

## **Draft lease particulars for 3KND use of former Preston Police Station building at 59B Roseberry Street, Preston**

*(n.b. actual lease would be subject to approval via resolution of Council)*

<b>Lessee</b>	3KND
<b>Lessor</b>	Darebin City Council
<b>Land</b>	Part of 59B Roseberry Avenue, Preston being approximately 690m <sup>2</sup>
<b>Type of Facility</b>	Digital radio station, commercial offices and community meeting space
<b>Premises</b>	As shown on plan.
<b>Access to Premises</b>	The lessee will have access to the premises 24 hours a day, 7 days a week during the term of the lease and any holding-over period.
<b>Permitted use</b>	Radio station Commercial offices Community meeting space
<b>Lease Area</b>	Refer to attached map Approx. 690m <sup>2</sup> land area Approx. 220m <sup>2</sup> building area
<b>Lease term</b>	20 years
<b>Options</b>	2 x 10 year options (to make a total of 40 years)  Options would be exercisable at the discretion of the tenant and Council would be obliged to accept the extension of the lease at each of the option periods, provided that the tenant was not in breach of the lease. The tenant would need to advise Council of the decision to exercise the option no sooner than 6 months and no later than 3 months prior to the completion of each term.  The proposed term structure provides 3KND and Council with long term certainty of tenure, whilst enabling 3KND flexibility in continuing their tenure.  3KND would have first right of refusal for a new lease of the building, should Council continue to offer the building for lease.

**Rent**

\$1 per annum for first 20 year term  
25% market value rent for first option  
50% market value rent for second option

The proposed rental structure recognises the capital contribution being brought to the facility as well as the community benefit provided by the service. The progressive scaling of the rental amount allows time for the tenant to develop their business model and income streams.

It is estimated that the current-day market value rental for the site would be in the order of \$200/m<sup>2</sup> per annum and would generate a market rental of \$54,000 per annum.

The rental amount forgone by Council in entering into the above rental arrangement would be \$1,080,000 in the first 20 year period, \$405,000 in the first 10 year option period and \$270,000 in the second 10 year option period (in current day dollars).

Rent could be payable annually, quarterly or monthly at the request of the tenant.

**Rent Review**

Should the lessee decide to exercise the first option, the current market rent value of the site will be assessed at that time by the City Valuer (or equivalent valuer who holds the qualifications or experience specified under section 13DA(2) of the Valuation of Land Act 1960.

During the period of the first option, rent will be increased/decreased in line with CPI for the Melbourne area on each anniversary of the commencement date of the term.

Should the lessee decide to exercise the second option the current market rent value of the site will be assessed at that time by the City Valuer (or equivalent valuer who holds the qualifications or experience specified under section 13DA(2) of the Valuation of Land Act 1960.

During the period of the second option, rent will be increased/decreased in line with CPI for the Melbourne area on each anniversary of the commencement date of the term.

**GST**

Unless otherwise stated, all amounts quoted in this document are exclusive of GST.

## Special conditions

Ownership	<p>The land and building would remain the property of the Darebin City Council.</p> <p>The improvement works to the building would become the property of the Darebin City Council upon completion of the improvement works.</p> <p>3KND would retain ownership of all chattels (moveable possessions), including such items as radio equipment, computers, furniture, window coverings &amp; kitchen equipment.</p>
Improvement works	<p>3KND would be responsible for providing/securing funding for the improvement works to convert the clean shell of the former Preston Police Station into a community radio station.</p> <p>Darebin City Council may financially contribute to the improvement works to the extent that would enable additional structural strength for possible additional future building works to accommodate shared use of the site with other community groups or Council services.</p> <p>Building works would be project managed by the Darebin City Council.</p> <p>Darebin City Council would fund the project management of the building works (estimated at 8% of the total cost of works).</p>
Maintenance	<p>Darebin City Council would be responsible for all building maintenance including essential safety measures.</p> <p>3KND would be responsible for arranging for and funding any repairs to the chattels (radio equipment, computers &amp; furniture).</p> <p>Darebin City Council may seek recompense from the tenant for provision of maintenance that is determined to be necessary as a direct result of wilful or negligent activity on behalf of the tenant.</p>
Capital renewal	<p>Darebin City Council would be responsible for the programming, funding and construction of any capital renewal works to the building (following completion of the improvement works). This would include carpeting, interior painting and fixtures (e.g. door handles).</p> <p>3KND would be responsible for arranging for and funding any replacement of chattels (radio equipment, computers &amp; furniture).</p>

Insurance	<p>Darebin City Council would be responsible for providing physical and public liability insurances for the land and building.</p> <p>3KND would be responsible for providing insurances for building contents.</p> <p>3KND will comply with any reasonable action suggested by Council's insurers to reduce the land and/or building's physical or public liability with respect to insurance.</p>
Shared use	<p>Darebin City Council may, at any point during the term of the lease, decide to construct additional building/s at the property address for the purposes of providing Council or community services.</p> <p>3KND would retain exclusive use of the lease area noted in the attached map.</p> <p>Darebin City Council would seek to negotiate with 3KND to obtain access to land or vary the lease area if additional land were to be required as part of any shared use of the site. 3KND is not required to accept any negotiated offer from Council in this regard during the term of the lease.</p>
Approvals	<p>The granting of the lease is subject to S190 of the Local Government Act 1989.</p> <p>Any proposed works at the site would be subject to planning and building approvals which may not be granted and/or the obtaining of which may delay the commencement of works.</p>
Legal & Other Costs	<p>The lessee agrees to pay all legal costs for the negotiation and execution of the lease and reasonable disbursements to an amount not exceeding \$1,500.</p> <p>Costs for any further requests for variation/renewal/non-compliance to be borne by the initiating party.</p>
Lease Documentation	<p>The lease document will be prepared along the lines of Council's standard lease format.</p>