



SterlingPlaza

21 000 Sq. Ft Retail Center



Devon Development Inc Jack White
1324 Pasadena Ave, Glendale, California 12638 USA
Bus 523-567-6788 Jackw@earthlink.net



| | | | <u>% of Revenue</u> |
|---|--|---------------------|-------------------------|
| SALE PRICE | 7.50% Cap Rate & NOI of \$ 534,147 | \$ 7,121,960 | |
| LAND & DEVELOPMENT COSTS | | | |
| Land Costs | | 1,370,000 | 19.24% |
| Site Preparation | | 112,000 | 1.57% |
| Construction | | 2,595,000 | 36.44% |
| Professional Fees | | 362,770 | 5.09% |
| City Fees | | 217,000 | 3.05% |
| Miscellaneous | | 25,000 | 0.35% |
| | Land & Development Costs | 4,681,770 | 65.74% |
| Interest Costs | | 172,264 | 2.42% |
| Contingency Allowance | | 339,782 | 4.77% |
| | Total Development Costs | 5,193,816 | 72.93% |
| | GROSS DEVELOPMENT PROFIT | 1,928,144 | 27.07% |
| SELLING EXPENSES | | | |
| Real Estate Commissions | | 356,098 | 5.00% |
| Marketing & Advertising | | 30,000 | 0.42% |
| Legal fees | | 25,000 | 0.35% |
| Leasing Fees | | 75,000 | 1.05% |
| | Total Selling Expenses | 486,098 | 6.83% |
| | DEVELOPMENT PROFIT (Before Operating Income & Expenses) | 1,442,046 | |
| | % of Total Development Costs | 27.76% | |
| | % of Sale Revenue | 20.25% | |
| | Return on Equity | 206.01% | |
| OPERATING INCOME & EXPENSES during lease up and sales period | | | |
| Net Operating Income. Lease Up period of 6 months | | 124,000 | 1.74% |
| Net Operating Income. Sales period of 7 months | | 311,586 | 4.38% |
| | | 435,586 | 6.12% |
| Less: Interest costs during Lease up & Sale Period | | 370,669 | 5.20% |
| | OVERALL DEVELOPMENT PROFIT | 1,506,963 | |
| | % of Total Development Costs | 29.01% | |
| | % of Sale Revenue | 21.16% | |
| | Return on Equity | 215.28% | |
| | Land to Building Cost Ratio | 41.37% | |
| | Land to Total Development Cost Ratio | 26.38% | |



Total Development Costs
SterlingPlaza
21 000 Sq. Ft Retail Center

June 08, 2008
Developer Pro
Retail Development

| | | Hard Costs | Soft Costs | Total | |
|---------------------------------|--|-------------------|-------------------|------------------|---------------|
| Land Costs | | | | | |
| Land | | 1,350,000 | - | 1,350,000 | 25.99% |
| Legal Fees | | - | 12,000 | 12,000 | 0.23% |
| Appraisal Fees | | - | 8,000 | 8,000 | 0.15% |
| | | 1,350,000 | 20,000 | 1,370,000 | 26.38% |
| Site Preparation | | | | | |
| Site Clearing | | 15,000 | - | 15,000 | 0.29% |
| Site Servicing Costs | | 85,000 | - | 85,000 | 1.64% |
| Miscellaneous Site Costs | | 12,000 | - | 12,000 | 0.23% |
| | | 112,000 | - | 112,000 | 2.16% |
| Construction | | | | | |
| Building | \$ 90.00 per Sq. Ft x 22,500 Sq. Ft | 2,025,000 | - | 2,025,000 | 38.99% |
| Parking & Landcaping | | 150,000 | - | 150,000 | 2.89% |
| Leasehold Improvement Allow. | \$ 20.00 per Sq. Ft x 21,000 Sq. Ft | 420,000 | - | 420,000 | 8.09% |
| | | 2,595,000 | - | 2,595,000 | 49.96% |
| Professional Fees | | | | | |
| Architectural & Engineering | 7.00% of Construction & Site Prep. Costs | - | 189,490 | 189,490 | 3.65% |
| Project Management Fees | 4.00% of Construction & Site Prep. Costs | - | 108,280 | 108,280 | 2.08% |
| Mortgage Brokerage Fees | | - | 65,000 | 65,000 | 1.25% |
| | | - | 362,770 | 362,770 | 6.98% |
| City Fees | | | | | |
| Permits & Fees | | - | 47,000 | 47,000 | 0.90% |
| Impact Fees | | - | 95,000 | 95,000 | 1.83% |
| Property Taxes | | - | 75,000 | 75,000 | 1.44% |
| | | - | 217,000 | 217,000 | 4.18% |
| Miscellaneous | | | | | |
| Miscellaneous Dev. Costs | | 25,000 | - | 25,000 | 0.48% |
| | | 25,000 | - | 25,000 | 0.48% |
| | LAND & DEVELOPMENT COSTS | 4,082,000 | 599,770 | 4,681,770 | |
| Financing Interest Costs | | | | | |
| Construction Loan | | - | 172,264 | 172,264 | 3.32% |
| Contingency Allowance | | | | | |
| | 7.00% of Land, Development & Financing Costs | - | 339,782 | 339,782 | 6.54% |
| | TOTAL DEVELOPMENT COST | 4,082,000 | 1,111,816 | 5,193,816 | |
| | % of Total Development Cost | 78.59% | 21.41% | 100.00% | |
| | Cost per Sq. Ft of Building | 181.42 | 49.41 | 230.84 | |
| | Land to Building Cost Ratio | 41.37% | | | |
| | Land to Total Development Cost Ratio | 26.38% | | | |



