

## Affordable Housing Criteria

For the financial year 2008-09, the gross median annual income for the Sydney metropolitan region is considered to be \$63,300. For the rest of NSW the gross median annual income is \$56,800.

Households on incomes between 80% and 120% of the median are considered moderate-income earners (less than \$75,900 in Sydney and \$68,200 elsewhere).

Source: Housing NSW Government, <http://www.housing.nsw.gov.au>

From the information above, the highest income possible while still falling in the allowable category of affordable housing (i.e. 120% of median income) is \$75,900. The maximum amount of annual rental is 30% of that income (gross) which is calculated to be;  $\$75,900 \times 30\% = \$22,770$ .

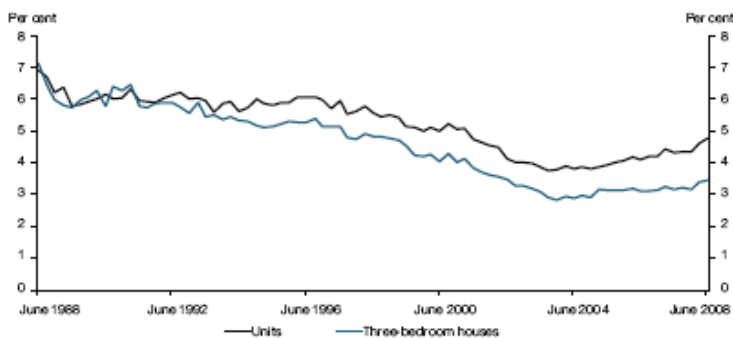


Figure 1 - Rental yields on residential properties (Australia)

From the above graph the average rental yield for affordable housing (units) is approximately 5%, which then translates into a property value of  $\$22,770 / 5\% = \$455,400$ .

Source: 2009 NSW Housing Factsheet – <http://www.sheltersnsw.org.au>

Thus we can assume that the limit of the property value that we can sell is \$455,400 in the Sydney City area in order to fall into the affordable housing criteria.

## Feasibility analysis of the different options

In order to predict the developer's reaction we must do feasibility studies for each of the proposed options (Appendix A1 – A6)

From the feasibility analysis can determine the profit margin and development margin for each option:

Option	FSR	Profit/Loss	Development Margin
Option 1	0.5	-\$302,641	-18.79%
Option 2	0.75	-\$168,976	-7.93%
Option 3A	0.8	-\$57,352	-2.56%
Option 3A + Bonus	1.3	\$208,084	6.33%
Option 3B	2.5	\$1,067,707	14.26%
Option 3B + Bonus	3.0	\$1,742,451	19.90%

With the assumption that developers will only consider a project with a minimum development margin of approximately 15%, the options that are attractive to developers are:

<b>Option</b>	<b>FSR</b>
<b>Option 3B</b>	2.5
<b>Option 3B + Bonus</b>	3.0

Thus it is recommended for council to come up with a different scheme to increase the FSR to a level which will allow developers to reach a development margin of 15% in order to attract developers to develop the area. As the neighbouring suburb have a higher sales price i.e \$270,000 compared to \$210,000 the FSR needs to be increased significantly higher than the proposed maximum of 1.3 (Option 3A + Bonus).

# Appendix A1

## Option 1 (FSR 0.5) Feasibility

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## Option 1 – (FSR 0.5)

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For Option 1 we make the following main assumptions:

- Minimum land size of 1,000 m<sup>2</sup> for the development of multi unit residential building, which allocates to a land cost of \$600,000 + stamp duty (including all other acquisition costs).
- Assuming that all units built will be a 2-bedroom unit with a size of 80sqm (including circulation spaces).
- A total allowable build area of 500 m<sup>2</sup> containing 6 units.
- Assuming a 2 storey building type with a construction cost of \$ 1,725/m<sup>2</sup> plus GST.
- Assuming other development costs (Architects, Project Managers and other consultants) as 15% of total construction costs.
- Assuming a sales price of \$230,000 (as brand new units sell at a premium price, 2 bedroom units in the area generally sell from \$210,000) and sales cost at 2%.
- Assuming that equity put into the project is the land cost (\$600,000).
- Assuming interest rate is at 8%.
- Cost escalation of 3% per annum
- Revenue escalation of 3% per annum
- Project contingency of 5% (Construction, Professional, Statutory & Misc Costs)
- No S.94 levy charges, although other statutory fees apply (eg. DA application fee, Strata fee)

The feasibility result was a loss of **\$302,641** and a development margin of **-18.79%**.

As a general rule a developer would not proceed with a project with a development margin of less than 15%. Thus developers would not be interested in developing the area with Option 1 as it produces a net loss.

*Note:*

*Construction cost assumption source: BMT & Associates (Quantity Surveyors) as of 26/05/09.*

<b>Type of Building</b>	Residential – 3 Level Unit
<b>Project Location</b>	Sydney
<b>Level of Finish</b>	Medium
<b>Maximum Cost (Plus GST)</b>	<b>\$ 1,725 /m<sup>2</sup></b>

## Summary of Project Returns



### Urban Economics Feasibility Assignment

#### Option 1 (FSR 0.5)

Option 1 with the FSR of 0.5

<b>Time Span:</b> Jan-09 to Jul-10 (18 Months)	<b>Project Size:</b> 6. Dwellings
<b>Type:</b> Miscellaneous	<b>Project Size:</b> 500. GFA (sqm)
<b>Status:</b> Under Review	<b>Site Area:</b> 1,000. SqM

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COSTS & REVENUES				\$AUD Total	\$AUD Per Dwelling	\$AUD Per Site Area SqM
<b>REVENUE</b>						
<b>Total Sales Revenue</b>	Quantity	SqM	\$AUD/SqM	\$AUD		
	6	-	-	1,439,017	239,836	1,439
Residential	6	-	-	1,439,017		
Less Selling Costs				(36,908)	6,151	37
Less Purchasers Costs				-	-	-
<b>NET SALE PROCEEDS</b>				<b>1,402,109</b>	<b>233,685</b>	<b>1,402</b>
<b>Rental Income</b>						
	Units	\$AUD/Units/annum	\$AUD			
	-	-	-		-	-
Less Outgoings & Vacancies				-	-	-
Less Letting Fees				-	-	-
Less Incentives (Rent Free and Fit-out Costs)				-	-	-
<b>NET RENTAL INCOME</b>				-	-	-
Interest Received				-	-	-
<b>TOTAL REVENUE (before GST paid)</b>				<b>1,402,109</b>	<b>233,685</b>	<b>1,402</b>
Less GST paid				(130,820)	21,803	131
<b>TOTAL REVENUE (after GST paid)</b>				<b>1,271,289</b>	<b>211,882</b>	<b>1,271</b>
<b>COSTS</b>						
Land Purchase Cost				600,000	100,000	600
Land Transaction Costs				22,490	3,748	22
Construction (inc. Construct. Contingency)				888,002	148,000	888
Professional Fees				121,091	20,182	121
Statutory Fees and Contributions				11,249	1,875	11
Project Contingency (Project Reserve)				51,189	8,531	51
Land Holding Costs				-	-	-
Finance Charges (inc. Line Fees)				-	-	-
Interest Expense				32,097	5,350	32
Miscellaneous Costs				-	-	-
Miscellaneous Costs				-	-	-
Miscellaneous Costs				3,437	573	3
<b>TOTAL COSTS (before GST reclaimed)</b>				<b>1,729,555</b>	<b>288,259</b>	<b>1,730</b>
Less GST reclaimed				(155,625)	25,938	156
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>1,573,930</b>	<b>262,322</b>	<b>1,574</b>

### PERFORMANCE INDICATORS

Net Development Profit <sup>1</sup>	(302,641)
<b>Development Margin (or Profit/Risk Margin) <sup>3</sup></b>	<b>-18.79%</b> on total development costs (including selling costs).
Residual Land Value (Target Margin) <sup>4</sup>	128,201 (at 15% target development margin)
<b>Net Present Value <sup>5</sup></b>	<b>(324,966)</b> (at 8% per ann. discount rate, nominal)
Benefit Cost Ratio <sup>6</sup>	0.7774 (at 8% per ann. discount rate, nominal)
<b>Project Internal Rate of Return (IRR) <sup>7</sup></b>	<b>-26.93%</b> (per ann. nominal)
Residual Land Value (based on NPV) <sup>8</sup>	252,361
Breakeven Date for Cumulative Cash Flow <sup>9</sup>	N.A. (Profit is negative)
Rent Cover <sup>10</sup>	N.A.
Profit Erosion <sup>11</sup>	N.A.

**Footnotes:**

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
10. The total net development profit divided by the current net annual rental expressed as a number of years/months.
11. 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.

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 1 (FSR 0.5) - Option 1 with the FSR of 0.5**

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

Version 3.12 March 2008

**Preliminary**

Cash Flow Title	<b>Option 1 (FSR 0.5)</b>		Description of Option/Stage	Option 1 with the FSR of 0.5
Date of First Period:	Jan-2009	Monthly		
Cash Flow Reset Period:				
Enter Project Size (a)	6.0	Dwellings		
Enter Project Size (b)	5000.0	GFA (sqm)		
Enter Site Area	1,000.0	SqM		
Type	Miscellaneous			
Status	Under Review			

**Goods and Services Tax**

(Using General Tax Rule)

Goods and Services Tax Rate	10.00%	Developer's GST (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 (where indicated) to be entered Inclusive of GST  
 All Rental Income and Leasing Costs to be entered Inclusive of GST

**1000 Land Purchase & Acquisition Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Land Purchase Price paid	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	Reclaim Proportionally with Land Payments	GST Included on Land Purchase Price?	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1002	Deposit in Trust Account <sup>1</sup>	0.00%	-	0	-	-	-	-	Y	-	-	-
1003	Payment 1	0.00%	-	0	-	-	-	-	Y	-	-	-
1004	Payment 2	0.00%	-	0	-	-	-	-	Y	-	-	-
1005	Payment 3	0.00%	-	0	-	-	-	-	Y	-	-	-
1006	Payment 4	0.00%	-	0	-	-	-	-	Y	-	-	-
1007	Settlement (Balance)	100.00%	600,000	3	1	Apr-09	Apr-09	-	Y	600,000	600,000	600,000
1008	Stamp Duty <sup>1</sup>	0.00%	22,490	0	1	Jan-09	Jan-09	-	Y	545,455	600,000	600,000
	Interest on Deposit in Trust Account	0.00%	-	0	1	Jan-09	Jan-09	-	Y	545,455	600,000	600,000
	Profit Share to Land Owner	0.00%	-	0	-	-	-	-	Y	-	-	-
<b>TOTAL</b>										545,455	600,000	600,000

<sup>1</sup> (No GST credit available for Stamp Duty)

\$AUD Interest from deposit shared between parties

\$AUD paid at project end

Code	Description	% of Land Price exc Tax paid	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1011	Acquisition Legal Fees	0.00%	-	0	-	-	-	Y		-	-	-
1012	Due Diligence Consultants	0.00%	-	0	-	-	-	Y		-	-	-
1013		0.00%	-	0	-	-	-	Y		-	-	-
1014		0.00%	-	0	-	-	-	Y		-	-	-
1015		0.00%	-	0	-	-	-	Y		-	-	-
<b>TOTAL</b>										-	-	-

**Cost Escalation**

Code	Description	Escalation Rates from Project Start Date - Applied Per Annum										
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10 +	
	Professional Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Construction Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Statutory Fees and Contributions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Land Holding Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Selling Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Finance Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>2000</b>	<b>Project Contingency</b>	-	-	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

for Construction, Professional, Statutory & Misc. Costs

**Main Inputs for Urban Economics Feasibility Assignment**

Option 1 (FSR 0.5) - Option 1 with the FSR of 0.5

<b>3000 Professional Fees</b>													
Costs to be entered Inclusive of GST													
Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (inc GST)	Total Escalated Cost
3001	Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3002	Landscape Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3003	Survey Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3004	Contamination Reports	0.00%	-	-	0	-	-	-	-	Y		-	-
3005	Geotechnical Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3006	Environmental Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3007	Planner	0.00%	-	-	0	-	-	-	-	Y		-	-
3008	Quantity Surveyor	0.00%	-	-	0	-	-	-	-	Y		-	-
3009	Structural Engineer	0.00%	-	-	0	-	-	-	-	Y		-	-
3010	Services Engineers	0.00%	-	-	0	-	-	-	-	Y		-	-
3011	PCA Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3012	BCA Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3013	Traffic Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3014	Total DA Consultants	0.00%	-	-	0	-	-	-	-	Y		-	-
3015	Total Design Consultants (incl)	15.00%	-	-	1	16	Feb-09	May-10	-	Y		110,083	121,091
<sup>1</sup> % Based on Net Costs													
3099	DM / PM fees	0.00%	-	-	0	-	-	-	-	Y	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												121,091	

<b>4000 Construction Costs</b>													
Costs to be entered Inclusive of GST													
Code	Description	Units	Base Rate / Units	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	S-Curve (S or E)	GST Included	Remarks	Total Current Costs (exc GST)	Total Escalated Cost
4001	Construction Costs	500.00	1,725.00	6	11	Jul-09	May-10	R	S	Y		784,091	888,002
4002		-	-	0	-	-	-	R	S	N		-	-
4003		-	-	0	-	-	-	R	S	N		-	-
4004		-	-	0	-	-	-	R	S	N		-	-
4005		-	-	0	-	-	-	R	S	N		-	-
4006		-	-	0	-	-	-	R	S	N		-	-
4007		-	-	0	-	-	-	R	S	N		-	-
4008		-	-	0	-	-	-	R	S	N		-	-
4009		-	-	0	-	-	-	R	S	N		-	-
4010		-	-	0	-	-	-	R	S	N		-	-
4011		-	-	0	-	-	-	R	S	N		-	-
4012		-	-	0	-	-	-	R	S	N		-	-
4013		-	-	0	-	-	-	R	S	N		-	-
4014		-	-	0	-	-	-	R	S	N		-	-
4015		-	-	0	-	-	-	R	S	N		-	-
4016		-	-	0	-	-	-	R	S	N		-	-
4017		-	-	0	-	-	-	R	S	N		-	-
4018		-	-	0	-	-	-	R	S	N		-	-
4019		-	-	0	-	-	-	R	S	N		-	-
4025		-	-	0	-	-	-	-	-	N	Manual Input (refer to Cash Flow)	-	-
<sup>1</sup> Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span)													
4099	Construction Contingency	-	-	0.00%	0	-	-	-	-	-	Construction Contingency	784,091	888,002
<b>TOTAL</b>												888,002	

**Main Inputs for Urban Economics Feasibility Assignment**

Option 1 (FSR 0.5) - Option 1 with the FSR of 0.5

**5000 Statutory Fees and Contributions**

Costs to be entered Inclusive of GST

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R	Y		4,545	5,000	5,000
5002	S96 Lodgement Fees	-	-	0	-	-	-	-	Y		-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-	Y		-	-	-
5004	S94 Contributions	6.00	2,500.00	6	1	Jul-09	Jul-09	R	Y		2,727	3,000	3,124
5005	Strata Setup Costs	6.00	500.00	16	2	May-10	Jun-10	R	Y		2,727	3,000	3,124
5006	LPI Registration Fees	6.00	500.00	16	2	May-10	Jun-10	R	Y		2,727	3,000	3,124
5007	-	-	-	0	-	-	-	-	Y		-	-	-
5008	-	-	-	0	-	-	-	-	Y		-	-	-
5009	-	-	-	0	-	-	-	-	Y		-	-	-
5010	-	-	-	0	-	-	-	-	Y		-	-	-
5011	-	-	-	0	-	-	-	-	Y		-	-	-
5012	-	-	-	0	-	-	-	-	Y		-	-	-
5013	-	-	-	0	-	-	-	-	Y		-	-	-
5014	-	-	-	0	-	-	-	-	Y		-	-	-
5015	-	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											10,000	11,000	11,249
<b>TOTAL</b>													

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>														

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>														

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
6001	Survey Fees	0.00%	6.00	550.00	16	2	May-10	Jun-10	R	Y		3,000	3,300	3,437
6002	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6003	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6004	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6005	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6006	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6007	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6008	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6009	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6010	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											3,000	3,300	3,437	
<b>TOTAL</b>														



**Main Inputs for Urban Economics Feasibility Assignment**

Option 1 (FSR 0.5) - Option 1 with the FSR of 0.5

**7000 Land Holding Costs**

Costs to be entered Inclusive of GST

Code	Description	No. Units	Base Rate /unit/term	Term <sup>1</sup>	Month Start	Month Span <sup>2</sup>	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Annual Costs (exc GST)	Total Annual Costs (inc GST)	Total Escalated Cost
7001		-	-	Y	0	-	-	-	-	Y		-	-	-
7002		-	-	Y	0	-	-	-	-	Y		-	-	-
7003		-	-	Y	0	-	-	-	-	Y		-	-	-
7004		-	-	Y	0	-	-	-	-	Y		-	-	-
7005		-	-	Y	0	-	-	-	-	Y		-	-	-
7006		-	-	Y	0	-	-	-	-	Y		-	-	-
7007		-	-	Y	0	-	-	-	-	Y		-	-	-
7008		-	-	Y	0	-	-	-	-	Y		-	-	-
7009		-	-	Y	0	-	-	-	-	Y		-	-	-
7010		-	-	Y	0	-	-	-	-	Y		-	-	-
7011		-	-	Y	0	-	-	-	-	Y		-	-	-
7012		-	-	Y	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>														

<sup>1</sup> Y=Yearly, BA=BiAnnually, Q=Quarterly, M=Monthly, W=Monthly  
<sup>2</sup> DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

**Sales and Rental Revenue Escalation**

Code	Category	Escalation Rates from Project Start Date - Applied Per Annum												
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
RS	Residential	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RT	Retail	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
C	Commercial	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
O	Other	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rental escalation occurs up to lease start date. For rent review escalation during le														

**8000 Selling Costs**

Code	Sales Commission Inclusive of GST	Sales Comm <sup>1</sup>	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>3</sup>	Remarks	GST Included	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
							25,091	27,600	28,780
	Residential (RS)	2.00%	0.00%	0.00%		Y	-	-	-
	Retail (RT)	2.00%	0.00%	0.00%		Y	-	-	-
	Commercial (C)	2.00%	0.00%	0.00%		Y	-	-	-
	Other (O)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
<b>TOTAL</b>							25,091	27,600	28,780

<sup>1</sup> % of Gross Purchase Price  
<sup>2</sup> Percentage of Sales Commission paid at exchange date for pre-sales  
<sup>3</sup> Percentage of price deposited on exchange (for pre-sales)

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



**Main Inputs for Urban Economics Feasibility Assignment**

**Option 1 (FSR 0.5) - Option 1 with the FSR of 0.5**

Financing Costs (to be entered Inclusive of GST)	No. of Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	-	-	-	-	-	-	-
10010	1.00	-	0	-	-	-	-	Y	-	-	-	-
10011	1.00	-	0	-	-	-	-	Y	-	-	-	-
10012	1.00	-	0	-	-	-	-	Y	-	-	-	-
10013	1.00	-	0	-	-	-	-	Y	-	-	-	-
10014	1.00	-	0	-	-	-	-	Y	-	-	-	-
10015	1.00	-	0	-	-	-	-	Y	-	-	-	-
10016	1.00	-	0	-	-	-	-	Y	-	-	-	-
10017	1.00	-	0	-	-	-	-	Y	-	-	-	-
10018	1.00	-	0	-	-	-	-	Y	-	-	-	-
Manual Input (refer to Cash Flow)										-	-	-
<b>TOTAL</b>										-	-	-

**Project Hurdle Rates**

Project Discount Rate (target IRR)	8.00%	per annum Nominal, on cash flow that includes financing costs but excludes interest.
Nominate an estimate of IRR	25.00%	per ann.
Developer's Target Dev. Margin	15.00%	on total development costs (including selling costs).

# Appendix A2

## Option 2 (FSR 0.75) Feasibility

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## Option 2 – (FSR 0.75)

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For Option 2 we make the following assumptions:

- Minimum land size of 1,000 m<sup>2</sup> for the development of multi unit residential building, which allocates to a land cost of \$600,000 + stamp duty (including all other acquisition costs).
- Assuming that all units built will be a 2-bedroom unit with a size of 80sqm (including circulation spaces).
- A total allowable build area of 750 m<sup>2</sup> containing 9 units.
- Assuming a 2 storey building type with a construction cost of \$ 1,725/m<sup>2</sup> plus GST.
- Assuming other development costs (Architects, Project Managers and other consultants) as 15% of total construction costs.
- Assuming a sales price of \$230,000 (as brand new units sell at a premium price, 2 bedroom units in the area generally sell from \$210,000) and sales cost at 2%.
- Assuming that equity put into the project is the land cost (\$600,000).
- Assuming interest rate is at 8%.
- Cost escalation of 3% per annum
- Revenue escalation of 3% per annum
- Project contingency of 5% (Construction, Professional, Statutory & Misc Costs)
- No S.94 levy charges, although other statutory fees apply (eg. DA application fee, Strata fee)

The feasibility result was a loss of **\$168,976** and a development margin of **-7.93%**.

As a general rule a developer would not proceed with a project with a development margin of less than 15%. Thus developers would not be interested in developing the area with Option 2 as it produces a net loss.

*Note:*

*Construction cost assumption source: BMT & Associates (Quantity Surveyors) as of 26/05/09.*

<b>Type of Building</b>	Residential – 3 Level Unit
<b>Project Location</b>	Sydney
<b>Level of Finish</b>	Medium
<b>Maximum Cost (Plus GST)</b>	<b>\$ 1,725 /m<sup>2</sup></b>

## Summary of Project Returns



### Urban Economics Feasibility Assignment

Option 2 (FSR 0.75)

Option 2 with the FSR of 0.75

<b>Time Span:</b> Jan-09 to Jul-10 (18 Months)	<b>Project Size:</b> 9. Dwellings
<b>Type:</b> Miscellaneous	<b>Project Size:</b> 750. GFA (sqm)
<b>Status:</b> Under Review	<b>Site Area:</b> 1,000. SqM

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

COSTS & REVENUES				\$AUD Total	\$AUD Per Dwelling	\$AUD Per Site Area SqM
<b>REVENUE</b>						
	Quantity	SqM	\$AUD/SqM	\$AUD		
<b>Total Sales Revenue</b>	9	-	-	2,158,526	239,836	2,159
Residential	9	-	-	2,158,526		
Less Selling Costs				(55,363)	6,151	55
Less Purchasers Costs				-	-	-
<b>NET SALE PROCEEDS</b>				2,103,163	233,685	2,103
<b>Rental Income</b>						
	Units	\$AUD/Units/annum	\$AUD			
<b>Rental Income</b>	-	-	-		-	-
Less Outgoings & Vacancies				-	-	-
Less Letting Fees				-	-	-
Less Incentives (Rent Free and Fit-out Costs)				-	-	-
<b>NET RENTAL INCOME</b>				-	-	-
Interest Received				-	-	-
<b>TOTAL REVENUE (before GST paid)</b>				2,103,163	233,685	2,103
Less GST paid				(196,230)	21,803	196
<b>TOTAL REVENUE (after GST paid)</b>				<b>1,906,934</b>	<b>211,882</b>	<b>1,907</b>
<b>COSTS</b>						
Land Purchase Cost				600,000	66,667	600
Land Transaction Costs				22,490	2,499	22
Construction (inc. Construct. Contingency)				1,332,003	148,000	1,332
Professional Fees				181,637	20,182	182
Statutory Fees and Contributions				14,373	1,597	14
Project Contingency (Project Reserve)				76,658	8,518	77
Land Holding Costs				-	-	-
Finance Charges (inc. Line Fees)				-	-	-
Interest Expense				49,519	5,502	50
Miscellaneous Costs				-	-	-
Miscellaneous Costs				-	-	-
Miscellaneous Costs				5,155	573	5
<b>TOTAL COSTS (before GST reclaimed)</b>				2,281,836	253,537	2,282
Less GST reclaimed				(205,926)	22,881	206
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>2,075,910</b>	<b>230,657</b>	<b>2,076</b>

### PERFORMANCE INDICATORS

Net Development Profit <sup>1</sup>	(168,976)
<b>Development Margin (or Profit/Risk Margin) <sup>3</sup></b>	<b>-7.93%</b> on total development costs (including selling costs).
Residual Land Value (Target Margin) <sup>4</sup>	181,482 (at 15% target development margin)
<b>Net Present Value <sup>5</sup></b>	<b>(206,473)</b> (at 8% per ann. discount rate, nominal)
Benefit Cost Ratio <sup>6</sup>	0.8919 (at 8% per ann. discount rate, nominal)
<b>Project Internal Rate of Return (IRR) <sup>7</sup></b>	<b>-9.17%</b> (per ann. nominal)
Residual Land Value (based on NPV) <sup>8</sup>	379,444
Breakeven Date for Cumulative Cash Flow <sup>9</sup>	N.A. (Profit is negative)
Rent Cover <sup>10</sup>	N.A.
Profit Erosion <sup>11</sup>	N.A.

**Footnotes:**

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
10. The total net development profit divided by the current net annual rental expressed as a number of years/months.
11. 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.



**Main Inputs for Urban Economics Feasibility Assignment**

**Option 2 (FSR 0.75) - Option 2 with the FSR of 0.75**

<b>3000 Professional Fees</b>													
Costs to be entered Inclusive of GST													
Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (inc GST)	Total Escalated Cost
3001	Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3002	Landscape Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3003	Survey Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3004	Contamination Reports	0.00%	-	-	0	-	-	-	-	Y		-	-
3005	Geotechnical Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3006	Environmental Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3007	Planner	0.00%	-	-	0	-	-	-	-	Y		-	-
3008	Quantity Surveyor	0.00%	-	-	0	-	-	-	-	Y		-	-
3009	Structural Engineer	0.00%	-	-	0	-	-	-	-	Y		-	-
3010	Services Engineers	0.00%	-	-	0	-	-	-	-	Y		-	-
3011	PCA Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3012	BCA Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3013	Traffic Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3014	Total DA Consultants	0.00%	-	-	0	-	-	-	-	Y		-	-
3015	Total Design Consultants (incl)	15.00%	-	-	1	16	Feb-09	May-10	-	Y		181,637	181,637
3099	DM / PM fees	0.00%	-	-	0	-	-	-	-	Y	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												181,637	

<b>4000 Construction Costs</b>													
Costs to be entered Inclusive of GST													
Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	S-Curve (S or E)	GST Included	Remarks	Total Current Costs (exc GST)	Total Escalated Cost
4001	Construction Costs	750.00	1,725.00	6	11	Jul-09	May-10	R	S	Y		1,176,136	1,332,003
4002		-	-	0	-	-	-	R	S	N		-	-
4003		-	-	0	-	-	-	R	S	N		-	-
4004		-	-	0	-	-	-	R	S	N		-	-
4005		-	-	0	-	-	-	R	S	N		-	-
4006		-	-	0	-	-	-	R	S	N		-	-
4007		-	-	0	-	-	-	R	S	N		-	-
4008		-	-	0	-	-	-	R	S	N		-	-
4009		-	-	0	-	-	-	R	S	N		-	-
4010		-	-	0	-	-	-	R	S	N		-	-
4011		-	-	0	-	-	-	R	S	N		-	-
4012		-	-	0	-	-	-	R	S	N		-	-
4013		-	-	0	-	-	-	R	S	N		-	-
4014		-	-	0	-	-	-	R	S	N		-	-
4015		-	-	0	-	-	-	R	S	N		-	-
4016		-	-	0	-	-	-	R	S	N		-	-
4017		-	-	0	-	-	-	R	S	N		-	-
4018		-	-	0	-	-	-	R	S	N		-	-
4019		-	-	0	-	-	-	R	S	N		-	-
4025		-	-	0	-	-	-	R	S	N		-	-
<sup>1</sup> Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span)												-	
4099	Construction Contingency	-	-	0.00%	0	-	-	-	-	N	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												1,176,136	1,293,750
<b>TOTAL</b>												1,176,136	1,332,003



**Main Inputs for Urban Economics Feasibility Assignment**

**Option 2 (FSR 0.75) - Option 2 with the FSR of 0.75**

**5000 Statutory Fees and Contributions**

Costs to be entered Inclusive of GST

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R
5002	S96 Lodgement Fees	-	-	0	-	-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-
5004	S94 Contributions	-	2,500.00	6	1	Jul-09	Jul-09	R
5005	Strata Setup Costs	9.00	500.00	16	2	May-10	Jun-10	R
5006	LPI Registration Fees	9.00	500.00	16	2	May-10	Jun-10	R
5007	-	-	-	0	-	-	-	-
5008	-	-	-	0	-	-	-	-
5009	-	-	-	0	-	-	-	-
5010	-	-	-	0	-	-	-	-
5011	-	-	-	0	-	-	-	-
5012	-	-	-	0	-	-	-	-
5013	-	-	-	0	-	-	-	-
5014	-	-	-	0	-	-	-	-
5015	-	-	-	0	-	-	-	-
Manual Input (refer to Cash Flow)								
<b>TOTAL</b>								14,373

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R
5002	S96 Lodgement Fees	-	-	0	-	-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-
5004	S94 Contributions	-	2,500.00	6	1	Jul-09	Jul-09	R
5005	Strata Setup Costs	9.00	500.00	16	2	May-10	Jun-10	R
5006	LPI Registration Fees	9.00	500.00	16	2	May-10	Jun-10	R
5007	-	-	-	0	-	-	-	-
5008	-	-	-	0	-	-	-	-
5009	-	-	-	0	-	-	-	-
5010	-	-	-	0	-	-	-	-
5011	-	-	-	0	-	-	-	-
5012	-	-	-	0	-	-	-	-
5013	-	-	-	0	-	-	-	-
5014	-	-	-	0	-	-	-	-
5015	-	-	-	0	-	-	-	-
Manual Input (refer to Cash Flow)								
<b>TOTAL</b>								14,373

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
6001	Survey Fees	0.00%	9.00	550.00	16	2	May-10	Jun-10	R
6002	-	0.00%	-	-	0	-	-	-	-
6003	-	0.00%	-	-	0	-	-	-	-
6004	-	0.00%	-	-	0	-	-	-	-
6005	-	0.00%	-	-	0	-	-	-	-
6006	-	0.00%	-	-	0	-	-	-	-
6007	-	0.00%	-	-	0	-	-	-	-
6008	-	0.00%	-	-	0	-	-	-	-
6009	-	0.00%	-	-	0	-	-	-	-
6010	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
6001	Survey Fees	0.00%	9.00	550.00	16	2	May-10	Jun-10	R
6002	-	0.00%	-	-	0	-	-	-	-
6003	-	0.00%	-	-	0	-	-	-	-
6004	-	0.00%	-	-	0	-	-	-	-
6005	-	0.00%	-	-	0	-	-	-	-
6006	-	0.00%	-	-	0	-	-	-	-
6007	-	0.00%	-	-	0	-	-	-	-
6008	-	0.00%	-	-	0	-	-	-	-
6009	-	0.00%	-	-	0	-	-	-	-
6010	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Main Inputs for Urban Economics Feasibility Assignment

Option 2 (FSR 0.75) - Option 2 with the FSR of 0.75

7000 Land Holding Costs													
Costs to be entered Inclusive of GST													
Code	Description	No. Units	Base Rate /unit/term	Term <sup>1</sup>	Month Start	Month Span <sup>2</sup>	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Annual Costs (inc GST)	Total Escalated Cost
7001		-	-	Y	0	-	-	-	-	Y		-	-
7002		-	-	Y	0	-	-	-	-	Y		-	-
7003		-	-	Y	0	-	-	-	-	Y		-	-
7004		-	-	Y	0	-	-	-	-	Y		-	-
7005		-	-	Y	0	-	-	-	-	Y		-	-
7006		-	-	Y	0	-	-	-	-	Y		-	-
7007		-	-	Y	0	-	-	-	-	Y		-	-
7008		-	-	Y	0	-	-	-	-	Y		-	-
7009		-	-	Y	0	-	-	-	-	Y		-	-
7010		-	-	Y	0	-	-	-	-	Y		-	-
7011		-	-	Y	0	-	-	-	-	Y		-	-
7012		-	-	Y	0	-	-	-	-	Y		-	-
											Manual Input (refer to Cash Flow)		
											<b>TOTAL</b>		

