

# RETAIL LEASING DIRECTION

## ARTICULATING A VISION FOR RETAIL IN THE ROCKS

Document tendered by

*John Archam*

Received by

*Sarah Dunn*

Date: *6/9/19*

Resolved to publish  Yes / No



#### Disclaimer

This document is published by Place Management NSW a business unit of the Department of Finance, Services and Innovation (DFSI). The material contained in this DFSI document has been formulated with all due care but DFSI does not warrant or represent that the material in the document is free from errors or omission, or that it is up to date and complete.

DFSI disclaims, to the extent permitted by law, all warranties, representations or endorsements, express or implied, on the material in the document including all implied warranties of merchantability, fitness for any purpose, or non-infringement.

Further, DFSI makes no warranty and accepts no liability in relation to the quality, operability or accuracy of the material.

The material is made available on the understanding that DFSI, its employees and agents will have no liability (whether as a result of the negligence of any of them or otherwise) to the users of the material for any loss, damage, cost or expense (whether direct, indirect consequential or special), incurred by, or arising by reason of, any person using or relying on the material and whether caused by reason of any error, omission or misrepresentation in the material or otherwise. Users of the document will be responsible for making their own assessment of the material and should verify all relevant representations, statements and information with their own professional advisers.

Further, users should note that while the material is considered to be true and correct at the date of publication, changes in circumstances after the time of publication may impact upon the accuracy of the material. The material may change without notice and so, DFSI is not in any way liable for the accuracy of any information printed and stored by a user. Changes are periodically added to the material and the DFSI may make improvements and/or changes in the material at any time.

DFSI takes no responsibility for the accuracy, currency, reliability and correctness of any information included in the material provided by third parties nor for the accuracy, currency, reliability and correctness of references to information sources outside of the DFSI.

## **CONTENTS**

<b>1</b>	<b>About The Rocks</b>	<b>4</b>
<b>2</b>	<b>Custodianship</b>	<b>6</b>
<b>3</b>	<b>The Rocks Leasing Plan</b>	<b>8</b>
<b>4</b>	<b>Key trends in retail</b>	<b>10</b>
<b>5</b>	<b>An enviable visitor profile</b>	<b>12</b>
<b>6</b>	<b>Target retail mix</b>	<b>14</b>
<b>7</b>	<b>The Rocks zones</b>	<b>18</b>
<b>8</b>	<b>Improved presentation standards</b>	<b>20</b>

## **ABOUT THE ROCKS**

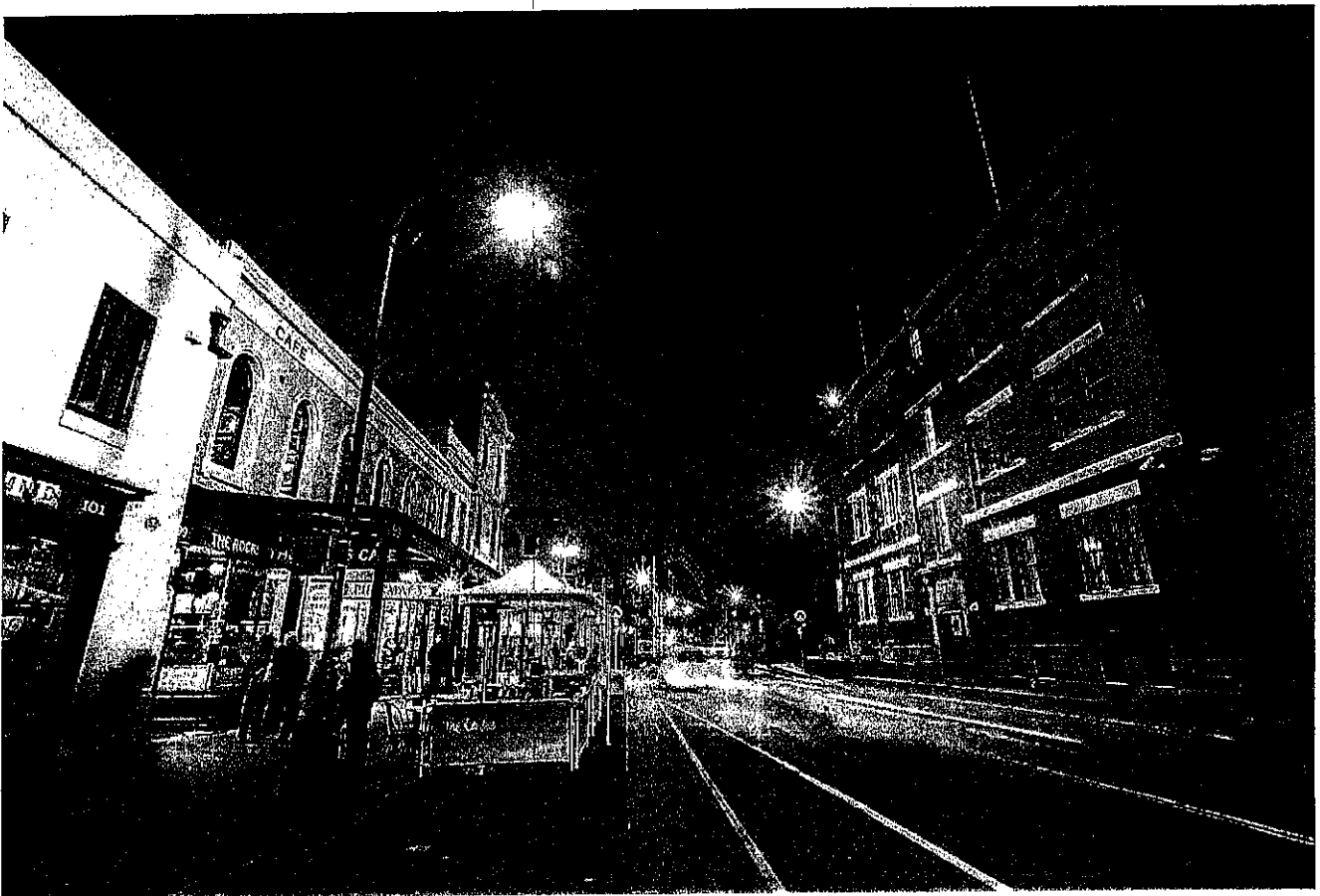
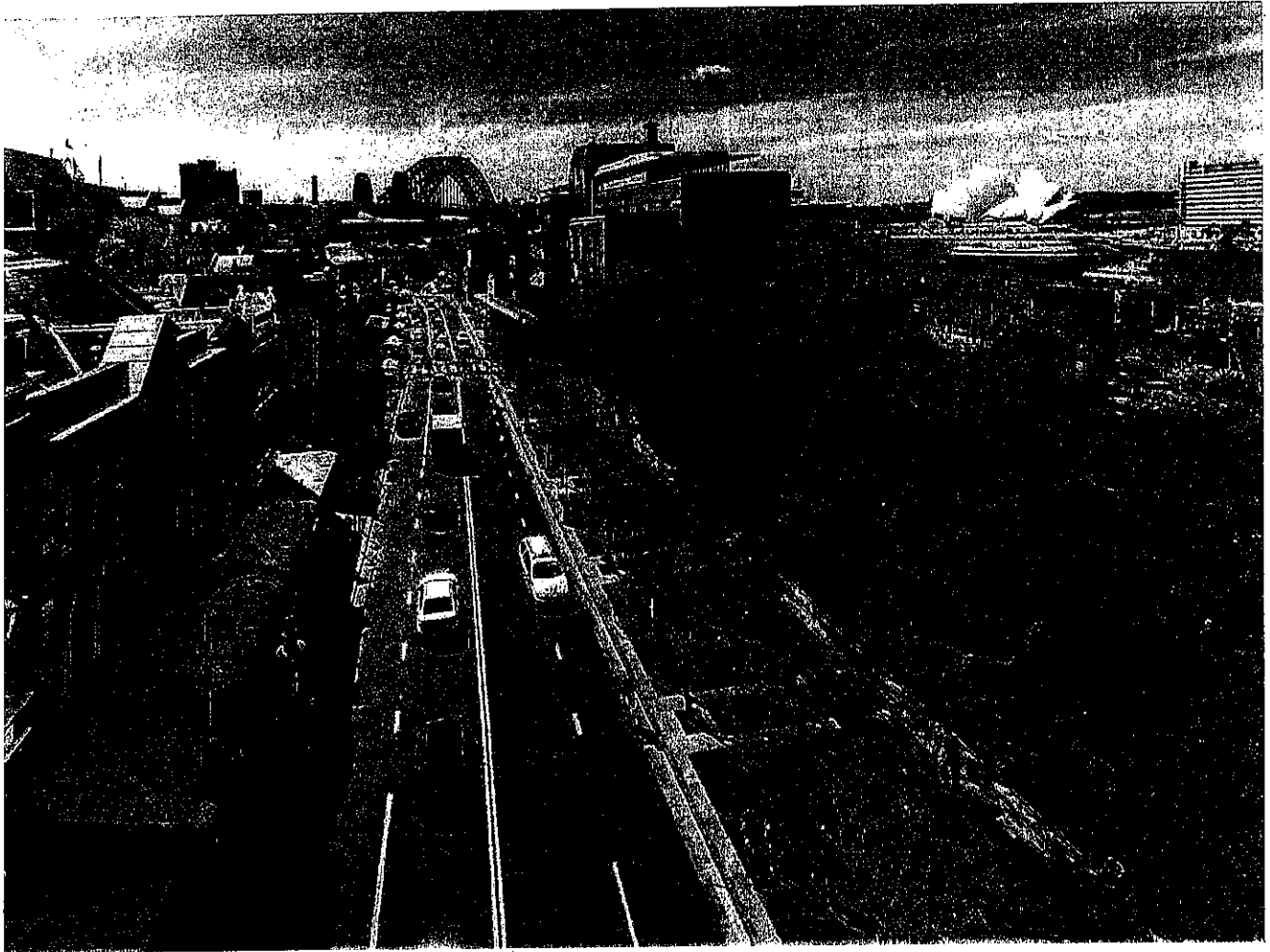
The Rocks is an iconic location, situated between the two most recognisable symbols of Australia: Sydney Harbour Bridge and Sydney Opera House.