RENTAL INCOME & EXPENSES DURING LEASE UP PERIOD

| | Lease Up Period 6 months |
|--|---|
| | <u>6 months</u> |
| Rental Income during Lease Up period | |
| Rental Income | \$ 181,000 |
| Recoverable Expenses (TIM's) | <u>67,000</u> |
| | 248,000 |
| Operating Expenses during Lease Up Period | |
| Taxes | 85,000 |
| Insurance | 16,000 |
| Maintenance | 8,000 |
| Property Management | <u>15,000</u> |
| | 124,000 |
| Net Operating Income during Lease Up Period | 124,000 |

RENTAL INCOME & EXPENSES DURING SALES PERIOD

| | Stabilized Income 12 Months | Sale Period 7 Months |
|--|--|---------------------------------|
| | <u>12 Months</u> | <u>7 Months</u> |
| Potential Gross Income | \$ 819,000 | \$ 477,750 |
| Less: Vacancy & Credit Loss | 40,950 | <u>23,888</u> |
| Effective Gross Income | 778,050 | 453,863 |
| Operating Expenses | <u>243,903</u> | <u>142,277</u> |
| Net Operating Income during the Sale Period | 534,147 | 311,586 |

SUMMARY

| | Net Operating Income |
|---------------------------|-----------------------------|
| | <u>Net Operating Income</u> |
| Lease up Period: 6 months | 124,000 |
| Sales Period: 7 months | <u>311,586</u> |
| Total | 435,586 |



Income & Expense Statement

June 08, 2008
Developer Pro
Retail Development

STABLIZED ANNUAL INCOME & EXPENSE

| | | <u>12 Months</u> |
|--|--|------------------|
| POTENTIAL GROSS INCOME | | |
| Rental Income | \$ 29.00 per Sq. Ft per Yr x 21,000 Sq. Ft | \$ 609,000 |
| Recoverable Expenses (TIM's) | \$ 10.00 per Sq. Ft per Yr x 21,000 Sq. Ft | 210,000 |
| | | <u>819,000</u> |
| Less: Vacancy & Credit Loss | | |
| Rental Income | 5.00% x \$ 609,000 | 30,450 |
| Recoverable Expenses (TIM's) | 5.00% x \$ 210,000 | 10,500 |
| | | <u>40,950</u> |
| Effective Gross Income | | 778,050 |
| OPERATING EXPENSES | | |
| Taxes | \$ 145,000 per Yr | 145,000 |
| Insurance | \$ 18,000 per Yr | 18,000 |
| Maintenance | \$ 2.00 per Sq. Ft per Yr x 21,000 Sq. Ft | 42,000 |
| Property Management | 5.00% of EGI of \$ 778,050 | 38,903 |
| | | <u>243,903</u> |
| Net Operating Income | | 534,147 |



