



# **ARDEN SOCIAL AND AFFORDABLE HOUSING STRATEGY**

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## **PHASE 2: DETAILED FEASIBILITY OF OPTIONS FOR ARDEN**

**Prepared for the Victorian Planning  
Authority  
Final Report Date March 2021  
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# INTRODUCTION

## SCOPE OF WORK

Urbis has been commissioned by the Victorian Planning Authority (VPA) to undertake feasibility testing of the preferred Affordable Housing delivery options as part of the regeneration of the Arden precinct. This is the second of two phases of work, following development of the Affordable Housing Research Base in Phase 1, which provides an evidence base in support of the preferred options.

More specifically our modelling examines the feasibility of development based upon providing a proportion of Affordable Housing dwellings at a discounted price to an Affordable Housing provider. The impacts are to be modelled for two hypothetical sites in North Melbourne (Arden) as determined by the VPA.

The extent of work undertaken is based on an agreed scope to provide an illustration of how different levels of affordable housing provision impacts on feasibilities in those circumstances. The analysis has not included a review of all sites in Arden nor tested the impact of COVID-19 on market conditions. We recommend revisiting the feasibility assumptions regularly to understand the supportability of affordable housing in fluid market conditions.

## BACKGROUND

Arden is 50 hectare renewal precinct situated less than 2km north west of the Melbourne CBD. Planning for the Arden Urban Renewal Precinct (the Precinct) is being undertaken in partnership between the VPA and City of Melbourne, together with the Department of Jobs, Precincts and regions (DJPR). The draft Arden Structure Plan (the Plan) was released for community consultation on 29<sup>th</sup> June 2020 and aims to guide the future growth and development of the Precinct. Melbourne Planning Scheme Amendment C369 (the Amendment) introduces a Development contributions Overlay (DCPO3) on an interim basis for two years over the Arden Urban Renewal Precinct.

As advised by the VPA, the interim development contribution rates are \$17,053 per dwelling, \$193 per square metre of new commercial floor space and \$161 per square metre of new retail floor space. Contribution rates will be indexed annually from 1 July 2021 to the Producer Price Index for Building Construction – Victoria published by the Australian Bureau of Statistics (ABS), March to March quarters. These figures are to be updated following the preparation of the final Development Contributions Plan (DCP).

## DEFINITION OF AFFORDABLE HOUSING

Housing, including social housing, that is appropriate for the housing needs of any of the following – very low-income households, low income households and moderate income households, as defined in the Planning and Environment Act 1987. See the Act for further details and definitions.



An architectural rendering of a modern urban development. The scene features a multi-story building with a light-colored, textured facade and large, dark-framed windows. A large, mature tree with dense green foliage stands prominently in the center. In the foreground, a paved area with a green-painted bicycle lane is visible. Several people are depicted: some are sitting at outdoor tables under a pergola-like structure on the left, while others are walking or riding bicycles. A colorful, striped canopy is visible near the base of the tree. The sky is clear and blue.

# **DRAFT ARDEN STRUCTURE PLAN JUNE 2020**



# DEFINED PRECINCTS

The study area for the Plan is bounded by Macaulay Road to the north, Dryburgh Street to the east, and the Victrack railway line/City Link toll road along the western boundary.

The Structure Plan identifies three sub precincts within the Precinct. These three sub precincts are referred to as Arden Central, Laurens Street and Arden North. Each have different controls proposed under the Structure Plan. The North Melbourne Railway Station is situated adjacent to the Laurens Street.



Source: Arden Draft Structure Plan June 2020

# FLOOR AREA RATIOS AND HEIGHT RANGES

The Structure Plan introduces new floor area ratios (FAR) and other built form controls. The proposed FAR controls together with potential building heights ranges are shown in the table below. We have undertaken the assessment assuming the proposed FARs are to be mandatory. This table is taken directly from the draft Arden Structure Plan. This Table corresponds with the Plan shown in Appendix A.

	DESIRED OUTCOME	MAXIMUM POTENTIAL FLOOR AREA RATIO (FAR)	POTENTIAL BUILDING HEIGHT RANGE	OTHER POTENTIAL BUILT FORM CONTROLS
Laurens Street				
a*	Low rise, mid-density development to respect adjacent existing heritage area	4:1	3–6 storeys	• Setback above 4 storey street wall
Arden North – adjacent to North Melbourne Recreation Reserve				
Laurens Street – Interface with West Melbourne Structure Plan as per C309 controls				
b	Mid-rise, mid-density development with overshadowing controls for North Melbourne Recreation Reserve	5:1	4–8 storeys	• Setback above 4 storey street wall
Arden North & Arden Central – core around new open space				
c*	Mid-rise development with overshadowing controls for Clayton Reserve and the new open spaces proposed in Arden North and Arden Central	6:1	6–15 storeys	• Setback above 6 storey street wall adjacent to open space
Arden North				
Laurens Street				
d	Mid to high rise development, mixed typologies including hybrid development (e.g. perimeter block with tower)	7:1	12–18 storeys (Arden North)	• Setback above 4 storey street wall along Munster Terrace • Front, side and rear setbacks
	Overshadowing controls of North Melbourne Recreation Reserve and proposed Munster Terrace linear park		8–16 storeys (Laurens Street)	
Laurens Street				
e*	Predominantly mid-rise development, transitioning from Munster Terrace to Arden Central	8:1	10–16 storeys	• Setback above 4 storey street wall along Munster Terrace • Front, side and rear setbacks
Arden North				
Laurens Street				
f	High-rise development fronting Arden Street	9:1	12–20 storeys	• Setback above 6 storey street wall along Arden Street • Setback above 4 storey street wall along Fogarty Street and Munster Terrace • Front, side and rear setbacks
Arden Central				
g	Mid to high rise development, mixed typologies for innovation uses including hybrid development (e.g. perimeter block with tower).	10:1	8–25 storeys	• Setback above 6 storey street wall along Arden Street and Fogarty Street extension • Front, side and rear setbacks
h*	Mid to high rise development, mixed typologies including hybrid development (e.g. perimeter block with tower)	12:1	20–35 storeys	• Setback above 6 storey street wall along Fogarty Street extension. • Front, side and rear setbacks
i	High rise development, mixed typologies including hybrid development (e.g. perimeter block with tower)	15:1	30–40 storeys	• Setback above 6 storey street wall. • Front, side and rear setbacks

Source: Arden Draft Structure Plan June 2020

# PREFERRED AFFORDABLE HOUSING DELIVERY SCENARIOS

Following completion of Phase 1 of this project, the preferred affordable housing delivery scenarios and hypothetical sites upon which to undertake feasibility testing are outlined below, as selected by the VPA.

## Two Hypothetical Sites

- Site 1 – Size: 2,200m<sup>2</sup> | Floor Area Ratio: 6:1 | 7% commercial, 3% retail, 90% residential
- Site 2 – Size: 2,200m<sup>2</sup> | Floor Area Ratio: 9:1 | 29% commercial, 2% retail, 69% residential

## Feasibility Testing Scenarios

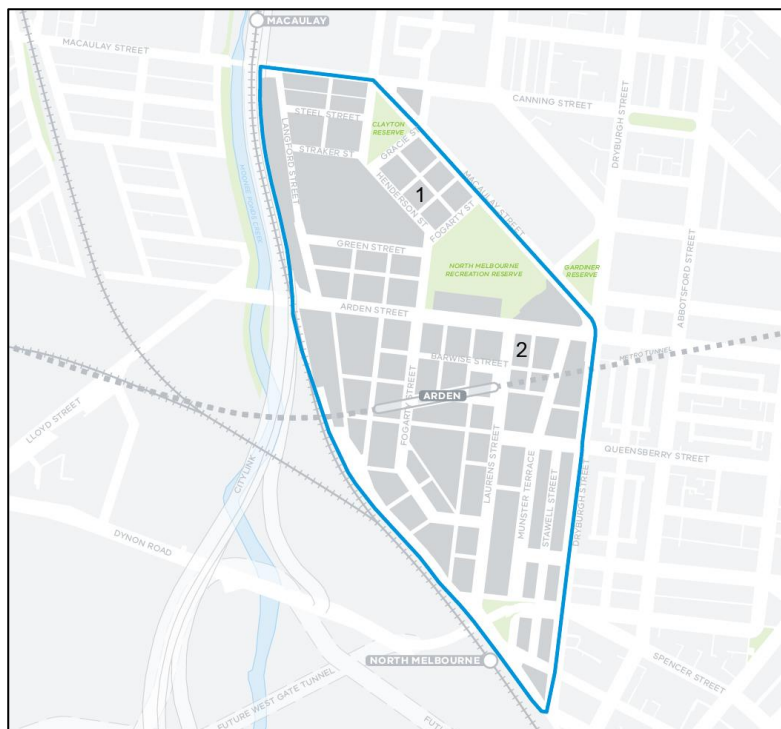
For each site we have been instructed to test:

- Provision of Affordable Housing as a percentage of **Total Gross Floor Area (GFA)**. The feasibility is based on development occurring through a freehold scenario, whereby a developer purchases the land and is required to provide a set percentage of affordable housing at a discounted rate to an Affordable Housing provider. Tested at 0%, 2%, 4%, 6% and 8% provision of affordable housing.
- The same parameters as the above, however the provision of Affordable Housing is calculated on the **Residential Gross Floor Area (GFA)**. Tested at 0%, 2%, 4%, 6% and 8% affordable housing.

For each of the above scenarios, the Affordable Housing is provided at a discount to market value (Discounted Sale), tested at 35%, 50% and 100% discount (i.e. no revenue returned from Affordable Housing, essentially gifted). Accordingly, both the number of dwellings provided and the revenue are variables in the above scenarios.

Furthermore, for each of the scenarios we have tested feasibilities based on low, medium and high value residual land values. Low, medium and high residual land values have been derived through adjustments to the assessed Gross Realization rates on a per m<sup>2</sup> basis, as further explained on Page 14.

Although the sites are hypothetical, the VPA has provided the below indicative map highlighting the theoretical location of the sites, for the purposes of understanding the potential underlying land value.



Source: VPA





# **ARDEN LAND VALUES AS AT JULY 2020**



# DRIVERS OF MARKET ACTIVITY

Development activity in Arden has been driven by the locational attributes of the area and the proposed renewal of the precinct. The key factors in play are summarised here.



## **Precinct attributes**

Arden is located less than 2km north west of the Melbourne CBD, with good access to public transport and within walking distance of RMIT, the University of Melbourne and Parkville hospital precincts. Some areas of the precinct also benefit from access to open space including North Melbourne Recreation Reserve.



## **Current planning controls**

As noted in the Draft Structure Plan, “current zoning has limited the establishment of residential land uses in Arden”. Residential development is primarily clustered in the Laurens Street sub-precinct, within the Mixed Use Zone. Despite the Mixed Use zoning, the majority of new development has been residential, with limited retail offering in the area.



## **Proposed Precinct renewal**

Recently there has been a greater focus on residential apartment development, in part in response to the proposed future infrastructure projects (such as the Metro Tunnel Project – Arden Station) and public area upgrades initially indicated by the draft Arden Vision released in 2018, and now within the Structure Plan.



## **Current and prospective developments**

Along with the progressive public infrastructure renewal within the precinct, development of significant strategic sites can drive further market activity. An example is Grocon’s mixed use development of 1.50 ha Theodossi site Arden Street.

# HYPOTHETICAL STUDY SITES

Due to the different FAR and mixed-use requirements, the two study sites illustrate different potential development schemes. This allows for analysis of the difference in Residual Land Values created under each Affordable Housing scenario.

Using the development parameters provided, specifically the FAR controls, we have estimated the total Gross Floor Area achievable on each site. For the purposes of undertaking cost and value estimates, we have also estimated at a high level the scale of development that could be achieved, dictated by the FAR and a combination of likely height and setback controls which align broadly with the Plan (Appendix A). We comment that we have not been provided with indicative building plans from a qualified Town Planner or Architect and the assumptions are provided as a hypothetical guide only. The results of these assumptions and other site details are summarized in the table below.

**Table 1: Hypothetical Development Scheme Assumptions**

	<b>SITE 1</b>	<b>SITE 2</b>
<b>SIZE (m<sup>2</sup>)</b>	2,200	2,200
<b>FAR</b>	FAR 6:1	FAR 9:1
<b>USE</b>	Mixed Use (7% commercial, 3% retail, 90% residential)	Mixed Use (29% commercial, 2% retail, 69% residential)
<b>TOTAL GFA (m<sup>2</sup>)</b>	13,200	19,800
<b>RESIDENTIAL GFA (m<sup>2</sup>)</b>	11,880	13,662
<b>COMMERCIAL GFA (m<sup>2</sup>)</b>	924	5,742
<b>RETAIL GFA (m<sup>2</sup>)</b>	396	396
<b>SITE COVERAGE*</b>	100%	75%
<b>SIZE OF FLOORPLATE (GFA) (m<sup>2</sup>)</b>	2,200	1,650
<b>NUMBER OF FLOORS (ROUNDED)</b>	6	12
<b>EFFICIENCY (GFA TO NSA)</b>	85%	85%
<b>TOTAL NSA (m<sup>2</sup>)</b>	11,220	16,830
<b>TOTAL NSA PER FLOOR (m<sup>2</sup>)</b>	1,870	1,403
<b>RESIDENTIAL NSA (m<sup>2</sup>)</b>	10,098	11,613
<b>COMMERCIAL NSA (m<sup>2</sup>)****</b>	785	4,881
<b>RETAIL NSA (m<sup>2</sup>)</b>	337	337
<b>CARPARKING</b>	NIL (provided at a precinct level)	NIL (provided at a precinct level)
<b>AVERAGE UNIT SIZE (m<sup>2</sup>)</b>	72	72
<b>TOTAL RESIDENTIAL UNITS**</b>	141	162
<b>AVERAGE COMMERCIAL UNIT SIZE (m<sup>2</sup>)</b>	100	100
<b>TOTAL COMMERCIAL UNITS</b>	8	49
<b>AVERAGE RETAIL UNIT SIZE</b>	100	100
<b>TOTAL RETAIL UNITS</b>	3	3
<b>TOTAL COMMERCIAL &amp; RETAIL NSA (m<sup>2</sup>)</b>	1122	5217
<b>TOTAL COMMERCIAL &amp; RETAIL FLOORS</b>	1	4
<b>TOTAL RESIDENTIAL FLOORS</b>	5	8

\* To align with Draft Precinct Plan guidelines shown in Appendix A

\*\* Across one, two and three bedroom units

\*\*\* Assume balance of the NSA on the commercial/retail floor is occupied with residential

\*\*\*\* Assume commercial units are 100m<sup>2</sup> in size



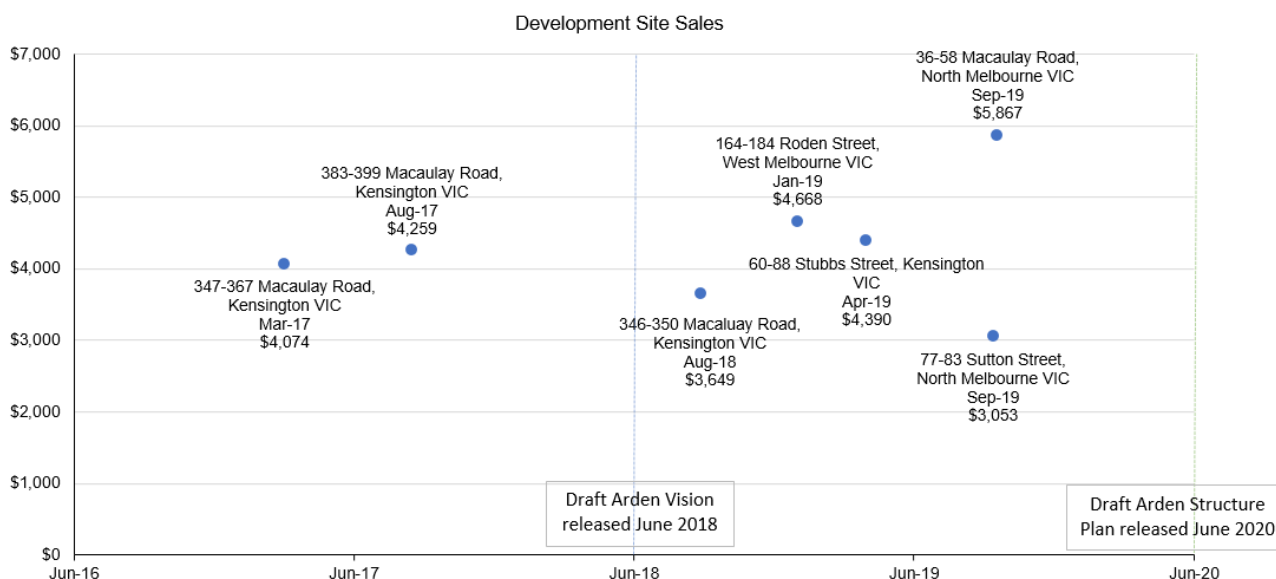
# LAND SALES EVIDENCE

We note that sales of comparable residential development sites within the immediate and surrounding localities are very limited. Sales rates on a \$ per m<sup>2</sup> basis vary due to a variety of factors, including location, size, zoning, proximity to existing and future infrastructure and development capacity.

The chart below shows the rate per m<sup>2</sup> for comparable sites in the immediate and surrounding localities sold between 2017 and 2020 (the sales are shown in date order, newest to oldest). A summary table providing further sale details for each site is provided in Appendix B. Any impacts on the apartment market and development sites as a result of COVID are not factored into this analysis, we refer to feasibility assumptions for more detailed advice.

The sales evidence values rates in the range of \$3,053 to \$5,867 per m<sup>2</sup> for Mixed Use zoned sites ranging in size from 1,551m<sup>2</sup> to 8,303m<sup>2</sup>.

**Chart 1: Recent Comparable Development Site Sales**



In analysing the evidence, higher value rates are generally demonstrated for 'shovel-ready' sites, where the property is sold with an approved Planning Permit (which is consistent with the highest and best use of the site) and therefore there are no impediments to immediate development.

Based on the abovementioned sales and provided site details for sites that can accommodate residential development, including size, FAR and hypothetical location we are of the view the study sites would have likely value rates based on a zoning that allows medium to high density residential development in the range of \$3,500 to \$4,500 per m<sup>2</sup>. Whereas, the estimated existing use value range is between \$2,500 per m<sup>2</sup> to \$3,000 per m<sup>2</sup>.

This value estimate range assumes the sites are rezoned accordingly to the planning controls shown on page 6 of this report, however are sold without a permit and would therefore require a hypothetical 12-month planning lead-in (inclusive of settlement) to obtain planning approval. The estimate accounts for the specific assumptions provided by the VPA (in line with draft Arden Structure Plan) regarding Development Contributions, Public Open Space, Sustainability Costs and Uplifts, as well Urbis development assumptions. These are explained in the following pages and listed in Appendix C.

Given the higher development capacity of Site 2 (FAR 9:1) and proximity to the future Arden Metro Tunnel Station and existing North Melbourne Railway Station, we are of the view a higher value rate would apply by comparison to Site 1 (FAR 6:1).

Because the subject sites are hypothetical we cannot comment as to whether the proposed FAR controls create any value uplift or drop to actual existing land value. For example, if the proposed FAR controls allow a larger built form (higher GFA) than previous controls, a value uplift may be evidenced as a result. As the sites are hypothetical, we do not know what the 'existing controls' are to comment on any increase or decrease in the potential GFA as a result of the proposed FAR controls.





# TESTING AFFORDABLE HOUSING SCENARIOS



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# METHODOLOGY AND DEFINITION OF KEY TERMS

## Affordable Housing Approach – Discounted Sale Approach

For each site we have been instructed to test:

- Provision of Affordable Housing as a percentage of **Total Gross Floor Area (GFA)**. Feasibility based on development occurring through a freehold scenario. Tested at 0%, 2%, 4%, 6% and 8% Affordable Housing (AH).
- Provision of Affordable Housing as a percentage of **Residential Gross Floor Area (GFA)**. Feasibility based on development occurring through a freehold scenario. Tested at 0%, 2%, 4%, 6% and 8% Affordable Housing (AH).

For each of the above scenarios, the Affordable Housing is provided at a discount to market value, tested at 35%, 50% and 100% discount (i.e. no revenue returned from Affordable Housing). Accordingly, both the number of dwellings provided and the price are variables in the above scenarios.

The modelling assumptions and results are detailed for each of these approaches over the following pages.

The impact of Affordable Housing on developer revenue has been measured on a Residual Land Value basis, which is derived through Residual Financial Analysis, often referred to as the 'Turner Model'. This method determines on a static (non-escalated) basis, what a developer **can afford to pay** for a particular piece of land (**Residual Land Value**), having regard to the financial returns which can be obtained, less the costs of developing and selling the land, together with an appropriate allowance for developer's profit and risk.

This analysis reflects the following factors considered by a developer including:

- Land purchase costs
- Construction costs
- Development fees and contributions
- Land holding costs
- Financing
- Profit & Risk allowance

The analysis presented here draws on the extensive experience of Urbis' valuers and property economists. We have not been provided with hypothetical development plans or costings. Importantly, in the absence of detailed construction costs, high level indicative estimates have been derived using Rawlinsons Australian Construction Handbook (Rawlinsons) and Urbis' knowledge of similar projects. We note that a Quantity Surveyor has not been engaged for this project, however should detailed costings be provided we reserve the right to review our feasibilities. Nonetheless, the analysis considers the factors market participants will consider in looking at a potential development. We specifically note that the assessments are high level feasibilities only, and do not represent formal valuations and no recommendation is made in that regard.

