

6 April 2016

Dear Stephanie

**Subject: St Leonards South Precinct S94 Parkland / Open Space Acquisition Rate Advice**

In response to your request to identify a suitable land acquisition rate for parkland and open space for inclusion in the S94 Contributions Plan, we have undertaken analysis of recent site sales in the St Leonards South Precinct and conducted our development feasibility modelling as a second approach to support our findings.

**Location**

It is our understanding that you seek an indicative site acquisition rate (\$/m<sup>2</sup>) for inclusion in the S94 Contributions Plan to fund your future acquisition of dwellings to be amalgamated into parkland and / or open space situated in the higher density sector of the Precinct to the east of Berry Road depicted in the map (right).



**Market Value Basis**

We have assessed an indicative site acquisition rate for this higher density precinct based on recent site sales of multiple dwelling lots.

These indicative sales have not settled and remain reflections of developers' early perceptions of development potential revealed in the Master Plan. The sales rates show a narrow range (expressed as \$ /m<sup>2</sup> of site area) that is supported by our development feasibility modelling explained below.

## Background

The recent sale price trend for detached dwellings in the St Leonards South precinct based on the densities in the Lane Cove LEP 2009 has shown a core range of \$2.5 to \$3.0million over the past 24 months with fewer sales above \$3.0million.

For a typical lot size of 650m<sup>2</sup> this shows an indicative rate of \$4,615/m<sup>2</sup> (based on \$3.0m).

Pricing perceptions have increased sharply since the adoption by Council in mid 2015 of the Precinct Master Plan for dwellings east of Berry Road, particularly after the results became known for the amalgamated lot sales summarised in tables below that show a substantially higher rate per dwelling around \$6.0million and up to \$11,500/m<sup>2</sup> of land area.

As expected a degree of speculation from developers has emerged as the planning process progresses toward a gazetted LEP for the re-zoned land. Selling agents marketing information reveals the vendors have been advised of a maximised FSR of 3.5:1 with the qualification "STCA" which has been reflected in the early purchase prices paid for key amalgamated sites in the higher density precinct east of Berry Road.

The sales summarised have not settled and are likely to contain varying contract conditions that could allow some purchasers to vary the price or even rescind the contracts as further planning information is obtained in their due diligence and affects their estimated costs of achieving their target density that may not reach 3.5:1.0 in their revised estimates.

Another typical trend to emerge in these circumstances of re-zoning land (with up-lifted density) is the conditioning of vendor's pricing perceptions. Further commentary is provided below for the effect of initial sales for the most appealing sites setting an upper benchmark of achievable prices (\$ /dwelling) for home owners.

## Outcome

Our sales research and feasibility modelling have revealed an indicative site rate of **\$11,000 /m<sup>2</sup> of site area** that is recommended for adoption in Council's S94 Contributions Plan for parkland and open space acquisition.

This site acquisition rate is reflected in the latest site amalgamation sales that have occurred since Council's adoption of the Master Plan but reflects the degree of speculation in the market presently fuelled by overseas developers acquiring the best sites with substantial scale (site area). This observed site rate may reduce for subsequent development site sales of less appeal in the Precinct

**Site sales Research**

Our research and enquiry into recent relevant site sales within the Precinct have revealed the following transaction details that have been confirmed with the selling agents.

The analysis of each sale (3) follows the map (right).



Sale 1	Date	Sale Price	Site Area	\$/m <sup>2</sup>
23-31 Holdsworth Ave & 24-32 Berry Rd, St Leonards	Jan. 2016	\$61,500,000	5,574m <sup>2</sup>	\$11,033
<p>After a high profile marketing campaign this site comprising ten detached dwellings is located 500 metres from St Leonards Railway Station and the Pacific Highway sold to overseas interests (reportedly a Chinese developer).</p> <p>The site has a rectangular shape with a dual street frontage of 76 metres will provide district views to the south over the Harbour and Sydney CBD from the upper levels.</p> <p>Close proximity to extensive infrastructure has appeal to overseas (unit) buyers.</p> <p>Marketed with the selling agent's expressed estimates of 246 apartments and a potential gross floor area (GFA) of 19,927m<sup>2</sup> ("STCA"). This equates to an estimated FSR of 3.57:1.0 given an average unit area of 81m<sup>2</sup> and shows a derived purchaser's site rate of \$250,000 /unit.</p>				
Sale 2	Sept. 2015	\$66,000,000	5,700m <sup>2</sup>	\$11,579
31-41 Canberra & 28-32 Holdsworth Ave.s, St Leonards	<p>A key site comprising eight (8) dwellings situated close to Newlands Park and around 500 metres from the St Leonards Railway Station.</p> <p>This location allows a (walking) proximity to the planned railway station upgrade (public) works. The tower will provide district views to the south over the Harbour and CBD from the upper levels. This site has a broad street frontage relative to the site area.</p> <p>Marketed with an agent's expressed estimate of 257 apartments in a scheme provided by JBA Urban. Based on an average unit area of 80m<sup>2</sup> this equates to a potential GFA of 20,560m<sup>2</sup> and an FSR of 3.6:1.0. This shows a derived purchaser's site rate of \$257,000 /unit.</p>			
Sale 3	Sept. 2015	\$30,000,000	2,626m <sup>2</sup>	\$11,424
12 Marshall & 1-3 Holdsworth Ave.s, St Leonards	<p>This site comprises four (4) dwellings also in a key position of the Master Plan Precinct with similar features to that described above. This site lies opposite the first major sale in the Precinct being 1-13 Marshall Avenue.</p> <p>It lies in a lower price range to the transactions above (ie. greater demand) but is located in the same key sector of this Precinct.</p> <p>It was marketed with an agent's expressed estimates of a potential GFA of 9,200m<sup>2</sup> and an FSR of 3.5:1.0. Given an average area of 80m<sup>2</sup> per unit this equates to 115 units and a derived (purchaser's) site rate of \$261,000 /unit.</p>			

Further sales of amalgamated sites in the same precinct may not achieve the same scale (ie. site area) and consequently may be inferior without as many upper level (penthouse) units where the highest unit sales prices (returns) are achieved. Smaller sites are therefore expected to show lower acquisition rates despite resistance from vendors who will be "conditioned" to expect \$5.5 to \$6.0 million per dwelling given the sales results (for the tabulated sales) published in the press.

That is, developers will expect to pay prices reflecting lower site rates given less appealing features than the sales above and will encounter resistance from vendors with expectations of achieving at least the same price (\$/dwelling) revealed by the sales above.

This conflict of developers offering lower site rates (prices) against owners' expectations of achieving prices matching recent sites sales rates will slow the rate of development site sales.

Eventually a "middle ground" will be reached between vendors' and developers' pricing with a "stepped" trend line expected to be seen in the future sales results.

### **Development Feasibility Modelling**

In order to independently test the viability of development within the Precinct, we have conducted feasibility models for the density evident in these sales (FSR of 3.5:1) in addition to a base case density of 2.5:1 anticipated in the LEP and an interim case of 2.75:1.

