

ECONOMIC AND CULTURAL DEVELOPMENT COMMITTEE SUPPLEMENTARY REPORTS

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** Item includes confidential papers

ECONOMIC AND CULTURAL DEVELOPMENT COMMITTEE NO. 5

15 OCTOBER 2024

SUPPLEMENTARY REPORTS

7. ****NICHOLAS STREET PRECINCT - OCTOBER NICHOLAS STREET PRECINCT PROJECT CONTROL GROUP**

This is a report concerning the October 2024 Nicholas Street Precinct Project Control Group meeting focussing on the status of the leasing program and associated developments for the retail component of the Nicholas Street Precinct redevelopment.

RECOMMENDATION

That the October 2024 Nicholas Street Precinct Project Control Group Report be received and the contents noted.

8. ****NICHOLAS STREET PRECINCT - APPROVAL OF A LEASE FOR TENANCY 2B02 TULMUR WALK (8 NICHOLAS STREET)**

This is a report concerning a Lease for Council's consideration associated with Tenancy 2B02 within Tulumur Walk at 8 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into a Lease (and associated documentation) with the proposed lessee for Tenancy 2B02, Tulumur Walk Building, 8 Nicholas Street (impacting part of Lot 1 RP157021) ("Tenancy 2B02") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- B. That Council note, that in relation to Council's disposal of its leasehold interest in the Tenancy 2B02 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B02 (Ministerial exemption contained in Attachment 1 of this report).
- C. 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 A.

- D. That Council be kept informed as to the progress and outcome of the execution and publication of details.

9. ****NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY T1 VENUE (37 NICHOLAS STREET) OPTION 1**

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy T1 on the ground level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy T1 of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy T1") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 T1 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy T1 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T1 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

10. ****NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY T1 VENUE (37 NICHOLAS STREET) OPTION 2**

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy T1 on the ground level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy T1 of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy T1") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 T1 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy T1 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T1 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

11. **NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY T2 VENUE (37 NICHOLAS STREET)

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy T2 on the ground level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy T2 of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy T2") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 T2 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).

- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy T2 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T2 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

12. ****NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY K2 VENUE (37 NICHOLAS STREET)**

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy K2 on the Ground Level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy K2 on the Ground Level of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy K2") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 K2 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy K2 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy K2 (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 A and B.

- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.
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13. ****NICHOLAS STREET PRECINCT - APPROVAL OF A LEASE FOR TENANCY 2BK2
TULMUR WALK (8 NICHOLAS STREET)**

This is a report concerning a Lease for Council's consideration associated with Tenancy 2BK2 within Tulumur Walk at 8 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into a Lease (and associated documentation) with the proposed lessee for Tenancy 2BK2, Tulumur Walk Building, 8 Nicholas Street (impacting part of Lot 1 RP157021) ("Tenancy 2BK2") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- B. That Council note, that in relation to Council's disposal of its leasehold interest in the Tenancy 2BK2 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2BK2 (Ministerial exemption contained in Attachment 1 of this report).
- C. 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 A.
- D. That Council be kept informed as to the progress and outcome of the execution and publication of details.

Doc ID No: A10729321

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 7

SUBJECT: NICHOLAS STREET PRECINCT - OCTOBER NICHOLAS STREET PRECINCT PROJECT
CONTROL GROUP

AUTHOR: PRECINCT GOVERNANCE MANAGER

DATE: 10 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning the October 2024 Nicholas Street Precinct Project Control Group meeting focussing on the status of the leasing program and associated developments for the retail component of the Nicholas Street Precinct redevelopment.

RECOMMENDATION/S

That the October 2024 Nicholas Street Precinct Project Control Group Report be received and the contents noted.

RELATED PARTIES

Savills Australia – Program Management
Ranbury Management Group – Program Management
Colliers – Retail Leasing

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

The Nicholas Street Precinct (NSP) Project Control Group (PCG) supports the Economic and Cultural Development Committee in providing governance and strategic direction for the planning, development and delivery of the retail and commercial assets included in the NSP redevelopment. The NSP PCG generally reports monthly to the Economic and Cultural Development Committee on the planning, development, delivery and operations of the NSP retail and commercial assets.

The NSP PCG met on 10 October 2024 and considered, amongst other matters, the status of retail and commercial leasing, progress of works on the Venue and Commonwealth Hotel buildings and the legal status across approved leasing deals. The draft NSP PCG 10 October 2024 meeting minutes are contained in Attachment 1.

The table below identifies the status of retail and commercial leasing as at 10 October 2024. Colliers are the retail leasing agents and are speaking with many prospective tenants and we continue to seek active interest through existing partnerships for leasing the remaining commercial space.

The table below reflects the current status of lease documents and includes updates which relate to:

- Leases for Tenancy T4 of the Eats Building and the Upper Ground Floor 143 Brisbane Street, which have now been executed by the Lessee and the Lessor (Council);
- The Lease for Lower Ground Floor of 143 Brisbane Street, which has been executed by the Lessee and is now pending approval by the Lessor (Council);
- The Lease issued for execution for Tenancy 2B16 in Tulmur Walk, with the list of leases issued for execution now comprising:
 1. Tenancy T5/T6 in the Venue Building;
 2. Tenancy MM2 in the Venue Building;
 3. Tenancy T2 in the Eats Building;
 4. Tenancy 2BK2 in Tulmur Walk; and
 5. Tenancy 2B16 in Tulmur Walk.
- Removal from the table of the lease issued for execution for Tenancy T2 on Level 1 of the Venue Building (which was approved at the 25 July 2024 Council meeting), which has now withdrawn and will not proceed.

Deal Status	As at 9 October 2024	Change from 28 August 2024
Lease Documents Being Prepared	1	2
Lease Documents Issued for Execution	5	1
Leases Executed by Lessee	19	2
Leases Pending Approval by Lessor (Council)	1	0
Leases Executed by Lessor (Council)	18	2

The Commonwealth Hotel achieved practical completion on 11 July 2024, with handover from Council to the tenant (AusHotels) occurring on 16 July 2024. The tenant's minor change application to the existing development approval in order to remove the internal staircase has also been approved. Neither of these items are likely to impact the timing of their opening. Fit out works will continue through October and opening arrangements will be announced by the tenant.

Construction on the Nicholas Street Venue building achieved practical completion on 17 September 2024, marking a major milestone for the project. All major defect items with Hutchinson Builders have now been closed out and an independent quality and operations risk review has been undertaken. On site, both Hoyts and General Public are progressing with their fit out works, with Hoyts ahead of schedule. Preparations are well advanced on

opening the building to the public, with signage, furniture and activations to be installed in the coming month. The operations team has begun taking ownership of the Nicholas Street Venue building and commenced planning for cleaning, security and typical tenant operations relating to customer access, waste management and tenancy servicing.

Refer Attachment 2 for the September and October 2024 Executive Report.

Brand and marketing activity in September 2024 focussed primarily on the launch campaign and event planning arrangements. The campaign objectives are, amongst others, to increase precinct awareness and affinity, drive foot traffic and visitor numbers, foster civic pride and community sentiment and increase visitation for key events and activations.

During September, several major events were promoted, including:

- Tulmur Place being an official viewing site of the 2024 Olympics and Paralympic Games;
- The Handmade Expo Markets; and
- Dinosaur Discovery – Spring School Holiday activation

Between Sunday 15 and Sunday 29 September the Precinct saw 61,492 visitations during activation times, with Dinosaur Discovery Spring School Holiday activation a major attraction. The total visitations during September were approximately 121,155, which has had a positive influence for the community, the precinct and tenants.

LEGAL IMPLICATIONS

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

Local Government Act 2009

Local Government Regulation 2012

POLICY IMPLICATIONS

Nil

RISK MANAGEMENT IMPLICATIONS

A copy of the consolidated Nicholas Street Precinct project risk register is included as confidential Attachment 4. It is noted that this is the version of the risk register which was presented at the 10 October 2024 NSP PCG Meeting and it is likely to be further updated following further review of project risk tolerances.

Challenges continue with retail leasing 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. These conditions include the increased cost of goods, consumer caution in relation to spend and the ability for the retail and hospitality industry to absorb this over time.

Achieving legally binding agreements for lease/sub-leases with prospective precinct tenants remains a critical outcome given the completion of the refurbishment works to the Eats, Tulmur Walk, Venue and Commonwealth Hotel buildings.

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. Medium to longer term success 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

Recent leasing approvals reinforce market confidence in the Nicholas Street Precinct retail product and continue to strengthen the leasing campaign to secure tenants for the Nicholas Street Venue and the wider precinct. The progress of fit out works to the Venue and Commonwealth Hotel buildings positively reinforces Ipswich Central’s future and Council’s commitment to its success. With the completion of refurbishment works and in the lead into the opening of anchor tenants Hoyts and General Public, the focus and attention of the NSP project team will increasingly shift to continued leasing and property management activities.

