

27 June 2017

Ms Trish Aukett
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Dear Trish

ALWYNDOR AGED CARE – USE OF COUNCIL LAND

I refer to our previous advice in relation to the above.

I confirm that the Council has requested a 'revisit' of any options for it to recover funds for the use and occupation of Council land by Alwyndor.

1. Summary of Advice

- 1.1 As per previous advice, I am unable to identify a manner (which will withstand independent scrutiny) by which the Council can recover monies for use of the Council land by way of a grant of any proprietary or contractual interest – because each of these options would require the Council to contract with itself, as Trustee and as landowner.
- 1.2 One option worthy of further exploration is for the Council to consider a fee for use of the land, as part of the recovery of expenses to which a trustee is entitled to reimburse itself (similar to the manner in which the Council currently charges a fee for management services).
- 1.3 If the Council wishes to proceed in this manner, our recommendation is that the Council:
 - 1.3.1 obtain a valuation of the rental value of the Council-owned land;
 - 1.3.2 prepare a letter from the Council to the Alwyndor Management Committee noting that:
 - (i) Alwyndor currently uses and occupies land owned by the Council (in addition to the land held on trust by the Council);
 - (ii) the Council wishes to formally authorise such occupation by Alwyndor, in order to allow Alwyndor to continue to occupy the land;

(iii) the Council will, as would realistically and commercially be expected, charge a reasonable fee for the use and occupation of the land by Alwyndor;

(iv) the fee is set by comparison with the market value the land could otherwise be rented for, if not occupied by Alwyndor; and

(v) the Council will establish a process and timing for review and re-setting of the fee.

1.4 Our advice is that this is the most viable approach to recover a return on the Council-owned land, given all of the circumstances.

1.5 The reasons that support this advice are below.

2. Proprietary Interests

2.1 In our previous advice, we dismissed, for established legal reasons, the notion of a lease between the Council as Trustee and the Council as landowner. As a matter of law, this, simply, cannot occur. For the same reasons, we dismiss any other form of proprietary interest.

2.2 The Trust is not a legal entity and, accordingly, is unable to own property in its own capacity. Any property held in the Trust, whether real or personal, is held by the Trustee (the Council) as the legal entity on behalf of the Trust. Whilst a beneficiary may, in some circumstances, have an equitable interest in trust property, in this matter, as this is a charitable purpose trust, there are no beneficiaries.

2.3 For any proprietary interest (such as a lease, but also extending to any other legal or equitable proprietary interest), it would be held by the Trustee on behalf of the Trust. The Council land occupied by Alwyndor is land held by the Council in its own right.

2.4 Accordingly, if the Council was to enter into a lease arrangement whereby the Trust leased the Council land, legally, the Council would be leasing to itself. As a matter of law, this cannot happen.

2.5 This position was been determined in the case of Rye v Rye [1962] AC 496 which clearly establishes that in order to have a valid lease, there must be two separate legal parties. At law, the Council as Trustee has no separate legal identity to the Council as a body corporate land owner, despite assuming separate roles and responsibilities when acting in each capacity.

2.6 At law, any interest the Council has that, as owner, it wished to grant to the Trust, would be a grant to the Trustee and, therefore, the interests would merge (as the Council is the legal entity in each case).

3. Contractual Interests

3.1 Similarly, a contractual interest such as a licence is not possible. A contractual interest requires the Council (as owner of the land), to contract with the Trust, as the occupier of the land.

- 3.2 However, as the Trust is not a legal entity, the contract would be the Council as contract principal with the Council, as Trustee.
- 3.3 A party cannot contract with itself (that is, at least two legal persons are needed to form a contract) and, therefore, a valid contract could not be formed.

4. Rights of Trustee

- 4.1 Under both statute and at common law, a trustee has a right of reimbursement and indemnity.
- 4.2 In statute, this is expressed in Section 35(2) of the *Trustee Act 1936*:

A trustee may reimburse himself, or pay or discharge out of the trust premises, all expenses incurred in or about the execution of his trusts or powers.
- 4.3 Under common law, a trustee is entitled to reimbursement for all moneys paid for expenses reasonably incurred in the execution of the trust and powers (*Commissioner of Australian Federal Police v Cornwell (1990) 98 ALR 677*).
- 4.4 This extends to liabilities incurred in carrying on a business authorised by the trust instrument (*Vacuum Oil Co Pty Ltd v Wiltshire (1945) 72 CLR 319*).
- 4.5 In the instant circumstances, the Council carries on the business of Alwyndor, in accordance with the Trust Deed.
- 4.6 Currently, the Council (reasonably) charges a fee for management services undertaken by the Council in the business of the Trust. These are expenses that have been incurred in the execution of the trusts and the powers as Trustee.
- 4.7 This could, quite reasonably, be considered to extend to a fee for the use and occupation of the Council-owned land. That is, this is an expense that the Council is incurring, in that it is allowing Alwyndor to use and occupy the land, thereby it is not able to use that land for other purposes (including by way of leasing, for valuable consideration, to a third party).
- 4.8 The fiduciary duties of the Council, as Trustee, are also relevant to this proposition, as the Council is precluded from obtaining a benefit as a result of its position as Trustee.
- 4.9 However, provided the fees for use of the land are objectively (and independently and professionally and commercially) reasonable (and reasonably set), our advice is that this can be considered as the recovery of expenses, similar to the fee for management services. This can be achieved by arranging an independent, professional and expert valuation for rental of the land for its current use.
- 4.10 A further complication, however, is that Alwyndor has both used and occupied the Council land for an extensive amount of time and has, during this time, made improvements on that land. Further, coupled with the fact, the Council has not previously sought any fees from the Trust for the use and occupation of the Council land. On the one hand, an aggrieved person might assert that an attempt, now, to recover a fee might be seen as a breach of the Council's fiduciary duties as Trustee.

Our position is that this is a displaceable proposition in the circumstances and the more accurate position is that Alwyndor has enjoyed an extended period of time by which it has been 'unjustly enriched' by the failure to be accountable for rental payments for its use and occupation of land that is not owned by it or in which it does not have any other proprietary interest.

- 4.11 Accordingly, we consider that a fee may be charged, provided it is reasonable and a *bona fide* recovery of the lost benefit of the land to the Council.
- 4.12 The issue which also arises and a matter that the engaged valuer will be required to consider is whether the fee should be based on the site (bare) value or the improved value of the land.
- 4.13 Given it is the Trust (and funds from the Trust) that has improved the land and whilst acknowledging that improvements to the land in the nature of structures or fixtures, become part of the land and within the ownership of the landowner unless there is agreement to the contrary, our recommendation is that in these particular circumstances, only the site (bare) value of the land be used.
- 4.14 If the Council paid for or contributed to the value of the improvements, the above recommendation might support a position for reliance on a fee based on the improved value of the land.

