

**CITY OF MARION
GENERAL COUNCIL MEETING
24 November 2015**

CONFIDENTIAL REPORT

Adjourned Item

Originating Officer: John Valentine, Manager Strategic Projects
Manager: John Valentine, Manager Strategic Projects
General Manager: Vincent Mifsud
Subject: Former Hallett Cove Library and Youth Services Building
Reference No: GC241115F01
File No: 13.60.1.1

If the Council so determines, this matter may be considered in confidence under Section 90(3)(b) and (d) of the *Local Government Act 1999* on the grounds that the report contains information relating to a matter that could confer a commercial advantage to a third party and is of a commercial nature.



Adrian Skull
Chief Executive Officer

RECOMMENDATION:

1. That pursuant to Section 90(2) and (3)(b) and (d) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Vincent Mifsud, Abby Dickson, Kate McKenzie, Victoria Moritz, John Valentine and Craig Clarke be excluded from the meeting as the Council receives and considers information relating to the disposal of the former Hallett Cove Library (and Youth Services) building, and the appointment of commercial agent, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to a matter that could confer a commercial advantage to a third party and is of a commercial nature.

ADJOURNED ITEM:

This item was adjourned at the 10 November 2015 General Council meeting.

Attachment 1 contains the report as presented on 10 November 2015 (including appendices 1 – 4).

Attachment 2 contains additional information that was requested relating to the contract requirements.

In accordance with the *Local Government (Procedures at Meetings) Regulations*, the debate on an adjourned item will resume and continue at the point it was adjourned. Councillor Crossland has moved the motion and Councillor Gard has seconded the motion. Questions have been asked by Councillors Appleby and Hutchinson.

The current motion is as follows:

Former Hallett Cove Library and Youth Services Building
Reference No: GC1011115F01

Moved Councillor Crossland, Seconded Councillor Gard that Council:

1. In accordance with Section 201 (1) (a) of the Local Government Act 1999 (SA) resolve to dispose of the property at Unit 8, 1 Zwerner Drive, Hallett Cove comprising the former Hallett Cove Library and Youth Centre.
2. In accordance with the deed of agreement with Etiria No.25 (the Makris Group) resolve to offer the first right of refusal to purchase Unit 8, 1 Zwerner Drive, Hallett Cove to the Etiria No.25 for \$1.5 million.
3. Notes the two valuations received from Knight Frank (\$1.05 million to \$1.15 million) and Jones Lang LaSalle (\$1.45 million).
4. In accordance with Section 91(7) and (9) of the Local Government Act 1999 (SA) the Council orders that this report entitled 'Hallett Cove Library and Youth Services Building' and the minutes arising from this report having been considered in confidence under Section 90(2) and (3) (b), (d) and (g) of the Act shall, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2015.

Attachment 1**REPORT OBJECTIVES:**

For Council to consider:

- 1 resolving to dispose of the former Hallett Cove Library and Youth Centre building at Unit 8, 1 Zwerner Drive, Hallett Cove, and
- 2 the 2 valuations (Appendices 1 and 2) and proposals (Appendices 3 and 4) to manage the sale of the existing Hallett Cove Library and Youth Services building.

The Hallett Cove Library building has become surplus to requirements with the establishment of the Cove Civic Centre. Council has previously considered the youth services activity at its 23 June 2015 meeting (GC230615R01) and subsequently resolved at its 13 October 2015 meeting (GC131015R03) to relocate the new City of Marion Youth Service to a centrally located Council office space.

In 2007 Council entered into an agreement with the Etiria (the Makris Group), the owner of the Hallett Cove Shopping Centre. The agreement was to integrate the development of Patpa Drive with the expansion and redevelopment of the shopping centre and, amongst other matters, granted the Makris Group the first right of refusal should Council determine to sell the Hallett Cove Library building.

Legal advice has been gained in relation to the potential disposal of the Hallett Cove Library building and the process that would need to be followed for the disposal to comply with the agreement, Council's recently adopted Disposal of Land and Assets Policy and sound prudential and commercial practices. This advice and information was considered by Council at their meeting on 14 July 2015 (GC140715F01).

EXECUTIVE SUMMARY:**RECOMMENDATIONS: (4)****DUE DATES**

That Council:

- | | |
|---|---------------|
| 1. In accordance with Section 201 (1) (a) of the Local Government Act resolve to dispose of the property at Unit 8, 1 Zwerner Drive, Hallett Cove comprising the former Hallett Cove Library and Youth Centre. | November 2015 |
| 2. In accordance with the deed of agreement with Etiria No.25 (the Makris Group) resolve to offer the first right of refusal to purchase Unit 8, 1 Zwerner Drive, Hallett Cove to the Etiria No.25 for \$1.5 million plus GST. | November 2015 |
| 3. Notes the two valuations received from Knight Frank (\$1.05 million to \$1.15 million) and Jones Lang LaSalle (\$1.45 million). | November 2015 |
| 4. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, Hallett Cove Library and Youth Services building and the minutes arising from this report having been considered in confidence under Section 90(2) and (3) (b), (d) and (g) of the Act shall, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2015. | December 2016 |

BACKGROUND:

Further to Council's consideration of this matter at the 14 July Council meeting (GC140715F01) two valuations have been received, from Knight Frank and Jones Lang LaSalle (JLL). Knight Frank valued the property at \$1.05 million to \$1.15 million and JLL valued the property at \$1.45 million.

Both Knight Frank and JLL were invited to submit proposals for marketing and selling the property. Knight Frank's fee to sell the property is \$5,000, if sold to Etiria No.25, and 1% of the gross sale price if sold through a public marketing campaign.

JLL's fee is \$15,000 to sell the property to Etiria No.25 or 2% of the gross sale price if sold through a public marketing campaign.

Copies of the valuations are attached as Appendix 1 (JLL) and 2 (Knight Frank), the two proposals for disposing of the property are attached as Appendix 3 (JLL) and 4 (Knight Frank).

ANALYSIS:

Valuations and Proposals for Disposal

The two valuations received are markedly different at \$1.05 million to \$1.15 million (Knight Frank) and \$1.45 million (JLL). Knight Frank and JLL have calculated different floor areas 696m² and 742m² respectively. JLL have confirmed in writing that they consider their floor calculation to be accurate and accordingly that there is no need for JLL to reconsider their valuation advice.

JLL's valuation has been informed by a number of leasing and sales examples (as have Knight Frank's) however JLL's evidence of lease values includes two specific examples from within the Hallett Cove Shopping Centre precinct. JLL's overall approach to valuing the property suggests a more favourable view on the quality of the property as compared to Knight Frank.

JLL's proposal for disposal is based on a target pricing of \$1.5m to \$1.7m, Knight Frank's market pricing is \$1.2m to \$1.3m. Whilst JLL's fees are higher they have a more aggressive and confident view on the value of the property which is also reflected in their marketing and disposal approach.

Legal/Legislative and Risk Management

Council has previously passed a motion for investigations to be undertaken into the potential disposal of the Hallett Cove Library building at Unit 8, 1 Zwerner Drive, Hallett Cove. The sale of the property has been reviewed by Mellor Olsson Lawyers who have confirmed the status of the land as being excluded from community land. Mellor Olsson have also confirmed the status of the agreement between the City of Marion and Etiria No.25 requiring Etiria No.25 to have the first right of refusal to purchase the property.

Mellor Olsson has also provided advice in relation to Council's policy on Disposal of Land and Assets. The potential disposal and process for achieving the disposal has been reviewed by Mellor Olsson. Council has a specific obligation to offer the first right of refusal to the Makris Group in accordance with the agreement between the parties. Council can

potentially go to an open market process (but not an auction) and then offer the property to the Makris Group on the same terms as identified through an open market process.

In going to the market (if the Makris Group do not purchase the property) Council can maintain its reserve price and if the market offers are below the reserve Council is not obligated to offer the property below its reserve price to Makris or any other party.

Whilst Mellor Olsson has described the process that Council can follow according to the agreement with the Makris Group and Council's Disposal of Land and Assets Policy, the specific method to market the property and maximise its sale value will be managed by an external commercial property agents.

Financial Implications

The potential sale of the Hallett Cove Library building would result in once-off disposal funds being realised. These funds should be used in an appropriate and prudential manner to either off-set future borrowings for approved major capital projects or placed in the Asset Sustainability Reserve to support Council's long term asset objectives.

Costs for disposing of the property would be appropriately netted-off against the sale proceeds from the potential sale of the property. As the cost of the independent market valuations has been incurred up-front this cost would initially be funded from the existing Land and Property operational budget.

Policy Implications

Council's recently adopted Disposal of Land and Assets policy has been reviewed by Mellor Olsson in conjunction with the deed with the Makris Group. Mellor Olsson are satisfied that the processes followed to date, and the recommended disposal processes, comply with Council's policies, the deed of agreement with the Makris Group and sound prudential practice.

CONCLUSION:

The Hallett Cove Library (and Youth Services) building is surplus to Council's requirements with the opening of the Cove Civic Centre. Council has an existing agreement that requires Council to offer the first right of refusal to the Makris Group when disposing of the property. JLL has valued the property at \$1.45 million and JLL's marketing proposal, whilst attracting higher fees, is comprehensive and would pursue a much higher sale price and net proceeds for the property and is therefore recommended.



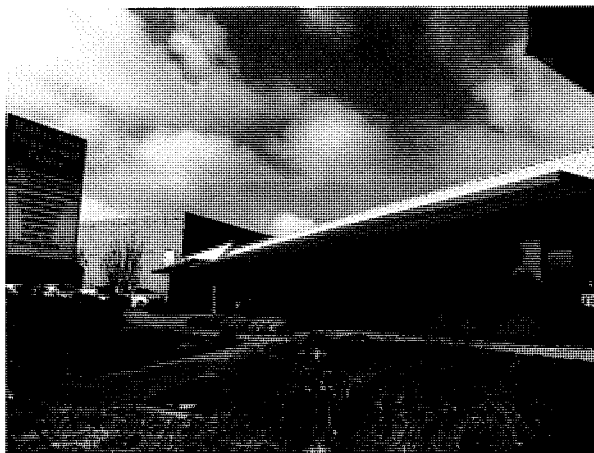
Valuation Report

Unit 8, 1 Zwerner Drive, Hallett Cove, SA

5 August 2015

Corporation of the City of Marion

This valuation has been prepared for the Corporation of the City of Marion for Potential Disposal purposes only.



Executive Summary

Unit 8, 1 Zwerner Drive, Hallett Cove, SA



The Subject Property comprises a single storey strata titled commercial unit located adjacent the Hallett Cove Shopping Centre. The Property has a total gross lettable area of approximately 742 square metres and is currently disposed as two separate tenancies.

The larger of the two tenancies is currently vacant, having recently been vacated by the Hallett Cove Library which occupied the building for approximately 15 years. The second, smaller tenancy is currently occupied by the Hallett Cove Youth Centre, who we understand will be vacating in the near future.

For the purposes of this valuation we have assumed that the Property is sold with vacant possession.

Valuation

Prepared For	Corporation of the City of Marion
Valuation Purpose	Market Valuation for Potential Disposal purposes only
Date of Valuation	5 August 2015
Interest Valued	100% Freehold Interest
Valuation Approach	Capitalisation of Net Income and Direct Comparison Approaches
Adopted Value	\$1,450,000 (One Million Four Hundred Fifty Thousand Dollars) Plus GST (if any)

Property Particulars		Financial Summary		
Gross Lettable Area	742 sqm	Net Passing Income		VP
Current Vacancy (% Total GLA)	742 sqm (100.00%)	Net Market Income	\$138,923	(\$187 / sqm)
Site Area	Strata Titled	Weighted Lease Duration (by Area)		VP

Cap Approach Assumptions

Adopted Cap Rate	8.00%
Allowances for Expiries Occurring within	12 months
Value based on Capitalisation Approach	\$1,445,000

Valuation Summary

Adopted Value	\$1,450,000	Passing Yield	VP
Rate/sqm of GLA	\$1,954/sqm	Equivalent Yield	7.98%

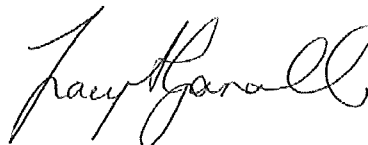
Executive Summary

Valuers

Jones Lang LaSalle Advisory Services Pty Ltd



Brendan J Harrison AAPI
Certified Practising Valuer
B Bus Prop
Manager, Valuations & Advisory



Tracy Gornall
Director, Valuations & Advisory

Date of Signing Report: 1 September 2015

Date of Signing Report: 1 September 2015

This executive summary is an abstract of the contents of the following valuation report. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

It is essential that before the addressee relies on this valuation, they read the report in its entirety, including any Annexures. Should the addressee be or become aware of any issue or issues that cast doubt on or are in conflict with the conditions, qualifications or assumptions contained within this report, they must notify JLL in writing so that any conflicts may be considered and if appropriate, an amended report issued.

The opinion of value expressed in this report is that of the valuer who undertook the valuation and who is the primary signatory on the report. That valuer is Brendan Harrison. The director who is countersigning the report, Tracy Gornall, verifies that the report is genuine and endorsed by Jones Lang LaSalle. However, Tracy Gornall may not have inspected the Property nor undertaken any role in the preparation of the valuation, and in that case is not providing any professional opinion in relation to the valuation.

Property Performance Analysis

Market Performance

- The commercial property sector is experiencing divergent drivers, with weaker economic conditions and low demand for leased space countered by record low interest rates supporting demand from owner occupiers and investors.
 - The South Australian economy continues to face head winds with growth running below trend and below the national average. Unemployment has also spiked in recent months with job losses in the manufacturing sector a significant contributing factor.
 - Leasing demand for smaller scale commercial space is generally weak, leading to low rental growth and higher incentives.
 - Conversely, the cost of funds is making owner occupation an attractive proposition at present with loan repayments in some cases cheaper than rents.
-

Asset Performance

- The Subject benefits from its location within close proximity of the Hallett Cove Shopping Centre, a centre of sub-regional classification and the major retail hub in the area.
 - Although unaffiliated and in separate ownership, the property in which the Subject forms a part essentially constitutes a pad site for the main Shopping Centre with car parking separating the Subject from one of the lesser entrances (rear) to the Shopping Centre proper.
 - The strata titled nature of the Subject is considered a detriment, with many purchasers deterred by a common perception of added burden of being part a strata group.
 - The building presents in fair condition and appears adaptable to a number of configurations, including separation into multiple tenancies.
 - Upon inspection, we noticed evidence of roof leaks in multiple places throughout the building, with the tenant confirming this to be an ongoing issue. As a strata building, the corporation is responsible for structural repairs, however we understand that there is no immediate plans to replace or repair the roof. We have been advised as at the date of valuation there was a total of \$89,144 available in the sinking fund.
-

Cash Flow Performance

- The Subject has been owner occupied by services of the Marion City Council for many years. For the purposes of this valuation we have assumed vacant possession.
 - The outgoings for the Subject are above average, due to the strata titled nature of the Property and extra costs associated with sinking fund contributions and management. This higher than average outgoings burden negatively impacts the net operating income potential of the Subject and hence the overall market value.
 - Discussions with leasing agents active in the area have indicated that leasing interest in other tenancies within the Subject building has been weak. As such, we have allowed a letting up period of nine months. In addition, we have allowed for an incentive of 5% as well as leasing fees associated with the letting up of the premises.
 - The current configuration as a Library and Youth Centre is unlikely to suit the majority of potential future occupants and will require some degree of refurbishment and / or reconfiguration. Notwithstanding, the Subject does appear reasonably adaptable to other uses. For the purposes of this valuation we have made an allowance of \$100 per square metre of GLA (\$74,200) to account for the likely basic refurbishment works considered necessary to bring the Subject to a lettable standard.
-

Management

- The Subject is currently owner occupied and self-managed. Should the Subject be leased it is considered to require a moderate level of property management.
 - The Strata Titled nature of the Subject (Strata Corporation 10132 Inc.) requires professional strata management for the building and associated car parking. The corporation is professionally managed by Adelaide Strata and Community Management.
 - The access road upon which access to the Subject property relies via a right of way is in private ownership under a Community Title arrangement (independent of the Subject strata corporation).
-

Property Performance Analysis – Cont.

Legal

- The site in which the Subject forms part is designated for "Community Use" within the Development Plan. With consideration given to the Council-led relocation of the existing community services to a nearby site, and other uses within the Subject building which are of a commercial nature, we have assumed that broader commercial uses will be permissible in the future.
 - Access to the Subject is granted via a free and unrestricted right of way over a private roadway which is registered on title.
 - The private roadway is held in private Community Titled ownership with the maintenance of the roadway the responsibility of the Commercial Corporation CC24877.
 - The Subject Property is subject to a right of first refusal for purchase in favour of the neighbouring Shopping Centre.
 - The first right of refusal pertains to all Council owned land bound by the Connector Road, Lonsdale Road, Ramrod Avenue and Zwerner Drive.
 - The first right of refusal extends only to the current owners of the Shopping Centre and does not transfer with the property to future owners.
 - If the Council intends to dispose of any property to which the agreement pertains, they are required to give notice in writing of their intentions and outline the terms upon which they intend to dispose.
 - The terms of the disposal cannot be more onerous, and the consideration cannot be more than what the council would seek from any other party.
 - The party to which the agreement grants the first right of refusal has 28 days from receipt of the notice to exercise their right.
 - The Council shall not be entitled to dispose of the Property on more favourable terms than those first offered to Eteria (the adjoining owner) without first giving Eteria the opportunity of purchasing the same on the more favourable terms.
 - The sale of the Property pursuant to the first right of refusal is subject to the Council resolving to revoke any community land classification.
-

Environmental

Environmental factors which are likely to impact on the performance and risk profile of the site are summarised as follows:

- The API's environmental check list has been completed.
 - The current and known historical uses of the Subject property are not considered to give rise to an elevated level of environmental or contamination risks.
-

Major issues

- This valuation has been undertaken on the assumption that a change of use from community services to allow for a broader range of office and retail uses is not inconsistent with the current zoning and would not be refused by Council, notwithstanding the current Community designation in the Development Plan (Concept Plan). However, it should be noted that if this assumption proves incorrect, and the potential future use of the Property is restricted, the potential limited pool of occupiers may impact on occupier demand and consequently value. In this instance this assessment should be referred back to the valuer for review.
 - The private ownership of the road upon which the Subject relies for access may give rise to future access issues, with the responsibility for repairs and ongoing maintenance falling on a private party as opposed to a public government entity.
 - The sale of the Property is subject to a first right of refusal. The Council is required to first offer the Property to Eteria (an entity of the Makris Group) and if rejected the Council may deal with other parties on terms and conditions previously offered to Eteria. The Council shall not be entitled to dispose of the Property on more favourable terms than those first offered to Eteria without first giving Eteria the opportunity of purchasing the same on the more favourable terms. This structure has some potential to disrupt the sale process if it becomes evident upon testing the market that the terms first offered to Eteria are unachievable.
-

Critical Assumptions, Conditions and Limitations

In addition to any other assumptions, conditions and limitations contained within this report, our valuation is based on the following:

- 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 of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only
- We do not accept liability for losses arising from such subsequent changes in value. Without limiting this statement, we do not accept any liability where this valuation is relied upon more than three months after the date of valuation, or earlier if you become aware of any factors that may have any effect on the valuation.
- This report is relevant at the date of valuation and preparation and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. We therefore strongly recommend that before any action is taken involving an acquisition, disposal, shareholding restructure or other transaction more than three months after the date of this report, you consult the Valuer.
- Our valuation assumes the information provided by the instructing party is correct and we reserve the right to amend our calculations, if deemed necessary, if that information is incorrect.
- Our valuation assumes that there are no environmental issues with the land holding.
- Our valuation assumes that there are no Native Title claims or archaeological entitlements with the land holding.
- In relation to our GST calculations, we are not taxation or legal experts and we recommend competent and qualified advice be obtained. Should this advice vary from our interpretation of the legislation and Australian Taxation Office rulings current as at the date of this valuation, we reserve the right to review and amend our valuation accordingly.
- Our valuation assumes all other professional/consultancy advice provided and relied upon is true and correct.
- We have relied on building areas, income figures and expense figures as provided by the instructing party or its agents and made specified adjustments where necessary.
- We have relied on the land dimensions and areas as provided in the Title Plan, as searched. In certain cases physical checking of land dimensions and areas is difficult or not practical due to proximity of adjoining buildings, steep terrain or inaccessible title boundaries. Jones Lang LaSalle accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- If any pre-purchase building audit/report indicates any adverse issues relating to the building, the report should be returned to the valuer for comment.
- We assume good and marketable title, free of any encumbrances and easements not noted on title.
- This clause applies upon any request that this valuation be assigned to a party other than the intended recipients named herein. Notwithstanding anything else, including any agreement by Jones Lang LaSalle subsequent to this report's date that it will assign this valuation:
 - a. This valuation is deemed not to be assigned unless the request for the assignment, confirmation, reissue or other act occurred within three months of the date of this valuation.
 - b. Any assignment is deemed to be in reliance upon, and is conditional upon, the assignee's acknowledgement that Jones Lang LaSalle:
 - has not re-inspected the Property prior to the assignment occurring;
 - has not undertaken further investigation or analysis as to any changes since the initial valuation; and;
 - accepts no responsibility for reliance upon the initial valuation other than as a valuation of the Property as at the date of the initial valuation.
- Jones Lang LaSalle are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

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Annexures

Letter of Instruction

Current Title Search

Town Planning Extract

Capitalisation Calculations

1 Introduction

1.1 Instructions

We refer to your instructions dated 3 July 2015 requesting that we undertake a market valuation of the 100% freehold interest in Unit 8, 1 Zwerner Drive, Hallett Cove, SA (the *Subject/Property*), for and on behalf of Corporation of the City of Marion. We understand that the valuation is to be relied upon for Potential Disposal purposes only.

Our report has been prepared in accordance with the Australian Property Institute's Valuation Standards, and we confirm that the prime signatory:

- is authorised, under the requirements of the API in the State where the valuation takes place, to practise as a Valuer;
- is suitably qualified to carry out valuations of such property; and
- has no pecuniary interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property; and

The following parties may rely on this valuation report for the purpose stated above:

- Corporation of the City of Marion.

We confirm that insofar as any service agreement exists between the parties, any warranties that agreement requires be given at the time of the provision of this report are hereby given.

Our report is confidential to the party or parties to which it is addressed, for the specific purpose to which it refers. No responsibility is accepted to any third parties. Neither the whole of the report or any part of it or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval of the form and context in which it will appear.

1.2 Valuation and Inspection Dates

The Property was inspected on 5 August 2015, which is also our date of valuation.

Our Letter of Instruction is annexed to this report. We are pleased to report as follows:

1.3 Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined and endorsed by the API and PINZ, which is as follows:

"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 and where the parties had acted knowledgeably, prudently and without compulsion."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value of other advantages or benefits additional to market value, to the buyer incidental to ownership of the property being valued;

- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Included within this valuation are lessor-owned items of building fixtures, fittings, plant and equipment. These items exclude all movable equipment, furniture, furnishings and tenant owned fit-out and improvements.

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 of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for the losses arising from such subsequent changes in value. Without limiting the generality of the above, we do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

1.4 Information Sources

The information reviewed or previously provided includes, but is not limited to, the following:

- Town planning and flooding information obtained from the Marion Council;
- Current Title Search and Strata Plan;
- Sales and leasing data from various industry sources, including sales and leasing real estate agents;
- Research and forecasts from Jones Lang LaSalle Research; and
- Building details, income and expenditure report and budgets supplied by the instructing party.

Our valuation is based on a significant amount of information which is sourced from the instructing party and other third parties, including but not limited to operating cost budgets, title, site, environmental and planning documents. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. Jones Lang LaSalle accepts no liability for any inaccuracies contained in the information disclosed by the Client or other parties, or for conclusions which are drawn either wholly or partially from that information. Should inaccuracies be subsequently discovered, we reserve the right to amend our valuation assessment.

2 Land Particulars

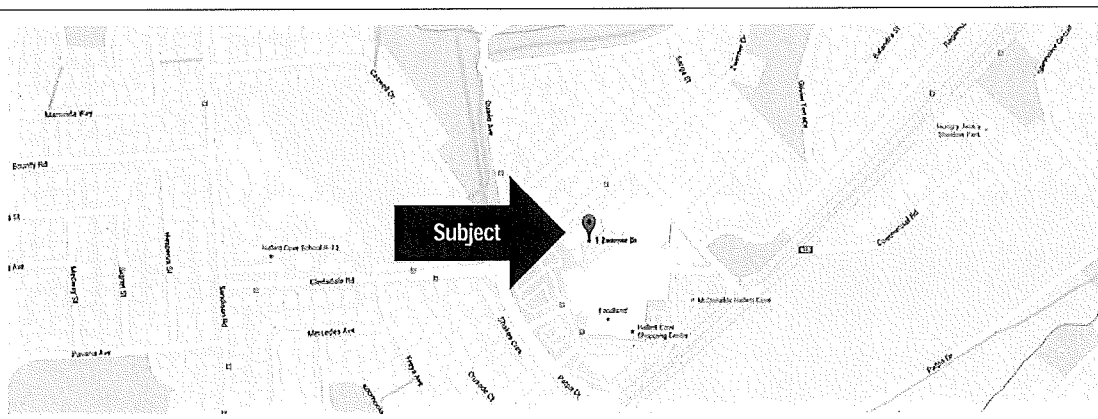
2.1 Location

The Subject is located adjacent to the Hallett Cove Shopping Centre, a sub-regional centre anchored by Big W, Woolworths and Foodland along with approximately 60 specialties located within the enclosed centre and one large pad site. The centre is currently being re-configured to create a new box for an Aldi Supermarket.

More particularly, the Subject is one of eight strata titled commercial units which together form the Hallett Cove Professional Centre and although unaffiliated essentially forms part of the larger Hallett Cove Shopping Centre precinct along with the centre proper (enclosed centre and pad site), another independent group of commercial units, the Cove Tavern pad site, a Coles Express Service Station and a McDonalds restaurant.

Hallett Cove is a predominantly low density residential suburb located approximately 20 kilometres south of the Adelaide CBD. The suburb is well established providing shopping, schools and services.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

Unit Title:

Title Reference:	Volume 5026 Folio 153
Tenure:	Freehold
Description:	Unit 8 Strata Plan 10132 in the area named Hallett Cove Hundred of Noarlunga
Registered Proprietor:	The Corporation of the City of Marion
Easements:	Together with free and unrestricted right(s) of way over the land marked D on SP 10132.
Dealings:	Nil

Source: Certificate of Title dated 06/07/2015

Site Title (common property including car parking):

Title Reference:	Volume 5026 Folio 154
Tenure:	Freehold
Description:	Common Property Strata Plan 10132 in the area named Hallett Cove Hundred of Noarlunga
Registered Proprietor:	Strata Corporation No. 10133 Inc
Easements:	Together with free and unrestricted right(s) of way over the land marked D on SP 10132.
Endorsements:	Nil

Source: Certificate of Title dated 21/08/2015

The Easement Marked D on the Strata Plan appears to a grant free and unrestricted right of way over the un-named no through road which provides access to the car park of the Subject as well as to the neighbouring property.

We have considered these notifications in arriving at our opinion of value. For a detailed summary of the dealings noted above, we refer you to the Title Search and Strata Plan annexed to this report.

We have not fully searched the notifications on title and our valuation is made on the basis that the Property is free of encumbrances, restrictions, mortgages, charges, and other financial liens or other impediments of an onerous nature, which would affect value.

We have also assumed that there are no other easements, rights of way or notations other than those referred to in this valuation or on the Certificate(s) of Title.

