



Item No: 19.2

File No: 16.85.1.5

Date: 15 June 2020

Attachment: A

|                             |  |
|-----------------------------|--|
| <b>Meeting:</b>             | Council  |
| <b>Title:</b>               | Levi Caravan Park – Asset Valuations and EOI Update  |
| <b>Responsible Manager:</b> | Chief Executive Officer, Kiki Cristol  |
| <b>Author:</b>              | Business Analyst (Property & Contracts), Scott Reardon                                       |
| <b>Key Focus Area:</b>      | Strategic Community Plan Focus area 3 - Transparent and accountable local tier of Government |
| <b>Key Focus Area:</b>      | Financial Guiding Principle 2 – Invest sustainably in community assets for the future        |
| <b>Type of Report:</b>      | <b>Information Only</b>  |

Pursuant to Section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Council so determines, be considered in confidence pursuant to Section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(b) of the Act being commercial information of a confidential nature the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information or that would confer a commercial advantage on a third party and that would, on balance, be contrary to the public interest.

### **Recommendation (Public)**

#### Pursuant to s90(3)(b)

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except the Chief Executive Officer Kiki Cristol, Group Manager Asset & Infrastructure Joshua Bowen, Group Manager Planning, Environment & Regulatory Services Andreea Caddy, Group Manager Corporate Services Marc Sodomka, Group Manager Customer Experience Danielle Garvey, Manager Community Development & Engagement Fiona Deckert, Business Analyst (Property & Contracts) Scott Reardon and Council Secretariat Vanessa Davidson, be excluded from attendance at the meeting for Agenda Item 19.2 Levi Caravan Park – Asset Valuations and EOI Update.

The Council is satisfied that, pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council may propose to conduct business and would therefore prejudice the commercial position of the Council.

### **Recommendation (Public)**

That Council receives and notes the Levi Caravan Park – Asset Valuation and EOI Update report.

## Recommendation (Public)

### Pursuant to s.91(7)

That having considered Agenda Item 19.2 Levi Caravan Park – Asset Valuations and EOI Update in confidence under section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council, pursuant to section 91(7) of that Act orders that the report and attachments relevant to this Agenda Item be retained in confidence for a period of 12 months or the matter has been finalised, excepting that Council authorises the release of the minutes to substantive party / parties to enable enactment of the resolution and that pursuant to Section 91(9)(c) of the *Local Government Act 1999* the Council delegates to the Chief Executive Officer the review and power to revoke this Order

and

That Council resolves to end its confidential deliberations pursuant to Section 90(2) of the *Local Government Act 1999* and re-admit the public.

## Summary

At their Ordinary Meeting of 20 January 2020 Council directed Administration to both obtain an Independent Valuation of the Levi Caravan Park Manager owned cabin assets and to undertake and Expression of Interest Tender Process (**EOI**) to seek out relevant industry bodies whom may have an interest in entering into a long-term lease over Certificate of Title Volume 5874 Folio 181 (Levi Caravan Park) for the purposes of investing in, redeveloping and/or managing the Park. The Independent Valuation has now been completed and the EOI commenced on 6 May 2020 (due to close 29 June 2020).

The purpose of this report is to provide Council with the recent relevant asset valuations and EOI update. This information has been provided to Council in order to assist with future deliberations, primarily whether to purchase any/all manager owned cabin assets following the expiration of the existing lease agreement (which expires 31 November 2020). It should be noted however, at this stage the content of this report is provided as information only as the deciding factor of how to proceed will be based on the calibre of EOI submissions, and the extent of any redevelopment proposed.

## Background

At their ordinary meeting 5 February 2001, Council resolved to enter into a Management Agreement with Goodwin Management Pty Ltd:

### **CNC050201/13.4**

*“That the Mayor and Chief Executive Officer be authorised to sign and seal the Agreement between the Corporation of the Town of Walkerville and Goodwin Management Pty Ltd for the management of the Levi Park Caravan Park for a period of ten years with a right of renewal for a further five years’.*

Following this, at their ordinary meeting 21 November 2005, Council resolved to vary specific terms and conditions with the Agreement:

### **CNC211105/7.1**

1. *That the report on the Levi Park Caravan Park Deed of Variation be received and noted and that the Mayor and Chief Executive Officer be authorised to execute the Deed of Variation*

*between Goodwin Management and the Corporation of the Town of Walkerville with clause 7(c) being amended to include "or gas pipeline" after electrical wiring, and*

2. *That the document be forwarded to Mellor Olsson Lawyer for stamping.*

Then, at their ordinary meeting on 7 August 2006 Council resolved to Assign the Agreement to a subsequent party:

**CNC070806/11.1.15**

1. *That subject to carrying out a satisfactory check on the financial capacity (both by Council staff and Council auditors), references and through the police on the integrity of Ian & Marie Baum (Ryad Hill Pty Ltd) the lease on the Levi Park Caravan Park be assigned to them on the same terms and conditions as provided to the current lessee of the Park; and*
2. *That the Mayor and Chief Executive Officer be authorised to execute documents to give effect to this resolution.*

The initial Agreement expired on 30 November 2015 and at their ordinary meeting on 18 May 2015 Council endorsed the Renewal of the Agreement (**CNC070806/11.1.15**). It should be noted that the content of this resolution was retained in confidence at the time (**CNC353/14-15**) due to the commercial nature of the report. The confidential order has since been lifted.

At their meeting held on 20 January 2020, Council considered the Levi Caravan Park – Future Operations, in confidence and resolved:

**CNC256/19-20**

1. *That pursuant to the requirements of s 20J (1) (b) of the Retail and Commercial Leases Act 2002, Council officially advises the current Park Manager (Ryad Hill Pty Ltd) that at the end of the lease term, Council does not propose to offer a renewal or extension of the lease;*
2. *That Council engage an Independent Valuation Service to undertake a valuation assessment of all Manager owned assets located within the Park;*
3. *That in accordance with s 202 of the Local Government Act 1999, Council undertakes the necessary statutory consultation process in order to obtain the community's feedback about the proposed alienation of Certificate of Title Volume 5874 Folio 181 (Levi Caravan Park) for a lease term in excess of five (5) years and up to and including 42 years;*
4. *That following the successful conclusion of Recommendation 3, Administration undertakes an open Expressions of Interest Tender process seeking out relevant industry bodies whom may have an interest in entering into a long-term lease over Certificate of Title Volume 5874 Folio 181 (Levi Caravan Park) for the purposes of investing in, redeveloping and / or managing the Park;*
5. *That in accordance with s 70A of the Residential Parks Act 2007 Council simultaneously:*
  - a. *serves a preliminary 'Notice of Intention to Redevelop' on all long-term guests currently residing in the Levi Caravan Park;*
  - b. *serves an advanced 'Notice of Termination' on all long-term guests that have resided in the Park for less than five (5) years, advising them that they are required to vacate the Park no later than 30 November 2020;*
6. *That following the completion of Recommendation 1 to 5 a subsequent report be returned to Council for consideration and determination.*

**Discussion/Issues for Consideration**

Manager Owned Cabin Asset Valuation

Following Council’s decision of 20 January 2020, AssetVal was retained to undertake an independent valuation of the Ryad Hill Pty Ltd (**Manager**) cabin assets in the Levi Caravan Park (**Park**). AssetVal attended site on 4 March 2020 to conduct the valuation.

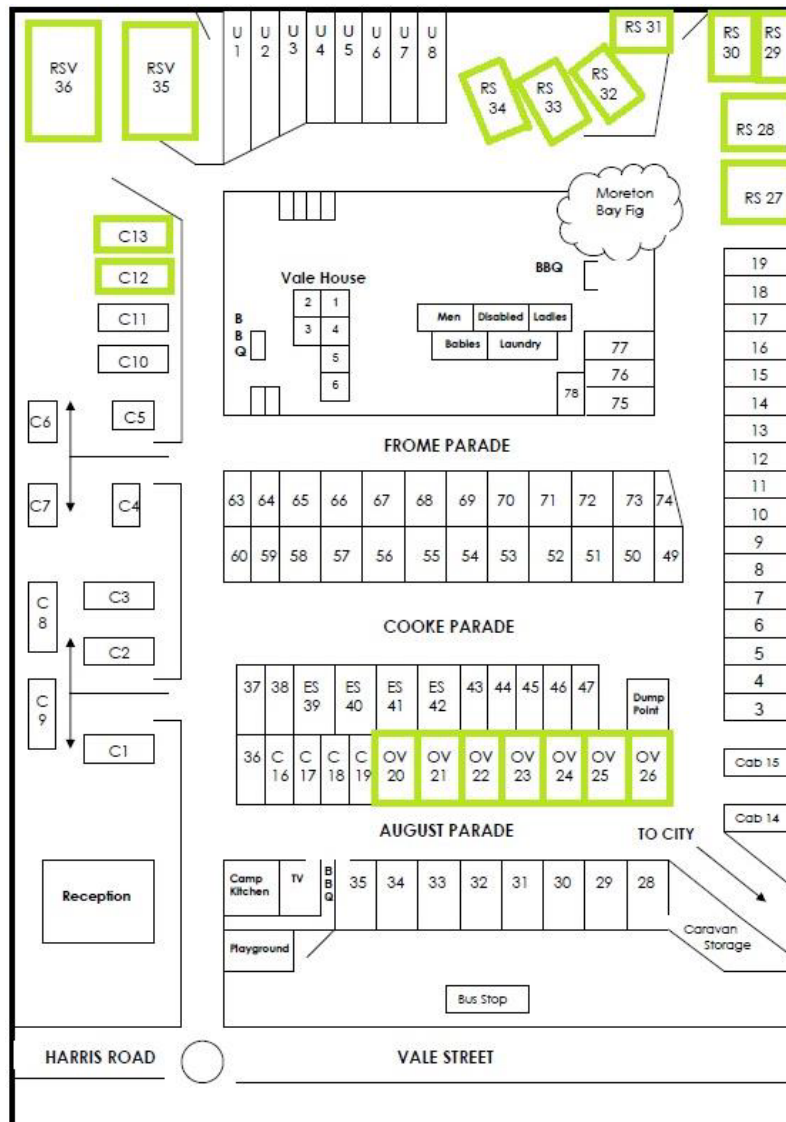
The valuation report (appearing as Attachment A to this report) indicates that the Current Market Value of the Manager’s 19 onsite assets totals **\$843,000**. A breakdown of each assets valuation is outlined as follows:

