

# Western Foreshore Commercial Site Business Plan to enter into a Major Land Transaction

(pursuant to Section 3.59(3) of the *Local  
Government Act 1995*)

Proposed disposal by sublease for a portion of Lot 1561 on Deposited Plan 209268 in Certificate of Crown Land Title Volume LR3014 Folio 635 and portion of Lot 500 on Deposited Plan 404353 in Certificate of Crown Land Title Volume LR3165 Folio 486.



Contents

1. Introduction ..... 3

2. Invitation ..... 4

3. Business Plan Objectives ..... 4

4. Summary of Proposed Major Land Transaction ..... 4

5. Background ..... 8

6. Site Overview ..... 9

7. Overview of the Proposal ..... 11

8. Process Background ..... 12

9. Statutory and Legal Requirements ..... 15

10. Assessment of Major Land Transaction ..... 167



## 1. Introduction

The Western Foreshore Commercial Site Business Plan (this **Business Plan**) details the proposed disposal via sublease to Left Coast Leisure Group Pty Ltd (**Proponent**) for the following land parcels (the **Transaction**):

- Portion of Lot 1561 on Deposited Plan 209268 in Certificate of Crown Land Title Volume LR3014 Folio 635, 25 Leighton Place, Mandurah; and
- Portion of Lot 500 on Deposited Plan 404353 in Certificate of Crown Land Title Volume LR3165 Folio 486, 25 Leighton Place, Mandurah.

The Business Plan outlines Left Coast Leisure Group Pty Ltd Proposal (Proposal) which includes the following components to be developed by the Proponent over an area of 8,000 square metres:

- Licenced Restaurant and Microbrewery – 2,500m<sup>2</sup>
- 18-hole Mini Golf Course and Café – 5,050m<sup>2</sup>
- Chocolate Production and Retail – 450m<sup>2</sup>

The Proposal provides an opportunity for the City of Mandurah (the City) to facilitate a commercial development on the Western Foreshore that will offer significant benefits to the local and regional economy through the delivery of a premier tourism attraction as part of the Western Foreshore Leisure Precinct.

This Business Plan provides an overall assessment of the proposed Transaction and how submissions may be made and, taking into consideration submissions received, Council can decide whether to proceed with the proposed Transaction.





## 2. Invitation

At the Council Meeting of 28 May 2024, the City of Mandurah (the City) Council will consider, for the purposes of advertising, the Major Land Transaction Business Plan for the proposed disposal via sublease of the Western Foreshore Commercial Site to the Proponent.

The community is invited to make submission on the Business Plan.

Community members may make submissions in writing in relation to the transaction proposed in this Business Plan to the City's Chief Executive Officer via the following methods:

Mail: PO Box 210, Mandurah WA 6210  
Email: [council@mandurah.wa.gov.au](mailto:council@mandurah.wa.gov.au)  
In person: 3 Peel Street, Mandurah WA 6210  
Community Engagement Platform Mandurah Matters

This Business Plan is available on the dedicated community consultation website [mandurahmatters.com.au](http://mandurahmatters.com.au) where the community can comment on the Plan. It can also be viewed on the City of Mandurah website, [mandurah.wa.gov.au](http://mandurah.wa.gov.au).

Council will consider submissions received when making a decision on whether to proceed with the advertised transaction proposed in the Business Plan.

Closing date for submissions is 26 July 2024. Please note no submissions will be accepted after the closing date.

## 3. Business Plan Objectives

The Business Plan aims to:

- Comply with the requirements of Section 3.59 of the *Local Government Act 1995* (the Act) and *Local Government (Function and General) Regulations 1996*;
- Provide details of the City's intention to undertake a Major Land Transaction and disposal via sublease; and
- Seek community submissions on the proposed Major Land Transaction as outlined in this Business Plan.

## 4. Summary of Proposed Major Land Transaction

The Major Land Transaction is a proposed sublease between the City and the Proponent and the City undertaking upgrades of infrastructure adjacent to the Commercial Site.

A summary of the Major Land Transaction is set out below:

Sublease Key Terms	
Headlessor	State of Western Australia



<b>Sublessor</b>	City of Mandurah																
<b>Sublessee</b>	Left Coast Leisure Group Pty Ltd ABN 38 677 054 296 ACN 677 054 296																
<b>Permitted Purpose</b>	<ul style="list-style-type: none"> <li>• Licenced Restaurant and Microbrewery</li> <li>• 18-hole Mini Golf Course and Café</li> <li>• Chocolate Production and Retail</li> </ul>																
<b>Land</b>	<p>A proposed Commercial Site (having an area of approximately 8,000m<sup>2</sup>) known as the Western Foreshore Commercial Site (<b>Commercial Site</b>) created from the land comprising Reserve 27581 and otherwise known as Hall Park (<b>Reserve</b>) which currently comprises:</p> <ul style="list-style-type: none"> <li>• Lot 1561 on Deposited Plan 209268 in Certificate of Crown Land Title Volume LR3014 Folio 635; and</li> <li>• Lot 500 on Deposited Plan 404353 in Certificate of Crown Land Title Volume LR3165 Folio 486.</li> </ul> <p>The Commercial Site will have its own certificate of Crown land title if its excision from the Reserve is approved.</p> <p>The Commercial Site is that portion outlined with a black dashed line on Figure 1 – Proposed New Reserve on page 7.</p>																
<b>Premises</b>	25 years (less one day), with a first further term of 25 years (less one day) and a second further term of 15 years (less one day).																
<b>Term</b>	25 years, with a first further term of 25 years and a second further term of 15 years.																
<b>Rent</b>	<p>Payable by monthly instalments in advance:</p> <table> <tr> <td>Year 1</td><td>\$1.00 plus GST (construction phase)</td></tr> <tr> <td>Year 2</td><td>\$1.00 plus GST (construction phase)</td></tr> <tr> <td>Year 3</td><td>\$103,350 plus GST</td></tr> <tr> <td>Year 4</td><td>\$155,150 plus GST</td></tr> <tr> <td>Year 5</td><td>\$218,488 plus GST</td></tr> <tr> <td>Year 6</td><td>\$227,588 plus GST</td></tr> <tr> <td>Year 7</td><td>\$234,575 plus GST</td></tr> <tr> <td>Year 8 and onwards</td><td>- Previous year's rent as adjusted in accordance with the sublease.</td></tr> </table> <p>The Rent following any rent review must not be less than the Rent payable immediately before the relevant Rent Review Date.</p>	Year 1	\$1.00 plus GST (construction phase)	Year 2	\$1.00 plus GST (construction phase)	Year 3	\$103,350 plus GST	Year 4	\$155,150 plus GST	Year 5	\$218,488 plus GST	Year 6	\$227,588 plus GST	Year 7	\$234,575 plus GST	Year 8 and onwards	- Previous year's rent as adjusted in accordance with the sublease.
Year 1	\$1.00 plus GST (construction phase)																
Year 2	\$1.00 plus GST (construction phase)																
Year 3	\$103,350 plus GST																
Year 4	\$155,150 plus GST																
Year 5	\$218,488 plus GST																
Year 6	\$227,588 plus GST																
Year 7	\$234,575 plus GST																
Year 8 and onwards	- Previous year's rent as adjusted in accordance with the sublease.																
<b>Rent Review</b>	The rent will be reviewed in accordance with an agreed formula contained in the sublease reflecting CPI on each and every anniversary of the Commencement Date of the Sublease other than a Market Rent Review Date and the first, second, third, fourth, fifth and sixth anniversaries of the Commencement Date of the Sublease.																

