Confidentiality order revoked under CEO delegation 21/11/2024

Future Land Strategy: City Services Surplus Land

Originating Officer Project Manager Strategic Projects - Carla Zub

Corporate Manager Manager City Activation - Greg Salmon

General Manager General Manager City Development - Ilia Houridis

Report Reference SGC191125F02

Confidential

☑

Confidential Motion

That pursuant to Section 90(2) and (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, Ilia Houridis, Tony Lines, Sorana Dinmore, Kate McKenzie, Greg Salmon, Carla Zub, Clare Benn, Craig Clarke and Victoria Moritz, be excluded from the meeting as the Council receives and considers information relating to the report Future Land Strategy - City Services Surplus Land, 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 relating to matters pertaining to commercial operations of a confidential nature, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information and could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or prejudice the commercial position of the council.

REPORT OBJECTIVE

The objective of this report is for Council to consider alternative uses and ownership arrangements for the surplus land north of the City Services (the Land), given its prominent location and underutilisation; and to seek direction of the future strategy for the site.

EXECUTIVE SUMMARY

The Land is owned by the City of Marion and is currently leased on a monthly tenancy. This prominent site is underutilised and has historically been the subject to enquiries from private developers with a view to its development for more intense retail space (bulky goods), which is consistent with the types of development envisaged in the Development Plan for the site.

Assessment of the site concludes that there are multiple strategic options for Council to consider for the long term use of the site:

1. Do nothing – Retain the site within its land portfolio
2. Land is identified for specific community use by Council
3. Sell the land with vacant possession
4. Recognise the economic benefit of the site:
    - explore medium to long term lease options through market soundings or expressions of interest; or
    - redeveloping the site as a bulky goods tenancy and lease the asset to private retailer on a long term lease generating an income; or
    - redeveloping the site as a bulky goods tenancy with a long term tenant and sell the property to a new owner.

CITY OF MARION

The preliminary outcomes of the assessment is that the highest and best use for the site is redevelopment as a bulky good facility. A redevelopment would require Council investment and has the potential to provide Council with an alternative income stream to offset future developments.

Council could otherwise subdivide the land and sell it as a development site with a market value of $4.15 million. There has been interest in the site by developers and adjoining property owners.

The site is able to be leased or sold to the private sector on the provision that market value is recognised as required under the Local Government Act 1999.

This report provides Council with a number of options for surplus land at the rear of City Services for its consideration and direction. It considers potential of the Land within the open market should Council wish to sell or redevelop the site.

RECOMMENDATION

That Council:

1. **Notes the report outlining options for the surplus City Services land (the Land) being the northern 7,539m2 portion of the land contained within Certification of Title Volume 5494 Folio 674.**

2. **Authorises Administration to facilitate a specific community outcome for the Land.**

OR

3. **Retains the Land within its portfolio.**

OR

4. **Authorises Administration to subdivide the Land from the City Services site and undertake an open market call for the purchase of the Land. Funds up to $70,000 are committed through the next budget review to achieve subdivision and sale of land. The CEO is authorised to enter into a contract for the sale of the land provided the best offer is equal to or greater than $4.15 million.**

OR

5. **Authorises Administration to undertake detailed investigations and financial analysis of the opportunities to test market interest for medium to long term lease of the site as currently presented or through redevelopment of the Land; and notes that the outcomes and recommendations from the investigations and financial analysis will be brought for Council's consideration in April 2020.**

6. **In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report including resolution and attachments, Future Land Strategy: City Services Surplus Land, having been considered in confidence under Section 90(2) and (3)(b) and (d) of the Act, 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 2019.**

GENERAL ANALYSIS

BACKGROUND

Site Details:

The Land comprising Certificate of Title 5494/674, located at 935 Marion Road, Mitchell Park is owned by the City of Marion (refer to Attachment One for further information about the Land).

The former depot activities were accommodated on a site of some 28,860sqm. As part of undertaking the City Services redevelopment in 2014/15 a target was set to reduce the site area by 7,000sqm. On completion of the redevelopment the area of surplus land achieved was 7,539sqm.

The site is not designated as Community Land in accordance with the provisions of Section 193 of the Local Government Act 1999.

Prior to any future disposal of the Land, the portion of land would be required to be subdivided from the City Services depot site. Council would seek to retain the significant trees on the site as part of the road reserve.

Current Lease Arrangements and Use:

Altus Traffic previously held a 12 month licence to use fifteen car parks on the land at a monthly rental of $518.13 plus GST. This licence is now under a monthly tenancy arrangement and can be terminated with one month notice to the lessee.

The land is also used by City of Marion for storage of pipes and some vehicles. These items could be stored at the Southern Depot.

DISCUSSION

Since the redevelopment of the City Services depot, the Land has been underutilised and leased on short term tenancies to enable Council to consider its future long term use.

Administration has undertaken a high level analysis and considers that Council is presented with various options for the Land:

1. Do nothing – Retain the site within its land portfolio
2. Land is identified for a specific community use by Council
3. Sell the land with vacant possession.
4. Recognise the economic benefit of the site:
   - Council to redevelop the site as a bulky goods tenancy and lease the asset to private retailer on a long term lease generating an income for Council; or
   - Council to redevelop the site as a bulky goods tenancy with a long term tenant and sell the property to a new owner.

Summarised below are the opportunities for each of the options:

1. Do Nothing – Retain the land within Council's asset portfolio

The Land currently provides Council with a low income stream and an overflow storage space for equipment from City Services.

The retention of the land will continue to provide Council with an opportunity to bank the land until it identifies a preferred use for it (i.e. expansion of City Services) or requires the value of recognised on the open market to provide additional funding source for a Council lead project or program. It should be noted that City Services was not designed for future expansion onto the Land and internal investigations show significant challenges in doing so due to heavy vehicle access and movement through the site.

2. Land is identified for specific community use by Council

In recent times, Council has discussed the potential opportunities for the Land to be developed to provide a benefit to the broader community. This could include recreational or a mix-use facility such as courts or skating area to activate the Land.

Through the direction of Council, Administration could facilitate an expression of interest to its Clubs and the community to understand that potential community facilities that could be delivered on the Land.

It should be noted that the Land is not designated as Community Land and community recreational development is not within the zoning guidelines for this Land.

3. Sell the land with vacant possession

The site over the years has been of particular interest to private developers and adjoining property owners due to its high exposure on Marion Road and proximity to the bulky goods precinct. Should the site be presented to the open market for sale, it is likely that it would attract a high level of interest.

Commercial property firm Jones Lang LaSalle, has determined that the value of the Land with vacant possession is $4.15 million plus GST.

Should Council decide that the land is surplus to its requirements, the following would need to occur prior it being made available to the open market:

- Subdivision of land from the existing City Services Site (survey and legal costs would be incurred);
- New utility connections;
- Relocation of the Bureau of Metrology weather station;
- Extension of the road reserve to include the significant trees on Marion Road; and
- Engagement of a commercial agent to facilitate the sale.

It is estimated that the fees and charges outlined above would be in the order of $70,000 plus GST.

The disposal of the Land would be in accordance with the City of Marion's Disposal of Assets policy.

4. Recognise the economic benefit of the Land

To recognise the potential economic benefit of the Land, a high level assessment was prepared by Administration. The assessment identified that the likely future use of the site would be construction of a bulky goods facility of approximately 4,500sqm and onsite car parking (see Appendix 1). Similar to surrounding developments such as Harvey Norman, the Good Guys and other bulky good retail tenancies. Adjacent property owners and developers have previously expressed an interest in the site for a future redevelopment of this nature.

A commercial development or such as bulky goods development is in accordance with the Industry Zone under the Development Plan.

To understand the value of the Land if it was redeveloped, in October 2019, Administration engaged Jones Lang LaSalle (JLL) to prepare a valuation that considers its future use (refer to Attachment Two for a copy of the full valuation report):

Option	**Value as at 1 November 2019**
A. Bulky goods redevelopment by Council and leased to bulky goods retailer on a long term lease arrangement	$900,000 per annum gross
B. Fair market value of the property if redeveloped with the long term bulky goods retailer (long term lease of 10+5+5 years)	$9.95 million plus GST

Based on the valuation, should Council decide to redevelop the land, it has the potential to generate an income of $900,000 per annum by leasing the space to a bulky goods retailer. This would provide Council with an alternative income stream, other than the collection of rates and could potentially offset the costs of future projects or programs being delivered by Council.

CITY OF MARION

Should Council wish to proceed with a redevelopment, Administration would engage an expert to prepare concept designs and detailed financial analysis. This analysis would provide Council with costs associated in constructing a new bulky goods facility and rate of return on the investment over both of the life of the asset and if sold on the open market.

Section 46 (1) of the Local Government Act 1999 states: A council may in the performance of its functions and subject to this Act engage in a commercial activity or enterprise (a commercial project).

Provided Council conducts a development of this nature within it's procurement policies ensuring prudent expenditure of public money and competitive tendering and contracting, it is operating within the Local Government Act 1999.

Within this option would also be the opportunity to test market interest in the site, which may bring forward lease options with a smaller investing capital impact and a lower annual return through lease.

Highest and Best Use of the Land

The valuation considers the highest and best use as defined by the International Valuation Standards Council and endorsed by the Australian Property Institute, which is:

“the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.”

Taking into consideration site’s land size, built improvement, classification and the potential to lease the site, JLL advises that the highest and best use is the proposed development of a bulky good retail facility.

Opportunities of Each Option

Summarised below are the key opportunities/ benefits and potential risks to Council of seeking in developing the land:

Option One: Do Nothing - Council to Retain Surplus Land

Benefits	Risks/Costs
• Potential for Council to use the land for a future development. • Potential for Council to use the land for expansion of City Services noting this expansion was not planned for and has challenges. • Asset remains on Council’s balance sheet.	• Unrealised potential value of the Land for investment in other initiatives. • Unrealised economic benefits of developing site for retail opportunities, job creation and additional rate income.

Option Two: Land is identified for specific community use by Council

Benefits	Risks/Costs
• Activation of the Land for the benefit of broader community. • Asset remains on Council’s balance sheet.	• Loss of potential value of site for investment in other initiatives.

Option Three – Sell the land with vacant possession

Benefits	**Risks/ Costs**
• Generate estimated $4 million for Council outside of rates. • Potential for future development of the site to activate a vacant site, generate jobs, and contribute rates. • No risk to Council developing the land or seeking a tenant for the property.	• Site is no longer available for another use. • Have not realised potential maximum value of site by taking on development risk.

Option Four (a)– Council to undertake a bulky good redevelopment of the site and lease to a long term tenant
Note: benefits and risks will be fully detailed for consideration if Council endorses investigation of these development options.

Benefits	**Risks/Costs**
• Asset remains on the Council's balance sheet generating an ongoing income for Council outside of rates. • Maximise the use of an underutilised site • Potential for future development of the site to activate a vacant site, generate jobs, and contribute rates.	• Site is no longer available for another use. • Council takes on risk if tenant terminates lease and another suitable tenant cannot be found. • Council takes on development risk such as cost overruns.

Option Four (b)– Council to sell the redeveloped site with long term tenant to an investor

Benefits	Risks/Costs
• Generate potential $5.5 million for Council outside of rate payers (revenue to be confirmed through detailed analysis if option endorsed). • Maximise the use of an underutilised site • Potential for future development of the site to activate a vacant site, generate jobs, and contribute rates. • Sale of the development would remove Council's liability of depreciation and long term risk of the site becoming vacant should the tenant decide to terminate its lease or liquidate.	• Site is no longer available for another use. • Council takes on risk if tenant terminates lease and another suitable tenant cannot be found before sale. • Council takes on development risk such as cost overruns. • Overall development sells for less than estimated value.

CONCLUSION

The Land is currently underutilised and presents Council with the opportunity to realise it's full potential for a specific community use or through a competitive open market process to redevelop or sell as a development site.

Attachment

#	Attachment	Type
1	Property Details - City Services Surplus Land	PDF File
2	Valuation Report - City Services Surplus Land	PDF File

City Services Surplus Land

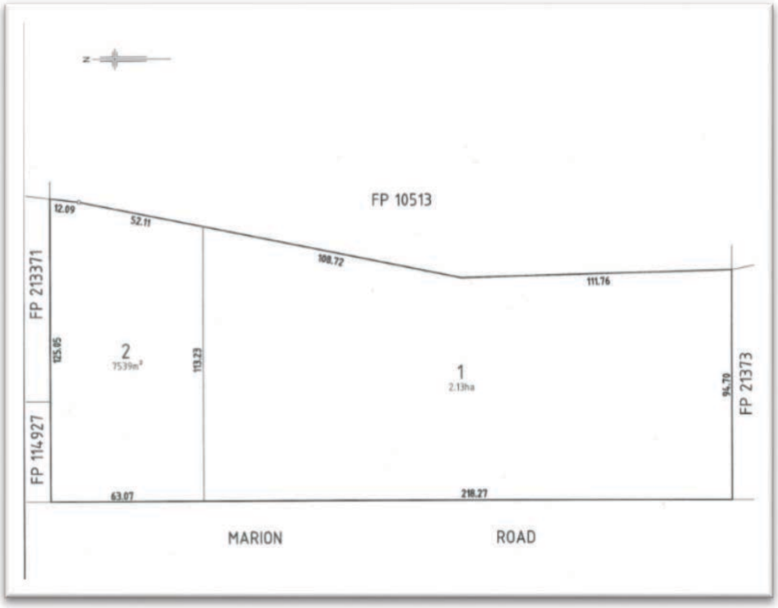
Address: Portion of the land at 935 Marion Road Mitchell Park

Portion of Certificate of Title: Volume 5494 Folio 674 (Appendix 1)

Land Description: 7,539 m2 of land being portion of Lot 100 in Filed Plan 10513

Registered Proprietor: The Corporation of the City of Marion

City Services Surplus Land



General Information

Name of the site:	City Services Surplus Land
Type of tenure:	Freehold
Approximate area of land:	7,539 m^2
Buildings and other structures on the land:	Vacant land
Encumbrances noted on the Certificate of Title:	Nil
Pending items known to Council:	Nil
Together with / Subject to easements:	Nil
Known encroachments:	FP 10513 (dated 1980) shows that the western fence is 7.66 m off the boundary and that the eastern fence is 0.17m off the boundary (Appendix 2)

Trusts, Dedications or Restrictions on the Land

None that Council is presently aware of. Investigations into how the acquisition was funded have not been made.

Ownership History

The portion of land outlined in red in FP 10513 (Appendix 2) was purchased from the SA Housing Trust in January 1962 for 1,000 pounds. The value of the land was declared to be not more than 7,000 pounds.

The portion of land outlined in green in FP 10513 was purchased from the Minister of Water Resources in October 1980 for no monetary consideration. The value of the land was declared to be less than $1,900.

City Services Surplus Land

Contours

The plan below shows the gradient of the land.

Dial Before You Dig

A dial before you dig search indicates that there are Telstra cables over the land and that the iFibre cables to the redeveloped site may traverse over the land.

All other services were disconnected as part of the City Services Redevelopment Project except as follows:

- There is a water service to the old nursery site from the City Services site
- There is a Bureau of Meteorology Weather Station on the surplus land with a cable that runs through to the SA Water land and terminates before the Sturt River Channel.

Drainage and other Council Infrastructure on the Land

There is a Gross Pollutant Trap on the land.

Council's records indicate that there is no other Council owed infrastructure on this land.

Services Available

Water connection:	No independent service – see note under "Dial Before You Dig"
Water meter:	No
Sewer connection:	No

City Services Surplus Land

Valuation

Council's Valuers, Maloneys, have listed the land value in 2015 as below:

ASSET CLASS	CERTIFICATE OF TITLE	ASSET SIZE SQM	VALUATION BASIS	VALUATION ASSUMPTIO N	2015 AASB116 VALUE	GENERAL DESCRIPTION
Land	CT 5494/674	28,860	Market Approach	Highest and best use	$10,389,600 (note: the value in March 2016 was $11,111,100)	Irregular shaped allotment with frontage to Marion Road. The new City Services compound occupies approximately 21,300sqm of the site with the northern section being approximately 7,560sqm being fenced off, and comprising the old nursery area and a leased car park.

The Valuer General's assessment number is 1004585004.

The Valuer General's site value is listed at $11,100,000 for 28,800 m^2. This equates to $2,903,438 for 7,539 m^2.

Note: the Valuer General's value in March 2016 was $7,350,000 for 28,800 m^2.

A Valuation undertaken by Savills in June 2015 estimated that:

- The current market value was $3,600,000 and
- The ground lease rental was $216,000 p.a. net

Contamination

Council's records indicate that the land is contaminated. An extract from the Contaminated Land Register is attached (Appendix 3).

MI_Key	Address	Affectation	Description	Date Applied	pcl num
22782	935 Marion RD - MITCHELL PARK	CSB	Contam	15/03/1999 12:00:00 AM	5803
22782	935 Marion RD - MITCHELL PARK	Known Contamination	Cont/K	17/08/2011 12:00:00 AM	5803
22782	935 Marion RD - MITCHELL PARK	CSB Potential Contamination Yes	Fill	15/03/1999 12:00:00 AM	5803

Further information can be obtained if required, from the Environment Protection Authority.

It is recommended that a contamination report is obtained from a suitably qualified professional before the land is sold or leased.

