

# **Affordability housing feasibility analysis**

50 Botany Street,  
Bondi Junction

Prepared for  
Waverley Council

August 2024

**HiIPDA**  
CONSULTING

# CONTENTS

<b>1.0</b>	<b>Introduction .....</b>	<b>4</b>
1.1	The Site .....	5
1.2	The Proposed Development .....	5
<b>2.0</b>	<b>Viability review .....</b>	<b>7</b>
2.1	Feasibility method .....	7
2.2	Market research overview .....	8
2.2.1	Development site sales .....	8
2.2.2	Land purchase price .....	8
2.2.3	End sale revenue .....	9
2.3	Development scheme .....	12
2.4	Adopted feasibility inputs .....	12
2.5	Results .....	14
<b>APPENDIX A :</b>	<b>Summary of results .....</b>	<b>16</b>

## Tables

Table 1: Current planning controls and proposed development details .....	6
Table 2: Industry standard performance indicators .....	7
Table 3: Summary of development site sales .....	8
Table 4: The Langlee, Mirvac project .....	9
Table 5: Summary of townhouse sales .....	10
Table 6: Development scheme .....	12
Table 7: Feasibility inputs .....	12
Table 8: Results on the assumption that the proponent is not liable for the removal cost of the tower .....	14

## Figures

Figure 1: Zoning map with Site highlighted .....	5
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## 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.
- Residual 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
■ RLV	Residual Land Value
■ Sqm	Square metre

## Critical assumptions

1. 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
2. This assessment has been prepared on specific instructions from the instructing party detailed within this report for the specific purpose detailed within this report. The report is not to be relied upon by any other party or for any other purpose. We accept no liability to third parties nor do we contemplate that this report will be relied upon by third parties. Neither the whole of the report or any part of reference thereto, may be published in any document, statement or circular nor in any communication with third parties without prior written approval of the form and context in which it will appear. We reserve the right to withhold consent or to review the contents of this report in the event that our consent is sought. HillPDA and the individual valuers involved in the preparation of this valuation do not have pecuniary interests in the subject property that would conflict with the valuation of the property.

## 1.0 INTRODUCTION

Waverley Council engaged HillPDA to complete an independent feasibility analysis of the planning proposal that relates to 50 Botany Street, Bondi Junction. The purpose of this study is to assess the financial viability of the planning proposal that will in turn inform if it is viable to provide an affordable housing contribution in return for the uplift in planning controls.

Council's vision is to increase the range and supply of affordable housing in the Waverley region to meet the growing and changing needs of its community, particularly key workers. Council has an affordable housing policy (approved in December 2020 with further amendments to date) that outlines Council's position and approach to the provision of affordable housing in the Waverley LGA. The current version notes a monetary contribution rate in the LEP would levy a contribution at a rate of 10% (target) of total gross floor area to sites receiving an uplift through planning proposals.

The Eastern City District Plan (2018) recommends an Affordable Rental Housing Target (as stated in A Metropolis of Three Cities) in the range of 5–10 % of new residential floor space and is subject to viability. When placed on exhibition in 2018 the Region Plan applied to the following conditions for the Target:

- apply to land that is the subject of upzoning — a change of land use to residential or an increase in permissible residential development density
- vary by precinct according to the local development viability
- apply only to new areas nominated by the relevant planning authority; conversely not apply retrospectively to rezoned land
- be announced prior to rezoning to give the market certainty about the amount of affordable housing to be provided, and so that it can be factored into underlying land prices
- apply to land within new urban renewal or land release areas (both government and private) identified via a local or district housing strategy or another form of appropriate research that illustrates a current or future need for affordable rental housing
- be calculated as a proportion of all residential floor space above the base floor space ratio — that is, the residential floor space ratio that was permissible before the upzoning within the nominated area.<sup>1</sup>

Therefore to align with Council's affordable housing policy and the Eastern City District Plan, HillPDA has been engaged to assess the impact of affordable housing delivery on development feasibility and this is the objective of our analysis.

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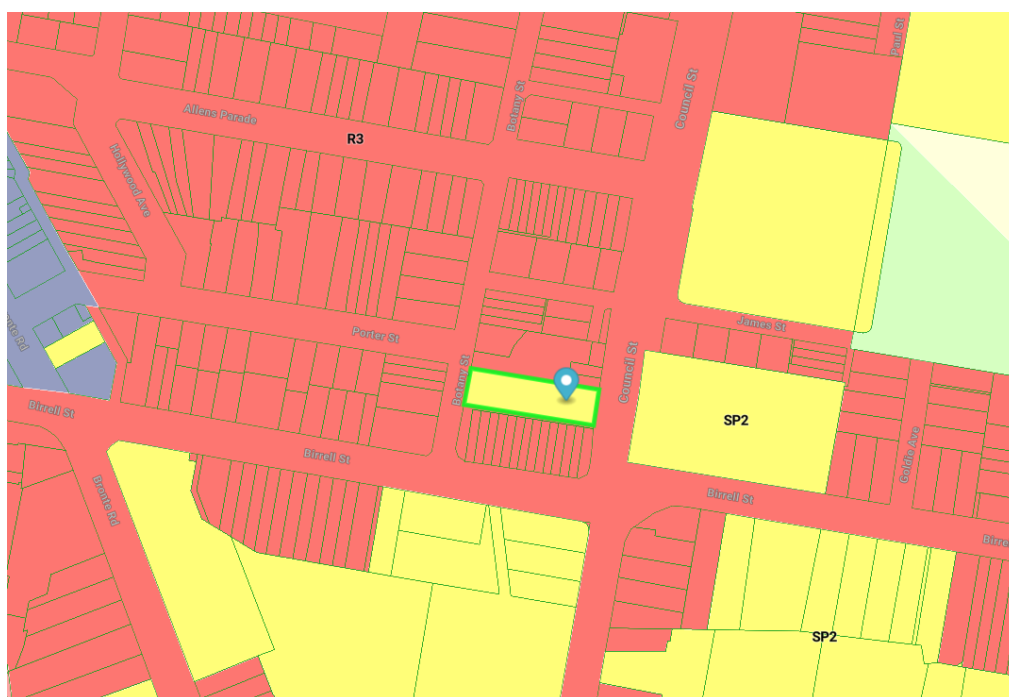
<sup>1</sup> Greater Sydney Commission (2017). *Information Note 4: Affordable Rental Housing Targets*



## 1.1 The Site

The site is located at 50 Botany Street, Bondi Junction and legally known as Lot 1 DP 619753. The parent site has an area of 1,364sqm with a 19m frontage to both Council Street and Botany Street. The site is zoned SP2 Infrastructure (Telecommunications Facility) and is surrounded by R3 Medium Density Residential zone land, as shown in Figure 1.

**Figure 1: Zoning map with Site highlighted**



Source: Mecone Mosaic

\*Yellow highlighted land is SP2 Infrastructure. Blue highlighted land is MU1 Mixed-Use

The site was previously used as a telecommunications facility and the two storey building has now been decommissioned. We understand the telecommunications tower has been removed.

## 1.2 The Proposed Development

The site is subject to two current development applications, detailed as follows:

- DA-63/2023: Torrens title subdivision of the subject site from 1 lot into 2 lots. This subdivision is yet to be registered. The purpose of the subdivision would be to permit the eastern portion of 232sqm to retain the current SP2 Telecommunications Facility zone
- DA 79/2020/A: The removal of the existing telecommunications tower, a listed heritage item will be replaced by a modern monopole and would result in the removal of its heritage listing.

The proponent has subsequently submitted a planning proposal which seeks to amend the Waverley Local Environmental Plan 2012 as follows:

- rezoning from SP2 Infrastructure (Telecommunications Facility) to R4 Medium Density Residential
- introduce a minimum lot size of 232sqm; and
- remove the heritage listing on the western part of the subject site
- floor space ratio of 0.75:1 is to remain unchanged
- building height limit of 12.5metres is to remain unchanged

The planning proposal results in an uplift in residential floorspace from zero to 849sqm. The amendments to the planning controls permit the construction of 7 townhouses (comprising 5 x three bedroom and 2 x 4 bedroom dwellings) built over a single level of basement to accommodate 12 vehicles.

We have tabulated below the current and proposed amendments to the Waverley Local Environmental Plan 2012.

**Table 1: Current planning controls and proposed development details**

	Current	Proposed
Parent site area	1,364sqm	1,364sqm
Subject site area (residual lot post subdivision)	1,132sqm	1,132sqm
Zoning	SP2 Infrastructure	R3 Medium Density Residential
HOB	12.5m	12.5m
FSR	0.75:1	0.75:1
Number of dwellings	-	7
Car spaces	-	12
Minimum lot size – subdivision	n/a	232sqm (adjacent)
Permissible Residential GFA	0sqm	849sqm, equates to a FSR of 0.75:1
Heritage	Heritage item and in conservation area	Removal of heritage item I166

Source: Waverley Council, Mecone Mosaic

## 2.0 VIABILITY REVIEW

Our primary method of assessment is the residual land value analysis via development cash flow modelling with hypothetical end sale revenue derived via market research of established multi-dwelling sales to validate HillPDA's inputs.

To support our residual land value analysis, we have also analysed development site sales which we consider set the market parameters by which the land value of the subject site may be determined and as a check method against our residual land value results.

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

### 2.1 Feasibility method

To undertake the financial viability analysis, we have used EstateMaster which is an industry standard software 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 can 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 18% (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.
- **Residual Land Value:** this is the maximum price that a hypothetical developer would pay for the land to achieve acceptable hurdle rates.

In light of the criteria established above, the sites were assessed against a target of **Project IRR of 15%** and **Development Margin of 17%**.

Table 2: Industry standard performance indicators

Performance	Project IRR	Development margin
Feasible	> 15%	> 17%
Marginally feasible	13%-15%	15%-17%
Not feasible	< 13%	< 15%

Source: HillPDA 2023

To evaluate the viability of the proposed development, HillPDA views the DM at 17% as the most appropriate performance measure, due to the development timeframes



## 2.2 Market research overview

We have examined recent market activity and have had particular regard to the following sales evidence, which we consider to set the market parameters for determining:

- the residential townhouse end sale values and
- the residual land value on a dollar per sqm of GFA or per dwelling basis.

### 2.2.1 Development site sales

There have been limited comparable transactions in Bondi Junction, therefore we have broadened our search to include the surrounding locality.

We have had particular regard to the following development site sales evidence, which we consider to set the market parameters by which the value of the subject site may be determined.

**Table 3: Summary of development site sales**

Address	Sale price Sale date	Land size Planning controls	Analysis
<b>57 Hannan Street, Maroubra</b>	\$2,765,000 April 2023	493sqm R3 Medium Density Residential FSR of 0.75:1	\$5,609/sqm of land \$691,250/dwelling (approved) \$921,667/unit (proposed)
Regular shaped parcel of land located close to Maroubra Junction. Sold with the benefit of development approval for a 3 storey multi-dwelling development containing 4 dwellings including 1 affordable rental housing dwelling over basement carparking for 6 vehicles. The DA relies on the relevant provisions of the ARSEPP that provide bonus GFA and seeks a FSR of 0.82:1 which is slightly below the max FSR of 0.94:1.			
<b>14-16 Botany Street, Randwick</b>	\$5,615,000 September 2021	862sqm R3 Medium Density Residential FSR of 0.75:1	\$6,514/sqm of land \$935,833/dwelling (approved)
Regular shaped parcel of land located close to the Royal Randwick Racecourse, Randwick commercial centre and Prince of Wales Hospital/Sydney Children's Hospital, Randwick. Sold improved with a boarding house and the purchaser has subsequently gained development approval for the construction of 6 townhouses over a single basement level.			
<b>122-128 Hewlett Street, Bronte</b>	\$44,000,000 February 2022	2,429sqm R3 Medium Density Residential FSR of 0.6:1	\$18,114/sqm of land \$4,888,889/dwelling (approved)
Slightly irregular shaped parcel of land located close to Bronte beach. Sold with a benefit of a holding income, site improved with a four blocks of apartments comprising of 22 x 2 & 3 bedrooms. The site has panoramic ocean and beach views from ground level. The purchaser has subsequently gained development approval for the demolition of existing structures and construction of 9 x 3 & 4 bedroom x 4 bathroom x 4 storey standalone luxury dwellings ranging from 190sqm to 203sqm.			

Source: Cordell Connect, RPData, Realcommercial.com.au, selling agents

### 2.2.2 Land purchase price

Our online enquiry of RPData shows the property last transacted for \$4,688,200 in February 2023. We have been unable to confirm the pertinent details of the transaction which includes whether the sale price includes GST and whether the property was sold on the condition that Telstra would make good on the site. For the purpose of our analysis, we have assumed that the cost of the removal of the telecommunication tower is Telstra's obligation and we have adopted the sale price as per John Virtue Valuers report of \$4,688,200, inclusive of GST. Based on the planning proposal the land purchase price represents a rate of \$3,765 per sqm of land area (post-subdivision), \$608,857 per townhouse or \$5,020 per sqm of GFA.

Based on our analysis of the development sites, the sale's rate on a per dwelling basis is significantly lower than rates reflected in transactions in inferior locations such as Maroubra and Randwick.

The land purchase price has been adopted in our feasibility analysis. We note that this does not include option fees (if payable), professional fees, interest and landholding costs paid to date.

### 2.2.3 End sale revenue

This section assesses selected 'off-the-plan' and established residential apartments and townhouse sales to understand the current and potential residential market supply in the study area. This analysis is to determine the value of the completed residential townhouses.

Our research has revealed that there is limited development activity occurring in Bondi Junction and the surrounding areas. We have had regard to the following projects in our analysis.

#### Off the plan sales

##### Royal Terraces, 16 Botany Street, Randwick



There is currently one multi-dwelling project known as **Royal Terraces** located at 16 Botany Street, Randwick currently on the market. There are two available terraces out of 6 and provide 3 bedrooms, 2.5 bathroom and double garaging accommodation with an internal area of 104 to 144sqm. The terraces have an asking price of \$3,870,000 to \$4,200,000, inclusive of GST which reflects an indicative rate range of \$29,167 to \$37,211 per sqm of NSA. We have observed an extended marketing campaign and we have been advised by the selling agent that there has been an increase in the level of enquiries as construction

progresses. The level of interest has been mostly from downsizers and the extended marketing campaign is due to the off the plan nature of a product in this price range.