	The rent will be subject to market reviews on each Market Rent Review Date (with the first Market Rent Review Date being the seventh anniversary of the Commencement Date and each subsequent Market Rent Review Date being every 5 years thereafter).
<b>Insurance</b>	The sublessee is responsible for: <ul style="list-style-type: none"> <li>• Building Insurance; and</li> <li>• Public Liability insurances</li> </ul>
<b>Rates, Taxes &amp; Outgoings</b>	The Sublessee must pay all rates, taxes, levies, charges and outgoings that are attributable to the Premises as if the Sublessee is the owner of the Premises.
<b>Construction</b>	Construction costs for the development on the Commercial Site are the responsibility of the Sublessee.
<b>Maintenance</b>	The Sublessee is responsible for all repairs and maintenance to keep the Premises in good and safe repair and condition including all structural and capital repairs to all buildings on the Premises.
<b>Opening Hours</b>	<p>Trade is permitted 7 days per week.</p> <p><b><u>Licensed Restaurant and Microbrewery</u></b></p> <p>10 am to 10 pm (until the second anniversary of the commencement of trading for the Licensed Restaurant and Microbrewery).</p> <p><b>Conditions attaching to Licenced Restaurant &amp; Microbrewery:</b></p> <p>ANZAC Day opening times for the Licensed Restaurant and Microbrewery must not be before 1pm unless approved by the Sublessor.</p> <p>The Sublessor will have discretion to extend operating for special events and permanently in the future at the request of the Sublessee.</p> <p>Any consultation and statutory approvals with Racing, Gaming and Liquor for one off or permanent requests to extend trading times will be at the cost of the Sublessee.</p> <p><b><u>Café</u></b></p> <p>6 am to 9 pm</p> <p><b><u>Chocolate Production and Retail</u></b></p> <p>7 am to 9 pm</p> <p><b><u>Mini Golf</u></b></p> <p>7 am to 9 pm</p> <p>Opening times can be modified with the approval of the Sublessor.</p>

<b>Liquor Licence</b>	Security is required as part of the Liquor Licence in accordance with the Department of Local Government, Sport and Cultural Industries Policy Safety and Security Licenced Premises.
<b>Stages for completion</b>	<p>The development is required in two stages comprising:</p> <p>Stage 1:      Licenced Restaurant and Microbrewery, 18-hole Mini Golf Course and Café</p> <p>Stage 2:      Chocolate Production and Retail.</p>
<b>TAFE Placement</b>	Prior to commencing the development, the Sublessee acting in good faith will attempt to enter into an agreement with the South Metropolitan TAFE in which the Sublessee agrees to participate in and support opportunities for work placement, work experience and graduate programs for hospitality students at the South Metropolitan TAFE Mandurah campus.
<b>City's contribution to infrastructure adjacent to the Premises</b>	
<b>Carparking Works</b>	The City will carry out carparking works on land adjacent to the Premises. The cost of these carparking works is estimated by the City to be \$850,000. Noting the parking is available for public use and the Proponent will have no exclusivity over this parking.

**Figure 1: Proposed New Reserve**

**Proposed New Reserve**

	<b>Existing Reserves</b>
RESERVE 27581 CLASS 'A'	
LOT 1561 (DP209268):	1.6186ha
LOT 500 (DP404353):	5.2448ha
<b>TOTAL AREA:</b>	<b>6.8634ha</b>
	<b>Proposed Leasehold Site</b>
<b>TOTAL AREA:</b>	<b>8000m<sup>2</sup></b>
<b>ACTIVITY AREAS</b>	
	1 Licenced Restaurant & Microbrewery 2500m <sup>2</sup>
	2 Mini Golf Cafe / Clubhouse 350m <sup>2</sup>
	3 Chocolate Factory 450m <sup>2</sup>
	4 Mini Golf Course 4700m <sup>2</sup>
	<b>Proposed Reserve</b>
<b>TOTAL AREA:</b>	<b>6.0634ha</b>
<b>EASEMENTS</b>	
	Access Easement; 6m width; 880m <sup>2</sup>
	Service Easement; 6m width; 725m <sup>2</sup> Final Details Subject to Design

Site Area and Final Boundaries Subject to Detailed Design and Survey



**Western Foreshore Leisure Precinct**





## **5. Background**

The City is a local government that promotes the economic, social and environmental sustainability of the district, and makes decisions considering the long-term impacts of future generations. The City not only supports and empowers local businesses, creates local jobs and opportunities, but fosters innovation and creativity in enterprise whilst considering the impact to its unique environment.

Over the years the City has been developing, protecting, activating, and enhancing the City Centre to attract residents, business and landowners, and visitors now and into the future.

Mandurah's Western Foreshore Leisure Precinct (Precinct) within the City Centre has recently undergone a significant transformation with the delivery of a destination level skate park, an adventure play space, a recreation precinct and associated foreshore facilities, whilst maintaining the natural foreshore and 'village green' events space. Together these elements have created an iconic foreshore for people to meet, play and rest.

In 2018, significant community engagement was undertaken by the City to help shape the vision for the Precinct. This engagement has identified future opportunities for mixed use cultural/commercial developments to be explored on the site, including land based and overwater development and activities, cultural/arts/heritage attractions, leisure amusements and activities, and food/drink/retail outlets.

The Commercial Site forms an important part of this Precinct providing further opportunities for activation through family friendly hospitality offerings and by adding to the existing range of recreation facilities. There have been commercial leases on the Western Foreshore since 1987, with 6,581m<sup>2</sup> dedicated commercial space, including King Carnival and an aquatic operator.

At its meeting held on 22 June 2021, Council approved the project plan for the upgrade and development of the Commercial Site to be undertaken via a multi-staged competitive expression of interest (EOI) process. The purpose of the EOI was to explore potential opportunities for commercial activations over the existing commercial lease site.

Following the EOI process, Council at its meeting on 22 November 2022, selected Geographe Bay Leisure Group (now referred to as Left Coast Leisure Group Pty Ltd for this transaction) as the preferred proponent for the Commercial Site.

