



20 December 2018

## HOPE ISLAND RESORT CIRCULAR TO ALL OWNERS SCHEME CHANGE

Dear Owner,

As you may be aware, we act on behalf of the Hope Island Resort (HIR) Principal Body Corporate (PBC) as Strata and Facilities Managers and write to you in that capacity.

The PBC Executive Committee had a number of queries in regards to the proposal submitted by Capgrow. Subsequently, the PBC wrote to the HIR Primary Thoroughfare Body Corporate (PTBC) requesting that they seek answers from Capgrow so that the PBC could circulate the response to all Owners. Please find **attached** the response from Capgrow to the queries raised by the PBC.

The PBC expresses its disappointment in regards to the timing associated with the processing of the Scheme Change, which is out of its control and processed by the PTBC in accordance with the legislation that governs the Resort (being the *Integrated Resort Development Act 1980 – IRDA*). The PBC would have preferred more time for all Owners to consider this important matter.

The PBC provides a brief outline below in regards to the process to be undertaken for a Scheme Change:

1. PTBC resolves to process a proposed amendment to the Scheme of Development.
2. Signage noting the proposed amendments are installed.
3. Notice of the proposal is issued to all PTBC Members which includes the PBC.
4. PTBC calls an Extraordinary General Meeting (EGM) to consider support or otherwise of the proposed Scheme Change.
5. Members of the PTBC that are Subsidiary Bodies Corporate (Residential Body Corporate – RBC) call EGMs.
6. The PBC and all its Members then call EGMs to direct their Members Nominee how to vote on the proposed amendments at the PBC EGM.
7. All Owners of RBCs receive a form giving them the opportunity to submit any comments on the proposal. We encourage you to do so.
8. All minutes of all meetings, including comments received from Owners, are put together as a package and issued to the Minister for his consideration.

It should be noted that the current operator of Hope Island Fitness Centre, Mr Graham and Mrs Sandra Matthews, have no association with the debt that is owed by the Fitness Development Site, which is located opposite the Tennis Centre.

Should you have any queries regarding the abovementioned, please do not hesitate in contacting our office on telephone 5530 9900.

Yours faithfully,  
For and on behalf of the Hope Island Resort  
Principal Body Corporate

Hugh Beutel  
Strata Manager  
[PBC@cambridgems.com.au](mailto:PBC@cambridgems.com.au)

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cambridge  
management  
services 

strata & facilities professionals

19 December 2018

Mr Hugh Beutel  
Strata Manager: Hope Island Resort Primary Thoroughfare Body Corporate  
Suite 6, Rialto Quay Drive  
Hope Island  
4212

By Email : [PTBC@cambridgems.com.au](mailto:PTBC@cambridgems.com.au)

Dear Mr Beutel,

**PROPOSED CHANGE TO SCHEME OF DEVELOPMENT: HOPE ISLAND RESORT**

Your email of 13 December 2018 as well as our meeting with the PTBC on 17 December 2018, refers.

We are hereby responding to the questions raised in the above email:

**1. *“Does Capgrow intend to own and project manage the total development or on-sell the various individual developments as outlined in the concept plans? ”***

Capgrow will develop and manage the project with a view on retaining all the assets in future **except** for the Retirement Village (RV) component.

The assets to be retained by Capgrow include the Medical Centre, Childcare Centre, Commercial Office Building as well as the Community Centre and associated Gym.

Capgrow have contracted to sell the Retirement Village to a reputable retirement developer and operator (Reside Communities) as Capgrow does not have as its core capability the know-how or experience in developing or managing RV developments.

We are confident that Reside Communities will be a perfect fit for the RV side of the development, as they will deliver a high-quality product that satisfies the needs and aspirations of the Hope Island demographic. Below is a link to their website:

<https://www.residecommunities.com.au/>



*A rendition of the Proposed Pacific Golf Club development by Reside, indicating the high level to detail and high quality development envisaged.*

**2. “The plans as circulated are quite detailed; what assurance does the community have that these plans will actually be built and to what standard? What guarantees can be given? “**

The market in which the development finds itself will naturally dictate a development of a high standard - the development will be constructed to satisfy the expectations of the Hope Island Community.

Detailed renderings of the development will be made available to the Hope Island Residents during the information evening, as discussed below.

**3. “Will the PTBC be assured that the outstanding debt (almost \$1.5m) will be paid in full? In the Summary on the PTBC’s letter “negotiation of the settlement” is mentioned, which suggests less than a full repayment may be accepted? “**

Capgrow will **settle** the outstanding debt owed to the PTBC by the Fitness Developments site upon a successful scheme change.

**4. “Will the community centre be built as shown on the plan? Who will own, develop, manage and maintain it?”**

It is our intention to develop the community centre as indicated on the plan, however initial constructive discussions with Hope Island Fitness Centre and the PTBC has informed that the Community Centre and Gym may have to be enlarged.

The preliminary design of the Community Centre and Gym has been altered and are included hereto to indicate the quality of the design.



*Architectural rendition of the enlarged community centre and Gym.*

The buildings will be owned by Capgrow and leased to a Gym Operator and the Hope Island Body Corporate.

The operation of the Community Centre is proposed to be subcontracted to the Gym operator on site and the maintenance thereof would be subject to a commercial tenancy agreement.

**5. “Would the Centre be available to all HIR residents on a non-discriminatory basis (i.e. no preference to Retirement Community Residents either as to time or cost)?”**

The Centre and Gym will be available to all Hope Island Resort Residents. It is important to note that the RV will feature its own Residents Community centre for the use of the residents of the RV.



