

## **ADDITIONAL ITEM**

**Item No:** 2.17  
**Title:** Council's Asset Sales Program - End of year update  
**Department:** Corporate Affairs

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14 December 2021 Ordinary Council Meeting

Reference: F2020/03104 - D14977708  
Author: Joe O'Connor, Commercial Property Manager, Commercial Property  
Manager: Jamie Barclay, Unit Manager Development and Property  
Executive: Natalia Cowley, Director Corporate Affairs and Chief Financial Officer

### **Recommendation**

***That Council resolve that the following land has been sold and will be removed from Council's land register:***

- a) 225 Sparks Road, Jilliby (Lot 15 DP 259530)**
- b) 671 Hue Hue Road, Jilliby (Lot 16 DP 259530)**
- c) 689 Hue Hue Road Jilliby, (Lot 17 DP 259530)**
- d) 701 Hue Hue Road Jilliby, (Lot 18 DP 259530)**
- e) 725 Hue Hue Road Jilliby, (Lot 4 DP 239704)**
- f) 725 Hue Hue Road Jilliby, (Lot 25 DP 259530)**
- g) 725 Hue Hue Road Jilliby, (Lot 26 DP 259530)**
- h) 749 Hue Hue Road, Jilliby (Lot 19 DP 259530)**
- i) 781 Hue Hue Road, Jilliby (Lot 6 DP 239704)**
- j) 791 Hue Hue Road, Jilliby (Lot 7 DP 239704)**
- k) 811 Hue Hue Road, Jilliby (Lot 8 DP 239704)**

### **Report purpose**

To provide an end of year update on Council's Asset Sales program and to remove various land that has been sold from its land register.

### **Executive Summary**

Council is continuing the path to financial recovery and sustainability with further actions implemented from the adopted Business Recovery Plan. Part of the significant steps being undertaken, include the sale of Council assets which are underperforming or surplus to Council's current and future needs. This process is crucial to deliver a much-needed boost to Council's financial position and provide confidence to our lenders that Council operations can continue sustainably, and loans serviced.

**Background**

Council resolved to sell and prepare for sale various Council owned land at its meeting of 30 November 2020, being known as the Tranche 1 properties. Marketing of assets listed in Tranche 2 commenced in early February 2021, these included a group of properties resolved for sale by the former Wyong Shire Council, so no further resolution was required. After a period of 28 days allowing for community consultation, Council resolved to sell a further group of properties known as Tranche 3 on 27 July 2021.

The sale of the land, known as "Warner Industrial Park," contained in this report was resolved for sale at Council's meeting of 30 November 2020. This report provides a further update to the report which was previously considered by Council at its meeting of 23 November 2021, providing an end of year update.

**Current Status**

As of the date this report was authored, the list of properties sold within this calendar year (2021), are as follows:

<b>Property Address</b>	<b>Lot/DP</b>	<b>Settlement Date</b>	<b>Valuation Price</b>	<b>Sale Price</b>
<b><i>Properties previously reported as sold (refer to Council report 23/11/2021)</i></b>			<b>\$5,132,088</b>	<b>\$7,707,000</b>
Warner Industrial Park - 225 Sparks Road and 671, 689, 701, 725, 749, 781, 791, 811 Hue Hue Road, Jiliby, 2259	Lots 15, 16, 17, 18, 19, 25 and 26 in DP 259530, Lots 4, 6, 7 and 8 in DP 239704	10/12/2021	\$19,500,000	\$27,031,775
<b>TOTAL VALUE</b>		<b>As of 10/12/21</b>	<b>\$24,632,088</b>	<b>\$34,738,775</b>

Warner Industrial Park was sold by private treaty, for greater than its market valuation. Please refer to *Attachment 1* which provides the valuation for Warner Industrial Park.

**Financial Considerations**

At its meeting held 19 October 2020, Council resolved the following:

*1108/20 That any motions put before Council for the remainder of this term of Council that have financial implications require the Chief Executive Officer to provide a report on how those additional costs will be met.*

The following statement is provided in response to this resolution of Council.

The sale of the Warner Industrial Park site achieved a sale's value of \$27,031,775 (excluding GST) and this has contributed to Council's financial recovery.

### **Link to Community Strategic Plan**

Theme 4: Responsible

### **Goal G: Good governance and great partnerships**

R-G2: Communicate openly and honestly with the community to build a relationship based on transparency, understanding, trust and respect.

### **Risk Management**

Risk mitigation has been achieved during the sales process through ensuring adequate due diligence. This process included:

- Reviewing these sites against Council resolutions and historical records
- Ensuring Council retains ownership of land that is needed for its current and future service delivery
- Ensuring that any sale would not contravene legislative requirements
- Consultation with internal stakeholders affected by the disposal of these assets.

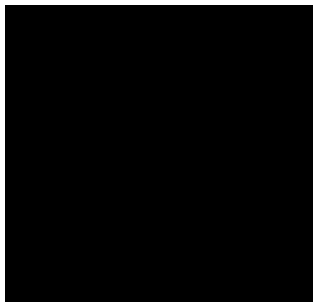
Council staff have engaged with independent property development experts Michael Filo and Steve Rowe to execute the functions of the Independent Advisory Group. The Advisory Group's function is to provide an independent panel to review asset sales program prior to going to Council, review and advise on conditional sales for commercial and industrial sales and to review opportunities and advise Council on potential highest and best use analysis to ensure Council is receiving value for the sale.

### **Attachments**

1  Valuation D14977743



12 January 2021



**Consultancy Desktop Advice: Warner Industrial Park, Sparks Road & Hue Hue Road, Jilliby  
NSW 2259**

We refer to your initial email request to provide market commentary and an indicative range of market values for the above detailed property. We also refer to your instructions to update our original advice dated 24 February 2020.

Our advice is undertaken on the following basis:

- An indicative range of market values assuming approval for a 69 lot industrial subdivision (Stages 1 – 8)
- An indicative range of market values for Stage 1 adopting the existing DA Consent for 13 industrial lots. We have not been provided with site specific costs, however Central Coast Council previously have provided us with an estimate of project costs which we have placed some reliance upon in this assessment. We have undertaken a hypothetical development assessment to assist us in our opinion of the indicative value range
- Comment regarding indicative average annual growth rates of industrial land over a historical period, along with commentary on the market generally
- We have undertaken a kerb side (Hue Hue Road) inspection on 12 January 2021, although we have predominantly relied upon on-line mapping and the proposed subdivision plans, as supplied



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### 1. Critical Conditions and Assumptions

- Our advice is limited and qualified based on the information supplied to us by Central Coast Council
- Notwithstanding the kerb side inspection, this advice is essentially a desktop assessment
- In the absence of verified development costs it is necessary for us to rely upon our assumptions in relation to project costs, end allotment sale values and sale rates
- We have not had regard to site specific development constraints such as subsidence, contamination, supply of water, power and sewerage other than the project cost as reported in Section 5.2 of the NSW Government Planning approval MP07-0162
- Reliance on the correspondence from Wyong Council stating that the existing NSW State Government subdivision approval is current with substantial commencement achieved
- Our research and investigations are undertaken on a strictly confidential basis
- Our report to Central Coast Council is provided on a strictly confidential basis
- It is agreed that this advice is indicative only and may not be relied upon by the instructing party for any purpose beyond determination of an indicative market value range as part of Central Coast Council's broader asset disposal program.

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## 2. Land Particulars

### Location

#### Position

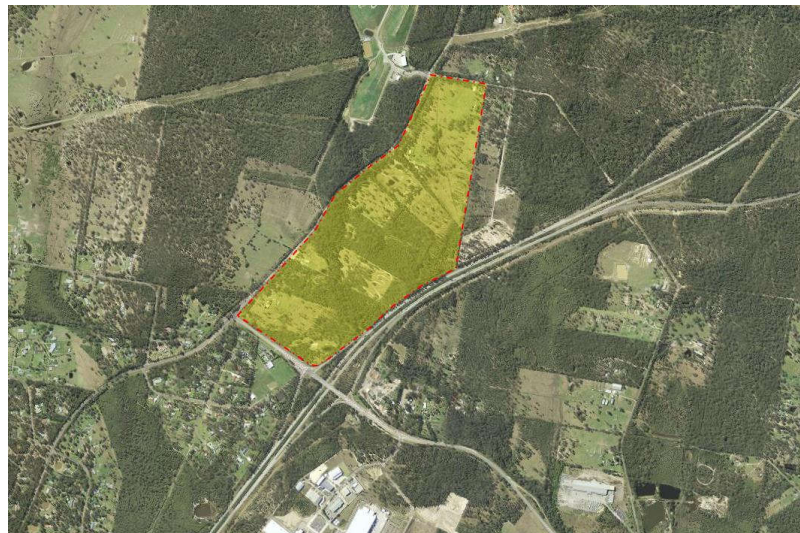
- The Property is located approximately 12km by road north of the Wyong town centre, the southern boundary of the Property is located at the access ramp onto the M1 Motorway.
- At its eastern boundary the Property is positioned alongside the Sydney to Newcastle M1 Motorway.

#### Surrounding and Adjoining Development

- Access to existing schools including the Lakes Grammar School and Warnervale Public School.
- The Central Coast Airport is located 1km to the east of the Property.
- Wyong Town Centre is located approximately 8.5km to the south of the Property via Hue Hue Road.
- On the opposite side of the Motorway is the Sanitarium warehouse facility and the Woolworths Wyong Regional Distribution Centre.

#### Road System and Access

- Strategically located near the M1 Motorway, the subject Property is well positioned to commute south to Sydney or north to Newcastle.
- Warnervale Railway Station is approximately 3.5km by road to the east of the subject Property.
- The Link Road Stage 2 extension is also predicted to help with faster connections.
- The widening of the M1 Motorway and improved road access along Sparks Road is intended to increase traffic flow and improve accessibility.



Map is provided by courtesy of Six Maps

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**Title Details & Site Description**

<b>Registered Owner</b>	Wyong Council (Central Coast Council)*
<b>Title Description</b>	Lot 4, 6 – 8 in DP239704, 15-16 in DP259530 & 25-26 in DP259530
<b>Registered Address</b>	671, 725, 781, 791, 811 Hue Hue Road, Jilliby NSW 2259 and 225 Sparks Road Jilliby NSW 2259
<b>Identification</b>	The Property has been identified by reference to Plans as supplied. We have not inspected the Property, other than kerbside from Hue Hue Road.
<b>Physical Description</b>	Property is partly cleared and consists of undulating timbered rural/grazing land
<b>Dimensions</b>	<p>We have been advised that the total site area is circa 87.95 hectares.</p> <p>The Property comprises a large number of separate land titles, as such, we have not undertaken a Title search and receipt of a land survey is recommended to confirm the total site area.</p> <p>It is noted that for this assessment we have had regard to net developable areas, as estimated.</p> <p>We cannot confirm if there are any encroachments upon the Property. The above measurements have been advised by the instructing party and confirmed from online database and aerial mapping</p>