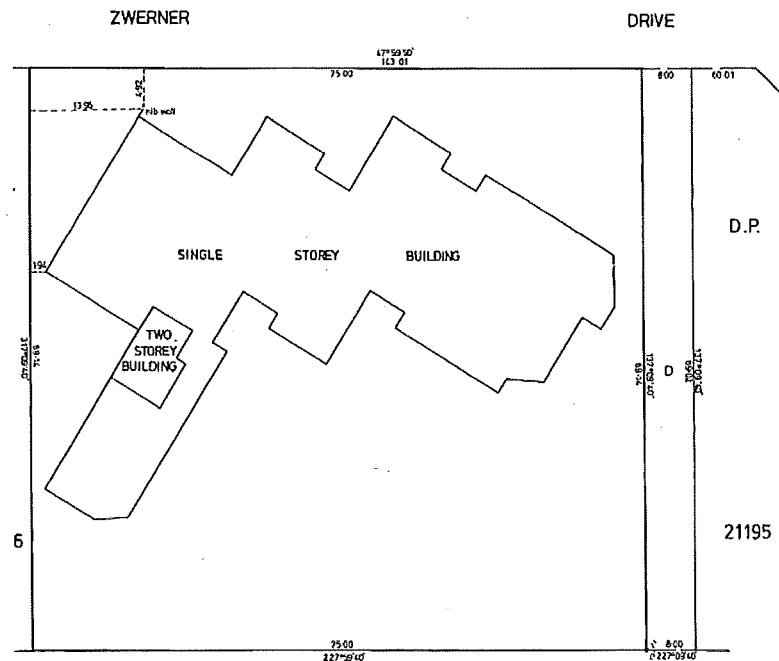
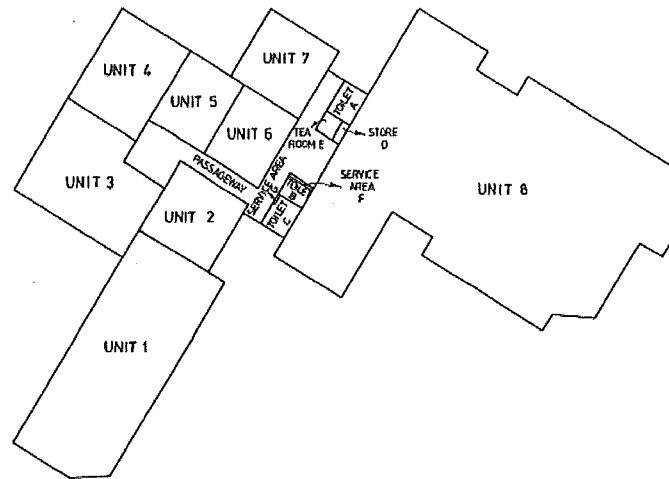
2.3 Site Details

Description:	<p>The Subject holding is an irregular shaped strata unit, forming part of a larger commercial building divided into eight units.</p> <p>The building is located on a regular shaped allotment of approximately 5,186 square metres (calculated from measurements on title).</p> <p>The land has a noticeable slope in a northerly direction with the building positioned above street level and the land retained between the building and the rear car park.</p>
Access:	<p>Access to the Subject is provided by an un-named, no-through road which extends from Zwerner Drive along the full length of the north eastern boundary of the Subject. This road is held on its own Certificate of Title, with the Subject benefiting from a free and unrestricted right of way. The road is held in the private ownership of Community Corporation CC 24877 with all the ongoing repairs and maintenance the responsibility of the corporation.</p> <p>Given the Subject relies on this road for sole access to its car park, the private ownership structure is considered a future, albeit minor, risk and considered less desirable to access granted from a council or government controlled road.</p>
Site Area (parent allotment):	<p>The Subject is one of eight strata units located on a site with a total area:</p> <p>Total Site Area: 5,186 square metres</p>

Site Boundaries: (parent allotment): The Subject is one of eight strata units located on a site with total site dimensions:
 Zwerner Drive frontage : 75 metres
 Site Depth: 69 metres
 The Property boundaries are best described through reference to the Strata Plan.

Source: Certificate of Title dated 06/07/2015 and Strata Plan 10132

A copy of the Stata Plan is annexed to our report, with an excerpt as follows:



Source: Strata Plan 10132

2.4 Town Planning

Local Government Area:	Marion Council
Planning Instrument:	Development Act 1993
Consolidated Date:	19 March 2015
Zoning:	District Centre Zone

Objectives

- 1 A centre that accommodates a range of retail facilities, offices, consulting rooms, and cultural, community, public administration, entertainment, educational, religious and residential facilities to serve the community and visitors within the surrounding district.
- 2 Development of a visually and functionally cohesive and integrated district centre.
- 3 A centre accommodating medium to high-density residential development in conjunction with non-residential development or located within Precinct 2 Community Hallett Cove.

Precinct 3 Retail Core Hallett Cove

- 13 Development should be carried out in accordance with the concepts shown on *Concept Plan Map Mar/2 Hallett Cove District Centre*.
- 14 Retail development should primarily be consolidated around the existing shopping centre, and supplemented by a range of office and commercial development, including post office, banks, consulting rooms, tavern and service station, around the perimeter of the centre.
- 15 Development should be sited well back from the Zwerner Drive frontage and the setback area being fully landscaped to provide a visual screen from the adjoining residential zone.

Conformance

We have not obtained a formal Town Planning Certificate, however, for the purpose of this valuation we assume that all necessary town planning approvals and consents for the existing development have been obtained and complied with.

The site in which the Subject forms part is designated "Community" within the Development Plan (*Concept Plan Map Mar/2 Hallett Cove District Centre*). Notwithstanding this classification, with consideration given to the development of the area over time and the Council-led relocation of existing community services to a nearby site, together with other uses within the Subject building being of a commercial nature, we have assumed that broader commercial and retail uses would be considered consistent with the objectives of the District Centre Zone. However, it should be noted that if this assumption proves incorrect, and the potential future use of the Property is restricted, the potential limited pool of occupiers may impact on occupier demand and consequently value.

2.5 Environmental Issues

Existing Issues Raising Concern:	None noted
Previous Uses:	Commercial
Undertaken Environmental Checklist:	Yes
Uses Identified on API Guidance Note 1:	No
Other Matters:	None noted

During the course of our inspection we did not notice any evidence of land or building contamination. Importantly, however, we are not experts in the detection or quantification of environmental problems and we have not sighted an Environmental Audit.

Our valuation has been carried out assuming an audit would be available which would satisfy all relevant environmental and occupational health & safety legislation. If the Property's current status needs to be clarified, an Environmental Audit should be undertaken and should any subsequent investigation show that the site is contaminated, this valuation may require revision. Our valuation excludes the cost to rectify and make good the Property, which may have become contaminated as a result of past and present uses.

2.6 Flooding Issues

The Subject property falls outside the Marion City Council flood mapping area, however discussions with the council has indicated the Subject is not liable to flooding.

The instructing party has not provided Jones Lang LaSalle with a detailed flood survey. Based on our visual inspection and discussions with Council we have assumed the subject properties to be free of any flood affectation. Should a current flood survey provide alternative advice, Jones Lang LaSalle retains the right to amend the valuation accordingly.

We are of the opinion that flooding issues do not significantly impact the use of the Property. Should further information suggest otherwise, we reserve the right to review our valuation.

2.7 Services

All mains services including electricity, gas, water, sewerage and telephone are available to the Property. Zwerner Drive is a bitumen sealed roadway with concrete kerbing and guttering.

2.8 Statutory Assessment

The Property's statutory values, as assessed by the Valuer General, as at 1 January 2015 and used for rating and land tax purposes for the current financial year commencing 1 July 2015, are as follows:

Site Value	\$660,000
Capital Value	\$1,675,000

These statutory assessments are used for rating and taxing purposes only and may not reflect the market value of the Property.

2.9 Asbestos

We have been advised by the instructing party that no asbestos products are present in structure. The building appears to have been constructed in the 1980's and as such there is a possibility construction occurred before the use of asbestos building materials was banned. For the purposes of this valuation we have relied upon the advice of the instructing party. Should this advice prove incorrect we reserve the right to review this valuation.

We have not undertaken any formal searches regarding the existence of asbestos in or on the Property. We are not experts in this area and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the Property, our valuation is made on the assumption that there are no health risks from asbestos. If any asbestos related health risk is found to exist on the Property, we reserve the right to review our valuation.

2.10 Heritage

We have not undertaken any formal heritage searches, and our valuation is made on the assumption that there are no heritage issues relating to the Property. If any heritage issues are found to relate to the Property, we reserve the right to review our valuation.

2.11 Native Title Claims

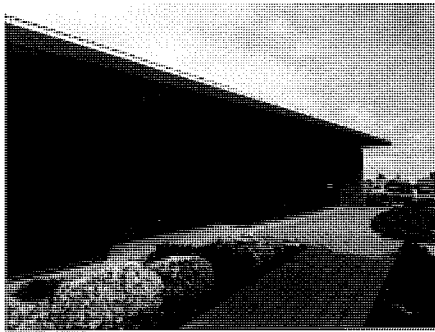
We have not undertaken any formal native title searches, and our valuation is made on the assumption that there are no Native Title Claim issues relating to the Property. If any Native Title Claim issues are found to relate to the Property, we reserve the right to review our valuation.

3 Description of Improvements

3.1 Overview

The Subject is one of eight strata units which together form the Hallett Cove Professional Centre. The building is mostly single storey with the exception of a small upstairs area located in Strata Unit 1. The building appears to have been constructed in the late 1980's, of brick construction with an aluminium framed glass façade along the northern Zwerner Drive frontage. Apart from the Subject, all other units in the centre appear to be occupied, providing predominantly professional services type tenants such as real estate agents, a conveyancer, a physio therapist and a vet surgery.

The Subject is the largest of the strata units and is positioned at the eastern end of the building with extensive frontage to Zwerner Drive. Currently disposed over two tenancies, the Subject, until recently, housed the Hallett Cove Library. The smaller of the tenancies is currently occupied by the Hallett Cove Youth Centre, however we understand that they will soon vacate.



Northern Elevation



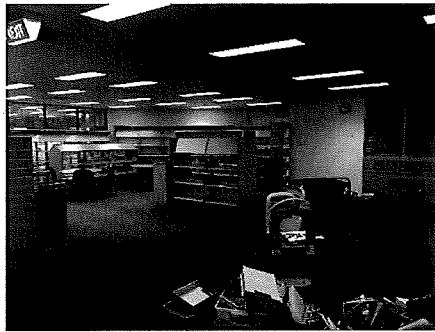
Southern Elevation

Internally the Subject presents in fair condition, with all areas functional but in need of some cosmetic refurbishment. The floors are mostly carpeted throughout with some small areas of vinyl flooring. The ceiling is mostly suspended acoustic tiles throughout with some areas of timber panelling and a glass atrium area towards the centre of the unit. All areas are serviced by ducted air conditioning via roof mounted units which the tenants report function well. Access is available to both tenancies from the front and rear.

The ex-library tenancy provides one large open plan area, partitioned offices and staff areas and bathroom amenities. The tenancy is split level with the eastern side elevated from the western portion with two steps providing access between the two levels together with a ramp. The tenancy appears relatively adaptable to a number of uses and its internal configuration appears to have changed over the years. However, solid brick walls surround the amenities blocks, and runs down the centre of the tenancy at the split of the levels.

The Youth Centre tenancy presents in much the same condition as the ex-library tenancy, which, although functional, would benefit from some cosmetic refurbishment. The current configuration provides a number of offices, a reception area at the rear and larger rooms towards the northern end of the tenancy. Bathroom amenities are provided in the north eastern corner. Although currently configured as a Youth Centre with multiple offices, the tenancy is considered adaptable to a number of uses.

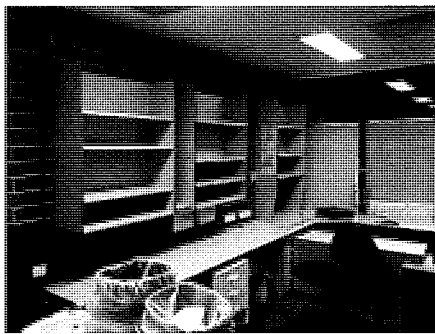
Library Tenancy:



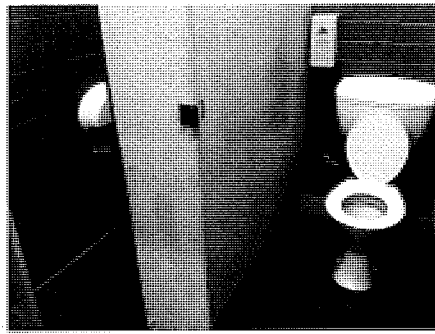
Ex-Library Tenancy (eastern end)



Ex-Library Tenancy (western end)



Ex-Library Tenancy offices

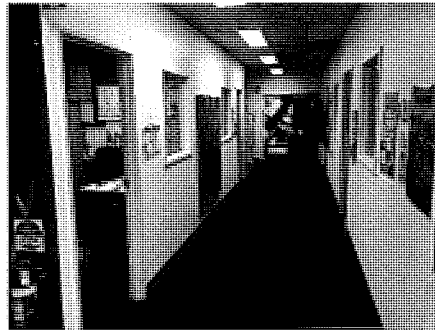


Ex-Library Tenancy Bathroom Amenities

Youth Centre Tenancy:



Youth Centre Tenancy – Reception Area



Youth Centre Tenancy – Offices

3.2 Lettable Areas

Although currently disposed over two tenancies, the Subject is easily adapted to a number of configurations from a single to multiple tenancies.

We note that although smaller tenancies may achieve higher rental rates per square metre, this premium would come at greater capital cost, potentially greater letting up allowances and the potential loss of lettable area.

If offered to the market for sale we recommend the exact GLA of the Unit, together with current tenancy areas be sought from a qualified surveyor.

	GLA
Subject Premises	742 square metres
Comparing local strata group - unapportioned	(0)

The approximate GLA of the Property has been calculated from the scaled survey strata plan registered on title and cross checked with onsite measurements during our physical inspection. Should the actual Gross Lettable Area differ from that calculated for the purposes of this report, we reserve the right to review this valuation.

3.3 Construction

Generally, the improvements have the following base construction:

Walls:	Masonry brick.
Windows:	Aluminium framed glass windows.
Floors:	Reinforced concrete slab.
Internal Walls:	Predominantly plasterboard lining to lettable areas with some brick.
Roof:	Pressed sheet metal.
Ceiling:	Acoustic tiles in a suspended grid system with portions of timber panelling.
Lighting:	Fluorescent lighting.

3.4 Car Parking

Car parking for approximately 69 vehicles is provided on the site of the Strata building, with all Strata units having access on an un-allocated basis. The parking is situated at the rear of the site, accessed from the un-named road which extends along the north eastern boundary of the Subject, with an additional 6 lined parks located in the northern corner and accessed directly from the aforementioned un-named road.

Although there appears to be ample parking for the Subject and Strata Group, the car park appears to be used by customers of the neighbouring shopping centre, with an entrance to the centre facing the car park. Signage is in place which states the parking is strictly for customers of the Hallett Cove Professional Centre, however in practice this may be difficult to enforce.

It should also be noted that the Hallett Cove Professional Centre benefits to a degree from its proximity to the Shopping Centre entrance which addresses the car park.

3.5 Condition and Repair

At the time of our inspection we noted evidence of numerous roof leaks throughout both tenancies with water staining on the acoustic tile ceiling in many areas, and persistent roof leak issues confirmed by both tenants.

Discussions with the Strata manager confirmed they are aware of ongoing roof leaks throughout the building, however at this stage there is no immediate plan to address the issue beyond repair and maintenance as leaks occur. We have been advised by the Strata manager that at the date of valuation the balance of the sinking fund was \$89,143.96, indicating that the funds may be available should repairs to the roof be required.

Aside from the roof leaks and resulting ceiling damage, the Subject generally presents in fair condition internally and externally, however would benefit from cosmetic refurbishment.

Our valuation has had regard to the apparent state of repair and condition of the Property, however, we were not instructed to carry out a structural survey or to test any of the services available to the Property. We are therefore unable to report that the Property is free from further defect and we have assumed that no deleterious material was used in the construction.

We have assumed the Property complies with all relevant statutory requirements in respect of matters such as health, building, and fire safety regulations and has been built in accordance with the provisions of the Australian Building Code prevailing at the time of construction.

For the purposes of our capitalisation of net income primary valuation methodology, we have made an allowance of \$100 per square metre for basic reconfiguration and internal refurbishment which equates to a total sum of \$74,200. Our imputed rent has been appraised with consideration given to the upgraded nature of both tenancies.

4 Property Income and Expenditure

4.1 Tenancy Overview

The Subject Property has in the past been owner occupied by service providers of the Marion City Council. At the date of valuation the ex-library tenancy was vacant and the Youth Centre was soon to relocate. We have considered the Subject vacant for the purposes of this valuation.

4.2 Building Vacancy

As at the date of valuation, the Property has vacant accommodation of 742 square metres, which reflects 100.00% of total Gross Lettable Area.

4.3 Building Outgoings

We have been provided with an outgoing budget for the financial year, which is summarised in the table below:

Category	Annual Amount	\$/sqm of GLA
Statutory Charges	\$17,357	\$23.39
Operating Expenses	\$41,604	\$56.07
Land Tax	\$2,455	\$3.31
Total Outgoings	\$61,417	\$82.77

We have had regard to the budget provided and where applicable we have sought confirmation from the relevant rating authorities in relation to the statutory charges and have benchmarked the figures against other similar commercial buildings.

We consider that the adopted outgoing rate of \$82.77 per square metre of GLA to be above average for a suburban commercial / office building. However, we note that this includes sinking fund and strata management costs.

5 Goods and Services Tax (GST)

Market Rents for the Property

Our assessment of market rent is exclusive of GST.

Capital Value

Our opinion of value excludes any GST which a vendor may have to charge in addition to the sale price.

In relation to any potential GST liability, it is important to note that we are not taxation or legal experts and we recommend professional advice be obtained in relation to those areas. We are also of the view that any intending purchaser of the Property should obtain their own legal advice on the GST position. Should this advice vary from relevant interpretation of the legislation and Australian Taxation Office rulings current as at the date of this valuation, we reserve the right to review and amend our valuation accordingly.

Furthermore, we have relied upon the GST information provided to us in assessing the property and should it be discovered that there are inconsistencies in this information, we reserve the right to amend our valuation.

6 Market Commentary

6.1 Economic Overview

Estimated South Australian annual Gross State Product growth was 1.1% in 2Q15. Well below the national average of 2.2% (Deloitte Access Economics), the subdued growth rate is a continued reflection of the economic challenges faced by SA in recent times. The outlook is for below average economic growth in 2015 and 2016 before a modest improvement from 2017 onwards.

South Australia's unemployment rate has continued to rise. The June reading of 8.2% is the state's highest reported rate in 15 years (ABS, June 2015). South Australia's unemployment rate is now the highest of all mainland capital cities, with the state facing economic challenges across a number of key industries, including car manufacturing, mining and shipbuilding.

The weaker Australian dollar and record low interest rates are notable positives for the South Australian economy. After a period of stability since August 2013, the Reserve Bank reduced the cash rate by 25 basis points to 2.25% in February and a further 25 basis points to 2.00% in May 2015. The combined impact of lower interest rates, low current oil prices and exchange rates supporting exports should support growth in domestic consumption.

Some of South Australia's key industries including agriculture, viticulture, manufacturing and international education are sensitive to fluctuations in the exchange rate and a lower Australian dollar will be welcome news to these sectors of the economy.

6.2 General Property Market Overview

Positive sentiment has returned to the commercial property sector over the past 18 months, with numerous reductions in the cash rate by the Reserve Bank of Australia fuelling increased demand for property investment.

For the sub \$5 million dollar market agents are reporting an increase in purchaser enquiry levels over the past 12 to 18 months, with the main activity coming from local private investors and owner occupiers. This has been fuelled in large part by the current cost of funds which sits at record lows.

For investment grade property, the weight of capital and funds flowing through the market, some of which has a clear, but selective attraction to property investment, is somewhat at odds to the underlying market fundamentals which indicate ongoing struggles with tenant demand, business sentiment and performance and vacancy levels.

Quality, prime property assets, which provide modern improvements, long term leases and secure tenant covenants, will continue to be in good demand, attracting firmer yields and in some cases setting new benchmarks for value. Secondary assets with a greater degree of risk, will continue to be assessed with discretion by investors, although we are seeing greater willingness for purchasers to move up the risk curve, where they see value in an asset.

7 Leasing Evidence

7.1 Suburban Commercial Leasing Evidence

The following table provides a summary of relevant leasing evidence considered comparable to the Subject:

Address	Comm. Date	Area (sqm)	Tenant	Term (Years)	Reviews	\$/sqm (gross)
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10 Ramrod Avenue, Hallett Cove	Aug-15	265	Hallett Cove GP	5	CPI	\$404
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Located on the corner of Ramrod Avenue and Zwerner Drive, the property comprises a commercial unit in a set of strip office / retail units with exposure to Zwerner drive and car parking provided at the front of the site. The property benefits from its proximity to the sub-regional Hallett Cove Shopping Centre.

Leased to the sitting tenant in new lease negotiations at a rent of \$87,962 per annum on a net basis which represents a rate of \$332 per square metre. With advised outgoings of approximately \$72 per square metre, the rent represents a rate of \$404 per square metre gross.

1a, 1 Zwerner Drive, Hallett Cove	May-15	60	Brock Harcourt Real Estate	2+2+1	CPI	\$333
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Located at the rear of a strata titled building with ample parking and benefiting from its close proximity to the Hallett Cove Shopping Centre, the commercial office tenancy of 60 square metres is somewhat impeded by its lack of street frontage and exposure. It is understood the tenancy was vacant for approximately 12 months before being leased.

Negotiated on a net basis, the annual rent of \$13,500 represents a rate of \$225 per square metre net. Given the strata titled nature of the premises the outgoings are above average at \$113 per square metre, resulting in a gross rent of \$333 per square metre.

The lease included an incentive of 2 months' rent free.

522 Anzac Highway, Glenelg East	Sep-14	439	Fitness Attack	12	4%	\$241
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The 439 square metre retail tenancy is one of two in a standalone building located on Anzac Highway close to the intersection of Morphett Road with good exposure to high volumes of passing traffic.

Leased by Fitness Attack for a 12 year term, but with early termination clauses available to the lessee at three yearly increments, the rent was negotiated on a net basis with the lessee responsible for all outgoings excluding land tax. The annual rent of \$87,800 equates to a rate of \$200 per square metre net.

Estimated recoverable outgoings total approximately \$41 per square metre which equates to a Gross rental of \$241 per square metre.

The lease included an incentive of three months' rent free.

30 Smart Road, Modbury	Aug-14	420	Bikram Yoga	7+7+7	CPI	\$202
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The property comprises a retail / showroom divided into three tenancies with frontage to Smart Road, located within close proximity to the Modbury Triangle Shopping Centre and Tea Tree Plaza Shopping Centre. The tenancy is positioned at the southern end of the group and provides 420 square metres of gross lettable area.

Leased to Bikram Yoga for a seven year term, and with two options to renew for a further seven years each, the rent equates to \$202 per square metre gross.

An incentive of two months' rent free plus a fitout contribution of \$65,120 was provided to secure the tenant.

Address	Comm. Date	Area (sqm)	Tenant	Term (Years)	Reviews	\$/sqm
962 North East Road, Modbury	Feb-15	556	Browse in and Save	10+5+5	CPI	\$243
<p>Commercial building with frontage to North East Road with car parking provided on site. The tenancy is the central of the three in the building, with frontage to the car park and limited exposure to North East Road. The tenancy is expected to provide relatively modern showroom accommodation. The tenancy is L shaped and totals 556 square metres.</p> <p>Terms have been agreed for Browse in and Save to lease the tenancy once redevelopment works have been completed (expected end of January 2015). Structured on a net basis, the lessee is responsible for their proportion of outgoings (excluding land tax) with the rent representing a rate of \$203 per square metre, net.</p> <p>After further analysis the rent equates to a gross rate of \$243 per square metre.</p>						
47-49 Elizabeth Way, Elizabeth	Mar-14	206	Advanced Personnel Management	3+2+2	4%	\$331
<p>The premises forms part of a larger complex comprising two free-standing tilt up slab buildings. The premises forms part of a building providing five tenancies each having frontage to Elizabeth Way with at grade carparking to the front of the site.</p> <p>The lease has been negotiated on a net basis for a term of 3 years with two additional 2 year renewal options.</p> <p>The negotiated rent represents a rate of \$267 per square metre net, or \$331 per square metre gross.</p>						
14 Arthur Street, Unley	Apr-13	557	Centrellia Gyms Pty Ltd	7+5	Undisclosed	\$290
<p>The tenancy forms part of the Unley Shopping Centre and is situated in a prime, popular location in an established retail precinct. Ample car parking is provided on the Shopping Centre site.</p> <p>The tenancy is leased for a term of seven years commencing in April 2013 with one further right of five years. Reviewed annually to 3%, the lease is structured on a net basis with the lessee responsible for a proportionate share of all applicable outgoings excluding land tax.</p> <p>After further analysis to allow for outgoings, the rent equates to \$290 per square metre gross.</p>						

7.2 Market Rental Commentary

In assessing the current market rental profile appropriate for the Property, we have had regard to the deals presented in this report and the comments made above. We consider these deals to provide sufficient evidence and guidance as to market levels for the Property.

Of the evidence provided above, we have had particular regard to the following:

- **The Modbury** leasing evidence listed above provides a range of \$202 to \$243 per square metre on a gross basis.

These lease transactions are considered comparable to the Subject in that they provide suburban commercial pad sites peripheral to a major retail centre. Both deals represent the rent achieved after significant tenancy works.

In comparison to the Subject, the Browse in And Save tenancy is considered to be more comparable evidence, with the Bikram Yoga tenancy a greater distance from the Modbury Triangle shopping centre anchor. These leases are considered to represent the lower end of the market range for commercial tenancies of similar nature to the Subject.

- **The Hallett Cove** leasing evidence provide a range of \$333 to \$404 per square metre gross. These leases are considered to provide the best evidence for the Subject.

The letting of 1a, 1 Zwerner Drive is located within the same building, however its position at the rear of the premises with no exposure is considered inferior. Having said that, its size is a fraction of the Subject with an affordable net rental of \$13,500 per annum which can be expected to result in a much higher rate on a per square metre basis.

The recent lease negotiation for the Hallett Cove GP is located next door to the Subject, however the centre has historically outperformed the Subject with no vacancy in over six years, better exposure and parking at the front of the premises, and a complimentary tenant mix of medical related occupiers. This tenancy is considered superior to the Subject and although smaller is considered to support a lower rate for the Subject.

Having regard to available market leasing evidence, including those outlined above, we have adopted a market rental for the Property as outlined below:

	GLA	Passing Rental \$/sqm net	Market Rental \$/sqm gross
Unit 8	742	vacant	\$270 / sqm*

* The market rent reflects a basic cosmetic upgrade of the tenancy at a cost \$100 per square metre which has been budgeted for within our capital expenditure allowances.

The adopted rate reflects the location, size, age and zoning of the property. Our assessment of market rent is exclusive of GST.