| Cabin Type             | Cabin # | Market Value         |   |               |
|------------------------|---------|----------------------|---|---------------|
| Riverside Villa        | 35      | \$ 84,000.00         | } | \$ 168,000.00 |
| Riverside Villa        | 36      | \$ 84,000.00         |   |               |
| Riverside Cabin        | 27      | \$ 63,000.00         | } | \$ 504,000.00 |
| Riverside Cabin        | 28      | \$ 63,000.00         |   |               |
| Riverside Cabin        | 29      | \$ 63,000.00         |   |               |
| Riverside Cabin        | 30      | \$ 63,000.00         |   |               |
| Riverside Cabin        | 31      | \$ 63,000.00         |   |               |
| Riverside Cabin        | 32      | \$ 63,000.00         |   |               |
| Riverside Cabin        | 33      | \$ 63,000.00         |   |               |
| Riverside Cabin        | 34      | \$ 63,000.00         |   |               |
| Oval View Cabin        | 20      | \$ 22,500.00         | } | \$ 157,000.00 |
| Oval View Cabin        | 21      | \$ 22,500.00         |   |               |
| Oval View Cabin        | 22      | \$ 22,500.00         |   |               |
| Oval View Cabin        | 23      | \$ 22,500.00         |   |               |
| Oval View Cabin        | 24      | \$ 22,500.00         |   |               |
| Oval View Cabin        | 25      | \$ 22,500.00         |   |               |
| Oval View Cabin        | 26      | \$ 22,500.00         |   |               |
| Ensuite Standard Cabin | 12      | \$ 6,750.00          | } | \$ 13,500.00  |
| Ensuite Standard Cabin | 13      | \$ 6,750.00          |   |               |
|                        |         | <b>\$ 843,000.00</b> |   |               |

The report also provides an income / expense forecast for the assets; of which, the estimated annual net income for these assets is projected to be approximately **\$294,000**.

| Cabin Type                   | Gross Annual Income  | Annual Expenses      | Annual Net Income    |
|------------------------------|----------------------|----------------------|----------------------|
| Riverside Villa (x 2)        | \$ 45,454.00         | \$ 13,181.66         | \$ 32,272.34         |
| Riverside Cabin (x 8)        | \$ 207,760.00        | \$ 60,250.40         | \$ 147,509.60        |
| Oval View Cabin (x 7)        | \$ 133,770.00        | \$ 38,793.30         | \$ 94,976.70         |
| Ensuite Standard Cabin (x 2) | \$ 26,904.00         | \$ 7,802.16          | \$ 19,101.84         |
|                              | <b>\$ 413,888.00</b> | <b>\$ 120,027.52</b> | <b>\$ 293,860.48</b> |

The site map below shows the subject cabins as highlighted:



AssetVal also determined the approximate remaining life span of each asset, and the potential revenue earnings for each asset over its life span, those being:

| Cabin Type                   | Life Span <sup>1</sup> | Estimate Age <sup>2</sup> | Estimated Net Total Income Over Remaining Life Span |
|------------------------------|------------------------|---------------------------|---|
| Riverside Villa (x 2)        | 20                     | 2012*                     | \$ 645,446.80                                       |
| Riverside Cabin (x 8)        | 20                     | 2008*                     | \$ 2,950,192.00                                     |
| Oval View Cabin (x 7)        | 12                     | 2002*                     | \$ 1,139,720.40                                     |
| Ensuite Standard Cabin (x 2) | 4                      | 1993*                     | \$ 76,407.36  |
|                              |                        |                           | <b>\$ 4,811,766.56</b>                              |

This information indicates that over the course of each assets remaining life span, the best net financial return is provided by the Riverside Cabins (cost of purchase = \$504,000 vs financial return over 20 years = \$2,950,192).

<sup>1</sup> Life Span estimates as outlined on page 22 of the AssetVal valuations report.

<sup>2</sup> It should be noted that the estimated age specified was provided by an employee of the caravan park, cannot be verified and is only an estimate.

However, it should be noted that the cabins, whilst well maintained, their design is now considered somewhat dated and are considered to be inefficient. AssetVal also consider that a reasonable level of functional obsolescence would be applicable to these cabins. Further, they are considered to have a low level of adaptability to other potential uses and as such have a high level of obsolescence.

### Levi Caravan Park – Leasing & Development Opportunity - Expression of Interest Tender

The Levi Caravan Park – Leasing & Development Opportunity – Expressions of Interest Tender process opened 6 May 2020 and will close 29 June 2020.

As at Friday 5 June 2020:

- Tender documents had be downloaded a total of 86 times by 62 different industry companies;
- The following organisations had registered as Registrants, have requested site tours, and have expressed a genuine desire to make a EOI submission:
  1. Edwards Group:<sup>3</sup>
  2. Discovery Parks:<sup>4</sup>
  3. Next Generation Holiday Parks;<sup>5</sup>
  4. Blue Poles Number 11;
  5. Innoviv Park Services:<sup>6</sup>
  6. BelgraviaPRO (branch of Belgravia Leisure):<sup>7</sup>
  7. Big 4 Port Willunga.<sup>8</sup>

### Next Steps

Upon completion of the EOI Tender process, Administration will assess all submissions received, then provide a full summary report complete with recommendations and options on how to proceed. It is expected that this report will be submitted to Council at the July 2020 meeting.

Following this, Administration will undertake the necessary statutory consultation process in order to obtain the community's feedback about the proposed alienation of Certificate of Title Volume 5874 Folio 181 (Levi Caravan Park) for a lease term in excess of five (5) years and up to and including 42 years, while proceeding with the second stage of the Tender process with the short-listed candidates.

### Attachments

|              |                             |
|--------------|-----------------------------|
| Attachment A | AssetVal – Cabin Valuations |
|--------------|-----------------------------|

<sup>3</sup> Owners/operators of; Waikerie Caravan Park, Riverbend Caravan Park, Windsor Gardens Caravan Park, Virginia Residential Park, Waikerie Lifestyle Village, <https://www.edwardsgrp.com.au/>

<sup>4</sup> Owners/operators of 62 caravan and tourist parks nationally, [https://www.discoveryholidayparks.com.au/caravan\\_parks\\_and\\_accommodation](https://www.discoveryholidayparks.com.au/caravan_parks_and_accommodation)

<sup>5</sup> <http://www.nextgenholidayparks.com.au/>

<sup>6</sup> Caravan Park Consultancy & Redevelopment Firm that specialises in working with local government clients, <https://www.innoviv.com.au/clients/>

<sup>7</sup> Operators of approximately 30 holiday parks across both Australia and New Zealand, <https://belgravialeisure.com.au/sectors/tourism-holiday-parks/>

<sup>8</sup> <https://www.big4.com.au/caravan-parks/sa/fleurieu-peninsula/port-willunga-tourist-park>



# Corporation of the Town of Walkerville

Levi Park Caravan Park

Valuation of Cabins

4 March 2020

Reference Number: 43708.7109

Revision Number: 1

Issue Date: 17 May 2020

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# VALUATION SUMMARY

|                            |   |
|----------------------------|---|
| CLIENT NUMBER & JOB NUMBER | 43667.7129  |
| INSTRUCTING PARTY          | Scott Reardon<br>Business Analyst (Property & Contracts)<br>Corporation of the Town of Walkerville<br>66 Walkerville Terrace<br>Gilberton, South Australia 5081 |
| LOCATIONS VALUED           | 'Levi park Caravan Park'<br>1A Harris Road, Vale Park South Australia 5081  |
| VALUATION PURPOSE          | Market Valuation of 19 Cabins   |
| VALUERS                    | Mitch Ekonomopoulos<br>Charles Stratford  |
| VALUER CERTIFYING REPORT   | Mitch Ekonomopoulos   |
| DATE OF INSPECTION         | 4 March 2020  |
| DATE OF VALUATION          | 4 March 2020  |

