

Reviville Development, LLC

(Business Plan Report)

July 2021



The Objective

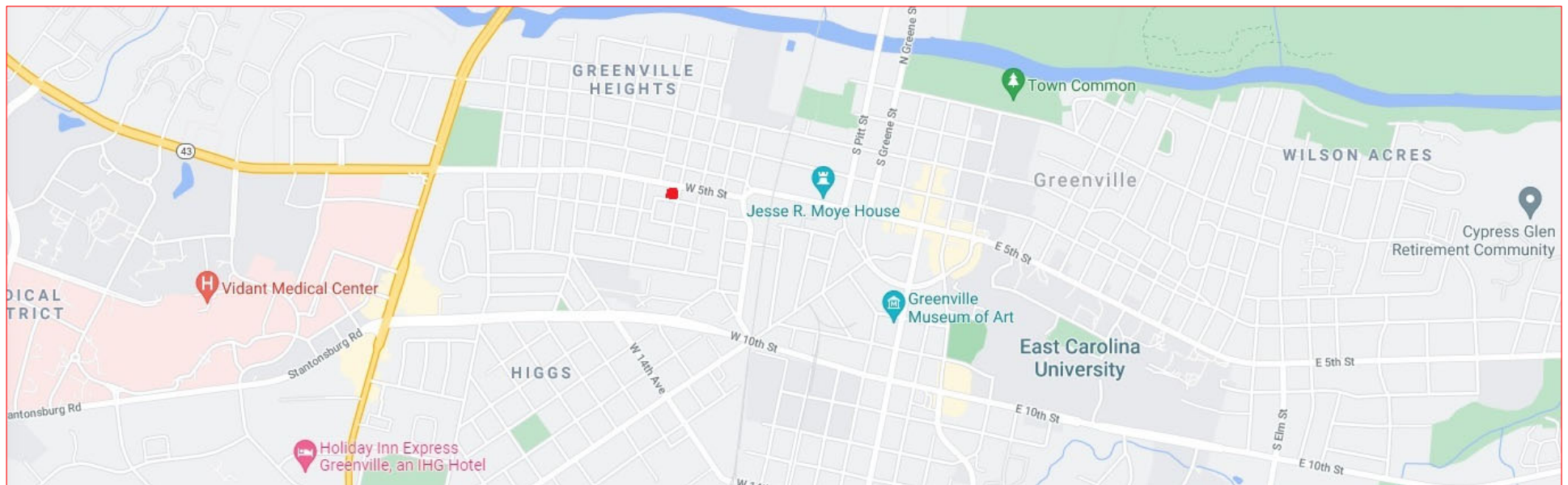
Objective

To create a communal commercial kitchen and food business accelerator that will serve a wide range of tasty cuisines from on-site businesses while also providing a family-friendly environment with live music.

- The community kitchen will provide a variety of cuisines from the site's **7 restaurants**.
- The **food business accelerator** to provide tested insights and support minority and women owned businesses.
- The complex would be **1 Acre in size** and would have nearby parking.
- Each Restaurant will function solely as a location that provides food and takes payment and the **Common Kitchen** on the premises will prepare the food.
- A **Full Menu Will Also Be Available For Delivery** from the community kitchen.
- All of the restaurants' seating would be in **An Open Courtyard Beneath A Canopy**, with roughly 100 chairs.
- On weekends, family **Live Music** is provided, and the location can be rented out for private parties/weddings, etc.

Location of the Site

*The Site Location is near the Uptown district of **Greenville City in North Carolina**. The location is adjacent to Vidant Medical Center and East Carolina University.*



Schematic Layout – Food Hall

The Schematic View of the Planned Food Hall Space is shown on the Map. It illustrates the seating and stall locations.



Restaurants – Shifting Trends

Digital Adoption



- COVID 19 has made **Adoption Of Technology That Enable Off-premise Channels** a necessity for the Restaurant Industry.
- According to a recent report from Panasonic, **71% of Restaurant Owners now view digital transformation as "very vital."** Adoption rates have increased although the technology itself has stayed constant, as reported in the research.¹
- According to a new market research analysis from Incisiv, **digital sales will make up 54% of limited-service Restaurants by 2025**—a 70% increase over pre-COVID estimates.²

Off – Premise Dining



- According to the association's research, Restaurants had a **significant increase in off-premise sales** when compared to the pre-pandemic mix.³
- 53% of adults think that ordering takeout or delivery is now a necessity for their way of life, and 68% say they are more inclined to get takeout food from a restaurant than they were pre-COVID.

