

STATEWIDE PUBLIC NOTICE



Disposal of 74 South Terrace (the Fremantle Markets)

The City of Fremantle hereby gives Statewide public notice that it proposes to undertake a major land transaction in accordance with Section 3.59 of the *Local Government Act 1995*.

The City proposes to dispose of by way of lease, Lot 1376 On Deposited Plan 40767 and Lot 1380 On Deposited Plan 254153 contained within Certificate of Title Volume 2066 Folio 95 and Lot 1693 On Deposited Plan 210453 contained within Certificate of Title Volume 2069 Folio 391. Otherwise known as 74 South Terrace, Fremantle WA 6160, The Fremantle Markets.

A copy of the business plan containing an overall assessment of the major land transaction, may be inspected at the Walyalup Civic Centre, 151 High Street, Fremantle.

A copy of the [business plan](#) is attached following this notice.

Submissions on the proposed business plan should be addressed:

To: Chief Executive Officer

Subject: Fremantle Markets Business Plan – Public Submission

Submission can be submitted:

By Mail

PO Box 807
Fremantle WA
6959

In Person

Walyalup Civic Centre
151 High Street
Fremantle WA 6160

By Email

info@fremantle.wa.gov.au

Online [MySay Fremantle](#)

Submissions close: 5pm Friday, 14 July 2023

The submissions received will be presented to Council for consideration.

Glen Dougall
Chief Executive Officer



Business Plan

Proposal to enter into major land transaction through the disposal of land located at 74 South Terrace, Fremantle, known as the “Fremantle Markets”

City of Fremantle
May 2023



Introduction and Background

Under the terms of the Local Government Act 1995, a local government is required to develop and advertise a business plan if a proposed disposal of property is considered a major land transaction under the act.

A disposal of property is considered as a major land transaction if the consideration under the transaction, together with anything done by the local government for achieving the purpose of the transaction, is more than either —

- (i) \$10 000 000; or
- (ii) 10% of the operating expenditure incurred by the local government from its municipal fund in the last completed financial year, which in the case of the City and the expenditure from its municipal fund in FY21-22, is an amount of \$8,119,514.

Before entering into a Major Land Transaction the Council must first prepare a Business Plan, advertise the availability of the Business Plan for comment and then consider any submissions received in relation to the proposed transaction.

In November 2007 the City of Fremantle advertised a Business Plan relating to a proposal to lease the premises known as the Fremantle Markets to Fremantle Markets Pty Ltd (FMPL) for a period of 18 years and four months.

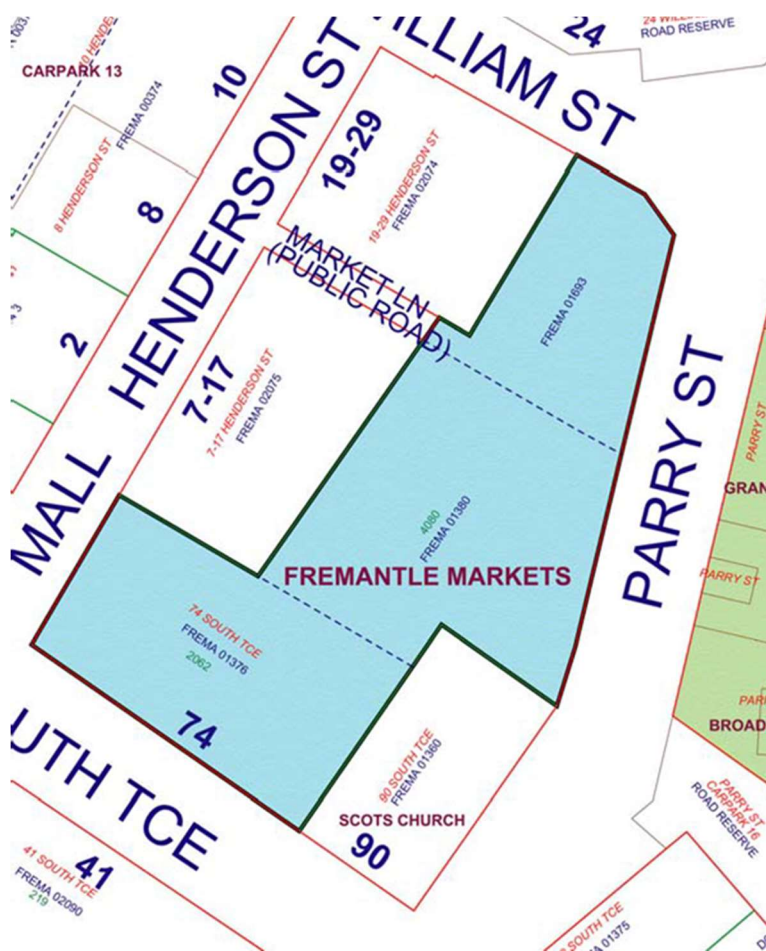
That lease is now reaching the end of its term and the City is proposing to enter into a new lease with FMPL for a further 10 years with two further terms (options) of 5 years and 5 years.