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.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Draft Nicholas Street Precinct Project Control Group Meeting Minutes 10 October 2024  
2.	Executive Report August 2024  
3.	Executive Report September 2024  
	CONFIDENTIAL
4.	NSP Project Risk Register (as at 10 October 2024)

Mitchell Grant
PRECINCT GOVERNANCE MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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

Nicholas Street Precinct Project Control Group MINUTES – 10.10.2024

Members:	Chief Executive Officer – Sonia Cooper (Project Sponsor and Chair, voting); General Manager, Community, Cultural and Economic Development – Ben Pole (Project Sponsor Delegate, voting); General Manager, Corporate Services – Matt Smith (voting); General Manager, Planning and Regulatory Services – Brett Davey (voting); Precinct Director – James Hepburn (voting); Precinct Governance Manager – Mitchell Grant (non-voting)	
Observers:	Business Support Officer - Nicole Costanzo Acting Manager, Strategy and Performance – Haiden Taylor	
Apologies:		
Attachments:	NSP Project Registers – Risk, Issues, Decisions, Actions Key Decision Table for Decision Register NSP Development Update October 2024 NSP Financial Update October 2024 NSP Financial Update Supplementary October 2024 NSP Property Management Update October 2024 NSP Leasing Update October 2024 NSP Operation and Facilities Update October 2024 NSP Brand and Activation Update October 2024 Terms of Reference	
No.	OFFICER	DESCRIPTION
1.	SC	Attendance and Apologies <ul style="list-style-type: none"> Noted all were in attendance
2.	SC	Review of open action items on the Actions Register <ul style="list-style-type: none"> Discussion with respect to A-001 Nicholas Street Paver Rectification –issues being experienced with paver rectification works, price and difficulty locking in dates for works owing to coordination of works with the elections, construction works, tenant openings, Christmas events etc and managing impacts to existing traders. ACTION: Seek support of GM AIS to undertake safety risk assessment and assist with temporary repair work and strategic planning for continued maintenance and upkeep (A-007) A-005 discussed and it was decided that the responsibility for this action item would be transferred to CCED. ACTION: A-012 raised for JH to send a copy of information for the clock tower advertising devices to BP.
3.	SC	Items for decision <ul style="list-style-type: none"> Confirmation of Terms of Reference <ul style="list-style-type: none"> Terms of reference to be updated to provide a copy of Agenda and Papers to members at least 5 working days prior to the meeting, where possible. ACTION: MG to redistribute an amended copy of the Terms of Reference to members per above (Action Register item A-011) Approval of Key Decision table for Decision Register <ul style="list-style-type: none"> Draft Key decision table was presented to the meeting to guide the types of decisions that were proposed to be recorded in the Decision Register DECISION: Key Decision Table endorsed by members

Nicholas Street Precinct Project Control Group MINUTES – 10.10.2024

		<ul style="list-style-type: none"> Approval of Project Registers including Risk and Issue tolerances <ul style="list-style-type: none"> General discussion in relation to the project registers that had been implemented and endorsement requested on format and risk and issue tolerances. Members informed that the corporate risk tolerance table was proposed to be adopted for the purpose of the risk register. MS suggested adapting a project specific risk tolerance guide to be modelled on other Council project registers. Discussion around interrelationship between project register and branch risk register. ACTION: MG to circulate a copy of the NSP Branch Risk Register to members (A-013) ACTION: MS and HT to revise risk and issue tolerances with a project specific table, utilising other existing project templates as a guide (A-014) NSP Property Management Decision (Decision Register Item D-011) <ul style="list-style-type: none"> DECISION: Option 1 endorsed by members NSP Property Management Decision (Decision Register Item D-012) <ul style="list-style-type: none"> DECISION: Option 1 endorsed by members
4.	SC	<p>Forward agenda items for the Economic and Cultural Development Committee:</p> <ul style="list-style-type: none"> Nicholas Street Precinct – October Nicholas Street Precinct Project Control Group Report Approval of a Lease for Tenancy 2BK2 Tulmur Walk (8 Nicholas Street) Approval of a Lease for Tenancy 2B02 Tulmur Walk (8 Nicholas Street) Approval of an Agreement for Lease for Tenancy T2 Venue (37 Nicholas Street) Approval of an Agreement for Lease for Tenancy T1 Venue (37 Nicholas Street) – Option 1 Approval of an Agreement for Lease for Tenancy T1 Venue (37 Nicholas Street) – Option 2 Approval of an Agreement for Lease for Tenancy K2 Venue (37 Nicholas Street)
5.	All	<p>Monthly status updates (Note: status update reports provided in papers and taken as read, discussion on an exception basis)</p> <p>NSP Development Update October 2024 NSP Financial Update October 2024 NSP Financial Update Supplementary October 2024 NSP Property Management Update October 2024 NSP Leasing Update October 2024 NSP Operation and Facilities Update October 2024 NSP Brand and Activation Update October 2024</p> <ul style="list-style-type: none"> ACTION: A-012 raised for JH to distribute PR Marketing Communications Strategy to members
6.	All	<p>Risk and issues register</p> <ul style="list-style-type: none"> Register review undertaken Noted that updates to issues register and refinement of risk register would occur following risk tolerance updates and review of branch risk register.

Nicholas Street Precinct Project Control Group MINUTES – 10.10.2024

7.	All	<p>General Business</p> <ul style="list-style-type: none">Printed copies of Agenda and Papers for future meetings are not requiredStatus update memo format and layout agreed generally by PCG members with feedback/refinements to occurACTION: Venue Building Contract Review Recommendations to be added to Actions Register by HTACTION: NC to increase November PCG meeting duration to 90mins
8.	SC	Next Meeting – 5 November 2024



Nicholas Street, Ipswich Central

Executive Report No.63

To 31 August 2024





DOCUMENT INFORMATION		
Title: Nicholas Street, Ipswich Central		
Subtitle: Executive Report		

VERSION	DATE	PREPARED BY
1	10 September 2024	CBD Redevelopment Project Team

Distribution
Ipswich City Council

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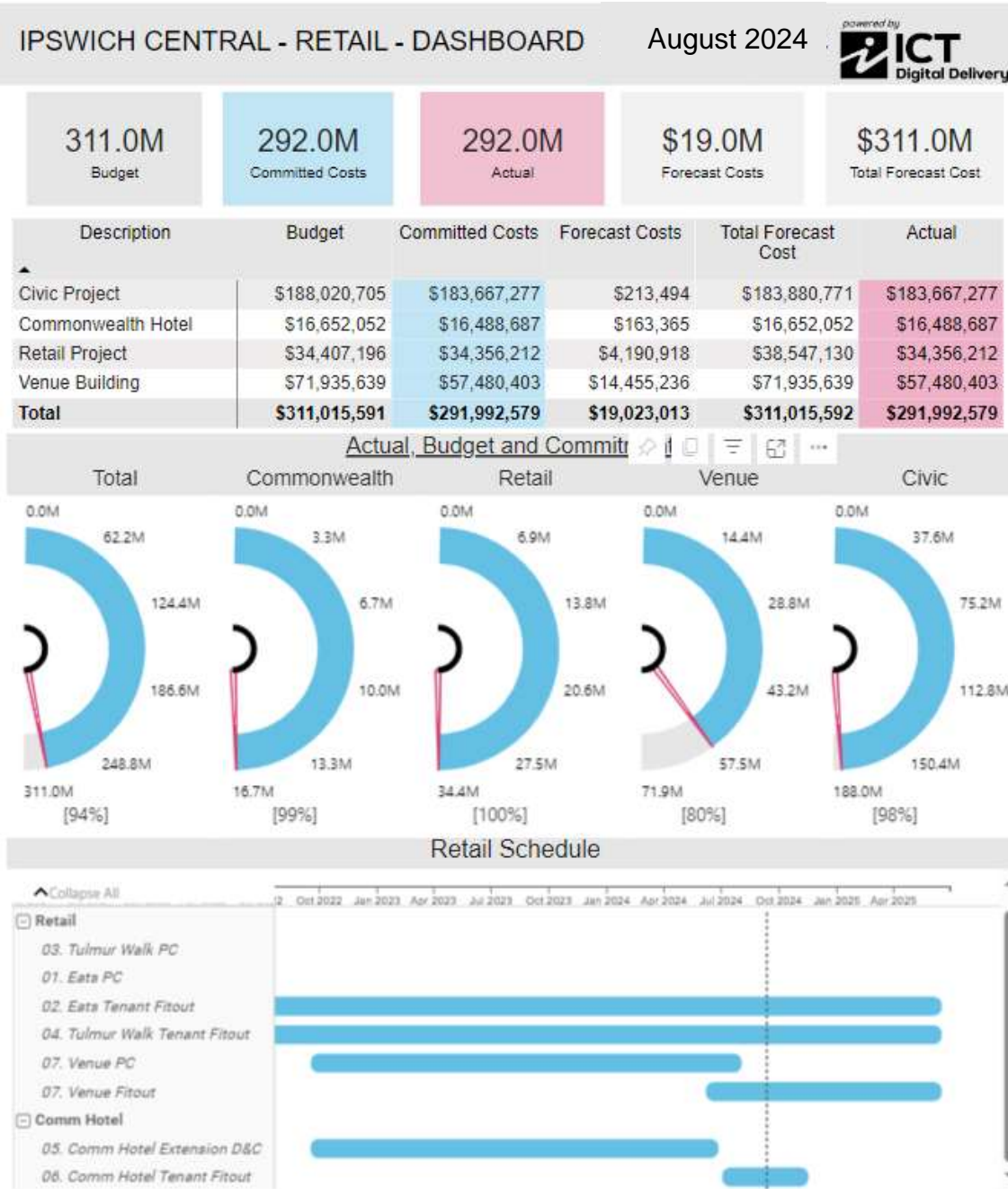
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VENUE

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1. Financial

1.1 DASHBOARD



1.2 SUMMARY

The table below summarises the current budget and forecast final cost. Final forecast costs are within the budget.

