Galaxy One Properties LLC

SAMPLE

Strategic Bank Business Plan

Owner/CEO:

John Smith

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Mission **Statement**

"To make the best quality, most comforting, and affordable living experience possible for residents."

Table of Contents

Executive Summary

Galaxy One Properties is registered in the state of Arkansas and headquartered in Little Rock.

Ownership is held by Mr. John Smith.

Galaxy One Properties LLC (also referred to as "the Company") will be a Limited Liability Company, headquartered in Little Rock, Arkansas. The Company plans to invest in beautiful and affordable residential real estate in Little Rock and adjoining areas. The Company will acquire, renovate and rent the residential homes. Galaxy One Properties will also purchase distressed properties and selling them at high margins after necessary repairs and maintenance. The lucrative properties of the Company will provide move-in-ready properties for home renters. The Company's goal is to diversify its portfolio and increase profitability while serving low-income residents in Little Rock by providing residential homes for rent and sale. The owner's experience and familiarity with industry norms will play a key role in making the Company a long-lasting success. To achieve the Company's objective, the management contributes $25K into the business and seeks $250K as a bank loan.

Business Model: Galaxy One Properties intends to earn its revenue from real estate investments by renting residential properties in Arkansas state, primarily focusing on Little Rock Metropolitan. The company will build a home on purchased land and buy abandoned homes, renovate them into luxury living places for rental income. The Company also plans to sell the residential properties if the transaction yields higher profit margins. Galaxy One Properties' major expenses will comprise purchasing, construction, renovation/repairs of residential properties, remuneration of management, and marketing expenses.

Acquire

↓

Renovate/Build

↓

Rent/Sale

Market Size: There are nearly 200,000 people in Little Rock and about 740,000 residents in the metropolitan area. Over the past eight years, the population of Little Rock has increased by 5.9%. Over the last ten years, the number of renters increased two times faster than the number of homeowners in the U.S., according to RENTCafé. 35,351 or 43% of the households in Little Rock, AR, are renter-occupied, while 46,636 or 56% are owner-occupied. Moreover, real estate properties have witnessed value appreciation up to 21%1 over the past five years from 2015 to 2020 and 5.46% in 2020 alone.

Target Market: The primary target market for the services that are being offered for rent by Galaxy One Properties will be single males/ females and unmarried couples. According to research by roofstock, In Little Rock, these three groups make up nearly 64% of the households in the Little Rock metro area2. In 2019, 49 % of renters were under 30 years old3 , while persons aged above 30 years make up 51 % of home-renters. 23 % were aged between 30-44 years. The secondary target market will include first-time buyers aged between 22 and 39 years. A majority of buyers 39 and younger were first-time buyers, at 33% in 2020. Among other buyers, the 40 to 54 age group had the second-highest percentage of first-time buyers. This age group also includes repeat homebuyers. A seller who wants to sell property under a foreclosure order or is advertised for sale by its mortgagee is the target market for the flipping segment.

Marketing: Marketing for Galaxy One Properties will be done through various media, with the Internet being the primary driver. The Company will develop a website that outlines all the services offered, Search Engine Optimized (SEO), to give it more traction and traffic. The Company will also have a presence on social media platforms (Facebook, Instagram, LinkedIn, Twitter, and YouTube) to drive strong word-of-mouth and authentic marketing message. Galaxy One Properties will also list properties on real estate listing websites, such as Zillow, Realtor.com, Redfin, and MLS. Apart from the strategies mentioned above, Galaxy One Properties will also use Networking, e-mail marketing tools, listing at Yelp, and word of mouth to allow the organization to deliver an original trusted marketing message.

Management: John Smith is the owner of Galaxy One Properties. Mr. Smith is a seasoned business professional who is well connected and attuned to the needs of her targeted market. His work ethic and business acumen will be the key drivers that propel this venture towards a position of lasting success.

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[1] https://www.neighborhoodscout.com/ar/real-estate

[2] https://learn.roofstock.com/blog/little-rock-real-estate-market

[3] nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/renters-and-owners/

Impact of COVID-19 on Real Estate Market: The COVID-19 crisis significantly impacted the residential real estate market this spring. Home sales in April and May 2020 dropped to their lowest levels since the housing and financial crisis of 2007, with many homeowners hesitant to sell in the wake of the pandemic. According to the national real estate brokerage Redfin, the number of delisted homes increased over 25% from one year ago during early March to early April 2020. New listings were also down more than 40% in April compared with the same period last year. Because of a lack of new listings and an already low inventory, the housing supply dropped to new lows. The list of homes for sale decreased 17% in April compared with the same period last year. Buyers also reduced their home-buying activity. According to Redfin, home showings per listing in the U.S. were down over 40% in April compared with the same period last year. [4]

Financial Overview: The Company expects steady growth over the first five years of operation and projects the following revenue to be generated

Objective

The purpose of this plan is to provide financial institutions with the information necessary to evaluate the scope and future growth of Galaxy One Properties in the marketplace. In addition to serving as a roadmap for management, the plan will show that:

- A significant market opportunity exists when analyzing the current market demands and competitive landscape;
- The management team set in place is qualified to execute on a well-thought-out operational, marketing, and sales strategy, and
- The correct capital structure will allow for a long-lasting, profitable business.

To achieve the Company's objectives, Galaxy One Properties is seeking **$250,000** in total funding. The funding will be allocated in various ways, including staffing, operations, and marketing initiatives. The investment risk is minimal based on the management experience and industry growth rates. Galaxy One Properties' financial model shows consistent growth for the brand over the next five years. By year five, plans call for the Company to achieve **$477K** in annual gross revenue with a net profit of **$87K** or approximately **18.29%.**

REVENUE

Year 1	Year 2	Year 3	Year 4	Year 5
$156,900	$252,174	$314,345	$387,012	$477,667

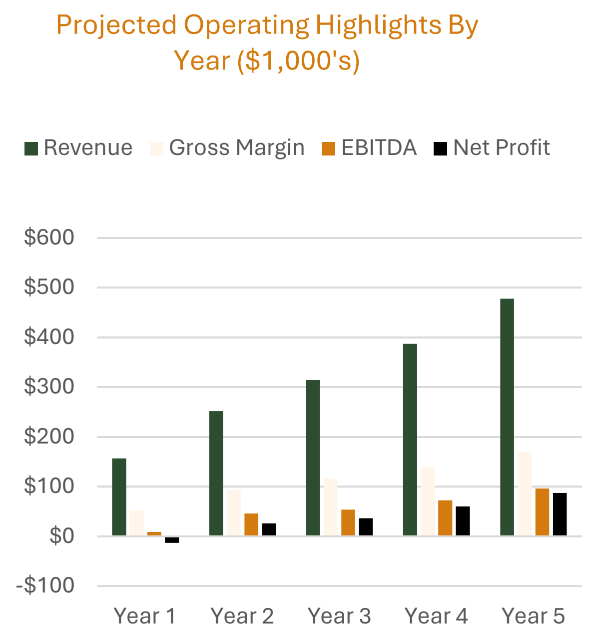
[4] https://www.stlouisfed.org/publications/regional-economist/fourth-quarter-2020/impact-covid-residential-real-estate-market

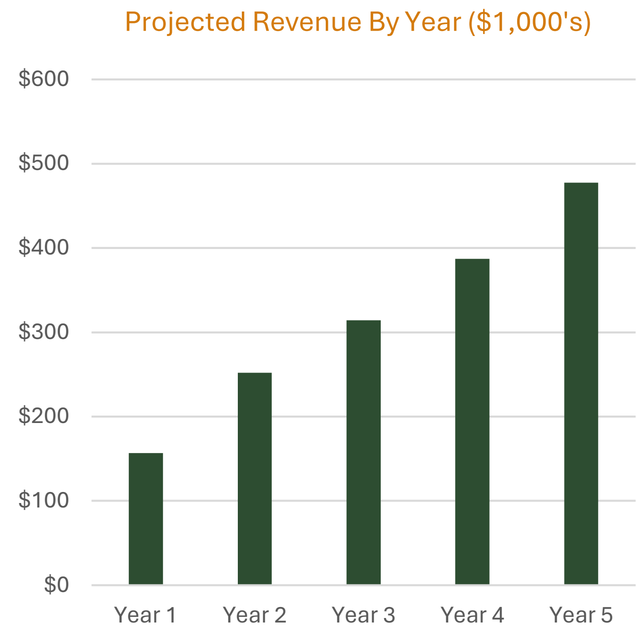
Financial Objectives

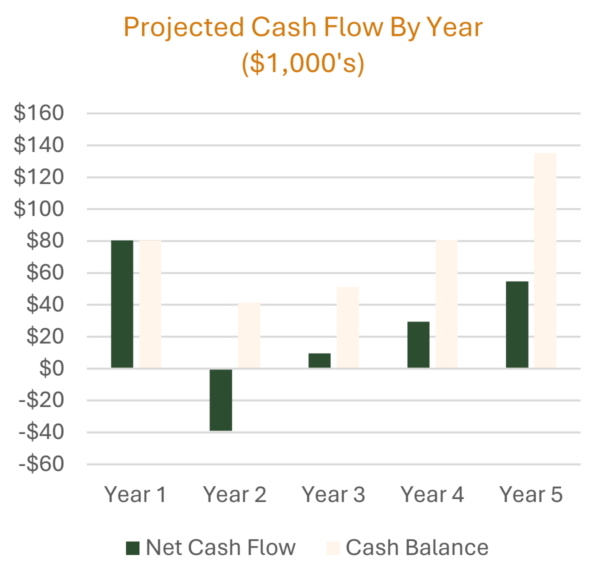
The following table and graphs illustrate the financial goals of Galaxy One Properties during the next five years. The financials are explained in detail throughout the duration of the plan.

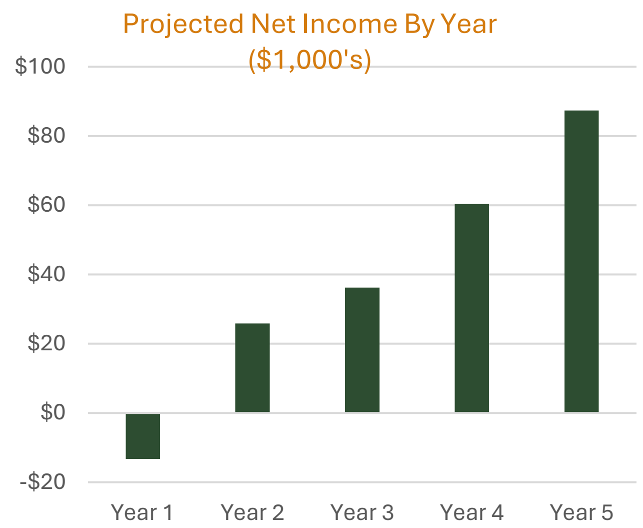
Financial Highlights ($1,000's)

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3	Y4	Y5
Revenue	0	0	0	0	0	0	0	0	77	1	2	78	157	252	314	387	478
Gross Margin	0	0	0	0	0	0	0	0	25	1	1	26	52	94	116	140	170
Operating Expenses	4	4	4	4	4	4	4	4	4	4	4	4	47	51	66	68	74
EBITDA	-4	-4	-4	-4	-4	-4	-4	-4	21	-3	-2	22	9	46	54	72	96
Net Profit	-6	-6	-6	-6	-5	-5	-5	-5	19	-5	-4	20	-13	26	36	60	87
Gross Margin/Revenue	0%	0%	0%	0%	0%	0%	0%	0%	32%	90%	90%	33%	33%	37%	37%	36%	36%
EBITDA/Revenue	0%	0%	0%	0%	0%	0%	0%	0%	27%	-512%	-151%	28%	6%	18%	17%	19%	20%
Net Profit/Revenue	0%	0%	0%	0%	0%	0%	0%	0%	25%	-812%	-270%	26%	-8%	10%	12%	16%	18%
Net Cash Flow	59	-8	-8	-8	-8	-8	-8	-8	69	-59	-6	70	80	-39	10	30	55
Cash Balance - Ending	59	51	44	36	29	21	14	6	75	16	10	80	80	41	51	81	135


Projected Operating Highlights By Year ($1,000's)
Revenue
Gross Margin
EBITDA
Net Profit
$600
$500
$400
$300
$200
$100
$0
-$100
Year 1
Year 2
Year 3
Year 4
Year 5


Projected Revenue By Year ($1,000's)
$600
$500
$400
$300
$200
$100
$0
Year 1
Year 2
Year 3
Year 4
Year 5


Projected Cash Flow By Year ($1,000's)
$160
$140
$120
$100
$80
$60
$40
$20
$0
-$20
-$40
-$60
Year 1
Year 2
Year 3
Year 4
Year 5
Net Cash Flow
Cash Balance


Projected Net Income By Year ($1,000's)
$100
$80
$60
$40
$20
$0
-$20
Year 1
Year 2
Year 3
Year 4
Year 5

Start-Up Summary

The following tables and graphs detail the funding the business will need to bring the vision to reality. Start-up funding includes all the expenditures, both start-up assets and start-up expenses, incurred before the Company starts earning revenue. The working capital element of the asset table represents the balance of cash at the beginning of Month 1 of the financial projections.

