

# ROMANI MALL

Investment Proposal



# Content

• Executive Summary	3
• Market Analysis	4
• Concept Design	8
• Architectonic Design	12
• Legal Structure and Financials	24

# Executive Summary

The objective of the project is to develop a 1.47 acre tract located at 10527 Highway 242, Conroe, Texas, into a 3 one story retail buildings. Total area of 22,000 Sqft of rentable space.

- This concept offers professional the opportunity to access to a great located, modern and multifunctional office, retail, restaurant and other typical retail spaces for all to enjoy and stablish great business opportunities
  - The vacant land is located in a fantastic absorption rate of less than 6 months
  - RR Development Group is currently looking for an investor or group of investors to partner in this project, through an LLP partnership controlled by the investors and the owner with proper financial and execution control in place
  - The total investment is \$3.014M with and an initial seed of \$100K needed to complete designs, engineering, land subrogation process and procurement expenses
  - The Net Operation Income is estimated at \$417K in the third year of operations, allowing the legal entity to declare dividends on a semiannual basis if required.
- **We target to exit in year three with a Acquisition Capitalization Rate of 8.5% equivalent to 11.8 times Net Operating Profit for a Annual ROI of 26.6%. This project is reflection a Internal Rate of Return IRR of 74%.**

Romani Mall

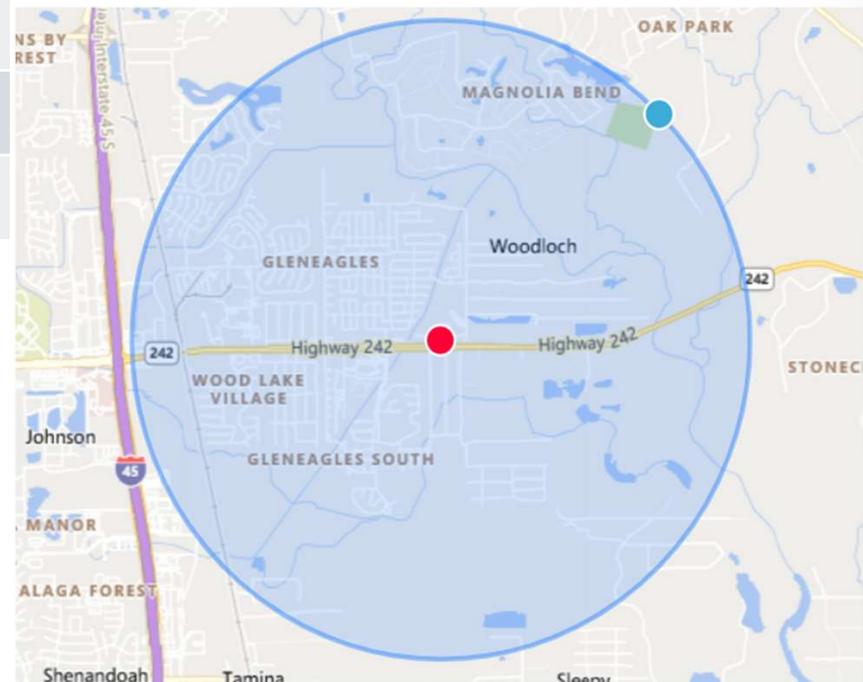
# MARKET ANALYSIS

# The Land

	2 Miles	
Population -2022	19,681	
Population -2024	19,528	
Average Income	\$120K	
Housing – Own	79.1%	
Housing – Rent	15.1%	
Housing – Vacant	5.8%	
Avg. Price of	\$399K	
# Business	228	

- Average daily traffic of 50,373.
- Strong demographic.
- High concentration of Retail Centers
- Day time Employees 13,326.

