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Submission to Draft Bayside West Precinct Land Use and Infrastructure Strategy

4-20 Booth Street, Arncliffe

Submitted to NSW Department of Planning and Environment
On Behalf of Mr David Reda

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Attachments

Feasibility Assessment - Census Advisory

1. Summary of Submission

City Plan Strategy & Development has been engaged by Mr David Reda on behalf of the owners of the sites described below to review the Precinct Proposal and supporting material and to prepare a submission in relation to their site.

In summary, we support the general principles of the *Arncliffe and Banksia Precinct Proposal*. However, it is our considered opinion that having regard to:

- the locational and physical attributes of the site;
- an assessment of the economic feasibility of assembling and redeveloping the sites; and
- the pattern of development occurring in the nearby locality;

that the proposed height and floor space ratio controls do not make optimal use of the opportunity to increase housing supply and choice in a strategically appropriate location or provide sufficient economic incentive to facilitate redevelopment.

In this regard, we recommend that:

- the proposed building height control be increased to 28 metres; and
- the floor space ratio be increased to 3:1.

2. Sites the Subject of this Submission

The site comprises 10 individual allotments of irregular sizes and shapes and a combined area of approximately 5616sqm. The site is located on the top of a shallow hill. The combined frontage along Booth Street is approximately 120 metres and the site rises, and falls, approximately 3 metres across this distance. The site ranges in depth from approximately 33 metres to 70 metres and except in the north-eastern corner, the site is relatively flat from front to rear. In the north eastern corner the site falls approximately 2 metres to the rear.

Table 1 (below) identifies the individual allotments and their key physical characteristics. Figure 1 (below) provides an aerial view of the site.

TABLE 1: SITE DETAILS

Address	Lot	DP	Frontage width	Parcel Size
4 Booth Street	14, 1	974988, 797556	10m	552sqm
6 Booth Street	13, 1	974988, 194387	10m	516sqm
8 Booth Street	101	701509	20m	924sqm
10 Booth Street	102	701509	15m	1181sqm
12 Booth Street	1	61004	10m	350sqm
12A Booth Street	100	706647	6m	487sqm
14 Booth Street	10	1010529	14m	477sqm
16 Booth Street	9	974988	14m	435sqm
18 Booth Street	8	974988	10m	353sqm
20 Booth Street	7 (S2)	974988	10m	350sqm



Figure 1 - Aerial view of the site (source: Sixmaps NSW).

3. The Locality

Booth Street is a low density residential enclave situated between two high density residential precincts - being the relatively new suburb of Wolli Creek to the north, and to the south, an area within Arncliffe known as the Bonar Street precinct. Both Wolli Creek and the Bonar Street Precinct were former industrial areas where the decline of the manufacturing sector and large allotment sizes facilitated land assembly and redevelopment. In the case of Wolli Creek, redevelopment was also facilitated by the construction of the new airport rail line and the Wolli Creek Train station, which is situated on the confluence of two rail lines, the T4 Illawarra Line and the T2 Airport, Inner West and South Line.

Only 170 metres separates the Wolli Creek and Bonar Street high density residential precincts and this area, including Booth Street, is currently characterised by low density residential development in the form of predominantly one and two storey older style detached dwellings. Common characteristics include a consistent front setback, street trees and car ports facing the street in a R2 Low Density Residential zone.

Booth Street is a local road which provides access to Bonar Street, Wollongong Road and Princes Highway (the main arterial road of the area).

Existing development to the immediate north-east of the site includes a six-storey high density residential development constructed in the early 2000's, an existing school known as "Al Zahra College" to the immediate south-west, the T4 rail line to the south-east and low density residential development, as described earlier, to the north along the opposite (north-west) side of Booth Street. On the opposite side of the T4 rail line is an area of Wolli Creek currently being developed for high density residential purposes.

