

19. CONFIDENTIAL

19.1 CORPORATE

19.1.1 Unsolicited Proposal – 127 Nicolson Avenue

Council Meeting: 17 April 2023

Author's Title: Manager Finance

File No.: 0-159

Directorate: Corporate

Annexures

Annexure A – Unsolicited Proposal

Annexure B – Letter of Support

Annexure C – Valuation

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

Yes

No

Yes

No

Reason – This report is considered confidential on the basis that it contains information of a commercial nature consistent with Section 90(3)(b) of the Local Government Act 1999.

RECOMMENDATION

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, Council orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Kristen Clark, Director City Infrastructure, Jade Ballantine; Director City Growth, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Michelle Armstrong; Executive Coordinator - CEO and Mayor and Lisette Symons; Executive Coordinator – Corporate for Agenda Item 19.1.1 – Unsolicited Proposal – 127 Nicolson Avenue.

The Council considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Council will receive and consider a report containing commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council.

PURPOSE

To seek the Council's approval to enter into exclusive negotiations with Country & Outback Health for the sale of 127 Nicolson Avenue.

SUMMARY

On 14 February 2023, Council received an unsolicited proposal from Country and Outback Health (COH) for the purchase of 127 Nicolson Avenue for the value of \$1 million.

The property is one that Council has previously indicated they would like to consider divesting themselves of, as commercial property management falls outside the scope of Council's core business. The building is not on community land, so can be sold via a normal process.

Council obtained an independent valuation for the building from Opteon, which came back at \$1.35 million. The building is starting to age and according to Council's Asset Management Strategy is due for \$300,000 of renewal over the next two financial years, and a further \$330,000 of renewal between years 3 and 10 of the Long Term Financial Plan (LTFP).

Based on the background information and the key considerations, it is considered appropriate that Council enter into a period of exclusive negotiations with COH. It is proposed that administration will make a counteroffer of \$1.35 million but be authorised to accept an offer of \$1.3 million.

RECOMMENDATION

Council:

- 1. delegate the CEO to enter into exclusive negotiations with Country and Outback Health for the sale of 127 Nicolson Avenue, and authorise a sale contract if a price point of \$1.3 million or higher can be agreed; and**
- 2. having considered Agenda Item 19.1.1 – Unsolicited Proposal – 127 Nicolson Avenue in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act, orders that this Report and any Annexures to this Report be kept confidential and not available for public inspection until such time as the premises at 127 Nicolson Avenue is sold, except insofar as is necessary to implement the Council decision, on the basis that it contains commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.**

19.1.1 Unsolicited Proposal – 127 Nicolson Avenue

REPORT

BACKGROUND

On 14 February 2023, Council received an unsolicited proposal from Country and Outback Health (COH) for the purchase of 127 Nicolson Avenue for the value of \$1 million, which is included at **Annexure A**.

COH are a non-for-profit that currently operate out of two locations in Whyalla, which they are looking to consolidate into a single facility. They included a letter of support from UniSA with their application, which is included at **Annexure B**.

The property is one that Council has previously indicated they would like to consider divesting themselves of, as commercial property management falls outside the scope of Council's core business. The building is not on community land, so can be sold via a normal process.

The property is currently rented out to a number of tenants, for a total value of approximately \$36,000 per annum. Currently all of the lease agreements are in a rolling over period. The operating costs of the building, included depreciation, are approximately \$38,000 per annum.

Council obtained an independent valuation for the building from Opteon, which came back at \$1.35 million. This is included at **Annexure C**.

The building is starting to age and according to Council's Asset Management Strategy is due for \$300,000 of renewal over the next two financial years, and a further \$330,000 of renewal between years 3 and 10 of the Long Term Financial Plan (LTFP).

This proposal was presented to the Audit & Risk Committee at their meeting held 3 April 2023.

DISCUSSION

The proposal has been assessed against Council's Unsolicited Proposal Policy.

Key considerations

The areas considered key in the this assessment are:

- COH are a non-for-profit organisation that provide vital services to the community.
- Council has already indicated that disposing of this building should be investigated.
- The building is falling due for significant works that are funded within Council's LTFP.

Recommendation

Based on the background information and the key considerations, it is considered appropriate that Council enter into a period of exclusive negotiations with COH.

Administration also put a proposal to the Audit & Risk Committee that it may be appropriate to accept a price point below market value, due to the community value generated by the operations of the COH. The proposed price point was \$1.2 million, being approximately 90% of the market valuation.

The Audit & Risk Committee were of the opinion that giving COH the opportunity to enter into exclusive negotiations, and not having to compete against other entities for the property, was already a significant advantage and did not support discounting from the market valuation received. They did support entering into exclusive negotiations and also offering a discount for the costs saved by not having to engage a real estate agent. They thought that this should be the model used for these types of proposals moving forward.

It is therefore proposed that administration will make a counteroffer of \$1.35 million but be authorised to accept an offer of \$1.3 million. Council recently received a quote for the sale of commercial property from a real estate agent, with this being 3.3% of sale price plus advertising costs of \$1,500. This would put total selling costs of this property at approximately \$46,000, so it is proposed to round this to a discount of \$50,000.

Further considerations

Informal discussions have already been held with COH about the process being undertaken internally. On the advice of the Audit & Risk Committee the proposed price point of \$1.35 million was discussed, to assist with moving the process along quickly if it progresses. It was made very clear that this was not a formal offer and was subject to change pending the Council's decision.

During initial discussions, COH inquired if there was any possibility of Council providing a loan to assist with facilitating the purchase, if the final negotiated purchase price was above \$1 million. Council does have the power to provide loans to community organisations and many other councils in South Australia do this, however this is usually to facilitate lending to organisations that own buildings on council owned land, meaning they can't access normal commercial finance.

The Audit & Risk Committee did not support the provision of a loan to COH.

Discussions were also held with COH about the possibility of some of the current tenants being offered leases for a period of time to allow them to transition to other premises. While the main tenant is a larger business, who are actively looking for other accommodation, there are a number of smaller businesses using the space, including a provider of disability services. COH were open to having this discussion during negotiations.

As part of undertaking their due diligence, COH have already been given access to undertake a building inspection and have indicated that no major issues were identified.

Financial Implications

The building runs close to a breakeven for Council, which is not a particularly good outcome for a building a commercial nature that should be generating net income.

If the building was sold at a value of \$1.3 million, these funds would be used to pay down Council's loan balance, saving Council interest of \$72,000 per annum at current rates.

In addition, Council would not be required to undertake the projected renewal spend over the short to medium term which is projected to be \$630,000. This would reduce loan projections further and result in an ongoing interest saving of \$105,000 per annum at current rates by the end of the plan.

In normal circumstances, Council does not consider the sale of assets as a viable way to reduce loan borrowings and improve ongoing operating result. Council is the custodian of the community's assets and their ongoing use for service delivery is a consideration that outweighs the normal return on investment decisions that are made in a commercial setting.

However, in the case of this asset, Council have already indicated that sale should be investigated. Council owns the building due to historical interaction with the local economic development board. But if making the decision today, Council would not look to take ownership and manage a commercial building, as it does not align with Council's strategy or core business.

It is therefore appropriate to consider the disinvestment of this asset, and the positive impact it will have on Council's financial projections.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adopt to the changing needs and expectation of the community.

Objective 2.4 – To ensure that infrastructure is maintained and managed to meet the community's economic, social and physical needs

Legislation

Local Government Act 1999

Officer Direct or Indirect Interest - Nil

Risk Assessment

The main risk relates to the financial benefits that may be foregone by not offering the property for sale on the open market. Council has undertaken due diligence by obtaining a market valuation from a qualified source, however until a property is offered for sale, this assumption cannot be tested. This risk goes both ways, with the current state of the building meaning that the valuation could be overstated.

This risk is weighed against the community benefit obtained by this outcome, with the offer and letter of support both outlining the synergies created by locating this service in this facility. In this circumstance, it is considered that over all community value is maximised by this course of action.

Social Considerations

The key consideration is that community value should be maximised by this transaction, which is considered in the risks above.

Community Engagement – Nil

Environmental Implications – Nil

Communication

Once negotiations progress, communication with the current tenants of the building will be very important, to give them suitable time to make alternate arrangements.

Conclusion

In normal circumstances, Council does not consider the sale of assets as a viable way to reduce loan borrowings and improve ongoing operating result. Council is the custodian of the community's assets and their ongoing use for service delivery is a consideration that outweighs the normal return on investment decisions that are made in a commercial setting.

However, in the case of this asset, Council have already indicted that sale should be investigated. Council owns the building due to historical interaction with the local economic development board. But if making the decision today, Council would not look to take ownership and manage a commercial building, it does not align with Council's strategy or core business.



Country &
Outback Health

www.cobh.com.au
Email: admin@cobh.org.au

Justin Commons
CEO – Whyalla City Council
Darling Terrace
Whyalla SA 5600

14th February 2023

Dear Justin,

As discussed, I am writing on behalf of Country & Outback Health to formally register our interest in purchasing the council owned building located at 127 Nicholson Street, Whyalla.

Country & Outback Health is a not-for-profit organisation that provides a wide range of mental health, allied health and NDIS support services, not only to the residents of Whyalla but the greater Eyre Peninsula and country north regions of South Australia. We are an established non-government organisation committed to improving the health and wellbeing of our regional communities.

Our Country & Outback Health office is currently located at 29-31 Moran Street, Whyalla Norrie and our headspace Centre is located within the Doctors at Westlands building at 24-26 Ekblom Street, Whyalla Norrie. While these locations have worked well in the past, we have reached the point that they are now restricting the volume and diversity of our services therefore we are looking for a suitable premises to house both our teams. Co-location will support easier access of our services for the residents of Whyalla and contribute to greater client outcomes.

The building at 127 Nicolson Avenue is of great interest to us due to its ideal location, size and useable layout; transport has been highlighted as a significant barrier, especially for young people, to accessing our services. Being located within easy walking distance of Whyalla Secondary College, the University of South Australia's Whyalla Campus, Tafe SA Whyalla Campus and on a main road will increase access of our services to our target population. Our headspace Centre being affiliated with the Doctors at Westlands practice has in recent times restricted our delivery of GP services within the Centre, dissolving this affiliation will enable us to engage alternate GP services which are currently unavailable to us. The size of the building would enable us to comfortably collocate Country & Outback Health and headspace Whyalla teams and still have space to grow our team/services in line with the demands of the community. As you can appreciate being a not-for-profit organisation can be financially challenging, therefore while evaluating suitable buildings we have been vigilant to ensure that any refurbishment costs can be kept to a minimum. Any funding spent to ensure the space is useable, comfortable and culturally appropriate for our clients is funding taken from direct service delivery. The current layout of the building at 127 Nicholson Avenue will require little refurbishment to suit the needs of our service delivery.

CEDUNA

Cnr Merghiny Dve
& O'Loughlin Tce
(PO Box 459), SA 5690
P | 08 8621 3850

CLARE

2/17 Lennon St
(PO Box 842),
SA 5453
P | 08 8841 4400

KADINA

73 Taylor St
(PO Box 197),
SA 5554
P | 08 8821 6700

NURIOOTPA

16 River Road
(PO Box 882),
SA 5355
P | 08 8565 8500

PORT AUGUSTA

12 Chapel St
(PO Box 18),
SA 5700
P | 08 8643 5600

PORT LINCOLN

21 Oxford Tce
(PO Box 804),
SA 5606
P | 08 8621 3800

PORT PIRIE

104 Florence St
SA 5540
P | 08 8638 3900

WHYALLA

29-31 Moran St
(PO Box 2029)
Whyalla Norrie SA 5608
P | 08 8644 4900



Country &
Outback Health

www.cobh.com.au
Email: admin@cobh.org.au

Ultimately, we believe that our purchase of the building will be mutually beneficial for both parties; Country & Outback Health will gain a new, larger and more accessible space for health service delivery and the City of Whyalla will be enabling easier access to a larger volume of services to the community of Whyalla.

Based on the rationale above and our current financial position I would like to formally offer the City of Whyalla \$1 million for the purchase of 127 Nicholson Avenue, Whyalla Norrie.

We would greatly appreciate if, throughout your decision-making process, you consider the valuable services that Country & Outback Health have been and will continue to deliver to the community of Whyalla.

Kind regards,

Zieco Skeldon
Chief Executive Officer
Country & Outback Health
29-31 Moran Street
Whyalla Norrie SA 5608

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SA 5540
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WHYALLA

29-31 Moran St
(PO Box 2029)
Whyalla Norrie SA 5608
P | 08 8644 4900



3 February 2023

Zieco Skeldon
PO Box 2029
WHYALLA NORRIE SA 5608

To whom it may concern,

The University of South Australia through its Whyalla campus has developed an effective working partnership with Country & Outback Health (COBH). For example, COBH provide scholarship and placement opportunities for our final year Social Work students as well as employing students during their studies and once they finish as graduates.