The terms of the proposed disposal as outlined in this plan constitute a major land transaction as defined in the Act. This business plan provides the details of the proposed disposal and invites submissions from the community.

Summary of Property and Details of the Proposed Major Land Transaction

Brief Description

The land is described as the 'Fremantle Markets' and is shown on the following Site Plan. The land has an approximate area of 4891 square metres and comprises three distinct areas. The property is surrounded by South Terrace, Henderson Street and Parry Street.





Address

Lots 1376, 1380 and 1693 South Terrace, Fremantle (74 South Terrace Fremantle)

Certificates of Title

Lots 1376 and 1380 – Volume 2066, Folio 95

Lot 1693 – Volume 2069, Folio 391

Site Area

4891 square metres over three lots.

Registered Proprietor

City of Fremantle

Encumbrances

Memorial – Heritage of Western Australia Act 1990.

Zoning (LPS4)

City Centre (West End Conservation Policy) (Henderson Street Mall Policy) (Heritage Council Interest) (Fremantle Port Authority Policy) (Zone of Influence for proposed World Heritage listing for Fremantle Prison)

Heritage Issues

The property is listed on the following registers;

- Municipal Heritage Inventory, State Heritage Register, and National Estate Register.
- The property is also classified under the national archive.
- The precinct includes the Sail & Anchor Hotel, the Norfolk Hotel, the Warders Cottages and Scots Church



Nature of Major Land Transaction

Lease by the City of Fremantle to Fremantle Markets Pty Ltd for a total period of 20 years, inclusive of:

- First term – 10 years
- First further term – 5 years
- Second further term – 5 years

The current lease is to be rescinded and new lease terms to be brought into effect within the 2023 calendar year.

Names of Parties

Lessee – Fremantle Markets Pty Ltd

Guarantors – John Kenneth Murdoch and James Watts Murdoch

Consideration

Commencing Base Rent of \$550,000.00 plus GST per annum plus audited turnover rent amount from immediate prior year.

The lease will be also subject to an annual performance adjustment of approximately \$250,000 turnover rent per annum. Full details of the consideration to be received by the City of Fremantle under the transaction are contained in Appendix 1 – Lease Essential Terms.

The total value of the consideration under the transaction has been assessed as an amount of approximately \$11,000,000 in base rent revenue, and up to an additional \$5,000,000 in turnover rent revenue, with any adjustments to CPI being in addition to this.



Market Value of The Disposition

Two valuations have been sought for this disposition since 2021, including a valuation carried out on 19 April 2023, allowing the proposed disposition to be carried out during the period up to 19 April 2024. The valuations sought relate to the transaction of a lease and not the valuation for the property itself. All valuations have been provided by PVA.

| Valuer | Valuation Date | Estimated Market Value |
|--------|-----------------|----------------------------|
| PVA | 2 November 2021 | \$600,000 - \$650,000 p.a. |
| PVA | 19 April 2023 | \$620,000 p.a. |

The indicative capital value of the site was assessed as \$10.3 million.

The site has high land value however redevelopment potential is compromised due to heritage constraints and property title restrictions. Yield on properties with high land value content are typically less than 5%. Yields for fully developed properties in prime locations are currently in the general range of 5% to 7%. Based on this it is suggested a fair market return for this building would be 6-6.5% equating to 600k – 650K per annum (\$150 per sqm).

At the time of valuation \$150 per square metre was considered to be within market parameters.

