The University of Tasmania

Planning Scheme Amendment
University of Tasmania (UTAS) Sandy Bay Masterplan
Financial Feasibility Assessment – Working Draft

Prepared for UTAS Properties Pty Ltd
Prepared by Deloitte Real Estate Advisory
March 2022

Contents

01 Project Overview 14

02 Feasibility Assessment Method 21

03 Principle Assumptions 24

04 Gross Realisation Summary 30

05 Masterplan Staging 38

06 Base Case Feasibility 48

07 Relevant Case Studies 58

08 Alternative Delivery Model 68

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
Project Code	UTA00015
Report Version	Draft

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 GHD. 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, this 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 possibly 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 84 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.

Executive Summary

Key Project Considerations

Consideration	Comment
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 84 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 we reserve the right to review our assessment herein if the assumption provided for the schedule of finishes changes.
Departures from the Master Plan	Several departures from the Master Plan Revision 6 have been instructed by UPPL and advised by third-party consultants. These departures have resulting in the project gaining a net revenue of $103.5m before escalations. We note that due to the compounding effect of escalations, the gain in revenue potentially escalates to over $250m in additional net development profit. These departures have not been validated by Deloitte and we strongly recommend that they be further tested to ensure that they are market realistic and achievable, before placing reliance on the feasibility assessment.
Residential Aged Care (RAC) Facility	UPPL has requested a departure from the master plan that removes the proposed residential aged care facility and replaces it with 80 independent living apartments (ILA's), which brings the total number of ILA's to 161. Based on our market observations, optimal aged care developments tend to co-locate ILA's to a RAC to allow for residents to transfer between the two components and have shared facilities. Therefore this departure from the master plan may represent a departure from market expectations for this type of product. The development of 161 ILA's without a co-located RAC facility and common facilities may not appeal to the market and therefore may not achieve selling prices and selling rates expected for this type of product in the market.
Eco-Tourism Assets	UPPL has requested a departure from the master plan that removes the construction of the urban wilderness retreat (formerly the eco-hotel), the eco-learning centre and the adventure tourism centre. We note that the master plan architect CHC has advised that these assets were incorporated into the master plan due to planning restrictions in Precinct 5 which require a unique planning proposal to justify development on the land given its proximity to biodiversity. It is unclear if the development of these tourism assets is required to unlock development of other proposed assets (residential and retail) for the Precinct. It is possible that removing the development of eco-tourism assets in Precinct 5 may greatly increase the planning risk for the precinct, which could affect the development of other proposed assets within the precinct.

Executive Summary

Key Project Considerations

Consideration	Comment
Market Risk	Given the long-dated development period of circa 30 years, the property market is expected to eventually slow down at some point during the life of the project. For the project, a higher exposure to mixed-use developments could mitigate risk. However currently more than 95% of revenue comes from residential product, which exposes the project to significant risk in the residential market. Furthermore, this indicates the master plan has insufficient flexibility to respond to the changing market conditions over the life of the project.
Cost of Capital	The adopted cost of capital at 4.00% (all-in) is considered to be low, however this could rise again based on historical trends. Given the long-dated development period of circa 30 years, we would expect interest rates to rise to a higher average rate overall.
Site Specific Risks	Additional construction costs associated with topography, geotechnical, environmental, flora and fauna works may incur for the development. We have provided an analysis of site development constraints in our annexures.
Additional Costs	Additional costs associated with trunk infrastructure or upgrade requirement costs, access points and intersection upgrades may incur for the development. We have provided an analysis of site development constraints in our annexures.
Construction Cost Escalations	As instructed by UPPL, construction costs are escalated by 5.5% in years 1 and 2 and at 3% onwards. Given the long-dated development period of circa 30 years, forecasting escalation rates is considered to be subjective.
Contractors and Materials	The ability to source contractors and materials may be difficult in the current market conditions due to labour and supply shortages.
Community Objections	A community group called 'Save UTAS Campus' has opposed UTAS plans to relocate to Hobart CBD and are seeking an independent review of the decision arguing that the decision does not make financial sense. Potential for further community objections may arise with the master plan development of Sandy Bay.

Executive Summary
Critical Assumptions

Critical
• All assumptions and inputs within this assessment have been provided by UPPL and have not been verified by Deloitte. Information prepared and provided by others, upon which portions of this report and our analysis are based, is believed to be accurate and reliable. Should any of these inputs prove to be erroneous it may have a significant impact on the modelled outcome. 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.
• Deloitte have not been engaged to provide valuation advice and nothing in our report should be treated or relied upon as valuation advice.
• 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, asset protection zones (APZs) and Environment Protection and Biodiversity Conservation (EPBC) referral requirements.
• The assessment is based on the Masterplan Revision 6 Staging Plan. We note that UPPL has requested several departures from the master plan by Clarke Hopkins Clarke (CHC) and cost estimates by WT Partnership to be included in this assessment, based on third party advice. We stress that the Sandy Bay Master Plan is currently at 5% concept design stage and therefore the estimated cost and value metrics adopted in our assessment may change significantly as the masterplan continues to develop and more information pertaining to individual asset design and schedule of finishes becomes available.
• As the Sandy Bay Master Plan is currently at 5% concept design stage, we advise that our development feasibility assessment cannot be relied upon for financial or investment decisions. The assumptions within this report and underlying our ash flows may change materially over time as the design of the master plan changes.

Executive Summary
Critical Assumptions

Critical
• Our assessment is based on the "Master Plan Cost Estimate – Stage 6 Estimate 5 Rev 1" prepared by WT Partnership, dated November 2021. UPPL has instructed several departures from these cost estimates. 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
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. Our analysis adds GST to the provided costs, which is then reclaimed as input credits.
Qualifications	Our assessment herein is provided subject to the assumptions, qualifications and limitations detailed throughout this report.
Addendums	Any Executive Summary, Summary Presentation Documents and/or Interim Reports are an addendum to our comprehensive report and must be read in conjunction with our comprehensive report and any qualifications, limitations, disclaimers or assumptions in our comprehensive report apply to this addendum.

Executive Summary

Masterplan Evolution

The Sandy Bay Master Plan has undergone several revisions since the beginning of the project. Deloitte has been provided with the following development schedules to date.

Development Schedules	Revision 3B	Revision 3B -1	Revision 4	Revision 6 – Staging (named New Schedule)	Revision 6	Revision 6B	Post PSA - Precinct	Post PSA - Precinct 1	Current Assessment (Revision 6 + Precinct 1 PSA)
Date of Schedule	3-Sep-21	7-Sep-21	8-Oct-21	18-Oct-21	4-Nov-21	24-Nov-21	3-Feb-22	28-Feb-22	4-Nov-21 (Rev 6) 3-Feb-22 (PSA)
Is the schedule relied upon?	No	Yes	No	Yes	Yes	No	Yes	No	Yes
Date of Assessment	-	Oct-21	-	Nov-21	Dec-21	-	Mar-22	-	Mar-22
Residential Apartments	2,011	2,031	2,358	2,181	2,331	2,340	2,448	2,464	2,448
Attached & Detached Dwellings	264	263	206	162	208	208	208	208	208
Residential Sub-total	**2,275**	**2,294**	**2,564**	**2,343**	**2,539**	**2,548**	**2,656**	**2,672**	**2,656**
Retirement Living Units (rooms)	180	165	81	81	81	81	81	81	161
Residential Aged Care (beds)	91	91	91	90	91	91	91	91	Nil
Service Apartment rooms	Nil	85	77	76	72	72	Nil	Nil	Nil
Hotel (rooms)	121 rooms P1 120 rooms P5	120	120	120	120	120	120	120	30 (Wilderness Retreat)
Office (GFA)	26,080	26,080	23,700	23,700	23,300	22,800	20,360	20,360	37,021
Retail incl. supermarket (GFA)	11,744	11,744	11,944	11,944	12,200	11,800	12,128	12,128	12,128
Health (GFA)	9,400	9,400	10,900	10,900	5,700	5,700	Nil	Nil	4,700
Community/Education (GFA)	6,940	6,940	8,770	8,770	12,970	13,470	11,100	8,500	14,131

**Some numbers may not reflect accurately due to the decimal rounding effect*

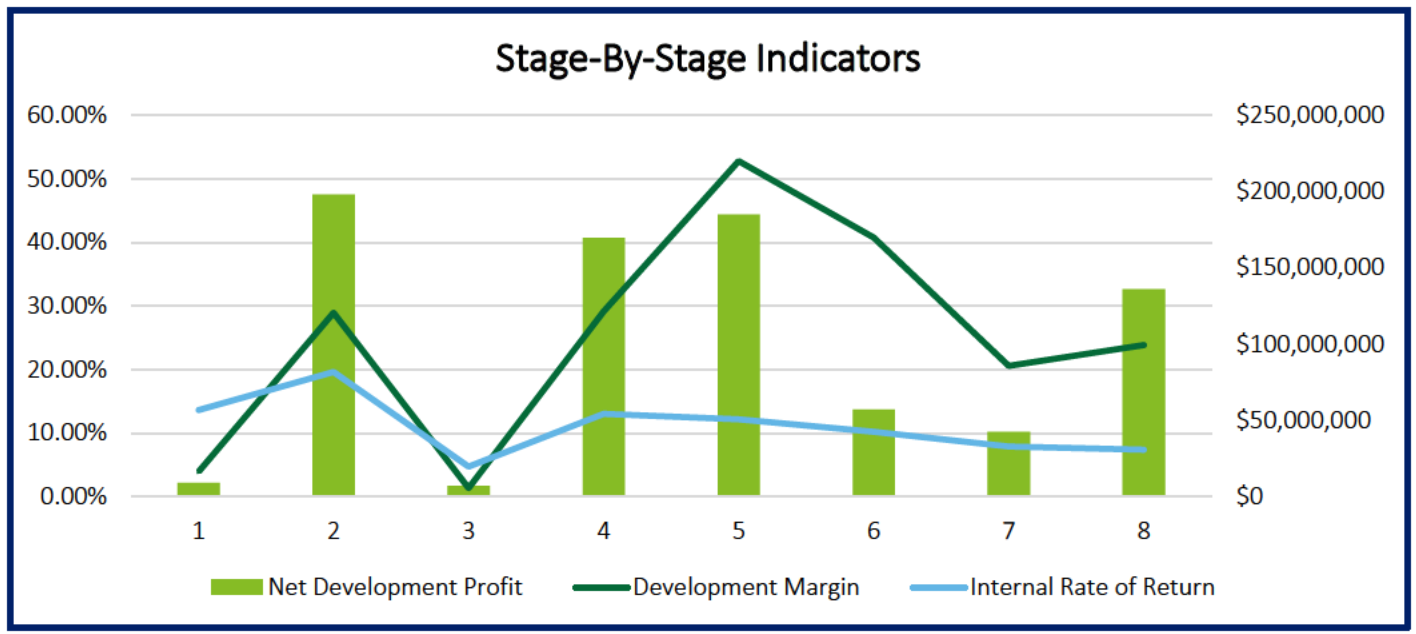
Executive Summary

Feasibility Summary

The feasibility for the Sandy Bay Master Plan results in the following headline indicators:

- Escalated development profit of **$804m**
- Project IRR of **13.81%** against a target IRR of 17.5%
- Peak debt exposure of **$234m**
- Break-even date of **November 2039**

The stage-by-stage performance indicators show that all the stages are achieving a positive net development profit (on an escalated basis).

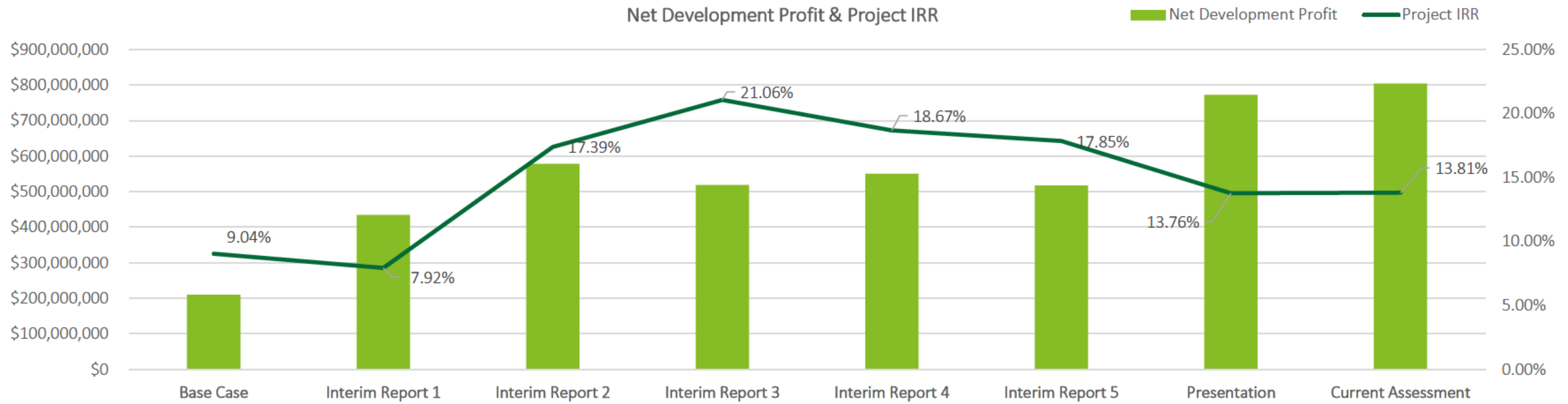


In $m

Stage	Project Whole
Commencement Date	Mar-2022
Completion Date	Aug-2052
Construction Period (yrs)	28.58
Development & Selldown Period (yrs)	**30.42**
Revenues	
Gross Sales Revenue	**$4,497**
Less Selling Costs	-$71
NET SALES REVENUE	$4,427
Less Leasing Costs	-$21
TOTAL REVENUE (before GST paid)	$4,406
Less GST paid on all Revenue	-$376
TOTAL REVENUE (after GST paid)	**$4,030**
Costs	
Land and Acqusition	$26
Construction (inc. Prelims, Margin & Design Cont.)	$2,726
Professional Fees	$278
Construction Contingencies	$167
ESD & Wellness/FFE & Artwork	$42
Authority Fees	$26
Marketing Costs	$25
Project Contingency (Reserve)	$166
Pre-Sale Commissions	$56
Interest Expense	$36
TOTAL COSTS (before GST reclaimed)	$3,547
Less GST reclaimed	-$321
TOTAL COSTS (after GST reclaimed)	**$3,226**
Performance Indicators	
Development Profit	$804
Development Margin	**24.40%**
Project Internal Rate of Return (IRR)	**13.81%**
Residual Land Value (@ Target IRR of 17.5%)	-$27
Peak Debt Exposure	$234
Breakeven Date for Cumulative Cash Flow	Nov-39

Executive Summary

Feasibility Evolution



	Base Case	Interim Report 1	Interim Report 2	Interim Report 3	Interim Report 4	Interim Report 5	Presentation	Current Assessment
Major Changes	• Project period over 5 stages – based on 5 precincts • Target IRR of 22.5% • Community assets delivered in stages 1 & 2 • Dividend payment schedule with total of $80.1m • No land cost	• Project period over 5 stages • Target IRR of 20% • Land cost of $26m • Equity injection of $146m • Apartment sales rate of 84 pa	• Project period over 7 stages • Community assets moved to Stage 8 • Target IRR of 17.5% • No land cost	• Project period over 8 stages • Target IRR of 17.5% • Increase in residential apartment yield • Decrease in ILA's from 165 to 81 • Increase retail GFA, community and education • Decrease in serviced apartments to 76	• Project period over 9 stages • Target IRR of 17.5% • Community assets moved to Stage 9 • Land & acquisition costs of $27.8m • Increased apartment sales rate of 100 pa	• Project period over 9 stages • Target IRR of 17.5% • Community assets moved to Stage 9 • No land cost • Apartment sales rate of 83 pa	• Project period reduced to 8 stages • Stronger value & sales rates adopted for apartments at beginning to mid development period • Increased apartment yield by 117 • Removal of 91 bed RAC & additional ILA's of 81 • Eco-Hotel converted into a 30-cabin Urban Wilderness Retreat • Some community assets with nil revenue before attributed revenue	• Removal of costs and revenues for all eco-tourism assets • Average apartment value rate maintained at circa $800,000 • Effective apartment sales rate maintained at 84 pa

1

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.

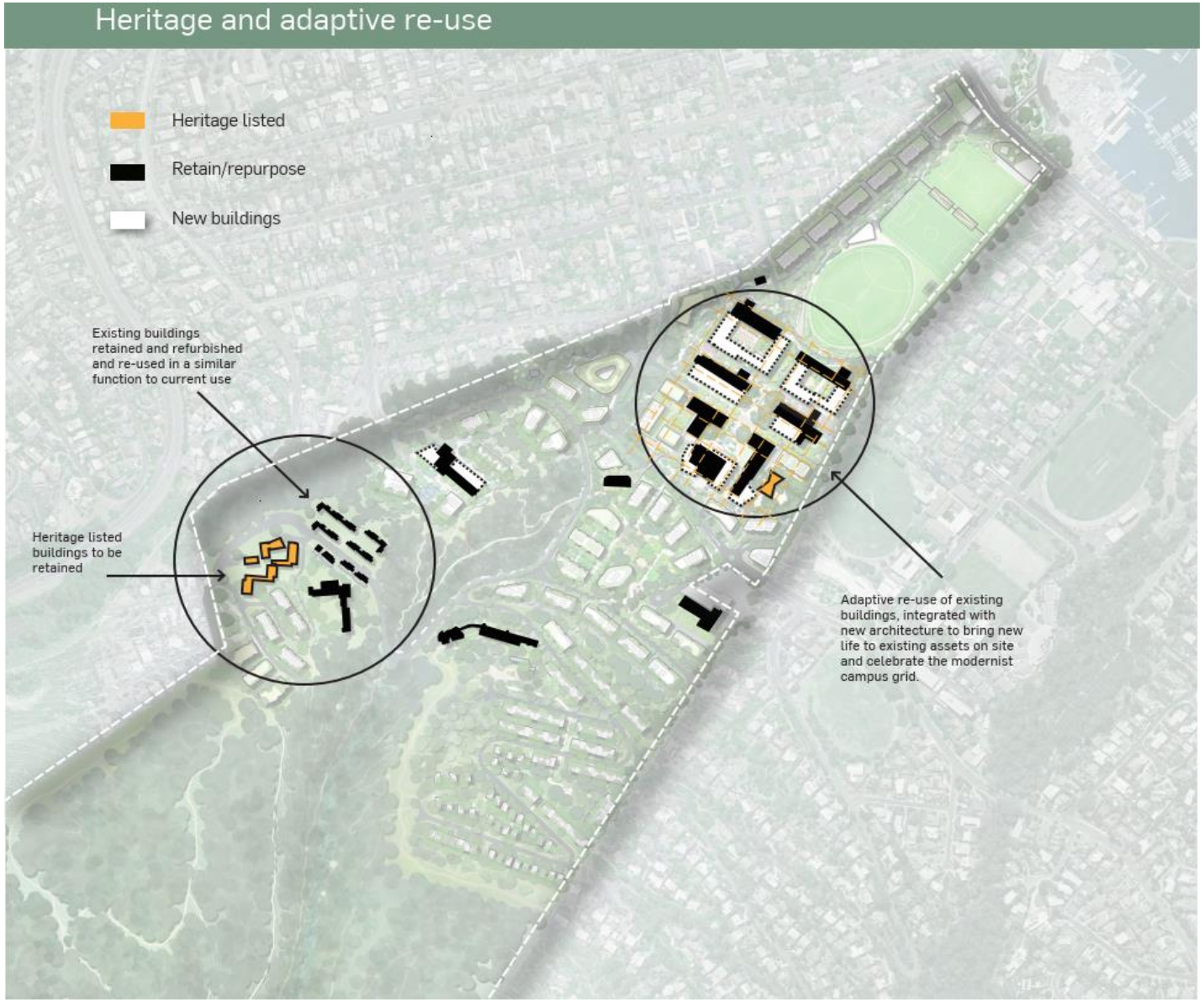
Project Overview

Precincts

The Building Heights Strategy map within the Master Plan, dated October 2021.

Project Overview

Precincts



Project Overview
Precincts

The Bushland Reserve within the Master Plan dated October 2021.

Project Overview

Yield Synopsis by Stage

Stage Period	2022 - 2027 (Stage 1)	2024 - 2035 (Stage 2)	2033 - 2045 (Stage 3)	2036 - 2045 (Stage 4)	2042 - 2049 (Stage 5)	2044 - 2048 (Stage 6)	2045 - 2048 (Stage 7)	2045 - 2052 (Stage 8)	2022 - 2052 (Total)
Multi-Units	298	735	308	512	290			305	2,448
Attached Dwellings	7		16		23	66		37	149
Detached Dwellings						42		17	59
Retirement Living Units							161		161
~~Residential Aged Care (beds)~~							~~91~~		~~91~~
Office (GFA)		25,721	10,000					~~1,300~~ 800	~~37,021~~ 36,521
Retail (GFA)		528	5,300	400				5,900	12,128
Health & Wellbeing (GFA)			4,700						4,700
Community & Education (GFA)		3,880	4,120					~~6,131~~	~~14,131~~ 8,000
~~Serviced Apartments (rooms)~~									~~72~~
~~Hotel (rooms)~~									~~120~~
~~Urban Wilderness Retreat (cabins)~~								~~30~~	~~30~~
Car Parking (cars)	-	~~Above ground under new Astro-turf soccer field parking~~	-	Basement carparking	-	-	-	-	300

Changes from previous model

- No. of stages reduced from 9 to 8
- Precinct 1 residential units increased from 194 to 311 (addition of 15 in existing buildings and 102 new in conversion of 2 buildings)
- Commercial building in Precinct 1 removed, converted to residential use
- Serviced Apartments in Precinct 1 removed, converted to residential use
- Eco-hotel development converted into Urban Wilderness Retreat with 30 Cabins
- Above ground car park reduced from 2 levels to 1 level
- Residential Aged Care is removed and is converted into Retirement Living Units comprising 80 units. Total yield for ILU increased to 161 units
- Departure from masterplan includes the 30 rooms Urban Wilderness Retreat, Eco Learning Centre of 6,131 sqm and the Adventure Tourism of 500 sqm

2

Feasibility Assessment Methodology.

Methodology

Development Feasibility Approach

1

Our analysis adopts the Hypothetical Development Feasibility Approach.

The Hypothetical Development Feasibility Approach is essentially a project feasibility which deducts various development costs, including an allowance for Profit & Risk and the cost of money from the assessed Gross Realisation Potential 'as if complete', to determine the Residual Land Value.

This approach basically identifies cashflows a developer will achieve in developing and selling the various components of a development over time at an appropriate rate of return.

2

We have utilised the Estate Master Development Feasibility model for our 'residual land value' feasibility assessment, which provides for both a traditional approach utilising a target developer's margin (or profit and risk factor), as well as a discounted cash flow analysis based on a target Internal Rate of Return (IRR).