## MARKET VALUE

| DEPRECIATED REPLACEMENT COST APPROACH |                              |
|---------------------------------------|------------------------------|
| Cabin Type                            | Depreciated Replacement Cost |
| Riverside Villa (35)                  | \$84,000                     |
| Riverside Villa (36)                  | \$84,000                     |
| Riverside Cabin (27)                  | \$63,000                     |
| Riverside Cabin (28)                  | \$63,000                     |
| Riverside Cabin (29)                  | \$63,000                     |
| Riverside Cabin (30)                  | \$63,000                     |
| Riverside Cabin (31)                  | \$63,000                     |
| Riverside Cabin (32)                  | \$63,000                     |
| Riverside Cabin (33)                  | \$63,000                     |
| Riverside Cabin (34)                  | \$63,000                     |
| Oval View Cabin (20)                  | \$22,500                     |
| Oval View Cabin (21)                  | \$22,500                     |
| Oval View Cabin (22)                  | \$22,500                     |
| Oval View Cabin (23)                  | \$22,500                     |
| Oval View Cabin (24)                  | \$22,500                     |
| Oval View Cabin (25)                  | \$22,500                     |
| Oval View Cabin (26)                  | \$22,500                     |
| Ensuite Standard Cabin (12)           | \$6,750                      |
| Ensuite Standard Cabin (13)           | \$6,750                      |
|                                       | \$843,000                    |

We have used both the Capitalisation of Net Income and Depreciated Replacement Cost approaches to determine a purchase cost of the cabins. The results have been summarised in the following 3 options:

## VALUATION COMMENTS

Option 1 - Assessing the Market Value of the cabins on a 'going concern' basis

Option 2 – Assessing the Market value of the cabins on an 'as is' basis

Option 3 – Council replacing all or some of the cabins with new or 2<sup>nd</sup> hand cabins

## IMPORTANT

All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

# INSTRUCTIONS

Marsh Valuation Services received instructions and directions from Mr Scott Reardon of Corporation of the Town of Walkerville to complete a market valuation of 19 cabins owned by the Lessee for acquisition purposes located at the Levi Park Caravan Park, at 1A Harris Road, Vale Park.

The current Agreement held between the Lessee and Council is due to expire on 30 November 2020. The lease states that the Lessee grants to the Council an option to purchase 19 cabins owned by the Lessee, and Council would like to determine whether to purchase these cabins.

We declare that:

- The valuer is registered/licensed to value real property;
- The valuer has satisfied the professional requirements of the Australian Property Institute and is an Associate member of this organisation;
- The valuer does not have a pecuniary interest in the subject property;
- The valuer has experience in the location and category of the property being valued;
- The valuer has made a personal inspection of the assets;
- The statements of fact represented in the report are correct to the best of the knowledge of the valuer;
- The analysis and conclusions of the valuer are limited only by the reported assumptions and conditions;

The fee for the valuation is not contingent upon any aspect of this report.

We refer to our instructions from Corporation of the Town of Walkerville and respectfully provide our valuation report of the properties in this report on the basis of Fair Market Value.

# BASIS OF VALUATION

This valuation has been prepared on the basis of Market Value as defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API) being;

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

Where the underlying land value for an alternative use is higher than the derived value for the existing use the land value is adopted (highest and best use) as the market value of the property.

The valuation is prepared having reference to market evidence available as at the date of valuation. This report is only representative of our opinion of value as at the date of valuation and has assumed that the property is in the same condition on the valuation date as the inspection date.

Moreover, this valuation is current as at the date of valuation only. The value assessed herein may change significantly over a relatively short period of time as a result of general market movements of factors specific to the subject property. Marsh Valuation Services does not accept liability for losses arising from changes in these factors and subsequent changes in market value. Marsh Valuation Services does not assume any responsibility for this valuation where the valuation is relied upon after a period of three months from the date of valuation without undertaking a re-inspection of the property and further investigation and analysis, or earlier should you become aware of any factors that would negatively influence the marketability and valuation of the property.

# PROPERTY PARTICULARS

## LEGAL DESCRIPTION

### PROPERTY DESCRIPTION

The property is legally described as the whole of the land contained within Certificate of Title Volume 5874 Folio 181 and being an estate in fee simple and known as Lot AL81 on Filed Plan 136232.

### REGISTERED OWNER

A search of the Certificate of Title has not been undertaken and we have relied upon The Corporation of the Town of Walkerville to advise us that they are the registered owners of the described allotment.

### LIMITATIONS, INTERESTS, ENCUMBRANCES & NOTIFICATIONS

We have not undertaken current title searches for the subject properties.

Our valuations are made on the assumption that there are no other easements, encumbrances or interests which may affect market value. Should any encumbrances exist, the valuer should be consulted to reassess any effect on the value stated herein.

### SALES HISTORY

Nil

Property sales records indicate that the subject property has not been sold within the last three years.

### CONFIGURATION & AREA

| ITEM          | DESCRIPTION   |
|---------------|---|
| Shape         | Irregular shaped allotment  |
| Topography    | Generally level shaped allotment that has a gentle slope descending on the south eastern boundary.  |
| Frontage      | There are two frontages to the site with the main being off of Harris Avenue to the northern boundary and the second off Landsdown Terrace to the western boundary. Both roads provide access points to the caravan park.   |
| Land Area     | 2.79 Ha   |
| Site Coverage | The site is covered by a number of cabins, apartments, amenities and kiosk buildings. Site improvements include landscaping and hardstand with bitumen roads running throughout the parcel. The parcel is zoned 'Caravan and Tourist Park', which limits development potential. |

A current site survey of the subject property has not been viewed. This valuation is made on the assumption that there are no encroachments by or upon the property and anyone relying on this valuation should confirm this by obtaining a current site survey report and/or advice from a registered surveyor. If any encroachments are noted on such a survey this report should be referred back to Marsh Valuation Services for review.

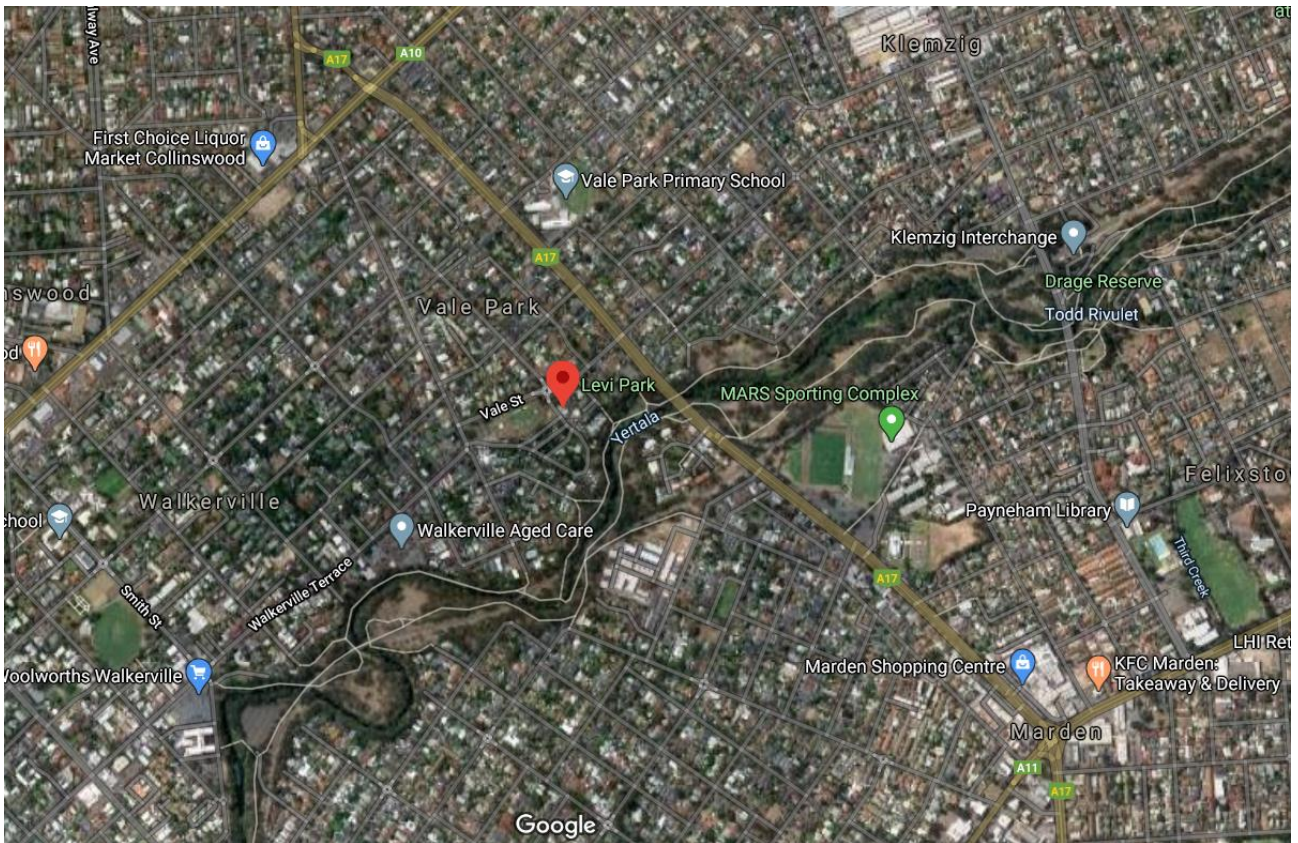
## UTILITIES & SERVICES

The subject property is provided with all available town services including electricity, sewerage, telephone and water.