Let me know if you have any further questions in relation to the above.

Yours sincerely
KELLEDYJONES LAWYERS

A handwritten signature in black ink, appearing to read 'M J Kelleedy', with a long, sweeping underline that extends to the right.

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Valuation Advice

**Allotment 2, 48-62 Dunrobin Road
HOVE SA 5048**

March 2017

Under instruction from:

Alwyndor Aged Care



Reference: 155664

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16th March 2017

Reference: 155664

Ms Trish Aukett
Alwyndor Aged Care
52 Dunrobin Road
HOVE SA 5048

Dear Trish

RE: VALUATION ADVICE – ALLOTMENT 2, 48-62 DUNROBIN ROAD, HOVE SA 5048

Further to your signed return of our formal quotation letter received on the 6th March 2017, we wish to report as follows:

Instructions

To provide market value and ground rental advice in relation to the abovementioned property to assist with internal decision making.

We note, as per our instructions the subject property for the purpose of the valuation includes Allotment 2 only, forming portion of the whole Alwyndor Aged Care site.

Our valuation has been undertaken based on the assumptions that the site is vacant, devoid of any improvements. ***We qualify our report to this extent.***

Inspection Date

14th March 2017

Valuation Date

14th March 2017

Qualifications

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

4. Unless otherwise stated, all valuation figures stated herein are net of GST, are on a before tax basis, are before acquisition and selling expenses, and do not reflect any withholding amounts or impact upon sale proceeds that may apply under foreign investor transaction legislation (including under mortgagee sale conditions).
5. Reliance on this report should only be taken upon sighting an original document received by the Reliant Party directly from Knight Frank or through a Panel Management System authorised by the client, and has been signed by the valuer and countersigned by a senior executive of Knight Frank Valuations.
The counter-signatory verifies that this report is genuine and issued and endorsed by Knight Frank Valuations. The opinion of value expressed in this report, however, has been arrived at by the prime signatory acting as the valuer. Please note that Nick Bell (co-signer) has not inspected the subject property, and counter-signs this report only in his capacity of Director, Knight Frank Valuations.
6. 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 and factors specific to the particular property). We do not accept responsibility or liability for losses arising from such subsequent changes in value.
Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of ninety (90) days from the date of the valuation or such earlier date if you become aware of any factors that have an effect on the valuation.
7. In accordance with industry guidelines and requirements, Knight Frank Valuations cannot assign or confirm the original or initial valuation after the expiration of ninety (90) days from the date of valuation. Any written assignment of the valuation by Knight Frank Valuations within this ninety (90) day period is required to contain a statement that the valuer has not re-inspected the property nor undertaken further investigations or analysis since the original/initial valuation and accepts no responsibility for reliance upon the original/initial valuation other than as a valuation of the property at the original/initial date of valuation.
8. This valuation is conditional on there being no material change (including as a result of general market movements, or factors specific to the particular property) between the date of inspection and the date of valuation that would impact on the value of the subject property. Should such an event occur, the valuer should be contacted for comment prior to reliance upon the valuation.
9. This valuation is not intended to be used to provide financial advice, express or implied, and we confirm that the valuer and Knight Frank Valuations is not licensed to provide financial product advice under the Corporations Act 2001.
10. This valuation report is to be read in its entirety and in particular we draw your attention to the Important Notices set out in the body of the report and the Critical Conditions section.
11. Any forecasts, including but not limited to, financial cash flow projections or terminal value calculations noted within this report are a valuation tool only undertaken for the purpose of assisting to determine the market value. No party may rely upon any financial projections or forecasts within this report on the understanding that they are undertaken for the specific purpose of determining the market value only and, therefore, should not be represented in any way as providing an indication of likely future profit or realisable cash flow.

12. Any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified valuer, reflecting due skill, care and diligence.
13. Limited liability by a scheme approved under Professional Standards Legislation (Scheme) which includes Valuations Services (SA) Pty Ltd and the valuer(s) signing this report. Where the Scheme does not apply, our liability is limited to the lower of an amount equal to the fees charged in relation to the Valuation and the amount provided for in any available insurance policy (if any) held by us for that type of claim.

Market Value Definition

Market Value as defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API) and embodied within the current Corporations Law, is as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.”

Goods and Services Tax

<p>Important Notice</p>	<p>The GST became law on 8 July 1999 and commenced operation on 1 July 2000. From this time, rental payments for non-residential leases generally became subject to GST. The sale of non-residential property may also be subject to GST, the amount of tax payable being dependent on the tax status of the parties, available input tax credits and the operation of the Margin Scheme.</p> <p>Our valuation of this property has been prepared on a GST exclusive basis with no provision for the payment of GST by the supplier (vendor) on the hypothetical sale of this property as at the date of this valuation. <i>GST is an important and complex issue and we strongly recommend that you consult a duly qualified tax expert to ensure that your financial interest in this property is not compromised.</i></p>
<p>Transfer with Vacant Possession</p>	<p>All sales and rental evidence, valuation calculations and assessments contained herein are on a GST exclusive basis.</p> <p>If the subject property was to be sold as a vacant site (as per our assumptions) with vacant possession, we consider GST would be payable upon transfer assuming the vendor is registered for GST purposes. The purchaser would be liable for an additional 10% of the purchase price. The vendor will then remit 1/11th of the GST inclusive sale price to the ATO and the purchaser would be entitled to a full input tax credit on the amount of GST paid.</p>

Title Details and Site Description

Current Registered Proprietor				
CITY OF HOLDFAST BAY				
Volume	Folio	Allotment/Piece/Section	Plan Ref.	Hundred
5479	801	ALLOTMENT 2	FILED PLAN 12833	NOARLUNGA

Easements And Encumbrances

CT5479/801

- SUBJECT TO FREE AND UNRESTRICTED RIGHT(S) OF WAY OVER THE LAND MARKED
- A6607994 APPLICATION PURSUANT TO RETIREMENT VILLAGES ACT, 1987 THE LAND IS USED AS A RETIREMENT VILLAGE

Registrar-General's Notes

COMPARE ADDRESS FOR SERVICE OF NOTICE WITH 6607994

Identification

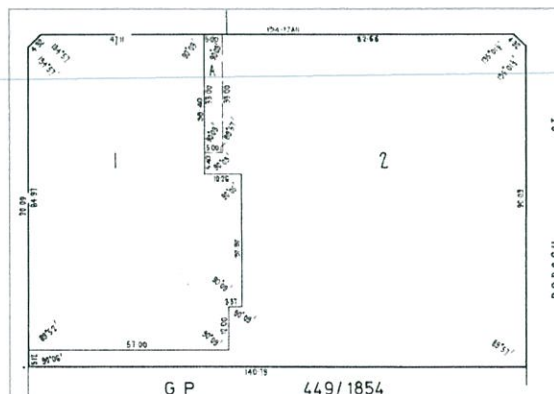
The property has been positively identified by reference to street address, physical inspection and Certificate of Title.