3

The main input drivers for our feasibility approach are that of revenue (gross realisation), development costs, discount rate (target IRR) and project period as provided overleaf.

Methodology

Development Feasibility Approach

IRR v DM

- Represents the expected rate of return earned on funds injected into the project (development costs).
- Best financial measure when development projects are longer than 2-3 years, as it accounts for the time value of money.

Internal Rate of Return (IRR)

- The DM represents the ratio of profit relative to total development costs. It is the return to the developer for taking the risk of incurring the development costs (Profit & Risk).
- Best financial measure when development projects are less than 2-3 years, as it does not account for the time value of money.

Development Margin (DM)

01 Gross Realisation

- The value (including GST) of the development stock upon completion of the project. Factors to consider include (but are not limited to):
  - What is the achievable revenue for each component?
  - What is the selling rate for each component?
  - Is the location a tested market for the product?
  - Are there competing developments?

02 Minus: Selling Expenses

- Expenses related to selling development stock including:
  - Agent commissions
  - Conveyancing costs
  - GST
  - Leasing costs

03 Minus: Expected Profits

- Based on target IRR or Target DM
- Factors to consider include (but are not limited to):
  - Planning Risk – DA, Rezoning, Contamination
  - Market Risk – Demand, Supply, Location, Scale
  - Construction Risk – Timing, Design, Geotechnical, Scale
  - Finance Risk – Risk of securing funding for the project based on the above risks

04 Minus: Development Costs

- Land acquisition costs (incl stamp duty)
- Construction costs – QS provides cost estimates
- Statutory Fees – Local and state levies
- Land Holding Costs – Land tax, council rates, water rates
- Finance Costs – establishment and interest charges
- Marketing costs

05 Equals: Residual Land Value (RLV)

- The price a developer should pay for the land in order to realise the development opportunity and meet their target hurdle rates

Performance Indicators

Project Development Margin

- The net development profit divided by total development costs (including selling and leasing costs).

RLV at Target Development Margin

- The resultant residual land value assuming the project achieves the target development margin.

Project IRR

- The achieved rate of return earned on total development costs.

RLV at Target IRR

- The resultant residual land value assuming the project achieves the target IRR.

3

Principle Assumptions.

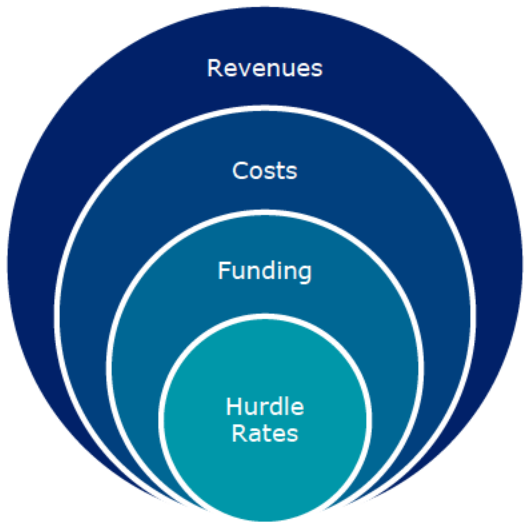
Principle Assumptions

Overview

In undertaking this assessment, we have adopted certain assumptions pertaining to revenues, costs, funding and hurdle rates. Principle assumptions in our feasibility assessment have been adopted on the following basis:

- Market tested assumptions by Deloitte;
- Assumptions advised by other consultants and agreed to with UPPL; and
- UPPL instructed assumptions.

We provide overleaf a list of principle assumptions that have been adopted in our assessment; noting that these assumptions are critical to the outputs of our assessment and should therefore be read carefully and in conjunction with the feasibility calculations.



Principle Assumptions

Revenues

Component	Current Assessment	Comments
Revenues		
Development Scheme	Based on Revision 6 and Post PSA for Precinct 1 dated 3 February 2022. Staging has reduced from nine (9) stages to eight (8) stages.	We have adopted the development schedule (Revision 6) based on our December 2021 assessment and have updated Precinct 1 based on the Post PSA schedule dated 3 February 2022.
Gross Realisation	Adopted market tested value rates by Deloitte for residential, office and retail product. Value metrics for tourism product has been advised by third-party consultants.	Market sales evidence is summarised in the previous report provided to UPPL. 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 product. No revenue has been adopted for community assets.	We have assumed that commercial assets will be sold at construction completion, with the first year net rent capitalised in perpetuity.
Existing Rentals	Existing rentals total approximately $19k and have been discarded as they have a minimal impact on overall cash flows.	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 84 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 by Deep End Services, which estimates a sales rate of around 70 - 95 residential apartments per annum.
Selling Commissions	Adopted 2.5% on revenue for residential product and 1.5% 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 $5,000 per residential dwelling and 0.50% on revenue for commercial assets.	As discussed with and instructed by UPPL.
Conveyancing Costs	Adopted an average of $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 3.5% 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	A land cost of $26 million has been adopted as advised by UPPL. No land acquisition costs have been included.	As advised by UPPL, the land value of $26 million will be adopted as a cost.
Construction Cost	Based on WTP Cost plan dated 21 October 2021. WTP revised cost plan for Precinct 1, the Eco-Hotel and Market Hall has been provided dated 22 January 2022, February 2022 and 1 March 2022 respectively.	Construction costs have been adopted 'as is' from WTP Quantity Surveyors.
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.
Development Application 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	We have adopted a staging plan for eight (8) stages.	Consideration of the existing infrastructure and the site infrastructures required to be undertaken before certain stages can commence has been accounted for when creating a staging plan and sequencing in eight (8) stages.
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

Departures from the Master Plan Revision 6

Since the previous assessment, UPPL have requested some departures from the masterplan and changes in cost estimates which have resulted in an overall **gain in project revenue of approximately $103.5m** (un-escalated). We note that due to the compounding effect of escalations, the gain in revenue potentially escalates to over $250m in additional net development profit. A summary of the departures is detailed in the below table.

Our feasibility assessment is subject to the below-listed departures from the Master Plan Revision 6, noting that they have a material impact on the assessment. The departures have been advised by third-party consultants and instructed by UPPL, they have not been validated by Deloitte. We strongly recommend that these departures be further tested to ensure that they are market realistic and achievable.

Asset	Precinct	Previous Assessment	Current Assessment	Cost Change	Revenue Change	Net Value Impact	Source
Sports Precinct	1	Precinct included the following assets that have now changed: • Commercial office – sports science and childcare • 72-room serviced apartments • 2 level above-ground Astro-turf soccer field (300 carparks)	Previous assets have changed as follows: • Commercial office- removed and replaced by 46 residential apartments with commercial ground floor • Serviced apartments – removed and replaced by 30 residential apartments with childcare on ground floor • Deletion of 1 level of carparking (129 bays) and tiered seating • Deletion of indoor sports and replace with changeroom	Total changes have reduced Precinct 1 costs by approx. -$25m.	The conversion of commercial office and serviced apartments has increased revenue by approx. $60m.	+$85m	Changes in design and cost were instructed by client UPPL. Advised by WTP cost estimates.
Perf Arts Theatre & Church / Theatre Reuse	3	Existing buildings with 2,500 sqm of GFA to be refurbished. No revenue was applied against the cost.	Trading projections from Inkhorn were provided, which indicates a sustainable business comprising multiple revenue streams, however at a low commercial value given the arts orientated nature. The trading projections do not indicate a sustainable rent. Given the demonstrated low commercial value demand for this floor space, we have applied an office rental at a 50% discount to market rent and capitalised it in perpetuity at 7%.	Based on advice from Inkhorn to UPPL, costs have reduced by approx. -$10.25m.	Our capitalisation approach of the discounted rent results in a revenue change from nil to approx. $8.37m.	+$18.62m	Changes in cost were instructed by client UPPL. Advised by Inkhorn Projects.
Education / School (Old Commerce building reuse)	4	UPPL have advised that some revenue should be recognised for low level office use. We have applied an office rental at a 50% discount to market rent and capitalised it in perpetuity at 7%.	UPPL have advised that the costs for this asset should match the revenue, as they expect that its use will result in a net zero effect on costs and revenue. The building is to be refurbished at a cost of $7.3m and we previously determined a capitalise value of $2.785m.	Costs have reduced by - $7.3m.	Revenue has reduced by - $2.785m.	+$4.515m	Changes were instructed by client UPPL.

Principle Assumptions

Departures from the Master Plan Revision 6

Asset	Precinct	Previous Assessment	Current Assessment	Cost Change	Revenue Change	Net Value Impact	Source
Adventure Tourism Centre	5	Consultants Sharps Track estimate a construction cost of $925k. UPPL have advised to adopt this assumption. Sharps Track estimate a rental yield of 8%-9% on gross revenue.	UPPL have advised that the model should assume that the construction of this asset will not go ahead. Therefore the construction cost and associated revenues should be removed.	Changes have decreased costs by -$925k.	Changes have decreased revenue by -$720m.	+$205k	Changes were instructed by client UPPL.
Eco-Learning Centre	5	Consultants Sharps Track estimate a construction cost of $4.84m. UPPL have advised to adopt this assumption. Sharps Track estimate a rental yield of 8%-9% on gross revenue.	UPPL have advised that the model should assume that the construction of this asset will not go ahead. Therefore the construction cost and associated revenues should be removed.	Changes have decreased costs by -$4.84m.	Changes have decreased revenue by -$1.96m.	+$2.88m	Changes in cost were instructed by client UPPL.
Eco-Hotel	5	BST have proposed an alternative scheme of an urban wilderness retreat comprising 15 cabins initially and rising to 30 in Year 3. UPPL have advised to adopt the new scheme. The BST trading projections estimate an EBITDA of $715K in Year 3.	UPPL have advised that the model should assume that the construction of this asset will not go ahead. Therefore the construction cost and associated revenues should be removed.	Changes have decreased costs by -$20.06m.	Changes have decreased revenue by -$8.93m.	+11.13m	Changes in cost were instructed by client UPPL.
Supermarket	5	A construction cost of $27.8m was provided by WTP. A revenue of $18.9m was applied against the cost based on market evidence.	The concept has been changed to a market hall. Basement parking is to remain. Assume $400 at 50% net to gross applied across 50% of the lettable area and then capitalised in perpetuity to arrive at a value of $3.718m.	Changes have decreased costs by approx. -$2.77m.	Changes have decreased revenue by approx. -$15.18m.	-$12.41m	Changes in cost were instructed by client UPPL.
Spa	5	A construction cost of $5.37m was provided by WTP. A revenue of $5.52m was applied against the cost based on market evidence.	According to WTP, the Eco-hotel already contemplates a spa so this cost is a duplication. UPPL has advised that it should be removed.	Changes have decreased costs by approx. -$5.37m.	Changes have decreased revenue by approx. -$5.52m.	-$150k	Changes were instructed by client UPPL.
RAC Facility	7	A construction cost of $34.6m was provided by WTP. A revenue of $15.9m was applied against the cost based on market evidence	UPPL has advised the RAC facility to be removed and be replaced as Retirement Living Units for 80 units. A revenue rate of $600,000 per unit has been applied resulting in a total revenue of $48m.	Changes have decreased costs by approx. -$3.91m	Changes have increased revenue by approx. +$32.75m	+$38.37m	Changes were instructed by client UPPL.
Total Changes				-$79.61m	+$68.55m	+$148.16m	

4

Gross Realisation Summary.

Gross Realisation Summary

Overview

We have undertaken market-wide research to identify sales and leasing evidence that supports our adopted value rates for assets to be constructed at the Sandy Bay project. Our sources of sales and leasing information include, but are not limited to, the following:

- Direct discussions with Knight Frank Tasmania
- Sales and leasing information provided by Knight Frank Tasmania
- Phone and email enquires with other local real estate agents within Tasmania
- Property transaction data from RP Data (Corelogic) and Pricefinder
- News and property journal reportings
- Agency market research reports

Furthermore, our assumptions for certain assets are based on advice from third-party consultants that UPPL has engaged. This includes the following:

- Economic Impact Assessment (Residential Sales Rate) – Deep End Services, dated November 2021
- Aged Care and Retirement Living Units – One Fell Swoop, dated February 2022
- Eco-Hotel – BST Development and Management, dated February 2022
- Eco-Learning Centre – Sharps Track, dated February 2022
- Performing Arts & Theatre – InkHorn Projects, dated February 2022

A schedule of our adopted capital value rates for each asset class is provided overleaf. We have also provided a measure of subjectivity for our adopted value rates based on the strength of the market evidence we have relied upon.

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	$9,971 per sqm of internal area	High	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 CHC, this project indicates the quality and amenity envisioned for the subject development. We note that the available market evidence indicates a preference of larger residential apartments situated in boutique developments of up to 30 apartments. The project at Sandy Bay will produce smaller residential apartments in a development with a yield of over 2,000 apartments. The proposed residential apartment product therefore for the Sandy Bay project therefore may not be market responsive, which could significantly affect achievable sale prices and selling rates given the significant development yield.
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 $1,500,000 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	Medium	One Fell Swoop have provided a GR of $53,775,000, which equates to $953k/unit. This is based on a departure from the current masterplan that assumes larger units of premium quality. Their assumption also contemplates increased parking of 120 against the current 88. Assuming a premium product would require an increase in amenities including a hydro pool, gym, etc. WTP estimate an increase in cost of approx. $1m. OFS say they have adopted a value rate of $9,025/sqm internal for the units, but significantly increased the living areas from that contemplated by the masterplan, hence the much higher value per unit. We suggest avoiding a departure from the masterplan and have therefore adopted an average unit price of $600k/unit as per our previous assessment. 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. The proposal to change this assessment to a premium product under OFS assumptions is too significant a departure from the current masterplan, and the additional amenities and parking required have not been properly assessed or costed.

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)	High	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	$2,125 per sqm of lettable area (vacant possession)	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.
Supermarket	$5,900 to $10,900 per sqm of lettable area	$2,125 per sqm of lettable area.	High	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	High	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	-	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	-	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	High	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.
Car Parking	$50,000 to $115,000 per bay	$0 per sqm of lettable area	-	We have not adopted a value rate for community assets as we assume these will transfer to the community at nil value.

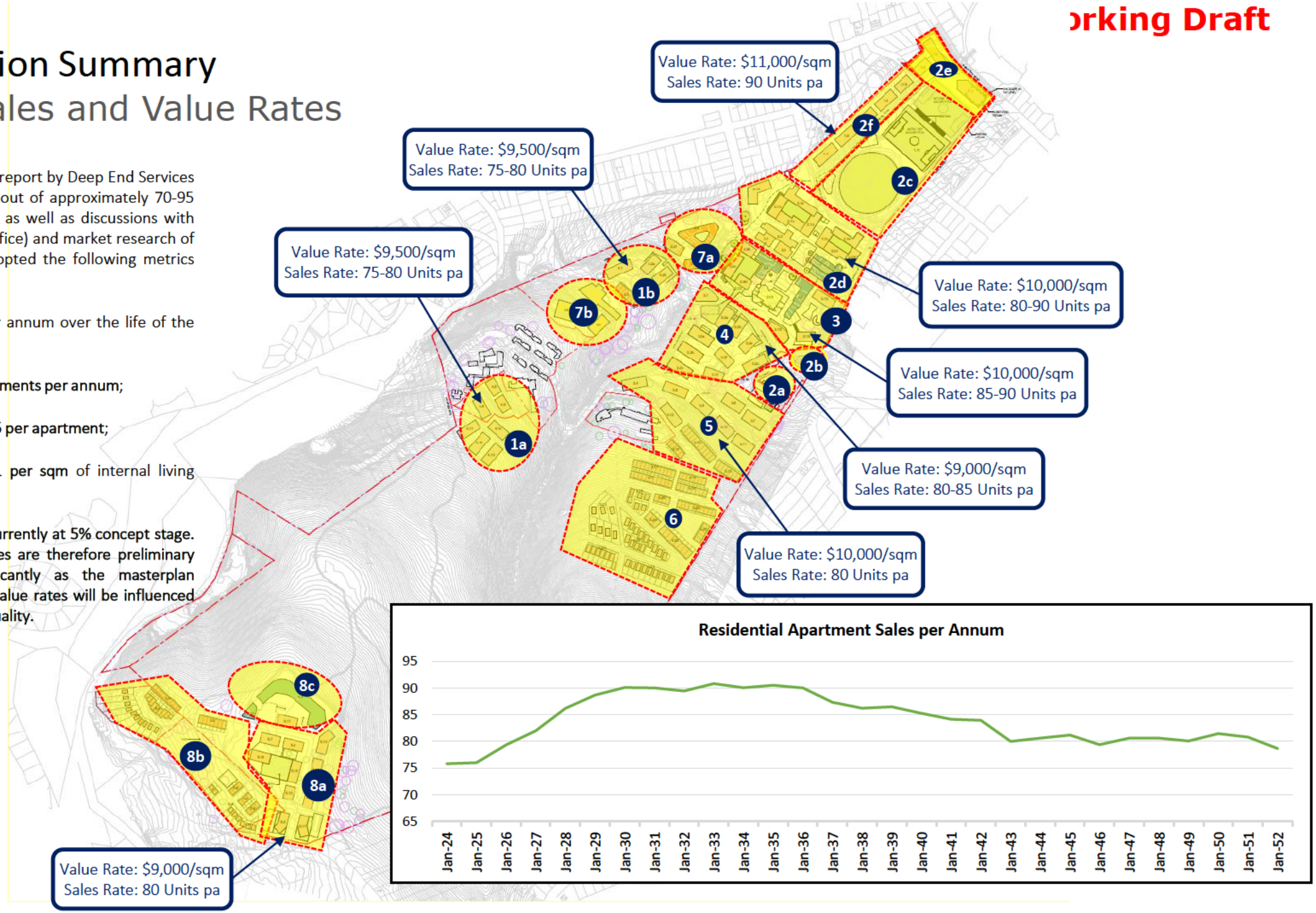
Gross Realisation Summary

Residential Sales and Value Rates

Based on the market assessment report by Deep End Services which concludes an average roll-out of approximately 70-95 dwellings per year at Sandy Bay, as well as discussions with Knight Frank Tasmania (Hobart office) and market research of the Hobart market, we have adopted the following metrics for residential apartments:

- **76 to 91 apartments** sales per annum over the life of the project; and
- effective sales rate of **84 apartments per annum**;
- Average sale price of **$797,675 per apartment**;
- Average value rate of **$9,971 per sqm** of internal living area

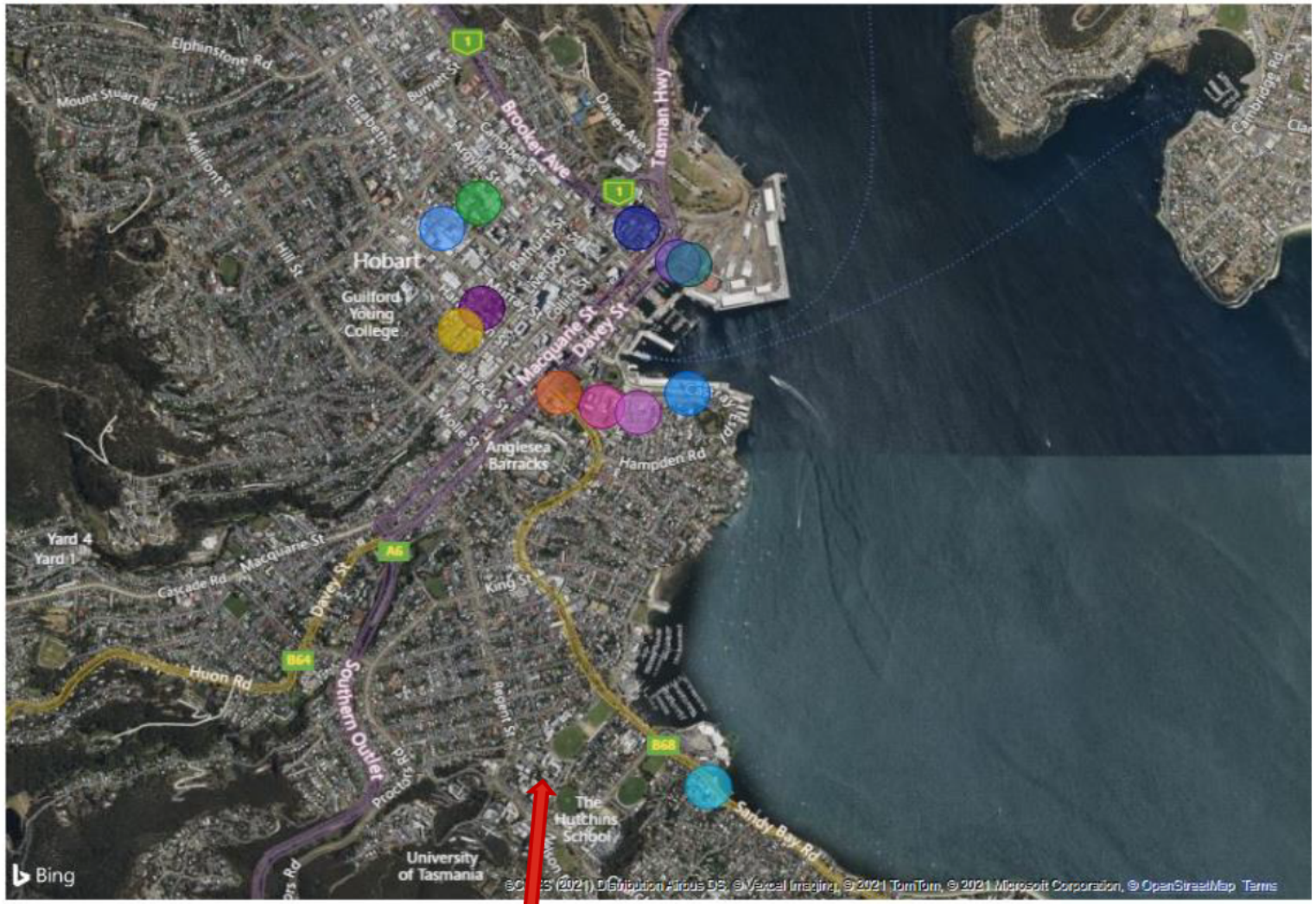
We note that the masterplan is currently at 5% concept stage. Our adopted sales and value rates are therefore preliminary only and could change significantly as the masterplan continues to develop. Sales and value rates will be influenced by eventual product design and quality.



