

# PROPERTIES UNDER CROWN LEASE IN ACT

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**COMMERCIAL PROPERTY  
CASH FLOW**

*Positive Cash Flow through Commercial Property*



# CROWN LEASE – LEASEHOLD –IN ACT

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## Leasehold in ACT:

- Leasehold is a system of land tenure. You buy the right to use land under a lease for a term of 99 years. In every practical way, though, you build your house and own it just as you would anywhere else in Australia.

## Length of leases:

- Most residential leases in the ACT are granted for a term of 99 years. With such grants, the registered proprietor (or Crown lessee) is granted certain rights in relation to that leased land. One of those rights is the exclusive use and enjoyment of the leased land for the duration of the lease.
- However, the Territory may acquire the whole or part of the leased land for public purposes. In addition, if the lease has a withdrawal clause, the Territory may withdraw the whole or part of the leased land, where such withdrawal does not have to be for a public purpose. Provided that the land is not required by either the Territory or Commonwealth, the Territory will grant a new residential lease towards the end of the 99 years, to the person holding the old residential lease, without payment (other than an administrative fee). This gives the lessee continuing security of tenure.

Ref: [https://www.planning.act.gov.au/topics/buying\\_selling\\_and\\_leasing\\_property/leases-and-licenses/leasehold](https://www.planning.act.gov.au/topics/buying_selling_and_leasing_property/leases-and-licenses/leasehold)

# CROWN LEASE – LEASEHOLD –IN ACT

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[https://www.planning.act.gov.au/topics/buying,\\_selling\\_and\\_leasing\\_property/leases-and-licenses/leasehold](https://www.planning.act.gov.au/topics/buying,_selling_and_leasing_property/leases-and-licenses/leasehold)

The screenshot displays the ACT Government website's Planning section. The header includes the ACT Government logo, the text 'Environment, Planning and Sustainable Development Directorate - Planning', and a search bar. A navigation menu below the header contains links to Home, Development Applications, Browse by topic, Customer information, Tools and resources, Publications and forms, and About us. The 'Browse by topic' menu is expanded, showing a list of categories: Design and build, Your say, Hiring and licensing, Current projects, Buying, selling and leasing property (highlighted), Property sales, Leases and licenses (expanded), Leasehold, Lease transfer, Termination of lease or license, Dealings with leases, Grants of leases, Rental lease variations (selected), Rural leases, and Public and unleased land. The main content area is titled 'Rental lease variations' and includes a breadcrumb trail: Home > Browse by topic > Buying, selling and leasing property > Leases and licenses > Rental lease variations. The content explains that leases can be varied in certain circumstances but not to extend terms. It details the process for variation, requiring full rent payment and reappraisal. It also covers nominal rents, stating that a lease cannot be varied to a nominal rate unless it's in a prescribed class and the lessee has complied with development requirements. Finally, it mentions relief from compliance, where lessees can apply for temporary relief from covenants.

**ACT Government** Environment, Planning and Sustainable Development Directorate - Planning

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Home > Browse by topic > Buying, selling and leasing property > Leases and licenses > Rental lease variations

## Rental lease variations

Leases may be varied in certain circumstances, however they cannot be varied to extend the terms.

### Variation of rental leases

The Authority must not execute a variation of a rental lease unless all rent, including additional rent, has been paid up to the date of the variation. If a variation is executed, the Authority must reappraise the rent payable under the lease following the method provided by the lease. The reappraised rent is payable from the day the variation is executed. The reappraisal of the rent is not done if the variation is to reduce the rent to a nominal rent or otherwise affects the rental provisions of the lease.

Where the Authority agrees to the variation of a lease and for which rent is payable, it will determine the amount of rent to be paid by the lessee and give the lessee written notice of the amount determined.

### Nominal rents

A lease will not be varied to reduce the rent payable to a nominal rent (5 cents per annum) unless the lease is included in a prescribed class of leases, all rates and land tax are paid, all provisions in the lease requiring the lessee to develop the land have been complied with, and the lessee has paid an amount decided by any policy direction of the Minister. If a lease is varied to reduce the rent to a nominal rate, the varied lease must state that the lessee is to pay the nominal rate each year if and when that rent is demanded.

