

UPDATE OF ST LEONARDS SOUTH MASTERPLAN REVIEW



Prepared for Lane Cove Council

Contents

1.0	Introduction	7
2.0	Market Commentary	10
2.2	Apartment sales	11
3.0	Development feasibility.....	13
3.1	Feasibility methodology	13
3.2	Feasibility assumptions	14
4.0	The Masterplan	17
4.1	Land purchase assumptions	17
4.2	Development options.....	17
4.3	Development scheme – Sub-precinct area A	17
4.4	Development scheme – Sub-precinct area B	18
4.5	Results	19
4.6	Observations	19
5.0	Provision of community facilities	21
5.1	Land purchase assumptions	21
5.2	Development options.....	22
5.3	Development scheme – Community facility	22
5.4	Results	23
5.5	Observations	23
6.0	Inclusionary zoning for affordable housing.....	25
6.1	Background	25
6.2	Nominated Areas for the LEP within the St Leonards South Precinct.....	25
6.3	Development options.....	26
6.4	Land purchase assumptions.....	26
6.5	Development scheme –Affordable Housing	27
6.6	Results	28
6.7	Observations	29
Appendix A : ‘Off the plan and established apartment sales.....		31
A.1	‘Eighty Eight’, 88 Christie Street, St Leonards	31
A.2	‘Embassy Tower’, 1 Marshall Avenue, St Leonards.....	32
A.3	‘St Leonards Square’, 472-486 Pacific Highway, St Leonards.....	33
Appendix B : Development sites		34
B.1	563-565 Pacific Highway, St Leonards	34
B.2	8-22 Berry Road & 13-19 Holdsworth Avenue, St Leonards	35
B.3	‘Berry Park’, 27-43A Berry & 36-40B Park Road, St Leonards	35
B.4	23-31 Holdsworth & 24-32 Berry Road South, St Leonards.....	36

B.5	14-16 Marshall & 2 Berry Road, St Leonards	37
-----	--	----

Appendix C : Feasibility model summary.....	38
--	-----------

Tables

Table 1: Industry Standard Performance Indicators.....	13
Table 2: Feasibility input assumptions.....	14
Table 3: Provided data for nominated sites	26
Table 4: Sales rate range of 'Eighty Eight', 88 Christie Street, St Leonards	31
Table 5: Sales rate range of 'Embassy Tower', 1 Marshall Avenue, St Leonards	32
Table 6: Sales rate range of 'St Leonards Square', 472-486 Pacific Highway, St Leonards	33
Table 7: Sales analysis of 563-565 Pacific Highway, St Leonards	34
Table 7: Sales analysis of 8-22 Berry Road & 13-19 Holdsworth Avenue, St Leonards	35
Table 8: Sales analysis of 'Berry Park', 27-43A Berry & 36-40B Park Road, St Leonards	36
Table 9: Sales analysis of 23-31 Holdsworth & 24-32 Berry Road South, St Leonards	36
Table 10: Sales analysis of 14-16 Marshall & 2 Berry Road, St Leonards.....	37

Figures

Figure 1: St Leonards South Masterplan area.....	7
Figure 2: Areas 5 & 17 indicated below in yellow	21
Figure 3: Masterplan with Affordable housing sites indicated by the blue outline	26

Quality Assurance

Report Contacts

Catherine Huynh
Senior Valuer
AAPI Certified Practicing Valuer

Catherine.Huynh@hillpda.com

Supervisor

Martin Hill
Director
M.Real Estate (UNSW), M.Property Development (UTS), BSc (Hons), Certified Practicing Valuer (Unrestricted), FAPI, MRICS

Martin.Hill@hillpda.com

Quality Control

This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

Reviewer

Signature



Dated

31/03/20

Report Details

Job Number	V20067
Version	Final V3
File Name	V20067-Update St Leonards Precinct review Final
Date Printed	March 2020

Glossary

- **Development Margin (DM):** is the net profit expressed as a percentage of the development costs.
- **Market Value:** The definition adopted by the professional property bodies (API & RICS) is: 'Market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'
- **Project Internal Rate of Return (IRR):** is the actual return on the investment on an annualised basis and expressed as a percentage. This approach takes into account the cost of time in its calculation within a cash flow and indicating average returns over a period of time.
- **Residential Land Value:** is the maximum price that a hypothetical developer would pay for the land to achieve acceptable hurdle rates (such as an IRR) based on the highest and best use or optimal development option for the land.
- **Tipping Point:** is the point at which a development becomes viable.

Abbreviations

■ DCP	Development Control Plan
■ FSR	Floor Space Ratio
■ GFA	Gross Floor Area
■ LEP	Local Environmental Plan
■ LGA	Local Government Area
■ NLA	Net Lettable Area
■ NSA	Net Saleable Area
■ GLA	Gross Lettable Area
■ Sqm	Square metre

Critical Assumptions

1. We are not an architect or town planner and the adopted unit yield is indicative only for the purpose of assessing the site value by way of a hypothetical residual cash flow analysis. This report is conditional that the adopted potential unit yield be confirmed by an appropriately qualified architect or town planner. On receipt of professional advice should there be any deviation in the yield which may adversely affect the assessment and this report should be returned back to HillPDA for further comment.
2. It should be noted that in the case of advice provided in this report, which is of a projected nature, we must emphasise those specific assumptions have been made which appear reasonable based on current market sentiment and forecasts. It follows that any one of the associated assumptions may change over time and no responsibility can be accepted in this event. The value performance indicated above is an assessment of the potential value trend and the indicated figures should not be reviewed as absolute certainty
3. It should be highlighted that at the time of this report the COVID-19 pandemic is affecting Australia in numerous ways. This advice was provided considering a regular functioning property market. At this early stage, HillPDA is unsure of the full implications that the COVID-19 risk will make on the property market and industry.



INTRODUCTION

1.0 INTRODUCTION

HillPDA has been engaged by Lane Cove Council (Council) to update HillPDA's previous independent review of the financial viability of proposed FSR's in the draft St Leonards Masterplan. In addition, to this review the financial viability of inclusionary zoning for affordable housing and the provision for community facilities in nominated sites within the draft masterplan have also been tested.

Background

This study is an update on advice provided in 2015 and 2017 and should be read in conjunction.

The St Leonards South Masterplan area is illustrated below and is further delineated to sub-precincts A (indicated in blue) & B (indicated in red) in recognition of the differing lot sizes.

Figure 1: St Leonards South Masterplan area



Source: Nearmaps

The detached dwellings within the Precinct comprise a combination of single storey Californian bungalow houses, two storey brick Federation and modern houses.

Sub-precinct A comprises of relatively larger lots between 544sqm to 691sqm, with two properties located towards River Road ranging between 1,020sqm to 1,605sqm. Sub-precinct B comprises smaller lot sizes than Sub-precinct A and ranges between 320sqm to 445sqm.

HillPDA's previous studies are summarised below:

- The "St Leonards South Precinct - Independent Review of Viability of Planning Controls Proposed by the Draft St Leonards South Masterplan" study, prepared in February 2015 showed the following results:
 - In Sub-precinct A, a minimum FSR of 2.5:1 is required to make redevelopment viable. This on the assumption that a 20% premium on top of the 'as is' values (i.e. residential value). At a FSR of 2.75:1 (the base recommended FSR by the draft Masterplan at the time) the ability to pay a premium for properties increased to 30% whilst still maintaining the potential for a viable development outcome.
 - In Sub-precinct B, HillPDA found an FSR of 2.75:1 as a minimum is required to incentivise change and this was on the assumption that a 20% premium was paid.
- The "St Leonards South Precinct Affordable Housing Density Increase Advice", prepared in July 2017 found that an inclusionary zoning clause for Affordable Housing within Area A could absorb the cost of 1% to 5% of residential GFA for an affordable housing dedication to Council in return for a density uplift in FSR to 3 to 4:1.
- The "St Leonards South Precinct Community Facility Density Increase Advice Update", prepared in July 2017 found that identified sites to accommodate a community facility of 600sqm and 15 basement car spaces would require an additional 1,000sqm of GFA in return for the dedication of a community facility to Council.



MARKET RESEARCH

2.0 MARKET COMMENTARY

The following Chapter investigates the sale prices of residential apartments and development sites. The research is based on our discussions with market and industry experts as well as a review of relevant property databases. These factors, in turn, inform the feasibility modelling discussed in Sections 4 to 6.

In order to understand the historical growth to inform our feasibility testing, we have analysed the sale prices in St Leonards between 2014 to present to determine a reasonable land value rate.

Prior to the St Leonards South draft LEP (prior to 2014)

The sale price trend for detached dwellings in the St Leonards South precinct based on the densities in the Lane Cove LEP 2009 (prior to the effect of the draft St Leonards South LEP) showed a price range of \$2.5 to \$3.0million for dwellings of average size and appeal.

For a typical lot size of 600sqm this shows an indicative rate of \$5,000/sqm (based on \$3.0m) of land area. An allowance for a premium in order to amalgamate a site has not been allowed for.

Adjusted land pricing following the draft St Leonards South LEP.

The draft St Leonards South Strategy Stage 2: Masterplan went on public exhibition in December 2014. Chapter 7 of the draft Masterplan provided a high level review of the viability of potential FSRs ranging from 1.6:1 to a minimum of 2.5:1. The draft Masterplan considered a range of development options identifying the High Density (Concentrated) Option as the preferred approach. This option proposed to increase the FSR in Area A to a base FSR of 2.75:1 with a potential 4:1 bonus subject to a local infrastructure contribution.

Subsequently, there has been a high degree of price speculation since mid-2015 in response to the Precinct MasterPlan which has resulted in a substantially higher average per dwelling around \$6m to \$8m reflecting an average rate of \$11,500/sqm of land area (or \$4,182/sqm of GFA based on a FSR 2.75:1).

This price speculation was fuelled by selling agent's marketing information that advised a maximum FSR of 3.5:1 with the qualification "subject to Council approval" (STCA) which have been reflected in the purchase prices. Therefore, conditional sales are likely to depend on the gazettal of the LEP as per the draft masterplan or development approval. Not achieving a satisfactory outcome could allow some developer/purchasers to vary the price or even rescind the contract if they fall short of achieving their target unit density that may not reach 3.5:1 as indicated in agent's marketing data ("STCA").

Upper End Rate

The upper end of the range (i.e. \$11,800/sqm of site area or \$3,105/sqm of GFA based on a FSR 3.8:1) reflects developers gaining control of a significant amalgamated site and lowering their risk in a conditional acquisition subject to factors such as the revised LEP gazettal or DA consent supporting the planned scheme.

Lower End Rate

The lower end of the range showed \$8,800/sqm of land area which reflects a rate of \$2,514/sqm of GFA is based on achieving an FSR of 3.5:1 or \$3,200/sqm of GFA is based on the base FSR of 2.75:1

2.2 Apartment sales

Tabulated below are a summary of 'off the plan' and established sales in St Leonards and further details of the specific project sales are contained in Appendix A.

Summary of 'Off the plan' and established sales

Project	Type	Sales range	Sales rate (\$/sqm NSA)
'Eighty Eight'	1 BR	\$770,000-\$1,000,000	\$15,400- \$16,949
	2 BR	\$1,210,000-\$1,890,000	\$16,133- \$20,543
	3 BR	\$2,800,000-\$2,920,000	\$26,545-\$29,474
'Embassy Tower'	1 BR	\$685,000-\$795,000	\$13,700 - \$15,900
	2 BR	\$1,100,000-\$2,150,000	\$10,274 - \$26,543
	3 BR	\$2,538,000-\$4,200,000	\$13,719 - \$19,345
'St Leonards Square'	1 BR	\$685,000-\$795,000	\$11,875 - \$17,000
	2 BR	\$625,000 - \$920,000	\$11,702 - \$22,353
	3 BR	\$1,095,000 - \$1,900,000	\$14,669 - \$20,636

What does this mean?

Our research has revealed the following:

Development sites

Conversations with selling agents have indicated that there is still demand for development sites, however developers are seeking realistic pricing and favourable settlement terms.

Our market research shows that developers are paying a rate range of \$8,800 to \$11,800 per sqm of site area.

Although the site acquisition rate (\$/sqm) typically varies from one site to another due to site specific attributes. Based on the available public information a rate of \$9,500/sqm of site area (or \$3,455/sqm of GFA based on an FSR 2.75:1) is considered to be reasonable as a benchmark land rate.

Residential 'off the plan'

The following rates were considered and adopted in our feasibility modelling.