The Rocks precinct:

- is 26 hectares of premium real estate
- has prime access to the CBD and all modes of transport
- adjoins Sydney Harbour
- is home to much loved cultural institutions
- has over 15million people movements annually.

As well as being Australia's most significant historic precinct, The Rocks is a vibrant and contemporary space, well placed for future growth.

As a NSW Government agency, Property NSW works to ensure the activation and profitability of The Rocks for the mutual benefit of tenants, visitors and the people of NSW.



## **CUSTODIANSHIP**

Place Management NSW (PMNSW) was established under the Place Management NSW Act 1988 and is the landowner of The Rocks. PMNSW is the custodian of the precinct.

Property NSW manages the assets of PMNSW. Its main roles are:

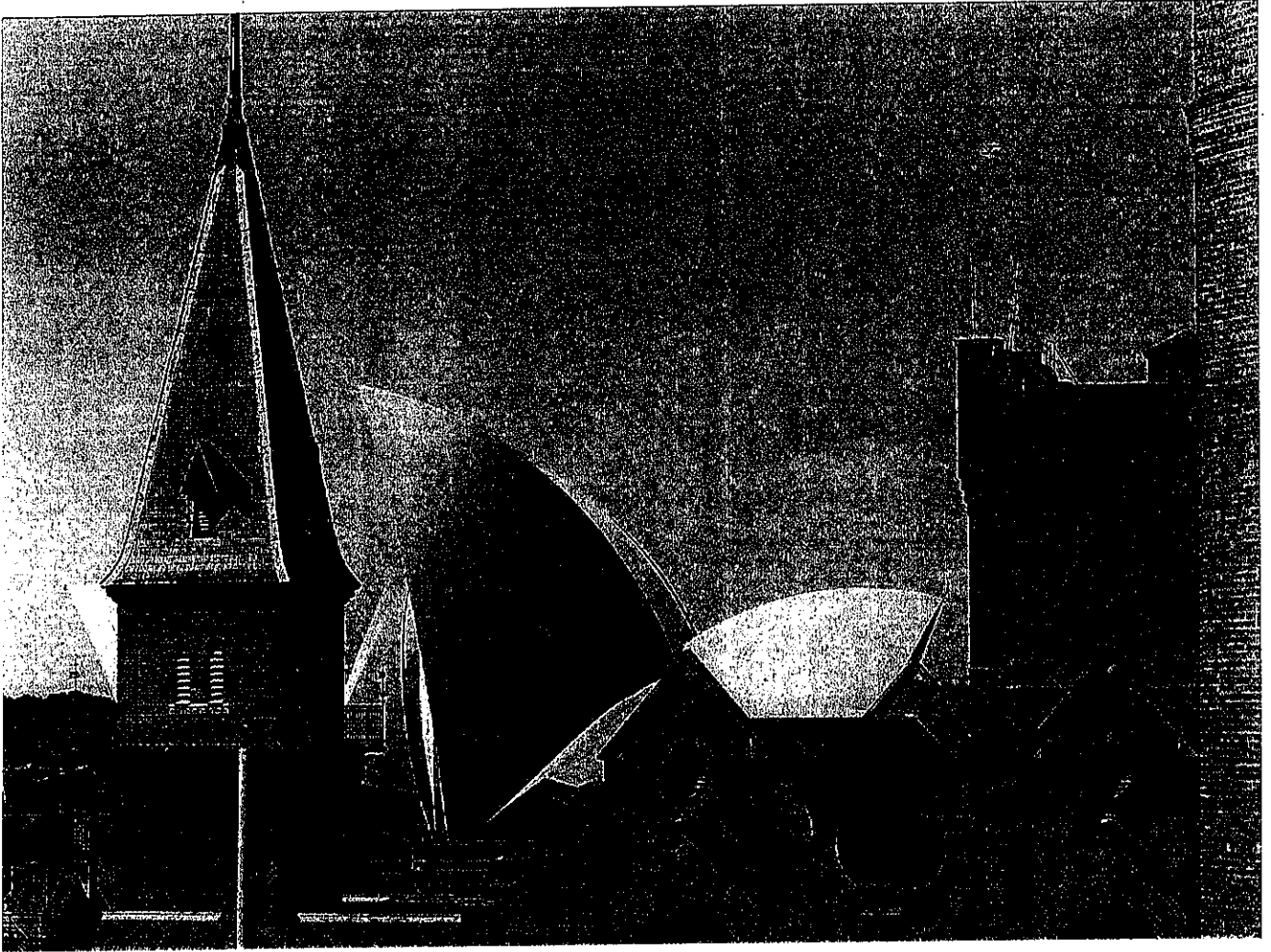
- precinct management
- property management and leasing
- heritage conservation
- urban renewal.

Property NSW manages commercial and retail leases, and provides security, cleaning, building maintenance and other asset management services.