Use of Start-up Funding

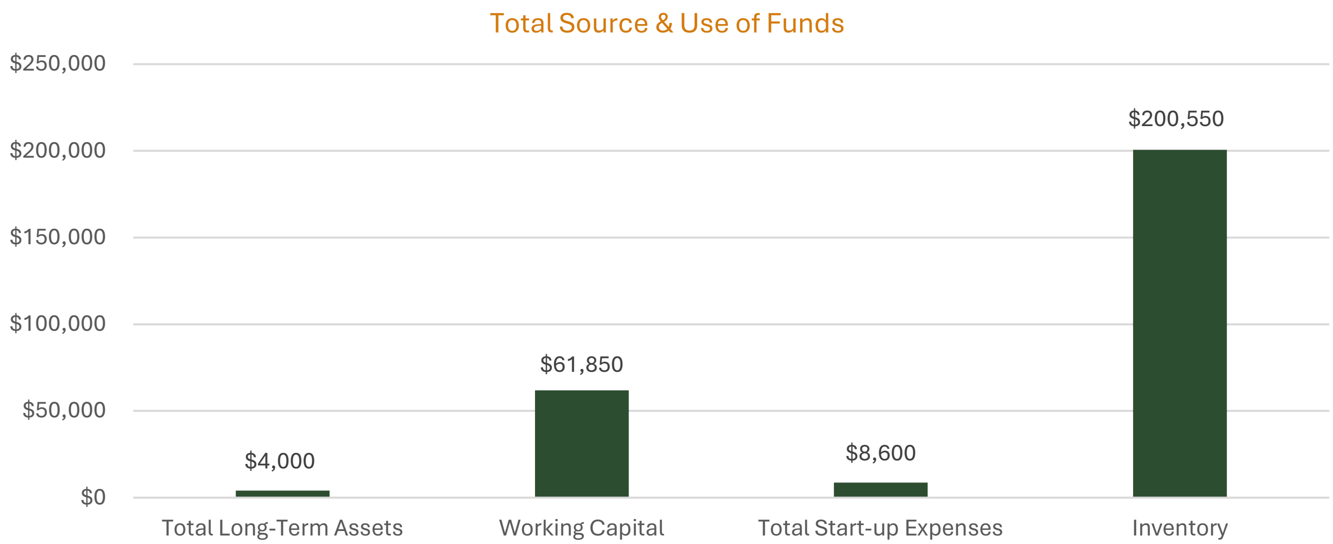
EXPENSES	
Legal Fees	$1,500
Grand Opening Advertising	$4,000
Website Development	$3,000
Initial Office Supplies	$100
Total Start-up Expenses	**$8,600**
LONG-TERM ASSETS	
Furniture & Equipment	$2,000
Computer & Accessories	$2,000
Total Long-Term Assets	**$4,000**
SHORT-TERM ASSETS	
Working Capital	$61,850
Inventory	$200,550
Total Short-Term Assets	**$262,400**
TOTAL EXPENSES &ASSETS	
Total Start-up Expenses	$8,600
Total Start-up Assets	$266,400
Total Funding Requirements	**$275,000**

Total Start-up Funding

Total Amount Being Requested	$250,000
Total Funds Already Received	$25,000
Total Funding	**$275,000**
NEW START-UP FUNDING BEING REQUESTED	
Bank Amount Being Requested	$250,000
Total Amount Being Requested	**$250,000**
START-UP FUNDING ALREADY RECEIVED	
Owner Contribution	$25,000
Total Funding Already Received	**$25,000**
START-UP CAPITAL AND LIABILITIES	
Loss at Start-up (Start-up Expenses)	($8,600)
Total Funds Received & Requested	$275,000
Cash Balance on Starting Date	**$262,400**

As shown in the charts above and the graph below, the total start-up funding needed to implement this venture successfully is $250K. The owner has invested $25K in personal funds to create the Company's brand to date. As depicted above, $8.6K will be used for start-up expenses; $4K will be used to purchase long-term assets. The remaining balance of $61.8K will be used for working capital.

Total funds allocated



Services

Galaxy One Properties will be engaged in residential real estate renting. The company's focus will be on acquiring undervalued or depressed residential properties, improving them, and renting or reselling them at an attractive margin. The following is a listing of the types of services that are available through Galaxy One Properties.

Home Renting:

Galaxy One Properties plans to own the properties in a rental portfolio. The Company will offer quality homes for rent at affordable rates, where renters can expect satisfaction from being in a reliable home. It will utilize its funds to invest directly in income-yielding properties. The Company will manage each property throughout any necessary renovations, handle the contractors, and manage labor until it is rental-ready.

Residential Selling:

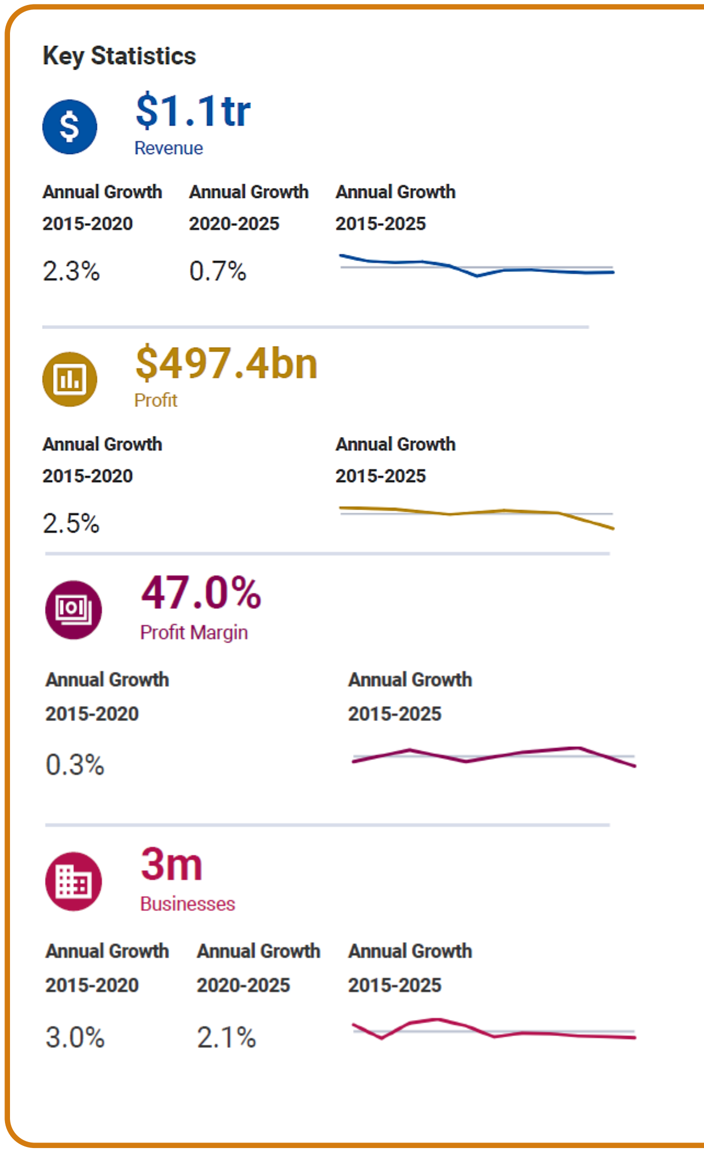
The Primary operations of Galaxy One Properties will be renting commercial properties. However, the company also plans to enter the exciting venture of residential home selling business. The Company will build a new home or repair the distressed properties and selling the properties at high margins.

Market Analysis Summary: Real Estate and Rental and Leasing

This sector is primarily concerned with operators involved in the management, sale, purchase, and rent of real estate. This sector also includes renting and leasing tangible goods, such as equipment, and intangible goods, such as patents. It is important to note that operators primarily engaged in renting or leasing equipment with operators are excluded from this sector and commercial mortgages, treated as a financial instrument.

Additionally, this subsector's performance has been aided by an increase in housing starts, which have increased an annualized 0.2% during the period. The version in the lessors of real estate industry group has also been supported by falling vacancy and stymied by a slight uptick in homeownership, likely a consequence of record-low interest rates.

Moreover, as residential and nonresidential construction activity increases, so does the demand for construction machinery and equipment, which has supported growth in the Rental and Leasing Services subsector via the commercial and industrial machinery and equipment rental and leasing industry group. Additionally, as per capita, disposable incomes continue to rise, and more U.S. citizens increase domestic travel, growth in the Rental and Leasing Services subsector has also been supported by increasing revenue in the automotive, consumer, and general goods rental and leasing industry group.

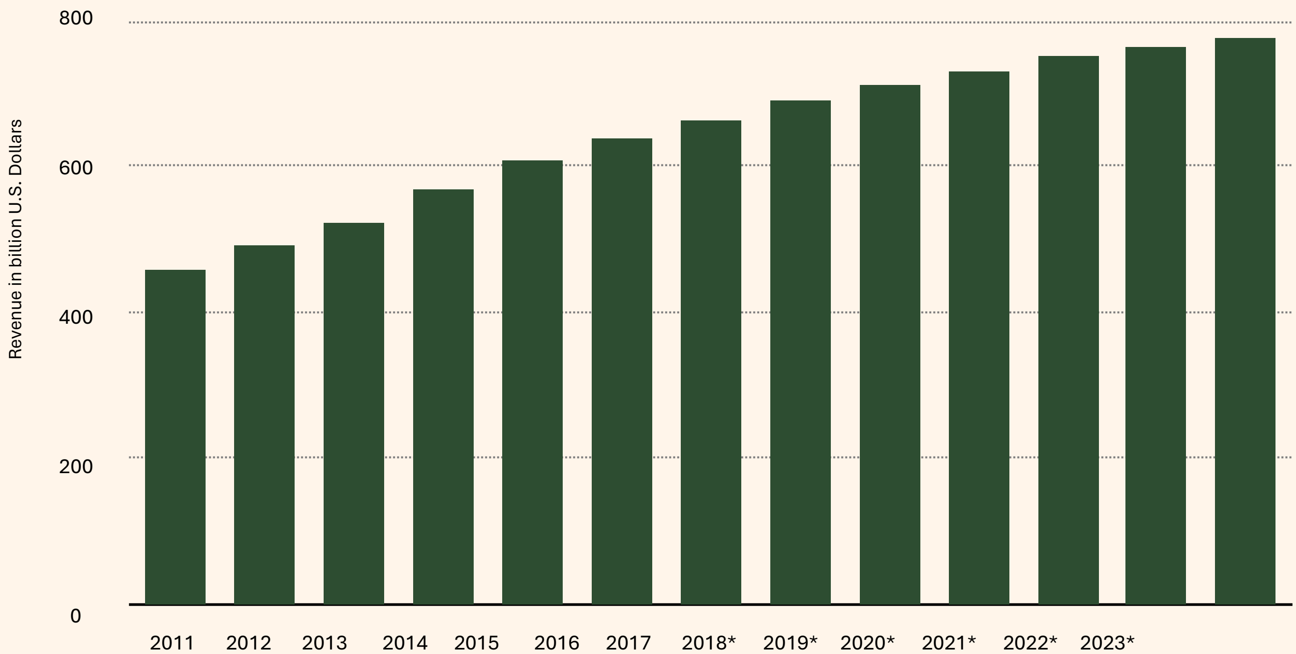


Overall, current sector performance and profit have been strong due to a confluence of positive trends. However, with the outbreak of COVID-19 (coronavirus), the sector's future is uncertain, with concerns about financing, foreclosure, and bankruptcy roiling real estate and rental markets and slashing construction market activity in 2020. 5

[5] Ibid.

“Over the five years to 2020, the Real Estate and Rental and Leasing sector in the United States has performed well, with sector revenue increasing an annualized 2.3% to reach $1.1 trillion, despite an expected decline of 0.5% in 2020 amid softening rents due to Corona Virus pandemic.”

Over the five years to 2025, sector performance is expected to weaken, with sector revenue rising at a decelerated, annualized 0.7% to just under $1.1 trillion by 2025. Sector revenue is expected to slow, mainly due to a reversal of current real estate market conditions. Rent growth is expected to soften, as the vacancy rate is expected to rise, and the homeownership rate is anticipated to increase an annualized 2.1%, which will serve to weaken demand for the lessors of real estate industry group, and subsequently, the Apartment Rental industry (IBISWorld report 53111). Overall, sector performance will be dictated by how employment and price growth are affected by the outbreak of coronavirus, and the level of foreclosure and bankruptcy exhibited over the next few years due to the pandemic.



This statistic shows the industry's revenue “Real Estate and Rental and Leasing” in the U.S. from 2011 to 2017, with a forecast to 2023. It is projected that the income of the real estate and rental and leasing in the U.S. will amount to approximately 773,8 billion U.S. Dollars by 2023.

