



Welcome
To APA
Focal Group

Our event will start from **12:30**.
Please stay online and we will commence soon.



**AUSTRALASIA
PROPERTY ADVISORY
ASSOCIATION**

We are a non-profit organisation creating a community for developers and multi-disciplinary professionals in Australasian Property Industry.

APA Focal Group No.1 - Property Development Finance

Presented by Kai Yu, Lambert Capital



Source: <https://blog.luvanexbuilds.com/2019/10/21/5-ways-to-fund-your-building-project/>

Agenda:

1. Introduction
2. Funding the Capital Stack
3. Is the project “bankable”/ “fundable”?
4. Case study
5. Group discussion/ Q&A



Source: <https://startups.co.uk/funding/sources/funding-options-to-become-a-property-developer/>



Kai Yu - Relationship Manager

kai@lambertcapital.com.au

Mobile: 0450 170 720

WeChat: kfish20

Lambert Capital

Partner. Fund. Manage.

Kai Yu

Kai is an experienced and passionate property development and finance professional.

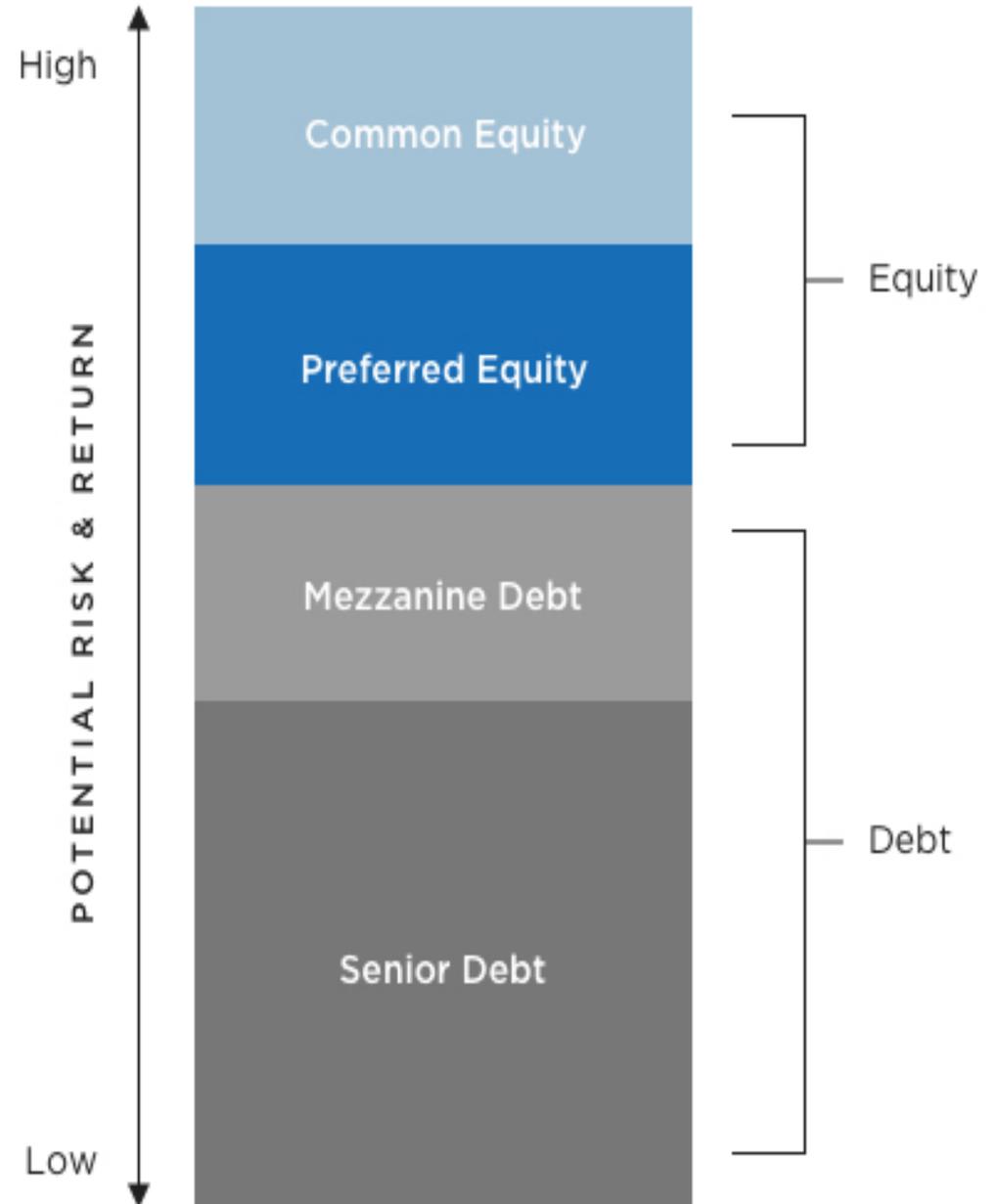
His background in property development management, quantity surveying and commercial property finance, adds to the mix of expertise with the Lambert Capital Group.

