



inside

SJ Fowler Real Estate, Inc.

5060 N 40th St, Suite 120

Phoenix, AZ 85018

602-264-8400

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Proudly Offers



21ST & THOMAS MEDICAL PLAZA

A real estate oriented investment offering

12,600 SF of Medical & Professional Office Space

To be built at

Southwest Corner of 21st St & Thomas Rd

Phoenix, AZ

Frank Nicholson / Len Tinnan

602-264-8400

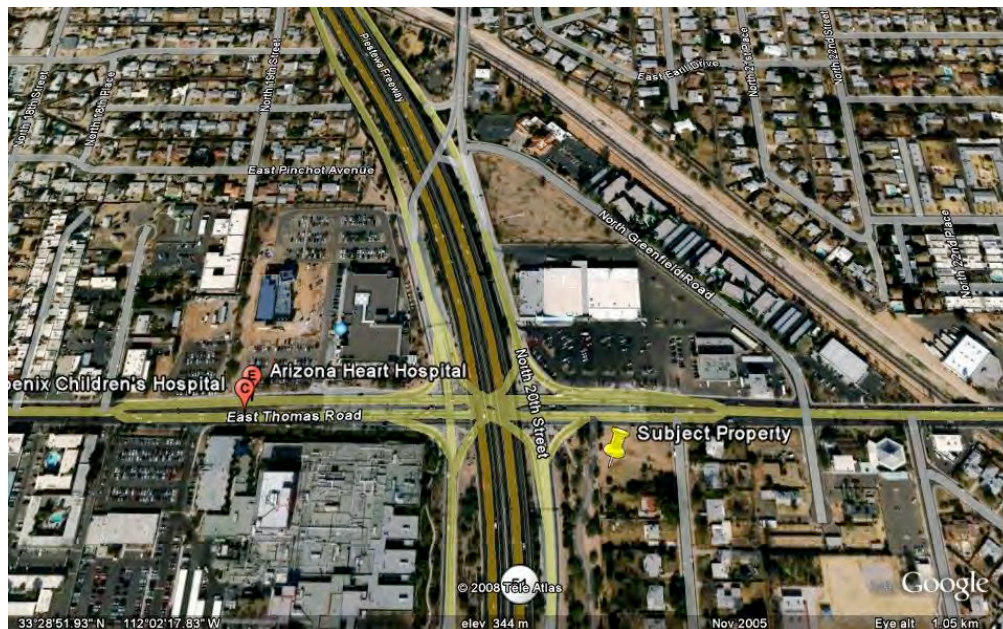
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SJ Fowler Real Estate, Inc. has been retained by the developer Arizona First Partners 2 LLC to market equity in the form of Limited Liability Company membership interest in a Medical Office Condominium Complex to be built on the southeast corner of 21st and Thomas Rd near the SR 51 Freeway and Thomas Rd off ramp, across from Phoenix Children's Hospital.

70 Units of Limited Liability Company Interests at \$10,000 per Unit
\$100,000 Minimum Offering Amount (10 Units)
\$700,000 Maximum Offering Amount (70 Units)
Minimum Investment: \$50,000 (5 Units)

The property is an infill property located along side SR 51, a major North / South freeway running through East Central Phoenix at Thomas Rd, a major East / West artery. It is within 1 block of Phoenix Children's Hospital, which is currently undergoing a \$22,000,000 expansion, and the Arizona Heart Hospital.



For a complete Private Placement Memorandum, Call Len Tinnan or Frank Nicholson



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Franklin Commercial Group inside SJ Fowler Real Estate, Inc., Phoenix, AZ

Phase I Acquisition & Shell Construction

Land is under contract at this writing. Construction bids have been examined and a construction contract has been awarded to a general contractor on a guaranteed \$1,550,000 maximum price not to exceed basis.

Project Development Funds:

Cash from Equity Investors	700,000
Cash from Construction Loan	<u>2,400,000</u>
Total Capital	3,100,000

Use of Funds:

Land, Plans, Permits & Approvals	1,075,000
Shell Building Construction	1,550,000
LLC Administration	70,000
Interest Reserve on Construction Financing	130,000 ¹
Contingency Reserve	<u>275,000</u>
Total Use of Funds	3,100,000

Phase II Lease Up & Tenant Improvement Construction

Marketing of units for lease (lease negotiations and lease executions) will begin during the construction phase, and implementation of tenant improvements.

