



APPENDIX 2

Copy Heads of Agreement

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21 November 2014

Ms D Smith
Fullarton Investments Pty Ltd
77 Fullarton Rd
KENT TOWN

Dear Debra,

**77 FULLARTON RD, KENT TOWN
PROPOSED LEASE BY THE COMMONWEALTH OF AUSTRALIA**

I refer to the above premises. Following consultation with my client and our consultants, I hereby submit the following proposal for your client's consideration.

Please note that this offer and any acceptance of the final form of terms and conditions will be subject to formal approval of the Special Minister of State.

Lessor	Fullarton Investments Pty Ltd ACN 167 249 194 C/- 77 Fullarton Rd KENT TOWN SA 5067 Contact: Debra Kim Smith Commonwealth of Australia
Lessee	
Permitted Use	Office Accommodation and Communication Facility
Premises	Approximately 180 square metres of office accommodation being the portion over Ground and level 1 of 77 Fullarton Rd, Kent Town
Lease Commencement Date	Upon certification of the building works by the Department of Finance nominated building certifier
Rent Commencement Date	Rental will commence on 14 August 2016 or the day of rent commencement at 19 Gilles Street if/when subleased whichever is the earlier. Noting if tenancy is subleased and the rental rate negotiated is less than the Commonwealth's rent payable (as per the registered Commonwealth lease document 11888310) then the difference in rental will be deducted from the rental payable at 77 Fullarton Rd, Kent Town to make up the loss in rental
Car parking	One (1) reserved car parking bays included in the rental
Term	From lease commencement date up until 30 June 2020
Further Terms	One further term for six (6) years (Options to be exercised three months prior to expiry)

Net Rental	Rental rate to be determined by an independent valuer elected by the APJ and coordinated by DTZ on behalf of the Department of Finance, Ministerial and Parliamentary Services
Rental Reviews	Rental to increase by 3% per annum during the lease term. Upon exercising of each option, the rent will be reviewed to market up or down than increase by 3% per annum thereafter
Market review	As per the clause from the Commonwealth lease attached
Unrestricted Access	The Commonwealth must have unrestricted access to the premises at all times
Outgoings	No outgoings will apply the lease is fully gross
Cleaning	The lessee is to be responsible for all cleaning costs within the premises.
Electricity	The lessee is to be responsible for the cost of all general light and power consumed within the premises
Assignment and subletting	As per the clause from the Commonwealth lease attached
Reinstatement	Not applicable. No reinstatement will apply
Termination – Federal Electorate	As per the clause from the Commonwealth lease attached
Health and Safety Clause	As per the clause from the Commonwealth lease attached
Quiet Enjoyment	As per the clause from the Commonwealth lease attached
Asbestos Register	The Lessor will provide the lessee with an Asbestos Register or Asbestos Clearance Statement prior to the commencement of fit out works
Indemnities and Release	The Commonwealth is unable to indemnify or release other than for acts resulting from its own negligence. The Tenant's indemnity is limited to \$20,000,000.00 in the aggregate and will expire on the expiry or earlier termination of the Lease. Please refer to clause 19.1 of the attached lease
Lease Documentation	The standard Commonwealth Lease document will apply with the agreed commercial conditions included
Lease Costs	The Commonwealth's solicitor will prepare the Lease. Both parties will bear their own legal costs in respect of the lease
GST	All dollar amounts stated in this proposal are exclusive of Goods and Services Tax (GST) which are payable in addition
Payments by the Lessee	Rent and other payments due under the lease and related agreements are to be paid by the Lessee monthly-in-advance (within the first 7 days of the month) by electronic transfer
Hours of Operation of Services	8.00am to 6.00pm Monday to Friday inclusive excluding public holidays. Subject to possible change by the lessee if and when required
Permitted Hours of Use	7 days per week, 24 hour access for authorised staff
Insurance	The lessor acknowledges that the Commonwealth of Australia is a self insurer and as such, bears its own risk. The lessor will be required to insure the premises at its own cost
Warrant as to Fitness	The Lessor must warrant that the Premises and the building are fit for use and occupation in accordance with the Permitted Use and must undertake that during the term the premises and the building will remain so fit and will so comply
Signage	The Lessor agrees for the tenant to locate its signage to advertise its presence on the tenancy windows and the building
Repainting	The lessor will repaint the premises as often as necessary as

Recarpeting

but not less than once in every 5 years

The lessor will re-carpet the premises as often as necessary but not less than once in every 5 years

Lessee's Fitout Works

Nil

Lease Incentive

Rent free period will run until 18 Gilba Street lease expires 14 August 2010 or the day of commencement of rental if the tenancy is subleased whichever is the earlier. Noting if tenancy is subleased and a rental rate is negotiated less than the Commonwealth's rent payable then the excess amount will be deducted from the rental at 77 Fullarton Rd, Kent Town

Early Access

Not applicable

Lessor's works

Not applicable

Special Conditions

1. The lessor has the right to Early Termination with one (1) months' notice. This will apply in the current term, and its extensions. For clarity the Lessor does not have a right to early termination. Please refer to Commonwealth lease document.
2. Tenancy to be adequately metered for electricity at the Lessors cost for supply and install
3. No make good obligations will apply at lease expiry
4. Any air-conditioning service, repair and on-going maintenance is solely the responsibility of the lessor at the lessors cost.

Please contact me on 8178 3042 if you wish to discuss the above

Yours sincerely


Dean Placencia
National Leasing Manager

DTZ

Ph: 

Mob: 

Email: @dtz.com

77 Fullerton Rd, Kent Town

"The signing of this Heads of Agreement operates as an express representation by the Lessor, upon which the Lessee is expressly placing reliance in its future conduct of this matter, that the above terms and conditions will form part of the terms of the Lease to be entered into between the parties. The Lessor by these Heads of Agreement is unreservedly undertaking to incorporate the above terms and conditions into the Lease document to be entered into between the parties."

The Lessor agrees to accept the above terms and conditions

Signed [Redacted]
Name DS Smith
Position Director
Date 24/11/14

In the presence of

Signature of Witness

Name of Witness [Redacted]

The Lessee agrees to accept the above terms and conditions.

Signed [Redacted]
Name DAVID NOBBS
Position DIRECTOR
Date 18/2/15

In the presence of

Signature of Witness

Name of Witness KATIE [Redacted]