PRichmanMD@aol.com

From:	PRichmanMD@aol.com
Sent:	Friday, January 20, 2006 4:48 PM
To:	janwallace@att.net
Subject:	updated version of prospectus
Attachments:	Recovery Spa Prospectus.doc

see attached

please send me Patrick's email so I can send him stuff too

I expect to work on this for a few more days to get most of it done (except for some of the financial section stuff) and then we should meet or phone conference to discuss the remaining financial pro formas. Should be no problem having this ready for the printer in two weeks.

P

Full Message Headers

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 (imo-m23.mx.aol.com[64.12.137.4](misconfigured sender))
          by worldnet.att.net (mtiwmxc16) with ESMTP
          id <20060120214836016007hdkne>; Fri, 20 Jan 2006 21:48:36 +0000
X-Originating-IP: [64.12.137.4]
Received: from PRichmanMD@aol.com
    by imo-m23.mx.aol.com (mail_out_v38_r6.3.) id 2.245.586c975 (18403)
     for <janwallace@att.net>; Fri, 20 Jan 2006 16:48:32 -0500 (EST)
From: PRichmanMD@aol.com
Message-ID: <245.586c975.3102b4b0@aol.com>
Date: Fri, 20 Jan 2006 16:48:32 EST
Subject: updated version of prospectus
To: janwallace@att.net
X-Mailer: Thunderbird - Mac OS X sub 208
X-Spam-Flag: NO
Status: RO
MIME-Version: 1.0
Content-Type: multipart/mixed;
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Aesthetique Recovery Spa

Prospectus

Winter 2006

1.0 EXECUTIVE SUMMARY

Introduction

Aesthetic surgery is one of the fastest growing markets in the medical industry. Through a unique partnership of real estate development and medical specialists, ARS Inc. (Scottsdale, Arizona) has been established to leverage opportunities presented by an underserved need within this segment—aftercare facilities for patients following aesthetic procedures. ARS Inc. provides aesthetic surgeons the prospect for equity partnership with a team of land acquisition, finance, and development experts. Partner physicians are able to provide the option of aftercare to their patients as a value-added service, while enjoying the benefits of equity ownership in a facility directed by the ARS, Inc. management team.

The impressive growth of the U.S. cosmetic surgery market witnessed in the late 1990s shows continued strength. According to the American Society of Plastic Surgeons, cosmetic surgery procedures increased 24% between the year 2000 and 2004. In 2004 alone, $8.4 billion was spent on 9.2 million cosmetic procedures. The market for cosmetic surgery products is projected to grow additionally by 11.2% through 2007. However, the growth in cosmetic procedures has been offset somewhat by the saturation of major markets with cosmetic surgery providers which has pressured pricing.

The development of aesthetic surgery aftercare facilities represents an opportunity for cosmetic surgeons to increase per client revenues and provide their patients with an additional layer of service that may enhance their practices' competitive advantage. At the same time, by partnering with ARS, Inc., physicians hold the prospect for participating with a firm that is well-positioned to gain rapid market share in the early phase of a budding and potentially lucrative segment of the cosmetic industry. When one considers that procedures with the most painful post-operative course (facelift, abdominoplasty, reduction mammoplasty, and multiple procedures during a single operative visit) represent more than 500,000 cases annual cases, the potential U.S. market for aftercare services represents a multibillion dollar industry.

To date, there are a surprisingly small number of such facilities throughout the country and the majority of centers that exist are concentrated in a few areas (e.g. Beverly Hills, CA). The industry remains highly fragmented and without a firm that has established branded regional or national market leadership. ARS, Inc. joins together key core competencies that should enable the firm to build from a local to regional to national brand over time. In an overheated real estate market, acquiring properties for aftercare facility development is challenging. ARS management is experienced in value-based land investment whereby undervalued properties with critical characteristics (e.g. highway access) are acquired and enhanced to create value for shareholders before facility operations are even initiated. Such expertise is combined with an experienced, in-house development team that significantly reduces build-out costs. Finally, ARS management has several team members with decades of cosmetic industry experience to work with their cosmetic surgeon partners to create an ideal aftercare experience for patients.