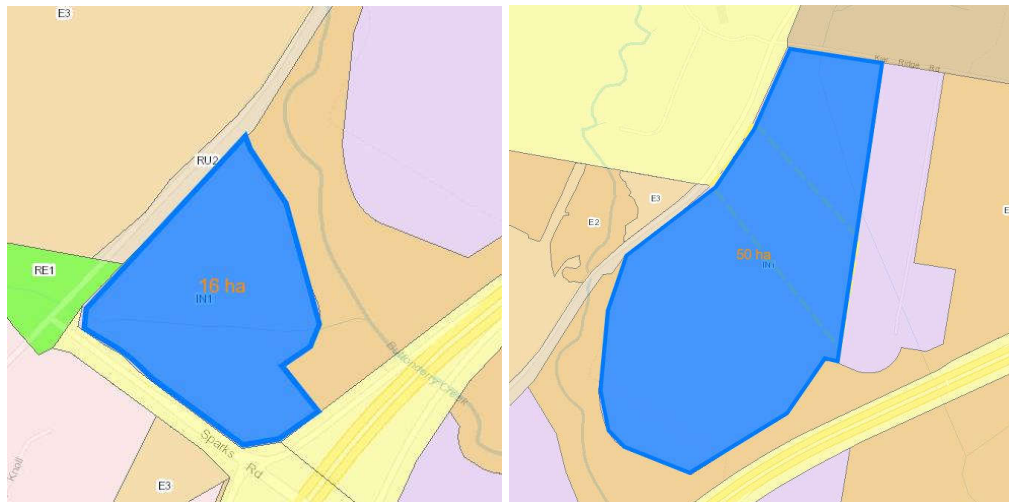
\*We have not ordered a Title search to confirm ownership

**Town Planning Details**

**Municipality and Planning Scheme**

Wyong Local Environmental Plan 2013

**Zoning – Significant Land Zone**



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We have utilised on-line mapping tools (NSW ePlanning Spatial Viewer) to determine the component of Industrial (IN1 zoned land). We have estimated the following:

<b>IN1 – General Industrial</b>	<b>Circa 66 Hectares</b>
<b>E2 – Environmental Conservation</b>	<b>Circa 17 Hectares</b>
<b>Net Developable Area (per proposed plan of subdivision)</b>	<b>Circa 55.59 Hectares (excludes internal roads)</b>

#### IN1 General Residential

##### 1. Objectives of zone

- To provide a wide range of industrial and warehouse land uses.
- To encourage employment opportunities.
- To minimise any adverse effect of industry on other land uses.
- To support and protect industrial land for industrial uses.
- To enable other land uses that provide facilities or services to meet the day-to-day needs of workers in the area.

##### 2. Permitted without consent

Nil

##### 3. Permitted with consent

Depots; Food and drink premises; Freight transport facilities; Garden centres; General industries; Hardware and building supplies; Industrial training facilities; Kiosks; Landscaping material supplies; Light industries; Liquid fuel depots; Neighbourhood shops; Oyster aquaculture; Places of public worship; Plant nurseries; Roads; Rural supplies; Tank-based aquaculture; Timber yards; Vehicle sales or hire premises; Warehouse or distribution centres; Any other development not specified in item 2 or 4

##### 4. Prohibited

Agriculture; Boat launching ramps; Boat sheds; Camping grounds; Caravan parks; Cemeteries; Charter and tourism boating facilities; Commercial premises; Correctional centres; Eco-tourist facilities; Educational establishments; Entertainment facilities; Environmental facilities; Exhibition homes; Exhibition villages; Extractive industries; Farm buildings; Forestry; Function centres; Heavy industries; Heavy industrial storage establishments; Home-based child care; Home businesses; Home occupations; Home occupations (sex services); Information and education facilities; Jetties; Marinas; Mooring pens; Moorings; Open cut mining; Passenger transport facilities; Pond-based aquaculture; Public administration buildings; Recreation facilities (indoor); Recreation facilities (outdoor); Registered clubs; Residential accommodation; Tourist and visitor accommodation; Water recreation structures; Wharf or boating facilities

#### E2 Environmental Conservation

##### 1. Objectives of zone

- To protect, manage and restore areas of high ecological, scientific, cultural or aesthetic values.
- To prevent development that could destroy, damage or otherwise have an adverse effect on those values.
- To protect endangered ecological communities, coastal wetlands and littoral rainforests.
- To enable development of public works and environmental facilities if such development would not have a detrimental impact on ecological, scientific, cultural or aesthetic values.

##### 2. Permitted without consent

Nil

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**3. Permitted with consent**

Eco-tourist facilities; Environmental facilities; Environmental protection works; Flood mitigation works; Oyster aquaculture; Recreation areas; Research stations; Roads; Water reticulation systems

**4. Prohibited**

Business premises; Hotel or motel accommodation; Industries; Multi dwelling housing; Pond-based aquaculture; Recreation facilities (major); Residential flat buildings; Restricted premises; Retail premises; Seniors housing; Service stations; Tank-based aquaculture; Warehouse or distribution centres; Any other development not specified in item 2 or 3

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**Masterplan Approval – NSW Planning**

Development Application	MP07-0162
Determination	Approved
Determination	27 August 2010
Substantial Commencement	Achieved – Refer to Correspondence 15 April 2015 from Wyong Shire
Description	Masterplan      120 lot subdivision Subject Land      69 lot subdivision
Comment	Our advice is issued on the basis that the estimated construction costs are adequate to meet all conditions detailed within the development approval. Independent quantity surveyor advice is recommended to confirm the same

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### 3. Market Intelligence

#### Central Coast Overview

Located approximately an hour north of Sydney and south of Newcastle. The Central Coast offers a coastal lifestyle, a regional city in Gosford, a strategic position for business logistics operations and a mobile workforce.

With an estimated population of 342,047 people in June 2018, the Central Coast is a quickly growing region, driven in part by population pressures in Sydney. The NSW Government introduced the Central Coast Regional Plan 2036 to grow the population, create excess of 24,000 jobs and increase the supply of housing. Health Care, Social Assistance, Retail and construction industries were the largest industries of employment across the Central Coast. The region offers connectivity to key labour and consumer markets and is a viable alternate business and residential location to Sydney.

There has been a strong increase in land values across the Central Coast Council area. The increase was consistent across all market segments, one exception being the commercial zoned lands which showed only a moderate increase.

The increases have been driven by strong demand and competition from out of area buyers, together with affordability in comparison to the Sydney markets. Other significant drivers include progressive main road upgrades improving access to and throughout the region, particularly the M1 Motorway upgrades.

#### Warnervale Town Centre





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The Central Coast Business Review (September 2020) report the following with regard to the Town Centre. "The adjoining residential component is starting to take shape with property developer Landcorp NSW well advanced with only 26 lots of the first stages of their 140 lot Hilltop Park development left for sale.

Lot sizes range from 447 sqm to 614 sqm and have realised at prices from \$315,000 to \$350,000.

The first homes to be built at Hilltop Park are nearing completion as the various local home builders lay the foundations for even more.

Central Coast Council will deliver a water and sewerage upgrade in Warnervale Town Centre following the provision of an \$8.5M funding package from the NSW Government announced in July by Parliamentary Secretary for the Central Coast, Adam Crouch.

The town centre is planned to include a variety of retail shops, family tavern, medical facilities and pharmacy, a long day childcare centre, children's play centre.

A Woolworths neighbourhood centre supermarket is proposed on Sparks Road thereby enlarging the overall Town Centre itself.

Additionally, the completion of the new parklands at the heart of the town centre will include open-air sports facilities, bike tracks, jogging tracks and other community amenities, which Landcorp NSW contemplates will be completed by early 2022."

#### **Recent Activity:**

The University of Newcastle began construction of the \$72.5 million Central Coast Medical School and Central Coast Research Institute adjacent to the Gosford Hospital.

Joint Venture between AA Crown Holdings and Northside Group lodged a State Significant Development Application for \$350 million development of a private hospital in West Gosford. Pending approval, the development is expected to be completed 2022, subsequently Commercial hq and Gibbens Group will develop a \$30 million Medical Precinct adjacent to the private hospital on the 3.1ha site. The Kibbleplex sites ('Gosford Alive') State Significant Development comprises of a \$280 million for 5 towers above a podium with mixed-use residential, retail, entertainment and recreation. In September 2019, St Hilliers lodged a masterplan DA with the NSW Department of Planning for a mixed-used precinct with their previous development Central Coast Quarter.

#### **Local Industrial Market Overview**

The Central Coast industrial property marketed is largely made up of light to medium industrial users along with a number of larger scale distribution and manufacturing facilities. The M1 Motorway linking Sydney to Newcastle and northern New South Wales and as such the Central Coast is a suitable location for large scale distribution centres including the Woolworths Distribution Centre at Warnervale and Berkeley Vale Distribution Centre. The five main industrial areas for the Central Coast are:

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- *Tuggerah Business Park*
- *Berkley Vale*
- *Somersby*
- *North Wyong*
- *Warnervale*

The Northern Growth Corridor is the main industrial areas for the Central Coast as it includes the Tuggerah Business Park, Berkley Vale, North Wyong, Tuggerah and the Wyong Employment Zone. The Southern Growth Corridor includes Somersby, West and North Gosford, Lisarow and Erina.

The Wyong Employment Zone (WEZ) comprises the Warnervale Business Park, plus Precincts 11, 13 and 14. This area includes the Warnervale airport where a Concept Plan was prepared in 2017 by the former Wyong Council for a General Aviation Hub, but no implementation has been made by the Central Coast Council.

The Warnervale Business Park covers 47.6 hectares near the Freeway and Sparks Road interchange. A number of small logistics companies and distributors are based in the Park. Major businesses include Sanitarium, Woolworths Distribution Centre and Coastal transport Services. Wyong Shire Council has been investigating the potential of an integrated 'Wyong Educational and Business Precinct' to be located at Warnervale to encompass integrated education, business/industrial park for greater collaboration between educational providers and business/industry groups.



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#### 4. Proposed Development

The Property is located within a 'rural' locality although is well positioned in relation to Warnervale Town Centre and the M1 Motorway.

The Site has an undulating topography with the low point being the transection of the site by Buttonberry Creek.

##### Development Summary:

##### Stage 1

Lot	Position	Lot Area (Ha)	Lot Area (m <sup>2</sup> )	Lot Area (Ha)
1	Cnr Sparks / Hue Hue roads	1.98	19,800	1.98
2	Hue Hue Road	0.99	9,900	0.99
3	Hue Hue Road	1.08	10,800	1.08
4	Hue Hue Road	1.08	10,800	1.08
5	Hue Hue Road	1.22	12,200	1.22
6	Internal road	1.10	11,000	1.10
7	Internal road	0.89	8,900	0.89
8	Internal road	1.06	10,600	1.06
9	Internal road	1.49	14,900	1.49
10	Sparks Road	1.08	10,800	1.08
11	Sparks Road	1.00	10,000	1.00
12	Sparks Road/M1	0.98	9,800	0.98
13	Internal Road/M1	0.78	7,800	0.78
<b>13</b>		<b>14.73</b>	<b>147,300</b>	<b>14.73</b>

##### Stages 2-8

Stage	Lots Per Stage	Total Stage Area (Ha)	Total Stage Area (m <sup>2</sup> )	Average Lot area (m <sup>2</sup> )
2	13	7.71	77,100	5,931
3	9	8.18	81,800	9,089
4	9	7.70	77,000	8,556
5	5	4.37	43,700	8,740
6	7	4.62	46,200	6,600
7	5	3.54	35,400	7,080
8	8	4.74	47,400	5,925
<b>TOTAL</b>	<b>56</b>	<b>40.86</b>	<b>408,600</b>	<b>7,296</b>

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**5. Valuation Rationale**

**COVID 19**

In the specific case of this valuation there are limited site sales for industrial englobo land parcels in Wyong in order to provide a guide to a suitable rate per square metre of site area to apply to the subject property. This may be more related to a general lack of potential supply of larger industrial land parcels in the Central Coast rather than any possible negative effects of COVID – 19.

