

19.1 CORPORATE SERVICES

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

Council Meeting: 15 May 2023
Author's Title: Manager Finance **File No.:** 0-159
Directorate: Corporate Services

Annexures:

A – Valuation
B – Formal Counteroffer
C – Building Report

Officer Direct or Indirect Conflict of Interest:

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

Yes No

Status:

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

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, Jodie Perone; Manager City Development, Lisette Symons; Executive Co-ordinator – Corporate and Naomi Jarvis; Executive Co-ordinator – City Infrastructure for Agenda Item 19.1.1 – Unsolicited Proposal – 127 Nicolson Avenue.

The Audit and Risk Committee 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 Council's final offer for 127 Nicolson Avenue, to potentially finalise a sale to Country and Outback Health.

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.

As per the proposed process in the previous report, Council provided a counteroffer of \$1.35 million to COH and informed them that Council would undertake a period of exclusive negotiations with them.

After receiving and reviewing a building inspection, COH made time to meet with Council staff, to discuss next steps, after which time they submitted a formal counteroffer of \$1.175 million. In arriving at this figure, they put a value of \$1.225 million on the building for their purposes, which they then discounted by \$50,000 for building maintenance that they believe needs to be undertaken straight away.

Due to the time constraints that exist for COH, it is recommended that Council make a decision on a final offer to be put to them. If this price is not accepted, Council should then instead consider commencing an Expression of Interest process for the sale of the building, which would come back to Council for decision.

Based on a number of factors presented, Council could consider offering a price point of between \$1.18 million and \$1.3 million, while still being consistent with the principle of offering the property at market value, less selling costs.

RECOMMENDATION

Council:

- 1. authorise the Chief Executive Officer to make an offer of \$1,225,000 to Country and Outback Health for the sale of 127 Nicolson Avenue;**
- 2. delegate the Chief Executive Officer to authorise a sale contract if a price at or above \$1,200,000 can be agreed during final negotiations;**
- 3. authorise the Mayor and Chief Executive Officer to sign and seal any documents that may be required to facilitate the sale; and**
- 4. 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 – **CONFIDENTIAL**

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.

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. This is included at **Annexure "A"**.

A proposal for entering into exclusive negotiations was presented to Council on 17 April 2023, after being reviewed by the Audit and Risk Committee. Council took the advice of the committee and resolved to delegate the CEO to enter into exclusive negotiations and accept a minimum price of \$1.3 million, being the valuation received less selling costs saved.

DISCUSSION

As per the proposed process in the previous report, Council provided a counteroffer of \$1.35 million to COH and informed them that Council would undertake a period of exclusive negotiations with them.

COH were very appreciative of Council's process and considerations and committed to reviewing the outstanding building inspection that they had commissioned as quickly as possible to understand what price point they thought was appropriate.

After receiving and reviewing the building inspection, COH made time to meet with Council staff, to discuss next steps, after which time they submitted a formal counteroffer of \$1.175 million, which is attached at **Annexure "B"**.

In arriving at this figure, they put a value of \$1.225 million on the building for their purposes, which they then discounted by \$50,000 for building maintenance that they believe needs to be undertaken straight away. This primarily involves dealing with some water damage within the building and installing overflow prevention in the box gutters to ensure that this issue doesn't reoccur.

Council did recently undertake some roof repairs to deal with some leaking issues, so it is possible that some of this damage is quite recent.

COH have also outlined that they are conscious that the building is in a prominent place and part of one of the city's key precincts. Some of the \$50,000 spend will be put towards ensuring that the building façade and surrounds reflect this fact. While this may not normally be a factor that would be taken into account in a process such as this, this mirrors some of the thoughts expressed by Council Members when they previously discussed this item.

Administration is of the opinion that the estimated price of \$50,000 for the listed works is not unreasonable, given the information in the building report and the known condition of the building.

COH have made it clear during negotiations that they intent to work with existing tenants to offer leases for a period of time, to ensure they have opportunity to find alternative accommodation.

COH have a current lease that expires on 30 June 2023, so they are looking to finalise a sale as soon as possible and make the move into the new space. They are already at maximum capacity for their current building and have had to defer previous opportunities to expand their workforce.

Additionally, COH have indicated that they would like to move their main office from Port Augusta to Whyalla.

Key Considerations

While the valuation did consider the current condition of the building, including the interior, it is made clear on page 29 of the report that it is not a structural report, and that a structural report has not been considered in arriving at the valuation. It states that the final valuation may be adjusted if a structural report was considered.

Therefore, the building report commissioned by COH could be considered relevant to calculating a price, so is included at **Annexure "C"**. From this information, COH have calculated that \$50,000 of up-front works need to be undertaken. Council may wish to discount their selling price by some of all or all of this figure.

The method ultimately used by Opteon to arrive at their valuation was the Income Capitalisation Method, with the calculations for this shown on pages 24 and 25 of their report. As can be seen, the final valuation is based on the mid-range calculation, but a valuation range of \$1.275 million to \$1.425 million is provided by this method. Council may wish to consider if some portion of the \$75,000 reduction provided by the low-range estimate should be factored into the selling price.

If both of the items considered above are fully applied to discounting the selling price, then the "selling cost discount" would be reduced slightly to \$45,000, meaning that the lowest price considered by these factors alone should be \$1.18 million.

Ultimately, Council need to decide how much flexibility they believe is appropriate to apply when in exclusive negotiations, while still achieving maximum public value. Obviously, there is the potential that the building could be sold for a higher price on the open market, which needs to be weighed against the public value of the current proposition. The considerations above are deemed to be consistent with the framework recommended by the Audit and Risk Committee.

Recommendation

Due to the time constraints that exist for COH, it is recommended that Council make a decision on a final offer to be put to them. If this price is not accepted, Council should then instead consider commencing an Expression of Interest process for the sale of the building, which would come back to Council for decision.

Based on the information above, Council could consider offering a price point of between \$1.18 million and \$1.3 million, while still being consistent with the principle of offering the property at market value, less selling costs.

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 \$1.175 million, these funds would be used to pay down Council's loan balance, saving Council interest of \$68,000 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 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, 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. In this circumstance, it is likely that overall community value is maximised even if the building is sold at a point slightly below the market value.

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

If a sale is negotiated, communication with the current tenants of the building will be very important, to give them suitable time to make alternate arrangements. COH have made it clear that they will likely be able to facilitate a period of continuing lease for the existing tenants.

Conclusion

Due to the time constraints that exist for COH, it is recommended that Council make a decision on a final offer to be put to them. If this price is not accepted, Council should then instead consider commencing an Expression of Interest process for the sale of the building, which would come back to Council for decision.

Council could consider offering a price point of between \$1.18 million and \$1.3 million, while still being consistent with the principle of offering the property at market value, less selling costs.

Annexure "A"



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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	Partial Inspection: 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. 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.

1.2 Property Details

Property Description	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. 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.
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

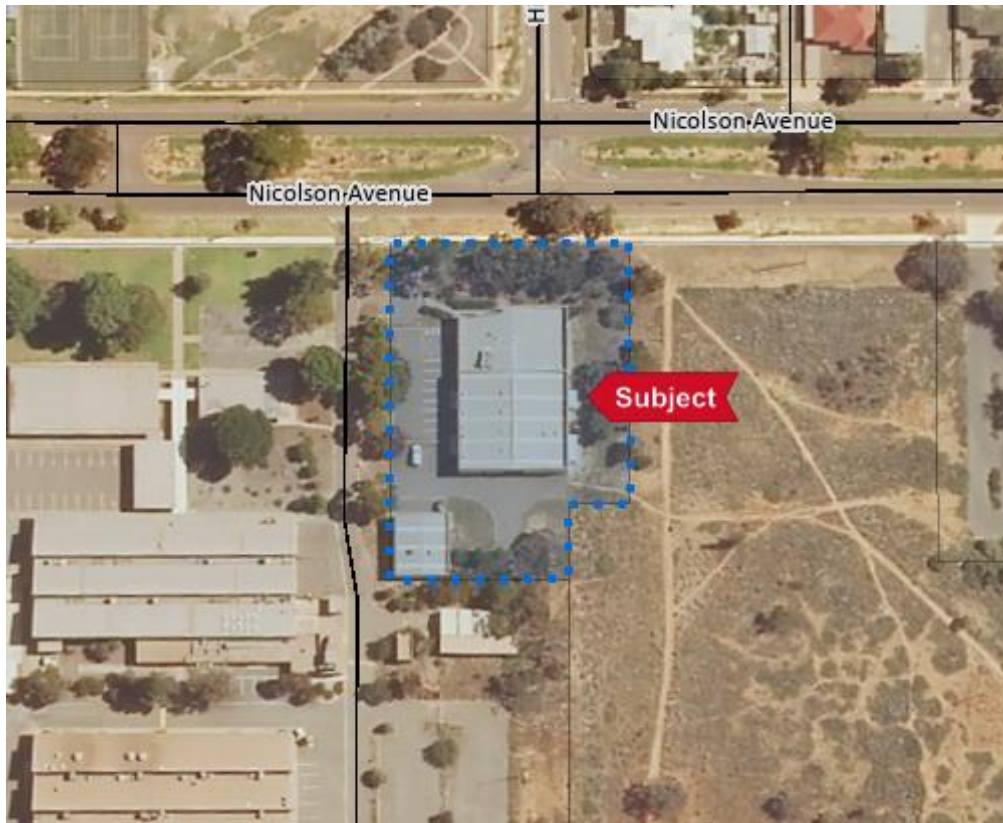
Location	The regional City of Whyalla is approximately 390 kilometres north of Adelaide and is the second largest city in South Australia by population (excluding Gawler) with a population of 21,751 people as at the 2016 census. Nicolson Avenue is an arterial roadway some 900m east of the Westlands Shopping 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.

