

I. Business Plan for Shangri-La Air Jet Management Inc.

II. Summary

Shangri-Lair will provide ultra-luxury travel between Vancouver and Toronto.



Our clients will be comprised of business executives, companies, TV networks, P and well off individuals who would like to have a jet but don't want the high initial costs in the current fractional ownership model.



The clients will pre-buy a minimum 10 hours @ \$10,000 that fractional share will give the fractional owner the right to fly Vancouver to Toronto the clients can book as many fractions so a client with a regular weekly trips can reserve as many hours we will block the trips.

Clients will be pampered with the finest food and beverages.

Our planes will fly daily once in the morning and once at night as often as 6 days a week

Fractional companies charge for the whole plane per hour at \$10000 with a minimum buy in of \$250,000 our clients can buy in to Shangri-La-Air for 25 hours \$20,000.

The Business Plan

III. Table of Contents

Contents

Business Plan for Shangri-La Air Jet Management inc.....	1
I. Summary.....	1
Table of Contents	3
Executive Summary	4
General Company Description.....	5
Products and Services.....	5
Marketing Plan	5
Economics	7
Product 8	
Customers	8
Competition	9
Niche 10	
Strategy 10	
Promotion	10
Promotional Budget	11
Pricing 11	

Proposed Location line	11
Sales Forecast.....	11
Operational Plan	12
Location.....	12
Management and Organization	12
Financial Plan.....	12

IV. Executive Summary

Shangri-Lair will be situated at Vancouver International Airport.

Initially we will operate one Gulfstream G-IVSPSP private jet as a fractional ownership program, our fractional owners will be celebrities, professional athletes, corporate executives and wealthy individuals, who have one thing in common the hate travelling commercial 1st class.

People don't like the long waits and frustrations with delays especially when they have paid top dollar for 1st class!

We will pick-up our *owners* at home or business and drive them in our luxury limonene service to their destination. They will get all and more of the service and comfort of Air Canada while travelling in a most luxurious PRIVATE JET!

This kind of service with NetJets doesn't exist you must purchase a minimum number of hours and then pay maintenance fees and major restrictions with a minimum entry price of \$250,000. The average price per hour on these services for a Gulfstream G-IVSP is \$13,000, Beechcraft King Air 350 a single seat will be \$1500 per hour and about the same for a Learjet or Citation.

Because our *owners* are buying a share of the aircraft only for the flights they want they can become fractional *owner* for a little more than a return ticket on Air Canada. Our

hourly rate per seat is \$800. Our clients can have all the amenities and privilege of Luxury 1st class travel at the

V. General Company Description

The goal of Shangri-La-Air is to provide a unique and as yet unavailable travel option for that 10% of travelers who travel business or 1st class on domestic high volume routes.

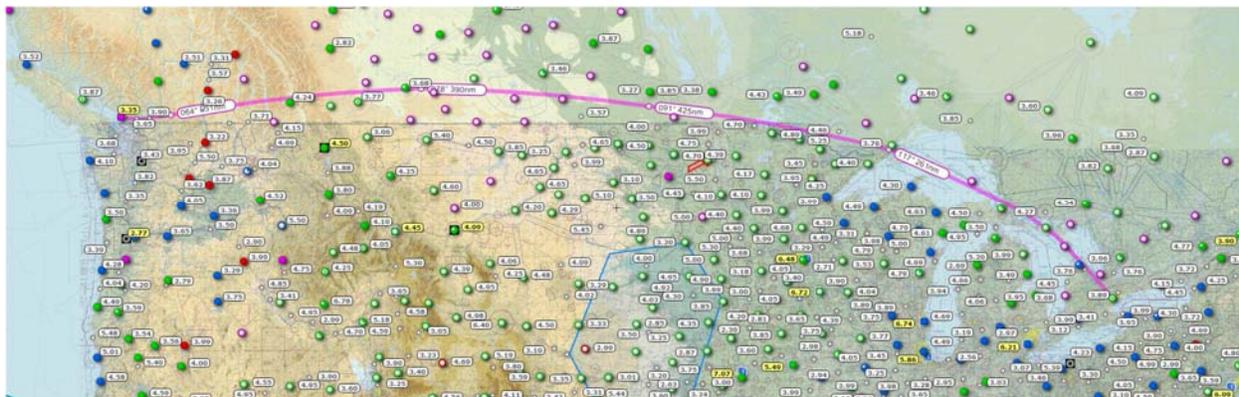
We have chosen the Vancouver Toronto route for a very easy to understand reason. There are over 2 million passenger per year who travel this route per year.

We will recruit travel agents who specialize in providing services for businesses as well as agents who cater to the rich and famous. We will advertise in the Media like *West Coast Condominium Magazine*, *Elite Traveler Magazine*, *United States*, *Robb Report*, *American Express Publishing*. These publications reach the clients who will most likely travel with us.

We will have gourmet food delivered to the plane just before takeoff, quality and variety will be our goal and excellence in delivery of our services the goal.

