

Financial Feasibility (Pre-Tax) - Development (2 lots)

This calculation is based on buying the property and **sub-dividing into two lots and building two 3 bed townhouses**. Build assumes each lot is approximately 200m2, 3 bedrooms and 2 storeys. The below feasibility also assumes that the property is leased out on completion and not sold. The rates used in the calculations are assumptions only, the agent will need to confirm these.

NOTE: These calculations assume that there is no construction loan to facilitate the build.

PROPERTY:	20 Bruce St, Newport	
LOAN STRUCTURE:	80% LVR - Principal & Interest @ 4.78%	
Purchase Costs	\$	290,464.30
Proposed Renovation Cost	\$	925,000.00
Revisions to plans, Council fees etc	\$	5,000.00
Build cost @ \$460k per lot (inc. common property). Based on 200m2 each	\$	920,000.00
Milk Chocolate Project Concierge Fee (10%)	\$	92,500.00
TOTAL	\$	1,307,964.30

CURRENT	POST DEVELOPMENT
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Monthly Cash Flow

Rent (un-tenantable)	\$	0.00
Rental Expenses	\$	650.00
Agent commission (7%)	\$	0.00
Rates	\$	550.00
Insurance	\$	100.00
Loan Repayments (4.78% @ 30yrs @ P&I)	\$	4,502.00
BALANCE (GROSS)	\$	(5,152.00)

Equity Realisation

Property Value	\$	1,075,000.00
Purchasing Costs	\$	290,464.30
Stamp Duty	\$	61,829.30
Bank Fees	\$	700.00
Legal	\$	2,200.00
Deposit	\$	215,000.00
Misc.	\$	1,000.00
Milk Chocolate (Remainder)	\$	9,735.00
Loan Amount	\$	860,000.00
Loan to Value Ratio (LVR)		80.00%
AVAILABLE EQUITY (@90%)	\$	107,500.00

Monthly Cash Flow

Rent (\$580/wk)	\$	5,026.00
Rental Expenses	\$	1,421.82
Agent commission (7%)	\$	351.82
Rates	\$	620.00
Insurance	\$	450.00
Loan Repayments (4.78% @ 30yrs @ P&I)	\$	4,502.00
BALANCE (GROSS)	\$	(897.82)

Equity Realisation

Post Renovation Property Value (x2)	\$	2,000,000.00
Current LVR		80.00%
Loan Amount	\$	860,000.00
New LVR		43%
AVAILABLE EQUITY (@80%)	\$	740,000.00
NET AVAILABLE EQUITY (@90% -INC. LMI)	\$	918,000.00
* NOTE: IF YOU TAKE THE 80% OR 90% EQUITY RELEASE, THE MONTHLY MORTGAGE PAYMENTS WILL ALSO INCREASE, MEANING THE MONTHLY CASH FLOW BALANCE WILL BE DIFFERENT TO WHAT'S ABOVE. WE CAN TALK THROUGH THIS WHEN THAT TIME COMES AND SEE WHAT WORKS BEST FOR YOU		

Totals

Mortgage Amount	\$	860,000.00
Your Outlay	\$	1,307,964.30
Sub-Total	\$	2,167,964.30
New Property Value	\$	2,000,000.00
GROSS BALANCE	\$	(167,964.30)