He holds a Bachelor of Environments (Architecture) and Master of Construction Management from Melbourne University, and a Graduate Certificate of Finance from Macquarie University.

Lambert Capital approaches the capital stack with a flexible attitude which allows us to deliver bespoke end to end solutions for our clients.

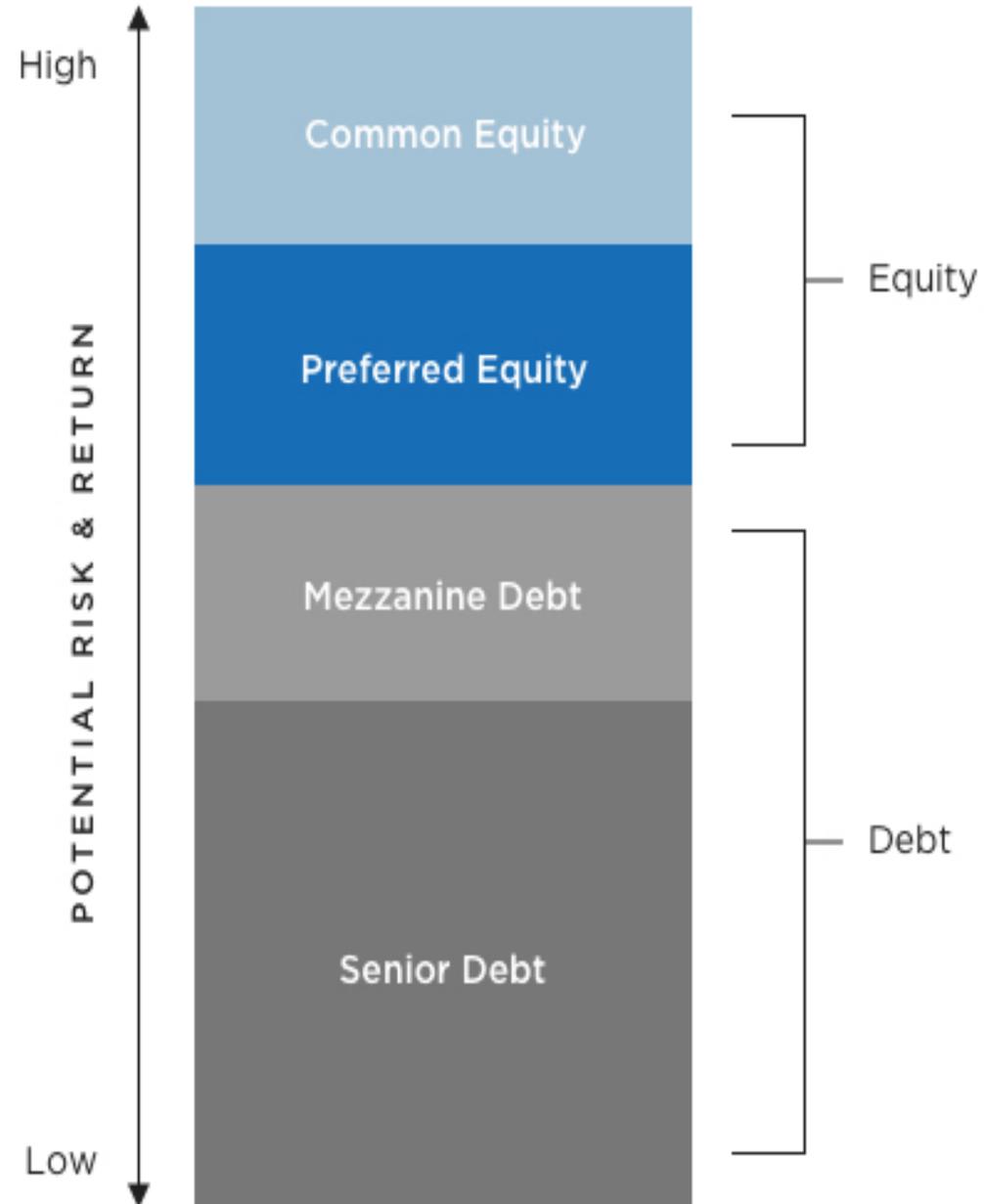
Lambert Capital Property Credit Fund provides developers with flexible funding (\$3-\$30M, senior and mezzanine debt) and investors with superior risk-adjusted returns.