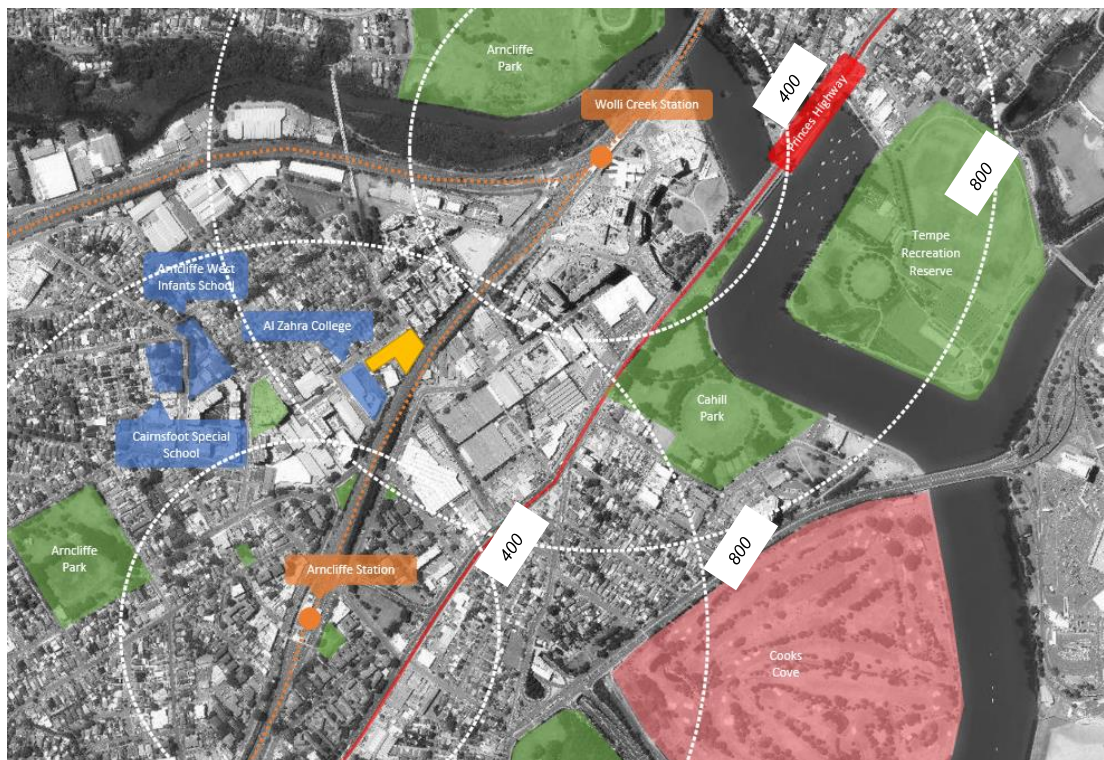


Figure 2 - Locality plan with the site indicated in yellow (Source: CPSD).



Figure 3 - Existing improvements on 8 Booth Street, looking east



Figure 4 - Existing improvements on 6 Booth Street, looking east



Figure 5 - Subject site centre, existing high density development to the left-hand side



Figure 6 - Subject site as seen from Thompson Street



Figure 7 - Recently approved developments in the locality are achieving FSRs of up to up to 3.4:1.

4. Opportunities and constraints analysis

Opportunities

The site is located within a comfortable walking distance of both the Arncliffe Railway Station (650m and 8 min walk) and Wolli Creek Railway Station (800m and 10 min walk). Both routes are relatively flat, with little change in topography and do not require crossing of major arterial roads.

Train services from Arncliffe and Wolli Creek provide relatively short travel times to the Sydney CBD. During peak hours, trains depart Wolli Creek every 3 minutes, taking approximately 15 minutes to reach Sydney CBD. Services depart Arncliffe station every 10 minutes, and take 18m to reach Sydney CBD. The site, therefore, is well connected by public transport to the CBD, with the opportunity to encourage an active lifestyle by walking to public transport terminals for commuting as well as general travelling into the CBD, Sydney Airport and other destinations. The site is set on relatively quiet residential streets and is not encumbered by excessive road noise or traffic congestion.

Both the Arncliffe and Wolli Creek town centres offer a range of shops and services catering for daily needs. The site is located approximately 600m (7 minutes' walk) from Woolworths at Wolli Creek, an array of local services and shops such as a gym and medical centre as well as a range of cafes and restaurants. As the Wolli Creek precinct grows, it is anticipated the range of shops and services in this area will also continue to grow. The site is within an appropriate distance to leverage off these services to support a higher density residential development, whilst equally encouraging a healthy lifestyle.

Constraints

Apart from the fragmented land ownership, the site is relatively unconstrained.

The site is not affected by flooding and redevelopment of the site would not impact on view corridors. We note that the site does not contain, nor is located nearby, to any items of environmental heritage or heritage conservation areas.

The site is identified within the Inner Horizontal Surface 51m AHD area on the Sydney Airport - Obstacle Limitation Surfaces (OLS) map and between the 100m and 110m PANS-OPS surface. Accordingly, any redevelopment of the site cannot breach the maximum height (100m to 110m AHD) and any development in excess of 51m will require the concurrence of Sydney Airport. The site elevation is approximately 16m AHD.

While being in moderate proximity (2.2 kilometres) to Sydney Airport, the site is located outside the 20 ANEF contour as indicated on the Sydney 2033 Airport ANEF map and thereby not constrained by aircraft noise. Airspace operations are unlikely to present a constraint.

The site adjoins an existing school known as Al Zahra College, as well as a place of worship, being the Masjid Fatima Al Zahra mosque. As illustrated on the massing study (below), generous setbacks and an appropriate building mass can be maintained along the common boundary with the school and place of worship.



Figure 8 - Existing mosque centre with existing high density development to the left-hand side, viewed from Wollongong Road



Figure 9 - Existing mosque viewed along southern boundary from 12A Booth Street

5. Strategic planning setting

Regional Plan

A Plan for Growing Sydney sets a series of actions to accelerate urban renewal across Sydney at train stations, providing homes closer to jobs and to increase housing choice by undertaking urban renewal in transport corridors. The Regional Plan identifies a need to provide 725,000 additional dwellings in the Greater Sydney Region by 2036. Facilitating urban renewal of the site to its optimal capacity is consistent with the Regional Plan.

District Plan

The draft Central District Plan applies and identifies actions to achieve the objectives and outcomes of *A Plan for Growing Sydney*, and outlines how the Government will make decisions on public spaces, community facilities, housing, jobs, transport options, schools and hospitals to meet the community needs across Greater Sydney.

In terms of overall housing supply, the draft District Plan proposes a 5-year housing target of 46,550 for the Central District, and a 20-year target of 157,500 dwellings. Of the 5-year target, the Bayside LGA is required to accommodate 10,150 dwellings. The 20-year target has not been disaggregated to individual local government areas in the draft District Plan and will be subject to the preparation of housing strategies for the individual local government areas. Given the scale of the housing task across Sydney generally, and the excellent locational characteristics of Bayside relative to employment, amenity and services, it is apparent that optimal use will need to be made of opportunities to increase housing supply where they exist near transport infrastructure. In this regard the site is particularly well located.

Making optimal use of opportunities to increase housing supply in locations well served by public transport and in close proximity to employment centres is particularly important in terms of productivity. Badged as "the 30-minute city", the draft Central District plan observes *"enhancing access to a broader range of jobs and services within 30 minutes is a key consideration.... And the objective of a 30-minute city does go beyond accessing major job centres of metropolitan significance. It includes access to health services, education, local employment opportunities, retail shops, public open spaces and recreational facilities around strategic and district centres"*. As identified previously, the site is located a convenient walking distance from two local centres with excellent public transport services and shops and services. The site is therefore well located to provide housing in a well serviced, convenient and accessible location, especially by walking and cycling.

