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# 130 Killeaton Street

## Feasibility Analysis

Prepared for  
X-Sealant Pty Ltd

September 2023

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## EXECUTIVE SUMMARY

This report has been prepared for X-Sealant (The Client) regarding the planning proposal at 130 Killeaton Street, St Ives (PP-2022-2237) that intends to amend the Ku-ring-gai Local Environmental Plan. The planning proposal is 2,803 sqm block of land intended for residential land uses. The proposed development includes:

- 37 Residential Apartments ranging from 78sqm to 195 sqm.
- A total gross floor area of 3,643sqm
- A total net saleable area of 3,125sqm

To support the above planning proposal, the K-ring-gai Council have requested an affordable housing viability assessment. The assessment for this Study is to align with the Greater Sydney Region Plan and North District Plan that specifics that all new residential floor space subject to viability should delivery an affordable housing contribution of 5 %to 10%.

To undertake the affordable housing viability assessment, we have relied upon the Concept Architectural Plans prepared by Mackenzie Architects International dated 29 March 2023.

Using the EstateMaster software, HillPDA tested the affordable housing contributions at 0%, 5%, and 10%. To measure the viability of the contributions, we have adopted an Internal Rate of Return (IRR) of 16% and Development Margin of 20%. The Feasibility results are summarised in the table below.

| Scenario                      | Margin | IRR   | Finding           |
|-------------------------------|--------|-------|-------------------|
| <b>0% Affordable Housing</b>  | 23.86  | 24.47 | Viable            |
| <b>5% Affordable Housing</b>  | 15.69  | 18.34 | Marginally Viable |
| <b>10% Affordable Housing</b> | 8.53   | 12.08 | Not Viable        |

Source: HillPDA 2023

The financial modelling revealed that with a 5% affordable housing contribution applied to the scheme the site was marginally viable at 15.69%. At a 10% affordable housing contribution the site was found to be not viable.

## 1.0 INTRODUCTION

The Greater Sydney Region Plan and North District Plan have affordable housing targets in the range of 5-10% of new residential floor space subject to viability.

HillPDA has been engaged by X-Sealant to prepare an Affordable Housing Viability Report that clarifies affordable housing rates, including floor space and number of units and method of management to respond to the offer made by the proponent to consider the delivery of affordable housing in the development consistent with the governments strategic housing policy.