8 Sales Evidence

8.1 Sales Transactions

In assessing a suitable capitalisation rate and rate per square metre of GLA for the Property we have had regard to comparable sales evidence, the more relevant of which is summarised in the sales schedule and commentary below:

Property	Date	Sale Price	Initial Yield	Equivalent Yield	Rate \$/sqm of GLA	WALE (years)
209 Blunt Road Seacombe Gardens, SA	Jul 2015	\$1,159,000	5.48%	5.48%	\$4,711	2.33
Unit 1, 1 Zwerner Drive Hallett Cove, SA	Feb 2015	\$895,000	n/a	n/a	\$2,670	n/a
2/44 Amsterdam Crescent, Surrey Downs, SA	Oct 2013	\$2,275,000	7.33%	7.31%	\$4,809	6.75
26 Langford Drive Elizabeth, SA	July 2013	\$1,096,225	8.00%	8.00%	\$2,436	1.92
50 Lifford Road Marston Vale, SA	Jan 2013	\$1,025,000	8.49%	7.70%	\$4,116	1.5

209 Sturt Road, Seacombe Gardens, SA

Sale Date:	July 2015
Sale Price:	\$1,159,000
Property Type:	Commercial
Vendor:	Wolf Wenig Nominees Pty Ltd
Purchaser:	Paronis Pty. Ltd.
Site Area:	707 sqm
Total GLA:	246 sqm
Rate \$/sqm GLA:	\$4,711
Initial Yield:	5.48%
Equivalent Yield:	5.48%
WALE (by income):	2.33 years
Carparking:	10 car spaces



Located on the corner of Sturt Road and Glamis Avenue, the property benefits from its corner position and exposure to considerable passing traffic. Furthermore, its position adjacent the Westfield Marion regional shopping centre makes this location the major retail precinct for the inner southern suburbs of Adelaide. The improvements provide a single storey commercial building constructed circa 1967. Originally configured as a bank, the improvements have recently been refurbished and reconfigured to accommodate an optometrist retail outlet. Onsite parking is provided for approximately 10 vehicles.

Leased to the Optical Superstore for a term of three years with an additional renewal option of a further three years, the lease is structured on a gross basis with an annual rent of \$72,500 equating to a rate of \$295 per square metre. With advertised outgoings estimated at \$9,000 per annum (\$37 per square metre) the net rent for equates to \$258 per square metre net.

Sold at Auction for \$1,159,000, the sale represents an initial and an equivalent yield of 5.48%.

In Comparison to the Subject:

Located on the opposite side of the road to Westfield Marion, the location of the sale property is considered superior to the Subject given the greater exposure afforded by the Sturt Road frontage and corner position. The improvements are older, but present in good refurbished condition, and the Torrens Titled nature of the sale property is considered superior to the Subject, as is the leased nature of the sale property to a recognised retail brand.

This sale is considered to support a softer capitalisation rate for the Subject (noting that this sales result is considered particularly strong).

This sale is considered to support a lower rate per square metre of GLA, noting the superior income producing potential of the sale property, and the associated Torrens Titled land component with higher underlying land value.

42-44 Amsterdam Crescent, Salisbury Downs, SA

Sale Date:	October 2013
Sale Price:	\$2,275,000
Property Type:	Medical Centre
Vendor:	Australian Medical Assets Pty Ltd
Purchaser:	Sunlands Property Nominees Pty Ltd
Site Area:	2,570 square metres
Total GLA:	473 square metres
Rate \$/sqm GLA:	\$4,809
Initial Yield:	7.33%
Equivalent Yield:	7.31%
WALE (by income):	6.75 years
Carparking:	28 bays (mixture of secure and unsecured)



The property comprises a modern, purpose built medical centre with a broad frontage of some 77 metres to Amsterdam Crescent in the suburb of Salisbury Downs. The building comprises a single level property of brown brick construction having a total area of 473 square metres. Internally the property is well presented with a large reception and waiting room together with a number of individual consulting rooms to the rear.

Car parking is provided on site with 17 lined bays to the front of the building and a further 11, secured car parking bays located to the rear.

The property is fully leased to Sonic Healthcare with a WALE remaining (by area and income) of 6.75 years. The Lessee has a further right of renewal of 10 years. The current rent reflects \$352 per square metre on a fully net basis, with the Lessee responsible for all outgoings (including land tax). Outgoings are estimated to be in the order of \$15-\$20 per square metre of GLA resulting in a gross rental in the order of \$370 per square metre, per annum.

The property sold following a marketing campaign which experienced high levels of interest. The sale price reflects an initial yield of 7.33% and an equivalent yield of 7.31% On a rate per square metre basis, the sale price reflects \$4,809 per square metre of GLA.

In Comparison to the Subject:

The location of the sale property is considered inferior with little surrounding complimentary development. The improvements present in superior condition and the Torrens Title nature of the sale property is considered superior. As an investment proposition the sale is considered significantly superior to the Subject, offering a long WALE, a strong covenant, and with fixed annual rental reviews of 5%.

This sale is considered to support a softer capitalisation rate for the Subject.

This sale is considered to support a lower rate per square metre of GLA, noting the superior income producing potential of the sale property despite its inferior location.

24 Langford Drive, Elizabeth, SA

Sale Date:	July 2013
Sale Price:	\$1,096,225
Property Type:	Commercial
Vendor:	Donald Macdonald and Madeline Cheryl Richards
Purchaser:	Ian Mark and Patricia Thora Mary Shearer
Site Area:	1,337 sqm
Total GLA:	450 sqm
Rate \$/sqm GLA:	\$2,436
Initial Yield:	8.00%
Equivalent Yield:	8.00%
WALE (by income):	1.92 years
Carparking:	18 car spaces



Located on an irregular shaped allotment fronting Langford Drive, the property benefits from its close proximity to the regional Elizabeth Shopping Centre. The improvements originally provided a bulky goods type tenancy of tilt up concrete tilt up construction but has since been converted to a commercial use occupied by a not for profit employment agency. The 450 square metre single storey building is constructed on a 1,337 square metre site with parking at the front and rear.

Leased to Boys Town Employment who has been in occupation since 2009, the lease was renewed at 30 June 2012 prior to the sale for an annual net rent of \$87,698 which equates to a rate of \$195 per square metre. The rent is reviewed annually to CPI. The property provides a WALE of 1.92 years and Boys Town have one further renewal option of three years.

Sold for \$1,096,225, the price appears to be calculated based on a yield of 8.00%. The sale price represents a rate of \$2,436 per square metre of GLA.

In Comparison to the Subject:

Although located on the opposite side of Adelaide, the outer location is considered comparable given its proximity to a major retail precinct. However, its position on the opposite side of the road to the Shopping Centre is considered inferior to the Subject which, although separate, essentially constitutes a pad site peripheral to the rear of the main Shopping Centre. The improvements appear similar in condition, suitable for a range of uses. The Torrens Title nature of the sale property is considered superior.

On balance, this sale is considered to support a similar capitalisation rate for the Subject.

This sale is considered to support a slightly lower rate per square metre of GLA, noting the leased status of the sale property at the date of sale.

50 Hillier Road, Morphett Vale, SA

Sale Date:	January 2013
Sale Price:	\$1,025,000
Property Type:	Bank
Vendor:	MTS Group
Purchaser:	Flux Family Investments
Site Area:	756 square metres
Total GBA:	249 square metres
Rate \$/sqm GBA:	\$4,116 per square metre
Initial Yield:	8.49%
Equivalent Yield:	7.70%
WALE (by income):	1.5 years
Carparking:	9 car spaces



The Property comprises a single level commercial building of approximately 249 square metres. The Property is currently utilised as a banking chamber, featuring an open plan retail banking area, partitioned offices, and back of house office and storage facilities. The building also houses an ATM.

Leased to the ANZ bank for a term of three years, and one additional three year renewal option. The property sold with a WALE of 1.5 years. We have estimated the passing rent based on the commencing rent and escalated in accordance with the review mechanism (CPI) in the lease.

Whilst the property was first brought to market and auctioned in 2011, the property has since sold off market with limited details of the sale available.

In Comparison to the Subject:

The sale property provides a smaller size tenancy in a similar southern suburbs location within close proximity to a sub-regional shopping centre. The improvements appear to be of a similar standard, however the stand alone nature of the sale property with Torrens Titling is considered superior in comparison. On an investment basis, the 1.5 year WALE and quality covenant of the sale property are considered superior.

This sale is considered to support a softer capitalisation rate for the Subject.

This sale is considered to support a lower rate per square metre of GLA, noting the superior income producing potential of the sale property, and the associated Torrens Titled land component.

Unit 1, 1 Zwerner Drive, Hallett Cove

Sale Date:	February 2015
Sale Price:	\$895,000
Property Type:	Strata Commercial Unit
Vendor:	Attwood Holdings
Purchaser:	Langkins Pty. Ltd.
Site Area:	Strata Unit
Rate \$/sqm GLA:	\$2,670 per square metre
Total GLA:	335 square metres



The property comprises a strata unit with a total area of approximately 335 square metres located at the rear of a strata titled commercial office / retail building located in close proximity to the Hallett Cove Shopping Centre. The unit is further divided into three tenancies and appeared to be fully leased at the time of the sale.

Sold off market, few details are known about the sale, however it appears to have transferred as a leased investment.

The sale price of \$895,000 represents a rate of \$2,670 per square metre of GLA.

In Comparison to the Subject:

Few tenancy details are available for this sale of the next largest strata unit within the Subject building. However, it appears the unit was sold fully leased to three separate tenants. The position of the unit is considered inferior to the Subject, at the back of the Subject building with no street frontage. Internally, it appears to present well having been upgraded over the years.

Noting the smaller size and the superior leased nature of the unit, this sale is considered to support a lower rate on a direct comparison basis for the Subject.

We would expect that the core value of the Subject Property (prior to adjustments/allowances for leasing) would be slightly lower than the direct comparison rate disclosed by this sale, given the risk associated with leasing the larger premises.

8.2 Sales Reconciliation

When adopting the appropriate valuation parameters for the property, we have had consideration of the abovementioned sales and comparison commentary.

We have adopted the following valuation inputs:

Variable	Input
Capitalisation Rate - Core Income	8.00%

9 Valuation Considerations

9.1 Highest and Best Use

This valuation has been undertaken adopting the Property's Highest and Best Use, as defined by the IVSC and endorsed by the Australian Property Institute, which is:

"The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued."

Taking into consideration the Property's land size, built improvement, classification and the existing leases, we believe that the Highest and Best Use for the Property, as at the date of valuation, is its current use.

9.2 Likely Selling Period

We are of the opinion that the likely selling period for the Property is 3 to 6 months.

This is an estimate of the time it might take for the Property to sell if it were marketed at the ascribed market value. Naturally, this is not a guarantee, and the actual time it may take to sell the Property will be impacted upon by numerous factors including the marketing undertaken, eagerness of buyers both generally and also in relation to assets similar to the Property, availability of finance, and changes in market conditions subsequent to the valuation date.

9.3 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property to be an owner occupier or private investor.

9.4 Property Management

The Property has been considered vacant for the purposes of this valuation. Should the Property be leased it can be expected to require a moderate degree of property management expertise.

9.5 Sales History

The Property has not transacted in the last three years.

10 Valuation Rationale

10.1 Valuation Overview

In arriving at our opinion of market value we have adopted the **capitalisation of net income approach** and **direct comparison approach** of valuation.

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

10.2 Capitalisation Approach

Introduction

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property, and the deduction of outgoings (where appropriate) in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

A summary of the capitalisation approach is detailed hereunder:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	\$200,340
Total Market Rental	\$200,340
Less Outgoings Expenditure	(\$61,417)
Net Market Rental	\$138,923
Core Income Capitalised at 8.00%	\$1,735,541
Value Adjustments	
Present Value of Rental Reversions	
Vacant Tenancies	(\$146,470)
Present Value of Letting Up Allowances: 12 months	(\$22,871)
Present Value of All Unexpired & Forecast Incentives: 12 months	(\$47,550)
Present Value of Short Term Capital Expenditure: 12 months	(\$74,200)
Total Value Adjustments	(\$291,190)
Total Capitalised Value	\$1,445,350
Adopted Capitalised Value	\$1,445,000

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives and short term CAPEX) have been made where appropriate in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Letting Up Allowances

Within our capitalisation calculations we have made present value letting up allowances for the current vacancies. These letting up allowance includes rental and outgoings void (downtime) of nine months as well as leasing / agent's fees of 12.00% of the first years gross annual income and incentive allowance of 5.00% assuming a 5 year lease term. These amounts are apportioned as follows:

• Gross Rental Void:	\$146,470
• Leasing / agent's Fees:	\$22,971
• Forecast Incentive:	\$47,550

Capital Deductions

We have allowed for the present value of CAPEX allowances which total \$74,200. We have not been provided with details of budgeted capital expenditure, however we have adopted \$100.00 per square metre capex to capture the reconfiguration and basic refurbishment costs associated with bringing the Subject to lettable standard.

We note that it may be worthwhile committing to some of this capital expenditure prior to marketing the property for sale.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of \$1,445,000, which we have rounded to **\$1,450,000 plus GST (if any)**.

Our detailed calculations are annexed to this report.

10.3 Direct Comparison Approach

For the purpose of cross-checking the adopted value based on the capitalisation approach, we have considered the rates per square metre of GLA reflected by the aforementioned sales evidence, as summarised in the table below:

Address	\$/sqm of GLA
209 Sturt Road, Seacombe Gardens, SA	\$4,711
42-44 Amsterdam Crescent, Salisbury Downs, SA	\$4,809
24 Langford Drive, Elizabeth, SA	\$2,436
60 Hillier Road, Morphett Vale, SA	\$4,116
Unit 1, 1 Zwerner Drive, Hallett Cove, SA	\$2,670

The adopted value as derived from the capitalisation of net income approach represents a rate per square metre of GLA in the order of \$1,954, which falls below the parameters reflected by the sales evidence. However, having regard for our comparison commentary in *Section 8.1* and noting the leased status of the Sales evidence this is considered reasonable.

We note that the rate per square metre of the Core Value of the Subject Property before adjustments for letting up allowances and capital expenditure (\$2,340 per square metre) is slightly less than the value disclosed by the recent sale of Unit 1. As such, the adopted value as derived by our capitalisation of net income calculations is considered reasonable and supported by our direct comparison analysis.

It is worth noting that at this level of capital value, owner occupiers are less likely to make significant below the line adjustments for items such as letting up and incentives. This purchaser class is less focused on yield and more focussed on the opportunity cost of leasing similar premises relative to the cost of funding a purchase.

The assessed value reflects an equivalent yield of 7.98% an initial yield fully leased of 9.58% and a rate of \$1,954 per square metre of Lettable Area.

11 Valuation

In accordance with your instructions we have certified the current market value of the 100% Freehold interest in the Property.

Our valuation is subject to the comments, qualifications and financial data contained within our report. On that basis, and assuming the Property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value, in our opinion its market value as at 5 August 2015, is:

\$1,450,000 plus GST (if any)

(One Million Four Hundred Fifty Thousand Dollars).

Our opinion of value excludes any GST which the vendor may have to charge in addition to the sale price.

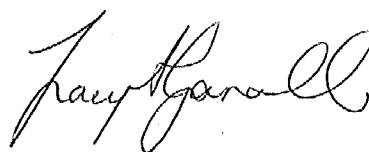
Finally, and in accordance with our normal practice, we confirm that this report is confidential to Corporation of the City of Marion for Potential Disposal purposes. No responsibility is accepted to any third parties. Neither the whole of the report, or any part of it, or any reference to it, may be published in any document, statement or circular nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

Yours sincerely

Jones Lang LaSalle Advisory Services Pty Ltd



Brendan J Harrison AAPI
Certified Practising Valuer
B Bus Prop
Manager, Valuations & Advisory



Tracy Gornall
Director, Valuations & Advisory

Date of Signing Report: 1 September 2015

Date of Signing Report: 1 September 2015

The opinion of value expressed in this report is that of the valuer who undertook the valuation and who is the primary signatory on the report. That valuer is Brendan Harrison. The director who is countersigning the report, Tracy Gornall, verifies that the report is genuine and endorsed by Jones Lang LaSalle. However, Tracy Gornall may not have inspected the Property nor undertaken any role in the preparation of the valuation, and in that case is not providing any professional opinion in relation to the valuation.

Liability limited by a scheme approved under Professional Standards Legislation.



Valuation Advice

**Unit 8, 1 Zwerner Drive
HALLETT COVE SA 5158**

July 2015

Under instruction from:

City of Marion



Reference: 138472

Knight Frank Valuations
Level 25, 91 King William Street
Adelaide SA 5000
T + 61 (0) 8233 5222
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City of Marion



12th August 2015

Reference: 138472

Mr John Valentine
City of Marion
245 Sturt Road
STURT SA 5047
Attention: Mr Valentine

Dear John

RE: VALUATION ADVICE – UNIT 8, 1 ZWERNER DRIVE, HALLETT COVE SA 5158

Further to your signed return of our formal quotation letter received on the 21st July 2015, we wish to report as follows:

Instructions

To provide market value advice in relation to the abovementioned property to assist with prospective sale negotiations.

Inspection Date

22nd July 2015

Valuation Date

22nd July 2015

Qualifications

1. This report is prepared for the private and confidential use of our client the City of Marion, and only for the purpose outlined above. It should not be relied on by the nominated party for any other purpose and should not be reproduced in whole or part for any other purpose without the express written consent of Valuations Services SA Pty Ltd trading as Knight Frank Valuations (SA) ("Knight Frank Valuations"). Any party that is not named as a reliance party may not rely on this report for any purpose and should obtain their own valuation before acting in any way in respect of the subject property.
2. This valuation may not be relied upon for mortgage security purposes.
3. The valuation specifically may not be relied upon by any party in connection with any Managed Investment Scheme (within the meaning of the Corporations Law) which:
 - a) Has as its prime or as a substantial purpose, the provision of tax benefits to investors; or
 - b) Is involved in any form of direct or indirect investment in primary production including "property used for primary production".
4. Unless otherwise stated, all valuation figures herein are stated on a net of GST basis.



5. Reliance on this report should only be taken upon sighting an original document (an electronic document is not an original document) that has been signed by the valuer and countersigned by a senior executive of Knight Frank Valuations. The counter-signatory verifies that this report is genuine and issued and endorsed by Knight Frank Valuations. The opinion of value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer. Please note that Paul Scrivener has not inspected the subject property, and counter-signs this report only in his capacity of Associate Director, Knight Frank Valuations.
6. This valuation is current at the date of valuation only. The timing and extent of market movements is impossible to accurately predict and we do not attempt to do so. The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements, or factors specific to the particular property as identified in this report.
Losses resulting from such movement in value subsequent to the date of valuation are not foreseeable and we do not accept any duty to protect your financial interests against such movements in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this value is relied upon after the expiration of three months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
7. In accordance with industry guidelines and requirements, Knight Frank Valuations cannot assign or confirm the original or initial valuation after the expiration of three months from the date of valuation. Any written assignment of the valuation by Knight Frank Valuations within this three month period is required to contain a statement that the valuer has not re-inspected the property nor undertaken further investigations or analysis since the original/initial valuation and accepts no responsibility for reliance upon the original/initial valuation other than as a valuation of the property at the original/initial date of valuation.
8. This valuation is conditional on there being no material change (including as a result of general market movements, or factors specific to the particular property) between the date of inspection and the date of valuation that would impact on the value of the subject property. Should such an event occur, the valuer should be contacted for comment prior to reliance upon the valuation.
9. This valuation is not intended to be used to provide financial advice, express or implied, and we confirm that the valuer and Knight Frank Valuations is not licensed to provide financial product advice under the Corporations Act 2001.
10. This valuation report is to be read in its entirety and in particular we draw your attention to the Important Notices set out in the body of the report and the Critical Conditions section of the Executive Summary.
11. Any forecasts, including but not limited to, financial cash flow projections or terminal value calculations noted within this report are a valuation tool only undertaken for the purpose of assisting to determine the market value. No party may rely upon any financial projections or forecasts within this report on the understanding that they are undertaken for the specific purpose of determining the market value only and, therefore, should not be represented in any way as providing an indication of likely future profit or realisable cash flow.

City of Marion



12. Any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified valuer, reflecting due skill, care and diligence.
13. Liability limited by a scheme approved under Professional Standards Legislation which includes Valuations Services (SA) Pty Ltd and the valuer(s) signing this report.

Market Value Definition

For the purposes of this assessment, Market Value is defined as:

"The estimated amount for which a property should exchange on the date of valuation 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".

Goods and Services Tax

The GST became law on 8 July 1999 and commenced operation on 1 July 2000. From this time, rental payments for non-residential leases generally became subject to GST. The sale of non-residential property may also be subject to GST, the amount of tax payable being dependent on the tax status of the parties, available input tax credits and the operation of the Margin Scheme.

Our valuation of this property has been prepared on a GST exclusive basis with no provision for the payment of GST by the supplier (vendor) on the hypothetical sale of this property as at the date of this valuation. GST is an important and complex issue and we strongly recommend that you consult a duly qualified tax expert to ensure that your financial interest in this property is not compromised.

If the subject property was to be sold with vacant possession we consider GST would be payable upon transfer assuming the vendor is required to be registered for GST purposes. The purchaser would be liable for an additional 10% of the purchase price. The vendor would then remit 1/11th of the GST inclusive sale price to the ATO and the purchaser registered for GST would be entitled to a full input tax credit on the amount of GST paid.

Unless stated otherwise all sales and rental evidence, valuation calculations and assessments contained herein are on a GST exclusive basis.

Title Details and Site Description

Current Registered Proprietor

The Corporation of The City of Marion

Title Description

Volume 5026 Folio 153, being more particularly described as Unit 8 in Strata Plan 10132, in the area named Hallett Cove, Hundred of Noarlunga

City of Marion

**Identification**

The property is situated to the south eastern side of Zwerner Drive some 90 metres north east of its intersection with Quallo Avenue.

Easements and Encumbrances

Together with a free and unrestricted right of way over the Land Marked D on SP 10132

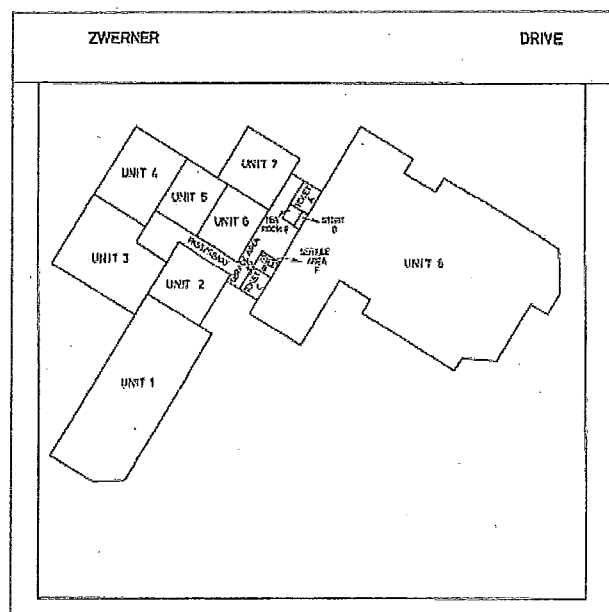
Site Area & Physical Description

The parent site is regular in shape and has a gentle slope up towards the rear boundary.

Description – Parent Site	Measurements
Zwerner Drive	75.00 metres
North eastern boundary	69.14 metres
South western boundary	69.14 metres
Rear boundary	75.00 metres
Site Area (Parent Site)	5,186 square metres

The Unit entitlements as shown on the Strata Plan are as follows:

Description	Lot Entitlement
Unit 1	2,120
Unit 2	480
Unit 3	950
Unit 4	620
Unit 5	400
Unit 6	400
Unit 7	480
Unit 8	4,550
Total	10,000



City of Marion

**Important Notice**

Although our Title search (attached) does not show any unregistered dealings, it is noted that not all encumbrances may be recorded on the title documents provided to us. Our valuation is made on the basis that the property is free from mortgages, charges and other financial liens and is conditional on there being no encumbrances or interests other than those reported on our title search which materially affect the value, marketability and continued utility of the property. Should any encumbrances, encroachments, restrictions, leases or covenants which are not noted in this report be discovered which are material, our valuation would change.

From our inspection and a comparison with the Title Plan, the improvements appear to be constructed within the title boundaries, however, we are not qualified surveyors, and have not been provided with a site survey and, therefore, we cannot state conclusively that all buildings are within the title boundaries. Our valuation is conditional on there being no encroachments by the subject's improvements, or onto the subject land by adjoining properties. In the event there is an encroachment which proves material, our valuation would change.

Town Planning Details**Municipality and Planning Scheme**

Corporation of the City of Marion

Principal Zoning

District Centre - Precinct 3 – Retail Core Hallett Cove

Objectives of the Zone

The objectives of the zone are to:

- A centre that accommodates a range of retail facilities, offices, consulting rooms, and cultural community, public administration, entertainment, educational, religious and residential facilities to serve the community and visitors within the surrounding district
- Development of a visually and functionally cohesive and integrated district centre
- A centre accommodating medium to high density residential development in construction with non-residential development or located within Precinct 2 Community Hallett Cove.

Envisaged land uses include but are not limited to:

Banks, child care centres, consulting rooms, office, and shops.

Development in Precinct 3 – Retail Core Hallett Cove, should be consolidated around the existing shopping centre and supplemented by a range of office and commercial development. Development should be sited well back from the Zwerner Drive frontage.

Comments

The property was previously utilised as a library/youth centre however is currently vacant.

A copy of the relevant zoning extracts is appended.

City of Marion



Location & Surroundings

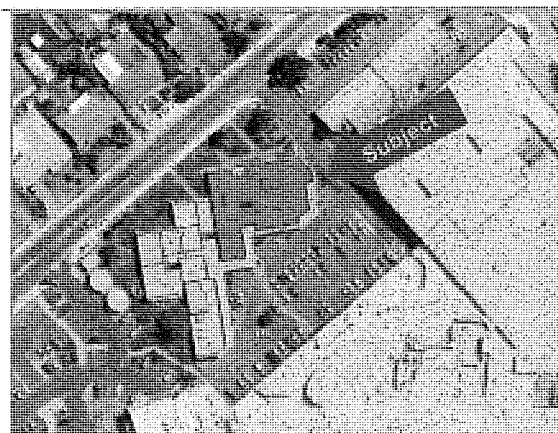
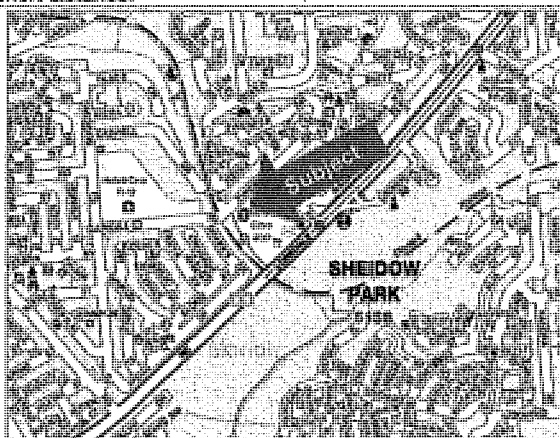
Position

The property is situated to the south eastern side of Zwerner Drive some 90 metres north east of its intersection with Quailo Avenue.

Services

The subject property is connected to mains water, power, gas, phone and sewer.

The property is located opposite the Hallett Cove Shopping Centre and has access to public transport and schools within a short distance.



Environmental Considerations

Soil Contamination / Asbestos

Historical Uses	The property was previously utilised as a Library and Youth Centre. Uses prior to this are not known.
Registered on the EPA List/Statement of Environmental Audit	The site is not registered on the EPA Public Register as a contaminated site.
Perceived Environmental Risk	We confirm that there are no perceived environmental risks or problems associated with the subject property in relation to its present use, albeit noting that the historical use of the property is not known. We further confirm that we have found no information in our enquiries to necessitate the instigation of a detailed environmental audit, subject to important notice below.
Identified Asbestos at Inspection	No
Potential for unsighted Asbestos	The building was constructed circa 1980's, a time in which asbestos products were still used in the construction industry. We have not sighted a Certificate of Inspection for Asbestos for the subject property and are unaware of one being in existence. We have undertaken the valuation subject to the following important notice.

City of Marion

**Important Notice**

We have undertaken the following steps to assess whether there are any obvious signs of asbestos:

- Verbal discussions with the Owners Representative
- Internal and external visual inspection.
- We have not inspected the building beyond the surface of the internal and external building fabric.

