

# **Arizona First Partners 1 LLC**

## **Real Estate Investment Condominium Office Building**



***A proposed real estate investment for the development of a condominium office building on a 1 ½ acre commercial lot in Las Sendas, a real estate community in Mesa (Phoenix) AZ***

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## INTRODUCTION

This document summarizes an investment for accredited investors. The investment is ownership in a limited liability company formed for the purpose of acquiring a parcel of land, designing and building a commercial office condominium building, and the liquidation thereof.

## DISCLAIMER

The data, financial and other projections are not an offering. The operating and subscription agreement of the limited liability company constitute an offer. Real estate values, income and expenses are affected by a multitude of forces outside the developer's control. The developer does not guarantee the projections contained herein. This investment is not liquid and only investors willing to risk their investment should participate. Consult your attorney and accountant regarding the suitability of this investment for you.

## EXECUTIVE SUMMARY

<b>Location:</b>	7565 E. Eagle Crest Drive, Mesa, Arizona 85207
<b>Map Identification:</b>	130-187LS (Wide World of Maps, Inc.)
<b>Assessor's Parcel Number:</b>	219-17-494
<b>Objective:</b>	This investment is to develop and sell for profit, commercial office building on a 1 and ½ acre parcel of land defined herein.
<b>Site Area:</b>	65,906 Square feet, or 1.513 acres
<b>Developable Area:</b>	Roughly 29,250 square feet
<b>Flood Zone:</b>	X500 - This code identifies an area inundated by 500-year flooding; an area inundated by 100-year flooding with average depths of less than 1 foot or an area protected by levees from 100-years flooding.
<b>Zoning:</b>	C-2, Intermediate Commercial, Mesa Planning & Zoning
<b>Property Taxes:</b>	\$2,223.38 for the year 2004
<b>Highest &amp; Best Use:</b>	Develop as a pre-leased or owner-occupied office building
<b>Total Investment:</b>	<b>\$600,000</b>
<b>Length of Investment:</b>	<b>12 to 18 Months</b>
<b>Investment Ownership:</b>	A limited liability company shall own, develop and liquidate the real property. The aggregate investing member(s) hold 50% ownership and the developer and managing member, holds 50% ownership.
<b>Funding for Acquisition and Development:</b>	Equity: \$600,000 Debt: \$1,200,000 Total: \$1,800,000 Term: 12 to 18 months

The funds to acquire and develop the property is \$1,800,000, of which \$600,000 is contributed by investing members of the limited liability company, and \$1,200,000 is a loan to be secured against the real property.

**Estimated Revenue,  
Costs & Profit:**

Sales Price Per Condo Unit:	\$750,000
Number of Units:	<u>4</u>
Total Sales:	\$3,000,000

**Development Costs**

Acquisition:	\$838,000
Planning:	\$25,000
Engineering:	\$75,000
Construction:	\$700,000
Administration:	\$60,000
Carrying Costs:	<u>\$60,000</u>
Subtotal	\$1,758,000

**Cost of Sales**

Real Estate Commissions:	\$180,000
Escrow & Titles:	<u>\$30,000</u>
Subtotal	\$210,000

**Estimated Profit:                   \$ 1,032,000**

**Distributions:**

Upon the liquidation of the property, the proceeds are used first to pay the underlining loans secured against the property, assumed to be \$1,200,000. Then 100% of the following proceeds are used to pay the total of all funds contributed by the investing members, assumed to be a total of \$600,000. Then the remaining proceeds, assumed to be \$1,032,000 shall be disbursed 50% to the aggregate investing members and the developer as managing member of the limited liability company.

The developer and managing member of the limited liability company may derive some income on the sale and transfer of the property to the limited liability company. The developer may also derive some income from participation in the planning, development and construction associated with this real estate project. The developer is also a licensed real estate agent and may derive some income from the real estate commission to be paid upon the liquidation and sale of the property.

