

Allam Group Profile - General

Introduction

The Allam Group was formed in 1991, when Barney Allam sold his Real Estate Agency franchises and commenced a Project Home Building Entity.

A Change in Direction

At the height of the boom market, (2001), and notwithstanding the high volumes of project homes being sold/produced by the Group, it became obvious that the way ahead for the Allam Group was through land control and pre-planned residential developments.

In early 2003, it was decided to wind down the Group's Project Home Building activities, with the order books closing on July 1 2003. Given the jobs on hand and large pipeline, it would take over 2 years to completely withdraw from project home building.

The reasoning behind this decision was as follows:

- **Even in a strong market, Gross Margins were tight due to highly competitive pricing, particularly by medium to small builders.**
- **The cost of delivery was excessive, with high overhead levels making net margins extremely skinny.**
- **The Groups profitability, when analyzed, was dominated by land margins from packaging, as opposed to housing margin from project home building activities, notwithstanding the high volumes.**

- **State and local government master planning regimes and regulations was making it extremely difficult to plan land development, without the simultaneous planning of housing form.**
- **Lot sizes were being driven down through the planning process and government's desire to service all market segments, therefore making it very difficult for a typical "project home" to comply.**
- **Buyers were becoming more conditioned to a "total" solution, as opposed to a two pronged process.**

Resources

The internal resources of the business have been completely overhauled over the past few years to best service its new direction.

Firstly, a major rationalization of staff levels, due to the withdrawal from project home building activities, has taken place.

Secondly, new skills, more conducive to project development activities, have been brought into the business.

The key players are:

See attached personal profiles.

Ownership and Entities

In January 2008, Barney Allam, once again, took 100% control of the Allam Group, when he acquired Dr. Dan's 50% share.

Business Activities

Core Business Activities include:

- **Acquisition, Planning and Development of small, medium and large scale residential community developments.**
- **Pre-planned detached housing.**
- **Residential Land Sales.**
- **Medium Density Development – Town House/Villas**
- **Community Facilities (Amenity within community developments)**

Allam will undertake medium density activity within its own projects, to provide a wider choice of market

segmented product, as well as stand alone town/house villa projects of various scales.

Whilst Allam has undertaken unit development in the past, it considers this market too competitive and highly regulated, and has no current desire to pursue opportunities in this area.

Whilst Allam has some skills and interest in commercial activity, it is not considered core business.

Future Direction

Allam will continue to focus on its current core business activities as its primary function.

Allam will pursue new opportunities outside its current geographical spread. In addition to other regional areas of NSW, Allam will assess the viability of entering new state markets, in particular, Victoria.

Notwithstanding the current planning initiatives by NSW Government, land supply/lot production will still be inadequate over the next few years, making broad acre parcels, particularly in the Sydney region, scarce and in high demand. The ability to maximise yield and create a higher level of amenity through the built form, hence value, will play a major role in getting potential project feasibilities across the line. This is an advantage Allam can offer.

Allam will also pursue, inner ring medium density opportunities, to stimulate medium term productivity.

Group Structure

Joint Ventures

Allam has a desire to grow the business substantially over the next five years.

Having developed the business model and the skills base to deliver way beyond current activity levels, Allam lacks the available capital to supplement its growth expectations.

Hence, it sees the only way to grow the business quickly, and recover lost ground from low activity over the past four years, is to find a joint venture partner with, firstly, **a desire to invest in residential developments, and secondly, the financial capacity to fund them.**

Conclusion

Further details on the Allam Group can be viewed on the Allam Group web site www.allam.com.au