MAGLEV
Executive Summary

The development of maglev infrastructure and services to assist in meeting the public transport requirements of the Sunshine Coast region has been under review for a considerable period, and substantial resources have been committed to an investigation of the elements of such a project, including the commissioning of a ridership survey by an experienced and well regarded specialist research firm. Additionally, discussions have been held with local construction and civil works contractors, which have confirmed the order of capital costs that would be incurred in building the necessary infrastructure.

This is not to say that all questions have been answered, or that there will not be other challenges to be met in the implementation of such a complex project. These are intended to be addressed in the next phase of due diligence over the next few months. Before embarking on this next phase, however, it is necessary to provide an overview of the stage reached and to discuss the elements of the project to ensure that committing to the further investment of resources is done in the knowledge of the development parameters that may be attached to the project by the Queensland State Government and its agencies. Therefore, this paper is intended to identify, discuss and reach a common understanding on the following central issues —

The Exclusive Mandate. The State Minister for Transport & Main Roads raised this issue as a result of the meeting chaired by the Minister in November last year, which was attended by a number of his colleagues and advisors. It is understood that the grant of Exclusive Mandate status is dependent on the satisfaction of a number of terms and conditions, and no advance guarantee can be given as to the final determination of the Government. That said, to underpin the company's further investment in establishing the viability of the project, we believe that it is necessary for the Exclusive Mandate option to be reconfirmed as being a policy approach that would be positively considered by the Government.

Public Transport System Integration. As TransLink owns all fare revenue collected as part of public transport operations in SE Queensland, passengers on all forms of public transport enjoy the convenience of the "go card" integrated fare system. We seek to follow TransLink's planning approach to public transport services, which is based on the concept of a core link across a region that provides convenient, high frequency service on a point-to-point (trunk) basis, complemented by local buses that deliver passengers from surrounding areas to the major stations in the trunk network. The Sunshine Coast Maglev system would provide that relatively speedy, trunk service with few interim stops, with passengers being fed into the maglev system by the bus service. We are seeking guidance as to how the Government and TransLink would propose that revenue be shared and remitted to the service providers. In our financial model (attached herein) we have assumed that this would be on the same basis as for the existing bus service.

Role of State and Local Government. To allow the company to proceed with the work required to develop an investment grade proposal for the implementation of the project, we require an assurance of the full and proactive support of both the State Government and the Sunshine Coast Council. This reflects the role of the State as the entity responsible for the planning and overall operation of public transport systems and services, and recognizes the role of the Council as the body responsible for local planning and development and as an elected representative of the Sunshine Coast community.

Projects of national significance like the Sunshine Coast Maglev proposal can only be accomplished with the complete cooperation and collaboration of all the public and private stakeholders working in partnership. We look forward to the opportunity to move forward on this very important project.
With its natural scenic beauty, favorable climate, and friendly people, the Sunshine Coast has long been a magnet for population growth, a prime vacation destination for domestic and international visitors, and an ideal locale for retirees and new families seeking an excellent quality of life. This population growth (projected to result in a total population for the region of a minimum of 450,000 residents by 2031) has generated a need for transportation infrastructure and other services essential to maintaining and enhancing this exceptional lifestyle.

The expected opening of the new Sunshine Coast University Hospital (SCUH) and Medical Precinct (the first completely new medical facility built in Queensland in this century) is another great enhancement for the region, but it is also considered somewhat of a traffic congestion “tipping point” for the greater Sunshine Coast area. Thousands of new automobile trips for the patients, visitors, and workers at this new facility will be added to the already congested roadway grid, increasing air pollution and travel trip times, as current public transit options are limited and generally poorly used in favor of passenger cars.

American Maglev Technology (AMT), along with its strategic partners (see Consortium Description) proposes to privately develop, finance, design, construct, and operate a next generation mass transit system (the Sunshine Coast Maglev) to connect SCUH and the other major activity centers in the region. This transit system will have the positive attributes that can compete with personal cars for many trips with no carbon emissions. The system will provide a “missing link” that will enhance and increase utilization of other public transportation options and reduce overall levels of traffic congestion.

AMT has proposed a multi-phase approach to the Sunshine Coast Maglev that will ultimately connect all the major commercial and civic destinations between Sunshine Coast Airport and Caloundra into a well served automated mass transit network. The initial phase (the “Blue Line” in this document) connects SCUH with the Maroochydore central business district of the Sunshine Coast.
Coast. The estimated development cost for the Blue Line is $267 million and can potentially open in late 2016 in conjunction with the scheduled opening of SCUH. A summary of the anticipated operating results is shown below.

Operating Dashboard: Blue Line

<table>
<thead>
<tr>
<th>Construction Period</th>
<th>24 months</th>
</tr>
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<tbody>
<tr>
<td>Total Length</td>
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<tr>
<td>Passenger Stations</td>
<td>5</td>
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<td>Days of Operation</td>
<td>365</td>
</tr>
<tr>
<td>Hours of Operation</td>
<td>20</td>
</tr>
<tr>
<td>Vehicles</td>
<td>4</td>
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<tr>
<td>Maximum Capacity/Vehicle</td>
<td>220</td>
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<tr>
<td>Headways</td>
<td>6.5 min</td>
</tr>
<tr>
<td>Daily Capacity</td>
<td>20,308 passengers</td>
</tr>
<tr>
<td>Peak Hourly Capacity</td>
<td>2,030 passengers</td>
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</table>

AMT has retained the Brisbane-based firm TransPosition to undertake a ridership study of the overall system, with a focus on the Blue Line. Subject to further calibration of the ridership model and additional investigation, TransPosition has determined that sufficient levels of ridership could meet the operational financial and economic requirements needed for private financing of the Blue Line.

Considerable due diligence has been completed for the Blue Line, but still much more work remains. In order to move forward and expend the resources necessary to complete the ridership estimates, prepare an “Investment Grade” Ridership Study and complete all design, engineering and other development work using private resources, AMT is seeking direction from the public stakeholders including Projects Queensland (PQ), the Department of Transportation and Main Roads (TMR), and the Sunshine Coast Council (SCC) regarding the central issues set out in the Executive Summary section above.

The potential for strong ridership on the Blue Line in particular greatly exceeds the threshold levels needed to ensure that operating costs are fully covered and returns are sufficient in order to attract investment capital for this project. Based on the TransLink fare schedule that is currently in place in Queensland, AMT has estimated that 2.5 million annual fares would be required.

AMT appreciates the opportunity to present our findings on this initial phase of the Sunshine Coast Maglev. This document is intended to inform you of our proposed plan. With your expressed support as defined herein, we look forward to developing a full business plan, running a robust financial model and ultimately bringing new transport options to residents and visitors to the region.
consortium description

American Maglev Technology (AMT), Inc., a United States-based technology developer, leads the consortium. AMT, founded in 1994, is focused on innovating and commercializing novel intellectual property, specializing in magnetics. The company has raised over $50 million in private equity to perform research and development on a number of novel magnetic based technologies, building a strong intellectual property portfolio of more than 50 patents. AMT’s core technology is based on well-established and in-service maglev technologies used in passenger mobility systems in Europe and Asia. The zero-emitting, next-generation transportation technology fulfills the increasing worldwide demand for passenger service and goods movement. AMT has attracted world-class strategic partners, significant corporate investment and a backlog of future projects that exceeds US $20 billion. The company is in final negotiations to deploy its first commercial project in Atlanta, Georgia, USA.

Grupo ACS (BMAD: ACS) is a Spain-based worldwide leader in the construction and engineering services sectors. The success of the Group’s performance is based on an efficient organization and a dynamic and entrepreneurial management, implemented through organic growth, successive processes of mergers and takeovers, and strategic plans committed to total client satisfaction. ACS has a global presence, with a local hub in Melbourne, and significant equity ownership in companies like Hochtief and Leighton. ACS brings to the project its internationally renowned railways construction services, expertise from its broad record of projects as EPC contractor and its capacity to complete projects privately developed under project finance schemes, providing a significant equity share and leadership in the financing arrangements independent of any government involvement.
Wagstaff Piling leads the many Australia-based companies who will participate in the project. Since 1980, Wagstaff has successfully completed over 5600 projects encompassing all types of foundations in a variety of ground conditions for a wide range of civil engineering and building applications. The company will be an integral member of the consortium through all stages of the construction process.

TransPosition is the trading name of Peter Davidson Consulting, which has operated based in Brisbane since 1993, with a special focus on the analytical side of transport, software development and land use planning. With a client list that includes a range of local governments, state agencies, national organizations and private developers; TransPosition has a depth and breadth of experience that makes it particularly well suited to integrated, multi-faceted or innovative projects.
AMT and ACS each have a strategic interest in Australia, and the Sunshine Coast represents an attractive site for a pilot project “down under.” The AMT/ACS partnership represents a unique, global strategic alliance aiming to privately finance, design, construct, operate and maintain transit projects where there is sufficient demand and viability.

With AMT’s core competency in deploying sustainable, emission-free transit technology, and ACS’ strengths in construction, project development and public-private partnerships, the AMT/ACS team has the strong potential to change the way transit is implemented worldwide.

AMT began its investigation of the Sunshine Coast Maglev in early 2012 with the appointment of Dick Rowe as its in-country representative. AMT sent its chief operating officer to Queensland for a series of preliminary meetings in November 2012. The Melbourne-based director of ACS joined AMT to present the AMT/ACS business model. The team gave an introductory presentation in Brisbane to Transport Minister Scott Emerson and other ministers of the State Government. Subsequent meetings were held in Sunshine Coast at the local council. Further meetings were held in May 2013 with AMT personnel and Projects Queensland, with generally positive reactions to the concept of Sunshine Coast Maglev.

AMT has continued its engineering and financial investigation and has generated the following preliminary findings.
From an engineering perspective, while there will certainly be challenges in integrating the infrastructure with the physical environment, a high-level survey of the potential route reveals no major impediments that might prevent the installation and safe operation of AMT's elevated structure.

AMT hired the firm TransPosition, an expert on demand forecasting, to determine the best route with the highest potential ridership along the corridor. AMT also commenced discussions with representatives of a range of local interests, including local government officials, in order to assess market demand and expected growth along this corridor. AMT has paid special attention to these five "transformational projects" outlined in the Council's draft Economic Development Strategy, which will have a significant impact on ridership through this corridor:

Sunshine Coast University Hospital (SCUH) & Kawana Health and Medical Precinct. The provision of mass transit service from Maroochydore to this precinct appears to be the highest planning priority at present, considering the significant expected ridership.

Sunshine Coast Airport. A link to the Maroochydore-Caloundra section of the region seems central to achieving the necessary ridership for the maglev project, though ridership likely hinges on the timeliness of the planned expansion, which may be more than 25 years away. AMT has been in contact with management of the airport regarding this and currently sees no issues with the potential of complementing it with mass transit at that time.

Maroochydore Central Business District. It is expected that the hub of the Sunshine Coast maglev will be located here, in proximity to the recently announced Maroochydore Bus Interchange. Together with the expansion of the Sunshine Plaza shopping center, the redevelopment of the Big Top center and the development of the Town Center, this added public transport facility will position the area as a premiere destination for residents and visitors.
University of the Sunshine Coast. The numbers of travelers to and from this campus are already quite significant, and will be increased by the proposed continuation of the system to the Chancellor Park shopping village.

Bruce Highway Upgrade. Planning for the proposed system includes future interconnectivity with existing main rail service at Beerwah in the long term. This will require ongoing consultation with the State Government at both the Ministerial and official level, as it will require significant public sector support to become a reality.

In consideration of the goals of the Sunshine Coast Council and preliminary ridership estimates generated in conjunction with TransPosition, AMT has designed the multi-phased project below. All five of the Council's "game-changing" transformational projects identified in the draft strategy are directly addressed in the planning of the above system (with Bruce Highway link requiring further discussion over the long-term prior to integration into the project).
The Blue Line is the first part of the proposing team's multi-phased proposal, and will serve five passenger stations. Our current plan is for the Maroochydore Station to be located at the corner of Cornmeal Parade and Horton Parade adjacent to the bus station. Discussions with local TMR representatives have confirmed that it would be entirely feasible to colocate the Maglev station with the bus station on the eastern side of Horton Parade, creating the possibility of incorporating both facilities in a major partial redevelopment of the local Maroochydore CBD precinct.

