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Sandy Bay Redevelopment

Financial Modelling Outputs – Preliminary Assessment – Interim Report 5 (Final)

Prepared for UTAS Properties Pty Ltd
Prepared by Deloitte Real Estate Advisory
30 November 2021

Contents

Report Authors

Deloitte staff responsible for this report:

Partner – Deloitte Real Estate	Cameron Chatwood
Associate Director	Ronil Besele
Senior Analyst	Kate Simkin
Analyst	Jennifer Hua
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Report Version	Draft

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Instructions, Limitations and Considerations.

Executive Summary
Instructions

Instructing party:	Andrew Wilkinson, Senior Development Manager, UTAS Properties Pty Ltd
Reliant Party:	UTAS Properties Pty Ltd (UPPL)
Subject Property:	Sandy Bay Redevelopment Project, Tasmania
Basis of Assessment:	Deloitte has been engaged by UPPL to provide development feasibility financial modelling for the Sandy Bay Redevelopment project in Tasmania, which is to comprise five (5) precincts allowing for a range of residential, commercial and community land uses. The purpose of the services is to assist UPPL in assessing the feasibility of the Sandy Bay Masterplan (the Purpose). We have been engaged to undertake a Residual Land Value (RLV) feasibility model and a development profit (gross margin) model, including cashflow modelling, NPV, IRR and the specified discount rate for the Sandy Bay Redevelopment project. Our assessment proceeds on the above basis.

Executive Summary
Key Project Considerations

Consideration	Comment
UTAS Decant Program	Our assessment is based on a decant program that has been provided by the Client UPPL. The outcome of our assessment is therefore contingent upon UTAS vacating all existing building as staged under the decant program. We note that the decant program appears to be contingent upon UTAS securing floor space within the Hobart CBD to continue its operations. This poses a significant risk to development feasibility, as any delays to construction will have an impact on project performance indicators. We reserve the right to review our assessment herein if any further changes are made to the decant program we relied upon.
Land Tenure	We have sighted a Market Assessment report for the subject site by Deep End Services (dated 17 September 2021), which states the following: *"A key feature of the transition strategy is the preference for UPPL to retain ownership over most of the Churchill Precinct in order to have a stewardship role to ensure that the precinct is developed for the benefit of the community and the university. The implication is that much of the residential housing will be delivered on some kind of rental basis or ground lease."* Our assessment is undertaken on the basis that all assets to be constructed can and will be sold on a freehold basis.
Infrastructure Delivery	We have discussed the timing of infrastructure delivery with the Client and Civil Engineers for the project ESD. Our understanding is that utility providers for sewerage, water and electricity have been approached, however talks to date have been preliminary as the masterplan is still in development. We note that the delivery of site services is crucial to enabling development. Our assessment is based on a timely delivery of site services as anticipated in the staging program. We reserve the right to review our assessment herein if this is found to not be the case.
Embedded Networks	We note that if UPPL retains ownership of the freehold land title for the project, then would provide UPPL with an opportunity to implement an embedded network for its electricity supply, which would potentially reduce the delivery of infrastructure costs and possible generate revenue for the University. We have been informed by UPPL that cost estimates for site works are not based on an embedded network structure. We note that our gross realisation assessment is based on a sale of freehold title for each constructed asset and does not anticipate an embedded network.
Residential Sales Rates	We have sighted a Market Assessment report for the subject site by Deep End Services, which estimates a selling rate of 75 to 95 residential apartments per annum for the site over the project period. Our assessments adopts a range of 80 to 90 apartment sales per annum, with an effective selling rate of 83 apartments per annum over the project period. We note that we are not experts at forecasting market economic conditions and therefore reserve the right to review our assessment herein if the sales rates estimated by Deep End services change after our date of assessment.
Residential Schedule of Finishes	The schedule of finishes for the residential apartments is assumed to be similar to the "Bay Vue" residential apartment project adjoining the subject to the east. We have confirmed with the Client, the masterplan architect and the quantity surveyor that this is the anticipated quality. We note that the schedule of finishes can significantly impact achievable selling prices and therefore reserve the right to review our assessment herein if the assumption provided for the schedule of finishes changes.

Executive Summary

General Assumptions & Limitations

Critical

- Our assessment is based on the information provided to us. Information prepared and provided by others, upon which portions of this report are based, is believed to be accurate and reliable. We emphasise that we have not verified this information and no warranty is given to the accuracy of such information. We reserve the right to revise any opinion or conclusion in our work if material information becomes known to us after the date our work is issued.
- Our work is undertaken on the understanding that there has been full disclosure by you of all information applicable to the subject properties and that all information that would reasonably be considered to be relevant or pertinent has been disclosed and/or provided to us whether specifically requested or not.
- The assumptions and interpretations assessed herein may change significantly and unexpectedly over the short-term (attributed, but not limited to factors such as a result of general market movements or factors specific to the particular property).
- **We have not been engaged to provide valuation advice and nothing in our report, letters or correspondence should be treated or relied upon as valuation advice.** We may offer an opinion as to indicative estimates or potential realisation ranges but these should be used as a guide only and not relied upon in isolation for decision making purposes. When analysing different options or scenarios we may undertake calculations which produce an indicative estimate or indicative sale price range in order to allow a relative comparison between numerous scenarios or options. Any indicative estimates or indicative realisation ranges should be treated as a pre-cursor to a valuation (to be commissioned by you from an appropriately qualified valuation professional) and not as a substitute for a valuation.
- Our work is based on the prevailing laws, regulations and professional standards in effect at the date of the work. Our work is not binding on the courts or any relevant regulator, and this is not a representation, warranty, or guarantee that the courts will agree with our work.
- We have assumed that the developer of the subject land will not be exposed to additional infrastructure, construction, biodiversity off-set and reticulation augmentation costs to those identified in the master plan report and the costing estimates provided.
- We have assumed that the subject landholding is capable of future development without any onerous imposition relating to, but not limited to, building specifications, setbacks, land maintenance and asset protection zones (APZs).
- Our assessment is based on the Masterplan Revision 6 Staging Plan which includes nine (9) stages. However, we note the assets within Stage 8 and 9 of our assessment differs from the provided Staging Plan and includes the Eco-hotel and commercial uses within Stage 8 instead of Stage 9.
- Our assessment is based on the Master Plan Estimate – Stage 6 Estimate 5 Rev 1 prepared by WT Partnership, dated November 2021. We note that estimating construction costs for development purposes is outside our area of expertise. Due to the impact any variation of construction costs has on the developers profit margin and the residual land value, we reserve the right to review our assessment should costings change to those adopted herein.
- Feasibility Model Input Assumptions – We have been instructed to undertake feasibility modelling for the proposed project. We stress that **the project is at the preliminary concept (5% design) stage** and that the inputs used in our model are based on the following:
    - Information prepared by other consultants on behalf of UPPL
    - Specific assumptions as instructed by UPPL
    - Market assumptions that have been broadly validated where possible/applicable
    - Industry benchmarks
    - Other
- It is important to note that the feasibility model outputs are highly sensitive to changes to the input assumptions. All input assumptions will require further testing and validation as the project evolves and a higher degree of design certainty is provided. Over time, as a result of market movement, changes in economic conditions, capital availability and cost and a range of other factors applicable to the project, material changes could occur. **Any decisions based on this feasibility assessment should be undertaken with extreme caution and with the understanding that the project feasibility could change materially (either positively or negatively) as the project evolves and more certainty is provided.**

Executive Summary

General Assumptions & Limitations

Verifiable
• Project staging plan
• Land sizes for each precinct and each component.
• Funding structure for the project.
Requiring Further Consultancy
• Development application fees.
• Construction timelines.
• Pre-DA consultancy fees.
• Geotechnical report.
Subjective
• Our adopted revenue rates are based on the Client's previous assessments and have not been market tested.
• The adopted funding costs and target hurdle rates are as per the Client's advice. We have not undertaken any calculations to establish a weighted cost of capital (WACC) or other financial metrics.