6. Draft Precinct Proposal

The Arncliffe and Banksia Precinct Proposal aims to provide more homes and housing choice in the precincts and to allow a transition of heights from the centres (up to 70m) to the detached single and two storey housing beyond the precinct boundaries (22m). The LEP amendments proposed to apply to the subject site are summarised in **Table 2** below:

TABLE 2: EXISTING AND PROPOSED LEP CONTROLS

Attribute	Existing Control	Proposed Controls
Land use	R2 Low Density Residential	R4 High Density residential
Building height	8.5m	22m
FSR	0.5:1	2:1

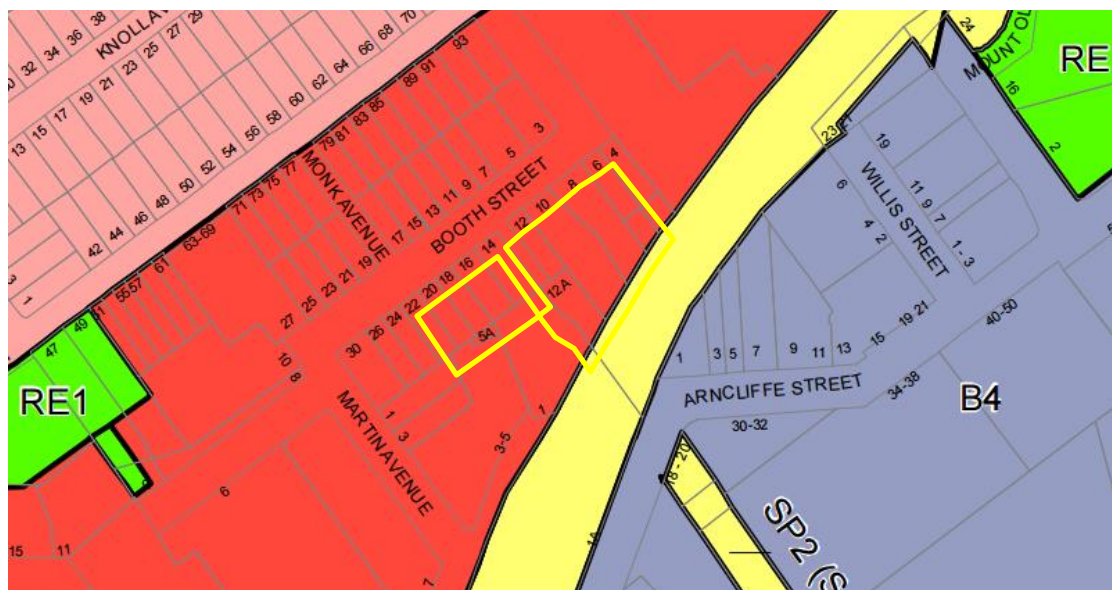


Figure 10 - Extract of the proposed Land Zoning map, site outlined in yellow (Source: NSW DP&E)

7. Recommended changes

We consider that the proposed building height and FSR standards should be modified for the following reasons:

- They do not make optimal use of the site's capacity to increase housing choice and availability in a strategically suitable location.
- They do not provide a sufficient economic incentive to facilitate site amalgamation and redevelopment. In this regard, the Feasibility Report prepared by Census Advisory (attached) concludes that *"with an FSR of 2:1, development of the land for medium rise residential apartments is considered unviable given the current anticipated average residential sales revenues and the costs of development."*
- *The assessment has also concluded that with an FSR of 3:1 applied to the land, a viable medium rise residential apartment scheme could be developed subject to appropriate design control to achieve the desired apartment mix and efficiencies and subject to further due diligence on key project risks including ground conditions".*

As such, we recommend that the proposed LEP controls be modified as follows:

TABLE 3: RECOMMENDED LEP CONTROLS

LEP	Existing Control
Land use	R4 High Density Residential
Building height	28m
FSR	3.0:1

In terms of the capacity of the site to accommodate the recommended height and floor space ratio, we have undertaken modelling as shown in the following figures to demonstrate building envelopes which ensure an appropriate relationship with neighbouring properties and the ability to provide apartments with good amenity.

We note that on the opposite side of the rail corridor (Willis Street, Guess Ave and Arncliffe Street), whereas the land is subject to a 28m height limit and 2.85:1 FSR, floor space ratios of up to 3.4:1 are being regularly achieved in buildings which satisfy the Apartment Design Guide.

While we don't propose that a 3.4:1 FSR should apply to the site, we believe that a 3:1 FSR is better calibrated with the height limit and will reduce the likelihood that the FSR standard will be abandoned in the future.

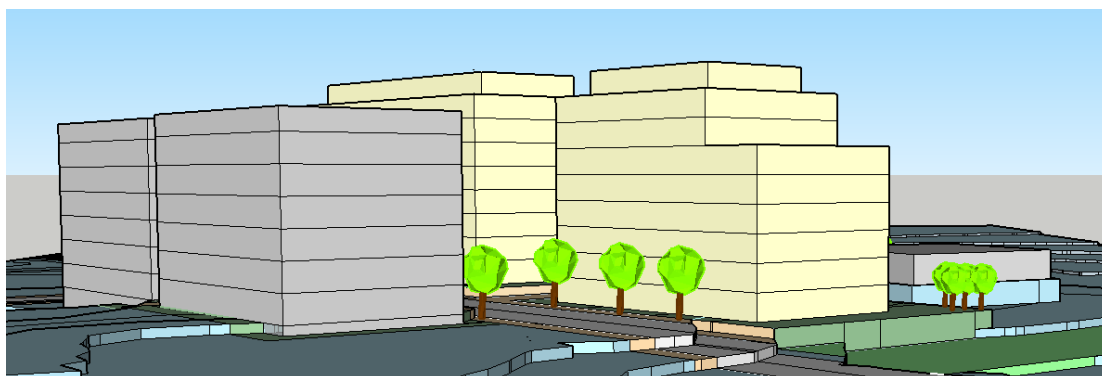


Figure 11 - Illustrating the scale relationship with the likely future building envelope (grey buildings) on the opposite side of Booth Street.