Throughout our feasibility testing, we have assumed a consistent profit of 18% of total costs needs to be achieved for feasible development. This is based on our analysis of comparable sales, understanding of the market, and the size, complexity and risk of the hypothetical developments. Maintaining this percentage of profit is needed for developers to not only have incentive to carry out a project, but also to obtain funding. With a fixed percentage of profit, the impact of providing Affordable Housing is reflected in a reduction to the Residual Land Value.

All models assume a hypothetical purchase of the land (rather than the land having been held for a long period) and 100% debt funding. This ensures consistency across the models.

As mentioned and further explained in the following pages, the value derived by the Residual Financial Analysis relies upon various high-level assumptions, many of which are site/development specific. These assumptions have wide ranging impacts on the Residual Land Value (or developer's capacity to pay). For this reason, the feasibility testing within this report is particular to the subject study sites and corresponding set of specific assumptions only.

In all scenarios the % of affordable housing (2%, 4%, 6% and 8%) has been rounded up to the nearest whole unit (dwelling).

# FEASIBILITY ASSUMPTIONS

In order to undertake feasibility testing, key inputs and assumptions for each of the feasibility scenarios have been compiled, which are summarised as follows and detailed further in Appendix C.

Some of our instructed assumptions from the VPA are based on a corresponding study undertaken by EY. We have not sighted this report in completing this assessment.

The extent of work undertaken is based on an agreed scope to provide an illustration of how different levels of affordable housing provision impacts on feasibilities in those circumstances. The analysis has not included a review of all sites in Arden nor tested the impact of COVID-19 on market conditions. We recommend revisiting assumptions regularly to understand the supportability of affordable housing in fluid market conditions. We acknowledge there are a wider range of circumstances that impact feasibility in the real world.

## Gross Realisation and Low, Medium and High Land Values

We have assessed baseline or 'medium' residential Gross Realisations (GR) based on the direct comparison of comparable sales evidence in the immediate and surrounding localities, which varies across the precincts. A summary of the sales considered is included in Appendix C.

- For Site 1, we have assessed a Medium GR of \$94,400,873\* resulting in a Medium Residual Land value of \$7,980,000 (\$3,627 per m<sup>2</sup>) via a Turner Model
- For Site 2 we have assessed a Medium GR of \$131,347,421\* resulting in a Medium Residual Land Value of \$8,170,000 (\$3,714 per m<sup>2</sup>) via a Turner Model, which is reflective of the higher applicable FAR ratio.

We have primarily focused on the baseline 'medium' scenario, however as instructed, we have undertaken 'low' and 'high' value scenarios as a sensitivity check.

To determine 'low' and 'high' land value estimates, we have made adjustments to the assessed baseline or 'medium' Gross Realisation (GR) to determine 'low' and 'high' GRs. The baseline feasibility model is then run with the adjusted GR (either low or high) to result in 'low' and 'high' Residual Land Value estimates. For example, the 'low' land value scenario has been calculated by reducing the baseline GR by \$500 per m<sup>2</sup> across the Residential GFA. A low GR scenario could occur if there is a potential market failure to accept there being no on-site car parking. The 'high' land value scenario has been calculated by increasing the baseline GR by \$500 per m<sup>2</sup> across the Residential GFA. The high scenario could account for the potential for value uplift due to aspect/views, street frontage or improved market conditions.

The adopted low and high value scenarios are an agreed approach with VPA to demonstrate the potential range of impacts. There are multiple reasons why some sites might have lower or higher values. This could include, location of site next to positive or negative outlooks ie adjoining to open space or infrastructure like elevated freeways can impact a site. The size and shape of parcels can have an impact on the efficiency of floor plates or design responses, which can impact on the construction costs. Other factors like the extent of contamination could also have a substantial impact.

- For Site 1, we have assessed a Low GR of \$88,460,873\* resulting in a Low Residual Land value of \$4,760,000 (\$2,164 per m<sup>2</sup>) via a Turner Model.
- For Site 1, we have assessed a High GR of \$100,340,873\* resulting in a High Residual Land value of \$11,210,000 (\$5,095 per m<sup>2</sup>) via a Turner Model.
- For Site 2 we have assessed a Low GR of \$124,516,421\* resulting in a Low Residual Land Value of \$4,850,000 (\$2,205 per m<sup>2</sup>) via a Turner Model.
- For Site 2 we have assessed a High GR of \$138,178,421\* resulting in a High Residual Land Value of \$11,480,000 (\$5,218 per m<sup>2</sup>) via a Turner Model.

Extracts of the Turner Models are provided in Appendix E.

## Rate of Sale

To determine appropriate rates of sale, we have surveyed similar projects and conducted market research. It is important to note that we have adopted rates of sale of 7 sales per month, which assumes an active and established market.



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# FEASIBILITY ASSUMPTIONS (CONT.)

Recently the market has been impacted by COVID-19, which has reduced prospective purchaser demand; anecdotally reduced rates of sale and placed downward pressure on prices. Our feasibilities are based on an active market which is not negatively impacted by COVID-19. Furthermore, as instructed, development of the precinct is expected to commence in 2023, however the majority of the development is expected to be even later. Whilst we cannot comment as to what market conditions will be in the future, we have considered that the precinct will benefit from several amenity improvements as outlined in the draft Arden Structure Plan.

## Car parking

We have been advised by the VPA that neither of the study sites are to contain on-site car parking as part of the hypothetical development scheme, as this is provided at a Precinct level. This is a key difference between existing and current developments in the precinct and may not necessarily be immediately accepted by the market.

*\*Including sustainability uplift as advised by the VPA and outlined in Appendix C.*

## COVID-19 Impacts on Markets

We provide the following disclosure associated with the COVID-19 pandemic that may directly impact the Feasibilities of the instructed parcels set out within this Report.

- Transactions of complex property assets that inform our feasibilities are predominantly negotiated and transacted over long periods, typically a number of months but in many instances up to a year. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb which may result in pricing adjustments to reflect these matters. In many instances a change in market thinking and actual asset pricing as at the Date of Feasibility (July 2020) may not be reflected in the transactional evidence used to support the feasibilities.
- The World Health Organisation declared the outbreak of the Novel Coronavirus (COVID-19) a 'Global Pandemic' on 11 March 2020. In an effort to control the outbreak we have seen travel restrictions, social distancing and other measures implemented all of which is having a material impact on global financial markets, trade, near-term economic growth expectations and creating increased uncertainty in both local and global market conditions.
- The effects (both directly and indirectly) of the COVID-19 Outbreak on economic conditions and the resulting uncertainty is impacting the Australian real estate market with market conditions changing daily. The extent of the impact the outbreak will have on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and is not possible to predict. Some business sectors, such as the retail, hotel and tourism sectors, are already reporting material impacts on trading performance, which in turn could impact the market of property assets in those sectors. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.
- Our feasibility assessment of the instructed parcels set out in this Report is current as at the Date of Feasibility (July 2020) and necessarily assumes (unless stated otherwise) that the COVID-19 Outbreak has not materially impacted the market as at the Date of Feasibility. However, as at the Date of Feasibility we consider that there is a significant level of market uncertainty. The feasibility of the instructed parcels assessed herein may change (or may have changed) significantly and unexpectedly over a relatively short period of time (including as a result of factors of which the consultant could not reasonably have been aware as at the Date of Feasibility) and it may have a lasting impact. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on our Feasibility. Given the uncertainty noted with the feasibility, we recommend that the user(s) of this report review the feasibility periodically.
- To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) for any loss suffered or incurred as a result of or arising from subsequent changes in the feasibilities of the instructed parcels in any way attributable to the COVID-19 Outbreak or the associated control measures, but only to the extent that such reduction in feasibility is not reflected in the transactional evidence used to support the feasibility.

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# FEASIBILITY ASSUMPTIONS (CONT.)

## Cost Assumptions

In the absence of detailed construction costs, high level indicative estimates have been derived using Rawlinsons Australian Construction Handbook (Rawlinsons) and Urbis' knowledge of similar projects. We note that a Quantity Surveyor has not been engaged for this project, however should detailed costings be provided we reserve the right to review our feasibilities.

Standard development cost assumptions including Profit & Risk allowance, Project Management fees, Rates & Taxes, Statutory Fees and Selling Expenses have been assumed by the Urbis project team in consultation with the VPA. Selling and settlement costs associated with Affordable Housing units have been excluded from the feasibilities.

Development Contributions, Public Open Space, Contamination Contingency allowance, Sustainability Costs and Uplifts have all been advised by VPA.

The adopted cost assumptions are outlined in Appendix C.

## Timing

Each of the models assumes a planning lead-in of 12 months (inclusive of settlement) to obtain a Planning Permit. There is no allowance on either a time or cost basis for rezoning, the sites are assumed to be rezoned. In each instance there is an assumed pre-sale hurdle of 60% of residential units to commence construction. Given the higher commercial component of Site 2, there is a further requirement to obtain an additional 50% of commercial units as pre-sales. Affordable Housing units are excluded from the pre-sale hurdle.

## Instructed Discount Rates

In respect of the affordable housing component, we have been instructed to adopt discount rates of 35%, 50% and 100% to the market value (i.e. a reduction to the revenue received by the developer for the units). A discount of 100% means the developer receives no revenue for these units (i.e. they are "gifted"). We provide the following high-level comments in relation to these prescribed discount rates:

- 100% discount – we consider that this would typically be associated with social/public housing tenants from the Priority Tenant List and/or those tenants that require specialist accommodation due to disability AND the housing provider is unable to obtain the required level of subsidy.
- 50% discount – we would expect that this could relate to social/public housing tenants from either the Priority or Register of Interest Tenant Lists at a mix that is agreeable to a housing provider AND the housing provider is able to obtain the required level of subsidy.
- 35% discount – we would expect that this could relate to social housing tenants from the Register of Interest Tenant List or is some other form of Key Worker Housing that has a mandated market rent reduction for moderate income tenants AND the housing provider is able to obtain the required level of subsidy.

We would expect that there may typically be scenarios that could be negotiated but these are not necessarily mutually exclusive. Importantly, the comments above are indicative only and the allocation of housing to tenants and particular cohorts is ultimately determined by the housing provider and the state regulator.

## Existing Use Values – Upper and Low Floor Values

Importantly, an overarching principle of development is that development is unlikely to be feasible unless the resultant Residual Land Value (or Project Related Site) of a proposed scheme is higher than a site's existing use value. That is in basic terms, the amount a developer can afford to pay for the site (based on the proposed scheme) is more than what the site is currently worth prior to redevelopment.

As the two sites we have been instructed to analyse are hypothetical, in order to test whether the Affordable Housing controls are feasible, we have had to estimate and assume the potential existing use value range of the sites. As commercial/industrial uses have traditionally been the most common prior use in this precinct, we have analysed sales of commercial/industrial sites within the immediate and surrounding areas. We have estimated an existing use value range for the sites, shown in the following graphs.

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# FEASIBILITY ASSUMPTIONS (CONT.)

## **Existing Use Values – Upper and Low Floor Values cont.**

Where Residual Land Values (RLVs) are above the estimated existing use value range, the project is likely to be feasible. Where RLVs are within the estimated existing use value range, the project may be feasible. And where RLVs are below the range, the project is unlikely to be feasible.

In order for redevelopment of the hypothetical sites to occur in a timely manner, the development land price needs to be higher than the existing use value in order to attract current landowners to sell to a developer as opposed to a developer. If there is a significantly higher price achievable for a development site, then this can stimulate development in an area.

Real Estate markets are cyclical and can impact on the economic viability of developments over time. If apartment prices grow (inflation) faster than construction costs and other development fees, charges, taxes and other planning requirements/impacts, then the development economics can change. As a result, if development site values grow faster than the existing use values of properties then sites that may have been considered as unfeasible by developers at that point in time, can become feasible in the future. Another factor includes innovation in product offer from the development community.

The change in development feasibility of various sites over the expected development horizon in Arden of 20 or more years falls outside of the scope of this research. Nevertheless, based on our experience and knowledge of comparable precincts, we would expect this change in feasibility to occur over time. To capture this potential change in market conditions from July 2020, we have grouped our feasibility results into likely to be feasible, maybe feasible and unlikely to be feasible.

Likely to be feasible relates to sites where the feasibility is higher than the existing use value range. Maybe feasible relates to sites where the feasibility sits within the estimates existing use value range. Unlikely to be feasible relates to those feasibilities are lower than the existing use value range.

Given the complexity of the development site market, the limitation of this research and the difficulty in predicting future feasibility, we recommend revisiting the feasibility assumptions regularly to understand the supportability of affordable housing in fluid market conditions.

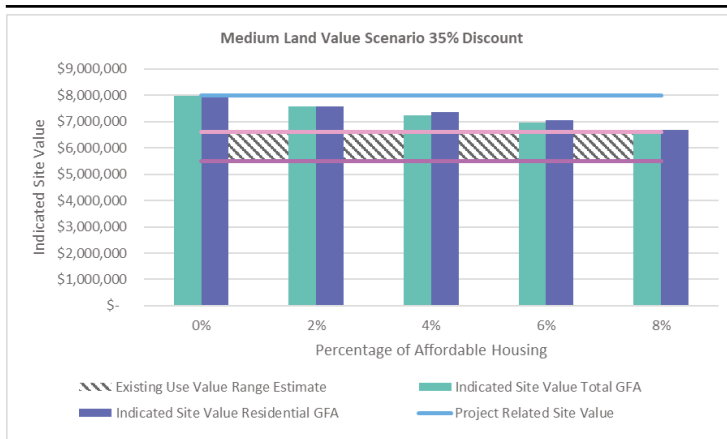


# IMPACT ON RESIDUAL LAND VALUES

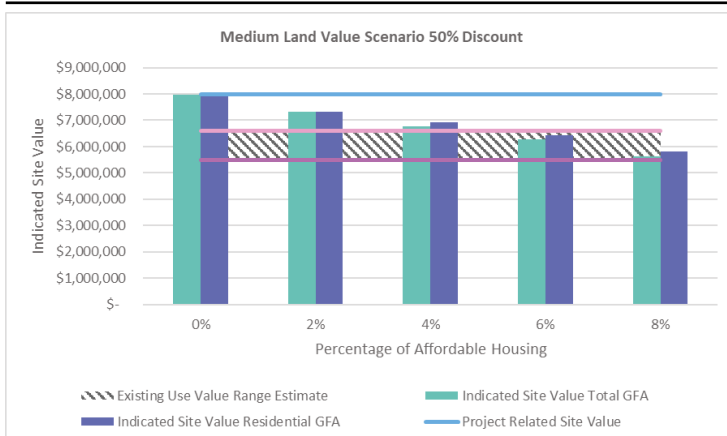
## SITE 1: MEDIUM LAND VALUE SCENARIO

Our consideration of the potential discounted sale options considers the effect across the development timeline. This includes a 35%, 50% or 100% discount to the revenue returned from the affordable housing units and the exclusion of settlement fees and selling costs attributed to the affordable units. A tabulated summary of our findings and the enlarged graphs are included in Appendix D. A tabulated comparison with Site 2 is shown on Pages 20 & 21.

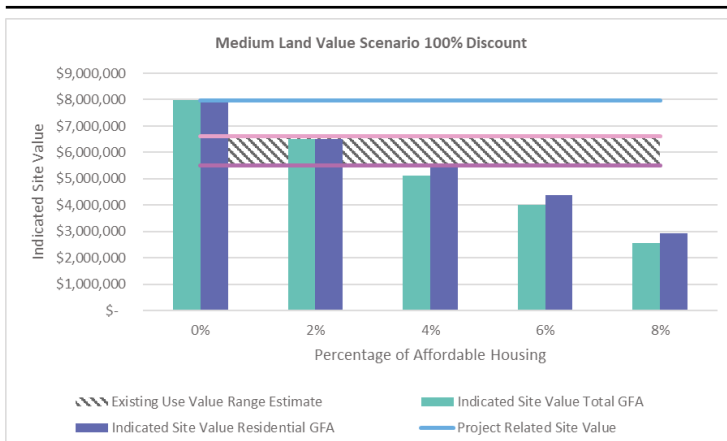
### SITE 1 – 35% discount



### SITE 1 – 50% discount



### SITE 1 – 100% discount



The charts alongside are from the perspective of someone purchasing land – the Indicated Site Value is the resultant Residual Land Value (or amount a developer can afford to pay for a site) once the different controls have been applied, based on either total GFA (green) or residential GFA only (purple).

The Project Related Site Value (PRSV) is the assessed baseline medium land value of \$7,980,000 (i.e. 0% AH) based on the Medium GR scenario. The PRSV changes for the Low and High value scenarios, which are included in Appendix D.

**We have estimated the existing use value range to be between \$2,500 per m<sup>2</sup> to \$3,000 per m<sup>2</sup> across the site area, or \$5,500,000 to \$6,600,000 in total.** Where Residual Land Values (RLVs) or the Indicated Site Values are above the estimated existing use value range, the project is likely to be feasible. Where RLVs are within the estimated existing use value range, the project may be feasible. And where RLVs are below the range, the project is unlikely to be feasible. This is an estimate based on underlying industrial and commercial land values in the area (i.e. potential existing land use values). However as the sites are hypothetical, the actual existing use value is unknown.

For example, at 100% discount, the 4%, 6% and 8% AH scenarios result in a value below the existing use value range (or floor value range), therefore the development is currently not feasible. Over time if Gross Realisations (end product values) increase faster than costs, this equation will change. Nevertheless the overriding principle is the higher the percentage AH requirement, the longer it will likely take for the development equation to become feasible.

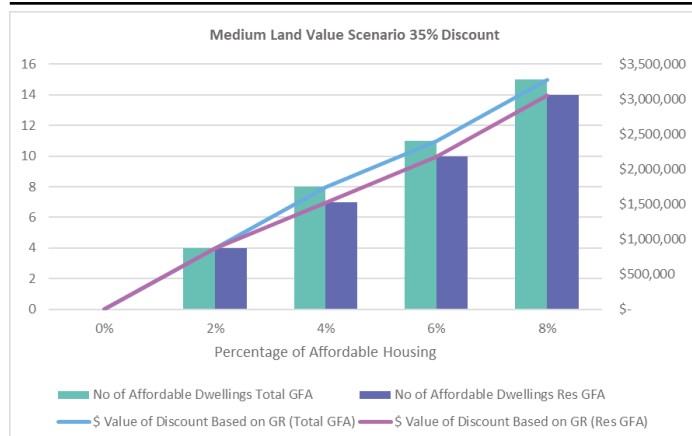
In this instance, the total GFA approach has a larger impact on RLV than the Residential GFA only approach for a given AH contribution level. The difference in methods is exacerbated as the % discount required increases, as further explored over page.

# NUMBER OF AFFORDABLE DWELLINGS

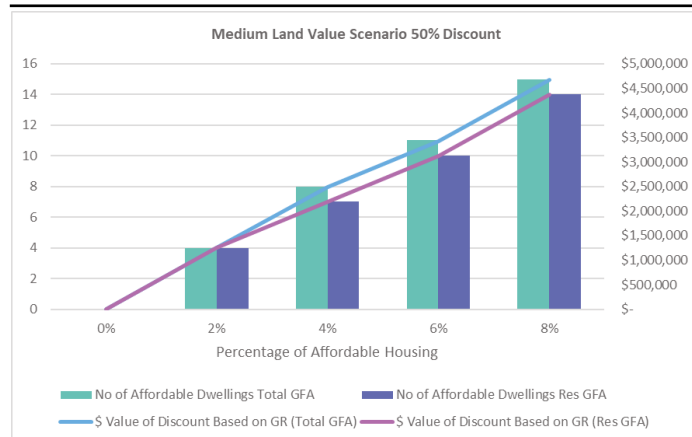
## SITE 1: MEDIUM LAND VALUE SCENARIO

The below graphs illustrate the number of affordable dwellings created based on a % of total GFA, by comparison to a % residential GFA only. Further, the graphs show the total \$ value of the discount to market value (or the amount 'gifted' by the developer) based on the Gross Realisations.