#### **FSR 3.5:1.0**

For the highest density of 3.5:1 our feasibility modelling shows lower project returns than conventionally expected based on a rate of \$11,000/m<sup>2</sup> of site area or \$3,140/m<sup>2</sup> of GFA being an IRR of 16.20% considered to be a marginal return compared to the benchmark rate (IRR of 18.0%).

#### **Range of feasibility returns**

Upon adopting lower densities of 2.5:1 and 2.75:1, the residual land values based on the sales acquisition rate of \$11,000/m<sup>2</sup> for the site area show returns to be non-viable as depicted in the table below.

Density	2.5:1	2.75:1	3.5:1
IRR %	7.2%	10.4%	16.20%
	Non-viable	Non-viable	Marginal

**Base Case - FSR of 2.5:1**

Our base case density modelling for an FSR of 2.5:1 reveals a proportionally lower site acquisition rate to be applicable for a benchmark return level (IRR of 18%).

For a hypothetical site of 2,100m<sup>2</sup> developed with a density of 2.5:1, a yield of 59 units is achieved and the following rate results are shown.

Project Rate of Return	Site Acquisition Rate	GFA (floor area) Rate
18.0% *	\$8,250/m <sup>2</sup>	\$3,300/m <sup>2</sup>

\* ("feasible" project rate of return)

It follows that lower development site rates are expected for site sales in the Precinct that:

- achieve a lesser density than 3.5:1;
- achieve a density of 3.5:1 but at higher project costs than anticipated by purchasers for bonus FSR;
- of lesser scale (less site area) lowering the average sale rate achievable.

A site pricing trend reduction will be met with resistance from vendors due to their conditioned price expectations from nearby sales to date.

We are aware of currently marketed sites of substantial size (10-12 dwellings) where the agents' indicated FSR's remain at around 3.5:1. Future analysis of the eventual sales results will confirm whether the observed price trends are maintained.

**Recommendation**

To facilitate Council's acquisition of parkland and open space in the St Leonards South Precinct, we recommend incorporating a rate of **\$11,000/m<sup>2</sup> of site area** in the S94 Contributions Plan that reflects the current state of the market based on information available as summarised in the sales analysis above.

This rate is based on "early" sales following Council's adoption of the Master Plan and depicts the anticipated top of the range of rates likely to be observed in the Precinct given the speculation currently characterising many Sydney suburban residential property

development markets. It may decline for subsequent acquisitions of smaller sites with lower sales targets and a lower achievable density.

It is recommended that this result is reviewed periodically as the site sales trend rate will vary over time as the Precinct is developed.

Yours faithfully



CHRIS D. SMITH FAPI, MRICS

Associate Director

Registered Valuer (NSW) 018877



APPENDIX A: ESTATE MASTER  
FEASIBILITY MODELLING (FSR 3.5:1.0)



**PRELIMINARY**

Cash Flow Title	FSR 3.5 1		Description of Option/Stage	FSR at 3.5 77 units	
Date of First Period:	Jan-2016				
Cash Flow Rest Period:	Monthly				
Enter Project Size (a)	82.00	Units			
Enter Project Size (b)	7,350.00	GFA			
Enter Site Area	2,100.00	SqM	Floor Space Ratio	3.5:1	Equated Gross Floor Area= 7,350.0 SqM

Input Sheet Last  
Recalled as Option/Stage 2

Type	Residential
Status	Under Review

**GOODS & SERVICES TAX**

(Using General Tax Rule)

Goods and Services Tax Rate	10.00%
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Developer	Credits Reclaimed in the Same Month	Liability Paid in the Same Month	Liability on Sales All Paid by Developer
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All Project Costs	To be entered Exclusive of GST
Rental Income & Leasing Costs	To be entered Exclusive of GST
Sales Revenue	To be entered Inclusive of GST
Other Income	To be entered Exclusive of GST

**1000 LAND PURCHASE & ACQUISITION COSTS**

Costs to be entered Exclusive of GST

Land Purchase Price	23,100,000
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Code	Stage	% of Land Purchase Price		AND/OR Lump Amount
		% paid	Amount	
1002	-	10.00%	2,310,000	-
1003	-	0.00%	-	-
1004	-	0.00%	-	-
1005	-	0.00%	-	-
1006	-	0.00%	-	-
1007	-	90.00%	-	20,790,000
1008	-	NSW	-	1,719,190
	-	0.00%	-	Interest from deposit shared between parties
	-	0.00%	-	Profit Share to Land Owner

Month Start	Month Span	Cash Flow Period	Add GST on Land Price? <input checked="" type="checkbox"/>	Reclaim A1 After Final Land Settlement
1	1	Feb-16 - Feb-16		
0	-	-		
0	-	-		
0	-	-		
0	-	-		
2	1	Mar-16 - Mar-16		
3	1	Apr-16 - Apr-16		

(Stamp Duty calculated on Land Value of 25,410,000 Inc. GST)

Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
2,310,000	2,541,000	2,541,000
-	-	-
-	-	-
-	-	-
-	-	-
20,790,000	22,869,000	22,869,000
1,719,190	1,719,190	1,719,190
<b>TOTAL</b>	<b>24,819,190</b>	<b>27,129,190</b>

Code	Stage	% of Land Price exc Tax		AND/OR Lump Amount
		% paid	Amount	
1011	-	0.10%	23,100	-
1012	-	0.00%	-	-
1013	-	0.00%	-	-
1014	-	0.00%	-	-
1015	-	0.00%	-	-

Month Start	Month Span	Cash Flow Period
1	-	Feb-16 - Mar-16
0	-	-
0	-	-
0	-	-
0	-	-

Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
Y		23,100	25,410	25,410
Y		-	-	-
Y		-	-	-
Y		-	-	-
Y		-	-	-
Y		-	-	-
	Manual Input (refer to Cash Flow)	-	-	-
	<b>TOTAL</b>	<b>23,100</b>	<b>25,410</b>	<b>25,410</b>

\* (No GST credit available for Stamp Duty)

\* Pro-rata with Land Payments (L)

**COST ESCALATION**

Escalation Rates (Monthly Compounded Escalation) based on Cashflow Period Years commencing

Code	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
Professional Fees	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Construction Costs (Uncategorised)	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
SUB Subdivision Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
STG Stage Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
BUI Built Form	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OT1 Other	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OT2 Other	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory Fees	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 1	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 2	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 3	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Land Holding Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Selling and Leasing Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Finance Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Main Inputs for St Leonards South S96a Plan

2000	<b>PROJECT CONTINGENCY</b>	-	And / Or	0.00%	of Construction, Professional (exc Development Management), Statutory Fees, Miscellaneous Costs 1, Miscellaneous Costs 2, Miscellaneous Costs 3	<b>TOTAL</b>	-
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**3000 PROFESSIONAL FEES**

