HOPFIELDS

BREW GARDEN & RESTAURANT

GUEULE DE BOIS, LLC

EXECUTIVE SUMMARY

OVERVIEW

Hopfields Brew Garden and Restaurant will focus on creative, small-batch craft beer that is brewed in house and sold directly to the consumer on premise. In addition, strong emphasis will be placed on seasonally sourced and chef driven food made from scratch, fine wines, and hand-crafted cocktails featuring port, sherry, and vermouth. Hopfields Brew Garden and Restaurant will serve as a local destination in a strategic area of Austin that has a need for high quality, curated product. Specifically, this concept is looking to expand in South Austin near the area known as the Y in Oak Hill. It will effectively marry the simplicity and sophistication of French home-style food in accordance with the casual and comfortable setting of Austin, Texas. Using the age-old French tradition of food and beverage that bring community together, the Brew Garden will bring an American twist with it – the craft beer revolution – providing "a place to sip and graze."

Hopfields Brew Garden and Restaurant will be a distinctive type of brewpub offering an element that no other breweries or brewpubs in Austin do – chef driven food in a culturally charming setting modeled after a laid back French garden style. We will not try to compete with larger production breweries in an increasingly saturated retail market, but we will bring the consumer to us providing innovative, small-batch beer and locally sourced, curated food.

EXECUTIVE SUMMARY

THE MARKET

Austin, Texas is an ideal place to open a brewpub of this nature. Listed as the 2nd fastest growing city in the country by Forbes, Austin proves to be a strong and substantial market. With 117 craft breweries in 2014, Texas ranked eighth in the nation for total number of craft breweries. However, that is only 44th in the nation based on breweries per capita per 100,000 adults over the age of 21. Texas also contributed over $2.3 billion of economic impact in 2012 as it tracked craft beer through the three-tier system and included other items such as food sales related to craft beer. Interestingly, this number ranked Texas as 2nd in the nation, however, it was ranked 34th in the nation based on per capita economic impact. Recent studies from Brewers Association suggest $5.6 billion of economic impact will be reached by 2020. In addition, craft beer brewed in Texas accounts for merely 1.3% of all beer consumed here. In the next decade, analysts expect this number to hit 10%. This shows there is significant room for growth in the craft beer industry in Texas.

In 2010, Bundle listed Austin as the top city in the nation where people spend the most eating and drinking out. Since then, this scene has only grown. Jack Allens Restaurant in South Austin sells close to $200,000 in alcohol sales every month, and this accounts for only 30% of their total sales. Another bar located in a strip mall center in the same area sells $60,000 in alcohol sales every month. This goes to show this area of Austin is grossly undeserved and a concept like Hopfields Brew Garden and Restaurant would thrive.

EXECUTIVE SUMMARY

THE LEADERSHIP

Bay and Lindsay Anthon have successfully opened and operated the first location of Hopfields beginning in 2011. Bay Anthon is a proven businessman coming from upper management in a corporate company, and his wife, Lindsay, is the driving creative force behind Hopfields and it's design. Since its birth, Hopfields has exceeded conservative expectations, received numerous accolades, expanded, and built a reputation as one of the best craft beer and food restaurants in the nation. As independent business owners, Bay and Lindsay have also hired and lead a skillful team to successfully manage Hopfields, and share in their creative vision for the next installment of Hopfields. The current management will also play key roles in the next location, both through expertise in their individual fields, and industry experience.

STRUCTURE

Gueule de Bois LLC – DBA Hopfields Brew Garden and Restaurant – and Cul Sec LLC – DBA Hopfields – are Texas LLC's operating under the management company of Tchin Tchin LLC. The purpose for this business plan is to outline the needs and summary for Gueule de Bois LLC.

EXECUTIVE SUMMARY

INVESTMENT OPPORTUNITY

Gueule de Bois LLC is raising $1,425,000.00 (1.425M) by offering a minimum of 8 units and a maximum of 57 units at $25,000.00 per unit, with a minimum sale amount of two units, or $50,000.00. The first 30 units sold will be the Class A units and the remaining 27 units sold will be Class B units.

The company will distribute 100% of the available profits to Class A members until those members receive an amount equal to 10% of the purchase price of the units as a preferred return. After the preferred return, Gueule de Bois will distribute 100% of profits to Class A & Class B members in accordance with their sharing percentages until both classes receive an amount equal to 100% of their purchase price. This will be in addition to the preferred return received by Class A units.

