

MORTLAKE CONSOLIDATED PTY LIMITED

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20 January 2011

Andrew Smith
A/Director – Urban Assessments
NSW Department of Planning
GPO Box 39
Sydney 2001

**RE: DGR 4. ISOLATED SITE - SUMMARY OF EFFORTS TO ACQUIRE LOTS 8, 10
& 12 HILLY STREET**

Dear Sir,

As a Director of Mortlake Consolidated Investments (MCI) I am writing in regards to the Director General's Requirement to address efforts made to amalgamate sites for the proposed Mortlake residential development at Hilly Street Mortlake. This letter provides an outline of the significant effort over time to acquire the only adjoining sites not amalgamated being, 8 Hilly Street, 10 Hilly Street and 12 Hilly Street, Mortlake.

Notwithstanding the fact that we have not been able to secure these sites for development we do not consider the concept proposal would have a negative impact on the ability to develop these sites independently in the future. This is because the proposal provides appropriate separations and in no way restricts future access.

The following points set out our efforts to acquire these sites:

8 Hilly Street, Mortlake

- First meeting with the owner was 2nd August 2002
- Negotiations centred around two key drivers for the vendor
 - i. Price, notwithstanding the fact that it was a corner site with dual set backs and less developable space the owner commanded a price which on a rate per sqm was a significant premium to the other sites which we had been negotiating to acquire at that time
 - ii. The vendor was looking to relocate their manufacturing business to China and hence the time frames revolved around their ability to acquire a site in China, construct a suitable manufacturing premises and relocate their plant and equipment to China

- Terms were agreed and a Deed of Option executed 21 January 2003 i.e. with a view to consolidating the site Mortlake Consolidated Investments Pty Limited (“MCI”) capitulated and agreed to both the inflated price and the vendors proposed timing
 - In the intervening period MCI sort to consolidate 10 & 12 Hilly Street to achieve the aggregation of the sites in this area in total
 - Unfortunately, prior to the lapsing of the Ricci option MCI was unsuccessful in securing 10 & 12 Hilly Street (see separate explanation over)
 - For a number of reasons but most particularly the fact that the vendor was unable to establish their manufacturing plant in China within the time frame of the option deed, the option deed needed to be extended
 - The vendor used this opportunity to void the deed to enable them to continue to operate their business from the 8 Hilly Street premises / indefinitely
 - To this day they still operate their business from the premises
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- The property was recently brought to the market and the owners have entered into an option to sell the property to another developer who has subsequently submitted a DA to council
 - The two key reasons that we did not purchase the property when it was recently brought to the market were
 - a) We had already completed our preparation of our plans and all associated consultants work and negotiation with council
 - b) Our undertaking to council was to submit the proposed development to the Department of Planning in the identical form which had been submitted and extensively reviewed by council
 - c) The relative cost of the site and the expense involved in reworking our plans and all of the consultants report was such that it was uneconomic to consider acquisition of the property at this late stage.
 - d) MCI had been unsuccessful in securing the adjoining 8 & 10 Hilly Street and as such a development of 8 Hilly Street as a contiguous part of the MCI aggregation would be significantly compromised

10 Hilly Street, Mortlake

- An initial approach was made with the owner of 10 Hilly Street Mortlake concurrent with negotiations on a number of other lots acquired by MCI in 2002
- Initially they refused to sell due to the fact that they wished to continue to operate their business from this premises and were unable to locate a similar suitable premises with appropriate access to the water (the owner is a marine diesel mechanic and his method of transport to his respective sites of work is a boat moored at an adjacent site)
- In the period from late 2002 through to October 2004, MCI made strenuous efforts to convince the owner to sell including
 - a) sourcing alternate accommodation which would suit their business needs and still provide water access to his place of work
 - b) offer a price which represented a significant premium to the adjoining sites and a significant inducement to the owner to move on
- Notwithstanding the price offered was in excess of twice the adjoining purchases and on favourable terms the owner declined to sell the property
- In the intervening years we have, on several occasions had an independent third party approach the owners to explore the opportunity to purchase but their position had not changed

- The existing owner still owns the premises and still operates their business from the premises to this date
- As a further foot note to 10 & 12 Hilly Street Mortlake we have been advised that the current option holder for 8 Hilly Street Mortlake has endeavoured to acquire 8 & 10 Hilly Street Mortlake without success and as such has lodged a development application for 8 Hilly Street Mortlake in isolation

12 Hilly Street, Mortlake

- An initial approach was made to the owner of 12 Hilly Street concurrent with negotiations on a number of other lots acquired by MCI in 2002
- Initially they refused to sell as the
 - a) the property had sentimental value to the owner, in that it had been her fathers place of business
 - b) they were achieving a good return on their passive investment
 - c) they were people with financial means who have no need for the relatively small amount of capital that a sale would have returned
- On the only occasion "the concept" of a sale was discussed with current owner , they floated a price which represented a multiple in excess of three times the adjoining purchases
- Despite efforts to further the discussions, the owners never made a decision to sell and as such negotiations were never commenced in earnest
- Whilst in reality we don't believe they would have sold even at this price, the price was such that it was completely uneconomic to consider the acquisition
- In the intervening years we have, on several occasions had an independent third party approach the owners to explore the opportunity to purchase but their position had not changed
- The existing owner still owns the premises to this date
- As a further foot note to 10 & 12 Hilly Street Mortlake we have been advised that the current option holder for 8 Hilly Street Mortlake has endeavoured to acquire 8 & 10 Hilly Street Mortlake without success and as such has lodged a development application for 8 Hilly Street Mortlake in isolation

Planning Considerations

Planning considerations with respect to 8, 10 & 12 Hilly Street taken by MCI is that the proposal before the department has had regard to the future development of these sites by way of ensuring there is adequate open space and separation on both adjoining boundaries and a low rise building on the water side of the site to enable views from any development of the sites.

As always thank you for your assistance and should you require any further information please do not hesitate to contact me.

Yours sincerely



Ian Edwards
Director