



City of Ipswich

**IPSWICH
CITY
COUNCIL**

AGENDA

of the

IPSWICH CENTRAL REDEVELOPMENT COMMITTEE

**Held in the Council Chambers
8th floor – 1 Nicholas Street
IPSWICH QLD 4305**

On Thursday, 14 July 2022
At 10 minutes after the conclusion of the Environment and Sustainability Committee

MEMBERS OF THE IPSWICH CENTRAL REDEVELOPMENT COMMITTEE

Councillor Marnie Doyle (**Chairperson**)
Councillor Nicole Jonic (**Deputy Chairperson**)

Mayor Teresa Harding
Councillor Kate Kunzelmann
Councillor Russell Milligan

IPSWICH CENTRAL REDEVELOPMENT COMMITTEE AGENDA
*10 minutes after the conclusion of the Environment and Sustainability
Committee on Thursday, 14 July 2022*
Council Chambers

Item No.	Item Title	Page No.
	Welcome to Country or Acknowledgment of Country	
	Declarations of Interest	
	Business Outstanding	
	Confirmation of Minutes	
1	Confirmation of Minutes of the Ipswich Central Redevelopment Committee No. 2022(05) of 16 June 2022	9
	Officers' Reports	
2	Nicholas Street Precinct - Retail Sub-Project Steering Committee June 2022	13
3	Nicholas Street Precinct - Communications, Engagement and Events Report June 2022	19
The following 5 items will be referred to the Special Council Meeting, which is being held 10 minutes after the conclusion of the Ipswich Central Redevelopment Committee meeting, for formal adoption.		
4	**Nicholas Street Precinct - Approval of an Agreement for Lease for Metro B Tenancy 2B04	22
5	**Nicholas Street Precinct - Approval of an Agreement for Lease for Metro B Tenancy 2B05	38
6	**Nicholas Street Precinct - Approval of an Agreement for Lease for Eats Tenancy T3	54
7	**Nicholas Street Precinct - Approval of an Agreement for Lease for Metro B Tenancy 2B11	70
8	**Nicholas Street Precinct - Approval of an Agreement for Lease for Metro B Tenancy 2B14	86
	Notices of Motion	
	Matters Arising	

** Item includes confidential papers

IPSWICH CENTRAL REDEVELOPMENT COMMITTEE NO. 6

14 JULY 2022

AGENDA

WELCOME TO COUNTRY OR ACKNOWLEDGEMENT OF COUNTRY

DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

BUSINESS OUTSTANDING

CONFIRMATION OF MINUTES

1. **CONFIRMATION OF MINUTES OF THE IPSWICH CENTRAL REDEVELOPMENT COMMITTEE NO. 2022(05) OF 16 JUNE 2022**

RECOMMENDATION

That the Minutes of the Meeting held on 16 June 2022 be confirmed.

OFFICERS' REPORTS

2. **NICHOLAS STREET PRECINCT - RETAIL SUB-PROJECT STEERING COMMITTEE JUNE 2022**

This is a report concerning the June 2022 report from the Retail Sub-Project Steering Committee on the status of the leasing program and associated developments with the retail component of the Nicholas Street Precinct redevelopment.

RECOMMENDATION

That the June 2022 Retail Sub-Project Steering Committee Report be received and the contents noted.

3. **NICHOLAS STREET PRECINCT - COMMUNICATIONS, ENGAGEMENT AND EVENTS REPORT JUNE 2022**

This is a report concerning the communications, engagement and events activity undertaken and planned for the Nicholas Street Precinct in June 2022.

RECOMMENDATION

That the Nicholas Street Precinct Communications, Engagement and Events Monthly Report be received and the contents noted.

4. **NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B04

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B04 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B04 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B04") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
 - B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B04 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
 - C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B04 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B04 (Ministerial exemption contained in Attachment 1 of this report).
 - D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.
 - E. That Council be kept informed as to the progress and outcome of the execution and publication of details.
-

5. **NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B05

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B05 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B05 in the Metro B Building (impacting part of Lot 1 on RP157021) (“Tenancy 2B05”) within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B05 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- C. That Council note, that in relation to Council’s disposal of its leasehold interest in Tenancy 2B05 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council’s interest in Tenancy 2B05 (Ministerial exemption contained in Attachment 1 of this report).
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take “contractual action” pursuant to section 238 of the Regulation, in order to implement Council’s decision at Recommendation B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

6. **NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR EATS TENANCY T3

This is a report concerning an agreement for lease for council’s consideration associated with tenancy T3 within the Nicholas Street Precinct’s Eats Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy T3 in the Eats Building (impacting lots 2RP209886, 3RP212242 and 1SP307972) (“Tenancy T3”) within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy T3 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- C. That Council note, that in relation to Council’s disposal of its leasehold interest in Tenancy T3 to the proposed lessee, that the Ministerial exemption under s236 (f) of

the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T3 (Ministerial exemption contained in Attachment 1 of this report).

- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

7. ****NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B11**

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B11 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B11 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B11") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B011 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B11 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B11 (Ministerial exemption contained in Attachment 1 of this report).
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

8. ****NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B14**

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B14 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B14 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B14") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B14 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B14 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B14 (Ministerial exemption contained in Attachment 1 of this report).
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

NOTICES OF MOTION

MATTERS ARISING

IPSWICH CENTRAL REDEVELOPMENT COMMITTEE NO. 2022(05)

16 JUNE 2022

MINUTES

COUNCILLORS' ATTENDANCE: Councillor Marnie Doyle (Chairperson); Mayor Teresa Harding, Councillors Kate Kunzelmann, Russell Milligan and Nicole Jonic (Deputy Chairperson)

COUNCILLOR'S APOLOGIES: Nil

OFFICERS' ATTENDANCE: Chief Executive Officer (Sonia Cooper), General Manager Planning and Regulatory Services (Peter Tabulo), General Manager Infrastructure and Environment (Sean Madigan), Chief of Staff – Office of the Mayor (Melissa Fitzgerald), Senior Policy and Communications Officer (David Shaw), Project Manager (Greg Thomas), Chair – Retail Sub-Project Sub-Committee Project Officer (Courtney Strow), Project Manager – Ipswich Central (Erin Marchant), Manager Economic and Community Development (Cat Matson) and Theatre Technician (Trent Gray)

WELCOME TO COUNTRY/ACKNOWLEDGEMENT OF COUNTRY

Councillor Marnie Doyle (Chairperson) delivered the Acknowledgement of Country.

DECLARATIONS OF INTEREST IN MATTERS ON THE AGENDA

Nil

BUSINESS OUTSTANDING

Nil

CONFIRMATION OF MINUTES

1. **CONFIRMATION OF MINUTES OF THE IPSWICH CENTRAL REDEVELOPMENT COMMITTEE NO. 2022(04) OF 5 MAY 2022**

RECOMMENDATION

Moved by Councillor Marnie Doyle:
Seconded by Councillor Russell Milligan:

That the minutes of the Ipswich Central Redevelopment Committee held on 5 May 2022 be confirmed.

AFFIRMATIVE

Councillors:

Doyle

Harding

Kunzelmann

Milligan

Jonic

NEGATIVE

Councillors:

Nil

The motion was put and carried.

OFFICERS' REPORTS

2. **IPSWICH CENTRAL REVITALISATION - BETTER BLOCK AND TOWN TEAMS PLACEMAKING EVENT**

International placemaking organisation, Better Block Foundation, has chosen Ipswich as a demonstration site as part of their upcoming Australian tour in August 2022. This report outlines the partnership between Better Block Foundation, Town Team Movement and Council to host a placemaking event to be held in Ipswich Central on Friday 12 August.

RECOMMENDATION

Moved by Councillor Marnie Doyle:

Seconded by Councillor Kate Kunzelmann:

That the report be received and the contents noted.

AFFIRMATIVE

Councillors:

Doyle

Harding

Kunzelmann

Milligan

Jonic

NEGATIVE

Councillors:

Nil

The motion was put and carried.