Costs to be entered Exclusive of GST

Code	Stage	Description	% of Construct.	AND / OR No. Units	Base Rate / Unit	Escalate (E,R,N)	S-Curve	Month Start*	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost	
3001	-	Design	4.00%	-	-	n	-	1	6	Feb-16 - Jul-16	Y		1,321,623	1,453,786	1,453,786	
3002	-	Consultants	4.00%	-	-	n	-	c	12	Jul-16 - Jun-18	Y		1,321,623	1,453,786	1,453,786	
3003	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3004	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3005	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3006	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3007	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3008	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3009	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3010	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3011	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3012	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3013	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3014	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3015	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
* % Based on Net Costs								* Pro-rata w th Construction (C)								
3099	-	Development Management	2.00%	% of Project Costs (inc Land but exc Finance & Tax)				0	-	-	Y		-	-	-	
* Dev Mgmt Fee Pro-rata w th Construction (C), Settlements (S), Project Costs inc Land (P1) or exc Land (P2)								Manual Input (refer to Cash Flow)								
													<b>TOTAL</b>	2,643,247	2,907,572	2,907,572

**4000 CONSTRUCTION COSTS**

Costs to be entered Exclusive of GST

Code	Stage	Description	Cost Type	Units	Base Rate / Units	Escalate (E,R,N)1	S-Curve	Month Start*	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost	
4001	-	Construction Costs Res		8,085	3,100	E	S	12	18	Jan-17 - Jun-18	Y		25,083,500	27,569,850	28,672,644	
4002	-	Balconies	-	820	750	E	S	12	18	Jan-17 - Jun-18	Y		615,000	676,500	703,560	
4003	-	Demolition	-	800	100	E	S	6	2	Jul-16 - Aug-16	Y		80,000	88,000	89,743	
4004	-					E	S				Y		-	-	-	
4005	-	Basement Parking	-	90	50,000	E	S	12	18	Jan-17 - Jun-18	Y		4,500,000	4,950,000	5,148,000	
4006	-					-	-	0	-	-	Y		-	-	-	
4007	-					E	S				Y		-	-	-	
4008	-					-	-				Y		-	-	-	
4009	-					-	-	0	-	-	Y		-	-	-	
4010	-					-	-	0	-	-	Y		-	-	-	
4011	-					-	-	0	-	-	Y		-	-	-	
4012	-					-	-	0	-	-	Y		-	-	-	
4013	-					-	-	0	-	-	Y		-	-	-	
4014	-					-	-	0	-	-	Y		-	-	-	
4015	-					-	-	0	-	-	Y		-	-	-	
4016	-					-	-	0	-	-	Y		-	-	-	
4017	-					-	-	0	-	-	Y		-	-	-	
4018	-					-	-	0	-	-	Y		-	-	-	
4019	-					-	-	0	-	-	Y		-	-	-	
4020	-					-	-	0	-	-	Y		-	-	-	
* Escalation (N' no escalation, 'E' escalation to start period, 'R' escalation to start period and through span)												Manual Input (refer to Cash Flow)				
4099		Construction Contingency										Construction Contingency	1,512,925	1,664,218	1,730,697	
													<b>TOTAL</b>	31,771,425	34,948,568	36,344,644



Main Inputs for St Leonards South S96a Plan

7000 LAND HOLDING COSTS														
Costs to be entered Exclusive of GST														
Code	Stage	Description	No. Units	Base Rate /unit/term	Term	Escalate (E,R,N)	Month Start	Month Span <sup>2</sup>	Cash Flow Period	Add GST	Remarks	Total Annual Costs (exc GST)	Total Annual Costs (inc GST)	Total Escalated Cost
7001	-	Land	1	214,432	Y	R	3	DS	Apr-16 - Aug-18	N	ULV -Based on 50% of Purchase	214,432	214,432	675,117
7002	-	Water	1	26,804	Q	R	3	DS	Apr-16 - Aug-18	N		107,216	107,216	268,013
7003	-	Council	1	26,804	Q	R	3	DS	Apr-16 - Aug-18	N		107,216	107,216	268,013
7004	-	-	-	-	M	-	0	-	-	Y		-	-	-
7005	-	-	-	-	M	-	0	-	-	Y		-	-	-
7006	-	-	-	-	M	-	0	-	-	Y		-	-	-
7007	-	-	-	-	M	-	0	-	-	Y		-	-	-
7008	-	-	-	-	M	-	0	-	-	Y		-	-	-
7009	-	-	-	-	M	-	0	-	-	Y		-	-	-
7010	-	-	-	-	M	-	0	-	-	Y		-	-	-
7011	-	-	-	-	M	-	0	-	-	Y		-	-	-
7012	-	-	-	-	M	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>												428,864	428,864	1,211,143

<sup>1</sup> Y Yearly BA BAnnual Q Quarterly BM BMonthly M Monthly <sup>2</sup> Diminish proportionally with leasing ('DR') or settlements ('DS')

8000 SALES & RENTAL REVENUE ESCALATION

Escalation Rates (Monthly Compounded Escalation) based on Cashflow Period Years commencing											
Code	Category	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
RS1	Residential - 1 Bedroom Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RS2	Residential - 2 Bedroom Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RS3	Residential - 3 Bedroom Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RDD	Detached Dwellings Lots	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RTH	Townhouse Lots	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
COM	Commercial Office	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RET	Retail Shops	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
IND	Industrial Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
STW	Storage & Warehousing	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OTH	Other	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Rental escalation occurs up to lease start date. For rent review escalation during lease period refer to the Tenants sheet.

8000 SELLING & LEASING COSTS											
Sales Commission (To be entered Exclusive of GST)											
Code	Category	Sales Comm	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>1</sup>	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost		
8001	RS1 Residential - 1 Bedroom Units	2.00%	0.00%	0.00%	Y		653,950	719,345	732,042		
8002	RS2 Residential - 2 Bedroom Units	2.00%	0.00%	0.00%	Y		595,000	654,500	666,052		
8003	RS3 Residential - 3 Bedroom Units	2.00%	0.00%	0.00%	Y		515,200	566,720	603,428		
8004	RDD Detached Dwellings Lots	2.00%	0.00%	0.00%	Y		-	-	-		
8005	RTH Townhouse Lots	2.00%	0.00%	0.00%	Y		-	-	-		
8006	COM Commercial Office	1.50%	0.00%	0.00%	Y		-	-	-		
8007	RET Retail Shops	2.00%	0.00%	0.00%	Y		-	-	-		
8008	IND Industrial Units	0.00%	0.00%	0.00%	Y		-	-	-		
8009	STW Storage & Warehousing	0.00%	0.00%	0.00%	Y		-	-	-		
8010	OTH Other	0.00%	0.00%	0.00%	Y		-	-	-		
Manual Input (refer to Cash Flow)											
<b>TOTAL</b>							1,764,150	1,940,565	2,001,522		

Pre-sale Comm are reported as a Project Cost

Interest Rate on Deposits Invested in Trust Account 0.00%  
% of Interest retained by Developer upon settlement 0.00%

