
TOWNSVILLE CONCERT HALL DETAILED BUSINESS CASE

FINANCIAL ANALYSIS

DEPARTMENT OF INFRASTRUCTURE, TRANSPORT, REGIONAL
DEVELOPMENT, COMMUNICATIONS AND THE ARTS

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ABBREVIATIONS & ACRONYMS

Acronym	Full Name
AEC	AEC Group Pty Ltd
AFCM	Australian Festival of Chamber Music
DBC	Detailed Business Case
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FTE	Full Time Equivalent
FOH	Front of House
FY	Financial Year
GOS	Gross Operating Surplus
GRP	Gross Regional Product
IRR	Internal Rate of Return
LPA	Live Performance Australia
LGA	Local Government Area
MCA	Multi Criteria Assessment
NPBT	Net Profit Before Tax
NSW	New South Wales
PV	Present Value
TCH	Townsville Concert Hall
TCT	Townsville Civic Theatre
WACC	Weighted Average Cost of Capital

1. INTRODUCTION

1.1 BACKGROUND

Signed in December 2016, the Townsville City Deal is a 15-year commitment between all three tiers of government that aims to support a prosperous economic future for Townsville. The Townsville City Deal aims to deliver a prosperous economic future for the region and to position Townsville as a vibrant, liveable and innovative city, and unlock the potential for business and industry development.

The Townsville City Deal is being delivered through a range of commitments across six key initiatives. One of these initiatives includes a focus on establishing Townsville as the capital of North Queensland, including a commitment to the delivery of a new entertainment and convention centre. Through feasibility and market research analysis, this commitment has pivoted to the establishment of a concert hall and, potentially, broader cultural and entertainment precinct.

The Townsville City Deal aims to realise its commitments by consolidating and building on existing research and analysis undertaken by Townsville City Council and the Queensland and Australian Governments. Over the past 20 years, a series of position papers, planning reports and feasibility assessments have been commissioned outlining the need for additional arts facilities in Townsville (including both visual and performing arts). The key findings from work completed to date highlights a need for investment in arts infrastructure, to accommodate the growing demand for performing and visual arts in the Townsville region.

The Townsville City Deal Partners have commissioned a Detailed Business Case (DBC) into the development of a concert hall in Townsville to allow the group to evaluate the proposed development and determine their support. AEC, AECOM and Blight Rayner have been engaged by the Australian Government (on behalf of the Townsville City Deal Partners) to deliver the DBC.

This Financial Assessment Technical report will be a key component in developing the DBC.

1.2 PURPOSE OF REPORT

The Townsville Concert Hall DBC - Financial Assessment aims to provide a comprehensive analysis of the financial feasibility of establishing a dedicated Concert Hall in Townsville, Queensland. The purpose of this report is to evaluate the potential financial viability of the proposed facility, considering factors such as revenue streams, operational costs, capital investment, and overall financial sustainability.

This assessment will involve conducting financial projections, including income statements, balance sheets, and cash flow statements, to determine the potential profitability and financial sustainability of the Concert Hall over a specified period.

The findings from this assessment will be instrumental in guiding the decision-making process of the Townsville City Deal Partners concerning their support and investment in the development of the Concert Hall.

1.3 REPORT STRUCTURE

Improve and complete the following: This Financial Assessment Report is structured as follows:

- **Chapter 2 Approach:** Provides an overview of the approach taken in conducting the financial assessment. It outlines the various site options that were considered for the TCH and provides an overview of the pricing and sensitivity assessments that will be completed. This section sets the foundation for the subsequent analysis.
- **Chapter 3 Service Need & Demand:** Provides a summary of the service need that the proposed TCH aims to fulfill. It presents a comprehensive summary of the service requirements and the demand for both the existing TCT and a dedicated Concert Hall in Townsville.
- **Chapter 4 Financial Modelling Assumptions:** taken to develop the financial models, including the methodologies employed and the key assumptions made. This section provides transparency and clarity on the financial modelling process, ensuring a solid foundation for the subsequent chapters.

- **Chapter 5 Project Profitability:** Outlines the affordability analysis and the means by which the project may be viable, based on the financial indicators of EBITDA (Earnings Before Interest, Taxation, Depreciation and Amortisation), EBIT (Earnings Before Interest and Taxation), and the Operating Surplus/Deficit.
- **Chapter 6 Project Cash Flows:** Examines the expected inflows and outflows of funds over the project's lifespan, taking into account revenue streams, operational costs, financing, and other relevant financial factors. The analysis provides insights into the project's cash flow dynamics, liquidity, and potential financial risks.
- **Chapter 7 Project Return on Investment:** Examines the financial returns that can be expected from the investment.
- **Chapter 8 Sensitivity Assessment:** Examines the potential impact of a change in the demand projections and discount rates, and how this effects the financial viability of each of the scenarios.

The financial Assessment is supported by a series of appendices, including:

- Appendix A: Detailed Methodology
- Appendix B: Project Profitability
- Appendix C: Project Cashflow
- Appendix C: Establishing Estimate of Land Value.

1.4 PROJECT DESCRIPTION

The Project is the proposed solution to the need for a large acoustic music venue in Townsville, a concert hall of approximately 1,000 seats. The TCH is proposed to feature a large stage sufficient to support a full orchestra, supplementary amplification for non-acoustic performances, recording facilities and digital screens. The venue is proposed to include an independent ticket office, a large foyer space, meeting rooms or break-out spaces, and food and beverage facilities. Various preparation and storage rooms are recommended to be included in back of house.

A 300-seat black-box performance space co-located with the main hall is also recommended to be included as part of the TCH facility. The ancillary theatre may form part of the initial development of the TCH or may be delivered at a later date, after the initial development of the TCH. The analysis in this report primarily considers the TCH development with the black-box performance space included, however, a secondary analysis has been performed for the TCH without the black-box performance space (with the potential for this to be delivered at a later date, but not included in the assessment).

Construction of the TCH is anticipated to begin in August 2025 with the venue expected to begin operations almost three years later in July 2028.

2. APPROACH

2.1 OVERVIEW

The financial analysis estimates the profitability of the project, the projected cashflows and an assessment of the projected return on investment. A project Income Statement and Statement of Cash Flow Statement is provided in the Appendix for each of the five scenarios, with detailed assessment of the anticipated operating revenues and expenditures, capital investments and financing activities.

The model used to complete the financial analysis and to prepare the Income Statements and Cash Flow Statements for the assessment was AEC's proprietary Project Financial Feasibility Tool. Modelling drivers used in the assessment are described in the section below and a more detailed methodology is included as Appendix A.

Financial assessment is based upon the following assessment approaches:

- **Project Profitability:** Measures how profitable (applying accounting standards) a project will be for the organisation, estimating the financial gain or loss of a project. The profitability is assessed based on following measures:
 - **Operating Surplus/Deficit** - The net operating surplus/-deficit is calculated by subtracting expenditure for the relevant period from the revenue for the same period (based on an accrual accounting approach) – including depreciation expense. If total revenue exceeds total expenditure, the net effect is an operating surplus.
 - **Earnings Before Interest, Taxation, Depreciation, and Amortisation (EBITDA)** – EBITDA is a measure of the cash profit generated by the operations of the project, excluding consideration of the non-cash depreciation and amortisation expenses as well as taxes and debt costs that are dependent upon the capital structure. EBITDA is useful in comparing the profitability of operations across projects, particularly where the projects have different capital and debt structures, and/or taxation impacts.
 - **Earnings before Interest and Taxation (EBIT):** EBIT is a financial metric that is similar to EBITDA, but it takes into account the impact of depreciation and amortisation expenses. It includes the estimated cost of assets used/ consumed in the project's operations. This is particularly important in asset-intensive operations as it helps assess whether the revenue generated is enough sufficient to cover the cost of the assets being used/ consumed.
- **Project Cashflows:** Refers to the cash flows in and out of an organisation due to the project. There are three cash flow types that are analysed to determine the liquidity and solvency of the project: cash flow from operating activities, cash flow from investing activities and cash flow from financing activities.
- **Return on Investment:** Net present value (NPV) and internal rate of return (IRR) are financial measures used to evaluate and compare investments based on the project's potential to return positive cash flows and whether the return is sufficient to meet required targets (or an organisation's policy) for investment. NPV is the dollar amount difference between the present value of discounted cash inflows less outflows over a specific period of time. If a project's NPV is above zero, then it's considered to be financially worthwhile. IRR estimates the profitability of potential investments using a percentage value rather than a dollar amount. An IRR on a project investment is often accepted if the resulting IRR has a higher value compared to the existing threshold (or hurdle rate) set by the company.

2.2 TIMEFRAME

The financial feasibility assessment examined the impacts of the project, all potential scenarios, across the construction period, as well as 40 years of operations. In total, the financial feasibility assessment covers 44 years, from financial year 2024-25 for land acquisition, followed by three years for construction and then 40 years of operations, to 2067-68.

2.3 POTENTIAL DEVELOPMENT SITES

Three sites for developed were considered in the assessment and are considered in this financial assessment:

- **The Strand:** a beachside promenade in the North Ward Suburb less than 2 kilometres (km) from Townsville’s city centre.
- **The Hive:** a placemaking project connecting the Strand to Townsville CBD via on the eastern end of Flinders Street.
- **Dean Street:** currently hosting a carpark, the Dean Street Site is near the Queensland Country Bank Stadium less than 2 km from Townsville’s City Centre.

2.4 SCENARIOS

In undertaking the financial feasibility assessment, the following scenarios were considered:

- Base Case - the existing Townsville Civic Theatre (TCT) continues to operate in its current form, with no additional facilities developed.
- Project Case – the development of the proposed Townsville Concert Hall (TCH) and where TCT continues to operate with regional performances and events increasing and best fit for purpose allocation of events between the TCT and the TCH.
 - The project case assumes and examines the independent operation of both TCT and TCH facilities and observes a reduction in demand for TCT (due to anticipated transfer of current use of TCT to the preferred TCH), but an increase in demand and activities when considering the total demand across the two facilities.
 - A project scenario was also explored in the sensitivity analysis (across the central – medium demand scenario) of both facilities being owned and operated by one organisation and therefore achieving operational efficiencies across the two facilities.
 - All of the project case scenarios, described above, were examined across the three site options being assessed – these being the Hive, The Strand and Dean Street.
- Project Case – No Black-Box – the development of the TCH, but under a lower capital scenario where the black-box performance space is planned for, and included in the facility design, however constructed at a later date outside of the financial assessment timeframe.

Three performance and audience demand scenarios were examined of low, medium, and high levels of observed demand, with the medium demand scenario used as the central reporting scenario in the body of this report with low and high scenarios run in the sensitivity assessment.

Additional detail surrounding these scenarios and sensitivities are outlined below.

2.4.1 Base Case Scenario

Operating financials for the Base Case scenario were completed utilising existing operating revenue in the categories of commission earnings, recovery of expenses, rental income, and ticket sales, and forward projecting this based on demand projections. Costs for the Base case were also completed utilising existing operating costs, with no variable operating cost, due to the venue nearing full capacity, and the additional operating costs related to the available increase in capacity being immaterial to this assessment.

Capital costs include renewals of existing assets as they reach end of life, with no further capital investment planned.

2.4.2 Project Case Scenarios

The Project Case scenarios refer to the Concert Hall being developed in Townsville, with consideration of the unique financial implications for the three potential sites. Key points to consider include:

- While the capital costs for construction vary in value for each site, the costs are consistent with providing a full facility development on each site- including the 300-seat black-box performance space.
- Capital costs include renewals of existing assets as they reach end of life, with no further stages of capital investment included.
- Operating financials for the three sites were developed utilising the projected demand, benchmarked pricing, and assumptions for utilisation of the services provided to determine the operating revenue and are assumed to fluctuate in line with the volume of events or performances, based on the demand projections. Facility operating costs were developed with a focus on fixed costs and variable costs.
 - Fixed Costs are expenses that remain constant regardless of the level of activity, such as insurance, salaries, and utilities.
 - Variable costs are directly related to the level of activity, and are developed based on the demand projections, and operating revenue assumptions.

2.4.3 Project Case Scenarios – No Black-Box

A lower capital development scenario was assessed, which considers a project development case for each site where the 300-seat black-box performance space is planned for, and included in the facility design, however construction of the black-box is completed at a later date outside of the timeframe for the financial assessment.

2.5 PRICING

A desktop literature review of similar Concert Halls and Performance Centres across Australia was completed to determine the appropriate fees and charges for financial modelling purposes. This included reviewing the following venues:

- City Recital Hall
- Empire Theatre Auditorium
- Federation Concert Hall
- Geelong Arts Centre (GAC) - Costa Hall
- Home of the Arts (HOTA) - Theatre 1
- Melbourne Recital Centre - Elisabeth Murdoch Hall
- Perth Concert Hall
- Queensland Performing Arts Centre (QPAC)
- Redlands Performing Arts Centre (RPAC)
- Townsville Civic Theatre.

Details of how each price was determined is described in Section 3.2 Operating Revenue Assumptions of this report.

2.6 SENSITIVITY TESTING

Sensitivity was conducted primarily around the demand projections. The main financial feasibility assessment is completed and documented around the medium (or central) demand projection, which has been compared to a low and high projection, aligned with population projections for Townsville, and expected growth in performing arts.

3. SERVICE NEED & DEMAND

3.1 DRIVERS FOR DEMAND

There are two key drivers for demand for performing arts facilities in Townsville: population growth and attraction of major performance events. These are examined in more detail below.

- As the population grows, so too will the potential audience for live performances. In the 20 years to 2041, Townsville LGA is projected to record average annual population growth of 1.6% to reach a population of approximately 275,700.
- There is estimated to be demand within the Townsville population for approximately 377,800 live event attendances in 2022. This is projected to increase to approximately 505,400 event attendances in 2041 at an average annual growth rate of 1.5%.
- Nationally significant events including the AFCM (Australian Festival of Chamber Music), the Australian Concerto and Vocal Competition, and performances by state and national acoustic-based performance groups will be significant drivers of the demand for the proposed concert hall.
- Based on indicative findings from consultations, if Townsville had a suitable acoustics-based venue and greater venue availability, state and national acoustic-based performance groups would increase their annual visitation/ performances in Townsville by more than five times their current visitation/ performances on average (noting this is from a relatively small base).

3.2 FUTURE DEMAND FOR PERFORMING ARTS

Understanding future demand for the proposed Concert Hall and the existing TCT is important to estimate the optimal audience capacity of the Concert Hall, to ensure TCT will be sufficiently alleviated of demand to allow more bookings to be accepted, and to ensure both venues will be sufficiently occupied to ensure their ongoing success. The findings of the future demand projections are below.

- Townsville is expected to have demand for 364 performance days (471 booking days) in 2041 for performance types that are currently attracted to Townsville (including performances held as well as those foregone due to capacity constraints at existing facilities), an average annual increase of 1.1% on the 297 performance days demanded in 2022.
- Townsville is also estimated to have foregone demand for 34 performance days (44 booking days) as a result of not having an acoustic facility in 2022; this is expected to increase to 45 performance days (58 booking days) by 2041.
- Of the 297 performance days demanded for existing venues in Townsville in 2022, 104 performance days are estimated to be for performances which would be better suited to an acoustic facility. This is expected to increase to 128 performance days in 2041. Including foregone demand for performances which require an acoustic facility, there is estimated to have been sufficient demand for 138 performance days in an acoustic facility in 2022 and 173 performance days in 2041.
- Of the 297 performance days demanded for existing venues in Townsville in 2022, there is estimated to be 195 performance days for performances which are best suited to a theatre venue, which is expected to increase to 236 days in 2041.
- By 2041, performances which attract between 700 and 850 attendees are expected to represent the largest proportion (34.6%) of performances demanded for existing theatre venues.
- By 2041, performances which attract demand for between 500 and 700 attendees are expected to represent the largest proportion (45.4%) of performances demanded for acoustic facilities in Townsville.

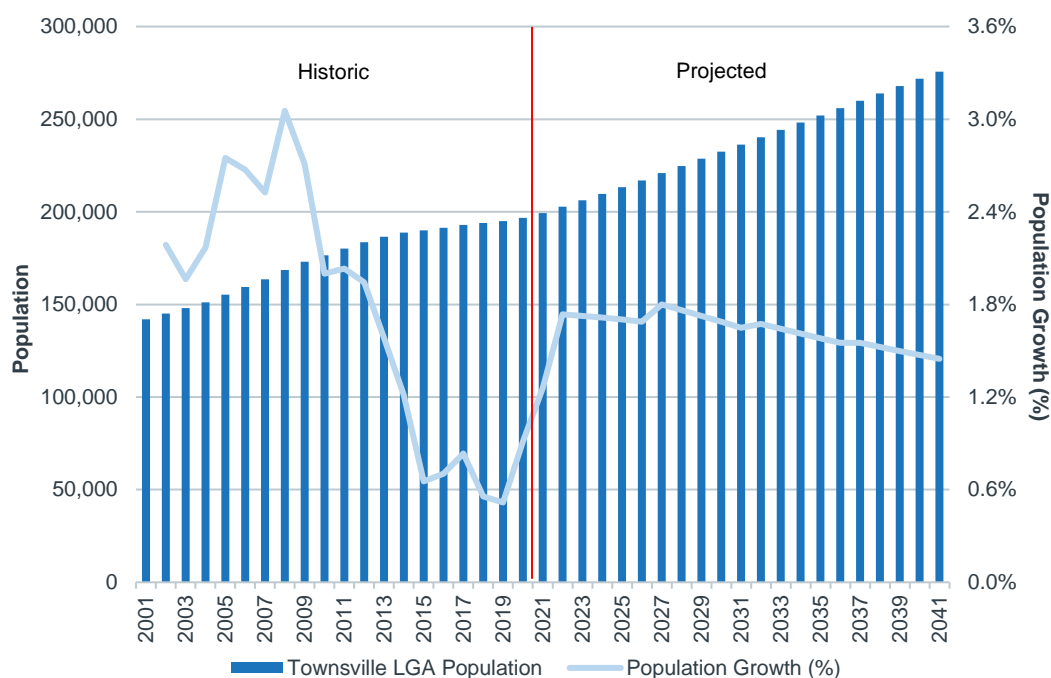
The above factors can be distilled into two key drivers: population growth and attraction of major performance events. These are examined in more detail below. Of these demand drivers, it should be noted that meeting the

demands of local population and performance groups will primarily support local amenity, while the attraction of major performances/ events will support both local amenity and attraction of visitors to the region.

3.3 DEMAND PROJECTIONS

In the past 20 years, the population of Townsville local government area (LGA) has grown substantially and is projected to continue to grow in the forthcoming 20 years. The population of Townsville LGA has grown from approximately 142,000 people in 2001 to 196,800 in 2020 with an average annual growth rate of 1.7%. In the 20 years to 2041, Townsville LGA is projected to record average annual population growth of 1.6% to reach a population of approximately 275,700.

Figure 3.1 Townsville Historic and Projected Population, 2001 to 2041



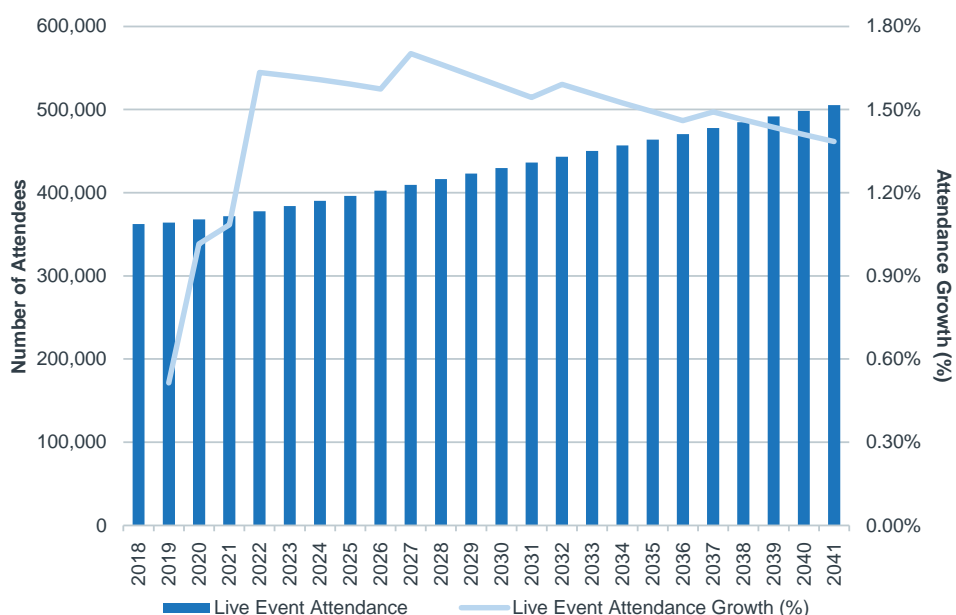
Source: ABS (2021a), QGSO (2022), AEC (2022a)

Arts and cultural events in Australia and in Queensland are well-attended by the population. In the 2017-18 financial year, 82.4% of Australians over the age of 15 years and 94.3% of children aged five to 14 years attended at least one cultural venue or event (ABS, 2019). While strong, attendance in Queensland was modestly lower than the national average with 81.0% of persons over the age of 15 years and 93.0% of children attending at least one cultural event in 2017-18 (ABS, 2019). Performing arts events were the second most popular cultural activity in Queensland with 50.7% of the population between the ages of 5 and 14 years and 47.5% of the population over the age of 15 years attending at least one performing arts event in the 2017-18 financial year.

The projection of demand for live performances from the Townsville resident population is based on state and national attendance rates applied to the Townsville population. These rates are influenced by capital cities and major events and as such caution should be exercised when interpreting this data as it pertains to attendance of live events by Townsville residents. The projection should be considered an indicative level of demand for live performances by Townsville’s residents, including live performances held in Townsville and outside Townsville.

This projection is not used in determining demand for the concert hall and is presented only for information purposes and as a check that projections of demand for the concert hall, combined with other performance arts facilities in Townsville, are reasonable in consideration of indicative levels of resident demand for live performances.

Figure 3.2 Projected Demand for Live Performances, Townsville Population, 2018 to 2041



Note: This is a projection of live event attendances by Townsville residents, this includes events which are held outside Townsville.
 Source: ABS (2019, 2021a), QGSO (2022), AEC (unpublished)

3.4 DEMAND FOR REVENUE MODEL

The operating revenue in the financial model is primarily derived utilising the demand projections and ticketing pricing/schedule of rates. These projections are categorised into groups that share a common demand driver - Attendance by Event, Performances by Event, Performance Days, Booking Days, and Average Attendance Size per Performance – see table below.

To calculate the operating revenue the demand driver is applied to further subcategories - Current Events, Missed Bookings and Bookings Held Elsewhere, and Foregone Events.

Table 3.1 Revenue Modelling and Demand Projection Utilised

Base Case or Project Case	Revenue item	Demand Category Driver
Base Case	<ul style="list-style-type: none"> Commission Earnings Ticket Sales 	Attendance by event
	<ul style="list-style-type: none"> Recovery of Expenses Rental Income 	Booking Days
Project Case	<ul style="list-style-type: none"> Venue Hire 	Booking Days
	<ul style="list-style-type: none"> Labour Hire Other Charges – Merchandising, Food & Bar Other Charges – Ticket Fees Other Charges – Ticket Event Creation Other Charges – Credit card Commission 	Performances by Event
	<ul style="list-style-type: none"> Other Charges – Equipment Hire 	Performance Days
	<ul style="list-style-type: none"> Other Charges – Advertising & Marketing 	Attendance by event

Source: AEC unpublished.

For the financial modelling, the medium (or central) demand projection has been utilised as the basis of the analysis. Low and high projections have been used to inform the sensitivity analysis.

The financial assessment includes consideration of the full development with a concert hall and the black-box theatre/ rehearsal space. Alternative scenarios are developed to assess the financial impact if the black-box theatre is designed to be constructed at a later stage (reducing the initial construction costs).

3.4.1 Base Case

The Base Case considers the TCT demand growth to reach venue capacity of 315 events (# Performances) per year. To achieve this, demand is expected to increase by 2% in 2023-24, then 3%, 4% and 5% respectively in the following years, reaching full capacity of 315 by 2026-27.

3.4.2 Project Case

The Project Case will see demand for performances decrease at the TCT from 2028-29, due to some performances preferring the newly constructed TCH. The projected drop in demand at the TCT in the Project Case scenarios is not expected over the assessment period to recover to the current number of performances prior to the TCH opening.

For the Project Case scenarios, the demand growth is consistent across all sites, as the facilities have all been designed to provide the same service offerings.

While the initial demand when the TCH opens is 182 performances per year, this is projected to grow to 282 per year by 2067/68. This can be demonstrated in the following table.

Table 3.2 Project Case TCT & TCH Projected Demand

Financial Year	Description	TCT Number of performances per year	TCH Number of performances per year	Total
2027-28	Year prior to TCH operating	301	N/A	301
2028-29	First year of TCH operating	200	182	382
2047-48	20 Years of TCH operating	249	235	484
2067-68	40 Years of TCH operating	270	282	552

Source: AEC unpublished.

3.4.3 Project Case – No Black-Box

The table below illustrates the projected demand for the Project Case - No Black-Box scenario and its corresponding impact on the TCT.

Table 3.3 Project Case – No Black-Box - TCH Projected Demand

Financial Year	Description	TCT Number of performances per year	TCH Number of performances per year	Total
2028-29	First year of TCH operating	201	178	379
2047-48	20 Years of TCH operating	251	230	481
2067-68	40 Years of TCH operating	270	276	546

Source: AEC unpublished.

3.5 SERVICE NEED

Following are the key findings from the service need analysis, details of which are available in the Service Need Technical Document.

- The most significant gap in the city's performing arts facilities was identified to be a large venue suitable for acoustic performances (a concert hall). The TCH is recommended to be designed to cater to an audience of up to (but not more than) around 1,000 patrons to ensure its ability to accommodate the culturally significant acoustic-based events with large audiences that the facility is expected to attract.
- A secondary service need was identified for a small black-box performance space of approximately 300 seats to support additional productions and serve as a rehearsal/ warm up space for the TCH, which was identified as being strongly desired through consultation with performance groups.

- There is expected to be significant demand for a concert hall in Townsville, which will strongly enhance the cultural landscape, increase the quality of acoustic performances and stimulate economic growth. Including performance days demanded for existing facilities and foregone demand for performances which require an acoustic facility, there is estimated to have been sufficient demand for 137 performance days (176 booking days) in a concert hall in 2022 and 173 performance days (223 booking days) in 2041.
- With the addition of the TCH, TCT will remain a premier theatre performance facility in Townsville with many performance types being best suited to a theatre venue. Where demand for acoustic performances are accommodated by the TCH, usage of the TCT will be optimised with additional capacity to host more performances which are better suited to a theatre venue and more performances that are currently unable to be scheduled as far in advance as is necessary. Of the 297 performance days demanded for existing venues in Townsville in 2022, 194 performance days (251 booking days) are estimated to be best suited to a theatre venue, which is expected to increase to 236 performance days (305 booking days) in 2041.
- By 2041, 79.8% of concert hall-based performances in Townsville are expected to attract audience sizes of between 300 and 700 attendees, with 15.5% expected to provide sufficient demand for audiences of more than 700 attendees. The Townsville Concert Hall is recommended to be designed to cater to an audience of up to 1,000 to ensure its ability to accommodate the small number of culturally significant acoustic-based events with large audiences that the facility is expected to attract, while retaining an intimate performance atmosphere for the majority of performances which will be in the 300 to 700 audience range.
- As Townsville has already begun missing opportunities for performing arts events and cultural development, the need for additional cultural infrastructure and a solution to the identified service need is immediate. In 2022, Townsville is estimated to have foregone demand for 34 performance days as a result of not having an acoustic facility and 32 performance days due to capacity constraints of existing venues (totalling 66 missed performances in 2022); this is expected to increase to a total of 124 missed performance days by 2041.
- The service need assessment was subject to peer review by PAC Australia (Performing Arts Centres Association – the peak body for performing arts centres, presenters and producers across Australia), which found the Service Need Assessment was “...a sound rationale for the development of a concert hall at the proposed capacity, particularly in a complementary (not competitive) environment to the existing cultural infrastructure.” (PAC Australia, 2022).

4. FINANCIAL MODELLING ASSUMPTIONS

To establish the financial modelling a number of assumptions must be made to enable the modelling. The following sections outline the general assumptions, operating revenue assumptions, operating expenditure assumptions and capital expenditure assumptions.

4.1 GENERAL ASSUMPTIONS

The following table outlines the general assumptions applied to the modelling:

- The project is assumed to purchase land in 2024-25, and then begin construction in 2025-26, taking 3 years to be completed in 2027-28.
- No interest rate assumption is required, as it is assumed that the initial construction and all future renewals will be funded by grant funding.
- A discount rate of 7.0% has been applied to calculate the net present value of future cashflows.
- Annual indexation of 3.0% is applied to the cost of construction for works completed from 2023-24 onwards – cost estimates were provided in 2022-23.
- Annual indexation of 2.5% is applied to asset values and depreciation once constructed.

