

Southwestern Investment Group

Historical Project Summaries

NW Village

Summary

Located in the Houston, Texas area, the existing 17-acre shopping center was recapitalized by SWIG and one institutional investor in July 2004 with the intention of repositioning and stabilizing the property. The purchase price was \$15.20 million. Minor capital improvements and re-tenanting has improved the center's occupancy and cash flow, and additional value is available through continued lease up efforts. The total projected property sale proceeds (net of sale costs) are \$21,800,000.



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Financial Summary

Project P&L

The value-add from SWIG's identification and purchase of the property generated an overall profit of \$4.8 million. SWIG was effectively able to recognize the value add opportunity in the property through re-tenanting and improving the underperforming center.

<u>Acquisition</u>		<u>Sales and Profit</u>	
\$ 14,802,741	Acquisition cost	\$ 21,800,000	Sale 7/11/2007 (195,351 sq. ft.)
<u>402,126</u>	Closing Costs & adjustments	(1,643,662)	Cost of sales, TI credit
\$ 15,204,867	Total cost	(9,906,371)	Less debt, interest & holdback loan
		(5,997,367)	Less Equity Balance
<u>(9,200,000)</u>	Debt from financial institution	<u>558,263</u>	Add: Cash/Operating Distributions
\$ <u>6,004,867</u>	Capital invested	\$ <u>4,810,864</u>	

Cash Flows and Returns

The project resulted in a total 25.74% levered equity IRR and a 22.22% IRR to external investors. The cash flows of the project are summarized below. The project was funded with \$6.0 million in equity capital by SWIG and external investors.

	<u>All Investors</u>				<u>External Equity Investors</u>					
	Capital contrib	Loans from members	Other (dist, interest, etc.)	Net (provided) received	Cumulative	Capital contrib	Loans from members	Other (dist, interest, etc.)	Net (provided) received	Cumulative
2004	(6,005,402.00)	-	-	-	(6,005,402.00)	(5,705,534.00)	-	-	-	(5,705,534.00)
2005	(5,997,367.00)	-	224,652.00	-	(5,997,367.00)	(5,697,499.00)	-	213,419.00	-	(5,697,499.00)
2006	(5,997,367.00)	-	643,228.00	-	(5,997,367.00)	(5,697,499.00)	-	1,004,366.00	-	(5,697,499.00)
July-07	-	-	<u>10,808,230.64</u>	10,808,230.64	4,810,863.64	-	-	<u>8,946,763.00</u>	8,946,763.00	3,249,264.00
	<u>(5,997,367.00)</u>	-			<u>(5,997,367.00)</u>	<u>(5,697,499.00)</u>	-			<u>3,249,264.00</u>
			IRR	25.74%				IRR	22.22%	