

FOUR POINTS AT SHERATON

Upgrade & Expansion Concept
February 2011



INTRODUCTION

In identifying at a suitable corridor alignment, a series of options were investigated and assessed on the basis of technical requirements, operational issues and public domain impacts.

Why expand the Four Points Sheraton?

The Four Points by Sheraton Hotel was acquired by M & L Office Investments on 23rd December 2009 as a long term investment. In order to maintain competitiveness, the new owners have begun a process of upgrading the premises initially through an upgrade to external finishes and replanning of the front of house and reception areas.

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M & L Office Investments are committed to the support the Darling Harbour precinct as a MICE destination within Sydney. The refurbishment and expansion of the hotel will complement the existing and future planned upgrade of the Sydney Convention and Exhibition Centres.

The approach is to minimise impacts both on the existing hotel and the surrounding precinct while adding much needed rooms and new ballrooms, prefunction areas and restaurants.

The plan aims to directly improve access to and activation of Darling Harbour.

- The location is ideal from the viewpoint of a tourist, conference delegate or local event attendee, with harbour views, CBD location and easy access to Darling Harbour and the SCEC.
- The NSW Government is proposing significant investment in Darling Harbour South to increase the activity within the precinct. The expansion of the SCEC, redevelopment of the SEC and improved access to the area and planned to result in increase visitation to the precinct, with the expanded Four Points Sheraton well placed to accommodate the additional visitors.
- The planned \$400 to \$550 million redevelopment of the SCEC is likely to significantly increase the level of convention delegates in the precinct. With a high proportion of delegates likely to be of international, or interstate origin, demand for accommodation close to the SCEC is likely to increase significantly. A key factor in ensuring that the planned additional conventions are attracted to Sydney is the provision of adequate high quality accommodation. Organisers of large conferences, in particular, are likely to view the provision of a 1,000 room Four Points Sheraton proximate to the SCEC as a major advantage as the majority of the delegates can be accommodated in one location.
- The Sydney (tourism region) four to five star accommodation market has operated at an average occupancy level of around 80% for the last four years (with the exception of 76% in 2008/09 during the GFC). The average occupancy level in the Sydney four to five star market has increased to 83% in 2009/10. The Four Points Sheraton operating at around 85% occupancy in 2010. At these occupancy levels any new convention business attracted to Sydney will have difficulty finding accommodation. Even the addition of the proposed 330 rooms at Four Points Sheraton is unlikely to absorb the current runaway demand, with the proposed additional demand due to new SCEC facilities likely to require additional hotels.
- While the demand for five star Sydney hotels has grown strongly (10% from 2008/09 to 2009/10) and occupancy levels have increased, the supply of five star hotels has remained largely unchanged for the last five years. Sydney (tourism region) provided 7,500 five star hotel rooms in 2005, with 7,952 rooms provided in June 2010. The development of hotel in Sydney, and other areas of Australia, has stagnated due to the difficulty in creating financial viable hotel products. High land prices, high construction costs and increases in hotel operating costs, coupled with limited real increases in room rates, has resulted in reduced financial viability for new hotel projects. The expansion of the Four Points Sheraton will have significantly improved the ability to construct revenue generating rooms and venues while using the back-of-house facilities of the existing hotel and efficient operations in conjunction with the existing hotel.
- The Four Points Sheraton represents a short term solution to the requirements for quality accommodation in Sydney and particularly the Darling Harbour area, as the project can be developed in a short time frame. Standard hotel projects, which have to proceed through the full approval process, are likely to require more than 5 years from planning to operations. Accordingly, the Four Points Sheraton expansion could be developed in the short term, with a further planned hotel in the precinct likely to be operational at a later date. With the strength of demand for Sydney high quality accommodation, it is likely that sufficient demand will exist for both hotels.



EXPANSION OPPORTUNITY

The existing Hotel structure only occupies some 60% of the lease site. There are large areas over the Western Distributor and above the Slip Road zone just west of the Corn Exchange Building that while they are within the site boundary, have not been developed.