Landgate advise that where the annual rental cannot reasonably be determined, the GRV is equivalent to 5% of the capital value. On this basis the gross rent would only be equivalent to \$500K per annum which is considered to be below market levels.

The following was considered as part of valuation – proposed new long term lease, capital expenditure by both lessor and lessee, annual rent reviews, turnover rent in addition to base rent, current market conditions.



History and Background of the Fremantle Markets

The Fremantle Markets is a collection of vibrant shops, stalls and entertainment, ranging from fresh produce, food and beverage, to crafts, gifts and buskers, providing a cultural experience rich in history and tradition.

The Fremantle Markets have become an icon in the Western Australian tourism landscape and remain one of the most visited and well known attractions in the State.

Sir John Forrest laid the foundation stone on Saturday 6 November 1897. Since this time, the Fremantle Markets have developed a unique and vibrant identity. With a wide ethnic base built over many years of immigration, the markets not only play an important role in perpetuating WA's heritage and tradition, but offer a fantastic atmosphere and engaging display of cultural richness.

Over 150 stalls are housed in a grand old Victorian building of such remarkable character that it was listed by the National Trust and Heritage Council in 1980.

The precinct, which includes the Sail & Anchor Hotel, the Norfolk Hotel, the Warders Cottages and Scots Church, is also listed on the Commonwealth Government's Heritage Commission Registrar of the National Estate. It is also part of the Zone of Influence in the proposal for World Heritage Listing for the Fremantle Prison.



The Proposal

The Major Land Transaction being considered by the Council is the disposal of the land including the properties located at 74 South Terrace in Fremantle known as the 'The Fremantle Markets' by way of a 10 + 5 + 5 year lease to Fremantle Markets Pty Ltd. The land has been leased previously to Fremantle Markets Pty Ltd and the new agreement is with Fremantle Markets Pty Ltd, administered by John Kenneth Murdoch and James Watts Murdoch.

The essential terms associated with the proposed disposal are provided in Appendix 1 – Lease Essential Terms. The Lease essential terms contain the principal terms relating to the proposed disposition.

Methods of disposal

The City has considered a number of approaches to addressing the impending expiry of the current lease for the Fremantle Markets. The proposed approach is to negotiate a new lease with the existing lessee (Fremantle Markets Pty Ltd) in line with the City's Leasing of City Property in a Competitive Manner policy.

The City is required to dispose of property in accordance with the requirements of the Local Government Act 1995. Under section 3.58 of the Act, read with regulation 30(2a)(c) of the Local Government (Functions and General) Regulations 1996, a Local Government can dispose of property if the disposal occurs within 6 months after the publication and advertising of a Business Plan under section 3.59(4) of the Act, provided that, as well as other information that required to be provided in a Business Plan under section 3.59 of the Act, the Business Plan also contains:

- (a) the names of all of the parties concerned with the disposition;
- (b) the consideration to be received by the Local Government for the disposition;
and
- (c) the market value of the disposition as ascertained by a valuation carried out not more than 12 months before the proposed disposition.

All of the required information is contained within this Business Plan.

To guide decision making in determining the most suitable approach to disposing of the City's commercial property, council adopted the *Leasing of City property in a competitive manner policy*. The policy provides guidance on the most suitable process to



undertake while factoring in consideration for existing tenants that make a substantial contribution to the economic vibrancy of Fremantle.

The policy, which is available on the City's website states that for investment properties:

- Approaching the conclusion of lease terms (between 6-12 months prior to expiry of lease), interested parties will be given an opportunity to compete in an open and competitive manner to lease investment properties, **except** for the following circumstances:
 - A property is leased to a tenant that:
 - is paying full commercial market rate or above, and
 - adds significant value to Fremantle's overall tenancy mix and appeal for visitors. Or
 - A property is to be leased for six months or less. Or
 - A property is not logistically accessible to any other party except for the current lease holder

In determining the most suitable approach to the disposal, the Fremantle Markets was assessed in line with the policy as both paying full commercial market rate and adding significant value to Fremantle's overall tenancy mix and appeal (both of which are demonstrated later in this document).

As per this determination, the City is proposing the renewal of terms with the current tenant rather than seeking a new tenant.



