Plexus Property USA

Business Plan | Summer 2015

Funding Request:
$7 million equity raise

For more information, contact:
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I. Executive Summary

Plexus Property USA ("Plexus" or "the Company") is a fully licensed, bonded and insured general contractor in the State of California. Plexus specializes in residential construction, focusing on renovations and new construction for projects ranging between $2 million and $10 million. Plexus Property USA's mission is to rejuvenate and restore select neighborhoods of Southern California, and offer investors a strong return on their initial investment.

A. Investment Highlights

Investment Overview

- Real estate investment venture in Southern California
- Single family property development and rehabilitation
- Accurately identifies undervalued investable assets
- Targeted development strategy
- Future diversification to include multi-unit properties

Market Situation

- In 2013, 39,145 homes were sold for $1 million or more in California
- Average house price per square foot is $535, an increase of 13.6% over the previous year
- New construction homes in upscale communities of West Los Angeles sell for $800 to $1,200 per square foot
- Downtown Los Angeles has run out of new for-sale condominiums
- 11%, or $2.6 billion, of Los Angeles real estate investments are international buyers

- Los Angeles housing prices have increased 126.36% over 2000, the biggest housing price increase in the U.S. over the past 15 years
- In the Los Angeles area, Santa Monica saw the biggest surge in median sales price, increasing 20.6% higher over the previous year
- Luxury price indicator gains outpaced the overall market

Financial Projections

- Year 2 total dividends are forecasted at $4.1 million, reaching $9.8 million by Year 5
- Initial invested equity of $6.7 million will generate net cash flows of $9.7 million
- Projected Internal Rate of Return (IRR) of investor cash flow is 35.2%

Uses of Investment Fund

- Plexus Property USA is seeking initial investor equity investment of $6.7 million
- Funds will be used to acquire 5 residential properties in Los Angeles at an estimated acquisition cost of $1.4 million
- Average construction cost per property is $1 million in hard costs, and $135 thousand in soft costs
- Median property sales price is $4.5 million

B. Rationale

Opportunity for Investors and Property Developers in Southern California

Plexus Property USA

- Strategic acquisition of properties in targeted areas, selected to maximize resale potential
- Established relationships within Los Angeles real estate and construction industry
- Industry /area understanding and expertise
- Facilitates the design, entitlement (permit) construction, and marketing processes
- Developed properties will rejuvenate area neighborhoods to benefit the community

Targeted Areas Housing Marketplace Outlook

- Pacific Palisades (Single Family)
  - Average Sales Price (4Q-2014): $2,815,491
  - Average Price per Square Foot: $855
  - Number of Sales Closed (4Q-2014): 55
- Santa Monica (Single Family)
  - Average Sales Price (4Q-2014): $2,651,837
  - Average Price per Square Foot: $977
  - Number of Sales Closed (4Q-2014): 66

  - Single family housing prices jumped from prior year levels
  - Single family sales edged higher as marketing time was unchanged
- Brentwood (Single Family)
  - Average Sales Price (4Q-2014): $3,312,285
  - Average Price per Square Foot: $884
  - Number of Sales Closed (4Q-2014): 33
  - Single family rice indicators generally moved higher
  - Single family sales activity expanded

C. Highly Qualified Management Team

Summary of Relevant Qualifications & Experience

Bernard F. van Bilderbeek

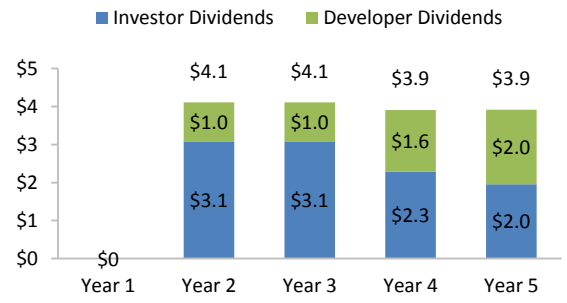
Mr. van Bilderbeek is a construction manager with an eight year record of success overseeing all phases of multimillion-dollar construction and infrastructure projects for private-sector clients. His experience includes managing crews of up to twenty in home improvements, abatements, redesign initiatives and a variety of other construction and demolition projects. He is backed by strong credentials, positive inspection, city and contractor relations. He has a proven history of on-time, on-budget, and high-quality project completions. In 2014, Mr. van Bilderbeek was retained as general contractor and construction manager for Plexus Property USA, to lead private-sector, multi-million dollar demolition and development projects.

D. Financial Summary

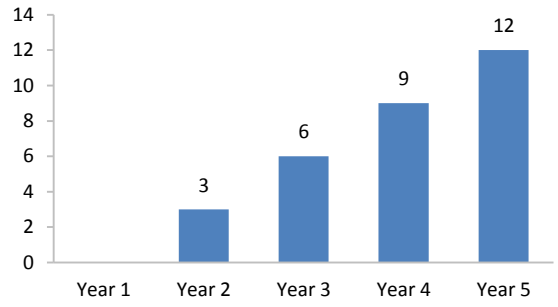
Excel Financial Model detail provided upon request. See Financial Appendix for additional information.

Project Profitability

Dividends ($ in millions)



Cumulative Properties Sold



E. Investment Fund Uses

Plexus Property USA will require initial equity investment of $7 million to fund property acquisition, construction costs, and holding expenses associated with real estate rejuvenation and development. The Company is seeking $6.7 million of initial investor equity to fund project development.

Sources	Total
Equity	**$7,046,665**
Total Sources	**$7,046,665**

Uses	Total
Property Development (12 months)	**$6,886,608**
Property Acquisitions & Purchasing Costs	$6,808,851
Carrying Costs	$77,757
Group Management Launch Costs	**$17,500**
Website Development	$7,500
Office Equipment & Furniture	$10,000
Working Capital (12 months)	**$142,557**
Overhead	$64,800
Carrying Costs	$77,757
Total Uses	**$7,046,665**

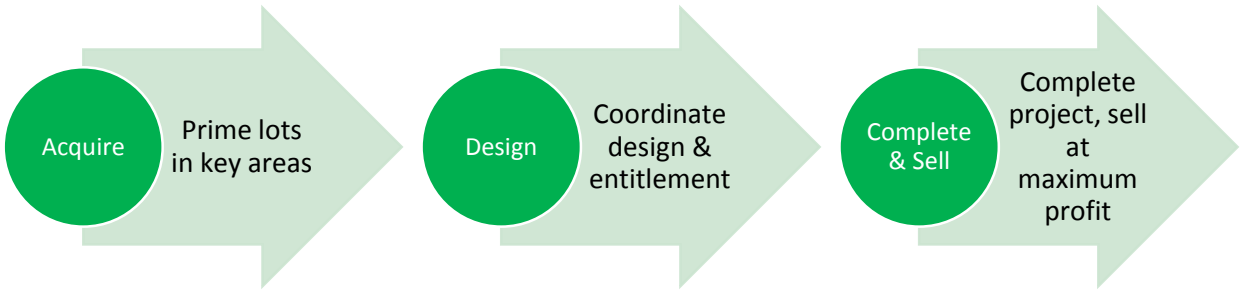
II. Investment Strategy Overview

A. Summary

Plexus is offering investors the opportunity to invest in the robust Los Angeles housing market. Through close observation of the marketplace, the Company has identified key market conditions that will offer investors strong financial returns on their initial investment in Los Angeles property enrichment in key areas of the city. The Company will focus development efforts on luxury single-family buildings that are old, outdated, and do not offer prospective buyers the features contemporary luxury homeowners' desire. Plexus will acquire outdated properties and develop it with remodels and new construction to create a single-family home with high consumer value in the housing marketplace.

Value Proposition	Real estate development in Southern California Lean operations reduce Company overhead Strong investor returns Robust market growth
Geographic Focus	Targeted focus on specific locations in Los Angeles, including: Pacific Palisades Santa Monica Brentwood
Ideal Property Metrics	Acquisition Cost: $1.4 million Property Type: Single Family
Business Development	Initial focus on residential housing in key Los Angeles communities Expansion to include multi-unit properties
Strategic Partners	Banks Inspectors Insurance Contractors Realtors

B. Property Development Trajectory



C. Strategy Link to Execution

Business acumen from years of experience in real estate, and expertise in construction and investment have allowed the articulation of a winning strategy.

Plexus Property USA Strategy Linkage

Acquisition Strategy	Operating Strategy	Financial Strategy
Selected Targets	Ultra Lean Operations	Strong Investor Returns
Opportunistic Growth	Maximize Strategic Partnerships	Future Rental Opportunity

Plexus will use the strength of its comprehensive knowledge and its experience to attract investors to the thriving real estate rejuvenation opportunity in Southern California.

