

DEVELOPER/BUILDER RELATIONSHIP PROFILES



Developer

PROFILE 1



**LONG STANDING
RELATIONSHIP WITH
TRUSTED BUILDER**

**MULTIPLE PROJECTS
SUCCESSFULLY COMPLETED**

**GENERAL CONCERNS OVER
INSOLVENCY RISK &
POTENTIAL IMPACT**

Developer Feedback

- » No specific concerns over Builder management of funds but aware that no-one is immune given current market conditions.
- » Builder is working under multiple fixed price contracts for other Developers; wants to avoid any cost escalations/cash shortfall on these projects impacting their project.
- » The relationship is already operating under 'accepted' risk mitigation processes (due diligence checks, 'stat dec' with each progress claim).

Primary Developer Objective

1. Protection against any potential Builder cash flow issues without onerous visibility or control checks: 'Builder-friendly' end of transparency scale
2. Help offset Builders restricted funds access via initial advance payment
3. Protect project profitability in the event of Builder insolvency

IPEX AGREED IMPLEMENTATION	FUNDS SECURITY WITH 'BUILDER-FRIENDLY' LEVELS OF TRANSPARENCY
Contract Type	Fixed Price
Developer IPEX Portal View: Transparency over Sub-Contractor/Supplier Payments	Standard Portal View Developer can check against 'stat dec', verifying who has been paid & when. No payment or contract values, only % of contract paid
Enforcement of Sub-Contractor/Supplier Payment through IPEX	Only high value contracts paid through IPEX Developer only asking for top 15 contracts by value to be paid through IPEX
Declaration of Trust/Account Transfer Deed Enforced	Yes Declaration of Trust & Account Transfer Deed enforced; clear step-in rights enabled should Builder become insolvent or otherwise fail to fulfil obligations as trustee of project funds
Head Contractor Payments	Initial Head Contract payment of 5% made in advance Builder to draw down on for site establishment/long lead time material costs
Builder Payments: Transparency on Margin	Automated Margin Payment: Set to 0% Developer allowing Builder to 'hide' exact margin by releasing all residual funds after all major Sub-Contractor/Supplier invoices have been verified as paid
Builder Payments: Transparency on Prelims & Additional Trade Letting Wins	Low/Moderate Line-item cost breakdown not required as standard practice; agreed to approve provided overall figure is in line with expectations. Ability to escalate scrutiny should there be any indications of over-claiming or unpaid invoices



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Developer

PROFILE 2



YET TO BE DIRECTLY IMPACTED BY INSOLVENCY

LIKELY TO ENGAGE A BUILDER THEY'VE NOT WORKED WITH PREVIOUSLY

DUE DILIGENCE SUGGESTS BUILDER IS FINANCIALLY STABLE

Developer Feedback

- » Developer has always undertaken extensive Builder financial checks but is aware of the limitations of such assessments (point in time, Builder supplied info etc).
- » In addition, wants protection against continued risks during their build that are outside of their control (cost escalations on existing contracts, Builder taking on additional risk via new contracts signed) & lacks trust in 'stat dec' process as a mechanism for verifying payment.

Primary Developer Objective

1. Avoid awarding contract to a Builder who is already in financial trouble
2. Allow Builder to retain commercially sensitive contract values but wants visibility over all payments & a process that encourages rapid Sub-Contractor/Supplier payment
3. Mechanism to pick up payment irregularities early allowing action to protect project profitability

IPEX AGREED IMPLEMENTATION	HIGH LEVEL PAYMENT SECURITY & OVERSIGHT / BUILDER COMMERCIALS NOT REQUIRED
Contract Type	Fixed Price
Developer IPEX Portal View: Transparency over Sub-Contractor/Supplier Payments	Standard Portal View Developer can check against 'stat dec', verifying who has been paid & when. No payment or contract values, only % of contract paid
Enforcement of Sub-Contractor/Supplier Payment through IPEX	All Sub-Contractors & Suppliers excluding typical 'prelim trades' registered & paid through IPEX
Declaration of Trust/Account Transfer Deed Enforced	Yes Declaration of Trust & Account Transfer Deed enforced; clear step-in rights enabled should Builder become insolvent or otherwise fail to fulfil obligations as trustee of project funds
Head Contractor Payments	Payment in arrears as per standard via QS approval process
Builder Payments: Transparency on Margin	Automated Margin Payment: Set to 15% Generous 'prelim & margin' percentage to be paid proportionately as the Builder distributes funds, encouraging Builder to distribute funds quickly
Builder Payments: Transparency on Prelims & Additional Trade Letting Wins	Medium/High Developer very keen to ensure funds are reaching intended recipients so forcing majority of payments through IPEX. 'Withdraw' requests only valid for specific deposits/costs incurred directly by Builder