Social Workers and other Practitioners at COBH also actively engage in professional development and masterclasses offered at the university and this provides networking and capacity building for our students during their studies, and with academic staff who liaise closely with the practitioners and supervisors in the field. COBH also utilize the campus facilities from time to time for workshops and training for their staff.

As such it would be ideal for an organisation such as Country & Outback Health to relocate their operations to the education precinct along Nicolson Avenue. This would create even further opportunities to strengthen the partnership with UniSA.

In summary, the University of South Australia fully endorses Country & Outback Health's application to purchase the Council owned WEDB building located on Nicolson Avenue.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Havelberg', with a long, sweeping underline.

Paul Havelberg
Regional Manager: Whyalla Campus
University of South Australia

**Regional Managers
Office**

**111 Nicolson
Avenue
Whyalla Norrie
South Australia 5608**

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Valuation Report

Whytec Building, 127 Nicolson Avenue
Whyalla Norrie, South Australia 5608

File Ref: 15909561

VALUATION REPORT



Whytec Building, 127 Nicolson Avenue Whyalla Norrie, South Australia 5608

Prepared For	Whyalla City Council
Valuation Purpose and Intended Use	Pre-sale purposes
Valuation Date	14 February 2023
Our Reference	15909561
Client Reference	PO 130400
Inspection Type	Full Inspection

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1.0 Valuation Summary

1.1 Instructions

Instructing Party	Jo-Anne McGrath, WHYALLA CITY COUNCIL
Client	Whyalla City Council
Other Intended Users/Additional Client Information	Nil
Client Reference	PO 130400
Property Address /Asset Valued	Whytec Building, 127 Nicolson Avenue, Whyalla Norrie, South Australia 5608
Valuation Purpose and Intended Use	Pre-sale purposes
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Whyalla City Council and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	<p>Partial Inspection:</p> <p>We have not been provided access to internally inspect the detached workshop. We assume it to be an open layout (clearspan) workshop. Should our assumption prove incorrect, we reserve the right to review our valuation accordingly.</p> <p>Internal access was not available to all improvements onsite. The improvements were measured and inspected externally. From our external inspection and our enquiries with the property contact these improvements are understood to be in similar condition to the parts of the property that were inspected internally. Our valuation is assessed on the basis that all improvements onsite are in a similar condition to those inspected internally and we reserve the right to review and if necessary alter the valuation if this is not the case.</p>

1.2 Property Details

Property Description	<p>The subject property comprises a circa 2000's era, single level office/warehouse building, located in an 'educational' precinct noting the surrounding land uses comprise the TafeSA Whyalla Campus, Whyalla Secondary College and University SA Campus. The improvements appear largely original to the construction era and are functional for office and storage accommodation.</p> <p>Lease documents provided and correspondence with our client indicates both occupants / tenants are holding over on a periodic occupancy basis and our assessment makes the critical assumption that the property can be sold with vacant possession.</p>
Title Reference	Allotment 3 Deposited Plan 44349 Volume 5530 Folio 23
Tenure Type	Freehold
Registered Proprietor	The Corporation of the City of Whyalla
Total Title Area	4,731 sqm
Site Utilisation	25.05%

Lettable Area	1,185 sqm
Zoning	Community Facilities

1.3 Property Profile

Occupancy/Cash Flow

Occupancy Status	Lease documents provided and correspondence with our client indicates both occupants / tenants are holding over on a periodic occupancy basis and our assessment makes the critical assumption that the property can be sold with vacant possession.
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Market

Marketability	Average, noting the regional location and size of the improvements, balanced by the good utility and location that provides good exposure to passing vehicles.
Market Activity	Low sales volumes and limited activity.
Recent Market Direction	Steady after a period of increased demand and price growth in most locations in South Australia.

Asset

Highest & Best Use	The highest and best use for the property is considered to be the existing commercial use (or similar).
Capital Expenditure	During our inspection we did not note any items requiring immediate capital expenditure, other than items which would normally be undertaken as part of an ongoing regular maintenance program.

Asset Management

Asset Complexity	The property is a multi-tenanted asset which would normally require appropriate skills or professional property management in order to manage the asset.
Current Management	The property is currently managed by the Registered Proprietor and we recommend the engagement of a professional property management firm.

Assumptions & Recommendations:

Significant and Verifiable Assumptions	<ul style="list-style-type: none">• The instructions and information supplied contain a full disclosure of all information that is relevant.• Lease documents provided and correspondence with our client indicates both occupants / tenants are holding over on a periodic occupancy basis and our assessment makes the critical assumption that the property can be sold with vacant possession.• The subject property is zoned Community Facilities. Our adopted methodology to determine market value requires the assumption of an alternate 'Employment' type zoning that permits land use that is more consistent with the current use of the property, including a range of low-impact light industrial, commercial and business activities.• Outlined within this report are the approximate building lettable areas sourced from basic on-site measurements and therefore the areas within this report are approximate only and should be used as a general guide.
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- The Lease Plan provided does not indicate a lettable area for the Tenancy to MC Shared Services Pty Ltd. From basic on-site measurements (which are approximate only) we calculate a tenancy area (net lettable area) of 160sqm. Should a lettable area survey prove this to be incorrect, we reserve the right to review our valuation.
- Some of the adopted outgoings are estimated in the absence of actual outgoings. Should actual outgoings differ from that described within our valuation report, we reserve the right to review and amend our assessment accordingly.
- Internal access was not available to all improvements onsite. The improvements were measured and inspected externally. From our external inspection and our enquiries with the property contact these improvements are understood to be in similar condition to the parts of the property that were inspected internally. Our valuation is assessed on the basis that all improvements onsite are in a similar condition to those inspected internally and we reserve the right to review and if necessary alter the valuation if this is not the case.
- The improvements on the subject property are constructed on or close to one or more site boundaries and a survey would be required to confirm if encroachments exist. Our valuation assumes all of the structural improvements identified within this report are within the boundaries of the subject property and there are no structural improvements from the adjoining lands encroaching on the subject property.
- Our valuation assumes there is no site contamination that requires remediation or would prevent a continuation of the existing or similar land use.
- Our valuation assumes there are no asbestos products onsite that are deemed high risk or require urgent removal for health and safety reasons.

Assumptions Requiring Further Consultancy

- None Recommended

Recommended Documents to Sight

- Site survey (If deemed necessary)
- Asbestos register (If deemed necessary)
- Lettable Area Survey (If deemed necessary)

1.4 Key Valuation Outputs

Passing Net Income	\$19,519 per annum
Market Net Income	\$136,679 per annum
Market Yield	8.98%
Market Value Rate	\$1,139/sqm lettable area \$285/sqm site area

1.5 Valuation Details

Market Value As Is:

Market Value subject to Existing Leases / Occupancies:	\$1,350,000
Market Net Rental Value:	\$136,679 pa

This valuation is exclusive of GST

Interest Valued	Fee simple subject to existing lease
Date of Inspection	14 February 2023
Date of Valuation	14 February 2023
Date Issued	24 February 2023
Expiry of Valuation	This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Signatories



Max Stephanides AAPI CPV
Senior Commercial Property Valuer
API No: 64557
Primary Valuer
max.s@opteonsolutions.com

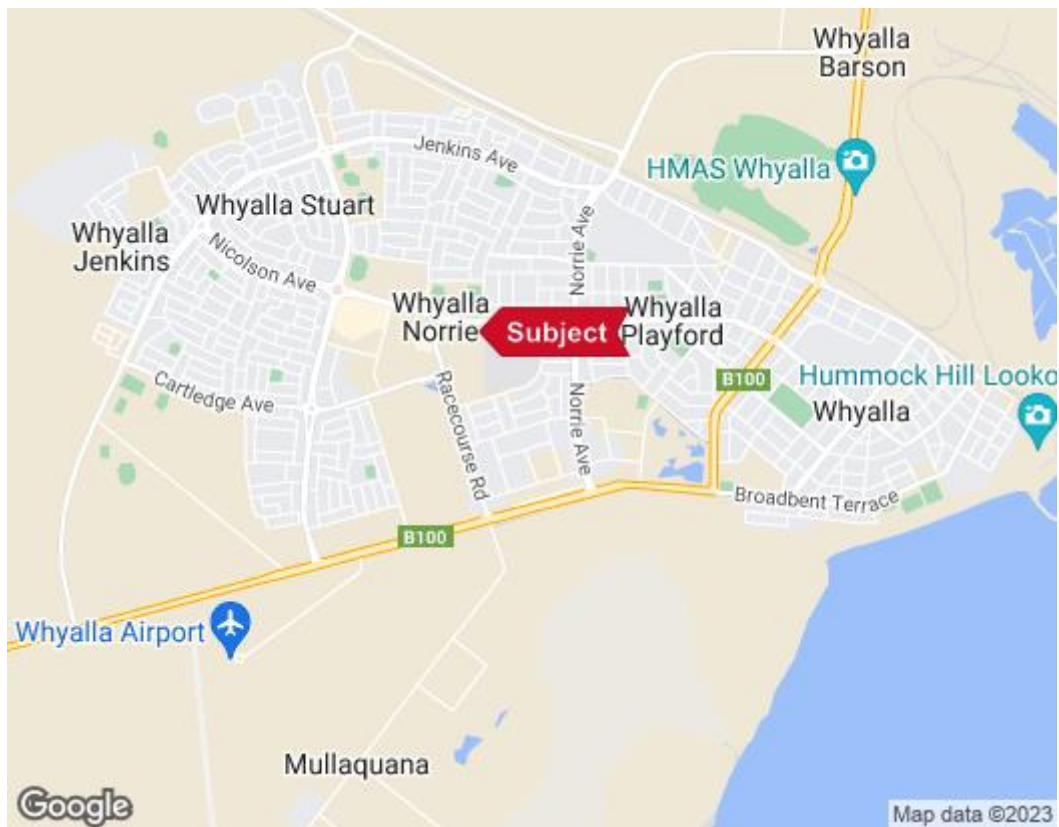
Valuation Summary

This Valuation Summary has been prepared with acknowledgement by the client that it is a synopsis of the property and the valuation on the understanding the client is familiar with the property or have taken their own investigations and due diligence on the property. A more detailed valuation report can be provided if required. All information obtained and researched on the property has been retained on our files for future reference if required. This report is provided on the basis and understanding that this report is only to be used for the specified purpose.

2.0 Location

Location	The regional City of Whyalla is approximately 390 kilometres north of Adelaide and is the second largest city in South Australia by population (excluding Gawler) with a population of 21,751 people as at the 2016 census. Nicolson Avenue is an arterial roadway some 900m east of the Westlands Shopping Centre.
Neighbourhood	Surrounding development is of an educational nature with the TafeSA Whyalla Campus located west of the subject property and the Whyalla Secondary College and University SA Campus east of the subject property.

Location Map



Sourced from maps.googleapis.com

Specific Location Map



Sourced from <https://sappa.plan.sa.gov.au/>

3.0 Tenure

3.1 Title Particulars

Title Reference	Tenure	Registered Proprietor	Title Area
Allotment 3 Deposited Plan 44349 Volume 5530 Folio 23	Freehold	The Corporation of the City of Whyalla	4,731 sqm
Total Title Area			4,731 sqm

4.0 Improvements

4.1 Main Building

Main Building Type	Commercial building
Accommodation	<p>Comprises a reception area with male and female toilets, multiple partitioned offices, boardroom and training rooms. There are various store rooms, print room, tea rooms and additional male, female and disable persons toilet amenities within the workshop area.</p> <p>Workshop area has a single rear roller door for access, three rows of internal columns, minimum internal clearance of approx. 4.1m and an additional 3 rooms office (or similar) constructed within.</p> <p>Detached from the main improvements and located towards the south western corner of the site is a rear workshop with two front roller doors. We have not been provided access to internally inspect the detached workshop. We assume it to be an open layout</p>

(clearspan) workshop. Should our assumption prove incorrect, we reserve the right to review our valuation accordingly.

Construction:

Floors	Concrete
Main External Walls	Fibre cement panel clad
Windows	Aluminium
Roof	Metal
Main Interior Linings	Painted brick, plasterboard
Ceilings	Suspended ceiling tiles on metal grid frame
Construction Year	Circa 2000

Building Services

Lighting	Fluorescent lighting.
Air-conditioning / Ventilation	The offices are fully air-conditioned
Electrical	The building has standard electrical services.
Fire Services	Firefighting equipment is provided including fire extinguishers, fire hose reels and emergency exit signs and exits and is assumed to comply with Building Code of Australia guidelines and standards.
Disability Access	Level or ramp access is provided for disabled persons.

4.2 Building Areas

Total Lettable Area	1,185 sqm
Building Area Measurement Basis	Gross Lettable Area
Source of Areas	The building areas have been obtained from on-site measurements.

