

Purpose of this meeting

- Share information about the approach from Lyon Group
- Discuss a strategy
- Seek common –good, mutual benefit, cooperative bond as neighbours in our dealings; we need to reduce the risk of having some neighbours becoming winners and others losers.

The givens

- Re-zoning from residential will proceed and development will occur
- Developers will seek to use whatever means to coerce, cajole , sweet-talk, divide & conquer individuals into signing a deal which provide the greatest profit for the developer

The Lyons Group approach of 8 October 2012

- The role of Garry Reardon was reconnaissance for Lyons – to see who would be an easy target, who would be troublesome, how organised we were, how educated we are, what would tempt us. Notice that he gave NO paperwork to anyone
- The offer was \$2.3million IF LYONS PROCEEDED. It involved signing an agreement that gave Lyons exclusive right of purchase of 12 months with a 12 month option. He was putting up \$10,000 in the first instant to anyone who signed up.
- The spiel was that Lyons had a development requiring a “footprint” involving the properties indicated in the diagram on the following page labelled “1. What Lyons appears to want”.

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| <ul style="list-style-type: none"> • \$2.3million appears an attractive offer when the current RESIDENTIAL value of properties is \$1+million • Lyons appears to be offering certainty and an easy resolution; is known and has points on the board as a developer | <ul style="list-style-type: none"> • Our properties will no longer be zoned as residential, therefore any offer must be compared to the RE-ZONED value; the payment of the \$2.3mill to sellers may be over 2 years away. In relative terms, this sum may be worth less than currently • We know from Lyon’s experience with the Genesis building he pushes his plans to the limit or beyond, which results in delays in approval, issues with Council and resident groups. Finalising his deal with us may not be as timely as presented. He will only proceed when he has approval to get the maximum from the site. • Lyons is pushing “sign up now or miss out”. Caution must always be taken when such pressure tactics are applied. Nothing has been given to us in writing to take to a lawyer for advice. • Lyons wants exclusivity and monopoly on any development by locking us in |

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| | <p>with him.</p> <ul style="list-style-type: none">• Lyons may not develop himself. He may on-sell to other developers once he gets our properties.• Who would take the first offer on anything they are selling without looking at the fine-print and getting a comparison? |
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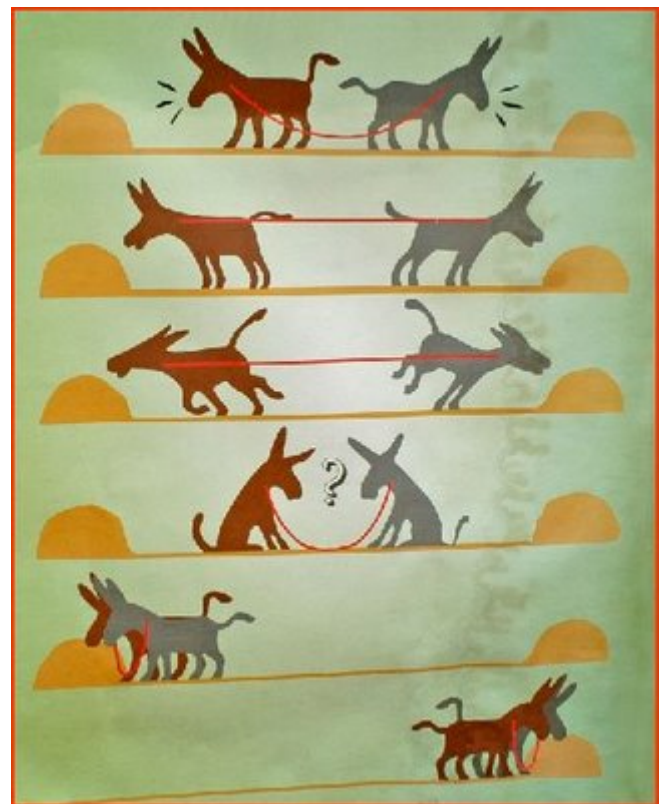
Benefits of working as neighbours

1) Economies

Let's say 10 of us take the Lyon's offer to our own lawyer for advice. Let's say each lawyer charges \$2,000. We end up with 10 pieces of advice for a total cost of \$20,000. If we decided to work together and engage 2 specialist lawyers from different firms who might cost \$5,000 each, the total cost is \$10,000 which works out at half the cost to each of us plus we get better quality legal advice (with 2 expert opinions rather than 10 general ones)

2) Avoiding winners and losers


See the scenarios on the next pages.