As a result of the above investigation we have been unable to identify any obvious signs of asbestos, however, as discussed above, this does not mean the building is free of asbestos. We are unable to assess whether there are any latent signs of asbestos or other indicators beyond the investigations referred to above. The assessed value could well decrease if asbestos which is material to the valuation is present. This valuation is conditional on the site being free of asbestos and any party relying on this valuation does so on the basis that Knight Frank Valuations accepts no liability for any loss relating to asbestos.

Important Notice

No soil tests or environmental studies have been made available for our perusal and we do not have any expertise as environmental consultants nor are we qualified to provide an assessment of the contamination of land. We have undertaken the following steps to assess whether there are any obvious signs of contamination:

- *Site inspection.*
- *Review existing site use and historical site use (so far as it is identifiable from the current site owners).*
- *Review of EPA list (see above).*
- *Discussions with Owner's Representatives*

As a result of the above investigation we have been unable to identify any obvious signs of contamination. However, we are unable to assess whether there are any latent signs of contamination or other indicators beyond the investigations referred to above. The assessed value could well decrease if material contaminants are present. This valuation is conditional on the site being free of contamination and any party relying on this valuation does so on the basis that Knight Frank Valuations accepts no liability for any loss relating to contamination.

Native Title Claims**Important Notice**

In undertaking this valuation assessment, we have not commissioned a search of the Register of Native Title Claims which is administered by the National Native Title Tribunal. The assessed value could well decrease if a native title claim exists, or eventuates, over the subject land. Knight Frank Valuations is not a specialist in native title law and this valuation is conditional on the site being free of any native title claim. Any party relying on this valuation does so on the basis that Knight Frank Valuations accepts no liability for any loss relating to native title claims. Should a native title claim be identified upon the subject site, the valuation should be referred back to the valuer for reassessment.

City of Marion



Improvements

Property Type	Single level Strata Titled commercial unit
Built about	1980's
External Walls & Façade	Masonry
Frame	Masonry
Floors	Reinforced concrete
Roof	Metal Decking
Internal Walls	Plasterboard and glass partitioning to the office areas
Windows	Aluminium framed
Ceilings	Suspended acoustic panel and suspended plasterboard
Floor Coverings	Mixture of carpet, vinyl and ceramic tiles

Building Services

Lighting	Attached and recessed fluorescent and skylight to library
Air-conditioning	Ducted reverse cycle air conditioning (two units)
Fire Services	Fire extinguishers, fire hose
Security	Security alarm

Accommodation

The subject property comprises a Strata Title unit which has been divided into two separate tenancies which were vacant at the date of inspection.

The eastern tenancy was previously utilised as a library and comprises two main open plan areas previously utilised as display areas together with a partitioned office to rear (northern elevation) and a staff lunch room/kitchenette area. There are an additional two partitioned offices to the Zwerner Drive frontage. The tenancy has aluminium framed glass windows facing the shopping centre and Zwerner Drive, with two access doors to each side of the tenancy (including one automatic sliding door) and the tenancy could therefore be further divided if required. The area features with carpet floor coverings, acoustic tiled ceiling with recessed fluorescent lighting. There are also separate amenities located to the eastern elevation of the tenancy.

The former youth centre is located to the western side of the library and comprises an entry and reception area to the rear fronting the shopping centre (northern side), with a central corridor and four partitioned offices to either side. There is a kitchenette together with an open lounge area centrally located. There are a further three partitioned offices to the front together with separate male and female toilet amenities. The tenancy presents to a reasonable condition throughout.

City of Marion



Building Areas

In accordance with onsite measurements taken at the date of our inspection we have adopted the following gross lettable areas for the property:

Description	Area (m ²)
Library	462m ²
Youth centre	234m ²
Total Building Area:	696m²

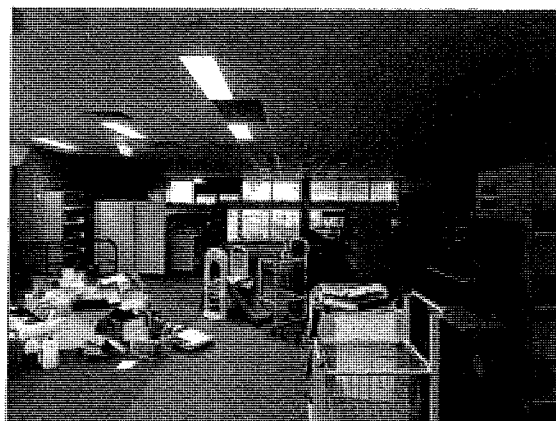
Should a survey indicate a material variation to the areas noted above, our valuation will require revision.

Photographs

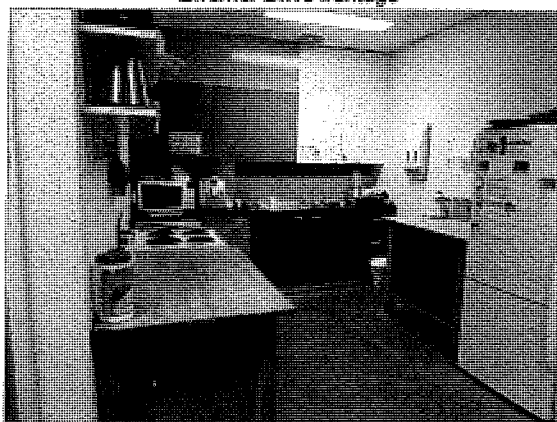
A sample of photographs taken at the date of inspection is as follows:



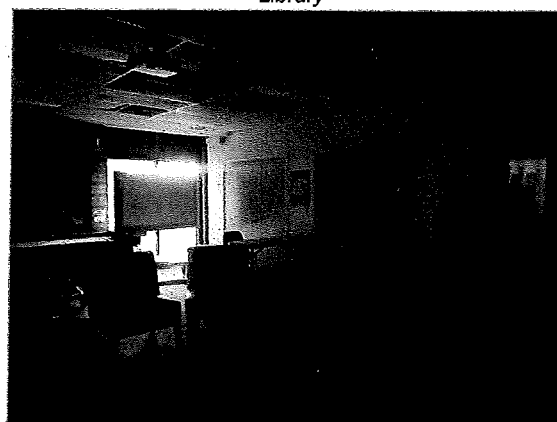
Zwerner Drive frontage



Library



Kitchenette



Lounge area

City of Marion



Occupancy Details

As at the date of valuation, the property was vacant, therefore, in accordance with Australian Property Institute valuation guidelines, we have made our assessment on a vacant possession basis.

Statutory Assessments

The Statutory Assessments adopted by the Valuer General for rating and taxing purposes as at 1 January 2015, for the 2015/2016 financial year are as follows:

- Site Value: \$116,000
- Capital Value: \$300,000 (\$431/m² of GBA)

We note that the Site and Capital Values appear low when compared to assessments for similar properties and therefore may increase at the next assessment. The site value is utilised to calculate State Land Tax, and the Capital Value for Local Council rates, water and sewerage rates and Emergency Services Levy. Therefore any increases in the statutory assessments will increase the outgoings and may have a negative impact on the market value of the subject property.

Outgoings

Based on the above statutory assessments we have estimated the following outgoings for the subject property:

State Land Tax	\$0 p.a.
Council Rates and WCL	\$2,051 p.a.
Water & Sewer Rates	\$647 p.a.
Emergency Services Levy	\$451 p.a.
Strata Fees (estimate)	\$2,000 p.a.
Total	\$5,149 p.a.

The total outgoings equate to a rate of \$7.40/m² of GBA which is considered low when compared to comparable style properties in this location and is reflective of the low statutory assessments.

Market Evidence

We have considered a range of rentals and sales for our valuation herein, summarised as follows:

City of Marion

**Rental evidence**

1.	Property:	110 Beach Road, CHRISTIES BEACH
	Commencement Date:	July-15
	Lettable Area:	165m ² Gross
	Tenant:	Private (Accountant)
	Commencing Rental:	\$40,000
	Passing Net Rental:	\$40,000 p.a. Rate/m ² :\$242 p.a.
	Term of Lease:	5 Years Options:5 Years
	Site Area:	743m ²
	Improvements:	The property comprises a conventional style dwelling converted to commercial use and most recently utilised as medical consulting rooms. The building features reception and waiting area, five consulting rooms, kitchen and amenities. The property has a detached garage, two street frontages and car parking to the front and rear. The improvements are somewhat dated.
	Lease Details:	The property has been leased to an Accounting firm for 5 + 5 years at a commencing rent of \$40,000 p.a. net + GST. Tenant is responsible for all outgoings except State Land Tax and the rent is to be reviewed to CPI annually and to market on renewal.
	Incentive:	Nil
2.	Property:	47-67 Main South Road, OHALLORAN HILL
	Commencement Date:	August 2014
	Lettable Area:	101m ² Gross
	Tenant:	Mussel Works
	Commencing Rental:	\$17,000
	Passing Net Rental:	\$17,000 p.a. Rate/m ² :\$168 p.a.
	Term of Lease:	3 Years Options:3+3 Years
	Improvements:	A single storey retail strip shop which presented in a reasonable condition. The shop is predominately open plan and off street parking is located to the Main South Road frontage.
	Lease Details:	Rent is reviewed annually to CPI and to market at renewal. Lessee is responsible for the payment of outgoings with the exception of State Land Tax.
3.	Property:	164 Main South Road, MORPHETT VALE
	Commencement Date:	October-13
	Lettable Area:	426m ² Gross
	Tenant:	BankSA
	Commencing Rental:	\$99,835
	Passing Net Rental:	\$103,329 p.a. Rate/m ² :\$243 p.a.
	Term of Lease:	5 Years
	Site Area:	938m ²

City of Marion



	Improvements:	Property comprises a 1990's constructed single level modern commercial building of tilt-up concrete construction, currently disposed as banking chambers located on a corner allotment. The remainder of the site is bitumen sealed with 14 on-site car parks to the rear. Portion of the building is sub-leased.
	Lease Details:	Rent is reviewed annually to 3.5% and to market at renewal. The Lessee is responsible for all outgoings.
	Further Comments:	This was a new lease with the sitting tenant.
4.	Property:	Units 3 & 4, 232 Main South Road, MORPHETT VALE
	Commencement Date:	March 2013
	Lettable Area:	210m ² Gross
	Tenant:	Morphett Vale Chiropractic Clinic
	Commencing Rental:	\$44,100
	Passing Net Rental:	\$45,092 p.a. Rate/m ² :\$215 p.a.
	Term of Lease:	5 Years Options:2+2 Years
	Improvements:	Two adjoining single storey Strata titled units currently utilised as a chiropractic clinic. The improvements present in a reasonable condition with updated bathroom amenities.
	Lease Details:	Leased for a period of 5+2+2 years. Commencing rental is \$44,100 p.a. with the tenant responsible for the payment of outgoings. Rent is reviewed annually to CPI and to market at renewal.
	Further Comments:	The tenant has the first right of refusal to purchase. Rent has been adjusted by CPI to reflect current passing rent.
5.	Property:	Unit 3, 42 Beach Road, CHRISTIES BEACH
	Commencement Date:	February 2013
	Lettable Area:	139m ² Net
	Tenant:	Sure Way Employment
	Commencing Rental:	\$35,800
	Passing Net Rental:	\$36,607 p.a. Rate/m ² :\$263 p.a.
	Term of Lease:	5 Years Options:5 Years
	Year Built:	1972
	Improvements:	The subject property comprises a Strata Titled consulting room in an older style retail strip shop development, built circa 1972, of brick construction, with full length windows to street verge. The building is partitioned into 5 offices, 3 of these being fully plumbed, a reception/waiting room, including kitchen and bathroom amenities.
	Lease Details:	Rent is reviewed annually to CPI (Adelaide All Groups) increases and to market at renewal. Tenant is responsible for all outgoings excluding State Land Tax.
	Further Comments:	The Lessor also completed some refurbishment works on the property. The rent has been adjusted to CPI to reflect current rent. GBA has been estimated at 160m ² , deriving a rental of \$229/m ² p.a. net of GBA.

City of Marion

**Sales evidence**

1.	Property:	1&2, 232 Main South Road, MORPHETT VALE
	Date of Sale:	Jul-2015
	Sale Price :	\$650,000 (excluding GST)
	Zoning:	District Centre
	Gross Building Area:	150 m ²
	Passing Rent:	\$48,000 p.a.(Net)
	Passing Rent/m ² :	\$320/m ² (Gross Bldg area)
	Passing Net Income:	\$48,000 p.a.
	Initial Yield:	7.38%
	Market Yield:	6.42%
	Rate/m ² of building:	\$4,333/m ²
	Improvements:	A strata titled retail shop that forms part of a small group of strip shops. There is shared car parking to the front of the improvements. The tenancy has the ability to be separated into two tenancies.
	Lease Details:	Leased to the State Government as an electoral office for an extension term of three years expiring in February 2016. The Lessee is responsible for the payment of outgoings. Rent is reviewed annually by CPI.
	Sales Comments:	We understand the property sold to a related party however, is considered to be arms length. Sale price is considered to be at the upper end of market parameters. Rent is considered to be above market. Adopting a rate of \$280/m ² p.a. net derives a market yield of 6.42% after an adjustment for profit rental.
2.	Property:	Unit 1-1 Zwerner Drive, HALLETT COVE
	Date of Sale:	February 2015
	Sale Price :	\$895,000 (excluding GST)
	Zoning:	District Centre – Precinct 3 Retail Core Hallett Cove
	Net Building Area:	292 m ²
	Passing Rent:	\$82,887 p.a.(Gross)
	Passing Rent/m ² :	\$357/m ² (NLA)
	Passing Net Income:	\$54,906 p.a.
	Initial Yield:	6.10%
	Market Yield:	8.30%
	Rate/m ² of building:	\$3,065/m ²
	Improvements:	Comprises a Strata Titled retail/office property which in its current configuration is divided into three tenancies. Two of the tenancies are leased and one is vacant. The unit is located in a circa 1980's building comprising eight units.

City of Marion



	Lease Details:	Leased to two tenants with 1 vacancy. 1B (143m ²) is leased to Physioxtra Hallett Cove Pty Ltd, on a 3 + 3 +3 year term expiring in July 2017 for \$36,188.13 p.a. net. 1C is (89m ²) is leased to Residential Letting & Management Experts Pty Ltd for 2 + 3 + 3 years expiring November 2018 at \$24,468 p.a. net. Tenants are responsible for all outgoings excluding State Land tax.
	Further Comments	The property sold without being marketed. Market yield has been calculated by imputing \$270/m ² net over the vacancy and allowing 9 months letting up period. The property is located on Zwerner Drive, Hallett Cove adjacent to the Hallett Cove Shopping Centre approximately 22 kilometres south west of the Adelaide CBD. We have estimated the GBA to be 321m ² which equates to a rate per square metre of GBA of \$2,788/m ² .
3.	Property:	110 Beach Road, CHRISTIES BEACH
	Date of Sale:	January 2015
	Sale Price :	\$500,000 (excluding GST)
	Site Area:	743 m ²
	Gross Building Area:	165 m ²
	Rate/m ² of building:	\$3,030/m ²
	Rate/m ² of site:	\$673/m ²
	Improvements:	The property comprises a conventional dwelling converted for use as medical consulting rooms. The property includes reception and waiting area, five consulting rooms and kitchen and amenities. There is also a detached garage. The property has two street frontages and car parking to the front and rear. The improvements present to a dated condition.
	Lease Details:	Sold with vacant possession.
	Sales Comments:	Property was passed in at auction. Purchased by an investor and currently being offered for lease at \$50,000 p.a. net. with the Lessor willing to undertake works to improve the condition of the property.
4.	Property:	169 Kesters Road, PARA HILLS
	Date of Sale:	Nov-2014
	Sale Price :	\$870,000 (excluding GST)
	Site Area:	724 m ²
	Zoning:	Commercial
	Gross Building Area:	341 m ²
	Rate/m ² of building:	\$2,551/m ²
	Rate/m ² of site:	\$1,202/m ²
	Improvements:	The property comprises a two storey office building originally constructed circa 1970 as single storey consulting rooms, Strata Titled as two units in 1993. A first floor added in 2012 at which time the original ground floor also underwent a significant upgrade.
	Lease Details:	We understand from discussions with the agent that the current operator will occupy a portion of the upstairs for a short period after settlement.

City of Marion



	Sales Comments:	The contract has been negotiated without the property being offered to the open market.
5.	Property:	82 Beach Road, CHRISTIES BEACH
	Date of Sale:	November 2014
	Sale Price :	\$600,000 (excluding GST)
	Site Area:	730 m ²
	Zoning:	District Centre
	Gross Building Area:	340 m ²
	Rate/m ² of building:	\$1,765/m ²
	Rate/m ² of site:	\$822/m ²
	Improvements:	A brown brick conventional style dwelling converted to office use. The property presented in a reasonable condition and provided onsite car parking to the Beach Road frontage.
	Lease Details:	Sold with vacant possession.
6.	Property:	47-67 Main South Road, OHALLORAN HILL
	Date of Sale:	Nov-2013
	Sale Price :	\$1,810,000 (excluding GST)
	Site Area:	2,935 m ²
	Zoning:	Neighbourhood Centre
	Gross Building Area:	1,024 m ²
	Passing Rent:	\$165,312 p.a.(Gross)
	Passing Rent/m ² :	\$161/m ² (Gross Bldg area)
	Passing Net Income:	\$144,549 p.a.
	Initial Yield:	7.99%
	Market Yield:	8.04%
	Rate/m ² of building:	\$1,768/m ²
	Rate/m ² of site:	\$617/m ²
	Improvements:	Property comprises a strip of 10 retail shops across 4 Certificates of Title, with on-site car parking.
	Lease Details:	Property is fully leased to 9 tenants, 2 of which are on a periodic basis, with a range of lease expiries ranging from 2014 to 2017 with passing rents between \$144/m ² and \$211/m ² p.a. gross for tenancies between 73m ² and 189m ² . All rent reviews are to CPI and to market at renewal. Property has a W.A.L.E (income weighted) of 1.5 years. Mixture of net and semi-gross rents.
	Sales Comments:	Property sold at auction. Market yield has been derived by making allowances for imminent expiries and adopting market rents of \$150/m ² p.a. net for shop 6 and shop 9. We have estimated an insurance premium of \$5,000 p.a. We have not made an allowance for management fees.

City of Marion



Sales History of the Subject Property

We are not aware of any recent transactions relating to the subject property.

Valuation Considerations

We consider the most appropriate method of valuing the subject property to be by the Direct Comparison Approach with a check method by the Capitalisation of Imputed Net Income Approach.

The Direct Comparison approach compares the property directly with recent sales of similar properties within the surrounding locality, having regard to the identified sales evidence and the various attributes and qualities of the property.

Direct Comparison Approach

This approach identifies comparable sales on a dollar rate per square metre of lettable or site area basis and compares the equivalent rates to the subject to establish the property's market value.

Having regard to the nature and condition of the subject improvements, we have undertaken our analysis on a direct comparison of gross building area (GBA).

The sales evidence herein reflect a value range on a rate per square metre of GBA of between \$1,765/m² and \$4,333/m² with the large range expected given the range of sales analysed herein.

The property at the low end of the range was achieved by a smaller conventional dwelling which has been converted to an office use. The property is Torrens Titled and therefore is superior tenure compared to the subject, and includes on site car parking. The improvements are located on Beach Road which is a broadly comparable location, being surrounded by similar commercial use properties.

The upper end of the range was achieved by two attached Strata Units which were fully leased to a single Government tenant. The property is well located on a corner allotment with good exposure and the improvements are significantly smaller than the subject property. We therefore consider a rate well below this would be achieved by the subject property to reflect the size of the improvements.

We note the sale of the Unit 1, 1 Zwerner Drive Hallett Cove which sold for \$895,000 (\$2,788/m² of GBA). The property is located in the same complex as the subject property however comprises a significantly smaller Strata Titled Unit which has been divided into three tenancies. The property was predominantly leased at the date of sale and presented to a good standard with the tenants having undertaken good quality fit outs. On balance noting the significantly larger improvements of the subject property, and inferior condition, we consider a rate well below this should be applied to the subject property.

City of Marion



We have also given consideration to the sale of 47-67 Main South Road, O'Halloran Hill which achieved a rate of \$1,768/m² of GBA. The property comprised a larger retail complex which has been divided into 10 tenancies with two vacancies at the date of sale. The improvements presented to an average condition being comparable to the subject property however were Torrens Titled, therefore offering superior tenure. We consider a rate slightly below this would be achieved by the subject to reflect the size, balanced by the condition of the improvements and noting the Strata Titled tenure.

On balance, with consideration to the size, location and quality of the improvements we consider a rate of between \$1,650/m² and \$1,750/m² of GBA should be applied to the subject property. Our calculations are as follows:

Gross Building Area	Rate/m ²	Market Value
696m ² @	\$1,650/m ²	\$1,148,400
696m² @	\$1,700/m²	\$1,183,200
696m ² @	\$1,750/m ²	\$1,218,000

Adopting the mid point of our range of \$1,700/m² derives a market value of \$1,183,200.

Capitalisation Approach

The Capitalisation of Imputed Net Income Approach has been utilised to assess the market value of the subject property. The approach essentially comprises three components:

- 1 Estimation of sustainable net income;
- 2 Capitalisation rate; and
- 3 Deduction of one-off or non-recurring items, namely:
 - (i) outstanding capital expenditure on incentives and fit-out;
 - (ii) vacancy lease-up costs on any existing vacant space;
 - (iii) rental shortfalls in accordance with negotiated incentives;
 - (iv) rental rebates in accordance with negotiated incentives.

To undertake this approach we must first establish a market rental for the subject property.

The rental evidence herein provides an indicative market rental range in the order of \$168/m² to \$263/m² p.a. net of GBA.

The low end of the range was achieved for a smaller retail strip shop which presents in a reasonable condition however is considered to be in an inferior location when compared to the subject property.

The upper end of the range was achieved for a smaller Strata Titled consulting room located in a broadly comparable location and offering a similar standard of accommodation. We consider a rate below this would be achieved by the subject reflective of the larger size of the accommodation.

City of Marion



We further note the rate achieved by Units 3 & 4, 232 Main South Road, Morphett Vale of \$215/m² p.a. net of GLA. The improvements are smaller than the subject tenancies, and present to a reasonable condition. We consider a rate below this should be applied to the subject reflective of the larger areas, noting however that the areas could be further subdivided if required.

In light of the above analysis, we consider an appropriate rental to be at the low end of the range, of between \$160/m² p.a. and \$170/m² of GLA. We have apportioned a rate of \$165/m² p.a. net of GLA over the larger library and a rate of \$200/m² p.a. net of GLA over the former Youth Centre, which derives an overall rate of \$180/m². Our calculations are as follows:

Description	Area	Rate	Total
Library	462m ²	\$160/m ²	\$73,920 p.a.
Youth Centre	234m ²	\$175/m ²	\$40,950 p.a.
Total	696m²	\$165/m²	\$114,870 p.a.

The imputed rental has been adopted on a net basis in accordance with the evidence contained herein and assumes that the tenant would be responsible for the payment of all outgoings excluding State Land Tax. Our calculations to derive a net market income are as follows:

Imputed Market Rent	\$114,870 p.a.
Less Land Tax	\$0
Net Market Income	\$114,870 p.a.

Capitalisation Rate Considerations

In selecting a suitable capitalisation rate, we have had regard to the sales evidence contained herein, drawing comparisons between these sale properties with the characteristics of the subject property such as location and quality of the accommodation.

We note the investment sales evidence herein reflects market yields of between 6.42% and 8.32%.

The firm end of the range was achieved by a significantly smaller Strata Titled office located in a superior location to the subject on Main South Road, with good exposure to passing traffic. The property was fully leased to a government tenant with a short term certain of under one year at the date of settlement.

The soft end of the range was achieved by a smaller Strata Titled unit also located in the same development as the subject property. The unit is smaller than the subject and in a lower price point which expected to appeal to a wider range of purchasers. The property was partially leased at the date of sale to two tenants with one vacancy.

City of Marion



In light of the above analysis and comments highlighted throughout this report, we consider that the appropriate capitalisation rate for the subject property is above that of the evidence contained herein and in the order of 8.75% to 9.25%. We have adopted the midpoint of this range at 9.00% as a suitable capitalisation rate for the subject property.

Adjustments and Allowances

As discussed, the property has been assessed with vacant possession and we have therefore made the following allowances:

- loss of rent during leasing up equivalent to 12 months loss of rent
- loss of recoverable outgoings over the same period
- leasing incentives of 15% that may be required in order to secure a tenant(s) (assuming a 5 year lease term) and
- leasing commission at 12% of the gross rent.

Our calculations of value on the above rationale can, therefore, be shown as follows:

Imputed Income	\$114,870 p.a.
Less Land Tax	\$0
Net Imputed Income	\$114,870 p.a.
Capitalised @	9.00%
Market Value	\$1,276,333
Less	
Rental shortfall say 12 months	\$114,870
Outgoings recovery shortfall	\$5,149
Leasing commission @ 12%	\$14,402
Leasing Incentives @ 15.00%	\$86,153
Market Value	\$1,055,760

Sensitivity to the above capitalisation rates shows the following results:

Capitalisation Rate	Market Value
8.75%	\$1,092,226
9.00%	\$1,055,760
9.25%	\$1,021,264

Valuation Reconciliation

On the balance, with consideration to both approaches, we consider the appropriate market value range for the subject property is between, \$1,050,000 and \$1,150,000 (excluding GST)

City of Marion



Valuation Certification

We are, therefore, of the opinion that the Market Value of Unit 8, 1 Zwerner Drive, Hallett Cove, as at the valuation date of 22nd July 2015 for pre-disposal advice purposes was:

\$1,050,000 to \$1,150,000 (excluding GST)

*(One Million and Fifty Thousand Dollars to One Million One Hundred and Fifty Thousand Dollars
excluding GST)*

We trust this is suitable for your immediate requirements; however, should you require any additional information, please do not hesitate to contact the undersigned.

Yours sincerely

A handwritten signature in black ink, appearing to read "S. Meechan".

SARAH MEECHAN
B Bus. Prop. (Val).
Associate Australian Property Institute (AAPI)
Certified Practising Valuer

A handwritten signature in black ink, appearing to read "P. Scrivener".

PAUL SCRIVENER
Associate Director

Knight Frank Valuations (SA)

The counter-signatory verifies that this report is genuine, and issued and endorsed by Valuations Services (SA) Pty Ltd trading as Knight Frank Valuations (SA). The opinion of the value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer in accordance with instructions given.

Disclaimer – Important Notice to Third Parties

This report is prepared for the private and confidential use of our client and only for the purpose outlined at the commencement of this report. It should not be relied on by the nominated party/parties for any other purpose and should not be reproduced in whole or part for any other purpose without the express written consent of Knight Frank Valuations (SA). Any party that is not named as a reliance party/parties may not rely on this report for any purpose and should obtain their own valuation before acting in any way in respect of the subject property.

Liability limited by a scheme approved under Professional Standards Legislation.

Appendices

Letter of Instruction
Copy of Certificate of Title
Zoning Regulations

Proposal for disposal of the

Hallett Cove Library and Youth Centre, Unit 8, 1 Zwerner Drive

Hallett Cove | September 2015





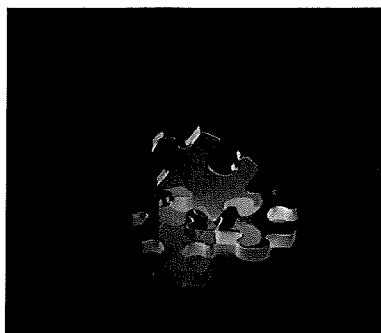
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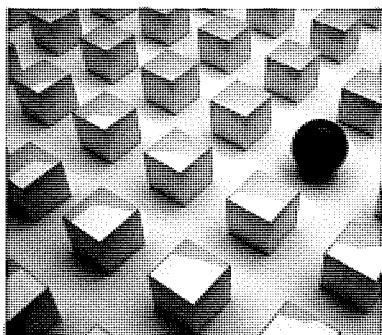
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RLA 1842



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Introduction

In response to a request from Mr John Valentine, Manager Strategic Projects, City of Marion, JLL has prepared a detailed proposal for the disposal of the Hallett Cove Library and Youth Centre situated at Unit 8, 1 Zwerner Drive, Hallett Cove.

