



LION BUSINESS BROKERS

Business Sales | Business Valuations | Mergers & Acquisitions

CONFIDENTIAL BUSINESS REVIEW

PRIVATE & CONFIDENTIAL

JOE SMITH'S CITY CAFE

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THE OPPORTUNITY

"THE SECRET TO
SUCCESS
IS HAVING THE
COURAGE
TO EMBRACE
OPPORTUNITY"



WHO WE ARE

Listing a business is a very detail orientated process and all our advisors are trained to bring structure and dicipline to every deal.

You may be wondering, what is it that makes one business brokerage or M&A firm better than another, and does the team at Lion Business Brokers have it?

After decades of analyzing and completing deals, debriefing with seller clients and acquisition teams, and with multiple team members recognized as Industry Experts by the Business Brokerage Press and Certified Business Intermediaries, through the International Business Brokers Association, we are comfortable stating that know what it takes to get deals done.

At Lion Business Brokers our foundation is built on the following:

Focus

We focus on our core business offerings, Business Sales, Business Valuations, & Mergers & Acquisitions. Most importantly, everything we have built, our continuing education through the International Business Broker Association is purely dedicated to selling companies.

Fiduciary Responsibility

Understanding

Because we are so focused on business sales, sell-side M&A and particularly on owner-operated companies, we understand that the business sale process is about far more than the spreadsheets. We know that our clients have a story of how they obtained success and our job is to tell the story. We understand that every company is a family company regardless of who is on the payroll. Our process is flexible enough to handle all these issues, and our personnel are trained and ready to assist you in the process, finding the buyer, and closing the deal.

GENERAL DISCLAIMER



The statements and financial information related to the subject business set forth in this Confidential Business Review are based solely on information supplied by the Seller(s) of the business to Lion Business Brokers - and Lion Business Brokers, its directors, contractors and employees hold no belief as to the accuracy or otherwise of such information supplied.

The statements and financial information are passed on by Lion Business Brokers via this Confidential Business Review on behalf of the Seller for whom Lion Business Brokers acts solely as agent.

Accordingly, Lion Business Brokers, its directors, contractors and employees do not and cannot warrant or guarantee the accuracy of such statements and financial information relating to the business, and they accept no responsibility in any way whatsoever in respect to any errors or omissions in respect of such statements and financial information howsoever caused, Lion Business Brokers strongly recommends that prospective buyers of the business seek their own independent legal, accounting, technical and financial advice and make their own inquiries and conduct their own due diligence of the business.

Each and every opinion or recommendation that Lion Business Brokers has set forth in

this profile is held by Lion Business Brokers, its directors, contractors and employees in good faith and on the basis the information supplied by the Seller of this business is accurate at the time of writing this Confidential Business Review, and each and every opinion and recommendation set forth in this profile is held, made or stated on the following conditions:

Lion Business Brokers makes no invitations to any person to rely on any such opinion or recommendation.

Lion Business Brokers accepts no responsibility on any person should Lion Business Brokers, its directors, contractors or employees become aware of any change to/or accuracy in the information supplied by the Seller on which the opinion or recommendation is based.

Lion Business Brokers shall not be under any liability for loss or damage howsoever occasioned as a result of any reliance by any person any such opinion or recommendation, whether or not such loss or damage was due to any negligence, default, or lack of care by Lion Business Brokers, its directors, contractors or employees.

Acceptance of any person of this Confidential Business Review constitutes acceptance of these conditions.

WELCOME MESSAGE



Hello - my name is Joshua Carnes and I am your M&A Advisor.

On behalf of the whole team at Lion Business Brokers, I am pleased to present prospective buyers with a truly outstanding acquisition opportunity in Houston's thriving Food & Beverage industry: "Joe Smith's City Café".

Joe Smith's City Café is positioned at 48 Smith St, Houston, Texas, USA. It is a truly beautiful coffee shop that has consistently generated great financial results and is now being sold as the Seller is pursuing other business interests.

We have prepared this Confidential Business Review with the goal of providing the reader with a good general overview of what is on offer.