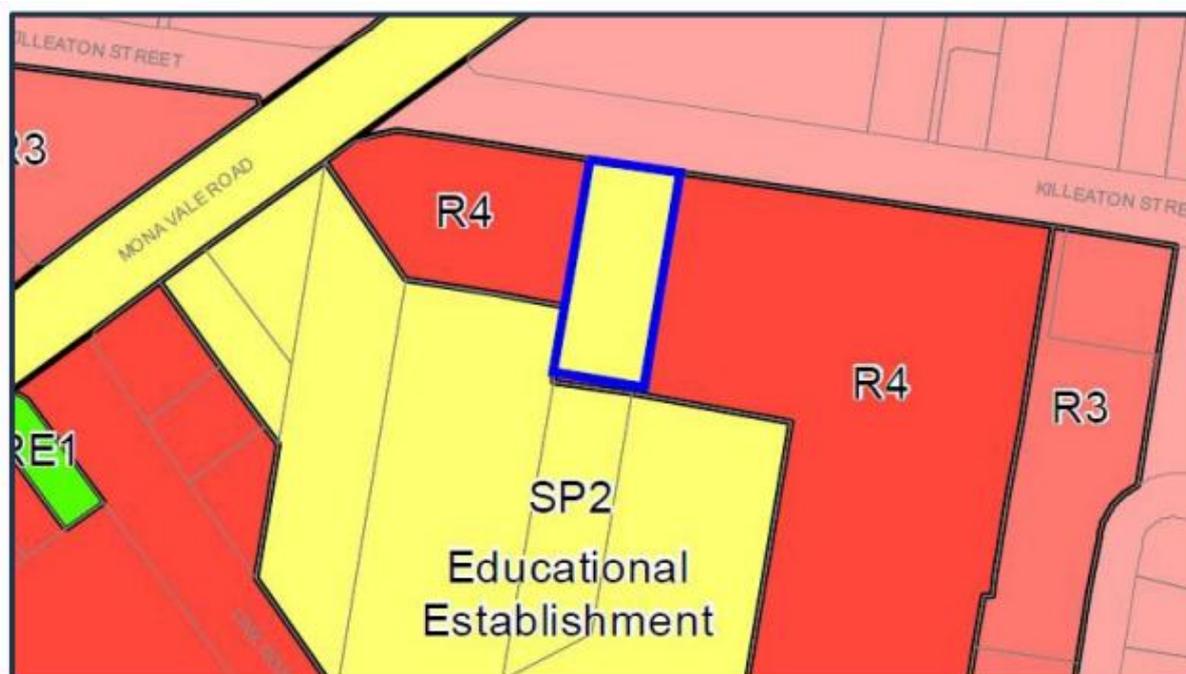
### 1.1 The Site

The site is known as 130 Killeaton Street, St Ives and legally described as Lot 1 DP 748682. The site has an area of 2,803m<sup>2</sup> with a frontage of 35m to Killeaton Street and a depth of 84m. The site is currently zoned SP2.

The site currently contains a two-storey brick dwelling and vegetation associated with the existing use of the site. The site is currently accessed from Killeaton Street to the north.

The site is zoned SP2 Infrastructure (Educational Establishment) pursuant to the Ku-ring-gai LEP. The surrounding area is zoned as follows:

- North (on opposite side of Killeaton Street) – R2 Low Density Residential.
- South - SP2 Infrastructure (Educational Establishment)
- East – R4 High Density Residential
- West – R4 High Density Residential



### 1.2 The Proposed Development

The proposed development (PP-2022-1137) seeks to enable the development of high density residential by:

- Rezoning the site from SP2 Infrastructure to R4 High Density Residential.
- Increasing the building height to 17.5m
- Increasing the FSR to 1.3:1

Our understanding of the proposed development is informed by Concept Architectural Plans prepared for the planning proposal application prepared by Mackenzie Architects International dated 29 March 2023.

- Site Area: 2,803m<sup>2</sup>
- Proposed GFA 3,643.18m<sup>2</sup>
- 37 Proposed Apartments ranging from 78m<sup>2</sup> to 105m<sup>2</sup>.
- Proposed NSA: 3,125

## 2.0 LOCAL POLICY REVIEW

The Ku-ring-gai LSPS identifies that providing affordable housing is important to retain and strengthen the local residential and business community and included actions to undertake a study for viable provision in the short-term and develop a Contribution Scheme in the Medium term.

The Ku-Ring-Gai Local Housing Strategy included an action to prepare a Housing Affordability Study to support the development of an Affordable Housing Contribution Scheme.

The Local Housing Strategy endorsement letter from DPE dated 16 July 2021 asked Council to prepare an Affordable Housing Contribution Scheme that commits Council to examining the feasibility of levying affordable housing contributions for any new proposals that would result in development uplift or an increase in land value. It also asked for Council to develop a transparent and robust framework to consider opportunities including social and affordable housing contributions for 'out of sequence' development such as planning proposals.

Ku-Ring-Gai Council has identified Lindfield Village Hub as a possible location for affordable housing. Council has set an FSR limit of 1.35:1 for Lindfield Village Hub. Additional GFA in excess of 1.35:1 up to 2.3:1 is permitted to be used for residential purposes if it is used for Affordable Housing.

Objective 11 of the North District Plan prepared by the Greater Cities Commission in March 2018 seeks to ensure there is more diverse and affordable housing. The Plan mentions that "Affordable Rental Housing Targets that are generally in the range of 5-10 per cent of new residential floor space are subject to viability". HillPDA have utilised the range of 5-10 per cent as the range for further testing.

## 3.0 MARKET RESEARCH

This section outlines market research and key assumptions for the development feasibility.

### 3.1 Land Value

The site was acquired for \$4,900,000 on 15 October 2021. This has been adopted as the land acquisition price for the feasibility testing. HillPDA has adopted this rate as the land acquisition rate.

### 3.2 Revenue

Based on the existing sales, HillPDA have adopted a sales rate of \$13,500/m<sup>2</sup> NSA. This represents a sale price of approximately \$1.1 million for the typical property in the development, with the top four achieving sale prices of approximately \$1.35 million. The appendix details the sales evidence used to confirm this figure.