*Architectural rendition of the RV community centre.*

**6. “The same question applies to the two tennis courts and the new gym? It is suggested that this centre is too small to be viable. Have any discussions been held with the current lessee of the tennis centre regarding the new gym and its viability? What consideration has been given to maintaining some continuity with the gym and some tennis courts during development? Or is it proposed to shut down everything, build and then recommence activities? ”**

As mentioned above, discussions are underway with the current Gym operator to increase the area to be occupied. We are conscious of the impact that the development may have on the current Gym operator and are working with the gym operator to find a solution to mitigate the impacts of the building process on the current business.

**7. “There will be increased traffic flow around the area which will adversely impact current Owners of properties at Azzura Greens and Ellensbrook, has any thought been given to how this will be managed? ”**

We have engaged a traffic engineering firm, Rytenskild Traffic Engineering, to provide us with a preliminary traffic engineering assessment. The main findings of the traffic report, dated 8 October 2018, were:

*“In our opinion, the traffic generation of the proposal will be relatively low in the context of existing traffic volumes at this roundabout and is likely to only have a marginal impact that does not warrant any upgrade works.”*

*“The proposed plan of development is considered to be generally satisfactory with respect to traffic engineering matters. Some changes to the layout will be required to achieve satisfactory outcomes with respect to traffic circulation, service vehicle access and provision for pedestrians and cyclists.”*

We have furthermore made the adjustments as proposed in the report and have implemented specific additional changes to the plans to improve areas traffic concern:

1. Buggy access from the RV has been moved to the northern section of the development adjacent to Hope Island Road to effectively eliminate buggy traffic originating from the RV along Ellensbrook Drive and Activa Way.
2. Entrance to the Childcare centre and Office building is to be shared to eliminate the T-Junction with Azurra Greens.

**8. “Is the viability of the project conditional on building 200 retirement units which is a very dense development? Could this number be reduced? ”**

For RESIDE to deliver a commercially viable development with all the associated amenities (residents common areas, including lawn bowls, a rooftop pool, library, lounge, cinema and more) the number of units must be 200.

**It is also important to note that the number of Body Corporate entitlements encumbering the Fitness Developments site, have to be transferred to as many users as commercially feasible in order to minimise the financial impact not only on the development, but the larger Hope Island Resort community.**

Furthermore, Capgrow has commissioned a needs analysis from Foresight Partners, dated November 2018, which comes to the following conclusion:

*“The proposed development is forecast to have minor impacts on surrounding retirement villages and provide net positive impacts on the local community.*

*• Due to the high occupancy rate of ILUs (independent living units) in Hope Island (95%), the proposed development is forecast to have insignificant impacts on the existing facilities.*

*• The proposal will accommodate forecast substantial demand growth from residents aged 50 and over and allow more residents to remain in their local community when seeking retirement accommodation. “*

**9. “Is the viability of the Child Care Centre conditional on having a capacity of 140 children, which is also a dense development? Could this number be reduced?”**

The Childcare facility will be developed in phases and can accommodate up to 140 children, however we anticipate the facility to grow from a smaller base initially. We envisage an A-grade facility with ample outdoor areas, catering for the demographic of the Hope Island Resort.

**10. “When is the development expected to commence and what is the likely completion date?”**

The development of the RV, Medical and Community Centres will commence as soon as the Scheme Change is approved. Capgrow and RESIDE are busy working on detailed plans and feasibilities in the meantime to expedite the development process.

The RV development will be carried out over 3 separate stages over a period of approximately 3-4 years. This staging will ensure a seamless introduction of the retirement product and not simply a large and unsustainable introduction of 200 units at once.

**11. “Has Capgrow financed and undertaken a development of this size in the past (and if so, where)?”**

Caprow’s Shareholders and Directors are Chris Louw and Abel Erasmus. Chris Louw is a long-standing resident of Hope Island Resort. Capgrow holds several commercial property assets in the Gold Coast.

Capgrow’s Shareholders have completed several similar sized and larger developments in South Africa and Australia. Furthermore, the professional team, consisting of, inter alia, Think Tank Architects, Gassmann Development Perspectives have many years of combined experience in developments of this size and nature.

**Recent projects:**

**2018:**

Fabricia Trading Post – 8000sqm – retail building, South Africa  
Oliver Road Engen – service station, South Africa  
Eastern Services road – industrial subdivision – Yatala, Australia

**2017:**

Veolia Waste Transfer station – Burleigh, Australia

**2016:**

Oasis Service Centre – service station - Slacks Creek, Australia

**2014:**

Redevelopment Mountainview Centre – 9000 sqm – retail centre – Johannesburg, South Africa  
Redevelopment and extension – Scottburgh Mall – 14000 sqm – retail centre, Scottburgh, South Africa

12. *“What retirement complexes has Reside managed to date and what development, ownership and management roles are expected for them?”*

Reside Communities currently own and operate 2 retirement villages - Samford Grove and Robertson. Both sites are in the process of additional development to create additional independent living units for local retirees.

Lead by CEO, Glen Brown, the executive team if Reside have extensive experience owning and operating retirement villages across Australia. Glen Brown has previously held senior positions at FKP, AVEO, and more recently, Retire Australia.

Reside Communities are backed by their development partner, Greenfort Capital. Greenfort is a part owner of Reside Communities.

Further detailed information can be obtained at the Information Evening, where all the consultants will be represented as well as the developers.

Venue : Hope Island Links Golf Club  
Date : Wednesday, 16 January 2019  
Time : 16:00-18:00

Members of the Hope Island Resort are welcome to send questions to the developers directly and we will engage with the relevant specialists to provide an answer, should they not be able to attend the information evening timeously.

Abel Erasmus : [abel@capgrow.com.au](mailto:abel@capgrow.com.au)  
Chris Louw : [chris@capgrow.com.au](mailto:chris@capgrow.com.au)

Kind Regards  
ABEL ERASMUS