While this document will not explore every detail of the business sale, it is our hope that it will provide the reader with sufficient information so he/she can decide whether or not to progress on to the next stage of this process, which would be a visit to the business and an informal meeting with the Owner.

In any event, I hope you enjoy reading this document and I look forward to hearing from you.

Sincerely,

Joshua Carnes
President | M&A Advisor



Joshua Carnes
President | M&A Advisor

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EXECUTIVE SUMMARY

					
Listing #:	Gross Revenue:	Founded In:	Staff:	Market:	Current List Price:
ABC123	\$5,000,000	Opened In July 2012 by present owners	5 full-time	Food and Beverage	\$3,500,000
					
Location:	Cash Flow:	Acquired In:	Market:	SIC/NAICS:	Corp. Structure:
Houston	\$700,000	n/a	3 part-time	#238220	S Corp



Company Overview

Reputable business with long-established clients and strong brand presence. This business has had positive cash flow and a consistent financial performance over the years delivering high returns to its owners. Excellent opportunity to acquire a profitable business with ample growth opportunities moving forward.

FINANCIAL HIGHLIGHTS								
Period Ending	1/31/2020		12/31/2019		12/31/2018		12/31/2017	
Source	Tax Return		Tax Return		Tax Return		Tax Return	
Gross Revenue	-	-	\$5,000,000	%	\$4,500,000	%	\$4,000,000	%
(-) Cost of Sales	-	-	\$2,500,000	50	\$2,250,000	50	\$2,000,000	50
(-) Gross Profit	-	-	\$2,500,000	50	\$2,250,000	50	\$2,000,000	50
(-) Total Expenses	-	-	\$2,200,000	44	\$1,975,000	44	\$1,750,000	44
(-) Other Income	-	-	\$ 50,000	1	\$ 50,000	11	\$ 50,000	13
(-) Taxable Income	-	-	\$350,000	7	\$325,000	7.2	\$300,000	7.5
(+) Depreciation	-	-	\$100,000	2	\$100,000	2.2	\$100,000	2.5
(+) Interest Paid	-	-	\$ 50,000	1	\$ 50,000	11	\$ 50,000	13
(+) Non-Recur/ Operating	-	-	-	0	-	0	-	0
(+) Owner's Compensation	-	-	\$200,000	4	\$200,000	4.4	\$200,000	5
(-) Discretionary Earnings	-	-	700,000	14	675,000	15	650,000	16

The information presented in this summary is confidential and is given only for the purpose of preliminary evaluation of the business for acquisition. All data is supplied by Seller. Broker has not verified, makes no representation or warranty, and assumes no liability. This summary and the information in it are not to be reproduced, revealed, shared or communicated without the written permission of Lion Business Brokers Ltd.



KEY CONSIDERATIONS

01.

Well Established

Joe Smith's City Café is a well established business, trading since July 2012 (6 years), under the same ownership.

02.

Well Positioned

Joe Smith's City Café is a business positioned in one of the most prestigious corners in downtown Houston.

03.

Strong Branding

Joe Smith's City Café has managed to build a strong brand identity, coupled with a loyal clientele following.

04.

Fully Staffed

Joe Smith's City Café is fully staffed and does not depend on the owner to function, although the owner helps out during busier periods.

05.

Fully Equipped

Joe Smith's City Café is fully furnished, fully equipped and has a memorable décor, requiring little to no additional capital investment from a new owner.

06.

High Side

Joe Smith's City Café is a financially successful business that demonstrated \$700,000 in Seller's Discretionary Earnings in the last Financial Year (2021).

07.

Weekday Trading

Joe Smith's City Café trades only 5 days per week – either allowing a new owner to maintain it as such or to utilize weekend and/or weekday evenings to explore functions, events and/or corporate catering. Moreover, the business is presently not working with any of the delivery partners such as UberEats.