Building:	Accommodation:	Lettable Area:
1	Main Building	1,000 sqm
2	Detached Workshop	185 sqm
Total Lettable Area:		1,185 sqm

4.3 Other Improvements

Ancillary Improvements	Bitumen sealed parking bays, concrete curbs and garden beds.
Car Parking	Open onsite sealed car parking for approx. 22 vehicles

4.4 Condition and Repairs

Internal Condition	Generally appears in average condition
External Condition	Generally appears in average condition
Repairs & Maintenance	At the time of inspection the building appeared to be in reasonable condition with no significant requirements for repairs being noted other than items which would normally be undertaken as part of regular repairs and maintenance.

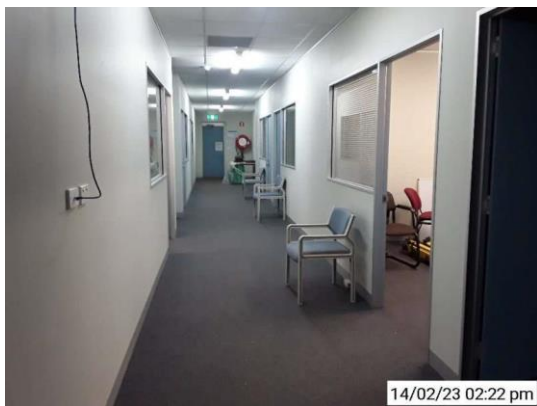
5.0 Photography



Front



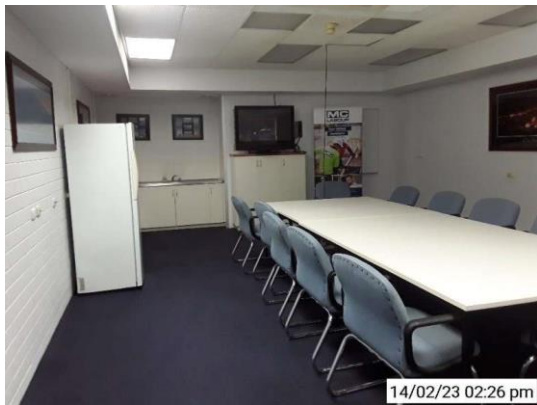
Reception



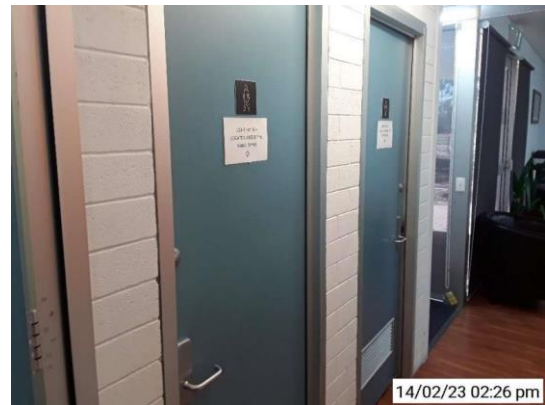
Offices



Training Room



Boardroom



Amenities



Workshop



Rear



Ancillary Workshop



Car Accommodation

6.0 Occupancy and Lease Details

Occupancy Status	Lease documents provided and correspondence with our client indicates both occupants / tenants are holding over on a periodic occupancy basis and our assessment makes the critical assumption that the property can be sold with vacant possession.
Leases Sighted	We confirm having been provided with signed copies of the relevant Leases.

6.1 Lease Summary

Lessee	MC Shared Services Pty Ltd
Guarantor/Guarantees	Nil Evident
Security Deposit	Nil Evident
Demised Premises	Portion of 127 Nicolson Avenue. Refer to Lease Plan
Commencement Date	31 October 2021
Year of Occupancy	2021
Initial Term	6 months
Options	6 months
Expiry Date	30 April 2022
Commencing Rent	\$7,590 pa
Current Rent	\$7,840 pa
Rent Includes GST	No

Rent Reviews	Annual to CPI
Net or Gross	Net
Outgoings	The rent is on a net basis and the tenant pays for property outgoings.
Permitted Use	Administration Operations
Special Conditions	The Lease acknowledges various special conditions. Of note is the provision for the Lessee to 'manage' other tenancy areas within the building and share the income with the council at a rate of 50% to the Lessee and 50% to the Council.
Make-Good	Nil Evident
<hr/>	
Lessee	Concept Tinting Pty Ltd
Guarantor/Guarantees	Nil Evident
Security Deposit	Nil Evident
Demised Premises	Portion of 127 Nicolson Avenue, Whyalla Norrie, Known as Shed A and Shed B.
Commencement Date	1 May 2020
Year of Occupancy	2020
Initial Term	1 year
Options	Nil
Expiry Date	30 April 2021
Commencing Rent	\$11,171 pa
Current Rent	\$11,679 pa
Rent Includes GST	No
Rent Reviews	CPI
Net or Gross	Net
Outgoings	The rent is on a \net basis and the tenant pays for property outgoings.
Permitted Use	Business of Concept Tinting
Special Conditions	The Lease acknowledges various special conditions.
Make-Good	Nil Evident

7.0 Statutory Assessments

Statutory Assessments Statutory assessments for rating and taxing purposes as are as follows:

Site Value \$151,000
 Capital Value \$1,275,000

The above assessments have been prepared for rating and taxing purposes only. The values were assessed as at a particular date and should not be relied upon for any use other than rating and taxing purposes, or compared with a current market valuation which may have been assessed on a different basis or at a different date.

8.0 Financial Details & Analysis

8.1 Outgoings

From information provided and market benchmarks, we have determined outgoings for the property as follows:

Outgoings Analysis

Outgoings Schedule			Adopted	\$ /sqm:
Statutory Outgoings:	Land Tax		\$0	\$0.00
	Council Rates		\$5,880	\$4.96
	Water & Sewerage Rates		\$4,200	\$3.54
	ESL		\$1,379	\$1.16
			\$11,459	\$10
Operating Expenses:	Security		\$1,500	\$1.27
	Fire Protection		\$130	\$0.11
	General Repairs		\$5,000	\$4.22
	Insurance		\$3,115	\$2.63
	Management Fees		\$5,400	\$4.56
			\$15,145	\$13
Total Outgoings:			\$26,604	\$22
Apportioned:	Recoverable Outgoings		\$26,604	\$22.45
	Non-Recovered Outgoings		\$0	\$0.00

Estimated Outgoings The above are estimates of outgoings only and we reserve the right to review our valuation upon being provided with details of actual outgoings.

Non-Recoverable Outgoings Our valuation assumes Net leases with all property outgoings assumed recoverable.

Outgoings Assumption This valuation assumes the financial information provided to us is reasonably accurate.

8.2 Conclusion

Current Net Income \$19,519 pa

Market Net Income \$136,679 pa

9.0 General Comments

Lease documents provided and correspondence with our client indicates both occupants / tenants are holding over on a periodic occupancy basis and our assessment makes the critical assumption that the property can be sold with vacant possession.

We strongly recommend that any future Lease or occupancy agreements are negotiated at market rental levels and provide rental reviews to market rates at regular intervals. If binding leases are negotiated at below market rental levels, it may have a significant negative impact on market value and marketability.

10.0 Market Commentary

Commercial transactions within Upper Spencer Gulf region have been limited in recent years. This is not considered unusual for regional locations in South Australia.

2021 and H1 of 2022 reflected a strong period of growth in most property markets in South Australia; with demand exceeding supply and prices rising in many locations. Much of the demand and price growth during that period was fuelled by historically low interest rates, improving levels of business and consumer confidence (as uncertainty associated with the pandemic reduced) and a shortage of quality property being offered to the market.

At the date of preparing this valuation, the Reserve Bank of Australia has recently increased the cash rate to 3.35% (announced on Tuesday 7th February, 2023). The latest 25 basis points increase, follows eight consecutive monthly rate increases throughout 2022 (with rates increasing by 325 bps from May 2022). The RBA is taking a proactive approach to monetary policy in response to rising inflation; now reaching 7.8% in the December 2022 quarter. Current inflation levels are well above the RBA's target band of 2-3% and are their highest level since 1990. The economic outlook for growth in Australia is now weaker following recent interest rate increases. This, combined with most economists predicting further increases to the cash rate in H1 2023, is expected to result in a level of increased caution in some markets in coming months. Rising inflation is expected to be exacerbated by Australia's low unemployment rate and sharp increases in the 10 year bond rate over the past 24 months. These risks, coupled with recent geopolitical tensions (both in the Australasian region and in Europe), supply chain bottle necks, labour shortages and increasing construction costs, all add to current pressures impacting local property markets. A number of property sub - markets are now considered to have passed their peak for the foreseeable future.

Whilst the commercial property market in South Australia has remained broadly stable over the past 6 to 12 months, reduced transaction volumes, softening asset values and weakening market yields are beginning to become apparent in some asset classes and locations. The economic impacts of rising inflation and interest rates are expected to result in an increased risk of above average volatility and potential for a market correction. An increase in yields, all things being equal, will have an adverse impact on market values. Reliance on our valuation should be with this in mind and the client is therefore encouraged to seek regular updates of this valuation.

11.0 Market Evidence

11.1 Rental Evidence

Address	Commencement Date	Term & Options	Total Rent (pa)	Rental Basis	Lettable Area (sqm)	Overall Rate (\$/sqm)
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3 Main Street, Port Augusta, SA	Feb-22	Term: 5 yrs Options: 5 yrs	\$55,000 pa	Net	382	\$144
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Comments: Comprises a circa 1980's brick constructed, single level building suitable for office or medical rooms. Accommodation includes 11 rooms, reception/ waiting room, amenities, kitchen and storage rooms. Lettable area is advised to be 382sqm. There is a detached Colorbond shed with 7 car spaces, plus an attached 4 car carport.

Leased to an allied health service for 5 years commencing Feb 2022, with a 5 year option and CPI annual increases.

Comparability: Lower grade, older, office and workshop accommodation in a lower profile location. Smaller tenancy area. Indicates a moderately lower net rental rate for the subject's main tenancy.

104 Ellen Street, Port Pirie, SA	May-21	Term: 3 yrs Options: 3 yrs	\$38,000 pa	Gross	128	\$297
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Comments: The property comprises a two-storey commercial building centrally located on the corner of Ellen Street and Alexander Street within the main commercial and retail precinct of Port Pirie. This tenancy is the ground level office accommodation only. We note there is residential accommodation above that is leased separately.

Leased on a Gross basis to 'Commonwealth of Australia' and utilised as the local MP's office, expiring 30/04/2024.

With outgoings estimated at \$65/sqm, the current passing rent reflects an approximate Net rental rate of \$232/sqm

Comparability: Significantly smaller office tenancy in a main street location. Indicates a lower net rental rate to be appropriate for the subject's main tenancy.

25 Graves Street, Kadina, SA	Oct-20	Term: 5 yrs Options: 5 yrs	\$58,800 pa	Net	320	\$184
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Comments: Comprises a single level, attached retail premises, centrally located within Kadina town centre. The building was constructed in 1999 of rendered brick. Accommodation includes the shop front with sales counter and dining area, kitchen, office, cool room, bakery, freezer, store room, bathroom amenities and rear undercover loading area.

Comparability: Higher profile main street retail accommodation. Smaller lettable area. Indicates a lower net rental rate to be appropriate for the subject's main tenancy.

20 Alpha Terrace, Port Pirie, SA	Dec-19	Term: 15 yrs Options: 5 yrs	\$109,000 pa	Gross	606	\$180
<p>Comments: Passing rent for a circa 2008 commercial facility, purpose built for state government tenant. Located between the residential and commercial precincts of the Spencer Gulf City of Port Pirie. A somewhat secondary commercial position. Comprises office/amenities of approx. 396sqm or 65% of GLA, along with workshop with 3.0m minimum internal clearance. The remainder of the site provides ample bitumen sealed, line marked parking.</p> <p>Leased to the Minister for Transport, Infrastructure and Local Government for a 15 year term (expiry June 2024). Outgoings estimated at \$6,835pa equates to a market net rent of \$102,165 pa or approx. 169/sqm pa (Net).</p> <p>Comparability: Office/workshop improvements of similar age, construction and utility. Similar office ratio compared to the subject's main tenancy. On balance, given the size of the subject improvements, along with their locational attributes, we consider a lower net rental rate to be appropriate for the subject's main tenancy.</p>						
27 Frances Terrace, Kadina, SA	May-19	Term: 10 yrs Options: 3 yrs	\$115,500 pa	Gross	385	\$300
<p>Comments: Purpose built, single storey, good quality circa 2010 built commercial office building leased to Minister for Transport, Infrastructure and Local Government. Substantial adjacent car parking and good exposure to passing vehicle traffic. Equates to an approximate Net rental rate of \$269/sqm pa.</p> <p>Comparability: More modern office accommodation in a superior commercial location. Significantly smaller lettable area. Indicates a lower net rental rate for the subject's main tenancy.</p>						

Market Rent Conclusions:

With a lack of recent broadly comparable leasing evidence from within Whyalla, we have broadened our searches and reviewed available leasing evidence from the broader Upper Spencer Gulf and Yorke Peninsula regions.