The opportunity to expand to the west and the south will allow the expansion of meeting areas and the potential for expansion of rooms to bring the total to around 1,000 rooms.

The key elements are:

- Banqueting and function spaces with views over Darling Harbour. These lightweight elements will be stepped to maintain clearances on the north bound Western Distributor ramp below.
- New pre-function space that relates to the upgraded north entry off Sussex Street
- Replanning of first floor rooms to accommodate gyms, overflow meeting rooms and spa facilities.
- Expanded restaurant at the around the existing restaurant and kitchen.
- New rooms in a 20-25 storey extension over Slip Street. The main structural component is kept clear of the Western Distributor.

The existing stair and pedestrian link is underutilised and has been superceded by the new fully disabled accessible links to the noerth and south of the site. A review of access needs and opportunities will be undertaken with SHFA to identify the most appropriate access points.

The Corn Exchange is currently leased to a software development company. In the long term, it may be converted to Food and Beverage that will help with the activation of Sussex Street. Development will be held off the building to ensure a suitable curledge to this important heritage building.

Built Form

The low rise banqueting elements will sit on the blank western face of the low floors on the hotel. They step up from the expressway ramps towards the higher hotel elements.

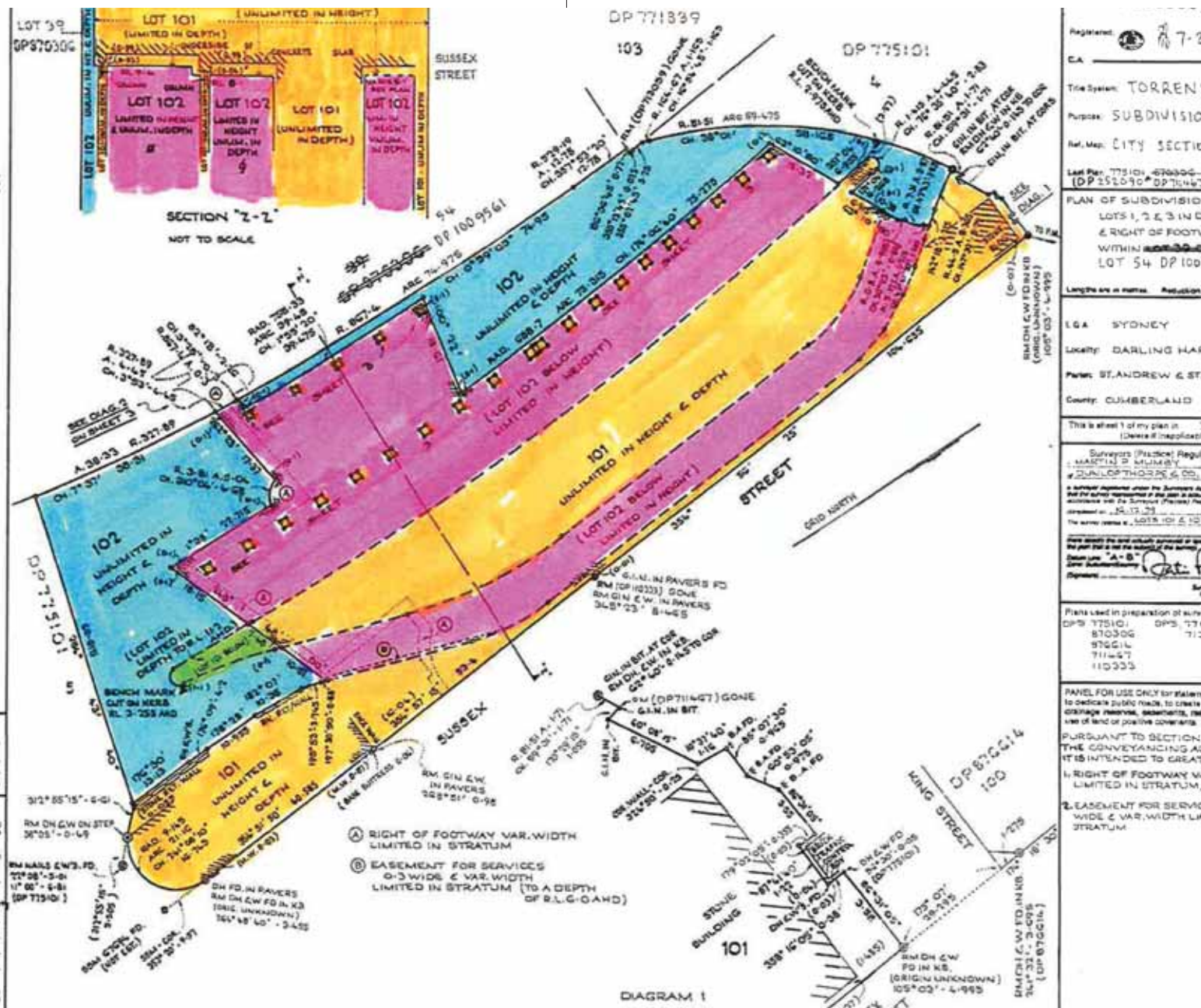
The new 20-25 storey tower in the south-east of the site adjacent to the Corn Exchange Building can be seen as an extension of the existing stepped form of the hotel. The 20-25 storey height provides an appropriate transition in scale up to the towers on Darling Park.