The Proposal is seeking 8,000m<sup>2</sup> of the Commercial Site offering a mix of both hospitality and community recreation. The Proponent demonstrated a clear understanding and ability to meet the selection criteria. The Proposal represents a private investment of \$23 million, creation of hundreds of jobs and provides a hospitality and entertainment offering that will attract both locals and tourists alike.

## 6. Site Overview

The Commercial Site is reserved as Regional Open Space in the Peel Region Scheme, requiring the land use to be consistent with the recreation and cultural opportunities of the Commercial Site and any development of the site needs to ensure a high level of public access.

The Commercial Site is currently a 'Class A' Crown reserve with management vested to the City of Mandurah. Under the current 'reserve' designation, the City has the power to issue a lease for recreational opportunities and complementary commercial uses.

Since 1987, the land comprising the Commercial Site has been used for commercial purposes. King Carnival has leased approximately 6,300m<sup>2</sup> and prior to 2022, a second commercial aquatic operator has leased a further portion of the land (comprising approximately 281m<sup>2</sup>).

The total area for the Proposal is 8,000m<sup>2</sup>, representing a marginal increase to the existing commercial footprint of approximately 6,581m<sup>2</sup>.

### Land Tenure

The Commercial Site currently falls within a 'Class A' Reserve.

This Reserve currently comprises:

- Lot 1561 on Deposited Plan 209268 in Certificate of Crown Land Title Volume LR3014 Folio 635; and
- Lot 500 on Deposited Plan 404353 in Certificate of Crown Land Title Volume LR3165 Folio 486.

The commercial uses and activities envisaged in the Proposal will fall outside the current Reserve purpose.

In order to facilitate the Proposal, the City is therefore required to seek an excision of the Commercial Site 'Class A' Reserve into its own separate Crown leasehold tenure pursuant to a lease between the State of Western Australia (as lessor) and the City (as lessee). The City would then seek approval to sublease part (comprising approximately 8,000 m<sup>2</sup>) of this Commercial Site to the Proponent.

The proposed sublease area for the Proposal is 8,000 m<sup>2</sup>, which is 1,419 m<sup>2</sup> larger than the existing part of the land used for commercial purposes. It should be noted that the built form component of the Proposal is approximately 3,500 m<sup>2</sup> and the remainder will be utilised for the purposes of the mini-golf course. This enables the City and the Proponent to maximise tree retention, protecting the environmental value of the Site.

Class A reserves afford the greatest degree of protection for reserves of Crown land created under the *Land Administration Act 1997*. The A classification is used solely to protect areas of high conservation or high community value.

A land excision process is therefore required to enable the Proposal to proceed. This process is led by the Department of Planning Lands and Heritage with a further requirement to advertise for 30 days seeking community comment, before being laid before both Houses of Parliament for consideration.

The City is seeking amendment to Hall Park (Reserve No. 27581) to:

- Change the purpose of the Reserve from 'Recreation Act 105-1970' to 'Public Recreation',
- Amalgamate Lots 500 on Deposited Plan 404353 and Lot 1561 on Deposited Plan 209268 for ease of management;
- Undertake a major amendment to the Reserve to excise an area of land of approximately 8,000m<sup>2</sup> from the Reserve for commercial purposes to create the Commercial Site; and
- Grant a ground lease to the City (as lessee) over the Commercial Site.

The ability for the City to grant a sublease to the Proponent over part of the Commercial Site is subject to the following:

- Council considering submissions received in response to this Business Plan and resolving to proceed with the Major Land Transaction;
- Both Houses of Parliament approving the excision of the Commercial Site from Class A Reserve ;
- The Department of Planning, Lands and Heritage approving the grant of the headlease of the Commercial Site on terms acceptable to the City including a peppercorn rent and a term of 65 years; and
- The Minister for Lands approving the terms of the sublease to the Proponent.



LEGEND

- Precinct Area
- Existing Waterfront Path
- Parking
- Accessible Toilets
- Existing Commercial Site
- Public Recreation Areas

Recreational Access

- 1 Informal paddle launch
- 2 Swimming
- 3 Fishing
- 4 Recreation Area



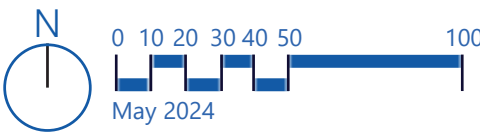
a War Memorial.  
Image: Next Level Drone & Photography Services and Visit Mandurah



b Events on the foreshore



c Swimming and beach activities  
Image: Visit Mandurah - Russell Ord Photography



WESTERN FORESHORE LEISURE PRECINCT MASTER PLAN

EXISTING CONDITIONS



d Major events space



e Footpath access along foreshore



f Skate Park and basketball half court



g Koolaanga Waabiny playground



LEGEND

Precinct Area

Shared Path Network

Parking/Accessible Toilets

Proposed Commercial Site

Public Recreation Areas

Proposed Commercial Recreation

Events Space

P

T



a Market/Events space



b Under-bridge event space



c "Village Green" recreation and event space



d On-water commercial opportunities  
Image: Visit Mandurah



e War Memorial.  
Image: Next Level Drone & Photography Services and Visit Mandurah



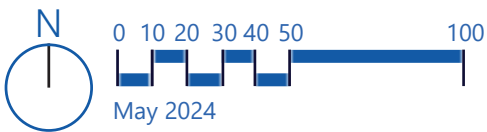
f Commerical/Recreational boating access



g All abilities paddle launch facility



h Public recreation areas



# WESTERN FORESHORE LEISURE PRECINCT MASTER PLAN

## INDICATIVE CONCEPT PLAN





## Aboriginal Heritage

The Western Foreshore Leisure Precinct is located within a registered Aboriginal Cultural Heritage site – Winjans Camp (registered Place 3724). The Camp itself is located approximately 1 km away from the proposed commercial development and is located within Yaburgurt Kaaleepga Reserve.

However, it is acknowledged that the proposed development site is close to the shore of the DJILBA (Peel Harvey Estuary) and as such the interface between the development and the DJILBA will be carefully considered.

The City is committed to undertaking its due diligence for the heritage value of the site and working with the Local Elders to achieve a design that respects the Aboriginal and cultural heritage of the site, including seeking the necessary State planning approvals.

Furthermore, the City and the Proponent are committed to working with Mandurah's local Aboriginal Elders to incorporate First Nations culture and storytelling into the design outcomes, where possible to do so.

## **7. Overview of the Proposal**

The Proposal consists of:

- Licenced Restaurant and Microbrewery (2,500 m<sup>2</sup>) is proposed to have a 650-person capacity including outdoor dining areas that wrap around the northern and eastern boundaries;
- 18 hole mini-golf course and Café (5,050 m<sup>2</sup>) designed to include landscaping in and around the existing trees on site and will reflect the historic and cultural significance of the site; and
- Chocolate Production and Retail (450m<sup>2</sup>) is proposed in stage two of the development. The chocolate production and retail is to be located on the southern-most portion of the site, adjacent to the play space.



