



1205 ABBOT KINNEY
VENICE BEACH, CALIFORNIA

OPENING FALL 2008

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EXECUTIVE SUMMARY

Local 1205 seeks institutional financing to support the establishment and operation of an organic specialty food and wine marketplace/café concept in Venice Beach, California. The company is established and has leased approximately 3,200 square feet of prime real estate next door to its widely successful affiliated company, The Otheroom, which is a beer and wine bar featuring an internationally diverse selection of artisan beers and boutique wines by the glass. Local 1205 and The Otheroom are strategically situated on the emerging street of Abbot Kinney in the heart of thriving Venice Beach.

Local 1205 will feature five primary food “stations” including:

Fresh - a broad range of fresh local organic produce, freshly prepared foods, sandwiches, soups, antipasti, cheese and charcuterie sourced primarily from sustainable local producers

Café - a bakery and European styled coffee bar selling fresh pastries, desserts, bagels, rustic breads, organic juices made on the spot, smoothies, natural sodas, and national/international newspapers

Salad - a central, self-service, salad bar using only local organic produce and condiments freshly cut and prepared on site

Plates - a raw bar and wood burning pizza counter serving a wide variety of shellfish, small plates and pizzas

Specialty - a locally and globally-inspired selection of highly sought after cottage industry groceries and light kitchenware/culinary products, etc.

All of these will be served by a state-of-the-art, convenient, centralized checkout system and customer service amenities typically found in the best specialty supermarkets and small cafes. Fresh cut flowers and local produce, and catering services for the local community will also be available. Each food station will be designated with its own unique “brand”, giving the appearance that there are multiple stores within the store.

EXECUTIVE SUMMARY (continued)

Local 1205 will enhance the customer experience by featuring an “open kitchen” centrally located within the store, offering customers a behind the scenes perspective of foods being made daily and to order from seasonal, fresh ingredients. The unique variety of prepared foods available will build store traffic, attracting convenience and health oriented shoppers, enhance the appetite appeal of other items surrounding them in the store and provide attractive margins to Local 1205. Surrounding the prepared foods and food service stations will be an assortment of complementary wines, beers, and other specialty grocery items. The beverage selection includes artisan beers, California regional, organic and biodynamic wines from around the world, natural sodas and juices and espresso drinks. Venice Beach is an underserved market for the kinds of natural fresh food and superior customer services that local will provide. The long “customer friendly” hours of operation will appeal to all shoppers at just about anytime of the day.

Local 1205 will also provide freshly packaged take-out foods, outdoor seating, and a cheese-aging showcase as well as a selection of the best seasonal locally farmed produce. Local 1205 plans to eventually develop a line of proprietary branded (private label) food products for retail sales and online catalog sales. Local 1205 will focus only on high quality, high integrity products with knowledgeable service that is both informative and friendly (New York City on the beach).

Local 1205 is securing an initial capitalization of \$400,000 with the expectation that the Company will borrow another \$1,800,000 from a local banking institution at the prevailing interest rate. This will cover the build-out, design and business consultants and the first 6 months of operation including rent, salaries, and start-up inventory. Craig Weiss will contribute the initial \$400,000 invested. None of the initial \$400,000 will be returned to Craig until the entire bank debt is paid in full. There will be no interest accrued or paid on the initial \$400,000.

Local 1205 is believed to be highly scalable, with outlets possible in numerous locations in California, the West and in select areas of the U.S. where there are strong local agricultural sources. After testing the concept in Venice Beach, management will evaluate additional locations. Investors in the Local 1205–Venice Beach Company will be given the opportunity to invest in future offerings.

OWNER / INNOVATOR / FOUNDER

Craig Weiss, the entrepreneur, visionary and owner of five beer and wine bars loves cities, city-dwellers and nightlife. His wine bar vision was to provide an intimate room where customers could share an atmosphere shaped by his passions: independent music, art, handcrafted beer and boutique wines from around the world.

In December 1995, Craig leased two adjoining storefronts on the yet-to-be-discovered Sullivan Street in Soho and outfitted a raw industrial space with heavy gauge steel fixtures crafted by local artisans. The first “room” was born. This cozy neighborhood bar featuring rotating exhibits for unrepresented artists quickly became a nightlife haven. In September of 1997, he expanded to Perry Street in the West Village with the opening of the otheroom, and in November 1999, he brought the third New York City room to Tribeca, opening another room on West Broadway. Next, he took his vision to the beach communities of Miami Beach in December 2003 and Venice Beach in March 2005. The expansions were immediately successful primarily because of excellent neighborhood locations, the high integrity of the business philosophy, Craig’s management style, consistency of vision, premium product offering, superior staffing and design/function sensibilities.

