

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

	\$	\$
Estimated Purchase Price of 44 Oxford Terrace	300,000	
Estimated Refurbishment Costs – Operations	300,000	
Estimated Establishment Costs – Laboratory	<u>212,000</u>	
		<u>812,000</u>
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>582,000</u></u>
Cost/Benefit Water Group		
Mabey Road Rent Saving (Distribution and Laboratory)*		80,000
Less Annual Debt Servicing Costs 582,000 @ 8.25% x 20 years**		<u>61,000</u>
		<u>19,000</u>
Less Rates/Maintenance/Insurance/Management on 44 Oxford Terrace		<u>10,000</u>
Net Cash Benefit Per Annum to Water Group		<u><u>9,000</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>
Ongoing Cash Benefit Per Annum to WRC (after Mabey Road sold)		<u><u>51,000</u></u>