

The IPC envelope ideally balances providing public amenity in the popular Darling Harbour Precinct with permitting redevelopment that is profitable for Mirvac.

1. The IPC envelope provides genuine public benefit through the provision of a significant public amenity in the form of the single contiguous tier at the Northern Podium at RL11.8.

a. The IPC Envelope:

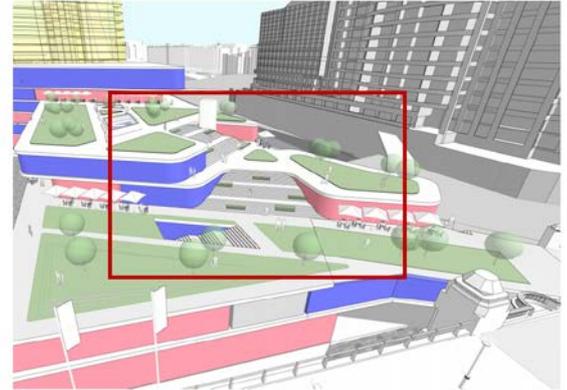
- i. One contiguous tier to the tower at RL 11.8 addresses the fundamental issue that Darling Harbour attracts many families who have small children and bring prams or bring elderly family members and **that a public amenity must meet their needs to be fairly considered provision of public benefit.** Additionally, one contiguous tier is essential to provide fair disabled access to the public amenity, so that they are not excluded or deterred from using the amenity.
- ii. **Having the one level tier at RL11.8 extend from Pyrmont Bridge to the Tower at one level is consistent with the Cockle Bay Wharf redevelopment,** as it also has one level tier of 12m from the Pyrmont Bridge to the Tower.
- iii. The foreshore of the proposed Harbourside Redevelopment is an essential part of many members of the public's daily life as they enjoy walks along the water. **The Northern Podium height at RL11.8 significantly improves the solar and sky access at the foreshore,** particularly as there is no more overhang to shadow most of the walkway. The Northern Podium will only be widened from 11m to 14m, and as the narrowest part of the public foreshore of entire Harbourside Redevelopment site, would significantly benefit from the increase in solar and sky access.
- iv. **Achieves genuine view sharing with One Darling Harbour (ODH) residents.** Most residents either maintain or improve their existing water views of Cockle Bay, with the primary impact to views being partial framing by the 170m tall tower. At the RL11.8 height, additional landscaping height will still achieve view sharing with ODH residents.
- v. **Importantly respects the significant heritage Pyrmont Bridge,** as the Northern Podium will not be dominating as it is no longer higher than the Pyrmont Bridge.
- vi. **Provides an opportunity to allow event and gathering capacity** to replace what is lost by narrowing the widest part of the foreshore where the Ferris Wheel currently sits.

b. Mirvac Alternative:

- i. The new proposed Mirvac envelope comprises of a mass of stairs¹ to join three tiers at different elevations and **has made no attempt to address the issues of access that would be family-friendly, pram-friendly and disabled-access friendly.** The sheer number of stairs proposed will unfairly restrict access to the public amenity on top of the Northern Podium to the youthful and able-bodied. There will be still be choke points at access points at busy times such as festivals and fireworks, creating long lines for those who require prams and wheelchairs with Mirvac's Alternative design.

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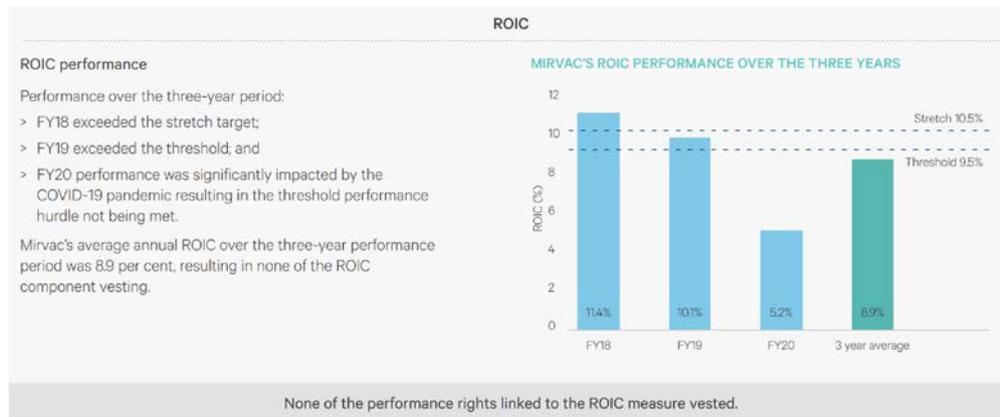
<https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2021/04/harbourside-shopping-centre-darling-harbour/additional-material/applicant/210506-applicant-meeting-presentation.pdf>



