

9 April 2008

Redfern - Waterloo Authority
Level 11, Tower 2
1 Lawson Square
REDFERN NSW 2016

ATTENTION: JACK BOROZAN

Dear Sir

**RE: NORTH EVELEIGH RAIL YARD SITE
CAPITAL INVESTMENT VALUE REPORT**

In reference to the North Eveleigh concept plan, we have prepared a Capital Investment Value Report for this project and we advise you that the estimated cost at March 2008 rates is \$549,650,000 excluding GST as shown in the attached Summary of Costs.

The Capital Investment Value of a development includes all costs necessary to establish and operate the development including the design and construction of buildings, structures, associated infrastructure and fixed or mobile plant and equipment, but excludes GST and land costs.

We refer you to the attached report which includes a summary of costs together with a Schedule of Information Used. We also refer you to page three (3) of the attached which identifies those items which have been excluded from the Capital Investment Value and which, if applicable, should be provided for separately in your feasibility.

The report is based upon the Bates Smart North Eveleigh Rail Yard Site Preliminary EA Report dated December 2007 and February 2008. We have been provided with concept drawings and floor areas from Bates Smart.

We note the following issues which should be considered when assessing the report:-

1. The report is based on adjusted Bates Smart floor plate areas in order to provide Gross Floor Areas (GFA) for calculation of the construction costs. We note these areas are subject to agreement with RWA and Bates Smart and that plant room areas have been assumed.
2. We understand that the site will require remediation and has contamination issues. We are unable to quantify the extent of this remediation and therefore included a provisional allowance of \$3,500,000, but this allowance excludes any works in association with the treatment of contaminated ground water. A Remediation Management Plan would outline the procedures for management of the contamination and in turn identify the overall risk profile.

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3. We have excluded the upgrading and amplification of any Incoming site infrastructure services, except for the 11kV power feeder cable, as advised by Bassett Consulting.
4. We have included the Carriageworks Building refurbishment to commercial and carparking in the overall cost. The "Cultural" refurbishment has been excluded, as this is the existing studio/theatres.
5. We have assumed the Commercial buildings atriums have natural ventilation and therefore mechanical ventilation and/or exhaust is excluded
6. We have included an allowance of 6% of construction cost for design and consultant fees.

We specifically note that this estimate is based on concept documentation and therefore we have had to make a number of assumptions in relation to all aspects of the design. We recommend that prior to finalising feasibility studies and funding arrangements that detailed estimates be prepared from further developed design documentation and client specific brief.

Should you wish to discuss any aspect of the attached please do not hesitate to contact us.

Yours faithfully,
WT PARTNERSHIP

JOHN FERRARIN



WT PARTNERSHIP

NORTH EVELEIGH RAIL YARD SITE

CAPITAL INVESTMENT VALUE REPORT

PREPARED FOR

REDFERN – WATERLOO AUTHORITY

9 APRIL 2008

**NORTH EVELEIGH RAIL YARD SITE
CAPITAL INVESTMENT VALUE REPORT**

9 APRIL 2008

A. SUMMARY OF COSTS

	\$	\$
Demolition works (Provisional)		5,500,000
Site remediation (Provisional)		3,500,000
Carparking		
- Basement carparking	65,900,000	
- Suspended deck carparking	4,000,000	
- On grade carparking	100,000	70,000,000
Residential		
- Residential Apartment Blocks	257,000,000	
- Refurbishment of Clothing Store (Block C4)	5,200,000	
- Refurbishment of Chief Mechanical Engineers Building (Block N1)	3,300,000	265,500,000
Refurbishment of Scientific Services Building (Block N2)		5,900,000
New Commercial Offices		94,500,000
Refurbishment of Paint Shop Building (Block H)		
- New retail space	6,600,000	
- New commercial offices	5,300,000	
- New roof	2,700,000	14,600,000
Refurbishment of Carriageworks Building (Block S)		
- New commercial offices	16,500,000	
- New cultural space	Excluded	
- New carparking bays	2,500,000	19,000,000
Blacksmiths Refurbishment (Block R)		5,000,000
Carriageworks Refurbishment (Block S) to Cultural		Excluded
External works		11,750,000
Civil Roads & Footpaths		9,600,000
Redfern Rail Station Footbridge		Excluded
External Services		13,800,000
Upgrade Incoming Services		Excluded
		518,650,000
Preliminaries, overheads and profit		Included
Escalation		Excluded
Design & Consultants Fees @ 6%		31,000,000
CAPITAL INVESTMENT VALUE AT MARCH 2008 RATES (EXCL GST)		\$549,650,000
Goods and Services Tax @ 10%		Excluded
CAPITAL INVESTMENT VALUE AT MARCH 2008 RATES (EXCL GST)		\$549,650,000