We have been instructed to provide comment on potential value for the englobo development. As such, we have provided a project related site value for the initial Stage 1 of the development and added to this the englobo value for DA approved Stages 2-8. A market value range has been reported.

In order to determine a market value of Stage 1 we have undertaken a Hypothetical Feasibility Study (DCF).

We note the Hypothetical Feasibility is limited by the quality/integrity of the assumptions. In this instance there have been no pre-sales and we have not been provided with a formal construction quote or quantity surveyor confirmed costs.

**Stage 1 - Hypothetical Feasibility Study (DCF) - Development Assumptions**

**Gross Realisations**

For the purposes of this report, we have assessed hypothetical market values for each lot in Stage 1 on an "As If Complete" basis assuming they are complete, sold subject to full stamp duty obligations and with standard sale and settlement periods.

**Overall, we note that selling agents are reporting broadly stable or improving serviced vacant land values over the course of 2020 and into 2021, notwithstanding the impact of COVID 19.**



There have been limited sales in Warnervale and Wyong established industrial precincts, due mainly to these estates having been predominantly built out.

Providing reasonable comparable evidence for the subject property is the vacant industrial land subdivision providing serviced lots at Morisset which has been recently sold, with similar characteristics to the subject property, being its proximity to the M1 Motorway.

Property	Sale Price	Sale Date	Area	Zoning	Rate/m <sup>2</sup>
<b>56 GATEWAY BOULEVARD MORISSET NSW</b>	\$455,000	Nov 2020	1,835 m <sup>2</sup>	IN1 - General Industrial	\$248
	Vacant industrial land which is level and cleared located in the comparatively recently expanded Morisset industrial precinct. Close proximity to the M1 Motorway on/off ramp.				

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Property	Sale Price	Sale Date	Area	Zoning	Rate/m <sup>2</sup>
<b>59 ADVANTAGE AVENUE MORISSET NSW</b> 	\$722,000	Oct 2020	2,708 m <sup>2</sup>	IN1 - General Industrial	\$260
Vacant industrial land which is level and cleared located in the comparatively recently expanded Morisset industrial precinct. Close proximity to the M1 Motorway on/off ramp.					
<b>32 ACCOLADE AVENUE MORISSET NSW</b> 	\$642,500	Oct 2020	2,570 m <sup>2</sup>	IN1 - General Industrial	\$250
Vacant industrial land which is level and cleared located in the comparatively recently expanded Morisset industrial precinct. Close proximity to the M1 Motorway on/off ramp.					
<b>18 PROSPERITY CLOSE MORISSET NSW</b> 	\$394,000	Aug 2020	1,970 m <sup>2</sup>	IN1 - General Industrial	\$200
Vacant industrial land which is level and cleared located in the comparatively recently expanded Morisset industrial precinct. Close proximity to the M1 Motorway on/off ramp.					
<b>5 VENTURE CLOSE MORISSET NSW</b> 	\$649,000	July 2020	2,708 m <sup>2</sup>	IN1 - General Industrial	\$240
Vacant industrial land which is level and cleared located in the comparatively recently expanded Morisset industrial precinct. Close proximity to the M1 Motorway on/off ramp.					

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We have also had regard to vacant industrial land sales in Newcastle and Hunter Valley regions.

Property	Sale Price	Sale Date	Area	Zoning	Rate/m <sup>2</sup>
<b>10 KENNINGTON DRIVE TOMAGO NSW</b> 	\$623,700	Sep 2020	4,158 m <sup>2</sup>	IN1 - General Industrial	\$150
<p>Vacant industrial land which is level and cleared. Agent advised the Property sold to owner of neighbouring 12 Kennington Drive with intention to develop industrial units across both lots. No DA has been lodged to either lot prior to the sale.</p>					
<b>77 MUSTANG DRIVE RUTHERFORD NSW</b> 	\$835,000	Aug 2020	7,028 m <sup>2</sup>	B5 Business Development	\$119
<p>Vacant industrial Lot with main frontage to New England Highway. Concept plans for a workshop, showroom and specialised self-contained units with no current DA.</p>					
<b>16 BOARDMANS CLOSE BERESFIELD NSW</b> 	\$2,040,000	Aug 2020	10,200 m <sup>2</sup>	IN2 – Light Industrial	\$200
<p>Triangular shaped vacant parcel of industrial land sold in an off-market transaction. Agent Knight Frank Newcastle.</p>					

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Property	Sale Price	Sale Date	Area	Zoning	Rate/m <sup>2</sup>
<b>4 DYER CRESCENT WEST GOSFORD NSW</b>  	\$380,000	Jul 2020	1,205 m <sup>2</sup>	IN1 - General Industrial	\$315
<p>Approximately 1,205 m<sup>2</sup> of vacant land which is reasonably level and clear with gravel hardstand currently on site.</p> <p>The land is positioned well and within close proximity to a large range of services and other businesses within West Gosford's Industrial estate. It is located just off Manns Road with easy access.</p> <p>Centrally located, it is only about 5 minutes to the M1 Motorway which is then approximately 1 hour drive to Sydney or Newcastle and only a few minutes to the Gosford CBD.</p> <p>Property sold at auction exclusive of GST.</p>					
<b>LOT 1103 IVORY CLOSE HEATHERBRAE NSW</b>  	\$1,500,000	Jun 2020	11,000 m <sup>2</sup>	IN1 - General Industrial	\$136
<p>Industrial land situated in the Heatherbrae industrial precinct accessed from the extension of Camfield Drive. Sold by Knight Frank Newcastle</p>					
<b>12 SABRE CLOSE RUTHERFORD NSW</b>  	\$1,199,500	Mar 2020	10,310 m <sup>2</sup>	B5 - Business Development	\$116
<p>Vacant B5 zoned industrial land. Battleaxe design and adjoins a creek. A warehouse and distribution centre DA was approved on the site in July 2020.</p> <p>Sold for \$1,319,450 incl GST. \$1,199,500 plus GST. Requires hardstand addition prior to being a usable industrial site. Off market transaction.</p>					

The sales of industrial vacant land parcels which have a site area of above 10,000m<sup>2</sup> reflect a range of \$116/m<sup>2</sup> of site area to \$200/m<sup>2</sup> of site area. With adjustments for land area, values towards the lower end or middle of this range are reasonable for the subject property.

Although directly comparable evidence is limited, industrial selling agents are reporting stronger inquiries for serviced industrial land. Higher values could be expected for the subject property in the current market as compared to those assessed in the previous report of 24 February 2020.

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The subject is considered to have a strong industrial location being within close proximity to the Warnervale business precinct and close access to the M1 Motorway.

For inclusion in the Hypothetical Feasibility Study we have assessed the following indicative values for the proposed development.

Lot		Lot Area (m <sup>2</sup> )	Lot Area (Ha)	Adopted Gross Realisation (Incl. GST)	\$Rate/m <sup>2</sup> (lot area)
1	Cnr Sparks / Hue Hue roads	19,800	1.98	\$2,000,000	\$101
2	Hue Hue Road	9,900	0.99	\$1,300,000	\$131
3	Hue Hue Road	10,800	1.08	\$1,300,000	\$120
4	Hue Hue Road	10,800	1.08	\$1,300,000	\$120
5	Hue Hue Road	12,200	1.22	\$1,300,000	\$107
6	Internal road	11,000	1.10	\$1,300,000	\$118
7	Internal road	8,900	0.89	\$1,300,000	\$146
8	Internal road	10,600	1.06	\$1,300,000	\$123
9	Internal road	14,900	1.49	\$1,650,000	\$111
10	Sparks Road	10,800	1.08	\$1,300,000	\$120
11	Sparks Road	10,000	1.00	\$1,300,000	\$130
12	Sparks Road/M1	9,800	0.98	\$1,300,000	\$133
13	Internal Road/M1	7,800	0.78	\$1,120,000	\$144
<b>13</b>		<b>147,300</b>	<b>14.73</b>	<b>\$17,770,000</b>	<b>\$121</b>

**Important Notice**

Our adopted "As If Complete" values for the various components of the project do not represent a forecast "on Completion" value and the Reliance Party should seek a separate valuation of these components once the project is constructed and a certification of completion issued by the approving body.

**Development Costs**

We note that it is difficult to compare development costs from other industrial subdivisions to the subject subdivision given such potential for variation in site specific characteristics, importantly the extent of site works/fill required and/or amplification of services.

We have relied upon costs for the englobo development (120 lots) detailed in the Project Approval as previously supplied by Central Coast Council. We note that these costs were well dated and as such, we have included a 20% contingency which is significantly above a standard industry allowance of say 5.0%.

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The adopted costs and assumptions in our feasibility analysis are summarised as follows:

Inputs	Assumptions	
<b>Gross Realisations</b>	As detailed above	
<b>Rate of Sales</b>	Presales	3 lots over 6 months – 0.50 sales / month
	Sales Over Construction	3 lots over 8 months – 0.38 sales / month
	Sales Post Construction	7 lots over 12 months – 0.58 sales / month
<b>Selling Costs</b>	Project Marketing	\$5,500/lot
	Agents Commission	3.0% (inclusive of GST)
	Legals on sale	\$1,100 per saleable lot
<b>Construction Costs (Civils and Servicing)</b>	Subdivision	\$351,014 per lot incl GST (13 lots)
	Contingency	\$912,636 incl. GST (20% subdivision costs)
<b>Professional Fees</b>	Allowance	\$472,911 or 9.5% construction (DA achieved)
<b>Project Oversight</b>	1.5% or \$150,855 incl GST	
<b>Construction Certificate</b>	Not issued.	Cost incl in Professional/Statutory cost
<b>Section 94s and DSP Contributions</b>	\$1,544,944	Per Development Approval. KF escalation allowance of +10%
<b>Land Holding Costs</b>	\$129,038 allowance for land tax and council rates (for Stage 1 only)	
<b>Finance Charges</b>	\$22,000 Loan Establishment Fee	
<b>Interest Rate</b>	6.00% assuming 100% debt financed	

*It is noted that we are not experts in this field and have made assumptions regarding all project costs to assist in determining the market value of Stage 1, subject to the existing Development Consent. Prior to reliance on this advice, independent Quantity Surveyor advice should be sought and pre-sales achieved.*

#### Target Return Parameters

The determination of the appropriate Target Profit Margin (P&R) and appropriate Internal Rate of Return (IRR) to utilise in our calculations is difficult as influences on the target return requirements of investors are varied and greatly impacted by a number of key elements. We have considered the following key elements of the project;

- The current low interest rate environment as an opportunity cost of investment;
- Since the onset of COVID – 19, the reported apparent economic recovery and improving investment confidence;
- The size and length of the project;
- Level of planning risk (Masterplan Approval for lots 69 lots);
- The uncertainty around development costs, and the various assumptions we have made in respect to such costs;
- The *perceived* availability of funding and propensity of the first tier banks to support a development of this nature;
- Availability of alternative investment returns across other asset classes;
- Fundamental trends of supply and demand for this style of development;
- Construction time frame and cost.

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From our analysis of sales and first-hand experience of residential development projects across the regional market of Central Coast and Newcastle, local developers return requirements appear relatively consistent and reflect the nature of the market segment each project occupies.

These return parameters reflect:

- The principal development risks,
- Development timeframes,
- Zoning and planning risks,
- Presales, sales risk and revenue expectations,
- Purchaser type and demographic demands,
- Fundamental demand and supply within a locality as well as the complexity and building risk associated with the project construction.