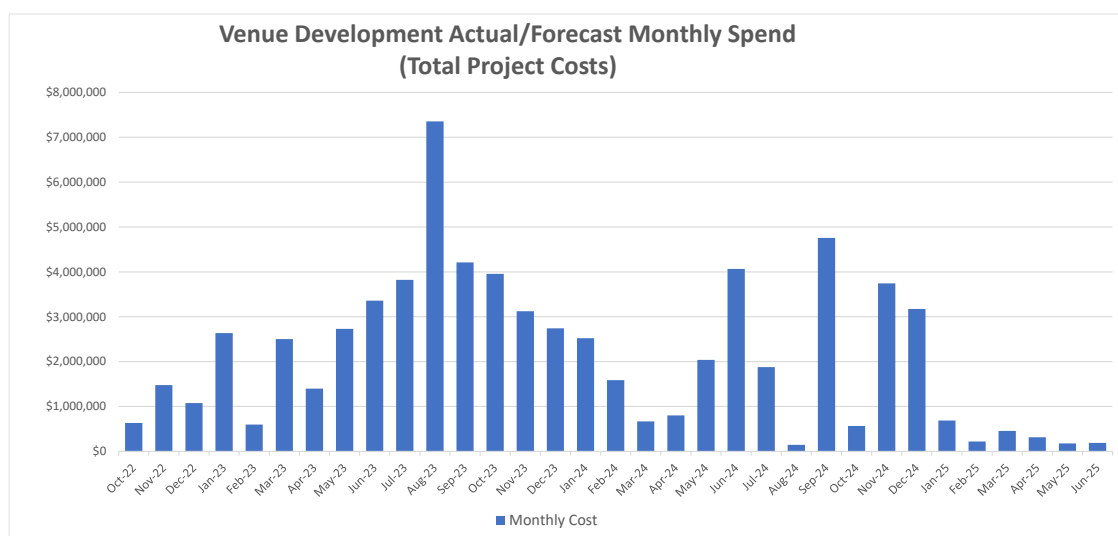
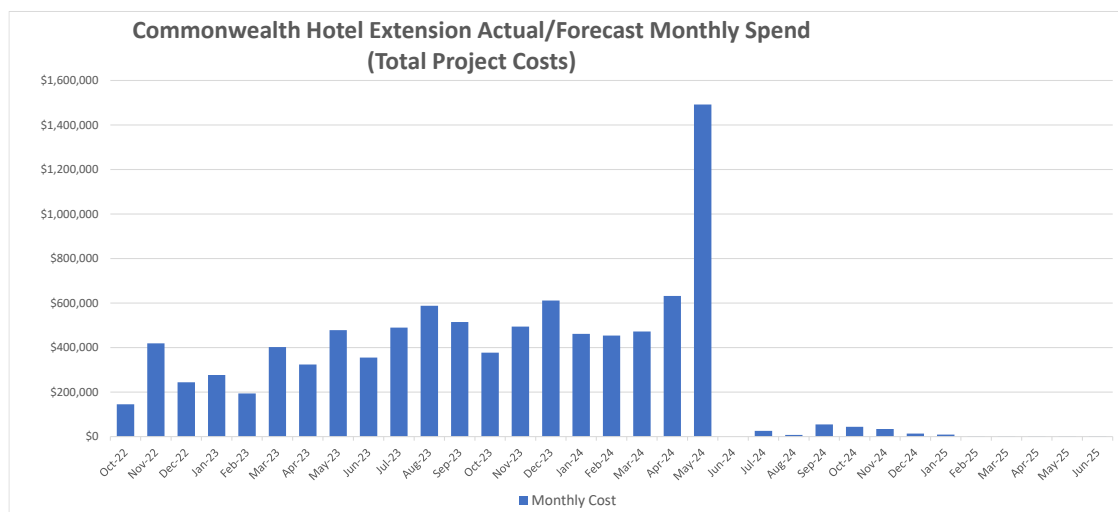
	Project	Current Budget	Committed Contracts and Variations	Forecast Contracts and Variations	Forecast Final Cost
1	Civic Project	\$188,020,705	\$183,667,277	\$213,494	\$183,859,398
2	Commonwealth Hotel	\$16,652,052	\$16,488,687	\$163,365	\$16,738,123
3	Retail Project	\$34,407,196	\$34,356,212	\$4,190,918	\$38,482,432
4	Venue Project	\$71,935,639	\$57,480,403	\$14,455,236	\$71,935,639
	TOTAL	\$311,015,592	\$291,992,578	\$19,023,013	\$311,015,592

1.3 CASH FLOW – LAST FOUR MONTHS

The Civic and Retail cashflow for recent months is captured below.

Month	Monthly Expenditure	Project Cumulative Total
May 2024	Retail: \$55,541 Civic: \$21,843 Commonwealth Hotel: \$1,491,379 Venue: \$2,040,394	\$3,609,158
June 2024	Retail: -\$40,729 Civic: \$12,935 Commonwealth Hotel: -\$11,017 Venue: \$4,068,251	\$4,029,440
July 2024	Retail: \$49,339 Civic: \$7,860 Commonwealth Hotel: \$25,801 Venue: \$1,876,810	\$1,959,810
August 2024	Retail: \$777 Civic: \$24,050 Commonwealth Hotel: -\$37,242 Venue: \$254,332	\$241,916

1.4 CASH FLOW – PHASING



2. Design & Construction

2.1 PROGRAM

Ref	Project	Current Status	Target Completion
SP6	Eats Façade & Streetscape	Completed	Q4 2020
	Eats Landlord Works	Completed	Q2 2022
	Eats Tenant Fit-out <i>* First tenant opened June-2022</i>	In Design / Construction	From Q2 2022
SP7	Metro A Façade & Streetscape	Completed	Q2 2022
	Metro A Landlord Works	On Hold	TBD
	Metro A Tenant Fit-out	On Hold	TBD
SP8 / 9	Metro B (& Streetscape)	Completed	Q2 2022
	Metro B Landlord Works	Completed	Q2 2022
	Metro B Tenant Fit-out <i>* First tenant opened June-2022</i>	In Design / Construction	From Q2 2022
SP10	AV Digital Projections Design & Construction	Completed	Q2 2023
N/A	Venue Redevelopment	In Construction	Q3 2024
	Venue Landlord Works	In Construction	Q4 2024
	Venue Tenant Fit-out	In Construction	Q4 2024
SP11	Commonwealth Hotel Façade & Streetscape	Completed	Q2 2021
	Commonwealth Hotel Extension	Completed	Q3 2024
	Commonwealth Hotel Tenant Fit-out	In Construction	Q4 2024

2.2 CIVIC PROJECT

This project has now been closed out.

2.3 COMMONWEALTH HOTEL

The Commonwealth Hotel achieved practical completion on 11 July 2024, and was handed over to the tenant AusHotels on 16 July 2024. The tenant is now responsible for fit out works and associated approvals. During August, the tenant lodged two development applications, one for advertising devices and another for a proposed removal of the internal stair and consequent internal layout modifications, which are expected to be determined during September, allowing works to progress. The focus for August has been on defect resolution, which is progressing well and is also expected to be largely resolved in September. Tenant fit out progress is on track with minor delays to the kitchen exhaust procurement and manufacture. The tenant will announce their opening date once the exhaust install is confirmed.

2.4 RETAIL (EATS & TULMUR WALK)

Practical Completion of the Eats Building, Metro A façade, Tulmur Walk, and Nicholas Street/Union Place streetscapes was issued on 20 June 2022. The restoration work on the Bell Street Awning is now complete.

Leasing is progressing with one lease signed and handover occurring this month to commence fitout. There are two leases awaiting execution and there are ongoing discussions with other potential operators. Tenancy coordination resources are working closely with tenants on their design and fit out targeting opening by Christmas.

Wayfinding and Signage has been installed within the precinct. Totems are due to be installed over the coming months following updates from stakeholder consultation.

2.5 VENUE

The Venue base building is now substantially complete and is expected to reach practical completion stage in September. On 9 August 2024, the loading dock reached Practical Completion and was handed over to Council for tenant access and management. Defects identification, remediation and certification remain the key focus for both contractor and principle through this period. The focus is now shifting to systems commissioning, operational readiness and the direct supply items and works by Council to facilitate the opening of the centre. Activities include the procurement of landlord works, installation of signage and feature wall, furniture and equipment. Fit out works are progressing well in both the Hoyts and General Public tenancies.

Leasing is progressing with 3 leases awaiting execution. Ongoing discussions with potential tenants with a focus on closing out lease deals. Tenancy coordination services are working closely with tenants on delivering fitouts and approving tenant designs.



Nicholas Street, Ipswich Central

Executive Report No.64

To 30 September 2024





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2.1

PROGRAM

4

2.2

CIVIC PROJECT

4

2.3

COMMONWEALTH HOTEL.....

4

2.4

RETAIL (EATS & TULMUR WALK)

4

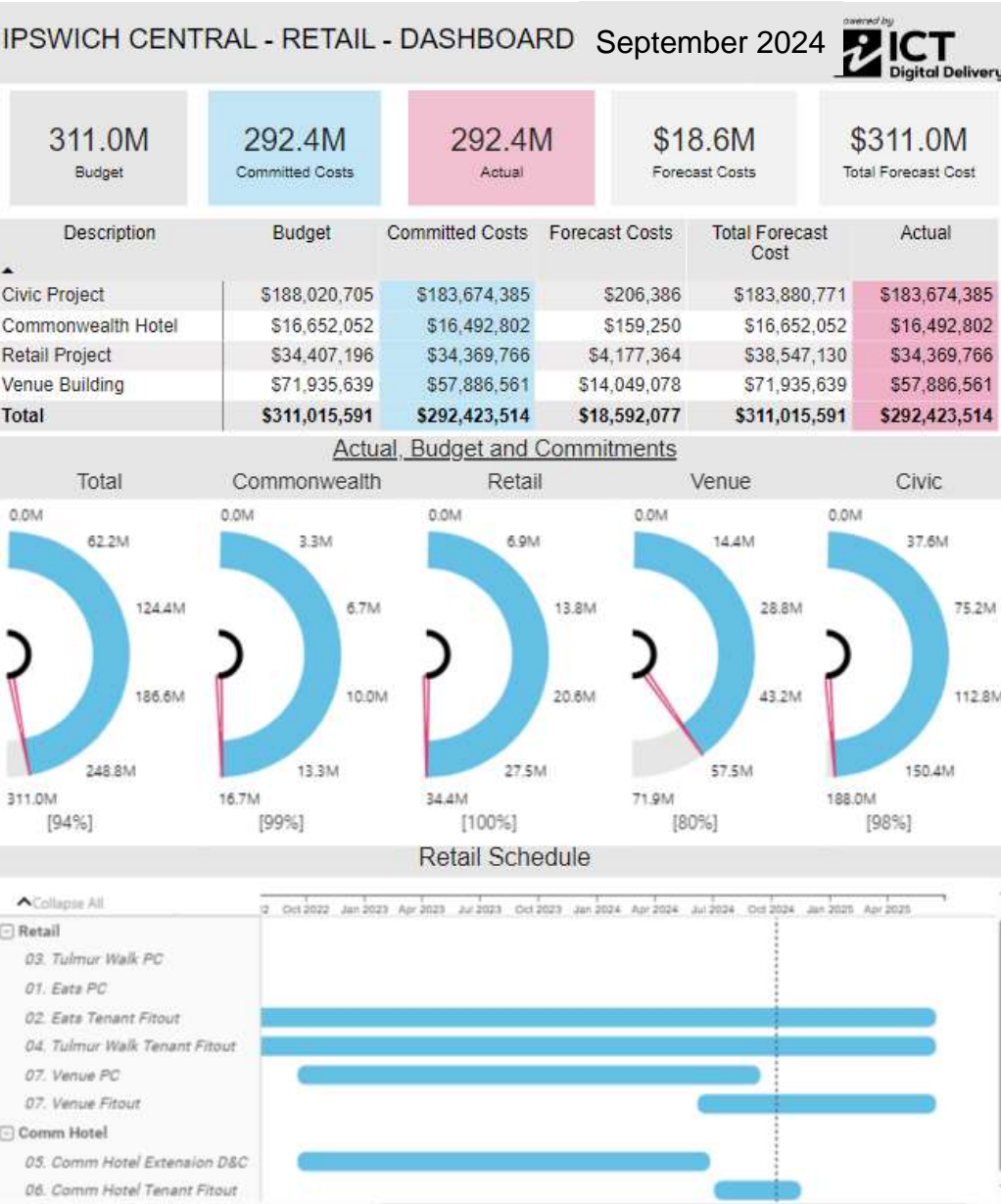
2.5

VENUE

5

1. Financial

1.1 DASHBOARD



1.2 SUMMARY

The table below summarises the current budget and forecast final cost. Final forecast costs are within the budget.

