



# Business Plan

Proposal for the City of Karratha to implement housing developments at 30 Nairn Street, Bulgarra; Lot 751 Gregory Way, Bulgarra; and 17 Ridley Street, Bulgarra in partnership with Karratha Development Pty Ltd

*Prepared under s3.59 of the Local Government Act (1995)*

## Contents

1. Introduction.....	3
2. Background .....	4
2.1. Project Dorothy .....	4
2.2. EOI Progression .....	5
3. Proponent.....	7
3.1. Consortium .....	7
3.2. Key Personnel.....	7
4. Proposal.....	8
4.1. Land .....	8
4.2. Development methodology .....	9
4.3. Site Plans and Concept Drawings .....	10
4.4. Financial Arrangements .....	18
5. Timeline .....	18
6. Divestment Strategy .....	19
7. Legal Structures.....	20
8. Project Financials .....	22
8.1. Project Construction Costs .....	22
8.2. Loan Facility from City of Karratha to Karratha Development Pty Ltd .....	22
8.3. Project Operations (Proponent) .....	23
8.4. External Financing .....	25
8.5. Residual Asset Value .....	28
9. Risk Analysis.....	29
9.1. Risk Assessment Framework.....	29
9.2. Proposal Risk Analysis .....	30
10. Council Financial Implications.....	32
10.1. Long Term Financial Plan.....	32
11. Council Policy Implications.....	33
12. Legislative Compliance.....	33
12.1. <i>Local Government Act 1995</i> - Business Plans.....	33
12.2. <i>Local Government (Functions and General) Regulations 1996</i> - Business Plans .....	35
12.3. <i>Local Government Act 1995</i> - Disposal of Property .....	36
12.4. <i>Local Government Act 1995</i> - Power to Borrow Money .....	37
13. Summary .....	37

# 1. Introduction

In an effort to address market failings, the City of Karratha sought proposals through an Expression of Interest (EOI) process from developers, builders, and other qualified proponents to partner with the City to construct residential dwellings.

As a result of this Housing Development EOI, the City is proposing to enter into a Major Land Transaction involving:

- Leasing the land at 30 (Lot 636) Nairn Street, Bulgarra to Karratha Development Pty Ltd for the purpose of building a 48-dwelling residential apartment complex
- Leasing the land at Lot 751 Gregory Way, Bulgarra to Karratha Development Pty Ltd for the purpose of building a 36-dwelling residential apartment complex
- Leasing the land at 17 (Lot 1926) Ridley Street, Bulgarra to Karratha Development Pty Ltd for the purpose of building a 32-dwelling residential apartment complex

The proposed transaction would involve the properties being leased to Karratha Development Pty Ltd (“Developed” or “the Proponent”) for a period of 20 years for a peppercorn or nominal amount (\$1 p.a.), with the Proponent to construct and operate the residential apartment complexes for the term of the lease. Control of the apartment complexes would then revert to the City at the conclusion of the lease term.

In addition to the leases, the proposal also involves the City providing debt finance to the Proponent in the amount of \$56 million to fund construction of the residential complexes. This debt would be repaid with interest over the lease term.

To fund this debt finance facility to the Proponent, the City is proposing to obtain external debt funding. The City has investigated a series of financing options and proposes a model that utilises a variable interest rate for an initial period reverting to a fixed interest rate at a future point in time. The forecast total net cost to finance the proposal is \$9.1m in interest not recovered, while the forecast residual value of the assets acquired by the City is \$46.6m.

The proposal aligns to Council’s approved Strategic Community Plan 2020-2030, the Corporate Business Plan 2020-2025 and the Operational Plan 2024-2025, in particular:

- *Strategic Community Plan 2020-2030:*
  - o *2a. Diverse industry*
    - *2.a.1 Partner with key industry and business groups to advocate for investment*
  - o *2c. Quality Infrastructure to support business investment:*
    - *2.c.1 Land and infrastructure is available for a variety of business investment purposes*
- *Corporate Business Plan 2020-2025 Programs/Services:*
  - o *2.a.1.1 Small and medium enterprise support*
  - o *2.c.1.2 Land development and management*
- *Operational Plan 2024-2025 Projects/Actions:*
  - o *2.a.1.1.20.2 Advocate for partnerships to increase housing supply*
  - o *2.c.1.2.22.9 Progress Development of the Bulgarra Lazy Land Lots*

This Business Plan has been prepared in accordance with the provisions of the *Local Government Act 1995* and the *Local Government (Functions and General Regulations) 1996*. It is intended to seek public comment on the Business Plan for a period of six (6) weeks. Council will consider all public feedback that is received on the Business Plan prior to determining whether to proceed with the proposal.

## **2. Background**

### **2.1. Project Dorothy**

Australia is in the midst of a housing crisis. Karratha lead the nation with an annual rise of 37.5% in rent prices in 2023, reaching a median weekly rent of \$1,100 and less than 0.5% of the total housing stock available to rent. A recent study conducted by the City found that over the next five years Karratha may experience 30% population growth. Given current rates of new housing development, the City projects a shortfall of 900 houses.

Housing has become a significant impediment to sustainable regional development and growth within the City of Karratha. Failure to provide housing in alignment with economic development negatively impacts the community as costs of living soar and Karratha is rendered unaffordable and unliveable.

One of the largest barriers to the creation of new, affordable dwellings in the City of Karratha is the cost to build, an estimated 60% on top of the price for the same product in Perth. The premium derives from skills shortages, cost of freight, and high input costs due to cyclonic specifications, among other things. Thus, new house builds in Karratha currently result in negative equity - the cost to build is higher than the value of the asset when completed.

The community has identified housing as a primary issue, and in recent years the City has acted to address this. These efforts include building properties on lazy lands, providing subsidised housing for service workers, and collaborating with developers, State and Federal governments to enable new housing. Still, many barriers exist that prevent housing investment including cost of construction, cost and availability of finance and insurance, cost of land and availability, and leasing terms and conditions. This has prompted the City to explore new ways it can act to enable housing development.

At its Ordinary Meeting on 25 March 2024, Council resolved to seek an EOI from developers, builders, and other proponents to partner with the City and address the current shortfall in housing stock through construction of residential dwellings on development-ready, residential, city-owned, undeveloped properties. Additionally, the City invited expressions from landowners of undeveloped, development-ready residential lands where the landowner determined the City can play an enabling role.

Colloquially referred to as 'Project Dorothy', the City aims to drop houses on this wicked problem.

## **2.2. EOI Progression**

### **March 2024 Ordinary Council Meeting**

As reported to Council at its March 2024 Ordinary Meeting, the aspirational deliverables of the Housing Development EOI included:

- Provide the market with details pertaining to undeveloped, development-ready lands within the Karratha town centre.
- Support the development of a mix of affordable housing (e.g., service/essential worker accommodation), government housing (local, state), and private rentals/sales.
- Aggregate demand: The aggregation of city-owned, undeveloped, development-ready lands may support scale economies and improve investment yields.
- Invite proposals, ideas, interest in the development of additional housing on the sites featured in the City's inventory.
- Propose and consider a range of incentives that may boost the feasibility of housing projects in the City of Karratha including consideration of;
  - Discounted lands
  - Rates incentives
  - Facilitation of long-term leases
  - Support of infrastructure and/or affordability federal/state grants
  - Subsidy in the form of joint investment, project enablement grant, etc.
  - Other areas/actions where the proponent envisions the City can play a key role in ensuring project completion/viability

### **Evaluation of Expressions of Interest received**

Expressions of Interest were advertised on 3 April 2024 and closed 15 May 2024. During this period the City also facilitated a series of briefing sessions to disseminate important information and convey instructions for potential proponents, including two virtual sessions held 10 April and 1 May, in Karratha on 11 April and in Perth on 17 April 2024.

Upon closing, 15 EOIs were received and were then evaluated by a five person panel comprising of:

- Chief Executive Officer
- Director Strategic Projects and Infrastructure
- Director Development Services
- Director Corporate and Commercial
- Manager City Growth

The EOIs were assessed initially for compliance with the EOI documents. They were then assessed against qualitative criteria as follows;

- Rapid delivery of additional housing stock to the local market
- Stimulating the local residential building market
- A feasible structure that enables the delivery of new housing stock and a clear financial and/or community benefit
- Partnership with industry, government and local businesses to achieve quality outcomes

### **June 2024 Ordinary Council Meeting**

At the June Ordinary Meeting, Council endorsed a shortlist of eight proposals that met the selection criteria and in the Evaluation Panel's opinion warranted further investigation and consideration. Each shortlisted proposal provided a range of opportunities to deliver additional housing in the City in the short term, under varying development and partnering approaches including finance only, co investment, joint venture construction and management, and direct ownership. All proposals required a degree of City support to enable development.

### **Further evaluation and refinement**

Following Council's endorsement in June 2024, Officers met with each shortlisted proponent to assess the financial models, legal structures, compliance requirements and refine each proposal into a set of go-forward options. These deliberations presented an opportunity to consider which proposals offer the best social and economic outcomes to the City on the land proposed. Issues considered include:

- Minimal risk to the City - Could include providing finance or support
- Optimising yield
- Favouring proposals that provide external capital
- Looking for innovation and quality in design
- Using the City's potential support to seek opportunities to generate affordable housing or key worker accommodation.

The Evaluation Panel worked with proponents to clarify and refine each proposal against the evaluation criteria. As a result of this process, it was considered that five (5) proponents have proposed a development that meets the criteria and in the Evaluation Panel's opinion warrant further consideration. The basis for this decision is each shortlisted proposal provides a range of opportunities to deliver additional housing in the City in the short term, under varying development and partnering approaches including debt finance, land acquisition, and direct ownership.

### **October 2024 Ordinary Council Meeting**

At the October 2024 Ordinary Meeting, Council resolved in accordance with section 3.59 of the *Local Government Act 1995* to prepare Local Government Act Business Plans for each of five shortlisted proposals and report back to Council prior to advertising.

The Developed Consortium was one of the shortlisted proposals.

### 3. Proponent

The proposal received in response to the City's EOI was from a consortium led by Developed Projects. Subsequent to the EOI response the consortium has created a Special Purpose Vehicle (SPV) to undertake the proposal, being Karratha Development Pty Ltd.

Information on the consortium and key personnel is summarised below. Detailed information including previous work and relevant experience can be found in the Proponent's response to the City's Expression of Interest attached as Appendix A.

#### 3.1. Consortium

The Developed Consortium consists of the following parties.

##### **Developed Projects**

Consortium lead and development manager, responsible for negotiation, structuring, financing (where applicable), execution, and delivery of the Project, including obtaining relevant planning consents and permits.

##### **TLC Modular**

Manufacturer of modular homes and responsible for logistics and the provision of the housing units for the Project.

##### **Deloitte PDS Group**

Deloitte PDS Group specialises in development origination, project and development management and advisory. The team on the ground will manage the procurement of local contractors to undertake planning and enabling works, receipt and installation of the modular units, final fit out and commissioning in accordance with the Building Code of Australia.

##### **Realmark**

Realmark is a locally owned and operated Property Management firm specialising in the local Pilbara market. Realmark will assist to design, price, and manage the Project to cater for the local market. Realmark will also manage the assets post completion and be the main liaison with tenants and occupiers.

#### 3.2. Key Personnel

The Proponent has identified the following key personnel who will be responsible for delivery of the project.

Organisation	Name	Role
Developed Projects & Karratha Development Pty Ltd	Scott Anderson	Project Lead & Development Manager
Karratha Development Pty Ltd	Nils Miller	Finance & Legal
Karratha Development Pty Ltd	Michael Roberts	Asset Management
TLC Modular	Nigel Telford	Group Commercial Manager
TLC Modular	Shane Denny	Architect – Lead Design
Deloitte PDS Group	Chris Andrews	Project Director
Deloitte PDS Group	Ian Mckee	Director
Deloitte PDS Group	Daniel Schober	Senior Project Manager
Deloitte PDS Group	Yanny Douglas	Senior Project Manager
Deloitte PDS Group	Liz Smith	Assistant Project Manager

## 4. Proposal

### 4.1. Land

All 3 parcels of land the subject of this proposal are freehold titled lots owned by the City of Karratha. The particulars of each lot are summarised in the table below

Description	Lot No	Plan/Diagram/DP	Volume	Folio	Area
30 Nairn Street	636	71342	3161	567	5501 sqm
17 Ridley Street	1926	182316	3014	186	5105 sqm
Lot 751 Gregory Way	751	420145	4011	722	9545 sqm

#### 30 NAIRN STREET

This lot was acquired by the City on 23 June 2022 from the WA Department of Planning, Lands and Heritage ('DPLH') at a cost of \$631,000. The lot was acquired for the purpose of facilitating housing development on existing vacant land within the City, noting that the State Government had no intention of developing this land.

As part of the acquisition, there was a Development Condition from the State Government that the City must substantially commence the construction and development of the Land within three years of the Contract Date (being 23 June 2025).

Completion of this proposal will fulfil the construction requirements of the Development Condition, notwithstanding that an extension to the completion date will need to be obtained from DPLH.

