

5. The Project

Our vision for the Project is to deliver an affordable housing project for people on low-moderate incomes. Preliminary designs of the proposed Project incorporate 29 dwellings, with a mix of studios, 1 and 2 bedrooms and 150m² of commercial space.

In addition, the ground floor provides 24 at ground car spaces that could serve a dual purpose of being available to the community during the day and the tenants at night.

Attached at **Annexure A** is a Proposed Design which Landcom look forward to developing further with Council.

6. Transaction Structure

Landcom are willing to work with Council in a collaborative manner to structure the transaction in the most effective manner noting that it is subject to Landcom Board approval and legal review. We are also aware of the provisions of the Local Government Act (particularly around PPPs) and the transaction needs to be structured in such a way to be fully compliant with this Act.

We consider there are several possible ways to structure the transaction which Landcom is willing to further explore with Council including:

1. Lease Model – Council retains ownership of the whole property and lease the affordable housing project to a CHP for 50+ years to manage and operate for affordable housing.
2. Sale and Leaseback Model – Council sell the whole property to the CHP with a 99-year lease back to Council of the car park.
3. Stratum Subdivision Model – The property is subdivided into 2 lots (which may be stratum) for the car park and the housing. The car park lot would be retained by Council and the other lot transferred to the CHP.

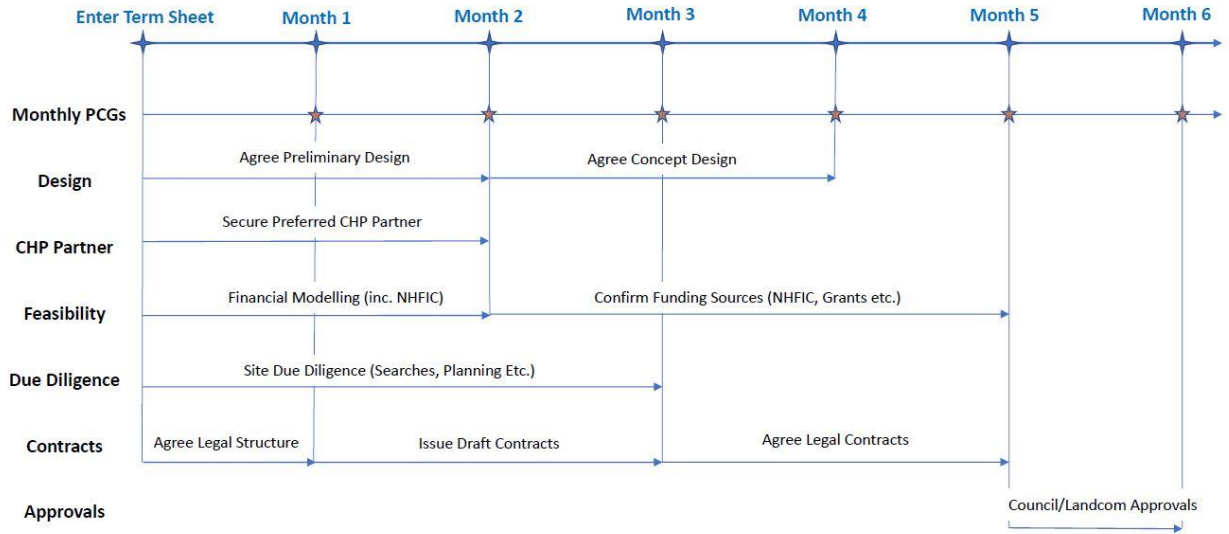
Cognisant of the number of parties involved (Council, Landcom, CHP, NHFIC) and that there are several matters to be resolved (design, structure, financial feasibility, legislative compliance etc.), we propose Council and Landcom enter a high-level term sheet which will permit us to work collaboratively together to agree the optimum structure.

The term sheet will be both non-binding and subject to Council and Landcom Board approval. At the same time, it will provide us with the time and a broad framework to be able to work together to structure the transaction in a way that complies with relevant legislation and best meets the objectives of the project.

7. Timetable

Under this arrangement, we would act in good faith and use reasonable endeavours to finalise a design, structure, obtain approvals, secure finance and enter into transaction documents within 6-months, in accordance with the timetable below:

Affordable Housing Project – Mullumbimby

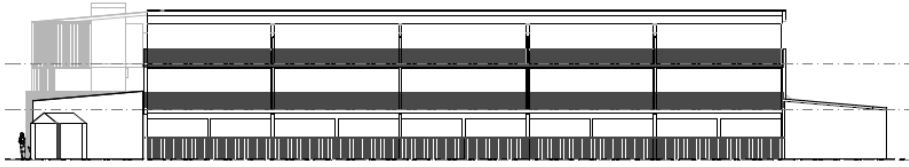


Attached at **Annexure B** is a draft Term Sheet for your consideration and comment.

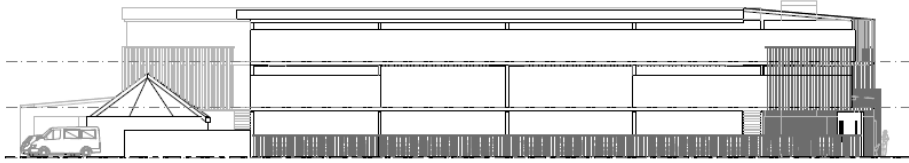
Annexure A – Proposed Design



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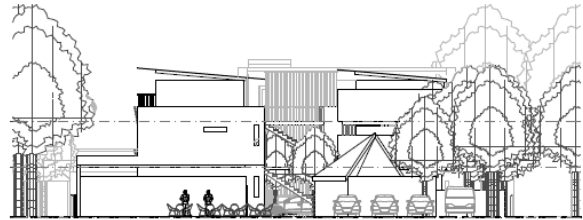
01 | NORTH ELEVATION



02 | SOUTH ELEVATION



03 | EAST ELEVATION



04 | WEST ELEVATION

N O T F O R C O N S T R U C T I O N