It manages and curates two key heritage and cultural precincts – The Rocks/Circular Quay and Darling Harbour – which together attract over 42million visitors annually.

The Rocks precinct contributes \$1.2billion per annum gross value to the NSW visitor economy. The Property NSW corporate vision is to create extraordinary places.

**As a Government agency, Property NSW works to ensure the activation and profitability of The Rocks for the mutual benefit of tenants, visitors and the people of NSW.**



## **THE ROCKS LEASING PLAN**

Property NSW's vision for The Rocks is to make it one of the most envied heritage precincts in the world – an alluring precinct and a leader in retail experience internationally.

The type and combination of retail tenants has a profound impact on the visitor experience in The Rocks and, in turn, on visitation and visitor spend.

The leasing plan forms part of an overall precinct plan, which also includes investment in buildings and public spaces and activating and marketing The Rocks.

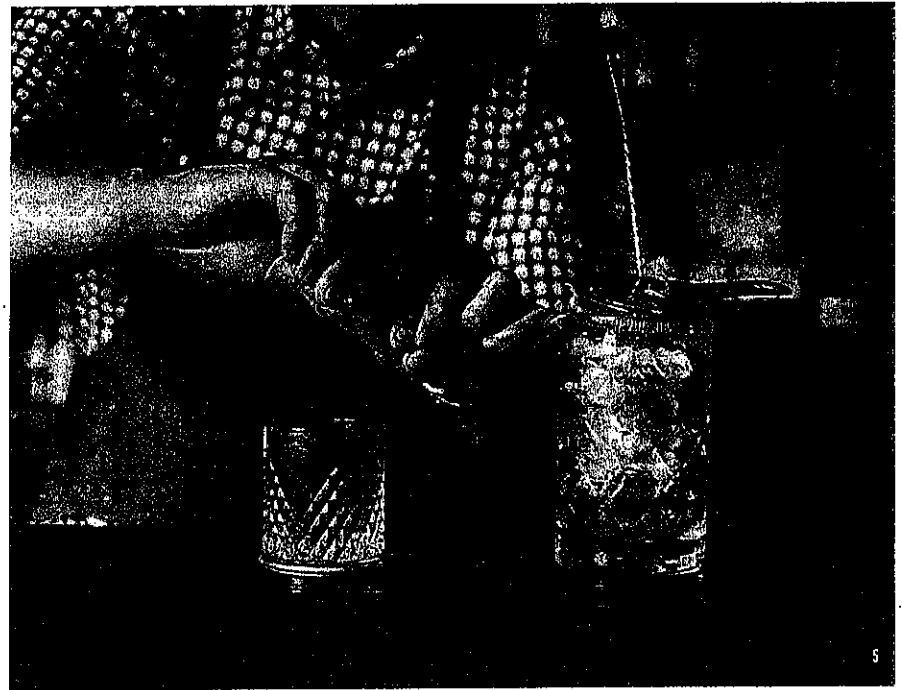
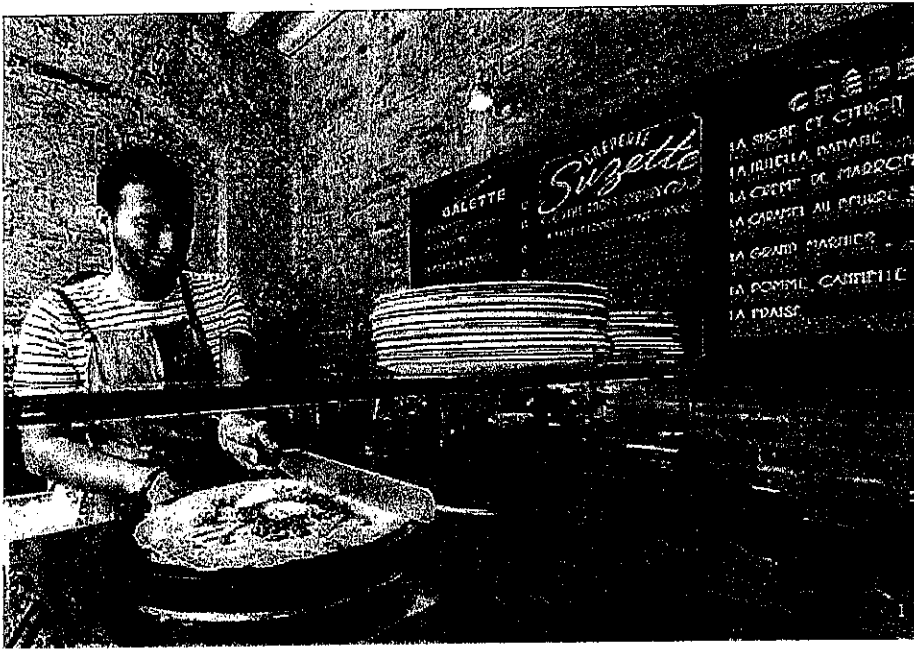
In assessing a prospective tenant's application to lease a property in this unique precinct, Property NSW looks for:

- the best available proposal within a target retail category mix for the relevant zone within the precinct
- sustainable businesses capable of meeting their lease obligations and providing a stable business operation
- the best value for money noting that the best outcome for the precinct is to achieve the desired retail mix at rents which can be sustained by those businesses.

**Our vision is to make The Rocks one of the most envied heritage destinations in the world.**

- 1 Creperie Suzette
- 2 Barber Supreme
- 3 Sake Restaurant
- 4 Mancuso
- 5 The Doss House





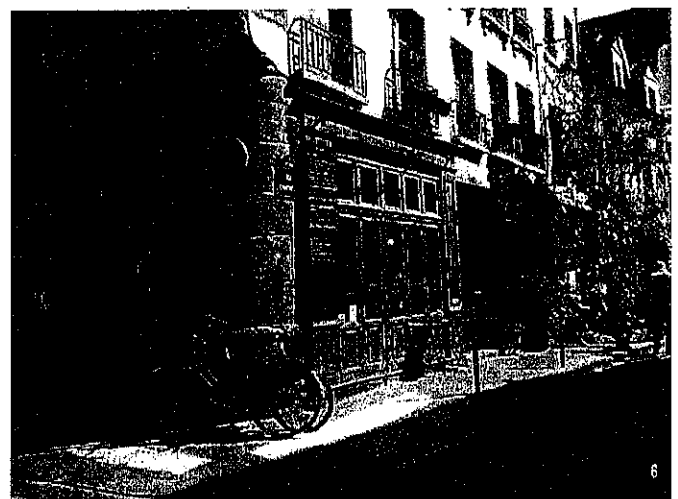
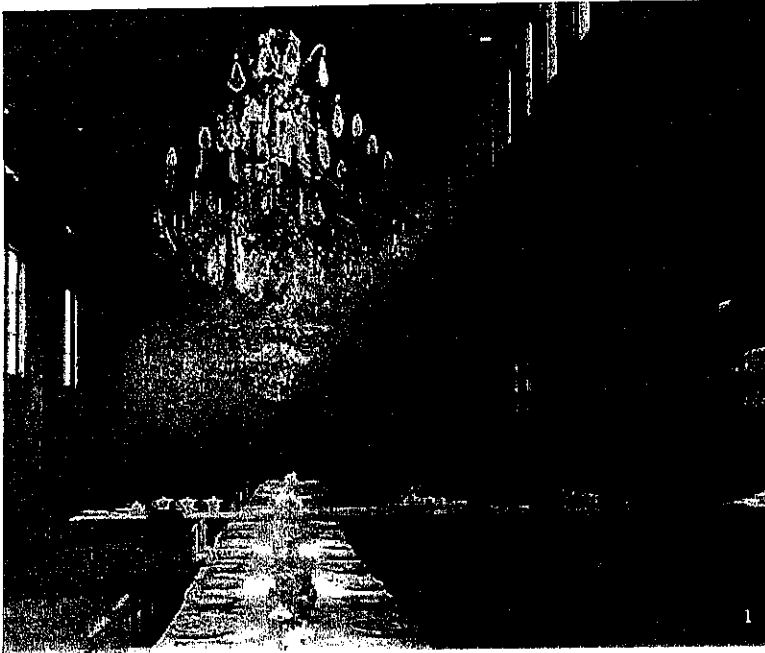
## KEY TRENDS IN RETAIL

Across the globe the rapidly changing retail environment is becoming increasingly more complex, with savvier customers, shifting demographics and new channel formats all playing a part in the evolution of retail.