LONG TERM FINANCING

| | |
|------------------------------|-------------------------|
| Nominal Annual Interest Rate | 6.75% |
| Amortization Period | 25 Years |
| Payment Frequency | Monthly (End of Period) |
| Compounding Frequency | Monthly |
| Loan to Value Ratio | 75.00% |
| Debt Service Ratio | 1.25 |

NET OPERATING INCOME \$ 534,147

LOAN AMOUNTS & MONTHLY PAYMENTS

| | <u>Loan Amount</u> | <u>Monthly Payment</u> | |
|---------------------------------|---------------------|------------------------|---------------|
| Loan to Value Ratio: 75.00% | \$ 5,341,470 | \$ 36,905 | |
| Debt Service Ratio: 1.25 | \$ 5,154,032 | \$ 35,610 | * Loan Amount |

EQUITY REQUIRED BY THE BUYER

| | | |
|-------------------------------|--------------------------|------------------|
| Market Value (Purchase Price) | \$ | 7,121,960 |
| Less: Long Term Financing | | 5,154,032 |
| | Buyer's Equity | 1,967,928 |
| | % of Market Value | 27.63% |

EQUITY REQUIRED BY THE DEVELOPER

| | | |
|--|---------------------------|----------------|
| Total Development Cost | | 5,193,816 |
| Plus: Leasing fees | | 75,000 |
| Financing costs during the lease-up period | | 176,293 |
| Operating Costs during the lease-up period | | 124,000 |
| Less: Income during the lease-up period | | (248,000) |
| | | 5,321,109 |
| Less: Long Term Financing | | 5,154,032 |
| | Developer's Equity | 167,077 |
| | % of Market Value | 2.35% |



Input Data Summary
SterlingPlaza
21 000 Sq. Ft Retail Center

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Retail Development

Project Information

| | |
|----------------------------|---------------|
| Building Area | 22,500 Sq. Ft |
| Retail Gross Leasable Area | 21,000 Sq. Ft |
| Land Area | 80,000 Sq. Ft |
| Frontage | 300 Ft |

LAND & DEVELOPMENT COSTS

Entries

Land Costs

| | | |
|----------------|--------------|-----------|
| Land | \$ 1,350,000 | Hard Cost |
| Legal Fees | \$ 12,000 | Soft Cost |
| Appraisal Fees | \$ 8,000 | Soft Cost |

Site Preparation

| | | |
|--------------------------|-----------|-----------|
| Site Clearing | \$ 15,000 | Hard Cost |
| Site Servicing Costs | \$ 85,000 | Hard Cost |
| Miscellaneous Site Costs | \$ 12,000 | Hard Cost |

Construction

| | | |
|------------------------------|-------------------------------------|-----------|
| Building | \$ 90.00 per Sq. Ft x 22,500 Sq. Ft | Hard Cost |
| Parking & Landcaping | \$ 150,000 | Hard Cost |
| Leasehold Improvement Allow. | \$ 20.00 per Sq. Ft x 21,000 Sq. Ft | Hard Cost |

Professional Fees

| | | |
|-----------------------------|--|-----------|
| Architectural & Engineering | 7.00% of Construction & Site Prep. Costs | Soft Cost |
| Project Management Fees | 4.00% of Construction & Site Prep. Costs | Soft Cost |
| Mortgage Brokerage Fees | \$ 65,000 | Soft Cost |

City Fees

| | | |
|----------------|-----------|-----------|
| Permits & Fees | \$ 47,000 | Soft Cost |
| Impact Fees | \$ 95,000 | Soft Cost |
| Property Taxes | \$ 75,000 | Soft Cost |

Miscellaneous

| | | |
|--------------------------|-----------|-----------|
| Miscellaneous Dev. Costs | \$ 25,000 | Hard Cost |
|--------------------------|-----------|-----------|

Contingency Allowance

| | |
|--|-----------|
| 7.00% of Land, Development & Financing Costs | Soft Cost |
|--|-----------|

CONSTRUCTION FINANCING

Development Time

| | |
|-------------------------|----------|
| Pre-construction Period | 5 Months |
| Construction Time | 9 Months |
| Sales Period | 7 Months |
| Lease Up Period | 6 Months |

| | |
|---------------------------|------------|
| Developer's Equity | \$ 700,000 |
|---------------------------|------------|

Financing

| | |
|----------------------------------|--------|
| Construction Loan. Interest Rate | 8.000% |
|----------------------------------|--------|