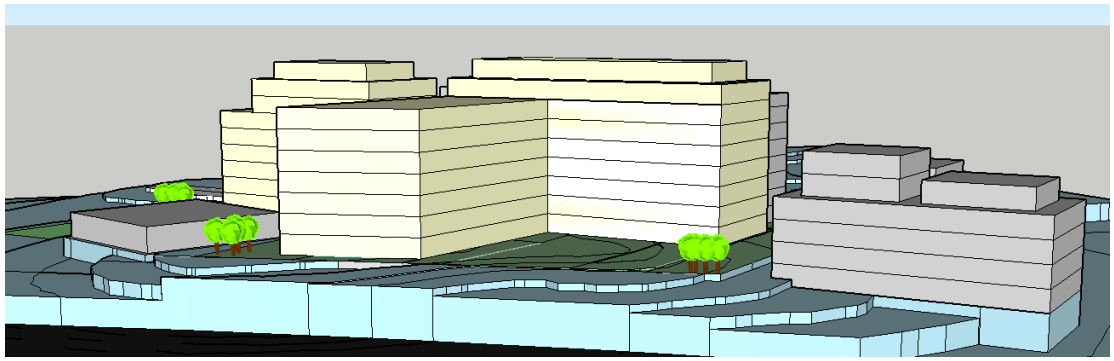


Figure 12 - Illustrating the height comparison with existing development along the rear boundary of the site

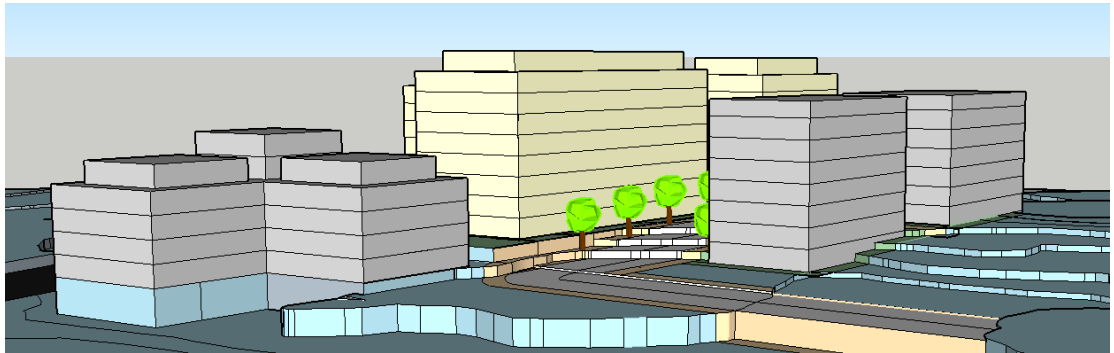


Figure 13 - Illustrating overall scale relationship from proposed controls to existing development along Thompson Street

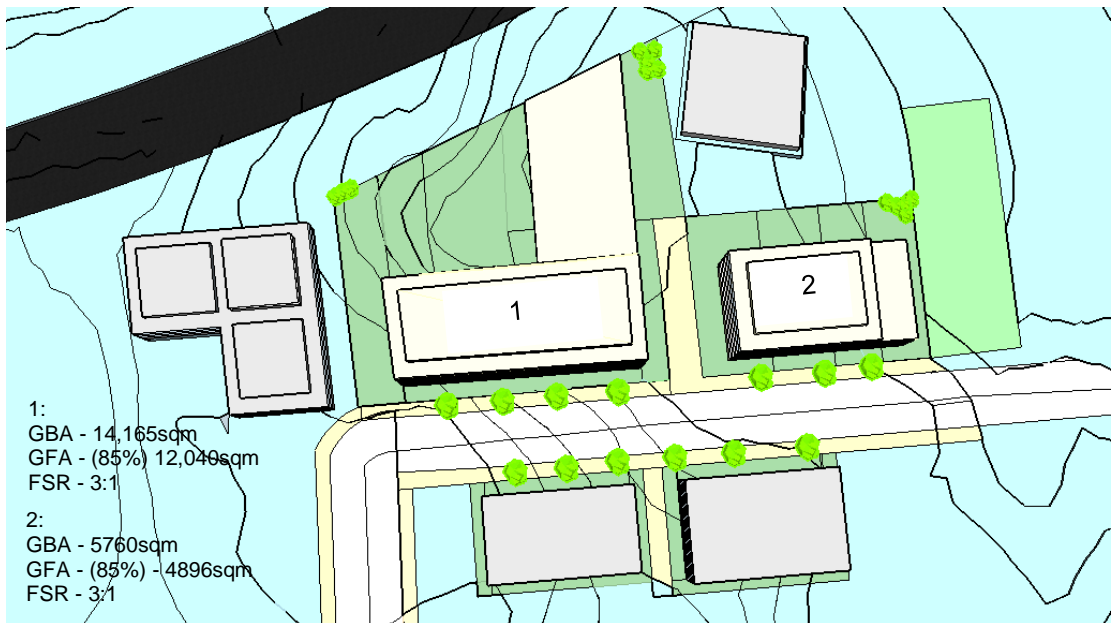


Figure 14 - Indicative building footprints and envelope calculations demonstrating ability to achieve 3:1 FSR.