Site Area & Physical Description

An irregular shaped allotment which is gently sloping but generally situated at road level. The site dimensions are summarised as follows:

Description	Measurements
Cecilia Street frontage	87.66 metres
Dorsch Street frontage	90.09 metres
Southern boundary	140.79 metres
Patricia Street frontage	5.12 metres
Western boundary	87.77 metres (overall)
Site Area	8,332 square metres (approximately)

Extracts of the Title Plans are as follows:



CT5479/801 – ALLOTMENT 2

Important Notice

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

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

Town Planning Details

Municipality and Planning Scheme

Corporation of the City of Holdfast Bay

Principal Zoning

Residential

Objectives of the Zone

The main objectives of the zone are as follows:

- A residential zone comprising a range of dwelling types, including a minimum of 15 per cent affordable housing.
- Increased dwelling densities in close proximity to centres, public transport routes and public open spaces.
- Development that contributes to the desired character of the zone.

Comments

The existing use of the subject property as an aged care facility is considered to comply with the general intentions of the zone, however as per our instructions we have undertaken our valuation assuming the land is vacant, devoid of any improvements.

We also note that as per the notation on the Title that the land has the potential be used for a Retirement Village.

A copy of the relevant zoning extracts is appended.

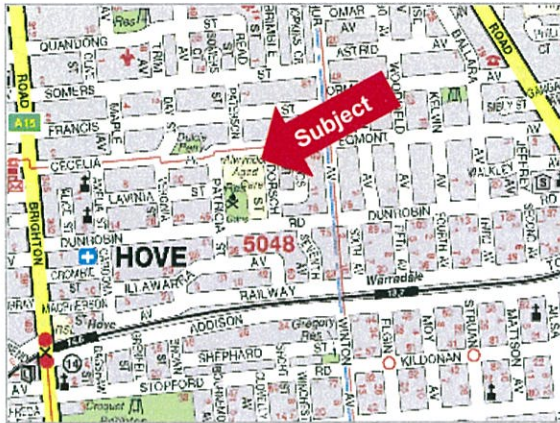
Location & Surroundings

Position & Surrounding Development

The subject property is located approximately 13 kilometres south-west from the Adelaide GPO. Local schools, shops public transport and amenities are all available within a convenient distance, including Warradale train station within walking distance. Westfield Marion shopping centre is located approximately two kilometres to the south-east, while Brighton Beach is 1.5 kilometres to the west of the subject. Adjacent and surrounding development comprises predominantly detached residential dwellings and units constructed in the mid 1900's, with some character style dwellings dating back to circa 1900. More recently, there has been subdivision and in-fill development with the construction of modern dwellings.

Services

- All of the usual services of gas, electricity, water, sewerage and drainage are available to the property.



Environmental Considerations

Soil Contamination/Asbestos

Historical Uses	The property is currently operating as portion of an aged care facility. Prior uses of the site are likely to have been residential in nature.
Registered on the EPA List/Statement of Environmental Audit	The site is not registered on the EPA Public Register as a contaminated site.
Perceived Environmental Risk	We confirm that there are no perceived environmental risks or problems associated with the subject property in relation to its present use, albeit noting that the historical use of the property is not known. We further confirm that we have found no information in our enquiries to necessitate the instigation of a detailed environmental audit, subject to important notice below.
Identified Asbestos at Inspection	No
Potential for unsighted Asbestos	We have undertaken our assessment on the assumption that the site is vacant, devoid of any improvements. We have therefore assumed that there is no inherent risk from asbestos and reserve the right to review our valuation calculations should further risk assessment conclude differently.

Important Notice

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

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

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

Native Title Claims

Important Notice

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

Improvements

The subject property is currently improved with building structures and ancillary improvements associated with the northern portion of Alwyndor Aged Care facility.

In accordance with our instructions we have completed an assessment of the underlying land value only, assuming the site is devoid of any improvements. ***We qualify our report to this extent.***

Photographs

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



Existing aged care accommodation



Car parking

Occupancy Details

As at the date of valuation the subject property was operating as portion of an aged care facility however as per our instructions we have valued the land assuming it is vacant, devoid of any improvements and held with vacant possession.

Statutory Assessments

We note that the Valuer General has not assessed the subject property independently, but has assessed the Alwyndor site as a whole (including Allotment 2 and Allotment 85) for rating and taxing purposes, with the assessment as follows:

Relevant Date	Valuation Date - 1 January 2017; issued at 1 July 2017
Site Value	\$5,625,000
Capital Value	\$15,000,000

Market Evidence

Based on our assumption that the subject property is vacant, we consider the market value of the land should be based on the current zoning, which would support residential land division or a supported accommodation use such as the existing aged care use.

We also note that there is a dealing on the Title stating that pursuant to the Retirement Villages Act the land is used as a retirement village. We understand that this is not a restriction on the land, but rather a provision in the event a retirement village land use was non-complying within the zone. The dealing is not considered to have a detrimental effect on the overall value of the subject property.

Our searches have found that there have been limited recent comparable sales of land specifically for aged care uses and so we have had regard to sales of development sites generally within comparable areas, summarised as follows:

1.	Property:	189 Holbrooks Road, UNDERDALE
	Date of Sale:	March 2016
	Sale Price :	\$2,975,000 (excluding GST)
	Site Area:	5,729 m ²
	Zoning:	Residential - Low Density Policy Area 21
	Rate/m ² of site:	\$519/m ²
	Improvements:	The subject property comprises a bowling club of generally level topography. The site is quite irregular in shape being comprised within 3 allotments and 3 Certificates of Title and has a frontage to Holbrooks Road of 53 metres. The property also has a combined secondary frontage to Norman Street of 49 metres.
	Lease Details:	The property sold with vacant possession.
	Sales Comments:	The property sold via an expression of interest campaign. The purchaser was an experienced retirement village operator who intends to redevelop the site into a retirement village. We note, the sale price of \$2,975,000 has been confirmed by the selling agent from Raine & Horne.