Targeted Property Acquisition → Property Rehabilitation → Neighborhood Rejuvenation & Increased Resale Value

Plexus will generate revenue from the resale of Company developed residential property. The Company offers investors the opportunity for a 2.45x return on investment, with dividend distributions of $16.4 million throughout the forecast period.

The Company will acquire 5 single family homes in identified target areas, assess the properties, and begin development. The Company believes each property will be under construction for approximately 42 weeks, after which the Company will put the new residential property up for sale on the market. The Company believes a project's construction cost will be approximately $1.2 million, including $1 million of hard costs, $135 thousand in soft costs, and $22 thousand of selling costs. Plexus will own a maximum of 5 properties at all stages of development at any given time. By concurrently developing properties, the Company will achieve some economies of scale and lower construction costs.

D. Strategic Location Selection

Properties will be selected via rigorous analytical modeling and financial analysis. It is intended that careful selection of development opportunities will result in post development gross sales prices that exceed total costs to ensure profit. Projects will be selected to generate a minimum projected return on cost equal to 20%, based on current market valuations. Individual projects are expected to take no longer than 42 weeks to acquire, develop, and sell.

Pacific Palisades is a high end neighborhood in the Westside of the city of Los Angeles, California, boarded by Malibu to the west, Santa Monica to the southeast, the Santa Monica Bay (Pacific Ocean) to the southwest, and the Santa Monica Mountains to the north. Pacific Palisades is home to the Rivera Country Club (PGA Tour stop), the Getty Villa Museum and many influential residents in the entertainment, sports and business communities. Residents are drawn to the "small town family atmosphere" of the Palisades Village (which contains restaurants and shops), safety and great schools. The area currently has about 27,000 residents. It is primarily a residential area, with a mixture of large private homes, small (usually older) houses, condominiums, and apartments – median household income is $168k per year (by comparison Beverly Hills median household income is about $100k).

Local real estate market experts are expecting the price per square foot to continue increasing over the next year or so due its relative (bargain) price point (vs other hillside view communities) and wouldn't be surprised if we see an increase of 10% before we hit the market.

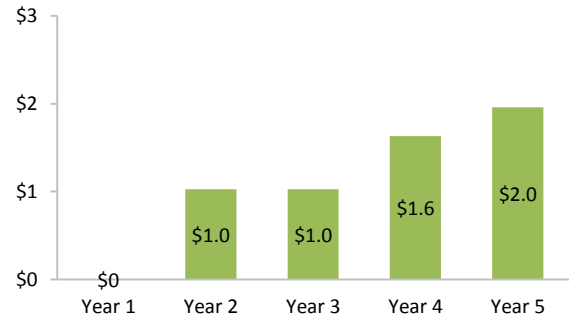
E. Key Characteristics of Investment

Plexus is seeking equity capital from investors to share in a real and potentially large vision to rehabilitate and turnover a steady stream of properties in the Los Angeles area for a significant and steadily increasing return.

Sources	Total
Developer Equity	**$352,333**
Investor Equity	**$6,694,332**
Total Sources	**$7,046,665**

Investor Dividends ($ in millions)

Developer Dividends



F. Risks and Mitigants

RISK	MITIGANT
Shift in real estate market	*Targeted focus on select, highly desired luxury areas of Los Angeles will reduce risk in the event of a shift in the real estate market*
Property does not sell	*In the event that a property does not sell at its asking price in a timely fashion, the Company will lease the remodeled home at market rate, with plans to sell the property when market conditions optimize*
Development costs exceed expectations	*The Company will work exclusively with contractors and vendors with whom there is a standing relationship of trust*

III. Development Strategy Overview

A. Property Development Key Characteristics

The Company will have ownership of five properties at any given time. The Company will acquire a new investment property and commence development after the successful sale of a completed project. An equal understanding of home improvement, real estate markets, and the synergies between is required to truly take advantage of undervalued properties.

Property Location

- Targeted range of neighborhoods and zip codes in Los Angeles, CA, including:
  - Santa Monica
  - Pacific Palisades
  - Brentwood

Ideal Construction Date

- Target properties built in 1940's
- Uncoverted lots in luxury neighborhoods

Property Acquisition Price

- Acquire properties for $1 million to $3 million

Forecasted Sale Price

- Sell properties for $2.5 million to $5 million

B. Structure

For each project, the investor will extend a fully collateralized loan to a newly formed Limited Liability Company (LLC), which will be used to purchase the selected real estate and fund the development costs.

C. Acquisition

Purchase offers will be made through a licensed Real Estate Broker, and will include a price, terms, conditions, due diligence, requirements, and will be accompanied by a proof of funds (capability) letter from a financial institution to demonstrate the ability to complete the purchase if all due diligence inspections and requirements are successfully completed. Price, terms, and conditions will then be normally negotiated.

Once the seller accepts an offer, the agreed upon terms and conditions are sent to a mutually acceptable Escrow Agent who opens Escrow and then acts as an intermediary during the purchase and exchange process. A refundable deposit of 3% of the total acquisition price is required three days after the offer is accepted. This binds the seller and will allow the buyer to perform due diligence inspections on the property.

The developer will arrange for independent professionals to perform due diligence to verify the property is as it was represented. Additionally, the Company will engage a Predevelopment Consultant to verify the planned scope of the project could be granted planning consent. Standard Escrow terms provide the buyer with a 17 day period to perform due diligence and then either withdraw from the acquisition or remove the Inspection Contingency, at which point the deposit will become nonrefundable and the buyer will commit to completing the purchase. The investor's advisor will have the option to terminate the purchase at any point prior to the removal of the Inspection Contingency.

In the event that the due diligence and, or, feasibility studies reveal material facts which affect the potential value of a project and the developer will not adjust the acquisition cost or proposed scope to compensate (keeping the return on cost equal to the 20% hurdle) then the purchase will be cancelled and the 3% deposit returned.

A few days prior to the close of Escrow, the balance of the total purchase price will need to be deposited into Escrow to ensure the property's title can be transferred and recorded with the city. Escrow periods are typically 30 – 60 days in total.

After the inspection contingency is removed, but prior to the closing of Escrow, the developer will establish a budget to cover the pre-development sage of the project, which will be funded upon request.

D. Pre-Development, Design, and Permit Applications (Entitlement)

The Company will engage the necessary professionals to prepare the plans and apply for planning approval to execute the project. Once complete architectural and engineering plans are available, the developer will prepare a comprehensive budget to complete the project.

E. Construction

After planning consent is granted, work will begin. The Company will provide investors with a comprehensive monthly report on each project, showing the scope of work and accounting for the funds utilized.
Quarterly, the Company will inspect each project, verify progress, and authorize the next distribution of the construction budget. Upon completion, the Company will prepare the project for sale, including cleaning, staging, photographic and video preparations, the creation of marketing materials and website information. Plexus will select a suitable marketing representative and maintain the project during the process. The Company will work closely with investors during the sale process to ensure the maximum profits are realized.

F. Property Rejuvenation Diversification

The Company will explore diversification opportunities related to residential real estate development in targeted geographic areas. Although the Company plans to focus on single family homes, the Company plans to explore opportunities in multi-dwelling units (MDU) and property rentals in the Company's key geographic areas of interest.

Diversification	
Property Lease	Multi-Dwelling Units

Segment 1: Property Leases

A shift in the real estate market may alter market conditions related to the Company's ability to sell a profit with sufficient returns. In the event that the Company believes it prudent, Management will rent the property at a monthly market rate. When market conditions shift and will optimize the property for resale, the Company will make the property available on the market.

Segment 2: Multi-Dwelling Units

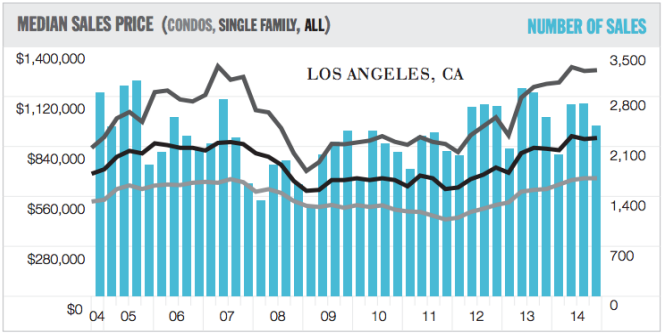
MDUs are a classification of housing where multiple separate housing units for residential inhabitants are contained within one building or several buildings within one complex. Common MDU forms include townhouses, condos, and apartment buildings. In the future the Company will explore the value of the development and remodeling of MDU properties, as well as individual units in an MDU.

IV. Market Opportunity Analysis

A. Los Angeles Residential Real Estate

A report from Douglas Elliman Real Estate paints an encouraging picture of the Los Angeles single-family and condo market in the first three months of 2015. Median housing prices have been rising on a year-over-year basis since the summer of 2012. Jobs lost during the recession are flowing back into the area; forecasted growth for the metro shows that employment will get back to pre-recession numbers in 2015.

