

**Refer to our “Deed of Option” Offer
from Winten Lyon Pty Ltd**

To: the Common Good Group, residents of Cliff Road and Carlingford Road, Epping

Due to further feedback, the following second version has been compiled for the home owners in the Cliff Road and Carlingford Road community. These FAQ's have been supplied in good faith and are designed to help clarify some issues.

From: the management of Winten Lyon Pty Ltd (Winten Lyon)

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

Response – The current zone that applies to your home does not allow for any development. Despite what has been openly discussed, the Hornsby Council does not have any change planned for your current zone on the draft LEP 2011. But we feel there is an opportunity to create a quality Development Master Plan for the area and work to achieve its approval.

There are significant costs and risks associated with preparing a submission to re-Zone for any block or blocks of land; and we must stress that there are no guarantees that our best efforts will achieve a suitable change in the current zone. It is a complex, expensive and time consuming process. Ask any developer.

However, it is only fair that, should you be part of the process, that you reap some benefit prior to any approved zone change. Thus our Deed of Option (to Purchase). Alternatively, we could have offered to purchase your home at the current market price, which would not have been fair to you.

Note: Our offer is that the home owner receives a non refundable \$10,000 Option fee upon signing. Should we be unsuccessful with our re-zone submissions and Development Master Plan, the Option agreement would expire, however the home owner still keeps the \$10,000.

Further Explanatory Details

For the properties along Cliff Road and the Northern side of Carlingford Road Epping, the current zone 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 or re-zone and there can be no certainty that we can get a Zone change approved.

*Refer to www.hornsby.nsw.gov.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 with their gazetted zone definitions and building constraints. 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 re-zone is a complex, expensive and a time consuming process and we are assembling a team with proven specialist skills and ability in this area.

How will you know earlier? You (and we) will have a very good indication within the first four or five months of working as to whether our submissions for a change in zone 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 principal is achieved, there is no exact timeframe we can estimate on the actual, official “Change of Zone” approval being received. But we will know if it is being supported by the governing Authorities or not.

Along the way, we intend to update home owners each month with an email Progress Report. In fact we are looking at establishing a secure part of our web site for continuous updates.

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

Response – Yes, you could.

You may elect to do your own development. But please be aware that there are significant costs and risks associated with this decision. We would also encourage you to secure professional taxation advice up front.

We have already mentioned that there is no guarantee of securing a suitable change to the existing Hornsby Council's Zone. There are also large “contribution fees” that Hornsby Council and other Authorities will insist are paid prior to any final approval.

Generally speaking, Developments stall or are shelved due to delays in the time taken and the effort involved in securing all the necessary approvals as well as the failure to secure funding. The success of any development is directly affected by the quality of its management and its access to suitable funding.

In doing your own development or selling to a smaller group, you may be building right beside neighbours who may be just living as normal. Refer to the attached images and Response to Question 14 following. We do not want that style of development in Epping.

Also note that, to manage your own development will mean not only working with your neighbours closely on a business level, but securing funding for the entire project faarom the owners, a bank or a venture partner.

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

Response – We are not proposing a large dominant building. Any proposed development must comply with all existing standard planning rules as specified by the State Government and Hornsby Council for the area, including site coverage ratios, set backs from the property lines and height restrictions.

Question 5 – What commission do I, the home owner (vendor), have to pay to Winten Lyon?

Response – None.
In our Deed of Option offer, there are no commissions paid by you to any agent - now or in the future.

So - Why don't you (the home owner) have to pay any commission?
You are dealing directly with the Developer.

Other agents may seek a fee or commission to sell your property; and possibly another agent's fee or commission to package your properties to a Developer. Then they would probably charge another agent's fee or commission to market and sell your Development when complete.

None of the above fees are applicable to in our "Deed of Option" Offer.

Question 6 – What about protecting the environment?

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

Question 7 – Who pays for the Development Master Plan work and all the submissions to the State Government and the Hornsby Council as well as the Council's contribution fees?

Response – Winten Lyon pays for all works.
The land owner does not pay any fees. Winten Lyon is responsible for all applications and re-zone applications, as well as all works associated with securing the approvals for the Development Master Plan. Again, our budget estimate for this work is well over \$400,000.

**The Common Good Group
Frequently Asked Questions (F.A.Q's)**

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 – and will be focused on ensuring that approvals are sought as soon as practical.

Our intent is then to expedite the preparation of the Development Master Plan and prepare a submissions for the re-zone, so that the project can proceed.

So three scenarios could arise with our submission:

- i. Our re-zone submissions 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. Our re-Zone submissions may again be rejected by the State or Hornsby Council Planning Authorities and we would have to review our design and reassess the project's viability, and possibly cease work
Or -
- iii. Our proposed re-zone submissions are accepted; then we follow the process to achieve an official re-zone; finalise the design details of our Development Master Plan and submit for development approval (D.A.) and the project proceeds.

