U GROW
RENTALS
"Take control of your medicine."

Investor Business Plan

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MISSION STATEMENT

U-Grow was established to offer a safe, discreet, customized and affordable alternative for you to grow your medicine with arm's length convenience but with a monitoring, caring, helping hand.

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EXECUTIVE SUMMARY

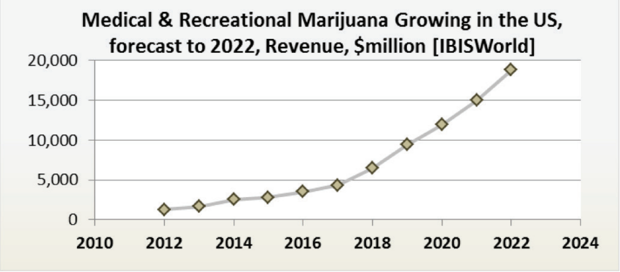
Objective: U-Grow Rentals (also referred to as "the Company") is a new Los Angeles, CA, storage facility that provides industry-first, customized convenience for remote storing, monitoring and personalized cannabis care. In an ultra-secure private space, state-of-the-art cultivating and 24-hour monitoring creates a virtual laboratory access via webcam – all in the context of a self-storage facility. Medicinal cannabis clients will lease these private spots and grow high-grade plants exactly to their specifications. Industry expert Roland Cordova is excited to introduce this innovative facility packed full of extremely secure, private grow rooms where the extent of the technology possible is limited by the imagination of the grower.

The objective of this business plan is to identify the future target clients, explain the marketing and operational strategy and outline the best growth strategy to promote sustained profitability.

Problem: The evolution of marijuana-friendly U.S. laws suggests a critical-mass societal acceptance of cannabis' place in society. Furthermore, countless medical studies proving the efficacy of the plant's active ingredients in the treatment some of the most debilitating illnesses make the long-term proliferation of its use in all contexts even more likely in the future. However, the ability for patients to produce quantity- and quality-controlled, affordable plants on their own has been a difficult endeavor given immature laws, safety concerns, privacy concerns, and cost concerns.

Solution: For the first time ever, patients can have full control over a remote operation of personal cannabis cultivation. U-Grow Rentals provides leasable high-tech rooms with 24-hour webcam monitoring and on-site assistance so that no detail will be left out the grower's preferred process. On top of the ultra-convenience that growers have never had before, these private grow spaces are extremely flexible; a fully-customized cultivation set-up as easily as a full-service, "hands-off" approach – where third-party onsite experts take care of all the details for you. U-Grow's flagship location will be in the cannabis-patient-rich state of California, and the address will be in what many are calling the "Silicone Valley of Marijuana": Los Angeles.

Market, Medicinal Marijuana: Two respected sources were queried for projections of the Medical Marijuana opportunity in terms of revenue: IBISWorld and Ackrell Capital. Note that recreational and medicinal segments are typically combined since there is believed to be significant bleed-over between the two segments.



Market Forecast, IBISWorld [1]: Industry revenue is estimated to increase at an annualized rate of 33.5% to $15.0 billion over the five years to 2021. A growing number of medical marijuana patients, as well as a burgeoning recreational cannabis legalization movement, will spur demand for the industry. Rising demand is also forecast to widen profit margins, as is the success of the for-profit recreational marijuana business in Colorado and Washington. In particular, over the next five years, there will be growth of large commercial cultivators who will benefit immensely.

[1] (IBISWorld Industry Report OD4141, September 2016 | Dmitry Diment, "Medical & Recreational Marijuana Growing in the US")

Market Forecast, Ackrell Capital [2] **:** Although cannabis is federally illegal in the United States, 39 states have legalized cannabis in some form for recreational or medicinal use. The current consumer market for recreational and medicinal cannabis in the United States is estimated to be more than $40 billion, including both legal and illegal consumption.

Ackrell Capital believes that it is a question of when – not if – the federal prohibition on cannabis will end. In analyzing how the end of prohibition may affect the cannabis industry, the numbers have assumed that prohibition ends by 2020. However, even with federal prohibition, the cannabis industry today is large and dynamic.

It is estimated that the U.S. cannabis consumer market for legalized recreational and medicinal use was $4.4 billion in 2015 and will grow to $9.5 billion in 2019. Once legalized federally, Ackrell estimates this market will grow to $37 billion within 5 years and $50 billion within 10 years.

Potential cannabinoid-based therapeutic applications have been identified for more than 40 medical conditions, including arthritis, cancer, chronic pain, epilepsy, glaucoma and HIV/ AIDS. While this market will not develop until after the end of prohibition, we believe that the future cannabinoid-based pharmaceuticals market may ultimately exceed $50 billion annually.

In conclusion, Ackrell believes that there is a potential $100 billion market for cannabis. A broad range of investment opportunities exists both now and in the future for sophisticated investors who are willing to take significant risks.

Marketing and Distribution: A primary focus of U-Grow's marketing initiatives is the medical industry. It is a medical-first, highly professional operation that is meant to attract and retain the attention of doctors. U-Grow believes that doctor credibility equals market credibility – along with the most desirable (read: high-quality) clients. As such, part of U-Grow's development plan includes the creation and vetting of a special website dedicated to physician-created content. This will be a physician-first reference website or knowledge-sharing platform that will allow doctors to post experiences with strains, doses, unusual cases, and other useful and interesting information

In addition, other marketing initiatives will be carried out through a variety of mediums with digital and social-media marketing techniques being an initial focus. Exciting new targeted banner advertising is available now on the internet; these techniques can easily and efficiently reach the key audience members using both demographic parameters as well as geographic parameters. Also, local grass-roots and word-of-mouth techniques will be undertaken within the cannabis production and distribution industry.

Target Market: As mentioned above, one of the primary focuses for reaching out to the market will be via the medical community. For the patient community, demographics can be summarized as follows:

- 64% are male, and 36% female.
- Most patients (84%) have some form of college education with 14% having completed postgraduate work.
- Most patients (84%) lived in or near a major city; 45% are parents.
- 61% are between the ages of 25 and 54 years with 17% being over the age of 55.
- The largest age category was 25 to 34 years at 28% of the total.

[2] (IBISWorld Industry Report NN006, December 2016 | Anya Cohen, "Wedding Services in the US")

Competition and Competitive Advantages: U-Grow faces primarily indirect competition from other growing-space providers; however, the Company believes that it has the ability to tap into each of the following competitive advantages:

- First-Mover: U-Grow represents the first time that a storage-facility cultivation business model with a remote monitoring system will be implemented on a large scale. The facility will require no registration as a commercial grower of cannabis – it will be seen in the State's eyes as a storage facility. All onsite care of plants that the remote client directs will be performed by an outside party that is a vendor to the client – not U-Grow (although U-Grow will have resources to help the client choose a vendor if he would like)
- **Location:** U-Grow Rentals has the benefit of timing as Los Angeles appears to be particularly attractive when it comes to burgeoning medical marijuana demand. This is due to a "perfect storm" of legislation both at the State and City level along with an already-large cannabis-friendly culture.
- **Operational Cost/Customer Cost:** The facility has a very light operational labor footprint. The number of standard employees will almost be matched by the number of security employees. Passing on operational cost savings to the lessees allows them to realize a larger price-save on their final product relative to other growing options they have.
- **Strong-Management:** When it comes to U-Grow Rentals, Roland Cordova is more than a visionary. He is a planner, a detailer, and a pragmatist. He has seen ideas come and go, but truly has the experience to recognize, act-on and lead the execution of a real opportunity – especially in a field in which he has such a vast knowledge. On top of all that, he has a people-first approach – making him a natural to lead such an endeavor such as U-Grow.

Management: U-Grow's core team consists of business, medical and cannabis industry professionals whose experience lines up perfectly with the tenets of the operation's vision. The growth, development and operations of U-Grow Rentals will be overseen by Roland Cordova, who brings a remarkable reputation, ambitious direction, and a great deal of tactical industry experience to this operation.

Financial Overview: In the following table, the revenue forecast is provided. Long-term stabilized company revenue is estimated at a conservative capture-able amount given the current state of the market and the size of the facility planned for the Los Angeles area.

PRO FORMA INCOME STATEMENT					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$3,638,400	$5,841,600	$8,034,600	$10,962,000	$12,423,600
Cost of Revenue	$481,260	$772,140	$1,061,340	$1,447,500	$1,641,240
Merchant Credit Card Fees	$109,152	$175,248	$241,038	$328,860	$372,708
Total Cost of Revenue	$590,412	$947,388	$1,302,378	$1,776,360	$2,013,948
Gross Margin	$3,047,988	$4,894,212	$6,732,222	$9,185,640	$10,409,652
Gross Margin/Revenue	83.77%	83.78%	83.79%	83.80%	83.79%
Expenses					
Startup Costs	$170,000	$0	$0	$0	$0
Rent	$840,000	$840,000	$840,000	$840,000	$840,000
Advertising, Media Buys	$198,000	$318,000	$437,500	$597,000	$676,500
Electricity, Lighting	$82,900	$133,900	$184,900	$252,900	$286,900
Electricity, Non-Lighting	$62,200	$100,400	$138,700	$189,700	$215,200
Natural Gas	$5,200	$5,400	$5,600	$5,800	$6,000
Water	$10,000	$10,300	$10,609	$10,927	$11,255
Telephone and Internet	$8,500	$8,800	$9,100	$9,400	$9,700
Web/Video hosting	$47,520	$76,320	$105,000	$143,280	$162,360
Supplies	$29,700	$47,700	$65,625	$89,550	$101,475
Travel, Fuel, Entertainment	$16,000	$16,500	$17,000	$17,500	$18,000
Maintenance	$24,000	$24,700	$25,400	$26,200	$27,000
Liability Insurance	$43,700	$70,100	$96,400	$131,500	$149,100
License/Permits	$8,500	$8,800	$9,100	$9,400	$9,700
Professional Fees	$14,400	$14,800	$15,200	$15,700	$16,200
Worker's Compensation	$18,780	$21,345	$24,694	$27,418	$27,829
Depreciation	$782,290	$782,290	$782,290	$782,290	$782,290
Payroll Taxes	$47,889	$54,431	$62,971	$69,915	$70,964
Total Personnel	$626,000	$711,515	$823,150	$913,923	$927,632
Total Operating Expenses	$3,035,579	$3,245,301	$3,653,239	$4,132,403	$4,338,105
Profit Before Interest and Taxes	$12,409	$1,648,911	$3,078,983	$5,053,237	$6,071,547
EBITDA	$794,699	$2,431,201	$3,861,273	$5,835,527	$6,853,837
Interest Expense	$0	$0	$0	$0	$0
Taxes Incurred	$4,343	$577,119	$1,077,644	$1,768,633	$2,125,042
Net Profit	$8,066	$1,071,792	$2,001,339	$3,284,604	$3,946,506
Net Profit/Revenue	0.22%	18.35%	24.91%	29.96%	31.77%
Income Statement Assumptions: (1) Depreciation is based on 10 years; (2) Total payroll taxes are 7.65%; (3) Company taxes are based on 35.00% which corresponds to C-Corp structure					

OBJECTIVE

The purpose of this plan is to provide financial institutions and private investors with the information necessary to evaluate the scope and future growth of U-Grow in the marketplace. In addition to serving as a roadmap for management, this plan will show that: 1) a significant market opportunity exists when analyzing the current market demands and competitive landscape; 2) the management team set in place is qualified to execute on a well-thought-out operational, marketing and sales strategy, and 3) the correct capital structure will allow for a long-lasting, profitable business.

To achieve the Company's objectives, the Company is seeking a $8.2MM equity investment in return for a 40.5% share in ownership.

Investor Contribution	Investor % Ownership	Founder Contribution	Founder % Ownership	Year 5 Investor Return
$8,200,000	40.5%	$50,000	59.5%	$11,782,762

This table has been completed in accordance with U-Grow's business valuation model completed in the Return on Investment (ROI) section, where the total value of the equity, today, has been calculated at $20.2MM.

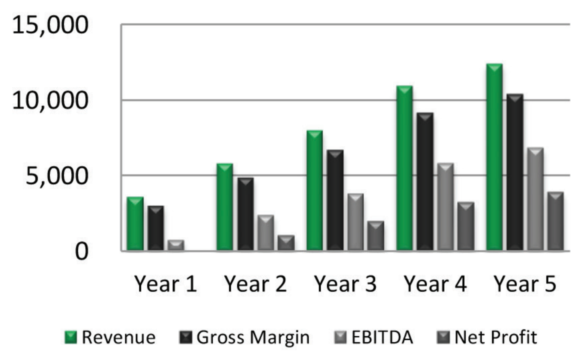
The funding will be allocated in a variety of ways over time including operations, equipment and marketing initiatives. The investment risk is minimal based on the management experience and industry growth rates. The company's financial model shows consistent growth for the brand over the next five years. By year five, plans call for the Company to achieve $12.4MM in annual gross revenue with a net profit of $3.9MM.

FINANCIAL OBJECTIVES

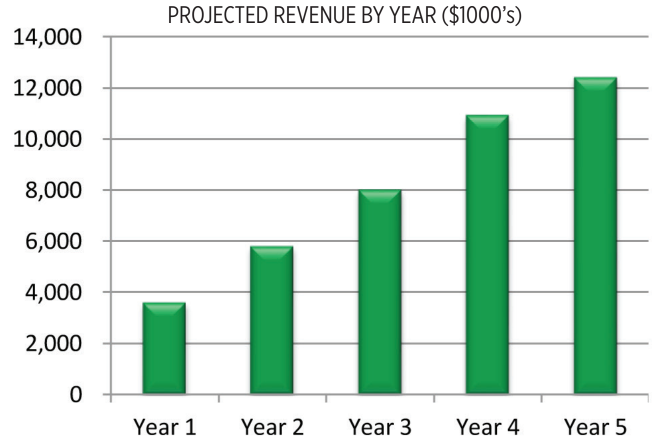
The following table and graphs illustrate the financial goals of U-Grow during the next five years. The financials are explained in detail throughout the duration of the plan.

FINANCIAL HIGHLIGHTS ($1,000'S)																	
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Y1	Y2	Y3	Y4	Y5
Revenue	277	284	291	269	320	331	331	327	279	331	292	306	3,638	5,842	8,035	10,962	12,424
Gross Margin	232	238	244	226	268	277	277	274	234	277	245	256	3,048	4,894	6,732	9,186	10,410
Operating Expenses	409	239	239	239	239	239	239	239	239	239	239	239	3,036	3,245	3,653	4,132	4,338
EBITDA	(112)	64	70	52	95	104	104	101	60	104	71	82	795	2,431	3,861	5,836	6,854
Net Profit	(177)	(1)	5	(13)	29	39	39	36	(5)	39	6	11	6	1,072	2,001	3,285	3,947
Gross Margin/Revenue	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%	84%
EBITDA/Revenue	-40%	23%	24%	19%	30%	31%	31%	31%	22%	31%	24%	27%	22%	42%	48%	53%	55%
Net Profit/Revenue	-64%	0%	2%	-5%	9%	12%	12%	11%	-2%	12%	2%	4%	0%	18%	25%	30%	32%
Net Cash Flow	481	65	71	48	103	106	104	100	52	112	65	85	1,393	1,950	2,887	4,199	4,796
Cash Balance	481	547	618	667	769	875	979	1,079	1,131	1,243	1,308	1,393	1,393	3,343	6,230	10,428	15,224

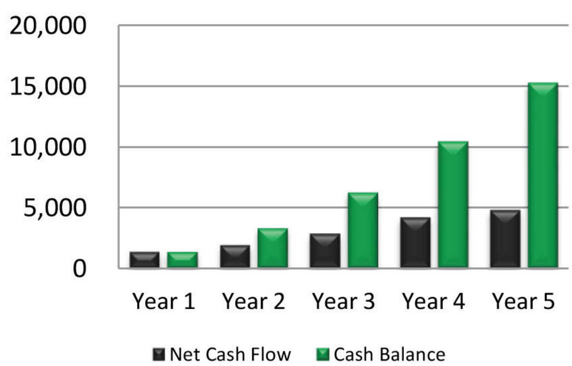
PROJECTED OPERATING HIGHLIGHTS BY YEAR ($1000's)



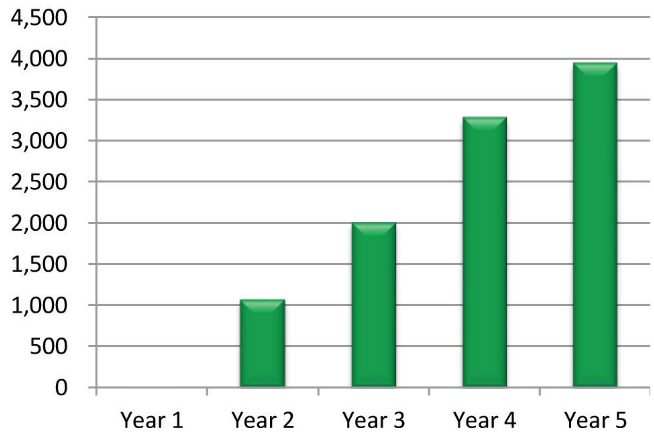
PROJECTED REVENUE BY YEAR ($1000's)



PROJECTED CASH FLOW BY YEAR ($1000's)



PROJECTED NET INCOME BY YEAR ($1000's)



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.