Table 4.1. General Assumptions

General Inputs	Value
Base Year	2025
Discount Rate	7.0%
Indexation of Capital Construction/Acquisition Costs (% p.a.)	3.0%
Indexation of Asset Values & Depreciation Once Constructed (% p.a.)	2.5%

Source: AEC unpublished.

4.2 OPERATING REVENUE ASSUMPTIONS

Operating revenue has been calculated based on the approach identified for each of the options / sites, as detailed in the following table.

Table 4.2 Revenue Approach by Option / Site

Options / Sites	Revenue approach
TCT - Base Case TCT - Project Case	Existing operating revenues based on demand projections, within the following categories: <ul style="list-style-type: none"> • Commission Earnings • Recovery of Expenses • Rental Income • Ticket Sales
TCH - The Hive TCH - The Strand TCH - Dean Street	Operating revenue based on demand projections, within the following 3 categories (each of which have subcategories): <ul style="list-style-type: none"> • Venue Hire • Labour Charges • Other Charges

Source: AEC unpublished.

4.2.1 Base Case & Project Case TCT – All Revenue Categories

The TCT financials provided are for the 2022-23 financial year, but adjustments are necessary to align them with the project base year of 2025 when the land is planned to be purchased. To establish the correct starting point, the revenue for 2022-23 has been indexed at 2.5% for two years. Additionally, it has been assumed that the TCT is able to increase the maximum number of booking days achievable (capacity) from that realised in 2021-22 due to improved efficiencies and scheduling. This capacity has been assumed to grow at a rate of 2% of the booking days

realised in 2021-22 for 2023-24, increasing by an additional 1% per annum until 2026-27 at which point it is assumed to reach full capacity. The specific growth percentages for demand capacity are outlined in the following table.

Table 4.3 Demand Capacity Growth for Townsville Civic Theatre

Description	2024	2025	2026	2027
Growth	2%	3%	4%	5%
Capacity Projected	306.2	309.2	312.2	315.2

Source: AEC unpublished.

The TCT revenue model has four categories - Commission Earnings, Recovery of Expenses, Rental Income and Ticket Sales. The revenue categories are made up of the revenue sources as identified in the following table.

Table 4.4 TCT Revenue Categories with the Revenue Source

Revenue category	Source
Commission Earnings	Merchandising, food & bar
Recovery of Expenses	Recovery of labour, equipment hire, advertising, ticket event creation, LPA Fees etc.
Rental Income	Venue hire
Ticket Sales	Venue income from ticket sales (excludes events / performances where the venue does not get a share of the ticket sales, but receives a fee for the venue hire)

Source: AEC unpublished.

The revenue modelled for the TCT for 2025-26 onwards has been completed by applying demand drivers and the previous baseline revenue earnings. The demand driver used for each of the revenue categories is identified in the table below.

Table 4.5 TCT Revenue Categories Aligned with Demand Driver

Revenue category	Demand Driver
Commission Earnings	Attendance numbers
Recovery of Expenses	Booking Days
Rental Income	Booking Days
Ticket Sales	Attendance numbers

Source: AEC unpublished.

4.2.2 Project Case TCH - Venue Hire Revenue

A desktop literature review of similar Concert Halls and Performance Centres across Australia was completed to estimate the fees and charges for financial modelling purposes.

For Venue Hire Revenue, the distinction between community and commercial revenue rates is utilised across seven of the ten centres reviewed, and the distinction lies in the purpose and nature of the events hosted. Community rates are typically offered to nonprofit organisations, local community groups, schools and amateur performers who aim to engage and serve the local community. These rates are often subsidised or discounted to support cultural and community development initiatives. On the other hand, commercial rates are applied to professional productions, commercial events, touring acts and corporate functions that generate revenue. These rates reflect the market value of the venue and its services, considering factors such as demand, production costs, and potential profit. The differentiation allows Concert Halls and Performance Centres to strike a balance between supporting community engagement and cultural activities while also sustaining their financial viability.

The following table demonstrates the venue capacity and the community venue hire rates at seven of venues that offer a reduced community rate.

Table 4.6 Concert Hall & Performance Centre Community Venue Hire Rates

Aspect	Empire Theatre Auditorium	Geelong Arts Centre (GAC) - Costa Hall	Home of the Arts (HOTA) - Theatre 1	Melbourne Recital Centre - Elisabeth Murdoch Hall	Perth Concert Hall	Redlands Performing Arts Centre (RPAC)	Townsville Civic Theatre
Capacity	1,561	1,421	1,121	1,000	1,731	550	978-998
Full Day rate	\$2,150	\$5,275	\$2,300	\$10,826	\$5,500	\$2,350	\$1,800
Per person cost ^(a)	\$1	\$4	\$2	\$11	\$3	\$4	\$2

Note: (a) Per person equivalent cost is based on the venue capacity
Source: AEC unpublished.

The average per person cost, based on the venue capacity is \$4.00. As the Townsville Concert Hall will have a capacity of 1,000, the assumption of \$4,000 venue hire per day has been used for the Community Venue Hire rates in the modelling.

Commercial Venue Hire Rates can vary across the venues reviewed, with some facilities not making the distinction between community and commercial rates and only advertising a single rate. These rates can range from \$2,600 through to \$23,150 and are demonstrated in the following table.

Table 4.7 Concert Hall & Performance Centre Commercial & Single Rate Venue Hire Rates

Aspect	City Recital Hall	Empire Theatre Auditorium	Federation Concert Hall	Home of the Arts (HOTA) - Theatre 1	Melbourne Recital Centre - Elisabeth Murdoch Hall		Queensland Performing Arts Centre (QPAC)
					(Private event)	(Public event)	
Capacity	1,238	1,561	1,087	1,121	1,000	1,000	1,500
Full Day rate	\$10,219	\$3,350	\$14,300	\$2,600	\$16,432	\$11,633	\$23,150
Per person cost ^(a)	\$8	\$2	\$13	\$2	\$16	\$12	\$15

Note: (a) Per person cost is based on the venue capacity
Source: AEC unpublished.

Due to the variance within the range of the Commercial and Single Rate Venue Hire rates, and to ensure alignment with the rate used for the Community Venue Hire rate, a Commercial Rate of \$8,000 has been used, (100% markup on the community rates), but less than the average of the rates for the other venues reviewed in the desktop analysis. Based on this, the following table identifies the price assumptions, used for the Venue Hire Revenue modelling within the financial model.

Table 4.8 Venue Hire Price Assumptions used for the Financial Modelling

Operating Pricing Schedule	Price	Price Assumptions	Utilisation Assumptions
Venue hire - Ticketed Community Event	\$4,000.00	Average Full Day hire, based on the capacity of the venue	Demand projection
Venue hire - Non-ticketed Community Event	\$4,000.00	Average Full Day hire, based on the capacity of the venue	Demand projection
Venue hire - Ticketed Commercial Event	\$8,000.00	Average Full Day hire, based on the capacity of the venue	Demand projection
Venue hire - Supported Ticketed Commercial Event	\$8,000.00	Average Full Day hire, based on the capacity of the venue	Demand projection

Source: AEC unpublished.

The Venue Hire operating revenue assumptions utilise the service need also referred to as the demand projection. The service need or demand projection for the concert hall was undertaken based on desktop literature review,

comprehensive consultation with a number of performing arts companies (both local and touring) and venue operators (both in Townsville and in capital cities), as well as development of projections of demand for theatre and concert facilities in the Townsville region, and population projections.

The revenue modelling for the TCH Venue Hire has been completed utilising the demand projection for Booking Days.

4.2.3 Project Case TCH - Labour Charges Revenue

The desktop literature review, conducted on similar Concert Halls and Performance Centres throughout Australia, revealed a variety of charging methods for labour. These methods can range from individual resources billed at hourly rates to specialised crews allocated based on the size of the show, or even package deals for fully resourced shows. The diverse approaches to labour charging reflect the flexibility and adaptability of venues in accommodating the unique needs and requirements of different productions.

For the purposes of the financial modelling, the operating revenue for labour charges has been developed based on the following rates and the demand projections.

Table 4.9 Labour Charges Price Assumptions (per Performance) used for the Financial Modelling

Operating Pricing Schedule	Price	Price Assumptions	Utilisation Assumptions (%)
FOH (Ushers)	\$1,280.00	Based on 1,000 audience Average = \$80/staff (4)/hour (4hrs)	100% of shows have labour hire
Technical Staff	\$1,280.00	Based on 1,000 audience Average = \$80/staff (4)/hour (4hrs)	100% of shows have labour hire
Cleaning	\$360.00	Average = \$60/staff (2)/hour (3hrs)	100% of shows have labour hire
Security	\$560.00	Average = \$70/staff (2)/hour (4hrs)	100% of shows have labour hire
Ambulance / St Johns attendants	\$510.00	2 Officers in Attendance Average = \$85/hr (2)/hour (3hrs)	100% of shows have labour hire

Source: AEC unpublished.

For the purposes of the Financial Feasibility modelling, we have opted to utilise the full cost pricing methodology, to recover labour costs relating to events and shows, as this ensures that the pricing structure accurately reflects the true costs of providing labour services and promotes transparency for all. This means that the cost of variable labour is offset in full by the revenue generated.

The revenue modelling for the TCH Labour Charges has been completed utilising the demand projection for Number of Performances.

4.2.4 TCH Approach - Other Charges Revenue

Within the category of Other Charges Revenue, the modelling has applied operating revenue assumptions for each of the following subcategories:

- Equipment Hire
- Advertising & Marketing
- Merchandising, Bar & Food
- Ticket Fees
- Ticketing Event creation
- Credit card commission
- Live Performance Australia (LPA), Industry Service Fee
- Transmission Recording Allowance.

The desktop literature review conducted on similar Concert Halls and Performance Centres throughout Australia, revealed a variety of charging methods and prices, and this review has resulted in the following price assumptions for the Townsville Concert Hall.

TCH Equipment Hire

Equipment hire rates vary based on the specific requirements and items needed for performances, with some venues offering individual equipment options while others provide comprehensive packages. For instance, the Melbourne Recital Centre offers a Projection Package at just over \$4,000, which includes a Christie projector, screen, mac mini, vision switcher, and DVD player, while the hire of a Steinway Model D comes at a separate rate of approximately \$850. Similarly, the City Recital Hall in Sydney provides a lighting package at \$460 or individual lights at \$120, along with a Staging Black Box Package priced at \$1,590, with separate rates for staging drapes, carpet, rigging, and other components.

To simplify calculations, we have considered an average equipment hire fee of \$800, assuming an average of two hire items per show, resulting in a rounded rate of \$1,600 per show. The capital costs assume an investment of \$1.3 million in specialist performance equipment including, performance lighting and rigging system, sound system, orchestral provision, and specialist stage equipment. Other equipment is assumed to be hired and charged to the performance company as required.

TCH Advertising & Marketing

The desktop review identified that venues were either charging a price based on the requirements of the client, or a price per printing of posters and / or flyers, and / or the lightbox or digital billboard set up. Based on this, the modelling has utilised an assumption of \$400 per show, noting that the method in reality will likely be POA (Price on Application).

TCH Merchandising, Bar & Food

The Merchandising, Bar & Food offerings are expected to be tailored to suit the unique characteristics of each event or show. To determine the projected spend, the modelling takes into account factors such as the expected audience size and whether they are local or visiting. Three distinct levels of spending per person were used in the analysis, which were an average of:

- \$25 per head for significant-scale events
- \$10 per head for moderate-sized events
- \$5 per head for local community-focused events.

This approach ensures that revenue projections align with the event's scale and potential reach. This approach assumes that catering is run through the facility and not outsourced.

TCH Ticket Fees

The operating revenue for ticket fees has been calculated utilising the demand projections, with two methods, detailed in the following table.

Table 4.10 Revenue Methodology for Ticket Fees

Price and Demand Projection	Option / Site
Average ticket sales revenue and demand projections for total attendance	Base Case - TCT
	Project Case - TCT
Average ticket price by genre and demand projections by performance typology or genre	Project Case - TCH - The Hive
	Project Case - TCH - The Strand
	Project Case - TCH - Dean Street

Source: AEC unpublished.

The desktop literature review conducted established the average ticket price based on performance typology or genre, which is detailed in the following table. This price was then compared to the average price derived from the publicly available *2021 Ticket Attendance and Revenue Report - Final Report* (Ernst & Young, 2021). The

comparison revealed that the prices were similar. Additionally, the report presented data on the average ticket price in Australia spanning the last 15 years (2004-2021), illustrating fluctuations in pricing can vary from year to year.

Table 4.11 Average Ticket Prices performance typology

Performance Typology	Average Ticket Price
Eisteddfod	\$20.00
Childrens	\$16.67
Film	\$18.94
Drama	\$24.57
Variety	\$25.31
Dance	\$34.87
Classical	\$100.00
Opera	\$110.00
Musical	\$39.17
Music Folk / Acoustic	\$45.00
Orchestral	\$55.00
Comedy	\$60.00
Other	\$73.93
Magic	\$84.62
Awards	\$20.00
Cabaret	\$39.17
Psychi-Medium	\$73.93
Average ticket price	\$50.84

Source: AEC unpublished.

Since the venue does not retain all the income generated from ticket sales, the model incorporates an assumption based on City of Townsville's recognition of revenue in 2022 and 2023 for the existing Townsville Civic Theatre, compared to the demand projection, (and therefore total revenue). TCT recognised revenue that accounted for 13.53% and 15.84% of the total revenue, in 2021-22 and 2022-23 respectively. This yields an average of approximately 14.68%. To simplify calculations, this was rounded up this figure to assume that 15% of the Ticket Sales Revenue will generate income for the venue.

TCH Ticketing Event Creation

Ticketing event creation is the establishment of the event in the ticketing system, to enable ticket allocation, pricing, customer interactions, and create internal workflows for managing the ticketing process. The Ticketing event creation can also be used to enable marketing campaigns, or to contact ticket purchases regarding the event, either through social media, email, and / or phone calls. The desktop review revealed that ticketing event creation, specifically ticket set up, can differ depending on seating plans. These plans can be categorised as either standard or adapted. Furthermore, various venues employ different pricing structures, with some charging a standard rate for the first performance and a reduced rate for subsequent performances, while others offer a fixed rate for all shows. The advertised prices for Ticketing Event Creation range from \$60 to a minimum of \$180 (denoted as "From \$180"). Considering these factors, we have determined a rounded fee of \$150.00.

TCH Credit Card Commission

When venues charge credit card transactions and administration fees, they typically apply a percentage or flat fee to the total transaction amount to cover the costs associated with processing payments and managing administrative tasks. These fees help offset expenses incurred by the venue and ensure smooth financial operations.

The desktop review revealed that credit card transaction & administration fees can range from 1.26% to 3.00%. This yields an average of approximately 2.33%. Considering these factors, we have determined a rounded fee of 2.50% for the financial modelling, with the estimation that 80% of tickets purchased will use a credit card.

TCH Live Performance Australia (LPA), Industry Service Fee

The Live Performance Australia (LPA) Industry Service Fee is a fee charged by LPA, the peak body for Australia's live performance industry, to its members. The fee supports the organisation's activities and services aimed at promoting and advancing the live performance sector, including advocacy, industry research, and professional development programs. By paying this fee, members contribute to the growth and sustainability of the Australian live performance industry as a whole.

The Live Performance Australia, Industry Service Fee Information Kit Producers/Promoters 2020-21 report indicates that for a venue with capacity of 501-1000 the fee per performance was \$179.00 (Incl. GST).

As the CPI (Consumer Price index) for the recreation and culture group across Australia was an increase of 4.54% from 2020-21 to 2021-22, and 7.09% from 2021-22 to the 3rd quarter of 2022-23 (ABS CPI: All Groups, Index Numbers and Percentage Changes report), this would result in a price of \$183.19 (Excl. GST). Considering these factors, we have determined a rounded fee of \$180.00, applied to all performances.

TCH Transmission Recording Allowance

The Transmission Recording Allowance fee is charged for the permission to record and transmit live performances. Based on the desktop analysis, only one venue, the City Recital Hall in Sydney, had this fee, amounting to \$210.00. For modelling purposes, a rounded rate of \$200 has been utilised, assuming that 20% of shows will request the use of this service.

TCH Summary of Other Charges Price Assumptions

The following table summarises the price assumptions utilised within the financial model for the Other Charges Revenue category.

Table 4.12 TCH Other Charges Price Assumptions used for the Financial Modelling

Operating Pricing Schedule	Price	Price Assumptions	Utilisation Assumptions (%)
Equipment Hire	\$1,600	Rounded average of all equipment (lighting, sound, specialist) is \$800, assumes 2 equipment items per show	100% of shows have equipment hire
Advertising & Marketing	\$400	Assumes 10% markup, average price based on desktop review (however, POA is the preferred approach)	80% of shows have advertising & marketing
Merchandising, Bar & Food	\$25	Event of significant scale - Per head / per show assumption, assumes 10% markup	100% of shows have Merc, Bar & Food
	\$10	Events of moderate size and scope - Per head / per show assumption, assumes 10% markup	100% of shows have Merc, Bar & Food
	\$5	Events with limited reach beyond local community - Per head / per show assumption, assumes 10% markup	100% of Shows have Merc, Bar & Food
Ticket Fees	15%	15% of Ticket Price income	
Ticketing Event creation	\$150	Per event, standard seating plan	100% of Shows
Credit card commission	2.50%	Average of Credit Card Fees charged	80% of Ticket Purchases
Live Performance Australia (LPA), Industry Service Fee	\$180	Based on 1000 capacity (2020/21 Fees), with indexation applied	100% of Shows
Transmission Recording Allowance	\$200		20% of shows transmission Recording

Source: AEC unpublished.

The revenue modelling for the TCH Other Charges has been completed utilising the demand projections identified in Table 4.13 (Table 4.14 Revenue Modelling and Demand Projection Utilised).

4.3 OPERATING EXPENDITURE ASSUMPTIONS

The operating expenditure has been determined by considering both fixed costs and variable costs. Fixed costs are expenses that remain constant regardless of the level of activity, such as insurance, salaries, and utilities. These costs do not change significantly with fluctuations in the volume of events or performances, or products sold.

On the other hand, variable costs are directly related to the level of activity. They vary in proportion to the quantity of services rendered or products manufactured. Examples of variable costs include labour costs directly tied to events or performances, and sales commissions. As the volume of services or products increases, variable costs also tend to increase.

By considering both fixed costs and variable costs in the analysis of operating expenditure, a comprehensive understanding of the financial implications associated with the project can be gained.

4.3.1 Base Case & Project Case TCT – Fixed Costs

Fixed costs for the TCT are separated into Employee costs and Materials & Services and have been based on the current expenditure for the TCT. Materials and Services are made up of numerous costs, including equipment maintenance, security, licensing, insurance etc.

As previously advised, the TCT financials provided are for the 2022-23 financial year, therefore adjustments are necessary to align them with the project base year of 2025. To establish the correct starting point, the costs for 2022-23 have been indexed at 2.5% for two years.

4.3.2 Base Case & Project Case TCT – Variable Costs

For the TCT base case, no variable operating cost has been applied, due to the venue being nearly at capacity, and the increases not being material.

For the TCT project case, the variable costs that have been assumed to fluctuate in line with the volume of events or performances include cleaning, commissions paid, credit card fees, equipment supplies, and performance fees.

The variable costs for these items have been calculated using the demand projections, based on the previous spend. The following table identifies the demand projections used.

Table 4.15 TCT Variable Costs

Operating costs	Demand Projection
Cleaning	Based on Performance Days
Commission Paid	Based on Attendance
Credit Card Fee	Based on Attendance
Equip Supplies	Based on Booking Days
Performance Fee	Based on Performance Days

Source: AEC unpublished.

4.3.3 Project Case TCH – Fixed Costs

Fixed costs for the TCH Options are separated into Employee costs and Materials and Services, from 2028-29 financial year onwards, as this is assumed the first year of operations.

The fixed costs utilised in the model are identified in the following table and have been sourced either through desk top review of other venues or based on AECOM estimates. The following table demonstrates the costs for year 1 of operations (2028-29), noting that these are than indexed annually at a rate of 2.5%.

Table 4.16 TCH Fixed Costs for the Financial Year 2028-29

Operating Costs category	Operating costs	The Hive	The Strand	Dean Street
Employee costs	Centre Management - 9 FTEs	\$1,080,000	\$1,080,000	\$1,080,000
Materials and Services	Minor replacement, repairs & planned maintenance	\$247,089	\$235,065	\$249,230
	Unscheduled replacement, repairs & reactive maintenance	\$13,182	\$12,541	\$13,296
	Grounds Maintenance (a)	\$28,643	\$103,025	\$67,616
	Cleaning	\$377,633	\$377,633	\$377,633
	Waste Management	\$13,451	\$14,908	\$13,451
	Utilities	\$372,001	\$365,522	\$369,900
	Administrative Costs	\$618,342	\$618,342	\$618,342
	Insurances	\$72,556	\$72,556	\$72,556
	Rates & Charges	\$92,890	\$84,428	\$63,589

Source: AEC unpublished.

Note (a): The Grounds Maintenance costs for The Strand site are higher due to the size of landscaped space. Dean Street also has landscaped areas, while The Hive has minimal.

In the no Black-Box option, the costs identified in the above table have been reduced proportionally by the same percentage as the reduction in capital.

4.3.4 Project Case TCH – Variable Costs

Variable costs for the TCH Options are separated into the categories of Labour Charges and Other Charges, to align with the revenue structure. The following table provides an overview of the methods behind the variable cost categories.

Table 4.17 TCH Variable Costs Method of Calculation

Cost Category	Cost	Method
Labour Charges	FOH (Ushers) per performance	As per revenue, as assumed full cost recovery.
	Technical Staff	
	Cleaning	
	Security	
	Ambulance / St Johns attendants	
Other Charges	Equipment Hire	The costs are derived from the revenue calculations and are net of a 10% markup on revenue.
	Advertising & Marketing	The costs are derived from the revenue calculations and are net of a 10% markup on revenue.
	Merchandising & Bar & Food	Per head / per show assumption, the costs are derived from the revenue calculations, and are net of a 10% markup on revenue.
	Ticket Fees	The costs are derived from the revenue calculations and are net of a 10% markup on revenue.
	Ticketing Event creation	The costs are derived from the revenue calculations and are net of a 10% markup on revenue.
	Credit card commission	The costs are based on 2.5% fees of the ticket sales, assuming 80% of tickets are purchased with a credit card, derived from the revenue calculations, and are net of a 5% markup on revenue.

Cost Category	Cost	Method
	Live Performance Australia (LPA), Industry Service Fee	Based on 1000 capacity venue (2020-21 LPA Fees schedule) with CPI for recreation & culture at 4.54% (2020-21 to 2021-22) and 7.09% (2021-22 to 2022-23), \$180.00 per performance. Assumed full cost recovery
	Transmission Recording Allowance	The costs are derived from the revenue calculations and are net of a 20% markup on revenue.

Source: AEC unpublished.

4.4 CAPITAL EXPENDITURE

4.4.1 Construction Costs

The construction scope of works for each scenario differs in terms of the works required. The following table outlines the projected cost of construction over the construction period for each of the TCH Project Case sites, at 2022/23 rates, exclusive of escalation. Within the financial model we have applied indexation to capital construction costs of 3% per annum.

Table 4.18 TCH Project Case Scenario - Construction Costs over the Construction Period (current value as at 2023)

Project Case / Site	FY 2025-26	FY 2026-27	FY 2027-28	Total
The Hive	69,695,481	116,050,170	26,257,810	212,003,461
The Strand	47,840,602	127,543,753	48,373,892	223,758,247
Dean Street	71,901,314	119,973,552	26,924,349	218,799,215

Source: AECOM & AEC unpublished.

A lower capital development scenario was developed, which explores a project development case for each site where the 300-seat black-box performance space is not developed up front and may be developed at a later date (outside of the modelling time horizon), is not included in the initial development. The construction costs relating to this are summarised in the following table.

Table 4.19 TCH Project Case Scenario – No Black-Box - Construction Costs over the Construction Period (current value as at 2023)

Project Case / Site	FY 2025-26	FY 2026-27	FY 2027-28	Total
The Hive	62,136,513	103,056,221	23,912,382	189,105,116
The Strand	40,621,836	107,276,488	41,509,813	189,408,138
Dean Street	62,683,322	104,110,927	24,066,437	190,860,686

Source: AECOM & AEC unpublished.

4.4.2 Asset Renewals

Asset renewals are vital for maintaining functional and efficient infrastructure over a 40-year period of operations. The table below provides the required renewal investments in each scenario (for the base case and each project scenario) as assets approach the end of their useful life during the 40-year financial modelling assessment period.

Table 4.20 TCT & TCH Project Case Scenarios – Total Asset Renewal costs over 40 years (current value as at 2023)

Base Case TCT	Project Case TCT	The Hive TCH	The Strand TCH	Dean Street TCH
55,385,878	55,385,878	111,750,740	112,893,575	111,862,055

Source: Townsville City Council & AEC unpublished.

Due to the lower capital development costs if construction of the Block Box is excluded, the asset renewals over the 40-year period of operations are projected to be around \$100 million for each site with the Black Box removed from the initial stage of development.

4.4.3 Land Costs

To estimate the approximate land costs for each respective site, analysis was undertaken on a range of development site transactions throughout Townsville City to understand appropriate value metrics based on a rate per square metre of site area and/or maximum permissible gross floor area (GFA).

Ordinarily, development sites are subject to different zonings (which allows for a range of typologies, some more valuable than others), maximum permissible heights and gross floor area/site cover amongst others. Both the Townsville City Plan (City Plan) and the Townsville Waterfront Priority Development Area Development Scheme (Development Scheme) are silent on maximum site cover and gross floor area that can be achieved for development sites. Generally, the existing planning framework only outlines maximum permissible building height.

As a result, this can make it problematic in applying appropriate value metrics to development sites (on a dollar rate per square metre of permissible GFA basis) when analysing or valuing. Therefore, the most appropriate method of benchmarking is comparing rates per square of site area achieved for similarly zoned properties and adjusting for factors including size, shape of site, dimensions, topography, outlook/ aspect, and standard of any existing improvements amongst others.

Research of both development site sales evidence (extending across previous three calendar years) and current development sites on the market was conducted and the sales evidence reflects a broad range of rates between \$403-\$1,235/m² of site area, while the current development sites on the market for sale reflect a range of asking rates between \$182-\$622/m² of site area.

The following table summarises the basis for the land purchase estimates for each site, used within the financial feasibility model.

Table 4.21 Land Costs across all Three Sites

Site	Site Area (m ²)	Rate/m ² (Site Area)	Assessment	Rounded Land Cost Used
The Hive	8,531	\$775	\$6,611,525	\$6,610,000
The Strand	10,925	\$850	\$9,286,021	\$9,285,000
Dean Street	18,550	\$480	\$8,904,000	\$8,904,000

Source: AEC unpublished.

4.5 FUNDING ASSUMPTIONS

The construction of the infrastructure in each of the TCH scenarios is assumed to be grant funded. It is also assumed that future asset renewals required, in the 40-year period of operations, are grant funded.

5. PROJECT PROFITABILITY

The profitability of the project in each of the scenarios has been thoroughly evaluated, considering the Earnings Before Interest, Taxation, Depreciation, and Amortisation (EBITDA), as well as the Operating Surplus/Deficit.

It is evident across all scenarios that the project is not financially feasible for the private sector to take it on – as such the financial assessment has been modelled to inform an operator/ investor of the nature and extent of the subsidy that may be required to support and sustain the facility, as typically cultural facilities require recurrent operational funding to realise the cultural benefits they deliver.

5.1 BASE CASE & PROJECT CASE

Figures 5.1 and 5.2 and Table 5.1 below outline the EBITDA for each of the base case and project case scenarios across a 20-year and 40-year forward projection.

The tables below outline the Operating Surplus/ Deficit across the same periods. Detailed summaries of the EBITDA and the Operating Surplus/ Deficit is provided in the Appendix B.

