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# **CONFIDENTIAL ORDINARY COUNCIL MEETING**

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**CONFIDENTIAL MATTERS****STAFF REPORTS**

*Matters which have been delegated to staff but they have decided not to exercise their delegation.*

17.1 Lot 3 Mingari Street, Munno Para (Attachments) .....5

Released 08 May 2025

## STAFF REPORTS

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### Confidential Matters

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**17.1 LOT 3 MINGARI STREET, MUNNO PARA**

Contact Person: Simon Blom

**Why is this matter confidential?**

Subject to an order pursuant to Section 90 (3) (b) of the *Local Government Act 1999*, this matter is confidential because it contains information that is commercially sensitive to an ongoing commercial negotiation.

**A. COUNCIL TO MOVE MOTION TO GO INTO CONFIDENCE**

No action – this motion passed in the open section.

**B. THE BUSINESS MATTER****17.1 LOT 3 MINGARI STREET, MUNNO PARA**

**Responsible Executive Manager :** Simon Blom

**Report Author :** Edi Bergamin

**Delegated Authority :** Matters which have been delegated to staff but they have decided not to exercise their delegation.

**Attachments :**

- 1. Proposed Plan of Division
- 2. Site Plan - Lot 3 Mingari Street
- 3. Letter of Offer

**PURPOSE**

To seek Council approval of the revised Leyton Property offer for the sale of Lot 3 which is a portion of the whole site located at Lot 479 Mingari Street Munno Para (ex - Munno Para Bowling site).

**STAFF RECOMMENDATION**

Council resolves:

- a) The sale of Lot 3 as per the revised land division plan (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$1.045 Million (ex GST).
- b) The site area for the proposed Lot 3 (Attachment 1) will be subject to the Final Plan of Division.
- c) Pursuant to the *Local Government Act 1999*, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 3.

## EXECUTIVE SUMMARY

Council owned property located at Lot 479 Mingari Street, Munno Para was resolved by Council as a surplus asset to be sold. As a consequence, the subject property has been included in the current Repurposing Assets function.

In accordance with Council's Sale and Disposal of Land and Other Assets Policy, an Expression of Interest was undertaken to market the subject site as four serviced Torrens Title lots of varying site area or as a whole site (as previously marketed). An acceptable offer was received for Lot 3 which is a portion of Lot 479 Mingari Street Munno Para.

This report seeks Council approval for the offer from Leyton Property for the sale of Lot 3 Mingari Street Munno Para as per the revised land division plan (Attachment 1) and to complete the two-stage land division process.

### 1. BACKGROUND

At the Ordinary Council Meeting on 27 October 2020, Council approved the sale of a smaller size Lot 1 to Leyton Property for the purchase price of \$4.29 Million (ex GST). The site area of Lot 1 was 11,000 m<sup>2</sup> as per the original plan of division for a four (4) lot sub-division. The original development proposal by Leyton Property for the subject site was for a petrol outlet, bulky good retail and associated parking.

Since the Council meeting, Leyton Property have further negotiated additional commercial outlets to be added to the original development proposal. This resulted in the requirement for additional site area to the original Lot 1 site area of 11,000 sqm. Due to the increase in building area and site layout design requirements, Leyton Property submitted a revised offer to Council based on the proposed land division plan (Attachment 1) which was approved at the December 2020 Ordinary Meeting. This was followed by contract execution for the revised Lot 1 in April 2021.

Later in 2021, Leyton submitted an offer for Lot 4 and rate rebate application for both Lots 1 & 4. At the Ordinary Council Meeting on 15 December 2021, Council approved the sale of Lot 4 and the associated rate rebate application. Leyton Property's interest in the Mingari Street site continued with receipt of an offer to purchase the remaining Lot 3 which is the subject of this report.

### 2. RELEVANCE TO STRATEGIC PLAN

This report links with the following Decision Making Filters:

2. Finish what we have started in terms of our longer term projects that the community is expecting us to deliver.
4. Stick to our Finance Strategy to achieve long term financial sustainability while still delivering planned services, responsibly managing debt and promoting the growth of the city.

This decision will assist Council's debt reduction strategy and also provide an opportunity for further capital investment, commercial development and employment opportunities in the City of Playford.

### 3. PUBLIC CONSULTATION

There is no requirement to consult the community on this matter.