## LEGEND

Shared Path Network



Parking



Accessible Toilets



Proposed Commercial Site



Public Recreation Areas



Proposed Commercial Recreation



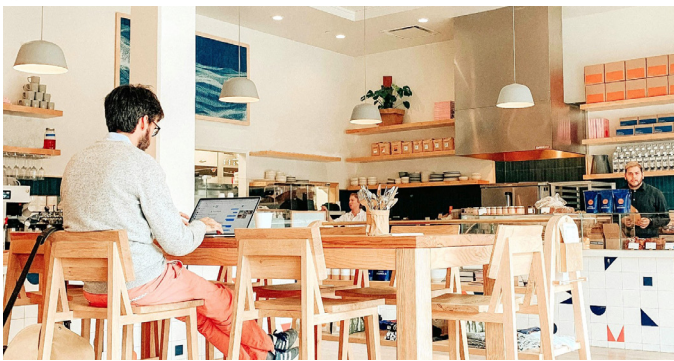
Events Space



**a** Mini golf



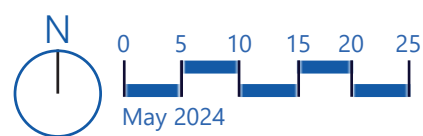
**b** Mini golf and cafe



**c** Mini golf cafe



**d** Outdoor alfresco dining along the foreshore



## WESTERN FORESHORE LEISURE PRECINCT MASTER PLAN

### INDICATIVE PROPOSED COMMERCIAL SITE



**e** Artist's impression of the proposed licenced restaurant and microbrewery.



**f** Licenced restaurant and microbrewery



**g** Chocolate factory



**h** Chocolate factory



## 8. Process Background

Following the expiration of the commercial leases previously operating in the northern portion of the Western Foreshore Precinct, the City was required to ensure there was an open and transparent process prior to entering into any future long term lease arrangements.

At its meeting on 22 June 2021, Council approved the project plan for the Commercial Site to undertake a multi-staged expression of interest (EOI) process to explore potential opportunities for commercial activations over the existing commercial lease site.

### EOI Stage One

For EOI Stage One, the City sought submissions that would enhance the experience of locals and tourists to Mandurah and the Peel Region. The submissions were evaluated using the following qualitative criteria:

- Create a destination waterfront recreation space;
- Drive visitation through investment in unique 'wow' infrastructure, activities, and events;
- Provide facilities and activities that cater for teenagers and young adults;
- Acknowledge local heritage and unique character of the foreshore and waterway; and
- Provide an inclusive, safe, quality user experience.

The City received seven submissions for EOI Stage One:

	<b>Business Name</b>	<b>Suburb, State</b>	<b>ABN</b>
1	Adventure Golf Australia Pty Ltd (King Carnival)	Willagee WA	18 100 189 982
2	Nokturnl	Highgate WA	51148 876 466
3	Old Coast Road Brewery Pty Ltd	Myalup WA	29 056 255 648
4	Capitol Corp Pty Ltd	Fremantle WA	45 153 414 772
5	Geographe Bay Leisure Group – the entity now referred to as Left Coast Leisure Group Pty Ltd	Busselton WA	69 169 450 088
6	Belgravia Health and Leisure Group Pty Ltd	Bayswater VIC	18 118 940 063
7	Floatwest Holdings Pty Ltd	Mandurah WA	31 656 462 887

In addition to the qualitative criteria, the assessment process included consideration of the level of investment. To demonstrate the range in the scope and scale of the proposals, the intended level of investment for each submission is noted below:

<b>Business Name</b>	<b>Level of Investment (Range)</b>
Adventure Golf Australia Pty Ltd (King Carnival) Floatwest Holdings Pty Ltd Belgravia Leisure	Less than \$3 million
Nokturnl Old Coast Road Brewery Pty Ltd	\$3 million - \$10 million
Capitol Corp Pty Ltd	\$10 million - \$20 million
Geographe Bay Leisure Group – the entity now referred to as Left Coast Leisure Group Pty Ltd	\$20million +

At the Council Meeting of 24 May 2022, Council endorsed the following three submissions to proceed to EOI Stage Two:

- Left Coast Leisure Group Pty Ltd
- Capitol Corp
- Belgravia Leisure

All respondents to both stages of the EOI were offered feedback on their submission.

### EOI Stage Two

The three endorsed proponents were then invited to submit detailed proposals to address the following selection criteria:

- **Responsiveness to Site:** the Western Foreshore is a landmark site and has significant community value. The design and scale of the development should look to maximise view corridors, connect to the waterfront, adjacent play space, and war memorial, and maximise retention of existing vegetation.
- **Community Benefit:** the site is designated as Regional Open Space meaning any commercialisation of the site must demonstrate its broad community benefits including accessibility and cultural appreciation.
- **Economic Impact:** any development on the Western Foreshore must demonstrate the ability to add to the current local economy including its ability to attract additional visitation and the estimated number of new jobs that will be created both during and post construction.
- **Financial Commitments:** the proposal must outline the level of investment proposed, any support required from the City of Mandurah and the financial sustainability of the business operations.

In addition to the above criteria, a financial due diligence process was undertaken.

At the Council Meeting of 22 November 2022, Council selected Left Coast Leisure Group Pty Ltd as the preferred proponent for the Commercial Site. Left Coast Leisure Group Pty Ltd demonstrated a clear understanding and ability to meet the selection criteria, and a commitment to delivering a sustainable offering.

### Process and Timeline

An overview of stages and key decisions are below:

#### **Stage One**

- 22 June 2021, Council approved the project plan for the Commercial Site to undertake a multi-staged EOI.
- The City engaged an expert consultant to provide commercial expertise and advertise the EOI Stage One.



- An assessment panel was established to review the submissions against the selection criteria.
- February 2022, the City launched an extensive local, national, and international EOI process seeking proposals for the Commercial Site.
- 24 May 2022, Council endorsed three submissions to proceed to EOI Stage Two.

## **Stage Two**

- The assessment panel assessed the submissions received in EOI Stage Two based on the selection criteria and further financial due diligence.
- 22 November 2022, Council selected Left Coast Leisure Group Pty Ltd as the preferred proponent for the development of the Commercial Site and approved the Chief Executive Officer to commence the preparation of the Heads of Agreement.
- The City progressed confidential discussions with Left Coast Leisure Group Pty Ltd to work through the specific details and conditions of the Proposal required to progress to the Major Land Transaction stage, which includes seeking submissions from the community.