### Relief from compliance

Lessees may apply to the Authority for temporary relief of compliance with any covenant in the Crown lease, including payment

# CROWN LEASE – LEASEHOLD –IN ACT

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## Length of Crown Lease:

- Ordinarily, the term (or length) of a Crown Lease in the ACT will be 99 years. So, although the money you're coughing up for your property may not buy you the land, you will be buying the right to use the land for the term of the Crown Lease. For most purposes, there is no practical difference between the use of the Crown Lease in the ACT and other title systems in Australia, a Crown Lease can be sold, mortgaged or devised under a will.

## Costs:

- The rent to be paid by an owner (or lessee) under a residential Crown Lease will be 5 cents if and when demanded" (no demand has yet been made), but some, and typically commercial or rural leases have substantive land rent. Such leases are subject to payment of an annual land rent charge billed quarterly; however, lessees have the option of paying weekly, fortnightly, monthly or quarterly.

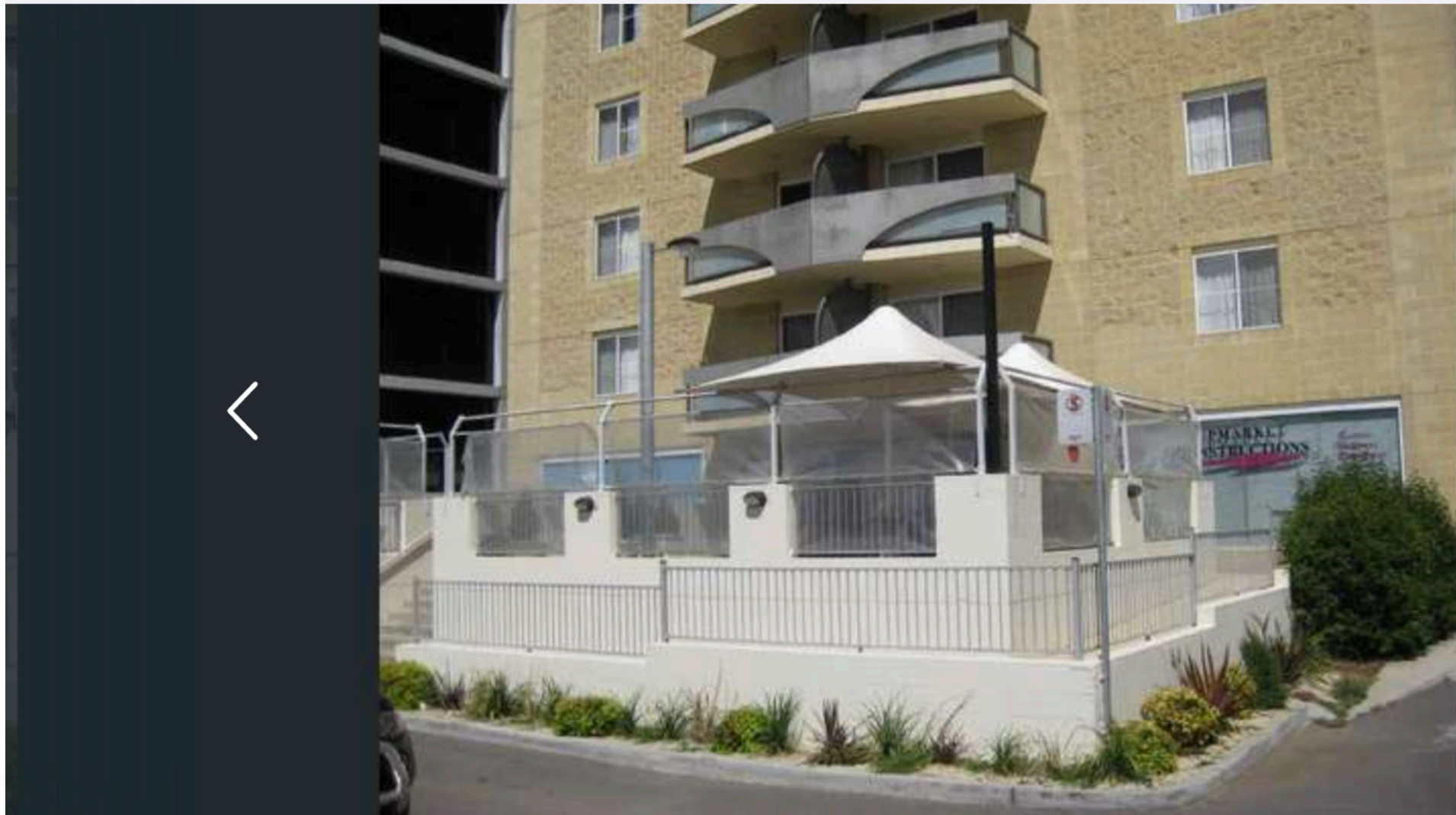
*Ref: <http://ballawyers.com.au/2017/03/23/crown-lease-act/>*