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Developer

PROFILE 3



DEVELOPER HAS PREVIOUSLY SUFFERED SIGNIFICANT LOSS AS A RESULT OF BUILDER INSOLVENCY

TRUST IS LOW: BOTH DEVELOPER & LENDER WANT PROTECTION BEYOND 'STANDARD' CHECKS

Developer Feedback

- » Developer has previously incurred substantial financial loss due to Builder insolvency despite comprehensive due diligence checks & impeccable Builder track record.
- » Trust is low given that 'stat decs' were fraudulently submitted & multiple progress payments valued in the millions misappropriated.
- » Project delayed significantly with multiple Sub-Contractors/Suppliers having to be paid 'again'.

Primary Developer Objective

1. Maximum protection of funds & approval/oversight over all Sub-Contractors/Suppliers being nominated for payment
2. Visibility over all transaction values & percentage paid against contract value
3. Clear step-in rights to enable early action at first sign of Builder payment irregularity

IPEX AGREED IMPLEMENTATION	MAXIMUM FUNDS SECURITY & PAYMENT OVERSIGHT
Contract Type	Fixed Price
Developer IPEX Portal View: Transparency over Sub-Contractor/Supplier Payments	Open Book Portal View Developer can see exact values paid to each Sub-Contractor/Supplier against contract value. Can also view account balances & transaction history.
Enforcement of Sub-Contractor/Supplier Payment through IPEX	All Sub-Contractors & Suppliers excluding typical 'prelim trades' registered & paid through IPEX
Declaration of Trust/Account Transfer Deed Enforced	Yes Declaration of Trust & Account Transfer Deed enforced; clear step-in rights enabled should Builder become insolvent or otherwise fail to fulfil obligations as trustee of project funds
Head Contractor Payments	Payment in arrears as per standard via QS approval process
Builder Payments: Transparency on Margin	Automated Prelim/Margin Payment: Set to 5% (Margin Only) Builder to be paid agreed margin only for all Sub-Contractor/Supplier payments. All Preliminary costs to be claimed/approved via 'Withdraw' process
Builder Payments: Transparency on Prelims & Additional Trade Letting Wins	High Developer requires line-item breakdown to ensure all claimed costs are legitimate & within reasonable expectations



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PROFILE 4



**UNABLE TO SECURE
'FIRST CHOICE' BUILDER IN
COMPETITIVE MARKET**

**OPEN TO AWARDING TO
NEXT TIER DOWN BUT
CONCERNS OVER FINANCIAL
POSITION & TRACK RECORD
AT THIS LEVEL OF PROJECT**

Developer Feedback

- » Builders with strong track records/balance sheets are inundated with offers; difficult to secure these without paying a premium.
- » Next tier Builders are capable but can't offer the same level of financial comfort; likely to need cash flow assistance from the Developer during the initial phases of the project.
- » Developer is open to assisting Builder cash flow but cannot justify making funds available to the Builder in advance without significant protection & control over how these can be spent.

Primary Developer Objective

1. Impose IPEX conditions onto Builders as an extension of due diligence checks. Gauge willingness to accept IPEX conditions to identify those in adequate financial position
2. Assist Builder to establish site & place orders for long lead time materials on time without being placed under financial stress

IPEX AGREED IMPLEMENTATION	MAXIMUM FUNDS SECURITY & PAYMENT OVERSIGHT
Contract Type	Fixed Price
Developer IPEX Portal View: Transparency over Sub-Contractor/Supplier Payments	Open Book Portal View Developer can see exact values paid to each Sub-Contractor/Supplier against contract value. Can also view account balances & transaction history.
Enforcement of Sub-Contractor/Supplier Payment through IPEX	All Sub-Contractors & Suppliers excluding typical 'prelim trades' registered & paid through IPEX
Declaration of Trust/Account Transfer Deed Enforced	Yes Declaration of Trust & Account Transfer Deed enforced; clear step-in rights enabled should Builder become insolvent or otherwise fail to fulfil obligations as trustee of project funds
Head Contractor Payments	Initial Head Contract payment of 5% made in advance Builder to draw down on for site establishment/long lead time material costs
Builder Payments: Transparency on Margin	Automated Margin Payment: Set to 15% Generous 'prelim & margin' percentage to be paid proportionately as the Builder distributes funds, encouraging Builder to distribute funds quickly
Builder Payments: Transparency on Prelims & Additional Trade Letting Wins	Medium/High Developer very keen to ensure funds are reaching intended recipients so forcing majority of payments through IPEX. 'Withdraw' requests only valid for specific deposits/costs incurred directly by Builder