Key Issues

Development over existing roads (particularly the Western Distributor) presents a number of challenges: The concept however seeks to minimise impacts on key elements in the precinct:

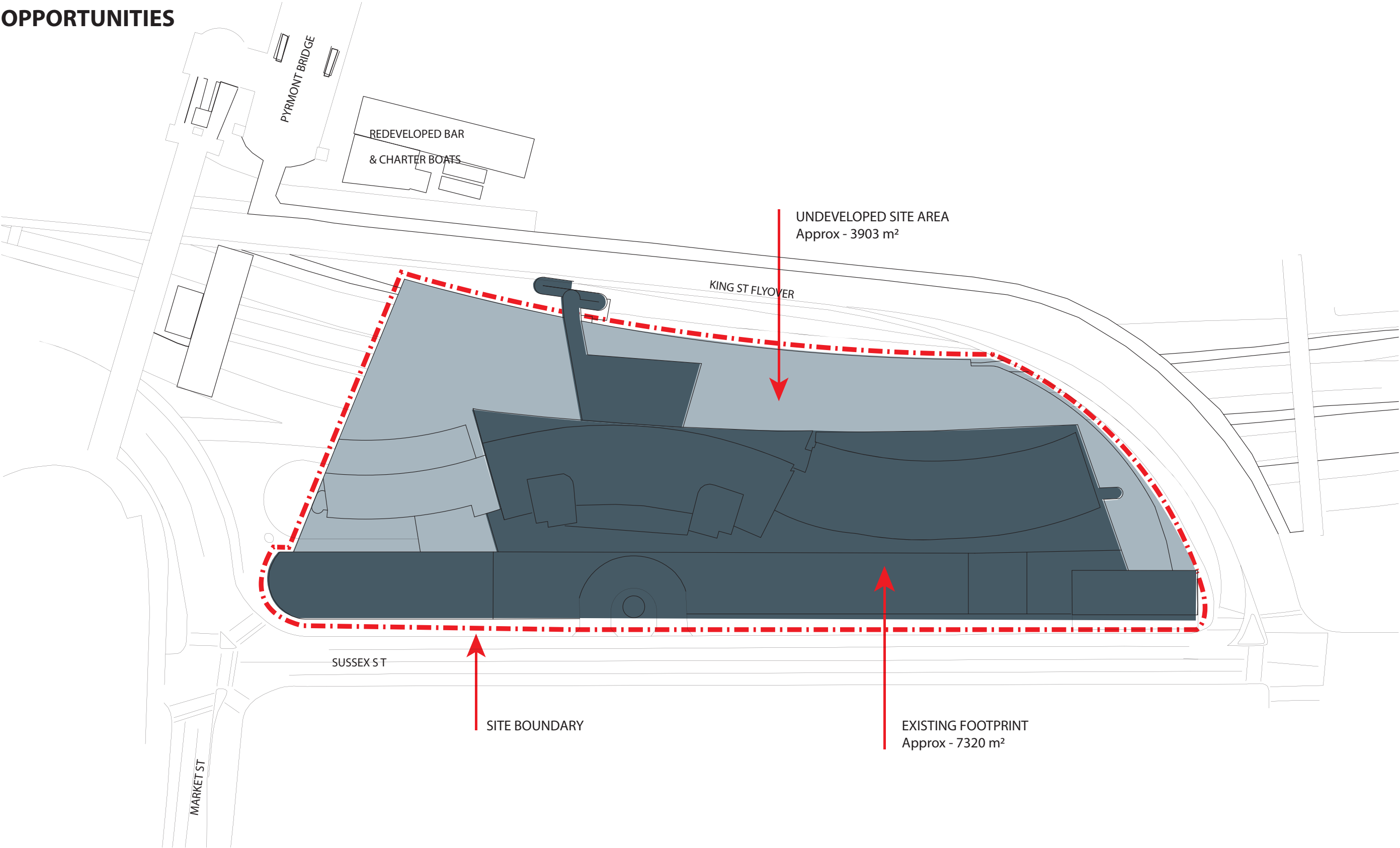
- Construction of the original building involved the closure of the Western Distributor at nights while the lower level deck was built. The extension locates the low rise, lightweight elements in this zone to minimise structure and disruption during construction.
- The tower element will be over Slip Street on vacant land in the south of the site. Vehicular access must be maintained.
- Ventilation of the existing service road needs to be maintained
- Development is largely clear of the historic Dundee Arms and Corn Exchange buildings
- Only views from commercial buildings are impacted by the new tower
- The scale of development is consistent with or lower than the scale of adjoining development
- The low rise elements towards Darling Harbour are low scaled and will be activated by windows and terraces
- The servicing and operation of the existing hotel will be maintained and enhanced.
- Parking for guests is not currently provided on site and nearby parking stations will continue to be used.



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- New Pre function and Banqueting space. The 2,000m² space will complement the Sydney meeting market.
- The addition of some 330 new rooms
- Expanded Food and Beverage to serve both the new rooms and new opportunities
- Activation of Sussex Street frontage to better integrate the hotel in to the city context