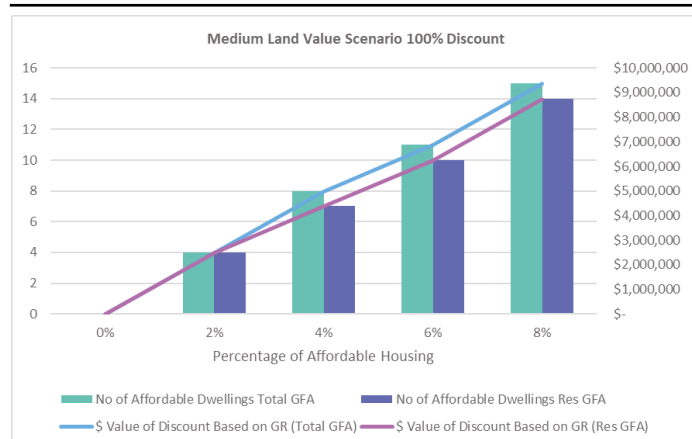
### SITE 1 – 35% discount



### SITE 1 – 50% discount



### SITE 1 – 100% discount



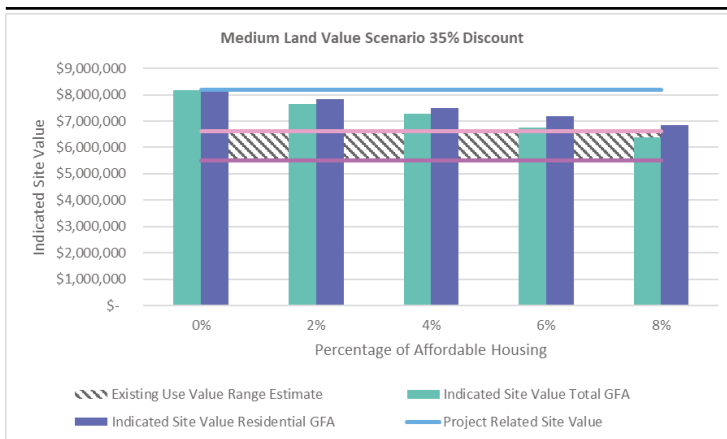
- The total number of affordable dwellings created is greatest when based on a % of the total GFA. However, due to the requirement to round up to the nearest whole number, for Site 1 the number of affordable dwellings created is same at 2% AH when based on total GFA or residential GFA (4 dwellings).
- For site 1, where 90% of the GFA is residential, there is minimal difference between applying the controls to the total GFA or residential GFA only. As will be shown for Site 2, where the % of residential GFA is lower, the difference is greater.
- The divergence in outcomes according to the methods applied across the two sites tested suggests that the choice of method will effect the consistency of impacts across different sites within Arden.
- Number of affordable dwellings created based on total GFA:
  - 2% : 4 dwellings
  - 4% : 8 dwellings
  - 6% : 11 dwellings
  - 8% : 15 dwellings
- Number of affordable dwellings created based on residential GFA only:
  - 2% : 4 dwellings
  - 4% : 7 dwellings
  - 6% : 10 dwellings
  - 8% : 14 dwellings

# IMPACT ON RESIDUAL LAND VALUES

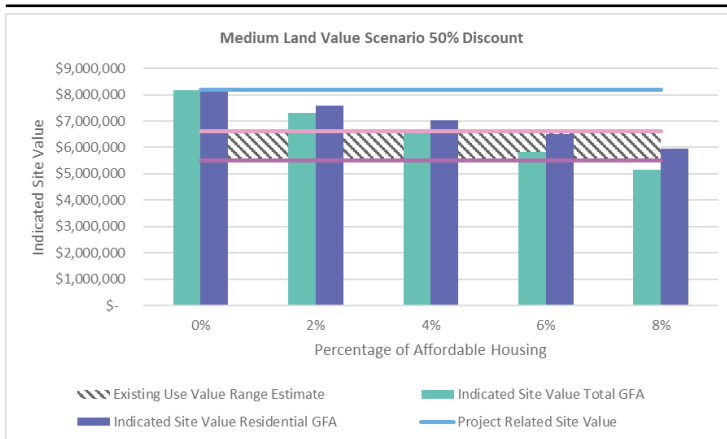
## SITE 2: MEDIUM LAND VALUE SCENARIO

We have undertaken the same exercise for Site 2, which has a greater FAR ratio of 9:1 and a different yield mix, including a greater proportion of commercial NSA by comparison to Site 1. The analysis illustrates that Affordable Housing controls effect each project uniquely.

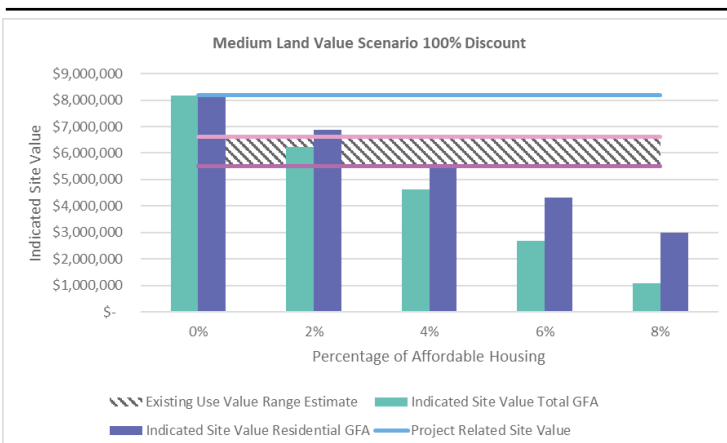
### SITE 2 – 35% discount



### SITE 2 – 50% discount



### SITE 2 – 100% discount



The Project Related Site Value (PRSV) is the assessed baseline medium land value of \$8,170,000 (i.e. 0% AH) based on the Medium GR scenario. The PRSV changes for the Low and High value scenarios, which are included in Appendix D.

Given the sites are hypothetical and the actual existing land use value use is unknown, for Site 2 we have adopted the same estimated existing use value range of between \$2,500 per m<sup>2</sup> to \$3,000 per m<sup>2</sup> across the site area, or \$5,500,000 to \$6,600,000 in total.

For Site 2, only 69% of the development is made up of residential units, compared to 90% residential for Site 1. For Site 2 this means that when the AH contribution % is based on the Total GFA rather than the Residential GFA, the number of AH dwellings to be provided increases more significantly, which results in a greater decrease in the indicated site value (or the amount a developer can pay for the site). Whereas for Site 1, the difference between the indicated site values on either a Total GFA and Residential only basis is less pronounced.

At a lower discount, more AH scenarios become feasible. This is explored further on Page 20.

The controls impact sites/projects differently. For example, at a 100% discount, for Site 1, 2% AH *may* be feasible on both a Total and Resi GFA basis, whereas for Site 2, 2% AH is *likely to be* feasible based on the Residential GFA only, while 2% AH based on Total GFA *may* be feasible.

As mentioned, the existing use value range is an estimate only, provided for discussion and comparison purposes. A tabulated summary of our findings and the enlarged graphs are included in Appendix D.



# NUMBER OF AFFORDABLE DWELLINGS

## SITE 2: MEDIUM LAND VALUE SCENARIO

The below graphs illustrate the number of affordable dwellings created based on a % of total GFA, by comparison to a % residential GFA only. Further, the graphs show the total \$ value of the discount to market value (or the amount 'gifted' by the developer) based on the Gross Realisations.

### SITE 2 – 35% discount



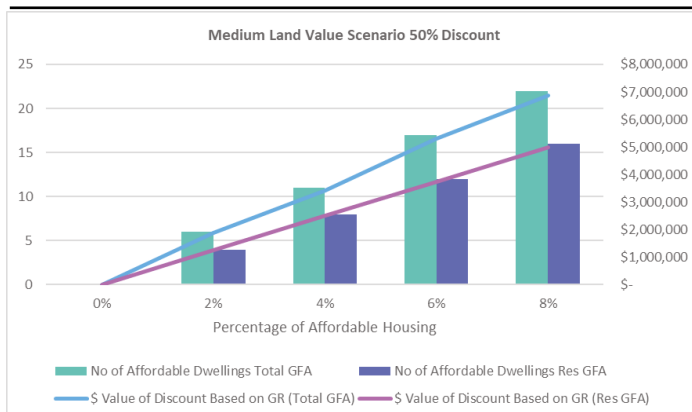
- As Site 2 has a lower proportion of residential units, the difference between the number of affordable dwelling created based on total GFA vs residential GFA only is more pronounced:

- Number of affordable dwellings created based on total GFA:
  - 2% : 6 dwellings
  - 4% : 11 dwellings
  - 6% : 17 dwellings
  - 8% : 22 dwellings

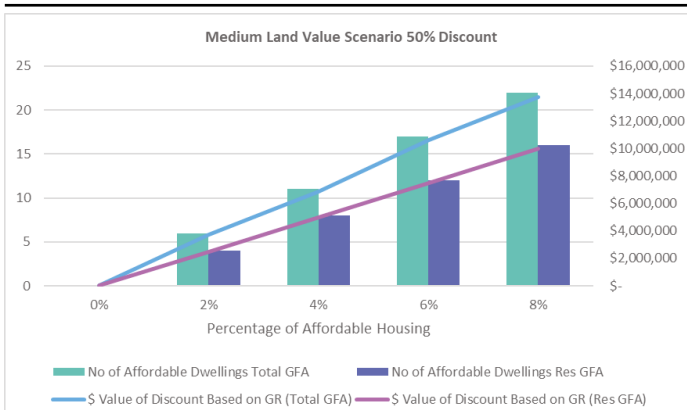
- Number of affordable dwellings created based on residential GFA only:
  - 2% : 4 dwellings
  - 4% : 8 dwellings
  - 6% : 12 dwellings
  - 8% : 16 dwellings

- As you can see, in this scenario, providing 4% AH based on total GFA (green column) is similar to providing 6% AH based on residential GFA (purple column) in terms of the number of AH dwellings created and the \$ value of the discount.

### SITE 2 – 50% discount



### SITE 2 – 100% discount



# IMPACT ON RESIDUAL LAND VALUES

## SITES 1 & 2: MEDIUM LAND VALUE COMPARISON

The below heatmaps summarise the resultant Indicated Site Values (on a \$ per m<sup>2</sup> basis) which are derived from the Turner Models. As mentioned, the estimated existing use value range is between **\$2,500 per m<sup>2</sup>** to **\$3,000 per m<sup>2</sup>** across the site area.

### Site 1

	BASED ON TOTAL GFA					BASED ON RESIDENTIAL GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Medium Land Value Scenario										
Total Affordable Dwellings Provided	0	4	8	11	15	0	4	7	10	14
Baseline/Medium Project Related Site Value (\$/m <sup>2</sup> )	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627
Indicated Site Value (\$/m <sup>2</sup> ) with 35% Discount	\$ 3,627	\$ 3,445	\$ 3,295	\$ 3,164	\$ 2,986	\$ 3,627	\$ 3,445	\$ 3,341	\$ 3,209	\$ 3,032
Indicated Site Value (\$/m <sup>2</sup> ) with 50% Discount	\$ 3,627	\$ 3,332	\$ 3,073	\$ 2,855	\$ 2,564	\$ 3,627	\$ 3,332	\$ 3,145	\$ 2,927	\$ 2,636
Indicated Site Value (\$/m <sup>2</sup> ) with 100% Discount	\$ 3,627	\$ 2,959	\$ 2,323	\$ 1,823	\$ 1,159	\$ 3,627	\$ 2,959	\$ 2,486	\$ 1,991	\$ 1,327

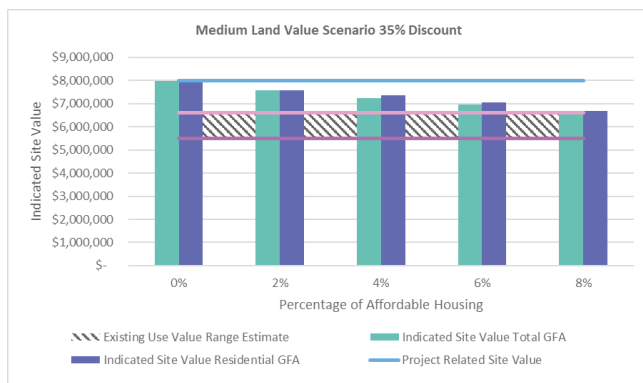
### Site 2

	BASED ON TOTAL GFA					BASED ON RESIDENTIAL GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Medium Land Value Scenario										
Total Affordable Dwellings Provided	0	6	11	17	22	0	4	8	12	16
Baseline/Medium Project Related Site Value (\$/m <sup>2</sup> )	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714
Indicated Site Value (\$/m <sup>2</sup> ) with 35% Discount	\$ 3,714	\$ 3,477	\$ 3,309	\$ 3,064	\$ 2,900	\$ 3,714	\$ 3,555	\$ 3,400	\$ 3,268	\$ 3,109
Indicated Site Value (\$/m <sup>2</sup> ) with 50% Discount	\$ 3,714	\$ 3,327	\$ 3,032	\$ 2,645	\$ 2,345	\$ 3,714	\$ 3,455	\$ 3,195	\$ 2,964	\$ 2,709
Indicated Site Value (\$/m <sup>2</sup> ) with 100% Discount	\$ 3,714	\$ 2,827	\$ 2,109	\$ 1,218	\$ 491	\$ 3,714	\$ 3,123	\$ 2,527	\$ 1,959	\$ 1,364

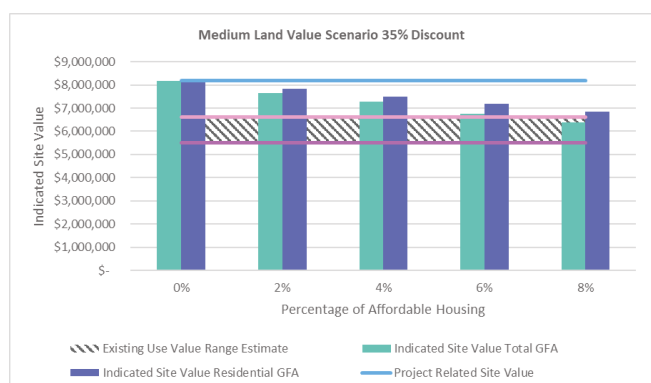
The above data is displayed graphically in the previous pages (although shown as the total indicated site value rather than as a rate per m<sup>2</sup>), however is provided again below for side by side comparison.

### Medium Land Value Scenario – 35% Discount Comparison

#### Site 1



#### Site 2



For both Sites, by applying a 35% discount:

- Up to 6% AH is *likely to be* feasible on both a Total or Residential GFA basis;
- Generally, 8% AH *may be* feasible on both a Total or Residential GFA basis, however noting for Site 2 that 8% AH on a Residential GFA basis is *likely to be* feasible for both Sites 1 and 2;
- Above 8% is *unlikely to be* feasible on either a Total or Residential GFA basis.

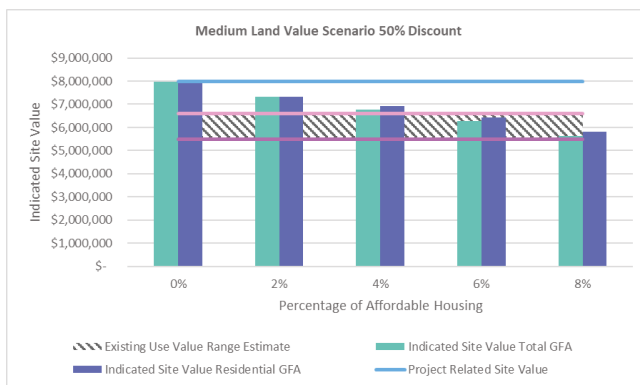
A comparison of the 50% and 100% discount scenarios is provided on the following page.

# IMPACT ON RESIDUAL LAND VALUES

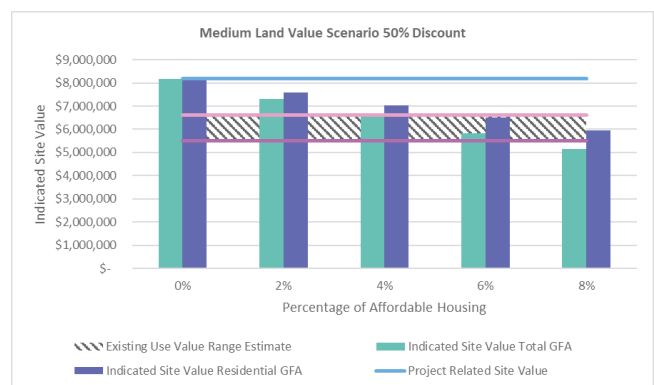
## SITES 1 & 2: MEDIUM LAND VALUE COMPARISON

### Medium Land Value Scenario – 50% Discount Comparison

Site 1



Site 2



For both Sites, by applying a 50% discount:

- Generally, up to 4% AH is *likely to be* feasible on both a Total or Residential GFA basis;
- 6% AH *may be* feasible on both a Total or Residential GFA basis;
- Generally, 8% AH *may be* feasible on both a Total or Residential GFA basis, however 8% AH is *unlikely to be* feasible on a Total GFA basis for Site 2.

### Medium Land Value Scenario – 100% Discount Comparison

Site 1



Site 2



For both Sites, by applying a 100% discount:

- Generally, up to 2% AH *may be* feasible on both a Total or Residential GFA basis, although noting for Site 2 on a Residential GFA basis 2% AH is *likely to be* feasible;
- Above 4% AH is *unlikely to be* feasible on either a Total or Residential GFA basis.



# IMPACT ON RESIDUAL LAND VALUES

## SITES 1 & 2: SENSITIVITY

As a sensitivity check, we have also undertaken Low and High Land Value Scenario testing of the same controls. The below heatmaps summarise the resultant Indicated Site Values (on a \$ per m<sup>2</sup> basis) which are derived from the Turner Models. As mentioned, the estimated existing use value range is between **\$2,500 per m<sup>2</sup>** to **\$3,000 per m<sup>2</sup>** across the site area. The 'low' land value scenario has been calculated by reducing the baseline GR by \$500 per m<sup>2</sup> across the Residential GFA. The 'high' land value scenario has been calculated by increasing the baseline GR by \$500 per m<sup>2</sup> across the Residential GFA.

### Low Land Value Scenario

Based on the estimated existing use value range, none of the Low Land Value Scenarios are likely to be feasible for either Site 1 or Site 2 (i.e. the resultant indicated Site Values are all below \$2,500 per m<sup>2</sup>). This is representative of all precincts where less desirable sites or sites with relatively high existing use values take longer to develop. In this instance, the low land value scenario is also representative of the risk of market failure in relation to a lack of onsite car parking.

#### Site 1

	BASED ON TOTAL GFA					BASED ON RESIDENTIAL GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Low Land Value Scenario -\$500/m										
	Based on Total GFA					Based on Residential GFA				
Baseline/Medium Project Related Site Value (\$/m <sup>2</sup> )	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164
Indicated Site Value (\$/m <sup>2</sup> ) with 35% Discount	\$ 2,164	\$ 1,877	\$ 1,732	\$ 1,600	\$ 1,445	\$ 2,164	\$ 1,877	\$ 1,768	\$ 1,650	\$ 1,486
Indicated Site Value (\$/m <sup>2</sup> ) with 50% Discount	\$ 2,164	\$ 1,773	\$ 1,518	\$ 1,323	\$ 1,050	\$ 2,164	\$ 1,773	\$ 1,591	\$ 1,391	\$ 1,118
Indicated Site Value (\$/m <sup>2</sup> ) with 100% Discount	\$ 2,164	\$ 1,427	\$ 823	\$ 359	\$ 336	\$ 2,164	\$ 1,427	\$ 977	\$ 514	\$ 136

#### Site 2

	BASED ON TOTAL GFA					BASED ON RESIDENTIAL GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Low Land Value Scenario -\$500/m										
	Based on Total GFA					Based on Residential GFA				
Baseline/Medium Project Related Site Value (\$/m <sup>2</sup> )	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205
Indicated Site Value (\$/m <sup>2</sup> ) with 35% Discount	\$ 2,205	\$ 1,868	\$ 1,705	\$ 1,482	\$ 1,318	\$ 2,205	\$ 1,941	\$ 1,791	\$ 1,668	\$ 1,523
Indicated Site Value (\$/m <sup>2</sup> ) with 50% Discount	\$ 2,205	\$ 1,727	\$ 1,450	\$ 1,091	\$ 800	\$ 2,205	\$ 1,845	\$ 1,605	\$ 1,386	\$ 1,145
Indicated Site Value (\$/m <sup>2</sup> ) with 100% Discount	\$ 2,205	\$ 1,259	\$ 586	\$ 350	\$ 1,327	\$ 2,205	\$ 1,536	\$ 986	\$ 450	\$ 150

### High Land Value Scenario

Based on the estimated existing use value range, for the High Land Value scenario for both Sites 1 and 2:

- Applying a 35% discount, 8% AH (and potentially above in some instances, subject to testing) is *likely to be* feasible;
- Applying a 50% discount, 8% AH (and potentially above in some instances, subject to testing) is *likely to be* feasible;
- Applying a 100% discount, up to 4% AH is *likely to be* feasible, while 6% AH *may be* feasible.

In this instance, the 'high' land value scenario could be reflective of the potential for value uplift due to aspect/views, street frontage or improved market conditions.

#### Site 1

	BASED ON TOTAL GFA					BASED ON RESIDENTIAL GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
High Land Value Scenario +\$500/m										
	Based on Total GFA					Based on Residential GFA				
Baseline/Medium Project Related Site Value (\$/m <sup>2</sup> )	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095
Indicated Site Value (\$/m <sup>2</sup> ) with 35% Discount	\$ 5,095	\$ 5,014	\$ 4,864	\$ 4,718	\$ 4,532	\$ 5,095	\$ 5,014	\$ 4,909	\$ 4,768	\$ 4,577
Indicated Site Value (\$/m <sup>2</sup> ) with 50% Discount	\$ 5,095	\$ 4,895	\$ 4,623	\$ 4,391	\$ 4,082	\$ 5,095	\$ 4,895	\$ 4,700	\$ 4,468	\$ 4,159
Indicated Site Value (\$/m <sup>2</sup> ) with 100% Discount	\$ 5,095	\$ 4,495	\$ 3,823	\$ 3,286	\$ 2,577	\$ 5,095	\$ 4,495	\$ 4,000	\$ 3,468	\$ 2,755

#### Site 2

	BASED ON TOTAL GFA					BASED ON RESIDENTIAL GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
High Land Value Scenario +\$500/m										
	Based on Total GFA					Based on Residential GFA				
Baseline/Medium Project Related Site Value (\$/m <sup>2</sup> )	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218
Indicated Site Value (\$/m <sup>2</sup> ) with 35% Discount	\$ 5,218	\$ 5,086	\$ 4,909	\$ 4,645	\$ 4,482	\$ 5,218	\$ 5,168	\$ 5,000	\$ 4,868	\$ 4,700
Indicated Site Value (\$/m <sup>2</sup> ) with 50% Discount	\$ 5,218	\$ 4,923	\$ 4,614	\$ 4,200	\$ 3,886	\$ 5,218	\$ 5,059	\$ 4,786	\$ 4,545	\$ 4,268
Indicated Site Value (\$/m <sup>2</sup> ) with 100% Discount	\$ 5,218	\$ 4,391	\$ 3,632	\$ 2,677	\$ 1,909	\$ 5,218	\$ 4,705	\$ 4,073	\$ 3,473	\$ 2,836



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# **AFFORDABLE HOUSING: IMPLICATIONS AND CHALLENGES**

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# LIMITATIONS, IMPLICATIONS & CHALLENGES

## Limitations

**Feasibility models are based on a set of specific and extensive assumptions** – The feasibilities we have undertaken are based on a set of high-level assumptions provided by the VPA and Urbis. These assumptions are based on a point in time only and are subject to change, which can lead to large variations in the results. Changes to Gross Realisations, costs and market conditions will have the greatest impact on land values and will vary greatly across sites in real-world scenarios. For example, in the future if there are periods of gross revenue growth which are higher than the building price index\*, then sites will be able to absorb higher levels of affordable housing. This means some sites which are currently not feasible, may be feasible in the future. This will change over time.

