

Warnervale Property

Hudson Investment Group Limited

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Warnervale Property



**Stand alone focus
Industrial &
commercial
property**

**Positive cash flow
business**

**Capital growth
potential**

**Operations Update
May 2015**

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Corporate Overview



Warnervale Property

ASX Code	HGL
Issued Shares	258,546,022
Share Price	\$0.03
Market Cap.	\$7,756,381
Shareholders	458

Major Shareholders	Shares	%
RafflesCo Limited	88,800,000	34
Raffles Nominees Pty Limited	34,473,000	13
Citicorp Nominees Pty Limited	30,163,600	12
Dato' Mohd Zaid Ibrahim	25,000,000	10

Board of Directors – Management

Dato' Mohd Zaid Ibrahim ^{1*}	Chairman
Alan Beasley ²	Managing Director
Tan Sri Ibrahim Menudin ^{3*}	Director
John Dawkins AO ^{4*}	Director
John Farey	Director
John Foley	Director
Julian Rockett	Company Secretary
Francis Choy	CFO

*Appointed directors of HGL effective 1 June 2015

1. Dato Zaid Ibrahim is the former Malaysian Minister in the Prime Minister's Department in charge of legal affairs and judicial reform, and former member of Parliament of Malaysia. Dato' Mohd Zaid Ibrahim founded Malaysia's largest law firm, Zaid Ibrahim & Co.

2. Alan Beasley has worked in Investment Banking and Investment Management businesses for over 30 years, with Bankers Trust Australia, Goldman Sachs, BNP Paribas. Alan has held directorships in several listed and unlisted public and private companies including two public charities.

3. Tan Sri Ibrahim Menudin is the former Chairman of Suria Capital Holdings Berhad, Sabah Forestry Development Authority, Borneo Conservation Trust, Group CEO of Malaysia Mining Corporation Berhad (MMC), former board member of SapuraKencana Petroleum Bhd, Ashton Mining Limited and Plutonic Resources Limited. He is also the former Treasurer of the Sabah Government, Malaysia and CEO of the Bumiputra Investment Fund of Sabah.

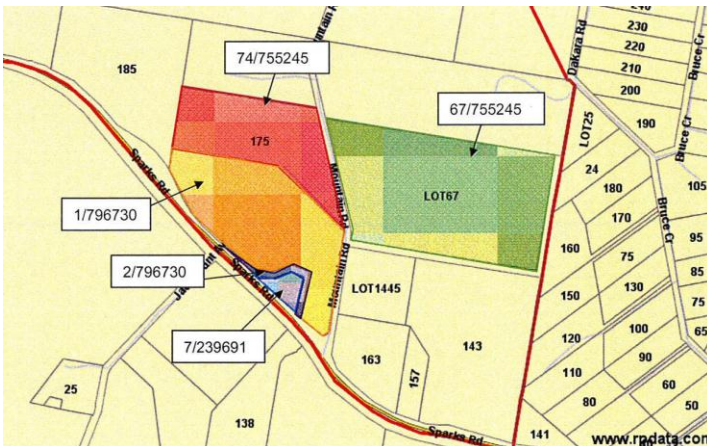
4. John Dawkins AO served in several ministries during the Hawke and Keating Governments, including as Treasurer of the Australian Federal Government. Since then, he has served nearly 10 years on the Boards of Elders Rural Bank and Asgard Capital Management. He is a co-chair of GRA Coswa, a leading public affairs and corporate communications firm and is a Trustee Director of Cbus Super.

Introduction

- Hudson Investment Group Limited (**HGL**) is an ASX-listed industrial and commercial property company
- Focus on developing and realising value of the Warnervale Property

Background

- The Warnervale Property is comprised of 5 property lots within the Wyong Shire located at 171-175 Sparks Road and 59 Mountain Road, Warnervale.
- Valuation of \$11.4m comprising of:
 - \$8.95m valuation of currently developed (\$7.05m) and undeveloped industrial (\$1.9m) land; and
 - \$2.4m estimated value of remaining undeveloped land.