**Project Description:**

The developer has purchased the commercial property and seeks to transfer ownership to a limited liability company, which shall seek to design, construct, and market a commercial condominium office building on the property within a 12 to 18 time period.

In addition to the \$600,000 in equity funding, the developer seeks debt financing of \$1,200,000. The developer has preliminary loan approval for more than this amount.

**Site Description:**

The property is located within the Las Sendas custom home community. In addition to custom homes, surrounding land uses within the community include a golf course, a fitness center, and an elementary school. The property is only one of three commercial properties located within the community. The topography is not level and has wide "breath-taking" views of the City and Valley below.

There are retention areas at the front northern portion of the property as well as the side or eastern portion. The northern portion of the property has a steep incline to the summit of a small mountain located toward the middle of the subject property from where the spectacular views of the City and Valley can be seen. The access to and from the property is via a permanent easement onto the private drive that is owned by the golf course.

**Street Improvements:**

Eagle Crest Drive  
Width Two lanes, one each direction  
Surface Asphalt  
Median Yes, with turning lanes  
Curbs Vertical 6" curbs  
Sidewalks Yes  
Streetlights Yes  
Storm Sewer No

**Ingress and Egress:**

Ingress and egress to the southern or developable portion of the property is possible via a permanent easement recorded in 1999 for access onto the private drive that belongs to the golf course.

**Utilities:**

Electric Salt River Project  
Water City of Mesa  
Sanitary Sewer City of Mesa

**Adjacent Land Uses:**

To the North are custom homes within the Las Sendas community. Across Eagle Crest Drive and to the East are custom homes. To the South is the golf course club house and the course entrance. To the West and across Golf Club Drive (private street) is vacant land with a large mountain.