Due to the nature of most development projects being, typically less than three years duration the primary driver of return in the residual feasibility analysis is the Profit and Risk (P&R) which reflects a pure quantum of profit return on the project. **Typically, Internal Rates of Return (IRR's) are the domain of more sophisticated large listed property developers or land subdivisions whereby the project duration may extend to beyond five or even 10 years.**

The following is an example of the typical required Profit and Risk ranges;

**25% - 30%** Target returns of this level are usually required for larger long term projects that tend to span periods in excess of three years and still have considerable planning risk (re-zoning required or approvals) and have yet to achieve significant project targets such as DA or Local Authority endorsement.

**20% - 25%** Target returns of this level are usually reflective of medium to larger long term projects that tend to span periods of two to four years and still have some planning risk (i.e. no DA approval) and have yet to achieve significant project targets such as presales, but may have advanced project planning to a point of seeking pre DA endorsement from the Local Authority.

**15% - 20%** Target returns in this band are common for medium term projects that have achieved significant project targets such as DA, local authority endorsement, presales or significant construction commencement.

**10% - 15%** Target returns at this level are more often accepted in the marketplace for smaller DA approved development sites that generally occupy the price band of below ~\$5,000,000 and can be built in less than 12 months. These sites tend to be purchased by local builder-developers motivated by the 'pure profit quantum' rather than the more sophisticated and analytical P&R's or IRR's. Returns of this level will also be acceptable if a development project has achieved significant milestones or has advanced construction and has been presold.

As with all Target parameters they remain fluid, are derived and constantly reviewed by way of analysing transactions to reflect the current market conditions, interest rate returns and availability of funding. An element of professional judgement is required to assess the stage of development each project has reached.



Central Coast Council



**Analysis – Stage 1**

Having considered the above and the fundamental elements of the subject project an appropriate Target Profit and Risk return should be in the order of **circa 25% to 30%** and a Target Internal Rate of Return (IRR) should be in excess of 30%. We note the greater reliance upon the Target Profit and Risk approach given the shorter timeframe of Stage 1.

**Hypothetical Feasibility Study – Results Summary**

A summary of the analysis based on industry indicated hurdle rates/expectations for a development margin after interest and an Internal Rate of Return (IRR) before interest is as follows:

Our DCF calculations are detailed as follows:

Development		Feasibility			
Summary					
<b>Discounted Cash Flow Analysis</b>					
<b>Gross Realisation</b>					
Stage 1 Sales (Incl. GST)		\$17,770,000			
Less calculated GST remittance		-\$1,615,455			
<b>Gross Realisable Value</b>				<b>\$16,154,545</b>	
Less Selling Costs			-\$618,900		
<b>Estimated Net Realisation</b>				<b>\$15,535,645</b>	
Less: Development Profit and Risk			-\$3,648,889		
<b>Total Capital Outlay</b>				<b>\$11,886,756</b>	
Development Costs (Incl. GST)			-\$8,351,339		
GST reclaimed per model			\$1,005,273		
<b>Costs (after GST reclaimed)</b>				<b>\$4,540,690</b>	
Land Acquisition Costs			-\$250,690		
<b>Value Range / Sensitivity (Development Margin)</b>					
<b>Resultant Residual Land Value</b>		<b>\$4,290,000</b>	<b>\$3,900,000</b>	<b>\$4,675,000</b>	<b>\$4,250,000</b>
		<b>(Incl GST)</b>	<b>(Excl GST)</b>	<b>(Incl GST)</b>	<b>(Excl GST)</b>
On a per lot basis	13		\$300,000		\$326,923
On a rate per m <sup>2</sup> of site area	147,300		\$26		\$29
On a per Ha basis	14.73		\$264,766		\$288,527
Target Profit and Risk			<b>30.00%</b>		<b>25.00%</b>
<b>Profit &amp; Risk on basis of Resultant Figure</b>			<b>29.18%</b>		<b>24.98%</b>
Target Internal Rate of Return			Plus 30%		Plus 30%
<b>IRR on basis of Resultant Figure</b>			<b>39.26%</b>		<b>33.98%</b>

Central Coast Council



An indicative Project Related Site Value for **Stage 1** with DA Consent for 13 industrial allotments is \$4,290,000 to \$4,675,000 including GST or **\$3,900,000 to \$4,250,000 excluding GST, reflecting a Profit and Risk factor within a range of 25% to 30%**. This profit quantum / Development Margin are consistent with market norms. We append our Estate Master calculations (based on 30% Development Margin) to this report.

**Direct Comparison Approach**

This approach identifies comparable sales on a dollar rate per hectare or square metre of site area and compares the equivalent rates to the subject to establish the Property's market value for Stage 1.

**Englobo Site Sales**

Property	Sale Price	Sale Date	Site Area	Zoning	Rate/m <sup>2</sup>
<b>LOT 6, 71 INDUSTRIAL DRIVE, MAYFIELD WEST NSW</b>	\$3,850,000	Oct 2019	10.16 ha	SP1 Special Activities	\$38
	Purchased by adjoining owner Sentinel. The site adjoins Sentinel's industrial investment at 51 Industrial Drive, Mayfield, which was purchased for \$31 million in 2015. The site is predominantly cleared of vegetation.				
	No direct port or road access limiting the development options for the site. Providing road access from Industrial Drive may be achievable although at a significantly high cost.				
	Analysis	\$378,937/Ha			
<b>38 CABBAGE TREE ROAD WILLIAMTOWN NSW</b>	\$19,660,000	Jan 2019	76.52 ha	B7 Business Park	\$26
	Vacant land adjoining Williamtown Airport. About 66ha is zoned B7 Business Park with the remaining 10 ha zoned RU2 Rural Landscape. Off market purchase by Newcastle Airport Ltd to accommodate its Astra Aerolab precinct. The contract date is to be confirmed however we understand the purchase is structured with an upfront payment and further annual payments as development stages progress.				
	Analysis	\$256,926/Ha			

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Property	Sale Price	Sale Date	Site Area	Zoning	Rate/m <sup>2</sup>
<b>43-45 GREENLEAF ROAD KOORAGANG NSW</b>	\$7,600,000	Dec 2018	24.33 ha	SP1 Special Activities	\$31
<p>The Property is situated on the western side of Greenleaf Road just south of the Stockton Bridge in the Kooragang Island industrial area, located approximately 10km by road north of the city of Newcastle. The property has access to and from Heron Road in the west via an easement for access 19 metres wide over adjoining land.</p> <p>The site was purchased by Eastern Star Gas (Santos) and was mooted for a liquefied natural gas (LNG) export terminal, however this did not eventuate. The property had been on the market for sale for several years, and an agreement to purchase was reached subject to DA Approval for subdivision into a 12 lot Community Title Subdivision.</p> <p>Development Consent was achieved on 24 November 2018, with the transaction settling as per RP Data records on 17 December 2018.</p> <p>Analysis                      \$312,372/Ha</p>					
<b>BALANCE OF LAND - STEEL RIVER PAMBALONG DRIVE MAYFIELD WEST NSW</b>	\$4,500,000	Oct 2017	20.12 ha	IN1 General Industrial	\$22
<p>The site comprises the balance of land at Steel River previously owned by Tinkler Group. The land went into receivership and has subsequently been sold.</p> <p>Throughout the sale campaign approximately 12-15 stockpiles of fill were supposedly contaminated with an estimated remediation cost ranging between \$2-\$m as advised by the receivers.</p> <p>The purchasers have since discovered there the stockpiles are not contaminated, significantly reducing the remediation costs of the site.</p> <p>Analysis                      \$223,658/Ha</p>					

Central Coast Council



Property	Sale Price	Sale Date	Site Area	Zoning	Rate/m <sup>2</sup>
<b>147 MOUNTAIN ROAD HALLORAN NSW</b>	\$3,250,000	Sep 2017	26.2 ha	IN1 General Industrial, E2 Environmental Conservation	\$11
<p>Englobo parcel of land located on the eastern side of Mountain Road. Parcel comprises approximately 20 hectares of IN1 General Industrial with the balance zoned E2 Environmental Conservation. Improved with 3 houses (2 of which are habitable), old stables, and machinery shed.</p> <p>Property was purchased by Moits Civil Engineering for future development of an industrial subdivision. In the interim the purchaser will utilise the site as a local depot for projects they are working on in the local area.</p> <p>Rate per square metre over the developable area reflects a rate of \$16.25/m<sup>2</sup>.</p> <p>Property was purchased by Moits Civil Engineering for future development of an industrial subdivision. In the interim the purchaser will utilise the site as a local depot for projects they are working on in the local area. Rate per square metre over the IN1 zoned area reflects \$16.25/sqm. We have adopted \$1,000,000 as the value of the E2 zoned land and the improvements resulting in the IN1 zoned land having a value of \$2,250,000 or \$11.25/sqm</p> <p>Analysis                    \$124,046/Ha</p>					
<b>198 LENAGHANS DRIVE BLACK HILL NSW</b>	\$16,000,000	Jan 2015	183 ha	IN2 Light Industrial; E2 Environmental Conservation	\$9
<p>Ex-Coal and Allied land, the site is known as Black Hill Estate at Black Hill with significant frontage and exposure to the M1 Motorway. Site was one of the largest freehold industrial englobo sites for sale in New South Wales. Site comprises 73% of IN2 Industrial land with the balance zoned E2 Environmental Conservation. The site was purchased by Hunter Land and Stevens Group who have entered into a JV with plans to develop the land into a 200 lot industrial subdivision over 8 stages. The DA currently pending approval proposes varying lot sizes ranging from 1,500m<sup>2</sup> through to larger lots exceeding 3 ha.</p> <p>The development proposes entrance to the site from John Renshaw Drive with a traffic light intersection as well as secondary left in-left out access further to the east.</p> <p>Analysis                    \$87,432/Ha                                      \$80,000/lot</p>					

The above sales indicate a range per hectare from \$87,432 for a very large parcel of industrial land at Black Hill to \$312,372 for a 24 hectare site in the well established specialised port/coal precinct at Kooragang Island, Newcastle and a higher rate at \$378,937 for a smaller site of 10.16 hectares at Industrial Drive Mayfield West. The sales reflect a rate per square metre of \$9/m<sup>2</sup> to \$38/m<sup>2</sup> of site area.

Central Coast Council



We are advised that the Property was to be sold at an agreed purchase price of \$17,000,000 excluding GST (not confirmed). Allowing \$510,000 for the E2 zoned land this reflects circa \$296,636 per hectare over the estimated 55.59 square metres of developable land for stages 1-8. **We understand that this sale will not proceed.**

Given the location, land size, zoning and topography of the subject site we consider a suitable rate per hectare in the range of \$32.50/m<sup>2</sup> to \$37.50/m<sup>2</sup> is appropriate to the subject. Given the lack of directly comparable larger englobo land parcels and the lack of confirmed development costs and pre-sales, we have not assessed a higher rate for the subject englobo site, since our report of February 2020. Our calculations follow:

Net Developable Area (m <sup>2</sup> )	rate (\$) / sqm	Resulting Value
408,600	\$32.50	\$13,279,500
408,600	\$37.50	\$15,322,500
<b>Overall</b>		
Adopt for Residual land (stages 2-8)	\$13,300,000	\$15,300,000
Residual Stage 1 Land Value - Range	\$3,900,000	\$4,250,000
Resulting Range - Overall	\$17,200,000	\$19,200,000
<b>Adopt Indicative Range</b>	<b>\$17,000,000</b>	<b>\$19,500,000</b>

#### Comment on Potential Disposal

We understand that this advice forms part Council's asset disposal program. We would expect that a realisation of the subject property would fall somewhere towards the middle of our advised range.