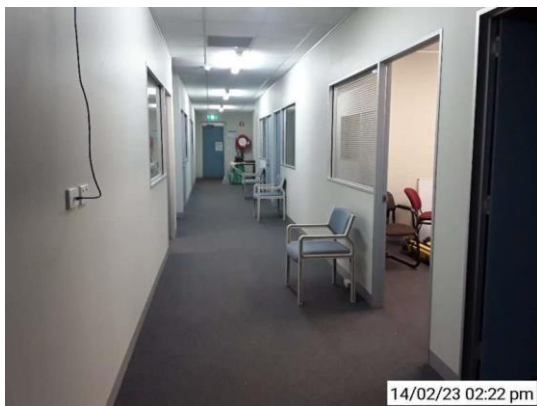
5.0 Photography



Front



Reception



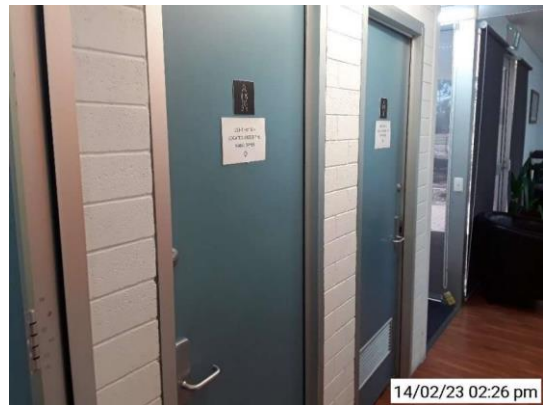
Offices



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
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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
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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.

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).

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.

27 Frances Terrace, Kadina, SA	May-19	Term: 10 yrs Options: 3 yrs	\$115,500 pa	Gross	385	\$300
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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.

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.

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.

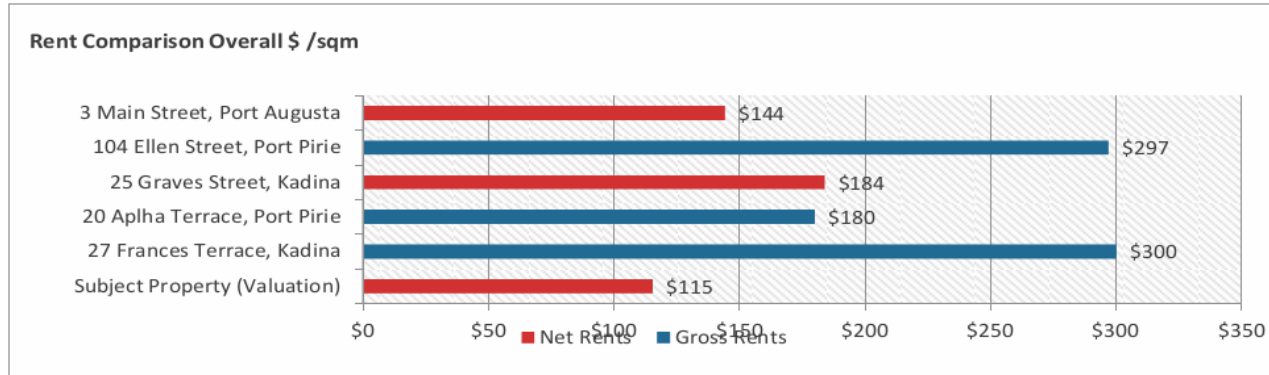
The most broadly comparable tenancy is considered to be 20 Alpha Terrace Port Pirie as the improvements are of a similar age to the subjects, provide the largest lettable area of the evidence analysed (albeit still smaller in lettable area that the subject accommodation) and provide a combination of 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>			



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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.

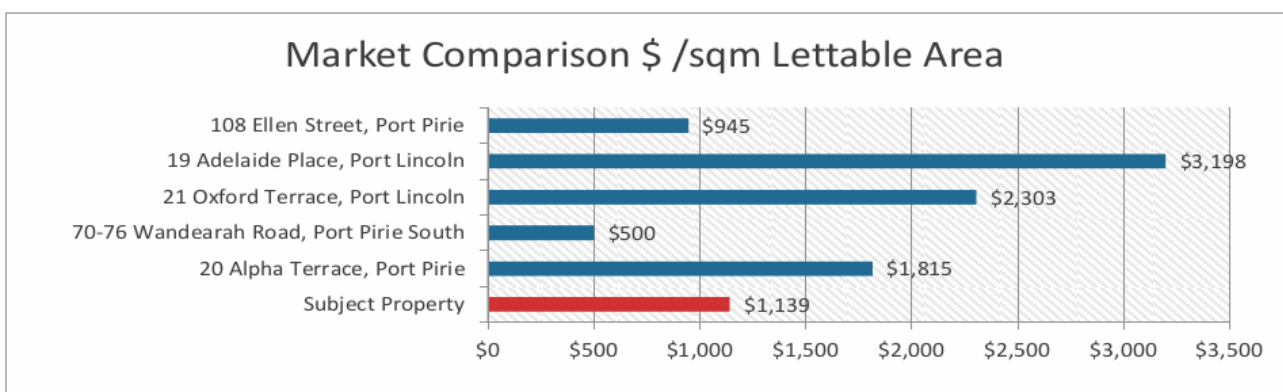
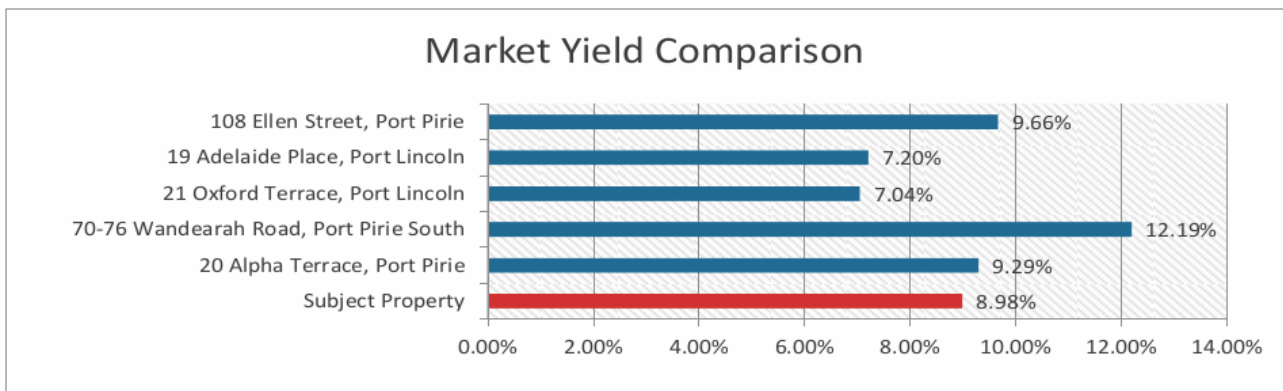
These factors are balanced by the reasonably modern construction of the subject improvements.

- 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
Less 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	<p><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></p> <p><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></p>
Structural	<p><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></p> <p><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></p> <p><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></p>