Risks and benefits associated with alternative methods of disposal

The alternative to the proposed method of disposal was to call a public tender for a new entity to lease the premises. This was considered as an option however upon confirming alignment with the *Leasing of City property in a competitive manner policy*, and in considering a number of commercial risks to the City associated with seeking a new operator in this manner, renewing the lease with the current operator was considered to be the most suitable option.

Seeking a new entity to lease the premises via a public process would result in one of the following scenarios:

1. The current tenant and any other interested parties participate in the process, and the current tenant is selected as the successful proponent.
2. Interested parties, which may or may not include the current tenant, participate in the process, and the current tenant is not selected as the successful proponent.

The key benefits associated with both scenario 1 and scenario 2 is that they would enable the ability to assess the market and alternative operators/models in an open and transparent manner through a competitive process. This would address any concerns relating to the fact that the lease of the current premises has been held by the same tenant since 1980.

Notwithstanding these benefits, a number of risks are also associated with scenario 1 and scenario 2.

Potential risks associated with scenario 1 include:

- Loss of existing stallholders due to the uncertainty related to impending expiry of lease with the current tenant while the public process is undertaken. Sub-leases of stallholders are currently unable to be renewed beyond 2026 until a new head lease is resolved.
- Proposed refurbishment works, which the current tenant has committed to funding, may be delayed due to the public process impacting timelines associated with tender process for construction works. This would delay the delivery of priority works for another 12 months, given the preferred construction window of February 2024 may be missed.



- Carrying out this process would be inconsistent with the City's *Leasing of City property in a competitive manner policy*.

Potential risks associated with scenario 2 included the following in addition to those identified for scenario 1:

- Reduction in future lease revenue for the City in the event of a new operator requesting substantial rental incentives, discounts and fit-out contributions.
- Property becoming vacant for a significant period of time if a new tenant is unable to deliver on proposed model.
- Significant opportunity cost associated with the transition period for a new tenant taking on the site, estimated to be between 3 and 5 years. This could include but not be limited to:
 - During this time the rental income would likely return to a base rent (currently \$550,000 per annum) relatively quickly as the existing tenant runs out existing stall holder leases. (Assuming a 50-60% decline in turnover rent over an 18-month period, this results in a potential opportunity cost of up to \$115,000 to the City).
 - The City would be required to invest funds in refurbishment works in the absence of the proposed capital contribution to fund these from the existing tenant. (Potential opportunity cost between \$2-3m).
 - Based on current market conditions the City would assume no rental income for at least 12 months as a new tenant transitions in. The request for 12 months rent free (minimum) is common in the current market. (Potential opportunity cost of \$800K)
 - In total, potential opportunity cost to the City of up \$3.8 million in lost rental revenue and capital contributions to transition to a new tenant.



When considering the approach being proposed (renewing the lease with the existing tenant) the following benefits were identified:

- Much shorter transition of business, being 12-18 months to get back to business as usual, as the lease is renewed, and works being funded by the current tenant's capital contribution are carried out.
- Market rent would be paid over the entire period, and the proposed works would be funded by the tenant, rather than the City, effectively eliminating the potential opportunity cost of up to \$3.8 million associated with transitioning to a new tenant.
- Greater certainty provided to 157 small businesses (existing stallholders) in a much shorter period of time.



EXPECTED EFFECT ON THE PROVISION OF FACILITIES AND SERVICES

(section s.3.59(3)(a) of the Local Government Act)

Is the property currently providing any services?

The property is currently being operated as a market and is playing an important role in maintaining Fremantle's reputation as a tourism destination.

It provides a mix of retail, hospitality and fresh food offerings and operates between Friday and Sunday weekly. The service is utilised by both locals to Fremantle, visitors from the broader metropolitan area, and visitors from intrastate, interstate and overseas.