The system will head south down Horton Parade and then west on Plaza Parade, heading southwest on Carnaby Street toward the golf course precinct. It will intersect with the Sunshine Motorway near the junction of Maroochy Boulevard with the Motorway and continue south along the Motorway corridor toward the Brisbane Road station. This will be located at the intersection of Brisbane Road and the Sunshine Motorway along the eastern side of the road adjacent to Incana Ct. From the Brisbane Road Station, the system will continue south along Brisbane Road and Nicklin Way to the Kawana Shoppingworld Station, located at the intersection of Nicklin Way and Point Cartwright Drive. The Blue Line will then continue south on Nicklin Way to the intersection of Nicklin Way and Main Drive to the Warana Station. The system will then head west on Main Drive, making a slight turn on the Metier Linkway, and then will run in the median of Kawana Way toward the University Hospital. The hospital station will be located at the intersection of Kawana Way and Lake Kawana Boulevard.

Further discussion on this subject can be found in the Project Economics section.
The Sunshine Coast maglev project will provide the highest level of service for the residents and visitors in the greater region. Specifics on the AMT system (guideway/stations, vehicles and technology) are outlined below.

Elevated Guideway and Stations. The fully elevated, double-track guideway is a completely passive, relatively low cost system with simple, cost-effective installation and inexpensive maintenance. The system will be constructed using precast prestressed concrete girders supported on precast reinforced concrete capitals mounted on cast-in-place reinforced concrete cylindrical columns. These elements will be manufactured, delivered and installed on-site by Wagstaff Piling. The elevational profile of the guideway will provide essential headroom clearance as required by federal and local standards throughout the traffic lanes. Support structures are designed to achieve throughput capacity over a range of soil and foundation conditions, including cyclone and flood conditions. The system employs conventional switching techniques and an emergency walkway 100% the length of the guideway.

Based on a review of the alignment from a civil engineering standpoint, it poses no major structural or construction risk on the surrounding community. The technology has been designed to adequately operate upon guideways demonstrating grade slopes up to 10% and minimum 25-meter radii. However, for passenger comfort, gradients in this route will be limited to 3% and curves to a minimum radius of 150 meters.

The guideway and stations comply with all operational and safety requirements specified by the Automated People Mover Code, the Americans with Disabilities Act and all other applicable regional transportation codes. During the further development of the proposed Sunshine Coast system, AMT will consult with relevant Australian authorities to secure similar compliance in Australia. Safety is the highest priority in system design, and the Consortium employs all safety criteria for similar automated systems, allowing fewer than 0.1 hazardous incidents per million vehicle miles. The emergency walkways allow riders to alight the vehicle and walk to safety in less...
than 500 meters in the event of any stalled vehicle or power failure. At the onset of the project, the team will work with the State and Council to produce a System Certification Program Plan (SCPP) and System Safety Program Plan (SSPP). These Plans will identify and mitigate all specific potential system risks and hazards. Stations will be designed with comfort and aesthetics in mind, providing a distinct arrival and departure experience for the patrons of the system. All facilities will feature the latest in energy efficiency, photo voltaic charge systems installed where available to offset a portion of the energy costs, helping to make this system a model of environmental and financial sustainability.

Vehicles. In order to meet operational requirements, four (4) passenger cabins (vehicles) will provide service on the Blue Line, similar to that rendered at right. Each AMT "smart" vehicle is approximately twenty (20) meters long and three (3) meters wide. Constructed of highly stressed and durable fiberglass, the vehicles are extremely lightweight and weigh 22,700 kg empty. The maximum design load of the vehicle is 54,500 kg. There are four sets of doors on each side of the vehicle to maximize passenger accessibility and minimize station dwell times. These doors are flush-mounted with redundant capture-controlled locking mechanisms that cannot be opened from the inside while the car is in motion.

The fiberglass cabin is fire retardant and flame resistant and will utilize "skirts" or fiberglass covers to conceal the vehicle undercarriage. Interior floors are carpeted and may be customized. All vehicles are fully compliant with FTA’s Automated People Mover Code and have basic program requirements, which include all necessary safety features such as fire extinguishers, smoke detectors, and emergency stopping mechanisms. LCD signage and custom stereo systems are also included, allowing for operational and safety announcements.

Inside each vehicle is 56 square meters of floor space to accommodate custom seating and storage configurations. The trains are equipped with heating, ventilation, and air-conditioning (HVAC) equipment capable of maintaining 70 degrees (F) internal temperature for a full vehicle (latent heat load from 220 passengers) with a 100-degree (F) ambient air temperature and clear sky solar load at the customer’s latitude, including all fenestration. An important feature of the HVAC is that it lightly pressurizes the cabin, providing an incredibly quiet ride and minimizing any noise from passing-by air constrictions, such as another vehicle. The system is designed to be weather impervious.

Maglev Technology. AMT has successfully designed, developed, tested and deployed at full-scale proprietary technology to address the mobility and environmental problems associated with current transit systems. The term ‘maglev’ refers to magnetically levitated and propelled vehicles that have no surface contact or friction with the track. The result is a train that can achieve very high acceleration and deceleration performance and requires very little maintenance.

AMT’s vehicle is uniquely outfitted with 24 sophisticated, computer-controlled electromagnets attached to arms beneath the vehicle to provide lift (levitation), guidance (horizontal stability) and
vertical stability. These electromagnets operate via 750V DC power brought onboard through a conducting brush and third-rail power conveyance system.

When the vehicle is levitated, each electromagnet independently attracts to the steel rail, creating a one (1) centimeter air gap between the vehicle and the track. Each magnet's levitation is carefully monitored by proprietary on-board controls that constantly adjust the magnetic forces at 10 kHz (10,000 times per second) to maintain this frictionless air gap while simultaneously controlling guidance and vertical stability. Any natural disturbance in the track, including icing and snow buildup, is mitigated by the magnetic fields and airbag suspension system, ensuring a smooth, high quality ride. The levitation of the vehicle requires only 23KW of electricity. Magnetic levitation systems have been proven in commercial service in China and Japan.

Propulsion is provided to each vehicle via two innovative purpose-built linear induction motors (or "LIMs"). Each induction motor is 11 feet long, provides 1150 horsepower and generates 7000 pounds of thrust at speed. As the vehicle traverses the track, the LIMs generate powerful eddy currents that propel the vehicle along the guideway. Once the vehicle reaches its top speed and begins to decelerate, the vehicle remains levitated as it employs conventional braking, reversing the direction of the eddy currents generated by the LIM to slow the vehicle. This method of braking also allows the system to recapture up to 53% of the vehicle's kinetic energy as it brakes. This kinetic energy is stored in batteries trackside and used for future departures. When de-levitating, the vehicle rests on a layer of conventional brake material atop the rail. This brake material is designed to be used also for emergency braking, in which the vehicle will de-levitate and slide to a stop at 0.25g per the FTA Automated People Mover safety standards. LIMs are in commercial service in several airport people movers (New York/JFK, Vancouver, etc.).

AMT's sophisticated technology is 100% automated using a service-proven communications-based train control (CBTC) system that is computer controlled and hardwired on each vehicle. Utilizing full automation for the systems greatly reduces the risk of errors in control and monitoring associated with manual vehicle operations and ensures efficient timetable management of all vehicles. In addition, full automation significantly improves system reliability and precise conflict management in the event of a disruption in scheduled activity.

In all, the technology's usage of energy is significantly less than conventional "steel-wheels-on-steel-rail" and "rubber-wheels-on-concrete" technologies. Opposed to an average energy usage rate of six (6) kilowatt hours per kilometer (kWh/km) for propulsion of conventional transportation technologies (including light rail and monorails), AMT vehicles have shown a fully-loaded
American Maglev Technology, Inc.

consumption of 1.8 kwh/km for levitation and propulsion at the test track in Powder Springs, GA. This represents 70% less energy than steel-wheels-on-steel-rail. And, as opposed to other transit options that attempt to offset carbon emissions with carbon credit programs or other strategies to become "carbon neutral," AMT technology is entirely carbonless.

This remarkably low energy consumption, combined with automated operation and the absence of moving parts translates into a significant reduction in operating and maintenance costs for the AMT system — costs that can be recouped by fare box revenues, which is historically unheard of in the realm of conventional technologies.
Existing Conditions

Total public transport demand. The Sunshine Coast currently has very low public transport usage. According to data from Transport and Main Roads 2009-2010 South East Queensland Household Travel Survey, only 3.4% of all trips in the Sunshine Coast make use of Public Transport and over half of this (2.25%) is carried on school buses, with the remainder split between regular buses (0.76%) and trains (0.4%). These results are echoed in the 2011 ABS Census Journey to Work data, which showed that only 2.7% of workers living in the Sunshine Coast used public transport to get to work (around 3000 workers in total) – 1.7% on buses and 1.1% on trains (with a small percentage using both). In their 2011-2012 annual report, TransLink showed 5.5 million bus trips annually (around 20,000 trips per week day) and around 1,900 train station entries. The report does not make it clear, but presumably the 5.5 million annual trips on buses included school buses; TransLink’s SEQ Network Review (2012) reported annual patronage of 3.64 million (around 12,000 trips per day).

Current bus service. According to the SEQ Network Review, 53% of all bus passengers on the Sunshine Coast travel on the top six routes:

- 600 (Caloundra bus station to Sunshine Plaza) – 15 min headway in peak, 30 min in off peak
- 620 (Mudiimba to Tewantin via Noosa Heads) – 30 min headway
- 610 (Sunshine Plaza, Maroochydore to Nambour via Woombye) – 30 min headway
- 605 (Kawana Shoppingworld to Landsborough via Caloundra beaches) – fewer than 1 per hour in the peak, 1.5 hr headway in off peak
- 615 (Landsborough to Sunshine Plaza via Sippy Downs/University and Mooloolaba) -40 min headway in peak, up to 1.5 hr in off peak
- 616 (Sunshine Plaza to University via Buderim and Mooloolaba) – 30 min headway
Looking at these routes (which make up over half of all travel) it is not hard to see why public transport demand in the region is so low – all routes except for the 600 have quite low frequencies, and most take quite indirect routes with frequent stops. The first of these routes (Route 600) makes up around a quarter of the total demand and it is easy to see that it is the most attractive route. This service runs from Caloundra bus station to Sunshine Plaza (half hourly from 5:25am, 15min from 6:40 am to 6:40 pm, 30 min to 10:10 pm). However it has 45 stops and takes around 55 minutes to travel 22 km (an average speed of 24km/h).

**AMT provides the missing link.** A common criticism of public transportation in general is that it lacks certain service attributes that compete with traveling via automobile, e.g. slow travel times, infrequent service and inflexibility preventing passengers from getting from where they are to where they want to go. Sunshine Coast customers demand service from public transit that provides “fast, frequent, and flexible service”. AMT meets or exceeds this service requirement through deployment of very frequent and available levels of transit service with speeds that exceed (and at rush hour, greatly exceed) those speeds achieve on surface streets and roadways. This service backbone will be fully integrated with the TransLink bus operations in order to serve those riders with mobility options who choose to use this integrated form of public transit. This integrated system will seamlessly connect the major activity centers of the Sunshine Coast region. Our analysis is that the well-integrated transit system will attract new riders and will create conditions that will increase ridership on public transit from current underperforming levels to levels that will meet or exceed the goals and standards for Queensland. Increasing public transit from around 1.7% of trips to the level demonstrated at Gold Coast (around 3%) would increase public transit from 3.64 million patrons annually (12,000 trips per day) to more than 10 million annual trips, with significant reductions in traffic congestion and environmental air quality benefits.

**Basis for Modeling**

The preliminary assessment of the Sunshine Coast Maglev has been done using TransPosition’s 4S model for South East Queensland. This is an integrated, multi-modal model based on solid, micro-economic utility theory. It uses Monte Carlo stochastic sampling combined with a very detailed road, public transport and active transport network to give realistic representations of travel. Most transport models aggregate demand into transport zones, which are usually 500-1000m across (and larger in some areas). This means that they have difficulty modeling the small-scale considerations that drive public transport demand (where being 200m from a bus stop is very different from being 700 m). However the 4S model does not use zones but considers all travel from point to point, this makes it particularly suited to assessing public transport projects. Furthermore, the model integrates travel across modes, so it can properly model the walking/cycling connection to public transport, as well as kiss and ride, park and ride and complex multi-modal trips (e.g. cycle-train-walk-bus-walk).