Executive Summary
Disclaimers

Item	Disclaimer
Third Party	This report has been prepared only for the instructing party for the purpose stated and shall not be used by any other party for any other purpose.
Pecuniary Interest	We confirm that neither Deloitte nor the signatories to this report have any pecuniary interest that could reasonably be regarded as being capable of affecting our ability to give an unbiased assessment. We advise that this position will be maintained until the purpose for which this assessment is being obtained is completed.
Market Movement	We advise that our assessment is current at the date of this report only. The assessment herein may change significantly and unexpectedly over a relatively short period of time (including because of general market movements or factors specific to the subject property).
GST	The construction costs provided to us are assumed to be on a GST exclusive basis.
Qualifications	Our assessment herein is provided subject to the assumptions, qualifications and limitations detailed throughout this report.

Executive Summary
Information Provided

Deloitte has sourced or been provided with the following information which has been relied upon in completing this report.

Ref.	Item	Author	Date
1	Sandy Bay Redevelopment Version 2A – RLV Financial Modelling Bookend Outputs	Navire	Sep-21
2	UPPL Building Overview	UPPL	-
3	Master Plan Estimate No. 2	WT Partnership	Sep-21
4	Master Plan Estimate No. 2 – Stage 3B High Level Reconciliation	WT Partnership	Sep-21
5	Revision 3B Master Plan	Clarke Hopkin Clarke	Sep-21
6	Revision 3B – 1 Master Plan	Clarke Hopkin Clarke	Sep-21
7	Revision 3B – 2 Master Plan	Clarke Hopkin Clarke	Sep-21
8	Market Assessment Report	Deep End Services	Nov-21
9	Revision 4 – 2 Master Plan	Clarke Hopkin Clarke	Oct-21
10	Revision 6 – Master Plan	Clarke Hopkin Clarke	Nov-21
11	Revision 6 – Master Plan Area Schedule	Clarke Hopkin Clarke	Nov-21
12	Master Plan Estimate – Stage 6 – Infrastructure Staging	WT Partnership	Nov-21
13	Master Plan Estimate – Stage 6 Estimate 5 Rev 1	WT Partnership	Nov-21

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Project Overview.

Project Overview
Locational Context

The subject site is located directly south of Hobart Central Business District (CBD) and is bounded by Derwent River to the east and the hilltop of Mount Nelson to the west.

The Sandy Bay Redevelopment Masterplan comprises five (5) precincts which provide for the following land uses:

- Residential – Apartment, Townhouse, Single Lots, Retirement Living ;
- Office/Commercial;
- Retail;
- Carpark;
- Sports Centre and Recreational Centres;
- Medical Centre;
- Church/Community Centre;
- Hotel;
- School; and
- Childcare centre.

A summary of the masterplan and development yield within each precinct is provided overleaf.

The Masterplan that we have relied upon was progressively developed by Clarke Hopkins Clarke (CHC) dated 1 November 2021 (Revision 6), and was informed by the Economic Market Assessment report completed by Deep End Services.

Further details of the Masterplan follow overleaf.

Source: Reimagine Sandy Bay- A Shared Vision, Sep 2021

Project Overview
Precincts

The Concept Masterplan dated October 2021.

Existing buildings

New buildings

Not to Scale

Note that this is a concept plan only to support a Planning Scheme Amendment. Any future development application would undergo further extensive engagement, collaboration and detailed design.

Project Overview
Yield Synopsis by Stage

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7	Stage 8	Stage 9	Total
Multi-Units	269	-	298	820	290	423	-	230		**2,330**
Attached Dwellings	37	37	7	16	23	-	66	-		**186**
Detached Dwellings	17	17	-	-	-	-	42	-		**76**
Retirement Living Units	-	-	-	-	-	-	81	-		**81**
Residential Aged Care (beds)	-	-	-	-	-	-	91	-		**91**
Office (GFA)	-	-	-	10,000	-	8,400	-	500	20,261	**39,161**
Retail (GFA)	5,900	-	-	5,700	-	-	-	120	480	**12,200**
Health & Wellbeing (GFA)	1,500	3,200	-	-	-	-	-	1,000		**5,700**
Community & Education (GFA)	900	-	-	4,120	-	850	-	-	6,600	**12,470**
Serviced Apartments (rooms)	-	-	-	-	-	-	-	-	72	**72**
Hotel (rooms)	-	-	-	-	-	-	-	120		**120**
Car Parking (cars)	-	-	-	Basement carparking	-	-	-	-	300	**300**

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Project Overview
Site Development Constraints

Item	Risk Level	Comment
Potable Water	Medium	The Civil Engineering Assessment by GHD indicates there are existing water connections on site and is covered by several TasWater owned water assets. GHD advises further consultation with TasWater is required as the main constraints will be the adequacy of TasWater infrastructure to deliver the required flow to service the future development and how it will impact the surrounding areas in Sandy Bay. A summary of the water capacity of each precinct is summarised as follows: • **Precinct 1 –** There is currently three (3) main supply sources which allow flexibility in connection location and internal layout and can service both the upper and lower portion of the Precinct. • **Precinct 2 –** The Precinct is currently serviced via three (3) water connections. GHD suggests it is most likely that an additional three (3) connections is required from one of the water main to service the upper portion of the site. • **Precinct 3 –** This Precinct has two (2) options for connections, either from Churchill Avenue or the main across the site from Nelson Road Bend 7 reservoir. GHD recommends the latter as there is less formal infrastructure in the area therefore less disruptive. This option also allows another option for a single DN150 offtake. • **Precinct 4 –** This Precinct has two (2) existing connections and a smaller connection from the main DN200 from Mt.Nelson Bend 7 to service UTAS apartment complex. GHD advises this should provided adequate flow to service the proposed development. • **Precinct 5 –** A single water main currently services the existing buildings, however GHD advised the main may have to be upgraded to provided adequate servicing. The report further indicates that TasWater has advised that there is sufficient capacity in the existing water network to supply the proposed development. However as this is a large development, this will need to be revisited as more detailed plans are available.
Wastewater	Medium	The Civil Engineering Assessment by GHD indicates there are existing sewer connections on site. A summary of the sewer capacity for each precinct is summarised as follows: • **Precinct 1** – A single existing sewer connection has adequate capacity to service the Precinct. However multiple connections, steeper gradient of a larger connection may be required as this Precinct features a number of sports and recreation development in which TasWater would need to assess on a case-by-case basis. • **Precinct 2** – There is three (3) existing sewer connections which currently services the university. To keep the internal sewer networks required smaller and simpler, it is recommended to continue with multiple connections. If TasWater stipulate the requirements for one (1) connections, GHD recommended a DN225 has sufficient capacity. • **Precinct 3** – The upper portion of this Precinct is currently serviced by several connections. GHD recommended that the site is expected to require either two (2) DN150 connections or a single DN225. • **Precinct 4** – This Precinct is located adjacent to a TasWater DN150 reticulation main. GHD recommended two (2) DN150 connections at varying elevations to service the upper portion and lower portion of the Precinct. • **Precinct 5 –** As this Precinct comprises a Swim School development, TasWater will need to assess this as the Swim School will most likely exceed the capacity of the existing single DN150 connection. The site sits upslope of a TasWater DN300 gravity trunk main, therefore GHD recommends a single DN225 connection. The report indicates Taswater has also carried out a preliminary assessment of their related assets and indicated several upgrades is required to their assets as well as consideration to some constraints identified within Sandy Bay Road and within Precinct 5.
Electrical	Medium	An Electrical Services report prepared by Engineering Solutions Tasmania dated 17 September 2021, identified there is extensive utility infrastructure for both electrical and communications. However for future development, there is a requirement to maintain these easements and new services and relocations would need to be considered for the site.