## **Stage Three**

- The City prepares the Western Foreshore Commercial Site Business Plan.
- 28 May 2024, Council considers the endorsement of the Western Foreshore Commercial Site Business Plan to commence the process to enter into a Major Land Transaction.
- Statewide Notice consultation process commences on proposed transaction.
- Following advertising period, Council considers the community's submissions and will make a decision to proceed or not to proceed with the transaction.

## **Stage Four (subject to Council outcome in Stage 3)**

- Department of Planning Lands and Heritage advertise the excision of the Class A Reserve for 30 days seeking community comment.
- Laid before both Houses of Parliament for consideration to approve the excision of Class A Reserve to Leasehold land.
- Subject to Parliamentary approval, the City commences negotiations to enter into a sublease with the Proponent.

## 9. Statutory and Legal Requirements

This Business Plan complies with the requirements of Section 3.59 'Commercial Enterprises by Local Governments' of the *Local Government Act 1995* (the Act) and the *Local Government (Functions and General) Regulations 1996*.

Section 3.59 of the Act details the process governing commercial enterprises by Local Governments, including Major Land Transaction (transaction). A transaction means the acquisition, disposal (sell, lease or otherwise dispose of, whether absolutely or not) or development of land that is not exempt under the Act and where the total value of:

- The consideration under the transaction; or
- Anything done by the Local Government for achieving the purposes of the transaction.

Is more, or is worth more, than either \$10,000,000 or 10% of the operating revenue of the local government in the last completed financial year.

In accordance with Section 3.59, before a local government enters into a transaction, the local government is required to prepare a Business Plan. The Business Plan is to include an overall assessment of the transaction and is to include details of:

- Expected Effect on the Provision of Facilities and Services by the City of Mandurah;
- Expected Effect on Other Persons Providing Facilities and Services in the City of Mandurah;
- Expected Financial Effect on the City of Mandurah;
- Expected Effect on Matters Referred to in the City of Mandurah Strategic Community Plan;
- Ability of the City of Mandurah to Manage the Disposal and Ongoing Arrangement; and
- Any other matter prescribed for the purposes of the subsection.

The Act also requires the local government to give statewide public notice that:

- The local government proposes to enter into the transaction described in the notice;
- A copy of the Business Plan may be inspected or obtained at any place specified in the notice; and
- Submissions about the proposed undertaking or transaction may be made to the local government before a day to be specified in the notice, being a day that is not less than 6-weeks after the notice is given.

Following this advertising process, all submissions will be presented to Council for consideration prior to Council making a decision.

## **10. Assessment of Major Land Transaction**

### **A. Expected effect on the provision of facilities and services by the local government**

The expected effect of the transaction on the City's services and facilities is detailed below along with the City's measures to minimise the impact.

#### Western Foreshore Leisure Precinct

The development of the Commercial Site will further add to the existing amenity of the Western Foreshore Leisure Precinct (Leisure Precinct) as a destination for locals and tourists alike.

The key elements of the Leisure Precinct include the following:

- War Memorial (\*)
- Parking nodes (\*)
- Public jetty (\*)
- Shared path network
- Public Recreation (foreshore) Areas ( \* )
- Village Green Recreation and Event Space of 1.7 hectares (\*)
- Koolaanga Waabiny Playground
- Commercial Site (\*)
- Skate Park
- On-water commercial opportunities (\*)
- Swimming area pontoon (\*)
- Under-bridge event space (\*)
- All-abilities paddle launch facility (\*) and
- Meeting Place public artwork

Notes: (\*) indicates components where improvements will be included in future years of the City's Long Term Financial Plan.

#### Commercial Site

The proposed Commercial Site has been designated based on historical commercial use with reshaped areas to ensure increased public access along the shoreline and appropriate access to the recently completed playground and skate park after the removal of the previous Volunteer Brigade Fire track.

The proposed Commercial Site is immediately north of the new play space on the Western Foreshore along the waterfront. The combination of collective amenities within the precinct will create a unique offering for Mandurah residents and visitors. The wide range of hospitality and recreation options throughout the precinct will all be within a walkable catchment of only 300 metres, end to end, and only a further 250 metres to the Eastern Foreshore via the Mandurah Bridge.

Whilst dining, retail, entertainment, tourism, or recreation proposals may be acceptable for this site, the following design parameters are also important for this site:

- The design and scale of any development (height, bulk and appearance) should be in keeping with the nature of the Western Foreshore, noting the skate park, playground, war memorial have a high quality architectural design.

- The design of any development should ensure maximum retention of existing vegetation.
- View corridors to the water should be maintained between built form elements.
- Development is to provide a leisure and/or active tourism offering additional and/or complimentary to existing offerings in the area.
- Development will need to activate/create vibrancy in the area and be well integrated into the surrounding reserve and broader City Centre Precinct.
- Development needs to provide economic and/or community benefit, including the provision of local content for construction, and the ongoing economic impact regarding consumer spending, tourism activity and local employment.

The City will continue to be responsible for the management and maintenance of the Western Foreshore public open space and infrastructure which is the responsibility of the local government.

The Indicative Concept Plan on the next page shows the City's areas of responsibility.

### **Access to Waterway**

The Proposal reflects design outcomes that will enhance both the access and visual amenity of the Precinct. There is a marginal increase to the footprint of the Commercial Site, with 8,000m<sup>2</sup> sought for this Proposal and 6,581m<sup>2</sup> currently dedicated for commercial purposes. Access to the war memorial, playground and skate park will be unaffected by the Proposal which will be set back from the waterfront to retain and improve public access to and along the foreshore.

In addition, the footprint of the proposed sublease area has been designed to retain as many of the existing natural features and view corridors to the public waterfront as possible. The design of the building incorporates glass walls on both the northern and southern elevations and has significant glass components on the eastern elevation. This ensures views through the building are maintained and views to the war memorial, water's edge and adjacent play space are retained.

### **Public Parking and Transport Links**

Car parking provisions and improvements to transport links to service the Precinct and the future development of the Commercial Site have been considered as part of the extensive work conducted on the City Centre Master Plan (CCMP) and the City Centre Parking Plan (CCPP).

Through the Local Planning Framework, the City has adopted a contemporary approach to parking ratios and is consistent with the State Activity Centre Planning Policy, which include the following principles:

- A proportion of parking being provided as public parking and therefore available for reciprocal use;
- Reciprocal parking allows for the most efficient use of available bays whereby uses that have different periods of peak demand can utilise the same parking facilities;





## Legend

--- Precinct Area

..... Shared Path Network

**P** **T** Parking/Accessible Toilets

Proposed Commercial Site

Public Recreation Areas

Proposed Commercial Recreation

Events Space



- Promoting the use of public transport, particularly for the location where high-density employment and housing is being promoted; and
- Overflow parking to be provided upon approval by the City of Mandurah.

