

Lease Approval – Ground Floor, Level 1 and Level 2, 46-52 Mountain Street, Ultimo

File No: S099550

Summary

This report seeks Council's approval to grant a new lease to Laureate Educational Services Australia Pty Ltd for Ground Floor, Level 1 and Level 2, 46-52 Mountain Street Ultimo, for a term of seven years and five months with a further five year option for the tenant to renew.

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

Recommendation

It is resolved that:

- (A) Council approve a lease with a term of seven years and five months with a five year option to renew to Laureate Educational Services Australia Pty Limited for Ground Floor, Level 1 and Level 2, 46-52 Mountain Street Ultimo; and
- (B) authority be delegated to the Chief Executive Officer to finalise the terms of this proposal in accordance with Confidential Attachment A to the subject report.

Attachments

Attachment A. Essential Lease Terms and Conditions (Confidential)

Background

1. Laureate currently lease Suite G04 and Levels 1 and 2, 46-52 Mountain Street Ultimo, and the lease will expire 31 March 2021. Laureate wish to surrender their lease for these premises and enter into a new lease for seven years and five months for all of the Ground Floor, Level 1 and Level 2 of 46-52 Mountain Street, which is an additional 1,196 square metres of commercial space.

Rental Determination

2. The City appointed independent valuers, BEM Property Consultants and Valuers, to undertake an assessment of the rental value of 46-52 Mountain Street Ultimo for leasing purposes.
3. The proposed lease terms including rental incentives are in line with the independent valuation.

Key Implications

Strategic Alignment - Sustainable Sydney 2030

4. 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 policy is aligned with the following SS2030 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

5. Property rental revenue in the 2019/20 financial year will be favourably impacted due to the uplift in rent, in line with the new valuation.

Relevant Legislation

6. Local Government Act 1993.
7. Attachment A contains confidential commercial information and details which, if disclosed, would confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business.
8. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Councils ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

Public Consultation

9. There was no requirement to consult with the public for this leasing matter.

AMIT CHANAN

Director, City Projects and Property Services

Matthew Woodroffe, Commercial Portfolio Manager