

11 March 2011

EG Funds Management
Level 14, 345 George Street
SYDNEY NSW 2000

ATTENTION: MARK SYKE

Dear Sir,

**RE: WHITESIDE STREET, NORTH RYDE
CAPITAL INVESTMENT VALUE (CIV)**

As requested, we have reviewed the Departments of Planning's email of 4 March 2011 in relation to the Quantity Surveyor's Certificate of Cost and comment as follows;

- Clarify at Appendix F whether estimated costs include excavation, lifts and air conditioning, footpaths, fire protection and communications services, construction of temporary buildings, temporary service diversions and/or arrangements during construction, design, and labour and personnel costs, including long service levy as per the Department of Planning Circular PS10-008 'New definition of capital investment value'.

As noted in our Capital Investment Value (CIV) Report dated 8 February 2011 we have prepared the estimated CIV in accordance with the Planning Circular – PS 10-008 issued 10 May 2010 'New Definition of Capital Investment Value'.

- Provide details of community facilities, escalation in costs and construction phasing.

As noted costs associated with community facilities & escalation in costs have been excluded from the estimated CIV.

Community facilities include areas such as indoor meeting/lounge/library areas and games rooms etc. We understand Community facilities are not being provided on this project.

Escalation in costs refers to the change in costs from February 2011 to construction commencement onsite. Costs usually change as a result of market forces, costs of labour/materials and level of construction activity. We understand CIV of a proposed development is to be calculated at the time of lodgement therefore we have excluded for escalation in costs beyond February 2011.

The allowance for construction phasing is to make the site suitable for construction and for the operation of the project.

**Quantity Surveyors
and Construction
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- *Explain why 'ESD provision only' excludes maintenance/operation.*

Maintenance/operation and recurring costs, not capital nature.

- *Provide details of 'assumptions' made and evidence to support all costs.*

As specifically noted in the CIV Report, the estimated CIV is based on preliminary and conceptual design information made available to ourselves therefore we have made a number of assumptions in relation to the project requirements particularly in relation to fitments, specification, structural frame, finishes and engineering services.

WT Partnership are involved in many similar projects and adopt market rates in establishment of CIV estimates.

Should you require any further information or wish to discuss any aspect of the above please do not hesitate to contact us.

Yours faithfully

WT PARTNERSHIP



JOHN FERRARIN