2.	Property:	33 Exeter Terrace, DEVON PARK
	Date of Sale:	July 2015
	Sale Price :	\$6,050,000 (excluding GST)
	Site Area:	14,247 m ²
	Zoning:	Residential
	Rate/m ² of site:	\$425/m ²
	Improvements:	Property comprises a residential development site located on the corner of Alexander Avenue and Exeter Terrace with a third frontage to Jack Johnson Court. The site is irregular shaped, improved with a commercial/industrial use building.
	Lease Details:	Property sold leased to a car auction operator for a rental of \$96,000 p.a. Gross, expiring August 2015.
	Sales Comments:	The improvements are considered to offer limited added value with the property presenting as a development site. Development Approval was granted in May 2015 to subdivide the existing 18 Allotments into 51 Torrens Titled Allotments (inclusive of 2 residential flat building super Lots of 1,783m ² and 1,686m ²). The townhouse Allotments vary in size from 150m ² to 278m ² .
3.	Property:	62-64 Cheadle Street, FULHAM GARDENS
	Date of Sale:	May 2015
	Sale Price :	\$5,100,000 (excluding GST)
	Site Area:	10,440 m ²
	Zoning:	Residential'16
	Site Frontage:	47.14 metres
	Gross Building Area:	143 m ²
	Rate/m ² of building:	\$35,664/m ²
	Rate/m ² of site:	\$489/m ²
	Improvements:	The subject property comprises a regular shaped development site held in two separate allotments. The front allotment comprises a dwelling built circa 1950 and associated ancillary improvements of a basic, dated standard. The property has street frontage to Cheadle Street, however Marelle Place being a cul-de-sac, runs along the southern end of the property's eastern side boundary.
	Sales Comments:	The property previously sold for \$4.0m in September 2013 without any approvals in place. The site was granted Development Approval in January 2016 to subdivide the site into 9 Torrens Titled Allotments. The current developer has plans for a 7 allotment subdivision to the front of the property and a development lot to the rear (5,220m ²) which could accommodate further subdivision.
4.	Property:	22-26 Bells Road, SOMERTON PARK
	Date of Sale:	April 2015
	Sale Price :	\$3,120,000 (excluding GST)
	Site Area:	7,291 m ²
	Zoning:	Residential

	Rate/m ² of site:	\$428/m ²
	Improvements:	The subject property comprises a former dental school estimated to have been constructed circa 1970's, presenting as a residential development site located within the western residential suburb of Somerton Park. The property is currently contained within 10 Certificates of Title.
	Lease Details:	Property sold with vacant possession.
	Sales Comments:	The sale price has no further amount of GST payable under the Margin Scheme. The property received Development Approval on 16th January 2015 for Torrens Titled subdivision of 14 allotments ranging in size from 350m ² to 678m ² (excluding a development Lot of 1,852m ²). Subsequent to this the development Lot was approved for Community Titled subdivision of 4 lots ranging in size from 326m ² to 408m ² .
5.	Property:	7 Henley Place & 11 Sunningdale Road, FULHAM GARDENS
	Date of Sale:	March 2015
	Sale Price :	\$2,470,000 (excluding GST)
	Site Area:	5,862 m ²
	Zoning:	Residential (Mid Suburban Policy Area 16)
	Rate/m ² of site:	\$421/m ²
	Improvements:	A residential development site contained in 2 Titles and having a long frontage to Henley Place and Sunningdale Road.
	Sales Comments:	We note there is a pending Development Application to subdivide the site into 14 Torrens Titled Allotments. The property was originally contracted in early 2014 however this did not proceed due to finance restrictions. A second contract was entered into after being re-marketed for several weeks. The property had a previous application for subdivision of 11 allotments however the purchaser did not consider this proposal to be the best use of the site. A Row Dwelling proposal could accommodate sites of 250m ² .
6.	Property:	59 Main Street, LOCKLEYS
	Date of Sale:	July 2014
	Sale Price :	\$6,400,000 (excluding GST)
	Site Area:	15,100 m ²
	Zoning:	Residential Low Density Policy Area 21
	Rate/m ² of site:	\$424/m ²
	Improvements:	Property comprises a vacant regular shaped residential development site with a frontage to the River Torrens Linear Park. There are two abutting road nibs to Manning and Michael Streets at the northern end of the residential subdivision.
	Lease Details:	Property sold with vacant possession.
	Sales Comments:	The property was purchased by Western Property Group for future residential subdivision. We note at the time of sale a development application had been lodged to subdivide the site into 31 allotments. Situated within West Torrens Council, the Policy Area generally allows 350 m ² to 420 m ² minimum allotment sizes.

7.	Property:	2 Aboyne Avenue, SEACLIFF PARK
	Date of Sale:	June 2014
	Sale Price :	\$1,450,000 (including GST)
	Site Area:	3,536 m ²
	Zoning:	Residential
	Rate/m ² of site:	\$410/m ²
	Improvements:	Property comprises an irregular shaped residential development site. The site is improved with four tennis courts and associated club rooms.
	Lease Details:	Property sold with vacant possession.
	Sales Comments:	The property was purchased by Medallion Homes. We note the sale price is inclusive of GST under the Margin Scheme. The property is subject to an easement to Minister for Infrastructure. Torrens and Community Titled subdivision of 9 lots and allotments. Situated within Holdfast Bay Council, with Zone guidelines generally allowing 350m ² to 400m ² minimum allotment sizes and up to two storeys in height. Smaller land area situated in an inferior location. Located within the same Zone as the subject property.
8.	Property:	4 The Crescent, ST. MARYS
	Date of Sale:	June 2014
	Sale Price :	\$1,705,000 (excluding GST)
	Site Area:	5,469 m ²
	Zoning:	Residential (Central Plains) Policy Area 8
	Rate/m ² of site:	\$312/m ²
	Improvements:	Property comprises an irregular shaped vacant residential development site.
	Lease Details:	Property sold with vacant possession.
	Sales Comments:	The property was purchased by Rivergum Homes and has been subdivided into 21 Torrens and Community Titled allotments and lots, known as "The Crescent". Allotment sizes range from 92 square metres to 412 square metres. Situated within Mitcham Council, with Policy Area guidelines generally advising 400 m ² to 500 m ² minimum allotment sizes. Smaller land in an inferior location.
9.	Property:	817 Marion Road, MITCHELL PARK
	Date of Sale:	June 2014
	Sale Price :	\$1,610,000 (excluding GST)
	Site Area:	3,751 m ²
	Zoning:	Residential Medium Density Policy Area 12
	Rate/m ² of site:	\$429/m ²
	Improvements:	Property comprises an irregular shaped vacant residential development site.
	Lease Details:	Property sold with vacant possession