The commercial market rental value of this lot has been assessed at \$29,705 p.a. A copy of the Valuation Report is attached in Appendix B. It is proposed to lease the lot to the proponent for \$1 p.a.

#### 17 RIDLEY STREET

This lot was acquired by the City on 23 June 2022 from the WA Department of Planning, Lands and Heritage ('DPLH') at a cost of \$508,500. The lot was acquired for the purpose of facilitating housing development on existing vacant land within the City, noting that the State Government had no intention of developing this land.

As part of the acquisition, there was a Development Condition from the State Government that the City must substantially commence the construction and development of the Land within three years of the Contract Date (being 23 June 2025).

Completion of this proposal will fulfil the construction requirements of the Development Condition, notwithstanding that an extension to the completion date will need to be obtained from DPLH.

The commercial market rental value of this lot has been assessed at \$28,588 p.a. A copy of the Valuation Report is attached in Appendix B. It is proposed to lease the lot to the proponent for \$1 p.a.

## **LOT 751 GREGORY WAY**

The City acquired lot 502 on Deposit Plan 400269 from the WA Department of Lands on 1 July 2015, alongside 4 other infill development lots, at a total cost of \$576,676. The lots were acquired for the purpose of facilitating housing development on existing vacant land within the City, noting that the State Government had no intention of developing this land. The other 4 lots have subsequently had housing development completed on them.

In December 2017 lot 502 was identified as a suitable site for the construction of a mental health step-up step-down facility. As plans for development of the mental health facility progressed it was determined that the facility would only require a portion of the site. As a result, lot 502 was subdivided into lots 750 (3,971 sqm) and 751 (9,545 sqm) on Deposit Plan 420145. In February 2021 the City spent \$147,026 for the provision of sewer services to both subdivided lots. Lot 750 was subsequently sold by the City on 29 October 2021 to WA Department of Communities on behalf of the Mental Health Commission for \$735,000 while the City retained ownership of Lot 751 for future housing development.

The commercial market rental value of this lot has been assessed at \$43,907 p.a. A copy of the Valuation Report is attached in Appendix B. It is proposed to lease the lot to the proponent for \$1 p.a.

### **4.2. Development methodology**

Construction of the proposed dwellings will adopt a modular approach. The modular dwellings will be manufactured offshore while on-site construction will involve a subcontracting partnership with local contractor to cover civil, electrical, plumbing and landscaping works.

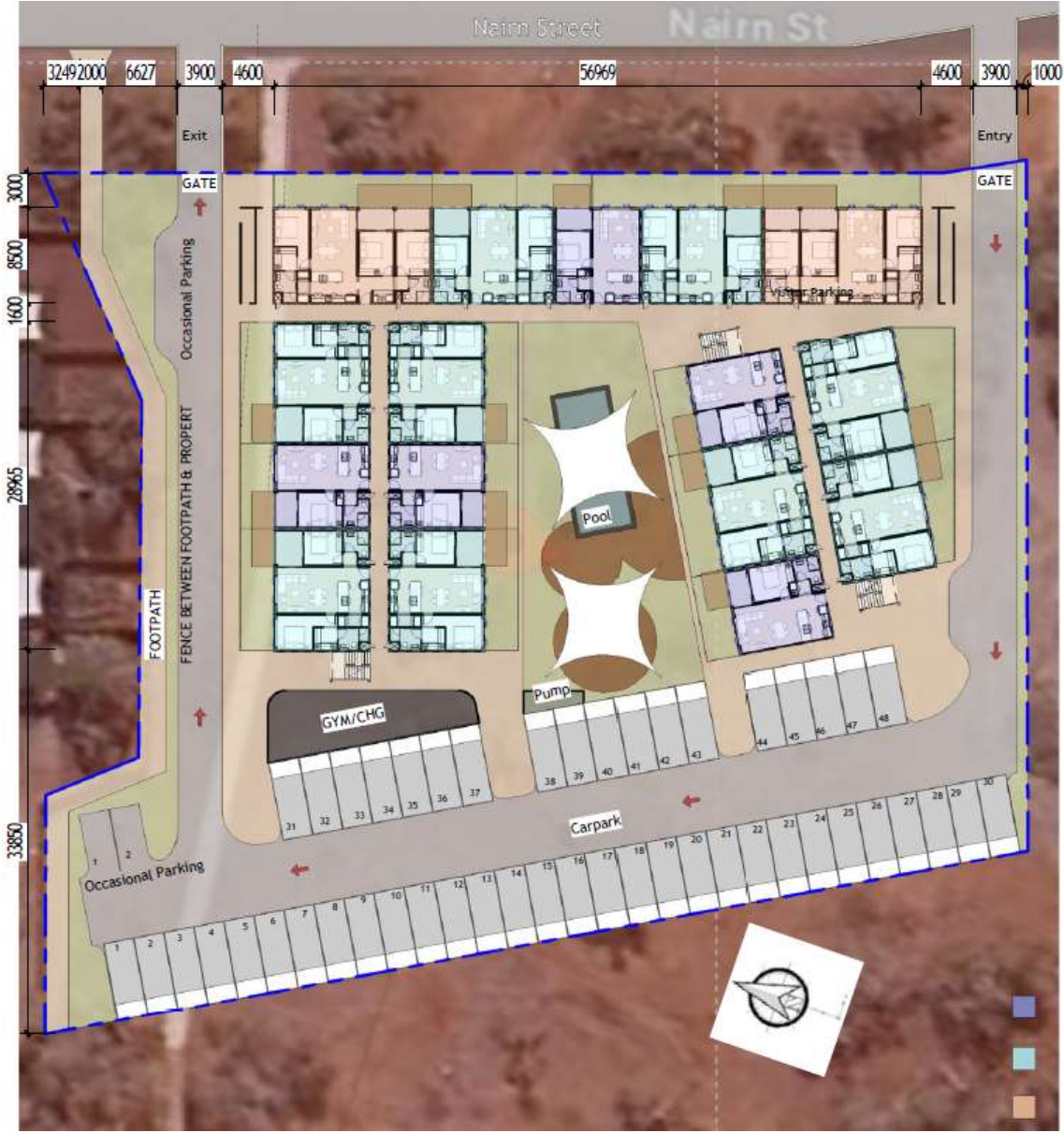
Further information on the development methodology can be found in the Proponent's response to the City's Expression of Interest in Appendix A.

#### 4.3. Site Plans and Concept Drawings

30 NAIRN STREET



30 NAIRN STREET (continued)



51 GREGORY WAY



51 GREGORY WAY (continued)



## 17 RIDLEY STREET



17 RIDLEY STREET (continued)



Apartment Floorplans



1 Bedroom Type Apartment

8.5m x 7.5m  
1 Bed / 1 Bath

Floor Area: 57.15 sqm  
Balcony: 6.60 sqm  
Total GFA: 63.75 sqm



2 Bedroom Type Apartment

8.5m x 10.8m  
2 Bed / 2 Bath

Floor Area: 83.55 sqm  
Balcony: 8.25 sqm  
Total GFA: 91.80 sqm

Apartment Floorplans (continued)



3 Bedroom Type Apartment

8.5m x 14.1m  
3 Bed / 2 Bath

Floor Area: 108.65 sqm  
Balcony: 13.20 sqm  
Total GFA: 119.85 sqm

Interior Rendering



V1: Master Bedroom



V2: View from the Kitchen



V3: Living/Dining/Kitchen

Interior Rendering

Preliminary Scheme Only

#### 4.4. Financial Arrangements

Developed proposes that it retains ownership of the dwellings, whilst the City of Karratha continues to own the land upon which the dwellings are built and provides a debt finance facility.

This arrangement would last for a period of 20 years, at which point Developed agrees to sell the dwellings for \$1 to the City of Karratha, who will continue to benefit from ownership thereafter.

Debt finance is proposed to be provided by the City of Karratha for 20 years under the following terms:

<b>Borrower</b>	Karratha Development Pty Ltd
<b>Lender</b>	City of Karratha
<b>Loan Amount</b>	\$56,000,000
<b>Term of Loan</b>	20 years
<b>Security</b>	A combination of: <ul style="list-style-type: none"><li>• Charge over the dwellings located on the sites</li><li>• General Security Agreement (GSA)</li></ul>

The remaining project construction costs (~\$2,500,000) will be funded by an equity contribution from Developed.

Additionally, to maintain the asset value and income producing capability of the completed residential complexes, Developed propose to invest approx. \$27.3m of the operating profits from the dwellings into refurbishment and renewal throughout the lease period in years 10, 13, 16 and 19.

#### 5. Timeline

<b>Process</b>	<b>Timing</b>
Consider draft Business Plan	March 2025
Execute Memorandum of Understanding	April 2025
Community consultation for: <ul style="list-style-type: none"><li>• Business Plan (incl. Proposed Leases)</li><li>• Intention to Borrow</li></ul>	April-May 2025
Consider public submissions	May 2025
Finalise external funding	June 2025
Development Approval	June 2025
Execute Development Agreement, Lease Agreements and Loan Agreement	July 2025
Construction commences	August 2025
Practical completion	January 2027

## 6. Divestment Strategy

Under the proposed lease agreement, the Proponent would maintain operational control of the assets for the duration of the lease term. On conclusion of the lease term, control of the assets would revert to the City where a number of options exist for the City's continuing ownership and operation or divestment of the assets. These options are summarised in the table below.

Divestment Strategy	Details
<b>Exercise Option with Proponent</b>	<p>The Proponent has expressed an interest in including option terms within the lease or an option to acquire the freehold land and buildings. The City may elect to include and subsequently exercise these options with rent for the option periods to be aligned to market value.</p> <p>This strategy would provide a significant ongoing revenue stream to the City with no need for additional resourcing.</p>
<b>Lease to Market</b>	<p>If there is no option included in the lease or either party elects not to exercise the option, the City can advertise the properties to market to lease either collectively or individually with rent aligned to market value.</p> <p>This strategy would provide a significant ongoing revenue stream to the City with no need for ongoing additional resourcing but would require initial resourcing to facilitate the leasing process.</p>
<b>Own and Operate</b>	<p>The City has the option to assume responsibility for operation of the assets including leasing, operating costs, ongoing maintenance and capital refurbishment. While not typical local government business, this option provides control over the use of the dwellings (e.g. staff housing, affordable/key worker accommodation, social housing etc.).</p> <p>Depending on use, this strategy may provide a significant ongoing revenue stream to the City however will also need additional ongoing resourcing to manage.</p>
<b>Sell</b>	<p>The City has the option to sell the assets at the conclusion of the lease term, either collectively or individually. Given the size and scale of each development this would likely be restricted to commercial or institutional investors.</p> <p>This strategy would provide a significant one-off capital return to the City.</p>
<b>Strata and Sell</b>	<p>The City also has the option to undertake a strata subdivision of any or all of the assets and then sell the dwellings individually. This option also allows for the City to retain any number of dwellings for internal use (staff housing, affordable/key worker accommodation, social housing etc.). Subdividing would increase the potential market reach by allowing for sale of dwellings to retail (individual) investors in addition to commercial or institutional investors.</p> <p>This strategy may provide a significant one-off capital return to the City however would require significant resourcing to undertake the strata subdivision and carries the risk that sales volume may fall short of the quantity desired.</p>

## 7. Legal Structures

### Memorandum of Understanding (MOU)

If Council resolves to adopt this business plan for public consultation in accordance with section 3.59 of the *Local Government Act 1995*, a MOU will be executed with the Proponent to outline the understanding of the Parties in relation to the proposal.

The MOU will contain a number of conditions that must be satisfied prior to leasing of the property to the Proponent and construction of the residential complexes, including:

- a) the City giving public notice of the proposed Major Land Transaction, considering any submissions in response to that notice and Council resolving to proceed with the development in accordance with section 3.59 of the *Local Government Act 1995*;
- b) the City giving public notice of the exercising of Power to Borrow Monies, considering any submissions in response to that notice and Council resolving to proceed with borrowing monies in accordance with section 3.20 of the *Local Government Act 1995*;
- c) the City being successful in obtaining external debt financing;
- d) the City being successful in obtaining an extension to the Development Condition imposed on the acquisition of 30 Nairn Street and 17 Ridley Street and securing ongoing freehold title for the duration of the lease term;
- e) the Proponent obtaining development approval for the residential complexes;
- f) the Proponent obtaining a building permit for the residential complexes;
- g) execution of a Development Agreement by the parties;
- h) execution of 3 x Commercial Leases by the parties; and
- i) execution of a Loan Agreement by the parties.

