

15 May 2008
Our File: 2002705/CE1,CE2/PB

Mr Nick Wyeth
Development Manager
Ashington
Level 1, 107 Pitt Street
SYDNEY NSW 2000

Dear Nick

**Stamford Plaza Redevelopment, Cross St, Double Bay
Capital Investment Development Valuation Report (Revision 1)**

We have prepared a revised capital investment development valuation report for the proposed project based on architectural drawings of the original hotel construction, architect's sketch plans of the proposed new development, and briefing notes from our most recent discussions for the new project.

We look forward to discussing this matter with you further. If you have any queries please do not hesitate to contact Peter Hammond, Matthew Neville or Paul Barlow of this office.

Yours faithfully



Napier & Blakeley Pty Ltd

Encl: Elemental Analysis Spreadsheet

COST ■ RISK ■ RETURN





Stamford Plaza Redevelopment, Cross St, Double Bay

Capital Investment Development Valuation Report (Revision 1)

Prepared for
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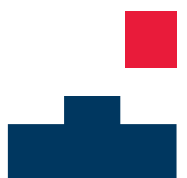




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1. Introduction

We have been requested to provide quantity surveying services to provide initial broad feasibility for the redevelopment of Stamford Plaza, Cross St, Double Bay NSW. We have based our estimate on the details issued to us at our meeting of 23 April 2008, being architectural drawings of the original hotel construction, architect's sketch plans of the proposed new development as prepared by Architectus Sydney (numbered 07-6.1 to 07-6.5 inclusive all issue 1 undated) with area schedule 07-6.9 dated 4/04/2008, and subsequent briefing notes from our most recent discussions for the new project. The project is an existing hotel development which has been proposed to be demolished (with the exception of the two (2) basement levels) and redeveloped to provide a mix of residential, retail and hotel accommodation.

2. Feasibility Estimate – Elemental Analysis Spreadsheet

2.1 Construction

The feasibility estimate of the construction cost of the redevelopment is \$70,800,000. The cost per square meter for this construction is \$4,652/m² based on a gross floor area of 15,220m². We have included an allowance for unmeasured items as a 2.5% markup on elemental costings, and preliminaries as a 23% markup on elemental costings. Head contractors overhead and profit margin is included in the elemental rates.

The scope of works for the construction costing includes strengthening works in the existing carpark, partial demolition and reconstruction of the ground floor transfer slab to suit the new project layout, fitout of the retail tenancies and hotel to an operational status with the provision of fixtures, fittings and equipment (FFE). The tenancy fitout costings are based on high quality shop fittings and very efficient air conditioning to suit year round weather extremes, and the hotel costings are based on an international standard five star rating, with both areas served by glass balustrade escalators. The residential unit costings are based on prestige standard finishes with ducted zoned air conditioning, and all functional areas are served by high speed lifts with prestige standard finishes.

The elemental analysis spreadsheet is included at Annexure 1 of this report.

3. Capital Investment Development Valuation

3.1 Programme

We consider a construction duration, with no delay allowance, of 2 years to be adequate for the project.

3.2 Council Fees

The Development Application Fee and Building Application Fee are based on those of the City of Sydney Council.

The estimated cost of the development application fee is	\$ 88,227
The estimated cost of the building application fee is	\$ 85,042
The estimated cost of the Section 94 contribution is	\$ 600,000
The estimated cost of the Building Industry Long Service Leave Levy is	\$ 247,800
	<hr/>
Total Council Fees	\$1,021,069





3.3 Professional Fees

The professional design fees for the initial development, building application and tender documentation, as well as tender letting and construction supervision is estimated to be 12% of the project construction value being

	\$ 8,496,000
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The fee for professional training of retail and hotel staff prior to these premises opening for trading (200 staff @ \$4,500) is estimated to be

	\$ 900,000
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The professional development management costs and associated fees for the project are estimated to be

	\$ 7,000,000
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Total Professional Fees

	<u>\$16,396,000</u>
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3.4 Escalation to Commencement of Construction

Assuming a 19 month period from the end of this month for property acquisition, appointing professional consultants, obtaining Council approvals for development and building application, completing the tender documentation, tender analysis and letting we estimate the construction cost escalation to the end of December 2009 to be \$6,726,000 ($\$70,800,000 \times 6\% \times 19/12\text{months}$).