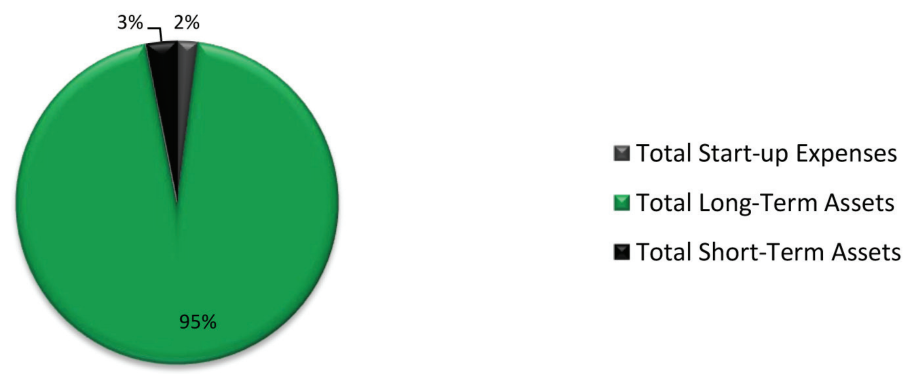
USE OF START-UP FUNDING	
Expenses	
Legal, Professional Fees	$12,000
Rental Deposit	$140,000
Pre-Opening Advertising	$18,000
Total Start-up Expenses	$170,000
Long-term Assets	
Equipment - Rooms	$557,900
Equipment, Fixtures - General	$65,000
Build-out	$7,200,000
Total Long-Term Assets	$7,822,900
Land	
Land	$0
Total Land	$0
Short-Term Assets	
Working Capital	$257,100
Inventory	$0
Total Short-Term Assets	$257,100
Total Expenses & Assets	
Total Start-up Expenses	$170,000
Total Start-up Assets	$8,080,000
Total Funding Requirements	$8,250,000

TOTAL START-UP FUNDING	
Total Amount Being Requested	$8,200,000
Total Funds Already Received	$50,000
Total Funding	$8,250,000
New Start-up Funding Being Requested	
Bank Amount Being Requested	$0
Line-of-Credit (LOC) Requested	$0
Investor Amount Being Requested	$8,200,000
Total Amount Being Requested	$8,200,000
Start-up Funding Already Received	
Owner Contribution	$50,000
Investor Contribution	$0
Total Funding Already Received	$50,000
Start-up Capital and Liabilities	
Loss at Start-up (Start-up Expenses)	($170,000)
Total Funds Received & Requested	$8,250,000
Cash Balance on Starting Date	$257,100

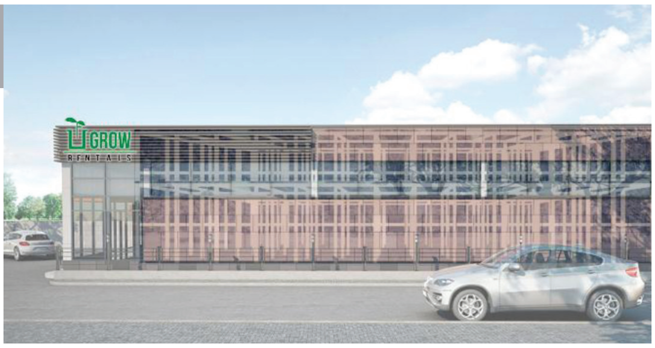
As shown in the charts above and the graph below, the total start-up funding needed to successfully implement this venture is $8.25MM. As depicted above, $170K will be used for start-up expenses and $7.8MM will be used to purchase long-term assets. The remaining balance of $257K will be used for working capital.

TOTAL FUNDS ALLOCATED

TOTAL SOURCE AND USE OF FUNDS



PRODUCTS AND SERVICES



U-Grow is a facility for discreet, private leasing of storage space for those who would like to have control and peace-of-mind over the product that is being created for them. The business model calls for the leasing of an existing structure – similar to a warehouse – with the build-out of approximately 1500 grow rooms (eight feet by eight feet). These grow rooms will be tech-ready for whatever the client has in mind for the room; this includes state-of-the-art camera systems in each room which can be used for remote webcam monitoring.

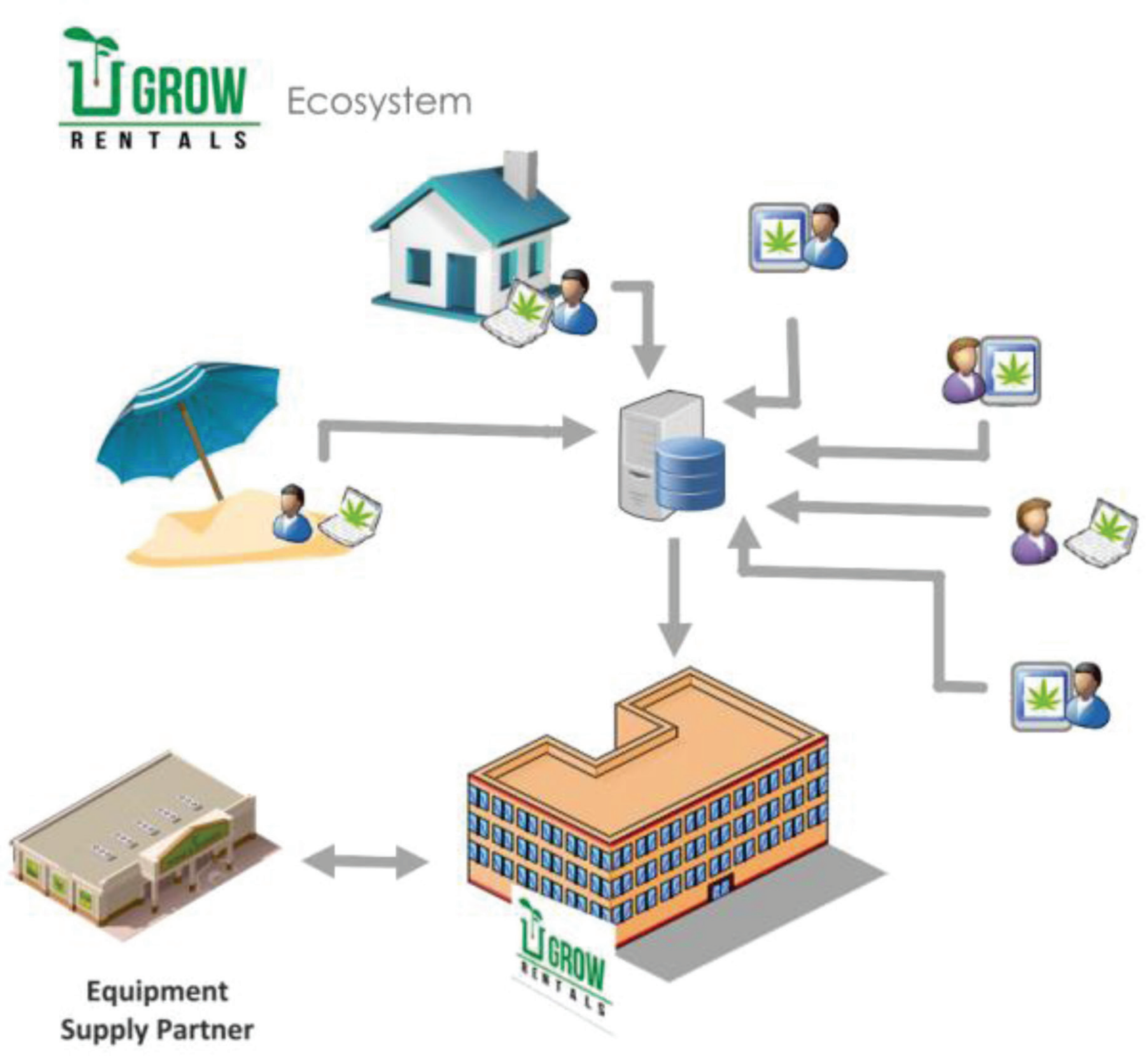
U-Grow's operations are optimized for medicinal-usage marijuana. The clients will be doctors, caregivers, and personal users. The atmosphere will be professional, clean and tech-friendly. The client will not be peering into a box or a pod; he will be walking into another office in his life. Then, the client will leave with the ability to monitor as he desires. The table below provides a summary of product offering. Note that one more revenue stream is created by a partnership with an equipment supplier who will provide the technology for those customers who would like a hands-off or consultative approach.

Also, note that "Master Growers" described in this business plan will always be an outsourced third-party entity covered in contractual details between the lessee and U-Grow. In short, growing specialists are not considered employees or direct suppliers to U-Grow. These specialists will visit the U-Grow facility as representatives of the client.

Name	**U-Grow DIY Package**	**U-Grow Monthly participant**	**U-Grow Just Cultivation**
Description	The client takes full responsibility for the client's crop with guidance from a third-party Master Grower.	The client has made the decision that his schedule will only allow monthly visits.	The client too busy to come and have any hands-on experience. So a third-party Master Grower does it all.
Features	• The client will clone his Mother plant and begin growth process • Once the plants are growing the client will come in weekly to change out nutrients. The client also be responsible for adjusting his lighting depending on growth. • Cultivation of the client's crop will be decided by third-party Master Growers and the client • The client's entire plant will be harvested and given to the client in a plastic container for the client to take away • The third-party Master Grower will provide the client with a certificate to prove that only 6 plants were cultivated for transport.	• A third-party Master grower will be in charge of changing weekly nutrients. • The grower will adjust lighting depending on growth • Overgrowth will be removed and bagged to maintain highest energy levels of plants • 24-hour access to the client's growing room via Internet so the client can see growth process. • 3rd month cultivation will require the client's presence. The client's entire harvest will be harvested and given to the client in a plastic container for the client to take away • The third-party Master Grower will provide the client with a certificate to prove that only 6 plants were cultivated for transport.	• Weekly change of nutrients • Lighting adjusted according to growth • Clones harvested for the client's next crop • All unneeded leaves removed and bagged • Weekly update by e-mail, phone, or video • 24-hour video of the client's Grow Pod via Internet • The crop is harvested, manicured, and packaged in quantities the client decide on • U-Grow schedules a convenient pick up time for the client • U-Grow provides the client with a certificate to prove that only 6 plants were cultivated for transport
Rate	DIY package **$500**/month	Monthly Participant **$600**/month	No participation **$700**/month

Why U-Grow Rentals?: There are three major selling points for clients of the grow rooms in the U-Grow facility.

1.) Cost. Quality medicinal cannabis sells for around $60.00 for 3.5 grams. This means each gram one buys costs roughly $17.14. The U-Grow DIY Package is $500.00 month. Your harvest will take 3 months, so your Investment is $1500.00. Six well managed plants can Yield roughly 16 ounces or 448 grams of extremely high-quality flower. The Investment divided by the yield gives a cost per gram of $3.34. Current cost per gram $1500 divided by 448 gives you a cost per gram of $3.34. The current cost of high-grade cannabis is over $10/gram.
2.) Privacy, Convenience, Security. All three of these traits – Privacy, Convenience, Security – are often difficult to achieve at home. All three are dramatically enhanced at U-Grow's facility. The space follows all standards that one would find at a traditional storage space facility – with more security. On-site, U-Grow-employed security staff is not an outsourced operation; these employees share all the incentives that management does to make sure that no customer is disappointed by security concerns.
3.) Flexibility. The rooms are a clean slate before the customer decides what package he would like, but they are high-tech ready for whatever system best suits the grower. On the other side of the spectrum, a 100% hands-off, full-service option is just as easy to implement at U-Grow.

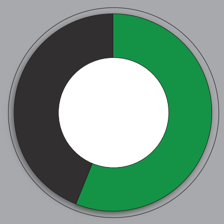


MARKET ANALYSIS: MEDICAL & RECREATIONAL GROWING IN THE US (NAICS OD4141) [3]

KEY STATISTICS SNAPSHOT

REVENUE $3.5bn	ANNUAL GROWTH 11-16 28.3%	ANNUAL GROWTH 16-21 33.5%
PROFIT $233.4m	WAGES $957.6m	BUSINESSES 148,294

PRODUCT AND SERVICE SEGMENTATION 2015



Respected market statistical data provider IBISWorld was queried for projected industry metrics. It is important to note that although U-Grow's target market is medicinal users, several industry experts have predicted that there will be a continued blurring of the line between medicinal and recreational sales going forward. This is due to the prediction that many medicinal users will opt for recreational outlets for a variety of reasons. As such, this data considers both markets together.

The outlook for the Medical and Recreational Marijuana Growing industry is largely positive, with the industry expected to achieve new highs over the five years to 2021. The numerous states that voted on the legalization of medical and recreational marijuana use during the 2016 election resulted in good news for the industry – most notable the industry's largest market, California. As a result of these trends, combined with a steadily aging population and rising disposable incomes, IBISWorld forecasts that revenue will skyrocket at an annualized rate of 33.5% to nearly $15.0 billion in the five years to 2021. In 2017 alone, industry revenue is projected to increase 22.0%.

An increase in per capita disposable income is projected to drive demand for industry products. Although prescription products are essential for health and therefore are less susceptible to fluctuations in consumer expenditure, the unconventional characteristics of the industry's products still make them subject to changes in disposable income. Nevertheless, because industry revenue is paid out-of-pocket by consumers, growth in disposable income will help boost demand.

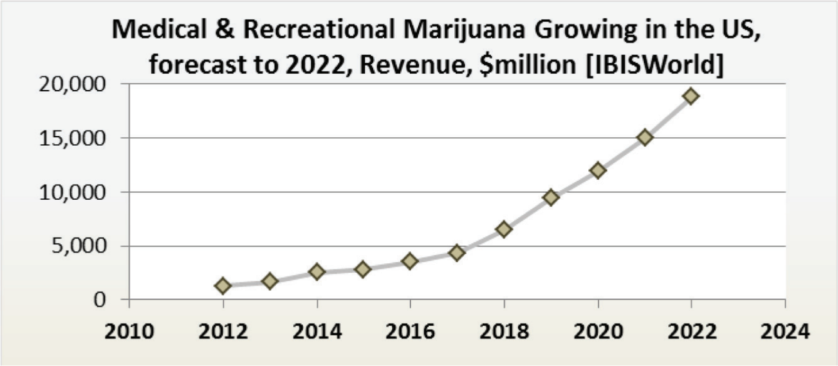
Regulation concerning recreational marijuana: The Medical and Recreational Marijuana industry is subject to heavy regulation from all levels of government, with state and federal governments having conflicting regulations at times. The Department of Justice (DOJ), through the Drug Enforcement Agency (DEA), raids and prosecutes marijuana dispensaries and growers in the United States. In 2014, President Obama signed into law historic provisions for medical marijuana, prohibiting the DOJ from using federal funding to limit states from implementing their own laws that authorize the use, distribution, possession, or cultivation of medical marijuana. Although the industry has largely flourished under the Obama administration, its future remains hazy.