Other Selling Costs To be entered Exclusive of GST														
Code	Stage	Description	% of Gross Sales	AND / OR No. Units	Base Rate / Unit	Escalate (E,R,N)	Month Start	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
8101	-	Marketing	1.00%	-	-	-	e	32	Jul-16 - Dec-16	Y		882,075	970,283	1,000,761
8102	-	legals	0.50%	-	-	-	e	-	Jul-16 - Dec-16	Y		441,038	485,141	500,381
8103	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8104	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8105	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8106	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8107	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8108	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8109	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8110	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8111	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>												1,323,113	1,455,424	1,501,142

Pro-rata with Settlements ('S') or Exchanges ('E')



10000 FINANCING (Simple Mode)				General Notes: A   Line Fees are paid during period of debt, in arrears A   Profit Share is Paid in full at project end.		Opening Balances		Equity Totals	
<b>Equity</b>				Equity Notes: Equity is paying outstanding debt Equity is repaid at project end.				Developer's Injections	
Developer's Equity Contribution	Fixed Amount	Percentage						12,906,727	
Progressively injected when required.	-	20.00%	% of Net Cash Flow to be Funded						
10001	Interest Charged on Equity	0.00%	per annum Nominal - Capitalised (Compounded)			-		Interest Charged	-
10002	Interest received on Surplus Cash	0.00%	per annum received in arrears.			-		Interest Received	-
	% of Available Funds to Repay Equity Before Debt	0.00%							

10007 Senior Loan				Senior Loan Notes: Senior Loan is being used as an overdraft facility.		Opening Balances		Senior Loan Totals	
Description Bank Debt								Totals	
No Limit (use as overdraft facility)								Drawdown	
10007	Interest Rate	5.00%	per annum Nominal - Capitalised (Compounded)			-		Interest Charged	51,626,910
<b>Fees</b>								Application Fees	
	Amount	Percentage	Month Paid					Line Fees	-
	Application Fee	-	0.00%	0		-			-
	Line Fee	-	0.00%			-			-
	Maintain Leverage on Senior Loan	0.00%	% of Future Positive Net Cash Flows						

Code	Stage	Financing Costs (to be entered Exclusive of GST)	No. of Units	Base Rate / Unit	Escalate (E,R,N)	Month Start	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	0	-	-	Y		-	-	-
10010	-	-	-	-	-	0	-	-	Y		-	-	-
10011	-	-	-	-	-	0	-	-	Y		-	-	-
10012	-	-	-	-	-	0	-	-	Y		-	-	-
10013	-	-	-	-	-	0	-	-	Y		-	-	-
10014	-	-	-	-	-	0	-	-	Y		-	-	-
10015	-	-	-	-	-	0	-	-	Y		-	-	-
10016	-	-	-	-	-	0	-	-	Y		-	-	-
10017	-	-	-	-	-	0	-	-	Y		-	-	-
10018	-	-	-	-	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-
TOTAL											-	-	-

PROJECT HURDLE RATES			
Project Discount Rate (target IRR)	18.00%	per annum Effective, on cash flow that includes financing costs but excludes interest and corp tax.	
Nominate an estimate of IRR	18.00%	per ann.	
Developer's Target Dev. Margin	20.00%	on total development costs (net of selling and leasing costs).	
Developer's Cost of Equity (for WACC)	0.00%		

St Leonards South S96a Plan

FSR 3.5:1

FSR at 3 577 units

Time Span	Jan-16 to Aug-18		
Type	Residential		
Status	Under Review		
Site Area	2100 SqM		
FSR	3.5:1	Equated GFA	7,350.0 SqM
Project Size	82 Units	1 per 25.6 SqM of Site Area	
	7350 GFA	1 per 0.28 SqM of Site Area	

				Total AUD	AUD Per Unit	AUD Per GFA	AUD Per Total Net Revenue
<b>Revenues</b>							
	Quantitv	SoM	AUD/Quantitv				
<b>Gross Sales Revenue</b>	82	-	1,109,491.19	90,978,278	1,109,491	12,378	114.9%
Residential - 1 Bedroom Units	41	-	811,576.47	33,274,635			
Residential - 2 Bedroom Units	25	-	1,211,004.38	30,275,110			
Residential - 3 Bedroom Units	16	-	1,714,283.31	27,428,533			
Less Selling Costs				(3,502,664)	42,715	477	-4.4%
Less Purchasers Costs				-	-	-	0.0%
<b>NET SALES REVENUE</b>				<b>87,475,614</b>	<b>1,066,776</b>	<b>11,901</b>	<b>110.4%</b>
	Average Yield	SoM	AUD/SoMannum				
Gross Rental Income	-	-	-	-	-	-	0.0%
Less Outgoings & Vacancies							0.0%
Less Letting Fees							0.0%
Less Incentives (Rent Free and Fit-out Costs)							0.0%
Less Other Leasing Costs							0.0%
<b>NET RENTAL INCOME</b>							<b>0.0%</b>
Interest Received							0.0%
Other Income							0.0%
<b>TOTAL REVENUE (before GST paid)</b>				<b>87,475,614</b>	<b>1,066,776</b>	<b>11,901</b>	<b>110.4%</b>
Less GST paid on all Revenue				(8,270,753)	100,863	1,125	-10.4%
<b>TOTAL REVENUE (after GST paid)</b>				<b>79,204,861</b>	<b>965,913</b>	<b>10,776</b>	<b>100.0%</b>
<b>Costs</b>							
Land Purchase Cost				25,410,000	309,878	3,457	32.1%
Land Acquisition Costs				1,744,600	21,276	237	2.2%
<b>Construction Costs (inc. Contingency)</b>				<b>36,344,644</b>	<b>443,227</b>	<b>4,945</b>	<b>45.9%</b>
Other Construction Costs				34,613,947	422,121	4,709	43.7%
Contingency				1,730,697	21,106	235	2.2%
Professional Fees				2,907,572	35,458	396	3.7%
Statutory Fees				1,361,200	16,600	185	1.7%
Miscellaneous Costs 1				-	-	-	0.0%
Miscellaneous Costs 2				-	-	-	0.0%
Miscellaneous Costs 3				-	-	-	0.0%
Project Contingency (Reserve)				-	-	-	0.0%
Land Holding Costs				1,211,143	14,770	165	1.5%
Pre-Sale Commissions				-	-	-	0.0%
Finance Charges (inc. Fees)				-	-	-	0.0%
Interest Expense				3,245,379	39,578	442	4.1%
<b>TOTAL COSTS (before GST reclaimed)</b>				<b>72,224,538</b>	<b>880,787</b>	<b>9,826</b>	<b>91.2%</b>
Less GST reclaimed				(6,199,117)	75,599	843	-7.8%
Plus Corporate Tax				-	-	-	0.0%
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>66,025,420</b>	<b>805,188</b>	<b>8,983</b>	<b>83.4%</b>
<b>Performance Indicators</b>							
					Per Unit	Per GFA	
<sup>1</sup> Net Development Profit				<b>13,179,441</b>	160,725	1,793	
<sup>3</sup> Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)			<b>19.87%</b>			
<sup>5</sup> Net Present Value	Based on Discount Rate of 18% p.a. Effective			<b>(1,326,136)</b>			
<sup>6</sup> Benefit Cost Ratio				0.9750			
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Effective			<b>16.17%</b>			
<sup>8</sup> Residual Land Value	Based on NPV (Exclusive of GST)			21,890,428	266,956	2,978	
Equity RR	Per annum Effective			33.51%			
Equity Contribution				12,906,727			
Peak Debt Exposure				54,485,778			
Equity to Debt Ratio				25.00%			
<sup>9</sup> Weighted Average Cost of Capital (WACC)				4.00%			
<sup>10</sup> Breakeven Date for Cumulative Cash Flow	Month 31			Aug-2018			
<sup>11</sup> Yield on Cost				0.00%			
<sup>12</sup> Rent Cover				N/A			
<sup>13</sup> Profit Erosion				N/A			

