

8<sup>th</sup> February 2019

**LETTER OF OFFER**

**For 21-41 Canberra Ave & 18-32 Holdsworth Ave, St Leonards South**

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**This is an offer by:** Top Spring Australia Property & Development Services Pty Ltd

**For:** Provision of community infrastructure and monetary contributions in relation to the redevelopment of the site as a residential development.

**At:** 21-41 Canberra Ave & 18-32 Holdsworth Ave St Leonards

This letter of offer has been made in relation to the Planning Proposal and Concept Development Application for the site which is currently being assessed. The offer also includes the land subject of the planning proposal that is yet to have a concept development application submitted by Top Spring Australia.

Top Spring Australia has commissioned independent feasibility advice to test the projects “capacity to pay” and make a VPA contribution.

The feasibility testing confirms that the project has limited financial capacity to pay any statutory contributions. This includes both S7.11 contributions and Special Infrastructure Contributions. This is largely as a result of the following key factors:

- Delays in the rezoning and planning process of Lane Cove Councils Planning Proposal to rezone the St Leonards South Precinct.
- Significant amount of land holding and land financing costs due to the delays in rezoning by Lane Cove Council of the St Leonards South Precinct
- Significant drop in residential sales price and take up rate since 2017
- Despite a drop in residential sales prices and take up rates, construction costs continue to increase due to infrastructure, health and education projects activity.
- The Hill PDA report dated February 2015 prepared for Councils St Leonards South Planning Proposal predates the current downturn in the market, and more importantly predates the imposition of the SIC levy proposed by State Government. The impact of the SIC levy on project profitability and residual land value was therefore not considered by Hill PDA and subsequently not considered by Lane Cove Council in its planning proposal.

**NB:** A copy of independent feasibility advice can be provided to Council on a commercially confidential basis upon request and during VPA discussions.

Notwithstanding the above Top Spring Australia still wish to make a contribution under S7.11 and make a VPA Offer for the proposed rezoning and increase in density for the site.

**Offer Details**

The offer includes the provision of the following community infrastructure which is consistent with Schedule 8.1 in Section 6.4.10 – Incentives in the Draft St Leonards South Development Control Plan:

- A 6m wide east-west path linking Canberra Avenue and the open space for Area 11 (which is referenced Area H in the subject Planning Proposal); and



- A 15m wide east-west path linking Canberra Avenue and Holdsworth Avenue for Areas 7 and 8 (which is referenced Area I in the subject Planning Proposal).
- Top Spring Australia's offer includes the dedication of land as well as the provision of capital cost to construct the through site links.
- Consistent with Hill PDAs proposal, one third (or 33%) of the value of the land dedicated would be deducted from S7.11 contributions ordinarily payable to Lane Cove Council
- If Lane Cove Council concurs with Top Spring Australia's proposal to construct the through site links, Top Spring Australia proposes to deduct 100% of the capital construction costs relating to the east west links from S7.11 contributions ordinarily payable to Lane Cove Council.

The offer also includes monetary contributions as follows:

- Contributions in the amounts outlined in Councils S7.11 plan, less the amounts agreed to be offset by land dedication and capital expenditure as outlined above.

**Note: The project categorically does not have any capacity to pay Special Infrastructure Contributions above what is outlined in the offer above. Feasibility testing concludes that the imposition of Special Infrastructure Contributions results in a project that does not meet the minimum hurdle rates set by lending institutions and financiers, and is therefore not financially viable.**

It is noted that the Department of Planning & Environment commissioned AEC Group Pty Ltd in April 2018 to prepare SIC Feasibility Testing for St Leonards Crows Nest 2036 Plan. Page "v" of the report states the following:

*"Market evidence indicates that majority of sites in St Leonards South character area were purchased at prices reflective of proposed planning controls (St Leonards planning proposal) prior to announcement of a proposed SIC. Accordingly, any result Value Uplift is subsumed, resulting in little capacity to pay a SIC."*

It is intended that should the Planning Proposal and Concept Development Application be approved, this offer will be consolidated and crystallised into a Voluntary Planning Agreement with the Council at the detailed Development Application stage.

The agreement will comply with the requirements of the Environmental Planning and Assessment Act and Regulations, and contain mechanisms for completion of any works and / or land dedication.

**Name of Applicant:** Kate Bartlett on behalf of Mecone Pty Ltd

**Signature of Applicant:**

**Name of Registered Owner(s):** King Tak Chan on behalf of Silver Pond Investments Pty Ltd

**Signature of Registered Owners(s):**

Silver Pond Investments Pty Ltd  
ATF Silver Pond Unit Trust

ACN 608 119 535

Suite 21.02A, Level 21 – 201 Elizabeth St  
Sydney NSW 2000

6<sup>th</sup> February 2019

Craig Wrightson  
General Manager  
Lane Cove Council  
48 Longueville Rd  
Lane Cove NSW 1595

Dear Sir,

**Re: Owners consent letter for Voluntary Planning Agreement Accompanying the Planning Proposal for 21-41 Holdsworth Avenue and 18-32 Canberra Avenue St Leonards**

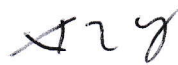
Silver Pond Investments Pty Ltd are the owners of the 21-41 Holdsworth Avenue and 18-32 Canberra Avenue St Leonards and King Tak Chan - Director has the capacity to sign on behalf of Silver Pond Investments Pty Ltd

Silver Pond Investments Pty Ltd gives consent for Mecone Pty Ltd to lodge a Planning Proposal for the site, along with the VPA Letter/Offer. We give Mecone Pty Ltd consent to be the applicant for the Planning Proposal & VPA and have dealings with any relevant authorities relating to the applications.

Yours sincerely,



King Tak Chan  
Director



Sze Yuen Wong  
Director