These feasibilities are not supported by professional Quantity Surveyor, Town Planning or Architectural advice and are undertaken as estimates for discussion only.

**One delivery model is unlikely to fit all sites** – There are many variables that influence the Residual Land Value. As shown in this assessment, the number of assumptions used to model the impact of Affordable Housing is extensive, with even small variations making an important difference to the results. For example, in this section, at lower land values more unfeasible results are returned. Developing a consistent approach to implementing Affordable Housing requires the ability to know which assumptions can be tweaked to ensure more realistic outcomes.

**These models relate only to market developers providing affordable housing** – The models don't take into account alternative ways of delivering affordable housing as typically seen on government land holdings.

**Some of our instructed assumptions from the VPA are based on a corresponding study undertaken by EY** - We have not sighted this report in completing this assessment.

## Challenges and Implications

Over a sufficient, albeit extended period of time, land values in an area will adjust to reflect the requirement to provide Affordable Housing. Nonetheless, the introduction of Affordable Housing controls will have an impact on the feasibility of development. The extent and nature of the controls impact to varying degrees on the development equation. Therefore the extent of Affordable Housing provision sought needs to be balanced against the cost of its delivery to ensure development is not unduly constrained.

Further factors that need to be considered closely in developing tools to measure the feasibility of Affordable Housing controls include:

- **How can a transition period work and how long does it need to be?** While market participants will adapt to the Affordable Housing controls put in place and values will adjust over time, due to the nature of buying and selling property, prices can be sticky and will not reach a balanced level immediately.
- **What are the outcomes for Affordable Housing provision?** Although outside the scope of this study, the balance between delivering AH in the short, medium and longer term as well as traditional private dwellings must be considered. Further the length of time a provider is required to maintain the affordable housing and the associated costs involved (e.g. owners corporation fees) must also be considered.
- **Are there further unintended consequences?** There is a risk of creating a deterrent to development, which may lead to a reduced local supply of housing and increases in prices for any housing stock is delivered, thereby further worsening affordability.
- **Can controls be flexible enough to accommodate the particular circumstances of sites?** The development equation is different for every site, influenced by a whole range of factors such as its location, purchase price, timing of purchase, capacity, scale of proposed development and so on. A one-size-fits-all modelling tool will always be challenging to calibrate to provide valuable insight.

\*The building price index, as defined by Rawlinsons, is based on historical data collated over the years to guide the effect on building costs brought about by periodic variations in the rates of labour and materials, as well as reflecting the cost effect of building activity and resource availability (i.e. market competition) at any time.



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# CONCLUSION

Based on our analysis, it is clear that while there is unlikely to be a 'one size fits all' approach, there are Affordable Housing controls that are more realistic than others, which achieve outcomes that are more aligned to the over-arching AH targets of the precinct. This study is based on only two hypothetical sites and cannot capture the effects of the controls across the entire precinct. Therefore, drawing finite conclusions from the data is fraught. The two phases of this project provides the initial foundation and consideration of the challenges and opportunities that the Affordable Housing controls create, for further exploration and development within the strategy.

Each level of discount to market value, be it 35%, 50% or 100%, has its benefits and disbenefits in terms of the amount and type of Affordable Housing created, delivery timeline, project viability (from a developer's perspective) and the amount of subsidy required.

For example, from a volume perspective, adopting a 35% discount rather than 100% discount (gifted) results in a higher proportion of Affordable Housing being feasible due to the lower cost impost on developers. However from a tenant typology perspective, the outcome of applying a 35% discount would likely be that the AH created would be limited to the Register of Interest tenant list and/or some other form of Key Worker list (provided they meet the requisite income requirements) that have a mandated market rent reduction for moderate income tenants, and the housing provider is able to obtain the required level of subsidy.

Conversely, at a 100% discount a far lower percentage of Affordable Housing will be feasible due to the increased financial burden on developers. We consider that the resultant AH would typically be associated with social/public housing tenants from the Priority Tenant List and/or those tenants that require specialist accommodation due to disability, and the housing provider is unable to obtain the required level of subsidy.

In our view, in order to achieve a mix of tenant types, many of these likely requiring additional subsidies to be made available to Affordable Housing providers over time, we recommend adopting an Affordable Housing target based on the 50% discount models. As described on page 21, for both Sites with medium land values, by applying a 50% discount:

- Generally, up to 4% AH is *likely to be* feasible on both a Total or Residential GFA basis,
- 6% AH *may be* feasible on both a Total or Residential GFA basis;
- Generally, 8% AH *may be* feasible on both a Total or Residential GFA basis, however 8% AH is *unlikely to be* feasible on a Total GFA basis for Site 2.

At a 50% discount, based on a medium land value scenario, the analysis suggests that a 4% percentage of Affordable Housing is likely to be feasible in most scenarios tested. A 6% percentage for the Residential GFA basis is likely to represent the upper limits of feasibility at the date of feasibility (July 2020).

A 6% target provides for a mixture of results, with higher valuer sites likely to be feasible and lower value sites unlikely to be feasible. The VPA could consider adopting a 6% target if an optimistic or aspirational medium-term view of the market factors which impact feasibility will improve over time and/or developer innovation occurs.

As the focus of this study has been to provide an evidence base upon which to formulate the affordable housing strategy going forward, we recommend further investigations into creating some flexibility within the controls. This will be particularly relevant for 'lower' or 'higher' value sites, where the sensitivity analysis demonstrated that 'lower' value sites have a significantly reduced capacity (if at all) to provide a portion of AH, while 'higher' value sites have a significantly enhanced capacity. We also note that there is typically a positive correlation between allowable density and higher site values.

This flexibility could also take into account circumstances following a defined process, for example if no Housing Providers are able to contribute equity to a particular site or no Government subsidy is available. In this instance, a developer may be able to apply to provide AH units at a 100% discount (gifted) however at half the rate of the above potential target range of 4-6%, so 2-3%.

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# CONCLUSION CONT.

Based on the Phase 1 report and that contained in Table 3.5. The total expected dwellings in Arden is 7,000, of which 4,550 are to be constructed on private land (65%). Based on the 50% discount and AH target range of 4-6% within this table, this means the private sector may be able to contribute 182 to 273 affordable dwellings with a mix of tenant types across the precinct. This is based on a high-level analysis of the precinct; more work is required to directly compare this to the Total GFA and Residential GFA approaches adopted in the feasibility study.

This range may not be met if the tenant types dictate AH is to be provided at 100% discount or there are no Housing Providers able to contribute equity to a particular site or no Government subsidy is available.

This report has been prepared to provide evidence of impact of different affordable housing provision on project viability under the following scenarios. In our recommended pathway to prepare an Affordable Housing Strategy, this fits in as follows:

- City of Melbourne Housing Strategy – sets need and objectives
- Urbis Background Research, Stakeholder Consultation and Broad Options Paper – explored range of global options and current Victorian context and theoretical way in which Government Affordable Housing objectives could be met in Arden
- Feasibility Testing of hypothetical development options as recommended from stakeholder engagement (this report)
- Feasibility testing of development of public land – being pursued separately by VPA (beyond this research)
- Engagement with Development Industry including peak bodies (beyond this research)

In preparing this report, we have tested a range of feasibilities following feedback from stakeholders including community housing providers, government; in particular the VPA. The report has highlighted the challenge in achieving uniform feasibility across the different sites and contexts in the Precinct.

Where feasibility is considered to be less than likely, the VPA in making decisions about Affordable Housing provisions will need to weigh up the trade offs at stake and determine the extent to which Affordable Housing is the priority amid all the other objectives of the precinct::

- Highly variable feasibility could generate greater risk of challenge from developers and a slower pace of development in the precinct and therefore reduced housing/affordable housing outcomes
- A need to manoeuvre on other inputs such as density or other development contributions to secure a feasible outcome for the precinct

Therefore, in making decisions on affordable housing provision the VPA needs to decide whether to hold out for innovation from the development community at higher levels and risk slower pace of development in the precinct; or whether to put forward a provision that is more likely to be feasible. In the analysis of this many sites in these circumstances, this has indicated greater probability of challenge above 4% at 50% and 6% at 35%.

As identified in Report 1, this evidence forms part of a much broader body of work to deliver an Affordable Housing Strategy for Arden that aligns with broader State and Local Government policy objectives for Arden. As noted in Report 1, we recommend further testing this with the Development Community and Peak industry bodies to benefit from their innovative solutions and their own internal hurdles to deliver commercially viable successful urban renewal outcomes.



# APPENDICES



## APPENDIX A

# POTENTIAL FLOOR AREA RATIOS AND HEIGHT RANGES










## APPENDIX B

# DEVELOPMENT SITE SALES

## SALES EVIDENCE







### NORTH MELBOURNE DEVELOPMENT SITES

	36-58 Macaulay Road, North Melbourne VIC	77-83 Sutton Street, North Melbourne VIC	60-88 Stubbs Street, Kensington VIC	164-184 Roden Street, West Melbourne VIC	346-350 Macaulay Road, Kensington VIC	383-399 Macaulay Road, Kensington VIC	347-367 Macaulay Road, Kensington VIC
Vendor	Undisclosed	Private Investor	Quattro Group	Oliver Hume	Vision Australia	Chestnut Hall	Ortho Chemicals Aus
Purchaser	Undisclosed	Domestic Developer	Make Ventures	Sentinel Real Estate Corpor	United Asia Group	Make Ventures	Naser Development Group
Sale Price	\$18,000,000	\$10,500,000	\$17,500,000	\$17,000,000	\$30,300,000	\$6,605,000	\$8,200,000
Sale Date	Sep-19	Sep-19	Apr-19	Jan-19	Aug-18	Aug-17	Mar-17
Land Area (m <sup>2</sup> )	3,068	3,439	3,986	3,642	8,303	1,551	2,013
Zoning	MUZ	MUZ	MUZ	MUZ	MUZ	MUZ	MUZ
Overlays	EAO, DCP02, DDO63-A8, DDO66, SBO, HO870, HO1112	DDO26, DDO63-A7, DDO66, EAO, DCP02	DDO26, DDO63-A4, EAO, DCP02, DCOF2	HO, DDO29	EAO, DDO6, DCP02, DDO63A4	DDO63A4, EAO, HO125, LSIO	LSIO, EAO, DDO63A3
Permit	Yes	No	No	Yes	No	Yes	Yes
Permit Status	Sold with Permit	Concept Architectural	N/A	Sold with Permit	Awaiting Approval	Approved after Sale	Approved after Sale
Proposed Height (Levels/Metres)	12 Levels	12 Levels	8 Levels	6 Levels	8 Levels	8 Levels	6 Levels
Proposed Dwellings (No.)	180	-	-	157	426	73	54
Proposed GFA (m <sup>2</sup> )	22,850	-	-	21,126	37,500	12,408	12,078
Analysis (\$ per m <sup>2</sup> Land)	\$5,867	\$3,053	\$4,390	\$4,668	\$3,649	\$4,259	\$4,074
Analysis (\$ per Dwelling)	\$100,000	-	-	\$108,280	\$71,127	\$90,479	\$151,852
Analysis GFA (\$/m <sup>2</sup> )	\$788	-	-	\$805	\$808	\$532	\$679
Comments	Property sold with a planning permit in place for 180 apartments. The site is situated on a corner, with current improvements considered to add no value to the sale. Our discussions with the selling agent indicate a purchase price of circa \$18 million on short settlement terms. Therefore, current analysis metrics are subject to slight variation.	Mixed Use Zone landholding sold with a warehouse improvement and a current lease on the premises. The property had a number of challenges including a long term lease and significantly increased land tax requirements, deterring investors and land bankers. Sold to a residential developer.	The property was transacted to build-to-rent apartment developer Make Ventures. The site was recently gazetted for buildings up to eight storeys in height. It is expected that the developer begins constructed in circa 2 years once the existing lease in place for the tenant expires. The site is circa 4,000 square metres in site, with the current tenant producing income net of \$243,586 per annum.	The property is located in Roden Street, West Melbourne, within the inner suburbs of Melbourne. The property sold with a new permit for 157 apartments, across seven levels, with three retail shop components. The property is improved with a three-level vacant warehouse with permits approved for development.	Corner site with 200m frontage, within the Arden Macaulay precinct. Potential up to 8 storeys STCA. Permit currently awaiting approval, current analysis metrics are proposed only.	Corner site with three (3) street frontages totalling 123 metres within the Arden Macaulay precinct. Potential up to 8 storeys STCA. Subject to Heritage Overlay. Subsequent to the sale, the property was approved for an 8 storey development comprising 73 apartments	The property comprises a corner site with three street frontages located on the southern side of Macaulay Road. The property is located within 100 metres of the Macaulay Train Station. Subsequent to the sale, the property recieved planning approval for a six storey residential apartment development comprising 54 apartments and 98 car spaces.
Photo							

## APPENDIX B

# INDUSTRIAL/COMMERCIAL SITE SALES

### INDUSTRIAL/COMMERCIAL SITE SALES EVIDENCE

Address	14-26 Bruce St, Kensington	110-112 Dynon Road, West Melbourne	10 Radcliffe St, West Melbourne	56 Langford St, North Melbourne	388 Dynon Road, West Melbourne	209-213 Kensington Road, West Melbourne
Sale Date	Feb-19	Jul-18	May-18	May-17	Dec-16	Dec-16
Sale Price	\$3,000,000	\$6,310,000	\$3,250,000	\$8,250,000	\$2,000,000	\$5,830,000
Land Area	1,344	4,786	2,198	3,362	1,469	2,693
Zoning	C2Z	INZ1	INZ1	IN3Z	C2Z	C2Z
Overlays	DCPO2, DDO63-A4	LSIO	N/A	LSIO	LSIO1	LSIO
\$/m <sup>2</sup> land improved	\$2,232	\$1,318	\$1,479	\$2,454	\$1,361	\$2,165
Approx. Building Area (m <sup>2</sup> )	1,180	1,595	1,249	2,137	462	820
Comments	The property consists of a regular shaped allotment with circa 35 metres of frontage to Bruce Street within the Suburb of Kensington. Improvements consist of an industrial warehouse with an office component.	145m site frontage. General purpose factory and ancillary shedding. Irregular corner lot. Located within the Dynon precinct in the West Melbourne Structure Plan (2018), a non priority precinct (2015-2051).	Property represents brick general warehouse and steel frame warehouses with a 27m frontage. Located within the Dynon precinct in the West Melbourne Structure Plan (2018), a non priority precinct (2015-2051).	Irregular shaped allotment. Close proximity to Tullamarine Freeway and C1, PPR and MU zoning, comprising large office and warehouse improvements.	Irregular shaped site found at the corner of Dynon Road and Highett Street with a combined frontage of approximately 74 metres. At time of sale was improved by a 510sqm building comprising of a showroom component in good condition and a dated low clearance warehouse. Balance of the property covered by hard stand. Surrounded by industrial warehouses/offices. Located within the Dynon precinct in the West Melbourne Structure Plan.	An irregular shaped site with secondary frontage to Highett Street. General Purpose Warehouse. Located within the Dynon precinct in the West Melbourne Structure Plan (2018), a non priority precinct (2015-2051). Subsequent to the sale, the incoming purchaser sought a planning permit for the use and development of the land for a seafood emporium, including markets, shops, food and drink premises, restaurant and tavern, and associated signage.
						

## APPENDIX C

# FINANCIAL MODELLING ASSUMPTIONS

## HYPOTHETICAL DEVELOPMENT SCHEME ASSUMPTIONS

	SITE 1	SITE 2
SIZE (m <sup>2</sup> )	2,200	2,200
FAR	FAR 6:1	FAR 9:1
USE	Mixed Use (7% commercial, 3% retail, 90% residential)	Mixed Use (29% commercial, 2% retail, 69% residential)
TOTAL GFA (m <sup>2</sup> )	13,200	19,800
RESIDENTIAL GFA (m <sup>2</sup> )	11,880	13,662
COMMERCIAL GFA (m <sup>2</sup> )	924	5,742
RETAIL GFA (m <sup>2</sup> )	396	396
SITE COVERAGE*	100%	75%
SIZE OF FLOORPLATE (GFA) (m <sup>2</sup> )	2,200	1,650
NUMBER OF FLOORS (ROUNDED)	6	12
EFFICIENCY (GFA TO NSA)	85%	85%
TOTAL NSA (m <sup>2</sup> )	11,220	16,830
TOTAL NSA PER FLOOR (m <sup>2</sup> )	1,870	1,403
RESIDENTIAL NSA (m <sup>2</sup> )	10,098	11,613
COMMERCIAL NSA (m <sup>2</sup> )****	785	4,881
RETAIL NSA (m <sup>2</sup> )	337	337
CARPARKING	NIL (provided at a precinct level)	NIL (provided at a precinct level)
AVERAGE UNIT SIZE (m <sup>2</sup> )	72	72
TOTAL RESIDENTIAL UNITS**	141	162
AVERAGE COMMERCIAL UNIT SIZE (m <sup>2</sup> )	100	100
TOTAL COMMERCIAL UNITS	8	49
AVERAGE RETAIL UNIT SIZE	100	100
TOTAL RETAIL UNITS	3	3
TOTAL COMMERCIAL & RETAIL NSA (m <sup>2</sup> )	1122	5217
TOTAL COMMERCIAL & RETAIL FLOORS	1	4
TOTAL RESIDENTIAL FLOORS	5	8

\* To align with Draft Precinct Plan guidelines shown on Page 7

\*\* Across one, two and three bedroom units

\*\*\* Assume balance of the NSA on the commercial/retail floor is occupied with residential

\*\*\*\* Assume commercial units are 100m<sup>2</sup> in size



## APPENDIX C

# FINANCIAL MODELLING ASSUMPTIONS FEASIBILITY ASSUMPTIONS

	SITE 1	SITE 2	Source
TOTAL NUMBER OF FLOORS	6	12	Urbis assumption based on VPA FAR/Site Size
TOTAL UNITS	141 Units + retail (3 units) + commercial (8 units)	162 units + retail (3 units) + commercial (49 units)	Urbis assumption based on VPA FAR/Site Size
PLANNING STATUS	12 month planning permit process (inc of settlement period )	12 month planning permit process (inc of settlement period )	Urbis assumption
GROSS REALISATION PER M2 NSA (RES)	\$8,250	\$8,250	Urbis assumption based on market evidence
GROSS REALISATION PER M2 NSA (COMMERCIAL)	\$5,000	\$5,000	Urbis assumption based on market evidence
GROSS REALISATION PER M2 NSA (RETAIL)	\$5,000	\$5,000	Urbis assumption based on market evidence
GR RESIDENTIAL (BASED ON NSA) INC GST	\$83,308,500	\$95,804,775	Urbis assumption based on market evidence
GR COMMERCIAL (BASED ON NSA) INC GST	\$4,319,700	\$26,843,850	Urbis assumption based on market evidence
GR RETAIL (BASED ON NSA) INC GST	\$1,851,300	\$1,851,300	Urbis assumption based on market evidence
TOTAL GROSS REALISATION	\$89,479,500	\$124,499,925	Urbis assumption based on market evidence
RESIDENTIAL CONSTRUCTION COST PER M2 GFA	\$3,725	\$3,725	Urbis assumption based on Rawlinsons and analysis of similar projects
RETAIL/COMM. CONSTRUCTION COST PER M2 GFA	\$2,000	\$2,000	Urbis assumption based on Rawlinsons and analysis of similar projects
CONSTRUCTION COSTS (BASED ON GFA)	\$45,713,400	\$62,758,800	Urbis assumption based on Rawlinsons and analysis of similar projects
CONTAMINATION CONTINGENCY	2.5% of Construction Costs	2.5% of Construction Costs	Urbis assumption based discussion with VPA
PROJECT MANAGEMENT	5.0% of Construction Costs	5.0% of Construction Costs	Urbis assumption
STAGES	1	1	Urbis assumption
UNITS PER STAGE (INCLUDING RETAIL & COMMERCIAL)	152	214	Urbis assumption
CONSTRUCTION TIME PER STAGE	18	36	Urbis assumption
SALES RATE	7 apartments per month	7 apartments per month	Urbis assumption based on similar projects
PRE-SALES*	85	122	Urbis assumption based on similar projects
STATUTORY FEES	\$200,000	\$400,000	Urbis assumption
OPEN SPACE CONTRIBUTION	7.06% of assessed site value	7.06% of assessed site value	VPA advised
SUSTAINABILITY COSTS	6.9% of baseline construction costs	6.9% of baseline construction costs	VPA advised
SUSTAINABILITY UPLIFT	5.5% price premium on property sales	4.5% price premium on property sales	VPA advised
ADJUSTED CONSTRUCTION COSTS (INC SUST. COSTS)	\$48,867,625	\$67,089,157	
ADJUSTED GR (INC SUST. UPLIFT)	\$94,400,873	\$131,347,421	
SELLING COSTS (EXC GST)	Marketing: \$2,000 per unit, Agent commission: 2% per unit, Legal fees: \$800 per unit	Marketing: \$2,000 per unit, Agent commission: 2% per unit, Legal fees: \$800 per unit	Urbis assumption
DCP RATE	Per dwelling: \$17,053 Per m2 of commercial: \$193 Per m2 of retail: \$161	Per dwelling: \$17,053 Per m2 of commercial: \$193 Per m2 of retail: \$161	VPA advised
TOTAL DCP RESIDENTIAL	\$2,404,473	\$2,762,586	
TOTAL DCP COMMERCIAL (BASED ON GFA)	\$178,332	\$1,108,206	
TOTAL DCP RETAIL (BASED ON GFA)	\$63,756	\$63,756	
TOTAL DCPS	\$2,646,561	\$3,934,548	
MELBOURNE WATER DEVELOPMENT SERVICES CHARGE RATE	\$52 per m2 of GFA	\$52 per m2 of GFA	VPA advised
MELB WATER CHARGE	\$686,400	\$1,029,600	
CITY WEST WATER CHARGE	\$171,273	\$171,273	
RATES & TAXES	\$3,000	\$3,000	Urbis assumption
FINANCE	100% financed @ 6.00% p.a. Loan establishment fee 0.5% of peak debt exposure	100% financed @ 6.00% p.a. Loan establishment fee 0.5% of peak debt exposure	Urbis assumption
PROFIT & RISK	18%	18%	Urbis assumption
LAND PAYMENT	10% deposit, balance due in 3 months	10% deposit, balance due in 3 months	Urbis assumption
PURCHASE FEES (EXCLUDING GST)	Legal Fees/Due Diligence: 1% Stamp Duty: 5.5%	Legal Fees/Due Diligence: 1% Stamp Duty: 5.5%	Urbis assumption

\*60% of Residential Units for Site 1, 60% of Residential Units and 50% of commercial units for Site 2

## APPENDIX C

# FINANCIAL MODELLING ASSUMPTIONS

## APARTMENT SALES EVIDENCE

We have conducted research into the active apartment market in North Melbourne and neighbouring West Melbourne as a comparison. The comparable developments we have analysed are at various stages, including being recently completed, under construction or at presale stage.