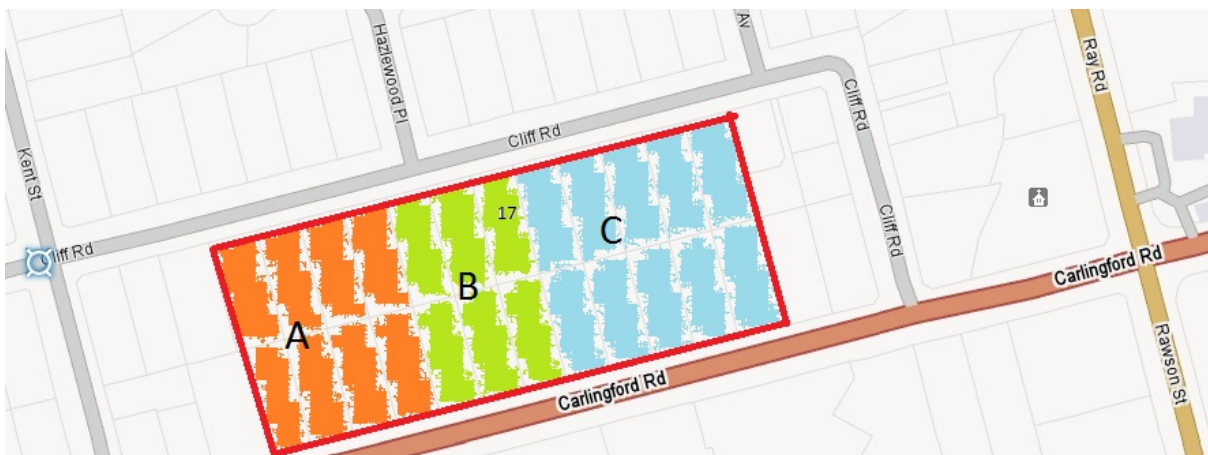
There are a number of scenarios which could happen