(1) Source: [Panasonic - Pandemic effect in Retail and Food Services](#)

(2) Source: [Incisiv Report - Digital Maturity](#)

(3) Source: [National Restaurant Association - 2021 Report](#)

Restaurants – Shifting Trends



Delivery Services

- This year, nearly half of all full-service restaurants added delivery, and operators were more likely to add third-party delivery than to build an in-house delivery system.
- This was mirrored in the **Growth Of Third-party Delivery Services**. For example, Grubhub CEO Matt Maloney has referred to the epidemic as a "permanent catalyst" for the company.²



Curbside Take outs

- Curbside takeout was one of the less capital-intensive menu items adopted by eateries during the epidemic.
- Furthermore, the association reported that **80 % of fine dining and casual dining establishments added curbside pickups**. The channel is expected to continue to exist in a post-pandemic world.¹



Rise of Ghost Kitchens

- These are kitchens without dining rooms, culinary concepts geared for delivery rather than bricks-and-mortar establishments. According to Euromonitor, the entire **ghost kitchen industry is expected to be a \$1 trillion global market by 2030**.

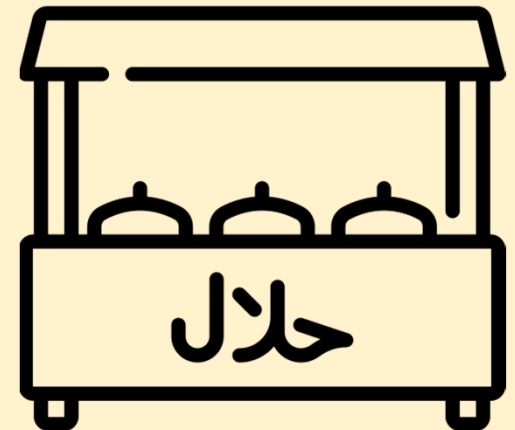
(1) Source: [National Restaurant Association - 2021 Report](#)

(2) Source: [GrubHub - 2020 Second Quarter Report](#)

(3) Source: [EuroMonitor Report \(Brief by Restaurant Dive\)](#)

The Food Hall Model

- **Food and labor costs typically account for slightly more than 60% of operating expense** ratios in almost all restaurant models. The "Independent Restaurant" has proved itself to be one of the most vulnerable during the Crisis not only because of the evident impact of closures and social isolation. ¹
- **Independent restaurateurs with a profit margin of 10% are a rarity.** This is true across the board, from neighborhood pizzerias to the kitchens and dining rooms of the world's most prominent celebrity chefs.¹
- **In 2019 and early 2020, food halls were a booming trend of the food and beverage industry.** These spaces are the home of several vendors, often consisting of independent, artisanal foodservice operators and boutique food retailers.²
- Against the back drop of social Isolation, it would seem that socially driven food and beverage concepts would be vulnerable and that the era of the food hall may not be successful.
- The popularity of food malls was caused by consumer's **desire for social experiences, for authenticity and for fewer chain restaurants.** ²



(1) Source: *CushmanWakefield Report*

(2) Source: *NYTimes - 8 Ways restaurants have changed in the past decade*

The Food Hall Model

- A recent report by Wakeman & Cushfield makes a case that **Food Hall Model has the capacity to emerge as one of the dominant business models in the Restaurant industry**. Here are the reasons they cite –
 - i. A food hall's business approach is based on an **all-inclusive percentage rent**. Revenue earned by food hall merchants is pooled and then distributed by the food hall's owner and event operator to cover operating expenditures (including a rent component).
 - ii. The food hall is comprised a **variety of independent enterprises** and therefore substantially less likely to go bankrupt than a standalone restaurant.
 - iii. With a long-term lease and substantial tenant-specific build-out, a **landlord is secure from vacancy**. If an idea doesn't work, remaining suppliers can keep doing business while the area is promptly converted into another concept.
 - iv. This model **benefits both the owner and the vendor**. Owners invest capital, alleviating the vendor's burden, and gets the benefits of their initial investment. Their facility accommodates and attracts easily available talent.



