

MULLER *partnership*

BORG PANELS, OBERON
PROPOSED FACTORY EXTENSION
CAPITAL INVESTMENT VALUE ESTIMATE

Newcastle :: Sydney :: Melbourne
10 MAY 2016



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Borg
1090 Pacific Highway
SOMERSBY NSW 2250

ATTENTION: VICTOR BENDEVSKI

Dear Victor,

**BORG PANELS, OBERON
PROPOSED FACTORY EXTENSION
CAPITAL INVESTMENT VALUE ESTIMATE**

As per your request dated 4 May 2016, Muller Partnership has prepared a Capital Investment Value Estimate for the above development totalling **\$106,125,000 excl. GST** and enclose our report.

The report comprises the following:

- Executive Summary
- Schedule of Information
- Assumptions
- Exclusions
- Drawing Cover Sheet
- Capital Investment Value Estimate

Please note the attached is an estimate of value based on the preliminary information provided.

Should you have any queries or require any further information please do not hesitate to contact the undersigned.

Yours faithfully

MULLER PARTNERSHIP



CAMERON BEARD – Director

CB:ML – 15205 – Est Rep

1.0 EXECUTIVE SUMMARY

Project Description

The project involves the extension of the Borg Panels Manufacturing Plant at Lowes Mount Road, Oberon NSW. New works consist of the extension of the main warehouse, new warehouse to the south of existing carpark, motor control centre / pump room building, associated industrial plant and services.

Demolition and alteration works comprise of the demolition of existing warehouse and the relocation of 2 No. silos.

Construction generally comprises of site preparation, bulk / detail earthworks, reinforced concrete piles / footings / slabs / subfloor, structural steel portal frame, metal sheet roof and wall cladding, precast concrete walls up to 2400 high, fire rated doors, metal roller doors, office / amenities fitout, electrical, hydraulic, mechanical, fire and external services.

Cost Summary

Item	\$ (Excl GST)
Demolition & Alterations	\$ 197,000
Site Preparation	\$ 497,201
Awning over Woodchip Area & Materials Handling	\$ 117,400
Flakers Building	\$ 2,071,874
Log Store/Load, Debarker & Chipper	\$ 3,209,895
Press Building Extension	\$ 12,459,178
Admin Building Extension	\$ 460,253
New Gate House	\$ 153,000
Automated Storage	\$ 4,751,147
Extension to Production Building	\$ 2,423,437
Log Storage, Debarker & Chipper	\$ 1,022,767
External Services	\$ 410,155
Preliminaries & Margin	\$ 4,846,693
BUILDING WORKS SUBTOTAL	\$ 32,620,000
Factory Plant	\$ 73,505,000
GST EXCLUSIVE SUBTOTAL	\$ 106,125,000

Project Job Creation

Project Phase	No. of Jobs
Construction phase	760
Operating phase	70

Muller Partnership has benchmarked the construction jobs created from a similar sized previous factory project.

We note we have been advised by Mr Victor Bendeovski of Borgs in relation to the number of operating jobs that are to be created.

2.0 SCHEDULE OF INFORMATION

The information used in compiling our Capital Investment Value Estimate includes the following:

- Borg Construction DA drawings (refer attached drawing cover sheet)
- Price List Quotation for Borgs Manufacturing provided by Mr Victor Bendeviski of Borg and received 1 October 2015.
- Telephone and email correspondence with Victor Bendeviski of Borg. (Numerous)

All rates used within our Capital Investment Value Estimate have been gathered from our in-house databases as well as being constructed from first principles namely labour, materials and waste to reflect current market and project specific value.

