

Item 5.

Lease Approval - Level 18, Town Hall House - 456 Kent Street, Sydney

File No: S080757

Summary

This report seeks Council's approval for the Chief Executive Officer to consent to a lease renewal to JTB Oceania Pty Ltd for Level 18, Town Hall House, 456 Kent Street, Sydney, for a term of five years with a three-year option.

Essential lease terms and conditions of the proposed lease are shown in Confidential Attachment A.

As the annual rent is above \$500,000.00 per annum, Council approval is required to grant this lease renewal to JTB Oceania Pty Ltd.

Recommendation

It is resolved that:

- (A) Council approve the granting of a lease to JTB Oceania Pty Ltd for Level 18, Town Hall House, 456 Kent Street, Sydney. The proposed new lease is for a five-year term, with an additional option term of three years which would extend JTB Oceania Pty Ltd tenure until 30 September 2027; and
- (B) authority be delegated to the Chief Executive Officer to negotiate, execute and administer the terms of the lease, including in relation to exercise of the option term, in accordance with Attachment A to the subject report.

Attachments

Attachment A. Essential Lease Terms and Conditions (Confidential)

Background

1. JTB Oceania Pty Ltd currently has a seven-year lease of Level 18, Town Hall House, 456 Kent Street, Sydney, which commenced on 1 October 2012 and is due to expire on 30 September 2019. JTB Oceania Pty Ltd has an option to renew for a three-year term, as per its current lease.
2. JTB Oceania Pty Ltd has advised that it does not want to renew the lease for three years and has asked to renegotiate for a five-year term with a three-year option, as per the attached proposal.
3. JTB Oceania Pty Ltd has been a model tenant during its time at Town Hall House, with rent paid on time, keeping its tenanted area well-maintained and co-operating with the City at all times.

Rental Determination

4. BEM Property Consultants and Valuers were engaged to undertake an independent assessment of rental value for commercial tenancies within 456 Kent Street, Town Hall House, for leasing purposes..

Key Implications

Strategic Alignment - Sustainable Sydney 2030 Vision

5. Sustainable Sydney 2030 is a vision for the sustainable development of the City to 2030 and beyond. It includes 10 strategic directions to guide the future of the City, as well as 10 targets against which to measure progress. This report is aligned with the following strategic directions and objectives:
 - (a) Direction 10 - Implementation through Effective Governance and Partnerships - specifically, Action 10.5.1 - Expand revenues from commercial operations, property portfolio and other income generating assets.

Budget Implications

6. This lease approval will have a positive financial impact on the 2019/20 budget, as detailed in Confidential Attachment A.

Relevant Legislation

7. Local Government Act 1993.
8. Attachment A to the subject report contains confidential commercial information which, if disclosed, would:
 - (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
9. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Options

10. Not to offer this new agreement and let JTB Oceania Pty Ltd exercise its three year option.
11. To renew JTB Oceania Pty Ltd's lease agreement at Level 18, Town Hall House, 456 Kent Street, Sydney, which will achieve significant commercial income for the City.
12. There is no commercial advantage for the City to go back to market and source an alternative lessee.

Public Consultation

13. There is no requirement for public consultation for this commercial lease.

AMIT CHANAN

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