

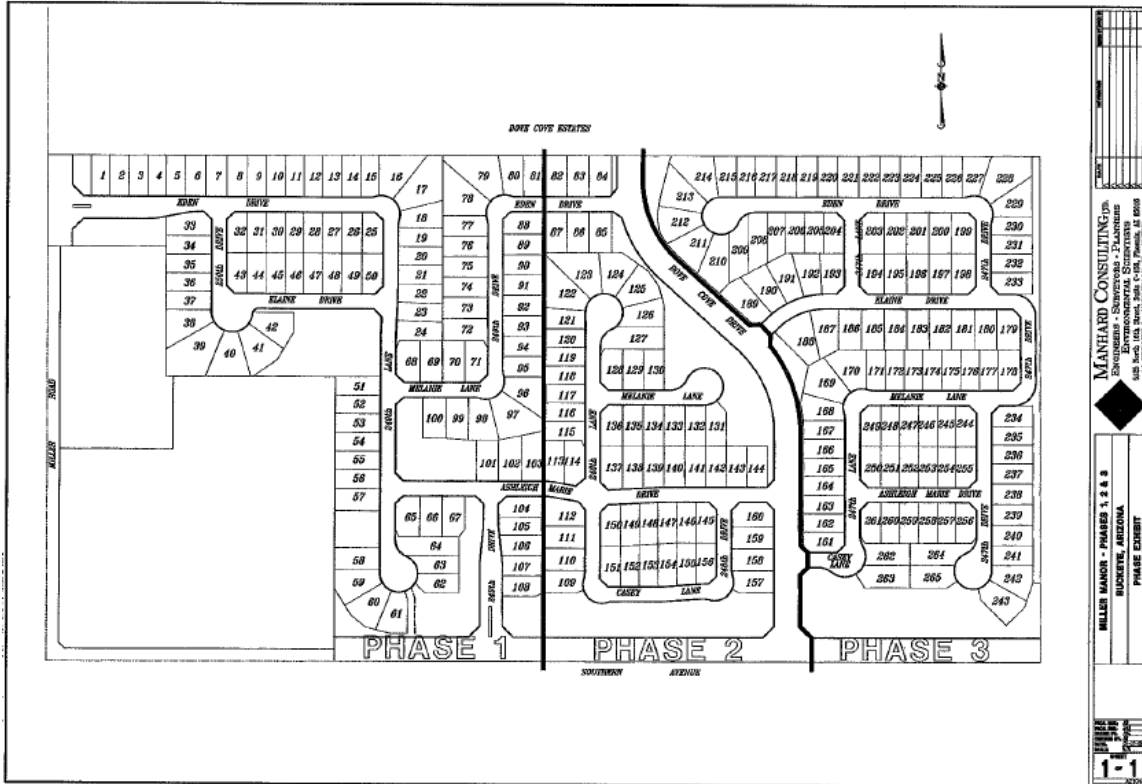
# Southwestern Investment Group

## Historical Project Summaries

### SW Buckeye, LLC (Residential)

#### Summary

Located at the northeast corner of Miller Road and Southern Avenue in Buckeye, Arizona, this 65 acre parcel was put under option contract by SWIG in May 2001 with conditions precedent to allow the completion of annexation, zoning, platting and acquisition of water resources. The purchase price was \$792,765 (approximately \$12,196 per acre). SWIG was able to complete the entitlements for development of residential lots. The transaction was capitalized solely by SWIG principals with a \$1.554 million equity investment and closed on the parcel in August of 2001. The total transaction size, including land acquisition and entitlement costs was \$2.05 million. The platted and engineered lots were ultimately sold to Richmond American Homes for \$2.864 million. Unexpectedly high development costs lead SWIG to ultimately realize a net loss after honoring a sales agreement established prior to completion of development.



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#### Financial Summary

##### Project P&L

The value-add from SWIG's entitlement of the parcel would have resulted in a profit, however an additional parcel was required to be assigned in March 2005 at a price that did not cover unexpected development costs, which ultimately resulted in a \$755,133 loss.

Acquisition and Entitlement		Sales and Profit	
\$ 792,765	Land cost-Phase I	\$ 2,864,000	Sale on 3/7/2005
1,262,053	Additional project costs	(362,605)	Costs of sale
\$ 2,054,818	Total cost	(1,198,238)	Less purchase of Phase II
(500,000)	Debt from 3rd party	(503,472)	Less debt and interest
\$ 1,554,818	Capital invested	(1,554,818)	Less Equity
		\$ (755,133)	

##### Cash Flows and Returns

The cash flows of the project are summarized below. The project was funded with \$1.55 million in equity capital by SWIG, and \$500,000 in bank debt.

	Total					External Equity				
	Equity Contributions	Loans from Members	Distributions, Interest, etc.	Net (provided)/received	Cumulative	Equity Contributions	Loans from Members	Distributions, Interest, etc.	Net (provided)/received	Cumulative
2001	-	(414,188)	-	(414,188)	(414,188)	-	(120,000)	-	(120,000)	(120,000)
2002	(137,103)	(169,825)	-	(306,928)	(721,115)	(68,552)	(126,550)	-	(195,102)	(315,102)
2003	(578,092)	471,553	-	(106,540)	(827,655)	(283,905)	246,550	-	(37,354)	(352,456)
2004	(39,938)	(191,069)	-	(231,007)	(1,058,662)	-	(31,131)	-	(31,131)	(383,587)
2005	-	303,529	-	303,529	(755,133)	-	31,131	-	31,131	(352,456)
			IRR	0.00%				IRR	0.00%	