After 100% of invested principal has been returned, the company will distribute 40% of available profits pro rata to Class A & B until 50% return on invested capital has been received. Following 150% return of investment, Class A will retain a higher percentage of profits (21.1%) distributed until they have received an additional 50% return or a total of 200% return. Class B's return % will be reduced to 13.3% at this time. Following this final return, Class A & B units will retain 16% of the profits pro rata of Gueule de Bois' profits in perpetuity.

HOPFIELDS

Brewery & Restaurant
Operating Model

July 31, 2015

Current Proposed Deal Points

No of Guests per day		395	
Check average per guest	$	17.90	
Daily Sales	$	7,070.00	
Monthly Sales	$	210,921.67	
Yearly Sales	$	2,531,060.00	
Yearly COGS	$	642,889.24	25%
Yearly Labor	$	720,730.90	28%
Yearly Expenses	$	728,097.43	29%
Management Fee		5% of Gross sales	
Yearly Net Income	$	439,342.43	17.36%
Yearly % of Sales Increase		10.17%	
Multiple of Invested Capital (MOIC)		1.0x	
MOIC achieved		<48 months	
% of ownership available		16.00%	
# of Shares available		57	
% of ownership per share		0.28%	
$ of one share		$25,000	
Total Raise	$	1,425,000.00	

Hopfields Assumptions Tab

Operating Assumptions	
Days Open	358
Bar Guests per day	120
Average check	$6.00
Lunch guests per day	75
Per person average check	$18.00
Dinner guests per day	200
Per person average check	$25.00
Margin by type	
Food cost	33.0%
Wine cost	33.0%
Beer cost	14.0%
Rent inputs	
Leased sqft	6,342
Price/sqft	$25.00
NNN	$5.00
Tenant Improvement Budget	$35.00
Leased sqft	-
Price/sqft	$0.00
NNN	$0.00
Tenant Improvement Budget	$0.00
Mininum Cash Balance	$40,000
Brewery Square Footage	2,000.00
Preferred Return Investment	
Amount of Invested Capital pre-permit	$ 750,000.00
% of shares	52.63%

Sources		
Capital Contributions	$1,425,000	
Total Sources	**$1,425,000**	
Build out		
Construction/sqft	$150.00	
Built sqft	4,342	
Total Uses of Capital	**$**	**%**
Kitchen & Brewery Equipment	$75,000	5.3%
Furniture, Fixtures & Smallwares	$80,000	5.6%
Brewery Equipment Install	$250,000	17.5%
Design - Graphic Design & Architecture	$85,000	6.0%
Phase 1 Use *64,000.00*		
Construction	$651,300	45.7%
Fundraising, Legal, Accounting	$19,950	1.4%
Phase 1 Use *20,000.00*		
Inventory	$35,000	2.5%
Opening Costs & Deposits	$50,000	3.5%
Phase 1 Use *35,000.00*		
Working Capital	$50,000	3.5%
Contigency	$45,000	5.9%
Pre-Planning & Research	$81,740	5.7%
Phase 1 Use *81,740.00*		
Tenant Improvements from Landlord	($221,970)	-15.6%
Working Cap Buffer (Remainder)	$2,010	0.1%
Total Uses	**$1,425,000**	**87.2%**
Total Phase 1 Use *200,740.00*		
Maintenance Capex		
Annual equipment	$50,621	2%
Distribution Information		
Payoff Period Distribution %	100.0%	
Loan Amount	$0	
Interest Rate	0.0%	
Loan Term (years)	-	<-- not a driver
Total Equity Raised	$ 1,425,000	
Size of Share	$25,000	
Shares	57	

Hopfields Summary P&L

Sales Projection Scenarios - Year 1

Days per year		358		358		358
Project Bar Guests Sales		**Baseline**		**Plan**		**Stretch**
People per day		70		120		175
Per person average	$	6.00	$	6.00	$	10.00
Daily revenue	$	420	$	720	$	1,750
Yearly Bar Guests revenue	$	150,360	$	257,760	$	626,500
Projected Lunch Sales		**Baseline**		**Plan**		**Stretch**
People per day		45		75		125
Per person average	$	16.00	$	18.00	$	20.00
Daily revenue		720		1,350		2,500
Yearly Lunch revenue		257,760		483,300		895,000
Projected Dinner Sales		**Baseline**		**Plan**		**Stretch**
People per day		100		200		250
Per person average	$	22.50	$	25.00	$	25.00
Daily revenue		2,250		5,000		6,250
Yearly Dinner revenue		805,500		1,790,000		2,237,500
Yearly dining revenue	**$**	**1,063,260**	**$**	**2,273,300**	**$**	**3,132,500**
Total revenue	**$**	**1,213,620**	**$**	**2,531,060**	**$**	**3,759,000**

