

Friday 8 July 2016

Attention: General Manager
The City of Newcastle
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Dear Sir / Madam

**RE DEVELOPMENT APPLICATION
PROPOSED HOTEL DEVELOPMENT AT
PART No. 500 KING STREET, NEWCASTLE WEST**

Please find enclosed a Development Application (DA) for a new 170 room hotel proposed to be developed at Part No. 500 King Street, Newcastle West.

Tactical Group is submitting this DA as the applicant on behalf of the land owner of the subject site, being Pro-Invest Australian Hospitality Opportunity (ST) Pty Limited ("Pro-Invest").

The requisite consent on behalf of the owner for Tactical to act in the capacity of applicant for this DA is included in the application documentation.

We have endeavoured to provide a full and thorough submission including all technical drawings and data, as well as reports to support our application, however should any further information be required we hope and envisage that we can maintain an open and collaborative dialogue with the City of Newcastle through the assessment process and furnish any additional information as and when required to achieve a smooth and timely assessment.

Set out below are some highlights of our proposal and responses to a number of key issues that were discussed in UDCG meetings with the City of Newcastle in March and then again in April 2016.

We trust that the information enclosed is satisfactory to enable an assessment of our Development Application and we look forward to confirmation of acceptance of lodgement at your earliest convenience.

Should you have any questions, please do not hesitate to contact the undersigned as representative of the applicant.

Yours sincerely
for and on behalf of
TACTICAL GROUP



Richard Campbell
Managing Director

INTRODUCTION

The enclosed Development Application (DA) has been prepared in accordance with the City of Newcastle requirements and with consideration to feedback received at UDCG meetings in March and April 2016.

PROPOSAL OVERVIEW

The development proposal is for a hotel development at Part No. 500 King Street, Newcastle West.

The development can generally be described to include:

- A Holiday Inn Express Hotel comprising 170 guest rooms and associated hotel facilities;
- Two levels of car parking;
- A retail tenancy at the ground floor on King Street adjacent to the hotel entry and main public area.

The building will be developed and owned by Pro-Invest and the hotel will also be managed by Pro-Invest.

The proposal seeks to provide high quality, short-stay accommodation to service the needs of the growing Newcastle West area, and is also in response to the future growth strategy of the locality including around the proposed transport interchange project.

ABOUT PRO-INVEST GROUP

Pro-Invest Group is a boutique investment house with a focus on private equity and real estate investment. Pro-Invest has embarked upon a roll-out of the globally recognized Holiday Inn Express brand across Australia and New Zealand.

The proposed Holiday Inn Express Newcastle at Part No. 500 King Street is intended to be the fifth hotel to be delivered in Australia under a Master Development Agreement with InterContinental Hotels Group (IHG).

Pro-Invest's major point of difference is that it is the owner, developer and operator of each hotel, providing the City of Newcastle surety that time to market and commencement of operations is critical to the project stakeholders and the supply of the proposed new short stay accommodation development into the Newcastle West market will not be delayed or disrupted due to the need to source an appropriate brand and operator.

The hotel (and ancillary uses within the building) have been specifically designed around the Holiday Inn Express global brand standards and also in line with specific operating criteria which Pro-Invest has developed and fine-tuned across its first four projects.

The capacity, capability and proven track record of Pro-Invest and the Holiday Inn Express brand in Australia should provide the City of Newcastle with the comfort that this proposal represents an absolute commitment to the delivery and long term operation of new and high quality accommodation in the Newcastle West precinct.

Further information has been supplied in a separate letter from Pro-Invest Group.

BRAND QUALITY AND OPERATION – HOLIDAY INN EXPRESS

The hotel will be operated under the stable of one of the world's leading hotel companies, InterContinental Hotels Group (IHG), as a Holiday Inn Express. Subject to planning and approvals, it is likely that this hotel would be the fifth of its kind in Australia as part of a national roll-out program.

Globally, there are almost 2,400 Holiday Inn Express® hotels with more than 540 in the pipeline. For more information about Holiday Inn Express® hotels, please visit www.holidayinnexpress.com.