The above leasing evidence provides commercial office, retail and office/warehouse accommodation that is broadly comparable overall to the subject 's accommodation. The leasing evidence provides tenancies ranging in size from 128 sqm to 606 sqm of lettable area.

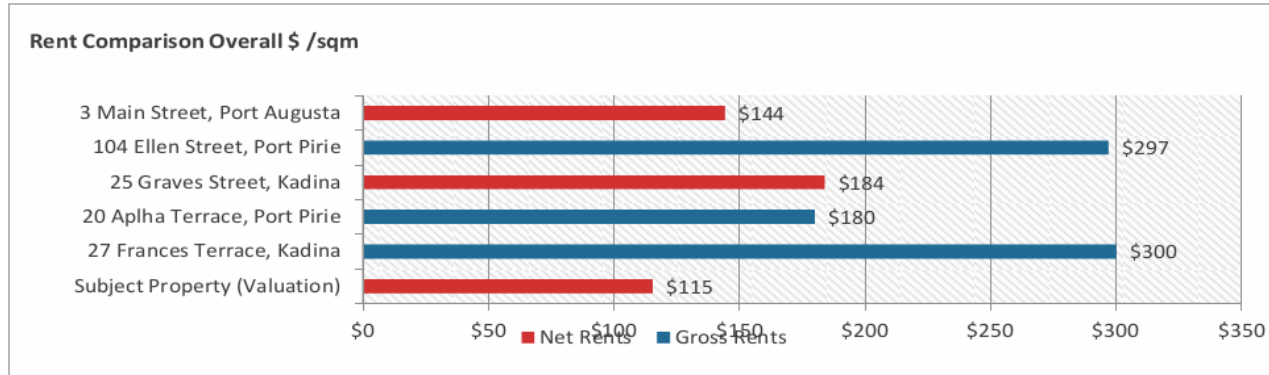
The most broadly comparable tenancy is considered to be 20 Alpha Terrace Port Pirie as the improvements are of a similar age to the subjects, provide the largest lettable area of the evidence analysed (albeit still smaller in lettable area that the subject accommodation) and provide a combination of office/amenities of approx. 396sqm or 65% of GLA and warehouse/workshop accommodation, similar to the subject.

The passing net rental rate for the subject tenancy leased to MC Shared Services Pty Ltd equates to an approximate net rental rate of \$49/sqm of lettable area. Market evidence indicates the passing rent for this tenancy area is well below market levels.

Given the periodic nature of the occupancy to MC Shared Service, In order to complete our capitalisation of market income valuation approach, we consider it appropriate to impute a market net rental rate for the whole of the subject's main improvements, being some 1,000sqm of office/warehouse accommodation but excluding the detached workshop occupied by Concept Tinting. After review of the leasing evidence and consideration of the size, age and condition of the improvements, along with the location and exposure, we consider a market net rental rate in the range of \$100 to \$150/sqm of lettable area to be appropriate and we adopt the mid point \$125/sqm of

lettable area as market rent.

The passing net rental rate for the subject tenancy leased to Concept Tinting Pty Ltd equates to an approximate net rental rate of \$63/sqm of lettable area. Given its modest size, lack of exposure and workshop improvements, we consider the passing net rental rate for this tenancy to be within market levels and we adopt it as market rent in our valuation.



11.2 Sales Evidence

In forming our opinion of value we have had regard to various sales transactions, a selection of which are detailed below:

Property	108 Ellen Street, Port Pirie, SA			
Sale Price	\$450,000			
Sale Date	13-Oct-22			
Sale Status	Settled			
Site Area	864 sqm			
Zoning	Township Main Street			
Lettable Area	476 sqm			
Property Description	<p>The property comprises two contiguous allotments (two titles) with a single, two storey building erected over the land that appears to have been constructed circa 1900's, along with a circa 1980's rear extension to the ground floor showroom. Gross Lettable Area (GLA) is approximately 476sqm. The property has good exposure to Ellen Street, the main arterial road through Port Pirie and has rear vehicle access to parking area via Alexander Street. On-site car parking for 8 vehicles. Site area is 864sqm.</p> <p>The property was sold through Blights Real Estate with the purchaser being the sitting tenant of the ground floor retail tenancy. The first floor residence is occupied on a periodic (month to month) basis.</p>			
Analysis	Market Net Yield	9.66%	Reversionary Yield	10.54%
	Lettable Area Rate	\$945/sqm		
Comparability	<p>Smaller site area. Smaller lettable area. Inferior quality improvements. Sold with periodic occupancies in place. Overall, a lower value property.</p> <p>After balancing adjustments for the attributes of the properties and consideration of any changes in market conditions the sale indicates a firmer/lower capitalisation rate (yield) and higher lettable area rate for the subject.</p>			



Property	19 Adelaide Place, Port Lincoln, SA			
Sale Price	\$1,180,000			
Sale Date	26-Aug-22			
Sale Status	Settled			
Site Area	1,031 sqm			
Zoning	Urban Activity Centre			
Lettable Area	369 sqm			
Property Description	<p>Comprises a circa 1920 built single-storey former dwelling that was converted to commercial use in 2010. The building is disposed as two tenancies with a combined Net Lettable Area (NLA) of 369sqm. The site area is 1,031sqm and provides 14 on-site parking spaces. Sold fully leased by Kemp Real Estate via an EOI campaign.</p> <p>Tenancy 1 is leased to an accountancy business on a 3 year term with 2+2 year options. The passing rent is reportedly \$42,000 plus GST and outgoings.</p> <p>Tenancy 2 is leased to a Chiropractor on a 3 year term with 3+3 year options. The passing rent is reportedly \$43,000 plus GST and outgoings.</p>			
Analysis	WALE	2.3 years	Initial Net Yield	7.69%
	Market Net Yield	7.20%	Reversionary Yield	7.20%
	Lettable Area Rate	\$3,198/sqm		
Comparability	<p>Smaller site area. Smaller lettable area. Superior quality improvements. Superior location. Fully leased with a superior longer WALE (Weighted Average Lease Expiry). After balancing adjustments for the attributes of the properties and consideration of any changes in market conditions the sale indicates a weaker/higher capitalisation rate (yield) and a lower lettable area rate for the subject.</p>			



Property	21 Oxford Terrace, Port Lincoln, SA
Sale Price	\$1,580,000
Sale Date	09-Feb-22
Sale Status	Settled
Site Area	1,189 sqm
Zoning	Suburban Neighbourhood



Lettable Area	686 sqm
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Property Description Comprises a circa 1970's purpose built medical centre within a fringe commercial location of Port Lincoln township. The centre comprises rendered brick construction with a flat roof, and was refurbished (by the tenant) in 2020. Building accommodation incorporates a large reception and waiting area, 14 consulting rooms, boardroom, file room, server room, staff kitchen and storage plus staff and customer amenities. Net lettable area is approx. 686sqm. Set on a prominent corner site of 1,196sqm. Site coverage is approximately 69%. On-site car parking for 7 vehicles.

The property sold fully leased to 'Country & Outback Health Incorporated', a not-for-profit organisation providing numerous health and NDIS programs with 8 locations across SA. Leased on a 5-year term (expiring 30 April 2025) with a 5 year option and CPI annual increases. Tenant pays usual outgoings. Net income was reportedly \$75,451 pa (plus GST) at the time of sale reflecting a rental rate of \$110/sqm pa, which was considered to be below market levels at the time of sale.

Sold through joint agents Burgess Rawson (Melbourne) and Knight Frank (Adelaide) at public auction.

Analysis	WALE	3.2 years	Initial Net Yield	4.78%
	Market Net Yield	7.04%	Reversionary Yield	7.60%
	Lettable Area Rate	\$2,303/sqm		

Comparability Superior refurbished improvements in a superior commercial location, providing a smaller site and smaller lettable area. Sold as a leased investment with a reasonable WALE of 3.20 years. Sold in a more buoyant market at a time of expansionary monetary policy and record low interest rates.
 After balancing adjustments for the attributes of the properties and consideration of any changes in market conditions the sale indicates a weaker/higher capitalisation rate (yield) and a lower lettable area rate for the subject.

Property	70-76 Wandearah Road, Port Pirie South, SA			
Sale Price	\$600,000			
Sale Date	28-Jan-21			
Sale Status	Settled			
Site Area	5,853 sqm			
Zoning	Residential			
Lettable Area	1,200 sqm			
Property Description	<p>The property comprises two contiguous allotments with a total site area of 5,853sqm. Improved with a two storey commercial office building and detached dwelling (noting the dwelling was in poor condition and of no value). The property sold fully leased with a lease-back arrangement to Southern Cross Austereo (SCA), on a 5 + 5 year term commencing on the date of settlement. There is a current license agreement to Vodafone Network for the use of the transmission tower, expiring March 2035. Total net passing income was \$73,145 per annum plus GST. Reported Gross Lettable area was 1,200sqm. Ample on-site car parking. Site coverage calculated at approximately 24%</p> <p>Sold through Knight Frank Adelaide via expressions of interest.</p>			
Analysis	WALE	6.3 years	Initial Net Yield	12.19%
	Market Net Yield	12.19%	Reversionary Yield	12.19%
	Lettable Area Rate	\$500/sqm		
Comparability	<p>Larger site area and larger improvements of an older and inferior quality. Inferior lower exposure location. Sold leased with a lengthy WALE of 6.30 years. Sold in weaker market conditions and reflects a comparatively weaker market net yield given the WALE. After balancing adjustments for the attributes of the properties and consideration of any changes in market conditions the sale indicates a firmer/lower capitalisation rate (yield) and a higher lettable area rate for the subject.</p>			



Property	20 Alpha Terrace, Port Pirie, SA			
Sale Price	\$1,100,000			
Sale Date	09-Dec-19			
Sale Status	Settled			
Site Area	3,153 sqm			
Zoning	Commercial			
Lettable Area	606 sqm			
Property Description	<p>Comprises a circa 2008 built light industrial facility, purpose built for state government tenant. Located between the residential and commercial precincts of the Spencer Gulf City of Port Pirie. A somewhat secondary commercial position.</p> <p>The offices comprise a mixture of open plan and partitioned office accommodation, meeting rooms and male and female amenities. The workshop is connected to the office via a breezeway and comprises air conditioned supervisor's office, open kitchen / lunch area and separate unisex toilet amenities. The workshop is low clearance approx. 3.0m minimum internal clearance, with three roller door access points to both front and rear elevations, granting drive through access with undercover loading area. Warehouse is approximately 210sqm of lettable area (35%). The remainder of the site provides ample bitumen sealed, line marked parking with a steel framed carport also noted. Site coverage is approx. 19%.</p> <p>Leased to the Minister for Transport, Infrastructure and Local Government for a 15 year term (expiry June 2024). Passing Gross Rent of approximately \$109,000. Outgoings estimated at \$6,835pa equates to a market net rent of \$102,179/sqm pa. Annual rent reviews to 3% and to market at renewal, with one further 5 year renewal period remaining.</p>			
Analysis	WALE	4.5 years	Initial Net Yield	9.29%
	Market Net Yield	9.29%	Reversionary Yield	9.29%
	Lettable Area Rate	\$1,815/sqm		
Comparability	<p>Smaller site area in a lower exposure location. Smaller lettable area. Improvements of a broadly comparable age, construction and utility. Similar office ratio and slightly lower site coverage compared to the subject. Sold fully leased to a higher profile occupant and with a reasonable WALE of 4.50 years. Sold in weaker market conditions.</p> <p>After balancing adjustments for the attributes of the properties and consideration of any changes in market conditions the sale indicates a firmer/lower capitalisation rate (yield) and a lower lettable area rate for the subject.</p>			



Sales Evidence Conclusions:

In order to determine a market value for the subject property, we have reviewed sales of commercial property suitable primarily for office, retail and consulting room (or similar) land uses. Our searches have yielded nil broadly comparable, recent, sale transactions within Whyalla. We have therefore broadened our searches to review market sales evidence from the Upper Spencer Gulf region, Eyre Peninsula (Port Lincoln), Yorke Peninsula and wider South Australia including the South East (Mount Gambier).

Noting a portion of the subject property is leased on a periodic basis, we consider the property may appeal to both potential owner occupiers and investors. In this instance, we consider the most appropriate valuation approach to be the capitalisation of market income, supported by the direct comparison approach on a rate per sqm of lettable area.

Four of the five sales sold as leased investment assets with WALE's (Weighted Average Lease Expiry) ranging from 2.30 years to 6.30 years. The sales overall reflect market net yields (imputed when sold with vacant possession) ranging from 7.04% to 12.19%.