<sup>1</sup> Y=Yearly, BA=BiAnnually, Q=Quarterly, M=Monthly, W=Monthly  
<sup>2</sup> DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

Sales and Rental Revenue Escalation

Code	Category	Escalation Rates from Project Start Date - Applied Per Annum											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
RS	Residential	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RT	Retail	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
C	Commercial	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
O	Other	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rental escalation occurs up to lease start date. For rent review escalation during le													

8000 Selling Costs

Code	Sales Commission Inclusive of GST	Sales Comm <sup>1</sup>	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>3</sup>	Remarks	GST Included	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
							37,636	41,400	43,171
	Residential (RS)	2.00%	0.00%	0.00%		Y	-	-	-
	Retail (RT)	2.00%	0.00%	0.00%		Y	-	-	-
	Commercial (C)	2.00%	0.00%	0.00%		Y	-	-	-
	Other (O)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
	(-)	0.00%	0.00%	0.00%		-	-	-	-
							<b>TOTAL</b>		43,171

<sup>1</sup> % of Gross Purchase Price  
<sup>2</sup> Percentage of Sales Commission paid at exchange date for pre-sales  
<sup>3</sup> Percentage of price deposited on exchange (for pre-sales)

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





# Appendix A3

## Option 3A (FSR 0.8) Feasibility

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## Option 3A – (FSR 0.8)

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For Option 3A we make the following assumptions:

- Minimum land size of 1,000 m<sup>2</sup> for the development of multi unit residential building, which allocates to a land cost of \$600,000 + stamp duty (including all other acquisition costs).
- Assuming that all units built will be a 2-bedroom unit with a size of 80sqm (including circulation spaces).
- A total allowable build area of 800 m<sup>2</sup> containing 10 units.
- Assuming a 3 storey building type with a construction cost of \$ 1,725/m<sup>2</sup> plus GST.
- Assuming other development costs (Architects, Project Managers and other consultants) as 15% of total construction costs.
- Assuming a sales price of \$230,000 (as brand new units sell at a premium price, 2 bedroom units in the area generally sell from \$210,000) and sales cost at 2%.
- Assuming that equity put into the project is the land cost (\$600,000).
- Assuming interest rate is at 8%.
- Cost escalation of 3% per annum
- Revenue escalation of 3% per annum
- Project contingency of 5% (Construction, Professional, Statutory & Misc Costs)
- No S.94 levy charges, although other statutory fees apply (eg. DA application fee, Strata fee)

The feasibility result was a loss of **\$57,352** and a development margin of **-2.56%**.

As a general rule a developer would not proceed with a project with a development margin of less than 15%. Thus developers would not be interested in developing the area with Option 3A as it produces a net loss.

*Note:*

*Construction cost assumption source: BMT & Associates (Quantity Surveyors) as of 26/05/09.*

<b>Type of Building</b>	Residential – 3 Level Unit
<b>Project Location</b>	Sydney
<b>Level of Finish</b>	Medium
<b>Maximum Cost (Plus GST)</b>	<b>\$ 1,725 /m<sup>2</sup></b>

## Summary of Project Returns



### Urban Economics Feasibility Assignment

Option 3A (FSR 0.8)

Option 3A with the FSR of 0.8

<b>Time Span:</b> Jan-09 to Jul-10 (18 Months)	<b>Project Size:</b> 10. Dwellings
<b>Type:</b> Miscellaneous	<b>Project Size:</b> 800. GFA (sqm)
<b>Status:</b> Under Review	<b>Site Area:</b> 1,000. SqM

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

COSTS & REVENUES				\$AUD Total	\$AUD Per Dwelling	\$AUD Per Site Area SqM
<b>REVENUE</b>						
<b>Total Sales Revenue</b>	Quantity	SqM	\$AUD/SqM	\$AUD		
	10	-	-	2,398,362	239,836	2,398
Residential	10	-	-	2,398,362		
Less Selling Costs				(61,514)	6,151	62
Less Purchasers Costs				-	-	-
<b>NET SALE PROCEEDS</b>				<b>2,336,848</b>	<b>233,685</b>	<b>2,337</b>
<b>Rental Income</b>						
	Units		\$AUD/Units/annum	\$AUD		
	-		-	-	-	-
Less Outgoings & Vacancies				-	-	-
Less Letting Fees				-	-	-
Less Incentives (Rent Free and Fit-out Costs)				-	-	-
<b>NET RENTAL INCOME</b>				-	-	-
Interest Received				-	-	-
<b>TOTAL REVENUE (before GST paid)</b>				<b>2,336,848</b>	<b>233,685</b>	<b>2,337</b>
Less GST paid				(218,033)	21,803	218
<b>TOTAL REVENUE (after GST paid)</b>				<b>2,118,815</b>	<b>211,882</b>	<b>2,119</b>
<b>COSTS</b>						
Land Purchase Cost				600,000	60,000	600
Land Transaction Costs				22,490	2,249	22
Construction (inc. Construct. Contingency)				1,420,803	142,080	1,421
Professional Fees				193,746	19,375	194
Statutory Fees and Contributions				15,415	1,541	15
Project Contingency (Project Reserve)				81,785	8,178	82
Land Holding Costs				-	-	-
Finance Charges (inc. Line Fees)				-	-	-
Interest Expense				52,472	5,247	52
Miscellaneous Costs				-	-	-
Miscellaneous Costs				-	-	-
Miscellaneous Costs				5,728	573	6
<b>TOTAL COSTS (before GST reclaimed)</b>				<b>2,392,439</b>	<b>239,244</b>	<b>2,392</b>
Less GST reclaimed				(216,272)	21,627	216
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>2,176,167</b>	<b>217,617</b>	<b>2,176</b>

### PERFORMANCE INDICATORS

Net Development Profit <sup>1</sup>	(57,352)
<b>Development Margin (or Profit/Risk Margin) <sup>3</sup></b>	<b>-2.56%</b> on total development costs (including selling costs).
Residual Land Value (Target Margin) <sup>4</sup>	265,439 (at 15% target development margin)
<b>Net Present Value <sup>5</sup></b>	<b>(107,446)</b> (at 8% per ann. discount rate, nominal)
Benefit Cost Ratio <sup>6</sup>	0.9463 (at 8% per ann. discount rate, nominal)
<b>Project Internal Rate of Return (IRR) <sup>7</sup></b>	<b>-0.35%</b> (per ann. nominal)
Residual Land Value (based on NPV) <sup>8</sup>	485,226
Breakeven Date for Cumulative Cash Flow <sup>9</sup>	N.A. (Profit is negative)
Rent Cover <sup>10</sup>	N.A.
Profit Erosion <sup>11</sup>	N.A.

**Footnotes:**

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
10. The total net development profit divided by the current net annual rental expressed as a number of years/months.
11. 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.

# Main Inputs for Urban Economics Feasibility Assignment

Option 3A (FSR 0.8) - Option 3A with the FSR of 0.8

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

Version 3.12 March 2008

## Preliminary

Cash Flow Title		Option 3A (FSR 0.8)		Option 3A with the FSR of 0.8	
Date of First Period:	Jan-2009				
Cash Flow Reset Period:	Monthly				
Enter Project Size (a)	10.0	Dwellings			
Enter Project Size (b)	8000.0	GFA (sqm)			
Enter Site Area	1,000.0	SqM			
Type	Miscellaneous				
Status	Under Review				

## Goods and Services Tax

(Using General Tax Rule)

Developer's GST (Credits Reclaimed in the Same Month)      Liability Paid in the Same Month      Liability on Sales All Paid by Developer

Goods and Services Tax Rate      10.00%

	All Project Costs (where indicated) to be entered Inclusive of GST
	All Rental Income and Leasing Costs to be entered Inclusive of GST

## 1000 Land Purchase & Acquisition Costs

Costs to be entered Inclusive of GST

Land Purchase Price	600,000.00
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Code	Description	% of Land Purchase Price paid	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	Reclaim Proportionally with Land Payments	GST Included on Land Purchase Price?	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1002	Deposit in Trust Account <sup>1</sup>	0.00%	-	0	-	-	-	-	Y	-	-	-
1003	Payment 1	0.00%	-	0	-	-	-	-	-	-	-	-
1004	Payment 2	0.00%	-	0	-	-	-	-	-	-	-	-
1005	Payment 3	0.00%	-	0	-	-	-	-	-	-	-	-
1006	Payment 4	0.00%	-	0	-	-	-	-	-	-	-	-
1007	Settlement (Balance)	100.00%	600,000	3	1	Apr-09	Apr-09	-	-	-	-	-
1008	Stamp Duty <sup>1</sup>	NSW	22,490	0	1	Jan-09	Jan-09	-	-	545,455	600,000	600,000
	Interest on Deposit in Trust Account	0.00%	-	-	-	-	-	-	-	-	-	-
	Profit Share to Land Owner	0.00%	-	-	-	-	-	-	-	-	-	-
	<b>TOTAL</b>									545,455	600,000	600,000

<sup>1</sup> (No GST credit available for Stamp Duty)

Stamp Duty calculated on Land Value of \$AUD600,000 inc. GST

Code	Description	% of Land Price exc Tax paid	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	Remarks	GST Included	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1011	Acquisition Legal Fees	0.00%	-	0	-	-	-		Y	-	-	-
1012	Due Diligence Consultants	0.00%	-	0	-	-	-		Y	-	-	-
1013		0.00%	-	0	-	-	-		Y	-	-	-
1014		0.00%	-	0	-	-	-		Y	-	-	-
1015		0.00%	-	0	-	-	-		Y	-	-	-
	<b>TOTAL</b>							Manual Input (refer to Cash Flow)		-	-	-

## Cost Escalation

Code	Description	Escalation Rates from Project Start Date - Applied Per Annum										
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10 +	
	Professional Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Construction Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Statutory Fees and Contributions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Land Holding Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Selling Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Finance Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2000	Project Contingency	-	-	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

<sup>1</sup> for Construction, Professional, Statutory & Misc. Costs



**Main Inputs for Urban Economics Feasibility Assignment**

Option 3A (FSR 0.8) - Option 3A with the FSR of 0.8

3000 Professional Fees													
Costs to be entered Inclusive of GST													
Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (inc GST)	Total Escalated Cost
3001	Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3002	Landscape Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3003	Survey Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3004	Contamination Reports	0.00%	-	-	0	-	-	-	-	Y		-	-
3005	Geotechnical Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3006	Environmental Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3007	Planner	0.00%	-	-	0	-	-	-	-	Y		-	-
3008	Quantity Surveyor	0.00%	-	-	0	-	-	-	-	Y		-	-
3009	Structural Engineer	0.00%	-	-	0	-	-	-	-	Y		-	-
3010	Services Engineers	0.00%	-	-	0	-	-	-	-	Y		-	-
3011	PCA Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3012	BCA Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3013	Traffic Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3014	Total DA Consultants	0.00%	-	-	0	-	-	-	-	Y		-	-
3015	Total Design Consultants (incl)	15.00%	-	-	1	16	Feb-09	May-10	-	Y		193,746	193,746
3099	DM / PM fees	0.00%	-	-	0	-	-	-	-	Y	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												193,746	

4000 Construction Costs														
Costs to be entered Inclusive of GST														
Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	S-Curve (S or E)	GST Included	Remarks	Total Current Costs (exc GST)	Total Escalated Cost	
4001	Construction Costs	800.00	1,725.00	6	11	Jul-09	May-10	R	S	Y		1,254,545	1,420,803	
4002		-	-	0	-	-	-	R	S	N		-	-	
4003		-	-	0	-	-	-	R	S	N		-	-	
4004		-	-	0	-	-	-	R	S	N		-	-	
4005		-	-	0	-	-	-	R	S	N		-	-	
4006		-	-	0	-	-	-	R	S	N		-	-	
4007		-	-	0	-	-	-	R	S	N		-	-	
4008		-	-	0	-	-	-	R	S	N		-	-	
4009		-	-	0	-	-	-	R	S	N		-	-	
4010		-	-	0	-	-	-	R	S	N		-	-	
4011		-	-	0	-	-	-	R	S	N		-	-	
4012		-	-	0	-	-	-	R	S	N		-	-	
4013		-	-	0	-	-	-	R	S	N		-	-	
4014		-	-	0	-	-	-	R	S	N		-	-	
4015		-	-	0	-	-	-	R	S	N		-	-	
4016		-	-	0	-	-	-	R	S	N		-	-	
4017		-	-	0	-	-	-	R	S	N		-	-	
4018		-	-	0	-	-	-	R	S	N		-	-	
4019		-	-	0	-	-	-	R	S	N		-	-	
4025		-	-	0	-	-	-	R	S	N		-	-	
<sup>1</sup> Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span)												-		
4099	Construction Contingency	-	-	0.00%	0	-	-	-	-	N	Manual Input (refer to Cash Flow)	-	-	
<b>TOTAL</b>												1,254,545	1,380,000	1,420,803

**Main Inputs for Urban Economics Feasibility Assignment**

Option 3A (FSR 0.8) - Option 3A with the FSR of 0.8

**5000 Statutory Fees and Contributions**

Costs to be entered Inclusive of GST

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R
5002	S96 Lodgement Fees	-	-	0	-	-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-
5004	S94 Contributions	-	2,500.00	6	1	Jul-09	Jul-09	R
5005	Strata Setup Costs	10.00	500.00	16	2	May-10	Jun-10	R
5006	LPI Registration Fees	10.00	500.00	16	2	May-10	Jun-10	R
5007	-	-	-	0	-	-	-	-
5008	-	-	-	0	-	-	-	-
5009	-	-	-	0	-	-	-	-
5010	-	-	-	0	-	-	-	-
5011	-	-	-	0	-	-	-	-
5012	-	-	-	0	-	-	-	-
5013	-	-	-	0	-	-	-	-
5014	-	-	-	0	-	-	-	-
5015	-	-	-	0	-	-	-	-
Manual Input (refer to Cash Flow)								
<b>TOTAL</b>								15,415

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R
5002	S96 Lodgement Fees	-	-	0	-	-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-
5004	S94 Contributions	-	2,500.00	6	1	Jul-09	Jul-09	R
5005	Strata Setup Costs	10.00	500.00	16	2	May-10	Jun-10	R
5006	LPI Registration Fees	10.00	500.00	16	2	May-10	Jun-10	R
5007	-	-	-	0	-	-	-	-
5008	-	-	-	0	-	-	-	-
5009	-	-	-	0	-	-	-	-
5010	-	-	-	0	-	-	-	-
5011	-	-	-	0	-	-	-	-
5012	-	-	-	0	-	-	-	-
5013	-	-	-	0	-	-	-	-
5014	-	-	-	0	-	-	-	-
5015	-	-	-	0	-	-	-	-
Manual Input (refer to Cash Flow)								
<b>TOTAL</b>								15,415

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
Manual Input (refer to Cash Flow)									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
Manual Input (refer to Cash Flow)									
<b>TOTAL</b>									

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
Manual Input (refer to Cash Flow)									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
Manual Input (refer to Cash Flow)									
<b>TOTAL</b>									