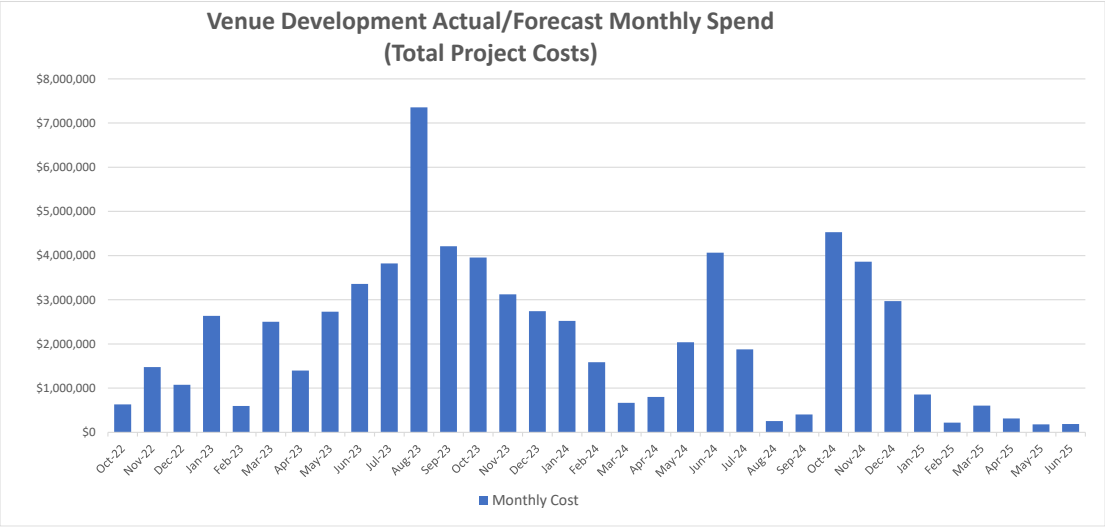
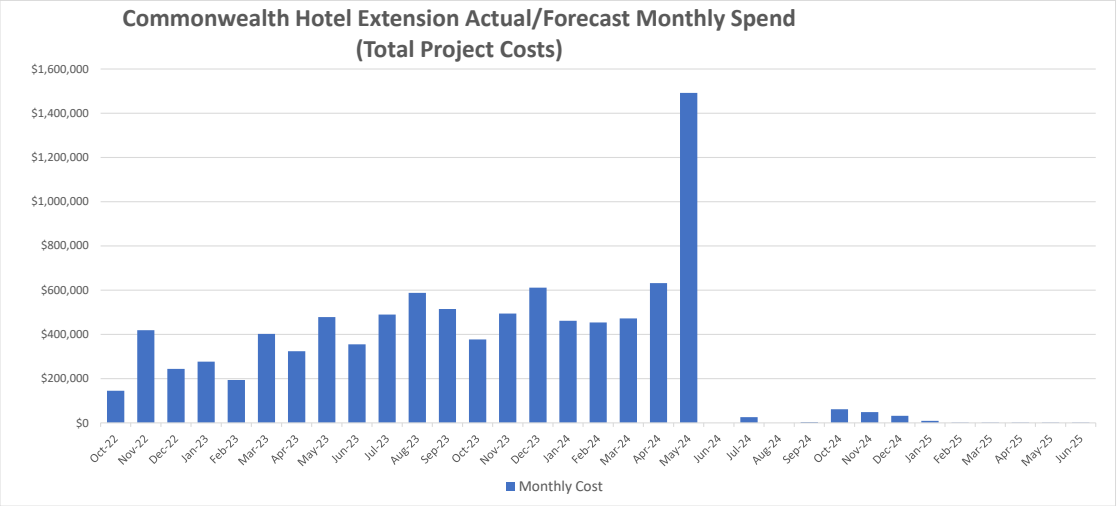
	Project	Current Budget	Committed Contracts and Variations	Forecast Contracts and Variations	Forecast Final Cost
1	Civic Project	\$188,020,704	\$183,674,385	\$206,386	\$183,880,771
2	Commonwealth Hotel	\$16,652,052	\$16,492,802	\$159,250	\$16,652,052
3	Retail Project	\$34,407,196	\$34,369,766	\$4,177,364	\$38,547,130
4	Venue Project	\$71,935,639	\$57,886,561	\$14,049,078	\$71,935,639
	TOTAL	\$311,015,591	\$292,423,514	\$18,592,077	\$311,015,591

1.3 CASH FLOW – LAST FOUR MONTHS

The Civic and Retail cashflow for recent months is captured below.

Month	Monthly Expenditure	Project Cumulative Total
June 2024	Retail: -\$40,729 Civic: \$12,935 Commonwealth Hotel: -\$11,017 Venue: \$4,068,251	\$4,029,440
July 2024	Retail: \$7,860 Civic: \$49,339 Commonwealth Hotel: \$25,801 Venue: \$1,876,810	\$1,959,810
August 2024	Retail: \$777 Civic: \$24,050 Commonwealth Hotel: -\$37,242 Venue: \$254,332	\$241,916
September 2024	Retail: \$13,554 Civic: \$7,108 Commonwealth Hotel: \$4,115 Venue: \$406,159	\$430,936

1.4 CASH FLOW – PHASING



2. Design & Construction

2.1 PROGRAM

Ref	Project	Current Status	Target Completion
SP6	Eats Façade & Streetscape	Completed	Q4 2020
	Eats Landlord Works	Completed	Q2 2022
	Eats Tenant Fit-out <i>* First tenant opened June-2022</i>	In Design / Construction	From Q2 2022
SP7	Metro A Façade & Streetscape	Completed	Q2 2022
	Metro A Landlord Works	On Hold	TBD
	Metro A Tenant Fit-out	On Hold	TBD
SP8 / 9	Metro B (& Streetscape)	Completed	Q2 2022
	Metro B Landlord Works	Completed	Q2 2022
	Metro B Tenant Fit-out <i>* First tenant opened June-2022</i>	In Design / Construction	From Q2 2022
SP10	AV Digital Projections Design & Construction	Completed	Q2 2023
N/A	Venue Redevelopment	Completed	Q3 2024
	Venue Landlord Works	In Construction	Q4 2024
	Venue Tenant Fit-out	In Construction	From Q3 2024
SP11	Commonwealth Hotel Façade & Streetscape	Completed	Q2 2021
	Commonwealth Hotel Extension	Completed	Q3 2024
	Commonwealth Hotel Tenant Fit-out	In Construction	Q4 2024

2.2 CIVIC PROJECT

This project has now been closed out.

2.3 COMMONWEALTH HOTEL

The Commonwealth Hotel achieved practical completion on 11 July 2024, and was handed over to the tenant AusHotels on 16 July 2024. The tenant is now responsible for fit out works and associated approvals. During September, the tenant progressed fit out works and received development approvals for advertising devices and for the removal of the internal stair and consequent internal layout modifications. The focus for September has been on defect resolution, which is now largely resolved. Tenant fit out progress is on track and landlord works are also underway with Hutchinson Builders repairing a long standing crack in the archway at the entry to ensure long term building stability.

2.4 RETAIL (EATS & TULMUR WALK)

Practical Completion of the Eats Building, Metro A façade, Tulumur Walk, and Nicholas Street/Union Place streetscapes was issued on 20 June 2022. The restoration work on the Bell Street Awning is now complete.

Tenancy T4 in the Eats building was handed over to Kickin Inn for fitout works following the signing of the lease earlier in the month. There are two leases awaiting execution and there are ongoing discussions with other potential operators. Tenancy coordination resources are working closely with tenants on their design and fit out targeting opening by Christmas.

Wayfinding and Signage has been installed within the precinct. Totems are due to be installed over the coming months following updates from stakeholder consultation.

Furniture and plants will be installed within Tulmur walk over the coming month as part of a strategy to activate Tulmur Walk and attempt to increase the dwell time of pedestrian traffic for the benefit of tenants and to .

2.5 VENUE

Construction on the Nicholas Street Venue building achieved practical completion on 17 September 2024, with Ipswich City Council now in control of the building. All major defect items with Hutchinson Builders have now been closed out and an independent quality and operations risk review has been undertaken. On site, both Hoyts and General Public are progressing with their fit out works, with Hoyts ahead of schedule. Preparations are well advanced on opening the building to the public, with signage, furniture and activations to be installed in the coming month.

Doc ID No: A10754054

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 8

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF A LEASE FOR TENANCY 2B02
TULMUR WALK (8 NICHOLAS STREET)

AUTHOR: LEASING MANAGER

DATE: 4 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning a Lease for Council's consideration associated with Tenancy 2B02 within Tulumur Walk at 8 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into a Lease (and associated documentation) with the proposed lessee for Tenancy 2B02, Tulumur Walk Building, 8 Nicholas Street (impacting part of Lot 1 RP157021) ("Tenancy 2B02") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).**
- B. That Council note, that in relation to Council's disposal of its leasehold interest in the Tenancy 2B02 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2B02 (Ministerial exemption contained in Attachment 1 of this report).**
- C. 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 A.**
- D. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Colliers - Retail Leasing Agent

Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 Council was granted a ministerial exemption (to 30 June 2023) 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. The exemption allows 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. Due to the expiry of the initial exemption and to ensure Council has sufficient time to fully implement its retail strategy, on 18 May 2023 a new Ministerial Exemption was granted (end date of 30 June 2028).