Gross Realisation Summary

Residential Sales Evidence

Apartment Sales Evidence



UTAS Sandy Bay

Project	No. of Sales	Ave. Internal Area (sqm)	Ave. Sale Price	Average Internal Rate $/sqm
1 Castray Esplanade, Battery Point	4	160	$2,438,750	$15,242
1 Collins Street, Hobart	5	152	$976,000	$6,430
1 Sandy Bay Road, Hobart	6	64	$342,500	$5,380
126 Bathurst Street, Hobart	15	81	$630,220	$7,826
15 Gladstone Street, Battery Point	8	132	$1,094,531	$8,323
15 Hunter Street, Hobart	5	127	$1,355,200	$10,654
166 Bathurst Street, Hobart	10	77	$600,600	$7,820
3 Evans Street, Hobart	7	135	$1,085,457	$8,057
34 Patrick Street, Hobart	18	112	$950,833	$8,494
*417 Sandy Bay road, Sandy Bay	7	90	$1,066,429	$11,830
62 Patrick Street, Hobart	45	109	$719,422	$6,588
Salamca Square, Battery Point	7	137	$1,190,286	$8,715

** Considered most comparable*

Gross Realisation Summary

Commercial Asset Summary

Precinct	Bld No.	Asset	Use	Lettable Area (sqm)	Adopted Gross Rent ($/sqm)	Adopted Cap Rate	Adopted Value	Capital Value Rate $/sqm
3	8	Family Health Services - existing in Corporate Services Bldg.	Medical/H&W	1,275	$400	6.00%	$7,036,300	$5,519
3	8	Proposed Childcare - in existing Corporate Services building	Child Care	129	$2,000	5.00%	$4,371,429	$34,000
5	4	Retail Centre with full line supermarket and specialty shops 5.1	Supermarket	1,750	$200	8.00%	$3,718,750	$2,125
5	4	Retail Centre with full line supermarket and specialty shops 5.1 small retail	Specialty Retail	200	$200	8.00%	$425,000	$2,125
5	5	Residential - Mixed Use - Commercial on ground floor 5.1	Small Office	400	$400	6.50%	$1,948,800	$4,872
5	6	Residential - Mixed Use - small retail on ground floor 5.2	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
5	11	Residential - Mixed Use - Commercial on ground floor 5.3	Small Office	400	$400	6.50%	$1,948,800	$4,872
5	12	Residential - Mixed Use - small retail on ground floor 5.4	Specialty Retail	200	$450	5.25%	$1,432,843	$7,164
5	13	Residential - Mixed Use - small retail on ground floor 5.5	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
5	14	Residential - Mixed Use - small retail on ground floor 5.6	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
5	15	Residential - Mixed Use - small retail on ground floor 5.7	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
5	16	Residential - Mixed Use - small retail on ground floor 5.8	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
2	19	Medical Centre	Medical/H&W	3,200	$400	6.00%	$17,659,733	$5,519
2	5	Commercial / Co-work - Morris Miller Blg. Reuse	Large Office	4,500	$375	7.00%	$15,889,018	$3,531
2	8	Commercial -- Social Sciences Blg. Reuse	Large Office	5,500	$375	7.00%	$19,419,911	$3,531
2	8	Commercial -- Social Sciences Blg. Reuse small retail	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
2	9	Retail Centre with full line supermarket and specialty shops 2.1	Supermarket	3,500	$400	6.50%	$16,039,692	$4,583
2	9	Retail Centre with full line supermarket and specialty shops 2.1 small retail	Specialty Retail	500	$450	5.25%	$3,582,107	$7,164
2	15	Residential - Mixed Use - small retail on ground floor 2.1	Specialty Retail	400	$450	5.25%	$2,865,686	$7,164
2	16	Residential - Mixed Use - small retail on ground floor 2.2	Specialty Retail	300	$450	5.25%	$2,149,264	$7,164
3	2a	Residential - Mixed Use - small retail on ground floor 3.1	Specialty Retail	100	$450	5.25%	$716,421	$7,164
3	2b	Residential - Mixed Use - small retail on ground floor 3.2	Specialty Retail	100	$450	5.25%	$716,421	$7,164
3	2c	Residential - Mixed Use - small retail on ground floor 3.3	Specialty Retail	100	$450	5.25%	$716,421	$7,164
3	2e	Residential - Mixed Use - small retail on ground floor 3.5	Specialty Retail	100	$450	5.25%	$716,421	$7,164
1	3	Residential - Mixed Use - small retail on ground floor 1.1	Specialty Retail	320	$450	5.25%	$2,292,549	$7,164
1	1	Residential Mixed Use - Retail and Commercial Ground floor	Large Office	660	$375	7.00%	$2,330,389	$3,531
1	1	Residential Mixed Use - Retail and Commercial Ground floor	Specialty Retail	660	$450	5.25%	$4,728,381	$7,164
1	2	Residential Mixed Use - Childcare on Ground Floor small retail	Specialty Retail	780	$450	5.25%	$5,588,087	$7,164

We have assessed an indicative realisation estimate for the commercial product to be constructed at the Sandy Bay project on a capitalisation of net income basis. We provide to the left a schedule of assumptions, value rates and an indicative realisation estimate that we have determined for the commercial product.

Gross Realisation Summary

Community Asset Summary

A summary of the community assets to be constructed is provided below. We have not applied revenue against community assets (except for commercial components), as these assets are expected to pass to community use at nil or low cost (e.g. on a peppercorn rent basis). We have applied some revenue to buildings 10, 11 and 4 on a subsidised basis. As advised by UPPL, the education building has been zero use as it is not expected to generate a positive margin on cost.

Precinct	Bld No.	Asset	Use	No. of Units	Construction Cost	Revenue	Comments
2	5a	Community Library - Morris Miller Blg. Reuse	Commercial	1,500	$5,685,000	$0	No revenue has been allocated
2	10	Pref Arts Theatre - Stanley Burbery Blg. Reuse	Community	2,000	$4,040,000	$8,370,536	Revenue includes Church/Theatre
2	11	Church / Theatre - Arts Theatre Blg. Reuse	Community	500	$3,485,000	$0	Revenue for the Church/Theatre is contained within the Performing Arts Theatre
2	20	Relocated Cottage	Community	120	$129,000	$0	No revenue has been allocated
4	4	Education / School (Old Commerce building reuse)	Education	1,600	$7,300,000	$7,300,000	Revenue has been applied to match the construction cost
1	9	Indoor Sports: Soccer clubs 200m2 / Changing roons 300m2 / Indoor Gym 400m2	Community	900	$8,710,000	$0	No revenue has been allocated
1	11	Soccer Field 1 (astro turf)	Community	7,143	$2,966,925	$0	No revenue has been allocated
1	12	Soccer Field 2 (natural turf)	Community	9,218	$2,966,925	$0	No revenue has been allocated
1	14	Sports Pavillion - Footy Club	Community	450	$2,105,000	$0	No revenue has been allocated
		Total				**$51,670,536**	

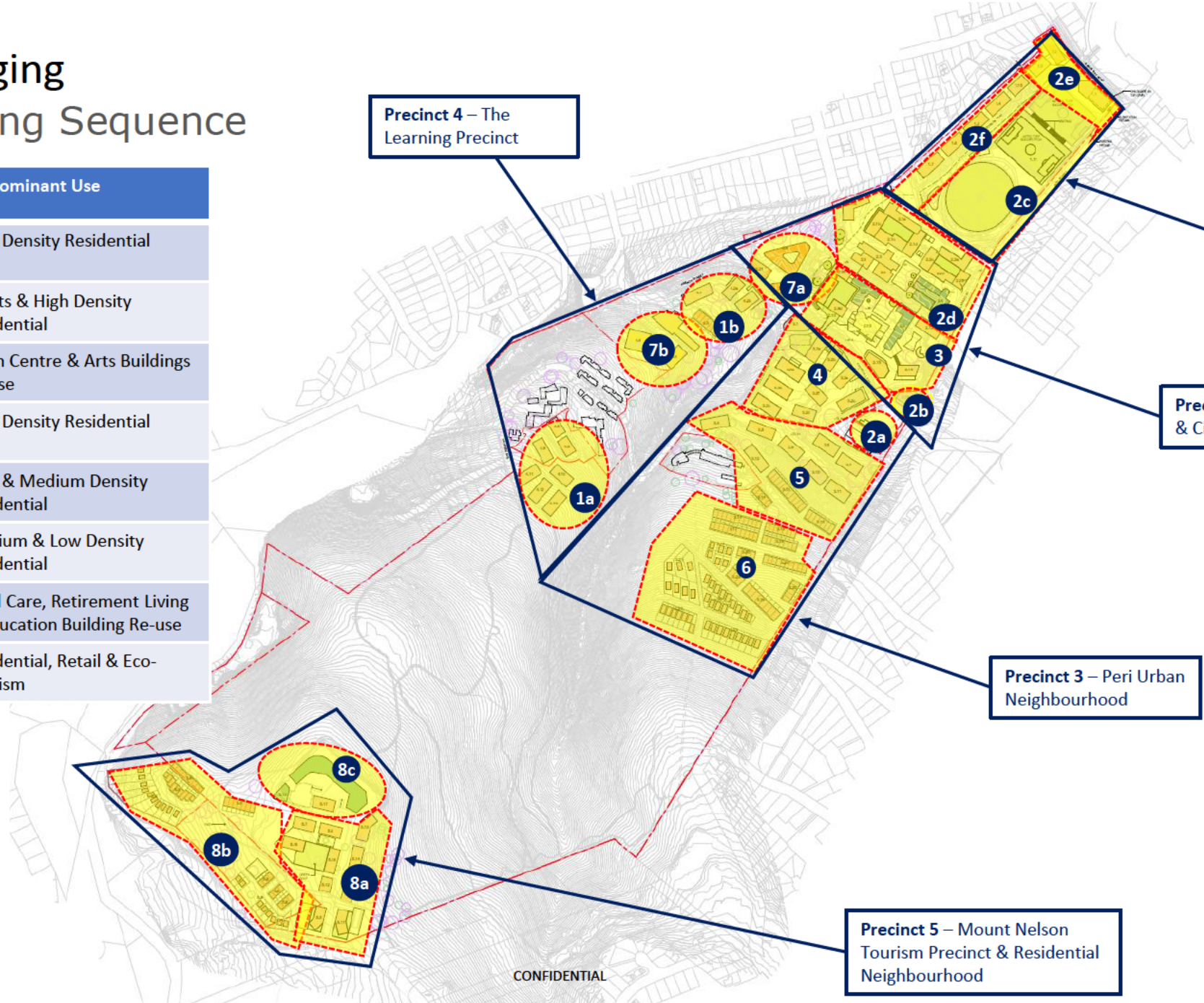
5

Masterplan Staging.

Masterplan Staging

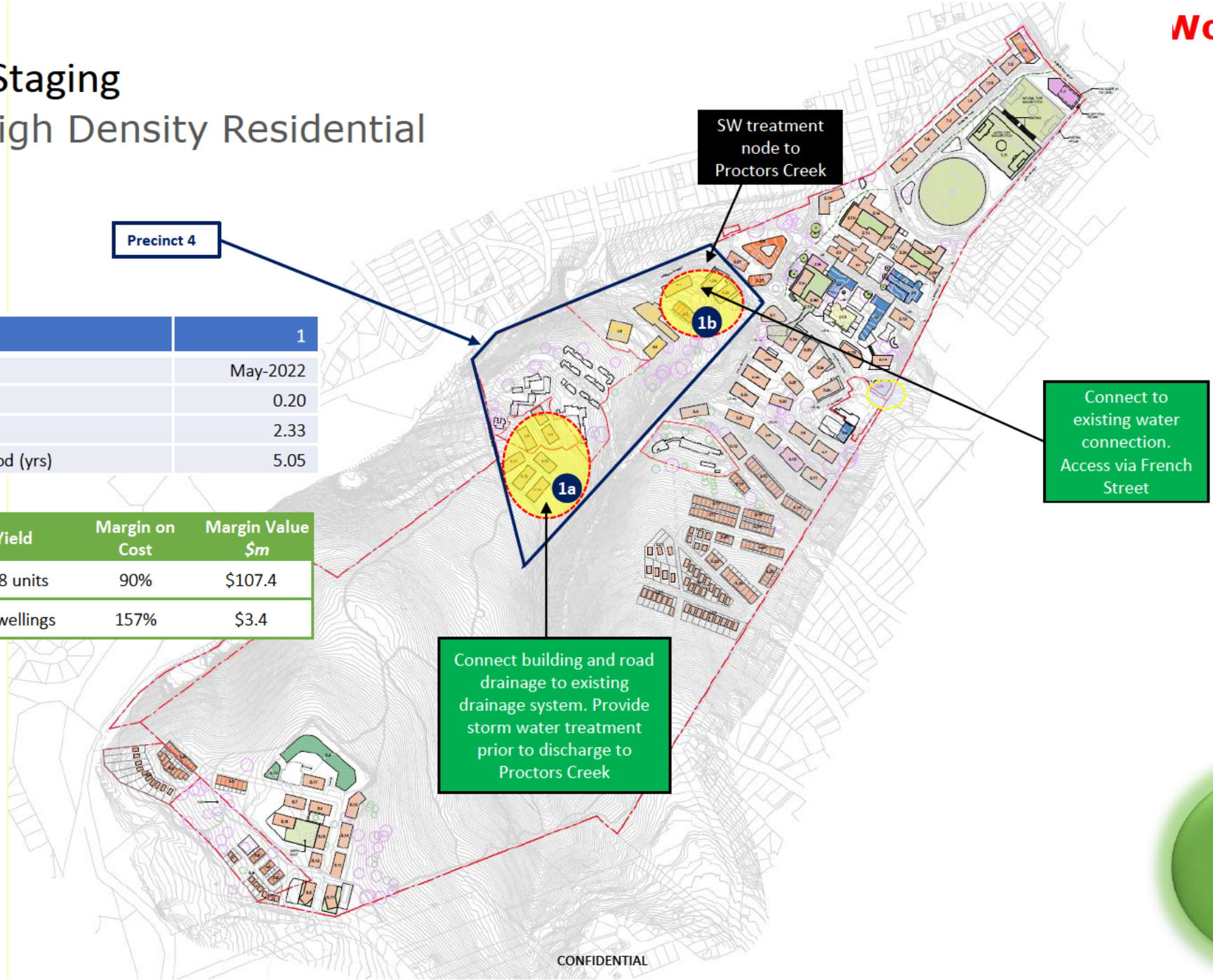
Proposed Staging Sequence

Stage	Stage Period	Predominant Use
1	2022 - 2027	High Density Residential
2	2024 - 2035	Sports & High Density Residential
3	2033 - 2045	Town Centre & Arts Buildings Re-use
4	2036 - 2045	High Density Residential
5	2042 - 2049	High & Medium Density Residential
6	2044 - 2048	Medium & Low Density Residential
7	2045 - 2048	Aged Care, Retirement Living & Education Building Re-use
8	2045 - 2052	Residential, Retail & Eco-Tourism



Masterplan Staging

Stage 1 – High Density Residential



Stage	1
Commencement Date	May-2022
Lead-in Time (yrs)	0.20
Construction Period (yrs)	2.33
Development & Selldown Period (yrs)	5.05

Asset	Yield	Margin on Cost	Margin Value *$m*
Multi-Units	298 units	90%	$107.4
Attached Dwellings	7 dwellings	157%	$3.4

Stage Margin on Cost: 59.17%

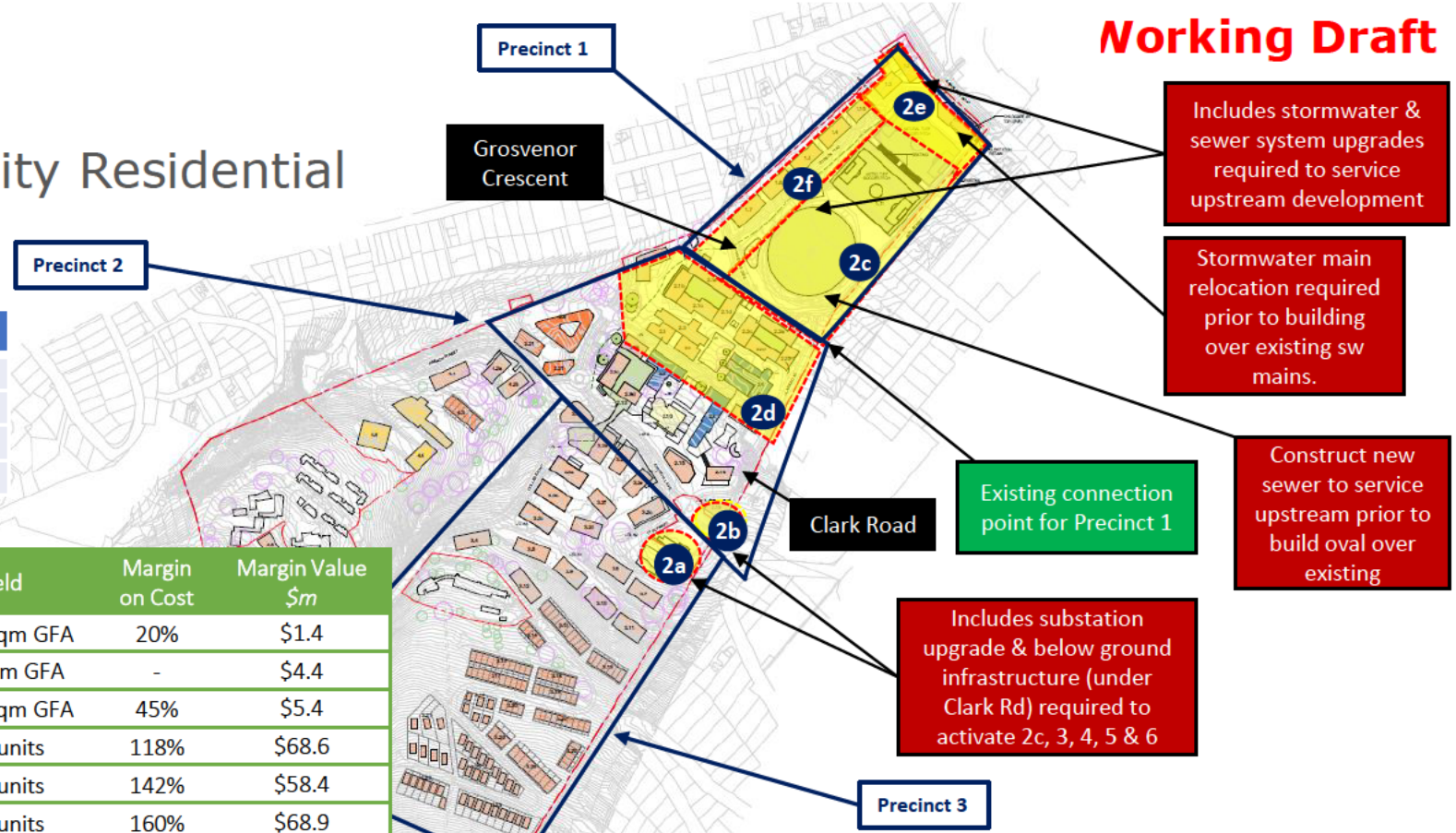
Working Draft

Masterplan Staging

Stage 2 – Sports & High Density Residential

Stage	2
Commencement Date	Sep-2024
Lead-in Time (yrs)	2.53
Construction Period (yrs)	9.83
Development & Selldown Period (yrs)	10.55

Asset	Yield	Margin on Cost	Margin Value *$m*
Family Health Services - existing in Corporate Services Bldg.	1,500 sqm GFA	20%	$1.4
Proposed Childcare in existing Corporate Services building	900 sqm GFA	-	$4.4
Medical Centre	3,200 sqm GFA	45%	$5.4
Residential Apartments & Terraces	159 units	118%	$68.6
Residential Apartments & Terraces with ground floor retail	125 units	142%	$58.4
Residential Apartments - Chemistry Blg Ruse	140 units	160%	$68.9
Commercial / Education / makers space - Physics Blg.	850 sqm GFA	18%	$5.6
Residential - Mixed Use - small retail on ground floor	30 units	97%	$13.2
Residential Apartments	179 units	143%	$92.6
Residential Mixed Use - Retail and Commercial Ground floor	46 units	22%	$7.6
Residential Mixed Use - Childcare on Ground Floor	56 units	85%	$22.6
Indoor Sports	900 sqm GFA	-100%	-$8.7
Soccer Field 1 (astro turf)	7,143 sqm GFA	-100%	-$5.9
Soccer Field 2 (natural turf)	9,218 sqm GFA	-	-
Sports Pavillion - Footy Club	450 sqm GFA	-100%	-$2.1

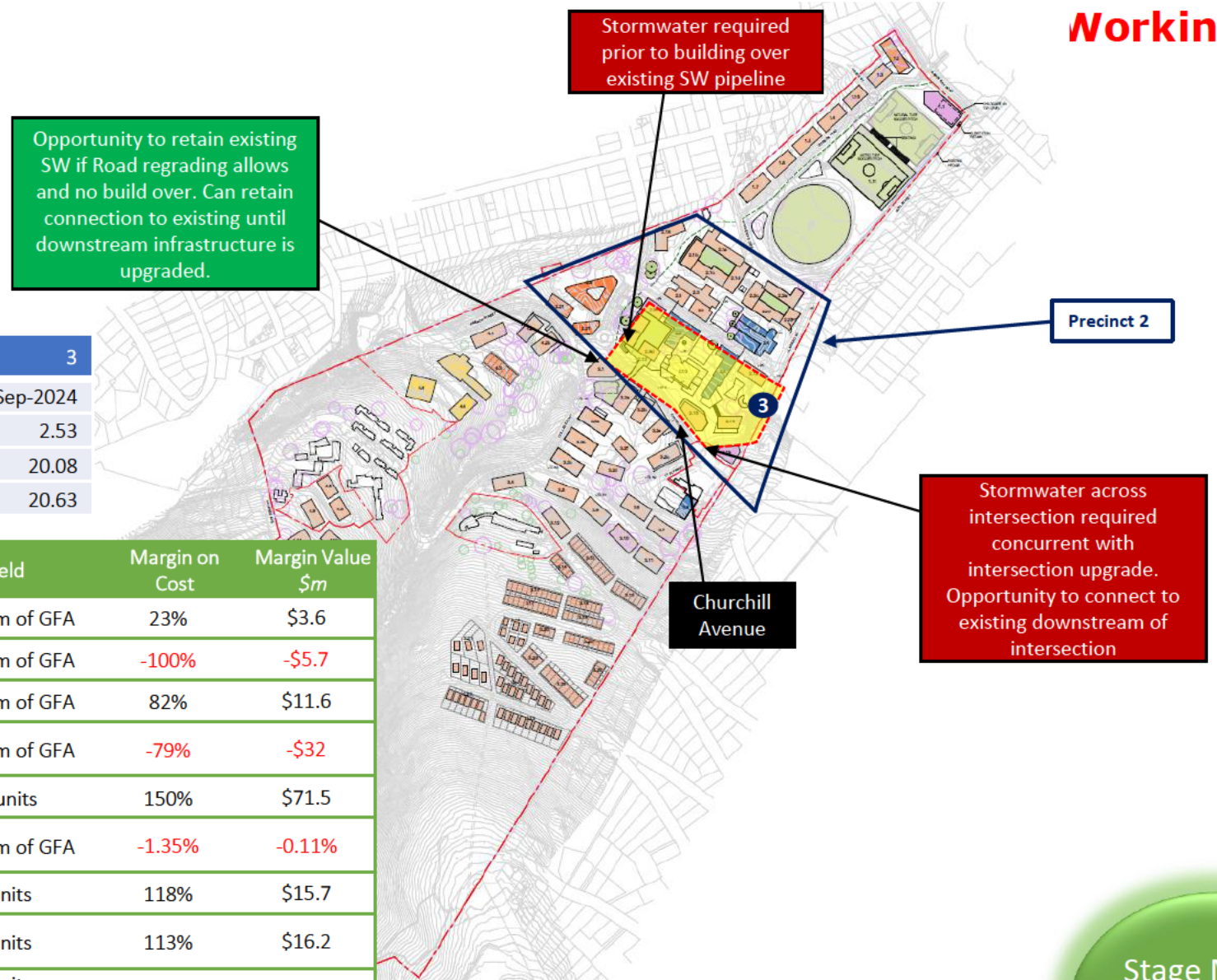


Stage Margin on Cost: 80.59%

Working Draft

Masterplan Staging

Stage 3 – Town Centre



Stage	3
Commencement Date	Sep-2024
Lead-in Time (yrs)	2.53
Construction Period (yrs)	20.08
Development & Selldown Period (yrs)	20.63