Project Overview
Site Development Constraints

Item	Risk Level	Comment
Roads & Access	Medium	The site has good access to Sandy Bay Road and several internal roads towards the developed portion of the site. Bus services are available on Churchill Avenue. A review of the Planning Advice prepared by ERA Planning & Environment dated 17 September 2021 is related to the proposed Master Plan indicate that a report undertaken by Howarth Fisher Traffic Engineers identified that there is limited spare capacity in Hobart's road network with many of the main collector roads such as Sandy Bay Road, Churchill Avenue, Nelson Road, Proctors Road and the Southern Outlet are close to or at capacity.
Flood	Low	A search on City of Hobart: Potential Inundation Hazard Areas website indicate the subject property is slightly impacted by the 1% AEP flood zone. We consider the risk to be low.
Biodiversity	Medium	We have sighted a Draft Natural Values Assessment prepared by North Barker Ecosystem Services dated 17 September 2012. The assessment identified several swift parrot foraging and/or potential nesting trees within each precinct and recommends areas containing potential swift parrot foraging and nesting trees should be avoided. There is a priority to retain large mature blue gums and black gums within each precinct. Identified DGL (Eucalyptus globulus dry forest and woodland) and DOV (Eucalyptus ovata forest and woodland) is found and will be impacted in Precinct 3 and/or Precinct 5, and are listed as threatened and critically endangered respectively. It is recommended for impacts to be reduced where possible.
Site Contamination	Medium	We have sighted an Environmental Site Assessment report prepared by Geo-Environmental Solutions dated September 2021, which identified localised soil contamination over a limited area of the site, and contaminated groundwater in the lower areas of the site. GES advised further specific investigations and implementation of management plan is required and that the redevelopment of the site would not adversely impact on the human health or environment.
Asbestos	High	We have not inspected the site and are unable to view for any signs of asbestos. Having regard to the age of the improvements built circa 1950's, we would expect asbestos to be present onsite. However this should not pose as an obstacle to development as asbestos can be removed or contained as part of the demolition and redevelopment of the site.
Topography	High	Parts of the property, particularly in the areas that accommodate Precincts 3 and 4 comprise steep terrain. This could result in higher than normal construction risk and longer than typical development periods.
Geotechnical	High	Onerous ground conditions could result in a higher than usual level of construction cost risk.

Project Overview
Site Development Constraints

Item	Risk Level	Comment
Bushfire	High	According to the City of Hobart: Hobart Interim Planning Scheme 2015 Interactive map, a large portion of the subject site towards the rear is within a bushfire-prone area.
Heritage	Medium	We have sighted a Conservation Management Plan Vol. 1 & 2 (‘CMP’) prepared by Paul Davies Pty Ltd , dated September 2021. The Plan considered that the campus use as a university is significant however the actual campus itself is not of heritage significance. Collectively the university buildings may be considered to have some heritage value as the whole site was developed for university use and the various buildings development demonstrates evolution of design and building forms over a 50+ year time frame. The Plan has identified two (2) buildings considered to be a State Listed Heritage (Building 27 Arts Lecture Theatre and Building 47a Christ College) and states that those buildings will have to be retained and/or re-adapted for future development of the subject site.
Indigenous Heritage	Low	We have sighted an Aboriginal Heritage Addendum Report prepared by Cultural Heritage Management Australia, dated 21 July 2021. The report concluded that no Aboriginal heritage sites were identified and that no specific areas of elevated archaeological potential were identified.
European Heritage	Low	We have not sighted any documentation that indicates European heritage to be present on the site.
Mine Subsidence	Low	According to the Department of State Growth, Mineral Resources Tasmania interactive map, the subject site is not located in an area affected by mine subsidence.
Adjoining Development	High	Adjoining development predominately comprises residential developments, some of which have the potential in future to provide opportunity for high density residential development. We also note the Mac Point development located at Battery Point that is currently progressing to construction and comprises seven (7) stages containing similar land uses to the subject, and therefore will likely provide direct competition to the subject in the medium and long term.

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Principle Assumptions.

Principle Assumptions
Revenues

Component	Current Assessment	Comments
Revenues		
Development Scheme	Based on Revision 6 Staging has changed from five (5) precincts to nine (9) stages as provided by UPPL.	We have based our assessment on the staging plan and timing for stage commencements provided by UPPL. We note the basement carpark in Precinct 2 was not accounted for in the staging plan provided, but has now been accounted for.
Gross Realisation	Adopted market tested value rates by Deloitte.	Market sales evidence is summarised in the main report. Given the broad asset base, market evidence is limited for some assets and we have stated the level of subjectivity for the market evidence relied upon.
Disposal Method	Adopted build-to-sell for all residential product. Adopted build-to-rent for all commercial assets. We assume commercial assets will be sold at construction completion, with the first year rent capitalised in perpetuity. No revenue has been adopted for community assets.	Revenue for the aged care facility has been adopted on a capital value basis due to lack information on rentals and achievable occupancy rates. We note this is a specialised asset which requires a specialised valuer to determine its value. Hotel assets have been assessed on a BTR basis, however we note that these are also specialised assets that require a specialised valuer. Our assessment is indicative only and is not a valuation.
Existing Rentals	Existing rentals total approximately $19k and have been discarded as they have a minimal impact.	The impact of existing rental income is negligible as most existing tenancies appear to pay a peppercorn rent.
Residential Apartments Sales Rates	Adopted an effective selling rate of approx. 83 apartments per annum. Sales range between 80 and 90 apartments per annum.	We have primarily based our sales rate on an economic Market Assessment report for the project prepared by Deep End Services, which estimates a sales rate of around 70 - 95 residential apartments per annum.
Selling Commissions	Adopted 2% on revenue for residential product and 1% for commercial product. Adopted 50% of commissions for residential product to be paid upon exchange.	As discussed with and instructed by UPPL.
Marketing Costs	Adopted $3,000 per residential dwellings and 0.25% on revenue for commercial assets.	As discussed with and instructed by UPPL.
Conveyancing Costs	Adopted average $1,500 for residential product and 0.1% on revenue for commercial.	Based on average industry rates.
GST	Adopted 10% GST on residential sales only.	Standard GST application.
Escalations	Adopted 4.5% for years 1 and 2, then 3% after as advised by WTP.	Revenue growth rates have been adopted as per confirmation with UPPL. Given the prolonged project period, forecasting escalation rates is considered to be subjective.

Principle Assumptions
Costs

Component	Current Assessment	Comments
Costs		
Land Acquisition Costs	No land cost or stamp duty has been adopted.	The Client is to confirm this assumption.
Construction Cost	Based on WTP Cost plan dated 21 October 2021	Construction costs have been adopted ‘as is’ from WTP Quantity Surveyors. For Stage 9, we have apportioned 25% of site enabling cost from Stage 8 to this stage as instructed by UPPL.
Project Contingency	Adopted 5% on all development costs as advised by UPPL.	The project contingency results in a significant project cost that may not be incurred in total, however an allowance is appropriate given the scale and complexity of the project.
Statutory Fees	Adopted authority fees at 1% of construction.	Consistent with WTP assumptions in their cost plan.
DA Costs	Adopted $200k DA assessment fees and consultancy fees at 30% of construction professional fees.	Subjective assumptions based on a maximum DA assessment fee of $200k as suggested by the Planning Institute of Australia.
Land Holding Costs	Adopted nil land holding costs as advised by Client.	The land is currently under education use which normally does not attract land tax and Council rates. Client is to confirm if an allowance for water rates should be adopted.
GST	Adopted 10% on constructions costs, which is reclaimed within the same month as an input credit.	Reclaiming GST as an input credit is more aligned with market expectations.
Staging	Adopted staging as per the staging plan provided by UPPL. The plan provides for nine (9) stages and the sequencing of stages has been confirmed by the Client.	Commencement of each stage is based on the staging plan provided by UPPL, however further details are required to confirm commencement of construction for each stage and each asset within each stage. UPPL are to provide a more detailed decant plan.
Escalations	Adopted 5.5% for years 1 and 2, then 3% after for construction costs as advised by UPPL and provided by WTP. Adopted 2.5% for all other costs as a proxy for the long term inflation rate.	Cost growth rates have been adopted as per the UPPL instruction. Given the prolonged project period, forecasting escalation rates is considered to be subjective.