The future successful retailers will be those who can adapt to the changing needs of the customer and create a more engaging experience in store and across all channels.

When considering the leasing direction, Property NSW considers key and emerging trends in retail and heritage precincts globally, including:

- Retail has experienced a shift, with customers expecting much more than ever before from their dining, leisure and shopping experiences.
- Customers are placing increased value on experiences. They want to discover great products and socialise with others and often want experiences they can't find anywhere else.
- Customers are spending significant time online before they enter the store and expect a seamless approach to their experience across all channels.
- Customers are more mindful of their purchases and the effect on their health and the environment. Customers are increasingly choosing products that are ethically sourced and are good for their bodies, mind and the environment.
- Other destinations embracing this heritage approach globally include SoHo in NYC, Stockholm, Berlin and Le Marais in Paris.



Retail in other international heritage precincts

- 1 Carlo e Camilla Restaurant & Cocktail Bar, Milan – Italy
- 2 Mardou & Dean store, Oslo – Norway
- 3 Soho, New York City – USA
- 4 Gamala Stan, Stockholm – Sweden
- 5 Gestalten Pavilion, Berlin – Germany
- 6 Le Marias, Paris – France

## AN ENVIABLE VISITOR PROFILE

The Rocks attracts a broad range of customers – both locals and tourists:

### Local Customers – CBD Workers and Sydneysiders†

- **Affluent:** Our local Sydneysiders and CBD workers are higher earners compared to the Sydney average.
- **Urban:** They are city dwellers, predominately living in the Inner City, Lower North and Eastern suburbs of Sydney.
- **Social:** Socialising is a big part of their lives – they're nearly four times more likely than the Sydney average to dine/drink out.
- **Cultural:** They enjoy cultural activities such as theatre and performing arts and are four times more likely to visit a museum than the Sydney average.
- **Leisure seekers:** They have a high propensity for leisure/lifestyle activities.



Source: † Quantum 2017, Sydneysider/CBD worker combined profile.

### Domestic Tourists\*

- **Eastern Seaboard:** The Rocks attracts a broad range of domestic tourists primarily from the East coast of Australia.
- **Affluent:** They are high earners compared to the Australian average.
- **Jet-setters:** Travel is a big part of their lives, they are nearly three times more likely than the average Australian to travel domestically and spend time at tourist attractions.



### International Tourists^

- **Origin:** There were 1.5million visitors to the precinct in 2017 predominately coming from China, the US and the UK.
- **Travel Alone:** Nearly half travelled unaccompanied for the purpose of holidaying.
- **Experiences:** Dining experiences, sightseeing and shopping are the most popular activities for international visitors to Australia who visited The Rocks.



Source: \* Quantum 2017, Domestic Tourist profile.

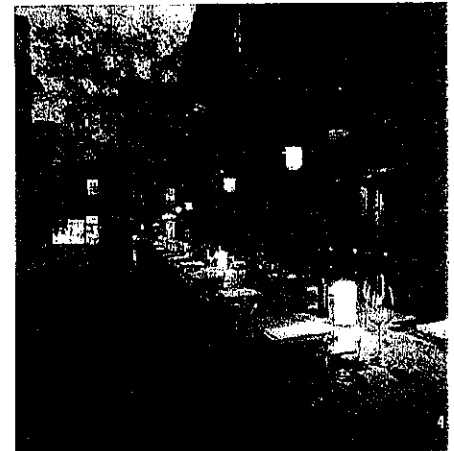
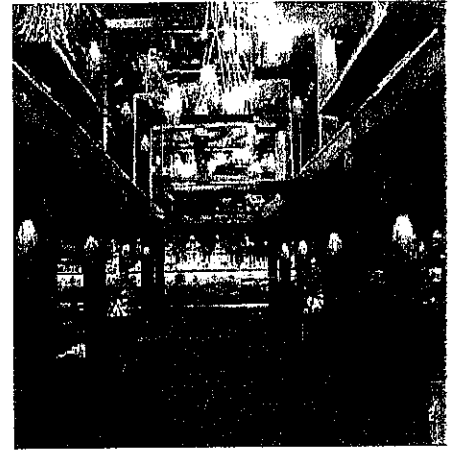
Source: ^International and National Visitors Surveys, Tourism Research Australia.

## TARGET RETAIL MIX

For The Rocks to achieve its vision it must appeal to its target customers, and the six retail categories below have been identified as critical to engaging current and future customers. Stores should align with one or more of the guiding principles within a category.

## 1 Dining Experiences

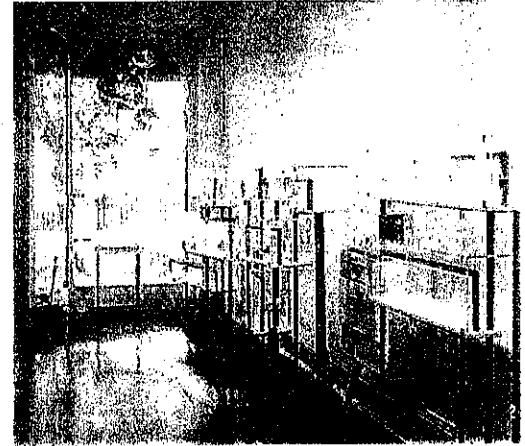
- A holistic experience that is about more than just food and makes customers want to share their experience with others
- A casual, premium or fine dining offer stretching across restaurants, bars, pubs and cafes
- Caters to multiple times of the day and the occasions that draw customers to the precinct eg. after work dinner/drinks, lunch with family/friends
- Quality produce, carefully selected and beautifully presented.



- 1 Pano Brot & Kaffe, Stuttgart – Germany
- 2 The Argyle bistro and bar, The Rocks, Sydney – Australia
- 3 The Doss House, The Rocks, Sydney – Australia
- 4 Pony Restaurant, The Rocks, Sydney – Australia

## 2 Fashion, Accessories and Jewellery

- The best in Australian and international design, across women's, men's, unisex and children's offers
- Aggregators or designers offering a best in class experience and contemporary range
- Unique and individual stores that are not commonly found in other retail precincts.