Asset	Yield	Margin on Cost	Margin Value *$m*
Commercial / Co-work - Morris Miller Blg. Reuse	4,500 sqm of GFA	23%	$3.6
Community Library - Morris Miller Blg. Reuse	1,500 sqm of GFA	-100%	-$5.7
Commercial -- Social Sciences Blg. Reuse	5,800 sqm of GFA	82%	$11.6
Retail Centre with full line supermarket and specialty shops	4,000 sqm of GFA	-79%	-$32
Residential Apartments	149 units	150%	$71.5
Pref Arts Theatre - Stanley Burbery Blg. Reuse & Church / Theatre - Arts Theatre Blg. Reuse	2,800 sqm of GFA	-1.35%	-0.11%
Residential Apartments	36 units	118%	$15.7
Residential - Mixed Use - small retail on ground floor	37 units	113%	$16.2
Residential - Mixed Use - small retail on ground floor	33 units	1%	$0.3
Residential Apartments	68 units	103%	$27.6
Relocated Cottage	120 sqm of GFA	-100%	-$0.1

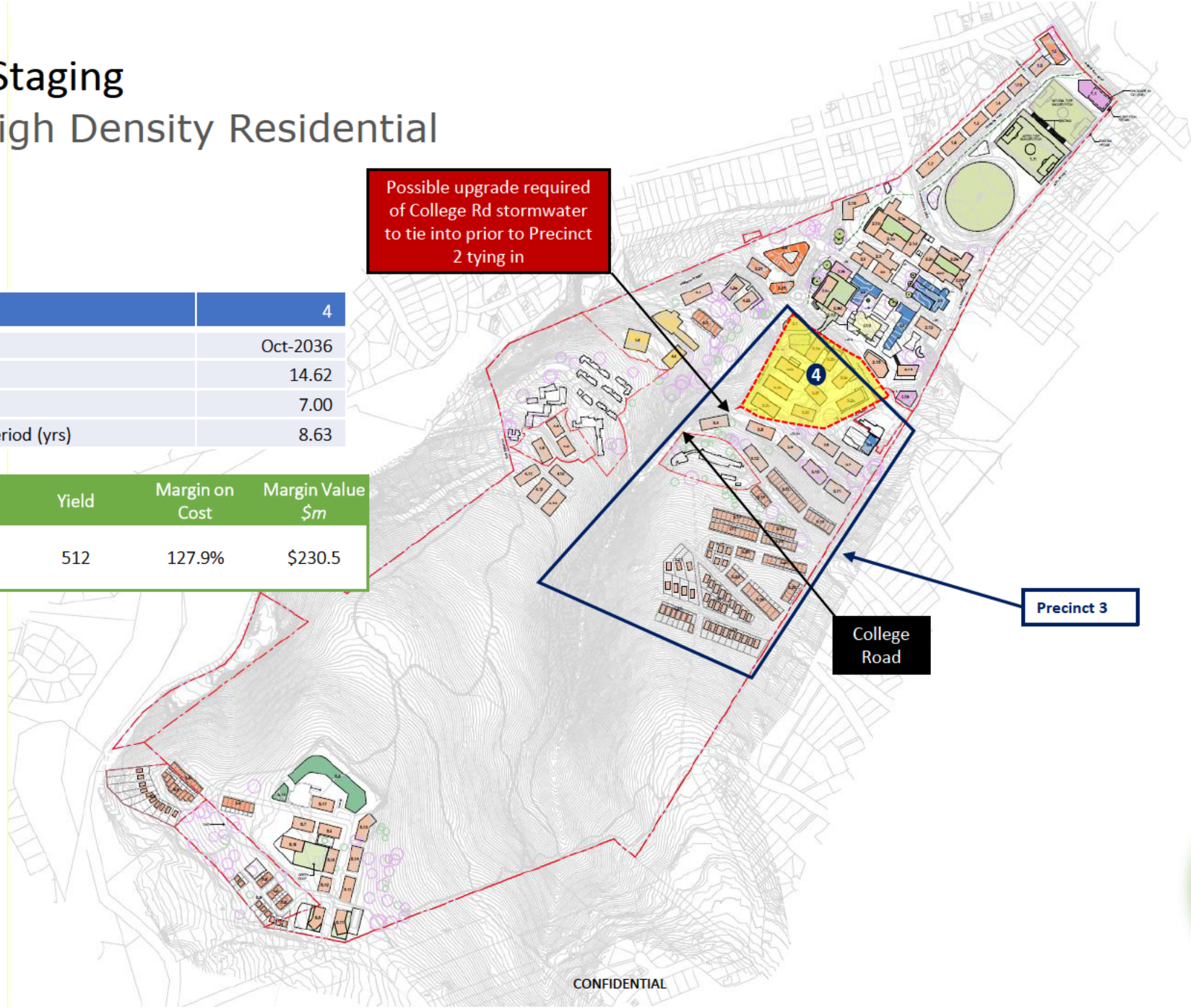
Stage Margin on Cost: 4.79%

Masterplan Staging

Stage 4 – High Density Residential

Stage	4
Commencement Date	Oct-2036
Lead-in Time (yrs)	14.62
Construction Period (yrs)	7.00
Development & Selldown Period (yrs)	8.63

Asset	Yield	Margin on Cost	Margin Value *$m*
Residential - Mixed Use - small retail on ground floor	512	127.9%	$230.5



Stage Margin on Cost: 114.09%

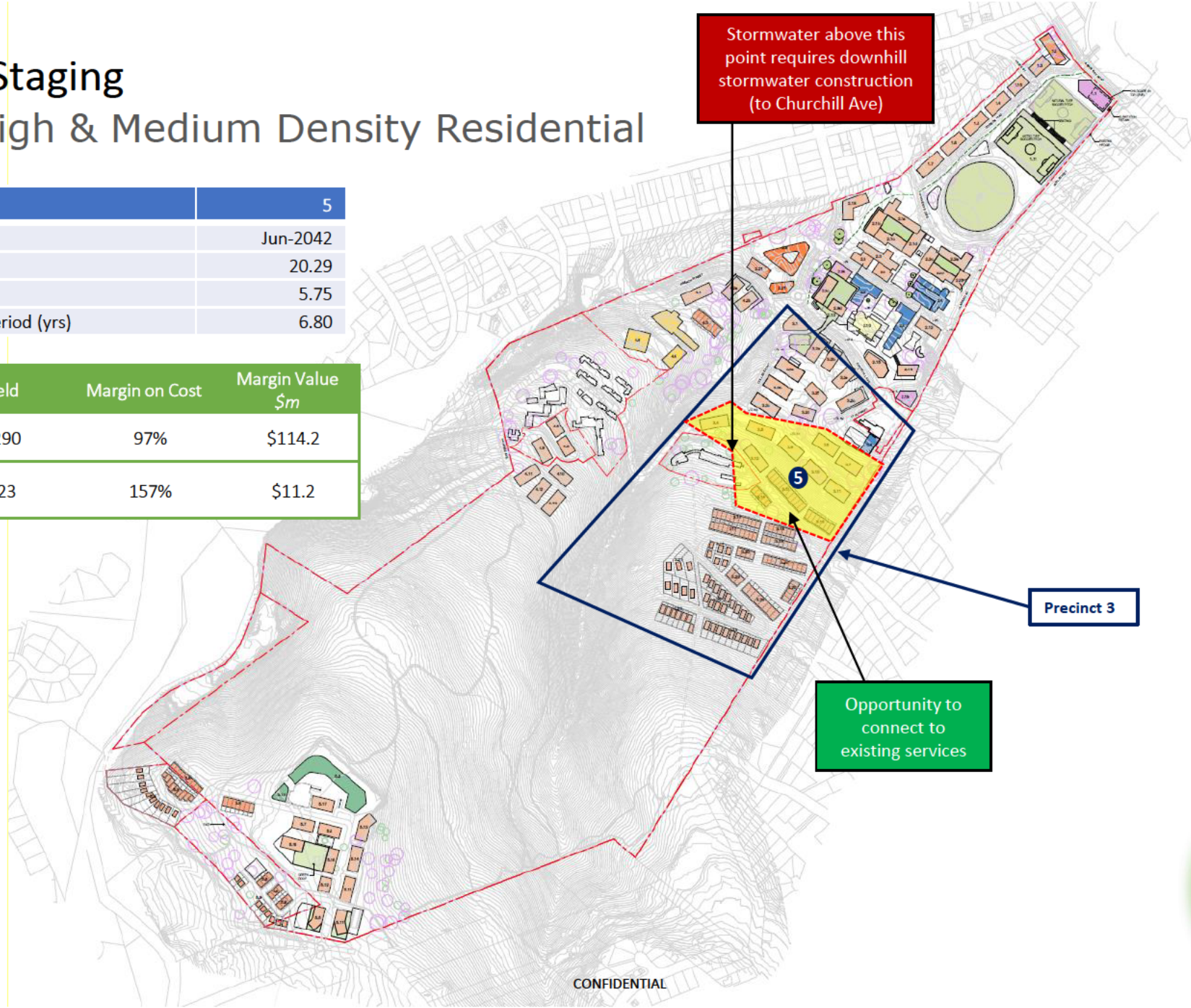
Working Draft

Masterplan Staging

Stage 5 – High & Medium Density Residential

Stage	5
Commencement Date	Jun-2042
Lead-in Time (yrs)	20.29
Construction Period (yrs)	5.75
Development & Selldown Period (yrs)	6.80

Asset	Yield	Margin on Cost	Margin Value $m
Multi-Units	290	97%	$114.2
Attached Dwellings	23	157%	$11.2



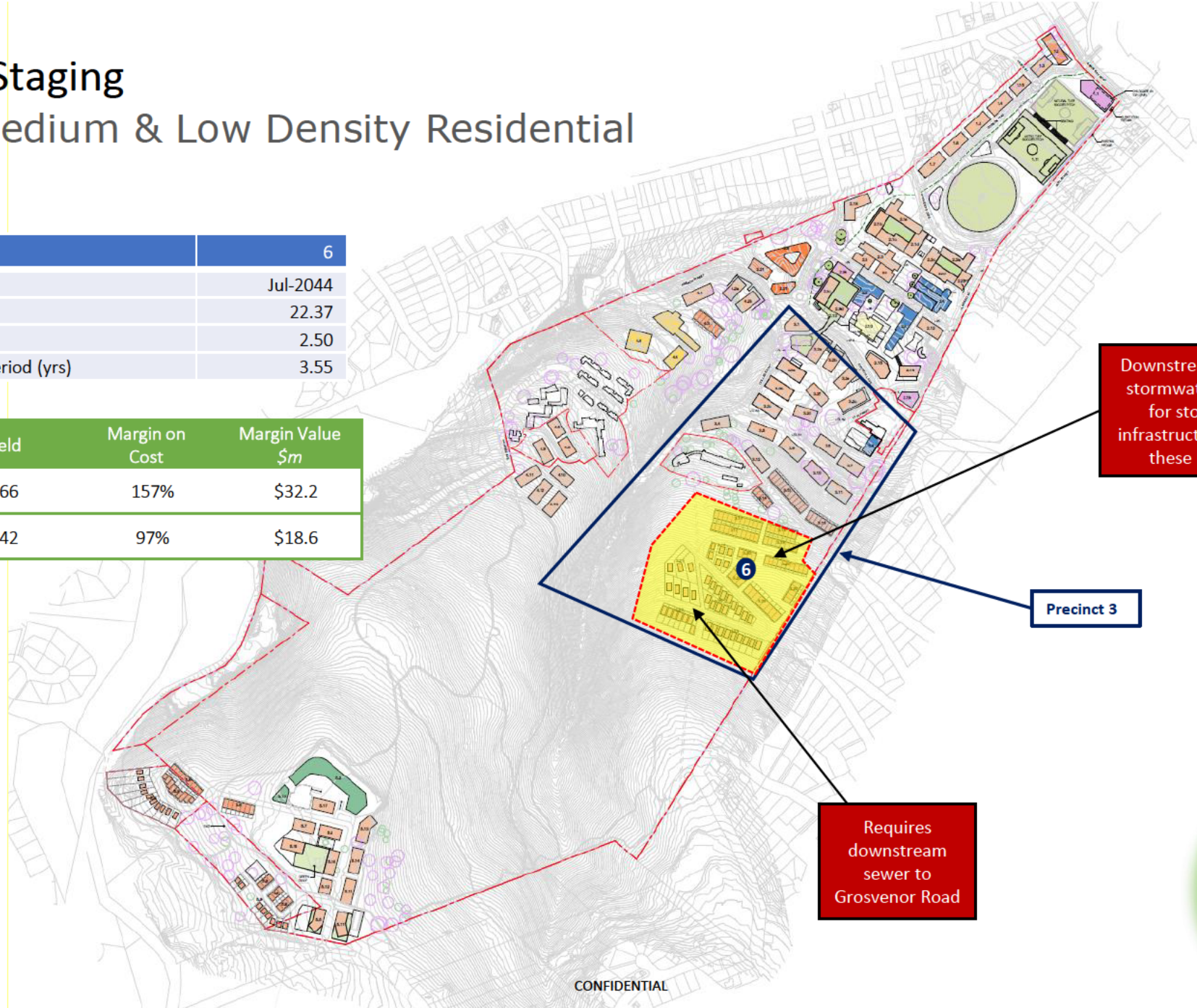
Stage Margin on Cost: 95.34%

Masterplan Staging

Stage 6 – Medium & Low Density Residential

Stage	6
Commencement Date	Jul-2044
Lead-in Time (yrs)	22.37
Construction Period (yrs)	2.50
Development & Selldown Period (yrs)	3.55

Asset	Yield	Margin on Cost	Margin Value *$m*
Attached Dwellings	66	157%	$32.2
Detached Dwelling	42	97%	$18.6



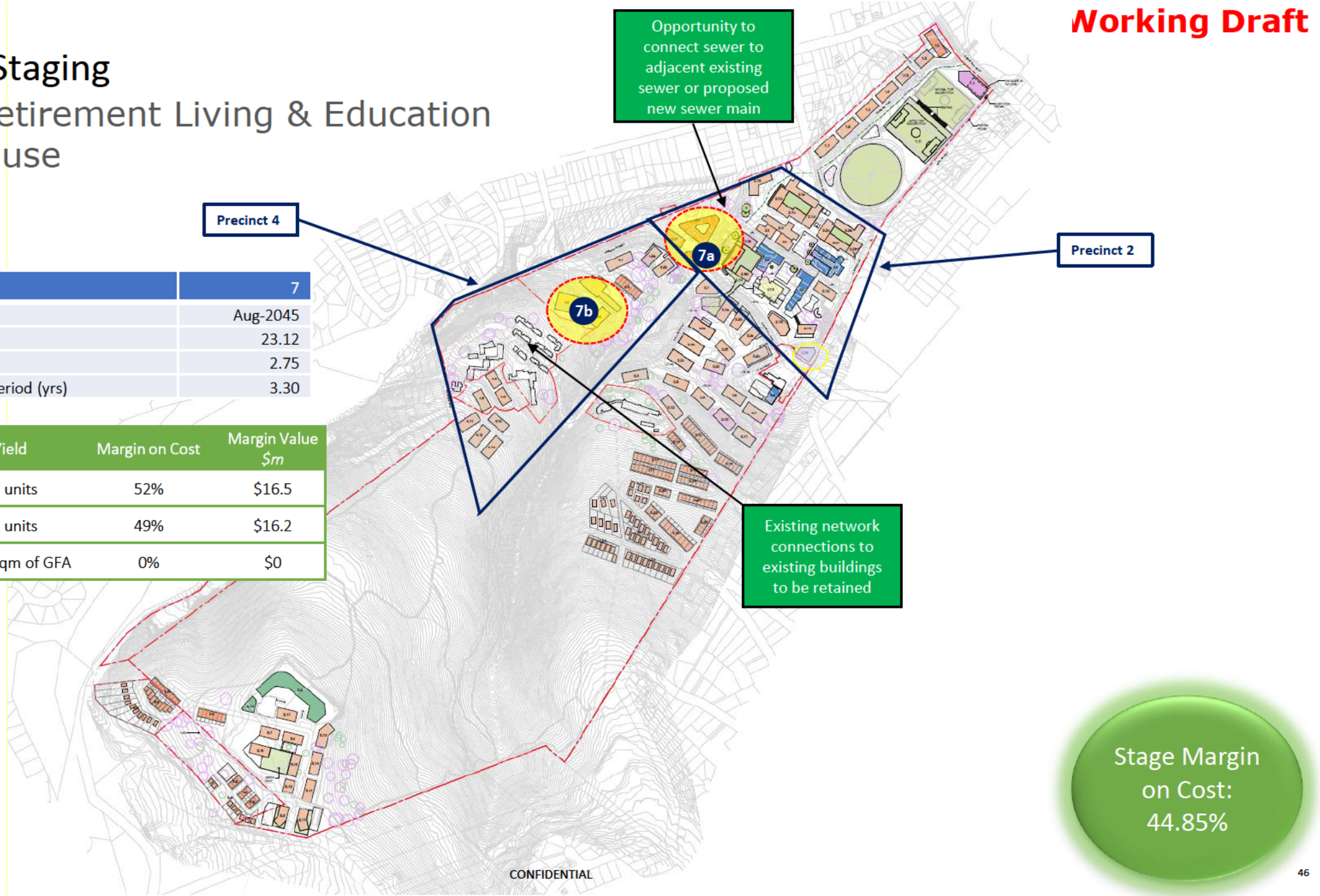
Stage Margin on Cost: 107.50%

Masterplan Staging

Stage 7 – Retirement Living & Education Building Re-use

Stage	7
Commencement Date	Aug-2045
Lead-in Time (yrs)	23.12
Construction Period (yrs)	2.75
Development & Selldown Period (yrs)	3.30

Asset	Yield	Margin on Cost	Margin Value $m
Retirement Living	80 units	52%	$16.5
Retirement Living	81 units	49%	$16.2
Education	1,600 sqm of GFA	0%	$0



Stage Margin on Cost: 44.85%

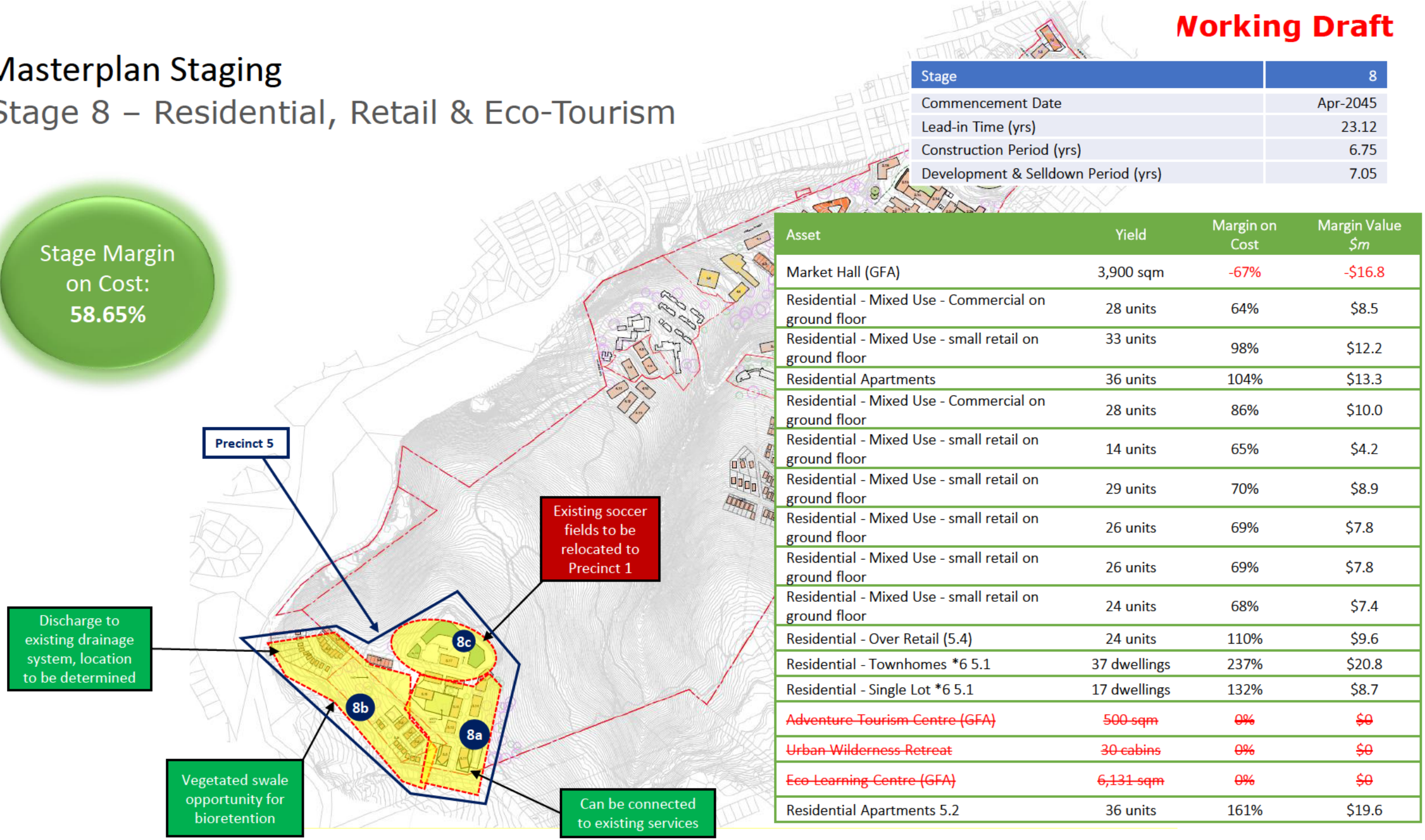
Working Draft

Masterplan Staging

Stage 8 – Residential, Retail & Eco-Tourism

Stage	8
Commencement Date	Apr-2045
Lead-in Time (yrs)	23.12
Construction Period (yrs)	6.75
Development & Selldown Period (yrs)	7.05

Stage Margin on Cost: **58.65%**



Asset	Yield	Margin on Cost	Margin Value *$m*
Market Hall (GFA)	3,900 sqm	-67%	-$16.8
Residential - Mixed Use - Commercial on ground floor	28 units	64%	$8.5
Residential - Mixed Use - small retail on ground floor	33 units	98%	$12.2
Residential Apartments	36 units	104%	$13.3
Residential - Mixed Use - Commercial on ground floor	28 units	86%	$10.0
Residential - Mixed Use - small retail on ground floor	14 units	65%	$4.2
Residential - Mixed Use - small retail on ground floor	29 units	70%	$8.9
Residential - Mixed Use - small retail on ground floor	26 units	69%	$7.8
Residential - Mixed Use - small retail on ground floor	26 units	69%	$7.8
Residential - Mixed Use - small retail on ground floor	24 units	68%	$7.4
Residential - Over Retail (5.4)	24 units	110%	$9.6
Residential - Townhomes *6 5.1	37 dwellings	237%	$20.8
Residential - Single Lot *6 5.1	17 dwellings	132%	$8.7
~~Adventure Tourism Centre (GFA)~~	~~500 sqm~~	~~0%~~	~~$0~~
~~Urban Wilderness Retreat~~	~~30 cabins~~	~~0%~~	~~$0~~
~~Eco-Learning Centre (GFA)~~	~~6,131 sqm~~	~~0%~~	~~$0~~
Residential Apartments 5.2	36 units	161%	$19.6

6

Base Case Feasibility.