**6000 Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
6001	Survey Fees	0.00%	10.00	550.00	16	2	May-10	Jun-10	R
6002	-	0.00%	-	-	0	-	-	-	-
6003	-	0.00%	-	-	0	-	-	-	-
6004	-	0.00%	-	-	0	-	-	-	-
6005	-	0.00%	-	-	0	-	-	-	-
6006	-	0.00%	-	-	0	-	-	-	-
6007	-	0.00%	-	-	0	-	-	-	-
6008	-	0.00%	-	-	0	-	-	-	-
6009	-	0.00%	-	-	0	-	-	-	-
6010	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
Manual Input (refer to Cash Flow)									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
6001	Survey Fees	0.00%	10.00	550.00	16	2	May-10	Jun-10	R
6002	-	0.00%	-	-	0	-	-	-	-
6003	-	0.00%	-	-	0	-	-	-	-
6004	-	0.00%	-	-	0	-	-	-	-
6005	-	0.00%	-	-	0	-	-	-	-
6006	-	0.00%	-	-	0	-	-	-	-
6007	-	0.00%	-	-	0	-	-	-	-
6008	-	0.00%	-	-	0	-	-	-	-
6009	-	0.00%	-	-	0	-	-	-	-
6010	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
Manual Input (refer to Cash Flow)									
<b>TOTAL</b>									

Main Inputs for Urban Economics Feasibility Assignment

Option 3A (FSR 0.8) - Option 3A with the FSR of 0.8

7000 Land Holding Costs

Costs to be entered Inclusive of GST

Code	Description	No. Units	Base Rate /unit/term	Term <sup>1</sup>	Month Start	Month Span <sup>2</sup>	Date Start	Date Finish	Escalate (E,R,N)
7001		-	-	Y	0	-	-	-	-
7002		-	-	Y	0	-	-	-	-
7003		-	-	Y	0	-	-	-	-
7004		-	-	Y	0	-	-	-	-
7005		-	-	Y	0	-	-	-	-
7006		-	-	Y	0	-	-	-	-
7007		-	-	Y	0	-	-	-	-
7008		-	-	Y	0	-	-	-	-
7009		-	-	Y	0	-	-	-	-
7010		-	-	Y	0	-	-	-	-
7011		-	-	Y	0	-	-	-	-
7012		-	-	Y	0	-	-	-	-

<sup>1</sup> Y=Yearly, BA=BiAnnually, Q=Quarterly, M=Monthly, W=Monthly

<sup>2</sup> DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

Sales and Rental Revenue Escalation

Escalation Rates from Project Start Date - Applied Per Annum

Code	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
RS	Residential	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RT	Retail	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
C	Commercial	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
O	Other	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Rental escalation occurs up to lease start date. For rent review escalation during le

8000 Selling Costs

Code	Description	Sales Comm <sup>1</sup>	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>3</sup>	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
	Sales Commission (To be entered Inclusive of GST)						
	Residential (RS)	2.00%	0.00%	0.00%	41,818	46,000	47,967
	Retail (RT)	2.00%	0.00%	0.00%	-	-	-
	Commercial (C)	2.00%	0.00%	0.00%	-	-	-
	Other (O)	2.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
	TOTAL				41,818	46,000	47,967
	Interest Rate on Deposits Invested in Trust Account						
	% of Interest retained by Developer upon settlement						

<sup>1</sup> % of Gross Purchase Price

<sup>2</sup> Percentage of Sales Commission paid at exchange date for pre-sales

<sup>3</sup> Percentage of price deposited on exchange (for pre-sales)

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A (FSR 0.8) - Option 3A with the FSR of 0.8**

Code	Other Selling Costs To be entered Inclusive of GST	% of Sales	AND/OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
8002	Legal Fees (Residential Sales)	0.00%	10.00	1,320.00	3	16	Apr-09	Jul-10	R
8003		0.00%			0				R
8004		0.00%			0				R
8005		0.00%			0				R
8006		0.00%			0				R
8007		0.00%			0				R
8008		0.00%			0				R
8009		0.00%			0				R
8010		0.00%			0				R
8011		0.00%			0				R
8012		0.00%			0				R

Code	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
	Y		12,000	13,200	13,547
<b>TOTAL</b>					<b>13,547</b>

Manual Input (refer to Cash Flow)

**Sales Revenue Collection Profile**

% Payable at Each Instalment Calculated from Date of Exchange (Not applicable to Capitalised Sales)									
Profile	Months After Date of Exchange	0	0	0	0	0	0	0	0
Profile 1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 2	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 3	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 4	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

**9000 Sales**

**Sales Revenue to be entered Inclusive of GST**

Code	Description	No. Units	Total Area SqM	Current Sale Price	Month Start	Month Span	Date Start	Date Finish	Pre-Sale Exchanges Month	Pre-Sale Exchanges Month Span	Revenue Collection Profile	Sale Rate	Total Current Sales Revenue (exc GST)	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue
9001	2 BR Units	10.00		230,000.00	16	3	May-10	Jul-10	0	0			2,090,909	2,300,000	2,398,362
9002					0				0			Per Unit			
9003					0				0			Per Unit			
9004					0				0			Per Unit			
9005					0				0			Per Unit			
9006					0				0			Per Unit			
9007					0				0			Per Unit			
9008					0				0			Per Unit			
9009					0				0			Per Unit			
9010					0				0			Per Unit			
9011					0				0			Per Unit			
9012					0				0			Per Unit			
9013					0				0			Per Unit			
9014					0				0			Per Unit			
9015					0				0			Per Unit			
9016					0				0			Per Unit			
9017					0				0			Per Unit			
9018					0				0			Per Unit			
9019					0				0			Per Unit			
9020					0				0			Per Unit			
<b>Capitalised Sales (refer to Tenants)</b>															
<b>Manual Input (refer to Cash Flow)</b>															
<b>TOTAL</b>												<b>2,090,909</b>	<b>2,300,000</b>	<b>2,398,362</b>	

**10000 Financing**

Code	Description	No. Units	Total Area SqM	Current Sale Price	Month Start	Month Span	Date Start	Date Finish	Pre-Sale Exchanges Month	Pre-Sale Exchanges Month Span	Revenue Collection Profile	Sale Rate	Total Current Sales Revenue (exc GST)	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue
10000	Equity														
	Developer's Equity Contribution			600,000.00											
	Interest Charged on Equity			0.00%											
	Interest received on Surplus Cash			0.00%											
	% of Available Funds to Repay/Equity Before Debt			0.00%											
Fixed Amount and Injected in total upfront. Total Equity Contributed = \$AUD 600,000															
per annum Nominal - Capitalised (Compounded) per annum received in arrears.															
per annum Nominal - Capitalised (Compounded) per annum received in arrears.															
Lender / Loan Description: Lender 3															
10007	Interest Rate		8.00%												
10008	Line Fees (per annum)														
Max exposure with capitalised interest = \$AUD 1,431,833															
paid during period of debt in arrears															

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A (FSR 0.8) - Option 3A with the FSR of 0.8**

Financing Costs (to be entered inclusive of GST)	No. of Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	-	-	-	-	-	-	-
10010	1.00	-	0	-	-	-	-	Y	-	-	-	-
10011	1.00	-	0	-	-	-	-	Y	-	-	-	-
10012	1.00	-	0	-	-	-	-	Y	-	-	-	-
10013	1.00	-	0	-	-	-	-	Y	-	-	-	-
10014	1.00	-	0	-	-	-	-	Y	-	-	-	-
10015	1.00	-	0	-	-	-	-	Y	-	-	-	-
10016	1.00	-	0	-	-	-	-	Y	-	-	-	-
10017	1.00	-	0	-	-	-	-	Y	-	-	-	-
10018	1.00	-	0	-	-	-	-	Y	-	-	-	-
									Manual Input (refer to Cash Flow)			
									<b>TOTAL</b>			

**Project Hurdle Rates**

Project Discount Rate (target IRR)	8.00%	per annum Nominal, on cash flow that includes financing costs but excludes interest.
Nominate an estimate of IRR	25.00%	per ann.
Developer's Target Dev. Margin	15.00%	on total development costs (including selling costs).

Appendix A4  
Option 3A + Bonus (FSR 1.3) Feasibility

### Option 3A + Bonus – (FSR 1.3)

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The feasibility for this option is attached as Appendix A4.

For Option 3A + Bonus we make the following assumptions:

- Minimum land size of 1,000 m<sup>2</sup> for the development of multi unit residential building, which allocates to a land cost of \$600,000 + stamp duty (including all other acquisition costs).
- Assuming that all units built will be a 2-bedroom unit with a size of 80sqm (including circulation spaces).
- A total allowable build area of 1300 m<sup>2</sup> containing 16 units.
- Assuming a 3 storey building type with a construction cost of \$ 1,725/m<sup>2</sup> plus GST.
- Assuming other development costs (Architects, Project Managers and other consultants) as 15% of total construction costs.
- Assuming a sales price of \$230,000 (as brand new units sell at a premium price, 2 bedroom units in the area generally sell from \$210,000) and sales cost at 2%.
- Assuming that equity put into the project is the land cost (\$600,000).
- Assuming interest rate is at 8%.
- Cost escalation of 3% per annum
- Revenue escalation of 3% per annum
- Project contingency of 5% (Construction, Professional, Statutory & Misc Costs)
- No S.94 levy charges, although other statutory fees apply (eg. DA application fee, Strata fee)

The feasibility result was a profit of **\$208,084** and a development margin of **6.33%**.

As a general rule a developer would not proceed with a project with a development margin of less than 15%. Thus developers would not be interested in developing the area with Option 3A + Bonus as the development margin is too low to make the project feasible.

*Note:*

*Construction cost assumption source: BMT & Associates (Quantity Surveyors) as of 26/05/09.*

<b>Type of Building</b>	Residential – 3 Level Unit
<b>Project Location</b>	Sydney
<b>Level of Finish</b>	Medium
<b>Maximum Cost (Plus GST)</b>	<b>\$ 1,725 /m<sup>2</sup></b>

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## Summary of Project Returns



### Urban Economics Feasibility Assignment

#### Option 3A + Bonus (FSR 1.3)

Option 3A + Bonus with the FSR of 1.3

<b>Time Span:</b> Jan-09 to Aug-10 (19 Months)	<b>Project Size:</b> 16. Dwellings
<b>Type:</b> Miscellaneous	<b>Project Size:</b> 1,300. GFA (sqm)
<b>Status:</b> Under Review	<b>Site Area:</b> 1,000. SqM

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

COSTS & REVENUES				\$AUD Total	\$AUD Per Dwelling	\$AUD Per Site Area SqM
<b>REVENUE</b>						
	Quantity	SqM	\$AUD/SqM	\$AUD		
<b>Total Sales Revenue</b>	16	-	-	3,842,116	240,132	3,842
Residential	16	-	-	3,842,116		
Less Selling Costs				(98,517)	6,157	99
Less Purchasers Costs				-	-	-
<b>NET SALE PROCEEDS</b>				3,743,598	233,975	3,744
<b>Rental Income</b>						
	Units	\$AUD/Units/annum	\$AUD			
<b>Rental Income</b>	-	-	-		-	-
Less Outgoings & Vacancies				-	-	-
Less Letting Fees				-	-	-
Less Incentives (Rent Free and Fit-out Costs)				-	-	-
<b>NET RENTAL INCOME</b>				-	-	-
Interest Received				-	-	-
<b>TOTAL REVENUE (before GST paid)</b>				3,743,598	233,975	3,744
Less GST paid				(349,283)	21,830	349
<b>TOTAL REVENUE (after GST paid)</b>				3,394,315	212,145	3,394
<b>COSTS</b>						
Land Purchase Cost				600,000	37,500	600
Land Transaction Costs				22,490	1,406	22
Construction (inc. Construct. Contingency)				2,308,805	144,300	2,309
Professional Fees				314,837	19,677	315
Statutory Fees and Contributions				21,664	1,354	22
Project Contingency (Project Reserve)				132,724	8,295	133
Land Holding Costs				-	-	-
Finance Charges (inc. Line Fees)				-	-	-
Interest Expense				93,430	5,839	93
Miscellaneous Costs				-	-	-
Miscellaneous Costs				-	-	-
Miscellaneous Costs				9,165	573	9
<b>TOTAL COSTS (before GST reclaimed)</b>				3,503,114	218,945	3,503
Less GST reclaimed				(316,883)	19,805	317
<b>TOTAL COSTS (after GST reclaimed)</b>				3,186,231	199,139	3,186

### PERFORMANCE INDICATORS

Net Development Profit <sup>1</sup>	208,084
<b>Development Margin (or Profit/Risk Margin) <sup>3</sup></b>	<b>6.33%</b> on total development costs (including selling costs).
Residual Land Value (Target Margin) <sup>4</sup>	361,575 (at 15% target development margin)
<b>Net Present Value <sup>5</sup></b>	<b>123,178</b> (at 8% per ann. discount rate, nominal)
Benefit Cost Ratio <sup>6</sup>	1.0425 (at 8% per ann. discount rate, nominal)
<b>Project Internal Rate of Return (IRR) <sup>7</sup></b>	<b>14.42%</b> (per ann. nominal)
Residual Land Value (based on NPV) <sup>8</sup>	731,580
Breakeven Date for Cumulative Cash Flow <sup>9</sup>	Aug-2010 (Month 19)
Rent Cover <sup>10</sup>	N.A.
Profit Erosion <sup>11</sup>	N.A.

**Footnotes:**

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
10. The total net development profit divided by the current net annual rental expressed as a number of years/months.
11. 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.



**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A + Bonus (FSR 1.3) - Option 3A + Bonus with the FSR of 1.3**

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

Version 3.12 March 2008

**Preliminary**

Cash Flow Title		Option 3A + Bonus (FSR 1.3)	
Date of First Period:	Jan-2009	Option 3A + Bonus with the FSR of 1.3	
Cash Flow Reset Period:	Monthly		
Enter Project Size (a)	16.0	Dwellings	
Enter Project Size (b)	1,300.0	GFA (sqm)	
Enter Site Area	1,000.0	SqM	
Type	Miscellaneous		
Status	Under Review		

**Goods and Services Tax**

(Using General Tax Rule)

Goods and Services Tax Rate	10.00%	Developer's GST (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 (where indicated) to be entered Inclusive of GST  
 All Rental Income and Leasing Costs to be entered Inclusive of GST

**1000 Land Purchase & Acquisition Costs**

Costs to be entered Inclusive of GST

	Land Purchase Price	% of Land Purchase Price		AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	Reclaim Proportionally with Land Payments	GST Included on Land Purchase Price?	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1002	Deposit in Trust Account <sup>1</sup>	-	0.00%	-	0	-	-	-	-	Y	-	-	-
1003	Payment 1	-	0.00%	-	0	-	-	-	-	Y	-	-	-
1004	Payment 2	-	0.00%	-	0	-	-	-	-	Y	-	-	-
1005	Payment 3	-	0.00%	-	0	-	-	-	-	Y	-	-	-
1006	Payment 4	-	0.00%	-	0	-	-	-	-	Y	-	-	-
1007	Settlement (Balance)	600,000	100.00%	600,000	3	1	Apr-09	Apr-09	-	Y	600,000	600,000	600,000
1008	Stamp Duty <sup>1</sup>	22,490	0.00%	22,490	0	1	Jan-09	Jan-09	-	Y	545,455	600,000	600,000
	Interest on Deposit in Trust Account	-	0.00%	-	-	-	-	-	-	Y	-	-	-
	Profit Share to Land Owner	-	0.00%	-	-	-	-	-	-	Y	-	-	-
	<b>TOTAL</b>										545,455	600,000	600,000

<sup>1</sup> (No GST credit available for Stamp Duty)

Stamp Duty calculated on Land Value of \$AUD600,000 inc. GST

Code	Other Acquisition Costs (to be entered Inclusive of GST)	% of Land Price exc Tax	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1011	Acquisition Legal Fees	-	-	0	-	-	-	Y		-	-	-
1012	Due Diligence Consultants	-	-	0	-	-	-	Y		-	-	-
1013		-	-	0	-	-	-	Y		-	-	-
1014		-	-	0	-	-	-	Y		-	-	-
1015		-	-	0	-	-	-	Y		-	-	-
	<b>TOTAL</b>								Manual Input (refer to Cash Flow)	-	-	-