Hopfields Detailed P&L - Year 1

		Monthly Average		Yearly	
Operating revenue	$	210,922	$	2,531,060	
Food sales		101,242		1,214,909	48.00%
Wine sales		25,311		303,727	12.00%
Beer sales		84,369		1,012,424	40.00%
Gross operating income	**$**	**210,922**	**$**	**2,531,060**	**100.00%**
Cost of goods solds					
Food cost		33,410		400,920	15.84%
Wine cost		8,352		100,230	3.96%
Beer cost		11,812		141,739	5.60%
Total COGS	**$**	**53,574**	**$**	**642,889**	**25.40%**
Gross margin	**$**	**157,348**	**$**	**1,888,171**	**74.60%**
Labor cost					
Front of house staff		12,655		151,864	6.00%
Back of house staff		29,529		354,348	14.00%
Head Brewer		4,167		50,000	1.98%
Training		1,055		12,655	0.50%
Total Labor	**$**	**47,406**	**$**	**568,867**	**22.48%**
Tchin-Tchin, LLC		10,546		126,553	5.00%
Management FOH & BOH		12,655		151,864	6.00%
Total Labor w/Mgmt	**$**	**60,061**	**$**	**720,731**	**28.48%**
Gross operating profit	**$**	**97,287**	**$**	**1,167,440**	**46.12%**
Expenses					
Plants		527		6,328	0.25%
Extermination		211		2,531	0.10%
Security		158		1,898	0.08%
Discounts		6,328		75,932	3.00%
Repair & Maintenance, Eqpmt		1,582		18,983	0.75%
Repair & Maintenance, Building		1,055		12,655	0.50%
Supplies, Paper-to-go		2,637		31,638	1.25%
Supplies, Cleaning		380		4,556	0.18%
Supplies, front of house		380		4,556	0.18%
Supplies, office		1,055		12,655	0.50%
Supplies, paper		527		6,328	0.25%
Utilities, Gas		791		9,491	0.38%
Utilities, Electric		3,164		37,966	1.50%
Utilities, Waste disposal		527		6,328	0.25%
Utilities, Phone/Internet		696		8,352	0.33%
Total direct expenses	**$**	**20,016**	**$**	**240,198**	**9.49%**
Net income before direct	**$**	**77,270**	**$**	**927,242**	**36.63%**

Hopfields Detailed P&L - Year 1

		Monthly Average		Yearly	
Fixed Expenses					
Accounting/Payroll		2,109		25,311	1.00%
PR & Advertising		5,273		63,277	2.50%
Bank charges		53		633	0.03%
Credit card charges		3,797		45,559	1.80%
Donations		2,109		25,311	1.00%
Equipment rental		1,476		17,717	0.70%
Insurance - TMP		1,055		12,655	0.50%
Legal & consulting		1,055		12,655	0.50%
Licenses & permits		527		6,328	0.25%
Taxes, payroll		4,595		55,136	7.65%
Taxes, margin		738		8,859	0.35%
Taxes, property		-		-	0.00%
Brewery Rent		-		-	0.00%
Rent		13,213		158,550	6.26%
NNN		2,643		31,710	1.25%
Bank note		-		-	0.00%
Total indirect expenses	**$**	**38,642**	**$**	**463,700**	**18.32%**
Net income before non-operating	**$**	**38,629**	**$**	**463,542**	**18.31%**
Non-operating expenses					
Total non-operating expenses		-		-	0.00%
Total non-operating income		-		-	0.00%
Non-operating expenses	**$**	**-**	**$**	**-**	**0.00%**
Net before other expenses	**$**	**38,629**	**$**	**463,542**	**18.31%**
Other expenses					
Depreciation	$	2,017	$	24,200.00	0.96%
Income Tax		-		-	0.00%
Leasehold improvements		-		-	0.00%
Total other expenses	**$**	**2,017**	**$**	**24,200**	**0.96%**
Net income	**$**	**36,612**	**$**	**439,342**	**17.36%**

Hopfields Forecast- Years 1 - 5

Forecast assumptions	Year 2	Years 3+
% increase days per year	0.0%	0.0%
Bar Guests Sales		
Traffic increase %	5.0%	5.0%
Average check increase %	2.5%	3.0%
Lunch Sales		
Traffic increase %	15.0%	5.0%
Average check increase %	7.5%	3.0%
Dinner Sales		
Traffic increase %	10.0%	5.0%
Average check increase %	5.0%	3.0%

Margin Sensit.	Annual Change
Gross Margin	1.0%
Labor expenses	0.5%
Direct expenses	0.5%
Indirect expenses	0.4%

