

1 November 2010

Payce Communities  
c/- Mr Jonathan Broster  
Project Director  
Project Development – Asset Division  
Housing NSW  
Level 10 234 Sussex Street  
Sydney NSW 2000

Dear Jonathan

**Riverwood North Residential Renewal Project  
Concept Plan 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 proposed development.

In summary, our assessment of CIV is in the order of \$221,072,000 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.

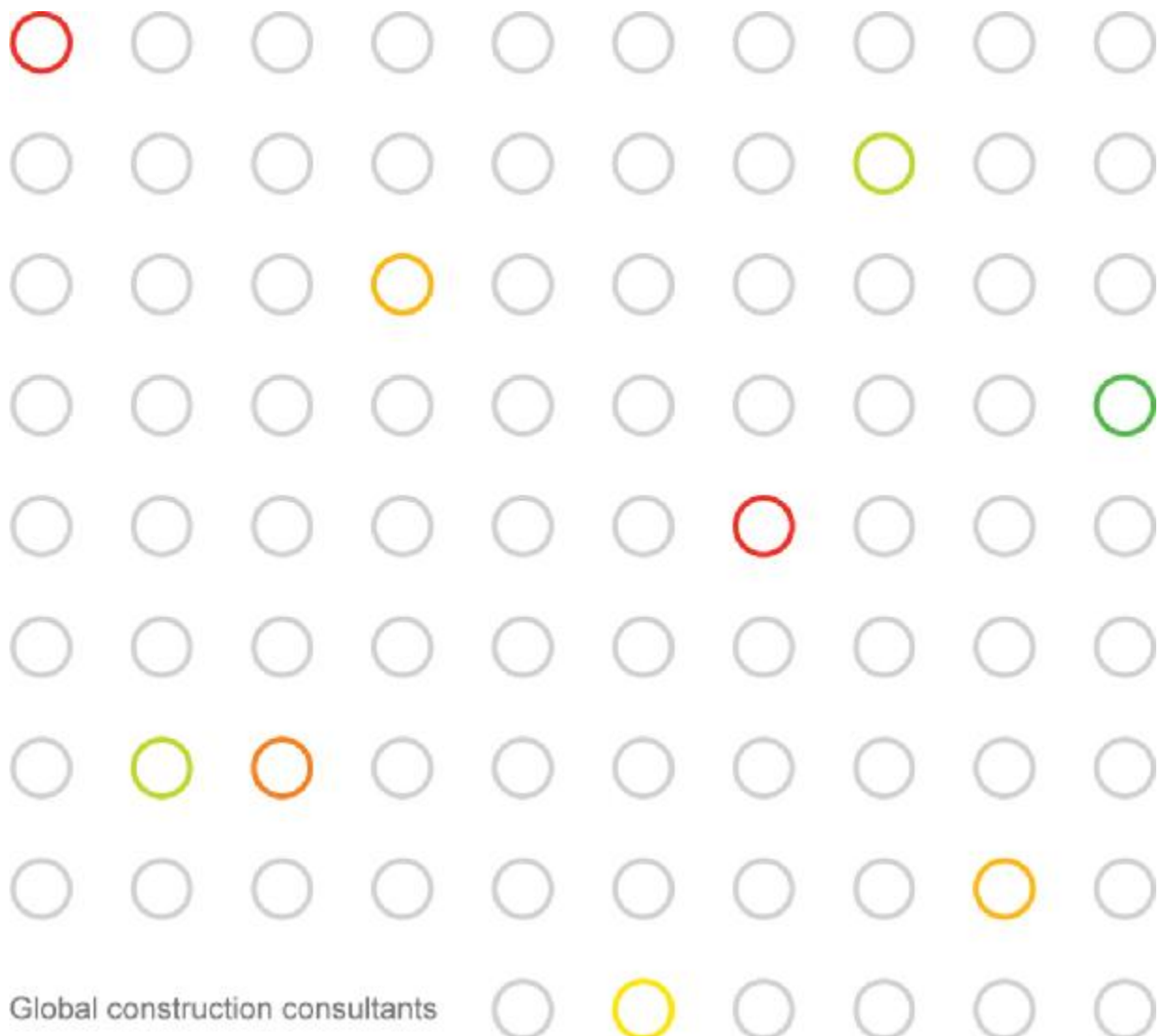
Yours faithfully



Andrew Doherty  
Associate Principal

# RIVERWOOD NORTH RESIDENTIAL RENEWAL PROJECT

## Concept Plan Capital Investment Value (CIV) - Report



Project Contacts	
<b>Client:</b>	Housing NSW / Payce Consolidated
<b>Project Manager:</b>	M Projects
<b>Cost Manager:</b>	Davis Langdon

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## INTRODUCTION

Davis Langdon has been engaged by Payce Communities to provide cost verification services to the proposed development of the Riverwood North Residential Renewal Project. In undertaking our commission, we have been requested to assess the Capital Investment Value (CIV) based on the concept plan on behalf of Housing NSW and, Payce Communities.

## CALCULATION OF CIV

To calculate CIV, Davis Langdon has analysed the verified development costs submitted by Payce. The total Capital Investment Value of \$221,072,000 is summarised as follows:

Demolition	Excluded
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	139,214,927
Landscaping	2,843,474
Contingency	5,572,095
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Sub-total – Construction Works	\$162,832,291
Statutory Fees	Excluded
Legal, Design & Consultants Fees	16,425,112
Development Management Fees	4,576,658
Escalation	17,189,440
Profit	20,048,299
Finance Costs	Excluded
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Sub-total – Applicable Development Costs	\$58,239,509
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<b>TOTAL ESTIMATED CIV</b>	<b>\$221,072,000.</b>

## 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 F4 – Payce master program

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 – we understand that this is part of a separate application/approval process
2. Statutory Fees
3. Land costs
4. Finance Costs including holding charges on the land
5. Loose furniture & fittings (FF&E)
6. Any services upgrades outside the site boundary
7. Goods and Services Tax

## SPECIFIC INCLUSIONS

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

1. 150 social housing units and 500 private units
2. Statutory Fees
3. Design & Management Fees
4. Escalation
5. Construction Contingency
6. Design Fees
7. Legal Fees
8. Project & Development Management Fees

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