

**UTAS Properties Pty Ltd
Board Meeting**

MEETING AGENDA

07 February 2022, 2:00pm to 5:00pm, Council Room and videoconference.

1. INTRODUCTORY ITEMS	Responsibility
1.1 Attendees and apologies	Paul Gregg
1.2 Draft minutes from previous meeting	Paul Gregg
1.3 Actions arising	Paul Gregg
1.4 Verbal update on Stakeholder Management	Rufus Black/Matt Higgs
1.5 Overview of matters for consideration	Matt Higgs
 2. MATTERS FOR DECISION	
2.1 Sandy Bay Masterplan – RFI funding request	Matt Higgs
2.2 Newnham Red Land Masterplan Consultants	Matt Higgs
2.3 UPPL 2022 Budget	Matt Higgs
 3. MATTERS FOR DISCUSSION	
3.1 CEO Update	Matt Higgs
3.2 Updated Development and Delivery Program	Matt Higgs
3.3 Project Level Asset class benchmark gross margins	Matt Higgs
3.4 Pre-commitment for retail (Precinct 5)	Matt Higgs
3.5 Revised Staging	Matt Higgs

Next meeting:

The next UPPL Board meeting is scheduled for 04 April 2022.



The Board met in the Council Room and via Videoconference on 6 December 2021 at 12:30pm.

Present: Paul Gregg (Chair) (via Zoom), Rufus Black, David Clerk, James Groom (via Zoom), Philip Pearce (via Zoom), Sarah-Jayne Hall (via Zoom), Simon Bayley (via Zoom)

In Attendance: Matthew Higgs attended as UPPL CEO
Shelley Lampkin, Director Commercial Projects
Andrew Wilkinson, Senior Development Manager
Jane Beaumont attended as Company Secretary

1. INTRODUCTORY ITEMS

1.1 * Introductory Items

The Board noted there were no apologies and all items were starred for discussion.

1.2 Minutes

The minutes for the Board meeting held on 17 November 2021 were adopted.

1.3 Actions

The UPPL CEO provided an update on all actions. The Board **NOTED** the 'UPPL Action List' as a standing item and the following updates:

- a meeting has been scheduled for Friday 10 December 2021 for UTAS management to meet with Deloitte to further understand the Sandy Bay masterplan feasibility modelling – working draft (**Feasibility Model**) inputs and assumptions in the draft Feasibility Model; and
- the landowner consent, change of use application and PSA with 16 technical reports attached was now finalised and would be lodged this afternoon, 6 December. University Council has resolved to approve lodgement of the PSA. The City of Hobart (CoH) have 35 days to assess the PSA and up to 45 days with consultation requirements.

Actions

1. UPPL CEO to send the FAQ package for the PSA submission to Directors.
2. UPPL CEO to lodge the PSA by COB 6 December 2021.

2. MATTERS FOR DECISION

2.1 *2022 BUDGET

The UPPL CEO discussed the draft 2022 revenue and expenses budget. The Board **NOTED**:

- total revenue expected in 2022 of \$11.4m and expenses and depreciation totalling \$13.4m. A net operating loss of \$2.0m including depreciation expense of \$570k; and
- the 10 year UPPL budget is in development and an update will be provided to the Board for noting in February 2022.

The Board discussed what controls would be put in place by UPPL management before committing to expenses for 2022 expenses. The Company Secretary confirmed that UPPL management were developing a development decision matrix which would include 'gates' that must be passed before expenses would be committed for 2022.

Actions

1. UPPL CEO to finalise draft development decision matrix for review by the Board in February 2022.
2. UPPL CEO to provide Directors with an organisational chart of UPPL resourcing and roles, skill sets in the UPPL management team and profit and loss statement.

3. MATTERS FOR NOTING

3.1 * Devine and re-released commercial retail strategy

The UPPL Director Commercial Projects provided an update that UPPL management will commence the procurement of Devine Property Hobart to roll out a property management tool and perform tenancy management. A contract has been drafted for execution with the existing company - Lima Devine Pty Ltd, trading as Devine Property Hobart (Devine Property) and UPPL management has recently been informed of a change in control of Devine Property. UPPL management are satisfied that the change of control is manageable and the key personal from Devine Property will still provide the core services. The intent is to transition the operational model into UPPL over time once the management processes have been established by Devine Property and the operational model is effectively working. UPPL management will now finalise the service level agreement with ISD and action communication to existing tenants, subcontractors (as appropriate) and staff.

The Board **APPROVED**:

- execution of a contract for the provision of commercial tenancy management and maintenance services commencing 1 January 2021 for a period of 24 months;
- establishment of a UPPL bank account to transact commercial leases and ensure payment of contractors; and
- delegation to the UPPL CEO to execute the contract on behalf of UPPL.

3.2 * Ten-year business plan, feasibility and development margins at project level

The UPPL CEO confirmed that the Sandy Bay Masterplan Feasibility Model has been developed to undertake a preliminary model of the viability of the Masterplan for PSA submission and represents a book end based on a Built to Sell (BTS) posture showing a strong development margin for non-community assets. The Board noted that 10 year business plan is in development.

The Board **NOTED**:

- the updated draft Feasibility Model;
- that UTAS management have sighted a working draft of the UPPL 10 Year Draft Business Plan which has been developed by KPMG with the key deliverables of reporting UPPL expenses, revenues and total cash recycling dollars between January 2022 and December 2031. This will be progressed in 2022; and
- project level and asset class benchmark report would be provided to the Board in February 2022.

4. OTHER BUSINESS

4.1 *Any other Business

There were no items for other business.

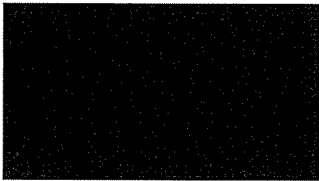
The Directors thanked the UPPL team on the work to date on lodging the PSA and the very high quality documentation and stakeholder management.

The meeting concluded at 1320.

Next Meeting

The next meeting will be held on 7 February 2022.

I certify the above to be a true extract from the minutes of the meeting of the Directors held on the date shown above.



19/12/2021

Chair

Date signed

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 1.5

From: Matthew Higgs

Date: 7 February 2022

Subject: Overview of matters for consideration

RECOMMENDATION

For **NOTING** and **DISCUSSION** by the Board.

STATUS

- **Sandy Bay** – Planning Scheme Amendment Application was submitted on 6 December 2021. Anticipated approval by end October 2022 based on planning timeframes.
 - **Newnham** – Development of the Newnham Red Land Masterplan to commence in February 2022 and be finalised by end August 2022.
 - **Commercial and retail leases** – Go live on 1 February 2022.
-

STRATEGIC DECISIONS

1. Revenue generation over the next 12 months while the PSA Application for Sandy Bay is considered by the City of Hobart and the Tasmanian Planning Commission

Newnham Red Land

- Opportunity to accelerate development of the Red Land and side wide below ground infrastructure at Newnham given progress of decant to Inveresk with potential for construction to commence in 18 months.
- Refer CEO Report and Board Paper 2.4

Sandy Bay

- Opportunity to activate surplus assets while PSA is under consideration
 - Outdoor Activity Centre, Proctors Rd (Quarry) Sandy Bay (refer CEO Report)
 - Traffic engineering report identified risks associated with access off Proctors Road. Alternate access from Olinda Grove sports fields and implications/opportunities for Precinct 5.
 - Post PSA focus is on testing the voracity of the Masterplan through market approaches and business plans
 - Revised Staging (Board paper 2.3) – community asset focus with sports precinct configuration for consideration to reduce costs and bring forward development to early stages to improve amenity and drive sales/activation of the site
 - Precommitment for retail (Board paper 2.2) – initial discussions with proponents on Precincts 2 and 5. Requirement to develop formalised process to optimise terms and secure a proponent.
 - Aged Care (Board Paper 2.3) – Business Plan development to test viability of model or if alternate uses ought to be considered
2. Stakeholder management with City of Hobart Elected Members and potential risks to PSA

- Development Application was submitted for Forestry Building pre-Christmas. PSA was lodged 6 December 2021. Both applications are with the City of Hobart.
 - The Forestry Building is critical. Failure to secure the DA will impact on UPPL's ability to develop the land at Sandy Bay if the decant is delayed.
 - PSA RFI response to be submitted by end February. Responses to ensure alignment with city strategy. Ongoing engagement with elected members critical.
 - Board Risk Workshop (in person) to be scheduled for quarter 1 2022 to work through identification and management of risks from PSA lodgement to development commencing on Sandy Bay campus. The draft risks are attached to the CEO Report and include risks relating to the PSA not being approved or approved with sub-optimal conditions.
3. Criticality of Feasibility model and input to UTAS Financial Masterplan to realise targets from 2024 and deliver development returns to UTAS from 2027.
- Development and Delivery program (Board paper 3.2) – timeframes associated with commencement of Sandy Bay in 2024 and requirement to go at risk in early 2022 for detailed design
4. Commonwealth Referral under EPBC Act and potential impact on timing for Precinct 5 (refer CEO Report)
- Impact on staging if the referral process is prolonged. Implications on where to start across the site. Links to Revised Staging paper re opportunity to start with Precinct 1.

PROCESS DECISIONS

5. Robust governance will be critical through the development process to optimise returns to UPPL.
- Asset hurdle rates (Board paper 3.3) – minimum benchmark market yield and development margins to underpin each project. Projects to be prioritised in accordance with development decision matrix. Benchmarks employed in feasibility modelling to test voracity of masterplans.

OPERATIONAL

6. Finalisation of 2021 accounts (CEO Report) and approval of proposed 2022 budget (Board Paper 2.5).

ATTACHMENTS

Nil

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: CEO, UTAS Properties

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 2.1

From: Matthew Higgs

Date: 7 February 2022

Subject: Sandy Bay Masterplan RFI Funding Request

RECOMMENDATION

That the Board:

1. **APPROVES** the budget for 2022 of \$275,320 for consultants to execute responses to the City of Hobart (CoH) Request for Information, issued on 24 December 2022, in response to the UTAS Planning Scheme Amendment (PSA) application of 6 December 2021. The responses will support the recommendation by the COH planning department to the Elected Members to support the initiation of the PSA.

SUMMARY

Table 1 provides an overview of the PSA process and current progress.