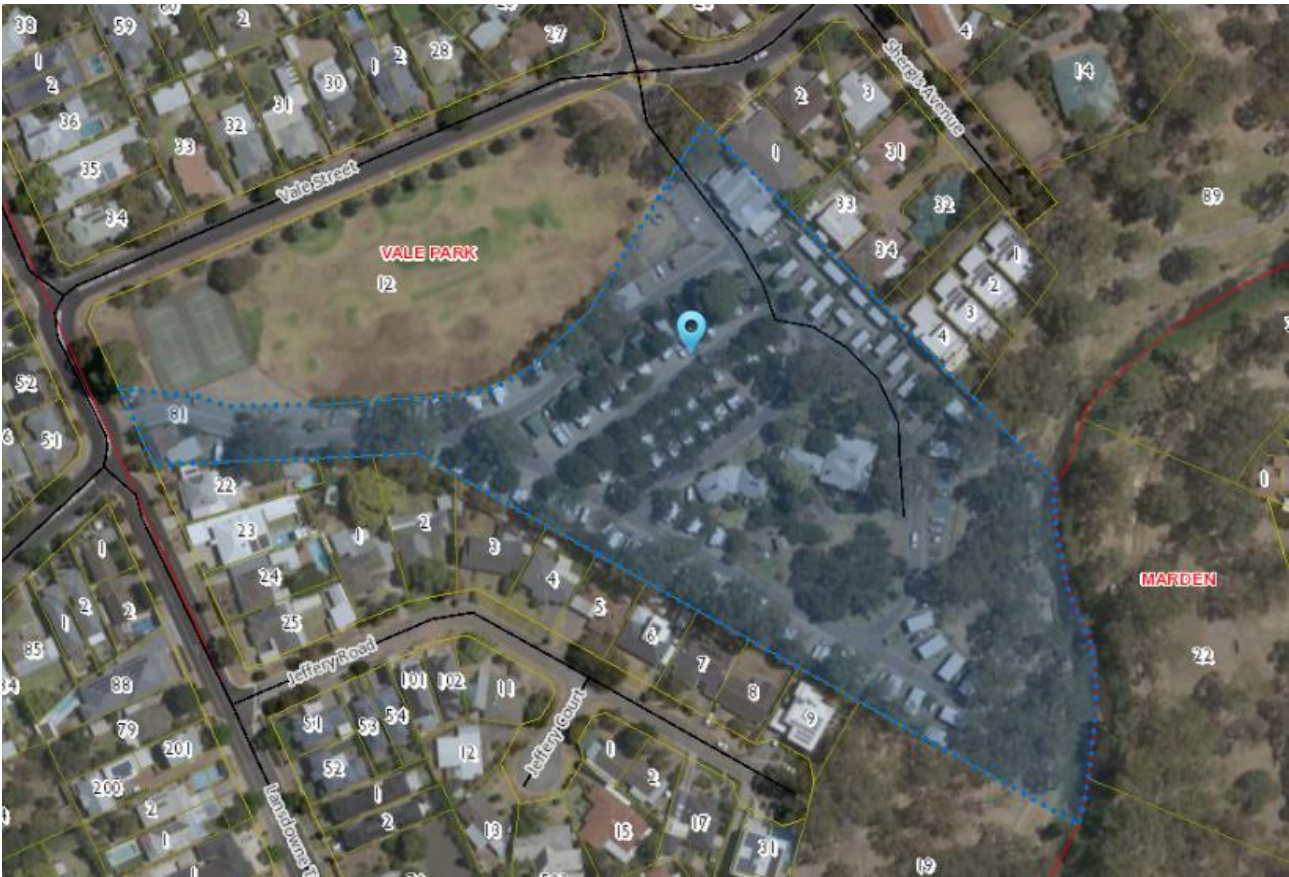
## LOCATION

The cabins subject to this valuation are located within the Levi Park Caravan Park , situated in the residential suburb of Vale Park, approximately 5 kilometres north east of the Adelaide CBD. The caravan park has a north western boundary to Levi Park, south eastern boundary to the River Torrens with remaining boundaries positioned against residential properties.

The cadastral maps below indicates the location of the subject property:



Source: Google Maps)



(Source: Sappa)

## RESOURCE MANAGEMENT

The subject property is located within the The Corporation of the Town of Walkerville and zoned 'Caravan and Tourist Park' and 'Metropolitan Open Space System' in accordance with the The Corporation of the Town of Walkerville Planning Scheme.

Zoning information has been obtained from representatives of the respective authorities and this valuation assumes this information is correct. Furthermore, this valuation has been prepared on the assumption that the improvements comply with the approvals, conditions and requirements of all appropriate authorities.

## HERITAGE

Enquires with the relevant State Heritage Authority and National Trust of Australia reveals the subject properties are not listed with these organisations, and as such we have assumed that there are no heritage implications to the property.

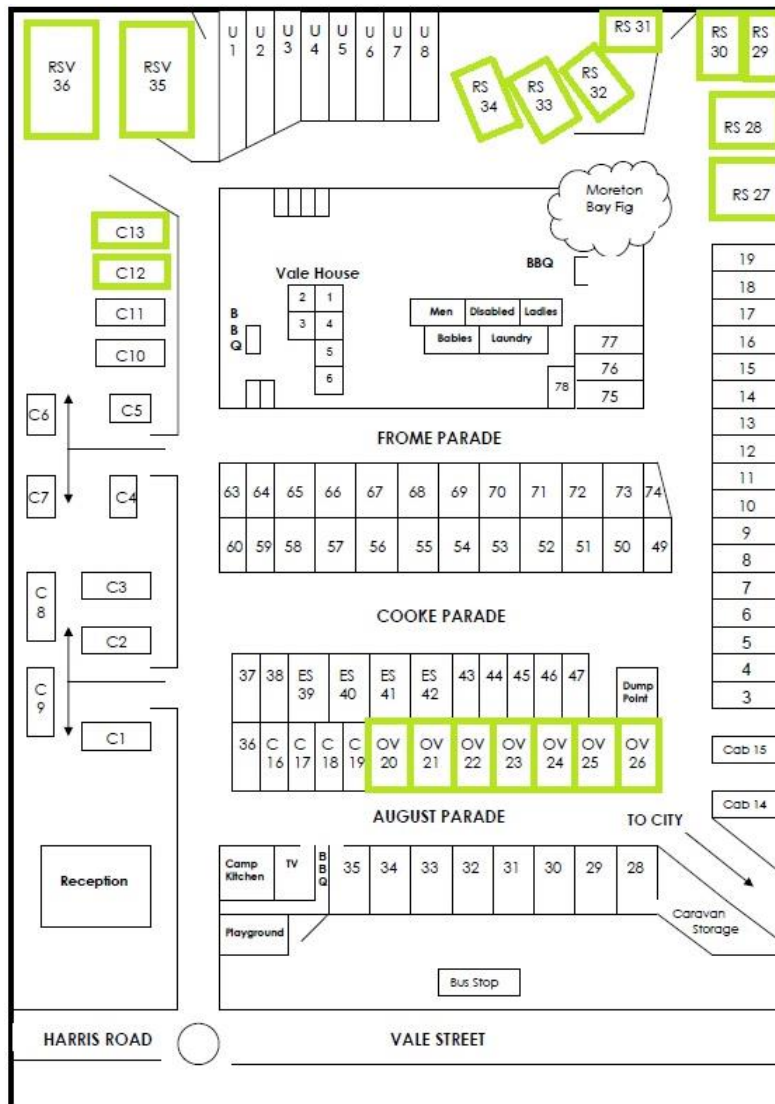
# IMPROVEMENTS

## DESCRIPTION

The improvements included within this valuation comprise of the following:

| CABINS                              | QUANTITY  |
|-------------------------------------|-----------|
| Riverside Villas (RSV 36 - 37)      | 2         |
| Riverside Cabins (RS 27 - 34)       | 8         |
| Oval View Cabins (OV 20 - 26)       | 7         |
| Ensuite Standard Cabins (C 12 - 13) | 2         |
| <b>TOTAL</b>                        | <b>19</b> |

The site map below shows the subject cabins are those highlighted.