# MORT STREET – BRADDON – ACT

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Braddon > Shop & Retail > Unit 127, 35 Mort Street



FOR SALE

**Unit 127, 35 Mort Street**

Braddon, ACT 2612

Shop & Retail

SALE PRICE

**\$850,000 Ex GST as a going concern**

# MORT STREET – BRADDON – ACT

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## Information:

- Located within the Mantra Suites development, Unit 127 is a self-contained 104 sqm shop
- Currently operated as a takeaway, the unit has exclusive use of an additional north east facing alfresco terrace area that is leased from the ACT Government by the tenant.

*This alfresco area remains the property of the ACT government and is not part of the property on sale.*

## Crown Lease Canberra ACT

Crown lease is 99 years in Canberra from first registration of the property. Can be easily renewed with a very small fee.

# MORT STREET – BRADDON – ACT

## Property Description:

Located within the Mantra Suites development, Unit 127 is a self-contained 104 sqm shop with independent air-conditioning, exhaust ducting, grease trap and internal bathroom. Currently operated as a takeaway, the unit has exclusive use of an additional north east facing alfresco terrace area that is leased from the ACT Government by the tenant.

In place is a 5 plus 5 year lease that commenced on 1/12/2014. The lease provides for 3% annual rent increases, recovery of increases in outgoings (the property owner does not currently recover these) and the tenant has provided a 3 month bank guarantee and personal guarantees as security. The current estimated net rental is approximately \$65,065 pa plus GST.

## Tenancy Schedule

Unit	Tenant	Annual Rent	Lease Commence	Term	Option	Reviews
127	Tedder Group Pty Ltd	\$72,518.52	1 Dec 2014	5 years	5 years	3%

## Financial Summary

Current Gross Income		\$72,518.52 pa
Less		
Rates	\$5,178.33 pa	
Body Corporate	\$2,275.44 pa	
Total Outgoings		\$ 7,453.77 pa
Estimated net annual income		\$65, 064.75 pa

## Permitted Use:

All ACT properties are under Crown Lease system, which is not much different as Torrens title in NSW. ... Government charge rates already listed in the IM

