

22 December 2010

Payce Consolidated Limited
c/- Miled Akle
Director
M Projects
Suite C 2.08
Level 2 22-36 Mountain Street
ULTIMO NSW 2007

Dear Miled

**Riverwood Housing Development – Stage 1
Capital Investment Value (CIV) - Report**

As requested, we have prepared the attached report for the purposes of establishing the Capital Investment Value (CIV) for the above development.

In summary, our assessment of CIV is in the order of \$61,954,340 in accordance with the definition of Capital Investment Value included in Planning Circular PS 10-008 10 May 2010.

You are referred to the report for full details including information relied upon.

We trust this satisfies your immediate requirements. However, should you have any queries please do not hesitate to contact the undersigned at your earliest convenience.

Yours faithfully



Andrew Doherty
Associate Director

cc- Jonathan Broster – Housing NSW

RIVERWOOD HOUSING DEVELOPEMENT STAGE 1

Capital Investment Value (CIV) - Report 22 December 2010



Project Contacts	
Client:	Housing NSW / Payce Consolidated
Project Manager:	M projects
Cost Manager:	Davis Langdon

CONTENTS

RIVERWOOD HOUSING DEVELOPMENT	1
CAPITAL INVESTMENT VALUE (CIV) - REPORT	1
INTRODUCTION	2
CALCULATION OF CIV	2
INFORMATION RELIED UPON	2
SPECIFIC EXCLUSIONS	3
SPECIFIC INCLUSIONS	3
REPORT PARAMETERS	3

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INTRODUCTION

Davis Langdon has been engaged by Housing NSW to provide cost verification services to the proposed development of the Riverwood Housing Estate. In undertaking our commission, we have been requested to assess the Capital Investment Value (CIV) for the development on behalf Housing NSW and, Payce Consolidated.

CALCULATION OF CIV

To calculate CIV, Davis Langdon has analysed the verified development costs submitted by Payce. The total Capital Investment Value of \$63,683,690 is summarised as follows:

Hazardous Materials Remediation	5,250,000
Site Preparation (incl. Bulk Excavation)	Included
Site Services & Infrastructure	6,126,750
Roadworks	3,825,045
Construction of Residential Units	31,714,927
Landscaping	750,000
Contingency	1,688,943
	<hr/>
Sub-total – Construction Works	\$49,355,665
Statutory Fees	Excluded
Legal, Design & Consultants Fees	6,212,216
Development Management Fees	1,418,715
Escalation	1,967,744
Profit	3,000,000
Finance Costs	Excluded
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Sub-total – Applicable Development Costs	\$12,598,675
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TOTAL ESTIMATED CIV	\$61,954,340

The Order of Cost Estimate worksheet is included at Annexure 1 of this report. Please note that in preparing the estimate we have built up elemental rates and applied these to measured areas where appropriate.

INFORMATION RELIED UPON

In preparing this report, Davis Langdon has relied on the following information provided by others:

Payce - Riverwood North Financial Summary (Excluding GST) 28/05/10
Schedule F9 – Financial Schedule (Design, Construction and Development Costs – Appendix C i

SPECIFIC EXCLUSIONS

The following items have been specifically excluded from our estimate for the purposes of this report:

1. Demolition costs – we understand that these will be carried out under a separate approvals process
2. Statutory Fees
3. Land & legal costs
4. Finance Costs including holding charges on the land
5. Loose furniture & fittings (FF&E)
6. Stand-by generators
7. Any services upgrades outside the site boundary
8. Any costs associated with Green star ratings or upgrades
9. Tenant fitout costs to retail tenancies – subject of separate DA applications
10. Tenant incentives to retail tenancies – subject of separate DA applications
11. Goods and Services Tax

SPECIFIC INCLUSIONS

The following items have been included in our estimate for the purposes of this report:

1. Statutory Fees
2. Design & Management Fees
3. Escalation
4. Construction Contingency
5. Design Fees
6. Legal Fees
7. Project & Development Management Fees

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