MONTHLY HIGHLIGHTS

STEADY PROGRESS · THOUGHTFUL DEDICATION · VISIONARY OUTLOOK

Foreword

As we move into the year-end sprint, November has been both a critical period for solid project delivery and an important opportunity for continuous professional uplift at DDDI Group. We have achieved broad-based progress across multiple developments, spanning planning approvals, construction progress and new site acquisitions, further diversifying and strengthening our project portfolio.

At the same time, we continue to support the next generation of STEM talent through education sponsorships, putting our long-term development philosophy into concrete action. While remaining focused on project timelines and build quality, we also place strong emphasis on engagement with industry partners and investors, delivering a series of specialist seminars on tax optimisation, R&D incentives, legal structuring and contract terms to steadily enhance our knowledge base and management capability.

We remain committed to steady, step-by-step progress, while continually seeking to innovate and address emerging risks at an early stage, building a systematic foundation for the Group's sustainable growth in the years ahead.

Highlights of This Issue:

- **Project Updates:**
New sites successfully acquired and moved into design; several projects securing or nearing key approvals; construction progressing steadily on three sites.
- **Education & community:**
Continued sponsorship of the Wilderness School all-girls Nexus-X1 Submarine / ROV Team, supporting the next generation of STEM talent.
- **Taxation:**
Data-focused insights into investment logic, approvals, risk, finance, and taxation.
- **R&D incentives:**
Practical overview of the R&DTI scheme, showing how on-site challenges can be converted into eligible R&D activities.
- **Legal:**
Key legal risks across the development cycle — from due diligence and approval conditions to pre-sale contracts — with guidance on mitigation.

Project Progress Update

This month, DDDI Group's projects continued to progress smoothly. Key milestones are as follows:

◆ **Two new projects secured at auction and moved into concept design**
In November, we successfully acquired two new sites in Payneham and Dernancourt at auction. Our team has commenced initial concept design to lay the groundwork for upcoming planning submissions.

◆ **Two projects obtained final Development Approval (DA) and entered pre-construction**
The Everard Park and Gepps Cross projects have both received final Development Approval (DA). The team is now focused on pre-construction activities, including tendering, construction programming and site mobilisation, with works expected to commence shortly.

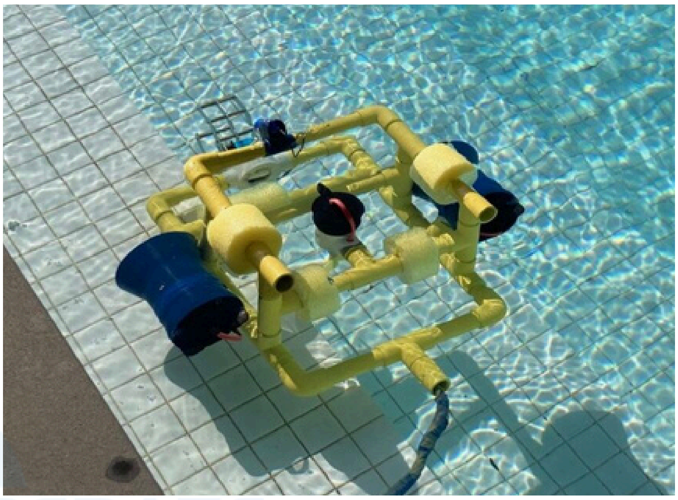
◆ **One project received Building Rules Consent (BRC), with DA approval imminent**
The Morphett Vale project has obtained Building Rules Consent (BRC), and formal Development Approval (DA) is anticipated in the near term.

◆ **Two projects awaiting Planning Consent outcomes**
The Clovelly Park project and another site in Morphett Vale have completed their initial design documentation and are currently under Planning Consent assessment, with positive outcomes expected in due course.

◆ **Three projects under active construction, progressing as planned**
The Pooraka, Ingle Farm and Gilles Plains projects are all in the active construction phase. Our team is closely coordinating on-site works and programme to ensure timely and high-quality delivery.

As November draws to a close and the Christmas–New Year period approaches, we will continue to make full use of the remaining time to keep all projects moving forward steadily and to further accelerate the Group's overall business growth.

SUPPORTING FUTURE STEM TALENT — NEXUS-X1 TEAM REPRESENTS SOUTH AUSTRALIA ON THE NATIONAL STAGE ONCE AGAIN



This month, DDDI Group and its technology arm continued to champion youth STEM education by renewing our sponsorship of the all-girls Nexus-X1 Submarine / ROV team from Wilderness School. The team were crowned South Australian champions in the 2024 Subs in Schools Development Class and, this year, went on to represent South Australia at the 2025 MATE ROV national competition in Perth, Western Australia, showcasing outstanding engineering capability and innovative thinking on the national stage. Building on last year's collaboration, our sponsorship this year covered travel, accommodation, team uniforms and key technical equipment, helping the students successfully complete their competition tasks.