The property, as operated by the current tenants delivers the following for the local economy:

- The Fremantle Markets is considered an iconic destination in the context of the WA tourism industry and features in the marketing of all major tourism stakeholders including TWA, Destination Perth, Tourism Australia.
- There are 157 businesses operating in the Fremantle Markets equating to approximately 400 jobs.
- Up to 33.5 million people have visited the Markets since the start of the current lease in June 2008 and average of 2.6 million per year in the period leading up to covid in March 2020.
- FMPL has invested approximately \$4.5 million in to promoting and advertising the markets, its traders and Fremantle as a whole. Current annual marketing budget is \$370,000.
- FMPL has invested at least \$370,000 on building preventative maintenance over the term and more on the general maintenance of the building.
- In 2008 a study commissioned by FMPL indicated there is over \$40 million spent within the Fremantle Markets per year. FMPL believes this is now closer to \$55-\$60 million per year.
- The Fremantle Markets have been winners in 2013, 2014, 2015 and Hall of Fame in the Fremantle Chamber Business Awards for Tourism. The Fremantle Markets have been finalists in 2013, 2015 for the WA Tourism Awards as a Major Tourist Attraction.



What effect will disposal have on that service?

The disposal as proposed will not affect the current service being provided, as it is a continuation of the existing service being provided with the current tenant. The disposal will provide continuity to the current service being provided and add value by way of the proposed tenant funding capital improvements to the facility.

It will also provide greater certainty to the 157 small businesses (existing stallholders) over a shorter period of time.

What effect will the proceeds of the disposal have on budget and service provision?

The proceeds from the lease of this property will be placed into general revenue of the City of Fremantle. This is not intended to change from current practice. Provision has been included in the lease agreement for the rental to be reviewed by CPI plus percentage component figure on each eighteen-month period.

The disposal will have no impact on the City's service provision as it is generating a similar rental return to the current lease. The current lease is the highest value lease in the City's commercial property portfolio. The City's commercial property portfolio is an important revenue generator for the City and as such retaining a similar rental return via the proposed disposal will be important for the continuation of current services levels across the community.



EXPECTED EFFECT ON OTHER PERSONS PROVIDING FACILITIES AND SERVICES IN THE DISTRICT

(section s.3.59(3)(b) of the Local Government Act)

Will the proposal have a positive or negative effect on the local community?

This property is currently and has been under similar arrangements since 1975. As previously stated, the proposed disposal is likely to continue to have the following positive effect on the local community:

- 157 businesses operating in the Fremantle Markets equating to approximately 400 jobs.
- Up to 2.6 million visitors to the market per year under the current management.
- Investment of up to \$370,000 in marketing by the current management to promote and advertise the markets, its traders and Fremantle as a whole.
- Over \$40 million spent within the Fremantle markets per year (across 157 small businesses).

On the days that the service is delivered, the Fremantle Markets acts as a major retail anchor for the City centre by attracting significant visitation and footfall which benefits other retailers and small businesses in the area. The absence of the service in its current form would likely have a negative impact on other persons providing facilities and services in the district, as would an estimated transition time of up to 3-5 years to hand the site over to a new operator.

Council will have the ability to further assess positive and negative impacts of the proposal through assessing feedback received from the community as part of this Business Plan process.



Will this proposal put additional strain on neighbouring services e.g. car parking, public transport, increased demand for local services, business services?

The disposal will not put additional strain on neighbouring services as it is a continuation of the existing service being provided. The capital improvements being proposed and funded by the proposed tenant will improve the functionality of the current facility for stallholders and the general public alike. It should not impact upon local or public transport services.

EXPECTED FINANCIAL EFFECT ON THE CITY OF FREMANTLE

(section 3.59(3)(c) of the Local Government Act)

In financial terms what are the effects on budget?

The property is currently under a similar lease arrangement and proceeds are being received into general revenue. The intention of this lease is for this situation to remain unchanged.

Based on the current market valuation and the essential terms agreed to in principle by the current tenant, the disposal is expected to generate the following positive impact on the City's budget over the term of the proposed lease, not including CPI adjustment over the term.

- Base rent – approx. \$550,000 per annum
- Turnover rent – approx. \$250,000 per annum
- Impact to budget over first term (10 years) = approx. \$5,500,000 in base rent received plus approx. \$2,500,000 in turnover rent received totalling \$8,000,000.
- Impact to budget over first further term (5 years) = approx. \$2,750,000 in base rent received plus approx. \$1,250,000 in turnover rent received totalling \$4,000,000.
- Impact to budget over second further term (5 years) = approx. \$2,750,000 in base rent received plus approx. \$1,250,000 totalling \$4,000,000.



The total impact to the City's budget over the full term of the disposal would be approximately \$11,000,000 in base rent revenue, and up to an additional \$5,000,000 in turnover rent revenue, with any adjustments to CPI being in addition to this.