Lease of Units: ²

Unit	Size (SF)	Deposit	Monthly Rent	Annual Rent
101	2,465	4,930	4,930	59,160
102	2,339	4,680	4,680	56,160
201	2,339	4,680	4,680	56,160
202	2,668	5,340	5,340	64,080
301	<u>2,762</u>	<u>5,530</u>	<u>5,530</u>	<u>66,360</u>
	12,573	25,260 ³	25,260	301,920

Income from Lease Up & Tenant Improvements:

Lease Deposits	25,260
Initial Month's Rent	25,260
Tenant Improvement Sales ⁴	<u>1,260,000</u>
Total Income from Lease Up & TI	1,310,520

Costs of Lease Up & Tenant Improvements:

Tenant Improvement Allowance ⁴	630,000
Tenant Improvement Construction ⁴	630,000
Lease Commissions ⁵	<u>150,000</u>
Total Cost of Lease Up	1,410,000

Lease Up Summary:

Contingency Funds from Phase I	275,000
Deposits & Income from Lease Up & TI	1,310,520
Less Cost of Lease Up	<u>(1,410,000)</u>
Available funds	175,520

Phase III Take-Out Financing

Once commitments for the lease of 2 or more units are attained, LLC will acquire permanent ("take-out") financing.

Amount of Take-Out Financing	3,100,000
Distribution of borrowed funds:	
Repay Development Loan	2,400,000
Repay Equity investment to Investors ⁶	<u>700,000</u>
Total Distribution	3,100,000

Phase IV Sale of Entire Property

With leases in place the entire property will be marketed to investors at an attractive CAP rate of 7% . With a Net Operating Income of \$301,920, this translates into a sales price of \$4,313,142.

Sales Proceeds:

Condominium Units	4,313,142
Available funds after Lease up	<u>175,520</u>
Gross Proceeds	4,488,662

Costs of Sales:

Lease Deposits	25,260
Escrows & Titles	30,000
Sales Commissions	<u>258,788</u>
Total Cost of Sales	314,048

Sales Summary:

Gross Proceeds	4,488,520
Less Cost of Sales	<u>(314,048)</u>
Net Proceeds	4,174,472

Distribution of Proceeds:

Re-payment of Borrowed Funds	3,100,000
Interest Reserve on Take-Our Financing	<u>128,000</u> ⁸
Subtotal	3,228,000
Net Proceeds	4,174,472
Less Debt Service	<u>(3,228,000)</u>
Total LLC Net Profit	946,472
Manager's Profit	473,236
Investors' Profit	473,236 ⁹

In addition to the \$946,472 in cash distributions estimated above, any unused portion of either the construction financing interest reserve or the take-out financing interest reserve, along with any positive cash flow after rent collection less debt servicing, will be distributed to the members of the limited liability company pursuant to their respective percentage ownership interests.

- 1 The Interest Reserve amount, as may be required by Copper Star Bank, is based on a formula of 1 plus prime, currently 6 ½%, of 65% of the total loan amount, which in this case equals \$90,838. Manager is reserving \$130,000 to provide a reasonable cushion.
- 2 Leases will be Triple Net Leases. Initial rental rate will \$24.00/SF annually + Tenant's share of Real Estate taxes, Fire & Casualty Insurance, and building operating and maintenance expenses.
- 3 Security Deposits and first month's rent to be collected at Lease Executions equal to \$50,520.
- 4 Based on Tenant Improvement sales of \$100 SF, developer's \$50 SF allowance and general contractor's \$50 SF construction cost.
- 5 Based on 7 year leases with regular CPI increases
- 6 At this point, all cash from investors has been returned to Investors
- 7 Second ½ of lease commission payable upon sale of property or when tenant begins paying rent, whichever is earlier
- 8 Assuming 8% interest only note in the event the property needs to be carried longer than the construction period.
- 9 This represents an 67.6% ROI (Return on Investment). The project is estimated to take 1 year or less, however if project is completed in 2 years, this represents an annual 33.8% ROI. The original capital is estimated to be returned to investors at end of construction verses the end of the project, therefore the actual ROI should take into consideration that a portion of the ROI includes 100% return of the capital prior to the full term of the project.

THE UNITS OFFERED HEREBY ARE SPECULATIVE AND AN INVESTMENT IN UNITS INVOLVES SUBSTANTIAL RISKS, including, but not limited to, risks associated with the start-up nature of the Company, lack of liquidity, lack of financing and loan commitment, developing an attached office condo development and selling attached office condo units therein, lack of diversity of investment, reliance on the Manager to manage the Company, using leverage to acquire real estate, the existence of various conflicts of interest between the Manager and its Affiliates and the Company and tax risks. Investigate thoroughly and consult your legal and financial advisors before investing.

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