




# Lend Lease Development Projects Victoria Harbour



**Lend Lease**



Victoria Harbour

## The Components

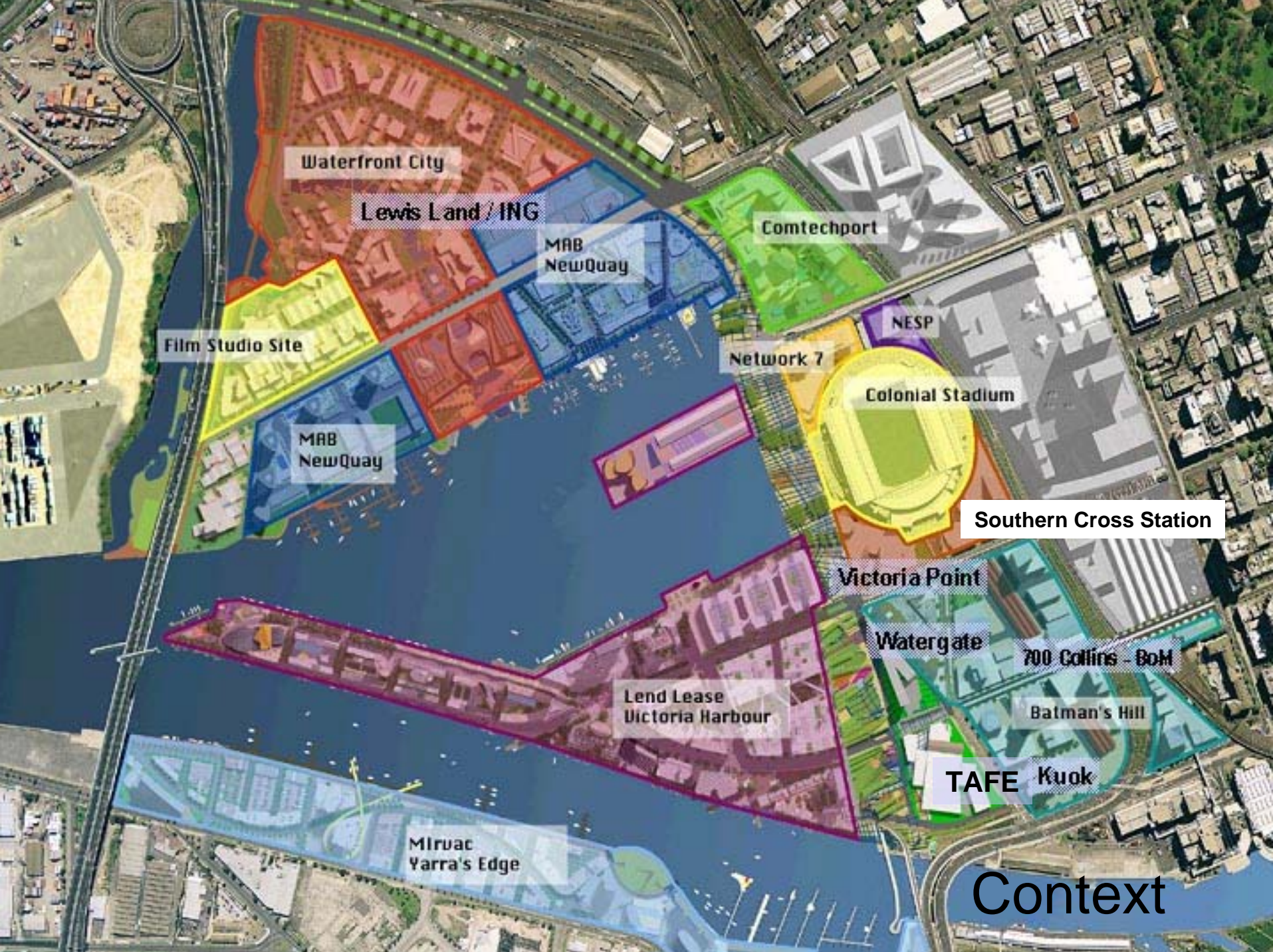
A \$1.8 billion development comprising

- 2,100 homes
- 250,000m<sup>2</sup> of commercial space
- over 6 ha of public open space & 3.5km of water frontage
- 40 hectares of water
- 20,000m<sup>2</sup> of retail, restaurants, entertainment
- 15,000m<sup>2</sup> community facilities
- Marinas (200 berths)
- 15,000 workers & residents