The Capital Stack

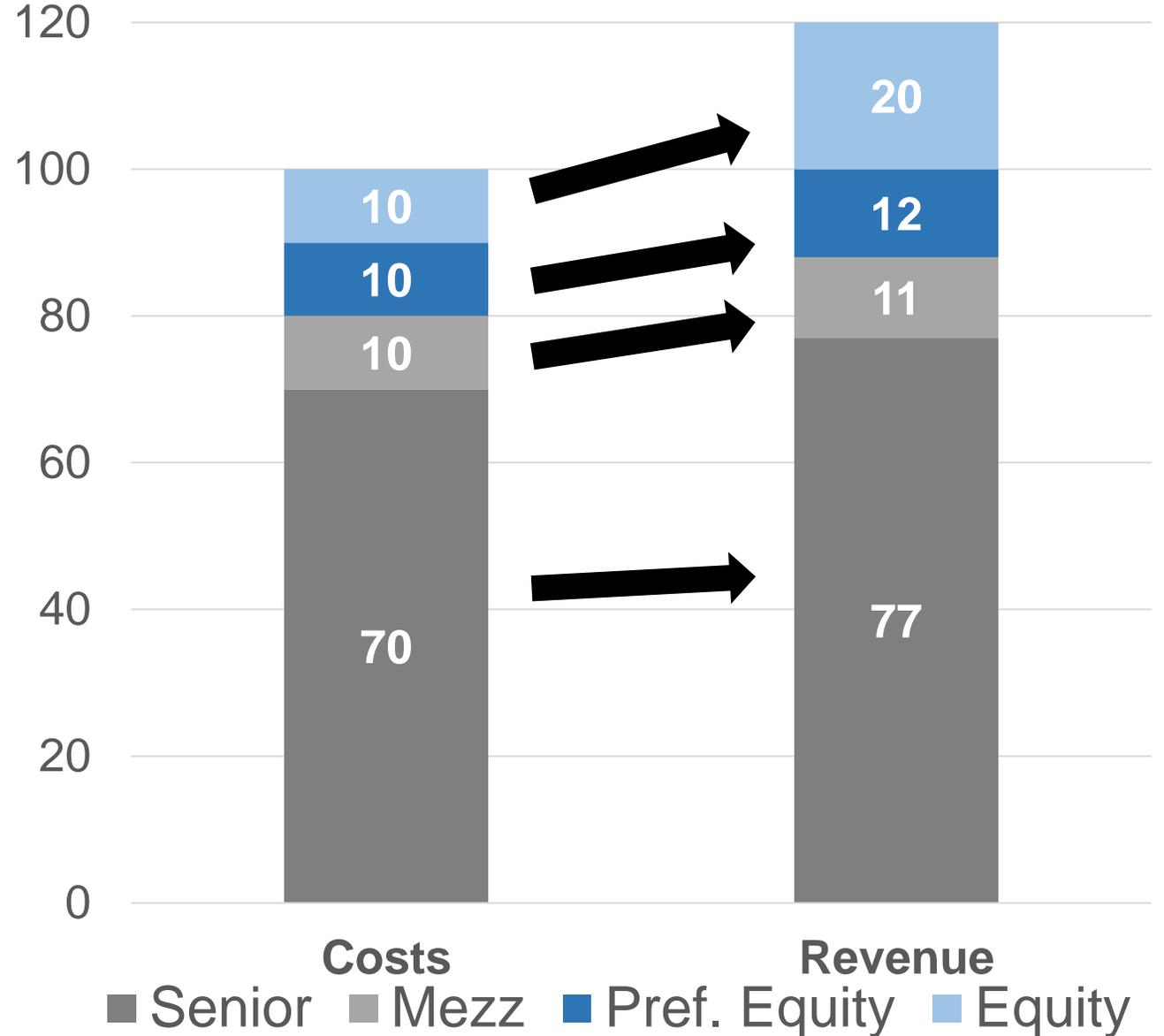


Repayment priority	LVR	Funding source
Last	N/A	<ul style="list-style-type: none"> Developer
3 rd	N/A	<ul style="list-style-type: none"> Private fund/ investor
2 nd	65-75% LVR	<ul style="list-style-type: none"> Non-bank lenders/ mortgage fund
1 st	50-65% LVR	<ul style="list-style-type: none"> Bank (traditionally) Non-bank lender/ mortgage fund (maturing)