Nevertheless, the liberalization of regulation regarding recreational marijuana is expected to fuel the industry's growth. In addition to strong growth in recreational marijuana cultivation in Colorado and Washington, the industry is expected to benefit from the expected cultivation of recreational marijuana in Alaska, Oregon and Washington, D.C. Alaska's measure is similar to Colorado's, and Oregon's is modeled on the state of Washington. Similar to the previous five years, rising demand will cause more operators to enter the industry. In the five years to 2021, the number of operators is projected grow at an annualized rate of 11.5% to 255,180, while industry employment is forecast to increase at an annualized rate of 22.1% to nearly 1.7 million people.

The relative success of Colorado's marijuana legalization initiative (already totaling about $70.0 million in taxes, licenses and fees revenue in 2014 and an additional $135.0 million in 2015) will potentially spur more states to legalize for-profit marijuana. In addition to the states that just had ballot measures in November of 2016, the following states are expected to follow suit within the next five years: Delaware, Hawaii,

[3] (IBISWorld Industry Report OD4141, September 2016 | Dmitry Diment, "Medical & Recreational Marijuana Growing in the US")

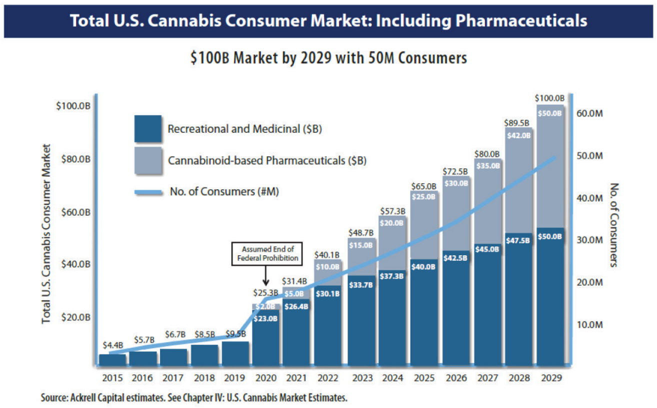
Maryland, New Hampshire, Rhode Island and Vermont. The sale of for-profit, recreational marijuana is expected to comprise a larger share of industry revenue over the five years to 2021. Moreover, industry-wide profitability is projected to rise steadily.



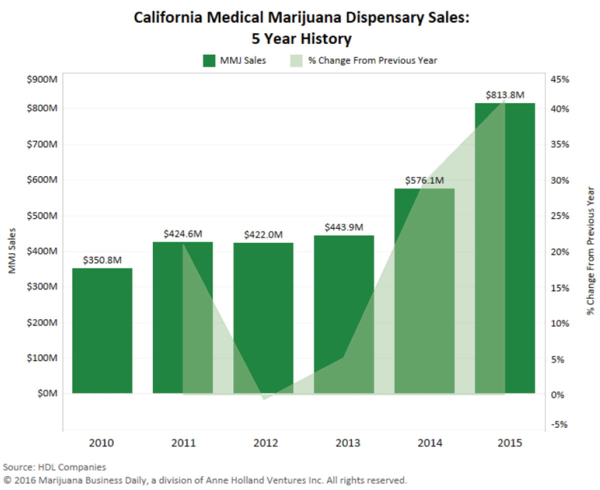
Older population boosts demand for medical cannabis: A growing number of doctors and patients will turn to medical marijuana for conditions such as arthritis, migraines and Alzheimer's disease. In particular, the rising number of US adults aged 50 and older is expected to bolster demand for medical marijuana products. In the five years to 2021, IBISWorld anticipates that this demographic will grow at an annualized rate of 1.5% to 121.6 million, compared with the total US population, which is forecast to grow at an annualized rate of 0.8% over the same period. This trend suggests that people aged 50 and older will constitute an increasingly significant proportion of the population. As the population ages, more healthcare services and products will be required. This trend will lead to a growing number of people with health conditions that can be treated with marijuana (e.g. cancer and glaucoma), which increase in incidence with age. Additionally, given that the median age of a medical marijuana patient is currently 41.5, demand will likely increase as patients in their 40s enter their 50s.

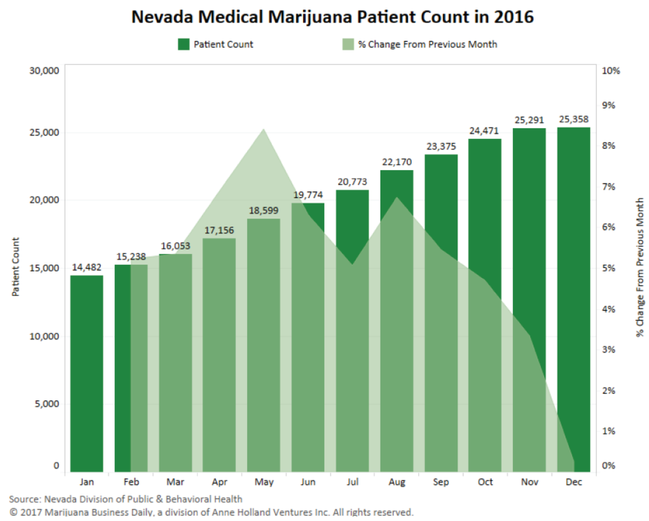
The number of physician visits in the United States is expected to rise in line with the senior population, increasing at an annualized rate of 1.1% to 1.0 billion. Chronic health ailments, such as obesity and diabetes, will augment healthcare use, as these patients will increasingly require checkups. The rising prevalence of these chronic diseases is also expected to boost demand for medical marijuana. Although doctors cannot legally prescribe marijuana to patients because the plant remains a Schedule I substance, they can assign a right to visit a company or a cooperative that provides medical marijuana to patients. Therefore, while medical marijuana treatment is not covered by insurance, as the number of physician visits increases, demand for medical marijuana will grow accordingly.

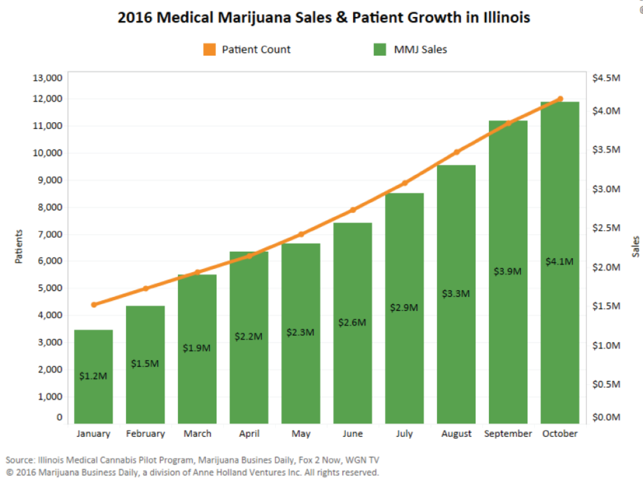
MARKET ANALYSIS: MEDICAL MARIJUANA USAGE

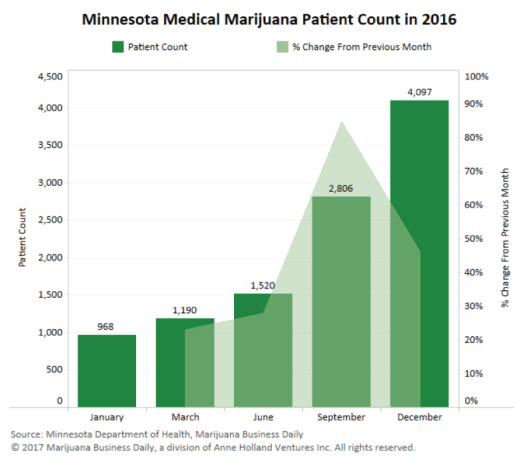


The growth of medicinal marijuana usage in the U.S. within the last decade has been eye-opening. Going forward, the skyrocketing growth is expected to continue. Note that most marijuana forecasts combine recreational and medicinal product into a single forecast. This is at least partially due to the assumption that the number of registered medical patients will decrease as recreational marijuana becomes more available/legalized. Many experts believe that the medical marijuana market will become defined by more targeted medications from a pipeline of new drugs. Some products will require a prescription, and others will be sold over-the-counter. At the same time, it is believed that doctors will become more comfortable recommending marijuana as a treatment. So, ultimately, it is believed that the patient population will continue to grow even as recreational marijuana gets legalized[4]. Below, the momentum of medical marijuana has been highlighted in four states: California, Nevada, Illinois, and Minnesota.





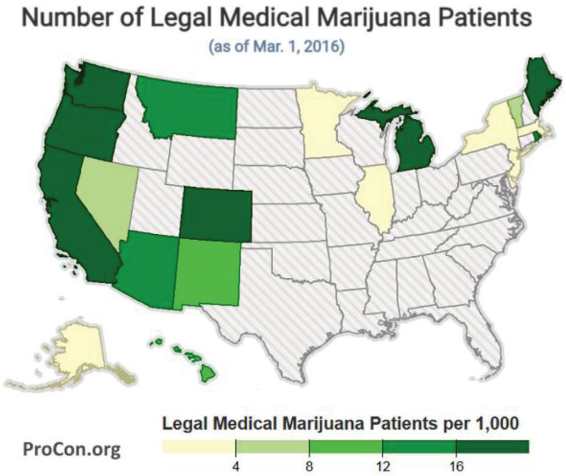




4 (http://www.forbes.com/sites/debraborchardt/2016/04/20/recreational-marijuana-cause-drops-in-medical-marijuana-patients/#7f8b39313767)

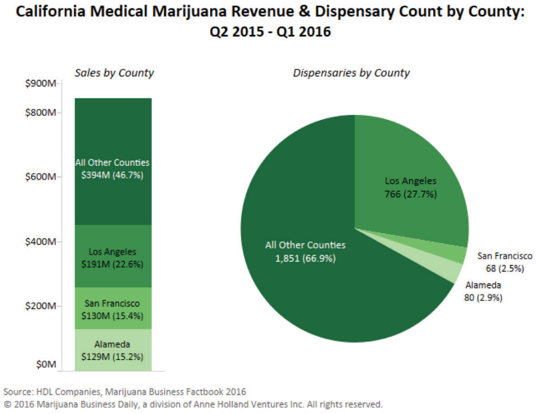
The chart below[5] shows the official number of medical marijuana patients holding identification cards in the states (and District of Columbia) with mandatory registration. For states with voluntary (CA, ME) or no registration (WA), the patient number is an estimate from the Marijuana Policy Project based on nearby states with mandatory registration. Two states (MD, NH) have been included that have legalized medical marijuana but for which no patient numbers are available yet.

State	Medical marijuana patients	State population	# of patients per 1,000 state residents
Alaska	1,132	738,432	1.5
Arizona	89,405	6,828,065	13.1
California	758,607	39,144,818	19.4
Colorado	107,798	5,456,574	19.8
Connecticut	8,685	3,590,886	2.4
DC	3,445	672,228	5.1
Delaware	102	945,934	0.1
Hawaii	13,021	1,431,603	9.1
Illinois	4,037	12,859,995	0.3
Maine	24,377	1,329,328	18.3
Maryland	Not open	6,006,401	--
Massachusetts	19,279	6,794,422	2.8
Michigan	182,091	9,922,576	18.4
Minnesota	1,041	5,489,594	0.2
Montana	13,640	1,032,949	13.2
Nevada	14,482	2,890,845	5
New Hampshire	N/A	1,330,608	--
New Jersey	3,727	8,958,013	0.4
New Mexico	19,629	2,085,109	9.4
New York	1,301	19,795,791	0.1
Oregon	77,620	4,028,977	19.2
Rhode	13,105	1,056,298	12.4
Vermont	2,542	626,042	4.1
Washington	138,056	7,170,351	19.2
Total	1,497,122	Average:	8.06



[5] (http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889)

LOCATION: LOS ANGELES, CA



Source: HDL Companies, Marijuana Business Factbook 2016

U-Grow headquarters and company registration is based in Las Vegas, Nevada; however, the flagship facility is slated for Los Angeles, CA. This places the company in a very robust economic and political market for their services.

Los Angeles: Industry experts have indicated that Los Angeles is likely to steal the spotlight from Denver when it comes to being the capital of marijuana economic activity. By some estimates, Los Angeles's medical marijuana market alone is already close to $1 billion – easily overshadowing Colorado's entire market. The city is expected to pass an ordinance in 2017 that will clear the path for a proper licensing program and open up the recreational market. Extensive investment capital is already flowing in the area[6] .

To put the opportunity into another perspective, twenty-five states have marijuana laws on the books and half of the revenues from all twenty-five start are coming out of California — and half of that comes out of the Los Angeles basin. California has the oldest established medical marijuana program in the nation, which was launched in 1996. Illegal operations in Humboldt, Mendocino and Trinity counties are already generating significant revenues. The L.A. market is being used as an analogy for marijuana as Silicon Valley is to technology[7] .

TARGET MARKET

There are two clear segments that represent the high-priory markets for U-Grow's marketing budget:

1.) The medical marijuana patients
2.) The prescribers of the medicine with marijuana-based active ingredients – the doctors

The Patients[8] : HelloMD recently performed an extensive study evaluating the parameters that drive medicinal marijuana economics. This section summarizes the most pertinent results relative to U-Grow's marketing plan

Key Findings:

- The most common conditions being treated by medical marijuana include chronic pain, anxiety, stress and insomnia.
- A large variety of conditions, including serious medical issues as well as everyday health & wellness concerns are being treated.
- 84% of respondents strongly agree that cannabis provides them with relief from their symptoms.
- Of those using cannabis as treatment, 66% use it as the primary treatment modality for the medical issue and the rest as supplemental treatment to other methods.
- 64% of respondents use cannabis daily, and an additional 28% at least weekly.
- There were few to no reports of negative consequences of cannabis use, with over 96% of users either somewhat likely or highly likely to recommend cannabis use to friends, family or others seeking improved wellbeing.
- Respondents reported beneficial side effects of relaxation, mood elevation, better sleep, a replacement for the use of alcohol or as a libido or sexual enhancement.
- Clear differences between men and women were seen in key areas of use, such as modality, dosage, product selection, spending habits, psychoactive preferences and motivations for use.
- Women and older people reported preferences for products like tinctures and topical creams, while men and younger people prefer the more traditional smoke and vaporizer methods of consumption.

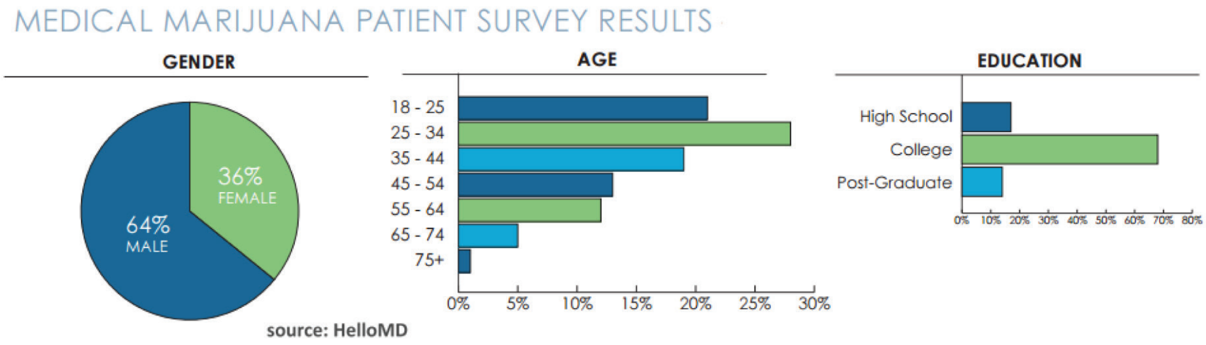
[6] (http://www.forbes.com/sites/debraborchardt/2016/12/26/here-are-the-top-2017-predictions-for-the-marijuana-industry/#4d6dc390689a)
[7] (http://www.mercurynews.com/2016/11/08/these-marijuana-investors-are-ready-to-spend-millions-if-california-passes-prop-64/)
[8] (HelloMD, "Medical Marijuana Patient Survey Results," January 19, 2016)

- Middle aged and elderly were more directed to pain management, while younger age groups are treating stress, anxiety, mental-health disorders, nausea and issues with appetite.
- 86% of people show a strong preference for a particular cannabis strain, and observe differences in how different strains affect them.