Craig has a law degree from the New England School of Law in Boston. His track record in running successful establishments is well demonstrated by the profitability of his five operating businesses. None of his businesses have ever been closed.

CONCEPT

Craig shares the vision of many owner-operated local businesses and residents who want to preserve the integrity of their community while offering a better quality of life. Local 1205 will play an integral role in shaping the future of this emerging, soulful neighborhood in Venice Beach. Local 1205 will provide daily fresh food, sustainably grown close to the store, and a menu of prepared foods created from the freshest ingredients—simply, but uniquely prepared—and offers a refreshing assortment of natural beverages in a well-designed environment featuring the artwork of local artists, custom-crafted furnishings and music by emerging musicians. Local 1205 is a showcase for the best local, regional produce, culinary products and talent—the west coast’s gourmet staples. Local 1205 is a collaboration of culinary and artistic talent, and its mission is to serve and to support the local community.

Local 1205 is dedicated to four basic principles:

1. Provide a unique culinary environment with quality superior to any other grocery or specialty store.
2. Support the local supplier and community. Build trust and a direct relationship between consumers and the artisan producers.
3. Create value and choice by offering consumers fair pricing, superior quality, and the option of eating on premise in a stimulating setting, taking the food home, or having it delivered.
4. Operate at the convenience of the customer, stay open long hours seven days a week, accept credit cards, provide central points of sale systems (POS) and customer service amenities.

Local 1205 is the next generation in food shopping, in-store dining, and interactive enjoyment of local foods. It will be designed and built to express the special culture of the concept—“natural, healthy, delicious, local, high quality, cutting edge, vibrant and fun”—and to ensure efficient use of space. It will also be built using “green” building materials and practices wherever practical.

SUMMARY OF CONCEPT BENEFITS

Local 1205's unique concept offers a number of advantages to consumers, producers and investors:

Benefits to consumers and the environment

- + Eat in or take out the same high quality foods and beverages.
- + Supporting independent, like-minded businesses is one of Local 1205's core values. It is purely the mission for Local 1205. Craig's commitment to a "green" business will be demonstrated by purchasing organically grown, locally produced goods whenever possible.
- + The environmentally conscious nature and philosophy of the business will be integrated throughout (i.e. energy efficient and sustainable construction and operation methods, use of biodegradable utensils, composting and recycling programs, plates and cups which are made from potato or corn starch).
- + Operate at convenient times, seven days a week, accept credit cards, provide central check outs, and highly trained customer service staff to assist shoppers. The projected hours of operation are from 7:00am – 3:00am daily.
- + Insist on freshness and ripeness of products. Maximize short supply lines to ensure much higher quality than regular grocery stores. Local 1205 offers the excitement and quality of a daily "fresh" market and compliments the food with programs to educate and support health and nutrition among local community groups.
- + Prices are set to represent value.
- + Consumers buy local so they know where their food comes from (individual farmers/artisans are identified), and thus can be assured of quality and safety, an important benefit in a time of bio-engineered food.

SUMMARY OF CONCEPT BENEFITS (continued)

Benefits to Producers

- + Local artisans can build their own “brand” through direct name exposure to a broad customer base. Local 1205 will promote the local suppliers inside the store.
- + Local 1205 provides another user-friendly method for farmers and artisans to sell direct to a retail merchant rather than through a distribution system. Local 1205 will serve as a high volume purchaser of artisan food products.
- + Emphasis on freshness, support of local farms and artisan producers—is believed to be very newsworthy, helping to attract positive press and building consumer traffic and awareness.

Benefits to Investors

- + Local 1205 is a unique concept that will eventually be rolled out to other markets where Craig has established credibility and community support.
- + It’s an opportunity for investors to be a part of something that will enhance the quality of life for local residents and the neighboring community. Research on similar concepts (LGO Hospitality in Phoenix) has provided data to support that this is an exciting and profitable retail concept.
- + Expansion to other locations will occur slowly and carefully, strengthening the current model and each subsequent venture. Each new venture will maintain the Local brand while embracing the unique character of the neighborhood. Local 1205 will have the quality of a small European-Style marketplace.
- + A focus on a limited number of high margin SKUs (stock keeping units) and prepared foods and sandwiches helps maximize profit and keeps the concept simple to execute.
- + No percentage rent keeps profits high while increasing gross revenue annually.
- + Local 1205 is timely, catching the fastest growing trend in the food industry.

MARKETING STRATEGY

Local 1205's philosophy of fresh, local foods and constantly changing variety, built on a strong sense of community and direct involvement with the farmer, lends itself to a number of powerful marketing programs to build traffic. Local 1205 will publicize and support these programs with a mix of community outreach and cross merchandising, public relations, print advertising, broadcast media advertising (radio) and direct mail (flyers). Local 1205 will employ a full time Marketing and Publicity Manager to create and communicate these programs, build bridges to the community at large and create traffic to the store.