For this preliminary assessment the model has been applied using parameters derived from calibration in other parts of South East Queensland (primarily Brisbane) – no local network calibration has been performed. However almost all of the parameters in the model are first-principles, behaviourally-based values that should be reasonably consistent across areas and over time. The differences in travel behaviour between Brisbane and the Sunshine Coast can be primarily attrib-
uted to the difference in circumstance between the two cities (road and public transport networks, population and employment distributions etc). This can be seen by the fact that the imported parameters give a good fit to the overall mode share in the Sunshine Coast.

There is one major limitation to the preliminary modeling that should be corrected prior to more detailed analysis; the model is based only on resident and commercial vehicle demand, and has no consideration of visitor/tourist demand. It is likely that tourists will make up a significant portion of the Maglev demand, so leaving them out of the model means that the estimates should be conservative. At this stage the assessment has been done on a short-term basis, with a nominal date of 2016. No ramp-up effects have been considered, so the demand estimates should be seen as representing conditions some time after opening.

In the initial financial models, we have assumed the annual cost of inflation to be 2.5% based on the historical averages in the industry. The annual fare increase is assumed to be 0.5% of the total fare. However, the fare itself will not increase for the passenger every year it will only increase when the escalated fare has reached $0.25 above the prior years fare. For Example, the opening fare (2015) will be set at $3.00 for the Blue line, but the fare will not increase to $3.25 until the fourth year of operation (2018). The fare will remain at $3.00 in the years between. Annual ridership is assumed to grow at a rate of 2% per year. Based on historical averages in the industry, all expense for operations and maintenance are assumed to rise by 2.5% annually (inflation).

Modeling Results

Maglev Demand. The modeling shows that upon service commencement in late 2016, the Blue Line (Hospital to Maroochydore) would carry around 12,000 trips per weekday. Note that this excludes any tourist/visitor travel, as reliable data for this element of potential demand was not available at this stage. The modeled line loadings are as follows:

<table>
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<th>SECTION</th>
<th>Blue (Initial)</th>
<th>Blue (Full)</th>
<th>Green (Full)</th>
<th>Red (Full)</th>
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</table>

Sunshine Coast Maglev
It should be noted that these figures show the total patronage numbers using each section of the Maglev – they are cumulative of all of the trips passing through that section. They are analogous to traffic numbers on roads, which simply count cars and do not look at origins or destinations. Thus the line loadings cannot simply be added together. They are shown here to give an indication which segments are most important.

Clearly the strongest demand is near the hospital, both to the north and south. The Stage 1 project contains most of the important links, although extending it to connect to at least some of the residential areas of Caloundra would add significant demand. The model shows that the connection into central Caloundra only adds limited demand, but this could be due to the exclusion of visitors from the modeling. It is likely that the connections to the beach areas (Muli St and Mooloolaba) are also underestimates, since these areas have high levels of tourist accommodation, and tourist destinations (including Underwaterworld). This is also true for Sunshine Coast Airport, which over time could become a much more significant destination. At this stage, the model would indicate that the primary reason for extending the line north of Maroochydore would be to connect to the residential areas in Pacific Paradise. Comparing the total Maglev demand with the existing bus demand described above, it can be seen that the full Maglev is forecast to carry more passengers that the entire existing regular bus network – the full network would carry 1.7% of all Sunshine Coast trips, and the Stage 1 network would carry 0.7%. At first glance this would appear to require significant changes to travel behaviour in the Sunshine Coast. However the reason for the significant increase in demand can be seen by comparing travel with the Maglev to existing alternatives. As discussed earlier, the most attractive existing bus route is Route 600, and this travels a similar route to the Maglev (although the bus follows the coast more closely). If someone wanted to travel from Main Drive/Nicklin Way to the Sunshine Plaza they would currently use Route 600 and it would take them 35 minutes, and they might have to wait up to 15 minutes for the bus to arrive – giving total time of 35-50 minutes. On the Maglev they would wait at most 6 minutes, and the take only 7 minutes to reach their destination – a total journey time of 7-13 minutes. The driving time for this route is around 13 minutes, so the public transport option would go from being worse than driving, to certainly better.

It should also be noted that the modeling has assumed a good integration between the Maglev and the new Sunshine Coast University Hospital Precinct (including the proposed Kawana Town Centre and the new private hospital). A significant portion of the forecast demand will serve this important new activity centre. The full Maglev would reduce total car mode share from 86.1% to 84.9% - a reduction in share of 1.2%. This indicates that the bulk of the demand for the Maglev is coming from car travel. This change in mode share results in a drop in total Vehicle-Kilometres-Travelled (VKT) of 140,000 veh-km/day. There is also a corresponding drop in total time spent in cars of 4,600 hours per day. Despite directly competing with a number of bus services (including the aforementioned Route 600), the Maglev only causes a 30% reduction in total bus patronage. The biggest drop is on Nicklin Way, where total bus trips would drop from 1,400 to 600 trips per day. Apart from those on the Maglev corridor (Caloundra to Maroochydore to Airport) all the connecting routes (to Landborough, Nambour, and Noosa) have slightly increased demand. If the bus network were reconfigured to better integrate with the Maglev, then significant savings or service improvements could result.
The following are graphics of the projected Maglev system traffic based on, respectively, the implementation of the Blue Line only; the implementation of both the Blue Line and the Green Line (SCUH to Caloundra); and finally the operation of the proposed full system.
The financial plan is derived using a discounted cash flow valuation model to assess the financial sustainability of the proposed System. Based on known and assumed revenue and cost inputs for the system, cash flows for a 30-year period were forecasted in constant dollars and discounted at the minimum required return (hurdle rate) of 10%. In addition to the Net Present Value (NPV) and Internal Rate of Return (IRR), interest coverage, nondiscounted payback period, and break-even points are calculated and analyzed to better understand the short and long-term financial risks and benefits of the System.

<table>
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<tr>
<th>Construction Period</th>
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<tr>
<td>Total Length</td>
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<td>Passenger Stations</td>
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<tr>
<td>Days of Operation</td>
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<tr>
<td>Hours of Operation</td>
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<tr>
<td>Vehicles</td>
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<td>Maximum Capacity/Vehicle</td>
<td>220</td>
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<tr>
<td>Headways</td>
<td>6.5 minutes</td>
</tr>
<tr>
<td>Daily Capacity</td>
<td>20,308 passengers</td>
</tr>
<tr>
<td>Peak Hourly Capacity</td>
<td>2,030 passengers</td>
</tr>
</tbody>
</table>

The above table represents the preliminary estimated metrics of the Blue Line, per AMT's internal financial model. Actual results may vary as the project is studied in more depth.

Passenger Fares. The passenger fare is also based on the current TransLink fares in the Sunshine Coast region (approximately $3). It is the opinion of AMT/ACS that whenever possible, adjacent and interconnected systems of public transport should have a uniform fare system in order to make the system viable. Due to the remarkably low energy usage of AMT technology and the strategic design of the alignment, this project is estimated to recover all maintenance costs and debt.
American Maglev Technology, Inc.

coverage strictly from passenger fares. Per AMT's preliminary financial model, the project is viable with a total fare (an average passenger fare of $3 to $4, plus an estimated TransLink payment provided by Queensland for public transportation) of $10, with a minimum of 7,050 daily fares (approximately 2.5 million annual fares) on the Blue Line. This is only a good-faith estimate, and AMT is prepared to re-run its financial model upon receipt of more information regarding the integration with TransLink.

![Minimum Ridership vs. Forecasted Ridership](image1)

![Annual Revenue](image2)

Sunshine Coast Maglev
Project stakeholders require annual revenue of approximately $25 million in order for the system to be considered viable. With the minimum 7,050 daily fares, the load factor of the Blue Line will be approximately 35% and will require a subsidy of approximately $17.7 million per year. Should the opening year's forecasted ridership of 12,000 daily fares come to fruition, the required subsidies will be far less in order to realize the required $25 million in annual revenue.

Capital Costs. The estimated capital expenditure for the Blue Line project is $267 million for the 15 kilometers of track, five stations and four vehicles, or $17.8 million per kilometer. A breakdown of these costs appears below. The draft capital budget has been discussed with Wagstaff Piling, but has not as yet undergone a thorough analysis of the site conditions, including seismic conditions and geotechnical surveys and data. The projected costs for relocation of utilities along the alignment have been included in this budget along with a significant contingency – 13.5% of Capital Expenditure – for unforeseen costs and change orders. AMT believes that this budget, while preliminary, represents a conservative capital cost estimate for the timely conduct and completion of this project.

Operating Costs. Direct and indirect operating costs in the first year of full operations are estimated at $8.4 million. Direct costs include labor, insurance, materials and supplies, and utilities or energy. Labor expenses include benefits at 42% of salaries. General liability, property, and casualty, and workers compensation comprise insurance costs. Indirect costs are few and include marketing and advertising, general and administrative, and other expenses.
The typical operating cost for a transit system is largely offset in this estimate by the fully automated system operation, since nearly half of all operating costs of manual transit systems represent the salaries of drivers. This estimate also does not include the use of any generated renewable energy from the implementation of solar panels on the system, and this may provide significant savings in utility costs.

Job Creation. The project will also serve as one of the flagship projects of a new green, high-tech industry. Immediate payrolls for construction jobs will result in the additional stimulus of a building boom in the greater region with more than 1000 peak jobs and creating permanent, high-paying jobs for system operations and management. Indirect jobs will be created with real estate and other transit-oriented development opportunities in and around the stations, and in the probable creation of spin-off industries as the team continues to build, advance and diversify the technology and intellectual property portfolio of new global export industry, with high-tech vehicle assembly and testing located in the Sunshine Coast area. Each dollar of high-tech payroll generates $5 of local economic activity, resulting in a major spike in economic activity. In this context, AMT has initiated discussions with the University of the Sunshine Coast regarding the establishment of a "centre of excellence" for research into maglev technology and other applications. This discussion will be pursued further following confirmation of the implementation of the Sunshine Coast maglev project.

The economic effects will reverberate outside of the immediate region as well. Components and services that cannot be sourced in the Sunshine Coast area will be purchased elsewhere, resulting in a spike in manufacturing jobs throughout Australia and the United States. The current AMT product is manufactured by 118 specialized companies in 77 different Congressional districts and 26 US states, and AMT will seek to procure goods and services from Australian companies in order to maximize the Australian content of the vehicles and the entire Project. The accelerated commercial deployment of the technology in a high-traffic corridor will create a relatively high profile for the System, attracting additional private investment.

The enactment of the System's unique management structure will also be groundbreaking in terms of project development and will allow for expedited project finance for deployment of projects in other high-speed rail corridors. With private sector financing in place, the public sector will also see a dramatic decrease or diversion of required expenditures for transportation.

In addition to all these positive economic effects, AMT expects that the economic value of the "transit oriented development" around the transit stations over the next ten years will exceed the total capital cost of the developed system as well as bolster tax revenues.

The financial model does not include revenue increases for added market capture of new ridership and associated transit revenues due to feeder services. However, the financial model does account for the expected growth in the system as depicted by the TransPosition Study. Ancillary revenues for advertising, station concessions, conveyance of high voltage electricity transmission, communications (broadband and telecom), other transmission services built into the guideway, and other revenue sources are not included in revenue estimates in the financial model.
conclusion

Considering all topics discussed within this document, the way forward continues to hinge on three major questions.

1. Does an adequate level of ridership really exist along this corridor to warrant the pursuit of a maglev transit project in Sunshine Coast?

2. Will Projects Queensland recommend to the State Government the issue of an Executive Mandate for this project, subject to AMT/ACS following the defined process and giving a commitment to abide by the designated terms and conditions?

3. Are the Queensland government and TransLink prepared to classify the Sunshine Coast Maglev system as a seamless part of the public transport system and negotiate a reasonable fare sharing system?

