



Our ref: 11073

The General Manager
Hurstville City Council
PO Box 205
Hurstville BC NSW 1481

“PRIVATE & CONFIDENTIAL”

Dear Mr Victor Lampe,

RE: EXPRESSION OF INTEREST TO PURCHASE AND/OR JOINT VENTURE RE-DEVELOP COUNCIL OWNED LAND BOUNDED BY GLOUCESTER RD, CARRINGTON AVE AND GARTHONS LNE, HURSTVILLE (COUNCIL CAR PARK)

1.0 INTRODUCTION

We act on behalf of GR Capital Pty Ltd.

We are writing to you to express our client's interest in purchasing and/or joint venturing with Council in the redevelopment of the abovementioned site.

GR Capital Pty Ltd is a corporate client and has the necessary working capital without any need for bank loans or the like. The advantages of such a company are obvious, with the primary advantage being the ability to exchange any contract of sale as soon as Council is able to. Furthermore, our client has expressly stated that they will not on sell the site and that any proposed development will be built by them.

A thorough examination of existing and projected future activities/uses in the Hurstville Local Government Area has been carried out. Our examination has found that Hurstville Business Centre is becoming a hub of centralized business activity in Sydney's South West. In fact the Department of Planning and infrastructure has identified it as a major Regional Centre within the Sydney Metropolitan Area. Consequently, there is a projected demand for a variety of community activities as well as accommodation for the projected increase in work force which is certain to occur.

One of the uses we have identified, which is not meeting demand, both existing and in the future, is a multi-faceted Sports Complex.

The capacity in the existing Aquatic Centre located on King Georges Road has already reached its capacity and has become overcrowded. Conservative

estimates from reputable Quantity Surveyors have estimated that Council will need to spend in excess of \$5 million to extend the Centre. In this regard, the proposed Sports Complex will be a great advantage to the Council as it will provide the sport facilities it currently lacks. One of the benefits is that Council would not need to expand the Aquatic Centre again at a considerable cost to the residents/rate payers in the future. It would save Council money in the long term.

Furthermore, it is important to note that the East Quarter development has removed the initially proposed gymnasium from its proposal, thereby, further exacerbating the demand for such a Sports facility within the Hurstville LGA. With the implementation of the Metro Strategy, there will be more dwellings/units built in the Hurstville CBD. Also, the adoption of the Commercial Core zone in the new LEP, there will be more commercial office space in demand and being built. With more people working and living in the CBD being a certainty, there will be further demand for a new Sports complex.

A preliminary review of Council's codes and policies, both existing and draft, has been considered as part of this assessment. We have also carried out an inspection of the site and its surrounds, especially having regard to the existing environ in particular to the existing heights and envelopes of the properties surrounding the site.

In summary, the site lends itself to this type of development and is an ideal site to provide such a great Sports facility.

2.0 DETAILS OF PROPOSAL

Our client wishes to purchase the site from Council and is flexible as to the Terms of the Sale. However, as a point of discussion we offer as follows.

Preliminary plans have been prepared to show how the site can be developed and to commence negotiations/discussions with Council. The proposal essentially includes demolition of the existing structures on site and construction of a mixed commercial/residential development with multi basement level car parking.

The commercial component of the proposed development will include the construction of a Sports Complex, which is to be handed over to the people of Hurstville upon completion.

The Sports Complex will include, but not be limited to, the following uses:

- Computerized Golf Training Range;
- Basketball course;
- Table Tennis and Badminton facilities; and
- Gymnasium.

Based on the valuation result, our client would also be willing to offer an \$8 million cash payment as well as one (1) level of basement car parking

(approximately 110 car spaces) for Public use. The estimated total worth of this handover would be approximately \$13.5 million.

The above offers to Council can also be executed as a Voluntary Planning Agreement, should it be preferred.

Our proposal would be to demolish the existing structures on site and to construct a new seven (7) storey mixed commercial residential development comprising the following:

Basement

- Driveway from Gloucester Road leading down to three levels of basement car parking with a total of around 270 car spaces, with the upper level car park containing around 110 car spaces being dedicated to Council for public car parking as an offset to extra height and floor space proposed as part of this proposed redevelopment.

Ground Floor

- Sports Complex at approximately 2000 m², gymnasium Computerized Golf Training Range, Basketball course, Table Tennis and Badminton facilities, Gymnasium.
- and ancillary office space approximately 450 m²;
- Entry lobbies to the residential units above;

Levels 1 to 7

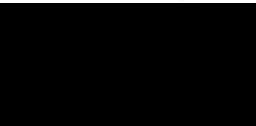
- Residential accommodation in a variety of styles/types.

3.0 CONCLUSION

To ensure Council is confident in the seriousness of the offer and as a token of good faith in this Expression of Interest, our client has enclosed herein a Company cheque to the sum of \$800,000.00 made payable to Hurstville City Council, being 10% of the offering price.

Should you wish to discuss anything further or require any additional information, please do not hesitate to contact the undersigned on 0439 501892.

Yours faithfully,



Spiro Stavis
Principal Planner

1. Cheque (\$800,000.00) payable to Hurstville City Council
2. Valuation Report dated 18 October 2011, prepared by Meadow Real Estate Pty Ltd; and
3. Preliminary architectural concept plans and photomontages of the proposal, prepared by CMT Architects.