3. IPSWICH CENTRAL REVITALISATION - SIX MONTHLY REPORT

This is report regarding Ipswich Central Revitalisation, a catalyst project identified in the iFuture Corporate Plan for 2021-2026. This report highlights the progress that has been made since the endorsement of the Ipswich Central Revitalisation documents and showcases key activities and case studies.

RECOMMENDATION

Moved by Councillor Marnie Doyle:
Seconded by Councillor Russell Milligan:

That the report be received and contents noted.

AFFIRMATIVE

Councillors:

Doyle

Harding

Kunzelmann

Milligan

Jonic

NEGATIVE

Councillors:

Nil

The motion was put and carried.

4. NICHOLAS STREET PRECINCT - COMMUNICATIONS, ENGAGEMENT AND EVENTS REPORT MAY 2022

This is a report concerning the communications, engagement and events activity undertaken and planned for the Nicholas Street Precinct in May 2022.

RECOMMENDATION

Moved by Councillor Marnie Doyle:
Seconded by Councillor Russell Milligan:

That the Nicholas Street Precinct Communications, Engagement and Events Monthly Report be received and the contents noted.

AFFIRMATIVE

Councillors:

Doyle

Harding

Kunzelmann

Milligan

Jonic

NEGATIVE

Councillors:

Nil

The motion was put and carried.

5. NICHOLAS STREET PRECINCT - RETAIL SUB-PROJECT STEERING COMMITTEE MAY 2022

This is a report concerning the May 2022 report from the Retail Sub-Project Steering Committee on the status of the leasing program and associated developments with the retail component of the Nicholas Street Precinct redevelopment.

RECOMMENDATION

Moved by Councillor Marnie Doyle:
Seconded by Councillor Kate Kunzelmann:

That the May 2022 Retail Sub-Project Steering Committee Report be received and the contents noted.

AFFIRMATIVE

Councillors:

Doyle

Harding

Kunzelmann

Milligan

Jonic

NEGATIVE

Councillors:

Nil

The motion was put and carried.

NOTICES OF MOTION

Nil

MATTERS ARISING

Nil

PROCEDURAL MOTIONS AND FORMAL MATTERS

The meeting commenced at 1.38 pm.

The meeting closed at 2.01 pm.

Doc ID No: A8112576

ITEM: 2

SUBJECT: NICHOLAS STREET PRECINCT - RETAIL SUB-PROJECT STEERING COMMITTEE
JUNE 2022

AUTHOR: PROJECT MANAGER

DATE: 29 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning the June 2022 report from the Retail Sub-Project Steering Committee on the status of the leasing program and associated developments with the retail component of the Nicholas Street Precinct redevelopment.

RECOMMENDATION/S

That the June 2022 Retail Sub-Project Steering Committee Report be received and the contents noted.

RELATED PARTIES

Ranbury Management Group - Program Management Partner
Ranbury Property Services - Retail Leasing Agent

Councillor Fechner may have a potential conflict of interest in relation to this matter.

Councillor Madsen may have a potential conflict of interest in relation to this matter.

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

The Retail Sub-Project Steering Committee (RSPSC) supports the Ipswich Central Redevelopment Committee (ICRC) in delivering the Nicholas Street Precinct redevelopment. The RSPSC reports monthly to the ICRC on the planning, development, delivery and operations of the Nicholas Street Precinct's retail and commercial assets.

The RSPSC met on 29 June 2022 and considered the status of retail leasing, the cinema tender process, the status of design development for both the Venue and Commonwealth Hotel and precinct governance. Refer Attachment 1 for the draft RSPSC 29 June 2022 minutes.

The table below identifies the status of tenancy negotiations as of 27 June 2022. Since the previous report, lease documents were issued for one tenancy within Metro B, with another five issued in final draft. It is anticipated that these five will be executed within the coming

weeks. Two tenancies (Sushi Hyo and Zambrero) within Metro B are due to commence fit-out in July 2022, with completion due late August 2022. Progress on the remaining tenancies has been slow, with uncertainty surrounding construction pricing and availability of materials and labour creating delays.

Deal Status	June 2022	Change from May 2022
HOA Signed (non-legally binding)	17	0
HOA Pending Approval by Council	1	0
Lease Documents Issued	17	+1
Lease Documents Being Prepared	0	-1
Leases Executed by Lessee	6	0
Leases Pending Approval by Lessor (Council)	0	0
Leases Executed by Lessor (Council)	6	0

In December 2021, Council endorsed entering into an AFL/lease with the preferred operator for the cinema complex within the Venue building. An exclusivity period allowed Council to finalise the AFL/lease, tenant fit-out design and Venue’s design. Hutchinson Builders have finalised the design development with an associated contract sum to build due with council mid-July 2022. Council has conditioned its approval of the Venue’s refurbishment on the cinema AFL being executed. Council’s approval for the expenditure and contract variation will be sought in August 2022.

The AFL for the Commonwealth Hotel was executed on 10 March 2022, a condition by Council for the approved hotel extension to progress to construction. Hutchinson Builders have finalised the design development with an associated contract sum build due with council mid-July 2022. A detailed review by a third-party quantity surveyor has been completed. Council’s approval for the associated contract variation with Hutchinson Builders will be sought in August 2022.

Practical completion has been achieved for Eats, Metro B, Metro A’s façade and adjoining streetscapes. Terry White Chemmart and Gelatissimo both opened in late June 2022 and have been well supported by patrons and school holiday activations.

Due to the proximity of the July 2022 Ipswich Central Redevelopment Committee meeting to the end of the reporting month, the June 2022 Executive Report will be attached to the August 2022 Ipswich Central Redevelopment Committee meeting papers.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Act 2009
Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

Challenges to retail leasing continue including but not limited to COVID-19 impacts, the pace of the retail market rebound, the securing of anchor and other tenants and the attractiveness of the offer from the lessor (Council) in the current market conditions.

The conversion of endorsed HOA's into legally binding AFLs/leases remains a critical outcome given the completion of the refurbishment works to the Eats and Metro B buildings.

The refurbishment of the Venue building is contingent on the execution of AFL with the prospective cinema operator.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS
RECEIVE AND NOTE REPORT
The recommendation states that the report be received, and the contents noted. The decision to receive and note the report does not limit human rights. Therefore, the decision is compatible with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases. Commercial success in the medium to longer term will require a comprehensive and ongoing activation and management strategy to support tenants and deliver a revitalised and activated precinct.


COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

CONCLUSION

The process to secure tenants continues as does the conversion of HOA's into AFL's/leases. Achieving an executed lease for the cinema remains a critical focus given that tenancies have commenced opening within the precinct.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Draft RSPSC Minutes 29.6.22 ↓ 
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Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan

GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

“Together, we proudly enhance the quality of life for our community”



IPSWICH CITY COUNCIL

MINUTES - RETAIL SUB-PROJECT STEERING COMMITTEE

Meeting: Retail Sub-Project Steering Committee – No 24
Venue: Claremont Room, Level 8 - 1 Nicholas Street
Date: 29 June 2022 (10:00 – 11:30 PM)