With respect to the first question, the work that has been undertaken by TransPosition and AMT has returned very promising results. Initial discussions with experienced local construction experts indicate that the preliminary capital costs for construction are reasonable as well. On the basis of these two considerations – demand and capital cost – the likelihood is that AMT would proceed to the development of a full business plan, which could be expected to result in project implementation. Considering this favorable preliminary analysis, the next step in this process is to commission TransPosition to complete a more in-depth study based on the validation of the major points contained in this document, eventually leading to an investment grade ridership study.

This second and third questions represent the most important issues at this crossroads in the development of the Sunshine Coast Maglev proposal.

Without the support and full cooperation of both the Queensland State Government and the Sunshine Coast Council, AMT does not believe that it would be practically possible to proceed. AMT is seeking from Projects Queensland a preliminary confirmation that the State Government would agree to the proposing consortium proceeding to the full business plan development with, assuming that the preliminary findings are confirmed, the prospect of it favorably granting to the project the status of an Exclusive Mandate, under appropriate terms and conditions. AMT is also seeking advice as to how to proceed with an assurance of the Council’s full cooperation. And, of course, full integration and immersion into the TransLink system is absolutely essential for this modality to prove successful as well. AMT seeks a firm position on this issue from the appropriate authority in order to validate its financial projections and its current view that the project is, in fact, viable.

Our team is committed to delivering a sustainable transit project to the Sunshine Coast. We are prepared to begin working now, provided your mutual support for this project and increased mobility options for citizens of the region is displayed.
appendix

Financial Pro-Forma Statements (Calendar Years of Full Operation)
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<tr>
<th>Unit</th>
<th>Unit Cost</th>
<th># of Units</th>
<th>Total</th>
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<td>Civil Works</td>
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Notes:
1. Unit Abbreviations: EA - Each; km - kilometre; LF - Linear Foot; LS - Lump Sum; MI - Mile; SP - Space; SF - Square Foot
2. Project Management Fee Allowance distributed through individual line items. Coordination included in Developer Fee.
3. Electrification is only for infrastructure - power rail is integral to guiderail and included in that budget.
4. Completed vehicle testing for 6 months included, plus limited individual component testing.
#### Balance Sheet

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</table>

#### Owners' Equity

| Contributors Capital:                       |     |     |     |     |     |     |     |     |     |     |
| Investors Equity                            |     |     |     |     |     |     |     |     |     |     |
| Retained Earnings                           |     |     |     |     |     |     |     |     |     |     |
| **Total Owners Equity**                    |     |     |     |     |     |     |     |     |     |     |
| **Total Liabilities and Owners Equity**    |     |     |     |     |     |     |     |     |     |     |

#### Fiscal Year

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<td>$ 264,733,792</td>
<td>$ 257,597,463</td>
<td>$ 250,922,444</td>
<td>$ 244,740,997</td>
<td>$ 238,598,326</td>
<td>$ 233,393,883</td>
<td>$ 228,254,080</td>
</tr>
<tr>
<td>$ 30,694,521</td>
<td>$ 53,483,528</td>
<td>$ 53,483,528</td>
<td>$ 53,483,528</td>
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<tr>
<td>$ 30,694,521</td>
<td>$ 53,483,528</td>
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<tr>
<td>$ 30,694,521</td>
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<td>$ 53,483,528</td>
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<td>$ 53,483,528</td>
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<td>$ 53,483,528</td>
</tr>
</tbody>
</table>

American Maglev Technology, Inc.
Sunshine Coast

Blue Line

RTI Document No.34
# American Maglev Technology, Inc.
## Sunshine Coast

### Income Statement

#### Total Revenue

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blue Line- Passenger Fare</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 7,614,000</td>
<td>$ 7,766,280</td>
<td>$ 7,921,606</td>
<td>$ 8,753,374</td>
<td>$ 8,928,442</td>
<td>$ 9,107,011</td>
<td>$ 10,003,701</td>
<td>$ 10,203,775</td>
</tr>
<tr>
<td>Blue Line- Translink Payment</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 17,766,000</td>
<td>$ 18,121,320</td>
<td>$ 19,143,880</td>
<td>$ 19,526,758</td>
<td>$ 20,605,096</td>
<td>$ 21,016,178</td>
<td>$ 22,153,052</td>
<td>$ 22,594,073</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 25,380,000</td>
<td>$ 25,887,600</td>
<td>$ 27,065,486</td>
<td>$ 28,280,132</td>
<td>$ 29,532,538</td>
<td>$ 30,122,189</td>
<td>$ 31,154,712</td>
<td>$ 32,757,848</td>
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#### Operating Expenses

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 6,168,352</td>
<td>$ 6,365,739</td>
<td>$ 6,569,443</td>
<td>$ 6,779,665</td>
<td>$ 6,996,614</td>
<td>$ 7,220,506</td>
<td>$ 7,451,562</td>
<td>$ 7,690,012</td>
</tr>
<tr>
<td>Insurance</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 689,581</td>
<td>$ 711,616</td>
<td>$ 734,400</td>
<td>$ 773,579</td>
<td>$ 798,656</td>
<td>$ 824,600</td>
<td>$ 869,290</td>
<td>$ 897,876</td>
</tr>
<tr>
<td>Utilities</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 377,342</td>
<td>$ 386,776</td>
<td>$ 396,445</td>
<td>$ 406,857</td>
<td>$ 416,513</td>
<td>$ 426,928</td>
<td>$ 437,602</td>
<td>$ 448,542</td>
</tr>
<tr>
<td>Mkt &amp; Adv</td>
<td>2% Op. Exp.</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 150,399</td>
<td>$ 155,118</td>
<td>$ 159,987</td>
<td>$ 165,323</td>
<td>$ 170,520</td>
<td>$ 175,882</td>
<td>$ 181,771</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>5% Op. Exp.</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 375,997</td>
<td>$ 387,795</td>
<td>$ 399,968</td>
<td>$ 413,307</td>
<td>$ 426,300</td>
<td>$ 439,705</td>
<td>$ 454,428</td>
</tr>
<tr>
<td>Other</td>
<td>5% Op. Exp.</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 375,997</td>
<td>$ 387,795</td>
<td>$ 399,968</td>
<td>$ 413,307</td>
<td>$ 426,300</td>
<td>$ 439,705</td>
<td>$ 454,428</td>
</tr>
<tr>
<td><strong>O&amp;M</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 2,253,972</td>
<td>$ 2,320,873</td>
<td>$ 2,389,836</td>
<td>$ 2,478,417</td>
<td>$ 2,552,498</td>
<td>$ 2,628,883</td>
<td>$ 2,727,634</td>
<td>$ 2,809,760</td>
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<tr>
<td><strong>Total</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 8,422,324</td>
<td>$ 8,686,612</td>
<td>$ 8,959,278</td>
<td>$ 9,258,082</td>
<td>$ 9,549,112</td>
<td>$ 9,849,388</td>
<td>$ 10,179,196</td>
<td>$ 10,499,772</td>
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</table>

#### EBITDA

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>n/a</strong></td>
<td>n/a</td>
<td>n/a</td>
<td>66.82%</td>
<td>66.44%</td>
<td>66.90%</td>
<td>67.26%</td>
<td>67.67%</td>
<td>67.30%</td>
<td>67.64%</td>
<td>67.99%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 7,638,791</td>
<td>$ 7,852,103</td>
<td>$ 8,078,322</td>
<td>$ 8,703,185</td>
<td>$ 10,664,540</td>
<td>$ 12,954,915</td>
<td>$ 12,656,672</td>
<td>$ 12,979,190</td>
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</table>

#### Total Interest Expense

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ -</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ 13,480,390</td>
<td>$ 13,785,717</td>
<td>$ 12,967,706</td>
<td>$ 12,687,412</td>
<td>$ 12,389,829</td>
<td>$ 12,073,893</td>
<td>$ 11,738,470</td>
<td>$ 11,383,359</td>
</tr>
</tbody>
</table>

#### Income Before Taxes

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$ -</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ (8,841,598)</td>
<td>$ (9,349,614)</td>
<td>$ (4,180,384)</td>
<td>$ (2,984,246)</td>
<td>$ (1,725,289)</td>
<td>$ (1,318,978)</td>
<td>$ 918,201</td>
<td>$ 1,596,831</td>
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</table>

#### Income Tax Expense

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Deferred</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (2,219,807)</td>
<td>$ (2,032,853)</td>
<td>$ (1,588,540)</td>
<td>$ (1,134,014)</td>
<td>$ (653,610)</td>
<td>$ (425,212)</td>
<td>$ 348,917</td>
<td>$ 606,796</td>
</tr>
<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ (3,621,793)</td>
<td>$ (3,316,761)</td>
<td>$ (2,591,838)</td>
<td>$ (1,850,233)</td>
<td>$ (1,069,679)</td>
<td>$ (693,766)</td>
<td>$ 569,285</td>
<td>$ 990,035</td>
</tr>
</tbody>
</table>
## Statement of Consolidated Cash Flows

### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Adjustments</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Amortization</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Increase (decrease) in deferred taxes</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash provided (used) by operating activities</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Capital Assets - CAPEX</td>
<td>$(149,650,406)</td>
<td>$(112,715,106)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Capital Expense - Start-up Costs</td>
<td>$(842,232)</td>
<td>$(3,368,929)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash provided (used) by investing activities</td>
<td>$(150,492,639)</td>
<td>$(116,084,035)</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

### Cash Flows from Financing Activities

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in loan payable</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Proceeds debt issuance</td>
<td>$124,267,438</td>
<td>$102,233,667</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Proceeds from equity investment</td>
<td>$80,694,522</td>
<td>$22,789,007</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash provided (used) by financing activities</td>
<td>$154,961,959</td>
<td>$125,022,675</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
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<td>$</td>
</tr>
</tbody>
</table>

### Net increase (decrease) in cash

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash, beginning period</td>
<td>$4,469,320</td>
<td>$8,936,040</td>
<td>$(554,521)</td>
<td>$(312,210)</td>
<td>$594,010</td>
<td>$1,509,853</td>
<td>$2,471,228</td>
<td>$2,761,603</td>
<td>$4,463,359</td>
<td>$4,785,878</td>
</tr>
<tr>
<td>Cash, end of period</td>
<td>$4,469,320</td>
<td>$13,407,959</td>
<td>$12,853,438</td>
<td>$12,542,228</td>
<td>$13,136,238</td>
<td>$14,646,091</td>
<td>$17,117,319</td>
<td>$19,878,921</td>
<td>$24,342,281</td>
<td>$29,128,158</td>
</tr>
</tbody>
</table>
This document provides responses to queries received in relation to AMT’s proposal for the Sunshine Coast maglev rail system, as set out in the company’s discussion paper to Projects Queensland submitted by email on September 18, 2013. We thank you for the interest you have taken in our submission and the project and in the following responses have attempted to provide you with as much additional detail as possible.

In doing so, however, AMT wishes to again emphasize that it does not claim that the contents of the discussion paper address all the issues that arise from the proposal, nor are immediate answers available to all the challenges that will need to be resolved. Further detailed investigation and analysis will be required, if for no other reason than to generate the investment-grade proposal that will be needed to confirm the necessary capital investment.

AMT and its partners are now satisfied that the basic conditions exist for that viability to be achieved. This has already required the commitment of significant funds and personnel. To move to the next stage will involve substantially greater commitments to understand and resolve a range of matters, including among others,

- the necessary conduct of further and more detailed ridership surveys,
- more detailed route surveys in consultation with State Government agencies and the Sunshine Coast Council
- geotechnical and other engineering analyses
- refinement of preliminary capital costs for the manufacture of guideway system elements, delivery to site and construction in situ
- land access issues including investigation of the possible availability of public and privately owned land for both development of the system guideway and stations
- innovative and imaginative station and other facility design, reflecting the actual (and yet to be finally determined) designated station locations
- discussion on operational matters with the State Government, its agencies (TMR, TransLink) and the Sunshine Coast Council
- public and community consultation including education campaigns on maglev and its attributes.