The City engaged an independent consultant to evaluate the likely traffic impacts associated with the proposed Commercial Site. The traffic modelling suggests that, without road network improvements, during the weekday AM peak and weekend midday peak hour periods, the proposed land-use changes for the Western Foreshore area would reduce the level of service on Mary Street and Leighton Road. This is due primarily to the constrained access and egress options to the Western Foreshore, as it is located on a peninsula.

The traffic modelling suggests that the Mandurah Estuary Bridge Duplication will improve the level of service on Mary Street and Leighton Road due to a reduction in northbound traffic volumes on Old Coast Road. In addition, minor road network improvements on Mary Street between Leighton Road and Pinjarra Road would result in satisfactory performance on Mary Street and Leighton Road during peak periods, taking into account the proposed land-use changes for the Western Foreshore area.

The City acknowledges the challenges associated with the traffic flow in this area and will undertake further assessment of the options provided by the consultant.

It is the City's view that the amount of parking proposed for the Precinct strikes an appropriate balance with consideration as noted in the CCPP indicating that excessive off-street parking provision can contribute to several issues, including:

- underused parking bays in non-peak periods;
- more traffic, air and noise pollution; and
- suboptimal built form and use of land.

The specific details of future car parking provisions and road network upgrades are outlined in the draft Western Foreshore Leisure Precinct Master Plan (to be advertised for public comment in June) and the proposed Implementation Plan which details the expected timings for delivery.

To accommodate increased visitation numbers to the Precinct, the City is proposing to increase public parking from 179 to 381 creating approximately 202 additional public parking bays for the Precinct. In addition, as part of the Western Foreshore Leisure Precinct Master Plan, the City will be upgrading and expanding the existing War Memorial Car Park.

The additional new public parking bays will comprise of the following developments and be delivered in accordance with the following schedule:

- Skatepark Carpark Development (estimated number of new bays: 40) – 2025/2026 financial year;
- War Memorial Carpark Upgrade Expansion (estimated number of new bays: 96) – 2026/2027 financial year; and
- Leighton Place On-Street Parking Development (estimated number of bays: 66) – 2026/2027 financial year.

[Links to Public Transport](#)



Providing access to the Western Foreshore by public transport and active transport options, together with the broader City Centre are key priorities as demonstrated within the CCMP.

Currently the Western Foreshore can be accessed by public transport via Bus Route 591 and 592 with stops provided on Mary Street and Old Coast Road. However, this access is not directly provided from the train station via the City Centre. Through the Integrated Transport Strategy and CCMP, the City has planned for more direct public transport routes linking key activity nodes in the broader Strategic Centre with direct and regular services between the Western Foreshore and the station together with a network that links Mandurah's northern and suburbs to the City Centre, complimented with key transit stops for convenient and comfortable access to the services.

A significant transit stop is recommended for Mary Street adjacent to the Leighton Place intersection as part of a City Centre street-based transit route, that could ultimately be extended to the northern beaches of Halls Head with further development in this location.

The Western Foreshore also forms an integral part of the Long Term Cycle Network with primary routes planned to connect via Mary Street and Old Coast Road to the Western Foreshore connecting to Mandurah Bridge, complimented by an extensive path network (existing and proposed) for the Precinct. In addition, the Western Foreshore is a key part of a network of Trails, with it being an integral part of the 'Island' trail, a 30km shared use loop trail traversing the unique and varied landscapes of the City Centre and Dawesville Cut.

## **Waste Management**

A Waste Management Plan will be required for any proposed development on the Western Foreshore. The details of the Waste Management Plan will be outlined and assessed as part of the formal Development Application process. The Proponent will be responsible for waste management as part of the proposed sublease.

The City will undertake an assessment of the health requirements as part of the planning approval process.

## **Environment Impact**

The City will be conducting a range of site assessments as part of its due diligence process and in advance of any Development Application for the site. These assessments will include but are not limited to:

- Flora and Fauna Assessment
- Arborist Report
- Site Contamination Report
- Geotechnical Report
- Coastal Risk Assessment

The Arborist Report will specifically identify those trees that must be retained on the Commercial Site. The Proponent will be required to develop a Tree Management Plan taking into account the Arborist Report provided by the City. The final design of the built form will be required to work within those parameters.

The Commercial Site built form is only approximately 3,500m<sup>2</sup> of a proposed 8,000 m<sup>2</sup> subleased area. The reason for the additional area is to maximise the tree retention and incorporate into the design of the 18 hole mini golf course and location of each element of land use.



### Conditions for Proponent

The City has undertaken extensive negotiation with the Proponent, to reduce, where possible the impact on the amenity of the Precinct, in both the construction and operating phase.

The Proponent has agreed to the following conditions to form part of the sublease:

Condition	Requirement
Opening Hours	Trade is permitted 7 days per week. <b><u>Licensed Restaurant and Microbrewery</u></b>

	<p>10 am to 10 pm (until the second anniversary of the commencement of trading for the Licensed Restaurant and Microbrewery).</p> <p><b>Conditions attaching to Licenced Restaurant &amp; Microbrewery:</b></p> <p>ANZAC Day opening times for the Licensed Restaurant and Microbrewery must not be before 1pm unless approved by the Sublessor.</p> <p>The Sublessor will have discretion to extend operating for special events and permanently in the future at the request of the Sublessee.</p> <p>Any consultation and statutory approvals with Racing, Gaming and Liquor for one off or permanent requests to extend trading times will be at the cost of the Sublessee.</p> <p><u>Café</u></p> <p>6 am to 9 pm</p> <p><u>Chocolate Production and Retail</u></p> <p>7 am to 9 pm</p> <p><u>Mini Golf</u></p> <p>7 am to 9 pm</p> <p>Opening times can be modified with the approval of the Sublessor.</p>
<b>Liquor Licence and Security</b>	Security is required as part of the Liquor Licence in accordance with the Department of Local Government, Sport and Cultural Industries Policy Safety and Security Licenced Premises.
<b>Stages for completion</b>	<p>The development is required in two stages comprising:</p> <p>Stage 1: Restaurant and Microbrewery, golf course and café</p> <p>Stage 2: Chocolate Production and Retail</p>
<b>TAFE Placement</b>	Prior to commencing, the Sublessee acting in good faith will attempt to enter into an agreement with the South Metropolitan TAFE in which the Sublessee agrees to participate in and support opportunities for work placement, work experience and graduate programs for hospitality students at the South Metropolitan TAFE Mandurah campus.
<b>Local Content</b>	The Sublessee where available will be required to maximise local content in the construction phase enabling opportunities for businesses in the District of Mandurah.

## **B. Expected effect on other persons providing facilities and services in the district**

The proposed transaction is anticipated to have a positive effect on other persons providing facilities or services within the City. While the proposal may divert some patronage from existing businesses in the first instance, this is likely to lessen over time with the proposal estimated to have a net positive

economic impact on the economy of the City of Mandurah driven by increased levels of visitation, inducing further investment and growth within the City.

### **Employment opportunities for the local community**

The Proposal involves an estimated private investment of \$23 million. The City has undertaken an economic impact analysis that indicates the project is expected to generate 174 jobs during construction (direct and indirect) and approximately 437 ongoing jobs will be created (292 direct and 145 indirect), offering various types of employment within a range of industries.

Opportunities for casual and part-time positions will exist, in addition to full-time professional roles including but not limited to hospitality, brewing, finance, marketing and maintenance.

### **Construction Phase Supporting Local Industries**

The Commercial Site is estimated to inject \$29 million direct output into the local economy over the first 6-year period. This would lead to an uplift of \$9.92 million in direct value added.

From this direct expansion in the economy, it is anticipated that there would be flow-on effects into other related intermediate industries as well as increased new employee consumption expenditure. These combined flow-on effects are estimated to generate an additional \$30.77 million in output, \$11.39 million in value-added and support another 16 indirect local jobs per year during the construction phase of the project. The total estimated construction phase local impact is \$59.74 million in output, \$21.47 million in value-added, and 174 local jobs.

During the construction phase the Proponent has committed to working with the City to identify opportunities for increasing local content for business in the District of Mandurah.

### **Operational Phase**

The Commercial Site in the City of Mandurah is estimated to support 292 direct local jobs per annum on an ongoing basis. This would generate \$30.79 million in direct output per year and \$16.69 million in direct industry value added per year.

From this direct expansion in the economy, it is anticipated that there would be flow-on effects into other related intermediate industries as well as increased new employee consumption expenditure. These combined flow-on effects are estimated to support another 145 indirect local jobs per year and generate \$8.67 million in indirect industry value added per year off the back of \$16.14 million in output. The total estimated annual impact is 437 local jobs, \$46.93 million in output and \$25.36 million in value added.

### **TAFE Placements**

Prior to commencing, the Proponent acting in good faith will attempt to enter into an agreement with the South Metropolitan TAFE in which the Proponent agrees to participate in and support opportunities for work placement, work experience and graduate programs for hospitality students at the South Metropolitan TAFE Mandurah campus.

## **Social and Community Value**

The Proponent has proposed to integrate cultural appreciation practices through:

- Public art by Aboriginal artists telling the Bindjareb history and stories.
- Dual naming.
- Celebrate National Reconciliation Week.
- Acknowledgement of country at all events, on our website, menus, and other materials.
- Be an equal opportunity employer.
- Increase knowledge of Aboriginal culture through ongoing staff training.
- Incorporate features of country into landscape and mini golf design.

The Proponent acknowledges the significance and importance of the War Memorial adjacent to the Commercial Site. The Proponent has committed to undertaking planning and construction of the proposed development with consideration of neighbouring stakeholders.

## **C. Expected financial effect on the City of Mandurah**

The City is seeking support from the Department of Planning, Lands and Heritage to enter into a Headlease for the Commercial Site with the State of Western Australia for a peppercorn rent (\$1 or other nominal amount payable per annum) over the entire lease term.

The Sublessee (the Proponent) will be required to pay the City rent over the term of the sublease, noting that in Years 1 and 2, the City will provide the Sublessee (Proponent) a peppercorn rent. This is due to the construction phase of the development occurring during this time.

From Year 3 onwards the Sublessee is required to pay rent to the City and by Year 8, a market rent review will be undertaken and every five years thereafter and the annual rent will be adjusted by CPI. In addition, the sublease will afford the City protection against turbulence in the market, through a term which ensures that the rent cannot be less than the previous year.

The rent payable over the first term of the sublease (25 years) will equate to approximately \$6.2 million in revenue for the City.

In addition to the rent, the Sublessee, must pay the City rates, taxes, levies, charges and outgoings that are attributable to the Premises as if the Lessee was the owner of the Premises.

It is proposed that the revenue from the sublessee is reinvested back into the management, maintenance and ongoing renewal costs for the Western Foreshore Leisure Precinct. This will enable an ongoing financial commitment by the City to ensure the Precinct is maintained, activated, and promoted as a destination that will attract the local community and tourism alike.

### **Sublease Rent**

The Proposed Rental Terms negotiated between the City and the Proponent are set out below:

Year 1	\$1.00 plus GST (construction phase)
--------	--------------------------------------

Year 2	\$1.00 plus GST (construction phase)
Year 3	\$103,350 plus GST
Year 4	\$155,150 plus GST
Year 5	\$218,488 plus GST
Year 6	\$227,588 plus GST
Year 7	\$234,575 plus GST

Year 8 and onwards - Previous year's rent as adjusted in accordance with the sublease.

#### Net Present Value

The City has engaged an independent valuer to undertake a valuation of the Commercial Site. The current market value of the disposition as carried out by a licensed valuer is \$160,000 per annum plus GST. Analysis has been undertaken modelling on the Net Present Value (NPV) as outlined below:

The NPV is defined as the current value of a future net income stream of an investment over a period of time, discounted at an acceptable rate. The NPV of the rent to be received over the term of Sublease is below:

25 year (less one day) sublease term	\$1,359,791
50 year (less two days) sublease term	\$2,181,088
65 year (less three days) sublease term	\$2,360,152

In accordance with the Proposed Rental Terms, which includes a rent free rent period in years 1 and 2 (due to construction period) amounts to \$6,197,609.91 over the first 25 year term. Based on the Reasonable Market Rent which is based on the valuation undertaken with a starting rent of \$160,000 per annum plus GST (with no rent free period) the rent amounts to \$5,508,716.35 over the first 25 year term.

The NPV of Reasonable Market Rent over the term of the Sublease is demonstrated below:

25 year (less one day) sublease term	\$1,336,129
50 year (less two days) sublease term	\$2,005,030
65 year (less three days) sublease term	\$2,150,868

#### Major Land Transaction Costs

The costs incurred by the City to date include:

- \$42,000 (exclusive of GST) for a specialised commercial consultant to market the Expression of Interest;



- \$4,500 (exclusive of GST) to engage a commercial valuer; and
- \$15,000 (exclusive of GST) in legal fees to prepare the Heads of Agreement.

It is anticipated that the costs incurred by the City for negotiation and preparation of the Sublease, the land excision, Flora and Fauna Assessment, Arborist Report, Site Contamination Report, Geotechnical Report and Coastal Risk Assessment be approximately \$130,000. This expenditure is in accordance with the City's approved budget for the project.

Should Council support the Proposal, the Proponent will be responsible for the construction of the development and the City will incur no additional costs associated with the construction process. The City will support the Proposal by providing infrastructure within the Western Foreshore Precinct including parking upgrades. These infrastructure works are estimated to cost approximately \$850,000 (exclusive of GST). Noting the parking is available for public use and the Proponent will have no exclusivity over this parking.