Principle Assumptions
Funding & Hurdle Rates

Component	Current Assessment	Comments
Funding		
Equity	The project assumes 100% debt funding with nil equity.	As instructed by UPPL.
Equity Repayment	Repaid when available – surplus cash retained for future costs.	The model pays out surplus cash to equity if there are not future costs to be funded. We consider this to be a market aligned assumption, and has been agreed to with the Client.
Debt Facility	No set limit, debt is used as an overdraft facility.	We consider this to be a aligned appropriate assumption.
Interest Rate	Adopted 4% (all-in). UPPL advised 4% assuming UPPL is developer.	As instructed by UPPL.
Hurdle Rates		
Target Development Margin	Adopted 20%.	Given the prolonged project period, the IRR is considered to be a more appropriate measure for project performance as it captures the time value of money, whereas the development margin does not. This is in line with standard industry practice.
Target IRR	Adopted 17.50%.	Private developers for this type and scale of project would usually be on an institutional level and would measure project performance against their weighted average cost of capital (WACC). Deloitte is of the opinion that a risk-adjusted target IRR of 15% to 20% would be more appropriate from a private developer's perspective. This assumption is to be confirmed with the Client.

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Gross Realisation Summary.

Gross Realisation Summary

Capital Value Rates

Type of Use	Sales Evidence Value Range (approximate)	Adopted Values Rates	Subjectivity of Adopted Rates	Comment
Residential Apartments	$5,300 to $15,250 per sqm of internal area	Approx $9,000 per sqm of net saleable area	Medium	We have been provided with off-the-plan apartment sales evidence by Knight Frank from recently completed projects within the Greater Hobart region. The sales indicate that the most comparable project is the “Bay Vue” project located in Sandy Bay adjoining the subject to the east. It achieved a blended value rate of approx. $11,830 per sqm of internal area based on available sales information. As confirmed by UPPL and the masterplan architect, this project indicates the quality and amenity envisioned for the subject development. By adopting a value rate of $10,000 for internal living area based on the GFA and number of dwellings provided for the subject site, our assessment indicates an NSA value of approximately $9,000 per sqm across the development, which equates to approximately $800,000 per average sized 2 bedroom apartment (at 80 sqm of internal area plus 8 sqm balcony).
Attached Dwellings	$705,000 to $1,300,000 per townhouse	$800,000 per townhouse	Medium	WTP have referenced the “Kings Quarter” townhouse development located at Kingston as a benchmark project for estimating construction costs for this component. Listings within this development range from $750,000 to $850,000. The development is however considered to be in an inferior location.
Detached Dwellings	$750,000 to $850,000 per dwelling	$900,000 per dwelling	High	There is a paucity of available sales evidence for modern single dwellings on small lots within the Greater Hobart region. We expect the proposed product to achieve value rates similar to townhouses.
Retirement Independent Living Units (ILU)	$300,000 to $635,000 per ILU	$600,000 per ILU	High	There is a paucity of available sales evidence for ILU’s within the Greater Hobart region. Our adopted value rate is at the upper end based on the superior location of Sandy Bay in comparison to the available sales evidence. Our adopted value rate also shows an approximate 20% discount to our adopted residential value rates, which we believe is appropriate.
Residential Aged Care	$83,000 to $180,000 per bed	$175,000 per bed	High	There is a paucity of available sales evidence for Residential Aged Care Facilities within the Greater Hobart region. Our adopted value rate is at the upper end based on the superior location of Sandy Bay in comparison to the available sales evidence. Residential Aged Care is a specialised asset which requires a specialist valuer to determine the value of the asset on an income basis. We therefore consider our adopted value rate to be highly subjective and requires further research and consultancy.
Serviced Apartments	$225,000 to $500,000 per room	$250,000 per room	Medium	Based on an approximate 3 star quality operation, the available sales evidence is considered to provide adequate support to our adopted value rate. We have created a forecast cashflow and assessed this asset on an income basis by capitalising the EBITDA in Year 3. Our assessed value shows a resultant capital value rate that falls within the range indicated by the sales evidence. We note our assumptions are highly subjective and require further research, particularly in estimated ADRs and occupancy rates which requires STR data.
Eco Hotel	$400,000 to $765,000 per room	$400,000 per room	High	We have been advised that the Eco Hotel will be constructed to the highest quality in the market. However the viability of a hotel of this standard in a relatively untested location needs to be measured against achievable occupancy rates, ADR’s and RevPAR. We have created a forecast cashflow and assessed this asset on an income basis by capitalising the EBITDA in Year 5. Our assessed value shows a resultant capital value rate that falls within the range indicated by the sales evidence. We note our assumptions are highly subjective and require further research, particularly in estimated ADRs and occupancy rates which requires STR data.

Gross Realisation Summary

Capital Value Rates

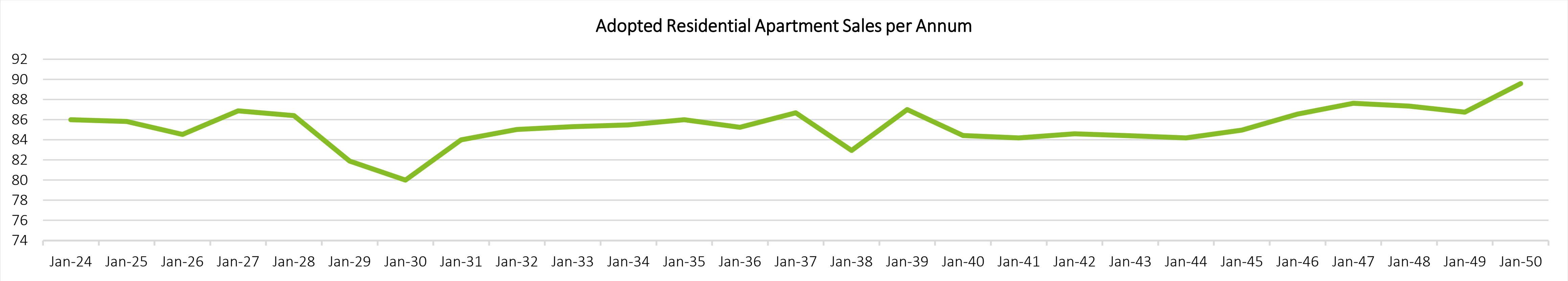
Type of Use	Sales Evidence Value Range (approximate)	Adopted Values Rates	Subjectivity of Adopted Rates	Comment
Commercial Office	$2,500 to $8,000 per sqm of lettable area	$3,531 per sqm of lettable area (vacant possession)	Medium	We have been advised by the Client that the office component will be of A-Grade quality. Office space of this quality is clustered towards the city centre, which makes Sandy Bay a relatively untested location. We have assessed this asset on an income basis by capitalising the net income and making adjustments for permanent vacancies, let up costs and incentives. Our assessed value shows a capital value rate that falls within the range indicated by the sales evidence.
Retail Specialty (ground floor retail)	$5,000 to $22,000 per sqm of lettable area	$7,164 per sqm of lettable area (vacant possession)	Medium	This retail space is expected to achieve strong value rates due to its proximity to high density development. The available sales evidence is considered to provide adequate support for our adopted value rate. We have assessed this asset on an income basis by capitalising the estimated net income and making adjustments for permanent vacancies, let up costs and incentives. Our assessed value shows a capital value rate that falls within the range indicated by the sales evidence.
Supermarket	$5,900 to $10,900 per sqm of lettable area	$4,583 per sqm of lettable area.	Medium	We have assessed this asset on an income basis by capitalising the estimated net income and making adjustments for permanent vacancies, let up costs and incentives. Our assessed value shows a lower capital value rate in comparison to the sales evidence. The location appears to be already serviced by retail, and the available sales evidence is in much stronger locations.
Health & Wellbeing – Medical & Sports	$3,500 to $12,845 per sqm of lettable area	$5,519 per sqm of lettable area	Medium	The location and floor space area for this component is considered too remote and small to provide for institutional investment, and is expected to predominantly cater to local market health services. We have assessed this asset on an income basis by capitalising the estimated net income and making adjustments for permanent vacancies, let up costs and incentives. . Our assessed value shows a capital value rate that falls within the range indicated by the sales evidence.
Community Facilities / Halls	$1,500 to $2,500 per sqm of building area	$0 per sqm of lettable area	High	We have not adopted a value rate for community assets as we assume these will transfer to the community at nil value.
Outdoor Sports and Recreation Centres	$150 to $650 per sqm of site area	$0 per sqm of lettable area	High	We have not adopted a value rate for community outdoor sporting assets as we assume these will transfer to the community at nil value.
Education – childcare centres	$40,000 to $70,000 per child place	$34,000 per child place	Medium	Based on the available sales evidence, we have estimated child places for the subject based on 7 sqm of GFA per child. We have assessed this asset on an income basis by capitalising the estimated net income. Our assessed value shows a lower capital value rate in comparison to the sales evidence, as we factor in the anticipated low demand for child care.
Education - eco-learning centre	$2,500 to $8,000 per sqm of lettable area	$0 per sqm of lettable area	High	We have not adopted a value rate for community educational assets as we assume these will transfer to the community at nil value.
Car Parking	$50,000 to $115,000 per bay	$0 per sqm of lettable area	High	We have not adopted a value rate for community assets as we assume these will transfer to the community at nil value.