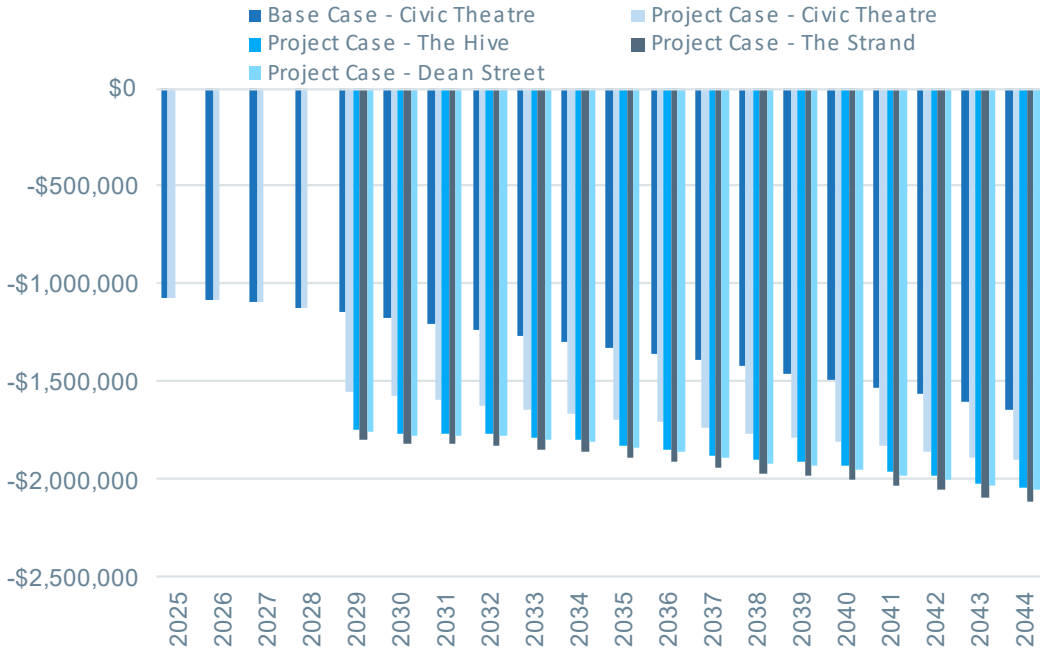
EBITDA, after excluding non-cash depreciation, amortisation, taxes, and borrowing costs, assesses the cash profit generated solely from the project's operational activities, without factoring in financing and assets. While this approach reduces the losses, it should be noted that all scenarios remain unprofitable from operations.

The Operating Surplus/Deficit illustrated in Figure 5.3 indicates a more unfavourable position compared to the EBITDA presented in Figure 5.1, indicating that all five scenarios will experience operating deficits that worsen year after year over both a 20-year and 40-year period. The deteriorating operating surplus/deficit position is primarily attributed to the depreciation costs incurred throughout the duration of the project.

For the Project Case scenarios, an annual subsidy of between \$1.8 million and \$2.6 million will be required to support operations over a 40-year period, noting that this would not cover depreciation, and therefore additional subsidies/ grants are required for asset renewals as assets reach the end of their life.

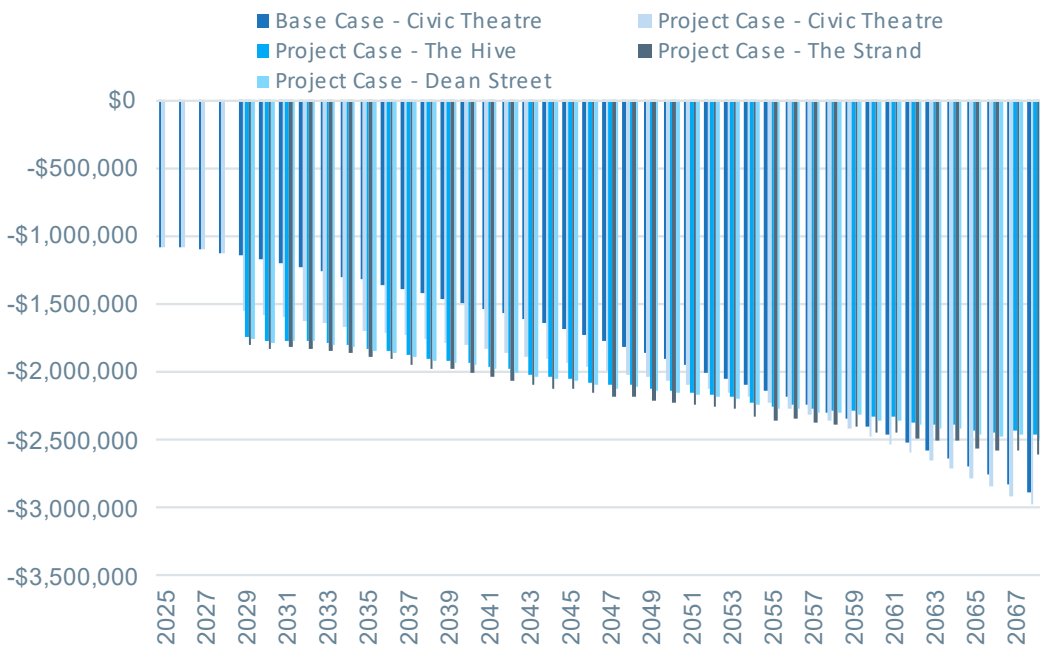
It should be noted that the TCT would require an annual subsidy of between \$1.1 million and \$3 million in both the Base Case and Project Case. In 2024-25 the Base Case TCT operational subsidy (EBITDA) required is projected at \$1.1 million, this grows to \$2.9 million annually by 2067-68. The Project Case TCT operational subsidy (EBITDA) required is projected at \$1.1 million, this grows to \$2.9 million annually by 2067-68.

Figure 5.1 Base Case & Project Case - Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) – 20 years



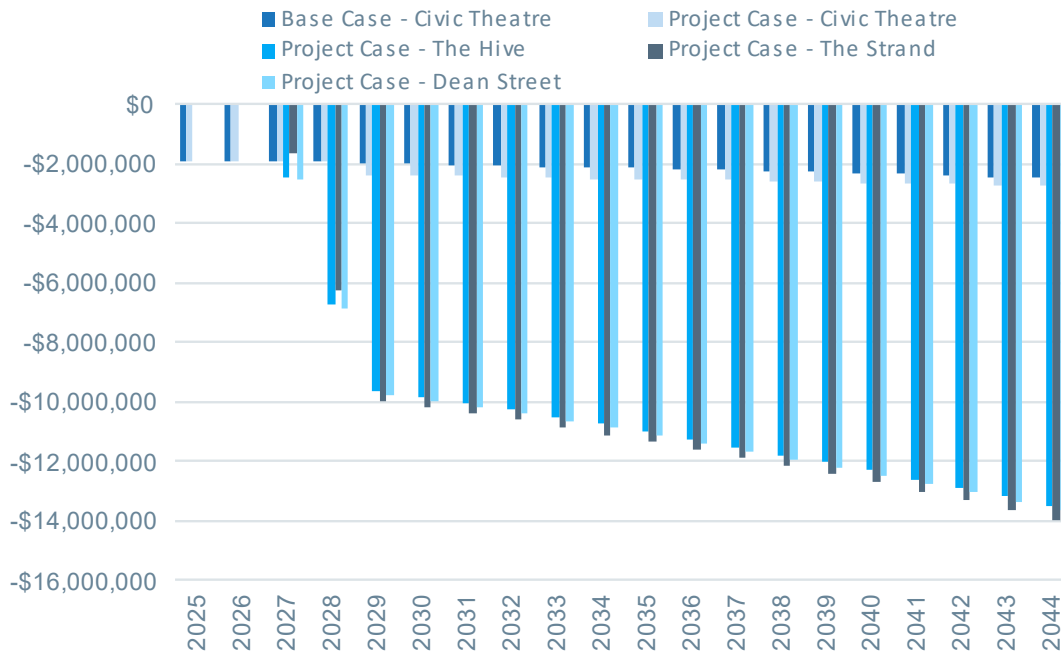
Source: AEC unpublished.

Figure 5.2 Base Case & Project Case - Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) – 40 years



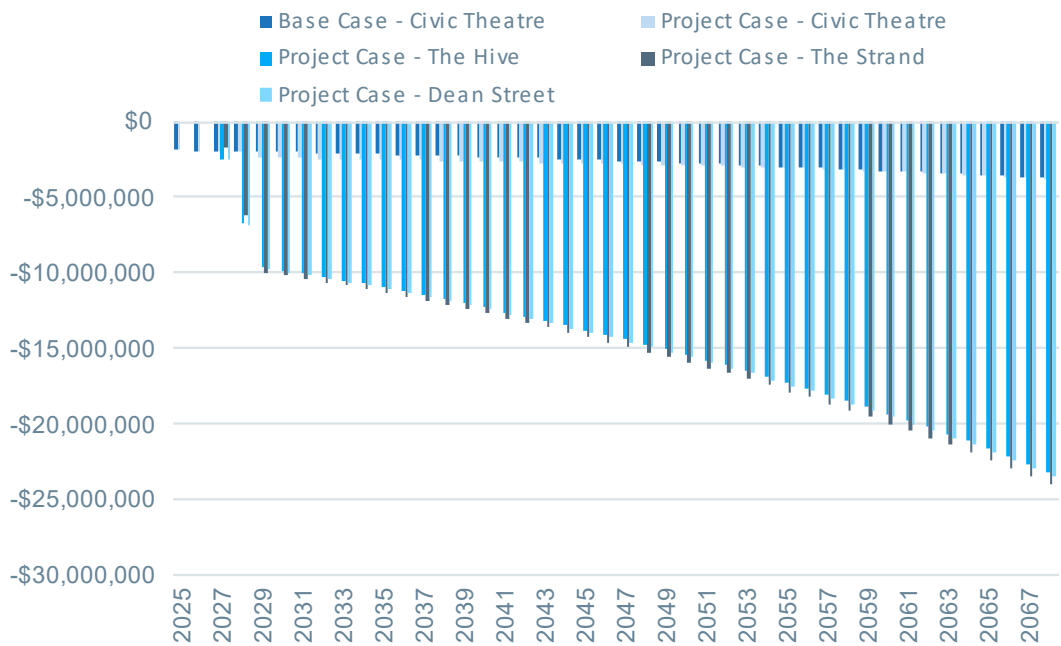
Source: AEC unpublished.

Figure 5.3 Base Case & Project Case - Operating Surplus/Deficit - 20 years



Source: AEC unpublished.

Figure 5.4 Base Case & Project Case - Operating Surplus/Deficit - 40 years



Source: AEC unpublished.



Table 5.1. Base Case & Project Case Projected Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) by Scenario

EBITDA	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Base Case - Civic Theatre	\$ (1,076,759)	\$ (1,086,225)	\$ (1,095,036)	\$ (1,123,687)	\$ (1,148,358)	\$ (1,171,634)	\$ (1,205,811)	\$ (1,233,946)	\$ (1,263,196)	\$ (1,296,069)
Project Case - Civic Theatre	\$ (1,076,759)	\$ (1,086,225)	\$ (1,095,036)	\$ (1,123,687)	\$ (1,548,945)	\$ (1,578,072)	\$ (1,597,301)	\$ (1,620,347)	\$ (1,645,201)	\$ (1,668,385)
Project Case - The Hive	\$ -	\$ -	\$ -	\$ -	\$ (1,748,158)	\$ (1,769,085)	\$ (1,766,213)	\$ (1,766,675)	\$ (1,788,398)	\$ (1,797,647)
Project Case - The Strand	\$ -	\$ -	\$ -	\$ -	\$ (1,801,400)	\$ (1,823,657)	\$ (1,822,150)	\$ (1,824,010)	\$ (1,847,167)	\$ (1,857,885)
Project Case - Dean Street	\$ -	\$ -	\$ -	\$ -	\$ (1,759,006)	\$ (1,780,203)	\$ (1,777,610)	\$ (1,778,356)	\$ (1,800,372)	\$ (1,809,919)

EBITDA	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Base Case - Civic Theatre	\$ (1,325,141)	\$ (1,361,667)	\$ (1,392,964)	\$ (1,422,415)	\$ (1,461,468)	\$ (1,495,578)	\$ (1,530,753)	\$ (1,567,898)	\$ (1,604,096)	\$ (1,646,043)
Project Case - Civic Theatre	\$ (1,693,842)	\$ (1,709,311)	\$ (1,732,757)	\$ (1,763,141)	\$ (1,784,423)	\$ (1,807,742)	\$ (1,832,283)	\$ (1,859,683)	\$ (1,886,971)	\$ (1,902,630)
Project Case - The Hive	\$ (1,831,548)	\$ (1,845,330)	\$ (1,879,643)	\$ (1,903,786)	\$ (1,912,960)	\$ (1,932,950)	\$ (1,966,178)	\$ (1,984,612)	\$ (2,020,765)	\$ (2,040,621)
Project Case - The Strand	\$ (1,893,291)	\$ (1,908,617)	\$ (1,944,512)	\$ (1,970,278)	\$ (1,981,114)	\$ (2,002,807)	\$ (2,037,782)	\$ (2,058,006)	\$ (2,095,994)	\$ (2,117,730)
Project Case - Dean Street	\$ (1,844,127)	\$ (1,858,224)	\$ (1,892,859)	\$ (1,917,333)	\$ (1,926,846)	\$ (1,947,182)	\$ (1,980,767)	\$ (1,999,565)	\$ (2,036,092)	\$ (2,056,331)

EBITDA	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Base Case - Civic Theatre	\$ (1,688,328)	\$ (1,727,037)	\$ (1,772,221)	\$ (1,814,444)	\$ (1,859,674)	\$ (1,906,328)	\$ (1,955,239)	\$ (1,999,852)	\$ (2,046,651)	\$ (2,093,546)
Project Case - Civic Theatre	\$ (1,936,122)	\$ (1,964,795)	\$ (1,986,015)	\$ (2,021,505)	\$ (2,042,771)	\$ (2,072,146)	\$ (2,090,530)	\$ (2,120,162)	\$ (2,155,279)	\$ (2,185,086)
Project Case - The Hive	\$ (2,048,318)	\$ (2,073,262)	\$ (2,101,272)	\$ (2,099,262)	\$ (2,122,131)	\$ (2,138,791)	\$ (2,153,055)	\$ (2,160,981)	\$ (2,177,606)	\$ (2,224,118)
Project Case - The Strand	\$ (2,127,355)	\$ (2,154,276)	\$ (2,184,310)	\$ (2,184,376)	\$ (2,209,373)	\$ (2,228,215)	\$ (2,244,714)	\$ (2,254,932)	\$ (2,273,905)	\$ (2,322,825)
Project Case - Dean Street	\$ (2,064,421)	\$ (2,089,768)	\$ (2,118,190)	\$ (2,116,603)	\$ (2,139,905)	\$ (2,157,010)	\$ (2,171,729)	\$ (2,180,123)	\$ (2,197,226)	\$ (2,244,229)

EBITDA	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Base Case - Civic Theatre	\$ (2,139,068)	\$ (2,189,227)	\$ (2,240,406)	\$ (2,293,082)	\$ (2,345,622)	\$ (2,402,260)	\$ (2,459,261)	\$ (2,516,395)	\$ (2,571,907)	\$ (2,634,099)
Project Case - Civic Theatre	\$ (2,229,316)	\$ (2,266,926)	\$ (2,310,465)	\$ (2,363,041)	\$ (2,416,331)	\$ (2,476,805)	\$ (2,532,555)	\$ (2,590,617)	\$ (2,649,462)	\$ (2,710,031)
Project Case - The Hive	\$ (2,253,099)	\$ (2,242,379)	\$ (2,272,645)	\$ (2,283,197)	\$ (2,284,436)	\$ (2,328,665)	\$ (2,333,293)	\$ (2,369,062)	\$ (2,384,905)	\$ (2,384,783)
Project Case - The Strand	\$ (2,354,274)	\$ (2,346,083)	\$ (2,378,941)	\$ (2,392,151)	\$ (2,396,114)	\$ (2,443,134)	\$ (2,450,624)	\$ (2,489,327)	\$ (2,508,176)	\$ (2,511,136)
Project Case - Dean Street	\$ (2,273,713)	\$ (2,263,508)	\$ (2,294,302)	\$ (2,305,395)	\$ (2,307,189)	\$ (2,351,987)	\$ (2,357,198)	\$ (2,393,565)	\$ (2,410,020)	\$ (2,410,526)

EBITDA	2065	2066	2067	2068
Base Case - Civic Theatre	\$ (2,695,349)	\$ (2,760,908)	\$ (2,825,743)	\$ (2,888,057)
Project Case - Civic Theatre	\$ (2,776,656)	\$ (2,840,822)	\$ (2,911,053)	\$ (2,978,174)
Project Case - The Hive	\$ (2,434,001)	\$ (2,451,499)	\$ (2,435,089)	\$ (2,464,375)
Project Case - The Strand	\$ (2,563,513)	\$ (2,584,249)	\$ (2,571,158)	\$ (2,603,846)
Project Case - Dean Street	\$ (2,460,387)	\$ (2,478,546)	\$ (2,462,812)	\$ (2,492,791)

Source: AEC unpublished.

Table 5.2. Base Case & Project Case Projected Operating Surplus/Deficit by Scenario

Operating Surplus/(Deficit) (or NPBT)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Base Case - Civic Theatre	\$ (1,899,438)	\$ (1,908,904)	\$ (1,917,716)	\$ (1,946,367)	\$ (1,971,038)	\$ (1,994,314)	\$ (2,028,491)	\$ (2,056,626)	\$ (2,085,876)	\$ (2,118,748)
Project Case - Civic Theatre	\$ (1,899,438)	\$ (1,908,904)	\$ (1,917,716)	\$ (1,946,367)	\$ (2,371,625)	\$ (2,400,752)	\$ (2,419,981)	\$ (2,443,026)	\$ (2,467,881)	\$ (2,491,065)
Project Case - The Hive	\$ -	\$ -	\$ (2,464,971)	\$ (6,754,160)	\$ (9,656,408)	\$ (9,875,041)	\$ (10,074,819)	\$ (10,282,995)	\$ (10,517,626)	\$ (10,745,106)
Project Case - The Strand	\$ -	\$ -	\$ (1,654,484)	\$ (6,239,050)	\$ (9,971,234)	\$ (10,197,737)	\$ (10,405,582)	\$ (10,622,027)	\$ (10,865,135)	\$ (11,101,302)
Project Case - Dean Street	\$ -	\$ -	\$ (2,496,376)	\$ (6,849,168)	\$ (9,771,131)	\$ (9,992,632)	\$ (10,195,349)	\$ (10,406,539)	\$ (10,644,259)	\$ (10,874,904)

Operating Surplus/(Deficit) (or NPBT)	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Base Case - Civic Theatre	\$ (2,147,821)	\$ (2,184,347)	\$ (2,215,643)	\$ (2,245,094)	\$ (2,284,148)	\$ (2,318,257)	\$ (2,353,432)	\$ (2,390,578)	\$ (2,426,775)	\$ (2,468,722)
Project Case - Civic Theatre	\$ (2,516,522)	\$ (2,531,990)	\$ (2,555,436)	\$ (2,585,820)	\$ (2,607,102)	\$ (2,630,422)	\$ (2,654,963)	\$ (2,682,362)	\$ (2,709,651)	\$ (2,725,310)
Project Case - The Hive	\$ (11,002,693)	\$ (11,245,754)	\$ (11,515,077)	\$ (11,780,107)	\$ (12,036,189)	\$ (12,309,259)	\$ (12,601,896)	\$ (12,886,222)	\$ (13,194,916)	\$ (13,494,125)
Project Case - The Strand	\$ (11,367,794)	\$ (11,619,982)	\$ (11,898,661)	\$ (12,173,280)	\$ (12,439,192)	\$ (12,722,337)	\$ (13,025,300)	\$ (13,320,212)	\$ (13,639,755)	\$ (13,950,086)
Project Case - Dean Street	\$ (11,135,736)	\$ (11,382,123)	\$ (11,654,856)	\$ (11,923,380)	\$ (12,183,044)	\$ (12,459,785)	\$ (12,756,185)	\$ (13,044,369)	\$ (13,357,016)	\$ (13,660,278)

Operating Surplus/(Deficit) (or NPBT)	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Base Case - Civic Theatre	\$ (2,511,007)	\$ (2,549,716)	\$ (2,594,900)	\$ (2,637,123)	\$ (2,682,353)	\$ (2,729,008)	\$ (2,777,918)	\$ (2,822,531)	\$ (2,869,331)	\$ (2,916,225)
Project Case - Civic Theatre	\$ (2,758,801)	\$ (2,787,475)	\$ (2,808,694)	\$ (2,844,185)	\$ (2,865,450)	\$ (2,894,825)	\$ (2,913,210)	\$ (2,942,842)	\$ (2,977,959)	\$ (3,007,766)
Project Case - The Hive	\$ (13,788,160)	\$ (14,106,600)	\$ (14,435,443)	\$ (14,741,787)	\$ (15,080,719)	\$ (15,421,344)	\$ (15,767,672)	\$ (16,115,964)	\$ (16,481,463)	\$ (16,885,572)
Project Case - The Strand	\$ (14,255,519)	\$ (14,585,644)	\$ (14,926,463)	\$ (15,245,083)	\$ (15,596,597)	\$ (15,950,119)	\$ (16,309,666)	\$ (16,671,508)	\$ (17,050,896)	\$ (17,469,240)
Project Case - Dean Street	\$ (13,958,466)	\$ (14,281,164)	\$ (14,614,371)	\$ (14,925,189)	\$ (15,268,706)	\$ (15,614,031)	\$ (15,965,175)	\$ (16,318,405)	\$ (16,688,965)	\$ (17,098,261)

Operating Surplus/(Deficit) (or NPBT)	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Base Case - Civic Theatre	\$ (2,961,748)	\$ (3,011,906)	\$ (3,063,086)	\$ (3,115,762)	\$ (3,168,301)	\$ (3,224,939)	\$ (3,281,940)	\$ (3,339,075)	\$ (3,394,587)	\$ (3,456,778)
Project Case - Civic Theatre	\$ (3,051,995)	\$ (3,089,606)	\$ (3,133,145)	\$ (3,185,720)	\$ (3,239,010)	\$ (3,299,485)	\$ (3,355,235)	\$ (3,413,296)	\$ (3,472,141)	\$ (3,532,711)
Project Case - The Hive	\$ (17,281,089)	\$ (17,646,069)	\$ (18,061,427)	\$ (18,466,699)	\$ (18,872,525)	\$ (19,331,456)	\$ (19,761,154)	\$ (20,232,620)	\$ (20,695,051)	\$ (21,152,683)
Project Case - The Strand	\$ (17,879,349)	\$ (18,259,285)	\$ (18,689,974)	\$ (19,110,959)	\$ (19,532,892)	\$ (20,008,332)	\$ (20,454,952)	\$ (20,943,763)	\$ (21,423,973)	\$ (21,899,828)
Project Case - Dean Street	\$ (17,499,096)	\$ (17,869,526)	\$ (18,290,470)	\$ (18,701,468)	\$ (19,113,163)	\$ (19,578,111)	\$ (20,013,975)	\$ (20,491,762)	\$ (20,960,672)	\$ (21,424,944)

Operating Surplus/(Deficit) (or NPBT)	2065	2066	2067	2068
Base Case - Civic Theatre	\$ (3,518,028)	\$ (3,583,588)	\$ (3,648,423)	\$ (3,710,737)
Project Case - Civic Theatre	\$ (3,599,336)	\$ (3,663,501)	\$ (3,733,732)	\$ (3,800,853)
Project Case - The Hive	\$ (21,671,098)	\$ (22,169,524)	\$ (22,646,065)	\$ (23,180,625)
Project Case - The Strand	\$ (22,436,922)	\$ (22,954,493)	\$ (23,450,658)	\$ (24,005,333)
Project Case - Dean Street	\$ (21,950,165)	\$ (22,455,568)	\$ (22,939,260)	\$ (23,481,150)

Source: AEC unpublished.

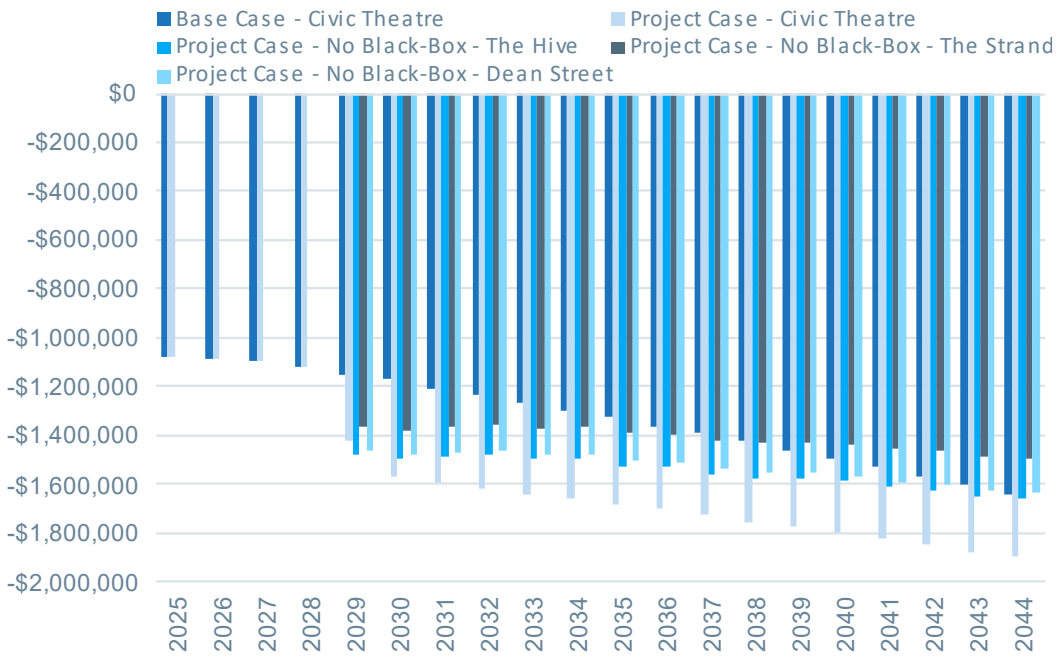
5.2 PROJECT CASE – NO BLACK-BOX

Figures 5.5 and 5.6 below outline the EBITDA for project case – No Black-Box theatre in the development across a 20-year & 40-year forward projection.

The Figures below outline the Operating Surplus/Deficit across the same periods.

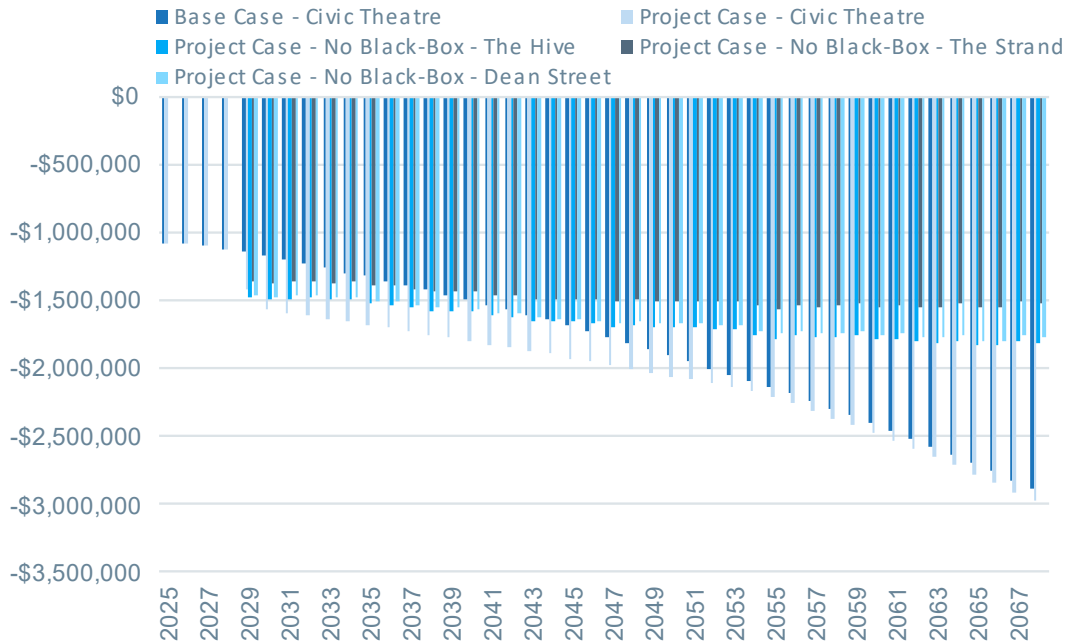
While all scenarios remain unprofitable from operations, the annual subsidy required to support operations over a 40-year period, ranges from \$1.5 million to \$1.8 million, (an improvement from the \$1.8 million to \$2.6 million subsidy required in the project case), but again, this would not cover depreciation, and therefore additional subsidies/ grants would be required for asset renewals as assets reach the end of their life.