4-20 Booth St, Arncliffe



FEASIBILITY ASSESSMENT REPORT

27TH FEBRUARY 2017

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1. EXECUTIVE SUMMARY

Census Advisory has been engaged to conduct preliminary feasibility assessments for the potential development of the land at 4-20 Booth Street, Arncliffe.

Two feasibility assessments have been undertaken – one assuming an FSR of 2:1 is permitted for the site and one assuming an FSR of 3:1 is permitted for the site.

The assessment has concluded that with an FSR of 2:1, redevelopment of the land for medium rise residential apartments is considered unviable given the current anticipated average residential sales revenues and the costs of development.

The assessment has also concluded that with an FSR of 3:1 applied to the land, a viable medium rise residential apartment scheme could be developed subject to appropriate design control to achieve the desired apartment mix and efficiencies and subject to further due diligence on key project risks including ground conditions.

2 INTRODUCTION

2.1 PURPOSE

This report has been prepared by Census Advisory Pty Ltd at the request of David Reda, acting on behalf of a majority of the owners of 4-20 Booth Street, Arncliffe (the “Properties”).

The purpose of the report is to assess the viability of redevelopment of the Properties assuming two different floor space ratio (FSR) scenarios to support a submission to NSW Planning & Environment in relation to the proposed new planning controls for the Arncliffe priority precinct currently on exhibition for public comment.

2.2 LIMITATION ON USE

This report has been prepared for David Reda to support a submission to NSW Planning & Environment regarding proposed new planning controls for the site.

If any other person receives a copy of this report he/she may not rely on it without Census Advisory’s prior consent and must either destroy the report or return it to Census Advisory at Suite 801, 185 Elizabeth Street, Sydney 2000.

2.3 DISCLAIMER

The feasibility assessments presented in this report should be considered preliminary assessments.

Census Advisory was not engaged to undertake detailed due diligence on the Properties hence the findings of this report are subject to clarification of key market variables and further investigation of the following:

- property titles including any encumbrances affecting the titles
- environmental and geotechnical characteristics of the site
- the presence of latent conditions or known conditions not disclosed to Census Advisory;
- the existing values of the Properties (noting the values assumed in this report have been provided by David Reda);
- the development potential for the site (over and above the preliminary urban design study undertaken by City Plan Services on or around the date of this report)
- sales revenue for new residential apartments in Arncliffe
- ability to use the margin scheme to calculate GST payable
- the availability of services infrastructure and pricing for any required headworks
- actual building design efficiency and construction pricing
- availability and pricing of debt finance.

Census Advisory accepts no liability to any third party that may rely on this report without its prior written consent.

3 THE SITE

3.1 THE SITE

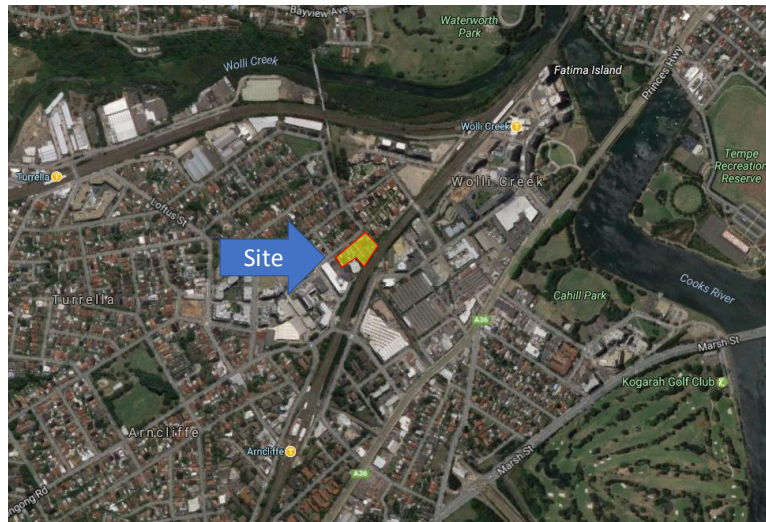
The site comprises 4, 6, 8, 10, 12, 12a, 14, 16, 18 & 20 Booth Street, Arncliffe.



It has a combined area of approximately 5,600sqm.

3.2 LOCATION

It is located on the eastern side of Booth Street adjacent the railway corridor roughly midway between the Wolli Creek and Arncliffe train stations as shown below:



3.3 EXISTING USE

The site is currently used for detached residential housing.

3.4 FUTURE USE

The site is proposed to be rezoned to permit medium rise residential apartments.

4 FEASIBILITY METHODOLOGY

4.1 APPROACH

Two feasibilities have been developed for the site.

The first assumes an FSR of 2:1 which is the FSR currently proposed for this site.

The second assumes an FSR of 3:1 which is the FSR proposed by City Plan Services following its recent urban design and planning study.

4.2 ACQUISITION VALUE

An acquisition value of \$16,875,000 has been adopted for the site.

This represents a 25% premium over the assumed current value of the Properties (assuming their current zoning) as advised by David Reda and shown in Annexure 3. This is considered the **minimum** average premium that would be required to entice all the current owners to sell their properties to a developer for redevelopment.

The actual acquisition price will depend on the willingness of the existing owners to sell hence may be significantly more than the assumed price.

4.3 ACQUISITION & DEVELOPMENT PROGRAMME

The following land acquisition process has been assumed:

- The site is rezoned by NSW Planning & Environment (assume 2017)
- the Properties would be secured progressively by a developer via option agreements prior to and immediately after the rezoning
- the option agreements would require the developer to pay a non-refundable option fee (1-5% of the land value) on grant of the option and require the owners to sell their land to the developer in the event a development application (acceptable to the developer) is approved
- the developer would prepare and lodge the development application with the local council for redevelopment of the site
- settlement of the Properties would occur shortly after approval of the development application.