Local 1205's unique offering and message is that of a consistently high quality mix of fresh and prepared foods, with something new for the consumer every day in terms of a rotating selection of foods with new products being showcased in central feature locations. Local 1205 will regularly introduce individual farmers to the community, new fresh food items being sampled in tasting areas, new prepared food items being sampled, and educational programs explaining how foods are and should be grown and prepared.

Local 1205's message is very "family and kid friendly" and will be communicated via programs and presentations in local schools. In addition, in-store amenities, signage and programs will encourage parents to visit with their children—examples include "meet the farmer" programs tailored for children, special tasting areas, flyers on healthy foods and nutrition, and suggested recipes and menus for children. Local 1205 chefs and caterers will shop and enjoy the new store. It will be "the place" to go for local foods and beverages. Local 1205 will seek ongoing advice from a prominent advisory group including Rob Stone and Cathleen Mitchell (see bio in appendix).

Public relations will be a major focus of the marketing director's efforts, building awareness of a constantly changing mix of products and programs—"what's fresh today at Local 1205?"—to drive traffic. Advertising and direct mail programs will likewise feature fresh and seasonal items to support the idea that there is always something new happening at Local 1205. Branded merchandise will be sold positioning "Local 1205 – Venice Beach" as a real place in a specific town. Merchandise could include t-shirts, particularly child-sized, eco-friendly logo shopping bags to reduce paper and plastic waste.

HISTORY OF VENICE BEACH

Venice of America was founded by Abbot Kinney in 1905, and annexed to Los Angeles in 1925. It was named after the great City of Venice, Italy, primarily because of the similarity of its canals. In 1929 most of the canals were filled in to allow for automobile traffic. In the 1930s oil drilling supplanted amusement and there were hundreds of wells covering the area with drilling waste clogging the remaining waterways. It was a short-lived boom, but the wells were still producing oil into the 1970s.

Venice and neighboring Santa Monica were host for a decade to an amusement and pleasure-pier called Pacific Ocean Park, or P.O.P by locals. The facility experienced declining attendance in the mid-60s due to increasing competition from other newer parks in Southern California such as Disneyland, Knott's Berry Farm, Busch Gardens, and Marineland, and it was torn down to make way for a large residential building complex. Another aging fixture in the 1960s was the Aragon Ballroom that had been the longtime home of The Lawrence Welk Show. The district around P.O.P. is known as Dogtown, and was home to pioneering skateboarders.

Venice Beach is understood to include the beach, the promenade that runs parallel to the beach ("Ocean Front Walk" or just "the boardwalk"), Muscle Beach, the tennis courts, the numerous beach volleyball courts, the bike trail and the businesses and residences that have their addresses on Ocean Front Walk. It is a great magnet for tourists, even from other parts of Los Angeles. The Venice Fishing Pier is a 1,310 feet long, concrete structure first opened in 1964 at the end of Washington Street. It was closed in 1983 due to El Niño storm damage and reopened in the mid-1990s. The Oakwood neighborhood of Venice is now undergoing rapid gentrification. Venice is today a vibrant area of Southern California and it continues a tradition of progressive social change involving prominent Westsiders.

Venice has always been known as a hangout for the creative and the artistic. Prominent residents of Venice include actresses Julia Roberts and Angelica Huston. Architect Frank Gehry is a longtime resident who has bought a huge vacant lot on Harding Street in Venice where he built a new personal residence in August 2005. California governor Arnold Schwarzenegger is the majority owner of a popular restaurant in Venice, Schatzi's on Main, and owns other real estate in the area. Comedian and actor Bill Cosby has also owned commercial property on Main Street for years, and has his production company there. Restaurateur Wolfgang Puck has owned and operated noted eateries in the area since the 1990s.

LEGAL / LEASE

Local, Inc. is a Subchapter S California Corporation.

The monthly minimum base rent is \$5.35 PSF. The base rent is subject to annual cost of living increases. The lease term is for ten years, plus two options for additional five-year periods each. The lease terms are similar to other comparable retail space in the area. Substantial improvements will be made to the leasehold. There is also a First Right of Refusal to purchase the building that accompanies the lease. A copy of the lease is available upon request.

RISKS OF THE BUSINESS

Local 1205 has not been done before. It is a unique concept leveraging the wave of American's interest in local, sustainably raised and grown foods in a format that emphasizes meeting the needs of the surrounding community, interactive retailing and food service, and organic food products. There are similar ideas, but the execution of Local 1205 is unique in its food offerings, its environment and presentation and its commitment to "green". Craig's unique style and mix of offerings along with his branded personal and business styles will create a one-of-a-kind experience.

