

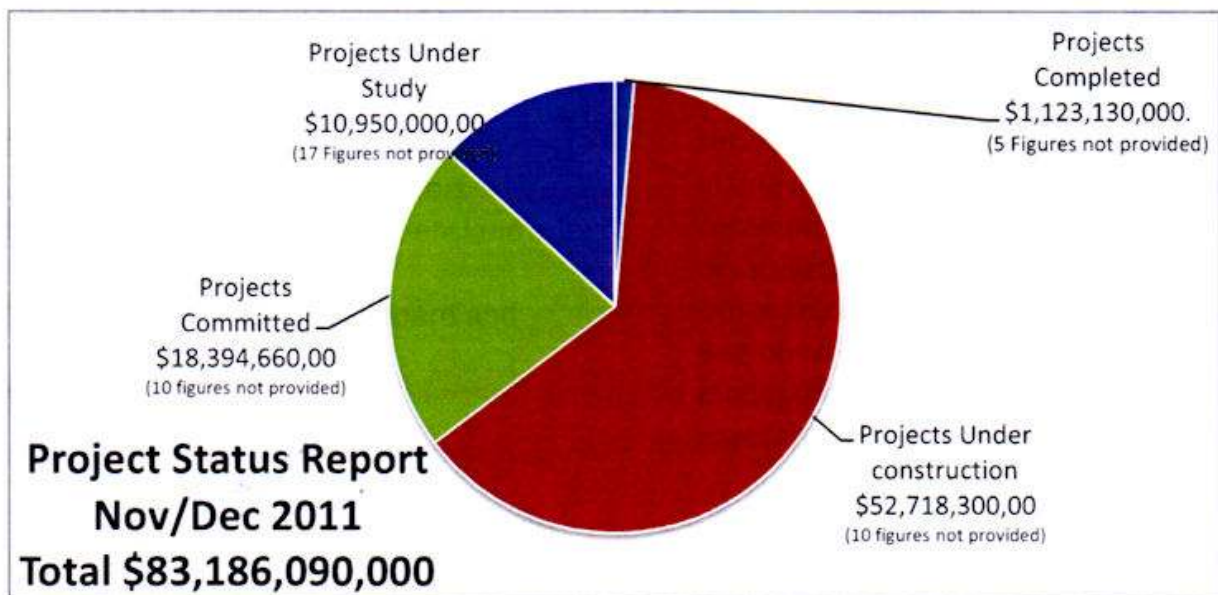


The Gladstone property report

The Gladstone Region

The Gladstone Region is located in Central Queensland, 550 kilometres north of Brisbane and 1100 kilometres south of Cairns. The Region has a combined population of just over 56,000.

Our region is recognised as a strategic and logical choice for industrial, commercial, retail and residential investment. Since the 1960's the Gladstone Region has been recognised as an industrial hub, due to an excellent harbour, availability of services, transport systems and raw materials. Gladstone industries operate around the clock and employ several thousand people, providing a sound economic base for the region.



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Gladstone's potential as an LNG boom town is finally being realised after two gas giants made the decision to proceed with the construction of their liquefied natural gas (LNG) projects in Gladstone. A third LNG project has also received conditional approval from the State Government adding further activity to this billion dollar industry.





Origin Energy's joint venture with Conoco/Phillips (APLNG) joins two other projects by Santos and Queensland Gas in leading the flood of about \$50 billion in investment in the Gladstone region.

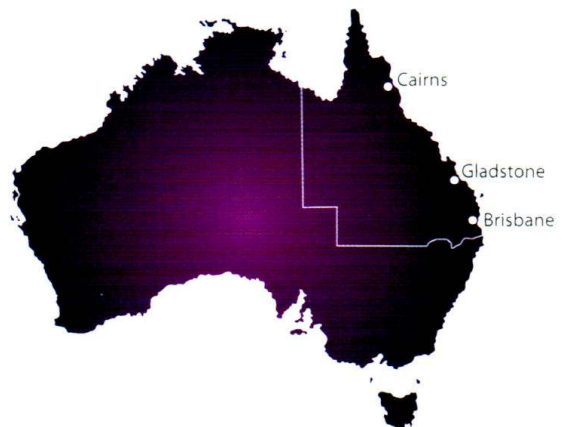
"If all three go ahead, a temporary city of up to 10,000 construction workers will spring up on Curtis Island to build the processing facilities and a potential 18,000 jobs will be created", according to a recent Courier Mail article ("Third Queensland LNG project gets OK, 10 November 2010).