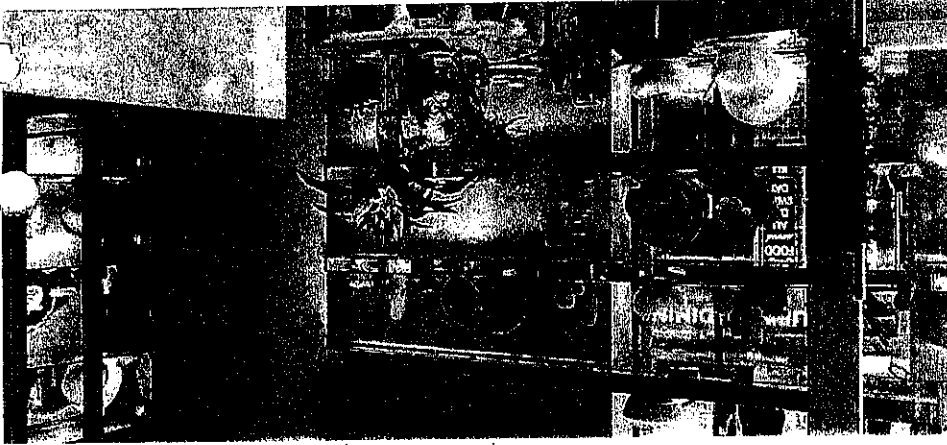


- 1 Nemika Concept Store, Tokyo – Japan
- 2 Jason Ree, The Rocks, Sydney – Australia
- 3 Retrosuperfuture Eyewear store, New York City – USA
- 4 Joe Bananas, The Rocks Sydney – Australia

1 Dinosaur Designs, London - UK  
2 Top 3 by Design, Richmond, Melbourne - Australia  
3 Williams Sonoma, New York City - USA

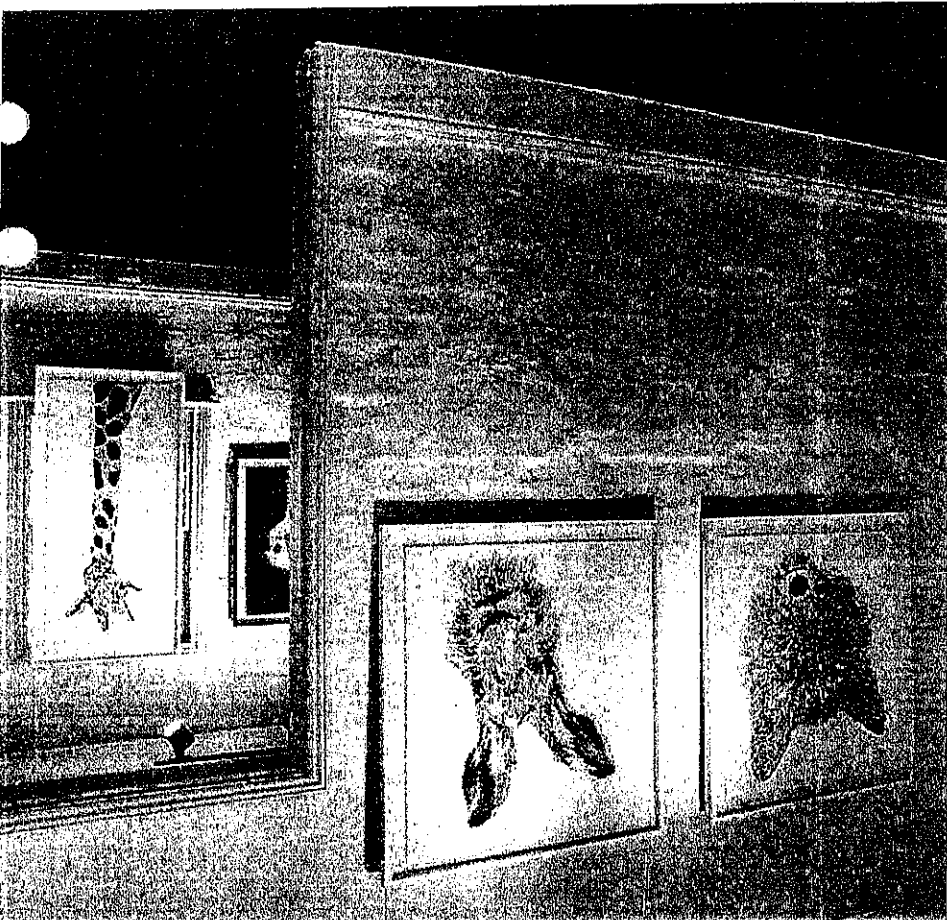


- 4 Homewares and Gifts
- Highly curated product mix with unique or recognised brands
- Unique and individual stores that are not commonly found in other retail precincts.



1 ATTY Gallery, The Rocks, Sydney - Australia

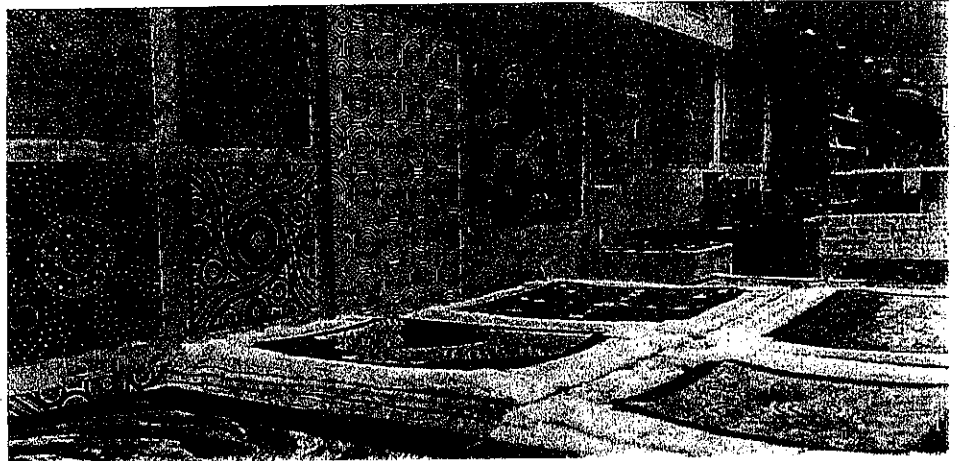
- 3 Arts and Creativity
- The best in design and craftsmanship from Australia and internationally
- Offer bespoke and unique pieces
- Show the masters at work and the stories behind their craft.





## 5 Tourism Focused Retail

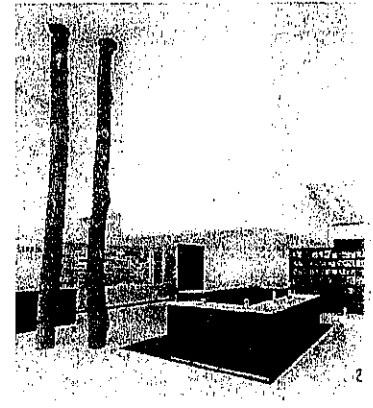
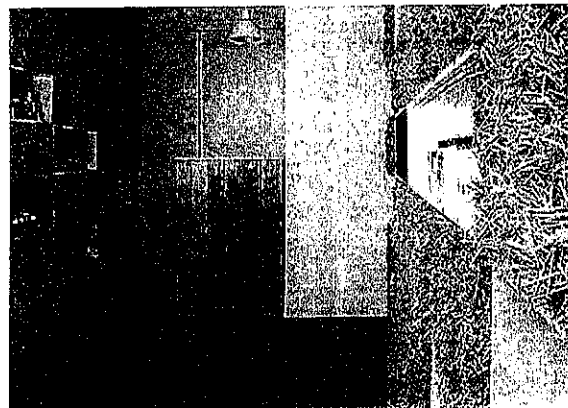
- Products and experiences exclusive to Australian culture that commemorate and preserve a tourist's visit to Sydney and Australia.
- Gifts expressing The Rocks' history and heritage.



1 Spirit Gallery, The Rocks, Sydney – Australia  
2 Pure Oz, The Rocks, Sydney – Australia

## 6 Beauty, Health and Well-being

- Offer products and/or services in the beauty & anti-aging, pharmacy, healthy eating & nutrition, spa, fitness, mind-body or wellness categories
- Best in class boutique experience, with a reputation built in other locations
- Provide convenient services for CBD workers and local residents.



1 Cosmetics boutique, Krakow – Poland  
2 Okinaha Store, Brussels – Belgium  
3 Aesop, The Rocks, Sydney – Australia  
4 One Hot Yoga studio by Rob Mills, Melbourne – Australia

# THE ROCKS ZONES

## RETAIL ZONES

### George Street Gateway

#### 'First impressions count'

- As the major pedestrian gateway into the precinct, the retail offer must represent the best of what The Rocks has to offer to set the tone for the rest of the experience.
- The overall ambience in this zone must signify the distinctly different experience vs the rest of the CBD.

#### *Retail Categories in George St Gateway:*

- Dining Experiences
- Fashion, Accessories and Jewellery
- Arts and Creativity
- Homewares and Gifts
- Beauty, Health & Well-being

#### *Other Businesses in George St Gateway:*

- Accommodation
- Commercial Offices

### Heart of The Rocks

#### 'The Complete Rocks Experience'

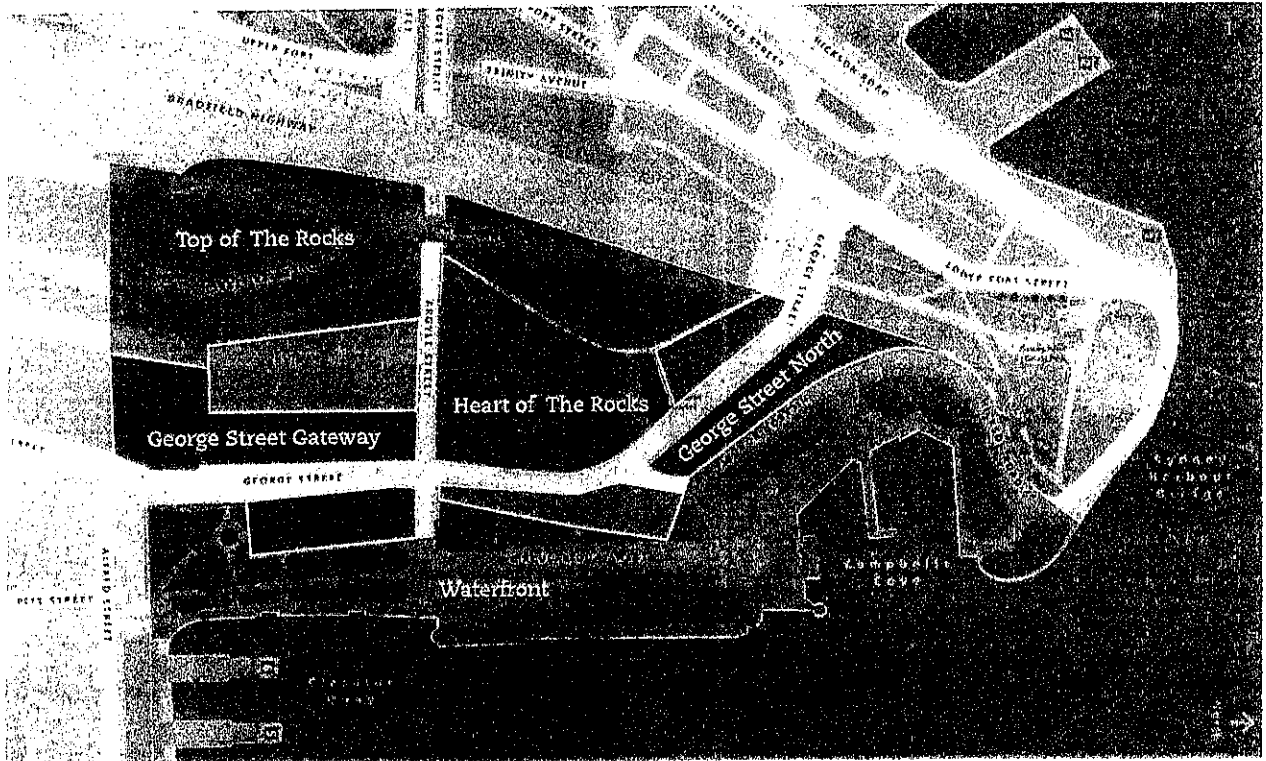
- Where visitors can enjoy the full Rocks retail experience.
- You'll find the smaller shops, courtyards and laneways where people meander, sit and enjoy the sights and sounds.

#### *Retail Categories in the Heart of The Rocks:*

- Dining Experiences
- Fashion, Accessories and Jewellery
- Arts and Creativity
- Homewares and Gifts
- Tourism Focused Retail
- Beauty, Health & Well-being

#### *Other Businesses in the Heart of The Rocks:*

- Accommodation
- Commercial Offices



## George Street North

### 'Anchoring the Northern End'

- During weekdays this area supports the Rocks Retail with an eclectic mix of commercial office tenants, supported with some food & beverage.
- During weekends the Rocks Markets draws traffic through to the northern end of the precinct.

#### Retail Categories in George St North:

- Dining Experiences
- Beauty, Health & Well-being

#### Other Businesses in George St North:

- Accommodation
- Commercial Offices

## Waterfront

### 'World Class'

- Skirts the stunning foreshore of Sydney Harbour.
- A place for visitors to soak up the relaxed atmosphere of The Rocks and enjoy world-class views from a selection of luxury hotels and premium restaurants.

#### Retail Categories in the Waterfront zone:

- Dining Experiences

#### Other Businesses in the Waterfront zone:

- Accommodation

## Top of The Rocks

### 'Hidden Gems'

- Offers spectacular views of the harbour from a network of streets, laneways and public spaces.
- It is the gateway to Sydney Harbour Bridge for pedestrians.