IHG is one of the world's leading hotel companies. The group franchises, leases, manages or owns more than 4,900 hotels and 720,000 guest rooms in nearly 100 countries, with more than 1,300 hotels in its development pipeline. (as at Q3 2015)

IHG also hosts the industry's largest loyalty program with over 76 million members.

The Holiday Inn Express brand has a global reputation for service, comfort, style and value, and this is supported by the fact that it is currently the fastest growing brand in the world. Given that the brand is relatively new to

Australia and somewhat locally unrecognised, we stress that it is a Quality Select Service hotel focused on the needs of corporate and short-stay visitors and should not be confused with a “budget” product – this is reflected in the quality of the design and services offered within the hotel which could be articulated as a 5 star room accommodation experience without the provision of large scale conferencing and F&B facilities associated with full service hotels.

The Holiday Inn Express model has been successfully implemented in many countries. The success of the brand is largely due to the implementation of a smart operating model that focuses on essential customer facilities and services.

Operationally, the model is enhanced by multi-skilling of employees through cross-training programs to perform all general responsibilities, automation of guest systems and guest service programs, including outsourcing of non-core operations such as laundering, and efficiency through design and planning of guest areas and operational zones.

The select service nature means the brand only offers a breakfast service with no formal dining available during the daytime and evening, and as such contributes strongly to investment in the local economy by encouraging guests to experience food and beverage, and other tourism related offerings outside of the hotel.

COMMITMENT TO LOCAL ART AND CULTURE

Whilst the formulaic nature of the hotel brand and operating criteria places some restriction on the layout of the built form, we recognise that every city and town has unique identifiers and cultural influences which should be respected and thoughtfully considered in building design.

To this end, we are investigating the commissioning of a local artwork to be incorporate to the Ground Floor street frontage of the hotel along King Street. We are also proposing to utilise a colour and materials palette to the lower portion of the building and the interior of the main public area of the hotel that reinforces Newcastle's rich history built upon the resources sector with thoughts around the use of rust colours to exterior feature elements and incorporation of steel i-beams as just a couple of examples. These local “highlights” will be melded with the brand signature design elements.

ECONOMIC ACTIVATION

As previously noted, the select service nature of the hotel encourages guests to invest and experience in what the broader local area has to offer in terms of food and beverage and other tourism related activities.

However it is also worth noting the other economic benefits the proposal brings to the Newcastle Area both pre and post development, which we estimate as follows:

- Employment during construction of local trades and materials for a large scale commercial building with a construction value of approximately \$26.3million over a period estimated at 13 months. It is estimated that this will generate a significant number of jobs during construction, fitout and commissioning of the building;
- Utilisation and employment of a range of outsourced services to support the hotel operations such as laundering, cleaning, facilities management, and food and beverage supply;
- Generation of approximately 20 to 35 FTE on-site jobs comprising front desk staff, housekeeping, food and beverage attendants and supervisory positions;
- The positive economic impact from visitors staying at the hotel (up to 300 people per night during periods of high occupancy) and their spending on dining and entertainment in the local economy during their visit to Newcastle.

DESIGN QUALITY

The building has been carefully designed through consultation with the City of Newcastle Urban Design Consultative Group (UDCG). It faces the unique challenge of providing a high quality design outcome whilst responding to a highly regimented and formulaic hotel operating model. Indeed, it is this model that has underpinned the global success, growth and sustainability of the brand.

Whilst there are limitations in the layout of the built form, specific focus has been given to creating a design solution and external appearance that fits within the context of the Newcastle West precinct and pays respect to the adjacent Birdwood Park, establishes a new benchmark for quality, creates activation and excitement at a

human scale, and fits well within the context and ideas conveyed in the Newcastle DCP for the potential re-development of Birdwood Park and the upgrade to King Street as a pedestrian friendly roadway.

The applicant consulted closely with the City of Newcastle UDCG through the evolution of the design. UDCG meetings were held on 16 March 2016 and again on 21 April 2016. The largely compliant nature of the proposal allowed these discussions to focus productively on the urban context and external appearance of the building. These discussions have driven the design response conveyed in the Development Application which has been the result of an iterative process of design and presentation.