##### The Langlee by Mirvac, 2A Henrietta Street, Waverley






Another notable project is **The Langlee** by Mirvac located at 2A Henrietta Street, Waverley. This project is nearing completion and will provide a 6 storey mixed use and seniors living development comprising 90 independent living units (11 x 1 bedroom, 22 x 2 bedroom, 37 x 2 bedroom + study nook, 3 x 3 bedroom & 3 x 3 bedroom + study nook), child care centre (76 places), swimming pool & gym & new bowling club with 2 bowling greens. The project provides a high level of finishes and fitout and some units positioned on the upper levels are afforded elevated views.



Table 4: The Langlee, Mirvac project

Unit typology	Asking prices	Unit sizes	\$/sqm of NSA
One bedroom	\$1,875,000-\$2,350,000	71-85	\$26,048-\$27,647
Two bedroom	\$2,425,000-\$3,155,000	96-105	\$24,495-\$31,238

## Established stock

Table 5: Summary of townhouse sales

Address	Sale price Sale date	Dwelling size Accommodation	Analysis (\$/sqm of NSA)
<b>1/34 Curlewis Street, Bondi Beach</b>	\$3,885,000 Nov. 2023	130sqm 3 bed, 2 bath & 2 car	\$29,885
	<p>Circa 2018 built tri-level multi-dwelling located within a small complex. Well presented with prestige level of finishes and fit out. Located approximately 700metres from Bondi Beach.</p> <p>Inferior second-hand stock. Larger in size in comparison to the subject's three bedroom townhouse in a superior location. A lower to similar rate per sqm would be considered reasonable for the subject's gross realisation.</p>		
<b>2/34 Curlewis Street, Bondi Beach</b>	\$3,700,000 Dec. 2023	137sqm 3 bed, 2 bath & 2 car	\$27,007
	<p>Circa 2018 built tri-level multi-dwelling located within a small complex. Well presented with prestige level of finishes and fit out. Located approximately 700metres from Bondi Beach.</p> <p>Inferior second-hand stock. Larger in size in comparison to the subject's three bedroom townhouse in a superior location. A lower to higher rate per sqm would be considered reasonable for the subject's gross realisation.</p>		
<b>3/23 Birriga Road, Bellevue Hill</b>	\$3,125,000 Dec. 2023	117sqm 3 Bed, 2.5 bath & 2 car	\$26,709
	<p>Circa 2000 built two storey townhouse located within a small complex. Well presented with prestige level of finishes and fit out. Located approximately 2 kilometres from Bondi Beach.</p> <p>Inferior second-hand stock. Similar in size in comparison to the subject's three bedroom townhouse in a superior location. A lower to higher rate per sqm would be considered reasonable for the subject's gross realisation.</p>		
<b>2/69-87 Dangar Street, Randwick</b>	\$3,100,000 Nov. 2023	134sqm 4 Bed, 3 bath & 2 car	\$23,134
	<p>Circa 2010 built tri-level townhouse located within a large complex. Well presented with a good level of finishes and fit out. Located approximately opposite the University of New South Wales.</p> <p>Inferior second-hand stock. Slightly smaller in size in comparison to the subject's four bedroom townhouse in an inferior location. A higher rate per sqm would be considered reasonable for the subject's gross realisation.</p>		
<b>3/25-27 Dellview Street Tamarama</b>	\$3,700,000 Jul. 2023	106sqm 3 Bed, 2 bath & 2 car	\$34,906
	<p>Circa 1980s built two storey townhouse located within a small complex. Well presented with a good level of finishes and fit out. Located within 300 metres from Tamarama Beach and benefits from elevated water views.</p> <p>Inferior second-hand stock. Smaller in size in comparison to the subject's townhouse in a superior location. A lower rate per sqm would be considered reasonable for the subject's gross realisation.</p>		

Address	Sale price Sale date	Dwelling size Accommodation	Analysis (\$/sqm of NSA)
5/14E Dudley Street, Randwick	\$3,050,000 Oct. 2023	132sqm 3 Bed, 3 bath & 2 car	\$23,106
	Circa 2000 built two storey townhouse located within a small complex. Well presented with a good level of finishes and fit out. Located close to the spot and approximately 1 kilometre from Coogee Beach. Inferior second-hand stock. Larger in size in comparison to the subject's three bedroom townhouse in an inferior location. A higher rate per sqm would be considered reasonable for the subject's gross realisation.		
	4/14E Dudley Street, Randwick	\$2,950,000 May 2024	103sqm 3 Bed, 2.5 bath & 2 car \$28,641
	Circa 2000 built two storey townhouse located within a small complex. Well presented with a good level of finishes and fit out. Located close to the spot and approximately 1 kilometre from Coogee Beach. Inferior second-hand stock. Smaller in size in comparison to the subject's three bedroom townhouse in an inferior location. A similar to higher rate per sqm would be considered reasonable for the subject's gross realisation.		
	2/390 Maroubra Road, Maroubra	\$3,500,000 Mar. 2024	174sqm 4 Bed, 2.5 bath & 1 car \$20,115
	Circa 2010 built two storey strata titled duplex located off a busy suburban road. Average internal presentation. Located within 500metres from Maroubra Beach. Larger in size in comparison to the subject's three and four bedroom townhouses in an inferior location. A higher rate per sqm would be considered reasonable for the subject's gross realisation.		

Source: Domain.com.au, Realestate.com.au, selling agents

Due to the limited townhouse development activity, we have also considered the Core Logic reported median sale price for a non-strata dwelling (house) in Bondi Junction is \$2,864,405 as of May 2024. We observed that there is no stock of townhouses in Bondi or Bond Junction and limited stock in the surrounding locality. Therefore, we believe at the time of marketing, the finished product will be well received by the market.

We have reviewed the provided peer review of the proponent's costings by Mitchell Brandman as well as their examples of benchmark projects that represent their assumptions of finishes and fitout classified as "mid-high level."

Based on our above analysis, we have adopted the following end sale revenue:

- 3 bedroom townhouse: \$3,395,000, inclusive of GST (\$30,000/sqm of NSA)
- 4 bedroom townhouse: \$3,755,000, inclusive of GST (\$26,000/sqm of NSA)

The sales revenue for the residential component is on the assumption that the townhouses would be of a good to prestige standard commensurate to the locality. The level of finishes and fitout vary greatly in the Waverley LGA, if a higher standard is adopted then the end sale revenue would increase accordingly. We have also noted that a new monopole will be erected on land on the eastern portion.

## 2.3 Development scheme

Table 5 shows the proposed development scheme.

**Table 6: Development scheme**

Development specifications	Planning proposal	
Site Area	1,132sqm, post subdivision	
FSR	0.75:1	
Proposed project	7 tri-level townhouses comprising 5 x 3 bedroom and 2 x 4 bedroom dwellings. Built over a single basement level.	
Building areas	Gross floor area of 849sqm Adopting an efficiency of 100%.	
<b>Residential unit typology breakdown</b>	<b>3 bedroom</b>	<b>4 bedroom</b>
Average NSA (sqm)	113.2sqm	144.5sqm
No. of units	5 (70%)	2 (30%)
Car spaces	12 car spaces	

## 2.4 Adopted feasibility inputs

We have completed our feasibility modelling based on the inputs in Table 6 and the construction cost estimates are based on the provided Construction Budget Peer review provided by Mitchell Brandtman, dated 30 May 2024 and we have adopted the midpoint.

**Table 7: Feasibility inputs**

Category	Input
Description	FSR 0.75:1 Up to 3 storeys 7 townhouses 12 basement car spaces
<b>Revenue</b>	
Sales Revenue	<b>Residential averages:</b> 3 bedroom townhouse: \$3,395,000, inclusive of GST (\$30,000/sqm of NSA) 4 bedroom townhouse: \$3,755,000, inclusive of GST (\$26,000/sqm of NSA)
Escalation	<b>Gross realisation:</b> 3.5% p.a. escalation
<b>Costs</b>	
Land purchase price	\$4,262,000, exclusive of GST. As per the John Virtue report.
Professional Fees	Planning proposal stage: 3.5% of construction costs Consultants: 3% of construction costs Development management: 1.5% of construction costs
Escalation	<b>Project costs</b> 3% p.a. escalation was applied to all project costs
Construction Cost	Preliminaries: \$1,428,772, exclusive of GST Demolition and site prep (excludes Telecommunication tower removal): \$487,384, exclusive of GST Other hard costs incl margin and builder's contingency: \$8,152,032, exclusive of GST

Category	Input
Construction Period	16 month construction period. We have allowed a 24 month lead-in period for rezoning and development approval and an additional 2 months to achieve the required level of pre-sales.
Contingency	5% of construction costs
Statutory Fees	LSL and DA & CC of 0.65% of construction costs Waverley Contributions Plan (\$7.11): 1% of construction costs <u>Housing productivity contribution</u> — Residential accommodation: \$10,000 per townhouse
State Infrastructure Contributions (SIC)	Does not apply
Selling Costs	Sales Commissions 2.0% of gross revenue of residential <b>Other Costs</b> Marketing 1% of Gross Sales Legal \$2,000 per dwelling
Land Holding Costs	Statutory costs (Council rates, water rates and land tax) are to be paid diminishing with settlements based on a Statutory Land Value. Land tax is paid annually while Council and water rates are paid quarterly in the cash flow.
<b>Financing</b>	
Interest rate	8.5% p.a.
Equity	Assuming 20% of Net Cash Flow to be Funded by the developer.
Project Hurdle Rates	15% IRR and 17% DM are used for projections.



## 2.5 Results

We have completed our feasibility modelling based on the inputs and variables described above and the results are tabulated below.

**Table 8: Results on the assumption that the proponent is not liable for the removal cost of the tower**

Results			
<b>Built-form</b>	FSR 0.75:1 Up to 3 storeys 7 townhouses 12 basement car spaces		
<b>Site area</b>	1,132sqm		
<b>Total GFA (sqm)</b>	849sqm		
<b>Land purchase price</b>	\$4,688,200		
<b>Affordable housing contribution</b>	0%	10%	Tipping point
<b>Affordable housing GFA</b>	-	84.9sqm	57.31sqm
<b>Affordable housing contribution amount</b>	\$0	\$2,448,500	\$1,652,738
<b>Development Margin</b>	28.22%	12.27%	16.98%
<b>Internal rate of return</b>	20.94%	12.34%	15.05%
<b>Residual land value (DM of 17%)</b>	\$5,537,805	\$3,648,469	\$4,259,529
<b>\$/dwelling</b>	\$791,115	\$521,210	\$608,504

### What do the results show?

The results showed that based on our assumptions, a 10% affordable housing contribution would not be viable based on the average sale revenue rate of \$23,840/sqm of NSA. The resulting RLV is \$3.65m (based on a DM of 17%) and is lower than the land purchase cost of \$4.688m, inclusive of GST.

However, the tipping point scenario that meets our hurdle rates shows an affordable housing contribution rate of 6.75%. The monetary equivalent of the affordable housing contribution equates to \$1,652,738, inclusive of GST and is based on the calculation of \$28,839/sqm of GFA (adopted average sales rate) that would apply to an area of 57.31sqm of GFA (6.75% x total GFA). This amount is inclusive of GST as Council would be expected to pay market value, which would include GST if Council chose to go to the open market to acquire residential apartments for the provision of Council-owned affordable housing.

We note that the published contribution rate for Bondi Junction is \$21,000 and based on this rate equates to an area of 78.7sqm which shows a 9.27% affordable housing contribution. From our understanding, this rate is for apartments that broadly represent the suburb of Bondi Junction. Nevertheless, this assessment is based on what is the contribution amount that may be payable and not affect development viability which we have established amounts to \$1,652,738.

If however, it is proven that the proponent is liable for the removal costs of the telecommunication tower, our analysis shows that a monetary contribution of \$734,550 or a contribution rate of 3.0% may be payable. Similarly, based on the published rate of \$21,000 would equate to a 4.1% affordable housing contribution.

This assessment is not intended to be a prescriptive outcome but rather to facilitate consideration of the viability of an affordable housing contribution for the planning proposal.

## 2.6 Peer review of John Virtue's report

We have been provided with a consultancy report prepared by John Virtue Valuers ('JVV') dated 15<sup>th</sup> July 2024, in response to their review of our draft report. We have peer reviewed their report and have noted and commented on the following assumptions that differ from ours:

- **End sale revenue:** The JVV report adopted lower sales revenue in their analysis and have applied a similar rate per sqm across all bedroom mixes. Typically, a higher rate is applied to a smaller dwelling than a larger dwelling, if all characteristics are similar. We have established our sales revenue by observing thresholds and sale ranges by bedroom type. JVV's adopted sale value for the three bedroom townhouse is well below all sales evidence of second hand stock.
- **Escalation of end sale revenue:** The JVV report adopted un-escalated sales revenue which is a standard practice in valuation. However, we have followed the NSW Government – Guideline for developing an Affordable Housing Contribution Scheme, which requires assessing the affordable contribution rate based on viability specific to the development conditions of the subject property. For this reason, we have adopted assumptions we believe would be realistically applied and are not restricted by assumptions that would apply to a valuation. We have assumed a long lead-in period of 24 months for the planning proposal and approval and we would assume that any potential price growth would be accounted for in the pricing.

HillPDA's economics and market research teams have analysed long-term trends in the Sydney residential market and have observed that property growth is higher than CPI which currently sits at 3.8% (June 2024). We acknowledge JVV's comments on the determination of the escalation rate and we believe adopting the long-term trend is reasonable and prudent, especially considering the project's location in a well-regarded area.

- **Cost of telecommunication tower:** The JVV report noted a review of the sales contract. As we were unable to obtain a copy, we would assume the removal cost of the telecommunication tower would be Telstra's responsibility
- **Development margin:** The JVV adopted a 20% developer margin. The industry benchmark is between 12% to 18% for townhouses and we have adopted a conservative return of 17% given the current difficulties in construction and obtaining financing.
- **Development is not viable in all scenarios:** JVV's base case, which assumes no affordable housing shows development is not financially viable as per the provided scheme. The JVV report noted that its sale in 2023 received 4 offers within 10-15% which would indicate that the property was not sold above and over market. During the time of sale, Council's affordable housing policy was well established, so it is likely that other potential buyers took this into account.
- **Interest rate cost:** An interest rate of 7.5% is being adopted for valuation for construction funding and we have erred on the conservative side of 8.5%.