Melbourne CBD

Context



Waterfront City

Lewis Land / ING

MAB  
New Quay

Comtechport

Film Studio Site

MAB  
New Quay

Network 7

NESP

Colonial Stadium

Southern Cross Station

Victoria Point

Watergate

700 Collins - BOM

Lend Lease  
Victoria Harbour

Batman's Hill

TAFE Kuok

Mirvac  
Varra's Edge

Context



# Lend Lease Development Agreement



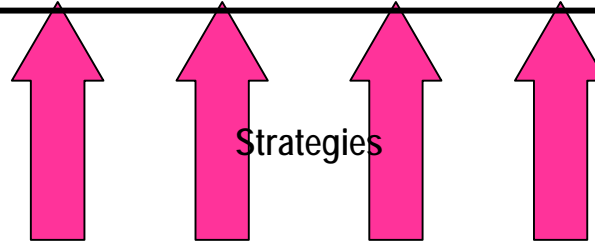
The Development Agreement is with VicUrban and is based on a “pay as you go” principle.

The key elements of the agreement are as follows:

1. The land is owned by and is released for development in stages.
2. Each stage will be developed in accordance with market demand and will only proceed once pre commitment criteria is achieved.
3. Construction of the public domain and infrastructure will be staged with the development.
4. The remediation responsibility lies with Lend Lease Development with limited liability.
5. If Lend Lease Development proceed with a stage, Lend Lease Development must pay the authority a percentage of the gross revenue:
  - Land payment
  - External infrastructure contribution (capped).
  - Gas works site remediation contribution (capped).
  - On site public art contribution
6. Three sunset dates have been agreed which gives VicUrban the right to terminate the agreement. Two remain:
  - Commencement of 30% of the developable area within 10 years.
  - Completion of the project within 20 years.



One Lend Lease at Victoria Harbour  
Delivering a consistent quality earnings  
stream



**Design Framework**  
Addresses neighbourhood spaces and  
places to encourage a diversity that  
makes sense & creates a Victoria  
Harbour where people want to be

**Vision & Commitments**  
A foundation of overriding principles for Victoria Harbour

## THE OPPORTUNITY

# Lend Lease Advantage

- Partnering with Land Owner
- Track record, skills and experience
- One Lend Lease - Provision of all services: design, development, construction, project financing, asset ownership





# The Victoria Harbour Commitment

## Redefining Inner Urban Development

Lend Lease is committed to delivering urban places in Victoria Harbour where people want to be.

### Urban Places

A Waterfront for the City  
Urban Village Atmosphere  
Parks and Promenades Without Equal

### For People

A Sense of Belonging  
Choice of Diversity  
Individual Wellbeing  
Design Standards – for your peace of mind

