

Attachment 1 – Net Present Value for Options

North Fitzroy Library site evaluation				
Model Summary				
Investment Options:	Base Line	Lease	Purchase	Greenfield
Capital Investment:	\$0	\$2,643,000	\$4,643,000	\$3,811,000
Estimated Cashflow:	-\$10,065	-\$2,660,731	-\$4,659,892	-\$3,827,283
Net Present Value(NPV)*	-\$5,113	-\$2,652,438	-\$4,652,113	-\$3,819,733
Discount factor:	6.5%			
Investment Horizon:	20 Years			
Loan Funding:	Dependant on option			
Loan Term:	20 Years			
<p>* NPV computes the present value for a project by discounting estimated future incremental cash inflows and outflows using a discount rate chosen to represent a required rate of return or target yield for the capital invested. To accurately calculate a project's NPV, it is necessary to estimate the life-cycle cash flows that would result from doing the project. All of the costs associated with a project, including those associated with deploying and managing the operation.</p>				