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**Committee** Policy, Finance and Strategy  
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## **Lease Agreement with Pringle House Ltd**

### **1. Purpose**

To seek approval to renew the lease with Pringle House Ltd covering Council's accommodation in the Regional Council Centre.

### **2. Background**

The Council (as lessee) has an agreement with Pringle House Ltd (as lessor) for the lease of levels 1,2,3,4,5,6, part of 8, 9 and 10 of the Regional Council Centre along with 46 carparks. The current lease is for a term of 9 years commencing on 1 July 1995. It is therefore due to terminate on 30 June 2004.

The lease provides the lessee with an option of two further lease terms of three years each, with a final expiry date of 30 June 2010. The Council therefore has the opportunity now to renew its current lease with Pringle House Ltd should it wish to do so. At the final expiry date a new lease agreement will need to be entered into should the Council wish to remain a tenant of the Regional Council Centre at that time.

### **3. Is it a good idea to renew the lease of the RCC?**

The Council is the major tenant of the RCC and having recently taken more space on level 8 now occupies approximately 85% of the building.

Within the past 12-18 months much of the RCC has been recarpeted and redecorated and the space is now consistent with the Council's requirements going forward.

Although it is an option for the Council to move to another location (i.e. not renew the lease with Pringle House Ltd), such an option would incur significant cost for the Council (not to mention disruption) and would severely affect the value of the building for Pringle House Ltd (due to the loss of the key anchor tenant).

Previous reviews of this option put the combined cost to the Council, and loss of value of the RCC in the books of Pringle House Ltd, at several million dollars.

Therefore, I consider that relocating from the Regional Council Centre is not really an option which the Council should consider at this time.

#### **4. Should the Council renew the lease of the RCC on current terms and conditions?**

The current terms and conditions of the lease are largely satisfactory and the arrangement has worked well for both the Council as a tenant and Pringle House Ltd as landlord.

However, the lease renewal does provide an opportunity for the Council to negotiate. I am therefore proposing that the Council take the opportunity to request Pringle House Ltd progressively to upgrade all toilets in the building over the next six years, in exchange for the Council entering into a new six year term.

The current toilets on each floor, while functional, are getting a little tired and could do with some refurbishment to make them more consistent with the overall quality of the building. The exact nature of any refurbishment should be left to Pringle House Ltd as landlord.

#### **5. Communications**

Communication with Pringle House Ltd as landlord is ongoing.

#### **6. Recommendations**

*That the Committee recommend to Council that it:*

- (1) Receive the report and note its contents.*
- (2) Approve the renewal of the lease of the Regional Council Centre for a period of six years commencing 1 July 2004, subject to the landlord agreeing to progressively refurbish the toilets on all floors of the building before 30 June 2010.*
- (3) Request officers to negotiate with Pringle House Ltd (as landlord) and if negotiations can be successfully concluded, to give effect to the lease renewal through preparation and execution of the necessary documentation.*

Report prepared by:

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