Factors that influenced our adopted capitalisation rate include;

- The periodic occupancy status.
- The regional location.
- The prevailing market conditions.
- The comparatively large size of the subject improvements.

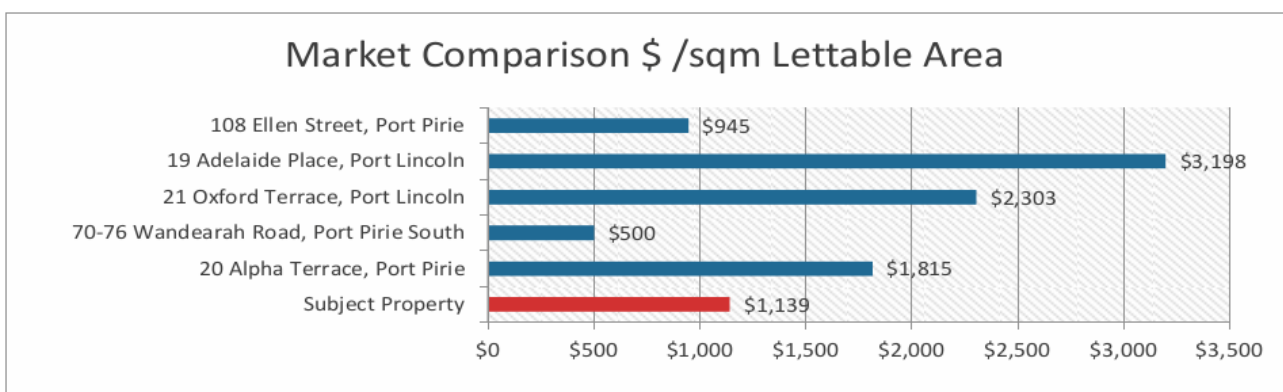
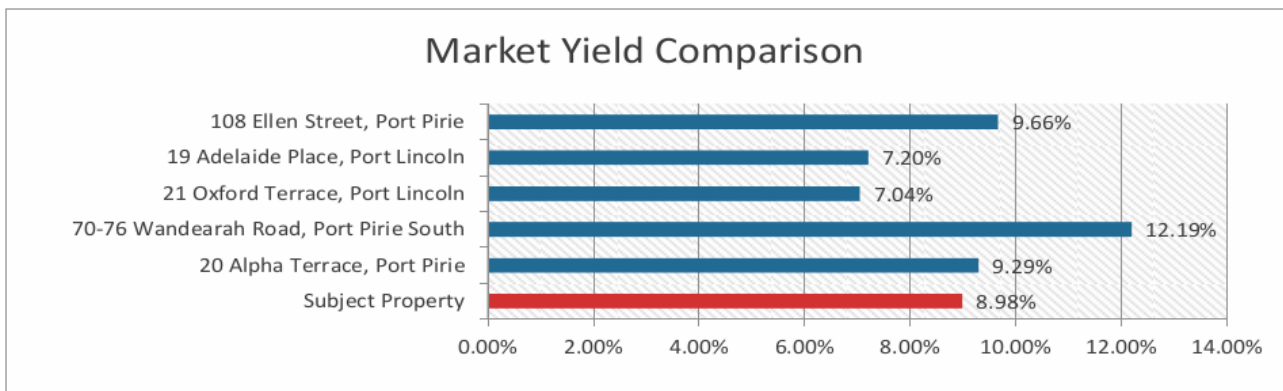
These factors are balanced by the reasonably modern construction of the subject improvements.

- The high exposure position being adjacent educational facilities and some 900m east of the Westlands Shopping Centre.
- The provision of onsite parking.

With due consideration of the above factors, along with yields analysed from sales evidence summarised in the Market Evidence Section of this report, we consider it appropriate to adopt a capitalisation rate in the range of 8.50% to 9.50%. Specifically, we adopt a capitalisation rate of 9.00% for our primary valuation approach.

As a check methodology, we have analysed the sales on a rate per sqm of lettable area. The above sales provide improvements ranging in size from 369 sqm to 1,200 sqm of lettable area and sold between \$450,000 and \$1,580,000. When analysed on a rate per sqm of lettable area, the sales represent a relatively broad range of rates, ranging from \$500 to \$3,198 per sqm of lettable area.

In line with our sales comparison commentary, we adopt a rate in the range of \$1,000 to \$1,200 per sqm of lettable area and select the midpoint at \$1,100 per sqm of lettable area for our check valuation approach.



Sales Analysis Summary

Address	Sale Price	Date	Land Area	Lettable Area	Site Utilisation	\$ /sqm Land	\$ /sqm Lettable	Market Yield	WALE
108 Ellen Street, Port Pirie	\$450,000	Oct-22	864 sqm	476 sqm	55%	\$521	\$945	9.66%	
19 Adelaide Place, Port Lincoln	\$1,180,000	Aug-22	1,031 sqm	369 sqm	36%	\$1,145	\$3,198	7.20%	2.30 yrs
21 Oxford Terrace, Port Lincoln	\$1,580,000	Feb-22	1,189 sqm	686 sqm	58%	\$1,329	\$2,303	7.04%	3.20 yrs
70-76 Wandearah Road, Port Pirie South	\$600,000	Jan-21	5,853 sqm	1,200 sqm	21%	\$103	\$500	12.19%	6.30 yrs
20 Alpha Terrace, Port Pirie	\$1,100,000	Dec-19	3,153 sqm	606 sqm	19%	\$349	\$1,815	9.29%	4.50 yrs
Subject Property	\$1,350,000	Feb-23	4,731 sqm	1,185 sqm	25%	\$285	\$1,139	8.98%	0.00 yrs

12.0 Valuation Calculations

12.1 Primary Valuation Method

(Market) Income Capitalisation Method

The capitalisation method is most commonly used as the primary valuation method to determine the Market Value of income producing assets (including investment properties).

We have adopted a net annual market rent of \$136,679. The estimated recoverable outgoings \$26,604 per annum have been added to the annual rent to arrive at the estimated gross market income \$163,283. From the estimated gross income, the total property outgoings \$26,604 have been deducted to determine the estimated net income that has been capitalised at 9.00%.

Given the periodic occupancies and portion of the main building being vacant, we consider it prudent to make capital adjustment for leasing costs, letting up allowance and new tenant incentives.

Calculations

Market Income Capitalisation Method - subject to Existing Leases

Market Annual Rent:			\$136,679
Recoverable Outgoings:			\$26,604
Market Income:			\$163,283
<u>Less</u> Outgoings:			-\$26,604
Net Market Annual Income:			\$136,679
Capitalised			@ 9.00%
Capitalised Value (before adjustments):			\$1,518,656
Capital Adjustments:			
Rental Reversion/Profit Rent			\$0
Letting Up Allowance			-\$118,974
Leasing Costs			-\$20,410
New Tenant Incentives			-\$32,223
Sub-Total:			-\$171,608
Total Market Value:			\$1,347,048
Indicates, Total Market Value:	Rounding	\$25,000	\$1,350,000

Sensitivity Analysis:

Net Market Annual Income:		\$136,679	\$136,679	\$136,679
Capitalised		@ 8.50%	@ 9.00%	@ 9.50%
Capitalised Value:		\$1,607,988	\$1,518,656	\$1,438,726
Capital Adjustments:		-\$171,608	-\$171,608	-\$171,608
Total Market Value:		\$1,436,380	\$1,347,048	\$1,267,119
Indicates Total Market Value:	Rounding	\$25,000	\$1,425,000	\$1,350,000
				\$1,275,000

Reflecting:	Initial Yield	-0.06%	-0.07%	-0.07%
	Reversionary Yield	9.59%	10.12%	10.72%
	\$ /sqm Lettable Area	\$1,203	\$1,139	\$1,076
	\$ /sqm Land	\$301	\$285	\$269

Letting Up and Incentives

Level/Tenancy	Tenant	Letting Up Period	Letting Costs	Letting Up Allowance	Rent Free	Cash Incentives	Incentives
Office/Warehouse	MC Shared Services Pty Ltd	9 mths	\$2,987	\$17,920	3 mths	\$0	\$5,000
Office/Warehouse	Assumed Va cant	9 mths	\$15,680	\$94,078	3 mths	\$0	\$26,250
2	Concept Tinting Pty Ltd	6 mths	\$1,744	\$6,976	1 mths	\$0	\$973
Totals:			\$20,410	\$118,974		\$0	\$32,223

12.2 Secondary Valuation Method

Comparable Transactions Method/Direct Comparison

The comparable transactions method utilises information on transactions involving properties that are the same or similar to the subject property. The comparable transaction method can use a variety of comparable evidence and units of comparison which form the basis of the comparison. A common unit of comparison for real property is price

per square metre. In analysing the units of comparison, the Valuer may make necessary adjustments to the key valuation metrics to reflect differences (such as the date of sale in comparison to the date of valuation, or differences in property characteristics) between the comparable sales and the valuation of the subject property.

In this instance, we have applied the Direct Comparison approach based on a rate per sqm of Lettable Area. As discussed in the sales evidence conclusion, we consider an appropriate rate for the subject property is within the range of \$1,000 to \$1,200 per square metre and we have adopted the midpoint of this range being \$1,100 per sqm of lettable area.

Calculations

Comparable Transactions (Direct Comparison) - Lettable Area			Market Value
Lower Range:	1,185 sqm	\$1,000	\$1,185,000
Mid Range:	1,185 sqm	\$1,100	\$1,303,500
Upper Range:	1,185 sqm	\$1,200	\$1,422,000
Indicates Market Value:		Rounding	\$25,000
			\$1,300,000

13.0 Valuation

Subject to the assumptions, conditions and limitations contained within this report, we are of the opinion the Market Value of the subject property as at the Date of Valuation is as follows:

Market Value - Subject to Existing Leases / Occupancies

\$1,350,000
 (One Million, Three Hundred and Fifty Thousand Dollars)

Our valuation is exclusive of GST.

14.0 Scope of Work

Independence of Valuer/Disclosure	Unless otherwise disclosed, the valuer does not have any material connection or involvement with the subject property or the parties to the valuation that could limit the valuer's ability to provide an unbiased and objective valuation. The valuation has been assessed independently by the valuer without material assistance from others.
Valuation Currency	This valuation has been assessed in Australian dollars (\$AUD).
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Whyalla City Council and the nominated other Intended users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in

	this report as our Client or Intended user should obtain their own valuation before acting in any way in respect of the subject property.
Basis of Value	Market Value
Extent of Valuers' Work and Limitations	This valuation has been based on information supplied which is assumed to have been provided in good faith and contain a full and frank disclosure of all information that is relevant to the valuation of the property. The valuer has not undertaken due diligence or verification of the information supplied.
Nature and Source of Information	Information we have been provided with and relied upon in undertaking our valuation includes: <ul style="list-style-type: none"> • Valuation Instructions • Certificate of Title • Planning Regulations • Property details via email from client • Lease documents • Passing income and estimated property outgoings.
Compliance/Departures with Valuation Standards	This valuation has been prepared in accordance with the International Valuation Standards (IVS) and other applicable Valuation Standards.