Members:	James Hepburn (Chair) (JH); Sean Madigan (GM I&E) (SM); Greg Thomas (Project Manager) (GT)	
Observers:	Cr Marnie Doyle, Cr Kate Kunzelmann, Sonia Cooper, Brent McKay (BM), Karyn Sutton (KS), Nicole Denman	
Apologies	Cr Nicole Jonic	
Chair / Minutes:	Chair – James Hepburn	Minutes – Nicole Denman
No.	OFFICER	DESCRIPTION
1	JH	Attendance / Apologies
2	JH	Previous Minutes & Actions Arising 1 June 2022 <ul style="list-style-type: none"> Item 3 - WMH – vacated LG Venue, future accommodation requirements discussed Item 4 – Venue and Commonwealth Hotel procurement and approval process Item 5 – AV presentation to be provided at conclusion of meeting Item 6 – Wayfinding to be discussed at Agenda Item 6 below
3	JH	Retail Leasing <ul style="list-style-type: none"> Retail PCG meeting outcomes 28 June 2022 Leasing - AFL status (distributed copy of latest leasing update) <ul style="list-style-type: none"> Identified potential Special Council Meeting 14 July 2022 to process up to 5 deals Leasing – HOA endorsements/ongoing negotiations/prospecting/new interest Cinema – Status update provided WMH update provided – Action: GT to coordinate calculation of base building costs associated with a tenancy within 143 Brisbane Street
4	JH	Retail Redevelopment <ul style="list-style-type: none"> Metro B/Eats – Status update provided <ul style="list-style-type: none"> Practical completion reached 27 June 2022 Commonwealth Hotel – Status update provided (copy of endorsement schedule distributed) <ul style="list-style-type: none"> Councillor briefing session 2 August 2022 Venue – Status update provided (copy of endorsement schedule distributed) <ul style="list-style-type: none"> Councillor briefing session 2 August 2022
5	KS	Precinct Activation and Events <ul style="list-style-type: none"> 2022/23 activation/event calendar <ul style="list-style-type: none"> Gelatissimo grand opening School Holidays Live Stage Shows Twilight Market contract period finalised Themed night offerings Update on working group - permits, licensing, mall gazettal etc. <ul style="list-style-type: none"> Action: KS – Related working group report to be shared via Infocouncil Action: KS – Renewed focus on obtaining and/or hosting a farmers market Nicholas St stakeholder engagement and update session <ul style="list-style-type: none"> Earmarked for 13 July 2022 - Notification of event provided to local stakeholders Metro B Walkway – Action: KS – future committee report to be prepared recommending a social media campaign seeking community feedback for an appropriate walkway name.
6	JH/KS	Precinct Management <ul style="list-style-type: none"> Tenancy openings Marketing, social media and website Wayfinding – Status update provided <ul style="list-style-type: none"> Signage package currently underway Urgent requirement to test construction pricing and supply delivery programme

7	GT	Procurement <ul style="list-style-type: none"> • Current – Commercial agent, Cinema operator, Venue PM, Senior PM - Retail Development • Future – Commonwealth Hotel/Venue D&C, Tulmur Bar design
8	JH	Financials <ul style="list-style-type: none"> • 2022/23 Operational budget update provided • 2022/23 Capital budget update provided
9	GT	July 2022 ICRC/Council Reports <ul style="list-style-type: none"> • June 2022 RSPSC Report • Communications Engagement and Events Reports • NSP Governance Report. • Potential inclusion of leasing papers – pending AFL execution
10	GT	Retail Ministerial Exemption <ul style="list-style-type: none"> • June 2022 quarterly report (completed), June 2022 half-yearly report (due late July)
11	GT	Precinct Strategy <ul style="list-style-type: none"> • QTC/councillor workshop 5 July 2022 – management/future options
12	GT	General Business <ul style="list-style-type: none"> • Submission of paper on NSP Branch’s structure and staffing to be submitted to WRC • Existing delegations for precinct management • Status of property issues discussed Action: GT to prepare a simplified executive summary to accompany letter draft to QR • Tulmur Place – vegetation management • Trades Halls –meeting to be held PM 29.6.22 re outstanding issues
13	JH	Next Meeting – 27 July 2022

Doc ID No: A8151286

ITEM: 3

SUBJECT: NICHOLAS STREET PRECINCT - COMMUNICATIONS, ENGAGEMENT AND EVENTS
REPORT JUNE 2022

AUTHOR: COMMUNICATIONS, EVENTS AND ENGAGEMENT MANAGER

DATE: 30 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning the communications, engagement and events activity undertaken and planned for the Nicholas Street Precinct in June 2022.

RECOMMENDATION/S

That the Nicholas Street Precinct Communications, Engagement and Events Monthly Report be received and the contents noted.

RELATED PARTIES

The General Manager of Infrastructure and Environment has declared a conflict of interest in relation to the Handmade Expo Markets operation. The conflict of interest has been declared to the Chief Executive Officer and the General Manager and has not been involved in relation to this aspect of the program.

ADVANCE IPSWICH THEME

Strengthening our local economy and building prosperity

Caring for the community

PURPOSE OF REPORT/BACKGROUND

The purpose of this report is to provide a summary of activity held in June and inform of activity upcoming.

EVENTS

In June the Nicholas Street Precinct hosted the Ipswich Twilight Markets, Handmade Market Expo, Ipswich Plant & Garden Fair, lunchtime food trucks, The Ipswich Cup Barrier Draw and Auslan Yoga, and commenced an extensive school holiday program featuring daily changing licenced stage shows, mini markets and the prehistoric creatures display. All events were well attended by the community with positive visitation numbers and feedback.

The Ipswich Twilight Markets held their final market in Tulmur Place on Friday, 3 June and with the scheduled event period now complete no further dates for this event are

scheduled. The market had been in operation for approximately 18 months and served as a great evening offer for the community to reignite night-time economy, and the events team are now in the process of formulating a new evening offering to launch in the spring months.

The precinct welcomed the opening of Terry White Chemmart to its new location closer to Tulmur Place on Monday, 20 June, and on Saturday, 25 June Gelatissimo officially opened to the community with a grand opening event that included free games, activities, face painting and free scoops for a two-hour period. Over 500 people attended the Gelatissimo opening, with local franchisee owners thankful for the support.

Marketing

The Nicholas Street marketing team are seeking to invite community consultation in regard to the naming of a key walking thoroughfare within the project that links Nicholas Street to the Ipswich train station, and is currently known as 'Metro B'. The thoroughfare will be home to service type retail tenancies and suggestions for the naming include Bremer Walk, Limestone Walk, Tulmur Link, Union Arcade, Central Arcade, City Link and Metro. A two-week social media campaign will be launched in late July to invite the community to vote on these names and offer additional suggestions.

The marketing team is also actively building a dedicated precinct focused database to support tenant openings and event visitation, and targeted industry advertising continued during June in both The Urban Developer and Shopping Centre News, with branded content across display ads, print and database email inclusion to leverage overall brand awareness.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009

RISK MANAGEMENT IMPLICATIONS

Comprehensive COVID-19 plans are in place for all events in addition to the enforcement of the issues and crisis plan, emergency plan and engagement of 1800-medics to support as appropriate.

FINANCIAL/RESOURCE IMPLICATIONS

The initial draft of the 2022-2023 precinct activation budget has been completed and is currently under management review.

COMMUNITY AND OTHER CONSULTATION

Internal and external consultation included key precinct stakeholders (landlords and business owners), project partners and contractors (Ranbury, Hutchinsons, event organisers, etc).

CONCLUSION

Commercial success for the precinct in the medium and long term is reliant on a comprehensive and ongoing management strategy and complementing activation plan to support tenants and deliver a revitalised precinct that encourages the community to 'explore more'.

Karyn Sutton

COMMUNICATIONS, EVENTS AND ENGAGEMENT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan

GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

"Together, we proudly enhance the quality of life for our community"

Doc ID No: A8145583

ITEM: 4

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B04

AUTHOR: PROJECT MANAGER

DATE: 28 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B04 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATIONS

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B04 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B04") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B04 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B04 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B04 (Ministerial exemption contained in Attachment 1 of this report).**
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.**
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Ranbury Property Services - Retail Leasing Agent

Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal
Councillor Fechner may have a potential conflict of interest in relation to this matter
Councillor Madsen may have a potential conflict of interest in relation to this matter

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 council was granted a ministerial exemption under section 236 (1)(f) of the *Local Government Regulation 2012* (Regulation) for the disposal of valuable non-current assets (leases and sub-leases) associated with the Nicholas Street Precinct redevelopment. To ensure council had sufficient time to fully implement its retail strategy, council sought and was granted an exemption until 30 June 2023. The goal of the exemption was to allow council to efficiently and effectively implement its retail strategy through the disposal of leases and State sub-leases (held by council) by more appropriate, market accepted, transactional means other than by a tender or auction process mandated under section 227 of the Regulation.