Lot No.	Area Ha
• 74/755245	9.2
• 1/796730	13.0
• 2/796730	0.6
• 7/239691	0.8
• 67/755245	20.9
Total	44.5

Close Proximity to Sydney – Newcastle Freeway

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Warnervale Property

- Situated within the Warnervale Employment Zone, in which the Council is aiming to create 6,000 jobs and \$1.5 billion in investment
- Within range of:
 - Proposed A\$500M China Theme Park development on 15ha site (reported land cost \$10M)
 - Warnervale Airport and Woolworths Wyong Distribution Centre
 - Sydney (100km) and Newcastle (60km)



Western Side of Mountain Road

Subdivisions 1-5 Warnervale property*

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Warnervale Property



Developed & Leased Land

- **Subdivision 1:** 46,479 sqm

Land to be Developed

- **Subdivision 2:** 21,806 sqm
- **Subdivision 3:** 16,682 sqm
- **Subdivision 4:** 20,519 sqm
- **Subdivision 5:** 15,245 sqm

* Areas approximate

Western side of Mountain Road

Developed Industrial and Leased Area

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Warnervale Property

Vast industrial warehouse onsite (10,000 sqm under cover)



Eastern Side of Mountain Road

Undeveloped Land – Significant Potential

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Warnervale Property



- This 21 ha site comprises of strategically located land with water features in situ
- Currently in discussions with JV partners to optimise the potential value, including senior living, retirement village, nursing home, student accommodation & recreational sectors

Financial Overview

				Net Revenue (Annualised)		Valuation	
Land	Western Area (ha)	Eastern Area (ha)	Total Area (ha)	2014	2015 1H	Current/2014	2015 1H
Leased Industrial Land	4.6 ¹		4.6	\$782,994	\$807,207 ⁴	\$7.05m ²	\$7.7m ⁴
Industrial Land for Development	6.7 ¹	3.2	9.9			\$1.9m ²	\$1.9m ²
Water Management (SP2)		8	8			\$0.64m ³	\$0.64m ³
Environmental (E2)	12.3	9.7	22			\$1.76m ³	\$1.76m ³
Total	23.6	20.9	44.5	\$782,994	\$807,207	\$11.4m	\$12.0m

1. Based on Management Estimates

2. Knight Frank valuation report dated 17th April 2014, based on a passing initial yield of 10.5%

3. Compensation from Council for SP2 & E2 zoned land is estimated \$8/m² (as advised by DTZ advisors in their reports to HGL in 2009).

4. Management Internal Forecasts

Current Financials

Balance Sheet – As of 31.12.2014		A\$M
TOTAL ASSETS		\$11.4
LIABILITIES		
• Payable		\$1.8
• Bank borrowings		\$5.8
TOTAL LIABILITIES		\$7.6
NET ASSETS		\$3.8
NET ASSETS PER SHARE (\$)		\$0.015

2015 Forecast Cash Flows		A\$
Total Net Rent		\$807,207
Loan Interest repayments		(\$340,335)
Net Positive cash flow (p.a.)¹		\$466,872
1. Does not include HGL overhead costs		

Investment Highlights

- ✓ HGL will focus on optimising the Warnervale asset and maximising returns and capital value of the property
- ✓ Current leased industrial land of 4.6ha generates revenue of \$175,480 per ha. Potential revenue opportunity for the remaining 40ha of unleased industrial land
- ✓ Solid cash flows to service conservative debt levels of ~51% gearing ratio¹
- ✓ Close proximity Sydney-Newcastle Freeway
- ✓ Situated within Warnervale Employment Zone - the target of \$1.5 billion of Council development and investment
- ✓ Highly qualified and experienced Management team with expert industry experience in commercial and industrial development
- ✓ Potential for HGL to manage and/or acquire other industrial and commercial property that meet requisite investment criteria

1. Gearing ratio calculated based on Bank Borrowings of \$5.8m divided by Total Assets of \$11.4m