15.0 Assumptions, Conditions & Limitations

Area	<i>In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.</i>
Environmental	<i>This valuation assumes there are no environmental issues with the property or hazardous or toxic materials present unless specifically identified within the valuation report. We are not experts in environmental matters and make no representations about any environmental matters relating to the property. If an environmental assessment is subsequently carried out, or the property is otherwise found to contain contamination or other environmental hazards, we reserve the right to review and, if necessary, amend this valuation.</i>
Full Disclosure	<i>This valuation assumes that any information, documentation and data provided by you or any third parties is accurate and is a full disclosure of information which may impact on the value of the property. Whilst the Valuer has taken reasonable steps to verify the information supplied, we do not accept any liability whatsoever for any information being insufficient, inaccurate or misleading. If inaccuracies in the information are subsequently discovered, we reserve the right to review and, if necessary, amend our valuation.</i>
Future Value	<i>Any comments are made in relation to future values are based on general knowledge and information currently available. These comments should not be construed as a prediction of future value levels or a warranty of future performance as the property market is susceptible to potential rapid and unexpected change caused by multiple factors. Ultimately current expectations as to trends in property values may not prove to be accurate.</i> <i>Due to possible changes in the property market, economic conditions, occupancy status and property specific factors, we recommend the value of the property be reassessed at regular intervals.</i>

Geotechnical	<i>Our valuation assumes there are no adverse geotechnical conditions affecting the property. We are not experts in civil or geotechnical engineering and do not make any comment as to the geotechnical integrity of the property. If it is subsequently determined that there are adverse geotechnical conditions, we reserve the right to review and, if necessary, amend this valuation.</i>
GST	<i>All amounts and values quoted are exclusive of GST unless otherwise specified. If you are uncertain about GST and the property, we recommend you seek advice from a qualified accountant. In analysing sales and/or leasing evidence we have attempted to ascertain whether the price/rent is exclusive or inclusive of GST. We reserve the right to review and, if necessary, amend our valuation in the event subsequent information becomes available which identifies the GST treatment is different.</i>
Heritage	<i>Unless specified otherwise, our valuation assumes that any heritage issues do not and will not impact on the use and value of the property. We have not obtained formal confirmation of heritage listings beyond what is identified in this report. If the client has concerns in relation to heritage issues we recommend the client seeks formal information from the relevant authorities. We reserve the right to review and, if necessary, amend our valuation if onerous heritage restrictions are identified through formal searches.</i>
Identification	<i>The property has been identified as per details provided within this report. The identification comments are not provided in the capacity of an expert, and a surveyor (not a valuer) would be able to confirm the identification of the property and/or any encroachments by way of undertaking a site survey.</i>
Inconsistencies in Assumptions	<i>If there is found to be any variance, inconsistency or contradiction in any of the assumptions within this report then this may have an impact on the market value of the property and we recommend this valuation be referred back to the Valuer for comment.</i>
Leases and Rents	<i>This valuation is based on the lease terms and conditions summarised within this report sourced from a review of the available lease documentation or tenancy information provided. This valuation is made on the basis that the tenants are paying rent in accordance with the lease agreements and there are no undisclosed rental subsidies, or other incentives that have been provided by the lessor. Our valuation assumes there are no material breaches of the essential terms of existing Leases by the existing Lessees and no material rental arrears at the date of Valuation.</i>
Market Change	<i>This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Where the valuation is being relied upon for mortgage purposes, without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.</i>
Market Evidence Information Availability	<i>In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the market information obtained to be accurate, all details may not have been formally verified.</i>
Market Value	<i>“Market Value is the estimated amount for which an asset or liability should exchange on the Valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.</i>

Native Title	<i>We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.</i>
Planning and Building Approvals	<i>Town planning and zoning information was informally obtained from the relevant local and State Government authorities or online sources which should be verified if considered necessary. This valuation assumes all necessary and appropriate town planning and/or building, consents, approvals and certifications have been issued unless specified otherwise within the valuation report. If formal searches subsequently obtained contains additional or contrary information, we reserve the right to review and, if necessary, amend the valuation.</i>
Publication of Report	<i>The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.</i>
Site Survey	<i>This report is not a site survey and any comments relating to survey matters are not given in the capacity as an expert surveyor.</i> <i>Unless specified otherwise, the valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey report if considered necessary. If any encroachments are noted by a survey we reserve the right to review and, if necessary, amend this valuation.</i>
Structural	<i>This report is not a structural survey and any comments relating to the condition of the improvements on the property are not given in the capacity as an expert.</i> <i>Unless specified otherwise, we have not sighted a structural report nor have we inspected unexposed or inaccessible parts of the premises. We therefore cannot comment on the structural integrity, defects, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction materials such as asbestos or other materials which are considered hazardous, other than matters which are obvious.</i> <i>This valuation assumes the building is structurally sound; building services are adequate and appropriately maintained; the building complies with applicable building, health, safety and fire laws and regulations. If an expert's report establishes structural issues we reserve the right to review and, if necessary, amend this valuation.</i>

Third Party	<p><i>This report has been prepared for the private and confidential use of our Client, WHYALLA CITY COUNCIL and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.</i></p> <p><i>If the report has been prepared for multiple parties, including a syndicated lending group or managed investment scheme the Client and Intended Users acknowledge and agree that they may use and rely on the valuation report for the specified purpose on the following basis and no responsibility is accepted by Opteon Property Group Pty Ltd to any other parties who receive, rely on or use the valuation for any purpose in the event of distribution or publication by the Client or Intended Users:</i></p> <ul style="list-style-type: none"><i>(a) Their interests are a joint interest under the applicable Professional Standards Legislation, in all states and territories of Australia, and any claim by one or more of the parties will be dealt with as a single claim with the intention of joining all the Intended Users to a single claim where that claim was related to reliance on the valuation report. For the avoidance of doubt, a joint interest cannot be split and are to be treated as a single claim. Only an Intended User as stated in the valuation report is entitled to bring a claim for and on behalf of the Intended Users.</i><i>(b) The interests of the Intended Users are a joint interest in a cause of action founded on the same act or omission and any claim by one or more of the Intended Users will be dealt with as a single claim including for the purpose of any applicable professional standards legislation.</i>
Third Party Information	<p><i>In preparing the valuation report the valuer may have relied on information, documents and data provided by third parties (Third Party Information). Whilst the valuer has taken reasonable steps to verify the accuracy and completeness of the Third Party Information, the valuer does not make any warranties or representations about the accuracy or completeness of that Third Party Information and will not be liable for any loss that may arise as a direct or indirect consequence of any Third Party Information being incomplete, inaccurate or misleading due to the fraud or recklessness of a provider of the Third Party Information.</i></p>
Title and Encumbrances	<p><i>If there are errors or omissions in the Title information provided to us, we reserve the right to review our valuation.</i></p> <p><i>Any encumbrances, encroachments, restrictions, leases or covenants which are not noted on the Title may affect the value of the property.</i></p> <p><i>Unless specified otherwise, this valuation assumes there are no native title interests affecting the property.</i></p> <p><i>If the property is strata titled, this valuation assumes the property has an equitable unit entitlement. Our valuation is assessed without the benefit of a search of the owner's corporation records and assumes there are no abnormal assets or liabilities within the owner's corporation.</i></p>

APPENDIX 1
INSTRUCTIONS / PURCHASE ORDER



WHYALLA CITY COUNCIL
Civic Building
Darling Terrace
PO Box 126
WHYALLA SA 5600
Tel: (08)8640 3444
Fax: (08)8645 0155
Email: accounts@whyalla.sa.gov.au
www.whyalla.sa.gov.au
ABN: 44 753 313 064

PURCHASE ORDER

Creditor: 915102

OPTEON (SOUTH AUSTRALIA) PTY LTD

To: PO BOX 1875
GEELONG VIC 3220

Order No: 130400

Order Date: 03/02/2023
Required By: 05/02/2023

Please supply the following in accordance with instructions:

QTY	UoM	Description	Unit Value	Amount	GST
1.00	Each (ea)	Whytec Building Property Valuation for the sale of this property including land, buildings, outhouses, and all chattels on the site owned by Council.	\$4,400.0000	\$4,400.00	\$400.00
1.00	Each (ea)	Sumthin Tastee (Wetlands Cafe) desktop rent assessment on the market value for the leased portion of land only being the Sumthin' Tastee commercial site at the wetlands, access off of Lincoln Highway. Please consider portion of costs for the toilets access by his customers and carparking area.	\$3,300.0000	\$3,300.00	\$300.00

Total Including GST: \$7,700.00

Order Number must be quoted on all packing slips and invoices

Special Instructions:

Please refer any queries to Jo McGrath

Deliver To:

Authorised By: Jo-anne McGrath
PROJECT & CONTRACT SUPPORT OFFICER

Refer to the purchase order terms and conditions [HERE](#)

APPENDIX 2
CERTIFICATE OF TITLE

REAL PROPERTY ACT, 1886



The Registrar-General certifies that this Title Register Search displays the records maintained in the Register Book and other notations at the time of searching.



Certificate of Title - Volume 5530 Folio 23

Parent Title(s) CT 3250/76, CR 5226/794
Creating Dealing(s) RTD 8015363, RLG 8439485
Title Issued 01/05/1998 Edition 1 Edition Issued 01/05/1998

Estate Type

FEE SIMPLE

Registered Proprietor

THE CORPORATION OF THE CITY OF WHYALLA
OF PO BOX 126 WHYALLA SA 5600

Description of Land

ALLOTMENT 3 DEPOSITED PLAN 44349
IN THE AREA NAMED WHYALLA NORRIE
HUNDRED OF RANDELL

Easements

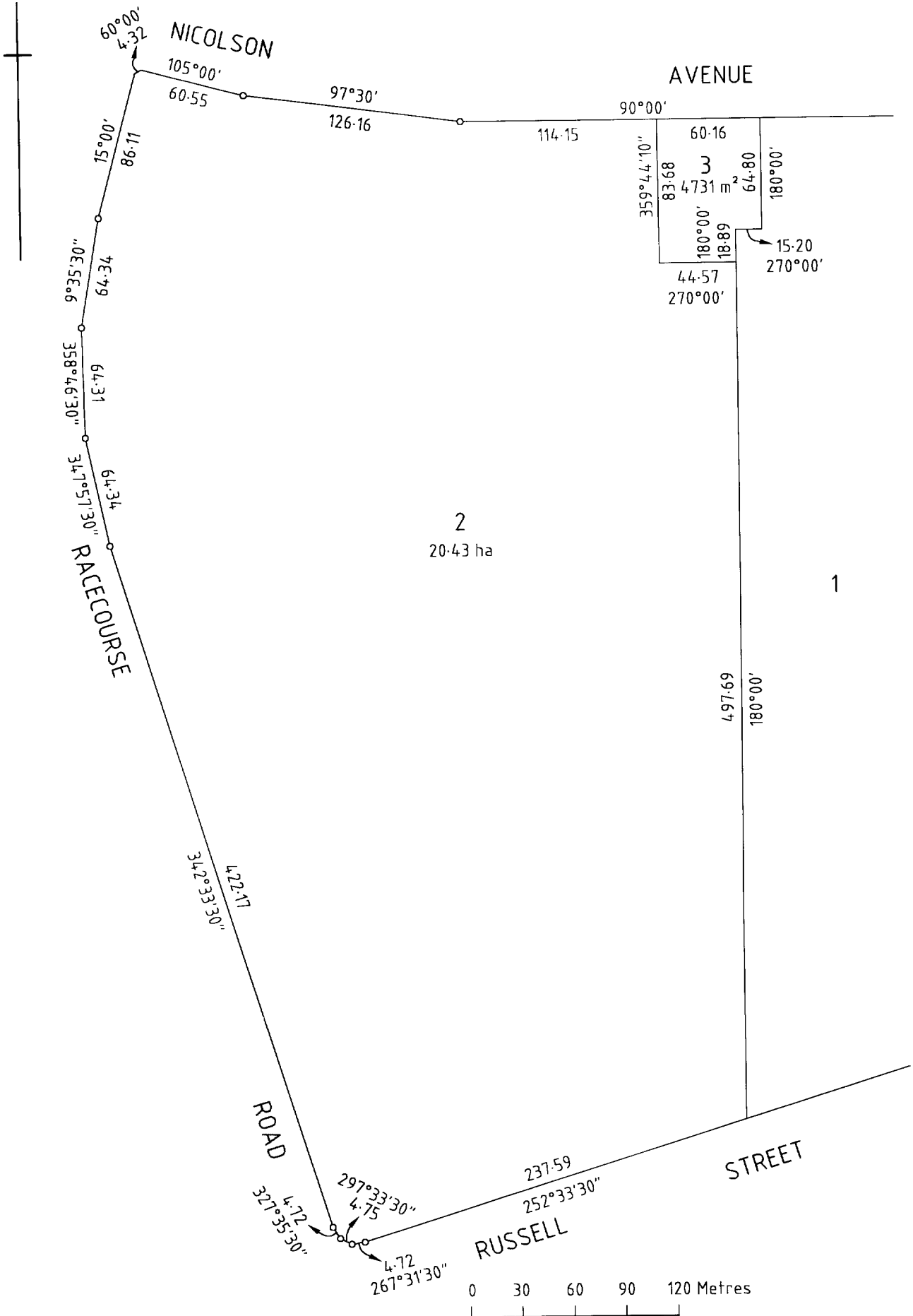
NIL

Schedule of Dealings

NIL

Notations

Dealings Affecting Title	NIL
Priority Notices	NIL
Notations on Plan	NIL
Registrar-General's Notes	NIL
Administrative Interests	NIL