In addition, off-the-plan sales in the area includes

- 142 Killeaton Street, St Ives NSW 2075 – \$2,100,000 to \$2,450,000 for a 4-bedroom townhouse
- 9-11 Memorial Avenue, St Ives NSW 2075 – \$2,250,000 to \$2,950,000 for a 4-bedroom apartment (approximately \$17,664/m<sup>2</sup> NSA).

### 3.3 Development Costs

HillPDA has adopted the following key development costs based on industry benchmarks

| Section                     | Rate                  | Source                   |
|-----------------------------|-----------------------|--------------------------|
| Apartment building          | \$4,000 sqm           | RLB CCC                  |
| Car Parking                 | \$60,000 per space    | RLB CCC                  |
| Housing Productivity Charge | \$10,000 per dwelling | Draft Ministerial Order  |
| Section 7.11                | \$20,000 per dwelling | Ku-Ring-Gai Section 7.11 |

Source: HillPDA 2023

## 4.0 FEASIBILITY METHODOLOGY

HillPDA used a residual land value approach consistent with the *Affordable Housing Contribution Scheme Guideline* issued by DPE in 2019. This tested the feasibility of the proposed development against the existing use value/permitted use prior to the rezoning. The contribution was tested as a percentage of gross revenue paid two months prior to settlement; this reflects the monetary equivalent contribution (but could be interchanged) as a dedication

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, an IRR of 14% (for townhouses) to 20% (for high rise units) p.a. is required for development to be feasible.
- **Development Margin (DM):** it is the net profit expressed as a percentage of the development costs. Typically, a DM of 16% to 22% for townhouses, mixed-use and residential apartment buildings is required for development to be deemed feasible.
- **Residential Land Value:** is the maximum price that a hypothetical developer would pay for the land to achieve acceptable hurdle rates.
- **Net Present Value (NPV):** is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyse the profitability of a projected investment or project.

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

| Performance                | Project IRR | Development Margin |
|----------------------------|-------------|--------------------|
| <b>Feasible</b>            | >18%        | >18%               |
| <b>Marginally feasible</b> | 16%-18%     | 15%-18%            |
| <b>Not feasible</b>        | <16%        | <15%               |

Source: HillPDA 2023

## 5.0 RESULTS

The Feasibility results are summarised in the table below. In our opinion a 5% affordable housing contribution would be achievable for the site based on the assumptions listed above.

| Scenario                      | Margin | IRR   | Finding                 |
|-------------------------------|--------|-------|-------------------------|
| <b>0% Affordable Housing</b>  |        | 23.86 | 24.47 Viable            |
| <b>5% Affordable Housing</b>  |        | 15.69 | 18.34 Marginally Viable |
| <b>10% Affordable Housing</b> |        | 8.53  | 12.08 Not Viable        |

Source: HillPDA 2023

## 6.0 MANAGEMENT METHODS

There are three potential management methods for the dedication and provision of affordable housing:

1. Monetary contribution to Council
2. Dedication of dwelling to Council
3. Dedication of dwelling to a community housing provider.

Typically, a monetary contribution to Council can provide the highest outcome for affordable housing. In recent years community housing providers have been reluctant to accept strata apartments because the strata levies can exceed the revenue provided, and apartment does not meet their requirements, and therefore would prefer to commit funds to support their own purpose-built development.

Advice should be sought from Council on the preferred avenue for any contribution; however, in lieu of a monetary contribution to Council a monetary contribution to a CHP could be a reasonable option.

## APPENDIX A : SUPPORTING TABLES

Table 1 Apartment Area Schedule

|              | Area (sqm)   |
|--------------|--------------|
| G01          | 82           |
| G02          | 82           |
| G03          | 82           |
| G04          | 82           |
| G05          | 82           |
| G06          | 82           |
| G07          | 82           |
| G08          | 78           |
| U101         | 82           |
| U102         | 82           |
| U103         | 82           |
| U104         | 82           |
| U105         | 82           |
| U106         | 82           |
| U107         | 82           |
| U108         | 82           |
| U201         | 82           |
| U202         | 82           |
| U203         | 82           |
| U204         | 82           |
| U205         | 82           |
| U206         | 82           |
| U207         | 82           |
| U208         | 82           |
| U301         | 82           |
| U302         | 82           |
| U303         | 82           |
| U304         | 82           |
| U305         | 82           |
| U306         | 82           |
| U307         | 82           |
| U308         | 82           |
| U401         | 105          |
| U402         | 100          |
| U403         | 100          |
| U404         | 100          |
| U405         | 100          |
| <b>Total</b> | <b>3,125</b> |

