ARGUS EstateMaster | Development Feasibility

SUMMARY OF PROJECT RETURNS

Sharpe Avenue Apartments

Walgu Base Case Dec 22 - Capped Loan @ 80% Peak DC

Base Case 20 year Cashflow

Licensed to: APP Corporation Pty Ltd

Time Span:	Jan-23 to Aug-45 (271 Months)
Type:	Mixed Use
Status:	Approved
Site Area:	7,302 SqM
FSR:	:1
Project Size:	

You have elected to hide rows which contain an amount.

	Quantity	SqM	AUD/Quantity	Total AUD	AUD Per Unit	AUD Per SqM of Site Area	% of Total Net Revenue	Total Exc GST
Revenues								
Gross Sales Revenue	82	1,322.00	1,458,342.16	119,584,057		16,377	49.2%	119,584,057
Residential - Govt Year 11-20	60	-	1,201,363.97	72,081,838				72,081,838
Residential - Market Year 11-20	22	-	1,192,880.34	26,243,368				26,243,368
Other	-	1,322.00	-	21,258,852				21,258,852
Less Selling Costs				(292,394)		(40)	-0.1%	(265,813)
Less Purchasers Costs				-		-	0.0%	-
NET SALES REVENUE				119,291,663		16,337	49.1%	119,318,244
	Quantity	SqM	AUD/SqM/annum					
Gross Rental Income	246	3,966.00	747.27	145,499,388		19,926	59.9%	143,298,565
Residential - Govt Year 1	60	-	-	2,272,400				2,272,400
Residential - Govt Year 2-10	60	-	-	39,927,221				39,927,221
Residential - Govt Year 11-20	60	-	-	43,647,821				43,647,821
Residential - Market Year 1	22	-	-	1,510,600				1,510,600
Residential - Market Year 2-10	22	-	-	16,210,843				16,210,843
Residential - Market Year 11-20	22	-	-	17,721,443				17,721,443
Commercial Office	-	2,644.00	682.00	10,595,347				9,632,133
Other	-	1,322.00	877.80	13,613,714				12,376,104
Less Outgoings & Vacancies				(7,565,490)		(1,036)	-3.1%	(7,565,490)
Less Letting Fees				-		-	0.0%	-
Less Incentives (Rent Free & Fitout Costs)				-		-	0.0%	-
Less Turnover Costs				-		-	0.0%	-
Less Other Leasing Costs				(12,156,222)		(1,665)	-5.0%	(12,156,222)
NET RENTAL INCOME				125,777,677		17,225	51.8%	123,576,853
Interest Received				-		-	0.0%	-
Other Income				-		-	0.0%	-
TOTAL REVENUE (before GST paid)				245,069,340		33,562	100.9%	242,895,097
Less GST paid on all Revenue				(2,200,824)		(301)	-0.9%	
TOTAL REVENUE (after GST paid)				**242,868,516**		**33,261**	100.0%	242,895,097
Costs								
Land Purchase Cost				1,509,247		207	0.6%	1,509,247
Land Acquisition Costs				5,500		1	0.0%	5,000
Construction Costs				92,138,085		12,618	37.9%	83,761,896
Built Form				92,138,085		12,618	37.9%	83,761,896
Professional Fees				4,259,109		583	1.8%	3,871,918
Statutory Fees				1,205,276		165	0.5%	1,205,276
Operating & Maintenance Costs				57,167,851		7,829	23.5%	57,167,851
Land Holding Costs				-		-	0.0%	-
Finance Charges (inc. Fees)				737,568		101	0.3%	737,568
Interest Expense				36,073,977		4,940	14.9%	36,073,977
TOTAL COSTS (before GST reclaimed)				196,175,721		26,866	80.8%	187,238,054
Less GST reclaimed				(8,964,249)		(1,228)	-3.7%	
Plus Corporate Tax				-		-	0.0%	-
TOTAL COSTS (after GST reclaimed)				**187,211,472**		**25,638**	77.1%	187,238,054

Performance Indicators			Per Unit	Per SqM of Site Area	Total Exc GST
[1] **Net Development Profit**		**55,657,044**		7,622	
[3] **Development Margin (Profit/Risk Margin)**	Based on total costs (inc selling costs)	**29.68%**			
[4] Residual Land Value	Based on Target Margin of 0% (Exclusive of GST)	53,732,200		7,359	53,732,200
[5] **Net Present Value**	Based on Discount Rate of 4.5% p.a. Nominal	**(412,765)**			
[6] Benefit Cost Ratio		0.9964			
[7] **Project Internal Rate of Return (IRR)**	Per annum Nominal	**4.47%**			
[8] Residual Land Value	Based on NPV (Exclusive of GST)	1,087,107		149	1,087,107
Equity IRR	Per annum Nominal	3.87%			
Equity Contribution		74,808,239			
Peak Debt Exposure		73,756,800			
Equity to Debt Ratio		101.43%			
[9] Weighted Average Cost of Capital (WACC)		2.70%			
[10] Breakeven Date for Cumulative Cash Flow	Month 271	Aug-2045			
[11] Yield on Cost		8.15%			
[12] Rent Cover		3 Yrs, 6 Mths			
[13] Profit Erosion		0 Yrs, 0 Mths			

Footnotes:

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total costs (inc selling costs)
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.
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. Yield on Cost is Current Net Annual Rent divided by Total Costs (before GST reclaimed), including all Selling Costs.
12. The total net development profit divided by the current net annual rental expressed as a number of years/months.
13. 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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SUMMARY OF PROJECT RETURNS

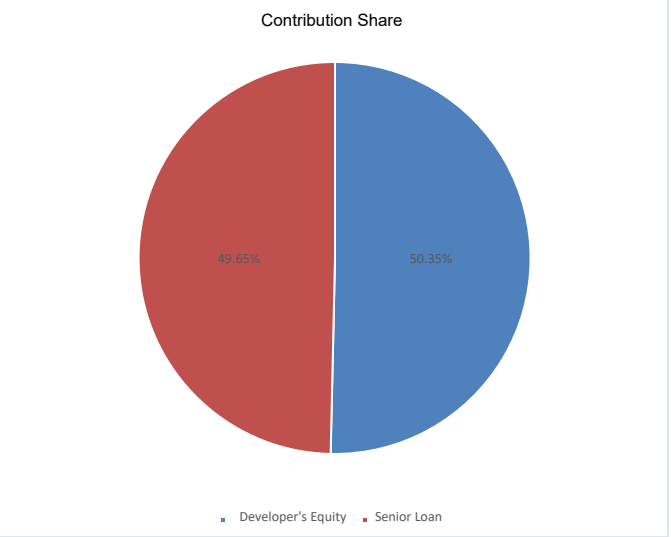
Sharpe Avenue Apartments

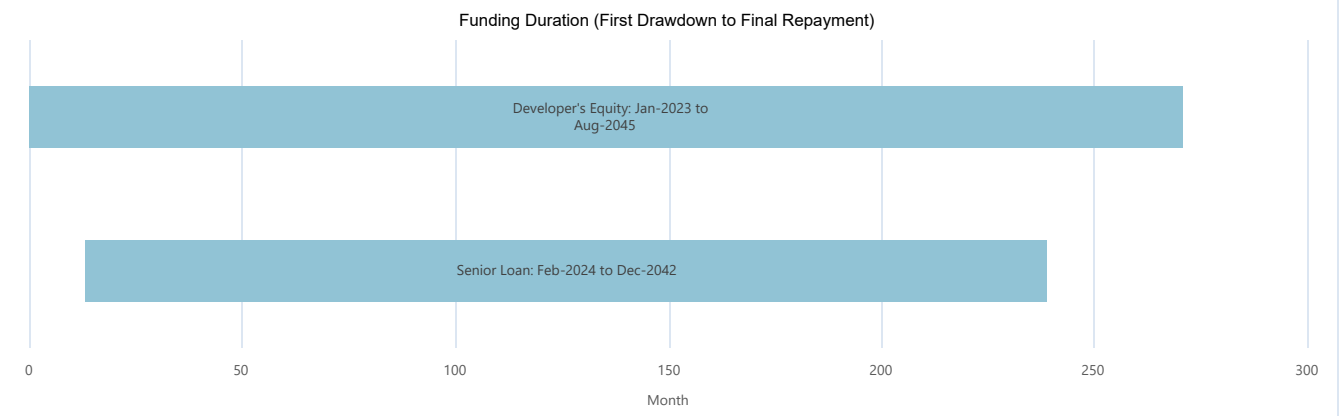
Walgu Base Case Dec 22 - Capped Loan @ 80% Peak DC

Base Case 20 year Cashflow

Licensed to: APP Corporation Pty Ltd

Returns on Funds Invested	Developer's Equity	Senior Loan	Total Equity	Total Debt	Total Funding
	Equity	Debt			
		0			
[1] Funds Invested (Cash Outlay)	74,808,239	73,756,800	74,808,239	73,756,800	148,565,039
% of Total Funds Invested	50.35%	49.65%	50.35%	49.65%	100.00%
[2] Peak Exposure	64,288,504	73,756,800	64,288,504	73,756,800	
Date of Peak Exposure	Jun-45	Jun-25	Jun-45	Jun-25	
Month of Peak Exposure	Month 269	Month 29	Month 269	Month 29	
Weighted Average Interest Rate	N.A.	5.43%	N.A.	5.43%	
Interest Charged	-	36,073,977	-	36,073,977	36,073,977
Line & Standby Fees Charged	-	-	-	-	-
Application Fees Charged	-	737,568	-	737,568	737,568
Profit Share Received	-	-	-	-	-
[3] Total Profit to Funders	55,657,044	36,811,545	55,657,044	36,811,545	92,468,588
[4] Margin on Funds Invested	74.40%	49.91%	74.40%	49.91%	
[5] Payback Date	Aug-45	Dec-42	Aug-45	Dec-42	
Month of Payback	Month 271	Month 239	Month 271	Month 239	
[6] IRR on Funds Invested	3.87%	5.60%	3.87%	5.60%	
[7] Loan to Value Ratio	53.76%	61.68%	53.76%	61.68%	
[8] Loan Ratio	4956.66%	39.40%	39.96%	39.40%	
	of Land Purchase Price.	of Project & Finance Costs (inc Interest/Fees and net of GST).	of Project & Finance Costs (inc Interest/Fees and net of GST).	of Project & Finance Costs (inc Interest/Fees and net of GST).	





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. Loan to Value ratio is the Peak Equity/Debt Exposure divided by Total Sales Revenue.
8. 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.