PHASE	ACTIVITY	TIMEFRAME	RISKS	COMPLETE
Phase 1 - Lodge PSA with CoH	PSA application is formally lodged with the CoH			6 December 2021
Phase 2 - CoH officers prepare report to City Planning Committee and Council	CoH officers review the PSA application and revert to UPPL with Request for Information on certain topics		Delay risk given requests for substantial volume of information	Initial RFI received 24 December 2021. Responses currently being prepared for submission by 28 February 2022.
Phase 3 – Council initiate and certify PSA	Once CoH has received UPPL's responses to RFI's, they will initiate and certify PSA over 42 days to enable the Amendment to go to public exhibition	42 days	CoH officers or elected members do not support the PSA and fail to initiate.	
Phase 4 – Public Exhibition	The Amendment is available at public exhibition for 28 days. Public representations can be lodged with CoH.	28 days	Substantial community opposition	

PHASE	ACTIVITY	TIMEFRAME	RISKS	COMPLETE
Phase 5 – Council prepare Section 39 report	Following phase 4, CoH will prepare a Section 39 report that reviews representations and makes recommendations that will be forwarded on to the Tasmanian Planning Commission.			
Phase 6 – Council endorse Section 39 report and forward to TPC	Councillors vote on the Amendment and if supported, forward the Amendment and Section 39 report to the TPC (including all representations)	35 days		
Phase 7 – TPC hold hearings	The TPC reviews all documents and holds hearings		Large number of representations	
Phase 8 – TPC approve, modify or refuse PSA		90 days	<ol style="list-style-type: none"> 1. TPC directs CoH to modify and readvertise the PSA 2. TPC Refuses PSA which would prohibit a new amendment application for 2 years. 	

- Meetings were held with CoH officers the week of 10 December to provide high level overview of the requested Amendment.
- CoH provided a Request For Information (RFI) on 24 December 2021 (refer Attachment 1). There are ~155 questions covering general planning questions and specific questions related to consultant reports (for example traffic, environmental, market assessment, civil infrastructure, heritage etc).
- A detailed plan for the approach to respond to the RFI has been developed by UPPL in conjunction with [REDACTED] and CHC:
 - Questions have been allocated to relevant consultants with proposals received and cost quotes to execute
 - Cost proposals from respective consultants for the RFI responses are being collated by CHC. Total \$275,320 to respond to all questions.
 - Questions will be collated with one response expected to be issued to CoH by 28 February 2022.
 - If no further questions, Phase 3 will proceed where CoH elected members vote to initiate and certify the PSA and, if positive, UPPL is officially "on the clock".
- CHC and its subconsultants were contracted through 2021:
 - Initial contract value for masterplan design was \$1.627m.
 - Initial contract value for stakeholder engagement was \$0.696m.
 - Variations to masterplan design totalled \$0.221m.
 - Stakeholder engagement actuals were under budget by \$0.217m.

- Net impact on budget resulted in actuals marginally exceeding forecast. These funds were absorbed through underspend on other projects.
 - UPPL is seeking Board approval for funding to appoint the consultants to execute responses to the CoH RFI. This figure has been incorporated within the proposed 2022 budget.
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ATTACHMENTS

1. City of Hobart Request for Information issued on 24 December 2021.
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RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 2.2

From: Matthew Higgs

Date: 7 February 2022

Subject: Newnham Red Land Masterplan Consultants

RECOMMENDATION

That the Board:

1. **NOTES** the appointment of Hassell as the Architect for the development of the Newnham Red Land Masterplan; and
2. **APPROVES** the budget for 2022 of \$756,069 for the appointment of remaining client-side consultants to execute development of the Newnham Red Land Masterplan with subsequent intent to move to schematic design in Q4 2022.

SUMMARY

- UPPL will commence execution of the development of the Newnham Red Land Masterplan as a first stage in the redevelopment of the UPPL surplus land (Red Land) at the Newnham site.
 - This includes existing buildings (assets) and existing leases at the Newnham campus, following the Northern Transformation development that moves the main University operations to Inveresk.
 - It includes planning for all underground trunk infrastructure including the UPPL Red Land, land held under title by AMC (Black Land) and land granted to the State under the Launceston City Deal (Yellow Land).
- UPPL Board approved appointment of Hassell Limited to undertake the development of the Newnham Red Land Masterplan at the 17 November 2022 meeting:
 - Final contracted cost is \$752,086 (including subconsultants)
 - Project to be executed in 4 stages commencing 2 February 2022 and concluding end August 2022
 - Hassell to engage with Terroir and the NTP team on progress with Masterplans for AMC and TIA.
 - PCG meetings to commence in mid to late February. Participants are being confirmed and communications sent to participants informing on project, remit, participation and meeting schedule.
- Procurement activities for the remaining client-side consultants have been conducted. With exception of the Feasibility consultant, all contracts are to be executed by mid-February. Consultant fees total of \$1.508m which is within 2022 budgeted figure. A breakdown of consultant fees is provided below.

Activity	Consultant	Cost Proposal
Architect	Hassell Limited	\$752,086
Highest and Best Use Analysis	Deep End Services	\$50,000

Activity	Consultant	Cost Proposal
Independent Review of Trunk Infrastructure	SMEC	\$20,000
Quantity Surveyor	WTP	\$30,000
Planner	[REDACTED]	\$37,000
Feasibility	To be confirmed	\$100,000
Stakeholder Engagement	To be confirmed	\$100,000
Schematic Design	To be confirmed	\$419,069

- Final scope for feasibility consultant is under review and to be further negotiated.
- [REDACTED] have been asked for a proposal regarding stakeholder engagement and communications through the development of the Newnham Red Land Masterplan. Proposal is due to be received on 18 February 2022.
- Following conclusion and approval of the final Newnham Red Land Masterplan, intent is to move to schematic design in Q4 2022. A provisional budget of \$419,069 has been allocated for this activity. It is noted that the expenditure will be contingent on UPPL Board approval using the proposed (WIP) Development Decision matrix.

ATTACHMENTS

1. Nil.

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 2.3

From: Matthew Higgs

Date: 7 February 2022

Subject: UPPL 2022 Budget

RECOMMENDATION

That the Board APPROVES:

- A 2022 yearly revenue and expenses budget

SUMMARY

- This paper sets out the total revenues and expenses forecast for 2022. Total revenue expected in 2022 of \$11.4m and expenses and depreciation totalling \$13.7m. A net operating loss of \$2.3m including depreciation expense of \$570k.
- Revenues:
 - The subnet sale of Blocks 1 and 2 to generate revenue of \$9.1m in total by first half of 2022, revenue is forecasted on selling of 131,072 IP blocks @ US\$51.9 each.
 - MidCity Hotel lease to create revenues in line of \$700k for the year ending 31 Dec 2022.
 - Rental revenues expected from old UTAS Leases being transferred to UPPL during the year to yield revenue in excess of \$1.5m.
- Expenses:
 - All 2022 Budgeted salaries increased by 2.5% CPI of 2021 salaries including additional appointments of a Graduate Accountant (HEO5), AP/AR Finance officer (HEO5) and Executive Director, Development (2IC). New 2022 commencements include a Finance Business Partner and Investment Analyst.
 - 2022 Director fees are budgeted at 2021 fee base with additional director salary of \$70k included.
 - Sandy Bay Masterplan costs including:
 - Consultant fees for responses to the City of Hobart Request for Information pertaining to the PSA Application of \$275k
 - Sandy Bay Staging costs at \$6.9m comprising Design & Construction \$4.9m, Infrastructure costs: \$369k, Headworks: \$200k, Commercial Valuations costs: \$350k and Business plan development: \$250k.
 - Newnham Red Land Masterplan cost of \$1.9m based on \$5.63p Sqm for 267,800sqm development, the major consultant costs for Newnham includes [REDACTED]: \$752k, Schematic designs: \$420k, Feasibility reports: \$100k and Stakeholder Consultation: \$100k.
 - Other Core Business operations include consultant's costs for Innovation Hub (\$100k), Activity Centre (\$51k), Farm Feasibility(\$51k) and Rerouting infrastructure for defence precinct (\$103k).
 - Commercial Leasing costs are forecasted at \$230k with majority being spent on Devine property management fee (\$80k) and Retail lease compliance works (\$150k). ISD Management fees will also form part of these costs once an agreement is negotiated with ISD.

- Other operating expenses totals \$1.6m which comprises majority of Depreciation charges \$569k, external legal consultant \$300k, Investor roadshows \$150k, IT Expenses \$50k, Insurance costs \$46k and other operating costs such as Compliance, branding and Audit fees.
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RISKS

- Budget is high risk due to sale of subnet blocks falling over in Q4 2021. The transaction was renegotiated with an Australian ISP provider Mate however is yet to be concluded.
 - IPv4 netblock 144.6.0.0/16 consisting of 65,536 IPv4 addresses (Block 2) will be sold in Q1, 2022. This will follow the same process as Block 1.
 - Likelihood of \$9m revenue gap is medium to high.
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ATTACHMENTS

1. UPPL 2022 Budget.
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RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

UPPL Action Log last updated 1 February 2022

No	Item	Sub Item	Description	Due Date	Board meeting and item ref	Accountable	Comments	Status
A91	Sandy Bay Masterplan	Negotiations	Sandy Bay Quarry Proposal – management to progress engagement with relevant external parties to determine feasibility and appropriate engagement model.	Apr-21	14/12/2020 Item 4.2	MH/BP	<p>needs of agreement being negotiated – 2 issues to close re approval of design permanent structure and insurance.</p> <p>Planning change of use required. Up to 6 months.</p> <p>Key issues planning (traffic) with Nick Bedding - duration</p> <p>- insurance - valuation assisted by Symic partnering with Rocket</p> <p>Draft HOA issued to Symic W/E 5/10/2021</p> <p>2/2/22 - HOA to be updated to suit amended access and timing. DA submission program for June 2022 and opening date revised to summer 2022.</p>	Open
A90	Stage 2 preliminary masterplan	Governance	Company Secretary to send the presentation document to all Directors.		25/08/2021 - Item 1.5	JB		open
A93	Commercial Leases	Commercial Leases	CEO to engage Devine Commercial Property Management.		25/08/21 - Item 2.1	MH	27/10 - Discussions underway with Devine. Engagement of UTAS legal to draft contract. Contract with Devine for execution. Expected by end of week.	open
A94	Commercial Leases	Commercial Leases	CEO and Company Secretary to develop a Service Level Agreement between UPPL and the UTAS Infrastructure services Division.		25/08/21 - Item 2.1	MH & JB	27/10 - Discussions have commenced with ISD as to roles and responsibilities with high level principles agreed. SLA to be developed over coming 2-3 weeks.	open
A95	Commercial Leases	Commercial Leases	CEO and Company Secretary to develop an operational process in line with the commercial leasing strategy outlined above		25/08/21 - Item 2.1	MH & JB	27/10 - High level operating model developed. Further scenario planning in train. Initial lease cut as per Board decision complete. Move to resolve as per SLA and Devine contract over ensuing 2-3 weeks.	open
A96		CEO Update	CEO to progress analysis on Embedded Network feasibility.		25/08/21 - Item 3.1	AW	<p>Draft scope developed. 3 consultants to be selected for market response fees proposal.</p> <p>27/10 - RFP's for Embedded Network feasibility response received from 2 providers. Under review by UPPL and SBMP Peer Review services engineer</p> <p>Updated pricing due on 11/11. Decision to be made on 12/11.</p> <p>Feasibility underway. Earliest completion expected end of Feb 2022. Discussion required around responsibility for legal review.</p>	open
A113		Corporate Restructuring	Company Secretary to provide an update on the TasCorp debt facility and likely funding impact for UPPL		6/10/2021 - Item 2.3	JB		open
A120	SB Return Matrix	Masterplan	UPPL CEO to re-model the evaluation metrics at project/asset class level.		27/10/2021 - Item 2.3	MH	MH to take to 17 November Board	open
A121	Sandy Bay Masterplan	Masterplan	UPPL CEO to review the CoH report in terms of any references to financial bonds for Council managed bush areas.		27/10/2021 - Item 3.2	MH	2/2/22 - Board paper 3.3 in 7 Feb meeting	open

