

Real Estate Development

Andrew Bass

Jeff Simon

Introduction



Industrial facility in Glenwillow, Ohio

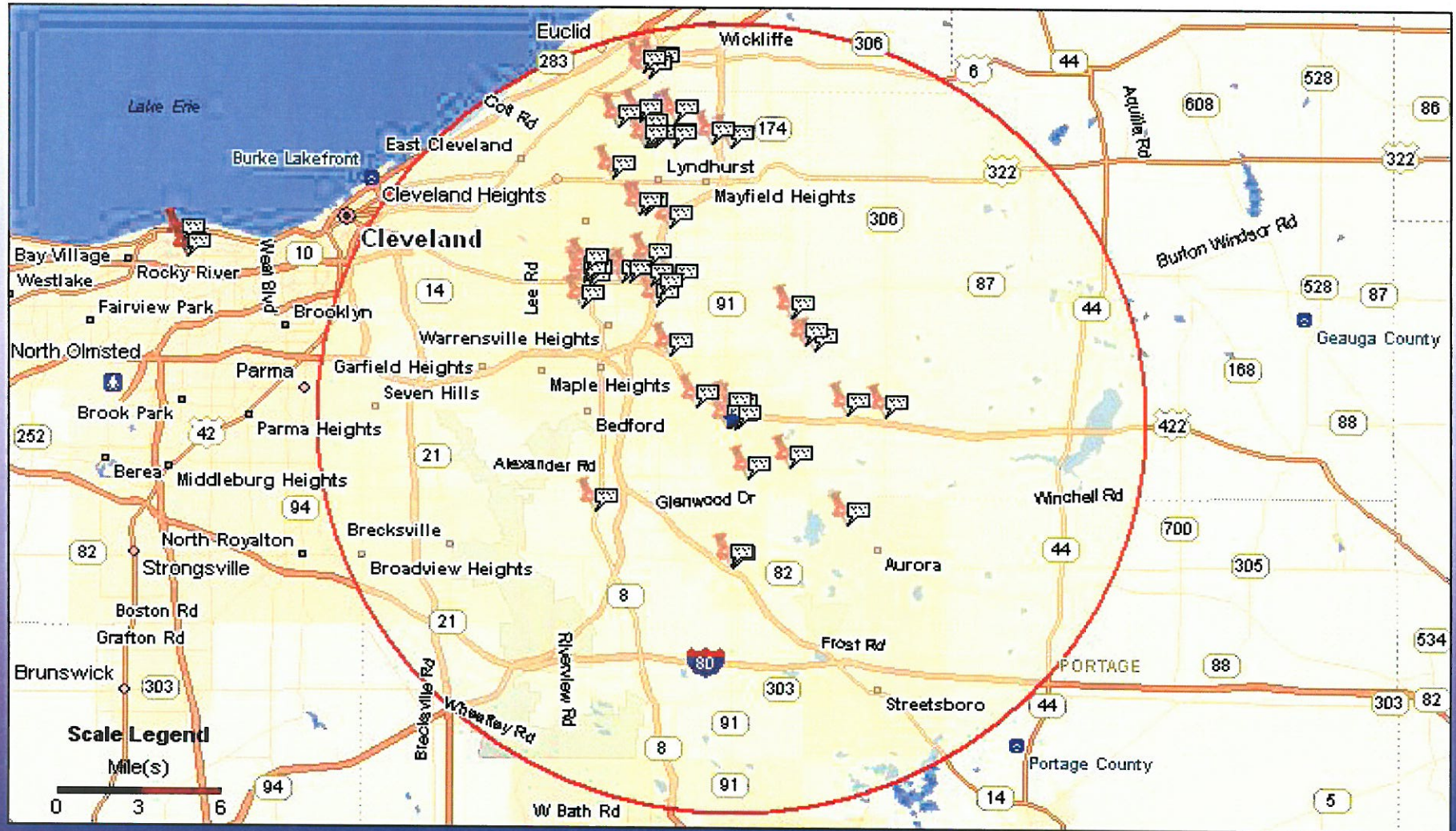
- Opportunity to gain experience
- Investigation of Real Estate Development
- Focus on the construction of a Manufacturing Facility
- Attain understanding of broad process

B & S Incorporated

- Fictional company created to serve as a mock client for professional services
- 100 employees
- In an existing 70,000 sq. ft. facility
- \$15,000,000 in revenue a year