Table 2 Apartment Sales Evidence in St Ives

| Street Address             | Bed | Bath | Car | Floor Size (m <sup>2</sup> ) | Year Built | Sale Price  | Sale Date   | Price/sqm | Comments                             |
|----------------------------|-----|------|-----|------------------------------|------------|-------------|-------------|-----------|--------------------------------------|
| 6/20 COWAN ROAD            | 3   | 2    | 2   | 161                          | 2023       | \$3,850,000 | 23 Jun 2023 | \$23,913  | High end Luxury                      |
| 5/20 COWAN ROAD            | 3   | 2    | 2   | 167                          | 2023       | \$3,710,000 | 19 Apr 2023 | \$22,216  | Boutique high end luxury             |
| 3/20 COWAN ROAD            | 3   | 2    | 2   | 166                          | 2023       | \$3,600,000 | 14 Jun 2023 | \$21,687  | Boutique high end luxury             |
| 103/21 NEWHAVEN PLACE      | 2   | 2    | -   | 98                           | 2021       | \$1,220,000 | 30 Mar 2023 | \$12,449  | 7 unit block. Medium to high quality |
| 302/126A KILLEATON STREET  | 1   | 1    | 1   | 62                           | 2019       | \$750,000   | 07 Jul 2023 | \$12,097  | 7 unit block. Medium to high quality |
| 405/126A KILLEATON STREET  | 2   | 2    | 1   | 75                           | 2019       | \$1,020,000 | 11 May 2023 | \$13,600  | 7 unit block. Medium to high quality |
| 306/12 SHINFIELD AVENUE    | 2   | 2    | 2   | 91                           | 2019       | \$1,220,000 | 13 Jul 2023 | \$13,407  | Medium quality                       |
| 313/126B KILLEATON STREET  | 2   | 2    | 1   | 78                           | 2019       | \$955,000   | 08 May 2023 | \$12,244  | Medium quality                       |
| 102/183-185 MONA VALE ROAD | 2   | 2    | 1   | 77                           | 2019       | \$870,000   | 31 May 2023 | \$11,299  | High quality finish                  |
| 403/183-185 MONA VALE ROAD | 3   | 2    | 2   | 107                          | 2019       | \$1,750,000 | 21 Jul 2023 | \$16,355  | High quality finish                  |
| 2401/177 MONA VALE ROAD    | 2   | 2    | 2   | 86                           | 2017       | \$870,000   | 15 Jun 2023 | \$10,116  | Medium quality finish                |
| 13/165-167 ROSEDALE ROAD   | 3   | 2    | 3   | 130                          | 2017       | \$1,721,500 | 01 Aug 2023 | \$13,242  | Medium-high quality finish           |
| 3/2-4 NEWHAVEN PLACE       | 2   | 2    | 1   | 78                           | 2016       | \$932,000   | 13 May 2023 | \$11,949  | Low-medium quality finish            |
| 59/212-216 MONA VALE ROAD  | 1   | 1    | 1   | 52                           | 2015       | \$635,000   | 26 Jun 2023 | \$12,212  | Medium quality finish                |
| 26/18 SHINFIELD AVENUE     | 1   | 1    | 1   | 61                           | 2015       | \$710,000   | 21 Mar 2023 | \$11,639  | Medium quality finish                |
| 70/212-216 MONA VALE ROAD  | 1   | 1    | 1   | 59                           | 2015       | \$665,000   | 01 Apr 2023 | \$11,271  | Medium quality finish                |
| 76/212-216 MONA VALE ROAD  | 1   | 1    | 1   | 60                           | 2015       | \$658,000   | 18 Apr 2023 | \$10,967  | Medium quality finish                |
| 7/18 SHINFIELD AVENUE      | 2   | 2    | 1   | 75                           | 2015       | \$1,010,000 | 14 Jun 2023 | \$13,467  | Medium quality finish                |
| 23/18 SHINFIELD AVENUE     | 2   | 2    | 1   | 86                           | 2015       | \$1,020,000 | 05 May 2023 | \$11,860  | Medium quality finish                |
| 20/18 SHINFIELD AVENUE     | 2   | 2    | 1   | 83                           | 2015       | \$920,000   | 16 Jun 2023 | \$11,084  | Medium quality finish                |
| 71/212-216 MONA VALE ROAD  | 2   | 2    | 1   | 72                           | 2015       | \$795,000   | 30 Mar 2023 | \$11,011  | Medium quality finish                |
| 15/18 SHINFIELD AVENUE     | 2   | 2    | 1   | 91                           | 2015       | \$980,000   | 18 Aug 2023 | \$10,769  | Medium quality finish                |