This exemption is required as retail and commercial leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced 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 and commercial leasing agents appointed by Council, have and continue 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 and commercial 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.

Correspondence from the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning dated 18 May 2023 (refer Attachment 1) confirmed approval of a new exemption for both retail and commercial leasing. The exemption conditions Council to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of safeguards to ensure openness and transparency with regard to the related transactions.

The conditions require that each lease/sublease be approved by Council's standing committee, formerly the Ipswich Central Redevelopment Committee and now the Economic and Cultural Development Committee, and then full Council prior to its execution.

This paper is seeking Council's approval to enter into an agreement for lease for a retail tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The agreement for lease relates to Tenancy 2B02 on the Ground Level of Tulumur Walk, 8 Nicholas Street (94m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601375840) over the Tulumur Walk building with the long-term lease expiring on 27 November 2077. The Tulumur Walk building impacts part of Lot 1 RP157021 (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 additional retail, food and beverage and leisure deals together with commercial floorspace offerings 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's contributions, sales data access and general operational costs of the tenancy.

The brand names or companies associated with each executed agreement for lease or 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 and commercial industry media channels to best serve the leasing uptake. 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 2). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 3 - 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 ancillary documentation. Knight Frank's review of the commercial terms for Tenancy 2B02 on the Ground Level of Tulumur Walk is attached (refer confidential Attachment 4). Also attached is the Lease Deal Approval Report for the subject tenancy (refer confidential Attachment 5). Confidential Attachment 3 discusses the commercial terms and details any material changes from the Knight Frank's review to the preparation of the lease. Confidential Attachment 6 identifies key financial outcomes from an asset valuation model (Forbury real estate software) utilising the subject deal's terms and conditions.

This paper seeks approval for Council to enter into an Agreement for Lease for a retail 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 and any ancillary documentation for Tenancy 2B02 of Tulumur Walk building at 8 Nicholas Street and ensure the lessee can commence their fit-out works and open 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 the retail and commercial precincts and the overall Ipswich Central CBD Redevelopment is heavily dependent on the leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of additional leases will send positive signals to the retail and commercial 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 a sub-lease for the retail Tenancy 2B02 of Tulumur Walk at 8 Nicholas Street.</p> <p>Recommendation B outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Tulumur Walk building at 8 Nicholas Street.</p> <p>Recommendation C delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation D relates to the provision of an update to Council.</p>
(b) What human rights are affected?	It is considered no human rights are affected by this decision.
(c) How are the human rights limited?	It is considered no human rights are limited by this decision.
(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 precinct’s short to medium 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 and commercial 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 Housing, 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 previously been consulted on the form and contents of leasing reports and their 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 and leases particularly owing to the completion of redevelopment works on both the Eats, Tulmur Walk, Commonwealth Hotel and Nicholas Street Venue building.

Approval of this retail lease for Tenancy 2B02 of Tulmur Walk building at 8 Nicholas Street will continue the positive message to the Ipswich community and the market that the redevelopment is advancing strongly.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 18.5.23  
	CONFIDENTIAL
2.	Memorandum of Advice CBD Leases Confidentiality
3.	Leasing Report - 2B02 Tulmur Walk 8 Nicholas Street
4.	Knight Frank Assessment - 2B02 Tulmur Walk 8 Nicholas Street
5.	Lease Approval Form - 2B02 Tulmur Walk 8 Nicholas Street
6.	Forbury Model Analysis - 2B02 Tulmur Walk 8 Nicholas Street

Melissa Annis
LEASING MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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



Hon Steven Miles MP
Deputy Premier
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure

Our ref: MC23/375

18 May 2023

Councillor Teresa Harding
Mayor
Ipswich City Council
mayor@ipswich.qld.gov.au

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Brisbane Queensland 4000
PO Box 15009
City East Queensland 4002
Telephone + 61 3719 7100
Email deputy.premier@ministerial.qld.gov.au
Website www.statedevelopment.qld.gov.au

ABN 65 959 415 158

Dear Councillor Harding

Thank you for your letter of 2 February 2023 submitting a request for a ministerial exemption, under section 236(1)(f) of the Local Government Regulation 2012 (the Regulation), from compliance with the tender or auction requirements in section 227 of the Regulation for the disposal of the Ipswich City Council's interest in land within the Ipswich Central Business District (CBD) redevelopment project area.

Following an assessment of the council's request, I have approved an exemption under section 236(1)(f) of the Regulation subject to the following conditions:

- The exemption relates to the properties identified in Schematic 3 provided by the council in the Business Case accompanying its application.
- The exemption is for the period 1 July 2023 to 30 June 2028.
- When exercising the exemption, the council must address the sound contracting principles outlined in section 104(3) of the *Local Government Act 2009*, including by undertaking the activities proposed by the council to address the sound contracting principles as outlined in the council's Business Case accompanying its application (except in relation to the reporting requirements – see final dot point).
- In relation to the additional land coming under the exemption, referred to by the council as the Ellenborough Street site, the council is encouraged to consider using a similar expression of interest/request for tender process it used for the cinema where appropriate.
- For the period of the exemption, the council must provide a six-monthly report to me as Minister for Local Government detailing the exercise of this exemption. The report is to include details of the status of all lease arrangements, an independent market appraisal of the lease, reasons for any lease being under market value and details of any conflicts of interest (COI) held by any councillor or employee of the council in relation to each lease and how the COI was managed. This six-monthly report must also include information about the Ipswich CBD redevelopment project's overall implementation and achievements and its impacts on the wider Ipswich economy.

I have asked for Ms Rebecca McAnalen, Principal Region Advisor Southern, Local Government Division in the Department of State Development, Infrastructure, Local Government and Planning to assist you with any further queries. You may wish to contact Ms McAnalen on (07) 3452 6738 or by email at rebecca.mcanalen@dsdilgp.qld.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S. Miles'.

STEVEN MILES MP
DEPUTY PREMIER
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on
Olympic and Paralympic Games Infrastructure

cc Ms Sonia Cooper
Chief Executive Officer
Ipswich City Council
sonia.cooper@ipswich.qld.gov.au

Doc ID No: A10756356

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 9

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY T1 VENUE (37 NICHOLAS STREET) OPTION 1

AUTHOR: LEASING MANAGER

DATE: 4 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy T1 on the ground level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy T1 of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy T1") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 T1 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy T1 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T1 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

RELATED PARTIES

Colliers - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 Council was granted a ministerial exemption (initially to 30 June 2023) 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. The exemption allows 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. Owing to the expiry of the initial exemption and to ensure Council has sufficient time to fully implement its retail strategy, on 18 May 2023 a new Ministerial Exemption was granted (end date of 30 June 2028).

This exemption is required as retail and commercial leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced 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 and commercial leasing agents appointed by Council have and continue 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 and commercial 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.

Correspondence from the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning dated 18 May 2023 (refer Attachment 1) confirmed approval of a new exemption for both retail and commercial leasing. The exemption conditions Council to adhere to the sound contracting principles detailed in section 104(3) of the Local Government Act 2009, specifically through a number of safeguards to ensure openness and transparency with regard to the related transactions.

The conditions require that each lease/sublease be approved by Council's standing committee, formerly the Ipswich Central Redevelopment Committee and now the Economic and Cultural Development Committee, and then full Council prior to its execution.

This paper is seeking Council's approval to enter into an agreement for lease for a retail tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The lease arrangement relates to Tenancy T1 on the Ground Level of the Venue building at 37 Nicholas Street (approximately 215m²). Council holds the Venue building in freehold (Lot 1 RP209886).

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 additional retail, food and beverage and leisure deals together with commercial floorspace offerings 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's contributions, sales data access and general operational costs of the tenancy.

The brand names or companies associated with each executed agreement for lease or 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 and commercial industry media channels to best serve the leasing uptake. 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 2). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 3 - 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 ancillary documentation. Knight Frank's review of the commercial terms for Tenancy T1 on the Ground Level of the Venue building is attached (refer confidential Attachment 4). Also attached is the Lease Deal Approval Report for the subject tenancy (refer confidential Attachment 5). Confidential Attachment 3 discusses the commercial terms and details any material changes from the Knight Frank review to the preparation of the lease. Confidential Attachment 6 identifies key financial outcomes from an asset valuation model (Forbury real estate software) utilising the subject deal's terms and conditions.

This paper seeks approval for Council to enter into an Agreement for Lease for a retail 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 and any ancillary documentation for Tenancy T1 on the Ground Level of the Venue building at 37

Nicholas Street, Ipswich and ensure the lessee can commence their fit-out works and open 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 the retail and commercial precincts and the overall Ipswich Central CBD Redevelopment is heavily dependent on the leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of additional leases will send positive signals to the retail and commercial 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 documentation for Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation B relates to Council entering into a lease for Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Venue building.</p> <p>Recommendation D delegates to the CEO the power to execute related agreement for lease and 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 precinct's short to medium 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 and commercial 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 Housing, Local Government, Planning and Public Works on both the conditioned process and the associated documentation to be provided to Council for AFL/lease approvals.

Council's Legal Services team have previously been consulted on the form and contents of leasing reports and their 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 and leases particularly due to the completion of refurbishment works on the Eats, Tulumur Walk, Commonwealth Hotel and Venue Buildings.

Approval of this retail lease for Tenancy T1 on the Ground Level of the Venue building at 37 Nicholas Street 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 18.5.23. ↓ 
	CONFIDENTIAL
2.	Memorandum of Advice CBD Leases Confidentiality.
3.	Leasing Report - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street.
4.	Knight Frank Assessment - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street.

5.	Lease Approval Form - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street.
6.	Forbury Model Analysis - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street.

Melissa Annis
LEASING MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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



Hon Steven Miles MP
Deputy Premier
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure

Our ref: MC23/375

18 May 2023

Councillor Teresa Harding
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Website www.statedevelopment.qld.gov.au

ABN 65 959 415 158

Dear Councillor Harding

Thank you for your letter of 2 February 2023 submitting a request for a ministerial exemption, under section 236(1)(f) of the Local Government Regulation 2012 (the Regulation), from compliance with the tender or auction requirements in section 227 of the Regulation for the disposal of the Ipswich City Council's interest in land within the Ipswich Central Business District (CBD) redevelopment project area.