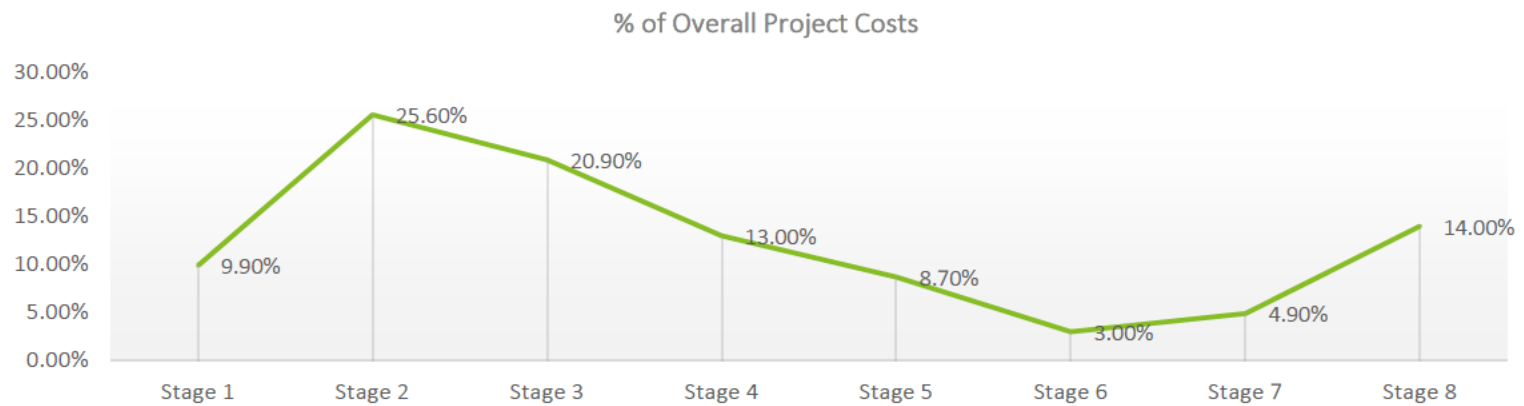
Base Case Feasibility

Staging Costs

The table below demonstrates the breakdown of construction costs (site costs and build costs) in each stage.

In $m

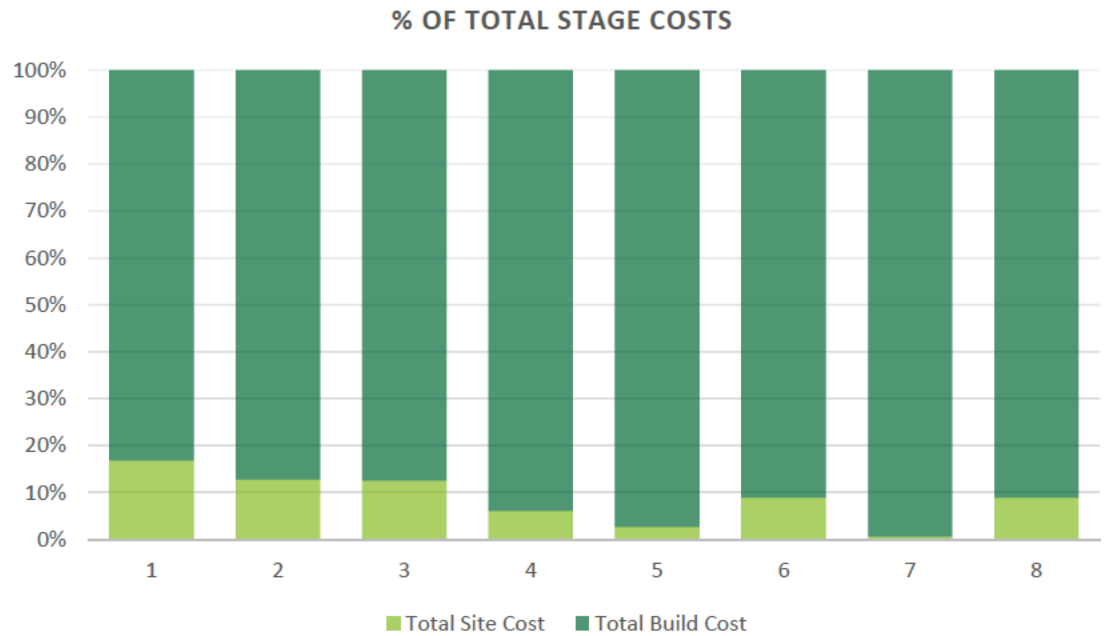
Stage	1		2		3		4		5		6		7		8		Total
Total Stage Costs	$145.94	100%	$377.59	100%	$307.70	100%	$191.80	100%	$128.02	100%	$43.66	100%	$71.91	100%	$205.85	100%	$1,472.49
Demolition	$1.50		$8.75		$5.77		$1.06		$0.42		$0.76		$0.00		$0.44		$18.70
Infrastructure	$11.08		$21.43		$18.87		$4.46		$2.94		$3.13		$0.39		$9.51		$71.80
Public Realm	$11.90		$16.91		$13.98		$6.11		$0.00		$0.00		$0.00		$6.14		$55.04
Total Site Costs	$24.48	16.77%	$47.09	12.47%	$38.62	12.55%	$11.63	6.06%	$3.36	2.62%	$3.89	8.91%	$0.39	0.54%	$16.09	7.82%	$145.55
Total Build Costs	**$121.46**	83.23%	**$330.50**	87.53%	**$269.08**	87.45%	**$180.17**	93.94%	**$124.66**	97.38%	**$39.77**	91.09%	**$71.53**	99.46%	**$189.76**	92.18%	$1,326.93
% of Overall Project Costs	**9.9%**		**25.6%**		**20.9%**		**13.0%**		**8.7%**		**3.0%**		**4.9%**		**14.0%**		**100.0%**



A large portion of costs occur in Stage 2, constituting 26% of the overall project cost, followed by Stage 3.

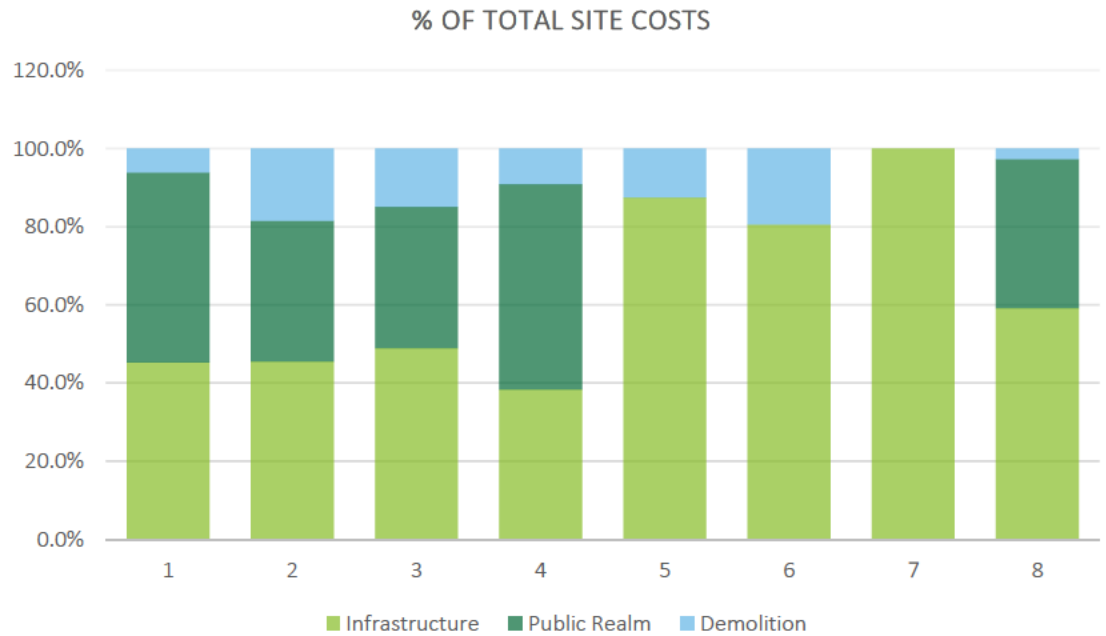
Base Case Feasibility

Staging Costs



This graph indicates that the build cost predominately constitutes the total stage costs.

In addition, there appears to be a higher weighting of site works in the first four (4) stages of the development.



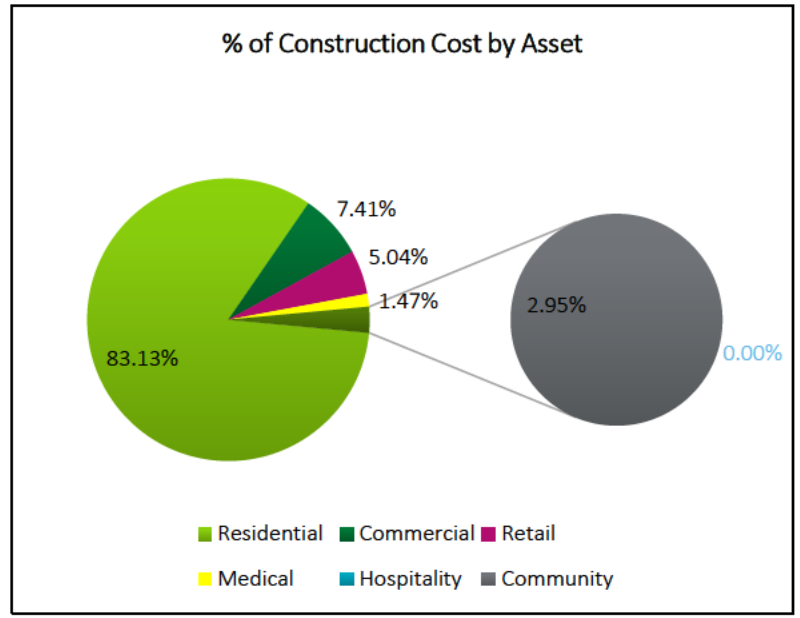
This graph indicates that the majority of public realm works occur in the first four (4) stages of the development.

Base Case Feasibility

Staging Costs – Built Form

In $m

Stage	1	2	3	4	5	6	7	8	Total
Stage Period	**2022 - 2027**	**2024 - 2035**	**2033 - 2045**	**2036 - 2045**	**2042 - 2049**	**2044 - 2048**	**2045 - 2048**	**2045 - 2052**	**2022 - 2052**
Total Built Form Cost	$121.46	$349.59	$249.98	$180.17	$124.66	$39.77	$71.53	$163.93	$1,301.10
Residential	$121.46	$283.36	$129.08	$180.17	$124.66	$39.77	$64.23	$138.87	$1,081.60
Commercial		$30.39	$66.07						$96.45
Retail			$40.54					$25.07	$65.60
Medical		$19.10							$19.10
Hospitality									$0.00
Community		$16.75	$14.30				$7.30		$38.35
% of Total Built Form Cost	**9.33%**	**25.90%**	**16.41%**	**16.61%**	**9.57%**	**3.05%**	**5.73%**	**13.39%**	**100%**



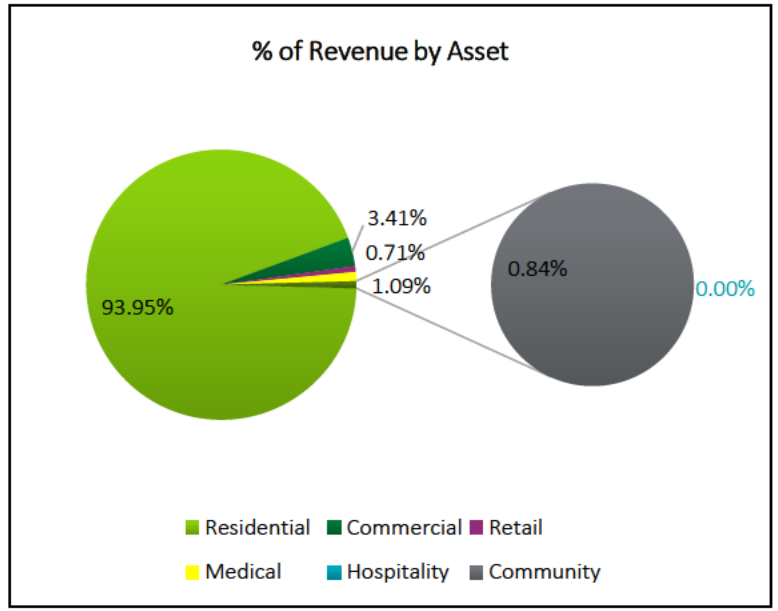
Residential construction costs account for the majority of built form costs at 83%.

Base Case Feasibility

Staging Revenues

In $m

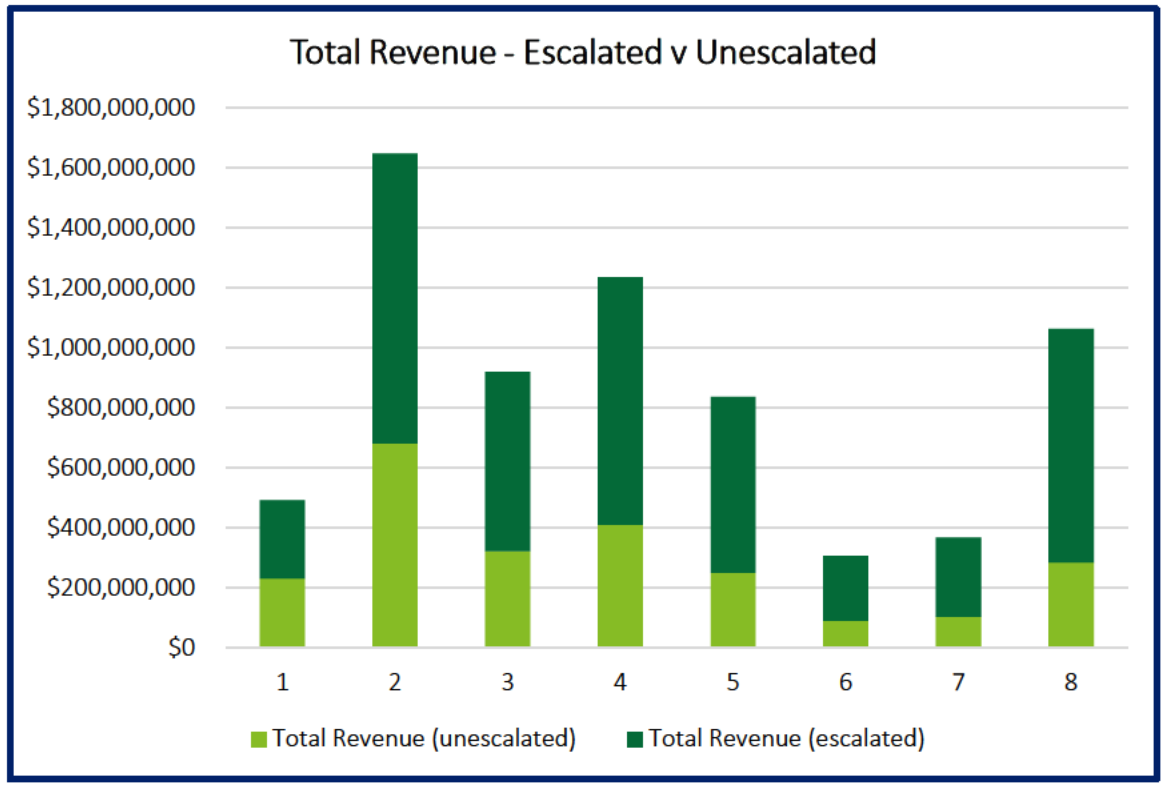
Stage	1	2	3	4	5	6	7	8	Total
Stage Period	**2022 - 2027**	**2024 - 2035**	**2033 - 2045**	**2036 - 2045**	**2042 - 2049**	**2044 - 2048**	**2045 - 2048**	**2045 - 2052**	**2022 - 2052**
Total Project Revenue	$232.30	$681.91	$322.45	$410.62	$250.07	$90.60	$104.17	$285.61	$2,377.74
Residential	$232.30	$615.60	$260.53	$410.62	$250.07	$90.60	$96.87	$277.33	$2,233.93
Commercial		$36.00	$45.04						$81.04
Retail			$8.50					$8.29	$16.79
Medical		$25.94							$25.94
Hospitality									$0.00
Community		$4.37	$8.37				$7.30		$20.04
% of Total Project Revenue	**9.8%**	**28.7%**	**13.6%**	**17.3%**	**10.5%**	**3.8%**	**4.4%**	**12.0%**	**100%**

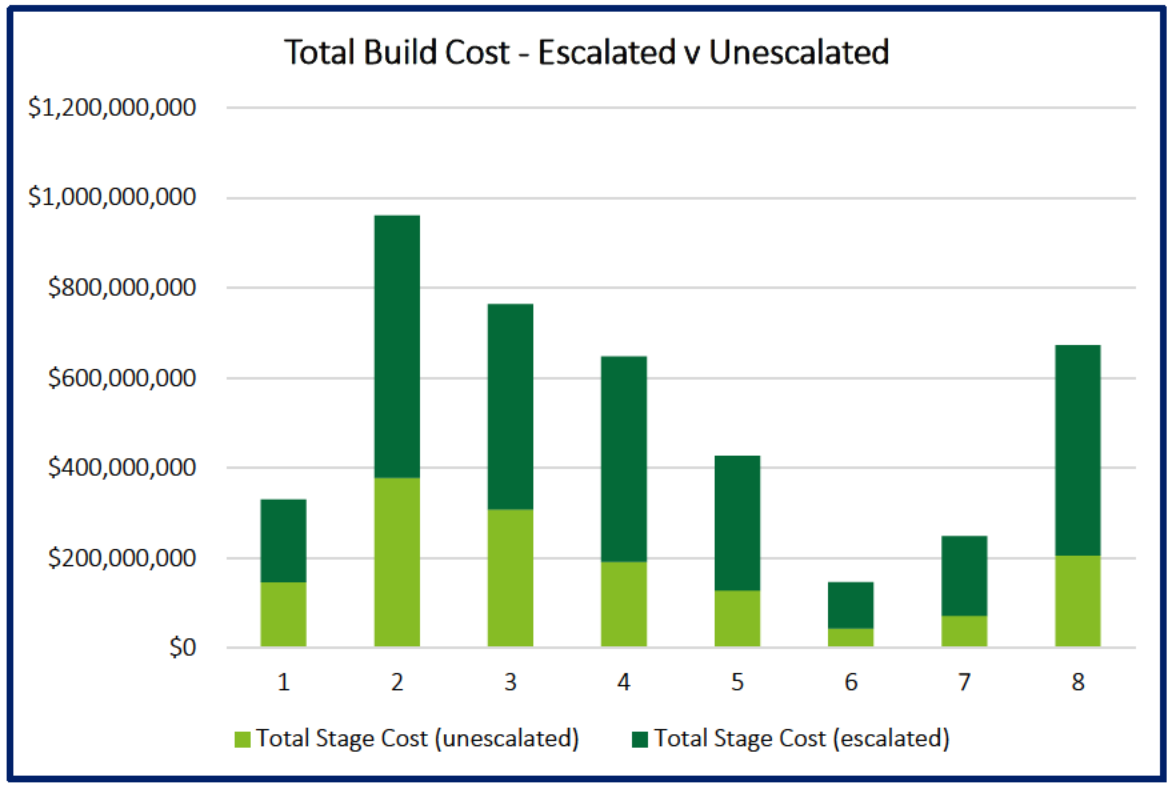


Residential development dominates the revenue for the project at 94%, which significantly exposes the project to risks in the residential apartment market.

