

Southwestern Investment Group

Historical Project Summaries

136TH and Colorado – Land Entitlement and Development (Commercial and Residential)

Summary

The project was initially put under option contract by Southwestern Investment Group (“SWIG”) in 1998. The property consisted of 140.6 acres of raw farmland. SWIG identified this location as a prime corridor of both future residential and commercial use in the path of growth of north metropolitan Denver. SWIG utilized its land-planning expertise to annex, rezone and plat the property for 123 acres of residential lots and 17.6 acres for grocery anchored retail. SWIG then completed the spine infrastructure improvements, which consisted of street improvements, grading, extending utilities to the site. At the transaction closing, the residential component was eventually spun-off to the Carlson Group (a residential developer). This transaction funded 100.0% of the commercial acquisition. SWIG then completed the commercial component horizontal infrastructure and sold the commercial pads. The parcel is now a highly successful residential development and grocery anchored retail center.



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Financial Summary

Project P&L

The value-add from SWIG’s entitlement expertise was significant and generated an overall profit of \$3.49 million. SWIG was effectively able to arbitrage a significant bid for the residential parcel from the Carlson Group to effect the acquisition and subsequent sale of the commercial parcel.

Acquisition and Entitlement		Sales and Profit	
\$ 220,000	Land acquisition cost	\$ 140,127	Sale 8/31/1999
333,155	Development costs	3,905,087	Sale 7/15/2002
\$ 553,155	Total cost		
-	Debt incurred		
\$ 553,155	Capital invested	(553,155)	Less Equity
		\$ 3,492,059	

Cash Flows and Returns

The project resulted in a 83.33% un-levered IRR, with a 67.36% to SWIG’s equity partner. The cash flows of the project are summarized below. The project was funded with \$553,155 in equity from SWIG and an external investor.

	Total				External Equity					
	Equity Contributions	Loans from members	Distributions, Interest, etc.	Net (provided) received	Cumulative	Equity Contribution	Loans from members	Distributions, Interest, etc.	Net (provided) received	Cumulative
1999	(505,849)	(16,137)	125,127		(396,859)	(505,849)	(16,137)	125,127		(396,859)
2000	(610,670)	(16,137)	125,127		(501,680)	(577,053)	(16,137)	125,127		(468,063)
2001	(692,450)	(16,137)	125,127		(583,460)	(634,299)	(16,137)	125,127		(525,309)
2002	-	-	3,492,059		3,492,059	0	-	2,332,395		2,332,395
			IRR		83.33%			IRR		67.36%