This exemption was sought as retail leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced retail leasing firms with relationships with the types of tenants targeted for a project. These relationships allow conversations to explain a project and the opportunities tailored to each prospective tenant. The retail leasing agent, appointed by council, has and continues to actively market the subject tenancies to prospective tenants.

Further, industry advice confirmed it would be highly likely that any tender or auction process for the retail tenancies would receive very limited responses and that any response would not contain the commercial terms sought by council. In addition, these processes would be inherently incapable of creating the desired mix and style of lessee council is seeking for its food and beverage and entertainment/leisure tenancies.

As part of the exemption approval process, council committed to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of proposed safeguards to ensure openness and transparency with regard to the related transactions. Correspondence from the then Minister of Local Government dated 24 September 2019 (refer Attachment 1) confirmed approval of the exemption (for both council's retail and commercial tenancies). Further, this approval conditioned the exemption on compliance with the activities proposed by council to address the sound contracting principles as outlined in council's letter to the then Department of Local Government, Racing and Multicultural Affairs dated 10 September 2019 (refer Attachment 2). Specifically, this requires the following condition be met "each lease/sublease to be approved by the Economic Development Committee and then full council prior to its execution (agendas, papers and minutes all publicly accessible)". **(Note: all related precinct matters are now managed by the Ipswich Central Redevelopment Committee).** This process will be utilised for each individual retail (and future commercial) lease arrangement.

This paper is seeking council's approval to enter into an agreement for lease for a food tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The agreement for lease relates to a sub-lease for one of terrace tenancies in the Metro B building which fronts/overlooks Union Place being 2B04 tenancy (72 m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601375840) over the Metro B Building with the long-term lease expiring on 27 November 2077. The Metro B Building impacts part of lot 1RP157021 (over the rail line).

A lease is a contract by which one party conveys land, property, services, etc. to another for a specified term, and in this instance in return for a periodic payment. The lease agreement outlines all of the aspects of the lease arrangement so that each party understands their rights and obligations under the lease. An agreement for lease is necessary when the party owning the land is investing significant capital into refurbishing or building new space for the potential lessee. The agreement for lease pre-empts and contractually links to the final lease document whilst committing both parties to enter into a lease on occupation and/or opening of the space. Essentially an agreement for lease de-risks the landlord's capital expenditure with a contracted outcome.

The Nicholas Street Precinct team will be negotiating up to 40 retail, food and beverage and leisure deals over the next few years. During this process and with the desire to drive the best financial outcome for council and its constituents, the precinct team need to protect this outcome by maintaining a competitive advantage during the negotiations, which can only happen with an element of confidentiality. The lessees will also seek and in most cases secure contractual obligations on both parties to maintain a level of confidentiality around commercially sensitive material. This is likely to be around key terms like rent, term, options to extend, landlord' contributions, sales data access and general operational costs of the tenancy.

The brand names associated with each executed agreement for lease will be released prior to the tenant's opening with the precinct team's desire being to drive marketing reach across relating real estate and retail industry media channels to best serve the leasing uptake. Announcements relating to Metro B lessees are planned to be released in batches in 2022. As a result, the lessee's details and agreed commercial terms to be reflected in the lease documentation are Commercial in Confidence. A memorandum of advice detailing the Commercial in Confidence nature of the content of this report is attached (refer confidential Attachment 3). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 4 - 6).

Council engaged Knight Frank Valuation & Advisory Queensland to provide an independent market appraisal of each proposed lease arrangement's commercial terms as detailed in a Heads of Agreement (a precursor to an agreement for lease/Lease detailing agreed commercial terms between the parties). This advice is considered by council prior to the Chief Executive Officer endorsing any Heads of Agreement progressing to the preparation of related legal documentation including agreements for lease, leases and associated documentation. Knight Frank's review of Metro B tenancy 2B03 is attached (refer confidential Attachment 5). Also attached is the Lease Deal Approval Report for Metro B tenancy 2B04 (refer confidential Attachment 6). Confidential Attachment 4 details material changes with the commercial terms from the Knight Frank review of the initial deal proposed

in the adjoining Metro B tenancy 2B03 to the preparation of the agreement for lease for the current proposal for Metro B tenancy 2B04.

This paper seeks approval for council to enter into an agreement for lease for a food tenancy associated with the Nicholas Street Precinct redevelopment. The delegation to the Chief Executive Officer will enable council's execution of the agreement for lease, the lease and associated documentation for Metro B tenancy 2B04 and ensure the lessee can commence their fit-out works and opening as soon as possible.

Post the execution of the lease documentation for each tenancy, council will be provided with a subsequent report detailing lessee specifics and their offering.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Act 2009
Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The medium to long-term success and viability of both the retail precinct and the overall Ipswich Central CBD Redevelopment is heavily dependent on the retail leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of further agreements for lease will send a positive signal to the retail leasing market around the precinct's future success.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	<p>Recommendation A relates to Council entering into an agreement for lease and an associated document for Metro B 2B04 tenancy.</p> <p>Recommendation B relates to Council entering into a lease for Metro B 2B04 tenancy.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Metro B Building.</p> <p>Recommendation D delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation E relates to the provision of an update to council.</p>

(b) What human rights are affected?	No human rights are affected by this decision. This is because the prospective lessee is a company (only individuals have human rights).
(c) How are the human rights limited?	Not applicable.
(d) Is there a good reason for limiting the relevant rights? Is the limitation fair and reasonable?	Not applicable.
(e) Conclusion	The decision is consistent with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases and sub-leases. Funding for the retail leasing agent's payments and any associated landlord contributions is incorporated into the project's budget.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Detailed consultation has occurred with the Department of State Development, Infrastructure, Local Government and Planning on the both the conditioned process and the associated documentation to be provided to council for AFL/lease approvals.





Council's Legal Services team have been consulted on the form and contents of this report and its attachments.

CONCLUSION

The flexibility provided by the ministerial exemption over the Regulation's tender and auction provisions allows council to optimise the tenancy mix, the commercial outcomes and the long-term success for each tenancy and the project overall.

As a priority, the focus is to progress the conversion of endorsed Heads of Agreement into agreement for leases particularly as refurbishment works on both the Eats and Metro B buildings is completed. Approval of this agreement for lease within Nicholas Street Precinct's Metro B will continue the positive message to the Ipswich community and the market that the redevelopment is moving forward.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 24.9.19  
2.	Ministerial Exemption ICC Clarifications 10.9.19  
	CONFIDENTIAL
3.	NSP Retail Leases - Legal Advice

- | | |
|----|---|
| 4. | Confidential Report - Metro B 2B04 |
| 5. | Knight Frank Assessment - Metro B 2B03 |
| 6. | Lease Deal Approval Report - Metro B 2B04 |

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan
GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

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Doc ID No: A8135326

ITEM: 5

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B05

AUTHOR: PROJECT MANAGER

DATE: 28 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B05 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B05 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B05") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B05 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B05 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B05 (Ministerial exemption contained in Attachment 1 of this report).**
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.**
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Ranbury Property Services - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal
Councillor Fechner may have a potential conflict of interest in relation to this matter

Councillor Madsen may have a potential conflict of interest in relation to this matter

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 council was granted a ministerial exemption under section 236 (1)(f) of the *Local Government Regulation 2012* (Regulation) for the disposal of valuable non-current assets (leases and sub-leases) associated with the Nicholas Street Precinct redevelopment. To ensure council had sufficient time to fully implement its retail strategy, council sought and was granted an exemption until 30 June 2023. The goal of the exemption was to allow council to efficiently and effectively implement its retail strategy through the disposal of leases and State sub-leases (held by council) by more appropriate, market accepted, transactional means other than by a tender or auction process mandated under section 227 of the Regulation.

