

PROJECT FEASIBILITY



<Date of Feasibility>

<Example Site Address>

Planning Summary	
Council:	Manningham
Planning Zone:	General Residential Zone 1
Planning Overlay(s):	Vegetation Protection Ov (if blank then Not Applicable)
Optimum number of Dwellings:	3

Contact: **Grant Dixon**
 Mobile: **0438 860 043**
 Email: grant.dixon@propertyadvance.com.au
www.propertyadvance.com.au

Estimated Value of Dwellings

Dwelling No.	Type	Squares (incl garage)	Today's Value [1]	Completion Value [2]
1	4 bedrooms	24	\$1,075,000	\$1,116,586
2	3 bedrooms + study	22	\$975,000	\$1,012,717
3	3 bedrooms + study	23	\$1,025,000	\$1,064,652
			\$3,075,000	\$3,193,955
Selling Costs	Agents Commission, Advertising & Marketing, Legal costs		(\$63,850)	(\$65,991)
Net Revenue			\$3,011,150	\$3,127,964

Note [1] Today's Value is the likely sale price of completed units in today's market as estimated by local real estate agents
Note [2] Completion Value is the likely sale price at the end of the project (once built) based on the estimated annual capital gain for this suburb of: 2.00%

Estimated Project Costs

Planning and Design (Stage 1)	Surveyor fee	\$1,880
	Building designer / Architect fee	\$11,010
	Current Certificate of Title fee	\$25
	Council pre-application meeting fee (if required - varies by Council)	\$0
	Town Planning consultant	\$4,070
	Metropolitan Planning Levy (tax on developments over \$1m cost)	\$1,491
	Council application & advertising fees (varies by Council)	\$3,975
	Landscape designer	\$1,000
	Arborist report (if required by Council)	\$650
	Aboriginal Cultural Heritage Management Plan (if required)	\$0
	PropertyAdvance fee Stage 1	\$12,000
Sub-total		\$36,101
Fixed Price Quote Process (Stage 2)	Subdivision design	\$2,710
	Title Re-establishment survey	\$1,320
	Build over easement council and service provider fees (if required)	\$0
	Stormwater and Civil Engineering design	\$1,820
	Council Stormwater design approval application fee (varies by Council)	\$542
	Soil report	\$800
	Construction / working plans and drawings (including electrical)	\$13,200
	Structural engineering design	\$4,800
	6 Star energy report	\$900
	PropertyAdvance fee Stage 2	\$12,000
Sub-total		\$38,092
Total Costs Pre Building Contract		\$74,193

PROJECT FEASIBILITY



<Date of Feasibility>

<Example Site Address>

Total Costs Pre Building Contract (from previous page)		\$74,193
Building Preliminaries	Water, sewerage, power application & connection fee	\$8,584
	Demolition and associated costs	\$14,900
	Sub-total	\$23,484
Construction	Base construction with project management (Bronze inclusions) [3]	\$840,938
	Inclusions Upgrade: Advantage+	\$181,511
	Cooling included: Refrigerated	
	Appliances included: SMEG	
	Site costs (retaining walls, site cut, drainage, sewer, gas/electrical)	\$71,182
	Driveway and paving	\$20,202
	Building Permit and Surveyor Fee	\$6,900
	Council and Service Authority Fees	\$3,870
	Landscaping	\$15,640
	Fencing	\$6,674
Sub-total	\$1,146,916	
Public Open Space	Council Public Open Space Contribution Fee	\$29,900
Legal	Owners Corporation creation	\$350
	Subdivision registration legal costs	\$4,885
	Sub-total	\$5,235
Sub-total of Project Costs before Interest and Rental		\$1,279,728
Interest Payable	Borrowings to construct	\$81,644
		\$81,644
Rental Income	Weeks (during planning and design phase)	52
	Rental per week of existing house	\$450
	Sub-total	(\$23,400)
Total Project Costs		\$1,337,972
Land Value		\$1,300,000
Total Investment (for calculating profit)		\$2,637,972

Note [3] Property Advance are consultants and our fee is included in the Construction cost. We manage every aspect of the development so that you don't have to. We are not builders. We will arrange quotes from builders and ensure they meet your needs and are cost effective. It is difficult to make an apples with apples comparison between building quotes until Stages 1 and 2 are complete. Making these comparisons is part of our service and expertise.

Estimated Net Profit

	Today's Value [1]	Completion Value [2]
Net Revenue (from above)	\$3,011,150	\$3,127,964
Less Total Investment (from above)	\$2,637,972	\$2,637,972
Net Profit (pre tax)	\$373,178	\$489,992

Estimated Return on Investment (ROI)

	Today's Value [1]	Completion Value [2]
Investment Required	\$1,337,972	\$1,337,972
Net Profit (pre tax) after Construction Finance	\$373,178	\$489,992
ROI %	27.9%	36.6%

NB: As the land is already owned it is excluded from the Investment Required figure above.