Heritage Listing

The land is not on the South Australian Government Heritage Places Database.

Aboriginal Heritage & Native Title

A Desktop Indigenous Cultural Heritage Assessment for the adjacent City Services redevelopment site was undertaken in August 2011. The report concluded that there were no listed Aboriginal heritage places within the redevelopment site. It should be noted that an Aboriginal heritage site was once listed for the specific area; although this site no longer exists. It is still possible that Aboriginal sites may be discovered during site construction.

City Services Surplus Land

Land Use / Zoning

Land use: Local Government - Depot

Zoned: Industry

It is likely that Development Approval is required for a change of land use.

Trees

The trees along the western boundary on Marion Road are "Significant" and fall within the title boundary.

Current use / Lease

Altus Traffic had a 12 month licence to use fifteen car parks on the land at a monthly rental of $518.13 p.us GST. This licence is now under a monthly tenancy arrangement.

The land is being used for temporary storage by Civil Services.

Community Land

The land was excluded from the Community Land Classification pursuant to the Local Government Act (GC260302R901).

Sale of the Land

The land is not classified as Community Land and a sale of the land is not subject to the provisions of Section 194 of the Local Government Act of the Local Government Act (Revocation of Classification of Land as Community Land).

If the land is to be sold, the area to be sold must be divided from the remainder of the land by way of a land division.

If the land is to be leased for a term of greater than six years including any right of renewal, approval by the Minister of Planning is required (refer to Section 32 of the Development Act).

Council Policies

A lease of the asset or portion thereof, must be in accordance with Council's Leasing/Licensing of Council Owned Facilities Policy.

A sale of the asset must be in accordance with Disposal of Land and Assets Policy.

Disclaimer

Any purchaser or prospective purchaser of the land cannot rely on the information provided by the City of Marion and will need to make their own investigations.

City Services Surplus Land

Appendix 1

Certificate of Title Volume 5494 Folio 674

Title Register Search

LANDS TITLES OFFICE, ADELAIDE

For a Certificate of Title issued pursuant to the Real Property Act 1886

REGISTER SEARCH OF CERTIFICATE OF TITLE * VOLUME 5494 FOLIO 674 *

COST : $26.50 (GST exempt)
REGION : EMAIL
AGENT : LCM9P BOX NO : 000
SEARCHED ON : 27/10/2014 AT : 15:38:21
CLIENT REF 3400

PARENT TITLE : CT 4170/413
AUTHORITY : CONVERTED TITLE
DATE OF ISSUE : 21/01/1998
EDITION : 1

REGISTERED PROPRIETOR IN FEE SIMPLE

THE CORPORATION OF THE CITY OF MARION OF PO BOX 21 OAKLANDS PARK SA 5046

DESCRIPTION OF LAND

ALLOTMENT 100 FILED PLAN 10513
IN THE AREA NAMED MITCHELL PARK
HUNDRED OF NOARLUNGA

EASEMENTS

NIL

SCHEDULE OF ENDORSEMENTS

NIL

NOTATIONS

DOCUMENTS AFFECTING THIS TITLE

NIL

REGISTRAR-GENERAL'S NOTES

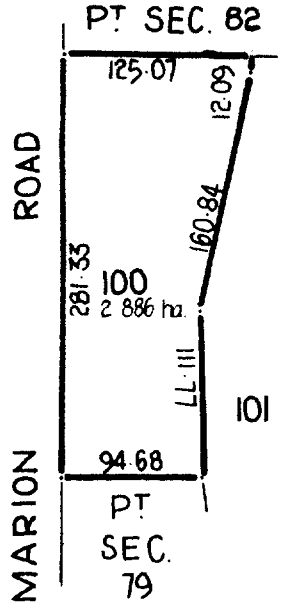
CONVERTED TITLE-WITH NEXT DEALING LODGE CT 4170/413

END OF TEXT.

LANDS TITLES OFFICE ADELAIDE SOUTH AUSTRALIA

DIAGRAM FOR CERTIFICATE OF TITLE VOLUME 5494 FOLIO 674

SEARCH DATE : 27/10/2014 TIME: 15:38:21



0 50 100 150 200 Metres

Appendix 2

FP 10513

FILED PLAN NUMBER

FP 10513

Page 17

ACCEPTED FOR FILING

pro Registrar-General 4/6/1980

Reference Map No.

COUNCIL City of Marion

THIS IS SHEET 1 OF 1 SHEETS

X2060

PLAN OF LAND DIVISION AND CONSOLIDATION OF PARCELS

HUNDRED OF NOARLUNGA

PART SECTION 79

Part Allotment 27 in D.P. 7821

In the area named

MITCHELL PARK

SCALE

METRES 0 50 100 150 METRES

Permanent Marks to Surveyor General's specifications shown thus ▣ P.M.

Data copied from L.T.O. 8-283 shown thus (308.66)

Data converted from titles shown thus 134.93

Lot 101 subject to the right over the portions of A reserved to Henry Johnson of all timber and timber like trees which are now growing or which at anytime hereafter shall grow in or upon that portion of the Sturt River formerly comprised in Certificate of Title Vol. 385 Folio 133.

C.T. 5042/37 City of Marion

C.T. 4155/771 Minister of Water Resources

C.T. 3763/47
C.T. 3819/133
C.T. 3965/189
C.T. 4057/243
Minister of Works

Survey Reference C79 161

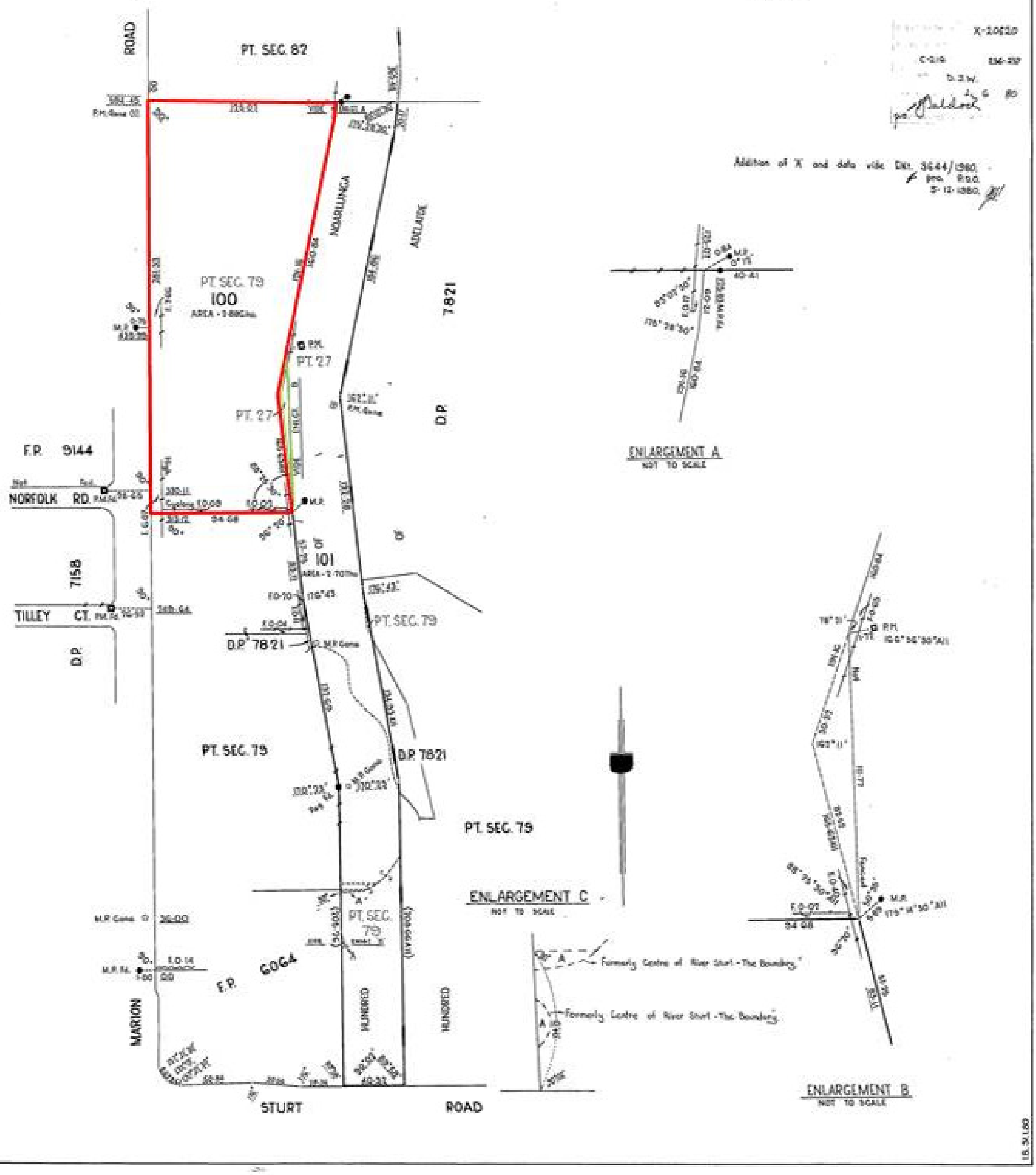
Docket: E.W.S. 7043/79

F.B. 13/79

X-20620

D.S.W.

Addition of 'A' and data vide Dkt. 3644/1980.
pro. R.G.O.
5-12-1980.



F.B. 31.1.80

Appendix 3

Extract from the

Contaminated land Register

Site Assessment Nursery Site

9 Aug 2000 - IT Environmental (Australia) Pty Ltd - Site Assessment Recycling Depot –

9 Aug 2000 - IT Environmental (Australia) Pty Ltd - Site Assessment Operations Depot –

9 Aug 2000 - IT Environmental (Australia) Pty Ltd - Audit Report Recycling Depot

4 Oct 2000 - BC Tonkin (Adrian Hall) - Result Site Suitable for Commercial Use- Location Records REP/0237 Audit Report Nursery Depot –

4 Oct 2000 - BC Tonkin (Adrian Hall) - Result Site Suitable for Commercial Use - Audit Report Operations Depot –

4 Oct 2000 - BC Tonkin (Adrian Hall) - Result Site Not Suitable for Commercial Use further investigation and remediation required

13/10/2000 - Letter to John Dunsford EPA from C.Kavanagh Coordinator Environmental Health Ground Water Monitoring Report

21 June 2002- IT Environmental (Australia) Pty Ltd - Hydrocarbons continue to impact soil. Draft Soil Remediation Additional ESA report Post UST Removal

9 July 2003 - IT Environmental (Australia) Pty Ltd - Analytical Report

2 May 2003 - Amdel - Location Contract Engineer Draft Environmental Management Plan - Removal of underground tanks, soil remediation and tank pit validation

16 Dec 2002- IT Environmental (Australia) Pty Ltd- provides details on the management of potential impacts during remediation works at the Marion Depot.

20 Dec 2002- IT Environmental (Australia) Pty Ltd - provides details on the management of potential impacts during remediation works at the Marion Depot.

7 May 2001- IT Environmental (Australia) Pty Ltd- The results of this groundwater investigation confirm that residual petroleum hydrocarbon impact to groundwater below the operations depot area has increased slightly since the previous investigation.

21 Jun 2002 - IT Environmental (Australia) Pty Ltd - The results suggest that residual petroleum hydrocarbon impact to groundwater beneath has increased slightly in the immediate area but has decreased or remained stable elsewhere since the previous investigation. Groundwater contamination does not appear to have significantly altered since the previous sampling round in February 2001

30 Oct 2003 - IT Environmental (Australia) Pty Ltd - Given the removal of the underground storage tanks, the removal of the petroleum hydrocarbon impacted soils and the observed biodegradation potential identified within groundwater beneath the site, factors such as biodegradation, sorption and dispersion are expected to effectively limit the rate of plume migration beneath the site

JLL | Achieve Ambitions

Report prepared for City of Marion for Internal Decision Making purposes only.

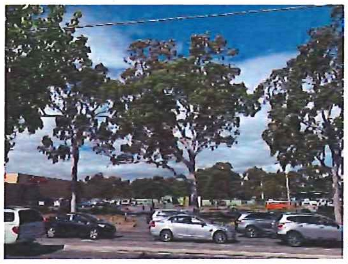
Proposed Allotment 2, 935 Marion Road, Mitchell Park, SA

1 November 2019

Job Number: 15678

Valuation Report

Executive Summary



The Property is located approximately 12 kilometres south west of the Adelaide Central Business District on the eastern side of Marion Road, a major, north-south transport corridor.

As at the date of valuation, the Property forms part of a larger development. Portion of this parent title is proposed to be subdivided, which forms the Property 'As If Complete', currently comprising bitumen car parking area and various miscellaneous built improvements (considered to have little to no added value).

The proposed allotment is further proposed to be developed with a single tenanted bulky goods facility.

We have not been provided with any plans and building specifications relating to the bulky goods facility, and have made our assessment of the proposed development based upon the limited information provided to us, being a modern bulky goods structure in line with properties considered to be of a comparable nature, further detailed herein.

Valuation

Address	Proposed Allotment 2, 935 Marion Road, Mitchell Park, SA
Prepared For	This valuation has been prepared for City of Marion *(Reliant Party).*
Reliant Parties	City of Marion for Internal Decision Making purposes only
Valuation Purpose	Internal Decision Making.
Date of Valuation	1 November 2019.
Inspection Date	17 October 2019.
Interest Valued	100% Freehold Interest.
Basis of Valuation	Market Value 'As If Complete' subject to the proposed subdivision (vacant land); Market Value 'As If Complete' subject to the proposed subdivision and the proposed development; and Market Rental Value "As If Complete' subject to the proposed subdivision and the proposed development.
Valuation Approaches	Capitalisation of Net Income and Direct Comparison Approaches

Valuer/s

Jones Lang LaSalle Advisory Services Pty Ltd

Rebecca McCrea
(Valuer)
Associate
Valuation Advisory – SA & NT
Certified Practising Valuer
(API Member: 73340)

Adrian Burg
(Counter Signature)
Local Director
Valuation Advisory – SA & NT

Date of Issuance: 25 October 2019
Job Number: 15678

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 Rebecca McCrea. The Co-Signing Director, Adrian Burg, verifies that the report is genuine and endorsed by JLL. However, Adrian Burg has not 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.

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.

Critical Assumptions, Conditions & Limitations

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

Verifiable Assumptions

Market Movement

- 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 and the following statement, we do not assume any responsibility or accept any liability for losses arising from such subsequent changes in value 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.
- This report is relevant at date of valuation 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 90 days after the date of this report, you consult the Valuer.

Information

- We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. JLL accepts no liability for any inaccuracies contained in the information provided by the Instructing Party 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.
- 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.
- 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.

Certificate of Title

- We have considered any dealings on the Certificate(s) of Title in arriving at our opinion of value and assume good and marketable title. For a detailed summary of the dealings noted on the Title and in this report, we refer you to the Title Search(s) or Certificate(s) of Title annexed.
- We have not fully searched the notifications on title and our valuation assumes good and marketable title and 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 Title Search(s) or Certificate of Title.

Site

- We have relied on the land dimensions and areas as provided on the Registered/Survey Plan or Certificate of Title(s), as searched and annexed. 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. JLL accepts no responsibility if any of the land dimensions or the area shown on title is found to be incorrect.
- As the building improvements appear to lie within the title boundaries, it is unlikely that any encroachments would exist. A Licensed Surveyor would need to confirm that the building improvements lie on or within the title curtilage. This valuation is made on the assumption that there are no encroachments by or upon the Property.
- Our valuation assumes that there are no archaeological entitlements with the land holding.
- Our valuation also assumes that the Property is not affected by any road alteration or resumption proposals.

Native Title

- 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 centre. If any Native Title Claim issues are found to relate to the centre, we reserve the right to review our valuation.

Asbestos

- Other than stated within this report, 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 in or on 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 or within the Property, we reserve the right to review our valuation.

Critical Assumptions, Conditions & Limitations

Non-Conforming Building Products and Fire Safety

- We have assumed (unless stated otherwise herein) that the improvements are compliant with the Building Code of Australia (BCA) along with the relevant fire safety codes and regulations and do not pose a fire compliance risk, nor require immediate rectification. We have made no allowances in our valuation for rectification works.
- Our visual inspection is not a conclusive indicator of the actual presence of non-conforming building products and/or fire safety issues within the subject property. If subsequent to the writing of this valuation an independent expert's report reveals the existence of any non-conforming building products previously not disclosed to the valuer in writing, then this valuation should be referred back to the valuer for further review and possible amendment. In this paragraph, non-conforming building products means building products and materials that do not satisfy the quality requirements of technical standards (including the Building Code of Australia) or legislative requirements, and/or building products and materials that have been incorrectly or inappropriately used.

Environmental / Contamination

- Our valuation has been made 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. Our valuation therefore assumes that there are no environmental issues with the land holding.

GST

- 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.

Assignment

- 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 JLL 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 90 days 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 JLL:
     - 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.

Limited Liability Scheme

- JLL 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.

Reliance

- Reliance on this valuation report is permitted only:
  a. by a party expressly identified by the report as being permitted to rely on it;
  b. when the given party has received the report directly from JLL; and
  c. for a purpose expressly identified by the report as being a permitted use of the report.

Currency

- All amounts stated in this report are in Australian Dollars unless otherwise indicated.