The normal development process would then progress over a 24 to 36 month period including marketing and off-the-plan sale of the apartments, preparation of tender documentation and procurement of a construction contractor, securing of project finance and finally construction of the project.

5 FEASIBILITY ASSUMPTIONS

This sections outlines the key assumptions that underpin the feasibility assessments.

5.1 SALES REVENUE

Sales revenue has been applied at an average of circa \$10,500/sqm against nett saleable area (internal strata area). We have tested this adopted sales rate with several real estate agents and believe it to be an aggressive but realistic rate.

Nett saleable area has been assumed at 82.5% of GFA which is considered an aggressive target.

We have assumed the margin scheme can be applied by the developer for calculation of GST payable on sales proceeds.

5.2 LAND ACQUISITION

Refer section 4.2 above.

5.3 HOLDING COSTS

Land tax has been allowed for a two year period based on 80% of the acquisition price.

Nominal allowances have been made for council and water rates over two years.

Allowance has been made for holding costs of completed stock assuming full sell down within six months.

5.4 PLANNING & DESIGN COSTS

A budget for planning and design costs equal to approximately 7% of construction cost has been allowed.

5.5 AUTHORITY FEES

Reasonable allowances have been made for Council fees and the Long Service Levy.

Current rates have been adopted for s94 contributions and no allowance has been made for s94A contributions or voluntary planning agreement costs.

No allowance has been made for affordable housing contributions.

An allowance of \$250,000 has been made for supply of equipment for a 1MVA substation.

A nominal allowance of \$75,000 has been made for possible sewer and water supply headworks.

5.6 SALES & MARKETING COSTS

Sales commissions of 2.2% have been allowed – 1.0% paid on exchange with the balance paid at settlement.

Conveyancing costs of \$1,500 per apartment have been allowed – 50% paid on exchange with the balance paid at settlement.

A marketing budget of approximately 2.0% of gross sales revenue has been allowed for all marketing activities including construction and removal of a display suite.

5.7 CONSTRUCTION COSTS

The following construction cost budgets have been adopted based on quantity surveyor advice for similar projects:

- \$2,790/sqm has been allowed for the above ground (residential) floors applied to the gross building area including balconies (allowed at 15% of net saleable area)
- \$1,050/sqm has been allowed for the basement floors applied to the gross building area
- An extra over allowance of approximately \$200/sqm has been allowed for acoustic treatment to glazing due to the site's proximity to the rail corridor

A nominal allowance of \$500,000 has been allowed for remediation / waste disposal and treatment / disposal of acid sulphate soils. This is considered aggressive.

A 5% construction contingency has been allowed (which is the minimum usually required by a financier).

5.8 DEVELOPMENT COSTS

Reasonable allowances have been made for development management, project management, adjoining owners costs (including consent for temporary ground anchors) and legal fees.

A 2.5% development contingency (on total costs) has been allowed which is considered appropriate given the preliminary nature of the feasibility assessment.

5.9 PROJECT FINANCE

The following project finance assumptions have been made:

- The project debt facility is likely to be no more than 50% of revenue (or 65% of costs)
- Establishment fee for the debt facility will be 0.5%
- Line fees for the debt facility will be 1.5% per annum
- Interest margin will be at least 2.0% (total rate of circa 4.25%)

A finance facilitation fee of 1% has been allowed.

5.10 DEVELOPMENT PROGRAMME

The following indicative development programme has been assumed:

- | | |
|----------------------------|---------------------|
| ➤ Secure option agreements | - six months |
| ➤ Prepare DA | - three months |
| ➤ DA approval | - twelve months |
| ➤ Sales & tender period | - six months |
| ➤ Construction duration | - twenty one months |
| ➤ Settlement period | - three months |

5.11 ESCALATION

Escalation has not been applied to the feasibility assessments mindful of the following:

- The project is capable of being delivered in a single stage hence could start and finish within three years meaning the overall impact of revenue and price escalation will be limited
- While over the long term total revenue escalation typically exceeds total cost escalation, the current market expectation is that revenue escalation over the next three years will be moderate (following the recent period of significant growth) whereas cost escalation is expected to be higher than normal given the extent of infrastructure and construction works currently being delivered in NSW.

5.12 GST

All costs noted in this report are GST exclusive.

6 KEY FINDINGS

6.1 Scenario 1 – 2:1 FSR

A summary of the 2:1 FSR feasibility assessment is shown below:

Feasibility Report	
4-20 Booth Street, Arncliffe	
FSR 2:1	
27/02/2017	
REVENUE	
Gross Revenue	97,700,000
less GST on Sales	(7,654,500)
less Selling Costs	(1,266,200)
NETT REVENUE	88,779,300
PROJECT EXPENDITURE	
	\$
Acquisition Costs	17,903,100
Holding Costs	665,500
Planning & Design	2,947,100
Authority Fees	2,565,400
Sales & Marketing	3,067,100
Construction Costs	44,971,400
Development Costs	5,028,100
Project Finance	4,134,400
TOTAL COSTS	81,282,100
DEVELOPMENT MARGIN	7,497,200
Return on Cost	9.2%
Equity IRR	9.7%
Peak equity	31,111,538

The detailed feasibility is included in Annexure 1.

The metrics from this feasibility assessment are considered too low for this project to be viable. A developer would not be prepared to commit the required equity (circa \$31.5m) for such a nominal return given the considerable risk involved.

Equally, a project financier would be unlikely to provide development finance for a project with such a low return on cost.

