

Development Developer Pro Forma

Sample Project · 12345 Sample St, Young America, MN 55555

Deal Summary, Project Costs & Financing · Generated 2026-07-03 20:27

SCENARIO Development	TOTAL PROJECT COST \$20.000M	TOTAL FUNDING REQUIRED \$20.540M	UNITS 100
CONSTRUCTION PERIOD 20 mo	HOLD PERIOD 7.0 yrs (exit Q1 2028)	STABILIZED NOI (YR 1) \$1.345M/yr	EXIT CAP (TARGET) 5.00%
DSCR (YEAR 1) 1.88x			

Sources & Uses of Funds

Uses	Amount	% of Cost	\$/Unit
Land	\$6.000M	30.0%	\$60K
Hard Costs	\$12.000M	60.0%	\$120K
Soft Costs (excl. Dev Fee)	\$1.400M	7.0%	\$14K
Contingency	\$600K	3.0%	\$6K
Total Project Cost	\$20.000M	100.0%	\$200K
Rate Cap Cost	\$360K	—	\$4K
Construction Loan Origination Fee	\$180K	—	\$2K
Total Financing Costs (Day-0)	\$540K	—	\$5K
TOTAL USES OF FUNDS (Total Project Cost + Financing Costs)	\$20.540M	—	\$205K

Total Uses = Total Project Cost + Day-0 Financing Costs (Rate Cap + Construction Loan Fee), computed from exact unrounded figures. Bridge/Perm Loan Fee and Interest Reserve are shown in Debt Structure & Construction Financing. Individual line items above are rounded to the nearest \$1,000 for display.

Sources	Amount	% of Cost	\$/Unit
Bank Loan	\$12.000M	58.4%	\$120K
LP Equity	\$6.734M	32.8%	\$67K
GP Equity	\$2.245M	10.9%	\$22K
Excess Refinance Proceeds	(\$439K)	(2.1%)	(\$4K)
Total Sources	\$20.540M	100.0%	\$205K

Sources figures rounded to the nearest \$1,000 — manually summing the rounded line items may differ from Total Sources by at most a few thousand dollars; Total Sources always reconciles exactly against TOTAL USES OF FUNDS above.

Development Budget Detail

LTC Sizing Basis	Total Cost incl. Land
Land Funding Structure	Bank-Countable (counts toward LTC)

Debt Structure & Construction Financing

Construction Loan	\$12.00M @ 5.25% (60% LTC)
Construction Period	20 months
Recourse	⚠ Recourse — burns off At Stabilization
Permanent Loan (at Refinance)	\$15.90M @ 4.50% (51% LTV at Exit / 65% Underwriting LTV)
Loan Term	10 yrs
Interest-Only Period	24 months
Amortization	25 yrs
↳ Loan by LTV	\$15.896M
↳ Loan by Debt Yield (8.00% min)	\$16.813M
↳ Loan by DSCR (1.25x min)	\$23.912M
Binding Constraint	LTV
LTV sizing (\$15.896M) is more restrictive than Debt Yield (\$16.813M) at the current stabilized yield — LTV caps the loan \$917K below what Debt Yield would allow.	
↳ Less: Retires Construction Loan Balance	(\$12.63M)
↳ Net Refinance Proceeds (after fees)	\$2.95M
DSCR (I/O basis)	1.88x
Annual Debt Service	\$715K
DSCR at Exit (escalated NOI)	2.16x
Ops Stabilization Reserve (perm-funded)	\$439K — folded into perm loan balance; returned to LP/GP when not consumed

The Permanent Loan is sized against stabilized exit value (LTV) and/or in-place NOI (Debt Yield, DSCR) — a different basis than the Construction Loan's at-cost LTC sizing above. Its proceeds retire the Construction Loan via refinance; the two loans are sequential, not additive, and outstanding debt never exceeds the larger of the two at any point in time.