Estimated Project Timing

	Months
Planning and design phase	12
Construction phase	11
Total	23

(excluding Christmas break)

<Date of Feasibility>

<Example Site Address>

Estimated Rental

Estimated rental income:

Dwelling No.	Weekly Rent	Annual Rent
1	\$690	\$35,880
2	\$630	\$32,760
3	\$690	\$35,880
		<u>\$104,520</u>
Rental Management [4]	7%	\$7,316
Total Rental Income		<u>\$97,204</u>

Note [4] Assumes you utilise the services of a property rental management company.

Estimated Finance

* Up to 80% of project value may be financed via our banking partners subject to lending criteria
 * Interest only loan. Interest may be capitalised in which case there would be no interest cash flow impact until construction complete
 * If keep and rent dwellings then the rental income should cover interest paid (depending on finance, rental and tax situation)

Estimated Interest Rate: 4.10%

Interest Cost During Project

Project duration:	23 Months		
Est Finance on Land:	\$650,000	Interest:	\$51,079
Construction Cost:	\$1,337,972	Interest:	\$30,565
Total Borrowings	<u>\$1,987,972</u>		construction costs only partially drawn down at each build stage
Total Interest Cost During Project			<u>\$81,644</u>

We can provide information to your accountant on structuring options to minimise tax on profits.

Finishes Selection

Appliances:	SMEG
Cooling:	Refrigerated
Inclusions:	Advantage+ (refer to the Property Advance Inclusions document for description)

The estimates above are provided following an Initial Feasibility Assessment of the site. For contact details and further information on our services please refer to our website: www.propertyadvance.com.au

The information contained in this Memorandum has been prepared to assist prospective clients in making their own evaluation of The Project. The Memorandum is not a prospectus and does not purport to contain all the information that a prospective client may require, in assessing or investigating The Project, and is not intended to form the basis of any investment decision by any prospective client. Interested parties should carry out their own investigations and analysis of the operations, risks and prospects of The Project and to the information referred to in this Memorandum and should consult their own advisers.

Any forecast information involves subjective judgment and analysis and is subject to significant uncertainties and contingencies, many of which are outside the control of Property Advance. No representation is made that any such forecast will be achieved. Actual future events may vary significantly from the projections and the assumptions on which the forecasts are based. Prospective clients should conduct their own independent enquiries, investigations and analysis of the assumptions, uncertainties and contingencies, which may affect the future operations and values of The Project and the impact those variations in future conditions may have on the Project.

Internal Use:	Version: 12.5	Ave Complex: 1.5
----------------------	----------------------	-------------------------

OPTIONS COMPARISON

<Date of Feasibility>
<Example Site Address>



At Completion Prices	Option A Sell All Units	Option B Rent all Units	Option C Live in One Sell the rest	Option D Live in One Rent the Rest	Option E Units Sold: 1 Units Rented: 2	Option F Units Sold: 2 Units Rented: 1
<Example Site Address>						
Estimated Revenue from Sales	\$3,127,964	N/A	\$2,085,309	N/A	\$1,042,655	\$2,085,309
Estimated Cost of Sale (including Land)	(\$2,637,972)	N/A	(\$1,758,648)	N/A	(\$879,324)	(\$1,758,648)
Forecast Profit (pre-tax)	\$489,992	N/A	\$326,661	N/A	\$163,331	\$326,661
Selling Price	\$3,127,964	N/A	\$2,085,309	N/A	\$1,042,655	\$2,085,309
Less Construction Borrowings	(\$1,337,972)	(\$1,337,972)	(\$1,337,972)	(\$1,337,972)	(\$1,337,972)	(\$1,337,972)
Less Land Borrowings	(\$650,000)	(\$650,000)	(\$650,000)	(\$650,000)	(\$650,000)	(\$650,000)
Net Equity/(borrowings)	\$1,139,992	(\$1,987,972)	\$97,338	(\$1,987,972)	(\$945,317)	\$97,338
Add units retained	N/A	\$3,193,955	\$1,064,652	\$3,193,955	\$2,129,303	\$1,064,652
Net Assets	\$1,139,992	\$1,205,983	\$1,161,989	\$1,205,983	\$1,183,986	\$1,161,989
Interest Payable	N/A	(\$81,507)	N/A	(\$81,507)	(\$38,758)	N/A
Rental Income	N/A	\$97,204	N/A	\$64,802	\$64,802	\$32,401
Annual net cash in/(out)	N/A	\$15,697	N/A	(\$16,704)	\$26,044	\$32,401
Investment Required	\$1,337,972	\$1,337,972	\$1,337,972	\$1,337,972	\$1,337,972	\$1,337,972
Net Profit (pre tax)	\$489,992	N/A	\$326,661	N/A	\$163,331	\$326,661
ROI %	36.6%	N/A	24.4%	N/A	12.2%	24.4%