## APPENDIX A : SUMMARY OF RESULTS

## Valuation and Affordability Housing Assessment

Option 1 - 0%

1

Time Span:	Jul-24 to Mar-28 (44 Months)		
Type:	Residential		
Status:	Under Review		
Site Area:	1,132 SqM		
#N/A	75:1	Equated GFA:	849 SqM
Project Size:	7 Townhouses	1 per 161.71 SqM of Site Area	
	849 GFA	1 per 1.33 SqM of Site Area	

				Total AUD	AUD Per Townhouses	AUD Per GFA	% of Total Net Revenue	Total Exc GST
<b>Revenues</b>								
	Quantity	SqM	AUD/Quantity					
<b>Gross Sales Revenue</b>	7	-	3,520,836.36	24,645,855	3,520,836	29,029	103.8%	24,645,855
Townhouse Lots	7	-	3,520,836.36	24,645,855				24,645,855
Less Selling Costs				(910,045)	(130,006)	(1,072)	-3.8%	(827,313)
Less Purchasers Costs				-	-	-	0.0%	-
<b>NET SALES REVENUE</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
	Quantity	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free & Fitout Costs)				-	-	-	0.0%	-
Less Turnover Costs				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
<b>NET RENTAL INCOME</b>				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
<b>TOTAL REVENUE (before GST paid)</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
Less GST paid on all Revenue	Excludes 2,464,585 withheld by Purchasers			-	-	-	0.0%	-
<b>TOTAL REVENUE (after GST paid)</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
<b>Costs</b>								
Land Purchase Cost				4,688,200	669,743	5,522	19.8%	4,262,000
Land Acquisition Costs				282,095	40,299	332	1.2%	279,964
<b>Construction Costs (inc. Contingency)</b>				12,459,104	1,779,872	14,675	52.5%	11,326,459
Preliminaries				1,683,872	240,553	1,983	7.1%	1,530,793
Built Form				9,607,537	1,372,505	11,316	40.5%	8,734,125
Demolition				574,404	82,058	677	2.4%	522,185
Contingency				593,291	84,756	699	2.5%	539,355
Professional Fees				1,118,371	159,767	1,317	4.7%	1,016,701
Statutory Fees				240,087	34,298	283	1.0%	240,087
Affordable Housing Contributions				-	-	-	0.0%	-
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				79,754	11,393	94	0.3%	79,754
Pre-Sale Commissions				-	-	-	0.0%	-
Finance Charges (inc. Fees)				88,000	12,571	104	0.4%	80,000
Interest Expense				1,291,137	184,448	1,521	5.4%	1,291,137
<b>TOTAL COSTS (before GST reclaimed)</b>				20,246,748	2,892,393	23,848	85.3%	18,576,101
Less GST reclaimed				(1,753,378)	(250,483)	(2,065)	-7.4%	-
Plus Corporate Tax				-	-	-	0.0%	-
<b>TOTAL COSTS (after GST reclaimed)</b>				18,493,369	2,641,910	21,783	77.9%	18,576,101
<b>Performance Indicators</b>								
					Per Townhouses	Per GFA		Total Exc GST
<sup>1</sup> Net Development Profit				5,242,441	748,920	6,175		
<sup>3</sup> Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)			28.22%				
<sup>4</sup> Residual Land Value	Based on Target Margin of 17% (Exclusive of GST)			5,537,805	791,115	6,523		5,537,805
<sup>5</sup> Net Present Value	Based on Discount Rate of 15% p.a. Effective			1,240,678				
<sup>6</sup> Benefit Cost Ratio				1.0958				
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Effective			20.94%				
<sup>8</sup> Residual Land Value	Based on NPV (Exclusive of GST)			5,423,726	774,818	6,388		5,423,726
Equity IRR	Per annum Effective			29.81%				
Equity Contribution				3,511,214				
Peak Debt Exposure				15,228,126				
Equity to Debt Ratio				25.00%				
<sup>9</sup> Weighted Average Cost of Capital (WACC)				10.20%				
<sup>10</sup> Breakeven Date for Cumulative Cash Flow	Month 44			Mar-2028				
<sup>11</sup> Yield on Cost				0.00%				
<sup>12</sup> Rent Cover				N.A.				
<sup>13</sup> Profit Erosion				N.A.				

## Footnotes:

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

## Valuation and Affordability Housing Assessment

Option 5 - 10% monetary

5

Time Span:	Jul-24 to Mar-28 (44 Months)		
Type:	Residential		
Status:	Under Review		
Site Area:	1,132 SqM		
#N/A	75:1	Equated GFA:	849 SqM
Project Size:	7 Townhouses	1 per 161.71 SqM of Site Area	
	849 GFA	1 per 1.33 SqM of Site Area	

				Total AUD	AUD Per Townhouses	AUD Per GFA	% of Total Net Revenue	Total Exc GST
<b>Revenues</b>								
	Quantity	SqM	AUD/Quantity					
<b>Gross Sales Revenue</b>	7	-	3,520,836.36	24,645,855	3,520,836	29,029	103.8%	24,645,855
Townhouse Lots	7	-	3,520,836.36	24,645,855				24,645,855
Less Selling Costs				(910,045)	(130,006)	(1,072)	-3.8%	(827,313)
Less Purchasers Costs				-	-	-	0.0%	-
<b>NET SALES REVENUE</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
	Quantity	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free & Fitout Costs)				-	-	-	0.0%	-
Less Turnover Costs				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
<b>NET RENTAL INCOME</b>				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
<b>TOTAL REVENUE (before GST paid)</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
Less GST paid on all Revenue	Excludes 2,464,585 withheld by Purchasers			-	-	-	0.0%	-
<b>TOTAL REVENUE (after GST paid)</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
<b>Costs</b>								
Land Purchase Cost				4,688,200	669,743	5,522	19.8%	4,262,000
Land Acquisition Costs				282,095	40,299	332	1.2%	279,964
<b>Construction Costs (inc. Contingency)</b>				12,459,104	1,779,872	14,675	52.5%	11,326,459
Preliminaries				1,683,872	240,553	1,983	7.1%	1,530,793
Built Form				9,607,537	1,372,505	11,316	40.5%	8,734,125
Demolition				574,404	82,058	677	2.4%	522,185
Contingency				593,291	84,756	699	2.5%	539,355
Professional Fees				1,158,771	165,539	1,365	4.9%	1,053,429
Statutory Fees				240,087	34,298	283	1.0%	240,087
Affordable Housing Contributions				2,448,500	349,786	2,884	10.3%	2,448,500
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				79,754	11,393	94	0.3%	79,754
Pre-Sale Commissions				-	-	-	0.0%	-
Finance Charges (inc. Fees)				99,000	14,143	117	0.4%	90,000
Interest Expense				1,434,732	204,962	1,690	6.0%	1,434,732
<b>TOTAL COSTS (before GST reclaimed)</b>				22,890,243	3,270,035	26,961	96.4%	21,214,923
Less GST reclaimed				(1,758,051)	(251,150)	(2,071)	-7.4%	-
Plus Corporate Tax				-	-	-	0.0%	-
<b>TOTAL COSTS (after GST reclaimed)</b>				21,132,192	3,018,885	24,891	89.0%	21,214,923
<b>Performance Indicators</b>								
					Per Townhouses	Per GFA		Total Exc GST
<sup>1</sup> <b>Net Development Profit</b>				2,603,618	371,945	3,067		
<sup>3</sup> <b>Development Margin (Profit/Risk Margin)</b>	Based on total costs (exc selling & leasing costs)			12.27%				
<sup>4</sup> <b>Residual Land Value</b>	Based on Target Margin of 17% (Exclusive of GST)			3,648,469	521,210	4,297		3,648,469
<sup>5</sup> <b>Net Present Value</b>	Based on Discount Rate of 15% p.a. Effective			(578,880)				
<sup>6</sup> <b>Benefit Cost Ratio</b>				0.9608				
<sup>7</sup> <b>Project Internal Rate of Return (IRR)</b>	Per annum Effective			12.34%				
<sup>8</sup> <b>Residual Land Value</b>	Based on NPV (Exclusive of GST)			3,719,958	531,423	4,382		3,719,958
Equity IRR	Per annum Effective			15.36%				
Equity Contribution				4,010,259				
Peak Debt Exposure				17,352,852				
Equity to Debt Ratio				25.00%				
<sup>9</sup> <b>Weighted Average Cost of Capital (WACC)</b>				10.20%				
<sup>10</sup> <b>Breakeven Date for Cumulative Cash Flow</b>	Month 44			Mar-2028				
<sup>11</sup> <b>Yield on Cost</b>				0.00%				
<sup>12</sup> <b>Rent Cover</b>				N.A.				
<sup>13</sup> <b>Profit Erosion</b>				N.A.				

## Footnotes:

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

## Valuation and Affordability Housing Assessment

Tipping point

1

Time Span:	Jan-25 to Sep-28 (44 Months)		
Type:	Residential		
Status:	Under Review		
Site Area:	1,132 SqM		
#N/A	75:1	Equated GFA:	849 SqM
Project Size:	7 Townhouses	1 per 161.71 SqM of Site Area	
	849 GFA	1 per 1.33 SqM of Site Area	

				Total AUD	AUD Per Townhouses	AUD Per GFA	% of Total Net Revenue	Total Exc GST
<b>Revenues</b>								
	Quantity	SqM	AUD/Quantity					
<b>Gross Sales Revenue</b>	7	-	3,520,836.36	24,645,855	3,520,836	29,029	103.8%	24,645,855
Townhouse Lots	7	-	3,520,836.36	24,645,855				24,645,855
Less Selling Costs				(910,045)	(130,006)	(1,072)	-3.8%	(827,313)
Less Purchasers Costs				-	-	-	0.0%	-
<b>NET SALES REVENUE</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
	Quantity	SqM	AUD/SqM/annum					
Gross Rental Income	-	-	-	-	-	-	0.0%	-
Less Outgoings & Vacancies				-	-	-	0.0%	-
Less Letting Fees				-	-	-	0.0%	-
Less Incentives (Rent Free & Fitout Costs)				-	-	-	0.0%	-
Less Turnover Costs				-	-	-	0.0%	-
Less Other Leasing Costs				-	-	-	0.0%	-
<b>NET RENTAL INCOME</b>				-	-	-	0.0%	-
Interest Received				-	-	-	0.0%	-
Other Income				-	-	-	0.0%	-
<b>TOTAL REVENUE (before GST paid)</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
Less GST paid on all Revenue	Excludes 2,464,585 withheld by Purchasers			-	-	-	0.0%	-
<b>TOTAL REVENUE (after GST paid)</b>				23,735,810	3,390,830	27,957	100.0%	23,818,541
<b>Costs</b>								
Land Purchase Cost				4,688,200	669,743	5,522	19.8%	4,262,000
Land Acquisition Costs				282,095	40,299	332	1.2%	279,964
<b>Construction Costs (inc. Contingency)</b>				12,459,104	1,779,872	14,675	52.5%	11,326,459
Preliminaries				1,683,872	240,553	1,983	7.1%	1,530,793
Built Form				9,607,537	1,372,505	11,316	40.5%	8,734,125
Demolition				574,404	82,058	677	2.4%	522,185
Contingency				593,291	84,756	699	2.5%	539,355
Professional Fees				1,145,641	163,663	1,349	4.8%	1,041,492
Statutory Fees				240,087	34,298	283	1.0%	240,087
Affordable Housing Contributions				1,652,738	236,105	1,947	7.0%	1,652,738
Miscellaneous Costs 2				-	-	-	0.0%	-
Miscellaneous Costs 3				-	-	-	0.0%	-
Project Contingency (Reserve)				-	-	-	0.0%	-
Land Holding Costs				79,754	11,393	94	0.3%	79,754
Pre-Sale Commissions				-	-	-	0.0%	-
Finance Charges (inc. Fees)				99,000	14,143	117	0.4%	90,000
Interest Expense				1,388,253	198,322	1,635	5.8%	1,388,253
<b>TOTAL COSTS (before GST reclaimed)</b>				22,034,872	3,147,839	25,954	92.8%	20,360,746
Less GST reclaimed				(1,756,857)	(250,980)	(2,069)	-7.4%	-
Plus Corporate Tax				-	-	-	0.0%	-
<b>TOTAL COSTS (after GST reclaimed)</b>				20,278,014	2,896,859	23,885	85.4%	20,360,746
<b>Performance Indicators</b>								
					Per Townhouses	Per GFA		Total Exc GST
<sup>1</sup> Net Development Profit				3,457,796	493,971	4,073		
<sup>3</sup> Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)			16.98%				
<sup>4</sup> Residual Land Value	Based on Target Margin of 17% (Exclusive of GST)			4,259,529	608,504	5,017		4,259,529
<sup>5</sup> Net Present Value	Based on Discount Rate of 15% p.a. Effective			10,103				
<sup>6</sup> Benefit Cost Ratio				1.0007				
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Effective			15.05%				
<sup>8</sup> Residual Land Value	Based on NPV (Exclusive of GST)			4,271,460	610,209	5,031		4,271,460
Equity IRR	Per annum Effective			20.09%				
Equity Contribution				3,848,719				
Peak Debt Exposure				16,665,086				
Equity to Debt Ratio				25.00%				
<sup>9</sup> Weighted Average Cost of Capital (WACC)				10.20%				
<sup>10</sup> Breakeven Date for Cumulative Cash Flow	Month 44			Sep-2028				
<sup>11</sup> Yield on Cost				0.00%				
<sup>12</sup> Rent Cover				N.A.				
<sup>13</sup> Profit Erosion				N.A.				