VI. Products and Services

We will operate as fractional Jet ownership program. Our *owners* will pre-purchase hours on our initial route flying Vancouver to Toronto 1 times per day.



We will leave from Vancouver after we have picked up our *owners* and delivered them to the plane, in a luxury 16 pass. Mini-bus.

We will have Wi-Fi on the plane and on the Limo.

When we arrive in Toronto we will deliver our clients via our Toronto limo-bus.



VII. Marketing Plan

When we have the initial funding in place, we will put a refundable deposit on our plane.

We will begin telemarketing to High net value individuals, company executives with branch offices in both cities, luxury travel agents, Facebook, Google print in BC Business magazine, ads on BNN total budget \$35,000. Press Releases will generate great interest. In a test marketing on Facebook, we got 160 clicks for a \$20 one day ad and we got 1 like, we could look forward to thousands of hits.

As we will be booking for 60 days out we will have established our POC and our “APPLICATION TO AUTHORIZE A LEASING OPERATION INVOLVING A FOREIGN AIR OPERATOR LESSEE AND A CANADIAN AIR OPERATOR LESSOR”

These will give us the legal right to operate a foreign registered aircraft in Canada.

When we hit our marketing targets TBD, we will sign our lease purchase agreement, we will hire our pilots, rent our pilots residences in Vancouver and Toronto.

We will have to have some modification and some pilot training, \$200,000 30 days before the first flight we will fly to Toronto and we will invite the top media representatives out for a 2 hour flight up to Montreal and then Ottawa. They will be treated just like our owners

VIII. Economics

Facts about the industry:

In 2012, NetJets logged more than 300,000 flight hours across its fleet –more than 35 years in the air. The total distance logged, 110,585,785 nautical miles, is equivalent to 266.2 round trips to the moon.

Cost to fly a Gulfstream G-IVSP for a weekend trip from New York City to San Francisco: \$106,711.17

There are many advantages to private jet travel. And, while it's true that private jet accommodations can be luxurious, the real advantages of flying on a private plane are convenience and efficiency. For example, passengers don't have to fly out of busy hub airports unless they want to. If they live or work near a smaller general aviation airport, they can depart from there and avoid traffic typically found at large commercial airports. Even if passengers choose to leave from a busy hub airport, they depart from a small facility called a Fixed Base of Operation, or FBO. This cuts out all of the chaos of a commercial terminal.

With a 60% load factor that's 7 seats per flight the profit per month will be pretax \$959,583 at 100% capacity 14 of 16 seats the profit goes up to \$2,259,269.43 per month!

These numbers are profit per month after ALL expenses.

IX. Product

Luxury and Time

The prestige of being a private jet owner very quickly loses its novelty and a business that has a \$6,800 dollar per hour jet flying only an hour per day on average is a very expensive perk, one that stock holders are becoming vocal about.

With Shangri-La Air the prestige the luxury are retained along with the massive time savings over commercial jet travel.

We are going to be offering the most exclusive, travel experience for the business traveler and the executive as well as for high worth personal travelers who do frequent trips between Vancouver and Toronto.

We will provide the luxury of a private jet for those travelers who are currently flying Air Canada business class or first class, a little bit more expensive, but we will be providing something no amount of money can buy, time. By picking up our customers at their home or office and delivering them to the airplane, then delivering them to their home or office at the other end of the trip, we will be saving the customer about 2 hours minimally on each trip they take.

X. Customers

Our customers will be fortune 500 CEOs, high level executives, professional athletes and wealthy personal traveling.

We will provide private jet travel to those people for whom the time saved with Shangri-La air is much more valuable than the extra cost.

Our clients will most likely be in the age range between 32 and 65 or 70 years of age, who currently travel 1st or business class between Vancouver and Toronto

They will be located in Vancouver or local area and in Toronto and its local area.

We will employ direct marketing techniques to contact COE's of companies with offices in both Vancouver and Toronto who travel more than 4 times a year between the cities.

We will use social media to attract new owners, we will offer a special promotion and the 100th owner gets free Vancouver to Toronto travel for 2 months.

XI. Competition

We will be competing with Air Canada's 1st class and business sales we will not be competing with Fractional or Charter Companies.

Table 1: Competitive Analysis

FACTOR	Shangri-La-Air	NetJets	Chartright	Air Canada
Products	Micro-Fractional Jet Management	Fractional Jet Management	Empty Leg Jet Charter	1st Class
Price	\$1000 / hr.	\$15,000/hr.	\$15,000 per hour	\$800 / hr.
Market / 100,000 trips	5-10%	1%	1%	99%
Expertise	50 years aviation experience	Incorporated 1964	Broker only does not own planes	Many Years
Company Reputation	Not applicable	Very good	Very good	Very Poor reputation
Location	Based In Vancouver	Columbus Ohio	Toronto	Everywhere
Sales Method	Direct marketing, Travel Agents Social Media	Word-of-mouth referral	Referral and word-of-mouth	\$140 million ads per year
Credit Policies	Prepayment	Payment in advance	Payment in advance	Pre-payment

XII. Niche

Business flyers need all the time they can save. A typical flight from Vancouver to Toronto takes a minimum of 7 hours.