Figure 5.5 Base Case & Project Case – No Black-Box - Projected Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) – 20 years



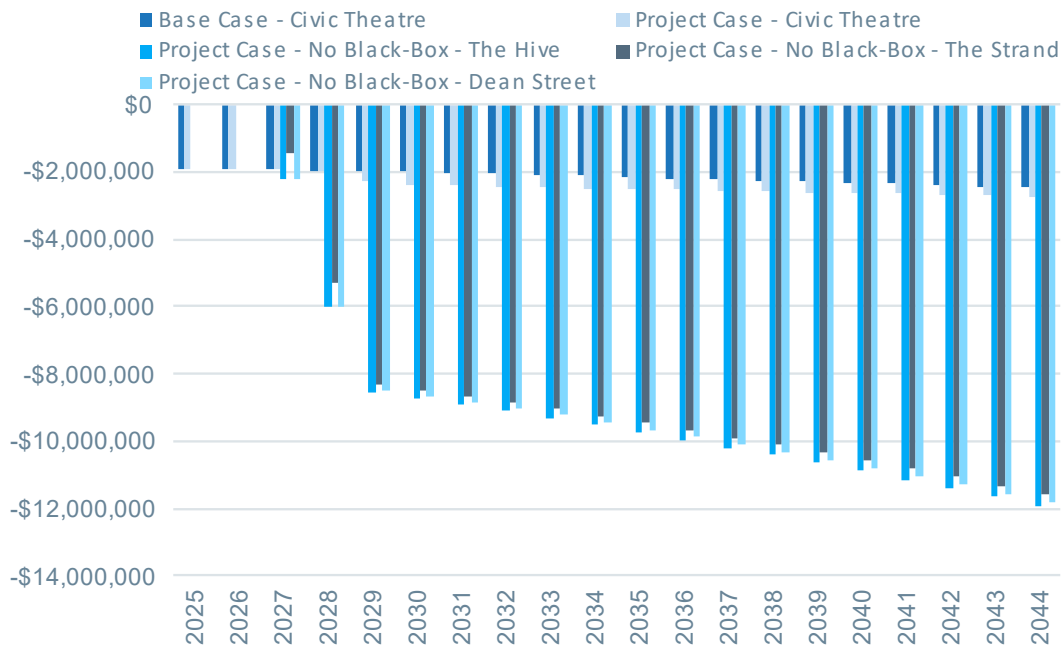
Source: AEC unpublished.

Figure 5.6 Base Case & Project Case – No Black-Box – Projected Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) – 40 years



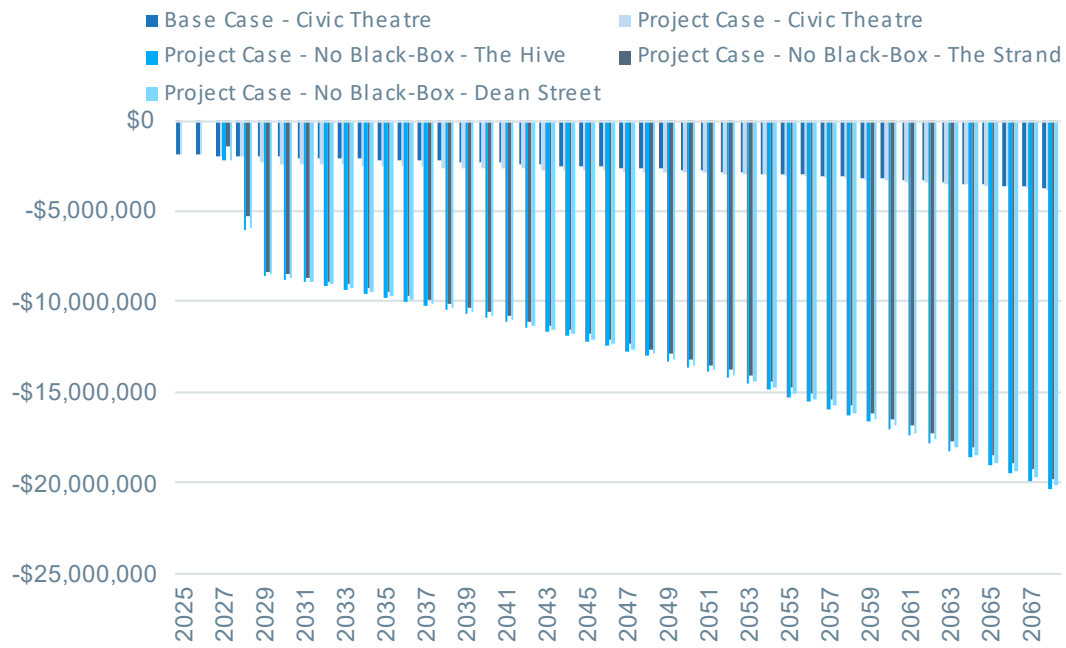
Source: AEC unpublished.

Figure 5.7 Base Case & Project Case – No Black-Box – Operating Surplus/Deficit - 20 years



Source: AEC unpublished.

Figure 5.8 Base Case & Project Case – No Black-Box – Operating Surplus/Deficit - 40 years



Source: AEC unpublished.

6. PROJECT CASH FLOWS

Across all scenarios, Base Case, Project Case and Project Case – no Black-Box, declining cash balances are observed, indicating an unsustainable outcome. Sustained negative cash flows are consistent with facilities of this nature – highlighting the need for ongoing and annual operational subsidies. It will be important for the operating entity to understand and appreciate the extent of the negative annual cash flows that need to be supported.

6.1 BASE CASE & PROJECT CASE

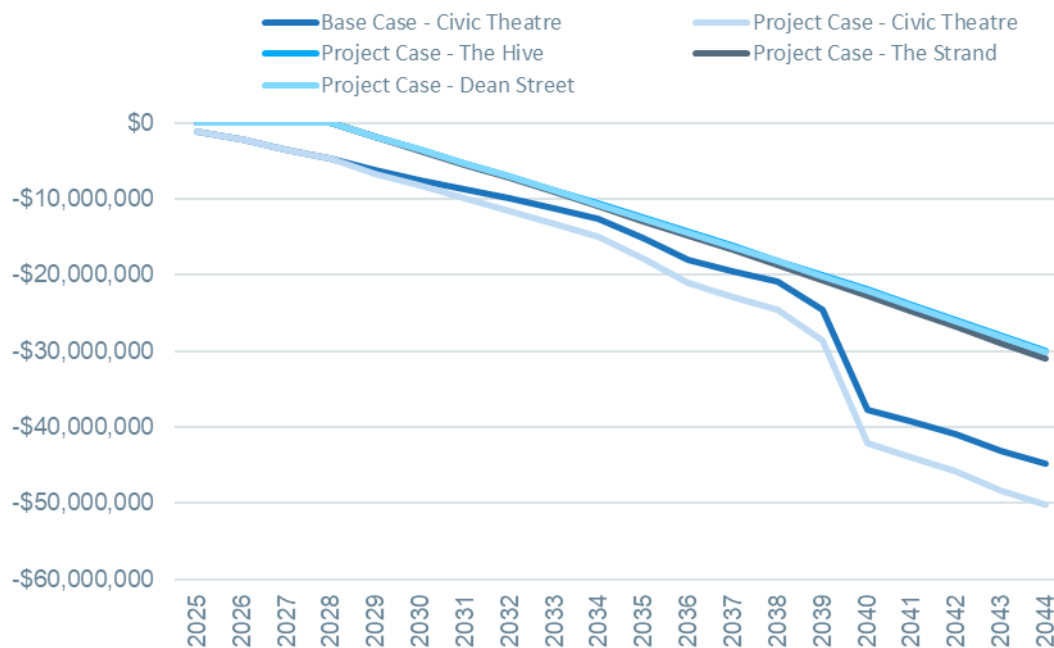
The projected cash balance for the Base Case and Project Case scenarios are outlined in the figures and tables below – see Appendix C for detailed cash flow summaries.

All Base Case and Project Case scenarios are projected to produce declining cash balances, which is not a sustainable outcome.

By 2067-68 financial year the Base Case scenario projects a negative cash position of \$155 million, with the Project Case for the TCT projecting a balance of \$163 million. Project Case Concert Hall scenarios are projecting a negative cash position of between \$84-\$88 million by this same point in time.

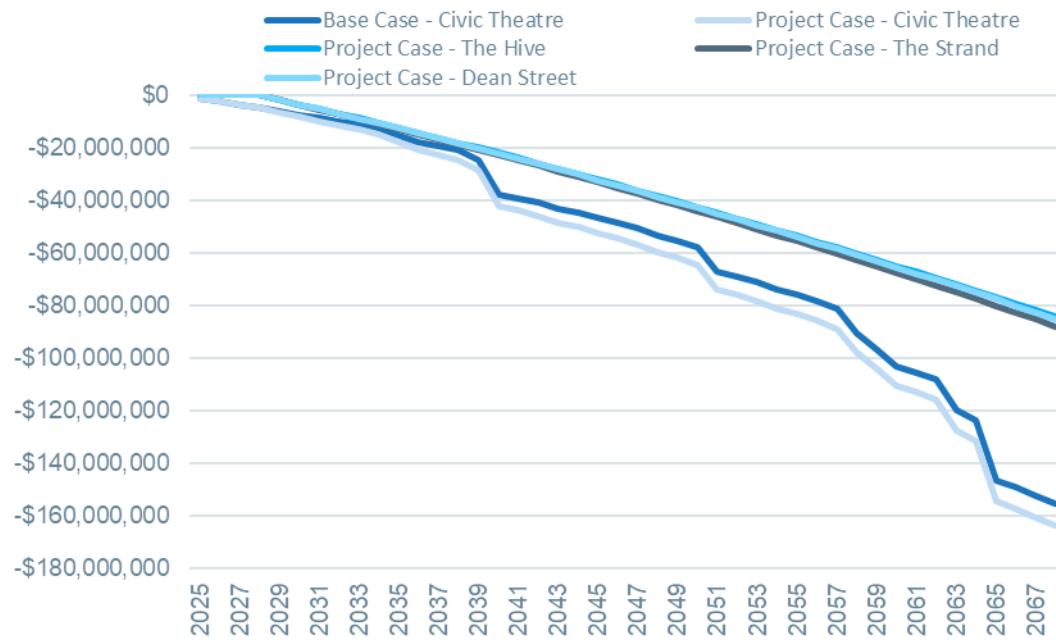
Despite assuming capital expenditures for all Project Case scenarios, including initial construction and renewals over the 40-year period, will be grant funded, the cash position remains consistently negative. This implies that an annual subsidy is necessary, as explained in Section 5 of this report.

Figure 6.1 Base Case & Project Case Cumulative Net Project Cash Flows - 20 years



Source: AEC unpublished.

Figure 6.2 Base Case & Project Case Cumulative Net Project Cash Flows - 40 years



Source: AEC unpublished.

Table 6.1. Base Case & Project Case Cumulative Cash Balance by Scenario

Cumulative Net Project Cash Flows	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Base Case - Civic Theatre	\$ (1,076,759)	\$ (2,162,983)	\$ (3,576,990)	\$ (4,721,845)	\$ (6,278,320)	\$ (7,488,309)	\$ (8,694,121)	\$ (9,971,849)	\$ (11,235,045)	\$ (12,577,020)
Project Case - Civic Theatre	\$ (1,076,759)	\$ (2,162,983)	\$ (3,576,990)	\$ (4,721,845)	\$ (6,678,907)	\$ (8,295,334)	\$ (9,892,636)	\$ (11,556,764)	\$ (13,201,966)	\$ (14,916,257)
Project Case - The Hive	\$ -	\$ -	\$ -	\$ -	\$ (1,748,158)	\$ (3,517,243)	\$ (5,283,456)	\$ (7,050,131)	\$ (8,838,529)	\$ (10,636,175)
Project Case - The Strand	\$ -	\$ -	\$ -	\$ -	\$ (1,801,400)	\$ (3,625,057)	\$ (5,447,207)	\$ (7,271,217)	\$ (9,118,384)	\$ (10,976,268)
Project Case - Dean Street	\$ -	\$ -	\$ -	\$ -	\$ (1,759,006)	\$ (3,539,209)	\$ (5,316,819)	\$ (7,095,175)	\$ (8,895,546)	\$ (10,705,466)

Cumulative Net Project Cash Flows	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Base Case - Civic Theatre	\$ (15,182,033)	\$ (17,931,622)	\$ (19,450,289)	\$ (20,901,151)	\$ (24,515,415)	\$ (37,698,709)	\$ (39,229,462)	\$ (40,910,886)	\$ (43,079,018)	\$ (44,725,060)
Project Case - Civic Theatre	\$ (17,889,971)	\$ (20,987,203)	\$ (22,845,664)	\$ (24,637,252)	\$ (28,574,471)	\$ (42,069,929)	\$ (43,902,212)	\$ (45,875,420)	\$ (48,326,428)	\$ (50,229,058)
Project Case - The Hive	\$ (12,467,723)	\$ (14,313,053)	\$ (16,192,695)	\$ (18,096,481)	\$ (20,009,442)	\$ (21,942,391)	\$ (23,908,570)	\$ (25,893,182)	\$ (27,913,947)	\$ (29,954,568)
Project Case - The Strand	\$ (12,869,560)	\$ (14,778,177)	\$ (16,722,689)	\$ (18,692,967)	\$ (20,674,081)	\$ (22,676,888)	\$ (24,714,670)	\$ (26,772,676)	\$ (28,868,670)	\$ (30,986,401)
Project Case - Dean Street	\$ (12,549,593)	\$ (14,407,817)	\$ (16,300,676)	\$ (18,218,009)	\$ (20,144,854)	\$ (22,092,037)	\$ (24,072,804)	\$ (26,072,369)	\$ (28,108,461)	\$ (30,164,792)

Cumulative Net Project Cash Flows	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Base Case - Civic Theatre	\$ (46,814,875)	\$ (48,541,912)	\$ (50,464,291)	\$ (53,203,222)	\$ (55,134,417)	\$ (57,734,439)	\$ (66,877,235)	\$ (68,977,931)	\$ (71,024,582)	\$ (73,719,945)
Project Case - Civic Theatre	\$ (52,566,667)	\$ (54,531,462)	\$ (56,667,634)	\$ (59,613,627)	\$ (61,727,918)	\$ (64,493,758)	\$ (73,771,845)	\$ (75,992,852)	\$ (78,148,131)	\$ (80,935,035)
Project Case - The Hive	\$ (32,002,886)	\$ (34,076,148)	\$ (36,177,420)	\$ (38,276,681)	\$ (40,398,812)	\$ (42,537,603)	\$ (44,690,658)	\$ (46,851,639)	\$ (49,029,246)	\$ (51,253,364)
Project Case - The Strand	\$ (33,113,756)	\$ (35,268,032)	\$ (37,452,342)	\$ (39,636,718)	\$ (41,846,092)	\$ (44,074,306)	\$ (46,319,020)	\$ (48,573,952)	\$ (50,847,858)	\$ (53,170,683)
Project Case - Dean Street	\$ (32,229,213)	\$ (34,318,981)	\$ (36,437,171)	\$ (38,553,774)	\$ (40,693,679)	\$ (42,850,690)	\$ (45,022,419)	\$ (47,202,542)	\$ (49,399,768)	\$ (51,643,996)

Cumulative Net Project Cash Flows	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Base Case - Civic Theatre	\$ (75,859,013)	\$ (78,048,240)	\$ (81,343,601)	\$ (90,269,445)	\$ (96,503,255)	\$ (102,848,870)	\$ (105,308,131)	\$ (108,024,219)	\$ (119,532,481)	\$ (123,327,281)
Project Case - Civic Theatre	\$ (83,164,351)	\$ (85,431,277)	\$ (88,796,697)	\$ (97,792,499)	\$ (104,097,018)	\$ (110,517,179)	\$ (113,049,734)	\$ (115,840,044)	\$ (127,425,861)	\$ (131,296,593)
Project Case - The Hive	\$ (53,506,463)	\$ (55,748,842)	\$ (58,021,487)	\$ (60,304,684)	\$ (62,589,120)	\$ (64,917,785)	\$ (67,251,078)	\$ (69,620,140)	\$ (72,005,045)	\$ (74,389,828)
Project Case - The Strand	\$ (55,524,957)	\$ (57,871,040)	\$ (60,249,981)	\$ (62,642,132)	\$ (65,038,246)	\$ (67,481,380)	\$ (69,932,004)	\$ (72,421,332)	\$ (74,929,508)	\$ (77,440,644)
Project Case - Dean Street	\$ (53,917,709)	\$ (56,181,217)	\$ (58,475,518)	\$ (60,780,914)	\$ (63,088,103)	\$ (65,440,089)	\$ (67,797,287)	\$ (70,190,852)	\$ (72,600,872)	\$ (75,011,398)

Cumulative Net Project Cash Flows	2065	2066	2067	2068
Base Case - Civic Theatre	\$ (146,294,350)	\$ (149,055,258)	\$ (152,186,117)	\$ (155,143,224)
Project Case - Civic Theatre	\$ (154,344,969)	\$ (157,185,791)	\$ (160,401,959)	\$ (163,449,183)
Project Case - The Hive	\$ (76,823,829)	\$ (79,275,328)	\$ (81,710,418)	\$ (84,174,793)
Project Case - The Strand	\$ (80,004,157)	\$ (82,588,406)	\$ (85,159,564)	\$ (87,763,409)
Project Case - Dean Street	\$ (77,471,786)	\$ (79,950,331)	\$ (82,413,143)	\$ (84,905,934)

Source: AEC unpublished.

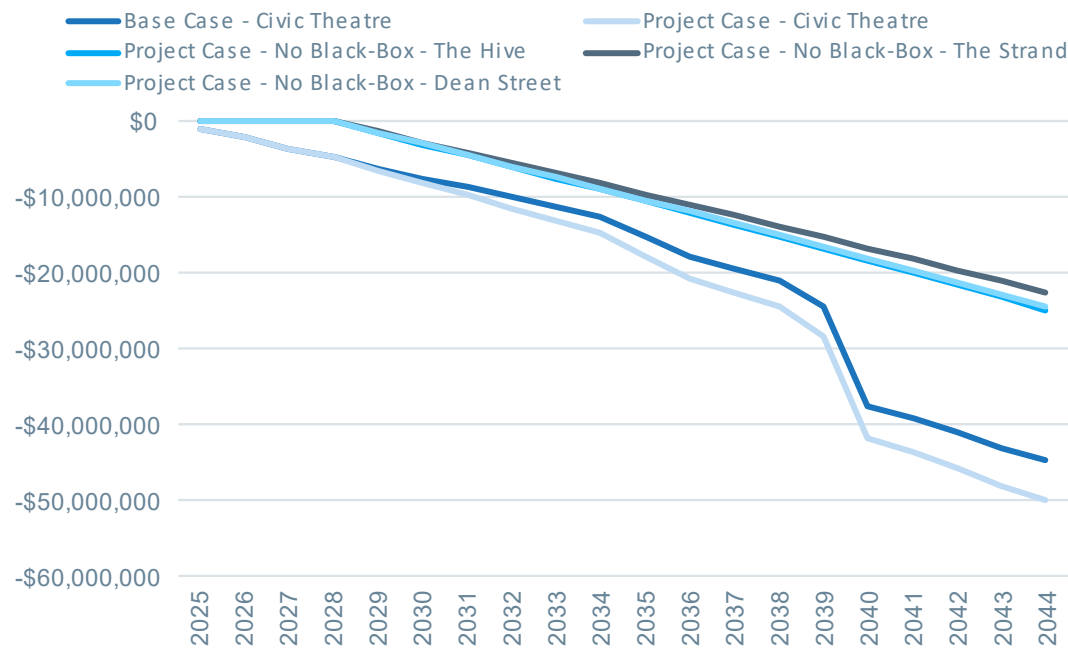
6.2 PROJECT CASE – NO BLACK-BOX

The projected cash balance for the Base Case and Project Case – No Black-Box scenarios are outlined in the figures below.

All Base Case and Project Case – No Black-Box scenarios are projected to produce declining cash balances, and while this is not a sustainable outcome, it is an improved position on the Project Case scenarios.

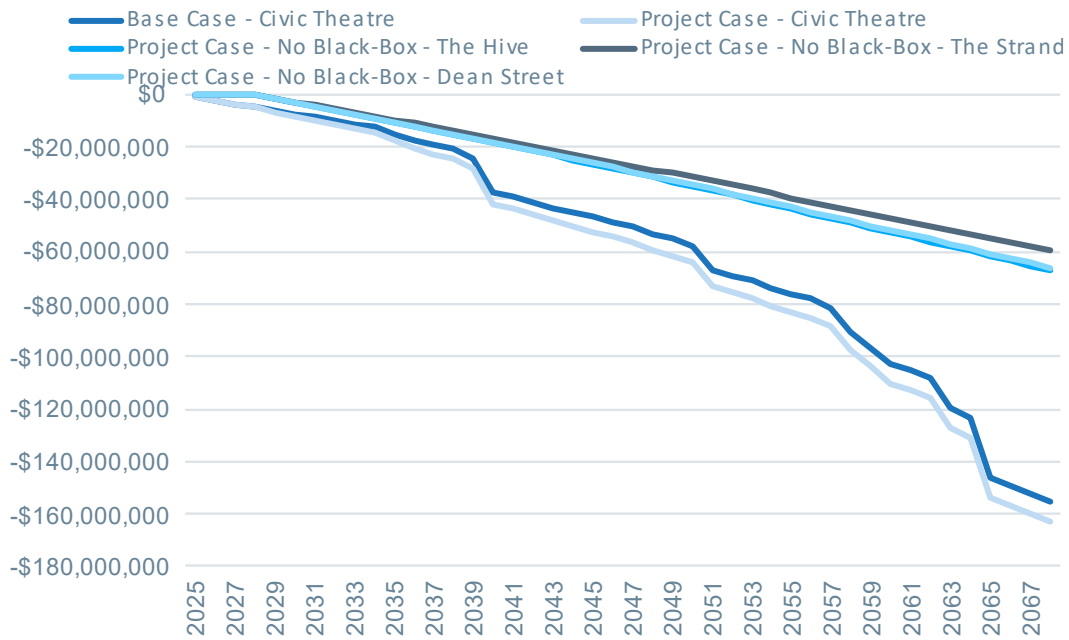
By the financial year 2067-68, the Project Case scenarios are forecasting a negative cash position ranging from \$84 million to \$88 million, whereas the Project Case – No Black-Box scenarios project a negative cash position ranging from \$59 million to \$67 million at the same point.

Figure 6.3 Base Case & Project Case – No Black-Box Cumulative Net Project Cash Flows - 20 years



Source: AEC unpublished.

Figure 6.4 Base Case & Project Case – No Black-Box Cumulative Net Project Cash Flows – 40 years



Source: AEC unpublished.

The linear line in the TCH cumulative cash flows reflects that all capital, including renewals is assumed to be grant funded, however this is not the case for the TCT, which is why the descending trend line is not linear.

7. PROJECT RETURN ON INVESTMENT

Considering the negative profitability, unsustainable cash flows, and substantial investment needed in capital and annual operations, the Return on Investment (ROI) for the project from a financial and commercial perspective is deemed poor. These factors contribute to a diminished ROI, indicating that the project's financial returns are not sufficient to justify the investment from a private sector investors point of view.

Despite these challenges, the project has been assessed comprehensively, considering the EBITDA and Operating Surplus/Deficit. It is evident that without substantial investment in capital, ongoing renewals, and an annual subsidy, the project cannot achieve financial feasibility. The projected declining cash balances across all scenarios further emphasises the unsustainable nature of the project, underscoring the importance of addressing the financial challenges to ensure long-term viability and success – and securing a reliable source of recurrent annual subsidy funding.

7.1 BASE CASE & PROJECT CASE

Table 7.1 below outlines the Net Present Value (NPV) for each of the Base Case and Project Case scenarios.

A positive NPV at a discount rate of 7% indicates the project would provide financial value over the 40-year assessment period. In the case of this financial assessment, all scenarios produce a significant negative NPV ranging from \$21.2 million to \$37 million.

The TCT Base case has a negative NPV of \$33.8 million, increasing to \$37.0 million in the Project Case.

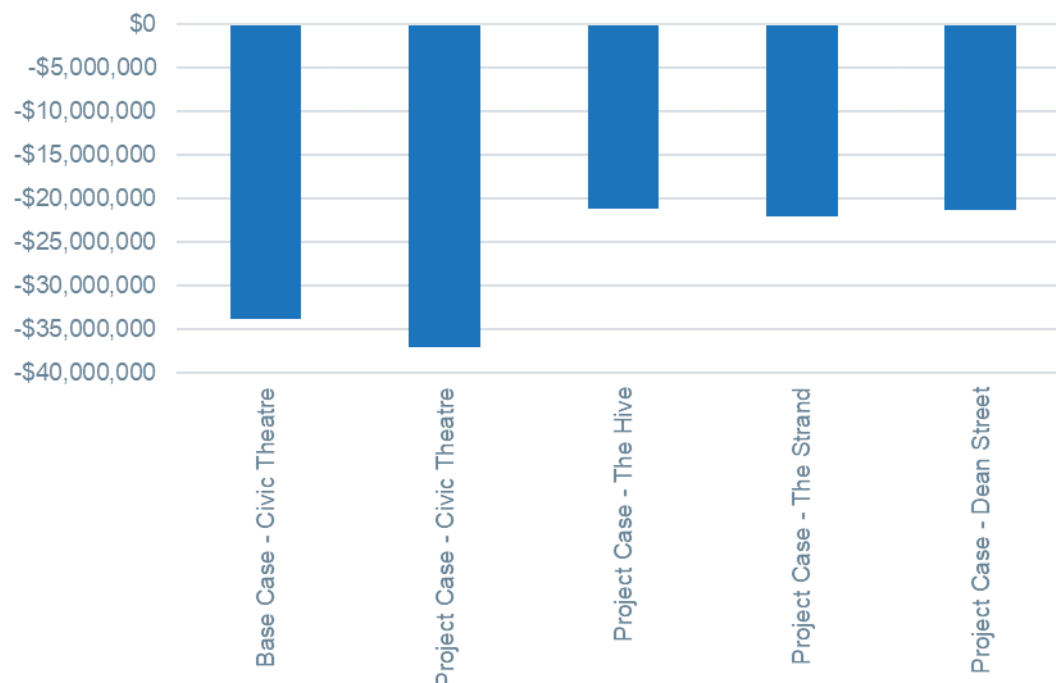
The TCH has a negative NPV of between \$21.2 million and \$22.0 million between sites, which is not materially different, but is better than the base case by approximately \$13 million to \$15 million, largely due to the grant funding assumed for the TCH project cases.

Table 7.1. Base Case & Project Case Feasibility, Net Present Value by Scenario (7% Discount Rate)

Scenario	Project Case NPV
Base Case - Civic Theatre	\$(33,780,494)
Project Case - Civic Theatre	\$(36,981,679)
Project Case - The Hive	\$(21,206,923)
Project Case - The Strand	\$(21,999,545)
Project Case - Dean Street	\$(21,368,411)

Source: AEC unpublished.

Figure 7.1. Base Case & Project Case Feasibility, Net Present Value by Scenario



Source: AEC unpublished.

7.2 PROJECT CASE – NO BLACK-BOX

Table 7.2 below outlines the Net Present Value (NPV) for each of the Base Case and Project Case – No Black-Box scenarios.

All scenarios produce a significant negative NPV ranging from \$15.6 million to \$36.8 million, with the project case scenarios being approximately half that of the base case due to the assumption of grant funding for the TCH..

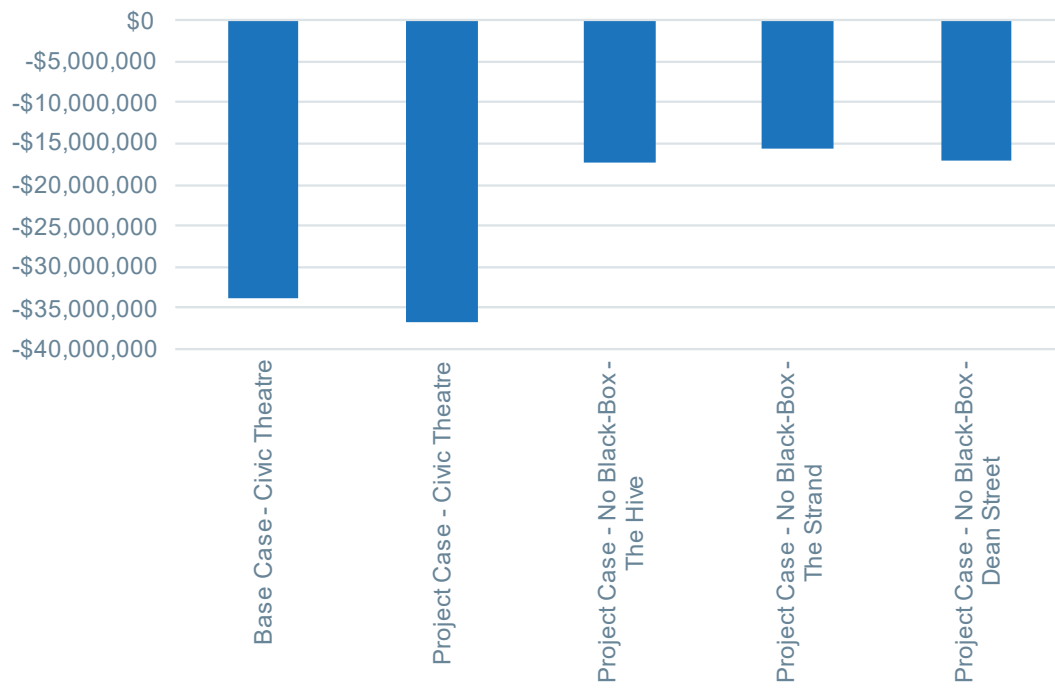
The TCH has a negative NPV of between \$15.6 million and \$17.3 million, improving from the \$21.2 million to \$22.0 million in the project case, with The Strand being identified as the facility that loses the least under this scenario.

