

Benmill Pty Ltd & JB No 3 Pty Ltd
ACN 003 650 691

FIVEX

14 February 2019

Honuka Pty Limited
C/- Pears Pty Limited, ground suite 3, 24 Ross Street
North Parramatta NSW 2151

And via email to Bruce Abrahams: bruceja@bigpond.net.au

Dear Bruce,

RE: Letter of Offer to acquire 283 Alfred Street, North Sydney

I write in relation to your site at 283 Alfred Street North Sydney.

As you are aware, North Sydney Council exhibited a draft Planning Study in March 2018 in relation to the 'Alfred Street Precinct', which includes both our properties at 275 and 283 Alfred Street, North Sydney.

Post-exhibition, Council officers reported the draft Planning Study for the Alfred Street Precinct in January 2019. Although the Planning Study was not ultimately adopted by Council, both reports recommended the amalgamation of 275 and 283 Alfred Street as part of any future redevelopment of the Precinct.

Benmill Pty Ltd, as the owner of 275 Alfred Street, is committed to achieving a future development outcome that will enable renewal of the Alfred Street Precinct that is broadly consistent with Council's stated aims and objectives. To that end we are willing to purchase your property for a fair market price.

Accordingly, we have obtained an independent valuation from Cushman and Wakefield for the purposes of making an offer to acquire your site at 283 Alfred Street, North Sydney. For your information, please see attached the letter from Cushman and Wakefield.

To acquire a 100% freehold interest in 283 Alfred Street, we are pleased to provide this offer, setting out the key terms on which Benmill Pty Ltd is prepared to proceed and will form the basis of the documents to formalise the transaction.

Property

Unencumbered, free and clear title(s) which relate to the 100% freehold interest in property at 283 Alfred Street, North Sydney.

We understand that there are a number of existing tenancies and for the purposes of this offer we have assumed that the leases are subject to demolition clauses or expire in 3 years or less.

We also understand and accept the limited rights of way and easements affecting part of the land and a right of way and easement for electricity and other purposes disclosed in Cushman and Wakefield's letter.

Any costs associated with renegotiating existing leases will be borne by the Vendor.

Purchase Price

Benmill Pty Ltd hereby offers **\$14,500,000** excluding GST for 283 Alfred Street subject to the following:

1. That the annual fully let net income for the property is no less than \$840,000;
2. That all leases or licences are for a term of 3 years or less;
3. For any lease or licence that is for a term for more than 3 years that a legally enforceable demolition clause applies;
4. Delivery of the legal documentation and execution satisfactory to Benmill Pty Ltd and its lawyers;
5. General due diligence that 283 Alfred Street is compliant with appropriate fire regulations and that the building is currently structurally sound;
6. That a 10% deposit is payable on exchange of contracts;
7. That the settlement period is no less than 3 months from the date of exchange;
8. That each party pays for its own legal, due diligence and transaction costs.

Confidentiality

The terms and conditions of this offer must remain confidential and must not be disclosed to third parties, without the express written consent of Benmill Pty Limited.

Honuka Pty Limited is expressly authorised to disclose this offer to its lawyers, accountants, managing agent and valuation experts.

Exclusive Dealing

During the period from the date of acceptance of this offer by Honuka Pty Limited to the point of exchanging on the sales contract or termination of this offer (whichever is the earlier), Honuka Pty Limited will exclusively deal with Benmill Pty Limited and will not take any action to directly or indirectly encourage, initiate, continue or engage in discussions or negotiations with, or provide any information to, enter or permit the entry into of any agreement, contract or arrangement with any party other than Benmill Pty Limited, concerning the sale of 283 Alfred Street, North Sydney or any part thereof, or similar transactions involving Honuka Pty Limited.

Governing Law

This offer is governed and construed under the laws of New South Wales, Australia

Expiry

This offer expires at 5pm on Thursday 28 February.

Yours sincerely

Lesli Berger
Managing Director
Benmill Pty Limited

Acceptance of offer:

The terms and conditions set out above are agreed and accepted, signed by an authorised officer of the vendor, Honuka Pty Limited.

The terms as outlined in this offer are agreed between the parties, signed on behalf of the vendor, Honuka Pty Limited ACN 001 781 826 ABN:

Signed:

Signed:

Print Name of Director:

Print Name of Director:

Dated:

Dated:

Witnessed:

Print Name of Witness:

Dated: