

Maroochydore City Centre Development Agreement

Sunshine Coast Council, SunCentral Maroochydore Pty Ltd and Walker Corporation Pty Ltd have entered into a Development Agreement that includes \$2.5 billion of private sector investment.

Walker Corporation is one of Australia's largest diversified private property groups.

Under the development agreement, Walker Corporation has exclusive rights to market and develop most of the remaining land consistent with the delivery of the city centre vision.

BACKGROUND

Why did Council and SunCentral go to the market to find a project delivery partner?

SunCentral – on Council's behalf - sought a project delivery partner with significant capital, as well as national and global reach to fund and build infrastructure as well as develop the built form on the site over the long term. It has never been Council's intention to be a site developer (i.e. the one who delivers the built form) whereas a party like Walker Corporation can bring the capital and expertise to the project to undertake development of this nature. Walker Corporation's commitment to the project reinforces the value and merit in Council's decision to proceed with the project and invest in the initial civil work in stage one to provide a catalyst to secure major private sector interest in the balance of the project.

How many parties/organisations responded to the EOI?

There was a strong response received by SunCentral Maroochydore Pty Ltd in reply to the call for Expressions of Interest in the Balance Land of the Maroochydore City Centre site. Given the probity arrangements in place and the confidentiality obligations which exist, it is not possible to release the names of the parties which submitted Expressions of Interest.

How was Walker Corporation selected as the development partner?

Following a rigorous assessment and interview process, the SunCentral Board recommended to

Council that Walker Corporation had the requisite capabilities to partner with Council on the delivery of the MCC project. This recommendation was supported by Council. Following this decision, a due diligence review was undertaken, resulting in the development agreement, which was executed on 18 November 2020.

ABOUT WALKER CORPORATION

What specifically does Walker Corporation bring to this project?

Walker Corporation is a highly experienced, Australian owned, diversified private property developer and building owner with extensive expertise in urban regeneration, place-making, and the development of quality commercial, retail and residential precincts.

The Maroochydore City Centre project is anticipated to gain considerable momentum as a result of having such a highly-regarded project delivery partner, who can help drive the delivery of the future stages of this development.

A key requirement for our project delivery partner was the need for a strong balance sheet as well as having significant expertise in delivering large-scale, city-shaping projects. Walker Corporation also has strong experience working in conjunction with local and state government entities, which were compelling factors in their overall suitability as the project development partner for the Maroochydore City Centre.

ABOUT THE AGREEMENT

What are the responsibilities of Council and Walker Corporation in the CBD project?

Council will continue in its current role as the landowner.

Walker Corporation is responsible for funding the delivering of the majority of future civil works, commercial and retail buildings, residential apartments and the majority of the remaining infrastructure on the site, including roads and parks.

As the project is delivered, Council will receive civic assets such as parks, walkways and The Corso.

Will Walker Corporation have a permanent presence on the Sunshine Coast?

Walker Corporation is fully committed to deliver the vision of this project. One of their immediate priorities will be to establish a site office and a project team which will be based on the Sunshine Coast. This will be an expansion to Walker Corporation's established Brisbane and Gold Coast offices.

Does this new arrangement mean that Walker Corporation has effectively taken over the project from Sunshine Coast Council?

No. We have said all along that the Expression of Interest process for the balance of the Maroochydore City Centre land was to find a suitable project delivery partner who could work with Council to bring significant capital, resources and business connections to the project. Walker Corporation has all of those attributes. They will be a key stakeholder in the delivery of this project.

What role does SunCentral and its board have in the new agreement?

The implementation of the development agreement inevitably results in Walker taking a key role as a project delivery partner.

Over the coming months, Council will review its own role in the project and that of SunCentral, so that the parties are best placed to fulfill their responsibilities under the development agreement.

What impact will the agreement have on community engagement activities?

Community events and engagement are important aspects of the development agreement and investment attraction strategy and this will continue to be rolled out in collaboration with Walker Corporation, which has a long history of community engagement on their past and current projects.

How will Walker Corporation be able to build on the land if they do not own it?

Under the development agreement, Council is required to make the land in the Maroochydore City Centre available to Walker Corporation for development throughout the life of the agreement. Sunshine Coast Council, SunCentral

and Walker Corporation have an arrangement in place, which governs the delivery of buildings and apartments. The agreement between the parties will see Walker Corporation invest \$2.5 billion in the project. The CBD development will deliver approximately 160,000 square metres of commercial and retail space and 4000 residential apartments over the next 15 to 20 years. Council will retain ownership of the land until Walker Corporation delivers the buildings and infrastructure.

How will this agreement benefit the project and the community?