Conflict of Interest

- The Valuer/Firm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property.

Critical Assumptions, Conditions & Limitations

'As If Complete' Critical Assumptions

- The Subject Property 'As If Complete' is more particularly outlined as Proposed Allotment 2 within the proposed plan of division. We have assumed that the Proposed Plan of Division is finalised, lodged and approved by the Lands Title Office and a separate Certificate of Title issued for the proposed Allotment as detailed herein. We have also assumed that there are no easements, rights of way or relating to the Subject, as shown on the extract of the proposed plan of subdivision below.
- We highlight that we have been advised by the Instructing Party of contamination relating to the Subject 'As Is' forming part of a larger allotment, in addition to our own search of the Environmental Protection Authority Site Contamination online register which confirms the Instructing Party's claims. We, however, have not been provided with any environmental reporting outlining the extent of this contamination, and to what, if any, the Subject 'As If Complete' proposed Allotment 2, is impacted. Our valuation has therefore been made assuming any environmental issues associated with the Property do not detrimentally impact the proposed development 'As If Complete'. Should this not be the case, we reserve to amend these assessments of value accordingly.
- We have not been provided with any plans and building specifications relating to the bulky goods facility, and have made our assessment of the proposed development based upon the limited information provided to us, with the Subject assumed to provide a modern bulky goods structure in line with properties considered to be of a comparable nature, further detailed in Section 4.3. Should there be any significant variation to this assumption, we reserve the right to amend these assessments of value accordingly.
- The 'As If Complete' assessment is provided on the basis that the proposed improvements will be constructed in a tradesman like manner using new, quality materials and having regard to modern building techniques. Our valuation assumes that:
  - A detailed report of structure and service installations of the building once completed would not reveal any defects requiring significant expenditure.
  - The building will comply with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations, and will be built in accordance with the provisions of the Building Code of Australia.
  - The 'As If Complete' valuation must be confirmed by a further inspection by the valuer, initiated and instructed by the lender, on completion of all improvements. The right is reserved to review and if necessary, vary the valuation in this report if there are any changes in relation to the project itself, major lease term variations or in property market conditions and prices.

Table of Contents

Table of Contents

This is a summary only. It must not be relied on for any purpose. This executive summary is an abstract of the contents of the following valuation report. The valuation assessment and report are contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

1 Introduction

1.1 Instructions

We refer to your instructions dated 14 October 2019 requesting that we undertake a market valuation of the 100% freehold interest in Proposed Allotment 2, 935 Marion Road, Mitchell Park SA (the *Subject/Property*) as at 1 November 2019 for City of Marion for Internal Decision Making purposes only.

Our valuation has been prepared in accordance with the International Valuation Standards (IVS 2017), Australian Property Institute (API) and the Property Institute of New Zealand (PINZ) Australia and New Zealand Valuation and Property Standards as applicable at the date of valuation 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 at least five years' experience in the assessment of property of this size and nature; 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.

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

- City of Marion for Internal Decision Making purposes only

As per our specific instructions, we provide the following bases:

- Market Value 'As If Complete' subject to the proposed subdivision (vacant land);
- Market Value 'As If Complete' subject to the proposed subdivision and the proposed development; and
- Market Rental Value ''As If Complete' subject to the proposed subdivision and the proposed development.

Reliance on this valuation report is permitted only:

1. by a party expressly identified by the report as being permitted to rely on it;
2. when the given party has received the report directly from JLL; and
3. for a purpose expressly identified by the report as being a permitted use of the report.

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

We advise that we have been instructed to value the Property as at 1 November 2019 which is our date of valuation. The Property was inspected on 17 October 2019 and our valuation reflects the valuer's view of the market at this date, and does not purport to predict the future. Our assessment assumes that there is no material change to the Property or the market between the date of inspection and the date of valuation, and we reserve the right to review the valuation if there are material changes to the Property or the market over this period.

Our Letter of Instruction is annexed to this report.

1.3 Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

Market Value	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 each acted knowledgeably, prudently and without compulsion.

We advise that neither the IVSC, API nor PINZ have any formal definition for the terms 'As if Complete' but rather have some specific statements within their Valuation Standards which reference these terms. These statements are broadly summarised below for the purpose of this valuation:

As If Complete	Market Value of the proposed improvements and land division as detailed in the report on the assumption that all construction and land division works have been satisfactorily completed in all respects at the date of valuation. The valuation reflects the Valuer's view of the market conditions existing at the date of valuation and does not purport to predict the market conditions and the value at the actual completion of the improvements because of the time lag. Accordingly, the 'As If Complete' valuation should be confirmed by a further inspection by the Valuer, initiated and instructed by the party relying upon this valuation, on completion of improvements and land division. The right is reserved to review, and if necessary, vary the valuation in this report if there are any changes in relation to the project itself or in the property market conditions and prices.

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.

1.4 Market Movement

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.

1.5 Information Sources

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

- Computer Certificate of Title searches;
- City of Marion development Plan;
- Proposed lease details and lettable areas;
- Extract of Proposed Plan of Subdivision; and
- Other relevant information.

Our valuation is based on a significant amount of information which is sourced from the the instructing party or its agents and other third parties, including but not limited to proposed lease details and lettable areas, title, site, environmental and planning documents. We have relied upon the accuracy, sufficiency and consistency of the information supplied to us. JLL 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.

1.6 Personnel

The following JLL Valuation Advisory personnel have been involved in the preparation of this valuation report:

Valuation Role	Personnel	Physical Inspection	Task
Principal Valuer	Rebecca McCrea AAPI Associate, Valuation Advisory –SA & NT	Yes	Authoring the report, forecasting, analysis, assessment of value.
Co-Signatory	Adrian Burg FAPI Local Director, Valuation Advisory –SA & NT	No	Verifying having reviewed the valuation and that the report is genuine and endorsed by JLL.

2 Land Particulars

2.1 Location

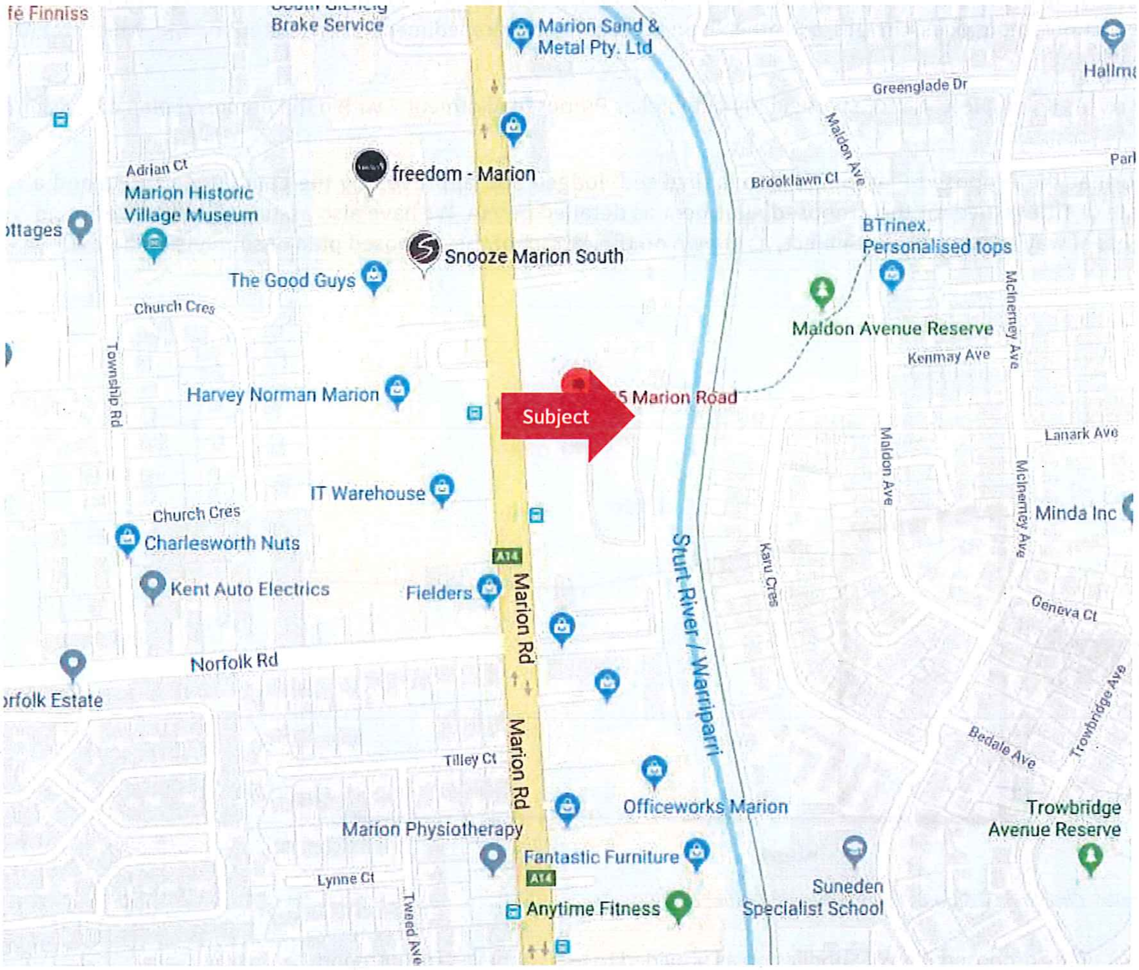
The Property is located approximately 12 kilometres south west of the Adelaide Central Business District on the eastern side of Marion Road, a major, north-south transport corridor spanning from its intersection with Henley Beach Road in the north to the intersection of Main South and Flagstaff Roads in the south.

Surrounding development in the immediate area includes a mix of commercial and light industrial uses (typically smaller bulky good outlets and car repair workshops) and low density residential built form in the more removed, backstreet locations.

Harvey Norman's 'flagship' South Australian store is located immediately west of the Subject and incorporates a number of additional bulky good retail tenancies further to the north.

Other notable developments in the immediate area include the former Mitsubishi Motors site on South Road (in Bedford Park) and Westfield Marion Shopping Centre, situated on the corner of Diagonal, Morphett and Sturt Roads, both located within a one kilometre radius of the Subject.

The following map identifies the approximate location of the Property:



Source: Google Maps

2.2 Title Particulars

As at the date of valuation, the Subject 'As If Complete' forms portion of the following parent Certificate of Title detailed below:

As Is	
Title Reference	Volume 5494 Folio 674
Tenure	Freehold
Description	Allotment 100 Filed Plan 10513 in the area named Mitchell Park Hundred of Noarlunga
Registered Proprietor	The Corporation of the City of Marion
Encumbrances	Nil
Easements	Nil
Comments	As per the information provided to us by the Instructing Party, we note that a portion of the site 'As Is' has an encroachment onto an adjoining property along the western and eastern boundaries.

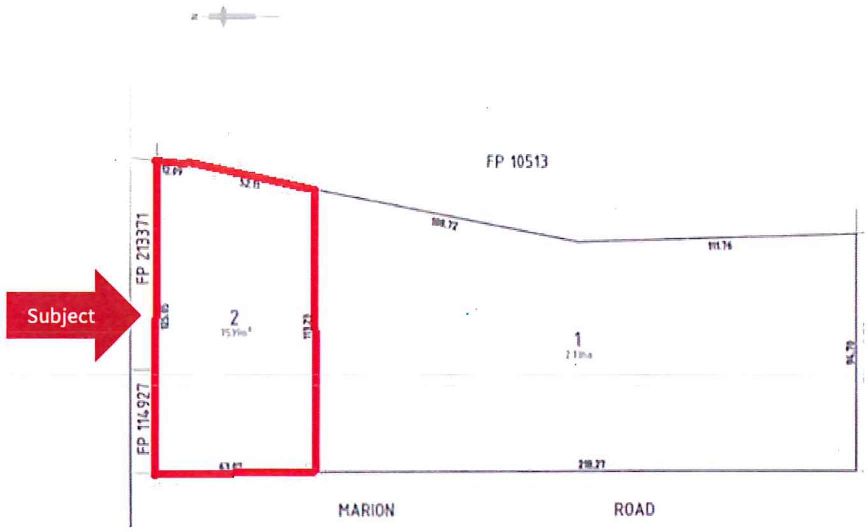
Source: Certificate of Title dated 15/10/2019

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.

The Subject Property 'As If Complete' is more particularly outlined as Proposed Allotment 2 within the proposed plan of division (extract below).

We have assumed that the Proposed Plan of Division is finalised, lodged and approved by the Lands Title Office and a separate Certificate of Title issued for the proposed Allotment as detailed herein. We have also assumed that there are no easements, or rights of way relating to the Subject, as shown on the extract of the proposed plan of subdivision below.

'As If Complete'



Source: Property Details – City Services Surplus Land (outline indicative only)

A copy of the extract of the proposed Plan of Subdivision as provided to us, is annexed to our report.

2.3 Site Details 'As If Complete' of the Proposed Land Division

Description

The Property 'As If Complete' comprises a single allotment contained within a single Certificate of Title, forming an irregular shaped site of seemingly relatively even surface contour. The site overall appears to have adequate drainage.

Site Area

7,539 square metres

Street Frontages

Marion Road	63.07 metres
Northern Boundary	125.05 metres
Eastern Boundary	64.20 metres
Southern Boundary	113.23 metres

The Property boundaries are best described through reference to the extract of the Proposed Plan of Division annexed to our report.

Roads and Access

The Property has direct vehicular access to Marion Road being a 4-lane north-south primary arterial road, with a designated turning lane affording north-bound traffic ease of access.

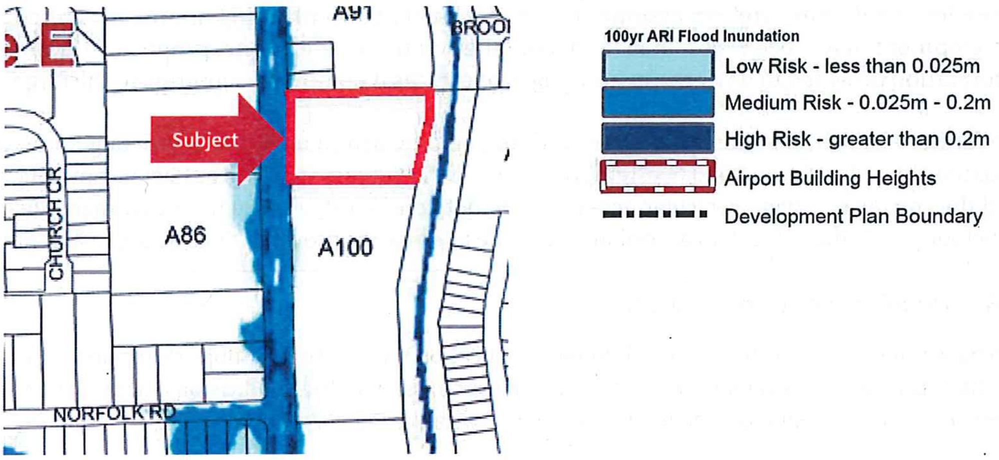
Services

We have assumed that 'As if Complete', all of the usual utility services will be made available to the development under consideration in this report, including water, sewer/drainage, electricity, gas and telephone.

Flooding and Drainage

Flood mapping outlined within the City of Marion Development Plan indicates the Subject's Marion Road (western) boundary is prone to flooding of a medium-high risk (0.025 to >0.2 metres), as shown below.

For the purpose of this valuation 'As If Complete', we have assumed that the proposed development incorporates any required flood mitigation measures.



Source: City of Marion Development Plan, outline indicative only

2.4 Town Planning

Local Government Area	City of Marion
Planning Instrument	Development Act 1993
Zoning	Industry Zone
Zone Objectives	1 A zone primarily accommodating a wide range of industrial, warehouse, storage and transport land uses.
Policy Area	Industry / Commerce Policy Area 4
Policy Area Objectives	1 A policy area accommodating a range of light and service industry, depots and commercial activities. 2 Development having traffic generating characteristics and design so as to not compromise the arterial road function of Marion Road. 3 A policy area where development minimises impacts on residential uses in adjoining zones, especially to the west of Marion Road. 4 Development that contributes to the desired character of the policy area.
Overlay	Local Reserves
Consolidation Date	15 August 2019

We highlight that while the zone 'As Is' appears to be for industrial purposes, noting that a bulky goods outlet is would be considered as a consent use within the policy area. We further note that 'As Is' the Property is subject to a 'Local Reserve' overlay. We have not obtained a formal Town Planning Certificate, however, for the purpose of this valuation 'As If Complete' we assume that all necessary town planning approvals and consents for the proposed development have been obtained and complied with, whereby the proposed development based upon the information provided to us by the Instructing Property 'As If Complete' conforms to the forgoing planning provisions.

We further highlight that based upon the information provided to us by the Instructing Party, we note a number of trees situated along the Marion Road (western) Boundary of the Subject are listed as 'Significant'. Due to the location of the trees and the site 'As Is' having vehicular access, we do not consider that these trees detrimentally impact upon the proposed development of the Subject, in accordance with the information provided to us by the Instructing Party.

2.5 Development Application

We have not sighted any formal development application relating to the Subject's proposed development 'As If Complete'. We have premised this valuation assuming formal submission of the subdivision and associated development consent and development approval is completed in accordance with the Relevant Authority.

2.6 Environmental Issues

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.