## Footnotes:

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



## APPENDIX B : JOHN VIRTUE VALUERS CONSULTANCY REPORT



# Consultancy Report

## 50 Botany Street, Bondi Junction NSW 2022

**Instructed By:** Anthony Fahey (Bondi Exchange Pty Ltd)

**Purpose of Valuation:** Consultancy and Feasibility Study.

**Date of Valuation:** 15<sup>th</sup> July 2024

**Our Reference:** JVV0937

ABN 87 001 656 195 • ACN 001 656 195  
A Division of John Virtue Pty Limited

Suite 1.01, 1 Cooks Avenue, Canterbury NSW 2193  
PO Box 240 Canterbury NSW 2193

Telephone – 02 8882 9270  
Email – [valuations@johnvirtuevaluers.com.au](mailto:valuations@johnvirtuevaluers.com.au)



## Consultancy Report



**Address:** 50 Botany Street, Bondi Junction NSW 2022

**Instructed By:** Anthony Fahey (Bondi Exchange Pty Ltd)

**Purpose of Report:** Consultancy and Feasibility Study

**Date of Inspection:** 15<sup>th</sup> July 2024

**Our Reference:** JVV0937

ABN 87 001 656 195 • ACN 001 656 195  
A Division of John Virtue Pty Limited

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# Table of Contents

<b>Table of Contents</b>	<b>2</b>
<b>1.0 Executive Summary</b>	<b>3</b>
1.1 Property Overview	3
1.2 Definitions	4
1.3 Disclaimers, Qualifications & Assumptions	4
<b>2.0 Land Description</b>	<b>5</b>
2.1 Title Details	5
2.2 Land Details	6
2.3 Site Description and Access	7
2.4 Location and Services	7
<b>3.0 Planning</b>	<b>8</b>
3.1 Town Planning	8
3.2 Environmental Issues	9
<b>4.0 Development Approval</b>	<b>10</b>
<b>5.0 Proposal to Council</b>	<b>10</b>
5.1 Photo Spread	11
<b>6.0 Development Scheme</b>	<b>13</b>
6.1 Proposed Accommodation	13
6.2 Building Areas	14
6.3 Fittings & Finishes	14
<b>7.0 Construction Cost Summary</b>	<b>15</b>
7.1 Construction Costs	15
7.2 Construction Timing	15
<b>8.0 Asset/Sale Details</b>	<b>16</b>
8.1 Previous Sales History	16
<b>9.0 Sales Evidence</b>	<b>17</b>
<b>10.0 Approach to Valuation</b>	<b>20</b>
10.1 Gross Realisation 'As If Complete' and sold individually under separate Strata Title	20
10.1 Goods and Services Tax (GST)	21
10.2 Pre-Sale Analysis	21
10.3 Estate Master 1 – Assuming No Affordable Housing Contribution	22
10.4 Estate Master 2 – Assuming a 5% Affordable Housing Contribution	24
10.5 Estate Master 3 – Assuming a 10% Affordable Housing Contribution	25
10.6 Conclusion	25
<b>11.0 Location Map</b>	<b>26</b>
<b>12.0 Annexures</b>	<b>27</b>
Letter of Instruction	27
Title Search	29
Deposited Plan	32
Plan of Subdivision	34

## 1.0 Executive Summary

### 1.1 Property Overview

We have been instructed by Anthony Fahey (Bondi Exchange Pty Ltd) to prepare a Consultancy Report to assess the financial viability of a proposed development scheme (Subject to Council Approval). We note the following relevant data:

Property Details	
Property Address:	50 Botany Street, Bondi Junction NSW 2022.
Instructed By:	Anthony Fahey Bondi Exchange Pty Ltd.
Interest Valued:	Fee Simple In Possession Interest.
Property Description:	Erected on the land is a circa 1980's purpose built 'Telstra' Office/telecommunication building which comprises of 684m <sup>2</sup> of accommodation over a part two/three level building at Bondi Junction. The building presents itself in a 'basic and dilapidated' manner and was previously used for its specialised nature as office accommodation for the Telstra Telecommunication Tower. As at the date of inspection the former Telecommunication Tower, which was identified as a Heritage Item was removed and thus removing the heritage encumbrance --- our assessment critically assumes that this is the case.
Title Details:	Lot 1 in Deposited Plan 619753.
Land Area:	1,364m <sup>2</sup> as per Deposited Plan. It is highlighted that as a part of the 'previous sale dated 2023' a portion of the site will be purchased back by the vendor in the form of a Call Option at \$1.00 and comprises of 232m <sup>2</sup> of land area (proposed Lot 11). Therefore, upon subdivision, the subject will comprise of a land area of approximately 1,132m <sup>2</sup> (proposed Lot 10).
Proposed Development Scheme:	We have been provided with a proposed development scheme prepared by Smith & Tzannes for the construction of 7x 3-level townhouses comprising 5x 3 bedroom and 2x 4-bedroom dwellings constructed over a single basement level, with each providing independent access. Tandem garaging to be provided for the four bedrooms and single garaging for the three bedrooms.
Instructions:	We have been instructed by Anthony Fahey (Bondi Exchange Pty Ltd) to prepare a Consultancy Report to assess the financial viability of a proposed development scheme (Subject to Council Approval).
Date of Valuation:	15 <sup>th</sup> June 2024.
Date of Inspection:	15 <sup>th</sup> June 2024.
Pecuniary Interest:	The Valuer / Valuation Firm has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property.

## 1.2 Definitions

Definition	
Market Value:	<p><i>This definition of Market Value as stipulated by the International Valuation Standards Council and endorsed by the Australian Property Institute and New Zealand Property Institute is:</i></p> <p><i>'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.'</i></p>
Gross Realisation	<p><i>Gross Realisation at the date of inspection is the sum of the market values of the individual completed lots which a development can achieve over a specified selling period, assuming an orderly sale, between willing buyers and willing sellers, in an arm's length transaction, after proper marketing, wherein the parties acted knowledgeably, prudently and without compulsion.</i></p>
Highest and Best Use:	<p><i>Highest and Best Use is defined as 'the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued'.</i></p> <p><i>Our assessment is based on the highest and best use of the asset that may not necessarily be the existing use.</i></p>

## 1.3 Disclaimers, Qualifications & Assumptions

Disclaimers & Qualifications	
Purpose of Valuation	<p>We have been instructed by Anthony Fahey (Bondi Exchange Pty Ltd) to prepare a Consultancy Report to assess the financial viability of a proposed development scheme (Subject to Council Approval). We make <b>no</b> representations to any other party, including, specifically and assume no responsibility to any other party in any way. No other party must rely in any way on this Consultancy Report.</p>
Report Qualification	<p>This report is current at the date of inspection only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept any liability where the report is relied upon after the expiration of ninety (90) days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.</p>




## 2.0 Land Description

### 2.1 Title Details

Title Search records indicate that the subject may be described as Lot 1 in Deposited Plan 619753. The subject is contained within Folio: 1/619753. Notifications on Title are as follows:

Registered Proprietor(s)	
BONDI EXCHANGE PTY LTD.	
Second Schedule Notifications	
1.	RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
2.	<p><b>A) Z526175</b> LEASE TO SYDNEY COUNTY COUNCIL OF SUBSTATION NO. 6600 TOGETHER WITH A RIGHT OF WAY AND EASEMENT FOR ELECTRICITY PURPOSES SHOWN IN PLAN WITH Z526175. TOGETHER WITH AND RESERVING RIGHTS. EXPIRES 31.12.2013</p> <p><b>B) AH936572</b> VARIATION OF LEASE Z526175 EXPIRY DATE NOW 31/12/2038.</p> <p><b>C) AK971351</b> LEASE OF LEASE Z526175 TO BLUE ASSET PARTNER PTY LTD, ERIC ALPHA ASSET CORPORATION 1 PTY LTD, ERIC ALPHA ASSET CORPORATION 2 PTY LTD, ERIC ALPHA ASSET CORPORATION 3 PTY LTD &amp; ERIC ALPHA ASSET CORPORATION 4 PTY LTD EXPIRES: SEE DEALING. CLAUSE 2.3 (b) (ii).</p> <p><b>D) AK971352</b> LEASE OF LEASE AK971351 TO BLUE OP PARTNER PTY LTD, ERIC ALPHA OPERATOR CORPORATION 1 PTY LTD, ERIC ALPHA OPERATOR CORPORATION 2 PTY LTD, ERIC ALPHA OPERATOR CORPORATION 3 PTY LTD &amp; ERIC ALPHA OPERATOR CORPORATION 4 PTY LTD EXPIRES: SEE DEALING. CLAUSE 12.1</p> <p><b>E) AK971502</b> MORTGAGE OF LEASE AK971351 TO ANZ FIDUCIARY SERVICES PTY LTD.</p> <p><b>F) AK971571</b> CHANGE OF NAME AFFECTING LEASE Z526175 LESSEE NOW ALPHA DISTRIBUTION MINISTERIAL HOLDING CORPORATION</p>
3.	AT187375 MORTGAGE TO WESTPAC BANKING CORPORATION
4.	AT188329 CAVEAT BY TELSTRA CORPORATION LIMITED
Notifications Summary	
<p><i>Notification 1, 3 and 4 – These are standard notifications.</i></p> <p><i>Notification 2A) – This dealing (Z526175) refers to an expired lease agreement to Sydney County Council and refers to a Right of Way / Easement for Electricity purposes --- which we have had regard to in our assessment.</i></p> <p><i>Notification 2B) – This dealing (AH936572) refers to a variation of the above-mentioned lease (Z526175) noting an expiry as at the 31<sup>st</sup> December 2038. This lease/easement is considered to have a negative affectation on the Market Value 'As Is' --- and has been considered in our assessment.</i></p> <p><i>Notification 2C and 2D) – This refers to a sublease for the substation expiring on the 29<sup>th</sup> November 2115. This lease is considered to have a negative affectation on the Market Value 'As Is' --- and has been considered in our assessment.</i></p> <p><i>Notification 2E and 2F) – This refers to a change of name on the lease agreement, which has no impact on the Market Value 'As Is'.</i></p> <p><i>The Caveat within the above listed Notifications may require the Instructing party's consideration.</i></p> <p>These easements and encumbrances reflect the 'as built' nature of the property and do not detrimentally affect the value of the property as it is currently developed. We have further disregarded the presence of any mortgage or other financial liens pertaining to the property.</p> <p>We have conducted a brief Title Search only. We have therefore not perused the original Crown Grant documentation and have assumed that there are no further easements or encumbrances not disclosed by this brief Title Search which may affect market value. However, in the event that a comprehensive Title Search is undertaken which reveals further easements or encumbrances, we reserve the right to review our assessment.</p>	

## 2.2 Land Details

Land Details									
Land Area:	<p>1,364m<sup>2</sup> as per Deposited Plan.</p> <p>It is highlighted that as a part of the 'previous sale dated 2023' a portion of the site will be purchased back by the vendor in the form of a Call Option at \$1.00 and comprises of 232m<sup>2</sup> of land area (proposed Lot 11). Therefore, upon subdivision, the subject will comprise of a land area of approximately 1,132m<sup>2</sup> (proposed Lot 10). We have further obtained a copy of the Approved Plan of subdivision from Waverley Council, which confirms the land areas. We understand that this plan of subdivision has been registered as at the date of valuation.</p>								
Land Dimensions:	<table> <tr> <td>Northern boundary:</td><td>69.085 m</td></tr> <tr> <td>Southern boundary:</td><td>69.910 m</td></tr> <tr> <td>Western boundary:</td><td>19.350 m</td></tr> <tr> <td>Eastern boundary:</td><td>19.670 m</td></tr> </table>	Northern boundary:	69.085 m	Southern boundary:	69.910 m	Western boundary:	19.350 m	Eastern boundary:	19.670 m
Northern boundary:	69.085 m								
Southern boundary:	69.910 m								
Western boundary:	19.350 m								
Eastern boundary:	19.670 m								
Identification:	Note that we have identified the subject property by reference to the Title Search material and in particular, the Deposited Plan, the Approved Plan of subdivision and our field inspection.								
Plan Extract:									
Aerial Photograph:	 <p>Source: Near Map</p>								
Encroachments:	<p>From our site inspection, it appears that the improvements are within the land boundary however, we are not in possession of a current Survey Report which confirms there are no major encroachments. We have proceeded upon the basis that there are no encroachments upon adjoining sites by any improvements upon the subject land, nor encroachments by improvements upon adjoining sites upon the subject land --- and we reserve the right to review our assessment should such encroachment(s) be indicated in a Survey Report.</p>								

## 2.3 Site Description and Access

The subject property is located on the eastern side of Botany Street at Bondi Junction being approximately 40 metres north of its intersection with Birrell Street. The land is a slightly above road height parcel, which rises to the rear boundary. The Sydney CBD is approximately 7 kilometres by road to the northwest.

*We note that the property currently comprises of a second street frontage to Council Street, however once the subdivision has been registered/completed, the previous vendor will enter into the Call Option (as per the Terms of Sale) at \$1.00 for the Telstra Lot (approximately 232m<sup>2</sup>) which fronts Council Street. Therefore, we have excluded the Telstra Lot area from our assessment.*

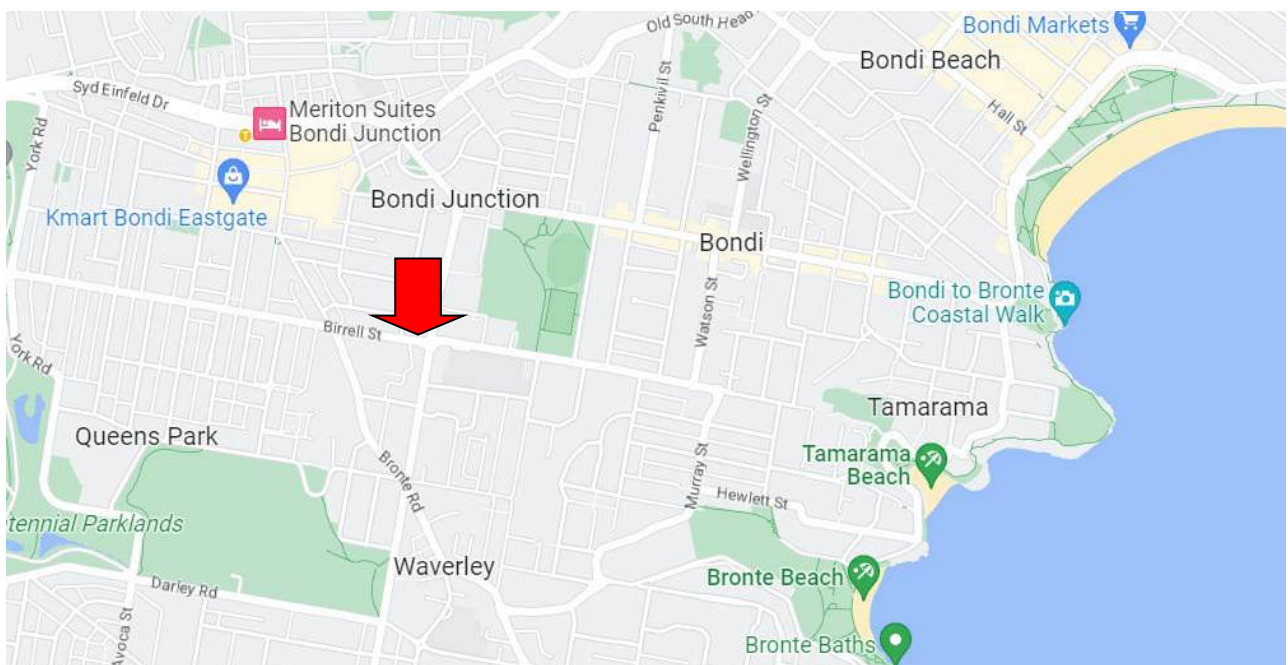
## 2.4 Location and Services

The subject is located within the eastern suburb of Bondi Junction, a popular residential location and is surrounded by Double Bay to the North, Bondi Beach to the East, Queens Park to the South and Moore Park to the West. Surrounding developments includes older type low-density residential dwellings of varying construction through to contemporary / articulately designed semi-attached/terrace style rendered cavity brick residences.