Employee Map



Map of employee base

Red Circle is 30 miles in diameter

The Developer



- Spencer Piszczak
- Vice President, Duke Reality
- Works with client to collaborate successful construction
- Hires sub-contractors for construction

The Architect



- Bruce Taylor, Partner Arkinetics Incorporated
- Designs the look and flow of the building
- Creates and organizes blueprints
- Ensures final blueprints are read properly on the construction site

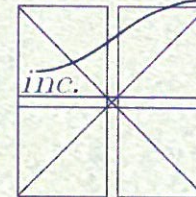


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B AND S INC.
123 LEGAL LANE
RIGHT, OHIO 44055

Arkinetics



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LORAIN OFFICE:
201 1/2 FIFTH STREET
LORAIN, OHIO 44052
PHONE: (440) 246-3100
FAX: (440) 246-5017

The Accountant

- Steven M. Walk, Partner Navigent Group
- Works with client to create budget and cash flow projections
- Helps client understand what is financially affordable



Learn more about Steve and what he does at...

www.stevenwalk.com

Budget Projections Over 8 Year

Year		1	2	3	4	5	6	7	8	9	10
Principal Payment		106,792	113,379	120,372	127,796	135,678	144,046	152,931	162,363	172,377	183,009
Interest Payment		237,095	230,508	223,515	216,091	208,209	199,841	190,956	181,524	171,509	160,878
Total Payment		343,887	343,887	343,887	343,887	343,887	343,887	343,887	343,887	343,887	343,887
Revenue		15,000,000	15,300,000	15,606,000	15,918,120	16,236,482	16,561,212	16,892,436	17,230,285	17,574,891	17,926,389
Cost of Goods		9,000,000	9,180,000	9,363,600	9,550,872	9,741,890	9,936,727	10,135,462	10,338,171	10,544,934	10,755,833
Gross Margin	40%	6,000,000	6,120,000	6,242,400	6,367,248	6,494,593	6,624,485	6,756,974	6,892,114	7,029,956	7,170,556
Sales	13%	2,000,000	2,039,490	2,080,748	2,122,363	2,164,810	2,208,106	2,252,268	2,297,313	2,342,732	2,390,125
Marketing	8%	1,250,000	1,275,000	1,300,500	1,326,510	1,352,986	1,380,045	1,407,646	1,435,799	1,464,515	1,493,805
Total Administrative Costs	11%	1,597,000	1,628,940	1,661,519	1,694,749	1,728,644	1,763,217	1,798,481	1,834,451	1,871,140	1,908,563
Total Expenses	32%	4,847,000	4,943,940	5,042,819	5,143,675	5,246,549	5,351,480	5,458,509	5,567,679	5,679,033	5,792,614
Net Ordinary Income	8%	1,153,000	1,176,060	1,199,581	1,223,573	1,248,044	1,273,005	1,298,465	1,324,435	1,350,923	1,377,942
Interest Expense	2%	237,095	230,508	223,515	216,091	208,209	199,841	190,956	181,524	171,509	160,878
Depreciation	1%	166,667	170,000	173,400	176,868	180,406	184,014	187,694	191,448	195,277	199,182
Personal Property Tax	1%	100,000	102,000	104,040	106,121	108,243	110,408	112,616	114,869	117,166	119,509
Real Estate Tax	1%	115,500	117,810	120,166	122,570	125,021	127,521	130,072	132,673	135,327	138,033
Net Income Before Income Tax	4%	533,738	555,742	578,460	601,923	626,165	651,221	677,127	703,921	731,645	760,339
Income Tax	40%	213,495	222,297	231,384	240,769	250,466	260,488	270,851	281,568	292,658	304,136
Net Income		320,243	333,445	347,076	361,154	375,699	390,733	406,276	422,352	438,987	456,203