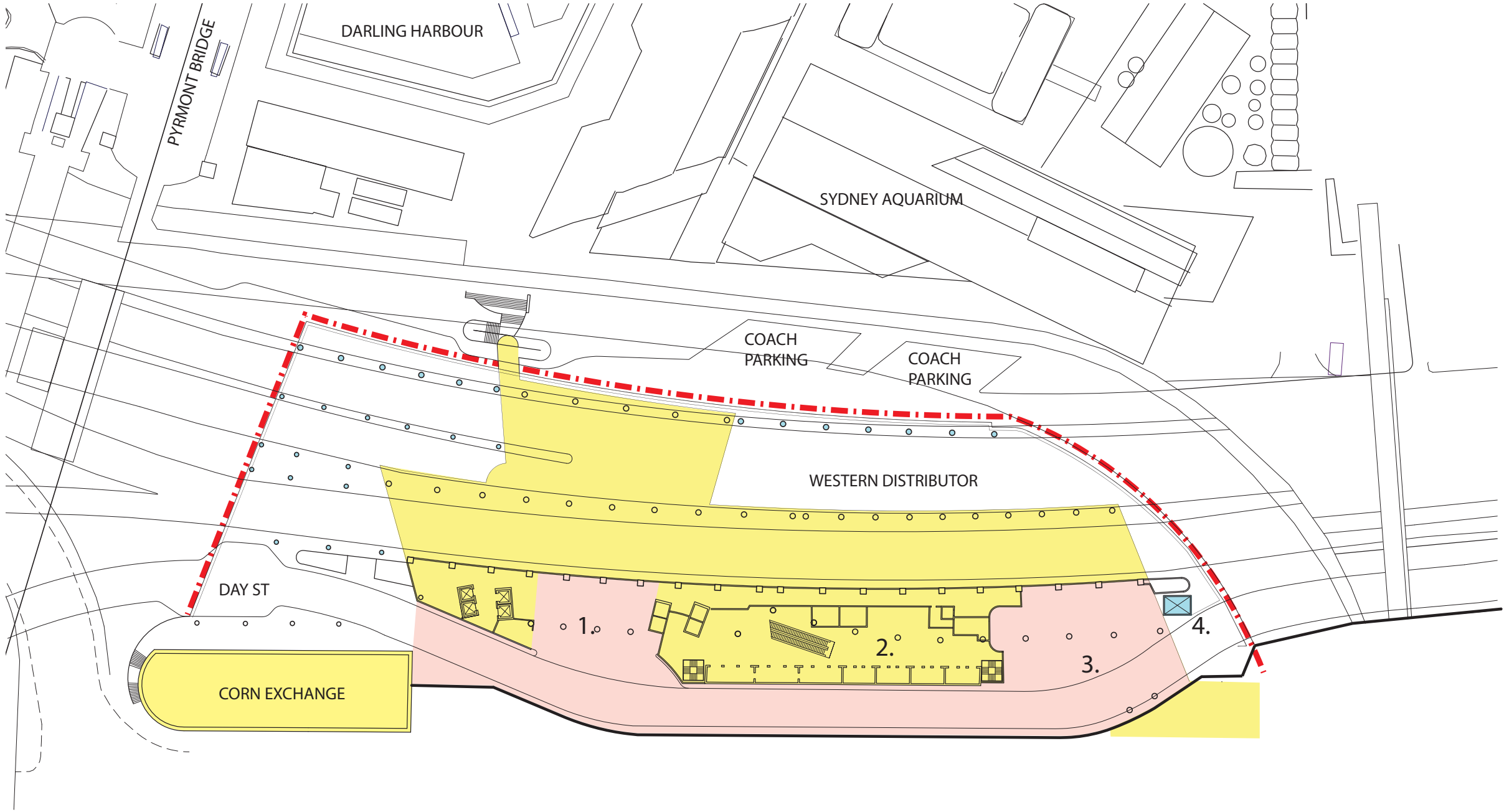
DEVELOPMENT
OPPORTUNITIES



DAY ST LEVEL

LEGEND

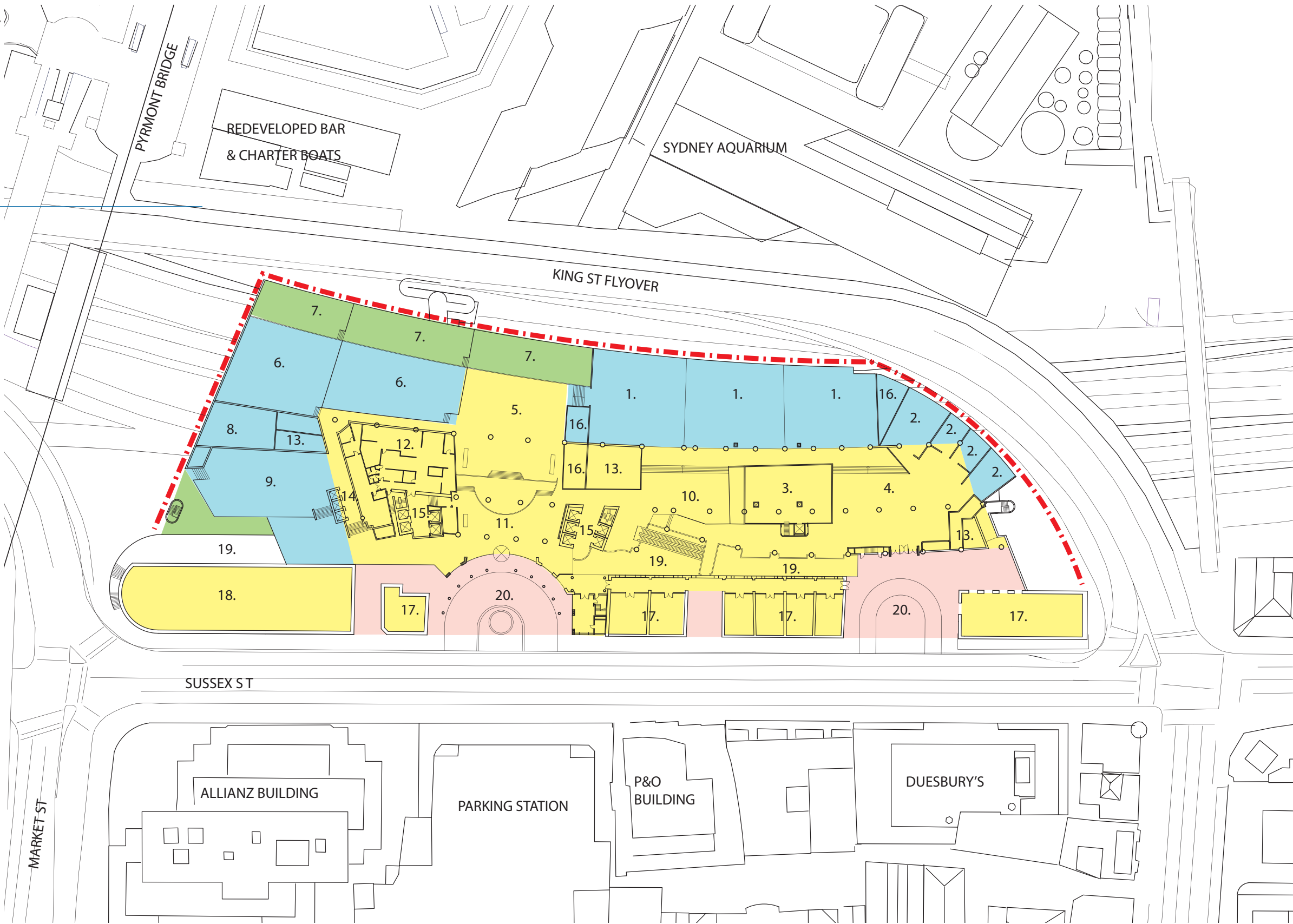
- 1. Existing Loading Dock
- 2. Existing Lower Foyer
- 3. Existing Bus Drop
- 4. New Goods Lift



