.

STRENGTHS	WEAKNESSES
Principals' strong local knowledge and reputation	Principals are not as well-known in the community as some competitors
Only local upscale dining restaurant to focus on seafood	Strong competition from local restaurants at expected price point
Ability to accommodate private parties	More seats to fill than some competitors have
Lighter and healthier fare such as seafood resonates with target market	Seafood supply can be highly variable and subject to price fluctuations. Careful purchasing and menu changes will be needed to stay within a competitive price point.
Lakefront location (in good weather)	Lakefront location (in poor weather)
Offers lunch and dinner 6 days a week	No Sunday business
Offers reservations	Risk of no-shows and late arrivals



4a. Marketing Strategy

Oyster Bay Seafood seeks to position itself as the first choice for special meals out for upscale diners in this area but at the same time shouldn't be perceived as too fancy or too expensive for everyday dining. Our tagline, "Making Friends through Fish", conveys the warm, welcoming and familiar personality of the concept while at the same time highlighting our distinctive offering which is fresh, well-prepared seafood. Our marketing approach will therefore emphasize building relationships with our customers and promoting quality seafood as a healthy and approachable way to eat. All tactics we intend to adopt will focus on these two pillars of our marketing message.

4b.

Marketing Tactics

Pre-Opening. In order to get Oyster Bay Seafood's name and concept in front of the target market prior to opening, we propose:

- Pop-up tastings of seafood and beverage pairings at the local farmer's market and/or street festivals in the four weeks prior to opening
- Two to three weeks before opening, handing out "come join us" cards with a complimentary offer to patrons in the line at the sea food truck that sells fresh seafood in the Northfield Mall parking lot on Friday mornings
- Periodically changing "teaser" window signage on the building while the restaurant is under construction
- Teaser Twitter, Instagram and Facebook campaigns using the principals' current accounts
- Soft opening by-invitation-only dinners to benefit local and ocean-related conservation charities, focusing on local media personalities, food bloggers, and community leaders

After Opening. Once the restaurant is open, the marketing plan includes:

- Direct email to customers who opt-in, with restaurant news and event promotions
- Special direct email or letter mail to regular customers to mark key events (birthdays, anniversaries, etc.)
- Periodic special dinners/tastings featuring first-of-the-season seafood ingredients ("Copper River salmon is finally here!") and/or visits with fishermen and beverage producers
- Healthy cooking demonstrations and similar partnerships with the Medical Center
- Ongoing Twitter, Instagram and Facebook postings with images from the restaurant, recipes, and water-related news
- Oyster Bay Seafood dragon boat team featuring Ollie and Gerry (and other staff) appearing in local races and at special events on the lake

Section 4

4c. Operational Strategies

By having three operating partners, Oyster Bay Seafood will have both deep expertise and managerial flexibility as conditions change and will allow the restaurant to accommodate personal time for each operating partner. One operating partner will always be on site during service in the first two years of operations.

In order to provide a high-touch, quality dining experience for our guests, Oyster Bay Seafood will need to have a versatile, knowledgeable and skilled staff. Mindy and Gerry will share host duties, but all servers will be cross-trained to greet and seat guests. Bartenders will serve all guests seated at the bar so must be well versed in the menu, just as all servers must be knowledgeable about both the menu and the beverage program. Prep cooks may serve as line cooks depending on the shift.

All staff will initially be paid at the prevailing wage for their roles, and will be eligible for merit raises based on performance after 3 months, 6 months and then annually. Because there is usually some error in hiring during the first weeks of any operation, we intend to slightly overstaff initially to account for staff that may not work out, and to make sure we have adequate numbers of trained personnel to provide a strong first impression. Staff will be recruited through word of mouth and personal networks rather than by advertising.

The management team will develop detailed operations manuals for front- and back-of-house staff as part of the restaurant development process. These manuals will be used for training, for ongoing assessment of operations, and will be adapted as the restaurant matures to reflect best practices.

Purchasing/Supply Chain Strategy 4d.

As seafood is our signature, having reliable sources of high quality, in-season product will be important. High volume of any one type of seafood is not our goal; rather we hope to highlight whatever high quality seasonal seafood that our network of small suppliers can provide to us at any particular time. This will require establishing and maintaining strong relationships with a number of small purveyors and, where possible, with the fishermen themselves. Ollie's experience and connections from his time managing the back of house operations for several local restaurants will be the foundation of these relationships. We intend to make twice-weekly calls to this network in the initial months of operations to determine what is available and to purchase what's best within the budget.

Similarly, close relationships with other local producers for fresh items and beverages will allow Oyster Bay Seafood to offer ingredients, wines, beers and spirits that will be hard to obtain elsewhere. This will require flexibility in the menu as supply varies.

Only basics like paper products and kitchen staples will be purchased from large-scale vendors.

5a. The Site

Oyster Bay Seafood will be located in a 2,500 square foot ground floor leased space at 620 Lake Street at the southwest corner of St. James Avenue. The entire leased area is on one level; there is no basement nor any level changes inside the space. The space has eight-foot high windows on the north and west sides, with views of the lake on the west. The building dates from 1927 but has recently been renovated and upgraded for retail and residential use. Currently, the space is unfinished: the floor is heavy pine planking, and the east and south walls have exposed brick from the original building. The ceiling height is 14 feet throughout the space.

The site is excellent for Oyster Bay Seafood because of its size, character, and views of the water. However, there are a few challenges that will need to be addressed during development. At present, there is no plumbing or ventilation infrastructure for a restaurant so these will need to be installed. There is on-street parking in front of the site but no dedicated parking area for 620 Lake Street, nor is there a rear entrance into the space for deliveries, so the design of the restaurant will need to be carefully planned to accommodate deliveries without negatively affecting front of house operations.

Section 5

5b. The Neighborhood

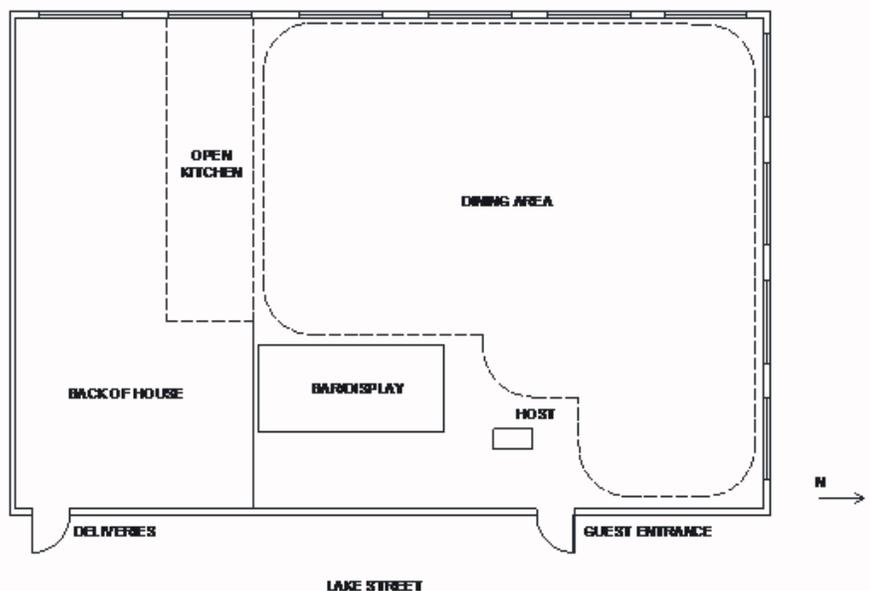
620 Lake Street is part of the Waterfront neighborhood which has been recently been undergoing significant gentrification. While a few blocks in the area are still very industrial in nature, developers have been taking over older buildings in Waterfront and converting them to upscale housing and retail spaces. According to contacts at Edgewater Realty, many of the incoming residents are couples and professional singles, or small professional legal or accounting practices renting spaces above the shops along the street. Rents in the area have been increasing quickly as more of the older buildings have been converted and the neighborhood becomes more attractive.