Following an assessment of the council's request, I have approved an exemption under section 236(1)(f) of the Regulation subject to the following conditions:

- The exemption relates to the properties identified in Schematic 3 provided by the council in the Business Case accompanying its application.
- The exemption is for the period 1 July 2023 to 30 June 2028.
- When exercising the exemption, the council must address the sound contracting principles outlined in section 104(3) of the *Local Government Act 2009*, including by undertaking the activities proposed by the council to address the sound contracting principles as outlined in the council's Business Case accompanying its application (except in relation to the reporting requirements – see final dot point).
- In relation to the additional land coming under the exemption, referred to by the council as the Ellenborough Street site, the council is encouraged to consider using a similar expression of interest/request for tender process it used for the cinema where appropriate.
- For the period of the exemption, the council must provide a six-monthly report to me as Minister for Local Government detailing the exercise of this exemption. The report is to include details of the status of all lease arrangements, an independent market appraisal of the lease, reasons for any lease being under market value and details of any conflicts of interest (COI) held by any councillor or employee of the council in relation to each lease and how the COI was managed. This six-monthly report must also include information about the Ipswich CBD redevelopment project's overall implementation and achievements and its impacts on the wider Ipswich economy.

I have asked for Ms Rebecca McAnalen, Principal Region Advisor Southern, Local Government Division in the Department of State Development, Infrastructure, Local Government and Planning to assist you with any further queries. You may wish to contact Ms McAnalen on (07) 3452 6738 or by email at rebecca.mcanalen@dsdilgp.qld.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S. Miles'.

STEVEN MILES MP
DEPUTY PREMIER
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on
Olympic and Paralympic Games Infrastructure

cc Ms Sonia Cooper
Chief Executive Officer
Ipswich City Council
sonia.cooper@ipswich.qld.gov.au

Doc ID No: A10756435

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 10

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY T1 VENUE (37 NICHOLAS STREET) OPTION 2

AUTHOR: LEASING MANAGER

DATE: 4 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy T1 on the ground level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy T1 of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy T1") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 T1 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy T1 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T1 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

RELATED PARTIES

Colliers - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 Council was granted a ministerial exemption (initially to 30 June 2023) 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. The exemption allows 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. Owing to the expiry of the initial exemption and to ensure Council has sufficient time to fully implement its retail strategy, on 18 May 2023 a new Ministerial Exemption was granted (end date of 30 June 2028).

This exemption is required as retail and commercial leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced 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 and commercial leasing agents appointed by Council have and continue 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 and commercial 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.

Correspondence from the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning dated 18 May 2023 (refer Attachment 1) confirmed approval of a new exemption for both retail and commercial leasing. The exemption conditions Council to adhere to the sound contracting principles detailed in section 104(3) of the Local Government Act 2009, specifically through a number of safeguards to ensure openness and transparency with regard to the related transactions.

The conditions require that each lease/sublease be approved by Council's standing committee, formerly the Ipswich Central Redevelopment Committee and now the Economic and Cultural Development Committee, and then full Council prior to its execution.

This paper is seeking Council's approval to enter into an agreement for lease for a retail tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The lease arrangement relates to Tenancy T1 on the Ground Level of the Venue building at 37 Nicholas Street (approximately 215m²). Council holds the Venue building in freehold (Lot 1 RP209886).

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 additional retail, food and beverage and leisure deals together with commercial floorspace offerings 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's contributions, sales data access and general operational costs of the tenancy.

The brand names or companies associated with each executed agreement for lease or 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 and commercial industry media channels to best serve the leasing uptake. 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 2). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 3 - 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 ancillary documentation. Knight Frank's review of the commercial terms for Tenancy T1 on the Ground Level of the Venue building is attached (refer confidential Attachment 4). Also attached is the Lease Deal Approval Report for the subject tenancy (refer confidential Attachment 5). Confidential Attachment 3 discusses the commercial terms and details any material changes from the Knight Frank review to the preparation of the lease. Confidential Attachment 6 identifies key financial outcomes from an asset valuation model (Forbury real estate software) utilising the subject deal's terms and conditions.

This paper seeks approval for Council to enter into an Agreement for Lease for a retail 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 and any ancillary documentation for Tenancy T1 on the Ground Level of the Venue building at 37

Nicholas Street, Ipswich and ensure the lessee can commence their fit-out works and open 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 the retail and commercial precincts and the overall Ipswich Central CBD Redevelopment is heavily dependent on the leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of additional leases will send positive signals to the retail and commercial 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 documentation for Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation B relates to Council entering into a lease for Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Venue building.</p> <p>Recommendation D delegates to the CEO the power to execute related agreement for lease and 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 precinct's short to medium 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 and commercial 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 Housing, Local Government, Planning and Public Works on both the conditioned process and the associated documentation to be provided to Council for AFL/lease approvals.

Council's Legal Services team have previously been consulted on the form and contents of leasing reports and their 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 and leases particularly due to the completion of refurbishment works on the Eats, Tulumur Walk, Commonwealth Hotel and Venue Buildings.

Approval of this retail lease for Tenancy T1 on the Ground Level of the Venue building at 37 Nicholas Street 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 18.5.23  
	CONFIDENTIAL
2.	Memorandum of Advice CBD Leases Confidentiality
3.	Leasing Report - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street
4.	Knight Frank Assessment - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street

5.	Lease Approval Form - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street
6.	Forbury Model Analysis - Tenancy T1 on the Ground Level of the Venue building, 37 Nicholas Street

Melissa Annis
LEASING MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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



Hon Steven Miles MP
Deputy Premier
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure

Our ref: MC23/375

18 May 2023

Councillor Teresa Harding
Mayor
Ipswich City Council
mayor@ipswich.qld.gov.au

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Brisbane Queensland 4000
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City East Queensland 4002
Telephone + 61 3719 7100
Email deputy.premier@ministerial.qld.gov.au
Website www.statedevelopment.qld.gov.au

ABN 65 959 415 158

Dear Councillor Harding

Thank you for your letter of 2 February 2023 submitting a request for a ministerial exemption, under section 236(1)(f) of the Local Government Regulation 2012 (the Regulation), from compliance with the tender or auction requirements in section 227 of the Regulation for the disposal of the Ipswich City Council's interest in land within the Ipswich Central Business District (CBD) redevelopment project area.

Following an assessment of the council's request, I have approved an exemption under section 236(1)(f) of the Regulation subject to the following conditions:

- The exemption relates to the properties identified in Schematic 3 provided by the council in the Business Case accompanying its application.
- The exemption is for the period 1 July 2023 to 30 June 2028.
- When exercising the exemption, the council must address the sound contracting principles outlined in section 104(3) of the *Local Government Act 2009*, including by undertaking the activities proposed by the council to address the sound contracting principles as outlined in the council's Business Case accompanying its application (except in relation to the reporting requirements – see final dot point).
- In relation to the additional land coming under the exemption, referred to by the council as the Ellenborough Street site, the council is encouraged to consider using a similar expression of interest/request for tender process it used for the cinema where appropriate.
- For the period of the exemption, the council must provide a six-monthly report to me as Minister for Local Government detailing the exercise of this exemption. The report is to include details of the status of all lease arrangements, an independent market appraisal of the lease, reasons for any lease being under market value and details of any conflicts of interest (COI) held by any councillor or employee of the council in relation to each lease and how the COI was managed. This six-monthly report must also include information about the Ipswich CBD redevelopment project's overall implementation and achievements and its impacts on the wider Ipswich economy.

I have asked for Ms Rebecca McAnalen, Principal Region Advisor Southern, Local Government Division in the Department of State Development, Infrastructure, Local Government and Planning to assist you with any further queries. You may wish to contact Ms McAnalen on (07) 3452 6738 or by email at rebecca.mcanalen@dsdilgp.qld.gov.au.

Yours sincerely



STEVEN MILES MP
DEPUTY PREMIER
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on
Olympic and Paralympic Games Infrastructure

cc Ms Sonia Cooper
Chief Executive Officer
Ipswich City Council
sonia.cooper@ipswich.qld.gov.au

Doc ID No: A10754455

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 11

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY T2 VENUE (37 NICHOLAS STREET)

AUTHOR: LEASING MANAGER

DATE: 4 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy T2 on the ground level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy T2 of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy T2") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 T2 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy T2 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy T2 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

RELATED PARTIES

Colliers - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 Council was granted a ministerial exemption (initially to 30 June 2023) 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. The exemption allows 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. Owing to the expiry of the initial exemption and to ensure Council has sufficient time to fully implement its retail strategy, on 18 May 2023 a new Ministerial Exemption was granted (end date of 30 June 2028).

This exemption is required as retail and commercial leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced 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 and commercial leasing agents appointed by Council have and continue 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 and commercial 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.

Correspondence from the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning dated 18 May 2023 (refer Attachment 1) confirmed approval of a new exemption for both retail and commercial leasing. The exemption conditions Council to adhere to the sound contracting principles detailed in section 104(3) of the Local Government Act 2009, specifically through a number of safeguards to ensure openness and transparency with regard to the related transactions.

The conditions require that each lease/sublease be approved by Council's standing committee, formerly the Ipswich Central Redevelopment Committee and now the Economic and Cultural Development Committee, and then full Council prior to its execution.

This paper is seeking Council's approval to enter into an agreement for lease for a retail tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The lease arrangement relates to Tenancy T2 on Level 1 of the Venue building at 37 Nicholas Street (approx. 307m² plus 39m² for outdoor dining). Council holds the Venue building in freehold (Lot 1 RP209886).

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 additional retail, food and beverage and leisure deals together with commercial floorspace offerings 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's contributions, sales data access and general operational costs of the tenancy.