(Source: Levi Park)



The improvements appears to lie within the site boundaries, however we have not been provided with a site survey and cannot confirm the same.

A more detailed description of the improvements is provided below:

#### RIVERSIDE VILLA

|           |             |                     |                  |
|-----------|-------------|---------------------|------------------|
| Quantity  | 2           | Gross Building Area | 58m <sup>2</sup> |
| Occupancy | Residential | Heritage Listed     | No               |
| Leased    |             | Security            | Door locks       |

#### CONSTRUCTION

|              |             |          |               |
|--------------|-------------|----------|---------------|
| Land Contour | Level       | Cladding | Timber        |
| Levels       | Ground only | Roof     | Metal Pitched |
| Floors       | Timber      | Windows  | Metal         |
| Walls        | Timber      | Ceilings | Timber        |
| Attachments  | Verandah    |          |               |

#### FITOUT

|               |   |           |       |
|---------------|---|-----------|-------|
| Fitout        | Cabin                                       | Coverings | Vinyl |
| Configuration | Two bedrooms, bathroom, kitchen/living room |           |       |
| Fixed Joinery |   |           |       |

#### SERVICES

|            |  |           |                |
|------------|--|-----------|----------------|
| Electrical | Fluorescent                                |           |                |
| Fire       | Detectors, extinguishers                   |           |                |
| HVAC       | Split system air conditioning, ceiling fan |           |                |
| Plumbing   | Water, gas                                 | Transport | Not applicable |

## RIVERSIDE CABINS

|           |             |                     |                  |
|-----------|-------------|---------------------|------------------|
| Quantity  | 8           | Gross Building Area | 42m <sup>2</sup> |
| Occupancy | Residential | Heritage Listed     | No               |
| Leased    |             | Security            | Door locks       |

### CONSTRUCTION

|              |             |          |               |
|--------------|-------------|----------|---------------|
| Land Contour | Level       | Cladding | Timber        |
| Levels       | Ground only | Roof     | Metal Pitched |
| Floors       | Timber      | Windows  | Metal         |
| Walls        | Timber      | Ceilings | Timber        |
| Attachments  | Verandah    |          |               |

### FITOUT

|               |   |           |       |
|---------------|---|-----------|-------|
| Fitout        | Cabin                                       | Coverings | Vinyl |
| Configuration | Two bedrooms, bathroom, kitchen/living room |           |       |
| Fixed Joinery |   |           |       |

### SERVICES

|            |  |           |                |
|------------|--|-----------|----------------|
| Electrical | Fluorescent                                |           |                |
| Fire       | Detectors, extinguishers                   |           |                |
| HVAC       | Split system air conditioning, ceiling fan |           |                |
| Plumbing   | Water, gas                                 | Transport | Not applicable |

## OVAL VIEW CABINS

|           |             |                     |                  |
|-----------|-------------|---------------------|------------------|
| Quantity  | 7           | Gross Building Area | 31m <sup>2</sup> |
| Occupancy | Residential | Heritage Listed     | No               |
| Leased    |             | Security            | Door locks       |

### CONSTRUCTION

|              |                |          |               |
|--------------|----------------|----------|---------------|
| Land Contour | Level          | Cladding | Metal         |
| Levels       | Ground only    | Roof     | Metal Pitched |
| Floors       | Timber         | Windows  | Metal         |
| Walls        | Metal Clad     | Ceilings | Timber        |
| Attachments  | Not applicable |          |               |

### FITOUT

|               |   |           |       |
|---------------|---|-----------|-------|
| Fitout        | Cabin                                       | Coverings | Vinyl |
| Configuration | Two bedrooms, bathroom, kitchen/living room |           |       |
| Fixed Joinery |   |           |       |

### SERVICES

|            |                               |           |                |
|------------|-------------------------------|-----------|----------------|
| Electrical | Fluorescent                   |           |                |
| Fire       | Detectors, extinguishers      |           |                |
| HVAC       | Wall mounted air conditioning |           |                |
| Plumbing   | Water                         | Transport | Not applicable |

## ENSUITE CABINS

|           |             |                     |                  |
|-----------|-------------|---------------------|------------------|
| Quantity  | 2           | Gross Building Area | 26m <sup>2</sup> |
| Occupancy | Residential | Heritage Listed     | No               |
| Leased    |             | Security            | Door locks       |

### CONSTRUCTION

|              |                |          |               |
|--------------|----------------|----------|---------------|
| Land Contour | Level          | Cladding | Metal         |
| Levels       | Ground only    | Roof     | Metal Pitched |
| Floors       | Timber         | Windows  | Metal         |
| Walls        | Metal Clad     | Ceilings | Timber        |
| Attachments  | Not applicable |          |               |

### FITOUT

|               |  |           |       |
|---------------|--|-----------|-------|
| Fitout        | Cabin                                      | Coverings | Vinyl |
| Configuration | One bedroom, bathroom, kitchen/living room |           |       |
| Fixed Joinery |  |           |       |

### SERVICES

|            |                               |           |                |
|------------|-------------------------------|-----------|----------------|
| Electrical | Fluorescent                   |           |                |
| Fire       | Detectors, extinguishers      |           |                |
| HVAC       | Wall mounted air conditioning |           |                |
| Plumbing   | Water                         | Transport | Not applicable |

## PHOTOGRAPHS

The improvements are best depicted in the photographs below:



Riverside Villa – side elevation



Riverside Villa – Living area



Riverside Cabin – side elevation



Riverside Cabin – Living area



Oval View Cabin – front elevation



Oval View Cabin – living area



Ensuite Standard Cabin – front elevation



Ensuite Standard Cabin – Living area

## SITE IMPROVEMENTS

We note as per instruction Site improvements have been excluded from this valuation.

## SCHEDULE OF AREAS

| CABIN TYPE                | TOTAL AREA (M <sup>2</sup> ) |
|---------------------------|------------------------------|
| 2 Riverside Villas        | 116m <sup>2</sup>            |
| 8 Riverside Cabins        | 336m <sup>2</sup>            |
| 7 Oval View Cabins        | 217m <sup>2</sup>            |
| 2 Ensuite Standard Cabins | 52m <sup>2</sup>             |
| <b>TOTAL</b>              | <b>721m<sup>2</sup></b>      |

The approximate areas stated above represent gross building areas as stipulated by the Property Council of Australia and have been rounded to the nearest square metre.

Any areas mentioned in this report are approximate only and should not be relied upon for any other purpose other than this valuation. If utilised for any other purpose other than this valuation, the areas should be verified by a licensed surveyor.

## CONDITION OF IMPROVEMENTS

The cabins vary in age and condition with a condition assessment summarised in the table below:

| CABIN TYPE                          | ESTIMATE AGE | CONDITION ASSESSMENT   |
|-------------------------------------|--------------|--|
| Riverside Villas (RSV 36 - 37)      | 2012*        | Good to Very Good  |
| Riverside Cabins (RS 27 - 34)       | 2008*        | Good to Very Good  |
| Oval View Cabins (OV 20 - 26)       | 2002*        | Average to Below Average - The cabins will likely require an internal update in the near future. |
| Ensuite Standard Cabins (C 12 - 13) | 1993*        | Fair - The cabins will likely require an internal update in the near future.                     |

\*the age of each type of cabin was provided by an employee of the caravan park and is only an estimate.

We have not sighted a structural report on the property nor have we inspected unexposed or inaccessible parts of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials now considered hazardous.

## SITE CONTAMINATION

The current use of the subject property as a Caravan Park is not contained within the Australian Property Institute's list of Potentially Contaminating activities, industries and land uses and the current use of the property is not considered to be environmentally hazardous.

Our inspection of the site did not reveal any obvious signs of contamination, however, we are not experts in identifying environmental hazards and should you wish to confirm that the site is not contaminated we would recommend that you retain the services of an environmental consultant.

Should subsequent investigations show the site to be contaminated, the matter should be referred immediately to the Valuer for consideration and review of the valuation if appropriate.

## ASBESTOS

In Australia, the use of crocidolite (blue) asbestos was banned in 1967, the use of amosite (brown) asbestos continued until the mid-1980s, whilst a ban on chrysotile (white) asbestos did not come into effect until the end of 2003.

As all of the improvements to the subject property were built prior to the 2003 ban on all asbestos products, there may be an asbestos related health risk associated with the property. Our inspection of the property did not indicate the presence of such products in the construction of the improvements. However, we must point out that we are not experts in this area and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fiber within the subject property, this valuation is made on the assumption that there is no health risk from asbestos within the property. Should it subsequently transpire that an expert report establishes that there is an asbestos related health risk we reserve the right to review this valuation.

