

NSXA COMPANY ANNOUNCEMENT

ACQUISITION OF DEVELOPMENT LAND AT GILLIESTON, NSW

Background

First Debenture Limited announces the acquisition of a residential land sub-division in Gillieston, NSW by wholly owned subsidiary First Debenture Project No 4 Pty. Ltd ('the Company').

The acquisition was funded by part debt (\$8.4M) and part share placement at 50 cents per share, the settlement took place on 12th October 2012

Financing Structure

The details are:-

Purchase price:	\$12,000,000
Stamp duty and acquisition costs:	\$1,406,674
Total Acquisition cost	\$13,406,674
Funded by:	
First Mortgage debt:	\$8,400,000
Second Mortgage debt:	\$1,406,674
Share issue:	\$3,600,000

Profit share arrangements

Additionally, on 12th October 2012, the Company entered into a Shareholder Agreement with the first mortgagee which provides for, inter alia:-

1. Mortgagee rights to take up to twenty per cent shareholding, with various rights and obligations;
2. may be exercised within a period of twelve months
3. Consideration is \$1,000,000 for 20% and pro-rata for lesser amounts with a minimum of \$500,000.

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Property details

The site has frontages to existing constructed and serviced roads of 580m to Cartwright Street; 350m to Ryans Road; and 530M to Kiah Road. The site enjoys an elevated aspect sloping to the south, west and north. The excellent location, being within easy driving distance of Maitland CBD and approximately 15 minutes south to Cessnock, makes this region a premium residential location in the Maitland residential catchment. The target market for completed product is a mix of entry level first home buyers and middle range housing.

The site is located in the centre of Gillieston Heights, an area regarded as the prestige residential section of Maitland City. The land was re-zoned residential 2(a) in an urban release area on 15th January 2010. The site is fully zoned for residential development. Comprising 36.21 hectares of residential 2(a) land, the site allows for development opportunity of up to 390 residential allotments:

- Lot 1 – approximately 18.63ha with DA for 155 villas.
- Lot 2 – approximately 6.332ha and zoned 2A residential.
- Lot 3 – approximately 11.25ha and zoned 2A residential – providing up to 140 sites.

Future

The Company intends to develop the site in stages, by first developing those allotments which face existing constructed roads, with minimal outlay (approximately 40 lots - ~\$8Million gross sales). This will enable debt reduction and allow for further working capital to assist on-going additional development.

House and land packages will be marketed and developed under a 'stapled' sales contract, where buyers purchase the land and then enter into a housing contract which requires them to progressively pay as the house is being constructed. This reduces cash outflow and provides a faster cash return to the company.

Gillieston Heights and the Hunter region have been experiencing impressive housing growth for the past few years, predominantly underpinned by the resource sector. Present housing demand far outstrips available supply.

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