

Southwestern Investment Group

Historical Project Summaries

SW Chambers, LLC (Reasoner) (Commercial & Residential)

Summary

Located on the northeast corner of 120th & Chambers in Commerce City, Colorado, this 117-acre project capitalized on SWIG's ability to identify un-entitled raw acreage in the path of growth and add value via land-planning and entitlements while syndicating an exit strategy prior to closing. The parcel was put under option contract by SWIG in August 2000 with conditions precedent to allow the completion of annexation, zoning, platting and engineering. The purchase price was \$796,960 (approximately \$6,800 per acre). SWIG was able to complete the entitlements for 360 residential lots, 11 acres of multi-family, and 17 acres of commercial. Additionally, SWIG formed and maintained control of the Buckley Ranch Metropolitan district to fund certain aspects of the future horizontal development, thereby increasing revenues. The transaction was capitalized by SWIG and an external equity investor. The total transaction size, including land acquisition and entitlement costs was \$2.84 million. The platted and engineered lots were ultimately sold to WL Homes in July of 2002 for \$3.67 million. This was a back to back closing with the acquisition of the parcel, greatly reducing the equity basis in the property. The multifamily parcel was sold to James Construction for \$1.65 million. SWIG has retained the 17 acre commercial parcel and has contemplated selling the site as 10 finished pads and 16,800 sf in-line retail space to end users in 2007 – the estimated proceeds are \$2.7 million. Additionally, approximately \$3.46 million in bond proceeds from the metro district were sold and received by SWIG in May 2003.



Southwestern Investment Group

Historical Project Summaries

SW Chambers, LLC (Reasoner) (Commercial & Residential)

Financial Summary

Project P&L

The value-add from SWIG's entitlement of the parcel was significant and generated an overall profit of \$8.55 million (including metro district proceeds). SWIG was able to purchase the property at an outstanding basis, based on un-entitled values and recognized that the property was in a major north metro Denver corridor. By additionally syndicating the residential and multifamily parcels, SWIG was able to wait and maximize the value of the commercial parcel once the rooftops were in place.

Acquisition and Entitlement		Sales and Profit	
\$ 796,690	Land acquisition cost	\$ 3,667,072	Sale of Tract K on 7/8/2002
2,045,940	Development costs	1,651,173	Sale of Tract B 9/19/2003
\$ 2,842,630	Total cost	3,468,380	Net bond proceeds 5/1/2003
		2,700,000	Projected sale Tract A 12/06
(795,548)	Debt from seller	(881,271)	Less debt and interest
\$ 2,047,082	Capital invested	(2,047,082)	Less Equity
		\$ 8,558,272	