Construction Timeline — Monthly Draw & Funding Detail

Milestones - Month 1 — Loan Origination Fee Paid - Month 20 — Lease-Up Begins - Month 20 — Refi / Bridge Completion (Perm Loan Fee Paid)				
Month	Bank Loan Drawn	LP/GP Capital Drawn	Capitalized Interest	Total Cost Funded
1	\$3.60M	\$540K	\$16K	\$4.16M
2	\$3.60M	\$540K	\$32K	\$4.17M
3	\$5.60M	\$1.84M	\$47K	\$7.49M
4	\$7.60M	\$3.14M	\$72K	\$10.81M
5	\$9.60M	\$4.44M	\$105K	\$14.15M
6	\$9.60M	\$5.74M	\$147K	\$15.49M
7	\$9.60M	\$5.74M	\$189K	\$15.53M
8	\$9.60M	\$5.74M	\$231K	\$15.57M
9	\$9.60M	\$5.74M	\$273K	\$15.61M
10	\$11.60M	\$5.74M	\$315K	\$17.66M

11	\$11.60M	\$8.54M	\$366K	\$20.51M
12	\$11.60M	\$8.54M	\$417K	\$20.56M
13	\$11.60M	\$8.54M	\$467K	\$20.61M
14	\$11.60M	\$8.54M	\$518K	\$20.66M
15	\$12.00M	\$8.54M	\$569K	\$21.11M
16	\$12.00M	\$8.54M	\$628K	\$21.17M
17	\$12.00M	\$8.54M	\$692K	\$21.23M
18	\$12.00M	\$8.54M	\$756K	\$21.30M
19	\$12.00M	\$8.54M	\$820K	\$21.36M
20	\$12.00M	\$8.54M	\$888K	\$21.43M

Total Cost Funded = Bank Loan Drawn + LP/GP Capital Drawn + Capitalized Interest (cumulative). Bank Loan Drawn and LP/GP Capital Drawn each plateau once their committed facility is fully deployed per the draw schedule — Capitalized Interest is what keeps Total Cost Funded climbing afterward, since interest continues to accrue (and is funded from the Interest Reserve / capitalized into the loan balance) for the remainder of construction.

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Unit Mix & Revenue Assumptions

Unit Type	Count	Avg SF	Avg Rent/Mo	Annual Revenue
Studio	20	500 SF	\$1,750	\$420,000
1BR/BA	80	800 SF	\$2,100	\$2,016,000
Total	100	—	—	\$2,436,000
Gross Potential Revenue				\$2.44M/yr
Avg Asking Rent / Unit / Mo				\$2K
Vacancy Loss				8.5% of GPR
Credit Loss				2.5% of GPR
Operating Expense Ratio				38.0% of EGI
Cost / Unit				\$200K
NOI / Unit / Yr				\$13K
Implied Value / Unit (at exit)				\$309K

Operating Pro Forma — Year 1 Stabilized

Gross Potential Revenue (GPR)	\$2.44M
Less: Vacancy Loss (8.5%)	(\$207K)
Less: Credit Loss (2.5%)	(\$61K)
Effective Gross Income (EGI)	\$2.17M
Less: Operating Expenses	(\$823K)
Net Operating Income (NOI)	\$1.35M

Note: All operating figures represent Year 1 of Stabilized Operations (Post-Lease-up). Models are static projections for initial feasibility analysis. See Appendix for lease-up ramp, capex reserve, and TI/LC reserve treatment notes.

Exit / Disposition Assumptions

Hold Period	7.0 yrs
Stabilized NOI (Year-1, flat — ops basis)	\$1.35M
Exit NOI (escalated — basis for exit pricing)	\$1.55M
Exit Cap Rate (Target)	5.00%
Gross Sale Price	\$30.90M
Less: Disposition Cost (2.25%)	(\$695K)
Net Sale Price	\$30.21M

Sale Price derived from Escalated NOI of \$1.55M / 5.00% Cap Rate = \$30.90M. (escalated above the flat Year-1 NOI of \$1.35M shown on the Operating Timeline — NOI growth affects exit pricing only, not annual ops cash flow.)