The brand names or companies associated with each executed agreement for lease or 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 and commercial industry media channels to best serve the leasing uptake. 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 2). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 3 - 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 ancillary documentation. Knight Frank's review of the commercial terms for Tenancy T2 on Level 1 of the Venue building is attached (refer confidential Attachment 4). Also attached is the Lease Deal Approval Report for the subject tenancy (refer confidential Attachment 5). Confidential Attachment 3 discusses the commercial terms and details any material changes from the Knight Frank review to the preparation of the lease. Confidential Attachment 6 identifies key financial outcomes from an asset valuation model (Forbury real estate software) utilising the subject deal's terms and conditions.

This paper seeks approval for Council to enter into an Agreement for Lease for a retail 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 and any ancillary documentation for Tenancy T2 on Level 1 of the Venue building at 37 Nicholas

Street, Ipswich and ensure the lessee can commence their fit-out works and open 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 the retail and commercial precincts and the overall Ipswich Central CBD Redevelopment is heavily dependent on the leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of additional leases will send positive signals to the retail and commercial 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 documentation for Tenancy T2 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation B relates to Council entering into a lease for Tenancy T2 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Venue building.</p> <p>Recommendation D delegates to the CEO the power to execute related agreement for lease and 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 precinct's short to medium 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 and commercial 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 Housing, Local Government, Planning and Public Works on both the conditioned process and the associated documentation to be provided to Council for AFL/lease approvals.

Council's Legal Services team have previously been consulted on the form and contents of leasing reports and their 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 and leases particularly due to the completion of refurbishment works on the Eats, Tulumur Walk, Commonwealth Hotel and Venue Buildings.

Approval of this retail lease for Tenancy T2 on Level 1 of the Venue building at 37 Nicholas Street 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 18.5.23. ↓ 
	CONFIDENTIAL
2.	Memorandum of Advice CBD Leases Confidentiality.
3.	Leasing Report - Tenancy T2 on Level 1 of the Venue building, 37 Nicholas Street.
4.	Knight Frank Assessment - Tenancy T2 on Level 1 of the Venue building, 37 Nicholas Street.

5.	Lease Approval Form - Tenancy T2 on Level 1 of the Venue building, 37 Nicholas Street.
6.	Forbury Model Analysis - Tenancy T2 on Level 1 of the Venue building, 37 Nicholas Street.

Melissa Annis
LEASING MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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



Hon Steven Miles MP
Deputy Premier
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure

Our ref: MC23/375

18 May 2023

Councillor Teresa Harding
Mayor
Ipswich City Council
mayor@ipswich.qld.gov.au

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City East Queensland 4002
Telephone + 61 3719 7100
Email deputy.premier@ministerial.qld.gov.au
Website www.statedevelopment.qld.gov.au

ABN 65 959 415 158

Dear Councillor Harding

Thank you for your letter of 2 February 2023 submitting a request for a ministerial exemption, under section 236(1)(f) of the Local Government Regulation 2012 (the Regulation), from compliance with the tender or auction requirements in section 227 of the Regulation for the disposal of the Ipswich City Council's interest in land within the Ipswich Central Business District (CBD) redevelopment project area.

Following an assessment of the council's request, I have approved an exemption under section 236(1)(f) of the Regulation subject to the following conditions:

- The exemption relates to the properties identified in Schematic 3 provided by the council in the Business Case accompanying its application.
- The exemption is for the period 1 July 2023 to 30 June 2028.
- When exercising the exemption, the council must address the sound contracting principles outlined in section 104(3) of the *Local Government Act 2009*, including by undertaking the activities proposed by the council to address the sound contracting principles as outlined in the council's Business Case accompanying its application (except in relation to the reporting requirements – see final dot point).
- In relation to the additional land coming under the exemption, referred to by the council as the Ellenborough Street site, the council is encouraged to consider using a similar expression of interest/request for tender process it used for the cinema where appropriate.
- For the period of the exemption, the council must provide a six-monthly report to me as Minister for Local Government detailing the exercise of this exemption. The report is to include details of the status of all lease arrangements, an independent market appraisal of the lease, reasons for any lease being under market value and details of any conflicts of interest (COI) held by any councillor or employee of the council in relation to each lease and how the COI was managed. This six-monthly report must also include information about the Ipswich CBD redevelopment project's overall implementation and achievements and its impacts on the wider Ipswich economy.

I have asked for Ms Rebecca McAnalen, Principal Region Advisor Southern, Local Government Division in the Department of State Development, Infrastructure, Local Government and Planning to assist you with any further queries. You may wish to contact Ms McAnalen on (07) 3452 6738 or by email at rebecca.mcanalen@dsdilgp.qld.gov.au.

Yours sincerely



STEVEN MILES MP
DEPUTY PREMIER
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on
Olympic and Paralympic Games Infrastructure

cc Ms Sonia Cooper
Chief Executive Officer
Ipswich City Council
sonia.cooper@ipswich.qld.gov.au

Doc ID No: A10754890

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 12

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF AN AGREEMENT FOR LEASE FOR TENANCY K2 VENUE (37 NICHOLAS STREET)

AUTHOR: LEASING MANAGER

DATE: 4 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning an Agreement for Lease for Council's consideration associated with Tenancy K2 on the Ground Level of the Venue building at 37 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into an Agreement for Lease and associated documentation of the Agreement for Lease with the proposed lessee for Tenancy K2 on the Ground Level of the Venue Building (impacting part of Lot 1 on RP209886) ("Tenancy K2") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- 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 K2 with the proposed lessee (as detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).
- C. That Council note, in relation to Council's disposal of its leasehold interest in the Tenancy K2 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy K2 (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 A and B.
- E. That Council be kept informed as to the progress and outcome of the execution and publication of details.

RELATED PARTIES

Colliers - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 Council was granted a ministerial exemption (initially to 30 June 2023) 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. The exemption allows 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. Due to the expiry of the initial exemption and to ensure Council has sufficient time to fully implement its retail strategy, on 18 May 2023 a new Ministerial Exemption was granted (end date of 30 June 2028).

This exemption is required as retail and commercial leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced 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 and commercial leasing agents appointed by Council have and continue 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 and commercial 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.

Correspondence from the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning dated 18 May 2023 (refer Attachment 1) confirmed approval of a new exemption for both retail and commercial leasing. The exemption conditions Council to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of safeguards to ensure openness and transparency with regard to the related transactions.

The conditions require that each lease/sublease be approved by Council's standing committee, formerly the Ipswich Central Redevelopment Committee and now the Economic and Cultural Development Committee, and then full Council prior to its execution.

This paper is seeking Council's approval to enter into an agreement for lease for a retail tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The lease arrangement relates to Tenancy K2 on the Ground Level of the Nicholas Street Venue building at 37 Nicholas Street (Kiosk which is approx. 28.7m²). Council holds the Venue building in freehold (Lot 1 RP209886).

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 additional retail, food and beverage and leisure deals together with commercial floorspace offerings 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's contributions, sales data access and general operational costs of the tenancy.

The brand names or companies associated with each executed agreement for lease or 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 and commercial industry media channels to best serve the leasing uptake. 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 2). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 3 - 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 ancillary documentation. Knight Frank's review of the commercial terms for Tenancy K2 on the Ground Level of the Venue building is attached (refer confidential Attachment 4). Also attached is the Lease Deal Approval Report for the subject tenancy (refer confidential Attachment 5). Confidential Attachment 3 discusses the commercial terms and details any material changes from the Knight Frank's review to the preparation of the lease. Confidential Attachment 6 identifies key financial outcomes from an asset valuation model (Forbury real estate software) utilising the subject deal's terms and conditions.

This paper seeks approval for Council to enter into an Agreement for Lease for a retail 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 and any ancillary documentation for Tenancy K2 on the Ground Level of the Venue building at 37

Nicholas Street, Ipswich and ensure the lessee can commence their fit-out works and open 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 the retail and commercial precincts and the overall Ipswich Central CBD Redevelopment is heavily dependent on the leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of additional leases will send positive signals to the retail and commercial 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 documentation for Tenancy K2 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation B relates to Council entering into a lease for Tenancy K2 on the Ground Level of the Venue building, 37 Nicholas Street, Ipswich.</p> <p>Recommendation C outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Venue Building.</p> <p>Recommendation D delegates to the CEO the power to execute related agreement for lease and 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 precinct's short to medium 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 and commercial 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 Housing, Local Government and Planning on both the conditioned process and the associated documentation to be provided to Council for AFL/lease approvals.

Council's Legal Services team have previously been consulted on the form and contents of leasing reports and their 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 and leases particularly due to the completion of redevelopment works on the Eats, Tulumur Walk, Commonwealth Hotel and Venue buildings.

Approval of this retail lease for Tenancy K2 on the Ground Level of the Venue building at 37 Nicholas Street will continue the positive message to the Ipswich community and the market that the redevelopment is advancing strongly.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 18.5.23  
	CONFIDENTIAL
2.	Memorandum of Advice CBD Leases Confidentiality
3.	Leasing Report - Tenancy K2 on the Ground Level of the Venue building, 37 Nicholas Street
4.	Knight Frank Assessment - Tenancy K2 on the Ground Level of the Venue building, 37 Nicholas Street

5.	Lease Approval Form - Tenancy K2 on the Ground Level of the Venue building, 37 Nicholas Street
6.	Forbury Model Analysis - Tenancy K2 on the Ground Level of the Venue building, 37 Nicholas Street

Melissa Annis
LEASING MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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



Hon Steven Miles MP
Deputy Premier
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure

Our ref: MC23/375

18 May 2023

Councillor Teresa Harding
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Ipswich City Council
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ABN 65 959 415 158

Dear Councillor Harding

Thank you for your letter of 2 February 2023 submitting a request for a ministerial exemption, under section 236(1)(f) of the Local Government Regulation 2012 (the Regulation), from compliance with the tender or auction requirements in section 227 of the Regulation for the disposal of the Ipswich City Council's interest in land within the Ipswich Central Business District (CBD) redevelopment project area.