Table 7.2 Base Case & Project Case – No Black-Box Feasibility, Net Present Value by Scenario (7% Discount Rate)

Scenario	NPV
Base Case - Civic Theatre	\$(33,780,494)
Project Case - Civic Theatre	\$(36,819,576)
Project Case - No Black-Box - The Hive	\$(17,334,240)
Project Case - No Black-Box - The Strand	\$(15,617,044)
Project Case - No Black-Box - Dean Street	\$(17,092,366)

Source: AEC unpublished.

Figure 7.2 Base Case & Project Case – No Black-Box Feasibility, Net Present Value by Scenario



Source: AEC unpublished.

8. SENSITIVITY ASSESSMENT

8.1 BASE CASE & PROJECT CASE

Conducting a sensitivity assessment on the Net Present Value (NPV) of low, medium, and high demand projections allows for a comprehensive evaluation of the financial viability under different demand scenarios. All scenarios examined highlight enhanced financial performance under a higher demand scenario.

Additionally, incorporating sensitivity analysis on different discount rates provides insights into the project's sensitivity to changes in the cost of capital, enabling a more robust assessment of its long-term profitability and risk.

The discount rate is the rate at which future cash flows are discounted back to present day terms to assess the Net Present Value of the project.

For the financial feasibility model, a discount rate of 7% has been used. The discount rate of 7% is considered appropriate in today's economic environment because it reflects the prevailing market conditions, including the prevailing interest rates, inflation expectations, and the overall risk profile of similar investments. It considers the cost of capital and represents a reasonable rate of return.

Table 8.1 below outlines the Net Present Value (NPV) for the alternative demand scenarios, with a discount rate of 7%, while table 8.2 demonstrates the results with a discount rate of 4%, and table 8.3 demonstrates this with a discount rate of 10%.

Table 8.1. Base Case & Project Case - Net Present Value (7% Discount Rate), across Low, Medium and High Demand Projections

Scenario / Site	Low Demand Projection	Medium Demand Projection	High Demand Projection
Base Case - Civic Theatre	\$(33,776,658)	\$(33,780,494)	\$(33,829,122)
Project Case - Civic Theatre	\$(38,962,240)	\$(36,981,679)	\$(35,947,234)
Project Case - The Hive	\$(24,258,217)	\$(21,206,923)	\$(18,220,401)
Project Case - The Strand	\$(25,050,839)	\$(21,999,545)	\$(19,013,023)
Project Case - Dean Street	\$(24,419,705)	\$(21,368,411)	\$(18,381,889)

Source: AEC unpublished.

Table 8.2 Base Case & Project Case - Net Present Value (4% Discount Rate), across Low, Medium and High Demand Projections

Scenario / Site	Low Demand Projection	Medium Demand Projection	High Demand Projection
Base Case - Civic Theatre	\$(58,897,037)	\$(58,885,094)	\$(58,937,384)
Project Case - Civic Theatre	\$(67,412,050)	\$(63,473,270)	\$(61,864,173)
Project Case - The Hive	\$(41,474,746)	\$(35,327,202)	\$(29,294,390)
Project Case - The Strand	\$(42,865,444)	\$(36,717,900)	\$(30,685,087)
Project Case - Dean Street	\$(41,758,085)	\$(35,610,542)	\$(29,577,729)

Source: AEC unpublished.

Table 8.3. Base Case & Project Case - Net Present Value (10% Discount Rate), across Low, Medium and High Demand Projections

Scenario / Site	Low Demand Projection	Medium Demand Projection	High Demand Projection
Base Case - Civic Theatre	\$(21,937,849)	\$(21,943,605)	\$(21,985,053)
Project Case - Civic Theatre	\$(25,398,180)	\$(24,293,845)	\$(23,600,703)
Project Case - The Hive	\$(15,686,551)	\$(13,986,333)	\$(12,334,295)
Project Case - The Strand	\$(16,188,259)	\$(14,488,040)	\$(12,836,003)
Project Case - Dean Street	\$(15,788,769)	\$(14,088,550)	\$(12,436,513)

Source: AEC unpublished.

8.2 BASE CASE & PROJECT CASE – NO BLACK-BOX

The same sensitivity assessment has been completed on the Base Case and Project Case – No Black-Box, and the results are displayed in the following tables, table 8.4, 8.5 and 8.6. All scenarios examined highlight enhanced economic performance under a higher demand scenario, with the exception of the TCT base case, which has an insignificant decline in the base case, reflecting the facility is in a state of full demand and utilisation and is likely at or over capacity. TCT project case with no black-box scenario experiences enhanced financial performance as less demand is drawn from TCT to TCH and TCT realises higher paying/ better attended fit or purpose events with the additional capacity generated through the development of TCH.

Table 8.4 Base Case & Project Case – No Black-Box - Net Present Value (7% Discount Rate), across Low, Medium and High Demand Projections

Scenario / Site	Low Demand Projection	Medium Demand Projection	High Demand Projection
Base Case - Civic Theatre	\$(33,776,658)	\$(33,780,494)	\$(33,829,122)
Project Case - Civic Theatre	\$(38,882,478)	\$(36,819,576)	\$(35,898,632)
Project Case – No Black-Box - The Hive	\$(20,292,094)	\$(17,334,240)	\$(14,440,727)
Project Case – No Black-Box - The Strand	\$(18,574,898)	\$(15,617,044)	\$(12,723,531)
Project Case – No Black-Box - Dean Street	\$(20,050,220)	\$(17,092,366)	\$(14,198,853)

Source: AEC unpublished.

Table 8.5 Base Case & Project Case – No Black-Box - Net Present Value (4% Discount Rate), across Low, Medium and High Demand Projections

Scenario / Site	Low Demand Projection	Medium Demand Projection	High Demand Projection
Base Case - Civic Theatre	\$(58,897,037)	\$(58,885,094)	\$(58,937,384)
Project Case - Civic Theatre	\$(67,269,652)	\$(63,262,075)	\$(61,799,709)
Project Case – No Black-Box - The Hive	\$(34,539,028)	\$(28,585,697)	\$(22,747,979)
Project Case – No Black-Box - The Strand	\$(31,526,117)	\$(25,572,785)	\$(19,735,068)
Project Case – No Black-Box - Dean Street	\$(34,114,647)	\$(28,161,315)	\$(22,323,598)

Source: AEC unpublished.

Table 8.6. Base Case & Project Case – No Black-Box - Net Present Value (10% Discount Rate), across Low, Medium and High Demand Projections

Scenario / Site	Low Demand Projection	Medium Demand Projection	High Demand Projection
Base Case - Civic Theatre	\$(21,937,849)	\$(21,943,605)	\$(21,985,053)
Project Case - Civic Theatre	\$(25,348,466)	\$(24,163,909)	\$(23,563,470)
Project Case – No Black-Box - The Hive	\$(13,168,152)	\$(11,520,139)	\$(9,916,706)
Project Case – No Black-Box - The Strand	\$(12,081,215)	\$(10,433,203)	\$(8,829,769)
Project Case – No Black-Box - Dean Street	\$(13,015,052)	\$(11,367,040)	\$(9,763,606)

Source: AEC unpublished.

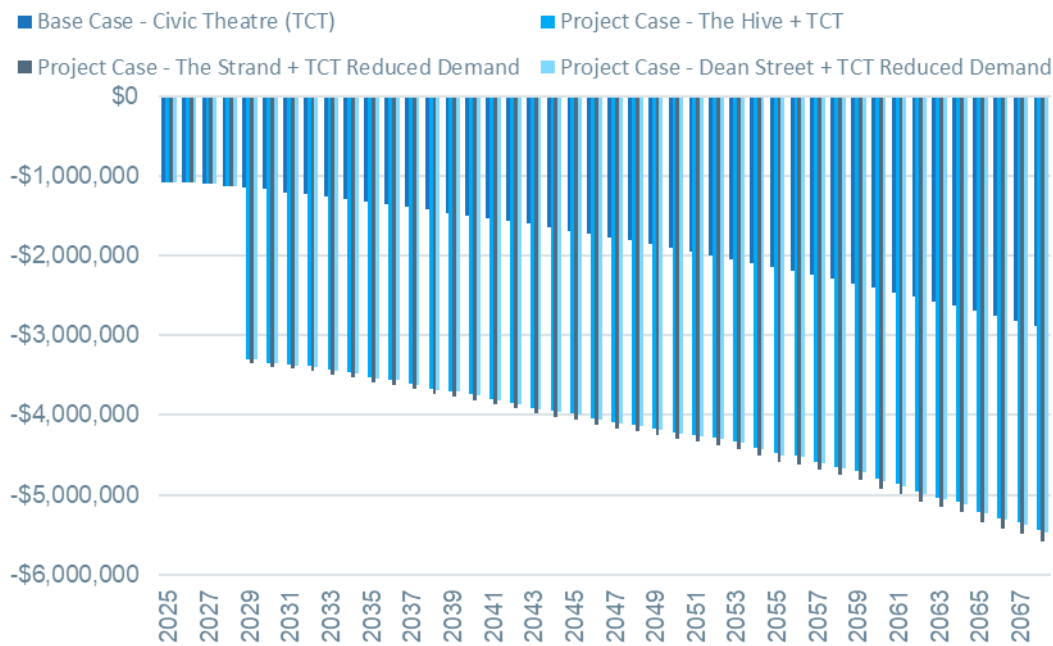
8.3 SOLE OWNERSHIP ANALYSIS

To assist with ownership decisions for the TCH, we have completed analysis by combining the Project Case TCT and the Project Case TCH. Figure 8.1 demonstrates the annual combined subsidy that would be required for operations alone (excluding depreciation). Figure 8.2 outlines the net operation position including depreciation.

From 2024-25 financial year until 2028-29 financial year only the TCT is in operation, the combined analysis is following the TCH becoming operational. From an EBITDA perspective the annual subsidy required with sole ownership ranges from \$3.3 million in 2028-29, reaching \$5.6 million by 2067-68 financial year.

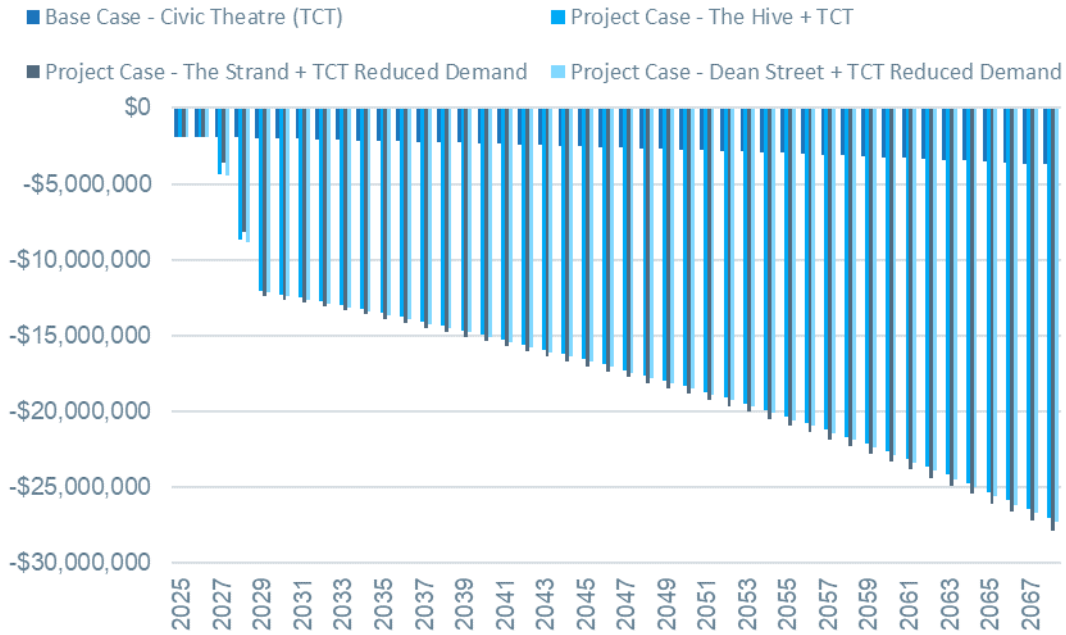
In the projected Operating Surplus/(Deficit) (or NPBT), the subsidy increases considerably to accommodate depreciation, ranging from \$12 million in 2028-29 reaching \$27.8 million by 2067-68 financial year. The alternative to this is that all capital investment, replacement, upgrade, and renewal of existing assets is grant funded, as assumed in the financial modelling for the TCH.

Figure 8.1 Project Case TCT & TCH – Sole Ownership - EBITDA – 40 Years



Source: AEC unpublished.

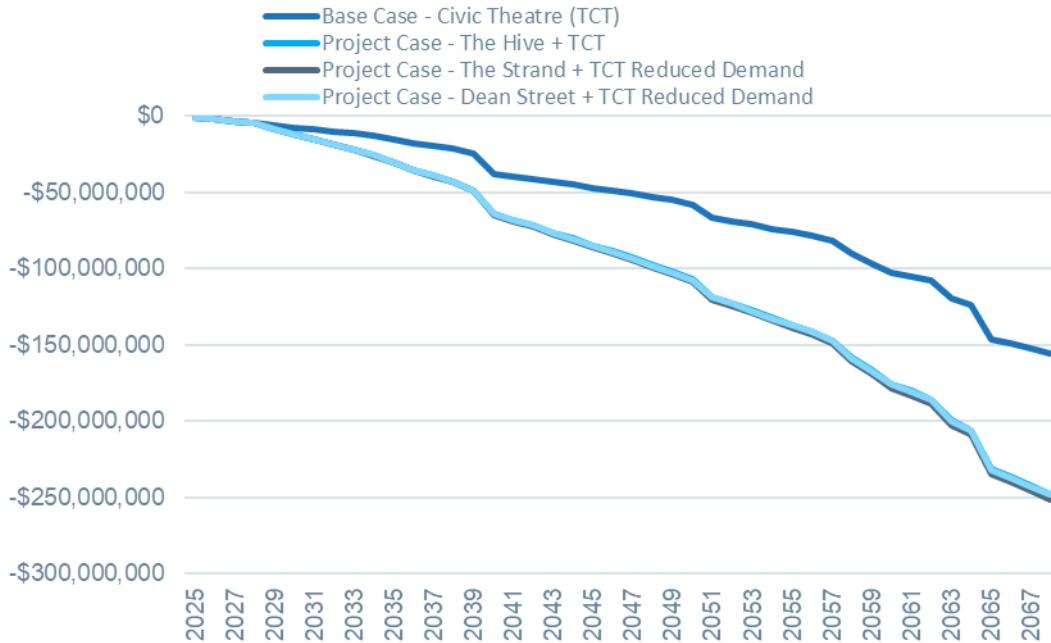
Figure 8.2 Project Case TCT & TCH – Sole Ownership – Operating Surplus/(Deficit) – 40 Years



Source: AEC unpublished.

Declining cash balances are observed in all scenarios, indicating an unsustainable outcome. Figure 8.3 demonstrates that by 2067-68 financial year, the Base Case – TCT will have a negative cash balance of \$155 million, while the Project Case TCT & TCH, will have a negative balance of \$248 million for the Hive, \$251 million for the Strand, and \$248 million for Dean Street. Indicating that substantial funding through grants and subsidies will be required.

Figure 8.3 Project Case TCT & TCH – Sole Ownership – Cumulative Net Project Cash Flows – 40 years



Source: AEC unpublished.

8.4 KEY FINDINGS

The sensitivity analysis highlights:

- Higher demand increases the financial performance of the project cases.
- The higher demand does not affect the TCT to the same degree as that of the project cases, simply due to the TCT already being near capacity for the venue.
- The NPV over the course of the analysis is an increased negative NPV with the project case then without the TCH development, due to the loss of demand, where performances utilise the TCH as their preferred venue.
- TCT project case with no black-box scenario experiences enhanced financial performance as less demand is drawn from TCT to TCH.
- The NPV for both TCT and TCH improve in the project case with no black box, against the base case.
- Ownership decisions of both the TCT and TCH combined with a single owner will need to consider that from an EBITDA perspective the annual subsidy required with sole ownership of both facilities ranging from \$3.3 million in 2028-29, reaching \$5.6 million by 2067-68 financial year.

9. FINANCIAL IMPROVEMENTS & SUPPORT

9.1 GRANT FUNDING SUPPORT

The need for grant funding support is a crucial outcome highlighted by the analysis of the project, as it plays a significant role in financing the construction of the infrastructure across all TCH scenarios, as well as funding future asset renewals throughout the 40-year operational period. It is understood that in the 2023-24 budget, the Queensland Government committed \$50 million (conditional on a number of factors), adding to the \$100 million from the Federal Government, however, the source for the balance of the funding is yet to be determined.

9.2 FINANCIAL IMPROVEMENTS & CONSIDERATIONS

To improve the financial feasibility of the scenarios modelled it is recommended that the following be considered:

- There is an opportunity to reduce capital costs by applying value engineering and adjusting designs and facility elements without compromising the core purpose of the Concert Hall. By exploring alternative approaches, materials, and layout configurations, it may be possible to achieve cost savings while still maintaining the essential functionalities and visual cityshaping objectives of the Concert Hall. Careful consideration of cost-effective design choices can help optimise the project's financial viability while preserving its intended purpose.
- Although the pricing used in the financial modelling has been benchmarked, there are still opportunities to explore potential increases to mitigate operating losses. By carefully evaluating facility access pricing strategies and considering adjustments that align with market conditions and demand, it may be possible to improve the financial performance of the project and minimise operating deficits.
- Exploring potential increases in ticket prices also presents an opportunity to mitigate operating losses. By carefully analysing market conditions, customer demand, and pricing strategies, adjustments can be made to ensure that ticket prices align with the value proposition of the Concert Hall.
- In addition to the capital investment requiring grant funding, it is crucial to acknowledge the need for an annual subsidy to support ongoing operations. The estimated annual subsidy varies depending on the scenario and the specific period within the 40-year assessment, ranging from \$1.5 million to \$2.6 million. It is important to note that this subsidy will cover operating expenses only, and not depreciation or borrowings for asset renewals, or other capital investment.

For context and understanding, based on a population of 200,000, developing the TCH would cost/ require between \$7.50 to \$13.00 a year, per local person (based on its current design and configuration).

Table 9.1 Estimated Contribution per Head of Population in Townsville, to Subsidise the TCH

Estimated Annual subsidy for the TCH	Estimated Annual Subsidy per Capita ^(a)	Estimated Annual Subsidy per Event ^(b)	Estimated Annual Subsidy per Attendee ^(c)
\$1.5 million	\$7.50	\$7,614	\$14.14
\$1.8 million	\$9.00	\$9,137	\$16.97
\$2.6 million	\$13.00	\$13,198	\$24.51

Note (a): Based on a population of 200,000, (b) Based on 197 annual events (10-year average), (c) Based on 106,080 annual attendees (10 year average).

Source: AEC unpublished.

- Considerations for cost efficiencies through combining enabling support services and sharing overheads between the TCT and TCH should be considered, irrelevant of the ownership model, to improve the operating losses projected.

9.3 KEY FINDINGS

Key findings from the financial analysis include:

- It is evident across all scenarios that the project is not financially feasible for the private sector to proceed with constructing, owning and operating the Concert Hall – as such grant funding for capital and an annual operation subsidy will be required to support and sustain the facility.
- TCT is not commercially viable for a private investor.
- The TCH project scenarios all generate an improved NPV results than the base case (TCT) – although the result in all project scenarios is a negative NPV.
- The TCT project case - no Black-Box scenario experiences enhanced financial performance as less demand is drawn from TCT to TCH and TCT realises higher paying/ better attended fit-for-purpose events with the additional capacity generated through the development of TCH.
- The utilisation of TCH under the no black-box performance space development scenario is maintained at a high level and functions more efficiently with better alignment of use by events/ performances between TCT and TCH.
- Across all scenarios, declining cash balances are observed, indicating an unsustainable outcome. Sustained negative cash flows are consistent with facilities of this nature – highlighting the need for ongoing and annual operational subsidies.
- The Return on Investment (ROI) for the project from a financial and commercial perspective is deemed poor.
- All scenarios examined highlight enhanced financial performance under a higher demand scenario, except for the TCT base case, which has an insignificant decline in the base case, reflecting the facility is in a state of full demand and utilisation and is likely at or over capacity.
- When evaluating multiple options from a financial standpoint, the option with the best performing (i.e. highest positive or lowest negative) NPV may not necessarily be the preferred choice. Other factors, such as required design elements, socio-cultural impacts on the community, and alignment with strategic infrastructure planning of a wider arts precinct, must also be taken into consideration. Hence, the option selected for development may differ from the one with the highest performing NPV from the financial analysis. Therefore, it is advisable to consider the key findings outlined in this report against those presented in the Economics Technical Report.

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APPENDIX A: DETAILED METHODOLOGY

The financial analysis estimates the profitability of the project, the projected cashflows and an assessment of the projected return on investment and/ or annual operating subsidies required to facilitate operations. A project Income Statement and Statement of Cash Flows is examined for each of the scenarios examined, with detailed assessment of the anticipated operating revenues and expenditures, capital investments and funding financing activities.

AEC's proprietary project financial feasibility tool was used to complete the financial analysis and to prepare the Income Statement and Cash Flow Statement.

- **Project Profitability:** Measures how profitable (applying accounting standards) a project will be for the organisation, estimating the financial gain or loss of a project. The profitability is assessed based on following measures:
 - **Operating Surplus/ Deficit:** The net operating surplus/ deficit is calculated by subtracting expenditure for the relevant period from the revenue for the same period (based on an accrual accounting approach) – including depreciation expense. If total revenue exceeds total expenditure, the net effect is an operating surplus.
 - **Earnings Before Interest, Taxation, Depreciation, and Amortisation (EBITDA):** EBITDA is a measure of the cash profit generated by the operations of the project, excluding consideration of the non-cash depreciation and amortisation expenses as well as taxes and debt costs that are dependent upon the capital structure. EBITDA is useful in comparing the profitability of operations across projects, particularly where the projects have different capital and debt structures, and/or taxation impacts.
 - **Earnings before Interest and Taxation (EBIT):** EBIT is a financial metric that is similar to EBITDA, but it takes into account the impact of depreciation and amortisation expenses. It includes the estimated cost of assets used/ consumed in the project's operations. This is particularly important in asset-intensive operations as it helps assess whether the revenue generated is sufficient to cover the cost of the assets being used/ consumed.

The following analyses were undertaken to determine the financial profile of alternative options in conducting the financial appraisal of the three site options:

- Operational cash flow profile, outlining revenue and expenses of the facility (operational and capital maintenance), to determine the net cash flow profile.
- Investment return assessment, using net present values (NPV) of project cashflows (initial capital and operational cash flows), internal rate of return (IRR) and modified internal rate of return (MIRR).
- Schedule of rates, that can reasonably be charged for use of the facility, based on benchmarks. This will feed into the operational cash flow profiles.
- Land Purchase Price Estimation to estimate the approximate land costs for each respective site to be included in the above analyses.

OPERATIONAL CASH FLOWS

Cash flows will be nominal, escalated in future periods for inflation using indices related to individual revenue and cost items. Cash flows will be forecast over the estimated useful life of the project.

Revenue

The revenue generated by the facility is based on the demand profile and the schedule of rates that can be charged for the facility, considerations include:

- **Facility design,** will determine the capacity, which is of 1,000 across the TCH Project Cases, and 978-998 for the TCT.

- **Demand profile**, will be based on a projection of number and types of performances that will utilise the facility.
- **Rates**, and charges for the use of the concert hall will depend upon ownership and operating structure, but will drive the revenue generated, along with the demand profile.
- **Operational Subsidy**, will be estimated to identify the likely operational subsidy (if required) to maintain the facility.

Costs

Operational cost of running the facility, including maintenance costs which will be borne by the owner, will be estimated by cost item type, which will at a high-level fall into the following broad categories:

- Salary and related costs
- Non-salary operating costs
- Capital maintenance costs.

Production costs related to performances that are incurred by users of the venue will not be considered. However, any subsidies or other concessions paid by the owner/operator of the venue to assist users, will be considered to determine profitability.

INVESTMENT RETURN ASSESSMENT

Once the cash flow profile is determined, outlined in section 8.2.5, an assessment of the project's investment returns can be measured. This will be achieved by calculating a net present value (NPV) of project cashflows, the internal rate of return (IRR) and modified internal rate of return (MIRR). The following table explains the key metrics and measures used.

Measure/ Metric	Description
Net Present Value	<p>The net present value (NPV) calculation will sum initial capital outflows for development of the new facility, along with the net operational cash flow profile, and discount net cash flows in each period to present value terms.</p> <p>The calculation methodology for the NPV is the same that is applied for discounting costs and benefits, outlined in the economics method.</p>
Discount Rates	<p>Similar to the cost benefit analysis (CBA) outlined in Section 7, the NPV calculation uses a discount rate to adjust and present future cash flows in present value terms. The NPV of a cash flow is the equivalent value of the future cashflow should the entire cashflow be received today. The time value of money is determined by the given discount rate to enable the comparison of options by a common measure.</p> <p>The selection of appropriate discount rates is of particular importance because they apply to much of the decision criteria and consequently the interpretation of results. The higher the discount rate, the less weight or importance is placed on future cash flows.</p> <p>Unlike the discount rate used for the CBA, the NPV calculation will use a nominal discount rate, which incorporates the impact of inflation on the operational cash flow profile. This adjustment is based on the Fisher Equation, outlined below.</p> $\text{Nominal Discount Rate} = (1 + \text{Real Discount Rate}) \times (1 + \text{Inflation Rate}) - 1$ <p>The real discount rate used will be the same that is used in the CBA. The inflation rate applied will be a weighted average rate determined by the inflation applied to different revenue and cost items in the cash flow profile.</p> <p>To assess the sensitivity of the project, a nominal discount rate either side of the base discount rate will also be examined (real discount rates used, base 7%, low 4% and high</p>

Measure/ Metric	Description
	10%). The inflation rate will remain constant in the calculation of nominal rates used for sensitivity analysis.
Appraisal Period	The length of the appraisal period determines the period of time over which cash flows are discounted to present value terms. It is important then that the appraisal period matches the anticipated timeframes for which the cash flows will be generated by the project. The appraisal period will therefore be set based on the anticipated operational period of the project, plus the construction period.
NPV Results	<p>If the NPV of an option result in a positive value, that is, greater than zero, then the project is deemed to add value and should proceed.</p> <p>When assessing multiple options, from a financial perspective, the option with the highest positive NPV should proceed. In this case, there are many other variables to consider, including required design elements, socio-cultural impacts on the community, and alignment to strategic infrastructure planning of a wider arts precinct. Therefore, the preferred option chosen for detailed assessment may not be the one with the highest positive NPV.</p>
Internal Rate of Return	<p>The internal rate of return (IRR) is a measure used in financial analysis to estimate the potential investment return of a project. The IRR is the discount rate, in percentage terms, that results in the NPV of future cash flows equal to zero. Generally, the higher the IRR the more desirable a project is, in financial terms.</p> <p>If a project has a positive NPV, the IRR will be higher than the cost of capital (WACC), or discount rate used in the NPV calculation. The higher the difference in the discount rate used to calculate the NPV, and the IRR, the more profitable the project.</p> <p>An IRR will be calculated for each option in the preliminary financial appraisal. For the preferred option, the cash flow profile will be updated, and an IRR will be calculated to determine the project's investment return. An IRR can only be calculated where project cashflows go negative, during initial capital investment, and then return to positive. It can not be calculated when this occurs more than once or does not occur at all.</p>
Modified Internal Rate of Return	<p>The modified internal rate of return (MIRR) can be used to rank projects of unequal size. the MIRR is commonly employed to compare several alternative projects that are mutually exclusive. In this case, the project with the highest MIRR is the most attractive.</p> <p>A key difference in the MIRR is the ability to change assumptions for reinvestment of positive cash flows throughout the life of the project. The MIRR allows for reinvestment at the firm's cost of capital, rather than the higher IRR.</p> <p>The MIRR formula is outlined below.</p> $MIRR = \sqrt[n]{\frac{FV(\text{Positive cash flows} \times \text{Cost of capital})}{PV(\text{Initial outlays} \times \text{Financing cost})}} - 1$ <p>Where:</p> <ul style="list-style-type: none"> FVCF(c) = the future value of positive cash flows discounted at the reinvestment rate PVCF(fc) = the present value of negative cash flows discounted at the financing rate n = number of periods.