Recent retail openings on St. James Avenue near Lake Street include Houghlin Galleries, Spun Clothing Boutique, Lakefront Pottery and Gifts, and a new branch of Emily's Coffee. There are a few small restaurants in the Waterfront neighborhood at present but nothing upscale. There is only one chain restaurant in the area, Subway, one block east on St. James Avenue. There is a municipal parking lot across from Subway which is free after 6 pm.

This neighborhood is a great fit for Oyster Bay Seafood because of its up-and-coming status as both a destination and as a place to live, and the increasing presence of our target customer base in this area. All indications are that the Waterfront neighborhood will continue to grow and become a popular residential, shopping and entertainment district for county residents and visitors.

5c. Proposed Layout

The main entrance into Oyster Bay Seafood will be on Lake Street. We propose a secondary service entrance at the southeast corner of the space for deliveries directly into the back of house which will take up the southern third of the space. See the sketch at right.



We feel that the space can accommodate approximately 80 dining seats in a total front of house area of about 1700 SF. The remaining 800 SF (about one third of the total area) will be devoted to kitchen, storage and administrative functions.

Section 5

5d. Key Design Features

Oyster Bay Seafood's design will be open, airy, and unpretentious. The look we are striving for is up to date but not sleekly modern, somewhat industrial but still comfortable and inviting. The mood board below demonstrates how we want the design of the restaurant to feel.

Oyster Bay Seafood will have an open kitchen and will display much of the seafood used for service so that arriving guests can see the product variety and freshness as they are taken to their seats. This display will be a focal point of the dining room, as will the lake views on the west side of the space. There will also be signage changed daily - possibly even during service -- outlining what seafood species are available.

6a. Projected Uses of Capital

Based on early estimates from local builders and on industry benchmarks, we project that Oyster Bay Seafood will require just under \$900,000 to build out and open, and feel that carrying the equivalent three months of fixed operating expense plus a modest contingency of 8% of buildout costs would be prudent. This brings the total development cost of Oyster Bay Seafood to \$1,224,459. The statements below outlines how this amount will be allocated across the project budget.

SOURCES OF CASH:

Equity Contributions	\$ 600,000
Loan Financing	624,459

TOTAL SOURCES OF CASH

\$ 1,224,459

USES OF CASH:

Land & Building	0
Leasehold Improvements	281,250
Bar / Kitchen Equipment	170,000
Bar / Dining Room Furniture	127,500
Professional Services	40,000
Organizational & Development	33,975
Interior Finishes & Equipment	68,250
Exterior Finishes & Equipment	48,500
Pre-Opening Expenses	134,984
Working Capital & Contingency	320,000

TOTAL USES OF CASH

\$ 1,224,459

Project Cost Per Square Foot	\$490
Project Cost Per Seat	\$14,405

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6b. Detailed Capital Budget

LEASEHOLD IMPROVEMENTS	281,250	
Construction Contract		312,500
Landlord Contribution		(31,250)
BAR / KITCHEN EQUIPMENT	170,000	
BAR / DINING ROOM FURNITURE	127,500	
PROFESSIONAL SERVICES	40,000	
Architect & Engineering		25,000
Legal (lease & incorporation)		5,000
Project Consultant		2,500
Accounting & Tax		2,500
Name, Logo & Graphic Design		5,000
ORGANIZATIONAL & DEVELOPMENT	33,975	
Deposits (utilities, sales tax, etc.)		3,000
Insurance Binder (property, casualty, liability)		4,225
Workers Comp. Binder		1,500
Liquor License		5,500
Building Permits		2,000
Other Licenses & Permits		1,500
Utility Deposits (gas, electric, water)		3,000
Change, Operating Banks & Petty Cash		1,000
Menus / Menu Boards		3,750
Lease Deposit		5,000
Travel, Research, Concept Development		3,500
INTERIOR FINISHES & EQUIPMENT	68,250	
Kitchen Smallwares		12,750
Artwork & Specialty Décor		10,000
Security System		3,000
Music/Sound/Audio-Visual Systems		12,500
Cash Register / Point of Sale		20,000
Phone System		4,500
Office Equipment / Computer		2,500
Office Supplies		500
Interior Signs		2,500