3.5 Contingency

- We allocate a monetary contingency of 10% of the escalated construction estimate to cover unforeseen items such as latent conditions and additional design brief requirements during construction
- | | |
|--|-------------|
| | \$7,752,600 |
|--|-------------|
- (Total cost = $\$70,800,000 + \$6,726,000 = \$77,526,000 \times 10\%$)
- We allocate a programme contingency of 15% of the construction duration to cover the possibility of delays to the project by such causes as inclement weather
- | | |
|--|----------|
| | 16 weeks |
|--|----------|
- (Total duration = $104 + 16 = 120$ weeks)

3.6 Escalation to Completion of Construction

Assuming a total construction duration of 120 weeks from the start of January 2010, we estimate the total cost of construction to the end of this period to be \$85,278,600 ($\$77,526,000 + \$7,752,600$ contingency)

3.7 Sales and Marketing Fees

The sales and marketing fees for the development are estimated to be 4.5% of the gross sales value, being \$12,375,000 ($\$275,000,000 \times 4.5\%$)





3.8 Finance Costs

The holding costs for the project are estimated to be	\$ 4,000,000
The construction finance costs for the project are estimated to be	\$10,000,000
Total Finance Costs	<u>\$14,000,000</u>

3.9 Total Valuation

The capital investment development valuation is summarised as follows:-

(a) Elemental analysis spreadsheet construction cost	\$ 70,800,000
(b) Council fees	\$ 1,021,069
(c) Professional fees	\$ 16,396,000
(d) Cost escalation to commencement of construction	\$ 6,726,000
(e) Cost escalation to completion of construction	\$ 7,752,600
(f) Sales and marketing fees	\$ 12,375,000
(g) Finance costs	<u>\$ 14,000,000</u>
Total capital investment development valuation to end of April 2012 (rounded)	<u>\$129,000,000</u>

4. Exclusions

The following items have been excluded from the estimate figures for this report:-

1. Treatment and removal of any form of contaminant found on the site
2. Legal fees and land acquisition costs
3. Goods and Services Tax

5. Report Parameters

1. This report/certificate 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 the Company.
2. This report/certificate is provided strictly in accordance with the terms and conditions of the fee submission, Standard Trading Terms and Special Conditions which exist between the Company and the named party.
3. This report/certificate has been prepared from documentation and/or information provided to the Company by third parties in circumstances where the Company:
 - a. Have not performed their 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 their own.





4. This report/certificate is an expression of opinion based upon the documentation and/or information provided by third parties and the Company 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.