Major industries within the Gladstone Region include:

-  Queensland Alumina Refinery – one of the world's largest aluminium refinery
-  Boyne Smelter Limited – Australia's largest aluminium smelter
-  Rio Tinto Alcan Yarwun Refinery
-  Cement Australia – largest manufacturer & distributor of cement
-  Orica – one of the largest producers of sodium cyanide in Australia and the third largest in the world
-  Queensland Energy Resources Limited (QERL) – Stuart Oil Shale Project formally owned by the Southern Pacific Petroleum
-  Major LNG Developments

Other major industries are well supported by world-class infrastructure which opens our region to the world. These include:

-  Port of Gladstone – Queensland's largest multi-commodity port
-  NRG Power Station – Queensland's largest power station
-  Gladstone Area Water Board and Sunwater
-  CS Energy





Executive summary

As emerging economies, particularly China, accelerate in the wake of the Global Financial Crisis (GFC), demand for natural resources is on the rise again. One of the prime requirements of overseas heavy industry is Liquefied Natural Gas (LNG).

This is underpinning a massive surge in investment centered on the Capricorn Coast region of Queensland — investment that could total at least \$40 billion and create more than 18,000 new jobs.

Projects already underway have pushed Gladstone's rate of population growth significantly above the already-impressive state average. The Australian Bureau of Statistics expects Gladstone's population to continue to grow at above-average rates until at least 2016.

By 2031, Gladstone could be home to between 90,000 and 114,000 people. Doubling the current population will necessarily translate into strong and sustained demand for additional housing. Forecasts estimate demand for an additional 400 new homes per annum.

The Gladstone residential property market is on the rise and the influx of workers is yet to come. High demand from well paid workers and a lack of new housing is going to ensure continued increases to property prices. Local agents are already seeing high demand for residential rental properties and vacancy rates have fallen to less than 1%.

Economic growth: LNG mega-projects worth billions

Liquefied natural gas (LNG) is set to become a prime export earner for Australia. Boasting a strategic location for production and distribution of this efficient, low-emission fuel to the world, Gladstone is perfectly positioned to reap the benefits of increasing world demand.

International energy giants such as Santos, British Gas, and Origin are already racing to extract Coal Seam Gas (the basis of LNG) from fields inside the Surat and Bowen Basins and pipe it to Gladstone for processing and export.

The final investment decision from British Gas in late 2010 for its \$15 billion LNG plant provided the certainty required to kick off the \$40 billion LNG investment. Further fuelling the market, Santos then announced their decision to proceed with their \$16.1 billion LNG project in Gladstone.

Selected Central Queensland LNG mega-projects

Company	Construction start	First shipment	Construction workforce	Operational workforce	Initial value
Santos Ltd / Petronas (GLNG)	2010	2015	5,000	1,000	\$16.1 bn
British Gas / Queensland Curtis LNG	2010	2014	5,000	1,000	\$15 bn
Arrow LNG (Shell and PetroChina)	TBA	2016	2,500-3,000	200-300	\$480m
Southern Cross LNG (LNG Impel)	TBA	TBA	350	90	TBA
Australian Pacific LNG (Origin / Conoco Phillips)	2011	2014	3,300	TBA	\$7.7 bn
Sun LNG (Sojitz Corp)	2011	2013	400	TBA	\$450m
LNG Ltd	2011	2013	50-120	32	\$500m
Total value			Minimum 16,600	Minimum 2,322	\$40.2 bn capital outlay

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"This project worth about \$120 billion in exports over 20 years, and others like it, will inject billions into the Queensland and regional economies," Premier Anna Bligh said.

"Construction of the project will commence in 2011, and will create around 5000 construction jobs plus a permanent workforce of around 100", Ms Bligh said.