6.2 Scenario 2 – 3:1 FSR

A summary of the 3:1 FSR feasibility assessment is shown below:

Feasibility Report	
4-20 Booth Street, Arncliffe	
FSR 3:1	
27/02/2017	
REVENUE	
Gross Revenue	146,560,000
less GST on Sales	(12,096,400)
less Selling Costs	(1,899,000)
NETT REVENUE	132,564,600
PROJECT EXPENDITURE	
Acquisition Costs	17,903,100
Holding Costs	729,600
Planning & Design	4,402,100
Authority Fees	3,671,200
Sales & Marketing	4,212,900
Construction Costs	66,704,400
Development Costs	6,985,500
Project Finance	6,064,700
TOTAL COSTS	110,673,500
DEVELOPMENT MARGIN	21,891,100
Return on Cost	19.8%
Equity IRR	22.8%
Peak equity	35,675,111

The detailed feasibility is included in Annexure 2.

The metrics from this feasibility assessment are considered sufficient for this project to be viable (subject to further due diligence for key risk items including ground conditions). A developer should be able to access equity funds for the forecast equity IRR.

Equally, access to sufficient senior debt should be possible (subject to the credentials of the developer and proposed building contractor) for a project with a return on cost of 20%.

7 APPENDICES

APPENDIX 1: Detailed Feasibility for Scenario where FSR is 2:1

Feasibility Report					
4-20 Booth Street, Arncliffe					
FSR 2:1					
27/02/2017					
Description					\$
REVENUE					
Sales Income:	No.	sqm	\$/apt	\$/sqm	
Apartments - 1 Bed	38	2,010	\$ 608,300	11,500	23,115,000
Apartments - 2 Bed	74	5,900	\$ 837,200	10,500	61,950,000
Apartments - 3 Bed	13	1,330	\$ 971,900	9,500	12,635,000
Apartments Sub-Total	125	9,240		10,574	97,700,000
Other Revenue					
GROSS REVENUE					97,700,000
	No.	%	Margin Scheme Value	Rate	
GST on Residential Sales			\$ 13,500,000		(7,654,500)
Commissions on Sales - residential		1.20%			(1,172,400)
Commissions on Sales - other	-	2.50%			-
Legals on Sales - residential	125			\$ 750	(93,800)
Legals on Sales - retail	-				-
TOTAL PROJECT REVENUE					88,779,300
PROJECT EXPENDITURE					\$
ACQUISITION COSTS	No.	sqm	Current Value	Premium	Acquisition Value
Land Purchase Price	10	5,600	\$ 13,500,000	25%	16,875,000
Stamp Duty				5.5%	928,100
Legals on Acquisition					25,000
Due Diligence/Investigative Costs					75,000
TOTAL ACQUISITION COSTS					17,903,100
HOLDING COSTS				%	
Land Tax				2.0%	461,700
Council & SWC Rates					50,000
Rates, Power and Taxes on Unsold Stock					122,100
Holding Costs Contingency				5.0%	31,700
TOTAL HOLDING COSTS (H)					665,500
PLANNING & DESIGN COSTS		Apts	\$/Apt	%	
Architect, Interior Design				3.3%	1,365,900
Structural & Civil Engineers				1.0%	413,900
Services Engineers				1.0%	413,900
Environmental & Geotech				0.3%	103,500
BCA, PCA & Accessibility				0.3%	103,500
Other Consultants				0.8%	331,100
Surveyor & Strata Certifier		125	600		75,000
Design Fee Contingency				5.0%	140,300
TOTAL PLANNING & DESIGN COSTS					2,947,100
AUTHORITY FEES	No.	sqm	\$/Apt	%	
Council & LSL Fees				0.7%	289,700
s94 Contribution					1,791,000
Affordable Housing Contribution					-
Ausgrid Contribution					250,000
SWC Fees & Headworks					75,000
LPI Fees	125		300		37,500
Authority Fee Contingency				5.0%	122,200
TOTAL AUTHORITIES COSTS					2,565,400
SALES COSTS					
Commissions on Sales - residential		1.00%			977,000
Commissions on Sales - retail		0.00%			-
Sales Contract					25,000
Legals on Sales - residential	125			\$ 750	93,800
Legals on Sales - other	-				-
Retail Incentives					-
TOTAL SALES COSTS					1,095,800
MARKETING COSTS					
Advertising, brochures, signage, model, interactive display, creatives				1.0%	977,000
Marketing Suite					750,000
Launch event, sponsorship & others				0.3%	244,300
Marketing Contingency				0.0%	-
TOTAL MARKETING EXPENSES					1,971,300
CONSTRUCTION COSTS	No.	%	sqm (GBA)	rate	
Demolition	10			\$ 25,000	250,000
Remediation / ASS Disposal Allowance					500,000
Civil / Public Domain / Landscaping					500,000
Building Costs - Basement	138		5,500	\$ 1,050	5,775,000
Building Costs - Residential			12,586	\$ 2,790	35,114,900
Building Costs - E/O for Façade Acoustic Treatment					540,000
Design Costs					incl. above
FF&E Allowance					150,000
Sub-Total					42,829,900
Contingency Construction	5.0%				2,141,500
TOTAL CONSTRUCTION COSTS					44,971,400
DEVELOPMENT COSTS					
Development Management				2.0%	1,954,000
Project Management				1.5%	642,400
Adjoining Owner Costs (incl. RailCorp costs)					250,000
Legal Costs					250,000
Administration Costs					50,000
Development Contingency				2.5%	1,881,700
TOTAL DEVELOPMENT COSTS					5,028,100
FINANCE COSTS					
Funding - Debt Facility					
Construction Debt (50% LVR)					48,900,000
Establishment Costs - Construction Debt	0.50%				244,500
Line Fees - Construction Debt	1.50%				1,467,000
Interest - Construction Debt	4.25%				1,633,900
Advisory Fees				1.0%	489,000
Legals - Financier and Borrower					250,000
Valuation					50,000
TOTAL FINANCE COSTS					4,134,400
TOTAL PROJECT COSTS					81,282,100
DEVELOPMENT MARGIN					\$ 7,497,200
Return on Cost					9.2%
Project IRR					10.4%
Equity IRR					9.7%
Peak equity					\$ 31,112,000