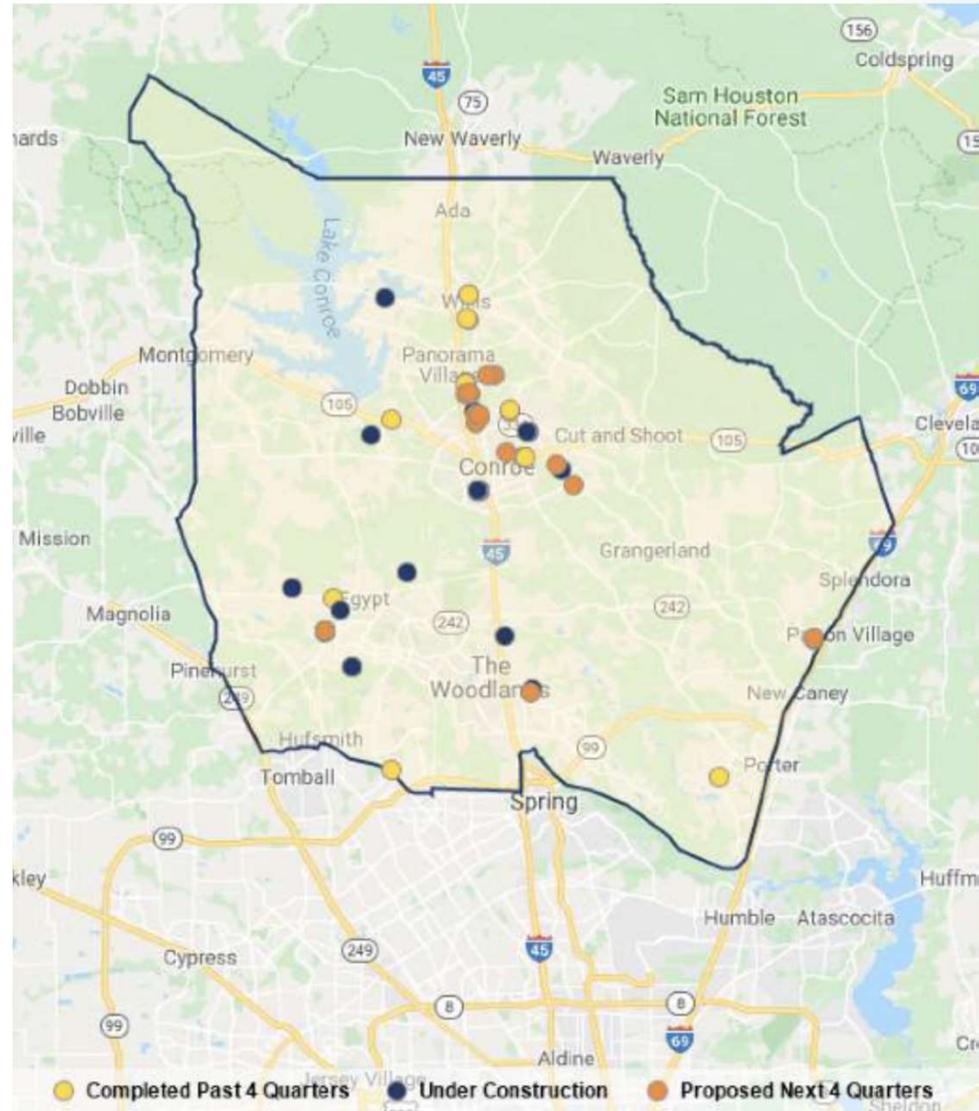
Source: Woodsedge Properties



# Market Analysis

## Retail Analysis

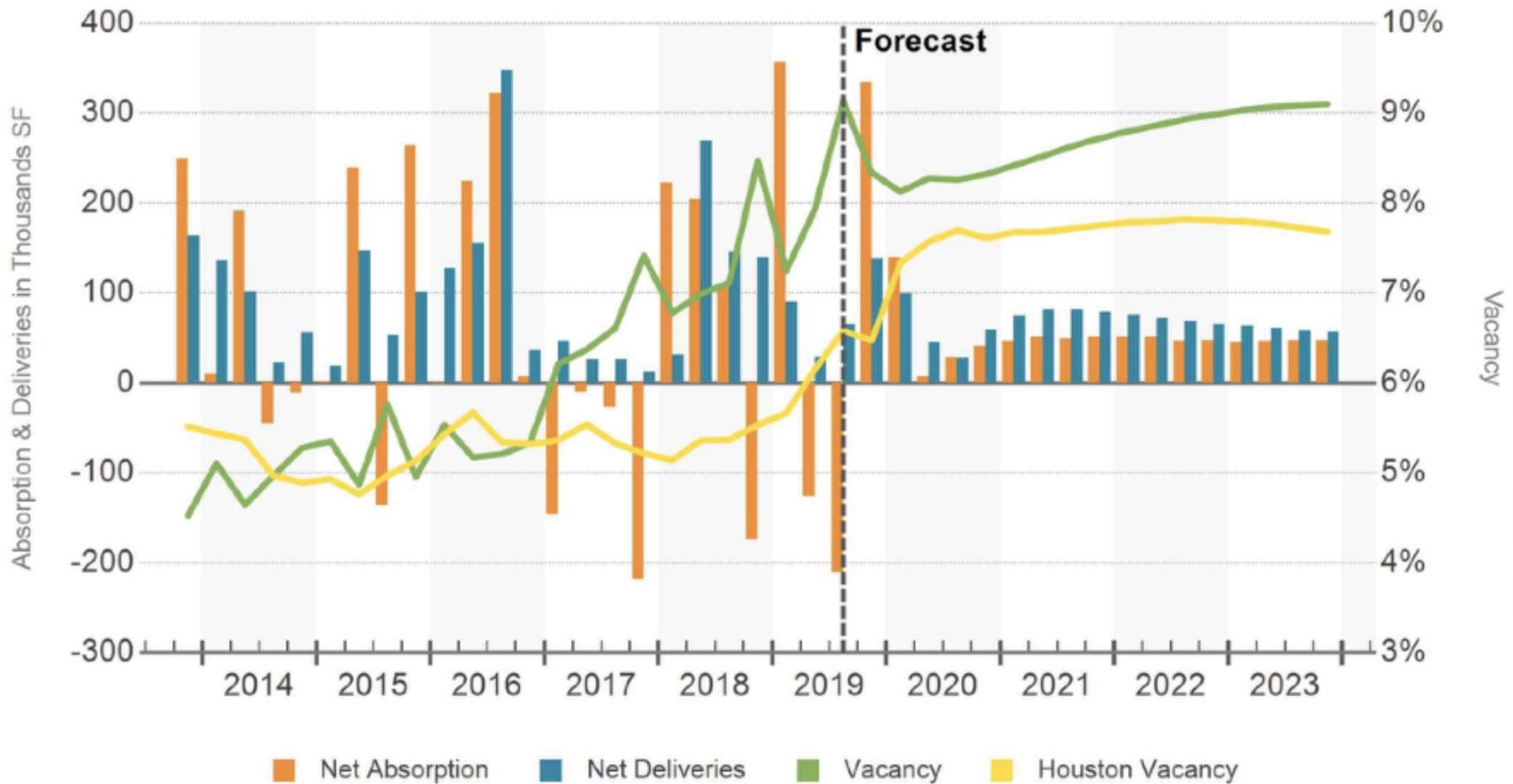
- Low available Competition and high need for retail in the area
- Hard Construction Cost of \$135 to \$150 per Sqft excluding allowance
- Comparables rents between \$29 to \$35 per Sqft/Yr within a mile.
- Total Absorption expected before year 1
- Market Needs: Quality, High ceiling structures, Functional models that allows growth, entertainment.