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

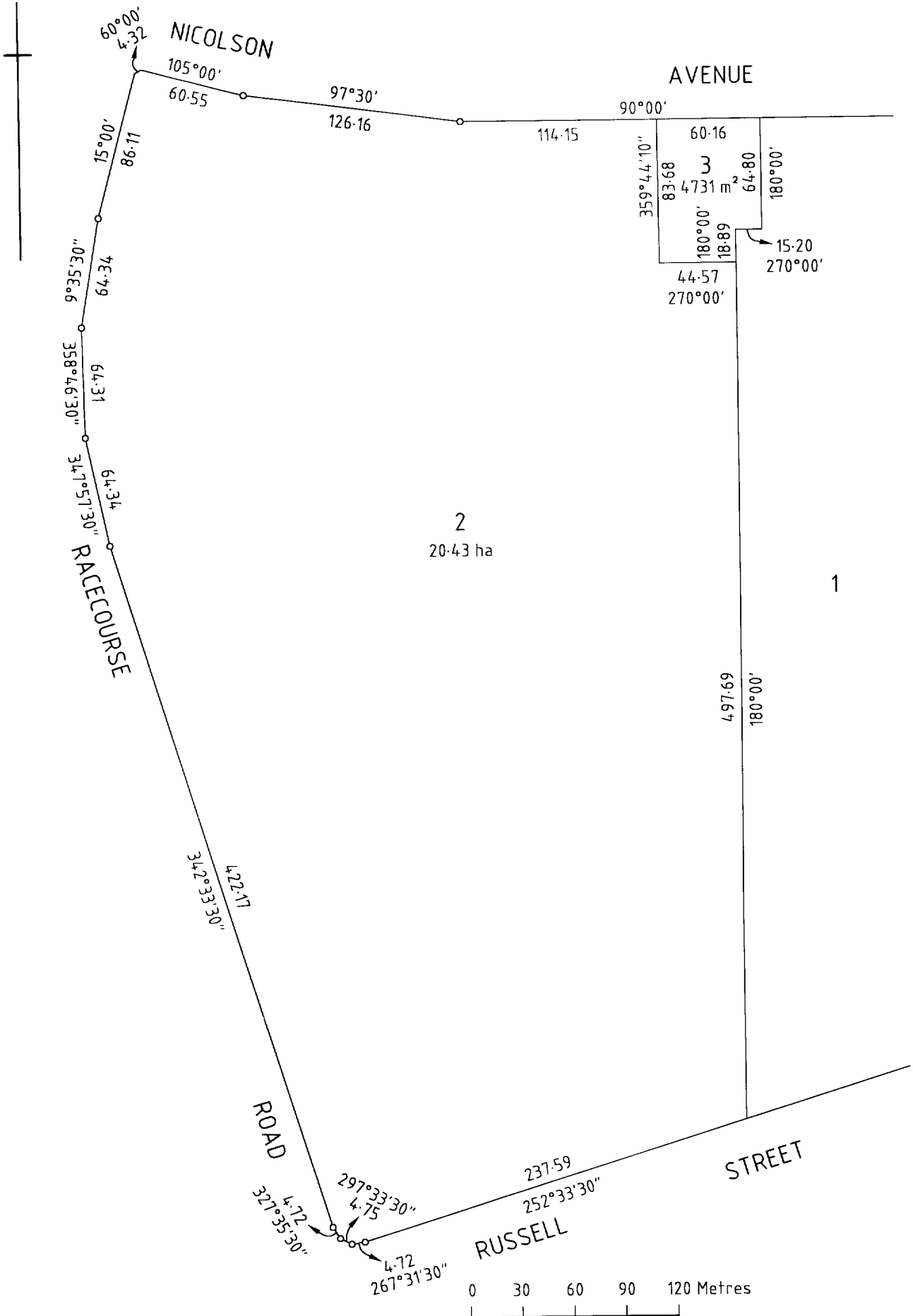
NIL

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

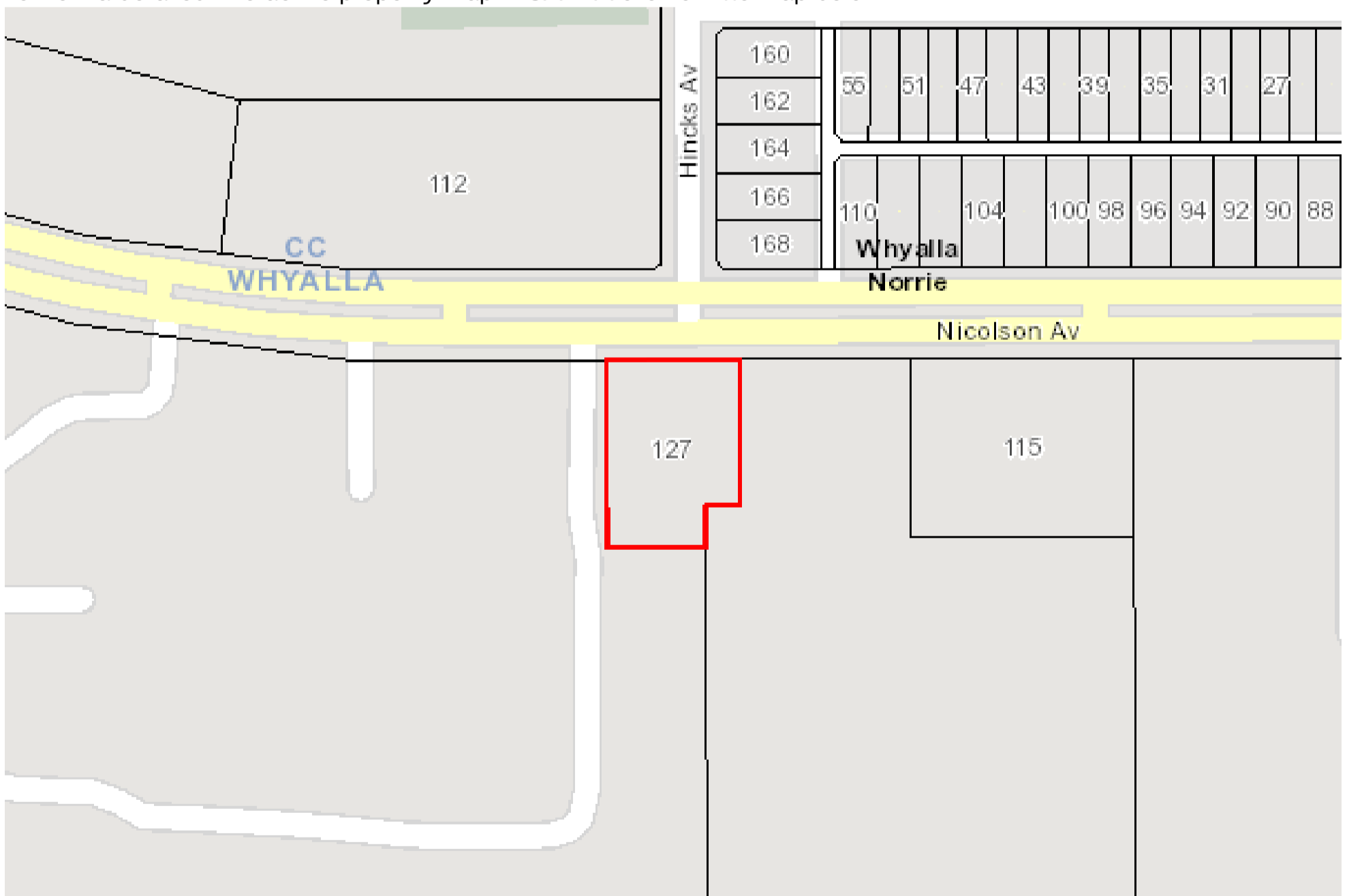
Feedback

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:

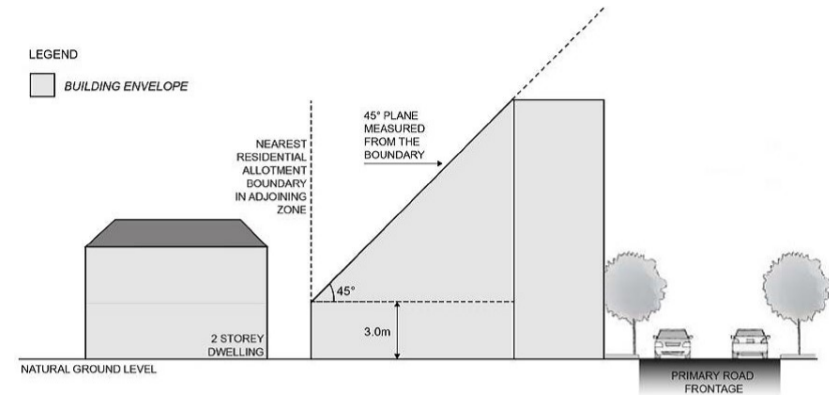
- (a) more than one value is returned in the same field, refer to the *Maximum Building Height (.) (Levels) Technical and Numeric Variation layer or Maximum Building Height (.) (Metres) Technical and Numeric Variation layer in the SA planning database to determine the applicable value relevant to the 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):

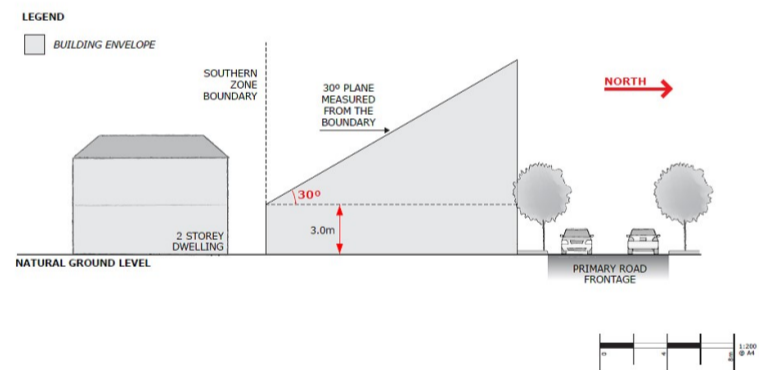


PO 2.3

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.

<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

Was this page helpful?

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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



Country &
Outback Health

ABN 74 919 613 078
12 Chapel Street
Port Augusta SA 5700

Annexure "B"

4th May 2023

Dear Grant,

Thank you for the recent access to 127 Nicholson Avenue and for the opportunity to continue our negotiations with you.

During the inspections we identified some immediate repairs that would need to be undertaken before we could commence service delivery, including rainwater drainage, existing water damage and a musty smell at the rear of the building within the water damaged areas that requires further investigation. We would also be looking to enhance the appearance of the building including cladding repairs and painting to ensure the building reflects the professional, respectful services that we deliver. Any repairs or improvements will be reviewed with consideration to the energy efficiency of the building to reduce our environmental impact and daily running costs.

It is our intent to reassign Country & Outback Health's head office from Port Augusta to Whyalla therefore we need a building worthy of this title. From our Whyalla office we currently deliver a range of block funded mental health, allied health, and psychosocial support programs as well as National Disability Insurance Scheme (NDIS) accessed mental health therapeutic services, support coordination and plan management. The purchase of 127 Nicholson Ave will enable us to move our current team into the new space and recruit more employees as we work towards increasing and further diversifying our primary health care services with the wellbeing of our community at the heart of our strategic planning.

In due course we will endeavour to move headspace Whyalla into the building alongside our COBH team to further integrate our service delivery and improve client outcomes. We believe the location of 127 Nicholson Ave, right next to the superschool, would be ideal for the headspace centre. Increasing access for more young people and helping to reduce the stigma around seeking mental health support.

We believe that a prominent, professional health service on Nicholson Ave would be a great asset to the community and a clear demonstration of council support to improve the percentage of community members who feel safe, healthy, and connected to their community. With consideration of the building maintenance required and the added value the service will bring to the community Country & Outback Health would like to offer the City of Whyalla \$1,175,000 for the purchase of 127 Nicholson Avenue.

We look forward to speaking with you further.

Yours sincerely

Zieco Skeldon

Chief Executive Officer

Country & Outback Health

Pre-purchase Class 5 Commercial Building Inspection Report

Class 5 Building is an office building used for professional or commercial purposes.

5740

Provided By



Building Inspectors SA
MAKING BUILDING COMPLIANCE HAPPEN

Annexure "C"

Building Inspectors SA Pty Ltd

3 Rowe Court, Port Augusta West, SOUTH AUSTRALIA, 5700

P 1300860272

M 0417854163

info@bisa.net.au

Property Address

127 Nicolson Ave, Whyalla, SA, 5600



Report Information

Client Information

Client Name	Country & Outback Health Incorporated
Report ordered by	Zieco Skeldon
Client Email	zskdon@cobh.org.au

Inspection Information

Report/Agreement #	5740
Inspection Date:	23 March 2023
Inspection Time:	10:00 am

The Scope of the Inspection:

This report is based in Australian Standards AS 4349.1-2007. Inspection of Buildings

Only the purchaser name at the front page of the report "Client" should rely on this report. If this report has been issued to you by a third party. You are not to rely on its findings or contents and seek to obtain your own independent pre purchase inspection report as this report and contents is non transferable.