### Development Agreement

If Council resolves to proceed with the project a Development Agreement would be executed with the Proponent outlining the rights and obligations of both parties in undertaking the development, including:

- Permits, licenses and approvals where applicable
- Construction
- Project Management
- Development timeline and milestones
- Payment schedule
- Risk allocation and liability
- Variations
- Dispute Resolution
- Completion and handover conditions
- Termination clauses
- Confidentiality and non-disclosure
- Quality Guarantee

### Commercial Lease

If Council resolves to proceed with the project, and subject to consideration of any public submissions regarding the proposed disposition, 3 x leases would be executed with the Proponent on the following terms:

<b>Term</b>	The period from Commencement Date to Practical Completion plus 20 years
<b>Rent</b>	\$1 p.a.
<b>Permitted Use</b>	Residential apartments and associated facilities
<b>Rates</b>	Payable by Developed from Practical Completion
<b>Ownership of Development</b>	If the Lease is determined prior to expiry of the Term, ownership of the development shall revert to the City as registered proprietor of the freehold land.
<b>Default</b>	In the event of a default on the part of Developed, that is not remedied within 60 days of written notification by City, ownership of the Development would revert to the City.
<b>Clawback Condition</b>	The Lease will be voided if construction on the site has not substantially commenced within a 2 year period

### Loan Agreement

If Council resolves to proceed with the project, and subject to consideration of any public submissions regarding the proposal to borrow money, a loan agreement would be executed with the Proponent on the following terms:

<b>Borrower</b>	Karratha Development Pty Ltd
<b>Lender</b>	City of Karratha
<b>Loan Facility Limit</b>	\$56,000,000
<b>Term</b>	The period from Commencement Date to Practical completion plus 20 years
<b>Interest Rate</b>	4.00% p.a.
<b>Security</b>	A combination of: <ul style="list-style-type: none"><li>• Charge over the dwellings located on the sites</li><li>• General Security Agreement (GSA)</li></ul>
<b>Default</b>	In the event of a default on the part of Developed, that is not remedied within 60 days of written notification by City, the Charge over the dwellings located on the sites would be enforced.

## 8. Project Financials

### 8.1. Project Construction Costs

Under the proposal, the Proponent would assume responsibility for all construction and project management costs associated with development of the residential complexes. The forecast total construction cost for the project is **\$55,759,271** and includes:

- Module Construction
- Transport Costs
- Site Works
- Construction Contingency
- Development Management Fee
- Project Management Fee
- Project Contingency; and
- Other Minor Costs

While the Proponent has provided a detailed breakdown of the total project costs as part of their proposal, these costs are considered commercial in confidence prior to tendering and award of contracts for specific works.

### 8.2. Loan Facility from City of Karratha to Karratha Development Pty Ltd

Under the proposal, the Proponent would obtain construction finance via a debt facility from the City of Karratha for \$56.0 million. The remaining construction funding would be provided by an equity contribution from the Proponent. The facility would allow for capitalisation of interest during the construction period with repayments to commence after practical completion from project revenues. The Proponent has requested that the facility have an interest rate set at below market to achieve feasibility for the project.

The debt facility from the City to the Proponent would be repaid, with interest, over the lease term from the operating profits of the residential complexes. This debt facility would be extended on the following terms:

Facility Limit	\$56.0 million
Loan Term	20 years
Interest Rate	4.00% p.a.

It is anticipated that the Proponent would pay the City \$22.7m in interest over the life of the debt facility.

The loan schedule for the proposed drawdown, interest and repayment of the facility is attached as Appendix C.

### 8.3. Project Operations (Proponent)

#### 8.3.1 Cash Flows

Under the proposal, the Proponent would assume responsibility for the ongoing operation of the residential complexes, including leasing, operating costs and ongoing maintenance. The Proponent would retain any operating profit from the project, after repayment of loan principal and interest to the City.

The forecast cash flows for the Proponent over the 20-year lease term are summarised in the table below:

	<b>Years 1-5</b>	<b>Years 6-10</b>	<b>Years 11-15</b>	<b>Years 16-20</b>	<b>Total</b>
<b>Capital Investment</b>	(2,500,000)	(4,895,951)	(5,403,027)	(13,177,142)	<b>(25,976,120)</b>
<b>Rental Income</b>	29,606,689	33,085,878	37,892,374	43,397,126	<b>143,982,066</b>
<b>Operating Costs</b>	(6,399,078)	(6,617,176)	(7,578,475)	(8,679,425)	<b>(29,274,153)</b>
<b>Loan Costs</b>	(11,703,637)	(6,758,154)	(3,673,979)	(566,857)	<b>(22,702,627)</b>
<b>Principal Repayment</b>	(11,120,210)	(14,729,787)	(21,133,339)	(10,103,381)	<b>(57,086,716)</b>
<b>Total</b>	<b>(2,500,000)</b>	<b>-</b>	<b>-</b>	<b>11,442,450</b>	<b>8,942,450</b>

The above forecast cash flows are underpinned by the following assumptions:

- Starting average rental of \$967pw per apartment
- Rent escalation of 2.75% per year
- Downward adjustment to rental rates after year 5
- Rental vacancy rate of 5%
- Operating Expenses of 15% of market rental (incl. property management fees, insurances, taxes, maintenance of common property, non-capital repairs)

While it is anticipated that the property could achieve a higher rental at commencement, the historical volatility in the local rental market indicates that a consistent 2.75% per year rental escalation would not be realistic. To mitigate this, the project financial model has used a conservative starting rental and a downward adjustment to rental rates after year 5.

Based on the above, the project is expected to generate an Internal Rate of Return (IRR) for the Proponent of 8.19%.

#### 8.3.2 Sensitivity Analysis

A sensitivity analysis demonstrates the potential impact to project returns from changes in the initial assumptions.

For this proposal, the most significant factors that may impact rate of return are increases in construction costs and decreases in rental income.

To determine the sensitivity of the projects value to these factors, the project has been remodelled with the following changes:

- A 5%, 10%, 15% and 20% increase in the forecast construction costs
- A 5%, 10%, 15% and 20% decrease in the forecast weekly rental

The following tables show the impact of these factors on the net cash flows and Internal Rate of Return that the Proponent would derive from the project:

#### NET CASH FLOWS

		Increase in Construction Costs				
		0%	+5%	+10%	+15%	+20%
Decrease in Rent	0%	<b>8,942,450</b>	4,789,308	636,166	-3,516,976	-7,670,118
	-5%	1,743,346	-2,409,796	-6,562,937	-10,716,079	-14,869,221
	-10%	-5,455,757	-9,608,899	-13,762,041	-17,915,182	-22,068,324
	-15%	-12,654,860	-16,808,002	-20,961,144	-25,114,286	-29,267,428
	-20%	-19,853,964	-24,007,106	-28,160,247	-32,313,389	-36,466,531

#### INTERNAL RATE OF RETURN (IRR)

		Increase in Construction Costs				
		0%	+5%	+10%	+15%	+20%
Decrease in Rent	0%	<b>8.19%</b>	3.27%	0.37%	-1.79%	-3.55%
	-5%	1.48%	-1.64%	-3.87%	-5.69%	-7.27%
	-10%	-4.38%	-6.55%	-8.36%	-9.96%	-11.44%
	-15%	-9.82%	-11.55%	-13.14%	-14.64%	-16.10%
	-20%	-15.15%	-16.72%	-18.24%	-19.74%	-21.22%

#### 8.3.4 Conclusion

The proposed development provides a strong return for the proponent including both Development and Project Management fees during the construction phase and net cash flows from operations.

## 8.4. External Financing

In order to fund the City's contribution to the project, officers propose to obtain external financing for an amount of \$56m, these funds will be on-lent to the Proponent.

In order to minimise the interest costs during the project term, officers have assessed options to obtain funding both through the Western Australian Treasury Corporation (WATC) and through commercial borrowing.

In the current lending environment, the City is unable to obtain finance at the same rates as the loan facility proposed by the proponent (as set out in item 8.2), as such there will be a cash outflow during the term of the project. It is proposed the projected outflow of \$9.1m (based on the interest cost associated with the recommended funding structure at item 8.4.3) will be met through the City's infrastructure reserve during the term of the loan.

The City will also acquire the completed assets at the end of the lease term. It is forecast that the value of the assets will outweigh the total cash outflow and there will be a positive net return to the City.

### 8.4.1 Western Australian Treasury Corporation (WATC) Funding Option

WATC is the central financial services provider for the Western Australian Government and public sector, including local government, and was established under the [Western Australian Treasury Corporation Act 1986](#) (the Act) as the State's central borrowing authority.

Funding available from WATC is on a fixed rate basis for the entire term with current indicative quoted costs (as at 28 February 2025) as follows:

- Interest rate of 5.20% p.a. on the outstanding balance
- Government Guarantee Fee of 0.7% p.a. on the total facility limit

The table below summarises total funding cost that the City is forecast to incur utilising this funding option, as well as the net funding gap after offsetting the interest received from the loan facility to the Proponent.

	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Total
<b>Funding Cost to City</b>	(12,970,350)	(11,931,237)	(8,501,996)	(3,492,591)	<b>(36,896,173)</b>
<b>Recovered from Proponent</b>	9,056,772	7,633,962	4,668,874	1,343,019	<b>22,702,627</b>
<b>Net Funding Cost</b>	<b>(3,913,578)</b>	<b>(4,297,274)</b>	<b>(3,833,123)</b>	<b>(2,149,572)</b>	<b>(14,193,547)</b>

This option is forecast to cost the City a total of \$36.9m in financing costs (interest plus fees), with a net cost of \$14.2m after offsetting the loan facility income (\$22.7m) from the Proponent. The total cost of this option is set at commencement with no risk of increases or decreases.

Officers do not recommend this option due to the high forecast net costs compared with other options.

## 8.4.2 Commercial Funding Option

Westpac Banking Corporation (Westpac) is the City's current primary banking service provider. In addition to the Municipal and Reserve transaction accounts, the City also holds several term deposit investments with Westpac.

Funding from Westpac is available on a variable rate basis with the facility able to be secured against the City's balance sheet and operating cash flows to minimise any cost imposed through an applied risk margin. The funding facility offered by Westpac incorporates the following costs:

Base Interest Rate	90-day Bank Bill Swap Rate (BBSY) of 4.14% p.a.
Risk Premium	0.50% p.a.
Total Interest Rate	4.64% p.a.
Facility Fee	1.00% p.a. of the Facility Limit
Valuation Fees	Nil if the facility is secured against the City's balance sheet and operating cash flows rather than real property
Early Termination Costs	Nil while the interest rate remains variable, there will be an economic cost for early termination during any fixed rate period

To quantify the funding costs of this option, the following assumptions have been used in cash flow modelling:

- Funding interest rates remain at 4.64% p.a. for the full 20-year term
- The Facility Fee of 1.00% p.a. is incurred for the first 3 years of the loan facility, after which time the facility limit is no longer required and the outstanding debt is amortised

The table below summarises total funding cost that the City is forecast to incur utilising this funding option, as well as the net funding gap after offsetting the interest received from the loan facility to the Proponent.

	Years 1-5	Years 6-10	Years 11-15	Years 16-20	Total
<b>Funding Cost to City</b>	(11,464,917)	(8,907,736)	(5,828,082)	(1,768,960)	<b>(27,969,696)</b>
<b>Recovered from Proponent</b>	9,056,772	7,633,962	4,668,874	1,343,019	<b>22,702,627</b>
<b>Net Funding Cost</b>	<b>(2,408,145)</b>	<b>(1,273,774)</b>	<b>(1,159,209)</b>	<b>(425,942)</b>	<b>(5,267,069)</b>

This option is forecast to cost the City a total of \$28.0m in financing costs (interest plus fees), with a net cost of \$5.3m after offsetting the loan facility income (\$22.7m) from the Proponent. As this option utilises a variable interest rate, there is risk that forecast costs will increase or decrease over the project term.

Economic market commentary suggests that interest rates will decrease over the next 12-24 months, however predictions over the medium to long term are far less reliable and pose greater risk in decision making. While the commercial funding option appears the most cost-effective based on the rate assumptions used, this option carries the most risk from market uncertainty.

The sensitivity of this option to interest rate increases over years 6-20 is shown in the table below:

<b>Increase (years 6-20 only)</b>	<b>Total Net Funding Cost</b>
+1.00% Interest Rate	<b>(9,226,388)</b>
+1.50% Interest Rate	<b>(11,257,706)</b>
+2.00% Interest Rate	<b>(13,322,935)</b>
+2.50% Interest Rate	<b>(15,421,645)</b>

Officers do not recommend this option due to the lack of certainty over the project term and risk of significantly increased costs compared with other options.

### 8.4.3 Hybrid Funding Option

Broad consensus across economic market commentary is that funding interest rates in Australia will decrease over the next 12-24 months.

In order to minimise net cash outflows, it is proposed to initially fund the project by the commercial funding option to utilise a variable interest rate and then refinance the initial funding to a fixed rate for the remainder of the lease term at a future point where the funding gap is zero or favourable to the City, or where economic market commentary no longer indicates that funding interest rates will continue to decrease.

This option has been modelled under the following assumptions:

- Commercial option with a variable rate will be utilised for years 1 to 3 at the current interest rate of 4.64% p.a.
- 1.00% p.a. Facility Fee will be incurred on the commercial option for years 1 to 3
- Available funding interest rates will decrease by a further 75 basis points in years 1 to 3
- WATC option with a fixed interest rate will be utilised for years 17 to 20 at an interest rate of 4.31% p.a. (being the current 17-year fixed rate of 5.06% p.a. with the assumed 75 basis point decrease)
- 0.70% p.a. Government Guarantee Fee will be incurred on the total facility limit for WATC debt for years 4 to 20

The table below summarises total funding costs that the City is forecast to incur utilising this funding option, as well as the net funding gap after offsetting the interest received from the loan facility to the Proponent.