Base Case Feasibility

Escalated Comparison – Cost and Revenue



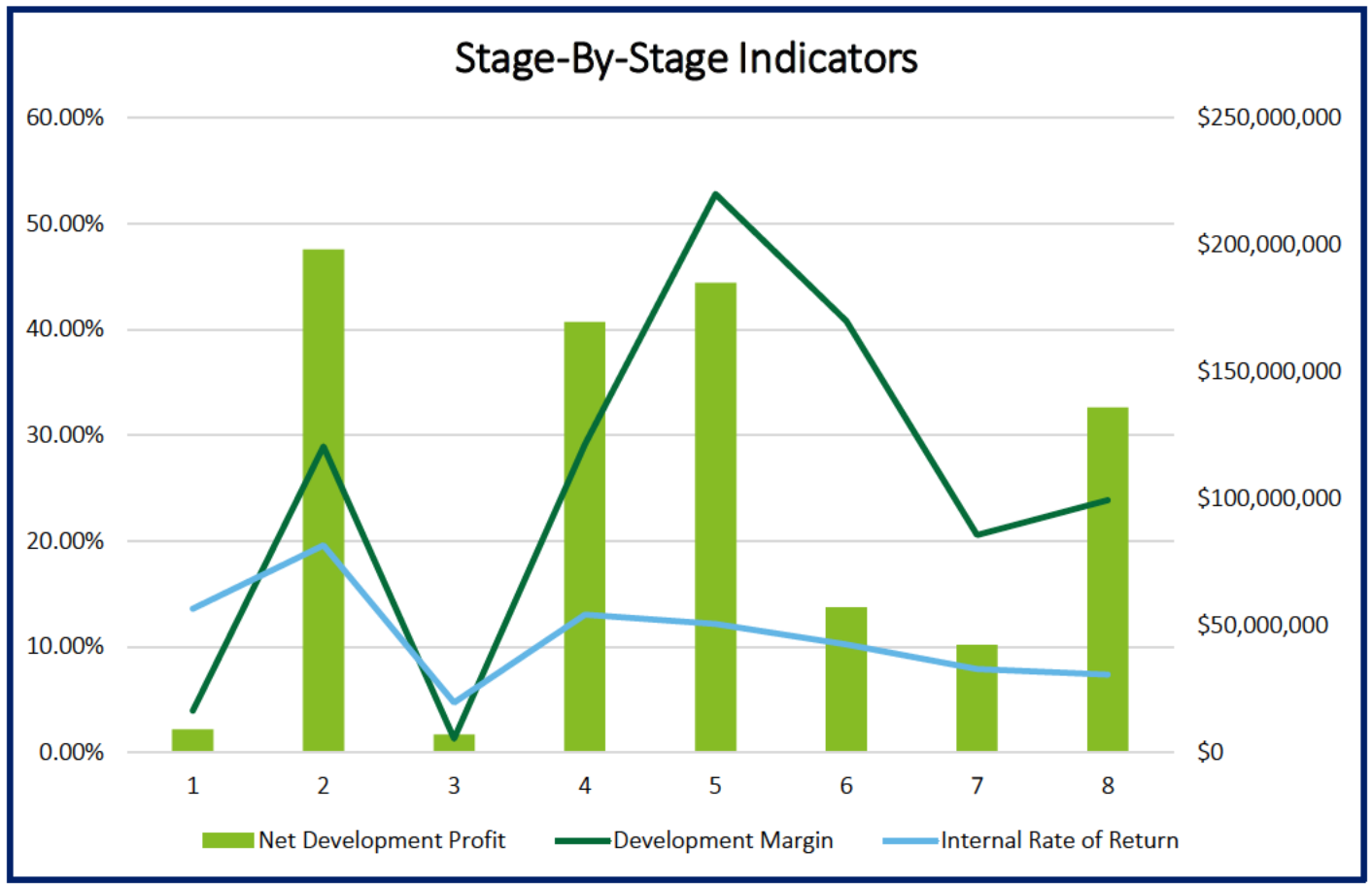


These graphs show the strong compounding effect of revenue relative to cost as the project nears completion, given the dated development period of circa 30 years.

Base Case Feasibility

Performance Indicators – Escalated Cash Flows

The graph below illustrates the three (3) performance indicators on a stage-by-stage basis based on the escalated costs and revenue. The development profits, development margin and internal rate of return appears to be low in Stage 3 due to the commercial re-use assets generating a negative margin on cost.



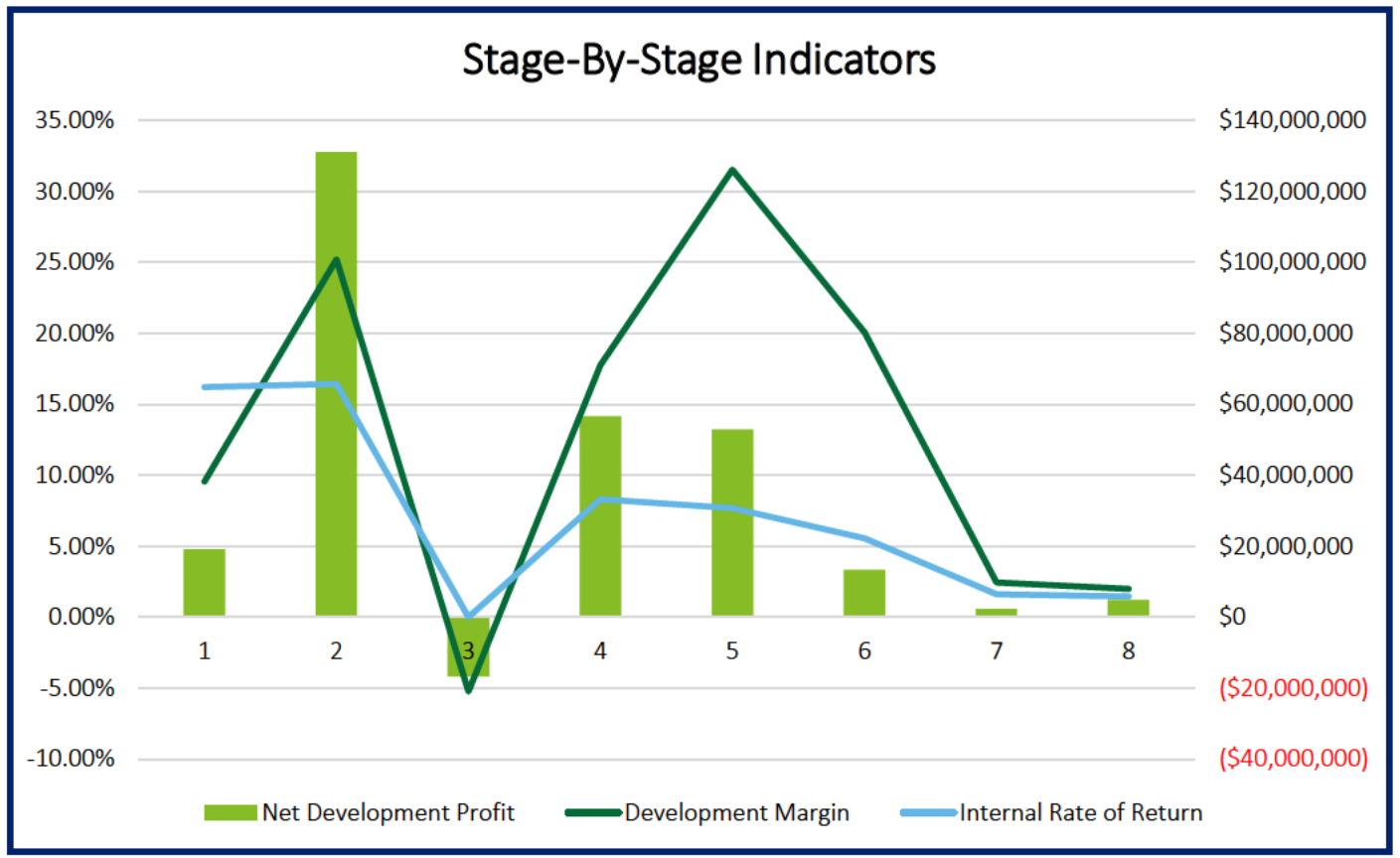
In $m

Stage	Project Whole
Commencement Date	Mar-2022
Completion Date	Aug-2052
Construction Period (yrs)	28.58
Development & Selldown Period (yrs)	**30.42**
Revenues	
Gross Sales Revenue	**$4,497**
Less Selling Costs	-$71
NET SALES REVENUE	$4,427
Less Leasing Costs	-$21
TOTAL REVENUE (before GST paid)	$4,406
Less GST paid on all Revenue	-$376
TOTAL REVENUE (after GST paid)	**$4,030**
Costs	
Land and Acqusition	$26
Construction (inc. Prelims, Margin & Design Cont.)	$2,726
Professional Fees	$278
Construction Contingencies	$167
ESD & Wellness/FFE & Artwork	$42
Authority Fees	$26
Marketing Costs	$25
Project Contingency (Reserve)	$166
Pre-Sale Commissions	$56
Interest Expense	$36
TOTAL COSTS (before GST reclaimed)	$3,547
Less GST reclaimed	-$321
TOTAL COSTS (after GST reclaimed)	**$3,226**
Performance Indicators	
Development Profit	$804
Development Margin	**24.40%**
Project Internal Rate of Return (IRR)	**13.81%**
Residual Land Value (@ Target IRR of 17.5%)	-$27
Peak Debt Exposure	$234
Breakeven Date for Cumulative Cash Flow	Nov-39

Base Case Feasibility

Performance Indicators – Un-escalated Cash Flows

The graph below illustrates the three (3) performance indicators on a stage-by-stage basis based on the un-escalated costs and revenue. Stage 3 appears to be generating a negative net development profit which is impacted by the re-use commercial assets generating a negative margin on cost.

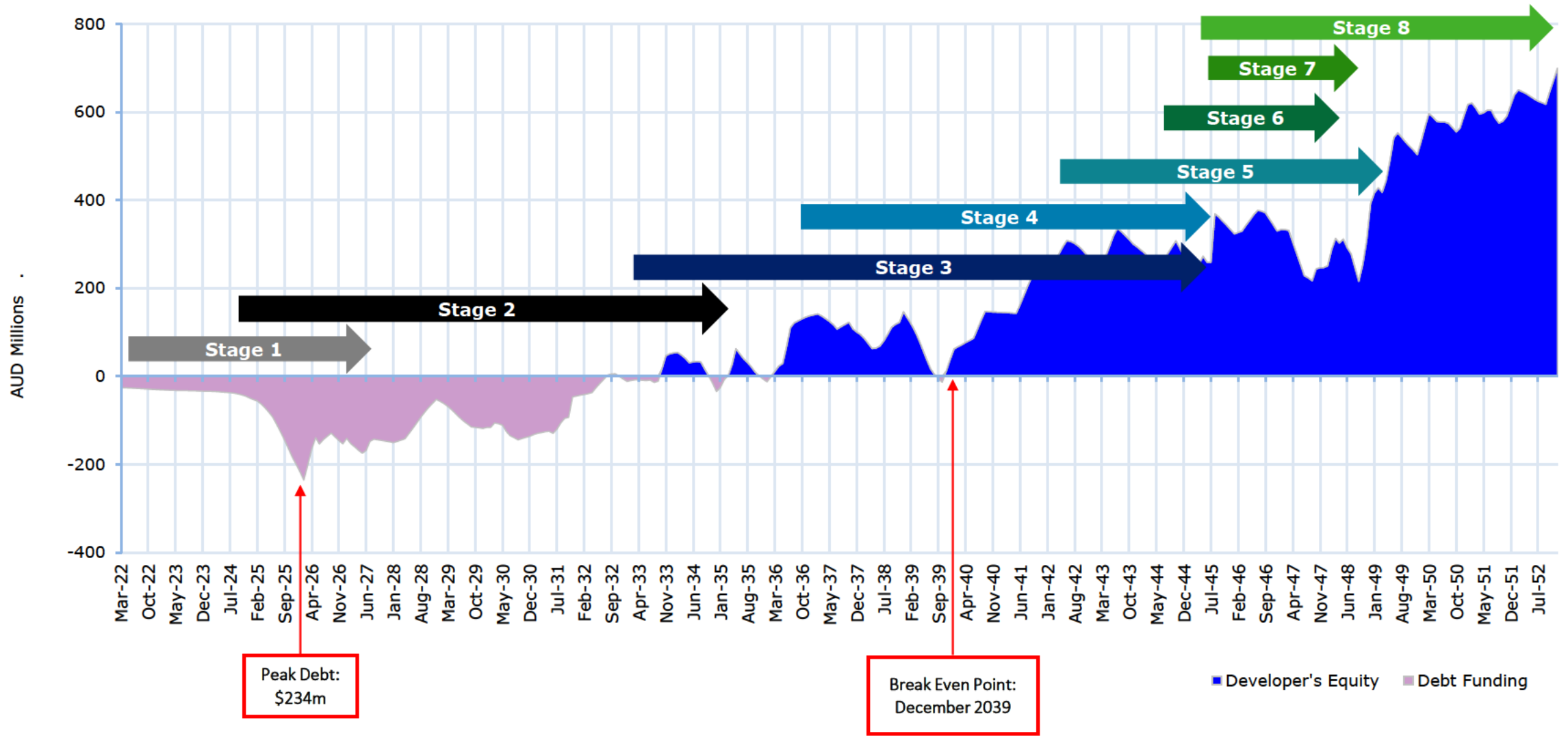


In $m

Stage	Project Whole
Commencement Date	Mar-2022
Completion Date	Aug-2052
Construction Period (yrs)	28.58
Development & Selldown Period (yrs)	30.42
Revenues	
Gross Sales Revenue	**$2,416**
Less Selling Costs	-$39
NET SALES REVENUE	$2,378
Less Leasing Costs	-$19
TOTAL REVENUE (before GST paid)	$2,358
Less GST paid on all Revenue	-$202
TOTAL REVENUE (after GST paid)	**$2,156**
Costs	
Land and Acqusition	$26
Construction (inc. Prelims, Margin & Design Cont.)	$1,591
Professional Fees	$156
Construction Contingencies	$92
ESD & Wellness/FFE & Artwork	$23
Authority Fees	$14
Marketing Costs	$16
Project Contingency (Reserve)	$96
Pre-Sale Commissions	$30
Interest Expense	$33
TOTAL COSTS (before GST reclaimed)	$2,079
Less GST reclaimed	-$186
TOTAL COSTS (after GST reclaimed)	**$1,893**
Performance Indicators	
Development Profit	$264
Development Margin	**13.64%**
Project Internal Rate of Return (IRR)	**10.26%**
Residual Land Value (@ Target IRR of 17.5%)	-$37
Peak Debt Exposure	$208
Breakeven Date for Cumulative Cash Flow	Dec-39

Base Case Feasibility

Cumulative Cash Flow Chart



Base Case Feasibility

Sensitivity Analysis – Changes from Base Case

Escalated

Variations in Development Profit

Sale Span Period \ Construction Cost	▼10%	▼5%	no change	▲5%	▲10%
▼10%	1,069,073	934,186	798,949	659,891	513,831
▼5%	1,070,906	936,019	800,680	661,389	515,150
no change	1,074,680	939,793	804,366	665,127	519,033
▲5%	1,078,463	943,576	808,067	668,866	522,892
▲10%	1,080,262	945,363	809,750	670,310	523,936

Variations in Project IRR

Sale Span Period \ Construction Cost	▼10%	▼5%	no change	▲5%	▲10%
▼10%	17.90%	15.87%	13.85%	11.83%	9.81%
▼5%	17.83%	15.80%	13.79%	11.79%	9.77%
no change	17.84%	15.82%	13.81%	11.81%	9.81%
▲5%	17.84%	15.83%	13.83%	11.83%	9.84%
▲10%	17.76%	15.75%	13.76%	11.78%	9.79%

Un-Escalated

Variations in Development Profit

Sale Span Period \ Construction Cost	▼10%	▼5%	no change	▲5%	▲10%
▼10%	425,645	345,597	264,223	177,125	73,121
▼5%	425,430	345,334	263,783	176,508	71,621
no change	425,335	345,177	263,548	176,198	71,080
▲5%	425,192	344,972	263,255	175,820	70,377
▲10%	424,976	344,687	262,777	175,088	68,712

Variations in Project IRR

Sale Span Period \ Construction Cost	▼10%	▼5%	no change	▲5%	▲10%
▼10%	14.92%	12.66%	10.36%	7.97%	5.47%
▼5%	14.83%	12.58%	10.29%	7.92%	5.42%
no change	14.80%	12.55%	10.26%	7.90%	5.41%
▲5%	14.76%	12.52%	10.23%	7.87%	5.39%
▲10%	14.66%	12.43%	10.16%	7.81%	5.34%

7

Relevant Case Studies.

Case Studies
Overview

In order to inform possible delivery models for the Sandy Bay Project and their implications, we have research three (3) similar developments in NSW that we have knowledge. The developments are as follows:

Institutional Developers Developments:

01 Shell Cove Urban Release Project

02 Bingara Gorge Estate

03 Putney Hill Estate

University Participation Developments:

04 Simon Fraser University – The Burnaby 2065 Campus Master Plan

05 Kelvin Grove Urban Village

06 La Trobe University Campus Masterplan

07 Western Sydney University Penrith Campus Redevelopment

08 University of Wollongong Health and Wellbeing Precinct

The above developments hold similar characteristics to the Sandy Bay project, including the following:

- ✓ Long-dated multi-staged projects
- ✓ Significant upfront infrastructure requirements
- ✓ Multiple housing typologies and a broad range of mixed land uses
- ✓ Strategies for sequencing an optimal staging plan
- ✓ Partnership structures for enabling development
- ✓ Development risks and obstacles that may occur during the development Phase

We note that we have mostly relied on publicly available information in researching our case studies, and therefore we cannot vouch for the accuracy of the information. We stress that some of the information relied upon is highly subjective and should not be taken to be an accurate representation of current/historic matters and/or events. In certain instances however, the information we provide is based on our historical knowledge of the project under consideration and is deemed to be commercial in confidence. We provide the case studies as general market examples of the development of similar projects only, and not for any other purpose.

Case Studies

Shell Cove Urban Release Project

The Shell Cove Project is located south of Wollongong, NSW and comprises a large-scale master planned development being undertaken by Shellharbour City Council (SCC) and Australand (Frasers Property) under a Development Management Agreement (DMA) that was signed in 1993. The project has a circa 30-year development period and on completion, it will comprise around 3,000 dwellings, a golf course, boat harbour, a 300 berth marina, commercial developments including a town centre, hotel, business park and associated open space, environmental and social.

The first stages to be developed lie along the western boundary of the estate, bordered by Harbour Boulevard which provides the main entry into the estate. Residential stock at this fringe position if considered to be the least valuable. Retirement living superlots where created towards the northern stages, which were advertised and sold out to specialist private retirement living developers. After the first stages were built out, the town centre was activated with the construction of the retail precinct which opened in October 2018 and comprises a Woolworths supermarket and nine (9) speciality store. Various medium and high density superlots were created, which Frasers purchased from the development to undertake as a private developer. Frasers plans to build premium apartment towers that will have views over the marina. A hotel and a tavern site were also released and sold out to private specialist operators. The third stages where then commenced along with the substantial infrastructure of the marina and inlet development. The last stages are considered to be the premium product and will commence once the town centre and marina are fully completed.

The commercial terms of the DMA were as follows:

[redacted]

We note that the above information is provided as commercial in confidence and should not be distributed to any third parties under any circumstance.

Source: https://www.fraserspropertyproperty.com.au/NSW/Shell-Cove/News-and-Events/Downloads

Relevance to Sandy Bay Project:

- Pursing fringe development initially (where existing site services might reduce costs such as Precinct 4) and moving inwards could be an efficient development strategy.
- Undertaking large scale community assets development should happen towards the middle of the development period once sales have gained traction.
- Commercial assets such as retirement living, hotel and specialist retail can be sold off as superlots to specialist operators, since they do not compete with the residential stock and allow the developer to continue momentum with the main activity of developing residential.
- The value of premium residential stock can be maximised by selling them last once all community assets are fully developed, as the pricing for this stock is more elastic.
- A development management agreement (DMA) can assist a landowner who is not in the business of developing property (such as UTAS) to develop their land without taking on significant development risk
- Institutional developers have sufficient capital to undertake developments of community assets early. As they are a going concern business, they base their target IRR hurdle rate on their weighted average cost of capital (WACC), which is usually around 8% - 10%. This is much lower than the 20% target IRR that UTAS is seeking for the Sandy Bay Project.

Case Studies

Bingara Gorge Estate

Bingara Gorge is a staged master planned development located south-west of Sydney and being developed by Lendlease Communities. It comprises approximately 1,165 residential dwellings, school, village centre, 3.5 hectares of embellished parkland containing 9 parks and associated infrastructure. A further 635 lots were approved in 2016 via Court action to increase the total lots to approximately 1,800. The site spans over 450 hectares with over 200 hectares dedicated to open space, with 18 km of interconnected walking and cycling tracks. The development includes an 18-hole championship golf course designed by Graham Marsh, retail village and community centres. Bingara Gorge has specific house design principles with community title levies ranging from $1,500 to $4,000 pa. The levies pay for the public golf course maintenance, recycled water, community facilities and estate security. The estate has a strong emphasis on the public golf course and community facilities.

As the development is located outside of the normal wastewater network serviced by Sydney Water, it was necessary to construct a privately owned and operated Recycled Water Treatment Plant to service the community's needs, which required an upfront investment of circa $30m from Lendlease. Development of the estate then commenced to the south of the site on the northern alignment of Picton Road. This part of the estate includes the residential precincts of Pembroke Village, Greenbridge Village, parts of Fairway East and Highlands Villages and the Country Club, Wilton Primary School, retail facilities (town centre), a childcare centre and 18-hole golf course. The next stage to be developed lies to the north-west (Highlands & Fairways East) of the estate and comprises residential dwellings only. In 2019, site works commenced on the northern end of Fairway East (close to the proposed Country Club) and to the eastern portion (Greenbridge East) of the estate. In 2019 Lendlease lodged a DA with the local council for a subdivision of 347 lots – the majority located in the residual land area adjoining the Hume Highway and opposite North Wilton.

Lendlease was in negotiations with Chinese developer Poly to sell the estate with circa 900 lots remaining to be developed. But after Poly decided to abandon the $300 million acquisition, Lendlease placed Bingara Gorge on the market and it was eventually acquired by Metro Property Development for $220 million in May 2021.

Lendlease stated that the reason they sold the project is not because they thought it was a good deal, but because they came to the conclusion that they could earn a higher return on capital elsewhere and therefore chose to recycle their investment out of the project. The remaining lots are considered to be in the least attractive part of the estate, adjoining the highway and likely to suffer from noise pollution and poor access as there is no off-ramp from the highway. Developing the premium portion of the estate first along with the town centre generated strong revenues that would have gone some way in funding the significant community assets to be developed. It appears Lendlease concluded that continuing to develop the least desirable portion of the estate would degrade their overall project return further. The project suffered other long running obstacles including the relocation of endangered species alongside court actions.

Relevance to Sandy Bay Project:

- Existing site layout has an impact on the staging plan. The lack of access to the least desirable portions of the Bingara Gorge Estate prevented Lendlease from developing them first. There was also no existing infrastructure to capitalise on.
- For the Sandy Bay Project, development of Precinct 2 first (assuming timing is not an issue) and then Precinct 1 would follow the Bingara Gorge model. The majority of infrastructure and community assets lie between these precincts.
- It is important to consider overall project returns at each stage of development, as later stages may drag down overall project returns. For instance, if Precinct 5 were left to the end and showed a drag on overall returns, it may be better to develop all other precincts first and then sell this precinct at the end.
- Biodiversity can pose a high risk for sites that are affected by natural vegetation, and could end up stalling the momentum of development.

Case Studies

Putney Hill Estate

Putney Hill Estate, located in the Sydney Suburb of Ryde, is a development by Frasers Property comprising of 668 apartments and 123 residences, a central pond, playground, a 3-kilometres fitness track and over 60% of the site is dedicated to open spaces. Public spaces include a rooftop terrace, community garden, landscaped courtyard, BBQ areas, multi-purpose communal room with a kitchen and outdoor fitness equipment. Typologies included low-rise dwellings, semi-detached dwellings along the edge of the site and residential apartments.

The site was developed under a partnership with Frasers and The Royal Rehab Centre (RRC), who are the landowners. Under the agreement, Frasers rebuilt the rehab centre and sought an alternative site for the centre to base some of its activities. In return, Frasers redeveloped the rest of the site for residential use without incurring a land cost. The site present relatively flat land towards the south and then rises moderately towards the north. The northern part of the site affords expansive views over Parramatta River and towards the Sydney CBD.

