



Lifestyle

Finance Overview

Single Business Centre Hub
Investment against Return



Factors to Consider

- **Franchise Fee** – Cost to purchase a Franchise License
- **Building Ownership** - Purchase, Lease or Management?
- **Refurbishment and Set-Up Costs** – Finance Options.
- **How will you manage the location** – Self or Staffed
- **Timeline** – how long to establish and bring up to operating profit
- **Operating Costs** – what costs need to be considered.
- **Revenue Return** – how much will you make
- **Additional Revenue and Fee Options** – where else can you make money?
- **Value of your business once established**

Lifestyle





Franchise Fee

What does it cost for a Exeid 'Lifestyle' Business Hub Franchise?

- Franchise Base Cost is £8,000 per location selected, see additional premium table.
- Training: £6,000 one off.
- Deposit: £3,000 prior to training

Size Does Matter!

We add a premium to larger Centre franchises as set-up is greater and some additional training modules and systems need to be covered.

See table for more information.

Centre Size	Franchise Fee	Comm's Module
5,000 +	+£2,000	+£1,500
10,000+	+£4,000	+£1,500
20,000+	+£6,000	+£1,500

IT and Comm's Set Up

We offer two options for the supply of IT and communications:

1. Complete Outsource – hassle free but a reduced revenue return.
2. In-House Managed – increased revenue but requires additional set-up and Training. (add Comms Module)

Building Ownership

Lifestyle



The method to acquire a location is normally one of the following;

- **Purchase** – Commercial property can represent an excellent investment with returns generally at least twice that of a residential investment. However the entry cost can be expensive as the best buys are often the larger buildings.
- **Lease** – The most common method of acquiring a site, we will work with you to ensure you get the best deal on a suitable space on favorable terms.
- **Management Agreement** – managing a building on behalf of a Landlord is a very low risk module and used extensively, however the returns are not as high and the resale value of the business is reduced less security of income.

We will discuss all of these options and the relative benefits during early training to allow you to make an informed decision.

Refurbishment and Set-Up Costs

Lifestyle



The amount to establish a Centre can vary significantly based on the size, format and condition of the building. As well as the option used to acquire the location.

- As a guide the costs will be between £5 - £25 per sq,ft of space managed

Example:

5,000 sq.ft Office to include all furniture and refurbishment to the good standard with be between £50,000 to £70,000

As part of the 'Scout Pack' Training we tell you what to look for to reduce the cost of set up. It is possible to find buildings that require very little work other than furniture and decorations reducing set-up considerably.

Managing Your Location

Lifestyle



You can employ and we will train staff to manage your Centre for you, or you can manage yourself, some people run another business from the location and use the staff from that to manage the Centre.

- **Self Managed** – the Lifestyle program was designed to offer a simple business module that will appeal to those looking to be the Centre of their own business community. It's a great model that does not require you to be on site all the time as we have developed a system which means the buildings will in the main self manage. Bigger buildings will have more to do and we generally recommend an employed manager or assistant for any building over 15,000 sq.ft however the returns on a building of this size can easily supply that cost.
- **Employed Staff** – This can be a completely hands off Franchise and we can train and work through employed staff, although we suggest that all Franchisees attend the training and are involved in the set-up to ensure they fully understand the business module.

Timeline

Lifestyle



To a large degree this is driven by you, from initial training you can be open in a matter of weeks or months depending on the method you chose to acquire the locations, but as a guide:

- **Purchase** – on average 2 to 3 months due to the legal process on buying the property
- **Lease** – on average around 6 to 8 weeks as requires legal agreements to be drawn up
- **Management Agreement** – 1 to 4 weeks generally happen quickly once agreed

Time to reach Occupancy:

Down to how hard you work and ability, the bigger the Centre the longer to reach occupancy levels of 90%+
(see chart as a guide)

Centre Size	Refurb (in weeks)	Months to 90%+
5,000 +	2 - 3	6
10,000+	3 - 5	9
20,000+	4 - 8	12



Operating Costs & Revenue Returns

From the day you open you will have certain operating costs, in the main operating costs will increase as revenue increases on items such as electricity, cleaning etc.

However in the case of a Purchase or a Lease you will have a fixed cost, in the case of a lease we would look for a rent free period to cover the start up phase.

For the purposes of the visual on the next page we have assumed full costs are applied from day one, with the exception of a typical rent free period.

No Location will be the same:

Every building will be different, however we have a very comprehensive 5 years forecast model to assess these costs and show you a month by month forecast for the first 5 years.