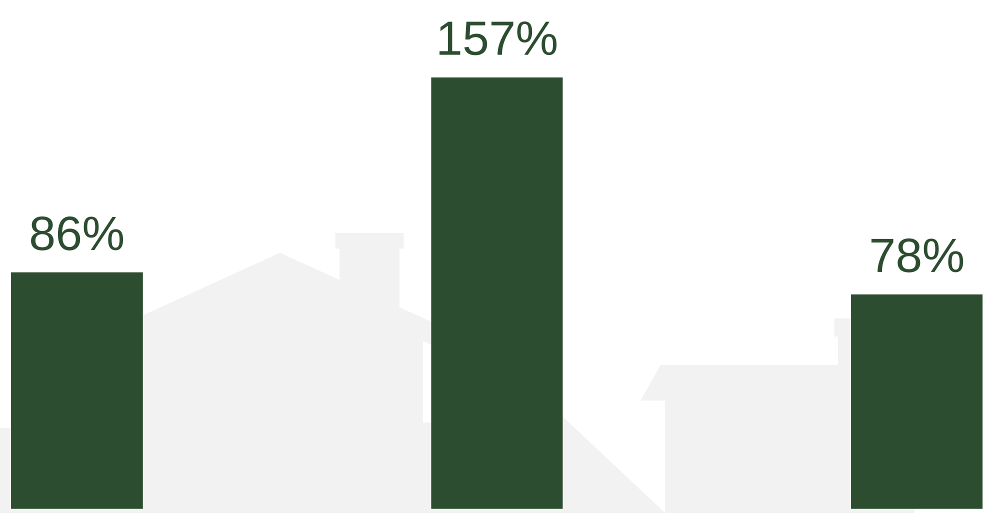
In 2019, there were approximately 43 million housing units occupied by renters in the United States. This number has remained steady since 2014 but is part of a long-term upward swing since 1975. This is also reflected in the downward trend of residential vacancy rates across the country. This suggests that demand for rental housing is on the rise and that supply fails to keep up with it. This high demand for rental homes may be related to the unaffordability of homeownership. Not being able to afford to buy a home was the biggest reason renters asked why they didn't currently own a home in a recent survey[6].

NUMBER OF HOUSING UNITS OCCUPIED BY RENTER IN THE U.S.

43.28M

Nationally, the number of households earning more than 150k per year who rent increased two times faster (+157%) than the number of high-earning homeowner households (+78%) since 2010, as progressively more wealthy Americans choose to rent over homeownership.

Increases in the Numbers of High-Earning Renters and Owners This Decade



On a national level, renting shot up in popularity in the past decade. Since 2010, the number of renters increased two times faster (+9.1%) than the number of homeowners (+4.3%), signaling a considerable shift in the American lifestyle. Overall, the share of renters went up by a whole percentage point, from 33% to 34% of the U.S. population. And although only one-third of Americans are renters, 9.1M began renting in the past decade, considerably more than the 8.7M who purchased homes[7].

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[6] https://www.statista.com/statistics/187577/housing-units-occupied-by-renter-in-the-us-since-1975/

[7] https://www.rentcafe.com/blog/rental-market/market-snapshots/renting-america-housing-changed-past-decade/#rentergrowth

A Closer Look At Arkansas Market

Arkansas Rental Market Trends

Unlike every other market across the country, rental prices in the Arkansas real estate market directly correlate with home values. For the better part of a decade, rental prices have increased with their home value counterparts as the Arkansas real estate market continued to strengthen. That said, today's historically high home values have resulted in similarly high rental prices.

The median rent price in Arkansas is now $1,100, which is 10.7% higher than it was at the start of this year and 32.3% higher than the first quarter of 2011 (when rents bottomed out during The Great Recession). Median rental prices across the country, on the other hand, have outpaced Arkansas during the year. The median rent price in the United States has increased 11.1% since the start of 2019. However, it is essential to note that while rental prices across the United States have grown more this year, Arkansas rental prices have increased faster over nearly nine years. Since January 2011, median rent increases in the U.S. have trailed behind Arkansas rents by 2.8%8.

Key Market Stats[9]:

Arkansas is located in the South and is home to many natural resources, schools, lakes, and excellent rental properties. Landlords and renters will have a great variety of rental properties to choose from. Here are some highlights from the top rental markets in the Natural State.

- **Days on Market:** The city with the lowest days on the market is Fayetteville at 11 days– four under the national average which sits at 15 days; Paragould has the highest number of days on the market at 15 above the standard in the U.S.
- **Leads:** The top three towns for the most significant amount of charges per listing are above or around the national average sitting at 38. Here they are:
- Paragould – 95 leads per listing
- Little Rock – 37 leads per listing
- Fayetteville – 29 leads per listing
- **Average Rent:** With the national average rent at $1,207 for a two-bedroom, Paragould comes below that with the lowest average rent of $543 for a two-bedroom compared to the highest rent in Arkansas at $849 in Fayetteville.
- **Security Deposit Trends:** Security deposits have risen and fallen in Arkansas's cities between 2018 and 2019. With the most significant increase of 38.46% in Little Rock at $900, and the most significant decrease at -6.25% in Fayetteville with the current average at around $750 – under the national average for security deposits which is $1,200.

[8] https://www.fortunebuilders.com/arkansas-real-estate-market/

[9] https://www.turbotenant.com/blog/top-rental-markets-in-arkansas/

Arkansas Real Estate Market and Appreciation[10]:

Median home value:

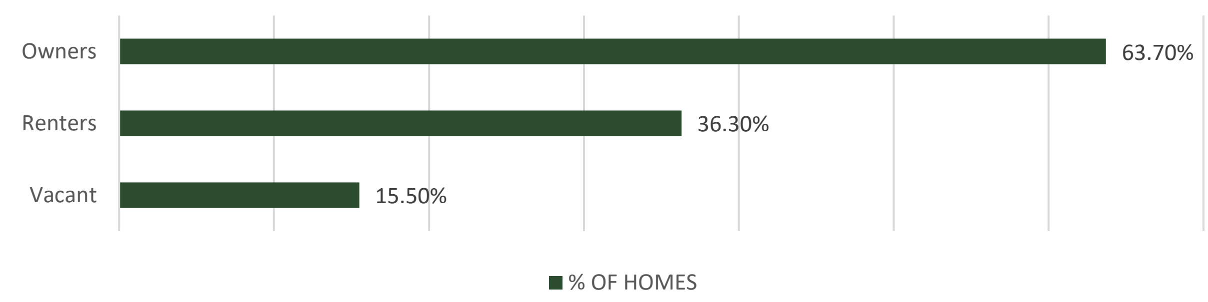
$137,230

Number of homes and apartments

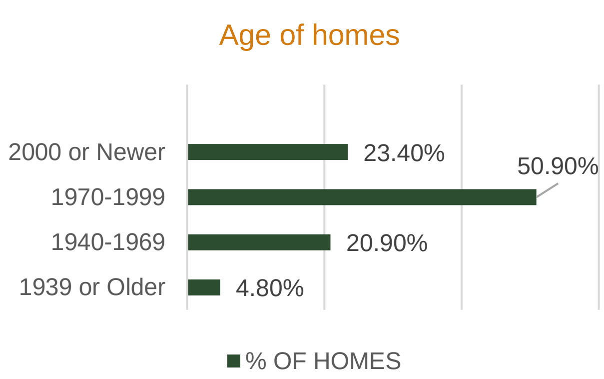
1,158,071

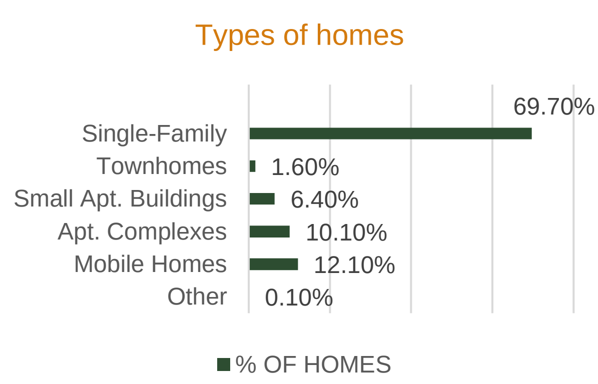
- **Average Home Value**
- **Rent & Homeownership**

Average market rent: **$910 / per mounth**



- **Age & Type of Homes**





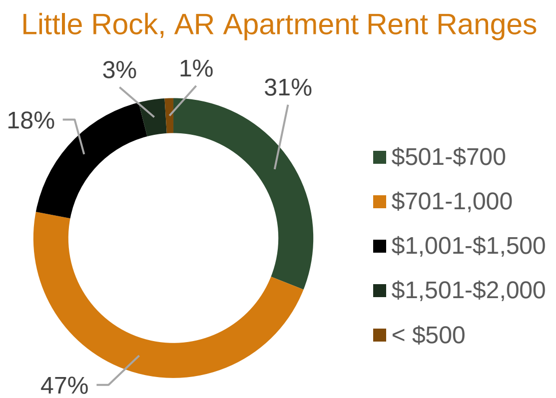
[10] https://www.neighborhoodscout.com/ar/real-estate

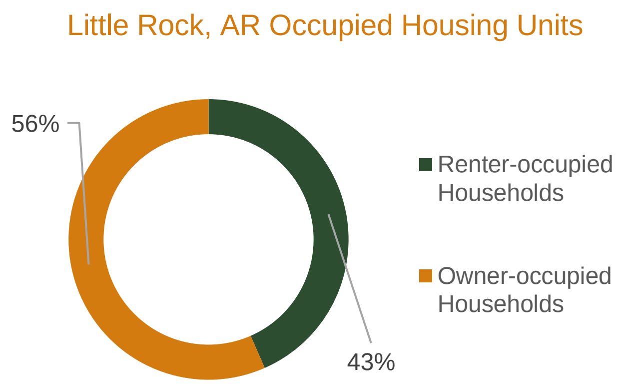
Little Rock Rental Market Trends

There are nearly 200,000 people in Little Rock and about 740,000 residents in the metropolitan area. Over the past eight years, the population of Little Rock has increased by 5.9%. Over the last ten years, the number of renters increased two times faster than the number of homeowners in the U.S., according to RENTCafé.

Key Market Stats[11]:

- The average rent in Little Rock is $840, according to RENTCafé (as of February 2021).
- Rental rates in Little Rock have increased by 4% year over year.
- Renter-occupied households in Little Rock make up 43% of the occupied housing units.
- 43% of the housing units in Little Rock rent for between $701 and $1,000 per month, while 36% have monthly rents of less than $700.





35,351 or 43% of the households in Little Rock, AR are renter-occupied, while **46,636 or 56%** are owner-occupied. These growth trends bode exceptionally well for Galaxy One Properties as it establishes its brand in the marketplace.