A123		Operational	Company Secretary to develop stage 2 template contracts and Development Decisions Matrix.		27/10/2021 - Item 4.1	JB		open
A124		Operational	The Company Secretary to incorporate the tax and duty considerations into a Development Decision Matrix—which will be developed post PSA to include board approved parameters to guide UPPL development decisions.		27/10/2021 - Item 4.2	JB		open
A126	Introductory Items	PSA lodgement	UPPL CEO to send the FAQ package for the PSA submission to Directors.		6/12/2021 - Item 1.3 (1)	MH		open
A127	Introductory Items	PSA lodgement	UPPL CEO to lodge the PSA by COB 6 December 2021.		6/12/2021 - Item 1.3 (2)	MH	Submitted 6 December	Complete
A128	Matters for decision	2022 Budget	UPPL CEO to finalise draft development decision matrix for review by the Board in February 2022.		6/12/2021 - Item 2.1 (1)		2/2/22 - Paper in Draft	open
A129	Matters for decision	2022 Budget	UPPL CEO to provide Directors with an organisational chart of UPPL resourcing and roles, skill sets in the UPPL management team and profit and loss statement.		6/12/2021 - Item 2.1 (2)			open

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 3.1

From: Matthew Higgs
Date: 7 February 2022
Subject: CEO Update

RECOMMENDATION

For NOTING by the Board.

EXECUTIVE SUMMARY

Project Name	Target Date	Current Budget (\$M)	Status
Planning / Master Planning			
Newnham Masterplan (Schematic Design)	Aug 2022	1.51	●
Sandy Bay Master Plan (Post PSA works)	Oct 2022	6.93	●
Strategic / Development Projects			
Pre Concept Phase			
Outdoor activity centre (submit DA)	Jun 2022	\$10k (preconcept)	●
Concept Phase			
Innovation Cluster, SB (Concept)	April 2022	\$20k (concept)	●
Feasibility Phase			
University Farm, Cambridge (On Hold)	TBA	\$51.3k (feasibility)	●
Operational Projects (Improving Commercial Returns)			
Outsourcing of Commercial Leases	Q1, 2022	Unbudgeted	●
6 Grace Street (lease remaining area)	Apr 2022	\$38k (income p.a)	●

STATUS LEGEND	
●	On track— with current plan and resources milestones will be met
●	Issues— current plan needs some amendment and some specific interventions needed to ensure milestone hit
●	Significant Issues— plan requires significant amendment and/or more resources, significant interventions needed
●	Major issues— will not hit final target with current plan. Major changes, milestone moves and/or additional resources required
●	Goal will be missed— will miss goal or major milestones and new plan, timeline and resources needed

UPPL ANNUAL FINANCIAL REPORT FOR THE PERIOD ENDING 31 DECEMBER 2021

FINANCIAL STATEMENTS ENDING 31 DECEMBER 2021

- UPPL was established on 10 October 2019 as a wholly owned subsidiary of the University of Tasmania (UTAS). In accordance with UTAS financial reporting framework, UPPL financials form part of the consolidated set of accounts which are prepared by UTAS Financial reporting team and audited by the Auditor General of Tasmanian Audit office.
- The UPPL financial statements will be prepared in accordance with the *Australian Charities and Not-for-profits Commission Act (ACNC) 2012*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of the various Accounting Standards applicable to UPPL.
- The UTAS Financial reporting team is finalising various inter-entity (UTAS-UPPL) transactions for December 2021 year end and will have the consolidated and standalone UPPL accounts prepared and submitted to Auditor General's office by 31 January 2022. UPPL will also be seeking an exemption to the Audited accounts process from the Auditor General, as UPPL does not satisfy ACNC's Audited Financial statement threshold limit. The final confirmation will be decided by Auditor General's office.
- Post audit, UTAS is seeking to have approved all the consolidated and subsidiaries account by the University Council by 11 February 2022. Post this date a separate briefing note and disclosure paper for UPPL board will be prepared regarding the financial reports. It is expected that the reporting procedure to the UPPL board by will be completed by 28 February 2022.

INCOME STATEMENT & BALANCE SHEET - 31 DECEMBER 2021 [DRAFT POSITION]

- To provide the Board with a preliminary view of UPPL's fiscal position for the 2021 financial year, standalone draft Income Statement and a Balance Sheet for the year ended 31 December 2021 has been prepared.
- Key items to note include:
 - UPPL has recorded an operating loss of \$4.53m primarily due to professional / advisory costs related to Sandy Bay Master Plan (\$2.9m) and Salary overheads (\$1.3m);
 - the loss was also inflated due to the deferred timing of the IP address subnet sale to 2022 (originally forecast for Q4 2021). The budgeted 2021 sale would have provided \$4.5m in revenue to offset some of the operating expenses.
- The December 2021 Balance Sheet includes:
 - assets such as land and building (\$360k) at 6 Grace St Sandy Bay;
 - accrued revenue for commercial leases (\$33k);
 - UPPL liabilities include operating capital owing to the parent entity UTAS of \$4.3m; and
 - accrued provisions and expenses (\$624k).

PROJECT SUMMARIES: PLANNING / MASTERPLANNING

1. Project: Newnham Red Land Masterplan – Commencement of project

Execution of the masterplan and redeveloping the UPPL surplus land (Red Land). This includes existing buildings (assets) and existing leases at the Newnham campus, following the Northern Transformation development that moves the main University operations to Inveresk. Includes planning for all underground trunk infrastructure including the UPPL Red Land, land held under title by AMC (Black Land) and land granted to the State under the Launceston City Deal (Yellow Land).

Opportunity

- The decant strategy for Newnham will be well progressed through 2023 with the move of the library and humanities to Inveresk.
- Hassell has been appointed as architects to develop the Newnham Red Land Masterplan. Board Paper 2.4 requests approval by the Board for funding to support appointment of the remaining client-side consultants.
- The Newnham Red Land Masterplan will be developed from February through end August 2022 with the intent to move to schematic design in Q3/Q4 2022.
- Opportunity exists to accelerate development of the Red Land at Newnham with construction commencing in 18 months.
- A highest and best use analysis will be commissioned in February to assist in understanding market demand by asset class. This will inform UPPL on opportunities to activate the site in the short to medium term and be a first mover in the market.

2. Project: Sandy Bay Masterplan – Post PSA Submission

The UPPL Sandy Bay Masterplan will equip the University with a long-term model that provides the University with surety, vision and ensure the long-term economic, social and environmental viability of the precinct.

Progress post PSA Submission

- The PSA was submitted on 6 December 2021. The City of Hobart issued a Request for Information on 24 December 2021 containing ~155 questions.
- A detailed plan for the approach to respond to the RFI has been developed.
- Board Paper 2.1 is seeking approval from the Board for funding of \$275,320 for consultants to undertake activity to execute responses to the RFI questions.

Opportunities while PSA is being determined

- It is anticipated that the PSA will take approximately until end October 2022 to be approved based on planning timeframes.
- The challenge to UPPL during this time will be to optimise any potential revenue generation through short term activation of assets aligned to the UTAS decant strategy.
- In parallel, following conclusion of the feasibility modelling that will determine staging coupled with approval of the UTAS Financial Masterplan, it is the intent to go at risk with design on assets identified for the first stage. This will enable submission of a Development Application to the CoH post PSA approval. Key risk will be abortive design costs in the event that the PSA is not approved or the PSA has conditions placed on it.
- Board Paper 3.2 considers a draft proposed development and delivery program for Board discussion.

Stakeholder Engagement

- A detailed stakeholder engagement and communications plan was developed for the period post PSA submission. The objective is to establish a framework for the ongoing proactive communication about the masterplanning process for the Sandy Bay campus among key stakeholders to influence the successful approval of the PSA.
- In the period post PSA submission a number of discussions have been held with the CoH elected members:
 - Lord Mayor Anna Reynolds
 - Alderman Simon Berahkis

- Alderman Damon Thomas
- Councillor Mike Dutta
- Councillor Will Coats.
- Key issues / themes that have emerged in those discussion include:
 - Concerns around the media and stakeholder engagement including counselling we need a much simpler message
 - Save UTAS action group had met with the elected members with their main concerns being the traffic impact of Sandy Bay campus redevelopment and “who” would be moving into residential developments. Also noted that the public would not support high or medium density housing in Sandy Bay
 - Level of community engagement for the Sandy Bay campus transformation with individuals and organisations making submissions
 - Parking and traffic concerns for the redeveloped site
 - Affordable, social, and attainable housing on-site & price-points
 - Aged-care facilities on-site
 - Commercial facilities, especially supermarket locations
 - Housing density and housing mix.
- Further discussions are planned with remaining elected members through January and early February 2022.
- Press releases are also being prepared aligned to RFI questions, the themes above and the topics raised in the COH’s Sandy Bay UTAS Redevelopment Submission. These will be syndicated with external media over the February / March period during Phases 2 and 3 of the PSA process.

2021 Budget / Financial

- The approved budget for Sandy Bay Masterplan Stage 2-5 is \$2,301,598 ex GST. The approved budget for Sandy Bay Stakeholder Engagement was \$696,505 ex GST.
- A monthly cashflow for the Sandy Bay Masterplan was produced.
 - The current cashflow spend on Sandy Bay Masterplan through end of December 2021 is \$2,993,792.
 - The 2021 year-to-date budget is \$2,815,823.
 - The delta between budget and actual is an overspend of \$177,968.
 - This is primarily due to an increase in consultant costs for Deloitte (\$102k) who were engaged to provide Sandy Bay feasibility report and Minter Ellison (\$68k) consultation on Sandy Bay structures and development advice.