We highlight that we have been advised by the Instructing Party of contamination relating to the Subject 'As Is' forming part of a larger allotment, in addition to our own search of the Environmental Protection Authority Site Contamination online register which confirms the Instructing Party's claims. We, however, have not been provided with any environmental reporting outlining the extent of this contamination, and to what, if any, the Subject 'As If Complete' proposed Allotment 2, is impacted.

Our valuation has therefore been made assuming any environmental issues associated with the Property do not detrimentally impact the proposed development 'As If Complete'. Should this not be the case, we reserve the right to amend these assessments of value accordingly.

2.7 Statutory Assessment

As at the date of valuation, the Property was yet to be subdivided in accordance with the proposed plan of subdivision.

'As Is', where the Subject forms part of CT Volume 5494 Folio 674, the statutory values, as assessed by the Valuer General, as at 1 January 2019 and used for rating and land tax purposes for the current financial year commencing 30 June 2019, are as follows:

Site Value	$8,050,000
Capital Value	$11,675,000

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

For the purpose of estimating outgoings for the Subject on an 'As If Complete' basis, we have hypothetically allocated the following Statutory Assessed Values to the Subject:

Site Value	$3,500,000
Capital Value	$8,000,000

We note that these allocations are hypothetical only, and where the Relevant Authority reports otherwise, we reserve the right to review our valuation.

2.8 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 use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible."

Taking into consideration the Property's land size, built improvement, classification and the proposed lease, we believe that the Highest and Best Use for the Property, as at the date of valuation, is the proposed development 'As If Complete' of a bulky good retail development.

2.9 Asbestos

As at the date of inspection, construction of the proposed development was yet to commence, with the property encompassing a bitumen area utilised for car parking. This valuation assumes that any asbestos containing materials within the former improvements, if any, were removed in accordance with Safe Work Australia's Code of Practice for the Safe Removal of Asbestos. We have assumed the site is free of any subsoil asbestos and have made no allowance in our valuation for site remediation works.

Our inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the Subject Property. If subsequent survey is undertaken and this is found to be positive, we recommend that the details of the survey is provided to us in order that we may consider any potential implications to our assessment and amendment to our report, should that be necessary.

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

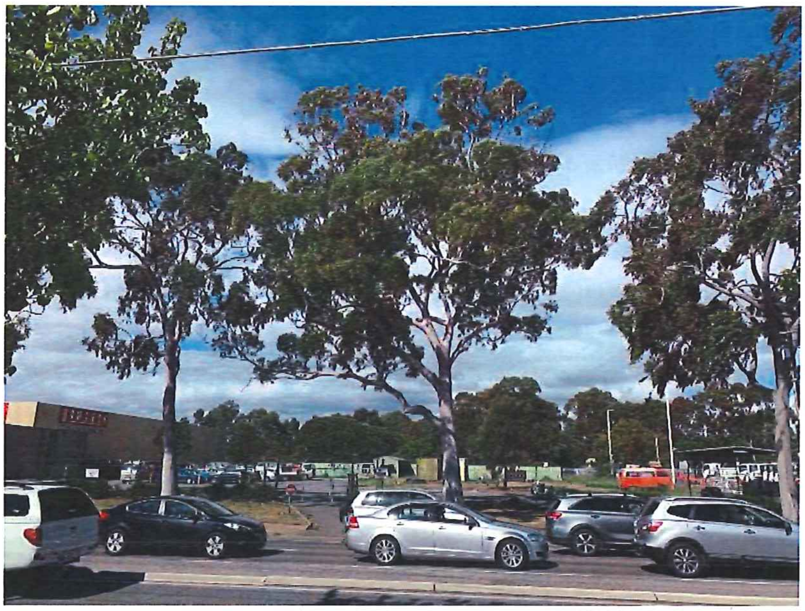
We have not undertaken any formal native title searches, and our valuation is made on the assumption that there are no Native Title Claim issues relating to the Property. If any Native Title Claim issues are found to relate to the Property, we reserve the right to review our valuation.

3 Description of Improvements

3.1 Overview

As at the date of valuation, 'As Is' the Subject forms part of a larger allotment. The portion of this allotment which forms the Property 'As If Complete' currently comprises bitumen car parking area and various miscellaneous built improvements (considered to have little or no added value).

The Property, as at the date of valuation, is more particularly depicted in the photograph below:



Marion Road frontage

The aerial image below further outlines the proposed Subject Property 'As If Complete':

Source: Nearmap.com.au (outline indicative only) dated 11 October 2019

4 Proposed Development 'As If Complete'

4.1 Development Overview

The proposed development will feature a single tenanted bulky goods facility, noting that only proposed Allotment 2 will form the basis of our valuation assessment 'as if complete'.

We have assumed the Property will provide largely open plan retailing areas with associated service counters, manager's offices and staff amenities.

We have not been provided with any plans and building specifications relating to the bulky goods facility, and have made our assessment of the proposed development based upon the limited information provided to us, with the Subject assumed to provide a modern bulky goods structure in line with properties considered to be of a comparable nature, further detailed in *Section 4.3.* Should there be any significant variation to this assumption, we reserve the right to amend these assessments of value accordingly.

4.2 Lettable Areas 'As If Complete'

The Property's total Gross Lettable Area (GLA) is approximately 4,500m².

The GLA has been determined by the information provided to us by the City of Marion relating to the proposed development. We have not been provided with any plans relating to the bulky goods facility and have made our assessment of the proposed development based the information provided to us by the Instructing Party.

We have not independently verified this area and assume it is correct for the purpose of our valuation. Upon completion, should a formal survey of this area prove to be at significant variance, we reserve the right to amend these assessments of value accordingly.

4.3 Construction 'As If Complete'

Generally, based on properties of a comparable nature, for the purpose of this valuation we have assumed the proposed improvements to have the following base construction:

Structure	Reinforced concrete slabs and columns, with steel beam construction.
External Walls	A combination of precast concrete panels, aluminium sheeting and glass façade.
Internal Walls	Predominantly plasterboard lining to lettable areas.
Roof	Metal deck.
Ceiling	Predominantly plasterboard lining to lettable areas.
Lighting	A combination of down lighting and fluorescent lighting.
Windows and doors	Aluminium framing and double glazed windows.

4.4 Building Services 'As If Complete'

Generally, based on properties of a comparable nature, for the purpose of this valuation we have assumed the proposed improvements to have the following building services:

Air-Conditioning	Ducted air-conditioning is provided throughout the building.
Security	Security alarm system to the building.
Fire and Hydraulic	Mixture of fire extinguisher, fire hose reels and smoke detectors throughout the building.

This is a summary only. It must not be relied on for any purpose. This executive summary is an abstract of the contents of the following valuation report. The valuation assessment and report are contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

4.5 Non-Conforming Building Products/Fire Hazard

In November 2014, the Melbourne Dockland's Lacrosse apartment building fire in Victoria drew attention to the serious implications for fire safety and the use of non-compliant building material in particular Aluminium Composite Panels (ACP), made of Aluminium Composite Material (ACM) that contained a highly flammable polyethylene (PE) core. Three years later, on 14 June 2017, these issues were again brought into sharp focus by the London Grenfell Tower fire which had recently been cladded in this material.

A number of inquiries have been commissioned to investigate these events and it is likely that recommendations will be made as to the construction and management of similar properties. In light of this, we are aware that market participants that may also be affected by the same or similar issues and are reviewing details of construction, health and safety and particularly fire prevention, mitigation and means of escape. At this point it is too early to assess the longer-term consequences. In the short term, however it is likely that potential investors and occupiers will be more cautious – and the liquidity and pricing of the subject property may be impacted.

For the purpose of this valuation we have assumed that Non-Conforming Building Product will not be present in the Subject development.

We suggest that any party seeking to rely on this Valuation, satisfy itself as to the proposed structural characteristics of the Subject Property. For the purposes of this paragraph, Non-Conforming Building Products means building products and materials that do not satisfy the quality requirements of technical standards (including the Building Code of Australia) or legislative requirements, and/or building products and materials that have been incorrectly or inappropriately used.

4.6 Condition and Repair

We have not sighted any building plans and specification documents detailing the proposed construction materials. For the purpose of this valuation we have assumed the proposed development will be to a good modern standard in line with developments of a comparable nature.

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

5 Property Income and Expenditure 'As If Complete'

5.1 Tenancy Overview

Based on the information provided by the Instructing Party, our valuation 'As If Complete' subject to the proposed development is subject to the following hypothetical lease assumptions:

- Executed lease at our adopted commencing rental;
- Ten-year lease term commencing upon the date of valuation, with two further rights of renewal of five years duration each thereafter;
- Annual reviews in line with CPI+1.00% and to market upon renewal;
- Lease negotiated on a gross basis with the Lessor responsible for the payment of all outgoings; and
- An incentive in line with expected market levels is provided to the tenant, being one year rent free upon commencement of the original lease term (equivalent to 9.72% over the ten year lease term).

We reserve the right to amend these assessments of value if there are any variations in the assumptions adopted above.

We highlight that we have adopted such hypothetical adjustments on the basis of advice provided to us by leasing agents and our knowledge of similar properties, with a national tenant likely to occupy the Subject considering the large size of the tenancy.

5.2 Building Outgoings and Recoveries

Lease Structures

'As If Complete', the lease within the Property is structured on a Gross basis, with the Lessor responsible for the payment of all outgoings.

Building Outgoings

We note that as outlined within *Section 2.7*, we have hypothetically allocated the Capital Value and Site Value on an 'As If Complete' basis for the Subject, whereby we have calculated relevant statutory outgoings and have adopted these estimates within our calculations. Furthermore, we have estimated operating outgoings based on benchmarking of comparable properties. Adopted outgoings for the financial year ending 30 June 2020 are outlined as follows:

Category	Annual Amount	$/m² of NLA
Statutory Charges	$169,881	$37.75
Operating Expenses	$23,500	$5.22
Non-Recoverable Expenses	$0	$0.00
Total Outgoings	**$193,381**	**$42.97**

We consider that the adopted outgoings rate of approximately $43/m² of GLA to be in line with outgoings in comparison of properties of a similar nature.

6 Goods and Services Tax (GST)

Proposed Leases in the Property

We have assumed that GST will be recovered in the proposed lease over and above the base rents and other monies.

Market Rents for the Property

Our assessments of retail market rents and other income are 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 Subject 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.

7 Market Commentary

7.1 Executive Summary

Economic Overview

The South Australian (SA) economy is growing in line with national growth. As at March 2019, annualised SA state final demand (SFD) increased 1.8% in real seasonally adjusted terms, negatively impacted by a decrease in residential building levels and weakening consumer spending. This growth rate mirrors national annualised Gross Domestic Product (GDP) growth, which also sits at 1.8%, the lowest rate of GDP growth in Australia since the Global Financial Crisis (GFC).

The South Australian unemployment rate increased 0.2 percentage points in June 2019 to 5.9%, broadly where it has remained since December 2018. Prior to December, the unemployment rate in SA had been trending downwards, reaching 5.3% in November 2018. There were 4,700 less jobs in SA month-on-month to June 2019, with part-time male employment, a proxy of demand-driven blue-collar sectors such as construction and mining, falling by 3,300 jobs over the month.

Building approvals have declined sharply over the last 12 months. As at June 2019, rolling annualised growth fell to -16.0%. Private sector stand-alone house approvals fell by -7.8% y-o-y over the same time period. Approvals of private sector dwellings excluding houses (apartments and townhouses) has decreased by -33.2%, impacted by a period of tighter lending restrictions from financial institutions and a fall in demand from occupiers and investors. This general downward trend in residential dwelling approvals mirrors national growth. Rolling annual growth of total dwelling unit approvals in Australia fell to -19.5% in June 2019. This is the lowest rate of growth recorded nationally since August 2001 (-20.8%).

Affordability has played its part in the ongoing positive growth in SA owner-occupier housing finance commitments. As at May 2019, lending for households for owner-occupation (excluding refinancing) increased 0.5% y-o-y, above the national y-o-y growth rate of -8.3%. According to the latest Domain House Price Report (March 2019), median house prices in SA are between 33%-47% more affordable than in Melbourne and Sydney.

South Australian residential property values have been resilient in the face of a broad decrease in property values nationally. In March 2019, SA residential property values increased 0.8% y-o-y, one of only two capital cities with positive annualised growth nationally (the other being Hobart at 4.6%).

The South Australian economy has decelerated from a period of outperformance throughout 2017 and 2018 and now current SFD sits in-line with national GDP growth. Sectors like Defence, aerospace, technology, tourism and health are all key economic drivers which are expected to positively impact on the state over the medium term. However, low population growth, public sector department streamlining and a stalling residential construction sector are all downside risks to growth. Forecasted South Australian real final demand is forecast to average 1.9% annual growth in 2019 before moderating to 1.7% per annum over the next five years to 2024.

Consumer Sentiment & Retail Turnover

Retail spending growth in SA has slowed after an extended period of strong growth recorded from 2014 to 2018. As at June 2019, annualised retail spending growth was 2.4%, a 0.8 percentage point decrease from June 2018 levels.

SA's largest spending sub-category, supermarket and grocery stores, remains strong at 4.1% and has maintained annualised growth above 4.0% since August 2018. Annualised growth in the broader food retailing sector (comprising supermarkets, liquor, and specialised foods) decreased slightly to 2.7% in June 2019, but has generally been hovering around this level for the last 12 months.

Spending in discretionary categories is patchy, with household goods performing well, while spending in the fashion and dining out categories are both below levels recorded 12 months ago.

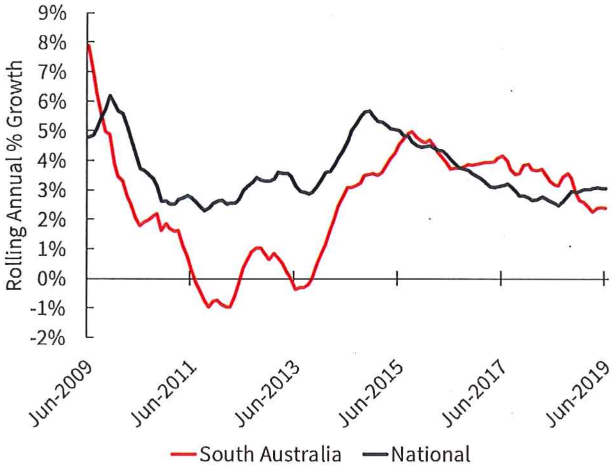
Household goods spending growth is positive at 4.6% y-o-y in June 2019. The main driver of the growth has been a strong acceleration of spending in the electronics and electrical goods (7.2% - the strongest level of annualised growth since June 2010) and furniture, floor coverings, houseware and textile goods (4.7%) categories. Conversely, spending in the hardware, building and garden supplies has slowed from 12.5% in January 2018 to 1.9% in June 2019.

SA consumer demand for fashion remains weak. Annual fashion spending growth has been in negative territory since August 2018 and continues to trend downwards (-5.8% in June 2019). The proportion of monthly retail spend allocated to fashion in SA has fallen to 5.8%, below the 10-year long-term average of 6.5%.

After spending the majority of 2017 and 2018 in double-digit annualised percentage growth, retail trade growth in cafes, restaurants and takeaway food services has slowed significantly. As at June 2019, annualised spending growth in the category was just 1.5%. Growth in the cafes, restaurants and catering services sub-category has decreased from a cyclical peak of 20.4% in January 2018 to 2.9%.

The Westpac Melbourne Institute Index of Consumer Sentiment fell into pessimistic territory in July 2019, decreasing 4.1% to 96.5. This represented a two-year low in the index.

Retail Turnover: South Australia vs. National



Source: ABS., JLL Research

Tenant Demand

Occupier demand is generally flat in SA with anecdotal evidence indicating that national retail chains are looking at potential new locations opportunistically with limited appetite for expansion. Lease incentives by way of fit-outs or rent-free periods continue to be significant levers in lease negotiations.

In the grocery sector, major supermarket operators continue to look at current SA footprints and individual store performance to identify potential future refurbishment activity. Coles and Woolworths have actioned a roll-out of refurbishments in SA stores over the last two years. However, the closure of underperforming stores is increasingly becoming a consideration over the medium term as businesses evaluate the balance between profitability and market share. German large-format grocery retailer Kaufland has received development approval for its first SA locations at Prospect, in Adelaide's inner west, and Forestville, in the inner south.

In the discount department store (DDS) and mini-major space, three national chains, Big W, Target and The Reject Shop have all announced plans for future store closures. While specific store location closures are yet to be announced by The Reject Shop and Big W, it is noted that there are 26 Reject Shops and 16 Big W stores in South Australia. It was reported by Wesfarmers in 2018 that it intends to reduce Target's national retail footprint by 20% over the next five years. More positively in 2Q19, development applications were approved for the refurbishment of Best & Less in Armada Arndale, Kilkenny and the upgrade of Kmart at Westfield Tea Tree Plaza in Modbury.