INCOME STATEMENT *Linked to P&L tab*

	Year 1	Year 2	Year 3	Year 4	Year 5
Days per year	358	358	358	358	358
% increase days		*0.0%*	*0.0%*	*0.0%*	*0.0%*
Project Bar Guests Sales					
People per day	120	126	132	139	146
% increase traffic		*5.0%*	*5.0%*	*5.0%*	*5.0%*
Per person average	$ 6.00	$ 6.15	$ 6.33	$ 6.52	$ 6.72
% increase avg check		*2.5%*	*3.0%*	*3.0%*	*3.0%*
Daily revenue	$ 720	$ 775	$ 838	$ 906	$ 980
Yearly Bar Guests revenue	**$ 257,760**	**$ 277,414**	**$ 300,023**	**$ 324,475**	**$ 350,920**
Revenue growth		*7.6%*	*8.1%*	*8.1%*	*8.2%*
Projected Lunch Sales					
People per day	75	86	91	95	100
% increase traffic		*15.0%*	*5.0%*	*5.0%*	*5.0%*
Per person average	$ 18.00	$ 19.35	$ 19.93	$ 20.53	$ 21.14
% increase avg check		*7.5%*	*3.0%*	*3.0%*	*3.0%*
Daily revenue	1,350	1,669	1,805	1,952	2,111
Yearly Lunch revenue	**483,300**	**597,480**	**646,174**	**698,837**	**755,793**
Revenue growth		*23.6%*	*8.1%*	*8.2%*	*8.2%*
Projected Dinner Sales					
People per day	200	220	231	243	255
% increase traffic		*10.0%*	*5.0%*	*5.0%*	*5.0%*
Per person average	$ 25.00	$ 26.25	$ 27.04	$ 27.85	$ 28.68
% increase avg check		*5.0%*	*3.0%*	*3.0%*	*3.0%*
Daily revenue	5,000	5,775	6,246	6,755	7,305
Yearly Dinner revenue	**1,790,000**	**2,067,450**	**2,235,947**	**2,418,177**	**2,615,258**
Revenue growth		*15.5%*	*8.1%*	*8.2%*	*8.2%*
Yearly dining revenue	**2,273,300**	**2,664,930**	**2,882,121**	**3,117,014**	**3,371,051**
Revenue growth		*17.2%*	*8.2%*	*8.2%*	*8.2%*

Hopfields Forecast- Years 1 - 5

Total revenue	**$ 2,531,060**	**$ 2,942,344**	**$ 3,182,145**	**$ 3,441,490**	**$ 3,721,971**
Revenue growth		*16.2%*	*8.2%*	*8.2%*	*8.2%*
Cost of goods sold	642,889	717,932	744,622	770,894	796,502
Gross margin	**$ 1,888,171**	**$ 2,224,412**	**$ 2,437,523**	**$ 2,670,596**	**$ 2,925,469**
% revenue	*74.6%*	*75.6%*	*76.6%*	*77.6%*	*78.6%*
Labor cost	720,731	873,122	1,097,059	1,203,677	1,320,386
% revenue	*28.5%*	*29.0%*	*29.5%*	*30.0%*	*30.5%*
Gross operating profit	**$ 1,167,440**	**$ 1,351,290**	**$ 1,340,464**	**$ 1,466,919**	**$ 1,605,083**
% revenue	*46.1%*	*46.1%*	*46.1%*	*46.1%*	*46.1%*
Total direct expenses	240,198	293,940	333,807	378,220	427,654
Total indirect expenses	463,700	549,347	605,256	666,630	733,987
Net income before non-operating	**$ 463,542**	**$ 508,003**	**$ 401,401**	**$ 422,070**	**$ 443,442**
% revenue	*18.3%*	*17.3%*	*12.6%*	*12.3%*	*11.9%*
Non-operating expenses	-	-	-	-	-
Net before other expenses	463,542	508,003	401,401	422,070	443,442
Other expenses	24,200	24,200	24,200	24,200	24,200
Net income	**$ 439,342**	**$ 483,803**	**$ 377,201**	**$ 397,870**	**$ 419,242**
Other cash outlay	$ -	$ -	$ -	$ -	$ -
Cash Increase/(Decrease)	**$ 439,342**	**$ 483,803**	**$ 377,201**	**$ 397,870**	**$ 419,242**
Check	*TRUE*				