| Street Address               | Bed | Bath | Car | Floor Size (m <sup>2</sup> ) | Year Built | Sale Price  | Sale Date   | Price/sqm | Comments  |
|------------------------------|-----|------|-----|------------------------------|------------|-------------|-------------|-----------|---|
| 34/18 SHINFIELD AVENUE       | 3   | 2    | 2   | 98                           | 2015       | \$1,470,000 | 08 Jun 2023 | \$15,000  | Medium-high quality finish. Top floor apartment                       |
| 48/165-167 ROSEDALE ROAD     | 2   | 2    | 1   | 113                          | 2014       | \$1,322,000 | 03 May 2023 | \$11,699  | Medium quality finish. Dual level apartment                           |
| 27/18 SHINFIELD AVENUE       | 2   | 2    | 1   | 92                           | 2014       | \$962,000   | 14 Apr 2023 | \$10,457  | Medium quality finish   |
| 464/132-138 KILLEATON STREET | 1   | 1    | 1   | 57                           | 2013       | \$670,000   | 07 Apr 2023 | \$11,754  | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 348/132-138 KILLEATON STREET | 2   | 2    | 1   | 63                           | 2013       | \$775,000   | 15 Jun 2023 | \$12,302  | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 250/132-138 KILLEATON STREET | 2   | 2    | 1   | 63                           | 2013       | \$690,000   | 31 Mar 2023 | \$10,952  | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 239/132-138 KILLEATON STREET | 2   | 2    | 1   | 80                           | 2013       | \$830,000   | 23 Mar 2023 | \$10,375  | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 264/132-138 KILLEATON STREET | 2   | 2    | 1   | 78                           | 2013       | \$800,000   | 08 Sep 2023 | \$10,256  | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 254/132-138 KILLEATON STREET | 2   | 2    | 1   | 79                           | 2013       | \$800,000   | 12 May 2023 | \$10,127  | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 332/132-138 KILLEATON STREET | 2   | 2    | 1   | 82                           | 2013       | \$800,000   | 21 Mar 2023 | \$9,756   | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 137/132-138 KILLEATON STREET | 2   | 2    | 1   | 83                           | 2013       | \$805,000   | 26 Apr 2023 | \$9,699   | Medium quality finish. Complex contains pool, spa, gym, sauna and bbq |
| 311/1-3 STURT PLACE          | 2   | 2    | 1   | 80                           | 2012       | \$915,000   | 06 Aug 2023 | \$11,438  | low to medium quality finish  |
| 305/1-3 STURT PLACE          | 2   | 2    | 1   | 83                           | 2012       | \$862,500   | 12 Jul 2023 | \$10,392  | low to medium quality finish  |