Local retail shopping facilities are located nearby along the Bronte Road and along popular Oxford Street. Major shopping facilities are located at Bondi Junction Westfields being approximately 700 metres to the north. This region is well serviced by several local and private schools/colleges (Waverley College), parklands (Waverly Park), beaches (Bondi and Bronte Beach) and medical facilities.

Vehicular access to the greater metropolitan area is available via Oxford Street, Moore Park Road and Anzac Parade. Bus services to the Sydney CBD and greater metropolitan area are available at the intersection of Birrell Street and Council Street. The closest train station is Bondi Junction being 1.3 kilometres northwest of the subject.

Botany Street is an established residential street, which features a full width bitumen sealed carriageway, with concrete kerb and gutter and concrete footpath areas. Electricity together with town water, sewer and telephone are available and connected to the subject property.




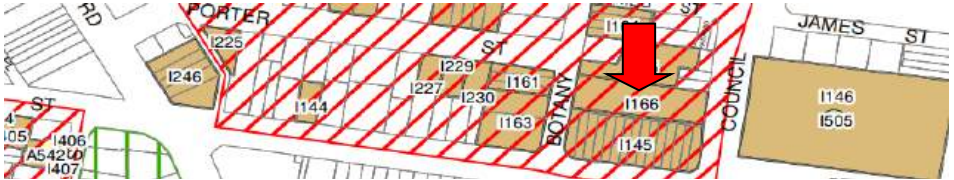
Source: Google Maps

### Aerial View of Subject Property



## 3.0 Planning

### 3.1 Town Planning

Town Planning	
Local Government Area:	Waverley Council.
Zoning:	<b>SP2 Infrastructure (Telecommunication).</b>
Planning Instrument:	Waverley Local Environmental Plan 2012.
Zoning Map Extract:	
Zoning Objectives:	<ul style="list-style-type: none"> <li>To provide for infrastructure and related uses.</li> <li>To prevent development that is not compatible with or that may detract from the provision of infrastructure.</li> </ul>
Permitted without consent:	Nil.
Permitted Uses:	Aquaculture; Roads; The purpose shown on the above Land Zoning Map, including any development that is ordinarily incidental or ancillary to development for that purpose.
Prohibited Uses:	Any development not specified within Permitted Uses.
Land Acquisition:	The land is not affected by any county expressway or local road widening proposals.
Heritage:	<p>The land is located within a Heritage Conservation Area and contains a Heritage Item.</p>  <p>It is highlighted to the Instructing party that subject land falls within a Heritage Conversation Area (Botany Street Significance), which is considered to common given its location and surrounding developments.</p> <p>As at the date of inspection the former Telecommunication Tower, which was identified as a Heritage Item was removed and thus removing the heritage encumbrance. Our assessment critically assumes that this is the case.</p> <p>We note that a new telecommunication tower has been constructed upon the eastern alignment of the land (Proposed Lot 11) and upon registration of the plan, the tower will not form part of the subject site, but rather adjoin land.</p>
Flooding:	Nil.
Bush Fire Prone:	Nil.
Floor Space Ratio (FSR):	0.75:1.
Building Height:	A maximum of 12.5 metres.

The above zoning information was accessed from Council records and should be verified by the instructing party by way of a Certificate issued under Section 10.7(2) of the Environmental Planning & Assessment Act, 1979. Should a Certificate indicate zoning information to the contrary, we reserve the right to review our assessment.

### 3.2 Environmental Issues

Environmental Issues	
Current Use:	Decommissioned telecommunications tower/office accommodation.
Previous Use:	Telecommunication Tower/office accommodation.
Existing Use Concerns:	<p>The property was previously inspected in March 2023 and a representative of the vendor verbally advised that there are Under Ground and Above Ground storage tanks located within the subject land. Underground Storage Tanks are noted as a Potentially Contaminating Land Use under API Guidance Note 1. It is further noted that as per clause 47.3 of the 'Lease back arrangement,' which forms part of Contract of Sale '...that the vendor will remove the Underground Storage Tanks (UST) and Aboveground Storage Tanks (AST) prior to the expiry of the Vendor Lease. The Vendor must remediate the land and provide a Validation Certificate confirming that the land is free from any contaminants --- Our assessment assumes this to be the case. We assume that the site is free from elevated levels of contaminants and have therefore made no allowance in our assessment for site remediation works.</p> <p>We note that there is a period between the settlement date and completion of the works (as stipulated within the contract of sale), whereby the site maybe identified as a Medium</p>
Site Contamination:	We have not undertaken any formal searches, other than the online search of the relevant Environment Protection Authority (EPA) Contaminated Land Register. The search revealed no listing of the subject property. However, we note that not being on the Register does not preclude the property from being contaminated. We cannot and do not warrant that this site is contamination free as at the date of valuation.
Environmental Report:	No environmental report was provided.
EPA Search:	A search of the NSW contaminated land register dated 8 <sup>th</sup> July 2024 was completed. The search revealed no listing of the subject property however, we note that not being on the register does not preclude the property from being contaminated.
Asbestos:	Given the age of the improvements it is <u>possible</u> that materials containing asbestos may be present. We have not conducted formal searches. This is a common building material utilised in older properties throughout Sydney and its presence does not particularly impact upon the marketability of such properties. The removal of asbestos based material must be addressed in accordance with stringent WorkCover guidelines. If asbestos materials are found to be present on-site, this report should be referred back to us for further consideration and possible re-assessment.
Building Cladding:	Based on our inspection, the subject property does not appear to be 'clad' with aluminium composite panel (ACP), expanded polystyrene (EPS) or comparable products. Notwithstanding this statement, we are not Building Experts and should a subsequent site inspection by a qualified expert reveal our observation to be incorrect, we reserve the right to review our assessment.

## 4.0 Development Approval

This assessment presumes that all relevant Authority approvals are in place in respect of this property. Our perusal of Waverley council's online DA Tracker reveals the following Development Approval(s):

Development Approval			
Application Number	Application Description	Application Description	Current Status
DA-299/2005	Removal of two x 5000 litre underground storage tanks and installation of one x 2000 litre above ground storage tank within the Landscape Heritage Site and Archaeological Site Identified in LEP 96	24/05/2005	Approved
TPO-450/2012	Remove one (1) Eucalyptus tree located on the corner of front boundary.	6/12/2012	Refused
DA-79/2020	Replacement of existing Telstra tower and installation of a new monopole and ancillary equipment for telecommunication facility	18/03/2020	Approved
DA-79/2020/A	Modification to approved monopole including new headframe, installation of 3 antennas and a climbable platform PAN-218744	5/05/2022	Approved
DA-63/2023	Torrens Title Subdivision of 1 Lot into 2 Lots PAN-311990	18/03/2023	Approved but <b>not</b> Registered

## 5.0 Proposal to Council

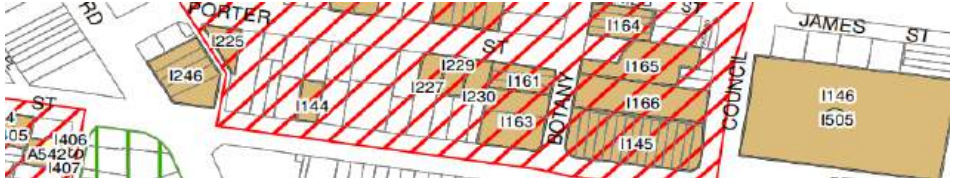
We have been provided with a Planning Proposal prepared by 'Willowtree Planning' dated 19<sup>th</sup> January 2024 which seeks to amend the following controls in the Waverley Council,

- 1) Rezone the subject site to R3 Medium Density Housing.
- 2) Introduce a minimum lot size of 232m<sup>2</sup> (Telstra Lot).
- 3) Remove the heritage listing on the western part of the subject site.

The purpose of the proposal and the key points (above) is to transition the subject property into a R3 Medium Density site suitable for residential redevelopment (subject to council consent).

Proposed Zoning	
Local Government Area:	Waverly Council.
Zoning:	<b>R3 Medium Density Residential</b>
Planning Instrument:	Waverley Local Environmental Plan 2012.
Zoning Objectives – R3 Medium Density:	<ul style="list-style-type: none"> <li>▪ To provide for the housing needs of the community within a medium density residential environment.</li> <li>▪ To provide a variety of housing types within a medium density residential environment.</li> <li>▪ To enable other land uses that provide facilities or services to meet the day to day needs of residents.</li> <li>▪ To maximise public transport patronage and encourage walking and cycling.</li> <li>▪ To increase or preserve residential dwelling density.</li> <li>▪ To encourage the supply of housing, including affordable housing, that meets the needs of the population, particularly housing for older people and people with disability.</li> <li>▪ To provide development that is compatible with the desired future character and amenity of the surrounding neighbourhood.</li> <li>▪ To promote development that incorporates planning and design measures that reduce the urban heat island effect.</li> <li>▪ To improve the urban tree canopy by providing high levels of deep soil planting and additional landscaping.</li> </ul>



Permitted Uses:	Home occupations; Attached dwellings; Bed and breakfast accommodation; Boarding houses; Building identification signs; Business identification signs; Centre-based childcare facilities; Community facilities; Group homes; Home industries; Kiosks; Local distribution premises; Markets; <b>Multi dwelling housing</b> ; Neighbourhood shops; Oyster aquaculture; Places of public worship; Respite day care centres; Roads; Seniors housing; Tank-based aquaculture;
Heritage:	<p>The land is located within a Heritage Conservation Area and contains a Heritage Item.</p>  <p>It is highlighted to the Instructing party that subject land falls within a Heritage Conversation Area (Botany Street Significance), which is considered to common given its location and surrounding developments.</p>
Flooding:	Nil.
Bush Fire Prone:	Nil.
Floor Space Ratio (FSR):	0.75:1.
Building Height:	A maximum of 12.5 metres.
General Commentary:	<u>The rezoning from SP2 (Infrastructure) to R3 Medium Density would provide parameters for a medium density residential development (subject to council consent).</u>

## 5.1 Photo Spread

Photographs	
 <p>15 Jul 2024 at 7:45:26 am</p>	 <p>15 Jul 2024 at 7:45:44 am</p>
Front of the subject – Botany Street	Front of the subject – Botany Street
 <p>15 Jul 2024 at 7:45:36 am</p>	 <p>15 Jul 2024 at 7:45:31 am</p>
Northern aspect – Botany Street	Southern aspect – Botany Street



**Photographs**



**Access to building**



**Electrical Padmount Station located on subject property**



**New Communication tower erected along Council Street**



**New Communication tower erected along Council Street**



**Northern aspect – Council Street**




**Southern aspect – Council Street**

## 6.0 Development Scheme

The proposed development scheme prepared by Smith & Tzannes for the construction of 7x 3-level townhouses comprising 5x 3 bedroom and 2x 4 bedroom dwellings constructed over a single basement level, with each providing independent access. Tandem garaging to be provided for the four bedrooms and single garaging for the three bedrooms.

### 6.1 Proposed Accommodation

The accommodation for the proposed development is as follows.

Proposed Accommodation	
Three Bedroom: (Townhouse 3 to 7)	<p><b>Basement Level:</b> Stairs/landing. Single Car Garage.</p> <p><b>Ground Floor:</b> Entry. Lounge/kitchen/Dining. Lavatory. Courtyard.</p> <p><b>Level 1:</b> Stairs/landing. 2 bedrooms. Bathroom. Ensuite.</p> <p><b>Level 2:</b> Stairs/landing. 1 Bedroom.</p>
Four Bedrooms: (Townhouse 1-2)	<p><b>Basement Level:</b> Stairs/landing. Tandem Car Garage.</p> <p><b>Ground Floor:</b> Entry. Lounge/kitchen/Dining. Lavatory. Courtyard.</p> <p><b>Level 1:</b> Stairs/landing. 3 bedrooms. Bathroom.</p> <p><b>Level 2:</b> Stairs/landing. 1 Bedroom. Ensuite.</p>
Floor Plans:	 <p><b>Basement Level</b></p> <p><b>Ground Floor</b></p> <p><b>Level 1</b></p> <p><b>Level 2</b></p>

## 6.2 Building Areas

Detailed below are the areas for each of the proposed dwellings:

Dwelling	Configuration	Location	Type	Int. (m <sup>2</sup> )	POS (m <sup>2</sup> )	Balcony	Total (m <sup>2</sup> )	Prkg
1	3 Level - Semi Detached	Street frontage	4 Bed 2 Bath 2 Car	144	29	No	173	2
2	3 Level - Semi Detached	Street frontage	4 Bed 2 Bath 2 Car	145	25	No	170	2
3	3 Level - Semi Detached	Middle	3 Bed 2 Bath 1 Car	113	28	No	141	1
4	3 Level - Attached	Middle	3 Bed 2 Bath 1 Car	113	28	No	141	1
5	3 Level - Attached	Middle	3 Bed 2 Bath 1 Car	113	27	No	140	1
6	3 Level - Attached	Middle	3 Bed 2 Bath 1 Car	113	28	No	141	1
7	3 Level - Semi Detached	Rear	3 Bed 2 Bath 1 Car	114	28	No	142	1

## 6.3 Fittings & Finishes

We have not been provided with a detailed schedule of finishes and fittings however from discussions and having regard to the expectations of potential buyers in this locale we have assumed a high standard of finish in our assessment.



## 7.0 Construction Cost Summary

### 7.1 Construction Costs

In this instance, we have **not** been provided with the QS report that was provided to Hill PDA.

We have extracted and relied upon the construction costs from the HillPDA Report/Estate Master (Dated June 2024).

In the event that the Full QS Report is made available and there is a material difference in the cost outlined in this report, the valuer reserves the rights to review our assessment.

The construction costs are summarised below:

Construction Tender Summary	
Item	Commentary
Construction Cost:	\$11,326,458 GST Exclusive, which equates to \$12,459,104 GST Inclusive.
Professional Fees:	An amount of \$1,023,126 GST Exclusive (\$1,125,439 GST Inclusive) has been adopted.
Statutory Fees:	An amount of \$240,087 GST Nil has been adopted.
GFA (Gross Floor Area):	849m <sup>2</sup> .

Should the construction costings differ to this report, this will have an impact on the feasibility, and we reserve the right to review our assessment.

### 7.2 Construction Timing

Within our feasibility we have allowed sixteen (16) months for construction, and we have made an additional two (2) month contingency for inclement wet weather/project delays.

The total adopted construction period within our feasibility is eighteen (18) months.