35,351

AR are renter-occupied

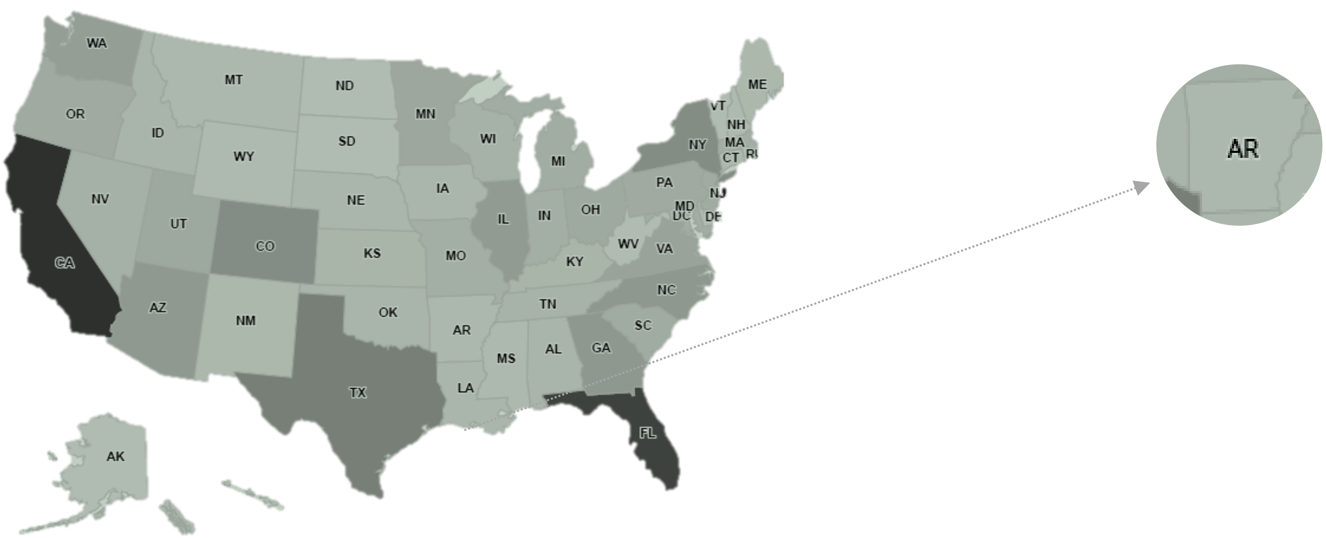
46,636

AR are owner-occupied

[11] https://www.rentcafe.com/average-rent-market-trends/us/ar/little-rock/

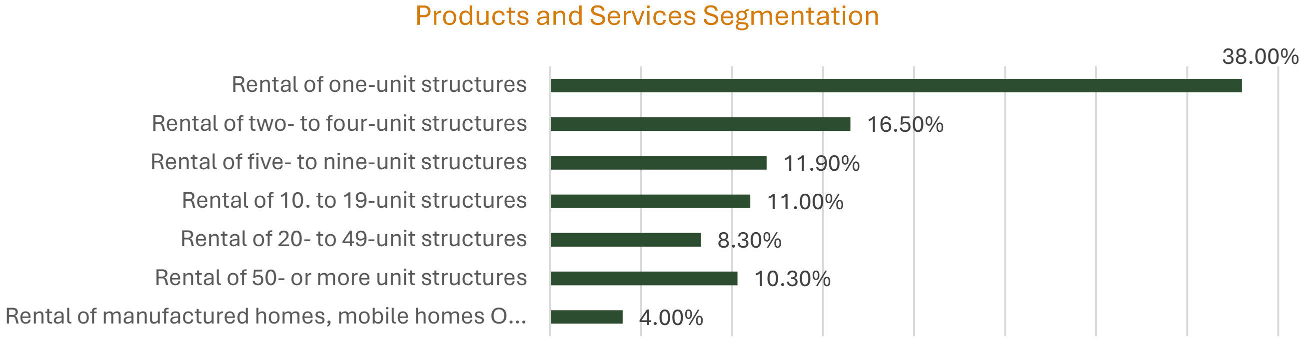
Market Size

The number of establishments in the industry is approximately 619,640, which is expected to increase at an average annual rate of 0.8% over the next four years to reach 620,604 in 2025. The distribution of Real Estate and Rental and Leasing sector establishments most closely follows the nation's population's distribution. Often, sector establishments will be concentrated in population-dense urban areas that are short on space. Additionally, sector establishments tend to focus on these areas due to high levels of construction activity, which increase demand for rental and leasing services for construction and heavy machinery. The Southeast is the most concentrated region of sector activity, accounting for an estimated 25.5% of sector establishments. The next-most entire region of sector activity in the West accounts for 20.4% of sector establishments. Following this, the Mid-Atlantic region accounts for 15.6% of sector establishments. Lastly, the Great Lakes region accounts for 10.8%, and the Southwest accounts for 12.0%. No other region accounts for more than 10.0% of sector establishments. These trends bode well for Galaxy One Properties, as they show the substantial profits available for successful industry players.[12]



[12] Ibid.

Service Segmentation



2020 INDUSTRY REVENUE

$180.1bn

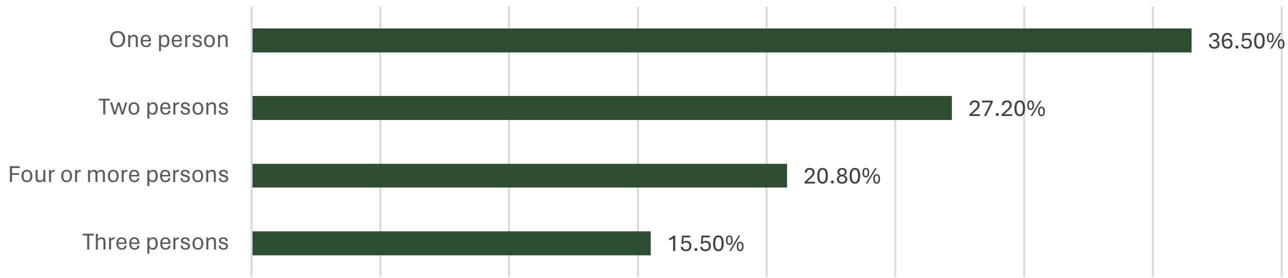
Owner-lessors are included in this industry, as are companies and individuals who rent the property and then act as lessors in subletting the space to others. Apartments are rental units situated within buildings or complexes with five or more units, while the townhome segment of the industry includes properties with two to four units. The single-family home sector is made up of traditional houses and leasable manufactured or mobile homes. Rental companies are generally differentiated by type, style, size, and location. Units are also distinguished by quality, including finishes, appliances, and amenities, such as gyms and pools. On the higher end, some complexes also offer premium services, such as valet services, personal security, and dry-cleaning assistance.

Townhomes and single-family units

These properties are often located in less densely populated and less urban areas and often offer many of the features of single-family home living, such as driveways, private garages, and yards. This product line experienced a marginal decline over the five years to 2020. Single-family homes are often owned by a single individual rather than a company and are subsequently leased to renters, with the owner acting as both landlord and property manager. In 2020, the industry was estimated to generate 38.0% of its overall revenue from the rental of such one-unit structures. This product segment showed a marked increase in the share of total industry revenue over the five years to 2020, a trend expected to continue as the millennial demographic continues entering the workforce. The remaining 4.0% of income is derived from rental homes, mobile homes, and trailers. Demand for this segment may rise in 2020 for those consumers who can afford it. Overall, townhomes and single-family homes are less dense in population and will feed into the trend of consumers fleeing cities to escape the spread of the coronavirus.

Market Segmentation

Major Market Segmentation



2020 INDUSTRY REVENUE

$180.1bn

Most Apartment Rental industry market segments are expected to be affected by the outbreak of the COVID-19 (coronavirus). The pandemic has sent unemployment soaring in 2020, and caused unemployment claims to skyrocket. Overall, as income levels are depressed due to layoffs and increases in unemployment, however, it is expected that demand from these segments will remain in line with proportional norms because, despite the changes in rental rates and affordability, it is unlikely to shift the composition of the nation's households dramatically.

One-person households

Rental households occupied by only one personal account for 36.5% of industry revenue. Individuals have lower-incomes, making it harder for them to purchase homes. Additionally, single renters require less space, so high square footage is less of a priority for singles. The industry's core market, those aged between 25 and 35 years, dominates this market. Young adults often prefer to live in urban areas where there is a vibrant nightlife, large numbers of restaurants, and other services that they enjoy. Consequently, they are often forced to rent because higher urban property prices make homeownership difficult.

Two-person households

Two-person households generated an estimated 27.2% of industry revenue in 2020. A large portion of this segment consists of young couples that have not yet accumulated the funds to purchase their own home. Besides, households made up of roommates and single parents also constitute significant portions of the segment. In recent years, this segment slightly increased as the current housing downturn, and economic conditions have made homeownership less attractive. Additionally, rising divorce rates made single parenting more common.

Three-person households

Households made up of three people account for 15.5% of industry revenue. A significant component of this segment is coupled with one child. Similar to two-person homes, this segment grew in size as homeownership became less attainable.

Households with four or more persons

This segment makes up an estimated 20.8% share of industry revenue. This category is made up of a variety of different households, but most are large families. More stringent lending practices and lower incomes have also made acquiring a home more difficult. Consequently, this segment's proportion of industry revenue grew the fastest.

Operational

Legal Structure

Galaxy One Properties will be registered in the state of Arkansas and headquartered in Little Rock. Mr. John Smith holds ownership.

Location: Little rock, Arkansas

Galaxy One Properties will be managing its operations via a virtual office. Little Rock is the capital and most populous city of the U.S. state of Arkansas. As the county seat of Pulaski County, the city was incorporated on November 7, 1831, on the south bank of the Arkansas River, close to the state's geographic center. The city derived its name from a rock formation along the river, named the "Little Rock" by the French explorer Jean-Baptiste Bénard de la Harpe in the 1720s. The capital of the Arkansas Territory was moved to Little Rock from Arkansas Post in 1821. The city's population was 197,312 in 2019, according to the United States Census Bureau. The six-county Little Rock-North Little Rock-Conway, AR Metropolitan Statistical Area (MSA) is ranked 78th in terms of population in the United States with 738,344 residents according to the 2017 estimate by the United States Census Bureau.

Location: Demographics

DEMOGRAPHICS	Little Rock, Metropolitan Area	Arkansas
Population	744,483	3,017,804
Total Households	288,565	1,163,647
Person per Household	2.5	2.52
Population Density	182.3	56
Total Housing Units	331,096	2,351,364
Median HH Income	$56,849	$48,952
Median Rent	$840	$742
Per Capita Income	$30,899	$26,577
Owner Occupied Housing	64%	65.6%

DEMOGRAPHICS	Little Rock, City	Arkadelphia, City	Dermott, City
Population	197,958	10,670	2,810
Total Households	81,987	37,751	810
Person per Household	2.37	2.20	2.71
Population Density	1,623.2	1,461	1,165.3
Total Housing Units	84,888	4,349	1,404
Median HH Income	$51,485	$33,133	$27,045
Median Rent	$872	$545	$840
Per Capita Income	$35,966	$17,052	$16,693
Owner Occupied Housing	55.3%	38.7%	54.7%

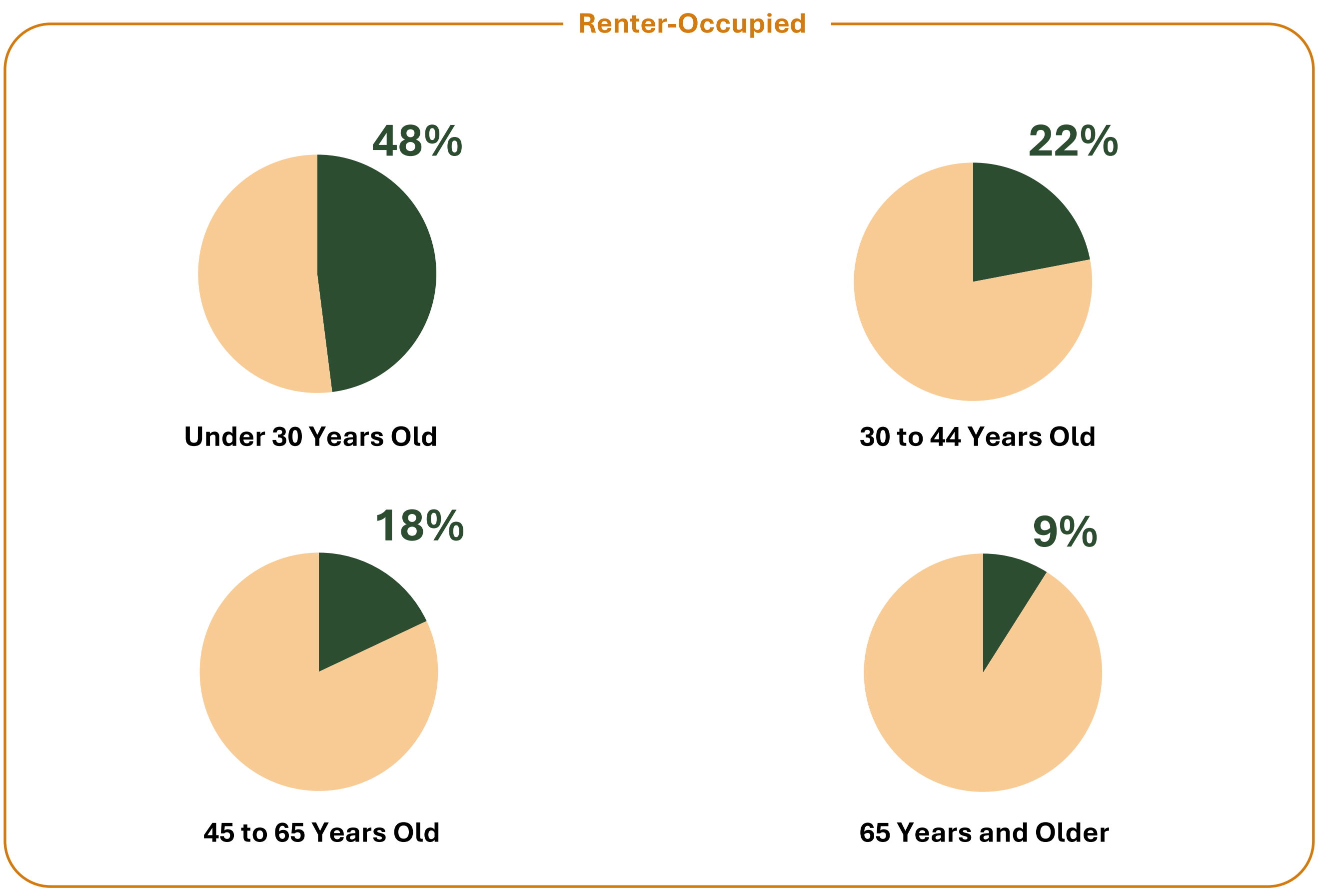
Target Market

The primary target market for the services that are being offered by Galaxy One Properties will be:

- Single males, single females, and unmarried couples. According to research by roofstock, In Little Rock, the three demographic segments more likely to rent rather than own are single males, single females, and unmarried couples. Added together, these three groups make up nearly 64% of the households in the Little Rock metro area13.
- The population under the age of 30 years. In 2019, 49 percent of renters were under 30 years old14.

