

DISCOUNT
CITY & TOURIST ATTRACTION

Ft. Pierce Development Management Company, LLC

BUSINESS PLAN

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EXECUTIVE SUMMARY

The Enterprise

Discount City & Tourist Attraction will be the name of the entertainment, retail, and services center referred to herein as "The Enterprise." The Enterprise will be owned and managed by the Ft. Pierce Development Management Company, LLC, referred to herein as "The Corporation." The Enterprise is intended to be the major center of its kind in Ft. Pierce, Florida. A heavily traveled area, the location consists of 18.61 acres on which sits 155,000 square feet of retail space, built in 1988.

The Enterprise would be comprised of:

- **Eight retail operations** owned and operated by The Corporation
- **Forty-one entertainment, retail, and services operations** with space leased from The Corporation to national and local companies.

Concept

Conceptualized as self-sustaining, The Enterprise will serve the needs of local and regional customers, seasonal vacationers, the general traveling public, and commercial truckers. Ft. Pierce, in the county of St. Lucie, is a city of renewed growth. Its business and governmental commitments to revitalization are strong and on-going.

Target markets described herein will support the entertainment operations, service businesses, quality discount brand name, and discount value merchandise retailers at The Enterprise.

This concept is in direct response to the failed high-end-anchored department store center in this area which closed seven years ago.

Consumers desperately need The Enterprise. The nearest regional shopping malls, including movie theaters, are twenty miles north and twenty miles south.

Nearby retail competition consists of two national discount department stores and two clothing and housewares discount stores. Several restaurants, to accommodate the community and interstate travelers, are also present.

Management

Mike Shew, Managing Director, is the founder and owner of a successful retail operation, Mike Shew Jewelry, Watches, & Gifts, in business since 1998.

Shew will be assisted by two Marketing Managers knowledgeable in property management and retail operations. Negotiations with candidates are ongoing, pending completion of financing.

Funds Required

The current market price for the subject improved property is \$8 million. A loan in the amount of \$12.5 million is required to:

- 1) purchase and improve this property;
- 2) market and advertise The Enterprise;
- 3) stock and staff 8 retail operations; and
- 4) secure leases for 41 retail spaces

Repayment would commence in year two. Total repayment would be completed within the first 10 years of operation.

Financial Projections

Negative cash flow of \$2,091,508 and \$1,365,508 is projected for years one and two, respectively. Positive cash flow projections for years three through five are \$329,272, \$1,540,617, and \$2,556,242, respectively.

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THE ENTERPRISE

Legal Structure

Mike Shew is the sole owner and Managing Director of Ft. Pierce Development Management Company, a Limited Liability Company, herein referred to as "The Corporation," organized in the State of Florida in July, 2001. Its purpose is to develop Discount City & Tourist Attraction, an entertainment, retail, and services center described in this Business Plan as The Enterprise.

Description

The Enterprise will be the major entertainment, retail, and services center in Ft. Pierce, Florida. This location is 18.61 acres on which sits 155,000 square feet of retail space, built in 1988.

The Enterprise would evolve in two segments. The first segment would launch **eight retail operations** owned and managed by The Corporation. The eight Segment One retail operations would be:

- 1) Mike Shew's Transportation Nation & Auto Center
- 2) Mike Shew Jewelry, Watches, & Gifts
- 3) Master Cuts Franchise
- 4) Ladies Discount Brand Name Shoe Store (high heels & Floridian sandals)
- 5) Ladies Discount Brand Name Clothing Store (including "plus" sizes)
- 6) College Bar (Chug-a-Lug)
- 7) Cell Phone & Pager Depot with Payment Center
for electric and telephone bills
- 8) United States Post Office Sub-station

An additional function at each operation would be that of Internet-based sales of in-store merchandise marketed through The Corporation's Web site.

Segment Two consists of establishing **forty-one entertainment, retail, and services operations** in space leased from The Corporation to national and local companies. A specialty consulting firm and Shew's management team will be responsible for securing occupants. Lessees from neighboring locales (but not from the immediate area) would be sought regarding their possible expansion to the Ft. Pierce area. Examples of the types of businesses would be:

ENTERTAINMENT:

- 1) 24 Movie Plex (15,000 SF)
- 2) Bowling Lanes
- 3) Roller Skating Rink
- 4) Arcade-Fun & Games
- 5) Food Court
- 6) Bennigan's restaurant

SERVICES:

- 7) Branch Bank (Riverside National)
- 8) Walk-in clinic
- 9) Dentist's office
- 10) Optical Center
- 11) Chiropractor
- 12) Massage-Tanning-Nails
- 13) Tourist Bureau
- 14) Photography By Olin Mills

RETAIL:

- | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none">15) 15,000 SF Discount Food Store
(prices lower than Wal-Mart)16) Walgreen's Pharmacy17) Barnes & Noble Book Store18) Footlocker19) Lady Footlocker20) Kids Footlocker21) Spencer Gifts22) Discount furniture store23) Bon Worth (Senior market)
(already on site)24) Surf Shop-Sun Wear25) GNC (Gen'l Nutrition Centers)26) Sunglasses Hut27) Hallmark | <ol style="list-style-type: none">28) Toys-R-Us29) Radio Shack30) Maternity store31) Stride Rite32) Dollar Store33) Chocolate Factory34) Music store35) Electronic Boutique36) Old Navy37) Menswear38) Express Fashions39) Teen Time40) Citrus Store for tourists41) Body Works |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Location

The Enterprise would be highly visible on the heavily traveled Okeechobee Boulevard, just west of major revitalization development that reaches east to the Indian River. It is in very close proximity to interchanges for Florida's Turnpike and Interstate 95, and the associated truck stop service centers. Also nearby is the large Lawnwood Hospital and Medical Center and the main campus of Indian River Community College which draws faculty, staff, and students from the four counties of St. Lucie, Indian River, Martin, and Okeechobee.

Time Table Segment One:

Eight Retail Operations owned and managed by The Corporation

Positive cash flow starts in year two. Repayment of financing begins in year two of actual operations by adhering to the following time table:

From inception to --

- | | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 months: | Secure letter of credit to purchase property
Issue company stock |
| 6 -12 months: | Negotiate purchase price
Close on purchase of the property
Contract with employee leasing company to staff these eight retail operations |
| 16 months: | Order stock (inexpensive inventory will be procured from
Closeout Distributors and from South Florida Wholesalers,
among others)
Purchase displays
Erect sign(s) and begin advertising
Build out storefronts with pricing matrix
Set up eight businesses with stock, personnel, and displays
Set up computer stations to perform Internet-based sales of in-
store merchandise |

Allow additional 4 months' leeway for all facets (e.g. to accommodate others' schedules to obtain licensing, conduct building inspections, etc).

Time Table Segment Two:

Forty-one Entertainment, Retail, and Service Operations

Two additional years will occur between the end of Segment One and the completion of Segment Two. During Segment Two, The Corporation will procure occupants and lease fully all Segment Two spaces utilizing sources such as The Factory Outlet Consultation Firm, Burke, Virginia, William Rogers, President, and Mike Shew and his associates.

Management

Mike Shew and other highly trained personnel will manage The Enterprise. Full-time business and marketing specialists will be hired.

The Enterprise will be guided by an advisory board (established through the St. Lucie County Chamber of Commerce) of business development strategists whose expertise is in this market area.

Mike Shew is a 37-year-old entrepreneur who founded Mike Shew Enterprises in 1998 which has operated on its own revenues without outside funding for the past two years. Shew's prior experience is in human resources, operational management, marketing, tax preparation, insurance, and sales and marketing. Over the past 20 years he has owned and operated three businesses. Shew's experience with niche markets is invaluable to the success of The Enterprise.

Mike Shew will: Develop and maintain vision and strategic planning; plan, develop, and establish policies and objectives in accordance with board directives and company charter; seek business opportunities and promote strategic alliances; develop and oversee policies regarding marketing, product development, finance, customer service, etc.; and direct and coordinate financial programs to provide funding for new or continuing operations in order to maximize return on investments and increase productivity.

Personnel

Two Marketing Managers will assist in the direct management and operations of The Enterprise. An employee leasing company will be used for all non-corporate management employee requirements.

Accounting

All accounting functions will be performed by:

Access Accounting

432 SW Lakehurst Drive, Port St. Lucie, Florida 34983, Tel 561-336-5477, Fax 561-336-9618

Principal: Glenda Myers; 25 years' experience as a controller

Insurance

All insurance requirements will be handled by:

C & C Insurance Agency

2014 SE Port St. Lucie Boulevard, Port St. Lucie, Florida, Tel 561-337-1250

Contact: Betty Eitneier

Security

Security will be contracted from Wackenhut for two full-time armed guards to be on site at all times.