PCG & ADRG

- The PCG format and membership is proposed to be revised for the next phases of the Sandy Bay Masterplan project.
- UPPL will provide a proposed updated ToR and membership list at the next Board meeting.

Sandy Bay Masterplan Feasibility – Updated Feasibility Model

- Discussion with the Vice Chancellor, Chief Operating Officer, Executive Director of Corporate Finance, Deloitte and Flagstaff in December 2021 provided the guidance for the next iteration of the Sandy Bay Masterplan feasibility model.
- Board Paper 2.3 Revised Staging provides further information on progress of the model and seeks approval for treatment of the Sporting Precinct.
- Deloitte has been appointed to execute delivery for the next iteration of the Sandy Bay feasibility model with deliverable due on 28 February 2022 that will input to the UTAS Financial Masterplan in March 2022.

- Total cost for this phase of work by Deloitte is \$70,000.

Embedded Network

- The High Level Feasibility and Business Case study for the inclusion of an embedded network on the Sandy Bay Masterplan has commenced with a kick off meeting with Active Utilities held in mid January 2022. The earliest expected completion of the High Level Feasibility and Business Case is by the end of February 2022, however this will depend on accessibility of TasNetworks and City of Hobart representatives.
- The High Level Feasibility and Business Case for the embedded network will provide at its conclusion:
 - a summary of the current legislation related to the ability to set up, operate and sell power as a retailer via an embedded network (as opposed to the current supply only provision)
 - a set of financial metrics on the viability of an embedded network for the Sandy Bay Masterplan site
 - identification of opportunities to develop an internal grid supplied by electricity generated on site through solar and either on sold to users on site or stored in battery banks for later use
 - potential for the solar power generated on site to be fed back into the external power grid. This is a key item for discussion with TasNetworks.
- The next step in the embedded network investigations is to establish both the communications with the relevant authorities and key overall directions for the site:
 - for discussion with TasNetworks will be the implementation of a private distribution network for the site and the incorporation of multiple embedded networks within the private distribution network.
 - pursuant to a favourable response from TasNetworks, contact will be established with City of Hobart to discuss the embedded network proposal.
 - Previous discussions with TasNetworks were generally positive on the proposed inclusion and have expressed interest in an ongoing involvement with the proposal.
- Part of the Embedded Network Feasibility and Business Case Study is the inclusion of a decentralised sewer network which could drastically reduce the amount of raw sewerage being removed from site via existing trunk infrastructure.
 - The decentralised sewer network may also supply a significant amount of clean water which could be used to maintain the Sandy Bay sites playing fields and landscaping.
 - A meeting with Tas Water has been scheduled for the second week of February to further discuss this proposed inclusion in the development of the site.
 - After this meeting (and subject to a positive response from TasNetworks) a meeting will be schedule with the City of Hobart.

Key Risks and Opportunities

- On 18 November 2021, UPPL management and consultants attended a second risk workshop to:
 - re-evaluate the existing risk register for Stage 5 to PSA lodgement; and
 - determine and assess new risks from PSA lodgement until early development (Revised Risk Register).
- In terms of the existing risk register for Stage 5 to PSA lodgement, one of the new risks that was identified through the final ecology report was EPBC referral adversely impacting development in precinct 5. This risk was rated 'borderline' in terms of UPPL risk appetite. UPPL management has:
 - sought external advice in preparing the EPBC Act referral document and setting the strategy for the EPBC assessment within UPPL overall approvals plan (ie timing of referral submission, assessment options and coordination with related approvals); and
 - incorporated the EPBC risk as 'risk 8' into the Revised Risk Register.
- The draft Revised Risk Register is attached for information purposes only and will be the subject of a governance meeting for quarter 1 2022.

Next actions

- Finalisation of the embedded network business case
- Updated design response and associated cost plan to reflect change in design for sports precinct
- Updated feasibility to reflect business cases associated with certain asset classes including: retail/F&B, accommodation, education, community assets (sports, theatre, education, library etc) and certainty of modelling from Year 1 to 10 with scenarios for out years
- Updated staging plan reflecting feasibility model outcomes as requested by the UPPL Board
- Finalisation of inclusions of Stage 1 and,
- Appointment of consultants for Stage 1.

PROJECT SUMMARIES: OPERATIONAL PROJECTS

IPv4 Subnet Sales Progress Update

- The PSA contract between UTAS Properties Pty Ltd and Nationwide Computer Systems, Inc. Trading as IPTrading was executed by both parties on 25 October 2021
- IPTrading had secured a "pre-approved" buyer for the first netblock consisting of 65,536 IPv4 addresses. This buyer was Knoxville Utilities Board (City of Knoxville in Tennessee, USA) who have ARIN preapproval, budget approval and are a respectable partner of IPTrading. In November 2021 this buyer withdrew interest to purchase the IP addresses.
- The transaction was renegotiated with an Australian ISP provider Mate :
 - the sale price negotiated with Mate remains at \$51.88 per unit resulting in gross proceeds to be \$3,400,000USD
 - as of 21 November 2021 the sale contract is currently under review with Mate with 11 February 2022, being scheduled as date of fund transfer from Mate into an escrow. Once money is received in an escrow, UPPL will initiate transfer of IP addresses to Mate's APINC account within 50 days as per the sale agreement
 - the pricing achieved on this sale is comparable to recent market sales like Cisco Webex at \$50USD to \$52USD per address. Cisco typically trades at a premium. UPPL is confident that the IP assets are sold at an optimal price
 - IPTrading Commission is 2.5%, or \$85,000, the escrow fee and APNIC transfer fee is paid by the broker leaving a net proceed of \$3,315,000USD less any currency conversion fees or FX risk

- The approximate sale price for Block 1 in AUD is \$4,475,250. This is calculated on an exchange rate of 1.35 and excludes fees and transfer costs.
- IPv4 netblock 144.6.0.0/16 consisting of 65,536 IPv4 addresses (Block 2) will be sold in Q1, 2022. This will follow the same process as Block 1.

PROJECT SUMMARIES: DEVELOPMENT PROJECTS

Project: Innovation Hub. Sandy Bay Campus

Project Summary Progress

- A suitable location (1,500sqm over two levels) was identified for the Innovation Hub in the space currently occupied by TUSA. That location is earmarked for an Aged Care development within the Sandy Bay Masterplan. Initial timing considered development for the site commencing in 2024. This is currently being tested through the Deloitte work on the feasibility model.
- Once a suitable space is located, architects will be procured to develop a brief for the design and delivery of the Hub.

Project Milestones

Date	Milestone	Status
Dec 2021	Identify Suitable location	In progress
Feb 2022	Architect Engaged	Not Started
April 2022	Concept Design ready for UPPL Board Review	Not Started

Next actions:

- Work with UTAS Southern Transformation to identify a suitable location with a minimum of 6 years operation
- Shortlist Architects with suitable experience in the Innovation Hub space to develop brief.

PROJECT SUMMARIES: DEVELOPMENT PROJECTS

Project: Outdoor Activity Centre, Proctors Rd (Quarry) Sandy Bay

Project Summary Progress

- Discussions with the proponent, [REDACTED], are ongoing. [REDACTED] are a joint venture between Symic and [REDACTED].
- A recently completed traffic engineering report has indicated that access into the quarry off Proctors Road will be problematic and unable to be supported from a traffic engineering perspective.
 - Access to the quarry from the Olinda Grove sports fields is being investigated which in turn promotes a revised business model where UPPL and [REDACTED] provide capital to develop the adventure park and share in revenues.
 - This approach is similar to the partnering between UTAS and Swisher and consistent with direction from the UPPL board to explore a shared business model for the quarry adventure park.
- Strategically, should Olinda Grove be a preferred option, consideration should be had to the interaction with Precinct 5 under the proposed Sandy Bay Masterplan.
 - [REDACTED] are currently reviewing options for placement of administration / change facilities and access to the quarry through the Olinda Grove property and will revert to UPPL with proposals and a revised set of financial business models

Project Milestones

Date	Milestone	Status
Jan 2022	Execute NDA	Completed
June 2022	Submit DA	Not Started
Dec 2022	Outdoor Activity Centre Operational	Not Started

Next actions:

- Execute HOA
 - Agree Access requirements with CoH
-

ATTACHMENTS

1. UPPL Balance Sheet and Profit and Loss Statement as at December 2021
 2. Sandy Bay Masterplan Full Final Risk Register
 3. Sandy Bay Masterplan Summary Slide (For Council presentation)
-

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: CEO, UTAS Properties

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 3.2

From: Matthew Higgs

Date: 7 February 2022

Subject: Updated Development and Delivery Program

RECOMMENDATION

That the Board **NOTES** and **DISCUSSES** the proposed development and delivery program timeframes for the Sandy Bay Masterplan that will enable UPPL to meet its financial targets post 2024:

- feasibility model to be finalised by 28 February 2022 to resolve staging and input to the UTAS Financial Masterplan by 11 March 2022;
- UPPL to go at risk on detailed design for assets identified as being within Stage 1, in Q2 2022, with intent to submit a Development Application following approval of the Planning Scheme Amendment (PSA) in late Q4 2022;
- secure parent or external funding for Stage 1 through 2023;
- build or buy capability to execute sales and marketing activity for UPPL in 2022-23;
- procure construction contractors in 2023; and
- commence development on Stage 1 identified assets in March 2024.

SUMMARY

Situation

- The PSA application was submitted on 6 December 2021. It is anticipated that this process may take up to 10 months to secure approval aligned to planning guidelines given the complexity, size and public interest in the proposal.
- The feasibility model for the Sandy Bay Masterplan is being finalised based on feedback provided in December 2021 by the UPPL Board, VC, COO, and Executive Director of Corporate Finance
 - The feasibility model will form a critical input for the UTAS Financial Masterplan that will be presented to UTAS Council in April 2022 for approval
 - UPPL is dependent on the approval of the financial masterplan to pursue development opportunities at both Sandy Bay and Newnham.
- The feasibility model will determine staging for the Sandy Bay Masterplan and identify which assets will fall within Stage 1 to progress to detailed design through Q2 to Q4 2022.

Complication

- Failure to secure approval of the Financial Masterplan will place UPPL at risk in achieving its financial targets from 2024 onwards.
- UTAS Financial Masterplan is reliant on dividends from the Sandy Bay Masterplan through the period from 2024-2030 to underpin its capital investment in core teaching and learning facilities through the Southern Transformation Program (STP).
- A sequential program that pauses commencement of detailed design ready for development application until the PSA is secured would see a significant delay in the realisation of benefits to the STP. Further, given the current decant plan, may also result in redundant assets on the Sandy Bay

site at cost to UPPL.