#### Comment on Historical Industrial Land Value Growth

We have been asked to provide commentary on expected capital growth of industrial land. We are not qualified to comment on future growth, however, have analysed sales of industrial land in Central Coast and Newcastle locations which provides an indicative historical growth rate. The average growth rates are limited by the following factors:

- Commercial land zones vary (although predominantly industrial)
- We are not aware of the circumstances behind each transaction
- We have not had regard to sales of englobo industrial land parcels, due to lack of availability

Any or all of the above factors may skew the average growth rates and therefore the reported rates are indicative only. Since our previous report of February 2020, we have analysed the following additional sales. Overall, land values appear to have increased over the course of 2020 and into 2021, although an accurate growth rate is difficult to quantify and will depend on the circumstances of each industrial estate.

Central Coast Council



Sale Date	Oct-18	Dec-18	Feb-19	Jul-19	Oct-20	Aug-20	Nov-20	Overall	Av. Annual Growth
<u>Industrial Land Sales</u>									
56 Gateway Bvd Morisset				\$417,500			\$455,000	9%	9%
15 Poynton Pl Thornton	\$1,320,000				\$1,850,000			40%	20%
37 Mustang Dr Rutherford			\$454,545	\$590,909				30%	30%
77 Mustang Dr Rutherford		\$750,000				\$835,000		11%	6%

The above table indicates a broad range of values and the results may not be statistically significant to determine a more recent trend. Supporting the above strong growth, industrial selling agents are reporting reasonable demand for serviced industrial land in well located industrial precincts.

Central Coast Council



## 6. Conclusion

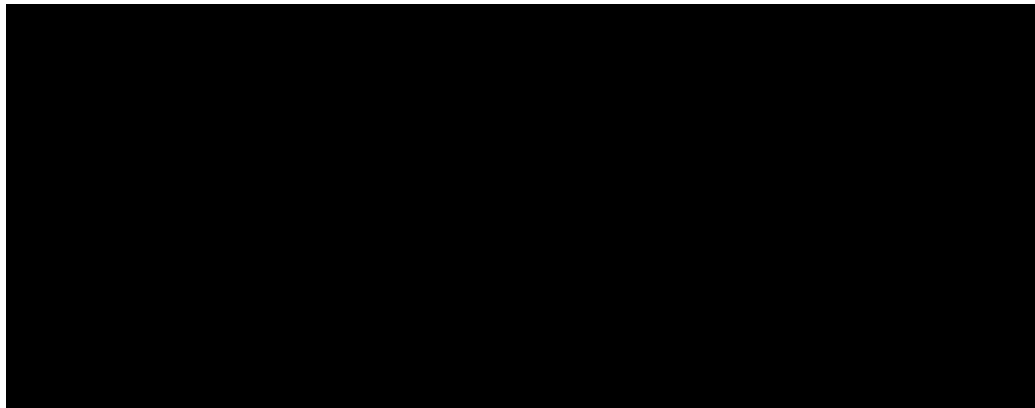
Acting under instructions from Joe O'Connor from Central Coast Council Knight Frank Newcastle has undertaken an initial desktop assessment of market value for Warner Industrial Park, Sparks Road & Hue Hue Road, Warnervale NSW 2259. We confirm that we have not fully inspected the Property.

Subject to the overriding stipulations contained within the body of this advice, we are of the opinion that the indicative range for the subject property assuming a sale of the freehold interest and relevant to prevailing levels of value as at 12 January 2021 for potential disposal purposes is:

**Indicative Site Value Range with DA consent for Stage 1 together with the Residual Land (stages 2-8)**

**\$17,000,000 to \$19,500,000 (excluding GST)**

Should you need any further clarification in relation to this advice, please do not hesitate to contact the undersigned.



## Knight Frank Newcastle

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**Liability limited by a scheme approved under Professional Standards Legislation.**



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PROPOSED PLAN - SUBDIVISION PLAN

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ESTATE MASTER

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Stage 1 - PRSV subject to DA Consent

Main Inputs for Industrial Subdivision

Licensed to: Knight Frank Valuations Newcastle

**PRELIMINARY**

Cash Flow Title: Stage 1 Description of Option/Stage: PRSV subject to DA Consent

Date of First Period: Jan-2020

Cash Flow Return Period: Monthly

Project Size (a): 109.00 Lots

Project Size (b): 447,300.00 GFA

Site Area: 0.1

Type: Industrial Status: Approved

**GOODS & SERVICES TAX**

Using General Tax Rule

Goods and Services Tax Rate: 10.00%

Developer/Credits Reclaimed in the Same Month: Liability Paid in the Same Month

Liability on Sales All Paid by Developer

All Project Costs	To be entered Inclusive of GST
Rental Income & Leasing Costs	To be entered Inclusive of GST
Sales Revenue	To be entered Inclusive of GST
Other Income	To be entered Inclusive of GST

**LAND PURCHASE & ACQUISITION COSTS**

Costs to be entered Inclusive of GST

Land Purchase Price	4,290,000
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Code	Stage	% of Land Purchase Price paid	AND/OR Lump Amount
1002	-	10.00%	429,000
1003	-	0.00%	-
1004	-	0.00%	-
1005	-	0.00%	-
1007	-	0.00%	-
1008	-	90.00%	3,861,000
			240,790
			Stamp Duty*
			Interest on deposit shared between parties
			Profit Share to Land Owner

Code	Stage	% of Land Price exc Tax	AND/OR Lump Amount
1011	-	0.00%	9,900
1012	-	0.00%	-
1013	-	0.00%	-
1014	-	0.00%	-
1015	-	0.00%	-

Month Start	Month Span	Cash Flow Period	GST Included on Land Price?	Reclaim After Final Land Settlement
0	1	Jan-20 - Jan-20	Y	Y
0	0	-	-	-
0	0	-	-	-
0	0	-	-	-
1	1	Feb-20 - Feb-20	-	-
1	1	Feb-20 - Feb-20	-	-

\* Stamp Duty calculated on Land Value of 4,290,000 inc. GST

Total Current Costs (inc GST)	Total Escalated Cost
390,000	429,000
-	-
-	-
3,510,000	3,861,000
240,790	240,790
4,140,790	4,550,790

Stamp Duty

Month Start	Month Span	Cash Flow Period	GST Included	Remarks
1	1	Feb-20 - Feb-20	Y	-
0	0	-	Y	-
0	0	-	Y	-
0	0	-	Y	-

Manual Input (refer to Cash Flow)

Total Current Costs (inc GST)	Total Escalated Cost
9,000	9,900
-	-
-	-
-	-
9,000	9,900

\* Pro-rata with Land Payments (%)

**COST ESCALATION**

Monthly Compounder Escalation - based on Cash flow Period Years commencing

Code	Jan-20	Jan-21	Jan-22	Jan-23	Jan-24	Jan-25	Jan-26	Jan-27	Jan-28	Jan-29
Professional Fees	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Construction Costs (Uncategorised)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Subdivision Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
STG Stage Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
BUJ Bull Form	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Other	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
CG	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
OT2	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Stamp Duty	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Section 94s	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Long Service Levy	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Miscellaneous Costs 3	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Land Holding Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Leasing and Leasing Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Finance Costs	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
<b>PROJECT CONTINGENCY</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,000</b>	<b>9,900</b>

(Construction, Professional Fee Development Management), Statutory Fees, Section 94s, Long Service Levy, Miscellaneous Costs 3 and PRSV Commissions

Stage 1 - PRSV subject to DA Consent

Main Inputs for Industrial Subdivision

PROFESSIONAL FEES														
Costs to be entered Inclusive of GST														
Code	Stage	Description	% of Construct.	AND/OR No. Units	Base Rate / Unit	Escalate (E,R,N)	S-Curve	Month Start	Month Span	Cash Flow Period	GST Included	Remarks		
3001	-	Stage 1	8.50%	-	-	-	-	C	-	Jul20 - Feb21	Y	KE Allowance		
3002	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3003	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3004	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3005	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3006	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3007	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3008	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3009	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3010	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3011	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3012	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3013	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3014	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3015	-	-	0.00%	-	-	-	-	-	-	-	-	-		
3099	-	Development Management	1.50%	% of Project Costs (incl. Land but excl. Finance & Tax)	-	-	-	C	-	Jul20 - Feb21	Y	Manual Input (refer to Cash Flow)		
											153,160	168,476	168,476	
											593,980	641,393	641,393	
											<b>TOTAL</b>			
CONSTRUCTION COSTS														
Costs to be entered Inclusive of GST														
Code	Stage	Description	Cost Type	Units	Base Rate / Units	Escalate (E,R,N)	S-Curve	Month Start	Month Span	Cash Flow Period	GST Included	Remarks		
4001	-	-	-	-	-	-	-	6	8	Jul20 - Feb21	Y	low Environ Assessment Report (Section 5.2) includes alternative, earthworks, stabilisation		
4002	-	Stage 1 - Civil Construction	-	13	257,896	-	-	6	8	Jul20 - Feb21	Y	low Environ Assessment Report (Section 5.2) includes alternative, earthworks, stabilisation		
4003	-	Stage 1 - External Infrastructure	-	13	58,483	-	-	6	8	Jul20 - Feb21	Y	low Environ Assessment Report (Section 5.2) includes alternative, earthworks, stabilisation		
4004	-	Stage 1 - External Infrastructure	-	13	58,483	-	-	6	8	Jul20 - Feb21	Y	low Environ Assessment Report (Section 5.2) includes alternative, earthworks, stabilisation		
4005	-	Stage 1 - Landscaping treatment works	-	13	34,545	-	-	6	8	Jul20 - Feb21	Y	low Environ Assessment Report (Section 5.2) includes alternative, earthworks, stabilisation		
4007	-	-	-	-	-	-	-	-	-	-	-	-		
4008	-	-	-	-	-	-	-	-	-	-	-	-		
4009	-	-	-	-	-	-	-	-	-	-	-	-		
4010	-	-	-	-	-	-	-	-	-	-	-	-		
4011	-	-	-	-	-	-	-	-	-	-	-	-		
4012	-	-	-	-	-	-	-	-	-	-	-	-		
4013	-	-	-	-	-	-	-	-	-	-	-	-		
4014	-	-	-	-	-	-	-	-	-	-	-	-		
4015	-	-	-	-	-	-	-	-	-	-	-	-		
4016	-	-	-	-	-	-	-	-	-	-	-	-		
4017	-	-	-	-	-	-	-	-	-	-	-	-		
4018	-	-	-	-	-	-	-	-	-	-	-	-		
4019	-	-	-	-	-	-	-	-	-	-	-	-		
4020	-	-	-	-	-	-	-	-	-	-	-	-		
4025	-	-	-	-	-	-	-	-	-	-	-	-		
											3,048,824	3,353,817	3,353,817	
											691,167	760,283	760,283	
											408,254	448,076	448,076	
											<b>TOTAL</b>			
CONSTRUCTION CONTINGENCY														
Costs to be entered Inclusive of GST														
4999	-	-	-	-	-	-	-	-	-	-	-	-		
5000	-	Statutory Fees	-	-	-	-	-	-	-	-	10.00%	Manual Input (refer to Cash Flow)		
											829,669	912,636	912,636	
											4,978,014	5,475,815	5,475,815	
											<b>TOTAL</b>			

