



Condo Model

Hanover Development Inc.

Development Pro Forma

50 Unit Condo/Apartment Development

124 West Colorado
Glendale California

Glendale California

Report Date: May 29, 2013
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50 Unit Condo/Apartment Development

Source of Funds	Auto. Contribution	Timed Contribution	Total Contribution	Balance O/S at Project End	Interest	Fees	Preferred Return Paid	Profit	Total Int., Fees, Pref. Return & Profit	Peak Financing	IRR %
Primary Equity Partner	0	6,990,117	6,990,117	0	0	0	1,217,997	3,529,456	4,747,454	6,990,117	26.13%
Co-Investment Capital	0	776,680	776,680	0	0	0	135,333	689,793	825,126	776,680	36.25%
HD	0	0	0	0	0	0	0	1,036,146	1,036,146	0	Infinite
LW	0	0	0	0	0	0	0	438,972	438,972	0	Infinite
Construction Loan	15,283,179	0	15,283,179	0	940,048	202,790	0	0	1,142,838	16,298,438	0.00%
Mortgage	0	0	0	0	0	0	0	0	0	0	0.00%
Balancing Account	0	0	0	0	0	0	0	0	0	0	0.00%
	15,283,179	7,766,797	23,049,977	0	940,048	202,790	1,353,330	5,694,368	8,190,537		

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Source of Funds	ROE %	Tax on Profit	After Tax IRR %	After Tax ROE %
Primary Equity Partner	67.92%	0	26.13%	67.92%
Co-Investment Capital	106.24%	0	36.25%	106.24%
HD	0.00%	0	Infinite	0.00%
LW	0.00%	0	Infinite	0.00%
Construction Loan	0.00%	0	0.00%	0.00%
Mortgage	N/A	0		
Balancing Account	N/A	0	N/A	N/A
		0		

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Pro Forma for Phase 3 Condos Sales

Currency in \$

REVENUE

Sales Valuation	Units	ft²	Rate ft²	Unit Price	Gross Sales
A1.....865 sf	20	17,300	510.00	441,150	8,823,000
A2.....1065 sf	1	1,065	490.00	521,850	521,850
A3.....1150 sf	5	5,750	490.00	563,500	2,817,500
B1.....1374 sf	10	13,740	480.00	659,520	6,595,200
B2.....1690 sf	2	3,380	470.00	794,300	1,588,600
B3.....1699 sf	3	5,097	465.00	790,035	2,370,105
C1.....1600 sf	1	1,600	460.00	736,000	736,000
C2.....1743 sf	3	5,229	460.00	801,780	2,405,340
C3.....1843 sf	3	5,529	460.00	847,780	2,543,340
C4.....2293 sf	1	2,293	450.00	1,031,850	1,031,850
D1.....2108 sf	<u>1</u>	<u>2,108</u>	450.00	948,600	<u>948,600</u>
Totals	50	63,091			30,381,385

TOTAL PROJECT REVENUE

30,381,385

OUTLAY

ACQUISITION COSTS

Fixed Price (0.51 Acres 8,817,647.06 pAcre)		4,497,000	
Supplemental Tax Bill	0.62%	27,881	
Procuring Broker	3.00%	134,910	
Acquisition Legal		25,000	
Market Study		15,000	
Cost Study		15,000	
Architectural Review		5,000	
Entitlement Consultant review		5,000	
Other		5,000	
			4,729,791
Other Acquisition			
Partnership Legal		50,000	
Capital Fee	3.00%	134,910	
HD Fee	1.00%	44,970	
			229,880

CONSTRUCTION COSTS

Construction	Units	Unit Amount	Cost
Project Expenses			
- TS Estimate			8,013,700
- Sewer			50,000
- Stormdrain			55,000
- Curb & Gutter			25,000
- Paving			10,000
- Dry Utilities			50,000
- Walks			75,000
- Common Area			200,000
- Rec Center			150,000
- Rental Office			25,000
- Model Unit			50,000
			<u>8,703,700</u>
			8,703,700
Building Contingency		10.00%	983,698
Developers Contingency		5.00%	579,624
Demo Existing Structures			133,278
Site Improvements			918,000
School Fees	63,091 ft ²	2.25 pf ²	141,955
			2,756,555
Other Construction			
Construction Indirects			1,000,000

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			1,000,000
PROFESSIONAL FEES			
Civil Engineer		150,000	
Soils		125,000	
Architect		550,000	
Structural Engineer		150,000	
Title 24 Consultant		35,000	
HVAC		20,000	
Plumbing		15,000	
Electrical		15,000	
Landscape Architect		125,000	
Misc		50,000	
Project Manager	1.50%	145,555	
Indirects - Site Management		190,000	
Other Professionals		35,000	
			1,605,555
MARKETING & LEASING			
Advertising		90,000	
Salary Advances		100,000	
Office Rental		12,000	
Phone & Utilities		50,000	
Office Supplies		5,500	
Cleaning		40,000	
License		1,500	
Marketing Material		50,000	
Website		15,000	
Leasing Legal Fee		50,000	
			414,000
DISPOSAL FEES			
Selling Agent Fees	1.00%	303,814	
Broker Co-Op	1.50%	455,721	
Sales Legal Fee		50,000	
			809,535
Additional Costs			
Dev. Management Fee	10.00%	1,675,277	
			1,675,277
MISCELLANEOUS FEES			
Insurance	1.25%	150,383	
Property Tax (semi annual)	0.62%	116,172	
			266,555
Interest and Fees			
Interest paid to Debt Sources:			
Construction Loan (7.00%)	940,048		
Total Interest paid to Debt Sources:		940,048	
Total Interest Paid			940,048
Debt Financing Fees			
Construction Loan - Construction Loan (1.25%) (Single)		202,790	
Total Debt Financing Fees			202,790
Total Interest and Fees			1,142,838
TOTAL COSTS			23,333,687
PROFIT			
Primary Equity Partner			
Preferred Return (8.00%)		1,217,997	
IRR Lookback (12.00%)		1,947,434	
Residual Percentage (50.00%)		1,582,022	

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		4,747,454	
Co-Investment Capital			
Preferred Return (8.00%)	135,333		
IRR Lookback (12.00%)	215,187		
Residual Percentage (15.00%)	474,607		
		825,126	
HD			
Promote	245,135		
Residual Percentage (25.00%)	791,011		
		1,036,146	
LW			
Promote	122,568		
Residual Percentage (10.00%)	316,404		
		438,972	
			7,047,698

Performance Measures

Profit on GDV%	23.20%
Project IRR% (with Interest)	20.37%
Equity IRR% (with Interest)	32.40%
Return on Equity%	90.74%
Land Cost pAcre	8,817,647