- ii. **Bulk and scale of the Northern Podium will still shadow the public foreshore unpleasantly.** The existing shopping centre, already is very high and not humanly scaled by the water, especially at the 11m wide walkway next to the Pyrmont Bridge. The Northern Podium at RL21.5m will reduce the amenity of the sun and sky access of the public foreshore.
 - iii. **Remains inconsistent in bulk and scale with the neighbouring Cockle Bay redevelopment,** particularly adjacent to the State Heritage Pyrmont Bridge. The Mirvac Alternative (RL21.5 and higher for ~100m along the water) is still almost twice the height of the bridge platform and creates inconsistency in the character of the Cockle Bay basin as the Cockle Bay. Mirvac consistently references the highest point of the Maritime Museum, ignoring that the foreshore of the Maritime Museum is significantly lower directly at the water than the back of the Maritime Museum.
 - iv. **Does not achieve view sharing with ODH residents,** as an RL of 21.35, while providing minor improvement, still destroys valuable whole water views of Cockle Bay, taken by Mirvac for its own enjoyment. Additionally, Mirvac seeks to increase an already high (RL26.5) portion of the Northern Podium to RL31. For many apartments, any view improvement by reducing the Northern Podium by one level is taken away by worsening an equivalent portion, resulting in a net improvement of zero. Landscaping has also not been included in the envelope which will add further bulk and scale that will create additional view loss.
 - v. **Still dominates the Pyrmont Bridge** as the Northern podium at RL21.5 is still significantly higher than the bridge being 70% higher in elevation, still close to double the bridge height.
- 2. Reducing the maximum building envelope area (BEA) tower floor plate to 1,000sqm to achieve greater setback of the eastern frontage of the tower**
- a. Most members of the public would agree that towers do not belong directly on the waterfront. Therefore, any reduction in bulk and scale of the tower possible will be beneficial in terms of reducing shadowing of the public domain.
- 3. Addressing non-viability**
- a. Mirvac has not demonstrated why the project is “not viable”. While repeating the statement multiple times, it has not provided any financial modelling for comment to determine why the project is considered not viable with the IPC Envelope. There is mention of an IRR below 5%, **however an IRR is never considered in isolation and is extremely subjective.** There is no mention of the expected ROIC of the project

(ROIC is calculated as Total Return divided by average Invested Capital²). There is also no mention of what the Net Present Value is, and a positive NPV at a company's Weighted Average Cost of Capital indicates that a project will return a positive cashflow which could alone be tens of millions. Especially with the current investment environment with bonds returning near-zero interest, the current WACC can be expected to be in very low given the near zero interest rates and investor expectations of returns are often compared to the risk-free interest rates of bonds. **Financial models are sensitive to definitions of/changes in variables and Mirvac must demonstrate to the IPC why the project is not financially viable to make such a statement.**

- b. Mirvac has identified a capital investment value (Invested Capital) of \$708,150,000³ and residential GFA of 43,000sqm⁴. At an average cost of a very conservative \$17,000⁵/sqm the project would already break even without considering commercial and retail GFA. As a reference, the Mirvac ROIC threshold is about 9.5%⁶ and Mirvac appears to have accepted projects returning anywhere between 5%-11%.



4. Addressing Mirvac's "Implications of North Podium RL11.8"⁷

- a. Removes ~16,435m² of commercial space (~44%) with loss of 1,600 office staff.
- i. It would not be unwelcome if the RL11.8 would be slightly increased to accommodate two levels of floor space. Therefore, the reduction in GFA would be much less than 44%.

² Slide 62 of 136 https://www.mirvac.com/-/media/Project/Mirvac/Corporate/Main-Site/Corporate-Theme/images/Investor-Centre/Financial-Reports/308788_MGR_FY19_Annual_Report.pdf

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<https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSD-7874%2120210331T045654.850%20GMT>

⁴ Slide 10 of 160

<https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSD-7874%2120210331T045654.850%20GMT> 42,000 plus increase of 1000sqm of 166m to 170m tower.

