

Sydney Basin Airports

Acquisition



December 2003

JFG Investment in Sydney Basin Airports

Overview

- JFG part of BaCH consortium successful in securing Sydney Basin Airports – Bankstown, Camden and Hoxton Park
- Demonstrates JFG's ability to recognise, originate and capitalise on infrastructure/property synergies
- Participation in the development of approximately 155 ha of extremely attractive land in south-west Sydney
- Generates revenue through:
 - Income from sponsor success fees
 - On-going development management fees and profits
 - Future potential for on-going management fees from James Fielding Infrastructure Yield Fund (post sell down of JFG's holding)
- Potential to generate revenue and investment products for other parts of JFG business – leveraging the value chain
- Property development profits start to flow through in FY06

Sydney Basin Airports

Background

- **April 2003 Commonwealth Government announced sale of Sydney Basin Airports**
- **Offered for sale all of its shares in:**
 - **Bankstown Airport Limited (BAL)**
 - **Camden Airport Limited (CAL)**
 - **Hoxton Park Airport Limited (HPAL) (inc. deferred transfer of freehold title to Hoxton Park Airport site)**
- **The three airports provide the primary aviation infrastructure for general aviation in the Sydney basin**
- **BaCH Airports Consortium announced 14 November 2003 as winning bid**
- **Settlement of acquisition occurred 15 December 2003**

Sydney Basin Airports

BaCH - Winning Consortium

☛ BaCH Consortium Sponsors

- ☛ James Fielding Holdings Limited
- ☛ Commonwealth Bank of Australia
- ☛ Toll Holdings Limited*

☛ Key Investors

- ☛ Commonwealth Investments Pty Ltd – equity investor
- ☛ James Fielding Group – equity investor
- ☛ Westscheme – equity investor

☛ Financier

- ☛ Commonwealth Bank of Australia

*Toll Holdings has in principle agreement to build a distribution facility at Bankstown Airport



Overview of Airports

Key Statistics

	Bankstown	Hoxton Park	Camden
Title	Leasehold	Leasehold	Leasehold
Tenure	45yrs + 49yr extension	5yrs leasehold then reverts to freehold	45yrs + 49yr extension
Size (ha)	313	82	196
Est. Developable Land (Gross) ha	105	50	20*
Dist. to CBD	26km	45km	62km
Road Access	M5	M7/M4	F5/M5
Aircraft Movements (pa)	337,314	80,000	60,388

*Excluded from 155 ha estimate of developable land

Location

Sydney Basin Airports



Bankstown Airport

Overview

- Major general aviation airport – Australia’s busiest in terms of air traffic movements
- Key range of aviation related industries on site
- Strong on-going cashflow from aviation and property operations (rentals)
- Property activities on site cover over 700,000 sq.m. currently leased to 140 tenants engaged in aviation, retail, logistics and service related industries
- Under-utilised land surrounding main airport operations – approximately 105 ha of developable land
- Potential to enhance revenue from airport by:
 - Growth of general aviation
 - Possible introduction of limited regional passenger services
 - Advancement of airport as a major Sydney logistics/distribution hub
 - Expansion of bulky goods and service facilities

Hoxton Park Airport

Overview

- Leasehold until 2008 (2 yr option to extend) then reverts to freehold when airport will be closed
- Small airport mainly used for light aircraft including helicopters and flight training
- 16 property leases – three major leases: service station and two telecommunication towers
- Part of site subject to flooding
 - Approximately 50 ha currently suitable for use
 - Opportunity to use fill from M7 construction to backfill and increase the amount of developable land
- Site to be progressively developed post 2008
 - Highway retail/service centre for M7
 - Bulky goods
 - Distribution
 - Light industrial

Camden Airport

Overview

- **Small airport mainly used for light aircraft, flight training and glider clubs**
- **Majority of site (80%) below 100 year flood line**
- **45 property leases – 36 site only and 9 site and buildings**
- **Potential for limited development opportunities**