APPENDIX 3

PLANNING REGULATIONS

Back

Property Details

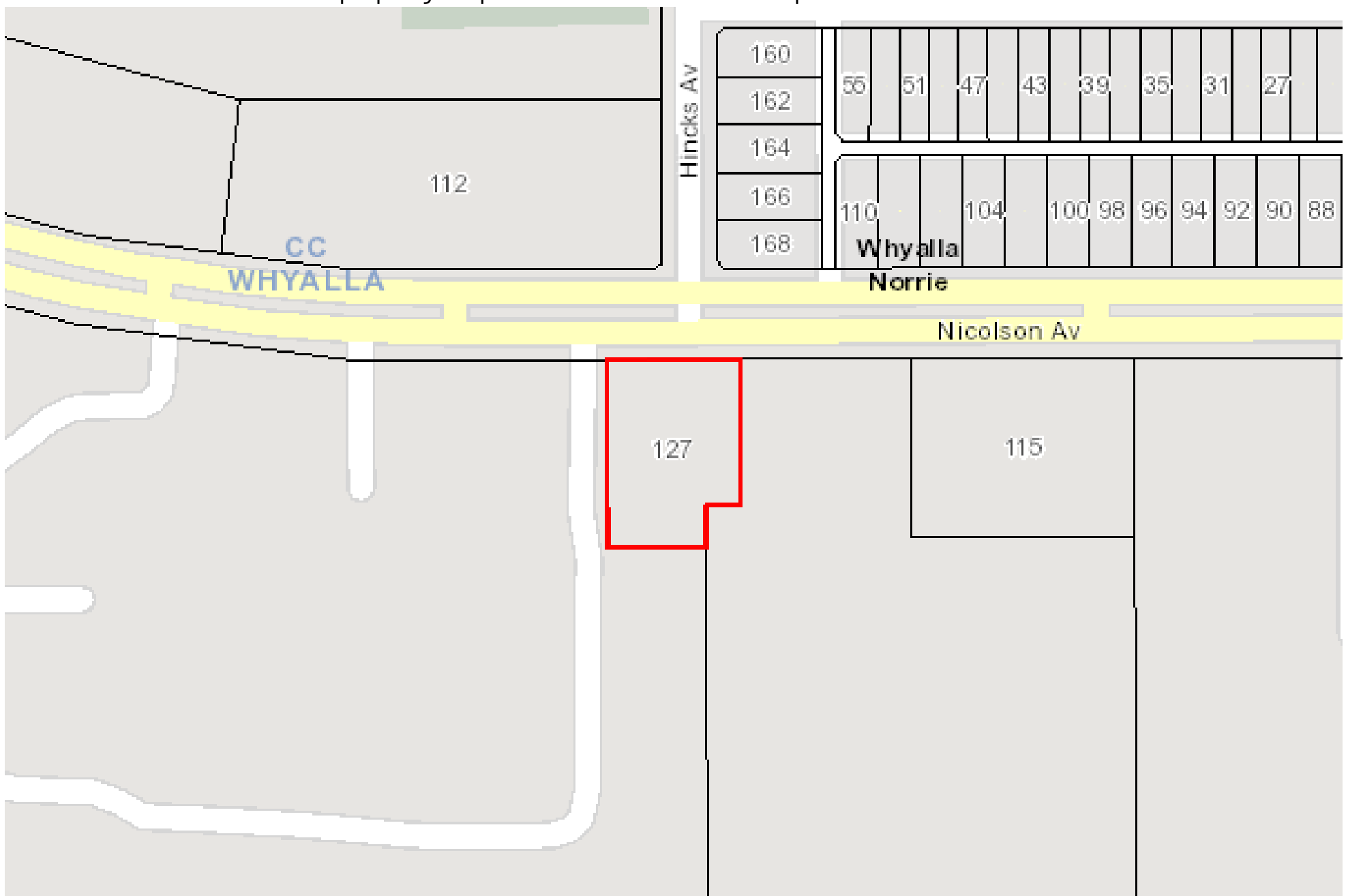
Feedback

127 NICOLSON AV WHYALLA NORRIE
SA 5608

[View more details in SAILIS](#)

[Send this page to me as a PDF](#)

To view a detailed interactive property map in SAPPA click on the map below



Property Zone Details

Zone

Community Facilities

Overlay

Building Near Airfields

Hazards (Flooding – Evidence Required)

Native Vegetation

Assessment Pathway That Apply to this Property

Expand to view possible assessment pathways for development within this zone.

Community Facilities

Feedback

Policies That Apply to This Property

Part 2 – Zones and Sub Zones

Community Facilities Zone

Jump to a section using the links below

[Part 2 – Zones and Sub Zones](#)

[Community Facilities Zone](#)

[Assessment Provisions \(AP\)](#)

[Desired Outcome \(DO\)](#)

[Performance Outcomes \(PO\) and Deemed-to-Satisfy \(DTS\) Criteria / Designated Performance Feature \(DPF\)](#)

[Table 5 – Procedural Matters \(PM\) – Notification](#)

Part 2 – Zones and Sub Zones

Community Facilities Zone

Assessment Provisions (AP)

Desired Outcome (DO)

Desired Outcome	
DO 1	Provision of a range of community, educational, recreational and health care facilities.

Performance Outcomes (PO) and Deemed-to-Satisfy (DTS) Criteria / Designated Performance Feature (DPF)

Performance Outcome	Deemed-to-Satisfy Criteria / Designated Performance Feature
---------------------	---

Land Use and Intensity

<p>PO 1.1</p> <p>Development is associated with or ancillary to the provision of community, educational, recreational and / or health care services.</p>	<p>DTS/DPF 1.1</p> <p>Development comprises one or more of the following:</p> <ul style="list-style-type: none"> (a) Cemetery (b) Community facility (.) (c) Consulting room (.) (d) Educational establishment (.) (e) Emergency services facility (f) Health care facility (g) Hospital (h) Indoor recreation facility (.) (i) Library (j) Office (.) associated with community service (k) Place of worship (.) (l) Pre-school (.) (m) Recreation area (.) (n) Shop (.)
<p>PO 1.2</p> <p>Shops including restaurants are of a scale that is subordinate to the principal community use of land.</p>	<p>DTS/DPF 1.2</p> <p>Shop (.) gross leasable floor area (.) does not exceed 250m².</p>
<p>PO 1.3</p> <p>Offices are of a scale that is subordinate to the principal community use of land.</p>	<p>DTS/DPF 1.3</p> <p>Office (.) gross leasable floor area (.) does not exceed 250m².</p>
<p>PO 1.4</p> <p>Integration and coordination of land uses to enhance the accessibility and efficiency of service delivery.</p>	<p>DTS/DPF 1.4</p> <p>None are applicable.</p>
<p>PO 1.5</p> <p>Development avoids inhibiting or prejudicing future delivery of community, educational, recreational or health care services.</p>	<p>DTS/DPF 1.5</p> <p>None are applicable.</p>
<p>PO 1.6</p> <p>Community facilities are designed to encourage flexible and adaptable use of open space and facilities for a range of uses over time.</p>	<p>DTS/DPF 1.6</p> <p>None are applicable.</p>

PO 1.7

Expansion of existing community services such as educational establishments, community facilities and pre-schools in a manner which complements the scale of development envisaged by the desired outcome for the neighbourhood.

DTS/DPF 1.7

Alteration of or addition to existing educational establishments, community facilities or pre-schools where all the following are satisfied:

- (a) set back at least 3m from any boundary shared with a residential land use
- (b) building height (.) not exceeding 1 building level (.)
- (c) the total floor area (.) of the building not exceeding 150% of the total floor area (.) prior to the addition/alteration
- (d) development satisfies Transport, Access and Parking Table 1 – General Off-Street Car Parking Requirements or Table 2 – Off-Street Car Parking Requirements in Designated Areas to the nearest whole number.

Building Height and Setbacks

PO 2.1

Building height (.) is consistent with the maximum height expressed in any relevant Building Height (.) Technical and Numeric Variation or otherwise generally consistent with the prevailing character of the locality and height of nearby buildings.

DTS/DPF 2.1

Other than on a Catalyst site (.) in the St Andrews Hospital Precinct Subzone, development does not exceed the following building height (.)(s):

In relation to DTS/DPF 2.1, in instances where:

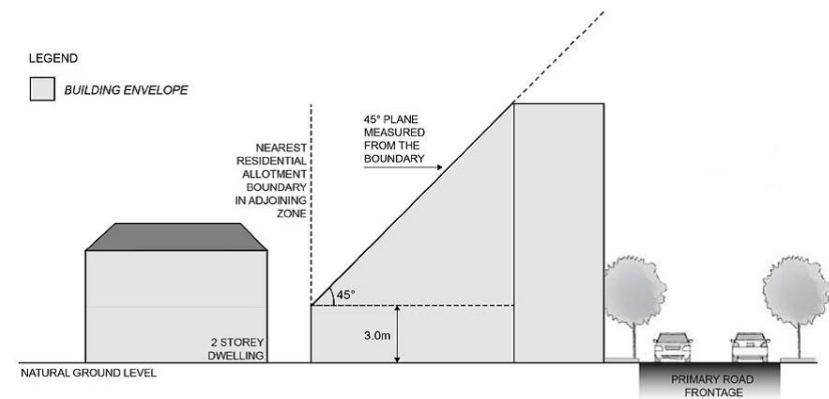
- (a) more than one value is returned in the same field, refer to the *Maximum Building Height (.) (Levels) Technical and Numeric Variation layer or Maximum Building Height (.) (Metres) Technical and Numeric Variation layer in the SA planning database to determine the applicable value relevant to the site (.) of the proposed development*
- (b) only one value is returned (i.e. there is one blank field), then the relevant height in metres or building levels applies with no criteria for the other
- (c) no value is returned (i.e. there are blank fields for both maximum building height (.) (metres) and maximum building height (.) (levels), then none are applicable and the relevant development cannot be classified as deemed-to-satisfy.

PO 2.2

Buildings mitigate the visual impacts of massing on residential development within a neighbourhood-type zone (.).

DTS/DPF 2.2

Except in the St Andrews Hospital Precinct Subzone and the part of the WHC and Memorial Hospital Precinct Subzone north of Kermode Street, buildings constructed within a building envelope provided by a 45 degree plane measured from a height of 3m above natural ground level at the boundary of an allotment used for residential purposes within a neighbourhood-type zone (.) as shown in the following diagram (except where this boundary is a southern boundary or where this boundary is the primary street (.) boundary):

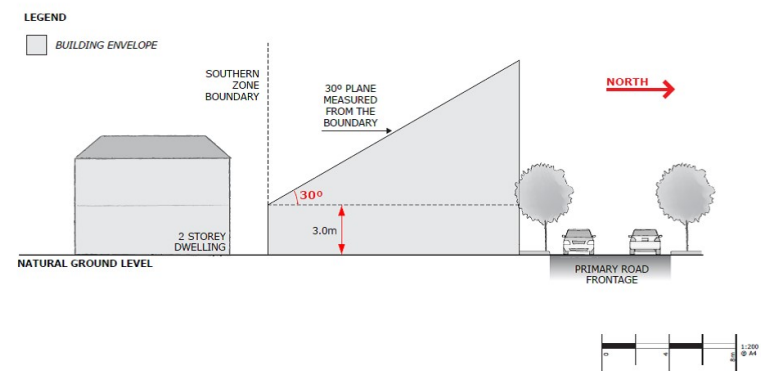


PO 2.3

Buildings mitigate overshadowing of residential development within a neighbourhood-type zone (.).

DTS/DPF 2.3

Buildings on sites with a southern boundary adjoining the an allotment boundary used for residential purposes within a neighbourhood-type zone (.) are constructed within a building envelope provided by a 30 degree plane grading north measured from a height of 3m above natural ground level at the southern boundary, as shown in the following diagram:



PO 2.4

Buildings are set back from all boundaries (other than street boundaries) to minimise impacts on neighbouring residential properties, including access to natural light and ventilation

DTS/DPF 2.4

Buildings are set back a minimum 3m from all boundaries where the subject land abuts an allotment used for residential purposes, except where the development abuts the wall of an existing or simultaneously constructed building on the adjoining land.

PO 2.5

Buildings on an allotment fronting a road that is not a State Maintained Road, and where land on the opposite (.) side of the road is within a neighbourhood-type zone (.), provides an orderly transition to the built form scale envisaged in the adjacent zone to complement the streetscape character.

DTS/DPF 2.5

None are applicable.

Advertisements

<p>PO 3.1</p> <p>Freestanding advertisements that identify the associated business without creating a visually dominant element within the locality.</p>	<p>DTS/DPF 3.1</p> <p>Freestanding advertisements:</p> <p>(a) do not exceed 2m in height</p> <p>(b) do not have a sign face that exceeds 2m² per side.</p>
<p>Concept Plans</p>	
<p>PO 4.1</p> <p>Development is compatible with the outcomes sought by any relevant Concept Plan contained within Part 12 – Concept Plans of the Planning and Design Code to support the orderly development of land through staging of development and provision of infrastructure.</p>	<p>DTS/DPF 4.1</p> <p>The <u>site</u> (.) of the development is wholly located outside any relevant Concept Plan boundary. The following Concept Plans are relevant:</p> <p>In relation to DTS/DPF 4.1, in instances where:</p> <p>(a) one or more Concept Plan is returned, refer to Part 12 – Concept Plans in the Planning and Design Code to determine if a Concept Plan is relevant to the <u>site</u> (.) of the proposed development. Note: multiple concept plans may be relevant.</p> <p>(b) in instances where ‘no value’ is returned, there is no relevant concept plan and DTS/DPF 4.1 is met.</p>

Table 5 – Procedural Matters (PM) – Notification

The following table identifies, pursuant to section 107(6) of the *Planning, Development and Infrastructure Act 2016*, classes of performance assessed development that are excluded from notification. The table also identifies any exemptions to the placement of notices when notification is required.