Sales Comments:	The property was purchased and is being subdivided into 16 Community Titled townhouses, known as "Ivy on Sampson". Situated within Marion Council, with Policy Area guidelines generally allowing 210m ² to 300m ² minimum allotment sizes and up to two storeys in height. Smaller land in an inferior location. Zoning allows for higher density development.
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Residential Property Market Overview

- The value of housing finance commitments in South Australia in the three months to November 2016 grew by 5.5% on the previous year, to \$3.3 billion.
- Building approvals in the three months to December totalled 1,463 houses and 711 apartments approved in Greater Adelaide. This is trending 7.2% lower for houses and 33.2% lower for apartment approvals compared to the same period in 2015.
- The preliminary auction clearance rate for the week ending 18 December was 61.4% out of 83 scheduled auctions in Greater Adelaide. This is higher than the week prior, at 58.3% from 156 scheduled auctions, and higher than the comparable week the year earlier, when 51.6% (out of 151 scheduled auctions) were sold.
- Sales transacted in the year to December tallied 22,962 houses (up 15.6% on previous year) and 5,740 apartments (up 11.3% on prior year).
- House values were up 0.9% in the month of December (rising by 2.9% over the last year) to a median of \$455,500. Apartments fell 0.3% over the month to record a median of \$321,500 (rising 0.9% over the past year).
- Over the year to December, rental growth rose for houses (up 2.7%) and remained steady for apartments. Weekly median rents are currently achieving \$385 for houses and \$310 for apartments.
- In December, gross rental yields across Greater Adelaide compressed 2 bps (to 4.40%) for houses and 7 bps (to 5.00%) for apartments compared to the previous year.

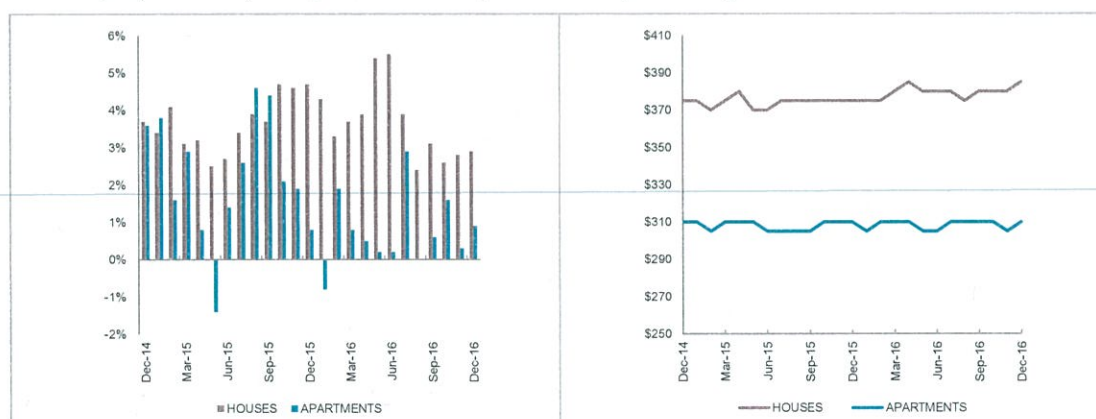


TABLE 5
Key Residential Indicators, December 2016

Greater Region	Type	Median Capital Value (\$)	Capital Growth Last Month (%)	Capital Growth Last Quarter (%)	Capital Growth Last Year (%)	Sales Volume Last Year (no.)	Median Weekly Rent (\$)	Gross Rental Yield (% p.a.)
Adelaide	Houses	455,500	0.9	2.8	2.9	22,962	385	4.40
Adelaide	Apartments	321,500	-0.3	0.3	0.9	5,740	310	5.00

Sales History of the Subject Property

The subject property appears to have been held under existing ownership for more than ten (10) years.

Valuation Considerations

We consider the most appropriate method of valuing the subject property, assuming vacant land, to be by the Direct Comparison Approach. This approach compares the property directly with recent sales of similar properties within the surrounding locality, having regard to the identified sales evidence and the various attributes and qualities of the property.

Market Value - Direct Comparison Approach

Analysing recent sold properties enables comparisons to be made on quantum sale price and a rate per square metre of land area.

Sales analysed within this report sold for between \$1,450,000 and \$6,400,000, with a range of rates reflecting between \$312/m² to \$519/m² of land area.

On a rate per square metre basis the lower end of the range was achieved by the sale of a smaller development site located in an inferior location at St Marys. The property has since been subdivided into 21 Torrens and Community Titled allotments and lots. The property sold some time ago in June 2014 under softer market conditions.

On a rate per square metre basis the upper end of the range was achieved by the sale of a smaller development site located in a superior location at Underdale. The property comprised a former bowling club being comprised within three Titles and offering two street frontages. The purchaser was an experienced retirement village operator who we understand intends to redevelop the site into a retirement village.

We also note the sale of 33 Exeter Terrace, Devon Park which sold for \$6,050,000 reflecting \$425/m² of site land area. The property comprises a larger corner site in a superior location to the subject.

We also make reference to the sale of 22-26 Bells Road, Somerton Park which sold for \$3,120,000 reflecting \$428/m² of land area. The property comprises a slightly smaller allotment to the subject and whilst it is not a corner allotment, it offers two street frontages. The property is within a generally comparable location to the subject.

Taking into account the specific attributes of the subject property (assuming vacant) including the site area, the level topography and the corner position with dual street frontages, we consider an appropriate rate to adopt for the subject site is between \$415/m² and \$425/m² of land area.

Our calculations are as follows:

Site Area	Rate/m ²	Market Value
8,332m ² @	\$415/m ²	\$3,457,780
8,332m ² @	\$420/m ²	\$3,499,440
8,332m ² @	\$425/m ²	\$3,541,100

Adopting the rounded mid point of the range we have adopted a market value of the subject property for valuation purposes of **\$3,500,000 (GST Exclusive)**.

Site Rental Assessment

We have also been requested to provide a market rental value of the subject property exclusive of improvements. We are not aware of any directly comparable ground rental evidence.