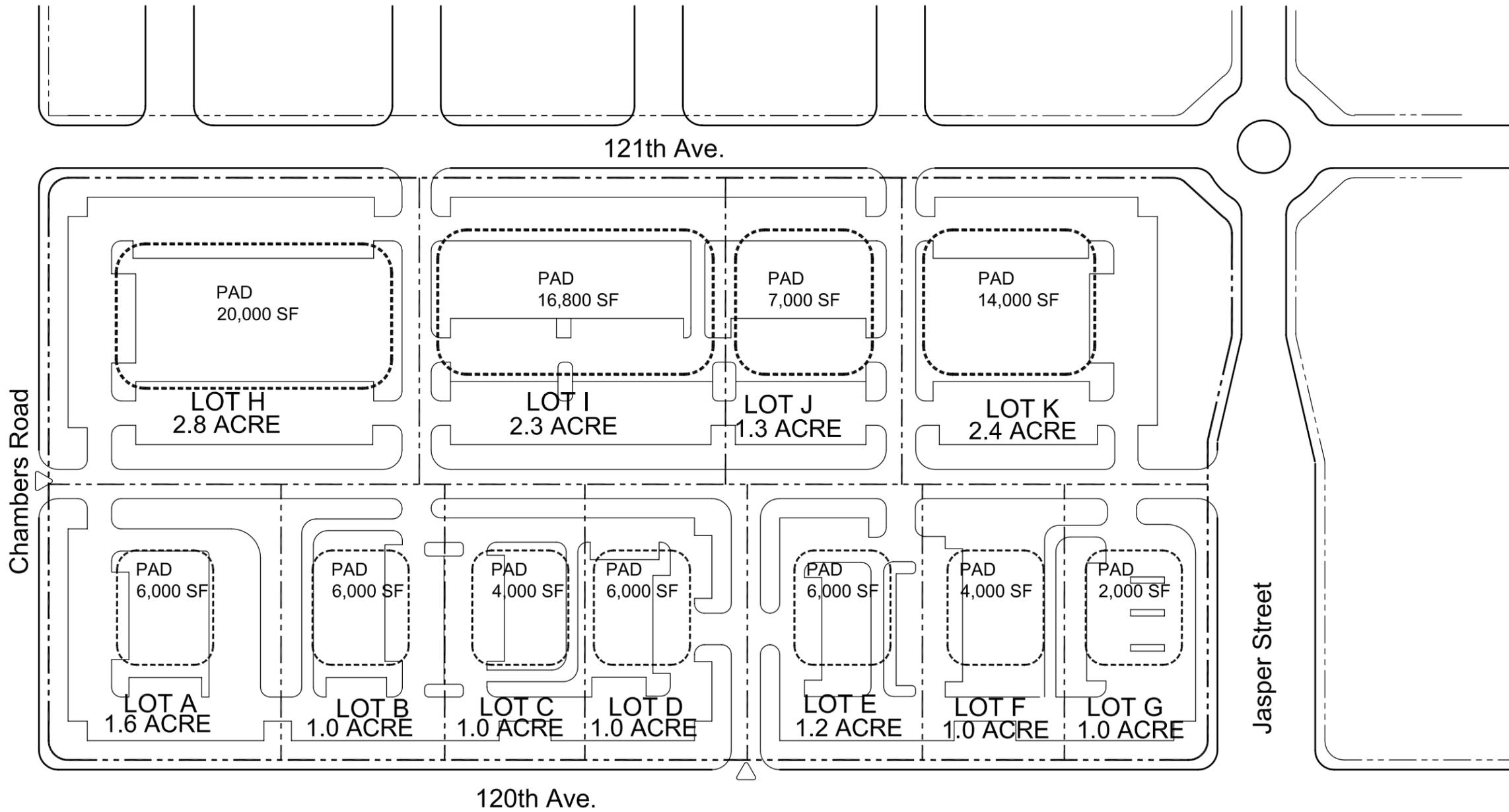
Cash Flows and Returns

The transaction is projected to result in a 346% levered equity IRR, with a 250% IRR to SWIG's equity partner (pending sale of the commercial parcel). The cash flows of the project are summarized below. The project was funded with a mix of equity capital by SWIG and an external equity investor, and \$795,548 in Seller financing.

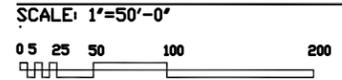
	Total				External Equity					
	Equity Contributions	Loans from members	Distributions, Interest, etc.	Net (provided) received	Cumulative	Equity Contributions	Loans from members	Distributions, Interest, etc.	Net (provided) received	Cumulative
2001	(1,000)	(702,152)	-		(703,152)	(500)	(526,614)	-		(527,114)
2002	(1,200)	(0)	1,728,771		1,727,571	(500)	0	914,279		913,779
2003	(1,200)									
2007	-	-	2,700,000	2,700,000	8,558,272	-	-	1,350,000	1,350,000	4,329,129
	(1,200)	(0)	8,559,472		8,558,272	(500)	0	4,329,629		4,329,129
			IRR	346%				IRR	250%	

RETAIL CENTER at THE VILLAGE

120th and Chambers
Commerce City, CO



SKETCH SITE PLAN - B.1



for SOUTHWESTERN INVESTMENT GROUP, LLC
333 W. HAMPDEN AVE. SUITE 801
ENGLEWOOD, CO.