Sydney Basin Airports

Development Planning Process - Key Steps

- **Master Plan for each airport to be approved within 12 months by the Federal Minister of Transport and Regional Services**
- **Each individual development exceeding A\$10 m in capital costs requires a Major Development Plan to be submitted**
- **Individual developments of less than A\$10 m require no specific planning approval so long as consistent with the Master Plan and/or the airports Act/ Airport Lease**



Sydney Basin Airports

Strategic Opportunities

- **Optimise airfield and related commercial opportunities at all three airports**
- **Opportunity to develop approximately 155 ha of land in south-west Sydney**
- **Excellent location – leverage off:**
 - rapidly growing and changing south west Sydney
 - proximity to major transport routes – M5 and M7
- **Opportunity to create an integrated employment, business and retail hubs with focus on:**
 - hi-tech business
 - distribution/logistics
 - light industrial
 - bulky goods retailing

Bankstown Airport

Property Development Opportunities - Bankstown Airport*

- Create an integrated employment, business and retail hub
- In principle agreement from Toll Holdings to 'acquire' land and develop new distribution facility
- Build on the success of established retailing and business activities
- Create large scale retail sector focus on high exposure to Milperra Road and Henry Lawson Drive
- Establish a 'regional cluster' of bulky goods retailing
- Develop a business area on the northern part of the site to be easily adaptable to a variety of commercial needs

BaCH Structure

The Bid Entities

• BaC Airports Pty Limited

- acquires shares in BAL (Bankstown Airport) and CAL (Camden Airport)
- will remain a company of significant financial substance
- responsible for:
 - aeronautical management and operations of the airports
 - provision and management of runways, taxiways, aprons and associated facilities
 - existing tenants
 - master planning process
- BaC Airports may invest in aeronautical related developments undertaken by BaC DevCo

BaCH Structure

The Bid Entities

☛ BaC DevCo Pty Limited

- ☛ acquires from BaC Airports Pty Limited development rights to non core land at Bankstown Airport
- ☛ BaC grants BaC DevCo assignable sublease over non core land
- ☛ responsible for:
 - ☛ servicing and developing non core land
 - ☛ sourcing appropriate tenants
 - ☛ managing development process
 - ☛ investing in, and/or, the sale or sublease of developments

☛ HPAL Holdings Pty Limited

- ☛ HPAL Holdings Pty Limited acquires shares in HPAL (Hoxton Park Airport)