Whole Foods will be opening a store in 2008 approximately 10 blocks away on the border of Venice and Santa Monica. Ironically, in NYC, the Whole Foods mega-store that opened 10 blocks away from the Dean and DeLuca's flagship store caused a substantial boost in sales. We believe that the Whole Foods and Local 1205 will make the area a destination neighborhood for high-end food shopping.

One of the two local boutique hotels, The Pali, will be opening in 2008/09, just 3 blocks from Local 1205. It is rumored to be opening a small specialty food market on the ground floor retail space. We believe they will abandon this concept when they learn of Local 1205.

Le Grand Orange (LGO) is a Phoenix-based restaurant/specialty food market with plans to open a store in 2007 in Santa Monica approximately 1 mile away from Local 1205 in a new, mixed-use condo retail development on Main Street. We do not feel their presence will affect our business as the concepts are similar, but the execution and details are much different. Venice is a completely different demographic to which we will cater.

Management believes that the Local 1205 concept is sufficiently unique to differentiate it from the competition. Nonetheless, there is substantial competition in the specialty food niche of the food business.

Press Coverage

Press mentions for Craig and his five bars have included Wallpaper, Condé Nast Traveler, Travel + Leisure, New York Magazine, Village Voice, TimeOutNY, Paper, LA Magazine, CitySearch, BlackBook, NY Press, Malibu Magazine, Sunset Magazine and Daily Candy among others.

LA Magazine

Issue Date: March 2006

Hot Spots

Hot Spots

*An expert's handbook to L.A.'s **15** best new bars, clubs, dives, lounges, and secret restaurants*

DESPITE ITS VENICE address, this microbrew and wine bar is more SoHo than boho. In part this is due to the Otheroom's owner, New York nightlife veteran Craig Weiss, who is fond of exposed brick walls, mile-high glass-tile ceilings, and low lighting. The uncharacteristically dressed-up crowd (for Venice, anyway), most of which favors Jimmy Choos over flip-flops, also helps considerably. More than 60 Belgian, German, and British beers are on tap, and the wine list covers almost every other country on the map. There's no velvet rope, no earsplitting music, no astronomical pricing—and dogs are welcome. Because this isn't the Cahuenga corridor, expect German shepherds rather than teacup Chihuahuas. You may try to take Venice out of a bar, but you can't take the bar out of Venice. 1201 Abbot Kinney Blvd. Venice. 310-396-6230.

SoGoNow.com

The Otherroom Venice by Allison Myers

April 29, 2005

It started out as one room. It did. A single narrow slip of a space, just enough room for a bar, stools, and a runway model to sidle behind them on her way to the bathroom. But then the storefront next door became available, and so The Room became two rooms. Nine years later there are five Rooms in three different cities on three different coasts (if you count the Gulf of Mexico). They go under the guise of some form of Room, The Room, The Otherroom, Anotherroom...

The Room opened in 1996 on Sullivan St. in Soho. It's still there. The brainchild of owner Craig Weiss who decided to open a beer and wine bar in Soho, and somehow scrounged together enough money to do it, though initially they didn't have heat. Mr. Weiss designed the space himself, a simple, industrial, almost Teutonic look. He stripped the walls to the exposed brick, poured a concrete bar, and employed an artist to make burnished metal tables. The bar is full of interesting design features, like large industrial metal bolts as candleholders, and rings for ashtrays. Two immense blackboards hang behind the wall. One lists all the wines by the glass and bottle. They tend towards, French and new world chewy South American wines. And the over fifty beers, ten of them from taps sprouting directly from the brick wall. Don't ask for a Budweiser or Amstel. The Rooms are stocked with American micro-brews and small distribution European beers, like obscure heffeweizens and Trappist Beers. Mr. Weiss doesn't have many rules, but the ones he has he hews to closely. He never closes the bar. He never does private parties. He never closes early, and there is no velvet rope. All are welcome. Other than that you are encouraged to do whatever the heck you want.

The Room is a true testament to the adage, "if you build it they will come." Somehow it manages to be both a neighborhood hangout, as well as a destination. It would be easy to attribute its success to location, but then Mr. Weiss branched out to the West Village, opening The Otherroom on Perry St. Same concept, beer and wine, same décor, same small intimate atmosphere, same music. Mr. Weiss has slowly created a brand, an identity. A few years after that came Anotherroom in Tribeca. He has three bars, all almost identical within a single square mile of Manhattan's prime nightlife real estate, all busy most nights of the week. He then opened The Room in South Beach, Fl. Would a dark moody angst ridden bar from NYC work in spicy Miami? Those tanned bikini adorned ladies must have some untapped ennui because the bar is still going strong.