Los Angeles Market Matrix	4Q–2014	%Chg (QTR)	3Q–2014	%Chg (YR)	4Q–2013
Average Sales Price	$1,449,571	0.2%	$1,447,252	9.8%	$1,320,524
Average Price per Sq Ft	$740	1.5%	$729	11.8%	$662
Median Sales Price	$885,000	0.7%	$879,000	7.3%	$825,000
Number of Sales (Closed)	2,390	-11.4%	2,696	-4.7%	2,508
Days on Market (From Last List Date)	66	8.4%	61	4.9%	63
Listing Discount (From Last List Price)	2.6%		2.5%		3.0%
Listing Inventory (Active)	1,816	N/A	N/A	N/A	N/A
Absorption Rate (Months)	2.3	N/A	N/A	N/A	N/A
Pending Sales	313	N/A	N/A	N/A	N/A
Year-to-Date	**4Q–2014**	**%Chg (QTR)**	**3Q–2014**	**%Chg (YR)**	**4Q–2013**
Average Sales Price (YTD)	$1,449,571	N/A	N/A	9.8%	$1,320,524
Average Price per Sq Ft (YTD)	$740	N/A	N/A	11.8%	$662
Median Sales Price (YTD	$865,000	N/A	N/A	8.1%	$800,000
Number of Sales (YTD)	9,761	N/A	N/A	-5.5%	10,333



Source: la.curbed.com, "LA's Most Expensive Neighborhoods are More Expensive now than Before the Recession"

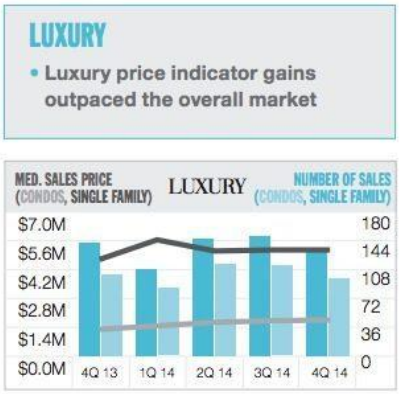
B. Los Angeles Luxury Residential Real Estate

According to the L.A. Times, the number of Southern California homes bought for $2 million or more in recent months is the highest on record. Curbed, Los Angeles, reports that L.A.'s most expensive neighborhoods were more expensive in February 2015 than they were before the recession. Overall prices rose slightly (.2%) in the fourth quarter of 2014, pushing the median price in L.A. up to $885 thousand, a 7.3% increase over median prices in Q4-2013. According to Redfin, Los Angeles remains one of the top cities for million-dollar homes in the United States.

Rank	City	Number of $1M+ sales	Avg $1M+ Sale Price	Number of $1M sales vs. last year	Avg $1M+ sale price vs. last year
1	San Francisco	782	$1,840,000	16.0%	-0.9%
2	Los Angeles	761	$2,189,000	16.4%	7.8%
3	San Jose	363	$1,404,000	43.7%	7.6%
4	Chicago	345	$1,712,000	22.8%	6.2%
5	San Diego	293	$1,493,000	11.0%	4.8%
6	Houston	276	$1,698,000	42.4%	-2.3%
7	Washington	229	$1,550,000	-6.1%	-11.1%
8	Seattle	205	$1,554,000	22.1%	3.5%
9	Boston	198	$1,990,000	2.5%	-0.5%
10	Newport Beach	183	$2,401,000	14.9%	9.1%

Source: Redfin.com

Jonathan Miller, report preparer and appraiser for Douglas Elliman Real Estate, says its important to note the activity in the top tiers of the market, where "sales activity remains high and prices have exceeded the records set at the pre-financial crisis peak in 2007, unlike the entire city," probably because this group is operating outside the standard workings of home financing.

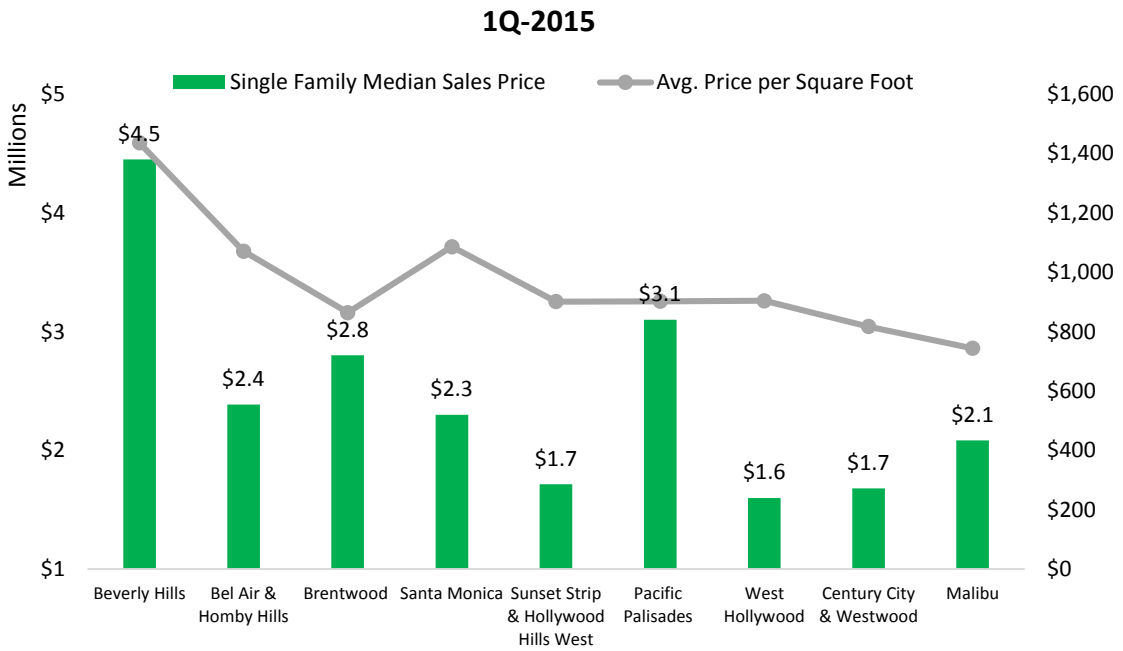


Luxury Single Family Matrix	4Q–2014	%Chg (QTR)	3Q–2014	%Chg (YR)	4Q–2013
Average Sales Price	$7,321,288	4.0%	$7,042,034	13.8%	$6,430,835
Average Price Per Square Foot	$1,330	10.5%	$1,203	21.3%	$1,097
Median Sales Price	$5,250,000	0.0%	$5,250,000	9.7%	$4,785,000
Number of Sales (Closed)	139	-9.7%	154	-4.9%	146
Days on Market (From Last List Date)	97	1.0%	96	-24.2%	128
Entry Threshold	$3,475,000	-3.5%	$3,600,000	6.3%	$3,270,000
Luxury Condo Matrix	**4Q–2014**	**%Chg (QTR)**	**3Q–2014**	**%Chg (YR)**	**4Q–2013**
Average Sales Price	$2,305,558	-1.9%	$2,349,304	19.7%	$1,925,410
Average Price Per Square Foot	$1,042	-2.3%	$1,067	26.2%	$825
Median Sales Price	$1,837,500	2.1%	$1,800,000	33.2%	$1,380,000
Number of Sales (Closed)	100	-13.5%	116	-4.4%	105
Days on Market (From Last List Date)	90	-6.3%	96	-3.2%	93
Entry Threshold	$1,270,000	-4.4%	$1,329,000	16.1%	$1,094,000

Source: la.curbed.com, "LA's Most Expensive Neighborhoods are More Expensive now than Before the Recession"

C. Los Angeles Areas

Beverly Hills has the highest median home price, in a report by Douglas Elliman Real Estate, and highest price per square foot in the Los Angeles Area. Of all the expensive neighborhoods highlighted in the report, single-family houses in Santa Monica saw the greatest increase in median sales price between Q3-2014 and Q4-2014, it rose 16.8% to $2.2 million from the previous quarter, and was 20.6% higher than the previous year when the median price was $1.8 million.