This exemption was sought as retail leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced retail leasing firms with relationships with the types of tenants targeted for a project. These relationships allow conversations to explain a project and the opportunities tailored to each prospective tenant. The retail leasing agent, appointed by council, has and continues to actively market the subject tenancies to prospective tenants.

Further, industry advice confirmed it would be highly likely that any tender or auction process for the retail tenancies would receive very limited responses and that any response would not contain the commercial terms sought by council. In addition, these processes would be inherently incapable of creating the desired mix and style of lessee council is seeking for its food and beverage and entertainment/leisure tenancies.

As part of the exemption approval process, council committed to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of proposed safeguards to ensure openness and transparency with regard to the related transactions. Correspondence from the then Minister of Local Government dated 24 September 2019 (refer Attachment 1) confirmed approval of the exemption (for both council's retail and commercial tenancies). Further, this approval conditioned the exemption on compliance with the activities proposed by council to address the sound contracting principles as outlined in council's letter to the then Department of Local Government, Racing and Multicultural Affairs dated 10 September 2019 (refer Attachment 2). Specifically, this requires the following condition be met "each lease/sublease to be approved by the Economic Development Committee and then full council prior to its execution (agendas, papers and minutes all publicly accessible)". **(Note: all related precinct matters are now managed by the Ipswich Central Redevelopment Committee).** This process will be utilised for each individual retail (and future commercial) lease arrangement.

This paper is seeking council's approval to enter into an agreement for lease for a food and beverage tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The agreement for lease relates to a sub-lease for one of terrace

tenancies in the Metro B building which fronts/overlooks Union Place being 2B05 tenancy (492 m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601375840) over the Metro B Building with the long-term lease expiring on 27 November 2077. The Metro B Building impacts part of lot 1RP157021 (over the rail line).

A lease is a contract by which one party conveys land, property, services, etc. to another for a specified term, and in this instance in return for a periodic payment. The lease agreement outlines all of the aspects of the lease arrangement so that each party understands their rights and obligations under the lease. An agreement for lease is necessary when the party owning the land is investing significant capital into refurbishing or building new space for the potential lessee. The agreement for lease pre-empts and contractually links to the final lease document whilst committing both parties to enter into a lease on occupation and/or opening of the space. Essentially an agreement for lease de-risks the landlord's capital expenditure with a contracted outcome.

The Nicholas Street Precinct team will be negotiating up to 40 retail, food and beverage and leisure deals over the next few years. During this process and with the desire to drive the best financial outcome for council and its constituents, the precinct team need to protect this outcome by maintaining a competitive advantage during the negotiations, which can only happen with an element of confidentiality. The lessees will also seek and in most cases secure contractual obligations on both parties to maintain a level of confidentiality around commercially sensitive material. This is likely to be around key terms like rent, term, options to extend, landlord' contributions, sales data access and general operational costs of the tenancy.

The brand names associated with each executed agreement for lease will be released prior to the tenant's opening with the precinct team's desire being to drive marketing reach across relating real estate and retail industry media channels to best serve the leasing uptake. Announcements relating to Metro B lessees are planned to be released in batches in 2022. As a result, the lessee's details and agreed commercial terms to be reflected in the lease documentation are Commercial in Confidence. A memorandum of advice detailing the Commercial in Confidence nature of the content of this report is attached (refer confidential Attachment 3). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 4 - 6).

Council engaged Knight Frank Valuation & Advisory Queensland to provide an independent market appraisal of each proposed lease arrangement's commercial terms as detailed in a Heads of Agreement (a precursor to an agreement for lease/Lease detailing agreed commercial terms between the parties). This advice is considered by council prior to the Chief Executive Officer endorsing any Heads of Agreement progressing to the preparation of related legal documentation including agreements for lease, leases and associated documentation. Knight Frank's review of Metro B tenancy 2B05 is attached (refer confidential Attachment 5). Also attached is the Lease Deal Approval Report for Metro B tenancy 2B05 (refer confidential Attachment 6). Confidential Attachment 4 details material changes with the commercial terms from the Knight Frank review to the preparation of the agreement for lease.

This paper seeks approval for council to enter into an agreement for lease for a food and beverage tenancy associated with the Nicholas Street Precinct redevelopment. The delegation to the Chief Executive Officer will enable council's execution of the agreement for

lease, the lease and associated documentation for Metro B tenancy 2B05 and ensure the lessee can commence their fit-out works and opening as soon as possible.

Post the execution of the lease documentation for each tenancy, council will be provided with a subsequent report detailing lessee specifics and their offering.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009

Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The medium to long-term success and viability of both the retail precinct and the overall Ipswich Central CBD Redevelopment is heavily dependent on the retail leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of further agreements for lease will send a positive signal to the retail leasing market around the precinct's future success.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	<p>Recommendation A relates to Council entering into an agreement for lease and an associated document for Metro B 2B05 tenancy.</p> <p>Recommendation B relates to Council entering into a lease for Metro B 2B05 tenancy.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Metro B Building.</p> <p>Recommendation D delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation E relates to the provision of an update to council.</p>
(b) What human rights are affected?	No human rights are affected by this decision. This is because the prospective lessee is a company (only individuals have human rights).
(c) How are the human rights limited?	Not applicable.
(d) Is there a good reason for limiting	Not applicable.

the relevant rights? Is the limitation fair and reasonable?	
(e) Conclusion	The decision is consistent with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases and sub-leases. Funding for the retail leasing agent's payments and any associated landlord contributions is incorporated into the project's budget.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Detailed consultation has occurred with the Department of State Development, Infrastructure, Local Government and Planning on the both the conditioned process and the associated documentation to be provided to council for AFL/lease approvals.



Council's Legal Services team have been consulted on the form and contents of this report and its attachments.

CONCLUSION

The flexibility provided by the ministerial exemption over the Regulation's tender and auction provisions allows council to optimise the tenancy mix, the commercial outcomes and the long-term success for each tenancy and the project overall.

As a priority, the focus is to progress the conversion of endorsed Heads of Agreement into agreement for leases particularly due to the completion of refurbishment works on both the Eats and Metro B buildings. Approval of this agreement for lease within Nicholas Street Precinct's Metro B will continue the positive message to the Ipswich community and the market that the redevelopment is moving forward.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 24.9.19 ↓ 
2.	Ministerial Exemption ICC Clarifications 10.9.19 ↓ 
	CONFIDENTIAL
3.	NSP Retail Leases - Legal Advice
4.	Confidential Report - Metro B 2B05
5.	Knight Frank Assessment - Metro B 2B05
6.	Lease Deal Approval Report - Metro B 2B05

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan

GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

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Doc ID No: A8135349

ITEM: 6

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR EATS TENANCY T3

AUTHOR: PROJECT MANAGER

DATE: 28 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning an agreement for lease for council's consideration associated with tenancy T3 within the Nicholas Street Precinct's Eats Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy T3 in the Eats Building (impacting lots 2RP209886, 3RP212242 and 1SP307972) ("Tenancy T3") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy T3 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy T3 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T3 (Ministerial exemption contained in Attachment 1 of this report).**
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.**
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Ranbury Property Services - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal
Councillor Fechner may have a potential conflict of interest in relation to this matter

Councillor Madsen may have a potential conflict of interest in relation to this matter

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 council was granted a ministerial exemption under section 236 (1)(f) of the *Local Government Regulation 2012* (Regulation) for the disposal of valuable non-current assets (leases and sub-leases) associated with the Nicholas Street Precinct redevelopment. To ensure council had sufficient time to fully implement its retail strategy, council sought and was granted an exemption until 30 June 2023. The goal of the exemption was to allow council to efficiently and effectively implement its retail strategy through the disposal of leases and State sub-leases (held by council) by more appropriate, market accepted, transactional means other than by a tender or auction process mandated under section 227 of the Regulation.

