

3 December 2014

Mr Kevin Miksch  
Pure Projects c/- DFS Australia Pty Limited  
Level 2  
155 George Street  
Sydney NSW 2000

Dear Kevin

**DFS Galleria – 155 George Street, The Rocks  
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 \$31.82m in accordance with the definition of Capital Investment Value included in the Environmental Planning and Assessment Regulation 2000.

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,

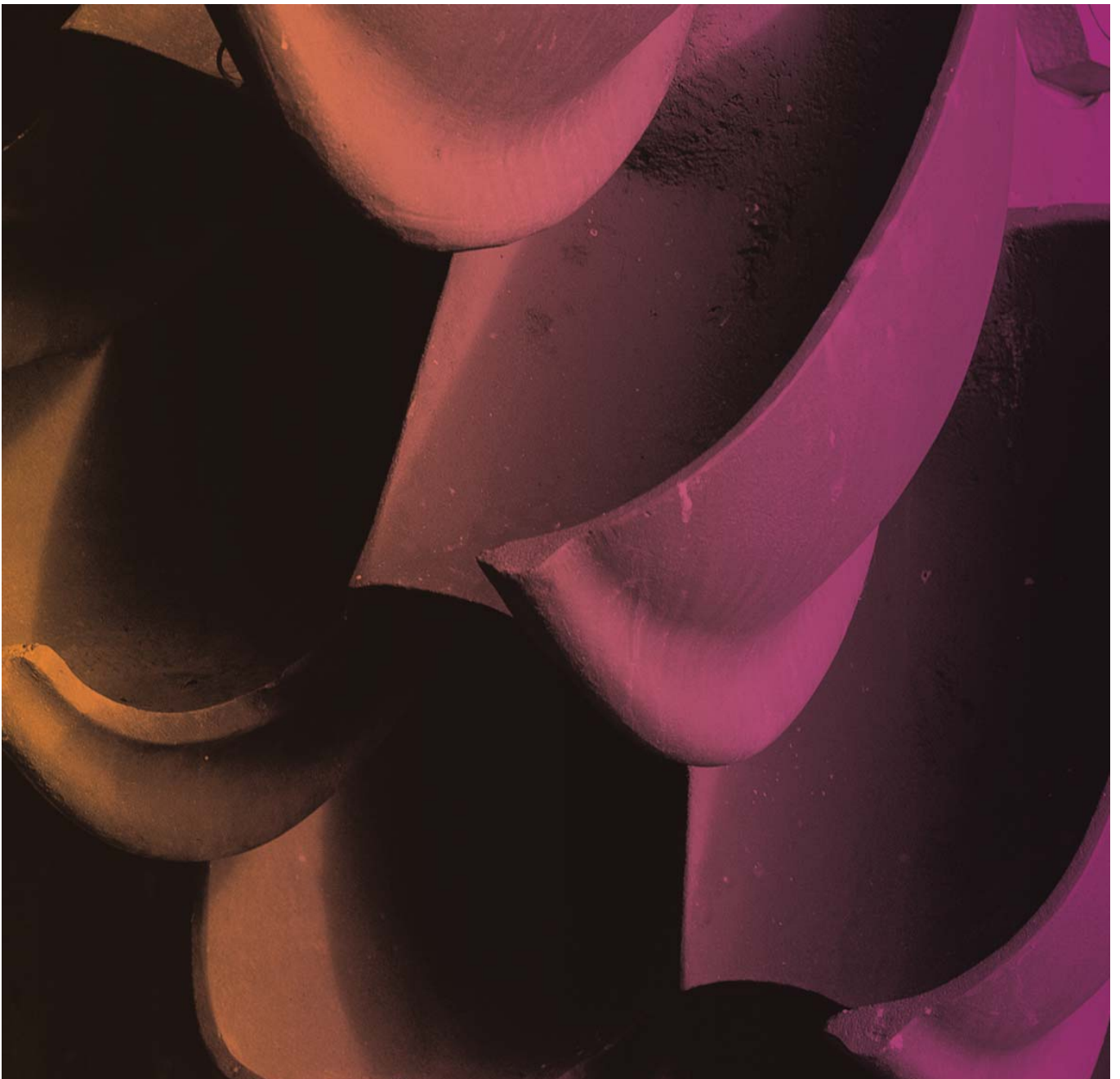


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# DFS Galleria - The Rocks

Capital Investment Value (CIV)