### By Lend Lease

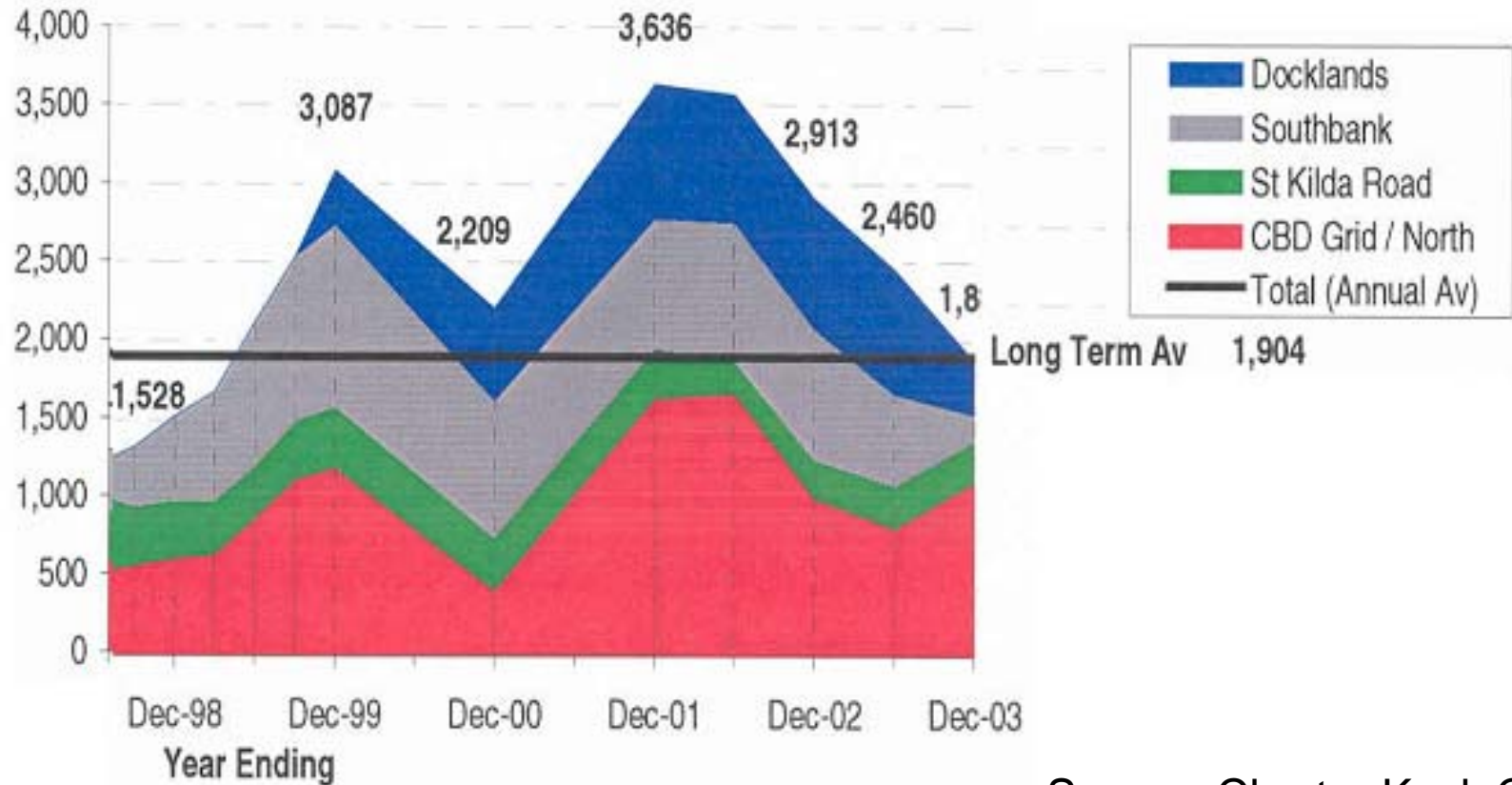
Quality: Design, Control and Assurance

With our reputation and values built over forty years, Lend Lease will harness that experience to deliver it's promise of a Victoria Harbour where people want to be.

# Residential Trading Strategy

- Market
- Key Competitive Advantages
  - Place
  - Choice
  - Lend Lease Quality
- Risk Management

