



28 June 2018

Rob Dickson
Spectrum Partners Pty Ltd
L6, 60 Clarence St Sydney 2000

Dear Rob,

129 -133 Sale Street, Orange NSW.

As per our earlier telephone conversation in relation to the sale of 129 -133 Sale Street, Orange NSW.

As we have now completed a failed sales campaign it is clear the market is keen to understand the certainty around the refurbishment / development options available to the site. The recent contamination reports and inability to access the site would suggest the very best option for the site to be developed and activated before returning the property to the market would be to gain consent from the council to demolish the property should a purchaser wish to do so.

Regards,



Peter Seeto
Director
Sales

27th June, 2018

Mr Lawrence Nethery,
Senior Project Director,
Health Infrastructure,
Level 14/77 Pacific Highway,
NORTH SYDNEY. NSW 2060

Dear Lawrence,

RE: MARKETING FEEDBACK SUMMARY & RECOMMENDATIONS
129-133 SALE STREET, ORANGE NSW

Further to our various discussions, as you are aware Market Feedback during the previous Marketing Campaign was that, prospective Purchasers were concerned with respect to the risks associated with the contaminated Buildings on site, due to the severe vandalism that has occurred and its potential effect on the viability of any project on the land.

We received a Disclosure Statement from Envirowest Consulting Pty Ltd, which stated the following:

"The buildings remain a very high risk from asbestos. Entry to the building should remain restricted. All persons entering the buildings should be trained in asbestos awareness, have adequate PPE including coveralls, P2/P3 respirator, gloves and booties. Decontamination should occur on exit."

Due to this Disclosure Statement, interested parties did not undertake physical inspections on site.

A summary of all feedback and comments during the Marketing Campaign were:

1/ That as the Buildings are deemed to be un-inhabitable and contaminated, the best option for all and any Purchaser, would be, to have the ability to totally Demolish all structures on site.

2/ Most Parties commented on the proposed Demolition of the former Orange Base Hospital and in particular to those buildings standing on the former Orange Base Hospital site, standing directly opposite and facing Sale Street.

General comments and questions were to the effect: -

"Most of the structures earmarked for demolition on the Sale Street side of the former Orange Base Hospital site, having a similar Heritage background, appear to be in better condition than structures on the subject site."

"If the Buildings on the former Base Hospital Site facing Sale Street can be demolished, then why cannot the structures on this site, which appear to be uninhabitable and pose a greater health risk to the public, but also occupiers of adjoining properties as they stand, cannot be demolished."

3/ The Residential Zoning and the potential to demolish the existing buildings played an important factor on the final decision of Parties, looking towards a Residential Re-Development. A number of Parties felt that the site had too many restrictions, if existing structures including Caldwell House could not be demolished, which would restrict any feasible development.

Those Parties who expressed the most interest and those who conducted independent Hazmat Reports and Building Reports, all withdrew their Offers, due to the following common conclusions:

1/ That there is a high-risk factor associated with the Properties and the Site, as the Buildings are heavily contaminated, in their current form and there will be additional unknown factors and costs associated with a clean-up, making, the risks, contingencies and therefore cost of development not feasible.

2/ The Buildings on site are substandard under today's various Regulatory Requirements and Building Codes for repurpose or re-use, as they stand. To modify the existing structures to a contemporary and compliant standard would make any project retaining these structures, not feasible.

3/ The site cannot be turned to make a profit, unless the structures on site, can be demolished.

4/ The Residential Zoning also had a significant bearing on parties.

As a real example, one Party engaged Architects, Builders and Hazmat Consultants who after undertaking Reports, those Consultants indicated to that Party, who were looking at the site for Aged & Medical Facilities, that the site could not be turned into a viable proposition, without the ability for Demolition of all existing buildings.

In light of the above and knowing the depth of the Orange Property and Development Market extremely well, it is my recommendation that Health Infrastructure try and work with Orange City Council, to have an interim Approval in place, giving a Purchaser of the land, Approval to Demolish all the existing Buildings on site.

As a local resident and in my professional capacity in property, if this course is not followed, it is highly likely that the property could remain derelict for a number of years, as Commercial Parties and/or Developers will not acquire a site, due to the high-risk factor.

Should you wish to discuss any of the above, please do not hesitate to contact me.

Yours faithfully
Raine & Horne Orange



Roger Eddy
Director & Licensee