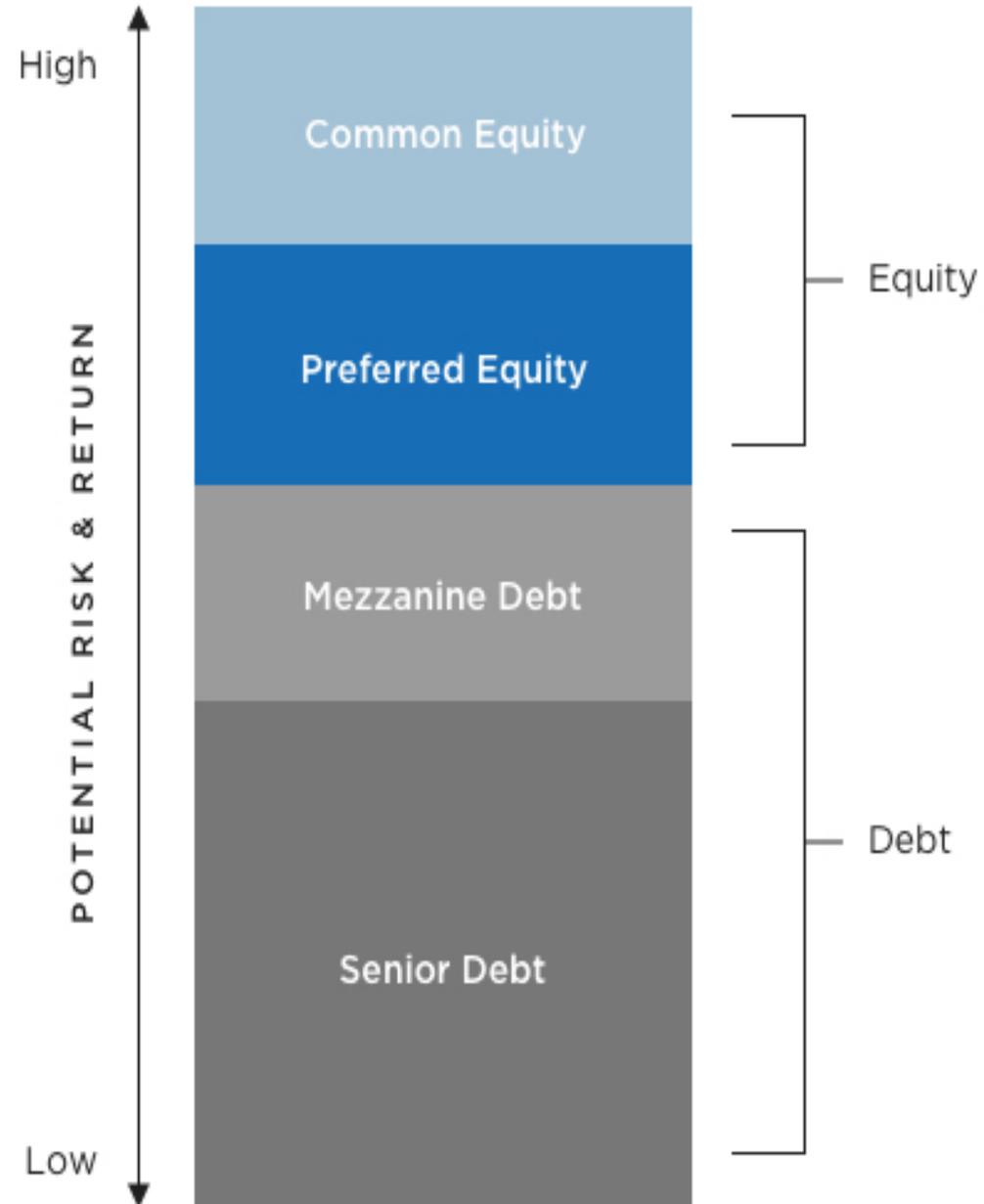
The Capital Stack



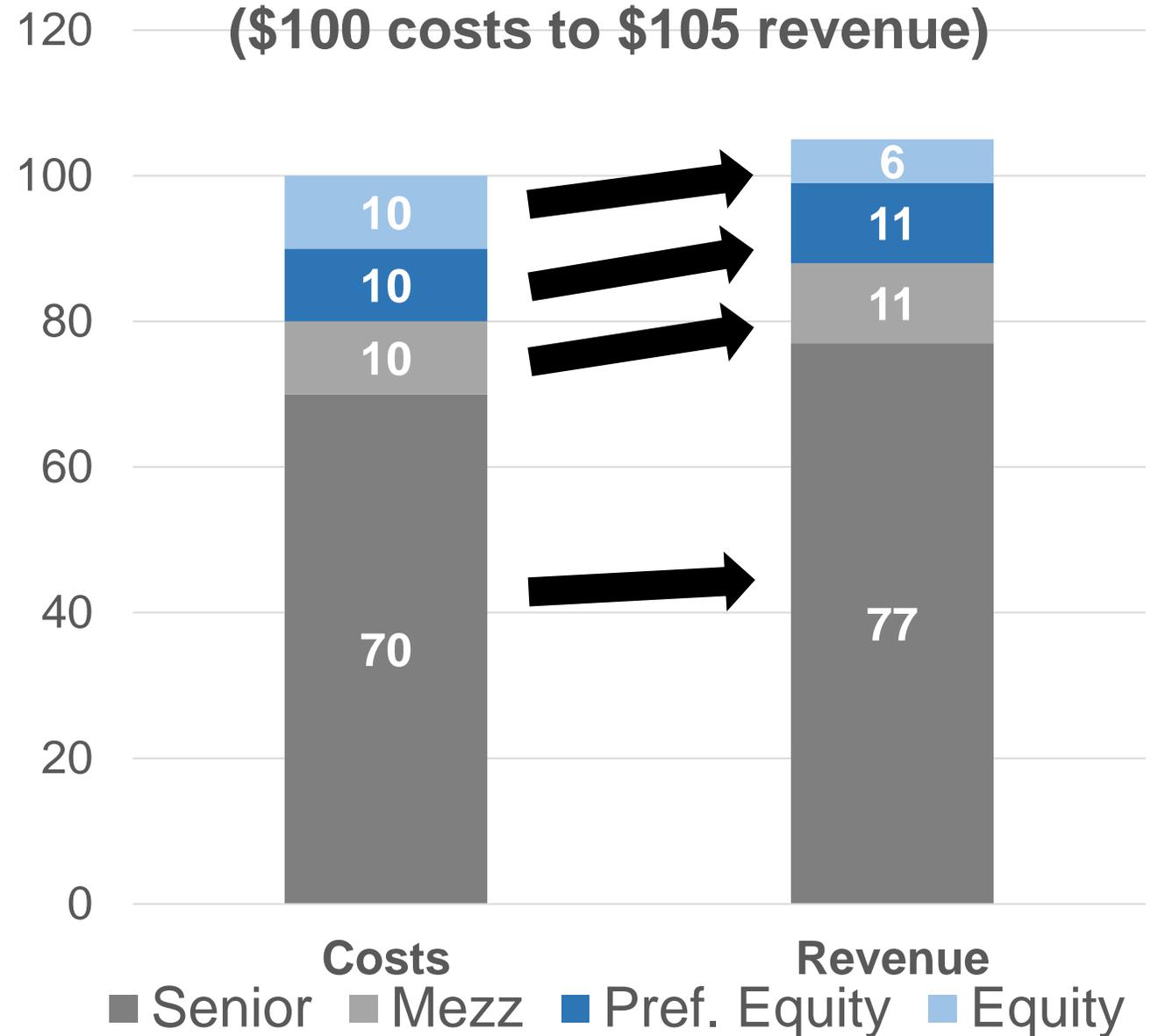
Scenario A - project goes well (\$100 costs to \$120 revenue)