This exemption was sought as retail leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced retail leasing firms with relationships with the types of tenants targeted for a project. These relationships allow conversations to explain a project and the opportunities tailored to each prospective tenant. The retail leasing agent, appointed by council, has and continues to actively market the subject tenancies to prospective tenants.

Further, industry advice confirmed it would be highly likely that any tender or auction process for the retail tenancies would receive very limited responses and that any response would not contain the commercial terms sought by council. In addition, these processes would be inherently incapable of creating the desired mix and style of lessee council is seeking for its food and beverage, service and entertainment/leisure tenancies.

As part of the exemption approval process, council committed to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of proposed safeguards to ensure openness and transparency with regard to the related transactions. Correspondence from the then Minister of Local Government dated 24 September 2019 (refer Attachment 1) confirmed approval of the exemption (for both council's retail and commercial tenancies). Further, this approval conditioned the exemption on compliance with the activities proposed by council to address the sound contracting principles as outlined in council's letter to the then Department of Local Government, Racing and Multicultural Affairs dated 10 September 2019 (refer Attachment 2). Specifically, this requires the following condition be met "each lease/sublease to be approved by the Economic Development Committee and then full council prior to its execution (agendas, papers and minutes all publicly accessible)". **(Note: all related precinct matters are now managed by the Ipswich Central Redevelopment Committee).** This process will be utilised for each individual retail (and future commercial) lease arrangement.

This paper is seeking council's approval to enter into an agreement for lease for a food tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The agreement for lease relates to a sub-lease for one of the four ground

floor tenancies in the Eats building which fronts Nicholas Street being T3 (152 m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601907098) over the Eats Building with the long-term lease expiring on 31 August 2086. The Eats Building impacts three lots: 2RP209886, 3RP212242 (over the rail line) and 1SP307972.

A lease is a contract by which one party conveys land, property, services, etc. to another for a specified term, and in this instance in return for a periodic payment. The lease agreement outlines all of the aspects of the lease arrangement so that each party understands their rights and obligations under the lease. An agreement for lease is necessary when the party owning the land is investing significant capital into refurbishing or building new space for the potential lessee. The agreement for lease pre-empts and contractually links to the final lease document whilst committing both parties to enter into a lease on occupation and/or opening of the space. Essentially an agreement for lease de-risks the landlord's capital expenditure with a contracted outcome.

The Nicholas Street Precinct team will be negotiating up to 40 retail, food and beverage, service and leisure deals over the next few years. During this process and with the desire to drive the best financial outcome for council and its constituents, the precinct team need to protect this outcome by maintaining a competitive advantage during the negotiations, which can only happen with an element of confidentiality. The lessees will also seek and in most cases secure contractual obligations on both parties to maintain a level of confidentiality around commercially sensitive material. This is likely to be around key terms like rent, term, options to extend, landlord' contributions, sales data access and general operational costs of the tenancy.

The brand names associated with each executed agreement for lease will be released prior to the tenant's opening with the precinct team's desire being to drive marketing reach across relating real estate and retail industry media channels to best serve the leasing uptake. Announcements relating to Metro B lessees are planned to be released in batches in 2022. As a result, the lessee's details and agreed commercial terms to be reflected in the lease documentation are Commercial in Confidence. A memorandum of advice detailing the Commercial in Confidence nature of the content of this report is attached (refer confidential Attachment 3). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 4 - 6).

Council engaged Knight Frank Valuation & Advisory Queensland to provide an independent market appraisal of each proposed lease arrangement's commercial terms as detailed in a Heads of Agreement (a precursor to an agreement for lease/Lease detailing agreed commercial terms between the parties). This advice is considered by council prior to the Chief Executive Officer endorsing any Heads of Agreement progressing to the preparation of related legal documentation including agreements for lease, leases and associated documentation. Knight Frank's review of Eats tenancy T3 is attached (refer confidential Attachment 5). Also attached is the Lease Deal Approval Report for Eats tenancy T3 (refer confidential Attachment 6). Confidential Attachment 4 details material changes with the commercial terms from the Knight Frank review to the preparation of the agreement for lease.

This paper seeks approval for council to enter into an agreement for lease for a food tenancy associated with the Nicholas Street Precinct redevelopment. The delegation to the Chief Executive Officer will enable council's execution of the agreement for lease, the lease and

associated documentation for Eats tenancy T3 and ensure the lessee can commence their fit-out works and opening as soon as possible.

Post the execution of the lease documentation for each tenancy, council will be provided with a subsequent report detailing lessee specifics and their offering.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009

Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The medium to long-term success and viability of both the retail precinct and the overall Ipswich Central CBD Redevelopment is heavily dependent on the retail leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of further agreements for lease will send a positive signal to the retail leasing market around the precinct's future success.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	<p>Recommendation A relates to Council entering into an agreement for lease and an associated document for Eats T3 tenancy.</p> <p>Recommendation B relates to Council entering into a lease for Eats T3 tenancy.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Eats Building.</p> <p>Recommendation D delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation E relates to the provision of an update to council.</p>
(b) What human rights are affected?	No human rights are affected by this decision. This is because the prospective lessee is a company (only individuals have human rights).
(c) How are the human rights limited?	Not applicable.
(d) Is there a good reason for limiting	Not applicable.

the relevant rights? Is the limitation fair and reasonable?	
(e) Conclusion	The decision is consistent with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases and sub-leases. Funding for the retail leasing agent's payments and any associated landlord contributions is incorporated into the project's budget.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Detailed consultation has occurred with the Department of State Development, Infrastructure, Local Government and Planning on the both the conditioned process and the associated documentation to be provided to council for AFL/lease approvals.





Council's Legal Services team have been consulted on the form and contents of this report and its attachments.

CONCLUSION

The flexibility provided by the ministerial exemption over the Regulation's tender and auction provisions allows council to optimise the tenancy mix, the commercial outcomes and the long-term success for each tenancy and the project overall.

As a priority, the focus is to progress the conversion of endorsed Heads of Agreement into agreement for leases particularly due to the completion of refurbishment works on both the Eats and Metro B buildings. Approval of this agreement for lease within Nicholas Street Precinct's Eats building will continue the positive message to the Ipswich community and the market that the redevelopment is moving forward.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 24.9.19  
2.	Ministerial Exemption ICC Clarification 10.9.19  
	CONFIDENTIAL
3.	NSP Retail Leases - Legal Advice
4.	Confidential Report - Eats T3
5.	Knight Frank Assessment - Eats T3
6.	Lease Deal Approval Report - Eats T3

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan

GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

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Doc ID No: A8135282

ITEM: 7

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B11

AUTHOR: PROJECT MANAGER

DATE: 28 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B11 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B11 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B11") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B011 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B11 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B11 (Ministerial exemption contained in Attachment 1 of this report).**
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.**
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Ranbury Property Services - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal
Councillor Fechner may have a potential conflict of interest in relation to this matter

Councillor Madsen may have a potential conflict of interest in relation to this matter

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 council was granted a ministerial exemption under section 236 (1)(f) of the *Local Government Regulation 2012* (Regulation) for the disposal of valuable non-current assets (leases and sub-leases) associated with the Nicholas Street Precinct redevelopment. To ensure council had sufficient time to fully implement its retail strategy, council sought and was granted an exemption until 30 June 2023. The goal of the exemption was to allow council to efficiently and effectively implement its retail strategy through the disposal of leases and State sub-leases (held by council) by more appropriate, market accepted, transactional means other than by a tender or auction process mandated under section 227 of the Regulation.

This exemption was sought as retail leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced retail leasing firms with relationships with the types of tenants targeted for a project. These relationships allow conversations to explain a project and the opportunities tailored to each prospective tenant. The retail leasing agent, appointed by council, has and continues to actively market the subject tenancies to prospective tenants.