The persons in the above segment will be the primary target market of Galaxy One Properties. The secondary target market will be the persons aged above 30 years as they make up 51 percent of home-renters. Twenty-three percent were aged between 30-44 years, only nine percent of renters in the United States were 65 years or older.

Age Distribution of Population



[13] https://learn.roofstock.com/blog/little-rock-real-estate-market

[14] nmhc.org/research-insight/quick-facts-figures/quick-facts-resident-demographics/renters-and-owners/

Business Model Canvas

Operative	Partnering & focus	Financial	Communication
Key Activities	**Key Partners**	**Revenue Stream**	**Marketing Channels Employed**
• Conducting surveys for suitable housing properties within the range of investment value • Contracting with General Contractor for renovation and finishing the property • Building residential properties at the critical locations • Property marketing • Contracting with the realtor to rent or sell the property • Marketing and customer acquisition • Handling inquiries of potential clients on phone, website, and in-person • Invoicing and payments tracking from the clients	• Public Housing Agency • Realtors of Arkansas • General Contractors of Arkansas • Company's website	• Home Rental • Selling Home – Capital Gain	• Social Media • Real estate listing websites • E-mail Marketing • Word of Mouth • Networking
	Value Proposition	**Main Cost Drivers**	**Communication with Clients through**
	• Housing description • Location of house • Custom-Designed renovation • Fast response • Professional experience	• Purchasing/Building of new home • Marketing • Legal services • Administrative expenses • General contractor's expenses • Promotional expenses	• Phone • Website • In-person meeting
			Business Timings
			24/7 depending on the client's preference
	Customer Relationship • Valuing the dignity and respect of clients • Fulfilling commitments • Word of mouth		

Market Needs

The market needs the services line that Galaxy One Properties are offering. In Arkansas rural communities, several run-down homes are being rented at higher prices than the facilities offered. The local school system has difficulty recruiting teachers due to a lack of housing. The current landscape is filled with businesses that provide a relatively limited scope of services. With this industry projected to have strong growth trends over the next several years, the need for products or services that keep the consumer satisfied will rise exponentially. Market demand is precisely the area that Galaxy One Properties will address and will allow the Company to remain relevant well into the future.

Branding and Marketing

To raise brand awareness among its intended audiences, the Company will emphasize a logo and company colors on all marketing materials. The Company's branding, values, and mission will fuel word-of-mouth buzz and build a loyal customer following.

By upholding a positive corporate image in addition to providing its top-quality services, Galaxy One Properties will increase its market share, stand out among its competitors, and become a dominant player in the market. The Company will also fervently track any direct or indirect competition in the marketplace to ensure it stays on top of cutting-edge industry trends and opportunities. Moving forward, Galaxy One Properties will strive to meet the following objectives as it accomplishes specific keys to success.

Objectives

- Become a recognized market leader in an apartment rental in the US industry
- Develop a robust customer service model
- Remain flexible in product offerings
- Remain attuned to the marketplace and integrate products into the business mix that meet the needs of the targeted audience

Keys to Success[15]

The company's financial structure:
All risks should be considered (e.g., quality of tenants, length of tenant leases, rent escalation) when acquiring investment property and determining equity levels.

Management of a high-quality assets portfolio:
Tenants tend to prefer properties in prime locations, and tenant demand is less volatile in such areas. Lessors should have skills in identifying local economic, demographic,

Superior financial management and debt management:
A significant amount of capital and debt is used to finance property acquisitions. Therefore, companies must adequately manage cash flows, cash reserves, and debt levels

Proximity to key locations:
Location is everything in this industry, as tenants generally pay a premium for buildings located near business centers, transportation hubs, and entertainment venues. Buildings in areas of densely populated metropolitan areas have higher rental income.

Carrying out all necessary maintenance to keep facilities in good condition:
Monitoring the state of the property and ensuring care is kept in reasonable condition is essential for minimizing operational

Access to a highly-skilled workforce:
Real estate companies that employ highly skilled staff with specialized knowledge can develop a reputation for quality service and increase their bargaining power.

[15] IBISWorld.

Marketing Campaign

Marketing for Galaxy One Properties will be done through various channels, including the internet, print, email marketing, video blogging, social media, press releases, trade shows, and word of mouth. Internet efforts will be driven through a user-friendly website, which will feature SEO (Search Engine Optimization) that allows it to rank higher in popular search engines like Google and Yahoo. In addition to the website, plans also call for developing a robust social media presence through Facebook and Twitter. Print marketing will consist of flyers and posters being passed out and placed in destinations known to attract a high volume of the targeted audience. Word of mouth will round out the marketing model and has the potential of providing the most marketing push as it will allow the organization to deliver an authentic, trusted marketing message.

Zillow

Zillow provides a free list to provide for homeowners or with an agent. It has a massive real estate database, plain and simple, very effective for start-ups. It is an already established market for the services of the Company.

Networking

- Networking is also a way to build credibility for businesses operating in the real estate, property construction, and rental industry. Opportunities will be created by establishing networks of compatible companies and businesspeople locally.
- Networking will be helped by attaining membership and working in Associations. Such contacts build up the reputation and enhance confidence
- Department of Housing and Urban Development (www.hud.gov)
- National Association for Realtors (www.nar.realtor)
- Establish networks of compatible organizations providing Real Estate services

Social Media

- Generate brand awareness and maintain a presence on social media website such as Facebook, Twitter, LinkedIn
- A YouTube channel will be created and optimized through the benefits of SEO, which will accelerate the process of reaching targeted customers
- The Company will use YouTube and video blogging to drive sales by posting relevant and informative videos on YouTube or video blogs
- Facebook has its pay-per-click network that is also cost-effective and can be targeted to the company's demographic.

Email Marketing

Adequately executed with the right strategies, email marketing will be a cost-effective method to acquire potential homebuyers. Keeping in view the following factors, the Company will use email marketing to engage potential homebuyers:

- Emails will be mobile responsive.
- Segmenting email lists will help to personalize email messages and ensure that the offer is tailored to the specific audience.
- Optimizing email subject line.
- Landing page: Emails will direct the reader to a landing page using a call-to-action (CTA) button.

Listing at Yelp

Yelp has tremendous power in the industry, and having a solid backing of positive Yelp reviews is like having a flock of golden geese. The most important thing to understand about Yelp is that people can review a cleaning business even if it is not listed. Galaxy One Properties will use a proactive approach to make a positive and long-lasting impact on potential home renters by listing the following details;

- Many pictures of homes and surroundings
- Services offered
- Location
- Price range
- Additional services offered
- Discounts and promotion

Press Releases

- Media coverage in well-known news channels and newspaper such as Arkansas Times and The North Little Rock Times
- This will increase the Company's credibility and recognition among the public and key industry decision-makers.

Word-of-mouth

Word-of-mouth advertising is one of the most potent means of propelling the business forward. The Company will create new business by the referrals of current clients, as the Company will exceed expectations in providing its services.

Referral Marketing

The Company will offer current tenants a cash incentive or rent deduction for each new tenant they refer who signs a lease—making the offer attractive enough so that it motivates renters to remember the program and promote the business to friends and business associates. Recognizing tenants who have referred new business to let other tenants know that the program is working and that participants are receiving rewards.

Content Marketing

Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience to attract and retain visitors and, eventually, turn them into customers. The company can effectively manage content marketing by

- Telling Galaxy One Properties story: what drove the company to enter the industry
- By humanizing the Company, by showing videos of homes
- Researching to gain insight into questions frequently asked by a potential client
- By creating content through blog posts

Website

A well-optimized website is being constructed, with proper site structure, page layout, and straightforward and easy navigation, along with targeted keywords embedded throughout the site, which will ensure proper search engine placement and saturation. The Company's website is an important marketing asset. Incorporating SEO, the website is easily navigable, highly informative, and a platform to generate new business.

Most online marketers consider SEO to be the cornerstone of any successful search engine marketing campaign. Websites that appear on the first page of Google are considered trusted, authoritative sites. SEO is a long-term strategy and can be the most lucrative marketing channel for most businesses. This form of marketing uses unpaid tactics to improve a site's search engine results ranking. Search engine optimization is broken up into the following main areas: onsite optimization, offsite optimization, and local SEO.

Competitive

The identified competitors are described below:

Fletcher Property Management INC.

Founder: Betty Fletcher & Dave Fletcher

Address: 9911 W Markham, Little Rock

Phone: 501 296 9922

Website: www.fletcherpm.com

Fletcher Property Management, Inc., CRMC® provide professional property management of rental home for rent in Little Rock, house for lease in Cabot, home for rent in Jacksonville, house for lease in Sherwood, home for rent in North Little Rock, house for lease in Maumelle, home for rent in Alexander, house for lease in Bryant, home for rent in Benton, house for lease in Haskell, home for rent in Little Rock Air Force Base, house for rent in Shannon Hills and surrounding Central Arkansas area. The team of residential specialists adheres to the highest code of ethics and standards of professionalism. The Company takes great pride in our teamwork approach to residential property management, and we take a genuine interest in the needs of clients.

Rainey Realty INC.

Owner: Roy Rainey

Address: 10515 W Markham St, Little Rock

Phone: 501 221 8888

Website: www.raineyrealty .com

Rainey Realty is focused on exceptional customer service in managing single-family homes while providing an opportunity for the employees and profit for the shareholders. The Company believes the owner knows their property best and should be actively involved in the decision-making process using high communication and innovative technology levels. Rainey Realty wants to grow with owners who believe in the covenant to provide a safe and healthy place to live and, in return, to be occupied by those who will pay timely and take care of the property.

Blissard Management & Realty, INC.

Founder: Dwight Blissard

Address: 10310 W. Markham, Ste 193, Little Rock

Phone: 501 221 9999

Website: www.blissardmanagementinc.com

Blissard Management & Realty, Inc. was formed in 1981. the concept of a business devoted exclusively to property management was little more than an exciting notion in Central Arkansas. Currently, Blissard Management & Realty, Inc. comprises 50% commercial and 50% residential properties. The company's accounts include office buildings, shopping centers, mini-warehouse complexes, condominium and property owner associations, apartment complexes, and single-family residences. Blissard Management & Realty, Inc. boasts a customer base buoyed by a significant number of referrals from other local real estate firms. The company even manages property in the portfolios of several local brokers.

Major Industry Players

Company	Market Share	Description
Equity residential	1.5%	Founded in 1969, Chicago-based Equity Residential (Equity) is a REIT that owns 303 properties consisting of more than 73,000 apartment units. It has 2,700 employees and is expected to generate $2.6 billion in 2020. Since 2000, the company has focused on transforming its portfolio by reducing the number of markets. By selling assets and reinvesting those proceeds, the company has been able to increase the size and scale of its core markets, which consist of high-quality, high-rent assets located in cities such as New York, Boston, Seattle, San Francisco, and Los Angeles. Equity characterizes these markets as having diverse economies and substantial employment opportunities, which are beneficial in attracting young adults after they finish school and head into the workforce. Simultaneously, expensive real estate values in these locations help demand apartment rentals because many individuals cannot afford to purchase housing outright. Generally, elevated property values in these markets and government regulations also make it difficult for competitors to build new apartments, limiting competition. Equity's portfolio features a weighted average monthly rent per unit of $2,372, which is well above the United States average of nearly $1,200.
AvalonBay COMMUNITIES INC.	1.4%	AvalonBay Communities Inc. (AvalonBay) is a REIT that owns and operates 257 apartment communities, containing 77,000-plus apartment units in 10 states and Washington, DC. Founded in 1978 and headquartered in Arlington, VA, the company's nearly 3,100 workers focus on developing, redeveloping, acquiring, and managing high-end apartment communities located in areas with high barriers to entry. These urban and suburban markets often have a scarce supply of residential land or complicated zoning laws. The company operates its apartment communities through three brands: Avalon, AVA, and Eaves by Avalon. Avalon deals with upscale properties located in urban and suburban markets, AVA focuses on smaller apartments near urban areas near public transportation and nightlife, and Eaves by Avalon provides lower-priced apartments in suburban markets. AvalonBay entered into a joint acquisition of Archstone Inc. with competitor Equity Residential. AvalonBay acquired an estimated 40.0% of Archstone's assets in high-barrier, high-growth coastal markets. This acquisition has significantly boosted the company's market share. The company's 2020 revenue is estimated to drop slightly to $2.3 billion due to the impacts of COVID-19.

[16] Ibid.

Competitive Advantages

The following is a listing of the primary competitive advantages of the Company upon entering the market.