Greenville City Overview

- Greenville is **One Of The Fastest Growing Cities** in the country. According to a 2020 Moving Destinations Study conducted by the Updater, Greenville was **Ranked #1 City For People Moving In.** ¹
- In late 2020, a collaboration was announced for a **New Urban Hub** expected to bring \$142 million to the East, located at the corner of Pitt and 11th Streets, in the Greenville Warehouse District, near ECU's biotechnology and science building. ²
- The city is well-equipped with **Advanced Health Care Facilities** such as Vidant Health, Pitt County Memorial Hospital, Greenville Health Care Center etc.
- Vidant Health is a not-for-profit, 1,447-bed hospital system that **Serves More Than 1.4 Million People** in 29 Eastern North Carolina counties.



(1) Source: [Updater 2020 Moving Destinations Report](#) (2) Source: [WITN.com](#)



Financial Feasibility



Financial Feasibility

To ascertain the feasibility of the project we examined the project in two different perspectives – The Developer Standpoint and Management Company Standpoint.

- From the **Management Company's standpoint**, the primary *revenue drivers are customer count and average price per plate*. Additionally, we examine various expenses associated with a restaurants. This is to determine whether the business would be successful and would be a favorable offer from their perspective.
- From the **Developer's standpoint**, the *Management Fee is the primary source of revenue*, while the *Property Taxes and Debt Repayment are considered as expenses*. This is used to calculate the number of years required to break even on the initial investment.

Management Company – Revenue Assumptions

- Revenue is forecasted by determining the number of **Expected Customers** and an **average cost per plate at 20\$**.
- Available, Seats, Utilization Ratio, Table Turn Ratio, and a busy-ness ratio are used to determine the customer numbers. We have considered all three services everyday.
- A **Maximum Utilization of 65%** is assumed. Each seat is projected to be filled for approximately an hour during Breakfast and Lunch, and for a longer period of time during Dinner. This affects the **Table Turns**. A proportion is assigned to account for the food hall's busy nature. We offer a minimum of 20% for breakfast, 30% for lunch, and 80% for dinner.

Service	Price Per Plate	Customers per Day	Total Available Seats	Max Utilitization	Busy - Proportion	Table Turns
Breakfast	20	26	100	65%	20%	2.0
Lunch	20	39	100	65%	30%	2.0
Dinner	20	130	100	65%	80%	2.5

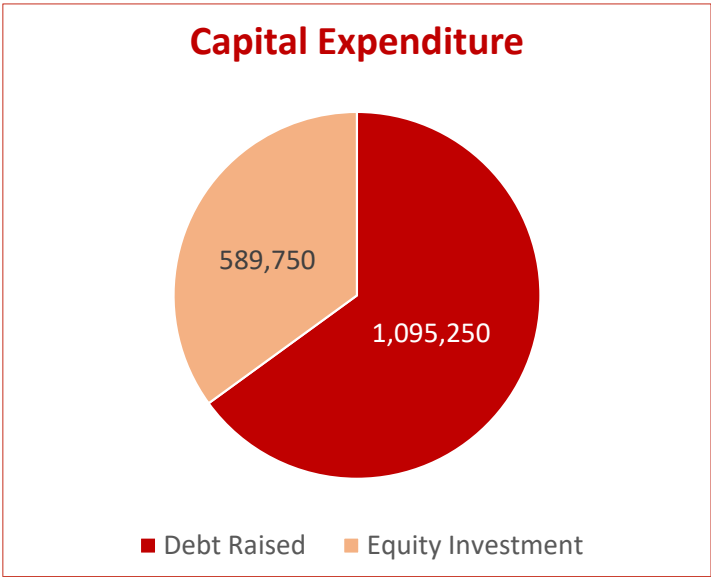
(1) Source: Based on Market Research

Developer – Capital Expenditure

The anticipated **cost of the project is 1.68 million dollars** including the 1.6m Capital Expense and 85k food truck cost. We examined a 65 % loan-to-value (LTV) loan with an expected interest rate of 6.5 percent over a 30-year duration. The remainder will be invested in equity.

Item	Amount	Percent
Net Project Cost	1,685,000	100%
Debt Raised	1,095,250	65%
Equity Investment	589,750	35%

Debt Financing	
Debt Raised	1,095,250
Drawdown Date	1-Jul-21
Interest Rate	6.50%
Terms	30 Years



Note : All values are In \$ USD unless specified otherwise.



Thank You!