SUSSEX ST ENTRY

LEGEND

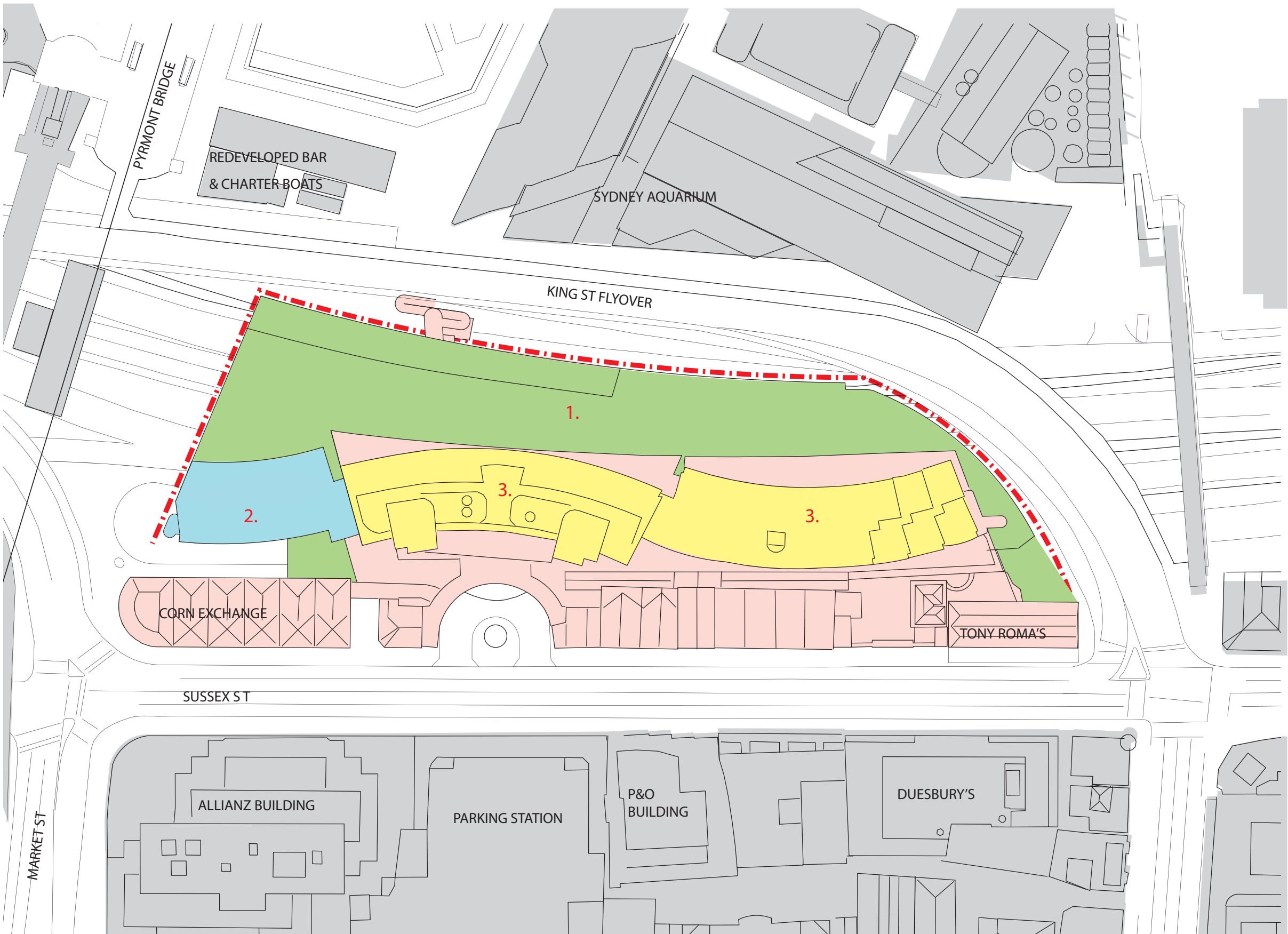
- 1. New Function Room
- 2. New Meeting Room
- 3. Expanded Kitchen
- 4. Expanded Pre-function Room
- 5. New Pre-function Area
- 6. Multi Purpose Room
- 7. Open Deck
- 8. New Kitchen
- 9. New Restaurant
- 10. Lobby Bar
- 11. Foyer
- 12. Existing Kitchen
- 13. New Toilets
- 14. New Lift Lobby
- 15. Existing Lift Lobby
- 16. BOH
- 17.Existing Retail
- 18. Existing Commercial
- 19. Void
- 20. Porte Cochere
- 21. Existing Pedestrian Link to Darling Harbour