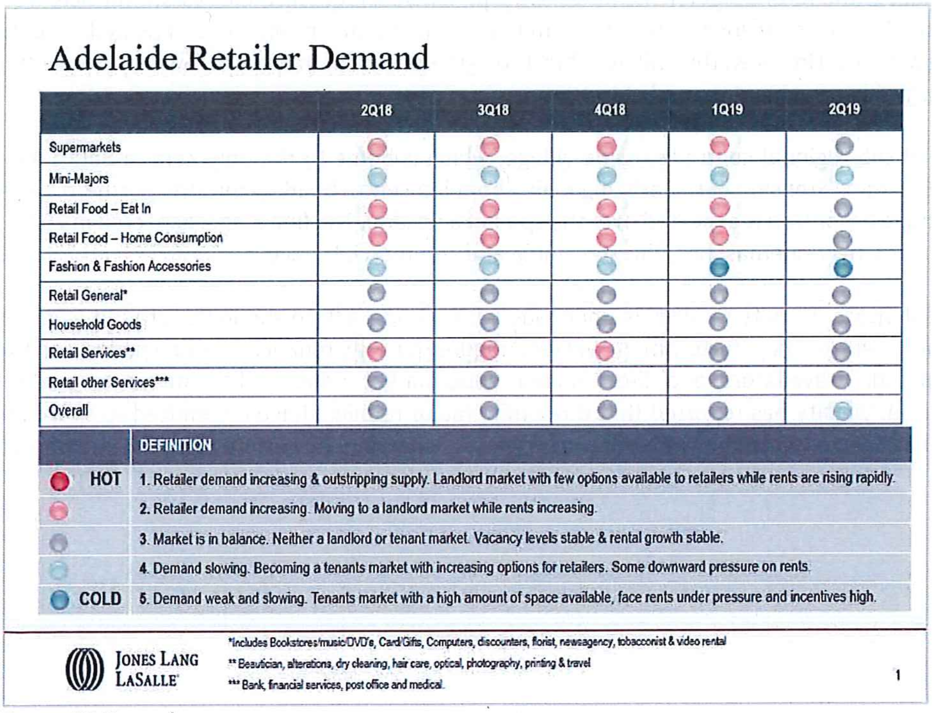
In the fashion and beauty retailing sector, a major national retailer announced its first store opening in SA. Beauty product retailer Sephora announced that it would be opening in Adelaide in late 2019. The store will be located 90 Rundle Mall in the space recently vacated by Just Jeans. This follows on from Mecca opening a new store on Rundle Mall in April 2019.

Also along Rundle Mall, shoe retailer Hype DC is rumoured to be relocating to a larger store at 66 Rundle Mall (currently occupied by Strandbags) from its existing tenancy at City Cross Shopping Centre. Strandbags will subsequently relocate to another tenancy along Rundle Mall. Jewellery retailer Secrets...Shhh has also announced a new upcoming Rundle Mall store. Optical store Laubman and Pank will relocate into Rundle Mall Plaza, moving from its current location at 62 Gawler Place. Elsewhere in the CBD, footwear retailer Doc Martens is rumoured to be opening a store in Gawler Place later this year.

Outside of the CBD, footwear retailer Platypus is opening a new store at Elizabeth Shopping Centre. Clothing retailers, Rivers and Autograph, have leased space in Colonnades Shopping Centre. Also in Colonnades, jewellery and accessories retail chains Sunglass Hut, Strandbags and Prouds also leased new tenancies.

Demand for space from food operators has been generally unchanged in 2Q19 with most national chains satisfied with current footprints. In the regional sub-sector, Mexican food chain Zambrero leased space at Colonnades Shopping Centre. In the CBD, Queensland burger franchise Hello Harry opened its second SA eatery in Union Street following the closure of local burger restaurant Burger Theory in June 2019.

Retailer Demand – Adelaide



Source: JLL Research

Supply

There were two supply additions recorded in 2Q19 which added 27,400 sqm of new retail floor space. Over the last 12 months, 42,800 sqm of stock has been added. This sits below the 10-year average of 52,100 sqm.

The largest completion over the quarter was the new Bunnings Warehouse Edwardstown developed by Commercial & General. Sitting on the former Toyoda Gosei and Bridgestone tyre factory site, the warehouse added 17,008 sqm of Large Format Retail space. It is the 18th Bunnings Warehouse in South Australia.

The second completion in 2Q19 was the AUD 45.0 million, refurb-extension of the Old Port Canal Shopping Centre (10,394 sqm). Developed by Precision Group, the expansion involved partial demolition of the shopping centre and ancillary areas and brings the centre's total area up to 29,394 sqm. The centre will be re-branded as Port Adelaide Plaza. The refurbished centre will include approximately 60 speciality stores as well as commercial and hospitality space.

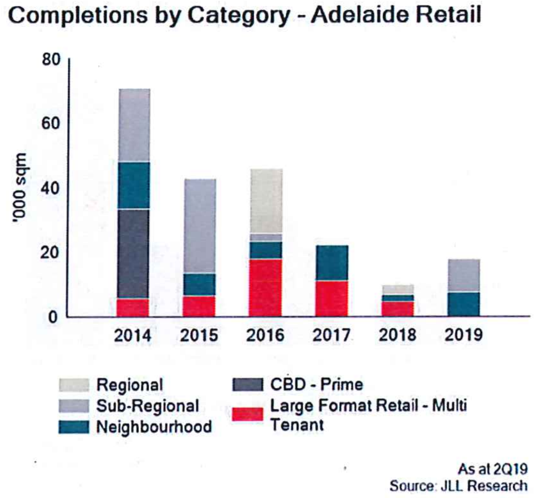
There are no further projects currently under construction. Beyond 2019, there are 11 projects totalling 106,300 sqm with DA approval or with plans submitted. The next two major projects expected to commence construction are the District Outlet Centre in Parafield in Adelaide's northern suburbs and a new Kaufland hypermarket in Forestville. Firstly, the District Outlet Centre is expected to get underway in 4Q19 with Parafield Airport undertaking preliminary works on site from October. It is expected to be an 18 month build, completing in 1Q21. Retailer commitments for the 65 tenancy centre are currently undisclosed. The leasing campaign for the centre is ongoing.

Kaufland has commenced demolition works at the former Le Cornu furniture store at 10 Anzac Highway in Forestville in Adelaide's inner south. Once site preparations are completed, the German grocery retailer will commence construction on Adelaide's first Kaufland hypermarket (12,965 sqm). Additionally, Kaufland have two further locations in planning - Prospect in the inner northern suburbs, and Munno Para in the outer northern suburbs. However, timing on these projects is less clear.

Another major project in the future pipeline is the 16,896 sqm extension of Westfield Marion for Scentre Group. The plan includes a parallel mall extension to incorporate a new major and mini-major retail occupier as well as connectivity to a new lifestyle and dining precinct. However, this will be subject to agreement with the new co-owner upon settlement of the 50% share of the asset which has been put to market in 1Q19.

The fashion oriented sub-regional centre Burnside Village, which is home to the only Zara in South Australia, has plans approved for a 20,686 sqm extension of the existing main shopping centre building into the northern & eastern portions of its site. The multi-stage expansion is expected over the span of a decade. The first stage, expected in 2022, will comprise 80 new specialty tenancies, new cinemas, bar, alfresco dining and commercial space.

In the refurbishment space, Vicinity Centres is underway with an upgrade to the lower ground level of regional centre Colonnades Shopping Centre. The refurbishment will reconfigure specialty tenancies, widen pedestrian thoroughfares and sightlines, and upgrade travellators and lifts. Anchor supermarket Coles will continue to trade throughout the redevelopment period. Vicinity has reported that three mini major retailers have committed to space including Chemist Warehouse. There has been a level of backfill space in the centre following the closure of Myer in March 2018.



Vacancy

Vacancy levels generally trended higher across all sectors in 1H19 as annualised spending growth softened, and vacancy risk increased with the closure of major fashion retailers Roger David, Ed Harry and Laura Ashley in the last 12 months.

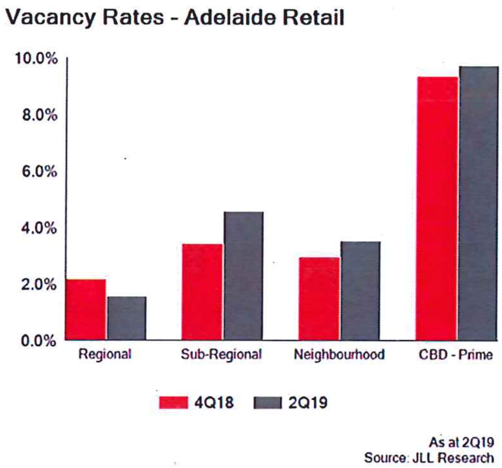
However, regional vacancy continued to trend downwards in 1H19 with a 0.6 percentage point decrease to 1.6%. This downward trend has continued since vacancies peaked at 3.4% in 1H17. Regional centres are increasingly becoming the preferred retail location for fashion and other discretionary retail operators in South Australia. This vacancy figure was skewed somewhat by the lower level refurbishment of Colonnades Shopping Centre which withdrew a number of vacant tenancies from stock in 1H19.

CBD vacancy continued to rise for a second consecutive half-year period reaching 9.7%, a 1.4 percentage point increase from this time last year. While demand has been generally positive for space along Rundle Mall, vacancy within some enclosed centres in the CBD situated within the precinct remains high. Vacancy was elevated somewhat back in 2H18 by the re-introduction of vacant retail space developed as part of the AUD 40.0 million refurbishment of Rundle Mall Plaza which incorporated Adelaide's first H&M store.

Vacancy in the neighbourhood sub-sector also increased over the six months to June 2019, up by 0.6 percentage points to 3.5%. However, vacancy remains below the levels recorded at the corresponding time period in 2018 (4.0%). Landlords have been more willing to meet the market in terms of asking rents and incentives to secure tenants. This reduction in vacancy has also been supported by demand from non-retail services, which are absorbing some backfill space vacated by discretionary retailers in the past 18 months.

Vacancy in sub-regional centres has increased to 4.6% off the back of a stable 2H18. Demand from national fashion retailers remains weak. However, demand from food operators and non-retail services has improved in some of Adelaide's better performing sub-regional centres.

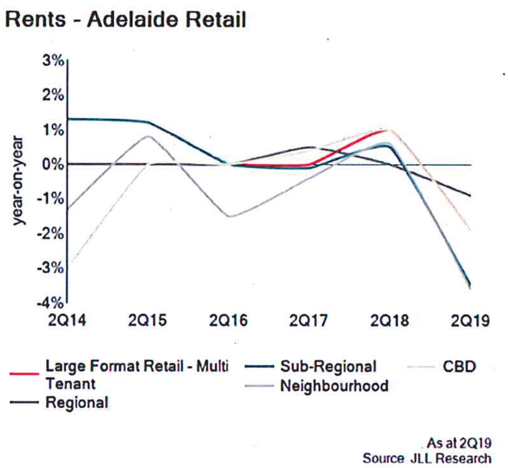
Large format retail vacancy increased from 5.7% to 7.3% in the last six months, 0.9 percentage points higher than this time last year.



Rents

Average rents trended downwards across all sub-sectors in 2Q19. Landlords continue to reduce asking rents to combat rising vacancies. Average neighbourhood rents have fallen 3.0% in 2Q19 to AUD 584 per sqm p.a., a 7.4% decrease from 2Q18. Average sub-regional rents decreased by 2.5% in 2Q19 to AUD 735 per sqm p.a., down 5.6% since this time last year.

Similarly, average rents in the CBD, regional, and large format retail sub-sectors also decreased, falling by 1.0% in 2Q19.



Investment Market

There were two transactions recorded in 2Q19, totalling AUD 27.7 million. This brought rolling 12-month transaction volumes to AUD 71.4 million over five asset sales.

The largest transaction in the quarter was the AUD 21.3 million purchase of the Bunnings Warehouse Victor Harbor. The 10,000 sqm asset, which opened in August 2018 was purchased by private investor VH Property Holdings, which is owned by the Melbourne-based Durlacher family at a yield of 5.13%.

The second major transaction recorded in 2Q19 was the sale of a six-storey 1,562 sqm asset at 41 Rundle Mall, in the Adelaide CBD. The retail building, built in the 1920's, was purchased for AUD 6.4 million by private investor South Dong Investment Holding. The asset was the long-time home to fashion retailer Country Road from 1989 to 2014. It was sold with vacant possession.

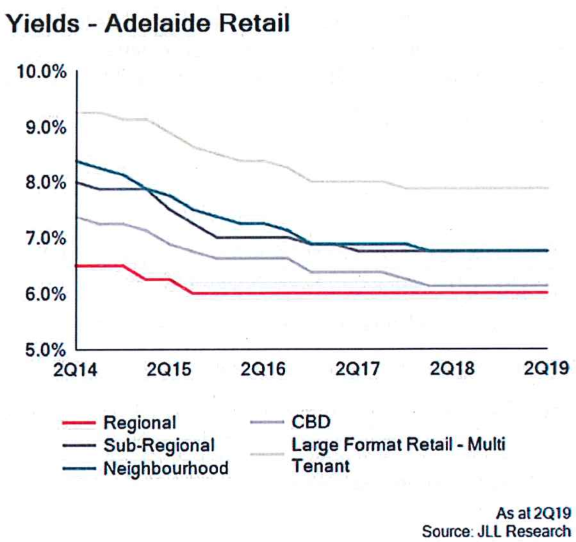
Transaction volumes are expected to be boosted in the second half of 2019 with the sales campaign for a half-share of regional centre Westfield Marion, put to market by the Lendlease managed Australian Prime Property Fund Retail (APPF Retail), nearing conclusion. Pricing expectation for the 50% share is reportedly around AUD 700.0 million, which will represent the largest historical retail asset transaction recorded in South Australia since JLL began tracking the market in 1988. APPF Retail have owned a half-share in the regional centre since 2003.

Another retail asset expected to settle in the second half of 2019 is the specialty fashion centre The Metro at 254 Unley Road, Hyde Park. PPI Funds Management has reported divested the 18 specialty store shopping centre. However sale price and buyer details are currently undisclosed. Settlement is expected in October 2019.

Demand from private investors and syndicators is expected to be opportunistic, focussing on the neighbourhood and sub-regional sub-sectors. Larger domestic and offshore funds are expected to target high profile CBD assets and well-leased large format retail centres. On the back of this softening investment demand for retail assets, we forecast the commencement of the decompression cycle by the end of 2019 in both the regional and sub-regional sub-sectors respectively.

A potential downside risk to investment volumes over the short term is the proposed changes to current land tax charges in SA which is set to be introduced to legislation on 1st July 2020. In the 2019-20 Budget, the South Australian Government proposed changes to the way land taxes are assessed, whereby land owners will no longer be assessed on the land values of assets owned by separate legal entities and family trusts. The new changes to land tax assessment will be assessed on a multiple holding basis associated with the base ownership (beneficiary), regardless of which legal entity holds those properties. This amalgamation of tax for owners of multiple properties is likely to have a two-fold impact on the market. On the one hand, existing property owners considering any new investment in SA will now have to account for the elevated land tax assessment in all financial modelling, which may diminish appetite for investment. Conversely, the increased annual land taxation assessment may be a catalyst for an increased volume of assets brought to market, as current owners re-evaluate portfolios.

Yields across all subsectors were stable in 2Q19 and have remained unchanged over the last 18 months. We are forecasting that it is the top of the investment cycle in the regional and sub-regional subsectors and that yields will begin to decompress in the second half of 2019.



8 Leasing Evidence

8.1 Leasing Evidence

In regard to the market rental for the Proposed Subject Property, we have considered the following bulky goods retail tenancies within the Adelaide metropolitan market as follows:

Gepps Cross Home HQ (Southern Portion), Main North Road, Gepps Cross, SA	
Tenant	Amart Furniture Pty Ltd trading as 'Amart Furniture'
Tenancy	Ground floor (tenancy 44) comprising part of a large format complex constructed circa 2009, having a total lettable area of approximately 33,118 square metres. The complex is located approximately 12 kilometres north-east of the Adelaide CBD. Considered to benefit from being a 'destination' large format complex with a range of national tenants.
Area	6,028.2 square metres
Comm. Date	5 June 2019 (vide extension of lease)
Term (Years)	5 years + 5 years + 5 years *(initial lease term of 10 years has since expired)*
Rent ($/m²)	$1,312,394.45 per annum (approximately $218 per square metre). *We have hypothetically apportioned estimated outgoings of $45 per square metre to reflect an equivalent gross rental of approximately $263 per square metre.*
Outgoings	The lease has been negotiated on a net basis, with the Lessee liable for the payment of the tenancy's proportion of all outgoings, excluding management fees.
Reviews	Annual to CPI, to market upon renewal
Incentive	Undisclosed.
Comment	Original lease commenced 5 June 2009

800 Marion Road, Marion	
Tenant	Oz Design Furniture Marion Pty Ltd trading as 'Oz Design Furniture Marion'
Tenancy	Ground floor (entire property). The property encompasses a single level freestanding bulky goods facility. Onsite, at grade parking is provided. Located approximately 12 kilometres south west of the Adelaide CBD, the Subject is afforded a sole and relatively high profile to Marion Road, a well-known north-south transport corridor.
Area	2,315 square metres (as per plan included on advertisement).
Comm. Date	19 April 2019.
Term (Years)	7 years + 7 years.
Rent ($/m²)	Approximately $121 per square metre net ($280,000 per annum). ($166 per square metre on an equivalent gross basis adopting estimated outgoings of $45 per square metre)
Outgoings	Lessee liable for payment of all outgoings excluding management fees.
Reviews	Annually to CPI and to market upon commencement of renewal period.
Incentive	Rent reduction during months 1-10 from commencement, reflecting a monthly rental of $11,666.66 before returning to rental of $23,333.33 per month as per annual rental of $280,000 per annum.
Comment	Lessee liable for Make Good upon lease expiry.