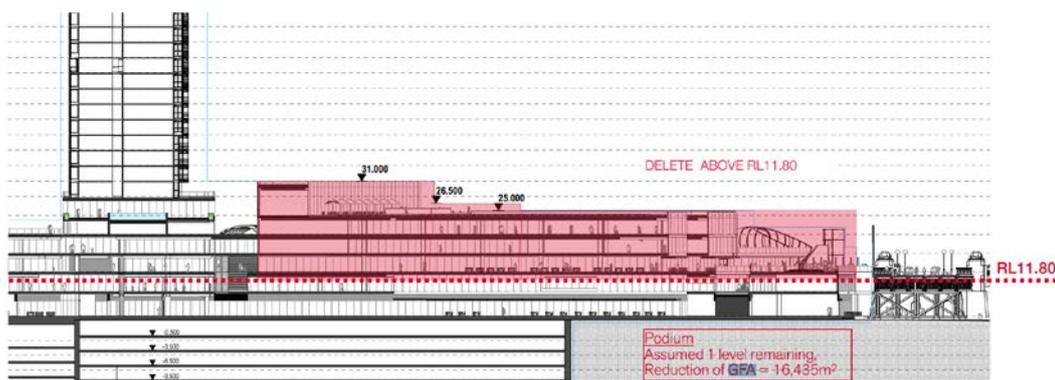
⁵ East facing ODH apartment ~100sqm selling for ~\$1,700,000 in 2020 equals \$17,000/sqm. Mirvac would sell Harbourside Redevelopment residential apartments for much higher than ODH being a new building.

⁶ Slide 81 of 160 https://www.mirvac.com/-/media/Project/Mirvac/Corporate/Main-Site/Corporate-Theme/images/Investor-Centre/Annual-Report/2768_Mirvac-AR2020_FA_Web.pdf?la=en&hash=0646132F79961332AC470BC566FEE26A11348112&hash=0646132F79961332AC470BC566FEE26A11348112

⁷ Slide 10 of 107 <https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2021/04/harbourside-shopping-centre--darling-harbour/additional-material/applicant/210506-applicant-meeting-presentation.pdf>

ADJUSTMENTS REQUESTED BY IPC

1. A maximum podium height of RL 11.8 applying to the entire portion of the podium to the north of the proposed tower



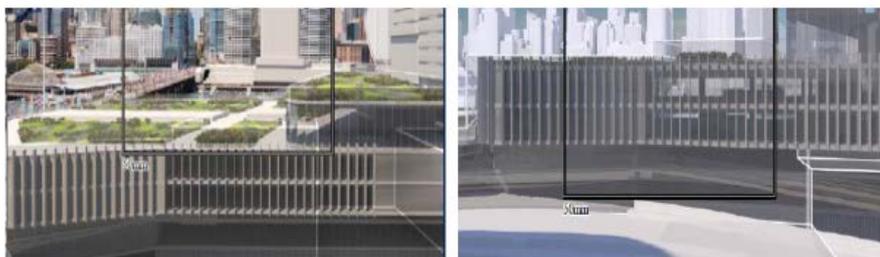
- ii. The Cockle Bay Wharf Redevelopment is the most similar site in terms of location and attributes to the Harbourside site and therefore should be primary comparison. If the Cockle Bay Wharf Redevelopment was considered commercially viable at 3.57:1 FSR, it is unlikely that the Harbourside Redevelopment would not be viable at the same 3.57:1 FSR.

Table 2 Density Comparison Study

Site / Project	Site Area (sqm)	Max Height	Floor Space (sqm)	FSR
Harbourside	20,500	RL167	87,000	4.24:1
The Ribbon	10,855	RL93.5	54,877	5.05:1
Cockle Bay Wharf Redevelopment	24,900	RL183	89,000	3.57:1

- b. *Significant loss in non-residential (Commercial) floorspace will undermine the proposal's alignment with the strategic objectives for Pyrmont and the broader Innovation Corridor established within the Regional Plan, District Plan and Pyrmont Peninsula Place Strategy (PPPS);*

- i. There are a number of strategy objectives in the PPPS, Mirvac appears to pick and choose strategy objectives, focusing on building a tower of 170m in height without delivering publicly accessible open space on rooftop **areas** (no access to Southern Podium) or safe, activated and inviting streetscape on service areas (no design excellence applied to back of house areas).