Residential Apartments
Sales Rates

The market assessment report by Deep End concludes the following:

- Over the forecast period post-Covid, underlying dwelling demand across the study area (Greater Hobart Region) is forecast to reach around 1,450 new dwellings per annum, including demand for 70-79 medium-density dwellings pa within Sandy Bay.
- Building approvals data shows that a large share of new development in Inner Hobart consists of apartments and medium density developments, and there is strong potential for the subject site to compete for a share of this market, emphasising the attractive local aspect.
- Having regard for current approvals by type and with potential for this share to increase over time, the underlying demand for dwellings of the type that may be constructed in Churchill Precinct (the subject) is forecast to be approximately 270-290 new dwellings per year, representing 20% of dwelling demand across the study area.
- Development at the subject site has potential to capture a substantial share of this market given its attractive attributes. This is sufficient to support an average ‘roll-out’ of approximately 70-95 dwellings per year, or around 1,400 to 2,000 dwellings over a 20-year project horizon (this figure relates to demand across tenure formats including owner-occupiers.
- The Deep End report does not provide a methodology to support the conclusion of an average roll-out of approximately 70-95 dwellings per year at Sandy Bay. We have inquired with the head of Knight Frank Tasmania (Hobart office) who, in their opinion and based on their local market knowledge, supported the sales rate concluded by Deep End.

Based on the above, we have adopted an effective selling rate of 83 apartments per annum over the life of the project. Our sales rate falls within and is based upon the sales rate advised by Deep End Services of 70 to 95 medium density dwellings pa for the Sandy Bay project.



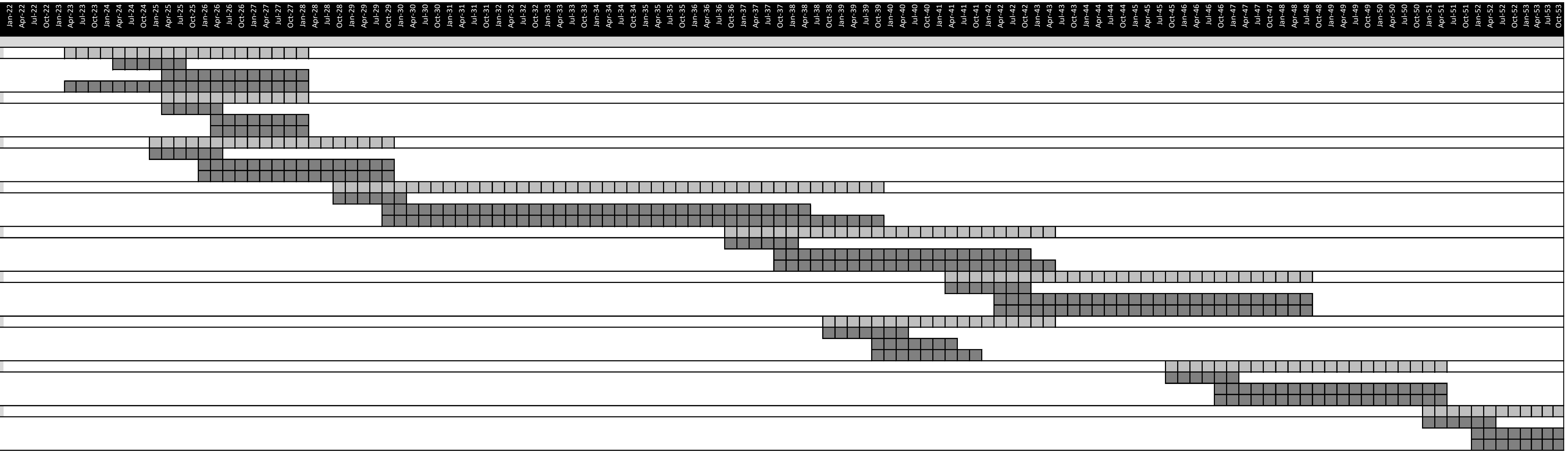
5

Project Feasibility.

Reconciliation

Project Staging – Gantt Chart

Stage No.	Component	Start Date	End Date	Total Years
Stage 1		Feb-23	Feb-28	5.0
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 2		Feb-25	Mar-28	3.1
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 3		Dec-24	Dec-29	5.0
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 4		Aug-28	Dec-39	11.3
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 5		Sep-36	May-43	6.7
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 6		Apr-41	Sep-48	7.4
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 7		Oct-38	Apr-43	4.5
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 8		Aug-45	May-51	5.8
	Site Enabling Works			
	Construction Costs			
	Sales			
Stage 9		Oct-50	Oct-53	3.0
	Site Enabling Works			
	Construction Costs			
	Sales			



Observations

- Staging has been adopted as per the UPPL staging plan and is assumed to align with the UTAS decant plan.
- The above staging is primarily driven by the residential sales rate of approximately 83 apartments per annum as discussed earlier.
- Stage 4 has the longest development and selldown period. Due to the selldown of Stage 4 which comprises a significant amount of high density residential stock, subsequent stages 5 and 6 are delayed.
- Stage 7 commencement occurs earlier as it mostly comprises low density residential and retirement living units which are not expected to compete with high density residential, as well as some medium density residential product.