Part 941-945 Marion Road, Mitchell Park	
Tenant	SRG Leisure Retail Pty Ltd trading as 'BCF' (Boating Camping Fishing) – previously 'Ray's Outdoors Pty Ltd' trading as 'Rays Outdoors'
Tenancy	Ground floor (Pieces marked A,B,C,D & E In GP 341/1999) comprising part of a single level u-shape bulky goods facility. Shared onsite car parking is provided. Located approximately 12 kilometres south west of the Adelaide CBD, the Subject is a relatively high profile to Marion Road, a well-known north-south transport corridor.
Area	1,356 square metres (as scaled from plan GP 341/1999)
Comm. Date	2 December 2018 (vide extension of lease commencing 29 November 2011 expiring 29 November 2018)
Term (Years)	3 years + 6 years
Rent ($/m²)	Approximately $209 per square metre gross ($282,870.99 per annum)
Outgoings	Lessee not liable for the payment of outgoings with the exception of maintenance of air-conditioning
Reviews	Annual to 3% and to market upon commencement of any renewal period capped at 10%
Incentive	4 month incentive from original commencement during 2011.
Comment	Original lease had a commencing rent of $230,000 per annum

Part 838-842 Marion Road, Marion	
Tenant	Haggleco Pty Ltd (trading as 'Haggle')
Tenancy	Ground floor (tenancies 6,7 & 8) within a two storey bulky goods facility constructed circa 2006. The Property has been configured to provide both ground and upper level retail and office tenancies with an additional rooftop telecommunications antenna. Onsite, at grade parking is provided for around 62 vehicles. Located approximately 10 kilometres south west of the Adelaide CBD, the Subject is afforded frontage to Marion Road, a well-known north-south transport corridor.
Area	1,040.70 square metres
Comm. Date	1 October 2018 (vide extension of lease)
Term (Years)	4 years + 4 years
Rent ($/m²)	$158 per square metre semi-gross (we have adopted advised outgoings of $15.90 per square metre to derive an equivalent gross rental of $174 per square metre)
Outgoings	Semi-gross lease with the Lessee responsible for the payment of a proportionate share of outgoings, noting those outgoings shall not exceed the sum of $15 per square metre plus CPI each year during the term (noting the lease commenced 1 October 2014).
Reviews	Annual to CPI and to market upon renewal.
Incentive	Undisclosed
Comment	Nil

919-929 Marion Road, Mitchell Park	
Tenant	Lesandu Marion Pty Ltd trading as 'Domayne'
Level/s	Ground Floor (Showroom 2 and Warehouse 2 in FX 252233) within a single level bulky goods facility of older construction. The development forms a prominent development within the Marion Road large format precinct. Onsite, at grade parking is provided to the property facade. Located approximately 11 kilometres south west of the Adelaide CBD, the Subject is afforded a relatively high profile to Marion Road, a well-known north-south transport corridor.
Area	Showroom 2 of 4,323 square metres & Warehouse 2 of 1,834 square metres (as scaled from Filed Plan 252233) TOTAL: 6,157 square metres
Comm. Date	27 February 2017
Term (Years)	12 years + 10 years + 10 years
Rent ($/m²)	$1,145,807.70 and additional rent of $43,198.56 (TOTAL: $1,189,006.26 per annum) on a net basis. *We have hypothetically apportioned estimated outgoings of $45 per square metre to reflect an equivalent gross rental of approximately $238 per square metre.*
Outgoings	The Lessee is liable for the payment of all outgoings of the proportion of the tenancy to the entire premises.
Reviews	Fixed for the first three years, annually to the greater of 2.00% and CPI thereafter (capped at 3.00%), and to market upon renewal (capped at 12.00%)
Incentive	Rent free period 27 February 2017 to 13 April 2017
Comment	The Lessor grants the Lessee Rights of First and Last Refusal to Lease Showroom 1, and Right of First Refusal to Purchase

8.2 Market Rental Profile

Accommodation

In analysing the market rental for the accommodation within the Property 'As If Complete', we have had regard to the predominantly Gross structure of the leases executed. We have therefore assessed the market rental profile on a Gross basis.

We consider the following leasing transactions to comprise the most comparable evidence, relative to the property:

- Amart Furniture *(Gepps Cross Home HQ (Southern Portion), Main North Road, Gepps Cross, SA)* – a larger lettable area than the Subject, more desirable location situated within a prominent large format 'destination' precinct. *Overall we expect a lower rate per square metre of lettable area for the Subject.*
- Oz Furniture Design Marion *(800 Marion Road, Marion)* – smaller lettable area, older development, inferior accessibility for south bound traffic, similarly located with frontage to Marion Road. *Overall we consider a higher rate per square metre of lettable area to be appropriate for the Subject.*
- BCF *(Part 941-945 Marion Road, Mitchell Park)* – smaller lettable area, similar exposure to Marion Road, superiorly within a complex of comparable use and construction, considered to have inferior access from north bound traffic. *Overall we consider the Subject to warrant a lower rate per square metre by virtue of the Subject's larger lettable area.*
- Domayne *(Part 919-929 Marion Road, Mitchell Park)* – a larger lettable area than the Subject, older improvements albeit featuring a superior frontage and prominence to Marion Road. Situated within close proximity to the Subject. *Overall we consider the Subject to warrant a lower rate per square metre of lettable area.*

In assessing the current market rental profile for the Property, we have had regard to the comments made above. We consider that our evidence provides guidance as to the appropriate market levels for the property. As such, we have adopted a market rental in the order of $200 per square metre of lettable area on a gross basis, equating to a quantum rental of $900,000 per annum gross.

8.3 Net Income Assessment

The table below presents both the passing income and adopted market net income profile of the Property:

Current Passing Rent	Amount ($ pa)	% of Passing Income
Passing Rental Analysis		
Lettable Area Rental	$900,000	100.00%
Outgoings Recovery	$0	0.00%
Gross Passing Income	$900,000	100.00%
Unexpired Incentives in Year 1 (excludes capital contributions)	$900,000	
Outgoings	$193,381	
Net Passing Income	($193,381)	
Unexpired Incentives in Year 1	$900,000	
Potential Net Income Fully Leased	$706,619	

The assessed net income further equates to a rate of $157 per square metre per annum net.

9 Sales Evidence

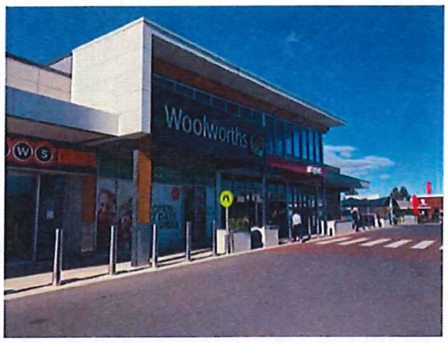
9.1 Improved Sales Transactions

The direct comparison approach compares the Proposed Allotment 2 'As If Complete' to sales of similar commercial properties within the broader area. When analysing the sales evidence, we have taken into consideration the nature, quality and size of the improvements erected thereon, allotment size, locational attributes, date of purchase of the relevant sales and quantum of value in relation to purchaser pool size.

We highlight that based upon our research into transactions of a comparable nature, there has been a dearth of sales of single occupant large format retail properties within the previous years in the broader locality considered to be appropriate, and as such, we have included sales of properties of multiple-occupancies to assist in our value assessment.

As such, we have utilised the following sales:

Playford Shopping Centre, 297 Peachy Road, Munno Para, SA	
Sale Date:	September 2019
Sale Price:	$21,810,000
Property Type:	Neighbourhood Centre
Vendor:	Fabcot Pty Ltd
Purchaser:	Local Private
Site Area:	20,320
GLA:	6,390
Rate $/sqm GLA:	$3,413
Initial Yield (passing):	7.38%
Initial Yield (fully leased):	7.38%
Equivalent Yield:	6.71%
IRR:	7.39%
WALE (by income):	8.30 years
Carparking / Ratio:	5.32: 100 sqm
Major Tenants:	Woolworths (incl. BWS)
No. of Specialties / Other:	17 specialties, 2 kiosks



The centre comprises a Neighbourhood shopping centre which was constructed in 2015. The Centre is anchored by a Woolworths' supermarket (including BWS), together with 17 specialties and two kiosks.

The centre entirely over one level and has two main entry points at either end of an east/west aligned mall. The layout comprises one central common mall, with specialties predominantly situated on both sides, with the anchor tenant, Woolworths' entrance situated towards the eastern end of the mall. Two tenancies are situated within a detached building situated to the south of the mall. Although detached, the building is located near the eastern mall entrance

Car parking is at-grade and bitumen sealed, noting the majority of parking bays are covered with shade sails, with a total of approximately 340 spaces.

The centre is located along Peachey Road in the suburb of Munno Para, South Australia. Munno Para, which lies around 33 kilometres north of the Adelaide CBD, is predominately a newly established residential suburb, surrounded by open spaces, parks and industrial land. More particularly the Centre is situated on the western side of Peachey Road, a short distance north of its intersection with Curtis Road.

The Woolworths lease expiry is 24 June 2031, with expiries for specialty tenants ranging from 14 May 2021 to 28 February 2029.

The centre had four vacancies at time of sale providing a total area of 466 square metres which represents around 7.29% of total GLA. We understand that the property was sold with rental guarantee payments over vacant specialties, and those specialties where tenants appear to be having trading issues/arrears as monthly gross rental payments over a two year period from settlement.

The property sold via an 'Expression of Interest' campaign through Savills commencing February 2019.

Comparison to Subject: *Neighbourhood Shopping Centre with a larger lettable area and site area, diversified tenancy profile with a supermarket and specialities, located within a developing area with a high level of competing developments. Shorter overall WALE in comparison to the Subject Property and being within a higher price bracket. On balance, we consider the Subject to warrant a slightly sharper (lower) capitalisation rate, albeit with a lower rate per square metre of lettable area applicable.*

Eyre Village Shopping Centre, Cnr Stebonheath Road and Petherton Road, Eyre, SA	
Sale Date:	August 2019
Sale Price:	$13,550,000
Property Type:	Neighbourhood Centre
Vendor:	Penfield Block 2 Pty. Ltd and Penfield Complex Pty. Ltd.
Purchaser:	Penfield Complex Pty Ltd
Site Area:	12,858
GLA:	4,108
Rate $/sqm GLA:	$3,298
Initial Yield (passing):	6.67%
Initial Yield (fully leased)	8.66%
Equivalent Yield:	7.66%
IRR:	8.94%
WALE (by income):	12.29 years
Carparking / Ratio:	191 / 4.65 : 100 sqm
Major Tenants:	Drakes
No. of Specialties / Other:	11 specialties

The property corners Petherton Road and Stebonheath Road in the suburb of Eyre (formally Penfield), South Australia. Eyre, which lies around 31 kilometres north of the Adelaide GPO. The property contains two (2) contiguous allotments that form an irregular shaped corner land holding, with frontages to both Stebonheath Road and Petherton Road. Zoned 'Suburban Neighbourhood' by the City of Salisbury.

The improvements comprises a modern single level Neighbourhood shopping centre which was constructed in 2018 and provides a full-line Drakes supermarket, together with 11 specialties (including a Cellarbrations liquor shop and medical practice) and DVD kiosk. The Centre is designed in an "L" shape with two detached buildings, with the supermarket situated to the rear and the specialties extending from this building to the south, parallel to Stebonheath Road, and towards the front of the site.

Car parking is at-grade and bitumen sealed, with a total of approximately 191 spaces for the Centre.

The Drakes Supermarket lease expires in 2038 with expiries for specialty tenants ranging from 25 June 2024 to 28 February 2029. The DVD Kiosk lease expires 2 September 2019.

The Centre had five vacancies at time of sale providing a total area of 566 square metres which represents around 13.77% of total GLA.

The property was sold 'off market' between related parties. We have been advised that one of the selling parties to the transaction was in a distressed financial position.

Comparison to Subject: *Neighbourhood Shopping Centre with a slightly smaller lettable area, albeit larger site area, diversified tenancy profile with a supermarket and specialities albeit with significant vacancy issues, located within a developing area with a high level of competing developments. Longer overall WALE in comparison to the Subject Property and being within a slightly higher price bracket. On balance, we consider the Subject to warrant a slightly sharper (lower) capitalisation rate, albeit with a lower rate per square metre of lettable area applicable.*

838-842 Marion Road, Marion, SA

Sale Date:	July 2019
Sale Price:	$11,250,000
Property Type:	Commercial
Vendor:	Local Private
Purchaser:	Local Syndicate
Site Area:	6,086 square metres
Total GLA:	5,770 square metres
Rate $/sqm GLA:	$1,950
Initial Yield:	6.54%
Equivalent Yield:	7.46%
WALE (by income):	2.52 years
Carparking:	62 spaces

The property is located approximately 10 kilometres south west of the Adelaide CBD, and is afforded a sole and relatively high profile to Marion Road, a well-known north-south transport corridor

The improvements comprise a two storey bulky goods facility constructed circa 2006. The property has been configured to provide both ground and upper level retail and office tenancies with an additional rooftop telecommunications antenna. Onsite, at grade parking is provided for around 62 vehicles, on a rectangular site of 6,086 square metres. Zoned 'Industry – Policy 4' by the city of Marion.

The retail space is disposed over the ground level and appears to be in a good state of condition and repair. As at the date of sale, all tenancies are occupied, with the uses being bicycle and scooter showrooms, virtual golf centre, furniture showroom and IT showroom / repairer. The tenancies generally provide open plan accommodation with point of sale areas situated towards the front of the tenancies and partitioned staff amenities/storage rooms interspersed throughout.

The upper level provides five tenancy areas, two of which were vacant as at the date of sale. The two tenancies at the rear of the improvements (one of which was vacant at the date of sale) provide a basic standard of accommodation, considered well suited to the current tenant's use as a gymnasium. The remaining vacant office tenancy is located near the rear of the development. The office tenancies providing partitioned and open plan waiting/reception areas, and appears to be in a reasonable state of repair. All tenancies are self-contained with toilet and kitchen amenities.

At the date of sale the Property was approximately 81% leased to nine tenants with a further two vacant tenancies, providing a WALE (by income) of some 2.52 years. We note the Property generates an additional $22,000 per annum gross from the telecommunications tower onsite.

Our equivalent yield analysis allows for an imputed market rental of $120 per square metre over the vacant tenancies. We have also allowed for six months letting up, an incentive equivalent to six months' rent and 12% agents fees over the vacant tenancies only.

We note the Property was contracted 'off market' with no formal marketing campaign having occurred.

***Comparison to Subject:** Situated opposite the Subject Property, the sale property provides a multi-tenanted, larger proportioned, two-storey development with inferior 'U' shaped configuration. Sold with a significantly shorter WALE and some vacancy. On balance, we consider the Subject to warrant a sharper (firmer) capitalisation rate and a higher rate per square metre.*

57-63 Magill Road, Stepney, SA

Sale Date:	January 2018
Sale Price:	$4,150,000
Property Type:	5 retail strip shops (currently configured as 4 shops)
Vendor:	Najo International Pty Ltd
Purchaser:	Living 2day Development Group
Site Area:	2,678 sqm
Total GLAR:	1,123 sqm
Rate $/sqm GLAR:	$3,695
Initial Yield:	6.25%
Equivalent Yield:	6.25%
WALE (by income):	2.45 years
Carparking / Ratio:	1:15 sqm

The property comprises a circa 1988's built, retail strip-shop premises, developed together with on-site car parking, further being located in the suburb of Stepney approximately 4 kilometres radius east of the Adelaide GPO. Developed on an irregular shaped inside allotment of approximately 2,678 square metres, zoned 'Light Industry' under the City of Norwood Payneham St Peters LGA.

The improvements comprise a single storey retail building providing a total gross lettable area retail (GLAR) of 1,123 square metres, currently configured and leased as four (4) retail tenancies of varying sizes from 216 to 397 square metres. The premises is considered to be of an above average standard / condition overall. The property further comprises on-site car parking for 24 vehicles, plus rear loading area and hardstand.

The property sold fully leased as four (4) retail tenancies, comprising of a flooring shop, gym, rehab equipment showroom and cafe. The individual tenancies are subject to formal leases, albeit for varied lease terms and conditions. The total passing rent, after deduction of non-recoverable outgoings, is deduced to be $259,187 per annum net (GST exclusive). More particularly, the individual shop rentals reflect net rental rates of between $197 and $275 per square metre per annum.

The property had been the subject of a private treaty sale campaign conducted by Leedwell, which initially commenced in late 2017.