**Cost Escalation**

Code	Professional Fees	Escalation Rates from Project Start Date - Applied Per Annum											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10 +		
	Construction Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Statutory Fees and Contributions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Land Holding Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Selling Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Finance Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

**2000 Project Contingency**

And / Or 5.00% for Construction, Professional, Statutory & Misc. Costs

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A + Bonus (FSR 1.3) - Option 3A + Bonus with the FSR of 1.3**

<b>3000 Professional Fees</b>													
Costs to be entered Inclusive of GST													
Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (inc GST)	Total Escalated Cost
3001	Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3002	Landscape Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3003	Survey Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3004	Contamination Reports	0.00%	-	-	0	-	-	-	-	Y		-	-
3005	Geotechnical Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3006	Environmental Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3007	Planner	0.00%	-	-	0	-	-	-	-	Y		-	-
3008	Quantity Surveyor	0.00%	-	-	0	-	-	-	-	Y		-	-
3009	Structural Engineer	0.00%	-	-	0	-	-	-	-	Y		-	-
3010	Services Engineers	0.00%	-	-	0	-	-	-	-	Y		-	-
3011	PCA Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3012	BCA Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3013	Traffic Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3014	Total DA Consultants	0.00%	-	-	0	-	-	-	-	Y		-	-
3015	Total Design Consultants (incl)	15.00%	-	-	1	16	Feb-09	May-10	-	Y		286,215	314,837
<sup>1</sup> % Based on Net Costs													
3099	DM / PM fees	0.00%	-	-	0	-	-	-	-	Y	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												314,837	

<b>4000 Construction Costs</b>													
Costs to be entered Inclusive of GST													
Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	S-Curve (S or E)	GST Included	Remarks	Total Current Costs (exc GST)	Total Escalated Cost
4001	Construction Costs	1,300.00	1,725.00	6	11	Jul-09	May-10	R	S	Y		2,038,636	2,308,805
4002		-	-	0	-	-	-	R	S	N		-	-
4003		-	-	0	-	-	-	R	S	N		-	-
4004		-	-	0	-	-	-	R	S	N		-	-
4005		-	-	0	-	-	-	R	S	N		-	-
4006		-	-	0	-	-	-	R	S	N		-	-
4007		-	-	0	-	-	-	R	S	N		-	-
4008		-	-	0	-	-	-	R	S	N		-	-
4009		-	-	0	-	-	-	R	S	N		-	-
4010		-	-	0	-	-	-	R	S	N		-	-
4011		-	-	0	-	-	-	R	S	N		-	-
4012		-	-	0	-	-	-	R	S	N		-	-
4013		-	-	0	-	-	-	R	S	N		-	-
4014		-	-	0	-	-	-	R	S	N		-	-
4015		-	-	0	-	-	-	R	S	N		-	-
4016		-	-	0	-	-	-	R	S	N		-	-
4017		-	-	0	-	-	-	R	S	N		-	-
4018		-	-	0	-	-	-	R	S	N		-	-
4019		-	-	0	-	-	-	R	S	N		-	-
4025		-	-	0	-	-	-	-	-	N	Manual Input (refer to Cash Flow)	-	-
<sup>1</sup> Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span)													
4099	Construction Contingency	-	-	0.00%	0	-	-	-	-	-	Construction Contingency	2,038,636	2,308,805
<b>TOTAL</b>												2,308,805	

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A + Bonus (FSR 1.3) - Option 3A + Bonus with the FSR of 1.3**

**5000 Statutory Fees and Contributions**

Costs to be entered Inclusive of GST

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R
5002	S96 Lodgement Fees	-	-	0	-	-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-
5004	S94 Contributions	16.00	2,500.00	6	1	Jul-09	Jul-09	R
5005	Strata Setup Costs	16.00	500.00	16	2	May-10	Jun-10	R
5006	LPI Registration Fees	16.00	500.00	16	2	May-10	Jun-10	R
5007	-	-	-	0	-	-	-	-
5008	-	-	-	0	-	-	-	-
5009	-	-	-	0	-	-	-	-
5010	-	-	-	0	-	-	-	-
5011	-	-	-	0	-	-	-	-
5012	-	-	-	0	-	-	-	-
5013	-	-	-	0	-	-	-	-
5014	-	-	-	0	-	-	-	-
5015	-	-	-	0	-	-	-	-
Manual Input (refer to Cash Flow)								
<b>TOTAL</b>								21,000

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
5001	DA Lodgement Fees	1.00	5,000.00	0	1	Jan-09	Jan-09	R
5002	S96 Lodgement Fees	-	-	0	-	-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-
5004	S94 Contributions	16.00	2,500.00	6	1	Jul-09	Jul-09	R
5005	Strata Setup Costs	16.00	500.00	16	2	May-10	Jun-10	R
5006	LPI Registration Fees	16.00	500.00	16	2	May-10	Jun-10	R
5007	-	-	-	0	-	-	-	-
5008	-	-	-	0	-	-	-	-
5009	-	-	-	0	-	-	-	-
5010	-	-	-	0	-	-	-	-
5011	-	-	-	0	-	-	-	-
5012	-	-	-	0	-	-	-	-
5013	-	-	-	0	-	-	-	-
5014	-	-	-	0	-	-	-	-
5015	-	-	-	0	-	-	-	-
Manual Input (refer to Cash Flow)								
<b>TOTAL</b>								21,000

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
-	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
6001	Survey Fees	0.00%	16.00	550.00	16	2	May-10	Jun-10	R
6002	-	0.00%	-	-	0	-	-	-	-
6003	-	0.00%	-	-	0	-	-	-	-
6004	-	0.00%	-	-	0	-	-	-	-
6005	-	0.00%	-	-	0	-	-	-	-
6006	-	0.00%	-	-	0	-	-	-	-
6007	-	0.00%	-	-	0	-	-	-	-
6008	-	0.00%	-	-	0	-	-	-	-
6009	-	0.00%	-	-	0	-	-	-	-
6010	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
6001	Survey Fees	0.00%	16.00	550.00	16	2	May-10	Jun-10	R
6002	-	0.00%	-	-	0	-	-	-	-
6003	-	0.00%	-	-	0	-	-	-	-
6004	-	0.00%	-	-	0	-	-	-	-
6005	-	0.00%	-	-	0	-	-	-	-
6006	-	0.00%	-	-	0	-	-	-	-
6007	-	0.00%	-	-	0	-	-	-	-
6008	-	0.00%	-	-	0	-	-	-	-
6009	-	0.00%	-	-	0	-	-	-	-
6010	-	0.00%	-	-	0	-	-	-	-
<sup>1</sup> % Based on Net Costs									
<b>TOTAL</b>									

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A + Bonus (FSR 1.3) - Option 3A + Bonus with the FSR of 1.3**

**7000 Land Holding Costs**

Costs to be entered Inclusive of GST

Code	Description	No. Units	Base Rate /unit/term	Term <sup>1</sup>	Month Start	Month Span <sup>2</sup>	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Annual Costs (exc GST)	Total Annual Costs (inc GST)	Total Escalated Cost
7001		-	-	Y	0	-	-	-	-	Y		-	-	-
7002		-	-	Y	0	-	-	-	-	Y		-	-	-
7003		-	-	Y	0	-	-	-	-	Y		-	-	-
7004		-	-	Y	0	-	-	-	-	Y		-	-	-
7005		-	-	Y	0	-	-	-	-	Y		-	-	-
7006		-	-	Y	0	-	-	-	-	Y		-	-	-
7007		-	-	Y	0	-	-	-	-	Y		-	-	-
7008		-	-	Y	0	-	-	-	-	Y		-	-	-
7009		-	-	Y	0	-	-	-	-	Y		-	-	-
7010		-	-	Y	0	-	-	-	-	Y		-	-	-
7011		-	-	Y	0	-	-	-	-	Y		-	-	-
7012		-	-	Y	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>												-	-	-

<sup>1</sup> Y=Yearly, BA=BiAnnually, Q=Quarterly, M=Monthly, W=Monthly  
<sup>2</sup> DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

**Sales and Rental Revenue Escalation**

Code	Category	Escalation Rates from Project Start Date - Applied Per Annum												
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10			
RS	Residential	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RT	Retail	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
C	Commercial	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
O	Other	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rental escalation occurs up to lease start date. For rent review escalation during le														

**8000 Selling Costs**

Code	Sales Commission Inclusive of GST	Sales Comm <sup>1</sup>	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>3</sup>	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
	Residential (RS)	2.00%	0.00%	0.00%	66,909	73,600	76,842
	Retail (RT)	2.00%	0.00%	0.00%	-	-	-
	Commercial (C)	2.00%	0.00%	0.00%	-	-	-
	Other (O)	2.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
-		0.00%	0.00%	0.00%	-	-	-
<b>TOTAL</b>					66,909	73,600	76,842

<sup>1</sup> % of Gross Purchase Price  
<sup>2</sup> Percentage of Sales Commission paid at exchange date for pre-sales  
<sup>3</sup> Percentage of price deposited on exchange (for pre-sales)

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

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3A + Bonus (FSR 1.3) - Option 3A + Bonus with the FSR of 1.3**

Code	Other Selling Costs To be entered Inclusive of GST	% of Sales	AND/OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
8002	Legal Fees (Residential Sales)	0.00%	16.00	1,320.00	-3	16	Apr-09	Jul-10	R
8003		0.00%		-	0		-	-	R
8004		0.00%		-	0		-	-	R
8005		0.00%		-	0		-	-	R
8006		0.00%		-	0		-	-	R
8007		0.00%		-	0		-	-	R
8008		0.00%		-	0		-	-	R
8009		0.00%		-	0		-	-	R
8010		0.00%		-	0		-	-	R
8011		0.00%		-	0		-	-	R
8012		0.00%		-	0		-	-	R

**Sales Revenue Collection Profile**

% Payable at Each Instalment Calculated from Date of Exchange (Not applicable to Capitalised Sales)					
Months After Date of Exchange	0	0	0	0	0
Profile 1	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 2	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 3	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 4	0.00%	0.00%	0.00%	0.00%	100.00%

**9000 Sales**

Sales Revenue to be entered Inclusive of GST

Code	Description	No. Units	Total Area SqM	Current Sale Price	Month Start	Month Span	Settlements Date Start	Date Finish	Pre-Sale Exchanges Month Start	Month Span	Land Use Code	Revenue Collection Profile	Sale Rate	Total Current Sales Revenue (exc GST)	Total Current Costs (inc GST)	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue
9001	2 BR Units	16.00		230,000.00	16	4	May-10	Aug-10	0	0	RS	-	Per Unit	3,345,455	-	3,680,000	3,842,116
9002				-	0		-	-	0				Per Unit	-	-	-	-
9003				-	0		-	-	0				Per Unit	-	-	-	-
9004				-	0		-	-	0				Per Unit	-	-	-	-
9005				-	0		-	-	0				Per Unit	-	-	-	-
9006				-	0		-	-	0				Per Unit	-	-	-	-
9007				-	0		-	-	0				Per Unit	-	-	-	-
9008				-	0		-	-	0				Per Unit	-	-	-	-
9009				-	0		-	-	0				Per Unit	-	-	-	-
9010				-	0		-	-	0				Per Unit	-	-	-	-
9011				-	0		-	-	0				Per Unit	-	-	-	-
9012				-	0		-	-	0				Per Unit	-	-	-	-
9013				-	0		-	-	0				Per Unit	-	-	-	-
9014				-	0		-	-	0				Per Unit	-	-	-	-
9015				-	0		-	-	0				Per Unit	-	-	-	-
9016				-	0		-	-	0				Per Unit	-	-	-	-
9017				-	0		-	-	0				Per Unit	-	-	-	-
9018				-	0		-	-	0				Per Unit	-	-	-	-
9019				-	0		-	-	0				Per Unit	-	-	-	-
9020				-	0		-	-	0				Per Unit	-	-	-	-
<b>Capitalised Sales (refer to Tenants)</b>																	
Manual Input (refer to Cash Flow)																	
<b>TOTAL</b>														3,345,455	3,680,000	3,842,116	

**10000 Financing**

Equity			Senior Loan	
	Developer's Equity Contribution	600,000.00	Lender / Loan Description:	Lender 3
	Interest Charged on Equity	0.00%	per annum Nominal - Capitalised (Compounded)	8.00%
10002	Interest received on Surplus Cash	0.00%		
	% of Available Funds to Repay/Equity Before Debt	0.00%		
10007	Interest Rate			
10008	Line Fees (per annum)			

### Main Inputs for Urban Economics Feasibility Assignment

### Option 3A + Bonus (FSR 1.3) - Option 3A + Bonus with the FSR of 1.3

Financing Costs (to be entered Inclusive of GST)	No. of Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	-	-	-	-	-	-	-
10010	-	1.00	0	-	-	-	-	Y	-	-	-	-
10011	-	1.00	0	-	-	-	-	Y	-	-	-	-
10012	-	1.00	0	-	-	-	-	Y	-	-	-	-
10013	-	1.00	0	-	-	-	-	Y	-	-	-	-
10014	-	1.00	0	-	-	-	-	Y	-	-	-	-
10015	-	1.00	0	-	-	-	-	Y	-	-	-	-
10016	-	1.00	0	-	-	-	-	Y	-	-	-	-
10017	-	1.00	0	-	-	-	-	Y	-	-	-	-
10018	-	1.00	0	-	-	-	-	Y	-	-	-	-
									Manual Input (refer to Cash Flow)			
									<b>TOTAL</b>			

### Project Hurdle Rates

Project Discount Rate (target IRR)	8.00%	per annum Nominal, on cash flow that includes financing costs but excludes interest.
Nominate an estimate of IRR	25.00%	per ann.
Developer's Target Dev. Margin	15.00%	on total development costs (including selling costs).

# Appendix A5

## Option 3B (FSR 2.5) Feasibility

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## Option 3B – (FSR 2.5)

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For Option 3B we make the following assumptions:

- Minimum land size of 1,000 m<sup>2</sup> for the development of multi unit residential building, which allocates to a land cost of \$1,300,000 + stamp duty (including all other acquisition costs).
- Assuming that all units built will be a 2-bedroom unit with a size of 80sqm (including circulation spaces).
- A total allowable build area of 2,500m<sup>2</sup> containing 31 units.
- Assuming a 5 storey building type with a construction cost of \$ 2,056/m<sup>2</sup> plus GST.
- Assuming other development costs (Architects, Project Managers and other consultants) as 15% of total construction costs.
- Assuming a sales price of \$290,000 (as brand new units sell at a premium price, 2 bedroom units in the area generally sell from \$270,000) and sales cost at 2%.
- Assuming that equity put into the project is the land cost (\$1,300,000).
- Assuming interest rate is at 8%.
- Cost escalation of 3% per annum
- Revenue escalation of 3% per annum
- Project contingency of 5% (Construction, Professional, Statutory & Misc Costs)
- No S.94 levy charges, although other statutory fees apply (eg. DA application fee, Strata fee)

The feasibility result was a profit of **\$1,067,707** and a development margin of **14.26%**.

As a general rule a developer would not proceed with a project with a development margin of less than 15%. Thus developers would probably be interested in developing the area with Option 3B as the development margin is fairly close to the 15% benchmark.

