

Frequently Asked Questions (F.A.Q's) **regarding the Offer from Winten Lyon Pty Ltd**

22 October'12

The following have been compiled from the numerous questions received from various Cliff Road and Carlingford Road residents. They are supplied in good faith and help clarify some issues.

Question 1 – Why is it an Option on my property and not a straight out purchase?

Response – The current zoning over your home does not allow for any development. There are significant costs and risks associated with preparing a submission to change the Zoning for any land; and there are no guarantees that our best efforts will achieve a suitable change in Zone. It is a complex, expensive and time consuming process. Ask any developer.

However, it is only fair that you reap some benefit prior to any certainty prior to any Zone change. Alternatively we could have offered to purchase at the current market price, which would not be fair to you.

Note: you receive the non refundable \$10,000 Option fee upon signing; even if we are unsuccessful with our Zoning submission; and the purchase Option agreement will expire.

Further Explanatory Details

For the properties along Cliff Road and the North side of Carlingford Road Epping, the current Zoning under the Hornsby Council LEP (HSLEP) is **Residential A (low density)**. The draft LEP 2011 proposes to Zone the land **R2 Low Density Residential**.* Both proposed Zones do not allow for medium density development, as is our intent. Thus no development can proceed without submitting a detailed proposal for a change in Zone and there can be no certainty that we can get a Zone change approved.

*Refer to www.hornsby.nsw.bov.au for the LEP, DCP and their Form 149 part 2.

Note: The State Government (LEP) and the Hornsby Council (DCP) will only approve a Zone change for a development that is supported by residents and if it complies with their own strategic direction. We will not commence the zone change process without the co-operation of the land owner.

Question 2 – Will I have to wait for 2 years before we know if you are buying our home?

Response: No. As mentioned Achieving a Zone change is a complex, expensive and a time consuming process and we are assembling a team with proven specialist skills and ability. You will have a very good indication within the first four or five months as to whether our submission(s) for a change in Zone is/are finding favour with the relevant Authorities at both State and local level or not. Our budget to manage this process is well over \$400,000.

Once approval in principle is achieved, there is no exact timeframe we can put on the actual, official approval and change of Zone.

Along the way, we will continue to update property owners each month with an email Progress Report.

Question 3 – Why wouldn't we do a development ourselves?

Response – Yes, you could. You may elect to do your own development. Just be aware that there are significant costs and risks associated with this. There is also no guarantee of getting a suitable change to your Zone. Many developments stall due to delays in the approval process or the cost of the preliminaries (detailed design).

Also, remember that to manage your own development will mean not only working with your neighbours closely on a business level, but securing funding for the project.

Question 4 – What if you plan to build a huge tower?

Response – We are not proposing a large dominant building. Any proposed development must comply with all existing standard planning constraints, including site coverage ratios, set backs from the property lines and height restrictions.

Question 5 – What commission do I, the home owner, have to pay?

Response – None. In our offer, there is no commission to be paid by you to any agent, as you are dealing directly with the developer. Other agents may seek a fee to sell and then to package your properties for a developer.

Question 6 – What about protecting the environment?

Response – There is currently a tree preservation order across all properties and a heritage listing on No 34 Carlingford Road.

Question 7 – Who is paying for the development Master Plan and all the submissions to the State Government and the Hornsby Council?

Response – Winten Lyon Pty Ltd pays for all works. The land owner does not pay for any Zoning applications or the development of the Master Plan. Again our budget estimate for this work is well over \$400,000.

Question 8 – What if I sign the Deed of Option and you (Winten Lyon) don't go ahead?

Response – Firstly, as a land owner, you receive \$10,000 on signing the Deed of Option. This payment to you is non refundable. Thus the management at Winten Lyon will have invested many times that amount, depending on the take up.

Our intent is then to, as soon as practical, prepare the development Master Plan and proceed with the task of achieving a zone change so that the project can proceed.

So three scenarios for our submission:

- i. The Zone change may be rejected by the State or Hornsby Council Planning Authorities; so we review our design and reassess the project's viability; we would then probably modify our development Master Plan and resubmit, However -
- ii. The Zone change may (again) be rejected by the State or Hornsby Council Planning Authorities and we have to review our design and reassess the project's viability, and possibly cease work
Or -
- iii. The proposed Zone change is accepted; then we finalise the detailed design and submit for the process of changing the Zone and the project proceeds.

So in the case that the Zone change is rejected and the project does not go ahead, there is no doubt that the Deed of Option would be allowed to lapse. However, as we would have been in communication with the land owners, and we would all realise the conclusion.

However, should the Zone change submissions be successful, we would be communicating that to the land owners, so they would all know that we were proceeding with the final detailed design. A construction timeframe would then be shared with all land owners.

Question 9 – “My home is better than my neighbours,” so why all at the same price?

Response – Homes in both streets are realistically valued on today's market within between \$900,000 and \$1,100,000* with Cliff Road properties probably at that higher end.

Yes, when developing, the Carlingford Road have a larger set back than Cliff Road, however lot sizes are slightly larger and other design constraints along Cliff Road. This could mean that our overall design philosophy may incorporate such as an enhanced streetscape along Cliff Road, and higher elements along Carlingford Road.

As our development Master Plans are still to be finalised, and to avoid any issues later, we have offered each land owner the same offer.

*Median Price Epping for 2011 was \$935,708 and for Jan'12 to end Aug'12 is \$942,780
Source: rpdata.

Question 11 – The contract says I have to pay my own legal fees?

Response – The land owner has the right to engage their own legal advice. There are specialist conveyancers or solicitors available.

The Deed of Option is an eleven (11) page document and the Special Conditions (attached to the Contract of sale of land) is a three (3) page document.

Question 12 – What if we went to other developers and got a better offer?

Response – We have made a firm offer for your property. Should anyone offer you more money than we have, please accept that offer, on the condition that they give you a personal guarantee in writing that you will make more.

Question 13 – If I sell what taxation do I have to pay?

Response – Winten Lyon Pty Ltd are not tax agents and we do not offer tax advice. Please seek advice from your our solicitor and/or your accountant in these matters.

However, should the home in question be your principle place of residence, then any profit or capital gain realised by you, from its sale should be tax free.

Again, please seek independent tax advice in regard to doing your own development or Joint Venture, as this may not be the case.