- The key risk to UPPL in commencing design in early Q2 2022 is abortive design costs if the PSA is either modified with conditions placed on what has been proposed, or, that the PSA is rejected.
- Presumption of an approved PSA and commencement of design at risk may in turn provide risk to activities in progress under the Southern Transformation Program regarding the Forestry Development Application under consideration with the City of Hobart.

Resolution

- Engagement with the Southern Transformation Team regarding the integration of the communications / stakeholder management strategy for the CBD move and the interdependencies with the Forestry Development Application currently with the City of Hobart for approval.
- Deloitte has been appointed to revise the feasibility model that will input to the UTAS Financial Masterplan model for UTAS Council approval in April 2022
 - Stage 1 assets to be identified enabling appointment of consultants for detailed design in March / April 2022.
- Following approval of the Sandy Bay Masterplan Feasibility model and Financial Masterplan, UPPL progress:
 - The securing of funding for Stage 1 assets in 2023;
 - In-house sales and marketing capability build in late 2022 to enable collateral development in 2023 and sales execution;
 - Procurement of construction contractors in 2023; and
 - Commencement of development in March 2024.
- To mitigate abortive design costs, Stage 1 assets will be assessed by the UPPL Board as per the project development approval gate process to provide rigour and governance on expenditure.

ATTACHMENTS

1. Sandy Bay Delivery Program Gantt.

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

ID	Task Name	Task Mode	Duration	Start	Finish	Predecessors	Half 1 2022	Half 2 2022	Half 1 2023	Half 2 2023	Half 1 2024	Half 2 2024
							N	D	F	M	T	W
1	Sandy Bay Masterplan DRAFT Program for Discussion: 2022 - 2024	605 days	Mon 6/12/21	Fri 29/03/24								
2	Planning Scheme Amendment Timeline (Best Case)	244 days	Mon 6/12/21	Mon 7/11/22								
3	PSA Submitted	0 days	Mon 6/12/21	Mon 6/12/21								
4	PSA Submitted	35 days	Mon 6/12/21	Fri 24/12/21								
5	COH RFI Issued / Responded	46 days	Mon 27/12/21	Mon 28/02/22								
6	Council Initiate & Certify PSA	27 days	Tue 1/03/22	Wed 6/04/22								
7	PSA Public Exhibition	35 days	Thu 7/04/22	Mon 16/05/22								
8	Council Initiate and Endorse Section 39 Report and forward to TPC	30 days	Tue 17/05/22	Mon 4/07/22								
9	TPC Hearings and Approval, Modification or Refusal of PSA	0 days	Tue 5/07/22	Mon 7/11/22								
10	PSA Approved	0 days	Mon 7/11/22	Mon 7/11/22								
11	Sandy Bay Masterplan Feasibility	64 days	Thu 27/01/22	Wed 27/04/22								
12	Update Sandy Bay Masterplan 6	4 wks	Thu 27/01/22	Wed 23/02/22								
13	Masterplan 6 Feasibility and Proof of Concept	17 days	Mon 28/02/22	Tue 22/03/22								
14	SRC Approval of Updated Sandy Bay Masterplan 6 Feasibility	0 days	Tue 22/03/22	Tue 22/03/22								
15	UTAS Council Approval Financial Masterplan	0 days	Wed 27/04/22	Wed 27/04/22								
16	Debt & Equity Funding Strategy	402 days	Wed 27/04/22	Thu 9/11/23								
17	Development (inc UTAS Council 29/6/22 & 31/8/22, UPPL Board 8/6/22 & 15/8/22, SRC 6/6/21 & 9/11/21)	71 days	Wed 27/04/22	Wed 31/08/22								
18	Approvals (inc UTAS Council 18/10/22 & 8/12/22, UPPL Board 21/11/22, SRC 14/11/22)	12 months	Thu 1/09/22	Thu 8/12/22								
19	Execution	90 days	Fri 9/12/22	Thu 9/11/23								
20	Stage 1 Feasibility and Gateway Approval	90 days	Thu 27/03/22	Wed 1/06/22								
21	Stage 1 Asset by Asset Gateway Approval	0 days	Wed 1/06/22	Wed 1/06/22								
22	Stage 1 UPPL Board Gateway Approval (Currently Being Drafted)	0 days	Wed 1/06/22	Wed 1/06/22								
23	Stage 1 UTAS Council Approval of Financials	0 days	Mon 28/02/22	Fri 3/03/23								
24	Planning Approvals	265 days	Mon 28/02/22	Mon 28/02/22								
25	PM (Later Superintendent) Engaged	0 days	Wed 27/04/22	Wed 27/04/22								
26	Scopes Finalised & Consultants Engaged for DA Design Development	0 days	Wed 27/04/22	Wed 27/04/22								
27	Design Development to 30% (DA Submission)	16 wks	Wed 17/08/22	Tue 30/08/22								
28	Pre DA Submission Cost Plan Assessment	2 wks	Wed 31/08/22	Tue 13/09/22								
29	ECI Design & VM	1 wk	Wed 14/09/22	Tue 20/09/22								
30	Pre DA Submission Cost Plan	2 wks	Tue 8/11/22	Mon 21/11/22								
31	Planning Set Adjustment based on PSA Approval	0 days	Mon 21/11/22	Mon 21/11/22								
32	DA Submitted	36 days	Tue 22/11/22	Tue 10/01/23								
33	14 Day Period to Query DA Application	38 days	Wed 17/04/23	Fri 3/03/23								
34	DA Approval Period (42 days Stat + 10 Day Response Allowance)	535 days	Mon 14/03/22	Fri 29/03/24								
35	DA Approved	60 days	Wed 8/06/22	Wed 8/06/22								
36	Sales and Marketing	7 months	Wed 8/06/22	Tue 20/12/22								
37	Develop Strategy for Build v Buy Sales & Marketing Capability	1 mon	Mon 6/03/23	Fri 31/03/23								
38	Board Approval	12 months	Mon 3/04/23	Fri 1/03/24								
39	Commence Development of UPPL Sales & Marketing Team	4 wks	Mon 4/03/24	Fri 29/03/24								
40	Development of Sales & Marketing Collateral	0 days	Fri 29/03/24	Fri 29/03/24								
41	Sales and Marketing	219 days	Mon 6/03/23	Thu 4/01/24								
42	DA and Sales & Marketing Float	2 months	Mon 6/03/23	Fri 21/07/23								
43	80% Sales Precommitment	4 months	Mon 3/04/23	Fri 21/07/23								
44	Tender Documentation	4 months	Mon 3/04/23	Fri 21/07/23								
45	Design Development to 70% for Tender	2 months	Fri 10/1/23	Thu 4/01/24								
46	Report Development to 100% for Tender	0 days	Fri 29/03/24	Fri 29/03/24								
47	Tender & Award	0 days	Fri 29/03/24	Fri 29/03/24								
48	Delivery	0 days	Fri 29/03/24	Fri 29/03/24								
49	Commence on Site	0 days	Fri 29/03/24	Fri 29/03/24								

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 3.3

From: Matthew Higgs

Date: 7 February 2022

Subject: Project Level Asset Class Benchmark Yields and Margins

RECOMMENDATION

That the Board **NOTES** and **DISCUSSES** the benchmark market yields and development margins for asset classes that are proposed in the Sandy Bay Masterplan and being tested in the feasibility model. The benchmarks will underpin the business case for each project and form part of the analysis at each stage of the development lifecycle for approval by the Board in the Project Gateway Approval process.

SUMMARY

- UPPL's mission is to focus on regenerating surplus UTAS land through large-scale urban renewal developments to unlock long-term social and economic value for UTAS.
- UPPL's long term strategy is to invest in opportunities with the right delivery partner and the right risk adjusted returns, while ensuring its balance sheet reflects the prevailing macro environment, and to make returns to UTAS who support us in achieving this purpose.
- The Sandy Bay Masterplan includes a range of asset classes that will be delivered by UPPL, as Master Land Developer.
 - A diversified property portfolio active in Private for sale, Build to Rent, Education, Residential Communities, Retirement Living, Aged Care, Allied Health, Retail, Workplace Properties and Sporting and Civic Infrastructure including utilities.
 - The business model employed may differ for each asset class with commensurate market yields and development margins for each asset class reflecting the risk profile to the developer
- UPPL will be targeting the following minimum yields and development margins - as benchmarked by Deloitte against the broader market for projects of similar size and complexity – to achieve its mission.

Asset Class	Benchmark Market Yield (Minimum)	Benchmark Development Margin (Minimum)
Residential Apartments		20-25%
Residential BTR	6.0%	
Commercial Office	7.0%	
Child Care	5.0%	
Retail / F&B	5.0%	
Retail Centre (inc. Supermarket)	5.25%	
Serviced Apartments	6.5%	
Hotel / Eco Hotel	6.5%	
Medical Centre	6.0%	
Residential Aged Care	6.5%	
Retirement Living		15-25%
Education	7.0%	

- The benchmark market yields (asset classes to be retained, managed and leased by UPPL) and development margins (for asset classes to be disposed on completion) will form the basis for analysis on each individual project business case. This will be reflected through the development decision matrix model to prioritise projects that will deliver optimal returns to UPPL.
- The UPPL Board will be afforded strong oversight and governance as to achievement of the benchmarks as each project moves through the Project Gateway Approval process (in Draft).

ATTACHMENTS

1. Nil.

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 3.4

From: Matthew Higgs

Date: 7 February 2022

Subject: Pre-commitment for retail (Precinct 5)

RECOMMENDATION

That the Board **NOTES** and **DISCUSSES** the development of collateral and formal process to secure a Heads of Agreement with a preferred proponent to act as an anchor tenant for Precinct 2 and 5 respectively.

SUMMARY

Overview of opportunity

- The Planning Scheme Amendment (PSA) Application for the Sandy Bay Masterplan includes:
 - 4,000sqm of Supermarket and Specialty Retail to Precinct 2
 - The Precinct 2 supermarket offering is a full line supermarket as represented by a Coles or Woolworths model
 - 3,900sqm of Market and Specialty Retail to Precinct 5 with an additional 1,100sqm of retail are inclusive of the ground floor shopfronts
 - Precinct 5 under the PSA application seeks approval for a market type offering which has multiple stalls with separate payment stations such as a Preston or South Melbourne Market. The market inclusion for Precinct 5 provides for the flexibility to incorporate a large amount of retail in the approved PSA.