This agreement is a positive outcome for Council, the region and the future of the City Centre. To secure a large Tier 1 investment firm with extensive development capabilities is a great benefit for the region in the long term. Walker Corporation has seen this opportunity to bring their expertise to the region and this is an exciting prospect and one which we welcome.

What environmental considerations are there in respect of construction in the City Centre and who monitors this?

The first completed office tower by Evans Long is constructed to a 5-star green star NABERS rating and the second major building - Council's City Hall – will be delivered with similar environmental credentials. We believe the benchmark has been set for future developments within the CBD.

What does this mean for existing investors within the project including Foundation Place and Habitat?

Walker Corporation is pleased with the current commitments to the project. The designs of the first two buildings by Evans Long and Habitat are first class and the leasing and sales rates achieved on both buildings is testament to the high-quality product on offer. All existing investors have been briefed on the new agreement and there is genuine excitement about what this will bring to the overall project.

Will Walker Corporation want to change requirements/plans for the balance of land?

The vision for the Maroochydore City Centre is written into the development agreement with Walker Corporation. There will be opportunities to review the development scheme over the life of the project as circumstances change and to

improve the infrastructure and buildings delivered on the site.

This is no different from what occurs in other major developments of this scale. For example, there have been 11 Deeds of Variation to the Development Agreement covering Kawana Waters and six amendments to the Development Control Plan since they were executed in 1996.

Under the terms of the development agreement, Council retains responsibility for approving any changes proposed by Walker Corporation to the Maroochydore City Centre Development Scheme prior to their lodgment with Economic Development Queensland (EDQ).

Why did Council need a project delivery partner?

The agreement with Walker Corporation will accelerate investment in the 53-hectare priority development area in the heart of Maroochydore.

Council will continue in its current role as the landowner and will retain ownership of the land until Walker Corporation delivers the buildings and infrastructure.

Walker Corporation is responsible for funding the delivery of the majority of future civil works, commercial and retail buildings, residential apartments and the majority of the remaining infrastructure on the site, including roads and parks.

We have said all along that the Expressions of Interest process for the remainder of the Maroochydore City Centre land was to find a suitable project delivery partner who could bring significant capital, resources and business connections to the project. Walker Corporation has all of those attributes.

TIMELINE

When will the new agreement commence?

The new agreement starts 18 November, 2020.

Has the project's 15-20 year timeframe changed with a major project delivery partner in place?

At this stage, the timeline remains in place, however a project partner like Walker Corporation, with its experience, balance sheet and development capabilities, will help accelerate

investment in the 53-hectare priority development area in the heart of Maroochydore.

When does Council expect the first developments will occur under this new agreement?

Walker Corporation is expected to move quickly, with a number of key milestones to be delivered in the first 12 months.

Walker Corporation's investment in the 53-hectare will commence immediately, with the project expected to create more than 15,000 jobs over the life of the project. The initial focus will be on the balance of lots remaining in the commercial core, which is north of the Corso.

When should we expect the CBD to be complete?

At this stage the 15-20 year project timeline remains, however a project delivery partner with the experience, expertise and balance sheet like Walker Corporation will help accelerate investment in the City Centre.

FINANCIAL ARRANGEMENTS

Was City Hall part of the agreement?

No. Existing lots in the commercial precinct where commitments were already in place were not part of the Expressions of Interest process.

Has Council waived any infrastructure charges under this agreement?

No. Under the terms of the development agreement, Walker Corporation must pay all infrastructure charges associated with the obligations in the Maroochydore City Centre Infrastructure Agreements.

Do you expect the agreement to generate a better return to ratepayers?

With the development agreement in place, it is forecast that Council will now break even on the project in 2035, approximately 10 years earlier than originally projected, and ultimately achieve for ratepayers an overall profit of approximately \$41 million.

PLANNING IMPLICATIONS

Will developments on the Maroochydore City Centre site still require development assessment and approval?

Yes. There is no change to the development assessment and approvals process. Economic Development Queensland remains the planning authority and assessment manager for all development proposed in the Maroochydore City Centre.

Can you reassure residents of the Sunshine Coast that we're not going to become another version of the Gold Coast?

The Sunshine Coast has a vastly different land-use planning history to that of the Gold Coast and therefore, the Sunshine Coast will not develop like the Gold Coast.

The development scheme for the Maroochydore CBD, which was originally gazetted in July 2014, reflects core values and design objectives that are consistent with the Sunshine Coast's values, lifestyle and landscapes. While there are a variety of building heights dispersed across the Maroochydore City Centre, the site is set well back from the coastline and will for the first time, provide a genuine commercial and entertainment heart to support what is the second fastest growing region in Queensland. The City Centre will be delivered over a 15-20 year horizon and in a manner that is consistent with the vision for the site, which has been in place since the development scheme was first put in place.