- 1 bedroom: \$750,000 to \$775,000, inclusive of GST
- 2 bedroom: \$1,200,000 to \$1,305,000, inclusive of GST
- 3 bedroom: \$2,050,000 to \$2,270,000, inclusive of GST

A construction site at dusk or dawn, featuring several large tower cranes and a building under construction with visible rebar. The scene is overlaid with a dark blue gradient and a white rectangular frame.

DEVELOPMENT FEASIBILITY

3.0 DEVELOPMENT FEASIBILITY

This Chapter outlines our financial viability analysis and our assumptions for the financial modelling.

3.1 Feasibility methodology

To undertake the feasibility modelling, we have used the proprietary software EstateMaster which is an industry benchmark used by developers, financiers and property valuers. This method calculates the residual land value by subtracting from the anticipated net sales revenue, the anticipated costs of development plus a margin for its profit and risk.

Any unpredicted change, such as an increase in developer contributions or development costs in the short term could have a notable effect on development feasibility unless it could be absorbed by either making allowances in the project contingency or increases in market sale values for the developed product.

A feasibility assessment is based on profit and risk factors. These two factors are subjective elements that determine the minimum level a developer is willing to purchase a site for, factoring in the risk associated with a proposed development. For the purpose of our hypothetical modelling, regard has been given to the following:

- **Project Internal Rate of Return (IRR):** is the actual return on the investment on an annualised basis and expressed as a percentage. This approach takes into account the cost of time in its calculation within cash flow and indicating average returns over a period of time. Typically, this is 14% (townhouse) to 20% (unit) p.a. as the primary indicator
- **Development Margin (DM):** it is the net profit expressed as a percentage of the development costs. Typically, this is Development Margin (DM) of 16% to 22% pa townhouse, mixed-use and residential apartment buildings.
- **Residential Land Value:** is the maximum price that a hypothetical developer would pay for the land to achieve acceptable hurdle rates (such as an IRR) based on the highest and best use or optimal development option for the land.

Using hypothetical development feasibility testing, HillPDA identified a residual land value (RLV) that was viable for development. The precinct is fragmented by separate ownership, and cannot be developed in isolation. Therefore, it is common that a premium is paid for the lot amalgamations to incentivise landowners to sell.

In light of the criteria established above, the sites were assessed against a target **Development Margin of 20%** and **Project IRR of 18%**.

Table 1: Industry Standard Performance Indicators

Performance	Project IRR	Development Margin
Feasible	> 18%	> 20%
Marginally feasible	16%-18%	18%-20%
Not feasible	< 16%	< 18%

Source: HillPDA 2019

3.2 Feasibility assumptions

Construction cost and time estimates assumptions were sourced from Rawlinsons Construction Handbook and our professional experience and are summarised as follows:

Table 2: Feasibility input assumptions

Category						
Gros realisation						
End sale revenue	1 bedroom: \$750,000 to \$775,000, inclusive of GST 2 bedroom: \$1,200,000 to \$1,305,000, inclusive of GST 3 bedroom: \$2,050,000 to \$2,270,000, inclusive of GST					
Unit mix	1BR	30%	2BR	50%	3BR	20%
Average unit size	1BR	55sqm	2BR	80sqm	3BR	110sqm
Car parking ratio (as per DCP)	1BR	0.5	2BR	0.9	3BR	1.4
	Visitor	0.2	Disabled	0.1		
Project costs						
Professional Fees	Design 2% of Construction costs. Consultants 6% of Construction costs. Development Management 2% of project costs (excluding land, finance & tax).					
Escalation	Construction cost escalation of 2.5% p.a. Sale revenue escalation of 2.5% p.a.					
Construction Costs	As per Rawlinsons we adopted the following rates net of GST: Demolition: \$110 per sqm of improvements/site area Residential construction: \$3,400/sqm to \$3,740/sqm of GFA Basement car parking: \$50,000/bay					
Construction Period	12-20 month construction period. We have allowed a 12 month lead-in period for development approval and an additional 1 to 6 months to achieve the required level of pre-sales prior to construction.					
Strata bond	2% of Construction Costs (on the assumption that the cost is non-recoverable)					
Contingency	5% of Construction Costs					
Statutory Fees	DA & CC set at 0.35% of Construction Cost. Long Service Levy of 0.35% of Construction Cost. Draft St Leonards Section 7.11 Contributions Plan (subject to IPART approval): <ul style="list-style-type: none"> 1 bedroom: \$16,394 per unit 2 bedroom: \$23,420 per unit 3 bedroom: \$36,301 per unit Assumed to be not applicable to the affordable housing component.					
State Infrastructure Contributions (SIC)	Nil assumed in the models.					

Selling Costs	Sales Commissions: Residential: 2% of Gross Revenue Other Costs: Marketing 1.0% of Gross Sales Legal \$1,500 per unit
Land Holding Costs	Statutory costs (Council rates, water rates and land tax) to be paid diminishing with settlements based on a Statutory Land Value. Land tax is paid annually with council and water rates are paid quarterly in the cash flow.
Financing	
Equity	Assuming 20% of Net Cash Flow to be Funded by the developer.
Loan	6.5% per annum compounded.
Project Hurdle Rates	18% Target IRR and 20% Developer's Margin was used for projections.

We are not Quantity Surveyors and have therefore relied upon Rawlinsons Construction Handbook to assist in cost estimation.

A low-angle, upward-looking photograph of a modern, multi-story apartment building. The building features a repeating pattern of balconies with glass railings and prominent, colorful vertical panels in shades of red, orange, and yellow. The sky is a clear, pale blue. A white rectangular frame is superimposed over the center of the image, containing the text.

DENSITY FINANCIAL VIABILITY

4.0 THE MASTERPLAN

In order to review the viability of the planning controls proposed by the draft St Leonards South Masterplan, we have undertaken feasibility testing based on market research and industry accepted development benchmarks, parameters and assumptions.

As we are unable to test the financial viability of individual sites, therefore we have identified a hypothetical site in each sub-precinct.

The hypothetical sites were selected for testing and the reasoning for their choice are explained below:

1. Site 1 is located within sub-precinct A and comprises of three lots totalling 1,670sqm in area. The location was selected on the basis of its proximity to the rail station and St Leonard's core making it a more attractive location to develop.
2. Site 2 is located within sub-precinct B and comprises of 11 lots totalling 4,820sqm in area. The site was assumed to be located in close proximity to the Pacific Highway.

4.1 Land purchase assumptions

The urban design of sub-precincts A and B differ, there are generally smaller lots in sub-precinct B therefore the cost of acquiring land is higher. Therefore, we have adopted a rate of \$9,500/sqm of site area for sub-precinct A and \$9,750/sqm of site area for sub-precinct B.

4.2 Development options

HillPDA has tested the following development options:

- **Sub-precinct area A:** Development scheme is based on the proposed FSR of 2:1, 2.5:1 and 2.6:1.
- **Sub-precinct area B:** Development scheme is based on the proposed FSR of 2.6:1, 2.5:1 and 3:1.

4.3 Development scheme – Sub-precinct area A

Below is our assumption of the development scheme for each option:

Development specifications	Sub-precinct A - FSR 2:1			Sub-precinct A - FSR 2.5:1			Sub-precinct A - FSR 2.6:1		
Site Area	1,668sqm			1,668sqm			1,668sqm		
FSR	2:1			2.5:1			2.6:1		
Proposed Project	Residential - 6 storey			Residential - 7 storey			Residential - 7 storey		
Building Areas	3,336sqm of GFA 2,836sqm of NSA			4,170sqm of GFA 3,545sqm of NSA			4,337sqm of GFA 3,686sqm of NSA		
Dwelling mix	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR
Yield	10	18	7	13	22	9	16	23	9
Average size (NSA)	55	80	110	55	80	110	55	80	110
Car Spaces	42 car spaces			52 car spaces			56 car spaces		

4.4 Development scheme – Sub-precinct area B

Below is our assumption of the development scheme for each option:

Development specifications	Sub-precinct B - FSR 2.5:1			Sub-precinct B - FSR 2.6:1			Sub-precinct B - FSR 3:1		
Site Area	4,820sqm			4,820sqm			4,820sqm		
FSR	2.5:1			2.6:1			3:1		
Proposed Project	Residential - 7 storey			Residential - 7 storey			Residential - 10 storey		
Building Areas	12,050sqm of GFA 10,370sqm of NSA			12,532sqm of GFA 10,665sqm of NSA			14,460sqm of GFA 12,291sqm of NSA		
Dwelling mix	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR
Yield	42	65	26	41	68	27	48	78	31
Average size (NSA)	55	80	110	55	80	110	55	80	110
Car Spaces	156 car spaces			160 car spaces			185 car spaces		

4.5 Results

Below are the outputs for our analysis for each scenario **IRR benchmark of 18%**:

Site	Sub-precinct A FSR 2:1	Sub-precinct A FSR 2.5:1	Sub-precinct A FSR 2.6:1	Sub-precinct B FSR 2.5:1	Sub-precinct B FSR 2.6:1	Sub-precinct B FSR 3:1
Option	Residential - 6 storey	Residential - 7 storey	Residential - 7 storey	Residential - 7 storey	Residential - 7 storey	Residential - 10 storey
Land use	Residential	Residential	Residential	Residential	Residential	Residential
FSR	2:1	2.5:1	2.6:1	2.5:1	2.6:1	3:1
Site area	1,668 SqM	1,668 SqM	1,668 SqM	4,820 SqM	4,820 SqM	4,820 SqM
GFA (sqm)	3,336 GFA	4,170 GFA	4,336.80 GFA	12,050 GFA	12,532 GFA	14,460 GFA
No. residential units	35 Units	44 Units	48 Units	133 Units	136 Units	157 Units
Development Margin	6.18%	19.36%	20.31%	16.84%	18.33%	21.11%
Internal rate of return	8.64%	17.23%	17.51%	14.79%	16.24%	17.74%
Assumed land purchase (\$9,500/sqm)	\$15,845,000	\$15,845,000	\$15,845,000	\$46,995,000	\$46,995,000	\$46,995,000
Residual land value	\$12,123,951	\$15,504,585	\$15,618,228	\$42,555,523	\$44,604,739	\$46,593,887
(+/-) to existing value	-\$3,721,049	-\$340,415	-\$226,772	-\$4,439,477	-\$2,390,261	-\$401,113
\$/equivalent unit	\$346,399	\$352,377	\$325,380	\$319,966	\$327,976	\$296,776
\$/GFA	\$3,634	\$3,718	\$3,601	\$3,532	\$3,559	\$3,222

4.6 Observations

- The above results show that based on an IRR of 18% a FSR of 2.5:1 and above for Sub-precinct A would be required. Whereas, a FSR of 2.6:1 and above for Sub-precinct B would be required. We are of the opinion that an IRR within the range of 16% to 18% is considered to be feasible. The varying FSR tipping point is a result of the higher land purchase price of Sub-precinct B and represents an artificial density potential which is not based on any statement or document produced by Council.



COMMUNITY FACILITY

5.0 PROVISION OF COMMUNITY FACILITIES

The draft St Leonards South Masterplan identified the importance for the provision of community facilities within the precinct to support existing and future residents and visitors.

For this reason, Council seeks two community facilities to be included in the St Leonards South precinct on nominated sites that are expected to be redeveloped following the release of the revised LEP with increased densities.

The nominated sites have been identified as:

- Area 5: 12-20 Berry Road which has a site area of 2,225sqm with an incentive FSR of 3.7:1
- Area 17: 13-17 Canberra Avenue which has a site area of 1,935sqm with an incentive FSR of 3.8:1

Figure 2: Areas 5 & 17 indicated below in yellow



Source: Draft St Leonard DCP

Council has advised to consider the provision for a community facility with the following specifications:

- Enclosed area of 600sqm located on the ground floor provided as a "cold shell" with services connected to the premises perimeter.
- Basement parking for 15 vehicles.

5.1 Land purchase assumptions

We have adopted a rate of \$9,500/sqm of site area for both Area 5 and Area 17.

5.2 Development options

The development options for both areas are as follows:

- **Base case:** Development scheme on the assumption of a FSR 2.5:1 and without the provision of 600sqm community facility and associated basement car spaces for 15 vehicles to be dedicated to Council.
- **Incentive FSR:** Development scheme as per the incentive FSR with a provision for 600sqm community facility and associated basement car spaces for 15 vehicles to be dedicated to Council in return for the incentive FSR. We have assumed that the floor area associated with this community facility is not included in the FSR.