His latest venture though is by far the most adventurous. Two months ago, he opened The Otheroom in Venice, CA, on Abbot Kinney. Prime real estate once again, only blocks from the beach. The décor, music, chalkboards are all the same. But the space is the size of all four Rooms put together. Compared to the intimate setting of the previous four bars, The Venice Room is colossal. Mr. Weiss has had to tailor his vision somewhat for the stringent LA nightlife regulations. There is a doorman checking id's, a strictly enforced capacity, and valet parking. But once again the place has been packed every night. The Otheroom Venice is clearly a welcome addition to a neighborhood thirsty for nightlife. Like a truffle pig, Mr. Weiss has sniffed out the perfect location, an area teeming with young people, and professionals eager for a place to let loose, and with very few options to do it. There are little nooks and crannies within the bar for snuggling in dark corners, and wide-open areas for the singles to scope each other out. The age group is slightly younger than the NYC establishments, and due to its size it sacrifices a certain intimacy and familiarity with the staff. But you can't argue with success. Mr. Weiss has stayed true to his vision, and his vision has not led him astray. If you want to sit with your date over a bottle of wine and talk, come on a weeknight. If you're tired of your date and are looking for a new one, try the weekends.

If you ask Mr. Weiss, he will tell you he is all about service. And he is. But I think that people keep returning to his bars because the loyalty he shows to his regulars, many of whom have become his friends, and they return it in spades. Stop in and grab a seat before long you might find you too have become a regular.

Village Voice Liquid City

Room Service: Drink Wine and Beer in a Low-Key Atmosphere

The Otheroom by Emily Weinstein March 8th, 2005

The West Village's Otheroom is a neighborhood bar for a neighborhood that has become, block-for-block, the poshest in Manhattan. (Even the most aristocratic stretches of the Upper East Side can't compete with the West Village's celebrity baby-strolling and Bleecker Street blitz of designer boutiques.) Hidden on pretty, residential Perry Street and serving only wine and beer — no liquor, per owner Craig Weiss's frat-free vision of "casual" — the Otheroom has quietly become popular with locals over the past seven years, attracting both small groups of friends and third dates that seem destined for make-out sessions. Exposed brick walls, mood lighting, and a back room ringed in plush banquettes create Weiss's hybrid classy-cozy atmosphere.

The vast beer list helps too — there are 10 beers on tap, including Hefeweizen (\$6) and Chimay (\$8), and up to 35 different bottled varieties. No PBR cans. No Jaeger shots. No snack mix. Personable bartenders and a gentle indie-rock soundtrack complete the picture. And it's coming soon to a luxe neighborhood near you: Weiss has built a miniature empire of three "Rooms" in New York, one in Miami, and an L.A. outpost that opened just a few weeks ago, so loyalists can sip Chardonnay to the Shins on either coast.

LA.com

The Otheroom: A West Village wine bar comes to Venice by Shane McCoy

Westside hipsters, artists and performers finally have a hip wine bar and brewery at which to convene thanks to Craig Weiss, owner of the Otheroom in New York's West Village, who opened the other Otheroom on Venice's main drag.

Twice the size of its New York counterpart, with brick walls and high pressed-tin ceilings, the dimly lit wine bar uncorks wines by the glass or bottle (port and sherry, too) and more than 70 beers, from imports to microbrews, in bottles and on tap. There are five seating areas, each of which seems custom-designed for privacy, voyeurism or socializing. But the comfy velvet benches in the oversize windows on Abbot Kinney Boulevard are the best spots to eyeball the architects and tech guys headed to the bar for an after-work drink—and, on weekends, the packs of sequin-clad women who come to pounce on the hot, employed architects and tech guys. Even on weeknights, there's a line out the door (which regulars circumvent). The bar doesn't serve food, but it keeps menus from every local restaurant that delivers. The bartender will be happy to suggest a vintage to perfectly complement your pepperoni pizza.

Tip: Even if it's packed, all Venice denizens (with proof of residency) can bypass the line with a plus-one.

Daily Candy
More Room
February 25, 2005

Everything is bigger in L.A.: houses, egos, budgets, boobs.

Even Venice, known for its sweet little bungalows, is going the bigger-is-better route. In a micro sort of way.

The Otheroom is slated to open today (though, of course, you can never be totally sure) on Abbot Kinney. It's the first Left Coast outpost of New Yorker Craig Weiss's microbrew-slash-wine-bar mini empire, which includes New York and Miami variations like the Room, the Otheroom, and Anotheroom. (Original nomenclature notwithstanding, there's no affiliation with the Room on Cahuenga or the Room SM. Your confusion, however, is understandable.)