- Customer service commitment
- Passion for service delivery
- Resources and capabilities that will contribute to the success
- Careful analysis of market needs in real estate and the provision of solution
- The well-connected referral system
- Upgradation of properties for luxurious living at affordable price
- Well researched business plan and target market
- Niche industry with fantastic growth potential
- Familiarity with the geographical area
- Strong connection and high reputation in the community
- Solid relations and Networking with paragons of the real estate industry
- Aggressive marketing campaign

Barriers to Entry

Barriers to entry checklist

Competition	High
Concentration	Low
Life Cycle Stage	Mature
Technology Change	Low
Regulation & Policy	Medium
Industry Assistance	High

Overall, barriers to entry for the Apartment Rental industry are moderate. It is challenging to enter the market on a large scale due to capital and financing costs. However, small operators can come in at a relatively low cost. Locations and regulations are also essential factors to consider before entering the market. The Apartment Rental industry is highly capital intensive, especially for more prominent players and property owners that must raise money to purchase property, develop land and run operations. Access to capital markets is often restricted based on the real estate owner's size, diversification, and track record. Therefore, newly formed commercial real estate companies or individuals with small property portfolios may endure significant difficulty obtaining financing from capital markets to acquire new real estate.

Conversely, it is pretty easy for small players to enter the market, reflected by the large number of small companies operating in the industry. Many of these participants rent out spare rooms or secondary residences or convert houses into rental properties. However, those that purchase property to rent it out incur relatively high capital costs.

SWOT ANALYSIS

The following is a listing of the key strengths and weaknesses of Galaxy One Properties and the opportunities and threats that exist within the marketplace.

Strengths

- The location of Little Rock has a growing market in real estate
- Already owns a portfolio of land and residential property
- The Company is coming up with extensive advertising and aims to market and promote new project opportunities
- Familiarity with the geographical area
- Resources and capabilities that will contribute to the success
- Solid relations and networking with general contractors and remodeling companies.
- Established contacts with paragons in the industry
- Strong connections and high reputation in the community
- Customer service commitment
- Scope and quality of services

Weaknesses

- The company needs funding and working capital for a successful launch
- As a new business, the Company must build its credibility

Opportunities

- The increasing popularity of the industry
- Expansion of services in other real-estate activities like property management and valuation.
- Growth among demographic segments

Threats

- Instability of the US economy leads to unpredictable market activity
- A prolonged period of Covid-19 pandemic
- Larger companies that have more resources and the ability to reach deeper into the market

Risk Analysis

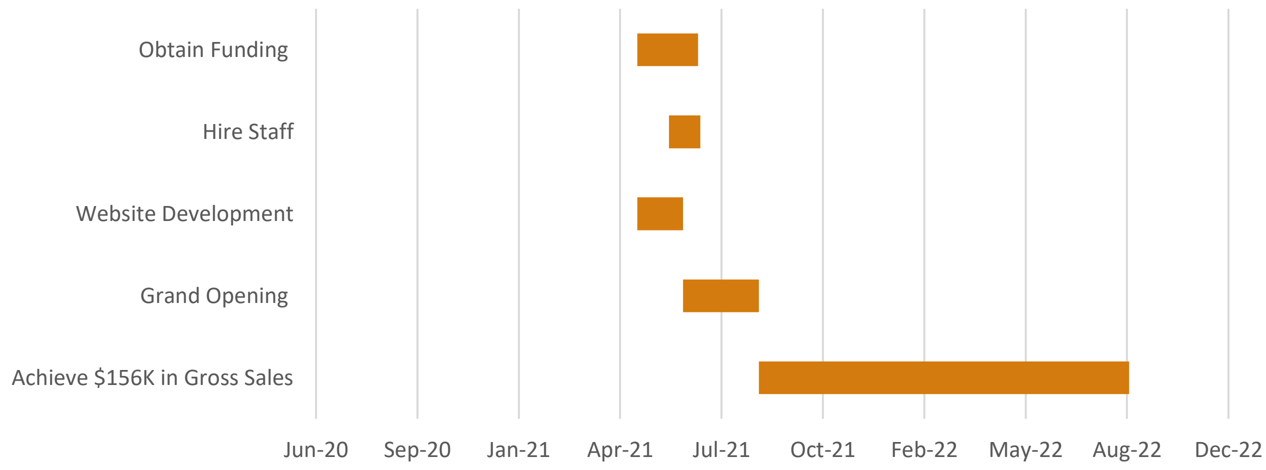
The risks involved with Galaxy One Properties will be minimal. The business operates with little overhead, a vital factor that bodes well for long-term sustainability and creating a durable business model. However, relatively low barriers to entry have fostered a competitive landscape with a vast range of available products and services. To face the risks as a new business in the marketplace, the Company must implement a highly effective marketing campaign, build industry connections and communicate its value to potential customers while focusing on how it uniquely fills a market need. With that being said, the Company stands as a viable business opportunity that can deliver significant returns to any investor or lending institution.

Milestones

The tentative milestones are shown below. Management reserves the right to make changes to this schedule as needed.

Milestones

	Start Date	Duration (days)	Manager
Obtain Funding	05/01/2021	60.00	
Hire Staff	06/01/2021	31.00	
Website Development	05/01/2021	45.00	
Grand Opening	06/15/2021	75.00	
Achieve $156K in Gross Sales	08/29/2021	365.00	



Management

About the owner

Professional Summary

Growth-minded analyst with extensive experience creating efficient operational structures and insightful process improvements. A solid history of identifying opportunities and streamlining processes to maximize resources and boost productivity. Repeatedly recognized for improving workflows, operational performance and best practices while contributing towards an organization's strategic objectives.

Core Skills and Knowledge

Project Management | Process Implementation | Data Analysis | Operations Performance Resource Planning | Reporting & Presentations | Documentation Management | Quality Assurance Continuous Improvements | Technical Writing | KPI Dashboards & Scorecards | Process Analysis

Work Experience

Business Analyst | Large Company – Somewhere, TX January 2019 – Present

- Designing and enhancing workflow automation within a highly visible process area.
- Identifying and analyzing process gaps and system defects, proposing tangible solutions and implementation.
- Creating visual dashboards for monitoring workflow, current business processes and system performance for business partners and leadership teams.
- Documenting technical design for workflows, creating standard operating procedures (SOPs), presentations and job aids for the operations team, using tools such as Microsoft Visio, Excel, Word and PowerPoint; managed documents within SharePoint.
- Experienced with using SQL for data analysis, data verification and ad-hoc reporting.
- Acting as a functional and technical liaison between Product Line Management and operations.

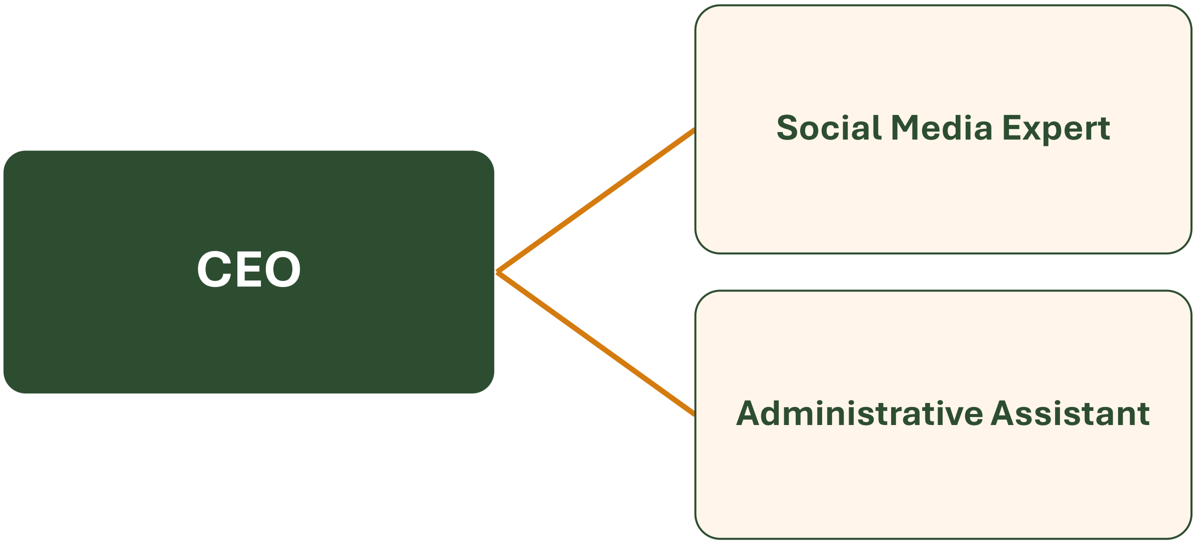
Digital Marketing Analyst | Friend's Veterinary Hospital – Working Remote, TX February 2017 – January 2019

- Established social media image through the creation of online marketing and promotional materials.
- Proactively monitored metrics (total site visits, traffic by sources, sessions by device, etc.), reviewing analytics and providing recommendations for enhancing effectiveness.
- Optimized Google Analytics and AdWords, Bing AdCenter and Facebook to maximize ROI.

Education And Certifications

- **Bachelor of Science in Psychology, cum laude** | Some State University, Nowhere SP Continuing Education in Accounting | Another University, Nowhere, SP
- **Microsoft Office Specialist Certification** | Completion in Summer 2019
- **Certified Associate Project Management (CAPM) Candidate** | Project Management Institute

Organizational Chart



Personnel Forecast

The personnel forecast below shows the staffing needs for the next five years.

Personnel Forecast

	Year 1	Year 2	Year 3	Year 4	Year 5
MANAGEMENT STAFF					
CEO	1	1	1	1	1
Social Media Expert	1	1	2	2	2
Administrative Assistant	1	2	3	4	5
Total Personnel	**3**	**4**	**6**	**7**	**8**
MANAGEMENT SALARIES					
Social Media Expert	$8,640	$8,899	$9,166	$9,441	$9,724
Administrative Assistant	$2,880	$2,966	$3,055	$3,147	$3,241
MANAGEMENT STAFF					
Social Media Expert	$8,640	$8,899	$18,332	$18,882	$19,449
Administrative Assistant	$2,880	$5,933	$9,166	$12,588	$16,207
Total Payroll	**$11,520**	**$14,832**	**$27,499**	**$31,471**	**$35,656**

Personnel Assumptions: (1) Costs are based on average wages.

Financial Indicators

The following table summarizes Galaxy One Properties' projected financial performance with standardized measurement indicators used to evaluate profitability, leverage, asset turnover, and liquidity. As with any long-range projection, accuracy is based on reasonable estimates of return on investment and past performance. The Company believes the following numbers are attainable and practical. However, actual results will vary.

Financial Indicators

	Year 1	Year 2	Year 3	Year 4	Year 5
PROFITABILITY %'S:					
Gross Margin	33.33%	37.12%	37.00%	36.20%	35.52%
Net Profit Margin	-8.48%	10.26%	11.51%	15.59%	18.29%
EBITDA to Revenue	5.71%	18.17%	17.07%	18.67%	20.17%
Return on Assets	-4.58%	10.43%	14.23%	21.29%	25.87%
Return on Equity	-113.89%	68.88%	49.08%	45.00%	39.45%
ACTIVITY RATIOS:					
Accounts Payable Turnover	1.85	8.66	9.43	9.86	10.24
Asset Turnover	0.54	1.02	1.24	1.37	1.41
LEVERAGE RATIOS:					
Debt to Equity	23.84	5.60	2.45	1.11	0.52
Debt to Assets Ratio	95.97%	84.86%	71.01%	52.70%	34.42%
Interest Coverage Ratio	0.47	2.75	3.78	6.28	11.25
LIQUIDITY RATIOS:					
Current Ratio	4.98	13.21	11.97	11.23	11.16
Current Debt to Total Assets Ratio	19.43%	7.38%	8.26%	8.83%	8.91%
ADDITIONAL INDICATORS:					
Revenue to Equity Ratio	13.42	6.71	4.26	2.89	2.16

Revenue Forecast

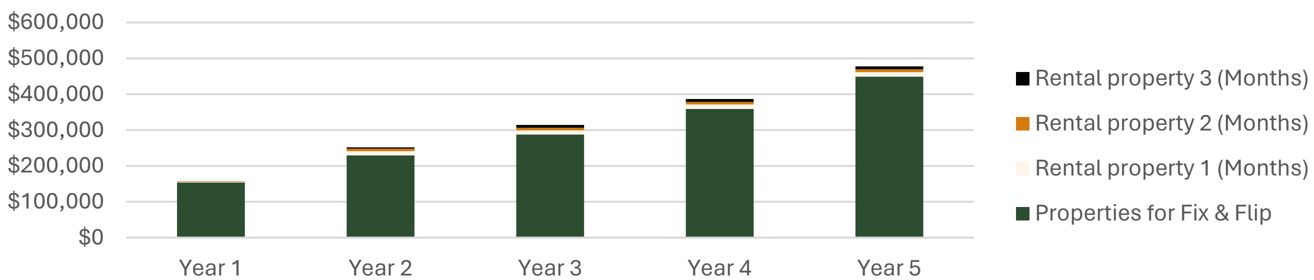
The following is a five-year revenue forecast. Direct costs include all costs directly tied to revenue and have the “cost of goods/services.”