Financing Adjustment Factors used for construction loan interest calculations



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During the Development Period

| | |
|-------------------|------|
| Equity | 1.00 |
| Land Costs | 1.00 |
| Site Preparation | 0.75 |
| Construction | 0.50 |
| Professional Fees | 0.75 |
| City Fees | 0.75 |
| Miscellaneous | 0.50 |

During the Sales Period

| | |
|-------------------------------|------|
| Selling Expenses | 0.50 |
| Dev Costs during Sales Period | 1.00 |

During Lease Up Period

| | |
|----------------------------------|------|
| Dev Costs during Lease Up Period | 1.00 |
| Income | 1.00 |
| Operating Expenses | 1.00 |
| Leasing Expenses | 0.50 |

SELLING EXPENSES

Selling Expenses

| | |
|-------------------------|-----------|
| Marketing & Advertising | \$ 30,000 |
| Legal fees | \$ 25,000 |

Real Estate Commissions 5.00%

Leasing Fees \$ 75,000

INCOME & EXPENSES

Income & Expenses during the Lease Up Period

Lease Up Period 6 Months

Income during the Lease Up Period

| | |
|------------------------------|------------|
| Rental Income | \$ 181,000 |
| Recoverable Expenses (TIM's) | \$ 67,000 |

Expenses during the Lease Up Period

| | |
|---------------------|-----------|
| Taxes | \$ 85,000 |
| Insurance | \$ 16,000 |
| Maintenance | \$ 8,000 |
| Property Management | \$ 15,000 |

Stabilized Income & Expenses

Entry Choice

Vacancy & Credit Loss Allowance

Income

| | | |
|------------------------------|--|-------|
| Rental Income | \$ 29.00 per Sq. Ft per Yr x 21,000 Sq. Ft | 5.00% |
| Recoverable Expenses (TIM's) | \$ 10.00 per Sq. Ft per Yr x 21,000 Sq. Ft | 5.00% |

Operating Expenses

| | |
|-----------|-------------------|
| Taxes | \$ 145,000 per Yr |
| Insurance | \$ 18,000 per Yr |



Maintenance
Property Management

Input Data Summary
SterlingPlaza
21 000 Sq. Ft Retail Center

\$ 2.00 per Sq. Ft per Yr x 21,000 Sq. Ft
5.00% of EGI of \$ 778,050

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PERMANENT FINANCING

| | |
|------------------------------|---------------|
| Loan to Value Ratio | 75.00% |
| Debt Service Ratio | 1.25 |
| Mortgage Details | |
| Nominal Annual Interest Rate | 6.75% |
| Amortization Period | 25 Years |
| Payment Frequency | Monthly |
| Payment made at | End of Period |
| Compounding Frequency | Monthly |