	<b>Years 1-5</b>	<b>Years 6-10</b>	<b>Years 11-15</b>	<b>Years 16-20</b>	<b>Total</b>
<b>Funding Cost to City</b>	(11,833,757)	(9,931,351)	(7,051,977)	(2,978,817)	<b>(31,795,903)</b>
<b>Recovered from Proponent</b>	9,056,772	7,633,962	4,668,874	1,343,019	<b>22,702,627</b>
<b>Net Funding Cost</b>	<b>(2,776,985)</b>	<b>(2,297,389)</b>	<b>(2,383,103)</b>	<b>(1,635,798)</b>	<b>(9,093,276)</b>

This option is forecast to cost the City a total of \$31.8m in financing costs (interest plus fees), with a net cost of \$9.1m after offsetting the loan facility income (\$22.7m) from the Proponent.

As this option utilises a variable interest rate for part of the project term and makes assumptions about changes in funding costs, there is risk that forecast costs will increase or decrease over the project term.

This option represents the officers' recommendation in order to best balance the benefits of both fixed and variable rates over the project term and incorporate the short-term forecast decreases in funding interest rates. It is anticipated that the City will monitor the funding interest rate environment and commentary and refinance the outstanding debt with WATC at the most beneficial time, which may be earlier or later than year 3 of the project.

## 8.5. Residual Asset Value

Under the proposal, ownership of the assets constructed on the subject land would revert to the City at the conclusion of the lease term. Based on the initial construction cost and refurbishments during the lease period, and incorporating depreciation of the assets, the forecast value of the residual assets that the City would acquire is \$46.6m and is comprised of:

	<b>Initial Cost</b>	<b>Forecast Depreciation</b>	<b>Forecast Residual Value</b>
Project Construction	55,759,271	(27,879,636)	27,879,636
Refurbishment 1	6,168,112	(3,537,412)	2,630,700
Refurbishment 2	6,676,563	(2,493,696)	4,182,866
Refurbishment 3	7,038,607	(1,733,257)	5,305,350
Refurbishment 4	7,420,284	(794,434)	6,625,849
<b>Total</b>	<b>83,062,837</b>	<b>(36,438,435)</b>	<b>46,624,401</b>

## 9. Risk Analysis

A risk analysis for the proposal has been undertaken. The analysis has been undertaken using the risk matrix approach.

The tables below indicate the rating scales that were used in the risk analysis.

### 9.1. Risk Assessment Framework

In accordance with Council Policy *CG01 Risk Management* the following Risk Criteria Tables have been used in assessing the proposal.

#### RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5

#### RISK ACCEPTANCE CRITERIA

LEVEL OF RISK	DESCRIPTOR	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
1 – 4	LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.	Operational Manager
5 – 9	MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring.	Operational Manager
10 – 16	HIGH	Urgent Attention Required	Management attention is required. Risk treatment plan is required to reduce risk exposure to an acceptable level. Regular reporting is required.	CEO / Director
17 – 25	EXTREME	Unacceptable	Urgent and active management required. Risk treatment plan must be implemented immediately to reduce risk exposure to an acceptable level. Regular reporting required.	CEO

## 9.2. Proposal Risk Analysis

A total of nine (9) potential risks have been identified with seven (7) risks rated as moderate and two (2) risks rated high. No extreme risks have been identified. Mitigation strategies for all identified risks have been listed.

#	Item	Initial			Mitigation Strategies	Cost and Time Impacts	Post Mitigation		
		Likeli-hood	Conse-quence	Rating			Likeli-hood	Conse-quence	Rating
Financial Risks									
1	Development costs exceed budget	4	4	16	Module construction pricing will be fixed at commencement of the project. The project budget has \$9.8m contingency built in which represents 17.5% of the total construction cost. The Development Agreement will be structured so that any construction cost overruns are the Proponent’s responsibility.	Nil	3	3	9
2	Development does not generate forecast returns	3	4	12	Significant pre-leasing will be secured with corporate tenants prior to commencement of construction.	Nil	2	4	8
3	Developer defaults during construction period	2	4	8	As the modules are being pre-fabricated off site Council will have the ability to take receipt of the modules and engage local contractors to complete site works and installation	Significant time required for procurement and project management from current internal resources, or additional cost to outsource project management if there is no internal capacity.	2	3	6
4	City capacity for future borrowing limited	4	2	8	The City currently has no plans for future borrowing in its Long Term Financial Plan. There will be remaining borrowing capacity after funding of this proposal, providing a contingency for delivery of the LTFP if required.	Nil	4	2	8
5	Investment in this project means that other community projects cannot proceed	2	3	6	The City has sufficient Reserves to fund all community projects in its LTFP after committing to this project. The City also has minimal current debt and therefore significant available borrowing capacity to fund future community projects should the need arise.	Nil	2	3	6

#	Item	Initial			Mitigation Strategies	Cost and Time Impacts	Post Mitigation		
		Likeli- hood	Conse- quence	Rating			Likeli- hood	Conse- quence	Rating
Operational Risks									
6	Failure to meet delivery timeline	4	2	8	The Proponent has provided the delivery timeline. They have scheduled their other projects around providing adequate capacity to complete this project including scheduling the production run in the factory. Any delays would result in additional interest being capitalised on the loan to the proponent but would not render the proposal unviable.	Nil	4	2	8
7	Developer defaults during operating period	3	3	9	It will be a condition of the agreement with the Developer that in the event of default control of the asset will revert to the City	There will be significant time involved in managing the asset, however it will generate significant revenue to provide an ongoing benefit to ratepayers	3	2	6
Reputational Risks									
8	Council is perceived to be misusing ratepayers funds	4	2	8	The net cash outflows for the project are proposed to be funded from the City's Infrastructure Reserve, which is not comprised of residential, commercial or industrial rates. The asset reverted to the City at the conclusion of the lease term is forecast to have a significantly higher value than the total cash outflow, resulting in an overall positive return to Ratepayers.	Officers' time responding to each individual piece of community feedback	2	2	4
9	Housing is not a local government function	4	2	8	Council has widely publicised its Housing EOI including supporting data demonstrating the shortage of housing and lack of viable commercial activity to address this shortage. Increasing housing supply is vital to achieving Council's vision. For this project Council will not be owning or operating the housing assets, merely leasing land and providing a debt facility.	Officers' time responding to each individual piece of community feedback	3	2	6

## 10. Council Financial Implications

### 10.1. Long Term Financial Plan

This proposal is currently not included within the City's 2024/25 Annual Budget or Long Term Financial Plan (LTFP). A copy of the current adopted LTFP can be found at: <https://karratha.wa.gov.au/council/plans-publications-and-policies/strategic-plans>

Based on the financial structure of the proposal, there will be a decrease in Council's Infrastructure Reserve funds over the life of the project in order to fund the net cash outflows from provision of the Loan Facility to the Proponent.

The Infrastructure Reserve balance is projected to be \$54.5m at the start of the 2025/26 financial year. If the proposed major land transaction is undertaken the reserve balance is forecast to range between \$32.8m-\$64.2m over the period covered by the LTFP.

Additionally, this proposed major land transaction is the second Housing Development EOI proposal to be presented to Council for adoption of a Business Plan. While investment decisions will be made on each project individually, the cumulative financial impact of the Housing Development EOI is a required consideration.

If both proposals are undertaken the reserve balance is forecast to range between \$8.2m-\$45.2m over the period covered by the LTFP. This assumes the projects are fully reserve funded with no WA State Government capital contribution.

For reference the Infrastructure Reserve balance was \$15.2m upon completion of the Red Earth Arts Precinct in 2019 and \$2.8m upon completion of the Karratha Leisureplex in 2013. As such, the ranges quoted above are not without precedent.

Council's LTFP also contains a number of sustainability ratios with statutory or adopted target bands. These ratios are explained in detail in the LTFP document. The projected impact of both proposals on Council's sustainability ratios in 2025/26 are as follows:

	As per Adopted LTFP	Projection if this Proposal Proceeds	Projection if both Proposals Proceed
<b>Own Source Revenue Coverage Ratio</b> <i>Advanced is above 90%</i>	94.57%	94.18%	94.00%
<b>Operating Surplus Ratio</b> <i>Target between 0% and 15%</i>	6.32%	5.80%	5.59%
<b>Rates Coverage</b> <i>Target – Greater than or equal to 40%</i>	41.68%	41.22%	41.14%
<b>Current Ratio</b> <i>Target – Greater than or equal to 1</i>	1.59	1.59	1.53
<b>Debt Service Cover Ratio</b> <i>Target – more than 2 – the higher the better</i>	150.20	15.91	15.81
<b>Asset Sustainability Ratio</b> <i>Target – between 90% and 100%</i>	94%	94%	94%
<b>Asset Consumption Ratio</b> <i>Target – between 50% and 75%</i>	67%	67%	68%
<b>Asset Renewal Funding Ratio</b> <i>Target – between 95% and 100%</i>	91%	91%	91%

Council's strong financial position means both housing proposals can be undertaken while maintaining healthy reserves and all sustainability ratios remaining within their existing bands.

## 11. Council Policy Implications

In accordance with Council Policy *CG-08 Significant Decision Making Policy*, this matter is considered to be of high significance as the proposal involves potential entry into partnership with the private sector to carry out a significant activity.

It is anticipated that the community consultation requirement of the policy will be met through the process of inviting public submissions regarding the business plan in accordance with *Local Government Act 1995* requirements.

Council Policy *CF-04 Investment Policy: Property* provides guidance on if and when Council will invest in Property. The adopted policy includes the following statements that are relevant to this matter:

*When making decisions to invest in Property related investments one or more of the following criteria needs to be satisfied:*

- vi. Council may invest in property to achieve key strategic goals of the Council that will deliver a broad-based benefit to the community without financial return being the key driver.*

The proposal is consistent with this policy provision.

## 12. Legislative Compliance

### 12.1. Local Government Act 1995 - Business Plans

Section 3.59 (2)(b) &(c) of the *Local Government Act 1995* (The Act) states:

*Before it —*

- (b) enters into a major land transaction; or*
- (c) enters into a land transaction that is preparatory to entry into a major land transaction, a local government is to prepare a business plan.*

The Act defines a major land transaction as:

*A land transaction other than an exempt land transaction if the total value of —*

- (a) the consideration under the transaction; and*
- (b) anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed for the purposes of this definition.*

In the City of Karratha's circumstances, the amount prescribed for a transaction to be considered a major land transaction is the lesser of \$10,000,000 or 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year. If progressed, the lease of land to the Proponent and subsequent debt facility for construction of residential apartment complexes would constitute a major land transaction.

### Specific Requirements

Section 3.59(3) of the Act specifies explicit information that must be included in a Local Government Business Plan (as a minimum). While many items are addressed elsewhere within this Business Plan, for completeness, each legislated item is addressed specifically below:

**(a) The expected effect on the provision of facilities and services by the local government**

As the proposal transfers all construction and operational responsibilities to the Proponent and involves minimal initial capital outlay from the City, it is not anticipated that the development of the proposal will have any detrimental effect on the City's capacity to fund or provide any of the planned facilities and services in the current Long Term Financial Plan.

**(b) The expected effect on other persons providing facilities and services in the district.**

Currently the average weekly rental in Karratha is \$1,204pw with a rental vacancy rate of 1% - indicating a critical shortage of available housing for rent. Further, the City's Cumulative Impact Model indicates a shortage of 900 dwellings potentially growing to 2,000 over the next 5 years.

Additionally, the proposed development for medium-rise apartments comprises an under-served segment of the market, and based on scale will not directly compete with typical residential property lessors who supply detached single dwellings.

Due to the ongoing and increasing critical shortage of rental accommodation, it is not anticipated that this proposed development will have an impact on the ability of existing residential property lessors to source tenants.

**(c) The expected financial effect on the local government.**

The financial projections of the proposal are detailed in sections 8 and 10 of this Business Plan – including the impact of the proposal on the City's infrastructure reserve balances and key ratios.

It is anticipated that the net cash outflows from the project are able to be funded from Council's projected cash reserves over the life of the project. Reserves may be replenished from divestment of the asset at the conclusion of the lease term.

Implementing this proposal will change the forecast transfers to and from reserves over the term of the LTFP however will not impact the delivery of planned community infrastructure or services.

**(d) The expected effect on matters referred to in the local government's current plan prepared under Section 5.56 of the *Local Government Act 1995* (Plan for the Future)**

This proposal and the wider Housing EOI align to Council's approved Strategic Community Plan 2020-2030, the Corporate Business Plan 2020-2025 and the Operational Plan 2024-2025, in particular:

- *Strategic Community Plan 2020-2030:*
  - o *2a. Diverse industry*
    - *2.a.1 Partner with key industry and business groups to advocate for investment*
  - o *2c. Quality Infrastructure to support business investment:*
    - *2.c.1 Land and infrastructure is available for a variety of business investment purposes*
- *Corporate Business Plan 2020-2025 Programs/Services:*
  - o *2.a.1.1 Small and medium enterprise support*
  - o *2.c.1.2 Land development and management*
- *Operational Plan 2024-2025 Projects/Actions:*
  - o *2.a.1.1.20.2 Advocate for partnerships to increase housing supply*
  - o *2.c.1.2.22.9 Progress Development of the Bulgarra Lazy Land Lots*

Undertaking this proposed housing development will have the effect of enabling Council to achieve each of the goals listed above.