Demographics: Survey responses are broken out by several demographic categories, as follows:

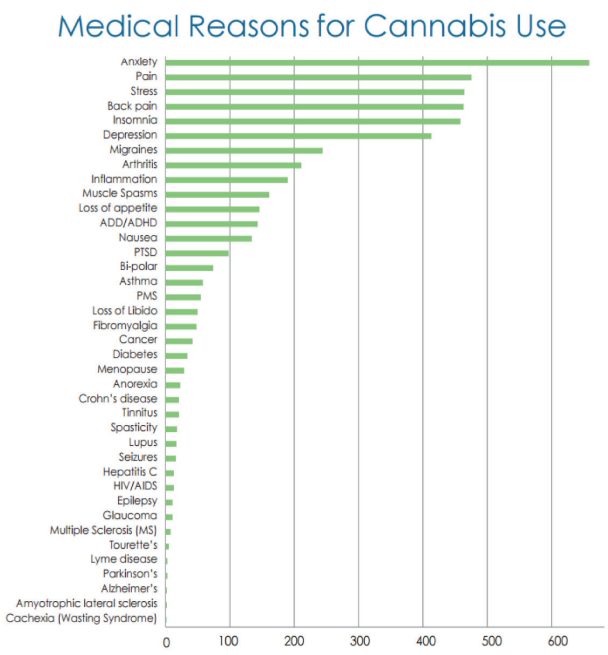
- Of the more than 1,400 respondents, 64% were male, and 36% female.
- Most patients (84%) had some form of college education with 14% having completed postgraduate work.
- Most patients (84%) lived in or near a major city; 45% are parents.
- 61% were between the ages of 25 and 54 years with 17% being over the age of 55.
- The largest age category was 25 to 34 years at 28% of the total.

KEY FINDING: The demographics of patients surveyed by HelloMD showed marked differences from those of businesses more focused on the emerging recreational marijuana market. Those customer groups tend to be heavily dominated by a younger, male demographic; HelloMD patients using cannabis for health and wellness tend to be older, and more evenly balanced between genders.



Why are people using cannabis?

- No major differences were observed between genders with regards to primary medical use
- Middle aged and elderly patients were more inclined to use cannabis for pain management, while younger age groups were more likely to use it for stress/anxiety, mental disorders and nausea/appetite.



Purchase Preferences: 61% of respondents get their information for product selection from a 'Bud Tender', meaning the employee at their local dispensary. If you consider the seriousness of medical conditions being treated, and the high value of medical efficacy, this seems like an unorthodox source of information. 31% of people prefer a medical professional. Additional sources of information include websites (51%) and friends 35%. 14% feel they do not need advice.

- 67% feel that there are enough sources of information available to them, and 32% are looking for more
- Men are more independent (websites or no advice) when they shop, while women are more consultative preferring Bud Tenders, friends and medical professionals by a margin of 4%
- Younger people are more likely to get their advice from friends, while older people consult with a Bud Tender.

Where do you buy your cannabis?

- 44% of the market regularly use a delivery service to purchase cannabis
- 61% prefer to use a local dispensary
- 5.4% have used mail-order services
- 21% rely on other sources (which would include the illegal market, or friends)

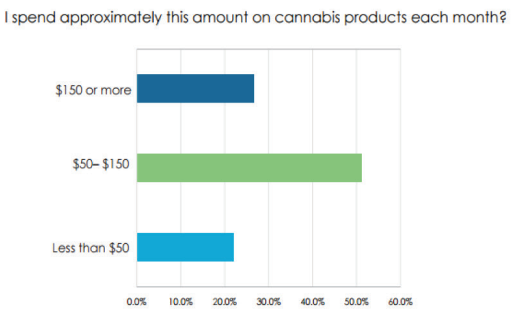
Women have a preference over men for the use of delivery services (35% vs 32%).

How much do you spend on cannabis products?

72% of people spend at least $600 each year on cannabis products, with 22% spending at least $1,800 each year. Medical marijuana would appear to represent a significant potential savings to consumers over traditional pharmaceuticals.

- Overall, women tend to spend less than men (26% vs 20%) at $50 level, with men spending more than women at the $150+ level (29% vs 23%)
- Monthly spending declines as people age. Younger people (18 - 44) exhibit higher spending levels by a margin of 9%

Purchase Preferences



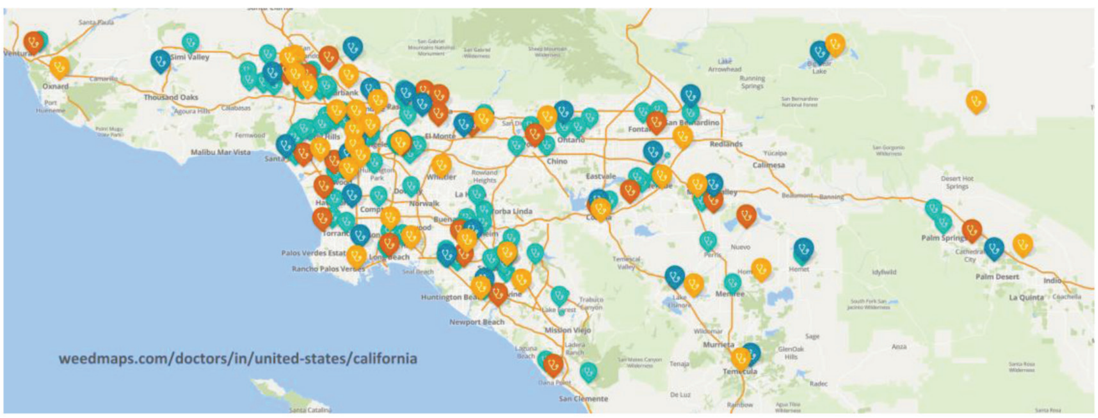
Monthly Spend by Age: *Spending declines with age.*

	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older	Total
$150 or more	30.2%	27.9%	31.9%	21.3%	22.1%	15.7%	**26.8%**
$50 - $150	52.4%	51.3%	47.0%	52.1%	48.3%	55.7%	**50.7%**
Less than $50	17.5%	20.8%	21.1%	26.6%	29.7%	28.6%	**22.5%**

Sources of Advice: *Younger age groups seek advice more frequently from friends, while older age groups rely much more upon the bud tender.*

	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older	Total
Dispensary or Bud-Tender	29.3%	31.2%	30.4%	35.1%	35.4%	37.5%	31.9%
Websites	25.4%	25.0%	27.5%	24.6%	30.0%	27.9%	26.1%
Medical professional	15.5%	17.1%	17.2%	16.2%	12.9%	14.4%	16.1%
Friends	21.6%	19.5%	16.5%	17.7%	13.3%	13.5%	18.3%
I don't need advice	8.2%	7.1%	8.5%	6.3%	8.3%	6.7%	7.6%

The Doctors[9] : An online cottage industry has been created around simply providing education, data, resources and forums for marijuana industry participants. One of the very useful vendors that has become respected within the market is "Weedmaps.com." They have an extensive database of geographically-based information that U-Grow will utilize to target the doctors in the L.A. area who are current or planning-to-be prescribers of cannabis-based treatments. The image below illustrates the breadth of the coverage of the site's data; it will be invaluable for systematic networking initiatives for U-Grow. This map shows all doctors who are known to be in the process of evaluating (or have already adopted) cannabis-based prescription treatment:



[9] (HelloMD, "Medical Marijuana Patient Survey Results," January 19, 2016)

MARKET NEEDS

The evolution of marijuana-friendly U.S. laws suggests a critical-mass societal acceptance of cannabis' place in society. Furthermore, countless medical studies proving the efficacy of the plant's active ingredients in the treatment some of the most debilitating illnesses make the long-term proliferation of its use in all contexts even more likely in the future. However, the ability for patients to produce quantity- and quality-controlled, affordable plants on their own has been a difficult endeavor given immature laws, safety concerns, privacy concerns, and cost concerns.

BRANDING AND MARKETING

U-Grow recognizes that maintaining a sterling, well-regarded brand is essential for propagating a strong standing in the Medicinal Marijuana industry. 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 aid in fueling word-of-mouth buzz and building a loyal customer following.

By upholding a positive image in addition to providing its top-quality growing and storage services, U-Grow 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, U-Grow will strive to meet the following objectives as it accomplishes specific keys to success:

OBJECTIVES

- Become known as the "go-to" spot for safe, private, high-quality, and affordable medical marijuana production.
- Expand beyond the flagship facility within three years.
- Develop/Maintain a strong 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 AND OPERATIONAL STRATEGY

Keys to Success[10] :

- Ability to attract community support: Medical and recreational marijuana growers that lack community support may attract federal raids due to complaints from neighbors.
- Development of effective marijuana strains: Growers that can develop the most potent and effective strains can potentially attract greater demand for their products.
- Understanding government policies and their implications: Marijuana legislation is complicated at all levels of the government. Successful operators must be able to navigate the federal and state level regulatory landscape.
- Fast adjustments to changing regulations: Regulations are constantly changing. Growers must comply with the latest legislation or risk fines or arrest, and they must be able to adjust to changing regulation quickly and smoothly.

[10] (IBISWorld Industry Report OD4141, September 2016 | Dmitry Diment, "Medical & Recreational Marijuana Growing in the US")

COMPETITIVE ANALYSIS

Direct Competitors: After an extensive search, one startup appears to have a business model relatively close to U-Grow. The name of the company is "Grow Space Storage."

Name: Grow Space Storage
Contact Info:
4985 Colorado Boulevard, Denver, CO
888 733 5736
growspacestorage.com

Description: GrowSpace Storage™ is a real estate company that leases small indoor units (GrowPods) for urban farmers who wish to practice indoor cultivation within a state-of-the-art facility. GrowSpace offers the world first solution to help citizens remove the risks of growing, harvesting and storing cannabis in homes and communities. You can grow and harvest your choice of organic food, herbs, medicinal or recreational plants that are legal to grow in Colorado.

Storage Law:
GrowSpace Storage is a pure extension of a citizen's home, just like any other storage facility. You have a right to store the same things you can legally store in your home today.

Marijuana Constitutional Rights:
If you have a legal right to grow cannabis in your home, then you may extend that same right, to our facility. Keep in mind, that you can only grow the state recreational limit of six plants, (Colorado only) with only three flowering at one time. One person, one Pod. You may also harvest and store your cannabis in your leased GrowPod, which is a safety first opportunity unavailable anywhere else today.

Monthly rates: Rates are for our turnkey grow solution and have no hidden fees and no-haggle pricing. Depending on your Pod selection and the rental equipment package you desire, rates range between $179-$349 per/mo.

Amenities:
- Peace of mind. The facility provides peace of mind with 24/7 security, limited access, and multiple video cameras for monitoring your investment.
- State-of-the-art technology. Your pod is secure, individually climate-controlled, and fitted with watering / feeding solutions and state-of-the-art Black Dog LED grow lights.
- Convenience. For the convenience of our community of growers, our retail store is located on the premises, providing you with all that is needed to get started, grow and harvest.
- Supportive community. Our facility has an on-site library and learning center to provide our community of growers a place to socialize and share knowledge and experience.
- Expert help. Our friendly, knowledgeable staff is always eager to answer any questions you might have.

GrowPods: Our GrowPods are available in two sizes:

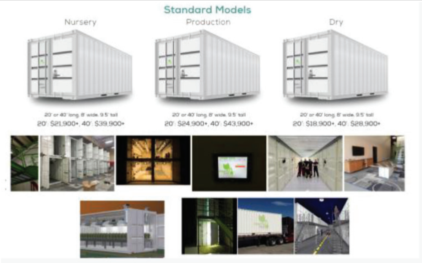
All-in-One Standard GrowPods
Our Standard GrowPods are a roomy 16 square feet (4' by 4'). Each Pod has its own environmental control station located outside of the unit to maximize grow space. Each room is equipped with an irrigation system, adjustable ventilation, power supply, Black Dog LED grow lights,

and climate control. Additionally, we have equipped each GrowPod with wireless speakers to play music proven to increase the growth rate of crops.

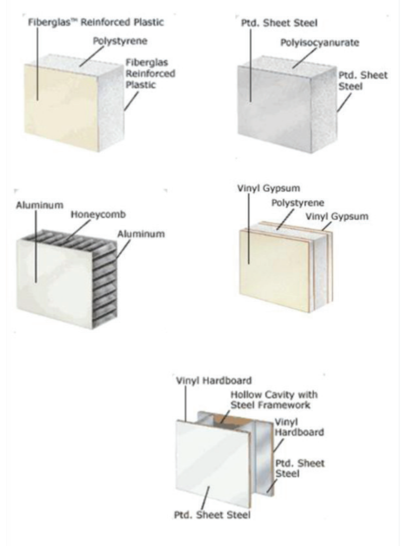
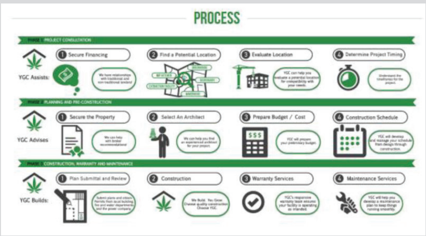
All-in-One Mini GrowPods

For farmers who require less space, our Mini GrowPods are 8 square feet (4' by 2'). Each Mini GrowPod shares the same technology as our Standard GrowPods, including an irrigation system, adjustable ventilation, power supply, T5 grow lights, and climate control.

Indirect Competitors: A variety of mobile/modular pod/space companies are providing container-like structures that can operate as grow rooms. The following table presents an overview of the largest and most visible businesses with this type of model.

Name	Link	Description	Figures
PharmPods	pharmpods. com	Denver based PharmPods provides the only Plug & Grow system for high-quality indoor cultivation. Each PharmPod is a fully customizable environment for hydroponic, aeroponic or soil-based growing, allowing for total control of temperature, CO2, lighting and humidity. PharmPods are built using reclaimed shipping containers. We recondition each container to guarantee structural integrity and then fully outfit them with hi-end, agricultural lighting, irrigation, CO2 systems and climate-control. PharmPods are the only stackable, scalable, self-contained and fully secure indoor grow solution. You can skip the months of planning, construction and frustrating delays that come with a conventional build-out of a large facility. With PharmPods, the day your order arrives, you simply Plug In and start growing. Stack them and take advantage of your cubic foot capacity too! Nothing protects your plants and your investment like PharmPods.	
CannaPods	cannapods.com	CannaPods can be manufactured for a simple backyard unit to a large scale manufacturing facility. CannaPods also offers warehouse conversion kits to quickly create a controlled growing environment inside of an existing warehouse. CannaPods will flatpack your grow facility and ship to a designated location. CannaPods construction process saves valuable time with easy on-site assembly by our construction division or DIY. Integrate lighting, growing systems, and digital controls and begin to cultivate! CannaPods are customization cultivation and grow facility rooms that give growers the ability to create the optimal growing environment for their plants and processing activities. By integrating advanced insulation technologies in the panel construction process, CannaPods can provide a portable, constructed on-site, sanitary lab environment for controlling all the atmospheric variables best associated with "top shelf" production.	

Flexmod	flexmod.com	Modular technology Revolutionize your commercial agriculture grow facility with modular... Why build modular commercial agriculture grow facilities versus traditional slow and expensive construction? Today's commercial indoor agricultural industry requirements demand a company with the knowledge and experience to design, manufacture, and build an efficient, best in class, state of the art facility with the latest in clean room wall systems. A facility with the ability to adapt and expand as technology advances and your company grows. FlexMOD's modular technology results in dramatically reduced construction time. Speed lowers your cost, reduced construction time means your money works faster, and speed to market leads the market. Flexmod builds the grow room or facility of your dreams within the budget you specify, much faster and less expensive than traditional methods of construction. We build complete, secure, modular facilities that include built-in climate control, and industry related compliance features, including the option to have integrated security systems built in at the factory to allow operations monitoring and minimize tampering with expensive systems and product. We build peace of mind into every facility we manufacture. Pre-designed large-scale grow facilities from 5,000 to 250,000+ sq. feet. We have extensive floor plan options that can be customized to your needs to design the most efficient, cost-effective facility for you. Time is money so let us get you up and producing quickly. We've done the work to save you design time and speed you into production and harvest. Flexmod Solutions also provides financing through our partners. Modular Advantages Today's growers now have the unique opportunity to "Speed to Market" with a quality and functioning grow facility that includes a proven turnkey system solution with integrated utility systems and connections. Our modular grow facility construction allows you to start producing revenue up to 70% faster than the conventional one-off construction plans. Save 20% or more over conventional one-off construction. Generate revenue in the amount of time that it would take to build a traditional facility.	
Tow and Grow	towandgrow.com	Mobile Grow Rooms for the Professional Grower, Entrepreneurs and Personal Grower Whether you are a Collective, Dispensary, or even an Independent grower we have systems that will enhance your quality and yield while reducing your efforts. Our systems are automated and redundant ensuring the fail-safe grow experience that lets you sleep at night.	

