Capital Gains & Access To Equity

Adding New Equity For Larger Development Opportunities

Project Size = $Equity_{old}$ + $Equity_{new}$ + Debt Capital

When it comes to property development it's nearly always better to begin sooner rather than later.

That's true for development land lying fallow, empty buildings mothballed for refurbishment and any other opportunities banked-up for a future day.

But as well, there's another good metaphor and it has to do with the idea that 'two birds in the hand are better than one in the bush'.

Yes, you read that correctly, but in what way ?

Well, working skilfully in property development is all about adding value by an optimised blend of capital – equity and a bank loan - leveraged for development gains, yes, but also for a good return on equity employed.

The ultimate of course, being where your own capital involvement is reduced to the minimum but for maximum return - even to the extent that your own equity involvement becomes almost entirely sweat equity - the human resource deployed in preparing the opportunity for maximum return on equity capital employed.

And this is where we can come in.

Somebody once said onetime that money is like fertiliser . . . when it is heaped-up in one place it doesn't really do much good at all, but, spread it around . . . and it works miracles !

Well this will also be true for your development company too.

But how, and in what way, would spreading your working capital around 'work miracles' ?

How could we be instrumental in making that happen for you ?

A Better Structure For Property Development

*Bringing in new equity capital, say as much as three-quarters, for a 50% share in the development gain, (or subsequent rental income) would have the effect of **doubling** your return on capital employed and you would also be able to develop **4 times** as many similar sized opportunities simultaneously.*

Development Project Costing £10,000,000 / Completed Valuation £25,000,000	Existing Project Finance Model	New Project Finance Model
Your Equity	£4,000,000	£1,000,000
New Equity		£3,000,000
Development Loan	£6,000,000	£6,000,000
Total	£10,000,000	£10,000,000
Your % Share Of Development Gain	100	50
Your Development Gain	£15,000,000	£7,500,000
Your Return On Capital Employed	375%	750%

*This is what the 'two birds' metaphor is all about - you have twice as much access to development gain **and** at twice as much rate of return !*

Our job is to find you this extra equity capital for this more 'turbo-charged' financial model structure .

A Limited Liability Partnership (LLP) - The Special Purpose Vehicle For Our Opportunities Together

*As a container for our ventures together we need to set up a **Special Purpose Vehicle (SPV)**, a new limited liability partnership.*

This structure will give us the greatest autonomy individually as we work together financially.

Autonomy with respect to contained liability, individual taxation and flexibility to sell your own share in the partnership for a capital sum - at any time in the working life of the developed asset.

Putting Together A Presentation For New Equity Investors

" You can never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete. "

Buckminster Fuller – American Futurist

Our role would be to find the private equity injection for you. We would put together the equity investment proposal and pitch it to our prospective investors . . . we'll be looking for an equity partner with a mindset that says, 'everybody's got to win'.

All of our investment opportunities would be financially appraised in two ways.

*The two methods being **Net Present Value NPV** and **Internal Rate Of Return IRR**.*

While the Net Present Value is about putting a capital value on the finished building for a capital gain minded investor, the Internal Rate of Return is there for those who want to know just how good the income harvest will be long-term from the asset instead.

A Pipeline of Opportunities

Most of our investors have aspirations beyond their initial opportunity with a developer.

This of course throws open a wonderful prospect for all of us . . . of having an inside track on being able to deliver a pipeline of projects together before the news of them ever gets into the public domain.

Access to this sort of advantage becomes a consequence of having had a successful story in joint venture together with the first project we do together. It is exactly this sort of relationship that we're seeking in our relationships with developers and investors.

All our projects together will be presented for investment having first been refined and appraised in order to make them 'ready to go' . . . opportunities for immediate investment.

This means that, across a consecutive series of development projects, our investor's equity (and yours) can be kept in productive use to the maximum - producing the highest aggregate Internal Rate of Return across a succession of capital gain opportunities.