Source: Douglas Elliman Real Estate

D. Affluent Home Buyers

According to foxbusiness.com, when it comes to luxury home purchases, many high-income buyers are actually downsizing, but moving to big cities like New York and Los Angeles—the top two luxury markets in the U.S. For those purchasing a home with a seven-figure price tag, features and amenities are important, and buyers are demanding:

- **Décor that Tells a Story:** Owners want to be able to tell their guests stories about a home's features
- **Above Average Amenities:** People paying top dollar want all the bells and whistles from their homes—especially apartment and condo dwellers. Experts say buyers are looking for doormen and concierges, exercise and bike rooms, a pool, open roof tops, dry cleaning pick up and drop off and cleaning services.
- **Outdoor Living Space:** People love the whole indoor/outdoor feel. Having an outdoor kitchen is simply easier when entertaining, than having to run back and forth inside.
- **Dream Kitchen:** According to Leslie Piper, consumer housing specialist at realtor.com, 54% of luxury buyers identify a chef's kitchen as their top feature when house hunting.
- **Extravagant Garages:** For homes outside the city, high-income buyers want multi-car garages that can store all their vehicles and toys. A common feature in upscale homes are garages sitting below the master bedroom with clear ceilings and floors so the owner can see their collection.
- **Environmentally Friendly:** Expert says wealthy homeowners want properties that have environmentally-friendly appliances and features--and are willing to pay extra for them.
- **Wine Cellar:** Luxury homeowners want a wine cellar that allows for both case and bottle storage.

An additional market for luxury homes are Chinese buyers. According to the President of the National Association of Realtors, "Foreign buyers are being enticed to U.S. real estate because of what they recognize as attractive prices, economic stability, and an incredible opportunity for investment in their future." Chinese nationals hold roughly $660 billion in personal wealth offshore, according to Boston Consulting Group, and the National Association of Realtors says $22 billion of that was spent in 2014 acquiring U.S. homes.

V. Development & Sales

A. Development & Sales Overview

Acquisition

- Agents screen for potential opportunities
- Management and Agents evaluate opportunities
- Evaluation, inspection, negotiation, escrow, and close

Repositioning

- Design, blueprints
- Cost estimate and budgeting
- Sub-contracting and project managment

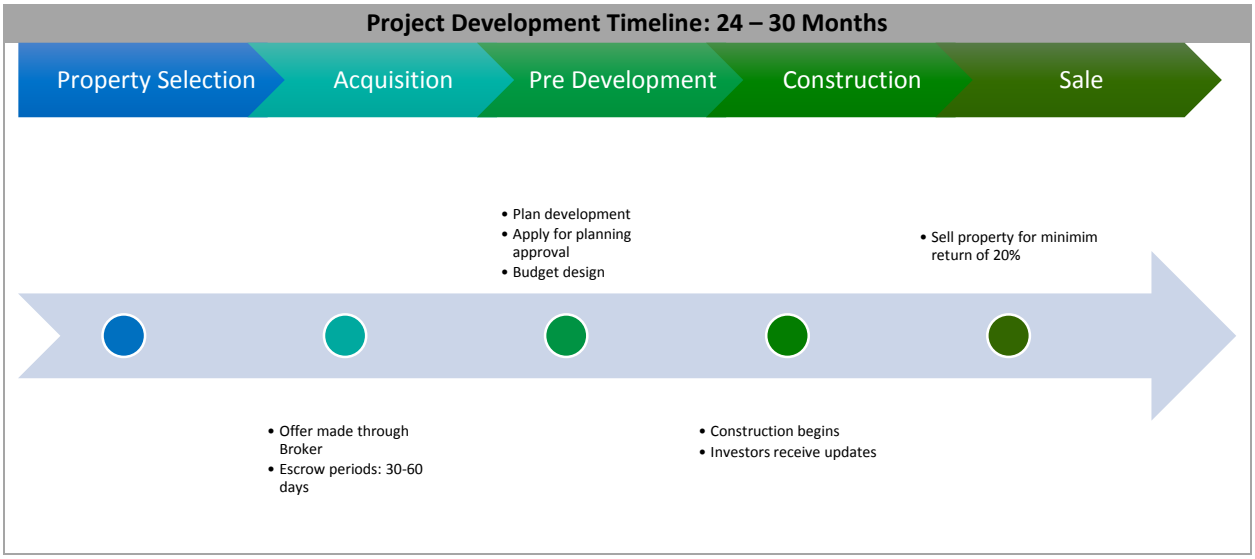
Development

- Design, blueprints
- Cost estimating and budgeting
- Materials procurement
- General and sub-contracting, project management

Sales

- Agents begin marketing
- Listing and photos
- Evaluation, negotiations, excrow, close and distribute profits

B. Property Development Timeline



C. Strategic Partnerships

The Company will work closely with carefully selected strategic partners to maintain control of development costs and maximize value to investors. Plexus will benefit from its fully integrated network, which includes experienced real estate agents, in addition to contractors. The combination of agents and contractors allows for important synergies, mostly notably with respect to property identification.

Realtors

[To Be Received]

Inspectors

[To Be Received]

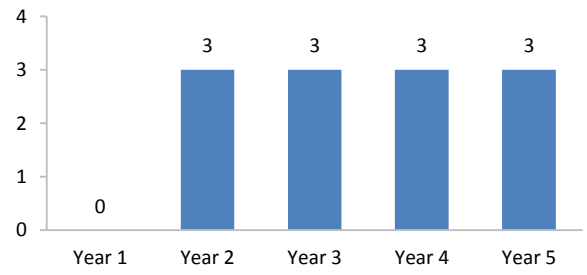
Contractors

[To Be Received]

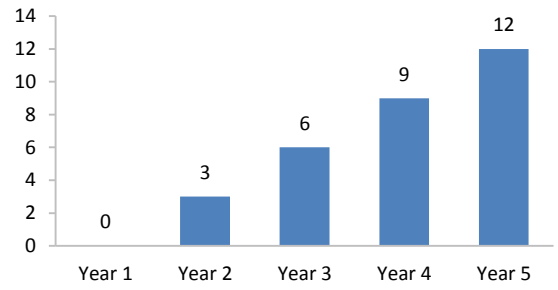
G. Single-Family Home Development

Plexus will sell completed properties after development has been completed. The Company believes it will be able to complete and sell 3 properties each year for Years 2 through 5 of the forecast period. Management's ability successfully identify highly desirable properties, and the Company's ability to minimize construction and property rejuvenation timetables will ensure consistent inventory turnover.

Annual Property Sales



Cumulative Property Sales



H. Marketing and Sales

Marketing and sales will be handled by a network of affiliated real estate agents. Management and agents will, together, have determined the acceptable selling price of the asset and agents will work quickly to turn over the investment. Proper planning, foreign, and knowledge of local markets and consumers will allow the Company to determine the likely selling price prior to purchasing the asset. The rapid pace of the rehabilitation process will help to ensure that this predicted price remains valid by the time the property is ready for sale. Accurate property valuation will allow the Company to price the property to sell quickly and profitably.

VI. Operations

A. Management and Governance

Company senior managers will provide strong leadership, visible and active support, and exhibit ongoing demonstrated commitment to the Company and its mission. Management will plan future Company trajectory, and budget accordingly. Management will evaluate decisions and select the best talent to execute their vision. Senior management team will include a Chief Executive Officer.

B. Key Management Duties

Chief Executive Officer

Binky van Bilderbeek, Chief Executive Officer, will direct all strategic business development activities

- Oversight of All Business Segments
- Approval of Economic Decisions
- Affiliates, Strategic Partnerships, etc.

C. Marketing, Technical & Administration Resources

Management will implement a disciplined and organized approach to the books and records, as well as the administrative management. However, the Company will also utilize outsourced professional accounting resources on a quarterly basis to ensure compliance will all local, state, and federal taxes.

Management will oversee human resources and hire the lead managers of each department, when additional hires are required. These managers will be responsible for hiring their supervised employees. An outsourced payroll and HR advisory firm may also be contracted by the Company.

Management will direct the Company's marketing efforts and in certain cases outsource key elements of the marketing campaigns (publicist, digital campaigns, etc.) to qualified professionals.