PortaFab	PortaFab.com	Commercial Cannabis Cultivation Rooms PortaFab has partnered with several cannabis cultivation lab design and build companies in major US markets including Denver, Washington DC, Oregon and Los Angeles to provide efficient and quality marijuana grow rooms within this expanding industry. Climate-Controlled Rooms for Optimal Results commercial cannabis cultivation Our modular systems are capable of creating a variety of environmental enclosures ranging from basic temperature and humidity control to pharmaceutical grade cleanroom environments designed to produce reliable and consistent results during any stage of cannabis cultivation. Our modular systems provide a unique advantage compared to traditional construction as a wide range of interchangeable panels can be combined with our wall and ceiling systems to offer wide-range of configurations that efficiently and cost-effectively meet your needs.	
Your Green Contractor	yourgreencontractor.com/	In 2011, a phone call from an architect we had worked with for years, turned into a whole new adventure. After completing a simple remodel of a dispensary just a few blocks from the state capitol building in Denver, our client asked us to expand one of their grow facilities. From just one visit to the grow facility, the need for a more innovative, professional approach to Marijuana facility construction was obvious. We quickly assembled a specialized team of construction professionals to service this booming industry in a way that had never been done before. YGC was born! Your Green Contractor builds custom indoor grow facilities, greenhouses, MIP kitchens, extraction rooms and dispensaries. Our team of professionals manage your project from start to finish. From our dedicated office staff to Project Managers and on-site Superintendents, Your Green Contractor has the experience it takes to deliver an outstanding quality that is on-time and within the agreed upon price.	

COMPETITIVE ADVANTAGES

The following is a listing of the primary competitive advantages of the U-Grow upon entering the market.

- **First-Mover:** U-Grow represents the first time that a storage-facility cultivation business model with a remoted monitoring system will be implemented on a large scale. The facility will require no registration as a commercial grower of cannabis – it will be seen in the State's eyes as a storage facility.
- **Location:** U-Grow Rentals has the benefit of timing as Los Angeles appears to be particularly attractive when it comes to burgeoning medical marijuana demand. This is due to a "perfect storm" of legislation both at the State and City level along with an already-large cannabis-friendly culture.
- **Operational Cost/Customer Cost:** The facility has a very light operational labor footprint. The number of standard employees will almost be matched by the number of security employees. Passing on operational cost savings to the lessees allows them to realize a larger price-save on their final product relative to other growing options they have.
- **Strong-Management:** When it comes to U-Grow Rentals, Roland Cordova is more than a visionary. He is a planner, a detailer, and a pragmatist. He has seen ideas come and go, but truly has the experience to recognize, act-on and lead the execution of a real opportunity – especially in a field in which he has such a vast knowledge. On top of all that, he has a people-first approach – making him a natural to lead such an endeavor such as U-Grow.

BARRIERS TO ENTRY [11]

- BARRIERS TO ENTRY IN THIS INDUSTRY ARE MEDIUM AND ARE INCREASING.

Barriers to Entry checklist	
Competition	High
Concentration	Low
Life Cycle Stage	Growth
Capital Intensity	Medium
Technology Change	Low
Regulation & Policy	Heavy
Industry Assistance	High

SOURCE: WWW.IBISWORLD.COM

Prospective medical marijuana growers contend with minimal barriers to entry in terms of capital costs. However, the classification of marijuana as a Schedule I controlled substance and the possibility of federal prosecution contribute to medium barriers to entry. Over the past five years, a large number of operators entered this industry due to favorable policy stances from the Obama administration. However, in 2011, the Drug Enforcement Agency (DEA) stepped up raids on marijuana dispensaries, which made prospective operators more hesitant to enter this industry. More recently, the industry has benefited from favorable regulatory decisions at the federal level. In response to changing public sentiment, the United States House of Representatives voted in 2014 to restrict the DEA from using funds to target medical marijuana growers and dispensaries. Although this amendment to the DEA appropriations bill would need to be passed by the Senate to become binding, its confirmation would materially alter the outlook for industry operators. The omnibus-spending bill signed by President Obama in December of 2014 included the historic provisions for medical marijuana discussed above. The bill includes a rider to de-fund the DOJ's war on medical marijuana, preventing the agency from using funding to "prevent [medical marijuana states] from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana."

State regulations have mixed effects. In general, increased state regulation has benefited industry operators by legalizing medical marijuana or providing more concrete regulation on marijuana growing. Over the past five years, barriers to entry have decreased because eight states and the District of Columbia passed legislation legalizing some level of medical marijuana growing. While states provide a legal avenue for growers to enter this industry, regulations are extensive and costly for prospective growers. For example, Colorado, the only for-profit medical marijuana market in the country, requires every marijuana plant to be registered with the state. Prospective growers are subject to background checks, deposits and licensing and application fees. Licensing and registration fees can total $500,000 or more. Additionally, all growing facilities are under constant video surveillance by law enforcement personnel from the state's Medical Marijuana Enforcement Division.

Additionally, because of the large number of small medical marijuana growers, competition in this industry is very high. Marijuana vendors must be able to grow high-quality plants while charging competitive prices, which may push away prospective entrants. Over the past five years, competition has increased, making it more difficult to succeed in this industry.

Recreational marijuana growers: More recently, the legalization of recreational marijuana in Colorado and Washington State has spurred the entry of larger scale, for-profit growers in each state. However, operators are required to obtain licensure from appropriate agencies in each state, competition for which is high. In Colorado, for example, recreational cultivation licenses are expensive and difficult to obtain because of the high number of applicants. Individual licenses vary on the size of growing facilities: type one stores, the smallest level, can grow up to 3,600 plants combined in their cultivation facilities; type two stores can grow 6,000 plants; and type three stores can grow up to 10,200 plants. Moreover, state officials have moved to limit the amount individual operators can grow to prevent marijuana grown in Colorado from entering states that ban the medical and recreational sales and possession of cannabis. In Washington, recreational cultivation licenses have been even more difficult to obtain as state officials have lagged in their implementation of the state's recreational marijuana mandate.

[11] (IBISWorld Industry Report OD4141, September 2016 | Dmitry Diment, "Medical & Recreational Marijuana Growing in the US")

SWOT ANALYSIS

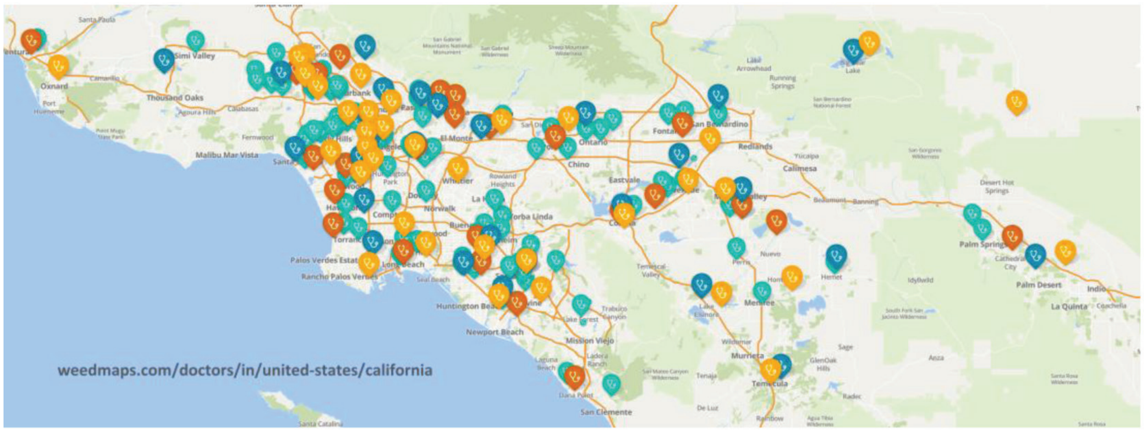
The following is a listing of the key strengths and weaknesses of U-Grow, as well as the opportunities and threats that exist within the marketplace.

Strengths	Weaknesses
• Location • Timing • First-Mover • Very Strong Management • Operational Cost efficiency (low labor footprint)	• Requires funding to move forward • As a new establishment, must build credibility
Opportunities	**Threats**
• Economic future bright around the country for rapid expansion • Opportunities for the utilization of newer technology to continue to attain further competitive edge	• The industry is legislatively sensitive – especially at the Federal level. • High-tech growth – "Ag-Tech" – could introduce disruptions to this industry

MARKETING CAMPAIGN

U-Grow is not positioning its branding focus to capture every part of the cannabis market. It is a medical-first, highly professional operation that is meant to attract and retain the attention of doctors. U-Grow believes that doctor credibility equals market credibility – along with the most desirable (read: high-quality) clients. As such, part of U-Grow's develop plan includes the creation and vetting of a special website dedicated to physician-created content. This will be a physician-first reference website or knowledge-sharing platform that will allow doctors to post experiences with strains, doses, unusual cases, and other useful and interesting information.

As a "boots-on-the-ground" initiative, sales representatives will be scouring the L.A. landscape for medical professionals who are already interested in this field or who would like to become more knowledgeable in this field. The image below from weedmaps.com provides an example of the available resources that can aid and optimize this process for U-Grow's marketing team.



Also, standard digital media buys are a significant part of the marketing budget. Exciting new targeted banner advertising is available now on the internet; these techniques can easily and efficiently reach the key audience members. Also, heavy personal networking and word-of-mouth techniques through all the key social media sites will be pursued (Instagram, Facebook, Twitter, Linked-in, Reddit, etc.).

Furthermore, proactive press and blog-story marketing will be pursued rigorously. The innovative business model of U-Grow provides a natural conversation piece for those looking to create blog content or video content. The personal nature of an interviewed video can be particularly useful for this industry.

The Company is also developing an engaging and user-friendly website that will enhance the salability of the brand name. The website will act as a hub for the network of social-networking sites that the Company will be a part-of. The website will be Data-Marketing-Driven and Search Engine Optimized (SEO) to give it more traction and traffic that will ultimately translate into increased revenues and profit margins.

Inbound, cost-effective marketing: From a digital perspective, there are many "free" channels to attract traffic and views to the Grove Studios website. These include the following techniques:

- Expert Blogging
- Online Video Creation
- Forum participation
- Document Sharing (Dropbox)
- Webinars
- Infographics
- Tradition news outlet contacts
- Q&A Sites
- White Papers

Strategic Partnerships: The nascent marijuana "Tech" space is an area that appears to be receptive to out-of-the-box ideas and proposals that might create symbiotic relationships. Therefore, strategic partnerships will be pursued with the most credible existing marijuana-based companies in the industry. From Ackrell , here is a list of the 100 most visible marijuana-related companies in the nation:

- AbsoluteXtracts
- Advanced Nutrients
- Analytical 360
- Ape ks Supercritical
- Auntie Dolores
- Berkeley Patients Group
- Bhang
- Bio-Tech Medical Software
- Bondi Farms
- Cannabase
- Cannasseur
- Care By Design
- Chalice Farms
- Colorado Harvest Company
- Columbia Care
- CW Analytical
- CW Botanicals
- Dixie Elixirs
- Duby
- Eaze Solutions
- Eden Labs
- Euflora
- Flow Kana
- FunkSac
- G FarmaLabs
- Gold Coast Extracts
- Good Meds Network
- Green Man Cannabis
- Green Wolf Collective
- Grow OP Farms
- GrowHealthy
- Harborside Health Center
- Haze Techn ologies
- Hello MD
- HerbaBuena
- Hifi Farms
- High Times
- Hypur
- lunu
- Kandypens
- Kenevir Research
- KIVA Confections
- Leafline Labs
- Leafly
- Leafs By Snoop
- UvWell Enlightened Health
- Loto Labs
- Main Street Marijuana
- Marley Natural
- Mary's Medicinals
- Meadow
- Medical Jane
- Medically Correct
- Medicine Man
- Merry Jane
- MINDFUL
- Ml Freeway
- Monarch
- Monkey Grass Farms
- Native Roots
- Nature's AZ Medicines
- New Vansterdam
- NWT Holdings (Firefly)
- O.penVAPE
- PalliaTech
- PAX Labs
- PharmaCannis
- PharmPods
- Phytec s
- Potbotics
- Revolution Enterprises
- Rocky Mountain High
- SC Labs
- Scrubbed
- Seed Supreme Seed bank
- Sensible Seeds
- Shang°
- SPARC
- SpeedWeed
- Starbuds
- Steep Hill Labs
- StickyGuide
- Storz & Bickel
- Syqe Medical
- THC Laboratories
- The Apothecarium
- The Clinic Colorado
- The Green Solution
- Tradiv
- TRiQ Systems
- TruMed Dispensary
- Uncle Ike's
- VapeWorld
- VapeXhale
- Vireo Health
- WebJoint
- WeedClub
- Weedmaps Media
- Wellness Connection of Maine
- White Rhino Products

U-Grow is also developing an engaging and user-friendly website that will enhance the salability of the brand name. The website will act as a hub for the network of social-networking sites that the Company will be a part-of. The website will be Data-Marketing-Driven and Search Engine Optimized (SEO) to give it more traction and traffic that will ultimately translate into increased revenues and profit margins.

NETWORKING:

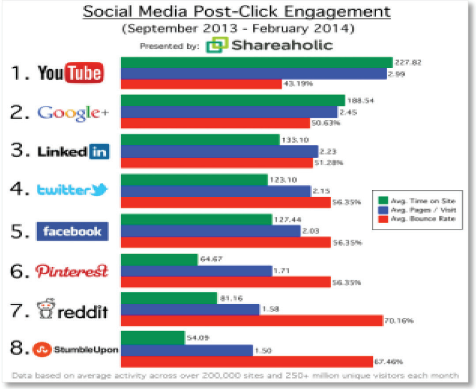
Networking will be a low-cost means for U-Grow to generate partnerships and growth while bolstering personal commitments to the Company. The founder, Roland Cordova, has a vast network of personal contacts and acquaintances within the cannabis industry to help with word-of-mouth marketing.

EMAIL MARKETING:

The Company will use email marketing to engage customers, increase sales and promote online service. Properly executed with the right strategies, email marketing will be a cost effective method to retain and enroll new customers. The email marketing will be driven by the data-oriented approach mentioned above.

YOUTUBE AND VIDEO BLOGGING:

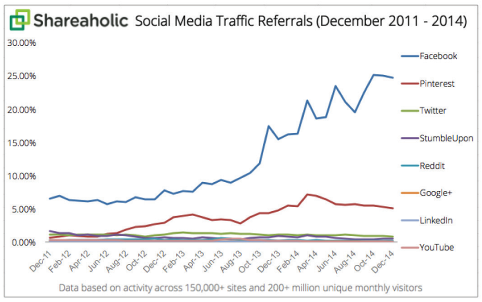
YouTube and video blogging will be used by the Company to drive sales by posting relevant and informative videos on YouTube or video blogs. A YouTube channel will be created and optimized through the benefits of SEO, which will accelerate the process of reaching targeted customers. YouTube pay-per-click is also currently very cost effective as the majority of the market has not yet taken advantage of this marketing channel. This method has been known to bring enormous attention and short-term sales to other companies.



Furthermore, YouTube is an undisputed leader in what is known as "Post-click Engagement." Shareaholic defines this as an aggregate of average visit duration, pages per visit, and bounce rate for visitors.[13]

SOCIAL MEDIA:

The Company will manage its brand on social media sites, such as Facebook and Twitter. Social media has the potential to reach millions of potential customers. This marketing channel has never been more important. The following graphics from Shareaholic [14] display not only the important of social media, but it can identify the most beneficial channels and trends with those channels. Clearly, Facebook has been the winner in recent months.