Our point is that to move to the next stage and to commit the resources required to respond to these issues can only be based on preliminary indications that AMT is likely, all things being equal, to receive positive feedback in relation to the three central concerns identified in the executive summary to our September 18 discussion paper.

That said, we will provide all information possible at this juncture to enable understanding of the Sunshine Coast maglev rail proposal. In doing so we would encourage you to continue to see this as an iterative process that will be developed by further query and response and ideally by future direct discussions.
The responses to your queries are presented as follows:

Passenger Nos/Demand information
- Are we able to view the TransPosition report? We would like to understand the passenger forecasts and assumptions around passengers better.

The Ridership estimates were prepared by Peter Davidson of Transposition, and Peter is well known to PQ. The results of the traffic modeling done by Transposition were documented in an email to AMT that is the basis of the Project Viability & Demand section of the report. Our objective in this initial commissioning of TransPosition was to establish that, based on the firm’s expertise and professional modeling, there were clear grounds to conclude that there would be sufficient prospective passenger demand to expect that the project had the potential to be commercially viable. In this circumstance, we did not request that Transposition prepare a formal report.

Therefore, to enable your better understanding of the work done by TransPosition to date we recommend an early meeting with AMT and TransPosition, in the course of which you could discuss the modeling methods, results, sensitivity, and next steps so that there can be a very clear understanding of all our underlying assumptions and estimates. Further, we suggest that this discussion would best take place as soon as convenient and in advance of any subsequent major discussion between you and AMT scheduled to provide an opportunity to cover all elements of the project.

We would be grateful if you could advise if you agree with this approach and suggest a convenient time for such a meeting and we will make the necessary arrangements with TransPosition.

- p 15 of the proposal talks about an increase to 3% of public transit trips and this equating to 10 million annual trips - this is a bit unclear as to how this was calculated.

It is well understood that public transport usage in the Sunshine Coast region is quite low compared to other areas of Queensland, and it is our understanding that this problem has long been a concern of Transport & Main Roads (TMR), the State Government, and the Sunshine Coast Council (SCC). AMT has formed the view that this poor adoption of public transport is principally because travelers have limited and unattractive options. Given a satisfactory network of integrated public transport that actually provides a practical and welcome choice, then a significant increase in the numbers of travelers opting for public transportation would result, desirably to levels achieved in other parts of Queensland. To articulate what this would mean we considered that an estimate of three percent (3%) of total trips that would be made on public transport would be reasonable, an outcome that would represent a major advance on what is occurring currently. This would result in an estimated 10 million trips annually on the region’s integrated public transport services.

AMT has assumed that this would be a worthy goal for both the State Government and the Council as it would achieve two major policy objectives –

1. It would substantially reduce the level of dependence on the use of private vehicles contributing to both lower fossil fuel consumption and lower emissions.
2. It would also reduce the pressure on all levels of government to continue to commit ever greater investment to the construction and maintenance of road infrastructure.

The above analysis and its inclusion in the AMT discussion paper was intended to demonstrate the importance of the maglev rail project to the overall usage of public transport and to highlight the objective of incorporating maglev as part of an integrated public transport system. It needs to be emphasized that this level of growth in public transport usage is not essential to our business model and the viability of this project.

- p17 states that Maglev would lead to a 30% reduction in bus passengers - does this figure include any school bus passengers?

The model combines regular services and scheduled, fixed route school bus services and the 30% does include these types of school buses.

A further comment should be made with respect to the inter-relationship between the proposed maglev rail system and existing bus services. While it is true that the operation of maglev services will divert passengers from certain of the bus services, this impact will occur only in the case of a limited number of existing bus routes (most notably on route 600.) This will continue to be the case subsequent to the proposed changed bus network scheduled to take effect in November.

AMT also notes in passing that the proposed new bus network proposes limited frequency (with no weekend service) service to the SCUH site and the surrounding development precinct, a prime focus of the maglev rail route design.

This is a good example of the aim of the maglev rail development to supplement and coordinate with the bus network as part of an integrated public transport system.

- Can we please have a breakdown of the passenger numbers and fare assumptions used in your financial modelling for the first 10 years.

In attached financial model on sheets titled "Daily Riders Forecast" and "Revenue Forecast". The fare is increased yearly at growth + an inflation rate of 3%. This fare increase however is only passed on the passenger in increments of $0.25. For example, in Year One, the fare is $3.00. In Year Two, the passenger the calculated fare according to the model should be $3.09, but the passenger would continue to pay $3.00 until Year Four, when fares increase $0.25 and the passengers would start to pay $3.25. The full breakdown for the first ten years is listed below:
<table>
<thead>
<tr>
<th>Year</th>
<th>Passenger Fare</th>
<th>Translink Payment</th>
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- To clarify, the figures used in your financial modelling do not assume a ramp up - so, they are higher than would first be expected?

Perhaps, but this is an early stage pre-feasibility response. As the first deployment of next generation GREEN mass transit, we expect that the "ramp up" period will be minimal. We expect that ridership may be higher during the initial year as citizens who otherwise would never take public transport integrate this new facility into business and leisure trips. We intend to open coinciding with the opening of the new Sunshine Coast University Hospital (SCUH), a very large activity and trip generator that will be very difficult to access over the current network of roads, making the maglev system an attractive choice for this new destination. We do not expect a prolonged lag in ridership; however, equity investors in the project are experienced in the development of new public facilities and are aware that returns in the early years will depend on the traffic adoption rates. We also plan a significant program of community consultation and communication to take advantage of the "first system for Australia" status and to obtain strong local ridership support. This will include co-branding with the tourist and business interests as well as local governmental entities.

- Please provide further information about future stages of the project, including: anticipated timing; costs; benefits; funding; interface issues; intellectual property issues.

AMT is committed to developing the maglev rail service to the extent indicated by the four individual sections shown on the map at page 8 of the discussion paper, dependent on confirmation of both prospective passenger demand and technical feasibility. The initial TransPosition ridership survey Modeling Results summarized at page 16 suggest that the likely demand on the section between the Sunshine Coast University Hospital (SCUH) precinct and Caloundra (the Green Line) would be sufficient to justify the capital cost of this extension. Projected demand on the other sections as identified at page 8 suggests that the viability of the necessary capital investment for those sections is a little less certain. Further detailed discussions will need to be held with stakeholders associated with the operation of major facilities intended to be served by both the Red Line section (both the Sunshine Coast University and the major tourist facilities in the Mooloolaba area) and the Orange Line (principally the Sunshine Coast Airport) to determine the practicality and
the timing for the completion of these extensions.

Additionally, there are other challenges associated with both the Red and Orange Lines. For the former there is the issue of infrastructure construction along Brisbane Road from Mooloolaba to the intersection with the Sunshine Motorway at Bundilla, which will require sensitive design and construction of the elevated guideway, together with the need for review of the proposed changes to be made to the Mooloolah River Interchange (MRI). Extensive redesign of the MRI is proposed by Transport & Main Roads and AMT needs to hold discussions with TMR to ensure that what is proposed for the maglev infrastructure is consistent with TMR planning.

For the Orange Line there will need to be careful review of the approach taken to building the maglev guideway across the Maroochy River. There is also the question of access to available land for station development at the Airport. Initial discussions have been held with Airport management, however no firm understanding of whether there would be access to suitable land, or on what terms and conditions, has been reached.

With that background in mind, specific answers to your queries are as follows –

# Anticipated timing – For the Green Line, following further discussion with Projects Queensland and the State Government AMT would envisage a commitment to proceed with final planning for this section immediately following the State Government’s confirmation of the preliminary grant of Exclusive Mandate status to the overall maglev project. Currently, it is proposed that the Blue Line section would be completed by the end of the 2016 calendar year. Assuming settlement of an overall agreement with the State Government to allow that timeframe to be met, our objective would be to have the Green Line operational within 12-18 months of the commencement of Blue Line service.

Timing for the development of the Red and Orange Lines would be dependent on consideration of the matters and final discussions with stakeholders as outlined above.

# Costs – For the reasons outlined above we are not able to provide you with firm capital cost estimates for the additional sections of the maglev system. For current purposes our working assumption is that the cost of the Green Line development would be approximately 60-70% of the projected cost of the Blue Line, based on both the shorter distance to be covered and the fewer stations to be built (3 as against 5).

It will be noted that the AMT financial model (a copy of which is being provided with these responses) incorporates some information in relation to the development of the Red Line. This analysis has not as yet been subject to internal and external review and will not be finalised until the next phase of the project’s development. In this circumstance at this stage AMT does not rely on those elements of the financial model that relate to the Red Line.

# Benefits – as follows,

- Green Line. This extension of the maglev system would basically mirror the long-proposed Coast Connect upgraded bus service and would make that proposal redundant, thus saving the State Government the projected capital cost of developing Coast Connect. Additionally, this would also contribute to a major lessening of private vehicle
congestion in the area surrounding the SCUH and the other major facilities planned for that precinct. Informally, we have been advised by those developing the SCUH that the prospective patient profile assumptions include a surprisingly high average age component and it is likely that many of these patients will come from the Caloundra area. The maglev service will provide a convenient and high quality public transport option for those needing to attend the SCUH and many other destinations who may not be licensed, or wish, to drive private vehicles.

- Red Line. Development of the Red Line would both interconnect the major Mooloolaba tourist area into the maglev network and also provide a valuable public transport option to both the Sunshine Coast University and the currently under-served Chancellor Park and Sippy Downs communities.

- Orange Line. Convenient connection of the Airport via the maglev rail system to the major southern Sunshine Coast centres would represent a major fillip to the development of the Airport as a major transport hub. At the same time it would offer a new public transport option for the Twin Waters, Pacific Paradise and Mudjimba communities, one that would be highly valued by residents as indicated by the preliminary results of the TransPosition ridership survey (see page 16 of the Discussion Paper).

# Funding - AMT and its partners consider the total Sunshine Coast maglev rail project to be a holistic public transport development and operation opportunity. Therefore, funding for additional sections would be on the same basis as that secured for the first section (Blue Line) – see page 4 Consortium Description.

# Interface issues. The proposed Blue Line (Maroochydore to SCUH) represents the core of the overall system. As the further sections are developed they would interface seamlessly with the then existing Blue Line as follows – the Green Line from Caloundra at the SCUH station; the Red Line from Mooloolaba and the University/Chancellor Park at the Brisbane Road station; and the Orange Line from the Airport at the Maroochydore station.

# Intellectual Property Issues. AMT owns and controls the intellectual property rights in the proposed maglev rail system to be employed in the Sunshine Coast project. The extension of the system to interconnect the core section (Blue Line) with the other proposed sections would not infringe those IP rights, nor, as far as we can see, the IP of any other entity. Furthermore, such extensions would not be subject to any additional royalty or cost that is not otherwise associated with the construction and operation of the Blue Line. We would be happy to deal with this query further following clarification of any concern that Projects Queensland might have.

- in terms of stage 1 (the blue line), can more vehicles be added at a later date - how scalable is this stage of the project?

Yes, additional vehicle capacity can be added to accommodate increased demand on the Blue Line. This can be by both increasing the capacity of individual services by connecting an additional vehicle or by increasing the frequency of service (reducing the headway, which is currently 6.5 minutes and could be reduced to as little as less than two minutes).
It should be noted, however, that the daily capacity of the existing proposed Blue Line service of four vehicles is more than 20,000 passengers in a single direction, with a peak hourly capacity of over 2,000 (see page 3), assuming one vehicle per service. AMT would be delighted if that capacity was to be exceeded in the short term, and would be very happy to arrange for the manufacture and supply of additional vehicles, but considers that this requirement would be unlikely to occur for some time and probably not until the development and interconnection of the Green Line and the additional demand that this would represent.

- In terms of the transportation needs of tourists - please comment on why the route does not pass by primary tourist and holiday accommodation precincts (e.g. Mooloolaba and Alexandra Headland).

The tourist factor in the Sunshine Coast market has proven to be one of the most difficult issues identified in the development of the maglev rail project to date, in relation both to prospective demand by the visitor population and in the design of services to cater for specific tourist travel within the region. In relation to gauging potential tourist demand, in its development of the preliminary ridership survey TransPosition was not able to access reliable data on potential demand and this will be one element of overall passenger demand that will need to be more fully reviewed and understood in TransPosition’s future work in this crucial area of the project.