The proposed lease will also include provision for an initial upgrade the building itself to the value of up to approximately \$3,000,000. These funds will be provided upfront by the proposed tenant to fund the works. In the absence of the proposed tenant contributing these funds to the value of up to \$3 million, it is likely the City would be required to fund this, which would impact on the City's other projects within its capital works program.

The works to be funded by the proposed contribution include the following:

- Structural integrity works
 - Service yard roof demolition and construction of replacement roof.
 - Remediation and repair of entry gates and parapet wall on Parry Street side.
- Services and equipment works
 - Electrical switchboards and cabling replacement
 - Fire hydrants, exit signage and emergency lighting, detection and alarm systems.
 - Fire extinguishers
 - Fire engineered solutions to omit fire hose reels
 - Connection to natural gas supply and reticulation to replace LPG bottle system
- Traffic Management works
 - Installation of bollards at all market building entry points
- Adaption works
 - Refurbishment of fruit and vegetable hall to new standard stalls and all services upgrade including hydraulic, electrical and mechanical.
 - Second common use scullery installed for stall holders.

These works are estimated to cost up to \$3 million.



What are the costs associated with the disposal?

Costs associated with the disposal are valuation costs and legal costs associated with preparation of the relevant agreements and documentation. These costs are not expected to exceed \$30,000, which is already covered in the existing budget. The lease will include a provision for the lessee to cover some of these costs.

Do we currently derive income from the property or will we in future?

The City of Fremantle currently has a lease for this property and receives an annual rental as per the conditions of the lease. This provision will continue under the proposed new lease arrangement and as noted previously the proposal is likely to generate up to \$11,000,000 in base rent income, and up to an additional \$5,000,000 in turnover rent income, with any adjustments to CPI being in addition to this.

Will the change have an effect on rates income?

The proposed lease arrangement will not have a significant effect on rate income. Rates and charges are currently applicable to this property and these charges will remain applicable under this agreement.

A provision has been included for the provision of sub-leases to be available to stallholders. Rates may also be applicable to these agreements in accordance with the Local Government Act 1995.

If it is a disposal what is council going to do with the money?

The disposal is by way of an exclusive use lease arrangement. Proceeds from the lease arrangement will be received annually into general revenue.



EXPECTED EFFECT ON MATTERS REFERRED TO IN THE CITY OF FREMANTLE'S FORWARD PLAN

(section 3.59(3)(d) of the Local Government Act)

What will the impact be?

The current City of Fremantle Strategic Community Plan 2015 - 2025 includes the following vision for the future:

Fremantle: a destination city

- A city that is clever and creative, inspiring and inclusive.
- A city that welcomes and celebrates all people and cultures.
- A city that encourages innovation, prosperity and achievement.
- A compassionate city that cares for the wellbeing of our people
- and the environment we share.
- A city that thrives on diversity and dares to be different.

In addition to the vision the plan included seven capability areas as per below:

- Economic development – diversify and strengthen Fremantle's economic capacity.
- Environmental responsibility – Work with the community to develop environmentally sustainable solutions for the benefit of current and future generations.
- Transport and connectivity - Enhance the connectivity throughout the city of Fremantle and other strategic economic hubs and population centres.
- Character, culture and heritage - Sustain and grow arts and culture and preserve and promote the importance of our social capital, built heritage and history (both pre- and post-European settlement)



- Places for people - Create great spaces for people through innovative urban and suburban design
- Health and happiness - Creating a physical and social environment where it is easy for people to lead safe, happy and healthy lives.
- Capability - An innovative, responsive, influential local government which leads the way in delivering services and projects through good governance, effective communication, responsible management and excellence in delivery.