Source: AEC

SCHEDULE OF RATES

A key input into the cash flow profile is an assumption of rates that can be charged to users of the facility. A schedule of rates was created to provide realistic estimates of rates and charges by undertaking a benchmarking exercise of relevant facilities.

Consideration was given to the specific nature of the benchmarking/ peer facilities and the specific nature of the proposed TCH facility compared to proxy venues. Predominantly the average rate was used, however adjustments to rates were made when alignment to other rates was required.

LAND PURCHASE ESTIMATION

To estimate the approximate land costs for each respective site, analysis was undertaken on a range of development site transactions throughout Townsville City to understand appropriate value metrics based on a rate per square metre of site area and/or maximum permissible gross floor area (GFA).

Ordinarily, development sites are subject to different zonings (which allows for a range of typologies, some more valuable than others), maximum permissible heights and gross floor area/site cover, amongst others. Both the Townsville City Plan (City Plan) and the Townsville Waterfront Priority Development Area Development Scheme (Development Scheme) are silent on maximum site cover and gross floor area that can be achieved for development sites. Generally, the existing planning framework only outlines maximum permissible building height.

As a result, this can make it problematic in applying appropriate value metrics to development sites (on a dollar rate per square metre of permissible GFA basis) when analysing or valuing. Therefore, the most appropriate method of benchmarking is comparing rates per meter square of site area achieved for similarly zoned properties and adjusting for factors including size, shape of site, dimensions, topography, outlook/aspect, and standard of any existing improvements amongst others.

Research of both development site sales evidence and current development sites on the market was conducted and the sales evidence captured to reflect the indicate a representative square meter rate for each site, which was incorporated into the financial analysis.

APPENDIX B: PROJECT PROFITABILITY

PROFIT AND LOSS – 40 YEARS – BASE CASE - TCT

Project Profit & Loss	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Revenue	\$ 1,305,325	\$ 1,355,411	\$ 1,407,640	\$ 1,441,556	\$ 1,481,016	\$ 1,523,475	\$ 1,556,675	\$ 1,597,602	\$ 1,639,141	\$ 1,678,827
Labour, Materials and Services Costs	\$ 2,382,083	\$ 2,441,636	\$ 2,502,676	\$ 2,565,243	\$ 2,629,374	\$ 2,695,109	\$ 2,762,486	\$ 2,831,549	\$ 2,902,337	\$ 2,974,896
EBITDA	\$ (1,076,759)	\$ (1,086,225)	\$ (1,095,036)	\$ (1,123,687)	\$ (1,148,358)	\$ (1,171,634)	\$ (1,205,811)	\$ (1,233,946)	\$ (1,263,196)	\$ (1,296,069)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (1,899,438)	\$ (1,908,904)	\$ (1,917,716)	\$ (1,946,367)	\$ (1,971,038)	\$ (1,994,314)	\$ (2,028,491)	\$ (2,056,626)	\$ (2,085,876)	\$ (2,118,748)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (1,899,438)	\$ (1,908,904)	\$ (1,917,716)	\$ (1,946,367)	\$ (1,971,038)	\$ (1,994,314)	\$ (2,028,491)	\$ (2,056,626)	\$ (2,085,876)	\$ (2,118,748)

Project Profit & Loss	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Operating Revenue	\$ 1,724,127	\$ 1,763,833	\$ 1,810,674	\$ 1,861,314	\$ 1,904,353	\$ 1,954,389	\$ 2,005,463	\$ 2,056,723	\$ 2,111,142	\$ 2,162,075
Labour, Materials and Services Costs	\$ 3,049,268	\$ 3,125,500	\$ 3,203,637	\$ 3,283,728	\$ 3,365,822	\$ 3,449,967	\$ 3,536,216	\$ 3,624,622	\$ 3,715,237	\$ 3,808,118
EBITDA	\$ (1,325,141)	\$ (1,361,667)	\$ (1,392,964)	\$ (1,422,415)	\$ (1,461,468)	\$ (1,495,578)	\$ (1,530,753)	\$ (1,567,898)	\$ (1,604,096)	\$ (1,646,043)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (2,147,821)	\$ (2,184,347)	\$ (2,215,643)	\$ (2,245,094)	\$ (2,284,148)	\$ (2,318,257)	\$ (2,353,432)	\$ (2,390,578)	\$ (2,426,775)	\$ (2,468,722)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (2,147,821)	\$ (2,184,347)	\$ (2,215,643)	\$ (2,245,094)	\$ (2,284,148)	\$ (2,318,257)	\$ (2,353,432)	\$ (2,390,578)	\$ (2,426,775)	\$ (2,468,722)

Project Profit & Loss	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Operating Revenue	\$ 2,214,993	\$ 2,273,867	\$ 2,328,706	\$ 2,389,006	\$ 2,448,862	\$ 2,509,921	\$ 2,571,417	\$ 2,639,970	\$ 2,709,166	\$ 2,781,168
Labour, Materials and Services Costs	\$ 3,903,321	\$ 4,000,904	\$ 4,100,927	\$ 4,203,450	\$ 4,308,536	\$ 4,416,250	\$ 4,526,656	\$ 4,639,822	\$ 4,755,818	\$ 4,874,713
EBITDA	\$ (1,688,328)	\$ (1,727,037)	\$ (1,772,221)	\$ (1,814,444)	\$ (1,859,674)	\$ (1,906,328)	\$ (1,955,239)	\$ (1,999,852)	\$ (2,046,651)	\$ (2,093,546)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (2,511,007)	\$ (2,549,716)	\$ (2,594,900)	\$ (2,637,123)	\$ (2,682,353)	\$ (2,729,008)	\$ (2,777,918)	\$ (2,822,531)	\$ (2,869,331)	\$ (2,916,225)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (2,511,007)	\$ (2,549,716)	\$ (2,594,900)	\$ (2,637,123)	\$ (2,682,353)	\$ (2,729,008)	\$ (2,777,918)	\$ (2,822,531)	\$ (2,869,331)	\$ (2,916,225)

Project Profit & Loss	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Operating Revenue	\$ 2,857,513	\$ 2,932,269	\$ 3,009,127	\$ 3,087,689	\$ 3,169,669	\$ 3,250,913	\$ 3,335,241	\$ 3,422,970	\$ 3,515,942	\$ 3,605,946
Labour, Materials and Services Costs	\$ 4,996,581	\$ 5,121,496	\$ 5,249,533	\$ 5,380,771	\$ 5,515,291	\$ 5,653,173	\$ 5,794,502	\$ 5,939,365	\$ 6,087,849	\$ 6,240,045
EBITDA	\$ (2,139,068)	\$ (2,189,227)	\$ (2,240,406)	\$ (2,293,082)	\$ (2,345,622)	\$ (2,402,260)	\$ (2,459,261)	\$ (2,516,395)	\$ (2,571,907)	\$ (2,634,099)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (2,961,748)	\$ (3,011,906)	\$ (3,063,086)	\$ (3,115,762)	\$ (3,168,301)	\$ (3,224,939)	\$ (3,281,940)	\$ (3,339,075)	\$ (3,394,587)	\$ (3,456,778)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (2,961,748)	\$ (3,011,906)	\$ (3,063,086)	\$ (3,115,762)	\$ (3,168,301)	\$ (3,224,939)	\$ (3,281,940)	\$ (3,339,075)	\$ (3,394,587)	\$ (3,456,778)

Project Profit & Loss	2065	2066	2067	2068
Operating Revenue	\$ 3,700,697	\$ 3,795,039	\$ 3,894,102	\$ 3,999,785
Labour, Materials and Services Costs	\$ 6,396,046	\$ 6,555,947	\$ 6,719,846	\$ 6,887,842
EBITDA	\$ (2,695,349)	\$ (2,760,908)	\$ (2,825,743)	\$ (2,888,057)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (3,518,028)	\$ (3,583,588)	\$ (3,648,423)	\$ (3,710,737)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (3,518,028)	\$ (3,583,588)	\$ (3,648,423)	\$ (3,710,737)

Source: AEC unpublished.



PROFIT AND LOSS – 40 YEARS – PROJECT CASE - TCT

Project Profit & Loss	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Revenue	\$ 1,305,325	\$ 1,355,411	\$ 1,407,640	\$ 1,441,556	\$ 1,080,429	\$ 1,117,036	\$ 1,165,185	\$ 1,211,202	\$ 1,257,136	\$ 1,306,510
Labour, Materials and Services Costs	\$ 2,382,083	\$ 2,441,636	\$ 2,502,676	\$ 2,565,243	\$ 2,629,374	\$ 2,695,109	\$ 2,762,486	\$ 2,831,549	\$ 2,902,337	\$ 2,974,896
EBITDA	\$ (1,076,759)	\$ (1,086,225)	\$ (1,095,036)	\$ (1,123,687)	\$ (1,548,945)	\$ (1,578,072)	\$ (1,597,301)	\$ (1,620,347)	\$ (1,645,201)	\$ (1,668,385)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (1,899,438)	\$ (1,908,904)	\$ (1,917,716)	\$ (1,946,367)	\$ (2,371,625)	\$ (2,400,752)	\$ (2,419,981)	\$ (2,443,026)	\$ (2,467,881)	\$ (2,491,065)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (1,899,438)	\$ (1,908,904)	\$ (1,917,716)	\$ (1,946,367)	\$ (2,371,625)	\$ (2,400,752)	\$ (2,419,981)	\$ (2,443,026)	\$ (2,467,881)	\$ (2,491,065)

Project Profit & Loss	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Operating Revenue	\$ 1,355,426	\$ 1,416,189	\$ 1,470,881	\$ 1,520,588	\$ 1,581,399	\$ 1,642,225	\$ 1,703,933	\$ 1,764,939	\$ 1,828,266	\$ 1,905,488
Labour, Materials and Services Costs	\$ 3,049,268	\$ 3,125,500	\$ 3,203,637	\$ 3,283,728	\$ 3,365,822	\$ 3,449,967	\$ 3,536,216	\$ 3,624,622	\$ 3,715,237	\$ 3,808,118
EBITDA	\$ (1,693,842)	\$ (1,709,311)	\$ (1,732,757)	\$ (1,763,141)	\$ (1,784,423)	\$ (1,807,742)	\$ (1,832,283)	\$ (1,859,683)	\$ (1,886,974)	\$ (1,902,630)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (2,516,522)	\$ (2,531,990)	\$ (2,555,436)	\$ (2,585,820)	\$ (2,607,102)	\$ (2,630,422)	\$ (2,654,963)	\$ (2,682,362)	\$ (2,709,651)	\$ (2,725,310)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (2,516,522)	\$ (2,531,990)	\$ (2,555,436)	\$ (2,585,820)	\$ (2,607,102)	\$ (2,630,422)	\$ (2,654,963)	\$ (2,682,362)	\$ (2,709,651)	\$ (2,725,310)

Project Profit & Loss	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Operating Revenue	\$ 1,967,199	\$ 2,036,109	\$ 2,114,912	\$ 2,181,945	\$ 2,265,766	\$ 2,344,104	\$ 2,436,126	\$ 2,519,660	\$ 2,600,538	\$ 2,689,627
Labour, Materials and Services Costs	\$ 3,903,321	\$ 4,000,904	\$ 4,100,927	\$ 4,203,450	\$ 4,308,536	\$ 4,416,250	\$ 4,526,656	\$ 4,639,822	\$ 4,755,818	\$ 4,874,713
EBITDA	\$ (1,936,122)	\$ (1,964,795)	\$ (1,986,015)	\$ (2,021,505)	\$ (2,042,771)	\$ (2,072,146)	\$ (2,090,530)	\$ (2,120,162)	\$ (2,155,279)	\$ (2,185,086)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (2,758,801)	\$ (2,787,475)	\$ (2,808,694)	\$ (2,844,185)	\$ (2,865,450)	\$ (2,894,825)	\$ (2,913,210)	\$ (2,942,842)	\$ (2,977,959)	\$ (3,007,766)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (2,758,801)	\$ (2,787,475)	\$ (2,808,694)	\$ (2,844,185)	\$ (2,865,450)	\$ (2,894,825)	\$ (2,913,210)	\$ (2,942,842)	\$ (2,977,959)	\$ (3,007,766)

Project Profit & Loss	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Operating Revenue	\$ 2,767,265	\$ 2,854,569	\$ 2,939,068	\$ 3,017,730	\$ 3,098,960	\$ 3,176,368	\$ 3,261,947	\$ 3,348,748	\$ 3,438,387	\$ 3,530,014
Labour, Materials and Services Costs	\$ 4,996,581	\$ 5,121,496	\$ 5,249,533	\$ 5,380,771	\$ 5,515,291	\$ 5,653,173	\$ 5,794,502	\$ 5,939,365	\$ 6,087,849	\$ 6,240,045
EBITDA	\$ (2,229,316)	\$ (2,266,926)	\$ (2,310,465)	\$ (2,363,041)	\$ (2,416,331)	\$ (2,476,805)	\$ (2,532,555)	\$ (2,590,617)	\$ (2,649,462)	\$ (2,710,031)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (3,051,995)	\$ (3,089,606)	\$ (3,133,145)	\$ (3,185,720)	\$ (3,239,010)	\$ (3,299,485)	\$ (3,355,235)	\$ (3,413,296)	\$ (3,472,141)	\$ (3,532,711)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (3,051,995)	\$ (3,089,606)	\$ (3,133,145)	\$ (3,185,720)	\$ (3,239,010)	\$ (3,299,485)	\$ (3,355,235)	\$ (3,413,296)	\$ (3,472,141)	\$ (3,532,711)

Project Profit & Loss	2065	2066	2067	2068
Operating Revenue	\$ 3,619,390	\$ 3,715,126	\$ 3,808,793	\$ 3,909,668
Labour, Materials and Services Costs	\$ 6,396,046	\$ 6,555,947	\$ 6,719,846	\$ 6,887,842
EBITDA	\$ (2,776,656)	\$ (2,840,822)	\$ (2,911,053)	\$ (2,978,174)
Depreciation Charges	\$ 822,680	\$ 822,680	\$ 822,680	\$ 822,680
EBIT	\$ (3,599,336)	\$ (3,663,501)	\$ (3,733,732)	\$ (3,800,853)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (3,599,336)	\$ (3,663,501)	\$ (3,733,732)	\$ (3,800,853)

Source: AEC unpublished.



PROFIT AND LOSS – 40 YEARS – PROJECT CASE – TCH – THE HIVE

Project Profit & Loss	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,507,470	\$ 4,689,716	\$ 4,921,086	\$ 5,152,956	\$ 5,355,837	\$ 5,592,767
Labour, Materials and Services Costs	\$ -	\$ -	\$ -	\$ -	\$ 6,255,629	\$ 6,458,800	\$ 6,687,299	\$ 6,919,630	\$ 7,144,236	\$ 7,390,414
EBITDA	\$ -	\$ -	\$ -	\$ -	\$ (1,748,158)	\$ (1,769,085)	\$ (1,766,213)	\$ (1,766,675)	\$ (1,788,398)	\$ (1,797,647)
Depreciation Charges	\$ -	\$ -	\$ 2,464,971	\$ 6,754,160	\$ 7,908,250	\$ 8,105,956	\$ 8,308,605	\$ 8,516,320	\$ 8,729,228	\$ 8,947,459
EBIT	\$ -	\$ -	\$ (2,464,971)	\$ (6,754,160)	\$ (9,656,408)	\$ (9,875,041)	\$ (10,074,819)	\$ (10,282,995)	\$ (10,517,626)	\$ (10,745,106)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ -	\$ -	\$ (2,464,971)	\$ (6,754,160)	\$ (9,656,408)	\$ (9,875,041)	\$ (10,074,819)	\$ (10,282,995)	\$ (10,517,626)	\$ (10,745,106)

Project Profit & Loss	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Operating Revenue	\$ 5,789,809	\$ 6,028,355	\$ 6,240,368	\$ 6,479,971	\$ 6,754,227	\$ 7,011,960	\$ 7,263,281	\$ 7,544,063	\$ 7,803,230	\$ 8,096,382
Labour, Materials and Services Costs	\$ 7,621,356	\$ 7,873,685	\$ 8,120,010	\$ 8,383,757	\$ 8,667,187	\$ 8,944,910	\$ 9,229,460	\$ 9,528,675	\$ 9,823,995	\$ 10,137,003
EBITDA	\$ (1,831,548)	\$ (1,845,330)	\$ (1,879,643)	\$ (1,903,786)	\$ (1,912,960)	\$ (1,932,950)	\$ (1,966,178)	\$ (1,984,612)	\$ (2,020,765)	\$ (2,040,621)
Depreciation Charges	\$ 9,171,146	\$ 9,400,424	\$ 9,635,435	\$ 9,876,321	\$ 10,123,229	\$ 10,376,309	\$ 10,635,717	\$ 10,901,610	\$ 11,174,150	\$ 11,453,504
EBIT	\$ (11,002,693)	\$ (11,245,754)	\$ (11,515,077)	\$ (11,780,107)	\$ (12,036,189)	\$ (12,309,259)	\$ (12,601,896)	\$ (12,886,222)	\$ (13,194,916)	\$ (13,494,125)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (11,002,693)	\$ (11,245,754)	\$ (11,515,077)	\$ (11,780,107)	\$ (12,036,189)	\$ (12,309,259)	\$ (12,601,896)	\$ (12,886,222)	\$ (13,194,916)	\$ (13,494,125)

Project Profit & Loss	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Operating Revenue	\$ 8,432,235	\$ 8,739,280	\$ 9,054,124	\$ 9,428,031	\$ 9,772,737	\$ 10,136,622	\$ 10,517,844	\$ 10,909,686	\$ 11,314,468	\$ 11,673,955
Labour, Materials and Services Costs	\$ 10,480,553	\$ 10,812,542	\$ 11,155,395	\$ 11,527,293	\$ 11,894,868	\$ 12,275,414	\$ 12,670,899	\$ 13,070,668	\$ 13,492,074	\$ 13,898,073
EBITDA	\$ (2,048,318)	\$ (2,073,262)	\$ (2,101,272)	\$ (2,099,262)	\$ (2,122,131)	\$ (2,138,791)	\$ (2,153,055)	\$ (2,160,981)	\$ (2,177,606)	\$ (2,224,118)
Depreciation Charges	\$ 11,739,842	\$ 12,033,338	\$ 12,334,171	\$ 12,642,525	\$ 12,958,589	\$ 13,282,553	\$ 13,614,617	\$ 13,954,983	\$ 14,303,857	\$ 14,661,454
EBIT	\$ (13,788,160)	\$ (14,106,600)	\$ (14,435,443)	\$ (14,741,787)	\$ (15,080,719)	\$ (15,421,344)	\$ (15,767,672)	\$ (16,115,964)	\$ (16,481,463)	\$ (16,885,572)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (13,788,160)	\$ (14,106,600)	\$ (14,435,443)	\$ (14,741,787)	\$ (15,080,719)	\$ (15,421,344)	\$ (15,767,672)	\$ (16,115,964)	\$ (16,481,463)	\$ (16,885,572)

Project Profit & Loss	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Operating Revenue	\$ 12,087,024	\$ 12,565,958	\$ 12,996,061	\$ 13,473,307	\$ 13,970,674	\$ 14,423,235	\$ 14,951,658	\$ 15,445,588	\$ 15,983,281	\$ 16,571,576
Labour, Materials and Services Costs	\$ 14,340,123	\$ 14,808,337	\$ 15,268,706	\$ 15,756,505	\$ 16,255,110	\$ 16,751,899	\$ 17,284,950	\$ 17,814,651	\$ 18,368,186	\$ 18,956,359
EBITDA	\$ (2,253,099)	\$ (2,242,379)	\$ (2,272,645)	\$ (2,283,197)	\$ (2,284,436)	\$ (2,328,665)	\$ (2,333,293)	\$ (2,369,062)	\$ (2,384,905)	\$ (2,384,783)
Depreciation Charges	\$ 15,027,990	\$ 15,403,690	\$ 15,788,782	\$ 16,183,501	\$ 16,588,089	\$ 17,002,791	\$ 17,427,861	\$ 17,863,558	\$ 18,310,146	\$ 18,767,900
EBIT	\$ (17,281,089)	\$ (17,646,069)	\$ (18,061,427)	\$ (18,466,699)	\$ (18,872,525)	\$ (19,331,456)	\$ (19,761,154)	\$ (20,232,620)	\$ (20,695,051)	\$ (21,152,683)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (17,281,089)	\$ (17,646,069)	\$ (18,061,427)	\$ (18,466,699)	\$ (18,872,525)	\$ (19,331,456)	\$ (19,761,154)	\$ (20,232,620)	\$ (20,695,051)	\$ (21,152,683)

Project Profit & Loss	2065	2066	2067	2068
Operating Revenue	\$ 17,086,405	\$ 17,678,441	\$ 18,333,186	\$ 18,934,866
Labour, Materials and Services Costs	\$ 19,520,405	\$ 20,129,941	\$ 20,768,275	\$ 21,399,241
EBITDA	\$ (2,434,001)	\$ (2,451,499)	\$ (2,435,089)	\$ (2,464,375)
Depreciation Charges	\$ 19,237,098	\$ 19,718,025	\$ 20,210,976	\$ 20,716,250
EBIT	\$ (21,671,098)	\$ (22,169,524)	\$ (22,646,065)	\$ (23,180,625)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (21,671,098)	\$ (22,169,524)	\$ (22,646,065)	\$ (23,180,625)

Source: AEC unpublished.



PROFIT AND LOSS – 40 YEARS – PROJECT CASE – TCH – THE STRAND

Project Profit & Loss	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,507,470	\$ 4,689,716	\$ 4,921,086	\$ 5,152,956	\$ 5,355,837	\$ 5,592,767
Labour, Materials and Services Costs	\$ -	\$ -	\$ -	\$ -	\$ 6,308,870	\$ 6,513,373	\$ 6,743,236	\$ 6,976,966	\$ 7,203,004	\$ 7,450,652
EBITDA	\$ -	\$ -	\$ -	\$ -	\$ (1,801,400)	\$ (1,823,657)	\$ (1,822,150)	\$ (1,824,010)	\$ (1,847,167)	\$ (1,857,885)
Depreciation Charges	\$ -	\$ -	\$ 1,654,484	\$ 6,239,050	\$ 8,169,834	\$ 8,374,080	\$ 8,583,432	\$ 8,798,017	\$ 9,017,968	\$ 9,243,417
EBIT	\$ -	\$ -	\$ (1,654,484)	\$ (6,239,050)	\$ (9,971,234)	\$ (10,197,737)	\$ (10,405,582)	\$ (10,622,027)	\$ (10,865,135)	\$ (11,101,302)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ -	\$ -	\$ (1,654,484)	\$ (6,239,050)	\$ (9,971,234)	\$ (10,197,737)	\$ (10,405,582)	\$ (10,622,027)	\$ (10,865,135)	\$ (11,101,302)

Project Profit & Loss	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Operating Revenue	\$ 5,789,809	\$ 6,028,355	\$ 6,240,368	\$ 6,479,971	\$ 6,754,227	\$ 7,011,960	\$ 7,263,281	\$ 7,544,063	\$ 7,803,230	\$ 8,096,382
Labour, Materials and Services Costs	\$ 7,683,100	\$ 7,936,972	\$ 8,184,880	\$ 8,450,248	\$ 8,735,341	\$ 9,014,768	\$ 9,301,064	\$ 9,602,069	\$ 9,899,224	\$ 10,214,112
EBITDA	\$ (1,893,291)	\$ (1,908,617)	\$ (1,944,512)	\$ (1,970,278)	\$ (1,981,114)	\$ (2,002,807)	\$ (2,037,782)	\$ (2,058,006)	\$ (2,095,994)	\$ (2,117,730)
Depreciation Charges	\$ 9,474,502	\$ 9,711,365	\$ 9,954,149	\$ 10,203,003	\$ 10,458,078	\$ 10,719,530	\$ 10,987,518	\$ 11,262,206	\$ 11,543,761	\$ 11,832,355
EBIT	\$ (11,367,794)	\$ (11,619,982)	\$ (11,898,661)	\$ (12,173,280)	\$ (12,439,192)	\$ (12,722,337)	\$ (13,025,300)	\$ (13,320,212)	\$ (13,639,755)	\$ (13,950,086)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (11,367,794)	\$ (11,619,982)	\$ (11,898,661)	\$ (12,173,280)	\$ (12,439,192)	\$ (12,722,337)	\$ (13,025,300)	\$ (13,320,212)	\$ (13,639,755)	\$ (13,950,086)

Project Profit & Loss	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Operating Revenue	\$ 8,432,235	\$ 8,739,280	\$ 9,054,124	\$ 9,428,031	\$ 9,772,737	\$ 10,136,622	\$ 10,517,844	\$ 10,909,686	\$ 11,314,468	\$ 11,673,955
Labour, Materials and Services Costs	\$ 10,559,590	\$ 10,893,555	\$ 11,238,434	\$ 11,612,407	\$ 11,982,111	\$ 12,364,837	\$ 12,762,558	\$ 13,164,618	\$ 13,588,373	\$ 13,996,780
EBITDA	\$ (2,127,355)	\$ (2,154,276)	\$ (2,184,310)	\$ (2,184,376)	\$ (2,209,373)	\$ (2,228,215)	\$ (2,244,714)	\$ (2,254,932)	\$ (2,273,905)	\$ (2,322,825)
Depreciation Charges	\$ 12,128,164	\$ 12,431,368	\$ 12,742,152	\$ 13,060,706	\$ 13,387,224	\$ 13,721,904	\$ 14,064,952	\$ 14,416,576	\$ 14,776,990	\$ 15,146,415
EBIT	\$ (14,255,519)	\$ (14,585,644)	\$ (14,926,463)	\$ (15,245,083)	\$ (15,596,597)	\$ (15,950,119)	\$ (16,309,666)	\$ (16,671,508)	\$ (17,050,896)	\$ (17,469,240)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (14,255,519)	\$ (14,585,644)	\$ (14,926,463)	\$ (15,245,083)	\$ (15,596,597)	\$ (15,950,119)	\$ (16,309,666)	\$ (16,671,508)	\$ (17,050,896)	\$ (17,469,240)

Project Profit & Loss	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Operating Revenue	\$ 12,087,024	\$ 12,565,958	\$ 12,996,061	\$ 13,473,307	\$ 13,970,674	\$ 14,423,235	\$ 14,951,658	\$ 15,445,588	\$ 15,983,281	\$ 16,571,576
Labour, Materials and Services Costs	\$ 14,441,298	\$ 14,912,041	\$ 15,375,003	\$ 15,865,459	\$ 16,366,788	\$ 16,866,369	\$ 17,402,282	\$ 17,934,916	\$ 18,491,458	\$ 19,082,712
EBITDA	\$ (2,354,274)	\$ (2,346,083)	\$ (2,378,941)	\$ (2,392,151)	\$ (2,396,114)	\$ (2,443,134)	\$ (2,450,624)	\$ (2,489,327)	\$ (2,508,176)	\$ (2,511,136)
Depreciation Charges	\$ 15,525,075	\$ 15,913,202	\$ 16,311,032	\$ 16,718,808	\$ 17,136,778	\$ 17,565,198	\$ 18,004,328	\$ 18,454,436	\$ 18,915,797	\$ 19,388,692
EBIT	\$ (17,879,349)	\$ (18,259,285)	\$ (18,689,974)	\$ (19,110,959)	\$ (19,532,892)	\$ (20,008,332)	\$ (20,454,952)	\$ (20,943,763)	\$ (21,423,973)	\$ (21,899,828)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (17,879,349)	\$ (18,259,285)	\$ (18,689,974)	\$ (19,110,959)	\$ (19,532,892)	\$ (20,008,332)	\$ (20,454,952)	\$ (20,943,763)	\$ (21,423,973)	\$ (21,899,828)

Project Profit & Loss	2065	2066	2067	2068
Operating Revenue	\$ 17,086,405	\$ 17,678,441	\$ 18,333,186	\$ 18,934,866
Labour, Materials and Services Costs	\$ 19,649,917	\$ 20,262,690	\$ 20,904,344	\$ 21,538,711
EBITDA	\$ (2,563,513)	\$ (2,584,249)	\$ (2,571,158)	\$ (2,603,846)
Depreciation Charges	\$ 19,873,409	\$ 20,370,244	\$ 20,879,500	\$ 21,401,488
EBIT	\$ (22,436,922)	\$ (22,954,493)	\$ (23,450,658)	\$ (24,005,333)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (22,436,922)	\$ (22,954,493)	\$ (23,450,658)	\$ (24,005,333)

Source: AEC unpublished.