Requirement for precommitment

- The retail offerings are pivotal for the activation of the respective precincts and represent opportunity to UPPL to secure certainty of annuity stream that will act as a key input to future proximate development.
- Precommitment is being sought from a potential partner for both offerings to de-risk the investment to UPPL.
- Timing for the staging is being tested as part of the work Deloitte is undertaking on the revised feasibility model for the Sandy Bay Masterplan
 - Currently the Precinct 5 offering is expected to be delivered before Precinct 2 and will be prioritised to secure a pre commitment from a retailer
 - However, it is noted that Precinct 5 is subject to a Commonwealth referral process under the EPBC Act which may pose a risk to timing.
- There is a risk that a suitable precommitment cannot be secured prior to the commencement of delivery of Precinct 5. In this instance the options include:
 - Option 1 - proceed with the stage at risk,
 - Option 2 - proceed with the stage but omit the market building
 - Option 3 - restage the delivery to include alternate asset classes. As the inclusion of the retail/market is key to the activation of Precinct 5, the most appropriate way forward should a

recommit not be secured may be to commence in a different Precinct on the Sandy Bay Masterplan site.

- There are other retail shopfronts to ground floors of various apartments buildings in both precincts, but these offerings will be for much smaller operators and not require precommitment prior to commencement of the construction works.

Discussions with potential partners

- UPPL has had preliminary discussions with three major retailers including Coles, Woolworths, and one retailer with a uniquely Tasmanian offering (Hill St Grocers) about the retail opportunities on the Sandy Bay Masterplan.
 - **Woolworths** – NDA executed with UPPL
 - Woolworths have attended the site twice to date and inspected both sites. At time of attendance, the final configuration for Precinct 5 as per the PSA application had not been determined (i.e. market type offering). They are non-committal about the preferred location for a full line supermarket but have noted the timeline for the delivery of the Precinct 2 retail offering may be more suited to their plans for expansion of their supermarkets in the Sandy Bay area.
 - **Coles** – NDA executed with UPPL
 - Coles will be travelling to Hobart late in January or early February and will visit the site. Although they have not seen the proposed retail locations in person, they are very interested in discussing the opportunities presented to them.
 - **Hill St Grocer**
 - The Hill St Grocer has previously expressed interest in opening a larger Hill St Store in Precinct 5.
 - Discussions with Hill St have been at a high level to date however a time is being arranged to meet with the proprietors in the next two weeks to further discuss the opportunity in person and visit the Precinct 5 site. A NDA has not yet been executed.
 - In discussions to date they have noted the importance of the mixing and sizing of the other retail and F&B offerings in achieving the required mix of retail and commercial to activate the precinct and entice a Hill St to Precinct 5.

NEXT STEPS

- Collateral is being developed that will "pitch" the opportunities for Precincts 2 and 5 to the potential partners outlined above.
- Meeting with Coles with Precinct 5 site visit.
- Meeting with Hill St Grocer with Precinct 5 site visit.
- Development of a process to seek formal responses from the 3 proponents as to interest in either/both Precincts with a view to secure commercial terms under a Heads of Agreement as soon as practicable but prior to commencement of any detail design to either precinct.

ATTACHMENTS

Nil

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

UTAS Properties Pty Ltd Board Meeting

Agenda Item: 3.5

From: Matthew Higgs

Date: 7 February 2022

Subject: Revised Staging

RECOMMENDATION

That the Board **NOTES AND DISCUSSES:**

- the proposed approach to the next iteration of the Sandy Bay Masterplan Feasibility model; and
- the reduction in sporting amenity from a commercial sporting activity centre to a club-based sporting activity centre and associated changes in both car parking and asset use type for Buildings 1.1 and 1.2 in Precinct 1.

CONTEXT

- The Sandy Bay Masterplan Feasibility Model has been developed to undertake a preliminary model of the viability of the Masterplan for PSA Submission and represents a book end based on a Built to Sell (BTS) posture showing a strong development margin for non-community assets.
- At the 6 December 2021 Board meeting, an updated model was presented based on:
 - maximising profits in the early years through residential build to sell to:
 - deliver returns to UTAS to enable investment in core teaching and learning assets in the CBD and
 - enable investment in below ground trunk infrastructure to unlock commercial and retail opportunities.
 - investment in community assets deferred until a "war chest" was achieved to minimise impact on UTAS capital position.

RISKS OF DECEMBER MODEL PARAMETERS

- The deferral of community assets reinforced that
 - time is eroding gross margin with significant dilution in the out years due to the compounding impact of inflation on costs
 - the community assets require a delivery model that will achieve a breakeven / positive return. If achieved, these assets may be able to be delivered earlier, drive sales and revenues and provide an uplift in gross margin.
- Inability to deliver a high-quality sports precinct in the early years will impact the University's commitment to provide amenity to its students and staff, particularly if development in Precinct 5 is a first mover with the removal of the existing soccer grounds at Mount Nelson.

PROPOSED APPROACH AND WAY FORWARD

- The Feasibility Model will continue to be refined through Q1 and Q2 in 2022 to optimise the viability of the Masterplan and to meet the requirements to input to the broader University Financial Masterplan.
- Discussion with the Vice Chancellor, Chief Operating Officer, Executive Director of Corporate Finance, Deloitte and Flagstaff on 10 December 2021 provided guidance for the next iteration of the

Sandy Bay Masterplan feasibility model. Refer to Attachment 1 – 'Proposed Approach and Way Forward'

PROGRESS TO DATE

1. Appointment of Deloitte

- Deloitte has been appointed to execute delivery for the next iteration of the Sandy Bay feasibility model that will input to the UTAS Financial Masterplan in March 2022.
- Total cost for this phase of work by Deloitte is \$70,000. This is within budget proposed for 2022.
- WTP have provided a capped fee of \$7,500. We will be using the current area rated cost plan as a basis of the assessments.

2. Business Plan Appointments

- The following consultants are being appointed to deliver business plans against the asset classes.

Asset class	Consultant	Cost	Due date for deliverable
Eco Hotel	BST Consulting	\$7,000	W/E 11/2/22
Sports precinct	UTAS / [REDACTED]	TBC	TBC
Education	TBC	TBC	TBC
Library	Libraries Tasmania	TBC	11/2/2022
Culture / Theatre	TBC	TBC	TBC
Retail	Deloitte	Inc in Feasibility	28/2/22
Aged Care	One Fell Swoop / Bridge Advisory (TBC)	\$15,000	W/E 18/2/2022
Medical Centre	Deloitte	Inc in Feasibility	28/2/22
Eco Learning Centre	Odonata	\$8,500	W/E 18/2/2022

3. Sports precinct – options analysis and direction required from the Board

- The existing Sports Precinct is predicated on the development of a commercial sporting activity centre with the Planning Scheme Amendment Application incorporating the following from the Sandy Bay Masterplan:
 - An increased size AFL oval that can also be used for cricket
 - 2 FIFA size soccer pitches – one at ground level and the other elevated with an undercroft that accommodates 300 car parks to service Precincts 1 and 2 as well as a multi-use space that provides for incorporating a gym, limited function space (e.g. bar and dining), pavilion seating and required storage training and sporting equipment to activate the space, 20x35 basketball court and indoor cricket facilities and change rooms
 - Building 1.1 nominated for commercial space targeted at Sports Science offerings
 - Building 1.2 focused on serviced apartments for short term accommodation.
- CHC was commissioned to provide options for the Sports Precinct based on the direction outlined above to optimise the viability of the precinct in the early phases of the overall Masterplan
 - Intent is to retain a sports facility that is targeted at club specific use and accommodates change rooms, multi-use space incorporating a gym, limited function space (e.g. bar and dining), pavilion seating and required storage training and sporting equipment to activate the space
 - The two soccer pitches to be at ground plane.

- Positioning both soccer pitches on ground has the following implications:
 - Removal of space allocated to accommodate the proposed 20x35 basketball court and indoor cricket facilities
 - Removal of the carpark under the elevated soccer pitch eliminating 300 car spaces. These spaces were originally allocated as per the table below

Preliminary Precinct 1 Redesign and Carparking Allocations

- CHC has proposed three preliminary options for review and comment (refer Attachments 2-4):

Generally, the preliminary redesign includes;

- Removal of the carpark under the elevated soccer pitch which removes 300 car spaces. These spaces were originally allocated as follows:
 - Approx. 150 shared cars - allocated to sports facilities and the commercial building 1.1 on Sandy Bay Rd.
 - Approx. 150 cars allocated to Commercial uses on Precinct 2 (100 for building 2.8 and 50 for building 2.4).
- Building 1.1 (commercial) on Sandy Bay Rd. turned into residential apartments – approx. 40 residential apartments (with carparking within site)
- Building 1.2 (71 serviced apartments) turned into 41 residential apartments (serviced apartments average size -50m2- is smaller than the residential apartments average size - 88m2-).
- Standalone sports facility to include; change rooms, gym, dojo, and multiuse facilities.
- Potential inclusion of 90 degree on-street parking adding approx. 50 additional car spaces for sports fields.

A summary of each preliminary redesign is as follows

- Option 1
 - Sports facility located north of soccer fields. With carparking under – Approx. 110 cars (70 for sports and shared uses / 40 for resi)
 - Building 1.1 (commercial) turned in residential apartments – carparking access shared with sports facility.
 - Building 1.2 (serviced apartments) turned into residential apartments.
 - Option 2
 - Sports facility located between oval and soccer fields with carparking under – Approx. 100 cars
 - Building 1.1 (commercial) turned in residential apartments – Potential 40 Apartments – Carparking access might be too close to intersection.
 - Building 1.2 (serviced apartments) turned into residential apartments.
 - Option 3
 - Sports facility located between soccer fields with carparking under – Approx. 100 cars
 - Building 1.1 (commercial) turned in residential apartments - Potential 40 Apartments – Carparking access might be too close to intersection.
 - Building 1.2 (serviced apartments) turned into residential apartments.
- The redesign of the Precinct 1 Sports and Amenity assets affects the parking numbers by an overall reduction of between 149 (alternate option 1) and 129 bays (alternate options 2 and 3).