For DDDI Group, this is far more than a financial contribution. It reflects our commitment to actively supporting and nurturing the next generation of engineers, technologists and problem-solvers, and aligns with our long-term view of sustainable, knowledge-driven development.

THE NEXUS-X1 PROGRAMME PROVIDES STUDENTS WITH VALUABLE REAL-WORLD EXPERIENCE:

- Designing and building complex underwater engineering systems
- Integrating electronics, control systems and sensor technologies
- Collaborating and solving problems as a team under pressure and tight timeframes

We are proud of the talent, discipline and resilience these young women have demonstrated in STEM. We applaud the efforts of the Nexus-X1 team and look forward to seeing them continue to push boundaries and shine on the international stage in the years ahead.

SEMINAR RECAP | TAX ESSENTIALS FOR PROPERTY INVESTMENT AND DEVELOPMENT

Rex Li, Partner at DW Johns & Co., delivered a specialist analysis on tax considerations for property investment and development in Australia. Rex is a Chartered Accountant (CA/CPA), a registered Self-Managed Superannuation Fund (SMSF) auditor, and a registered Tax Agent.

The seminar focused on three core areas:

- Investment structures
- Land tax
- Distinguishing between different types of property investment and development activities

1. Choosing the right investment vehicle: the core of tax efficiency

When investing or developing in Australia, the choice of ownership and investment structure has a direct impact on the final tax outcome. Common structures include:
individuals, partnerships, family trusts, unit trusts, companies (Pty Ltd) and SMSFs.

A well-structured approach that spreads income across different entities can significantly reduce the overall tax burden.
For example, assuming A$200,000 of investment income:
◆ If the entire amount is taxed in the hands of one individual, the tax payable is approximately A$60,667.
◆ If the income is distributed across multiple entities (for example, two individuals + a company + an SMSF), the total tax payable can be reduced to around A$35,934.
Tax residency and capital gains:
◆ The top marginal individual tax rate for Australian residents is expected to reach 45% (2026 income year).
◆ Where a tax resident holds an asset for more than 12 months, a 50% Capital Gains Tax (CGT) discount may apply.
Advantages of an SMSF structure:
◆ Earnings in the accumulation phase are generally taxed at 15%.
◆ Capital gains on assets held for more than 12 months are effectively taxed at 10%.
◆ In the retirement (pension) phase, investment earnings can be entirely tax-free.

2. South Australia land tax: special rules for trusts and related companies
In South Australia, land tax outcomes vary significantly depending on the ownership structure.
Key differences in land tax treatment:
◆ Trusts are generally subject to higher land tax rates, with an additional 0.5% loading in many cases.
◆ For individuals and companies, land with a taxable site value of less than A$833,000 may be exempt from land tax.
◆ For trusts, the tax-free threshold is much lower — only below A$25,000, meaning trusts more quickly move into taxable territory.

- quickly move into taxable territory.

Aggregation for related companies (Corporate Groups):
◆ Where multiple companies are under common control, their landholdings may be aggregated for land tax, pushing them into higher rates and reducing or removing tax-free thresholds.

3. Classification of property gains: the key to accessing the 50% CGT discount

Different types of property gains are taxed differently, depending on their nature:

Mere realisation — Capital
◆ Treated as a capital gain, potentially eligible for the 50% CGT discount.
◆ The ATO may review around 25 factors, including the degree of personal involvement and the scale of sales activity.

Isolated transaction — Capital + Revenue
When the purpose of holding the property changes, the gain may be split:
◆ Gain before the change of intention → treated as CGT.
◆ Development profit after the change → treated as revenue (trading/development profit).

Business of development — Revenue
◆ Where activities amount to a property development business, profits are treated purely as revenue, with no CGT discount.
◆ The property is treated as trading stock and GST (including possible Margin Scheme) may apply.

Different timing for tax recognition:
◆ CGT is generally calculated based on the contract date.
◆ Revenue (profit) is typically recognised at the settlement (transfer) date.

Conclusion
The tax environment for property investment and development in Australia is both complex and highly regulated. From selecting the appropriate investment vehicle and understanding state-based land tax rules, to correctly distinguishing between capital gains and development profits, each step has a direct impact on overall tax cost and compliance risk.

Investors are strongly advised to work with qualified professional advisers and to develop tax strategies tailored to their specific circumstances, in order to achieve optimal tax outcomes while remaining fully compliant.

SEMINAR RECAP | HOW AUSTRALIAN CONSTRUCTION AND DEVELOPMENT COMPANIES CAN SECURE GOVERNMENT INNOVATION GRANTS

Australian construction and development companies are now uniquely positioned to use innovation as a source of competitive advantage. The Australian Government's Research and Development Tax Incentive (R&D Tax Incentive, R&DTI) is a key mechanism that helps businesses enter the innovation space with lower risk.

In this seminar, Dr Joy, Director at Ignition Research, explained how companies can use the R&DTI to turn everyday operational challenges into eligible R&D activities.