Accounting & Human Resources	•Management •Outsourced CPA firm, payroll provider
Banking & Treasury	•Management •ACH and in-person banking
Legal & Regulatory	•Management •Outsourced general counsel

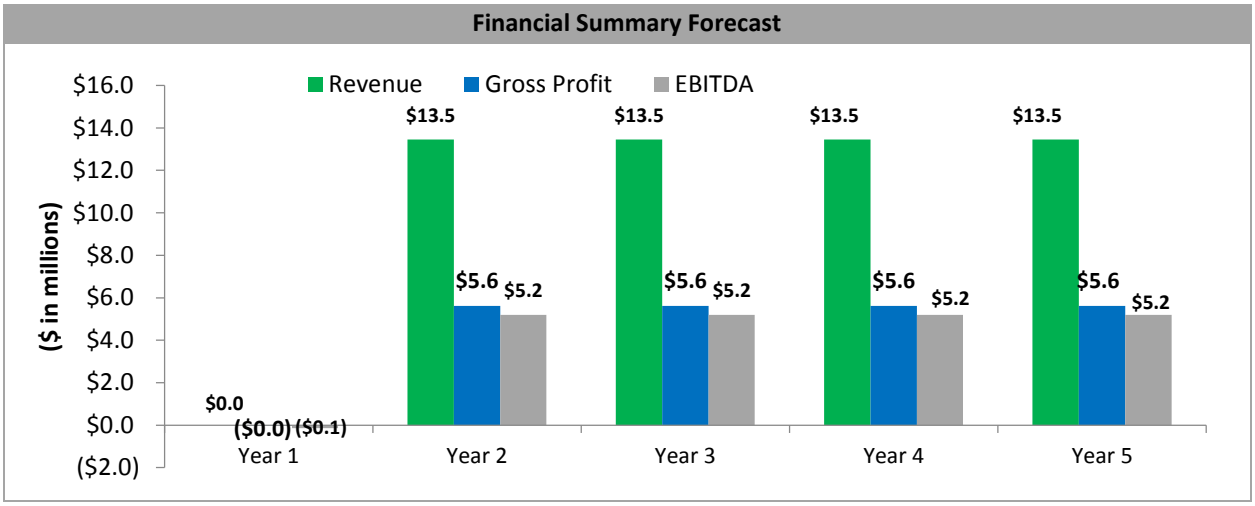
D. Liability Regulation

Plexus does not guarantee properties will be sold for the expected price, nor does the Company guarantee the profitability for each property to remain constant with forecasted rate. The Company believes it will be able to reliably acquire, develop, and sell properties at an estimated rate of five developing properties at any given time.

VII. Financial Plan

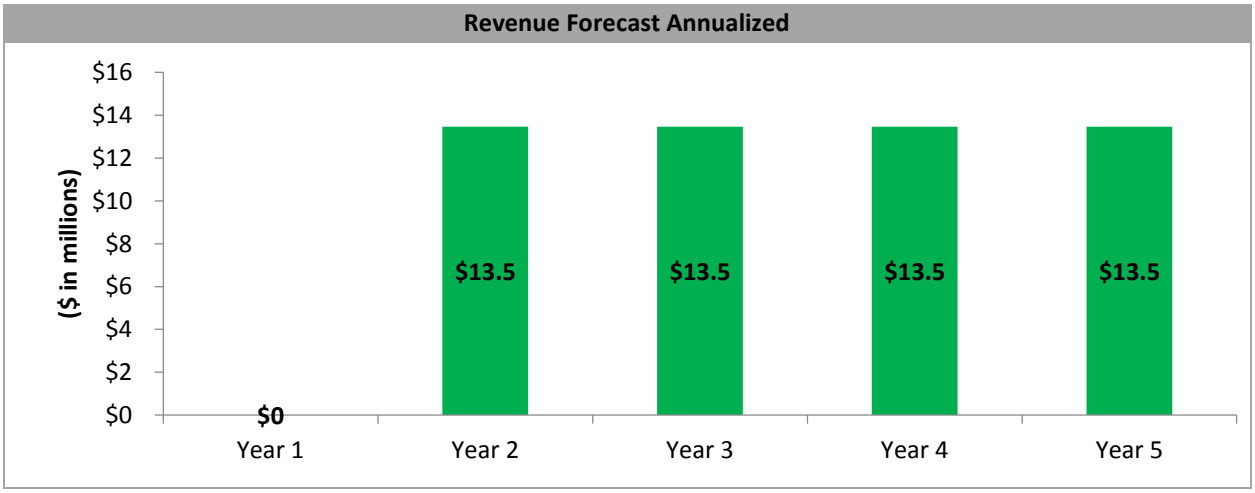
A. Management Discussion & Analysis

Excel Financial Model detail provided upon request. See Appendix for additional information. Plexus features an attractive business model based on revenues from the target acquisition, development, and sale of residential real estate property in Los Angeles. The table below is a summary of the Company's financial forecast in terms of Net Revenues, EBITDA (Earnings Before Interest, Taxes, Depreciation & Amortization) and Net Income for the forecast period.



B. Revenue Forecast

Management projects revenue to $13.5 million for years 2 – 5 of the forecast period



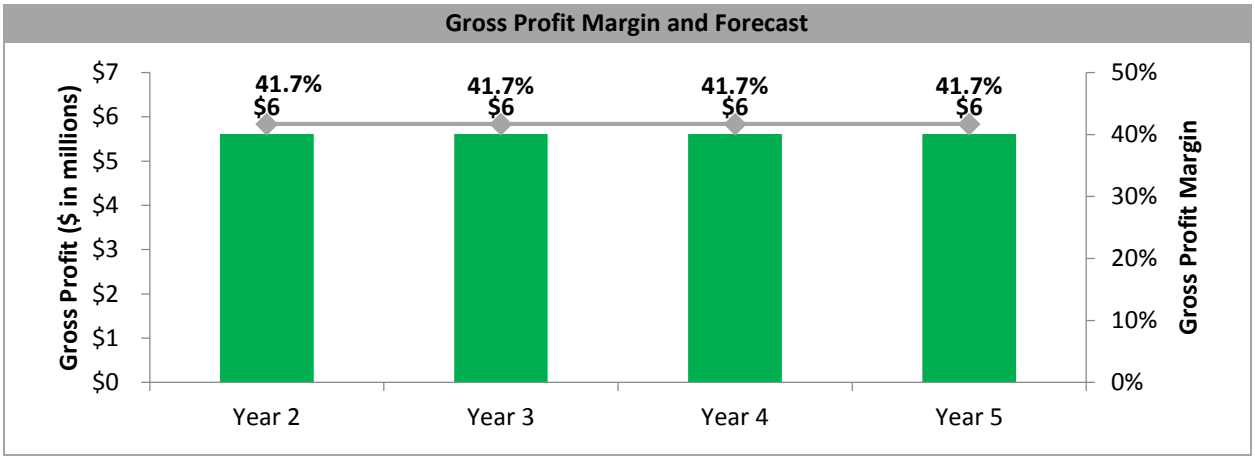
C. Key Drivers and Assumptions

Management has built a bottom up financial model that incorporates assumptions from management's expectations, primarily driven by estimates on property acquisition, development costs, and project timelines. The financial forecast model is driven from the following revenue projections:

1. Number of Properties Sold
2. *Multiplied by* average sale price per property
3. *Equals* Total Revenue

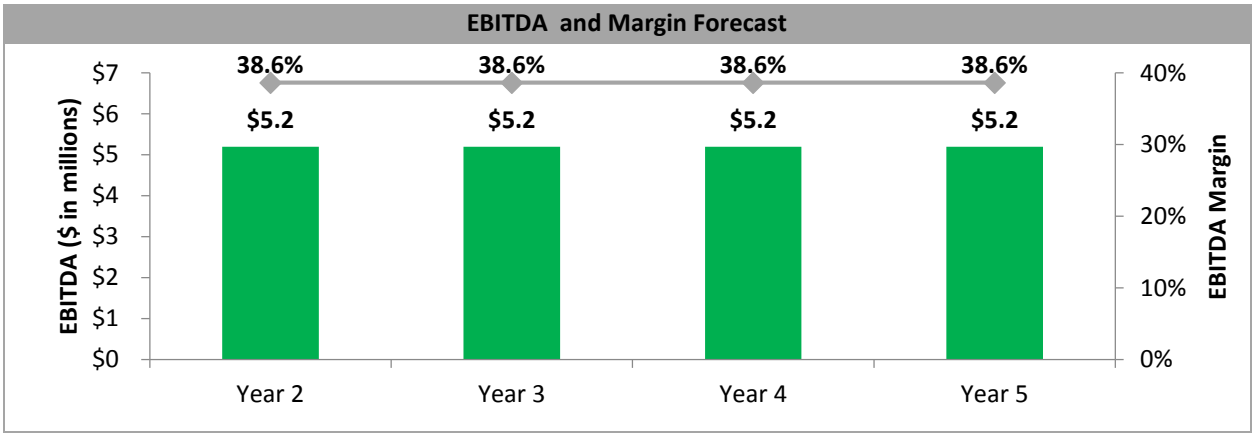
Gross Profit

Management forecasts Gross Margin to be 42% of overall revenue for years 2 through 5 of the forecast period. Management projects gross profit for years 2 – 5 to be $5.6 million each year of the forecast period.



