



Principal Terms of New Lease:

- Commencement Date: 1/01/2022
- Term: 24 years expiring on the 31/12/2045 (being aligned to the expiry date of the current Seabed Lease).
- Option Periods:
 - 1 x 34 year period expiring on the 31/12/2079 (being the expiry date of the current Land Lease).
 - 1 x 21 year period further extending the tenure to 31/12/2100.
 - Note there is provision within the Lease for the rent upon take up of the Option periods to be tabled 6 months in advance of the Option being exercised to ensure FSC is fully informed before committing to further extended terms.
- Land Lease Area = 7.84 hectares
- Seabed Lease Area = 26.67 hectares
- Permitted Use / Purpose: The operation of a Sailing Club including the provision of jetty facilities, service facilities and the mooring of private vessels.
- Annual Rent:
 - 1/01/2022 - 31/12/2022: \$325,000 p.a.
 - 1/01/2023 – 31/12 2023: \$350,000 p.a.
 - 1/01/2024 - 31/12/2024: \$375,000 p.a.
 - 1/01/2025 - 31/12/2025: \$400,000 p.a.
 - 1/01/2026 - 31/12/2026: \$425,000 p.a.
 - 1/01/2027 - 31/12/2027: \$450,000 p.a.
 - 1/01/2028 - 31/12/2028: \$500,000 p.a.
 - 1/01/2029 - 31/12/2029: \$600,000 p.a.
 - 1/01/2030 - 31/12/2030: \$760,000 p.a.



Principal Terms of New Lease (cont'd):

- Rent Review Dates:
 - 1st January 2031 and thereafter every 3 years including Option periods.
- Rent Review Clause:
 - For the period from 2031 – 2045:
To the greater of CPI or Market but capped at a maximum increment of 15% over any 3 year period.
 - For the period from 2046 onwards:
To the greater of CPI or Market with the Market assessment to have regard to rents payable by other Yacht Clubs in the Metropolitan area including any discounts that may prevail.
- Management Fee:
 - Payable at the rate of 4% of the annual rent.
- Make Good Provisions:
 - The Lessee will not be required to remove, restore or otherwise make good any “Excluded Improvements” including the reclaimed land, hardstand areas, fencing,, breakwater, basin, jetty and all other buildings and improvements – other than to ensure that the Excluded Improvements are in a safe, good order, repair and condition, free from damage and consistent with the observance and performance of the Lessee’s covenants.
- Conditions Precedent:
 - The rent for the 3 year period from January 2019 – December 2021 will remain at \$34,700 p.a & the parties will concurrently sign a Surrender Deed for the existing Leases & a Consent to Facility Leases (including the Pen Leases).



Summary of Terms of New Lease:

- The new Lease parameters provide for a discounted rent for the 3 year period from 2019 – 2021 and then a staged rental increment from \$325,000 p.a up to \$760,000 p.a through until 2030.
- Thereafter, there is 15% cap on each 3 year review until the expiry of the initial term in 2045 – such that the maximum rents for this period will largely be known.
- Subsequent rent reviews post 2045 will be to Market & be cognisant of rents payable by other metropolitan yacht including any discount factors that prevail.
- There is provision within the Lease for the rent reviews prior to the Option periods being taken up – to be tabled 6 months in advance to ensure FSC is fully informed before exercising the further extended terms.
- The existing Pen Sub-Leases will remain on foot & will be consented to be DOT.
- The new Lease provides for a further extended tenure of additional 21 years through until December 2100 - which will also accrue to the Pen Sub-Lessee's.
- The Make Good Provisions ensure the club will not incur any significant costs or cash in lieu payments upon expiry of the Lease.
- A Net Present Cost analysis of the known rent commitments for the new Lease through until 2045 indicates an effective rent of circa \$310k p.a (inclusive of management fees) at a discount rate of 6%.