1. Key features of the R&DTI

🔹 Cash benefit even without profit – eligible smaller companies may receive a refundable tax offset of up to around 43.5% of eligible R&D costs.
🔹 In the 2021–22 income year, 11,545 companies claimed the incentive, with total R&D expenditure of A$11.2 billion.
🔹 The construction sector alone accounted for A$210.5 million in claims, highlighting significant untapped potential.
🔹 Larger companies can use the non-refundable tax offset to reduce future tax liabilities.

The programme encourages businesses to treat experimental problem-solving and trial-and-error as R&D, and is not limited to traditional science or engineering laboratories.

2. R&D opportunities in the construction sector

Real-world challenges in property development can be reframed as R&D projects, for example:

🔹 Environmental complaints → Smart monitoring systems: Developing AI-based tools to detect and predict dust and noise levels.
🔹 Slow approvals → AI pre-assessment platforms: Using computer vision and large language models to automatically read plans and forecast council responses.
🔹 New market entry → Structured market research: Analysing the uptake and profitability models of modular or prefabricated housing.
As long as the activity involves uncertain outcomes and applies a systematic, scientific method, it may qualify as eligible R&D under the programme.

3. Compliance essentials

The R&DTI is jointly administered by DISR (reviewing R&D activities) and the ATO (calculating the tax offset). Companies must retain at least five years of R&D records to demonstrate that activities meet the criteria for:

🔹 **Core R&D activities:** Outcomes are not reasonably predictable in advance, a systematic / scientific method is used, and the work is aimed at generating new knowledge.
🔹 **Supporting R&D activities:** Tests, validation and technical analysis that are directly related to the core R&D activities.

4. Value of professional support

Ignition Research helps businesses to:
🔹 Secure expert opinions at professorial level.
🔹 Obtain official R&D activity findings from DISR.
🔹 Maintain complete and compliant documentation.
🔹 Build a long-term track record in research and innovation.

Many partner companies receive on average A$100,000–500,000 per year in government support, while simultaneously strengthening their innovation capability and accumulating R&D assets.

Summary: Ignition Research – A Navigator for Innovation

The R&D Tax Incentive (R&DTI) is one of the most significant innovation funding gateways provided by the Australian Government, but its rules are complex and require a clear scientific approach and robust evidence. Ignition Research acts as a navigator for businesses – helping identify eligible innovation, ensure compliance, secure funding, and build a sustainable R&D growth pathway.

SEMINAR RECAP | PROPERTY DEVELOPMENT PROJECTS: KEY LEGAL ELEMENTS FROM DUE DILIGENCE TO PRE-SALE CONTRACTS

Property development is a complex exercise that weaves together legal, financial, planning and market judgement. A single oversight can embed significant risk in approval processes or contract terms.

In this issue, we recap the key points shared by Kyle Lawson (Partner, Lynch Meyer Lawyers) in his seminar. From due diligence and development approvals to financing structures and pre-sale contracts, we walk through the critical legal checkpoints that shape a development project from site acquisition through to sales.

1. Key points in land due diligence

Core warning: Do not rely solely on the vendor's Form 1 disclosure.

Key areas to review:

- Title type (e.g. Torrens, strata) and its impact on future development potential
- Land management conditions and restrictions (e.g. LMAs, affordable housing requirements)
- Boundary confirmation through a licensed land survey to verify actual site limits
- Community / strata bylaws and how they may constrain future development

2. Development approval conditions and constraints

Types of assessment:

- Code assessed – standard assessment pathway
- Performance assessed – for larger, more complex or sensitive developments of regional or state significance

Other key risk factors:

- Environmental and contamination risks (e.g. asbestos, former industrial use)
- Heritage protections that may restrict demolition or alterations
- Easements and third-party rights that may affect access, services or development capacity

3. Legal structuring and financing design

Choice of structure:

- Select between companies, joint ventures, trusts and other vehicles based on project needs
- Clearly distinguish the rights and obligations of passive investors versus active participants

Financing essentials:

- Banks commonly adopt progress / staged drawdown funding arrangements
- Decision-making authority, profit distribution and exit mechanisms must be clearly defined in advance

4. Key clauses in pre-sale contracts

- Alignment with development: Pre-sale strategy must match project timeline and approvals.
- Sunset clauses: Prevent misuse as a tool for unfair termination.
- Force majeure: Define delay events and how time and risk are shared.
- Timing: Clarify different risk profiles before vs after land settlement.
- Finance link: Pre-sale results directly influence construction funding.
- Community rules & management: Community rules & management: Use by-laws and management statements to protect design consistency and guide resident and common-area behaviour.

Summary: Successful development starts with recognising risk correctly

In short, a successful property development project is far more than simply "buying well and selling high". In addition to market insight, a developer must:

- Understand the local legal and planning frameworks in depth
- Identify all rights, constraints and encumbrances during due diligence
- Put in place an appropriate legal structure and funding arrangement
- Address key details in pre-sale contracts, including sunset clauses, force majeure provisions and community by-laws

Only by managing these critical risk points early can a project move smoothly through the construction and sales phases, delivering stable and sustainable returns for both investors and the development team.

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