Annexure 1 – Elemental Analysis Spreadsheet

PROJECT: STAMFORD PLAZA REDEVELOPMENT Cross St Double Bay														
Description: Demolition of existing hotel and construction of new residential, retail and hotel accommodation														
PROJECT No: 2002705														
23.0%	PRELIMINARIES	23.0%	Insert	ALL INSERT CELLS = This colour										
2.5%	UNMEASURED WORKS ALLOWANCE	2.5%	Insert	DO NOT CHANGE ANYTHING ELSE										
12.0%	FEES	12.0%	Insert	AREA NOT IN TOTAL										
FUNCTIONAL AREA =														
		Residential		Retail		Hotel Lobbies		Hotel Rooms		External Works				
		Area sqm = 9,095		Area sqm = 2,082		Area sqm = 274		Area sqm = 3,769		Area sqm = 710				
		\$SOM		\$SOM		\$SOM		\$SOM		\$SOM				
		\$		\$		\$		\$		\$				
TOTAL WORKS														
TOTAL WORKS														
Area sqm = 15,220														
\$SOM														
\$														
O1	SB	SUBSTRUCTURE	\$0	\$312.00	\$649,584	\$400.00	\$109,600	\$0	\$400.00	\$284,000	\$68.54	\$1,043,184		
O2	CL	Columns	\$52.00	\$472,940	\$45.00	\$93,690	\$45.00	\$12,330	\$52.00	\$195,998	\$50.92	\$774,948		
O3	UF	Upper Floors	\$262.00	\$2,382,890	\$262.00	\$545,484	\$150.00	\$41,100	\$262.00	\$987,478	\$259.98	\$3,956,952		
O4	SC	Staircase	\$30.00	\$272,850	\$30.00	\$62,460	\$50.00	\$19,700	\$30.00	\$113,070	\$30.36	\$462,080		
O5	RF	Roof	\$29.00	\$263,755	\$0	\$0	\$0	\$0	\$47.00	\$177,143	\$28.97	\$440,898		
O6	EW	External Walls	\$555.00	\$5,047,725	\$800.00	\$1,665,600	\$800.00	\$219,200	\$555.00	\$2,091,795	\$592.93	\$9,024,320		
O7	WW	Windows	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0		
O8	ED	External Doors	\$35.00	\$318,325	\$100.00	\$208,200	\$100.00	\$27,400	\$10.00	\$37,690	\$38.87	\$591,615		
O9	NW	Internal Walls	\$90.00	\$818,550	\$95.00	\$135,330	\$65.00	\$17,810	\$150.00	\$565,350	\$100.59	\$1,537,040		
O10	NS	Internal Screens & B/L	\$10.00	\$90,950	\$50.00	\$104,100	\$50.00	\$13,700	\$7.00	\$26,383	\$15.45	\$235,133		
O11	ND	Internal Doors	\$40.00	\$363,800	\$25.00	\$52,050	\$100.00	\$27,400	\$81.00	\$305,289	\$49.18	\$748,539		
TOTAL SUPERSTRUCTURE			\$1,103.00	\$10,031,785	\$1,377.00	\$2,866,914	\$1,360.00	\$372,640	\$1,194.00	\$4,500,186	\$0.00	\$0	\$1,167.64	\$17,771,525
O12	WF	Wall Finishes	\$120.00	\$1,091,400	\$150.00	\$312,300	\$200.00	\$54,800	\$150.00	\$565,350	\$0	\$0	\$132.97	\$2,023,850
O13	FF	Floor Finishes	\$150.00	\$1,384,250	\$200.00	\$416,400	\$250.00	\$69,500	\$120.00	\$452,290	\$0	\$0	\$151.21	\$2,301,430
O14	CF	Ceiling Finishes	\$60.00	\$545,700	\$150.00	\$312,300	\$250.00	\$69,500	\$100.00	\$376,900	\$0	\$0	\$85.64	\$1,303,400
TOTAL FINISHES			\$330.00	\$3,001,350	\$500.00	\$1,041,000	\$700.00	\$191,800	\$370.00	\$1,394,530	\$0.00	\$0	\$369.82	\$5,628,680
O15	FT	Filaments	\$250.00	\$2,273,750	\$1,000.00	\$2,082,000	\$500.00	\$137,000	\$155.00	\$584,195	\$0	\$0	\$333.57	\$5,076,945
O16	SE	Special Equipment	\$10.00	\$90,950	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5.98	\$90,950
TOTAL FITTINGS			\$260.00	\$2,364,700	\$1,000.00	\$2,082,000	\$500.00	\$137,000	\$155.00	\$584,195	\$0.00	\$0	\$339.55	\$5,167,895
O17	SF	Sanitary Fixtures	\$350.00	\$3,183,250	\$250.00	\$520,500	\$250.00	\$68,500	\$350.00	\$1,319,150	\$150.00	\$108,500	\$341.52	\$5,197,900
O18	PD	Sanitary Plumbing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
O19	WS	Water Supply	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
O20	GS	Gas Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
O21	SH	Space Heating	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
O22	VE	Ventilation	\$10.00	\$90,950	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5.98	\$90,950
O23	EC	Evaporative Cooling	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
O24	AC	Air Conditioning	\$290.00	\$2,637,550	\$500.00	\$1,041,000	\$1,000.00	\$274,000	\$730.00	\$2,751,370	\$0	\$0	\$440.47	\$6,703,920
O25	FP	Fire Protection	\$138.00	\$1,255,110	\$138.00	\$287,316	\$138.00	\$37,812	\$138.00	\$520,122	\$0	\$0	\$138.00	\$2,100,360