## 8.0 Asset/Sale Details

### 8.1 Previous Sales History

The property was purchased by Bondi Exchange (the sponsor) in February 2023 for a consideration of \$4,262,000, exclusive of GST, as confirmed by the front page of the Contract for Sale.



We have been obtained a copy of the Information Memorandum from the selling agents CBRE whom advertised the property by way of an Expression of Interest Campaign, which closed on the 7<sup>th</sup> December 2022 at 4pm. Gemma Isgro (selling agent) verbally advised that there were four (4) offers all within 10-15% of each other with different settlement terms.



Perusal of the Special Conditions of the Contract for Sale indicates the following points for consideration:

Special Conditions of the February 2023 Contract of Sale	
Clause 47.3 - Underground and above ground storage tanks:	The vendor will remove the Underground Storage Tanks (UST) and Aboveground Storage Tanks (AST) prior to the expiry of the Vendor Lease. The Vendor must remediate the land and provide a Validation Certificate confirming that the land is free from any contaminants.
Clause 56 – Leaseback:	The parties acknowledge and agree that the vendor (as lessee) must enter into with the purchaser (as lessor) a lease in relation to the whole of the property on the terms and conditions set out in Annexure G (Vendor Lease).
Clause 57.1 – Subdivision:	<p>The vendor is responsible for the subdivision of the proposed Lot located on Council Street. The upon registration of the subdivision, there will be two (2) lots created:</p> <ul style="list-style-type: none"> <li>▪ The subject premises will comprise of a land area of approximately 1,132m<sup>2</sup>.</li> <li>▪ There will be a new created and will be retained in the ownership of the vendor with a land area of approximately 232m<sup>2</sup> located along the western boundary.</li> </ul> 

## 9.0 Sales Evidence



We have considered the following sales of individual dwellings which have transacted and have allowed us to derive potential values for the subject dwellings 'As If Complete' and assuming individual sale under separate Strata title with adjustments made based on location, internal areas, accommodation, finishes, frontage, parking provisions, aspect and street appeal.

6/151 Blair Street, North Bondi (SP103294)					
Lot	Sale Date	Sale Price	Accommodation	Internal Area	Rate/m <sup>2</sup>
6 (Lot 6)	05/2024	\$3,300,000	3 Bed 2 Bath 2 Car	138m <sup>2</sup>	\$23,913/m <sup>2</sup>
 		<p>The parent development comprises of an older style townhouse development which has been renovated in 2021 to provide six (6) modern townhouses over basement parking. The parent development is located on the southern alignment of Blair Street at North Bondi. The subject townhouse comprises of a semi-detached rendered brick and tile three (3) level residence with two (2) secured basement car spaces. The residence has been configured to include an entry/living area with adjoining dining area and kitchen, three bedrooms, two bathrooms plus guest powder room and concealed laundry room. Additional improvements include an outdoor court yard of 68m<sup>2</sup> and a basement storage area. Internally the residence has been renovated since the February 2022 purchase date and provides a high/prestige level of finish throughout incorporating modern fixtures and fittings with contemporary features including Oak timber flooring to the ground floor/living area, marble benchtops/splashback to kitchen and a redesigned courtyard. The dwelling provides an internal strata area of 138m<sup>2</sup>. The property sold by TRG. Furthermore, we note that the property previously transacted in February 2022 for a consideration of \$3,100,000 reflecting a 6.06% increase.</p> <p><b>Comparison to subject:</b> Located in North Bondi and being in close proximity to Bondi Beach. Similar size/scale parent development. Superior layout and configuration. High level of internal finish. Superior car accommodation. Larger internal living area. Overall, we consider the subject three-bedroom townhouses would achieve a lower quantum dollar value and a similar rate per square of internal strata area.</p>			

2/69-87 Dangar Street, Randwick (SP81295)					
Lot	Sale Date	Sale Price	Accommodation	*Internal Area	Rate/m <sup>2</sup>
5 (Lot 33)	05/2024**	\$3,275,000	4 Bed 2 Bath 2 Car	134m <sup>2</sup>	\$24,440/m <sup>2</sup>
2 (Lot 30)	10/2023	\$3,100,000	4 Bed 2 Bath 2 Car	134m <sup>2</sup>	\$23,134/m <sup>2</sup>
<b>Average</b>					<b>\$23,787/m<sup>2</sup></b>
 		<p>The parent development comprises of a circa 1998 built rendered brick and colorbond medium density townhouse development over basement parking. Each townhouse is configured over three (3) levels and includes a secured basement double garage. The townhouses have been configured to include an entry area, living/dining area adjoining kitchen area, four bedrooms, two bathrooms and a concealed laundry. Features well appointed courtyards to the ground floor plus a top floor balcony area. The townhouses have been completed to a medium standard level of finish. Unit 5 (Lot 33) and Unit 2 (Lot 30) were sold by Sotheby's International Realty. *Internal living areas are approximate only. **Townhouse 5 is subject to settlement.</p> <p><b>Comparison to subject:</b> Located in the neighbouring suburb of Randwick. Larger size/scale parent development. Similar layout and configuration. Considered to provide an inferior level of internal finishes. Similar car accommodation. Similar internal area. Overall, we consider the subject four-bedroom townhouses would achieve a higher quantum dollar value and a slightly higher rate per square of internal strata area.</p>			

### 3/23 Birriga Road, Bellevue Hill (SP68737)

Lot	Sale Date	Sale Price	Accommodation	Internal Area	Rate/m <sup>2</sup>
3 (Lot 3)	12/2023	\$3,125,000	3 Bed 2 Bath 2 Car	*117m <sup>2</sup>	\$26,709/m <sup>2</sup>






The parent development comprises of modern style townhouse development consisting of five (5) townhouses over basement parking at Bellevue Hill. The subject townhouse comprises of an attached rendered brick and tile three (3) level dwelling with internal access to the basement double garage. The residence has been configured to include an entry/living/kitchen area with adjoining dining area, three bedrooms, two bathrooms plus guest powder room and concealed laundry. Additional improvements include four (4) balcony areas. Internally the residence has been renovated and provides a prestige high level of finish throughout incorporating modern fixtures and fittings with contemporary features including timber floor boards to the ground floor/living area, marble benchtops to kitchen & bathroom area and large timber entertainment area that adjoins the living room. courtyard. \*The dwelling provides an approximate internal living area of 117m<sup>2</sup>. The property sold by Ray White Double Bay.

**Comparison to subject:** Far superior and prestigious Bellevue Hill location. Whilst being within a circa 2000 complex, the townhouse has been fully refurbished to a prestige standard and has superior double garaging provisions. Overall, we consider the subject three-bedroom townhouses would achieve a lower quantum dollar value and a lower rate per square of internal strata area.

### 14E Dudley Street, Randwick (SP54645)

Lot	Sale Date	Sale Price	Accommodation	Internal Area	Rate/m <sup>2</sup>
4 (Lot 4)	05/2024	\$2,950,000	3 Bed 2 Bath 2 Car	102m <sup>2</sup>	\$28,922/m <sup>2</sup>
5 (Lot 5)	10/2023	\$3,050,000	3 Bed 2 Bath 2 Car	105m <sup>2</sup>	\$29,048/m <sup>2</sup>
<b>Average</b>					<b>\$28,986/m<sup>2</sup></b>






The parent development comprises of a circa 1997 rendered brick and colourbond medium density development which consists of five (5) townhouses over basement parking. The parent development is accessed from Dudley Street and includes additional street frontage to Howard Place. Each townhouse is configured over three (3) levels with internal access to the basement double garage. The residence has been configured to include an entry area, kitchen/living area with adjoining dining area, three bedrooms, two bathrooms and a concealed laundry/lavatory room. Townhouse 4 comprises of a 44m<sup>2</sup> courtyard and Townhouse 5 comprises of an extensive 80m<sup>2</sup> courtyard. Furthermore, each townhouse includes a balcony to the first floor. The townhouses have been completed to a medium investment standard level of finish and feature distant water view of Coogee Beach/Bay. Townhouse 4 (Lot 4) was sold by Ray White Eastern Beaches and Townhouse 5 (Lot 5) was sold by Ellison Zulian Property.

**Comparison to subject:** Located within the neighbouring suburb of Randwick. Older townhouses although accommodation is configured over two levels. Double lock up garaging. Each dwelling includes partial ocean views and spacious courtyards. Overall, we consider the subject three-bedroom dwellings to achieve lower quantum dollar value and a lower rate per square of internal strata area given these sales include superior garaging and ocean views.



## 2/390 Maroubra Road, Maroubra (SP103294)

Lot	Sale Date	Sale Price	Accommodation	Internal Area	Rate/m <sup>2</sup>
2 (Lot 2)	03/2024	\$3,500,000	4 Bed 2 Bath 1 Car	174m <sup>2</sup>	\$20,115/m <sup>2</sup>
		<p>Comprises a modern two-level strata titled semi-detached duplex style dwelling in a complex of two at Maroubra. The sale is located 500 metres west of Maroubra Beach. The residence has been configured to include an entry/lounge room area, kitchen/dining/living (open plan), four bedrooms, two bathrooms and laundry/lavatory room. Car accommodation is per a detached single car garage accessed via Second Avenue. The property features a large timber decking/patio area adjoining the rear living area with bi-fold doors, a part grassed courtyard area and is considered boutique nature, being in a complex of two. Internally the residence provides a medium level of finish throughout.</p>			
		<p><b>Comparison to subject:</b> Located in an inferior residential location. The sale is a semi-detached strata titled duplex dwelling being in a complex of two lots. Superior internal layout and configuration. Larger internal area. Inferior level of finishes. Car accommodation is accessed via a rear lane --- no basement. Overall, we consider the subject four-bedroom townhouses would achieve a similar/slightly higher quantum dollar value and a higher rate per square of internal strata area.</p>			

Tabled below is a summary of the sales evidence:

Summary of Sales Evidence	
Sale Price Range (4 Bedrooms)	\$3,100,000 to \$3,500,000
Internal Area Range	134m <sup>2</sup> to 174m <sup>2</sup>
Internal Area Rate Range	\$20,115/m <sup>2</sup> to \$24,440/m <sup>2</sup>
Sale Price Range (3 Bedrooms)	\$2,950,000 to \$3,300,000
Internal Area Range	102m <sup>2</sup> to 138m <sup>2</sup>
Internal Area Rate Range	\$23,913/m <sup>2</sup> to \$29,048/m <sup>2</sup>

## 10.0 Approach to Valuation

We have conducted three (3) Estate Masters to determine the financial viability of the subject property and the proposed development. To assess on this basis, we have utilised a Residual Analysis which is a project feasibility that deducts the various costs as well as an allowance for profit and risk from our assessed potential Gross Realisation.

This assessment assumes a hypothetical sale with acquisition costs including stamp duty, legal fees etc and 80% debt funding (assuming a 20% equity injection). Each Estate Master will test the viability of the proposed development with adjustment made for the Affordable Housing Contribution.

The Estate Master 1 assumes **no** Affordable Housing Contribution, Estate Master 2 assumes a **5%** Affordable Housing Contribution of \$1,060,000 and Estate Master 3 assumes a **10%** Affordable Housing Contribution of \$2,120,000.

### 10.1 Gross Realisation 'As If Complete' and sold individually under separate Strata Title

This method of compares the subject property with sales of comparable properties with adjustments made for points of difference. Comparisons can be made in a number of forms including straight comparison with comparable sales evidence or analysis on a quantum dollar value basis and rate per square metre of internal strata area.

In order to assess Gross Realisation of the subject dwellings we have had regard to a number of factors including location, accommodation, fittings and finishes, parking provisions, internal/external areas and current market conditions. Our assessment on this basis is subject to Strata Title subdivision.

Table below is a summary of the residential dwelling sales evidence as detailed earlier:

Summary of Sales Evidence	
Sale Price Range (4 Bedrooms)	\$3,100,000 to \$3,500,000
Internal Area Range	134m <sup>2</sup> to 174m <sup>2</sup>
Internal Area Rate Range	\$20,115/m <sup>2</sup> to \$24,440/m <sup>2</sup>
Sale Price Range (3 Bedrooms)	\$2,950,000 to \$3,300,000
Internal Area Range	102m <sup>2</sup> to 138m <sup>2</sup>
Internal Area Rate Range	\$23,913/m <sup>2</sup> to \$29,048/m <sup>2</sup>

Based on the above, we are of the opinion the Gross Realisation potential of the subject development assuming individual sale is as follows:

Dwelling	Configuration	Location	Type	Int. (m <sup>2</sup> )	POS (m <sup>2</sup> )	Balcony	Total (m <sup>2</sup> )	Prkg	Value	Int. Rate/m <sup>2</sup>
1	3 Level - Semi Detached	Street frontage	4 Bed 2 Bath 2 Car	144	29	No	173	2	\$3,600,000	\$25,000
2	3 Level - Semi Detached	Street frontage	4 Bed 2 Bath 2 Car	145	25	No	170	2	\$3,600,000	\$24,828
3	3 Level - Semi Detached	Middle	3 Bed 2 Bath 1 Car	113	28	No	141	1	\$2,800,000	\$24,779
4	3 Level - Attached	Middle	3 Bed 2 Bath 1 Car	113	28	No	141	1	\$2,800,000	\$24,779
5	3 Level - Attached	Middle	3 Bed 2 Bath 1 Car	113	27	No	140	1	\$2,800,000	\$24,779
6	3 Level - Attached	Middle	3 Bed 2 Bath 1 Car	113	28	No	141	1	\$2,800,000	\$24,779
7	3 Level - Semi Detached	Rear	3 Bed 2 Bath 1 Car	114	28	No	142	1	\$2,800,000	\$24,561

We have adopted a Gross Realisation of the subject dwellings assuming individual sale of **\$21,200,000 (GST Inclusive)**.

*Our adopted Gross Realisation reflects an overall average of \$24,795/m<sup>2</sup> of internal area and an average of \$3,028,571 per dwelling.*

## 10.1 Goods and Services Tax (GST)

Under the New Tax System (Goods & Services Tax) Act 1999 and 'GST Ruling 2000/01', the supply of new residential buildings is deemed to be a taxable supply and the purchaser will not benefit from any input tax credits. Bearing in mind the above, our potential Gross Realisation includes GST which shall be remitted to the Australian Taxation Office by the Vendor/Developer.

In this instance we have been unable to determine whether the subject site was purchased under the Margin Scheme or under the provisions of the Ordinary Method and for this reason we have adopted the Ordinary Method. The indicative GST payable is 1/11th of the adopted Market Value noted above.

The Gross Realisation of the subject dwellings assuming individual sale of **\$21,200,000 (GST Inclusive)**.

