

Project Synopsis



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Yarrabilba Light Industrial Development
April 2022

PO Box 18, Brisbane, Qld 4001

Phone: 1300 66 77 89



Project Summary

- An equity return of 22.3% p.a. is forecast including a \$476,000 contingency sum for an estimated investment horizon of 17 months. This translates to a 31.5% total return on equity for the investment horizon of 17 months
- Equity of \$5,500,000 will supplement construction debt to fund the development project
- The development proposal provides for 35 light industrial work stores and 12 large self-storage units with a total gross floor area of 5,440 square metres in a new precinct in Yarrabilba
- Yarrabilba is located 40 km southeast of Brisbane and 35 km northeast of Southport. On completion, it will become one of Australia's largest master planned communities, being a Queensland 'Priority Development Area' and will be home to 50,000 residents
- The site is located in a high-profile position within Stage 2 of Precinct 3D at the gateway of existing residential allotments and the Precinct 4 release, which is scheduled to incorporate a further 1,090 residential lots and a sub-regional shopping centre. Civil construction commenced on Precinct 4 a year ago, with 445 of the 1,090 residential lots currently under construction or complete and with Yarrabilba's 5th of 11 schools scheduled to open in early 2023



Yarrabilba Overview

- Yarrabilba is a 30-year development scheduled to deliver 20,000 dwellings alongside its own mixed use sub-regional town centre, commercial precincts, neighbourhood hubs and community, education and employment facilities all in a land holding of over 2,000 hectares (about half the size of Cairns).
- Yarrabilba will host a 100+ hectare Industry and Business Precinct, expected to accommodate a range of light industry and services, Business Park activities and other mixed uses. Over 12% of all on-site jobs are expected to operate as work-from-home businesses.
- Over the past 10 years, Yarrabilba by Lendlease has completed 3,600 residential lot sales, home to over 10,500 people so far. It will house about 50,000 residents on completion, comparable to the population of Gladstone, Mildura or Port Macquarie.
- Over the last year, additional amenity delivery by Lendlease has included construction of the Yarrabilba Tavern, a day hospital, another neighbourhood centre, showrooms, offices and service industry developments. Yarrabilba hosts four schools, with a fifth due for delivery into the fourth residential precinct release in 2023
- Surrounding amenities established at this stage of the development include:



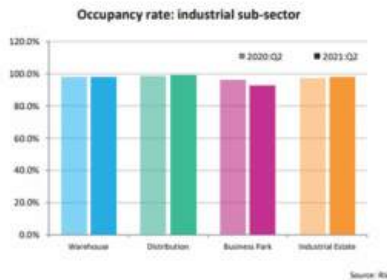
Full-line Coles supermarket	IGA convenience centre
Medical centre x2	Chemist
McDonald's restaurant	Gym x3
Storage King self-storage facility	Service station x2
Childcare/early learning x4	School x 4 (of 11 planned)
Tavern	Neighbourhood centres
30,000 sqm of convenience retail (additional 200,000 sqm to be delivered)	Commercial showrooms

Yarrabilba Overview Continued

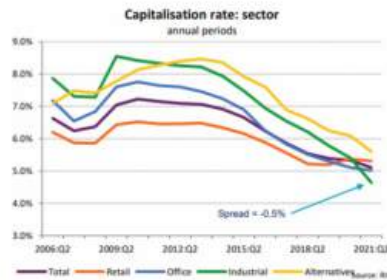
Other features

- With the first two neighbourhoods substantially sold out, sales in Yarrabilba's third neighbourhood are now well advanced. Demand is such that lots are currently being allocated on a ballot system with over 100 bids for the most recent release of 30 residential lots
- Opticomm fast speed fibre optic network
- 6-star Greenstar Community
- The proposed development comprises light industrial real estate – among the highest demand property classes in the world
- Completion scheduled for late 2023
- Robust return profile forecast
 - o Return on equity of 31.5% | split 50:50 with the project sponsor
 - o Profit on projected total development costs of 19.4% including a material contingency allowance
 - o Example return of \$131,500 returned on a \$100,000 investment

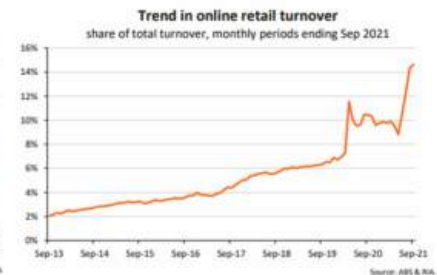
Favourable space market fundamentals, stronger demand against moderate supply translating into high occupancy rates and rising rents



