


Freehold – Leasehold Property Comparison

ZenDev Development, Boyne Island

Council's BTARC, Tannum Sands

Particulars	Leasehold	Freehold
Investment Opportunity	<ul style="list-style-type: none"> Council acquires an aquatic recreation facility by leasing ZenDev's privately funded development, Boyne Island 	<ul style="list-style-type: none"> Council builds its own aquatic recreation centre on Council owned land. Tannum Sands.
Relationship between Parties	<ul style="list-style-type: none"> The Owner (ZenDev) rents the Premises (Aquatic Centre) to the Lessee (Council). 	<ul style="list-style-type: none"> Council is the Owner (outright) of the Premises (Aquatic Centre).
Ownership Status	<ul style="list-style-type: none"> Council's ownership of the Aquatic Centre is subject to the payment of rent (Lease Fee) and conditions of Lease (e.g. maintenance) to operate. When the lease expires, ownership reverts back to the ZenDev unless a new Lease is entered. 	<ul style="list-style-type: none"> Council has no time limit to the period of ownership. Council can operate the Aquatic Centre directly or choose to Lease the facility to a third-party aquatic centre management provider to operate on Council's behalf.
Benefits	<ul style="list-style-type: none"> Short term - Lower cost to acquire the Aquatic Centre. Council can renew the lease at end of lease period. ZenDev is generally responsible for the major asset renewals and end of life replacements. Council can return the facility to ZenDev should it no longer wish to operate. 	<ul style="list-style-type: none"> Council owns the Aquatic Centre outright. Capital gains (or equity) gained benefits Council directly. No Lease Fees. Council makes own decisions on improvement to the premises, other than statutory planning approval. Under Council's current operating model for aquatic recreation services, Council can divest general repairs and maintenance cost to a third-party aquatic centre management provider.
Constraints	<ul style="list-style-type: none"> Council pays a Lease (rent) fee that is subject to annual increases. Cost to Lease is not a contribution towards Council owning the asset outright. 	<ul style="list-style-type: none"> Significant upfront capital cost to purchase or build the facility. Council is responsible for all ongoing cost of owning the property.



Particulars	Leasehold	Freehold
	<ul style="list-style-type: none">• Under Council's current operating model for aquatic recreation services, there is the additional operating cost (Management Fee) to sub-lease operations to a third-party aquatic centre management provider.• Improvements to the property must first approved by the ZenDev.• Risk of property being sold and Council being liable to new Owner conditions.	<ul style="list-style-type: none">• Council as a Landlord, is still responsible for major asset renewals and end of life replacements.