

Comparison of Optimization Results Project Buildout Profitability

| | Starting Project Information | | | | | | | | | |
|---------------------------------------|------------------------------|-----------------------|----------------------|----------------------|-----------------------|-------------------|-------------------|-----------------------|-------------------|---------------|
| | Linear Model | Nonsmooth & Quadratic | Genetic Algorithm | Linear Model | Nonsmooth & Quadratic | Genetic Algorithm | Linear Model | Nonsmooth & Quadratic | Genetic Algorithm | |
| Total Acres | 520 | 520 | 520 | | | | | | | |
| Total Units | 2,177 | 2,177 | 2,149 | 2,177 | - | (28) | - | 0.00% | (1.29%) | 0.00% |
| Project Square Footage | 4,715,622 | 4,715,622 | 4,751,542 | 4,937,067 | - | 35,920 | 221,445 | 0.00% | 0.76% | 4.70% |
| Average House Size | 2,166 | 2,166 | 2,211 | 2,268 | - | 45 | 102 | 0.00% | 2.07% | 4.70% |
| Month Last Sale | 72 | 72 | 72 | 74 | - | - | 2 | 0.00% | 0.00% | 2.78% |
| PROJECT REVENUES | | | | | | | | | | |
| Home Sales Price | \$519,874,457 | \$519,874,457 | \$522,678,257 | \$548,595,960 | - | 2,803,800 | 28,721,503 | 0.00% | 0.54% | 5.52% |
| Premiums (View, Size, Location) | \$49,252,690 | \$49,252,690 | \$48,992,360 | \$51,819,450 | - | (260,330) | 2,566,760 | 0.00% | (0.53%) | 5.21% |
| Individual Lot Value plus Premium | \$569,127,147 | \$569,127,147 | \$571,670,617 | \$600,415,410 | - | 2,543,470 | 31,288,263 | 0.00% | 0.45% | 5.50% |
| Profit from Production Home Upgrades | \$11,382,500 | \$11,382,500 | \$11,433,400 | \$12,008,500 | - | 50,900 | 626,000 | 0.00% | 0.45% | 5.50% |
| Model Recovery | \$642,920 | \$642,920 | \$643,150 | \$642,330 | - | 230 | (591) | 0.00% | 0.04% | (0.09%) |
| Other Revenue Items | \$12,025,420 | \$12,025,420 | \$12,076,550 | \$12,650,830 | - | 51,130 | 625,409 | 0.00% | 0.43% | 5.20% |
| Total Project Revenues | \$581,152,567 | \$581,152,567 | \$583,747,167 | \$613,066,239 | - | 2,594,599 | 31,913,672 | 0.00% | 0.45% | 5.49% |
| Revenue Inflation | \$61,101,394 | \$61,101,394 | \$61,351,380 | \$65,510,959 | - | 249,986 | 4,409,565 | 0.00% | 0.41% | 7.22% |
| Sales Commissions | (\$19,267,700) | (\$19,267,700) | (\$19,353,100) | (\$20,357,300) | - | (85,400) | (1,089,600) | 0.00% | 0.44% | 5.66% |
| Total Sales Value | \$622,986,261 | \$622,986,261 | \$625,745,447 | \$658,219,899 | - | 2,759,186 | 35,233,638 | 0.00% | 0.44% | 5.66% |
| PROJECT COSTS | | | | | | | | | | |
| Land Cost | \$50,000,000 | \$50,000,000 | \$50,000,000 | \$50,000,000 | - | - | - | 0.00% | 0.00% | 0.00% |
| <u>Lot Improvements Costs:</u> | | | | | | | | | | |
| Lot Improvement Indirect Costs | \$59,624,177 | \$59,624,177 | \$58,940,810 | \$59,523,365 | - | (683,367) | (100,811) | 0.00% | (1.15%) | (0.17%) |
| Lot Improvement Direct Costs | \$72,355,596 | \$72,355,596 | \$71,792,804 | \$72,273,068 | - | (562,793) | (82,528) | 0.00% | (0.78%) | (0.11%) |
| Lot Improvement Costs | \$131,979,773 | \$131,979,773 | \$130,733,613 | \$131,796,433 | - | (1,246,160) | (183,340) | 0.00% | (0.94%) | (0.14%) |
| <u>Construction Costs:</u> | | | | | | | | | | |
| Total Direct House Construction Costs | \$218,347,913 | \$218,347,913 | \$218,306,193 | \$228,239,978 | - | (41,719) | 9,892,065 | 0.00% | (0.02%) | 4.53% |
| Total Indirect Construction Costs | \$36,908,987 | \$36,908,987 | \$37,025,996 | \$38,586,819 | - | 117,009 | 1,677,832 | 0.00% | 0.32% | 4.55% |
| Total Construction Costs | \$255,256,899 | \$255,256,899 | \$255,332,189 | \$266,826,796 | - | 75,290 | 11,569,897 | 0.00% | 0.03% | 4.53% |
| Cost Inflation | \$28,685,953 | \$28,685,953 | \$29,454,075 | \$29,926,780 | - | 768,122 | 1,240,827 | 0.00% | 2.68% | 4.33% |
| Total Finance Costs | \$24,234,806 | \$24,234,806 | \$24,012,500 | \$25,381,212 | - | (222,306) | 1,146,406 | 0.00% | (0.92%) | 4.73% |
| Total Project Costs | \$490,157,431 | \$490,157,431 | \$489,532,378 | \$503,931,222 | - | (625,054) | 13,773,791 | 0.00% | (0.13%) | 2.81% |
| PROJECTED BUILDOUT PROFIT | \$132,828,830 | \$132,828,830 | \$136,213,069 | \$154,288,677 | - | 3,384,239 | 21,459,847 | 0.00% | 2.55% | 16.16% |
| Profit as a % of Total Sales Value | 21% | 21% | 22% | 23% | | | | | | |

NOTE: The Linear Model was not able to locate an optimal solution due to a limitation in handling nonsmooth variables