So as per item (ii) above, the re-zone 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 home owners providing them with regular updates, we should all have come to the same conclusion.

On a positive note, as per item (iii), should our re-zone submissions be successful, we would have been communicating our progress to the land owners. So the home owners would all be aware that we were proceeding with a final detailed design. A construction timeframe would then be shared with all land owners and the consultative planning for their transition from ownership would begin.

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

Response – Homes in both streets are realistically valued on today’s market between \$900,000 and \$1,100,000* with Cliff Road properties probably at that higher end. We can only go by existing sales for this price range. Debatable perhaps, but realistic we suggest.

Yes, if developing the land, larger set-backs along Carlingford Road than apply along Cliff Road. However, individual lot size dimensions vary, with some slightly larger and others slightly wider etc. Due to other contributing factors such as existing trees, drainage conducts and service provisions, there are some practical design constraints that affect Cliff Road more than Carlingford Road.

Thus our overall design philosophy, although not totally finalised, may incorporate factors such as an enhanced (and lower) northerly facing streetscape along Cliff Road that phases into the residential homes along the North side of Cliff Road. We are also considering a “mews” design philosophy behind this, for an enhanced vista, village feel and ambiance. Then we would incorporate higher elements along Carlingford Road to balance the overall design.

As our Development Master Plan is still to be finalised, each property is of equal value to us and to avoid any issues later, we have offered each home owner the same offer.

*Median House Price for Epping in 2011 was \$935,708 and so far in 2012, (Jan’12 to end Aug’12) it is \$942,780 Source: rpdata.

Question 10 – 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.

Our 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 11 – What if we went to other Developers and got a better offer?

Response – Should anyone be offering you a higher amount for your property than we have offered, **we encourage you to accept that offer.**

But please make sure that you have a written guarantee that their offer is firm and that it is for more than we are offering. There are over a million reasons why you should have this safe guard in place.

Note:

Our offer is firm and available now.

Response to Qtn 11 – continued

A “blank” or generic document pack containing the key documents has also been provided last week both electronically and in hard copy. Specific document packs have also been drawn up for each property by our solicitors and are in our office awaiting your decision(s). A complete “specific” document pack has provided to the co-ordinator of the “Common Good Group,” for their specific property as a sample.

Winten Lyon intends to develop in Epping. Our preference is to embark on a quality, large scale area, thus our interest in the whole site. Should you decide not to proceed, we trust you will continue to enjoy living in Epping or successfully create your own development.

Question 12 – 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 principal place of residence, then any profit or capital gain realised by you, from its sale should be tax free. Again, we encourage you to seek independent tax advice in regard to doing your own development or Joint Venture, as this may not be the case.

Question 13 – “I don’t want to live next to Stage I of a construction site – your comment?”

Response – We will need to work through the timing of the settlements and handovers with each individual home owner, as the Development Master Plan is approved.

Managing the expectations of the home owners and mutually agreeing to the timing of their individual transitions from occupancy is an important part of the whole project.

As the timing and staging of the construction process is yet to be determined, Winten Lyon can only state that we will work openly with individual home owners to ensure the maximum notice is provided in advance and that flexibility will be offered in addressing the needs of the individuals, such as the timing of settlement, within reason.

Note: Should smaller groups of home owners do their own developments, say for 4 or 6 blocks together; then there is definitely more risk of living beside a construction zone for the remaining residents then would be the case with our proposal.

Refer to the two images of a development on the corner of the corner of Avon Road and Pymble Avenue, Pymble.

This was not our development, and it is not what we want for Epping. It has been provided as an example of what we do not want happen with the Epping community.

Question 14 – Can I take some sentimental parts of my home with me if I sell?

Response – Yes.

Our focus is on developing the land. The document pack contains the standard NSW “Contract for the sale of land – 2005 edition.” This contract remains unsigned until the execution of the Option by Winten Lyon, towards the end of the Option period, if the purchase is going ahead. On the front page of the Contract form, half way down in the large box, is the heading “Exclusions”

As agreed, Winten Lyon accepts that individual home owners (vendors) may wish to list items under that “Exclusions” heading that they may wish to keep for sentimental reasons. For example, the front door, a window, a sliding door, a picture or double hung window, a feature lead light, etc.

Winten Lyon will accept these items as exclusions within reason, on the basis that the items are removed from the home at the home owners expense prior to settlement.

The individual list of Exclusions is not required until the Option is exercised at the end of the Option period, approximately 10 months in the future.

For further information concerning Winten Lyon Pty Ltd, refer to: www.winten.com.au