

Summary of Project Returns



Development Feasibility

Greenwood Park Estate

Option 1 - Subdivision

Subdivision - 179 Lots

Time Span: Jun-07 to Jan-11	Project Size: 14. ha 1 per 1.0 Ha of Site Area
Type: Land Subdivision	
Status: Under Review	Project Size: 179. lots 1 per 0.08 Ha of Site Area
Site Area: 14. Ha	Equated GFA: 0.0
FSR: 0:1	

Estate Master for Excel Licensed to: Unlicensed

COSTS & REVENUES					AUD Total	AUD Per ha	AUD Per lot	AUD Per Total Net Costs
REVENUE								
	Quantity	SqM	AUD/SqM	AUD				
Total Sales Revenue	179	29,740.0	1,429.7	42,519,199		3,037,086	237,537	129.6%
Residential - 2 Bedroom Unit Lots	73	7,300.0	1,133.8	8,277,024				
Detached Dwellings Lots	48	12,000.0	1,472.1	17,664,763				
Townhouse Lots	58	10,440.0	1,587.9	16,577,412				
Less Selling Costs				(1,266,902)		90,493	7,078	-3.9%
NET SALE PROCEEDS				41,252,297		2,946,593	230,460	125.8%
	Average Yield	SqM	AUD/SqM/annum	AUD				
Rental Income	-	-	-	-		-	-	0.0%
Less Outgoings & Vacancies								0.0%
Less Letting Fees								0.0%
Less Incentives (Rent Free and Fit-out Costs)								0.0%
Less Other Leasing Costs								0.0%
NET RENTAL INCOME								0.0%
Interest Received				414,429		29,602	2,315	1.3%
Other Income				-		-	-	0.0%
TOTAL REVENUE (before GST paid)				41,666,726		2,976,195	232,775	127.0%
Less GST paid				(2,683,564)		191,683	14,992	-8.2%
TOTAL REVENUE (after GST paid)				38,983,163		2,784,512	217,783	118.9%

COSTS								
Land Purchase Cost				13,000,000		928,571	72,626	39.6%
Land Transaction Costs				777,490		55,535	4,344	2.4%
Construction (inc. Construct. Contingency)				7,370,000		526,429	41,173	22.5%
Subdivision Costs				7,220,000				
Landscaping				150,000				
Professional Fees				1,132,572		80,898	6,327	3.5%
Statutory Fees				7,509,700		536,407	41,954	22.9%
Miscellaneous Costs 1				-		-	-	0.0%
Miscellaneous Costs 2				-		-	-	0.0%
Miscellaneous Costs 3				-		-	-	0.0%
Project Contingency (Project Reserve)				-		-	-	0.0%
Land Holding Costs				412,154		29,440	2,303	1.3%
Pre-Sale Commissions				439,376		31,384	2,455	1.3%
Finance Charges (inc. Fees)				409,337		29,238	2,287	1.2%
Interest Expense				2,688,971		192,069	15,022	8.2%
TOTAL COSTS (before GST reclaimed)				33,739,600		2,409,971	188,489	102.9%
Less GST reclaimed				(940,986)		67,213	5,257	-2.9%
TOTAL COSTS (after GST reclaimed)				32,798,614		2,342,758	183,232	100.0%

PERFORMANCE INDICATORS								
Gross Development Profit ¹				6,184,549				
Net Developer's Profit after Profit Share ²				5,875,321				
Development Margin (or Profit/Risk Margin) ³				17.25%				on total development costs (inc selling costs).
Residual Land Value (Target Margin) ⁴				11,281,457				(at 25% target development margin)
Net Present Value ⁵				(454,978)				(at 20% per ann. discount rate, nominal)
Benefit Cost Ratio ⁶				0.9799				(at 20% per ann. discount rate, nominal)
Project Internal Rate of Return (IRR) ⁷				18.48%				(per ann. nominal)
Residual Land Value (based on NPV) ⁸				12,447,271				
Equity IRR				38.87%				(per ann. nominal)
Equity Contribution				2,000,000				
Peak Debt Exposure				20,253,334				
Equity to Debt Ratio				9.00%				
Weighted Average Cost of Capital (WACC) ⁹				7.10%				
Breakeven Date for Cumulative Cash Flow ¹⁰				Oct-2010				(Month 40)
Rent Cover ¹¹				N.A.				
Profit Erosion ¹²				4 Yrs, 3 Mths				

Footnotes:

1. Development Profit: is total revenue less total cost including interest paid and received
2. Developer's Net Profit after distribution of gross profit of AUD309,227 to Lender 1
3. Development Margin: is profit (net profit after profit share) divided by total development costs (inc selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax. It includes profit share to other parties as a cash outflow.
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs and includes financing costs but excludes interest and corp tax.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. The Weighted Average Cost of Capital (WACC) is the rate that a company is expected to pay to finance its assets.
10. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
11. The total net development profit divided by the current net annual rental expressed as a number of years/months.
12. The period of time post practical completion that it can remain unsold (but leased out) until finance and land holding costs erodes the profit for the development to zero.

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RETURNS ON FUNDS INVESTED	Equity	Loan 1		Loan 4	Total Debt
		Lender Name		Lender Name	
Funds Invested (Cash Outlay) ¹	2,000,000	5,159,000		17,069,077	22,228,077
% of Total Funds Invested	8.25%	21.29%		70.45%	91.75%
Peak Exposure ²	2,000,000	6,530,871		13,927,583	20,253,334
Date of Peak Exposure	Jun-07	Jan-10		Sep-09	Sep-09
Month of Peak Exposure	Month 0	Month 31		Month 27	Month 27
Weighted Average Interest Rate	N.A.	8.00%		7.50%	7.73%
Interest Charged	-	1,303,976		1,384,995	2,688,971
Line Fees Charged	-	318,137		-	318,137
Application Fees Charged	-	1,200		-	1,200
Profit Share Received	-	309,227		-	309,227
Total Profit to Funders ³	5,875,321	1,932,540		1,384,995	3,317,536
Margin on Funds Invested ⁴	293.77%	37.46%		8.11%	14.92%
Payback Date ⁵	Jan-11	Aug-10		Jan-11	Jan-11
Month of Payback	Month 43	Month 38		Month 43	Month 43
IRR on Funds Invested ⁶	38.87%	11.46%		7.50%	9.43%
Equity to Debt Ratio ⁷		38.77%		11.72%	9.00%
Loan to Value Ratio ⁸	4.70%	15.36%		32.76%	47.63%
Loan Ratio ⁹	15.38%	52.17%		141.95%	194.13%
	of Land Purchase Price.	of Land Purchase Price.		of Land Purchase Price.	of Land Purchase Price.

Footnotes:

1. The total amount of funding injected into the project cash flow.
2. The maximum cash flow exposure of that equity/debt facility including capitalised interest.
3. The total repayments less funds invested, including profit share paid or received.
4. Margin is net profit divided by total funds invested (cash outlay).
5. Payback date for the equity/debt facility is the last date when total equity/debt is repaid.
6. IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profits.
7. Equity to Debt Ratio is the amount of equity contributed into the project as a percentage of debt funding.
8. Loan to Value ratio is the Peak Equity/Debt Exposure divided by Total Sales Revenue.
9. Loan Ratio is the total funds invested by the lender (cash outlay) divided by the nominated ratio calculation method. It includes capitalised interest and fees.