We set out the notional lease terms adopted in assessing this market rent as follows:

- Permitted use: Aged Care Facility
- 50+50 years lease term
- Annual rental reviews to CPI
- Rent review to market every ten (10) years
- Tenants are responsible for all outgoings

In our experience, the percentage of return for ground leases has typically been in the range of 6% to 8% of the site value. Ground leases are also traditionally applicable for very long periods, giving excellent long-term security of tenure. Therefore, the rate of required return on a ground lease should be lower than on an improved property. There is no depreciation on the land component of a site, as compared to buildings, which depreciate with age. There is also very little risk attached to ground leases, as if there is a lease default, the Lessor inherits any building improvements on the site.

As we have assumed the permitted use under the notional lease would be for an aged care facility, we note sales evidence for improved freehold interests of aged care facilities is at a market yield range of say 8.00% to 9.00%.

We consider an appropriate ground rent should reflect a return of 1.50% to 2.50% lower than returns available to freehold property. Having regard to the nature and location of the subject site, we have adopted a rate of say, 2.00% below the freehold yield, being a range of 6% to 7% of the unencumbered freehold value as being appropriate for the subject property. For valuation purposes we have adopted the midpoint of 6.50%.

Therefore, applying a capitalisation rate of 6.50% to the freehold land value assed above, derives the following ground rental rates:

Site Area	Freehold Land Value	Capitalised @	Rent p.a.	Rental Rate/m ²
8,332m ²	\$3,500,000	6.50%	\$227,500 p.a.	\$27/m ²

Having regard to the above, we have adopted a rounded market ground rental of say \$227,500 p.a. (GST Exclusive) and outgoings.

Valuation Certification

We are, therefore, of the opinion that the Market Value and Market Rental Value of the underlying land component, devoid of existing improvements, of Allotment 2, 48-62 Dunrobin Road, Hove SA, as at the valuation date of 14th March 2017 for internal decision making purposes was:

\$3,500,000 (GST Exclusive)

(Three Million Five Hundred Thousand Dollars (GST exclusive))

\$227,500 p.a. net (GST Exclusive)

(Two Hundred and Twenty Seven Thousand, Five Hundred Dollars p.a. net (GST Exclusive))

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



SAM TUCKER
B. Bus. (Prop.) A.A.P.I.
Certified Practising Valuer



ZAC VARTULI
Associate Director

Knight Frank Valuations (SA)

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

Disclaimer – Important Notice to Third Parties

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

Liability limited by a scheme approved under Professional Standards Legislation.

Appendices

Letter of Instruction
Copy of Certificate of Title
Zoning Regulations

LETTER OF INSTRUCTION



3 March 2017

Alwyndor Aged Care
52 Dunrobin Road
HOVE SA 5048

Dear Ms Trish Aukett

OUR REFERENCE: 5619 – LOT 2 48-62 DUNROBIN ROAD, HOVE SA 5048

Further to our recent discussions we are pleased to provide our proposal to undertake a market valuation for internal decision making purposes.

We propose to undertake the market valuation in accordance with the enclosed quote and terms of business.

Please confirm your acceptance of both our quote and our terms of business by signing and returning this letter and quote.

We will endeavour to complete the market valuation within 15 working days from the date we receive your acceptance of our letter, quote and our terms of business. If we do not receive your acceptance within five (5) working days from the date of this letter, we may need to revise the terms of our quote. Please note our payment terms of payment within 14 Days of the date of our invoice.

I look forward to working with you. Should you have any queries, please do not hesitate to contact me direct on 08 8233 5231 or mobile 0433 291 661.

Yours faithfully
KNIGHT FRANK VALUATIONS (SA)

Sam Tucker
sam.tucker@sa.knightfrankval.com.au

ACCEPTANCE

Signed: Trish Aukett Name: Trish Aukett

Date: 6/3/17 * A PDF copy of the report will be provided, please advise if hard copy required: 1 2 (circle)

ENTITY FOR ADDRESSING TAX INVOICE

Name: Alwyndor Aged Care Address: 52 Dunrobin Rd.
Email: tankett@holdfast.sa.gov.au Hove

Level 25, 91 King William Street, Adelaide SA 5000 T 08 8233 5222 F 08 8231 0122
GPO Box 167, Adelaide SA 5001
www.knightfrank.com.au

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COPY OF CERTIFICATE OF TITLE



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

Certificate of Title - Volume 6109 Folio 671

Parent Title(s) CT 5994/986, CT 5994/987
Dealing(s) Creating Title VE 11891845, TG 11891846
Title Issued 22/04/2013
Edition 1
Edition Issued 22/04/2013

REAL PROPERTY ACT, 1886



South Australia

Estate Type

FEE SIMPLE

Registered Proprietor

CITY OF HOLDFAST BAY
OF PO BOX 19 BRIGHTON SA 5048

Description of Land

ALLOTMENT 85 FILED PLAN 146113
IN THE AREA NAMED HOVE
HUNDRED OF NOARLUNGA

Easements

SUBJECT TO EASEMENT(S) OVER THE LAND MARKED A TO DISTRIBUTION LESSOR CORPORATION (SUBJECT TO LEASE 8890000) (TG 10719275)

SUBJECT TO EASEMENT(S) OVER THE LAND MARKED C (TG 11891846)

Schedule of Dealings

Dealing Number	Description
6607994	APPLICATION PURSUANT TO RETIREMENT VILLAGES ACT, 1987 THE LAND IS USED AS A RETIREMENT VILLAGE