BUSINESS PROFILE



Lion Business Brokers is thrilled to introduce you to “Joe Smith’s City Café”. Situated in the heart of Houston, this stunning coffee shop opened its doors in 2012 with the idea of dazzling its customers with exceptional food, a jaw-dropping décor and, of course, the kind of coffee that could not be faulted even by the most demanding of Houston hipsters!

The clientele of this business is a true array – from business people that work on the very same building – to tourists and passers-by who are shopping or simply strolling through downtown Houston. The coffee shop has taken advantage of the development in the area by offering a truly remarkable ambiance and cuisine.

Described by one critic as “a creative oasis with a vibrant and colorful atmosphere”, the coffee shop is licensed for 120 seats (inside only) and sells an average of 176 pounds of coffee per week.

Offering both dine-in and take-away options, Joe Smith’s City Café trades only Monday to Friday, opening its doors at 06.00am and closing them at 04.30pm. Presently, the coffee

shop is not offering corporate catering nor is it engaged with any delivery service such as Uber Eats, presenting great potential for further sales to a savvy new owner.



38%

Demonstrated 38% year of year growth in gross revenues for the last 5 years!

ONLINE FOOTPRINT



BUSINESS WEBSITE
www.joesmithcitycafe.com.au



FACEBOOK
www.facebook.com/JoeSmithsCityCafe



INSTAGRAM
www.instagram.com/joesmithscitycafe





GOOGLE REVIEWS

Rate: 4 Stars based on
297 Google Reviews

"Great ambience. Very attentive staff.
An interesting range of entrees, small
and main meals all excellently
prepared."

"One of the BEST brunch locations I
have been to so far! Me and my partner
came unexpectedly and instantly loved
the vibe."

"Breakfast was fantastic. If you do go the
pancake route, make sure you have a
hearty appetite we ended up bringing it
back as MY GF couldn't finish it."



YELP REVIEWS

Rate: 4.5 Stars based on
188 Yelp Reviews

"We were very fortunate to find this
amazing café. The food is out of this
world and the service equally amazing.
Looking forward to our next visit."

"This place is in a great location and the
food was great. It accommodates for
both small and large groups as well as
vegan and non vegan."



PHOTO GALLERY



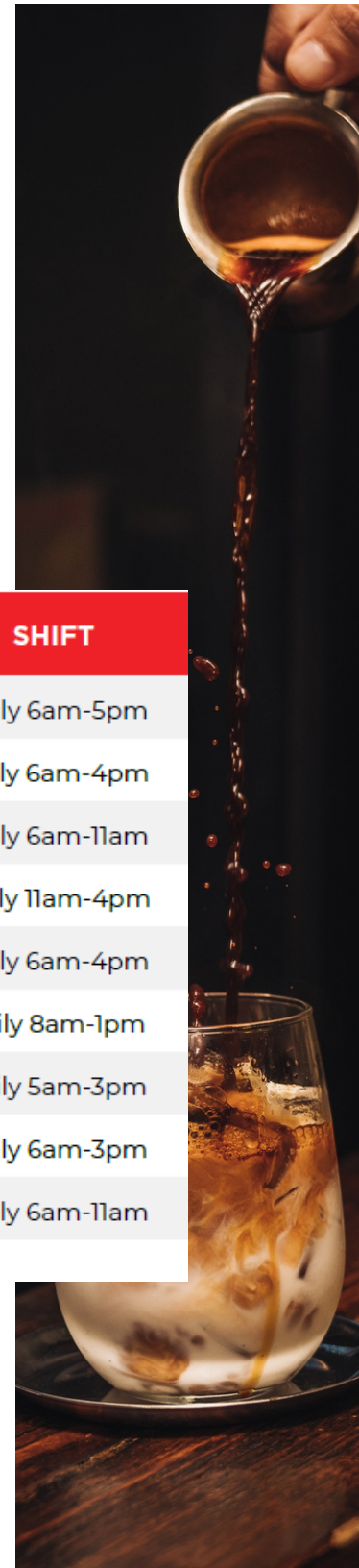
OPERATIONAL OVERVIEW



OPENING TIME	
Monday	6:00 am - 4:30 pm
Tuesday	6:00 am - 4:30 pm
Wednesday	6:00 am - 4:30 pm
Thursday	6:00 am - 4:30 pm
Friday	6:00 am - 4:30 pm
Saturday	Closed
Sunday	Closed
Public Holidays	Closed

