

Appendix I

Feasibility Analysis

- **EG Feasibility Analysis**
- **Anglicare Feasibility Letter**



FEASIBILITY ANALYSIS

PLANNING PROPOSAL APPLICATION

51-53 ROHINI STREET, TURRAMURRA







FEASIBILITY ANALYSIS
51-53 ROHINI STREET TURRAMURRA

APRIL 2024

Report Stage	Date	Author	Reviewed
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1. Introduction

EG has prepared this Feasibility Analysis on behalf of Anglicare, in relation to the Planning Proposal Application for Rohini Village, located at 51-53 Rohini Street, Turramurra. The Planning Proposal seeks to facilitate a development concept to redevelop the 110 Independent Living Units (ILUs) currently on Site.

The Rohini Village redevelopment has been informed by an extensive process of feasibility analysis. The development of the Site was tested commercially under many scenarios, including the three representative scenarios, shown in detail below. The development was tested as a new opportunity, selling under market conditions, with the market price of the land included. The scenarios evaluate both Project Risk and Return for the development.

Note that this Feasibility Analysis is based on a Market Value Purchase Price, which predicates a sale of leasehold to each resident and a deferred management fee arrangement back-ended to match the exit of the resident. This pricing model back derives the purchase price based on this leasehold and deferred management fee structure, such that the value to the market for a developer is the same. The values put into this Feasibility are current and reflect the latest purchase prices of similar product at Anglicare's Gordon development.

This Report should be read in conjunction with the letter prepared by Anglicare, dated 27 November 2023.

2. Feasibility Scenarios

Three Feasibility Scenarios were tested.

The first scenario (Feasibility Scenario 1) relates to development under the existing Floor Space Ratio and Height controls, replacing the current stock with like-for-like.

The second scenario (Feasibility Scenario 2) models only 2-Bedroom and 3-Bedroom Independent Living Units, as they are the only typology likely to sell at this location. This scenario uses existing controls for both the Floor Space Ratio and Height, for the Site.

The third scenario (Feasibility Scenario 3) modelled uses the additional height and density allowances in the *State Environmental Planning Policy (Housing) 2021* and has only large 2-Bedrooms and 3-Bedrooms as its offering. This is in line with market demand.

Below is a summary of each Scenario.

2.1. FEASIBILITY SCENARIO 1

Development of 1 and 2-bedroom ILUs, based on the existing FSR of 0.85:1 and building height of 11.5 m.

- New 110 ILUs will replace the existing old 110 ILUs.
- This scenario yields a maximum of 55 x 1-bedroom ILUs with a Gross Floor Area of 36 sqm and 55 x 2-bedroom ILUs with an average GFA of 78 sqm.
- One Bedroom ILUs have been assigned an Average Sale Price of \$575,000.
- Two Bedroom ILUs have been assigned an Average Sale Price of \$1,100,000.

2.2. FEASIBILITY SCENARIO 2

Development of 2 and 3-bedroom ILUs, based on existing FSR of 0.85:1 and building height of 11.5 m.

- New 57 ILUs will be constructed to replace the existing old 110 ILUs.
- This scenario assumes the construction of 30 x 2-bedroom ILUs with an average size of 100 sqm and 27 x 3-bedroom apartments with an average size of 120 sqm.
- Two Bedrooms have an estimated sale price of \$1,700,000.
- Three Bedrooms have an estimated sale price of \$2,000,000.

2.3. FEASIBILITY SCENARIO 3

Development of large 2 and 3-bedroom ILUs based on current scheme for uplift in FSR to 1.72:1 (includes 15% bonus) and building height of 17.5m.

- New 110 ILUs will be constructed to replace the existing old 110 ILUs.
- This scenario assumes the construction of 66 x 2-bedroom apartments with an average size of 120 sqm, and 44 x 3-bedroom apartments with an average size of 120 sqm.
- Two Bedrooms have an estimated sale price of \$2,200,000.
- Three Bedrooms have an estimated sale price of \$2,500,000.

Table 1 below shows a comparison of each tested Feasibility Scenario.