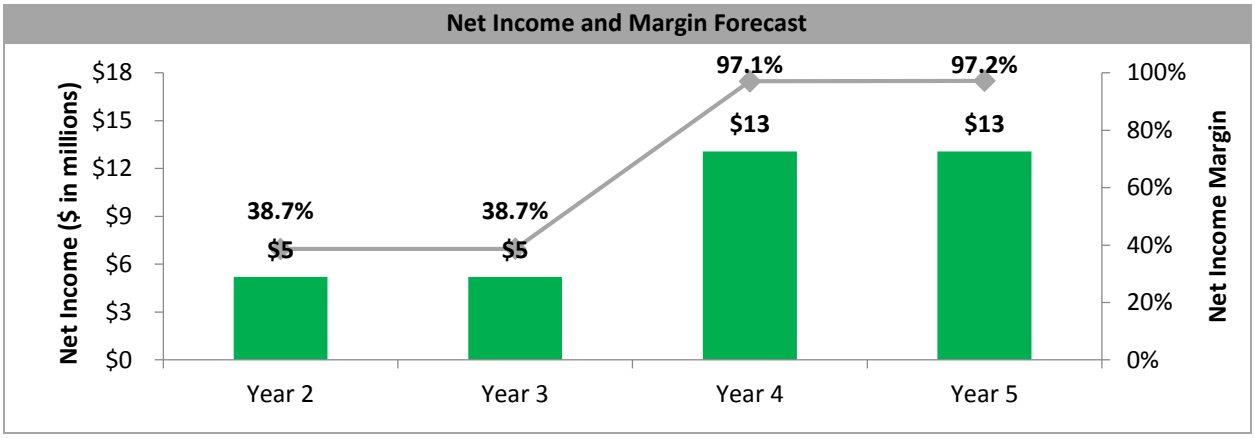
EBITDA

The majority of the Company's operating expenses will be carrying costs, including operating expenses, marketing, and property taxes. Management expects the model to scale with volume. Management projects to become profitable in year 2 and EBITDA for years 2 – 5 to be $5.2 million throughout the forecast period, with corresponding EBITDA margins of 38.6% throughout the forecast period..



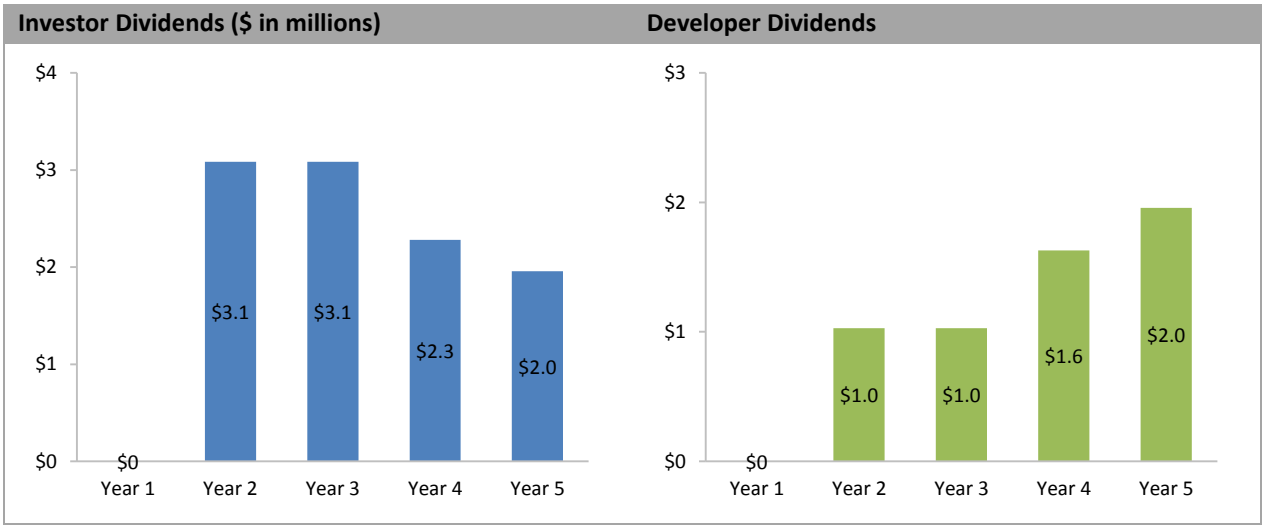
Net Income

Management forecasts Net Income to be approximately 39% of overall revenue throughout the forecast period. Management projects to become profitable in year 2 and net income to be approximately $5.2 million for each year of the forecast period.



D. Dividends

Management expects that 75 percent of net income will be distributed to investors, beginning the second year of Company operations. The total project will generate net cash flow of $9 million on the initial equity investment. Total investor dividends throughout the forecast period will reach $10.4 million.



E. Sources and Uses of Funding

The Company will require total funding of $7 million in equity financing, to fund capital costs related to the acquisition and development of five residential real estate properties in Los Angeles, California.

Sources and Uses of Funding

Sources	Total
Equity	**$7,046,665**
Total Sources	**$7,046,665**

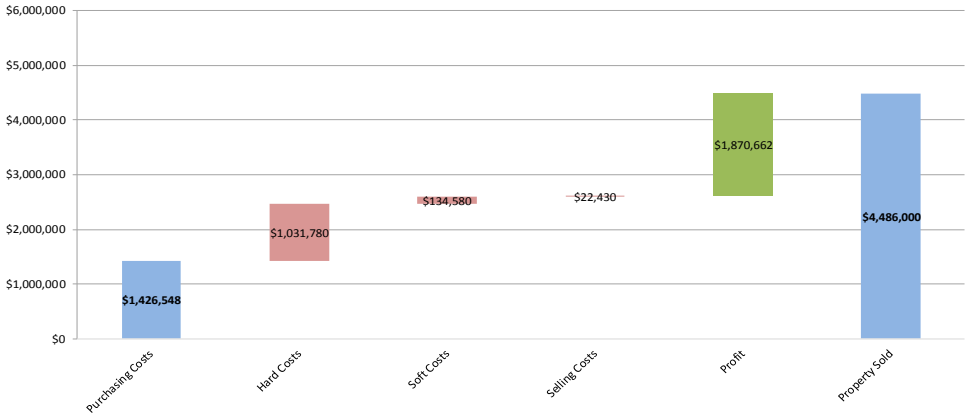
Uses	Total
Property Development (12 months)	**$6,886,608**
Property Acquisitions & Purchasing Costs	$6,808,851
Carrying Costs	$77,757
Group Management Launch Costs	**$17,500**
Website Development	$7,500
Office Equipment & Furniture	$10,000
Working Capital (12 months)	**$142,557**
Overhead	$64,800
Carrying Costs	$77,757
Total Uses	**$7,046,665**

Sources	Total
Developer Equity	**$352,333**
Investor Equity	**$6,694,332**
Total Sources	**$7,046,665**

XIII. Project Overview

Labels	Values
Purchasing Costs	$1,426,548
Hard Costs	$1,031,780
Soft Costs	$134,580
Selling Costs	$22,430
Profit	$1,870,662
Property Sold	

Padding	Ends	Plot up	Plot down	Crossover do	Crossover up	Cumulative
$0	$1,426,548					$1,426,548
$1,426,548		$1,031,780	$0	$0	$0	$2,458,328
$2,458,328		$134,580	$0	$0	$0	$2,592,908
$2,592,908		$22,430	$0	$0	$0	$2,615,338
$2,615,338		$1,870,662	$0	$0	$0	$4,486,000
	$4,486,000			$0		



Plexus Property USA Dividend Schedule

	Year 1	Year 2	Year 3	Year 4	Year 5
Period Dividend	$0	$4,110,879	$4,112,048	$3,910,189	$3,915,083
Investor Dividend	$0	$3,083,159	$3,084,036	$2,280,944	$1,957,541
Developer Dividend	$0	$1,027,720	$1,028,012	$1,629,246	$1,957,541
Cumulative Dividends Paid	$0	$4,110,879	$8,222,927	$12,133,116	$16,048,199
Cumulative Investor Dividends	$0	$3,083,159	$6,167,195	$8,448,139	$10,405,680
Cumulative Developer Dividend	$0	$1,027,720	$2,055,732	$3,684,977	$5,642,519

Cash Flow Summary

Total Project Cash Flow	**($7,046,665)**
IRR	35.5%
Net Cash Flow	$9,001,534
Invested Equity	$7,046,665
Return Multiple	2.28 x
Investor Cash Flow	**($6,694,332)**
IRR	18.4%
Net Cash Flow	$3,711,348
Invested Equity	$6,694,332
Return Multiple	1.55 x
Developer Cash Flow	**($352,333)**
IRR	2.4%
Net Cash Flow	$5,290,185
Invested Equity	$352,333
Return Multiple	16.01 x

VIII. Financial Appendix

Income Statement

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Property Sales Revenue	$0	$13,458,000	$13,458,000	$13,458,000	$13,458,000
Total Revenue	**$0**	**$13,458,000**	**$13,458,000**	**$13,458,000**	**$13,458,000**
Cost of Goods Sold					
Property Sold	$0	$7,846,014	$7,846,014	$7,846,014	$7,846,014
Depreciation & Amortization	$667	$667	$667	$667	$667
Total Cost of Goods Sold	**$667**	**$7,846,681**	**$7,846,681**	**$7,846,681**	**$7,846,681**
Gross Profit	**($667)**	**$5,611,319**	**$5,611,319**	**$5,611,319**	**$5,611,319**
Operating Expenses					
Overhead	$64,800	$64,800	$64,800	$64,800	$64,800
Carrying Costs	$77,757	$349,908	$349,908	$349,908	$349,908
Total Operating Expenses	**$142,557**	**$414,708**	**$414,708**	**$414,708**	**$414,708**
Operating Income	**($143,224)**	**$5,196,611**	**$5,196,611**	**$5,196,611**	**$5,196,611**
Other Income / (Expenses)					
Interest Income	$15,716	$6,123	$12,276	$16,974	$23,499
Interest (Expense)	$0	$0	$0	$0	$0
Net Other Income / (Expense)	**$15,716**	**$6,123**	**$12,276**	**$16,974**	**$23,499**
Pre-Tax Income	**($127,508)**	**$5,202,735**	**$5,208,888**	**$5,213,586**	**$5,220,110**
Income Tax	$0	$0	$0	$0	$0
Net Income	**($127,508)**	**$5,202,735**	**$5,208,888**	**$5,213,586**	**$5,220,110**
Dividends	$0	$4,110,879	$4,112,048	$3,910,189	$3,915,083
Net Income Post Dividends	**($127,508)**	**$1,091,856**	**$1,096,840**	**$1,303,396**	**$1,305,028**
Memo:					
EBITDA (EBIT+ Depreciation and Amortization)	**($142,557)**	**$5,197,278**	**$5,197,278**	**$5,197,278**	**$5,197,278**

Operating Metrics

	Year 1	Year 2	Year 3	Year 4	Year 5
Growth Metrics					
Revenue Growth					
Property Sales Revenue		NM	0.0%	0.0%	0.0%
Total Revenue Growth		NM	0.0%	0.0%	0.0%
Gross Profit		NM	0.0%	0.0%	0.0%
EBITDA		NM	0.0%	0.0%	0.0%
EBIT		NM	0.0%	0.0%	0.0%
Net Income		(4,180.3%)	0.1%	0.1%	0.1%
% of Total Revenue Metrics					
Revenue Streams					
Property Sales Revenue	NM	100.0%	100.0%	100.0%	100.0%
Total Revenue Mix %	0.0%	100.0%	100.0%	100.0%	100.0%
Gross Margin %	NM	41.7%	41.7%	41.7%	41.7%
EBITDA Margin %	NM	38.6%	38.6%	38.6%	38.6%
EBIT Margin %	NM	38.6%	38.6%	38.6%	38.6%
Net Income Margin %	NM	38.7%	38.7%	38.7%	38.8%
Ratio Analysis					
Performance Ratios					
Return On Assets	(1.8%)	65.0%	57.2%	50.1%	44.6%
Revenue to Current Assets	0.0x	8.2x	4.9x	3.3x	2.5x
Revenue to Current Liabilities	NM	NM	NM	NM	NM
Revenue to Assets	0.0x	1.7x	1.5x	1.3x	1.1x
Revenue to Liabilities	NM	NM	NM	NM	NM
Return On Equity	0.0x	0.7x	0.6x	0.5x	0.4x
Liquidity Ratio					
Current Ratio	NM	NM	NM	NM	NM
Quick Ratio	NM	NM	NM	NM	NM
Net Working Capital	$0	$0	$0	$0	$0
Leverage Ratios					
Debt / EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x
Debt / Equity	0.0x	0.0x	0.0x	0.0x	0.0x
Interest Expense Coverage	NM	NM	NM	NM	NM
Debt Service Coverage	NM	NM	NM	NM	NM
Investment Ratios					
Preferred Dividend Coverage Ratio	NM	1.7x	1.7x	2.3x	2.7x

Statement of Shareholders' Equity

	Year 1	Year 2	Year 3	Year 4	Year 5
Beginning Balance	**$7,039,165**	**$6,911,657**	**$8,003,513**	**$9,100,352**	**$10,403,749**
Net Income	($127,508)	$5,202,735	$5,208,888	$5,213,586	$5,220,110
Issuance of Equity	$0	$0	$0	$0	$0
Stock Buyback	$0	$0	$0	$0	$0
Dividends	$0	$4,110,879	$4,112,048	$3,910,189	$3,915,083
Stock Option Exercise	$0	$0	$0	$0	$0
Ending Balance	**$6,911,657**	**$8,003,513**	**$9,100,352**	**$10,403,749**	**$11,708,776**

Balance Sheet

	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash & Equivalents	$93,473	$1,645,361	$2,742,868	$4,046,931	$5,352,625
Total Current Assets	**$93,473**	**$1,645,361**	**$2,742,868**	**$4,046,931**	**$5,352,625**
Long Term Assets					
Plant & Equipment, Net	$9,333	$8,667	$8,000	$6,356,818	$6,356,151
Total Long Term Assets	**$6,818,184**	**$6,358,151**	**$6,357,484**	**$6,356,818**	**$6,356,151**
Total Assets	**$6,911,657**	**$8,003,513**	**$9,100,352**	**$10,403,749**	**$11,708,776**
Liabilities					
Current Liabilities					
Total Current Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**
Long Term Liabilities					
Total Long Term Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**
Total Liabilities	**$0**	**$0**	**$0**	**$0**	**$0**
Shareholders' Equity	**$6,911,657**	**$8,003,513**	**$9,100,352**	**$10,403,749**	**$11,708,776**
Total Liabilities & Shareholders' Equity	**$6,911,657**	**$8,003,513**	**$9,100,352**	**$10,403,749**	**$11,708,776**

Statement of Cash Flow

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Flows from Operating Activities					
Net Income	($127,508)	$5,202,735	$5,208,888	$5,213,586	$5,220,110
Depreciation	$667	$667	$667	$667	$667
Amortization	$0	$0	$0	$0	$0
Change in Net Working Capital	$0	$0	$0	$0	$0
Total Cash Flows from Operating Activities	**($126,842)**	**$5,203,401**	**$5,209,554**	**$5,214,252**	**$5,220,777**
Cash Flows from Investing Activities					
Capital Expenditures	($6,818,851)	($7,386,648)	($7,846,014)	($7,846,014)	($7,846,014)
Asset Disposal	$0	$7,846,014	$7,846,014	$7,846,014	$7,846,014
Total Cash Flows from Investing Activities	**($6,818,851)**	**$459,366**	**$0**	**$0**	**$0**
Cash Flows from Financing Activities					
Issuance of Debt	$0	$0	$0	$0	$0
Repayment of Debt Principal	$0	$0	$0	$0	$0
Issuance of Equity	$0	$0	$0	$0	$0
Repurchase of Equity	$0	$0	$0	$0	$0
Dividends Paid	$0	($4,110,879)	($4,112,048)	($3,910,189)	($3,915,083)
Total Cash Flows from Financing Activities	**$0**	**($4,110,879)**	**($4,112,048)**	**($3,910,189)**	**($3,915,083)**
Total Change in Cash	**($6,945,693)**	**$1,551,889**	**$1,097,507**	**$1,304,063**	**$1,305,694**

Supplemental Schedules

	Year 1	Year 2	Year 3	Year 4	Year 5
Cash					
Beginning Balance	**$7,039,165**	**$93,473**	**$1,645,361**	**$2,742,868**	**$4,046,931**
Change in Cash	($6,945,693)	$1,551,889	$1,097,507	$1,304,063	$1,305,694
Ending Balance	**$93,473**	**$1,645,361**	**$2,742,868**	**$4,046,931**	**$5,352,625**
Real Estate Property					
Beginning Balance	**$0**	**$6,808,851**	**$6,349,484**	**$6,349,484**	**$6,349,484**
Acquistions & Development	$6,808,851	$7,386,648	$7,846,014	$7,846,014	$7,846,014
Sold	$0	$7,846,014	$7,846,014	$7,846,014	$7,846,014
Ending Balance	**$6,808,851**	**$6,349,484**	**$6,349,484**	**$6,349,484**	**$6,349,484**
Office Equipment & Furnishings					
Beginning Balance	**$0**	**$9,333**	**$8,667**	**$8,000**	**$7,333**
CapEx	$10,000	$0	$0	$0	$0
Depreciation & Amortization	$667	$667	$667	$667	$667
Ending Balance	**$9,333**	**$8,667**	**$8,000**	**$7,333**	**$6,667**
Property, Plant & Equipment					
Beginning Balance	**$0**	**$6,818,184**	**$6,358,151**	**$6,357,484**	**$6,356,818**
Inflow	$6,818,851	$7,386,648	$7,846,014	$7,846,014	$7,846,014
Outflow	$667	$7,846,681	$7,846,681	$7,846,681	$7,846,681
Ending Balance	**$6,818,184**	**$6,358,151**	**$6,357,484**	**$6,356,818**	$6,356,151