# MARKET COMMENTARY

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## MARKET UNCERTAINTY

Market uncertainty comes about when a market, as at the valuation date, is disrupted by current or very recent events such as sudden economic or political crisis.

The event(s) that cause market uncertainty may be macroeconomic, for example the current COVID-19 outbreak, or microeconomic such as a change to a law or regulation which resets or disrupts a market sector.

In the real estate market, both microeconomic event(s) may result in valuation uncertainties as the only evidence available to be considered by the valuer is most likely to have taken place before the event occurred and the impact of which was not reflected in market evidence. The impact on sale prices and volumes will not be known until the market has stabilised and a new normal is in the market place.

## SOUTH AUSTRALIAN PROPERTY MARKET

There was marginal growth recorded for South Australia's economy with an increase of 0.3% year on year to Q4 2019, with growth in public consumptions but reductions in investment. Population growth in South Australia is projected to continue to grow at a steady rate of 0.9% per annum, which in turn is contributing to driving softer levels of demand in sectors such as the housing market. This further reinforces the softening of South Australia's short-term economic outlook as state final demand turned negative in 2019. (CBRE 2020)

Property demand in South Australia has a high chance of increasing with net migration increasing by 15% in the past 12 months as at Q1 2020. This is significantly higher than most other states, providing an increase in potential development opportunities. A further boost to South Australia's real estate market is the recorded increase in median weekly family income. This has increased by 2.6% over the 12 months to Q2 2019, enabling those who are employed to have a greater amount of disposable income. (PRD 2019).

## SOUTH AUSTRALIAN TOURISM MARKET

South Australia's tourism sector has hit a new record, with an all-time-high \$7.6 billion spent by visitors to the State over the past year, AS OF 9TH October 2019. Statistics from the latest International and National Visitor Survey results show the total growth in visitor expenditure is up 12 per cent from last year.

SA's country areas have also experienced growth, regional visitor expenditure (including international) grew to a record high \$3.3 billion, up 19 per cent - now contributing 44 per cent to the overall visitor expenditure in South Australia.

Acting Minister for Trade, Tourism and Investment, Tim Whetstone, said interstate overnight visitation to regional South Australia had increased 10 per cent to 1.1 million overnight visitors – with a 21 percent increase in overall interstate expenditure to \$2.5 billion.

South Australians were also on the move within their own state, with intrastate overnight visitors growing 13 per cent to a record high 4.6 million, spending \$2.3 billion on their travel.

We note Caravan Parks throughout Australia have been greatly impacted by Covid-19 restrictions, with only long term residence and essential workers able to stay on site. The cabins have been assessed assuming Covid-19 restrictions have been lifted and the market is at pre-Covid-19 levels.



# VALUATION METHODOLOGY

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## DEPRECIATED REPLACEMENT COST

In assessing the market value of the subject property we have considered the depreciated replacement cost as the main method, whereby the value of the cabins has been determined by first establishing their estimated cost to replace with an equivalent new asset less depreciation for their physical, functional and economic obsolescence. These three forms of obsolescence can be described as follows:

- **Physical deterioration** – this is the loss in value resulting from the consumption of the useful life or service potential of a building caused by wear and tear, deterioration, exposure to various elements, physical stresses and similar factors.
- **Functional obsolescence** – this is the loss in value resulting from inefficiencies in the subject building compared to a more efficient or less costly alternative. Such excessive operating costs and/or excess capital costs can be used to measure the extent of functional obsolescence.
- **Economic obsolescence** – is the loss in value caused by factors which are external to the asset itself. Such factors often relate to the economics of the industry in which the assets operate. New legislation or fears/risks of it may also contribute to economic obsolescence.

In making our assessment as to the appropriate level of depreciation applicable to the subject assets, we have taken into account that the cabins, although somewhat dated, have been well maintained. In this regard the level of physical deterioration applicable to them is considered minimal.

Although the cabins have been well maintained, their design is now considered somewhat dated and they are now considered to be energy inefficient. As a result, we consider that a reasonable level of functional obsolescence would be applicable to these improvements.

Finally, given the specialised nature of the improvements, they are considered to have a low level of adaptability to other potential uses and we consider that they have a high level of economic obsolescence.

The calculations for the subjects can be apportioned in the table below:

**DEPRECIATED REPLACEMENT COST APPROACH (BUILDINGS)**

| Cabin                       | GBA (m <sup>2</sup> ) | Replacement with New | Depreciation (%) | Depreciated Replacement Cost |
|-----------------------------|-----------------------|----------------------|------------------|------------------------------|
| Riverside Villa (35)        | 58                    | \$115,000            | 27%              | \$84,000                     |
| Riverside Villa (36)        | 58                    | \$115,000            | 27%              | \$84,000                     |
| Riverside Cabin (27)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (28)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (29)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (30)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (31)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (32)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (33)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Riverside Cabin (34)        | 42                    | \$105,000            | 40%              | \$63,000                     |
| Oval View Cabin (20)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Oval View Cabin (21)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Oval View Cabin (22)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Oval View Cabin (23)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Oval View Cabin (24)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Oval View Cabin (25)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Oval View Cabin (26)        | 31                    | \$75,000             | 70%              | \$22,500                     |
| Ensuite Standard Cabin (12) | 26                    | \$68,000             | 90%              | \$6,750                      |
| Ensuite Standard Cabin (13) | 26                    | \$68,000             | 90%              | \$6,750                      |
|                             |                       | <b>\$1,731,000</b>   |                  | <b>\$843,000</b>             |

**CAPITALISATION OF NET INCOME APPROACH**

We have considered the capitalisation approach as a check method, whereby we assess the current income for each cabin, which is then capitalised at an appropriate yield to determine the current market value.

Council has provided the past 4 years of total income generated for each type of cabin, which we have used to calculate an average annual income. The figures are noted in the below table.

| Cabin Type      | Number of Cabin | Total Income Generated |           |           |           | Total - 4 year Income | Annual Average - 4 Year Income |
|-----------------|-----------------|------------------------|-----------|-----------|-----------|-----------------------|--------------------------------|
|                 |                 | 2015/16                | 2016/17   | 2017/18   | 2018/19   |                       |                                |
| Riverside Villa | 2               | \$38,618               | \$51,600  | \$45,122  | \$46,477  | \$45,454              | <b>\$22,727</b>                |
| Riverside Cabin | 8               | 216,392                | \$185,267 | \$200,348 | \$229,049 | \$207,764             | <b>\$25,970</b>                |
| Oval View Cabin | 7               | \$143,599              | \$133,126 | \$134,951 | \$123,431 | \$133,777             | <b>\$19,110</b>                |
| Standard Cabin  | 5               | \$ 65,523              | \$64,024  | \$66,263  | \$73,238  | \$67,262              | <b>\$13,452</b>                |

Council has also provided the past 4 years of occupancy for all 36 cabins within the park, with 19 owned by Council and 19 owned by the Lessee. We have used the totals to calculate an average annual occupancy rate of 156 days. The figures are noted in the below table.

| Cabin Type                    | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 4 year average |
|-------------------------------|---------|---------|---------|---------|----------------|
| All Cabins on Council Grounds | 6432    | 5525    | 6278    | 5496    | <b>5933</b>    |
| Average Per Cabin             | 169     | 145     | 165     | 145     | <b>156</b>     |

The capitalisation percentage has been determined on the basis of the quality, age and condition of the cabins. Adjustments then have been made for a number of factors including fees.