Asset repricing as its risk profile is re-evaluated favourably against competing core sectors: resulting in negative cap rate spread to all property



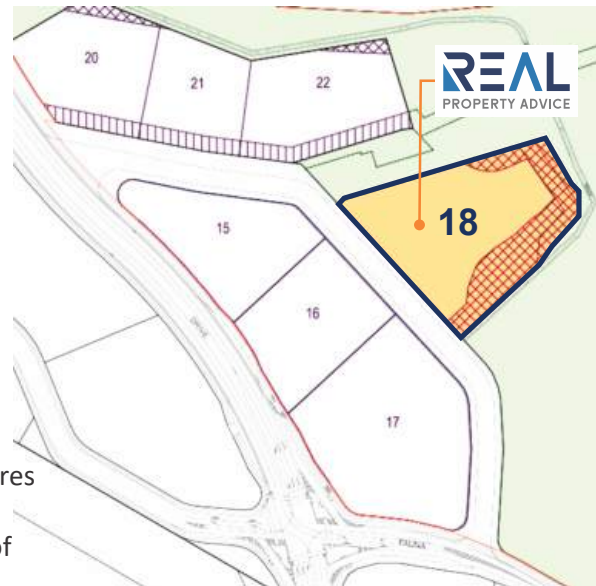
Industrial demand assisted by advancements in e-commerce and technology disruptions to retail delivery platform



Property Overview

The site, Lot 18 in the newly formed and crescent-shaped Dixon Circuit, connects Fauna Way to Yarrabilba Drive, Yarrabilba's main thoroughfare acting as the spine of the entire urban community. The site, a brand new pivotal pocket of Yarrabilba, is in close proximity to the future Yarrabilba Town Centre incorporating a sub-regional shopping centre. Extensive road frontage totalling approximately 118 metres offers significant flexibility in design parameters for the site. The property's zoning permits considerable plasticity in development outcomes.

The site comprises a gross land area 10,880 square metres and a Building envelope of 7,330 square metres after accommodating a requisite setback mostly at the rear of the site which is available for use as hardstand. It offers 118 linear metres of frontage to Dixon Circuit. The fee simple (freehold) site is classified as 'Mixed Business / Infrastructure'. The Yarrabilba development, commenced by Lendlease in 2012, is one of Queensland's 34 Priority Development Areas, declared under the State's Economic Development Act 2012. Other Priority Development Areas include Albert Street Cross River Rail, the Herston Quarter medical precinct and the integrated central city resort, entertainment, accommodation and associated infrastructure development at Queens Wharf Brisbane.



A Priority Development Area declaration enables a streamlined planning and development framework which applies to parcels of land set aside for specific accelerated development, focused on economic, community and social growth.

Project Development Overview



The property is being acquired by a Special Purpose Vehicle at a price of \$3,155,200 + GST representing a land-only rate per square metre of approximately \$290 + GST.

The Special Purpose Vehicle created for this project will accommodate the development and its activities. Pre-planning and pre-designs underway as are construction contractor reviews.

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Feasibility Overview

Construction is scheduled to comprise 12 months of the 17 month investment horizon during which the developed product will be sold down. Some 90% of sales revenue is forecast to be generated by work store sales, a further 8% through the sale of the self-storage going concern business and the final 2% from the sale of management rights as a going concern, neither of which attract GST.

Provisional costs of \$476,000 have been included in the feasibility analysis to accommodate both construction and professional services contingencies, should they be required. Should they not be required, the total equity return would increase.

Among the inclusions in the feasibility analysis are

Town planning advice	Environmental governance advice
Engineering and design services	Operational works
Utilities provision	Site contractors
Marketing and selling costs	Legal costs
Project contingency	Development management
Insurances	Body corporate establishment
Local Authority rates, taxes and fees	Valuation fees
Debt facility establishment fees	Statutory Authority levies and imposts
Construction costs	Land acquisition and stamp duty
Capitalised interest on construction debt facility	Landscaping design and installation costs

Feasibility Overview Continued

Total development costs comprise

- land acquisition of \$3.6m including stamp duty and GST representing 21% of total GST-inclusive development costs
- construction costs of \$10.2m including GST representing 60% of total GST-inclusive development costs
- the balance of \$3.2m representing 19% of total GST-inclusive development costs are allocated to ancillary and auxiliary costs, professional fees, taxes and contingencies.

