

Stage 2 Unsolicited Proposal

The Government has agreed that the proposal described below, in concept form, is of sufficient interest to warrant further development and progression to a more defined project. The Government has not agreed to the proposal.

Proponent: Built Development Group Pty Ltd

Proposal Title: Unsolicited Proposal for the leasehold purchase of 50 Phillip Street, Sydney

Proposal Description:

Built Development Group's proposal seeks to amalgamate 50 and 52 Phillip Street, Sydney (which it owns) to develop a new 5/6 star hotel. Built's proposal provides for the retention and refurbishment of 50 Phillip Street to provide the main entrance, lobby, conference rooms and back-of-house areas for the hotel as well as some hotel accommodation.

If successful, Built will acquire the long-term leasehold (99 years) over 50 Phillip Street.

50 Phillip St, although adjacent to the Chief Secretary's Building (121 Macquarie St, Sydney), is a separate structure. The Chief Secretary's Building will not be leased as part of this transaction, as it is intended to remain in Government ownership and control.

Built will be required to obtain all relevant planning and environmental approvals which is a separate process to the Unsolicited Proposal process.

Potential Public Benefits:

The Proposal has the following potential public benefits:

- Job creation and benefits to the tourism industry from construction and operation of a new 5/6 star hotel.
- Contribution to the State's economic activity and Gross State Product, including the generation of construction phase revenue for the State in the form of payroll tax, stamp duty and GST payments.
- Rejuvenation and adaptive reuse of a Government owned heritage building.
- Regeneration and enhancement of public domain, particularly the upgrade to Phillip Lane.
- Creation of a heritage-tourism precinct.
- The potential to deliver a capital return to Government to fund future Government investment in services and infrastructure.

The actual benefits of the proposal will be fully quantified as part of a financial analysis to be completed as part of the Stage 2 assessment process.

Justification for Progress to Stage 2:

Built owns the property (known as 52 Phillip Street, Sydney) adjacent to the Government owned 50 Phillip Street, Sydney. There are no other privately owned properties immediately contiguous to 50 Phillip Street. Therefore, Built possesses unique property ownership that enables it to amalgamate 50 and 52 Phillip Street, and take full advantage of the unused developable air space. Built is in a unique position to deliver the proposal and better value for money outcomes for the NSW Government.

Stage 2 Governance:

A Proposal Specific Steering Committee has been established as follows:

- Department of Planning, Industry and Environment (Development and Transactions)
- Department of Communities and Justice
- Department of Premier and Cabinet
- The Treasury

At the end of Stage 2, the Steering Committee will make a recommendation to Government on whether or not to proceed to Stage 3.

An Assessment Panel has been established and will report to the Steering Committee, the membership of which comprises:

- Department of Planning, Industry and Environment (Development and Transactions)
- Department of Communities and Justice
- Department of Premier and Cabinet
- The Treasury

The Assessment Panel will be supported by a range of commercial, technical and legal advisors.

Probity Advisor:

Details of the probity advisor will be published once appointed.

NSW Department of Premier and Cabinet
15 October 2019