Revenue Forecast

	Year 1	Year 2	Year 3	Year 4	Year 5
TOTAL					
Properties for Fix & Flip	2	3	4	5	6
Rental property 1 (Months)	2	12	12	12	12
Rental property 2 (Months)	3	12	12	12	12
Rental property 3 (Months)	0	6	12	12	12
PRICE					
Properties for Fix & Flip	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00
Rental property 1 (Months)	$900.00	$927.00	$954.81	$983.45	$1,012.96
Rental property 2 (Months)	$600.00	$600.00	$618.00	$636.54	$655.64
Rental property 3 (Months)	$650.00	$650.00	$669.50	$689.59	$710.27
REVENUE					
Properties for Fix & Flip	$153,300	$229,950	$287,438	$359,297	$449,121
Rental property 1 (Months)	$1,800	$11,124	$11,458	$11,801	$12,155
Rental property 2 (Months)	$1,800	$7,200	$7,416	$7,638	$7,868
Rental property 3 (Months)	$0	$3,900	$8,034	$8,275	$8,523
Total Revenue	**$156,900**	**$252,174**	**$314,345**	**$387,012**	**$477,667**
DIRECT COST					
Properties for Fix & Flip	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00
Rental property 1 (Months)	$90.00	$90.00	$90.00	$90.00	$90.00
Rental property 2 (Months)	$60.00	$60.00	$60.00	$60.00	$60.00
Rental property 3 (Months)	$65.00	$65.00	$65.00	$65.00	$65.00
DIRECT COST OF REVENUE					
Properties for Fix & Flip	$104,244	$156,366	$195,458	$244,322	$305,402
Rental property 1 (Months)	$180	$1,080	$1,080	$1,080	$1,080
Rental property 2 (Months)	$180	$720	$720	$720	$720
Rental property 3 (Months)	$0	$390	$780	$780	$780
Subtotal Cost of Revenue	**$104,604**	**$158,556**	**$198,038**	**$246,902**	**$307,982**

Revenue Forecast Assumptions: (1) Revenue and costs are based on averages.

Revenue By Year

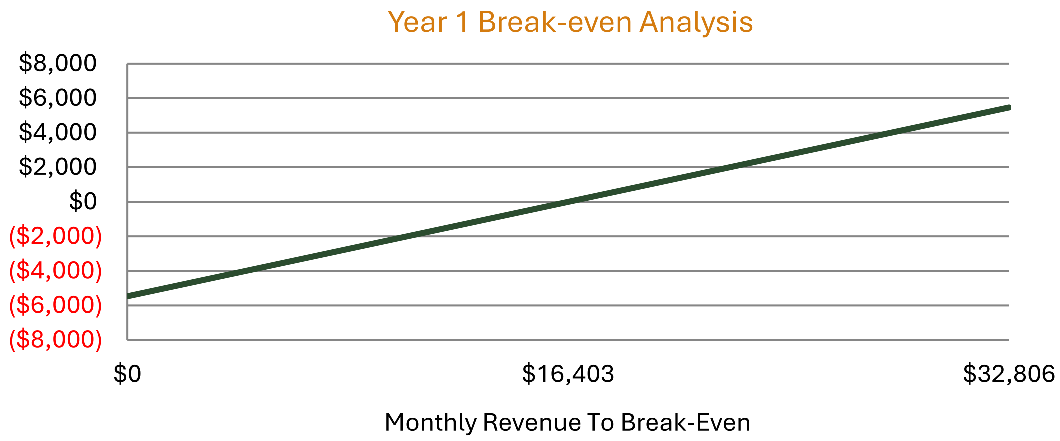


Break-Even Analysis

The following break-even analysis shows the revenue necessary to break even in the first year of operation. Break-even is where revenue equals expenses. As shown below, the Company is expected to incur average monthly fixed costs of $5,467 in Year 1. To cover fixed costs and variable costs, which rise and fall with revenue, the Company must, on average, achieve revenue of $16,403 per month to break even.

Year 1 Break-even Analysis

Monthly Revenue Break-even	$16,403
ASSUMPTIONS:	
Average Monthly Revenue	$13,075
Average Monthly Variable Cost	$8,717
Estimated Monthly Fixed Cost	$5,467



Projected Income Statement

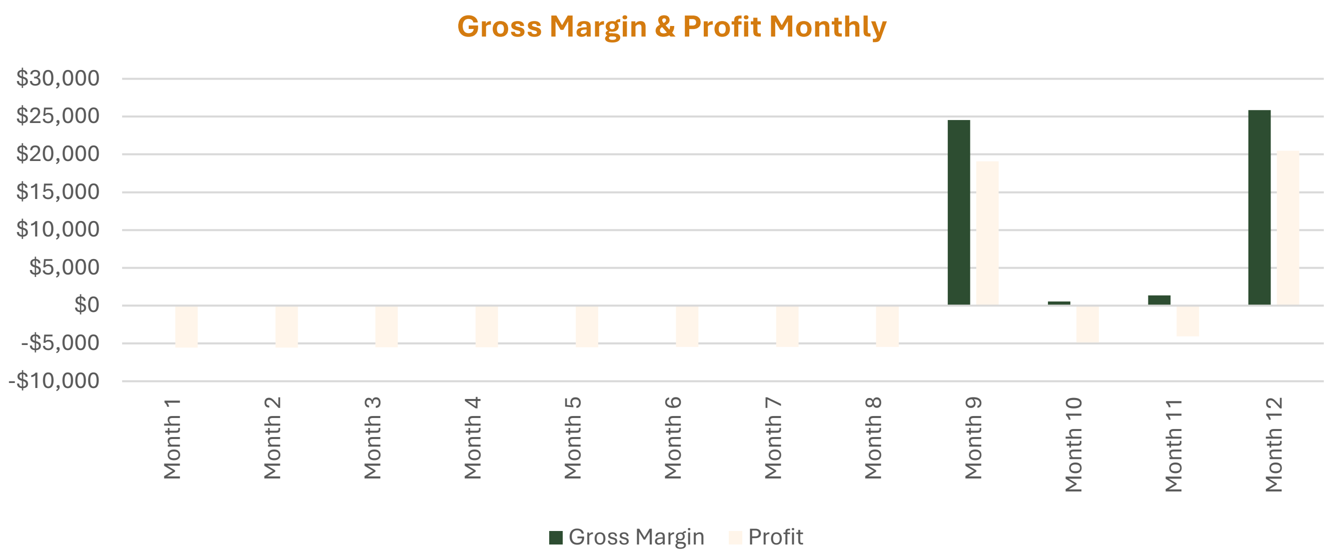
Galaxy One Properties intends to deploy its funding to maximize growth and profitability. In the Income Statement table below, gross margin equals sales minus direct costs. The "bottom line" or profit (as measured before and after interest, taxes, depreciation, and amortization) equals gross margin minus operating expenses.

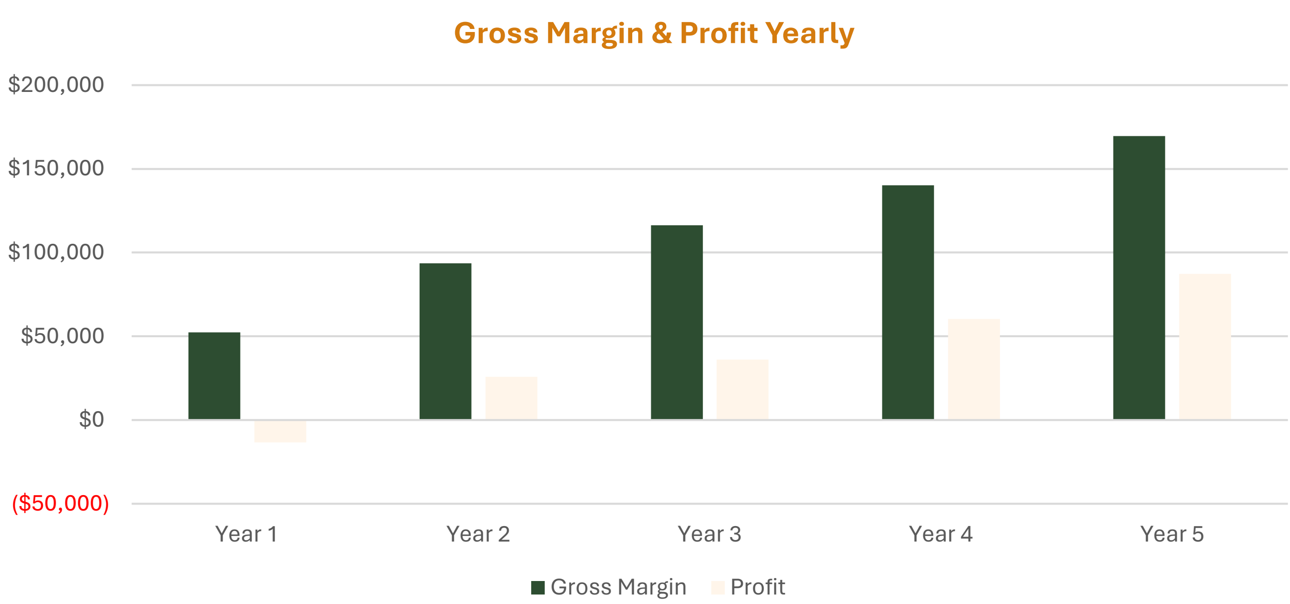
Pro Forma Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$156,900	$252,174	$314,345	$387,012	$477,667
Subtotal Cost of Revenue	$104,604	$158,556	$198,038	$246,902	$307,982
Total Cost of Revenue	$104,604	$158,556	$198,038	$246,902	$307,982
Gross Margin	$52,296	$93,618	$116,308	$140,110	$169,685
Gross Margin/Revenue	33.33%	37.12%	37.00%	36.20%	35.52%
EXPENSES					
Rent	$1,308	$1,341	$1,374	$1,409	$1,444
General Insurance Liability	$1,200	$1,230	$1,261	$1,292	$1,325
Business License/Permits	$1,020	$1,046	$1,072	$1,098	$1,126
Telephone/Internet	$3,000	$3,075	$3,152	$3,231	$3,311
Website Hosting/Updates	$612	$627	$643	$659	$676
Marketing & Advertising	$15,600	$15,990	$16,390	$16,799	$17,219
Supplies	$600	$615	$630	$646	$662
Utilities	$1,560	$1,599	$1,639	$1,680	$1,722
Professional Services	$3,000	$3,075	$3,152	$3,231	$3,311
Travel & Entertainment	$1,800	$1,845	$1,891	$1,938	$1,987
Facility Maintenance	$840	$861	$883	$905	$927
Depreciation & Amortization	$3,267	$3,267	$3,267	$400	$400
Payroll Taxes & Benefits	$1,284	$1,654	$3,066	$3,509	$3,976
Total Personnel	$11,520	$14,832	$27,499	$31,471	$35,656
Total Operating Expenses	**$46,611**	**$51,056**	**$65,917**	**$68,268**	**$73,742**
Profit Before Interest and Taxes	$5,685	$42,562	$50,390	$71,842	$95,943
EBITDA	$8,952	$45,829	$53,657	$72,242	$96,343
Interest Expense	$18,997	$16,692	$14,197	$11,494	$8,568
Net Profit	**($13,312)**	**$25,870**	**$36,193**	**$60,348**	**$87,375**
Net Profit/Revenue	-8.48%	10.26%	11.51%	15.59%	18.29%

Income Statement Assumptions: (1) Depreciation is based on 10 years; (2) Start-up cost is amortized over 3 years; (3) Total payroll taxes are 11.15%.

The charts below represent the total revenue monthly and for the next five years. The charts illustrate the percentage of revenue allocated to the cost of goods (COG), operating expenses, taxes, and interest. The net income piece represents revenue less than the expenditures above.





Projected Cash Flow

The following depictions of Galaxy One Properties' projected cash flow show 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 income statement" table. Pro forma cash flow is intended to represent the actual flow of cash in and out of Galaxy One Properties. In comparison, the revenue and expense projections on the income statement include "non-cash" items and exclude funding and investment illustrations.

Pro Forma Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
CASH RECEIVED					
Revenue	$156,900	$252,174	$314,345	$387,012	$477,667
Proceeds from Bank Loan	$250,000	$0	$0	$0	$0
Owner Contribution	$25,000	$0	$0	$0	$0
Subtotal Cash Received	**$431,900**	**$252,174**	**$314,345**	**$387,012**	**$477,667**
EXPENDITURES					
EXPENDITURES FROM OPERATIONS					
Total Personnel	$11,520	$14,832	$27,499	$31,471	$35,656
Bill Payments	$99,004	$246,312	$244,691	$290,767	$349,187
Subtotal Spent on Operations	**$110,524**	**$261,144**	**$272,189**	**$322,238**	**$384,844**
ADDITIONAL CASH SPENT					
Start-up Costs	$8,600	$0	$0	$0	$0
Principal Loan Repayment	$27,762	$30,066	$32,562	$35,264	$38,191
Purchase Inventory	$200,550	$0	$0	$0	$0
Purchase Long-term Assets	$4,000	$0	$0	$0	$0
Subtotal Cash Spent	**$351,436**	**$291,211**	**$304,751**	**$357,502**	**$423,035**
Net Cash Flow	$80,464	($39,037)	$9,594	$29,510	$54,633
Cash Balance	$80,464	$41,428	$51,022	$80,532	$135,165

Cash Flow Assumptions: (1) Proceeds from Bank Loan assume funds were received in the amount of **$250K**; (2) Owner Contribution is **$25K**.