These costs sit in the typical and expected range for similar projects. Construction-related costs will be debt-funded in the conventional manner.

The proposed development will include the construction of 35 separate work store industrial-style premises, 12 self-storage units with associated access and car parking provisions.

Extensive market testing and comparable market analysis has been conducted to facilitate both the price struck with Lendlease, the vendor and to inform the extensive development feasibility analysis.

Planning Overview

Covenant guidelines apply to the precinct which serve to protect the values and interests of all properties in the precinct including those of the subject property. Any costs associated with the covenants have been incorporated into the design costs and feasibility. Covenants include

- Buildings must present to a strong built form without blank facades facing the public
- Landscaping is required to be an integral part of the design
- Service and loading areas cannot be visible from the street
- Vehicle entries to street cannot align with vehicle entries to buildings
- Build to street frontage for lots 15-18 is only allowed if highly activated and includes an entry and windows overlooking the street



Development Program

The development program is scheduled to complete 17 months after project commencement, anticipated to be late 2023.

A period of three months has been allowed in the program between the unconditional agreement to purchase the land being executed and settlement. Given the site is in a Priority Development Area and that the built form is designed to comply with the precinct's covenants and planning guidelines, two months has been incorporated into the development program to achieve a development approval. These timeframes will overlap and are not intended to be sequential.



Two months is accommodated in the program for the issue of a Building Approval to enable the commencement of construction works. Construction works are estimated to be completed in 12 months. This includes creation of bill of quantities, construction contracts and associated documentation, the build program along with final surveys and certification.

A final one month period has been incorporated to allow for settlement of the pre-sold work stores, self-storage facility and management rights.

Investment Structure

The property has been acquired a special purpose vehicle. A joint venture entity will partner in the development process. Debt capital will be non-recourse. Profits will be shared 50:50, in the proportion of individual contributions, with the developer.

Your Development Partner

Real Property Advice (RPA) is a real estate advisory and property development group providing innovative solutions and risk management strategies to its clients, partners and investors, demonstrated by an outstanding track record. Critical to its success is RPA's uniquely integrated business model that enables it to focus and deliver on the strengths of its four pillars of action: Buy, Build, Develop and Divest. Its management team is made up of a team of industry professionals who have worked together for many years with expertise across financial analysis, valuation, property acquisition and development, construction, asset and funds management. RPA is the manager of each asset developed inside a special purpose vehicle.

Current Development Activities



Beresfield – Light Industrial

A 1.5-hectare light industrial development of 37 'work stores' directly comparable to the proposed Yarrabilba site located in Lisarow near Gosford, NSW. RPA settled the site in February 2022 off balance sheet for \$3 million cash. RPA will deployment debt during the construction phase of the project to optimise investor returns.



Lisarow – Light Industrial

A 1.5-hectare light industrial development of 37 'work stores' directly comparable to the proposed Yarrabilba site located in Lisarow near Gosford, NSW. RPA settled the site in February 2022 off balance sheet for \$3 million cash. RPA will deployment debt during the construction phase of the project to optimise investor returns.



Track Record Highlights

- Built in excess of 1,500 homes, townhouses and units
- \$55m Residential gated community acquisition, develop, build, sell, turnkey
- \$20m commercial & residential project acquisition, DA, funding and sale
- \$12m residential gated community acquisition, DA, Civils, funding & sale
- \$5.5 million luxury duplex, turnkey

For a full listing, please contact RPA

Bellbowrie - 8 lot Land Subdivision

An 8-lot residential land subdivision in Bellbowrie, Brisbane settled in mid-2020 off balance sheet. The Material Change of Use approval has been issued by Council and it is now operational-works ready.



Scotty North
Managing Director

Scotty is an experienced property developer having qualifications in real estate, financial planning, mortgage broking. Having produced advanced research in Real Estate Land Cycles, he is also an active property investor. He has been involved in hundreds of high value deals from corporate contracts and development acquisitions down to individual property transactions. Scotty also hosts a highly popular twice weekly vodcast on matters associated with finance and real estate. Scotty's residential development projects have consistently produced joint venture equity percentage returns in the high teens and early 20s. Scotty's deep management capabilities will be deployed to full effect to oversee the development project including the capital position, communications and professional input, all for the best interests of investors.