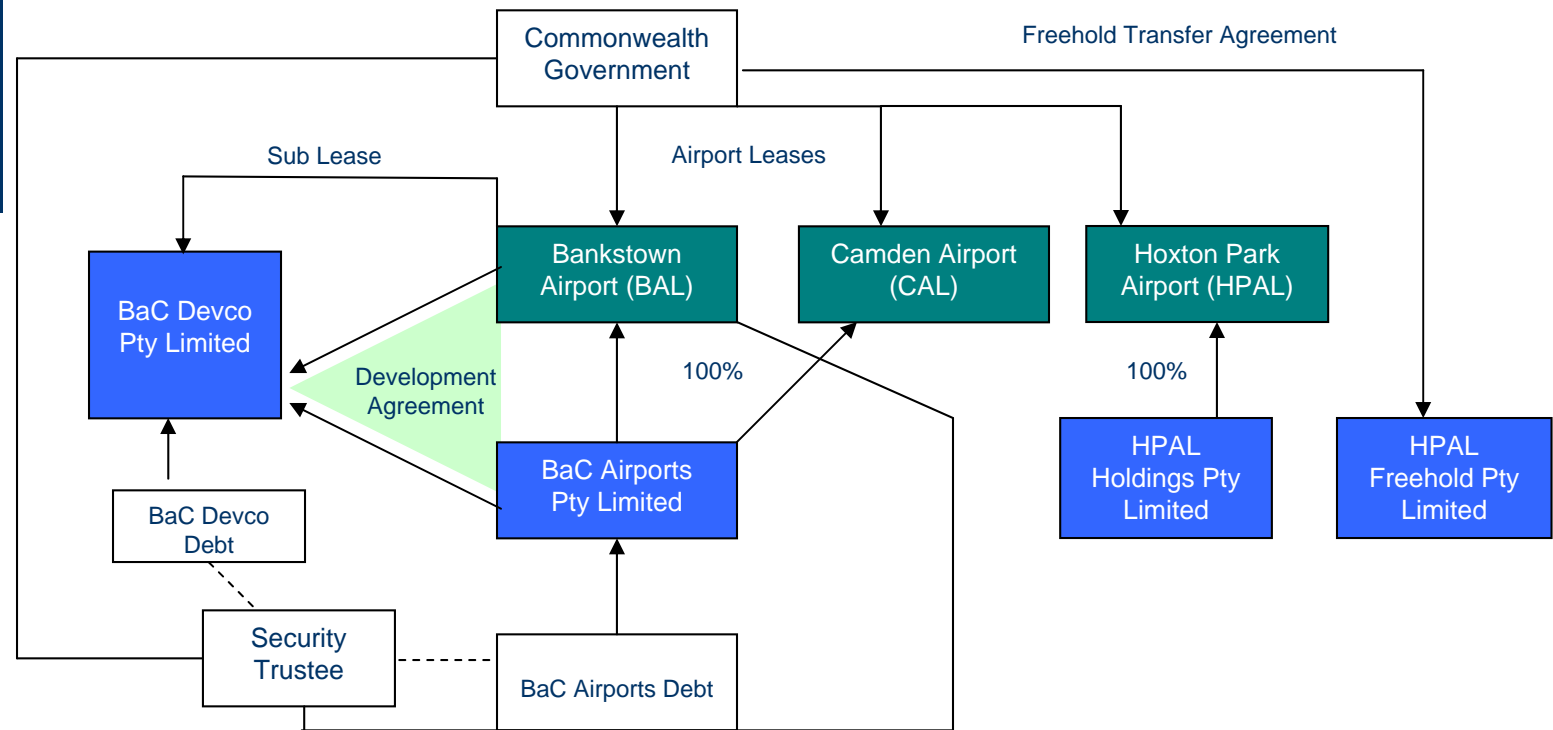
☛ HPAL Freehold Pty Limited

- ☛ HPAL Freehold Pty Limited to acquire freehold interest in Hoxton Park Airport



BaCH Structure

Corporate Structure



JFG Funding of BaCH Investment

Summary

JFG's Equity Investment in BaCH

Entity	JFG Equity Investment \$m	JFG Equity Interest %
BaC Airports Pty Limited	20.1	33.3
BaC DevCo Pty Limited	22.3	33.3
HPAL Holdings Pty Limited	Nominal	100.0
HPAL Freehold Pty Limited	13.3	50.0
Total	55.7	

JFG will debt fund its equity investment into BaCH

JFG Returns from BaCH Investment

Summary

	FY04 \$m	FY05 \$m
Revenue*	3.7	5.1
Borrowing Costs	2.4	3.8
Net Income	1.3	1.4

* Includes revenue from BaC Airports, BaC DevCo and Sponsor fee (FY04 only)

JFG's Initial Investment

BaC Airports Pty Limited

- JFG acquires a 33.3% interest for \$20.1 m via James Fielding Infrastructure Yield Fund (JFIYF)
- JFIYF is a diversified infrastructure fund
 - One existing investment – 15% stake in International Parking Group (a portfolio of 8 hospital car-parks)
 - JFG is sole investor in JFIYF but intends to sell down its stake in 2004/2005 to superannuation funds
- BaC Airport Forecast Revenue to JFG
 - Returns from:
 - aeronautical and property rental income generated from BAL and CAL. Returns to be enhanced by airside or aviation related strategies and enhanced management of existing property tenancies.
- Management of airport operations
 - Existing management to be retained
 - JFG to provide general advice /support as investor
 - URS aeronautical and master planning consultant

JFG's Initial Investment

BaC DevCo Pty Limited

- Property development entity which has acquired development management rights to approximately 105 ha of land at Bankstown airport
- JFG acquires 33.3% interest for \$22.3 m via JF Developments Pty Limited
- JFG JV appointed development manager of BaC DevCo Pty Limited
- BaC DevCo - Forecast Revenue to JFG
 - Fee for development management services
 - Development profits forecast from 2006