A copy of Council's approved Strategic Community Plan 2020-2030, Corporate Business Plan 2020-2025 and Operational Plan 2024-2025 can be found at:

<https://karratha.wa.gov.au/council/plans-publications-and-policies/strategic-plans>

**(e) The ability of the local government to manage the undertaking or the performance of the transaction;**

The City has sufficient internal capacity to manage each element of the proposed transaction on a business-as-usual basis. The City frequently engages in the following actions that form part of the proposal:

- Property disposal by lease
- Construction project management
- Lease agreements
- Loan agreements

If the City chooses to continue to operate the asset rather than exit at the conclusion of the lease period, there are sufficient forecast revenues to engage an appropriately qualified asset manager.

**12.2. Local Government (Functions and General) Regulations 1996 - Business Plans**

Regulation 10 of the *Local Government (Functions and General) Regulations 1996* states that:

(1) *If a local government is required to prepare a business plan because of a major trading undertaking or major land transaction that it is to carry on or enter into jointly with another person*

—  
(a) *the business plan is to include details of the whole undertaking or transaction, even though the local government is not the only joint venturer; and*

(b) *the business plan is to include details of —*

(i) *the identity of each joint venturer other than the local government; and*

(ii) *the ownership of, and any other interests in, property that is involved in, or acquired in the course of, the joint venture; and*

(iii) *any benefit to which a joint venturer other than the local government may become entitled under or as a result of the joint venture; and*

(iv) *anything to which the local government may become liable under or as a result of the joint venture.*

**Specific Requirements**

While many items are addressed elsewhere within this Business Plan, for completeness, each legislated item is addressed specifically below:

**(b)(i) the identity of each joint venturer other than the local government.**

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Sydney, NSW 2000

**(b)(ii) the ownership of, and any other interests in, property that is involved in, or acquired in the course of, the joint venture**

The proposed Major Land Transaction involves the City retaining freehold title over all 3 subject lots, with leasehold rights including rights over any improvements conveyed to the Proponent for the permitted use during the term of the lease.

At the conclusion of the lease term, control of any improvements on the lots reverts to the City as the landowner.

**(b)(iii) Any benefit to which a joint venturer other than the local government may become entitled under or as a result of the joint venture;**

The Proponent would be entitled to all net operating income from the asset for the duration of the lease term. Forecast returns to the Proponent are outlined in section 8 of this Business Plan.

**(b)(iv) Anything to which the local government may become liable under or as a result of the joint venture.**

The City would become liable for repayment of the external loan facility, which is proposed to be secured against the City's balance sheet and operating cash flows. It is anticipated to primarily fund this liability from repayments received from the loan facility to the Proponent, with any shortfall met from the City's significant cash reserves.

In the event of default by the proponent, the City would assume control of the assets on the land and it is anticipated that operating cash flows from the assets would primarily service the external loan facility, with any shortfall again being met from the City's significant cash reserves.

The City would also become liable for the ongoing maintenance and operation of the assets on the land from the conclusion of the lease term or in the event of default by the Proponent. It is expected that there will be sufficient revenues from the asset to offset any additional costs incurred.

### **12.3. Local Government Act 1995 - Disposal of Property**

Section 3.58 of the *Local Government Act 1995* states that:

- (2) *Except as stated in this section, a local government can only dispose of property to —*
    - (a) *the highest bidder at public auction; or*
    - (b) *the person who at public tender called by the local government makes what is, in the opinion of the local government, the most acceptable tender, whether or not it is the highest tender.*
  - (3) *A local government can dispose of property other than under subsection (2) if, before agreeing to dispose of the property —*
    - (a) *it gives local public notice of the proposed disposition —*
      - (i) *describing the property concerned; and*
      - (ii) *giving details of the proposed disposition; and*
      - (iii) *inviting submissions to be made to the local government before a date to be specified in the notice, being a date not less than 2 weeks after the notice is first given;*
- and*

- (b) *it considers any submissions made to it before the date specified in the notice and, if its decision is made by the council or a committee, the decision and the reasons for it are recorded in the minutes of the meeting at which the decision was made.*

Details of the proposed Disposal of Property are contained in this Business Plan, including the assessed market rent and proposed lease rent and term. The public notice and consultation process for the Business Plan satisfies the requirements of section 3.58 of the Act in relation to public notice for Disposal of Property.

Council will consider all submissions in relation to the Business Plan, including any that relate specifically to the proposed Disposal of Property, prior to execution of any proposed leases.

#### **12.4. Local Government Act 1995 - Power to Borrow Money**

Section 6.20 of the *Local Government Act 1995* states that:

(2) *Where, in any financial year, a local government proposes to exercise a power under subsection (1) ( power to borrow ) and details of that proposal have not been included in the annual budget for that financial year —*

(a) *unless the proposal is of a prescribed kind, the local government must give one month's local public notice of the proposal*

In addition to public advertising of the Business Plan, the intention to borrow monies will be advertised and any public submissions received will be considered by Council prior to execution of the proposed loan agreement.

### **13. Summary**

The City is seeking to undertake this proposed major land transaction in order to address the current critical shortage of housing in the region caused by failure of the commercial housing development market to keep up with housing demand.

This proposal provides a strong dwelling yield of 116 apartments across the 3 subject sites, all of which freehold title will remain with the City.

The proposal also requires no up-front capital investment. The City is forecast to incur an estimated \$9.1m net cash outflow over the 20-year lease term, with acquisition of the assets (forecast book value of \$46.6m) at the conclusion of the lease term providing for a strong projected net return of \$37.5m to ratepayers.

In addition, as the Proponent will be the owner and operator of the assets for the duration of the lease term, the majority of the construction and operational risk lies with the Proponent. The Proponent is experienced in the delivery and operation of modular accommodation with strong capability to mitigate any construction and operational risk.

The development of medium-density residential property on undeveloped City-owned lands is consistent with Council's approved Strategic Community Plan. The increase in available housing supply can provide significant public benefit in addressing the current critical housing shortage.

Given the current critical housing shortage and this proposal's potential for high benefit with low cost and low risk, there is value in the City seeking community feedback regarding the Business Plan for this development.

# **APPENDIX A**

# Proposal Summary

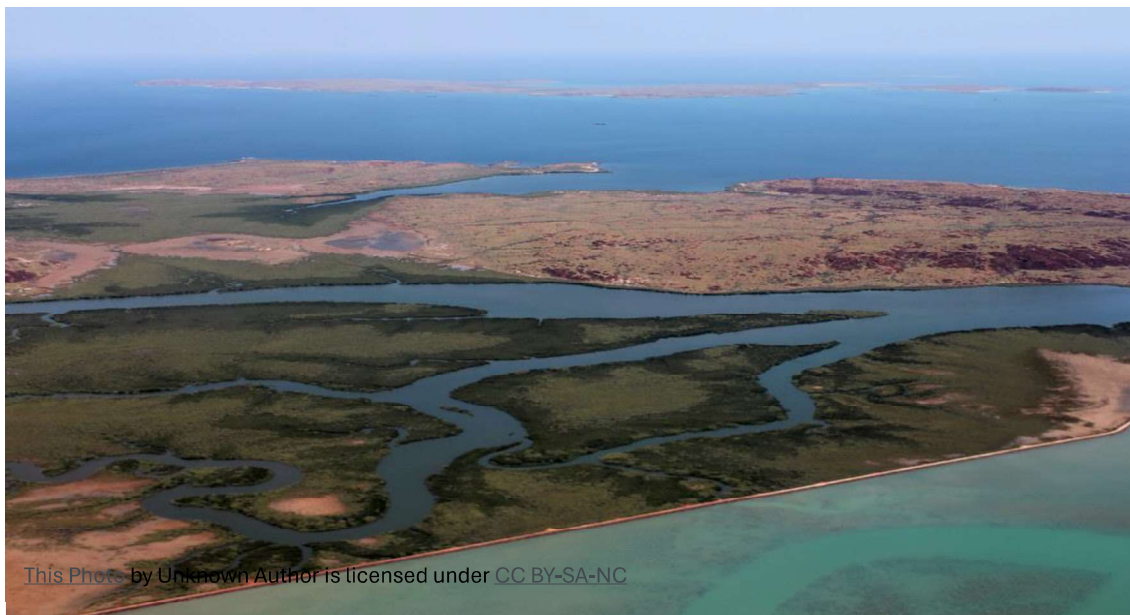
## The Proponent

Organisation	Developed Consortium
Lead	Developed Projects Pty Ltd
ABN	25 664 498 444
Contact	Scott Anderson
Position	Director
Phone	0419 237 694
Email	scott@developed.net.au
Authorised Signatory	Scott Anderson

## Our Consortium

<b>Developed Projects</b>	<p>Consortium lead and development manager, responsible for negotiation, structuring, financing (where applicable), execution, and delivery of the Project, including obtaining relevant planning consents and permits. The team at Developed Projects (Developed) will include Scott Anderson as project lead. Scott has an extensive career in Development and Project Management locally and offshore and until recently was Managing Director of Colliers Projects Leaders.</p> <p>Scott will be assisted by partners of Developed including Nils Miller who has an extensive career in banking, finance property and social infrastructure development. He has held senior roles at Investec Group and Macquarie Bank. Nils brings a wealth of knowledge to the group particularly his skills structuring and delivering large scale property and infrastructure transactions and developments locally and offshore. Michael Roberts will also assist from a perspective of transaction and investment management and advisory. Michael has extensive experience in development and financing in Australia and Asia and has been active in remote WA in recent times.</p>
<b>TLC</b>	<p>Manufacturer of modular homes and responsible for logistics and the provision of the housing units for the Project. TLC Modular is a modular construction company that services the construction and oil &amp; gas industries and was established in 1995. Located in Vietnam and run largely by Australian expatriates, the company has capacity to deliver over 1,000 modules per annum. TLC Modular benefits from its engineering capabilities, while combining modern construction materials with sustainable practices to ensure the delivery of a high-quality product that considers its local context. TLC Modular has significant experience in delivering accommodation for government bodies. TLC will deliver the Project in conjunction with a local contractor (to be tendered at a later stage).</p> <p>TLC will offer a complete turnkey design, manufacture, and construction of the housing development. Design-build is a construction project delivery method that has a builder and designer work together on a single contract from the start of a project to promote collaboration. The benefits of this delivery method include increased project speed, reduced costs, more collaboration, less risk, and fewer mistakes. These are in addition to the advantages of the modular building methodology.</p>

<b>Deloitte (DPDS)</b>	<p>Deloitte PDS Group specialises in development origination, project, and development management and advisory. DPDS delivers their clients end-to-end capability from feasibility and planning, funding, and site acquisition, to project delivery for clients in public multinational corporations to private companies, government agencies to not-for-profits to provide end to end services and solutions for today and the sustainable future.</p> <p>DPDS have a strong national presence with offices in Sydney, Melbourne, and Brisbane, alongside Perth, Adelaide and Canberra. DPDS are experienced Project managers with extensive experience throughout WA and regional locations. The team on the ground will manage the procurement of local contractors to undertake planning and enabling works, receipt and installation of the modular units, final fit out and commissioning in accordance with the Building Code of Australia.</p>
<b>Realmark</b>	<p>Realmark is a locally owned and operated Property Management firm specialising in the local Pilbara market. Realmark will assist to design, price, and manage the Project to cater for the local market. Realmark will also manage the assets post completion and be the main liaison with tenants and occupiers.</p>



# Qualitative Criteria

## *(A) The rapid delivery of additional housing stock to the local market.*

### **i. Project a high-level Summary of the Project Proposal**

The City of Karratha (“Karratha”) has a vision to become Australia’s most liveable regional city. Housing affordability and supply is critical to ensuring the Karratha’s vision is realised. As the focal point of commerce, community, and tourism in the Pilbara Region, Karratha's growth relies on its abundant natural resources and export markets.

To leverage its natural assets and ensure the region continues to grow as an attractive lifestyle option for families, housing supply and affordability needs to be addressed. Like most urban markets across Australia, the delivery of housing in Karratha has been impacted by construction cost escalation and significant labour constraints (compounded further by the lack of housing for workers).

This submission seeks to address many of the current market constraints, while providing an attractive option for boosting housing supply for key workers in the region. This proposal aims to address these market constraints while providing a solution to boost housing options for key workers in the region.

#### **Introduction**

The Developed Consortium is well-credentialled with extensive experience in the delivery of residential communities across Australia and a skill set that extends from site selection to design management, planning approvals, construction management and asset and property management services.

To ensure Karratha is presented with a comprehensive solution, a strong consortium has been formed which benefits from experienced local and international members to provide a capable partner and a robust proposal that offers value for money.

The Proposed Solution is focused on the delivery of housing solutions across its supply of undeveloped, development-ready residential lands in Bulgarra namely DA52 – Gregory Wy, 30 Nairn St., and 17 Ridley St (“the Sites”).