PRESS RELEASES:

Press releases will alert relevant media channels of the Company's offerings, business updates, and other newsworthy items. Media coverage will increase the Company's credibility and recognition among the local public and outsiders traveling through town.

WEBSITE:

U-Grow will create a well-optimized website with proper site structure, page layout, and clear and easy navigation, along with targeted keywords embedded throughout the site will be constructed. It will also be tightly integrated with the aforementioned data-driven marketing strategy that U-Grow will undertake.

[13] (https://blog.shareaholic.com/social-media-traffic-engagement-03-2014/)

[14] (https://blog.shareaholic.com/social-media-traffic-trends-01-2015/)

EXIT STRATEGY

After careful consideration, the Company has developed the following scenarios for the investors and management to recover their investments.

SCENARIO ONE: REPAYMENT

U-Grow chooses to remain a privately-owned enterprise. The Company repays its investors in full, consolidating ownership in the Founder.

SCENARIO TWO: BUYOUT

U-Grow experiences growth and sees an opportunity to expand its brand into additional markets as a successful income-generating operation. Additional markets open the door for additional product offerings and revenue streams. Due to its substantial market growth and industry recognition, major competing brands begin to take notice of the Company. These businesses approach U-Grow with attractive buyout offers; then the Company negotiates and sells to the best deal.

SCENARIO THREE: MERGER

U-Grow merges with another company to expand its market reach and development capabilities. Potential merger partners include companies that can offer a more diversified market reach or provide expanded resources for research and development. U-Grow's management would maintain majority control of the Company and combine its operational and sales efforts with its merger partner.

SCENARIO FOUR: IPO

The Company sells its interest through the sale of stocks on the open market. Going public is an arduous and challenging journey for a Company but, if achieved, is highly-rewarding. As a public company or IPO, U-Grow will enjoy increased exposure and prestige, helping it to attract and retain the most talented executives and employees. U-Grow's ownership and management may also liquidate its equity through the sale of its ownership shares. If the ownership sells, the new stockholders will own the brand, and will be responsible for its operation and future activities.

SCENARIO FIVE: BUSINESS CEASES

U-Grow liquidates all assets, pays its debts, repays investors and ceases business activities.

CONCLUSION

U-Grow may entertain merger or acquisition scenarios by a major company, upon the realization of anticipated operating results and favorable market conditions. Aside from merger or acquisition, the Company may instead strive to sell its interest in the sale of stocks on the open market, likely reaping an outstanding reward for investors if IPO-status is achieved, and potentially handing control of the brand over to the new majority stockholders. The Company may also choose to liquidate its assets, repay its investors and debtors and close the business. A final option would be repaying investors and remaining privately owned. The Company will entertain all scenarios that could be lucrative for the Company and investors. The final decision will depend on market forces and the wishes of the Company's owners and investors.

RETURN ON INVESTMENT (ROI)

The Return on Investment was calculated using a Discounted Cash Flow Model with Free-Cash-Flow-to-Equity (FCFE) cash flows forecast, with a five-year horizon. The final calculated value in this model is the Internal Rate of Return (IRR) displayed in the table below. It comes out at 36.32% return on invested equity.

Equity Investor Return							
Year	0	1	2	3	4	5	5*
Cash Flows To Equity	($8,250,000)	$1,392,834	$1,950,015	$2,886,690	$4,198,823	$4,795,551	$13,203,706
Present Value	($8,250,000)	$1,021,741	$1,049,350	$1,139,525	$1,215,885	$1,018,697	$2,804,802
NPV	($0)						
IRR	36.32%						
* Estimation of Perpetual/Saleable Value Net of Debt							

To estimate the current value of the U-Grow equity, another Discounted-Cash-Flow calculation was done using the current Discount Rate associated with the Drug-Pharmaceutical Industry. There are two important components to this calculation:

1.) The calculation of the Discount Rate using standard CAPM assumptions
2.) The Discounted Cash Flow (Net Present Value) calculation using the Discount Rate from 1.)

Equity Valuation, Assumptions		
Item	Value	Source/Notes
Risk-free rate	3%	https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield
Equity Premium	6%	http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/implpr.html
Drugs (Pharmaceutical) beta (unlevered)	0.89	http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/Betas.html
Long-Term, Stabilized Cost of Capital	8.45%	Result

Applying the above assumptions and values to a typical NPV calculation, the following table provides the result of steps 1 and 2 noted previously.

Equity Valuation, Discounted Cash Flow Valuation							
Period	0	1	2	3	4	5	5*
Free Cash Flow to Equity	($8,250,000)	$1,392,834	$1,950,015	$2,886,690	$4,198,823	$4,795,551	$13,203,706
NPV of each period's FCFE	($8,250,000)	$1,284,348	$1,658,076	$2,263,341	$3,035,713	$3,197,090	$8,802,623
Value [$]	$20,241,191						
* Terminal Value							

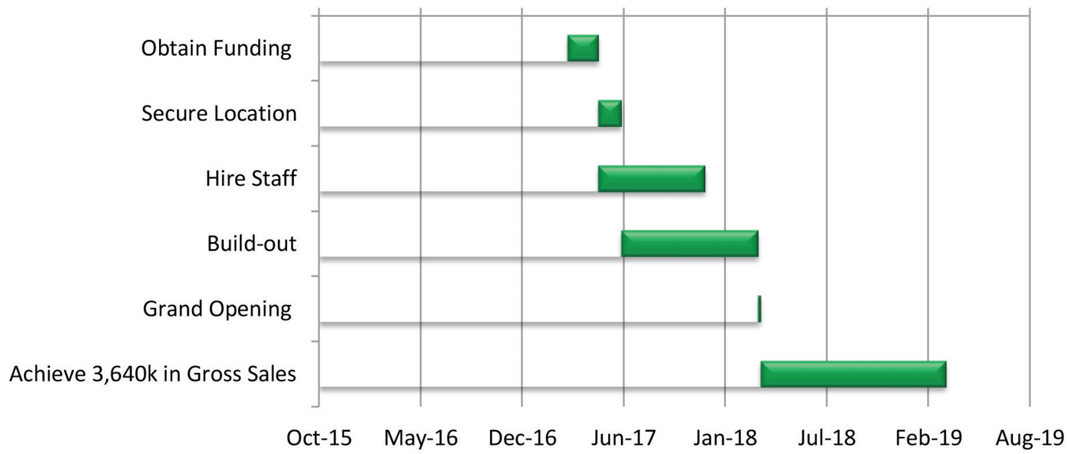
The final value of the U-Grow equity in today's dollars is $20.2MM. The recommended investor-percentage-of-ownership offer for the amount of contribution is given in the following table.

Investor Contribution	Investor % Ownership	Founder Contribution	Founder % Ownership	Year 5 Investor Return
$8,200,000	40.5%	$50,000	59.5%	$11,782,762

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	01-03-17	60.00	Roland Cordova
Secure Location	30-04-17	45.00	Roland Cordova
Hire Staff	30-04-17	210.00	Roland Cordova
Build-out	14-06-17	270.00	Roland Cordova
Grand Opening	11-03-18	5.00	Roland Cordova
Achieve 3,640k in Gross Sales	16-03-18	365.00	Roland Cordova



MANAGEMENT

Roland Cordova, Founder, President: Roland is the epitome of the entrepreneur; he realized at a very young age that being told what to do meant he was on the wrong side of the conversation. At this young stage he got his introduction into business by selling imported tools out of the trunk of his car – driving throughout all major metropolitan areas in California and even into Washington State. He would sell to various independent mechanics and small businesses that used tools that he specialized in.

Since then he has started several businesses, and each one has been a marked success. One of his companies was so successful that it attracted Los Angeles media outlet KTLA, who aired his story on its featured series, "Making it – Minority Success Stories," hosted by Larry McCormick. Here is a summary of his portfolio of companies – all of which were incubated from scratch (no outside funding):

1973-1990 President and founder of Industrial Rubber Inc. Negotiated a contract with Gates Rubber Co. to produce and "private-label" a pneumatic hose that is used in auto repair. His average order to Gates was a million feet at a time and his company distributed the product via telemarketing at a national level. The company employed over 30 people most being telemarketers that Roland hired, trained, and mentored.

1975-2001 President and founder of California Diversion Safes. This is a manufacturing facility in Los Angeles that turned everyday household products into clever, innovative and secure mini-safes where the inside chamber of the products was concealed from typical visual inspection. Contracts were negotiated with national brand companies to use their labels, which are typically their most valuable asset. Sales were achieved through a large telemarketing team that Roland hiring, training, and oversight of 2 shifts daily selling all over the United States.

2002-2004 President and founder of Oxy-Health Corporation. Roland's company introduced a new form of Medical equipment called "Portable Mild Hyperbaric Oxygen". He negotiated an exclusive marketing agreement with Bird Products, a division of Thermal Respiratory Group. This is the largest manufacturer of Respiratory equipment in the United States. Within two years, gross sales exceeded $2 million.

2005-2014 President and founder of Healing Waters Inc. Opened a number of health facilities that specialized in the cleansing of the large intestine. In Las Vegas and Los Angeles, colon cleansing is particularly popular as a healthful and preventive measure.

2006-2009 President and founder of Institute for Life extension. Certified by I-act (International association of Colon Therapists), this is was the first teaching facility on the west coast to train in Colon Hydro therapy. Over 150 students attended Roland's training courses, where they were taught how to start and run their own clinics. Roland's main duties included accreditation, hiring teachers, signing up the students, marketing, training, testing and mentoring.

Nicholas R. Massalas, Managing Partner: Nick found out early on just how rewarding serving other people was to him; the simple compliments from his neighbors' reaction to his paper-route service when he was 12 years old meant the world to him. What followed is a 32 year sales career with Money Mailer Inc., Direct Mail Advertising. Throughout these years, he became a franchise owner seven different times, while he also trained and mentored several levels of other Franchise Owners in California and throughout the U.S. In the San Diego region, from 1983 through 2010, he created the Money Mailer system with great success. It is believed that perhaps hundreds of businesses have been spared bankruptcy due to his initiatives with the power of Direct Mail Advertising throughout his tenure at the company.

Most recently, he has served as the Director of Business Development for Medical Marijuana Inc. in the Greater San Diego Area. He has been overseeing the expansion of the company's flagship product "RSHO" while also acting as a liaison and communication centerpiece for current, past and future Medical Marijuana Inc. shareholders.

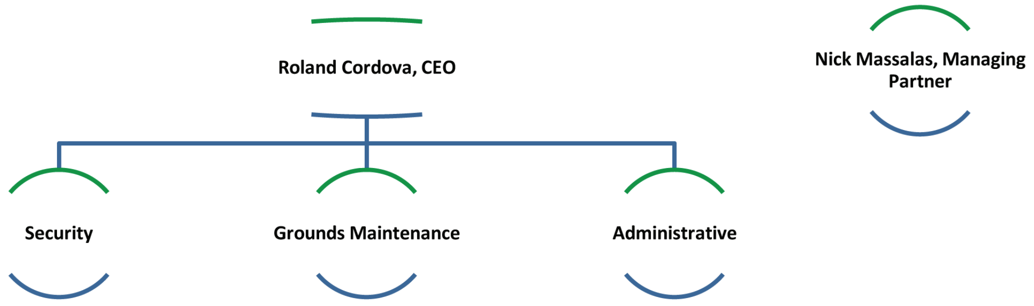
MANAGEMENT TEAM GAPS

Every organization utilizes diverse human resources to accomplish company goals and objectives. To accomplish company goals and objectives, U-Grow may need to add more positions in the future, such as CFO, COO, Finance Manager, Accountant, Sales Manager and Marketing Manager. These hires would most likely occur at or following the final year of the projected period in this plan – year 5.

BOARD MEMBERS ADVISORS

Besides the Company's devoted and experienced management team, U-Grow will consult with a board of directors or advisors to aid in the process of goal setting, accomplishing objectives and overall business development in their pursuit of success.

ORGANIZATIONAL CHART



PERSONNEL FORECAST

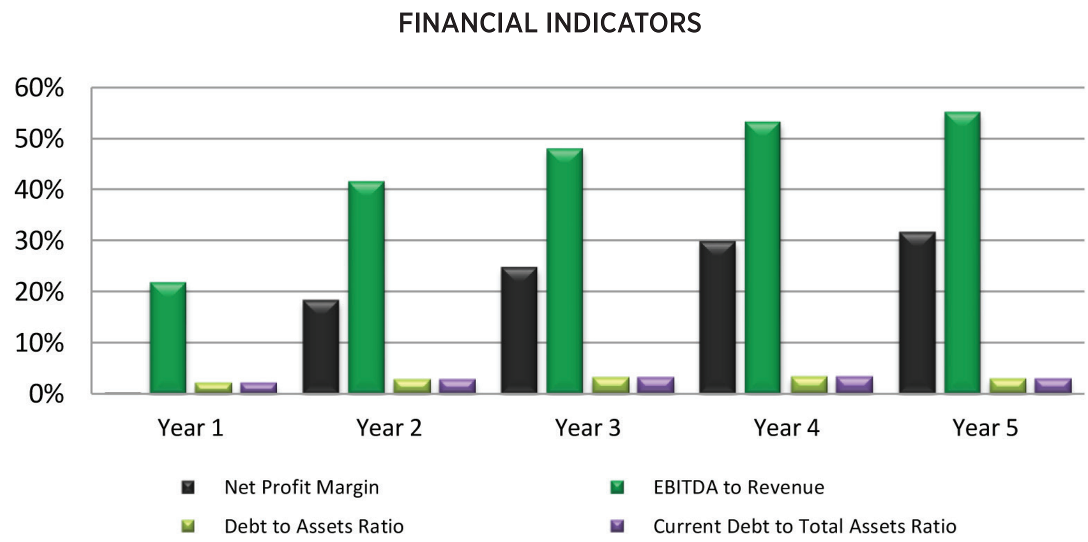
The personnel forecast below shows the staffing needs for the next five years.

PERSONNEL FORECAST					
	Year 1	Year 2	Year 3	Year 4	Year 5
Personnel Count					
General Manager	1	1	1	1	1
Assistant Manager	1	1	1	1	1
Sales/Marketing	2	3	3	4	4
Maintenance/Technician	3	3	4	4	4
Security	3	3	4	4	4
Administration	1	1	1	1	1
Total Personnel	11	12	14	15	15
Personnel Wage					
General Manager	$75,000	$76,125	$77,267	$78,426	$79,602
Assistant Manager	$65,000	$65,975	$66,965	$67,969	$68,989
Sales/Marketing	$75,000	$76,125	$77,267	$78,426	$79,602
Maintenance/Technician	$50,000	$50,750	$51,511	$52,284	$53,068
Security	$48,000	$48,720	$49,451	$50,193	$50,945
Administration	$42,000	$42,630	$43,269	$43,918	$44,577
Personnel Costs					
General Manager	$75,000	$76,125	$77,267	$78,426	$79,602
Assistant Manager	$65,000	$65,975	$66,965	$67,969	$68,989
Sales/Marketing	$150,000	$228,375	$231,801	$313,704	$318,409
Maintenance/Technician	$150,000	$152,250	$206,045	$209,136	$212,273
Security	$144,000	$146,160	$197,803	$200,770	$203,782
Administration	$42,000	$42,630	$43,269	$43,918	$44,577
	$0	$0	$0	$0	$0
Total Payroll	$626,000	$711,515	$823,150	$913,923	$927,632

FINANCIAL INDICATORS

The following table summarizes U-Grow projected financial performance with standardized measurement indicators used to evaluate the 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 reasonable. However, actual results will vary.