Notations

Dealings Affecting Title

NIL



Priority Notices

NIL

Notations on Plan

NIL

Registrar-General's Notes

NIL

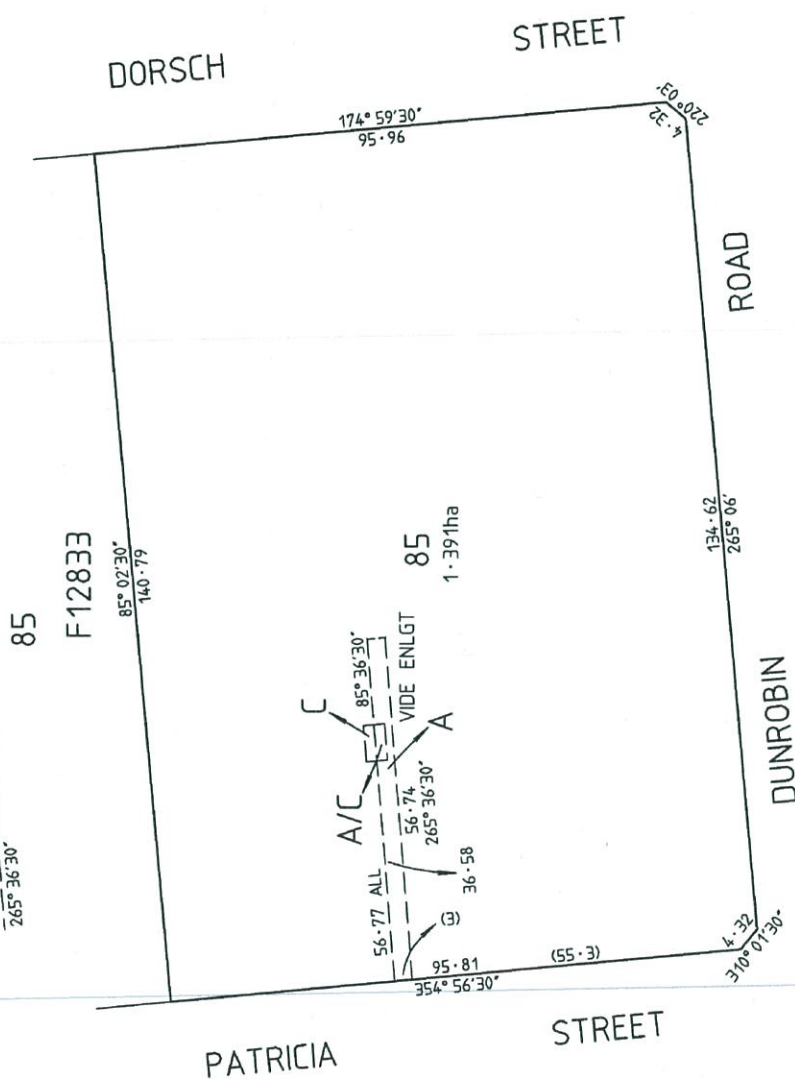
Administrative Interests

NIL



ENLARGEMENT

NOT TO SCALE





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

Certificate of Title - Volume 5479 Folio 801

Parent Title(s) CT 4201/687
Dealing(s) CONVERTED TITLE
Creating Title
Title Issued 05/12/1997
Edition 1
Edition Issued 05/12/1997

REAL PROPERTY ACT, 1886



South Australia

Estate Type

FEE SIMPLE

Registered Proprietor

CITY OF HOLDFAST BAY
OF PO BOX 19 BRIGHTON SA 5048

Description of Land

ALLOTMENT 2 FILED PLAN 12833
IN THE AREA NAMED HOVE
HUNDRED OF NOARLUNGA

Easements

SUBJECT TO FREE AND UNRESTRICTED RIGHT(S) OF WAY OVER THE LAND MARKED A

Schedule of Dealings

Dealing Number	Description
6607994	APPLICATION PURSUANT TO RETIREMENT VILLAGES ACT, 1987 THE LAND IS USED AS A RETIREMENT VILLAGE

Notations

Dealings Affecting Title

NIL

Priority Notices

NIL



Notations on Plan

NIL

Registrar-General's Notes

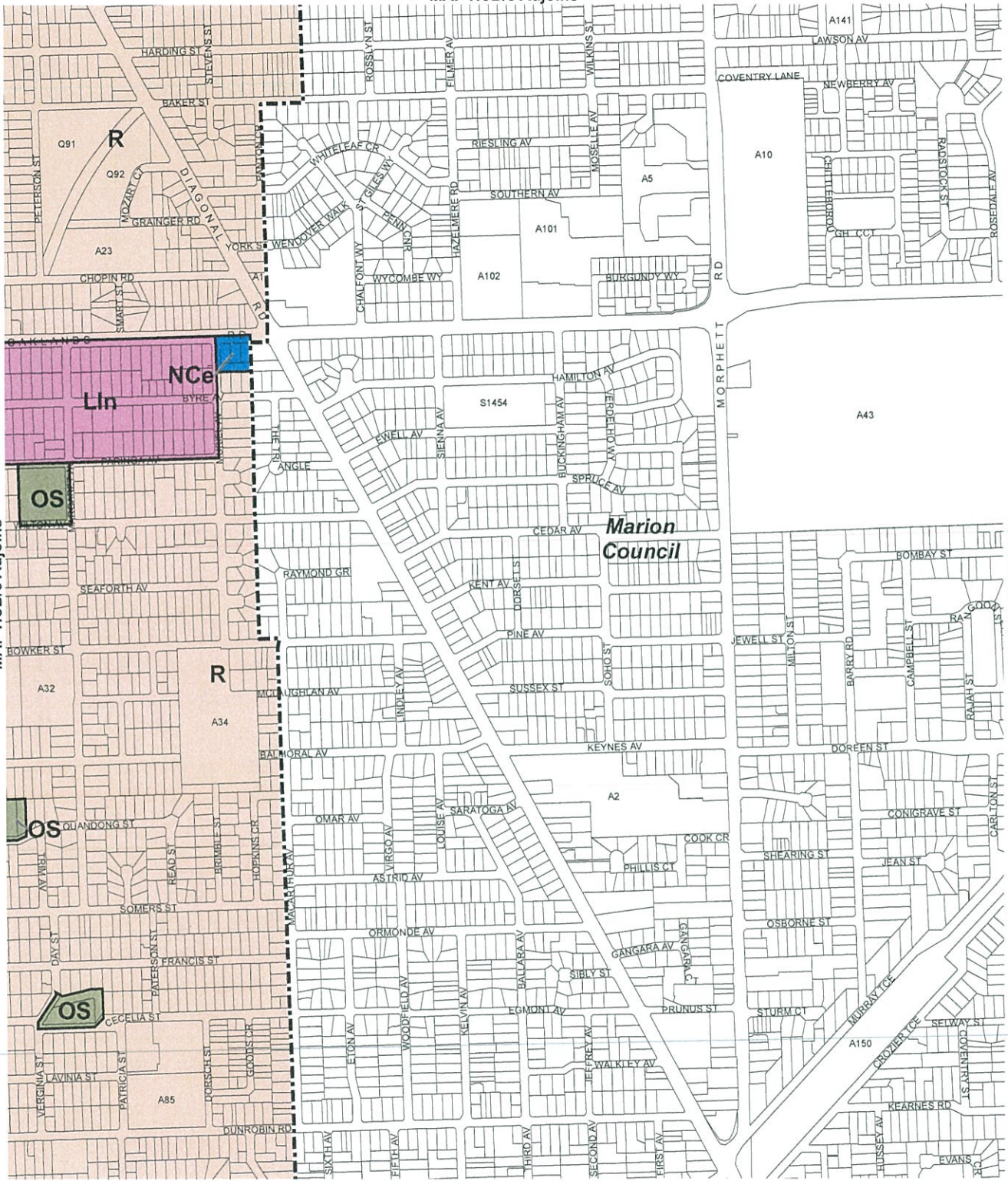
COMPARE ADDRESS FOR SERVICE OF NOTICE WITH 6607994