Footnotes:

- Development Profit is total revenue less total cost including interest paid and received
- Note: No redistribution of Developer's Gross Profit
- Development Margin is profit divided by total costs (exc selling & leasing costs)
- Net Present Value is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax.
- Benefit Cost Ratio is the ratio of discounted incomes to discounted costs and includes financing costs but excludes interest and corp tax.
- Internal Rate of Return is the discount rate where the NPV above equals Zero.
- Residual Land Value (based on NPV) is the purchase price for the land to achieve a zero NPV.
- The Weighted Average Cost of Capital (WACC) is the rate that a company is expected to pay to finance its assets.
- Breakeven date for Cumulative Cash Flow is the last date when total debt and equity is repaid (ie when profit is realised).
- Yield on Cost is Current Net Annual Rent divided by Total Costs (before GST reclaimed), including all Selling Costs.
- The total net development profit divided by the current net annual rental expressed as a number of years/months.
- The period of time post practical completion that it can remain unsold (but leased out) until finance and land holding costs erodes the profit for the development to zero.

**St Leonards South S96a Plan**

FSR 3.5:1

FSR at 3 5 77 units

Time Span	Jan-16 to Aug-18		
Type	Residential		
Status	Under Review		
Site Area	2100 SqM	Equated GFA	7,350.0 SqM
FSR	3.5 1	1 per 25.6 SqM of Site Area	
Project Size	82 Units	1 per 0.28 SqM of Site Area	
	7350 GFA		

Returns on Funds Invested	Developer's Equity	Senior Loan	Total Equity	Total Debt
		Debt Bank		
<sup>1</sup> Funds Invested (Cash Outlay)	12,906,727	51,626,910	12,906,727	51,626,910
% of Total Funds Invested	20.00%	80.00%	20.00%	80.00%
<sup>2</sup> Peak Exposure	12,906,727	54,485,778	12,906,727	54,485,778
Date of Peak Exposure	Mar-16	Jun-18	Mar-16	Jun-18
Month of Peak Exposure	Month 2	Month 29	Month 2	Month 29
Weighted Average Interest Rate	N.A	5.00%	N.A	5.00%
Interest Charged	-	3,245,379	-	3,245,379
Line Fees Charged	-	-	-	-
Application Fees Charged	-	-	-	-
Profit Share Received	-	-	-	-
<sup>3</sup> Total Profit to Funders	13,179,441	3,245,379	13,179,441	3,245,379
Margin on Funds Invested	102.11%	6.29%	102.11%	6.29%
<sup>5</sup> Payback Date	Aug-18	Aug-18	Aug-18	Aug-18
Month of Payback	Month 31	Month 31	Month 31	Month 31
<sup>6</sup> RR on Funds Invested	33.51%	5.12%	33.51%	5.12%
<sup>7</sup> Equity to Debt Ratio		25.00%		25.00%
<sup>8</sup> Loan to Value Ratio	14.19%	59.89%	14.19%	59.89%
<sup>9</sup> Loan Ratio	19.55%	83.11%	50.79%	215.95%
	of Project & Finance	of Project & Finance	of Land Purchase Price.	of Land Purchase Price.

Footnotes:

1. The total amount of funding injected into the project cash flow.
2. The maximum cash flow exposure of that equity/debt facility including capitalised interest.
3. The total repayments less funds invested, including profit share paid or received.
4. Margin is net profit divided by total funds invested (cash outlay).
5. Payback date for the equity/debt facility is the last date when total equity/debt is repaid.
6. IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profit.
7. Equity to Debt Ratio is the amount of equity contributed into the project as a percentage of debt funding.
8. Loan to Value ratio is the Peak Equity/Debt Exposure divided by Total Sales Revenue.
9. Loan Ratio is the total funds invested by the lender (cash outlay) divided by the nominated ratio calculation method. It includes capitalised interest and fees.

APPENDIX B: ESTATE MASTER  
FEASIBILITY MODELLING (2.5:1.0)

**PRELIMINARY**

Cash Flow Title	FSR 2.5 1		Description of Option/Stage	Based on Purchase price of \$11,000	
Date of First Period:	Jan-2016				
Cash Flow Rest Period:	Monthly				
Enter Project Size (a)	59.00	Units			
Enter Project Size (b)	5,250.00	GFA			
Enter Site Area	2,100.00	SqM	Floor Space Ratio	2.5:1	

Equated Gross Floor Area= 5,250.0 SqM

Input Sheet Last  
Recalled as Option/Stage 1



Type	Residential
Status	Under Review

**GOODS & SERVICES TAX**

(Using General Tax Rule)

Goods and Services Tax Rate	10.00%
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Developer	Credits Reclaimed in the Same Month	Liability Paid in the Same Month	Liability on Sales All Paid by Developer
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All Project Costs	To be entered Exclusive of GST
Rental Income & Leasing Costs	To be entered Exclusive of GST
Sales Revenue	To be entered Inclusive of GST
Other Income	To be entered Exclusive of GST

**1000 LAND PURCHASE & ACQUISITION COSTS**

Costs to be entered Exclusive of GST

Land Purchase Price	23,100,000
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Code	Stage	% of Land Purchase Price		AND/OR Lump Amount
		% paid	Amount	
1002	-	10.00%	2,310,000	-
1003	-	0.00%	-	-
1004	-	0.00%	-	-
1005	-	0.00%	-	-
1006	-	0.00%	-	-
1007	-	90.00%	-	20,790,000
1008	-	NSW	-	1,719,190
	-	0.00%	-	Interest from deposit shared between parties
	-	0.00%	-	Profit Share to Land Owner

Month Start	Month Span	Cash Flow Period	Add GST on Land Price? <input checked="" type="checkbox"/>	Reclaim A1 After Final Land Settlement
1	1	Feb-16 - Feb-16		
0	-	-		
0	-	-		
0	-	-		
0	-	-		
2	1	Mar-16 - Mar-16		
3	1	Apr-16 - Apr-16		

(Stamp Duty calculated on Land Value of 25,410,000 Inc. GST)

Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
2,310,000	2,541,000	2,541,000
-	-	-
-	-	-
-	-	-
-	-	-
20,790,000	22,869,000	22,869,000
1,719,190	1,719,190	1,719,190
<b>TOTAL</b>	<b>24,819,190</b>	<b>27,129,190</b>

Code	Stage	% of Land Price exc Tax		AND/OR Lump Amount
		% paid	Amount	
1011	-	0.10%	23,100	-
1012	-	0.00%	-	-
1013	-	0.00%	-	-
1014	-	0.00%	-	-
1015	-	0.00%	-	-

Month Start	Month Span	Cash Flow Period
1	-	Feb-16 - Mar-16
0	-	-
0	-	-
0	-	-
0	-	-

Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
Y		23,100	25,410	25,410
Y		-	-	-
Y		-	-	-
Y		-	-	-
Y		-	-	-
Y		-	-	-
	Manual Input (refer to Cash Flow)	-	-	-
	<b>TOTAL</b>	<b>23,100</b>	<b>25,410</b>	<b>25,410</b>

\* (No GST credit available for Stamp Duty)

\* Pro-rata with Land Payments (L)

**COST ESCALATION**

Escalation Rates (Monthly Compounded Escalation) based on Cashflow Period Years commencing

Code	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
Professional Fees	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Construction Costs (Uncategorised)	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
SUB Subdivision Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
STG Stage Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
BUI Built Form	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OT1 Other	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OT2 Other	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Statutory Fees	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 1	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 2	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 3	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Land Holding Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Selling and Leasing Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Finance Costs	4.00%	4.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Main Inputs for St Leonards South S96a Plan

FSR 2.5 1 - Based on Purchase price of \$11,000

2000	<b>PROJECT CONTINGENCY</b>	-	And / Or	0.00%	of Construction, Professional (exc Development Management), Statutory Fees, Miscellaneous Costs 1, Miscellaneous Costs 2, Miscellaneous Costs 3	TOTAL	-
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<b>PROFESSIONAL FEES</b>								Costs to be entered Exclusive of GST								
Code	Stage	Description	% of Construct.	AND / OR No. Units	Base Rate / Unit	Escalate (E,R,N)	S-Curve	Month Start*	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost	
3001	-	Design	4.00%	-	-	n	-	1	6	Feb-16 - Jul-16	Y		923,655	1,016,020	1,016,020	
3002	-	Consultants	4.00%	-	-	n	-	c	12	Jul-16 - Apr-18	Y		923,655	1,016,020	1,016,020	
3003	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3004	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3005	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3006	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3007	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3008	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3009	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3010	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3011	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3012	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3013	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3014	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
3015	-		0.00%	-	-	-	-	0	-	-	Y		-	-	-	
			* % Based on Net Costs													
3099	-	Development Management	2.00%	% of Project Costs (inc Land but exc Finance & Tax)				* Pro-rata w th Construction (C)			Y		-	-	-	-
			* Dev Mgmt Fee Pro-rata w th Construction (C), Settlements (S), Project Costs inc Land (P1) or exc Land (P2)													
												Manual Input (refer to Cash Flow)	-	-	-	
												TOTAL	1,847,310	2,032,041	2,032,041	

<b>CONSTRUCTION COSTS</b>								Costs to be entered Exclusive of GST								
Code	Stage	Description	Cost Type	Units	Base Rate / Units	Escalate (E,R,N)1	S-Curve	Month Start*	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost	
4001	-	Construction Costs Res		5,775	3,000	E	S	12	16	Jan-17 - Apr-18	Y		17,325,000	19,057,500	19,819,800	
4002	-	Balconies		590	750	E	S	12	16	Jan-17 - Apr-18	Y		442,500	486,750	506,220	
4003	-	Demolition		800	100	E	S	6	2	Jul-16 - Aug-16	Y		80,000	88,000	89,743	
4004	-					E	S				Y		-	-	-	
4005	-	Basement Parking		66	50,000	E	S	12	16	Jan-17 - Apr-18	Y		3,300,000	3,630,000	3,775,200	
4006	-					-	-	0	-	-	Y		-	-	-	
4007	-					E	S				Y		-	-	-	
4008	-					-	-				Y		-	-	-	
4009	-					-	-	0	-	-	Y		-	-	-	
4010	-					-	-	0	-	-	Y		-	-	-	
4011	-					-	-	0	-	-	Y		-	-	-	
4012	-					-	-	0	-	-	Y		-	-	-	
4013	-					-	-	0	-	-	Y		-	-	-	
4014	-					-	-	0	-	-	Y		-	-	-	
4015	-					-	-	0	-	-	Y		-	-	-	
4016	-					-	-	0	-	-	Y		-	-	-	
4017	-					-	-	0	-	-	Y		-	-	-	
4018	-					-	-	0	-	-	Y		-	-	-	
4019	-					-	-	0	-	-	Y		-	-	-	
4020	-					-	-	0	-	-	Y		-	-	-	
			* Escalation (N' no escalation, 'E' escalation to start period, 'R' escalation to start period and through span)													
4099	-	Construction Contingency		-				* Pro-rata w th Construction (C)			Y	Construction Contingency	1,057,375	1,163,113	1,209,548	
												TOTAL	22,204,875	24,425,363	26,400,511	



Main Inputs for St Leonards South S96a Plan

FSR 2.5 1 - Based on Purchase price of \$11,000

7000 LAND HOLDING COSTS														
Costs to be entered Exclusive of GST														
Code	Stage	Description	No. Units	Base Rate /unit/term	Term	Escalate (E,R,N)	Month Start	Month Span <sup>2</sup>	Cash Flow Period	Add GST	Remarks	Total Annual Costs (exc GST)	Total Annual Costs (inc GST)	Total Escalated Cost
7001	-	Land	1	214,432	Y	R	3	DS	Apr-16 - Jun-18	N	ULV -Based on 50% of Purchase	214,432	214,432	675,117
7002	-	Water	1	26,804	Q	R	3	DS	Apr-16 - Jun-18	N		107,216	107,216	253,333
7003	-	Council	1	26,804	Q	R	3	DS	Apr-16 - Jun-18	N		107,216	107,216	253,333
7004	-	-	-	-	M	-	0	-	-	Y		-	-	-
7005	-	-	-	-	M	-	0	-	-	Y		-	-	-
7006	-	-	-	-	M	-	0	-	-	Y		-	-	-
7007	-	-	-	-	M	-	0	-	-	Y		-	-	-
7008	-	-	-	-	M	-	0	-	-	Y		-	-	-
7009	-	-	-	-	M	-	0	-	-	Y		-	-	-
7010	-	-	-	-	M	-	0	-	-	Y		-	-	-
7011	-	-	-	-	M	-	0	-	-	Y		-	-	-
7012	-	-	-	-	M	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>												428,864	428,864	1,181,783

<sup>1</sup> Y Yearly BA BiAnnual Q Quarterly BM BiMonthly M Monthly <sup>2</sup> Diminish proportionally with leasing ('DR') or settlements ('DS')

8000 SALES & RENTAL REVENUE ESCALATION

Escalation Rates (Monthly Compounded Escalation) based on Cashflow Period Years commencing											
Code	Category	Jan-16	Jan-17	Jan-18	Jan-19	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25
RS1	Residential - 1 Bedroom Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RS2	Residential - 2 Bedroom Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RS3	Residential - 3 Bedroom Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RDD	Detached Dwellings Lots	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RTH	Townhouse Lots	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
COM	Commercial Office	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
RET	Retail Shops	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
IND	Industrial Units	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
STW	Storage & Warehousing	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OTH	Other	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Rental escalation occurs up to lease start date. For rent review escalation during lease period refer to the Tenants sheet.