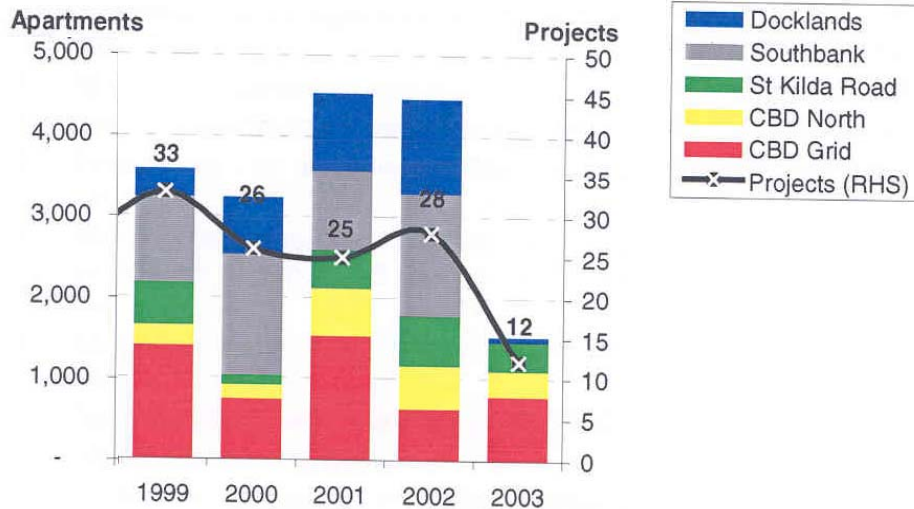
# Residential Trading Strategy Market



Source: Charter Keck Cramer

# Residential Trading Strategy Market

## Apartment Supply



The industry has responded quickly to softening demand. According to Charter Keck Cramer, stock will take 1.1 years to clear (0.5 for Docklands).

# Victoria Harbour Unveiled

Victoria Harbour will be the urban waterfront heart of Melbourne, a sustainable, contemporary and authentically Melbourne place that enhances the city's reputation as a global destination and provides a new dimension to living, working, learning and play.

**Docklands Park**  
Created with local families and children in mind, this 20-acre regional park is the gateway to Victoria Harbour. Cafes, convenience store, bike away food and newsagency however, make this more than just a park.

**Docklands Skilling & Employment**  
Providing employment, education and skilling services.

**Collins Street**  
With showrooms space and residential above on the North side and waterfront showrooms on the South, Collins Street is new for everyone, from residents, workers and visitors.

**Buckley Street**  
Whoever you want or need, whether you're local or a visitor. From designer shops to supermarket convenience, funky dining to alfresco cafes, it's all here with style and pizzazz. Whoever you are, Buckley Street is yours.

**Yarra Lane**  
Where art, culture and real life meet. Where loft apartments, clubs and bars come together, adding character and diversity in their own unique way.

**Bourke Street**  
No matter where you work or live, everyone needs amenities. From stationery to sportsretail, post office to travel agent, you'll find all your needs catered for and then some.

**Dock 5**  
Spacious apartments with panoramic north-facing views. Designed to become Melbourne's most prestigious waterfront address.

**Victoria Harbour Promenade**  
The jewel in Victoria Harbour's crown, you'll be spoilt for choice with its concentration of restaurants, bars and cafes. There's always something going on at this sunny waterfront destination for locals and visitors alike.

**Victoria Square**  
The place to be and be seen. This "hip" hub of Victoria Harbour has it all. Stroll around the art gallery, have lunch on the plaza, then pamper yourself in the spa before dinner in the boutique hotel Porto-Cochero.

**Central Pier**  
Through its dedication to the arts and regeneration of heritage structures, Central Pier will be a cultural icon, attracting visitors to its galleries, studios, performance spaces and markets.

**Park Terrace**  
An extraordinary boutique address, which presents a renaissance in garden terrace living. Adjacent to Docklands Park, and within walking distance of the water, you'll never believe you were living in the city.

**The Village**  
The heart of Victoria Harbour, providing a range of diverse spaces, experiences, homes and services that characterize the best inner urban communities.

**North Wharf**  
Ground level homes combine with the water and Public Park to create a recreational focus for this desirable residential address.

# **Residential Trading Strategy**

## **Competitive Advantage: Choice**

A range of products across 4 different building types to achieve 100-150 sales per annum.

This equates to a market share of 5-7% of the underlying apartment demand.

Each building will be partially pre-sold prior to commencing construction.