#### Retail Categories in Top of The Rocks:

- Dining Experiences

#### Other Businesses in Top of The Rocks:

- Accommodation

## IMPROVED PRESENTATION STANDARDS

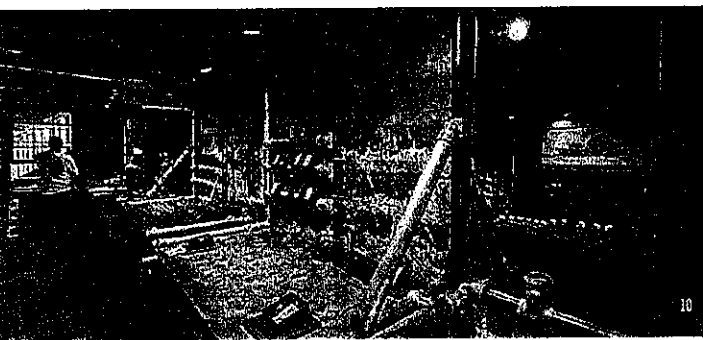
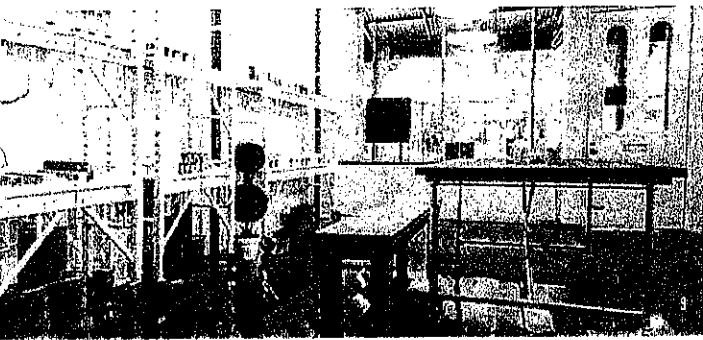
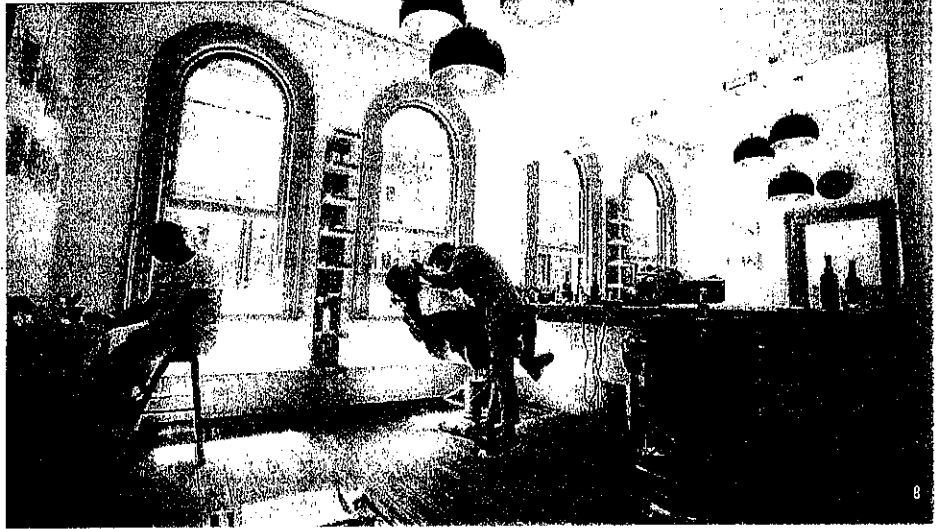
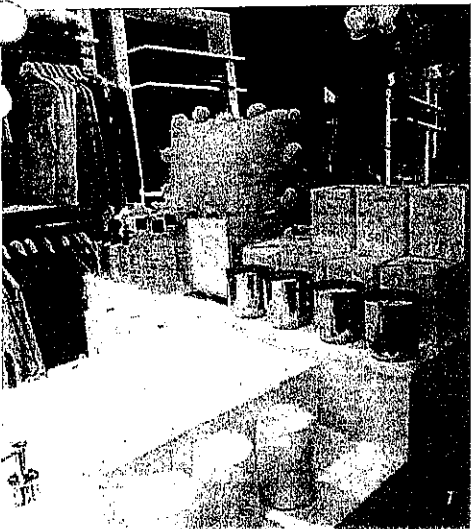
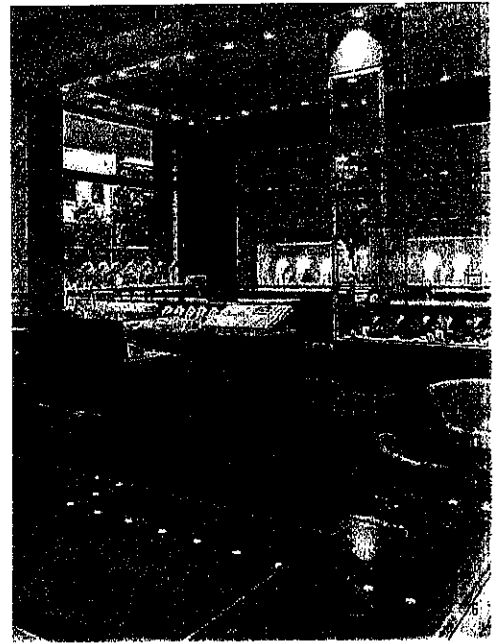
For retail precincts to continue to be successful they require ongoing rejuvenation of the retail mix and offering – this includes the presentation standards of the premises. This is a process that typically is assessed during the negotiation of new leases.

With the majority of the premises in The Rocks being within heritage listed buildings, great care must be taken to achieve results that inspire best in class experiences and honour the heritage of the building.

A number of openings in The Rocks illustrate what's possible:



- 1 L'Occitane
- 2 Saké Restaurant and Bar
- 3 Pony Dining
- 4 The Doss House
- 5 Endeavour Tap Rooms
- 6 Cosmopolitan Jewellers
- 7 Shab & Shadi
- 8 Barber Supreme
- 9 Deceirn
- 10 AHW Studios
- 11 Hat World





Every building in The Rocks has  
its own story.  
Property NSW is preserving the  
stories of the past and inviting  
new generations to create their  
own stories in this unique place.

Updated August 2018

For all retail enquiries  
please contact:  
Tim Andrews  
Stonebridge Property Group  
0408 616 708  
tim@stonebridge.com.au



Property  
NSW

Property NSW  
Level 4, 66 Harrington Street, Sydney NSW 2000  
PO Box N408, Grosvenor Place NSW 1220  
Tel 02 9240 8500 | [www.property.nsw.gov.au](http://www.property.nsw.gov.au)

b C 749  
83

Your ref: E19/0475

Mr Andrew Garcia  
Manager Assessments  
Independent Commission Against Corruption  
GPO Box 500  
Sydney 2001

6 May 2019

Dear Mr Garcia,

**Response to Request for Information – Leasing Agent Tim Andrews**

In reply to your request of the 12 April 2019 the Property Advisory Group has reviewed the relevant files and has responded to your requested in Appendix 1 of this letter. Appendix 2 contains the additional documents in support of the responses outlined in Appendix 1.

If you have any further questions please contact Arthur Tzortzis, Director Major Venues, Place Management NSW (0404 007 291) [arthur.tzortzis@property.nsw.gov.au](mailto:arthur.tzortzis@property.nsw.gov.au).

Yours sincerely

Sam Romaniuk  
A/Deputy Secretary, Property NSW  
NSW

Sarah Cleggett  
A/CEO, Place Management

## APPENDIX 1

### Response to Commission.

#### **1. Who were the leasing agents for lessor the Sydney Harbour Foreshore Authority (as it then was) and for lessee Tallawoladah Pty Limited in the agreement for lease?**

There were no leasing agents engaged by Place Management NSW (formerly Sydney Harbour Foreshore Authority) for the negotiations or the related processes that led to the agreement for lease with Tallawoladah Pty Limited.

In the case of Campbells Stores, there was no need to source a potential tenant given the incumbent lessees entered into direct negotiations with the Sydney Harbour Foreshore Authority to extend their lease term in return for significant investment into the building.

The lease renegotiation process with Tallawoladah Pty Ltd was managed as a development project that was led internally by a Project Manager – Mr Paul Robinson with input from various external advisers:

- Atlas Page Kirkland (APK) - Detailed costing for the redevelopment.
- BEM Property Consultants Report – Valuations
- Marshall Project Management - Value for Money assessment for Government.
- Jones Lang LaSalle (JLL) – Peer Review
- O'Connor Marsden – Probity
- Tress Cox – Probity
- Minter Ellison - Legal

#### **2. Was real estate agent, Mr Tim Andrews, involved in the process? If so, in what capacity?**

Mr Tim Andrews was not involved in the process in any way that led to the Agreement for Lease with Tallawoladah Pty Ltd.