The pond in the middle of the site is actually a detention basin. Frasers undertook the development of the new centre and the detention basin first before progressing to residential development. The townhouses aligning the eastern boundary are considered to be the most inferior product, being attached duplex style dwellings, and were constructed first. Frasers then built the townhouses around the pond and progressively staged construction from south to north. The apartments were constructed after all townhouses were completed, and Fraser timed the market to capture the upswing in price growth in Sydney during the 2015-2016 period. Due to the compact nature of the site, it presented the feel of living within a construction site for the townhouse residents, however this did not appear to affect prices or sales volumes. The final stages were developed towards the south-west end of the site. The last stage was the townhouses at the southern end, which were built as grand homes with large living areas designed to target the affluent demography within the area and the premium location of the estate at Ryde. The estate was completed in 2020 over six (6) stages.

Relevance to Sandy Bay Project:

- Putney Hill Estate has a similar rising topography to the Sandy Bay project, affording expansive water views to elevated portions of the site. Ryde is also considered to be a premium location similar in comparison to Sandy Bay.
- The design of Putney Hill Estate suggests that Precinct 2 at Sandy Bay might benefit from more low density residential product, with apartments separated to the rear where they can maximise views.
- The agreement between Frasers and RRC indicates that a development partner such as Frasers entering a project without a land cost allows them to expend capital upfront for infrastructure works without creating a drag on overall project returns.

Case Studies

Simon Fraser University – The Burnaby 2065 Campus Master Plan

Simon Fraser University (SFU) is located in the suburb of Burnaby, Canada and is surrounded by natural vegetation within the Burnaby Mountain. The planning process for the masterplan began in 2018 and comprises open houses and interactive surveys for students and faculty staff to provide their opinions. The Burnaby 2065 Campus Master Plan Development was created and is led by SFU Campus Planning and Development (internal University development arm), who will provide a framework for the buildings, landscapes, public spaces and on-campus movement over the next 50 years.

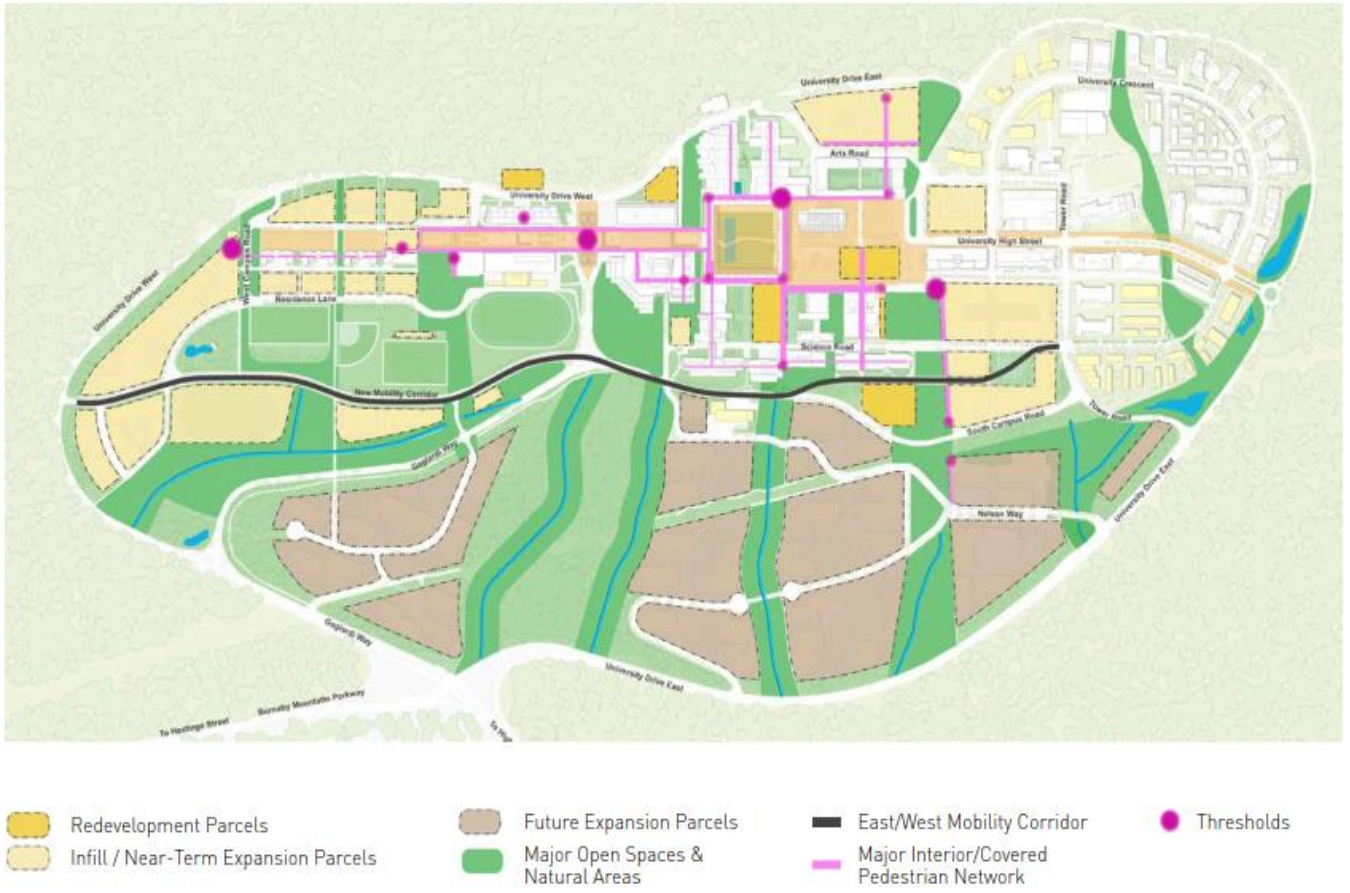
The masterplan includes the repairment and extension of Erickson and Massey's central access, development of informal and integrated corridors for campus mobility, consolidation and renewal of athletic fields, facilities and recreational landscapes, student accommodation, family housing comprising 90 apartments (reserved for couples and adults with one or more dependent children under 19 years old), the renewal and expansion of academic facilities, cultural facilities and TransLink's proposed gondola public transit between Production University Station and the campus core.

Construction has commenced and includes the following projects completed or under construction:

- The new Corix Biomass plant (completed in 2020) will assist in reducing greenhouse gas emissions on the Burnaby campus by 80%
- Construction of the First Peoples' Gathering House which will provide shared social space for SFU's Indigenous community and is a cultural hub for SFU community members (completion in 2023)
- Marianne and Edward Gibson Art Museum
- Student accommodation development of two (2) buildings comprising 482 single occupancy beds (completion 2021)
- Dining Commons South Patio which comprising outdoor seating areas and BBQ facilities (completed 2019)
- Expansion of the Dining Hall Services to accommodate more students (completed in 2021)
- Phase 2 residential construction for short-term accommodation for visitors (completion 2023)

Relevance to Sandy Bay Project:

- The development by SFU is largely a university expansion masterplan with a low weighting of residential product, whereas the Sandy Bay Masterplan is a mixed-use precinct which predominately comprises residential development (generating 93% of all revenues)
- The project provides an example of a University master plan development that is being undertaken internally by the University.



Case Studies

Kelvin Grove Urban Village

The Kelvin Grove Urban Village Masterplan is an urban village precinct incorporating private sector development and various university buildings. The Urban Village is located within the inner western suburb of Kelvin Grove in Brisbane. It is situated on the former Gona Barracks site (owned by Queensland Department of Communities) and land owned by the Queensland University of Technology adjacent to its Kelvin Grove Campus. It is considered Australia's first master planned mixed-use development which combines education, residential, business, cultural and recreation activities within an inner-city environment.

Kelvin Grove Urban Village was completed in 2014 and comprises a village centre with over 1,100 medium-density residential apartments, university facilities, 6,000 sqm of retail including a Woolworths Supermarket, shopping centre and a range of public and university health and recreational facilities. Over 60,000 sqm of teaching and research space has been provided by the university for the Creative Industries Facility and the Institute of Health and Biomedical Innovation. The Department of Communities facilitated the delivery of a tertiary education facility and the private sector development of over 140,000 sqm of GFA for mixed use, medium density residential apartments, student and seniors accommodation, affordable housing and commercial office space (50,000 sqm).

The development was a joint venture between the Queensland Government's Department of Communities and Queensland University of Technology with the focus on environmental, economic and social sustainability. Key issues associated with the development include the heritage significance of the former Gona Barracks, the challenging topography and historical land contamination.

The former Gona Barracks parade ground was considered to be of heritage significance and was incorporated into the universities Creative Industries precinct.

Relevance to Sandy Bay Project:

- The joint venture development agreement facilitated the contribution of land by both parties to the JV. Following an urban design process and planning approval, major infrastructure was then delivered by the JV in the form of water, stormwater, sewerage, power and communications infrastructure, to create the development lots which were then allocated back to each party to the JV based on their initial contribution.
- QUT developed its land for University related purposed.
- The Department of Communities didn't have the balance sheet, the expertise/capability or risk appetite to undertake the delivery of the built form and sold each lot on the open market for the uses contemplated under the master plan. Indeed the development community was vocal in it's opposition to the Department undertaking any development on the assertion that "it's not the State's role to play developer".
- Development was undertaken in accordance with the master plan and a set of design guidelines and the JV continued to operate and set up a design review committee to approve development in the village.
- The planning, development and delivery phase of circa 15 years saw numerous market cycles and the master plan had enough flexibility to respond to changing market conditions and maintain momentum over the life of the project.

Case Studies

La Trobe University Campus Masterplan – University City of the Future

In 2014, a masterplan was prepared for La Trobe University Melbourne campus, under La Trobe's vision to become a 'University Town'. The campus is situated on a 235 hectare site north of Melbourne and will provide a world-class sports, research and innovation, education, commercial, retail and residential development.

Since the publication of the masterplan, the following development has been undertaken:

- A Sports Park for teaching, research, community participation and elite sport and a facility for professional women's sports team
- Student accommodation comprising 624 beds across two (2) buildings
- A research and innovation hub within the Research and Innovation Precinct

The masterplan is in partnership with the Victorian Government, with La Trobe to undertake scoping and feasibility studies to accelerate investment in the University Town. In June 2021 it was announced that La Trobe has appointed Arup (a global leader in master planning) to provide master planning advice and guidance and to work with the University's future Master Development Partner to update and revise the Melbourne Campus Masterplan.

La Trobe University has released an expression of interest (EOI) for a master development partner to join the project.

Relevance to Sandy Bay Project:

- This project provides an example whereby a university is seeking to enter into a development management agreement with a major developer to deliver a mixed-use precinct similar to the Sandy Bay Masterplan.
- Seeking partnerships with local and state governments is also beneficial as it raises the profile of the project and works towards community engagement.

Case Studies

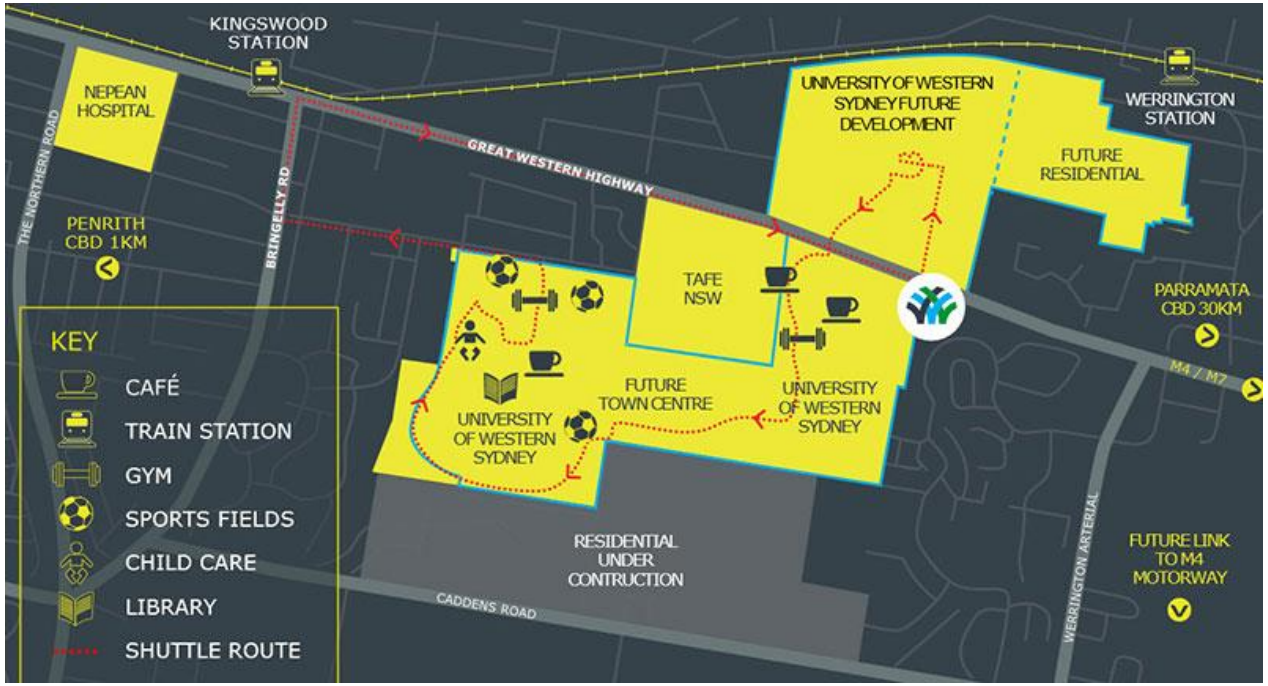
Western Sydney University Penrith Campus Redevelopment

The Western Sydney University (WSU) Penrith Campus Redevelopment is a proposed masterplan mixed-use precinct intended to redevelop the WSU Penrith Campus which sits on a 99 hectare site in the suburb of Werrington. Development planning is currently at a preliminary stage, however the development will feature new residential dwellings, 18 hectares of open space and an arts and heritage precinct. The site provides an opportunity to create a six star green star urban neighbourhood with a large town centre that integrates the existing Penrith campus.

WSU has entered into a Project Delivery Agreement with Stockland to develop the town centre and integrate the existing campus, as well as to include a laboratory for education, research and innovation, social connection, sustainability and exploration.

The redevelopment is part of WSU's Western Growth strategy that aims to create cities along with education infrastructure in partnership with the private and/or public sector. Furthermore, this partnership is in line with Stockland's growing portfolio which focuses on new funding partnerships and communities development.

A planning proposal to rezone the site will be lodged by Stockland with Penrith City Council this year.



Relevance to Sandy Bay Project:

- This project provides an example whereby a university has entered into a development management agreement with a major developer to deliver a mixed-use precinct similar to the Sandy Bay Masterplan.
- The agreement allows Stockland to enter the project without a land cost and thus be able to expend capital upfront for infrastructure works without creating a drag on overall project returns.
- WSU benefit from the expertise of Stockland in undertaking this type of development, while reducing their risk exposure.

Case Studies

University of Wollongong Health and Wellbeing Precinct

The Health and Wellbeing Precinct is situated on a 7.5 hectare site and is being developed north of Wollongong in the suburb of Fairy Meadow. The development is proposed to combine health research and teaching with patient-centric and multidisciplinary health facilities, and features 220 independent retirement units, 120-bed aged care facility, childcare centre and community health centres. The University of Wollongong has entered into a development partnership with Lendlease Retirement Living to deliver the health, aged care and retirement precinct.

Phase 1 of the masterplan concept was lodged in early 2021 by the UoW to the Wollongong City Council and has since been revised and updated. Phase 1 is situated on a 3.5 hectare site located at the southern end of the UoW Innovation Campus at Fairy Meadow and will comprise large green open space at the heart of the Precinct that will be open to the community. The precinct will also comprise a University operated Primary Community Health Centre combining community health services with focus on teaching and research activities in health-related disciplines, an independent living retirement development operated by Lendlease for up to 240 apartments, up to 144- bed residential aged care facility, a childcare centre with approximately 80-100 places, community facilities including a wellness centre, café and community hub, neighbourhood retail to service the Precinct and sustainable features such as solar energy and water-sensitive urban design.

The concept DA for Phase 1 is currently under assessment by the Wollongong City Council. Once approved, construction is expected to begin in 2022 and complete in 2024.

Relevance to Sandy Bay Project:

- Some specialised components of a master plan such as aged care living can be developed under a development partnership with a specialised developer, in order to reduce risk to the landowner
- This project provides an example of the development of a retirement village which comprises ILA's and a RAC, indicating that co-locating the two components provides the most optimal and marketable product.

8

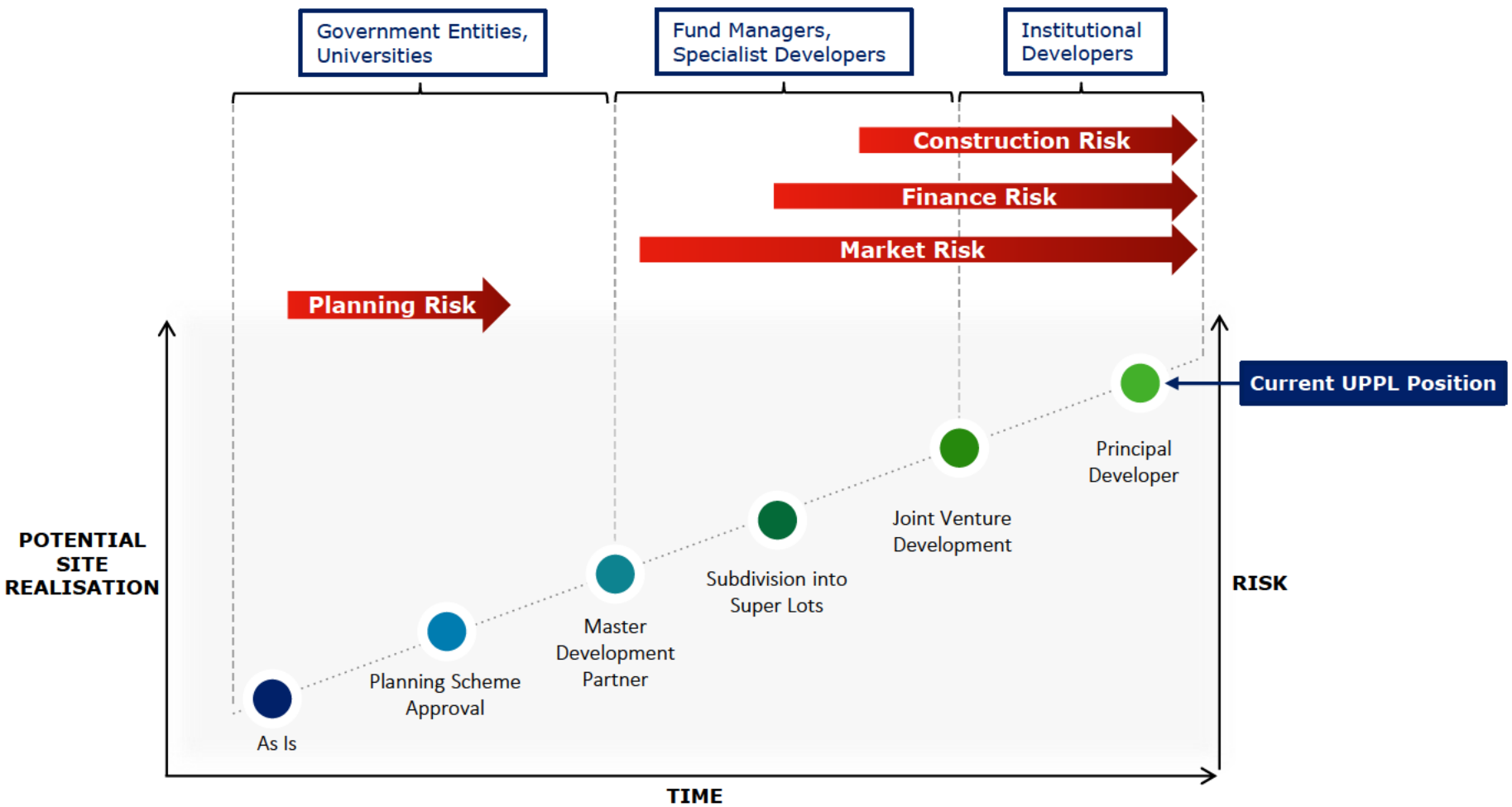
Alternative Delivery Models.

Alternative Delivery Models

Development Risk Curve – Large Scale Projects

The current feasibility assessment considers UPPL as the principle developer for the Sandy Bay Redevelopment project. As the development risk to the right indicates, this position puts UPPL at the top of the risk curve where potential site realisation is at its highest, but development risk is at its highest as well. Based on our market observations, principle developers for similar large scale projects tend to be institutional developers given the significant and intensive capital requirement, as well as the long-dated project period. Our earlier analysis of similar case studies also provides the following implications for the Sandy bay Project:

- **Principle Developer** – Universities may adopt this position if the majority of the proposed development is related to the university's specific and specialised use, thus allowing the university to maximise its internal capabilities to realise the development.
- **Joint Venture** – Universities may engage this structure if the proposed development contains assets that will be retained by the university for its own use and may be specialised, thus allowing the university to utilise its own internal capabilities to participate in the development. The risk of developing non-university specific assets within the project is mitigated by the JV partner.
- **Master Development Partner** – Universities may engage this structure if the majority of the proposed development will comprise assets that are not related to university use and will not be retained by the university, thus allowing the university to transfer all development risk in a project it may not have adequate internal structures and capability to develop, while remaining a participant in the project.



Alternative Delivery Models

Summary of Alternative Models

We have considered the development risk under the following positions of development and project exit that UPPL could adopt:

1. Sale 'As Is'
2. Planning Scheme Approval
3. Master Development Partner
4. Subdivision into Superlots
5. Joint Venture Development
6. Principle Developer

The table to the right provides a qualitative assessment of the risk-return metrics that UPPL could expect under each scenario.

We recommend that UPPL consider undertaking financial feasibility assessments on these alternative delivery models in order to inform the optimal position that UPPL should adopt along the development risk curve. We note that the current staging and delivery method adopted in the base case feasibility is based on UPPL being the principle developer. However if a development partner were to be engaged, then their financial hurdle rates and capital reserves may allow for the staging and delivery of the overall project to change in a manner that allows for upfront investment in community assets. The lack of a significant upfront land cost could allow a development partner to fund more upfront investment in community assets without compromising their ability to achieve their financial hurdle rates.

Scenario	Comment
Sale 'As Is'	Current land book value provided by UPPL.
Planning Scheme Approval	Land value uplift due to the approval. We understand that UPPL is procuring a valuation to inform the estimated market value under this scenario
Master Development Partner	All development risk and development cost burden is transferred to the development partner. Therefore UPPL may lower its target IRR from the base case under this scenario.
Subdivision into Superlots	The current staging plan has the majority of site costs weighted towards the initial stages, which would impact the feasibility under this scenario.
Joint Venture Development	This arrangement shares the development risk and development cost burden between UPPL and the development partner. Therefore UPPL may lower its target IRR from the base case under this scenario.
Principle Developer	UPPL assumes all development risk and development cost burden. Therefore the target IRR for UPPL is at its highest under this scenario.

