

PROBLEM AND OPPORTUNITY STATEMENT EVALUATION SUMMARY – MARCH 2022

PROPOSAL NAME: MLPPOS15 - Landgate Building

PROPONENT: Georgiou Capital Pty Ltd

LEAD AGENCY: Department of Finance

PROPOSAL STATUS: Completed – successfully met criteria and terms accepted.

PROJECT VALUE: \$17.33 million

PROPOSAL DESCRIPTION

In August 2020, Government released a Problem and Opportunity Statement seeking innovative solutions to optimise the future use of the Landgate Building (1 Midland Square) and Landgate's future office accommodation within Midland.

The State Government has finalised the sale of 1 Midland Square to Georgiou Capital Pty Ltd (Proponent), while securing a leaseback agreement after a successful Problem and Opportunity Statement released under the Market-led Proposals policy.

Under the proposal, the Landgate building, which reverted to government ownership in March 2021, has been sold to the Proponent for \$17,330,000 with the State receiving the proceeds from the sale.

The Proponent will undertake an extensive refurbishment of the existing Landgate building, creating around 370 new jobs across a range of industries including construction, design, and engineering, prioritising the use of local businesses, where possible.

COMMERCIAL PROPOSITION

- State government will receive \$17,330,000 for the freehold sale of the Landgate Building to the Proponent.
- State government has committed to partial leaseback of approximately 13,500 square metres (sqm) of space to accommodate Landgate, the Department of Communities (Communities) and WA Health - Child and Adolescent Health Services (WA Health - CAHS) for a lease term of 15 years at base rate of \$358 and \$440 per square metre per annum for North and Central nodes respectively.
- Proponent to fund the major refurbishment of the aged and inefficient Landgate building, including improving the building's environmental energy rating.

BENEFITS

This arrangement is expected to result in avoided costs of around \$12.0 million (in net present terms) over the term of the agreement relative to the status quo to accommodate the requirements of Landgate, the Department of Communities' existing Midland office and Child and Adolescent Health Services' Community Health Hub.

Construction and refurbishment work, funded by the Proponent, is expected to create around 370 local jobs across a range of industries including: building and construction, design, and engineering.

The refurbished building will provide staff from Landgate, Department of Communities, and Child and Adolescence Health Service with a modern, functional workplace that meets the Property Council of Australia's office quality 'A' rating for existing buildings.

Retaining a strong public sector presence in the heart of Midland will provide long-term benefits for the local economy.