The proposal directly contributes to the achievement of the plan’s vision and at least three strategic focus areas being economic development, Character culture and heritage, and Capability. The table to follow provides an overview of how.

| Vision/Strategic Focus Area | |
|--|---|
| Fremantle: A destination city | The Fremantle Markets is considered an iconic destination in the context of the WA tourism industry and features in the marketing of all major tourism stakeholders including TWA, Destination Perth, Tourism Australia |
| Economic development: diversify and strengthen Fremantle economic capacity | <ul style="list-style-type: none"> • There are 157 businesses operating in the Fremantle Markets equating to approximately 400 jobs. • Up to 33.5 million people have visited the Markets since the start of the current lease in June 2008 and average of 2.6 million per year in the period leading up to covid in March 2020. • In 2008 a study commissioned by FMPL indicated there is over \$40 |



| | |
|--|--|
| | <p>million spent within the Fremantle Markets per year. FMPL believes this is now closer to \$55-\$60 million per year.</p> |
| <p>Character, culture and heritage: sustain and grow arts and culture and preserve and promote the importance of our social capital, built heritage and history (both pre- and post- European settlement).</p> | <ul style="list-style-type: none"> • The proposal has and will continue to activate and provides access to a significant heritage asset for the community, which may otherwise lay vacant if not utilised as a market by an external operator. • The proposed lessee is investing up to \$3 million into a significant heritage asset for the community, and has contributed to its upkeep over the term of the current lease, and intends to continue this over the term of the proposed lease. • The Fremantle Markets has and will continue to provide a foundation for the cultural and artistic pursuits of the community via its well-known busking street performance pitch (often programmed and coordinated by the current operator), a variety of stallholders who produce and sell their artistic wares, and its role as the launchpad for several successful notable careers of famous international musicians who commenced as buskers at the Markets. |



| | |
|---|---|
| <p>Capability: An innovative, responsive, influential local government which leads the way in delivering services and projects through good governance, effective communication, responsible management and excellence in delivery.</p> | <ul style="list-style-type: none">• The current lease is the highest value lease in the City's commercial property portfolio. The City's commercial property portfolio is an important revenue generator for the City and contributes to its ability to deliver services to the community.• Revenue received from the lease will assist in the provision of services to the community through the annual budget. |
|---|---|

Will any funds be specifically applied to any projects referred to within the plan?

Proceeds from the annual rental will be used as general revenue funding to support the provision of Council services and facilities. Provision has been included in the City's Long Term Financial Plan to consider how council may contribute further funds to the ongoing maintenance and capital improvement of the building into the future.

THE ABILITY OF THE CITY OF FREMANTLE TO PERFORM THE TRANSACTION

(section 3.59(3)(e) of the Local Government Act)

How will the disposition take place?

The proposed arrangement will be formalised by way of legal agreement (exclusive use lease) between the City of Fremantle and Fremantle Markets Pty Ltd. This agreement will be registered. The lease document will be developed, reviewed and finalised by the City's contracted solicitors.



How does it fit in with the Local Government Act?

The Local Government Act 1995 allows local authorities to dispose of properties other than by auction or by public tender as long as the sale is advertised statewide and open to comment by members of the community. Since this proposal will constitute a major land transaction then, in accordance with the Local Government Act, this Business Plan has been produced and is open for public comment for a period of six weeks. Council will then be required to consider any submissions prior to making any decision whether to proceed with the proposed disposition.

OTHER MATTERS OF WHICH DETAILS ARE REQUIRED TO BE GIVEN

(section s.3.59(3)(f) of the Local Government Act)

Are there any encumbrances?

Encumbrances are referred to in the Summary section of this Business Plan, above. Developments are subject to council's normal planning procedures. Any subsequent development of the property will be subject to all normal planning procedures.



Appendix 1 – Lease Essential Terms

Lease term

- First Term: 10 years
- First Further Term: 5 Years
- Second Further Term: 5 years

Commencement date

- Current lease to be rescinded and new lease terms to be brought into effect within the 2023 calendar year.

Commencement rent

- Base rent of \$550,000 plus audited turnover rent amount from immediate prior year.

Turnover rent

- Any amount by which the base rent is exceeded by 26% of the tenant's gross revenue, paid annually.
- Estimated at approximately \$250,000 on average per annum subject to annual gross revenue achieved by tenant.

Annual rent payable

- Base rent of \$550,000 plus turnover rent.

Rent Review

- Rent reviewed every 18 months and capped at the lesser of CPI or 5%
- Market rent review to occur every 2nd (second) Rent Review Date (every 3 years).
- Market rent reviews to have a cap (increase) and a collar (decrease) of 6%.

Preventative maintenance contribution

A minimum annual preventative maintenance contribution of \$50,000 to be made by the tenant, adjusted annually at the lesser of CPI or 3%.