The property is owned and, until recently, occupied by the City of Marion and utilised as the local library and a youth centre. After the completion of the new Cove Civic Centre, the former Library and Youth Centre property is now surplus to Council's requirements.

Unit 8, 1 Zwerner Drive is a great opportunity for commercial investors, providing a solid platform to refurbish and lease the accommodation to generate a commercial return. Alternatively, the property may appeal to owner-occupiers looking for functional and adaptable accommodation to house their businesses.

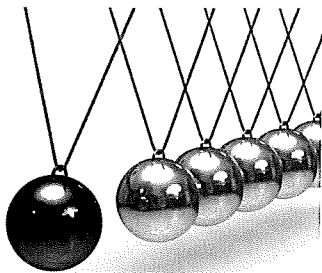
In the current market, the success of a campaign will be determined by the agent's ability to convey a compelling 'buy' story for the asset, articulated through targeted canvassing of active buyers and well-considered marketing material.

The key objectives in setting our strategy will be:

- Efficiently disseminating all property information;
- Approaching Makris Group for an initial off-market sale as per the first right of refusal;
- Failing that, identifying active, qualified buyers and presenting a compelling story for the property;
- Executing a marketing program which efficiently communicates our story to the market; and
- Creating a competitive environment amongst active buyer groups.

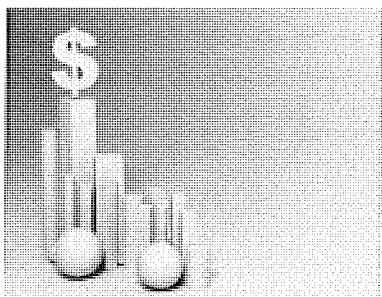
The JLL sales team has a long and successful history of working closely with Federal, State and Local Government groups in the disposal of assets and is committed to providing accurate, relevant and frank advice to the City of Marion and operating under the utmost levels of probity in advising you.

We thank you for the opportunity to provide this proposal and we look forward to hitting the ground running employing the energy, experience and professionalism that JLL is renowned for.



Executive Summary

Property	Former Hallett Cove Library and Youth Centre, Unit 8, 1 Zwerner Drive, Hallett Cove										
Key Features	<ul style="list-style-type: none"> • Strata titled commercial unit in a group of eight known as the Hallett Cove Professional Centre • Well located, effectively forming part of the Cove Shopping Centre • Provides approximately 742sqm of gross lettable area (GLA) • Ample on-site car parking receiving high volumes of passing foot and vehicular traffic 										
Strategy for Price Maximisation	<ul style="list-style-type: none"> • Initial approach of Makris Group in accordance with the first right of refusal • Identification of premium buyer groups • Comprehensive due diligence packaging • Creation of competitive environment both real and perceived 										
Target Market	<ul style="list-style-type: none"> • Makris Group (initial off-market approach) • Owner occupiers • Investors & high net worth individuals • Adjoining owners of the other units within the group 										
Method of Sale	<ul style="list-style-type: none"> • High profile two-stage Expression of Interest campaign (if not sold to Makris prior) 										
Marketing	<ul style="list-style-type: none"> • Highly active campaign involving targeted canvassing efforts • Comprehensive multi-medium marketing campaign with broad target audience • Marketing budget \$10,970 plus GST 										
Target Pricing	<ul style="list-style-type: none"> • \$1.5 to \$1.75 million (excluding GST) 										
Terms of Appointment	<ul style="list-style-type: none"> • 90 days following the conclusion of the expression of interest campaign • Sale to Makris Group prior to any formal marketing: Professional fee \$15,000 plus GST • Sale via on-market campaign: Professional fee 2.0% (plus GST) of gross sales proceeds 										
Personnel	<table> <tr> <td>Roger Klem</td><td>Jed Harley</td></tr> <tr> <td>National Director</td><td>Executive</td></tr> <tr> <td>Head of Sales and Investments</td><td>Sales and Investments</td></tr> <tr> <td>M 0423 919 373</td><td>M 0418 807 920</td></tr> <tr> <td>E roger.klem@ap.jll.com</td><td>E jed.harley@ap.jll.com</td></tr> </table>	Roger Klem	Jed Harley	National Director	Executive	Head of Sales and Investments	Sales and Investments	M 0423 919 373	M 0418 807 920	E roger.klem@ap.jll.com	E jed.harley@ap.jll.com
Roger Klem	Jed Harley										
National Director	Executive										
Head of Sales and Investments	Sales and Investments										
M 0423 919 373	M 0418 807 920										
E roger.klem@ap.jll.com	E jed.harley@ap.jll.com										



Market Commentary

The investment property market is currently characterised by a significant yield spread between blue chip investment grade assets and secondary properties offered to the market.

Securely leased assets in all price ranges are being strongly contested by purchasers in the absence of choice. Cashied up purchasers, self-managed superannuation funds, private investors and smaller syndicates are particularly active in the sub \$5m price range. Debt is relatively accessible dependent on the calibre of the property and its lease term together with the credentials of the borrower. The ability of superannuation funds to acquire property assets using debt has grown the size of the market, and we are still regularly surprised by the number of purchasers sitting on significant pools of cash generating relatively low bank interest returns, and therefore willing to consider property options.

Purchasers are seeking security of income stream, potential rental growth, protection of their capital and a reasonable 'return' cognisant of competing investment opportunities. The volatility of the Australian share market and the nominal bank returns in the face of falling interest rates has assisted purchasers in turning to the perceived security of 'bricks and mortar' as their primary investment choice.

Owner occupiers (either directly or via SMSF) are active with occupancy costs as owners of their own premises diminishing together with the cost of borrowing.

Prudent purchasers are using debt to increase their leverage and financial return with the cost of funds often less than the commercial returns that they are able to generate from investment grade assets, and also unlocking building allowance and depreciation if they are tax paying entities.

Community titled and Strata titled investment properties are receiving some resistance for certain buyer groups with concerns relating to the costs of corporate bodies expenses.

Upper floor suites generally attract a yield discount to price over ground floor suites. CBD and inner metropolitan areas are favoured over outer metropolitan and regional locations.



Asset Analysis

Overview

While the property is well known to you, in introducing our submission we identify the following key characteristics that are pertinent in defining the offering:

- One of eight strata units in a group known as the Hallett Cove Professional Centre
- Effectively forms part of the Hallett Cove Shopping Centre complex
- Total GLA of approximately 742 square metres formerly configured as two tenancies - Hallett Cove Library and Hallett Cove Youth Centre
- To be sold with vacant possession
- Due to an existing confidential agreement with Council, a first right of refusal exists to the adjacent shopping centre owner (Makris) requiring the Council to offer the property to Makris on terms not different to any other purchaser

Managing and overturning potential risk elements

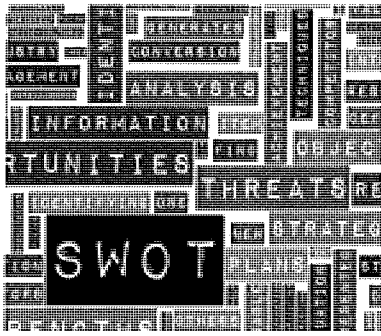
We have extensive experience where perceived risk for purchasers has caused significant challenges in the disposal of assets. Identifying risk enables the management of risk.

Once managed, risk elements should be disclosed during a sale campaign with a solution or at least an acknowledgment. This is critical to minimise deal conditionality, avoid price leveraging during negotiation and ultimately maximise price.

The most obvious cause of concern for this property that we envisage is the first right of refusal and its potential to deter prospective buyers. Many buyers, once aware of the first right, will not be willing to spend time and money on Due Diligence if at the last moment the property may be purchased by Makris Group on the same terms.

In order to mitigate this threat, we recommend approaching Makris Group initially prior to going to the open market, advising that the property is for sale at a figure, predetermined by Council. If accepted, this will avert the need for a full market campaign (and associated costs). If not accepted by Makris Group, we would seek a written waiver of the first right of refusal allowing us to go to the open market without the need to again re-offer the property to Makris should a lower offer be received.

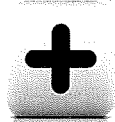
Makris may however decline the waiver, decline also acquiring before formal marketing and insist on only paying after seeing what level the market will offer for the property.



SWOT Analysis

An important element in achieving a successful sale is to ensure a complete understanding of the strengths, weaknesses, opportunities and threats (SWOT) expected to be considered by potential purchasers.

This understanding will enable us to identify the key target market and position and market the asset accordingly. We will be able to focus and highlight the relevant strengths and opportunities, whilst preparing suitable arguments to counter any perceived weaknesses and threats.

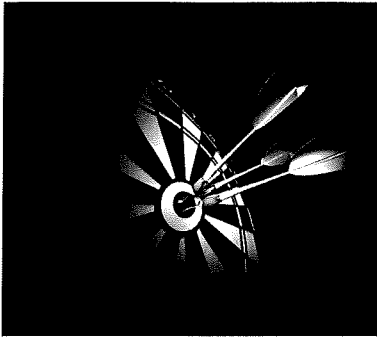


Strengths
<ul style="list-style-type: none"> Well-located within the bounds of the Hallett Cove Shopping Centre Accommodation easily reconfigured into single or multiple tenancies Large frontage to Zwerner Drive provides good exposure
Opportunities
<ul style="list-style-type: none"> Off-market sale to Makris as per first right of refusal Sale to adjoining owners of other units in the group Ability for investors to add value by refurbishing and leasing the building



Weaknesses
<ul style="list-style-type: none"> Vacant possession Cosmetic refurbishment required Strata titled tenure First right of refusal to Makris Group may deter some buyers
Threats
<ul style="list-style-type: none"> Extended letting up period for investors Cost of refurbishment may be restrictive Changing economic & property market conditions

While there are a good number of positives in the asset, identified by the above listed Strengths and Opportunities, countering Weaknesses and Threats requires careful consideration to ensure we have a plan of attack to deal with any negative market perception. Accordingly our strategy needs to 'sell' the upside of the property and balance out some of the risk elements in play.



Target *Buyers*

We believe the site has the potential attributes to attract strong interest from:

Adjoining owners

- Shopping centre owner (Makris Group) has first right of refusal
- Owners of other units within the group may see value in controlling a larger share of the strata corporation

Commercial investors

- Minimal stock on the market of securely leased investments causing investors to look at "value-add" opportunities to secure higher yielding investments
- Investors will recognise the value of the location adjacent the shopping centre
- Strata titled tenure may deter some investors who prefer to "control" the land

Owner-occupiers (including community uses, offices, service based groups)

- Active requirements for suitable, established accommodation within close proximity to complementary uses on an owner occupier
- Adaptable accommodation for a multitude of different occupiers (subject to consents)
- Potential existing use rights for community uses

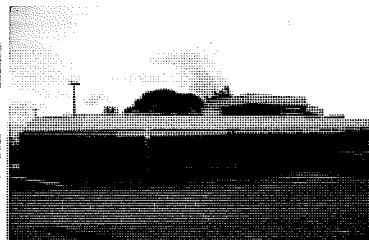


Target Pricing

In order to appraise Unit 8 we have had regard to comparable commercial sales which we consider would attract a similar purchaser profile, noting there have been few strata unit sales in the southern suburbs in recent times:

Unit 1, 1 Zwerner Drive, Hallett Cove

Date	Feb-15
Sale Price	\$895,000
Property Type	Strata unit
Building Area	335 sqm
Rate \$/sqm GLA	\$2,670/sqm



Strata unit in the same complex, albeit roughly half the size of Unit 8. The unit is configured as 3 tenancies which appeared to be fully leased at the time of sale. Inferior location within the group (towards the rear), however fully leased and recently refurbished.

50 Hillier Road, Morphett Vale

Date	Jan-13
Sale Price	\$1,025,000
Property Type	Freestanding Bank
Building Area	249 sqm
Rate \$/sqm GLA	\$4,116/sqm



Freestanding bank branch leased to ANZ with approximately 1.5 years remaining of the lease. Sold off-market at a yield of 8.49%.

209 Sturt Road, Seacombe Gardens

Date	Jul-15
Sale Price	\$1,159,000
Property Type	Freestanding commercial
Building Area	246 sqm
Rate \$/sqm GLA	\$4,711/sqm



Freestanding corner property adjacent Westfield Marion Shopping Centre. Leased to Optical Superstore for a further 2 years. Sold at a yield of 5.48%.

Target Pricing (cont.)

82 Beach Road, Christies Beach

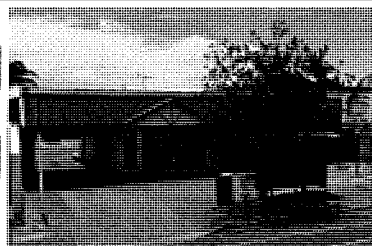
Date	Mar-15
Sale Price	\$600,000
Property Type	Freestanding commercial
Building Area	340 sqm
Rate \$/sqm GLA	\$1,765/sqm



Freestanding commercial building suit office/retail use. Sold with vacant possession.

137 Beach Road, Christies Beach

Date	Jun-15
Sale Price	\$580,000
Property Type	Freestanding commercial
Building Area	250 sqm
Rate \$/sqm GLA	\$2,320/sqm



Comprises a freestanding commercial building. Sold with vacant possession.

The sales above indicate rates ranging from \$1,765 to \$4,711 per square metre of building area, with variations largely due to the location, condition and tenure of the properties.

In light of these sales, we are of the opinion that Unit 8, 1 Zwerner Drive should achieve a sale rate in the range \$2,000 to \$2,250 per square metre of building area, equating to a sale price of **\$1.5m to \$1.65m**.

Different purchaser groups will look at the property very differently, as an example, owner-occupiers will look at the value of the property to the business operations, and the cost of funds in relation to leasing a property while investors will factor into their pricing the costs of refurbishment, leasing fees, incentives and rental downtime to secure tenants.



Method of Sale

Initial off-market approach to Makris Group

In the first instance we recommend an initial off-market approach to Makris Group at a price predetermined and acceptable to Council. If we receive no interest from Makris to acquire the Unit, we would seek to encourage completion of a formal waiver of the first right of refusal and then continue onto a full on-market campaign.

On-market campaign

In the case of Makris Group not purchasing the property, we recommend a high-profile two stage Expression of Interest campaign.

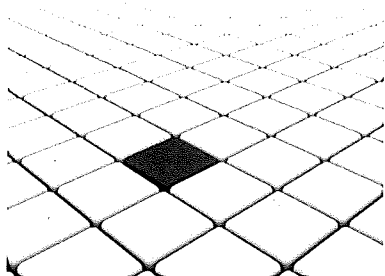
In preparing our methodology we have considered the likely target market, the most effective way in which to market to the target, the likely depth of market and the goals of the vendor in maximising sale results in a timely fashion.

We have considered all usual commercial approaches to sale including, but not limited to, auction, tender, expression of interest, private treaty and deadline offer / private treaty.

We recommend marketing using a two stage sale process; an initial expression of interest followed by a second round selective tender. This method of sale is commercially accepted in the current market, and actively encourages the widest possible participation during the initial expression of interest. Through a high level assessment by the agent and the vendor, a subset of bidders may then be invited to participate in a formal second stage tender which is more highly prescriptive with terms based on the level of interest developed during the initial stage.

The benefits of this method to the vendor include:

- High competition through the encouragement of the greatest level of participation and therefore the opportunity to maximise price.
- Silent position on price avoiding the risks of under-pricing the asset and forfeiting upside, or alternatively over-pricing the asset and scaring off possible participants.
- Encouragement of initial offers which are conditional and may not normally meet the prescriptive nature of a formal tender.
- Opportunity for an unconditional offer in contract form during either stage.
- A defined time parameter to ensure the vendor maintains both control and probity.
- Due diligence is an expensive process for most purchasers and the formality of tender typically forces participants to invest significant dollars to prepare their bids, potentially discouraging their participation. The nature of an initial expression of interest is cost effective for most participants, further increasing the number of potential bidders.
- Enables the vendor and agent to control and monitor the information provided to each bidder. JLL will identify the target market, prepare the marketing material, advise on the sale documentation including form of EOI, tender and contract, initial bids, undertake all communication with customers, undertake inspections, manage purchaser enquiries, make formal written recommendations to the vendor and negotiate at arm's length with each of the possible purchasers



Sale Process

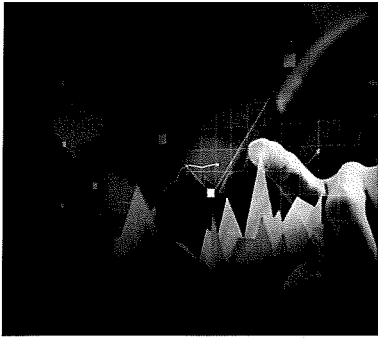
A typical sale process involves both active and passive components. We propose a campaign that sees a high level of agent activity and as a minimum we commit to undertake the following during the marketing phase of the campaign:

- Presentation to all high priority and target purchasers;
- Direct discussion with all parties that have enquired on relevant, comparable listings during the past 12 months
- Direct canvass of all investors on JLL's national database
- Press release to the local and national press using our strong media relationships

These activities will be supported by well thought out and carefully compiled marketing collateral including:

- Comprehensive Information Memorandum
- High profile advertising in the major press focused around the commercial and residential property sections within 'The Advertiser'
- Elite realcommercial.com.au and realestate.com.au listings, ensuring the greatest online presence on Australia's most widely used property portals
- Quality brochure mailed to the JLL database locally and nationally
- E-brochure mailed to the JLL database locally and nationally
- Professional aerial and ground photography
- Property signage

An appropriate marketing budget is estimated at \$10,970 plus GST as detailed on the following page.

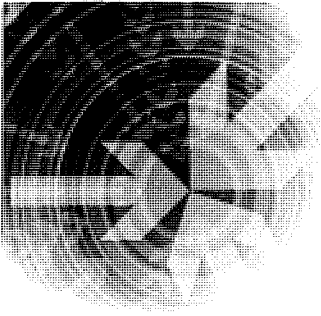


Promotional Campaign

It is critical that the campaign penetrates the commercial, professional and residential markets. We recommend a suite of promotional material to support our broader activities.

A brief outline of the estimated costs are summarised as follows:

The Advertiser		
Tuesday	10cm x 4 columns	\$2,052
	10cm x 4 columns	\$2,052
	10cm x 4 columns	\$2,052
	10cm x 4 columns	\$2,052
Total Press		\$8,208
Realcommercial.com.au	3 month Enhanced listing	\$144
Signage	8x6 sign at ground level	\$382
Brochures	700 DL brochures	\$718
Distribution	Mailout via JLL Database	\$469
Electronic Brochure	Emailed to JLL Database	JLL Cost
Information Memorandums	Internally Prepared	JLL Cost
Photography	Ground & Aerial	\$848
Disbursements	Mailing, copying, couriers etc	\$200
Total Collateral		\$2,761



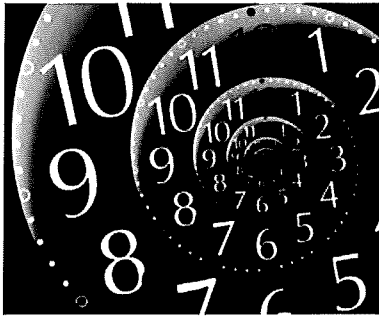
Pre-Sale *Preparation*

During the pre-sale preparation phase of the campaign we will:

- Contact the Makris Group in relation to acquiring the property off-market prior to campaign
- Prepare a detailed due diligence register for potential purchasers
- Identify a summary of high profile purchaser groups

We will also work very closely with you, to undertake a comprehensive review of various aspects of the building, but not limited to the following:

- Asset Register
- Asbestos Register
- Site survey/encroachments
- Building Audit Report if one exists
- Maintenance Records
- Strata corporation minutes and financials
- Sale contract
- Form 1 Disclosure Statement



Timing

We are essentially ready to go in terms of personnel and our ability to prepare marketing materials in a timely fashion.

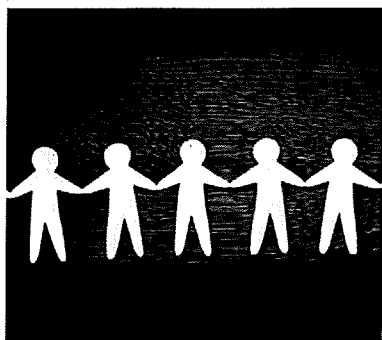
However, given the uncertainty regarding Makris and a potential approach to him prior to marketing, we have not provided a formal campaign start date.

Instead, we provide the typical campaign timing for an expression of interest campaign, with the schedule overleaf showing an itemised break down of each activity and its relevant timing.



Timing

Project Plan Timetable Unit 8, 1 Zwerner Drive, Hallett Cove													
Campaign week number	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13
Activity													
Preparation and Approval of Marketing Material													
E-brochure Distribution													
Press Advertising													
EOI Closing Date													
2nd Round EOI Closing Date													
Exchange and DD													
Settlement													
Campaign In Weeks	1	2	3	4	5	6	7	8	9	10	11	12	13



The Team

One Team delivering results

To ensure you receive the level of commitment and results you can count on, we have committed senior personnel with the experience and understanding of what sales strategies and solutions will draw the best results for the property.

Your team driving your results

Roger Klem is nominated as team leader to co-ordinate the sales campaign and will team with Jed Harley.

Roger Klem National Director, Head of Sales & Investments, SA

Jed Harley Executive, Sales & Investments, SA

This proposed team will ensure you receive the most targeted and effective solution for the sale of the asset.


Roger has played a dominant role in the Adelaide Commercial Property market for over twenty years and concluded major mandates in Adelaide, Sydney, Perth and Victoria totalling in excess of \$3bn. He is the only agent in South Australia to personally negotiate a single transaction in excess of \$200m and maintains the record for the highest single office sale in South Australia (City Central Tower 1).

Jed Harley has over five years of valuation and sales experience and his high level analytical skills provide a strong foundation to assist in countering arguments. He has worked closely with the advisory and research part of the JLL business providing unique points of difference to the traditional sales approach.


For the ownership group this means a delivery team with proven results that will hit the ground running, tapping into their already live line of enquiries from across a deep pool of contacts.

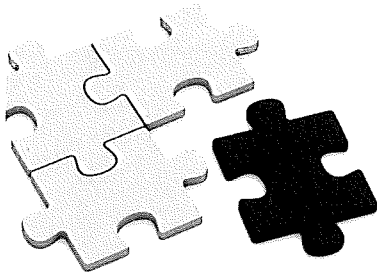
Together, Roger and Jed will work to spearhead a targeted and comprehensive campaign resulting in the most commercially beneficial outcome for the vendor.

The Team (cont.)

Roger Klem	Credentials and experience	Value to you
<p>National Director, Head of Sales and Investments, SA</p>  <p>Roger has personally sold in excess of \$3.0bn of real estate</p>	<p>Following a 22 year career in commercial property at both State and National Director level Roger is now responsible for the investment sales team at JLL in Adelaide.</p> <p>Roger is an experienced Commercial Property Agent with significant experience in Australian property transactions with a specific focus on South Australian.</p> <p>His experience covers investment sales negotiations, commercial leasing, property valuation, due diligence, receivership transactions and marketing. At Director level for over 12 years he has been a major strategic contributor to a number of successful businesses leading teams across multiple locations.</p> <p>Roger has personally concluded over \$3.0 billion worth of sales including pre-sales of office towers, international transactions, design and construct deals, together with complex financially engineered outcomes.</p> <p>He is a well regarded public speaker, industry commentator and has advised various listed companies, not for profit organisations, private companies, individual investors and government agencies in multiple states.</p> <p>He holds the record in South Australia for the highest single dollar transaction (City Central) and is the only practising agent in South Australia to have personally concluded a transaction in excess of \$200m.</p>	<p>Preparation of comprehensive due diligence packaging to minimise the chance of purchasers using DID to price leverage.</p> <p>Personal presentations to local national and international purchasers with a view to maximising participation and therefore competition and price.</p> <p>Execution of the agreed marketing strategy in timely and professional manner.</p> <p>SALES MANDATES</p> <ul style="list-style-type: none"> • Responsible for Parkland Portfolio Sydney \$220m • City Central Tower Adelaide \$142m • Santos House, 91 King William Street, Adelaide \$102m • Fourstate Property Portfolio \$80m • 210 Grote Street, Adelaide \$42.5m • ATO Waymouth Street Adelaide \$40.5m • Elders 30 Currie Street Adelaide \$40.2m • Zurich 50 Grenfell Street, Adelaide \$21m • Fairview Green Shopping Centre, Fairview Park \$24.75m • Statewide 99 Gawler Place, Adelaide \$16m • 70 Light Square, Adelaide \$14.5m • Sealink \$8.501m • 80 Grote Street, Adelaide \$6.625m • Balhannah Junction Shopping Centre \$3.15m • Former Ferryden Park Primary School • Drill Core Library and Z Ward at Glenside • Carramar, Greenhill Road, Parkside • Robinsons, Halifax Street, Adelaide • Marketing of Fort Largs Police Academy, old Royal Adelaide Hospital site, Port Adelaide Land Release and Kensington Centre

The Team (cont.)

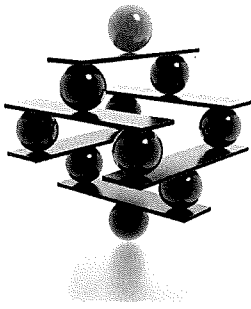
Jed Harley	Credentials and experience	Value to you
<p data-bbox="276 725 517 779">Executive, Sales and Investments, SA</p>  <p data-bbox="276 1205 523 1368">Jed possesses strong analytical skills which provide a point of difference to the traditional sales approach.</p>	<p data-bbox="549 725 863 808">Jed is an Executive in the Sales and Investments team at JLL in Adelaide.</p> <p data-bbox="549 824 863 936">Jed joined JLL's Sales and Investments team two years ago following four years as a Commercial Valuer.</p> <p data-bbox="549 952 863 1115">In his role at JLL, Jed has valuation and advisory experience across a broad range of commercial, retail and industrial property in Adelaide's CBD and metropolitan areas.</p> <p data-bbox="549 1131 863 1323">Jed has worked closely with the advisory and research part of the JLL business, and brings to the Sales and Investments team a high level of analytical skills which provide unique points of difference to the traditional sales approach.</p> <p data-bbox="549 1339 863 1451">Jed holds Bachelor degrees from the University of South Australia in Business (Property) and Applied Finance.</p>	<p data-bbox="890 725 1262 757">Intimate knowledge of local buyer groups.</p> <p data-bbox="890 772 1262 853">Will be responsible for engagement with parties at a local level with a high level of understanding.</p> <p data-bbox="890 869 1262 949">Preparation and procurement of the agreed marketing strategy on time and in a professional manner.</p> <p data-bbox="890 965 1070 996">SALES MANDATES</p> <ul data-bbox="890 996 1262 1832" style="list-style-type: none"> • State Administration Centre Precinct (current) • Old Royal Adelaide Hospital (current) • Port Adelaide Land Release (current) • Former Marleston & O'Halloran Hill TAFE sites (current) • 250 Churchill Road, Prospect, (current) • 99 Rundle Street, Kent Town, Under Contract • 228-231 North Terrace, Adelaide, Under Contract • 231-243 Waymouth Street, Adelaide Under Contract • 15-27 Halifax Street, Adelaide \$8.4m • 127-128 Greenhill Road, Unley \$5.25m • 58-62 Hamilton Street, Horsham \$4.3m • 3 Shipsters Road, Kensington \$4.1m • Funk Café, 147 Pirie Street, Adelaide \$1.45m • 286 North East Road, Klemzig \$1.38m • 133 Frost Road, Salisbury South \$1.25m • Boral surplus land, Gould Creek \$300K • 138 Murray Street, Gawler \$367K



Reporting *Your Campaign*

From appointment through to conclusion we commit to providing formal weekly written reports in addition to the more regular informal verbal and email correspondence.