Further, industry advice confirmed it would be highly likely that any tender or auction process for the retail tenancies would receive very limited responses and that any response would not contain the commercial terms sought by council. In addition, these processes would be inherently incapable of creating the desired mix and style of lessee council is seeking for its food and beverage, service and entertainment/leisure tenancies.

As part of the exemption approval process, council committed to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of proposed safeguards to ensure openness and transparency with regard to the related transactions. Correspondence from the then Minister of Local Government dated 24 September 2019 (refer Attachment 1) confirmed approval of the exemption (for both council's retail and commercial tenancies). Further, this approval conditioned the exemption on compliance with the activities proposed by council to address the sound contracting principles as outlined in council's letter to the then Department of Local Government, Racing and Multicultural Affairs dated 10 September 2019 (refer Attachment 2). Specifically, this requires the following condition be met "each lease/sublease to be approved by the Economic Development Committee and then full council prior to its execution (agendas, papers and minutes all publicly accessible)". **(Note: all related precinct matters are now managed by the Ipswich Central Redevelopment Committee)**. This process will be utilised for each individual retail (and future commercial) lease arrangement.

This paper is seeking council's approval to enter into an agreement for lease for a service tenancy associated with the Nicholas Street Precinct redevelopment utilising the process

detailed above. The agreement for lease relates to a sub-lease for one of internal tenancies in the Metro B building being 2B11 tenancy (68 m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601375840) over the Metro B Building with the long-term lease expiring on 27 November 2077. The Metro B Building impacts part of lot 1RP157021 (over the rail line).

A lease is a contract by which one party conveys land, property, services, etc. to another for a specified term, and in this instance in return for a periodic payment. The lease agreement outlines all of the aspects of the lease arrangement so that each party understands their rights and obligations under the lease. An agreement for lease is necessary when the party owning the land is investing significant capital into refurbishing or building new space for the potential lessee. The agreement for lease pre-empts and contractually links to the final lease document whilst committing both parties to enter into a lease on occupation and/or opening of the space. Essentially an agreement for lease de-risks the landlord's capital expenditure with a contracted outcome.

The Nicholas Street Precinct team will be negotiating up to 40 retail, food and beverage and leisure deals over the next few years. During this process and with the desire to drive the best financial outcome for council and its constituents, the precinct team need to protect this outcome by maintaining a competitive advantage during the negotiations, which can only happen with an element of confidentiality. The lessees will also seek and in most cases secure contractual obligations on both parties to maintain a level of confidentiality around commercially sensitive material. This is likely to be around key terms like rent, term, options to extend, landlord' contributions, sales data access and general operational costs of the tenancy.

The brand names associated with each executed agreement for lease will be released prior to the tenant's opening with the precinct team's desire being to drive marketing reach across relating real estate and retail industry media channels to best serve the leasing uptake. Announcements relating to Metro B lessees are planned to be released in batches in 2022. As a result, the lessee's details and agreed commercial terms to be reflected in the lease documentation are Commercial in Confidence. A memorandum of advice detailing the Commercial in Confidence nature of the content of this report is attached (refer confidential Attachment 3). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 4 - 6).

Council engaged Knight Frank Valuation & Advisory Queensland to provide an independent market appraisal of each proposed lease arrangement's commercial terms as detailed in a Heads of Agreement (a precursor to an agreement for lease/Lease detailing agreed commercial terms between the parties). This advice is considered by council prior to the Chief Executive Officer endorsing any Heads of Agreement progressing to the preparation of related legal documentation including agreements for lease, leases and associated documentation. Knight Frank's review of Metro B tenancy 2B10 is attached (refer confidential Attachment 5). Also attached is the Lease Deal Approval Report for Metro B tenancy 2B11 (refer confidential Attachment 6). Confidential Attachment 4 details material changes with the commercial terms from the Knight Frank review of the initial proposal in Metro B tenancy 2B10 to the preparation of the agreement for lease in the adjoining Metro B tenancy 2B11.

This paper seeks approval for council to enter into an agreement for lease for a service tenancy associated with the Nicholas Street Precinct redevelopment. The delegation to the Chief Executive Officer will enable council's execution of the agreement for lease, the lease and associated documentation for Metro B tenancy 2B11 and ensure the lessee can commence their fit-out works and opening as soon as possible.

Post the execution of the lease documentation for each tenancy, council will be provided with a subsequent report detailing lessee specifics and their offering.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:

Local Government Act 2009

Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The medium to long-term success and viability of both the retail precinct and the overall Ipswich Central CBD Redevelopment is heavily dependent on the retail leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of further agreements for lease will send a positive signal to the retail leasing market around the precinct's future success.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	<p>Recommendation A relates to Council entering into an agreement for lease and an associated document for Metro B 2B11 tenancy.</p> <p>Recommendation B relates to Council entering into a lease for Metro B 2B11 tenancy.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Metro B Building.</p> <p>Recommendation D delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation E relates to the provision of an update to council.</p>
(b) What human rights are affected?	No human rights are affected by this decision. This is because the prospective lessee is a company (only individuals have human rights).

(c) How are the human rights limited?	Not applicable.
(d) Is there a good reason for limiting the relevant rights? Is the limitation fair and reasonable?	Not applicable.
(e) Conclusion	The decision is consistent with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases and sub-leases. Funding for the retail leasing agent's payments and any associated landlord contributions is incorporated into the project's budget.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Detailed consultation has occurred with the Department of State Development, Infrastructure, Local Government and Planning on the both the conditioned process and the associated documentation to be provided to council for AFL/lease approvals.





Council's Legal Services team have been consulted on the form and contents of this report and its attachments.

CONCLUSION

The flexibility provided by the ministerial exemption over the Regulation's tender and auction provisions allows council to optimise the tenancy mix, the commercial outcomes and the long-term success for each tenancy and the project overall.

As a priority, the focus is to progress the conversion of endorsed Heads of Agreement into agreement for leases particularly due to the completion of refurbishment works on both the Eats and Metro B buildings. Approval of this agreement for lease within Nicholas Street Precinct's Metro B will continue the positive message to the Ipswich community and the market that the redevelopment is moving forward.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 24.9.19  
2.	Ministerial Exemption ICC Clarifications 10.9.19  
	CONFIDENTIAL
3.	NSP Retail Leases - Legal Advice
4.	Confidential Report - Metro B 2B11
5.	Knight Frank Assessment - Metro B 2B10
6.	Lease Deal Approval Report - Metro B 2B11

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan
GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

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Doc ID No: A8135269

ITEM: 8

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR METRO B TENANCY 2B14

AUTHOR: PROJECT MANAGER

DATE: 28 JUNE 2022

EXECUTIVE SUMMARY

This is a report concerning an agreement for lease for council's consideration associated with tenancy 2B14 within the Nicholas Street Precinct's Metro B Building.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and an associated document of the Agreement for Lease with the proposed lessee for Tenancy 2B14 in the Metro B Building (impacting part of Lot 1 on RP157021) ("Tenancy 2B14") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- B. That conditional upon Council satisfactorily executing the Agreement to Lease with the proposed lessee, (contained in recommendation A of this report), Council enter into a lease for Tenancy 2B14 with the proposed lessee (as detailed in the confidential report and attachments by the Project Manager dated 28 June 2022).**
- C. That Council note, that in relation to Council's disposal of its leasehold interest in Tenancy 2B14 to the proposed lessee, that the Ministerial exemption under s236 (f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B14 (Ministerial exemption contained in Attachment 1 of this report).**
- D. That pursuant to Section 257(1)(b) of the *Local Government Act 2009*, Council resolve to delegate to the Chief Executive Officer the power to take "contractual action" pursuant to section 238 of the Regulation, in order to implement Council's decision at Recommendation B.**
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Ranbury Property Services - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal
Councillor Fechner may have a potential conflict of interest in relation to this matter

Councillor Madsen may have a potential conflict of interest in relation to this matter

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 council was granted a ministerial exemption under section 236 (1)(f) of the *Local Government Regulation 2012* (Regulation) for the disposal of valuable non-current assets (leases and sub-leases) associated with the Nicholas Street Precinct redevelopment. To ensure council had sufficient time to fully implement its retail strategy, council sought and was granted an exemption until 30 June 2023. The goal of the exemption was to allow council to efficiently and effectively implement its retail strategy through the disposal of leases and State sub-leases (held by council) by more appropriate, market accepted, transactional means other than by a tender or auction process mandated under section 227 of the Regulation.