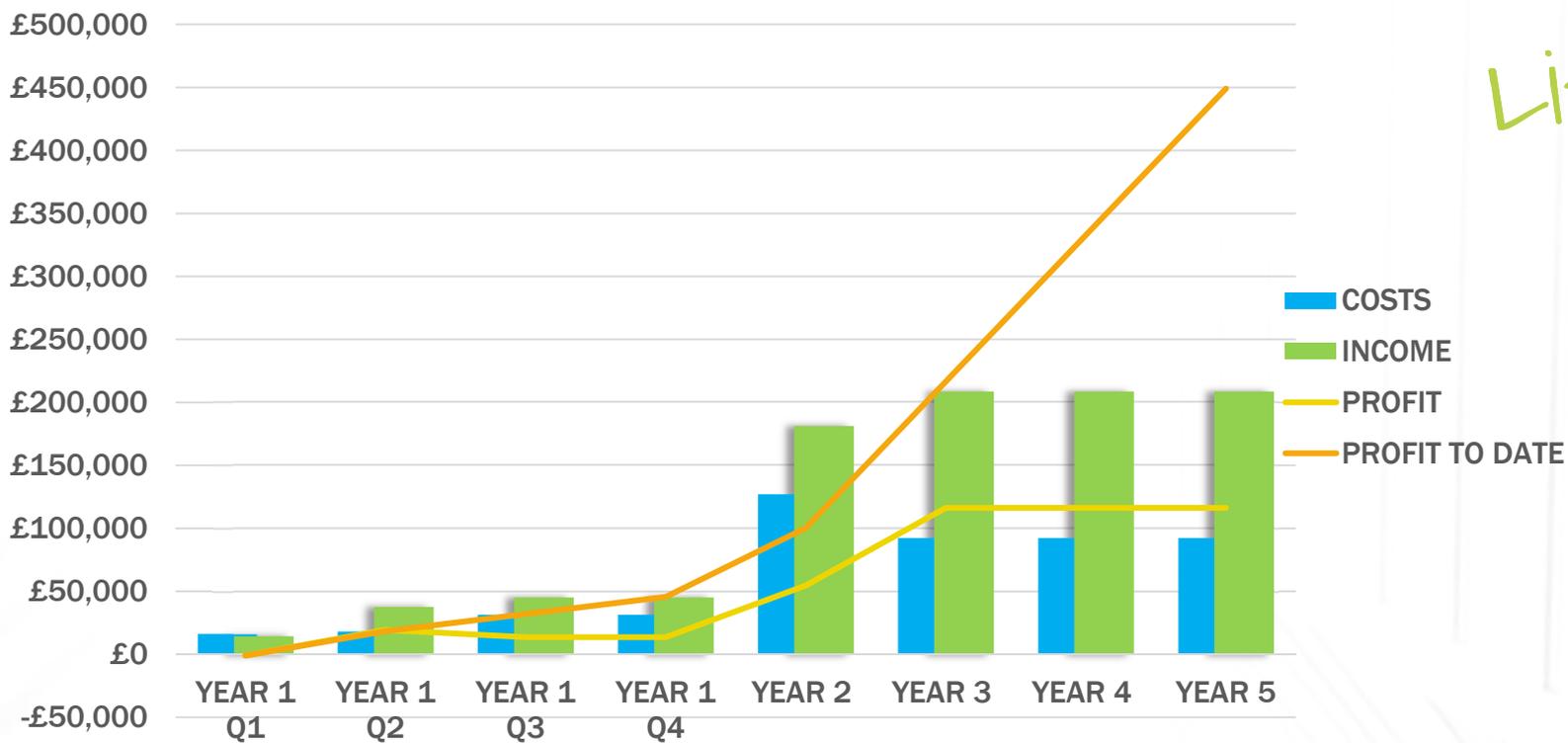
We will cover this in detail during initial training.

Forecast for Typical 5,000sq.ft Centre

Based on total set up of £66,385 financed over 2 years on a building with a rent of £10psf
6 months rent free, taking 6 months to reach 95% occupancy with a 15% increase in yield in year 3