Reconciliation

Staged Project Summary

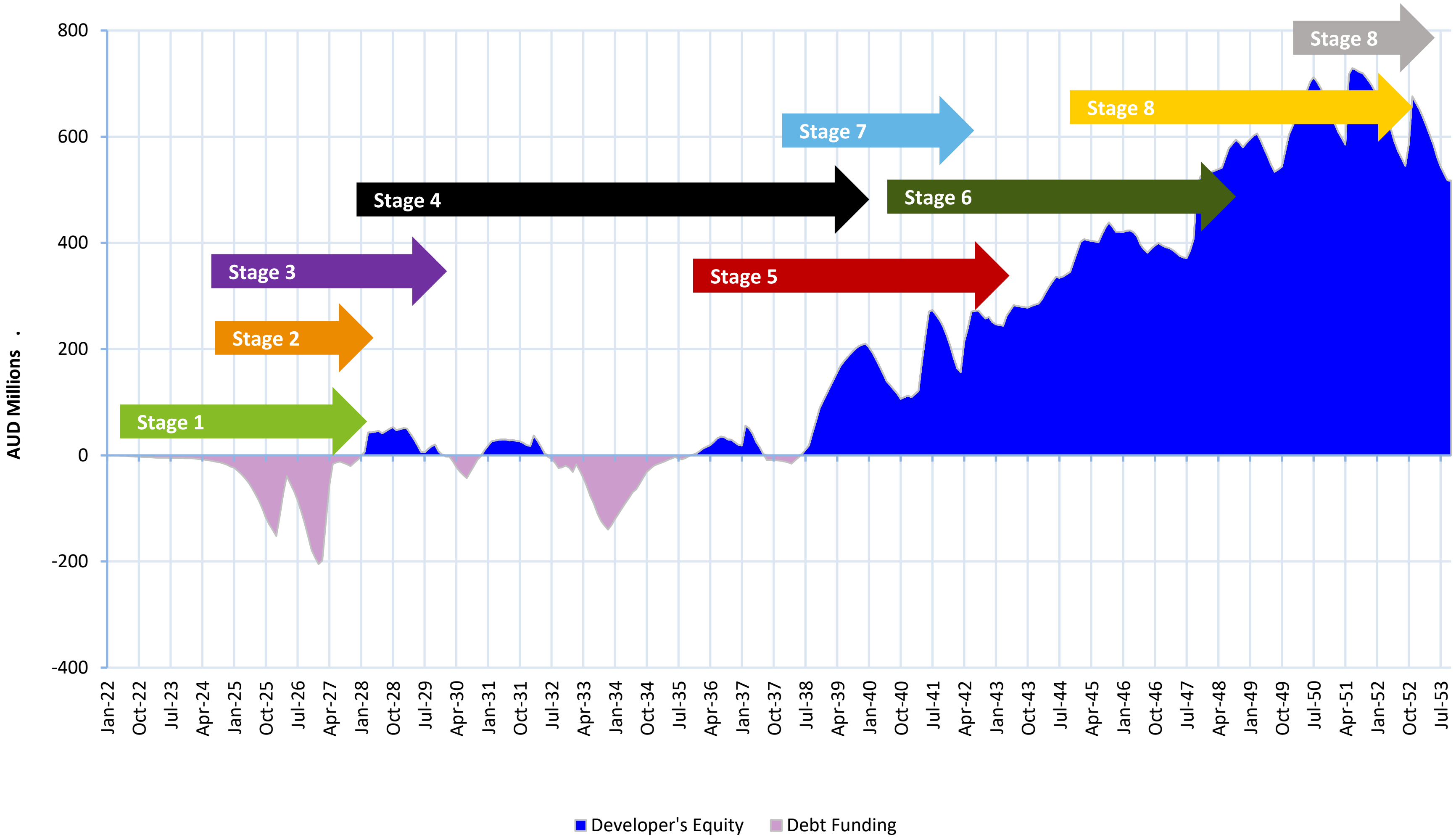
Stage	Project Whole		1		2		3		4		5		6		7		8		9	
Commencement Date	Jan-2022		Mar-2022		May-2024		Mar-2024		Nov-2027		Dec-2035		Jul-2040		Jan-2038		Nov-2044		Jan-2050	
Completion Date	Oct-2053		Mar-2028		Mar-2028		Feb-2030		Dec-2039		Apr-2043		Sep-2048		Jun-2042		Oct-2052		Oct-2053	
Lead-in Time (yrs)	0.00		0.21		2.38		2.21		5.87		13.96		18.54		16.04		22.87		28.04	
Construction Period (yrs)	29.67		4.00		3.00		5.00		9.67		6.17		7.42		3.50		5.75		3.00	
Development & Selldown Period (yrs)	31.75		6.00		3.83		5.91		12.09		7.33		8.16		4.42		7.92		3.75	
Global Cost Allocation	100.00%		16.17%		2.15%		9.71%		29.91%		8.52%		12.21%		2.91%		11.28%		7.15%	
Revenues																				
Gross Sales Revenue	**$4,298,906,186**	**100.0%**	**$351,993,135**	**100.0%**	**$76,368,731**	**100.0%**	**$302,519,475**	**100.0%**	**$1,150,278,432**	**100.0%**	**$482,599,611**	**100.0%**	**$846,569,684**	**100.0%**	**$304,425,413**	**100.0%**	**$624,466,563**	**100.0%**	**$159,685,143**	**100.0%**
Less Selling Costs	-$68,285,326	1.6%	-$10,713,772	3.0%	-$1,430,848	1.9%	-$6,499,243	2.1%	-$20,387,388	1.8%	-$6,014,693	1.2%	-$8,690,980	1.0%	-$2,305,960	0.8%	-$7,754,826	1.2%	-$4,487,615	2.8%
NET SALES REVENUE	**$4,230,620,860**	**98.4%**	**$341,279,363**	**97.0%**	**$74,937,883**	**98.1%**	**$296,020,231**	**97.9%**	**$1,129,891,043**	**98.2%**	**$476,584,918**	**98.8%**	**$837,878,704**	**99.0%**	**$302,119,452**	**99.2%**	**$616,711,737**	**98.8%**	**$155,197,528**	**97.2%**
Less Leasing Costs	-$28,413,691	0.7%	-$4,594,811	1.3%	-$610,291	0.8%	-$2,758,973	0.9%	-$8,497,995	0.7%	-$2,420,213	0.5%	-$3,469,572	0.4%	-$825,430	0.3%	-$3,205,080	0.5%	-$2,031,325	1.3%
TOTAL REVENUE (before GST paid)	**$4,202,207,169**	**97.8%**	**$336,684,552**	**95.7%**	**$74,327,592**	**97.3%**	**$293,261,258**	**96.9%**	**$1,121,393,049**	**97.5%**	**$474,164,704**	**98.3%**	**$834,409,132**	**98.6%**	**$301,294,022**	**99.0%**	**$613,506,657**	**98.2%**	**$153,166,203**	**95.9%**
Less GST paid on all Revenue	-$333,183,649	7.8%	-$53,879,513	15.3%	-$7,156,368	9.4%	-$32,352,180	10.7%	-$99,648,896	8.7%	-$28,379,824	5.9%	-$40,684,778	4.8%	-$9,679,135	3.2%	-$37,583,299	6.0%	-$23,819,656	14.9%
TOTAL REVENUE (after GST paid)	**$3,869,023,520**	**90.0%**	**$282,805,039**	**80.3%**	**$67,171,224**	**88.0%**	**$260,909,078**	**86.2%**	**$1,021,744,152**	**88.8%**	**$445,784,881**	**92.4%**	**$793,724,353**	**93.8%**	**$291,614,887**	**95.8%**	**$575,923,358**	**92.2%**	**$129,346,547**	**81.0%**
Costs																				
Land and Acqusition	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Construction (inc. Prelims, Margin & Design Cont.)	$2,846,627,300	66.2%	$226,028,118	64.2%	$42,400,026	55.5%	$195,207,240	64.5%	$770,386,549	67.0%	$251,911,523	52.2%	$407,841,615	48.2%	$222,254,915	73.0%	$428,069,180	68.5%	$302,528,134	189.5%
Professional Fees	$296,438,296	6.9%	$27,244,662	7.7%	$5,037,066	6.6%	$16,483,486	5.4%	$79,365,383	6.9%	$21,093,052	4.4%	$41,470,147	4.9%	$18,419,545	6.1%	$47,112,485	7.5%	$40,212,468	25.2%
Construction Contingencies	$179,216,213	4.2%	$14,044,436	4.0%	$3,044,232	4.0%	$9,988,122	3.3%	$48,451,262	4.2%	$12,769,964	2.6%	$25,215,012	3.0%	$11,074,431	3.6%	$28,654,411	4.6%	$25,974,341	16.3%
ESD & Wellness/FFE & Artwork	$72,431,982	1.7%	$4,304,238	1.2%	$1,975,602	2.6%	$993,761	0.3%	$15,647,937	1.4%	$192,930	0.0%	$9,310,369	1.1%	$237,615	0.1%	$21,181,349	3.4%	$18,588,181	11.6%
Authority Fees	$27,220,985	0.6%	$2,174,455	0.6%	$563,206	0.7%	$1,766,877	0.6%	$6,935,524	0.6%	$2,597,760	0.5%	$4,057,310	0.5%	$2,324,774	0.8%	$3,719,051	0.6%	$3,082,028	1.9%
Marketing Costs	$23,350,202	0.5%	$2,004,427	0.6%	$443,630	0.6%	$1,930,792	0.6%	$6,668,155	0.6%	$2,717,600	0.6%	$4,396,452	0.5%	$1,729,115	0.6%	$3,105,051	0.5%	$354,980	0.2%
Project Contingency (Reserve)	$174,783,950	4.1%	$28,264,515	8.0%	$3,754,141	4.9%	$16,971,546	5.6%	$52,274,557	4.5%	$14,887,698	3.1%	$21,342,723	2.5%	$5,077,552	1.7%	$19,715,726	3.2%	$12,495,492	7.8%
Pre-Sale Commissions	$50,394,027	1.2%	$8,149,276	2.3%	$1,082,401	1.4%	$4,893,267	1.6%	$15,071,896	1.3%	$4,292,448	0.9%	$6,153,573	0.7%	$1,463,969	0.5%	$5,684,474	0.9%	$3,602,723	2.3%
Interest Expense	$18,200,002	0.4%	$2,943,143	0.8%	$390,913	0.5%	$1,767,223	0.6%	$5,443,275	0.5%	$1,550,235	0.3%	$2,222,387	0.3%	$528,718	0.2%	$2,052,970	0.3%	$1,301,138	0.8%
TOTAL COSTS (before GST reclaimed)	**$3,688,662,957**	**85.8%**	**$315,157,271**	**89.5%**	**$58,691,217**	**76.9%**	**$250,002,313**	**82.6%**	**$1,000,244,538**	**87.0%**	**$312,013,212**	**64.7%**	**$522,009,588**	**61.7%**	**$263,110,635**	**86.4%**	**$559,294,698**	**89.6%**	**$408,139,485**	**255.6%**
Less GST reclaimed	-$337,031,781	7.8%	-$54,501,799	15.5%	-$7,239,021	9.5%	-$32,725,834	10.8%	-$100,799,799	8.8%	-$28,707,599	5.9%	-$41,154,670	4.9%	-$9,790,925	3.2%	-$38,017,370	6.1%	-$24,094,763	15.1%
TOTAL COSTS (after GST reclaimed)	**$3,351,631,176**	**78.0%**	**$260,655,472**	**74.1%**	**$51,452,196**	**67.4%**	**$217,276,479**	**71.8%**	**$899,444,739**	**78.2%**	**$283,305,613**	**58.7%**	**$480,854,917**	**56.8%**	**$253,319,711**	**83.2%**	**$521,277,328**	**83.5%**	**$384,044,721**	**240.5%**
Performance Indicators																				
Development Profit	$517,392,344		$22,149,568		$15,719,029		$43,632,599		$122,299,413		$162,479,267		$312,869,436		$38,295,176		$54,646,031		-$254,698,175	
Development Margin	**15.13%**		**8.16%**		**29.72%**		**19.50%**		**13.30%**		**56.16%**		**63.91%**		**14.98%**		**10.33%**		**-65.55%**	
Residual Land Value (@ Target Margin of 20%)	-$121,838,295		-$19,702,612		-$2,616,934		-$11,830,516		-$36,439,518		-$10,377,908		-$14,877,573		-$3,539,457		-$13,743,427		-$8,710,350	
NPV (Discounted @ 17.5% p.a. Nominal)	$1,308,756		$13,899,180		$5,941,637		$7,801,994		-$19,949,375		$2,314,628		-$654,408		-$365,316		-$4,018,149		-$3,661,434	
IRR	**17.85%**		**32.45%**		**-9.72%**		**25.73%**		**8.50%**		**22.08%**		**16.58%**		**15.06%**		**5.16%**		**N/A**	
Residual Land Value (@ Target IRR of 17.5%)	$1,219,750		$197,247		$26,199		$118,438		$364,804		$103,896		$148,943		$35,434		$137,588		$87,201	