If the property is part of a Strata or Company Title , then Appendix "B" of the Australian Standards applies.

Special Requirements: Unless stated otherwise in the report It is acknowledged that there are no special requirements placed on this inspection that are outside the scope of the abovementioned Australian Standard.

Inspection Agreement: This report is subject to the terms, scope, description and limitations of the inspection agreement that was entered into prior to the inspection being performed. (Note: This agreement may have been entered into by your Solicitor/Conveyancer or other agent). If you are unsure in any way as to how that inspection agreement impacts this inspection and report, please seek clarification prior to committing to the property.

Changes to the Inspection Agreement: Unless stated otherwise in the report It is acknowledged that if any inspection agreement is in place in respect to this inspection, no changes have been made between the scope of the pre-Inspection Agreement and the scope of this inspection report.

Please read the entire report. Refer to the terms & conditions as they form part of the report

Areas Inspected and Restrictions

The Building and the site including fencing that is up to 30 meters from the building and within the boundaries of the site. Where present and accessible, the Inspection shall include.

- (a) The interior of the building.
- (b) The roof space.
- (c) The exterior of the building
- (d) The sub-floor space
- (e) The roof exterior
- (f) The property within 30 m of the building subject to inspection.

Visual Inspection Only

This is a visual inspection only limited to those areas and sections of the property fully accessible and visible to the inspector on the date of inspection. The inspection did not include breaking apart, dismantling, removing or moving objects including, but not limited to, foliage, mouldings, roof insulation/ sisalation, floor or wall coverings, sidings, ceilings, floors, furnishings, appliances or personal possessions. The inspector cannot see inside walls, between floors, inside skillion roofing, behind stored goods in cupboards and other areas that are concealed or obstructed. The inspector did not dig, gouge, force or perform any other invasive procedures. Visible timbers cannot be destructively probed or hit without the written permission of the property owner.

Very Important note to the purchaser.

In the event that areas where access could not be gained ie: locked areas or rooms where physical access could not be gained, structural defects, termite damage or activity may be present but not seen. Access should be provided and a follow up or re-Inspection should be undertaken prior to a contract of sale becoming binding. Please consult with the vendor and request full access to restricted areas. This should be done prior to a decision to purchase.

Upgrade of existing buildings

In some circumstances, property owners are legally required to upgrade specific aspects of their property prior to, or after the transfer of the property title. The *Planning, Development and Infrastructure Act 2016* and *Planning, Development and Infrastructure (General) Regulations 2017* detail the circumstances in which all or part of an existing building may be required to be upgraded.

Essential Safety Provisions

Ministerial Building Standard SA 002 - 2019

Maintaining the performance of essential safety provisions

This standard is published as a Ministerial Building Standard under the *Planning, Development and Infrastructure Act 2016* and must be read in conjunction with the requirements of that Act and regulation 100 of the *Planning, Development and Infrastructure (General) (Development Assessment) Variation Regulations 2019* (the regulations).

Approved essential safety provisions (ESPs) are to comply with the approved safety requirements required by the Act and Regulations and listed on the ESP Form 1 issued by the relevant authority (in accordance with [Ministerial Building Standard \(MBS\) 002 - Maintaining the performance of essential safety provisions](#)).

The requirements of this standard apply to any essential safety provisions installed in buildings or required to be installed in buildings under the Building Code, a Ministerial Building Standard or under any former regulations under the Building Act 1971 or the Development Act 1993.

A reference to 'maintenance' in this standard includes replacing the essential safety provisions, fixing defects and keeping records relating to the maintenance and testing carried out on the essential safety provisions.

The owner of a building must, at the request of an authorised officer produce the records of maintenance and testing carried out on essential safety provisions (installed in the building) over a specified period not exceeding two years for inspection by the authorised officer, within 48 hours of the request.

ESP PERFORMANCE REQUIREMENT

The essential safety provisions (ESP) installed in a building must be performing at the standard required by the installation standard that was approved at development authorisation.

Essential safety provisions installed in a building must be maintained and tested to the extent necessary to ensure that they are capable of performing to a standard no less than the standard they were originally required to achieve at installation.

FORM 3 – ESP MAINTENANCE VERIFICATION

In accordance with regulation 100(7) and (8), a building owner must provide annual proof in the appropriate form to the relevant council that maintenance and testing have been carried out on all essential safety provisions installed in the building and that -

- (a) there are no outstanding defects or failures reducing the effectiveness of the essential safety provisions and they are continuing to perform to a standard no less than the standard they were originally required to achieve; or
- (b) any outstanding defects or failures from a previous year identified by the person or contractor responsible for carrying out the maintenance and testing that may have affected the effectiveness of the essential safety provisions have been rectified or are in the process of being rectified; or
- (c) any current outstanding defects or failures identified by the person or contractor responsible for carrying out the maintenance and testing that may affect the effectiveness of the essential safety provisions are in the process of being rectified; or are in the process of being rectified.

Types of Essential Safety Measures

Essential safety measures in this building could be, but are not limited to:-

- Air conditioning systems,
- Emergency lighting,
- Emergency power supply,
- intercommunication systems,
- Exit doors,
- Exit signs,
- Fire Service connections,
- Fire control centres,
- Fire control panels,
- Fire detectors and alarm systems,
- Fire extinguishers (portable),
- Fire hydrants,
- Fire mains,
- Fire-rated materials applied to building elements,
- Mechanical ventilation systems,
- paths of travel to exits,
- Smoke alarms,
- Sprinkler systems,
- Any other fire safety matter which is required by the Act or Regulations and the local council

authority or certifier designates on the form 1.

The owner must ensure that an essential safety measure: -

- a) Is maintained in a state which enables the essential safety measure to fulfil its purpose; and
- b) Must not be removed from its approved location except for the purposes of providing maintenance.

Fire safety systems

The use of Performance Solutions to meet the Performance Requirements of the National Construction Code has resulted in complex fire safety designs and active fire safety systems favoured over passive fire safety systems in Class 2-9 buildings.

These fire safety systems are not uniformly installed, tested and independently certified across all Class 2-9 buildings in Australia. While it is common for the statutory building surveyor to require certificates from fire systems installers or the builder, only some jurisdictions (QLD, NSW, SA and Tasmania) mandate that these certificates be provided prior to occupation or 'sign-off' of a Class 2-9 building.

Routine maintenance of fire safety systems is also not regulated in all jurisdictions and there is a risk the fire safety systems may not perform as intended if not regularly maintained. Proper installation, testing, independent certification and maintenance of these systems is critical to ensure regulatory compliance and ongoing occupant safety

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Summary Of Major Defects And Safety Hazards

Below Is A Summary Of Significant Items Requiring Immediate Action.

Section	Location	Name	Comment
SITE	Parking area	Sumps and drainage	Tree and garden Litter will enter parking area stormwater sumps. Warrants checking that parking area sumps are clear through to the outlets and sumps are clear of litter annually.
ROOF, GUTTER, DOWNPIPES & STORMWATER	External walls	Downpipes	Warrants having all stormwater drains connecting downpipes inspected for blockages and receiving all clear notification and plastic caps installed.
ROOF, GUTTER, DOWNPIPES & STORMWATER	Garage door threshold	Surface Water access	Immediately outside the roller door is a bitumen infill that will direct rainwater traversing the driveway surface and running down the face of the roller door to enter the building. Warrants installing an in pavement gutter connected to the existing inground storm water system.
ROOF, GUTTER, DOWNPIPES & STORMWATER	Roofing	Flashings	Apron flashing screw fixings are loose in places allowing the apron flashing to lift in high force winds and rain water to enter. Warrants re fixing existing screws and installing additional rivet fixings between existing screws
ROOF, GUTTER, DOWNPIPES & STORMWATER	Box gutters	Overflow prevention	There is no overflow prevention device to the box gutters if the gutter outlets are blocked. Under the National construction Code there is a requirement for box gutters to consist of overflow prevention or additional outlets below the top of the box gutter. If overflow prevention is not installed and the box gutters outlets are blocked up with litter, water will overflow the gutters into the building. Warrants installation of overflow prevention devices between each of the box gutter outlets.
EXTERIOR	External cladding	Cement sheeting	<p>a) Commercial grade cement sheeting has thermal damage cracks through, across and around approximately 20% of the external wall cladding. Warrants flushing and painting.</p> <p>b) Hole to the north facing cladding Cement sheeting damage warrants flushing and painting.</p> <p>c) 6 Exterior cladding cement sheeting panels require replacing.</p> <p>d) 1 Soffit lining panel to the south east corner warrants replacing and provision in the replacement panel made for a plastic drain to</p>

			<p>cater for future extraordinary storm events.</p> <p>e) Rain water is pooling on the south east eave soffit cement sheet panels causing damage. Caused from overflowing box gutter. Warrants repairs to the cement sheeting and corner bead.</p>
EXTERIOR	External doors	Gap beneath 2 doors	Warrants installation of a 'Raven' seals.
INTERIORS	Kitchen	Ceiling Water damage	<p>The ceiling tiles are damaged and wall cladding is missing. Ceiling tiles have fallen to the floor all caused from water falling from overflowing box gutter. Warrants repair of 4 ceiling tiles and replacement of the wall lining around the electrical switch box</p>
INTERIORS	Office 1	Ceiling Water damage	There is water damage to 9 ceiling tiles along the north wall that warrant replacing caused from overflowing box gutter.
INTERIORS	Office 2	Ceiling Water damage	There is water damage to 1 ceiling tile that has fallen to the floor along the north wall that warrants replacing, caused from overflowing box gutter.
INTERIORS	Office 3	Ceiling Water damage	There is water damage to 1 ceiling tile that has fallen to the floor along the north wall that warrants replacing, caused from overflowing box gutter.
INTERIORS	Office 4	Ceiling Water damage	There is water damage to 1 ceiling tile that has fallen to the floor along the north wall that warrants replacing, caused from overflowing box gutter.
INTERIORS	Office 5	Ceiling Water damage	There is water damage to 7 ceiling tiles along the north wall that warrants replacing, caused from overflowing box gutter.
INTERIORS	Office 5	Wall mounted air conditioner	The wall mounted air conditioner is shedding evacuate water down the wall from a poorly mounted connection tube inside the unit. Warrants repair
INTERIORS	Office 6	Ceiling Water damage	There is water damage to 3 ceiling tiles along the north wall that warrants replacing, caused from overflowing box gutter.
INTERIORS	Office 7	Ceiling Water damage	There is water damage to 1 ceiling tile along the west wall that warrants replacing, caused from overflowing box gutter.