# Market Analysis

## Office and Retail Market

### Absorption Rate Trend



Source: Woodsedge Properties

Romani Mall

# CONCEPT DESIGN

# Concept Design

## Retail Space

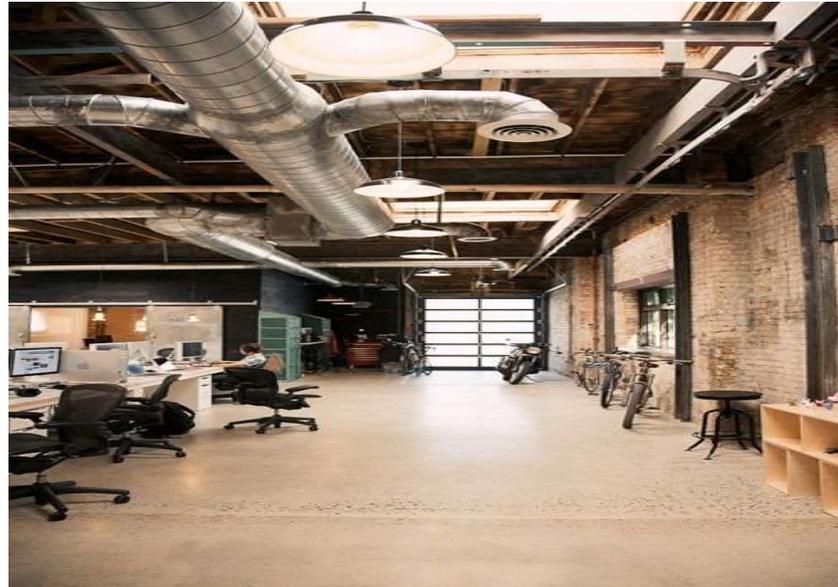
- Small and affordable  
Retail spaces are here to stay.
- They allow to pay for just a desk and get the use of the entire facility. Dynamic, affordable and adaptable. 1.5K to 7K spaces.
- Modern, contemporary, high ceiling facilities perfect for nails and hair salons, fast food, retail sales, and more .



