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**PLANNING AGREEMENT –
LETTER OF OFFER**

Public Benefit Offer in Connection with Lend Lease Development's Proposed Development at Circular Quay

1 Overview

This is a public benefit offer by Lend Lease Development Pty Ltd (**LLD**) in connection with its proposal to redevelop land at the northern end of George Street at Circular Quay (**Proposed Development**). The Proposed Development will have street frontages at 174-176A to 182 George Street and 33-35 Pitt Street.

The key elements of the Proposed Development are:

- (a) a commercial office tower and low-scale buildings, all with activated fine grain retail frontages;
- (b) the significant improvement/remodelling of Jacksons on George;
- (c) a public plaza; and
- (d) an enhanced network of lanes within the Proposed Development site.

This offer is to enter into a Voluntary Planning Agreement (**VPA**) as agreed between the Council of the City of Sydney (**Council**) and LLD.

The offer relates to amendments to the *Sydney Local Environmental Plan 2012 (SLEP)* and the *Sydney Development Control Plan 2012 (SDCP)* to allow, *inter alia*, the transfer of floor space and alternative building heights so as to facilitate the carrying out of the Proposed Development (**LEP Amendment**).

This offer summarises the extent of the public benefits to be provided by LLD under the proposed VPA which are set out below.

2 Dedications and Public Works

2.1 George Street Public Plaza

LLD will construct, subdivide and dedicate to Council an area of land in stratum within the Proposed Development site suitable for use as a public plaza at no cost to Council. The stratum will be unlimited in height and include a stratum basement level below the plaza to be fitted out as a public cycle facility as referred to in paragraph 2.2 below. The land, at Council's discretion, will be classified by Council as operational land. The plaza land (stratum) will include constructed public access stairs on the northern edge to lane level and will be drained, paved and lit to Council's reasonable requirements with finishes equivalent to granite. LLD will provide 3 phase power and water services to support creative activities in the plaza. The value of Crane lane is not offset against delivering this component.

2.2 Public cycle facility

LLD will construct, fit out and dedicate to Council the stratum below the George Street Public Plaza as a public cycle facility with public amenities to Council's reasonable performance specifications to be agreed with Council. The land, at Council's discretion, will be classified as operational land. The value of Crane Lane is not offset against delivering this component.

2.3 Lane Level Public Plaza(s)

LLD will construct, subdivide and dedicate to Council land outside and to the south of the Rugby Club for use as a public plaza. The land (area in square metres to be agreed), at Council's discretion, will be classified as operational land.

The plaza(s) will be drained, paved and lit to the Council-required public domain standards and LLD will provide 3 phase power and water services to support creative activities in the plaza. The value of Crane Lane is not offset against this component.

The above ground stratum will be unlimited in height and the below ground stratum will exclude a below grade basement area (depth to be determined with Council) which will be used by LLD.

2.4 Community stratum (including multi-use edge 'Community Building')

LLD will construct, subdivide and dedicate to Council in stratum (the relevant Council stratum to be classified as operational land at Council's discretion) a high quality, double height plaza edge 'Community Building' including a ground, first floor and roof to the eastern edge of the George Street Public Plaza at no cost to Council. The building will include a minimum 5 metre high ground floor clearance to structure; a minimum 4 metre high first floor clearance to structure; and a minimum 3.5 metre clearance below plaza level.

The building will also provide internal access to the public cycle facility referred to in paragraph 2.2 above and include an internal passenger and cycle lift to provide access from George Street to the laneway and through to Pitt Street. The internal passenger lift may also serve as a means of public access between the George and Pitt Street (lane) levels.

Council and LLD will continue to discuss, with a view to agreeing if possible, any restrictions on the use of the community stratum. However, this offer does not depend on any restrictions being in place and any such restrictions will be subject to Council's agreement.

Subject to further detailed design work to be agreed, around seventy percent of the below plaza level floor space below the edge building will remain with LLD to be used for laneway tenancies. Around thirty percent of the below plaza level floor space (adjoining the northern stairs and located below the edge building) will be dedicated to Council to provide internal and external access to the public cycle facility and or deep soil planting depth.

2.5 Expanded laneway network

LLD will construct, subdivide and dedicate to Council land in stratum within the Proposed Development site for the purposes of public lanes at no cost to Council. The public lanes will be drained, paved, serviced and lit (and contain an accessible zone for infrastructure services as required) to the Council-required public domain standards. The land, at Council's discretion, will be classified as operational land. The value of Crane lane is not offset against delivering this component.

The above ground stratum will be unlimited in height and the below ground stratum will exclude a below grade basement area (depth to be determined with Council) which will be used by LLD.

3 Land transfers to facilitate the realisation of public benefits

3.1 Mirvac Triangle

In exchange for Council transferring to LLD the 'Mircvac Triangle',¹ LLD will transfer to Council an equivalent area of land in stratum, within the Proposed Development site suitable for use as a public plaza, to be classified at Council's discretion as operational land.