Administrative Interests

NIL

ZONING REGULATIONS

MAP HoB/5 Adjoins



Lamberts Conformal Conic Projection, GDA94

- Zones**
- LIn Light Industry
 - NCe Neighbourhood Centre
 - OS Open Space
 - R Residential
 - Zone Boundary
 - Development Plan Boundary

Zone Map HoB/7

Residential Zone

Refer to the [Map Reference Tables](#) for a list of the maps that relate to this zone.

OBJECTIVES

- 1 A residential zone comprising a range of dwelling types, including a minimum of 15 per cent affordable housing.
- 2 Increased dwelling densities in close proximity to centres, public transport routes and public open spaces.
- 3 Development that contributes to the desired character of the zone.

DESIRED CHARACTER

The zone contains the majority of the city's living areas, which are of predominantly low-density suburban form, but within policy areas include medium-to-high density forms of housing on the coast, along key transport corridors and within Glenelg, as well as coordinated development opportunities within large institutional sites. The zone includes five policy areas, three of which cater for coastal development, one for the City's residential institutions (including Minda and Masonic Homes) and one for medium density development along the key transit routes of Brighton Road, Anzac Highway, Tapleys Hill Road and along sections of the Seaford railway transit corridor.

Development outside of the policy areas will be suburban in nature and evolve in response to progressive infill development of existing individual sites and through consolidation of sites to form larger comprehensive redevelopment opportunities. Infill development outside of the Policy Areas will not compromise the suburban character but will progressively increase dwelling densities through unobtrusive small-scale developments. In this regard, infill development will have a comparable height, mass, scale and setbacks to that of existing dwellings in the relevant locality.

The zone's primarily suburban character outside of the policy areas is defined by detached dwellings on individual allotments. Infill development in these suburban areas will contribute to the city's housing diversity through development opportunities that (in order of preference):

- (a) increase dwelling numbers on allotments that have dual road frontages
- (b) provide low scale dwellings at the rear of large allotments with street frontages wide enough to accommodate appropriate sited and sized driveway access and landscaping
- (c) semi-detached dwellings, where site considerations permit.

Development outside of the policy areas will generally be single storey in height in the areas east of Brighton Road, and up to two storeys in height in the areas west of Brighton Road. Buildings will be both domestic and contemporary in design and character to support and reinforce the essentially suburban character through typical domestic design forms, low front fencing and landscaping. Landscaping will help define the public realm and private property boundaries, and substantial landscaped front yards will contribute to the locality, with the retention of mature trees. Development will have side and rear building setbacks that incorporate an access path on one side, with on-boundary built form limited in height, length and location to the equivalent of typical open carports or garaging. Vehicle garaging will be set back clearly behind the immediately adjacent part of the front building facade. Development will enhance and protect streetscape character by minimising driveway access points and width of crossovers and driveways. Undercroft car parking will also be avoided on flat sites and sites that slope down from the street level. Buildings will be stepped and articulated at the front elevation to achieve visual relief and architectural interest as viewed from the street.

Residential development outside of the policy areas will utilise materials and finishes that respond to the character of the immediate locality and utilise brick, stone and rendered finishes to provide visual interest to facades. Development will also incorporate architectural design and detailing that responds to localised character by way of fenestration, doorways, windows, eaves and roof forms. Development will be setback and orientated to minimise impacts of the privacy of neighbouring residents.

PRINCIPLES OF DEVELOPMENT CONTROL

Land Use

- 1 The following forms of development are envisaged in the zone:
 - affordable housing
 - domestic outbuilding in association with a dwelling
 - domestic structure
 - dwelling
 - dwelling addition
 - small scale non-residential use that serves the local community, for example:
 - child care facility
 - health and welfare service
 - open space
 - primary and secondary school
 - recreation area
 - supported accommodation.
- 2 Development listed as non-complying is generally inappropriate.
- 3 Except where specified in a particular policy area, vacant or underutilised land should be developed in an efficient and co-ordinated manner to increase housing choice by providing dwellings at densities higher than, but compatible with adjoining residential development.
- 4 Non-residential development such as shops, schools and consulting rooms should be of a nature and scale that:
 - (a) serves the local community
 - (b) is consistent with the character of the locality
 - (c) does not detrimentally impact on the amenity of nearby residents.
- 5 The use and placement of outbuildings should be ancillary to and in association with a dwelling or dwellings.

Form and Character

- 6 Development should not be undertaken unless it is consistent with the desired character for the zone.

- 7 A dwelling should, except where specified in a particular policy area or precinct, have a minimum site area (and in the case of group dwellings and residential flat buildings, an average site area per dwelling) and a minimum frontage to a public road not less than that shown in the following table:

Dwelling type	Site area (square metres)	Minimum frontage (Except for allotments in the form of a hammerhead configuration)
Detached	400 minimum	12 metres
Semi-detached	350 minimum	12 metres
Group dwelling	350 average	12 metres
Residential flat building	350 average	12 metres
Row dwelling	350 minimum	10 metres

- 8 Dwellings and residential flat buildings, except where specified in a particular policy area or precinct, should not exceed the maximum heights shown in the following table:

Location of the dwelling	Maximum wall height above natural ground level	Maximum height above natural ground level
West of Brighton Road or Tapleys Hill Road	7 metres	Two storeys
East of Brighton Road or Tapleys Hill Road	3.5 metres	One storey, or two storeys if the second storey is incorporated within the roof space and the floor area of the second storey does not exceed 40 percent of the ground floor footprint of the dwelling, including attached garages.

- 9 Dwellings and/or residential flat buildings should be setback a minimum of 1 metre from one side boundary to incorporate pedestrian access.

Affordable Housing

- 10 Affordable housing should be distributed throughout the zone to avoid over-concentration of similar types of housing in a particular area.
- 11 Development comprising 20 or more dwellings should include a minimum of 15 percent affordable housing (as defined by Notice under the *South Australian Housing Trust Regulations 2010* as amended).