PROFIT AND LOSS – 40 YEARS – PROJECT CASE – TCH – DEAN STREET

Project Profit & Loss	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,507,470	\$ 4,689,716	\$ 4,921,086	\$ 5,152,956	\$ 5,355,837	\$ 5,592,767
Labour, Materials and Services Costs	\$ -	\$ -	\$ -	\$ -	\$ 6,266,476	\$ 6,469,919	\$ 6,698,696	\$ 6,931,312	\$ 7,156,209	\$ 7,402,686
EBITDA	\$ -	\$ -	\$ -	\$ -	\$ (1,759,006)	\$ (1,780,203)	\$ (1,777,610)	\$ (1,778,356)	\$ (1,800,372)	\$ (1,809,919)
Depreciation Charges	\$ -	\$ -	\$ 2,496,376	\$ 6,849,168	\$ 8,012,125	\$ 8,212,429	\$ 8,417,739	\$ 8,628,183	\$ 8,843,887	\$ 9,064,985
EBIT	\$ -	\$ -	\$ (2,496,376)	\$ (6,849,168)	\$ (9,771,131)	\$ (9,992,632)	\$ (10,195,349)	\$ (10,406,539)	\$ (10,644,259)	\$ (10,874,904)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ -	\$ -	\$ (2,496,376)	\$ (6,849,168)	\$ (9,771,131)	\$ (9,992,632)	\$ (10,195,349)	\$ (10,406,539)	\$ (10,644,259)	\$ (10,874,904)

Project Profit & Loss	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Operating Revenue	\$ 5,789,809	\$ 6,028,355	\$ 6,240,368	\$ 6,479,971	\$ 6,754,227	\$ 7,011,960	\$ 7,263,281	\$ 7,544,063	\$ 7,803,230	\$ 8,096,382
Labour, Materials and Services Costs	\$ 7,633,936	\$ 7,886,579	\$ 8,133,227	\$ 8,397,304	\$ 8,681,073	\$ 8,959,143	\$ 9,244,048	\$ 9,543,628	\$ 9,839,322	\$ 10,152,713
EBITDA	\$ (1,844,127)	\$ (1,858,224)	\$ (1,892,859)	\$ (1,917,333)	\$ (1,926,846)	\$ (1,947,182)	\$ (1,980,767)	\$ (1,999,565)	\$ (2,036,092)	\$ (2,056,331)
Depreciation Charges	\$ 9,291,609	\$ 9,523,899	\$ 9,761,997	\$ 10,006,047	\$ 10,256,198	\$ 10,512,603	\$ 10,775,418	\$ 11,044,803	\$ 11,320,924	\$ 11,603,947
EBIT	\$ (11,135,736)	\$ (11,382,123)	\$ (11,654,856)	\$ (11,923,380)	\$ (12,183,044)	\$ (12,459,785)	\$ (12,756,185)	\$ (13,044,369)	\$ (13,357,016)	\$ (13,660,278)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (11,135,736)	\$ (11,382,123)	\$ (11,654,856)	\$ (11,923,380)	\$ (12,183,044)	\$ (12,459,785)	\$ (12,756,185)	\$ (13,044,369)	\$ (13,357,016)	\$ (13,660,278)

Project Profit & Loss	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Operating Revenue	\$ 8,432,235	\$ 8,739,280	\$ 9,054,124	\$ 9,428,031	\$ 9,772,737	\$ 10,136,622	\$ 10,517,844	\$ 10,909,686	\$ 11,314,468	\$ 11,673,955
Labour, Materials and Services Costs	\$ 10,496,656	\$ 10,829,048	\$ 11,172,314	\$ 11,544,634	\$ 11,912,643	\$ 12,293,633	\$ 12,689,573	\$ 13,089,809	\$ 13,511,694	\$ 13,918,184
EBITDA	\$ (2,064,421)	\$ (2,089,768)	\$ (2,118,190)	\$ (2,116,603)	\$ (2,139,905)	\$ (2,157,010)	\$ (2,171,729)	\$ (2,180,123)	\$ (2,197,226)	\$ (2,244,229)
Depreciation Charges	\$ 11,894,045	\$ 12,191,396	\$ 12,496,181	\$ 12,808,586	\$ 13,128,800	\$ 13,457,020	\$ 13,793,446	\$ 14,138,282	\$ 14,491,739	\$ 14,854,033
EBIT	\$ (13,958,466)	\$ (14,281,164)	\$ (14,614,371)	\$ (14,925,189)	\$ (15,268,706)	\$ (15,614,031)	\$ (15,965,175)	\$ (16,318,405)	\$ (16,688,965)	\$ (17,098,261)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (13,958,466)	\$ (14,281,164)	\$ (14,614,371)	\$ (14,925,189)	\$ (15,268,706)	\$ (15,614,031)	\$ (15,965,175)	\$ (16,318,405)	\$ (16,688,965)	\$ (17,098,261)

Project Profit & Loss	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Operating Revenue	\$ 12,087,024	\$ 12,565,958	\$ 12,996,061	\$ 13,473,307	\$ 13,970,674	\$ 14,423,235	\$ 14,951,658	\$ 15,445,588	\$ 15,983,281	\$ 16,571,576
Labour, Materials and Services Costs	\$ 14,360,737	\$ 14,829,466	\$ 15,290,363	\$ 15,778,703	\$ 16,277,863	\$ 16,775,221	\$ 17,308,855	\$ 17,839,153	\$ 18,393,302	\$ 18,982,102
EBITDA	\$ (2,273,713)	\$ (2,263,508)	\$ (2,294,302)	\$ (2,305,395)	\$ (2,307,189)	\$ (2,351,987)	\$ (2,357,198)	\$ (2,393,565)	\$ (2,410,020)	\$ (2,410,526)
Depreciation Charges	\$ 15,225,384	\$ 15,606,018	\$ 15,996,169	\$ 16,396,073	\$ 16,805,975	\$ 17,226,124	\$ 17,656,777	\$ 18,098,196	\$ 18,550,651	\$ 19,014,418
EBIT	\$ (17,499,096)	\$ (17,869,526)	\$ (18,290,470)	\$ (18,701,468)	\$ (19,113,163)	\$ (19,578,111)	\$ (20,013,975)	\$ (20,491,762)	\$ (20,960,672)	\$ (21,424,944)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (17,499,096)	\$ (17,869,526)	\$ (18,290,470)	\$ (18,701,468)	\$ (19,113,163)	\$ (19,578,111)	\$ (20,013,975)	\$ (20,491,762)	\$ (20,960,672)	\$ (21,424,944)

Project Profit & Loss	2065	2066	2067	2068
Operating Revenue	\$ 17,086,405	\$ 17,678,441	\$ 18,333,186	\$ 18,934,866
Labour, Materials and Services Costs	\$ 19,546,792	\$ 20,156,987	\$ 20,795,998	\$ 21,427,656
EBITDA	\$ (2,460,387)	\$ (2,478,546)	\$ (2,462,812)	\$ (2,492,791)
Depreciation Charges	\$ 19,489,778	\$ 19,977,023	\$ 20,476,448	\$ 20,988,359
EBIT	\$ (21,950,165)	\$ (22,455,568)	\$ (22,939,260)	\$ (23,481,150)
Interest Expense (borrowings)	\$ -	\$ -	\$ -	\$ -
Interest Revenue/(Expense) on Cash Holdings	\$ -	\$ -	\$ -	\$ -
Operating Surplus/(Deficit) (or NPBT)	\$ (21,950,165)	\$ (22,455,568)	\$ (22,939,260)	\$ (23,481,150)

Source: AEC unpublished.

APPENDIX C: PROJECT CASH FLOWS

CASH FLOWS – 40 YEARS – BASE CASE - TCT

Project Cash Flow Statement (after financing)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows from Operational Activities										
Operating Revenue	\$ 1,305,325	\$ 1,355,411	\$ 1,407,640	\$ 1,441,556	\$ 1,481,016	\$ 1,523,475	\$ 1,556,675	\$ 1,597,602	\$ 1,639,141	\$ 1,678,827
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (2,382,083)	\$ (2,441,636)	\$ (2,502,676)	\$ (2,565,243)	\$ (2,629,374)	\$ (2,695,109)	\$ (2,762,486)	\$ (2,831,549)	\$ (2,902,337)	\$ (2,974,896)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,076,759)	\$ (1,086,225)	\$ (1,095,036)	\$ (1,123,687)	\$ (1,148,358)	\$ (1,171,634)	\$ (1,205,811)	\$ (1,233,946)	\$ (1,263,196)	\$ (1,296,069)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ (318,970)	\$ (21,168)	\$ (408,117)	\$ (38,355)	\$ -	\$ (43,782)	\$ -	\$ (45,906)
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ (318,970)	\$ (21,168)	\$ (408,117)	\$ (38,355)	\$ -	\$ (43,782)	\$ -	\$ (45,906)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (1,076,759)	\$ (1,086,225)	\$ (1,414,006)	\$ (1,144,855)	\$ (1,556,475)	\$ (1,209,989)	\$ (1,205,811)	\$ (1,277,729)	\$ (1,263,196)	\$ (1,341,975)
Opening Cash Balance	\$ -	\$ (1,076,759)	\$ (2,162,983)	\$ (3,576,990)	\$ (4,721,845)	\$ (6,278,320)	\$ (7,488,309)	\$ (8,694,121)	\$ (9,971,849)	\$ (11,235,045)
Closing Cash Balance	\$ (1,076,759)	\$ (2,162,983)	\$ (3,576,990)	\$ (4,721,845)	\$ (6,278,320)	\$ (7,488,309)	\$ (8,694,121)	\$ (9,971,849)	\$ (11,235,045)	\$ (12,577,020)

Project Cash Flow Statement (after financing)	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Cash Flows from Operational Activities										
Operating Revenue	\$ 1,724,127	\$ 1,763,833	\$ 1,810,674	\$ 1,861,314	\$ 1,904,353	\$ 1,954,389	\$ 2,005,463	\$ 2,056,723	\$ 2,111,142	\$ 2,162,075
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (3,049,268)	\$ (3,125,500)	\$ (3,203,637)	\$ (3,283,728)	\$ (3,365,822)	\$ (3,449,967)	\$ (3,536,216)	\$ (3,624,622)	\$ (3,715,237)	\$ (3,808,118)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,325,141)	\$ (1,361,667)	\$ (1,392,964)	\$ (1,422,415)	\$ (1,461,468)	\$ (1,495,578)	\$ (1,530,753)	\$ (1,567,898)	\$ (1,604,096)	\$ (1,646,043)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (1,279,871)	\$ (1,387,922)	\$ (125,704)	\$ (28,448)	\$ (2,152,796)	\$ (11,687,716)	\$ -	\$ (113,525)	\$ (564,037)	\$ -
Net Cash Flows from Investing Activities	\$ (1,279,871)	\$ (1,387,922)	\$ (125,704)	\$ (28,448)	\$ (2,152,796)	\$ (11,687,716)	\$ -	\$ (113,525)	\$ (564,037)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,605,013)	\$ (2,749,589)	\$ (1,518,667)	\$ (1,450,862)	\$ (3,614,264)	\$ (13,183,294)	\$ (1,530,753)	\$ (1,681,423)	\$ (2,168,132)	\$ (1,646,043)
Opening Cash Balance	\$ (12,577,020)	\$ (15,182,033)	\$ (17,931,622)	\$ (19,450,289)	\$ (20,901,151)	\$ (24,515,415)	\$ (37,698,709)	\$ (39,229,462)	\$ (40,910,886)	\$ (43,079,018)
Closing Cash Balance	\$ (15,182,033)	\$ (17,931,622)	\$ (19,450,289)	\$ (20,901,151)	\$ (24,515,415)	\$ (37,698,709)	\$ (39,229,462)	\$ (40,910,886)	\$ (43,079,018)	\$ (44,725,060)



Project Cash Flow Statement (after financing)	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Cash Flows from Operational Activities										
Operating Revenue	\$ 2,214,993	\$ 2,273,867	\$ 2,328,706	\$ 2,389,006	\$ 2,448,862	\$ 2,509,921	\$ 2,571,417	\$ 2,639,970	\$ 2,709,166	\$ 2,781,168
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (3,903,321)	\$ (4,000,904)	\$ (4,100,927)	\$ (4,203,450)	\$ (4,308,536)	\$ (4,416,250)	\$ (4,526,656)	\$ (4,639,822)	\$ (4,755,818)	\$ (4,874,713)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,688,328)	\$ (1,727,037)	\$ (1,772,221)	\$ (1,814,444)	\$ (1,859,674)	\$ (1,906,328)	\$ (1,955,239)	\$ (1,999,852)	\$ (2,046,651)	\$ (2,093,546)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (401,487)	\$ -	\$ (150,157)	\$ (924,487)	\$ (71,521)	\$ (693,694)	\$ (7,187,557)	\$ (100,844)	\$ -	\$ (601,818)
Net Cash Flows from Investing Activities	\$ (401,487)	\$ -	\$ (150,157)	\$ (924,487)	\$ (71,521)	\$ (693,694)	\$ (7,187,557)	\$ (100,844)	\$ -	\$ (601,818)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,089,815)	\$ (1,727,037)	\$ (1,922,378)	\$ (2,738,931)	\$ (1,931,195)	\$ (2,600,022)	\$ (9,142,796)	\$ (2,100,696)	\$ (2,046,651)	\$ (2,695,363)
Opening Cash Balance	\$ (44,725,060)	\$ (46,814,875)	\$ (48,541,912)	\$ (50,464,291)	\$ (53,203,222)	\$ (55,134,417)	\$ (57,734,439)	\$ (66,877,235)	\$ (68,977,931)	\$ (71,024,582)
Closing Cash Balance	\$ (46,814,875)	\$ (48,541,912)	\$ (50,464,291)	\$ (53,203,222)	\$ (55,134,417)	\$ (57,734,439)	\$ (66,877,235)	\$ (68,977,931)	\$ (71,024,582)	\$ (73,719,945)

Project Cash Flow Statement (after financing)	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Cash Flows from Operational Activities										
Operating Revenue	\$ 2,857,513	\$ 2,932,269	\$ 3,009,127	\$ 3,087,689	\$ 3,169,669	\$ 3,250,913	\$ 3,335,241	\$ 3,422,970	\$ 3,515,942	\$ 3,605,946
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (4,996,581)	\$ (5,121,496)	\$ (5,249,533)	\$ (5,380,771)	\$ (5,515,291)	\$ (5,653,173)	\$ (5,794,502)	\$ (5,939,365)	\$ (6,087,849)	\$ (6,240,045)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,139,068)	\$ (2,189,227)	\$ (2,240,406)	\$ (2,293,082)	\$ (2,345,622)	\$ (2,402,260)	\$ (2,459,261)	\$ (2,516,395)	\$ (2,571,907)	\$ (2,634,099)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ (1,054,955)	\$ (6,632,761)	\$ (3,888,188)	\$ (3,943,356)	\$ -	\$ (199,693)	\$ (8,936,355)	\$ (1,160,701)
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ (1,054,955)	\$ (6,632,761)	\$ (3,888,188)	\$ (3,943,356)	\$ -	\$ (199,693)	\$ (8,936,355)	\$ (1,160,701)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,139,068)	\$ (2,189,227)	\$ (3,295,361)	\$ (8,925,844)	\$ (6,233,810)	\$ (6,345,615)	\$ (2,459,261)	\$ (2,716,088)	\$ (11,508,262)	\$ (3,794,800)
Opening Cash Balance	\$ (73,719,945)	\$ (75,859,013)	\$ (78,048,240)	\$ (81,343,601)	\$ (90,269,445)	\$ (96,503,255)	\$ (102,848,870)	\$ (105,308,131)	\$ (108,024,219)	\$ (119,532,481)
Closing Cash Balance	\$ (75,859,013)	\$ (78,048,240)	\$ (81,343,601)	\$ (90,269,445)	\$ (96,503,255)	\$ (102,848,870)	\$ (105,308,131)	\$ (108,024,219)	\$ (119,532,481)	\$ (123,327,281)



Project Cash Flow Statement (after financing)	2065	2066	2067	2068
Cash Flows from Operational Activities				
Operating Revenue	\$ 3,700,697	\$ 3,795,039	\$ 3,894,102	\$ 3,999,785
Capital Revenue	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (6,396,046)	\$ (6,555,947)	\$ (6,719,846)	\$ (6,887,842)
Interest Expense	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,695,349)	\$ (2,760,908)	\$ (2,825,743)	\$ (2,888,057)
Cash Flows from Investing Activities				
Purchase of Infrastructure, Property, Plant & Equipment	\$ (20,271,720)	\$ -	\$ (305,116)	\$ (69,050)
Net Cash Flows from Investing Activities	\$ (20,271,720)	\$ -	\$ (305,116)	\$ (69,050)
Cash Flows from Financing Activities				
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (22,967,069)	\$ (2,760,908)	\$ (3,130,859)	\$ (2,957,107)
Opening Cash Balance	\$ (123,327,281)	\$ (146,294,350)	\$ (149,055,258)	\$ (152,186,117)
Closing Cash Balance	\$ (146,294,350)	\$ (149,055,258)	\$ (152,186,117)	\$ (155,143,224)

Source: AEC unpublished.

CASH FLOWS – 40 YEARS – PROJECT CASE - TCT

Project Cash Flow Statement (after financing)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows from Operational Activities										
Operating Revenue	\$ 1,305,325	\$ 1,355,411	\$ 1,407,640	\$ 1,441,556	\$ 1,080,429	\$ 1,117,036	\$ 1,165,185	\$ 1,211,202	\$ 1,257,136	\$ 1,306,510
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (2,382,083)	\$ (2,441,636)	\$ (2,502,676)	\$ (2,565,243)	\$ (2,629,374)	\$ (2,695,109)	\$ (2,762,486)	\$ (2,831,549)	\$ (2,902,337)	\$ (2,974,896)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,076,759)	\$ (1,086,225)	\$ (1,095,036)	\$ (1,123,687)	\$ (1,548,945)	\$ (1,578,072)	\$ (1,597,301)	\$ (1,620,347)	\$ (1,645,201)	\$ (1,668,385)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ (318,970)	\$ (21,168)	\$ (408,117)	\$ (38,355)	\$ -	\$ (43,782)	\$ -	\$ (45,906)
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ (318,970)	\$ (21,168)	\$ (408,117)	\$ (38,355)	\$ -	\$ (43,782)	\$ -	\$ (45,906)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (1,076,759)	\$ (1,086,225)	\$ (1,414,006)	\$ (1,144,855)	\$ (1,957,062)	\$ (1,616,427)	\$ (1,597,301)	\$ (1,664,129)	\$ (1,645,201)	\$ (1,714,292)
Opening Cash Balance	\$ -	\$ (1,076,759)	\$ (2,162,983)	\$ (3,576,990)	\$ (4,721,845)	\$ (6,678,907)	\$ (8,295,334)	\$ (9,892,636)	\$ (11,556,764)	\$ (13,201,966)
Closing Cash Balance	\$ (1,076,759)	\$ (2,162,983)	\$ (3,576,990)	\$ (4,721,845)	\$ (6,678,907)	\$ (8,295,334)	\$ (9,892,636)	\$ (11,556,764)	\$ (13,201,966)	\$ (14,916,257)

Project Cash Flow Statement (after financing)	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Cash Flows from Operational Activities										
Operating Revenue	\$ 1,355,426	\$ 1,416,189	\$ 1,470,881	\$ 1,520,588	\$ 1,581,399	\$ 1,642,225	\$ 1,703,933	\$ 1,764,939	\$ 1,828,266	\$ 1,905,488
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (3,049,268)	\$ (3,125,500)	\$ (3,203,637)	\$ (3,283,728)	\$ (3,365,822)	\$ (3,449,967)	\$ (3,536,216)	\$ (3,624,622)	\$ (3,715,237)	\$ (3,808,118)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,693,842)	\$ (1,709,311)	\$ (1,732,757)	\$ (1,763,141)	\$ (1,784,423)	\$ (1,807,742)	\$ (1,832,283)	\$ (1,859,683)	\$ (1,886,971)	\$ (1,902,630)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (1,279,871)	\$ (1,387,922)	\$ (125,704)	\$ (28,448)	\$ (2,152,796)	\$ (11,687,716)	\$ -	\$ (113,525)	\$ (564,037)	\$ -
Net Cash Flows from Investing Activities	\$ (1,279,871)	\$ (1,387,922)	\$ (125,704)	\$ (28,448)	\$ (2,152,796)	\$ (11,687,716)	\$ -	\$ (113,525)	\$ (564,037)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,973,713)	\$ (3,097,233)	\$ (1,858,460)	\$ (1,791,588)	\$ (3,937,218)	\$ (13,495,458)	\$ (1,832,283)	\$ (1,973,208)	\$ (2,451,008)	\$ (1,902,630)
Opening Cash Balance	\$ (14,916,257)	\$ (17,889,971)	\$ (20,987,203)	\$ (22,845,664)	\$ (24,637,252)	\$ (28,574,471)	\$ (42,069,929)	\$ (43,902,212)	\$ (45,875,420)	\$ (48,326,428)
Closing Cash Balance	\$ (17,889,971)	\$ (20,987,203)	\$ (22,845,664)	\$ (24,637,252)	\$ (28,574,471)	\$ (42,069,929)	\$ (43,902,212)	\$ (45,875,420)	\$ (48,326,428)	\$ (50,229,058)



Project Cash Flow Statement (after financing)	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Cash Flows from Operational Activities										
Operating Revenue	\$ 1,967,199	\$ 2,036,109	\$ 2,114,912	\$ 2,181,945	\$ 2,265,766	\$ 2,344,104	\$ 2,436,126	\$ 2,519,660	\$ 2,600,538	\$ 2,689,627
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (3,903,321)	\$ (4,000,904)	\$ (4,100,927)	\$ (4,203,450)	\$ (4,308,536)	\$ (4,416,250)	\$ (4,526,656)	\$ (4,639,822)	\$ (4,755,818)	\$ (4,874,713)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,936,122)	\$ (1,964,795)	\$ (1,986,015)	\$ (2,021,505)	\$ (2,042,771)	\$ (2,072,146)	\$ (2,090,530)	\$ (2,120,162)	\$ (2,155,279)	\$ (2,185,086)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (401,487)	\$ -	\$ (150,157)	\$ (924,487)	\$ (71,521)	\$ (693,694)	\$ (7,187,557)	\$ (100,844)	\$ -	\$ (601,818)
Net Cash Flows from Investing Activities	\$ (401,487)	\$ -	\$ (150,157)	\$ (924,487)	\$ (71,521)	\$ (693,694)	\$ (7,187,557)	\$ (100,844)	\$ -	\$ (601,818)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,337,609)	\$ (1,964,795)	\$ (2,136,172)	\$ (2,945,993)	\$ (2,114,291)	\$ (2,765,840)	\$ (9,278,088)	\$ (2,221,007)	\$ (2,155,279)	\$ (2,786,904)
Opening Cash Balance	\$ (50,229,058)	\$ (52,566,667)	\$ (54,531,462)	\$ (56,667,634)	\$ (59,613,627)	\$ (61,727,918)	\$ (64,493,758)	\$ (73,771,845)	\$ (75,992,852)	\$ (78,148,131)
Closing Cash Balance	\$ (52,566,667)	\$ (54,531,462)	\$ (56,667,634)	\$ (59,613,627)	\$ (61,727,918)	\$ (64,493,758)	\$ (73,771,845)	\$ (75,992,852)	\$ (78,148,131)	\$ (80,935,035)

Project Cash Flow Statement (after financing)	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Cash Flows from Operational Activities										
Operating Revenue	\$ 2,767,265	\$ 2,854,569	\$ 2,939,068	\$ 3,017,730	\$ 3,098,960	\$ 3,176,368	\$ 3,261,947	\$ 3,348,748	\$ 3,438,387	\$ 3,530,014
Capital Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (4,996,581)	\$ (5,121,496)	\$ (5,249,533)	\$ (5,380,771)	\$ (5,515,291)	\$ (5,653,173)	\$ (5,794,502)	\$ (5,939,365)	\$ (6,087,849)	\$ (6,240,045)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,229,316)	\$ (2,266,926)	\$ (2,310,465)	\$ (2,363,041)	\$ (2,416,331)	\$ (2,476,805)	\$ (2,532,555)	\$ (2,590,617)	\$ (2,649,462)	\$ (2,710,031)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ (1,054,955)	\$ (6,632,761)	\$ (3,888,188)	\$ (3,943,356)	\$ -	\$ (199,693)	\$ (8,936,355)	\$ (1,160,701)
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ (1,054,955)	\$ (6,632,761)	\$ (3,888,188)	\$ (3,943,356)	\$ -	\$ (199,693)	\$ (8,936,355)	\$ (1,160,701)
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,229,316)	\$ (2,266,926)	\$ (3,365,420)	\$ (8,995,802)	\$ (6,304,519)	\$ (6,420,161)	\$ (2,532,555)	\$ (2,790,310)	\$ (11,585,817)	\$ (3,870,732)
Opening Cash Balance	\$ (80,935,035)	\$ (83,164,351)	\$ (85,431,277)	\$ (88,796,697)	\$ (97,792,499)	\$ (104,097,018)	\$ (110,517,179)	\$ (113,049,734)	\$ (115,840,044)	\$ (127,425,861)
Closing Cash Balance	\$ (83,164,351)	\$ (85,431,277)	\$ (88,796,697)	\$ (97,792,499)	\$ (104,097,018)	\$ (110,517,179)	\$ (113,049,734)	\$ (115,840,044)	\$ (127,425,861)	\$ (131,296,593)

TOWNSVILLE CONCERT HALL DBC – FINANCIAL ASSESSMENT



Project Cash Flow Statement (after financing)	2065	2066	2067	2068
Cash Flows from Operational Activities				
Operating Revenue	\$ 3,619,390	\$ 3,715,126	\$ 3,808,793	\$ 3,909,668
Capital Revenue	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (6,396,046)	\$ (6,555,947)	\$ (6,719,846)	\$ (6,887,842)
Interest Expense	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,776,656)	\$ (2,840,822)	\$ (2,911,053)	\$ (2,978,174)
Cash Flows from Investing Activities				
Purchase of Infrastructure, Property, Plant & Equipment	\$ (20,271,720)	\$ -	\$ (305,116)	\$ (69,050)
Net Cash Flows from Investing Activities	\$ (20,271,720)	\$ -	\$ (305,116)	\$ (69,050)
Cash Flows from Financing Activities				
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (23,048,376)	\$ (2,840,822)	\$ (3,216,168)	\$ (3,047,223)
Opening Cash Balance	\$ (131,296,593)	\$ (154,344,969)	\$ (157,185,791)	\$ (160,401,959)
Closing Cash Balance	\$ (154,344,969)	\$ (157,185,791)	\$ (160,401,959)	\$ (163,449,183)

Source: AEC unpublished.