B. SCHEDULE OF INFORMATION USED

The Capital Investment Value has been based on the following information;

Description	Dated
1.0 Redfern Waterloo Authority	
1.1 Amended Bates Smart Area Schedule received by email	25 March 2008
1.2 Carriageworks Floor space / carpark numbers received by email	25 March 2008
1.3 Blacksmiths Workshop Preliminary Pre tender Estimate & drawings received by email	25 March 2008
1.4 Director Generals Requirements for a Concept Plan for the proposed North Eveleigh redevelopment	17 March 2008
2.0 Bates Smart	
2.1 Bates Smart North Eveleigh Rail Yard Site Preliminary EA Report	December 2007
2.2 Bates Smart North Eveleigh Rail Yard Site Preliminary EA Report	February 2008
2.3 Bates Smart email regarding balcony areas	11 March 2008
2.4 Bates Smart email regarding Block H parking areas	17 March 2008
2.5 Bates Smart North Eveleigh Workshops Adaptive re-use study	1 August 2007
3.0 Warren Smith & Partners	
3.1 Services Infrastructure Masterplan Report for North Eveleigh Redevelopment	5 March 2008
4.0 WSP Environmental	
4.1 Interim Audit Advice 1 – Remainder of Site, North Eveleigh Rail Yard, NSW.	31 August 2008
4.2 Jeffrey and Katauskas Geotechnical Investigation	9 July 1998
4.3 Preliminary Comments on the Masterplan	7 December 2007
5.0 Turf Design Studio & Jepper Aagaard Anderson	
5.1 TDS & JAAA Landscape Plan DAL 01 rev A	18 March 2008
6.0 Institute for Sustainable Futures	
6.1 North Eveleigh Redevelopment Water Management Plan – Final Draft	January 2008
6.2 North Eveleigh Redevelopment Energy Management Plan	March 2008
7.0 Bassett Consulting Engineers	
7.1 Budgetary advice email regarding 11kV feeders	20 March 2008

C. SCHEDULE OF EXCLUSIONS

The Preliminary Budget Estimate excludes the following, which should be priced separately in the feasibility study (if applicable).

1. Land cost, site acquisition costs and legal fees;
2. Costs associated with change of use of land, Council contributions and Section 94 Contributions;
3. Development Application and Construction Certificates fees and charges;
4. Finance Costs (interest, holding charges, etc);
5. Escalation in construction costs beyond March 2008;
6. Construction and Design Contingencies;
7. Sales Commissions, Marketing Fees/Costs;
8. Abnormal ground conditions;
9. Removal and handling of contaminated spoil (in excess of provisional allowance);
10. Costs associated with acid sulphate soils (if applicable);
11. Costs associated with contaminated ground water;
12. Attendance on or for RailCorp;
13. Protection barrier / crash barrier between site and railway tracks;
14. Redfern Railway Bridge from Little St to Redfern Station;
15. Works in association with existing North Eveleigh site substation;
16. Costs associated with Incoming services (except power feeder cabling);
17. Costs associated with amplification of sewer, water and gas mains (if required);
18. Works to existing temporary sewer pump station;
19. Section 73 requirements, design works and headwork required by Sydney Water;
20. Demolition of Paintshop and Clothes Store;
21. Commercial & Retail Tenancy fit-out works including lease incentives, sales, marketing, promotional expenses, etc;
22. Carriageworks Cultural refurbishment;
23. Works in association with the Paint Shop and Carriagework Buildings facades
24. Mechanical Ventilation and/or exhaust to Commercial Blocks Atriums;
25. Central Air Conditioning Plant to residential blocks;
26. Furniture, Fittings and Equipment;
27. Works to the adjacent residential area;
28. Roundabouts, Intersections and Traffic calming works (except for Shepherd St roundabout);
29. Staging costs;
30. Development Managers Fees;
31. Developers Contingencies
32. Development Profit.
33. Design Contingency.
34. Goods and Services Tax.