

TERM SHEET

Facility Type	Debt Refinance & Construction Facility
Amount	\$12,500,000 Debt Refinance & \$6,000,000 construction LOC. Total debt if fully drawn down = \$18,500,000.
Borrower	CAM Engineering and Construction Pty Limited
Guarantors	The obligations under the facility will be guaranteed by 1) Craig Michael Bateman
Security	1) Registered 1 st Mortgage over the secured properties 2) Personal Guarantee from Director
Secured Property	1) 383 Freemans Drive Cooranbong NSW 2265 Current 'As is' valuation \$25,432,000 Inc GST. 2) 361 Freemans Drive Cooranbong NSW 2265 Current Valuation Approx. \$5,170,000 Inc GST. Combined: \$30,602,000 Inc GST.
Purpose	1) Refinance existing lending facilities 2) Provide funding for construction

Project cashflow, drawdown dates & debt reduction schedule (approximate)

Stages 6 & 7 (383)							
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	
Income							Total
Settlements	0	3	8	8	6	0	25
Total	\$ -	\$ 2,410,000	\$ 6,426,667	\$ 6,426,667	\$ 4,820,000	\$ -	\$ 20,083,333
Expenses							Total
Build	-\$ 1,965,000	-\$ 2,947,500	-\$ 1,965,000	-\$ 1,473,750	-\$ 1,473,750		-\$ 9,825,000
Comm Centre	-\$ 500,000	-\$ 500,000	-\$ 750,000	-\$ 750,000	-\$ 500,000	-\$ 500,000	-\$ 3,500,000
Interest Core	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 1,875,000
Interest LOC	-\$ 72,563	-\$ 113,111	-\$ 31,952	\$ -	\$ -	\$ -	-\$ 217,626
361 DA	-\$ 125,000	-\$ 125,000					-\$ 250,000
Total	-\$ 2,975,063	-\$ 3,998,111	-\$ 3,059,452	-\$ 2,536,250	-\$ 2,286,250	-\$ 812,500	-\$ 15,667,626
Net	-\$ 15,475,063	-\$ 17,063,174	-\$ 13,695,959	-\$ 9,805,543	-\$ 7,271,793	-\$ 8,084,293	
Stages 8 & 9 (361)							
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	
Income							Total
Settlements	0	0	10	10	10	10	40
Total	\$ -	\$ -	\$ 8,836,667	\$ 8,836,667	\$ 8,836,667	\$ 8,836,667	\$ 35,346,667
Expenses							Total
Build	-\$ 3,333,333	-\$ 2,500,000	-\$ 2,500,000	-\$ 3,333,333	-\$ 2,500,000	-\$ 2,500,000	-\$ 16,666,667
Interest Core	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 312,500	-\$ 1,875,000
Interest LOC	\$ -	-\$ 88,566	\$ -	\$ -	\$ -	\$ -	-\$ 88,566
361 Civils	-\$ 750,000	-\$ 750,000					-\$ 1,500,000
Total	-\$ 4,395,833	-\$ 3,651,066	-\$ 2,812,500	-\$ 3,645,833	-\$ 2,812,500	-\$ 2,812,500	-\$ 20,130,232
Net	-\$ 12,480,126	-\$ 16,131,192	-\$ 10,107,025	-\$ 4,916,192	\$ 1,107,975	\$ 7,132,142	

*Starting debt of \$12,500,000 has been used. Negative cash position in between is using the proposed \$6m line of credit.

Staging:

383 Freemans Drive (Current DA).
Completed: 46 Remaining: 25 Total: 71
Stage 6: 12
Stage 7: 13

361 Freemans Drive (extension pending DA).
Stage 8: 20
Stage 9: 20



*Note: Stages 8 & 9 on the map shows 29 villas. Plans are actually for 40 villas, reflected in the numbers above. The map just hasn't been updated yet while we finalise the design.



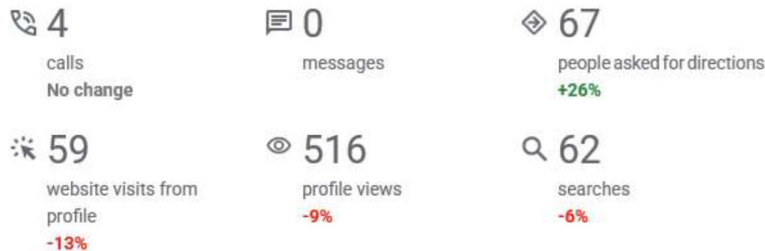
Presales

11 Deposits currently held in solicitors trust account, totaling \$8,815,000 in revenue. The next stage of construction is completely sold out.