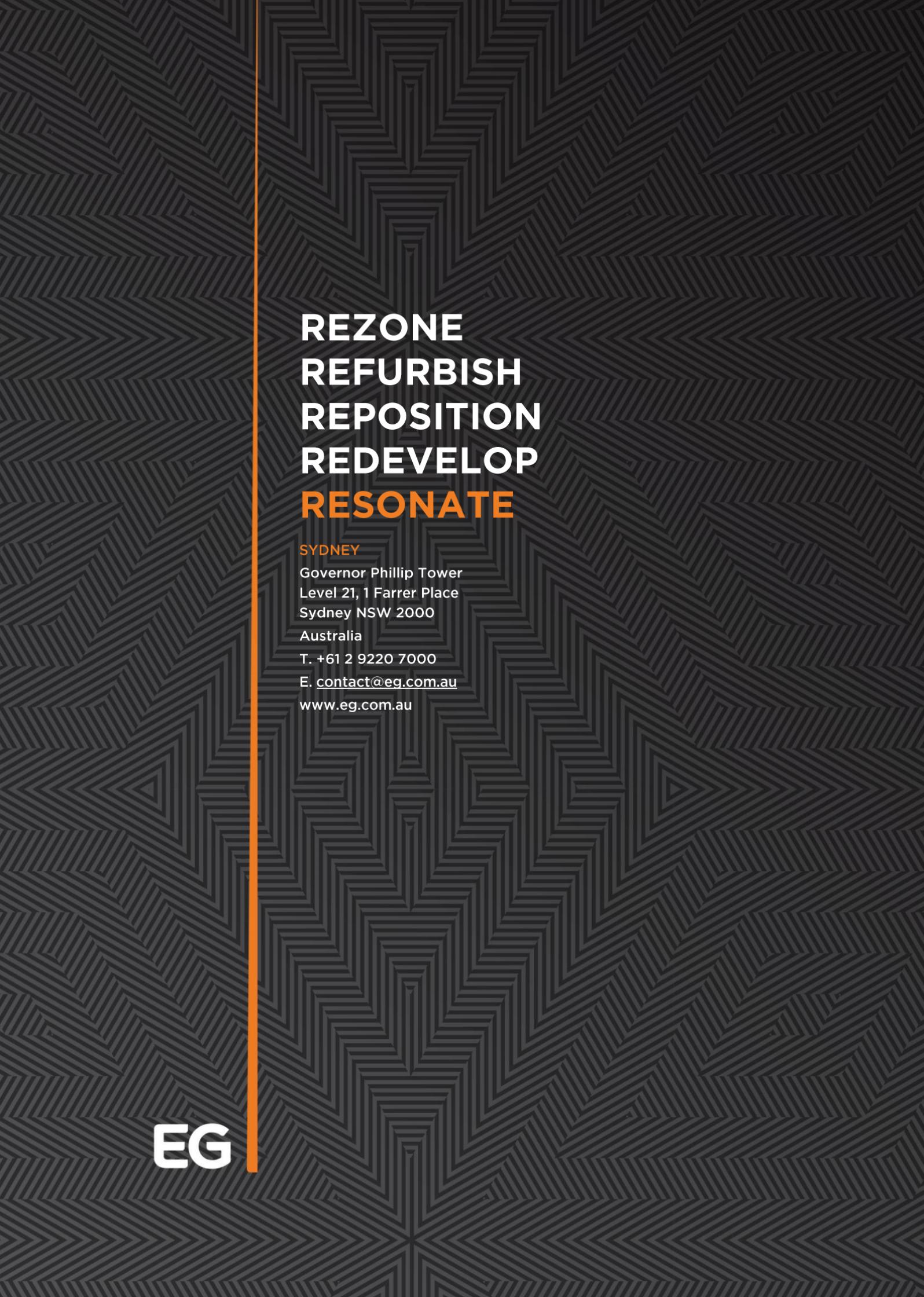
	Scenario 1	Scenario 2	Scenario 3
Total Development Costs ('000)	\$76,483	\$83,832	\$184,590
Nett Sales Revenue ('000)	\$83,640	\$95,773	\$233,373
Nett Profit ('000)	\$7,157	\$11,941	\$32,313
Price of Land ('000)	\$8,000	\$14,000	\$48,783
Profit/Total Development Costs	9.4%	14.24%	26.43%

Table 1- Comparison of Feasibility Scenarios.

3. Conclusion

In conclusion, there would be no developer or financier that would accept the low return of 9.4% for a project risking some \$76 Million in total development costs. Scenario 2 is also marginal and unlikely to be developed at 14% return. This project risks \$83 Million over a 3-year development period.