The land will be developed to a high quality specification to be agreed with Council.

This 'land swap' forms a key step in enabling LLD to maximise the material public benefits associated with the public plazas discussed in paragraphs 2.1 and 2.3 above.

3.2 178A George Street (Crane Lane)

The Proposed Development contemplates incorporating 178A George Street (Crane Lane) into the development site. The market value of Crane Lane may be offset against the 'at cost' value of constructing the 'Community Building' for the component at the plaza level and above (excludes any offset against the construction of area to be retained by LLD at lane level retail or any other area below the plaza). The building (excluding the Café) is to be constructed with agreed fit out, subdivided and dedicated in stratum by LLD to Council. The Café shell, with base building provisions to the City's reasonable specification is to be constructed, subdivided and dedicated in stratum by LLD to Council.

LLD agrees to carry out the 'Community Building' works component on behalf of the City, to the City's reasonable specification including fit out) at cost (including reasonable sub-contractor margin, reasonable design fees and reasonable contingency allowance), without benefiting or charging for project management, development overhead or margin. If the reasonable and documented cost of construction and fit out of the 'Community Building' at the edge of the plaza for the component from plaza level and above is less than the agreed market value of Crane Lane, LLD will pay to Council a monetary contribution equal to the balance. If the cost of construction and fit out of the 'Community Building' exceeds the market value of Crane Lane, then the additional cost will be met by LLD.

This forms a key step in enabling LLD to maximise the material public benefits associated with the Proposed Development.

4 Easements and covenants

4.1 Commercial Tower

An instrument (covenant) in favour of and acceptable to Council will be registered on the land upon which the commercial tower is located preventing it from being used for residential, serviced apartments or hotel uses. The covenant would not apply to any other land including the land upon which Jacksons on George or the Rugby Club are located.

4.2 Laneways

The public lanes (which are likely to function as shared ways) will be subject to easements (existing and new) conferring vehicular access to Jacksons on George, the Rugby Club and Gold Fields House and any approved encroachments.

In the event that cl 6.8 of the SLEP is amended with the effect that the Proposed Development is eligible for 'Lanes development floor space' then an instrument (covenant) in favour of and acceptable to Council would be registered on the laneway land to preserve a maximum 100m² Gross Floor Area laneway premises strata lot (to preserve small business opportunities).

5 Other contributions appropriate under a VPA

5.1 Public art

LLD will contribute an amount equivalent to no less than 1% of the Capital Investment Value of the Proposed Development towards the installation of a publicly owned artwork at an agreed location on the land comprising the new George Street Public Plaza. This in addition

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to any other development contribution that may be imposed (currently s61 under the City of Sydney Act).

6 Other matters

6.1 Reasons for VPA

LLD acknowledges that the LEP Amendment provides an opportunity to transfer floor space and building height within the Proposed Development site once the LEP Amendment is made.

6.2 Timing and structure of VPA

LLD proposes to enter into a VPA prior to the LEP Amendment being made. The VPA will not take effect until such time as the LEP Amendment is made and until consent for the development is granted. However, LLD acknowledges that Council is entitled to register the VPA on the title of the relevant lots prior to the LEP Amendment being made. It is intended that a final and binding offer to enter into the VPA will be made once a formal VPA document has been prepared. This final and binding offer will be made prior to the exhibition of the VPA.

6.3 Utilisation of the LEP amendment

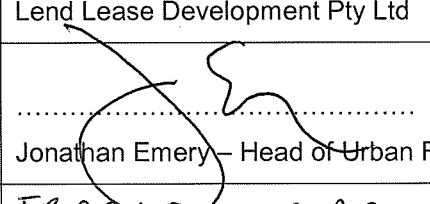
LLD agrees that its obligations to deliver the public benefits that are contemplated under the terms of the proposed VPA will take effect prior to the issue of any construction certificate for a development that utilises the provisions of the LEP Amendment to transfer floor space within the Proposed Development.

6.4 Security

LLD will provide security (either a guarantee or performance bond) in a form acceptable to Council to the value of the works in kind carried out as part of LLD's public benefits offer.

6.5 Section 61 development contribution

This public benefit offer does not exclude the operation of the provisions of Section 61 of the *City of Sydney Act 1988*. For the avoidance of doubt, LLD acknowledges that any contributions payable under Section 61 of that Act will be paid without any offset to any contributions payable under the VPA.

Name of Developer	Lend Lease Development Pty Ltd
Signature of Developer	 Jonathan Emery – Head of Urban Regeneration
Date	FRIDAY 3 OCTOBER 2014

ⁱ The 'Mirvac Triangle' is comprised of the land identified as 'Public Plaza' and 'Land for Roads' in the VPA executed by Council and Mirvac Projects Pty Ltd, Mirvac George Street Pty Ltd and Mirvac Projects George Street Pty Ltd on 13 February 2013.