STAFF	STATUS	LENGTH OF SERVICE	REMUNERATION	SHIFT
Director	Full-Time	July 2012	Nil	Daily 6am-5pm
Floor Manager	Full-Time	May 2013	\$27.50 P/Hr	Daily 6am-4pm
Barista #1	Part-Time	May 2013	\$24.00 P/Hr	Daily 6am-11am
Barista #2	Part-Time	April 2015	\$24.00 P/Hr	Daily 11am-4pm
Waiter #1	Full-Time	October 2017	\$21.00 P/Hr	Daily 6am-4pm
Waiter #2	Part-Time	May 2013	\$21.00 P/Hr	Daily 8am-1pm
Chef #1	Full-Time	July 2014	\$27.50 P/Hr	Daily 5am-3pm
Kitchen Hand #1	Full-Time	July 2014	\$24.00 P/Hr	Daily 6am-3pm
Kitchen Hand #2	Part-Time	May 2013	\$21.00 P/Hr	Daily 6am-11am

Joe Smith's City Café is fully staffed by competent and loyal team members, most of whom have been with the business for over five years. Below is the schedule for most weeks:





Owner Profile

Mrs. Joe Smith opened the business in July 2012. With a background in the Corporate World, Joe wished to transition to Houston's vibrant Food & Beverage scene when he saw the opportunity arise. With a passion for people and food, this was an ideal option.



Owner's Hours

Mrs. Joe Smith works full-time in the business, opening it and closing every day. However, Mr. Smith takes multiple holidays throughout the year and has comfortably left the business in the hands of his trusted Chef and Floor Manager.



Owner's Role

Mrs. Joe Smith's role is Administrative and Managerial – focusing on Payroll, Purchasing and others. Joe also assists on the floor (but not the kitchen) whenever required, particularly with preparing coffees which is his passion.



LOCATION & PREMISES

Joe Smith's City Café is located at 48 Smith Street, Houston, TX, USA, right at the heart of Houston, between NW 8th Avenue and NW 12th Avenue. Adjacent to it, is SW 1st Street and across the road is SW 2nd Street. The single entry to the building and large windows award the premises plenty of natural light and warmth. Joe Smith's City Café occupies a total area of approximately 1991.32 sqft. on a single floor level, divided as follows: Dining Area, Kitchen, Bar (Coffee/Serving) Station, 2 Bathrooms, 1 Office and a Cool-room, as well as a grease trap.



HOUSTON PROFILE



HOUSTON

Houston is a large metropolis in Texas, extending to Galveston Bay. It's closely linked with the Space Center Houston, the coastal visitor center at NASA's astronaut training and flight control complex. The city's relatively compact Downtown includes the Theater District, home to the renowned Houston Grand Opera, and the Historic District, with 19th-century architecture and upscale restaurants.

Houston is a diverse and international city, in part because of its many academic institutions and strong biomedical, energy, manufacturing and aerospace industries.