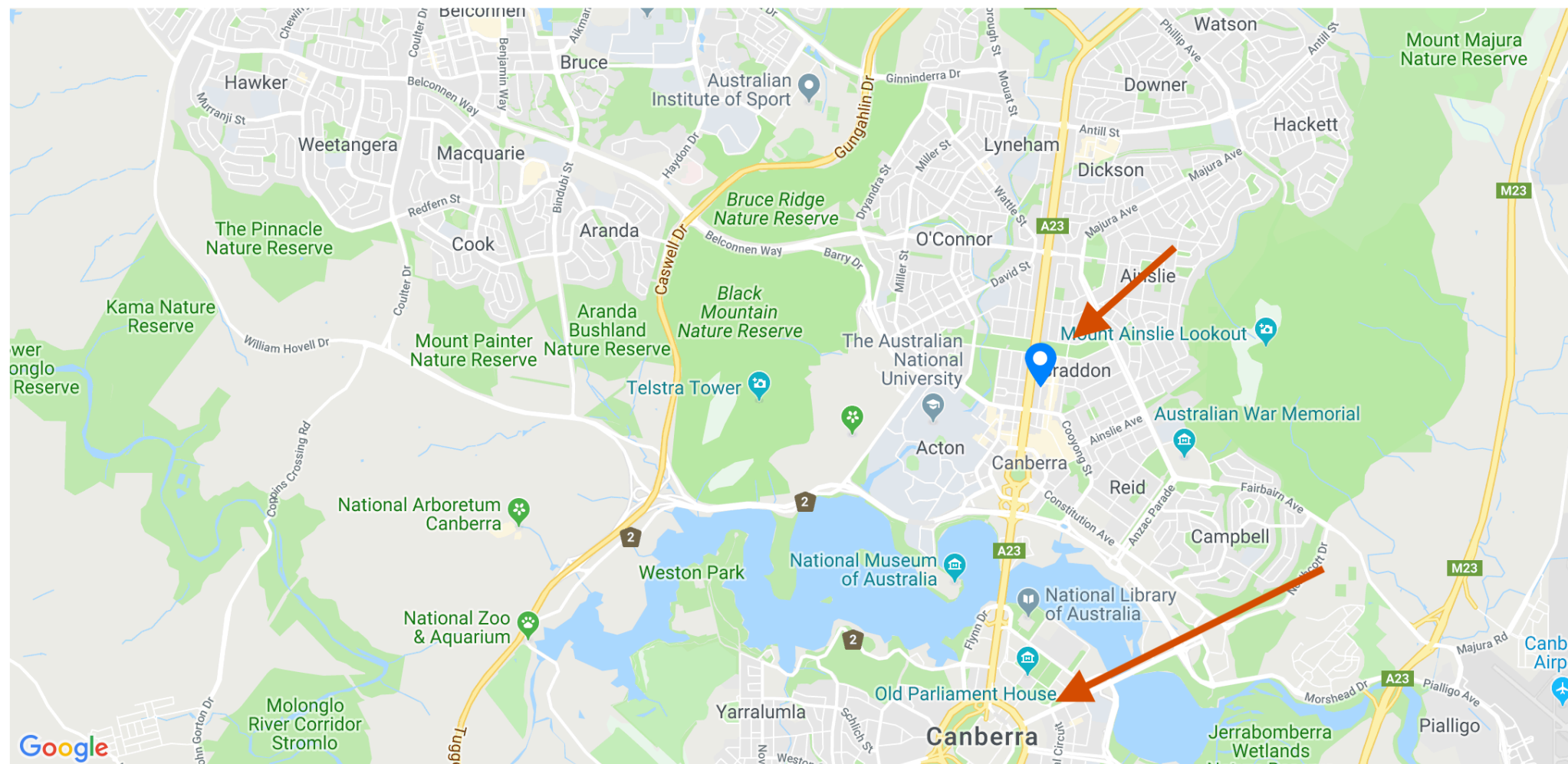


# MORT STREET – BRADDON – ACT

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- Braddon is currently a major centre of activity in Canberra with significant infrastructure and high density mixed use development continuing to transform this suburb into the "hippest" part of Canberra.