The Capital Stack



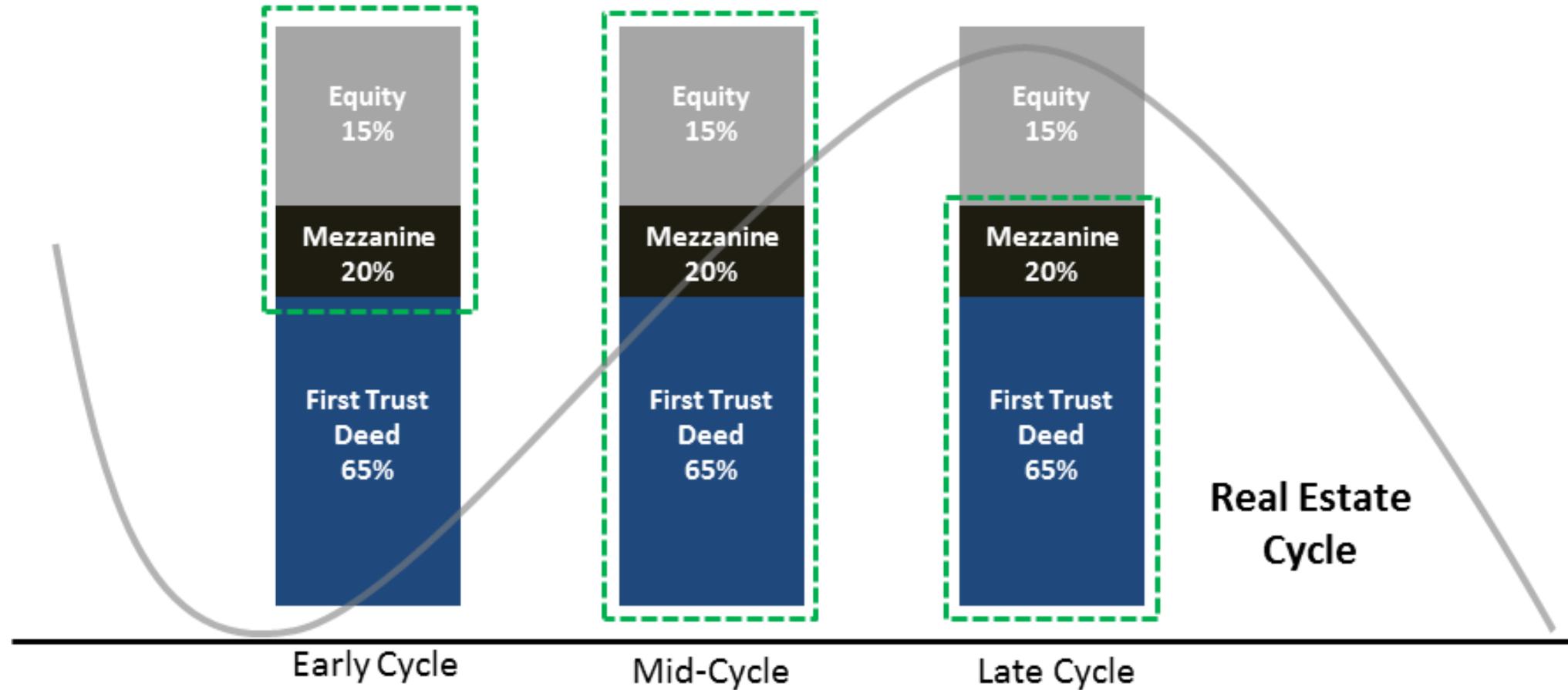
Scenario B - project goes not so well



The Capital Stack

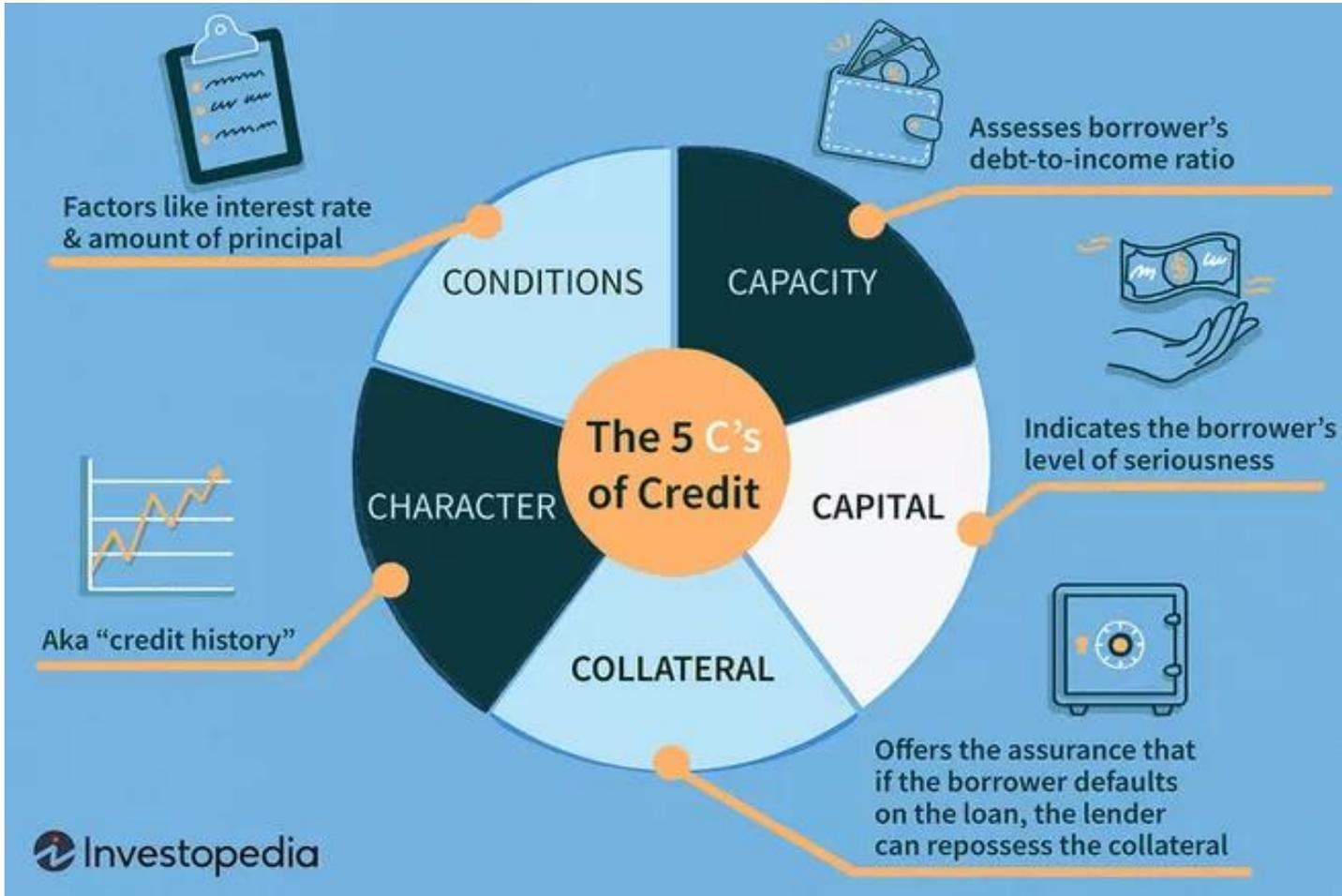


Investing along the Capital Stack throughout the Real Estate Cycle



Is the project “bankable”/ “fundable”?

The 5 C’s of Credit