Interpretation

Notification tables exclude the classes of development listed in Column A from notification provided that they do not fall within a corresponding exclusion prescribed in Column B.

Where a development or an element of a development falls within more than one class of development listed in Column A, it will be excluded from notification if it is excluded (in its entirety) under any of those classes of development. It need not be excluded under all applicable classes of development.

Where a development involves multiple performance assessed elements, all performance assessed elements will require notification (regardless of whether one or more elements are excluded in the applicable notification table) unless every performance assessed element of the application is excluded in the applicable notification table, in which case the application will not require notification.

<p>Class of Development (Column A)</p>	<p>Exceptions (Column B)</p>
<p>1. Development which, in the opinion of the relevant authority, is of a minor nature only and will not unreasonably impact on the owners or occupiers of land in the locality of the <u>site</u> (.) of the development.</p>	<p>None specified.</p>

<p>2. Any development involving any of the following (or of any combination of any of the following):</p> <ul style="list-style-type: none"> (a) advertisement (b) air handling unit, air conditioning system or exhaust fan (c) building work on railway land (d) community facility (.) (e) educational establishment (.) (f) fence (g) pre-school (.) (h) private bushfire shelter (i) protective tree netting structure (.) (j) recreation area (.) (k) retaining wall (l) shade sail (m) solar photovoltaic panels (roof mounted) (n) swimming pool or spa pool (o) water tank. 	<p>Except development that exceeds the maximum building height (.) specified in Community Facilities Zone DTS/DPF 2.1 or does not satisfy any of the following:</p> <ul style="list-style-type: none"> 1. Community Facilities Zone DTS/DPF 2.2 2. Community Facilities Zone DTS/DPF 2.3.
<p>3. Any development involving any of the following (or of any combination of any of the following):</p> <ul style="list-style-type: none"> (a) internal building works (b) land division (c) replacement building (.) (d) temporary accommodation in an area affected by bushfire (.) (e) tree damaging activity. 	<p>None specified.</p>
<p>4. Consulting room (.)</p>	<p>Except where the site (.) of the development is adjacent land to a site (.) (or land) used for residential purposes in a neighbourhood-type zone (.)</p>
<p>5. Demolition.</p>	<p>Except any of the following:</p> <ul style="list-style-type: none"> 1. the demolition of a State or Local Heritage Place 2. the demolition of a building (except an ancillary building) in a Historic Area Overlay.
<p>6. Office (.)</p>	<p>Except office (.) that exceeds the maximum building height (.) specified in Community Facilities Zone DTS/DPF 2.1, or is on a Catalyst Site (.) in the St Andrews Hospital Precinct Subzone and exceeds the maximum building height (.) in Community Facilities Zone DTS/DPF 2.1 that applies to development not on a Catalyst Site (.), or does not satisfy any of the following:</p> <ul style="list-style-type: none"> 1. Community Facilities Zone DTS/DPF 1.3 2. Community Facilities Zone DTS/DPF 2.2 3. Community Facilities Zone DTS/DPF 2.3.

7. Shop (.)

Except shop (.) that exceeds the maximum building height (.) specified in Community Facilities Zone DTS/DPF 2.1, or is on a Catalyst Site (.) in the St Andrews Hospital Precinct Subzone and exceeds the maximum building height (.) in Community Facilities Zone DTS/DPF 2.1 that applies to development not on a Catalyst Site (.), or does not satisfy any of the following:

1. Community Facilities Zone DTS/DPF 1.2
2. Community Facilities Zone DTS/DPF 2.2
3. Community Facilities Zone DTS/DPF 2.3.

8. Telecommunications facility (.)

Except telecommunications facility (.) that:

1. is within 50m of a neighbourhood-type zone (.)
or
2. exceeds 30m in height
or
3. is on a site (.) that is adjacent land to a site (.) (or land) used for residential purposes.

Placement of Notices – Exemptions for Performance Assessed Development

None specified.

Placement of Notices – Exemptions for Restricted Development

None specified.

Part 3 – Overlays

Part 4 – General Development Policies

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For the purposes of section 48(1) of the Planning, Development and Infrastructure Act 2016 this web site has been established by the Chief Executive of Attorney-General's Department and forms part of the SA planning portal

For the purposes of section 52(1) of the Planning, Development and Infrastructure Act 2016 this statutory instrument, being the Planning and Design Code, has been certified by the Chief Executive

Sensitivity Analysis - Rates Increase

Comparison Model Projections as at the Q2 Review	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,666)	(2,169)	(2,003)	(1,846)	(1,613)	(1,478)	(1,390)	(1,359)	(1,012)	(764)
Operating Surplus Ratio - %	(7)%	(7)%	(5)%	(5)%	(4)%	(4)%	(3)%	(3)%	(3)%	(2)%	(1)%
Net Financial Liabilities Ratio - %	63%	76%	72%	70%	69%	68%	67%	67%	66%	70%	69%
Total Borrowings	23,400	28,800	28,600	28,800	29,300	30,200	30,900	31,900	32,400	35,600	36,800

Consultation Model 8.5% Rate Increase	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,055)	(1,846)	(1,827)	(1,649)	(1,384)	(1,223)	(1,105)	(1,029)	(591)	(246)
Operating Surplus Ratio - %	(7)%	(5)%	(5)%	(4)%	(4)%	(3)%	(3)%	(2)%	(2)%	(1)%	0%
Net Financial Liabilities Ratio - %	63%	67%	73%	70%	68%	66%	64%	63%	60%	61%	59%
Total Borrowings	23,400	25,500	28,900	28,900	29,200	29,100	29,400	30,100	29,600	31,300	31,200

Model 1 7.6% Rate Increase	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,229)	(2,037)	(2,035)	(1,875)	(1,635)	(1,504)	(1,418)	(1,379)	(973)	(665)
Operating Surplus Ratio - %	(7)%	(6)%	(5)%	(5)%	(4)%	(4)%	(3)%	(3)%	(3)%	(2)%	(1)%
Net Financial Liabilities Ratio - %	63%	67%	74%	72%	70%	68%	67%	67%	64%	66%	64%
Total Borrowings	23,400	25,700	29,300	29,500	30,000	30,200	30,800	31,800	31,600	33,700	34,000

Model 2 6.9% Rate Increase	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,362)	(2,181)	(2,193)	(2,049)	(1,827)	(1,717)	(1,655)	(1,645)	(1,265)	(985)
Operating Surplus Ratio - %	(7)%	(6)%	(5)%	(5)%	(5)%	(4)%	(4)%	(3)%	(3)%	(2)%	(2)%
Net Financial Liabilities Ratio - %	63%	68%	75%	73%	72%	70%	70%	70%	67%	70%	69%
Total Borrowings	23,400	25,800	29,500	29,900	30,600	31,000	31,800	33,000	33,100	35,500	36,100

Sensitivity Analysis - CPI

Consultation Model 8.5% Rate Increase	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,055)	(1,846)	(1,827)	(1,649)	(1,384)	(1,223)	(1,105)	(1,029)	(591)	(246)
Operating Surplus Ratio - %	(7)%	(5)%	(5)%	(4)%	(4)%	(3)%	(3)%	(2)%	(2)%	(1)%	0%
Net Financial Liabilities Ratio - %	63%	67%	73%	70%	68%	66%	64%	63%	60%	61%	59%
Total Borrowings	23,400	25,500	28,900	28,900	29,200	29,100	29,400	30,100	29,600	31,300	31,200

Model 3 CPI 1% Higher	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(1,961)	(1,745)	(1,718)	(1,527)	(1,247)	(1,067)	(933)	(831)	(371)	(11)
Operating Surplus Ratio - %	(7)%	(5)%	(4)%	(4)%	(3)%	(3)%	(2)%	(2)%	(2)%	(1)%	0%
Net Financial Liabilities Ratio - %	63%	66%	72%	69%	66%	64%	62%	61%	57%	58%	55%
Total Borrowings	23,400	25,400	28,700	28,600	28,700	28,500	28,700	29,200	28,400	29,900	29,600

Model 4 CPI 1% Lower	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,154)	(1,957)	(1,948)	(1,784)	(1,532)	(1,388)	(1,294)	(1,240)	(827)	(508)
Operating Surplus Ratio - %	(7)%	(6)%	(5)%	(5)%	(4)%	(3)%	(3)%	(3)%	(3)%	(2)%	(1)%
Net Financial Liabilities Ratio - %	63%	67%	74%	71%	70%	68%	66%	66%	63%	65%	63%
Total Borrowings	23,400	25,600	29,100	29,300	29,700	29,700	30,300	31,100	30,800	32,800	32,900

Sensitivity Analysis - New Rates Income

Consultation Model 8.5% Rate Increase	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,055)	(1,846)	(1,827)	(1,649)	(1,384)	(1,223)	(1,105)	(1,029)	(591)	(246)
Operating Surplus Ratio - %	(7)%	(5)%	(5)%	(4)%	(4)%	(3)%	(3)%	(2)%	(2)%	(1)%	0%
Net Financial Liabilities Ratio - %	63%	67%	73%	70%	68%	66%	64%	63%	60%	61%	59%
Total Borrowings	23,400	25,500	28,900	28,900	29,200	29,100	29,400	30,100	29,600	31,300	31,200

Model 5 High Level of New Rate Revenue	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,055)	(1,846)	(1,827)	(1,138)	408	1,114	1,491	1,874	2,614	3,804
Operating Surplus Ratio - %	(7)%	(5)%	(5)%	(4)%	(3)%	1%	2%	3%	4%	5%	7%
Net Financial Liabilities Ratio - %	63%	67%	73%	70%	66%	58%	52%	46%	38%	34%	25%
Total Borrowings	23,400	25,500	28,900	28,900	28,700	26,800	24,800	22,900	19,500	18,000	13,800

Model 6 Medium Level of New Rate Revenue	2023 Estimate	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6	2030 Year 7	2031 Year 8	2032 Year 9	2033 Year 10
Operating Surplus / (Deficit) - \$'000	(2,510)	(2,055)	(1,846)	(1,827)	(1,392)	(488)	(55)	194	425	1,015	1,781
Operating Surplus Ratio - %	(7)%	(5)%	(5)%	(4)%	(3)%	(1)%	0%	0%	1%	2%	3%
Net Financial Liabilities Ratio - %	63%	67%	73%	70%	67%	62%	58%	54%	49%	47%	41%
Total Borrowings	23,400	25,500	28,900	28,900	28,900	28,000	27,100	26,500	24,500	24,600	22,500

19.1 Corporate

19.1.1 *Unsolicited Proposal – 127 Nicolson Avenue* – **CONFIDENTIAL**

Moved Cr Klobucar, seconded Cr Knox

C4716-2023

Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, Council orders that the public be excluded from the meeting with the exception of Justin Commons; Chief Executive Officer, Kathy Jarrett; Director Corporate, Kristen Clark, Director City Infrastructure, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Sean Kelly; Manager Communications and Public Relations, Michelle Armstrong; Executive Co-ordinator – CEO and Mayor and Lisette Symons; Executive Co-ordinator – Corporate for Agenda Item 19.1.1 – Unsolicited Proposal – 127 Nicolson Avenue.

The Council considers that the requirement for the meeting to be conducted in a place open to the public has been outweighed in circumstances where the Council will receive and consider a report containing commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council.

Carried

Moved Cr Knox, seconded Cr Simpson

Council:

1. delegate the Chief Executive Officer to enter into exclusive negotiations with Country and Outback Health for the sale of 127 Nicolson Avenue, and authorise a sale contract at a price point of \$1 million; and
2. having considered Agenda Item 19.1.1 – Unsolicited Proposal – 127 Nicolson Avenue in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act, orders that this Report, any Annexures to this Report and the Minutes be kept confidential and not available for public inspection until such time as the premises at 127 Nicolson Avenue is sold, except insofar as is necessary to implement the Council decision, on the basis that it contains commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.

AMENDMENT

Moved Cr Campbell, seconded Cr Borda

C4717-2023

Council:

1. delegate the Chief Executive Officer to enter into exclusive negotiations with Country and Outback Health for the sale of 127 Nicolson Avenue, and authorise a sale contract if a price point of \$1.3 million or higher can be agreed; and
2. having considered Agenda Item 19.1.1 – Unsolicited Proposal – 127 Nicolson Avenue in confidence, under Sections 90(2) and (3)(b) of the Local Government Act 1999, the Council pursuant to Section 91(7) of the Act, orders that this Report, any Annexures to this Report and the Minutes be kept confidential and not available for public inspection until such time as the premises at 127 Nicolson Avenue is sold, except insofar as is necessary to implement the Council decision, on the basis that it contains commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the Council, notwithstanding that it will be reviewed annually in February of each year.

Carried

The Amendment became the Motion

The Motion was put and Carried