SITE LAYOUT

LEGEND

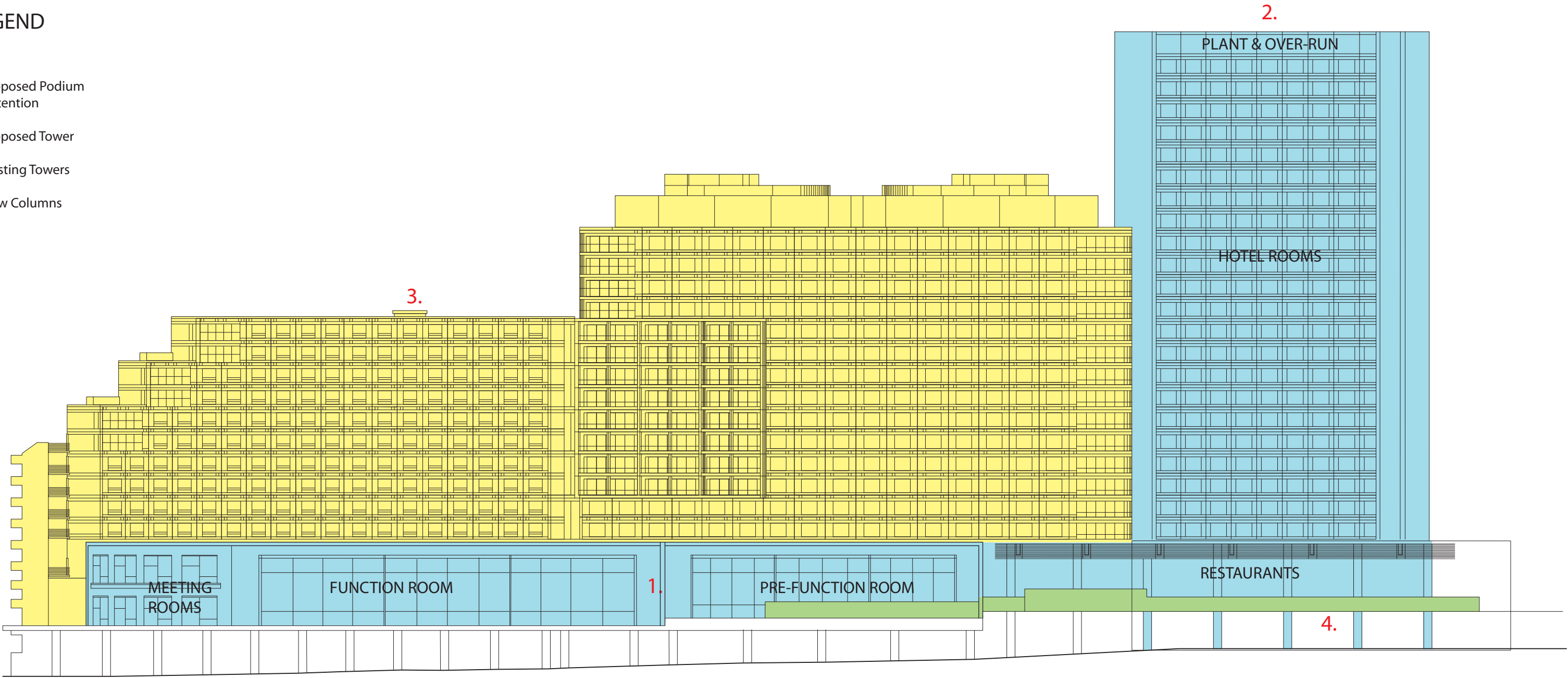
- 1. Proposed Podium
Extention
- 2. Proposed Tower
- 3. existing Towers



WESTERN
ELEVATION

LEGEND

- 1. Proposed Podium
Extention
- 2. Proposed Tower
- 3. Existing Towers
- 4. New Columns



EAST WEST
SECTION

LEGEND

- 1. New Open Deck
- 2. New Pre-function Area
- 3. Existing Hotel
- 4. Existing Porte Cochere