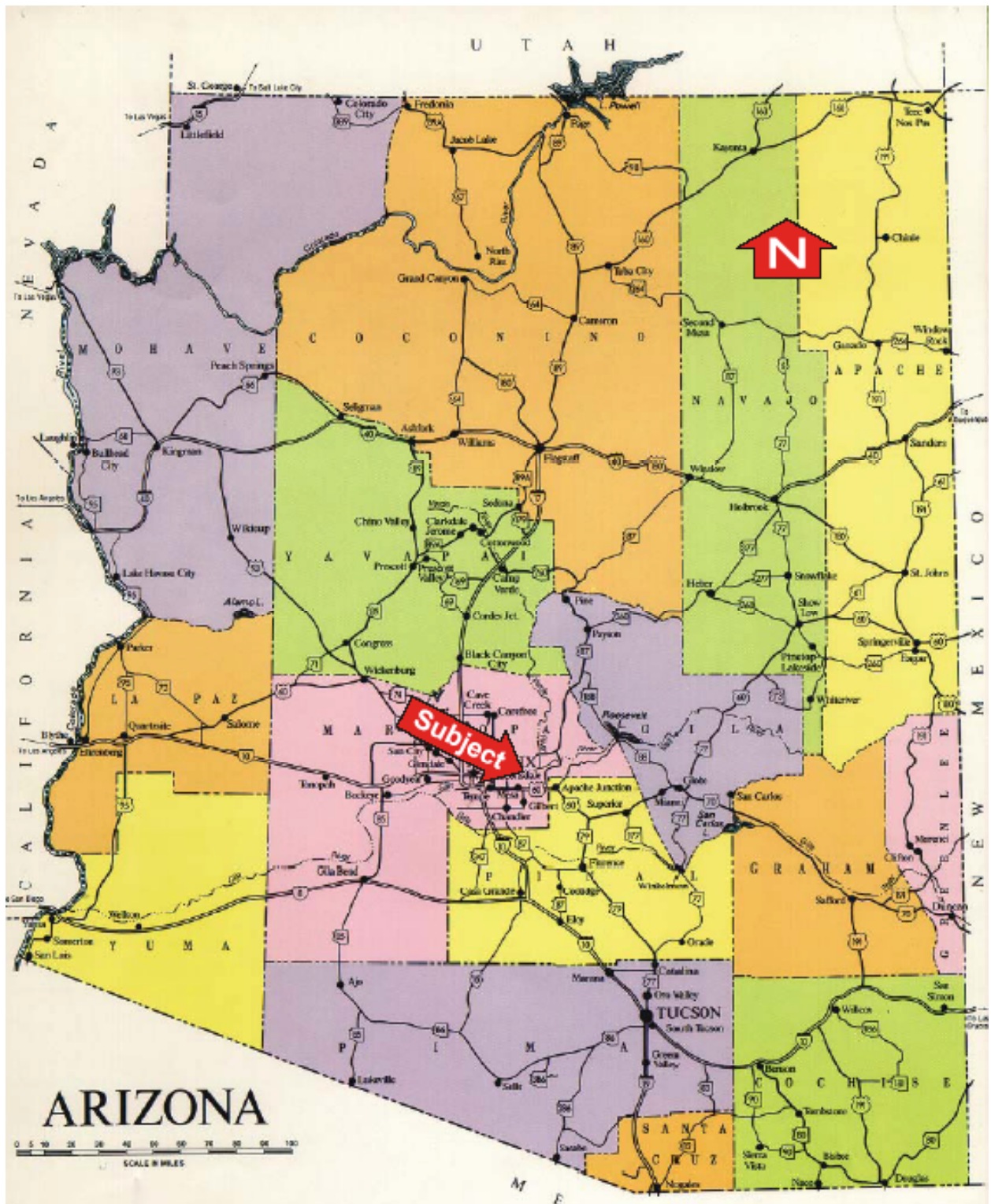
**Market Summary**

The property is located within the Southeast Valley submarket of the Greater Phoenix area. A total of 7,162,764 square feet of net rentable office area exists in this submarket. The vacancy rate for all multi-tenant office buildings over 10,000 square feet located in this submarket is 13.5 percent. This is one of the lowest vacancy rates of all submarkets in the Greater Phoenix area. The net absorption for this area was positive at 68,042 square feet. There was 53,365 square feet of completed office space introduced in this market area this quarter and 68,000 square feet is currently under construction.