Conclusions

- On a project whole basis, the project achieves an IRR of 17.85% against a target IRR of 17.50%. This results in a residual land value of $1,219,759 for the project.
- We note that the above staging of costs, revenues and performance indicators is indicative only as some components are apportioned across the stages according to the global cost allocation ratios.
- The above assessment does not include a land cost as instructed by the client UPPL.

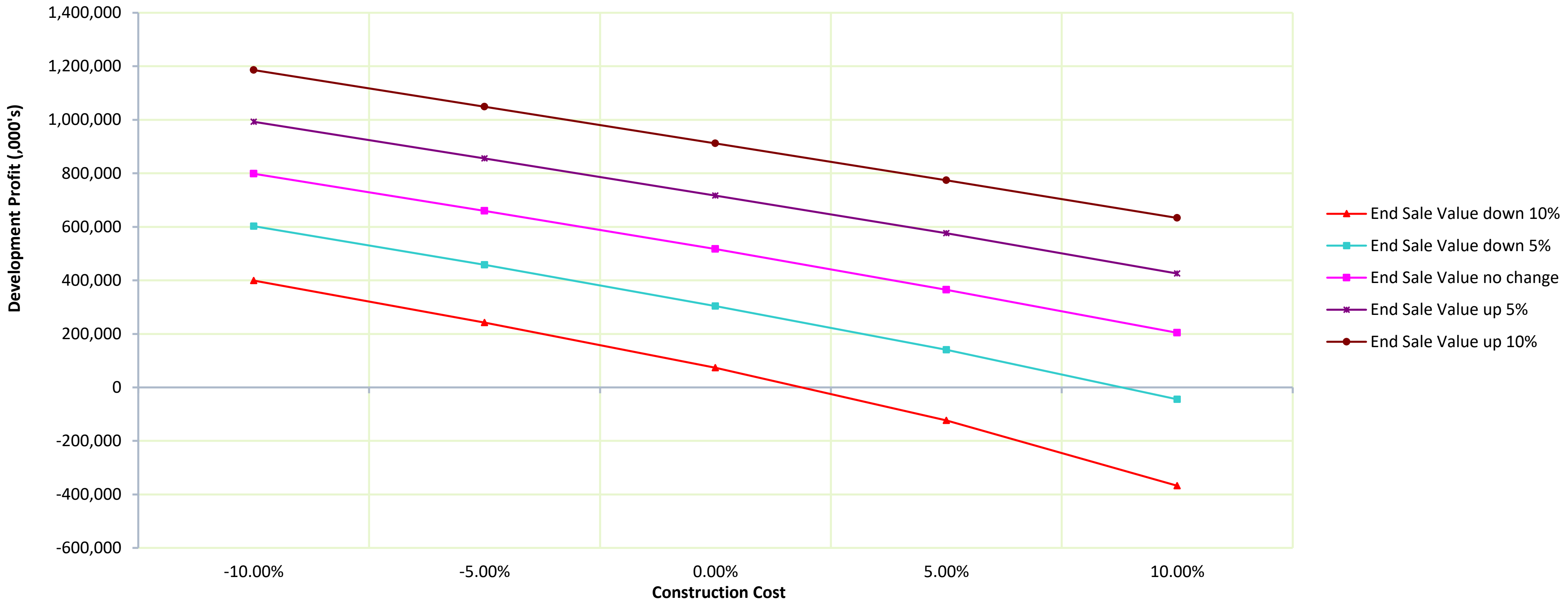
Reconciliation

Cumulative Cash Flow



Sensitivity

Variations in Development Profit



Construction Cost	End Sale Value	▼10%	▼5%	no change	▲5%	▲10%
	▼10%	399,079	602,352	798,135	992,152	1,185,604
	▼5%	241,918	458,513	659,557	855,090	1,049,046
	no change	73,918	303,639	**517,392**	716,689	912,042
	▲5%	(123,573)	140,467	364,623	575,709	773,797
	▲10%	(367,673)	(44,750)	204,067	425,329	633,414