# Residential Trading Strategy

## Competitive Advantage: Choice

- 4 'Product Lines'

Premium	\$8k +/-m <sup>2</sup>	
Harbour front & premium river front	\$7.5k/m <sup>2</sup>	(\$6-10k/m <sup>2</sup> )
Park & River front	\$6.5k/m <sup>2</sup>	(\$5-8k/m <sup>2</sup> )
Village	\$5.5k/m <sup>2</sup>	(\$4-7k/m <sup>2</sup> )

- Even within each product line choice of home will be managed to price points and consumer needs. eg Dock 5 – 33 floor plans, priced from \$0.4m to \$4m.

# Residential Trading Strategy

## Competitive Advantage: Lend Lease Quality

- Quality of design: Design Charter
  1. Views that won't be built out.
  2. A welcoming entrance & respect for privacy.
  3. Light, airy living spaces both inside and out.
  4. Comfortable 24 hours a day – all year round.
  5. Convenient accessibility.
  6. Adaptable space that meets changing lifestyles.
  7. Minimal on going costs.
  8. Plentiful storage space.

Lend Lease – unmatched design. Unparallel experience
- Quality Control during construction
  - Bovis Lend Lease – 40 years Experience
- Quality Assurance
  - Lend Lease delivers – track record and long term participation giving property value appreciation.



# Residential Trading Strategy Risk Management

- Broad Market Appeal: Product lines and choice within buildings
- Stock Control
  - Selling 'off plan'
  - Presales before commencing
  - Ability to bring on smaller releases
- Critical Mass of Project
  - 1/5 size CBD
  - Mixed Use
  - Real Place
- Cost Control
  - GMP with Bovis

# Commercial Trading Strategy

- Market
- Key Competitive Advantages
- Risk Management

# Commercial Trading Strategy Market

- Market
  - Current vacancy 10% - expected to top out at around 15%.
  - Current annual absorption 27,000m<sup>2</sup> pa – Historically 40,000m<sup>2</sup> pa.
  - Industry forecast expect an upswing circa 2006.
- Long term outlook
  - We need to capture up to 18% of growth in demand over next 15 years.
  - OR we need to capture up to 4% of lease expires over the next 15 years.
  - 20 strata office sales pa for a market share of 10%.

# Commercial Trading Strategy

## Competitive Advantage

1. Location and Convenience
  - Part of the city with park/water access
  - Bourke and Collins Street address
  - 60% Melbourne population within 30 minute drive
  - plentiful access to public transport
2. Taylor Made Solutions
  - We can offer
    - > CBD quality building adjoining park and water or,
    - > Suburban-style buildings on the CBD fringe and/or
    - > A hybrid new opportunity (such as NAB)
  - Large floor plates that cant be provided in the CBD
3. Opportunity to consolidate under one roof. Naming rights for small to medium size tenants as well as large tenants.
4. Proven Delivery Capability

# Commercial Strategy Risk Management

- Broad Market Appeal
  - Several precincts and innovative building typologies
- Stock Control
  - Tenant and take out secured before construction commences.
- Integrated Delivery Approach
  - Partnership with tenant/owner from concept.
- Cost Control – GMP with Bovis

# Retail/Mixed Use Trading Strategy

- Market Context
- Our Offer
- Risk Management

# Retail/Mixed Use Trading Strategy

## Market Context

- Melbourne has a strong retail culture and mature market
- CBD developments have filled any capacity in that market
- High Street retail investment remains in strong demand for new product

