

CASE STUDIES

LARGE SCALE MIXED USE DEVELOPMENT PROJECTS

Mandala has a wide range of experience in a number of major residential and mixed use property developments. Mandala, working with internationally renowned architects, focus on **town planning, design, concept development, marketing** and extracting the **maximum economic value** from such large scale developments.

This document contains case studies of three major developments managed by Mandala's team.

GLENMORE PARK, SYDNEY, AUSTRALIA

Glenmore Park is a large suburb of Sydney developed from previously agricultural land. At the time the project commenced, it was the largest structured urban development project in Australia. For further background and location see the local government website <http://www.penrithcity.nsw.gov.au/index.asp?id=449>.

Glenmore Park was initially positioned as a 3,000 lot premium estate. Estimated "profit" for the project was around \$200 million. A joint venture between Landcom (government) and Elders Finance Group (private sector), it was a substantial and unique project in several ways:

1. It introduced the public and private partnership concept for land development in Australia.
2. It was the first planned "township" development in Australia on such a scale.
3. It was a premium priced product located in the midst of low price demographic areas.
4. It was conceived and implemented in the middle of a major property crash.



The town planning was conducted in the late 1980's and infrastructure commenced in the early 1990's. By 1994, two out of twelve phases had been completed or commenced. During this time, it was discovered that the senior management of the project were obtaining kickbacks from builders to the project. Price Waterhouse were appointed to investigate and John Zeckendorf was placed in charge of the engagement and took the lead role in the project.

Over a two year period, John led a team of approximately 40 staff including legal advisers, accountants, development team and in-house and external property specialists. For six months, John acted as interim CEO of the project and thereafter continued to act as an adviser to the project and to lead a team providing property advice, litigation support and investigative services to the joint venture.

In terms of the property development side of the project, it was observed that the project was not functioning optimally due to some incorrect pre-conceived ideas about the market. John's team was able to improve the bottom line of the project through the following measures:

1. Repositioned the project with a lifestyle and "success" focus to appeal to a wider market
2. Redesigned the marketing and promotion of the project product
3. Redesigned the product to make an entirely new offering to the Sydney market
4. To fit this new market, we increased the plot yield to nearly double (larger houses on smaller lots with narrower roads) with little price impact. Successfully promoted this as a feature of the site.
5. Pioneered the use of new business models (joint development with builders, seeded development models, contracted construction, captive services etc) to allow the joint venture to capture more of the value addition from the site.
6. Provided value added services (asset management, captive finance) to enhance market appeal, buyer's perceptions and lifestyle. This created new revenue streams for the joint venture also.

The above program allowed, over a two year period, the profit from the project to more than double and the rate of sales to increase by nearly 50%. In addition, "leakage" from the project was eliminated and the relationship between Elders and the Government was maintained to be used on other projects also.

Today, Glenmore Park still enjoys a substantial price premium (some 30-50%) and has a lower churn rate than its surrounding suburbs. Stage 11 and 12 have been deferred as a future land bank. A number of similar projects have been undertaken in other parts of Sydney and around Australia based on the Glenmore Park model.

EXECUTIVE / STAFF HOUSING COMPLEXES, BRUNEI

Two of Mandala's Principals, Ryan Shaw and John Zeckendorf, were involved in the management of two major residential complexes in Brunei.

Designed as two suburbs to accommodate the increasing staffing needs supporting Brunei's infrastructure development, these two projects were designed by the same architects as Mandala is using on similar major projects in India.

Executive housing consisted of a mix of freestanding high end housing together with mini blocks consisting of 3 bedroom penthouse suites, standard 3 bedroom apartments as well as two and one bedroom properties. The development was low rise and finished to very high levels of internal and external fitout. There were a total of over 250 units in Phase 1, with a further phases planned but not constructed.

Staff housing was comprised of mid range three, two and one bedroom apartments. Despite the slightly higher density, this complex was still considered one of the most sought after in Brunei due to the unusually good town planning concepts which created a sense of community and exclusivity. The development consisted of 300 units.

Mandala's team were also responsible for the development and ongoing operations of both complexes. The general recession in Brunei in 2000-2002 caused the departure of many of the intended visiting staff and lead to a temporary high vacancy rate. Local regulations limited the operation of these developments to leasing, despite the potentially high demand if the units had been available for sale.



Executive Housing and (at far top) Staff Housing, Brunei

However, by re-focussing the targeting of these developments to locals who wanted a change to the rather poor quality of many other housing options, the Staff housing complex was again filled almost at capacity within six months. Mandala increased the maintenance budget and took responsibility for addressing the ongoing asset and quality management in the Executive Housing complex. From being virtually empty, Mandala's team successfully let many units to international staff who were previously unaware of the development and also were successful in attracting locals into the development for the first time.

By repositioning the product offering, some creative marketing and providing value added services, Mandala was able to turn a previous liability generating project into a cash producing asset within nine months.

CAMBEWARRA, NEW SOUTH WALES, AUSTRALIA

Mandala's team have been responsible for the ongoing development of a 240 acre site in Cambewarra. The site is currently agricultural, but is being redeveloped as a township for senior citizens.



Golf course concept, Cambewarra, New South Wales

The project involves the development for some 600-800 retirement villas set around a new high quality golf course to be developed on the site together with a town centre. The units are high quality in design and finish, with an average internal size of 150 sqm. Included in this project are around 200 serviced apartments and a 200 bed nursing home.

The development is lifestyle focussed, with an 18 hole golf course, nature walking paths and dams stocked with fish for leisure fishing for residents. The development will include a Club House with dining and business facilities together with a health club, day spa, sauna and massage facilities. There will also be commercial/retail outlets on street frontage along main road adjoining the township.

Rather than just building another valley development with a golf course, Mandala focussed on the demographics which indicated that there was a strong market demand for quality retirement living with downstream services. The pricing has been carefully considered to provide lifestyle amenities at entry prices that allow Sydneysiders to cash-out, move and retain enough extra cash to enjoy their retirement while still living close to their families.

Mandala have been responsible for refining and developing the concept, financial modelling, design enhancement and the integration of the residential component with the golf course. Mandala also successfully raised funds for the early stages of the project and have taken an equity stake in the project.