Stage 1 - PRSV subject to DA Consent

Main Inputs for Industrial Subdivision

Section 94s														
Costs to be entered Inclusive of GST														
Code	Stage	Description	% of Construction <sup>1</sup>	AND/OR No. Units	Base Rate / Unit	Escalate (E,R,N)	S-Curve	Month Start <sup>2</sup>	Month Span	Cash Flow Period	Remarks	Total Current Costs (exc. GST)	Total Current Costs (inc. GST)	Total Escalated Cost
6000														
6001														
6002														
6003														
6004														
6005														
6006														
6007														
6008														
6009														
6010														
* Based on net costs.														
Long Service Levy														
Costs to be entered Inclusive of GST														
Code	Stage	Description	% of Construction <sup>1</sup>	AND/OR No. Units	Base Rate / Unit	Escalate (E,R,N)	S-Curve	Month Start <sup>2</sup>	Month Span	Cash Flow Period	Remarks	Total Current Costs (exc. GST)	Total Current Costs (inc. GST)	Total Escalated Cost
6001														
6002														
6003														
6004														
6005														
6006														
6007														
6008														
6009														
6010														
* Based on net costs.														
Miscellaneous Costs 3														
Costs to be entered Inclusive of GST														
Code	Stage	Description	% of Construction <sup>1</sup>	AND/OR No. Units	Base Rate / Unit	Escalate (E,R,N)	S-Curve	Month Start <sup>2</sup>	Month Span	Cash Flow Period	Remarks	Total Current Costs (exc. GST)	Total Current Costs (inc. GST)	Total Escalated Cost
6001														
6002														
6003														
6004														
6005														
6006														
6007														
6008														
6009														
6010														
* Based on net costs.														
LAND HOLDING COSTS														
Costs to be entered Inclusive of GST														
Code	Stage	Description	No. Units	Base Rate /unit/ann	Term <sup>1</sup>	Escalate (E,R,N)		Month Start <sup>2</sup>	Month Span	Cash Flow Period	Remarks	Total Annual Costs (exc. GST)	Total Annual Costs (inc. GST)	Total Escalated Cost
7001														
7002														
7003														
7004														
7005														
7006														
7007														
7008														
7009														
7010														
7011														
7012														
* 1 = Yearly, B=Bi-Annually, Q=Quarterly, M=Monthly, M=Monthly														
* Denish proportionally with Leasing (DS) or Settlements (S)														
* Based on net costs.														



Main Inputs for Industrial Subdivision

Stage 1 - PRSV subject to DA Consent

SALES															
Sales Revenue to be entered Inclusive of GST															
Code	Stage	Description	No. Units	Total Area	Current Sale Price	Sales Calc Method	Pre-Sale Exchange Month Start	Month Start	Month Span	Settlements Month Start	Cash Flow Period	Sales Rate Units / SqM per Month	Land Use Code	Total Current Sales Revenue (inc GST)	Total Escalated Sales Revenue (exc GST (Withheld))
9001	-	Stage 1 Pre sales	3	3,366.923	Per Unit	1	6	14	1	Mar-21	Mar-21	0.50	IND	3,727,972	4,100,769
9002	-	Stage 1 Sales Over Construction	3	1,366.923	Per Unit	6	8	14	1	Mar-21	Mar-21	0.38	IND	3,727,972	4,100,769
9003	-	Stage 1 Residuals	7	1,366.923	Per Unit				12	Mar-21	Feb-22	0.38	IND	8,698,801	9,568,452
9004	-														
9005	-														
9006	-														
9007	-														
9008	-														
9009	-														
9010	-														
9011	-														
9012	-														
9013	-														
9014	-														
9015	-														
9016	-														
9017	-														
9018	-														
9019	-														
9020	-														
Capitalised Sales (refer to Tenants Manual Input (refer to Cash Flow))													16,545,545	17,770,000	
<b>TOTAL</b>													<b>16,545,545</b>	<b>17,770,000</b>	

OTHER INCOME													
Other Income to be entered Inclusive of GST													
Code	Stage	Description	Land Use Code	Units	Base Rate / Units	Month Start	Month Span	Cash Flow Period	GST Included	Remarks	Total Current Income (inc GST)	Total Escalated Income	
9100	-					0			Y				
9101	-					0			Y				
9102	-					0			Y				
9103	-					0			Y				
9104	-					0			Y				
9105	-					0			Y				
9106	-					0			Y				
9107	-					0			Y				
9108	-					0			Y				
9109	-					0			Y				
9110	-					0			Y				
Manual Input (refer to Cash Flow)													
<b>TOTAL</b>											<b>16,545,545</b>	<b>17,770,000</b>	

FINANCING													
(Simple Mode)													
Code	Stage	Description	Fixed Amount	Percentage	Month Start	Month Span	Cash Flow Period	Opening Balance	Equity Totals				
1000	-	Developer's Equity Contribution		0.00%									
1001	-	Interest Charged on Equity		0.00%									
1002	-	Interest received on Surplus Cash		0.00%									
% of Available Funds to Repay Equity Before Debt										0.00%			
Senior Loan													
No Limit (use as overdraft facility)													
1007	-	Interest Rate	6.00%	per annum Effective - Capitalised (Compounded)									
1008	-	Fees	Application Fee	0.00%	Monthly								
			Annual Line Fee	0.00%	Monthly								
			Standby Fee	0.00%	Monthly								
Maintain Leverage on Senior Loan										0.00%			
% of Future Positive Net Cash Flows													

Senior Loan													
Senior Loan Notes: Senior Loan is being used as an overdraft facility.													
Code	Stage	Description	Major Bank	Debt	Month Start	Month Span	Cash Flow Period	Opening Balance	Equity Totals				
1007	-	Interest Rate											
1008	-	Fees											
			Application Fee	0.00%	Monthly								
			Annual Line Fee	0.00%	Monthly								
			Standby Fee	0.00%	Monthly								
Senior Loan Totals													
Drawdown										11,438,877			
Interest Charged										538,104			
Application Fees													
Standby Fees													

General Notes: All Line Fees are paid during period noted, in arrears  
 Senior Loan is being used as overdraft facility  
 Equity injected in project

Senior Loan Notes: Senior Loan is being used as an overdraft facility.

Main Inputs for Industrial Subdivision

Stage 1 - PRSV subject to DA Consent

Code	Stage	Financing Costs (To be entered Inclusive of GST)	No. of Units	Base Rate / Unit	Escalate (E,R,N)	Month Start	Month Span	Cash Flow Period	GST Included	Remarks	Total Current Costs (exc GST)	Total Current Costs (inc GST)	Total Escalated Cost
10009	-	-	-	-	-	-	-	-	-	-	-	-	-
10010	-	Loan Establishment Fee	1	22,000	-	0	1	Jan20 - Jun20	Y		20,000	22,000	22,000
10011	-	-	-	-	-	0	-	-	Y		-	-	-
10012	-	-	-	-	-	0	-	-	Y		-	-	-
10013	-	-	-	-	-	0	-	-	Y		-	-	-
10014	-	-	-	-	-	0	-	-	Y		-	-	-
10015	-	-	-	-	-	0	-	-	Y		-	-	-
10016	-	-	-	-	-	0	-	-	Y		-	-	-
10017	-	-	-	-	-	0	-	-	Y		-	-	-
10018	-	-	-	-	-	0	-	-	Y		-	-	-
Manual Input (refer to Cash Flow)													
<b>TOTAL</b>											20,000	22,000	22,000

PROJECT HURDLE RATES

Project Discount Rate (target IRR)	30.00%	per annum Effective, on cash flow that includes financing costs but excludes interest and corp tax.
Nominate an estimate of IRR	30.00%	per ann.
Developer's Target Dev. Margin	30.00%	on total development costs (inc selling costs).
Developer's Cost of Equity (for WACC)	0.00%	



Stage 1 - PRSV subject to DA Consent

PROJECT CASH FLOW		0	1	2	3	4	5	6	7	8	9	10	11	12	13	
TOTAL		GST	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
<b>Sale Summary</b>																
Units Sold		13,00	0,50	0,50	0,50	0,50	0,50	0,50	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38
Industrial Units		13,00	0,50	0,50	0,50	0,50	0,50	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38	0,38
Cumulative Units Sold		13,00	0,50	1,00	1,50	2,00	2,50	3,00	3,38	3,75	4,13	4,50	4,88	5,25	5,63	6,00
% Units Sold			3,8%	7,7%	11,5%	15,4%	19,2%	23,0%	26,0%	28,8%	31,7%	34,6%	37,5%	40,4%	43,3%	46,2%
<b>Sell Solid</b>																
Cumulative Sell Solid																
% Sell Solid																
<b>AUD Sold</b>		17,770,000	683,462	683,462	683,462	683,462	683,462	1,960,058	512,596	512,596	512,596	512,596	512,596	512,596	512,596	512,596
Industrial Units		17,770,000	683,462	683,462	683,462	683,462	683,462	1,960,058	512,596	512,596	512,596	512,596	512,596	512,596	512,596	512,596
Cumulative AUD Sold		17,770,000	683,462	1,366,923	2,050,385	2,733,846	3,417,308	4,813,365	5,125,962	5,638,558	6,151,154	6,663,750	7,176,346	7,688,942	8,201,538	8,714,134
% AUD Sold			3,8%	7,7%	11,5%	15,4%	19,2%	26,0%	28,8%	31,7%	34,6%	37,5%	40,4%	43,3%	46,2%	49,1%
<b>Handover Summary</b>																
Units Handed Over		13,00														
Industrial Units		13,00														
Cumulative Units Handed Over																
% Units Handed Over																
<b>Sell Handed Over</b>																
Cumulative Sell Handed Over																
% Sell Handed Over																
<b>AUD Handed Over</b>		17,770,000														
Industrial Units		17,770,000														
Cumulative AUD Handed Over		17,770,000														
% AUD Handed Over																
<b>Project Cash Flow</b>																
<b>Revenue</b>																
Gross Sales Revenue		17,770,000	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)
Selling Costs		(618,900)														
Gross Rental Income																
Other Income																
Interest Received																
GST Payments (Liabilities)		(1,615,458)														
<b>TOTAL NET REVENUE</b>		15,535,642	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)	(2,750)
<b>Costs</b>																
Land and Acquisition		4,545,650														
Professional Fees		541,398														
Construction Costs (inc. Contingency)		5,475,815														
Stationery Fees		1,544,994					1,544,994									
Section 84s																
Land Service Levy																
Miscellaneous Costs 3																
Project Contingency (Reserve)		120,038														
Legal Fees																
PwC/SL Commissions																
Financial Costs (exc Fees)		22,000														
GST Refunds (Invt/Credits)		(1,035,273)														
<b>TOTAL COSTS</b>		11,348,852														
Net Cash Flow (before Interest & Corporate Tax)		4,186,790														
Cumulative Cash Flow		(451,500)	(3,778,290)	(4,229,790)	(4,232,290)	(4,234,790)	(4,237,290)	(4,239,790)	(4,242,290)	(4,244,790)	(4,247,290)	(4,249,790)	(4,252,290)	(4,254,790)	(4,257,290)	(4,259,790)
Net Cash Flow (before Interest & after Corporate Tax)		4,186,790														
Cumulative Cash Flow		(451,500)	(4,229,790)	(4,232,290)	(4,234,790)	(4,237,290)	(4,239,790)	(4,242,290)	(4,244,790)	(4,247,290)	(4,249,790)	(4,252,290)	(4,254,790)	(4,257,290)	(4,259,790)	(4,262,290)
<b>Financing</b>																
<b>Developer's Equity</b>																
Manual Adjustments (Net + / Reply -)																
Interest Charged																
Equity Repayment																
Less: Profit Share		3,648,889														
Equity Cash Flow		3,648,889														
<b>Project Cash Account</b>		2,849,336														
Surplus Cash Injection		(2,849,336)														
Interest on Surplus Cash																
Surplus Cash Balance																