3.0 ASSUMPTIONS

The following assumptions have been made in the preparation of the attached Capital Investment Value Estimate:-

General

1. Project to be competitively tendered to a suitable number of qualified contractors;
2. All works can be undertaken during normal work hours;
3. The existing factory will remain open and operational during construction;
4. No works are required to existing factory;
5. The works will be completed in a single stage;

Demolition & Alterations

6. Provisional allowance of \$77,000 *excl. GST* made to demolish existing approx. 70.7m long x 14.7m wide building and miscellaneous site requirements;
7. Provisional allowance of \$120,000 *excl. GST* made to relocate 2 No. silos;

Site Preparation

8. Allowed for 300 deep imported fill across building areas;
9. Assumed detail excavation in material other than rock (NB: No Geotechnical Report provided);

Building Works

10. Allowed for footings based on building GFA;
11. Allowed for 240 thick reinforced concrete slab to main warehouse area;
12. Allowed for 630 thick reinforced concrete slab to pit areas;
13. Allowed for 300 thick reinforced concrete walls to pit area subfloor walls;
14. Allowed for structural steel based on building GFA;
15. Provisional allowance of \$5/m² *excl. GST* made for roof safety systems;
16. Allowed for 175 thick precast concrete panel walls to 2400 high and metal sheet cladding above this;
17. Allowed for motorised roller doors;
18. Allowed for \$1,200/m² *excl. GST* for office fitout;
19. Allowed for \$3,000/m² *excl. GST* for amenities fitout;

20. Provisional allowances for signage and linemarking;

External Services

21. Provisional allowance of \$5,000 *excl. GST* made for connection to existing stormwater system;

22. Provisional allowance of \$50,000 *excl. GST* made for detention tank;

23. Provisional allowance of \$5,000 *excl. GST* made for connection to existing sewer main;

24. Provisional allowance of \$5,000 *excl. GST* made for connection to existing water main;

25. Provisional allowance of \$5,000 *excl. GST* made for fire protection connection;

26. Provisional allowance of \$20,000 *excl. GST* made for connection to existing electrical services;

27. Provisional allowance of \$30,000 *excl. GST* made for site CCTV;

28. Provisional allowance of \$5,000 *excl. GST* made for connection to existing communication services;

Factory Plant

29. Allowed for exchange rate of €1 EUR = \$1.591 AUD;

30. Factory plant has been included as per Price List Quotation for Borgs Manufacturing as provided by Mr Victor Bendevski of Borg;

31. Buyer and option items have been excluded from our estimate;

32. Assumed all itemized prices are in AUD.

4.0 EXCLUSIONS

Within the following Capital Investment Value Estimate the acronym 'EXCL' means work that has not been included in our estimate. We specifically note the following exclusions from the estimated cost:

General Exclusions

1. Land costs and legal fees;
2. Holding costs and interest charges;
3. GST;
4. Escalation;
5. Costs relating to any part of the development or project that is the subject of a separate development consent or project approval;
6. Soil remediation;
7. Delay costs;
8. Staging allowance;
9. Cost of finance;
10. Removal of contaminated materials;
11. Costing of ongoing maintenance requirements;

Project Specific Exclusions

12. Property acquisition;
13. Bulk excavation;
14. Excavation in rock;
15. De-watering;
16. Works to MDF fines & saw dust storage building other than works outlined in following estimate;
17. Works to existing structures and buildings on the site other than outlined in following estimate;
18. Buyer and option items in factory plant quotation price list;
19. Revegetation;
20. Carpark works;
21. Fencing.

5.0 DISCLAIMER

MULLER PARTNERSHIP have prepared this report in part on the basis of information supplied to it in the ordinary course of business by Mr Victor Bendevski of Borg.

Whilst all reasonable professional care and skill has been exercised to validate its accuracy and authenticity, MULLER PARTNERSHIP is unable to provide any Guarantee in that regard, and will not be liable to any party for any loss arising as a result of any such information subsequently being found to be inaccurate, lacking authenticity or having been withheld.

This report is only intended for use by Borg, Muller Partnership accepts no responsibility to other parties who use opinions or information contained herein. They do so at their own risk. In acting as Quantity Surveyor for Borg, Muller Partnership's liability is limited to the scope of services and value limit, as defined in their Professional Indemnity insurance cover. A copy is available on request.

This report covers only the items as contained in this report. Should Borg require additional items or areas of assessment, these should be specifically requested and will be actioned as agreed between the parties.

The construction costs are current as at the date of this assessment only. The values assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in values.