BATHROOMS & TOILETS	Ladies toilets south side	Toilet cubicle	1 pan and cistern is out of order and not in a serviceable condition Warrants repair.
ROOF VOID	Suspended ceilings	Insulation	Most of the existing insulation batts have blown away/missing. Warrants installing R5.0+ insulation blanket between the ceiling suspension rods to the ceilings
CONCLUSION	Condition Of Inspected Structure	Incidence of Major Defects	The incidence of major defects in this building as compared with similar buildings is High

Summary Of Minor Defects

**Below Is A Summary Of Defects Other Than Major Defects.
You should not rely on the summary only. Please read the entire report.**

Section	Location	Name	Comment
CONCLUSION	Condition Of Inspected Structure	The Incidence of Minor Defects	There was no incidence of minor defects in this building as compared with similar buildings

SITE

Driveway & Parking

Surface

The impervious bitumen surface is in satisfactory serviceable condition.

Curbing, Gutters & Drainage

Satisfactory condition

Tree and garden litter provision

Litter will enter parking area stormwater sumps.
Warrants checking that parking area sumps are clear through to the outlets and sumps are clear of litter annually



Pathways

The paths around the Building are in a serviceable condition for the age of this building with no major defects visible.



Electricity

Electricity cable cover damaged

Warrants electrical safety check performed by
Licensed electrician



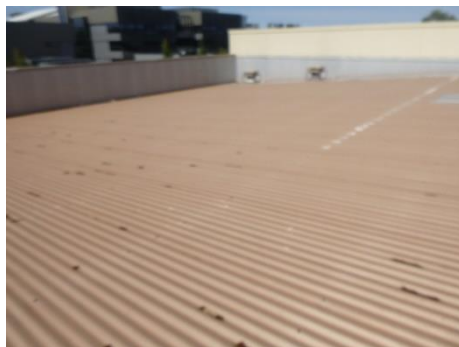
ROOF, GUTTER & DOWNPIPES

Roof Covering

Overall Condition

Of the visible areas, the general condition of the corrugated iron roof is in serviceable condition.

There appears to have been extensive re sheeting and remedial work performed.



Roof sheet Fixings

Satisfactory

Roofing overhang

Into gutters found serviceable.



Reverse cycle air conditioners.

Satisfactory installation



Flashing

Parapet Flashings

serviceable condition



Apron flashings

Apron flashing screw fixings are loose in places allowing the apron flashing to lift in high force winds and rain water to enter.

Warrants re fixing existing screws and installing additional rivet fixings between existing screws.



Guttering

Box Gutter Findings

All the box gutters have been surface treated with a bitumen emulsion and some have been replaced.

Box gutters are in a serviceable condition



BOX gutter overflow issue

Box gutters are 400mm wide x 120mm deep with a conical outlet connected to 120mm diameter down pipes.

There is tree litter in the box gutters that warrants cleaning out or it will collect in the downpipe outlet and restrict the flow of water from the box gutter.

There is no overflow prevention device to the box gutters if the gutter outlets are blocked.

Under the National construction Code there is a requirement for box gutters to consist of overflow

prevention or additional outlets below the top of the box gutter.

If overflow prevention is not installed and the box gutters outlets are blocked up with litter, water will overflow the gutters into the building.

Warrants installation of overflow prevention devices between each of the box gutter outlets.

Downpipes

Downpipe Findings

On visual inspection no apparent defects were noted to the existing down pipes and rain heads that are considered serviceable.

Rain heads have been set lower than box gutters in accord with requirements



All downpipes at their base have a port to facilitate cleaning. Normally the caps would be in place but in this case all caps have been removed.

This may be the result of metal theft or the stormwater drains blocked. Warrants having all stormwater drains connecting downpipes inspected for blockages and receiving all clear notification and plastic caps installed.



EXTERIOR

External Doors

2 External doors have no weather seal to keep rainwater from entering beneath the door.
Warrants installation of a raven seals.



Walls

Exterior Wall Material

Commercial grade cement sheeting has thermal damage cracks through, across and around approximately 20% of the external wall cladding.

Cement sheeting damage warrants flushing and painting.

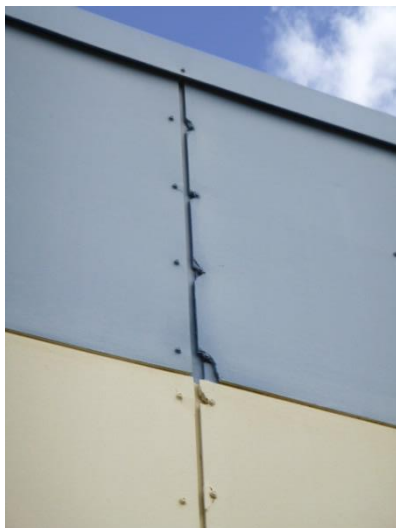


Walls cont..

There is a hole to the north facing cladding that warrants flushing and sheet panel painted.



6 Exterior cladding cement sheeting panels require replacing to avoid rain water entry



Windows

Overall Condition

On visual inspection, the general condition of the windows are serviceable for the age.



Eaves

1 Soffit lining panel to the south east corner warrants replacing and provision in the replacement panel made for a plastic drain to cater for future extraordinary storm events



Rain water is pooling on the south east eave soffit cement sheet panels causing damage. Caused from overflowing box gutter. Warrants repairs to the cement sheeting and corner bead.



Garage & Carport

Garage and storage area

Overall Condition

From the visible and accessible areas, this garage and storage area appears to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Commercial roller door

Serviceable condition

NOTE: While the roller door is kept open any energy efficiencies are lost



Storm water issue

Immediately outside the roller door is a bitumen infill that will direct rainwater traversing the driveway surface and running down the face of the roller door to enter the building.

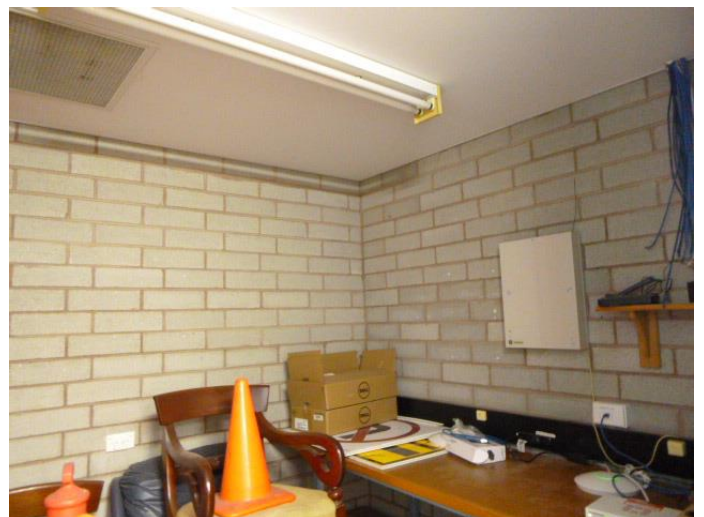
Warrants installing an in pavement gutter connected to the existing in ground storm water system.

INTERIORS

Reception Area & printing room

Overall Condition

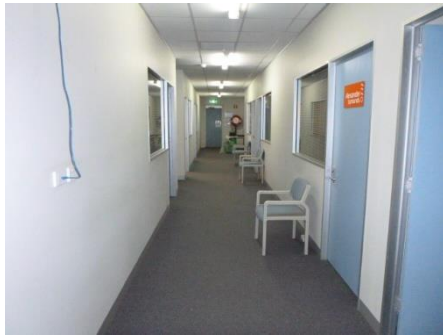
From the visible and accessible areas, this area appears to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Passages

Overall Condition

From the visible and accessible areas, the passages are clear of obstructions and appear to be in a serviceable condition for the age of the property with no notable structural defects sighted.



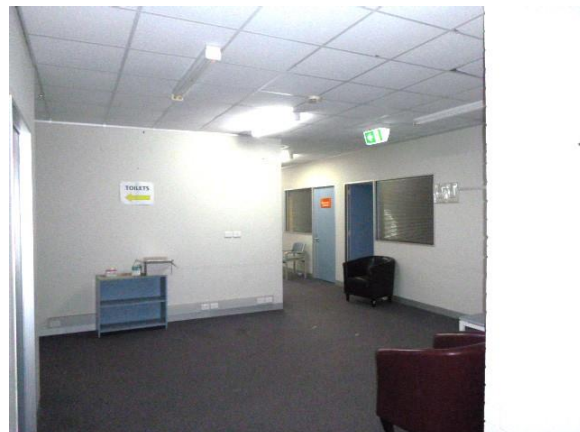
Conference room

From the visible and accessible areas, the this room appears to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Dining area

From the visible and accessible areas, the this area appears to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Kitchen

Overall Condition

From the visible and accessible areas, the kitchen Hot water system, cupboards and benchtop appears to be in a serviceable condition for the age of the property.