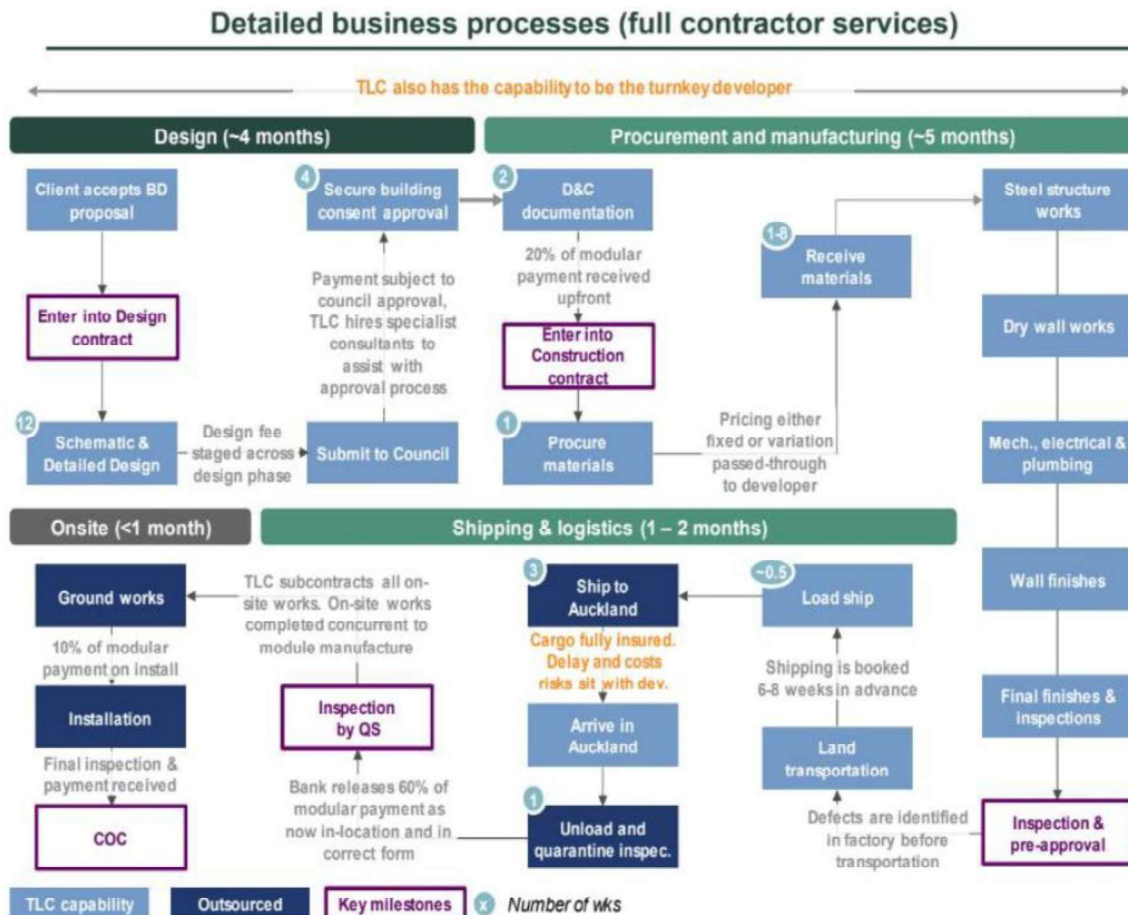
#### **Proposed Solution**

The Consortium is acutely aware of the current constraints faced by the development and construction sectors, which when combined with higher interest rates and reduced financial markets liquidity, is limiting the supply of accommodation nationally at a time when demand is increasing. As such, the Consortium is proposing a solution that addresses these constraints, while delivering a scale solution that limits risk to all parties.

In summary, the Consortium proposes to deliver 96 apartments across the three Sites (“The Project”).

ii. Provide a high-level Project Schedule/Timeline for the Successful Delivery of additional housing stock to the local market.

Total Procurement upon Council Approval and award can enable completion and dwelling ready for occupation within 12 months.



ii. **Provide information that demonstrates that the respondent has sufficient capacity to deliver the project (e.g., key personnel, resourcing)**

**Key Personnel**

**Developed Projects Team**

*Role: Consortium Lead*

**Scott Anderson**

With a career spanning over 25 years, Scott has built a reputation of managing key stakeholders and delivering world class and complex projects both nationally and internationally. Scott takes a personal and dedicated approach to ensure the needs of the development are fully understood and delivered. His wealth of knowledge stem from his experience spanning across the full spectrum of delivering major complex projects from the bid, feasibility, and inception stage, through design and construction, to asset steady state handover.

Scott has successfully managed the delivery over \$5b worth of development projects across various sectors including commercial, industrial, residential, retail, hospitality, health care and retirement.

Commencing his career as a structural engineer, Scott has owned and managed businesses with up to 75 employees overseeing approximately \$1bn worth of construction annually as the Managing Director at NixAnderson and Colliers Project Leaders. He has also held senior project and development management positions for several internationally recognised organisations including Macquarie Capital, Laing O'Rourke (UK), Fletcher Construction and St Hilliers. Some of the key project Scott has led and/or been a key member of include:

- \$640m Northern Beaches Hospital
- \$55m Gold Coast University Hospital Car Park, PPP
- £1B Liverpool Urban Regeneration Development, UK
- \$120m Sunshine Coast University Private Hospital, PPP
- \$25m Stockland Caboolture Shopping Centre
- \$5m 13 Lot Subdivision Orange NSW
- Bruxner Highway Goonellabah 77 Hec Residential and Industrial rezoning.

**Nils Miller**

Nils has over 25 years' experience in property and social infrastructure development, project finance, banking, finance, M&A, and funds management. He has held senior roles at Investec Group and Macquarie Bank. Nils brings a wealth of knowledge to the group particularly his skills from early-stage transaction and business development through to structuring and delivering large scale property and infrastructure transactions and developments locally and off-shore.

Nils has extensive structuring, financing, equity, and debt market experience to assist in the in the team's ability to structure and deliver a successful transaction. Nils holds a Bachelor of Commerce (UNSW) and a Bachelor of Laws (Macquarie).

Nils has extensive experience partnering with Government organisations having been involved in the funding and or development of the following projects that are relevant for this project;

- Development of B Apartments at Bowden (delivering affordable housing to key workers through a rent-then-buy program), in partnership with Renewal SA (SA Government)
- See; <https://www.youtube.com/watch?v=dT4Txqb5CLg>
- Development of various ANU student accommodation villages (Davey, Kinlock and Lena Karmel)
- Development of the UQ Pharmacy School
- Funding of the New Royal Adelaide Hospital PPP
- Funding of the Queensland Schools PPP
- Funding of the New Zealand Schools PPP II
- Funding of the Northern Rivers Correctional Facility PPP
- Development of the Gold Coast University Hospital Car Park PPP
- Development of the Gold Coast Private Hospital Car Park Project
- Also various renewable energy PPPs including solar, wind and power plants, including several in WA.

### **Michael Roberts**

Michael is a property investment professional with over 15 years of real estate experience. He has been involved in all aspects of hotel investment, development, and operations. Michael previously worked for Alistair Sawyer at SHS Capital (at the time 60% owner of TLC Modular) handling the group's real estate development activities in Australia and New Zealand.

Most recently Michael worked for the Eastgate Group which manages ~\$6bn of hotel and office real estate in Japan. Prior to this, Michael was the Director of Hotels Asia Pacific for Savills, leading a team of professionals based in Singapore covering regional hotel investments, operator selection, and various hotel consultancy services. He was also formerly the Vice President of Capital Markets at CBRE Singapore, executing ~\$800m worth of joint venture partnerships, equity investments, and asset acquisitions globally.

Michael is a licensed agent with the CEA in Singapore and studied Real Estate and Finance at the National University of Singapore. Michael's recent transaction expertise includes;

- UEM Sunrise – Development site acquisition in Melbourne ~\$73m
- Hiap Hoe – Development site acquisition in Melbourne ~\$83m
- M&L Investments – Acquisition of two hotel assets in London ~\$122m
- Aspial Corporation Ltd – Development site acquisition in Melbourne ~\$50m
- Roxy Pacific – equity investment in 2 JVs with Pindan Group ~\$50m
- Lian Beng Construction – acquisition of 2 office assets in Melbourne ~\$175m
- UOL Group – Acquisition of an office asset in London ~\$175m
- Wee Hur – Development site acquisition in Brisbane ~\$55m

**TLC Modular**

**Role:** *Joint Lead Head Contractor*

**Nigel Telford | Group Commercial Manager**

With TLC since 2015, Nigel is highly experienced development and construction industry leader in guiding our BDMs, estimating, contracts and design teams to develop the optimal modular design and commercial solutions for our clients. Nigel has several years' experience delivering turn-key accommodation facilities for motels, apartments, and commercial projects.

**Shane Denny | Architect – Lead Design TLC**

Shane has worked with TLC over 10 years on commercial, multi-unit residential and housing projects in New Zealand and Australia. Based in Perth, Shane is well acquainted with regional codes and end-user requirements, as well as maintaining a regular schedule in the TLC Vietnam engineering and design office.

**Deloitte PDS Group**

**Role:** *Project Manager*

**Chris Andrews | Project Director**

Chris is the Project Director who will provide leadership and oversight of the project. Chris will partner with Developed as part of a collaborative approach to this project and have overall responsibility for the success and quality of the deliverables. Further information on DPDS' capability and experience has been provided in Annexure A.

**Ian Mckee | Director**

Ian is the Deloitte Director based in Perth and will be accountable for the planning and local contractor procurement process. Ian's team will project manage all on site enabling works, fit-off and commissioning phases of the development.

**Daniel Schober & Yanny Douglas | Senior Project Manager**

Daniel and Yanny will act as Senior Project Managers, managing and controlling the day-to-day activities and tasks of consultants and contractors through all stages of the project. The Senior Project Manager will provide the detailed hands-on skills to ensure that the project is managed thoroughly and delivered on time and to the required standard.

**Liz Smith | Assistant Project Manager**

Liz will assist Chris Andrews on the day to management of the project and action project administration tasks.

**iii. Detail any strategic initiatives or innovative technologies that may be implemented in delivering the project.**

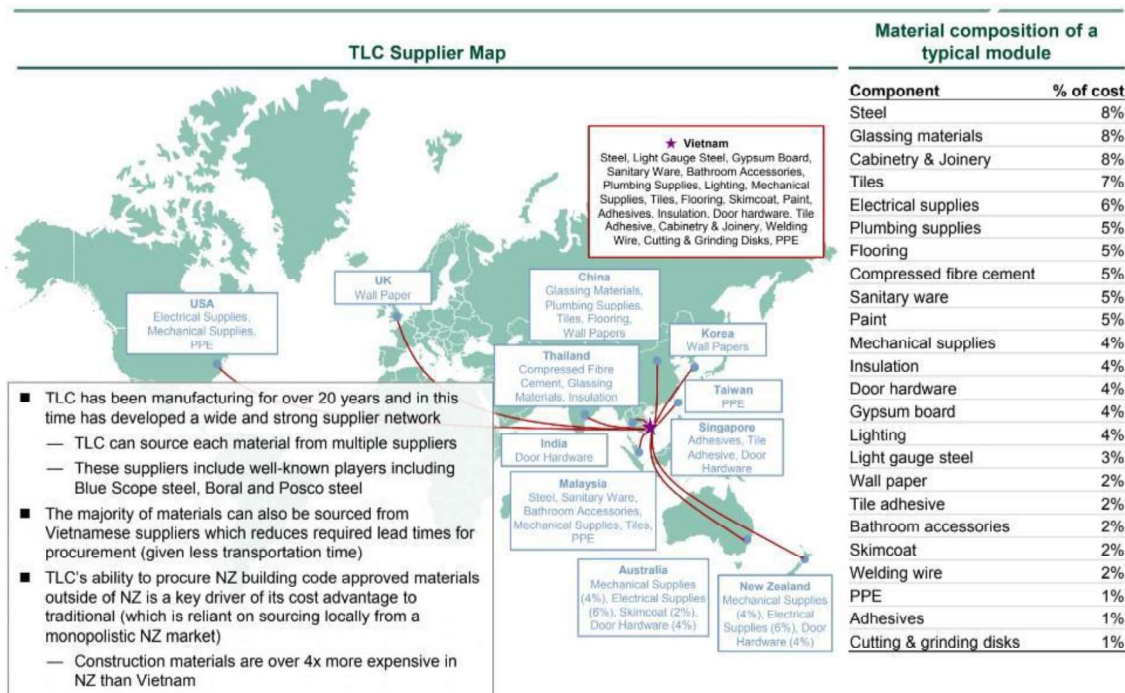
Construction of the proposed dwellings will adopt a modular approach, largely mitigating local labour shortage issues, while ensuring a highly sustainable and high-quality finished product. The modular dwellings will be manufactured offshore utilizing compliant designs that provide a quality-built form outcome and contribute positively to Karratha's development. On-site construction will involve a subcontracting partnership with local contractor who will be tendered in the next round of the process, to cover civil, electrical, plumbing and landscaping works.