The Otheroom serves 60-plus microbrews and import beers, as well as wines, ports, and sherries, and has the same lounge concept as its siblings—with four times the square footage. Which makes for a lot more coziness. (This town likes to stretch its long legs.) The exposed brick, candles, and take-a-load-off sofas should soothe your “God, I spent my day slaying dragons across town” souls.

Charming, familiar, and comfortable. All in exactly the right proportions.

Appendices

METRICS FOR THE BUSINESS

Local 1205 exploits a number of important trends

- + Consumer interest in healthy, natural foods is increasing, as evidenced by the rapid growth of the organic produce industry, currently \$4.9 billion at retail and growing at approximately 20% annually (source: U.S. Dept. of Agriculture).
- + Consumer interest in fresh, local products is increasing as seen in the proliferation of farmer's markets in every U.S. city.
- + Consumer interest in artisan foods is expanding in many categories, as a reaction to mass production and a lack of connection to producers.
- + Consumers increasingly seek convenience and "one stop shopping" (from super stores including grocery, drug and general merchandise, to convenience stores offering gas and food).
- + Prepared foods are increasing in popularity, as evidenced by the rapid expansion of this section in Whole Foods and most other grocery stores.
- + The U.S. Dept. of Agriculture recently revised its recommended diet to place significantly greater emphasis on fresh fruits and vegetables.
- + The smaller family farm is losing ground to large corporate farmers, and in reaction is seeking to build local markets for their products, to increase margins (as are enjoyed in farmer's markets), sell a greater proportion of their products at higher margins (difficult with the relative infrequency of farmer's markets) and build direct relationships with consumers (building a brand for their farm).

Typical supermarket operations

- + The typical supermarket stocks well in excess of 45,000 items, a very broad range of perishable fresh and prepared foods, health and beauty aids, beverages, snack foods, and general merchandise.
- + Margins on each category vary widely, with the highest margins associated with prepared foods and produce, and the lowest margins generated by staples such as milk and flour - supermarkets carry all these items to be able to position themselves as a "one stop shopping" solution for the convenience-driven shopper. The typical supermarket achieves a gross margin of 27.6% on sales, with total expenses of 25.7% on sales yielding a 1.9% net operating profit on sales. (Food Marketing Institute)
- + Supermarkets turn their inventory very quickly, with average turns of approximately 45X for produce, 38X for meat, 34X for dairy, 28X for deli and 25X for bakery. (Food Marketing Institute)

METRICS FOR THE BUSINESS (continued)

Organic foods

- + Organic foods are rapidly growing in importance to a broader range of consumers and retailers.
- + “Once a niche product sold in a limited number of retail outlets, organic foods are currently sold in a wide variety of venues including farmer’s markets, natural foods supermarkets, conventional supermarkets and club stores.” (USDA)
- + Total U.S. organic industry had estimated retail sales of \$14.6 billion in 2005, and is forecast to grow at 15-20% annually in the near term (Produce Marketing Association).
- + Within total organic food, U.S. organic produce is typically the first product tried by the consumer, and is the top-selling category with sales estimated at 39% of total sales or \$5.69 billion in 2005. The organic produce category is over twice as large as all other organic products (non-dairy beverages, breads and grains, packaged foods and dairy products). California is the top producer of organic fruits and vegetables in the U.S. (USDA).
- + Organic products are sold in 73% of all conventional grocery stores (Food Marketing Institute).
- + It is expected that the organic industry will continue to grow and thrive at a steady rate over the next 20 years, but at a slower pace than the current 20 percent average annual sales growth. Some interesting projections from the Organic Food Industry include:
 - + The average consumer household in 2025 will contain at least one, if not many, organic products on a regular basis. This includes food items, organic clothing, household cleaning products and personal care items.
 - + All organic organizations agree that by 2025, organic products will be sold anywhere and everywhere. Increased sales in restaurants were mentioned by more than one as a trend that will continue to 2025.
 - + The overall increase in organic sales and acceptance should also translate into increased organic acreage.
 - + Younger shoppers will continue to find organic food of interest, especially as Gen Xers continue to pass down their belief systems. Ethnic shoppers including Asian Americans and Hispanic Americans will also continue to be more likely to be organic shoppers, in proportion to their representation in the population.