# Concept Design

## Small Business With Inside Activities

- Develop just what is needed and use the retail space to maximize your business.
- Our Energy-efficient construction open floor plans allow you to utilize the space of your building in the best way for your business, while clear-span trusses provide greater overhead clearance.
- Variety of exterior and interior options are available. Plus, our buildings are virtually maintenance-free.



# Concept Design

## Medical And Animal care Facilities

- Healthcare is a high growth industry today with adaptability of facilities is required.
- This solution facilitates business to growth to more than one office space or the entire building.
- Whether the medical office space provides clinical services, diagnostic services, laboratory services; the needs of these providers differ greatly from the traditional office rental lease template.



# Concept Design

## Indoor Sport Facilities

- Provide solutions at low-cost entertaining is a high growing industry.
- This solution facilitates business to growth to more than one retail space or the entire building.
- Simulators offers customer unparalleled accuracy and realism through a combination of camera systems, infrared lasers, impact sensors and advanced gaming software..



# Concept Design

## Fast Food Facilities

- Small fast food concept up to 2900 sqft building.
- This solution provide independency from the other buildings for business with needs for drive.
- Could provide the entire project the landmark status.



Romani Mall

# ARCHITECTONIC DESIGN

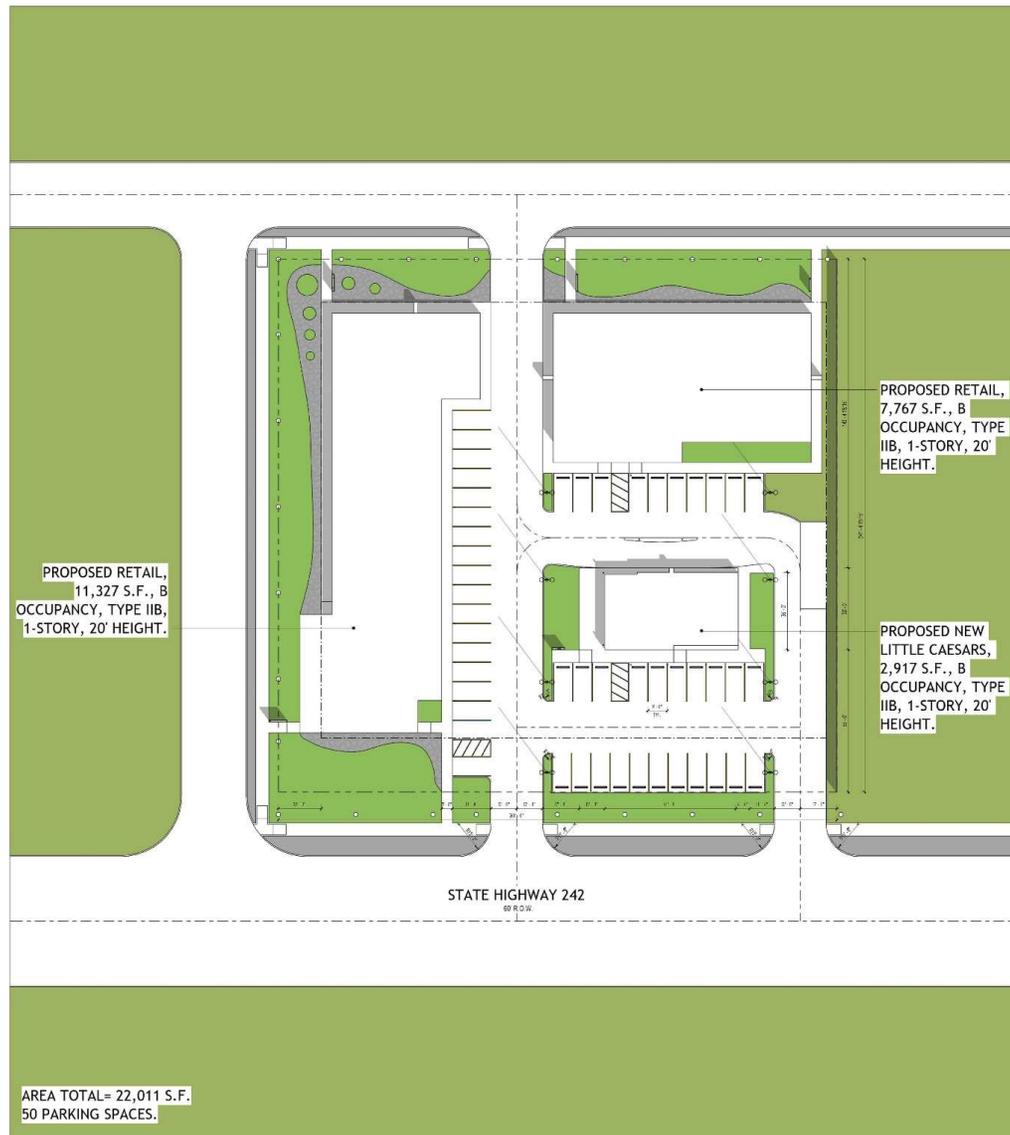
# Architectonic Design

## Vacant Land



# Architectonic Design

## Distribution *(Measures in ft Areas in Sqft)*



# Architectonic Design

## Fast Food Building



# Architectonic Design

## Retail Buildings



# Architectonic Design

## Overall Concept



# Architectonic Design

## Entrance



Romani Mall

# LEGAL STRUCTURE AND FINANCIALS



# Legal Structure

Legal Entity	