In December 2014, Mr Tim Andrews was engaged by the Sydney Harbour Foreshore Authority to provide retail leasing strategy advice and undertake the leasing of vacant retail sites in the Rocks precinct. The scope of the engagement included:

- meetings with the Authority to discuss direction and overall status as required
- discussions surrounding the overall strategic direction for The Rocks precinct
- discussions on current market and trends
- review and inspection of current vacancies noting any special requirements
- review of budgets where required
- further discussions surrounding tenure vs capital requirements on specific tenancies where required to ensure the best possible outcomes
- identification of the preferred use for each site as they become available
- identification of those sites strategically that may be best suited for commercial activation
- all retail properties for lease will be listed on Real Commercial

Although leasing agents are not involved in development projects such as Campbells Stores, it is important to note that by December 2014, the lease renegotiation process with Tallawoladah Pty Ltd was well underway.



A new leasing agent was appointed by Place Management NSW (formerly Sydney Harbour Foreshore Authority) in March 2019. Mr Tim Andrews no longer undertakes any retail leasing in the Rocks precinct on behalf of Place Management NSW.

**3. In regard to the lease that is expected to be formally executed between Place Management NSW and Tallawoladah Pty Limited in the near future, has Mr Andrews been involved in this process? If so, in what capacity?**

In November 2014, Sydney Harbour Foreshore Authority entered into an Agreement for Lease (AFL) with Tallawoladah Pty Ltd in its capacity as trustee for the Tallawoladah Property Trust. The AFL provided that SHFA would grant a 55 year lease together with a licence for outdoor seating to Tallawoladah if and when Tallawoladah satisfied a number of conditions precedent, including practical completion of the building works. Practical Completion and the other conditions precedent, as defined in the AFL, have now been achieved and we anticipate that the Lease will be formally executed by the parties in the near future.

Mr Andrews as the leasing agent for the Sydney Harbour Foreshore Authority/PMNSW was not involved in the above process leading to the Agreement for Lease or in the process that will lead to the formal execution of the lease with Tallawoladah Pty Ltd.

Mr Tim Andrews however did not provide leasing services to the Sydney Harbour Foreshore Authority exclusively. This is typical of most leasing agents. For instance, the current retail leasing agents for Place Management NSW, United Property Services also provide leasing services to other clients. This non-exclusive arrangement reflects the periodic workload of leasing in the Rocks precinct and allows for high quality agents to be secured.

Mr Tim Andrews was also appointed as leasing agent for Tallawoladah Pty Ltd in mid-2015. He was tasked with securing tenancies for the Campbells Stores building who would sublet the building from Tallawoladah Pty Ltd once the redevelopment had been completed and the lease with Place Management NSW had commenced.

**4. If Mr Andrews has been involved in either of the above, were any conflicts of interest declared? If so, what were the conflicts and how were they managed?**

Mr Tim Andrew's signed a deed of confidentiality as part of his engagement in December 2014. (See Appendix 2).

On 18 August 2015, Sydney Harbour Foreshore Authority asked that Mr Tim Andrews enter into a conflict of interest management plan and declare any conflict of interests, given the potential conflict of interest with other clients and financial interests that Mr Tim Andrews had in the food and beverage industry. (See Appendix 2).

**5. Any additional information Property NSW considers may assist the Commission in the assessment of this matter.**

A search for documents with terms related to Tim Andrews and Tallawoladah was conducted which revealed only one reference to both parties. This was contained within minutes of the Campbell Stores PCG (appendix 2) with Tallawoladah stating that Tim Andrews is likely to be a member of the PCG representing Tallawoladah (attachment B). No other reference was found and there was no evidence that Tim Andrews attended any PCG for Tallawoladah Pty Ltd.

Paul Robinson, the project manager for the Campbells Store negotiations who is currently employed at Sydney Ports was contacted on 17/4/2019 and he confirmed that Tim Andrews was not involved in the Campbell Stores negotiation process and that any request to include him by Tallawoladah Pty Ltd in the process would have been rejected by the potential conflict of interest.

## **APPENDIX 2**

### **Table of contents**

1. Signed Deed of Confidentiality
2. Signed Conflict of Interest Management Plan
3. Campbells Stores PCG Minutes 14 January



Mr Paul Robinson  
Consultant, SHFA  
Sydney Harbour Foreshore Authority  
Level 6, 66 Harrington Street  
The Rocks  
Sydney, NSW 2000

Monday April 29, 2013

**Re: Campbell's Stores – HOA & AFL Negotiations**

Dear Paul

Thank you for your recent correspondence in regards to the changes within SHFA's Executive team and the appointment of Debra Dearing as Executive Director, Place Development. We look forward to meeting Debra as we work towards finalising the Heads of Agreement and Agreement for Lease.

Further to our conversation last week, we take this opportunity to inform you of some changes and additions to our team. Dennis Lidis has had to step back from his active involvement within this process due to the demands of our 'Riverside' development in Parramatta. Dennis has asked me to communicate his disappointment at not being able to be involved in the next stage but I assure you he has set the team for success.

The team that will be actively engaged are –

Christopher Drivas	Managing Director, Docksider Group and Director Tallawoladah Pty Ltd
Philip Beauchamp	Development Manager
Tim Andrews	Consultant, Asset Manager
Elizabeth McKechnie	Director, Minter Ellison as Legal Advisor
David Blackwell	Director, Urbis as Financial Advisory
Richard Johnson	Director, JPW as Lead Architect

Due to this change, the availability of our new team and the recent receipt of the revised Heads of Agreement document via Ashurst, I appreciate be able to postpone the meeting to allow our team to get up to speed. This will ensure the most productive outcomes at our next scheduled on Monday August 5<sup>th</sup>, 2013.

With our enhanced team, we look forward to concluding the HOA and AFL whilst evolving the Design Concept Plan with Richard Johnson of JPW aligned with the Circular Quay Master Plan.

We greatly appreciate the support and encouragement shown by your office to-date and look forward to meeting again once we have a better understanding of the Heads of Agreement.

Yours faithfully  
Christopher Drivas  
Managing Director

Yours faithfully  
Alfred Lai  
Proprietor

a57

**Robyn Koster**

---

**From:** Philip Beauchamp  
**Sent:** Thursday, 30 April 2015 4:39 PM  
**To:** Phil Cortis  
**Cc:** Paul Robinson  
**Subject:** FW: Campbell's Stores Stakeholders Strategy  
**Attachments:** SMH Clr - Campbell's Stores Announcement 30042015.pdf; AFR Clr - Campbell's Stores Announcement 30042015.pdf

Hi Phil,

In Lisa's absence until May 4<sup>th</sup>, please assess our updated list in preparation of the Campbell's Stores Stakeholders Strategy that was discussed at this week's PCG. Please determine when this meeting will take place. I propose to involve Tim Andrew, Tallawoladah Pty Ltd Retail Manager, Tim Allerton of City PR and possibly one or two Directors of Tallawoladah Pty Ltd.

The attachments media pieces appeared in today SMH and AFR, FYI.

Kind regards,  
Philip

**PHILIP BEAUCHAMP**  
*Development Director*

DOCKSIDE GROUP  
Address SUITE 501/35, LIME STREET, KING STREET WHARF, SYDNEY NSW 2000

| Web [WWW.DOCKSIDEGROUP.COM.AU](http://WWW.DOCKSIDEGROUP.COM.AU)



**From:** Tim Allerton  
**Sent:** Thursday, 30 April 2015 12:01 PM  
**To:** Philip Beauchamp; 'Lisa Norris'  
**Cc:** 'Tim Andrews'  
**Subject:** RE: Campbell's Stores Stakeholders Strategy

Hi,

Here are my additions!

**For**  
**Industry & Government Agency Advocates**  
Sandra Chipchase – CEO Destination NSW  
Lyn Lewis-Smith – CEO – Business Events Sydney  
Margy Osmond – CEO – TTF  
Bruce Baird – Chairman (Outgoing) – TTF