NOTE: There is a musty smell in this room.
The ceiling tiles are damaged and wall cladding is missing.
Ceiling tiles have fallen to the floor all caused by water falling from overflowing box gutter.
Warrants ceiling tile repair and replacement of the wall lining around the electrical switch box



Office 1

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property.

There is water damage to 9 ceiling tiles along the north wall that warrant replacing caused from overflowing box gutter.



Office 2

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property. There is water damage to 1 ceiling tile along the north wall that warrant replacing caused from overflowing box gutter.



Office 3

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property. There is water damage to 1 ceiling tile along the north wall that warrant replacing caused from overflowing box gutter.



Office 4

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property. There is water damage to 1 ceiling tile along the north wall that warrant replacing caused from overflowing box gutter.



Office 5

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property.
 There is water damage to 7 ceiling tiles along the north wall that warrant replacing caused from overflowing box gutter.



Office 6

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property.
 There is water damage to 3 ceiling tiles along the north wall that warrant replacing caused from overflowing box gutter.





The wall mounted air conditioner is shedding evacuate water down the wall from a poorly mounted connection tube inside the unit. Warrants repair



Office 7

Overall Condition

From the visible and accessible areas, this area and wall mounted air conditioner appears to be in a serviceable condition for the age of the property.

There is water damage to 1 ceiling tile along the west wall that warrant replacing caused from loose roof flashing.

Office 8

Overall Condition

From the visible and accessible areas, this office and wall mounted air conditioner appears to be in a serviceable condition for the age of the property.



Office 01

Overall Condition

From the visible and accessible areas, this office and wall mounted air conditioner appears to be in a serviceable condition for the age of the property



Office 02

Overall Condition

From the visible and accessible areas, this office appears to be in a serviceable condition for the age of the property



Office 03

Overall Condition

From the visible and accessible areas, this office and wall mounted air conditioner appears to be in a serviceable condition for the age of the property



Office 04

Overall Condition

From the visible and accessible areas, this office and wall mounted air conditioner appears to be in a serviceable condition for the age of the property



Training Room 1

Overall Condition

From the visible and accessible areas, this room and wall mounted air conditioner appears to be in a serviceable condition for the age of the property



Training Room 2

Overall Condition

From the visible and accessible areas, this room and wall mounted air conditioner appears to be in a serviceable condition for the age of the property



Training Room 3

Overall Condition

From the visible and accessible areas, this room, cupboard and sink and wall mounted air conditioner appears to be in a serviceable condition for the age of the property



Foyer to office 9

Overall Condition

From the visible and accessible areas, this foyer area appears to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Office 9

Overall Condition

From the visible and accessible areas, this office appears to be in a serviceable condition for the age of the property with no notable structural defects sighted.



BATHROOM(S) & TOILET(S)

Mens Toilets

Overall Condition

From the visible and accessible areas, the mens toilets appear to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Ladies toilets

Overall Condition

From the visible and accessible areas, the ladies toilets appear to be in a serviceable condition for the age of the property with no notable structural defects sighted.



Cleaners Room

No Access

Ladies toilets south side

Overall Condition

From the visible and accessible areas, this toilet has 2 pans and cisterns and 2 basins. 1 pan and cistern is out of order and not in a serviceable condition Warrants repair.



Mens toilets south side

Overall Condition

From the visible and accessible areas, this toilet has 1 pan and cistern and 1 urinal and 1 basin that appears to be in a serviceable condition for the age of the property



Ambulant toilets south side**Overall Condition**

From the visible and accessible areas, this toilet pan and cistern and basin and grab bars and tiling appears to be in a serviceable condition for the age of the property

**Shower room south side****Overall Condition**

From the visible and accessible areas, this shower room and tiling appears to be in a serviceable condition for the age of the property



ROOF VOID

Roof Void Findings**General Disclaimer****Roof Frame Type**

Steel portal frame and light steel perlins.
Structural integrity of the Steel portal frame and components were scrutinized and no defect identified.



Insulation

R2.5 Insulation batts cover approximately 30% of the ceiling



R0.8 Sisalation is installed beneath the roofing iron



Energy Efficiency

Energy efficiency for Whyalla is R5.1

Appears most of the existing insulation batts have blown away/missing

Existing energy efficiency is lost due to missing ceiling insulation causing air conditioners to work at peak capacity shortening the coolant and air conditioning units life span.

Warrants installing R5.0+ insulation blanket between the ceiling suspension rods to the ceilings

FLOOR

Floor Observation.

General Condition

Levels and external edge beam satisfactory

ESSENTIAL SAFETY PROVISIONS

Essential Safety Provisions

Essential safety measures in a building constructed prior to 1 July 1994 could be, but are not limited to:-

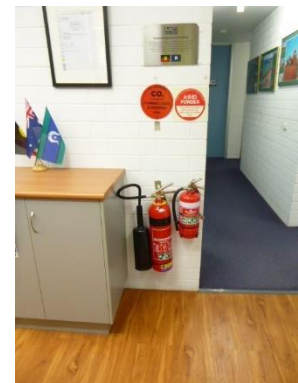
Air conditioning systems, Emergency lighting, Emergency power supply, Emergency warning, intercommunication systems, Exit doors, Exit signs, Fire Service connections, Fire control centres, Fire control panels, Fire extinguishers (portable), Fire hydrants, Fire-isolated stairs, paths of travel to exits, plus any other fire safety matter which is required by the Act or Regulations and the local council authority or certifier designates on the form 1.

The owner must ensure that an essential safety measure: -

- Is maintained in a state which enables the essential safety measure to fulfil its purpose; and
- Must not be removed from its approved location except for the purposes of providing maintenance.

NOTE:

Essential Safety Measures requirements satisfied



Minister's Building Standard SA 001 - 2019 Upgrading health and safety in existing buildings PART 1 PRELIMINARY

101 SCOPE AND PURPOSE

101.1 All new building work is required by the Planning, Development and Infrastructure Act 2016 (the Act) and Planning, Development and Infrastructure (General) Regulations (the Regulations) to comply with the current Building Rules. However, with the exception of a few specific matters,

retrospective upgrading of existing buildings is not required under legislation unless a relevant authority or an appropriate authority has identified that there are health and/or safety risks for the building occupants or (in some cases) access issues that need to be addressed.

Ministerial Building Standard SA 002 - 2019 Maintaining the performance of essential safety provisions

1 SCOPE AND APPLICATION

1.1 This standard is published as a Ministerial Building Standard under the Planning, Development and Infrastructure Act 2016 and must be read in conjunction with the requirements of that Act and regulation 100 of the Planning, Development and Infrastructure (General) (Development Assessment) Variation Regulations 2019 (the regulations).

1.3 The requirements of this standard apply to any essential safety provisions installed in buildings or required to be installed in buildings under the Building Code, a Ministerial Building Standard or under any former regulations under the Building Act 1971 or the Development Act 1993.

1.4 A reference to 'maintenance' in this standard includes replacing the essential safety provisions, fixing defects and keeping records relating to the maintenance and testing carried out on the essential safety provisions.

1.5 The owner of a building must, at the request of an authorised officer produce the records of maintenance and testing carried out on essential safety provisions

2.1 The essential safety provisions installed in a building must be performing at the standard required by the installation standard that was approved at development authorisation

2.2 Essential safety provisions installed in a building must be maintained and tested to the extent necessary to ensure that they are capable of performing to a standard no less than the standard they were originally required to achieve at installation.

3.1 In accordance with regulation 100(5), performance requirement 2.1 is satisfied if the installer of an essential safety provision certifies that the essential safety provision has been installed in accordance with the relevant approved installation standard, by completing a Form 2 – ESP Compliance Certificate in accordance with section 5.0 of this standard

OVERALL ASSESSMENT & CONCLUSION

Condition Of Inspected Structure

Overall Condition

The overall condition of this building has been compared to similar constructed buildings of approximately the same age where those buildings have had a maintenance program implemented to ensure that the building members are still fit for purpose.

The summary lists of Major and Minor defects included this report are the opinion of the inspector, other inspectors or individuals may have a different opinion to what is a Minor or a Major Defect. The incidence of major and minor defects and overall condition in this residential building as compared with similar buildings is listed below.

Please refer to the **TERMS AND CONDITIONS** section of this report for definition.

General Maintenance and Upkeep of This Property

The general maintenance and upkeep of this property is considered:

BELOW AVERAGE

The incidence of Major Defects

The incidence of major defects in this building as compared with similar buildings is considered

HIGH

The Incidence of Minor Defects

There was no incidence of minor defects in this building as compared with similar buildings

The Overall Condition Of This Dwelling

The overall condition of this residential dwelling in the context of its age, type and general expectations of similar properties is

BELOW AVERAGE



PROPERTY AND INSPECTION INFORMATION

Weather at Inspection Area

Weather Conditions

The weather was fine and dry at the time of the inspection.

Property Information

Direction House Faces

The dwelling faces East for the purposes of this inspection report.

Building Type

Used for retail trading

Utility Status

Water

The water was Connected.

Electricity

Electricity to the building was connected.

TERMS AND CONDITIONS

The purpose of the inspection is to identify the major defects and safety hazards associated with the property at the time of the inspection. The inspection and reporting is limited to a visual assessment of structure in accord with AS 4349.1 appendix "C" or if not a pre-purchase report then the report complies with AS4349.0. This is a general appraisal only and cannot be relied on its own, further inspection by a specialist or qualified tradesperson may be required.

DEFINITIONS AND TERMINOLOGY

SERVICEABLE: The building material and components are in reasonable and serviceable condition for the age of the dwelling.

TRADESMAN: A defect or a number of defects were visible that will require assessment by a qualified trades person.

AGE: The component has deterioration due to ageing or lack of upkeep and or maintenance.

