

## NSXA COMPANY ANNOUNCEMENT

### ACQUISITION OF DEVELOPMENT LAND AT KITCHENER, NSW

#### Background

First Debenture Limited announces the acquisition of a residential land sub-division in Kitchener, NSW by wholly owned subsidiary First Debenture Project No 5 Pty. Ltd ('the Company').

The acquisition was funded by part debt (\$600,000) and part share placement at 50 cents per share, the settlement took place on 19<sup>th</sup> October 2012.

#### Financing Structure

The details are:-

Purchase price:	\$1,530,000
Stamp duty and acquisition costs:	\$56,411
<b>Total Acquisition cost</b>	<b>\$1,586,488</b>
Funded by:	
First Mortgage debt:	\$600,000
Second Mortgage debt:	\$386,488
Share issue:	\$600,000

#### Property details

Situated in Kitchener the site comprises a development opportunity for 102 residential allotments on 10.21 hectares. The land has been rezoned under Cessnock LEP 1989 on 19<sup>th</sup> May 2010 to Residential 2A. The site has frontage to Abernethy Road. There is an existing rented residence on site. The land is cleared and surrounded by natural forest on each side. The site enjoys a gentle slope running north-south. A valuation in the range of \$1.5 to \$1.8 Million is anticipated once the Development Approval is granted.

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The subject site is situated in the location of Kitchener, a small township less than 5 minutes from Cessnock. It is nearby to current resource extraction areas and therefore has demand for entry level housing, taking advantage of the resource-driven boom.

There is an absence of new development in Kitchener. There has been some modest refurbishment to existing housing however essentially the quality of the competitive housing available is of a very poor standard.

The location relative to Cessnock, Maitland and the Hunter Valley vineyards, not only provide employment and shopping opportunities, but also enables residents to enjoy the idyllic village lifestyle. The target market for completed product is a mix of entry level first home buyers and lower price range housing.

### **Future**

The Company intends to develop the site. The first requirement is to ensure that Development Approval is granted. Being a compliant development, once this is completed, it is planned that the company will offer house and land packages which will be marketed and developed under a 'stapled' sales contract. The 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.

The Hunter region has 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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