

GLOUCESTER PARK REVITALISATION FREQUENTLY ASKED QUESTIONS

What are Members being asked to vote for?

The GPHR Executive Committee has begun a formal process under the Club's by-laws to ask Members to support and authorise the Executive Committee to finalise the sale of up to approximately 5.9ha of land to property group, Hesperia. If successful, the referendum will trigger a range of redevelopment activities that will result in the revitalisation of the Gloucester Park precinct and ensure harness racing remains in the City.

Why do Members need to vote?

Our by-laws state that any decisions regarding the potential sale of land must be put to a Member referendum.

Why is Gloucester Park considering a redevelopment?

Most of the infrastructure at Gloucester Park either needs significant upgrades or replacement, in some cases just to maintain compliant building standards. This includes essential racing infrastructure, administration buildings and existing grandstands. Independent valuations estimate that maintenance would cost approximately \$15 million, not taking into account the cost to improve any facilities. Furthermore, several existing structures at Gloucester Park are listed on the State Heritage Register and require significant and immediate restoration works which would only further add to the costs incurred by Gloucester Park. GPHR is not able to bear the upfront cost of improving or restoring the existing infrastructure or maintaining the ageing assets into the future. It costs on average \$400,000 to maintain the facilities each year alone.

Without immediate action, these dilapidated and underutilised assets will only continue to degrade and place an unsustainable financial burden on Gloucester Park. It is extremely important to GPHR that harness racing remains at Gloucester Park for wagering purposes, but there is a clear need for change to ensure long-term operational and financial sustainability for the Club and harness racing at the site.

Why Hesperia?

GPHR had previously consulted Hesperia regarding the constraints and requirements of maintaining its existing State heritage listed assets. GPHR ensured probity in this process by commissioning an independent advisor to conduct an assessment of local property groups best positioned to revitalise the Gloucester Park precinct. This process reconfirmed Hesperia as the most experienced and capable property group in WA for this proposal. They have demonstrated extensive experience and capability across heritage redevelopment, residential, hospitality, hotels, retail and commercial activity, of which all of these asset classes will likely be included within this proposal.

Recent projects include State Buildings and Como The Treasury, Murdoch Health and Knowledge Precinct, Victoria House, Woolstores, the ABN Building and Leederville Hotel redevelopment and Stirling Cross.

In addition to their experience delivering complex mixed use heritage projects, Hesperia have a deep understanding of harness racing, and placed a high importance on the continuation of racing at Gloucester Park.

What led Gloucester Park to move forward with this proposal?

GPHR is confident that the proposal provides the best outcome for Members, and the harness racing industry as a whole. Unlike previous proposals, Hesperia's proposal ensures:

- Ensure sustained financial stability for GPHR;
- Ensure Gloucester Park remains the home of harness racing in WA supporting critical wagering returns;
- Continue the rich history and heritage values of the site;
- Racing can continue throughout the redevelopment process, with only a temporary closure of the track to allow for racing infrastructure works – anticipated to be approximately 6-8 weeks;
- No request for GPHR to spend significant sums contributing to due diligence;
- Hesperia bears all responsibility for time and cost overruns associated with works. There is no risk of GPHR funding for the delivery of the works undertaken by Hesperia or RWWA;
- Delivery of infrastructure and value to GPHR up front;
- Hesperia's expertise across all property asset classes positions itself as the best proponent to undertake a proposal of this level of complexity
- Considerable experience in complex project and in dealing with important heritage assets.

Why is Gloucester Park selling the land instead of co-developing it?

GPHR has carefully considered all options and has observed similar proposals between sports facilities and property groups in Perth, nationally and internationally. Selling the land removes GPHR's financial risk, as returns to the Club are not tied to the success of any future development or external market conditions.

GPHR is confident that the proposal provides the best outcome for Members, and the harness racing industry as a whole.

Does RWWA support the proposal?

Racing and Wagering WA (RWWA) is the industry body responsible for the integrity of metropolitan and country harness racing. RWWA endorsement of the proposal allows the acceleration of state-of-the-art track and racing infrastructure to be delivered up front and enabling a more financially sustainable outcome for GPHR.

Following a third-party independent review with KPMG, RWWA supported all key elements of the proposal, leading to conditional support of \$24.7 million in racing infrastructure improvements as part of the proposal.

It is important to note that RWWA's funding commitment is conditional on the proposal as put forward by GPHR and Hesperia, and this funding is not guaranteed if the proposal is not supported by Members.

Should we be selling the Gloucester Park land and moving to another site?

Harness racing has been a part of Perth for over 100 years, with the Western Australian Trotting Association formed in 1910. Gloucester Park itself was built in 1929 and has been an integral part of the Perth city landscape ever since.

It is a critical part of any plan by GPHR that harness racing stays at Gloucester Park. We have seen from the experience of other Clubs that moving out of inner-city locations has had significant impact on the profile, visitation and atmosphere of the track, with the knock-on effect of decreased wagering impacting industry revenue and funding. Many of these Clubs are now seeking to move back into City locations, which is an extremely challenging task.

As with the current referendum, the sale of Gloucester Park would require a majority referendum vote from the membership. Given the overwhelming sentiment among members to remain in East Perth, it seems unlikely Members would vote for the sale of all Gloucester Park land.

It must also be considered that the RWWA funding and support for the racing infrastructure, including undercover stalls, is conditional on the proposal currently before GPHR Members.

The proposed Grandstand faces West. Does that mean we will be looking into the afternoon sun? And does this mean we won't be overlooking the river?

The Grandstand is located east of the track, however due to extensive topography of the land on Nelson Crescent, we do not anticipate it will have a material impact on the viewing of harness racing. Pinjarra, Bunbury and Menangle also face west and do not have the benefit of topography that is present at Gloucester Park.

The Grandstand will have aspect on both the racetrack and the river frontages, taking full advantage of its riverfront location.

Will trainers be able to provide input on the racing facilities such as the stalls?

Yes, trainers will have the opportunity to provide their feedback on the racing facilities.

Why does the proposal not consider an extension of the track?

Extensive research by RWWA and GPHR has shown that larger tracks do not improve wagering performance. It is important for Gloucester Park to maintain its legacy and history, and a traditional half mile track enables us to do so. Gloucester Park's Friday metro meeting, with its current track size, continues to perform in the top two weekly wagering meetings nationally.

There is also no room to accommodate a larger track.

How will our use of facilities be impacted during construction?

Racing will continue at GPHR throughout the development process. This was a core principle in GPHR's approach. Access to existing facilities will also continue until the new facilities are available for use.