The key benefits of this structure to Karratha include:

- The ability to deliver 96 dwellings within a 18-month timeframe (6 months for approval and award, plus 12-months construction delivery).
- Providing a transparent partnership model minimises cost to Karratha that maximises the benefit of offshore construction to minimise the cost to Karratha.
- The provision of much needed housing that is:
  - Sustainable.
  - Low maintenance.
  - High quality.
  - Can be readily activated to meet a significant shortfall of housing.
- The creation of local jobs through the use of a local contractor (to be contracted in the next round).
- Supporting of burgeoning industries in the region that require housing for both permanent and temporary workers; and

**Sustainability Approach**

TLC's Modular construction method leads to community friendly and more sustainable buildings that can demonstrate an average of 40% less direct carbon inputs than traditional concrete in situ construction. The low-carbon production modules install quickly on site, minimizing neighbourhood impact – all whilst residents enjoy high-tech, high-performance homes for a competitive price. The adopted approach limits the environmental impact of activities to a level that is technically and economically possible – by saving emissions, energy, and other resources as well as through waste avoidance and recycling.



**iv. Provide information pertaining to any experience delivering housing in the Pilbara and/or a comparable environment (e.g., Category D cyclone rating)**

The team is highly experienced with a diverse track record of completed real estate developments that not only meet but exceed the local building code and quality expectations. TLC has been active in the modular construction and design industry for many years, having executed projects in the UK (Nash House), Vietnam (Ariyana Hotel PODS, IACM flight training Modules), Australia (Roy Hill, Karratha Velocity Village, MINPAC Chevron Staff Units, Tiwi Island NT Army Barracks), Singapore (PODs to the Premier Inn Hotel, Holiday Inn Beach Road, Lendlease Apartments) and New Zealand (Arden Hotel, Bellfields Estate, Northcote).

In terms of similar scale hotel projects, in 2019 TLC Modular completed the development and construction of the 88 key business hotels in Christchurch, New Zealand. Currently operating as the Arden Hotel, this asset was a ground up development in one of the most challenging construction markets due to the seismic building code. This was the first new build hotel completed post the major earthquakes in Christchurch.

TLC Modular has comprehensive knowledge and experience in the structural engineering and manufacturing process and have completed past works in Australia including:

- Velocity Motel & Bistro – addition of 88 rooms over two blocks.
- Roy Hill Iron Ore Facilities - 3,000m2 of open office and control centre buildings
- Canteens + Medical Centres – Multiple industrial building complex for the Australian Defence Force
- Industrial complexes in Perth,
- Mining Camps in SA and Adelaide and Queensland, for major international corporations.

In 2019, TLC Modular completed the extension to the Velocity Motel & Bistro in Karratha. The scope of works consisted of developing an additional 88 rooms over 2 blocks. Block-A consists of 28 rooms and 2 large storerooms. Block-B consists of 60 rooms and 4 small storerooms. This demonstrates a clear ability to manage the challenging logistics, labour, and regulatory market in the northwest of Australia.



The Deloitte PDS (DPDS) team proposed combines local experience, offshore procurement expertise, ISO accreditation, contract governance in line with Karratha Council and WA Government processes. The DPDS team proposed are experienced Perth based Project managers with extensive experience throughout WA and regional locations. The following projects showcase their range of experience in similar developments:

- UEM Sunrise Mixed-use Residential Development – urban redevelopment project at the former Subiaco Oval.
- Department of Finance, Department of Education Transportables Procurement Strategy 2023 - provision of services to assess and determine the appropriate procurement options for the Construction and delivery of Transportable buildings for DoE.
- Department of Communities, Remote Area Housing Assessment (2023) - determine the current state of HMC maintenance provider performance, option identification and weighted assessment including recommendation for future state including timeframe for implementation and procurement model assessment.
- Edith Cowan University (ECU) City Campus Project, WA - management of design consultants, design deliverables within project timeframes and budgets review of design, value management, commercial negotiations and consultation with the Client's executive and governance groups

# **APPENDIX B**

## 22 VALUATION CERTIFICATE

We certify that it is our considered opinion that the ground rental market value "As Is" (excluding GST) of 30 Nairn Street, Bulgarra WA 6714 as at 26 February 2025:

**\$29,705PA**

**(Twenty Nine Thousand Seven Hundred & Five Dollars PA)**

*The given value is exclusive of GST*

### Certification and Disclaimer

We hereby certify we have inspected and identified the above property on 26 February 2025 and assess the Ground Rental Market Value of the property as above.

The valuation is for the use only of the party to which it is addressed and is not to be used for any other purpose. No responsibility is accepted or undertaken to any third parties in relation to this valuation and report.

The valuer's inspection and report does not constitute a structural survey and is not intended as such.

Furthermore, we hereby certify neither the valuer and nor this firm have any direct or indirect financial or other interest in the property described herein.

This valuation is current as at the date of valuation only. The market value assessed herein may change significantly and unexpectedly over a short period. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.



**Kevin Kelly B.Bus (Val) FAPI**

**Director**

Certified Practising Valuer

Licensed Valuer 44088



## 22 VALUATION CERTIFICATE

We certify that it is our considered opinion that the Ground Rental Market Value "As Is" (excluding GST) of 17 Ridley Street, Bulgarra WA 6714 as at 26 February 2025:

**\$28,588PA**  
**(Twenty Eight Thousand Five Hundred & Eighty Eight Dollars PA)**  
*The given value is exclusive of GST*

### Certification and Disclaimer

We hereby certify we have inspected and identified the above property on 26 February 2025 and assess the Ground Rental Market Value of the property as above.

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**Kevin Kelly B.Bus (Val) FAPI**

**Director**

Certified Practising Valuer

Licensed Valuer 44088



## 22 VALUATION CERTIFICATE

We certify that it is our considered opinion that the ground rental market value "As Is" (excluding GST) of Lot 751 Millstream Road, Bulgarra WA 6714 as at 26 February 2025:

**\$43,907PA**

**(Forty Three Thousand Nine Hundred & Seven Dollars PA)**

*The given value is exclusive of GST*

### Certification and Disclaimer

We hereby certify we have inspected and identified the above property on 26 February 2025 and assess the Ground Rental Market Value of the property as above.

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**Kevin Kelly B.Bus (Val) FAPI**

**Director**

Certified Practising Valuer

Licensed Valuer 44088



# APPENDIX C

## PROPOSED LOAN FACILITY SCHEDULE

Month	Date	Opening Balance	Loan Drawdown	Interest	Repayment	Closing Balance
1	Jul-25	-	-	-	-	-
2	Aug-25	-	4,808,451	-	-	4,808,451
3	Sep-25	4,808,451	5,463,673	16,028	-	10,288,152
4	Oct-25	10,288,152	7,532,781	34,294	-	17,855,226
5	Nov-25	17,855,226	7,532,781	59,517	-	25,447,524
6	Dec-25	25,447,524	7,431,427	84,825	-	32,963,777
7	Jan-26	32,963,777	1,333,885	109,879	-	34,407,541
8	Feb-26	34,407,541	1,333,885	114,692	-	35,856,117
9	Mar-26	35,856,117	1,333,885	119,520	-	37,309,522
10	Apr-26	37,309,522	1,333,885	124,365	-	38,767,772
11	May-26	38,767,772	1,333,885	129,226	-	40,230,883
12	Jun-26	40,230,883	1,333,885	134,103	-	41,698,870
13	Jul-26	41,698,870	1,333,885	138,996	-	43,171,751
14	Aug-26	43,171,751	5,002,385	143,906	-	48,318,042
15	Sep-26	48,318,042	1,333,885	161,060	-	49,812,986
16	Oct-26	49,812,986	1,316,697	166,043	-	51,295,727
17	Nov-26	51,295,727	250,000	170,986	-	51,716,713
18	Dec-26	51,716,713	250,000	172,389	-	52,139,102
19	Jan-27	52,139,102	3,000,000	173,797	-	55,312,899
20	Feb-27	55,312,899	-	184,376	155,584	55,341,691
21	Mar-27	55,341,691	-	184,472	388,960	55,137,203
22	Apr-27	55,137,203	-	183,791	388,960	54,932,034
23	May-27	54,932,034	-	183,107	388,960	54,726,181
24	Jun-27	54,726,181	-	182,421	388,960	54,519,641
25	Jul-27	54,519,641	-	181,732	388,960	54,312,413
26	Aug-27	54,312,413	-	181,041	388,960	54,104,495
27	Sep-27	54,104,495	-	180,348	388,960	53,895,883
28	Oct-27	53,895,883	-	179,653	388,960	53,686,576
29	Nov-27	53,686,576	-	178,955	388,960	53,476,571
30	Dec-27	53,476,571	-	178,255	388,960	53,265,867
31	Jan-28	53,265,867	-	177,553	388,960	53,054,459
32	Feb-28	53,054,459	-	176,848	388,960	52,842,348
33	Mar-28	52,842,348	-	176,141	388,960	52,629,529
34	Apr-28	52,629,529	-	175,432	388,960	52,416,001
35	May-28	52,416,001	-	174,720	388,960	52,201,761
36	Jun-28	52,201,761	-	174,006	388,960	51,986,806
37	Jul-28	51,986,806	-	173,289	388,960	51,771,136
38	Aug-28	51,771,136	-	172,570	388,960	51,554,746
39	Sep-28	51,554,746	-	171,849	388,960	51,337,635
40	Oct-28	51,337,635	-	171,125	388,960	51,119,801
41	Nov-28	51,119,801	-	170,399	388,960	50,901,240
42	Dec-28	50,901,240	-	169,671	388,960	50,681,951
43	Jan-29	50,681,951	-	168,940	388,960	50,461,931
44	Feb-29	50,461,931	-	168,206	399,656	50,230,481

Month	Date	Opening Balance	Loan Drawdown	Interest	Repayment	Closing Balance
45	Mar-29	- 50,230,481	-	- 167,435	399,656	- 49,998,259
46	Apr-29	- 49,998,259	-	- 166,661	399,656	- 49,765,264
47	May-29	- 49,765,264	-	- 165,884	399,656	- 49,531,492
48	Jun-29	- 49,531,492	-	- 165,105	399,656	- 49,296,940
49	Jul-29	- 49,296,940	-	- 164,323	399,656	- 49,061,607
50	Aug-29	- 49,061,607	-	- 163,539	399,656	- 48,825,489
51	Sep-29	- 48,825,489	-	- 162,752	399,656	- 48,588,585
52	Oct-29	- 48,588,585	-	- 161,962	399,656	- 48,350,890
53	Nov-29	- 48,350,890	-	- 161,170	399,656	- 48,112,403
54	Dec-29	- 48,112,403	-	- 160,375	399,656	- 47,873,122
55	Jan-30	- 47,873,122	-	- 159,577	399,656	- 47,633,042
56	Feb-30	- 47,633,042	-	- 158,777	410,647	- 47,381,172
57	Mar-30	- 47,381,172	-	- 157,937	410,647	- 47,128,462
58	Apr-30	- 47,128,462	-	- 157,095	410,647	- 46,874,910
59	May-30	- 46,874,910	-	- 156,250	410,647	- 46,620,513
60	Jun-30	- 46,620,513	-	- 155,402	410,647	- 46,365,268
61	Jul-30	- 46,365,268	-	- 154,551	410,647	- 46,109,172
62	Aug-30	- 46,109,172	-	- 153,697	410,647	- 45,852,222
63	Sep-30	- 45,852,222	-	- 152,841	410,647	- 45,594,416
64	Oct-30	- 45,594,416	-	- 151,981	410,647	- 45,335,750
65	Nov-30	- 45,335,750	-	- 151,119	410,647	- 45,076,223
66	Dec-30	- 45,076,223	-	- 150,254	410,647	- 44,815,830
67	Jan-31	- 44,815,830	-	- 149,386	410,647	- 44,554,569
68	Feb-31	- 44,554,569	-	- 148,515	421,940	- 44,281,144
69	Mar-31	- 44,281,144	-	- 147,604	421,940	- 44,006,808
70	Apr-31	- 44,006,808	-	- 146,689	421,940	- 43,731,558
71	May-31	- 43,731,558	-	- 145,772	421,940	- 43,455,390
72	Jun-31	- 43,455,390	-	- 144,851	421,940	- 43,178,302
73	Jul-31	- 43,178,302	-	- 143,928	421,940	- 42,900,290
74	Aug-31	- 42,900,290	-	- 143,001	421,940	- 42,621,351
75	Sep-31	- 42,621,351	-	- 142,071	421,940	- 42,341,482
76	Oct-31	- 42,341,482	-	- 141,138	421,940	- 42,060,681
77	Nov-31	- 42,060,681	-	- 140,202	421,940	- 41,778,943
78	Dec-31	- 41,778,943	-	- 139,263	162,909	- 41,755,297
79	Jan-32	- 41,755,297	-	- 139,184	407,273	- 41,487,208
80	Feb-32	- 41,487,208	-	- 138,291	418,473	- 41,207,025
81	Mar-32	- 41,207,025	-	- 137,357	418,473	- 40,925,909
82	Apr-32	- 40,925,909	-	- 136,420	418,473	- 40,643,855
83	May-32	- 40,643,855	-	- 135,480	418,473	- 40,360,861
84	Jun-32	- 40,360,861	-	- 134,536	418,473	- 40,076,924
85	Jul-32	- 40,076,924	-	- 133,590	418,473	- 39,792,040
86	Aug-32	- 39,792,040	-	- 132,640	418,473	- 39,506,207
87	Sep-32	- 39,506,207	-	- 131,687	418,473	- 39,219,421
88	Oct-32	- 39,219,421	-	- 130,731	418,473	- 38,931,679
89	Nov-32	- 38,931,679	-	- 129,772	418,473	- 38,642,978
90	Dec-32	- 38,642,978	-	- 128,810	418,473	- 38,353,314
91	Jan-33	- 38,353,314	-	- 127,844	418,473	- 38,062,685
92	Feb-33	- 38,062,685	-	- 126,876	429,981	- 37,759,579
93	Mar-33	- 37,759,579	-	- 125,865	429,981	- 37,455,463