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EXTERIOR FINISHES & EQUIPMENT	48,500	
Landscaping		12,000
Exterior Signs & Decorations		15,000
Parking Lot Resurfacing		15,000
Parking Bumpers		4,000
Parking Lot Striping		2,500
PRE-OPENING EXPENSES	134,984	
Construction Period Utilities		4,000
Construction Period Building Lease		29,167
Construction Period Interest		15,817
Uniforms		2,500
Opening Inventories -		
Food		10,000
Beer, Liquor & Wine		15,000
Paper & Other Supplies		5,000
Marketing -		
Advertising		2,500
Public Relations		5,000
Soft Opening		7,000
Personnel -		
Management & Chef		15,000
Hourly Employees		15,000
Payroll Taxes & Employee Benefits		9,000
WORKING CAPITAL & CONTINGENCY	320,000	
Working Capital		270,000
Contingency		50,000
TOTAL PROJECT COST	\$ 1,224,429	

Section 6

6c. Operating Projections

Based on the projected average check and our understanding of the local market, we project the first three years of revenues and expenses as detailed below.

	Year 1		Year 2		Year 3	
Sales:						
Food	\$ 1,435,382	68.3%	\$ 1,550,213	68.3%	\$ 1,674,230	68.3%
Beverage	667,693	31.7%	721,108	31.7%	778,797	31.7%
TOTAL SALES	2,103,075	100.0%	2,271,321	100.0%	2,453,027	100.0%
Cost of Sales:						
Food	459,322	32.0%	496,068	32.0%	535,753	32.0%
Beverage	127,887	19.2%	180,277	25.0%	194,699	25.0%
COST OF SALES	587,210	27.9%	676,345	29.8%	730,453	29.8%
Gross Profit	1,515,865	72.1%	1,594,976	70.2%	1,722,574	70.2%
Payroll:						
Salaries & Wages	563,248	26.8%	574,513	25.3%	586,003	23.9%
Employee Benefits	242,409	11.5%	252,106	11.1%	262,190	10.7%
TOTAL PAYROLL	805,657	38.3%	826,619	36.4%	848,193	34.6%
PRIME COST	1,392,867	66.2%	1,502,964	66.2%	1,578,646	64.4%
Other Controllable Expenses:						
Direct Operating Expenses	100,131	4.8%	103,135	4.5%	106,229	4.3%
Music & Entertainment	3,000	0.1%	3,090	0.1%	3,183	0.1%
Marketing	39,000	1.9%	40,170	1.8%	41,375	1.7%
Utilities	40,200	1.9%	41,406	1.8%	42,648	1.7%
General & Admin.	122,959	5.8%	126,648	5.6%	130,448	5.3%
Repairs & Maintenance	12,600	0.6%	12,978	0.6%	13,367	0.5%
TOTAL	317,890	15.1%	327,427	14.4%	337,250	13.7%
CONTROLLABLE PROFIT	392,318	18.7%	440,930	19.4%	537,131	21.9%
Occupancy Costs & Depreciation						
Occupancy Costs	148,700	7.1%	151,674	6.7%	154,707	6.3%
Depreciation & Amortization	93,240	4.4%	93,240	4.1%	93,240	3.8%
Other (Income) Expenses						
Other (Income)	(1,200)	(0.1%)	(1,236)	(0.1%)	(1,273)	(0.1%)
Interest Expense	47,451	2.3%	41,695	1.8%	35,462	1.4%
Other Expense	2,400	0.1%	2,472	0.1%	2,546	0.1%
NET INCOME BEFORE INCOME TAXES	\$ 101,727	4.8%	\$ 153,085	6.7%	\$ 252,448	10.3%
ADD BACK:						
Depr. & Amortization	93,240	4.4%	93,240	4.1%	93,240	3.8%
DEDUCT:						
Loan Principal Payments	(69,345)	(3.3%)	(75,100)	(3.3%)	(81,334)	(3.3%)
CASH FLOW BEFORE INCOME TAXES	\$ 125,623	6.0%	\$ 171,225	7.5%	\$ 264,355	10.8%