## DFS Galleria - The Rocks

Capital Investment Value (CIV)

Client: DFS Australia Pty Limited

ABN: 000

Prepared by

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03-Dec-2014

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## Quality Information

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Date             03-Dec-2014

Prepared by    Ms Charlene Smith

Reviewed by    Mr Gary Boyd

### Revision History

Revision	Revision Date	Details	Authorised	
			Name/Position	Signature
00	01-Dec-2014	For DA Submission	Mr Gary Boyd Technical Director	
01	03-Dec-2014	Updated for employment numbers	Mr Gary Boyd Technical Director	

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## 1.0 Introduction

Davis Langdon has been engaged by DFS Australia Pty Limited to provide Concept Design Estimating services to the proposed refurbishment of the DFS Galleria on Levels 1 to 4 at 155 George Street, Sydney. In undertaking our commission, we have also been requested to assess the Capital Investment Value (CIV) for the development.

## 2.0 Capital Investment Value (CIV)

### 2.1 Definition

Capital Investment Value (CIV) is defined by the Environmental Planning and Assessment Regulation 2000 – Reg 3, as required by the State Environmental Planning Policy Amendment (Capital Investment Value) 2010 to be:

“**Capital Investment Value** of a development or project includes all costs necessary to establish and operate the project, including the design and construction of buildings, structures, associated infrastructure and fixed or mobile plant and equipment, other than the following costs:

- a) amounts payable, or the cost of land dedicated or any other benefit provided, under a condition imposed under Division 6 or 6A of Part 4 of the Act or a planning agreement under that Division,
- b) costs relating to any part of the development or project that is the subject of a separate development consent or project approval,
- c) land costs (including any costs of marketing and selling land),
- d) GST (within the meaning of A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth).”

### 2.2 Calculation of CIV

To calculate CIV, Davis Langdon has prepared a DA Estimate based on the concept design for the proposed refurbishment incorporating both demolition and construction works. The total Capital Investment Value of \$31.82m may be summarised as follows:

Temporary works	1,013,617
Base building refurbishment including demolition & services	12,835,507
Heritage Works	Not Applicable
Façade Works	222,042
Fitout Works	8,498,027
Design Contingency	443,337
Preliminaries & Supervision	Included
Margin	Included
	<hr/>
Sub-total – Construction Works	\$23,012,530
Statutory Fees	Excluded
Design & Management Fees	3,419,368
Other Costs including Security, Signage, Insurance etc	2,143,909
Construction Contingency	2,615,293
Escalation	628,000
Finance Costs	Excluded
	<hr/>
Sub-total – Applicable Development Costs	\$8,806,570
	<hr/>
<b>TOTAL ESTIMATED CIV</b>	<b>\$31,819,100</b>
	<hr/>

The CIV 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.

### 3.0 Information Relied Upon

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

DA Documents

2338-DFS Galleria – Final DA Set 26112014 – prepared by PMDL

### 4.0 Development Notes

#### 4.1 Programme

We note that the refurbishment works are programmed for completion by June 2016. For the purposes of calculating CIV, we have reviewed the proposed programme of works and calculated costs in accordance with the legislation surrounding the definition of CIV.

In calculating escalation costs, we have calculated the Order of Cost Estimate based on today's dollars and assumed the following commencement & completion dates:

	Commencement	Completion
All works	mid – 2015	mid - 2016

#### 4.2 Statutory Fees

Statutory fees are excluded from the calculation in accordance with the amended definition.