This exemption was sought as retail leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced retail leasing firms with relationships with the types of tenants targeted for a project. These relationships allow conversations to explain a project and the opportunities tailored to each prospective tenant. The retail leasing agent, appointed by council, has and continues to actively market the subject tenancies to prospective tenants.

Further, industry advice confirmed it would be highly likely that any tender or auction process for the retail tenancies would receive very limited responses and that any response would not contain the commercial terms sought by council. In addition, these processes would be inherently incapable of creating the desired mix and style of lessee council is seeking for its food and beverage, service and entertainment/leisure tenancies.

As part of the exemption approval process, council committed to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of proposed safeguards to ensure openness and transparency with regard to the related transactions. Correspondence from the then Minister of Local Government dated 24 September 2019 (refer Attachment 1) confirmed approval of the exemption (for both council's retail and commercial tenancies). Further, this approval conditioned the exemption on compliance with the activities proposed by council to address the sound contracting principles as outlined in council's letter to the then Department of Local Government, Racing and Multicultural Affairs dated 10 September 2019 (refer Attachment 2). Specifically, this requires the following condition be met "each lease/sublease to be approved by the Economic Development Committee and then full council prior to its execution (agendas, papers and minutes all publicly accessible)". **(Note: all related precinct matters are now managed by the Ipswich Central Redevelopment Committee).** This process will be utilised for each individual retail (and future commercial) lease arrangement.

This paper is seeking council's approval to enter into an agreement for lease for a service tenancy associated with the Nicholas Street Precinct redevelopment utilising the process

detailed above. The agreement for lease relates to a sub-lease for one of internal tenancies in the Metro B building being 2B14 tenancy (132 m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601375840) over the Metro B Building with the long-term lease expiring on 27 November 2077. The Metro B Building impacts part of lot 1RP157021 (over the rail line).

A lease is a contract by which one party conveys land, property, services, etc. to another for a specified term, and in this instance in return for a periodic payment. The lease agreement outlines all of the aspects of the lease arrangement so that each party understands their rights and obligations under the lease. An agreement for lease is necessary when the party owning the land is investing significant capital into refurbishing or building new space for the potential lessee. The agreement for lease pre-empts and contractually links to the final lease document whilst committing both parties to enter into a lease on occupation and/or opening of the space. Essentially an agreement for lease de-risks the landlord's capital expenditure with a contracted outcome.

The Nicholas Street Precinct team will be negotiating up to 40 retail, food and beverage and leisure deals over the next few years. During this process and with the desire to drive the best financial outcome for council and its constituents, the precinct team need to protect this outcome by maintaining a competitive advantage during the negotiations, which can only happen with an element of confidentiality. The lessees will also seek and in most cases secure contractual obligations on both parties to maintain a level of confidentiality around commercially sensitive material. This is likely to be around key terms like rent, term, options to extend, landlord' contributions, sales data access and general operational costs of the tenancy.

The brand names associated with each executed agreement for lease will be released prior to the tenant's opening with the precinct team's desire being to drive marketing reach across relating real estate and retail industry media channels to best serve the leasing uptake. Announcements relating to Metro B lessees are planned to be released in batches in 2022. As a result, the lessee's details and agreed commercial terms to be reflected in the lease documentation are Commercial in Confidence. A memorandum of advice detailing the Commercial in Confidence nature of the content of this report is attached (refer confidential Attachment 3). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 4 - 6).

Council engaged Knight Frank Valuation & Advisory Queensland to provide an independent market appraisal of each proposed lease arrangement's commercial terms as detailed in a Heads of Agreement (a precursor to an agreement for lease/Lease detailing agreed commercial terms between the parties). This advice is considered by council prior to the Chief Executive Officer endorsing any Heads of Agreement progressing to the preparation of related legal documentation including agreements for lease, leases and associated documentation. Knight Frank's review of Metro B tenancy 2B14 is attached (refer confidential Attachment 5). Also attached is the Lease Deal Approval Report for Metro B tenancy 2B14 (refer confidential Attachment 6). Confidential Attachment 4 details material changes with the commercial terms from the Knight Frank review to the preparation of the agreement for lease.

This paper seeks approval for council to enter into an agreement for lease for a service tenancy associated with the Nicholas Street Precinct redevelopment. The delegation to the

Chief Executive Officer will enable council’s execution of the agreement for lease, the lease and associated documentation for Metro B tenancy 2B14 and ensure the lessee can commence their fit-out works and opening as soon as possible.

Post the execution of the lease documentation for each tenancy, council will be provided with a subsequent report detailing lessee specifics and their offering.

LEGAL/POLICY BASIS

This report and its recommendations are consistent with the following legislative provisions:
Local Government Act 2009
Local Government Regulation 2012

RISK MANAGEMENT IMPLICATIONS

The medium to long-term success and viability of both the retail precinct and the overall Ipswich Central CBD Redevelopment is heavily dependent on the retail leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of further agreements for lease will send a positive signal to the retail leasing market around the precinct’s future success.

HUMAN RIGHTS IMPLICATIONS

HUMAN RIGHTS IMPACTS	
OTHER DECISION	
(a) What is the Act/Decision being made?	<p>Recommendation A relates to Council entering into an agreement for lease and an associated document for Metro B 2B14 tenancy.</p> <p>Recommendation B relates to Council entering into a lease for Metro B 2B14 tenancy.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Metro B Building.</p> <p>Recommendation D delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation E relates to the provision of an update to council.</p>
(b) What human rights are affected?	No human rights are affected by this decision. This is because the prospective lessee is a company (only individuals have human rights).
(c) How are the human rights limited?	Not applicable.

(d) Is there a good reason for limiting the relevant rights? Is the limitation fair and reasonable?	Not applicable.
(e) Conclusion	The decision is consistent with human rights.

FINANCIAL/RESOURCE IMPLICATIONS

The retail precinct's short-term commercial success remains dependent on identifying, attracting and securing a commercially viable tenancy mix through executed leases and sub-leases. Funding for the retail leasing agent's payments and any associated landlord contributions is incorporated into the project's budget.

COMMUNITY AND OTHER CONSULTATION

The contents of this report did not require any community consultation.

Detailed consultation has occurred with the Department of State Development, Infrastructure, Local Government and Planning on the both the conditioned process and the associated documentation to be provided to council for AFL/lease approvals.





Council's Legal Services team have been consulted on the form and contents of this report and its attachments.

CONCLUSION

The flexibility provided by the ministerial exemption over the Regulation's tender and auction provisions allows council to optimise the tenancy mix, the commercial outcomes and the long-term success for each tenancy and the project overall.

As a priority, the focus is to progress the conversion of endorsed Heads of Agreement into agreement for leases particularly due to the completion of refurbishment works on both the Eats and Metro B buildings. Approval of this agreement for lease within Nicholas Street Precinct's Metro B will continue the positive message to the Ipswich community and the market that the redevelopment is moving forward.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 24.9.19  
2.	Ministerial Exemption ICC Clarifications 10.9.19  
	CONFIDENTIAL
3.	NSP Retail Leases - Legal Advice
4.	Confidential Report - Metro 2B14
5.	Knight Frank Assessment - Metro B 2B14
6.	Lease Deal Approval Report - Metro B 2B14

Greg Thomas
PROJECT MANAGER

I concur with the recommendations contained in this report.

Sean Madigan
GENERAL MANAGER - INFRASTRUCTURE AND ENVIRONMENT

“Together, we proudly enhance the quality of life for our community”