We will be pleased to facilitate presentations to key stakeholders prior to and on concluding milestones including on appointment, on conclusion of pre-sale preparation and prior to the commencement of the marketing campaign, at conclusion of the expression of interest period and as required.



Conflict of Interest

We confirm JLL has no current conflicts of interest in relation to the property or Makris Group.

In the event of the potential conflict arising during the period of our appointment we will raise our concerns immediately with the vendor.



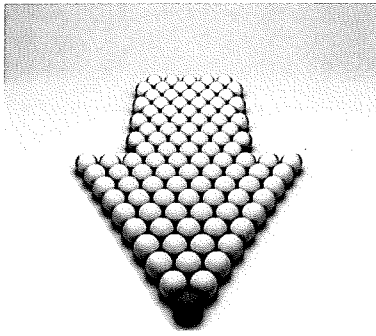
Fee Proposal & Agency Period

JLL is motivated to maximise the outcomes for the City of Marion and we firmly believe we are the most experienced and most capable agency to deliver this.

Sole Agency Period: 90 days following the conclusion of the expression of interest campaign (should we go to full campaign)

Sole Agency Fee: In the event that we secure a sale to Makris Group prior to commencement of our formal marketing campaign
Professional fee of \$15,000 (plus GST)

In the event we go to a full on-market campaign
Professional fee of 2.0% (plus GST) of gross sale proceeds

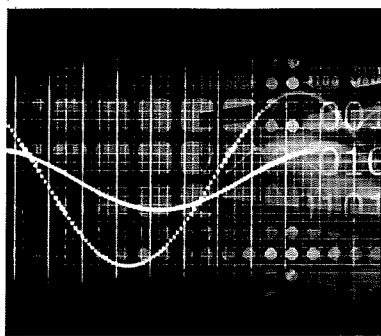


Insurance *and Liabilities*

Insurance	Detail
Public liability:	\$10,000,000
Professional liability:	\$1,000,000
WorkCover / sickness / accident:	As required by State law. Workcover SA reg 02855811

Name Of Insurance Companies And Policy Type	Policy Number(s)	Expiry Date	Limit Of Liability	Cross Liability (Yes / No)
Public Liability – Austbrokers	10M6383602 10M6635565	31 December 2015	\$20m	No
AON	02-766-58-33	1 April 2016	Not less than AUD 10,000,000	No

Refer Annexure 1 for copies of above certificates.



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JLL RLA 1842

Annexure 1 – Insurance Certificates



Austbrokers Sydney Pty Ltd
 ABN 14 061 968 090
 AFS Licence No. 244244
 Level 10, 1 Elizabeth Plaza North Sydney NSW 2060
 Locked Bag 2030 St Leonards NSW 1590
 Tel (02) 8913 1600 Fax (02) 9929 9973

5 January 2015

CONFIRMATION OF INSURANCE

COMBINED LIABILITY

We act as Insurance Brokers for Jones Lang LaSalle Group of Companies and in accordance with a recent request, have pleasure in confirming the details of the abovementioned Policy.

This document certifies that the policy referred to below is currently intended to remain in force until 4.00 pm on the expiry date shown and will remain in force until that date, unless the policy is cancelled, lapsed, varied or otherwise altered in accordance with the relevant policy conditions or the provisions of the "Insurance Contracts Act 1984".

INSURED	Jones Lang LaSalle Group of Companies		
GEOGRAPHICAL LIMITS	Worldwide excluding United States of America and Canada		
EXPIRES	4pm on 31 December 2015 AEST		
INTEREST INSURED	Legal Liability for Third Party Bodily Injury/Disease and/or Property Damage arising out of an occurrence in the course of the Insured's business or in connection therewith		
LIMIT OF INDEMNITY	Public and Products Liability		
	AUD \$20,000,000 any one occurrence and in the aggregate during any one period of insurance in respect of Products		
INSURER	CGU Insurance Limited		
POLICY NO's	CGU	10M6383602	(Primary Layer - \$10m)
	CGU	10M6635565	(Umbrella Excess - \$10m)

John Walsh
Broking Operations Manager
 Email: john.walsh@absyd.com.au

"DISCLAIMER"

In arranging this certificate, we do not guarantee that the insurance outlined will continue to remain in force for the period referred to as the policy may be cancelled or altered by either party to the contract at any time in accordance with the terms and conditions of the policy or in accordance with the terms of the "Insurance Contracts Act". We accept no responsibility or liability to advise any party who may be relying on this certificate of such alteration to or cancellation of the policy of insurance."



TO WHOM IT MAY CONCERN

VERIFICATION OF INSURANCE

March 30, 2015

We, the undersigned insurance brokers appointed to Jones Lang LaSalle and its wholly owned Subsidiaries, hereby state that the following described insurance is in full force as of this date.

Type of Insurance:	Professional Indemnity, Miscellaneous Errors & Omissions
Insurer:	Lexington Insurance Company
Policy Number:	06-185-59-15
Policy Period:	April 1, 2015 to April 1, 2016
Limit of Indemnity:	Not less than AUD 10,000,000 any one claim and in the policy aggregate and attaching over the self-insured retentions held by Jones Lang LaSalle

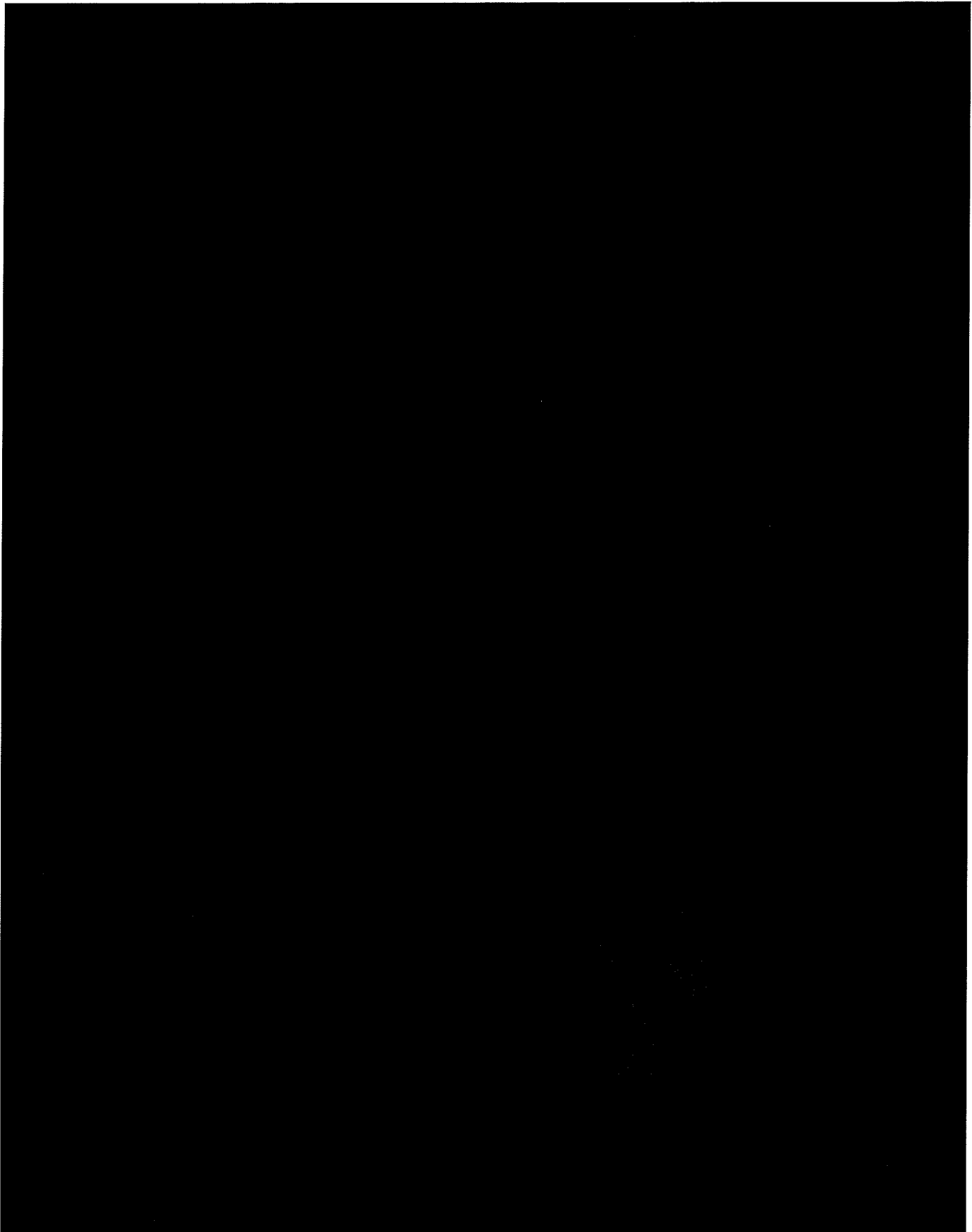
This document is furnished to you as a matter of information only and remains subject to policy terms and conditions of cover. The issuance of this document does not make the person or organization to whom it is issued an additional insured, nor does it modify in any way the contract of insurance between Jones Lang LaSalle and the Underwriters. Should the insurance be cancelled, assigned or changed during the Policy Period in such a manner as to affect this document, no obligation to inform the Holder of this document is accepted by the undersigned or the Underwriters.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Gravesen".

Carol Anne Gravesen
Strategic Account Manager
For Aon Risk Solutions, Aon Risk Services Central, Inc.

Telephone: +1.312.381.4237
E-mail: carol.gravesen@aon.com



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All information contained herein is from sources deemed reliable,
however no representation or warranty is made to the accuracy thereof.

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Level 21, Bourke Place
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SYDNEY
Level 25, 420 George Street
Sydney NSW 2000
tel +61 2 9220 8500



18th September 2015.

Mr J Valentine
Manager, Property Services.
City of Marion
PO Box 21
Oaklands Park SA 5046

Via email: john.valentine@marion.sa.gov.au

Dear John,

Hallett Cove Library & Youth Centre – Unit 8, 1 Zwerner Drive, Hallett Cove.

We write to submit our recommendations in relation to the strategy surrounding the disposal of the property referred to above on behalf of the City of Marion. This was formerly the Hallett Cove Library and Youth Service Centre

For the record Knight Frank has no professional relations with the Makris Group or related entities in SA currently. A summary of the property is outlined below:

Description:	Unit 8 in Strata Plan 10132 Certificate of Title Volume 5026 Folio 153
Entitlement:	4,500 of 10,000 units
Building area:	696 m2 approximately
Zoning:	District Centre – Precinct 3 – Retail Core Hallett Cove
Est Market Value:	\$1,200,000 - \$1,300,000

We acknowledge the terms of the existing agreement with Etiria in relation to the acquisition process.

Stage 1

We understand that the City of Marion initially wish the appointed agent to approach Makris Group (Etiria Pty Ltd) to establish their interest in purchasing Unit 8 at 1 Zwerner Drive, and we presume that the recent valuation of the property shall form the threshold price which you will want to achieve. We shall take your instruction in regard to the sale figure to be quoted.

Knight Frank will arrange a face to face meeting with the Makris Group to determine the interest in purchasing the property, that is their proposed price, intended deposit quantum, settlement period, and if applicable any conditions associated with their offer.

This proposal will then be presented to you for consideration by the appropriate Council representatives.

T +61 8 8233 5222 F +61 8 8231 0443
Level 25, Westpac House, 91 King William Street, Adelaide, South Australia 5000
GPO Box 167, Adelaide SA 5001

KnightFrank.com.au

Knight Frank Australia Pty Ltd ABN 17 004 973 684





Stage 2

Should Etiria choose not to proceed with the acquisition on the terms initially offered then Knight Frank will embark upon a full and comprehensive open marketing campaign of the property, which would encompass a 4 week advertising and marketing programme, including press advertising, brochure and mail out, internet listing, and signage (if appropriate).

A detailed Marketing Budget is appended to this report for your reference. This proposed budget is \$8,390 + GST.

Should we receive offers as a result of this campaign the terms of which do not supersede the offer initially made to Etiria then we shall re-present such terms to Etiria again for their consideration. We presume there will be a nominated time frame or deadline by which Etiria need to respond to us.

We also presume that if we generate offers the terms of which are superior to those put to Etiria then you will be at liberty to accept such terms without referring back to Etiria.

Stage 3

The last stage will involve the documentation, the finalisation and settlement of the transaction.

Fees

We propose a dual level fee structure as follows:

1. If the property is purchased by Etiria at Stage 1 then our fee will be based on a fixed fee of \$5000 + GST.
2. If we need to take the property through a formal public marketing campaign then our fee will be 1% + GST of the gross sale realisation.

Professional Indemnity Cover/License

Knight Frank has current professional indemnity cover for \$10 million, a copy of which is attached to this report.

Our current Real Estate License (RLA) number is 199 257.

T +61 8 8233 5222 F +61 8 8231 0443

Level 25, Westpac House, 91 King William Street, Adelaide, South Australia 5000
GPO Box 167, Adelaide SA 5001

KnightFrank.com.au

Knight Frank Australia Pty Ltd ABN 17 004 973 684





Conclusion

Knight Frank is genuinely keen to assist City of Marion with this matter and we would be happy to meet with you to discuss the appointment in more detail.

I am available on 0418 827 911 or tony.ricketts@au.knightfrank.com anytime.

Yours Sincerely

A handwritten signature in black ink, appearing to read "Tony Ricketts", with a horizontal line extending from the end of the signature.

Tony Ricketts
Director Capital Markets
Knight Frank Australia Pty Ltd

T +61 8 8233 5222 F +61 8 8231 0443
Level 25, Westpac House, 91 King William Street, Adelaide, South Australia 5000
GPO Box 167, Adelaide SA 5001

KnightFrank.com.au
Knight Frank Australia Pty Ltd ABN 17 004 973 684



MARKETING SCHEDULE

Property Address: 8/1 Zwerner Drive, HALLETT COVE

Method: EOI
Campaign Period: 4 Weeks
Date Prepared: 16-Sep-15
Date Updated: 16-Sep-15

INVOICE DETAILS

Client: City of Marion
Contact: John Valentine
Address: PO Box 21, Oaklands Park SA 5046

Sales Consultant/s: Tony Ricketts & Alexi Bauve

SELLING AGENT:

Level 25, 91 King William Street
ADELAIDE SA 5000

Ph: 08 8233 5222 Fax: 08 8231 0443

[illegible]

*NB: Statutory searches may be invoiced separately by Knight Frank if they have not been completed at the date of Lethlean Advertising Invoicing for the other campaign costs.

The Agent's holding company has a shareholding in Commercial Real Estate Media Pty Ltd which entitles that company to financial benefits as a result of commercial real estate listings, display advertising and digital subscriptions on commercialrealestate.com.au and / or commercial real estate digital display or print advertising placed with the Fairfax Media network.

ADVERTISING AGREEMENT WITH LATHLEAN ADVERTISING (appointed advertising agency for Knight Frank)

The signatory ("Client Representative") below confirms that the "Client" (shown above) is the correct legal entity for this marketing campaign and hereby retains and authorizes Lathlean Advertising to provide advertising and marketing services in accordance with the above schedule. Search charges may be an additional cost depending on individual circumstances involved. Any Auctioneer Fee (shown) may change depending on outcome of sale. Extra signage installation charges may apply according to location conditions. The "Client" agrees to pay Lathlean Advertising, within 30 days trading terms from date of invoice, REGARDLESS of the outcome of the campaign or program (as indicated above). Lathlean Advertising reserves the right to institute debt recovery at the "Clients" cost in the event of non payment within terms.

CREDIT CARD payment option is available for the total amount (plus any applicable credit card fees depending on card type).

CLIENT SIGNATURE: _____

CLIENT NAME: _____

DATE: _____

CREDIT CARD AUTHORITY

Credit Card type: ☐ Visa ☐ Mastercard

Card number:

Expiry date: / . CCV number:

Cardholder name:

Signature: _____

ADVERTISING AGENT:



lathlean
ADVERTISING

Lathlean Advertising
49 Beulah Road, Norwood SA 5067
PO Box 3238 Rundle Mall SA 5000
T 8120 2210

Our Ref: PP:M150959

20 October 2015

Mr John Valentine
 Manager Strategic Projects
 City of Marion
 PO Box 21
 OAKLANDS PARK SA 5046

Dear John

RE: HALLETT COVE DISPOSAL**Background**

Thank you for your e-mails of 1 and 15 October 2015. I note that you have sent me:

1. a copy of a Valuation Brief which Council provided to Jones Lang LaSalle ("JLL") and Knight Frank;
2. a copy of the Valuation Report from JLL dated 5 August 2015 and signed on 1 September 2015;
3. a Marketing Proposal from JLL ("the JLL Proposal"), and
4. a draft Confidential Report to Council, with a number of suggested Recommendations ("the Report").

You have asked me to:

1. review the JLL Proposal, with particular reference to the "Method of Sale" and "Sale Process" sections, for consistency with Council's Disposal of Land and Assets Policy, adopted by Council on 23 June 2015 ("the Policy"); and

LAWYERS

Philip Page
 Greg Anderson
 Con Traianos
 Greg Arthur
 Phil McGovern
 Andrew Goode
 John Dempster
 Tim Mellor
 Karen Olsson
 Anthony Kelly
 Joanna Andrew
 Joseph Anderson
 Phil Dorman
 Jennifer Goodale
 Matthew Dorman
 Henry Ringwood
 Leonie Millard
 Elizabeth Olsson
 Jenny Tummel
 Carmel Homes
 Catherine Leis
 Vanessa Varga
 Sarah Vinall
 Matt Noonan
 Zeena Anthony-Qureshi
 Maria Demosthenous
 Callen Bubner
 Melanie Meaney
 Erin Moll
 Emily Barrett
 Victoria Gilliland
 Kate McShane
 Sorchia O'Neill

CONVEYANCERS

Judith Phillips
 Michelle Colmer
 Kristy Tohl



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Fax: (08) 8682 6030

Clare
 165 Main North Road
 Clare SA 5453
 PO Box 671
 Clare SA 5453
Phone: (08) 8842 1833
Fax: (08) 8842 1811

Regional Offices (By Appointment Only)

Bordertown
 22 Binnie Street
 Bordertown SA 5268
McLaren Vale
 178 Main Road
 McLaren Vale SA 5171

Kadina
 26 Taylor Street
 Kadina SA 5554
Nuriootpa
 45 Murray Street
 Nuriootpa SA 5355

Keith
 Cnr Makin & Hender Street
 Keith SA 5267

Phone: 1300 414 414
Fax: (08) 8414 3444

2. review the Report, with particular reference to the Recommendations.

This review is made against the background of the earlier advice I gave in my letter of 29 June 2015 (“the earlier advice”) and should be read in conjunction with the earlier advice.

In disposing of the Hallett Cove property, Council is constrained by the terms of both the Policy and the Deed. The requirements of those documents were discussed in detail in the earlier advice. I will not repeat them all here, but the advice that follows takes into account both of those constraints.

The JLL Proposal

The steps set out in the JLL Proposal may be summarised as follows:

1. An initial “off-market” approach would be made to the Makris Group to sell the property on terms and at a price acceptable to Council. If the Makris Group agrees to purchase the property on those terms and price, the sale to them would proceed.
2. If the Makris Group does not accept Council’s sale proposal, a formal waiver of their first right of refusal under the Deed dated 16 March 2007 (“the Deed”) would be sought.
3. A two-stage marketing campaign would follow, commencing with an Expression of Interest process, followed by a second round selective tender process.

Initial “off-market” approach to the Makris Group

Clause 13 of the Deed requires Council to give formal written notice to “the Makris Group” of Council’s intention to sell the land and to make an initial offer to sell the land to “the Makris Group”.

Please note that, all references to “the Makris Group” in this context mean the two separate companies which are parties to the Deed, namely Etiria (No 25) Pty Ltd and Hallett Cove Holdings Pty Ltd. Although those two companies are jointly referred to a “Etiria” in the Deed, there is no provision in the Deed stating that service of a notice on one of them is deemed to be service on the other. Accordingly, in my view, in order to comply with Clause 13 of the Deed, the notice and proposed sale offer will need to be made to **both** companies.

The suggested initial “off-market” approach to the Makris Group is therefore consistent with the requirements of the Deed. Please note, however, that the “approach” will need to include a full draft Contract of Sale, setting out the terms and conditions upon which, and the price at which, Council is prepared to sell the land.

There are two ways in which Council could handle the approach to the Makris Group:



1. Council could immediately proceed to submit a formal “offer” to the Makris Group, in accordance with the Deed, setting out the proposed sale terms, including the sale price at which Council would be prepared to sell the land. If the Makris Group rejected that offer, they might propose an alternative sale price and/or sale terms. Council could then, if it wished, after negotiations, submit an amended formal offer to the Makris Group.
2. Alternatively, Council could precede the formal approach by conducting informal discussions with the Makris Group, exploring the price and terms upon which Council would be prepared to sell the land and upon which the Makris Group would be prepared to purchase it. If agreement was reached in principle, Council could then submit a formal offer to the Makris Group, based on the agreed terms and price. If no agreement was reached, Council would still need to submit a formal offer to the Makris Group and await the 28 day period in accordance with Clause 13 of the Deed before proceeding with other steps in the sale process.

Any formal offer of the property to the Makris Group in accordance with the Deed would constitute a “direct sale” for the purposes of paragraph 1.1.8 of the Policy. In order to comply with the requirements of that paragraph, unless Council resolves otherwise, two independent valuations must be obtained, so as to ensure that an appropriate market value is obtained. I note your instructions that Council has obtained formal valuations of the property from Knight Frank and JLL, in compliance with the Policy.

In this regard, Council needs to be mindful of its probity obligations under the *Local Government Act* and the requirement under paragraph 1.1.10 of the Policy that any disposal of land that is not to be on the open market “should be at or above the current market valuation”.

If the Makris Group accepts Council’s formal proposal, there will be a binding Contract for the sale of the property to the Makris Group. If Council’s proposal is not accepted, it will be necessary to move to the next stage of the disposal process.

Waiver by Makris Group of First Right of Refusal

The JLL Proposal suggests that, if the Makris Group does not accept Council’s sale proposal, they should be encouraged to complete a “formal waiver” of their first right of refusal under the Deed.

In order to comply with Clause 1.4 of the Deed, any such waiver would need to be given in writing by **both** of the Makris companies who are parties to the Deed.

The Makris Group would have no obligation to grant such a waiver. If, however, the Makris Group determined that it has no intention of purchasing the land and did grant the waiver of its rights under the Deed, Council would then be at liberty to proceed with the disposal process with no further reference to the Makris Group.



If the Makris Group declined to waive its rights under the Deed, all future marketing would remain subject to Council's obligation to re-offer the property to the Makris Group before proceeding with any sale to a third party on terms more favourable than those set out in Council's original proposal.

Two stage marketing campaign

In the event that the Makris Group does not accept Council's initial approach, the JLL Proposal suggests a "high-profile two stage Expression of Interest campaign", comprising an initial expression of interest followed by a second round selective tender.

I consider that this would be an appropriate course of action. However, in order to ensure compliance with the Deed and the Policy:

- (a) if the Makris Group has not formally waived all of its rights under the Deed, the campaign material would need to make it clear that Council will not be bound to accept any proposal or tender for the property, so as to give Council an opportunity to refer to the Makris Group any proposal that is acceptable to Council but is on terms more favourable to the purchaser than those set out in Council's original approach; and
- (b) depending on the timing of the EOI and tender process, Council may be required under the Policy to obtain one or more updated independent valuations of the property to determine its "current market valuation" before agreeing on a final disposal price.

The Report and its Recommendations

I make the following comments and suggestions in relation to the draft Report and its Recommendations:

1. The draft Report and Recommendations include references to "Etiria", "Etiria No 25" and "the Makris Group". For accuracy, the Report should make it clear that the Deed was entered into with two Makris companies, namely Etiria (No 25) Pty Ltd and Hallett Cove Holdings Pty Ltd, and draft Recommendation 2 should refer to the offer being made to both those companies.
2. Draft Recommendation 5 refers to a "reserve sale price". However, even if Council decides to make an initial informal approach to the Makris Group in order to discuss the price and terms of any proposed sale, ultimately Council will be required to submit a formal sale proposal to the Makris Group in accordance with the Deed. For that reason, Council will need to determine and resolve upon a specific fixed sale price at which it is prepared to offer the property to Makris. To assist it in determining that price, Council should have regard to the valuation material it has obtained.
3. Draft Recommendation 2 may need to be modified to insert the specific minimum offer price.




-
4. Various consequential amendments will be needed to the Report and Recommendations in order to accommodate the above matters.

Please do not hesitate to contact me if you have any questions or require further clarification of any of the above comments or advice.

Yours faithfully
MELLOR OLSSON

Per :



PHILIP H PAGE

Partner

Direct e-mail: ppage@mellorolsson.com.au

Direct Phone: 8414 3441 (Adelaide)

THE CORPORATION OF THE CITY OF MARION
("Council")

and

ETIRIA (NO 25) PTY LTD

and

HALLETT COVE HOLDINGS PTY LTD
(together called "Etiria")

DEED

THIS DEED is made the 16th day of March 2007

BETWEEN: THE CORPORATION OF THE CITY OF MARION of 245 Sturt Road, Marion SA 5047 ("Council").

AND: ETIRIA (NO 25) PTY LTD ACN 008 282 246 and HALLETT COVE HOLDINGS PTY LTD ACN 095 834 656 both of Level 16, 132 Grenfell Street, Adelaide SA 5000 (either jointly or severally as the context requires "Etiria")

RECITALS:

- A. The Council is the local government authority with jurisdiction over an area known to the Council as 'South Ward'. It has been recognised that South Ward could be enhanced by specific initiatives. Various initiatives have been identified and each of the parties to this Deed has an involvement in pursuing those initiatives.
- B. In order to give effect to those initiatives, various actions need to be taken. Each of the parties to the Deed acknowledges that it has a role to play to achieve the desired outcomes in this regard. The parties have agreed on a broad concept of the proposed reconfiguration of land ownership, redevelopment and variation of the land use for the Hallett Cove District Shopping Centre and the area immediately surrounding the Hallett Cove District Shopping Centre in accordance with the concept plan in Annexure 1 ("the Concept Plan").
- C. Council's existing hierarchy of retail and commercial centres in the suburbs of Sheidow Park, Trott Park and Hallett Cove comprises the District Centre A Zone – Hallett Cove Policy Area, a Local Commercial Zone adjacent to Lonsdale Road and Neighbourhood Centre Zones located at Lemon Road and Heysen Drive. Council wishes to see the development of the District Centre A Zone – Hallett Cove Policy Area as the dominant retail and commercial centre in the suburbs of Sheidow Park, Trott Park and Hallett Cove.
- D. The Commissioner of Highways has agreed to transfer the Railway Corridor to the Council subject to the deposit of a Plan of Land Division creating a separate Allotment for the Railway Corridor.
- E. Etiria is the registered proprietor and operator of the Hallett Cove District Shopping Centre.
- F. As at the date of this Deed the Council has obtained funding of \$11.65 million from Federal, State and Local Government and from other sources to construct the Connector Road which amount together with the Contribution Amount was calculated, on the basis of the design of the works dated November 2005, as being sufficient to enable the Connector Road and associated works to be undertaken.
- G. If Council undertakes Council's Development Etiria has agreed to grant certain rights of way and easements over the Car Parks in favour of the Strata Corporation subject to the Council making alternative car parks available on terms and conditions satisfactory to Etiria and any major tenants.
- H. Etiria and the Council entered into a Deed dated 2 December 2004 in order to record various arrangements between the parties and this Deed supersedes the rights and obligations contained therein.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Background

The background set out above forms part of this Deed and the parties agree that the background is true and accurate.

