

PC 18/6/09

Proposed relocation of ASIC from No 1 Martin Place, Sydney

Background Information

ASIC, a major tenant of No 1 Martin Place, Sydney, has negotiated a prospective lease with Westfield to relocate to 100 Market Street, Sydney and is seeking approval from the Public Works Committee to proceed. Many large firms are "negotiating to stay" in their current premises due to the cost and disruption at this unprecedented time and in this context, expenditure to relocate ASIC from No 1 Martin Place to 100 Market Street, would appear to be unnecessary expenditure of public funds. In addition, any decision of ASIC to relocate will negatively impact small investors through a reduction in the income for No 1 Martin Place Trust (MMPT) and prejudice the current marketing of the property for sale.

Key Issues

- ASIC is seeking approval for \$30.8 million to fit out a new leased premises in Sydney CBD (100 Market Street) owned by Westfield (approximately 15000 sqm)
- ASIC discounted remaining at No 1 Martin Place based on cost and total space required being available. ASIC currently occupy 10,340 sqm (or 25% of Martin Place) and are responsible for 17% of the property's income.
- No 1 Martin Place appears to meet ASIC's office accommodation requirements as contained in its Submission to the Public Works Committee.
- The owners of 1 Martin Place are two public property funds (MMPT and MOF) managed by Macquarie comprising 22,000 investors and who's income will be materially affected if ASIC decide to leave.
- Based on Attachment F in ASIC's Submission dated January 2009 it appears that ASIC is under an obligation with Westfield. Attachment F contains "best endeavours" clauses which require ASIC to pursue the relocation to 100 Market Street.
- Macquarie has invited ASIC to meet and explore any non financial issues to be resolved which otherwise would necessitate them to move from No 1 Martin Place and require public works expenditures. To date, ASIC have not engaged to explore this point.