#### 4.3 Design & Management Fees

We have based the Design & Management Fees on our assessment of the likely Development Feasibility costs to be included in any feasibility prepared by DFS. The design & management fees comprise the following:

- 1) Design & Consultant fees
- 2) Project Management & Quantity Surveying Fees

#### 4.4 Contingencies

The calculation of CIV includes the following contingencies:

- 1) Design Development Contingency as assessed relative to appropriate level of documentation
- 2) Construction Contingency estimated as the likely contingency required for the Development Feasibility.

## 4.5 Escalation

For the purposes of calculating CIV, escalation has been assessed based on the following forecast rates of price escalation:

2014-15	2.4%
2015-16	3.2%

Please note that the calculation of Contract escalation has considered a standard S-curve cashflow of construction, thereby reducing the annualised rate of escalation in accordance with anticipated cashflow and the timing of contract lettings.

## 4.6 Finance Costs

Finance costs are excluded from the calculation in accordance with the amended definition.

## 5.0 Employment

The following relates to estimated employment numbers created as a result of the redevelopment works:

- Number of jobs created by the redevelopment during the construction phases = approx. 60 persons on average
- Number of jobs created by the redevelopment during the operational phases = approx. 40 persons

## 6.0 Specific Exclusions

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

- 1) Land & legal costs
- 2) Holding costs on land
- 3) Loose furniture & fittings (FF&E)
- 4) Stand-by generators
- 5) Any services upgrades outside the site boundary
- 6) Any costs associated with Green star ratings or upgrades
- 7) Tenant fitout costs to retail tenancies – where they are subject of separate DA applications
- 8) Tenant incentives to retail tenancies – where they are subject of separate DA applications
- 9) Goods and Services Tax

## 7.0 Report Parameters

- 1) This report is provided for the purposes of the named party only and must not be used by any third party for any other purpose whatsoever without the prior written consent of Davis Langdon Australia Pty Limited.
- 2) This report has been prepared from documentation and/or information provided to Davis Langdon Australia Pty Limited by third parties in circumstances where Davis Langdon:
  - a) Has not performed our own independent investigations in order to ascertain the veracity and/or accuracy of the documentation and/or information so provided; and
  - b) Do not, in any way, warrant the veracity and/or accuracy of the said documentation and/or information; and
  - c) Do not, in any way, adopt the said documentation and information as our own.
- 3) This report is an expression of opinion based upon the documentation and/or information provided by third parties and Davis Langdon expressly disclaims any liability to the named party and any third parties where the documentation and/or information is found to be untrue and/or inaccurate in any way.

Appendix A

# CIV Estimate Summary

# DFS - CIV Estimate - FINAL

<b>Job Name :</b> <u>DFS DA 11214 V2A CIV</u>	<b>Job Description</b>
<b>Client's Name:</b>	DFS Galleria 145-155 George Street DA Submission - CIV Estimate v2a 01.12.2014