SALE

Sale Price based on Cap Rate of 7.50%



| | <u>Interest Cost Calculation</u> | <u>Interest Cost</u> |
|---|--|-----------------------|
| INTEREST COSTS DURING PRE-CONSTRUCTION & CONSTRUCTION PERIOD | | |
| Construction Loan | | |
| <i>Assuming 100% Financing using Construction Loan</i> | | |
| Land Costs | \$ 1,370,000 x 14 mo. x 8.000% x 1/12 x 1.00 | \$ 127,867 |
| Site Preparation | \$ 112,000 x 9 mo. x 8.000% x 1/12 x 0.75 | 5,040 |
| Construction | \$ 2,595,000 x 9 mo. x 8.000% x 1/12 x 0.50 | 77,850 |
| Professional Fees | \$ 362,770 x 9 mo. x 8.000% x 1/12 x 0.75 | 16,325 |
| City Fees | \$ 217,000 x 9 mo. x 8.000% x 1/12 x 0.75 | 9,765 |
| Miscellaneous | \$ 25,000 x 9 mo. x 8.000% x 1/12 x 0.50 | 750 |
| | | <u>237,597</u> |
| <i>Adjusting for interest not paid on Developer's Equity</i> | | |
| Equity | (\$ 700,000 x 14 mo. x 8.000% x 1/12 x 1.00) | <u>(65,333)</u> |
| | | 172,264 |
| INTEREST COSTS DURING LEASE UP PERIOD | | |
| Construction Loan | | |
| <i>Assuming 100% Financing using Construction Loan</i> | | |
| Total Development Costs | \$ 5,193,816 x 6 mo. x 8.000% x 1/12 x 1.00 | 207,753 |
| Income during Lease Up Period | (\$ 248,000 x 6 mo. x 8.000% x 1/12 x 1.00) | (9,920) |
| Operating Expenses during the Lease Up Period | \$ 124,000 x 6 mo. x 8.000% x 1/12 x 1.00 | 4,960 |
| Leasing Fees | \$ 75,000 x 6 mo. x 8.000% x 1/12 x 0.50 | 1,500 |
| | | <u>204,293</u> |
| <i>Adjusting for interest not paid on Developer's Equity</i> | | |
| Equity | (\$ 700,000 x 6 mo. x 8.000% x 1/12 x 1.00) | <u>(28,000)</u> |
| | | 176,293 |
| INTEREST COSTS DURING THE SALES PERIOD | | |
| Construction Loan | | |
| <i>Assuming 100% Financing using Construction Loan</i> | | |
| Total Development Costs | \$ 5,193,816 x 7 mo. x 8.000% x 1/12 x 1.00 | 242,378 |
| Real Estate Commissions & Selling Expenses | \$ 411,098 x 7 mo. x 8.000% x 1/12 x 0.50 | 9,592 |
| Income during the Sales Period | (\$ 778,050 x 7 mo. x 8.000% x 1/12 x 1.00) | (36,309) |
| Operating Expenses during the Sales Period | \$ 243,903 x 7 mo. x 8.000% x 1/12 x 1.00 | 11,382 |
| | | <u>227,043</u> |
| <i>Adjusting for interest not paid on Developer's Equity</i> | | |
| Equity | (\$ 700,000 x 7 mo. x 8.000% x 1/12 x 1.00) | <u>(32,667)</u> |
| | | 194,376 |
| | | <u>542,933</u> |



Goal Seeking
SterlingPlaza
21 000 Sq. Ft Retail Center

June 08, 2008
Developer Pro
Retail Development

| <u>Desired Development Profit</u> | <u>Total Land Cost</u> |
|-----------------------------------|------------------------|
| 25.00% of Total Development Costs | \$ 1,503,342 |
| 18.00% of Sale Price | \$ 1,546,999 |
| 150.00% Return on Equity | \$ 1,729,459 |

Note: Total Land Cost is the "Total Cost" that would be entered in the Land Folder including acquisition costs etc.



Property Descript.

Well located in popular retail area. Clearly visible from the freeway

Address

4378 East Arcdia Ave
 Canton, Ohio 24357
 USA

Location Descr.

Financing

| | Lender | Amount | Interest Rate | Monthly Payment | Amort. Period (Yrs) | Term Expiry Date |
|--------------|---------|-------------------|---------------|-----------------|---------------------|------------------|
| Description1 | Lender1 | 100,000 | 30.00% | 1,999 | 5 | date1 |
| Description2 | Lender2 | 200,000 | 40.00% | 2,999 | 6 | Date2 |
| | | <u>\$ 300,000</u> | | <u>\$ 4,998</u> | | |

Legal

Legal

2166348 Plan 12354 Cub 12

Zoning

REtail Commerial

Encumbrances

Subject to a construction draw mortgage with City Finance



Property Information
SterlingPlaza
21 000 Sq. Ft Retail Center

June 08, 2008
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Retail Development

Property Taxes Information

Assessment Date Jan 2007
Property Taxes \$ 85,000
Roll or Identification Number 128500154

Assessed Value

| | |
|--------------|---------|
| Land | 950,000 |
| Improvements | - |
| | <hr/> |
| | 950,000 |

Land

250 Ft x 267 Ft Deep
Frontage 300 Ft
Land Area 80,000 Sq. Ft

Building

Age 0 Years
No of Floors 0

Building Area 22,500 Sq. Ft
Retail Gross Leasable Area 21,000 Sq. Ft

Parking

| | |
|---------------|-------|
| Uncovered | 70 |
| Covered | - |
| Other | - |
| Total Parking | <hr/> |
| | 70 |

Construction

Building Equipment & Systems

Elevators

No. of Elevators 0



Client Information
SterlingPlaza
21 000 Sq. Ft Retail Center

June 08, 2008
Developer Pro
Retail Development

Frank Williams
Williams Developments LLC
1234 West 17th

Acradia, California 23527
USA

Contact Information

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