ECONOMIC BENEFITS

How many local jobs are likely to be created by this deal during construction and in the long-term?

Independent advice confirms more than 15,000 jobs will be created over the life of the project. During the construction phase, Walker Corporation will take into account Council's preferences for local contractor engagement.

Which businesses will take up real estate in the city centre?

In 2013, Council put in place a 20-year Regional Economic Development Strategy which is driving the growth of the region's economy to \$33 billion

by 2033 and will double the number of high-value industry jobs. Since then, Council has also secured the delivery of an international broadband submarine cable to the Sunshine Coast, which will provide the platform for developing extensive new employment opportunities across a range of industries dependent on reliable, accessible and fast broadband connectivity.

Notwithstanding the COVID-19 pandemic, the Sunshine Coast has a growing economy and in addition, the region is (and will continue to be) the major service centre for a population catchment of more than 1.5 million people over the development timeframe for the Maroochydore City Centre.

These efforts to grow and strengthen the Sunshine Coast economy have been well recognised by the market through the Expressions of Interest process and an organisation like Walker Corporation, who is prepared to invest in this project because they have confidence in the economic, industry and employment growth forecasts for our region.

One of the reasons why Walker Corporation, as a tier one developer, has been selected to partner in the project is its capacity to attract end users from across Australia and internationally to this region. This will add significantly to the array of initiatives and actions to grow and strengthen the region's economy.

How has COVID-19 impacted on attracting investment to the project?

There's no doubt that the COVID-19 pandemic has had a significant impact on the local, national and global economy. A development and project delivery partner like Walker Corporation provides significant momentum moving forward as more opportunities are created for the project which in turn will contribute to driving the region's economic recovery.

How will the international broadband submarine cable benefit the CBD and the wider Sunshine Coast region?

All parties to the development agreement recognise the significant benefits of the international broadband submarine cable to our region and this has been heightened during COVID-19, with many large organisations and Government departments looking to decentralise their operations away from capital city areas.

Walker Corporation has extensive national and global corporate and Government clients with a particular focus on the banking and finance, superannuation, insurance and IT sectors which can all benefit from the advantage of being located close to where the cable lands and being able to access Australia's fastest data and telecommunications transmissions to the high demand markets in Asia.

TRAFFIC AND TRANSPORT

Will Walker Corporation help with the delivery of the proposed mass transit on the Sunshine Coast and a heavy rail link to Brisbane?

The responsibility for the delivery of heavy rail to Maroochydore and a coastal mass transit solution continues to reside with the Queensland Government. Walker Corporation has extensive advocacy experience in working with State and Federal governments to bring forward catalytic infrastructure investments.

Will the current parking arrangements in Maroochydore be affected by this significant development?

There is a temporary, 200-bay at-grade carpark that is due to open in December. Across the site there will be a number of multi-deck car parks, the majority of which will be developed and funded by Council. One of the first of these will be a 500-car park facility, which will be developed and open in mid-2022.

What measures are being taken to ensure the new CBD does not add to traffic congestion?

The shared vision for the Maroochydore City Centre is to ensure that, via State Government investment, it is supported by an efficient and effective multi-modal transport system. This includes the facilitation of rail-based public transport via the CAMCOS corridor, the delivery of a suburban mass transit solution and a new road network to provide additional capacity within Maroochydore as well as a network of walking and cycle paths.

FURTHER INFORMATION

Does anyone from Council or SunCentral have any conflicts of interest relating to this agreement?

Comprehensive probity arrangements were put in place from the outset of the Expressions of Interest process and these continued through to the execution of the development agreement with Walker Corporation. Both Council and SunCentral engaged their own probity advisors.

No Councillors, SunCentral Board directors or senior employees of either entity with involvement in this process have a conflict of interest in the identification and selection of Walker Corporation as the development partner.

This deal does not include the proposed Convention and Exhibition Centre and premium hotel. What is going to happen with these?

Precinct 2 – which has always been identified as the site for a premium hotel and convention and exhibition centre – was not part of the balance land that was the subject of the Expressions of Interest process. The delivery of the Convention and Exhibition Centre remains with Council, although it has always been Council's intention that the capital cost of this facility, if it proceeds, will need to be largely funded by State and Federal governments.

When is construction due to start on the new Holiday Inn Express business hotel?

SunCentral is in constant dialogue with Pro-Invest regarding their Holiday Inn Express project and while there have been some delays due to COVID-19, they remain committed to the site and we understand they are working towards an announcement of a construction start date early in the New Year.