Trd No.	Trade Description	Trade %	Cost/m2	Sub Total	Mark Up %	Trade Total
<b>1</b>	DFS GALLERIA - 155 George Street, The Rocks					
<b>2</b>	CONCEPT DESIGN SCHEME ESTIMATE v2a - DA SUBMISSION for CIV					
<b>3</b>						
<b>4</b>	TEMPORARY WORKS					
<b>5</b>	Merchandise & Fixtures Relocation	0.68	37.69	216,920		216,920
<b>6</b>	Level 2 - Relocation of DFS Staff	0.90	49.73	286,250		286,250
<b>7</b>	Level 3	0.24	13.25	76,250		76,250
<b>8</b>	Level 4	1.36	75.43	434,197		434,197
<b>9</b>	Subtotal					<u>1,013,617</u>
<b>10</b>						
<b>11</b>	BASE BUILD WORKS					
<b>12</b>	Ground Floor - Demolition Works	1.39	77.02	443,340		443,340
<b>13</b>	Ground Floor - Circulation	1.32	73.08	420,625		420,625
<b>14</b>	Ground Floor - Courtyard	0.80	44.45	255,860		255,860
<b>15</b>	Ground Floor - Amenities	0.18	10.20	58,735		58,735
<b>16</b>	Level 2 - Demolition Works	0.46	25.52	146,877		146,877
<b>17</b>	Level 2 - Circulation	1.22	67.51	388,600		388,600
<b>18</b>	Level 2 - Amenities	0.18	10.20	58,735		58,735
<b>19</b>	Level 3 - Demolition Works	0.41	22.73	130,844		130,844
<b>20</b>	Level 3 - Circulation	1.20	66.48	382,650		382,650
<b>21</b>	Level 3 - Amenities	0.18	10.20	58,735		58,735
<b>22</b>	Level 4 - Demolition Works	0.95	52.54	302,431		302,431
<b>23</b>	Level 4 - Circulation	1.33	73.33	422,090		422,090
<b>24</b>	BOH Offices	2.41	133.00	765,540		765,540
<b>25</b>	Subtotal					<u>3,835,062</u>
<b>26</b>	HERITAGE & FACADE WORKS					
<b>27</b>	Globe Street					
<b>28</b>	Facade - Harrington St Entry (Excludes Structural Works)	0.08	4.60	26,500		26,500
<b>29</b>	Heritage shops - Internally					
<b>30</b>	Upgrading of heritage listed elements					
<b>31</b>	Subtotal					<u>26,500</u>
<b>32</b>	STRUCTURAL WORKS					

# DFS - CIV Estimate - FINAL

<b>Job Name :</b> <u>DFS DA 11214 V2A CIV</u> <b>Client's Name:</b>	<b><u>Job Description</u></b> DFS Galleria 145-155 George Street DA Submission - CIV Estimate v2a 01.12.2014
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Trd No.	Trade Description	Trade %	Cost/m2	Sub Total	Mark Up %	Trade Total
33	New Entry to Harrington Street	0.52	28.94	166,580		166,580
34	Escalators & Void Creation	6.82	376.98	2,169,886		2,169,886
35	Removal of Existing Escalators & Void infill	1.31	72.62	417,977		417,977
36	Subtotal					<u>2,754,443</u>
37	<b>SERVICES</b>					
38	Services Infrastructure Upgrades L1 - L4	6.68	369.05	2,124,232		2,124,232
39	Lift Installation	0.40	21.98	126,500		126,500
40	Subtotal					<u>2,250,732</u>
41	Subtotal					<u>8,866,737</u>
42	<b>SOFT COSTS</b>					
43	Hazardous Materials Contingency					
44	Design Contingency	1.39	77.02	443,337		443,337
45	Preliminaries & Supervision	3.07	169.45	975,341		975,342
46	Note: Option for the Construction methodology to use basement L1 as construction compound for DFS alterations - deliveries via northern ramp; dedicated lift for and existing fire stairs used for pedestrian traffic					
47	Builder's Margin	1.11	61.62	354,669		354,670
48	Subtotal					<u>1,773,349</u>
49	BASE SCHEME Construction Costs as at Oct 2014					
50						
51	<b>BRAND FITOUTS</b>					
52	Brand Fitouts	24.01	1,327.44	7,640,728		7,640,728
53	Brand Facades to Shopfronts	2.69	148.94	857,299		857,299
54	Subtotal					<u>8,498,027</u>
55	Preliminaries & Supervision - Managing Supervisor - (Included in Brand Fit out Rates)					
56	Fee - (Included in Brand Fit out Rates)					
57	Brand FitOut Costs as at Oct 2014					
58						
59	<b>OTHER DIRECT COSTS</b>					