| Street Address               | Bed | Bath | Car | Floor Size (m <sup>2</sup> ) | Year Built | Sale Price  | Sale Date   | Price/sqm | Comments   |
|------------------------------|-----|------|-----|------------------------------|------------|-------------|-------------|-----------|--|
| 24/132-138 KILLEATON STREET  | 2   | 2    | 1   | 81                           | 2012       | \$800,000   | 21 Apr 2023 | \$9,877   | Complex contains pool, spa, gym, sauna and bbq                                 |
| 326/132-138 KILLEATON STREET | 2   | 2    | 1   | 99                           | 2012       | \$900,000   | 04 Sep 2023 | \$9,091   | Complex contains pool, spa, gym, sauna and bbq                                 |
| 302/132-138 KILLEATON STREET | 3   | 2    | 2   | 101                          | 2012       | \$1,408,000 | 02 May 2023 | \$13,941  | Complex contains pool, spa, gym, sauna and bbq                                 |
| 110/1-3 STURT PLACE          | 3   | 2    | 2   | 129                          | 2012       | \$1,190,000 | 12 Apr 2023 | \$9,225   | low to medium quality finish   |
| 26/2-4 STURT PLACE           | 2   | 2    | 2   | 77                           | 2011       | \$965,000   | 22 Apr 2023 | \$12,532  | Medium quality finish  |
| 34/2-4 STURT PLACE           | 2   | 1    | 2   | 78                           | 2011       | \$938,000   | 25 Mar 2023 | \$12,026  | Medium quality finish  |
| 30/2-4 STURT PLACE           | 3   | 2    | 2   | 87                           | 2011       | \$1,270,000 | 22 Mar 2023 | \$14,598  | Medium quality finish  |
| 407/36-42 STANLEY STREET     | 2   | 2    | 1   | 100                          | 2009       | \$1,400,000 | 07 Jul 2023 | \$14,000  | Medium quality finish  |
| 30/1-5 LYNBARA AVENUE        | 2   | 2    | 1   | 92                           | 2009       | \$1,122,000 | 14 Jul 2023 | \$12,196  | Medium quality finish  |
| 40/1-5 LYNBARA AVENUE        | 2   | 2    | 1   | 106                          | 2009       | \$1,180,000 | 31 Aug 2023 | \$11,132  | Medium quality finish  |
| 635/17-19 MEMORIAL AVENUE    | 2   | 2    | 1   | 94                           | 2009       | \$880,000   | 05 May 2023 | \$9,362   | Low quality finish   |
| 665/17-19 MEMORIAL AVENUE    | 2   | 2    | 1   | 99                           | 2009       | \$915,000   | 01 Aug 2023 | \$9,242   | Low quality finish   |
| 358/17-19 MEMORIAL AVENUE    | 2   | 2    | 1   | 97                           | 2009       | \$870,000   | 19 May 2023 | \$8,969   | Low quality finish   |
| 357/17-19 MEMORIAL AVENUE    | 2   | 2    | 1   | 99                           | 2009       | \$880,000   | 21 Mar 2023 | \$8,889   | Low quality finish   |
| 34/1-5 LYNBARA AVENUE        | 3   | 2    | 2   | 147                          | 2009       | \$1,800,000 | 02 Aug 2023 | \$12,245  | Medium quality finish  |
| 26/1-5 LYNBARA AVENUE        | 3   | 2    | 2   | 132                          | 2009       | \$1,500,000 | 26 May 2023 | \$11,364  | Medium quality finish  |
| 4/17-19 NEWHAVEN PLACE       | 3   | 2    | 2   | 140                          | 2008       | \$1,700,000 | 14 Apr 2023 | \$12,143  | Medium quality finish  |
| 3/66-68 KILLEATON STREET     | 3   | 2    | 2   | 128                          | 2006       | \$1,680,000 | 25 Jul 2023 | \$13,125  | Low to medium quality finish. Ground floor apartment with very large courtyard |