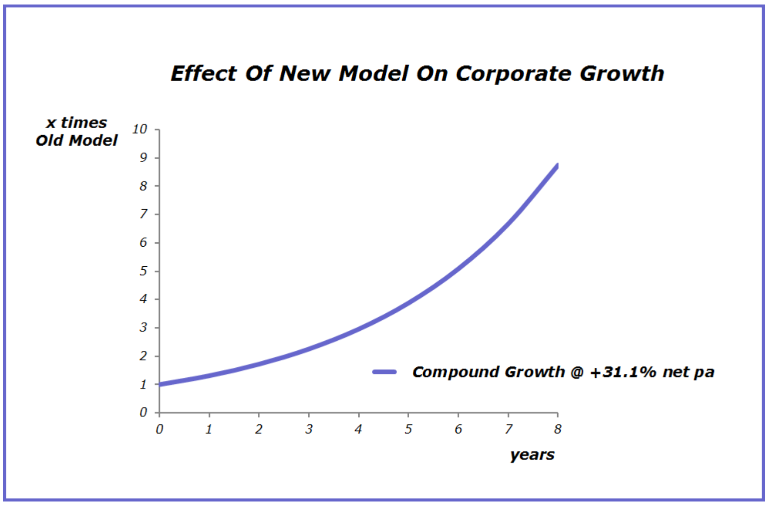
But by deploying the new equity for a combination of both capital growth and income, it will be possible systematically to build a portfolio of independent income streams if secure income is a part of your vision as well.

" You do things when the opportunities come along. I've had periods in my life when I've had a bundle of ideas come along, and I've had long dry spells. If I get an idea next week, I'll do something. If not, I won't do a damn thing. "

- Warren Buffet

The Two Models Compared Over The Years

*The chart to the right shows the difference over time, the cumulative effect over and above the existing model's finance structure, that is, the **extra effect** of injecting new equity into each opportunity.*



It starts off in the idea that under the new project finance model you will be doubling your company's return on capital employed (gross) over and above the old model and over a two-year project cycle.

The tax rate assumed was 28% on capital gains over each two-year project.

Why Use Us . . . ?

- ***Favourable Terms*** *Using an intermediary like us 'says' to a prospective investor that you have access to equity from more than one source. This makes it more likely that you will be able to obtain equity on favourable terms.*

- ***Confidentiality*** *A developer could experience disastrous results by "leaking" that you are looking for equity. Existing employees, sub-contractors and suppliers relationships could be damaged causing an adverse condition and hurting the opportunity. As equity broker we preserve the confidentiality of the developer during the process of sourcing the equity and only share information on a "need to know" basis.*

- ***Investment Analysis*** *Investing in property developing can be one of the most challenging decisions made by any investor. At Windrush we are well versed in both financial appraisal of property development opportunities and the investment decision criteria used by investors when choosing between available opportunities. Windrush Investment Analysis service includes:*

    - *Capital Valuation Of Finished Property*
    - *Net Present Values*
    - *Internal Rates Of Return*
    - *Establishing Net Operating Income*
    - *Financial Management*

- ***Packaging*** *Packaging your project for equity investment is of vital importance. With the investment analysis done we're able to stand in the prospective investor's shoes and see the opportunity through their eyes meaning we will be effectively motivating their participation.*

- ***Pre-Qualified Investors*** *It is estimated that over 95% of prospective investors never actually invest ! When we approach someone we approach the right sort of people – people with the means and the desire to invest in an opportunity like yours.*

CONTACT US

Leveraging property opportunities for higher returns !

How To Proceed

We need to arrange an initial meeting before bringing your opportunity to the attention of potential investors.

That initial meeting will explore whatever common ground we have to be joint venture partners together. And providing we are both satisfied that our combined goals can be met in the opportunity then at this stage we will need to exchange **Non Disclosure & Confidentiality Agreements** and a **Joint Venture Agreement.**

That done, we can talk completely freely to investors about working together going forward. Then we need to obtain formal commitment to the venture from the investor and providing the bank is happy about their debt levels we'll be good to go !

Get in touch by phone in the first instance.

About Windrush. . .

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***Windrush** developed out of the credit crunch as a result of an even greater need for private equity in funding development projects. From 2010 it has been our mission to put together development joint venture opportunities which exhibit a high rate of return. As the real estate industry emerges from the financial turmoil of recent years we anticipate a greater role acting as joint venture partners for developers with high growth aspirations.*

Francis McMenamin, Principal