*Note:*

*Construction cost assumption source: BMT & Associates (Quantity Surveyors) as of 26/05/09.*

<b>Type of Building</b>	Residential – Multi – Level Apartment
<b>Project Location</b>	Sydney
<b>Level of Finish</b>	Medium
<b>Maximum Cost (Plus GST)</b>	<b>\$ 2,056 /m<sup>2</sup></b>



## Summary of Project Returns



### Urban Economics Feasibility Assignment

Option 3B (FSR 2.5)

Option 3B with the FSR of 2.5

<b>Time Span:</b> Jan-09 to Oct-10 (21 Months)	<b>Project Size:</b> 31. Dwellings
<b>Type:</b> Miscellaneous	<b>Project Size:</b> 2,500. GFA (sqm)
<b>Status:</b> Under Review	<b>Site Area:</b> 1,000. SqM

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

COSTS & REVENUES				\$AUD Total	\$AUD Per Dwelling	\$AUD Per Site Area SqM
<b>REVENUE</b>						
	Quantity	SqM	\$AUD/SqM	\$AUD		
<b>Total Sales Revenue</b>	31	-	-	9,409,234	303,524	9,409
Residential	31	-	-	9,409,234		
Less Selling Costs				(230,180)	7,425	230
Less Purchasers Costs				-	-	-
<b>NET SALE PROCEEDS</b>				9,179,054	296,099	9,179
<b>Rental Income</b>						
	Units	\$AUD/Units/annum	\$AUD			
<b>Rental Income</b>	-	-	-		-	-
Less Outgoings & Vacancies				-	-	-
Less Letting Fees				-	-	-
Less Incentives (Rent Free and Fit-out Costs)				-	-	-
<b>NET RENTAL INCOME</b>				-	-	-
Interest Received				-	-	-
<b>TOTAL REVENUE (before GST paid)</b>				9,179,054	296,099	9,179
Less GST paid				(855,385)	27,593	855
<b>TOTAL REVENUE (after GST paid)</b>				<b>8,323,669</b>	<b>268,505</b>	<b>8,324</b>
<b>COSTS</b>						
Land Purchase Cost				1,300,000	41,935	1,300
Land Transaction Costs				56,990	1,838	57
Construction (inc. Construct. Contingency)				5,291,977	170,709	5,292
Professional Fees				721,633	23,278	722
Statutory Fees and Contributions				42,286	1,364	42
Project Contingency (Project Reserve)				303,683	9,796	304
Land Holding Costs				-	-	-
Finance Charges (inc. Line Fees)				-	-	-
Interest Expense				240,501	7,758	241
Miscellaneous Costs				-	-	-
Miscellaneous Costs				-	-	-
Miscellaneous Costs				17,757	573	18
<b>TOTAL COSTS (before GST reclaimed)</b>				7,974,827	257,252	7,975
Less GST reclaimed				(718,865)	23,189	719
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>7,255,962</b>	<b>234,063</b>	<b>7,256</b>

### PERFORMANCE INDICATORS

Net Development Profit <sup>1</sup>	1,067,707
<b>Development Margin (or Profit/Risk Margin) <sup>3</sup></b>	<b>14.26%</b> on total development costs (including selling costs).
Residual Land Value (Target Margin) <sup>4</sup>	1,255,670 (at 15% target development margin)
<b>Net Present Value <sup>5</sup></b>	<b>788,417</b> (at 8% per ann. discount rate, nominal)
Benefit Cost Ratio <sup>6</sup>	1.1200 (at 8% per ann. discount rate, nominal)
<b>Project Internal Rate of Return (IRR) <sup>7</sup></b>	<b>23.57%</b> (per ann. nominal)
Residual Land Value (based on NPV) <sup>8</sup>	2,133,291
Breakeven Date for Cumulative Cash Flow <sup>9</sup>	Oct-2010 (Month 21)
Rent Cover <sup>10</sup>	N.A.
Profit Erosion <sup>11</sup>	N.A.

**Footnotes:**

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
10. The total net development profit divided by the current net annual rental expressed as a number of years/months.
11. 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.

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B (FSR 2.5) - Option 3B with the FSR of 2.5**

**Preliminary**

Cash Flow Title	<b>Option 3B (FSR 2.5)</b>	Description of Option/Stage	Option 3B with the FSR of 2.5
Date of First Period:	Jan-2009		
Cash Flow Rest Period:	Monthly		
Enter Project Size (a)	31.0	Dwellings	
Enter Project Size (b)	2,500.0	GFA (sqm)	
Enter Site Area	1,000.0	SqM	
Type	Miscellaneous		
Status	Under Review		

**Goods and Services Tax**

(Using General Tax Rule)

Goods and Services Tax Rate	10.00%	Developer's GST (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 (where indicated) to be entered Inclusive of GST  
 All Rental Income and Leasing Costs to be entered Inclusive of GST

**1000 Land Purchase & Acquisition Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Land Purchase Price paid	Amount	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	Reclaim Proportionally with Land Payments	GST Included on Land Purchase Price?	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
	Land Purchase Price		1,300,000.00										
1002	Deposit in Trust Account <sup>1</sup>	0.00%	-	-	0	-	-	-			-	-	-
1003	Payment 1	0.00%	-	-	0	-	-	-			-	-	-
1004	Payment 2	0.00%	-	-	0	-	-	-			-	-	-
1005	Payment 3	0.00%	-	-	0	-	-	-			-	-	-
1006	Payment 4	0.00%	-	-	0	-	-	-			-	-	-
1007	Settlement (Balance)	100.00%	1,300,000	3	1	Apr-09	Apr-09				1,300,000	1,300,000	1,300,000
1008	Stamp Duty <sup>1</sup>	NSW	56,990	0	1	Jan-09	Jan-09				1,181,818	1,300,000	1,300,000
	Interest on Deposit in Trust Account	0.00%	-	-	0	1	Jan-09	Jan-09			-	-	-
	Profit Share to Land Owner	0.00%	-	-	0	-	-	-			-	-	-
	<b>TOTAL</b>										<b>1,181,818</b>	<b>1,300,000</b>	<b>1,300,000</b>

<sup>1</sup> Stamp Duty calculated on Land Value of \$AUD1,300,000 inc. GST

Code	Description	% of Land Price exc Tax paid	Amount	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1011	Acquisition Legal Fees	0.00%	-	-	0	-	-	-	Y		-	-	-
1012	Due Diligence Consultants	0.00%	-	-	0	-	-	-	Y		-	-	-
1013		0.00%	-	-	0	-	-	-	Y		-	-	-
1014		0.00%	-	-	0	-	-	-	Y		-	-	-
1015		0.00%	-	-	0	-	-	-	Y		-	-	-
	<b>TOTAL</b>									Manual Input (refer to Cash Flow)	-	-	-

**Cost Escalation**

Code	Description	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10 +
	Professional Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Construction Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Statutory Fees and Contributions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Land Holding Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Selling Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Finance Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

**2000 Project Contingency**

And / Or	5.00%	for Construction, Professional, Statutory & Misc. Costs									
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**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B (FSR 2.5) - Option 3B with the FSR of 2.5**

<b>3000 Professional Fees</b>													
Costs to be entered Inclusive of GST													
Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (inc GST)	Total Escalated Cost
3001	Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3002	Landscape Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3003	Survey Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3004	Contamination Reports	0.00%	-	-	0	-	-	-	-	Y		-	-
3005	Geotechnical Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3006	Environmental Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3007	Planner	0.00%	-	-	0	-	-	-	-	Y		-	-
3008	Quantity Surveyor	0.00%	-	-	0	-	-	-	-	Y		-	-
3009	Structural Engineer	0.00%	-	-	0	-	-	-	-	Y		-	-
3010	Services Engineers	0.00%	-	-	0	-	-	-	-	Y		-	-
3011	PCA Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3012	BCA Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3013	Traffic Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3014	Total DA Consultants	0.00%	-	-	0	-	-	-	-	Y		-	-
3015	Total Design Consultants (incl)	15.00%	-	-	1	16	Feb-09	May-10	-	Y		656,030	721,633
<sup>1</sup> % Based on Net Costs													
3099	DM / PM fees	0.00%	-	-	0	-	-	-	-	Y	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												721,633	

<b>4000 Construction Costs</b>													
Costs to be entered Inclusive of GST													
Code	Description	Units	Base Rate / Units	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	S-Curve (S or E)	GST Included	Remarks	Total Current Costs (exc GST)	Total Escalated Cost
4001	Construction Costs	2,500.00	2,056.00	6	11	Jul-09	May-10	R	S	Y		4,672,727	5,291,977
4002		-	-	0	-	-	-	R	S	N		-	-
4003		-	-	0	-	-	-	R	S	N		-	-
4004		-	-	0	-	-	-	R	S	N		-	-
4005		-	-	0	-	-	-	R	S	N		-	-
4006		-	-	0	-	-	-	R	S	N		-	-
4007		-	-	0	-	-	-	R	S	N		-	-
4008		-	-	0	-	-	-	R	S	N		-	-
4009		-	-	0	-	-	-	R	S	N		-	-
4010		-	-	0	-	-	-	R	S	N		-	-
4011		-	-	0	-	-	-	R	S	N		-	-
4012		-	-	0	-	-	-	R	S	N		-	-
4013		-	-	0	-	-	-	R	S	N		-	-
4014		-	-	0	-	-	-	R	S	N		-	-
4015		-	-	0	-	-	-	R	S	N		-	-
4016		-	-	0	-	-	-	R	S	N		-	-
4017		-	-	0	-	-	-	R	S	N		-	-
4018		-	-	0	-	-	-	R	S	N		-	-
4019		-	-	0	-	-	-	R	S	N		-	-
4025		-	-	0	-	-	-	-	-	N	Manual Input (refer to Cash Flow)	-	-
<sup>1</sup> Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span)													
4099	Construction Contingency	-	-	0.00%	0	-	-	-	-	-	Construction Contingency	4,672,727	5,291,977
<b>TOTAL</b>												5,140,000	

**Main Inputs for Urban Economics Feasibility Assignment**

Option 3B (FSR 2.5) - Option 3B with the FSR of 2.5

**5000 Statutory Fees and Contributions**

Costs to be entered Inclusive of GST

Code	Description	Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
5001	DA Lodgement Fees	1.00	10,000.00	0	1	Jan-09	Jan-09	R	Y		9,091	10,000	10,000
5002	S96 Lodgement Fees	-	-	0	-	-	-	-	Y		-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-	Y		-	-	-
5004	S94 Contributions	-	2,500.00	6	1	Jul-09	Jul-09	R	Y		-	-	-
5005	Strata Setup Costs	31.00	500.00	16	2	May-10	Jun-10	R	Y		14,091	15,500	16,143
5006	LPI Registration Fees	31.00	500.00	16	2	May-10	Jun-10	R	Y		14,091	15,500	16,143
5007	-	-	-	0	-	-	-	-	Y		-	-	-
5008	-	-	-	0	-	-	-	-	Y		-	-	-
5009	-	-	-	0	-	-	-	-	Y		-	-	-
5010	-	-	-	0	-	-	-	-	Y		-	-	-
5011	-	-	-	0	-	-	-	-	Y		-	-	-
5012	-	-	-	0	-	-	-	-	Y		-	-	-
5013	-	-	-	0	-	-	-	-	Y		-	-	-
5014	-	-	-	0	-	-	-	-	Y		-	-	-
5015	-	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-
<b>TOTAL</b>											37,273	41,000	42,286

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>											-	-	-	

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>											-	-	-	

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
6001	Survey Fees	0.00%	31.00	550.00	16	2	May-10	Jun-10	R	Y		15,500	17,050	17,757
6002	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6003	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6004	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6005	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6006	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6007	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6008	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6009	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6010	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>											15,500	17,050	17,757	

Main Inputs for Urban Economics Feasibility Assignment

Option 3B (FSR 2.5) - Option 3B with the FSR of 2.5

7000	Land Holding Costs											Total Escalated Cost	
Costs to be entered Inclusive of GST													
Code	Description	No. Units	Base Rate /unit/term	Term <sup>1</sup>	Month Start	Month Span <sup>2</sup>	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Annual Costs (exc GST)	Total Annual Costs (inc GST)
7001		-	-	Y	0	-	-	-	-	Y		-	-
7002		-	-	Y	0	-	-	-	-	Y		-	-
7003		-	-	Y	0	-	-	-	-	Y		-	-
7004		-	-	Y	0	-	-	-	-	Y		-	-
7005		-	-	Y	0	-	-	-	-	Y		-	-
7006		-	-	Y	0	-	-	-	-	Y		-	-
7007		-	-	Y	0	-	-	-	-	Y		-	-
7008		-	-	Y	0	-	-	-	-	Y		-	-
7009		-	-	Y	0	-	-	-	-	Y		-	-
7010		-	-	Y	0	-	-	-	-	Y		-	-
7011		-	-	Y	0	-	-	-	-	Y		-	-
7012		-	-	Y	0	-	-	-	-	Y		-	-
Manual Input (refer to Cash Flow)													
<b>TOTAL</b>													

<sup>1</sup> Y = Yearly, BA = Bimonthly, Q = Quarterly, W = Monthly, M = Monthly

<sup>2</sup> DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

Sales and Rental Revenue Escalation

Code	Category	Escalation Rates from Project Start Date - Applied Per Annum											
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
RS	Residential	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RT	Retail	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
C	Commercial	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
O	Other	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rental escalation occurs up to lease start date. For rent review escalation during le													

8000 Selling Costs

Code	Sales Commission Inclusive of GST	Sales Comm <sup>1</sup>	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>3</sup>	Remarks	Total Current Costs			Total Escalated Cost		
						(exc GST)	(inc GST)	(inc GST)	(exc GST)	(inc GST)	(inc GST)
	Residential (RS)	2.00%	0.00%	0.00%		163,455	179,800	179,800	163,455	179,800	188,185
	Retail (RT)	2.00%	0.00%	0.00%		-	-	-	-	-	-
	Commercial (C)	2.00%	0.00%	0.00%		-	-	-	-	-	-
	Other (O)	2.00%	0.00%	0.00%		-	-	-	-	-	-
-		0.00%	0.00%	0.00%		-	-	-	-	-	-
-		0.00%	0.00%	0.00%		-	-	-	-	-	-
-		0.00%	0.00%	0.00%		-	-	-	-	-	-
-		0.00%	0.00%	0.00%		-	-	-	-	-	-
-		0.00%	0.00%	0.00%		-	-	-	-	-	-
<b>TOTAL</b>						163,455	179,800	179,800	163,455	179,800	188,185

<sup>1</sup> % of Gross Purchase Price  
<sup>2</sup> Percentage of Sales Commission paid at exchange date for pre-sales  
<sup>3</sup> Percentage of price deposited on exchange (for pre-sales)

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

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B (FSR 2.5) - Option 3B with the FSR of 2.5**

Code	Other Selling Costs To be entered Inclusive of GST	% of Sales	AND/OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
8002	Legal Fees (Residential Sales)	0.00%	31.00	1,320.00	-3	16	Apr-09	Jul-10	R
8003		0.00%			0				R
8004		0.00%			0				R
8005		0.00%			0				R
8006		0.00%			0				R
8007		0.00%			0				R
8008		0.00%			0				R
8009		0.00%			0				R
8010		0.00%			0				R
8011		0.00%			0				R
8012		0.00%			0				R

Code	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
	Y		37,200	40,920	41,995
Manual Input (refer to Cash Flow)					
<b>TOTAL</b>			<b>37,200</b>	<b>40,920</b>	<b>41,995</b>

**Sales Revenue Collection Profile**

Profile	% Payable at Each Instalment Calculated from Date of Exchange (Not applicable to Capitalised Sales)					
	0	0	0	0	0	0
Profile 1	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 2	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 3	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 4	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

**9000 Sales**

**Sales Revenue to be entered Inclusive of GST**

Code	Description	No. Units	Total Area SqM	Current Sale Price	Month Start	Month Span	Date Start	Date Finish	Pre-Sale Exchanges Month Start	Pre-Sale Exchanges Month Span	Land Use Code	Revenue Collection Profile	Sale Rate	Total Current Sales Revenue (exc GST)	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue
9001	2 BR Units	31.00		290,000.00	16	6	May-10	Oct-10	0	0	RS	-	Per Unit	8,172,727	8,990,000	9,409,234
9002													Per Unit			
9003													Per Unit			
9004													Per Unit			
9005													Per Unit			
9006													Per Unit			
9007													Per Unit			
9008													Per Unit			
9009													Per Unit			
9010													Per Unit			
9011													Per Unit			
9012													Per Unit			
9013													Per Unit			
9014													Per Unit			
9015													Per Unit			
9016													Per Unit			
9017													Per Unit			
9018													Per Unit			
9019													Per Unit			
9020													Per Unit			
<b>Capitalised Sales (refer to Tenants Manual Input (refer to Cash Flow))</b>																
<b>10000 Financing</b>														<b>8,172,727</b>	<b>8,990,000</b>	<b>9,409,234</b>

**Equity**

Developer's Equity Contribution	1,300,000.00	0.00%	Fixed Amount and Injected in total upfront.
Interest Charged on Equity	0.00%	per annum Nominal - Capitalised (Compounded)	Total Equity Contributed = \$AUD 1,300,000
Interest received on Surplus Cash	0.00%	per annum received in arrears.	
% of Available Funds to Repay/Equity Before Debt	0.00%		

**Senior Loan**

Interest Rate	8.00%	Lender 3	Max exposure with capitalised interest = \$AUD 5,380,698
Line Fees (per annum)	-		paid during period of debt in arrears

Main Inputs for Urban Economics Feasibility Assignment

Option 3B (FSR 2.5) - Option 3B with the FSR of 2.5

Financing Costs (to be entered inclusive of GST)	No. of Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	-	-	-	-	-	-	-
10010	1.00	-	0	-	-	-	-	Y		-	-	-
10011	1.00	-	0	-	-	-	-	Y		-	-	-
10012	1.00	-	0	-	-	-	-	Y		-	-	-
10013	1.00	-	0	-	-	-	-	Y		-	-	-
10014	1.00	-	0	-	-	-	-	Y		-	-	-
10015	1.00	-	0	-	-	-	-	Y		-	-	-
10016	1.00	-	0	-	-	-	-	Y		-	-	-
10017	1.00	-	0	-	-	-	-	Y		-	-	-
10018	1.00	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)												
<b>TOTAL</b>											-	

Project Hurdle Rates

Project Discount Rate (target IRR)	8.00%	per annum Nominal, on cash flow that includes financing costs but excludes interest.
Nominate an estimate of IRR	25.00%	per ann.
Developer's Target Dev. Margin	15.00%	on total development costs (including selling costs).