MONITOR: Some defects may require monitoring to ascertain if the defect will worsen, reappear or cause further problems.

STRATA: In the case of strata and company title properties, the inspection is limited to the interior and immediate exterior of the particular unit being inspected report.

HIGH: The frequency and/or magnitude of defects are beyond the inspector's expectations when compared to similar buildings of approximately the same age that have been reasonably well maintained.

TYPICAL: The frequency and/or magnitude of defects are consistent with the inspector's expectations when compared to similar buildings of approximately the same age which have been reasonably well maintained.

LOW: The frequency and/or magnitude of defects are lower than the inspector's expectations when compared to similar buildings of approximately the same age that have been reasonably well maintained.

ABOVE AVERAGE: The overall condition is above that consistent with dwellings of approximately

the same age and construction. Most items and areas are well maintained and show a reasonable standard of workmanship when compared with buildings of similar age and construction.

AVERAGE: The overall condition is consistent with dwellings of approximately the same age and construction. There will be areas or items requiring some repair or maintenance.

BELOW AVERAGE: The building and its parts show some significant defects and/or very poor non-tradesman like workmanship and/or long-term neglect and/or defects requiring major repairs or reconstruction of major building.

SIGNIFICANT ITEMS: An item that must be reported in accordance with the scope of the inspection.

MAJOR DEFECT: A defect of sufficient magnitude requiring building works to avoid unsafe conditions, loss of function or further worsening of the defective item.

MINOR DEFECT: Any defect other than what is described as a Significant Item or major defect.

SAFETY HAZARD: A defect that presents unsafe conditions and must be reported as a Major defect.

ACCESSIBLE AREA: Is any area of the property and structures allowing the inspector safe and reasonable access within the scope of the inspection.

LIMITATION: A factor that prevents full or proper inspection of the building.

IMPORTANT INFORMATION

Important information regarding the scope and limitations of the inspection and this report. Any person who relies upon the contents of this report does so acknowledging that the following clauses, which define the scope and limitations of the inspection, form an integral part of the report. The inspection comprised a visual assessment of the property to identify major defects and to form an opinion regarding the general condition of the property at the time and date of the visual inspection. An estimate of the cost of rectification of defects is outside the scope of Australian Standard AS 4349 and does not form part of this report. If the property inspected is part of a Strata or Company Title, then the inspection is limited to the interior and the immediate exterior of that particular residential dwelling. The inspection does not cover common property. This report and any other attached report should not be relied upon if the contract for sale becomes binding more than 30 days after the date of initial inspection. A re-inspection after this time is essential. Further, this report is not intended to be used as a marketing tool by and real-estate agents and only the person named in the **CLIENT INFORMATION** section of the report shall this report apply to as it is assumed and agreed that the person who orders the report is indeed the person purchasing the property inspected. Where a report is ordered on behalf of a **CLIENT** it is assumed that the terms and condition and Pre Inspection Agreement have been fully explained to the **CLIENT** by the person or company ordering the report.

Acceptance Criteria: The building shall be compared with a building that was constructed in accordance with the generally accepted practice at the time of construction and which has been maintained such that there has been no significant loss of strength and serviceability.

Limitations: This report is limited to a visual inspection of areas where safe and reasonable access is available and access permitted on the date and at the time of inspection. The Inspection will be carried out in accordance with AS4349.1-2007. The purpose of the inspection is to provide advice to a prospective purchaser regarding the condition of the property at the date and time of inspection. Areas for Inspection shall cover all safe and accessible areas. It does not purport to be geological as to foundation integrity or soil conditions, engineering as to structural, nor does it cover the condition of electrical, plumbing, gas or motorised appliances. It is strongly recommended that an appropriately qualified contractor check these services prior to purchase. As a matter of course, and in the interests of safety, all prospective purchasers should have an electrical report carried out by a suitably qualified contractor. This report is limited to (unless otherwise noted) the main structure on the site and any other building, structure or outbuilding within 30m of the main structure and within the site boundaries including fences.

Safe and Reasonable Access: Only areas to which safe and reasonable access is available were inspected. The Australian Standard AS4349.1 or AS4349.0 defines reasonable access as "areas where safe, unobstructed access " is provided and the minimum clearances specified below are available, or where these clearances are not available, areas within the inspector's unobstructed

line of sight and within arm's length. Reasonable access does not include removing screws and bolts to access covers. Reasonable access does not include the use of destructive or invasive inspection methods and does not include cutting or making access traps or moving heavy furniture, floor coverings or stored goods.

Roof Interior- Access opening 400 x 500 mm - Crawl Space 600 x 600mm - Height accessible from a 3.6m ladder.

Roof Exterior- Must be accessible from a 3.6m ladder placed on the ground.

1) NOT A CERTIFICATE OF COMPLIANCE: This report is not an all-encompassing report dealing with the building from every aspect. It is a reasonable attempt to identify any obvious or significant defects apparent at the time of the inspection. Whether or not, a defect is considered significant or not depends too a large extent, upon the age and type of the building inspected. This report is not a certificate of compliance with the requirements of any act, regulation, ordinance or by-law. It is not a structural report. Should you require any advice of a structural nature you should contact a structural engineer.

2) VISUAL INSPECTION: This is a visual inspection only limited to those areas and sections of the property safe that are fully accessible safe to access and visible to the inspector on the date of inspection.

2A) Please refer to each individual area regarding sections that were incapable or being inspected. Please acknowledge the following. Where a complete inspection of some areas listed through the report may not have been physically possible (due to but not limited to storage, furniture, beds, personal belongings in cupboards and/or wardrobes, the 2nd storey roofing, gutters, fascia, flashings and the like, low clearance in sub-floor or roof void areas, ducts and deep insulation restricting access in roof voids, sub-floor restrictions including plumbing, ducts, low clearance, no access doors or access doors too small and the like) then it follows that defects, timber pest activity and/or damage may exist in these areas. To adequately inspect these restricted areas, ducts and floor boards may need to be removed, furniture moved, cupboards and wardrobes emptied which will be difficult to carry out. This will obviously be difficult to carry out due to time restrictions and permission would need to be obtained from the property owner.

This Firm **DOES NOT GUARANTEE IN ANY WAY** that there **ARE OR ARE NOT** any defects, termite damage or live termites in any areas not inspected. To obtain a full understanding of the report findings, it is essential you read the entire inspection report, including the information sections at the end of this report and I encourage you to call me if you have any queries at all before purchasing.

2B) Entering attics or roof voids that are insulated can cause damage to the insulation and attic framing. Attics with deep insulation cannot be safely inspected due to limited visibility of the framing members upon which the inspector must walk. In such cases, the attic is only partially accessed, thereby limiting the review of the attic area from the hatch area only. Inspectors will not crawl the attic area when they believe it is a danger to them or that they might damage the attic insulation or framing. There is a limited review of the attic area viewed from the hatch only in these circumstances.

2C) The roof covering will not be walked upon if in the opinion of the inspector it is not safe to do so. Generally issues that prevent roof access include, access height over 3 metres, steep pitch, wet/slippery surfaces, deteriorated covering. Not being able to walk a roof significantly limits our inspection, which can result in hidden defects going undetected. The overall condition of the roofing and its components is an opinion of the general quality and condition of the roofing material. The inspector cannot and does not offer an opinion or warranty as to whether the roof leaks or may be subject to future leakage. This report is issued in consideration of the foregoing disclaimer. The only way to determine whether a roof is absolutely watertight is to observe it during a prolonged rainfall. Many times, this situation is not present during the inspection. We offer no guarantee that the roof cladding or roof components such as flashing will not leak in the future.

2D) Limitations to the exterior inspection this is a visual inspection limited in scope by (but not restricted to) the following conditions: A representative sample of exterior components was inspected rather than every occurrence of components. The inspection does not include an assessment of geological, geotechnical, or hydrological conditions, or environmental hazards.

Screening, shutters, awnings, or similar seasonal accessories, fences, recreational facilities, outbuildings, seawalls, break-walls, docks, erosion control and earth stabilization measures are not inspected unless specifically agreed-upon and documented in this report. Please note. If any wall cracking/cracks/openings are found at this dwelling, we cannot offer any guarantee that any visible wall cracks will not widen or lengthen over time or in the future as this is impossible to predict. We strongly recommend you contact a practicing structural engineer for further advice.

2E) Timber framed windows can bind or stick. This can be seasonal due to the fluctuation in moisture content in timber. If binding or sticking continues a carpenter may require adjustments. Binding windows is not normally a major defect, however in some circumstances binding windows and doors can be directly related to some differential footings settlement. If any timber fungal decay on frames or deteriorated putty seals is noted, the consultant will not attempt to operate windows due to potential damage. Windows that are sticking, binding or paint stuck will also not be forced open. Water leaks to windows and surrounds cannot be determined in the absence of rain.

2F) Internal Inspections. Carpets and or other floor coverings, cupboards/cabinets, joinery, finishes and fittings, normally obstruct inspection to the upper-side of flooring. Defects or timber pest damage may be present and not detected in areas where inspection was limited, obstructed or access was not gained. The condition of walls behind wall coverings, panelling and furnishings cannot be inspected or reported on. Only the general condition of visible areas is included in this inspection. Where fitted. Wood burning and other forms of fireboxes are outside the scope of this inspection. We recommend you have these tested prior to purchase for peace of mind.

2G) Cracking of Building Elements: Regardless of the type of crack(s) the inspector carrying out a visual inspection is unable to determine the expected consequences of the cracks. As a crack on the day can be 1mm wide but may have the potential to develop over time into structural problems for the home owner resulting in major expensive rectification work.

Information required to determine the consequences of a crack:
Nature of the foundation material on which the building is resting

- a) The design of the footings
- b) The site landscape and topography
- c) The history of the cracks

All these factors fall outside the scope of this inspection. However the information obtained from the items above are valuable in determining the expected consequences of the cracking and any remedial work.