Stage 1 - PRSV subject to DA Consent

	TOTAL	0	1	2	3	4	5	6	7	8	9	10	11	12	13
		Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
<b>Senior Loan - Major Bank</b>															
Drawdown	(11,435,877)	(451,500)	(3,778,290)	(2,500)	(2,500)	(7,500)	(1,547,494)	(697,637)	(702,637)	(697,637)	(697,637)	(702,637)	(697,637)	(697,637)	(752,637)
Loan Interest Rate (%/ann)		6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Interest Charged	(538,104)	(2,189)	(2,189)	(20,598)	(20,712)	(20,825)	(203,983)	(283,597)	(321,332)	(357,091)	(392,278)	(427,865)	(464,494)	(501,116)	(537,750)
Interest Allocation (Line & Standby)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Paid by Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repayment	11,873,981	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Fees	11,335,777	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Balance	(451,500)	(4,231,988)	(4,231,988)	(4,255,087)	(4,278,299)	(4,306,624)	(4,346,080)	(4,396,080)	(4,456,080)	(4,526,080)	(4,596,080)	(4,666,080)	(4,736,080)	(4,806,080)	(4,876,080)
% of Land Purchase Price	10.52%	98.60%	98.60%	98.65%	98.71%	98.76%	98.81%	98.86%	98.91%	98.96%	99.01%	99.06%	99.11%	99.16%	99.21%
Senior Loan Cash Flow	(451,500)	(3,778,290)	(2,500)	(2,500)	(7,500)	(1,547,494)	(697,637)	(702,637)	(697,637)	(697,637)	(702,637)	(697,637)	(697,637)	(697,637)	(752,637)
NPV of Future Cash Flows	22.42	(1,225)	(1,225)	(12,250)	(12,250)	(12,250)	(122,500)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)
Debt Service Ratio	1.01	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Project Over/Und	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Debt Service	22.42	(1,225)	(1,225)	(12,250)	(12,250)	(12,250)	(122,500)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)	(163,125)
Total Debt Interest Coverage Ratio	1.01	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Total Debt Service Ratio	1.01	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Senior Loan Interest & Corporate Tax	3,846,989	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)	(85,500)
Combi Cash Flow	(451,500)	(3,778,290)	(2,500)	(2,500)	(7,500)	(1,547,494)	(697,637)	(702,637)	(697,637)	(697,637)	(702,637)	(697,637)	(697,637)	(697,637)	(752,637)
Check Balances															
<b>GST Liability Summary</b>															
Total Liability on Revenue	(1,615,459)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liability on Capital	(1,615,459)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Project IRR &amp; NPV</b>															
Cash Flow that includes financing costs but excludes interest and corp tax	30.00%	(451,500)	(3,778,290)	(2,500)	(2,500)	(7,500)	(1,547,494)	(697,637)	(702,637)	(697,637)	(697,637)	(702,637)	(697,637)	(697,637)	(752,637)
Static Discount Rate (per ann, effective)	682,294	(451,500)	(3,698,579)	(2,392)	(2,392)	(7,341)	(1,387,243)	(611,889)	(602,826)	(595,889)	(577,023)	(564,508)	(548,644)	(536,644)	(526,631)
NPV of Future Cash Flows	4,188,994	682,294	1,159,858	5,046,279	5,169,380	5,277,002	5,401,313	7,102,408	7,972,459	8,868,854	9,775,808	10,705,057	11,659,854	12,630,644	13,622,897
Variable Discount Rate (per ann, effective)	0.00%	30.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NPV (Using weighted avg discount rate)	4,188,994	682,294	1,159,858	5,046,279	5,169,380	5,277,002	5,401,313	7,102,408	7,972,459	8,868,854	9,775,808	10,705,057	11,659,854	12,630,644	13,622,897

\* Includes but is not limited to interest on debt acquisition plus interest received from preclude supports  
 \*\* Cumulative Cash Flow After After Interest & Income Tax (Including interest on preclude supports)  
 Unimproved by Major Bank/Valuation Worksheet

Stage 1 - PRSV subject to DA Consent

	TOTAL	GST	14	15	16	17	18	19	20	21	22	23	24	25
			Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
<b>Cash Flow Table for Industrial Subdivision</b>														
<b>PROJECT CASH FLOW</b>														
<b>Sale Summary</b>														
Units Sold	13,00		0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58
Industrial Units	13,00		0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58
Cumulative Units Sold			6,48	7,17	7,75	8,33	8,92	9,50	10,08	10,67	11,25	11,83	12,42	13,00
% Units Sold			50,6%	55,1%	59,6%	64,1%	68,6%	73,1%	77,6%	82,1%	86,5%	91,0%	95,5%	100,0%
<b>Sell Solid</b>														
Cumulative Sell Solid														
% Sell Solid														
<b>AUD</b>														
Industrial Units	17,770,000		797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372
Cumulative AUD Sold			8,958,910	9,796,282	10,593,654	11,391,026	12,188,397	12,985,769	13,783,141	14,580,513	15,377,885	16,175,256	16,972,628	17,770,000
% AUD Sold			50,6%	55,1%	59,6%	64,1%	68,6%	73,1%	77,6%	82,1%	86,5%	91,0%	95,5%	100,0%
<b>Handover Summary</b>														
Units Handed Over	13,00		0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58
Industrial Units	13,00		0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58	0,58
Cumulative Units Handed Over			6,48	7,17	7,75	8,33	8,92	9,50	10,08	10,67	11,25	11,83	12,42	13,00
% Units Handed Over			50,6%	55,1%	59,6%	64,1%	68,6%	73,1%	77,6%	82,1%	86,5%	91,0%	95,5%	100,0%
<b>Sell Handover</b>														
Cumulative Sell Handover														
% Sell Handover														
<b>AUD Handed Over</b>														
Industrial Units	17,770,000		8,958,910	9,796,282	10,593,654	11,391,026	12,188,397	12,985,769	13,783,141	14,580,513	15,377,885	16,175,256	16,972,628	17,770,000
Cumulative AUD Handed Over			8,958,910	9,796,282	10,593,654	11,391,026	12,188,397	12,985,769	13,783,141	14,580,513	15,377,885	16,175,256	16,972,628	17,770,000
% AUD Handed Over			50,6%	55,1%	59,6%	64,1%	68,6%	73,1%	77,6%	82,1%	86,5%	91,0%	95,5%	100,0%
<b>Project Cash Flow</b>														
Revenue	17,770,000		8,958,910	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372	797,372
Gross Sales Revenue	(618,900)		(273,959)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)	(27,863)
Selling Costs														
Gross Rental Income														
Other Income														
Interest Received														
GST Payments (Liabilities)	(1,615,455)		(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)
<b>TOTAL NET REVENUE</b>	15,535,645		7,906,919	697,021	697,021	697,021	697,021	697,021	697,021	697,021	697,021	697,021	697,021	697,021
Costs	4,648,889													
Land and Acquisition	5,475,815													
Construction Costs (inc. Contingency)	1,544,994													
Shallow Fees														
Section 84s														
Land Service Levy														
Miscellaneous Costs 3														
Project Contingency (Reserve)	120,035													
Professional Fees	22,000													
Pre-Sale Commissions														
Financial Costs (exc. Fees)														
GST Refunds (Invt./Credits)	(24,901)		(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)
<b>TOTAL COSTS</b>	11,348,852		(24,901)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)	(2,533)
Net Cash Flow (before Interest & Corporate Tax)	4,186,994		7,931,819	699,554	697,534	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554
Cumulative Cash Flow			(3,504,037)	(2,804,504)	(2,106,969)	(1,407,418)	(707,862)	(1,007,316)	(307,762)	392,792	1,090,346	1,787,900	2,485,454	3,183,008
Net Cash Flow (before Interest & after Corporate Tax)	4,186,994		(3,504,037)	(2,804,504)	(2,106,969)	(1,407,418)	(707,862)	(1,007,316)	(307,762)	392,792	1,090,346	1,787,900	2,485,454	3,183,008
Cumulative Cash Flow			(3,504,037)	(6,308,541)	(8,415,510)	(10,522,928)	(12,630,346)	(14,737,764)	(16,845,182)	(18,952,600)	(21,060,018)	(23,167,436)	(25,274,854)	(27,382,272)
<b>Financing</b>														
Developer's Equity														
Manual Adjustments (Net + / Reply +)														
Interest Charged														
Equity Repayment	3,648,889													
Less: Profit Share	3,648,889													
Equity Cash Flow	3,648,889													
Project Cash Account	2,849,335													
Surplus Cash Injection	(2,849,335)													
Interest on Surplus Cash														
Surplus Cash Balance														

Stage 1 - PRSV subject to DA Consent

TOTAL	GST	14	15	16	17	18	19	20	21	22	23	24	25
<b>Senior Loan - Major Bank</b>													
Drawdown		(11,435,877)											
Loan Interest Rate (%/ann)		(538,104)											
Interest Charged													
Interest Paid by Equity													
Loan Repayment													
Interest and Fees													
Loan Balance		7,931,819	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554
% of Land Purchase Price		538,104	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783	3,295,783
Senior Loan Cash Flow		7,931,819	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554
Debt Service Ratio		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Project Over/Und		(3,975,983)	(3,295,783)	(2,614,291)	(1,927,482)	(1,237,291)	(545,189)	266,579	957,794	1,650,220	2,343,782	3,037,564	3,731,346
Total Debt Service		266,579	266,579	266,579	266,579	266,579	266,579	266,579	266,579	266,579	266,579	266,579	266,579
Total Debt Interest Coverage Ratio		137.08	36.02	43.45	54.78	74.29	115.73	262.73	411.98	571.98	742.98	913.98	1,084.98
Total Debt Service Ratio		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Loan Cash Flow		7,931,819	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554
Corporate Interest & Corporate Tax		(3,975,983)	(3,295,783)	(2,614,291)	(1,927,482)	(1,237,291)	(545,189)	266,579	957,794	1,650,220	2,343,782	3,037,564	3,731,346
Check Balances													
<b>GST Liability Summary</b>													
Total Liability on Revenue		(916,083)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)
Net Liability (excl. Credit +/-)		(818,083)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)	(72,488)
<b>Project IRR &amp; NPV</b>													
Cash Flow that includes financing costs but excludes interest and corp tax		7,931,819	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554	699,554
Static Discount Rate (per ann, effective)		30.00%											
NPV of Future Cash Flows		682,294											
NPV of Future Cash Flows		14,693,287	6,910,937	6,348,692	5,776,063	5,188,233	4,598,400	3,976,183	3,349,058	2,708,070	2,053,802	1,383,978	699,554
Variable Discount Rate (per ann, effective)		0.00%											
NPV (using weighted avg discount rate)		4,188,594											

\* Includes but is not limited to: interest on debt, acquisition plus interest received from proceeds supports  
 \*\* Cumulative Cash Flow After After Interest & Income Tax (including interest on proceeds)  
 Unaudited by Major Bank, Vancouver, BC