## APPENDIX B : ESTATEMASTER COMPARISONS OF OPTIONS

| ARGUS EstateMaster   Development Feasibility           | 1  | 2  | 3  |
|--|--|--|--|
| <b>COMPARISON OF OPTIONS</b>                           | 130 Killeaton Street - Base  | 130 Killeaton Street   | 130 Killeaton Street - 2   |
|  | 0% Affordable Housing  | 5% Affordable Housing  | 10% Affordable Housing   |
| <b>130 Killeaton Street</b>                            |  |  |  |
|  | 37 Units<br>3,643.18 GFA<br>2,803 SqM<br>Residential<br>Under Review | 37 Units<br>3,643.18 GFA<br>2,803 SqM<br>Residential<br>Under Review | 37 Units<br>3,643.18 GFA<br>2,803 SqM<br>Residential<br>Under Review |
| Licensed to: Hill PDA Pty Ltd                          |  |  |  |
| <b>Revenues</b>  |  |  |  |
| Gross Sales Revenue                                    | 38,352,273   | 38,352,273   | 38,352,273   |
| Less Selling Costs                                     | (696,094)  | (696,094)  | (696,094)  |
| Less Purchasers Costs                                  | -  | -  | -  |
| <b>NET SALES REVENUE</b>                               | <b>37,656,179</b>  | <b>37,656,179</b>  | <b>37,656,179</b>  |
| <b>TOTAL REVENUE (before GST paid)</b>                 | <b>37,656,179</b>  | <b>37,656,179</b>  | <b>37,656,179</b>  |
| Less GST paid on all Revenue                           | -  | -  | -  |
| <b>TOTAL REVENUE (after GST paid)</b>                  | <b>37,656,179</b>  | <b>37,656,179</b>  | <b>37,656,179</b>  |
| <b>Costs</b>   |  |  |  |
| Land Purchase Cost                                     | 5,390,000  | 5,390,000  | 5,390,000  |
| Land Acquisition Costs                                 | 320,485  | 320,485  | 320,485  |
| Construction (inc. Construct. Contingency)             | 23,087,112   | 23,087,112   | 23,087,112   |
| Professional Fees                                      | 1,831,725  | 1,878,132  | 1,924,538  |
| Statutory Fees   | 1,297,611  | 1,297,611  | 1,297,611  |
| Affordable Housing                                     | -  | 2,320,313  | 4,640,625  |
| Project Contingency (Reserve)                          | -  | -  | -  |
| Land Holding Costs                                     | 188,016  | 188,016  | 188,016  |
| Finance Charges (inc. Fees)                            | -  | -  | -  |
| Interest Expense                                       | 1,094,348  | 1,094,026  | 1,093,703  |
| <b>TOTAL COSTS (before GST reclaimed)</b>              | <b>33,209,297</b>  | <b>35,575,694</b>  | <b>37,942,090</b>  |
| Less GST reclaimed                                     | (2,818,875)  | (3,034,031)  | (3,249,188)  |
| Plus Corporate Tax                                     | -  | -  | -  |
| <b>TOTAL COSTS (after GST reclaimed)</b>               | <b>30,390,422</b>  | <b>32,541,662</b>  | <b>34,692,903</b>  |
| <b>Performance Indicators</b>                          |  |  |  |
| <sup>1</sup> Gross Development Profit                  | 7,265,757  | 5,114,516  | 2,963,276  |
| <sup>2</sup> Net Developer's Profit after Profit Share | 7,265,757  | 5,114,516  | 2,963,276  |
| <sup>3</sup> Development Margin (Profit/Risk Margin)   | 23.86%   | 15.69%   | 8.53%  |
| Target Development Margin                              | 20.00%   | 20.00%   | 20.00%   |
| <sup>5</sup> Breakeven Date for Cumulative Cash Flow   | Nov-2026   | Nov-2026   | Dec-2026   |
| Discount Rate (Target IRR)                             | 16.00%   | 16.00%   | 16.00%   |
| <sup>6</sup> Net Present Value                         | 2,045,096  | 558,794  | (927,508)  |
| <sup>8</sup> Benefit Cost Ratio                        | 1.089  | 1.023  | 0.964  |
| <sup>9</sup> Project Internal Rate of Return (IRR)     | 24.47%   | 18.34%   | 12.08%   |
| <sup>10</sup> Residual Land Value (NPV)                | 6,692,708  | 5,390,681  | 4,080,553  |
| Peak Debt Exposure                                     | 24,362,998   | 26,062,614   | 27,762,230   |
| Date of Peak Debt Exposure                             | Aug-2026   | Aug-2026   | Aug-2026   |
| <sup>11</sup> Breakeven Date for Project Overdraft     | Oct-2026   | Oct-2026   | Oct-2026   |
| Total Equity Contribution                              | 5,871,434  | 6,301,746  | 6,732,059  |
| Peak Equity Exposure                                   | 5,871,434  | 6,301,746  | 6,732,059  |
| Date of Peak Equity Exposure                           | Jul-2025   | Jul-2025   | Jul-2025   |
| <sup>12</sup> IRR on Equity                            | 32.65%   | 23.99%   | 14.60%   |
| Weighted Average Cost of Capital (WACC)                | 10.00%   | 10.00%   | 10.00%   |

**Footnotes (based on current Preferences):**

- Development Profit: is total revenue less total cost including interest paid and received
- Developer's Net Profit after distribution of profit share.
- Development Margin: is profit divided by total costs (exc selling & leasing costs)
- Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).
- 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.
- Payback date for the equity/debt facility is the last date when total equity/debt is repaid.
- IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profits.

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