8000 SELLING & LEASING COSTS												
Sales Commission (To be entered Exclusive of GST)												
Code	Category	Sales Comm	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>1</sup>			Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost	
8001	RS1 Residential - 1 Bedroom Units	2.00%	0.00%	0.00%			Y		478,500	528,350	535,640	
8002	RS2 Residential - 2 Bedroom Units	2.00%	0.00%	0.00%			Y		422,280	484,508	472,707	
8003	RS3 Residential - 3 Bedroom Units	2.00%	0.00%	0.00%			Y		380,880	418,988	444,273	
8004	RDD Detached Dwellings Lots	2.00%	0.00%	0.00%			Y		-	-	-	
8005	RTH Townhouse Lots	2.00%	0.00%	0.00%			Y		-	-	-	
8006	COM Commercial Office	1.50%	0.00%	0.00%			Y		-	-	-	
8007	RET Retail Shops	2.00%	0.00%	0.00%			Y		-	-	-	
8008	IND Industrial Units	0.00%	0.00%	0.00%			Y		-	-	-	
8009	STW Storage & Warehousing	0.00%	0.00%	0.00%			Y		-	-	-	
8010	OTH Other	0.00%	0.00%	0.00%			Y		-	-	-	
Pre-sale Comm are reported as a Project Cost												
<b>TOTAL</b>										1,281,660	1,409,826	1,452,621

Interest Rate on Deposits Invested in Trust Account 0.00%  
 % of Interest retained by Developer upon settlement 0.00%

Other Selling Costs To be entered Exclusive of GST														
Code	Stage	Description	% of Gross Sales	AND / OR No. Units	Base Rate / Unit	Escalate (E,R,N)	Month Start	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
8101	-	Marketing	1.00%	-	-	-	e	32	Jul-16 - Dec-16	Y		640,830	704,913	728,310
8102	-	Legals	0.50%	-	-	-	e	-	Jul-16 - Dec-16	Y		320,415	352,457	363,155
8103	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8104	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8105	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8106	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8107	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8108	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8109	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8110	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
8111	-	-	0.00%	-	-	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>												961,245	1,057,370	1,089,466

Pro-rata with Settlements ('S') or Exchanges ('E')



10000 FINANCING (Simple Mode)				General Notes: A   Line Fees are paid during period of debt, in arrears A   Profit Share is Paid in full at project end.		Opening Balances		Equity Totals	
<b>Equity</b>				Equity Notes: Equity is paying outstanding debt Equity is repaid at project end.				Developer's Injections	
Developer's Equity Contribution	Fixed Amount	Percentage						10,619,753	
Progressively injected when required.	-	20.00%	% of Net Cash Flow to be Funded						
10001	Interest Charged on Equity	0.00%	per annum Nominal - Capitalised (Compounded)					Interest Charged	-
10002	Interest received on Surplus Cash	0.00%	per annum received in arrears.					Interest Received	-
	% of Available Funds to Repay Equity Before Debt	0.00%							

10007 Senior Loan				Senior Loan Notes: Senior Loan is being used as an overdraft facility.		Opening Balances		Senior Loan Totals	
Description Bank Debt								Senior Loan Totals	
No Limit (use as overdraft facility)								42,479,012	
10007	Interest Rate	5.00%	per annum Nominal - Capitalised (Compounded)					Drawdown	2,791,485
<b>Fees</b>									
	Amount	Percentage	Month Paid					Application Fees	-
	Application Fee	-	0.00%	0				Line Fees	-
	Line Fee	-	0.00%						
	Maintain Leverage on Senior Loan	0.00%	% of Future Positive Net Cash Flows						

Code	Stage	Financing Costs (to be entered Exclusive of GST)	No. of Units	Base Rate / Unit	Escalate (E,R,N)	Month Start	Month Span	Cash Flow Period	Add GST	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	0	-	-	Y		-	-	-
10010	-	-	-	-	-	0	-	-	Y		-	-	-
10011	-	-	-	-	-	0	-	-	Y		-	-	-
10012	-	-	-	-	-	0	-	-	Y		-	-	-
10013	-	-	-	-	-	0	-	-	Y		-	-	-
10014	-	-	-	-	-	0	-	-	Y		-	-	-
10015	-	-	-	-	-	0	-	-	Y		-	-	-
10016	-	-	-	-	-	0	-	-	Y		-	-	-
10017	-	-	-	-	-	0	-	-	Y		-	-	-
10018	-	-	-	-	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-
TOTAL											-	-	-

PROJECT HURDLE RATES			
Project Discount Rate (target IRR)	18.00%	per annum Effective, on cash flow that includes financing costs but excludes interest and corp tax.	
Nominate an estimate of IRR	18.00%	per ann.	
Developer's Target Dev. Margin	20.00%	on total development costs (net of selling and leasing costs).	
Developer's Cost of Equity (for WACC)	0.00%		

**St Leonards South S96a Plan**

FSR 2.5:1

Based on Purchase price of \$11,000

Time Span	Jan-16 to Jun-18		
Type	Residential		
Status	Under Review		
Site Area	2100 SqM		
FSR	2.5:1	Equated GFA	5,250.0 SqM
Project Size	58 Units	1 per 35.59 SqM of Site Area	
	5250 GFA	1 per 0. SqM of Site Area	

				Total AUD	AUD Per Unit	AUD Per GFA	AUD Per Total Net Revenue
<b>Revenues</b>							
	Quantitv	SoM	AUD/Quantitv				
<b>Gross Sales Revenue</b>	60	-	1,100,470.25	66,028,215	1,119,122	12,577	114.9%
Residential - 1 Bedroom Units	30	-	811,576.47	24,347,294			
Residential - 2 Bedroom Units	18	-	1,193,704.32	21,486,678			
Residential - 3 Bedroom Units	12	-	1,682,853.60	20,194,243			
Less Selling Costs				(2,542,086)	43,086	484	-4.4%
Less Purchasers Costs				-	-	-	0.0%
<b>NET SALES REVENUE</b>				<b>63,486,129</b>	<b>1,076,036</b>	<b>12,093</b>	<b>110.4%</b>