<b>Investor</b>	Provides capital and oversight to the project through the Board of Directors (BOD)
<b>Romani Mall LLP</b>	Limited Liability Partnership entity owner of the project. LLP means that the Investors are Liable up their stake in the company. <b>Legal Representative: TBD</b>
<b>General Contractor and Developer</b>	Company that has a double roll. As General Contractor execute the project . As Developer and Investor, came up with the idea and the concept of the project. Fully Insured Company
<b>Disbursement Company</b>	Company that authorize payments to the General Contractor based on execution on a Monthly Basis. It can make the payment if authorized by the BOD. Fully Insured Company
<b>Internal Audit</b>	Reviews and certify that the accounting is a true representation of the business. Is independent from the LLP , the CPA and the General Contractor. Hired by the BOD to report directly to the BOD.
<b>CPA</b>	Accounting Company keeping track of the transactions and book keeping. Provides with Bank reconciliations, Financial Statements, and Taxes.

# Financial Metrics Summary

## 75 Executive Office Park - Building 4 - Stakeholders Cash Flow (5 Year)

Cash Flow for Investor at 30%	Year 0	Year 1	Year 2	Year 3
Cash Flow Participation	\$ -	\$ 291,651	\$ 321,684	\$ 5,936,562
Equity Funding	(1,306,086)	-	-	-
<b>Cash Flow for Investor at 30%</b>	<b>\$ (1,306,086)</b>	<b>\$ 291,651</b>	<b>\$ 321,684</b>	<b>\$ 5,936,562</b>
IRR	79%			

## Sensitivity Analysis – Cap Rate

### Romani Mall -Sensitivity Analysis (5 Year)

Implicit CAP	IRR	Rent	IRR
	79%		79%
7.00%	94%	\$ 28.9	68%
7.25%	91%	\$ 29.5	70%
7.50%	88%	\$ 30.1	72%
7.75%	86%	\$ 30.7	74%
8.00%	83%	\$ 31.4	76%
8.25%	81%	\$ 32.0	79%
<b>8.50%</b>	<b>79%</b>	\$ 32.6	81%
8.75%	76%	\$ 33.3	83%
9.00%	74%	\$ 34.0	85%
9.25%	72%		
9.50%	70%		
9.75%	68%		
10.00%	66%		

# Project Cost

## Development Summary

Project	
Total Land( Sq. Ft)	64,033
Gross Sq. Ft (Ex Pkg):	22,000
Net Saleable Residential:	22,000
Net Saleable Retail:	
Net Saleable Parking:	