Only Scenario 3 provides a sufficient return at 26% that would allow a development of this scale to be undertaken or financed by a lender. This would be the absolute minimum hurdle rate that would allow a Development such as Rohini Village to proceed. This return is required to offset project risk over a three-year time span and over \$184 Million of Development Costs.



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27 November 2023

**RE: ANGLICARE ROHINI VILLAGE
51-53 ROHINI STREET TURRUMURRA
FEASIBILITY ANALYSIS FOR PLANNING PROPOSAL APPLICATION
*** CONFIDENTIAL *****

Dear Sir,

The following information has been prepared to provide background to our feasibility for Rohini Village, located at 51-53 Rohini Street, Turramurra. Rohini Village is one of Anglicare's oldest retirement villages, and has now reached the end of its development life.

Rohini Village was originally constructed in 2 stages between 1969 and 1975 and consists of 134 Independent Living Units (ILUs) with predominantly 1-bedroom units comprising an area of only 36m² with 3m² balconies. Over the years Anglicare has consolidated a number of ILUs to provide some larger ILUs to meet our resident demand for more space. There are currently 110 ILUs in Rohini Village of which 75% are the smaller 1- bedroom units.

All of our market research shows that for the entire North-Shore market, smaller 2-bedroom and 3-bedroom ILUs are the most sellable, and 1-bedroom units are completely unsellable. It is therefore imperative from a feasibility point of view that the following features are able to be incorporated into any ILUs in today's market.

1. The stock must comprise large 3-bedroom ILUs with 2 parking spaces.
2. A large two-bedroom ILU needs to have storage and parking.
3. 1-bedroom ILUs are completely non-desirable and unsellable in the current market.
4. A level of luxury and finesse with the finishes is expected for all ILUs put to the market on the North Shore.
5. Given the factors above, even replacing 110 ILUs with an equal number of ILUs, necessitates an increase in GFA in order for the product to meet minimum market expectations. It is for this reason that an increase in GFA and Height has been sought in order to accommodate the demand-based outcomes that are required for a successful ILU product in today's market.



Anglicare has reviewed what could be redeveloped on the Site under the current KLEP2015 and SEPP Housing 2021 Clause 87 GFA/Height bonuses. The Table below indicates that under the current KLEP controls only sixty (60) standard-sized 120 m² Independent Living Units could be achieved. Demolishing 110 ILUs to deliver only 60 ILUs is not financially viable nor is it in line with Anglicare's vision and mission to provide more appropriate ageing-in-place accommodation for Seniors in Sydney's North Shore.

Current KLEP 2015 Controls including SEPP Housing		Planning Proposal including SEPP Housing	
Site Area	9,193 m ²	Site Area	9,132 m ²
No of Units	110 ILUs	No of Units	110 ILUs
Total Gross Floor Area	7,800 m ²	Total Gross Floor Area	13,790 m ²
FSR	0.85:1	FSR	1.5:1
ILU Area	8,286 m ²	ILU Area	15,158 m ²
Community Space Provision	700 m ²	Community Space Provision	700 m ²
No of ILUs with an area of 138m²	60	No of ILUs with an area of 138m²	110

*Please note: The average unit area of 138 m² is based on an internal unit size of 120 m² plus circulation space such as hallways and entry lobbies which are included as GFA.



In response to the less than satisfactory development outcomes from the current KLEP 2015 controls and SEPP Housing bonus, Anglicare are seeking an appropriate increase in FSR and height having regard to the site location immediately next to Turrumurra Train Station and Town Centre. When combined with the GFA/height bonuses under the SEPP Housing, we will be able to achieve more adequate provision of communal facilities and 110 x 120m² (on average) two- and three-bedroom units which are more in keeping with current market expectations, and designed to meet ADG, BCA and Gold Livability standards where applicable.

The increased height/FSR sought under the Planning Proposal is based on Anglicare's recent experience across the Sydney area and is necessary to achieve a viable retirement village development. Furthermore, our site is already zoned R4- High Density Residential, is a brownfield site, has very few environmental constraints, adjoins a Rail Station, and in planning terms, is the best place to add height and density in any Local Government Area. This is especially the case in established areas, where finding sites of almost a hectare in size, is extremely difficult and rare.

The resulting Urban Design Study that accompanies the Planning Proposal Application caters for ageing-in-place for the future cohort of largely North Shore retirees entering this phase of their lives.

Yours faithfully,

Joe Baynie

Development Director – Anglicare Sydney