Lifestyle

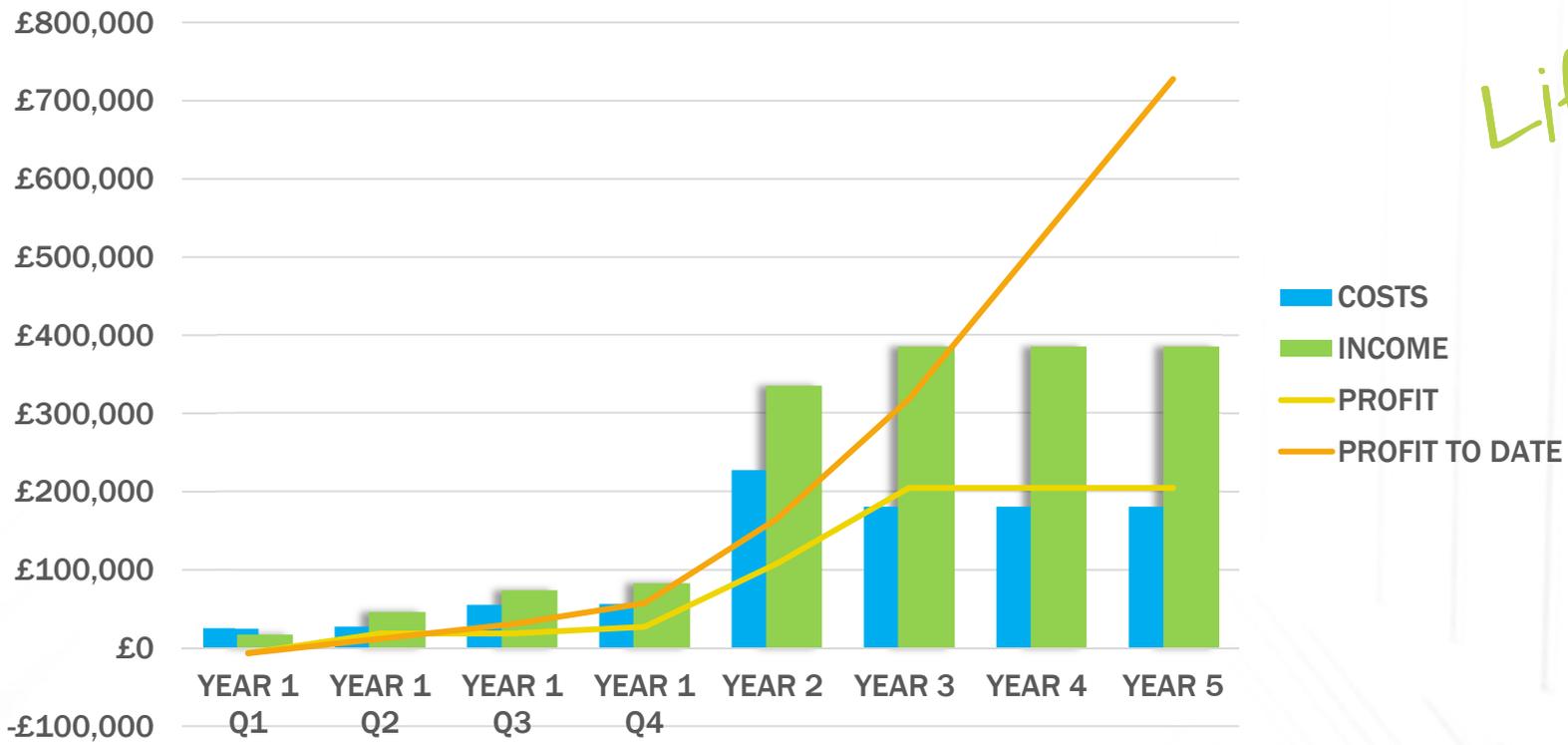


Forecast for Typical 10,000sq.ft Centre

Based on total set up of £131,269 financed over 3 years on a building with a rent of £10psf
6 months rent free, taking 9 months to reach 90% occupancy with a 15% increase in yield in year 3



Lifestyle



Non Fixed Operating Costs

Lifestyle



The profits showing on the previous visuals DO NOT include your non fixed operating costs, such as your wages, staff costs, marketing spend etc.

Both of the examples could be run by one person on a semi-full time basis so staff costs should be limited to your own salary.

However marketing costs should be allowed for and we suggest that you will spend at least 10% of profits on marketing to ensure you maintain your occupancy levels as close to 100% as possible.

We will run through these in more detail as part of a 121 session and can amend the forecast to be in line with your planned acquisition method and whether you are looking to self manage or have staff on site.

Additional Modules

The 'Lifestyle' model only covers the running of a serviced office hub.

As a member of the Exeid Franchise team you will have the option to add additional training modules to your Franchise.

These include:

Agency: Traditional Commercial Sales and Marketing offering a full range of Agency Services.

Estate Management: Maintenance of buildings including Service Charge Management.

Referral Network: Refer for a fee outside your own Centre

Business Services: Group Purchasing scheme to cross sell to clients.



Value of your business

Lifestyle



Like any business as you develop and grow the value of the business increases and becomes more desirable to investors.

Services Offices are a popular investment option and generally achieve 3 to 4 times annual gross profit with established leasehold center's achieving over a million pounds for the business operation (not the property)

An excellent exit model should you wish to retire or work on another project in the future!

Purchase: If you choose to purchase any empty building and then develop a successful Managed work space not only will you see a substantial value for the serviced office business but your building value will increase significantly if you are able to show consistent income.





Exeid *Lifestyle* Franchise

A great business now and in the future.