Further, consideration of possible maglev rail route options that would enable service to be provided to primary tourist destinations in the Maroochydore to Caloundra area, specifically to Mooloolaba and Alexandra Headland, raised a number of challenges. Ideally, the route south from Maroochydore should travel to Alexandra Headland along Horton Parade, Aerodrome Road and Alexandra Parade and then continue to Mooloolaba via Alexandra Parade and Mooloolaba Esplanade to the latter’s intersection with Brisbane Road. There are, however, a number of environmental reasons why this otherwise preferable route could not be selected, of which the two major concerns would be the impact on the amenity of the village-style atmosphere and streetscape that has been developed in the Mooloolaba area, and the visual impairment of the area of Alexandra Parade between Buderim Avenue and Pacific Terrace.

The first of these concerns could be lessened somewhat by routing the service along Venning and Wilan Streets to connect to Brisbane Road. We have not been able, however, to identify an acceptable alternative to the inevitable opposition that would be generated by constructing the necessary maglev infrastructure over what is known locally as the Alex Bluff.

To meet the challenge of delivering service to Alexandra Headland and Mooloolaba we have had therefore to assess the viability of connecting each by a spur rather than including them as part of a contiguous route. You will note that in the discussion paper this has been the option proposed to extend service to Mooloolaba. As part of the Red Line, Mooloolaba will be connected to the main Blue Line at the proposed station at Brisbane Road, Bundilla. This will enable residents and tourists in the Mooloolaba area to travel to all other centres to be served by the maglev system and similarly for those from other centres.
to travel to Mooloolaba.

In relation to Alexandra Headland, it was part of AMT's initial route design to construct a spur from Maroochydore along Horton Parade, Aerodrome Road and parallel with Alexandra Parade to a station planned to be developed on land available in Marl Street, opposite the Alex Surf Club. You will note that this was included in the documents outlining the nominal route emailed to you on May 31 with the request that this information be referred to the Council for comment. Council's preliminary comments were received from you on July 17 and, while indicating possible community opposition to elements of the proposed route, registered no concern in relation to the station location in Marl Street.

Consequently, the spur from Maroochydore to Marl Street was included in the instructions to TransPosition for the conduct of the ridership survey. In the event the survey was able to identify only minimal potential passenger demand for the Marl Street, Alexandra Headland service – fewer than 300 daily passengers if developed at the same time as the main Blue Line and no more than 500 when the total proposed system was operational. No doubt this comparatively low demand was a product of the absence of reliable tourist data from the preliminary survey and this may change following the next phase of TransPosition's work. At this stage, however, it would be difficult to justify the capital cost of the Marl Street spur given this limited demand.

It should also be added that, as has been emphasized in the discussion paper, the maglev rail proposal should be seen as but one element in the total integrated public transport system to service the Sunshine Coast resident community and those that visit the area. As the maglev system rolls out AMT would intend to consult with all stakeholders with an interest in the provision of services to the critically important visitor population of the region, including the operators of other public transport services, such as the bus system operator, and representatives of the tourism industry.

Technical

- Are there other examples of the maglev technology in an urban environment as part of an integrated public transport system (i.e. several stops, turns, integration with other modes of public transport), including demonstrated maintenance and operational costs? How comparable are the systems in China and Japan - are they point to point systems or do they have several stations; are they in a straight line; etc.

No. While the systems that are operational in China, Japan and South Korea demonstrate the feasibility of maglev technology as a means of rail transport they are not comparable to what is being proposed for the Sunshine Coast project. For example, the service in Shanghai is a point-to-point link over a distance of approx. 30 kms that routinely travels at 400 kph. Such high-speed systems are prohibitively expensive for and are not suitable for application in the provision of intra-regional service.

There are several principal points of difference between the technology employed in systems such as that operating in Shanghai and the technology developed by AMT, including
The AMT system is specifically designed to provide public transport services at relatively low speeds (maximum of 100 kph) within a regional market, incorporating a number of interim destinations over the total route.

AMT has also reversed the application of the magnetic levitation technology by basing the system on the operation of a "smart vehicle" over a "dumb track". Both these features contribute to AMT's substantially lower capital investment costs and lower operating costs when compared to the Shanghai service.

- Are there two tracks the whole route?
Yes.

How do the vehicles maneuver into stations? Do vehicles turn around at the end of the track?

The vehicles ride on tracks on either side of a center platform that is elevated at second floor level. Passengers access this platform from a lower level plaza / revenue control area via stairs and escalators, and lifts for the elderly and infirm. The vehicles are bi-directional and switch tracks at each end in what is commonly referred to as a "pinched loop."

- In case of break-down or maintenance, how do you get the vehicles off the track?

In the unlikely event of a total vehicle breakdown, passengers are safely and securely evacuated on a continuous emergency walkway. The empty vehicle is coupled to another vehicle and pulled away to a maintenance siding.

- Although driver-less, are there any staff members on board the vehicles?

The AMT proposal does not include any onboard attendants. We have, however, included personnel for security at each station as well as station attendants that will be able to guide and answer questions for patrons.

- What is the life of a vehicle?

We conservatively estimate 25 years for depreciation purposes, but we believe that the vehicles will be in great working condition long after.

- What approximate footprint would a station require? What are the basic engineering characteristics/dimensions of the guide-way?

This will vary depending on specific station location and design, including whether it is a stand-alone development or incorporated in another multi-purpose building. As a minimum we have assumed stations will be designed as two story facilities of approximately 500 sq meters per story. (1,000 sq meters total).
To provide an understanding of the basic engineering characteristics of the guideway we have attached a document that sets out the design specifications of all the guideway components.

- What consideration has been given to environmental conditions and impacts - e.g. coastal environment; humidity; noise; visual amenity.

In relation to the possible impact of local environmental conditions on the maglev system itself the vehicles, control system, and all other components are constructed and tested to the highest standards according to the US FTA's Automated Peoplemover (APM) Standards, an internationally recognized and accepted technical and safety standard. The APM Standards ensure that environmental issues such as heat, cold, salt fog, humidity, etc. are fully considered in the design, implementation, and long term safe operation of the transit system.

As for the impact of the maglev system on local environmental conditions, we note the following –

- Coastal environment – Care has been exercised in the selection of the nominal route to avoid the development of the maglev infrastructure in areas adjacent to the coastal area. The whole of the route is proposed to be developed in existing transport rights-of-way. Stations will be constructed in locations adjacent to or part of existing major buildings.
- Humidity – it is noted that all vehicles and stations will be fully air-conditioned.
- Noise – the operation of the proposed maglev system is accompanied by very low noise levels, a feature of the basic frictionless operation of maglev and the absence of any moving parts in either the vehicle or the guideway (apart from the air conditioning and the opening and closing of the vehicle doors).
- Visual amenity – maglev rail is based on the construction of an elevated guideway and thus must result in a visual impact. In recognition of this factor the proposed route has been concentrated in areas of no or very little residential development. In the final design and construction of the guideway every effort will be made to minimize the visual impact of the structure. It should be added that the elevation of the maglev guideway brings a number of major advantages as compared to other public transport options – greatly reduced disruption to other traffic and other activities; ability to provide speedy transport to desired destinations; enhanced operational safety.

Costs
- Please clarify if the following costs have been incorporated into AMT's costs or what other assumptions have been made regarding:

  land acquisition costs The transit system is co-located with existing rights of way, and no costs have been included at this stage for land for the elevated guideway. At the stations, AMT will seek to partner with local developers and landowners that will benefit from the location of these facilities in multi-purpose buildings on existing commercial property. While we do not believe that there will be any land acquisition costs for this project, should this prove to be necessary there is adequate contingency provision in the
existing capital budget. These considerations will be further addressed in the next phase of the project development.

ancillary infrastructure costs (e.g., electricity infrastructure) included.

planning costs included.

costs for integration to the existing Translink system. Subject to coordination with Translink, we have a budget within the station costs for direct bus access to the Plaza level adjacent to the stations for intermodal connectivity. We believe that this is fully covered.

service relocation: Preliminary inspection of the nominal route suggests that there will be minimal requirement for the relocation of overhead service facilities. A further advantage of the elevated guideway infrastructure is that as the final route is designed, allowance can be made to avoid interference with existing surface or underground service plant.

maintenance facilities included in stations budget.

system control included.

- Please provide a breakdown of the expected operating costs and confirm that the proposal is for AMT to operate the system (or pay for operations).

Yes, AMT will pay for operations based on the minimum expected ridership. Once ridership exceeds the capacity of the system, it will be the sole responsibility of AMT to invest and add capacity.

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<td>Other</td>
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- Do the capex and operating costs include lifts at the stations?

All stations will incorporate both lifts/elevators and escalators. All station designs will adhere to planning regulations and standards covering disabled persons' access to and movement within buildings, as provided for under the Federal Disability Discrimination Act 1992 (DDA) and the Federal Administration's Disability (Access to Premises - Buildings) Standards 2010. Design will be guided by the National Construction Code and the Building Code of Australia.
Financial

- Please clarify ACS' involvement in this project and past projects with AMT.

AMT and ACS have an exclusive Strategic Alliance for the deployment of this next generation GREEN mass transportation technology on a worldwide basis. This Alliance makes ACS and its subsidiaries (Cobra, Dragados) responsible for the financing, development, construction, and long term operations and maintenance for projects like this one. AMT and ACS are currently developing projects in Atlanta, Georgia; Orlando, Florida; Puerto Rico; Brazil; and a number of other locations. The first of these, in Atlanta, will begin construction later this year, and the projects in Puerto Rico, Brazil, and Orlando will start in 2014.

It should also be noted that as part of its alliance agreement with AMT, ACS will provide both operational and financial performance guarantees in relation to any maglev rail project developed and operated in Queensland.

- Who might be other equity participants in the project?

Given the role of ACS and the financial resources that it can access there may not be a need for other equity participants to be involved, however we have had very preliminary discussions with strategic and financial investors in Australia and in other financial centers that have expressed an interest in maglev rail projects in Queensland and other Australian markets. The point of this proposal and the Exclusive Mandate process is to allow AMT/ACS to have more detailed discussions with possible equity participants and providers of commercial debt, including a number of major institutions that have existing strong relationships with ACS. Our discussions have been quite limited so far given the need to clarify the three essential issues that have been identified in the discussion paper.

- In estimating fare revenue, have off-peak discounts and concession holders been considered (features of the Translink fare system).

Consideration of these aspects of the Translink fare system is dependent on the opportunity to have direct and detailed discussions with Translink. To this point AMT is of the view that its revenue expectations are based on quite conservative inputs to both the TransPosition ridership survey (e.g. no real allowance for tourist demand; weekday usage only) and the fare component of the financial model. As we move forward with discussion with Translink and other State Government agencies, and with local Coast stakeholders, these factors will be further refined.

- Is it possible to get a Microsoft Excel version of AMT's financial model?

Yes, attached.

- What are the debt and equity assumptions, including: gearing levels; is the 10% hurdle rate post-tax; what is the debt tenor; what are the sources of funding (Australian/ US); what is the form of equity (e.g. is there subordinated debt); please confirm the required equity return - in our initial review of the numbers provided, there did not appear to be an equity return incorporated in the first 10 years.
In the preliminary financial model that has been completed for the Sunshine Coast project, the team has assumed that 80% of the CAPEX would be financed through debt and the remaining 20% would be financed with equity. The debt tenor is modeled to be for 25 years at a 6% interest rate. The debt funding would be in the form of bank loans and bonds; however, the team has not yet determined if the debt would come from US or Australian sources. Once we have received in-principle agreement for the Executive Mandate from Project Queensland/State Government our team is prepared to enter into discussion with various parties to determine the exact debt and equity sources. In our financial model it is assumed that equity would come in the form of an investment from the parent company into the project. The equity return requirement from the parent company is a minimum hurdle rate of 10% post-tax.

Additionally, as we move to the next stage AMT/ACS will initiate discussions with the Federal Government to ascertain its intentions in relation to the re-introduction of infrastructure financing strategies, including the role of infrastructure bonds and other policy initiatives designed to encourage private sector investment in major public infrastructure projects. These have been alluded to by the incoming Federal Government, however thus far this has not been supported by the level of detail necessary to enable this financing component to be incorporated in our planning.