A summary of the unit mix, size and price point is provided in the tables below. For the purposes of our feasibility analysis we have adopted an average value rate of \$8,250 per m<sup>2</sup> across the residential Net Saleable Area (NSA).

### NORTH MELBOURNE

	Yield	Min. Int. Area	Max. Int. Area	Avg. Int. Area	Min. Price	Max. Price	Avg. Price	Min. \$/sq.m	Max. \$/sq.m	Avg. \$/sq.m
1Bed + 1Bath + 0Car	14%	43	65	60	\$339,000	\$505,000	\$453,608	\$7,154	\$9,365	\$7,655
1Bed + 1Bath + 1Car	31%	37	67	53	\$344,750	\$608,500	\$466,309	\$8,170	\$10,178	\$8,796
2Bed + 1Bath	18%	55	94	71	\$473,000	\$709,000	\$567,389	\$6,170	\$9,618	\$8,084
2Bed + 2Bath	29%	60	118	83	\$513,000	\$935,000	\$725,354	\$7,435	\$10,519	\$8,723
3Bed + 2Bath	5%	82	172	123	\$730,000	\$1,554,560	\$956,829	\$6,702	\$11,288	\$7,918
3Bed + 3Bath	1%	104	151	123	\$875,000	\$1,600,000	\$1,171,000	\$8,413	\$10,667	\$9,355
4Bed +	1%	117	188	152	\$1,065,000	\$1,920,000	\$1,492,500	\$9,126	\$10,207	\$9,793
<b>Overall Product</b>	<b>100%</b>	<b>37</b>	<b>188</b>	<b>71</b>	<b>\$339,000</b>	<b>\$1,920,000</b>	<b>\$600,375</b>	<b>\$6,170</b>	<b>\$11,288</b>	<b>\$8,450</b>

### WEST MELBOURNE

	Yield	Min. Int. Area	Max. Int. Area	Avg. Int. Area	Min. Price	Max. Price	Avg. Price	Min. \$/sq.m	Max. \$/sq.m	Avg. \$/sq.m
1Bed + 1Bath + 0Car	38%	43	68	53	\$349,000	\$603,000	\$436,882	\$6,912	\$10,826	\$8,284
1Bed + 1Bath + 1Car	9%	43	71	50	\$415,000	\$620,000	\$507,874	\$8,592	\$11,481	\$10,193
2Bed + 1Bath	16%	55	91	64	\$484,000	\$829,000	\$619,989	\$8,548	\$10,935	\$9,654
2Bed + 2Bath	31%	53	93	72	\$400,000	\$955,000	\$696,885	\$7,547	\$11,465	\$9,664
3Bed + 2Bath	3%	94	181	123	\$910,000	\$2,094,500	\$1,337,154	\$9,364	\$12,376	\$11,011
3Bed + 3Bath	2%	72	137	111	\$650,000	\$2,010,000	\$1,379,448	\$9,028	\$14,672	\$12,016
<b>Overall Product</b>	<b>100%</b>	<b>43</b>	<b>181</b>	<b>64</b>	<b>\$349,000</b>	<b>\$2,094,500</b>	<b>\$604,090</b>	<b>\$6,912</b>	<b>\$14,672</b>	<b>\$9,290</b>

## APPENDIX C

# FINANCIAL MODELLING ASSUMPTIONS

## RETAIL & COMMERCIAL SALES EVIDENCE

We note that sales of vacant strata retail and commercial units are very limited in North Melbourne and the surrounding suburbs. The majority of sales evidence relates to comparatively compact office or medical suites. A summary of the evidence considered is shown below and retained on file. The limited evidence demonstrates value rates in the range of \$3,182 to \$9,531 per m<sup>2</sup> depending on a range of factors including size, location and quality.

Having regard to the evidence, we have assumed that the average size of the subject hypothetical commercial units is 100m<sup>2</sup>. Our models assume individual sell-down of the commercial units, however given the renewal of Arden, the precinct may become attractive as a commercial hub, similar to the renewal of Cremorne. If this were to occur, and demand for substantial office space in the precinct increased, the commercial components of the developments could sell in one line to a pre-committed purchaser. This would decrease the pre-sale hurdle requirement which is relevant to Site 2, thereby speeding up development. We have adopted the more conservative approach.

For both sites, we have assumed the retail components (each of 396 m<sup>2</sup>) are split into 3 units and sold individually. Similarly, these could also be sold in one line.

We have assessed an approximate value rate of \$5,000 per m<sup>2</sup> across the retail and commercial Net Saleable Area (NSA).

### SALES EVIDENCE

#### RETAIL AND COMMERCIAL SALES

	12 Atkin Street, North Melbourne	18 Wreckyn Street, North Melbourne	Suite 1, 204 Dryburgh Street, North Melbourne	Suite 24, 70 Racecourse Road, North Melbourne	Suite 5.05, 7 Jeffcott Street, West Melbourne	Suite 12, 70 Racecourse Road, North Melbourne	Suite 34, 204 Dryburgh Street, North Melbourne
Sale Price	\$457,500	\$762,500	\$320,000	\$200,000	\$300,000	\$175,000	\$390,000
Sale Date	Apr-20	Dec-19	Nov-19	Jan-19	Dec-18	Jun-18	May-18
Building Area (m <sup>2</sup> )	100	80	69	55	49	55	79
Land Area (m <sup>2</sup> )	Strata	Strata	Strata	Strata	Strata	Strata	Strata
Occupancy	Vacant Possession	Vacant Possession	Vacant Possession	Vacant Possession	Vacant Possession	Vacant Possession	Vacant Possession
Zoning	MUZ	MUZ	C1Z	C1Z	MUZ	C1Z	MUZ
Analysis GFA (\$/m <sup>2</sup> )	<b>\$4,575</b>	<b>\$9,531</b>	<b>\$4,638</b>	<b>\$3,636</b>	<b>\$6,122</b>	<b>\$3,182</b>	<b>\$4,937</b>
Comments	Situated partly underground within a newly constructed building. Open plan office.	Ground floor retail/office. Includes reception/waiting room, three partitioned offices, kitchenette/toilet and 3 car spaces.	Situated in a four level office building on the eastern side of Dryburgh Street. Open plan office space with communal facilities and amenities. Includes 2 car spaces on title.	Strata office suite at the top level of a low rise complex. Sold with Vacant Possession.	Situated in a 5 level complex opposite Flagstaff gardens and featuring views toward same.	Basic office with communal kitchen and amenities. Includes 2 car spaces.	Situated on the top floor of a four level office building on the eastern side of Dryburgh Street. Open plan office space with communal facilities and amenities. Includes 2 car spaces on title.

## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 1: LOW LAND VALUE SCENARIO

### KEY FINDINGS

Low Land Value Scenario - \$500/m										
	Based on Total GFA					Based on Residential GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Project Related Site Value (as determined by low GR)	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000	\$ 4,760,000
Project Related Site Value (\$/m2)	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164	\$ 2,164
35%										
Indicated Site Value including Affordable Housing with 35% Discount	\$ 4,760,000	\$ 4,130,000	\$ 3,810,000	\$ 3,520,000	\$ 3,180,000	\$ 4,760,000	\$ 4,130,000	\$ 3,890,000	\$ 3,630,000	\$ 3,270,000
Indicated Site Value (\$/m2)	\$ 2,164	\$ 1,877	\$ 1,732	\$ 1,600	\$ 1,445	\$ 2,164	\$ 1,877	\$ 1,768	\$ 1,650	\$ 1,486
Project Related Site Value Discount	\$ -	\$ 630,000	\$ 950,000	\$ 1,240,000	\$ 1,580,000	\$ -	\$ 630,000	\$ 870,000	\$ 1,130,000	\$ 1,490,000
50%										
Indicated Site Value including Affordable Housing with 50% Discount	\$ 4,760,000	\$ 3,900,000	\$ 3,340,000	\$ 2,910,000	\$ 2,310,000	\$ 4,760,000	\$ 3,900,000	\$ 3,500,000	\$ 3,060,000	\$ 2,460,000
Indicated Site Value (\$/m2)	\$ 2,164	\$ 1,773	\$ 1,518	\$ 1,323	\$ 1,050	\$ 2,164	\$ 1,773	\$ 1,591	\$ 1,391	\$ 1,118
Project Related Site Value Discount	\$ -	\$ 860,000	\$ 1,420,000	\$ 1,850,000	\$ 2,450,000	\$ -	\$ 860,000	\$ 1,260,000	\$ 1,700,000	\$ 2,300,000
100%										
Indicated Site Value based on Affordable Housing based on 100% Discount	\$ 4,760,000	\$ 3,140,000	\$ 1,810,000	\$ 790,000	\$ 740,000	\$ 4,760,000	\$ 3,140,000	\$ 2,150,000	\$ 1,130,000	\$ 300,000
Indicated Site Value (\$/m2)	\$ 2,164	\$ 1,427	\$ 823	\$ 359	\$ 336	\$ 2,164	\$ 1,427	\$ 977	\$ 514	\$ 136
Project Related Site Value Discount	\$ -	\$ 1,620,000	\$ 2,950,000	\$ 3,970,000	\$ 5,500,000	\$ -	\$ 1,620,000	\$ 2,610,000	\$ 3,630,000	\$ 5,060,000
Total Affordable Dwellings Provided	0	4	8	11	15	0	4	7	10	14
35%										
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,324,836	\$ 4,649,672	\$ 6,393,299	\$ 8,718,135	\$ -	\$ 2,324,836	\$ 4,068,463	\$ 5,812,090	\$ 8,136,926
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,511,143	\$ 3,022,287	\$ 4,155,644	\$ 5,666,788	\$ -	\$ 1,511,143	\$ 2,644,501	\$ 3,777,858	\$ 5,289,002
\$ Value of Discount based on GR	\$ -	\$ 813,693	\$ 1,627,385	\$ 2,237,655	\$ 3,051,347	\$ -	\$ 813,693	\$ 1,423,962	\$ 2,034,231	\$ 2,847,924
50%										
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,324,836	\$ 4,649,672	\$ 6,393,299	\$ 8,718,135	\$ -	\$ 2,324,836	\$ 4,068,463	\$ 5,812,090	\$ 8,136,926
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,162,418	\$ 2,324,836	\$ 3,196,649	\$ 4,359,067	\$ -	\$ 1,162,418	\$ 2,034,231	\$ 2,906,045	\$ 4,068,463
\$ Value of Discount based on GR	\$ -	\$ 1,162,418	\$ 2,324,836	\$ 3,196,649	\$ 4,359,067	\$ -	\$ 1,162,418	\$ 2,034,231	\$ 2,906,045	\$ 4,068,463
100%										
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,324,836	\$ 4,649,672	\$ 6,393,299	\$ 8,718,135	\$ -	\$ 2,324,836	\$ 4,068,463	\$ 5,812,090	\$ 8,136,926
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ Value of Discount based on GR	\$ -	\$ 2,324,836	\$ 4,649,672	\$ 6,393,299	\$ 8,718,135	\$ -	\$ 2,324,836	\$ 4,068,463	\$ 5,812,090	\$ 8,136,926



## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 1: MEDIUM LAND VALUE SCENARIO

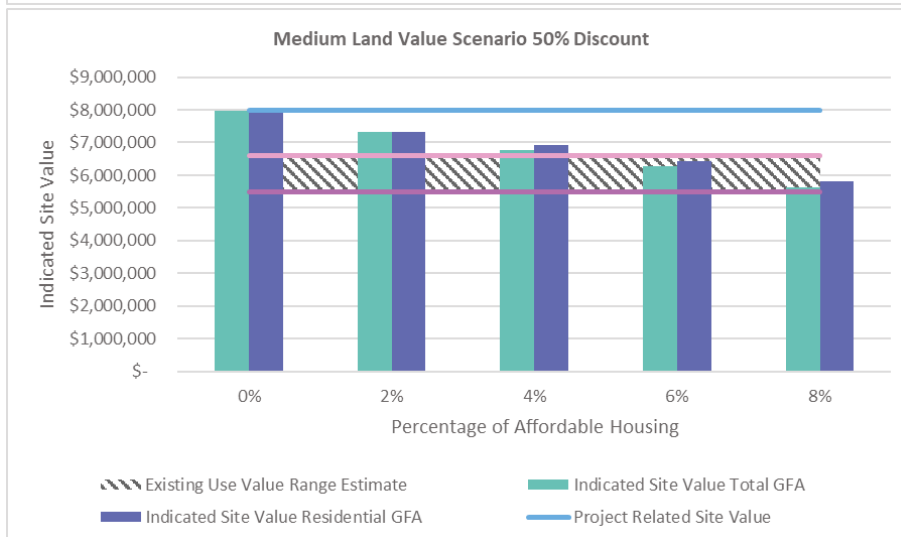
### KEY FINDINGS

	Medium Land Value Scenario Based on Total GFA					Based on Residential GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Project Related Site Value (as determined by baseline/medium GR)	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000	\$ 7,980,000
Project Related Site Value (\$/m2)	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627	\$ 3,627
	35%					35%				
Indicated Site Value including Affordable Housing with 35% Discount	\$ 7,980,000	\$ 7,580,000	\$ 7,250,000	\$ 6,960,000	\$ 6,570,000	\$ 7,980,000	\$ 7,580,000	\$ 7,350,000	\$ 7,060,000	\$ 6,670,000
Indicated Site Value (\$/m2)	\$ 3,627	\$ 3,445	\$ 3,295	\$ 3,164	\$ 2,986	\$ 3,627	\$ 3,445	\$ 3,341	\$ 3,209	\$ 3,032
Project Related Site Value Discount	\$ -	\$ 400,000	\$ 730,000	\$ 1,020,000	\$ 1,410,000	\$ -	\$ 400,000	\$ 630,000	\$ 920,000	\$ 1,310,000
	50%					50%				
Indicated Site Value including Affordable Housing with 50% Discount	\$ 7,980,000	\$ 7,330,000	\$ 6,760,000	\$ 6,280,000	\$ 5,640,000	\$ 7,980,000	\$ 7,330,000	\$ 6,920,000	\$ 6,440,000	\$ 5,800,000
Indicated Site Value (\$/m2)	\$ 3,627	\$ 3,332	\$ 3,073	\$ 2,855	\$ 2,564	\$ 3,627	\$ 3,332	\$ 3,145	\$ 2,927	\$ 2,636
Project Related Site Value Discount	\$ -	\$ 650,000	\$ 1,220,000	\$ 1,700,000	\$ 2,340,000	\$ -	\$ 650,000	\$ 1,060,000	\$ 1,540,000	\$ 2,180,000
	100%					100%				
Indicated Site Value based on Affordable Housing based on 100% Discount	\$ 7,980,000	\$ 6,510,000	\$ 5,110,000	\$ 4,010,000	\$ 2,550,000	\$ 7,980,000	\$ 6,510,000	\$ 5,470,000	\$ 4,380,000	\$ 2,920,000
Indicated Site Value (\$/m2)	\$ 3,627	\$ 2,959	\$ 2,323	\$ 1,823	\$ 1,159	\$ 3,627	\$ 2,959	\$ 2,486	\$ 1,991	\$ 1,327
Project Related Site Value Discount	\$ -	\$ 1,470,000	\$ 2,870,000	\$ 3,970,000	\$ 5,430,000	\$ -	\$ 1,470,000	\$ 2,510,000	\$ 3,600,000	\$ 5,060,000
Total Affordable Dwellings Provided	0	4	8	11	15	0	4	7	10	14
	35%					35%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,493,347	\$ 4,986,693	\$ 6,856,703	\$ 9,350,050	\$ -	\$ 2,493,347	\$ 4,363,357	\$ 6,233,366	\$ 8,726,713
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,620,675	\$ 3,241,351	\$ 4,456,857	\$ 6,077,532	\$ -	\$ 1,620,675	\$ 2,836,182	\$ 4,051,688	\$ 5,672,364
\$ Value of Discount based on GR	\$ -	\$ 872,671	\$ 1,745,343	\$ 2,399,846	\$ 3,272,517	\$ -	\$ 872,671	\$ 1,527,175	\$ 2,181,678	\$ 3,054,350
	50%					50%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,493,347	\$ 4,986,693	\$ 6,856,703	\$ 9,350,050	\$ -	\$ 2,493,347	\$ 4,363,357	\$ 6,233,366	\$ 8,726,713
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,246,673	\$ 2,493,347	\$ 3,428,352	\$ 4,675,025	\$ -	\$ 1,246,673	\$ 2,181,678	\$ 3,116,683	\$ 4,363,357
\$ Value of Discount based on GR	\$ -	\$ 1,246,673	\$ 2,493,347	\$ 3,428,352	\$ 4,675,025	\$ -	\$ 1,246,673	\$ 2,181,678	\$ 3,116,683	\$ 4,363,357
	100%					100%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,493,347	\$ 4,986,693	\$ 6,856,703	\$ 9,350,050	\$ -	\$ 2,493,347	\$ 4,363,357	\$ 6,233,366	\$ 8,726,713
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ Value of Discount based on GR	\$ -	\$ 2,493,347	\$ 4,986,693	\$ 6,856,703	\$ 9,350,050	\$ -	\$ 2,493,347	\$ 4,363,357	\$ 6,233,366	\$ 8,726,713

## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 1: MEDIUM LAND VALUE SCENARIO



## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 1: HIGH LAND VALUE SCENARIO

### KEY FINDINGS

High Land Value Scenario +\$500/m										
Based on Total GFA						Based on Residential GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Project Related Site Value (as determined by high GR)	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000	\$ 11,210,000
Project Related Site Value (\$/m2)	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095	\$ 5,095
35%						35%				
Indicated Site Value including Affordable Housing with 35% Discount	\$ 11,210,000	\$ 11,030,000	\$ 10,700,000	\$ 10,380,000	\$ 9,970,000	\$ 11,210,000	\$ 11,030,000	\$ 10,800,000	\$ 10,490,000	\$ 10,070,000
Indicated Site Value (\$/m2)	\$ 5,095	\$ 5,014	\$ 4,864	\$ 4,718	\$ 4,532	\$ 5,095	\$ 5,014	\$ 4,909	\$ 4,768	\$ 4,577
Project Related Site Value Discount	\$ -	\$ 180,000	\$ 510,000	\$ 830,000	\$ 1,240,000	\$ -	\$ 180,000	\$ 410,000	\$ 720,000	\$ 1,140,000
50%						50%				
Indicated Site Value including Affordable Housing with 50% Discount	\$ 11,210,000	\$ 10,770,000	\$ 10,170,000	\$ 9,660,000	\$ 8,980,000	\$ 11,210,000	\$ 10,770,000	\$ 10,340,000	\$ 9,830,000	\$ 9,150,000
Indicated Site Value (\$/m2)	\$ 5,095	\$ 4,895	\$ 4,623	\$ 4,391	\$ 4,082	\$ 5,095	\$ 4,895	\$ 4,700	\$ 4,468	\$ 4,159
Project Related Site Value Discount	\$ -	\$ 440,000	\$ 1,040,000	\$ 1,550,000	\$ 2,230,000	\$ -	\$ 440,000	\$ 870,000	\$ 1,380,000	\$ 2,060,000
100%						100%				
Indicated Site Value based on Affordable Housing based on 100% Discount	\$ 11,210,000	\$ 9,890,000	\$ 8,410,000	\$ 7,230,000	\$ 5,670,000	\$ 11,210,000	\$ 9,890,000	\$ 8,800,000	\$ 7,630,000	\$ 6,060,000
Indicated Site Value (\$/m2)	\$ 5,095	\$ 4,495	\$ 3,823	\$ 3,286	\$ 2,577	\$ 5,095	\$ 4,495	\$ 4,000	\$ 3,468	\$ 2,755
Project Related Site Value Discount	\$ -	\$ 1,320,000	\$ 2,800,000	\$ 3,980,000	\$ 5,540,000	\$ -	\$ 1,320,000	\$ 2,410,000	\$ 3,580,000	\$ 5,150,000
0 4 8 11 15						0 4 7 10 14				
35%						35%				
Total Affordable Dwellings Provided	0	4	8	11	15	0	4	7	10	14
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,661,857	\$ 5,323,714	\$ 7,320,107	\$ 9,981,965	\$ -	\$ 2,661,857	\$ 4,658,250	\$ 6,654,643	\$ 9,316,500
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,730,207	\$ 3,460,414	\$ 4,758,070	\$ 6,488,277	\$ -	\$ 1,730,207	\$ 3,027,863	\$ 4,325,518	\$ 6,055,725
\$ Value of Discount based on GR	\$ -	\$ 931,650	\$ 1,863,300	\$ 2,562,038	\$ 3,493,688	\$ -	\$ 931,650	\$ 1,630,388	\$ 2,329,125	\$ 3,260,775
50%						50%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,661,857	\$ 5,323,714	\$ 7,320,107	\$ 9,981,965	\$ -	\$ 2,661,857	\$ 4,658,250	\$ 6,654,643	\$ 9,316,500
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,330,929	\$ 2,661,857	\$ 3,660,054	\$ 4,990,982	\$ -	\$ 1,330,929	\$ 2,329,125	\$ 3,327,322	\$ 4,658,250
\$ Value of Discount based on GR	\$ -	\$ 1,330,929	\$ 2,661,857	\$ 3,660,054	\$ 4,990,982	\$ -	\$ 1,330,929	\$ 2,329,125	\$ 3,327,322	\$ 4,658,250
50%						50%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 2,661,857	\$ 5,323,714	\$ 7,320,107	\$ 9,981,965	\$ -	\$ 2,661,857	\$ 4,658,250	\$ 6,654,643	\$ 9,316,500
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ Value of Discount based on GR	\$ -	\$ 2,661,857	\$ 5,323,714	\$ 7,320,107	\$ 9,981,965	\$ -	\$ 2,661,857	\$ 4,658,250	\$ 6,654,643	\$ 9,316,500

## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 2: LOW LAND VALUE SCENARIO

### KEY FINDINGS

Low Land Value Scenario -\$500/m										
	Based on Total GFA					Based on Residential GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Project Related Site Value (as determined by low GR)	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000	\$ 4,850,000
Project Related Site Value (\$/m2)	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205	\$ 2,205
	35%					35%				
Indicated Site Value including Affordable Housing with 35% Discount	\$ 4,850,000	\$ 4,110,000	\$ 3,750,000	\$ 3,260,000	\$ 2,900,000	\$ 4,850,000	\$ 4,270,000	\$ 3,940,000	\$ 3,670,000	\$ 3,350,000
Indicated Site Value (\$/m2)	\$ 2,205	\$ 1,868	\$ 1,705	\$ 1,482	\$ 1,318	\$ 2,205	\$ 1,941	\$ 1,791	\$ 1,668	\$ 1,523
Project Related Site Value Discount	\$ -	\$ 740,000	\$ 1,100,000	\$ 1,590,000	\$ 1,950,000	\$ -	\$ 580,000	\$ 910,000	\$ 1,180,000	\$ 1,500,000
	50%					50%				
Indicated Site Value including Affordable Housing with 50% Discount	\$ 4,850,000	\$ 3,800,000	\$ 3,190,000	\$ 2,400,000	\$ 1,760,000	\$ 4,850,000	\$ 4,060,000	\$ 3,530,000	\$ 3,050,000	\$ 2,520,000
Indicated Site Value (\$/m2)	\$ 2,205	\$ 1,727	\$ 1,450	\$ 1,091	\$ 800	\$ 2,205	\$ 1,845	\$ 1,605	\$ 1,386	\$ 1,145
Project Related Site Value Discount	\$ -	\$ 1,050,000	\$ 1,660,000	\$ 2,450,000	\$ 3,090,000	\$ -	\$ 790,000	\$ 1,320,000	\$ 1,800,000	\$ 2,330,000
	100%					100%				
Indicated Site Value based on Affordable Housing based on 100% Discount	\$ 4,850,000	\$ 2,770,000	\$ 1,290,000	\$ 770,000	\$ 2,920,000	\$ 4,850,000	\$ 3,380,000	\$ 2,170,000	\$ 990,000	\$ 330,000
Indicated Site Value (\$/m2)	\$ 2,205	\$ 1,259	\$ 586	\$ 350	\$ 1,327	\$ 2,205	\$ 1,536	\$ 986	\$ 450	\$ 150
Project Related Site Value Discount	\$ -	\$ 2,080,000	\$ 3,560,000	\$ 5,620,000	\$ 7,770,000	\$ -	\$ 1,470,000	\$ 2,680,000	\$ 3,860,000	\$ 5,180,000
	100%					100%				
Total Affordable Dwellings Provided	0	6	11	17	22	0	4	8	12	16
	35%					35%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,490,483	\$ 6,399,219	\$ 9,889,701	\$ 12,798,437	\$ -	\$ 2,326,989	\$ 4,653,977	\$ 6,980,966	\$ 9,307,954
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 2,268,814	\$ 4,159,492	\$ 6,428,306	\$ 8,318,984	\$ -	\$ 1,512,543	\$ 3,025,085	\$ 4,537,628	\$ 6,050,170
\$ Value of Discount based on GR	\$ -	\$ 1,221,669	\$ 2,239,727	\$ 3,461,396	\$ 4,479,453	\$ -	\$ 814,446	\$ 1,628,892	\$ 2,443,338	\$ 3,257,784
	50%					50%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,490,483	\$ 6,399,219	\$ 9,889,701	\$ 12,798,437	\$ -	\$ 2,326,989	\$ 4,653,977	\$ 6,980,966	\$ 9,307,954
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,745,241	\$ 3,199,609	\$ 4,944,851	\$ 6,399,219	\$ -	\$ 1,163,494	\$ 2,326,989	\$ 3,490,483	\$ 4,653,977
\$ Value of Discount based on GR	\$ -	\$ 1,745,241	\$ 3,199,609	\$ 4,944,851	\$ 6,399,219	\$ -	\$ 1,163,494	\$ 2,326,989	\$ 3,490,483	\$ 4,653,977
	100%					100%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,490,483	\$ 6,399,219	\$ 9,889,701	\$ 12,798,437	\$ -	\$ 2,326,989	\$ 4,653,977	\$ 6,980,966	\$ 9,307,954
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ Value of Discount based on GR	\$ -	\$ 3,490,483	\$ 6,399,219	\$ 9,889,701	\$ 12,798,437	\$ -	\$ 2,326,989	\$ 4,653,977	\$ 6,980,966	\$ 9,307,954



## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 2: MEDIUM LAND VALUE SCENARIO

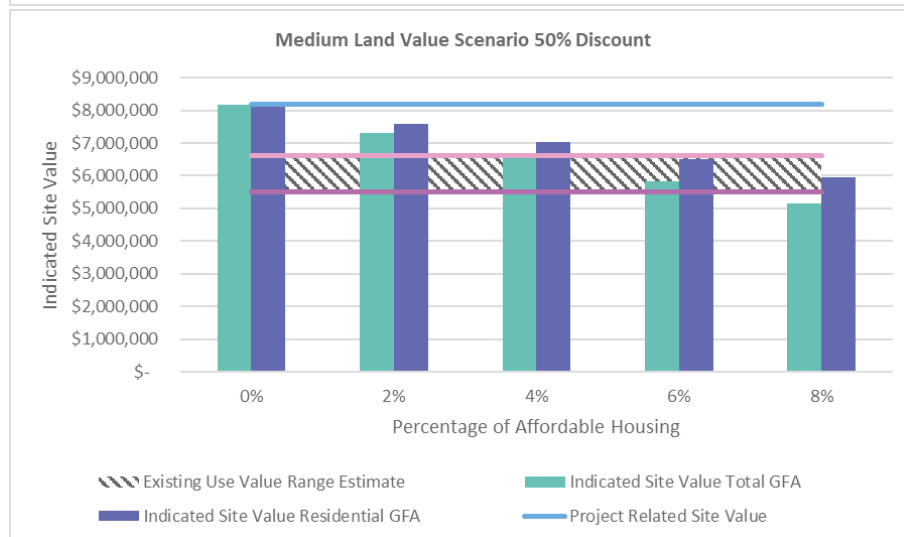
### KEY FINDINGS

	Medium Land Value Scenario Based on Total GFA					Based on Residential GFA				
	0%	2%	4%	6%	8%	0%	2%	4%	6%	8%
Project Related Site Value (as determined by baseline/medium GR)	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000	\$ 8,170,000
Project Related Site Value (\$/m2)	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714	\$ 3,714
	35%					35%				
Indicated Site Value including Affordable Housing with 35% Discount	\$ 8,170,000	\$ 7,650,000	\$ 7,280,000	\$ 6,740,000	\$ 6,380,000	\$ 8,170,000	\$ 7,820,000	\$ 7,480,000	\$ 7,190,000	\$ 6,840,000
Indicated Site Value (\$/m2)	\$ 3,714	\$ 3,477	\$ 3,309	\$ 3,064	\$ 2,900	\$ 3,714	\$ 3,555	\$ 3,400	\$ 3,268	\$ 3,109
Project Related Site Value Discount	\$ -	\$ 520,000	\$ 890,000	\$ 1,430,000	\$ 1,790,000	\$ -	\$ 350,000	\$ 690,000	\$ 980,000	\$ 1,330,000
	50%					50%				
Indicated Site Value including Affordable Housing with 50% Discount	\$ 8,170,000	\$ 7,320,000	\$ 6,670,000	\$ 5,820,000	\$ 5,160,000	\$ 8,170,000	\$ 7,600,000	\$ 7,030,000	\$ 6,520,000	\$ 5,960,000
Indicated Site Value (\$/m2)	\$ 3,714	\$ 3,327	\$ 3,032	\$ 2,645	\$ 2,345	\$ 3,714	\$ 3,455	\$ 3,195	\$ 2,964	\$ 2,709
Project Related Site Value Discount	\$ -	\$ 850,000	\$ 1,500,000	\$ 2,350,000	\$ 3,010,000	\$ -	\$ 570,000	\$ 1,140,000	\$ 1,650,000	\$ 2,210,000
	100%					100%				
Indicated Site Value based on Affordable Housing based on 100% Discount	\$ 8,170,000	\$ 6,220,000	\$ 4,640,000	\$ 2,680,000	\$ 1,080,000	\$ 8,170,000	\$ 6,870,000	\$ 5,560,000	\$ 4,310,000	\$ 3,000,000
Indicated Site Value (\$/m2)	\$ 3,714	\$ 2,827	\$ 2,109	\$ 1,218	\$ 491	\$ 3,714	\$ 3,123	\$ 2,527	\$ 1,959	\$ 1,364
Project Related Site Value Discount	\$ -	\$ 1,950,000	\$ 3,530,000	\$ 5,490,000	\$ 7,090,000	\$ -	\$ 1,300,000	\$ 2,610,000	\$ 3,860,000	\$ 5,170,000
Total Affordable Dwellings Provided	0	6	11	17	22	0	4	8	12	16
	35%					35%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,743,483	\$ 6,863,052	\$ 10,606,535	\$ 13,726,104	\$ -	\$ 2,495,655	\$ 4,991,311	\$ 7,486,966	\$ 9,982,621
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 2,433,264	\$ 4,460,984	\$ 6,894,248	\$ 8,921,968	\$ -	\$ 1,622,176	\$ 3,244,352	\$ 4,866,528	\$ 6,488,704
\$ Value of Discount based on GR	\$ -	\$ 1,310,219	\$ 2,402,068	\$ 3,712,287	\$ 4,804,136	\$ -	\$ 873,479	\$ 1,746,959	\$ 2,620,438	\$ 3,493,917
	50%					50%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,743,483	\$ 6,863,052	\$ 10,606,535	\$ 13,726,104	\$ -	\$ 2,495,655	\$ 4,991,311	\$ 7,486,966	\$ 9,982,621
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,871,741	\$ 3,431,526	\$ 5,303,267	\$ 6,863,052	\$ -	\$ 1,247,828	\$ 2,495,655	\$ 3,743,483	\$ 4,991,311
\$ Value of Discount based on GR	\$ -	\$ 1,871,741	\$ 3,431,526	\$ 5,303,267	\$ 6,863,052	\$ -	\$ 1,247,828	\$ 2,495,655	\$ 3,743,483	\$ 4,991,311
	100%					100%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,743,483	\$ 6,863,052	\$ 10,606,535	\$ 13,726,104	\$ -	\$ 2,495,655	\$ 4,991,311	\$ 7,486,966	\$ 9,982,621
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ Value of Discount based on GR	\$ -	\$ 3,743,483	\$ 6,863,052	\$ 10,606,535	\$ 13,726,104	\$ -	\$ 2,495,655	\$ 4,991,311	\$ 7,486,966	\$ 9,982,621

## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 2: MEDIUM LAND VALUE SCENARIO



## APPENDIX D

# FINANCIAL MODELLING KEY FINDINGS

## SITE 2: HIGH LAND VALUE SCENARIO

### KEY FINDINGS

High Land Value Scenario +\$500/m											
Based on Total GFA						Based on Residential GFA					
	0%	2%	4%	6%	8%		0%	2%	4%	6%	8%
Project Related Site Value (as determined by high GR)	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000	\$ 11,480,000
Project Related Site Value (\$/m2)	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218	\$ 5,218
	35%						35%				
Indicated Site Value including Affordable Housing with 35% Discount	\$ 11,480,000	\$ 11,190,000	\$ 10,800,000	\$ 10,220,000	\$ 9,860,000	\$ 11,480,000	\$ 11,370,000	\$ 11,000,000	\$ 10,710,000	\$ 10,340,000	\$ 10,340,000
Indicated Site Value (\$/m2)	\$ 5,218	\$ 5,086	\$ 4,909	\$ 4,645	\$ 4,482	\$ 5,218	\$ 5,168	\$ 5,000	\$ 4,868	\$ 4,700	\$ 4,700
Project Related Site Value Discount	\$ -	\$ 290,000	\$ 680,000	\$ 1,260,000	\$ 1,620,000	\$ -	\$ 110,000	\$ 480,000	\$ 770,000	\$ 1,140,000	\$ 1,140,000
	50%						50%				
Indicated Site Value including Affordable Housing with 50% Discount	\$ 11,480,000	\$ 10,830,000	\$ 10,150,000	\$ 9,240,000	\$ 8,550,000	\$ 11,480,000	\$ 11,130,000	\$ 10,530,000	\$ 10,000,000	\$ 9,390,000	\$ 9,390,000
Indicated Site Value (\$/m2)	\$ 5,218	\$ 4,923	\$ 4,614	\$ 4,200	\$ 3,886	\$ 5,218	\$ 5,059	\$ 4,786	\$ 4,545	\$ 4,268	\$ 4,268
Project Related Site Value Discount	\$ -	\$ 650,000	\$ 1,330,000	\$ 2,240,000	\$ 2,930,000	\$ -	\$ 350,000	\$ 950,000	\$ 1,480,000	\$ 2,090,000	\$ 2,090,000
	100%						100%				
Indicated Site Value based on Affordable Housing based on 100% Discount	\$ 11,480,000	\$ 9,660,000	\$ 7,990,000	\$ 5,890,000	\$ 4,200,000	\$ 11,480,000	\$ 10,350,000	\$ 8,960,000	\$ 7,640,000	\$ 6,240,000	\$ 6,240,000
Indicated Site Value (\$/m2)	\$ 5,218	\$ 4,391	\$ 3,632	\$ 2,677	\$ 1,909	\$ 5,218	\$ 4,705	\$ 4,073	\$ 3,473	\$ 2,836	\$ 2,836
Project Related Site Value Discount	\$ -	\$ 1,820,000	\$ 3,490,000	\$ 5,590,000	\$ 7,280,000	\$ -	\$ 1,130,000	\$ 2,520,000	\$ 3,840,000	\$ 5,240,000	\$ 5,240,000
	0						0				
Total Affordable Dwellings Provided	0	6	11	17	22	0	4	8	12	16	16
	35%						35%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,996,483	\$ 7,326,885	\$ 11,323,368	\$ 14,653,771	\$ -	\$ 2,664,322	\$ 5,328,644	\$ 7,992,966	\$ 10,657,288	\$ 10,657,288
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 2,597,714	\$ 4,762,475	\$ 7,360,189	\$ 9,524,951	\$ -	\$ 1,731,809	\$ 3,463,618	\$ 5,195,428	\$ 6,927,237	\$ 6,927,237
\$ Value of Discount based on GR	\$ -	\$ 1,398,769	\$ 2,564,410	\$ 3,963,179	\$ 5,128,820	\$ -	\$ 932,513	\$ 1,865,025	\$ 2,797,538	\$ 3,730,051	\$ 3,730,051
	50%						50%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,996,483	\$ 7,326,885	\$ 11,323,368	\$ 14,653,771	\$ -	\$ 2,664,322	\$ 5,328,644	\$ 7,992,966	\$ 10,657,288	\$ 10,657,288
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ 1,998,241	\$ 3,663,443	\$ 5,661,684	\$ 7,326,885	\$ -	\$ 1,332,161	\$ 2,664,322	\$ 3,996,483	\$ 5,328,644	\$ 5,328,644
\$ Value of Discount based on GR	\$ -	\$ 1,998,241	\$ 3,663,443	\$ 5,661,684	\$ 7,326,885	\$ -	\$ 1,332,161	\$ 2,664,322	\$ 3,996,483	\$ 5,328,644	\$ 5,328,644
	100%						100%				
Market Value of Affordable Housing Units Provided	\$ -	\$ 3,996,483	\$ 7,326,885	\$ 11,323,368	\$ 14,653,771	\$ -	\$ 2,664,322	\$ 5,328,644	\$ 7,992,966	\$ 10,657,288	\$ 10,657,288
Total Amount Affordable Housing Provider Contributes for AH	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ Value of Discount based on GR	\$ -	\$ 3,996,483	\$ 7,326,885	\$ 11,323,368	\$ 14,653,771	\$ -	\$ 2,664,322	\$ 5,328,644	\$ 7,992,966	\$ 10,657,288	\$ 10,657,288

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

### 0% Base Case

Turner Analysis	AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation	\$621,058		\$94,400,873
Other Income			\$0
Less Selling Expenses			
Agents Commission	2.00%	\$12,421	\$1,888,017
Legal Costs		\$800	\$121,600
Advertising Promotion		\$2,000	\$304,000
GST Paid to ATO	9.09%	\$56,460	\$8,581,898
			\$10,895,515
Net Realisation			\$83,505,358
Less Profit & Risk Allowance	18.00%	\$83,803	\$12,738,105
Funds Available for Development			\$70,767,252
Construction Costs	\$321,498	\$48,867,625	
Total Interest Cost	\$30,734	\$4,671,526	
Project Management	\$16,075	\$2,443,381	
Statutory Fees	\$1,316	\$200,000	
Rates & Taxes	\$3,000	\$456,002	
DCPs	\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges	\$5,643	\$857,673	
Contamination Contingency	\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)	\$2,205	\$335,116	
Open Space Contribution	\$3,709	\$563,741	
GST Input Credits Recovered	\$0	\$0	
Stamp Duty	\$2,889	\$439,175	
Due Diligence/Legal Fees	\$525	\$79,850	\$62,782,340
<b>INDICATED RESIDUAL LAND VALUE</b>			<b>\$7,984,912</b>
<b>ADOPTED RESIDUAL LAND VALUE (ROUNDED)</b>			<b>\$7,980,000</b>

Value Per m2 \$3,627  
Value Per Lot \$52,500  
Resultant IRR Before Interest 1R 77%

### 0% Base Case + GR \$500/m

Turner Analysis	AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation	\$660,137		\$100,340,873
Other Income			\$0
Less Selling Expenses			
Agents Commission	2.00%	\$13,203	\$2,006,817
Legal Costs		\$800	\$121,600
Advertising Promotion		\$2,000	\$304,000
GST Paid to ATO	9.09%	\$60,012	\$9,121,898
			\$11,554,315
Net Realisation			\$88,786,558
Less Profit & Risk Allowance	18.00%	\$89,103	\$13,543,712
Funds Available for Development			\$75,242,845
Construction Costs	\$321,498	\$48,867,625	
Total Interest Cost	\$35,910	\$5,458,259	
Project Management	\$16,075	\$2,443,381	
Statutory Fees	\$1,316	\$200,000	
Rates & Taxes	\$3,000	\$456,002	
DCPs	\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges	\$5,643	\$857,673	
Contamination Contingency	\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)	\$2,351	\$357,349	
Open Space Contribution	\$5,208	\$791,638	
GST Input Credits Recovered	\$0	\$0	
Stamp Duty	\$4,057	\$616,715	
Due Diligence/Legal Fees	\$738	\$112,130	\$64,029,023
<b>INDICATED RESIDUAL LAND VALUE</b>			<b>\$11,213,823</b>
<b>ADOPTED RESIDUAL LAND VALUE (ROUNDED)</b>			<b>\$11,210,000</b>

Value Per m2 \$5,095  
Value Per Lot \$73,750  
Resultant IRR Before Interest 17.60%



## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

0% Base Case - GR \$500/m

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$581,979		\$88,460,873
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,640	\$1,769,217	
Legal Costs		\$800	\$121,600	
Advertising Promotion		\$2,000	\$304,000	
GST Paid to ATO	9.09%	\$52,907	\$8,041,898	\$10,236,715
Net Realisation				\$78,224,158
Less Profit & Risk Allowance	18.00%	\$78,503		\$11,932,499
Funds Available for Development				\$66,291,659
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$25,565	\$3,885,817	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,000	\$456,002	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,059	\$312,912	
Open Space Contribution		\$2,209	\$335,703	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,721	\$261,525	
Due Diligence/Legal Fees		\$313	\$47,550	\$61,536,439
INDICATED RESIDUAL LAND VALUE				\$4,755,220
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$4,760,000