5.3 Development scheme – Community facility

Below is our assumption of the development scheme for Area 5:

Development specifications	Area 5 – Base case			Area 5 - Incentive FSR		
Site Area	1,941sqm			1,941sqm		
FSR	2.5:1			3.7:1		
Proposed Project	Residential - 7 storey			Residential - 12 storey		
Building Areas	4,853sqm of GFA 4,125sqm of NSA			7,182sqm of GFA 6,582sqm of NSA		
Dwelling mix	1 BR	1 BR	2 BR	3 BR	2 BR	3 BR
Yield	15	26	10	23	39	15
Average size (NSA)	55	80	110	55	80	110
Community facility	Nil			600sqm		
Car Spaces	60 car spaces			90 car spaces plus 15 Council car spaces		

Below is our assumption of the development scheme for Area 17:

Development specifications	Area 17 – Base case			Area 17 - Incentive FSR		
Site Area	2,218sqm			2,218sqm		
FSR	2.5:1			3.8:1		
Proposed Project	Residential - 7 storey			Residential - 10 storey		
Building Areas	5,545sqm of GFA 4,713sqm of NSA			8,428sqm of GFA 7,164sqm of NSA		
Dwelling mix	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR
Yield	18	30	12	27	45	18
Average size (NSA)	55	80	110	55	80	110
Community facility	Nil			600sqm		
Car Spaces	71 car spaces			106 car spaces plus 15 Council car spaces		

5.4 Results

Below are the outputs for our analysis for each scenario **IRR benchmark of 18%**:

Site	Area 5 – Base case	Area 5 - Incentive FSR	Area 17 – Base case	Area 17 - Incentive FSR
Land use	Residential without Community Centre	Residential with Community Centre	Residential without Community Centre	Residential with Community Centre
FSR	2.5:1	3.7:1	2.5:1	3.8:1
Site area	1,941 SqM	1,941 SqM	2,218 SqM	2,218 SqM
GFA (sqm)	4,852.50 GFA	7,182 GFA	5,545 GFA	8,428 GFA
No. residential units	51 Units	77 Units	60 Units	90 Units
Development Margin	20.85%	36.79%	24.75%	38.06%
Internal rate of return	17.60%	25.54%	19.83%	27.17%
Assumed land purchase (\$9,500/sqm)	\$18,440,000	\$18,440,000	\$21,070,000	\$21,070,000
Residual land value	\$18,734,805	\$23,495,276	\$22,681,967	\$27,945,346
(+/-) to existing value	\$294,805	\$5,055,276	\$1,611,967	\$6,875,346
\$/equivalent unit	\$367,349	\$305,133	\$378,033	\$310,504
\$/GFA	\$3,861	\$3,272	\$4,091	\$3,316

5.5 Observations

The above results show that the proposed FSR are sufficient to absorb the cost associated with dedicating to Council a 600sqm community facility and 15 basement car spaces. Council may consider revising the proposed FSR to 3.25:1 for both Area 5 and Area 17 which can provide for a viable development.

A photograph of several hands of different skin tones cupped together, holding a small, light-colored house-shaped object with a red roof. The image is overlaid with a semi-transparent blue filter. A white rectangular border frames the central part of the image where the hands and the house are.

AFFORDABLE HOUSING

6.0 INCLUSIONARY ZONING FOR AFFORDABLE HOUSING

This chapter will investigate the impact of an affordable housing contribution in the St Leonards South precinct, we have undertaken development feasibility modelling that reflects the varying size and FSRs depicted for specific sites in a proposed LEP.

The aim of this testing is to identify, for those sites in the St Leonards South precinct with a density uplift permitted the maximum number of Affordable Housing units that may be included and dedicated whilst still achieving a satisfactory project return.

It is assumed the proposed LEP will contain an inclusionary zoning clause for Affordable Housing (AH) reflecting a possible scale for the amount of AH stock to be contained on each site shown as a sliding scale based on gross floor area and varying incentive density.

6.1 Background

It is understood Council seeks to include in its pending LEP an inclusionary zoning for nominated sites within the St Leonards South precinct. This inclusionary zoning mandates that a proportion of the development (% of GFA) are dedicated to Council at no cost to the recipient (title transferee) being Council or an Affordable Housing administrator. The various suggested FSRs in the Masterplan should support a differing proportion of affordable housing dedication in return for the incentive FSR.

The number of Affordable Housing units specified in the Summary Table below reveals the maximum number of Affordable Housing dwellings to be dedicated for a specific density (FSR) uplift.

6.2 Nominated Areas for the LEP within the St Leonards South Precinct.

The map extract shown below reveals the nominated "Areas" within the St Leonards South precinct to be depicted in the pending LEP.

It shows the Areas nominated for higher densities and Affordable Housing inclusion are located toward the east (Duntroon Ave) and north (Marshall Ave) of the precinct.

Figure 3: Masterplan with Affordable housing sites indicated by the blue outline



Source: Draft St Leonard DCP

Table 3: Provided data for nominated sites

St Leonards South Sector	Site Area (sqm)	LEP FSR	Maximum Height Indicated (Storeys)
Area 1	3,415	4.0:1.0	19
Area 2	2,315	3.7:1.0	15
Area 3	1,897	3.7:1.0	15
Area 4	1,669	3.7:1.0	12
Area 6	1,669	3.5:1.0	10
Area 13	1,967	3.0:1.0	10
Area 14	1,669	3.5:1.0	10

6.3 Development options

Based on this advice, the development options tested are based on the incentive FSR for each identified area and the maximum amount of Affordable Housing will be tested on the assumption of an inclusionary zoning.

6.4 Land purchase assumptions

The site acquisition rate (\$ /sqm) typically varies from one site to another, we have adopted a benchmark land value rate across all sites for the purpose of this exercise to compare the number of Affordable Housing units in return for the incentive FSR.

We have adopted an average land value rate of \$9,500/sqm of site area.

6.5 Development scheme –Affordable Housing

Below is our assumption of the development scheme for each option:

Development specifications	Area 1			Area 2			Area 3			Area 4			Area 6			Area 13			Area 14		
Site Area	3,415sqm			2,315sqm			1,897sqm			1,669sqm			1,669sqm			1,967sqm			1,669sqm		
FSR	4:1			3.7:1			3.7:1			3.7:1			3.5:1			3:1			3.5:1		
Proposed Project	Residential - 19 storey			Residential - 15 storey			Residential - 15 storey			Residential - 12 storey			Residential - 10 storey			Residential - 10 storey			Residential - 10 storey		
Building Areas	13,660sqm of GFA 11,611sqm of NSA			8,566sqm of GFA 7,281sqm of NSA			7,019sqm of GFA 5,966sqm of NSA			6,175sqm of GFA 5,249sqm of NSA			5,842sqm of GFA 4,965sqm of NSA			5,901sqm of GFA 5,016sqm of NSA			5,842sqm of GFA 4,965sqm of NSA		
Dwelling mix	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR	1 BR	2 BR	3 BR
Yield (before AFH)	44	74	29	27	46	18	22	38	15	20	33	13	18	31	12	21	32	12	18	31	12
Average size (NSA)	55	80	110	55	80	110	55	80	110	55	80	110	55	80	110	55	80	110	55	80	110
Car Spaces	173 car spaces			107 car spaces			89 car spaces			78 car spaces			72 car spaces			76 car spaces			72 car spaces		

6.6 Results

Below are the outputs for our analysis for each scenario **IRR benchmark of 18%**:

Site	Area 1	Area 2	Area 3	Area 4	Area 6	Area 13	Area 14
Land use	Residential only	Residential only	Residential only	Residential only	Residential only	Residential only	Residential only
FSR	4:1	3.7:1	3.7:1	3.7:1	3.5:1	3:1	3.5:1
Site area	3,415 SqM	2,315 SqM	1,897 SqM	1,669 SqM	1,669 SqM	1,967 SqM	1,669 SqM
GFA (sqm)	13,660 GFA	8,565.50 GFA	7,018.90 GFA	6,175.30 GFA	5,841.50 GFA	5,901 GFA	5,841.50 GFA
No. residential units	147 Units	91 Units	75 Units	66 Units	61 Units	65 Units	61 Units
Development Margin	27.86%	23.58%	24.60%	22.53%	21.97%	21.13%	22.30%
Internal rate of return	18.76%	18.08%	18.87%	18.47%	18.39%	17.43%	18.10%
Assumed land purchase (\$9,500/sqm)	\$32,445,000	\$21,995,000	\$18,020,000	\$15,855,000	\$15,855,000	\$18,685,000	\$15,855,000
Residual land value	\$33,457,090	\$22,057,300	\$18,585,040	\$16,110,744	\$16,059,729	\$18,352,134	\$15,910,564
(+/-) to existing value	-\$1,012,090	\$62,300	\$565,040	\$255,744	\$204,729	-\$332,866	\$55,564
\$/equivalent unit	\$227,599	\$150,050	\$247,801	\$244,102	\$263,274	\$282,341	\$260,829
\$/GFA	\$2,449	\$2,575	\$2,648	\$2,609	\$2,749	\$3,110	\$2,724
% AFH dedication based on GFA	9.34%	7.42%	7.71%	5.14%	3.83%	1.1%	3.22%

6.7 Observations

For the purpose of establishing the affordable housing contribution as part of an inclusionary zoning for the St Leonards South precinct as proposed for a planned LEP, the above results show the maximum recommended Affordable Housing contribution to be included for each identified site.

The below table shows our recommendation on the affordable housing percentage of GFA.

FSR	Affordable Housing Unit No.	% of total stock (by enclosed floor area)	2017 Recommendation
2.75:1	nil	nil	nil
3.00:1	1	1%	1%
3.10:1	1	2%	3%
3.50:1	2	4%	4%
3.70:1	7	7%	5%
4.00:1	14	9%	5%

As observed, our updated assessment of the proportion of affordable housing to be contributed to Council differs to our previous study in 2017 and this is due to variances in unit mix and market influences that have affected the land purchase price and construction costs.

It is recommended that this result is reviewed periodically as the development feasibility trends will vary over time as the Precinct is developed and property market drivers vary altering the pricing trends for sites and units.

Finally, HillPDA would note at the time of this assessment the COVID-19 pandemic is affecting Australia in numerous ways. This advice was provided considering a regular functioning property market. At this early stage, HillPDA is unsure of the full implications that the COVID-19 risk will make on the property market and industry.

APPENDICES

Appendix A: 'OFF THE PLAN AND ESTABLISHED APARTMENT SALES

This section provides an assessment of 'off-the-plan' sales and resales of established residential apartments within St Leonards. The information was obtained through various property data sources and confirmed through discussions with local agents.

The following residential projects were analysed:

1. 'Eighty Eight', 88 Christie Street, St Leonards
2. 'Embassy Tower', 1 Marshall Avenue, St Leonards
3. 'St Leonards Square', 472-486 Pacific Highway, St Leonards

A.1 'Eighty Eight', 88 Christie Street, St Leonards

Proposed project of mixed use development comprising 10,363sqm of retail (including a supermarket), 19,297sqm of commercial space, public library, two residential towers (maximum 47 storeys) consisting of 654 apartments (consisting of 2 x studio, 197 x 1, 395 x 2, 56 x 3, 3 x 4 & 1 x 5 bedroom). Built over ten levels of basement car parking for 1,138 parking spaces (including 316 to be used as public parking).

Date of completion is expected to be Q1 2023.

Table 4: Sales rate range of 'Eighty Eight', 88 Christie Street, St Leonards

'Eighty Eight', 88 Christie Street, St Leonards			
			
Type	Sale Price range	Internal Areas	\$/sqm of NSA
One bedroom	\$770,000-\$1,000,000	50-59sqm	\$15,400- \$16,949
Two bedroom	\$1,210,000-\$1,890,000	75-92sqm	\$16,133- \$20,543
Three bedroom	\$2,800,000-\$2,920,000	95-110sqm	\$26,545-\$29,474

Source: Selling agent, Cordell Connect and Domain website.

A.2 'Embassy Tower', 1 Marshall Avenue, St Leonards

Mixed use development comprising two towers of 7 storeys and 23 storeys with commercial floor space in the high rise tower. Low rise building comprising a 6 to 7 storey scale building to provide 52 residential apartments (18 x 2, 24 x 2, 10 x 3 bedroom). The high rise building proposed at the eastern end of the site will contain 29 levels comprising 217 apartments (21 x studio, 80 x 1, 89 x 2 & 27 x 3 bedroom). Built over three levels of basement carparking for 291 vehicles.