## 4. DISCUSSION

For the subject site, the key issues that need to be considered regarding the sale of Lot 3 to Leyton Property, which is a portion of the whole site located at Lot 479 Mingari Street Munno Para are:

- Property Description and Valuation
- Development Plan
- Past Property Transaction Timelines
- Current Development Status
- Lot 3 Offer – Leyton Property
- Proposed Lot 3 Development
- Land Division Costs & Options
- Projected Land Division Revenue
- Rate Revenue
- Land Sale Contract & CEO Delegation

### 4.1 Property Description and Valuation

The whole site is an island site with a total frontage to both Main North Road (eastern boundary) and Curtis Road (southern boundary) of approximately 160 metres each with secondary frontages to both Mingari Street and Myall Avenue of approximately 160 metres each. In accordance with Department for Infrastructure and Transport (DIT) traffic records, the current daily traffic volume is approximately 42,000 vehicles on Main North Road.

The site is generally level with service connections and no easements on the property. The site was formerly utilised as the Munno Para Bowling and Community Club and is currently a vacant site since the demolition of the clubrooms and bowling facilities and the relocation of the Bowling Club to a new start-of-the-art facility at Goodman Road Elizabeth.

The whole site area is 27,387 sqm. The legal property description of the whole site is summarised as follows:

Site address:	Lot 479 Mingari Street, Munno Para
Certificate of Title:	Volume 6156 Folio 288
Plan Reference:	Deposited Plan 10441
Hundred:	Munno Para
Development Plan Zoning:	Precinct 50 – Munno Para Commercial (Note: superseded by PDI Act 2019)

A property valuation by McGees Property was undertaken on 15 February 2019 and is summarised as follows:

Valuation approach:	Direct comparison
Rate (\$/sqm):	\$262/sqm
Market Value:	\$7,190,000 (ex GST)

The subject site, known as Lot 3, is a portion of the whole site as per the proposed plan of division (Attachment 1). The site area of the proposed Lot 3 as per the Leyton Property offer is 6,000 m<sup>2</sup> which includes the proposed access road to service Lots 1, 2 & 4. The easement marked A/D (blue shade colour) in the proposed plan of division (Attachment 1) approximate easement A/D area = 501 sqm is included in the proposed

Lot 3 total site area. The subject site has approximately 102m frontage to Mingari Street and 52 m frontage to Myall Avenue. The proposed Lot 3 will be subject to a land division process which will be discussed in a later section of this report.

#### 4.2 Development Plan (PDI Act)

Pursuant to the current PDI Act 2019, the whole site is zoned Employment (E) with a Retail Activity Centre subzone overlay. For the Employment zoning of the subject site, the desired outcomes are:

- Diverse range of low impact light industrial, commercial and business activities that complement the rate of other activities that complement the role of the other zones accommodating significant industrial, shopping or business activities
- Range of allowable land uses which include a retail fuel outlet, large format retail, bulky goods retail, service trade premises, office, shop, warehouse, light industry, indoor recreation, consulting rooms etc

The proposed commercial development (Attachment 2) for all proposed lots as per the Leyton Property offer (Attachment 3), aligns with the objectives of the current Employment zoning under the PDI Act.

#### 4.3 Past Property Transaction Timelines

Since the original Council Resolution on 23 April 2013 followed by the Council Resolution approving the Playford Sports Precinct Prudential Report on 26 August 2014, Council decided the whole site was a surplus asset to be sold in accordance to Council's Sale and Asset Disposal Policy.

The key property transaction/tasks that followed the latter Council decision up to the current revised Leyton Property offer for the Lot 1 sale contract, are summarised as follows:

Date	Property Task/Transaction
24 January 2015	Council revokes Community Land Classification
September - October 2019	Commencement of Repurposing Assets function
October 2019	EOI to appoint real estate agency to sell the whole site at Lot 479 Mingari Street Munno Para McGees Property appointed as the real estate agency
December 2019	EOI for sale of whole site <ul style="list-style-type: none"> <li>• 5 offers received (United Petroleum, Emmett, Leyton, Andrash, Zanyah)</li> </ul> Prices offered range from \$2 Million to \$6.8 Million with conditions
January 2020	Amended EOI undertaken – review conditions and purchase price <ul style="list-style-type: none"> <li>• One EOI registrant withdrew</li> </ul> Preferred tenderer selected – United Petroleum: \$6M
February - March 2020	Ongoing negotiations with United Petroleum – preferred tenderer
30 April 2020	United Petroleum withdrew offer due to COVID 19 impact and as a consequence, decision to refocus future capital investment on eastern states