MARKETING

Demographics and Target Markets

The four counties (and their respective populations) to be served by The Enterprise are St. Lucie (181,000), Okeechobee to the west (65,000), Martin to the south (126,000), and Indian River to the north (116,000). The diverse ethnic and minority family income range of the local Ft. Pierce population is \$13,000 - \$50,000, which defines a need for affordably-priced products.

The concept is specifically targeted to meet the needs of:

Local consumers

Seasonal vacationers

Travelers

Of particular note are the 18,000 truckers who flow through three adjacent truck stops and a fourth located within one mile. A fifth truck stop is in the planning stage. Because law prohibits truckers from operating their vehicles more than 10 hours in every 24, their area layovers are at least one day; often they are as long as three days in order to accommodate load pick-ups and hauling schedules. A jitney tram type of service will be provided to these truckers to facilitate easy access to The Enterprise.

These specific markets will be served well by the strengths of The Enterprise, which are:

Accessibility

Significant entertainment attractions

Services

Discount value merchandise

Discount brand name merchandise

High-end retail operations which previously operated in close proximity to the subject property failed within the last seven years because they did not acknowledge, nor cater to, the target markets described above.

Competition

The shopping malls nearest to The Enterprise require a 40 mile round trip to either Jensen or Vero Beach.

Variety retail stores in Ft. Pierce do not exist except for the national chains of Wal-Mart and K-Mart which are not, however, situated in strip malls that offer entertainment, nor do they have local ties to the community's consumers.

Advertising

The Enterprise will be launched with a carefully orchestrated media blitz announcing the grand opening.

Working with the local Chamber of Commerce and the advertising firm of Richer Investments Corporation, press releases, promotional incentives, print and broadcast advertisements, and display billboards will be initiated.

Pricing

Discount pricing, as associated with the concept of discount value sales and discount brand name retail sales, should ensure success of The Enterprise.

Industry Trends

For the past two years, the discount value and discount brand name retail markets have seen exceptional growth, due in part to the general depressed condition of the national economy and the sag in high-tech market stocks. Continued growth in discount value and discount brand name retail sales are forecasted for the foreseeable future.

Discount retail concepts are recession-proof and drive consumers to shop for bargains.

FINANCIAL DOCUMENTS

PRO FORMA CASH FLOW

	Year One	Year Two	Year Three	Year Four	Year Five
¹ Sales	871,200.00	1,597,200.00	2,323,200.00	3,049,200.00	3,775,200.00
² Leases	0.00	0.00	968,750.00	1,453,125.00	1,743,750.00
TOTAL	871,200.00	1,597,200.00	3,291,950.00	4,502,325.00	5,518,950.00
³ Facility Operations Costs	(465,000.00)	(465,000.00)	(465,000.00)	(465,000.00)	(465,000.00)
NET INCOME	406,200.00	1,132,200.00	2,826,950.00	4,037,325.00	5,053,950.00
⁴ Segment One (8 retail) Operations Costs	180,000.00	180,000.00	180,000.00	180,000.00	180,000.00
⁵ Payroll	1,058,508.00	1,058,508.00	1,058,508.00	1,058,508.00	1,058,508.00
⁶ Inventory Stocking	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
⁷ Advertising	259,200.00	259,200.00	259,200.00	259,200.00	259,200.00
NET CASH FLOW	(2,091,508.00)	(1,365,508.00)	329,272.00	1,540,617.00	2,556,242.00

ASSUMPTIONS

- ¹ Daily Gross Sales Per Day Per Store:
- | | |
|------------|---------|
| Year One | \$ 300 |
| Year Two | \$ 550 |
| Year Three | \$ 800 |
| Year Four | \$1,050 |
| Year Five | \$1,300 |
- 363 operational days per year
-
- ² Leasing at \$12.50 Per Square Foot:
- | | |
|------------|------------|
| Year One | No lease |
| Year Two | No lease |
| Year Three | 50% leased |
| Year Four | 75% leased |
| Year five | 90% leased |
-
- ³ Facility Operations Costs Including Security: \$3 per square foot
-
- ⁴ Segment One (8 retail) Operations: \$22.500 per store per year
-
- ⁵ Payroll based on: \$13.50 per hour per employee, including all expenses
18 employees total at 12 hours per day
-
- ⁶ Inventory stocking: \$100,000 per store
-
- ⁷ Advertising:
- | | |
|--------------------------------|--------------------|
| 20 TV spots per store per day: | \$115,200 per year |
| Newspaper fliers every Sunday: | \$144,000 per year |