Projected Balance Sheet

A balance sheet is a snapshot of Galaxy One Properties' financial condition. The balance sheet has three parts: assets, liabilities, and ownership equity.

Pro Forma Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Current Assets					
Cash	$80,464	$41,428	$51,022	$80,532	$135,165
Inventory	$200,550	$200,550	$200,550	$200,550	$200,550
Total Current Assets	**$281,014**	**$241,978**	**$251,572**	**$281,082**	**$335,715**
LONG-TERM ASSETS					
Long-term Assets	$12,600	$12,600	$12,600	$12,600	$12,600
Accumulated Depreciation	$3,267	$6,533	$9,800	$10,200	$10,600
Total Long-term Assets	**$9,333**	**$6,067**	**$2,800**	**$2,400**	**$2,000**
Total Assets	**$290,348**	**$248,045**	**$254,372**	**$283,482**	**$337,715**
LIABILITIES AND CAPITAL					
CURRENT LIABILITIES					
Accounts Payable	$56,422	$18,315	$21,011	$25,037	$30,086
Subtotal Current Liabilities	**$56,422**	**$18,315**	**$21,011**	**$25,037**	**$30,086**
Long-term Liabilities	$222,238	$192,172	$159,610	$124,346	$86,155
Total Liabilities	**$278,660**	**$210,487**	**$180,621**	**$149,383**	**$116,241**
Paid-in Capital	$25,000	$25,000	$25,000	$25,000	$25,000
Retained Earnings	$0	($13,312)	$12,558	$48,751	$109,099
Earnings	($13,312)	$25,870	$36,193	$60,348	$87,375
Total Capital	**$11,688**	**$37,558**	**$73,751**	**$134,099**	**$221,474**
Total Liabilities and Capital	**$290,348**	**$248,045**	**$254,372**	**$283,482**	**$337,715**
Net Worth	$11,688	$37,558	$73,751	$134,099	$221,474

Sensitivity Analysis

The sensitivity analysis below assumes that revenues are 10% higher or 10% lower than the figures projected earlier in this business plan.

Best Case Scenario (Revenue Increases by 10%)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$172,590	$277,391	$345,780	$425,713	$525,434
Cost of Goods	$115,064	$174,412	$217,841	$271,592	$338,781
Gross Margin	$57,526	$102,980	$127,938	$154,121	$186,654
Gross Margin/Revenue	33.33%	37.12%	37.00%	36.20%	35.52%
Operating Expenses	$46,611	$51,056	$65,917	$68,268	$73,742
Net Profit	($8,082)	$35,231	$47,824	$74,359	$104,344
Cash Flow	$85,694	($29,675)	$21,225	$43,521	$71,601
Cash Balance	$85,694	$56,019	$77,244	$120,765	$192,367
Net Profit/Revenue	-4.68%	12.70%	13.83%	17.47%	19.86%

Worst Case Scenario (Revenue Decreases by 10%)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$141,210	$226,957	$282,911	$348,311	$429,901
Cost of Goods	$94,144	$142,700	$178,234	$222,212	$277,184
Gross Margin	$47,066	$84,256	$104,677	$126,099	$152,717
Gross Margin/Revenue	33.33%	37.12%	37.00%	36.20%	35.52%
Operating Expenses	$46,611	$51,056	$65,917	$68,268	$73,742
Net Profit	($18,541)	$16,508	$24,563	$46,337	$70,407
Cash Flow	$75,235	($48,398)	($2,036)	$15,499	$37,664
Cash Balance	$75,235	$26,837	$24,800	$40,299	$77,963
Net Profit/Revenue	-13.13%	7.27%	8.68%	13.30%	16.38%

Financial Assumptions

The assumptions below provide growth rates, cash on hand, and the terms of funding based on an initial loan amount of **$250,000.**

Financial Assumptions

	Year 1	Year 2	Year 3	Year 4	Year 5
GROWTH ASSUMPTIONS					
Total Revenue Growth		61%	25%	23%	23%
Total Expense Growth		10%	29%	4%	8%
PERSONNEL ASSUMPTIONS					
Average Salary Growth		3%	3%	3%	3%
Payroll Growth		29%	85%	14%	13%
CASH ASSUMPTIONS					
Months of Cash on Hand	2	10	9	14	22
Bill Payment Term (Days)	32	32	32	32	32
FIXED RATE LOAN					
Loan Term	7				
Loan Rate	8.0%				
Monthly Loan Payment	$3,897	$3,897	$3,897	$3,897	$3,897
Average Monthly Interest	$1,583	$1,391	$1,183	$958	$714
Average Monthly Principle	$2,313	$2,506	$2,713	$2,939	$3,183

Appendix: Year One Financials

Year 1 Revenue Forecast

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
TOTAL												
Properties for Fix & Flip	0	0	0	0	0	0	0	0	1	0	0	1
Rental property 1 (Months)	0	0	0	0	0	0	0	0	0	0	1	1
Rental property 2 (Months)	0	0	0	0	0	0	0	0	0	1	1	1
PRICE												
Properties for Fix & Flip	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00	$76,650.00
Rental property 1 (Months)	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00	$900.00
Rental property 2 (Months)	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00
Rental property 3 (Months)	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00	$650.00
REVENUE												
Properties for Fix & Flip	$0	$0	$0	$0	$0	$0	$0	$0	$76,650	$0	$0	$76,650
Rental property 1 (Months)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$900	$900
Rental property 2 (Months)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$600	$600	$600
Total Revenue	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$76,650**	**$600**	**$1,500**	**$78,150**
DIRECT COST												
Properties for Fix & Flip	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00	$52,122.00
Rental property 1 (Months)	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00	$90.00
Rental property 2 (Months)	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00
Rental property 3 (Months)	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00	$65.00
DIRECT COST OF REVENUE												
Properties for Fix & Flip	$0	$0	$0	$0	$0	$0	$0	$0	$52,122	$0	$0	$52,122
Rental property 1 (Months)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$90	$90
Rental property 2 (Months)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$60	$60	$60
Subtotal Cost of Revenue	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$52,122**	**$60**	**$150**	**$52,272**

Year 1 Personnel Forecast

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
MANAGEMENT STAFF												
CEO	1	1	1	1	1	1	1	1	1	1	1	1
Social Media Expert	1	1	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1	1	1
Total Personnel	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**	**3**
MANAGEMENT SALARIES												
Social Media Expert	$720	$720	$720	$720	$720	$720	$720	$720	$720	$720	$720	$720
Administrative Assistant	$240	$240	$240	$240	$240	$240	$240	$240	$240	$240	$240	$240
MANAGEMENT STAFF												
Social Media Expert	$720	$720	$720	$720	$720	$720	$720	$720	$720	$720	$720	$720
Administrative Assistant	$240	$240	$240	$240	$240	$240	$240	$240	$240	$240	$240	$240
Total Payroll	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**	**$960**

Year 1 Income Statement

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$76,650	$600	$1,500	$78,150
Subtotal Cost of Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$52,122	$60	$150	$52,272
Total Cost of Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$52,122	$60	$150	$52,272
Gross Margin	$0	$0	$0	$0	$0	$0	$0	$0	$24,528	$540	$1,350	$25,878
Gross Margin/Revenue	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	32.00%	90.00%	90.00%	33.11%
EXPENSES												
Rent	$109	$109	$109	$109	$109	$109	$109	$109	$109	$109	$109	$109
General Insurance Liability	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100
Business License/Permits	$85	$85	$85	$85	$85	$85	$85	$85	$85	$85	$85	$85
Telephone/Internet	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
Website Hosting/Updates	$51	$51	$51	$51	$51	$51	$51	$51	$51	$51	$51	$51
Marketing & Advertising	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300	$1,300
Supplies	$50	$50	$50	$50	$50	$50	$50	$50	$50	$50	$50	$50
Utilities	$130	$130	$130	$130	$130	$130	$130	$130	$130	$130	$130	$130
Professional Services	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250
Travel & Entertainment	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150
Facility Maintenance	$70	$70	$70	$70	$70	$70	$70	$70	$70	$70	$70	$70
Depreciation & Amortization	$272	$272	$272	$272	$272	$272	$272	$272	$272	$272	$272	$272
Payroll Taxes & Benefits	$107	$107	$107	$107	$107	$107	$107	$107	$107	$107	$107	$107
Total Personnel	$960	$960	$960	$960	$960	$960	$960	$960	$960	$960	$960	$960
Total Operating Expenses	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**	**$3,884**
Profit Before Interest and Taxes	($3,884)	($3,884)	($3,884)	($3,884)	($3,884)	($3,884)	($3,884)	($3,884)	$20,644	($3,344)	($2,534)	$21,994
Interest on Loan Repayment	$1,667	$1,652	$1,637	$1,622	$1,607	$1,591	$1,576	$1,561	$1,545	$1,529	$1,513	$1,498
Net Profit	**($5,551)**	**($5,536)**	**($5,521)**	**($5,506)**	**($5,491)**	**($5,476)**	**($5,460)**	**($5,445)**	**$19,099**	**($4,874)**	**($4,048)**	**$20,496**
Net Profit/Revenue	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24.92%	-812.25%	-269.85%	26.23%

Year 1 Cash Flow

Additional Cash Received	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Proceeds from Bank Loan	$250,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Owner Contribution	$25,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received	$275,000	$0	$0	$0	$0	$0	$0	$0	$76,650	$600	$1,500	$78,150
Total Personnel	$960	$960	$960	$960	$960	$960	$960	$960	$960	$960	$960	$960
Bill Payments	$0	$4,319	$4,304	$4,289	$4,274	$4,259	$4,243	$4,228	$4,213	$56,319	$4,241	$4,316
ADDITIONAL CASH SPENT												
Start-up Costs	$8,600	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principal Loan Repayment	$2,230	$2,245	$2,260	$2,275	$2,290	$2,305	$2,321	$2,336	$2,352	$2,367	$2,383	$2,399
Purchase Inventory	$200,550	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets	$4,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Spent	$216,340	$7,523	$7,524	$7,524	$7,524	$7,524	$7,524	$7,524	$7,524	$59,646	$7,584	$7,674
Net Cash Flow	$58,660	($7,523)	($7,524)	($7,524)	($7,524)	($7,524)	($7,524)	($7,524)	$69,126	($59,046)	($6,084)	$70,476
Cash Balance	$58,660	$51,137	$43,613	$36,089	$28,566	$21,042	$13,518	$5,994	$75,120	$16,073	$9,989	$80,464

Year 1 Balance Sheet

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
CURRENT ASSETS												
Cash	$58,660	$51,137	$43,613	$36,089	$28,566	$21,042	$13,518	$5,994	$75,120	$16,073	$9,989	$80,464
Inventory	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550	$200,550
Total Current Assets	$259,210	$251,687	$244,163	$236,639	$229,116	$221,592	$214,068	$206,544	$275,670	$216,623	$210,539	$281,014
Long-term Assets	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600	$12,600
Accumulated Depreciation	$272	$544	$817	$1,089	$1,361	$1,633	$1,906	$2,178	$2,450	$2,722	$2,994	$3,267
Total Long-term Assets	$12,328	$12,056	$11,783	$11,511	$11,239	$10,967	$10,694	$10,422	$10,150	$9,878	$9,606	$9,333
Total Assets	$271,538	$263,742	$255,946	$248,151	$240,355	$232,558	$224,762	$216,966	$285,820	$226,501	$220,145	$290,348
CURRENT LIABILITIES												
Accounts Payable	$4,319	$4,304	$4,289	$4,274	$4,259	$4,243	$4,228	$4,213	$56,319	$4,241	$4,316	$56,422
Subtotal Current Liabilities	$4,319	$4,304	$4,289	$4,274	$4,259	$4,243	$4,228	$4,213	$56,319	$4,241	$4,316	$56,422
Long-term Liabilities	$247,770	$245,525	$243,266	$240,991	$238,701	$236,396	$234,075	$231,739	$229,387	$227,020	$224,637	$222,238
Total Liabilities	$252,089	$249,829	$247,555	$245,265	$242,960	$240,639	$238,303	$235,952	$285,706	$231,261	$228,953	$278,660
Paid-in Capital	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000	$25,000
Earnings	($5,551)	($11,087)	($16,608)	($22,114)	($27,605)	($33,081)	($38,541)	($43,986)	($24,887)	($29,760)	($33,808)	($13,312)
Total Capital	$19,449	$13,913	$8,392	$2,886	($2,605)	($8,081)	($13,541)	($18,986)	$113	($4,760)	($8,808)	$11,688
Total Liabilities and Capital	$271,538	$263,742	$255,946	$248,151	$240,355	$232,558	$224,762	$216,966	$285,820	$226,501	$220,145	$290,348
Net Worth	$19,449	$13,913	$8,392	$2,886	($2,605)	($8,081)	($13,541)	($18,986)	$113	($4,760)	($8,808)	$11,688