



ACT
Government

Economic Development



Land
Development
Agency

CANBERRA FIRST

ABN 204 199 255 79

TransACT House
470 Northbourne Avenue
Dickson ACT 2602

GPO Box 158 Canberra ACT 2601

Phone: (02) 6205 0600

Fax: (02) 6207 5101

Email: lda@act.gov.au

Web: lda.act.gov.au

Mr David James
Director
Herron Todd White
[REDACTED]

Dear Mr James

Further to recent communications, I now confirm acceptance of your quotation to commence valuations on Block 16 Section 33 Acton and Block 13 Section 33 Acton for the purpose of assisting the Land Development Agency (LDA) in making a fair and just offer to the lessees to acquire their interests and surrender their Crown leases.

Background

The LDA is engaged in delivering the City to the Lake (CttL) project on behalf of the ACT Government. In order to complete the initial stages of development, the LDA requires the existing interests in Block 16 Section 33 Acton and Block 13 Section 33 Acton to be extinguished and the leases surrendered so that the existing blocks can be consolidated with the surrounding Territory land. Initial works proposed at West Basin are likely to include land reclamation which could impact Blocks 13 and 16.

The LDA is constrained in making commercial acquisitions by the provisions of *Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)* (NI2014-264 ([Attachment 1](#))). In particular the LDA is required to ensure that any proposed purchase price is consistent with an independent market valuation.

General Observations

The LDA has recently sold Blocks 15 and 16 Section 17 Yarralumla. These blocks may be comparable by purpose, location and term but differ in that Blocks 16 and 13 are 'rental' Crown leases, administered on behalf of the Territory by the Environment and Planning Directorate.

Block 16 Section 33 Acton

Block 16 is leased to Dobel Boat Hire Pty Ltd (Dobel). The lease is a 'rental Crown lease', with land rent of \$13,000 per annum payable quarterly to the Territory, and which expires on 26 August 2028 ([Attachments 2 and 3](#)). All improvements are owned by the Territory. Dobel has been in the business of subleasing the Block 16 to Lake Burley Griffin Boat Hire (LBGBH), which holds a permit from the Commonwealth to conduct a boat hire business on Lake Burley

Griffin. The subletting arrangement (Attachment 4) was entered into without the Territory's approval, as is required under the terms of the lease.

The LDA had originally proposed to acquire the interests of both Dobel *and* LBGBH. However, during negotiations Dobel indicated that LBGBH was only a tenant at will and that Dobel was terminating LBGBH's interest by notice from its solicitors. The LDA has obtained a copy of a notice to quit, within 30 days, dated 18 December 2014 and has been informed that this has been transmitted to LBGBH. We are unaware if the notice has been complied with, however we ask that you not approach the LBGBH or seek information on its business without LDA's explicit instructions. You should also note that LBGBH has registered a caveat over Block 16 which, to the extent that I can ascertain, remains in place.

Dobel has expressed a willingness to enter into commercial negotiations with LDA to surrender its lease and has written to the LDA to claim compensation of \$3.075 million. A subsequent letter from Dobel has sought a reduced claim of \$2.65 million. The letters provide some detail in support of the claims. To the extent that these may be of assistance in determining the market value of the lease, they are provided to you (Attachment 5).

Block 13 Section 33 Acton

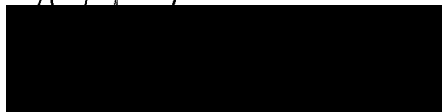
Block 13 is subject of a Crown lease to JE and MS Pty Limited (Mr Spokes). The lease is a 'rental lease' with annual rent of \$10,850 per annum payable to the Territory in quarterly instalments and which expires on 25 March 2027 (Attachments 6 and 7). Approved improvements are owned by the lessees. The lease purpose is limited to bicycle hire and ancillary café and the lessees operate a bicycle hire business known as Mr Spokes from the premises. It is understood that the cafe is not in operation. Financial information in relation to the operation of the business has been requested but has not been received.

Instruction

I request that you undertake a valuation of both Crown leases, business undertakings, improvements and any other matters that you consider, in your professional opinion, to hold value. I also request that you provide your valuation to us in writing by close of business 20 February 2015.

If you have any queries or require any further information please do not hesitate to contact the writer.

Yours sincerely



Richard Hutch
Deputy Project Director
10 February 2015

Attachments

No.	Document	Date
1	<i>Planning and Development (Land Acquisition Policy Framework) Direction 2014 (No 1)</i> NI2014-264	
2	Crown Lease Block 13 Section 33 Acton	
3	Notice of Land Rent for Block 13 Section 33 Acton	16 May 2012
4	Sublease – Dobel Boat Hire Pty Ltd to Lake Burley Griffin Boat Hire Pty Ltd	
5	Letters from Mr Pat Seears (Dobel Boat Hire Pty Ltd.)	24 December 2014 & 19 January 2015
6	Crown Lease Block 16 Section 33 Acton	
7	Notice of Land Rent for Block 16 Section 33 Acton	1 December 2014