FINANCIAL INDICATORS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Profitability %'s:					
Gross Margin	83.77%	83.78%	83.79%	83.80%	83.79%
Net Profit Margin	0.22%	18.35%	24.91%	29.96%	31.77%
EBITDA to Revenue	21.84%	41.62%	48.06%	53.23%	55.17%
Return on Assets	0.10%	11.16%	17.10%	21.72%	20.62%
Return on Equity	0.10%	11.49%	17.66%	22.48%	21.26%
Activity Ratios:					
Accounts Payable Turnover	3.33	3.47	3.46	3.50	3.50
Asset Turnover	0.43	0.61	0.69	0.72	0.65
Leverage Ratios:					
Debt to Equity	0.02	0.03	0.03	0.03	0.03
Debt to Assets Ratio	2.10%	2.84%	3.21%	3.36%	3.00%
Interest Coverage Ratio	N/A	N/A	N/A	N/A	N/A
Liquidity Ratios:					
Current Ratio	7.87	12.24	16.57	20.53	26.49
Current Debt to Total Assets Ratio	2.10%	2.84%	3.21%	3.36%	3.00%
Additional Indicators:					
Revenue to Equity Ratio	0.44	0.63	0.71	0.75	0.67

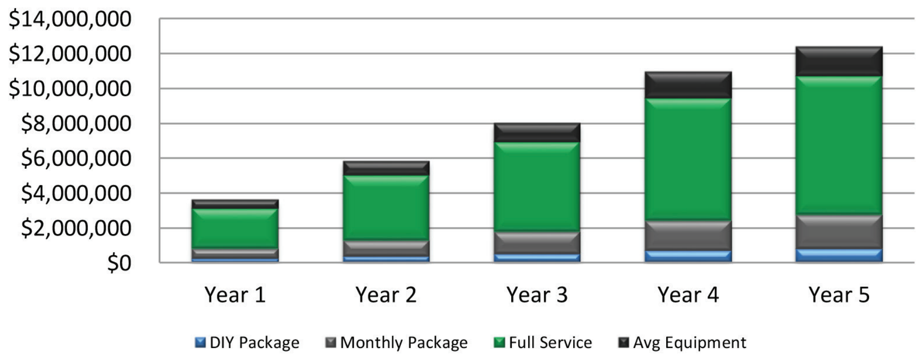


REVENUE FORECAST

The following is a five-year revenue forecast. Direct costs include all costs that can be directly tied to revenue and include "cost of goods/services."

REVENUE FORECAST					
	Year 1	Year 2	Year 3	Year 4	Year 5
Total					
DIY Package	468	756	1,044	1,428	1,620
Monthly Package	948	1,524	2,100	2,868	3,240
Full Service	3,336	5,352	7,356	10,032	11,376
Avg Equipment	417	669	920	1,254	1,422
Price					
DIY Package	$500.00	$500.00	$500.00	$500.00	$500.00
Monthly Package	$600.00	$600.00	$600.00	$600.00	$600.00
Full Service	$700.00	$700.00	$700.00	$700.00	$700.00
Avg Equipment	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00
Revenue					
DIY Package	$234,000	$378,000	$522,000	$714,000	$810,000
Monthly Package	$568,800	$914,400	$1,260,000	$1,720,800	$1,944,000
Full Service	$2,335,200	$3,746,400	$5,149,200	$7,022,400	$7,963,200
Avg Equipment	$500,400	$802,800	$1,103,400	$1,504,800	$1,706,400
Total Revenue	$3,638,400	$5,841,600	$8,034,600	$10,962,000	$12,423,600
Direct Cost					
DIY Package	$0.00	$0.00	$0.00	$0.00	$0.00
Monthly Package	$15.00	$15.00	$15.00	$15.00	$15.00
Full Service	$40.00	$40.00	$40.00	$40.00	$40.00
Avg Equipment	$800.00	$800.00	$800.00	$800.00	$800.00
Direct Cost of Revenue					
DIY Package	$0	$0	$0	$0	$0
Monthly Package	$14,220	$22,860	$31,500	$43,020	$48,600
Full Service	$133,440	$214,080	$294,240	$401,280	$455,040
Avg Equipment	$333,600	$535,200	$735,600	$1,003,200	$1,137,600
Cost of Revenue	$481,260	$772,140	$1,061,340	$1,447,500	$1,641,240
Revenue Forecast Assumptions: (1) Revenue and costs are based on industry averages. (2) Long-term Stabilized Revenue is based on Facility size					

REVENUE BY YEAR

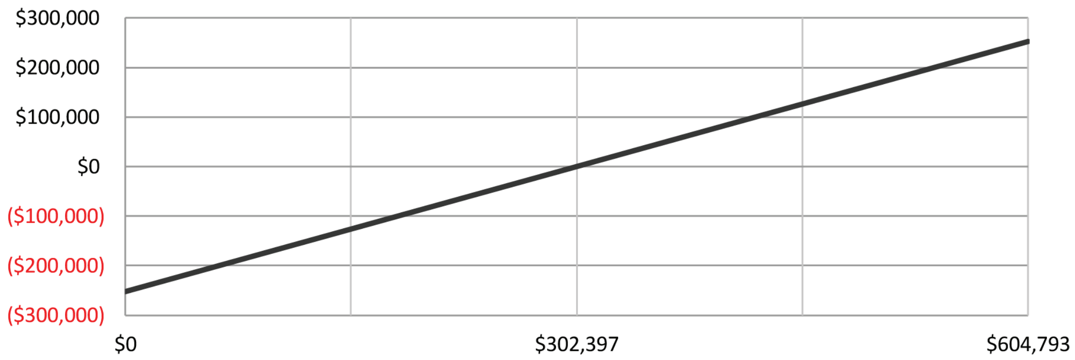


BREAK-EVEN ANALYSIS

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 ~$253.3k in Year 1. To cover fixed costs and variable costs, which rise and fall with revenue, the Company must, on average, achieve revenue of ~$302k per month to break-even.

YEAR 1 BREAK-EVEN ANALYSIS	
Monthly Revenue Break-even	$302,397
Assumptions:	
Average Monthly Revenue	$303,200
Average Monthly Variable Cost	$49,563
Estimated Monthly Fixed Cost	$252,965

YEAR 1 BREAK-EVEN ANALYSIS



MONTHLY REVENUE TO BREAK-EVEN

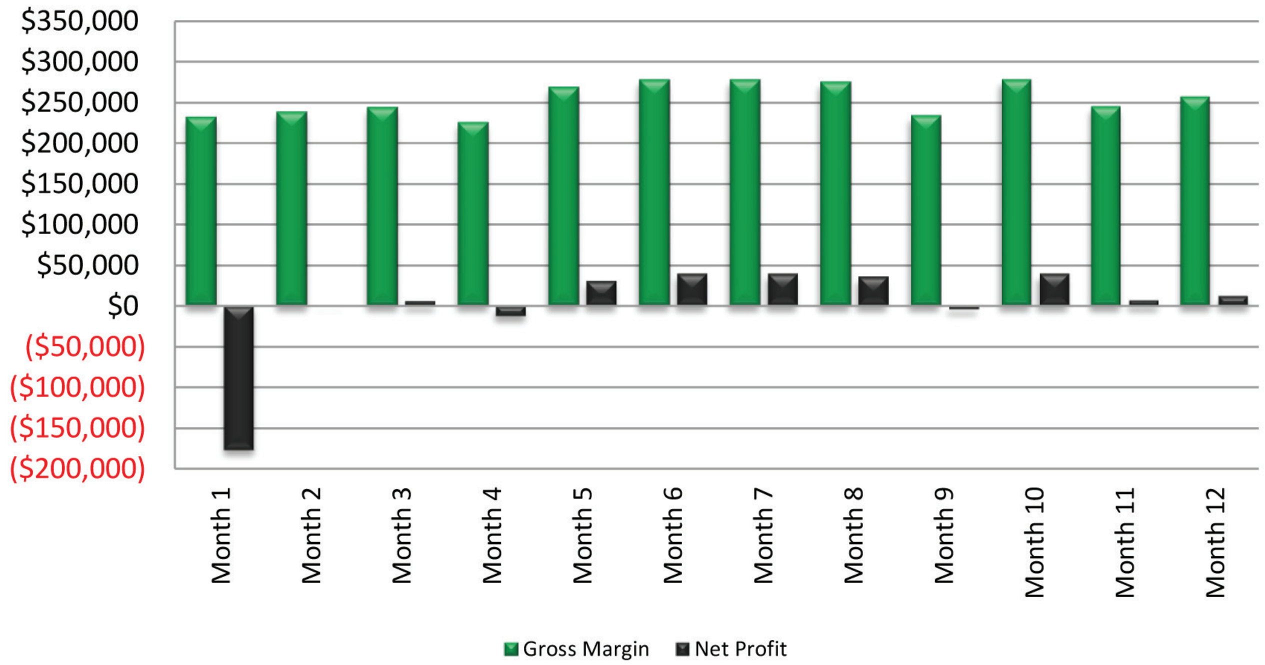
PROJECTED INCOME STATEMENT

U-Grow 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.

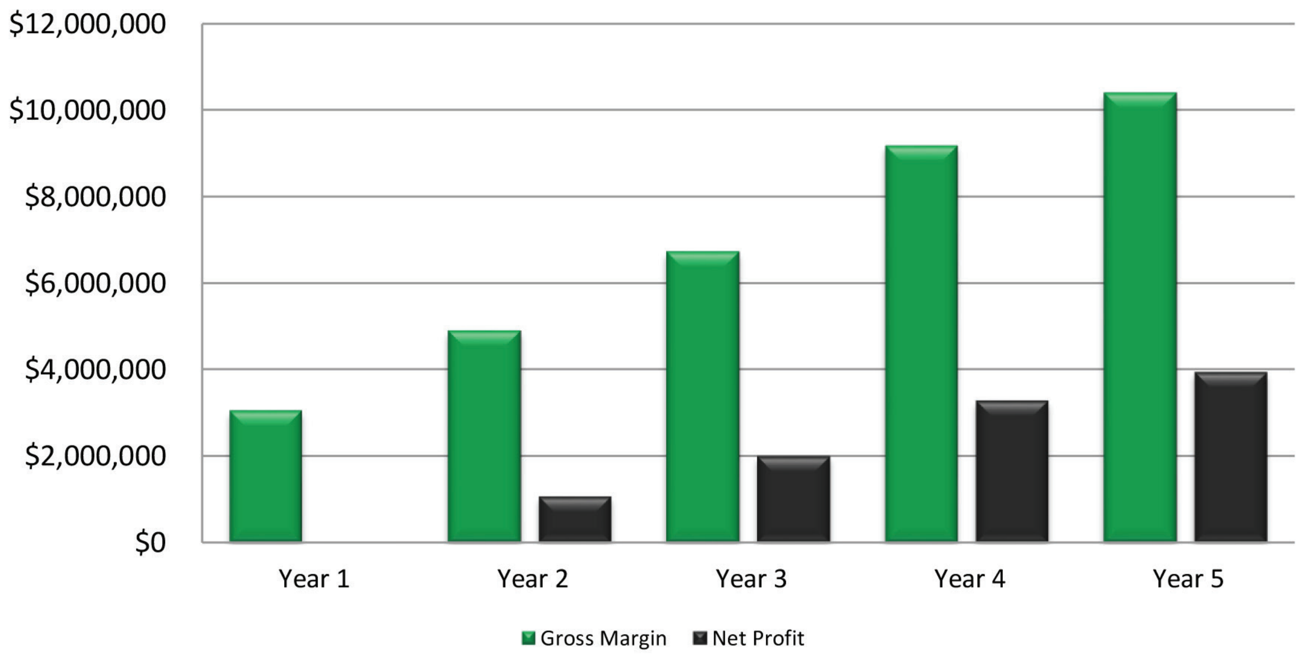
PRO FORMA INCOME STATEMENT					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$3,638,400	$5,841,600	$8,034,600	$10,962,000	$12,423,600
Cost of Revenue	$481,260	$772,140	$1,061,340	$1,447,500	$1,641,240
Merchant Credit Card Fees	$109,152	$175,248	$241,038	$328,860	$372,708
Total Cost of Revenue	$590,412	$947,388	$1,302,378	$1,776,360	$2,013,948
Gross Margin	$3,047,988	$4,894,212	$6,732,222	$9,185,640	$10,409,652
Gross Margin/Revenue	83.77%	83.78%	83.79%	83.80%	83.79%
Expenses					
Startup Costs	$170,000	$0	$0	$0	$0
Rent	$840,000	$840,000	$840,000	$840,000	$840,000
Advertising, Media Buys	$198,000	$318,000	$437,500	$597,000	$676,500
Electricity, Lighting	$82,900	$133,900	$184,900	$252,900	$286,900
Electricity, Non-Lighting	$62,200	$100,400	$138,700	$189,700	$215,200
Natural Gas	$5,200	$5,400	$5,600	$5,800	$6,000
Water	$10,000	$10,300	$10,609	$10,927	$11,255
Telephone and Internet	$8,500	$8,800	$9,100	$9,400	$9,700
Web/Video hosting	$47,520	$76,320	$105,000	$143,280	$162,360
Supplies	$29,700	$47,700	$65,625	$89,550	$101,475
Travel, Fuel, Entertainment	$16,000	$16,500	$17,000	$17,500	$18,000
Maintenance	$24,000	$24,700	$25,400	$26,200	$27,000
Liability Insurance	$43,700	$70,100	$96,400	$131,500	$149,100
License/Permits	$8,500	$8,800	$9,100	$9,400	$9,700
Professional Fees	$14,400	$14,800	$15,200	$15,700	$16,200
Worker's Compensation	$18,780	$21,345	$24,694	$27,418	$27,829
Depreciation	$782,290	$782,290	$782,290	$782,290	$782,290
Payroll Taxes	$47,889	$54,431	$62,971	$69,915	$70,964
Total Personnel	$626,000	$711,515	$823,150	$913,923	$927,632
Total Operating Expenses	$3,035,579	$3,245,301	$3,653,239	$4,132,403	$4,338,105
Profit Before Interest and Taxes	$12,409	$1,648,911	$3,078,983	$5,053,237	$6,071,547
EBITDA	$794,699	$2,431,201	$3,861,273	$5,835,527	$6,853,837
Interest Expense	$0	$0	$0	$0	$0
Taxes Incurred	$4,343	$577,119	$1,077,644	$1,768,633	$2,125,042
Net Profit	$8,066	$1,071,792	$2,001,339	$3,284,604	$3,946,506
Net Profit/Revenue	0.22%	18.35%	24.91%	29.96%	31.77%
Income Statement Assumptions: (1) Depreciation is based on 10 years; (2) Total payroll taxes are 7.65%; (3) Company taxes are based on 35.00% which corresponds to C-Corp structure					

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

GROSS MARGIN & PROFIT MONTHLY



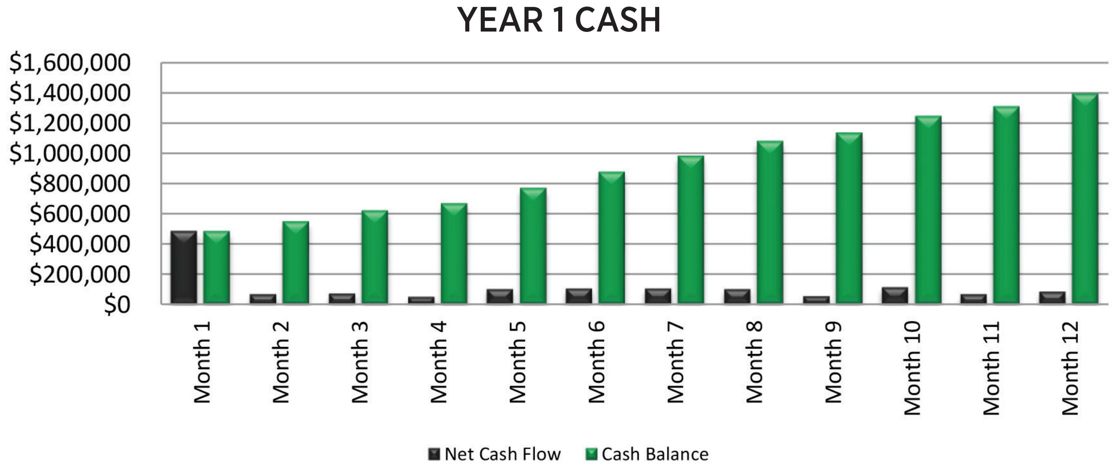
GROSS MARGIN & PROFIT YEARLY



PROJECTED CASH FLOW

The following depictions of U-Grow 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 U-Grow. 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	$3,638,400	$5,841,600	$8,034,600	$10,962,000	$12,423,600
Proceeds from Line-of-Credit	$0	$0	$0	$0	$0
Proceeds from Bank Loan	$0	$0	$0	$0	$0
Owner Contribution	$50,000	$0	$0	$0	$0
Proceeds From Long-term Assets	$0	$0	$0	$0	$0
Proceeds from Investor	$8,200,000	$0	$0	$0	$0
Subtotal Cash Received	$11,888,400	$5,841,600	$8,034,600	$10,962,000	$12,423,600
Expenditures					
Expenditures from Operations					
Total Personnel	$626,000	$711,515	$823,150	$913,923	$927,632
Bill Payments	$1,876,666	$3,180,070	$4,324,760	$5,849,254	$6,700,417
Subtotal Spent on Operations	$2,502,666	$3,891,585	$5,147,910	$6,763,177	$7,628,049
Additional Cash Spent					
Investor Repayment	$0	$0	$0	$0	$0
Start-up Costs	$170,000	$0	$0	$0	$0
Principal Loan Repayment	$0	$0	$0	$0	$0
Purchase Inventory	$0	$0	$0	$0	$0
Purchase Long-term Assets	$7,822,900	$0	$0	$0	$0
Dividends Paid	$0	$0	$0	$0	$0
Subtotal Cash Spent	$10,495,566	$3,891,585	$5,147,910	$6,763,177	$7,628,049
Net Cash Flow	$1,392,834	$1,950,015	$2,886,690	$4,198,823	$4,795,551
Cash Balance	$1,392,834	$3,342,850	$6,229,540	$10,428,363	$15,223,914
Cash Flow Assumptions: (1) Proceeds from Investor-requested source is $8,200,000 (2) Owner Contribution is $50,000					



