

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

1.0 Development Characteristics

Site Area:	10.00	acres
Floor Space Ratio:	0.600	
Maximum Gross Building Area	261,360	sq.ft.
Building Efficiency	95	%
Rentable Area	248,292	sq.ft.
% Office Space	15	%
% Industrial Space	85	%
% Second Floor Space:	15	%
Floor Plate:	222,156	sq.ft.
Site Coverage:	51.00	%
Office Parking Rqmt, one space per	500	sq.ft.
Industrial Parking Rqmt, one space per	1000	sq.ft.

2.0 Value Assumptions

Rentable Area, Office	37,244	sq.ft.
Rentable Area, Industrial	211,048	sq.ft.
Number Parking Stalls	286	
Office Rental Rate	15.00	
Industrial Rental Rate	10.00	
Vacancy, Office	5.00	%
Vacancy, Industrial	5.00	%
Operating Expenses, % NOI	1.00	%
Marketing Cost, %	3.00	%
Capitalization Rate	9.50	%

3.0 Construction Cost Assumptions

Off Site Costs	250,000	
On Site Costs	150,000	
Office Cost/sq.ft.	30.00	
Industrial Cost/sq.ft.	40.00	
Parking Cost/Stall	2,500	
Industrial TI/sq.ft.	10.00	
Office TI/sq.ft.	25.00	
Planning Time	6	months
Construction Time	12	months
Required Profit, % cost	20.00	%

4. Financing Assumptions

Land Loan, Loan to Value Ratio	50	%
Land Loan, Interest Rate	8	%
Constuction Loan, Loan to Cost Ratio	75	%
Construction Loan, Interest Rate	8.00	%
Take-out Financing Advanced	10.00	months after completion of construction

5.0 Residual Land Valuation**5.1 Value on Completion**

Gross Income	2,669,139	
Less Vacancy	133,457	
Equals Effective Gross Income	2,535,682	
Operating Costs	25,357	
Equals NOI	2,510,325	
Capitalization Rate	9.50	%
Indicated Value on Completion	26,424,476	
Less Marketing Costs	792,734	
Equals Net Sales Proceeds	25,631,742	

Residual Value for Industrial Rental Development, continued.....

5.2 Construction + Development Costs

5.2.1 Construction Costs

Offsite Costs		250,000
On Site Costs		150,000
Building		10,062,360
Tenant Improvement		3,041,577
Parking		<u>713,840</u>
Total Construction Cost		14,217,777

5.2.2 Development Costs

A/E (architects+engineers)	4.00 %	568,711
Other Consultants	0.50 %	71,089
Construction Project Management	0.25 %	55,051
Development Project Management	0.25 %	55,051
Corporate Overhead	0.50 %	110,102
Legal		<u>50,000</u>
Lease Commission (% 1st year NOI)	20.00 %	502,065
Survey, accounting and legal		<u>25,000</u>
Research and Appraisal		<u>20,000</u>
Finance Fee (% Project Costs)	0.50 %	110,102
Rezoning		<u>55,000</u>
Insurance		<u>40,000</u>
DCC's (acre/total)	10,000	100,000
Sewer DCC	5,000	50,000
Development permit fees	0.44 /sq.ft. GBA	<u>115,782</u>
Building permit fees		<u>40,000</u>
Property Taxes	25.00 (tax rate)	86,230
Utilities During Construction		<u>10,000</u>
Miscellaneous Development Costs	5.00 %	103,209
Contingency (% Project Costs)	5.00 %	108,370
Interest Cost, Financing Improvements		<u>948,378</u>
Total Development Costs		3,224,140

5.2.3 Total

17,441,917

6.0 \$'s Available for Land, Land Financing and Profit

8,189,825

7.0 Residual Land Value

Available for Land, Land Financing and Profit =	8,189,825
- Profit	4,404,079
- Land Financing	<u>269,573</u>
= Residual Land Value (includes property transfer tax)	3,516,172
= Residual Land Value (net of property transfer tax)	3,449,189
Value/Sq.Ft. GBA =	13.20
Value/Sq.Ft. Land =	7.92
Value per Acre =	344,919

8.0 Verification - Developer Proforma Assuming Land Acquisition at Residual Land Value

8.1 Value on Completion

Gross Value	26,424,476
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8.2 Project Costs

Land Acquisition	3,516,172
Construction + Development Costs	16,493,538
Financing, Land	269,573
Financing Construction	948,378
Marketing Costs	<u>792,734</u>
Total Project Costs	22,020,397

8.3 Profit

Absolute Profit	4,404,079
% Profit	20.00