

DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT

(see notes re use in "Read Me First Tab")

1.0 Underlying Assumptions

1.1 Development Characteristics

Site Area: 53,140 sq.ft.
 Floor Space Ratio: 1.50
 Maximum Gross Building Area: 79,710 sq.ft.
 Building Efficiency: 87 %
 Saleable Area: 69,348 sq.ft.
 Parking Rqmt, spaces per unit: 1.50

<u>Unit Type</u>	<u>Number</u>	<u>Size</u>	<u>Total Sq.Ft.</u>	<u>Price/ Sq.Ft.</u>	<u>Price/ Unit</u>	<u>Gross \$'s</u>	<u>GST Rebate</u>	<u>Sales Comm.%=</u>	<u>Net Sales Income</u>
Other	0	0	0	0	0	0	0.00	3.00	0
Average Unit	80	867	69,348	386	334,603	26,768,212	0	803,046	25,965,166
Other	0	0	0	0	0	0	0	0	0
Total	80		69,348			26,768,212	0	803,046	25,965,166

1.2 Marketing Assumptions

Selling Period, Months: 12.00 months
 % Presales: 0.00%

1.3 Construction Cost Assumptions

Off Site Costs: 200,000
 On Site Costs (demolition, site prep, landscaping): 250,000
 Construction Cost/Sq.Ft.: 140.00
 Parking Stalls Required: 120
 Furniture and Equipment: 90,000
 Landscaping, signage, lighting: 125,000
 Construction Cost/Stall: 20,000
 Planning Time: 8 months
 Construction Time: 12 months

1.4 Financing Assumptions

Land Loan, Loan to Value Ratio: 50.00 %
 Land Loan, Interest Rate: 7.00 %
 Construction Loan, Loan to Cost Ratio: 75.00 %
 Construction Loan, Interest Rate: 7.00 %

1.5 Interest on Equity (opportunity cost of equity)

10.00 %

Developer Proforma for High Rise Residential Development, continued.....

2.0 Project Value and Costs

2.1 Value on Completion

Gross Sales Income		26,768,212	
Less Commissions+GST		<u>803,046</u>	
Net Sales Income			25,965,166

2.2 Construction + Development Costs

2.2.1 Land	Per Unit	Per SF Land	PER GBA		
Purchase Price	<u>40,000</u>	60.22	40.15	3,200,000	
Property Transfer Tax				62,000	
Other Closing Costs (environmental assessment, conveyancing, pty tax, legal, etc.)				<u>75,000</u>	
Total Land Cost					3,337,000

2.2.2 Construction Costs

Offsite Costs				200,000	
On Site Costs				250,000	
Building				11,159,400	
Parking				2,400,000	
Furniture and Equipment				90,000	
Landscaping, signage, lighting				125,000	
Contingency (% construction costs)		2.50 %		<u>355,610</u>	
Total Construction Cost					14,580,010

2.2.3 Development Costs

A/E (architects+engineers)		4.00 %		583,200	
Other Consultants		0.50 %		72,900	
Construction Project Management		1.00 %		145,800	
Development Project Management		1.00 %		229,310	
Legal (Cost per Unit)		1,000 per unit		80,000	
Finance Fee (% Project Costs)		0.80 %		183,448	
Advertising/Promotion/Show Suite				<u>150,000</u>	
DCC's (per sq.ft. bld. area)		2.50		199,275	
CAC's (\$3.00 sq.ft. bld. Area)		3.00		239,130	
Furniture, Recreation and Other Equipment				<u>100,000</u>	
Sewer DCC		590 per unit		47,200	
Insurance				<u>50,000</u>	
New Home Warranty, Homeowner Protection		2,000 per unit		160,000	
After Construction Customer Service		1,000 per unit		80,000	
Research and Appraisal				<u>10,000</u>	
Survey, accounting				<u>20,000</u>	
Development and Building Permit Fees				51,123	
Public art program		0.95 per sq.ft. gb:		75,725	
Rezoning				<u>100,000</u>	
Post Construction Strata Fee, Utilities				<u>75,000</u>	
Utilities During Construction				<u>5,000</u>	
Corporate Overhead		1.50 %		343,965	
Property Taxes		7.00 tax rate		50,611	
Miscellaneous Development Costs		0.00 %		0	
Contingency (%development costs)		10.00 %		<u>305,169</u>	
Total Development Costs					3,356,856

2.2.4 Interest Costs

Interest Cost, Equity Investment (1)	Included? Y/N	y		697,825	
Interest Cost, Land Financing (2)				253,056	
Interest Cost, Construction Financing (3)				<u>706,264</u>	
Total Interest Costs					<u>1,657,145</u>
2.2.5 Total Project Costs					22,931,011

Notes Re Interest Cost Calculations:

- (1) Interest on Equity Investment = land purchase x % equity required x interest% on equity x
 (planning time + construction time + 0.5 selling time*(1 - % presales))/12
 PLUS
 (construction+development costs) x 0.5 x % equity required x interest% on equity x (construction time+0.5 x selling time * (1 - % presales))/12
- (2) Interest Cost, Land Financing = land purchase x % financed x interest rate x
 (planning time + construction time + 0.5 selling time * (1 - % presales))/12
- (3) Interest Cost, Construction Financing = (construction+development costs) x 0.5 x % financed x interest rate x
 (construction time + 0.5 selling time * (1 - % presales))/12

DEVELOPER PROFORMA FOR HIGH RISE APARTMENT PROJECT, continued.....

3.0 Profit		
Profit - \$'s		3,034,155
Profit - % of Project Cost		13.23 %

4.0 Return to Equity Investment

4.1 Total Profit		3,034,155
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4.2 Equity Investment

	<u>% Equity</u>	<u>\$ Cost</u>	<u>\$ Equity</u>
Land	50.00	3,337,000	1,668,500
Construction+development (soft) costs	25.00	19,594,011	<u>4,898,503</u>
Total			6,567,003

4.3 Return to Equity Investment		46.20 %
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5.0 Purchaser's Perspective

Purchase Price, including GST		358,025
Down Payment @ 25 %		<u>89,506</u>
Price remaining for financing		268,519
Mortgage Insurance, legal, inspection		<u>9,727</u>
Amount of Mortgage		278,245
Annual mortgage payment		19,419
Plus property tax, strata fee and utilities		<u>5,506</u>
Annual Housing Costs		24,926
Equals annual income required with 33% Housing Costs		75,532

Mortgage Terms:

Stated Annual Interest Rate	5.00 %
Amortization Period	25 years
Mortgage Constant	6.98