Major industry investment

As construction on these mega-projects ramps up in 2011, Gladstone is set to become an even-bigger engine of economic growth. Yet not all of it will be LNG. The Boulder Steel proposal for instance could see a \$1.5 billion steelmaking facility built in Gladstone. Alone, it could create 2,000 jobs during construction and employ 720 operational staff.

But that's not all. Rio Tinto's \$2.1 billion Yarwun Alumina Refinery is already under construction while a further \$7.2 billion of funds has been committed to projects including a \$2 billion expansion of Gladstone's port facilities and \$3.84 billion for a nickel ore processing plant.

Strong population growth

Queensland's population is growing steadily. The most recent figures show a healthy growth rate of 2.6% according to the Office of Economic and Statistical Research (OESR).

Yet in the 12 months to June 2008, Gladstone grew faster — experiencing a 3.4% increase in population according to the Australian Bureau of Statistics.

Drawn by the mining boom, the many employment opportunities, and the long investment horizon of Gladstone's huge pipeline of projects this growth is set to continue over the coming decade with 2.77% p.a. forecasted, above the State average forecast of 1.8% p.a.

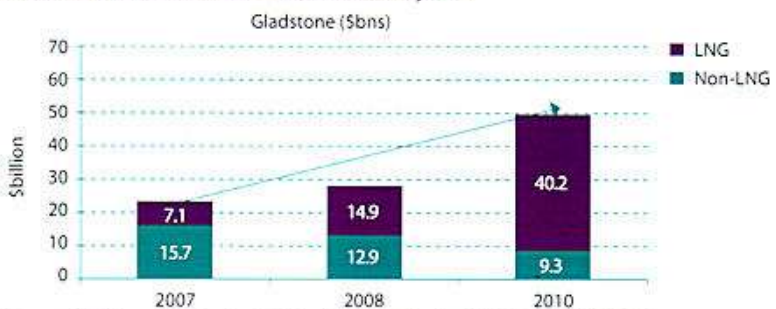
"Currently about 50,000 people live in the [Gladstone] local government region and that is expected to rise to 98,000 in 2031", according to a special LNG report in *The Weekend Australian* (April 24-25, 2010). "The greatest population expansion will be in the city of Gladstone, which currently has about 30,000 people".

Projects Under Construction or Committed

Project	Construction start	Operational	Construction workforce	Operational workforce	Initial value
Rio Tinto Alcan – Yarwun Alumina Refinery	2007	2012	1,300	250	\$2.1 bn
Boyne Smelters Ltd	2008	2011	450	TBA	\$617 m
Wiggins Island Coal Terminal	2011	2014	800	120	\$2 bn
Gladstone Pacific Nickel Ltd	TBA	TBA	1,000-2,300	530	US \$3.84 bn
GAWB Gladstone Fitzroy Pipeline	2011	2013	400	TBA	\$320 m
Old Rail Upgrade	2011	2014	350	700	\$500 m
Western Basin Dredging & Disposal	2010	2011	255	30-40	\$656m

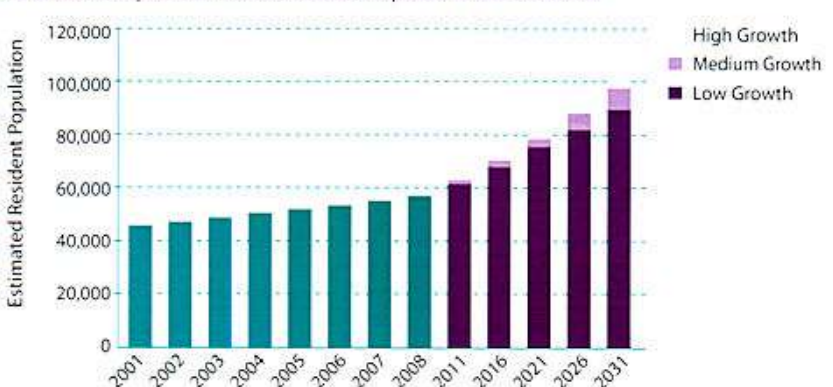
Source: Gladstone Region Project Development Review November 2010 (GEIDB)

Planned and Committed Infrastructure Projects:



Source: Gladstone Region Project Development Review Feb/Mar 2011 (GEIDB)

Gladstone Population ABS Estimated Population Growth 2009



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