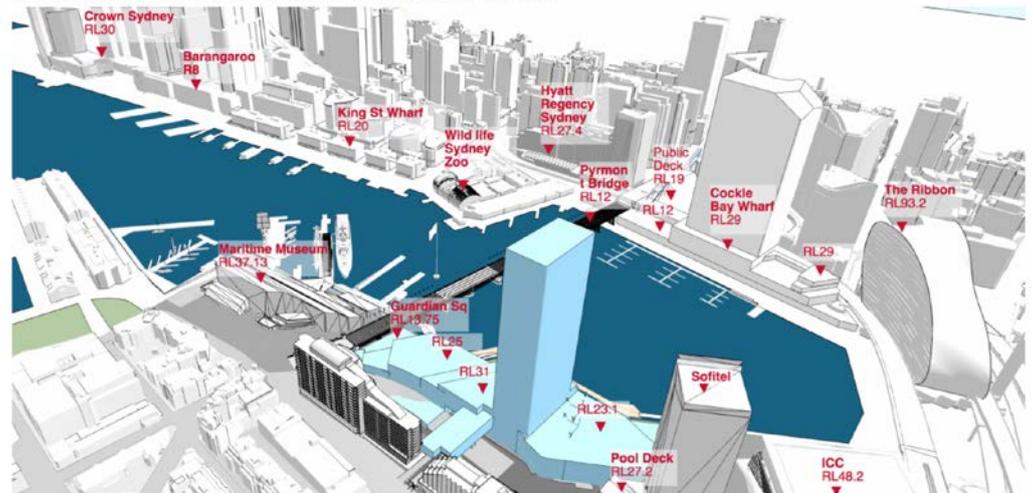
- ii. **Views from One Darling Harbour to the west face of the proposed development**

<i>Harbourside</i>	
<p>Opportunities for additional public benefits</p> <ul style="list-style-type: none"> • deliver excellence in public open space outcomes by providing publicly accessible open space on rooftop areas and indoor space in podiums that could include indoor recreation infrastructure, viewing platforms, meeting rooms, or other space to support the Innovation Corridor. • improve and enhance east-west connections from Harris Street to the waterfront through large sites. • improve and enhance the events and gathering capacity of the public domain in the Tumbalong Park sub-precinct as a global tourism destination. • deliver a safe, activated and inviting streetscape interface on all boundaries, including proposed 'back of house' or service areas on Darling Drive that promote east-west connectivity from Harris Street to the waterfront. • deliver an appropriate built form outcome to Pyrmont Bridge. 	<p>Special considerations for master planning</p> <ul style="list-style-type: none"> • Protect solar access to the harbour foreshore public domain. • Prioritisation of the delivery of employment, entertainment and tourism floorspace. • Tower below RL170. <p>Delivery pathway</p> <p>State significant assessment process.</p>

Figure 1- Slide 83 of PPPS <https://www.planning.nsw.gov.au/-/media/Files/DPE/Strategy-documents/Plans-for-your-area/Planning-for-local-communities/Pyrmont-Peninsula/Pyrmont-Peninsula-Place-Strategy-2020-12-11.pdf?la=en>

- c. *Reduces the built form to less than the existing centre height (RL 17.64)*
 - i. This ignores that a **170m tower** is planned to be built, 170m is **significantly higher** than the existing centre height of RL17.64. The built form is obviously much higher than the existing centre height when the project is considered as a whole.
- d. *Highly restricted opportunity for retail activation of the park*
 - i. The two podiums, both front and back, provide plenty of opportunity for retail activation.
- e. *Reduced floor space will compromise the ability to deliver the public benefits*
 - i. The primary public benefit is the protection of the existing sun and sky access on the public foreshore and the permeability of the site by the public through the entire shopping centre. Darling Harbour does not exist to provide a profitable project to Mirvac. There is no new public benefit in terms of pedestrian accessibility from Pyrmont.
- f. *Un-balanced massing (all density at the central and southern end)*
 - i. The Cockle Bay Wharf Redevelopment also does not have balanced massing, as the southern end is at RL29 whereas the northern end is at RL12.

PODIUM HEIGHT - RELATIONSHIP WITH SURROUNDING BUILDINGS



- ii.
- g. *Compromises the remaining northern space – this space will be isolated from the central and southern podium*
 - i. This is a matter of internal design.
- h. *No realistic option to offset loss in floor space to either the southern end of the podium or the tower;*
 - i. The Cockle Bay Redevelopment is viable at 3.57:1. A small reduction to floor space, particularly accounting for a two level podium, would be offset by the increase in tower height from 166m to 170m.
- i. *Compromises the commercial offering. Tenants expectation for larger contiguous floorplates*
 - i. In light of Covid, and the move towards remote WFH, the commercial offering should be reconsidered.
 - ii. There is already significant commercial floorspace in the Cockle Bay Wharf Redevelopment. A greater focus on retail would appear to be more appropriate use of land in a tourism and entertainment district. Additionally, the public are able to access retail spaces, while commercial space restricts access to employees only.