Hopfields Forecast- Years 1 - 5

CASH FLOW STATEMENT

	Year 1	Year 2	Year 3	Year 4	Year 5
Net income	$ 439,342	$ 483,803	$ 377,201	$ 397,870	$ 419,242
Depreciation	24,200	24,200	24,200	24,200	24,200
Cash from operating	**$ 463,542**	**$ 508,003**	**$ 401,401**	**$ 422,070**	**$ 443,442**
Kitchen Equipment & Furniture	$ (75,000)	$ (50,621)	$ (50,621)	$ (50,621)	$ (50,621)
Furniture, Fixtures & Smallwares	$ (80,000)				
Brewery Equipment Install	$ (250,000)				
Design	$ (85,000)				
Construction	$ (651,300)				
Fundraising, Legal, Accounting	$ (19,950)				
Inventory	$ (35,000)				
Opening Costs & Deposits	$ (50,000)				
Working Capital	$ (50,000)	(8,125)	(4,737)	(5,123)	(5,541)
Contigency	$ (45,000)				
Pre-Planning & Research	$ (81,740)				
Working Cap Buffer (Remainder)	$ (2,010)				
Cash from investments	**$ (1,425,000)**	**$ (58,746)**	**$ (55,358)**	**$ (55,744)**	**$ (56,162)**
Equity contributions	$ 1,425,000				
Debt financing	$ -				
Cash from financing	**$ 1,425,000**	**$ -**	**$ -**	**$ -**	**$ -**
Net increase in cash	**$ 463,542**	**$ 449,257**	**$ 346,043**	**$ 366,325**	**$ 387,280**
Beginning cash balance	$ -	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Minimum cash balance	(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Manager Distributions @ 0.0%	-	-	-	-	-
Distributions to Class A (Tchin-Tchin) and Class Bs	(423,542)	(449,257)	(346,043)	(366,325)	(387,280)
Ending cash balance	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 40,000**
Note: Does not pay distributions if net income is negative					
Working capital balance	$ 50,000	$ 58,125	$ 62,862	$ 67,985	$ 73,526
% revenue	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*

Hopfields Forecast- Years 1 - 5

Scenario -

Target Class A&B MOIC	1.00x	$ 1,425,000
Class A Preferred Return	10.0%	

Splits	**Before Pref**	**After Pref**	**After MOIC of 1x**	**After MOIC of 1.5x**	**After MOIC of 2x**
Class A	100.0%	52.6%	21.1%	21.1%	8.4%
Class B	0.0%	47.4%	18.9%	13.3%	7.6%
Class C (Tchin-Tchin)	0.0%	0.0%	60.0%	65.6%	84.0%

Year	1	2	3	4	5
Distributable cash[1]	423,542	449,257	346,043	366,325	387,280
Cumulative distributable cash	**$ 423,542**	**$ 797,800**	**$ 1,143,842**	**$ 1,510,168**	**$ 1,897,447**
Class A Distributions for 10% Preferred	75,000				
Class C (Tchin-Tchin) Distributions	-	-	-	-	-
Cash available after preferred	**$ 348,542**	**$ 797,800**	**$ 1,143,842**	**$ 1,510,168**	**$ 1,897,447**
Class A Distributions post-pref	183,443	419,895	602,022	794,825	998,657
Class B Distributions post-pref	165,099	377,905	541,820	630,175	426,343
MOIC $ threshold	*1,425,000*	*1,425,000*	*1,425,000*	*1,425,000*	*1,425,000*
Class C (Tchin-Tchin) Distributions post-pref	-	-	-	-	-
Cash available after MOIC	**-**	**-**	**-**	**85,168**	**472,447**
Class A Distributions post-MOIC hurdle	-	-	-	17,930	99,463
Class B Distributions post-MOIC hurdle	-	-	-	16,137	89,516
Class C (Tchin-Tchin) Distributions post-MOIC	-	-	-	51,101	283,468
Total Class A cumulative distributions	**258,443**	**419,895**	**602,022**	**812,755**	**1,098,119**
Class A Distributions per share	***8,615***	***13,996***	***20,067***	***27,092***	***36,604***
Yearly Distribution per share	***8,615***	***5,382***	***6,071***	***7,024***	***9,512***
Annual Class A distribution %	*34.5%*	*28.0%*	*26.8%*	*27.1%*	*29.3%*
Total Class B cumulative distributions	**165,099**	**377,905**	**541,820**	**646,312**	**515,860**
Class B Distributions per share	***6,115***	***13,996***	***20,067***	***23,937***	***19,106***
Yearly Distribution per share	***6,115***	***7,882***	***6,071***	***3,870***	***(4,832)***
Annual Class B distribution %	*24.5%*	*28.0%*	*26.8%*	*23.9%*	*15.3%*
Total Class C (Tchin-Tchin) distributions	**-**	**-**	**-**	**51,101**	**283,468**

(1) Ignores tax impact due to assumed 0% corporate income tax rate in P&L.