Following an assessment of the council's request, I have approved an exemption under section 236(1)(f) of the Regulation subject to the following conditions:

- The exemption relates to the properties identified in Schematic 3 provided by the council in the Business Case accompanying its application.
- The exemption is for the period 1 July 2023 to 30 June 2028.
- When exercising the exemption, the council must address the sound contracting principles outlined in section 104(3) of the *Local Government Act 2009*, including by undertaking the activities proposed by the council to address the sound contracting principles as outlined in the council's Business Case accompanying its application (except in relation to the reporting requirements – see final dot point).
- In relation to the additional land coming under the exemption, referred to by the council as the Ellenborough Street site, the council is encouraged to consider using a similar expression of interest/request for tender process it used for the cinema where appropriate.
- For the period of the exemption, the council must provide a six-monthly report to me as Minister for Local Government detailing the exercise of this exemption. The report is to include details of the status of all lease arrangements, an independent market appraisal of the lease, reasons for any lease being under market value and details of any conflicts of interest (COI) held by any councillor or employee of the council in relation to each lease and how the COI was managed. This six-monthly report must also include information about the Ipswich CBD redevelopment project's overall implementation and achievements and its impacts on the wider Ipswich economy.

I have asked for Ms Rebecca McAnalen, Principal Region Advisor Southern, Local Government Division in the Department of State Development, Infrastructure, Local Government and Planning to assist you with any further queries. You may wish to contact Ms McAnalen on (07) 3452 6738 or by email at rebecca.mcanalen@dsdilgp.qld.gov.au.

Yours sincerely



STEVEN MILES MP
DEPUTY PREMIER
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on
Olympic and Paralympic Games Infrastructure

cc Ms Sonia Cooper
Chief Executive Officer
Ipswich City Council
sonia.cooper@ipswich.qld.gov.au

Doc ID No: A10753685

This matter has been determined to be of a significant nature and approval has been given to refer this report to the Economic and Cultural Development Committee as a supplementary item.

ITEM: 13

SUBJECT: NICHOLAS STREET PRECINCT - APPROVAL OF A LEASE FOR TENANCY 2BK2
TULMUR WALK (8 NICHOLAS STREET)

AUTHOR: LEASING MANAGER

DATE: 4 OCTOBER 2024

EXECUTIVE SUMMARY

This is a report concerning a Lease for Council's consideration associated with Tenancy 2BK2 within Tulumur Walk at 8 Nicholas Street, Nicholas Street Precinct, Ipswich.

RECOMMENDATION

- A. That Council enter into a Lease (and associated documentation) with the proposed lessee for Tenancy 2BK2, Tulumur Walk Building, 8 Nicholas Street (impacting part of Lot 1 RP157021) ("Tenancy 2BK2") within the Nicholas Street Precinct (under the commercial terms detailed in the confidential report and attachments by the Leasing Manager dated 4 October 2024).**
- B. That Council note, that in relation to Council's disposal of its leasehold interest in the Tenancy 2BK2 to the proposed lessee, that the Ministerial exemption under s236 1(f) of the *Local Government Regulation 2012* applies to the disposal of Council's interest in Tenancy 2BK2 (Ministerial exemption contained in Attachment 1 of this report).**
- C. 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 A.**
- D. That Council be kept informed as to the progress and outcome of the execution and publication of details.**

RELATED PARTIES

Colliers - Retail Leasing Agent
Knight Frank Valuation & Advisory Queensland – Independent Market Appraisal

IFUTURE THEME

Vibrant and Growing

PURPOSE OF REPORT/BACKGROUND

In 2019 Council was granted a ministerial exemption (to 30 June 2023) 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. The exemption allows 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. Due to the expiry of the initial exemption and to ensure Council has sufficient time to fully implement its retail strategy, on 18 May 2023 a new Ministerial Exemption was granted (end date of 30 June 2028).

This exemption is required as retail and commercial leasing is generally not undertaken through a tender or auction process. It is a specialised process undertaken by experienced 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 and commercial leasing agents appointed by Council, have and continue 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 and commercial 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.

Correspondence from the Deputy Premier, Minister for State Development, Infrastructure, Local Government and Planning dated 18 May 2023 (refer Attachment 1) confirmed approval of a new exemption for both retail and commercial leasing. The exemption conditions Council to adhere to the sound contracting principles detailed in section 104(3) of the *Local Government Act 2009*, specifically through a number of safeguards to ensure openness and transparency with regard to the related transactions.

The conditions require that each lease/sublease be approved by Council's standing committee, formerly the Ipswich Central Redevelopment Committee and now the Economic and Cultural Development Committee, and then full Council prior to its execution.

This paper is seeking Council's approval to enter into an agreement for lease for a retail tenancy associated with the Nicholas Street Precinct redevelopment utilising the process detailed above. The agreement for lease relates to Tenancy 2BK2 on the Ground Level of Tulmur Walk, 8 Nicholas Street (26m²). Council holds the leasehold interest from Queensland Rail (Lease No. 601375840) over the Tulmur Walk building with the long-term lease expiring on 27 November 2077. The Tulmur Walk building impacts part of Lot 1 RP157021 (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 additional retail, food and beverage and leisure deals together with commercial floorspace offerings 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's contributions, sales data access and general operational costs of the tenancy.

The brand names or companies associated with each executed agreement for lease or 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 and commercial industry media channels to best serve the leasing uptake. 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 2). Specific details on the lessee, the commercial terms and proposed tenure length are contained in confidential Attachments 3 - 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 ancillary documentation. Knight Frank's review of the commercial terms for Tenancy 2BK2 on the Ground Level of Tulumur Walk is attached (refer confidential Attachment 4). Also attached is the Lease Deal Approval Report for the subject tenancy (refer confidential Attachment 5). Confidential Attachment 3 discusses the commercial terms and details any material changes from the Knight Frank's review to the preparation of the lease. Confidential Attachment 6 identifies key financial outcomes from an asset valuation model (Forbury real estate software) utilising the subject deal's terms and conditions.

This paper seeks approval for Council to enter into an Agreement for Lease for a retail 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 and any ancillary documentation for Tenancy 2BK2 of Tulumur Walk building at 8 Nicholas Street and ensure the lessee can commence their fit-out works and open 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 the retail and commercial precincts and the overall Ipswich Central CBD Redevelopment is heavily dependent on the leasing program delivering a tenancy mix comprising high-quality, commercially successful tenants. The approval and subsequent execution of additional leases will send positive signals to the retail and commercial 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 a sub-lease for the retail Tenancy 2BK2 of Tulumur Walk at 8 Nicholas Street.</p> <p>Recommendation B outlines how Council will apply a ministerial exemption to the disposal of a leasehold interest in the Tulumur Walk building at 8 Nicholas Street.</p> <p>Recommendation C delegates to the CEO the power to execute related lease documentation.</p> <p>Recommendation D relates to the provision of an update to Council.</p>
(b) What human rights are affected?	It is considered no human rights are affected by this decision.
(c) How are the human rights limited?	It is considered no human rights are limited by this decision.
(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 precinct's short to medium 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 and commercial 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 Housing, 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 previously been consulted on the form and contents of leasing reports and their 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 and leases particularly owing to the completion of redevelopment works on both the Eats, Tulmur Walk, Commonwealth Hotel and Nicholas Street Venue building.

Approval of this retail lease for Tenancy 2BK2 of Tulmur Walk building at 8 Nicholas Street will continue the positive message to the Ipswich community and the market that the redevelopment is advancing strongly.

ATTACHMENTS AND CONFIDENTIAL BACKGROUND PAPERS

1.	Ministerial Exemption Approval 18.5.23  
	CONFIDENTIAL
2.	Memorandum of Advice CBD Leases Confidentiality
3.	Leasing Report - 2BK2 Tulmur Walk 8 Nicholas Street
4.	Knight Frank Assessment - 2BK2 Tulmur Walk 8 Nicholas Street
5.	Lease Approval Form - 2BK2 Tulmur Walk 8 Nicholas Street
6.	Forbury Model Analysis - 2BK2 Tulmur Walk 8 Nicholas Street

Melissa Annis
LEASING MANAGER

I concur with the recommendations contained in this report.

James Hepburn
PRECINCT DIRECTOR

I concur with the recommendations contained in this report.

Sonia Cooper
CHIEF EXECUTIVE OFFICER

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



Hon Steven Miles MP
Deputy Premier
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on Olympic and Paralympic Games Infrastructure

Our ref: MC23/375

18 May 2023

Councillor Teresa Harding
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ABN 65 959 415 158

Dear Councillor Harding

Thank you for your letter of 2 February 2023 submitting a request for a ministerial exemption, under section 236(1)(f) of the Local Government Regulation 2012 (the Regulation), from compliance with the tender or auction requirements in section 227 of the Regulation for the disposal of the Ipswich City Council's interest in land within the Ipswich Central Business District (CBD) redevelopment project area.

Following an assessment of the council's request, I have approved an exemption under section 236(1)(f) of the Regulation subject to the following conditions:

- The exemption relates to the properties identified in Schematic 3 provided by the council in the Business Case accompanying its application.
- The exemption is for the period 1 July 2023 to 30 June 2028.
- When exercising the exemption, the council must address the sound contracting principles outlined in section 104(3) of the *Local Government Act 2009*, including by undertaking the activities proposed by the council to address the sound contracting principles as outlined in the council's Business Case accompanying its application (except in relation to the reporting requirements – see final dot point).
- In relation to the additional land coming under the exemption, referred to by the council as the Ellenborough Street site, the council is encouraged to consider using a similar expression of interest/request for tender process it used for the cinema where appropriate.
- For the period of the exemption, the council must provide a six-monthly report to me as Minister for Local Government detailing the exercise of this exemption. The report is to include details of the status of all lease arrangements, an independent market appraisal of the lease, reasons for any lease being under market value and details of any conflicts of interest (COI) held by any councillor or employee of the council in relation to each lease and how the COI was managed. This six-monthly report must also include information about the Ipswich CBD redevelopment project's overall implementation and achievements and its impacts on the wider Ipswich economy.

I have asked for Ms Rebecca McAnalen, Principal Region Advisor Southern, Local Government Division in the Department of State Development, Infrastructure, Local Government and Planning to assist you with any further queries. You may wish to contact Ms McAnalen on (07) 3452 6738 or by email at rebecca.mcanalen@dsdilgp.qld.gov.au.

Yours sincerely



STEVEN MILES MP
DEPUTY PREMIER
Minister for State Development, Infrastructure,
Local Government and Planning
Minister Assisting the Premier on
Olympic and Paralympic Games Infrastructure

cc Ms Sonia Cooper
Chief Executive Officer
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sonia.cooper@ipswich.qld.gov.au