- It would be helpful to get a breakdown of the numbers in the form of a cash waterfall - revenue, less costs, less tax, less debt financing, less equity return = net cash position.

In attached financial model on sheet titled "Cash Budget"
CONCRETE

CLASSES: 28-DAY CYLINDER STRENGTH (P.S.I.) MAXIMUM AGGREGATE SIZE (IN.)

PRECAST PIER CAPS 6,000

REINFORCEMENT
GRADE: AASHTO M31/ASTM A615 GRADE 60, DEFORMED BARS

COVER: 1/8 IN. UNLESS NOTED OTHERWISE

DIMENSIONING
ALL DIMENSIONS ARE GIVEN IN FEET AND INCHES UNLESS NOTED OTHERWISE

REINFORCING BAR DESIGNATION

NUMBER OF BARS 3

BAR SPACING 12

BART SIZE DESIGNATION MARK

SECTION B-B

SECTION C-C

ELEVATION AT T

SECTION A-A

AMERICAN MAGLEV TECHNOLOGY INC.

TYPICAL SINGLE TRACK GUIDEWAY
PIER CAPITAL REINFORCEMENT

Tony Gee
International

AMT US
TEST TRACK

RTI Document No.51
TYPICAL 22 FT. TRACK UNITS
ON 88 FT. GIRDER PLAN

TYPICAL SPAN ELEVATION

SECTION AT PIER
Projects Queensland

Analysis of American Maglev Technology’s Sunshine Coast Maglev Initial Proposal

Version 1.1
06/11/13
FINAL
**Document Control Sheet**

**Document Approvers**
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<td>Executive Director, Projects</td>
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**Document Endorsers**
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<td>Mary-Anne Curtis</td>
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<td>Version 1.1</td>
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Project Director

Signature: __________________________  Date: ______________
Document Reviewers

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<td>Melanie Madders</td>
<td>Project Manager, Projects Queensland</td>
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<td>Cameron Nelson</td>
<td>Director (Transport Planning Delivery), Policy and Planning, Department of Transport and Main Roads</td>
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<tr>
<td>Ryan Huelin</td>
<td>General Manager, Policy and Planning, Department of Transport and Main Roads</td>
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Document History

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<td>Drafted report. Sought feedback from Projects Queensland and Department of Transport and Main Roads.</td>
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4. Assessment of the Proposal .................................................................................. 9
1 Introduction

In March 2013, Department of Transport and Main Roads (TMR) referred American Maglev Technology (AMT) to Projects Queensland (PQ) to further discuss its unsolicited proposal for Maglev transportation for the Sunshine Coast region. On 18 September 2013 AMT provided an initial proposal (the Proposal) to PQ in relation to the Sunshine Coast Maglev Project (refer Attachment 1).

PQ has undertaken an initial assessment of the Proposal against the State's exclusive mandate assessment guidelines (at Attachment 2). This paper summarises PQ's analysis of the Proposal.
2 Approach to Analysis of the Proposal

Following an initial review of the Proposal by PQ and TMR, PQ requested further information from AMT on 30 September 2013. This additional information was provided by AMT on 9 October 2013 (also at Attachment 1). It should be noted that the Proposal is preliminary in nature at this time, featuring high level concepts, given its early stage of development. However, PQ considers the Proposal to contain sufficient information to perform an initial assessment against the State Government's existing exclusive mandate assessment guidelines.

PQ has developed a staged approach for consideration of unsolicited proposals in order to determine whether an exclusive mandate should be granted by the State:

Stage 1: Initial Proposal;
Stage 2: Detailed Proposal; and
Stage 3: Final Binding Offer.

The Proposal has been assessed as an Initial Proposal, consistent with the assessment approach communicated to AMT. The outcome of an initial assessment is typically one of the following scenarios:

1. State Government grants to the proponent the right to proceed to Stage 2 and further develop the Proposal (with or without exclusivity, at the State Government's discretion);

2. State Government sees merit in the Proposal, but does not consider it to be suitable to progress as an exclusive process;

3. State Government does not consider the Proposal suitable for further consideration at this stage.

Below are the criteria for assessment:

1. **Satisfaction of community need and government priority.**

2. **Service price** - Fairly and sustainably-priced, relative to comparable domestic and international venture (i.e. value for money comparisons).

3. **Intellectual Property** - Genuine existing intellectual property rights, without which the proposal could not proceed to implementation.

4. **Preliminary Investment** - Proponent has undertaken significant preliminary investment (relative to the value of the project) in developing the proposal.
5. **Responsibility for project costs and risks** - For government to deal exclusively with an unsolicited proposal, it is expected that the proposal does not require the government to accept any project risks and/or costs, or to make service and/or facility payments to the proponent.
   - Proposal involving some costs or risk to the State can be submitted. Government will assess if the proposed risk allocation results in an improved position for the State, including on the basis of a value for money comparator.

6. **Capacity of the private sector party** - Proponent has the financial and technical capacity and capability to undertake the project to successful completion.

7. **Feasibility of proposal** - The proponent can demonstrate that its proposal is likely to be technically, commercially and practicably feasible. The proponent will also need to demonstrate how the proposal provides unique benefits to government.

8. **Competing proposals** – for an unsolicited proposal to be considered by government on an exclusive basis, government needs to be satisfied that:
   - a proposal addressing the same or similar need is not already being considered by government; and
   - there are no competing proposals addressing the same or similar need already under active and advanced consideration by any other proponent; or
   - if either of the above conditions are not satisfied, the proponent satisfies government that it enjoys such demonstrable advantage over other potential proponents, that calling for expressions of interest could not be reasonably expected to generate a better value for money outcome.
3 Summary of the Proposal

The key terms of the Proposal are outlined below:

- AMT proposes a public transportation system using magnetic levitation technology, with the track ultimately extending from Sunshine Coast Airport to Caloundra. However, the Proposal focuses on a first stage, the 'Blue Line', which would connect the Sunshine Coast University Hospital with the Maroochydore central business district. AMT states that future stages of the project would be subject to confirmation of both passenger demand and technical feasibility.

- AMT estimates the Blue Line would have a maximum daily capacity of 20,308 passengers, covering a total length of 15 kilometres. There would be 5 passenger stations, 4 vehicles, and the system would run 20 hours per day, 365 days a year.

- The Maglev vehicles would run on a double-track guideway, elevated at a second storey level, constructed on concrete pillars. The construction cost of the Blue Line is estimated at $267 million, with first year (2015) operating and maintenance cost estimated at $8.9 million. It is proposed that AMT would privately develop, finance, design, construct and operate the Blue Line, provided the State makes significant payments to AMT (either through subsidisation of the true cost of passenger fares or service payments to AMT). AMT proposes that it would retain farebox revenue collected from Maglev passengers.

- AMT has sought advice from private transport consulting group, TransPosition, on its passenger assumptions. AMT estimates use of the Blue Line route by 7,050 passengers per day in the first year of operation, increasing by 2 per cent each year. In the first year of operation, a total fare per passenger of approximately $10 is estimated, with $3 proposed to be paid by passengers, with the remainder funded by the State.

- Based on a very preliminary financial model, AMT estimates required State funding of approximately $17.7 million in the first year of operation, increasing by between 2% and 5.5% per annum, totalling approximately $95 million over the first 5 years of operation. AMT proposes that the State would carry demand risk, with the State contribution decreasing or increasing depending on actual passenger numbers.

- AMT has a Strategic Alliance with Spanish based company, Grupo Actividades de Construcción y Servicios (ACS). Under the alliance, ACS would be responsible for the financing, development, construction and long term operation and maintenance for the project.

- Prior to investing in a more detailed feasibility phase, AMT requests an 'assurance of the full and proactive support of both the State Government and the Sunshine Coast Council'.
Pages 68 through 73 redacted for the following reasons:

Contrary to Public Interest
Attachments:

Attachment 1 – AMT’s Sunshine Coast Maglev Initial Proposal
Additional information provided by AMT

Attachment 2 – Exclusive Mandate Assessment Guidelines
Appendix 1—exclusive mandates

A1.1 What is an exclusive mandate?

An exclusive mandate is a right given to a private sector party to fully develop a proposal that it has brought to government on an unsolicited basis. Key features of an exclusive mandate are that:

- it provides the private sector party the opportunity to fully develop its proposal for government's consideration in a non-competitive situation
- it is granted at the government's sole discretion
- it is granted for a fixed duration specified by the government, having regard to the particular circumstances of the proposal
- unless withdrawn earlier by government, the exclusive mandate remains in force until such time as the government makes a determination in relation to implementation of the project
- its operation is governed by a detailed set of terms and conditions specified up-front by the government
- while the exclusive mandate is in force, the government would not:
  - consider any proposal submitted by any other person, where the objective of that proposal is to satisfy the same, or essentially the same, service requirement or
  - deal with any such person in relation to such a proposal, except as required at law.
- the proposal developed under the exclusive mandate and submitted for government's consideration would be legally binding on the private sector party
- it does not give the private sector party an automatic right to implement its proposal. The government must be satisfied that the final proposal satisfies the evaluation criteria.

A1.2 When may an exclusive mandate be granted?

Government is seeking value for money in the delivery of infrastructure. To this end, government will seek to maximise the use of competition as a means of driving operational and cost efficiencies, and innovation arising from private sector participation.

However government recognises that exceptional circumstances may arise where dealing with one private sector party in exclusivity is warranted. It is government's express intention that the granting of exclusive mandates would be the exception and that, in most cases, proposals would be developed and considered pursuant to the processes outlined in the previous sections of this framework.
The government may, at its sole discretion, consider granting an exclusive mandate in those cases where each of the following criteria is met to the government's satisfaction.

**Satisfaction of community need and government priority**

The private sector party would be required to demonstrate that its proposal would satisfy a legitimate community need if implemented. Satisfaction of the community need must be a priority of government for the proposal to receive further consideration.

**Service price**

The proposed pricing regime must:

- provide for a fair commercial return only on the private sector party's investment
- be commercially sustainable in the long term
- be reasonably and appropriately priced relative to comparable domestic and international ventures.

**Intellectual property**

The unsolicited proposal must involve genuine existing intellectual property rights, without which the proposal could not proceed to implementation. The private sector party must be able to demonstrate to the satisfaction of the government that it has a proposal, concept, technical solution or design that is genuine intellectual property. To this end, the private sector party must be able to demonstrate that it is likely to possess commercial value and utility in the market place.

**Preliminary investment**

The private sector party must have undertaken significant preliminary investment (relative to the value of the project) in developing the proposal or acquiring/developing intellectual property rights. In particular, consideration will be given to whether the act of calling for expressions of interest to deliver the infrastructure and service would significantly diminish the value of the private sector party's preliminary investment.

**Responsibility for project costs and risks**

The government has a responsibility to the community to seek to achieve best value from the expenditure of public funds in the delivery of public infrastructure.

In such circumstances, government cannot deal exclusively with an unsolicited proposal under which government is required to accept any project risks and/or costs or to make service and/or facility payments to the private sector party.
Where it is not feasible for the private sector party to bear a particular commercial risk, government is to be fully indemnified by the private sector party (in a manner satisfactory to government) against the financial consequences of that risk occurring.

Any unsolicited proposal seeking to place any non-indemnified risks, costs or payment obligations on government must, if pursued, be subjected to a competitive bidding process to ensure that it represents a value for money outcome for government.

**Capacity of the private sector party**

The private sector party must demonstrate that it has the financial and technical capacity to undertake the project to successful completion.

**Feasibility of proposal**

The private sector party would be required to demonstrate that its proposal is likely to be technically, commercially and practicably feasible.

**Competing proposals**

For an unsolicited proposal to be considered by government in exclusivity, government needs to be satisfied that:

- a proposal addressing the same or similar need is not already being considered by government; and

- there are no competing proposals addressing the same or similar need already under active and advanced consideration by any other private sector party (this will be deemed to have been satisfied if no further private sector proposals are submitted on an unsolicited basis within a reasonable period (in the opinion of government) following the receipt of the original unsolicited proposal) or

- if either of the above conditions are not satisfied, the private sector party satisfies government that it enjoys such demonstrable commercial advantage over other potential proponents that calling for expressions of interest could not be reasonably expected to generate a better value for money outcome.

