7 March 2018

Greg Smith
President
OSCAR
PO Box 105
COOLUM BEACH QLD 4573

Dear Greg

Thank you for your letter of 14 February 2018 relating to Sunshine Coast Airport.

In relation to the numbers that you attached to your letter, I can confirm that the figures under the heading of "The Deal" are correct. In relation to the cost of the new runway, you may have seen the announcement in relation to the John Holland Group last week which indicates the latest estimate for the construction of the runway is $303 million.

I do not agree with the calculation of a shortfall. There are two relevant terms – how the project is financed and how it is funded.

The construction of the runway will be financed from the $67 million received from Palisade, a concessional loan from the Commonwealth Government of $181 million, and the balance of $55 million by additional loans from Queensland Treasury Corporation.

When the $305 million is received from Palisade in 2022, the loans of $236 million will be repaid. This is how the project is funded.

The land only assets were valued at $46 million prior to write down. After write down to recoverable amount, the new value was $33 million – a reduction of $13 million. Your assumption that the write down of land was to comply with AASB16 is not correct as this standard is effective for accounting periods beginning on or after 1 January 2019.

The $67 million payment was received from Palisade on 1 December 2017. The freehold lease has been registered and is attached.

Finally, I can confirm that the development of the next Sunshine Coast Airport Master Plan will include community consultation.

I hope that this assists.

Yours sincerely

Greg Laverty
Group Executive Economic and Community Development

Attachment