Set out below is a brief response to some of the critical issues noted in the minutes from the second UDCG Meeting on 21 April 2016, which was a cumulative response to items addressed from the first meeting also. Many of the recommendations have guided the development of the design outcome of the proposal where it has been possible to incorporate them, with particular regard to the site constraints, and even more-so the global brand and operating safety standards of the Hotel. Contextually these are addressed further in the Design Statement provided by the building architects, Reid Campbell.

We note that the UDCG minutes included the adjacent residential aged care development by a separate proponent (Core Project Group) and as such our response only addresses those items pertinent to the hotel. We also note that whilst we have responded to the Quality Design Principles per guidance for SEPP65 Design Verification Statements, we explicitly note the hotel development is not subject to the provisions of SEPP65.

1 CONTEXT AND NEIGHBOURHOOD CHARACTER	
UDCG COMMENT	APPLICANT RESPONSE
Comment 1 <i>The potential form of development on sites C&D, which although not part of the application will have major impacts on Sites A&B. It would be very desirable to include 'indicative' and realistic plan form for both sites so that their potential relationship and impact can be appreciated.</i>	Response 1 Whilst we fully appreciate the City of Newcastle's desire to have a "whole of precinct" appreciation for the englobo redevelopment of the site, we note that the applicant only has control over site A. We suggest that this item should be addressed by the owners of Site B who also control sites C&D and whom are directly affected by cumulative proposals on these sites. The hotel proposal on site A is generally not affected by the future development of sites C&D.
No further comments in relation to the Hotel proposal.	
2 BUILT FORM AND SCALE	
UDCG COMMENT	APPLICANT RESPONSE
Comment 2 (a) <i>The upper accommodation levels of the hotel to be set back 3.5m from the front boundary with an approximately 10.5m podium below. This would respond to the podium as proposed for the adjoining RSL development. Although lower than the latter, it would be acceptable in principle, <u>provided that the designs for the two podiums are refined to include articulation/stepping etc to ensure that they are sensitively related in detail where they interface.</u></i>	Response 2 The applicant has taken on board the comments by the UDCG and incorporated a stepping awning to create visual interest towards the adjoining residential aged care development. The ability to articulate the façade at the lower level is constrained, however it is proposed to include a series of visually exciting elements from the corner of the hotel including entry, lit blade rustic sign, steel i-beams around the hotel entry to provide character, open and transparent glazing to the retail tenancy, and commissioning of local artwork to be used to conceal access to essential services off King Street. In addition, to accommodate the site planning certificates flood level, the ground floor of the building has had to be raised to accommodate a flood storage area under the basement slab. This has presented an opportunity to integrate soft landscaping and planting to the underside of the slab along the King Street frontage to the hotel.