Development Loan Credit Analysis

1. Sponsor/ developer
2. Asset/ property
3. Project
4. Builder
5. Exit/repayment strategy

Case study – Funding the development of two luxury townhouses



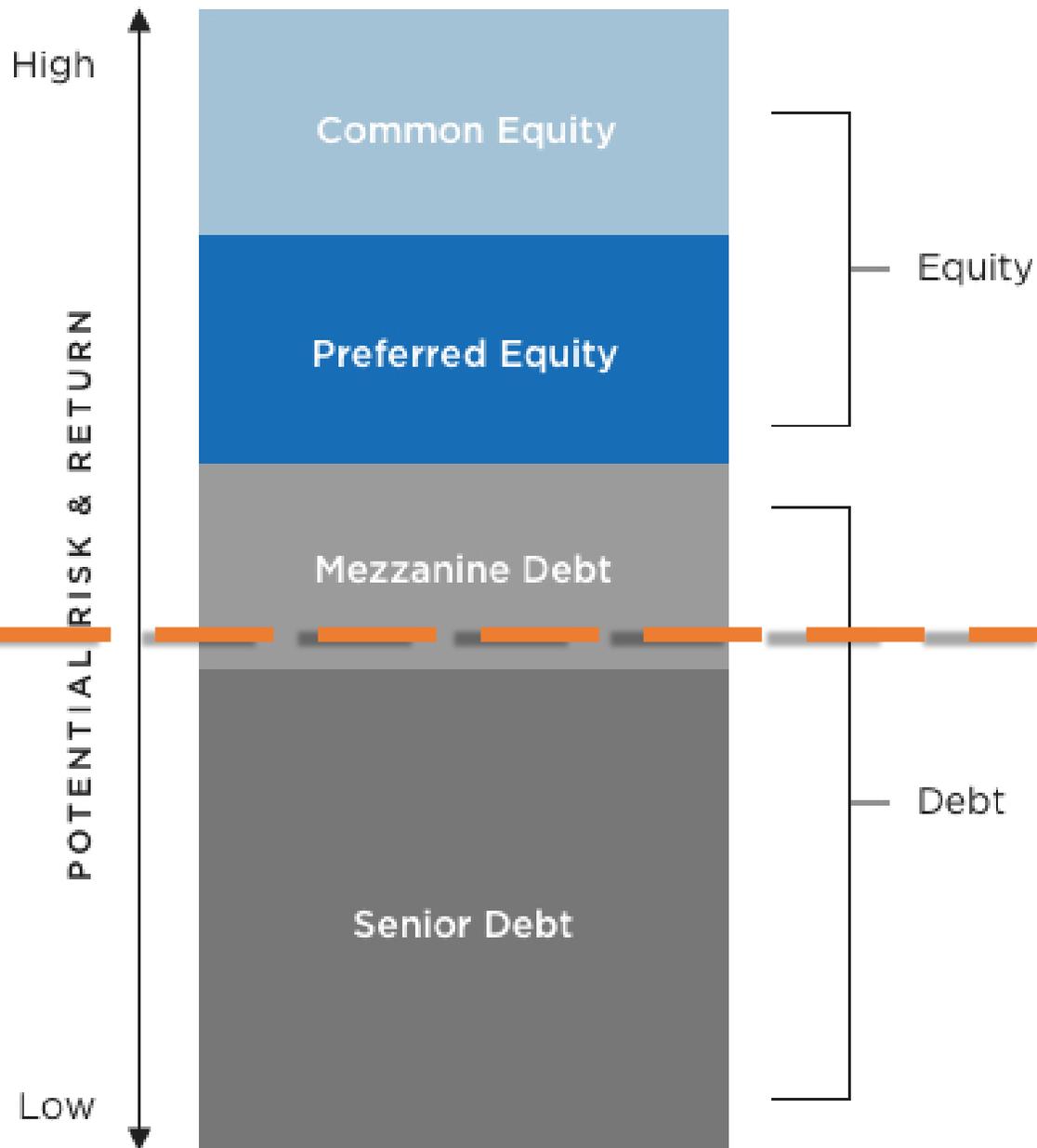
Case study – Funding the development of two luxury townhouses



- Located at Sydney's lower north shore
- Two luxury townhouses with water views
- Feasibility
 - **GRV \$10M**
 - **TDC \$8.5M**
 - Profit \$1.5M (18% RoC)
- Development loan
 - \$7M
 - **70% LVR**

For privacy reasons, the above figures are fictitious.

The Capital Stack



Repayment priority	LVR	Return expectation
Last	N/A	20% + p.a.
3 rd	N/A	15% + p.a. (e.g. coupon plus profit share)
2 nd	65-75% LVR	10% - 15% p.a.
1 st	50-65% LVR	5% - 9% p.a.

1. Sponsor/ developer

- ✓ Character
- ✓ Skills & experience
- **Business plan**
- ✓ Net assets
- **Cashflow**

2. Asset/ Property

- ✓ Location
- ✓ Planning, Physical, environmental etc.
- ✓ Value



Source: <https://www.propertybuyersteam.com.au/property-development/5-actionable-tips-to-become-a-top-rated-property-developer-in-sydney-in-2021/>

3. Project

- ✓ Feasibility (GRV, TDC, profit etc.)
- ✓ Project status (build cost locked in reviewed by QS, shovel ready)
- Presales

4. Builder

- ✓ Skills & experience
- ✓ Business plan
- ✓ Financial (liquidity, cashflow etc.)
- ✓ Resources (staff, labor, supply chain)
- ✓ Relationship



Source: <https://www.tradebusters.com.au/builders-melbourne/>

5. Exit/ repayment strategy

- ✓ Sell two townhouses;
- ✓ Sell one townhouse and refinance the other; and/or
- ✓ Sponsors' other assets



Source: <https://economictimes.indiatimes.com/wealth/borrow/7-home-loan-repayment-options-to-choose-from/articleshow/64031286.cms>

Contact

Kai Yu

Relationship Manager - Lambert Capital

Level 39, 55 Collins Street Melbourne VIC 3000

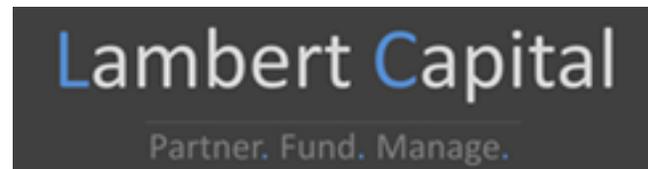
Office: 03 9639 1535

Mobile: 0450 170 720

WeChat: kfish20

Email: kai@lambertcapital.com.au

Web: www.lambertcapital.com.au



- ✓ Direct Private Lending for Property Development
- ✓ Loan Management
- ✓ Development Project Management
- ✓ Property Advisory
- ✓ Debt & Equity Funding
- ✓ Syndicates and Joint Ventures



于 Kai 





Q&A | Discussion

Appreciations

Australasia Property Advisory Association

Focal Group Feedback

Your survey feedback will help us improve future focal groups (link in chat room).

If you are interested in joining APAA Community, please email us to receive a Community Guide.

Supporting Sponsors

xCreative™

RJ+
Taxation | Consulting | Wealth | Audit

FE
FUMENS
— Lawyers —

*We are discussing with a few funding partners. Please contact us if it is of interest.

Contact Us

Australasia Property Advisory Association



Email

Info@apaassociation.com.au

Website

<http://www.apaassociation.com.au/>

Social Media

<https://www.linkedin.com/company/australasia-property-advisory-association/>