- This is necessitated by the removal of the 300-bay carpark in the undercroft of the suspended soccer field.
- A key focus of the redesign of the Precinct 1 sports precinct will be to ensure the Precinct 2 Commercial Office parking rates are retained – a key leasing requirement in the Hobart office market. Note the Commercial Office parking ration is 3 bays/100sqm. Residential parking remains at 1.09bays/apartment
- At this preliminary stage in the redesign of Precinct 1, The reduction in parking can be supplemented by an increase in on street parking. It should be noted that on street parking may not be able to be allocated to a specific user

CURRENT PARKING NO'S AND POSITION		ALTERNATE PARKING ALLOCATIONS AND LOCATIONS						
Use	No Bays	Location/Detail	Option 1		Option 2		Option 3	
			No Bays	Location/Detail	No Bays	Location/Detail	No Bays	Location/Detail
Precinct 1 Commercial & Social Clubs**	163	Located in Multideck Carpark (also Shared with Sports uses)	N/A*	P1 Commercial Office removed. Sport and Social Club Parking (80 bays) in Stand Alone Building	N/A	P1 Commercial Office removed. Sport and Social Club Parking (100 bays) in Stand Alone Building	N/A	P1 Commercial Office removed. Sport and Social Club Parking (100 bays) in Stand Alone Building
72 (Keys) Serviced Apartments	90	Basement of Serviced Apartment Building	Reduced to 56 bays and included in Resi Parking Allocation	Change from Serviced Apartments to Resi Apartments. Decrease in parking from 90 to 56 bays	Reduced to 56 bays and included in Resi Parking Allocation	Change from Serviced Apartments to Resi Apartments. Decrease in parking from 90 to 56 bays	Reduced to 56 bays and included in Resi Parking Allocation	Change from Serviced Apartments to Resi Apartments. Decrease in parking from 90 to 56 bays
Residential Apartments	214	Parking for 195 Apartments at Respective Buildings	325	Parking for 276 Apts at Respective Buildings	325	Parking for 276 Apts at Respective Buildings	325	Parking for 276 Apts at Respective Buildings
Indoor Sports: 150 bays and P2 Commercial: 150 bays	300	Multideck Carpark under Sports Field (Shared between Sports & Precinct 2 Commercial)	80	Carpark under Sports Clubs/Amenity (Shared between Sports & Precinct 2 Commercial). Option 1 has 20 fewer bays due to space restrictions	100	Carpark under Sports Clubs/Amenity (Shared between Sports & Precinct 2 Commercial)	100	Carpark under Sports Clubs/Amenity (Shared between Sports & Precinct 2 Commercial)
Visitor and Sports	60	On Street	110	On Street	110	On Street	110	On Street
	664	Total Bays	515	Total Bays	535	Total Bays	535	Total Bays



- Of the 3 alternate options tabled above, alternate option 1 has the lowest overall parking numbers at 515 bays and 80 bays (20 less bays than options 2 and 3) available for shared use for the Precinct 2 Commercial Office.
- Alternate options 2 and 3 have totals of 535 bays overall and 100 shared bays for the Precinct 2 Commercial Office as opposed to alternate options 1's 80 bays.
- Precinct 2 Office requires 150 bays in Precinct 1 therefore the 70 bays for Precinct 2 Office could be provided within the 110 on street bays.
- Alternatively, alternate options 2 and 3 would require 50 of the 150 bays for Precinct 2 Office to be taken up within the 110 on street bays provided in alternate option 2 and 3.

Preliminary high level financial analysis of options

- To provide a high-level measure of revenue associated with the current Masterplan Precinct 1 in comparison with the alternate options 1, 2 and 3, we have assumed that the only parking revenues available would be from casual parking requirements. A further assumption is that a leased space (office/retail/child care/serviced apartments) would have parking assigned to the lease agreement so any revenues would be blended in with rental incomes so not included in this high level assessment.
- The remaining parking requirement would be for the sporting activities (participants and spectators) and revenues based on the average per hour parking rate of \$3.74/hr and shared between the parking beneath the sports clubs and amenities and on street parking. As the parking under the sports clubs/amenities is also shared with the commercial office, we have assumed a public parking app such as Parki is utilised. (Parki will manage access by user and day of the week and allocate a space depending on the client permissions).

	Current state	Option 1	Option 2	Option 3
Cost	94,438,001	61,623,081	69,350,931	70,228,431
Revenues	51,028,500	54,127,680	55,602,600	55,677,600
Net impact	-(43,409,501)	-(7,495,401)	-(13,748,331)	-(14,550,831)

Assumptions

- 1) Costs have been revised by WT to provide an order of magnitude associated with the proposed design changes and change in asset use type.
- 2) Revenues have been revised to provide an order of magnitude associated with the proposed design changes and change in asset use type.
- 3) Revenue based for assets on terminal sales value provided by Deloitte's Feasibility study.
- 4) Annual car park revenue include in the revenue assumes an average Hobart carparking rate of \$3.75/hr at various patronage levels. Revenue calculated for on street parking and shared sporting facilities.
- 5) On street parking revenue assumes ownership of road.
- 6) Residential sales are based on the \$/sqm aligned to the Deloitte feasibility model.

Pros and cons of options

The options were assessed against the following considerations:

- Impact on residents amenity and adequate separation of sports and residential function.
- Implications re parking and traffic engineering
- Future ability to be flexible on additions to accommodate funding or partnering opportunities
- Cost impact and revenue reduction or optimisation

- Ownership implications: if Precinct 1 is predominately residential.

	Current masterplan	Option 1	Option 2	Option 3
Amenity	<ul style="list-style-type: none"> ✓ High level of amenity to suit club, high performance and state level uses 	<ul style="list-style-type: none"> ✓ Location of sport amenity building provides acoustic barrier to sport activities ✓ Retail amenity and residential conveniently located ✓ Sport amenity buildings block prime view to Mt Nelson / kunyani/Mt Wellington ✗ Apartments parallel to Sandy Bay Rd will arguably be the most premium product on the Masterplan – Will the proximity to the sports activities detract to the exclusivity 	<ul style="list-style-type: none"> ✗ Sports Amenity services both cricket/AFL and soccer / hockey fields ✗ All apartments will have either river or mountain views. Upper floors may have both ✗ Sports noise and lighting will need to be mitigated via management and/or materials ✗ Apartments parallel to Sandy Bay Rd will arguably be the most premium product on the Masterplan – Will the proximity to the sports activities detract to the exclusivity 	<ul style="list-style-type: none"> ✗ Location of Sports amenity won't require retention as per Alternate Option 2 ✗ All apartments will have either river or mountain views. Upper floors may have both ✗ Good coverage of both soccer/hockey fields. ✗ No sports amenity building coverage of AFL/cricket grounds. Requires separate pavilion ✗ Apartments parallel to Sandy Bay Rd will arguably be the most premium product on the Masterplan – Will the proximity to the sports activities detract to the exclusivity
Carparking	<ul style="list-style-type: none"> ✓ Green landscape spine continuous from Mt Nelson to Sandy Bay Rd 	<ul style="list-style-type: none"> ✗ Options will dissect spine to accommodate 90 degree on street parking ✗ Compromised parking where residential and 	<ul style="list-style-type: none"> ✗ Options will dissect spine to accommodate 90 degree on street parking 	<ul style="list-style-type: none"> ✗ Options will dissect spine to accommodate 90 degree on street parking Sports amenity building partially in

	Current masterplan	Option 1	Option 2	Option 3
		commercial basement shared <ul style="list-style-type: none"> × All Parking access very close to Sandy Bay Rd / main entry to site 		ground to accommodate parking
Future expansion opportunities			✓ Most suitable location of Sport Amenity building to suit future expansion	× Limited expansion opportunity for additional facilities
Cost	<ul style="list-style-type: none"> × Expensive to develop without financial support from State/Federal Govt or Sport Clubs 	<ul style="list-style-type: none"> ✓ Most efficient footprint for delivery (cost) as amenity buildings co located with residential 	<ul style="list-style-type: none"> × Requires two sets of footings for separate buildings × Will require more extensive retention works for sports amenity adjacent AFL oval 	
Revenues	<ul style="list-style-type: none"> ✓ Good commercial opportunities to support and compliment sporting activities × May not have year round activation to support capital outlay to develop × Would require precommitment prior to delivery – may not suit SBMP delivery 	<ul style="list-style-type: none"> ⊖ Conversion of commercial buildings to residential will deliver the highest and best use asset class however will not provide an annuity stream to UPPL and in turn UTAS 	<ul style="list-style-type: none"> ⊖ Conversion of commercial buildings to residential will deliver the highest and best use asset class however will not provide an annuity stream to UPPL and in turn UTAS 	<ul style="list-style-type: none"> ⊖ Conversion of commercial buildings to residential will deliver the highest and best use asset class however will not provide an annuity stream to UPPL and in turn UTAS
Ownership implications	<ul style="list-style-type: none"> ✓ Commercial and short term accommodation maintains a portion of land ownership with UPPL 	<ul style="list-style-type: none"> × Inclusion of commercial and short-term accommodation maintained a portion of land ownership with UPPL 	<ul style="list-style-type: none"> × Inclusion of commercial and short-term accommodation maintained a portion of land ownership with UPPL 	<ul style="list-style-type: none"> × Inclusion of commercial and short-term accommodation maintained a portion of land ownership with UPPL

Summary

Current Masterplan is the most expensive option without capital contribution commitment making difficult to prioritise staging for early delivery. Sports and commercial amenity may also be over supplied for the expected use for the club level sports precinct user. Surplus amenity will have a cost to manage and maintain, possibly without associated revenue stream if

Alternate Precinct Option 1 is the least expensive of the 3 alternate options to deliver as foundation works to amenity / apartment / clubrooms are shared. Traffic engineering will have to seek approval for the car access associated with massing of function (and car parking) close to the Sandy Bay Rd junction with site.

Alternate Precinct Option 2 is the best option from a functional layout perspective as the two types of playing fields are catered for by the club/amenity building which should equate to better availability for events on either the AFL/cricket or soccer fields. This option also has the highest level of flexibility for future expansion by extending the footprint of the club/amenity building further to the south

Alternate Precinct Option 3 is the best compromise option amenity over cost for sports amenity where two sports fields are serviced but not soccer and AFL/cricket, only soccer. This option may require a higher degree of inground works to partially lower the parking under which may in turn increase the complexity of access into club rooms/amenity. Note the water table on the lower fields (where soccer is located) would be quite high so inground works would need to be carefully assessed prior to committing to this option.

It should be noted that these are preliminary options. Implications re parking and traffic engineering appear to be similar to the current Precinct 1 allocation (with exception of Alternate Option 1). Further investigation is required to confirm this.

The alternate options also have ownership implications if Precinct 1 is predominately residential. Inclusion of commercial and short-term accommodation maintained a portion of land ownership with UPPL. The change would see UPPL taking a build to sell posture across the precinct for the residential assets.