As a first phase in the ARS, Inc. business plan, the firm is moving forward with plans to establish the premier aesthetic aftercare center in the Paradise Valley-Scottsdale, Arizona area. This market was chosen for several reasons. First of all, it is a rapidly growing area with a substantial aesthetic market and a high per capita income. Second, despite the large number of aesthetic surgeons in the area, there are only XX dedicated aesthetic aftercare beds. These centers do not respectively or in total hold any significant share of the potential aftercare market. Third, ARS, Inc. management has already acquired a premier property at significant discount to its potential value on which to build its first center. The property, situated at the Northwest corner of Scottsdale Road and Cactus Road, is one of the busiest corners in the area, less than 1.5 miles directly off-on an exit from the 101 Loop Highway, and centrally located to most aesthetic surgery facilities in the region. ARS, Inc. is pleased to offer potential aesthetic provider partners an equity opportunity in the development of a one-of-a-kind aftercare center at this site.

Opportunities

In the face of an increasingly competitive market, aesthetic surgeons will benefit from the establishment of value-added services that increase per patient revenue and investments that increase their ability to profit within the growing industry. ARS, Inc. is poised to provide physicians in the aesthetic segment a unique opportunity to achieve these complementary goals through the establishment of aftercare facilities.

ARS. Inc. believes that it has significant competitive advantages in the marketplace resulting from its unique combination of value-based land acquisition/development and partnership with aesthetic physicians. ARS, Inc. management has an established track record of unlocking unrecognized value in properties that are acquired at significant discount to the commercial market. The firm's in-house team also has significant experience in developing such properties at a cost that is difficult to replicate by a firm that lacks such expertise. Thus, ARS, Inc. will invite physician partners to purchase an equity stake in a facility that will be developed at a cost below its retail market value upon completion. As the capital requirements to initiate site purchase and development are considerable, ARS, Inc. believes that a facility established through a cooperative venture between its real estate team and aesthetic providers will provide a long-term expense advantage as compared with physicians who might seek to develop such entities themselves. Furthermore, with ARS, Inc.'s access to capital through both the public and private markets, the firm is poised to rapidly expand beyond its first center as opportunities arise and, ultimately, achieve economies of scale that cannot be replicated by a small group of partnering physicians.

Product/Services

ARS, Inc. seeks to develop premier aesthetic surgery aftercare facilities in under penetrated markets that have high per capita income. The initial center to be developed at the Paradise Valley-Scottsdale location will consist of over 20,000 square feet at the busy intersection of Cactus and Scottsdale Roads. The facility will consist of 10 luxurious, private rooms equipped with such amenities as plasma television sets, wireless Internet access, and a variety of personal touches to suit the tastes of the individual client. The site will be staffed 24 hours/7 days a week with registered nurses. During daytime hours, a physician assistant and a physician medical director will be available to enhance the patient experience and promote safe care. The referral base will come from physician equity partners and non-owners alike throughout the area. Attractive components of this service will be the absence of third-party payers (i.e. private payers only) and the ability to schedule admissions to the facility months in advance. A small area within the facility will also be utilized to sell retail cosmetic products as an additional revenue stream.

Marketing

One of the key advantages of the ARS Inc. model is that marketing costs are minimized through a system of physician owner referrals of patients. Physician partners will be able to promote the site through brochures in their waiting rooms and by offering the service as a value added feature of their operative/post-operative care. Similarly, non-owner aesthetic physicians will also be able to offer the service to their patients albeit without the benefit of equity. ARS, Inc. anticipates that this pattern of referral will increase the likelihood a steady-state full occupancy. However, the firm also plans a limited multimedia campaign to build brand awareness and create a system for self-referral by clients.

Competition

Risks and Assumptions

1.1. OBJECTIVES

Market Share—

Sales—X

Profit—X

2.0 COMPANY SUMMARY

2.1 Company Ownership

2.2 Expansion

Table Expansion Costs

Partner Requirements

ARS, Inc. Responsibilities

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3.1 Competitive Comparison

3.2 Future Products and Services

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4.2 Industry Analysis

4.3 Geographic/Demographic Strategy

4.4 Main Competitors

5.0 STRATEGIES AND IMPLEMENTATION SUMMARY

5.1 Marketing Programs

5.2 Sales Programs

6.0 MANAGEMENT SUMMARY

6.1 Organizational Structure

6.2 Management Team

6.3 Personnel Plan

Employees

Care
Operations/maintenance, etc.

7.0 FINANCIAL PLAN

Projected Profit and Loss Years 1-5

Projected Annual Cash Flow Years 1-5

Projected 36-Month Cash Flow

Projected Balance Sheet Years 1-5

Key Financial Ratios

Key Financial Assumptions