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PROFILE 5



COMPETITIVE MARKET: BUILDERS UNWILLING TO ACCEPT CONTRACTS UNDER FIXED PRICE TERMS

COST PLUS AN OPTION BUT CONCERN OVER VALIDATION OF CLAIMED VS ACTUAL PAYMENT & ADMIN-HEAVY PROCESS

Developer Feedback

- » Strong Builder market & many are unwilling to accept the risks associated with fixed price contracts – only willing to consider under cost plus structure. Cost plus agreement not preferred but as project is self-funded, is a valid option.
- » Developer primary concern over validating claimed vs actual costs & keen to avoid admin-heavy process for verification. Wants to ensure all payments have been made before Builder collects margin.

Primary Developer Objective

1. Avoid awarding contract to a Builder who is already in financial trouble
2. Validation of claimed vs actual costs via transparency over all Sub-Contractor/Supplier payments
3. Efficient, transparent mechanism for confirming actual cost of each Sub-Contractor/Supplier payment without having to request invoices/transaction records from Builder

IPEX AGREED IMPLEMENTATION	MAXIMUM FUNDS SECURITY & PAYMENT OVERSIGHT
Contract Type	Cost Plus
Developer IPEX Portal View: Transparency over Sub-Contractor/Supplier Payments	Open Book Portal View Developer can see exact values paid to each Sub-Contractor/Supplier against contract value. Can also view account balances & transaction history.
Enforcement of Sub-Contractor/Supplier Payment through IPEX	All Sub-Contractors & Suppliers excluding typical 'prelim trades' registered & paid through IPEX
Declaration of Trust/Account Transfer Deed Enforced	Yes Declaration of Trust & Account Transfer Deed enforced; clear step-in rights enabled should Builder become insolvent or otherwise fail to fulfil obligations as trustee of project funds
Head Contractor Payments	Payment in arrears as per standard via QS approval process
Builder Payments: Transparency on Margin	Automated Prelim/Margin Payment: Set to 10% (Margin Only) Builder to be paid agreed margin only for all Sub-Contractor/Supplier payments. All Preliminary costs to be claimed/approved via 'Withdraw' process
Builder Payments: Transparency on Prelims & Additional Trade Letting Wins	Medium/High Given cost plus structure, majority of payments being made directly through IPEX for cost verification. 'Withdraw' requests only valid for prelims/trade works undertaken directly by Builder



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Developer

PROFILE 6



LOOKING TO SECURE A JV PARTNER ON UPCOMING PROJECT

JV PARTNER HAS NO RELATIONSHIP WITH PREFERRED BUILDER & IS EXTREMELY RISK AVERSE

Developer Feedback

- » Developer has development approved & is now in the process of sourcing funding.
- » Preference to go via JV partner route as is not set up to manage sales effort; looking for a Development partner willing to take on ownership of the asset upon completion.
- » Potential JV partner not willing to acknowledge existing Developer/Builder relationship; will only fund project if strong risk mitigation processes in place.

Primary Developer Objective

1. Satisfy JV partner that all available risk mitigation processes are in place & their investment is protected to secure agreement
2. Provide JV partner with transparency over how funds are managed & confirmation that payments have been correctly distributed to Sub-Contractors & Suppliers
3. Mechanism to pick up payment irregularities early allowing action to protect project profitability

IPEX AGREED IMPLEMENTATION	MAXIMUM FUNDS SECURITY & PAYMENT OVERSIGHT
Contract Type	Fixed Price
Developer IPEX Portal View: Transparency over Sub-Contractor/Supplier Payments	Open Book Portal View Developer can see exact values paid to each Sub-Contractor/Supplier against contract value. Can also view account balances & transaction history.
Enforcement of Sub-Contractor/Supplier Payment through IPEX	All Sub-Contractors & Suppliers excluding typical 'prelim trades' registered & paid through IPEX
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