PROJECTED BALANCE SHEET

A balance sheet is a snapshot of U-Grow 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	$1,392,834	$3,342,850	$6,229,540	$10,428,363	$15,223,914
Inventory	$0	$0	$0	$0	$0
Other Current Assets	$0	$0	$0	$0	$0
Total Current Assets	$1,392,834	$3,342,850	$6,229,540	$10,428,363	$15,223,914
Long-term Assets					
Long-term Assets	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900
Accumulated Depreciation	$782,290	$1,564,580	$2,346,870	$3,129,160	$3,911,450
Total Long-term Assets	$7,040,610	$6,258,320	$5,476,030	$4,693,740	$3,911,450
Other Assets					
Other Assets	$0	$0	$0	$0	$0
Total Assets	$8,433,444	$9,601,170	$11,705,570	$15,122,103	$19,135,364
Liabilities and Capital					
Current Liabilities					
Accounts Payable	$177,067	$273,000	$376,062	$507,991	$574,746
Current Borrowing	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$177,067	$273,000	$376,062	$507,991	$574,746
Long-term Liabilities	$0	$0	$0	$0	$0
Total Liabilities	$177,067	$273,000	$376,062	$507,991	$574,746
Paid-in Capital	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000
Retained Earnings	$0	$6,378	$1,078,169	$3,079,508	$6,364,112
Earnings	$6,378	$1,071,792	$2,001,339	$3,284,604	$3,946,506
Total Capital	$8,256,378	$9,328,169	$11,329,508	$14,614,112	$18,560,618
Total Liabilities and Capital	$8,433,444	$9,601,170	$11,705,570	$15,122,103	$19,135,364
Net Worth	$8,256,378	$9,328,169	$11,329,508	$14,614,112	$18,560,618

SENSITIVITY ANALYSIS

The sensitivity analysis below assumes that revenues are 10% higher or 10% lower than 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	$4,002,240	$6,425,760	$8,838,060	$12,058,200	$13,665,960
Cost of Goods	$649,453	$1,042,127	$1,432,616	$1,953,996	$2,215,343
Gross Margin	$3,352,787	$5,383,633	$7,405,444	$10,104,204	$11,450,617
Gross Margin/Revenue	83.77%	83.78%	83.79%	83.80%	83.79%
Operating Expenses	$3,035,579	$3,245,301	$3,653,239	$4,132,403	$4,338,105
Net Profit	$206,185	$1,389,916	$2,438,933	$3,881,671	$4,623,133
Cash Flow	$1,592,642	$2,268,139	$3,324,285	$4,795,890	$5,472,178
Cash Balance	$1,538,747	$3,806,886	$7,131,170	$11,927,060	$17,399,239
Net Profit/Revenue	5.15%	21.63%	27.60%	32.19%	33.83%

WORST CASE SCENARIO (REVENUE DECREASES BY 10%)					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	$3,274,560	$5,257,440	$7,231,140	$9,865,800	$11,181,240
Cost of Goods	$531,371	$852,649	$1,172,140	$1,598,724	$1,812,553
Gross Margin	$2,743,189	$4,404,791	$6,059,000	$8,267,076	$9,368,687
Gross Margin/Revenue	83.77%	83.78%	83.79%	83.80%	83.79%
Operating Expenses	$3,035,579	$3,245,301	$3,653,239	$4,132,403	$4,338,105
Net Profit	($292,390)	$753,668	$1,563,744	$2,687,537	$3,269,878
Cash Flow	$1,094,067	$1,631,892	$2,449,096	$3,601,757	$4,118,924
Cash Balance	$1,078,952	$2,710,843	$5,159,939	$8,761,696	$12,880,619
Net Profit/Revenue	-8.93%	14.34%	21.63%	27.24%	29.24%

FINANCIAL ASSUMPTIONS

The assumptions below provide growth rates, cash on hand, and the initial investment amount of $8.25MM based on the owner contributions.

FINANCIAL ASSUMPTIONS					
	Year 1	Year 2	Year 3	Year 4	Year 5
Growth Assumptions					
Total Revenue Growth		61%	38%	36%	13%
Total Expense Growth		7%	13%	13%	5%
Personnel Assumptions					
Average Salary Growth		2%	2%	2%	2%
Payroll Growth		14%	16%	11%	1%
Cash Assumptions					
Months of Cash on Hand	1	1	2	3	4
Bill Payment Term (Days)	32	32	32	32	32
Loan Assumptions					
LOC Loan (Interest Only)					
Line-of-Credit Monthly Payment	$0	$0	$0	$0	$0
Fixed Rate Loan					
Loan Term	N/A				
Loan Rate	N/A				
Monthly Loan Payment	$0	$0	$0	$0	$0
Average Monthly Interest	$0	$0	$0	$0	$0
Average Monthly Principle	$0	$0	$0	$0	$0

APPENDIX: YEAR ONE MONTHLY 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												
DIY Package	36	37	37	35	41	43	43	42	36	43	38	39
Monthly Package	72	74	76	70	83	86	86	85	73	86	76	80
Full Service	254	260	267	247	294	304	304	300	256	304	268	280
Avg Equipment	32	33	33	31	37	38	38	38	32	38	33	35
Price												
DIY Package	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00	$500.00
Monthly Package	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00	$600.00
Full Service	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00	$700.00
Avg Equipment	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00	$1,200.00
Revenue												
DIY Package	$17,784	$18,252	$18,720	$17,316	$20,592	$21,294	$21,294	$21,060	$17,948	$21,294	$18,790	$19,656
Monthly Package	$43,229	$44,366	$45,504	$42,091	$50,054	$51,761	$51,761	$51,192	$43,627	$51,761	$45,675	$47,779
Full Service	$177,475	$182,146	$186,816	$172,805	$205,498	$212,503	$212,503	$210,168	$179,110	$212,503	$187,517	$196,157
Avg Equipment	$38,030	$39,031	$40,032	$37,030	$44,035	$45,536	$45,536	$45,036	$38,381	$45,536	$40,182	$42,034
Total Revenue	$276,518	$283,795	$291,072	$269,242	$320,179	$331,094	$331,094	$327,456	$279,065	$331,094	$292,164	$305,626
Direct Cost												
DIY Package	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Monthly Package	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00	$15.00
Full Service	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00
Avg Equipment	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00	$800.00
Direct Cost of Revenue												
DIY Package	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Monthly Package	$1,081	$1,109	$1,138	$1,052	$1,251	$1,294	$1,294	$1,280	$1,091	$1,294	$1,142	$1,194
Full Service	$10,141	$10,408	$10,675	$9,875	$11,743	$12,143	$12,143	$12,010	$10,235	$12,143	$10,715	$11,209
Avg Equipment	$25,354	$26,021	$26,688	$24,686	$29,357	$30,358	$30,358	$30,024	$25,587	$30,358	$26,788	$28,022
Cost of Revenue	$36,576	$37,538	$38,501	$35,613	$42,351	$43,795	$43,795	$43,313	$36,913	$43,795	$38,645	$40,426

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
Personnel Count												
General Manager	1	1	1	1	1	1	1	1	1	1	1	1
Assistant Manager	1	1	1	1	1	1	1	1	1	1	1	1
Sales/Marketing	2	2	2	2	2	2	2	2	2	2	2	2
Maintenance/Technician	3	3	3	3	3	3	3	3	3	3	3	3
Security	3	3	3	3	3	3	3	3	3	3	3	3
Administration	1	1	1	1	1	1	1	1	1	1	1	1
Total Personnel	11	11	11	11	11	11	11	11	11	11	11	11
Personnel Wage												
General Manager	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Assistant Manager	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417
Sales/Marketing	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Maintenance/Technician	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167	$4,167
Security	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
Administration	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500
Personnel Costs												
General Manager	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250	$6,250
Assistant Manager	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417	$5,417
Sales/Marketing	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500
Maintenance/Technician	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500	$12,500
Security	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000	$12,000
Administration	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500
Total Payroll	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167

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	$276,518	$283,795	$291,072	$269,242	$320,179	$331,094	$331,094	$327,456	$279,065	$331,094	$292,164	$305,626
Subtotal Cost of Revenue	$36,576	$37,538	$38,501	$35,613	$42,351	$43,795	$43,795	$43,313	$36,913	$43,795	$38,645	$40,426
Merchant Credit Card Fees	$8,296	$8,514	$8,732	$8,077	$9,605	$9,933	$9,933	$9,824	$8,372	$9,933	$8,765	$9,169
Total Cost of Revenue	$44,871	$46,052	$47,233	$43,690	$51,956	$53,727	$53,727	$53,137	$45,285	$53,727	$47,410	$49,595
Gross Margin	$231,647	$237,743	$243,839	$225,551	$268,223	$277,367	$277,367	$274,319	$233,781	$277,367	$244,753	$256,031
Gross Margin/Revenue	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%	83.77%
Expenses												
Rent	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000	$70,000
Advertising, Media Buys	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500	$16,500
Electricity, Lighting	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908	$6,908
Electricity, Non-Lighting	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183	$5,183
Natural Gas	$433	$433	$433	$433	$433	$433	$433	$433	$433	$433	$433	$433
Water	$833	$833	$833	$833	$833	$833	$833	$833	$833	$833	$833	$833
Telephone and Internet	$708	$708	$708	$708	$708	$708	$708	$708	$708	$708	$708	$708
Web/Video hosting	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960	$3,960
Supplies	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475	$2,475
Travel, Fuel, Entertainment	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333	$1,333
Maintenance	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000
Liability Insurance	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642	$3,642
License/Permits	$708	$708	$708	$708	$708	$708	$708	$708	$708	$708	$708	$708
Professional Fees	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200
Worker's Compensation	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565	$1,565
Depreciation	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191	$65,191
Payroll Taxes	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991	$3,991
Total Personnel	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167
Total Operating Expenses	$408,798	$238,798	$238,798	$238,798	$238,798	$238,798	$238,798	$238,798	$238,798	$238,798	$238,798	$238,798
Profit Before Interest and Taxes	($177,151)	($1,055)	$5,041	($13,247)	$29,425	$38,569	$38,569	$35,521	($5,018)	$38,569	$5,955	$17,233
Interest on Loan Repay-ment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Taxes Incurred	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6,031
Net Profit	($177,151)	($1,055)	$5,041	($13,247)	$29,425	$38,569	$38,569	$35,521	($5,018)	$38,569	$5,955	$11,201
Net Profit/Revenue	-64.06%	-0.37%	1.73%	-4.92%	9.19%	11.65%	11.65%	10.85%	-1.80%	11.65%	2.04%	3.67%

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
Revenue	$276,518	$283,795	$291,072	$269,242	$320,179	$331,094	$331,094	$327,456	$279,065	$331,094	$292,164	$305,626
Proceeds from Line-of-Credit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds from Bank Loan	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Owner Contribution	$50,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds From Long-term Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proceeds from Investor	$8,200,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Cash Received	$8,526,518	$283,795	$291,072	$269,242	$320,179	$331,094	$331,094	$327,456	$279,065	$331,094	$292,164	$305,626
Total Personnel	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167	$52,167
Bill Payments	$0	$166,312	$167,493	$168,674	$165,131	$173,397	$175,168	$175,168	$174,578	$166,725	$175,168	$168,851
Additional Cash Spent												
Investor Repayment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Start-up Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Principal Loan Repay-ment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Inventory	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Purchase Long-term Assets	$7,822,900	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Dividends Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash Spent	$8,045,067	$218,479	$219,660	$220,840	$217,298	$225,564	$227,335	$227,335	$226,744	$218,892	$227,335	$221,018
Net Cash Flow	$481,452	$65,316	$71,412	$48,401	$102,881	$105,531	$103,759	$100,121	$52,321	$112,202	$64,829	$84,608
Cash Balance	$481,452	$546,768	$618,181	$666,582	$769,463	$874,994	$978,753	$1,078,874	$1,131,195	$1,243,398	$1,308,226	$1,392,834

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	$481,452	$546,768	$618,181	$666,582	$769,463	$874,994	$978,753	$1,078,874	$1,131,195	$1,243,398	$1,308,226	$1,392,834
Inventory	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Current Assets	$481,452	$546,768	$618,181	$666,582	$769,463	$874,994	$978,753	$1,078,874	$1,131,195	$1,243,398	$1,308,226	$1,392,834
Long-term Assets	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900	$7,822,900
Accumulated Depreciation	$65,191	$130,382	$195,573	$260,763	$325,954	$391,145	$456,336	$521,527	$586,718	$651,908	$717,099	$782,290
Total Long-term Assets	$7,757,709	$7,692,518	$7,627,328	$7,562,137	$7,496,946	$7,431,755	$7,366,564	$7,301,373	$7,236,183	$7,170,992	$7,105,801	$7,040,610
Other Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Assets	$8,239,161	$8,239,287	$8,245,508	$8,228,719	$8,266,409	$8,306,749	$8,345,318	$8,380,248	$8,367,378	$8,414,389	$8,414,027	$8,433,444
Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Accounts Payable	$166,312	$167,493	$168,674	$165,131	$173,397	$175,168	$175,168	$174,578	$166,725	$175,168	$168,851	$177,067
Current Borrowing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Current Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal Current Liabilities	$166,312	$167,493	$168,674	$165,131	$173,397	$175,168	$175,168	$174,578	$166,725	$175,168	$168,851	$177,067
Long-term Liabilities	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Liabilities	$166,312	$167,493	$168,674	$165,131	$173,397	$175,168	$175,168	$174,578	$166,725	$175,168	$168,851	$177,067
Paid-in Capital	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000	$8,250,000
Retained Earnings	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Earnings	($177,151)	($178,206)	($173,166)	($186,413)	($156,988)	($118,419)	($79,851)	($44,330)	($49,348)	($10,779)	($4,824)	$6,378
Total Capital	$8,072,849	$8,071,794	$8,076,834	$8,063,587	$8,093,012	$8,131,581	$8,170,149	$8,205,670	$8,200,652	$8,239,221	$8,245,176	$8,256,378
Total Liabilities and Capital	$8,239,161	$8,239,287	$8,245,508	$8,228,719	$8,266,409	$8,306,749	$8,345,318	$8,380,248	$8,367,378	$8,414,389	$8,414,027	$8,433,444
Net Worth	$8,072,849	$8,071,794	$8,076,834	$8,063,587	$8,093,012	$8,131,581	$8,170,149	$8,205,670	$8,200,652	$8,239,221	$8,245,176	$8,256,378

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