Tabulated below are the most recent transactions that have settled in 2019.

Table 5: Sales rate range of 'Embassy Tower', 1 Marshall Avenue, St Leonards

'Embassy Tower', 1 Marshall Avenue, St Leonards			
			
Type	Sale Price range	Internal Areas	\$/sqm of NSA
One bedroom	\$685,000-\$795,000	64-74sqm	\$13,700 - \$15,900
Two bedroom	\$1,100,000-\$2,150,000	73-146sqm	\$10,274 - \$26,543
Three bedroom	\$2,538,000-\$4,200,000	168-270sqm	\$13,719 - \$19,345

Source: Selling agent, Cordell Connect and Domain website.

A.3 'St Leonards Square', 472-486 Pacific Highway, St Leonards

Mixed use development comprising 3 interconnected buildings with a podium, 2 towers of 28 & 36 levels respectively. Three levels of commercial uses which include offices; a 977sqm child care centre; 539 residential units comprising 41 x studio, 108 x 1, 324 x 2 & 66 x 3 bedroom, 268 of which will be adaptable, recreational facilities which includes a private residential gym and pool.

Tabulated below are the most recent transactions that have settled in 2019.

Table 6: Sales rate range of 'St Leonards Square', 472-486 Pacific Highway, St Leonards

'St Leonards Square', 472-486 Pacific Highway, St Leonards			
			
Type	Sale Price range	Internal Areas	\$/sqm of NSA
One bedroom	\$625,000 - \$920,000	47-68sqm	\$11,875 - \$17,000
Two bedroom	\$1,095,000 - \$1,900,000	67-109sqm	\$11,702 - \$22,353
Three bedroom	\$1,995,000 - \$2,535,000	110-136sqm	\$14,669 - \$20,636

Source: Selling agent, Cordell Connect and Domain website.


Appendix B: DEVELOPMENT SITES

Market research was undertaken to investigate recent development site sales in St Leonards and surrounding locality to set market parameters.

B.1 563-565 Pacific Highway, St Leonards

Development site located off Pacific Highway. Sold with development approval for the construction of a mixed use building containing 17 units, 4 x 1, 5 x 1 bedroom + study & 8 x 2 bedroom + study, & commercial space at ground 158sq m & lower ground level 127sqm.

Table 7: Sales analysis of 563-565 Pacific Highway, St Leonards

563-565 Pacific Highway, St Leonards		
Sale Price	\$7,122,500	
Sale Date	March 2018	
Zoning	'B4 Mixed use'	
Site Size	285sqm	
GFA	2,883sqm	
Rate \$/sqm	\$24,991/sqm of site area \$2,470/sqm of GFA (approved)	
Number of units	19 equivalent units	
DA Status	Sold with approval	
Rate per unit	\$374,868/unit	

B.2 8-22 Berry Road & 13-19 Holdsworth Avenue, St Leonards

A consolidated site with the benefit of two street frontages to Berry Road and Holdsworth Avenue and located within the St Leonards South Master Plan precinct which permits higher density residential development.

The land has a proposed zone of 'R4 High Density Residential' under the St Leonards South Master Plan. The property was sold to SJD Property developers with an indicative architectural scheme for 22,000sqm of GFA (represents an FSR 3.3:1). As per our online enquiry, there is no DA lodged with Council. The purchaser's density estimate represents an artificial density potential which was not based on any statement or document produced by Council.

Table 8: Sales analysis of 8-22 Berry Road & 13-19 Holdsworth Avenue, St Leonards

8-22 Berry Road & 13-19 Holdsworth Ave, St Leonards		
Sale Price	\$78,500,000	
Sale Date	October 2017 (contract)	
Zoning	'R2 Low Density Residential'*	
Site Size	6,666sqm	
GFA	22,000sqm potential GFA	
Rate \$/sqm	\$11,776/sqm of site area \$3,568/sqm of potential GFA	
Number of units	230 potential	
DA Status	Sold without approval	
Rate per unit	\$341,304/potential unit	


*Currently zoned R2 but a R4 High Density Residential zone is proposed.

B.3 'Berry Park', 27-43A Berry & 36-40B Park Road, St Leonards

A consolidated site with the benefit of two street frontages to Berry and Park Roads and located within the St Leonards South Master Plan precinct which permits higher density residential development.

The land has a proposed zone of 'R4 High Density Residential' under the St Leonards South Master Plan. The property was sold to developers with an indicative scheme for 26,542sqm of GFA which indicates an advised FSR of 3.58:1, however the draft LEP suggested a FSR of 2.75:1. The purchaser's density estimate represents an artificial density potential which was not based on any statement or document produced by Council. A planning proposal which encompasses other allotments has been lodged by the developer and have been refused by Council as they were inconsistent with the master plan and Draft LEP amendment are subject to a Rezoning Review by the Department of Planning, Industry and Environment.

Table 9: Sales analysis of 'Berry Park', 27-43A Berry & 36-40B Park Road, St Leonards

'Berry Park', 27-43A Berry & 36-40B Park Road, St Leonards		
Sale Price	\$80,000,000*	
Sale Date	April to June 2017	
Zoning	'R2 Low Density Residential'**	
Site Size	7,414sqm	
GFA	26,542sqm	
Rate \$/sqm	\$10,790/sqm of site area \$3,014/sqm of GFA (proposed by the developer)	
Number of units	340 potential	
DA Status	Sold without approval	
Rate per unit	\$235,294/unit	

*Sale price as advised and not yet confirmed (settled).

**Currently zoned R2 but a R4 High Density Residential zone is proposed.

B.4 23-31 Holdsworth & 24-32 Berry Road South, St Leonards

A consolidated site with the benefit of two street frontages to Berry and Park Roads and located within the St Leonards South Master Plan precinct which permits higher density residential development.

The land has a proposed zone of 'R4 High Density Residential' under the St Leonards South Master Plan. The property sold without development consent to Greateon. According to Cordell, the site has potential for over 246 residential apartments (STCA) with a GFA of 19,927sqm and this equates to an estimated FSR of 3.57:1. The purchaser's density estimate represents an artificial density potential which was not based on any statement or document produced by Council.

Table 10: Sales analysis of 23-31 Holdsworth & 24-32 Berry Road South, St Leonards

23-31 Holdsworth & 24-32 Berry Road South, St Leonards		
Sale Price	\$65,500,000	
Sale Date	Jan. 2016	
Zoning	'R2 Low Density Residential'**	
Site Size	5,574sqm	
GFA	19,927sqm	
Rate \$/sqm	\$11,781/sqm of site area \$3,287/sqm of GFA (proposed by the developer)	
Number of units	246 potential	
DA Status	Sold without approval	
Rate per unit	\$266,260/unit	

**Currently zoned R2 but a R4 High Density Residential zone is proposed.

B.5 14-16 Marshall & 2 Berry Road, St Leonards

A low profile campaign by a city based agent resulted in three houses being sold in one line to a developer. Key aspects of this transaction are noted below.

Its appealing location near the top of the hill allows more extensive district views.

The transaction has settled (i.e. unconditional). This is expected to show a lower site rate than the other sales that are conditional on DA consent (for a prescribed unit yield presumably). The site has a regular shape with a corner frontage and close proximity to the railway station. The purchaser's density estimate represents an artificial density potential which was not based on any statement or document produced by Council.

Table 11: Sales analysis of 14-16 Marshall & 2 Berry Road, St Leonards

14-16 Marshall & 2 Berry Road, St Leonards		
Sale Price	\$17,541,680	
Sale Date	Dec. 2016	
Zoning	'R2 Low Density Residential'***	
Site Size	1,990sqm	
GFA	6,965sqm	
Rate \$/sqm	\$8,815/sqm of site area \$2,518/sqm of GFA (proposed by the developer)	
Number of units	74 potential	
DA Status	Sold without approval	
Rate per unit	\$237,050/unit	

*Sale price as advised and not yet confirmed (settled).

**Currently zoned R2 but a R4 High Density Residential zone is proposed.

Appendix C: FEASIBILITY MODEL SUMMARY

St Leonards South

Area A - Option 1

FSR 2:1



Independent Property Consulting

Licensed to: Hill PDA Pty Ltd

Time Span:	Feb-20 to Jan-23 (35 Months)
Type:	Miscellaneous
Status:	Under Review
Site Area:	1,668 SqM
FAR:	2:1
Project Size:	35 Units
	3,336 GFA
	Equated GFA: 3,336 SqM
	1 per 47.65 SqM of Site Area
	1 per 0.5 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	35	-	1,321,441.00	46,250,435	1,321,441	13,864	113.5%	42,045,850
Residential - 1 Bedroom Units	10	-	790,087.52	7,900,875				7,182,614
Residential - 2 Bedroom Units	18	-	1,270,954.83	22,877,187				20,797,443
Residential - 3 Bedroom Units	7	-	2,210,338.95	15,472,373				14,065,793
Less Selling Costs				(1,292,330)	(36,924)	(387)	-3.2%	(1,174,845)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				44,958,105	1,284,517	13,477	110.3%	40,871,005
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				44,958,105	1,284,517	13,477	110.3%	40,871,005
Less GST paid on all Revenue				(4,204,585)	(120,131)	(1,260)	-10.3%	-
TOTAL REVENUE (after GST paid)				40,753,520	1,164,386	12,216	100.0%	40,871,005
Costs								
Land Purchase Cost				17,429,500	497,986	5,225	42.8%	15,845,000
Land Acquisition Costs				1,204,129	34,404	361	3.0%	1,200,168
Construction Costs (inc. Contingency)				16,564,984	473,285	4,966	40.6%	15,059,076
Other Construction Costs				15,776,175	450,748	4,729	38.7%	14,341,977
Contingency				788,809	22,537	236	1.9%	717,099
Professional Fees				1,727,836	49,367	518	4.2%	1,570,760
Statutory Fees				967,904	27,654	290	2.4%	967,904
Strata bond				301,182	8,605	90	0.7%	301,182
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				497,200	14,206	149	1.2%	497,200
Pre-Sale Commissions				298,766	8,536	90	0.7%	271,605
Finance Charges (inc. Fees)				85,000	2,429	25	0.2%	85,000
Interest Expense				2,627,715	75,078	788	6.4%	2,627,715
TOTAL COSTS (before GST reclaimed)				41,704,215	1,191,549	12,501	102.3%	38,425,609
Less GST reclaimed				(3,396,090)	(97,031)	(1,018)	-8.3%	-
TOTAL COSTS (after GST reclaimed)				38,308,125	1,094,518	11,483	94.0%	38,425,609
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				2,445,395	69,868	733		
³ Development Margin (Profit/Risk Margin)				6.18%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			12,126,611	346,475	3,635		12,126,611
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			(3,880,632)				
⁶ Benefit Cost Ratio				0.8706				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			8.64%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			12,123,951	346,399	3,634		12,123,951
Equity IRR	Per annum Effective			11.40%				
Equity Contribution				7,136,082				
Peak Debt Exposure				31,644,181				
Equity to Debt Ratio				23.22%				
⁹ Weighted Average Cost of Capital (WACC)				9.04%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 33			Nov-2022				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area A - Option 2