Project Cost				
Hard Cost		Total	Gross \$PSF	Saleable \$PSF
Land Cost	\$	625,947	\$ 28.45	\$ 28.45
Hard Cost Budget - Construction ( All Exterior improvements plus Shell		2,134,000	97.00	97.00
Hard Cost Budget 40 SQFT Interior development		880,000	40.00	40.00
<b>Sub-Total Hard Cost</b>		<b>3,639,947</b>	<b>165.45</b>	<b>165.45</b>
Hard Costs Contingency	3.0%	90,420	4.11	4.11
General Conditions	3.0%	90,420	4.11	4.11
Builder Fee	3.0%	90,420	4.11	4.11
<b>Total Construction Hard Cost</b>		<b>\$ 3,911,207</b>	<b>\$ 177.78</b>	<b>\$ 177.78</b>
Soft Cost		Total	Gross \$PSF	Saleable \$PSF
Architectural/Interior Design	\$	35,600	\$ 1.62	\$ 1.62
Impact Fee		11,560	0.53	0.53
Material Testing		3,500	0.16	0.16
Insurance Builder's Risk & GL		12,300	0.56	0.56
Replat		11,500	0.52	0.52
Marketing and Advertising		5,300	0.24	0.24
Civil, MEP & Structural Engineering		28,900	1.31	2.00
Bank Fees		9,000	0.41	0.41
Permits, Fees, Expediting		6,890	0.31	0.31
Environmental report		3,600	0.16	0.16
Utilities		9,000	0.41	0.41
Survey		6,370	0.29	0.29
<b>Sub-Total Soft Cost</b>		<b>157,663</b>	<b>7.17</b>	<b>7.17</b>
Soft Cost Contingency (3%)	5%	7,883	0.36	0.36
<b>Total Soft Cost</b>		<b>\$ 165,546</b>	<b>\$ 7.52</b>	<b>\$ 7.52</b>
<b>Total Project Cost</b>		<b>\$ 4,076,753</b>	<b>\$ 185.31</b>	<b>\$ 185.31</b>

# Net Operating Income

## Romani Mall - Net Operating Income (3 Year)

	Year 1	Year 2	Year 3
<b>Revenues</b>			
Rent Income	\$ 704,000	\$ 725,120	\$ 743,973
Other Income	\$ -	\$ -	\$ -
<b>Gross Potential Income</b>	<b>\$ 704,000</b>	<b>\$ 725,120</b>	<b>\$ 743,973</b>
Vacancy Factor	\$ (35,200)	\$ (14,502)	\$ -
<b>Effective Gross Income</b>	<b>\$ 668,800</b>	<b>\$ 710,618</b>	<b>\$ 743,973</b>
<b>Expenses</b>			
Operating Expenses	\$ (31,896)	\$ (32,852)	\$ (33,707)
Asset Management Fee	\$ -	\$ -	\$ -
Depreciation <span style="float: right;">27.5 years</span>	\$ (148,246)	\$ (148,246)	\$ (148,246)
<b>Expense Subtotal</b>	<b>\$ (180,141)</b>	<b>\$ (181,098)</b>	<b>\$ (181,952)</b>
<b>Net Operating Income</b>	<b>\$ 488,659</b>	<b>\$ 529,520</b>	<b>\$ 562,021</b>
Interest Expenses	\$ (289,516)	\$ (289,516)	\$ (289,516)
<b>Income Before Taxes</b>	<b>\$ 199,143</b>	<b>\$ 240,004</b>	<b>\$ 272,505</b>
Income Taxes <span style="float: right;">@ 25%</span>	\$ (49,786)	\$ (60,001)	\$ (68,126)
<b>Net Income</b>	<b>\$ 149,357</b>	<b>\$ 180,003</b>	<b>\$ 204,379</b>
<b>ROA</b>	<b>12.0%</b>	<b>13.0%</b>	<b>13.8%</b>

# Cash Flow

## Romani Mall - LLP Cash Flow (3 Year)

	Year 0	Year 1	Year 2	Year 3
<b>Cash flows from Operation</b>				
Net Income	\$ -	\$ 149,357	\$ 180,003	\$ 204,379
Adjustment for Depreciation	-	148,246	148,246	148,246
Adjustment for Interest Expenses				
<b>Cash flows from Operations</b>	<b>\$ -</b>	<b>\$ 297,603</b>	<b>\$ 328,248</b>	<b>\$ 352,625</b>
		22.8%	25.1%	27.0%
<b>Cash flows from Investment Activities</b>				
Project Cost Investment	\$ (4,076,753)	\$ -	\$ -	\$ -
Proceeds from sale of property	-	-	-	8,752,625
<b>Cash Used Investment Activities</b>	<b>\$ (4,076,753)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,752,625</b>
<b>Cash flows from Financing Activities</b>				
Proceeds/Payment of Long-Term Debt	\$ 3,047,534	\$ -	\$ -	\$ (3,047,534)
Proceeds/Payment Long-Term Retention	-	-	-	-
Payment of Cost of Long-Term Debt	(132,109)	-	-	-
Provision Interest Accrual for Long-Term Debt	(144,758)	-	-	-
Proceeds from Equity funding	1,306,086	-	-	-
<b>Cash Used Investment Activities</b>	<b>\$ 4,076,753</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,047,534)</b>
<b>Total Cash Flow</b>	<b>\$ -</b>	<b>\$ 297,603</b>	<b>\$ 328,248</b>	<b>\$ 6,057,716</b>