Ross Williams
Head of Property

Ross has a successful track record in cultivating culture, creating strategy, overseeing compliance, managing risk and working with stakeholders. Ross has 28 years' experience in property development. Qualifying as a builder in 1994 and turning property developer in 1999, his career includes both self-employment and working with ASX-listed property developers and builders. He has project managed or developed approximately \$800m of product in the housing and industrial sectors. Ross has won numerous awards as a builder, including from BRW, as the Managing Director of a property development company. Following this, he merged his business with a \$400m industrial focused property fund managed by Investec Bank as general partners. He has post-graduate qualifications in risk management and sustainable enterprise and is a graduate of the AICD Company Director's course.



Sio Tonga
Partner Relations Manager

Sio Tonga is a property syndicator and Joint Venture partner host who loves helping families get started and build security in property. His skills in client services and delivery have developed over the last five years with experience in sales and marketing. Since starting in property in 2020 he's helped lead the onboarding of new JV partners on development projects like our 37 industrial unit project in Lisarow NSW. Sio's ability to maintain and nurture relationships is vital in ensuring all partners are kept well up to date and informed with partners in every step of the process. His qualification in Civil Engineering Design provides a valuable depth of experience in being able to comprehensively address client questions ensuring continuous information is available to JV partners throughout the developments lifespan.

Jason Walvin
Partnerships Manager

Jason built a 30 year career in business management off the back of his Accounting Degree. He filled a national role in procurement and roll-out for Vodafone and knows the importance of reliable information and a dependable team. His many years in business management affords him sound financial knowledge and exceptional attention to detail. Most importantly Jason is a "people person" and looks after our partners the right way every time. Coupled with a genuine passion for property, and you have a recipe for the person you want on your side.



Remo Stander
Head of Partnerships

As a qualified Engineer, Remo is an expert in geophysical engineering, testing and analysis, project management, quality control and team management. As a property developer he has been responsible for real estate acquisition, contracting, planning and sales programs, particularly in residential and light industrial projects. His strength in communication and people skills are crucial in bringing the opportunity to investors. will also be vital.



Mark Wist
Development Manager

Mark began his career as a registered property Valuer before establishing a research and consultancy division within a large real estate agency. Mark moved on to portfolio analysis and tactical/strategic asset allocation advisory. This included financial feasibility, listed and unlisted property funds evaluation and reporting, rating consultancy and development feasibility modelling and advice. More recently, Mark was a property fund manager of multiple unlisted funds on an AFSL, where he also held responsibility for asset due diligence management and asset acquisition, treasury management, investor and lender relations and development management. Mark has also written over 30 post-graduate modules in property markets and property development. Mark has been a Fellow of the Royal Institution of Chartered Surveyors and the Applied Property Development Institute and a Member of the Australian Property Institute.



Karin Nielsen
Project Administration Manager

Karin is a passionate property investor who has owned multiple investment properties. She has spent many years researching property, law and literature in her previous job roles with McCullough Robertson Lawyers and QLD Libraries. Karin's focus at Real Property Advice is research. Not just properties, but regions, suburbs, social trends, industries, infrastructure and demographics. All these things need to come together for a client to form a strong and stable property investment plan.

Karin is an avid investor and regularly completes her own renovations, either flipping the property or holding for income. She brings a great wealth of experience in these areas and combined with her up to date knowledge of trends and opportunities from her research, means that clients really benefit from the combined knowledge base within Real Property Advice.

Karin also is part of a property mentoring group and shares her knowledge and experiences with many people. Her firsthand stories and matter of fact approach to investing makes her a hit with members of the group and especially other women. Her success as an independent investor is a great example for other women to follow.



Gabriel Northcott
Cadet Contracts Administrator

Gabriel joins the RPA team with a background of retail management and staff co-ordination. His role is one of support and monitoring for contracts and sales administration as well as social media and content distribution.

DEVELOPER POINT OF CONTACT

Phone: 1300 66 77 89

Email: partners@propertyadvice.com.au

Postal: PO Box 18, Brisbane, Qld 4001

Important Information

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A large, stylized letter 'R' is the central focus of the image. It is rendered in a gradient of blue colors, from a dark blue on the left to a lighter blue on the right. The 'R' is positioned in the upper half of the frame, with its top extending towards the top edge and its base extending towards the bottom edge. The background is a solid dark blue.

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