<p>Comment 3 <i>(d) The design of street level frontages I both buildings now provides for continuous awning cover, with accentuation of the main entry to the RSL building. The design of the hotel frontage should now be similarly refined.</i></p>	<p>Response 3 As noted in response 2, the awning to the hotel has been modified to be a more solid element stepping along the front of the site and wrapping the corner of the building at one end, and creating an exciting interface towards the residential aged care development.</p> <p>Further streetscape refinements to the design which are relevant to the overall interface are discussed in Response 2.</p>
<p>No further comments in relation to the Hotel proposal.</p>	
<p>3 DENSITY</p>	
<p>UDCG COMMENT</p>	<p>APPLICANT RESPONSE</p>
<p>The proposal is within LEP standard and is acceptable.</p>	<p>No response required.</p>
<p>No further comments in relation to the Hotel proposal.</p>	
<p>4 SUSTAINABILITY</p>	
<p>UDCG COMMENT</p>	<p>APPLICANT RESPONSE</p>
<p>Comment 4 The UDCG has made comment to green initiatives in relation to both the residential aged care development and the hotel development.</p>	<p>Response 4 The global brand standards for the Holiday Inn Express are governed by the brand owner Intercontinental Hotels Group.</p> <p>In particular, these standards do not allow for some of the comments made by the UDCG under operating and safety standards, including in particular:</p> <ul style="list-style-type: none"> - Operable guest room windows; and - Trafficable roof spaces <p>Whilst we appreciate the comments, unfortunately the brand licence does not permit such variations to the standards.</p> <p>We do however note that substantial consideration is given to ESD initiatives in both building design and ongoing operations through the implementation of the IHG global standard called "Green Engage".</p> <p>The Green Engage standard is incorporated into our design and an ESD report by Cundalls is included in our Development application.</p>
<p>Comment 5 <i>The rear courtyard spaces in particular provide opportunities...</i></p>	<p>Response We assume this comment should only be directed to the neighbouring residential aged care development as the hotel does not have a rear courtyard. As noted in Comment 3, trafficable roof spaces are not permitted by the brand owner for safety reasons. A letter from the hotel operator confirming this has been included in the Development Application.</p> <p>Further, even if a trafficable roof space would be permitted by the operator, it would create a significant guest privacy issue for the first two floors of accommodation above the podium.</p>
<p>Comment 6 <i>Greening of the top of both narrow podia along Little King Street could substantially enhance their ambience and attraction, and minimise the visual impact of the 'tower' walls above.</i></p>	<p>Response 6 The applicants design team investigated potential planting along the narrow podia and it presented a number of problems, primarily:</p>

	<ul style="list-style-type: none"> - Planting directly in front of guest rooms would create a visual barrier to the view across to Birdwood park and views generally. It is considered that Birdwood Park is a more desirable view (from a short distance), especially should the City of Newcastle proceed with a planned upgrade of the Park and Little King Street; and - Providing access to such a landscaped area poses a safety issue both generally and from the brand operators' safety requirements. Initial discussions have identified that this South Façade may require species types that require consistent manual attention. It also presents a problem in terms of guest privacy when such landscape may be attended to. <p>We do however appreciate that landscape, should where reasonably possible be incorporated, and we note that we have proposed to soft landscape around the base of the building. The building has been raised to accommodate a significant flood level and this has provided the opportunity to include landscaping along Little King Street to give the appearance that the building is somewhat "floating" atop street level planting.</p>
No further comments in relation to the Hotel proposal.	
5 LANDSCAPE	
UDCG COMMENT	APPLICANT RESPONSE
Comment 7 General initial comments around appointment and involvement of a landscape architect and opportunities for landscaping.	Response 7 A landscape architect has formed part of the applicants team and a detailed landscape report and plans have been included in the Development Application. Please also refer to comments above in Response 6 regarding limitations of and new opportunities identified for landscaping.
No further comments in relation to the Hotel proposal.	
6 AMENITY	
UDCG COMMENT	APPLICANT RESPONSE
Comment 8 <i>The street awning should continue for the full length of both frontages, being raised if necessary at vehicle entry/exit points. Continuity around the corner and along the right-of-way frontage would also be desirable.</i>	Response 8 The UDCG comment around a continuous awning have been incorporated along the King Street frontage. The awning has further been extended to wrap the corner of the site to the extent possible.
Comment 9 <i>There could potentially be extremely high standard of street front amenity, allowing for outdoor dining etc facing both the park and new pedestrian pathway...</i>	Response 9 The applicant met with the City of Newcastle and the adjoining developer at Birdwood Park on 17 May 2016. The purpose of the meeting was to discuss the Council's intentions for the upgrade of Birdwood Park and Little King Street. The meeting was positive and there was discussion around the potential integration of the proposed developments to align with public domain improvements, however the applicant is yet to receive formal notification from the City of Newcastle of their intentions for the upgrade.