Appendix A6

Option 3B + Bonus (FSR 3) Feasibility

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### Option 3B + Bonus – (FSR 3)

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For Option 3B we make the following assumptions:

- Minimum land size of 1,000 m<sup>2</sup> for the development of multi unit residential building, which allocates to a land cost of \$1,300,000 + stamp duty (including all other acquisition costs).
- Assuming that all units built will be a 2-bedroom unit with a size of 80sqm (including circulation spaces).
- A total allowable build area of 3,000m<sup>2</sup> containing 38 units.
- Assuming a 6 storey building type with a construction cost of \$ 2,056/m<sup>2</sup> plus GST.
- Assuming other development costs (Architects, Project Managers and other consultants) as 15% of total construction costs.
- Assuming a sales price of \$290,000 (as brand new units sell at a premium price, 2 bedroom units in the area generally sell from \$270,000) and sales cost at 2%.
- Assuming that equity put into the project is the land cost (\$1,300,000).
- Assuming interest rate is at 8%.
- Cost escalation of 3% per annum
- Revenue escalation of 3% per annum
- Project contingency of 5% (Construction, Professional, Statutory & Misc Costs)
- No S.94 levy charges, although other statutory fees apply (eg. DA application fee, Strata fee)

The feasibility result was a profit of **\$1,742,451** and a development margin of **19.90%**.

As a general rule a developer would not proceed with a project with a development margin of less than 15%. Thus developers would probably be interested in developing the area with Option 3B as the development margin is higher than the 15% benchmark.

*Note:*

*Construction cost assumption source: BMT & Associates (Quantity Surveyors) as of 26/05/09.*

<b>Type of Building</b>	Residential – Multi – Level Apartment
<b>Project Location</b>	Sydney
<b>Level of Finish</b>	Medium
<b>Maximum Cost (Plus GST)</b>	<b>\$ 2,056 /m<sup>2</sup></b>

## Summary of Project Returns



### Urban Economics Feasibility Assignment

**Option 3B + Bonus (FSR 3)**

Option 3B + Bonus with the FSR of 3

<b>Time Span:</b> Jan-09 to Nov-10 (22 Months)	<b>Project Size:</b> 38. Dwellings
<b>Type:</b> Miscellaneous	<b>Project Size:</b> 3,000. GFA (sqm)
<b>Status:</b> Under Review	<b>Site Area:</b> 1,000. SqM

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COSTS & REVENUES				\$AUD Total	\$AUD Per Dwelling	\$AUD Per Site Area SqM
<b>REVENUE</b>						
<b>Total Sales Revenue</b>	Quantity	SqM	\$AUD/SqM	\$AUD		
	38	-	-	11,548,151	303,899	11,548
Residential	38	-	-	11,548,151		
Less Selling Costs				(282,441)	7,433	282
Less Purchasers Costs				-	-	-
<b>NET SALE PROCEEDS</b>				<b>11,265,711</b>	<b>296,466</b>	<b>11,266</b>
<b>Rental Income</b>						
	Units		\$AUD/Units/annum	\$AUD		
	-		-	-	-	-
Less Outgoings & Vacancies				-	-	-
Less Letting Fees				-	-	-
Less Incentives (Rent Free and Fit-out Costs)				-	-	-
<b>NET RENTAL INCOME</b>				-	-	-
Interest Received				-	-	-
<b>TOTAL REVENUE (before GST paid)</b>				<b>11,265,711</b>	<b>296,466</b>	<b>11,266</b>
Less GST paid				(1,049,832)	27,627	1,050
<b>TOTAL REVENUE (after GST paid)</b>				<b>10,215,879</b>	<b>268,839</b>	<b>10,216</b>
<b>COSTS</b>						
Land Purchase Cost				1,300,000	34,211	1,300
Land Transaction Costs				56,990	1,500	57
Construction (inc. Construct. Contingency)				6,350,372	167,115	6,350
Professional Fees				865,960	22,788	866
Statutory Fees and Contributions				49,576	1,305	50
Project Contingency (Project Reserve)				364,384	9,589	364
Land Holding Costs				-	-	-
Finance Charges (inc. Line Fees)				-	-	-
Interest Expense				303,880	7,997	304
Miscellaneous Costs				-	-	-
Miscellaneous Costs				-	-	-
Miscellaneous Costs				21,767	573	22
<b>TOTAL COSTS (before GST reclaimed)</b>				<b>9,312,928</b>	<b>245,077</b>	<b>9,313</b>
Less GST reclaimed				(839,500)	22,092	839
<b>TOTAL COSTS (after GST reclaimed)</b>				<b>8,473,428</b>	<b>222,985</b>	<b>8,473</b>

### PERFORMANCE INDICATORS

Net Development Profit <sup>1</sup>	1,742,451
<b>Development Margin (or Profit/Risk Margin) <sup>3</sup></b>	<b>19.90%</b> on total development costs (including selling costs).
Residual Land Value (Target Margin) <sup>4</sup>	1,644,162 (at 15% target development margin)
<b>Net Present Value <sup>5</sup></b>	<b>1,361,497</b> (at 8% per ann. discount rate, nominal)
Benefit Cost Ratio <sup>6</sup>	1.1782 (at 8% per ann. discount rate, nominal)
<b>Project Internal Rate of Return (IRR) <sup>7</sup></b>	<b>29.84%</b> (per ann. nominal)
Residual Land Value (based on NPV) <sup>8</sup>	2,738,988
Breakeven Date for Cumulative Cash Flow <sup>9</sup>	Oct-2010 (Month 21)
Rent Cover <sup>10</sup>	N.A.
Profit Erosion <sup>11</sup>	N.A.

**Footnotes:**

1. Development Profit: is total revenue less total cost including interest paid and received
2. Note: No redistribution of Developer's Gross Profit
3. Development Margin: is profit divided by total development costs (including selling costs).
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5. Net Present Value: is the project's cash flow stream discounted to present value.  
The cash flow stream includes financing costs except interest
6. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.
7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.
9. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
10. The total net development profit divided by the current net annual rental expressed as a number of years/months.
11. 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.

### Main Inputs for Urban Economics Feasibility Assignment

### Option 3B + Bonus (FSR 3) - Option 3B + Bonus with the FSR of 3

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

Version 3.12 March 2008

#### Preliminary

Cash Flow Title	<b>Option 3B + Bonus (FSR 3)</b>		Description of Option/Stage	Option 3B + Bonus with the FSR of 3
Date of First Period:	Jan-2009	Monthly		
Cash Flow Rest Period:				
Enter Project Size (a)	36.0	Dwellings		
Enter Project Size (b)	3,000.0	GFA (sqm)		
Enter Site Area	1,000.0	SqM		

Type	Miscellaneous
Status	Under Review

#### Goods and Services Tax

(Using General Tax Rule)	
Goods and Services Tax Rate	10.00%

Developer's GST (Credits Reclaimed in the Same Month) | Liability Paid in the Same Month | Liability on Sales All Paid by Developer

All Project Costs (where indicated) to be entered Inclusive of GST  
All Rental Income and Leasing Costs to be entered Inclusive of GST

#### 1000 Land Purchase & Acquisition Costs

Costs to be entered Inclusive of GST	
Land Purchase Price	1,300,000.00

	% of Land Purchase Price			Date Start	Date Finish	Date	Month Span	Date	Date Finish	GST Included on Land Purchase Price?	Reclaim Proportionally with Land Payments	GST Included	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
	% paid	Amount	Amount												
1002 Deposit in Trust Account <sup>1</sup>	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
1003 Payment 1	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
1004 Payment 2	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
1005 Payment 3	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
1006 Payment 4	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
1007 Settlement (Balance)	100.00%	1,300,000	3	1	Apr-09	Apr-09	1	Jan-09	Jan-09	-	-	Y	1,300,000	1,300,000	1,300,000
1008 Stamp Duty <sup>1</sup>	NSW	56,990	0	1	Jan-09	Jan-09	-	-	-	-	-	Y	56,990	62,689	62,689
Interest on Deposit in Trust Account	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
Profit Share to Land Owner	0.00%	-	-	-	-	-	-	-	-	-	-	Y	-	-	-
<b>TOTAL</b>													1,181,818	1,300,000	1,300,000

(Stamp Duty calculated on Land Value of \$AUD1,300,000 inc. GST)

Code	Other Acquisition Costs (to be entered inclusive of GST)	% of Land Price exc Tax	% paid	Amount	AND/OR Lump Amount	Month Start	Month Span	Date Start	Date Finish	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
1011	Acquisition Legal Fees	0.00%	-	-	-	-	-	-	-	Y		-	-	-
1012	Due Diligence Consultants	0.00%	-	-	-	-	-	-	-	Y		-	-	-
1013		0.00%	-	-	-	-	-	-	-	Y		-	-	-
1014		0.00%	-	-	-	-	-	-	-	Y		-	-	-
1015		0.00%	-	-	-	-	-	-	-	Y		-	-	-
<sup>1</sup> (No GST credit available for Stamp Duty)														
Manual Input (refer to Cash Flow)														
<b>TOTAL</b>														

#### Cost Escalation

	Escalation Rates from Project Start Date - Applied Per Annum									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10 +
Professional Fees	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Construction Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Statutory Fees and Contributions	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Miscellaneous Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Land Holding Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Selling Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Finance Costs	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Project Contingency</b>				5.00%						

(for Construction, Professional, Statutory & Misc. Costs)

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B + Bonus (FSR 3) - Option 3B + Bonus with the FSR of 3**

3000 Professional Fees													
Costs to be entered Inclusive of GST													
Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (inc GST)	Total Escalated Cost
3001	Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3002	Landscape Architect	0.00%	-	-	0	-	-	-	-	Y		-	-
3003	Survey Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3004	Contamination Reports	0.00%	-	-	0	-	-	-	-	Y		-	-
3005	Geotechnical Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3006	Environmental Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3007	Planner	0.00%	-	-	0	-	-	-	-	Y		-	-
3008	Quantity Surveyor	0.00%	-	-	0	-	-	-	-	Y		-	-
3009	Structural Engineer	0.00%	-	-	0	-	-	-	-	Y		-	-
3010	Services Engineers	0.00%	-	-	0	-	-	-	-	Y		-	-
3011	PCA Fees	0.00%	-	-	0	-	-	-	-	Y		-	-
3012	BCA Advice	0.00%	-	-	0	-	-	-	-	Y		-	-
3013	Traffic Consultant	0.00%	-	-	0	-	-	-	-	Y		-	-
3014	Total DA Consultants	0.00%	-	-	0	-	-	-	-	Y		-	-
3015	Total Design Consultants (incl)	15.00%	-	-	1	16	Feb-09	May-10	-	Y		787,236	865,960
<sup>1</sup> % Based on Net Costs													
3099	DM / PM fees	0.00%	-	-	0	-	-	-	-	Y	Manual Input (refer to Cash Flow)	-	-
<b>TOTAL</b>												865,960	

4000 Construction Costs														
Costs to be entered Inclusive of GST														
Code	Description	Units	Base Rate / Units	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	S-Curve (S or E)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
4001	Construction Costs	3,000.00	2,056.00	6	11	Jul-09	May-10	R	S	Y		5,607,273	6,168,000	6,350,372
4002		-	-	0	-	-	-	R	S	N		-	-	-
4003		-	-	0	-	-	-	R	S	N		-	-	-
4004		-	-	0	-	-	-	R	S	N		-	-	-
4005		-	-	0	-	-	-	R	S	N		-	-	-
4006		-	-	0	-	-	-	R	S	N		-	-	-
4007		-	-	0	-	-	-	R	S	N		-	-	-
4008		-	-	0	-	-	-	R	S	N		-	-	-
4009		-	-	0	-	-	-	R	S	N		-	-	-
4010		-	-	0	-	-	-	R	S	N		-	-	-
4011		-	-	0	-	-	-	R	S	N		-	-	-
4012		-	-	0	-	-	-	R	S	N		-	-	-
4013		-	-	0	-	-	-	R	S	N		-	-	-
4014		-	-	0	-	-	-	R	S	N		-	-	-
4015		-	-	0	-	-	-	R	S	N		-	-	-
4016		-	-	0	-	-	-	R	S	N		-	-	-
4017		-	-	0	-	-	-	R	S	N		-	-	-
4018		-	-	0	-	-	-	R	S	N		-	-	-
4019		-	-	0	-	-	-	R	S	N		-	-	-
4025		-	-	0	-	-	-	-	-	N	Manual Input (refer to Cash Flow)	-	-	-
<sup>1</sup> Escalation (n = no escalation, e = escalation to start period, r = escalation to start period and through span)														
4099	Construction Contingency	-	-	0.00%	0	-	-	-	-	-	Construction Contingency	5,607,273	6,168,000	6,350,372
<b>TOTAL</b>												6,350,372		

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B + Bonus (FSR 3) - Option 3B + Bonus with the FSR of 3**

**5000 Statutory Fees and Contributions**

Costs to be entered Inclusive of GST

Code	Description	Units	Base Rate / Units	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
5001	DA Lodgement Fees	1.00	10,000.00	0	1	Jan-09	Jan-09	R	Y		9,091	10,000	10,000
5002	S96 Lodgement Fees	-	-	0	-	-	-	-	Y		-	-	-
5003	CC Application Fees (Incl in 4000)	-	-	0	-	-	-	-	Y		-	-	-
5004	S94 Contributions	-	2,500.00	6	1	Jul-09	Jul-09	R	Y		-	-	-
5005	Strata Setup Costs	38.00	500.00	16	2	May-10	Jun-10	R	Y		17,273	19,000	19,788
5006	LPI Registration Fees	38.00	500.00	16	2	May-10	Jun-10	R	Y		17,273	19,000	19,788
5007	-	-	-	0	-	-	-	-	Y		-	-	-
5008	-	-	-	0	-	-	-	-	Y		-	-	-
5009	-	-	-	0	-	-	-	-	Y		-	-	-
5010	-	-	-	0	-	-	-	-	Y		-	-	-
5011	-	-	-	0	-	-	-	-	Y		-	-	-
5012	-	-	-	0	-	-	-	-	Y		-	-	-
5013	-	-	-	0	-	-	-	-	Y		-	-	-
5014	-	-	-	0	-	-	-	-	Y		-	-	-
5015	-	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-
<b>TOTAL</b>											43,636	48,000	49,576