CASH FLOWS – 40 YEARS – PROJECT CASE – TCH – THE HIVE

Project Cash Flow Statement (after financing)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows from Operational Activities										
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,507,470	\$ 4,689,716	\$ 4,921,086	\$ 5,152,956	\$ 5,355,837	\$ 5,592,767
Capital Revenue	\$ 6,610,000	\$ 71,786,345	\$ 123,117,625	\$ 28,692,618	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ -	\$ -	\$ -	\$ -	\$ (6,255,629)	\$ (6,458,800)	\$ (6,687,299)	\$ (6,919,630)	\$ (7,144,236)	\$ (7,390,414)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ 6,610,000	\$ 71,786,345	\$ 123,117,625	\$ 28,692,618	\$ (1,748,158)	\$ (1,769,085)	\$ (1,766,213)	\$ (1,766,675)	\$ (1,788,398)	\$ (1,797,647)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (6,610,000)	\$ (71,786,345)	\$ (123,117,625)	\$ (28,692,618)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ (6,610,000)	\$ (71,786,345)	\$ (123,117,625)	\$ (28,692,618)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ (1,748,158)	\$ (1,769,085)	\$ (1,766,213)	\$ (1,766,675)	\$ (1,788,398)	\$ (1,797,647)
Opening Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,748,158)	\$ (3,517,243)	\$ (5,283,456)	\$ (7,050,131)	\$ (8,838,529)
Closing Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ (1,748,158)	\$ (3,517,243)	\$ (5,283,456)	\$ (7,050,131)	\$ (8,838,529)	\$ (10,636,175)

Project Cash Flow Statement (after financing)	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Cash Flows from Operational Activities										
Operating Revenue	\$ 5,789,809	\$ 6,028,355	\$ 6,240,368	\$ 6,479,971	\$ 6,754,227	\$ 7,011,960	\$ 7,263,281	\$ 7,544,063	\$ 7,803,230	\$ 8,096,382
Capital Revenue	\$ -	\$ -	\$ -	\$ 18,820,221	\$ -	\$ -	\$ -	\$ -	\$ 11,788,254	\$ -
Labour, Materials and Services Costs	\$ (7,621,356)	\$ (7,873,685)	\$ (8,120,010)	\$ (8,383,757)	\$ (8,667,187)	\$ (8,944,910)	\$ (9,229,460)	\$ (9,528,675)	\$ (9,823,995)	\$ (10,137,003)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,831,548)	\$ (1,845,330)	\$ (1,879,643)	\$ 16,916,435	\$ (1,912,960)	\$ (1,932,950)	\$ (1,966,178)	\$ (1,984,612)	\$ 9,767,489	\$ (2,040,621)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (18,820,221)	\$ -	\$ -	\$ -	\$ -	\$ (11,788,254)	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (18,820,221)	\$ -	\$ -	\$ -	\$ -	\$ (11,788,254)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (1,831,548)	\$ (1,845,330)	\$ (1,879,643)	\$ (1,903,786)	\$ (1,912,960)	\$ (1,932,950)	\$ (1,966,178)	\$ (1,984,612)	\$ (2,020,765)	\$ (2,040,621)
Opening Cash Balance	\$ (10,636,175)	\$ (12,467,723)	\$ (14,313,053)	\$ (16,192,695)	\$ (18,096,481)	\$ (20,009,442)	\$ (21,942,391)	\$ (23,908,570)	\$ (25,893,182)	\$ (27,913,947)
Closing Cash Balance	\$ (12,467,723)	\$ (14,313,053)	\$ (16,192,695)	\$ (18,096,481)	\$ (20,009,442)	\$ (21,942,391)	\$ (23,908,570)	\$ (25,893,182)	\$ (27,913,947)	\$ (29,954,568)

Project Cash Flow Statement (after financing)	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Cash Flows from Operational Activities										
Operating Revenue	\$ 8,432,235	\$ 8,739,280	\$ 9,054,124	\$ 9,428,031	\$ 9,772,737	\$ 10,136,622	\$ 10,517,844	\$ 10,909,686	\$ 11,314,468	\$ 11,673,955
Capital Revenue	\$ -	\$ -	\$ -	\$ 107,654,012	\$ -	\$ -	\$ -	\$ -	\$ 40,549,668	\$ -
Labour, Materials and Services Costs	\$ (10,480,553)	\$ (10,812,542)	\$ (11,155,395)	\$ (11,527,293)	\$ (11,894,868)	\$ (12,275,414)	\$ (12,670,899)	\$ (13,070,668)	\$ (13,492,074)	\$ (13,898,073)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,048,318)	\$ (2,073,262)	\$ (2,101,272)	\$ 105,554,750	\$ (2,122,131)	\$ (2,138,791)	\$ (2,153,055)	\$ (2,160,981)	\$ 38,372,062	\$ (2,224,118)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (107,654,012)	\$ -	\$ -	\$ -	\$ -	\$ (40,549,668)	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (107,654,012)	\$ -	\$ -	\$ -	\$ -	\$ (40,549,668)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,048,318)	\$ (2,073,262)	\$ (2,101,272)	\$ (2,099,262)	\$ (2,122,131)	\$ (2,138,791)	\$ (2,153,055)	\$ (2,160,981)	\$ (2,177,606)	\$ (2,224,118)
Opening Cash Balance	\$ (29,954,568)	\$ (32,002,886)	\$ (34,076,148)	\$ (36,177,420)	\$ (38,276,681)	\$ (40,398,812)	\$ (42,537,603)	\$ (44,690,658)	\$ (46,851,639)	\$ (49,029,246)
Closing Cash Balance	\$ (32,002,886)	\$ (34,076,148)	\$ (36,177,420)	\$ (38,276,681)	\$ (40,398,812)	\$ (42,537,603)	\$ (44,690,658)	\$ (46,851,639)	\$ (49,029,246)	\$ (51,253,364)

Project Cash Flow Statement (after financing)	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Cash Flows from Operational Activities										
Operating Revenue	\$ 12,087,024	\$ 12,565,958	\$ 12,996,061	\$ 13,473,307	\$ 13,970,674	\$ 14,423,235	\$ 14,951,658	\$ 15,445,588	\$ 15,983,281	\$ 16,571,576
Capital Revenue	\$ -	\$ -	\$ -	\$ 52,357,128	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (14,340,123)	\$ (14,808,337)	\$ (15,268,706)	\$ (15,756,505)	\$ (16,255,110)	\$ (16,751,899)	\$ (17,284,950)	\$ (17,814,651)	\$ (18,368,186)	\$ (18,956,359)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,253,099)	\$ (2,242,379)	\$ (2,272,645)	\$ 50,073,931	\$ (2,284,436)	\$ (2,328,665)	\$ (2,333,293)	\$ (2,369,062)	\$ (2,384,905)	\$ (2,384,783)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (52,357,128)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (52,357,128)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,253,099)	\$ (2,242,379)	\$ (2,272,645)	\$ (2,283,197)	\$ (2,284,436)	\$ (2,328,665)	\$ (2,333,293)	\$ (2,369,062)	\$ (2,384,905)	\$ (2,384,783)
Opening Cash Balance	\$ (51,253,364)	\$ (53,506,463)	\$ (55,748,842)	\$ (58,021,487)	\$ (60,304,684)	\$ (62,589,120)	\$ (64,917,785)	\$ (67,251,078)	\$ (69,620,140)	\$ (72,005,045)
Closing Cash Balance	\$ (53,506,463)	\$ (55,748,842)	\$ (58,021,487)	\$ (60,304,684)	\$ (62,589,120)	\$ (64,917,785)	\$ (67,251,078)	\$ (69,620,140)	\$ (72,005,045)	\$ (74,389,828)

TOWNSVILLE CONCERT HALL DBC – FINANCIAL ASSESSMENT



Project Cash Flow Statement (after financing)	2065	2066	2067	2068
Cash Flows from Operational Activities				
Operating Revenue	\$ 17,086,405	\$ 17,678,441	\$ 18,333,186	\$ 18,934,866
Capital Revenue	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (19,520,405)	\$ (20,129,941)	\$ (20,768,275)	\$ (21,399,241)
Interest Expense	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,434,001)	\$ (2,451,499)	\$ (2,435,089)	\$ (2,464,375)
Cash Flows from Investing Activities				
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities				
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,434,001)	\$ (2,451,499)	\$ (2,435,089)	\$ (2,464,375)
Opening Cash Balance	\$ (74,389,828)	\$ (76,823,829)	\$ (79,275,328)	\$ (81,710,418)
Closing Cash Balance	\$ (76,823,829)	\$ (79,275,328)	\$ (81,710,418)	\$ (84,174,793)

Source: AEC unpublished.



CASH FLOWS – 40 YEARS – PROJECT CASE – TCH – THE STRAND

Project Cash Flow Statement (after financing)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows from Operational Activities										
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,507,470	\$ 4,689,716	\$ 4,921,086	\$ 5,152,956	\$ 5,355,837	\$ 5,592,767
Capital Revenue	\$ 9,285,000	\$ 49,275,820	\$ 135,311,167	\$ 52,859,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ -	\$ -	\$ -	\$ -	\$ (6,308,870)	\$ (6,513,373)	\$ (6,743,236)	\$ (6,976,966)	\$ (7,203,004)	\$ (7,450,652)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ 9,285,000	\$ 49,275,820	\$ 135,311,167	\$ 52,859,458	\$ (1,801,400)	\$ (1,823,657)	\$ (1,822,150)	\$ (1,824,010)	\$ (1,847,167)	\$ (1,857,885)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (9,285,000)	\$ (49,275,820)	\$ (135,311,167)	\$ (52,859,458)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ (9,285,000)	\$ (49,275,820)	\$ (135,311,167)	\$ (52,859,458)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ (1,801,400)	\$ (1,823,657)	\$ (1,822,150)	\$ (1,824,010)	\$ (1,847,167)	\$ (1,857,885)
Opening Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,801,400)	\$ (3,625,057)	\$ (5,447,207)	\$ (7,271,217)	\$ (9,118,384)
Closing Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ (1,801,400)	\$ (3,625,057)	\$ (5,447,207)	\$ (7,271,217)	\$ (9,118,384)	\$ (10,976,268)

Project Cash Flow Statement (after financing)	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Cash Flows from Operational Activities										
Operating Revenue	\$ 5,789,809	\$ 6,028,355	\$ 6,240,368	\$ 6,479,971	\$ 6,754,227	\$ 7,011,960	\$ 7,263,281	\$ 7,544,063	\$ 7,803,230	\$ 8,096,382
Capital Revenue	\$ -	\$ -	\$ -	\$ 18,219,290	\$ -	\$ -	\$ -	\$ -	\$ 12,389,907	\$ -
Labour, Materials and Services Costs	\$ (7,683,100)	\$ (7,936,972)	\$ (8,184,880)	\$ (8,450,248)	\$ (8,735,341)	\$ (9,014,768)	\$ (9,301,064)	\$ (9,602,069)	\$ (9,899,224)	\$ (10,214,112)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,893,291)	\$ (1,908,617)	\$ (1,944,512)	\$ 16,249,012	\$ (1,981,114)	\$ (2,002,807)	\$ (2,037,782)	\$ (2,058,006)	\$ 10,293,913	\$ (2,117,730)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (18,219,290)	\$ -	\$ -	\$ -	\$ -	\$ (12,389,907)	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (18,219,290)	\$ -	\$ -	\$ -	\$ -	\$ (12,389,907)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (1,893,291)	\$ (1,908,617)	\$ (1,944,512)	\$ (1,970,278)	\$ (1,981,114)	\$ (2,002,807)	\$ (2,037,782)	\$ (2,058,006)	\$ (2,095,994)	\$ (2,117,730)
Opening Cash Balance	\$ (10,976,268)	\$ (12,869,560)	\$ (14,778,177)	\$ (16,722,689)	\$ (18,692,967)	\$ (20,674,081)	\$ (22,676,888)	\$ (24,714,670)	\$ (26,772,676)	\$ (28,868,670)
Closing Cash Balance	\$ (12,869,560)	\$ (14,778,177)	\$ (16,722,689)	\$ (18,692,967)	\$ (20,674,081)	\$ (22,676,888)	\$ (24,714,670)	\$ (26,772,676)	\$ (28,868,670)	\$ (30,986,401)



Project Cash Flow Statement (after financing)	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Cash Flows from Operational Activities										
Operating Revenue	\$ 8,432,235	\$ 8,739,280	\$ 9,054,124	\$ 9,428,031	\$ 9,772,737	\$ 10,136,622	\$ 10,517,844	\$ 10,909,686	\$ 11,314,468	\$ 11,673,955
Capital Revenue	\$ -	\$ -	\$ -	\$ 107,082,767	\$ -	\$ -	\$ -	\$ -	\$ 44,081,942	\$ -
Labour, Materials and Services Costs	\$ (10,559,590)	\$ (10,893,555)	\$ (11,238,434)	\$ (11,612,407)	\$ (11,982,111)	\$ (12,364,837)	\$ (12,762,558)	\$ (13,164,618)	\$ (13,588,373)	\$ (13,996,780)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,127,355)	\$ (2,154,276)	\$ (2,184,310)	\$ 104,898,391	\$ (2,209,373)	\$ (2,228,215)	\$ (2,244,714)	\$ (2,254,932)	\$ 41,808,037	\$ (2,322,825)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (107,082,767)	\$ -	\$ -	\$ -	\$ -	\$ (44,081,942)	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (107,082,767)	\$ -	\$ -	\$ -	\$ -	\$ (44,081,942)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,127,355)	\$ (2,154,276)	\$ (2,184,310)	\$ (2,184,376)	\$ (2,209,373)	\$ (2,228,215)	\$ (2,244,714)	\$ (2,254,932)	\$ (2,273,905)	\$ (2,322,825)
Opening Cash Balance	\$ (30,986,401)	\$ (33,113,756)	\$ (35,268,032)	\$ (37,452,342)	\$ (39,636,718)	\$ (41,846,092)	\$ (44,074,306)	\$ (46,319,020)	\$ (48,573,952)	\$ (50,847,858)
Closing Cash Balance	\$ (33,113,756)	\$ (35,268,032)	\$ (37,452,342)	\$ (39,636,718)	\$ (41,846,092)	\$ (44,074,306)	\$ (46,319,020)	\$ (48,573,952)	\$ (50,847,858)	\$ (53,170,683)

Project Cash Flow Statement (after financing)	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Cash Flows from Operational Activities										
Operating Revenue	\$ 12,087,024	\$ 12,565,958	\$ 12,996,061	\$ 13,473,307	\$ 13,970,674	\$ 14,423,235	\$ 14,951,658	\$ 15,445,588	\$ 15,983,281	\$ 16,571,576
Capital Revenue	\$ -	\$ -	\$ -	\$ 52,209,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (14,441,298)	\$ (14,912,041)	\$ (15,375,003)	\$ (15,865,459)	\$ (16,366,788)	\$ (16,866,369)	\$ (17,402,282)	\$ (17,934,916)	\$ (18,491,458)	\$ (19,082,712)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,354,274)	\$ (2,346,083)	\$ (2,378,941)	\$ 49,816,984	\$ (2,396,114)	\$ (2,443,134)	\$ (2,450,624)	\$ (2,489,327)	\$ (2,508,176)	\$ (2,511,136)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (52,209,135)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (52,209,135)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,354,274)	\$ (2,346,083)	\$ (2,378,941)	\$ (2,392,151)	\$ (2,396,114)	\$ (2,443,134)	\$ (2,450,624)	\$ (2,489,327)	\$ (2,508,176)	\$ (2,511,136)
Opening Cash Balance	\$ (53,170,683)	\$ (55,524,957)	\$ (57,871,040)	\$ (60,249,981)	\$ (62,642,132)	\$ (65,038,246)	\$ (67,481,380)	\$ (69,932,004)	\$ (72,421,332)	\$ (74,929,508)
Closing Cash Balance	\$ (55,524,957)	\$ (57,871,040)	\$ (60,249,981)	\$ (62,642,132)	\$ (65,038,246)	\$ (67,481,380)	\$ (69,932,004)	\$ (72,421,332)	\$ (74,929,508)	\$ (77,440,644)

Project Cash Flow Statement (after financing)	2065	2066	2067	2068
Cash Flows from Operational Activities				
Operating Revenue	\$ 17,086,405	\$ 17,678,441	\$ 18,333,186	\$ 18,934,866
Capital Revenue	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (19,649,917)	\$ (20,262,690)	\$ (20,904,344)	\$ (21,538,711)
Interest Expense	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,563,513)	\$ (2,584,249)	\$ (2,571,158)	\$ (2,603,846)
Cash Flows from Investing Activities				
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities				
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,563,513)	\$ (2,584,249)	\$ (2,571,158)	\$ (2,603,846)
Opening Cash Balance	\$ (77,440,644)	\$ (80,004,157)	\$ (82,588,406)	\$ (85,159,564)
Closing Cash Balance	\$ (80,004,157)	\$ (82,588,406)	\$ (85,159,564)	\$ (87,763,409)

Source: AEC unpublished.

CASH FLOWS – 40 YEARS – PROJECT CASE – TCH – DEAN STREET

Project Cash Flow Statement (after financing)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Cash Flows from Operational Activities										
Operating Revenue	\$ -	\$ -	\$ -	\$ -	\$ 4,507,470	\$ 4,689,716	\$ 4,921,086	\$ 5,152,956	\$ 5,355,837	\$ 5,592,767
Capital Revenue	\$ 8,904,000	\$ 74,058,353	\$ 127,279,941	\$ 29,420,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ -	\$ -	\$ -	\$ -	\$ (6,266,476)	\$ (6,469,919)	\$ (6,698,696)	\$ (6,931,312)	\$ (7,156,209)	\$ (7,402,686)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ 8,904,000	\$ 74,058,353	\$ 127,279,941	\$ 29,420,963	\$ (1,759,006)	\$ (1,780,203)	\$ (1,777,610)	\$ (1,778,356)	\$ (1,800,372)	\$ (1,809,919)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ (8,904,000)	\$ (74,058,353)	\$ (127,279,941)	\$ (29,420,963)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ (8,904,000)	\$ (74,058,353)	\$ (127,279,941)	\$ (29,420,963)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ (1,759,006)	\$ (1,780,203)	\$ (1,777,610)	\$ (1,778,356)	\$ (1,800,372)	\$ (1,809,919)
Opening Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,759,006)	\$ (3,539,209)	\$ (5,316,819)	\$ (7,095,175)	\$ (8,895,546)
Closing Cash Balance	\$ -	\$ -	\$ -	\$ -	\$ (1,759,006)	\$ (3,539,209)	\$ (5,316,819)	\$ (7,095,175)	\$ (8,895,546)	\$ (10,705,466)

Project Cash Flow Statement (after financing)	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Cash Flows from Operational Activities										
Operating Revenue	\$ 5,789,809	\$ 6,028,355	\$ 6,240,368	\$ 6,479,971	\$ 6,754,227	\$ 7,011,960	\$ 7,263,281	\$ 7,544,063	\$ 7,803,230	\$ 8,096,382
Capital Revenue	\$ -	\$ -	\$ -	\$ 18,820,598	\$ -	\$ -	\$ -	\$ -	\$ 11,806,031	\$ -
Labour, Materials and Services Costs	\$ (7,633,936)	\$ (7,886,579)	\$ (8,133,227)	\$ (8,397,304)	\$ (8,681,073)	\$ (8,959,143)	\$ (9,244,048)	\$ (9,543,628)	\$ (9,839,322)	\$ (10,152,713)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (1,844,127)	\$ (1,858,224)	\$ (1,892,859)	\$ 16,903,265	\$ (1,926,846)	\$ (1,947,182)	\$ (1,980,767)	\$ (1,999,565)	\$ 9,769,939	\$ (2,056,331)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (18,820,598)	\$ -	\$ -	\$ -	\$ -	\$ (11,806,031)	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (18,820,598)	\$ -	\$ -	\$ -	\$ -	\$ (11,806,031)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (1,844,127)	\$ (1,858,224)	\$ (1,892,859)	\$ (1,917,333)	\$ (1,926,846)	\$ (1,947,182)	\$ (1,980,767)	\$ (1,999,565)	\$ (2,036,092)	\$ (2,056,331)
Opening Cash Balance	\$ (10,705,466)	\$ (12,549,593)	\$ (14,407,817)	\$ (16,300,676)	\$ (18,218,009)	\$ (20,144,854)	\$ (22,092,037)	\$ (24,072,804)	\$ (26,072,369)	\$ (28,108,461)
Closing Cash Balance	\$ (12,549,593)	\$ (14,407,817)	\$ (16,300,676)	\$ (18,218,009)	\$ (20,144,854)	\$ (22,092,037)	\$ (24,072,804)	\$ (26,072,369)	\$ (28,108,461)	\$ (30,164,792)

Project Cash Flow Statement (after financing)	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Cash Flows from Operational Activities										
Operating Revenue	\$ 8,432,235	\$ 8,739,280	\$ 9,054,124	\$ 9,428,031	\$ 9,772,737	\$ 10,136,622	\$ 10,517,844	\$ 10,909,686	\$ 11,314,468	\$ 11,673,955
Capital Revenue	\$ -	\$ -	\$ -	\$ 107,778,722	\$ -	\$ -	\$ -	\$ -	\$ 40,610,818	\$ -
Labour, Materials and Services Costs	\$ (10,496,656)	\$ (10,829,048)	\$ (11,172,314)	\$ (11,544,634)	\$ (11,912,643)	\$ (12,293,633)	\$ (12,689,573)	\$ (13,089,809)	\$ (13,511,694)	\$ (13,918,184)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,064,421)	\$ (2,089,768)	\$ (2,118,190)	\$ 105,662,119	\$ (2,139,905)	\$ (2,157,010)	\$ (2,171,729)	\$ (2,180,123)	\$ 38,413,592	\$ (2,244,229)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (107,778,722)	\$ -	\$ -	\$ -	\$ -	\$ (40,610,818)	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (107,778,722)	\$ -	\$ -	\$ -	\$ -	\$ (40,610,818)	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,064,421)	\$ (2,089,768)	\$ (2,118,190)	\$ (2,116,603)	\$ (2,139,905)	\$ (2,157,010)	\$ (2,171,729)	\$ (2,180,123)	\$ (2,197,226)	\$ (2,244,229)
Opening Cash Balance	\$ (30,164,792)	\$ (32,229,213)	\$ (34,318,981)	\$ (36,437,171)	\$ (38,553,774)	\$ (40,693,679)	\$ (42,850,690)	\$ (45,022,419)	\$ (47,202,542)	\$ (49,399,768)
Closing Cash Balance	\$ (32,229,213)	\$ (34,318,981)	\$ (36,437,171)	\$ (38,553,774)	\$ (40,693,679)	\$ (42,850,690)	\$ (45,022,419)	\$ (47,202,542)	\$ (49,399,768)	\$ (51,643,996)

Project Cash Flow Statement (after financing)	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064
Cash Flows from Operational Activities										
Operating Revenue	\$ 12,087,024	\$ 12,565,958	\$ 12,996,061	\$ 13,473,307	\$ 13,970,674	\$ 14,423,235	\$ 14,951,658	\$ 15,445,588	\$ 15,983,281	\$ 16,571,576
Capital Revenue	\$ -	\$ -	\$ -	\$ 52,385,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (14,360,737)	\$ (14,829,466)	\$ (15,290,363)	\$ (15,778,703)	\$ (16,277,863)	\$ (16,775,221)	\$ (17,308,855)	\$ (17,839,153)	\$ (18,393,302)	\$ (18,982,102)
Interest Expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,273,713)	\$ (2,263,508)	\$ (2,294,302)	\$ 50,080,110	\$ (2,307,189)	\$ (2,351,987)	\$ (2,357,198)	\$ (2,393,565)	\$ (2,410,020)	\$ (2,410,526)
Cash Flows from Investing Activities										
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ (52,385,505)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ (52,385,505)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities										
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,273,713)	\$ (2,263,508)	\$ (2,294,302)	\$ (2,305,395)	\$ (2,307,189)	\$ (2,351,987)	\$ (2,357,198)	\$ (2,393,565)	\$ (2,410,020)	\$ (2,410,526)
Opening Cash Balance	\$ (51,643,996)	\$ (53,917,709)	\$ (56,181,217)	\$ (58,475,518)	\$ (60,780,914)	\$ (63,088,103)	\$ (65,440,089)	\$ (67,797,287)	\$ (70,190,852)	\$ (72,600,872)
Closing Cash Balance	\$ (53,917,709)	\$ (56,181,217)	\$ (58,475,518)	\$ (60,780,914)	\$ (63,088,103)	\$ (65,440,089)	\$ (67,797,287)	\$ (70,190,852)	\$ (72,600,872)	\$ (75,011,398)

Project Cash Flow Statement (after financing)	2065	2066	2067	2068
Cash Flows from Operational Activities				
Operating Revenue	\$ 17,086,405	\$ 17,678,441	\$ 18,333,186	\$ 18,934,866
Capital Revenue	\$ -	\$ -	\$ -	\$ -
Labour, Materials and Services Costs	\$ (19,546,792)	\$ (20,156,987)	\$ (20,795,998)	\$ (21,427,656)
Interest Expense	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Operations	\$ (2,460,387)	\$ (2,478,546)	\$ (2,462,812)	\$ (2,492,791)
Cash Flows from Investing Activities				
Purchase of Infrastructure, Property, Plant & Equipment	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Investing Activities	\$ -	\$ -	\$ -	\$ -
Cash Flows from Financing Activities				
Working Capital Contribution	\$ -	\$ -	\$ -	\$ -
Proceeds from Borrowings	\$ -	\$ -	\$ -	\$ -
Repayment of Borrowings	\$ -	\$ -	\$ -	\$ -
Net Cash Flows from Financing Activities	\$ -	\$ -	\$ -	\$ -
Net Increase/(Decrease) in Cash & Cash Equivalents	\$ (2,460,387)	\$ (2,478,546)	\$ (2,462,812)	\$ (2,492,791)
Opening Cash Balance	\$ (75,011,398)	\$ (77,471,786)	\$ (79,950,331)	\$ (82,413,143)
Closing Cash Balance	\$ (77,471,786)	\$ (79,950,331)	\$ (82,413,143)	\$ (84,905,934)

Source: AEC unpublished.

APPENDIX D: LAND COSTS

DEVELOPMENT SITE SALES EVIDENCE

In order to understand the approximate land costs for each respective site, analysis has been undertaken on a range of development site transactions throughout Townsville City to understand appropriate value metrics based on a rate per square metre of site area and/or maximum permissible gross floor area (GFA).

Ordinarily, development sites are subject to different zonings (which allows for a range of typologies, some more valuable than others), maximum permissible heights and gross floor area/site cover amongst others. Both the Townsville City Plan (City Plan) and the Townsville Waterfront Priority Development Area Development Scheme (Development Scheme) are silent on maximum site cover and gross floor area that can be achieved for development sites. Generally, the existing planning framework only outlines maximum permissible building height.

As a result, this can make it problematic in applying appropriate value metrics to development sites (on a dollar rate per square metre of permissible GFA basis) when analysing or valuing. Therefore, the most appropriate method of benchmarking is comparing rates per square of site area achieved for similarly zoned properties and making adjustments for factors including size, shape of site, dimensions, topography, outlook/aspect and standard of any existing improvements amongst others.

A sample of, but not limited to, the development site sales evidence considered in our assessment follows in the table below.

Development Site Sales Evidence

Address	Date	Sale Price	Zoning	Site Area (m ²)	Site \$/Rate/m ²	Height (floors)
272 Sturt Street	Jan 2022	\$928,571	Principal Centre (CBD) Zone	1,012	\$918	20+
134 Denham Street	Dec 2021	\$1,250,000	Principal Centre (CBD) Zone	1,012	\$1,235	20+
792-816 Flinders Street	Jun 2022	Confidential	High Density Residential	3,006	-	12
234 Ogden Street	Jul 2021	\$1,100,000	Principal Centre (CBD) Zone	2,732	\$403	20+
158-186 Walker Street	Jun 2021	\$2,000,000	Principal Centre (CBD) Zone	3,042	\$657	20+
261-267 Flinders Street & 12 Sturt Street	Apr 2021	\$1,000,000	Principal Centre (CBD) Zone	2,024	\$494	20+
687-693 Flinders Street	Feb 2021	\$510,000	Mixed Use	1,012	\$504	6

Source: Various agents, realcommercial.com, PriceFinder (2023).

The sales evidence above reflects a broad range of rates between \$403-1,235/m² of site area.

In addition, we have contacted various local agents to broaden our understanding of appropriate value parameters and have reviewed current development site listings and their respective asking prices, as follows.

Development Sites Currently for Sale

Address	Asking Price	Zoning	Site Area (m ²)	Site \$/Rate/m ²	Height (floors)
484-492 Sturt Street	\$1,100,000	Mixed Use	1,518	\$725	6
30-32 Hale Street	\$2,400,000	Medium Density Residential	2,019	\$1,189	7
7-11 Hamilton Street	\$995,000	General Residential	3,036	\$328	3

Source: realcommercial.com.au, PriceFinder, various agents (2023).

The current development sites on the market for sale reflect a range of asking rates between \$182-622/m² of site area.

ADOPTED LAND COSTS

Site 1 - The Strand

In considering an appropriate land rate for the “The Strand” site, we note the sites location and proximity to the coastline, Breakwater Marina and Ross Creek. Any potential development on this site (particularly when taking height into consideration) could benefit from views overlooking each of the aforementioned features resulting in enhancement in value.

Of the transacted sales evidence, the highest rate per square metre of site area achieved was \$1,235/m² for 134 Denham Street. This property also sold during stronger market conditions and is significantly smaller. Given the recent weakening in market sentiment and relatively substantial size of the “The Strand” site, a lower rate of \$850/m² of site area is considered appropriate.

Calculations of which, follow.

Land Cost Calculations			
Direct Comparison	Site Area (m ²)	Rate/m ² (Site Area)	Assessment
Site Area Basis	10,925	\$850	\$9,286,021
Rounded Land Cost			\$9,285,000

Site 2 - The Hive

“The Hive” site is situated opposite “The Strand” site is considered to be a prime location and benefits from having multiple street frontages. Similar to “The Strand” should a prospective development increase in height, the potential for water views is considered to enhance the value of this site accordingly. Whilst slightly smaller than “The Strand”, a similar albeit lower rate per square is considered applicable and we have adopted a rate of \$775/m².

Calculations of which, follow.

Land Cost Calculations			
Direct Comparison	Site Area (m ²)	Rate/m ² (Site Area)	Assessment
Site Area Basis	8,531	\$775	\$6,611,525
Rounded Land Cost			\$6,610,000

Site 3 – Dean Street

The Dean Street site is substantial at 18,550m² or 1.855 hectares. It benefits from having multiple street frontages and is situated close to Queensland Country Bank Stadium however considered fringe to Townsville CBD. Given the substantial size of the site and fringe CBD location, a lower rate per square metre of site is warranted in this instance. The lower bounds of the transacted sales reflect rates of between \$403-\$494/m². For the purpose of this assessment, a rate of \$480/m² has been adopted.

Calculations of which, follow.

Land Cost Calculations			
Direct Comparison	Site Area (m ²)	Rate/m ² (Site Area)	Assessment
Site Area Basis	18,550	\$480	\$8,904,000
Rounded Land Cost			\$8,904,000

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OUTCOME DRIVEN