Plexus Property USA Profit and Loss Forecast

	1	2	3	4	5
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Operations					
Property Profile					
Purchased	3	3	3	3	3
Construction	2	2	2	2	2
On Market	1	1	1	1	1
Sale to Close	0	0	0	0	0
Sold	0	3	3	3	3
Revenue Streams					
Property Sales Revenue	$0	$13,458,000	$13,458,000	$13,458,000	$13,458,000
Total Revenue	$0	$13,458,000	$13,458,000	$13,458,000	$13,458,000
Cost of Goods Sold					
Cost of Property Sold	$0	$7,846,014	$7,846,014	$7,846,014	$7,846,014
Depreciation	$667	$667	$667	$667	$667
Total Cost of Goods Sold	**$667**	**$7,846,681**	**$7,846,681**	**$7,846,681**	**$7,846,681**
Gross Profit	**($667)**	**$5,611,319**	**$5,611,319**	**$5,611,319**	**$5,611,319**
Gross Margin	*NM*	*42%*	*42%*	*42%*	*42%*
Operating Expenses					
General And Administrative					
Payroll					
Management Fee	$0	$0	$0	$0	$0
Payroll Total	$0	$0	$0	$0	$0
Professional Service Providers					
Legal	$12,000	$12,000	$12,000	$12,000	$12,000
Accounting	$12,000	$12,000	$12,000	$12,000	$12,000
Professional Service Providers Total	$24,000	$24,000	$24,000	$24,000	$24,000
Office Expenses					
Office Rent	$21,600	$21,600	$21,600	$21,600	$21,600
Admin Expenses	$19,200	$19,200	$19,200	$19,200	$19,200
Office Expenses Total	$40,800	$40,800	$40,800	$40,800	$40,800
General And Administrative Total	**$64,800**	**$64,800**	**$64,800**	**$64,800**	**$64,800**
Carrying Costs					
Operating Expenses (Landscaping, Maintenance, Utilities, Insurance etc.)	$62,804	$282,618	$282,618	$282,618	$282,618
eMarketing Campaign	$2,991	$13,458	$13,458	$13,458	$13,458
Property Taxes	$11,963	$53,832	$53,832	$53,832	$53,832
Carrying Costs Total	$77,757	$349,908	$349,908	$349,908	$349,908
Carrying Costs Total	**$77,757**	**$349,908**	**$349,908**	**$349,908**	**$349,908**
Operating Expenses Total	**$142,557**	**$414,708**	**$414,708**	**$414,708**	**$414,708**
Operating Income	**($143,224)**	**$5,196,611**	**$5,196,611**	**$5,196,611**	**$5,196,611**
Operating Margin	*NM*	*39%*	*39%*	*39%*	*39%*

IX. Case Study

Many of the most significant sales in Los Angeles are kept discrete, and as such, the Company is unable to provide in-depth listing details, as they have been withheld to protect the privacy of their respective owners.

Sample Project:

955 Bienveneda Avenue		
Pacific Palisades, CA 90272		
Property Details		
Lot Square Footage		16,123
Net Sellable Square Footage		4,486
Sources & Uses		
Uses		
Hard Costs	$1,030,000	$ 230
Soft Costs	136,000	30
Carry Costs	116,000	26
Land Costs	1,425,000	318
Total Uses	**$2,707,000**	**$ 603**
Sources		
Construction Loan	$2,030,000	75.0%
Equity Capital	676,000	25.0%
Total Sources	**$2,706,000**	**100.0%**
Sale Analysis		
Sale Price	$3,588,800	$ 800
Less: Sales Commissions	(125,608)	3.5%
Less: Closing Costs	(35,888)	1.0%
Gross Profit	$3,427,304	$ 764
Less: Construction Loan	(2,030,000)	
Less: Return of Equity	(676,000)	
Net Profit	**$ 721,304**	**$ 161**
Net Margin (% of Total Costs)	***26.6%***	
Profit & Return Analysis		
July 1, 2015		$ (676,000)
January 1, 2017		$1,397,304
Net Profit		**$ 721,304**
XIRR		**61.9%**
Equity Multiple		***2.1***

- **This property is currently under contract.**

X. Los Angeles Real Estate Appendix

Source: La.curbed.com. "LA's Most Expensive Neighborhoods are More Expensive Now than Before the Recession"

Beverly Hills Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$5,976,184	-16.3%	$7,136,242	-7.4%	$6,457,008
Avg. Price Per Sq. Ft.	$1,436	-4.6%	$1,506	17.5%	$1,222
Median Sales Price	$4,450,000	25.3%	$3,522,500	-16.4%	$5,325,000
Number of Sales (Closed)	33	-2.9%	34	38.2%	76
Days on Market (From Last List Date)	105	28%	82	38.2%	76

Bel Air and Holmby Hills Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$4,735,867	31.5%	$3,600,535	-24.6%	$6,280,448
Avg. Price Per Sq. Ft.	$1,071	2.1%	$1,049	-22.2%	$1,376
Median Sales Price	$2,385,000	36.3%	$1,750,000	20.8%	$1,975,000
Number of Sales (Closed)	45	15.4%	39	15.4%	39
Days on Market (From Last List Date)	107	37.2%	78	-31.8%	157

Brentwood Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$3,312,285	8.4%	$3,055,358	2.2%	$3,242,321
Avg. Price Per Sq. Ft.	$864	-9.7%	$957	-11.1%	$972
Median Sales Price	$2,800,000	15.7%	$2,420,000	10.7%	$2,530,000
Number of Sales (Closed)	33	-52.9%	70	0.0%	33
Days on Market (From Last List Date)	71	22.45	58	39.25	51

Santa Monica Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$2,598,567	-2.0%	$2,651,837	-12.7%	$2,975,835
Avg. Price Per Sq. Ft.	$1,086	11.2%	$977	18.6%	$916
Median Sales Price	$2,300,000	4.9%	$2,192,050	18.6%	$1,939,500
Number of Sales (Closed)	42	-36.4%	66	16.7%	36
Days on Market (From Last List Date)	52	-3.7%	54	-31.6%	76

Sunset Strip and Hollywood Hills West Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$2,494,518	0.7%	$2,476,750	21.2%	$2,057,913
Avg. Price Per Sq. Ft.	$901	-1.3%	$913	21.1%	$744
Median Sales Price	$1,715,000	-7.3%	$1,850,000	12.3%	$1,527,500
Number of Sales (Closed)	94	-8.7%	103	-6.0%	100
Days on Market (From Last List Date)	79	0.0%	79	-1.4%	80

Pacific Palisades Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$3,47,109	21.7%	$2,815,491	4.3%	$3,284,723
Avg. Price Per Sq. Ft.	$902	5.5%	$855	1.5%	$889
Median Sales Price	$3,100,000	40.9%	$2,200,000	21%	$2,562,500
Number of Sales (Closed)	57	3.6%	55	-10.9%	64
Days on Market (From Last List Date)	66	8.2%	61	1.5%	65

West Hollywood Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$1,846,239	88.9%	$977,521	121.2%	$834,777
Avg. Price Per Sq. Ft.	$904	40.2%	$645	53.5%	$589
Median Sales Price	$1,600,000	76.8%	$905,000	91.6%	$835,000
Number of Sales (Closed)	35	20.7%	29	94.4%	18
Days on Market (From Last List Date)	62	34.8%	46	67.6%	37

Century City and Westwood Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$2,178,288	21.0%	$1,800,722	13.4%	$1,920,662
Avg. Price Per Sq. Ft.	$817	3.7%	$788	8.5%	$753
Median Sales Price	$1,680,000	5.2%	$1,596,250	-2.7%	$1,726,900
Number of Sales (Closed)	26	-27.8%	36	-7.1%	28
Days on Market (From Last List Date)	68	58.1%	43	36.0%	50

Malibu Single Family Matrix

	1Q- 2015	%Change (QTR)	4Q- 2014	%Change (YR)	1Q-2014
Average Sales Price	$2,531,490	-29.5%	$3,591,711	-27.1%	$3,470,675
Avg. Price Per Sq. Ft.	$744	-26.4%	$1,052	-26.1%	$1,047
Median Sales Price	$2,084,625	-15.4%	$2,465,000	-4.4%	$2,179,459
Number of Sales (Closed)	39	-27.7%	54	-18.8%	48
Days on Market (From Last List Date)	151	-7.9%	164	-5.6%	160