Government reserves the right to subject an unsolicited proposal to the processes outlined in the previous sections of this framework, or not proceed at all, should the proposal fail to meet the above criteria to government's satisfaction.

**A1.3 Consideration of proposals under an exclusive mandate**

The procedure to be followed in progressing an unsolicited proposal through to the development of a detailed binding bid under an exclusive mandate would, to the extent practicable, be consistent with the process outlined in stage 5 of this framework.
The process would apply appropriate rigour to ensure that:

- the project to be delivered is robust, efficient and effective in the delivery of services to the consumer
- costs and risks are not passed to government under the project arrangements (unless government is appropriately indemnified).
BRIEFING NOTE

FROM: Treasury and Trade

FOR: Treasurer and Minister for Trade

SUBJECT: Sunshine Coast Maglev – Unsolicited Proposal

Contact Officer: Holly Petersen

Record No: TRY-05717

Date: 06/11/13

PURPOSE

1. The purpose of this submission is that you:

   a. note Project Queensland’s (PQ’s) assessment of an unsolicited proposal submitted by American Maglev Technology (AMT) proposing a magnetic levitation public transport system on the Sunshine Coast; and

   b. approve that PQ communicate to AMT that the State does not intend to grant an exclusive mandate to AMT, and its proposal is not considered suitable for further consideration at this time.

BACKGROUND

2. In March 2013, Department of Transport and Main Roads (TMR) referred AMT to PQ to further discuss its unsolicited proposal for Maglev transportation for the Sunshine Coast region. On 18 September 2013 AMT provided an initial proposal (the Proposal) to PQ in relation to the Sunshine Coast Maglev Project.

3. AMT proposes a public transportation system using magnetic levitation technology, on an elevated track. It is proposed the system would ultimately extend from the Sunshine Coast Airport to Caloundra. However, the Proposal focuses on a first stage, the ‘Blue Line’, which would connect the Sunshine Coast University Hospital with the Maroochydore central business district.

4. AMT estimates a construction cost for the Blue Line of $267 million, with first year operating and maintenance cost estimated at $8.9 million. It is proposed that AMT would privately develop, finance, design, construct and operate the Blue Line, provided the State makes significant payments to AMT (either through subsidisation of the true cost of passenger fares or service payments to AMT). AMT proposes that it would retain farebox revenue collected from Maglev passengers. In the first year of operation (2015), a total fare per passenger of approximately $10 is estimated, with $3 proposed to be paid by passengers, with the remainder funded by the State.

5. Based on a very preliminary financial model, AMT estimates required State funding of approximately $17.7 million in the first year of operation, increasing by between 2% and 5.5% per annum, totalling approximately $95 million over the first 5 years of operation. AMT proposes that the State would carry demand risk, with the State contribution decreasing or increasing depending on actual passenger numbers.

6. AMT has a Strategic Alliance with Spanish based company, Grupo Actividades de Construcción y Servicios (ACS). Under the alliance, ACS would be responsible for the financing, development, construction and long term operation and maintenance for the project.
7. The Proposal seeks an exclusive mandate from the State to develop the Project further. PQ has undertaken an initial assessment of the Proposal against the State’s exclusive mandate assessment guidelines (report at Attachment A).

8. Contrary to Public Interest

9.
MEDIA RELEASE

11. It should be noted that a Confidentiality Agreement between the State and AMT has been entered into, which restricts the release of information to other parties. As such, AMT’s agreement should be sought before any statement is made to the media or any other party.

12. However, there has already been some media coverage of the proposal (refer Attachment B). As such, subject to confidentiality matters being addressed, key stakeholders, including Sunshine Coast Council, State and Federal representatives, as well as the community more broadly, may need to be advised of the outcome of the State’s review of the Proposal.

RESULTS OF CONSULTATION

13. TMR has been consulted and supports the findings of PQ’s assessment of the Proposal.

RECOMMENDATION

14. That you:

- note Project Queensland’s (PQ’s) assessment of an unsolicited proposal submitted by American Maglev Technology (AMT) proposing a magnetic levitation public transport system on the Sunshine Coast; and

- approve that PQ communicate to AMT that the State does not intend to grant an exclusive mandate to AMT, and its proposal is not considered suitable for further consideration at this time.

Helen Gluer
Under Treasurer
Date / /
BRIEFING NOTE

FROM Treasury and Trade

FOR Treasurer and Minister for Trade

SUBJECT Gold Coast Rapid Transit Extension - Helensvale

Contact Officer: Shane Mobbs, Projects Queensland, 3035 6850

Record No: TRY-05707 Date: 5 November 2013

Requested by: N/A Date Approval Required By:

PURPOSE

1. The purpose of this submission is to inform you of the outcome of the evaluation of an unsolicited request for an exclusive mandate for the extension of the Gold Coast Rapid Transit from Gold Coast University Hospital to Helensvale Heavy Rail Station (The Proposal), and to advise the Proponent of your decision regarding its Proposal.

BACKGROUND

2. Gold Coast Rapid Transit (GCRT) Stage 1 light rail line is currently under construction, being delivered through a PPP with GoldLinQ as the franchisee responsible for design, construction, operations and maintenance components of the project. Construction is programmed to complete in early 2014, and operations are scheduled to commence in May 2014. The O&M franchise is effective for 15 years following commencement of services. The GCRT Stage 1 extends from Gold Coast University Hospital to Broadbeach.

3. Following a request by TMR in September 2013, Projects Queensland (PQ) engaged with the Proponent, on the basis of ascertaining whether the Proposal, being an Unsolicited Proposal by nature, was sufficiently robust to warrant the granting of an Exclusive Mandate for a period of time. The State’s specific interest was in the opportunity of extending the GCRT from Gold Coast University Hospital to Helensvale Heavy Rail Station (GCRTE).

4. During September and October, PQ met with the Proponent to assist the Proponent developing its Proposal in a manner that would allow the State to review it against the framework that has been established for Unsolicited Proposals. Issues associated with probity and legal aspects were reflected and monitored throughout the process of engagement.

5. On 14 October 2013, the Proponent provided their Unsolicited Proposal to PQ. The review of the Proposal has now occurred and the findings are highlighted below. (Note during the process the proponent evolved from that formally submitted the Proposal).

6. Out of Scope

7. PQ has also been advised verbally that there are other third parties interested in offering alternates to extending the Stage 1 GCRT.
OPTIONS

22. Options for the State, with regards to responding formally to the Proponent are:

   a) decline the Proposal;
   b) invite the Proponent to improve its offer to ensure that the risk to the State and the capital cost is substantially reduced;
   c) negotiate with the Proponent to seek a better outcome for the State including referencing acceptable positions on elements of the Proposal; or
   d) accept the Proposal and award an Exclusive Mandate to the Proponent.

23. Based on the above assessment it is appropriate in this case for the State to decline the Proposal. Draft correspondence has been prepared for you to formally advise the proponent of this outcome. The draft has been reviewed by both probity and legal advisors for the State.
RECOMMENDATION

It is recommended that you:

a) decline the Proposal in its current form;
b) you sign the attached letter to the Proponent which advises accordingly; and

c) [Out of Scope]

Helen Gluer
Under Treasurer
Date 7/1/13

☐ Approved  ☐ Not approved  ☐ Noted
Treasurer and Minister for Trade

Comments

☐ Approved  ☐ Not approved  ☐ Noted
Treasurer and Minister for Trade

☐ Approved  ☐ Not approved  ☐ Noted
Treasurer and Minister for Trade

Tim Nicholls
Treasurer and Minister for Trade

8/1/13

*This officer may be required to provide further detailed information regarding the issue
Analysis of

Gold Coast Rapid Transit Extension-Helensvale

Unsolicited Proposal

Version 2.0
30/10/13
Document Control Sheet

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Signature: ____________________________________________  Date: 31/10/13

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PQ Assessment of GCRTE-Helensvale Unsolicited Proposal Oct 2013 v2  
Page 2 of 18

RTI Document No.89
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1 Executive Summary

Gold Coast Rapid Transit (GCRT) Stage 1 light rail line is currently under construction, being delivered through a PPP with GoldLinQ as the franchisee responsible for design, construction, operations and maintenance components of the project. Construction is programmed to complete in early 2014, and operations are scheduled to commence in May 2014. The O&M franchise is effective for 15 years following commencement of services. The GCRT Stage 1 extending from Gold Coast University Hospital to Broadbeach.

Following a request by Department of Transport and Main Roads (TMR) in September 2013, Projects Queensland (PQ) engaged on the basis of ascertaining whether the Proposal, being an Unsolicited Proposal by nature, is sufficiently robust to warrant the granting of an Exclusive Mandate for a period of time. The State's specific interest was in the opportunity of extending the GCRT from Gold Coast University Hospital to Helensvale Heavy Rail Station (GCRTE).

Chapter 2 of the report outlines the steps undertaken by the State that culminated in the Proponent submitting to the State, an Unsolicited Proposal on 14 October 2013.

The Report sets out in Chapter 3 the generic approach and criteria description that Unsolicited Proposals are analysed and referenced against by the State.

Chapter 4 highlights the Summary of the Proposal as presented by the Proponent.

Chapter 5 makes commentary on the Proposal against the 8 criteria used to make the Assessment of the Proposal and concludes that the Proposal does not satisfy any of the exclusive mandate criteria adequately.
2 Introduction

Gold Coast Rapid Transit (GCRT) Stage 1 light rail line is currently under construction, being delivered through a PPP with GoldLinQ as the franchisee responsible for the design, construction, operations and maintenance components of the project. Construction is programmed to complete in early 2014, and operations are scheduled to commence in May 2014. The O&M franchise is effective for 15 years following commencement of services. The GCRT Stage 1 extends from Gold Coast University Hospital to Broadbeach.

Following a request by the Department of Transport and Main Roads (TMR) in September 2013, Projects Queensland (PQ) engaged with the Propositor to ascertain whether an unsolicited proposal from (the Proposal), for the extension of the GCRT to Helensvale Heavy Rail Station is sufficiently robust to warrant the granting of an Exclusive Mandate for a period of time. The State's specific interest is in the opportunity to develop the proposed extension at a lesser cost than under a traditional model and with limited risk to the State.

On 14 October 2013, the Proponent provided the Proposal to PQ in relation to the Gold Coast Rapid Transit Extension - Helensvale (refer Attachment 1). Note during the process the proponent evolved from...
Below are the criteria for assessment:

1. **Satisfaction of community need and government priority.**
2. **Service price** - Fairly and sustainably-priced, relative to comparable domestic and international venture (i.e., value for money comparisons).
3. **Intellectual Property** - Genuine existing intellectual property rights, without which the proposal could not proceed to implementation.
4. **Preliminary Investment** - Proponent has undertaken significant preliminary investment (relative to the value of the project) in developing the proposal.
5. **Responsibility for project costs and risks.** For government to deal exclusively with an unsolicited proposal, it is expected that the proposal does not require the government to accept any project risks and/or costs, or to make service and/or facility payments to the proponent.

   - Proposal involving some costs or risk to the State can be submitted. The State will assess such a proposal if the proposed risk allocation results in an improved position for the State, including on the basis of a value for money comparator.

6. **Capacity of the private sector party** - Proponent has the financial and technical capacity and capability to undertake the project to successful completion.

7. **Feasibility of proposal** - The proponent can demonstrate that its proposal is likely to be technically, commercially and practicably feasible. The proponent will also need to demonstrate how the proposal provides unique benefits to government.

8. **Competing proposals** – For an unsolicited proposal to be considered by the State on an exclusive basis, the State needs to be satisfied that:
   - A proposal addressing the same or similar need is not already being considered by the State; and
   - There are no competing proposals addressing the same or similar need already under active and advanced consideration by any other proponent; or
   - If either of the above conditions is not satisfied, the proponent satisfies government that it enjoys such demonstrable advantage over other potential proponents that calling for expressions of interest could not be reasonably expected to generate a better value for money outcome.
Pages 96 through 394 redacted for the following reasons:
Sch.3(8)(1)