#### **D. Expected effect on matters referred to in the City's current plan prepared under Section 5.56 (Strategic Community Plan)**

##### **Strategic Community Plan 2020 – 2040**

The Proposal meets the following objectives of the Strategic Community Plan 2020 -2040:

##### Economic:

- Promote and foster investment aimed at stimulating sustainable economic growth.
- Facilitate and advocate for sustainable local job creation, and industry growth and diversification.
- Actively partner and engage with business and industry to support Mandurah's entrepreneurial capacity and capability.
- Advocate for and facilitate opportunities for improved education, training and skill development opportunities in Mandurah.
- Establish and leverage opportunities with key stakeholders to achieve sustainable economic outcomes with due consideration to environmental impacts.

## **Draft Strategic Community Plan 2024 – 2044**

The City of Mandurah recently completed a major review of the Strategic Community Plan 2020 – 2040. As part of this review process, a multi-stage community engagement process was conducted over a six-month period from August 2023. Through analysis of the community's vision for Mandurah, the community goals, outcomes and measures of success are now reflected in the draft Strategic Community Plan 2024 – 2044.

Community Vision:

Woven by waterways; a city that is thriving and connected to its people and nature.

The four key Focus Areas of the Strategic Community Plan are Economic, Community, Environment and Leadership.

The Proposal meets the following objectives of the Strategic Community Plan

Community Goal – Empowering our community to thrive.

<b>Community Outcomes</b>	<b>Proposal Outcomes</b>
<b>1.1. Local jobs to retain our people and attract skilled workers.</b>	<ul style="list-style-type: none"><li>• More jobs, and more types of jobs in more industries, for City of Mandurah locals</li><li>• Total of 611 jobs throughout construction and operation consisting of:<ul style="list-style-type: none"><li>- Approx. 174 jobs during construction (direct and indirect)</li><li>- Approx. 437 jobs (direct and indirect) once open and will offer various types of employment within a range of industries.</li></ul></li></ul>
<b>1.2. A diversified economy that supports growth sectors.</b>	<ul style="list-style-type: none"><li>• \$23m in private investment by proponent to deliver the proposal.</li><li>• Gross Regional Product is \$119m.</li><li>• Commitment to local businesses in the District of Mandurah through local content targets in construction tenders.</li></ul>
<b>1.4. A thriving City that residents are proud to call home and people want to visit.</b>	<ul style="list-style-type: none"><li>• Estimated to attract 750,000 visitors per year, bringing in an addition \$30 million in tourism spending.</li><li>• Attract interstate and international visitors, as well elevating the number of day tripper/short stays from Perth and other areas within WA.</li></ul>
<b>1.6. A highly skilled workforce supported by strong education and training opportunities.</b>	<ul style="list-style-type: none"><li>• Creation of opportunities for Mandurah students providing opportunities for work placement, work experience and graduate programs for hospitality students at the South Metropolitan TAFE Mandurah campus.</li></ul>

**E. The ability of the local government to manage the undertaking or the performance of the transaction.**

The City of Mandurah has sufficiently qualified and experienced resource personnel to manage the proposed disposition by way of Sublease. In addition, the City has sufficient budgeted funding to appoint professional property consultants and legal counsel to advise the City on the transaction.

#### **F. Other matters prescribed for the purpose of this subsection**

The following information is provided to satisfy regulation 30(2a) of the *Local Government (Functions and General) Regulations 1996*:

<b>Headlessor</b>	State of Western Australia														
<b>Sublessor</b>	City of Mandurah														
<b>Sublessee</b>	Left Coast Leisure Group Pty Ltd ABN 38 677 054 296 ACN 677 054 296														
<b>Property Details</b>	The proposed Commercial Site (see Figure 1) will be created from the excision of land from Lot 1561 on Deposited Plan 209268 in Certificate of Crown Land Title Volume LR3014 Folio 635 and Lot 500 on Deposited Plan 404353 in Certificate of Crown Land Title Volume LR3165 Folio 486. That part of the Commercial Site that will be subject to the sublease will have an area of 8,000m <sup>2</sup> .														
<b>Sublease Term</b>	Sublease term of 25 years (less one day) with a first further term of 25 years (less one day) and a second further term of 15 years (less one day).														
<b>Market value of the disposition as ascertained by a valuation carried out not more than 12 months before the proposed disposition</b>	The current market value of the disposition as carried out by a licensed valuer is \$160,000 per annum plus GST (valuation dated 3 November 2023).														
<b>Consideration to be received</b>	<p>The consideration the City will receive in relation to the Sublease is as follows:</p> <ul style="list-style-type: none"> <li>Rental income consisting of: <table> <tr> <td>Year 1</td><td>\$1.00 plus GST</td></tr> <tr> <td>Year 2</td><td>\$1.00 plus GST</td></tr> <tr> <td>Year 3</td><td>\$103,350 plus GST</td></tr> <tr> <td>Year 4</td><td>\$155,150 plus GST</td></tr> <tr> <td>Year 5</td><td>\$218,488 plus GST</td></tr> <tr> <td>Year 6</td><td>\$227,588 plus GST</td></tr> <tr> <td>Year 7</td><td>\$234,575 plus GST</td></tr> </table> <p>Year 8 and onwards - Previous year's rent as adjusted in accordance with the Sublease.</p> <p>The rent will increase in accordance with an agreed formula contained in the sublease reflecting CPI or at the nominated anniversary dates, a market review undertaken</p> </li> </ul>	Year 1	\$1.00 plus GST	Year 2	\$1.00 plus GST	Year 3	\$103,350 plus GST	Year 4	\$155,150 plus GST	Year 5	\$218,488 plus GST	Year 6	\$227,588 plus GST	Year 7	\$234,575 plus GST
Year 1	\$1.00 plus GST														
Year 2	\$1.00 plus GST														
Year 3	\$103,350 plus GST														
Year 4	\$155,150 plus GST														
Year 5	\$218,488 plus GST														
Year 6	\$227,588 plus GST														
Year 7	\$234,575 plus GST														



	by an independent Valuer at year 8 and every five years thereafter.	
<b>Net Present Value (NPV) of Rent to be received over the term of the Sublease</b>	25 year (less one day) sublease term	\$1,359,791
	50 year (less two days) sublease term	\$2,181,088
	65 year (less three days) sublease term	\$2,360,152
<b>Proposed Rental Terms</b>	Proposed Rental Terms with rent free period(s) (market incentive) amounting to \$6,197,609.91 over the first 25 year term.	
<b>Reasonable Market Rent</b>	Commencing Rent of \$160,000 per annum plus GST with No rent free period (market incentive) amounting to \$5,508,716.35 over the first 25 year term.	
<b>NPV of Reasonable Market Rent over the term of the Sublease</b>	25 year (less one day) sublease term	\$1,336,129
	50 year (less two days) sublease term	\$2,005,030
	65 year (less three days) sublease term	\$2,150,868