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30 July 2008

Bovis Lend Lease
30 The Bond
30 Hickson Road
MILLERS POINT NSW 2000

**Attention: Mr Robert Van Wanrooy,
Project Manager Commercial Business Unit**

Dear Sir

DARLING WALK

As requested in your letter of 16 June 2008, we have carried out an independent estimate of the construction cost on the above. We understand our estimate is to provide a comparison with your estimate and to provide commentary to SHFA on the reasonableness of the construction cost including comment on allowances for preliminaries, contingency, risks and escalation. We enclose a summary of our estimate in the sum of \$281,870,500 excluding GST.

For staging purposes, we advise estimated inclusions as follows:

. Demolition/Site establishment	\$3,955,000
. Stormwater/Services diversions	\$3,865,000
. Site Investigation/Remediation and part piling (say 50%)	\$17,184,000
. Main Building Works (Environmental Assessment)	\$256,866,500

We have compared this estimate with the current Bovis Lend Lease estimate which we have been advised is \$278,185,871 which we understand includes \$1m provisional allowance for remediation. This amount will be confirmed upon completion of the remediation studies.

In comparing the two estimates our comments are as follows:

1. Our estimate contains a number of exclusions and qualifications as detailed. We have discussed these with Bovis Lend Lease and the exclusions are compatible. Where exclusions are noted, we have been advised that these are included as part of the development offer made by Lend Lease Developments to SHFA.
2. The basis of our estimate details the drawings we have used. We understand design development is continuing and that the drawings used may now have been amended.
3. A broad breakdown of the differenced between the two estimates is as follows:

	<u>RLB</u> <u>\$M</u>	<u>BLL</u> <u>\$M</u>
Trade Costs	193,406	185,829
Preliminaries	33,772	32,000
Margin	<u>11,412</u>	<u>16,108</u>

	<u>RLB</u> <u>\$M</u>	<u>BLL</u> <u>\$M</u>
Carried forward	238,590	233,937
Brought forward	238,590	233,937
Contingency	5,525	5,492
Design Fee	22,000	22,000
Escalation	<u>15,755</u>	<u>16,757</u>
	<u>281,870</u>	<u>278,186</u>

We have reviewed the estimate both elementally and by trade and discussed the differences and risk profile of the project with Bovis Lend Lease. We are satisfied that the differences between us are reasonable at this stage of the design and cost management process.

4. We have allowed for a programme period of 30 months, BLL have calculated 32 months.
5. Our contingency allowance is \$5.525m, BLL's allowance is \$5.492m.
6. Our escalation allowance is 6.6%, BLL's is 7.2%.

In summary, therefore we consider the BLL estimate for the works envisaged is realistic and within the range of estimates we would anticipate given the current level of design.

If you, Lend Lease Developments or SHFA have any questions or require any additional information, please do not hesitate to contact us.

Yours faithfully



Bob Richardson
 Managing Director
 Rider Levett Bucknall

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