O26	LP	Electric Light & Power	\$150.00	\$1,384,250	\$500.00	\$1,041,000	\$500.00	\$137,000	\$275.00	\$1,036,475	\$0	\$0	\$235.13	\$3,578,725
O27	CM	Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
O28	TS	Transportation Systems	\$200.00	\$1,819,000	\$200.00	\$416,400	\$200.00	\$54,800	\$200.00	\$753,800	\$0	\$0	\$200.00	\$3,044,000
O29	SS	Special Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
TOTAL SERVICES			\$1,138.00	\$10,350,110	\$1,588.00	\$3,306,216	\$2,088.00	\$572,112	\$1,693.00	\$6,380,917	\$150.00	\$108,500	\$1,361.09	\$20,715,855
CENTRALISED ENERGY SYSTEMS			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
ALTERATIONS			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
SUB-TOTAL - BUILDING			\$2,831.00	\$25,747,945	\$4,777.00	\$9,945,714	\$5,048.00	\$1,383,152	\$3,412.00	\$12,859,828	\$550.00	\$390,500	\$3,306.65	\$50,327,139
PRELIMINARIES - BUILDING			\$651.13	\$5,922,027	\$1,098.71	\$2,287,514	\$1,161.04	\$318,125	\$784.76	\$2,957,760	\$126.50	\$89,815	\$780.53	\$11,575,242
Unmeasured Wks Allow - BUILDING			\$87.05	\$791,749	\$146.89	\$305,831	\$155.23	\$42,532	\$104.92	\$395,440	\$16.91	\$12,008	\$101.68	\$1,547,560
SUB-TOTAL - BUILDING			\$3,569.18	\$32,461,722	\$6,022.60	\$12,539,059	\$6,364.27	\$1,743,809	\$4,301.68	\$16,213,028	\$693.41	\$492,323	\$4,188.86	\$63,449,940
O32	XP	Site Preparation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,960.00	\$2,101,600	\$138.08	\$2,101,600	
O33	XR	Roads, Footpaths & Paved Areas	\$0	\$0	\$0	\$0	\$0	\$0	\$350.00	\$248,500	\$16.33	\$248,500		
O34	XN	Boundary Walls, Fencing & Gates	\$0	\$0	\$0	\$0	\$0	\$0	\$70.00	\$49,700	\$3.27	\$49,700		
O35	XB	Outbuilding & Covered Ways	\$0	\$0	\$0	\$0	\$0	\$0	\$140.00	\$99,400	\$6.53	\$99,400		
O36	XL	Landscaping & Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$350.00	\$248,500	\$16.33	\$248,500		
TOTAL SITE WORKS			\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$3,870.00	\$2,747,700	\$180.53	\$2,747,700	
O37	XK	Ext Stormwater Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$7.00	\$4,970	\$0.33	\$4,970		
O38	XD	Ext Sewer Drainage	\$0	\$0	\$0	\$0	\$0	\$0	\$20.00	\$14,200	\$0.93	\$14,200		
O39	XW	Ext Water Supply	\$0	\$0	\$0	\$0	\$0	\$0	\$7.00	\$4,970	\$0.33	\$4,970		
O40	XG	Ext Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$7.00	\$4,970	\$0.33	\$4,970		
O41	XF	Ext Fire Protection	\$0	\$0	\$0	\$0	\$0	\$0	\$7.00	\$4,970	\$0.33	\$4,970		
O42	XE	Ext Electric Light & Power	\$0	\$0	\$0	\$0	\$0	\$0	\$70.00	\$49,700	\$3.27	\$49,700		
O43	XO	Ext Communications	\$0	\$0	\$0	\$0	\$0	\$0	\$7.00	\$4,970	\$0.33	\$4,970		
O44	XS	Ext Special Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	\$0		
TOTAL EXTERNAL SERVICES			\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$88,750	\$5.83	\$88,750		
EXTERNAL ALTERATIONS			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
SUB-TOTAL - EXTERNAL WORKS			\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$3,995.00	\$2,836,450	\$186.36	\$2,836,450	
PRELIMINARIES - EXTERNAL			\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$918.85	\$652,384	\$42.86	\$652,384	
Unmeasured Wks Allow - EXTERNAL			\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$122.85	\$87,221	\$5.73	\$87,221	
TOTAL EXTERNAL WORKS			\$0.00	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00	\$5,036.70	\$3,576,054	\$234.96	\$3,576,054	
SPECIAL PROVISIONS			\$0	\$0	\$0	\$0	\$0	\$1,000.00	\$3,769,000	\$0	\$0	\$247.63	\$3,769,000	
TOTAL BUILDING + EXTERNAL WORKS + SPECIAL PROVISIONS			\$3,569.18	\$32,461,722	\$6,022.60	\$12,539,059	\$6,364.27	\$1,743,809	\$5,301.68	\$19,982,028	\$5,730.11	\$4,068,377	\$4,651.45	\$70,794,995
PROFESSIONAL FEES			\$428.30	\$3,895,407	\$722.71	\$1,504,687	\$763.71	\$209,257	\$636.20	\$2,397,843	\$687.61	\$488,205	\$558.17	\$8,495,399
TOTAL GROSS WORKS			\$3,997.49	\$36,357,129	\$6,745.32	\$14,043,746	\$7,127.98	\$1,953,066	\$5,937.88	\$22,379,872	\$6,417.72	\$4,556,582	\$5,209.62	\$79,290,394