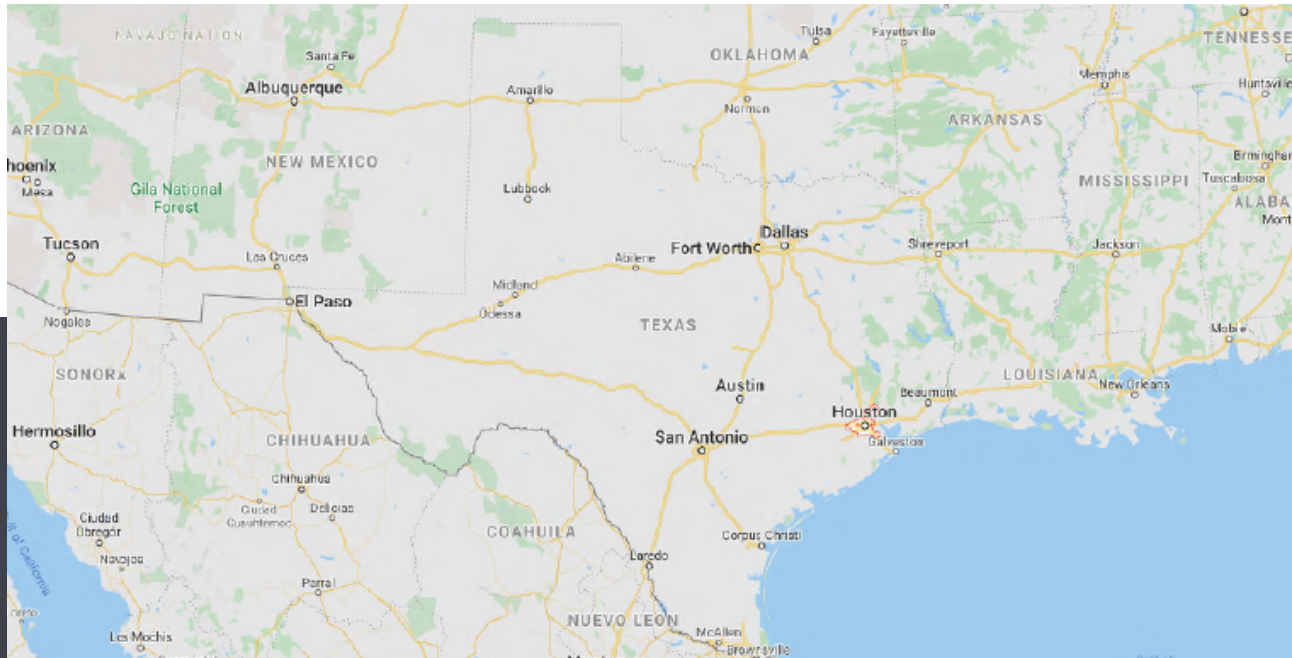
As of the census of 2000, there were 1,953,631 people in 717,945 households, including 457,330 families, in the city. The population density was

3,371.7 people per square mile (1,301.8/km²). There were 782,009 housing units at an average density of 1,349.6 per square mile (521.1/km²). If the city of Houston were a U.S. state, it would rank 36th in population—its estimated 2.01 million residents in 2004 placed it behind Nevada and ahead of New Mexico. In 2005, the Greater Houston area had a population of more than 5.7 million, as the area was growing at a faster rate than the state or the nation.

The median household income was \$36,616 and the median family income was \$40,443. Males had a median income of \$32,084 versus \$27,371 for females. The per capita income for the city was \$20,101. Nineteen percent of the population and 16% of families were below the poverty line. Out of the total population, 26.1% of those under the age of 18 and 14.3% of those 65 and older were living below the poverty line.



HOUSTON LOGISTICS



LOCATION	DRIVING TIME	DISTANCE
Austin	3 hours 16 minutes	178 miles
Galveston	2 hours 57 minutes	167 miles
Beaumont	2 hours 28 minutes	135 miles
San Antonio	4 hours and 26 minutes	253 miles
Fort Worth	2 hours 58 minutes	182 miles
Dallas	2 hours 29 minutes	159 miles
Corpus Cristi	5 hours 22 minutes	324 miles

BUSINESS LOGISTICS



LOCATION	DRIVING TIME	DISTANCE
Sam Houston Park	5 minutes	1 mile
Houston Municipal Court	4 minutes	1 mile
Houston Station	4 minutes	0.8 miles
Houston Public Library	20 minutes	9 miles
Houston Museum	11 minutes	2 miles
Museum of Fine Arts	8 minutes	2 miles

LEASE AGREEMENT



Joe Smith's City Café is situated at 48 Smith Street, Houston, TX, USA.

Please find enclosed to this Confidential Business Review a copy of the Lease Agreement and Disclosure Statement for the premises for your review and perusal. As part of this deal, the current Lease Agreement will be transferred to the Buyer, at the cost of the Seller.