Comparison to Subject: *The sale property is located to a superior inner eastern suburban locality with higher underlying land value, providing a smaller lettable area, with smaller site proportions. Sold with an inferior tenancy profile (being leased to predominantly local operators), albeit multiple tenancy occupation diversifying the risk associated with tenants vacating. The sale property features a significantly shorter WALE and is within a lower quantum price bracket. Overall, we consider the Subject to warrant a softer (higher) capitalisation rate and a lower rate per square metre.*

12-18 David Witton Drive, Noarlunga Centre, SA

Sale Date:	February 2017
Sale Price:	$17,551,568
Property Type:	Large Format Retail
Vendor:	Private Syndicate
Purchaser:	Interstate Based Syndicator
Site Area:	15,017 sqm
GLA:	7,447 sqm
Rate $/sqm GLA:	$2,357
Initial Yield:	7.12% (excluding casual income)
Equivalent Yield:	8.40%
WALE (by income):	4.30 years
Carparking / Parking Ratio:	231 spaces / 1 spaces per 32 sqm
Major Tenants:	Department for Correctional Services, Savers, Wellness Lifestyle Gym
No. of Specialties / Other:	Two small tenancies 250 sqm approx.

The property comprises a multi-tenanted large format retail centre located on the east side of David Witton Drive, within the commercial suburb of Noarlunga Centre, approximately 25 kilometres south of the Adelaide CBD. The immediate surrounding area bounded by Beach Road, Dyson Road and Goldsmith Drive, comprises a large bulky goods and entertainment precinct providing a variety of national retail brands. Noarlunga Homemaker Centre, located just south of the sale property, is anchored by Harvey Norman and is the major provision of national bulky goods stores in the area.

The sale property is occupied by eight tenants including Government offices (Department for Correctional Services), The Australian Red Cross, The Costume Shop (casual tenant), Megazone, Savers, Wellness Lifestyle Gymnasium, Godfreys and Rugs A Million. The property was marketed fully leased with two areas occupied on a casual basis (Tenancies 3 and 7A). We understand the purchaser was seeking to secure these tenants however the areas remained on the market for lease post settlement. We have excluded any short term income derived from these tenancies in our analysis and have treated these areas as vacant, allowing a six month letup period and 15% incentive.

The tenancies are leased at gross rentals ranging from $103 to $385 per square metre. The lower end of the range relates to the large gymnasium tenancy which was leased at a below market rent but subject to large biennial fixed reviews equating to 22% and 18% (remaining below market). The upper end of the range relates to the Government tenancy which is fitted out as office accommodation. The balance of the tenancies fall within a range of $193 to $287 per square metre gross.

The previous owner held each title (four in total) in separate ownership resulting in lower land tax. Our analysis assumes a purchase by a single entity.

We understand that the specific purchase price was derived at following a downward adjustment for the outcome of a market rental review relating to the Red Cross tenancy. The unadjusted price was $17.75 million.

Comparison to Subject: ***The sale property has a*** *larger lettable area, being located along an inferior neighbourhood thoroughfare with good exposure, albeit surrounded by comparable properties forming a destination precinct. Diversified tenancy mix, albeit with an inferior overall tenancy profile. Sold within a higher price bracket with a shorter WALE. Overall, taking into consideration the investment risk of multiple tenancies and management of a centre, we consider a lower (sharper) capitalisation rate warranted for the Subject.*

The aforementioned sales evidence represents the following resultant ranges:

	Initial Yield	Equivalent Yield	Rate ($/m²)
Minimum	6.25%	6.25%	$1,950
Maximum	7.38%	8.40%	$3,695

9.2 Sales Reconciliation – Improved Sales

Based on the sales evidence, particularly the most recent and anecdotal evidence of current transactions, we have adopted the following valuation inputs:

Variable	Input
Capitalisation Rate - Core Income	6.50%
Direct Comparison - Rate per square metre of lettable area	$2,100 to $2,300

10 Valuation Considerations

10.1 Likely Selling Period

We are of the opinion that the likely selling period for the Property is between 3 and 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.

10.2 Most Probable Purchaser

In consideration of the current market, we anticipate the most probable purchaser of the Property 'As If Complete' subject to the proposed subdivision to be a local developer, whilst the most probable purchaser of the Property 'As If Complete' subject to the proposed development to be a local investor, and to a lesser degree, an owner occupier.

10.3 Property Management

'As If Complete' subject to the proposed development, the Property is to be single-tenanted and therefore will require relatively uncomplicated property management.

10.4 Sales History

No recorded transaction within the last five (5) years.

11 Valuation Rationale 'As If Complete' subject to the proposed subdivision and proposed development

11.1 Valuation Overview

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

Our capitalisation of net income approach has been undertaken utilising the JLL proprietary valuation model.

11.2 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 overleaf:

Direct Capitalisation Approach - Market Income	
Market Income	
Lettable Area Rental	$900,000
Ideal Outgoings Recovery (Full Gross Leases)	$0
Total Market Rental	$900,000
Less Outgoings Expenditure	($193,381)
Net Market Rental	$706,619
Core Income Capitalised at 6.50%	$10,871,057
Value Adjustments	
Present Value of All Outstanding Incentives	($874,538)
Total Value Adjustments	($874,538)
Total Capitalised Value	$9,996,520
Adopted Capitalised Value	$9,997,000

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

Our adopted adjustments are detailed as follows:

Outstanding Incentives

We have deducted the present value of all outstanding incentives of $874,538. This relates to the incentive provided to the hypothetical tenancy, being one year rent free upon the commencement of the original lease term.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $9,997,000.

Our detailed calculations are annexed to this report.

11.3 Direct Comparison

The direct comparison approach compares the property to sales of similar properties within the surrounding area analysed on a rate per square metre of gross lettable area (GLA).

The calculations are summarised as follows based on the adopted rates as outlined in the *Sales Evidence* section.

	Area (sqm)	$ psm	Value
Lower Value		$2,100	$9,450,000
Upper Value	4,500	$2,300	$10,350,000
Adopted		**$2,200**	**$9,900,000**

11.4 Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$9,997,000
Direct Comparison Approach	$9,900,000
Adopted Value	**$9,950,000**

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present commercial office market investment sentiment, we have adopted a rounded valuation figure 'As If Complete' of **$9,950,000** plus GST (if any).

The assessed value reflects an initial passing yield of -1.94%, an equivalent yield of 6.53% and a rate of $2,211 per square metre of Gross Lettable Area, as leased.

12 Additional Reporting

12.1 Market Value 'As If Complete' subject to the proposed subdivision (vacant land)

As per our specific instructions, we provide the following assessment of Market Value 'As If Complete' subject to the proposed subdivision.

Sales Evidence

The direct comparison approach compares the Proposed Allotment 2 to sales of similar commercial properties within the surrounding area analysed on a rate per square metre of site area. When analysing the sales evidence, we have taken into consideration the nature and size of the allotments in addition to any improvements erected thereon, locational attributes and, date of purchase of the relevant sales in relation to the Subject.

817 North East Road, Valley View, SA

Sale Date:	May 2019
Sale Price:	$6,593,000
Property Type:	Development Site
Vendor:	North East Plaza Pty Ltd
Purchaser:	817 North East Road Valley View Pty Ltd
Site Area:	14,600 square metres
Rate $/sqm Site Area:	$452
Zoning:	Commercial
Planning Status:	Decision Made

Located along the main arterial corridor of North East Road, within the suburb of Valley View, approximately 12.5 kilometres north-east of the Adelaide CBD, the property comprises a land holding of approximately 14,600 square metres. The property comprises a former car dealership and service facility which provides a main office and showroom building with adjoining workshop, together with an older style, detached showroom building, detached service workshop and canopy area, and extensive hardstand and display yard areas.

The property is irregular shaped with frontage to North East Road of approximately 146 square metres. Zoned 'Commercial' by the City of Tea Tree Gully.

The Property sold via an expressions of interest campaign with vacant possession through CBRE. The site is proposed for a 1 into 3 Torrens land division, noting Development Plan Consent has been approved with conditions.

Adjusting the price to allow for demolition of $100,000 the sale price equates to a rate of $458 per square metre of site area.

Comparison to the Subject: *The sale property features a larger site area, with inferior irregular configuration, albeit with superior frontage to a similar main carriageway, considered to be located within an inferior overall commercial precinct. Overall, we consider the Subject to support a higher rate per square metre of site area.*

152 - 156 Railway Terrace, Mile End South

Sale Date:	February 2019
Sale Price:	$3,065,000
Property Type:	Development Site
Vendor:	Inghams Enterprises Pty Ltd
Purchaser:	Coonara Pty Ltd
Site Area:	3,675 square metres
Rate $/sqm Site Area:	$834
Zoning:	Bulky Goods
Planning Status:	No

The property comprises a corner allotment, located in the inner south western suburb of Mile End South approximately a 2.5 kilometre radius from the Adelaide GPO.

More particularly, the site is positioned on the north western corner of the Railway Terrace and Scotland Street junction, featuring a circa 55 metre frontage to Railway Terrace. Adjoining the property along its northern alignment is the Mile End Homemaker Centre. Property. The site is zoned 'Bulky Goods' by City of West Torrens.

The site is developed with older industrial improvements formerly used in conjunction with the operations of Ingham Enterprises Pty Ltd feed milling division, comprising an approximate gross lettable area of 1,270 square metres, however considered of no added value.

The property was marketed for sale vide expressions of interest by CBRE, and sold subject to vacant possession.

Provisioning a notional allowance for demolition of $125,000 ($100 per square metre), the sale price reflects an increased rate **of $868 per square metre of site area adjusted.**

Comparison to the Subject: *The sale property provides a smaller site area, comparable slightly irregular configuration albeit with superior corner exposure, located on a less-trafficked secondary carriageway albeit within close proximity to the Adelaide CBD fringe. Situated within a comparable bulky goods / commercial precinct. Overall, we consider the Subject to support a lower rate per square metre of site area.*

Corner Sturt & Marion Roads, Marion

Sale Date:	August 2017
Sale Price:	$1,900,000
Property Type:	Development site
Vendor:	Commissioner of Highways
Purchaser:	Sunrise Christian School
Site Area:	3,948 sqm
Rate $/sqm Site Area:	$481
Zoning:	Commercial '3
Planning Status:	N/A

This property comprises a corner land holding located over two Certificates of Title (known as Allotment 312 & 18), which together comprise a site of approximately 3,948 square metres. The property is located on the north-western corner of the traffic-light controlled intersection of Marion and Sturt Roads, within the suburb of Marion approximately 14 kilometres south-west of the Adelaide GPO. The site has an extended frontage to Sturt Road of approximately 61.5 metres, a corner truncation of approximately 18 metres and secondary frontage to Marion Road of approximately 56 metres. The site is unimproved with the exception of a bitumen driveway and perimeter fencing. Zoned 'Commercial – Sturt/Marion Road Policy Area 3' by the City of Marion with a height maximum of 2 storeys due to adjoining residential zoning.

The property is subject to a license agreement to the adjoining school to have access of the driveway along the property's northern boundary, expiring 31 July 2022.

The property sold via a private treaty campaign to the adjoining school, Sunrise Christian School Inc.

Comparison to the Subject: *The sale property provides a smaller site area, inferior irregular configuration with easement restrictions albeit with superior corner exposure to two main carriageways, located within relatively close proximity, albeit considered to be situated within an inferior commercial precinct. Overall, we consider the Subject to support a higher rate per square metre of site area.*

278-282 North East Road, Klemzig

Sale Date:	February 2017
Sale Price:	$2,540,000
Property Type:	Development site
Vendor:	Private
Purchaser:	Klemzig Village Pty Ltd
Site Area:	4,779 sqm
Rate $/sqm Site Area:	$532
Zoning:	Commercial
Planning Status:	N/A

The property comprises a regular shaped internal allotment providing some 4,779 square metres of site area, situated on a high profile site with a 74 metre frontage to North East Road.

Located on a high profile location in the suburb of Klemzig approximately 10 kilometres north east of the Adelaide Central Business District.

The property comprised 3 titles improved with a dwelling, office and display yard all in dated condition and considered to add no value to the property and we note the improvements were removed by the purchaser shortly following settlement.

The property was offered to the market via expression of interest campaign commencing April 2015, with the contract settlement in February 2017.

Provisioning a notional allowance for demolition of $60,000, the sale price reflects an increased rate **of $544 per square metre of site area adjusted.**

Comparison to the Subject: *The sale property provides a smaller site area, similar slightly irregular configuration, similarly with exposure to a main carriageway considered to be situated within a similar commercial precinct. Overall, we consider the Subject to support a similar rate per square metre of site area.*

Sales Reconciliation - Land

Taking into consideration the adjustment for demolishment within the aforementioned evidence (where applicable), the evidence reflects a broader rate range of between $452 and $834 per square metre of site area. Noting the comparability comments made above, we consider the Subject to lie within a rate range of between $500 and $600 per square metre of site area.

For the purpose of this valuation, we have adopted a mid-point of said rate range, whereby a rate of $550 per square metre of site area for the Subject is warranted, reflecting a quantum value of $4,146,450 excluding GST. We have adopted a rounded market value 'As If Complete' subject to the proposed subdivision of $4,150,000 excluding GST reflecting a rate of approximately $551 per square metre of site area.

12.2 Market Rental Value 'As If Complete' subject to the proposed subdivision and proposed development

As per Section 8.2, we consider the Subject Property 'As If Complete' subject to the proposed subdivision and development to warrant a market rental of $200 per square metre per annum gross, equating to a quantum annual 'face' rental of $900,000 per annum.

13 Valuation

In accordance with your instructions we have certified the market value of the 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 1 November 2019, is:

Market Value 'As If Complete' subject to the proposed subdivision and proposed development
$9,950,000 plus GST (if any)

(Nine Million, Nine Hundred and Fifty Thousand Dollars).

Market Value 'As If Complete' subject to the proposed subdivision (vacant land)

$4,150,000 plus GST (if any)

(Four Million, One Hundred and Fifty Thousand Dollars).

Market Rental Value 'As If Complete' subject to the proposed subdivision and proposed development

$900,000 per annum 'face' gross plus GST (if any)

(Nine Hundred Thousand Dollars per annum gross).

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 City of Marion for Internal Decision Making 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.

Jones Lang LaSalle Advisory Services Pty Ltd

RMcCrea

Rebecca McCrea
(Valuer)
Associate
Valuation Advisory – SA & NT
Certified Practising Valuer
(API Member: 73340)

Adrian Burg
(Counter Signature)
Local Director
Valuation Advisory – SA & NT

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 Rebecca McCrea. The Co-Signing Director, Adrian Burg, verifies that the report is genuine and endorsed by JLL. However, Adrian Burg has not 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.

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.

Liability limited by a scheme approved under Professional Standards Legislation.

Annexures

Annexure 1 Letter of Instruction

Lyon, Bianca

Subject: FW: [EXTERNAL] RE: Request for Valuation: City of Marion Surplus Land
Attachments: Property Details - City Services Surplus Land.pdf

From: Carla Zub <Carla.Zub@marion.sa.gov.au>
Sent: Monday, 14 October 2019 8:48 AM
To: McCrea, Rebecca <Rebecca.McCrea@ap.jll.com>
Cc: Parish, Brooke <Brooke.Parish@ap.jll.com>; Lyon, Bianca <Bianca.Lyon@ap.jll.com>; VAAUS, Quotes <Quotes.VAAUS@ap.jll.com>
Subject: [EXTERNAL] RE: Request for Valuation: City of Marion Surplus Land

Hi Rebecca,

Thank you for your fee proposal. The City of Marion would like to proceed with engaging JLL to undertake the valuation as per the request.

Please find enclosed further information about the site that may assist.

Please give contact me should you require any further information.

Kind regards
Carla

Carla Zub
Project Manager Strategic Projects | City of Marion

P 08 8375 6715
E Carla.Zub@marion.sa.gov.au | **W** www.marion.sa.gov.au

PO Box 21 Oaklands Park SA 5046

We acknowledge we are part of Kaurna land and recognise the Kaurna people as the traditional and continuing custodians of the land.

From: McCrea, Rebecca <Rebecca.McCrea@ap.jll.com>
Sent: Thursday, 3 October 2019 2:55 PM
To: Carla Zub <Carla.Zub@marion.sa.gov.au>
Cc: Parish, Brooke <Brooke.Parish@ap.jll.com>; Lyon, Bianca <Bianca.Lyon@ap.jll.com>; VAAUS, Quotes <Quotes.VAAUS@ap.jll.com>
Subject: RE: Request for Valuation: City of Marion Surplus Land

Hi Carla,

Thank you for your email and the opportunity to quote. Brooke Parish has forwarded your email on to me as I practise in this area and am most likely to undertake this job if our quote is successful.

We confirm our fee quote to undertake this valuation assignment on the bases outlined below and within your original attachment of **$5,000 exclusive of GST and disbursements (title searches at cost).**

We further anticipate being able to complete this assignment prior to COB Friday 25 October 2019, subject to receiving all required information and provided we are instructed as soon as possible.

We also advise that our above quotation remains valid for a period of 10 days only from the date of this communication.

Our valuation report will include market values on the following bases:

- Market Value 'As If Complete' of the proposed vacant land allotment subject to subdivision
- Market Rental Value 'As If Complete' subject to subdivision and development of a single tenanted bulky goods facility
- Market Value 'As If Complete' subject to subdivision and development of a single tenanted bulky goods facility and further subject to a hypothetical lease agreement

Our agreement to undertake this valuation is subject to JLL's conditions attached, further noting an express condition is payment of our professional invoice upon completion of our valuation report and prior to its release and / or divulgence of the valuation amount. Our report is strictly for the use of City of Marion for decision making purposes, and payment of our invoice once submitted remains solely the responsibility of City of Marion.

I trust this brief email suffices, however if any queries, please do not hesitate to contact me.

