

Financial Analysis of Purchase of 44 Oxford Terrace (excluding Laboratory)

	\$	\$
Estimated Purchase Price of 44 Oxford Terrace	300,000	
Estimated Refurbishment Costs	<u>300,000</u>	
		600,000
Less Savings		
Expenditure at Waterloo Water Treatment Plant	170,000	
Emergency Room at Mabey Road Site	30,000	
Portacom Sale	10,000	
Software	<u>20,000</u>	
		<u>230,000</u>
Additional Capital Expenditure required		<u><u>370,000</u></u>

Cost/Benefit Water Group

Mabey Road Rent Saving (Distribution)*		56,000
Less Annual Debt Servicing Costs 370,000 @ 8.25% x 20 years**		<u>38,000</u>
		<u>18,000</u>

Less Rates/Maintenance/Insurance/Management on
44 Oxford Terrace

		<u>10,000</u>
Net Cash Benefit Per Annum to Water Group		<u><u>8,000</u></u>

* \$39,000 of this could be saved without purchase of Oxford Terrace

** Water Group assumed to have paid off building in 20 years

Cost/Benefit WRC Corporate from Exiting Mabey Road

	\$	\$
If Flood Protection and Resource Investigations moved from Mabey Road then potential to sell, freeing up approximately \$1.8 m which annually equates to \$1.8 m @ 7.80%		140,000
Savings in costs (landlord)		30,000
Loss of Water Group Rent	Distribution 56,000 Laboratory <u>24,000</u>	
	80,000	
Loss of Flood Protection Rent	45,000	
Loss of Resource Investigation Rent	<u>3,000</u>	
		<u>128,000</u>
Net Benefit Per Annum to WRC Corporate		<u><u>42,000</u></u>
		<u><u>50,000</u></u>
Ongoing Cash Benefit Per Annum to WRC (after Mabey Road sold)		<u><u>50,000</u></u>