	The applicant remains open to discussions around the direct application of S94A contributions to the upgrade to Birdwood Park and Little King Street.
Comment 10 <i>Within the acknowledged constraints of the standard hotel format, amenity for guests and visitors would be reasonable. The provision of natural light, and potentially natural ventilation to corridors at accommodation levels is commended...</i> (a) <i>Provide Privacy screens at end of corridors to minimise direct overlooking of private residential areas in adjoining RSL building. These could be oriented to still allow for attractive outlook.</i>	Response 10 The comment made by the UDCG in relation to privacy screens was investigated. In order to maximise light penetration into the corridor facing the aged care residential development it is proposed that obscure glass is introduced at the window such that hotel guests are unable to view the private residential areas. We assume this satisfactorily addresses the privacy issue raised.
No further comments in relation to the Hotel proposal.	
7 SAFETY	
UDCG COMMENT	APPLICANT RESPONSE
No comments in relation to the Hotel proposal.	No response required.
8 HOUSING DIVERSITY AND SOCIAL INTERACTION	
UDCG COMMENT	APPLICANT RESPONSE
No comments in relation to the Hotel proposal as it is not a housing proposal.	No response required.
9 AESTHETICS	
UDCG COMMENT	APPLICANT RESPONSE
Comment 11 (a) <i>Hotel – The proposed refinements from the original submission are all positive and supported in principle.</i>	Response 11 The comment is appreciated and the applicant notes this as a successful consultation result with the UDCG.
Comment 12 (a) <i>Hotel – Respond to above comments regarding design of the street front awning.</i>	Response 12 Please see Responses 2, 3 and 8 above as to how the awning was redesigned to align with the UDCG comments.
Comment 13 (a) <i>Hotel – The proposed patterned screen to the podium level parking is supported, and should be developed to minimise any external impact of headlights: also the very assertive red colour should be toned down, perhaps to a ‘rust’ colour/ tone.</i>	Response 13 The proposed screening and treatments around the car park levels have been further refined and articulated. We see little external impact being generated from headlights given the new treatment proposed to the Little King Street frontage. The “very assertive red colour” has been changed to more of a rust tone as suggested. The rust theming has been carried into new frontage elements including a blade sign at street level and two steel i-beams on either side of the hotel entry to tie the podium features to the ground plain. Further elements as previously mentioned have also been added to complement and enhance the overall podium expression including artwork along the Little King Street frontage to conceal essential services locations, and planting to the underside of the slab along the frontage to give the impression that the building is partially floating over the soft landscaped areas.
Comment 14 (a) <i>Hotel – Although the colours for the main façade are now far more appropriate as</i>	Response 14 The UDCG comments have been taken on board and vertical banding has been incorporated to both contrast against the rust coloured feature elements but also carry

<i>indicated in the presentation, there could be greater warmth in tone.</i>	the earthy tones on the Little King Street podium frontage up the building.
No further comments in relation to the Hotel proposal that require a response.	

BIRDWOOD PARK & LITTLE KING STREET UPGRADE – APPLICATION OF SECTION 94A

The applicant met with the adjoining developer (Core Projects Group) and representatives from the City of Newcastle at Birdwood Park on 17 May 2016.

A range of representatives from Council including Planning Assessment Managers, Landscape and Urban Planning and Traffic Engineering were present.

The purpose of this meeting was to discuss the development proposals for Sites A and B with a view to aligning these with the Council's vision for the upgrade of Birdwood Park and Little King Street.

The applicant (jointly with Core Projects) commissioned the development of some urban/landscape "ideas" for the potential treatments that could be applied to Little King Street as an upgrade and move towards a low speed, pedestrian friendly environment.

Some of these ideas included blistering of the pavement frontages to the Hotel and Residential aged care developments to provide opportunities for outdoor seating (potential dining) and additional landscaping as recommended by the UDCG.

The Council noted at the meeting that they had considered bringing forward a committed budget for the upgrade of Birdwood Park and Little King Street.

It was also discussed (and was previously discussed with Council) for the potential direct application of Section 94A contributions from both developments (Hotel and Residential Aged Care) be applied directly to the upgrade of Birdwood Park, Little King Street and the Public Domain generally.

The applicant confirms that it is still strongly supportive of this approach.

The meeting was a positive one, however the applicant notes it has not received any further advice from Council post meeting as to its plans to upgrade Birdwood Park, the roadway along Little King Street, or any other elements of the Public Domain it may be considering.

We look forward to discussing these works further with Council so that the allocation of Section 94A contributions can be applied to create a fantastic public outcome.