Operating Timeline — Annual Cash Flow Detail

Year 1 below begins the month construction completes (Month 21). It does not repeat the 1.7-year construction period already detailed in the Construction Timeline on Page 1 — Construction (1.7 yrs) + Operating (6 yrs shown here) = 7.0-year total hold.

Exit Valuation Basis (Escalated NOI): The NOI column below is held flat at the stabilized Year-1 figure for every operating year shown — these are the actual annual cash flows. The sale price at exit is NOT based on this flat NOI; it is based on a separately escalated Year-6 NOI of \$1.545M (stabilized NOI grown at 0.02%/yr — see Exit Assumptions). Do not sum or compare the NOI column above against the exit price calculation.

Year	Occupancy	GPR	Vacancy+CL	EGI	OpEx	NOI	Debt Service (P&I)	↳ of which Principal	CapEx/TI-LC	Distributable	LP Dist.	GP Dist.	Bank Balance	Events
1	61.0%	\$1.62M	\$179K	\$1.45M	\$549K	\$897K	\$715K	\$0	\$15K	\$373K	\$272K	\$101K	\$15.90M	I/O Period
2	91.5%	\$2.44M	\$268K	\$2.17M	\$823K	\$1.35M	\$715K	\$0	\$60K	\$570K	\$469K	\$101K	\$15.90M	I/O Period
3	91.5%	\$2.44M	\$268K	\$2.17M	\$823K	\$1.35M	\$1.06M	\$352K	\$60K	\$225K	\$124K	\$101K	\$15.54M	—
4	91.5%	\$2.44M	\$268K	\$2.17M	\$823K	\$1.35M	\$1.06M	\$368K	\$60K	\$225K	\$124K	\$101K	\$15.18M	—
5	91.5%	\$2.44M	\$268K	\$2.17M	\$823K	\$1.35M	\$1.06M	\$385K	\$60K	\$225K	\$124K	\$101K	\$14.79M	—
6 (partial — 4 mo)	91.5%	\$2.44M	\$268K	\$2.17M	\$823K	\$448K	\$353K	\$132K	\$20K	\$75K	\$41K	\$34K	\$14.66M	4-month period; distributions prorated

Debt Service (P&I) is already fully netted out of Distributable above — it is the full monthly payment (interest-only during any I/O period, interest + principal once amortizing). "↳ of which Principal" is a memo breakdown showing how much of that payment retires loan principal rather than being a pure interest expense. Bank Balance's year-over-year change equals exactly the Principal column (interest is an expense, not a reduction in the loan balance) — it does NOT equal Distributable + CapEx/TI-LC, which is a separate, already-net figure. Operating NOI is held flat at the stabilized figure for the full hold period; NOI growth, if enabled, affects only the exit valuation (see Exit Assumptions), not these annual cash flows. In any year where the lease-up ramp reduces NOI below the stabilized rate, GPR / Vacancy+CL / EGI / OpEx are all scaled by the same occupancy factor, so every row reconciles: EGI – OpEx = NOI in every year shown. For a partial year, all figures are prorated to the months in that year. "CapEx partially deferred" in the Events column means NOI – DS < CapEx reserve target for that year; the shortfall is skipped rather than triggering a capital call — see Appendix for details.

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All values in this report are derived from the formulas below. The model applies institutional-grade CRE waterfall mechanics: senior debt priority → management fee → return of capital (pari passu) → preferred return → GP catchup → promote split. IRR is computed via Newton-Raphson iteration on monthly LP cash flows. No shortcuts, approximations, or hard-coded returns are used. Investors and auditors may reproduce any figure by applying these formulas to the inputs shown on pages 1–2.

SOURCES & USES

Total Project Cost	Land + Hard + Soft + Dev Fee + Contingency	The itemized project-cost subtotal shown on Page 1
Total Uses of Funds	Total Project Cost + Rate Cap + Construction Loan Fee	Day-0 equity-funded capital requirement. Bridge/Perm Loan Fee (refi proceeds) and Interest Reserve (loan-capitalized) are shown in Debt Structure, not here.
Bank Loan	LTC Basis × Bank LTC%	LTC Basis per the selected cost-breakdown method
LP / GP Equity	(Total Uses of Funds – Bank Loan) split by GP%, plus any tie-out shortfall folded in pro-rata	Sized to close the full Day-0 gap after debt — never shown as a separate plug
Tie-Out Check	Bank Loan + LP Equity + GP Equity = Total Uses of Funds	Sources & Uses are force-balanced on Page 1; any Sources surplus (e.g. excess refinancing proceeds) prints as an explicit line, never a silent variance

OPERATING PRO FORMA

Effective Gross Income (EGI)	GPR × (1 – Vacancy% – Credit Loss%)	Only computed when NOI Build-Up (Pro) is enabled
Net Operating Income (NOI)	EGI – OpEx + Expense Recovery + Parking + Ancillary – Free Rent	Year-1 Stabilized; flat thereafter. Augmentations only apply when Build-Up is ON and inputs are non-zero.
Expense Ratio	Operating Expenses ÷ EGI	Sanity-check against market comps
TI Allowance (annual equiv.)	TI \$/SF × Rentable SF ÷ Avg Lease Term	Post-NOI, post-DS deduction — not a NOI reduction. Annualized cost of TI paid at each lease signing. Non-deferrable: shortfalls trigger an equity capital call (LP + GP).
Leasing Commission (annual equiv.)	LC% × GPR	Post-NOI, post-DS deduction. Annual equivalent of broker commission at lease signing. Non-deferrable: shortfalls trigger an equity capital call alongside TI.
Net Distributable Cash (NDC)	max(NOI – DS – TI/LC – CapEx, 0)	Floored at \$0/month. TI/LC shortfalls always trigger a capital call (LP + GP inject equity). CapEx shortfall triggers a capital call only when Allow CapEx Deferral is OFF; otherwise CapEx is skipped and accrued as a deferred liability.

OPERATIONAL NOTES

Lease-Up Ramp	ON – 9 months, 0% → 92% occupancy	Page 2 figures reflect Year-1 STABILIZED performance (post-ramp); monthly cash flow during the ramp itself is lower and modeled separately by the engine
Stabilized Occupancy vs. Vacancy Loss %	92% occupancy target / 8.5% vacancy loss	Two different conventions, not complements of each other. Stabilized Occupancy is the PHYSICAL lease-up target (% of units signed) the ramp climbs toward. Vacancy Loss % is an ongoing ECONOMIC factor applied to GPR every year at stabilization — frictional turnover, concessions, and collection loss that persist even once the building is fully leased. Do not expect 92% + 8.5% to sum to 100%.

UNIT ECONOMICS

Cost / Unit	Total Project Cost ÷ Units	
NOI / Unit	Stabilized NOI ÷ Units	
Implied Value / Unit	Exit Price ÷ Units	Exit Price = Stabilized NOI ÷ Exit Cap Rate

EXIT & SALE MECHANICS

Gross Sale Price	Exit NOI ÷ Exit Cap Rate	Exit NOI = flat Yr-1 NOI, or escalated terminal NOI if NOI Growth is enabled — see Model Scope & Stated Assumptions table
Net Sale Price	Gross Sale – (Gross × Disposition Cost%)	Pool available for waterfall; Gross = Net if cost = 0
Pref Due at Exit	LP/GP Equity × Pref Rate × Hold Years – Pref Paid Pre-Exit	Remaining pref obligation settled from sale proceeds
Exit Bank Claim	Perm Balance at Exit + Accrued Exit Interest	P&I amort reduces balance if amort active
Perm Balance	Loan × (1+i)^k – Pmt × [(1+i)^k–1] ÷ i	k = months elapsed in P&I phase; 0 if I/O only
GP Clawback	max(LP_Pref_Due – LP_Pref_Paid, 0)	Shortfall triggers; capped at GP promote received
Equity Profit	LP Total + GP Total – LP Equity – GP Equity	Net profit to equity investors combined

Note on Exit Valuation: Exit pricing is calculated using a terminal cap rate applied to an escalated Year-7 stabilized NOI (\$1.35M grown at 2.00% annually for the hold period, reaching \$1.55M). This escalation is modeled strictly for terminal asset valuation to account for anticipated market growth. Conversely, all operating distributions shown in the Pro Forma reflect Year-1 Stabilized performance held constant, representing a conservative, static snapshot for initial feasibility analysis.