APPENDIX 2: Detailed Feasibility for Scenario where FSR is 3:1

Feasibility Report					
4-20 Booth Street, Arncliffe					
FSR 3:1					
27/02/2017					
Description					\$
REVENUE					
Sales Income:	No.	sqm	\$/apt	\$/sqm	
Apartments - 1 Bed	56	2,970	\$ 609,900	11,500	34,155,000
Apartments - 2 Bed	112	8,950	\$ 839,100	10,500	93,975,000
Apartments - 3 Bed	19	1,940	\$ 970,000	9,500	18,430,000
Apartments Sub-Total	187	13,860		10,574	146,560,000
Other Revenue					
GROSS REVENUE					146,560,000
	No.	%	Margin Scheme Value	Rate	
GST on Residential Sales			\$ 13,500,000		(12,096,400)
Commissions on Sales - residential		1.20%			(1,758,700)
Commissions on Sales - other	-	2.50%			-
Legals on Sales - residential	187			\$ 750	(140,300)
Legals on Sales - retail	-				-
TOTAL PROJECT REVENUE					132,564,600
PROJECT EXPENDITURE					\$
ACQUISITION COSTS	No.	sqm	Current Value	Premium	Acquisition Value
Land Purchase Price	10	5,600	\$ 13,500,000	25%	16,875,000
Stamp Duty				5.5%	928,100
Legals on Acquisition					25,000
Due Diligence/Investigative Costs					75,000
TOTAL ACQUISITION COSTS					17,903,100
HOLDING COSTS				%	
Land Tax				2.0%	461,700
Council & SWC Rates					50,000
Rates, Power and Taxes on Unsold Stock					183,200
Holding Costs Contingency				5.0%	34,700
TOTAL HOLDING COSTS (H)					729,600
PLANNING & DESIGN COSTS		Apts	\$/Apt	%	
Architect, Interior Design				3.3%	2,040,100
Structural & Civil Engineers				1.0%	618,200
Services Engineers				1.0%	618,200
Environmental & Geotech				0.3%	154,600
BCA, PCA & Accessibility				0.3%	154,600
Other Consultants				0.8%	494,600
Surveyor & Strata Certifier		187	600		112,200
Design Fee Contingency				5.0%	209,600
TOTAL PLANNING & DESIGN COSTS					4,402,100
AUTHORITY FEES	No.	sqm	\$/Apt	%	
Council & LSL Fees				0.7%	432,700
s94 Contribution					2,682,600
Affordable Housing Contribution					-
Ausgrid Contribution					250,000
SWC Fees & Headworks					75,000
LPI Fees	187		300		56,100
Authority Fee Contingency				5.0%	174,800
TOTAL AUTHORITIES COSTS					3,671,200
SALES COSTS					
Commissions on Sales - residential		1.00%			1,465,600
Commissions on Sales - retail		0.00%			-
Sales Contract					25,000
Legals on Sales - residential	187			\$ 750	140,300
Legals on Sales - other	-				-
Retail Incentives					-
TOTAL SALES COSTS					1,630,900
MARKETING COSTS					
Advertising, brochures, signage, model, interactive display, creatives				1.0%	1,465,600
Marketing Suite					750,000
Launch event, sponsorship & others				0.3%	366,400
Marketing Contingency				0.0%	-
TOTAL MARKETING EXPENSES					2,582,000
CONSTRUCTION COSTS	No.	%	sqm (GBA)	rate	
Demolition	10			\$ 25,000	250,000
Remediation / ASS Disposal Allowance					500,000
Civil / Public Domain / Landscaping					500,000
Building Costs - Basement	206		8,236	\$ 1,050	8,647,800
Building Costs - Residential			18,879	\$ 2,790	52,672,400
Building Costs - E/O for Façade Acoustic Treatment					807,800
Design Costs					incl. above
FF&E Allowance					150,000
Sub-Total					63,528,000
Contingency Construction	5.0%				3,176,400
TOTAL CONSTRUCTION COSTS					66,704,400
DEVELOPMENT COSTS					
Development Management				2.0%	2,931,200
Project Management				1.5%	952,900
Adjoining Owner Costs (incl. RailCorp costs)					250,000
Legal Costs					250,000
Administration Costs					50,000
Development Contingency				2.5%	2,551,400
TOTAL DEVELOPMENT COSTS					6,985,500
FINANCE COSTS					
Funding - Debt Facility					
Construction Debt (50% LVR)					73,300,000
Establishment Costs - Construction Debt	0.50%				366,500
Line Fees - Construction Debt	1.50%				2,199,000
Interest - Construction Debt	4.25%				2,466,200
Advisory Fees				1.0%	733,000
Legals - Financier and Borrower					250,000
Valuation					50,000
TOTAL FINANCE COSTS					6,064,700
TOTAL PROJECT COSTS					110,673,500
DEVELOPMENT MARGIN					\$ 21,891,100
Return on Cost					19.8%
Project IRR					19.0%
Equity IRR					22.8%
Peak equity					\$ 35,675,000

APPENDIX 3: Adopted Existing Property Values

4 Booth Street	\$1,200,000
6 Booth Street	\$1,200,000
8 Booth Street	\$1,800,000
10 Booth Street	\$2,000,000
12 Booth Street	\$1,300,000
12A Booth Street	\$1,300,000
14 Booth Street	\$1,200,000
16 Booth Street	\$1,300,000
18 Booth Street	\$1,100,000
20 Booth Street	<u>\$1,100,000</u>
	\$13,500,000