JFG's Initial Investment

HPAL Holdings Pty Limited & HPAL Freehold Pty Limited

HPAL Holdings Pty Limited

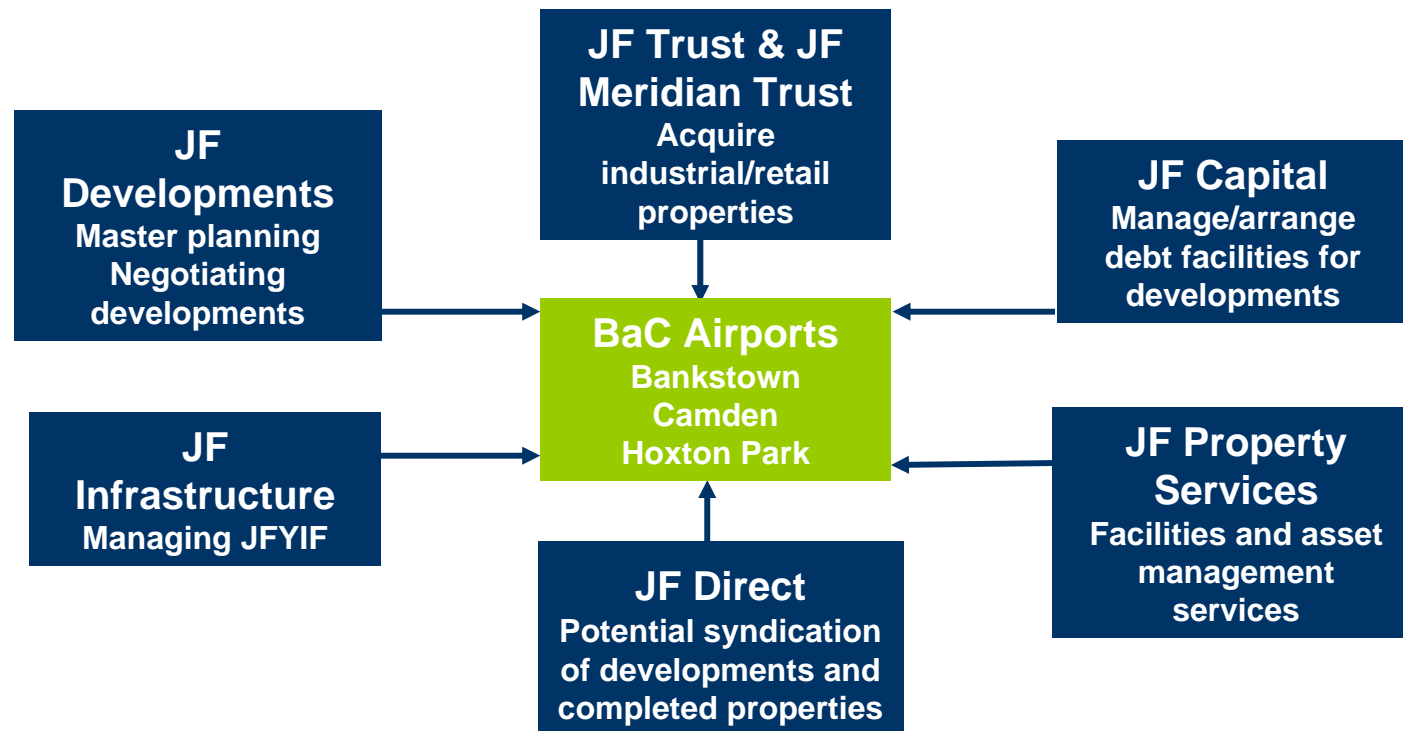
- HPAL Owner of Hoxton Park Airport Limited (HPAL)
- Acquired for nominal sum
- Aeronautical activity at HPAL will be managed by BAL

HPAL Freehold Pty Limited

- JFG acquires 50% interest for \$13.3 m via JF Developments Pty Limited
- JFG JV appointed development manager of HPAL Freehold Pty Limited
- Return on investment – nil as land banking
- Property development returns available primarily after the transfer of freehold in five years

JFG – Participating in the Value Chain

Potential Opportunities Across JFG Business Units



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