July - August 2020	EOI for sale 4 lot sub-division site – 3 offers received initially followed by Council counter-offer and revised offers submitted; <ul style="list-style-type: none"> <li>Leyton Property: Lot 1 - \$4.29 Million with precommitment and non-refundable deposit subject to achieving milestones</li> <li>Emmett Property: Lot 1 - \$4.29 Million – conditional offer and refundable deposit</li> </ul> Hamra Developments: whole site - \$7.2 Million with conditions, offer later withdrawn
September 2020	Letter of Offer for Lot 1 executed with Leyton Property for \$4.29M Commence drafting of Land sale contract for Lot 1 – subject to Council approval
27 October 2020	Council approval for the Lot 1 sale contract based on the initial Leyton Property Letter of Offer based on a Lot 1 with a smaller site area = 11,000sqm
October - November 2020	Leyton Property submitted a revised offer for a larger Lot 1 which includes the original Lot 1 (site area = 11,000 sqm) and portions of Lots 2, 3, 4 (site area = 6,200 sqm) for the total purchase price = \$5.54 Million (ex GST)
15 December 2020	Council approval for the Lot 1 sale contract based on the revised Leyton Property offer for a larger Lot 1 (total site area = 17,200 sqm) and proceed with Stage 1 land division process
22 April 2021	Land sale contract for larger Lot 1 (includes Lot 2 as per proposed land division – Attachment 1) was executed
18 June 2021	Leyton Property request to amend Stage 1 land division for the larger Lot 1 and create two Torrens Title allotments. Lot 1 – Bulky good outlets and food outlets (Attachment 2) Lot 2 – separate title for X Convenience petrol outlet  Additional land division costs for Lot 2 to be borne by Leyton Property
June 2021	The plan of division was amended to incorporate Lot 2 for the X Convenience petrol outlet within the previous large Lot 1 as per the executed land sale contract
25 June 2021	Leyton Property submitted a rate rebate application for Lot 1 Mingari Street
27 August 2021	Issue of Form 1 documents for larger Lot 1 to Leyton Property
30 August 2021	Leyton Property confirmed satisfaction of Due Diligence period for the larger Lot 1 and 50% of deposit (\$50,000) becomes non-refundable.
31 August 2021	<ul style="list-style-type: none"> <li>Leyton Property submitted an offer for Lot 4 Mingari Street which commenced negotiations</li> </ul>
24 September 2021	<ul style="list-style-type: none"> <li>Leyton Property submitted a revised rate rebate application including both Lot 1 &amp; 4 and Lot 2 for the proposed petrol outlet is not included.</li> </ul>
2 November 2021	Leyton property accept Council's counter-offer for the sale of Lot 4 Mingari Street for \$1.4M (ex GST)
14 December 2021	Council approved the sale of Lot 4 Mingari Street and the rate rebate application for Lots 1 & 4
21 December 2021	<ul style="list-style-type: none"> <li>Leyton Property submitted an offer for Lot 3 Mingari Street (attachment 3)</li> </ul>
22 February 2022	Council approval for the Lot 3 sale contract based on the Leyton Property offer (Attachment 3) and proceed with Stage 2 land division – <b>Purpose of this report</b>

#### 4.4 Current Development Status

The current status of all four (4) proposed allotments for the development of the overall site at Lot 479 Mingari Street Munno Para is summarised in the following table:

Lot No	Site Area	Description	Rate Rebate Appln	Status
1	13000m2	proposed bulky good retail outlets (inc BCF), food (Zamero) & automotive outlets	Yes	<ul style="list-style-type: none"> <li>Under contract</li> <li>Land sale contract executed 22 April 2021</li> <li>Due diligence satisfied</li> <li>Separate DA's lodged for proposed development and Stage 1 land division with SCAP</li> </ul>
2	4892 m2	X Convenience petrol & retail outlet and car wash facility	No	<ul style="list-style-type: none"> <li>Same as Lot 1</li> </ul>
3	6000 m2	Vacant site includes easement(marked A/D in Attachment 1) for access road with a site area = 501sqm and the balance of Lot 3 site area for development =5,499 sqm	No	<ul style="list-style-type: none"> <li>Under offer (<b>subject to Council approval</b>)</li> <li>Original offer submitted 22 Dec-21</li> <li>Council counter offer accepted by Leyton;               <ul style="list-style-type: none"> <li>\$1.045M (ex GST)</li> <li>\$25k deposit non-refundable upon DD satisfaction</li> </ul> </li> <li>No rate rebate application</li> </ul>
4	4013 m2	Two retail and service tenancies are proposed	Yes	<ul style="list-style-type: none"> <li>Under offer</li> <li>Land sale contract for Lot 4, currently being drafted for execution</li> <li>Council approved offer               <ul style="list-style-type: none"> <li>\$1.4M (ex GST)</li> <li>\$25k deposit non-refundable upon DD satisfaction</li> </ul> </li> <li>Rate rebate application for Lots 1 &amp; 4 approved by Council</li> </ul>

As per the previous approved offer for the larger Lot 1 & 2, Leyton Property are proposing to develop the site to accommodate a range of services such as a petrol outlet, fast food outlets, bulky good retail etc as per the site concept plan (Attachment 2). The site concept plan was prepared by the architectural firm, Brown Falconer.