METRICS FOR THE BUSINESS (continued)

Local Farmer's markets

- + Local farmer's markets have grown rapidly in recent years, with the number increasing from 2800 in 2000 to 4500 in 2007 in the United States according to the US Department of Agriculture and Commerce August 07. To date, the volume of produce sales via farmer's markets remains small—less than 2% of U.S. sales overall.
- + Consumers primarily seek a convenient location (close to where they live).
- + Consumers value a number of attributes of farmer's markets, including freshness, high quality, fair pricing, pleasant social interaction with farmers, and locally grown foods (often heirloom and specialty produce and products difficult to mass produce and rare at other markets).
- + A key advantage of farmer's markets and the organic farmers often represented there is the variety of produce offered, particularly specialty crop varieties—one example cited by the USDA states “[conventional] farmers will typically bring peas, beans, cabbage and squash, while organic farmers will bring lettuce mixes, sprouts, spinach, cauliflower, and edamame (edible soybeans) and different things like parsnips and leeks.”(USDA, Organic Produce in U.S. Farmer's Markets)
- + Direct interaction between farmers and customers is very important. “Managers indicated that organic farmers are likely to converse with customers who ask how to prepare specialty food items, or inquire about organic farming techniques. Such communications can foster relationships between farmers and customers that may persist, especially if the customer is satisfied with a farmer's product quality.” (USDA, Organic Produce in U.S. Farmer's Markets)

METRICS FOR THE BUSINESS (continued)

The organic food purchaser

- + 34% of U.S. shoppers purchased organic produce in 2002, up from 23% in 1996 (Food Marketing Institute)
- + Organic produce is favored more by younger consumers, and those residing in the Western U.S.: 44% of ages 18-34 purchased organic produce, vs. 26% of those aged 65+, and 50% of Western shoppers bought organic produce vs. 29% of Southern shoppers. Research (Fresh Trends) indicates little difference between the purchasing habits of men and women.
- + The primary reasons for purchasing organic foods are health related ("fewer chemicals" – 63%, "better for me and my family" - 51%), followed by environmental concerns (37%) and perceptions of better taste (30%).
- + 63% in the industry-sponsored Walnut Acres survey believed that organic food and beverages were better for them and were healthier than their conventional counterparts.
- + Other factors have been cited as indicators of organic produce purchase: households which are smaller with higher income, those knowledgeable about alternative agriculture, concerned about the environment, concerned about food safety, who enjoy trying new products, with children under the age of 18.

Food is big business in the United States

- + Retail Grocery - 2006 Supermarket sales in the U.S. exceeded \$499 billion, dominated by chain supermarkets.
- + Produce is the second largest department in supermarket stores, with approximately 10% of total sales.
- + Of every \$100 spent in a grocery store, approximately \$50 is spent on perishables including produce, meat and bakery.
- + Between 1970 and 1997 the largest increases in United States per capita food consumption were in fresh fruit and tree nuts (+24% to 58 pounds per person) and vegetables (+24% to 81 pounds per person).
- + The average family makes 1.9 trips to the supermarket each week.

CATHLEEN MITCHELL

FOUNDER AND CREATIVE DIRECTOR, MCROBERTS MITCHELL, LLC
NEW YORK CITY, LOS ANGELES

Cathleen founded McRoberts Mitchell (MM) in 1994 with the goal of helping companies with their branding and marketing communication needs.

Whether it's a new product launch, brand development, or an annual report, she clarifies the voice and vision unique to each client. By integrating complementary disciplines—graphic design, writing, and marketing strategy—she provides multidimensional solutions. Her award-winning artistic direction speaks to target audiences and produces dramatic, tangible results.

Her disciplined yet inspired process works for clients in every industry including top-tier law firm Stroock & Stroock & Lavan, sexily chic restaurants/lounges such as Citron and The Rooms as well as high profile philanthropies including The Rainforest Foundation, founded by rock star Sting and his wife Trudie Styler.

Collaborating with entrepreneur, Craig Weiss, for whom no detail is too small, she designed, branded and promoted his family of beer and wine bars. Starting with the unfinished beauty of early 20th century architecture, she designed interiors that were among the first to recast raw-brick-and-firedoor industrial as luxurious. Local artisans were commissioned to create one-of-a-kind fixtures, and she added a veneer of comfort with decadent banquettes, gentle candlelight and a seasonal art gallery.