**Market Predictions**

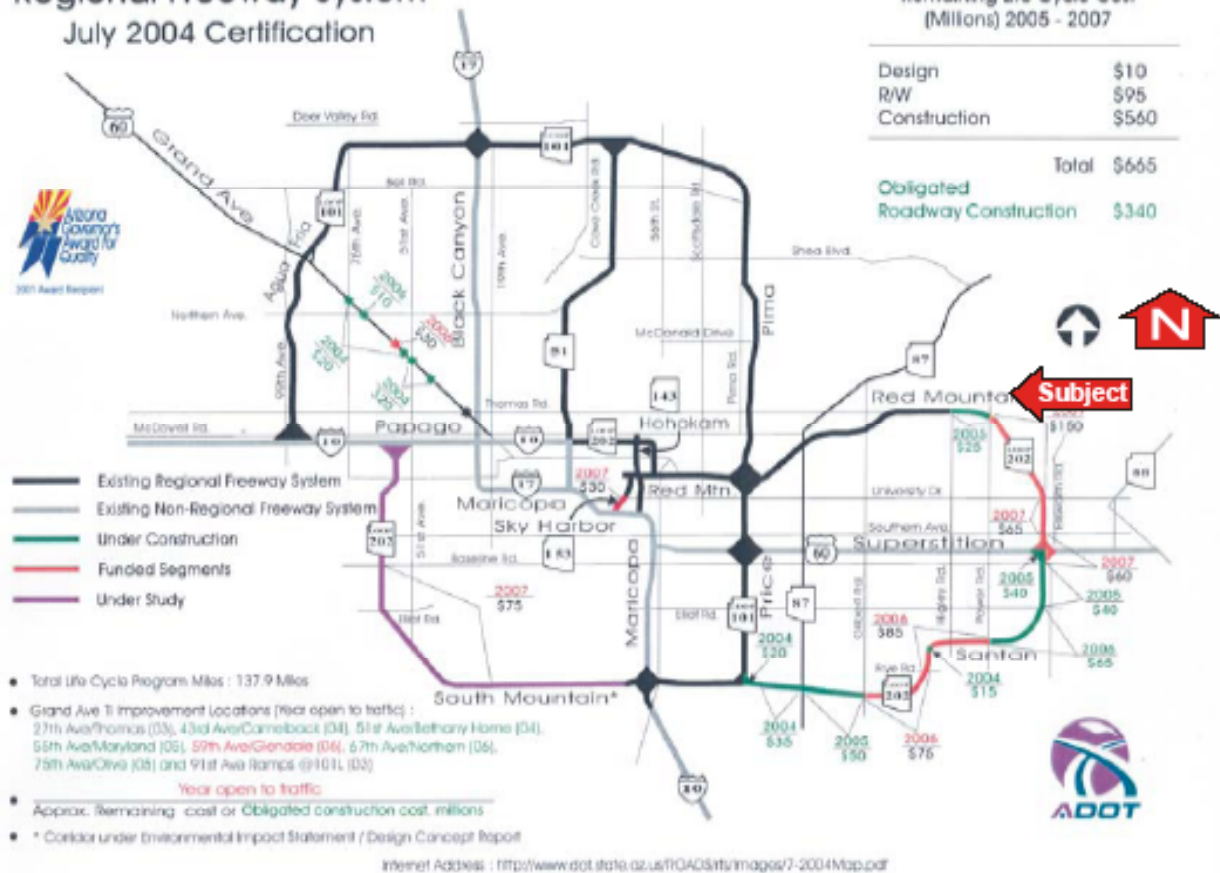
Good economic conditions in 2004 indicated there would be a steady expansion, but quality space will be in short supply. CB Richard Ellis predicts that net absorption in 2005 and 2006 will exceed two million square feet. The vacancy rate is expected to continue to decrease over the next two years. Increasing construction costs, increasing land values, will impact the development of new office. Interest in Downtown Phoenix, the West Valley and the Southeast valley where the subject property is located, will see an increase in both interest and demand for office space.