FSR 2.5:1



Independent Property Consulting

Licensed to: Hill PDA Pty Ltd

Time Span: Feb-20 to Jan-23 (35 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 1,668 SqM
FAR: 2.5:1
Project Size: 44 Units
Equated GFA: 4,170 SqM
1 per 37.9 SqM of Site Area
1 per 0.4 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	44	-	1,326,963.22	58,386,382	1,326,963	14,002	113.5%	53,078,529
Residential - 1 Bedroom Units	13	-	789,968.14	10,269,586				9,335,987
Residential - 2 Bedroom Units	22	-	1,277,666.90	28,108,672				25,553,338
Residential - 3 Bedroom Units	9	-	2,223,124.92	20,008,124				18,189,204
Less Selling Costs				(1,639,562)	(37,263)	(393)	-3.2%	(1,490,511)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				56,746,819	1,289,700	13,608	110.3%	51,588,018
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				56,746,819	1,289,700	13,608	110.3%	51,588,018
Less GST paid on all Revenue				(5,307,853)	(120,633)	(1,273)	-10.3%	-
TOTAL REVENUE (after GST paid)				51,438,967	1,169,067	12,335	100.0%	51,588,018
Costs								
Land Purchase Cost				17,429,500	396,125	4,180	33.9%	15,845,000
Land Acquisition Costs				1,204,129	27,367	289	2.3%	1,200,168
Construction Costs (inc. Contingency)				20,651,642	469,355	4,952	40.1%	18,774,220
Other Construction Costs				19,668,230	447,005	4,717	38.2%	17,880,209
Contingency				983,412	22,350	236	1.9%	894,010
Professional Fees				2,151,517	48,898	516	4.2%	1,955,924
Statutory Fees				1,215,298	27,620	291	2.4%	1,215,298
Strata bond				375,484	8,534	90	0.7%	375,484
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				497,200	11,300	119	1.0%	497,200
Pre-Sale Commissions				368,707	8,380	88	0.7%	335,188
Finance Charges (inc. Fees)				90,000	2,045	22	0.2%	90,000
Interest Expense				2,689,852	61,133	645	5.2%	2,689,852
TOTAL COSTS (before GST reclaimed)				46,673,328	1,060,757	11,193	90.7%	42,978,333
Less GST reclaimed				(3,844,046)	(87,365)	(922)	-7.5%	-
TOTAL COSTS (after GST reclaimed)				42,829,282	973,393	10,271	83.3%	42,978,333
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				8,609,684	195,675	2,065		
³ Development Margin (Profit/Risk Margin)				19.36%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			15,651,842	355,724	3,753		15,651,842
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value				(355,014)				
⁶ Benefit Cost Ratio	Based on Discount Rate of 18% p.a. Effective			0.9893				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			17.23%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			15,504,585	352,377	3,718		15,504,585
Equity IRR	Per annum Effective			30.67%				
Equity Contribution				8,027,886				
Peak Debt Exposure				35,404,270				
Equity to Debt Ratio				23.31%				
⁹ Weighted Average Cost of Capital (WACC)				9.05%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 33			Nov-2022				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area A - Option 3

FSR 2.6:1

Time Span: Feb-20 to Mar-23 (37 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 1,668 SqM
FAR: 2.6:1 Equated GFA: 4,336.80 SqM
Project Size: 48 Units
4,336.80 GFA 1 per 34.75 SqM of Site Area
1 per 0.38 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	48	-	1,261,440.99	60,549,168	1,261,441	13,962	113.5%	55,044,698
Residential - 1 Bedroom Units	16	-	771,033.93	12,336,543				11,215,039
Residential - 2 Bedroom Units	23	-	1,246,707.16	28,674,265				26,067,513
Residential - 3 Bedroom Units	9	-	2,170,928.89	19,538,360				17,762,145
Less Selling Costs				(1,697,082)	(35,356)	(391)	-3.2%	(1,542,802)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				58,852,086	1,226,085	13,570	110.3%	53,501,896
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				58,852,086	1,226,085	13,570	110.3%	53,501,896
Less GST paid on all Revenue				(5,504,470)	(114,676)	(1,269)	-10.3%	-
TOTAL REVENUE (after GST paid)				53,347,616	1,111,409	12,301	100.0%	53,501,896
Costs								
Land Purchase Cost				17,429,500	363,115	4,019	32.7%	15,845,000
Land Acquisition Costs				1,204,129	25,086	278	2.3%	1,200,168
Construction Costs (inc. Contingency)				21,612,268	450,256	4,983	40.5%	19,647,516
Other Construction Costs				20,583,113	428,815	4,746	38.6%	18,711,920
Contingency				1,029,156	21,441	237	1.9%	935,596
Professional Fees				2,251,772	46,912	519	4.2%	2,047,066
Statutory Fees				1,296,140	27,003	299	2.4%	1,296,140
Strata bond				392,950	8,186	91	0.7%	392,950
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				500,329	10,424	115	0.9%	500,329
Pre-Sale Commissions				389,930	8,124	90	0.7%	354,482
Finance Charges (inc. Fees)				95,000	1,979	22	0.2%	95,000
Interest Expense				2,832,813	59,017	653	5.3%	2,832,813
TOTAL COSTS (before GST reclaimed)				48,004,831	1,000,101	11,069	90.0%	44,211,464
Less GST reclaimed				(3,947,648)	(82,243)	(910)	-7.4%	-
TOTAL COSTS (after GST reclaimed)				44,057,184	917,858	10,159	82.6%	44,211,464
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				9,290,432	193,551	2,142		
³ Development Margin (Profit/Risk Margin)				20.31%				
⁴ Residual Land Value	Based on total costs (inc selling costs) Based on Target Margin of 20% (Exclusive of GST)			15,939,461	332,072	3,675		15,939,461
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			(236,498)				
⁶ Benefit Cost Ratio				0.9930				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			17.51%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			15,618,228	325,380	3,601		15,618,228
Equity IRR	Per annum Effective			29.84%				
Equity Contribution				8,244,874				
Peak Debt Exposure				36,566,666				
Equity to Debt Ratio				23.24%				
⁹ Weighted Average Cost of Capital (WACC)				9.05%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 34			Dec-2022				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area B - Option 1

FSR 2.5:1

Time Span:	Feb-20 to May-23 (39 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	4,820 SqM		
FAR:	2.5:1	Equated GFA:	12,050 SqM
Project Size:	133 Units	1 per 36.24 SqM of Site Area	
	12,050 GFA	1 per 0.4 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	133	-	1,277,734.41	169,938,677	1,277,734	14,103	113.5%	154,489,706
Residential - 1 Bedroom Units	42	-	772,594.96	32,448,988				29,499,080
Residential - 2 Bedroom Units	65	-	1,248,185.97	81,132,088				73,756,444
Residential - 3 Bedroom Units	26	-	2,167,600.01	56,357,600				51,234,182
Less Selling Costs				(4,743,459)	(35,665)	(394)	-3.2%	(4,312,235)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				165,195,218	1,242,069	13,709	110.3%	150,177,471
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				165,195,218	1,242,069	13,709	110.3%	150,177,471
Less GST paid on all Revenue				(15,448,971)	(116,158)	(1,282)	-10.3%	-
TOTAL REVENUE (after GST paid)				149,746,247	1,125,912	12,427	100.0%	150,177,471
Costs								
Land Purchase Cost				51,694,500	388,680	4,290	34.5%	46,995,000
Land Acquisition Costs				3,688,341	27,732	306	2.5%	3,676,593
Construction Costs (inc. Contingency)				60,082,881	451,751	4,986	40.1%	54,620,801
Other Construction Costs				57,221,792	430,239	4,749	38.2%	52,019,811
Contingency				2,861,090	21,512	237	1.9%	2,600,991
Professional Fees				6,280,603	47,223	521	4.2%	5,709,639
Statutory Fees				3,623,678	27,246	301	2.4%	3,623,678
Strata bond				1,092,416	8,214	91	0.7%	1,092,416
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,282,226	17,160	189	1.5%	2,282,226
Pre-Sale Commissions				1,110,962	8,353	92	0.7%	1,009,965
Finance Charges (inc. Fees)				280,000	2,105	23	0.2%	280,000
Interest Expense				8,619,469	64,808	715	5.8%	8,619,469
TOTAL COSTS (before GST reclaimed)				138,755,076	1,043,271	11,515	92.7%	127,909,787
Less GST reclaimed				(11,276,513)	(84,786)	(936)	-7.5%	-
TOTAL COSTS (after GST reclaimed)				127,478,563	958,485	10,579	85.1%	127,909,787
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				22,267,684	167,426	1,848		
³ Development Margin (Profit/Risk Margin)				16.84%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			44,184,125	332,211	3,667		44,184,125
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value				(4,629,871)				
⁶ Benefit Cost Ratio	Based on Discount Rate of 18% p.a. Effective			0.9528				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			14.79%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			42,555,523	319,966	3,532		42,555,523
Equity IRR	Per annum Effective			24.13%				
Equity Contribution				23,771,819				
Peak Debt Exposure				105,466,570				
Equity to Debt Ratio				23.26%				
⁹ Weighted Average Cost of Capital (WACC)				9.05%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 36			Feb-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area B - Option 3

FSR 2.6:1

Time Span:	Feb-20 to Mar-23 (37 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	4,820 SqM		
FAR:	2.6:1	Equated GFA:	12,532 SqM
Project Size:	136 Units	1 per 35.44 SqM of Site Area	
	12,532 GFA	1 per 0.38 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	136	-	1,288,013.45	175,169,829	1,288,013	13,978	113.5%	159,245,299
Residential - 1 Bedroom Units	41	-	772,450.48	31,670,470				28,791,336
Residential - 2 Bedroom Units	68	-	1,248,514.44	84,898,982				77,180,893
Residential - 3 Bedroom Units	27	-	2,170,384.36	58,600,378				53,273,071
Less Selling Costs				(4,892,389)	(35,973)	(390)	-3.2%	(4,447,627)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				170,277,440	1,252,040	13,587	110.3%	154,797,673
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				170,277,440	1,252,040	13,587	110.3%	154,797,673
Less GST paid on all Revenue				(15,924,530)	(117,092)	(1,271)	-10.3%	-
TOTAL REVENUE (after GST paid)				154,352,910	1,134,948	12,317	100.0%	154,797,673
Costs								
Land Purchase Cost				51,694,500	380,107	4,125	33.5%	46,995,000
Land Acquisition Costs				3,688,341	27,120	294	2.4%	3,676,593
Construction Costs (inc. Contingency)				62,314,599	458,196	4,972	40.4%	56,649,635
Other Construction Costs				59,347,237	436,377	4,736	38.4%	53,952,033
Contingency				2,967,362	21,819	237	1.9%	2,697,602
Professional Fees				6,510,929	47,874	520	4.2%	5,919,027
Statutory Fees				3,730,362	27,429	298	2.4%	3,730,362
Strata bond				1,132,993	8,331	90	0.7%	1,132,993
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,271,189	16,700	181	1.5%	2,271,189
Pre-Sale Commissions				1,140,314	8,385	91	0.7%	1,036,649
Finance Charges (inc. Fees)				290,000	2,132	23	0.2%	290,000
Interest Expense				8,429,181	61,979	673	5.5%	8,429,181
TOTAL COSTS (before GST reclaimed)				141,202,408	1,038,253	11,267	91.5%	130,130,628
Less GST reclaimed				(11,516,543)	(84,680)	(919)	-7.5%	-
TOTAL COSTS (after GST reclaimed)				129,685,866	953,573	10,348	84.0%	130,130,628
Performance Indicators								
¹ Net Development Profit				24,667,044	181,375	1,968		
³ Development Margin (Profit/Risk Margin)				18.33%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			45,476,075	334,383	3,629		45,476,075
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			(2,492,771)				
⁶ Benefit Cost Ratio				0.9750				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			16.24%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			44,604,739	327,976	3,559		44,604,739
Equity IRR	Per annum Effective			27.48%				
Equity Contribution				24,251,337				
Peak Debt Exposure				107,598,396				
Equity to Debt Ratio				23.25%				
⁹ Weighted Average Cost of Capital (WACC)				9.05%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 34			Dec-2022				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area B - Option 2