Shangri-La-Air will save that flyer time, time that nothing other than a private jet travel can overcome. By picking up our guests and dropping them off, the owners can start work on the Limo-Bus on the way to and from the plane. A busy executive could start working on their vital work or communications on the way to and from the plane, Wi-Fi on the plane would allow an almost un-interrupted work environment.

XIII. Strategy

We will begin a direct sale campaign through travel agents located in Toronto and Vancouver. We will do a direct mail campaign with a coordinated follow-up sales call.

We will start selling for our anticipated launch 60 days out. We will expect to have a solid cash flow within 15 days. If sales are not predicted to reach our minimum of 1 sale per day we will dissolve the company our investor will receive 90% of their investment back

XIV. Promotion

As soon as our projected sales targets are reached, we will take possession of our plane after POC or lease arrangement and Wi-Fi upgrades have been completed and we will fly to Toronto and invite the local and National media to fly with us on a tour as we show off the luxury and opulence of the amazing Gulfstream Aircraft. We will then do the same in Vancouver. We anticipate that we may be close to fully booked for the first month well before our launch date. Fractional owners will be invited to a showing of the plane 2 weeks before we fly, a demonstration flight will be arranged for those customers who have purchased 2x the minimum buy in of 10 hours.

We will promote our service on BNN, why BNN? Because in the office of every financial manager's office in Canada BNN is constantly on all day, we will advertise on BNN as our main TV media, our print media will be Financial Times, 24 Hours in both markets and small ads in the business classified ads daily.

We will never sell the entire plane if we have a 16 seat plane we will never book more than 14 people, this way we can have 2 empty seats each flight, we will promote the service by offering Free travel to the winners of promotions like the one I mentioned earlier, we can give away a return trip on popular Canadian day time TV, we could co-sponsor charity events. With the extra capacity available we can offer travel to one person on each trip for a person who cannot afford airfare. We will call this our compassion seat and we will not advertise it.

We will announce that 10% of our ticket price is donated to the Shangri-La Foundation Life Learning Center.
Promotional Budget

We have budgeted \$100 / hr. or \$220,000 as of now for advertising we may up that or lower it depending on sales.

XV. Pricing

We are charging the same price range, proportionately .as does NetJets, FlexJets or Privatefly.

PrivateFly quotes \$50,000 to fly to Toronto, NetJets and FlexJets sell their fractions in 25 hour minimums at \$250,000 plus maintenance and administration charges maintenance runs minimum of \$250 per hour with Proposed Location line

We will be based out of AeroShell's YVR and YYZ airports. We will have our offices at Landmark Aviation on YVR.

XVI. Sales Forecast

Gulfstream G IV					
				\$2,259,269.43	per month profit
Employee Bonus	\$	22,592.69			
Each Investor would have a 12.5% share of the profits per month					
	\$	282,408.68			
The Investment of \$250,000			Returns	\$	282,408.68
The Investment of \$1000			Returns	\$	1,129.63
Per Year income		\$29,106,000.00			
Aircraft costs avg \$ \$6.5 million and \$4.5 each we will add routes in as cash flow allows and markets prove they need our service, success in one market will lead to interest from other markets.					
		0.100%		\$	2,259.27

XVII. Operational Plan

We will operate 5 days a week, this way we will have 2 days a week for maintenance an engine change should only take 8 hrs. and will only be necessary every 1 ½ years. The plane has a 95% on time departure rating the highest in the industry. The plane will be maintained by the A&E certified mechanics at Landmark Aviation.

We will just in time delivery of our catered meals. Our caterers in Vancouver and Toronto and I have come up with gourmet meals for our flyers. Clients will be able to pre order from our 3 of 9 different menus which will rotate trough-out the week.

Our clients will be able to request their favorite wine and liquors and we will stock those request for their flight.

We will have 2 crews and we will rent a house on Richmond for our crew.

XVIII. Location

We will be based out of Vancouver B.C.

XIX. Management and Organization

Roy Kerwood will be the director of operations. His 25 years as a small business owner and 10 years of recovery place him well to start and run this amazing business.

XX. Financial Plan

With our initial investment of \$250,000 we will take on a venture partner the Business Development Bank of Canada, who have said they will match my initial capital of \$250,000. With \$500 k in the bank we will start our direct marketing and telemarketing campaign. We will contact travel agents and give them the ability to sell fractions to their business clients and to their luxury travelers between Vancouver and Toronto.

When we have sold 100 fractions we will secure our plane and pilots and if not equipped with Wi-Fi we will have the plane upgraded with GoGo aviation Wi-Fi a \$150,000 and 2 week process, we will submit our application for out Private operators certificate a 90 day process and we will continue to generate interest and we will buy \$10,000 of advertising on Facebook and BNN. We will negotiate co-sponsorships we are in discussions with Canada's Premiere Men's clothing outlet as well as Holt Renfrew.