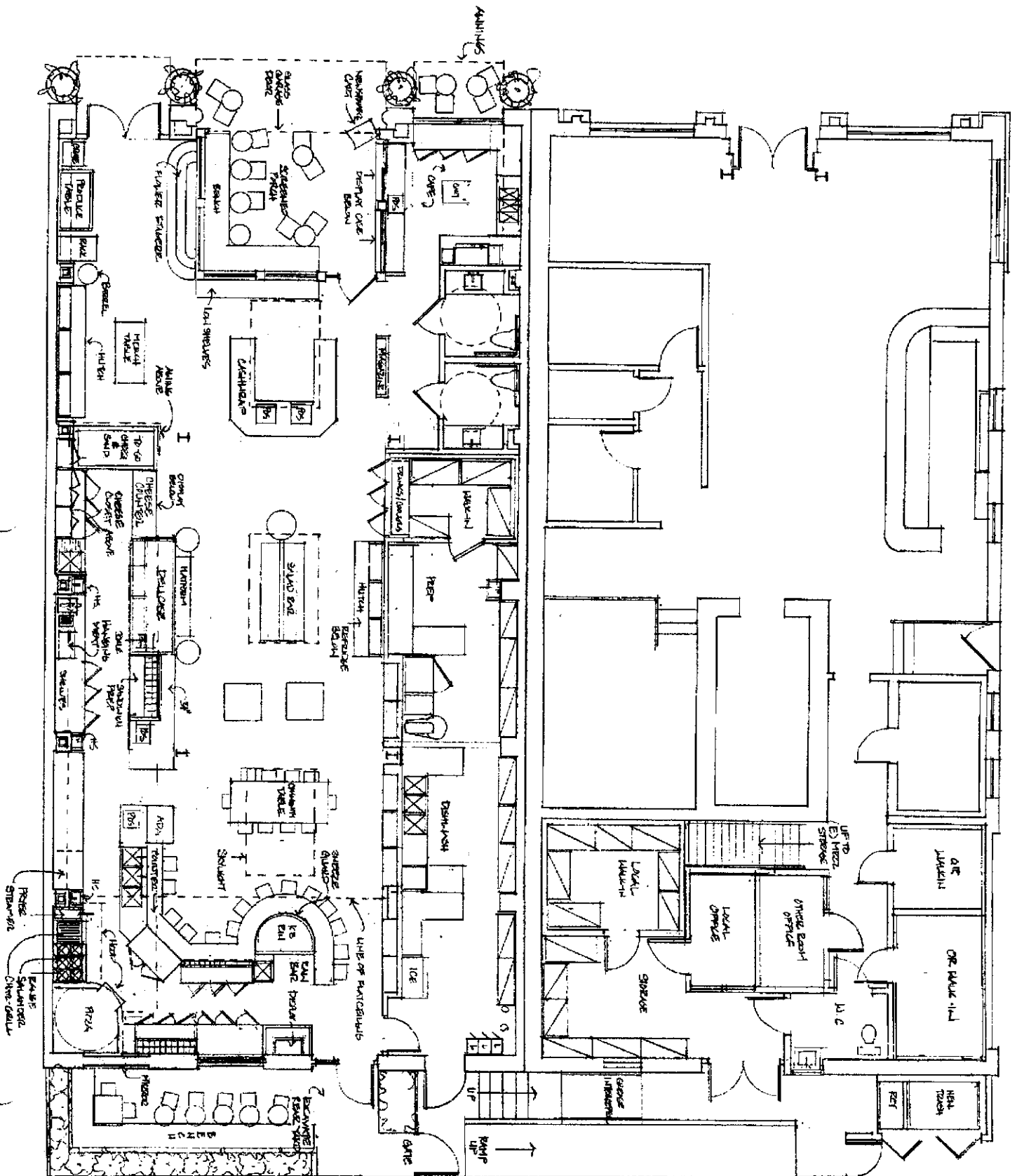
Instead of traditional promotions, she turned the usual bar-related materials into gift-like mementos. Engraved, embossed business cards on double-thick, textured paper are worthy of saving. A promotional piece displayed on the bars—evocative of the thousand rendezvous witnessed nightly—starts conversations. Every last item—from matchbooks to James Perse tees to the website—is a sign of the sophisticated yet understated approach to life and business at the Rooms.

Notable press has celebrated the Rooms as pioneers since the beginning. By making sure what happens at the Room never turns up on Page Six, the Rooms keeps people (celebrity and otherwise) coming back for more.

Her branding expertise and long-lasting working relationship with Craig will be integral to the successful launch and operation of his new venture, Local 1205.

Exhibits

PROPOSED LOCAL 1205 FLOOR PLAN EXISTING OTHER ROOM FLOORPLAN



PRODUCT SELECTION

Produce and Related Products

Seasonal produce
Bottled fruit juices and preserves
Dried fruit and nuts
Smoothies
Fresh fruit juices
Dried herbs and spices

Miscellaneous Refrigerated Items / Frozen

Fresh salsas and condiments
Eggs / dairy
Cheese and charcuterie
Fresh pasta and sauces
Sausages
Ice cream / gelato

Other

Flowers
Ceramics
Wreaths
Salts

Packaged

Olive oils
Vinegars
Farm designated foods
Dried pastas and sauces
Snacks and cookies
Crackers
Specialty condiments
Dry goods
Bulk items
Coffees and teas

Kitchen Made

Preserves
Juices
Salad Dressings
Salsas
Nut butters
Tapenades
Hummus
Tomato sauce
Mustards

Prepared Foods

Fresh salads
Soups
Entrees
Sandwiches
Cookies/some desserts
Cut fruit
Green salads
Pizzas
Raw bar
Small plates / variety / daily