FSR 3:1



Independent Property Consulting

Licensed to: Hill PDA Pty Ltd

Time Span:	Feb-20 to Mar-23 (37 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	4,820 SqM		
FAR:	3:1	Equated GFA:	14,460 SqM
Project Size:	157 Units	1 per 30.7 SqM of Site Area	
	14,460 GFA	1 per 0.33 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	157	-	1,298,431.78	203,853,789	1,298,432	14,098	113.5%	185,321,626
Residential - 1 Bedroom Units	48	-	772,631.35	37,086,305				33,714,822
Residential - 2 Bedroom Units	78	-	1,263,926.48	98,586,266				89,623,878
Residential - 3 Bedroom Units	31	-	2,199,394.15	68,181,219				61,982,926
Less Selling Costs				(5,682,538)	(36,195)	(393)	-3.2%	(5,165,944)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				198,171,251	1,262,237	13,705	110.3%	180,155,683
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				198,171,251	1,262,237	13,705	110.3%	180,155,683
Less GST paid on all Revenue				(18,532,163)	(118,039)	(1,282)	-10.3%	-
TOTAL REVENUE (after GST paid)				179,639,088	1,144,198	12,423	100.0%	180,155,683
Costs								
Land Purchase Cost				51,694,500	329,264	3,575	28.8%	46,995,000
Land Acquisition Costs				3,688,341	23,493	255	2.1%	3,676,593
Construction Costs (inc. Contingency)				77,757,203	495,269	5,377	43.3%	70,688,367
Other Construction Costs				74,054,479	471,685	5,121	41.2%	67,322,254
Contingency				3,702,724	23,584	256	2.1%	3,366,113
Professional Fees				8,105,247	51,626	561	4.5%	7,368,406
Statutory Fees				4,334,466	27,608	300	2.4%	4,334,466
Strata bond				1,413,767	9,005	98	0.8%	1,413,767
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,359,800	15,031	163	1.3%	2,359,800
Pre-Sale Commissions				1,336,918	8,515	92	0.7%	1,215,380
Finance Charges (inc. Fees)				320,000	2,038	22	0.2%	320,000
Interest Expense				9,481,199	60,390	656	5.3%	9,481,199
TOTAL COSTS (before GST reclaimed)				160,491,441	1,022,238	11,099	89.3%	147,852,977
Less GST reclaimed				(13,155,058)	(83,790)	(910)	-7.3%	-
TOTAL COSTS (after GST reclaimed)				147,336,383	938,448	10,189	82.0%	147,852,977
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				32,302,706	205,750	2,234		
³ Development Margin (Profit/Risk Margin)				21.11%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			48,136,307	306,601	3,329		48,136,307
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			(418,315)				
⁶ Benefit Cost Ratio				0.9962				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			17.74%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			46,593,887	296,776	3,222		46,593,887
Equity IRR	Per annum Effective			30.86%				
Equity Contribution				27,571,037				
Peak Debt Exposure				122,363,186				
Equity to Debt Ratio				23.35%				
⁹ Weighted Average Cost of Capital (WACC)				9.06%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 35			Jan-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 5 - Base Case

No Community Centre

Time Span: Feb-20 to Jan-23 (35 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 1,941 SqM
FAR: 2.5:1 Equated GFA: 4,852.50 SqM
Project Size: 51 Units
4,852.50 GFA 1 per 38.05 SqM of Site Area
1 per 0.4 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	51	-	1,318,975.65	67,267,758	1,318,976	13,862	113.5%	61,152,508
Residential - 1 Bedroom Units	15	-	790,752.62	11,861,289				10,782,990
Residential - 2 Bedroom Units	26	-	1,277,021.33	33,202,554				30,184,140
Residential - 3 Bedroom Units	10	-	2,220,391.46	22,203,915				20,185,377
Less Selling Costs				(1,871,636)	(36,699)	(386)	-3.2%	(1,701,487)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				65,396,123	1,282,277	13,477	110.3%	59,451,021
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				65,396,123	1,282,277	13,477	110.3%	59,451,021
Less GST paid on all Revenue				(6,115,251)	(119,907)	(1,260)	-10.3%	-
TOTAL REVENUE (after GST paid)				59,280,872	1,162,370	12,217	100.0%	59,451,021
Costs								
Land Purchase Cost				20,284,000	397,725	4,180	34.2%	18,440,000
Land Acquisition Costs				1,411,080	27,668	291	2.4%	1,406,470
Construction Costs (inc. Contingency)				21,397,672	419,562	4,410	36.1%	19,452,429
Other Construction Costs				20,378,735	399,583	4,200	34.4%	18,526,123
Contingency				1,018,937	19,979	210	1.7%	926,306
Professional Fees				2,264,606	44,404	467	3.8%	2,058,732
Statutory Fees				1,388,028	27,216	286	2.3%	1,388,028
Strata bond				389,049	7,628	80	0.7%	389,049
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				1,938,618	38,012	400	3.3%	1,938,618
Pre-Sale Commissions				442,845	8,683	91	0.7%	402,586
Finance Charges (inc. Fees)				95,000	1,863	20	0.2%	95,000
Interest Expense				3,330,368	65,301	686	5.6%	3,330,368
TOTAL COSTS (before GST reclaimed)				52,941,265	1,038,064	10,910	89.3%	48,901,280
Less GST reclaimed				(4,210,133)	(82,552)	(868)	-7.1%	-
TOTAL COSTS (after GST reclaimed)				48,731,132	955,512	10,042	82.2%	48,901,280
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				10,549,740	206,858	2,174		
³ Development Margin (Profit/Risk Margin)				20.85%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			18,703,168	366,729	3,854		18,703,168
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 17% p.a. Effective			334,723				
⁶ Benefit Cost Ratio				1.0088				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			17.60%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			18,734,805	367,349	3,861		18,734,805
Equity IRR	Per annum Effective			32.69%				
Equity Contribution				9,080,153				
Peak Debt Exposure				40,482,078				
Equity to Debt Ratio				23.18%				
⁹ Weighted Average Cost of Capital (WACC)				9.04%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 33			Nov-2022				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 5 - Incentive FSR
with Community Centre

Time Span: Feb-20 to Jul-23 (41 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 1,941 SqM
FAR: 3.7:1
Project Size: 77 Units
7,181.70 GFA
Equated GFA: 7,181.70 SqM
1 per 25.2 SqM of Site Area
1 per 0.27 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	77	-	1,349,506.87	103,912,029	1,349,507	14,469	113.5%	94,465,481
Residential - 1 Bedroom Units	23	-	800,003.38	18,400,078				16,727,343
Residential - 2 Bedroom Units	39	-	1,311,687.38	51,155,808				46,505,280
Residential - 3 Bedroom Units	15	-	2,290,409.58	34,356,144				31,232,858
Less Selling Costs				(2,904,539)	(37,721)	(404)	-3.2%	(2,640,490)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				101,007,490	1,311,786	14,065	110.3%	91,824,991
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				101,007,490	1,311,786	14,065	110.3%	91,824,991
Less GST paid on all Revenue				(9,446,548)	(122,682)	(1,315)	-10.3%	-
TOTAL REVENUE (after GST paid)				91,560,942	1,189,103	12,749	100.0%	91,824,991
Costs								
Land Purchase Cost				20,284,000	263,429	2,824	22.2%	18,440,000
Land Acquisition Costs				1,411,080	18,326	196	1.5%	1,406,470
Construction Costs (inc. Contingency)				36,526,978	474,376	5,086	39.9%	33,206,344
Other Construction Costs				34,787,598	451,787	4,844	38.0%	31,625,089
Contingency				1,739,380	22,589	242	1.9%	1,581,254
Professional Fees				3,832,412	49,772	534	4.2%	3,484,011
Statutory Fees				2,125,129	27,599	296	2.3%	2,125,129
Strata bond				664,127	8,625	92	0.7%	664,127
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,114,856	27,466	294	2.3%	2,114,856
Pre-Sale Commissions				669,019	8,689	93	0.7%	608,199
Finance Charges (inc. Fees)				130,000	1,688	18	0.1%	130,000
Interest Expense				4,236,954	55,025	590	4.6%	4,236,954
TOTAL COSTS (before GST reclaimed)				71,994,555	934,994	10,025	78.6%	66,416,090
Less GST reclaimed				(5,842,514)	(75,877)	(814)	-6.4%	-
TOTAL COSTS (after GST reclaimed)				66,152,041	859,117	9,211	72.2%	66,416,090
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				25,408,901	329,986	3,538		
³ Development Margin (Profit/Risk Margin)				36.79%				
⁴ Residual Land Value	Based on total costs (inc selling costs) Based on Target Margin of 20% (Exclusive of GST)			25,386,363	329,693	3,535		25,386,363
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			5,756,641				
⁶ Benefit Cost Ratio				1.1194				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			25.54%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			23,495,276	305,133	3,272		23,495,276
Equity IRR	Per annum Effective			41.55%				
Equity Contribution				12,383,017				
Peak Debt Exposure				54,889,170				
Equity to Debt Ratio				23.49%				
⁹ Weighted Average Cost of Capital (WACC)				9.07%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 38			Apr-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 17 - Base Case

No Community Centre

Time Span: Feb-20 to Jan-23 (35 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 2,218 SqM
FAR: 2.5:1
Project Size: 60 Units
5,545 GFA

Equated GFA: 5,545 SqM
1 per 36.96 SqM of Site Area
1 per 0.4 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	60	-	1,320,372.38	79,222,343	1,320,372	14,287	113.5%	72,020,312
Residential - 1 Bedroom Units	18	-	790,416.91	14,227,504				12,934,095
Residential - 2 Bedroom Units	30	-	1,277,772.44	38,333,173				34,848,339
Residential - 3 Bedroom Units	12	-	2,221,805.45	26,661,665				24,237,878
Less Selling Costs				(2,213,982)	(36,900)	(399)	-3.2%	(2,012,711)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				77,008,361	1,283,473	13,888	110.3%	70,007,601
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				77,008,361	1,283,473	13,888	110.3%	70,007,601
Less GST paid on all Revenue				(7,202,031)	(120,034)	(1,299)	-10.3%	-
TOTAL REVENUE (after GST paid)				69,806,330	1,163,439	12,589	100.0%	70,007,601
Costs								
Land Purchase Cost				23,177,000	386,283	4,180	33.2%	21,070,000
Land Acquisition Costs				1,620,823	27,014	292	2.3%	1,615,555
Construction Costs (inc. Contingency)				24,205,593	403,427	4,365	34.7%	22,005,085
Other Construction Costs				23,052,946	384,216	4,157	33.0%	20,957,224
Contingency				1,152,647	19,211	208	1.7%	1,047,861
Professional Fees				2,564,028	42,734	462	3.7%	2,330,935
Statutory Fees				1,627,688	27,128	294	2.3%	1,627,688
Strata bond				440,102	7,335	79	0.6%	440,102
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,227,918	37,132	402	3.2%	2,227,918
Pre-Sale Commissions				511,708	8,528	92	0.7%	465,189
Finance Charges (inc. Fees)				125,000	2,083	23	0.2%	125,000
Interest Expense				3,812,418	63,540	688	5.5%	3,812,418
TOTAL COSTS (before GST reclaimed)				60,312,278	1,005,205	10,877	86.4%	55,719,890
Less GST reclaimed				(4,793,659)	(79,894)	(865)	-6.9%	-
TOTAL COSTS (after GST reclaimed)				55,518,619	925,310	10,012	79.5%	55,719,890
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				14,287,711	238,129	2,577		
³ Development Margin (Profit/Risk Margin)				24.75%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			22,761,743	379,362	4,105		22,761,743
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 17% p.a. Effective			1,830,238				
⁶ Benefit Cost Ratio				1.0422				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			19.83%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			22,681,967	378,033	4,091		22,681,967
Equity IRR	Per annum Effective			37.48%				
Equity Contribution				10,341,240				
Peak Debt Exposure				46,154,089				
Equity to Debt Ratio				23.16%				
⁹ Weighted Average Cost of Capital (WACC)				9.04%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 33			Nov-2022				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 17 - Incentive FSR
with Community Centre

Time Span: Feb-20 to May-23 (39 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 2,218 SqM
FAR: 3.8:1
Project Size: 90 Units
8,428.40 GFA
Equated GFA: 8,428.40 SqM
1 per 24.64 SqM of Site Area
1 per 0.26 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	90	-	1,340,322.01	120,628,981	1,340,322	14,312	113.5%	109,662,710
Residential - 1 Bedroom Units	27	-	794,651.18	21,455,582				19,505,074
Residential - 2 Bedroom Units	45	-	1,299,432.23	58,474,450				53,158,591
Residential - 3 Bedroom Units	18	-	2,261,052.73	40,698,949				36,999,045
Less Selling Costs				(3,363,962)	(37,377)	(399)	-3.2%	(3,058,147)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				117,265,019	1,302,945	13,913	110.3%	106,604,563
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				117,265,019	1,302,945	13,913	110.3%	106,604,563
Less GST paid on all Revenue				(10,966,271)	(121,847)	(1,301)	-10.3%	-
TOTAL REVENUE (after GST paid)				106,298,748	1,181,097	12,612	100.0%	106,604,563
Costs								
Land Purchase Cost				23,177,000	257,522	2,750	21.8%	21,070,000
Land Acquisition Costs				1,620,823	18,009	192	1.5%	1,615,555
Construction Costs (inc. Contingency)				42,346,626	470,518	5,024	39.8%	38,496,933
Other Construction Costs				40,330,120	448,112	4,785	37.9%	36,663,745
Contingency				2,016,506	22,406	239	1.9%	1,833,187
Professional Fees				4,441,477	49,350	527	4.2%	4,037,706
Statutory Fees				2,487,214	27,636	295	2.3%	2,487,214
Strata bond				769,939	8,555	91	0.7%	769,939
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,349,878	26,110	279	2.2%	2,349,878
Pre-Sale Commissions				785,259	8,725	93	0.7%	713,871
Finance Charges (inc. Fees)				170,000	1,889	20	0.2%	170,000
Interest Expense				4,662,381	51,804	553	4.4%	4,662,381
TOTAL COSTS (before GST reclaimed)				82,810,596	920,118	9,825	77.9%	76,373,477
Less GST reclaimed				(6,742,933)	(74,921)	(800)	-6.3%	-
TOTAL COSTS (after GST reclaimed)				76,067,662	845,196	9,025	71.6%	76,373,477
Performance Indicators								
¹ Net Development Profit				30,231,086	335,901	3,587		
³ Development Margin (Profit/Risk Margin)				38.06%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			29,720,356	330,226	3,526		29,720,356
⁵ Net Present Value	Based on Target Margin of 20% (Exclusive of GST)			7,812,522				
⁶ Benefit Cost Ratio	Based on Discount Rate of 18% p.a. Effective			1.1401				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			27.17%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			27,945,346	310,504	3,316		27,945,346
Equity IRR	Per annum Effective			45.28%				
Equity Contribution				14,281,056				
Peak Debt Exposure				63,318,840				
Equity to Debt Ratio				23.40%				
⁹ Weighted Average Cost of Capital (WACC)				9.06%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 37			Mar-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 1