Expenses have not been provided by the Lessee or Council, therefore we have imputed the Expenses/Fees percentage of 29%, which comprises 20% for general expenses and 9% for management fees. The older cabins will likely require an internal update in the near future, with the forecasted capital expenditure noted in the below table.

| CAPITALISATION OF NET INCOME APPROACH |          |                 |                         |                          |                     |                      |                        |                     |                             |                              |                                   |
|---------------------------------------|----------|-----------------|-------------------------|--------------------------|---------------------|----------------------|------------------------|---------------------|-----------------------------|------------------------------|-----------------------------------|
| Cabin Type                            | GBA (m2) | Rate/Night (\$) | Occupancy Days Per Year | Gross Annual Income (\$) | Annual Expenses (%) | Annual Expenses (\$) | Annual Net Income (\$) | Capitalisation Rate | Gross Value of Improvements | Upcoming Capital Expenditure | Capitalised Value of Improvements |
| Riverside Villa (35)                  | 58       | \$184           | 156                     | \$22,727                 | 29%                 | \$6,590.83           | \$16,136               | 20%                 | \$80,680.85                 | \$0                          | \$80,700                          |
| Riverside Villa (36)                  | 58       | \$184           | 156                     | \$22,727                 | 29%                 | \$6,591              | \$16,136               | 20%                 | \$80,681                    | \$0                          | \$80,700                          |
| Riverside Cabin (27)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (28)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (29)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (30)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (31)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (32)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (33)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Riverside Cabin (34)                  | 42       | \$162           | 156                     | \$25,970                 | 29%                 | \$7,531              | \$18,439               | 20%                 | \$92,194                    | \$0                          | \$92,200                          |
| Oval View Cabin (20)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Oval View Cabin (21)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Oval View Cabin (22)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Oval View Cabin (23)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Oval View Cabin (24)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Oval View Cabin (25)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Oval View Cabin (26)                  | 31       | \$139           | 156                     | \$19,110                 | 29%                 | \$5,542              | \$13,568               | 20%                 | \$67,841                    | \$18,000                     | \$49,800                          |
| Ensuite Standard Cabin (12)           | 26       | \$120           | 156                     | \$13,452                 | 29%                 | \$3,901              | \$9,551                | 20%                 | \$47,755                    | \$18,000                     | \$29,800                          |
| Ensuite Standard Cabin (13)           | 26       | \$120           | 156                     | \$13,452                 | 29%                 | \$3,901              | \$9,551                | 20%                 | \$47,755                    | \$18,000                     | \$29,800                          |
|                                       |          |                 |                         |                          |                     |                      |                        |                     |                             |                              | \$162,000                         |

# VALUATION RECONCILIATION

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We have been instructed by Council to provide advice around the potential purchase of 19 cabins located at Levi Park Caravan Park, which are owned by the Lessee.

In assessing the market value of the cabins we have considered both the Capitalisation of Net Income approach and Depreciated Replacement Cost approach. To assist Council with their decision, we believe the following 3 scenarios should be:

- Option 1 - Assessing the Market Value of the cabins on a 'going concern' basis
- Option 2 - Assessing the Market value of the cabins 'as is' basis
- Option 3 - Council replacing all or some of the cabins

Values derived from the Capitalisation of Net Income approach are considerably higher than the figures derived from the Depreciated Replacement Cost approach for most types of cabins, with the exception of the Riverside Villas. The Capitalisation of Net Income approach is generally used to value assets sold as a business or 'going concern'. In this instance the caravan park assets are being leased by the Lessee, with the cabins being sold separately to the business. The lessee's business will cease to exist at the expiry of the lease agreement and the cabins will not continue to operate as a business. For these reason we consider the values derived from the Capitalisation of Net Income approach are not appropriate, and do not accurately reflect the purchase cost of the cabins.

The Depreciated Replacement Cost approach determines the estimated cost to replace with an equivalent new asset less depreciation for their physical, functional and economic obsolescence. The age and condition of each cabin is also considered in determining a remaining life of each cabin, with cabins generally having a total useful life of 30 years. The more recently constructed cabins such as the Riverside Villa and Riverside Cabin are in good condition and have an estimated life of 18 to 22 years. The Oval View Cabins are in average condition and have a remaining life of approximately 12 years, whilst the Ensuite Cabins are in below average condition and are nearing the end of their useful lives, with an approximate remaining life of 3-5. Both the Oval View Cabins and Ensuite Cabins have dated internal Fitout and will likely require refurbishment in the near future. We consider this approach to be the most accurate and appropriate.

Council may consider a 3<sup>rd</sup> option of replacing all or some of the cabins with new or 2<sup>nd</sup> hand cabins. A review of the current cabins is recommended to establish the optimal 'mix' of cabin types should they be replaced. The income statements provided show the Riverside Cabins are booked most often, followed by the Oval View Cabins, Riverside Villa and Standard Cabins.

Council should explore the above 3 options when considering the potential purchase of the cabins. We believe the values derived from the Direct Replacement Cost approach best reflect the market value of the cabins.

# VALUATION CERTIFICATION

The market value, as if complete, (exclusive of GST) of the freehold interest in the properties, subject to the overriding stipulations contained within the body of this report, as at 4 March 2020, is:

| DEPRECIATED REPLACEMENT COST |                           |
|------------------------------|---------------------------|
| CABIN TYPE                   | MARKET VALUE ROUNDED (\$) |
| Riverside Villa (35)         | \$84,000                  |
| Riverside Villa (36)         | \$84,000                  |
| Riverside Cabin (27)         | \$63,000                  |
| Riverside Cabin (28)         | \$63,000                  |
| Riverside Cabin (29)         | \$63,000                  |
| Riverside Cabin (30)         | \$63,000                  |
| Riverside Cabin (31)         | \$63,000                  |
| Riverside Cabin (32)         | \$63,000                  |
| Riverside Cabin (33)         | \$63,000                  |
| Riverside Cabin (34)         | \$63,000                  |
| Oval View Cabin (20)         | \$22,500                  |
| Oval View Cabin (21)         | \$22,500                  |
| Oval View Cabin (22)         | \$22,500                  |
| Oval View Cabin (23)         | \$22,500                  |
| Oval View Cabin (24)         | \$22,500                  |
| Oval View Cabin (25)         | \$22,500                  |
| Oval View Cabin (26)         | \$22,500                  |
| Ensuite Standard Cabin (12)  | \$6,750                   |
| Ensuite Standard Cabin (13)  | \$6,750                   |
| <b>Total</b>                 | <b>\$843,000</b>          |

This valuation has been prepared for the private and confidential use of the Corporation of the Town of Walkerville for acquisition purposes. No responsibility is extended to any third party who may use or rely on the whole or any part of the content of this valuation in any way and neither the valuer nor AssetVal shall have any liability to any third party who does. No responsibility will be accepted for photocopied signatures.

Only a signed original of this valuation should be relied upon and no responsibility will be accepted for photocopies of the report.

We do not assume any responsibility or accept any liability where this valuation is relied on after the expiration of three months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear.

No liability is accepted for any loss or damage (including consequential or economic loss) suffered as a consequence of fluctuations in the property market subsequent to the date of valuation.

For and on behalf of

ASSETVAL, A BUSINESS OF MARSH PTY LTD



Mitch Ekonomopoulos

Certified Practising Valuer

AAPI

4 March 2020

\*The co-signing Peer Reviewer confirms having reviewed the valuation methodology and calculations, however the opinion of value expressed has been arrived at by the Primary Valuer along.'

"Liability limited by a scheme approved under Professional Standards Legislation."

# QUALIFICATIONS & ASSUMPTIONS

## FULL DISCLOSURE

This valuation has been prepared on the basis that all information and facts which may affect the valuation have been given to us by you or on your behalf.

We do not accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made or for any error or defect in the valuation which has resulted from any error, omission or inaccuracy in information supplied by or on behalf of the client.

## VALUER'S INTEREST

We hereby certify that the principal valuer is suitably qualified and authorised to practice as a valuer; has experience in the asset class under valuation, does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property (including the parties with whom our client is dealing, including the lender or selling agent, if any); and accepts instructions to value the property only from the instructing party.

## USE OF VALUATION

This valuation is prepared on the specific instructions of Corporation of the Town of Walkerville. This report should not be relied upon by anyone, for that or any other purposes, other than Corporation of the Town of Walkerville.

Marsh Valuation Services does not contemplate that this report or any part of it will be relied upon by any other person. Marsh Valuation Services accepts no responsibility to any other person. However, any other person who obtains this report may seek our written consent to rely on it. We reserve the right to review the contents of this report if our consent is sought.

You must not include any part of this valuation or refer to it in any document, circular or statement without our prior approval.

## GOODS AND SERVICES TAX

The market value for financial reporting purposes stated within this report is exclusive of GST. For newly created residential real estate, we have assumed the market value is inclusive of GST.

In analysing the sales and leasing evidence we have provided, it is noted we have attempted to ascertain if the sales price and rentals is/are inclusive or exclusive of GST. With regard to sales evidence, it is emphasised that the Valuer General's office does not differentiate between or record, if the sale price is inclusive or exclusive of GST.

Where we have not been able to verify if GST is included in the sale price or rental, we have assumed the sales price and the rental is inclusive of GST.

Should it eventuate the assumptions we have made regarding GST are not correct, we reserve the right to re-assess any effect on the value stated in this report.

## MARKET UNCERTAINTY

Market uncertainty comes about when a market, as at the valuation date, is disrupted by current or very recent events such as sudden economic or political crisis.

The event(s) that cause market uncertainty may be macroeconomic, for example the current COVID-19 outbreak, or microeconomic such as a change to a law or regulation which resets or disrupts a market sector.

In the real estate market, both microeconomic event(s) may result in valuation uncertainties as the only evidence available to be considered by the valuer is most likely to have taken place before the event occurred and the impact of which was not reflected in market evidence. The impact on sale prices and volumes will not be known until the market has stabilised and a new normal is in the market place.

Note:

'The market the property/asset is transacted or assessed in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.

This valuation is current at the date of valuation only. The value assessed herein may change significantly over a relatively short period of time, including as a result of factors that the valuer could not reasonably have been aware of as at the date of valuation.

Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.'

Marsh Valuation Services does not accept liability of losses arising from subsequent changes in value. Nor should the valuation be relied upon if in the knowledge of the party to whom the valuation is prepared for or anyone acting on behalf of that party becomes aware that a change in value may have occurred because of those factors noted earlier or any other similar factors.

Without limiting the generality of the above comment(s), we do not assume any responsibility or accept liability, nor should reliance be placed upon the valuation, or anything contained within the valuation report where this valuation report is relied upon after the date of valuation.

## STRUCTURAL ASSESSMENT

In preparing this report we have used all reasonable skills as a valuer but we are not qualified to assess the structural integrity of the improvements on the property, or impact on building services. We give no warranty as to these issues in respect of the buildings.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defect is found, including structural defects, this information could impact on the value of the property.

We have not been provided with an environmental audit of the property and we are not aware of any potential environmental concerns. Our valuation and report assumes that the land and buildings are unaffected by harmful contaminants or noxious materials which may impact on value.

We have not conducted a land survey of the subject property and assume all improvements lie within the title boundaries.



## EXTERNAL/ INTERNAL BUILDING CLADDING

Where a building comprise external or internal cladding and we are unable to identify from our visual inspection whether the cladding used, or method of attachment, is compliant/conforming or non-compliant/non-conforming the following forms part of this Valuation Report:

This valuation report has been prepared under the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, relevant law, legislation, legal codes and or standards. Should this not be the case, we reserve the right to review our valuation.

We are not experts in 'cladding' or methods of attachment and are not qualified to determine the existence of non-conforming or non-compliant cladding. We do not accept responsibility or liability for any losses whatsoever arising from the Valuer failing to identify non-conforming or non-compliant cladding.

Prior to any reliance on the Valuation Report by any client and any other party nominated in the report as being entitled by the Valuer to rely upon the report, those parties must make their own enquiries regarding the cladding used, including the application, installation, specification and utilisation of the cladding, and its compliance with all approvals, relevant law, legislation, legal codes and or standards.

## ENVIRONMENT CONTAMINATION

The current use of the subject property is not contained within the Australian Property Institute list of Potentially Contaminating activities, industries and land uses and the current use of the property is not considered to be environmentally hazardous.

Our inspection of the site did not reveal any obvious signs of contamination, however, we are not experts in identifying environmental hazards and should you wish to confirm that the site is not contaminated we would recommend that you retain the services of an environmental consultant.

Should subsequent investigations show the site to be contaminated, the matter should be referred immediately to the Valuer for consideration and review of the valuation if appropriate.

## CARBON TAX

As at the date of this valuation, Marsh Valuation Services notes the Clean Energy Act 2012 (Cwth.) and Carbon Credits (Carbon Farming Initiative) Act 2011 (Cwth.) could potentially influence the future Market Value of the property. We have not sought any legal advice as to the impact of this legislation on the subject property and it is not possible to calculate the impact with any certainty until the medium to longer term consequences of the legislation flow through to the marketplace. Such affects include but are not limited to value components such as building operating costs – for example, Repairs and Maintenance, Insurance Premiums, Energy Costs, as well as the Costs of Refurbishment / Renovation and Demand from potential purchasers or tenants.

We suggest ongoing monitoring of the impact of this legislation and the market's reaction to it. Care should be taken to monitor relevant policy announcements or judicial decisions. Marsh Valuation Services is able to undertake such monitoring and research as to the likely impact on value of this legislation if required.

## GENERAL LIMITATIONS

This document may contain information which is directly derived from outside sources without verification by Marsh Valuation Services including but not limited to sales and leasing information, planning information, tenancy schedules, property title searches, contamination registers and expert reports. Where the content of this report has been derived in whole or in part from sources other than Marsh Valuation Services, we do not warrant or represent that such information is accurate.

Only a signed original of this valuation report should be relied upon and no responsibility will be accepted for photocopies or re-printed versions of it.

Town planning information has been verbally obtained from representatives of the respective authorities and this valuation assumes this information is correct.

This valuation has been prepared on the assumption that the improvements comply with the approvals, conditions and requirements of all appropriate authorities.

We have assumed that there are no easements, rights of way or encroachments that affect the subject property other than those recorded on the Certificate of Title as at the date of searching.

In undertaking this valuation, we have not commissioned a search of the Register of Native Claims which is administered by the National Native Title Tribunal. This valuation assumes that there are no current or pending claims which affect the subject property.

In undertaking this valuation, we have assumed that the property complies with current noise and air pollution requirements. If the compliance with such requirements is of concern to those relying on this report, we recommend that appropriate consultants be contacted to confirm such compliance. The right is reserved to review and if necessary, vary the valuation figure if any such contamination is found to exist.

Any areas mentioned in this report are approximate only and should not be relied upon for any other purpose other than this valuation. If utilised for any other purpose other than this valuation, the areas should be verified by a licensed surveyor.

This valuation includes all items which form part of the building services installations, such as heating and cooling equipment, lifts, sprinklers, lighting, power to distribution sub boards and landlord's fixtures and fittings.

Our valuation does not take into account the value of plant, machinery, equipment, tools, furniture and air conditioning servicing any plant and machinery; or any other items used for industrial or commercial processing which are specific to the needs of the occupier of the location.

Inspection of the improvements did show the use of asbestos products in the construction of the building. However, we are not experts in this area and therefore, in the absence of an environmental consultants report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no health risk from asbestos. Should it subsequently transpire that an expert's report establishes an asbestos related health risk, we reserve the right to review this valuation.

We have assumed that there is no apparent termite infestation to the subject property. However, a certified pest control firm should confirm this. Should it subsequently transpire that an expert's report establishes that there is termite infestation to the property, we reserve the right to review this valuation.

The value stated in this report is exclusive of GST.

The report is valid only when bearing the Valuer's original signature.

## DEFINITIONS

'Market Value' - Market Value is the estimate amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

'Gross Building Area (GBA)' – Gross Building Area is the most commonly used method of measurement. The Gross Building Area is the area of the building at all building levels, measured between the normal outside face of any enclosing walls (or the centre line of the common walls between different properties), balustrades and supports. The enclosed and unenclosed are usually shown separately and added together to give the total GBA.

'Net Lettable Area (NLA)' – Used to refer to tenancy areas in office buildings, and office and business parks. Can apply to whole or part of building.

'Highest and Best Use' – The most likely use of an asset which is physically possible, appropriately justified, legally permissible, financially flexible and which results in the highest value of the asset being valued.

'Depreciated Replacement Cost' – The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisations.

# APPENDICES

## LETTER OF INSTRUCTION

Corporation of the Town of Walkerville – Engagement to Provide Services

6 February 2020

By Email only

Scott Reardon  
Business Analyst (Property & Contracts)  
Corporation of the Town of Walkerville  
86 Walkerville Terrace, Gilberton, SA 5081

Dear Scott

### RE: QUOTATION TO PROVIDE VALUATION SERVICES

Further to our exchange of emails I write to confirm our proposal to undertake a valuation of 19 cabins located at the Levi Caravan Park.

The purpose of valuation is to help Council in determining whether to purchase the below listed cabins owned by the manager of the Levi Caravan Park within the Park. The current Agreement held between the manager and Council is due to expire in November this year (2020).

The cabins are listed as follows:

| Cabin Type              | Number of Cabins |
|-------------------------|------------------|
| Riverside Villas        | 2                |
| Riverside Cabins        | 8                |
| Oval View Cabins        | 7                |
| Ensuite Standard Cabins | 2                |
| <b>Total</b>            | <b>19</b>        |

### PERSONS WHO WILL PERFORM THE WORK

At this stage, I will be the main valuer on the project. However, this may change as our workload scheduling can change. For now, all queries and information that you provide should continue be sent to me.

### SCHEDULE OF FEES

| DESCRIPTION  | COST           |
|--|----------------|
| Valuation of 19 cabins located at the Levi Park Caravan Park | \$3,000        |
| GST  | \$ 300         |
| <b>TOTAL</b>   | <b>\$3,300</b> |

### OUTLAYS AND OTHER EXPENSES

Travel & Disbursements are included in the fee

### GST

All fees are exclusive of GST

METHOD OF PAYMENT

AssetVal's standard payment terms are 100% on submission of final report.

ENGAGEMENT TERM

AssetVal is committed to providing valuations services until all outlined services have been delivered. The engagement of services is set to commence when this letter is signed and returned.

NEXT STEPS

Please arrange for a copy of this letter to be signed and returned back to us at your earliest convenience to indicate that it is in accordance with your understanding.

Signed:  \_\_\_\_\_

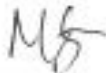
Name: Scott Pearson

Position: Business Analyst (Property & Contracts)

Date: 07/02/2020

If you require clarification of any part of this quotation, please do not hesitate to contact me.

Yours sincerely



MITCH EKONOMOPOULOS  
SA VALUATION MANAGER