1.2 Definitions

In the interpretation of this Deed unless the contrary intention appears or unless the context otherwise requires, the following expressions have the following meanings:

- 1.2.1 "Application Plan" means the site plan contained in Development Application No 100/524/2003 as varied by site plan number 111-Q in the Development Application No 100/2307/2006 which site plan is contained in Annexure 2;
- 1.2.2 "Approved Plan" means the Application Plan or any amendment to the Application Plan that subsequently has been given Provisional Development Plan Consent by the DAC;
- 1.2.3 "Banker's Undertaking" means an unconditional and irrevocable undertaking by a financial institution acceptable to the Council in the form approved by the Council;
- 1.2.4 "Car Parks" means the seventy (70) car parks within Etiria's Development;
- 1.2.5 "Commencement Date" means the date all Conditions Precedent are satisfied or waived;
- 1.2.6 "Concept Plan" means the concept for the comprehensive integrated and coordinated redevelopment of the Hallett Cove District Centre Zone Policy Area A as described in Recital B and as shown in Annexure 1;
- 1.2.7 "Conditions Precedent" means the conditions precedent set out in clause 2;
- 1.2.8 "Connector Road" means a road accessible for vehicles between the suburbs of Sheidow Park, Trott Park and Hallett Cove from Berrima Road to Zwerner Drive mainly following the Railway Corridor as shown generally in the Connector Road Plan, Annexure 4 together with all associated works including the construction of two cross-overs from the carriageway to the edge of the road reserve to the relevant boundaries of the Hallett Cove District Shopping Centre on the Connector West and one cross-over from the carriageway to the edge of the road reserve to the relevant boundaries of the Hallett Cove District Shopping Centre on Lonsdale Road.
- 1.2.9 "Contribution Amount" means the amount of ONE MILLION TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$1,250,000.00);
- 1.2.10 "Council Budget" is an amount of \$12.9 million.

- 1.2.11 "Council's Development" means the potential redevelopment of the land comprised in Strata Plan 10132 involving the construction of a new civic centre facility on that land to include inter alia an expanded library, multi-purpose meeting hall, meeting rooms, ancillary facilities and a civic plaza;
- 1.2.12 "DAC" means the Development Assessment Commission;
- 1.2.13 "DTEI" means the Department for Transport, Energy and Infrastructure;
- 1.2.14 "Etiria's Development" means the proposed redevelopment of the Hallett Cove Shopping Centre to be carried out by Etiria in accordance with the Approved Plan and all conditions imposed by DAC in the Provisional Development Plan Consent and any amendments to the Application that subsequently have been given Provisional Development Plan Consent by the DAC;
- 1.2.15 "Hallett Cove District Shopping Centre" means the shopping centre currently conducted on Etiria's land being Certificates of Title Volume 5198 Folio 502, Volume 5314 Folio 47 and Volume 5847 Folio 479;
- 1.2.16 "Practical Completion" means, in relation to Etiria's Development, when:
- 1.2.16.1 the works comprised in Etiria's Development are reasonably fit for use and occupation;
 - 1.2.16.2 the works comprised in Etiria's Development are substantially complete and any incomplete work or defects remaining in the works are of a minor nature and number, the completion or rectification of which is not practical at that time and will not unreasonably affect occupation and use;
 - 1.2.16.3 all commissioning tests in relation to the plant and equipment have been carried out successfully; and
 - 1.2.16.4 any approvals required for occupation have been obtained from the relevant authorities and copies of documents evidencing the approvals have been provided to the superintendent;
- 1.2.17 "Practical Completion" means, in relation to the Connector Road, when:
- 1.2.17.1 the works comprised in the construction of the Connector Road are reasonably fit for use; and
 - 1.2.17.2 the works comprised in the construction of the Connector Road are substantially complete and any incomplete work or defects remaining in the works are of a minor nature and number, the completion or rectification of which is not practical at that time and will not unreasonably affect its use;
- 1.2.18 "Railway Corridor" means land owned by TransAdelaide generally between Gledsdale Road and Lander Road defined as, the portion of Certificate of Title Volume 5944 Folio 785 comprised in Pieces 72 and

73 in Filed Plan Number 218863 and a portion of Piece 71 in Filed Plan 218863, the portion of Certificate of Title Volume 5944 Folio 786 comprised of pieces 1 and 2 in Filed Plan Number 148236, the whole of Certificate of Title Volume 5721 Folio 702, and the whole of Certificate of Title Volume 5722 Folio 152 together with portions of Certificate of Title Volume 5855 Folio 552 comprised in closed roads marked "R", "S", "T", "Y" and "Z" in Road Plan 1188 and which includes the Railway Land.

- 1.2.19 "Railway Land" means that portion of the Railway Corridor marked "New Lot" on the plan contained in Annexure 3.
- 1.2.20 "Railway Land Division" means the division of the Railway Corridor to create an allotment for the Railway Land.
- 1.2.21 "Connector West" means that portion of the Connector Road comprising the alignment west of Lonsdale Road; and
- 1.2.22 "Strata Corporation" means Strata Corporation No. 10132 Incorporated and includes any successor in title to that Corporation under the *Community Titles Act 1996* or any other Act.

1.3 General

Unless the contrary intention appears:

- 1.3.1 Words denoting the singular number only include the plural number and vice versa.
- 1.3.2 Reference to any gender includes every other gender and words denoting individuals shall include corporations and vice versa.
- 1.3.3 Reference to any Act of Parliament, Statute or Regulation includes any amendment currently in force at the relevant time and any Act of Parliament, Statute or Regulation enacted or passed in substitution therefore.
- 1.3.4 A reference to the "parties" means the parties to this Agreement.
- 1.3.5 Headings are for convenience of reference only and do not affect the interpretation or construction of this indenture.
- 1.3.6 A reference to a Clause, Schedule, Annexure or exhibit is to a clause, schedule, annexure, or exhibit of or to this Agreement, each of which forms part of this Agreement.
- 1.3.7 Including and similar expressions are not and will not be treated as words of limitation.
- 1.3.8 Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning.
- 1.3.9 Where an expression is defined anywhere in this Agreement, it has the same meaning throughout.
- 1.3.10 A reference to any instrument (such as a deed, agreement or document) is to that instrument (or, if required by the context, to a part

of it) as amended, novated, substituted or supplemented at any time and from time to time.

1.4 Writing required

No variation or waiver of, or any consent to any departure by either party from, a provision of this Deed is of any force or effect unless it is confirmed in writing, signed by the parties and then that variation, waiver or consent is effective only to the extent to which it is made or given.

1.5 Waiver and exercise of rights

The failure, delay, relaxation, or indulgence on the part of either party in exercising any power or right conferred upon that party by this Deed does not operate as a waiver of that power or right, nor does any single exercise of any power or right preclude any other or further exercise of it or the exercise of any other right or power under this Deed.

1.6 Entire Agreement

This Deed constitutes the sole and entire agreement between the parties and no warranties, representations, guarantees or other terms or conditions of whatsoever nature not contained and recorded herein shall be of any force.

1.7 Invalid or unenforceable provisions

If any provision of this Deed is invalid and not enforceable in accordance with its terms, all other provisions which are self-sustaining and capable of enforcement without regard to the invalid provisions shall be and continue to be valid and enforceable in accordance with their terms.

1.8 Contra Proferentem

In the interpretation of this Deed, no rule of construction applies to the disadvantage of one party on the basis that that party put forward or drafted this Deed or any provision in it.

2. CONDITIONS PRECEDENT

The rights and obligations of the parties under this Deed are subject to the satisfaction of each of the following conditions precedent:

2.1 Transfer of Railway Corridor to Council

2.1.1 The Commissioner of Highways transferring to the Council the Railway Corridor on or before ~~28 February~~ 16 March 2007.

2.1.2 The Council will, to the extent that it is able, use its best efforts to fulfil this Condition Precedent.

2.2 Relocation or Extinguishment of Easements and Rights

2.2.1 Etiria at its cost on or before ~~28 February~~ 16 March 2007 if it considers it necessary procuring relocation or if this is not possible extinguishment

on terms acceptable to it of the easements listed below so as to enable unrestricted development as depicted on the Approved Plan:

- 2.2.1.1 the easement over the land marked B in Certificate of Title Volume 5847 Folio 479 to Distribution Lessor Corporation;
- 2.2.1.2 the easement for sewerage purposes over the land marked A in Certificate of Title Volume 5314 Folio 47;
- 2.2.1.3 the easement for infrastructure over the land marked B in Certificate of Title Volume 5198 Folio 502.

2.2.2 Etiria will use its best efforts to fulfil this Condition Precedent.

2.3 Internal Shopping Centre Rights

2.3.1 Etiria at its cost obtaining on or before ^{16 March} ~~28 February~~ 2007 on terms acceptable to it:

2.3.1.1 the unconditional consent to the Approved Plan of any tenant or occupant of the Hallett Cove District Shopping Centre who has statutory, contractual or any other rights concerning or relating to redevelopment of the Hallett Cove District Shopping Centre or any part thereof, including but not limited to the tenant of Lease No. ~~(INSERT)~~ and ¹⁰⁶²¹⁷⁸⁸

2.3.1.2 the unconditional binding consent of any tenant or occupant of the Hallett Cove District Shopping Centre who due to Etiria's Development may or will need to have its occupancy arrangements terminated or surrendered or its business relocated.

2.3.2 Etiria will use its best efforts to fulfil this Condition Precedent.

2.4 Agreements for Supermarket & DDS

2.4.1 Etiria at its cost obtaining on or before ^{16 March} ~~28 February~~ 2007 on terms and conditions acceptable to it:

2.4.1.1 a binding agreement to lease the area marked "New Major Store" on the Plan as supermarket having a lettable area of not less than 3000m²; and

2.4.1.2 a binding agreement to lease the area marked "New DDS Major Store" on the Plan as discount department store having a lettable area of not less than 4000m².

2.4.2 Etiria will use its best efforts to fulfil this Condition Precedent.

2.5 Development Approval

2.5.1 Etiria at its cost obtaining on or before ^{16 March} ~~28 February~~ 2007 from DAC on terms and conditions acceptable to it:

- (a) provisional development plan consent in respect of Development Application No. 100/2307/2006; and

- (b) provisional building rules consent for initial demolition work in respect of Etiria's Development.

2.5.2 Etiria will use its best efforts to fulfil this Condition Precedent.

2.6 Provision of Banker's Undertaking

2.6.1 Etiria providing to the Council after the date upon which the Conditions Precedent specified in clauses 2.1 to 2.5, 2.8 and 2.9 have been satisfied but within fourteen days of the Council resolving to seek tenders pursuant to clause 2.7.3.5 two (2) Banker's Undertakings in favour of the Council and issued by a financial institution having an office in Adelaide which, in aggregate, equal the amount of the Contribution Amount.

2.6.2 If the Condition Precedent in clause 2.7 is not satisfied by the date specified in clause 2.7.1 then Council will return the Banker's Undertakings to Etiria on termination of this Deed under clause 4.3.

2.7 Awarding of Tender

2.7.1 The Council accepting, on or before the date three months after the date on which the condition precedent in clause 2.6 is satisfied, an offer made by way of tender pursuant to the tender process set out in clause 2.7.2 to undertake the construction of the Connector Road.

2.7.2 The parties acknowledge and agree that for the Council to procure the construction of the Connector Road it is required by its policies, procedures and other legislative requirements to carry out the following actions:

2.7.2.1 Enter into agreements on terms acceptable to the Council which secure sufficient funding for the Connector Road;

2.7.2.2 Procure the development of a detailed design of the Connector Road which will enable the Council to request tenders in relation to the construction of the Connector Road; and

2.7.2.3 Undertake a tender process for the construction of the Connector Road in accordance with all relevant policies and procedures of the Council and other legislative requirements.

2.7.3 The Council will accept an offer made by way of tender pursuant to clause 2.7.1 if:

2.7.3.1 the offer is made by a reputable responsible and solvent contractor;

2.7.3.2 the price tendered to undertake the construction of the Connector Road is within Council's Budget; and

2.7.3.3 the tender is a conforming tender consistent with Council's tender terms and conditions.

- 2.7.3.4 The Council will use its best efforts to fulfil this Condition Precedent.
- 2.7.3.5 Without limiting clause 2.7.3.4 the Council will seek tenders to undertake the construction of the Connector Road upon satisfaction or waiver of the Conditions Precedent contained in clauses 2.1 to 2.6 inclusive and clauses 2.8 and 2.9.
- 2.7.4 Clause 2.7.3 does not require the Council to award a tender or continue a tender process if the Council is of the opinion that it should terminate the tender process or refuse to award the tender for reasons of probity or good governance provided that in those circumstances the Council will retender the works to construct the Connector Road as soon as reasonably practicable thereafter.
- 2.7.5 If the Council does not receive a tender which complies with the criteria set out in clauses 2.7.3.2 and 2.7.3.3 the Council will in consultation with Etiria reconsider the design of the Connector Road and otherwise review the terms of the tender process and will as soon as reasonably practicable seek further tenders for the construction of the Connector Road and the provisions of clause 2.7.3 and this clause 2.7.5 shall apply in respect of such further tender.
- 2.7.6 If following the seeking of further tenders pursuant to clause 2.7.5 the criteria set out in clause 2.7.3.2 and 2.7.3.3 has not been satisfied both parties shall together take such further steps as shall be agreed between the parties in order to obtain such additional funding in excess of Council's Budget ("**Additional Funding**") as shall be required in order to enable Council to award the tender to construct the Connector Road in accordance with this clause 2.7 provided however that this clause does not impose an obligation on the Council to continue to seek tenders or engage a tenderer unless Additional Funding becomes available.
- 2.8 **Mortgagee Consent**
- 2.8.1 Etiria at its cost obtaining on or before ^{16 March}~~28 February~~ 2007 the consent of the mortgagee of the Hallett Cove District Shopping Centre to this Deed.
- 2.8.2 Etiria will use its best efforts to fulfil this Condition Precedent.
- 2.9 **DTEI Specifications**
- 2.9.1 The Council obtaining approval from the Commissioner of Highways for the construction of the signalled intersection on Lonsdale Road and the construction of the Connector Road from Berrima Road across Lonsdale Road to its intersection with Gledsdale Road and Quailo Avenue.
- 2.9.2 The Council will use its best efforts to obtain the approval referred to in clause 2.9.1 as soon as practicable after the date of this Deed.
- 2.9.3 Etiria acknowledges that the approval referred to in clause 2.9.1 will be provided to the Council by the Commissioner of Highways no earlier than 21 Business Days after the date on which the Council provides to

the Commissioner of Highways a detailed design of the Connector Road. The Council then has the opportunity to review and revise such specifications. These periods will be taken into account when considering whether or not the Council has obtained the approval referred to in clause 2.9.1 as soon as practicable after the date of this Deed.

3. PROGRESS OF CONDITIONS PRECEDENT

- 3.1 All parties will co-operate with each other and keep each other fully informed in relation to the progress of applications and other matters necessary to fulfil the Conditions Precedent.
- 3.2 As soon as a Condition Precedent is fulfilled, the party responsible for fulfilling that Condition Precedent will advise the other parties by notice in writing. For the purposes of this clause 3.2 the Conditions Precedent will be deemed to have been fulfilled on the date that the last of the conditions has been fulfilled or waived.

4. SATISFACTION OF CONDITIONS PRECEDENT

- 4.1 The Council and Etiria agree that the conditions to which this Deed are subject pursuant to clauses 2.2 2.3 2.4 2.5 and 2.8 are inserted for the sole benefit of Etiria and Etiria may at any time prior to the date upon which the relevant conditions are to be satisfied by notice in writing to the Council waive the satisfaction of the conditions.
- 4.2 The Council and Etiria agree that the conditions to which this Deed is subject pursuant to clauses 2.1 2.6 2.7 and 2.9 are for the sole benefit of the Council and the Council may at any time by notice in writing to Etiria given at any time prior to the date by which the relevant conditions are to be satisfied waive the satisfaction of those conditions.
- 4.3 If any of the conditions are not fulfilled or waived before the date by which the relevant condition is to be satisfied either party may terminate this Deed by seven (7) days written notice to the other (unless the relevant condition precedent is fulfilled during the notice period).
- 4.4 If either party terminates this Deed due to the non-satisfaction of a Condition Precedent then neither party shall have any rights against the other under this Deed except in respect of a default due to a party not using its best efforts under clause 2.

5. TRANSFER OF RAILWAY LAND TO ETIRIA

Subject to the satisfaction of all of the Conditions Precedent the Council agrees to sell to an entity who is a member of the Makris Group of Companies nominated by Etiria which agrees to purchase from the Council an estate in fee simple in the whole of the Railway Land upon the following terms and conditions:

- 5.1 Purchase Price – Ten Dollars (\$10.00).
- 5.2 The transfer of the Railway Land is subject to the Council procuring the deposit of the Railway Land Division within twelve (12) months from the date of this Deed.

- 5.3 The Council will use its best efforts to procure the deposit of the Railway Land Division as soon as reasonably practicable and in any event no later than the date specified in clause 5.2.
- 5.4 Settlement shall be effected twenty one (21) days from the date of deposit of the Railway Land Division.
- 5.5 Council will not provide any warranties as to the state or condition of the Railway Land.
- 5.6 The Contract shall otherwise be on the terms and conditions of the Law Society of South Australia Contract for Sale and Purchase of Land and shall require Etiria to use the Railway Land as a car park.

6. PARTIES TO BEAR OWN RISK

- 6.1 Nothing in this Deed gives rise to any legal liability by the Council to Etiria where the Council has failed to Practically Complete the Connector Road prior to the Practical Completion of Etiria's Development.
- 6.2 Etiria hereby releases the Council from any liability as described in clause 6.1 incurred on its part and it indemnifies and saves harmless the Council with respect to any claim made by any person claiming through occupation or anticipated occupation of the Hallett Cove District Shopping Centre arising out of such delay it being the intention of the parties that the Council will bear the risks associated with the construction of the Connector Road and Etiria shall bear the risks associated with Etiria's Development.

7. CONSTRUCTION OF CONNECTOR ROAD BY COUNCIL

- 7.1 Council acknowledges that notwithstanding that Etiria may have completed Etiria's Development it is a requirement of DAC that Etiria will not be able to occupy Etiria's Development unless and until the Connector Road is completed and able to be used for vehicular access to and from Etiria's Development.
- 7.2 Subject to satisfaction of all of the Conditions Precedent the Council shall at its own cost and expense (but subject to the provisions of clause 8) procure the construction of the Connector Road in accordance with the tender documentation issued by the Council pursuant to clause 2.6.
- 7.3 Council will subject to Etiria providing the Banker's Undertaking pursuant to clause 2.6.1 procure the commencement of construction of the Connector Road no later than thirty (30) days after the Commencement Date.
- 7.4 Having regard to the matters set out in clause 7.1 and subject to satisfaction of all of the Conditions Precedent the Council will use its best endeavours to procure Practical Completion of the Connector Road as soon as reasonably practical.
- 7.5 Etiria acknowledges that when the traffic signals at the intersection of Lonsdale Road and the Connector Road become operational, the access from Lonsdale Road to the Hallett Cove District Shopping Centre existing at the date of this Deed will be closed. The Council agrees that prior to such traffic signals becoming operational it will have procured the completion of a new cross-over from Lonsdale Road to the boundary of the Hallett Cove District Shopping Centre.

- 7.6 For the avoidance of any doubt, the Council agrees that it will ensure that the new cross-over contemplated by clause 7.5 will be physically open for vehicular traffic on or before the date on which the traffic signals referred to in that clause become operational and, consequently, the current cross-over is closed.
- 7.7 The parties agree that the levels of the Connector Road where it adjoins the entry points to the Etiria Development and of the Etiria Development are indicated on the plan contained in Annexure 5 and:
- 7.7.1 the Council agrees to procure the Connector Road to be built to the levels indicated in the attached plan contained in Annexure 5; and
- 7.7.2 Etiria agrees to procure the Etiria Development to be built to the levels indicated in the attached plan contained in Annexure 5.

8. PAYMENT OF CONTRIBUTION AMOUNT

- 8.1 Etiria will pay the Contribution Amount to the Council in the following instalments:
- 8.1.1 The sum of Six Hundred and Twenty Five Thousand Dollars (\$625,000.00) on the last to occur of Practical Completion of the Connector West and the date upon which the Connector West is legally and physically open for use by vehicular traffic;
- 8.1.2 The sum of Six Hundred and Twenty Five Thousand Dollars (\$625,000.00) upon the last to occur of Practical Completion of the whole of the Connector Road and the date upon which the whole of the Connector Road is physically open for use by vehicular traffic.
- 8.2 Nothing in this Deed shall oblige Etiria to pay any amount towards the construction of the Connector Road in excess of the Contribution Amount.

9. ETIRIA'S DEVELOPMENT

- 9.1 Subject to satisfaction of each of the Conditions Precedent and Practical Completion of the Connector Road Etiria shall at its own cost and expense in all things cause the land which forms part of the Hallett Cove District Shopping Centre or nearby land owned by Etiria and/or any party who is an associate of Etiria within the meaning of the Corporations Act 2001 to be developed in accordance with the Approved Plan and consistent with the shopping centre's "District Centre Zoning".
- 9.2 It is acknowledged and agreed between the parties that the new improvements and works as marked on the Concept Plan are indicative only and notwithstanding any other provision in this Deed Etiria without the consent of the Council may vary the nature and extent of such proposed improvements and works provided that the following key features are retained:
- 9.2.1 development by the Council of the Connector Road
- 9.2.2 the primary vehicle access to the proposed new Hallett Cove District Shopping Centre is from the Connector Road to the south western boundary of the proposed new Hallett Cove District Shopping Centre running parallel with Shakes Crescent;

9.2.3 and that the retail activities provided by Etiria and the community facilities provided by Council are to be linked with a public entry access way to the west of the Hallett Cove District Shopping Centre to the adjacent community facilities to reinforce that the Hallett Cove District Shopping Centre is the focal point of retail and community activity in the suburbs of Hallett Cove, Trott Park and Sheidow Park.

9.3 Notwithstanding clause 9.2, where any variation to the Application Plan may or will have a material impact on the specific criteria set out in clauses 9.2.1 to 9.2.3 Etiria will bring such variations to the attention of the Council and the parties shall liaise with each other in relation to such variations and shall co-operate with and assist each other in order to achieve completion of the overall development upon and subject to the terms and conditions in this Deed.

10. GRANT OF CAR PARK RIGHTS AND FUTURE DEVELOPMENT OF LAND AND STRATA PLAN NO. 10132

10.1 The parties acknowledge that prior to the execution of this Deed the parties have held discussions concerning the possible future development by the Council of the land comprised in Strata Plan No. 10132 ("Strata Land") for the purpose of expanding the existing community facilities on that land.

10.2 The parties agree that if and when Council's Development receives development approval Etiria will grant rights of way and easements to the Strata Corporation comprising 70 car parks on the terms and conditions contained in Annexure 6. Contemporaneously, and in exchange and to compensate for these Council agrees to make available land for car parks to be approved by the Development Assessment Commission for car parking for the Hallett Cove Shopping Centre on terms and conditions satisfactory to Etiria.

10.3 The obligation of Etiria to grant the rights of way and easements pursuant to this clause 10 is subject to Etiria obtaining all necessary consents and approvals from major tenants of the Hallett Cove District Shopping Centre.

11. BUS TERMINAL WITHIN CENTRE

The Council agrees to use its best endeavours if necessary to assist Etiria to procure a legally enforceable agreement between Etiria and Department of Transport, Energy and Infrastructure (or such other statutory body who is responsible for bus transportation) on or prior to the date of Practical Completion of the Etiria Development for bus usage and bus terminals within the Hallett Cove District Shopping Centre as depicted on the Approved Plan on terms acceptable to Etiria.

12. APPLICATION OF BANKER'S UNDERTAKINGS

12.1 The Banker's Undertakings providing pursuant to clause 2.6.1 may be called upon by the Council if Etiria fails to pay the relevant portion or part thereof of the Contribution Amount within fourteen days of the date on which the Council notifies to Etiria that the relevant portion of the Contribution Amount is payable in accordance with clause 8.

12.2 Contemporaneously with Council's receipt of the payment by Etiria of the instalment of the Contribution Amount specified in clause 8.1.1 the Council shall return one of the Banker's Undertakings;

- 12.3 Contemporaneously with Council's receipt of the payment by Etiria of the instalment of the Contribution Amount specified in clause 8.1.2 the Council shall return the remaining Banker's Undertaking.

13. FIRST RIGHT OF REFUSAL TO PURCHASE

- 13.1 The Council agrees that should it wish to dispose of or transfer the whole or any portion of any interest (including without limit fee simple, strata title, community title or rights of way) in the land bounded by the Connector Road, Lonsdale Road, Ramrod Avenue and Zwerner Drive, then Etiria or such entity, being a member of the Makris Group of Companies, nominated by Etiria shall have the right of first refusal to purchase such interests subject to the following covenants terms and conditions:
- 13.2 This first right of refusal shall continue only so long as Etiria, or another member of the Makris Group of Companies remains the registered proprietor of the Hallett Cove District Shopping Centre.
- 13.3 The Council shall give notice in writing to Etiria of its intention to dispose of such interest (hereinafter called "the Notice") and such Notice shall constitute an offer by the Council to sell the interest to Etiria and shall specify the consideration required by the Council from Etiria for the purchase by Etiria of the said interest. Such Notice shall also include details of the terms and conditions of sale for such interest. The consideration expressed in such Notice shall not in any respect whatsoever take into account for the purposes of valuation the value of any improvements renovations or alterations made by Etiria to the interest. Further, it shall not seek to impose any more onerous obligations and duties upon Etiria or require Etiria to pay any greater pecuniary sum than that which the Council would impose or require from a purchaser other than Etiria.
- 13.4 Etiria shall within twenty eight (28) days after the service of the Notice give notice in writing to the Council of Etiria's acceptance or rejection of the Council's offer to sell. In the event of service of a notice of acceptance by Etiria on the Council there shall be deemed to be a binding contract for the sale by the Council and the purchase by Etiria of the land for the consideration stated in the notice given by the Council to Etiria (which consideration is hereinafter called "the purchase price") and otherwise on the terms and conditions specified on the Notice under clause 13.3.
- 13.5 In the event that Etiria serves a notice of rejection on the Council or does not reply to the Notice within twenty eight (28) days then the Council will be at liberty at any time thereafter to dispose of or transfer the said interest to any other person on terms and conditions previously offered to Etiria, but the Council shall not be entitled to dispose of or transfer the said interest on more favourable terms than those first offered to Etiria without first giving Etiria the opportunity of purchasing the same on the more favourable terms upon the terms and in the manner set out above.
- 13.6 The parties acknowledge that the disposal or transfer of any interest by the Council pursuant to this clause 13 is if applicable subject to the Council resolving to revoke any community land classification of that interest pursuant to Section 194(3)(b) of the Local Government Act.

14. RESTRICTION ON SALE

Each party covenants with each of the other parties that from the date of this Deed it will not mortgage, dispose of or otherwise deal with any land subject to this Deed in a manner which is inconsistent with the intentions of the parties as set out in this Deed, unless the mortgagee or other third party agrees to be bound by the terms of this Deed. Existing arrangements in place and known to all of the parties as at the date of this Deed are not subject to the terms of this clause 14.