The indicative GST liability is calculated at **\$1,927,273**.

Based on the above, the Gross Realisation of the subject dwellings and sold individually exclusive of GST is an amount estimated to be in the sum of **\$19,272,727**.

Acknowledging the above comments, we are not taxation experts and the advice provided is based upon our interpretation of the current taxation legislation with regards to GST. We acknowledge that further changes to this legislation may occur, and we recommend the reader to seek appropriate taxation and legal advice with regard to the liability of GST payable.

## 10.2 Pre-Sale Analysis

Given the boutique nature and eastern suburbs location of the proposed development, it is unlikely that a hypothetical developer would consider pre-selling any lots in the current environment. Furthermore, we have been verbally advised by the sponsor that they will not be pre-selling any dwellings. Our assessment assumes no pre-sales.

### 10.3 Estate Master 1 – Assuming No Affordable Housing Contribution

The below Estate Master consists of assumes no Affordable Housing Contribution.

Estate Master Inputs	
Potential Gross Realisation	
Total Gross Realisation	For assessment purposes we have adopted a potential Gross Realisation amount of <b>\$21,200,000</b> (GST Inclusive), in line with the sales evidence as detailed earlier. <i>Our adopted Gross Realisation reflects an overall average of \$24,795/m<sup>2</sup> of internal area and an average of \$3,028,571 per dwelling.</i>
Timing	
Development Timing	In our feasibility, we have allowed: <ul style="list-style-type: none"> <li>▪ Sixteen (16) months for construction.</li> <li>▪ Two (2) month contingency for inclement wet weather/project delays.</li> </ul> The total adopted construction period within our feasibility is eighteen (18) months.
Rate of Sale	We have allowed four (4) months to sell-down the project, which equates to an average rate of 1.75 townhouse per month post construction. No pre-sales have been adopted in the feasibility.
Project Expenditure Inputs	
Total Acquisition Costs	Total Acquisition Cost of \$248,675 which is based on purchasing the site, current stamp duty rates; legal expenses and due diligence fees for acquisition.
Professional Fees	An amount of \$1,023,126 GST Exclusive (\$1,125,439 GST Inclusive) has been adopted.
Construction Costs inclusive of Contingency	\$11,326,458 GST Exclusive, which equates to \$12,459,104 GST Exclusive.
Statutory Fees	An amount of \$240,087 GST Nil has been adopted.
Strata Registration Costs	An allowance of \$11,550 (GST Inclusive) has been made, which equates to \$1,650 (GST Inclusive) per Townhouse.
Holding Charges	A total allowance of \$79,754 (GST Nil) per annum has been made for Holding Costs.
Selling Costs	Selling costs at 2.20% agent's commission, \$424,000 (GST Inclusive); marketing costs of \$26,950 (GST Inclusive) and Legal fees on sale at \$15,400 (GST Inclusive) have been adopted.
Financial Charges	An Allowance of \$88,000 (GST Inclusive) has been made.
GST	In this instance we have been unable to determine whether the subject site was purchased under the Margin Scheme or under the provisions of the Ordinary Method and for this reason we have adopted the Ordinary Method. The indicative GST payable is 1/11th of the adopted Market Value noted above. The Gross Realisation of the subject dwellings assuming individual sale of \$21,200,000 (GST Inclusive). The indicative GST liability is calculated at \$1,927,273.
Finance Costs (Interest Rate)	Finance costs are based on 8.50% and assumes 80% debt funding, as 20% would be injected as equity.
Project Expenditure Inputs	
Profit and Risk Rate Target	<b>20.00%</b>
Profit and Risk Analysis	Given the nature of the project, the location and size/scale of the development we consider a profit and risk margin to be in the range of 17.5% to 22.5%. A target profit and risk margin of <b>20.00%</b> has been applied to the cash flow.

A summary of the Estate Master Inputs are detailed below:

ARGUS EstateMaster

Development Feasibility

SUMMARY OF PROJECT RETURNS

Construction of seven (7) townhouses

Construction of seven (7) townhouses

Assuming no Affordable Housing

Licensed to: John Virtue Valuers

Time Span:

Type:

Status:

Site Area:

#N/A:

Project Size:

Jul-24 to Jul-26 (24 Months)

Miscellaneous

Under Review

1,132

.75:1

7 Townhouse

849 GFA

Equated GFA:

849

1 per 161.71 of Site Area

1 per 1.33 of Site Area

			Total AUD	AUD Per Townhouse	AUD Per GFA		Total Exc GST
Revenues							
	Quantity	SqM	AUD/Quantity				
Gross Sales Revenue	7	855.00	3,028,571.43	21,200,000	3,028,571	24,971	19,272,727
Residential	7	855.00	3,028,571.43	21,200,000			19,272,727
Less Selling Costs				(481,800)	(68,829)	(567)	(438,000)
Less Purchasers Costs				-	-	-	-
NET SALES REVENUE				20,718,200	2,959,743	24,403	18,834,727
	Quantity	SqM	AUD/SqM/annum				
TOTAL REVENUE (before GST paid)				20,718,200	2,959,743	24,403	18,834,727
Less GST paid on all Revenue				(1,927,273)	(275,325)	(2,270)	
TOTAL REVENUE (after GST paid)				18,790,927	2,684,418	22,133	18,834,727
Costs							
Land Purchase Cost				4,262,000	608,857	5,020	4,262,000
Land Acquisition Costs				248,675	35,525	293	247,780
Construction Costs				12,459,104	1,779,872	14,675	11,326,458
Professional Fees				1,125,439	160,777	1,326	1,023,126
Marketing				26,950	3,850	32	24,500
Strata Reg				11,550	1,650	14	10,500
Statutory Fees				240,087	34,298	283	240,087
Project Contingency (Reserve)				-	-	-	-
Land Holding Costs				159,508	22,787	188	159,508
Pre-Sale Commissions				-	-	-	-
Finance Charges (inc. Fees)				88,000	12,571	104	88,000
Interest Expense				1,670,354	238,622	1,967	1,670,354
TOTAL COSTS (before GST reclaimed)				20,291,667	2,898,810	23,901	19,052,314
Less GST reclaimed				(1,283,154)	(183,308)	(1,511)	
TOTAL COSTS (after GST reclaimed)				19,008,514	2,715,502	22,389	19,052,314
Performance Indicators							
				Per Townhouse	Per GFA		Total Exc GST
<sup>1</sup> Net Development Profit				(217,587)	(31,084)	(256)	
<sup>2</sup> Development Margin (Profit/Risk Margin)	Based on total costs (exc selling & leasing costs)		-1.14%				
<sup>4</sup> Residual Land Value	Based on Target Margin of 20% (Exclusive of GST)		1,477,542	211,077	1,740		1,477,542
<sup>5</sup> Net Present Value	Based on Discount Rate of 15% p.a. Nominal		(1,453,312)				
<sup>6</sup> Benefit Cost Ratio			0.9087				
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Nominal		6.88%				
<sup>8</sup> Residual Land Value	Based on NPV (Exclusive of GST)		2,893,840	413,406	3,409		2,893,840
Equity IRR	Per annum Nominal		-14.65%				
Equity Contribution			852,400				
Peak Debt Exposure			17,930,008				
Equity to Debt Ratio			5.17%				
<sup>9</sup> Weighted Average Cost of Capital (WACC)			8.08%				
<sup>10</sup> Breakeven Date for Cumulative Cash Flow			N.A. (No Profit)				

The industry standard for similar size/scale projects warrants a 20% development margin.

The residual site value equates to \$1,477,542 (GST Exclusive), say \$1,480,000 (GST Exclusive), which is substantially below the purchase price of \$4,262,000 (GST Exclusive).

Based upon the adopted Market Gross Realisation, the Purchase Price and Construction Costs (obtained from the Hill PDA report dated June 2024), the feasibility illustrates a negative -1.14% Development Margin resulting in a negative -\$217,587 net profit.

The reasoning for the lower than expected site value is due to:

- General high construction/labour costs.
- Internal areas of the proposed development are compact in nature/design.
- The proposed townhouses are configured over four (4) levels (from basement to top floor) with no internal lift.
- Current economic conditions and interest rate environment.



## 10.4 Estate Master 2 – Assuming a 5% Affordable Housing Contribution

The below Estate Master consists of the same inputs as in Estate Master 1 (Section 12.2 of this report), with the exception of a **5%** Affordable Housing Contribution of \$1,060,000.

AARGUS EstateMaster		Development Feasibility		SUMMARY OF PROJECT RETURNS				
Construction of seven (7) townhouses								
Construction of seven (7) townhouses								
Assuming a 5% Affordable Housing Contribution								
Licensed to: John Virtue Values								
Time Span:		Jul-24 to Jul-26 (24 Months)						
Type:		Miscellaneous						
Status:		Under Review						
Site Area:		1,132						
#N/A		.75:1						
Project Size:		7 Townhouse		Equated GFA:		849		
		849 GFA		1 per 181.71 of Site Area				
				1 per 1.33 of Site Area				
				Total AUD	AUD Per Townhouse	AUD Per GFA	Total Exc GST	
Revenues								
		Quantity	SqM	AUD/Quantity				
Gross Sales Revenue		7	855.00	3,028,571.43	21,200,000	3,028,571	24,971	19,272,727
Residential		7	855.00	3,028,571.43	21,200,000			19,272,727
Less Selling Costs					(481,800)	(68,829)	(567)	(438,000)
Less Purchasers Costs					-	-	-	-
NET SALES REVENUE					20,718,200	2,959,743	24,403	18,834,727
		Quantity	SqM	AUD/SqM/annum				
TOTAL REVENUE (before GST paid)					20,718,200	2,959,743	24,403	18,834,727
Less GST paid on all Revenue					(1,927,273)	(275,325)	(2,270)	
TOTAL REVENUE (after GST paid)					18,790,927	2,684,418	22,133	18,834,727
Costs								
Land Purchase Cost					4,282,000	608,857	5,020	4,262,000
Land Acquisition Costs					248,875	35,525	293	247,780
Construction Costs					12,459,104	1,779,872	14,675	11,326,458
Professional Fees					1,125,439	160,777	1,326	1,023,126
5% Affordable Housing Contribution					1,060,000	151,429	1,249	1,060,000
Marketing					26,950	3,850	32	24,500
Strata Reg					11,550	1,650	14	10,500
Statutory Fees					240,087	34,298	283	240,087
Project Contingency (Reserve)					-	-	-	-
Land Holding Costs					159,508	22,787	188	159,508
Pre-Sale Commissions					-	-	-	-
Finance Charges (inc. Fees)					88,000	12,571	104	88,000
Interest Expense					1,842,167	263,167	2,170	1,842,167
TOTAL COSTS (before GST reclaimed)					21,523,480	3,074,783	25,352	20,284,126
Less GST reclaimed					(1,283,154)	(183,308)	(1,511)	
TOTAL COSTS (after GST reclaimed)					20,240,326	2,891,475	23,840	20,284,126
Performance Indicators								
					Per Townhouse	Per GFA	Total Exc GST	
<sup>1</sup> Net Development Profit					(1,449,399)	(207,057)	(1,707)	
<sup>2</sup> Development Margin (Profit/Risk Margin)		Based on total costs (exc selling & leasing costs)		-7.15%				
<sup>4</sup> Residual Land Value		Based on Target Margin of 20% (Exclusive of GST)		450,762	64,395	531		450,762
<sup>5</sup> Net Present Value		Based on Discount Rate of 15% p.a. Nominal		(2,487,300)				
<sup>6</sup> Benefit Cost Ratio				0.8532				
<sup>7</sup> Project Internal Rate of Return (IRR)		Per annum Nominal		1.77%				
<sup>8</sup> Residual Land Value		Based on NPV (Exclusive of GST)		1,907,669	272,524	2,247		1,907,669
Equity IRR		Per annum Nominal		N.A.				
Equity Contribution				1,449,399				
Peak Debt Exposure				19,125,145				
Equity to Debt Ratio				8.26%				
<sup>9</sup> Weighted Average Cost of Capital (WACC)				7.85%				
<sup>10</sup> Breakeven Date for Cumulative Cash Flow				N.A. (No Profit)				

The above feasibility illustrates a Residual Site Value \$450,762 (GST Exclusive), say \$450,000 (GST Exclusive), which is substantially below the purchase price of \$4,262,000 (GST Exclusive).

Based upon the adopted Market Gross Relisation, the Purchase Price and Construction Costs (obtained from the HillPDA report dated June 2024), the feasibility illustrates a negative -7.15% Development Margin resulting in a negative -\$1,449,399 net profit.

The project isn't viable/feasible when assuming a **5%** Affordable Housing Contribution.

## 10.5 Estate Master 3 – Assuming a 10% Affordable Housing Contribution

The below Estate Master consists of the same inputs as in Estate Master 1 (Section 12.2 of this report), with the exception of a 10% Affordable Housing Contribution of \$2,120,000.