Affordable testing_4:1



Independent Property Consulting

Licensed to: Hill PDA Pty Ltd

Time Span:	Feb-20 to Mar-24 (49 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	3,415 SqM		
FAR:	4:1	Equated GFA:	13,660 SqM
Project Size:	147 Units	1 per 23.23 SqM of Site Area	
	13,660 GFA	1 per 0.25 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	133	-	1,413,907.97	188,049,761	1,279,250	13,766	113.4%	170,954,328
Residential - 1 Bedroom Units	39	-	818,169.51	31,908,611				29,007,828
Residential - 2 Bedroom Units	68	-	1,379,234.70	93,787,960				85,261,782
Residential - 3 Bedroom Units	26	-	2,398,199.60	62,353,190				56,684,718
Less Selling Costs				(5,159,642)	(35,100)	(378)	-3.1%	(4,690,583)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				182,890,119	1,244,150	13,389	110.3%	166,263,745
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				182,890,119	1,244,150	13,389	110.3%	166,263,745
Less GST paid on all Revenue				(17,095,433)	(116,295)	(1,251)	-10.3%	-
TOTAL REVENUE (after GST paid)				165,794,686	1,127,855	12,137	100.0%	166,263,745
Costs								
Land Purchase Cost				35,689,500	242,786	2,613	21.5%	32,445,000
Land Acquisition Costs				2,527,979	17,197	185	1.5%	2,519,868
Construction Costs (inc. Contingency)				73,866,345	502,492	5,407	44.6%	67,151,223
Other Construction Costs				70,348,900	478,564	5,150	42.4%	63,953,545
Contingency				3,517,445	23,928	257	2.1%	3,197,677
Professional Fees				7,745,406	52,690	567	4.7%	7,041,279
Statutory Fees				3,755,951	25,551	275	2.3%	3,755,951
Strata bond				1,343,024	9,136	98	0.8%	1,343,024
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				4,633,786	31,522	339	2.8%	4,633,786
Pre-Sale Commissions				1,323,254	9,002	97	0.8%	1,202,958
Finance Charges (inc. Fees)				270,000	1,837	20	0.2%	270,000
Interest Expense				8,649,095	58,837	633	5.2%	8,649,095
TOTAL COSTS (before GST reclaimed)				139,804,341	951,050	10,235	84.3%	129,012,184
Less GST reclaimed				(11,261,216)	(76,607)	(824)	-6.8%	-
TOTAL COSTS (after GST reclaimed)				128,543,125	874,443	9,410	77.5%	129,012,184
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				37,251,561	253,412	2,727		
³ Development Margin (Profit/Risk Margin)				27.86%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			38,489,805	261,835	2,818		38,489,805
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value				1,168,191				
⁶ Benefit Cost Ratio	Based on Discount Rate of 18% p.a. Effective			1.0130				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.76%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			33,457,090	227,599	2,449		33,457,090
Equity IRR	Per annum Effective			27.39%				
Equity Contribution				23,978,806				
Peak Debt Exposure				106,119,481				
Equity to Debt Ratio				23.66%				
⁹ Weighted Average Cost of Capital (WACC)				9.08%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 43			Sep-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 2

Affordable testing_3.7:1

Time Span:	Feb-20 to Sep-23 (43 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	2,315 SqM		
FAR:	3.7:1	Equated GFA:	8,565.50 SqM
Project Size:	91 Units	1 per 25.43 SqM of Site Area	
	8,565.50 GFA	1 per 0.27 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	83	-	1,400,615.22	116,251,063	1,277,484	13,572	113.4%	105,682,785
Residential - 1 Bedroom Units	23	-	802,788.14	18,464,127				16,785,570
Residential - 2 Bedroom Units	42	-	1,334,659.22	56,055,687				50,959,716
Residential - 3 Bedroom Units	18	-	2,318,402.71	41,731,249				37,937,499
Less Selling Costs				(3,188,389)	(35,037)	(372)	-3.1%	(2,898,536)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				113,062,674	1,242,447	13,200	110.3%	102,784,249
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				113,062,674	1,242,447	13,200	110.3%	102,784,249
Less GST paid on all Revenue				(10,568,278)	(116,135)	(1,234)	-10.3%	-
TOTAL REVENUE (after GST paid)				102,494,396	1,126,312	11,966	100.0%	102,784,249
Costs								
Land Purchase Cost				24,194,500	265,874	2,825	23.6%	21,995,000
Land Acquisition Costs				1,694,591	18,622	198	1.7%	1,689,093
Construction Costs (inc. Contingency)				46,680,087	512,968	5,450	45.5%	42,436,443
Other Construction Costs				44,457,226	488,541	5,190	43.4%	40,415,660
Contingency				2,222,861	24,427	260	2.2%	2,020,783
Professional Fees				4,887,246	53,706	571	4.8%	4,442,951
Statutory Fees				2,372,462	26,071	277	2.3%	2,372,462
Strata bond				848,729	9,327	99	0.8%	848,729
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,605,109	28,628	304	2.5%	2,605,109
Pre-Sale Commissions				818,511	8,995	96	0.8%	744,101
Finance Charges (inc. Fees)				170,000	1,868	20	0.2%	170,000
Interest Expense				5,316,017	58,418	621	5.2%	5,316,017
TOTAL COSTS (before GST reclaimed)				89,587,251	984,475	10,459	87.4%	82,619,903
Less GST reclaimed				(7,257,202)	(79,749)	(847)	-7.1%	-
TOTAL COSTS (after GST reclaimed)				82,330,049	904,726	9,612	80.3%	82,619,903
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				20,164,347	221,586	2,354		
³ Development Margin (Profit/Risk Margin)				23.58%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			23,817,233	261,728	2,781		23,817,233
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			71,052				
⁶ Benefit Cost Ratio				1.0012				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.08%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			22,057,300	242,388	2,575		22,057,300
Equity IRR	Per annum Effective			28.14%				
Equity Contribution				15,402,806				
Peak Debt Exposure				68,259,416				
Equity to Debt Ratio				23.54%				
⁹ Weighted Average Cost of Capital (WACC)				9.07%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 39			May-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 3

Affordable testing_3.7:1



Independent Property Consulting

Licensed to: Hill PDA Pty Ltd

Time Span:	Feb-20 to Jul-23 (41 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	1,897 SqM		
FAR:	3.7:1	Equated GFA:	7,018.90 SqM
Project Size:	75 Units	1 per 25.29 SqM of Site Area	
	7,018.90 GFA	1 per 0.27 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	69	-	1,378,272.21	95,100,782	1,268,010	13,549	113.4%	86,455,257
Residential - 1 Bedroom Units	20	-	803,488.83	16,069,777				14,608,888
Residential - 2 Bedroom Units	35	-	1,333,432.48	46,670,137				42,427,397
Residential - 3 Bedroom Units	14	-	2,311,490.65	32,360,869				29,418,972
Less Selling Costs				(2,609,096)	(34,788)	(372)	-3.1%	(2,371,905)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				92,491,687	1,233,222	13,178	110.3%	84,083,352
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				92,491,687	1,233,222	13,178	110.3%	84,083,352
Less GST paid on all Revenue				(8,645,526)	(115,274)	(1,232)	-10.3%	-
TOTAL REVENUE (after GST paid)				83,846,161	1,117,949	11,946	100.0%	84,083,352
Costs								
Land Purchase Cost				19,822,000	264,293	2,824	23.6%	18,020,000
Land Acquisition Costs				1,377,585	18,368	196	1.6%	1,373,080
Construction Costs (inc. Contingency)				37,731,132	503,082	5,376	45.0%	34,301,029
Other Construction Costs				35,934,412	479,125	5,120	42.9%	32,667,647
Contingency				1,796,721	23,956	256	2.1%	1,633,382
Professional Fees				3,950,129	52,668	563	4.7%	3,591,026
Statutory Fees				1,942,956	25,906	277	2.3%	1,942,956
Strata bond				686,021	9,147	98	0.8%	686,021
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,064,456	27,526	294	2.5%	2,064,456
Pre-Sale Commissions				669,523	8,927	95	0.8%	608,657
Finance Charges (inc. Fees)				145,000	1,933	21	0.2%	145,000
Interest Expense				4,279,905	57,065	610	5.1%	4,279,905
TOTAL COSTS (before GST reclaimed)				72,668,706	968,916	10,353	86.7%	67,012,130
Less GST reclaimed				(5,893,767)	(78,584)	(840)	-7.0%	-
TOTAL COSTS (after GST reclaimed)				66,774,940	890,333	9,514	79.6%	67,012,130
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				17,071,221	227,616	2,432		
³ Development Margin (Profit/Risk Margin)				24.60%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			19,933,851	265,785	2,840		19,933,851
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value				643,441				
⁶ Benefit Cost Ratio	Based on Discount Rate of 18% p.a. Effective			1.0132				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.87%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			18,585,040	247,801	2,648		18,585,040
Equity IRR	Per annum Effective			30.78%				
Equity Contribution				12,499,007				
Peak Debt Exposure				55,231,323				
Equity to Debt Ratio				23.59%				
⁹ Weighted Average Cost of Capital (WACC)				9.08%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 38			Apr-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 4

Affordable testing_3.7:1

Time Span: Feb-20 to May-23 (39 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 1,669 SqM
FAR: 3.7:1
Project Size: 66 Units
6,175.30 GFA
Equated GFA: 6,175.30 SqM
1 per 25.28 SqM of Site Area
1 per 0.27 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	61	-	1,342,447.81	81,889,317	1,240,747	13,261	113.4%	74,444,833
Residential - 1 Bedroom Units	18	-	796,743.15	14,341,377				13,037,615
Residential - 2 Bedroom Units	31	-	1,306,471.18	40,500,607				36,818,733
Residential - 3 Bedroom Units	12	-	2,253,944.44	27,047,333				24,588,485
Less Selling Costs				(2,243,760)	(33,996)	(363)	-3.1%	(2,039,782)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				79,645,556	1,206,751	12,897	110.3%	72,405,051
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				79,645,556	1,206,751	12,897	110.3%	72,405,051
Less GST paid on all Revenue				(7,444,483)	(112,795)	(1,206)	-10.3%	-
TOTAL REVENUE (after GST paid)				72,201,073	1,093,956	11,692	100.0%	72,405,051
Costs								
Land Purchase Cost				17,440,500	264,250	2,824	24.2%	15,855,000
Land Acquisition Costs				1,204,926	18,256	195	1.7%	1,200,963
Construction Costs (inc. Contingency)				33,178,224	502,700	5,373	46.0%	30,162,022
Other Construction Costs				31,598,309	478,762	5,117	43.8%	28,725,735
Contingency				1,579,915	23,938	256	2.2%	1,436,287
Professional Fees				3,472,585	52,615	562	4.8%	3,156,895
Statutory Fees				1,746,854	26,467	283	2.4%	1,746,854
Strata bond				603,240	9,140	98	0.8%	603,240
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				1,742,794	26,406	282	2.4%	1,742,794
Pre-Sale Commissions				581,680	8,813	94	0.8%	528,800
Finance Charges (inc. Fees)				125,000	1,894	20	0.2%	125,000
Interest Expense				3,593,168	54,442	582	5.0%	3,593,168
TOTAL COSTS (before GST reclaimed)				63,688,972	964,984	10,314	88.2%	58,714,737
Less GST reclaimed				(5,178,214)	(78,458)	(839)	-7.2%	-
TOTAL COSTS (after GST reclaimed)				58,510,759	886,527	9,475	81.0%	58,714,737
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				13,690,314	207,429	2,217		
³ Development Margin (Profit/Risk Margin)				22.53%				
⁴ Residual Land Value	Based on total costs (inc selling costs) Based on Target Margin of 20% (Exclusive of GST)			16,781,972	254,272	2,718		16,781,972
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			290,586				
⁶ Benefit Cost Ratio				1.0068				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.47%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			16,110,744	244,102	2,609		16,110,744
Equity IRR	Per annum Effective			30.48%				
Equity Contribution				10,983,518				
Peak Debt Exposure				48,547,457				
Equity to Debt Ratio				23.50%				
⁹ Weighted Average Cost of Capital (WACC)				9.07%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 37			Mar-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 6