PARTIES

The Lease Agreement commenced on 1 July 2012 between Abigail LCC, E.I.N 12 345 678 910 (Landlord) and Joe Smith Enterprises, E.I.N 10 123 456 789 (Tenant). The Agents are ABC Real Estate at SW 3rd Street.



TERMS

The Lease Agreement commenced on 1 July 2012 for an initial term of six (6) years with four (4) renewal options of three (3) years each "6+3+3+3+3". The next latest date for exercising the renewal option is 1 April 2019.



RENTAL

The Annual Base Rent under the lease commenced at \$100,000.00 per annum (being \$8,333.33 per calendar month) and excluding outgoings, with yearly increases in accordance with CPI.



MISCELLANEOUS

The permitted use under Lease is: "Café" (it is tenant's prerogative to investigate if use of the premises is permitted under planning laws). There is no demolition clause. A security deposit of \$25,000.00 was payable at the lease commencement date.

ASSET LIST



Joe Smith's City Café will be sold with all equipment, fittings and fixtures used in the business

– with the exception of any that may belong to the landlord or that may be on loan from a supplier. At the day of settlement, all items will be in good working order and condition (subject to fair wear & tear) and will be unencumbered and free of debts. Please find below a summary of the major items included in this sale, whose estimated value exceeds \$100,000.

ITEM	ESTIMATED VALUE
120 Chairs	\$94.00 ea
50 Tables	\$150.00 ea
All Cutlery (Crockery, Glasses, Kitchenware, Plates and Utensils)	\$10,000
2x Point of Sale System	\$1,655.00 ea
2x Coffee Machine	Unknown
2x Drinks Fridge	Unknown
All Art and Decoration	\$50,000
1x Woodson W.BMS11 Benchtop Bain Marie	\$609.00
TOTAL ESTIMATED P&E VALUE:	\$108,322



ASKING PRICE

Joe Smith's City Café has been priced at \$3,500,000 plus Inventory, the value of which is estimated to be at around the \$50,000 dollar mark. The Asking Price includes all of the factors below:

- Plant & Equipment
- Goodwill
- Business Name
- Transfer of Lease
- Website & Social Media
- All Intellectual Property
- Know-How
- Four weeks of Training

The Return on Owner's Investment, or R.O.I., is typically calculated as follows:

$$\text{R.O.I.} = \text{Profit (\$pa)} \times 100 / \text{Purchase Price}$$

When considering an S.D.E of \$700,000 for the Financial Year 2019, and applying the above formula, we reach an R.O.I. rate of 20.00% or a Multiplying Factor of 5 times.



WHAT HAPPENS NEXT



If you wish to proceed further with your inquiry, please contact M&A Advisor – Mr. Joshua Carnes – to schedule a Business Inspection. During this meeting you will have the opportunity to speak to the Seller/s directly, ask further questions and see the business for yourself. The importance of the Business Inspection cannot be overstated – while we hope you have found this Profile informative, it is the next step that will truly determine the suitability of the business to your requirements and specifications.



Step 1

You have just undertaken this Step by reviewing the initial information about the business.



Step 4

Once the offer is accepted, you will undertake a Due Diligence to verify the accuracy of all relevant business information.



Step 2

Schedule a business inspection, through the M&A Advisor, giving you the opportunity to analyze it further.



Step 5

At this point you will move on to Contracts where both parties solicitors and will take the deal to the next stage and assure you are protected in the transaction.



Step 3

If you are ready to move forward you can negotiate a conditional offer for the business.



Step 6

Once both parties sign the contract you can move on to Settlement and take possession of the business.

THANK YOU FOR GIVING US
THE OPPORTUNITY OF
INTRODUCING YOU TO YOUR
NEXT BUSINESS VENTURE!



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CURRENT APPENDIX LIST

- Previous year tax return
- Current YTD P&L
- Current Balance Sheet
- Owner SDE Worksheet
- Current FFE List