Value Per m2 \$2,164  
Value Per Lot \$31,316  
Resultant IRR Before Interest 20.49%

2% Base Case - 35% discount

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$615,317		\$93,528,201
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,093	\$1,838,151	
Legal Costs		\$779	\$118,400	
Advertising Promotion		\$1,947	\$296,000	
GST Paid to ATO	9.09%	\$54,969	\$8,355,230	\$10,607,780
Net Realisation				\$82,920,421
Less Profit & Risk Allowance	18.00%	\$83,216		\$12,648,878
Funds Available for Development				\$70,271,543
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$30,241	\$4,596,633	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,023	\$459,549	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,191	\$332,990	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,743	\$416,900	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,690,462
INDICATED RESIDUAL LAND VALUE				\$7,581,081
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,580,000

Value Per m2 \$3,445  
Value Per Lot \$49,868  
Resultant IRR Before Interest 18.90%

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

### 2% Base Case - 50% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$612,857		\$93,154,199
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,093	\$1,838,151	
Legal Costs		\$779	\$118,400	
Advertising Promotion		\$1,947	\$296,000	
GST Paid to ATO	9.09%	\$54,969	\$8,355,230	\$10,607,780
Net Realisation				\$82,546,419
Less Profit & Risk Allowance	18.00%	\$82,841		\$12,591,827
Funds Available for Development				\$69,954,592
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$29,878	\$4,541,433	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,023	\$459,549	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,180	\$331,426	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,654	\$403,425	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,620,223
INDICATED RESIDUAL LAND VALUE				\$7,334,370
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,330,000

Value Per m2 \$3,332  
Value Per Lot \$48,224  
Resultant IRR Before Interest 19.00%

### 2% Base Case - 100% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$604,655		\$91,907,526
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,093	\$1,838,151	
Legal Costs		\$779	\$118,400	
Advertising Promotion		\$1,947	\$296,000	
GST Paid to ATO	9.09%	\$54,969	\$8,355,230	\$10,607,780
Net Realisation				\$81,299,746
Less Profit & Risk Allowance	18.00%	\$81,590		\$12,401,656
Funds Available for Development				\$68,898,090
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,658	\$4,355,964	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,023	\$459,549	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,146	\$326,173	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,357	\$358,215	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,384,290
INDICATED RESIDUAL LAND VALUE				\$6,513,800
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,510,000

Value Per m2 \$2,959  
Value Per Lot \$42,829  
Resultant IRR Before Interest 19.37%

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

4% gifted 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$609,576		\$92,655,530
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,765	\$1,788,284	
Legal Costs		\$758	\$115,200	
Advertising Promotion		\$1,895	\$288,000	
GST Paid to ATO	9.09%	\$53,477	\$8,128,562	\$10,320,045
Net Realisation				\$82,335,485
Less Profit & Risk Allowance	18.00%	\$82,629		\$12,559,650
Funds Available for Development				\$69,775,834
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$29,322	\$4,456,971	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,965	\$450,635	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,174	\$330,499	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,625	\$399,025	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,521,521
INDICATED RESIDUAL LAND VALUE				\$7,254,313
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,250,000
			Value Per m2	\$3,295
			Value Per Lot	\$47,697
			Resultant IRR Before Interest	19.26%

4% gifted 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$604,655		\$91,907,526
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,765	\$1,788,284	
Legal Costs		\$758	\$115,200	
Advertising Promotion		\$1,895	\$288,000	
GST Paid to ATO	9.09%	\$53,477	\$8,128,562	\$10,320,045
Net Realisation				\$81,587,481
Less Profit & Risk Allowance	18.00%	\$81,879		\$12,445,548
Funds Available for Development				\$69,141,933
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,608	\$4,348,376	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,965	\$450,635	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,154	\$327,351	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,446	\$371,800	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,382,552
INDICATED RESIDUAL LAND VALUE				\$6,759,380
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,760,000
			Value Per m2	\$3,073
			Value Per Lot	\$44,474
			Resultant IRR Before Interest	19.48%

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

4% gifted 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$588,251		\$89,414,179
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,765	\$1,788,284	
Legal Costs		\$758	\$115,200	
Advertising Promotion		\$1,895	\$288,000	
GST Paid to ATO	9.09%	\$53,477	\$8,128,562	\$10,320,045
Net Realisation				\$79,094,134
Less Profit & Risk Allowance	18.00%	\$79,376		\$12,065,207
Funds Available for Development				\$67,028,927
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$26,226	\$3,986,392	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,965	\$450,635	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,085	\$316,857	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,849	\$281,050	
Due Diligence/Legal Fees		\$528	\$80,330	\$61,919,324
INDICATED RESIDUAL LAND VALUE				\$5,109,603
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,110,000

Value Per m2 \$2,323  
Value Per Lot \$33,618  
Resultant IRR Before Interest 20.30%

6% gifted 35%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$605,270		\$92,001,026
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,519	\$1,750,883	
Legal Costs		\$742	\$112,800	
Advertising Promotion		\$1,855	\$282,000	
GST Paid to ATO	9.09%	\$52,359	\$7,958,561	\$10,104,244
Net Realisation				\$81,896,782
Less Profit & Risk Allowance	18.00%	\$82,189		\$12,492,729
Funds Available for Development				\$69,404,053
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,894	\$4,391,883	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,988	\$454,198	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,162	\$328,609	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,518	\$382,800	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,441,879
INDICATED RESIDUAL LAND VALUE				\$6,962,173
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,960,000

Value Per m2 \$3,164  
Value Per Lot \$45,789  
Resultant IRR Before Interest 19.40%



## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

6% gifted 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$598,503		\$90,972,521
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,519	\$1,750,883	
Legal Costs		\$742	\$112,800	
Advertising Promotion		\$1,855	\$282,000	
GST Paid to ATO	9.09%	\$52,359	\$7,958,561	\$10,104,244
Net Realisation				\$80,868,277
Less Profit & Risk Allowance	18.00%	\$81,157		\$12,335,839
Funds Available for Development				\$68,532,438
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$27,912	\$4,242,698	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,988	\$454,198	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,133	\$324,284	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,272	\$345,400	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,250,970
INDICATED RESIDUAL LAND VALUE				\$6,281,468
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,280,000

Value Per m2 \$2,855  
Value Per Lot \$41,316  
Resultant IRR Before Interest 19.71%

6% gifted 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$575,948		\$87,544,169
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,519	\$1,750,883	
Legal Costs		\$742	\$112,800	
Advertising Promotion		\$1,855	\$282,000	
GST Paid to ATO	9.09%	\$52,359	\$7,958,561	\$10,104,244
Net Realisation				\$77,439,925
Less Profit & Risk Allowance	18.00%	\$77,716		\$11,812,870
Funds Available for Development				\$65,627,055
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$24,636	\$3,744,691	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,988	\$454,198	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,038	\$309,846	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,451	\$220,550	
Due Diligence/Legal Fees		\$528	\$80,330	\$61,613,675
INDICATED RESIDUAL LAND VALUE				\$4,013,380
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$4,010,000

Value Per m2 \$1,823  
Value Per Lot \$26,382  
Resultant IRR Before Interest 20.96%

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

8% gift ed 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$599,529		\$91,128,355
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,191	\$1,701,016	
Legal Costs		\$721	\$109,600	
Advertising Promotion		\$1,803	\$274,000	
GST Paid to ATO	9.09%	\$50,868	\$7,731,893	\$9,816,509
Net Realisation				\$81,311,846
Less Profit & Risk Allowance	18.00%	\$81,602		\$12,403,502
Funds Available for Development				\$68,908,344
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,327	\$4,305,714	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,145	\$326,104	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,377	\$361,350	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,335,375
INDICATED RESIDUAL LAND VALUE				\$6,572,969
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,570,000

Value Per m2 \$2,986  
Value Per Lot \$43,224  
Resultant IRR Before Interest 19.58%

8% gift ed 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$590,302		\$89,725,848
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,191	\$1,701,016	
Legal Costs		\$721	\$109,600	
Advertising Promotion		\$1,803	\$274,000	
GST Paid to ATO	9.09%	\$50,868	\$7,731,893	\$9,816,509
Net Realisation				\$79,909,338
Less Profit & Risk Allowance	18.00%	\$80,194		\$12,189,560
Funds Available for Development				\$67,719,778
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$26,992	\$4,102,788	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,107	\$320,220	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,043	\$310,475	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,075,691
INDICATED RESIDUAL LAND VALUE				\$5,644,088
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,640,000

Value Per m2 \$2,564  
Value Per Lot \$37,105  
Resultant IRR Before Interest 20.02%

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

8% gift ed 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$559,545		\$85,050,823
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,191	\$1,701,016	
Legal Costs		\$721	\$109,600	
Advertising Promotion		\$1,803	\$274,000	
GST Paid to ATO	9.09%	\$50,868	\$7,731,893	\$9,816,509
Net Realisation				\$75,234,313
Less Profit & Risk Allowance	18.00%	\$75,503		\$11,476,421
Funds Available for Development				\$63,757,893
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$22,525	\$3,423,789	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$1,977	\$300,536	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$923	\$140,250	
Due Diligence/Legal Fees		\$528	\$80,330	\$61,206,781
INDICATED RESIDUAL LAND VALUE				\$2,551,111
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$2,550,000
			Value Per m2	\$1,159
			Value Per Lot	\$16,776
			Resultant IRR Before Interest	21.98%

## APPENDIX E

# TURNER MODELS

## SITE 1: TOTAL GFA

8% gift ed 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$559,545		\$85,050,823
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,191	\$1,701,016	
Legal Costs		\$721	\$109,600	
Advertising Promotion		\$1,803	\$274,000	
GST Paid to ATO	9.09%	\$50,868	\$7,731,893	\$9,816,509
Net Realisation				\$75,234,313
Less Profit & Risk Allowance	18.00%	\$75,503		\$11,476,421
Funds Available for Development				\$63,757,893
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$22,525	\$3,423,789	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$1,977	\$300,536	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$923	\$140,250	
Due Diligence/Legal Fees		\$528	\$80,330	\$61,206,781
INDICATED RESIDUAL LAND VALUE				\$2,551,111
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$2,550,000
			Value Per m2	\$1,159
			Value Per Lot	\$16,776
			Resultant IRR Before Interest	21.98%



## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

### 2% Base Case - 35% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$615,317		\$93,528,201
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,093	\$1,838,151	
Legal Costs		\$779	\$118,400	
Advertising Promotion		\$1,947	\$296,000	
GST Paid to ATO	9.09%	\$54,969	\$8,355,230	\$10,607,780
Net Realisation				\$82,920,421
Less Profit & Risk Allowance	18.00%	\$83,216		\$12,648,878
Funds Available for Development				\$70,271,543
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$30,241	\$4,596,633	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,023	\$459,549	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,191	\$332,990	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,743	\$416,900	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,690,462
INDICATED INGLOBO VALUE				\$7,581,081
ADOPTED INGLOBO VALUE (ROUNDED)				\$7,580,000

Value Per m2	\$3,445
Value Per Lot	\$49,868
Resultant IRR Before Interest	18.90%

### 2% Base Case - 50% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$612,857		\$93,154,199
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,093	\$1,838,151	
Legal Costs		\$779	\$118,400	
Advertising Promotion		\$1,947	\$296,000	
GST Paid to ATO	9.09%	\$54,969	\$8,355,230	\$10,607,780
Net Realisation				\$82,546,419
Less Profit & Risk Allowance	18.00%	\$82,841		\$12,591,827
Funds Available for Development				\$69,954,592
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$29,878	\$4,541,433	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,023	\$459,549	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,180	\$331,426	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,654	\$403,425	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,620,223
INDICATED INGLOBO VALUE				\$7,334,370
ADOPTED INGLOBO VALUE (ROUNDED)				\$7,330,000

Value Per m2	\$3,332
Value Per Lot	\$48,224
Resultant IRR Before Interest	19.00%

## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

### 2% Base Case - 100% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$604,655		\$91,907,526
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,093	\$1,838,151	
Legal Costs		\$779	\$118,400	
Advertising Promotion		\$1,947	\$296,000	
GST Paid to ATO	9.09%	\$54,969	\$8,355,230	\$10,607,780
Net Realisation				\$81,299,746
Less Profit & Risk Allowance	18.00%	\$81,590		\$12,401,656
Funds Available for Development				\$68,898,090
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,658	\$4,355,964	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,023	\$459,549	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,146	\$326,173	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,357	\$358,215	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,384,290
INDICATED INGLOBO VALUE				\$6,513,800
ADOPTED INGLOBO VALUE (ROUNDED)				\$6,510,000

Value Per m2	\$2,959
Value Per Lot	\$42,829
Resultant IRR Before Interest	19.37%

## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

4% GIFTED 35%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$611,011		\$92,873,698
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,847	\$1,800,750	
Legal Costs		\$763	\$116,000	
Advertising Promotion		\$1,908	\$290,000	
GST Paid to ATO	9.09%	\$53,850	\$8,185,229	\$10,391,979
Net Realisation				\$82,481,719
Less Profit & Risk Allowance	18.00%	\$82,776		\$12,581,957
Funds Available for Development				\$69,899,762
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$29,461	\$4,478,053	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,965	\$450,635	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,178	\$331,114	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,660	\$404,250	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,548,443
INDICATED RESIDUAL LAND VALUE				\$7,351,318
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,350,000

Value Per m2 \$3,341  
Value Per Lot \$48,355  
Resultant IRR Before Interest 19.22%

4% GIFTED 50%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$606,705		\$92,219,194
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,847	\$1,800,750	
Legal Costs		\$763	\$116,000	
Advertising Promotion		\$1,908	\$290,000	
GST Paid to ATO	9.09%	\$53,850	\$8,185,229	\$10,391,979
Net Realisation				\$81,827,215
Less Profit & Risk Allowance	18.00%	\$82,119		\$12,482,118
Funds Available for Development				\$69,345,098
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,836	\$4,383,060	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,965	\$450,635	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,160	\$328,361	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,503	\$380,490	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,426,937
INDICATED RESIDUAL LAND VALUE				\$6,918,161
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,920,000

Value Per m2 \$3,145  
Value Per Lot \$45,526  
Resultant IRR Before Interest 19.41%

## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

### 4% GIFTED 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$592,352		\$90,037,516
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,847	\$1,800,750	
Legal Costs		\$763	\$116,000	
Advertising Promotion		\$1,908	\$290,000	
GST Paid to ATO	9.09%	\$53,850	\$8,185,229	\$10,391,979
Net Realisation				\$79,645,537
Less Profit & Risk Allowance	18.00%	\$79,930		\$12,149,319
Funds Available for Development				\$67,496,218
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$26,755	\$4,066,689	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,965	\$450,635	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,100	\$319,189	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,981	\$301,070	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,021,973
INDICATED RESIDUAL LAND VALUE				\$5,474,245
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,470,000

Value Per m2	\$2,486
Value Per Lot	\$35,987
Resultant IRR Before Interest	20.11%

### 6% GIFTED 35%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$606,705		\$92,219,194
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,601	\$1,763,350	
Legal Costs		\$747	\$113,600	
Advertising Promotion		\$1,868	\$284,000	
GST Paid to ATO	9.09%	\$52,732	\$8,015,228	\$10,176,178
Net Realisation				\$82,043,016
Less Profit & Risk Allowance	18.00%	\$82,336		\$12,515,036
Funds Available for Development				\$69,527,980
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$29,039	\$4,413,876	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,976	\$452,409	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,166	\$329,246	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,555	\$388,300	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,468,222
INDICATED RESIDUAL LAND VALUE				\$7,059,758
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,060,000

Value Per m2	\$3,209
Value Per Lot	\$46,447
Resultant IRR Before Interest	19.35%

## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

### 6% GIFTED 50%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$600,554		\$91,284,189
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,601	\$1,763,350	
Legal Costs		\$747	\$113,600	
Advertising Promotion		\$1,868	\$284,000	
GST Paid to ATO	9.09%	\$52,732	\$8,015,228	\$10,176,178
Net Realisation				\$81,108,011
Less Profit & Risk Allowance	18.00%	\$81,397		\$12,372,409
Funds Available for Development				\$68,735,603
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,144	\$4,277,860	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,976	\$452,409	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,140	\$325,303	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,330	\$354,200	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,294,162
INDICATED RESIDUAL LAND VALUE				\$6,441,440
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,440,000

Value Per m2 \$2,927  
Value Per Lot \$42,368  
Resultant IRR Before Interest 19.63%

### 6% GIFTED 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$580,049		\$88,167,506
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,601	\$1,763,350	
Legal Costs		\$747	\$113,600	
Advertising Promotion		\$1,868	\$284,000	
GST Paid to ATO	9.09%	\$52,732	\$8,015,228	\$10,176,178
Net Realisation				\$77,991,328
Less Profit & Risk Allowance	18.00%	\$78,270		\$11,896,982
Funds Available for Development				\$66,094,346
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$25,171	\$3,825,937	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$2,976	\$452,409	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,054	\$312,201	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,585	\$240,900	
Due Diligence/Legal Fees		\$528	\$80,330	\$61,715,838
INDICATED RESIDUAL LAND VALUE				\$4,378,508
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$4,380,000

Value Per m2 \$1,991  
Value Per Lot \$28,816  
Resultant IRR Before Interest 20.72%



## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

8% GIFTED 35%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$600,964		\$91,346,523
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,273	\$1,713,483	
Legal Costs		\$726	\$110,400	
Advertising Promotion		\$1,816	\$276,000	
GST Paid to ATO	9.09%	\$51,241	\$7,788,560	\$9,888,443
Net Realisation				\$81,458,080
Less Profit & Risk Allowance	18.00%	\$81,749		\$12,425,809
Funds Available for Development				\$69,032,271
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$28,472	\$4,327,786	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,150	\$326,747	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,413	\$366,850	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,363,590
INDICATED RESIDUAL LAND VALUE				\$6,668,681
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,670,000

Value Per m2 \$3,032  
Value Per Lot \$43,882  
Resultant IRR Before Interest 19.52%

8% GIFTED 50%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$592,352		\$90,037,516
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,273	\$1,713,483	
Legal Costs		\$726	\$110,400	
Advertising Promotion		\$1,816	\$276,000	
GST Paid to ATO	9.09%	\$51,241	\$7,788,560	\$9,888,443
Net Realisation				\$80,149,073
Less Profit & Risk Allowance	18.00%	\$80,435		\$12,226,130
Funds Available for Development				\$67,922,943
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$27,222	\$4,137,706	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$2,113	\$321,237	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,100	\$319,165	
Due Diligence/Legal Fees		\$528	\$80,330	\$62,120,315
INDICATED RESIDUAL LAND VALUE				\$5,802,628
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,800,000

Value Per m2 \$2,636  
Value Per Lot \$38,158  
Resultant IRR Before Interest 19.94%

## APPENDIX E

# TURNER MODELS

## SITE 1: RESIDENTIAL GFA

8% GIFTED 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$563,646		\$85,674,159
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,273	\$1,713,483	
Legal Costs		\$726	\$110,400	
Advertising Promotion		\$1,816	\$276,000	
GST Paid to ATO	9.09%	\$51,241	\$7,788,560	\$9,888,443
Net Realisation				\$75,785,716
Less Profit & Risk Allowance	18.00%	\$76,056		\$11,560,533
Funds Available for Development				\$64,225,183
Construction Costs		\$321,498	\$48,867,625	
Total Interest Cost		\$23,053	\$3,504,104	
Project Management		\$16,075	\$2,443,381	
Statutory Fees		\$1,316	\$200,000	
Rates & Taxes		\$3,012	\$457,817	
DCPs		\$17,412	\$2,646,561	
Melbourne Water & City West Water Charges		\$5,643	\$857,673	
Contamination Contingency		\$8,037	\$1,221,691	
Loan Establishment Fees (inc Line Fees)		\$1,993	\$302,868	
Open Space Contribution		\$3,731	\$567,130	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,055	\$160,325	
Due Diligence/Legal Fees		\$528	\$80,330	\$61,309,505
INDICATED RESIDUAL LAND VALUE				\$2,915,679
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$2,920,000
			Value Per m2	\$1,327
			Value Per Lot	\$19,211
			Resultant IRR Before Interest	21.71%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

### 0% Base Case

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$613,773		\$131,347,421
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,275	\$2,626,948	
Legal Costs		\$800	\$171,200	
Advertising Promotion		\$2,000	\$428,000	
GST Paid to ATO	9.09%	\$55,798	\$11,940,675	\$15,166,823
Net Realisation				\$116,180,598
Less Profit & Risk Allowance	18.00%	\$82,815		\$17,722,464
Funds Available for Development				\$98,458,134
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$48,718	\$10,425,744	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,593	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,174	\$465,170	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,099	\$449,130	
Due Diligence/Legal Fees		\$382	\$81,660	\$90,292,081
<b>INDICATED RESIDUAL LAND VALUE</b>				<b>\$8,166,053</b>
<b>ADOPTED RESIDUAL LAND VALUE (ROUNDED)</b>				<b>\$8,170,000</b>

Value Per m2 \$3,714  
Value Per Lot \$38,178  
Resultant IRR Before Interest 13.75%