Affordable testing_3.5:1



Independent Property Consulting

Licensed to: Hill PDA Pty Ltd

Time Span:	Feb-20 to May-23 (39 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	1,669 SqM		
FAR:	3.5:1	Equated GFA:	5,841.50 SqM
Project Size:	61 Units	1 per 27.36 SqM of Site Area	
	5,841.50 GFA	1 per 0.28 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	58	-	1,350,423.32	78,324,552	1,284,009	13,408	113.5%	71,204,138
Residential - 1 Bedroom Units	16	-	790,225.49	12,643,608				11,494,189
Residential - 2 Bedroom Units	30	-	1,295,670.32	38,870,110				35,336,463
Residential - 3 Bedroom Units	12	-	2,234,236.24	26,810,835				24,373,486
Less Selling Costs				(2,168,710)	(35,553)	(371)	-3.1%	(1,971,555)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				76,155,842	1,248,456	13,037	110.3%	69,232,584
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				76,155,842	1,248,456	13,037	110.3%	69,232,584
Less GST paid on all Revenue				(7,120,414)	(116,728)	(1,219)	-10.3%	-
TOTAL REVENUE (after GST paid)				69,035,428	1,131,728	11,818	100.0%	69,232,584
Costs								
Land Purchase Cost				17,440,500	285,910	2,986	25.3%	15,855,000
Land Acquisition Costs				1,204,926	19,753	206	1.7%	1,200,963
Construction Costs (inc. Contingency)				31,268,389	512,597	5,353	45.3%	28,425,808
Other Construction Costs				29,779,418	488,187	5,098	43.1%	27,072,199
Contingency				1,488,971	24,409	255	2.2%	1,353,610
Professional Fees				3,274,087	53,674	560	4.7%	2,976,443
Statutory Fees				1,639,500	26,877	281	2.4%	1,639,500
Strata bond				568,516	9,320	97	0.8%	568,516
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				1,729,462	28,352	296	2.5%	1,729,462
Pre-Sale Commissions				529,724	8,684	91	0.8%	481,567
Finance Charges (inc. Fees)				125,000	2,049	21	0.2%	125,000
Interest Expense				3,402,959	55,786	583	4.9%	3,402,959
TOTAL COSTS (before GST reclaimed)				61,183,065	1,003,001	10,474	88.6%	56,405,219
Less GST reclaimed				(4,975,001)	(81,557)	(852)	-7.2%	-
TOTAL COSTS (after GST reclaimed)				56,208,064	921,444	9,622	81.4%	56,405,219
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				12,827,364	210,285	2,196		
³ Development Margin (Profit/Risk Margin)				21.97%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			16,551,682	271,339	2,833		16,551,682
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			232,512				
⁶ Benefit Cost Ratio				1.0056				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.39%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			16,059,729	263,274	2,749		16,059,729
Equity IRR	Per annum Effective			29.85%				
Equity Contribution				10,561,021				
Peak Debt Exposure				46,476,031				
Equity to Debt Ratio				23.55%				
⁹ Weighted Average Cost of Capital (WACC)				9.07%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 36			Feb-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 13

Affordable testing_3:1

Time Span: Feb-20 to May-23 (39 Months)
Type: Miscellaneous
Status: Under Review
Site Area: 1,967 SqM
FAR: 3:1
Project Size: 65 Units
Equated GFA: 5,901 SqM
1 per 30.26 SqM of Site Area
1 per 0.33 SqM of Site Area

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	64	-	1,315,217.64	84,173,929	1,294,984	14,264	113.5%	76,521,754
Residential - 1 Bedroom Units	20	-	791,516.27	15,830,325				14,391,205
Residential - 2 Bedroom Units	32	-	1,297,899.03	41,532,769				37,757,063
Residential - 3 Bedroom Units	12	-	2,234,236.24	26,810,835				24,373,486
Less Selling Costs				(2,352,097)	(36,186)	(399)	-3.2%	(2,138,270)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				81,821,832	1,258,797	13,866	110.3%	74,383,484
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				81,821,832	1,258,797	13,866	110.3%	74,383,484
Less GST paid on all Revenue				(7,652,175)	(117,726)	(1,297)	-10.3%	-
TOTAL REVENUE (after GST paid)				74,169,656	1,141,072	12,569	100.0%	74,383,484
Costs								
Land Purchase Cost				20,553,500	316,208	3,483	27.7%	18,685,000
Land Acquisition Costs				1,430,619	22,010	242	1.9%	1,425,948
Construction Costs (inc. Contingency)				31,837,580	489,809	5,395	42.9%	28,943,254
Other Construction Costs				30,321,504	466,485	5,138	40.9%	27,565,004
Contingency				1,516,075	23,324	257	2.0%	1,378,250
Professional Fees				3,342,285	51,420	566	4.5%	3,038,441
Statutory Fees				1,759,362	27,067	298	2.4%	1,759,362
Strata bond				578,865	8,906	98	0.8%	578,865
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				2,054,912	31,614	348	2.8%	2,054,912
Pre-Sale Commissions				546,872	8,413	93	0.7%	497,157
Finance Charges (inc. Fees)				125,000	1,923	21	0.2%	125,000
Interest Expense				3,928,815	60,443	666	5.3%	3,928,815
TOTAL COSTS (before GST reclaimed)				66,157,809	1,017,812	11,211	89.2%	61,036,753
Less GST reclaimed				(5,334,883)	(82,075)	(904)	-7.2%	-
TOTAL COSTS (after GST reclaimed)				60,822,926	935,737	10,307	82.0%	61,036,753
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				13,346,731	205,334	2,262		
³ Development Margin (Profit/Risk Margin)				21.13%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			19,118,415	294,129	3,240		19,118,415
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			(378,037)				
⁶ Benefit Cost Ratio				0.9917				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			17.43%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			18,352,134	282,341	3,110		18,352,134
Equity IRR	Per annum Effective			29.00%				
Equity Contribution				11,378,822				
Peak Debt Exposure				50,327,038				
Equity to Debt Ratio				23.47%				
⁹ Weighted Average Cost of Capital (WACC)				9.07%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 36			Feb-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

St Leonards South

Area 14

Affordable testing_3.5:1

Time Span:	Feb-20 to Jul-23 (41 Months)		
Type:	Miscellaneous		
Status:	Under Review		
Site Area:	1,669 SqM		
FAR:	3.5:1	Equated GFA:	5,841.50 SqM
Project Size:	61 Units	1 per 27.36 SqM of Site Area	
	5,841.50 GFA	1 per 0.28 SqM of Site Area	

				Total AUD	AUD Per Units	AUD Per GFA	% of Total Net Revenue	Total Exc GST
Revenues								
	Quantity	SqM	AUD/Quantity					
Gross Sales Revenue	59	-	1,334,996.94	78,764,819	1,291,227	13,484	113.5%	71,604,381
Residential - 1 Bedroom Units	18	-	794,324.35	14,297,838				12,998,035
Residential - 2 Bedroom Units	29	-	1,296,720.91	37,604,906				34,186,279
Residential - 3 Bedroom Units	12	-	2,238,506.20	26,862,074				24,420,068
Less Selling Costs				(2,182,947)	(35,786)	(374)	-3.1%	(1,984,497)
Less Purchasers Costs				-	-	-	0.0%	-
NET SALES REVENUE				76,581,873	1,255,441	13,110	110.3%	69,619,884
	Average Yield	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free and Fitout Costs)				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
NET RENTAL INCOME				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
TOTAL REVENUE (before GST paid)				76,581,873	1,255,441	13,110	110.3%	69,619,884
Less GST paid on all Revenue				(7,160,438)	(117,384)	(1,226)	-10.3%	-
TOTAL REVENUE (after GST paid)				69,421,435	1,138,056	11,884	100.0%	69,619,884
Costs								
Land Purchase Cost				17,440,500	285,910	2,986	25.1%	15,855,000
Land Acquisition Costs				1,204,926	19,753	206	1.7%	1,200,963
Construction Costs (inc. Contingency)				31,332,797	513,652	5,364	45.1%	28,484,361
Other Construction Costs				29,840,759	489,193	5,108	43.0%	27,127,963
Contingency				1,492,038	24,460	255	2.1%	1,356,398
Professional Fees				3,281,384	53,793	562	4.7%	2,983,077
Statutory Fees				1,652,599	27,092	283	2.4%	1,652,599
Strata bond				569,687	9,339	98	0.8%	569,687
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				1,748,931	28,671	299	2.5%	1,748,931
Pre-Sale Commissions				530,270	8,693	91	0.8%	482,063
Finance Charges (inc. Fees)				125,000	2,049	21	0.2%	125,000
Interest Expense				3,464,224	56,791	593	5.0%	3,464,224
TOTAL COSTS (before GST reclaimed)				61,350,319	1,005,743	10,502	88.4%	56,565,905
Less GST reclaimed				(4,982,864)	(81,686)	(853)	-7.2%	-
TOTAL COSTS (after GST reclaimed)				56,367,455	924,057	9,649	81.2%	56,565,905
Performance Indicators								
					Per Units	Per GFA		Total Exc GST
¹ Net Development Profit				13,053,979	214,000	2,235		
³ Development Margin (Profit/Risk Margin)				22.30%				
⁴ Residual Land Value	Based on total costs (inc selling costs)			16,663,830	273,178	2,853		16,663,830
	Based on Target Margin of 20% (Exclusive of GST)							
⁵ Net Present Value	Based on Discount Rate of 18% p.a. Effective			63,147				
⁶ Benefit Cost Ratio				1.0015				
⁷ Project Internal Rate of Return (IRR)	Per annum Effective			18.10%				
⁸ Residual Land Value	Based on NPV (Exclusive of GST)			15,910,564	260,829	2,724		15,910,564
Equity IRR	Per annum Effective			28.44%				
Equity Contribution				10,580,646				
Peak Debt Exposure				46,768,299				
Equity to Debt Ratio				23.47%				
⁹ Weighted Average Cost of Capital (WACC)				9.07%				
¹⁰ Breakeven Date for Cumulative Cash Flow	Month 37			Mar-2023				
¹¹ Yield on Cost				0.00%				
¹² Rent Cover				N.A.				
¹³ Profit Erosion				N.A.				

Footnotes:

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

Disclaimer

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.
2. HillPDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). HillPDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.
3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which HillPDA was engaged to prepare the report, without the prior written approval of HillPDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform HillPDA who may, in its sole discretion and on specified terms, provide its consent.
4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by HillPDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. HillPDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, HillPDA does not present them as results that will actually be achieved. HillPDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.
5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.
6. This report does not constitute a valuation of any property or interest in property. In preparing this report HillPDA has relied upon information concerning the subject property and/or proposed development provided by the Client and HillPDA has not independently verified this information except where noted in this report.
7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

This valuation is prepared on the assumption that the lender or addressee as referred to in this valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the lender is providing mortgage financing at a conservative and prudent loan to value ratio.
8. HillPDA makes no representations or warranties of any kind, about the accuracy, reliability, completeness, suitability or fitness in relation to maps generated by HillPDA or contained within this report.

Liability limited by a scheme approved under the Professional Standards Legislation



SYDNEY

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t: +61 2 9252 8777
f: +61 2 9252 6077
e: sydney@hillpda.com

MELBOURNE

Suite 114, 838 Collins Street
Docklands VIC 3008
t: +61 3 9629 1842
f: +61 3 9629 6315
e: melbourne@hillpda.com

WWW.HILLPDA.COM