Unit 127, 35 Mort Street Braddon, ACT 2612



# MORT STREET – BRADDON – ACT

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- Price \$850,000 Ex GST
- Net Rent: \$65,065
- Net Return: 7.65%

## Lease :

- 3 % annual increases
- Started 1 dec 2014 for 5 years
- Options 1 x 5 years
- Outgoings : 100% Tenant ( \$7,453.77) - Rates \$5,178.33 pa include Crown Lease costs
- ? Toilets and amenities fees?? costs? Capital expenses to enquire about
- Plus Increases each year in Land Tax, General Rates and Water & Sewerage rates and Owners Corporation levies
- Bond: Bank Bond 3 Months



# MORT STREET – BRADDON – ACT

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## Lease Information:

- Signed Deed of Assignment of Lease
- Deed of Consent to Assignment of Lease - Made Dec 2016
- Lease made on the 1st December 2014 - The Tenant as a Business owner must have sold his/her business and assigned the lease to the new owner in December 2016

## Typically with an Assigned Lease:

‘With an assignment, the landlord will normally require the old tenant and the new tenant, to enter into a deed with the landlord, under which the new tenant agrees to take over the old tenant’s obligations under the lease, and the old tenant acknowledges that despite the assignment, they are not released from obligations under the lease.’

Ref: <https://www.bartier.com.au/insights/articles/assignments-of-lease-what-you-should-know-as-a-tenant/>

# HEYDON PLACE- EVATT- ACT

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ACT > Evatt > Shop & Retail > 11 Heydon Place



FOR SALE

**11 Heydon Place**

Evatt, ACT 2617

Shop & Retail • Offices • Medical & Consulting

SALE PRICE

**\$790,000**

Excl. GST

# HEYDON PLACE- EVATT- ACT

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## Information:

- 2 Freehold shops
- Tenant in place for 25 years
- Evatt shops is a local suburban shopping centre servicing the surrounding suburbs and popular among locals. The centre is well located and features several boutique retailers, coffee shops, a take away shop and a supermarket.
- Floor area of approx 140sqm, sub-leased to 2 separate tenants, lease expires 1st January 2021

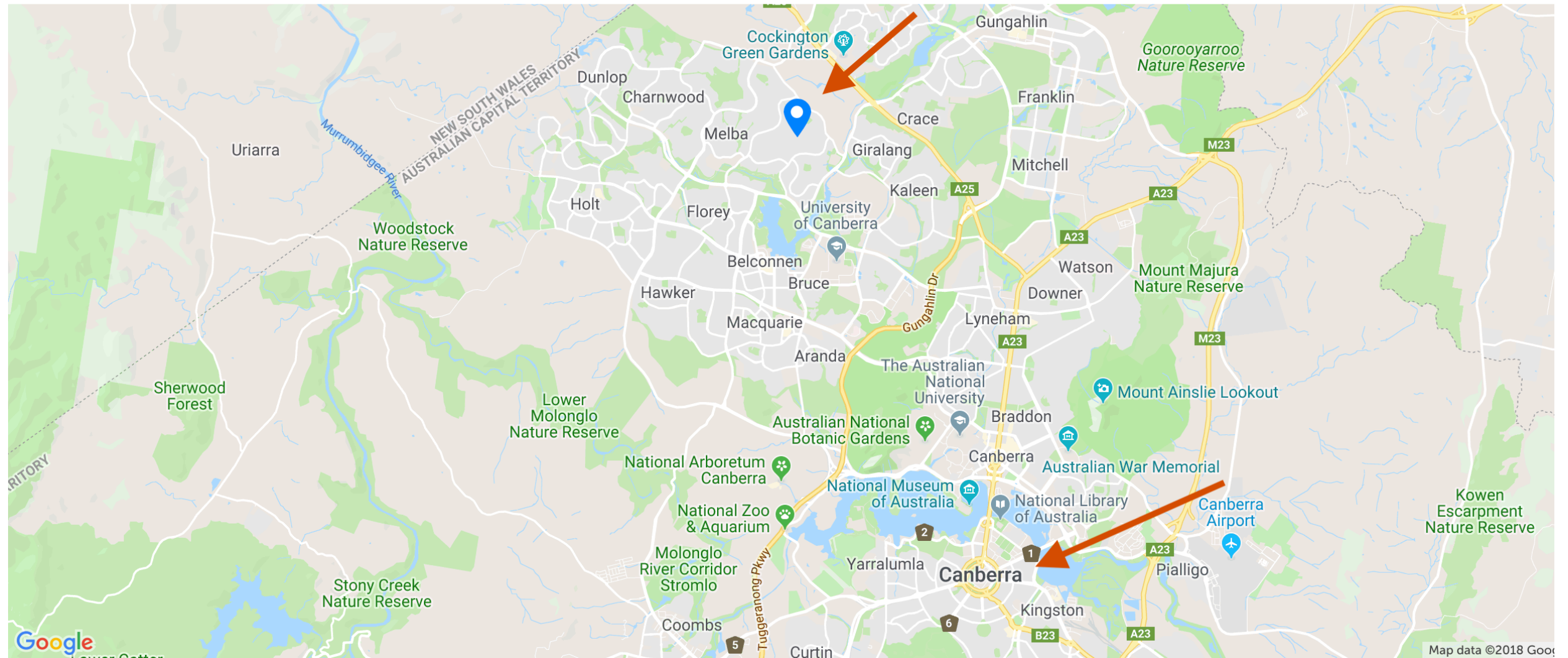
## Additional Due diligence:

- ?? Parking- access at rear?
- What shops are missing- area vibrancy??
- ?? Market rent- Adjusted rent? For locality? Below 9%?

# HEYDON PLACE- EVATT- ACT

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11 Heydon Place Evatt, ACT 2617



# HEYDON PLACE- EVATT- ACT

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## Information:

- \$790,000 Exc. GST
- Gross rental income of approx. \$84,113  
Annual out-goings of approx. \$9,781.44
- Net Rent: \$72,242
- Net return: 9.39%

## **Out-goings, Shop - Whole**

- **Rates - approx. \$6,033.44 P.A- include Crown Lease costs**
- Water & Sewerage - \$1248 P.A
- Insurance - \$2,500 P.A
- Total - \$9,781.44
- Tenants pay increases to base year out-goings from base year 2014.



# HEYDON PLACE- EVATT- ACT

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## Tenancy:

### 1. Butchery tenant

- Lease end - January 2021
- Gross rental income - approx. \$45,031 P.A + GST
- Reviews - 3%
- Bond - 3 months

### 2. Hairdresser Tenant

- Lease end - January 2021
- Gross rental income - approx. \$27,500 P.A + GST
- Reviews - 3%
- Bond - 3 months

# HEYDON PLACE- EVATT- ACT

**TENANCY OF LESSEE** (Only complete if more than one Lessee)

Joint Tenants / Tenants in Common (in the following shares) -

**AREA BEING LEASED**

☐

Whole of the Land

OR

Area/Shop/Tenancy Unit 1 on Sublease Plan/s No.s SLP1029

**SUBLEASE COMMENCEMENT DATE**

2013

**SUBLEASE TERMINATION DATE**

2018

**CONDITIONS** (Tick whichever is applicable – At least one box will apply)

The covenants implied at sections 119 and 120 of the *Land Titles Act 1925* are hereby negated.

☒

The provisions set forth in the registered Memorandum of Provisions (MOP) to be incorporated herein / as modified by annexure as attached. Please provide registered MOP number below.

☐

The covenants and conditions set out in the annexure attached are deemed to be incorporated

☒

Provide registered MOP number

☐

Approved form AF 2012 - 74 approved by Jon Quiggin, Deputy Registrar-General on 23/01/2012 under section 140 of the *Land Titles Act 1925* (approved forms)

This form revokes AF2010-31

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Unauthorised version prepared by ACT Parliamentary Counsel's Office

# HEYDON PLACE- EVATT- ACT

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## DISCLOSURE STATEMENT

LEASES (COMMERCIAL & RETAIL) ACT 2001

### ADVICE TO TENANTS (& SUBTENANTS)

Before signing agreements to lease or leases you should ensure you fully understand the documents. If you have any doubt you should seek independent legal advice. This document must be given to you at least 14 days before you enter into a lease unless you have waived or varied the time period. The owner is required to tell you of the existence of the approved handbook and provide you with a copy of the form of the proposed lease as early as practicable in the negotiations. Make sure you have these documents before you sign anything.