# STATE MAP



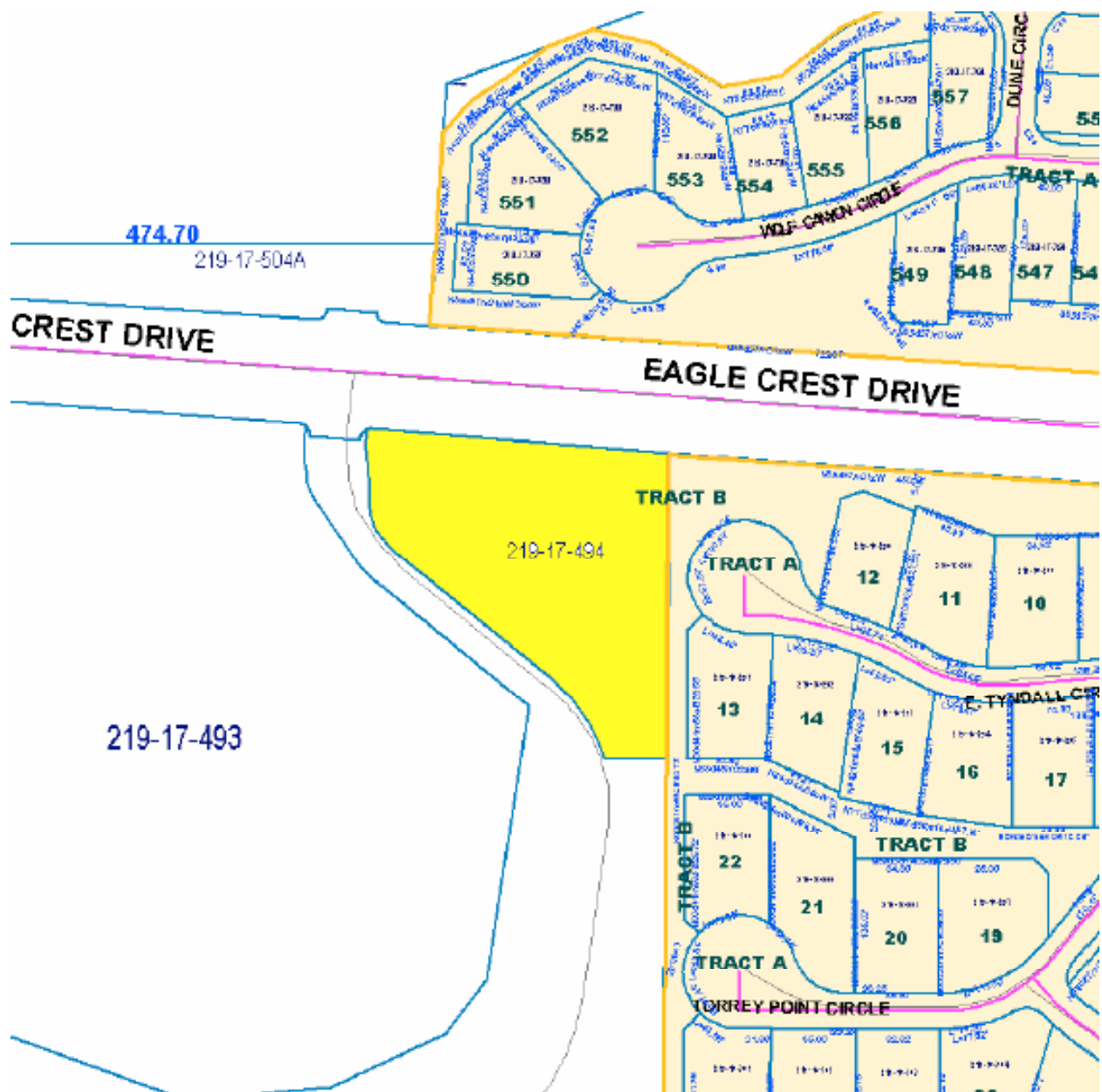
## LOCAL MAP

### Regional Freeway System July 2004 Certification



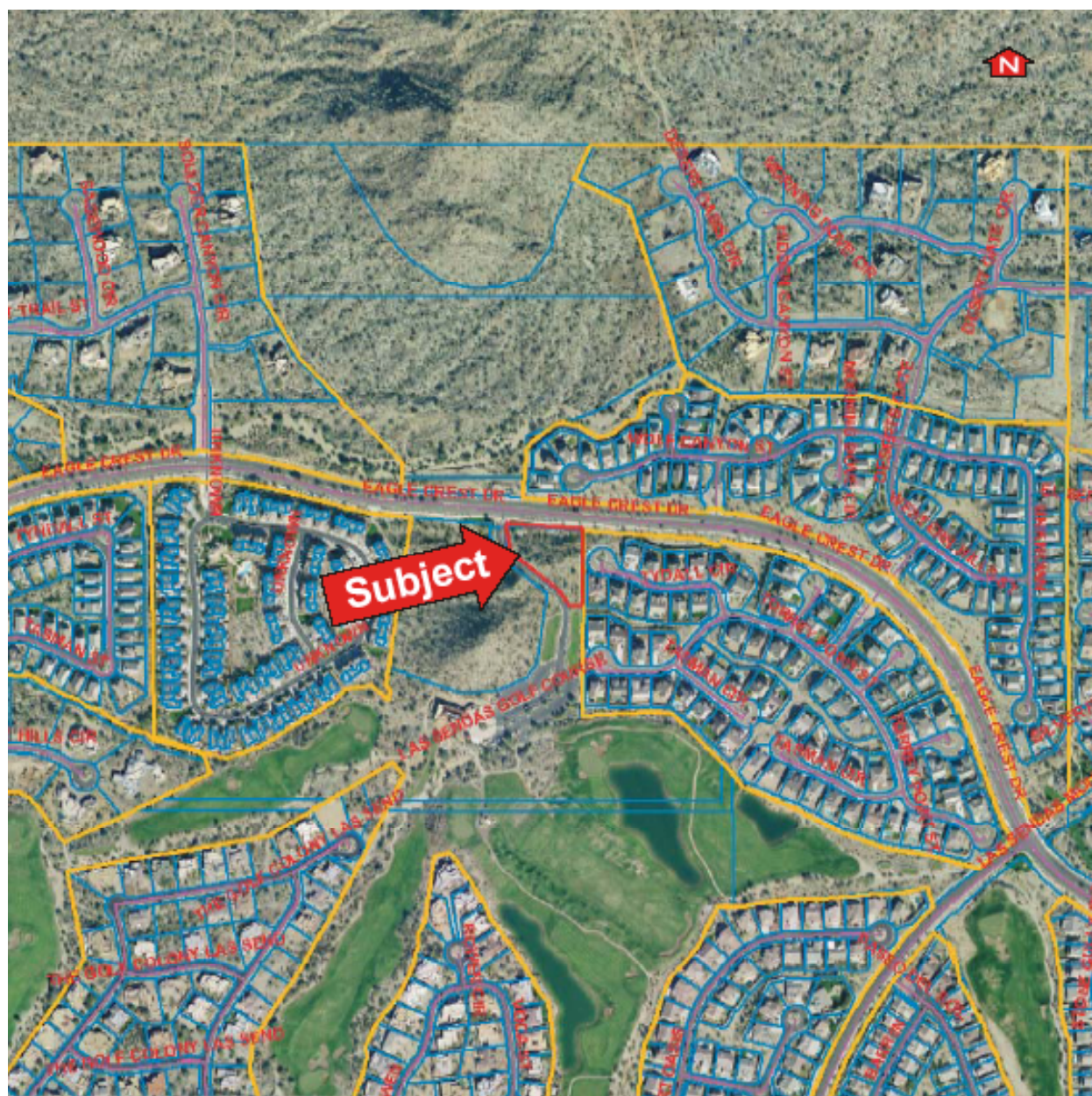


# ASSESSOR'S MAP



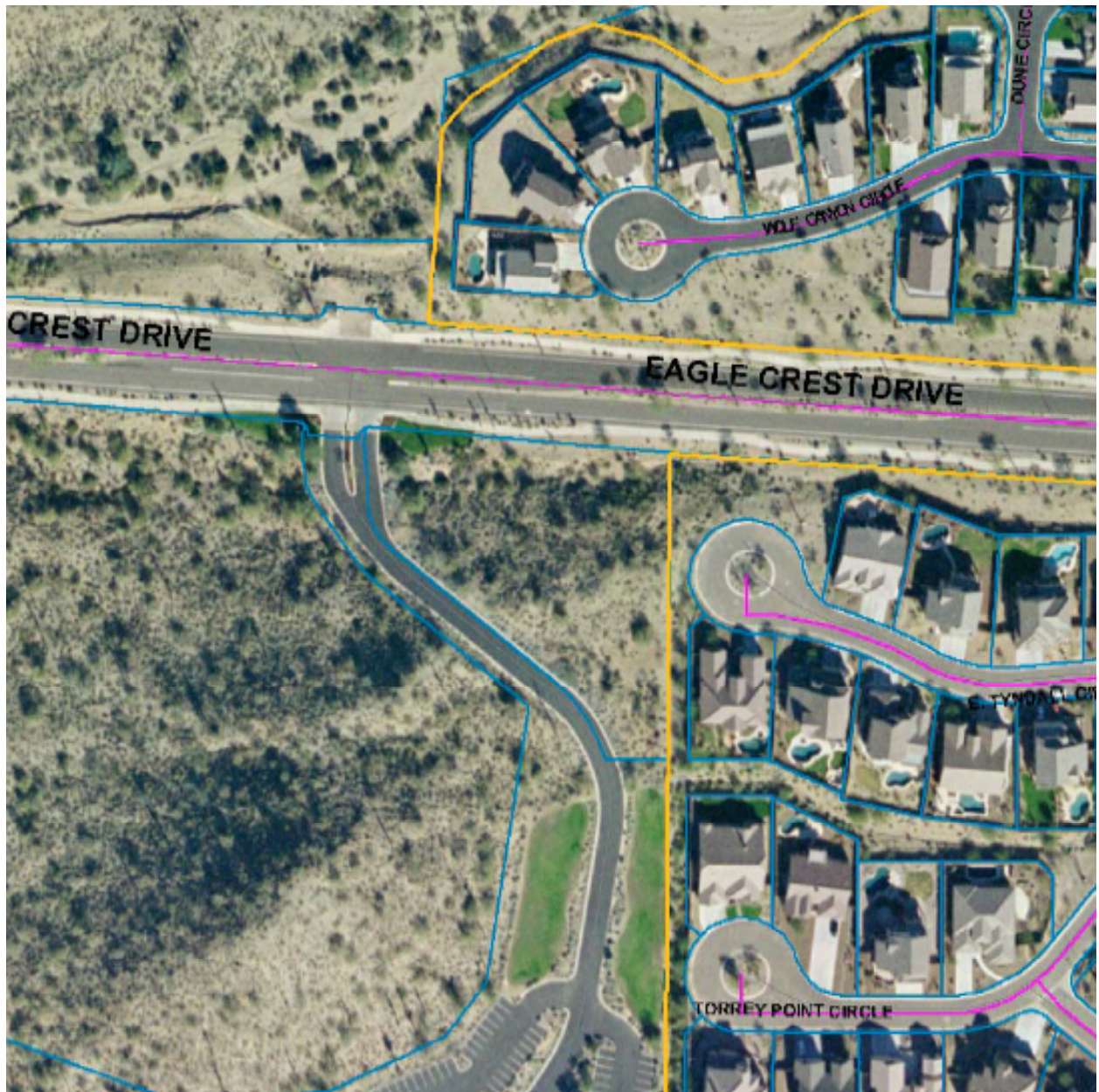


## AERIAL PHOTOS





CLOSE-UP AERIAL PHOTO



## FINANCIAL PROJECTIONS

	Total	Per Lot
Income		
Lots	4	
Sales	3,000,000	750,000
Direct Costs		
Acquisition	838,000	209,500
Development	25,000	6,250
Engineering	75,000	18,750
Improvements	700,000	175,000
Subtotal	1,638,000	409,500
Indirect Costs		
Carrying Costs	60,000	15,000
Administration	60,000	15,000
Subtotal	120,000	30,000
Costs Prior to Sales	1,758,000	439,500
Cost of Sales		
Commissions (6%)	180,000	45,000
Escrows (1%)	30,000	7,500
Subtotal	210,000	52,500
Total Costs	1,968,000	492,000
Profit	1,032,000	258,000

## DISTRIBUTION PROJECTIONS

Distributions	
Cash on Hand	42,000
Gross Sales	3,000,000
Cost of Sales	-210,000
Subtotal	2,832,000
Debt Funding	-1,200,000
Equity Funding	-600,000
Subtotal	-1,800,000
Proceeds to Distribute	1,032,000
Investing Members	516,000
Managing Member	516,000
Return On Investment	86.00%

## **TIMELINE PROJECTS**

Equity Funding, Acquisitions .....	Fall, Winter 2005
Planning, Approvals .....	Winter 2005, Spring 2006
Construction Funding, Construction .....	Spring, Summer 2006
Liquidation .....	Fall, Winter 2006