### 0% Base Case + GR \$500/m

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$645,694		\$138,178,421
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,914	\$2,763,568	
Legal Costs		\$800	\$171,200	
Advertising Promotion		\$2,000	\$428,000	
GST Paid to ATO	9.09%	\$58,699	\$12,561,675	\$15,924,443
Net Realisation				\$122,253,978
Less Profit & Risk Allowance	18.00%	\$87,144		\$18,648,912
Funds Available for Development				\$103,605,066
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$55,040	\$11,778,562	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,593	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,293	\$490,731	
Open Space Contribution		\$3,789	\$810,841	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,952	\$631,675	
Due Diligence/Legal Fees		\$537	\$114,850	\$92,120,517
<b>INDICATED RESIDUAL LAND VALUE</b>				<b>\$11,484,549</b>
<b>ADOPTED RESIDUAL LAND VALUE (ROUNDED)</b>				<b>\$11,480,000</b>

Value Per m2 \$5,218  
Value Per Lot \$53,645  
Resultant IRR Before Interest 13.17%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

0% Base Case - GR \$500/m

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$581,852		\$124,516,421
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,637	\$2,490,328	
Legal Costs		\$800	\$171,200	
Advertising Promotion		\$2,000	\$428,000	
GST Paid to ATO	9.09%	\$52,896	\$11,319,675	\$14,409,203
Net Realisation				\$110,107,218
Less Profit & Risk Allowance	18.00%	\$78,486		\$16,796,016
Funds Available for Development				\$93,311,202
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$42,393	\$9,072,129	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,593	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,054	\$439,595	
Open Space Contribution		\$1,599	\$342,198	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,246	\$266,585	
Due Diligence/Legal Fees		\$226	\$48,470	\$88,462,835
INDICATED RESIDUAL LAND VALUE				\$4,848,367
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$4,850,000
			Value Per m2	\$2,205
			Value Per Lot	\$22,664
			Resultant IRR Before Interest	14.53%

2% Base Case - 35% discount

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$607,650		\$130,037,202
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,926	\$2,552,079	
Legal Costs		\$778	\$166,400	
Advertising Promotion		\$1,944	\$416,000	
GST Paid to ATO	9.09%	\$54,207	\$11,600,358	\$14,734,837
Net Realisation				\$115,302,365
Less Profit & Risk Allowance	18.00%	\$82,189		\$17,588,496
Funds Available for Development				\$97,713,869
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$47,793	\$10,227,668	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,007	\$643,483	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,156	\$461,417	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,965	\$420,585	
Due Diligence/Legal Fees		\$382	\$81,660	\$90,067,597
INDICATED RESIDUAL LAND VALUE				\$7,646,271
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,650,000
			Value Per m2	\$3,477
			Value Per Lot	\$35,748
			Resultant IRR Before Interest	13.85%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

### 2% Base Case - 50% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$605,027		\$129,475,679
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,926	\$2,552,079	
Legal Costs		\$778	\$166,400	
Advertising Promotion		\$1,944	\$416,000	
GST Paid to ATO	9.09%	\$54,207	\$11,600,358	\$14,734,837
Net Realisation				\$114,740,843
Less Profit & Risk Allowance	18.00%	\$81,789		\$17,502,840
Funds Available for Development				\$97,238,002
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$47,208	\$10,102,534	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,007	\$643,483	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,145	\$459,050	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,880	\$402,380	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,921,891
INDICATED RESIDUAL LAND VALUE				\$7,316,111
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,320,000
			Value Per m2	\$3,327
			Value Per Lot	\$34,206
			Resultant IRR Before Interest	13.91%

### 2% Base Case - 100% discount

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$596,280		\$127,603,938
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,926	\$2,552,079	
Legal Costs		\$778	\$166,400	
Advertising Promotion		\$1,944	\$416,000	
GST Paid to ATO	9.09%	\$54,207	\$11,600,358	\$14,734,837
Net Realisation				\$112,869,101
Less Profit & Risk Allowance	18.00%	\$80,455		\$17,217,321
Funds Available for Development				\$95,651,781
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$45,254	\$9,684,261	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,007	\$643,483	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,108	\$451,136	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,598	\$341,880	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,435,203
INDICATED RESIDUAL LAND VALUE				\$6,216,577
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,220,000
			Value Per m2	\$2,827
			Value Per Lot	\$29,065
			Resultant IRR Before Interest	14.14%



## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

4% gifted 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$602,548		\$128,945,353
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,634	\$2,489,687	
Legal Costs		\$759	\$162,400	
Advertising Promotion		\$1,897	\$406,000	
GST Paid to ATO	9.09%	\$52,882	\$11,316,761	\$14,374,848
Net Realisation				\$114,570,505
Less Profit & Risk Allowance	18.00%	\$81,668		\$17,476,857
Funds Available for Development				\$97,093,648
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$46,759	\$10,006,506	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,521	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,142	\$458,292	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,871	\$400,400	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,817,163
INDICATED RESIDUAL LAND VALUE				\$7,276,484
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,280,000

Value Per m2 \$3,309  
Value Per Lot \$34,019  
Resultant IRR Before Interest 14.00%

4% gifted 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$597,738		\$127,915,895
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,634	\$2,489,687	
Legal Costs		\$759	\$162,400	
Advertising Promotion		\$1,897	\$406,000	
GST Paid to ATO	9.09%	\$52,882	\$11,316,761	\$14,374,848
Net Realisation				\$113,541,047
Less Profit & Risk Allowance	18.00%	\$80,934		\$17,319,821
Funds Available for Development				\$96,221,226
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$45,702	\$9,780,261	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,521	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,121	\$453,952	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,714	\$366,850	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,553,028
INDICATED RESIDUAL LAND VALUE				\$6,668,198
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,670,000

Value Per m2 \$3,032  
Value Per Lot \$31,168  
Resultant IRR Before Interest 14.12%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

4% gifted 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$581,703		\$124,484,369
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,634	\$2,489,687	
Legal Costs		\$759	\$162,400	
Advertising Promotion		\$1,897	\$406,000	
GST Paid to ATO	9.09%	\$52,882	\$11,316,761	\$14,374,848
Net Realisation				\$110,109,521
Less Profit & Risk Allowance	18.00%	\$78,488		\$16,796,368
Funds Available for Development				\$93,313,153
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$42,181	\$9,026,799	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,521	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,054	\$439,498	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,193	\$255,200	
Due Diligence/Legal Fees		\$382	\$81,660	\$88,673,463
INDICATED RESIDUAL LAND VALUE				\$4,639,691
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$4,640,000

Value Per m2 \$2,109  
Value Per Lot \$21,682  
Resultant IRR Before Interest 14.59%

6% gifted 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$596,426		\$127,635,134
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,284	\$2,414,818	
Legal Costs		\$736	\$157,600	
Advertising Promotion		\$1,841	\$394,000	
GST Paid to ATO	9.09%	\$51,292	\$10,976,444	\$13,942,862
Net Realisation				\$113,692,272
Less Profit & Risk Allowance	18.00%	\$81,042		\$17,342,889
Funds Available for Development				\$96,349,383
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$45,915	\$9,825,807	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,007	\$643,507	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,125	\$454,819	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,732	\$370,700	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,609,277
INDICATED RESIDUAL LAND VALUE				\$6,740,106
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,740,000

Value Per m2 \$3,064  
Value Per Lot \$31,495  
Resultant IRR Before Interest 14.12%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

6% gifted 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$588,991		\$126,044,153
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,284	\$2,414,818	
Legal Costs		\$736	\$157,600	
Advertising Promotion		\$1,841	\$394,000	
GST Paid to ATO	9.09%	\$51,292	\$10,976,444	\$13,942,862
Net Realisation				\$112,101,292
Less Profit & Risk Allowance	18.00%	\$79,907		\$17,100,197
Funds Available for Development				\$95,001,095
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$44,206	\$9,460,179	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,007	\$643,507	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,093	\$447,807	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,495	\$319,825	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,185,763
INDICATED RESIDUAL LAND VALUE				\$5,815,332
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,820,000

Value Per m2 \$2,645  
Value Per Lot \$27,196  
Resultant IRR Before Interest 14.31%

6% gifted 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$564,210		\$120,740,886
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,284	\$2,414,818	
Legal Costs		\$736	\$157,600	
Advertising Promotion		\$1,841	\$394,000	
GST Paid to ATO	9.09%	\$51,292	\$10,976,444	\$13,942,862
Net Realisation				\$106,798,024
Less Profit & Risk Allowance	18.00%	\$76,127		\$16,291,224
Funds Available for Development				\$90,506,800
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$38,761	\$8,294,918	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,007	\$643,507	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$1,988	\$425,453	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$689	\$147,400	
Due Diligence/Legal Fees		\$382	\$81,660	\$87,825,723
INDICATED RESIDUAL LAND VALUE				\$2,681,078
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$2,680,000

Value Per m2 \$1,218  
Value Per Lot \$12,523  
Resultant IRR Before Interest 15.14%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

8% gifted 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$591,324		\$126,543,285
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$10,993	\$2,352,426	
Legal Costs		\$718	\$153,600	
Advertising Promotion		\$1,794	\$384,000	
GST Paid to ATO	9.09%	\$49,967	\$10,692,847	\$13,582,873
Net Realisation				\$112,960,411
Less Profit & Risk Allowance	18.00%	\$80,520		\$17,231,249
Funds Available for Development				\$95,729,162
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$44,839	\$9,595,484	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,447	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,109	\$451,386	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,640	\$350,900	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,349,661
INDICATED RESIDUAL LAND VALUE				\$6,379,501
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,380,000

Value Per m2 \$2,900  
Value Per Lot \$29,813  
Resultant IRR Before Interest 14.26%

8% gifted 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$581,703		\$124,484,369
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$10,993	\$2,352,426	
Legal Costs		\$718	\$153,600	
Advertising Promotion		\$1,794	\$384,000	
GST Paid to ATO	9.09%	\$49,967	\$10,692,847	\$13,582,873
Net Realisation				\$110,901,496
Less Profit & Risk Allowance	18.00%	\$79,052		\$16,917,177
Funds Available for Development				\$93,984,318
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$42,756	\$9,149,701	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,447	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,069	\$442,713	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,325	\$283,525	
Due Diligence/Legal Fees		\$382	\$81,660	\$88,827,830
INDICATED RESIDUAL LAND VALUE				\$5,156,488
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,160,000

Value Per m2 \$2,345  
Value Per Lot \$24,112  
Resultant IRR Before Interest 14.54%

## APPENDIX E

# TURNER MODELS

## SITE 2: TOTAL GFA

8% gift ed 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$549,632		\$117,621,317
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$10,993	\$2,352,426	
Legal Costs		\$718	\$153,600	
Advertising Promotion		\$1,794	\$384,000	
GST Paid to ATO	9.09%	\$49,967	\$10,692,847	\$13,582,873
Net Realisation				\$104,038,444
Less Profit & Risk Allowance	18.00%	\$74,160		\$15,870,271
Funds Available for Development				\$88,168,173
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$35,819	\$7,665,372	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,979	\$637,447	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$1,934	\$413,836	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$277	\$59,290	
Due Diligence/Legal Fees		\$382	\$81,660	\$87,090,390
INDICATED RESIDUAL LAND VALUE				\$1,077,783
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$1,080,000

Value Per m2	\$491
Value Per Lot	\$5,047
Resultant IRR Before Interest	15.74%



## APPENDIX E

# TURNER MODELS

## SITE 2: RESIDENTIAL GFA

2% GIFTED 35%

Turner Analysis		AVERAGE E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$609,691		\$130,473,942
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,042	\$2,577,035	
Legal Costs		\$785	\$168,000	
Advertising Promotion		\$1,963	\$420,000	
GST Paid to ATO	9.09%	\$54,737	\$11,713,797	\$14,878,832
Net Realisation				\$115,595,109
Less Profit & Risk Allowance	18.00%	\$82,398		\$17,633,152
Funds Available for Development				\$97,961,957
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$48,093	\$10,291,924	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,000	\$642,000	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,162	\$462,636	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$2,010	\$430,100	
Due Diligence/Legal Fees		\$382	\$81,660	\$90,141,105
INDICATED RESIDUAL LAND VALUE				\$7,820,852
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,820,000

Value Per m2 \$3,555  
Value Per Lot \$36,542  
Resultant IRR Before Interest 13.81%

2% GIFTED 50%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$607,942		\$130,099,593
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,042	\$2,577,035	
Legal Costs		\$785	\$168,000	
Advertising Promotion		\$1,963	\$420,000	
GST Paid to ATO	9.09%	\$54,737	\$11,713,797	\$14,878,832
Net Realisation				\$115,220,761
Less Profit & Risk Allowance	18.00%	\$82,131		\$17,576,048
Funds Available for Development				\$97,644,713
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$47,712	\$10,210,404	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,000	\$642,000	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,155	\$461,094	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,953	\$418,000	
Due Diligence/Legal Fees		\$382	\$81,660	\$90,045,942
INDICATED RESIDUAL LAND VALUE				\$7,598,771
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,600,000

Value Per m2 \$3,455  
Value Per Lot \$35,514  
Resultant IRR Before Interest 13.85%

## APPENDIX E

# TURNER MODELS

## SITE 2: RESIDENTIAL GFA

2% GIFTED 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$602,111		\$128,851,766
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$12,042	\$2,577,035	
Legal Costs		\$785	\$168,000	
Advertising Promotion		\$1,963	\$420,000	
GST Paid to ATO	9.09%	\$54,737	\$11,713,797	\$14,878,832
Net Realisation				\$113,972,933
Less Profit & Risk Allowance	18.00%	\$81,242		\$17,385,702
Funds Available for Development				\$96,587,232
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$46,412	\$9,932,142	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,000	\$642,000	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,130	\$455,829	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,764	\$377,575	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,721,991
INDICATED RESIDUAL LAND VALUE				\$6,865,241
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,870,000
			Value Per m2	\$3,123
			Value Per Lot	\$32,103
			Resultant IRR Before Interest	14.00%

4% GIFTED 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$605,610		\$129,600,462
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,809	\$2,527,122	
Legal Costs		\$770	\$164,800	
Advertising Promotion		\$1,925	\$412,000	
GST Paid to ATO	9.09%	\$53,677	\$11,486,919	\$14,590,841
Net Realisation				\$115,009,621
Less Profit & Risk Allowance	18.00%	\$81,981		\$17,543,840
Funds Available for Development				\$97,465,780
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$47,477	\$10,160,031	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,014	\$644,972	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,150	\$460,135	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,921	\$411,125	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,990,707
INDICATED RESIDUAL LAND VALUE				\$7,475,073
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,480,000
			Value Per m2	\$3,400
			Value Per Lot	\$34,953
			Resultant IRR Before Interest	13.88%

## APPENDIX E

# TURNER MODELS SITE 2:

4% GIFTED 50%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$602,111		\$128,851,766
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,809	\$2,527,122	
Legal Costs		\$770	\$164,800	
Advertising Promotion		\$1,925	\$412,000	
GST Paid to ATO	9.09%	\$53,677	\$11,486,919	\$14,590,841
Net Realisation				\$114,260,924
Less Profit & Risk Allowance	18.00%	\$81,447		\$17,429,633
Funds Available for Development				\$96,831,292
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$46,699	\$9,993,673	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,014	\$644,972	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,135	\$456,987	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,808	\$386,870	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,796,947
INDICATED RESIDUAL LAND VALUE				\$7,034,345
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,030,000

Value Per m2 \$3,195  
Value Per Lot \$32,850  
Resultant IRR Before Interest 13.97%

4% GIFTED 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$590,449		\$126,356,110
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,809	\$2,527,122	
Legal Costs		\$770	\$164,800	
Advertising Promotion		\$1,925	\$412,000	
GST Paid to ATO	9.09%	\$53,677	\$11,486,919	\$14,590,841
Net Realisation				\$111,765,269
Less Profit & Risk Allowance	18.00%	\$79,668		\$17,048,939
Funds Available for Development				\$94,716,330
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$44,115	\$9,440,506	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,014	\$644,972	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,087	\$446,520	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,430	\$305,965	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,152,408
INDICATED RESIDUAL LAND VALUE				\$5,563,921
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,560,000

Value Per m2 \$2,527  
Value Per Lot \$25,981  
Resultant IRR Before Interest 14.29%

## APPENDIX E

# TURNER MODELS

## SITE 2: RESIDENTIAL GFA

6% GIFTED 35%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$601,528		\$128,726,983
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,576	\$2,477,209	
Legal Costs		\$755	\$161,600	
Advertising Promotion		\$1,888	\$404,000	
GST Paid to ATO	9.09%	\$52,617	\$11,260,041	\$14,302,850
Net Realisation				\$114,424,132
Less Profit & Risk Allowance	18.00%	\$81,563		\$17,454,529
Funds Available for Development				\$96,969,604
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$46,603	\$9,972,964	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,986	\$639,007	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,139	\$457,649	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,848	\$395,450	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,779,514
INDICATED RESIDUAL LAND VALUE				\$7,190,090
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$7,190,000

Value Per m2 \$3,268  
Value Per Lot \$33,598  
Resultant IRR Before Interest 14.01%

6% GIFTED 50%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$596,280		\$127,603,938
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,576	\$2,477,209	
Legal Costs		\$755	\$161,600	
Advertising Promotion		\$1,888	\$404,000	
GST Paid to ATO	9.09%	\$52,617	\$11,260,041	\$14,302,850
Net Realisation				\$113,301,088
Less Profit & Risk Allowance	18.00%	\$80,763		\$17,283,217
Funds Available for Development				\$96,017,871
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$45,472	\$9,731,042	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,986	\$639,007	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,117	\$453,008	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,676	\$358,600	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,496,101
INDICATED RESIDUAL LAND VALUE				\$6,521,770
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,520,000

Value Per m2 \$2,964  
Value Per Lot \$30,467  
Resultant IRR Before Interest 14.16%

## APPENDIX E

# TURNER MODELS

## SITE 2: RESIDENTIAL GFA

6% GIFTED 100%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$578,787		\$123,860,455
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,576	\$2,477,209	
Legal Costs		\$755	\$161,600	
Advertising Promotion		\$1,888	\$404,000	
GST Paid to ATO	9.09%	\$52,617	\$11,260,041	\$14,302,850
Net Realisation				\$109,557,605
Less Profit & Risk Allowance	18.00%	\$78,094		\$16,712,177
Funds Available for Development				\$92,845,428
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$41,613	\$8,905,277	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$2,986	\$639,007	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,043	\$437,167	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,108	\$237,160	
Due Diligence/Legal Fees		\$382	\$81,660	\$88,533,055
INDICATED RESIDUAL LAND VALUE				\$4,312,372
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$4,310,000
			Value Per m2	\$1,959
			Value Per Lot	\$20,140
			Resultant IRR Before Interest	14.67%

8% GIFTED 35%

Turner Analysis		AVERAGE PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$597,446		\$127,853,504
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,343	\$2,427,296	
Legal Costs		\$740	\$158,400	
Advertising Promotion		\$1,850	\$396,000	
GST Paid to ATO	9.09%	\$51,557	\$11,033,164	\$14,014,860
Net Realisation				\$113,838,644
Less Profit & Risk Allowance	18.00%	\$81,146		\$17,365,217
Funds Available for Development				\$96,473,427
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$45,995	\$9,842,885	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,000	\$642,000	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,127	\$455,148	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,759	\$376,365	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,630,843
INDICATED RESIDUAL LAND VALUE				\$6,842,584
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$6,840,000
			Value Per m2	\$3,109
			Value Per Lot	\$31,963
			Resultant IRR Before Interest	14.09%

## APPENDIX E

# TURNER MODELS

## SITE 2: RESIDENTIAL GFA

8% GIFTED 50%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$590,449		\$126,356,110
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,343	\$2,427,296	
Legal Costs		\$740	\$158,400	
Advertising Promotion		\$1,850	\$396,000	
GST Paid to ATO	9.09%	\$51,557	\$11,033,164	\$14,014,860
Net Realisation				\$112,341,251
Less Profit & Risk Allowance	18.00%	\$80,079		\$17,136,801
Funds Available for Development				\$95,204,450
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$44,447	\$9,511,716	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,000	\$642,000	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$2,097	\$448,795	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$1,532	\$327,800	
Due Diligence/Legal Fees		\$382	\$81,660	\$89,244,755
INDICATED RESIDUAL LAND VALUE				\$5,959,695
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$5,960,000

Value Per m2 \$2,709  
Value Per Lot \$27,850  
Resultant IRR Before Interest 14.27%

8% GIFTED 100%

Turner Analysis		AVERAG E PER LOT	SUB TOTAL	TOTAL
Gross Realisation		\$567,125		\$121,364,800
Other Income				\$0
Less Selling Expenses				
Agents Commission	2.00%	\$11,343	\$2,427,296	
Legal Costs		\$740	\$158,400	
Advertising Promotion		\$1,850	\$396,000	
GST Paid to ATO	9.09%	\$51,557	\$11,033,164	\$14,014,860
Net Realisation				\$107,349,940
Less Profit & Risk Allowance	18.00%	\$76,521		\$16,375,415
Funds Available for Development				\$90,974,526
Construction Costs		\$313,501	\$67,089,157	
Total Interest Cost		\$39,347	\$8,420,216	
Project Management		\$15,675	\$3,354,458	
Statutory Fees		\$1,869	\$400,000	
Rates & Taxes		\$3,000	\$642,000	
DCPs		\$18,386	\$3,934,548	
Melbourne Water & City West Water Charges		\$5,612	\$1,200,873	
Contamination Contingency		\$7,838	\$1,677,229	
Loan Establishment Fees (inc Line Fees)		\$1,999	\$427,856	
Open Space Contribution		\$2,694	\$576,520	
GST Input Credits Recovered		\$0	\$0	
Stamp Duty		\$772	\$165,275	
Due Diligence/Legal Fees		\$382	\$81,660	\$87,969,792
INDICATED RESIDUAL LAND VALUE				\$3,004,734
ADOPTED RESIDUAL LAND VALUE (ROUNDED)				\$3,000,000

Value Per m2 \$1,364  
Value Per Lot \$14,019  
Resultant IRR Before Interest 15.04%