Kind regards,

Rebecca McCrea
T +61 8 8233 8875
M +61 450 188 845

jll.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

From: Carla Zub <Carla.Zub@marion.sa.gov.au>
Sent: 3 October, 2019 10:23 AM
To: Parish, Brooke <Brooke.Parish@ap.jll.com>
Subject: [EXTERNAL] Request for Valuation: City of Marion Surplus Land

Dear Brooke,

The City of Marion is exploring options for the potential sale or redevelopment of its surplus land on 935 Marion Road, Mitchell Park.

Please can JLL provide a quote for valuation as per the attached request by Wednesday 9 October 2019.

Should your company be the successful party, it is requested that an electronic copy of the valuation is provided by the COB Friday 25 October 2019.

Should you have any queries, please do not hesitate to contact me.

Kind regards
Carla

Carla Zub
Project Manager Strategic Projects | City of Marion

P 08 8375 6715
E Carla.Zub@marion.sa.gov.au | **W** www.marion.sa.gov.au

PO Box 21 Oaklands Park SA 5046

We acknowledge we are part of Kaurna land and recognise the Kaurna people as the traditional and continuing custodians of the land.

Follow us on Facebook - Follow City of Marion on Facebook for the latest news, events and announcements.

E-talk newsletter - Subscribe to our email newsletter to receive regular news and updates straight to your inbox.

Annexure 2 Current Title Search

LAND SERVICES SA

Product	Register Search Plus (CT 5494/674)
Date/Time	15/10/2019 01:36PM
Customer Reference	15678-vals
Order ID	20191015007022

REAL PROPERTY ACT, 1886

South Australia

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

REGISTRAR - GENERAL SOUTH AUSTRALIA

Certificate of Title - Volume 5494 Folio 674

Parent Title(s)	CT 4170/413				
Creating Dealing(s)	CONVERTED TITLE				
Title Issued	21/01/1998	**Edition**	1	**Edition Issued**	21/01/1998

Estate Type

FEE SIMPLE

Registered Proprietor

THE CORPORATION OF THE CITY OF MARION
OF PO BOX 21 OAKLANDS PARK SA 5046

Description of Land

ALLOTMENT 100 FILED PLAN 10513
IN THE AREA NAMED MITCHELL PARK
HUNDRED OF NOARLUNGA

Easements

NIL

Schedule of Dealings

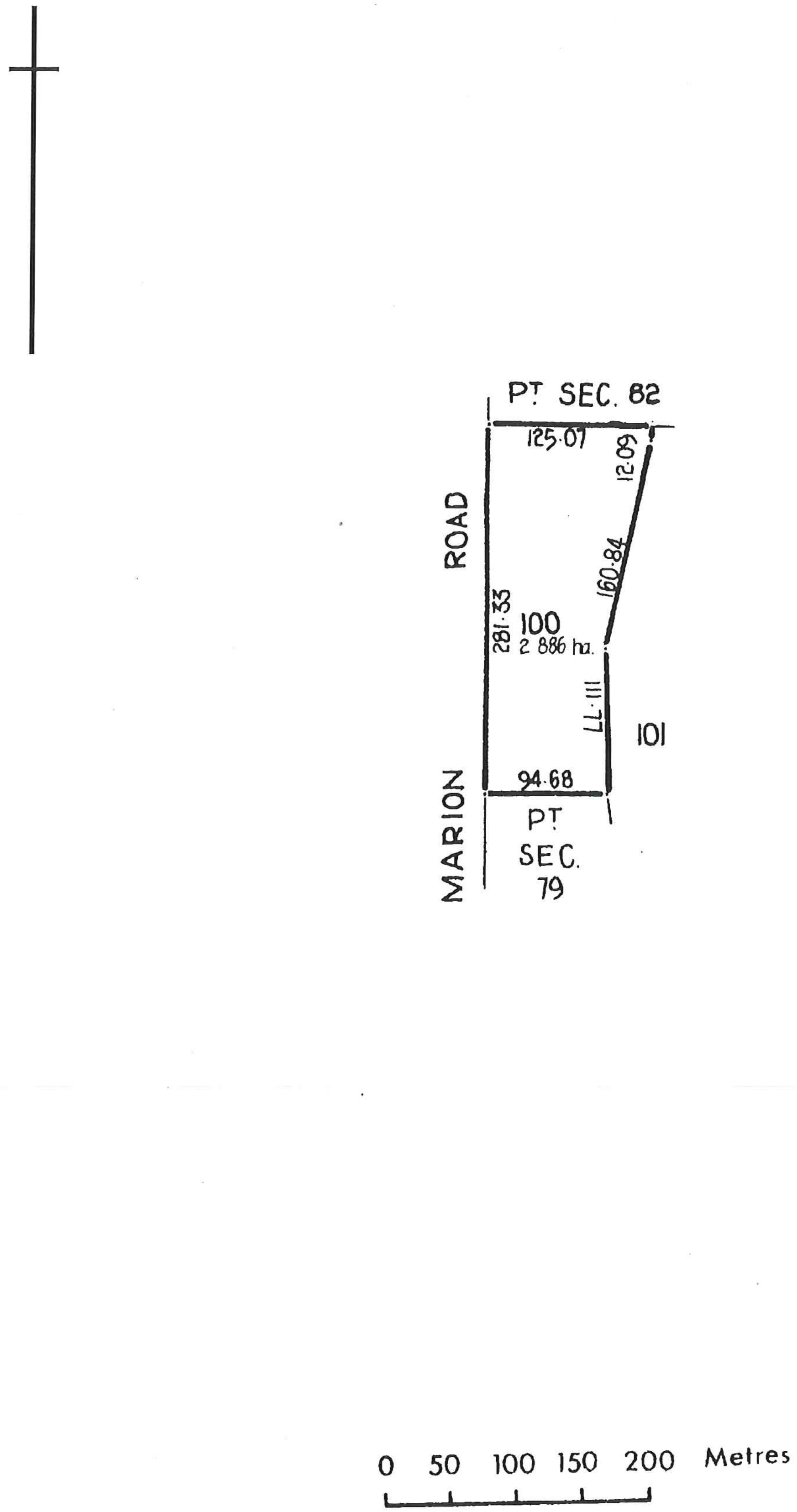
NIL

Notations

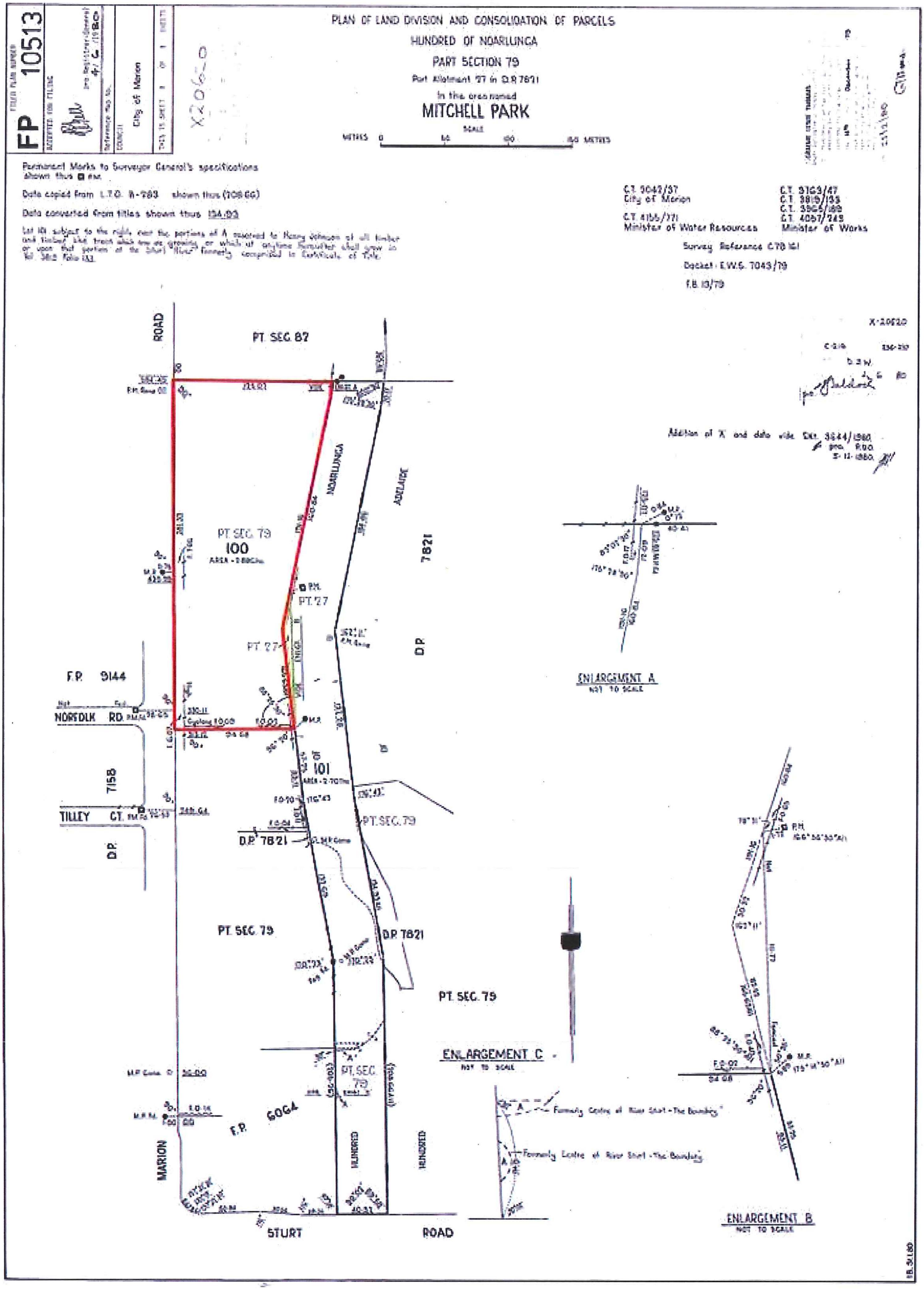
Dealings Affecting Title	NIL
Priority Notices	NIL
Notations on Plan	NIL
Registrar-General's Notes	NIL
Administrative Interests	NIL

LAND SERVICES SA

Product	Register Search Plus (CT 5494/674)
Date/Time	15/10/2019 01:36PM
Customer Reference	15678-vals
Order ID	20191015007022



Annexure 3 Proposed Plan of Division


FP 10513
City of Marion
PLAN OF LAND DIVISION AND CONSOLIDATION OF PARCELS
HUNDRED OF NOARLUNGA
PART SECTION 79
Part Allotment 77 in D.P. 7821
In the area named
MITCHELL PARK
SCALE
METRES 0 50 100 150 METRES
Permanent Marks to Surveyor General's specifications shown thus
Data copied from L.T.O. R-283 shown thus (108.66)
Data converted from titles shown thus 134.93
C.T. 3043/37
City of Marion
C.T. 4155/771
Minister of Water Resources
C.T. 3763/47
C.T. 3819/133
C.T. 3865/189
C.T. 4057/249
Minister of Works
Survey Reference C78 161
Docket E.W.S. 7043/79
F.B. 13/79
X-20620
PT. SEC. 87
ROAD
NOARLUNGA
ADELAIDE
PT. SEC. 79
100
PT. 77
D.P. 7821
F.P. 9144
NORFOLK RD.
7158
TILLEY CT.
D.P.
101
PT. SEC. 79
D.P. 7821
PT. SEC. 79
PT. SEC. 79
F.P. 6064
MARION
HUNDRED
HUNDRED
STURT
ROAD
ENLARGEMENT A
NOT TO SCALE
ENLARGEMENT B
NOT TO SCALE
ENLARGEMENT C
NOT TO SCALE
Formerly Centre of River Sturt - The Boundary

Annexure 4 Tenancy Schedule

Tenancy Schedule
Proposed Allotment 2, 935 Marion Road, Mitchell Park, SA
1 November 2019

Tenant Name	Premises	Tenancy Area (m²)	Car Parks	Lease Term	Lease Start	Lease Expiry	Next Review	Review Frequency	Review Type	Passing Rental Total	Premises ($/m²)	Car Park pcpm	Gross Market Rental Total	**Gross Market (Rental $/m²)**	Car Park pcpm	Outgoings Recovery
1. Proposed Tenant		4,500.0		10.0 years	1-Nov-19	31-Oct-29	31-Oct-20	1 yearly	CPI+1%	$900,000	$200.00		$900,000	**$200.00**		$0
	GLA	$4{,}500m^2$	0						Passing Rental	$900,000		Market Rental	$900,000		Outgoings Recovery	$0
	NLA	$4{,}500m^2$							Net Passing Rental	$706,619					Vacant Outgoings	$0
															Outgoings Shortfall	$193,381
															Total Outgoings	$193,381

Annexure 5 Outgoings

Outgoings Schedule
Proposed Allotment 2, 935 Marion Road, Mitchell Park, SA
Budgeted Outgoings - Year Ending 31 October 2020

Statutory Expenses	Amount	Input/NLA
Municipal / Council Rates	$50,466.24	$11.21
Water & Sewerage	$15,232.00	$3.38
Other Statutory Charges	$9,613.04	$2.14
Land Tax	$94,570.00	$21.02
Total Statutory Expenses	$169,881	$37.75 /sqm

Operating Expenses	Amount	Input/NLA
Insurance Premiums	$6,000.00	$1.33
Air Conditioning	$1,000.00	$0.22
Common Area Cleaning		
Building Supervision		
Car Parking		
Electricity		
Fire Protection	$1,000.00	$0.22
Gas & Oil		
Lifts & Escalators		
Pest Control		
Repairs & Maintenance	$2,500.00	$0.56
Emergency Generators		
Energy Management		
Security / Access Control		
Gardening / Landscaping	$5,000.00	$1.11
Admin / Management	$7,500.00	$1.67
Miscellaneous	$500.00	$0.11
0		
0		
Total Operating Expenses	$23,500	$5.22 /sqm
Total Expenses	$193,381	$42.97 /sqm

Non-Recoverable Expenses	Amount	Input/NLA
0		
0		
0		
Total Non-Recoverables	$0	$0.00 /sqm
Total Expenses (inc Non-Recoverables)	$193,381	$42.97 /sqm

Schedules
Municipal / Council Rates
Water & Sewerage
Other Statutory Charges
Land Tax
Total Statutory Expenses

Operating Expenses
Insurance Premiums
Air Conditioning
Common Area Cleaning
Building Supervision
Car Parking
Electricity
Fire Protection
Gas & Oil
Lifts & Escalators
Pest Control
Repairs & Maintenance
Emergency Generators
Energy Management
Security / Access Control
Gardening / Landscaping
Admin / Management
Miscellaneous
Total Operating Expenses
Total Expenses

Non-Recoverable Expenses
0
Total Non-Recoverables
Total Expenses

Applied Area
Schedule/Applied Area

Outgoings Profile over DCF Term	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Adopted Outgoings Growth	1.87%	2.09%	2.28%	2.78%	2.78%	2.60%	2.44%	2.52%	2.75%	2.77%	2.77%
Ideal Outgoings Recovery	$193,381	$196,992	$201,115	$205,707	$211,417	$217,304	$222,963	$228,399	$234,157	$240,606	$247,278
Forecast Outgoings Recovery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Variance	($193,381)	($196,992)	($201,115)	($205,707)	($211,417)	($217,304)	($222,963)	($228,399)	($234,157)	($240,606)	($247,278)

Annexure 6 Capitalisation Calculations

Capitalisation Approach - Market Income
Proposed Allotment 2, 935 Marion Road, Mitchell Park, SA
1 November 2019

Market Income		
Lettable area rental		$900,000
Car Parking Rental		$0
Ideal Outgoings Recovery (Full Gross Leases)		$0
Total Market Rental		**$900,000**
Less Outgoings Expenditure		($193,381)
Net Market Rental		**$706,619**
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%		$0
Core Income		**$706,619**
Core Income Capitalised at 6.50%		**$10,871,057**
Value Adjustments		
Present Value of Existing Rental Reversions		$0
Present Value of All Outstanding Incentives		($874,538)
Vacancies - Letting Up Allowances:		
Present Value of Downtime	$0	
Present Value of Incentives	$0	
Present Value of Leasing Fees	$0	$0
Expires within the next 24 months - Letting Up Allowances:		
Present Value of Downtime	$0	
Present Value of Incentives	$0	
Present Value of Leasing Fees	$0	$0
Present Value of Future Lease Agreements and Stepped Rentals		$0
Present Value of Short Term Capital Expenditure: 24 months		$0
Value of Other Income		$0
Total Value Adjustments		**($874,538)**
Total Capitalised Value		$9,996,520
Adopted Capitalised Value		$9,997,000
Adopted Value		**$9,950,000**

Analysis

Weighted Lease Duration		**Performance Indicators on Adopted Value**	
By Income	10.00 years	Initial Yield (Net Passing)	-1.94%
By Area	10.00 years	Initial Yield (Fully Leased)	7.10%
Current Vacancies		Equivalent Market Yield	6.53%
By Area	0m²	Rate per m² of NLA	$2,211/m²
Proportion of NLA	0.00%	**Net Income**	
By Market Income	$0	Net Passing Income	-$193,381
Proportion of Market Income	0.00%	Net Passing Income (Fully Leased)	$706,619

Contacts

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