ARGUS EstateMaster

Development Feasibility

SUMMARY OF PROJECT RETURNS

Construction of seven (7) townhouses

Construction of seven (7) townhouses

Assuming a 10% Affordable Housing Contribution

Licensed to: John Virtue Valuers

Time Span:

Jul-24 to Jul-25 (24 Months)

Type:

Miscellaneous

Status:

Under Review

Site Area:

1,132

#/A:

75:1

Project Size:

7 Townhouse

Equated GFA:

849

1 per 161.71 of Site Area

1 per 1.33 of Site Area

	Quantity	SqM	AUD/Quantity	Total AUD	AUD Per Townhouse	AUD Per GFA	Total Exc GST
<b>Revenues</b>							
Gross Sales Revenue	7	855.00	3,028,571.43	21,200,000	3,028,571	24,971	19,272,727
Residential	7	855.00	3,028,571.43	21,200,000			19,272,727
Less Selling Costs				(481,800)	(68,829)	(567)	(438,000)
Less Purchasers Costs				-	-	-	-
NET SALES REVENUE				20,718,200	2,959,743	24,403	18,834,727
	Quantity	SqM	AUD/SqM/annum				
TOTAL REVENUE (before GST paid)				20,718,200	2,959,743	24,403	18,834,727
Less GST paid on all Revenue				(1,927,273)	(275,325)	(2,270)	
TOTAL REVENUE (after GST paid)				18,790,927	2,684,418	22,133	18,834,727
<b>Costs</b>							
Land Purchase Cost				4,262,000	608,857	5,020	4,262,000
Land Acquisition Costs				248,675	35,525	293	247,780
Construction Costs				12,459,104	1,779,872	14,675	11,326,458
Professional Fees				1,125,439	160,777	1,326	1,023,126
10% Affordable Housing Contribution				2,120,000	302,857	2,497	2,120,000
Marketing				26,950	3,850	32	24,500
Strata Reg				11,550	1,650	14	10,500
Statutory Fees				240,087	34,298	283	240,087
Project Contingency (Reserve)				-	-	-	-
Land Holding Costs				159,508	22,787	188	159,508
Pre-Sale Commissions				-	-	-	-
Finance Charges (inc. Fees)				88,000	12,571	104	88,000
Interest Expense				2,020,236	288,605	2,380	2,020,236
TOTAL COSTS (before GST reclaimed)				22,761,549	3,251,650	26,810	21,522,195
Less GST reclaimed				(1,283,154)	(183,308)	(1,511)	
TOTAL COSTS (after GST reclaimed)				21,478,395	3,068,342	25,298	21,522,195
<b>Performance Indicators</b>							
				Per Townhouse		Per GFA	Total Exc GST
<sup>1</sup> Net Development Profit				(2,687,468)	(383,924)	(3,165)	
<sup>2</sup> Development Margin (Profit/Risk Margin)				-12.49%			
<sup>4</sup> Residual Land Value				(617,753)	(88,250)	(728)	(617,753)
<sup>5</sup> Net Present Value				(3,521,289)			
<sup>6</sup> Benefit Cost Ratio				0.8042			
<sup>7</sup> Project Internal Rate of Return (IRR)				-2.88%			
<sup>8</sup> Residual Land Value				920,746	131,535	1,085	920,746
Equity IRR				N.A.			
Equity Contribution				2,687,468			
Peak Debt Exposure				20,320,283			
Equity to Debt Ratio				14.44%			
<sup>9</sup> Weighted Average Cost of Capital (WACC)				7.43%			
<sup>10</sup> Breakeven Date for Cumulative Cash Flow				N.A. (No Profit)			

The above feasibility illustrates a Negative Residual Site Value and a Negative Development Margin of -\$2,687,468.

The project is not viable/feasible when assuming a 10% Affordable Housing Contribution.

## 10.6 Conclusion

It is concluded that based upon the adopted Market Gross Realisation, the Purchase Price and Construction Costs (obtained from the Hill PDA report dated June 2024), all three (3) hypothetical scenarios result in a financial loss for the developer.



### ELIE MAKSOUR

Director

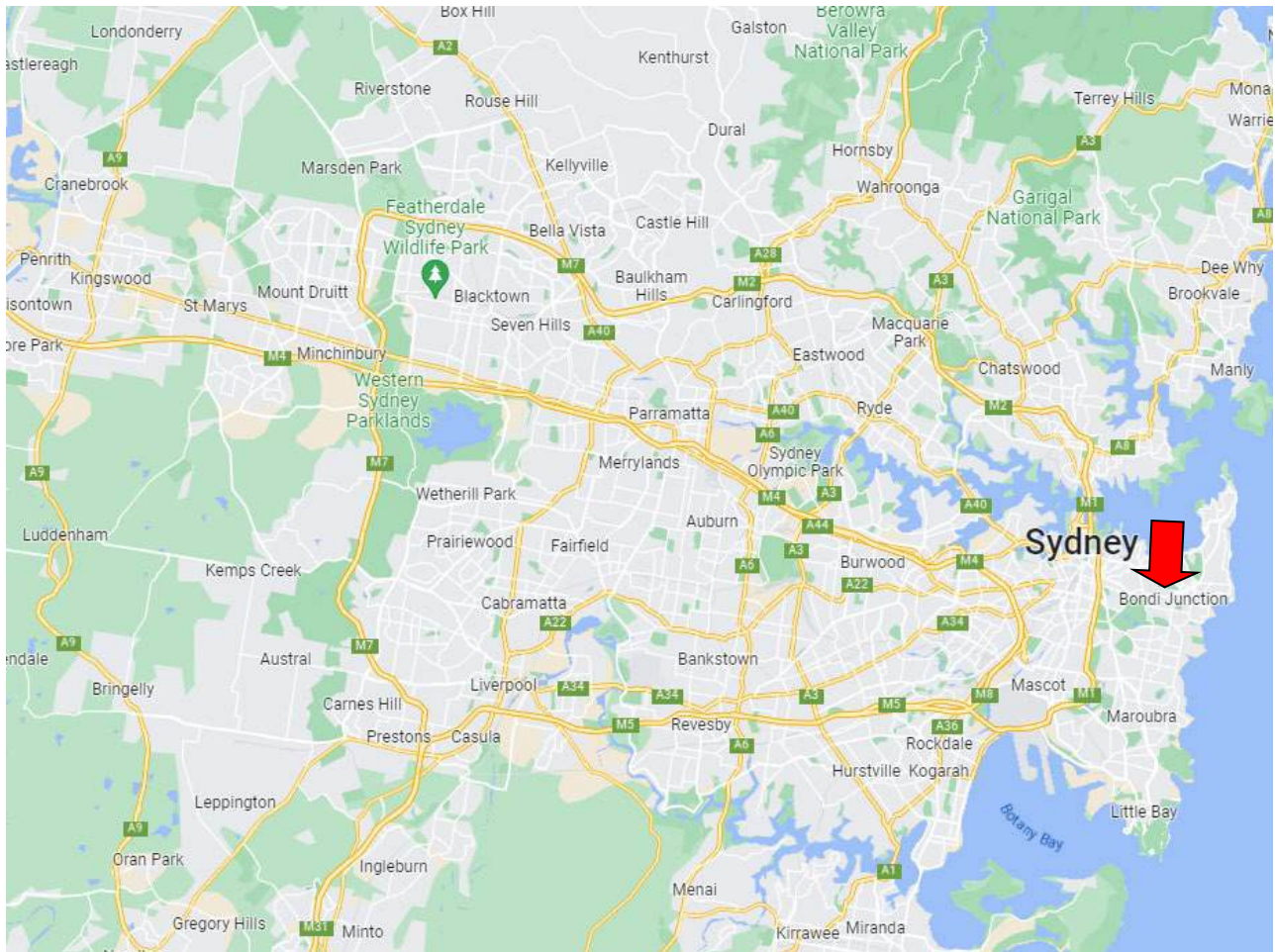
B. Bus. Prop. (Val)

Certified Practising Valuer A.A.P.I

API Membership No. 70307



## 11.0 Location Map



Source: Google Maps

## 12.0 Annexures

### Letter of Instruction

RE: [EXTERNAL]50 Botany Street, Bondi Junction - Planning Proposal

 Elie Maksour  
To:  'Anthony Fahey'  
Cc:  Alec Sklavounos;  James Oldknow  
Council require the report in by the 13/7/24  
Can you please complete by this date and send a copy to james oldknow,

  Reply  Reply All  Forward  

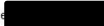
Thu 4/07/2024 7:39 AM

Much appreciated  
AF  
Sent from my iPhone

On 27 Jun 2024, at 1:20 PM, Elie Maksour <[eliem@johnvirtuevaluers.com.au](mailto:eliem@johnvirtuevaluers.com.au)> wrote:

Hey Anthony,

**Re: 50 Botany Street, Bondi Junction - Planning Proposal**

Our turnaround at the moment is 7 days before starting a report and then we will need 8-10 days to complete the full the report. The fee will be 

We are currently short on time due to the financial year and ongoing Certification.

Elie Maksour  
Director

P: (02) 8882 9270 | M: 0406 407 533



## Title Search



LAND  
REGISTRY  
SERVICES

JOHN VIRTUE  
VALUERS



LegalStream Australia Pty Ltd  
An Approved NSW LRS Information Broker  
ABN: 80 002 801 498

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 1/619753

SEARCH DATE	TIME	EDITION NO	DATE
11/7/2024	9:45 AM	4	20/6/2023

LAND

LOT 1 IN DEPOSITED PLAN 619753  
AT BONDI JUNCTION  
LOCAL GOVERNMENT AREA WAVERLEY  
PARISH OF ALEXANDRIA COUNTY OF CUMBERLAND  
TITLE DIAGRAM DP619753

FIRST SCHEDULE

BONDI EXCHANGE PTY LTD (T AT187374)

SECOND SCHEDULE (4 NOTIFICATIONS)

- 1 RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
- 2 2526175 LEASE TO SYDNEY COUNTY COUNCIL OF SUBSTATION  
NO.6600 TOGETHER WITH A RIGHT OF WAY AND EASEMENT FOR  
ELECTRICITY PURPOSES SHOWN IN PLAN WITH 2526175.  
TOGETHER WITH AND RESERVING RIGHTS. EXPIRES 31.12.2013
- AH936572 VARIATION OF LEASE 2526175 EXPIRY DATE NOW  
31/12/2038.
- AK971351 LEASE OF LEASE 2526175 TO BLUE ASSET PARTNER PTY  
LTD, ERIC ALPHA ASSET CORPORATION 1 PTY LTD, ERIC  
ALPHA ASSET CORPORATION 2 PTY LTD, ERIC ALPHA  
ASSET CORPORATION 3 PTY LTD & ERIC ALPHA ASSET  
CORPORATION 4 PTY LTD EXPIRES: SEE DEALING. CLAUSE  
2.3 (b) (ii).
- AK971352 LEASE OF LEASE AK971351 TO BLUE OP PARTNER PTY  
LTD, ERIC ALPHA OPERATOR CORPORATION 1 PTY LTD,  
ERIC ALPHA OPERATOR CORPORATION 2 PTY LTD, ERIC  
ALPHA OPERATOR CORPORATION 3 PTY LTD & ERIC ALPHA  
OPERATOR CORPORATION 4 PTY LTD EXPIRES: SEE  
DEALING. CLAUSE 12.1
- AK971502 MORTGAGE OF LEASE AK971351 TO ANZ FIDUCIARY  
SERVICES PTY LTD
- AK971571 CHANGE OF NAME AFFECTING LEASE 2526175 LESSEE  
NOW ALPHA DISTRIBUTION MINISTERIAL HOLDING  
CORPORATION
- 3 AT187375 MORTGAGE TO WESTPAC BANKING CORPORATION
- \* 4 AT188329 CAVEAT BY TELSTRA CORPORATION LIMITED

END OF PAGE 1 - CONTINUED OVER

JVV0937

PRINTED ON 11/7/2024

Search Date/Time: 11/07/2024 9:45AM

LEGALSTREAM AUSTRALIA - hereby certifies that the information contained in this document has been provided electronically by the Registrar General in accordance with section 96B(2) of the Real Property Act 1900.

\* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register.

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NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

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FOLIO: 1/619753

PAGE 2

NOTATIONS

UNREGISTERED DEALINGS: PP DP1296130

\*\*\* END OF SEARCH \*\*\*

JVV0937

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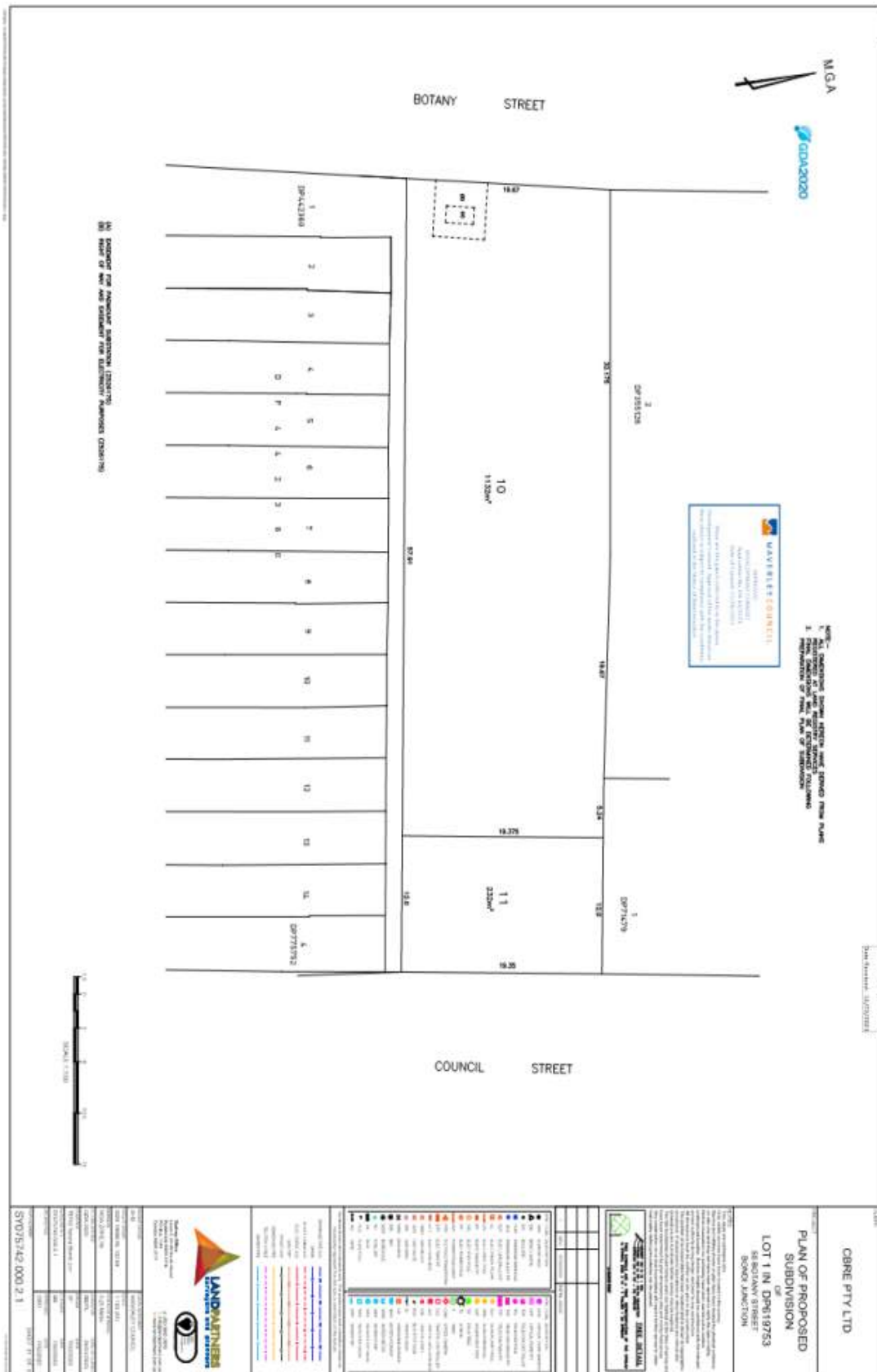
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## Deposited Plan





## Plan of Subdivision



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