MODEL SCOPE & STATED ASSUMPTIONS

NOI Growth	Ops: Year-1 NOI \$1.345M (flat). Exit: \$1.345M × (1+2.00%)^7.0 = \$1.545M → + cap	Escalated Exit Valuation: Year-N terminal NOI used only for exit_price calculation. Ops distributions use Year-1 NOI throughout.
Interest Accrual	Compound preferred return (monthly)	Unpaid pref earns interest-on-interest; accrues monthly; paid as NOI allows
Equity Timing	LP + GP equity deployed per manual draw schedule	Capital draw schedule governs LP/GP equity deployment timing
After-Tax Scope	Asset-level tax only; not investor K-1 or fund-level	PAL limits, AMT, NIIT, state taxes not modeled
Draw Factors	Linear = 0.50 avg balance; S-Curve = 0.55	Simplified linear approximation of average outstanding balance, not a month-by-month draw simulation — actual draw timing and carry will vary
1031 Exchange	Perfect deferral: exit tax = \$0 if elected	Structural/timing rules (45-day ID) not enforced
Mid-Hold Capex	\$60K/yr deducted monthly from distributable NOI before waterfall (total: \$320K over 5.3 yr ops)	Reduces LP/GP distributions each operating year. Modeled as consumed capex (not a segregated reserve account).

CapEx Reserve	\$60K/yr – post-DS deduction, not in NOI	Deducted from distributable cash AFTER debt service — NOT reflected in the NOI shown on Page 2 (NOI is a pre-capex operating measure). \$0 during lease ramp-up. Money is consumed; no exit recovery.
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DEBT & LOAN MECHANICS

Construction Loan	Total Cost × LTC%	Loan-to-Cost — applied to selected cost basis
Constr. Interest	Loan × Draw Factor × Rate × Period (yrs)	Draw Factor: Lump=1.0, Linear=0.50, S-Curve=0.55 — a simplified linear approximation of average outstanding balance, not a month-by-month draw simulation
Bank Total Claim	Constr. Loan + Capitalized Interest	Retires at refi or exit
Perm Loan (LTV)	Exit Price × LTV%	Loan-to-Value sizing
Perm Loan (DY)	Stabilized NOI ÷ Min Debt Yield%	Debt Yield constraint
Perm Loan (DSCR)	Stabilized NOI ÷ (DSCR_min × Perm Rate)	DSCR constraint
Binding Constraint	min(LTV, DY, DSCR) loan size	Most restrictive sizing wins (Pro)
DS — I/O Phase	Perm Loan × Perm Rate ÷ 12 per month	Interest-only; no principal reduction
DS — P&I Phase	Loan × [i(1+i)^n ÷ ((1+i)^n-1)]	i = monthly rate; n = amort months
Refi Net Proceeds	Perm Loan – Const. Claim – Refi Fee – Reserve	Positive = surplus for distribution

Audit Verification. Every figure on pages 1–2 can be independently replicated by applying the formulas above to the deal inputs. The IRR is computed via monthly Newton-Raphson iteration (tolerance 1×10⁻⁸) on the full monthly LP cash flow array — no simplified annual approximations. GP Promote Clawback (when enabled) is applied as a closing adjustment before final LP/GP totals are recorded. **Tier Consistency Check: PASSED.** Every enabled promote tier that should have received proceeds, given this deal's cumulative LP distributions, did. No tier was skipped while residual remained available and LP had not yet cleared that tier's hurdle. **Limitations:** This is a pro-forma projection, not an audit. Actual results depend on market conditions, operating performance, lender terms, and tax treatment. All inputs were user-supplied; this tool does not verify their accuracy. Users should engage qualified legal, accounting, and financial advisors before presenting projections to investors.