ARGUS EstateMaster   Development Feasibility		SUMMARY OF PROJECT RETURNS					
<b>Industrial Subdivision</b> Stage 1 PRSV subject to DA Consent							
Licensed to: Knight Frank Valuations Newcastle							
Time Span:	Jan-20 to Feb-22 (25 Months)						
Type:	Industrial						
Status:	Approved						
Site Area:	147,300 SqM						
#N/A	:1						
Project Size:	109 Lots      1 per 1351.37 SqM of Site Area						
			<b>Total AUD</b>	<b>AUD Per Lot</b>	<b>AUD Per SqM of Site Area</b>	<b>% of Total Net Revenue</b>	<b>Total Exc GST</b>
<b>Revenues</b>							
	Quantity	SqM	AUD/Quantity				
<b>Gross Sales Revenue</b>	13	-	1,366,923.08	17,770,000	163,028	121	114.4%
Industrial Units	13	-	1,366,923.08	17,770,000			
Less Selling Costs				(618,900)	(5,678)	(4)	-4.0%
Less Purchasers Costs							0.0%
<b>NET SALES REVENUE</b>			<b>17,151,100</b>	<b>157,350</b>	<b>116</b>	<b>110.4%</b>	<b>15,591,909</b>
	Average Yield	SqM	AUD/SqM/annum				
Gross Rental Income	-	-	-	-	-	-	0.0%
Less Outgoings & Vacancies							0.0%
Less Letting Fees							0.0%
Less Incentives (Rent Free and Fitout Costs)							0.0%
Less Other Leasing Costs							0.0%
<b>NET RENTAL INCOME</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
Interest Received							0.0%
Other Income							0.0%
<b>TOTAL REVENUE (before GST paid)</b>			<b>17,151,100</b>	<b>157,350</b>	<b>116</b>	<b>110.4%</b>	<b>15,591,909</b>
Less GST paid on all Revenue			(1,615,455)	(14,821)	(11)	(11)	-10.4%
<b>TOTAL REVENUE (after GST paid)</b>			<b>15,535,645</b>	<b>142,529</b>	<b>105</b>	<b>100.0%</b>	<b>15,591,909</b>
<b>Costs</b>							
Land Purchase Cost			4,290,000	39,358	29	27.6%	3,900,000
Land Acquisition Costs			250,690	2,300	2	1.6%	249,790
<b>Construction Costs (inc. Contingency)</b>			<b>5,475,815</b>	<b>50,237</b>	<b>37</b>	<b>35.2%</b>	<b>4,978,014</b>
Other Construction Costs			4,563,179	41,864	31	29.4%	4,148,345
Contingency			912,636	8,373	6	5.9%	829,669
Professional Fees			641,388	5,894	4	4.1%	583,080
Statutory Fees			1,544,994	14,174	10	9.9%	1,544,994
Section 34s			-	-	-	0.0%	-
Long Service Levy			-	-	-	0.0%	-
Miscellaneous Costs 3			-	-	-	0.0%	-
Project Contingency (Reserve)			-	-	-	0.0%	-
Land Holding Costs			129,038	1,184	1	0.8%	129,038
Pre-Sale Commissions			-	-	-	0.0%	-
Finance Charges (inc. Fees)			22,000	202	0	0.1%	20,000
Interest Expense			538,104	4,937	4	3.5%	538,104
<b>TOTAL COSTS (before GST reclaimed)</b>			<b>12,892,029</b>	<b>118,275</b>	<b>88</b>	<b>83.0%</b>	<b>11,943,020</b>
Less GST reclaimed			(1,005,273)	(9,223)	(7)	(7)	-6.5%
Plus Corporate Tax			-	-	-	0.0%	-
<b>TOTAL COSTS (after GST reclaimed)</b>			<b>11,886,756</b>	<b>109,053</b>	<b>81</b>	<b>76.5%</b>	<b>11,943,020</b>
<b>Performance Indicators</b>							
				Per Lot	Per SqM of Site Area		Total Exc GST
<sup>1</sup> Net Development Profit			<b>3,648,889</b>	33,476	25		
<sup>3</sup> Development Margin (Profit/Risk Margin)			<b>29.18%</b>				
<sup>4</sup> Residual Land Value	Based on total costs (inc selling costs)		<b>4,217,468</b>	38,692	29		3,834,062
	Based on Target Margin of 30% (Inclusive of GST)						
<sup>5</sup> Net Present Value	Based on Discount Rate of 30% p.a. Effective		<b>682,294</b>				
<sup>6</sup> Benefit Cost Ratio			<b>1.0678</b>				
<sup>7</sup> Project Internal Rate of Return (IRR)	Per annum Effective		<b>39.26%</b>				
<sup>8</sup> Residual Land Value	Based on NPV (Inclusive of GST)		<b>4,992,715</b>	45,805	34		4,538,832
Equity IRR	Per annum Effective		N.A.				
Equity Contribution			-				
Peak Debt Exposure			11,850,121				
Equity to Debt Ratio			N.A.				
<sup>9</sup> Weighted Average Cost of Capital (WACC)			6.00%				
<sup>10</sup> Breakeven Date for Cumulative Cash Flow	Month 20		Sep-2021				
<sup>11</sup> Yield on Cost			0.00%				
<sup>12</sup> Rent Cover			N.A.				
<sup>13</sup> Profit Erosion			N.A.				

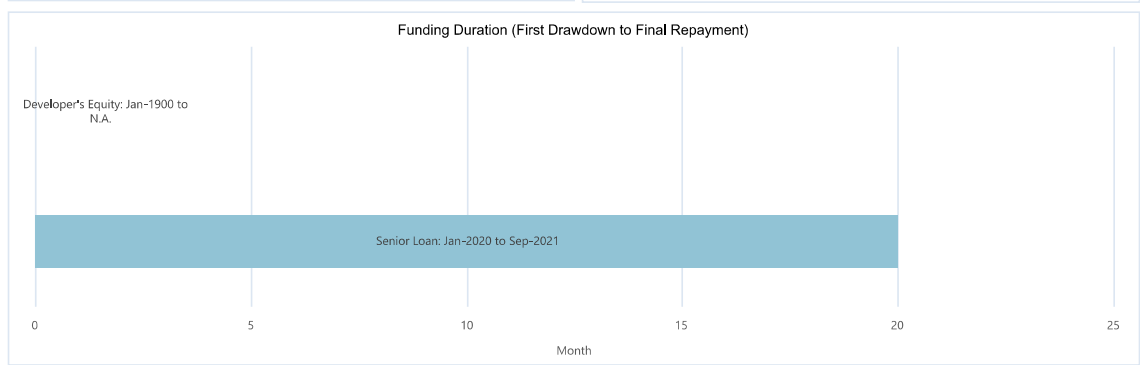
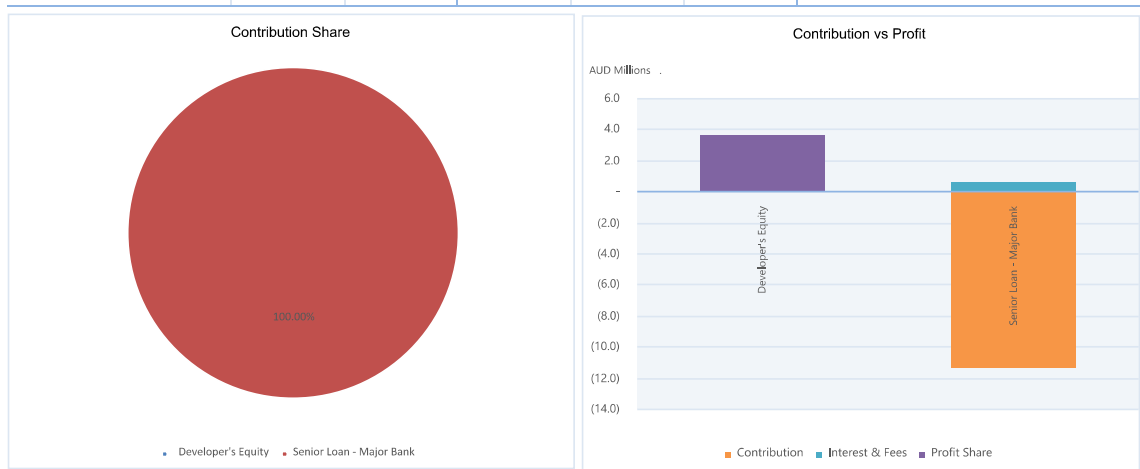
**Footnotes:**  
 1. Development Profit: is total revenue less total cost including interest paid and received  
 2. Note: No redistribution of Developer's Gross Profit  
 3. Development Margin: is profit divided by total costs (inc selling costs)  
 4. Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.  
 5. Net Present Value: is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax.  
 6. Benefit Cost Ratio: is the ratio of discounted incomes to discounted costs and includes financing costs but excludes interest and corp tax.  
 7. Internal Rate of Return: is the discount rate where the NPV above equals Zero.  
 8. Residual Land Value (based on NPV) is the purchase price for the land to achieve a zero NPV.  
 9. The Weighted Average Cost of Capital (WACC) is the rate that a company is expected to pay to finance its assets.  
 10. Breakeven date for Cumulative Cash Flow: is the last date when total debt and equity is repaid (ie when profit is realised).  
 11. Yield on Cost is Current Net Annual Rent divided by Total Costs (before GST reclaimed), including all Selling Costs.  
 12. The total net development profit divided by the current net annual rental expressed as a number of years/months.  
 13. The period of time post practical completion that it can remain unsold (but leased out) until finance and land holding costs erodes the profit for the development to zero.

ARGUS EstateMaster Development Feasibility **SUMMARY OF PROJECT RETURNS**

**Industrial Subdivision**  
 Stage 1  
 PRSV subject to DA Consent

Licensed to: Knight Frank Valuations Newcastle

Returns on Funds Invested	Developer's Equity	Senior Loan	Total Equity	Total Debt	Total Funding
	Equity	Debt Major Bank			
<sup>1</sup> Funds Invested (Cash Outlay)	-	11,435,877	-	11,435,877	11,435,877
% of Total Funds Invested	0.00%	100.00%	0.00%	100.00%	100.00%
<sup>2</sup> Peak Exposure	-	11,850,121	-	11,850,121	
Date of Peak Exposure	N.A.	Feb-21	N.A.	Feb-21	
Month of Peak Exposure		Month 13	Month 0	Month 13	
Weighted Average Interest Rate	N.A.	6.00%	N.A.	6.00%	
Interest Charged	-	538,104	-	538,104	538,104
Line & Standby Fees Charged	-	-	-	-	-
Application Fees Charged	-	-	-	-	-
Profit Share Received	-	-	-	-	-
<sup>3</sup> Total Profit to Funders	3,648,889	538,104	3,648,889	538,104	4,186,994
<sup>4</sup> Margin on Funds Invested	N.A.	4.71%	N.A.	4.71%	
<sup>5</sup> Payback Date	N.A.	Sep-21	N.A.	Sep-21	
Month of Payback	N.A.	Month 20	N.A.	Month 20	
<sup>6</sup> IRR on Funds Invested	N.A.	6.00%	N.A.	6.00%	
<sup>7</sup> Loan to Value Ratio	0.00%	66.69%	0.00%	66.69%	
<sup>8</sup> Loan Ratio	0.00%	279.11%	0.00%	279.11%	
	of Land Purchase Price	of Land Purchase Price	of Land Purchase Price	of Land Purchase Price	



**Footnotes:**

- The total amount of funding injected into the project cash flow.
- The maximum cash flow exposure of that equity/debt facility including capitalised interest.
- The total repayments less funds invested, including profit share paid or received.
- Margin is net profit divided by total funds invested (cash outlay).
- Payback date for the equity/debt facility is the last date when total equity/debt is repaid.
- IRR on Funds Invested is the IRR of the equity cash flow including the return of equity and realisation of project profits.
- Loan to Value ratio is the Peak Equity/Debt Exposure divided by Total Sales Revenue.
- Loan Ratio is the total funds invested by the lender (cash outlay) divided by the nominated ratio calculation method. It includes capitalised interest and fees.