Alternative Delivery Model
Subdivision into Super Lots

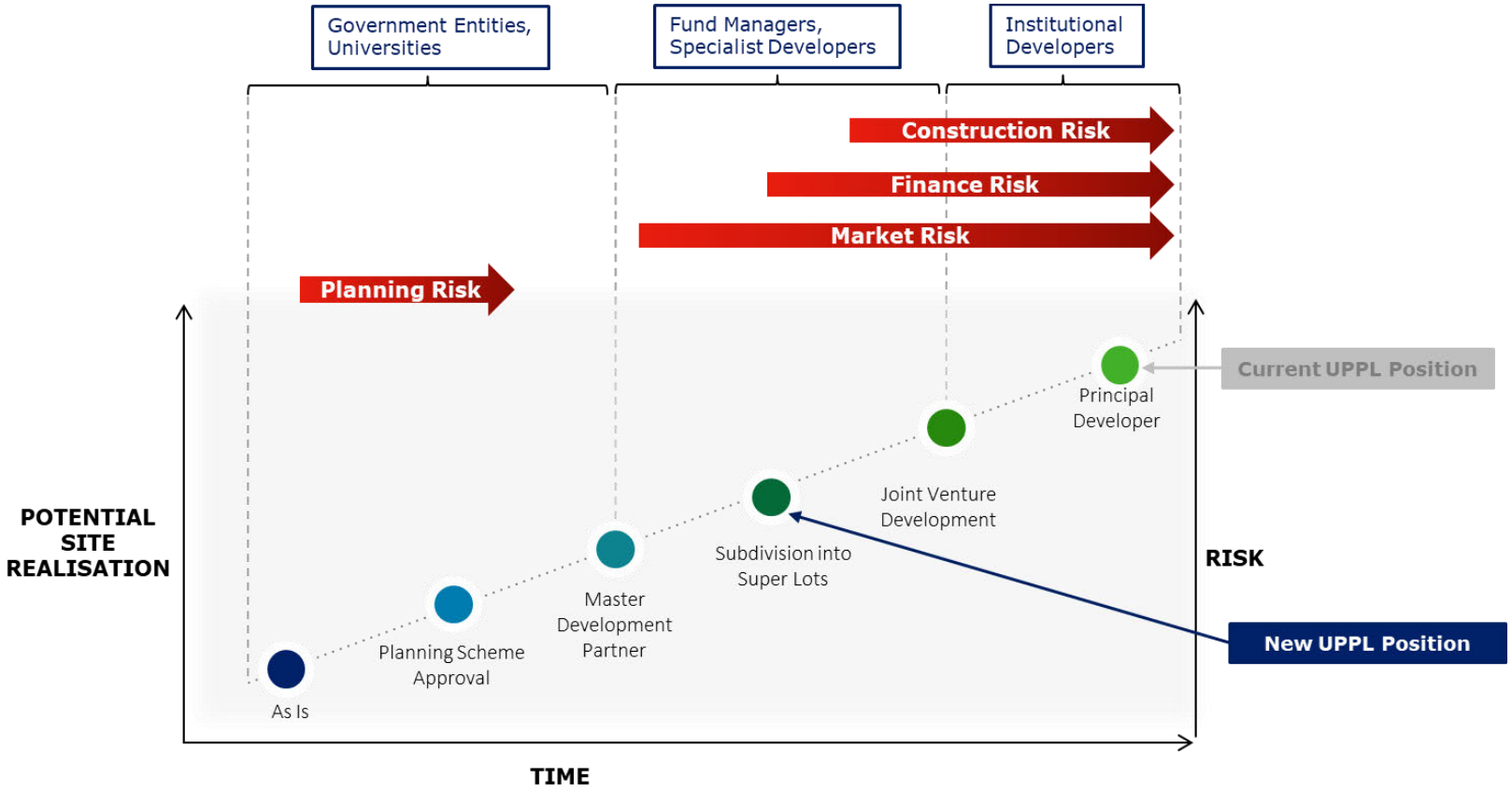
We have considered a scenario whereby UPPL could undertake site enabling works to service the land on a stage-by-stage basis and then sell each stage as a land release. This scenario envisages UPPL undertaking site enabling works only for each stage and then subdividing and selling superlots to developers under a land release program. The site enabling works that UPPL would undertake for each stage include the following:

- Demolition
- Roads
- Site services infrastructure & utilities
- Public realm & open space

The timing of land release for each stage runs according to the timing of the staging plan in the base case assessment, in order to allow for market absorption. UPPL would not participate in the construction of built form product.

Our earlier analysis of site costs against total stage costs indicates that the initial stages carry a higher weighting of total site costs. This extends the break-even date by five (5) years in comparison to the base case. We note that the current staging plan may not be optimal under this delivery model, a more optimal staging plan could be achieved that reduces the weighting of site costs towards the initial stages and reduces the overall development period.

Given the reduced construction risk, the target IRR for UPPL could be reduced.



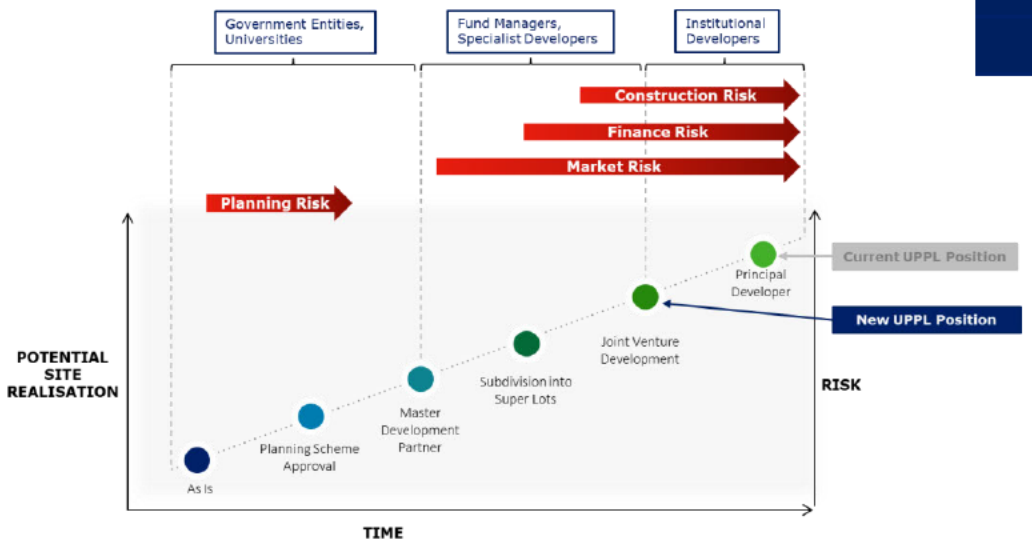
Alternative Delivery Models

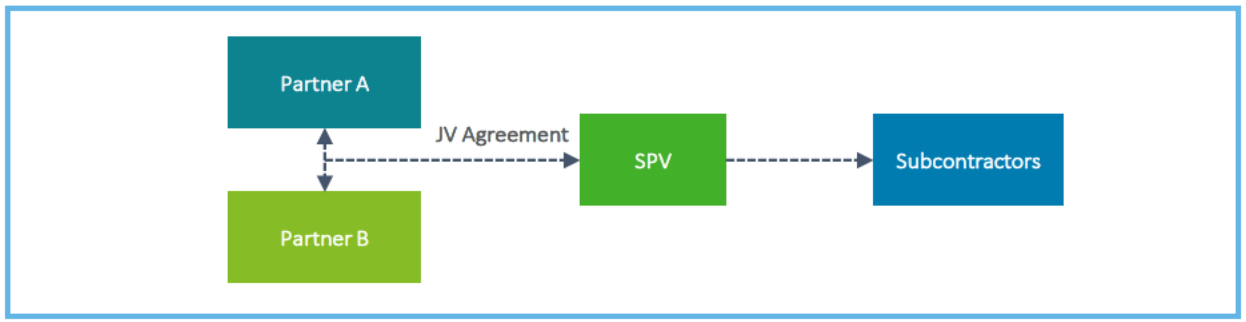
Joint Venture

A Joint Venture (JV) is a commercial agreement between two or more parties to pool resources together for the purpose of undertaking a development. It is usually incorporated as a Special Purpose Vehicle (SPV) with limited personal liability to the parties. Each party holds proportional responsibility for profits and losses according to the quantum of their investment.

This structure is suitable for complex and/or large scale projects that may require the pooling of specialised skills and resources (reduced land cost, differing development capability, expertise in specialised assets, differing development risk appetite and ability to borrow capital). It is common for mixed-use developments where each party is able to focus its core specialised skills on a certain project component. The main benefit of this structure is that the parties involved can leverage off the skills and efficiency of each other.

Given the shared profit and risk and pooled resources (assuming equal share), the target IRR could be lowered for UPPL as depicted in the diagram to the right.





Construction Risk	50%
Finance Risk	50%
Market Risk	50%
Planning Risk	50%
Market Return	50%

UPPL

Benefit:
- Shared development risk
- Reduced development cost burden
- Benefit from JV Partner's expertise
- Utilise internal skills and capacity to project manage development and internalise some costs

JV Partner

Construction Risk	50%
Finance Risk	50%
Market Risk	50%
Planning Risk	50%
Market Return	50%

Benefit:
- Reduced upfront land cost
- Shared development risk
- Reduced development cost burden
- Reduced development responsibilities

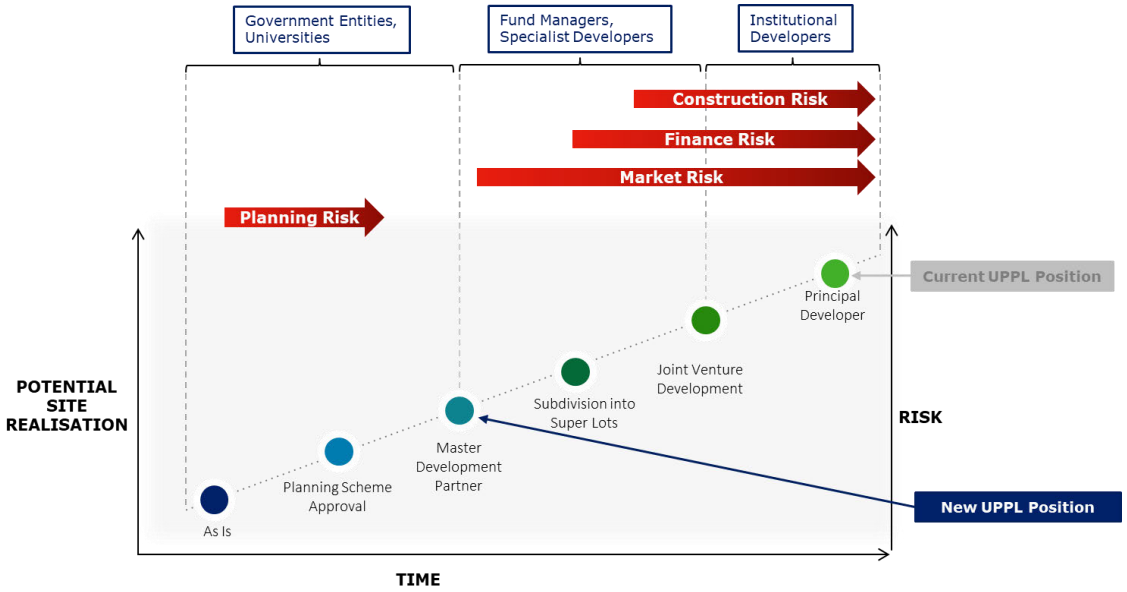
Alternative Delivery Models

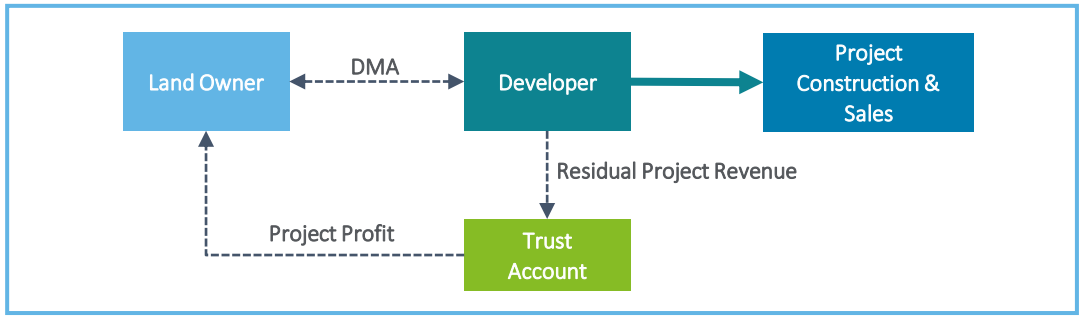
Development Management Agreement

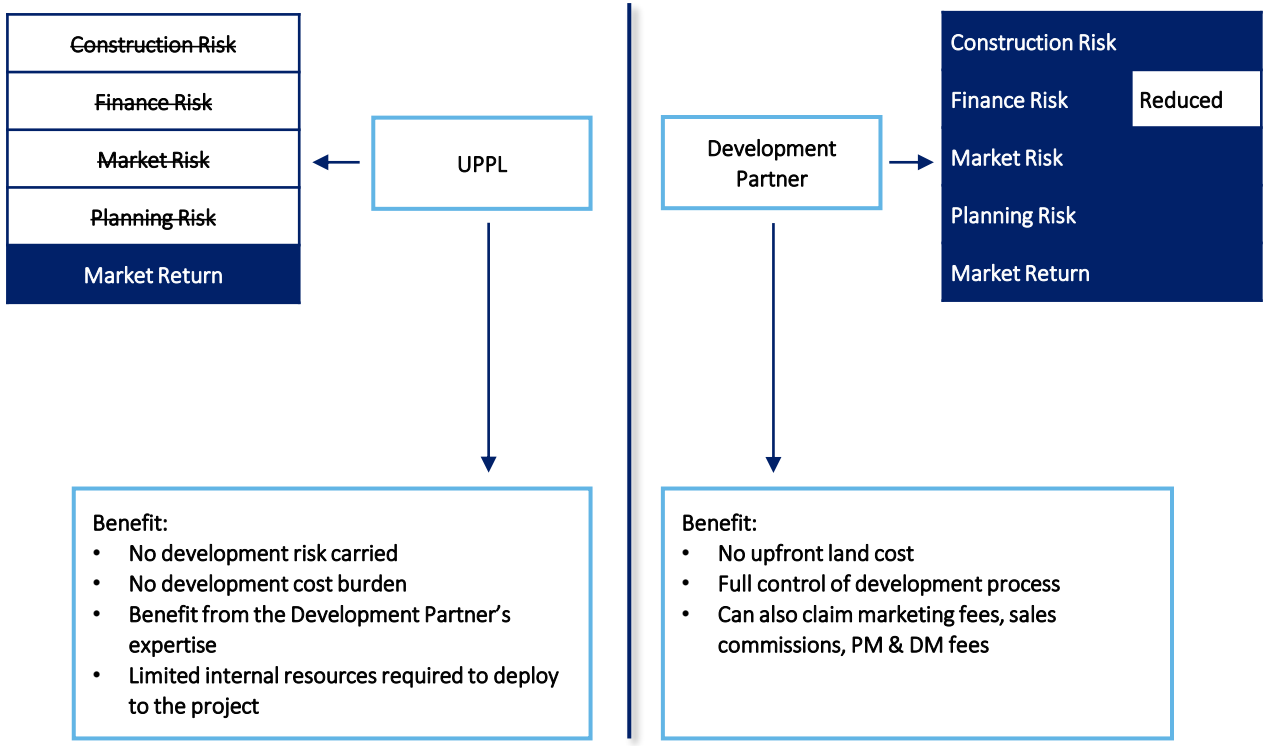
A Development Management Agreement (DMA) is a contract between a land owner and a private developer whereby the developer develops the land on behalf of the land owner, with profits from the completed development to be shared between the parties.

This structure is suitable for projects where the land owner is not in the business of property development. It is most suitable for large land holdings that will require a staged development process. A DMA is similar to the JV structure, the difference being that it utilises a signed agreement between the parties rather than incorporating an SPV.

Given the transfer of all direct development risk to the development partner, the target IRR may be lowered for UPPL as depicted in the diagram to the right. The removal of an upfront land cost for the development partner reduces their finance risk.







Annexures.

General Assumptions & Inputs

Verifiable
• The staging plan adopted in this assessment is based on Deloitte's interpretation of the infrastructure delivery constraints advised by engineers GHD. The proposed staging has not been validated by GHD to confirm its appropriateness or feasibility. We recommend that GHD or a certified civil engineer be engaged to validate the proposed staging plan.
• The departures from the master plan include material changes in revenue and cost assumptions as advised by third parties and instructed by UPPL. Some of the changes in cost have not been validated by WT Partnership. We recommend that WT Partnership or a certified quantity surveyor be engaged to validate the changes in cost.
• The departures from the master plan include material changes in the design and scale of some assets. These changes have not been market-tested in terms of demand/supply metrics relative to location and demography. We strongly recommend that a certified economist be engaged to validate the departures from the master plan in the context of demand and price points.
Requiring Further Consultancy
• Development application fees.
• Construction timelines.
• Pre-DA consultancy fees.
Subjective
• The estimated revenue in our analysis are considered to be subjective at this stage given the master plan is currently at 5% concept design stage. Estimated revenues may change materially as information pertaining to individual asset design and schedule of finishes becomes clearer.
• 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 average cost of capital (WACC) or other financial metrics.

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	Serviced Apartment Operation Forecast	BST Development and Management	Feb-2022
2	Precinct 1 PSA Development Schedule	UPPL	Feb-2022
3	Revision 6B Development Schedule	UPPL	Nov-2021
4	Revision 6B Development Summary	UPPL	Nov-2021
5	Reuse or Demolish Strategy	Andrew Wilkinson	Nov-2021
6	Masterplan Precinct 1	Clarke Hopkins Clarke	Feb-2022
7	Typical Masterplan map and of the ground floor	Clarke Hopkins Clarke	Nov-2021
8	Eco-Hotel Market Research	BST Development and Management	Feb-2022
9	UTAS Decant Program	Andrew Wilkinson	Feb-2022
10	Link provided to CGI Images of Sandy Bay	Clarke Hopkins Clarke	Nov-2021
11	Reuse or Demolish Strategy	Andrew Wilkinson	Feb-2022
12	SBMP Staging	Andrew Wilkinson	Feb-2022
13	Civil Engineering Site Assessment	GHD	Dec-2021
14	Subdivision Plan	Clarke Hopkins Clarke	Nov-2021
15	Costings for Precinct 1 PSA	WT Partnership	Jan-2022
16	Seniors Living Assessment	One Fell Swoop	Feb-2022

Ref.	Item	Author	Date
17	Excel Feaso Cashflow Modelling Seniors Living	One Fell Swoop	Feb-2022
18	Eco Learning Centre Feasibility / Market Research	Sharps Track	Feb-2022
19	Eco Learning Centre Forecast Model & Costings	Sharps Track	Feb-2022
20	SBMP Precinct 1 Option 1	Clarke Hopkins Clarke	Jan-2022
21	SBMP Precinct 1 Option 2	Clarke Hopkins Clarke	Jan-2022
22	SBMP Precinct 1 Option 3	Clarke Hopkins Clarke	Jan-2022
23	Costings for Precinct 1 PSA (Excel ver)	WT Partnership	Feb-2022
24	Seniors Living Assessment v2 updated report	One Fell Swoop	Feb-2022
25	Retirement & RAC market Assessment	One Fell Swoop	Feb-2022
26	Updated Costs for Eco Hotel converted to cabin use	WT Partnership	Feb-2022
27	Arts & Theatre Pre-Feaso Modelling Draft	InkHorn Projects	Feb-2022
28	Arts & Theatre Pre-Feaso Modelling_ EXCEL	InkHorn Projects	Feb-2022
29	Costings for Precinct 5 Market Hall	WT Partnership	Mar-2022
30	Seniors Living Assessment v3 updated report	One Fell Swoop	Feb-2022

Development Schedule Assumptions

The masterplan provided adopts the assumptions listed below.

Item	Comment
Residential Typologies	• Residential includes apartments, townhomes, housing lots, hotel, serviced apt, retirement and aged care
Community Assets	• Community includes education, childcare , sports facilities and other community infrastructure
Apartment Sizes	Average Apartment size 88m2 • 20% 1Bed @ 50m2+ 8m2 balcony • 70% 2bed @ 85m2 + 8m2 balcony • 10% 3 bed @ 105m2 + 12m2 balcony
Building Efficiencies	Building Efficiency Assumption • Residential New GFA/NSA: 80% • Residential Reuse: GFA/NSA: 75% • Commercial Office New GFA/NLA:85% • Commercial Office Reuse GFA/NLA:80%
Net Saleable Area (NSA)	• NSA represented in the schedule includes internal living areas and enclosed balcony areas/winter gardens (1bed:8m2, 2bed:8m2, 3bed:12m2)
Average Dwelling Sizes	• Average lot size: Townhomes: 160m2 / Single lot residential: 300m2 • Average 3 bed townhouse size: 140m2 (inclusive of double garage) in 2 levels • Single lot dwellings: 420 m2 • Single lot built form: 140m2-280m2 - 200m2 single lot built form: 110m2-220m2
Hotel & Serviced Apartments	• Hotel room average size 36m2 • Serviced apartments average size 50m2

Development Schedule Assumptions

Existing Buildings Retained in Current Use

UTAS number		Building Name	Use	Area	Cars	dw/rooms
AX33	40a	Old Commerce Building	Education - Proposed School	3,803	60	
BF31	45	CSIRO	Commercial	2,138	64	
AX24	36	Herbarium	Education	547	16	
BF39	47	Christ College and John Fischer College	Student Housing		116	484

* GFA and carparking areas are an estimate based on the information available at the time of issuing this schedule and should be confirmed with relevant parties.

Residential Assumptions

Apartment Average Area				
Type	Internal	Balcony / winter garden	Internal+Balcony (sqm)	Mix
1 Bed	50	8	58	20%
2 Bed	85	8	93	70%
3 Bed	105	12	117	10%
Average Apartment NSA (sqm)			88	

2 Storey Soho Townhouse (within a residential Building)			
Type	Internal	Balcony / courtyard	Internal+Balcony (sqm)
2 bed + home office	120	12	132

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.

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.

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 to the east and western side of the subject site. A competing development to the subject is Mac Point, a proposed masterplanned development located in the suburb of Battery Point adjoining the Hobart CBD and is approximately two (2) kilometres north-east of the subject. The first stage of Mac Point comprising three (3) building envelopes to be called 'The Escarpement' and the rest of the masterplan is at concept stage. This development will provide for an increase in residential, commercial and retail supply in the future and will most likely provide direct competition to the Sandy Bay redevelopment project. Given the stronger location in comparison to Sandy Bay, the residential product at Mac Point is likely to be of higher quality.

Deloitte.