Month	Date	Opening Balance	Loan Drawdown	Interest	Repayment	Closing Balance
94	Apr-33	- 37,455,463	-	- 124,852	429,981	- 37,150,333
95	May-33	- 37,150,333	-	- 123,834	429,981	- 36,844,186
96	Jun-33	- 36,844,186	-	- 122,814	429,981	- 36,537,019
97	Jul-33	- 36,537,019	-	- 121,790	429,981	- 36,228,828
98	Aug-33	- 36,228,828	-	- 120,763	429,981	- 35,919,609
99	Sep-33	- 35,919,609	-	- 119,732	429,981	- 35,609,359
100	Oct-33	- 35,609,359	-	- 118,698	429,981	- 35,298,076
101	Nov-33	- 35,298,076	-	- 117,660	429,981	- 34,985,755
102	Dec-33	- 34,985,755	-	- 116,619	429,981	- 34,672,393
103	Jan-34	- 34,672,393	-	- 115,575	429,981	- 34,357,986
104	Feb-34	- 34,357,986	-	- 114,527	441,806	- 34,030,706
105	Mar-34	- 34,030,706	-	- 113,436	441,806	- 33,702,336
106	Apr-34	- 33,702,336	-	- 112,341	441,806	- 33,372,871
107	May-34	- 33,372,871	-	- 111,243	441,806	- 33,042,308
108	Jun-34	- 33,042,308	-	- 110,141	441,806	- 32,710,644
109	Jul-34	- 32,710,644	-	- 109,035	441,806	- 32,377,873
110	Aug-34	- 32,377,873	-	- 107,926	441,806	- 32,043,993
111	Sep-34	- 32,043,993	-	- 106,813	441,806	- 31,709,001
112	Oct-34	- 31,709,001	-	- 105,697	441,806	- 31,372,892
113	Nov-34	- 31,372,892	-	- 104,576	441,806	- 31,035,662
114	Dec-34	- 31,035,662	-	- 103,452	441,806	- 30,697,308
115	Jan-35	- 30,697,308	-	- 102,324	441,806	- 30,357,827
116	Feb-35	- 30,357,827	-	- 101,193	453,956	- 30,005,064
117	Mar-35	- 30,005,064	-	- 100,017	453,956	- 29,651,125
118	Apr-35	- 29,651,125	-	- 98,837	453,956	- 29,296,007
119	May-35	- 29,296,007	-	- 97,653	453,956	- 28,939,704
120	Jun-35	- 28,939,704	-	- 96,466	207,231	- 28,828,939
121	Jul-35	- 28,828,939	-	- 96,096	176,391	- 28,748,645
122	Aug-35	- 28,748,645	-	- 95,829	106,999	- 28,737,475
123	Sep-35	- 28,737,475	-	- 95,792	106,999	- 28,726,267
124	Oct-35	- 28,726,267	- 24,073	- 95,754	-	- 28,846,094
125	Nov-35	- 28,846,094	- 101,174	- 96,154	-	- 29,043,422
126	Dec-35	- 29,043,422	- 193,696	- 96,811	-	- 29,333,930
127	Jan-36	- 29,333,930	- 286,218	- 97,780	-	- 29,717,927
128	Feb-36	- 29,717,927	- 458,777	- 99,060	-	- 30,275,765
129	Mar-36	- 30,275,765	- 181,212	- 100,919	-	- 30,557,896
130	Apr-36	- 30,557,896	- 27,010	- 101,860	-	- 30,686,765
131	May-36	- 30,686,765	-	- 102,289	3,831	- 30,785,224
132	Jun-36	- 30,785,224	-	- 102,617	466,439	- 30,421,402
133	Jul-36	- 30,421,402	-	- 101,405	466,439	- 30,056,367
134	Aug-36	- 30,056,367	-	- 100,188	466,439	- 29,690,116
135	Sep-36	- 29,690,116	-	- 98,967	466,439	- 29,322,643
136	Oct-36	- 29,322,643	-	- 97,742	466,439	- 28,953,946
137	Nov-36	- 28,953,946	-	- 96,513	466,439	- 28,584,020
138	Dec-36	- 28,584,020	-	- 95,280	466,439	- 28,212,861
139	Jan-37	- 28,212,861	-	- 94,043	466,439	- 27,840,464
140	Feb-37	- 27,840,464	-	- 92,802	479,266	- 27,453,999
141	Mar-37	- 27,453,999	-	- 91,513	479,266	- 27,066,246
142	Apr-37	- 27,066,246	-	- 90,221	479,266	- 26,677,200

Month	Date	Opening Balance	Loan Drawdown	Interest	Repayment	Closing Balance
143	May-37	- 26,677,200	-	- 88,924	479,266	- 26,286,858
144	Jun-37	- 26,286,858	-	- 87,623	479,266	- 25,895,214
145	Jul-37	- 25,895,214	-	- 86,317	479,266	- 25,502,265
146	Aug-37	- 25,502,265	-	- 85,008	479,266	- 25,108,007
147	Sep-37	- 25,108,007	-	- 83,693	479,266	- 24,712,433
148	Oct-37	- 24,712,433	-	- 82,375	479,266	- 24,315,542
149	Nov-37	- 24,315,542	-	- 81,052	479,266	- 23,917,327
150	Dec-37	- 23,917,327	-	- 79,724	479,266	- 23,517,785
151	Jan-38	- 23,517,785	-	- 78,393	479,266	- 23,116,911
152	Feb-38	- 23,116,911	-	- 77,056	492,446	- 22,701,521
153	Mar-38	- 22,701,521	-	- 75,672	492,446	- 22,284,747
154	Apr-38	- 22,284,747	-	- 74,282	492,446	- 21,866,583
155	May-38	- 21,866,583	-	- 72,889	492,446	- 21,447,025
156	Jun-38	- 21,447,025	-	- 71,490	492,446	- 21,026,069
157	Jul-38	- 21,026,069	-	- 70,087	492,446	- 20,603,710
158	Aug-38	- 20,603,710	-	- 68,679	492,446	- 20,179,943
159	Sep-38	- 20,179,943	-	- 67,266	492,446	- 19,754,763
160	Oct-38	- 19,754,763	-	- 65,849	492,446	- 19,328,166
161	Nov-38	- 19,328,166	-	- 64,427	492,446	- 18,900,147
162	Dec-38	- 18,900,147	-	- 63,000	492,446	- 18,470,701
163	Jan-39	- 18,470,701	-	- 61,569	492,446	- 18,039,824
164	Feb-39	- 18,039,824	-	- 60,133	505,989	- 17,593,968
165	Mar-39	- 17,593,968	-	- 58,647	505,989	- 17,146,626
166	Apr-39	- 17,146,626	-	- 57,155	505,989	- 16,697,793
167	May-39	- 16,697,793	-	- 55,659	505,989	- 16,247,464
168	Jun-39	- 16,247,464	-	- 54,158	238,926	- 16,062,696
169	Jul-39	- 16,062,696	-	- 53,542	205,543	- 15,910,695
170	Aug-39	- 15,910,695	-	- 53,036	130,432	- 15,833,299
171	Sep-39	- 15,833,299	-	- 52,778	130,432	- 15,755,644
172	Oct-39	- 15,755,644	- 11,445	- 52,519	-	- 15,819,608
173	Nov-39	- 15,819,608	- 94,902	- 52,732	-	- 15,967,242
174	Dec-39	- 15,967,242	- 195,051	- 53,224	-	- 16,215,517
175	Jan-40	- 16,215,517	- 295,199	- 54,052	-	- 16,564,768
176	Feb-40	- 16,564,768	- 481,581	- 55,216	-	- 17,101,565
177	Mar-40	- 17,101,565	- 181,136	- 57,005	-	- 17,339,706
178	Apr-40	- 17,339,706	- 14,222	- 57,799	-	- 17,411,727
179	May-40	- 17,411,727	-	- 58,039	19,161	- 17,450,605
180	Jun-40	- 17,450,605	-	- 58,169	519,903	- 16,988,870
181	Jul-40	- 16,988,870	-	- 56,630	519,903	- 16,525,597
182	Aug-40	- 16,525,597	-	- 55,085	519,903	- 16,060,779
183	Sep-40	- 16,060,779	-	- 53,536	519,903	- 15,594,411
184	Oct-40	- 15,594,411	-	- 51,981	519,903	- 15,126,490
185	Nov-40	- 15,126,490	-	- 50,422	519,903	- 14,657,008
186	Dec-40	- 14,657,008	-	- 48,857	519,903	- 14,185,961
187	Jan-41	- 14,185,961	-	- 47,287	519,903	- 13,713,345
188	Feb-41	- 13,713,345	-	- 45,711	534,201	- 13,224,855
189	Mar-41	- 13,224,855	-	- 44,083	534,201	- 12,734,738
190	Apr-41	- 12,734,738	-	- 42,449	534,201	- 12,242,986
191	May-41	- 12,242,986	-	- 40,810	534,201	- 11,749,596

Month	Date	Opening Balance	Loan Drawdown	Interest	Repayment	Closing Balance
192	Jun-41	- 11,749,596	-	- 39,165	534,201	- 11,254,560
193	Jul-41	- 11,254,560	-	- 37,515	534,201	- 10,757,875
194	Aug-41	- 10,757,875	-	- 35,860	534,201	- 10,259,534
195	Sep-41	- 10,259,534	-	- 34,198	534,201	- 9,759,532
196	Oct-41	- 9,759,532	-	- 32,532	534,201	- 9,257,863
197	Nov-41	- 9,257,863	-	- 30,860	534,201	- 8,754,522
198	Dec-41	- 8,754,522	-	- 29,182	534,201	- 8,249,503
199	Jan-42	- 8,249,503	-	- 27,498	534,201	- 7,742,801
200	Feb-42	- 7,742,801	-	- 25,809	267,347	- 7,501,264
201	Mar-42	- 7,501,264	-	- 25,004	232,154	- 7,294,114
202	Apr-42	- 7,294,114	-	- 24,314	152,969	- 7,165,458
203	May-42	- 7,165,458	-	- 23,885	152,969	- 7,036,374
204	Jun-42	- 7,036,374	-	- 23,455	3,399	- 7,056,429
205	Jul-42	- 7,056,429	- 84,584	- 23,521	-	- 7,164,534
206	Aug-42	- 7,164,534	- 190,163	- 23,882	-	- 7,378,579
207	Sep-42	- 7,378,579	- 295,742	- 24,595	-	- 7,698,916
208	Oct-42	- 7,698,916	- 506,900	- 25,663	-	- 8,231,479
209	Nov-42	- 8,231,479	- 190,163	- 27,438	-	- 8,449,080
210	Dec-42	- 8,449,080	- 14,197	- 28,164	-	- 8,491,441
211	Jan-43	- 8,491,441	-	- 28,305	20,996	- 8,498,750
212	Feb-43	- 8,498,750	-	- 28,329	563,986	- 7,963,094
213	Mar-43	- 7,963,094	-	- 26,544	563,986	- 7,425,652
214	Apr-43	- 7,425,652	-	- 24,752	563,986	- 6,886,418
215	May-43	- 6,886,418	-	- 22,955	563,986	- 6,345,387
216	Jun-43	- 6,345,387	-	- 21,151	563,986	- 5,802,553
217	Jul-43	- 5,802,553	-	- 19,342	563,986	- 5,257,909
218	Aug-43	- 5,257,909	-	- 17,526	563,986	- 4,711,450
219	Sep-43	- 4,711,450	-	- 15,705	563,986	- 4,163,169
220	Oct-43	- 4,163,169	-	- 13,877	563,986	- 3,613,061
221	Nov-43	- 3,613,061	-	- 12,044	563,986	- 3,061,119
222	Dec-43	- 3,061,119	-	- 10,204	563,986	- 2,507,337
223	Jan-44	- 2,507,337	-	- 8,358	563,986	- 1,951,709
224	Feb-44	- 1,951,709	-	- 6,506	579,495	- 1,378,720
225	Mar-44	- 1,378,720	-	- 4,596	579,495	- 803,820
226	Apr-44	- 803,820	-	- 2,679	579,495	- 227,005
227	May-44	- 227,005	-	- 757	227,761	-
228	Jun-44	-	-	-	-	-
			- 57,086,716	- 22,702,627	79,789,343	