The Banker



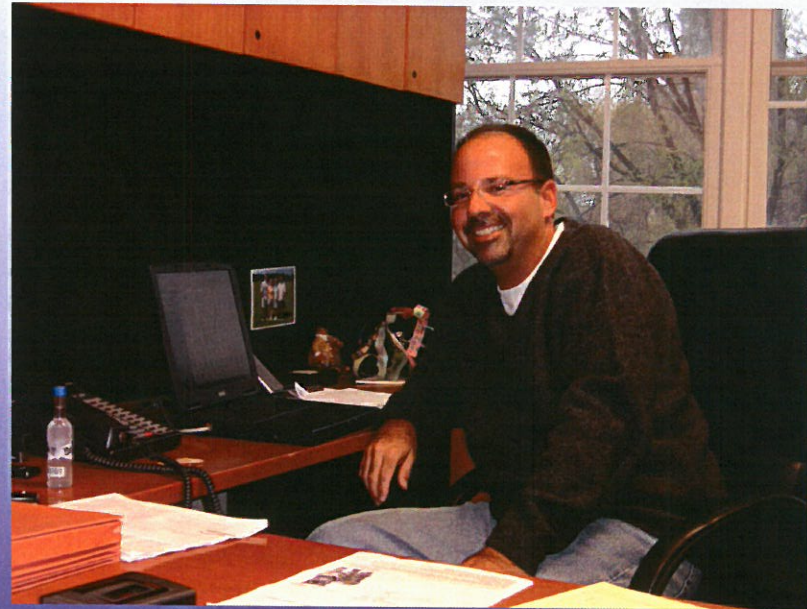
- Michael Blake, Vice President and Relationship Manager of Commercial Banking at Key Bank
- Negotiates loan proposals
- Reviews documents relating to additional terms and conditions

20 Year Amortization Schedule of a \$4,000,000 loan at 6.00% rate

Year	Total Payments	Principal Paid	Interest Paid	Ending Principal Balance \$4,000,000
1	\$343,887	\$106,792	\$237,095	\$3,893,208
2	\$343,887	\$113,379	\$230,508	\$3,779,829
3	\$343,887	\$120,372	\$223,515	\$3,659,458
4	\$343,887	\$127,796	\$216,091	\$3,531,662
5	\$343,887	\$135,678	\$208,209	\$3,395,984
6	\$343,887	\$144,046	\$199,841	\$3,251,938
7	\$343,887	\$152,931	\$190,956	\$3,099,007
8	\$343,887	\$162,363	\$181,524	\$2,936,644
9	\$343,887	\$172,377	\$171,509	\$2,764,266
10	\$343,887	\$183,009	\$160,878	\$2,581,257
11	\$343,887	\$194,297	\$149,590	\$2,386,960
12	\$343,887	\$206,281	\$137,606	\$2,180,679
13	\$343,887	\$219,004	\$124,883	\$1,961,675
14	\$343,887	\$232,511	\$111,376	\$1,729,164
15	\$343,887	\$246,852	\$97,035	\$1,482,312
16	\$343,887	\$262,077	\$81,809	\$1,220,234
17	\$343,887	\$278,242	\$65,645	\$941,993
18	\$343,887	\$295,403	\$48,484	\$646,590
19	\$343,887	\$313,623	\$30,264	\$332,967
20	\$343,887	\$333,109	\$10,920	\$0

The Lawyer

- Keith Kraus, Partner at Dworken & Bernstein Co., L.P.A.
- Protects the legality of transactions
- Works and negotiates with the title company



Thank You...

The Strnad Family
The Strnad Committee

Mr. Malbasa

Mr. Piszczak

Mr. Walk

Mr. Kraus

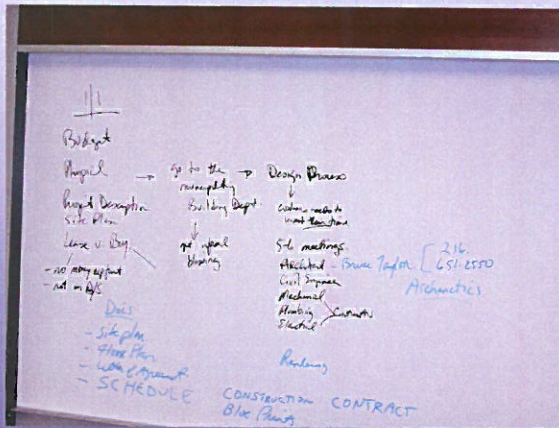
Mr. Taylor

Mr. Blake

Mr. Wooster

Our families

Spencer Piszczak & Duke



After a hard days work



Mr. Piszczak with Andrew and Jeff



Any one need land?

Bruce Taylor



Mr. Taylor showing Andrew
some blueprints



Andrew taking a closer look

Steven Walk



Mr. Walk and Andrew reviewing some financial documents



Mr. Walk works with Christina Aguilera!

Michael Blake



Mr. Blake preparing for
tough negotiations



Nice doing business with you!

Keith Kraus



Andrew and Jeff with Mr. Kraus



Mr. Kraus hard at work

Glenwillow Construction