# DFS - CIV Estimate - FINAL

<b>Job Name :</b> <u>DFS DA 11214 V2A CIV</u> <b>Client's Name:</b>	<b><u>Job Description</u></b> DFS Galleria 145-155 George Street DA Submission - CIV Estimate v2a 01.12.2014
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Trd No.	Trade Description	Trade %	Cost/m2	Sub Total	Mark Up %	Trade Total
60	CONSULTANCY FEES - AS PER DFS BUDGET	10.75	594.05	3,419,368		3,419,368
61	PROJECT DIRECT COSTS - DFS BUDGET	6.74	372.47	2,143,909		2,143,909
62	Other Direct Costs as at Oct 2014					<u>25,715,007</u>
63						
64	PROJECT CONTINGENCY & ESCALATION					
65	CONTINGENCY - AS PER DFS BUDGET	8.22	454.36	2,615,293		2,615,293
66	ESCALATION	1.97	109.10	628,000		628,000
67	Contingency & Escalation					<u>3,243,293</u>
68	Authority Fees and Charges					
69	Rounding					
70	Total Estimated Costs compared to DFS Budget					<u>28,958,300</u>
71						
72	ADDENDUM 1 - FOR DA SUBMISSION - BASE OPTION					
73	1.1 - Courtyard Enclosure - Refer "Option1" Below - outside "Base Scheme" (INCLUDED BELOW)					
74	1.2 - Internal Lift Finishes (NOT proceeding)					
75	1.3 - 30 deg escalators in lieu of 35 deg	0.77	42.74	246,000		246,000
76	1.4 - Ground Floor - Minor changes (Design development)	0.04	2.48	14,300		14,300
77	1.5 - Level 2 - Minor changes (Design development)	0.07	3.72	21,400		21,400
78	1.6 - Relocation of DFS L2 Staff office (RISK)					
79	1.7 - Existing Column Refurbishment - Courtyard - BASE OPTION	0.42	23.11	133,000		133,000
80	1.8 - DFS BOH issues - Ground Level (Design Development)	0.16	8.69	50,000		50,000
81	1.9 - DFS BOH issues - Level 2 (Design Development)	0.15	8.11	46,700		46,700
82	1.10 - DFS BOH issues - Level 3 (Design Development)	0.06	3.09	17,800		17,800

# DFS - CIV Estimate - FINAL

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Trd No.	Trade Description	Trade %	Cost/m2	Sub Total	Mark Up %	Trade Total
83	1.11 - DFS BOH issues - Level 4 (Design Development)	0.07	3.72	21,400		21,400
84	1.12 - Roof over LV & Burberry tenancies in Courtyard	0.04	2.33	13,400		13,400
85	1.13 - Cladding finishes to circulation (Design development)	1.58	87.18	501,800		501,800
86	1.14 - Glazed Balustrade to Escalator Void	-0.24	-13.38	-77,000		-77,000
87	Subtotal					<u>988,800</u>
88						
89	ADDENDUM 1 - FOR DA SUBMISSION - OPTION 1 - COURTYARD INTERNALISED					
90	Delete Base Option (Not Applicable)					
91	Atrium & Globe Street Connection - OPTION 1 (as per Arup Report) - Extra over Base Option	4.98	275.36	1,585,000		1,585,000
92	DEDUCT option for column finishes (incl at item 1.7 above)	-0.42	-23.11	-133,000		-133,000
93	Vaulted Entry - Refurbishment Works	1.32	72.97	420,000		420,000
94	Extra over cost for Option 1 - Courtyard Internalisation					<u>1,872,000</u>
95	Subtotal - ADDEDUM 1 - for DA Submission					<u>2,860,800</u>
96						
97	EXCLUSIONS					
98	GST					
<b>GFA: 5,756 m2.</b>		<b>100.00</b>	<b>5,527.99</b>	<b>31,819,098</b>		<b>31,819,100</b>
<b>Final Total : \$</b>						<b>31,819,100</b>

## AECOM

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