

**ITEM 6. LEASE - BLUE MOUNTAINS INTERNATIONAL HOTEL
MANAGEMENT SCHOOL - LEVELS 4 AND 5, 540 GEORGE STREET,
SYDNEY**

FILE NO: S091297

SUMMARY

In 2010, a sublease was negotiated between a City Lessee, Carrick Institute of Education Pty Limited (Carrick), and Blue Mountains International Management School (BMIMS) for the premises on Levels 4 and 5, 540 George Street for the term 1 July 2011 to 30 June 2015, first further term from 1 July 2015 to 29 April 2018, and a second further term from 30 April 2018 to 29 April 2022.

On 6 December 2010, Council resolved to approve the subletting of Carrick's premises on Levels 4 and 5, 540 George Street to BMIMS for the lease terms of July 2011 to May 2013 and May 2013 to May 2015. On 27 May 2011, the City, Carrick and BMIMS entered into a Deed of Consent to Sublease, which also contained a condition requiring the City and BMIMS to enter into a direct lease should Carrick surrender the head lease. Carrick subsequently surrendered the head lease and, in accordance with the terms of the deed, a direct lease for the period 1 July 2011 to 30 June 2015 was entered into between the City and BMIMS.

This report notes that the premises has been leased to BMIMS for a further period between 1 to 30 June 2015 and 29 April 2018, and recommends that Council approve the granting of a second further term to BMIMS from 30 April 2018 to 29 April 2022.

The premises are located within the Woolworths building and the lease includes the provision for early termination by the City with 12 months' notice.

BMIMS has correctly exercised its request for the granting of the first further term, and has complied with the conditions for the granting of a further lease term.

The essential terms and conditions of the balance of the lease term, ie, June 2015, First Further Term and Second Further Term are at Attachment A.

RECOMMENDATION

It is resolved that:

- (A) Council approve the granting of a lease for a second further term from 30 April 2018 to 29 April 2022, under the essential terms and conditions as set out at Attachment A to the subject report; and
- (B) authority be delegated to the Chief Executive Officer to finalise the terms of the lease, and authorise its execution on behalf of the Council in accordance with 10A(2)(d) of the Local Government Act 1993.

ATTACHMENTS

Attachment A: Essential Lease Terms and Conditions

BACKGROUND

1. In 2010, a sublease was negotiated between a City Lessee, Carrick Institute of Education Pty Limited (Carrick), and Blue Mountains International Management School (BMIMS) for the premises on Levels 4 and 5, 540 George Street for the term 1 July 2011 to 30 June 2015, first further term from 1 July 2015 to 29 April 2018 and the second further term 30 April 2018 to 29 April 2022.
2. On 6 December 2010, Council resolved to approve the subletting of Carrick's premises on Levels 4 and 5, 540 George Street to BMIMS for the sub-lease term of July 2011 to May 2015.
3. On 27 May 2011, the City, Carrick and BMIMS entered into a Deed of Consent to sublease, which also contained a condition requiring the City and BMIMS to enter into a direct lease should Carrick surrender the head lease. Carrick subsequently surrendered the head lease and, in accordance with the terms of the deed, a direct lease for the period 1 July 2011 to 30 June 2015 was entered into between the City and BMIMS.
4. This report:
 - (a) notes that the premises has been leased for BMIMS for a further period between 1 June 2015 to 29 April 2018, and
 - (b) seeks approve for the granting of a second further term from 30 April 2018 to 29 April 2022 (four years).
5. In making the resolutions on 6 December 2010, Council did not approve the above lease periods. Council staff became aware that the lease periods had not been included in the 6 December 2010 resolution when BMIMS exercised its option for the further lease term.
6. The premises are located within the Woolworths building and the lease includes the provision for early termination by the City with 12 months' notice.

BUDGET IMPLICATIONS

7. There are no adverse budget implications by approving the balance of the term, the first further term and the second further term. The City of Sydney has budgeted for this income in 2016/2017 (refer to Attachment A).

RELEVANT LEGISLATION

8. Local Government Act 1993 and Local Government (General) Regulation 2005.

AMIT CHANAN

Director City Projects and Property

Nathan Vincin, Commercial Property Manager