Cracking Categories:

Cracking is also categorized into the following 5 categories with a description of typical damage and required repairs:

0-Hairline cracking, less than 0.1mm,

1-Fine cracks that do not need repair, less than 1.0mm,

2-Noticeable cracks, yet easily filled 1mm - 5.0mm,

3-Cracks that can be repaired and possibly some of the wall sections will need to be replaced.

Weather tightness can be impaired, 5.0mm -15.0mm,

4-Extensive repair works required involving breaking out and replacing these sections. Walls can become out of plumb and fall and causes reduced bearing capacity, 15.0mm - 25.0mm.

IMPORTANT: Regardless of location or size If cracks have been identified then a structural engineer is required to determine the significance of the cracking prior to a decision to purchase.

2H) Important Note: Where any elevated structure (deck, balcony, veranda etc.) is present, and this elevated structure is designed to accommodate people, you must have this structure checked by an engineer or other suitably qualified person. You should also arrange annual inspections of the structure by an engineer or other suitably qualified person to ensure any maintenance that may become necessary is identified. Care must be taken not to overload the structure. Nothing contained in this inspection should be taken as an indicator that we have assessed any elevated structure as suitable for any specific number of people or purpose. A qualified engineer can only do this. For the purpose of this report, the structure includes elevated decks; verandas, pergolas, balconies, handrails, stairs and children's play areas. Where any structural component is concealed by lining materials or other obstructions, these linings or obstructions must be removed to enable

an evaluation to be carried out by an appropriately qualified person.

3) CONCEALED DEFECTS: This report does not and cannot make comment upon: Defects that may have been concealed the assessment or detection of defects (including rising damp and leaks) which may be subject to the prevailing weather conditions whether or not services have been used for some time prior to the inspection and whether this will affect the detection of leaks or other defects e.g. In the case of shower enclosures and bath tubs, the absence of any leaks or dampness at the time of the inspection does not necessarily mean that the enclosure will not leak after use) the presence or absence of timber pests; gas-fittings; common property areas; environmental concerns; the proximity of the property to flight paths, railways, or busy traffic; noise levels; health and safety issues; heritage concerns; security concerns; fire protection; site drainage (apart from surface water drainage); swimming pools and spas (non-structural); detection and identification of illegal building work; detection and identification of illegal plumbing work; durability of exposed finishes; neighbourhood problems; document analysis; electrical installation; any

matters that are solely regulated by statute; any area(s) or item(s) that could not be inspected by the consultant.

4) NO GUARANTEE: Accordingly this report is not a guarantee that defects and/or damage do not exist in any inaccessible or partly inaccessible areas or sections of the property. Such matters may upon request be covered under the terms of a special purpose property report.

5) SWIMMING POOLS: Swimming pools/spas are not part of the standard building report under as4349.1-2007 and are not covered by this report. We strongly recommend a pool expert should be consulted to examine the pool and the pool equipment and plumbing as well as the requirements to meet the standard for pool fencing. Failure to conduct this inspection and put into place the necessary recommendations could result in finds for non-compliance under the legislation.

6) SURFACE WATER AND DRAINAGE: The retention of water from surface run off could have an effect on the foundation material which in turn could affect the footings to the house. Have water directed away from the house or to storm water pipes by a licensed drainage plumber. The general adequacy of site drainage is not included in the standard property inspection report. Comments on surface water drainage are limited as where there has been either little or no rainfall for a period of time; surface water drainage may appear to be adequate but then during periods of heavy rain, may be found to be inadequate. Any comments made in this report are relevant only to the conditions present at the time of inspection. It is recommended that a smoke test be obtained to determine any illegal connections, blocked or broken drains.

7) SHOWER RECESSES: All Shower areas are visually checked for leakage, but leaks often do not show except when the shower is in actual long-term use. Determining whether shower areas, bath/shower surrounds are watertight is beyond the scope of this inspection. It is very important to maintain adequate sealing in the bath areas. Very minor imperfections can allow water to get into the wall or floor areas and cause damage. Adequate and proper ongoing maintenance will be required in the future. Tests may be made on shower recesses to detect leaks (if water is connected). The tests may not reveal leaks or show incorrect waterproofing if silicone liquid or masonry sealant has been applied prior to the inspection. Such application is a temporary waterproofing measure and may last for some months before breaking down. The tests on the shower recesses are limited to running water within the recesses and visually checking for leaks as showers are only checked for a short period of time, prolonged use may reveal leaks that were not detected at the time of inspection. No evidence of a current leak during inspection does not necessarily mean that the shower does not leak.

8) GLASS CAUTION: Glazing in older houses (built before 1978) may not necessarily comply with current glass safety standards AS1288. In the interests of safety, glass panes in doors and windows especially in traffic-able areas should be replaced with safety glass or have shatterproof film installed unless they already comply with the current standard.

9) STAIRS AND BALUSTRADES: Specifications have been laid down by the National Construction Code Section 3.9 covering stairs, landings, balustrades to ensure the safety of all occupants and visitors in a building. Many balustrades and stairs built before 1996 may not comply with the current standard. You must upgrade all such items to the current standard to improve safety.

10) RETAINING WALLS: Where retaining walls are more than 700mm high these wall/s should have been installed with engineering design and supervision. Walls found on the site were not assessed and the performance of these walls is not the subject of a standard property report and should be further investigated with regard to the following items, adequate drainage systems, adequate load bearing, correct component sizing and batter.

11) ROOMS BELOW GROUND LEVEL: If there are any rooms under the house or below ground level (whether they be habitable or non-habitable rooms), these may be subject to dampness and water penetration. Drains are not always installed correctly or could be blocked. It is common to have damp problems and water entry into these types of rooms, especially during periods of heavy rainfall and this may not be evident upon initial inspection. These rooms may not have council approval. The purchaser should make his or her own enquiries with the Council to ascertain if

approval was given.

12) ASBESTOS DISCLAIMER: No inspection for asbestos was carried out at the property and no report on the presence or absence of asbestos is provided.

13) MOULD (mildew and non-wood decay fungi) disclaimer: Mildew and non-wood decay fungi is commonly known as mould. However, mould and their spores may cause health problems or allergic reactions such as asthma and dermatitis in some people. No inspection for mould was carried out at the property and no report on the presence or absence of mould is provided.

14) MAGNESITE DISCLAIMER: No inspection for Magnesite flooring was carried out at the property and no report on the presence or absence of Magnesite flooring is provided. You should ask the owner whether Magnesite flooring is present and/or seek advice from a structural engineer.

15) ESTIMATING DISCLAIMER: No estimate is provided in this report. We strongly recommend you obtain quotes for repairs from licensed tradesman prior to a decision to purchase.

16) DISCLAIMER OF LIABILITY: No liability shall be accepted on an account of failure of the report to notify any problems in the area(s) or section(s) of the subject property physically inaccessible for inspection, or to which access for inspection is denied by or to the inspector (including but not limited to or any area(s) or section(s) so specified by the report) Compensation will only be payable for losses arising in contract or tort sustained by the client named on the front of this report. Compensation is limited to the price of the report initially paid by the claimant named in the report as the "CLIENT"

17) DISCLAIMER OF LIABILITY TO THIRD PARTIES: Compensation will only be payable for losses arising in contract or tort sustained by the Client named on the front of this report. Any third party acting or relying on this Report, in whole or in part, does so entirely at his or her own risk.

18) COMPLAINTS PROCEDURE: In the event of any dispute or claim arising out of, or relating to the Inspection or the Report, You must notify Us as soon as possible of the dispute or claim by email, fax or mail. You must allow Us (which includes persons nominated by Us) to visit the property (which visit must occur within twenty eight (28) days of your notification to Us) and give Us full access in order that We may fully investigate the complaint. You will be provided with a written response to your dispute or claim within twenty eight (28) days of the date of the inspection. If You are not satisfied with our response You must within twenty one (21) days of Your receipt of Our written response refer the matter to a Mediator nominated by Us from the Institute of Arbitrators and Mediators of Australia. The cost of the Mediator will be borne equally by both parties or as agreed as part of the mediated settlement.

In the event You do not comply with the above Complaints Procedure and commence litigation against Us then You agree to fully indemnify Us against any awards, costs, legal fees and expenses incurred by us in having your litigation set aside or adjourned to permit the foregoing Complaints Procedure to complete.

Contact the inspector: Please feel free to contact the inspector who carried out this inspection. Often it is very difficult to fully explain situations, problems, access difficulties, building faults or their importance in a manner that is readily understandable by the reader. Should you have any difficulty in understanding anything contained within this report then you should immediately contact the inspector and have the matter explained to you. If you have any questions at all or require any clarification then contact the inspector prior to acting on this report.

The Inspection and Report was carried out by:

Albert Graf - BLD165040

Contact the Inspector on: 0417854163

For and on Behalf of: Building Inspectors SA Pty Ltd



19.1 Corporate

19.1.1 Unsolicited Proposal – 127 Nicolson Avenue – *CONFIDENTIAL*

Moved Cr Knox, seconded Cr Todd

C4740-2023

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, Jade Ballantine; Director City Growth, Irene Adair; Manager Governance, Grant Jennings; Manager Finance, Jodie Perone; Manager City Development, Gail Rostig; Manager City Activation, Lisette Symons; Executive Co-Ordinator – Corporate and Naomi Jarvis; Executive Co-Ordinator – City Infrastructure 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 Inglis, seconded Cr Klobucar

C4741-2023

Council:

1. authorise the Chief Executive Officer to make an offer of \$1,225,000 to Country and Outback Health for the sale of 127 Nicolson Avenue;
2. delegate the Chief Executive Officer to authorise a sale contract if a price at or above \$1,200,000 can be agreed during final negotiations;
3. authorise the Mayor and Chief Executive Officer to sign and seal any documents that may be required to facilitate the sale; and
4. 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 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