1. What Lyons appears to want



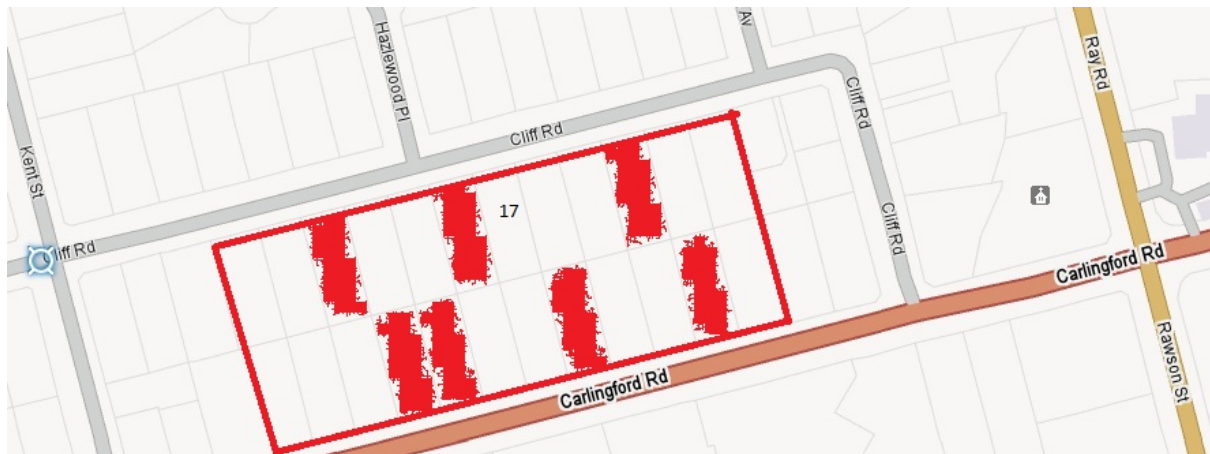
 Properties Lyons indicated interest in

2. What Lyons might do



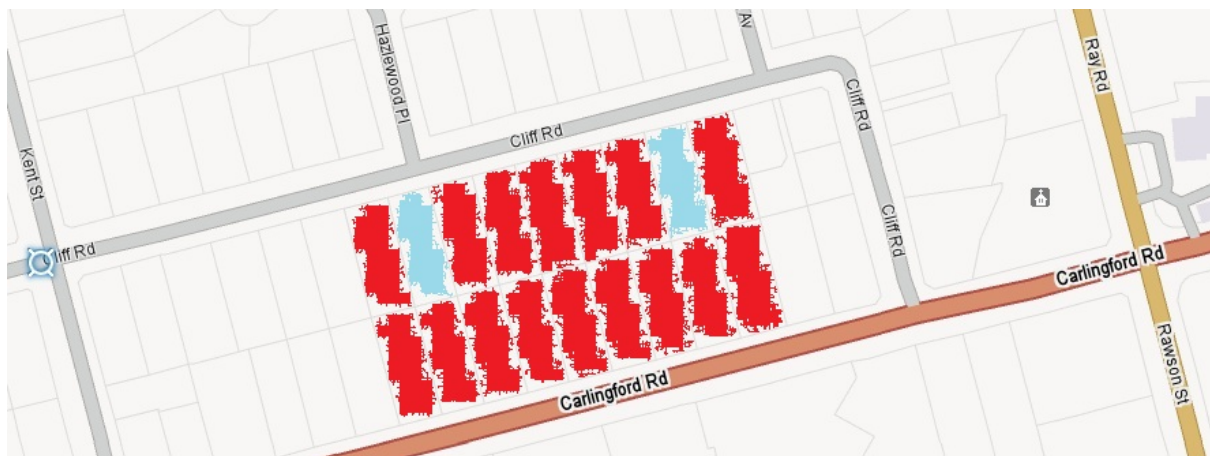
- Obtain control of the properties then on-sell them to another developer or developers, eg Developer A, Developer B and Developer C
- It may be that Lyons only wants a portion of the area (eg, the properties in C above, an on-sells A and B to other developers
- Lyons is working on a land value based on 5 storey developments; if he (or any other developer) is successful in acquiring our properties, they may seek to change the zoning to allow higher development (eg 8 storey) which would make the land more valuable.

3. Lyons ties us up



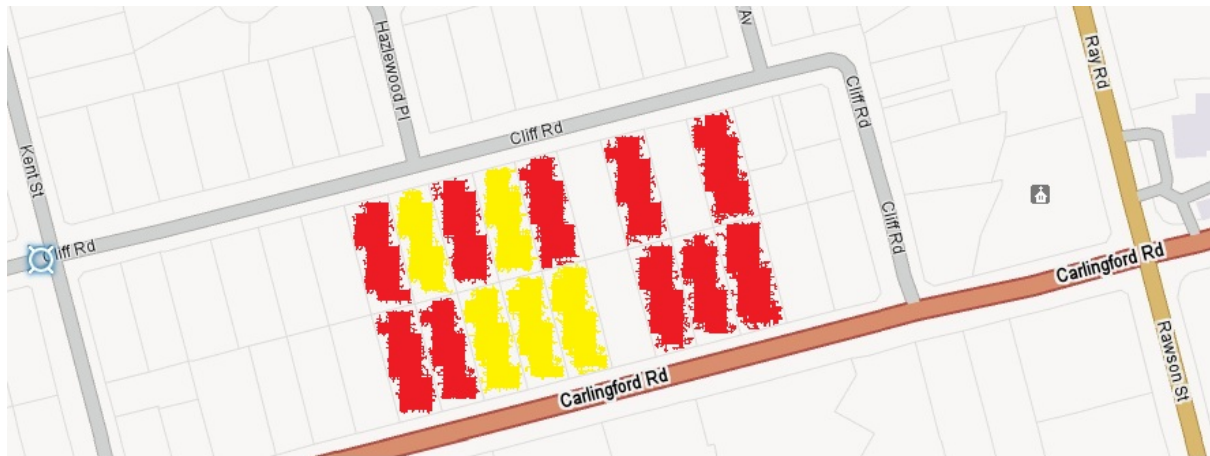
In this scenario, Lyons gains control of strategically placed properties (shown in red) which prevents other developers being able to gain a group of properties large enough to build an apartment block. Without the competition of other developers, he is able to minimise the price paid to owners of the other properties.

4. Over a barrel



In the scenario above, the owners of the properties shown in blue either A) held out for an unrealistic price for their property with the “red” developer (eg Lyons) or B) were trying to deal with another developer who, once it became clear that the neighbouring properties were under the control of the “red” developer, walked away from any deal or C) did not communicate with their neighbours and were left out – the owners of the blue properties would now be at the mercy of the developer or face living between 5 storey buildings.

5. No win for owners



In this scenario, owners have signed deals with two competing developers (one red and the other shown in yellow). This has then led to each developer not having enough area to build an apartment block, so things stall.

Our next steps

- Do we agree to cooperate and work for the common good of our neighbours in our dealings with developers?
- Do we agree that we tell any developer who approaches us that we are working in cooperation with our neighbours, and any dealings will need to be discussed with the group before proceeding further?
- Do we agree to not enter into any agreement with a developer without first advising the “Common Good Group”?
- Do we agree to pool our expertise and knowledge, and to communicate regularly with each other?

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9 October 2012