

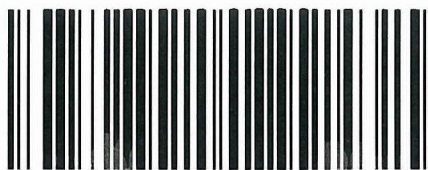


JWP
JW Planning Pty Ltd

Level 1 Suite 13/478 The Esplanade
Warrers Bay NSW 2282
email@jwplanning.com.au
Fax: (02) 49 484 366
Ph: (02) 49 484 322

ABN 45 102 696 212

Our ref: 1020906



PCU021703

08 April 2011

THE DIRECTOR GENERAL
DEPARTMENT OF PLANNING AND INFRASTRUCTURE
GPO BOX 39
SYDNEY NSW 2001



ATTENTION: MS WARTON - DIRECTOR METROPOLITAN AND REGIONAL PROJECTS NORTH
CC: MS JOANNA BAKOPANOS – TEAM COORDINATOR

Dear Ms Warton,

**RE: APPLICATION PURSUANT TO s75W TO EXTEND CURRENT LAPSE DATE
BLUE DOLPHIN REDEVELOPMENT
LOT 1 & LOT 2 DP 706628, YAMBA ROAD, YAMBA**

JW Planning Pty Ltd act for the proponent of the abovementioned Part 3A approval, Blue Dolphin Development Joint Venture (Proponent).

To date the Proponent's legal advisor, Mr Gary Punch and I have been corresponding with Ms Joanna Bakopanos on the prospect of an extension to the current lapse date of the approval.

Concept plan approval for the entire \$180M project and project approval for Stage 1 of the project, were granted by the (then) Minister for Planning on 6 July, 2007. These approvals will presently lapse in about 14 months, i.e. 6 July 2012.

On behalf of the Proponent, I am requesting, under Section 75W of the Environmental Planning and Assessment Act 1979, an amendment to the approvals by seeking an extension to the lapse period for an additional 24 months i.e to 6 July 2014.

The Proponent is a joint venture entity whose partners are Knights Coastal Land Fund (the Fund) -an unlisted fixed term registered managed investment scheme (55%) - and members of the Mitchell family of Yamba (45%). The Fund – with over 650 unit holders (many of which reside outside of and are investing in NSW) was established in 2005 with the principal aim to acquire an interest in and develop the Blue Dolphin Redevelopment.

Whilst the Proponent has made significant initial progress with the Redevelopment (see below), the global financial crisis necessitated the Proponent to re-assess its position with the project. The resultant poor state of the capital markets and real estate market and general economic uncertainty has led the Proponent to suspend its pursuit of the Blue Dolphin Redevelopment. This decision was therefore, primarily a consequence of the timing of the global financial crisis rather than a lack of intent to complete the Project.

The Proponent believes that business conditions are slowly improving and that the prospects to secure funding for the Redevelopment are also becoming more favourable. However, with the limited time remaining before the approvals lapse, this factor alone could undermine any application to financiers and/or investors for funding.

If the application is granted, the extension of 24 months from the current lapse date will:

- Enable the Fund Manager to seek approval from unit holders for an extension to the term of the Fund to December 2013 for a further 3 to 5 years. This unit holder approval would be largely contingent on an extension of the current lapse date.
- Provide additional time required by the Fund Manager to make commercially sound investment decisions under a new Fund term;
- Provide certainty and more flexibility to financiers and investors;
- Facilitate engineering design, competitive tendering and construction lead times by the Proponent; and
- Allow reasonable time for the process of this request to modify the approval and for a determination to be made.

In seeking to modify the consent to extend the approval periods, the Proponent seeks to demonstrate to the Department its bona fides and its intent to carry out the approved plan. The following investments and actions have already been undertaken for the Project:

- Over \$7.5 million in the design, environmental assessment, the Part 3A approval process, land tenure and legal agreements, financial arrangements, and works ancillary and ordinarily incidental to the carrying out of the project.
- Over \$1M of works have been carried out on the site to facilitate the carrying out the project. The works include:
 - The relocation of an existing waterfront Villa to create room for a display suite;
 - Installation of a display suite module to market the proposed development and raise upfront capital needed to engage with lenders ;
 - Soil testing of the adjoining service station site to ascertain the need for and nature of, remediation works;
 - Survey work in relation to Stage 1 contract works;
 - Initial foreshore remediation works and installation of a new Jetty (in accordance with the approved concept plan). The jetty has been refurbished as part of Stage 1.
 - Modification of the existing entry to the reception building of the existing caravan tourist park to facilitate commencement of Stage 1;
 - The installation of recreational facilities to enable the repositioning of facilities in the Stage 1 development area (jumping pillow, pool and BBQ facilities);
 - The rebuilding an existing pool to ensure the existing tourist park continues to operate to a high standard while the redevelopment is being established in stages; and
 - Marketing and promotional activities
 - A further \$1M has been invested in marketing and promotional activities to date.

(N.B While these works are ordinarily ancillary or incidental to the carrying out the approved Project, they are not explicitly works shown on the approved plans of the proposal. In this regard, the extent to which they may be deemed to satisfy "**physical commencement**" is open to interpretation)

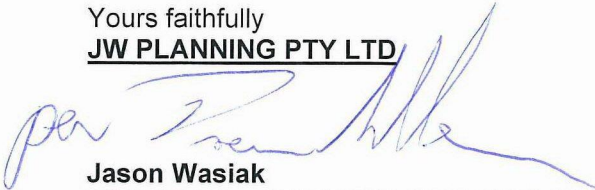
In terms of the public benefit derived from this Project, I request that the Department take into account the significant benefits to the NSW North Coast communities in the form of employment and investment over the next 5 years.

To minimise investment risk and to permit all material information to be presented before a meeting of the Fund unit holders, I respectfully request that the Department advise of its position in respect of this application as soon as possible. Without a 24 month extension, it is highly unlikely the Fund Manager will have the necessary certainty to address the concerns of the unit holders at a meeting in regards to this matter.

While I believe the above information should be sufficient for the Department to consider this application, please do not hesitate to contact the undersigned on 4948 4322 during normal business hours.

Yours faithfully

JW PLANNING PTY LTD



Jason Wasiak
DIRECTOR – PRINCIPAL URBAN PLANNER
Bach. Urban & Regional Planning (UNE),
Assoc. Dip. Eng. (LESD) (HIT)