	Average Yield	SoM	AUD/SoMannum				
Gross Rental Income	-	-	-	-	-	-	0.0%
Less Outgoings & Vacancies	-	-	-	-	-	-	0.0%
Less Letting Fees	-	-	-	-	-	-	0.0%
Less Incentives (Rent Free and Fit-out Costs)	-	-	-	-	-	-	0.0%
Less Other Leasing Costs	-	-	-	-	-	-	0.0%
<b>NET RENTAL INCOME</b>							<b>0.0%</b>
Interest Received	-	-	-	-	-	-	0.0%
Other Income	-	-	-	-	-	-	0.0%
<b>TOTAL REVENUE (before GST paid)</b>				<b>63,486,129</b>	<b>1,076,036</b>	<b>12,093</b>	<b>110.4%</b>
Less GST paid on all Revenue				(6,002,565)	101,738	1,143	-10.4%
<b>TOTAL REVENUE (after GST paid)</b>				<b>57,483,564</b>	<b>974,298</b>	<b>10,949</b>	<b>100.0%</b>

<b>Costs</b>							
Land Purchase Cost				25,410,000	430,678	4,840	44.2%
Land Acquisition Costs				1,744,600	29,569	332	3.0%
<b>Construction Costs (inc. Contingency)</b>				<b>25,400,511</b>	<b>430,517</b>	<b>4,838</b>	<b>44.2%</b>
Other Construction Costs				24,190,963	410,016	4,608	42.1%
Contingency				1,209,548	20,501	230	2.1%
Professional Fees				2,032,041	34,441	387	3.5%
Statutory Fees				979,400	16,600	187	1.7%
Miscellaneous Costs 1				-	-	-	0.0%
Miscellaneous Costs 2				-	-	-	0.0%
Miscellaneous Costs 3				-	-	-	0.0%
Project Contingency (Reserve)				-	-	-	0.0%
Land Holding Costs				1,181,783	20,030	225	2.1%
Pre-Sale Commissions				-	-	-	0.0%
Finance Charges (inc. Fees)				-	-	-	0.0%
Interest Expense				2,791,485	47,313	532	4.9%
<b>TOTAL COSTS (before GST reclaimed)</b>				<b>59,539,819</b>	<b>1,009,149</b>	<b>11,341</b>	<b>103.6%</b>
Less GST reclaimed				(5,037,277)	85,378	959	-8.8%
Plus Corporate Tax				-	-	-	0.0%
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>54,502,542</b>	<b>923,772</b>	<b>10,381</b>	<b>94.8%</b>

Performance Indicators		Per Unit	Per GFA
<sup>1</sup> Net Development Profit		2,981,021	568
<sup>3</sup> Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)	5.45%	
<sup>5</sup> Net Present Value	Based on Discount Rate of 18% p.a. Effective	(6,327,416)	
<sup>6</sup> Benefit Cost Ratio		0.8591	
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Effective	7.19%	
<sup>8</sup> Residual Land Value	Based on NPV (Exclusive of GST)	17,323,977	3,300
Equity RR	Per annum Effective	11.51%	
Equity Contribution		10,619,753	
Peak Debt Exposure		44,852,029	
Equity to Debt Ratio		25.00%	
<sup>9</sup> Weighted Average Cost of Capital (WACC)		4.00%	
<sup>10</sup> Breakeven Date for Cumulative Cash Flow	Month 29	Jun-2018	
<sup>11</sup> Yield on Cost		0.00%	
<sup>12</sup> Rent Cover		N/A	
<sup>13</sup> Profit Erosion		N/A	

**Footnotes:**

- Development Profit is total revenue less total cost including interest paid and received
- Note: No redistribution of Developer's Gross Profit
- Development Margin is profit divided by total costs (exc selling & leasing costs)
- Net Present Value is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax.
- Benefit Cost Ratio is the ratio of discounted incomes to discounted costs and includes financing costs but excludes interest and corp tax.
- Internal Rate of Return is the discount rate where the NPV above equals Zero.
- Residual Land Value (based on NPV) is the purchase price for the land to achieve a zero NPV.
- The Weighted Average Cost of Capital (WACC) is the rate that a company is expected to pay to finance its assets.
- Breakeven date for Cumulative Cash Flow is the last date when total debt and equity is repaid (ie when profit is realised).
- Yield on Cost is Current Net Annual Rent divided by Total Costs (before GST reclaimed), including all Selling Costs.
- The total net development profit divided by the current net annual rental expressed as a number of years/months.
- The period of time post practical completion that it can remain unsold (but leased out) until finance and land holding costs erodes the profit for the development to zero.

**St Leonards South S96a Plan**

FSR 2.5:1

Based on Purchase price of \$11,000

Time Span	Jan-16 to Jun-18		
Type	Residential		
Status	Under Review		
Site Area	2100 SqM		
FSR	2.5:1	Equated GFA	5,250.0 SqM
Project Size	58 Units	1 per 35.99 SqM of Site Area	
	5250 GFA	1 per 0. SqM of Site Area	

Returns on Funds Invested	Developer's Equity	Senior Loan	Total Equity	Total Debt
		Debt Bank		
<sup>1</sup> Funds Invested (Cash Outlay)	10,619,753	42,479,012	10,619,753	42,479,012
% of Total Funds Invested	20.00%	80.00%	20.00%	80.00%
<sup>2</sup> Peak Exposure	10,619,753	44,852,029	10,619,753	44,852,029
Date of Peak Exposure	Mar-16	Apr-18	Mar-16	Apr-18
Month of Peak Exposure	Month 2	Month 27	Month 2	Month 27
Weighted Average Interest Rate	N.A	5.00%	N.A	5.00%
Interest Charged	-	2,791,485	-	2,791,485
Line Fees Charged	-	-	-	-
Application Fees Charged	-	-	-	-
Profit Share Received	-	-	-	-
<sup>3</sup> Total Profit to Funders	2,981,021	2,791,485	2,981,021	2,791,485
Margin on Funds Invested	28.07%	6.57%	28.07%	6.57%
<sup>5</sup> Payback Date	Jun-18	Jun-18	Jun-18	Jun-18
Month of Payback	Month 29	Month 29	Month 29	Month 29
<sup>6</sup> RR on Funds Invested	11.51%	5.12%	11.51%	5.12%
<sup>7</sup> Equity to Debt Ratio		25.00%		25.00%
<sup>8</sup> Loan to Value Ratio	16.08%	67.93%	16.08%	67.93%
<sup>9</sup> Loan Ratio	19.48%	83.06%	41.79%	178.16%
	of Project & Finance	of Project & Finance	of Land Purchase Price.	of Land Purchase Price.

Footnotes:

- The total amount of funding injected into the project cash flow.
- The maximum cash flow exposure of that equity/debt facility including capitalised interest.
- The total repayments less funds invested, including profit share paid or received.
- Margin is net profit divided by total funds invested (cash outlay).
- Payback date for the equity/debt facility is the last date when total equity/debt is repaid.
- IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profit.
- Equity to Debt Ratio is the amount of equity contributed into the project as a percentage of debt funding.
- Loan to Value ratio is the Peak Equity/Debt Exposure divided by Total Sales Revenue.
- Loan Ratio is the total funds invested by the lender (cash outlay) divided by the nominated ratio calculation method. It includes capitalised interest and fees.