Reconciliation

Sensitivity – Land Cost at $26m

Stage	Project Whole		1		2		3		4		5		6		7		8		9	
Commencement Date	Jan-2022		Jan-2022		May-2024		Mar-2024		Nov-2027		Dec-2035		Jul-2040		Jan-2038		Nov-2044		Jan-2050	
Completion Date	Oct-2053		Mar-2028		Mar-2028		Feb-2030		Dec-2039		Apr-2043		Sep-2048		Jun-2042		Oct-2052		Oct-2053	
Lead-in Time (yrs)	0.00		0.04		2.38		2.21		5.87		13.96		18.54		16.04		22.87		28.04	
Construction Period (yrs)	29.67		4.00		3.00		5.00		9.67		6.17		7.42		3.50		5.75		3.00	
Development & Selldown Period (yrs)	31.75		6.17		3.83		5.91		12.09		7.33		8.16		4.42		7.92		3.75	
Global Cost Allocation	100.00%		16.17%		2.15%		9.71%		29.91%		8.52%		12.21%		2.91%		11.28%		7.15%	
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Less Selling Costs	-$68,285,326	1.6%	-$10,713,772	3.0%	-$1,430,848	1.9%	-$6,499,243	2.1%	-$20,387,388	1.8%	-$6,014,693	1.2%	-$8,690,980	1.0%	-$2,305,960	0.8%	-$7,754,826	1.2%	-$4,487,615	2.8%
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Less GST paid on all Revenue	-$333,183,649	7.8%	-$53,879,513	15.3%	-$7,156,368	9.4%	-$32,352,180	10.7%	-$99,648,896	8.7%	-$28,379,824	5.9%	-$40,684,778	4.8%	-$9,679,135	3.2%	-$37,583,299	6.0%	-$23,819,656	14.9%
TOTAL REVENUE (after GST paid)	**$3,869,023,520**	**90.0%**	**$282,805,039**	**80.3%**	**$67,171,224**	**88.0%**	**$260,909,078**	**86.2%**	**$1,021,744,152**	**88.8%**	**$445,784,881**	**92.4%**	**$793,724,353**	**93.8%**	**$291,614,887**	**95.8%**	**$575,923,358**	**92.2%**	**$129,346,547**	**81.0%**
Costs																				
Land and Acqusition	$27,756,658	0.6%	$27,756,658	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%	$0	0.0%
Construction (inc. Prelims, Margin & Design Cont.)	$2,846,627,300	66.2%	$226,028,118	64.2%	$42,400,026	55.5%	$195,207,240	64.5%	$770,386,549	67.0%	$251,911,523	52.2%	$407,841,615	48.2%	$222,254,915	73.0%	$428,069,180	68.5%	$302,528,134	189.5%
Professional Fees	$296,438,296	6.9%	$27,244,662	7.7%	$5,037,066	6.6%	$16,483,486	5.4%	$79,365,383	6.9%	$21,093,052	4.4%	$41,470,147	4.9%	$18,419,545	6.1%	$47,112,485	7.5%	$40,212,468	25.2%
Construction Contingencies	$179,216,213	4.2%	$14,044,436	4.0%	$3,044,232	4.0%	$9,988,122	3.3%	$48,451,262	4.2%	$12,769,964	2.6%	$25,215,012	3.0%	$11,074,431	3.6%	$28,654,411	4.6%	$25,974,341	16.3%
ESD & Wellness/FFE & Artwork	$72,431,982	1.7%	$4,304,238	1.2%	$1,975,602	2.6%	$993,761	0.3%	$15,647,937	1.4%	$192,930	0.0%	$9,310,369	1.1%	$237,615	0.1%	$21,181,349	3.4%	$18,588,181	11.6%
Authority Fees	$27,220,985	0.6%	$2,174,455	0.6%	$563,206	0.7%	$1,766,877	0.6%	$6,935,524	0.6%	$2,597,760	0.5%	$4,057,310	0.5%	$2,324,774	0.8%	$3,719,051	0.6%	$3,082,028	1.9%
Marketing Costs	$23,350,202	0.5%	$2,004,427	0.6%	$443,630	0.6%	$1,930,792	0.6%	$6,668,155	0.6%	$2,717,600	0.6%	$4,396,452	0.5%	$1,729,115	0.6%	$3,105,051	0.5%	$354,980	0.2%
Project Contingency (Reserve)	$174,783,950	4.1%	$28,264,515	8.0%	$3,754,141	4.9%	$16,971,546	5.6%	$52,274,557	4.5%	$14,887,698	3.1%	$21,342,723	2.5%	$5,077,552	1.7%	$19,715,726	3.2%	$12,495,492	7.8%
Pre-Sale Commissions	$50,394,027	1.2%	$8,149,276	2.3%	$1,082,401	1.4%	$4,893,267	1.6%	$15,071,896	1.3%	$4,292,448	0.9%	$6,153,573	0.7%	$1,463,969	0.5%	$5,684,474	0.9%	$3,602,723	2.3%
Interest Expense	$37,893,990	0.9%	$6,127,881	1.7%	$813,915	1.1%	$3,679,512	1.2%	$11,333,372	1.0%	$3,227,724	0.7%	$4,627,204	0.5%	$1,100,837	0.4%	$4,274,463	0.7%	$2,709,082	1.7%
TOTAL COSTS (before GST reclaimed)	**$3,736,113,602**	**86.9%**	**$346,098,666**	**98.3%**	**$59,114,219**	**77.4%**	**$251,914,602**	**83.3%**	**$1,006,134,636**	**87.5%**	**$313,690,701**	**65.0%**	**$524,414,404**	**61.9%**	**$263,682,755**	**86.6%**	**$561,516,191**	**89.9%**	**$409,547,429**	**256.5%**
Less GST reclaimed	-$337,031,781	7.8%	-$54,501,799	15.5%	-$7,239,021	9.5%	-$32,725,834	10.8%	-$100,799,799	8.8%	-$28,707,599	5.9%	-$41,154,670	4.9%	-$9,790,925	3.2%	-$38,017,370	6.1%	-$24,094,763	15.1%
TOTAL COSTS (after GST reclaimed)	**$3,399,081,822**	**79.1%**	**$291,596,867**	**82.8%**	**$51,875,198**	**67.9%**	**$219,188,768**	**72.5%**	**$905,334,836**	**78.7%**	**$284,983,102**	**59.1%**	**$483,259,734**	**57.1%**	**$253,891,830**	**83.4%**	**$523,498,820**	**83.8%**	**$385,452,666**	**241.4%**
Performance Indicators																				
Development Profit	$469,941,699		-$8,791,828		$15,296,027		$41,720,310		$116,409,316		$160,801,778		$310,464,620		$37,723,057		$52,424,538		-$256,106,119	
Development Margin	**13.55%**		**-2.91%**		**28.69%**		**18.49%**		**12.57%**		**55.26%**		**63.11%**		**14.72%**		**9.87%**		**-65.68%**	
Residual Land Value (@ Target Margin of 20%)	-$121,739,137		-$19,686,577		-$2,614,804		-$11,820,888		-$36,409,862		-$10,369,462		-$14,865,465		-$3,536,577		-$13,732,242		-$8,703,261	
NPV (Discounted @ 17.5% p.a. Nominal)	-$26,485,254		-$14,254,172		$5,941,637		$7,801,994		-$19,949,375		$2,314,628		-$654,408		-$365,316		-$4,018,149		-$3,661,434	
IRR	**12.98%**		**0.97%**		**-9.72%**		**25.73%**		**8.50%**		**22.08%**		**16.58%**		**15.06%**		**5.16%**		**N/A**	
Residual Land Value (@ Target IRR of 17.5%)	$1,219,750		$197,247		$26,199		$118,438		$364,804		$103,896		$148,943		$35,434		$137,588		$87,201	

Conclusions

- On a project whole basis, the project achieves an IRR of 12.98% when a land cost of $26m plus stamp duty is included.
- The land cost increases the interest expense from $18.2m to $37.9m as the project is 100% debt-funded.
- The land cost is paid upfront in Stage 1, it has not been staggered across the development stages.