Section 6

6d. Assumptions

These operating statements assume a conservative sales growth rate of 8% for each of the first two years of operations, then a steady growth rate of 5% going forward. We have been intentionally conservative with cover counts as well, projecting busy Thursday through Saturday dinners but less than one turn for the remaining meal periods. We project an average check of \$24.50 at lunch and \$45.50 at dinner. Both average check estimates include beverages and alcohol.

Food cost is high at roughly 32% of sales due to the importance of seafood to the concept, but beverage cost is relatively low to reflect the strong markup potential on alcohol. Throughout, we assume these cost of goods sold percentages will remain relatively stable as we will alter our menu to accommodate changes in individual item costs.

Labor costs reflect the increasing trend towards a \$15 minimum wage, and as such the three managing partners will play a large role in day to day operations – including hosting and expediting duties on most days -- to keep employee FTE's low enough for the operation to be sustainable at these labor rates.

Occupancy cost is based on a quoted rent of \$35 per square foot in a triple-net lease with no percentage rent. Additional occupancy costs for taxes, insurance and common area maintenance are based on Edgewater Realty's estimates for the proposed space at 620 Lake Street.

Other operating costs are based on industry averages and area norms.

For the capital budget, we have based our estimates on a construction budget of \$125 per square foot. This assumes that all existing base building systems are in acceptable condition. We also assume that the landlord contribution will be 10% of construction costs to cover durable building assets such as restrooms. Working capital is estimated to be three times monthly fixed operating costs, and we are carrying a contingency amount of about 8% of the budget for construction, fixtures and equipment to cover unforeseen additional expenses during the buildout.

Given all of these conservative estimates, Oyster Bay Seafood projects a 6% operating profit in its first full year of operations.

7a. **Funds Required**

Oyster Bay Seafood requires a total investment of approximately \$1,225,000 to develop, build out and begin operations, of which \$625,000 will be obtained via loans against assets held by the operating partners. The remaining \$600,000 needed to develop the restaurant will be raised from equity investors and through cash equity contributed by the three operating partners. Mindy Welch, Ollie Garcia and Geraldine Houston will each contribute \$50,000 of their own capital in this venture, leaving \$450,000 to be raised from outside equity partners.

7b. **Investment Framework**

The three operating partners will together hold 25% ownership of Oyster Bay Seafood LLC. The remaining ownership will be allocated as follows: Class A investors will account for a further \$150,000 of the initial investment and Class B investors will provide the balance of \$300,000. An Offering Memorandum for Oyster Bay Seafood LLC (not included in this business plan) outlines the specifics of the offering units and their structures.

7c. **Projected Returns and Payback**

Based on the capital budget and operating projections presented in the previous section, Oyster Bay Seafood is anticipated to generate a return on investment of 16.7% in the first year and an average return on investment of roughly 28% over five years. The payback period for outside equity is projected to be approximately 42 months.

Section 7

7d. **Growth Strategy and Opportunities**

The operating partners may replicate Oyster Bay Seafood as a concept or may execute other restaurant concepts based on the success of Oyster Bay Seafood. Investors in Oyster Bay Seafood LLC may retain the right of first refusal for investment on any subsequent restaurants developed by the operating partners should additional capital be necessary.

7e. **Investment Assumptions**

The return on investment and payback period have been calculated based on the intended disbursement of 80% of after-tax cash flows to equity investors and the operating partners. Outside equity will receive 75% of all disbursed after-tax cash flows until all initial equity investments are paid back, while the operating partners will receive the remaining 25%. After all initial investments have been paid back to the original investors including those of the operating partners, after-tax cash flows will be distributed to all equity holders subject to the terms spelled out in the Offering Memorandum.

It is important to note that all Oyster Bay Seafood project cost and performance assumptions stated or implied are not guarantees.