# Retail/Mixed Use Trading Strategy Market: Docklands Context



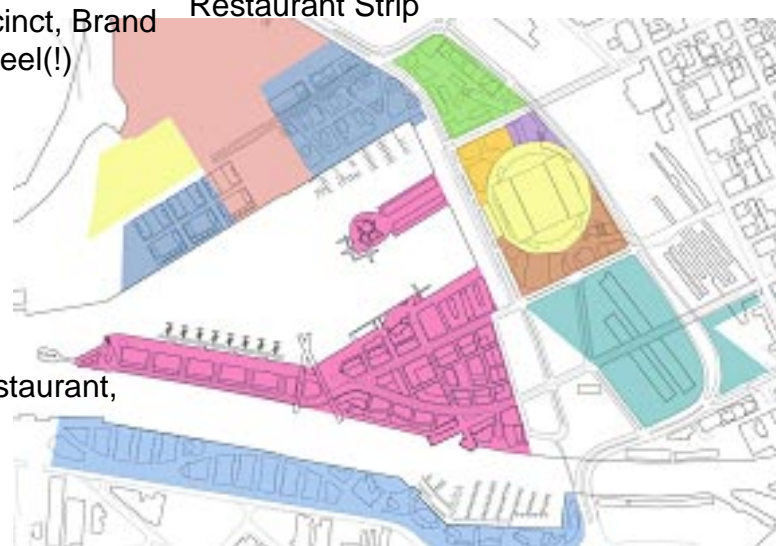
**Waterfront City**

Large scale retail entertainment precinct, Brand Direct Outlets, Bulky Goods, Big Wheel(!)

**New Quay  
Restaurant Strip**

**Batmans Hill**

Retail components to most buildings  
Proposed Fresh Food Market in Heritage Goods Shed



**Yarras Edge**

Limited retail, convenience store, restaurant, gallery

**Buckley Street Victoria Harbour**

The retail heart of the Docklands offering convenience to the resident and meeting lifestyle aspiration wants of the visitor.



# Retail/Mixed Use Trading Strategy

## Our Offer

- Victoria Harbour is divided into a range of precincts and environments
- Different precincts reflect a different appeal, character and range of offer within a common theme
- Responding to the broad range of residents, workers and visitors
- Bringing people to the streets. Interest and character, bustle and busy
- Shopping focussed with dining and entertainment
- Three primary offerings:
  - Convenience: *‘what I need’*
  - Discretionary appeal: *‘what I want’*
  - Relevant critical mass: *‘the place to shop for it in Melbourne’*

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# Retail/Mixed Use Trading Strategy

## Our Offer: Buckley Street

- Principal shopping district – consumer and convenience
- Linking community, residents, workers and visitors
- Providing places to gather, meet and be entertained
- Creating a connection between all precincts
- Civic heart of the community
- Seven buildings along both sides of Buckley Street from Bourke to Collins
- An approximate street length of 160m, 50 shops units, 750 cars
- Predominantly retail use at ground level with a variety of commercial, service, community and (future) residential above
- Supermarket & Community uses underpin long-term relevance

# Retail/Mixed Use Trading Strategy

## Risk Management

- Offer is clearly differentiated and positioned within the market. Offer supported by JDH Economic Studies & focus groups.
- Stock Control
  - Sell off plan
  - Delivered as project evolves
- Sustainable
  - access and onsite parking
  - small component of project
  - large on site working population
  - Only full like supermarket in Docklands
- Cost Control
  - GMP with Bovis

# Initial Delivery Strategy

Targeted strategy to create place and build trading momentum

- NAB
- Dock 5
- Park Terrace
- Buckley Street

**Victoria Harbour**

# Initial Delivery Strategy



NAB

Docklands Authority  
undertaking base  
works of Docklands  
Park

## NAB

- First time public can enjoy Victoria Harbour
- 3,500 potential advocates move in during 2004
- Profitable project
- Happy client
- Building one practical completion achieved
- Building two practical completion in August 2004

# Initial Delivery Strategy



Dock 5

## Dock 5

- First residential offering
- Sets the Lend Lease residential benchmark in Melbourne
- Reinforces consumer confidence in Lend Lease
- Bovis Lend Lease backlog improved

# Initial Delivery Strategy



## Arrival Works

- Board Approval to enhance arrival once another building is committed
- Creates link to CBD and deepens consumer confidence



# Initial Delivery Strategy

## **Buckley Street**

- Heart of Victoria Harbour
- Shopping street for not only Victoria Harbour but also broader catchment
- First demonstration of Lend Lease and Victoria Harbour ability to deliver people friendly streets – our principle competitive advantage
- Memorandum of information currently issued to select private investors.
- Stage 1 commencement in November 2004



# Initial Delivery Strategy

## Park Terrace

- Broadens residential market reach
- Will further enhance arrival
- Reinforces consumer confidence in Lend Lease
- Stage 1 & 2 commence construction in August 2005



Park Apartments