Future marketing and competition

- Constant activity, with no marketing at all, over the last 12 months whilst construction has ceased.

Your performance at a glance



- Ingenia Lifestyle – Archers Run, Morisset. Located wedged between a train line, an outdoor concert arena, a commercial estate and the M1 freeway, Ingenia is building 606 prefab homes with an average size of 133m². Their largest design of 188m² is currently listed starting at \$867,000. Our Smallest villa is 188m², working up to 240m².
- The benefit is Ingenia is spending millions of dollars advertising the area. Our inquiry rate is strong, predominantly in walk in clients, who have made the effort to travel to Morisset to find they don't like the location of Archers Run and have a look around to see what else is nearby.
- Our nearest competition has always been Catalina Estate. Currently reselling an existing 191m² home, with no yard space, for \$885,000. As soon as construction is underway, and the community centre is almost complete our pricing will jump to \$920-\$950k without any issues at all.

Exit Strategy

- During construction of the final stages of 383 Freemans Drive (Current site) we'll complete the DA process for 361, the additional 40 villas. Total remaining debt to 1st mortgagee would be approximately \$8m (refer to cashflow above).
- Multiple mainstream lenders including Westpac, CBA and ANZ have shown interest in taking on the remaining core debt and project construction funding, with the current site complete and the DA being approved for 361.
- 1st Mortgagee can then exit the project, with full refinance of the remaining debt.
- Upon completion of the whole project, all debt is repaid.
- None of the above figures consider any increase in the sales price of the villas during the sale of the current development. An uplift has been included in the figures for 361, as the community centre will be completed.

FAQ's

Q - How does the village operate? Are the monthly fees profitable?

A – We operate under the retirement villages act. Cooranbong Gardens Plus 55's Pty Ltd is the operating company (owned by Craig). The residents pay \$715 per month to cover all the expenses within the village. This income, however, cannot be profitable. All funds stay within the operating company and are spent within the village. This fee generally increases with CPI each year.

Q – How does CAM Engineering make money?

A – 2 ways.

- 1) During construction, the profit on each sale (build cost vs sale price), has gone back into completion of civil works, community facilities, road upgrades etc. Moving forward, this gross profit per build is almost double what it has been in the past. It will be used to complete the community centre and to reduce core debt, now the rest of the work has been completed.



- 2) When a resident sells their home, they pay a Deferred Management Fee (Exit Fee). This is a percentage of the new sale price. Scaling up to 30% over 5 years. This is the main source of profit on going and the reason for long-term investment.

Q – Do any investors own villas? IE rent out to tenants?

A – No. All are owner occupied.

Q – Do the residents actually own anything?

A – No. They sign a 99-year lease agreement, as registered interest holders. Draft lease available.

Q – Has any work been completed on 361, the proposed stages 8 & 9?

A – No on-site work has commenced yet. The site currently has an active DA for a nursing home; however, we just need to complete one more consultant report to submit the proposed DA for additional villas and extension of 383. Council has already shown they're in favour of the change.

Q – Who handles sales and marketing of the village?

A – CAM Engineering has an employed Sales and Marketing Manager. It's all handled in house.

Q – Did CAM Engineering build the rest of the village?

A – Yes, Craig has owned and built the development from the ground up.

Q – Craig's background/CV? What's his experience in the scale of development?

A – A CV can be provided, showing previous developments. Craig is a Civil Structural Engineer by trade and has been involved in many multi million-dollar projects over his extensive career, including within this industry, before developing Cooranbong Gardens.

Q – Do you have a builder engaged and contracts to complete the village?

A – Yes. Coolwater Construction have previously completed some villas for us in the past and are engaged to complete the remaining 25 homes and finish the community centre. Contracts can be provided.

Q – How much will it cost to complete the village?

A – To complete the current development (383 Freemans Drive) comprising of 25 villas and the remainder of the community centre is \$13.7m Inc GST.

Q – How can that work with only a \$6m LOC?

A – Completing the remainder of the village in stages allows villas to complete, settle, pay down the LOC and then redraw on it again for the next stage. Average gross profit on each build is \$400k. This allows funds to go into the community centre as well as debt reduction. Refer to the cashflow on the 1st page. Peak debt is \$17m of which only \$4.5m is from the construction LOC. Allowing breathing room and contingency etc.