This document is:

- not a binding agreement or an offer.
- important and should be kept with the lease.

NOTE: Where there is insufficient space on this form, please attach additional sheets

### SECTION 1 - GENERAL DETAILS

Owner	FGC Development Pty Limited ABN 35 008 510 512
Premises Address/Shop No.	Unit 2 SLP1029 block 14 section 31 Evatt
Lettable area (approx. m <sup>2</sup> )	97.6 square metres
Permitted use of premises	Butchers shop



# HEYDON PLACE- EVATT- ACT

ACT Revenue Notation



LAND TITLES  
OFFICE OF REGULATORY SERVICES  
Department of Justice and Community Safety

1756985



SUBLEASE

Land Titles Act 1925

Form 072 - SL

## LODGING PARTY DETAILS

Name	Postal Address	Contact Telephone Number
MALLESONS STEPHEN JAQUES	GPO BOX 388, CANBERRA ACT 2601	02 6217 6000

## TITLE AND LAND DETAILS

Volume & Folio	District/Division	Section	Block	Unit
1049 & 68	EVATT	31	14	

FULL NAME OF LESSOR/OWNER (Surname Last)  
(ACN required for all companies)

FULL POSTAL ADDRESS OF LESSOR

F.G.C. DEVELOPMENT PTY LTD ACN 008 510 512

PO BOX 426, MAWSON ACT 2607

FULL NAME OF LESSEE/TENANT (Surname Last)  
(ACN required for all companies)

FULL POSTAL ADDRESS OF LESSEE

DARREN DOBLINGER AND PENELOPE DOBLINGER

14 HEYDON PLACE, EVATT ACT 2617

# HEYDON PLACE- EVATT- ACT

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<b>TENANCY OF LESSEE</b> (Only complete if more than one Lessee)	
Joint Tenants	
<b>AREA BEING LEASED</b>	
<input type="checkbox"/> Whole of the Land	OR Area 2 on Sublease Plan/s No.s 1029
<b>SUBLEASE COMMENCEMENT DATE</b>	<b>SUBLEASE TERMINATION DATE</b>
1 JANUARY 2012	31 DECEMBER 2016
<b>CONDITIONS</b> (Tick whichever is applicable – At least one box will apply)	
The covenants implied at sections 119 and 120 of the <i>Land Titles Act 1925</i> are hereby negated.	<input checked="" type="checkbox"/>
The provisions set forth in the registered Memorandum of Provisions (MOP) to be incorporated herein / as modified by annexure as attached. Please provide registered MOP number below.	<input type="checkbox"/>
The covenants and conditions set out in the annexure attached are deemed to be incorporated	<input checked="" type="checkbox"/>

Approved form AF 2010 –31 approved by Brett Phillips, Registrar-General on 25/02/2010 under section 140 of the *Land Titles Act 1925* (approved forms)  
This form revokes AF2009-269

Unauthorised version prepared by ACT Parliamentary Counsel's Office



# ACT STRATEGY UNDER CROWN LEASE

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- Go For Yield over growth in ACT- because limited buyers and ?? Growth under crown lease- so maximise yield
- Demographics of ACT - live and work for work reasons. Public services dominate- and services that support the public servants.
- Defence jobs
- Contractor to defence work- with Gov't contracts
- Corporate jobs to public service
- Change in gov't can make a huge impact on the jobs and demographics
- Your Tenants will service this demographic - including the instability on gov't changes
- Demographic growth is not there- so your capital growth will be much slower than other state.
- Canberra is a “created city”

# BANKING QUN

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Helen pl share if its preferable to have commercial banking account with a different bank to personal/residential loan and how? The big banks seem to advise to bank all - with them?  
Thanks

- Different lending
- Under name you are purchasing- ?? Trust
- May be same bank with different loans for your different purchases.