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>											-	-	-	

**Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
-	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>											-	-	-	

**6000 Miscellaneous Costs**

Costs to be entered Inclusive of GST

Code	Description	% of Construct. <sup>1</sup>	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
6001	Survey Fees	0.00%	38.00	550.00	16	2	May-10	Jun-10	R	Y		19,000	20,900	21,767
6002	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6003	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6004	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6005	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6006	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6007	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6008	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6009	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
6010	-	0.00%	-	-	0	-	-	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)											-	-	-	
<b>TOTAL</b>											19,000	20,900	21,767	

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B + Bonus (FSR 3) - Option 3B + Bonus with the FSR of 3**

7000 Land Holding Costs													
Costs to be entered Inclusive of GST													
Code	Description	No. Units	Base Rate /unit/term	Term <sup>1</sup>	Month Start	Month Span <sup>2</sup>	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Annual Costs (inc GST)	Total Escalated Cost
7001		-	-	-	0	-	-	-	-	Y		-	-
7002		-	-	Y	0	-	-	-	-	Y		-	-
7003		-	-	Y	0	-	-	-	-	Y		-	-
7004		-	-	Y	0	-	-	-	-	Y		-	-
7005		-	-	Y	0	-	-	-	-	Y		-	-
7006		-	-	Y	0	-	-	-	-	Y		-	-
7007		-	-	Y	0	-	-	-	-	Y		-	-
7008		-	-	Y	0	-	-	-	-	Y		-	-
7009		-	-	Y	0	-	-	-	-	Y		-	-
7010		-	-	Y	0	-	-	-	-	Y		-	-
7011		-	-	Y	0	-	-	-	-	Y		-	-
7012		-	-	Y	0	-	-	-	-	Y		-	-
											Manual Input (refer to Cash Flow)		
											<b>TOTAL</b>		

<sup>1</sup> Y=Yearly, BA=BiAnnually, Q=Quarterly, M=Monthly, W=Monthly  
<sup>2</sup> DR = diminish holding costs proportionally with leasing DS = diminish holding costs proportionally with sales

Sales and Rental Revenue Escalation												
Escalation Rates from Project Start Date - Applied Per Annum												
Code	Category	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total Escalated Cost
RS	Residential	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	230,963
RT	Retail	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-
C	Commercial	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-
O	Other	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
-		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-
Rental escalation occurs up to lease start date. For rent review escalation during le												

8000 Selling Costs												
Sales Commission (To be entered Inclusive of GST)												
Code	Category	Sales Comm <sup>1</sup>	% of Comm. Pre-sales <sup>2</sup>	Deposits (% of Price) <sup>3</sup>	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost					
	Residential (RS)	2.00%	0.00%	0.00%	200,364	220,400	230,963					
	Retail (RT)	2.00%	0.00%	0.00%	-	-	-					
	Commercial (C)	2.00%	0.00%	0.00%	-	-	-					
	Other (O)	2.00%	0.00%	0.00%	-	-	-					
-		0.00%	0.00%	0.00%	-	-	-					
-		0.00%	0.00%	0.00%	-	-	-					
-		0.00%	0.00%	0.00%	-	-	-					
-		0.00%	0.00%	0.00%	-	-	-					
-		0.00%	0.00%	0.00%	-	-	-					
-		0.00%	0.00%	0.00%	-	-	-					
					<b>TOTAL</b>		230,963					
Interest Rate on Deposits Invested in Trust Account					200,364	220,400	230,963					
% of Interest retained by Developer upon settlement					-	-	-					

<sup>1</sup> % of Gross Purchase Price  
<sup>2</sup> Percentage of Sales Commission paid at exchange date for pre-sales  
<sup>3</sup> Percentage of price deposited on exchange (for pre-sales)

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B + Bonus (FSR 3) - Option 3B + Bonus with the FSR of 3**

Code	Other Selling Costs To be entered Inclusive of GST	% of Sales	AND / OR No. Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)
8002	Legal Fees (Residential Sales)	0.00%	38.00	1,320.00	-3	16	Apr-09	Jul-10	R
8003		0.00%	-	-	0	-	-	-	R
8004		0.00%	-	-	0	-	-	-	R
8005		0.00%	-	-	0	-	-	-	R
8006		0.00%	-	-	0	-	-	-	R
8007		0.00%	-	-	0	-	-	-	R
8008		0.00%	-	-	0	-	-	-	R
8009		0.00%	-	-	0	-	-	-	R
8010		0.00%	-	-	0	-	-	-	R
8011		0.00%	-	-	0	-	-	-	R
8012		0.00%	-	-	0	-	-	-	R

**Sales Revenue Collection Profile**

Profile	Months After Date of Exchange	% Payable at Each Instalment Calculated from Date of Exchange (Not applicable to Capitalised Sales)	0	0	0	0	0	0	0
Profile 1		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 2		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 3		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Profile 4		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%

**9000 Sales**

Sales Revenue to be entered Inclusive of GST

Code	Description	No. Units	Total Area SqM	Current Sale Price	Month Start	Month Span	Settlements Date Start	Settlements Date Finish	Pre-Sale Exchanges Month Start	Pre-Sale Exchanges Month Span	GST Included	Land Use Code	Revenue Collection Profile	Sale Rate	Total Current Sales Revenue (exc GST)	Total Current Costs (inc GST)	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue
9001	2 BR Units	38.00		290,000.00	16	7	May-10	Nov-10	0	-	Y	RS	-	Per Unit	10,018,182	50,160	11,020,000	11,548,151
9002		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9003		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9004		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9005		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9006		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9007		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9008		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9009		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9010		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9011		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9012		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9013		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9014		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9015		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9016		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9017		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9018		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9019		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
9020		-	-	-	0	-	-	-	0	-	Y	-	-	Per Unit	-	-	-	-
<b>TOTAL</b>													10,018,182	50,160	11,020,000	11,548,151		

**10000 Financing**

Code	Description	Total Area SqM	Current Sale Price	Month Start	Month Span	Settlements Date Start	Settlements Date Finish	Pre-Sale Exchanges Month Start	Pre-Sale Exchanges Month Span	GST Included	Land Use Code	Revenue Collection Profile	Sale Rate	Total Current Sales Revenue (exc GST)	Total Current Costs (inc GST)	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue
10001	Developer's Equity Contribution	1,300,000.00	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	-	-	-	-	-	-	-
10002	Interest Charged on Equity	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	-	-	-	-	-	-	-
10003	Interest received on Surplus Cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	-	-	-	-	-	-	-
10004	% of Available Funds to Repay/Equity Before Debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0	-	-	-	-	-	-	-
<b>TOTAL</b>													10,018,182	50,160	11,020,000	11,548,151	

**Senior Loan**

10007	Interest Rate	8.00%	Lender / Loan Description: Lender 3														
10008	Line Fees (per annum)	-	per annum Nominal - Capitalised (Compounded) Max exposure with capitalised interest = \$AUD 6,468,854 paid during period of debt in arrears														

**Main Inputs for Urban Economics Feasibility Assignment**

**Option 3B + Bonus (FSR 3) - Option 3B + Bonus with the FSR of 3**

Financing Costs (to be entered inclusive of GST)	No. of Units	Base Rate / Unit	Month Start	Month Span	Date Start	Date Finish	Escalate (E,R,N)	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	-	-	-	-	-	-	-
10010	1.00	-	0	-	-	-	-	Y	-	-	-	-
10011	1.00	-	0	-	-	-	-	Y	-	-	-	-
10012	1.00	-	0	-	-	-	-	Y	-	-	-	-
10013	1.00	-	0	-	-	-	-	Y	-	-	-	-
10014	1.00	-	0	-	-	-	-	Y	-	-	-	-
10015	1.00	-	0	-	-	-	-	Y	-	-	-	-
10016	1.00	-	0	-	-	-	-	Y	-	-	-	-
10017	1.00	-	0	-	-	-	-	Y	-	-	-	-
10018	1.00	-	0	-	-	-	-	Y	-	-	-	-
Manual Input (refer to Cash Flow)										-	-	-
<b>TOTAL</b>										-	-	-

**Project Hurdle Rates**

Project Discount Rate (target IRR)	8.00%	per annum Nominal, on cash flow that includes financing costs but excludes interest.
Nominate an estimate of IRR	25.00%	per ann.
Developer's Target Dev. Margin	15.00%	on total development costs (including selling costs).



# Appendix B

## All Options Comparison Summary

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**Consolidation of Stages**



**Urban Economics Feasibility Assignment**

Estate Master for Excel Licensed to: Equity Development Management Pty Ltd

Summary of Comparison of Options	1	2	3	4	5	6	7	8				
	Option 1 (FSR 0.5)	Option 2 (FSR 0.75)	Option 3A (FSR 0.8)	Option 3A + Bonus (FSR 0.8)	Option 3B (FSR 2.5)	Option 3B + Bonus (FSR 2.5)						
	Option 1 with the FSR of 0.5	Option 2 with the FSR of 0.75	Option 3A with the FSR of 0.8	Option 3A + Bonus with the FSR of 1.3	Option 3B with the FSR of 2.5	Option 3B + Bonus with the FSR of 3						
	6 Dwellings 500 GFA (sqm) 1,000 SqM	9 Dwellings 750 GFA (sqm) 1,500 SqM	10 Dwellings 800 GFA (sqm) 1,000 SqM	16 Dwellings 1,300 GFA (sqm) 1,000 SqM	31 Dwellings 2,500 GFA (sqm) 1,000 SqM	38 Dwellings 3,000 GFA (sqm) 1,000 SqM						
	Miscellaneous Under Review	Miscellaneous Under Review	Miscellaneous Under Review	Miscellaneous Under Review	Miscellaneous Under Review	Miscellaneous Under Review						
<b>REVENUE</b>												
Total Sales Revenue	1,439,017	2,158,526	2,398,362	3,842,116	9,409,234	11,548,151						
Less Selling Costs	(36,908)	(55,363)	(61,514)	(98,517)	(230,180)	(282,441)						
<b>NET SALE PROCEEDS</b>	<b>1,402,109</b>	<b>2,103,163</b>	<b>2,336,848</b>	<b>3,743,598</b>	<b>9,179,054</b>	<b>11,265,711</b>						
Rental Income	-	-	-	-	-	-						
Less Outgoings	-	-	-	-	-	-						
Less Letting Fees	-	-	-	-	-	-						
Less Incentives (Rent Free and Fit Out Costs)	-	-	-	-	-	-						
<b>NET RENTAL INCOME</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>INTEREST RECEIVED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>						
<b>TOTAL REVENUE (before GST paid)</b>	<b>1,402,109</b>	<b>2,103,163</b>	<b>2,336,848</b>	<b>3,743,598</b>	<b>9,179,054</b>	<b>11,265,711</b>						
Less GST paid	(130,820)	(196,230)	(218,033)	(349,283)	(855,385)	(1,049,832)						
<b>TOTAL REVENUE (after GST paid)</b>	<b>1,271,289</b>	<b>1,906,934</b>	<b>2,118,815</b>	<b>3,394,315</b>	<b>8,323,669</b>	<b>10,215,879</b>						
<b>COSTS</b>												
Land Purchase Cost	600,000	600,000	600,000	600,000	1,300,000	1,300,000						
Land Transaction Costs	22,490	22,490	22,490	22,490	56,990	56,990						
Construction (inc. Construct. Contingency)	888,002	1,332,003	1,420,803	2,308,805	5,291,977	6,350,372						
Professional Fees	121,091	181,637	193,746	314,837	721,633	865,960						
Authority Fees and Contributions	11,249	14,373	15,415	21,664	42,286	49,576						
Project Contingency (Project Reserve)	51,189	76,658	81,785	132,724	303,683	364,384						
Land Holding Costs	-	-	-	-	-	-						
Finance Charges (inc. Line Fees)	-	-	-	-	-	-						
Interest Expense	32,097	49,519	52,472	93,430	240,501	303,880						
Miscellaneous Costs	-	-	-	-	-	-						
Miscellaneous Costs	-	-	-	-	-	-						
Miscellaneous Costs	3,437	5,155	5,728	9,165	17,757	21,767						
<b>TOTAL COSTS (before GST reclaimed)</b>	<b>1,729,555</b>	<b>2,281,836</b>	<b>2,392,439</b>	<b>3,503,114</b>	<b>7,974,827</b>	<b>9,312,928</b>						
Less GST reclaimed	(155,625)	(205,926)	(216,272)	(316,883)	(718,865)	(839,500)						
<b>TOTAL COSTS (after GST reclaimed)</b>	<b>1,573,930</b>	<b>2,075,910</b>	<b>2,176,167</b>	<b>3,186,231</b>	<b>7,255,962</b>	<b>8,473,428</b>						
<b>PERFORMANCE INDICATORS</b>												
Gross Development Profit <sup>1</sup>	(302,641)	(168,976)	(57,352)	208,084	1,067,707	1,742,451						
Net Developer's Profit after Profit Share <sup>2</sup>	(302,641)	(168,976)	(57,352)	208,084	1,067,707	1,742,451						
Development Margin (Profit/Risk Margin) <sup>3</sup>	(18.79%)	(7.93%)	(2.56%)	6.33%	14.26%	19.90%						
Target Development Margin	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%						
Residual Land Value (Target Margin) <sup>4</sup>	128,201	181,482	265,439	361,575	1,255,670	1,644,162						
Breakeven Date for Cumulative Cash Flow <sup>5</sup>	N.A.	N.A.	N.A.	Aug-2010	Oct-2010	Oct-2010						
Discount Rate (Target IRR)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%						
Net Present Value <sup>6</sup>	(324,966)	(206,473)	(107,446)	123,178	788,417	1,361,497						
Benefit Cost Ratio <sup>8</sup>	0.777	0.892	0.946	1.043	1.120	1.178						
Project Internal Rate of Return (IRR) <sup>9</sup>	(26.93%)	(9.17%)	(0.35%)	14.42%	23.57%	29.84%						
Residual Land Value (NPV) <sup>10</sup>	252,361	379,444	485,226	731,580	2,133,291	2,738,988						
Maximum Debt Exposure	883,593	1,340,108	1,431,833	2,344,936	5,380,698	6,468,854						
Date of Maximum Project Overdraft	Apr-2010	Apr-2010	Apr-2010	Apr-2010	Apr-2010	Apr-2010						
Breakeven Date for Project Overdraft <sup>11</sup>	Jul-2010	Jul-2010	Jul-2010	Aug-2010	Sep-2010	Sep-2010						
Total Equity Contribution	600,000	600,000	600,000	600,000	1,300,000	1,300,000						
IRR on Equity <sup>12</sup>	(45.90%)	(21.85%)	(6.68%)	18.95%	34.75%	47.29%						
<b>YIELD ANALYSIS</b>	Qty	Area	Qty	Area	Qty	Area	Qty	Area	Qty	Area	Qty	Area
<b>SALES</b>		SqM		SqM		SqM		SqM		SqM		SqM
Residential	6	0	9	0	10	0	16	0	31	0	38	0
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>10</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>38</b>	<b>0</b>
<b>TENANCIES</b>		Units		Units		Units		Units		Units		Units
<b>TOTAL</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>		<b>0</b>
<b>Footnotes (based on current Preferences):</b>												
1. Development Profit: is total revenue less total cost including interest paid and received												
2. Developer's Net Profit after distribution of profit share.												
3. Development Margin: is profit divided by total development costs (including selling costs).												
4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.												
5. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).												
6. Net Present Value: is the project's cash flow stream discounted to present value. The cash flow stream includes financing costs except interest												
8. Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs on cash flow that includes financing costs but excludes interest.												
9. Internal Rate of Return: is the discount rate where the NPV above equals Zero.												
10. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.												
11. Payback date for the equity/debt facility is the last date when total equity/debt is repaid.												
12. IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profits.												