Next Steps

- All options are reviewed from a town planning, traffic engineering, acoustic and landscaping standpoint.
- Finalisation of preferred options for sporting precinct
- Development of detailed cost plans for preferred option for sporting precinct
- Business plans developed across Asset Classes for input to feasibility model

ATTACHMENTS

1. 'Proposed Approach and Way Forward' memorandum from VC/COO/Deloitte/Flagstaff/UPPL Meeting
2. Sports Precinct Option 1
3. Sports Precinct Option 2
4. Sports Precinct Option 3

RESPONSIBLE OFFICER

NAME: Matthew Higgs

TITLE: Chief Executive Officer UPPL

Agenda Item: 3.5 Revised Staging

Attachment 1: Proposed Approach and Way Forward

PROPOSED APPROACH AND WAY FORWARD

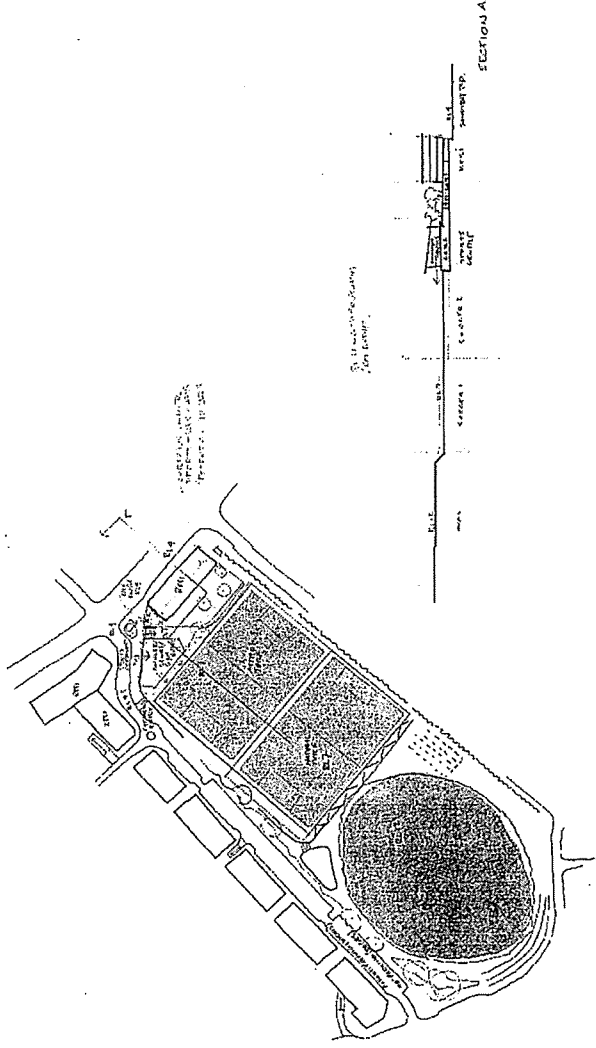
- The Feasibility Model will continue to be refined through Q1 and Q2 in 2022 to optimise the viability of the Masterplan and to meet the requirements to input to the broader University Financial Masterplan.
- Discussion with the Vice Chancellor, Chief Operating Officer, Executive Director of Corporate Finance, Deloitte and Flagstaff on 10 December 2021 provided the following guidance for the next iteration of the Sandy Bay Masterplan feasibility model:
 - **Model certainty** - Model a maximum of 10 years. First 5 years to have high degree of certainty on cost and revenues. Beyond 5 years employ scenario analysis to depict a range of returns through optionality. Model should demonstrate a long-term margin spread between long term cost inflators on construction v revenue
 - **Business models by asset class** - Include Business Models for all asset classes on site with specific inclusions by asset class as follows:
 - **Current Sports precinct (Precinct 1)** – The current Precinct 1 scheme would be most suitable for a State or professional sporting club level facility inclusive of administration and performance amenity. The inclusion of a State, or professional club, would see a significant capital contribution from a sports development fund of a clubs own finances, and allow for a bespoke response and inclusion of specific amenity which would be utilised on a regular basis.
 - (Alternate) Local Sports Precinct (Precinct 1) – The alternate sports precinct design will be more suited to amateur club and community utilisation to provide for a more multi-purpose utilisation and ability to generate higher usage across a range of activities. A good example of this is the Crossroads Oval facility on Hobarts Domain. Should an opportunity arise to partner to develop a high-performance facility, the ideal alternate sports precinct would have undeveloped space or an adaptability to allow for expansion.
 - Changes to the current sports precinct will enable
 - Deletion of the indoor soccer/basketball court and indoor cricket nets allowing for removal of the underground carpark
 - Provision of club-based facilities and function space to ensure a high-quality proposal that is scaled back, such that it can be enabled by funding within the profit generated from residential sales, and supported by renting facilities and function space to club and private groups.
 - Bringing forward the spend on this precinct to improve amenity and attractiveness of the development and, in parallel, ensuring accessibility for the broader University to facilities as Precinct 5 is developed.
 - Exploration of opportunities to outsource use to generate revenues when UTAS is not utilising the asset (e.g. akin to Swisher model).
 - Consideration of how a sports pavilion can be included above ground, with an Astro turf field at ground level (e.g. akin to the Hockey Centre), to provide all year round use and support (at a reduced rate potentially) to UTAS Sports Clubs.
 - **Eco Hotel (Precinct 5)**
 - Review cost v revenues, benchmarked quality of service and facilities, number of rooms and expected occupancy over 365 days, management models and a business plan as to how an eco hotel may work being located outside of the CBD.

- Test. We will also test the notion of an Hotel of a suitable standard and room rate as opposed to an hotel as a more suitable offering in the location.
- Should neither Eco Hotel or Hotel be deemed as suitable an alternate use will be investigated
- **Education (Precinct 4)**
 - Assume the Psychology clinic will use the Old Commerce building for the next 5 year period to neutralise costs.
 - Thereafter, input an option based on the earlier enquiry from Department of Health on long term use of the asset.
- **Childcare and Family Health (Precinct 3)**
 - Include the option for the Corporate Services Building to be re-leased as office for short to medium term in lieu of refurbishment as Childcare and Family Health
- **Aged Care and Retirement Living (Precinct 2)**
 - Engage a suitably qualified Aged Care / Retirement living to assess the current Sandy Bay Masterplan offering. Initial (Stage 1) Investigations shall include;
 - Primary catchment identification - This is crucial in helping to define where the target is most likely to come from, the current size of the target market as well as forecasted growth rate of the cohort within the catchment, and the closest competitors.
 - High level demographic summary - Wealth and income analysis including median house prices, home ownership levels, income levels (including those on full, part or no government pension), Socio-Economic Index for Area (SEIFA), ethnicity, educational attainment, need for assistance with daily living (ADL) as a percentage of 65+ group all indexed against the Tasmanian average.
 - Demand, supply, and gap analysis - including:
 - - current and projected demand for RL using local and state penetration rate analysis
 - - current and projected demand for RAC using the target provision ratio
 - - current and projected supply of RL and RAC accommodation (existing and pipeline)
 - - demand (gap assessment) for RL and RAC (current and future years)
 - - competitor analysis in terms of volume and quality of existing and pipeline RL & RAC within the catchment
 - Pricing analysis - Based on local residential pricing in the catchment, we will undertake a quartile assessment of housing prices and an analysis of competitor RL and RAC facilities to determine an appropriate market position and unit pricing (rate per square metre basis) for the community.

Subject to the outcome of the Initial investigation, we will proceed with an overview of requirements of retirement living community and residential aged care facility followed by a Feasibility analysis & financial modelling for inclusion in the overall Sandy Bay Masterplan feasibility modelling

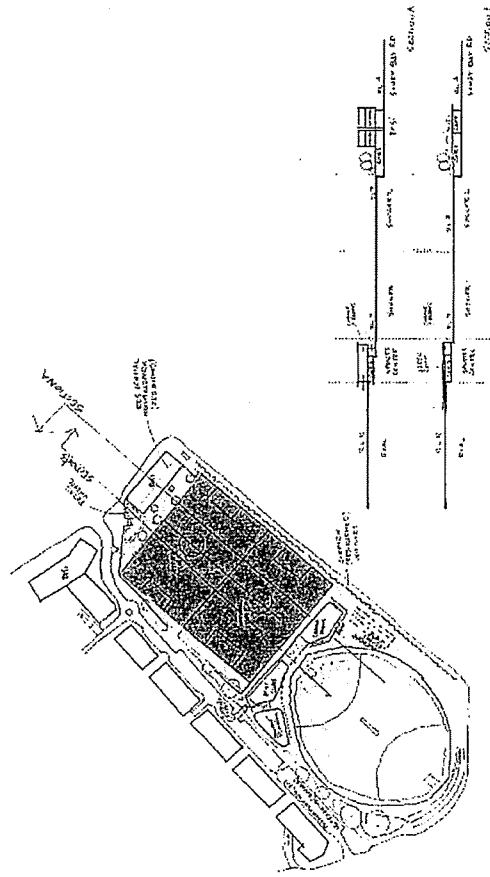
- Staging options to be tested for sensitivity.
- Community asset and amenity to be tested for delivery so as to maximise sales and revenue potentials for the residential and office markets

Sports Precinct Option 1



PLAN
210017/MP101

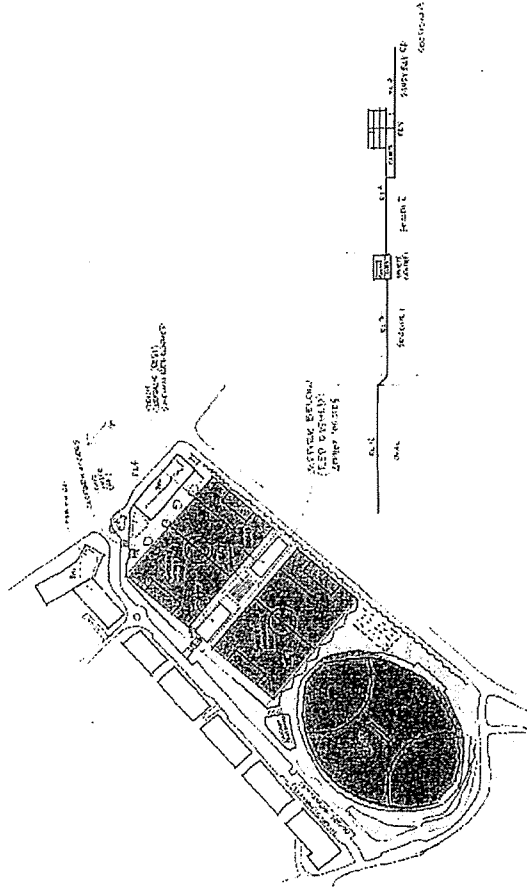
Sports Precinct Option 2



DATE: 10/10/01

PROJECT: STADIUM

Sports Precinct Option 3



PLAN

210017-001-01