15. ACCESS TO RAILWAY LAND

15.1 To enable the Council to construct the Connector West, it will be necessary for the Council to undertake certain excavation and backfilling of the Railway Corridor, which works may involve parts of the Railway Land. The parties agree to co-operate with each other in relation to the undertaking of these works.

15.2 From the later of:

15.2.1 the completion of the works described in clause 15.1; and

15.2.2 the date on which the Council becomes registered as proprietor of the Railway Corridor;

and expiring on the date of settlement of the purchase by Etiria from the Council of the Railway Land, the Council shall grant to Etiria for no licence fee a licence to enter upon the Railway Land for the purpose of undertaking the Etiria Development including constructing the car park within the Etiria Development and upon completion of the Etiria Development (if settlement has not been effected) to use the Railway Land for car parking purposes.

15.3 Etiria shall occupy the Railway Land at its own risk and shall indemnify the Council in respect of any actions claims proceedings demands costs or expenses which the Council may suffer sustain or incur by reason of the undertaking by Etiria of the Etiria Development during the period of the Licence referred to in clause 15.2.

16. COSTS

Unless and except as specified otherwise herein, the parties will bear their own costs and expenses incurred in connection with negotiating, agreeing and stamping this Deed and of all other transfers and instruments to be prepared, executed and stamped hereunder.

17. GST

17.1 For the purposes of this clause 17:

"GST" means the goods and services tax imposed under the GST Legislation;

"GST Legislation" means the A New Tax System (Goods and Services Tax) Act 1999 and associated legislation;

Terms used in this clause 17 which are defined in the GST Legislation have the meanings given to them in the GST Legislation.

17.2 All amounts payable under this Deed ("Payment") are exclusive of GST. The supplier may in addition to the Payment, recover from the recipient (and the

recipient shall pay or reimburse the supplier) the GST on the Payment at the same time as the Payment is due. The supplier will in respect of the taxable supply provide the recipient with a tax invoice prior to the Payment being due.

18. DEFAULT

If any party ("the Defaulting Party") commits any default hereunder, and fails to rectify that default in accordance with a written notice given by the other party giving details of the default complained of and specifying the time in which it is to be rectified (being a reasonable time in all the circumstances and being not less than thirty (30) days) then the other party may at any time thereafter (unless the default is rectified in the meantime) terminate this Deed by giving a further written notice to the Defaulting Party.

19. CO-OPERATION AND GOOD FAITH

19.1 The parties agree that they will co-operate with each other and at all times act in good faith and with the joint objective of successfully and expeditiously concluding all of the arrangements contemplated in this Deed and also to work together in a co-operative manner in all respects and in particular in relation to the agreeing to the nature of the works to be carried out in order to give effect to the intent of this Deed.

19.2 The parties acknowledge and agree that it is their objective to implement the necessary changes in land ownership and use and make the necessary variations to boundaries of certain land and to carry out the redevelopment in accordance with the Concept Plan. Both parties agree to act in good faith and to use their reasonable endeavours to achieve the outcome contemplated in the Concept Plan. Both parties agree to liaise closely with one another in relation to works programs, coordination of Practical Completion of the Connector Road and Practical Completion of the Etiria Development. In addition both parties agree to work closely to minimise as much as is practicable any disruption to users of the Hallett Cove Shopping Centre, the land subject to Strata Plan 10132 and neighbouring areas.

19.3 To enhance their ability to fulfil the co-operative objectives set out in this clause, the parties agree to meet within twelve (12) months of the opening of the Connector Road to discuss possible areas of collaboration in relation to the Hallett Cove Shopping Centre and Council's Development.

20. CONFIDENTIALITY

20.1 Each of the Council and Etiria agrees that it will not use any Confidential Information of the other party or allow any Confidential Information of the other party to be used for any purpose whatsoever, except for the purposes of and in the manner contemplated by this Deed, and agrees that it will:

20.1.1 keep confidential;

20.1.2 take reasonable steps to ensure that the party's officers and employees do not disclose to a third party;

20.1.3 maintain proper and secure custody of; and

20.1.4 not use or reproduce in any form,

any Confidential Information belonging to the other party.

- 20.2 The duty of confidence referred to in clause 20.1 will not extend to such of the Confidential Information as:
- 20.2.1 was known to the Receiving Party as at the date of this Deed otherwise than as a result of disclosure by the Disclosing Party;
 - 20.2.2 was in or becomes part of the public domain otherwise than as a result of a breach by the Receiving Party of its obligations under this Deed;
 - 20.2.3 is disclosed to the Receiving Party by any third party which does not owe any obligation to the Disclosing Party (directly or indirectly); or
 - 20.2.4 is required by law to be disclosed by the Receiving Party provided that the Receiving Party will immediately notify the Disclosing Party of any such requirement – if possible before making the disclosure.
- 20.3 The onus of proof of the matters referred to in clause 20.2 is on the Receiving Party.
- 20.4 Notwithstanding the provisions of clause 20.1 Confidential Information may be disclosed by the Receiving Party:
- 20.4.1 to employees, legal advisers, auditors and other consultants of a party requiring the information for the purposes of this Deed; or
 - 20.4.2 with the consent of the Disclosing Party, which consent may be given or withheld at the Disclosing Party's absolute discretion.
- 20.5 If the Receiving Party proposes to release or provide access to Confidential Information under clause 20.4.1, it will not do so until it has obtained from such employers, legal advisors, auditors or other consultants a written undertaking to keep that information confidential and not to release it to any other party.
- 20.6 The Freedom of Information Act 1991 (SA) ("**FOI Act**") gives members of the public rights to access Council documents. The FOI Act promotes openness in governance and accountability of government agencies and to achieve these objects confers on members of the public a legally enforceable right to be given access to documents, including deeds, held by the Council subject but not limited to such restrictions as are consistent with the public interest, commercial in confidence and/or the preservation of personal privacy in respect of those from whom information is collected and held by the Council and other public authorities.
- 20.7 For the purposes of the FOI Act, the following clauses, annexures, schedules and appendices of the Deed are confidential:
- 20.7.1 clause 1.2.9;
 - 20.7.2 clause 2.6;
 - 20.7.3 clause 5;
 - 20.7.4 clause 8; and
 - 20.7.5 clause 12.

20.8 Unauthorised disclosure of the confidential clauses and the subject matter contained therein constitutes a breach of a party's obligations under this Deed.

20.9 For the purposes of this clause:

20.9.1 "Confidential Information" means any information (in whatever form and whether recorded or not) which is:

20.9.1.1 designated as confidential;

20.9.1.2 confidential by its nature; or

20.9.1.3 disclosed or obtained in circumstances importing an obligation of confidence;

and specifically includes (but is not limited to) the information contained in clause 20.87.

20.9.2 "Disclosing Party" means a party who disclosed its Confidential Information under this Deed and "Receiving Party" means a party who receives Confidential Information under this Deed; and

20.9.3 "third party" means and includes all persons, including all consultants, agents, officers, directors and employees of a party.

21. PARTNERSHIP

Nothing contained in this Deed will be deemed or construed by the parties on or by any third party as creating a relationship of partnership or principal and agent or of joint venture between the parties.

22. ACKNOWLEDGEMENT

22.1 Council recognises that its current zoning provides that the Hallett Cove District Shopping Centre be the dominant retailing facility in the suburbs of Sheidow Park, Trott Park and Hallett Cove. As at the date of this Deed, it is Council's intention that the Hallett Cove District Shopping Centre remains as the highest order retail and commerce centre in the suburbs of Sheidow Park, Trott Park and Hallett Cove.

22.2 Nothing in clause 22.1 shall prevent the Council from:

22.2.1 responding to a plan amendment report proposed by the relevant Minister and contributing in accordance with its statutory duties and obligations to the Minister's proposal;

22.2.2 carrying out a periodic review of the existing Development Plan itself as required by the Development Act 1993 and including proposing amendments to such plan; or

22.2.3 carrying out any statutory or common law duties imposed upon it as a Local Government Authority, or where it acts as a relevant authority under the Development Act 1993, or as a relevant authority under any other statute.

- 22.3 Both parties acknowledge and agree that upon execution of the Deed all rights and liabilities of the parties under deed dated 2 December 2004 are discharged and neither party shall have a claim against the other arising from that deed.

EXECUTED as a Deed.

ETIRIA (NO 25) PTY LTD

EXECUTED by **ETIRIA (NO 25) PTY LTD** in)
accordance with the Corporations Act 2001:)
)

.....
Constantinos Makris
Sole Director and Sole Secretary

(Note: please affix common seal if required by the Company's Constitution)

OR

Signed by **JOHN DAVID BLUNT**)
of Level 6, 32 Grenfell Street, Adelaide SA 5000)
as attorney for **ETIRIA (NO 25) PTY LTD** in)
the presence of:)

ETIRIA (NO 25) PTY LTD by its
attorney

.....
Power of Attorney No. 10599636

.....
Signature of WITNESS - Signed in my)
presence by the ATTORNEY who is either)
personally known to me or has satisfied me as)
to his identity*)

Kathryn Patricia Innes.....
Print Full Name of Witness
32 Grenfell Street.....
Adelaide 5000.....
Address of Witness

Bus. Hours Telephone No: 8452800.....

OR

244576\PGF0851472.doc

OR

Signed by **JONATHAN CHARLES CLARKE**
of Level 5, 63 Pirie Street, Adelaide SA 5000
as attorney for **HALLETT COVE HOLDINGS**
PTY LTD in the presence of:

HALLETT COVE HOLDINGS
PTY LTD by its attorney

Power of Attorney No.

Signature of WITNESS - Signed in my
presence by the ATTORNEY who is either
personally known to me or has satisfied me as
to his identity*

Print Full Name of Witness

Address of Witness

Bus. Hours Telephone No.

THE CORPORATION OF THE CITY
OF MARION

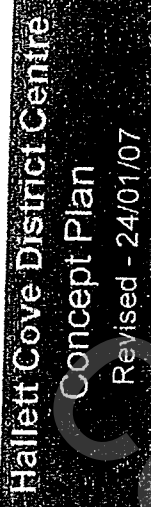
The **COMMON SEAL** of THE
CORPORATION OF THE CITY OF
MARION was hereunto affixed in the
presence of:



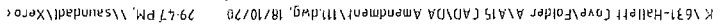
Mayor

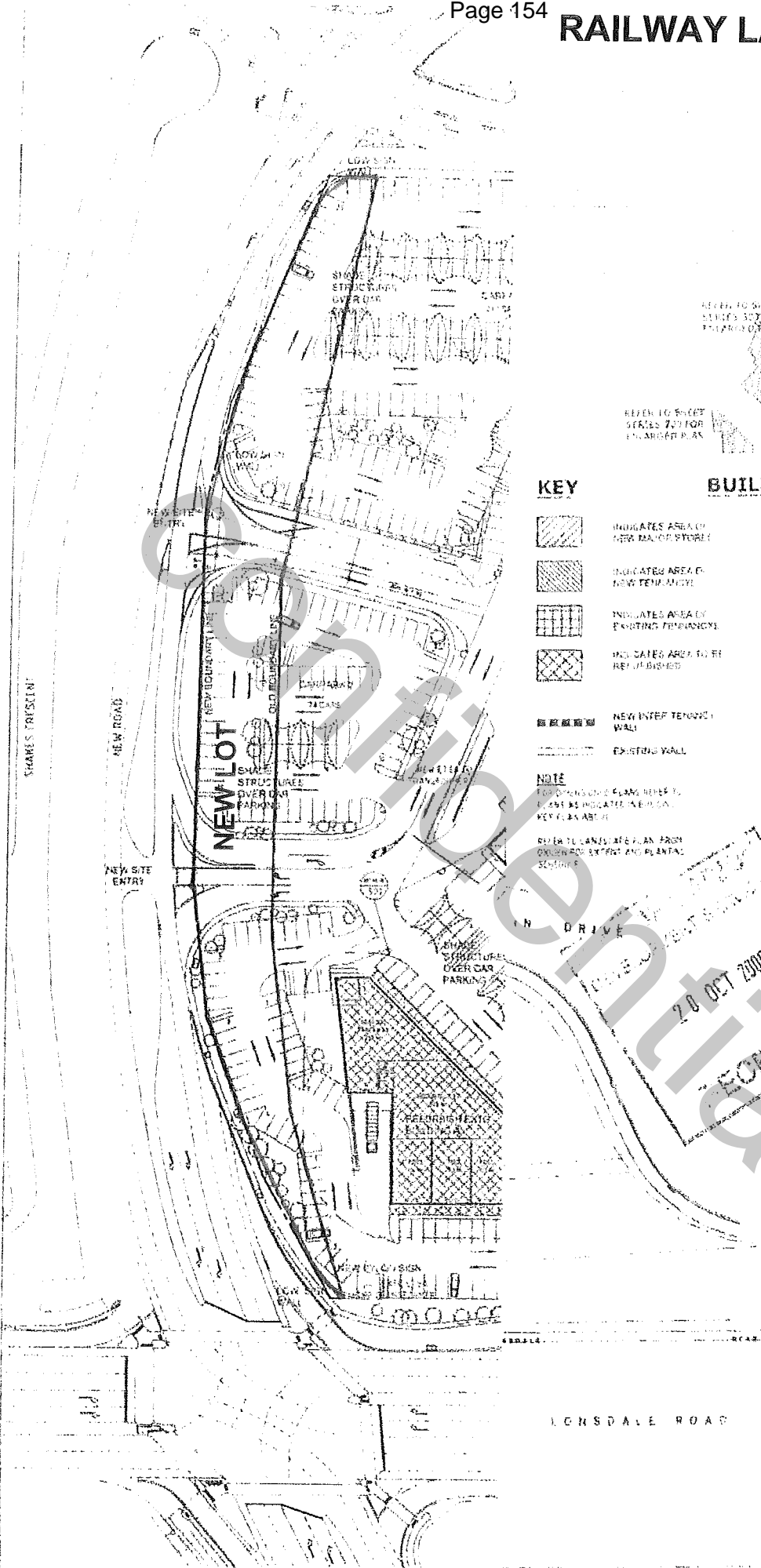
Chief Executive Officer

NATIONAL AUSTRALIA BANK LIMITED ACN 004 044 937 By its Attorney	CAROLIE FRANKA of 22-28 King William Street, ADELAIDE	Senior Relationship Manager In the State of South Australia P/A No. 7075481 In the presence of	(Witness Signature) Melanie Rose Foster (Print Full Name) 122 Via William St, Adelaide (Print Address) (Phone No.) 84076116
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Item	Code	Description	Unit	Price	Quantity	Total
1	31-01	General and administrative expenses		1.00	1	1.00
2	31-02	General and administrative expenses		1.00	1	1.00
3	31-03	General and administrative expenses		1.00	1	1.00
4	31-04	General and administrative expenses		1.00	1	1.00
5	31-05	General and administrative expenses		1.00	1	1.00
6	31-06	General and administrative expenses		1.00	1	1.00
7	31-07	General and administrative expenses		1.00	1	1.00
8	31-08	General and administrative expenses		1.00	1	1.00
9	31-09	General and administrative expenses		1.00	1	1.00
10	31-10	General and administrative expenses		1.00	1	1.00





ALLEN TO SUGGEST
SUGGEST BOX FOR
FUTURE OFFICE

1. 在 1980 年 12 月 1 日以前，
2. 在 1980 年 12 月 1 日以后，
3. 在 1980 年 12 月 1 日以后，

REF ID: A66756
SERIES 700 FOR
FBI LABORATORY

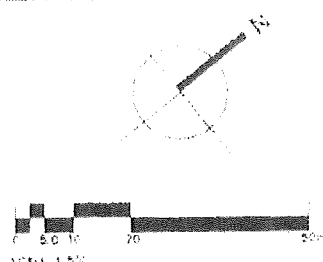
地址: 上海南京路 100 号
 电话: 23456789
 邮编: 200000

KEY

- | | |
|---|---------------------------------------|
|  | INDICATES AREA OF
NEW MAJOR STORES |
|  | INDICATES AREA OF
NEW TENANTS |
|  | INDICATES AREA OF
EXISTING TENANTS |
|  | INDICATES AREA TO BE
REDEVELOPED |

NEW INTER TENNIS WALL

BUILDING KEY PLAN



FOR D.A. ISSUE ONLY

TRAMP: 748: 27 C-448-27

Murray F. Young & Associates
101 Greenwich Ave.
Dulley
ADELPHI
SA 5061

TEL (58) 8172 6091 FAX (58) 8272 4528

Partnering Costs 104

Stuart Main & Associates
77 Grant Street
Madison, WI 53703

FAA (25) 6284 6153

The Makris Group

LEAD 6
32 GARDEN STREET
WELLS
BA 5400

LE 1051811 1332 524 1051812 1423



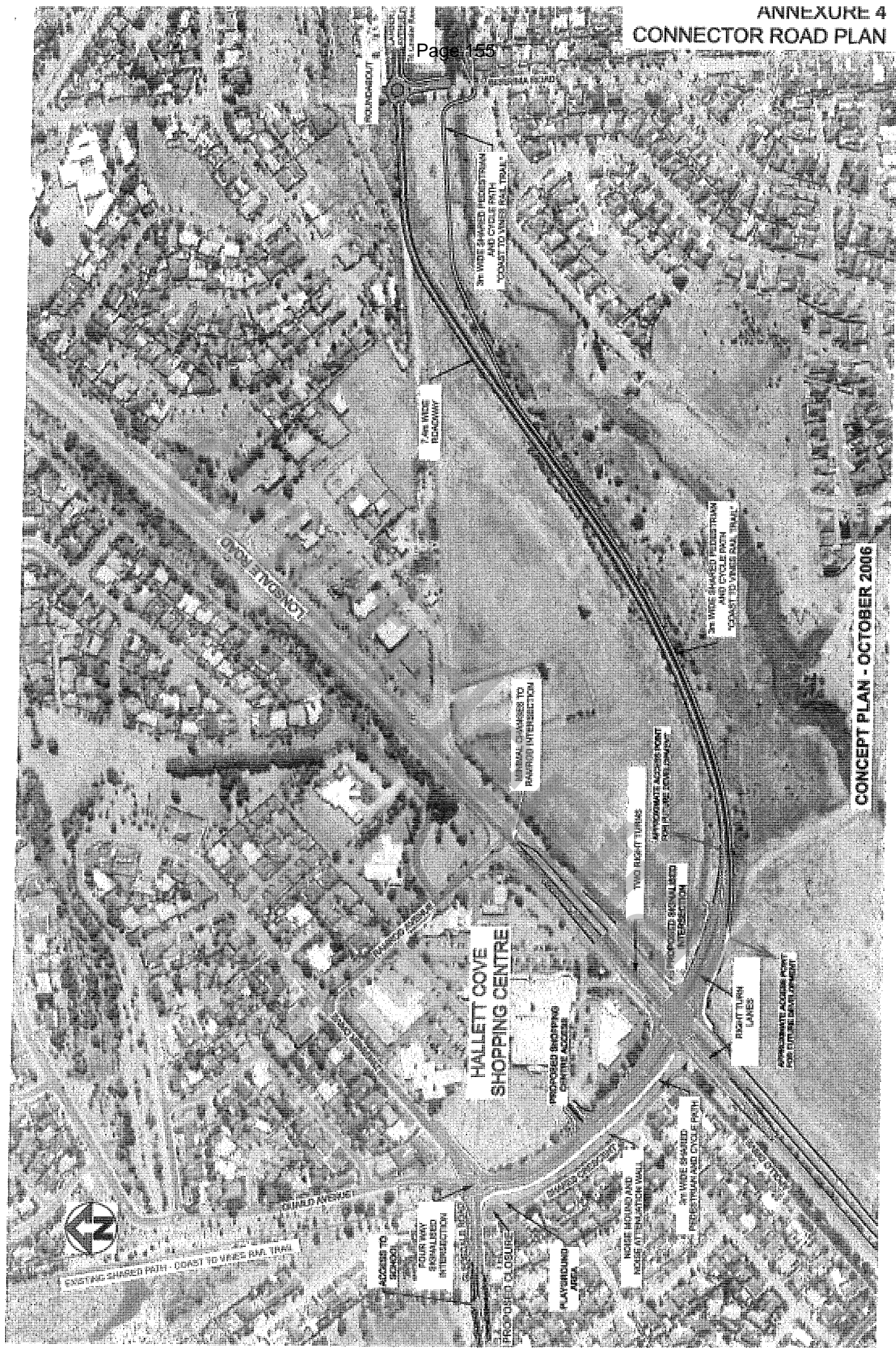
姓名: 王 强
 性别: 男
 年龄: 25
 籍贯: 山东
 学历: 本科
 专业: 计算机科学与技术
 毕业院校: 山东大学

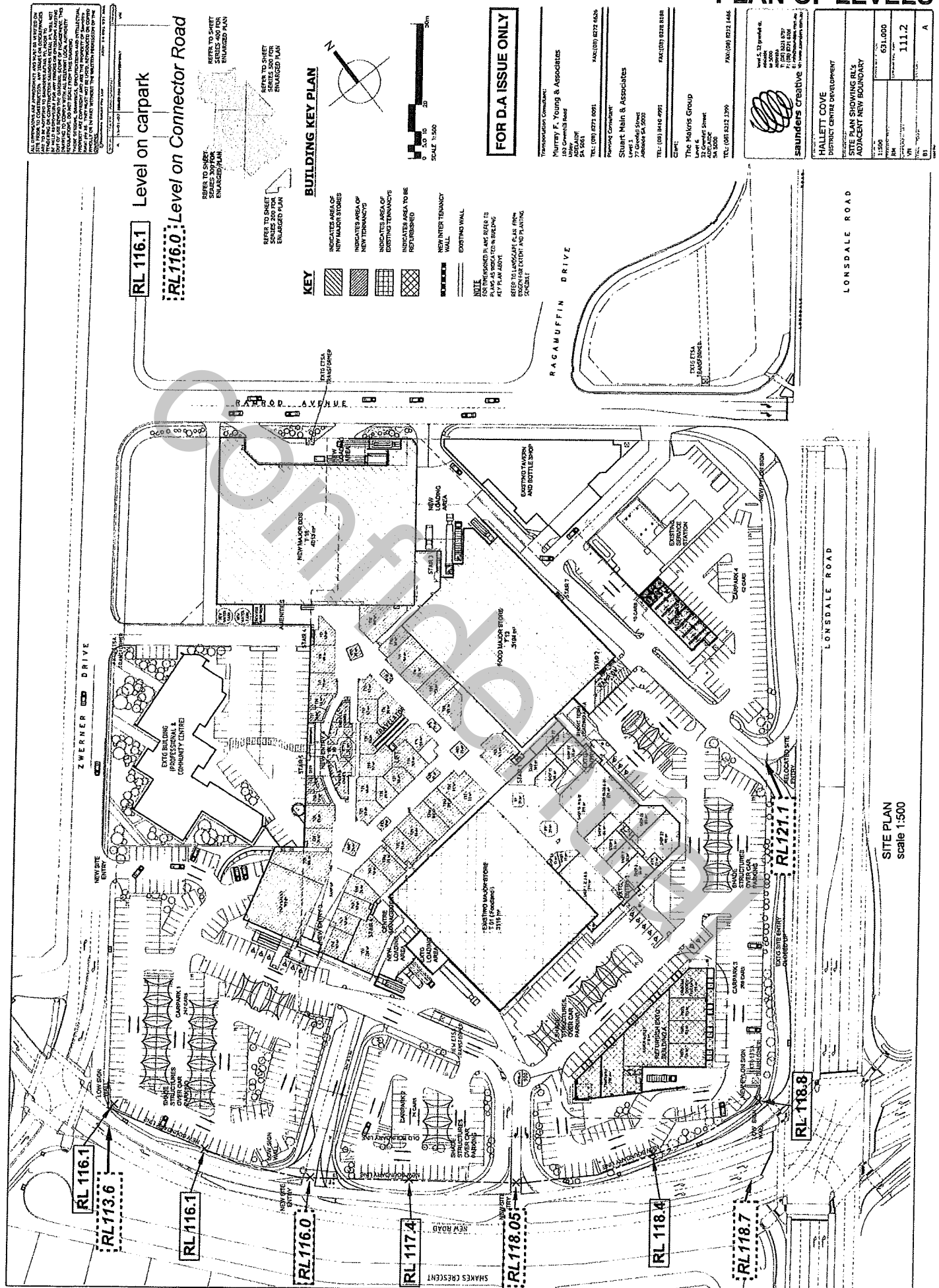
saunders creative

HAILETT COVE
DISTRICT CENTRE DEVELOPMENT

**SITE PLAN
NOTATIONS:**

1500	631.030
111	
Q	





EASEMENT RIGHTS OF WAY AND CAR PARKING

A free and unrestricted right of way and liberty at all times and from time to time for the Grantee and its servants agents contractors lessees licensees invitees customers visitors and other persons authorised by the Grantee and other persons claiming through the Grantee in common with the Grantor to pass and repass for all purposes and either with or without motor vehicles or other vehicles and to stand and park on that portion marked [**] in Filed Plan No. [**] for a maximum of 3 hours and to stand and park on that portion marked [**] in Filed Plan No. [**] for an unlimited time. Being portion of the land comprised in Certificates of Title Register Books Volume [**] Folio [**] and Volume [**] Folios [**] and [**], comprising seventy (70) car parks including at least 3 spaces for people with disabilities (the **"Carparking Areas"**).

AND IT IS HEREBY AGREED BY THE GRANTOR AND THE GRANTEE that in the event that the Grantor wishes to redevelop the whole or any part of the land (including any buildings thereon) on which the Carparking Areas are situated which development results in the diminution of the Carparking Areas, then the following conditions shall apply:

1. The Grantee shall consent to the extinguishment of all or part of the rights in relation to the Carparking Areas as is necessary to carry out such redevelopment;
2. The Grantor shall grant to the Grantee rights similar to those contained herein over further land which similar rights may include (but are not limited to) rights to stand and park motor vehicles on the upper levels of a decked carpark and shall ensure that the number of carparking areas made available to the Grantee are not less than the Carparking Areas (the **"New Carparking Area"**);
3. The Grantee's consent given pursuant to clause 1 of this instrument is subject to and conditional upon the Grantor applying for and obtaining the approval of the Development Assessment Commission to the variation of the Grantee's development application made in relation to the land contained in Certificate of Title Register Book Volume [**] Folio [**] (the **"Grantee's Land"**) and to the relevant authority consenting generally to the location, dimensions, number, layout and design of the New Carparking Areas;
4. The Grantor shall pay all costs and expense associate with:
 - 4.1 the application made to the Development Assessment Commission; and
 - 4.2 the amendment and variation of the Grantee's development application
 - 4.3 referred to in clause 3 of this instrument;
5. If for whatever reason the Grantor is unable to obtain approval of the Development Assessment Commission as required by clause 3 of this instrument, then the Grantor shall not extinguish or in any way alter the rights of the Grantee in relation to the Carparking Areas or otherwise seek to relocate the Carparking Areas and clauses 6 and 7 of this instrument shall not apply;
6. Where the Grantor is successful in obtaining the approval of the Development Assessment Commission as required by clause 3 of this instrument, the Grantor shall ensure that all the New Carparking Areas are accessible at all times, are not situated more than 100 metre radius from the closest access point to the Grantee's Land except that the requisite number of spaces for people with disabilities shall be within

25 metres of the closest point of access to the Grantee's land and be as direct as possible and be open at all times;

7. The conditions in clause 6 of this instrument or such other conditions agreed to by the Grantee shall apply to any temporary parking arrangements made to facilitate the development;
8. Both the Grantor and the Grantee shall execute all further documentation necessary to give effect to the foregoing provisions;
9. All reasonable costs incurred by the Grantee in complying with any request pursuant to the foregoing provisions shall be paid by the Grantor.

AND IT IS HEREBY AGREED BY THE GRANTOR AND THE GRANTEE that the Grantor will undertake in a timely manner all necessary maintenance of the Carparking Areas

Confidential