The proposed site plan (Attachment 2) with proposed slip lane entrance and exit for the commercial development will be subject to planning consent and statutory approvals and further detailed design.

#### 4.5 Lot 3 Offer – Leyton Property

Based on the proposed plan of division (Attachment 1), Leyton Property submitted an initial offer for Lot 3 (Attachment 3). The total site area of 6,000 m<sup>2</sup> includes the easement marked as A/D and the developable site area of Lot 3 is 5,499 sqm. The site area for the easement (area = 501 sqm) was included as part of the negotiated sale for Lots 1&2. The easement is to be created to allow for the access road and the provision of a sewer/water services easement.

The negotiations for the sale of Lot 3 Mingari Street commenced with the initial offer of \$1.045 Million (ex GST). This offer and associated conditions was considered with the benefits and cost implication of a potential rate rebate application. Thus, Council counteroffered accepting the purchase price of \$1.045 Million (ex GST) but no rate rebate which was accepted by Leyton Property.

Upon completion of negotiations, a land sale contract for Lot 3 Mingari Street will be executed subject to Council approval, the purpose of this report.

Key parameters of the original executed Letter of Offer which are still relevant and applicable to the current revised Leyton Property offer for Lot 3 Mingari Street are:

- a) The purchase price = \$1.045 Million (exclusive GST)
- b) No rate rebate application for Lot 3
- c) Retention of Deposit (non-refundable) upon satisfaction of Due Diligence (50% - \$25,000) and then upon satisfaction of land division/planning consent (balance 100% - \$50,000)
- d) Special Condition #1 – The purchaser will be granted a period of ninety (90) days to undertake exclusive Due Diligence in relation to the land in order to secure the tenant from the date of contract execution
- e) Special Condition #2: The purchaser will be granted a period of six (6) months commencing upon the satisfaction of Special Condition #1 (Due diligence) to achieve planning approval for the proposed development on Lot 4 Mingari Street.
- f) Settlement to occur 45 days from the satisfaction of both Special Condition #1 and #2
- g) Provision of right of way access via an access road via the proposed easement marked A/D in the proposed plan of division (Attachment 1)
- h) Two stage land division process

The Leyton Property offer to purchase Lot 3 Mingari Street is recommended due to the following key points:

- a) The purchase price of \$1.045 Million is commercially acceptable compared to recent sales of similar properties
- b) The total purchase price rate of \$190/m<sup>2</sup> is in accordance to the original marketing rate for Lot 3. The purchase price rate of \$190/sqm is based on the developable portion of Lot 3 (area = 5,499 sqm) and excludes the easement site area which was negotiated as part of the sale contract for Lot 1&2
- c) The proposed commercial investment aligns with PDI Act/Development Plan zoning
- d) Achieve overall master planning of the site due to Leyton Property
- e) Dealing with a single purchaser, Leyton Property for the whole site assists in overall project delivery

- f) Aligns with Council's objectives to attract commercial capital investment, new services and associated employment opportunities
- g) Aligns with Council's objective to reduce the debt with the proceeds from the land sale and additional commercial rate revenue from both the vacant site initially and then in the future, the proposed commercial development of Lot 3
- h) Following completion of the Due Diligence period, Council will be entitled to non-refundable portions of the deposit, thus mitigating Council's financial risk exposure to the Stage 2 land division costs
- i) The Due Diligence period will be used by the purchaser to secure the tenant for Lot 3 thus mitigating the risk of contract failure or development not proceeding
- j) Leyton Property have a good strong track record in the development industry
- k) Potential for settlement of Lot 3 by October/November 2022
- l) Sale of Lot 3 to Leyton Property avoids extra marketing costs for Lot 3, estimated: \$6-7k
- m) The risk of contract failure for Council is only in the Due Diligence period but Council's land division costs are minimal during this period
- n) A two-stage land division process has been agreed

#### 4.6 Proposed Lot 3 Development

As part of the offer for the Lot 3 (Attachment 3), Leyton Property is proposing to develop the site to accommodate a large scale commercial project which will complement the adjoining bulky goods retail tenants as per the site concept plan. The site concept plan (Attachment 2) was prepared by the architectural firm, Brown Falconer. Due to the sensitivity of current negotiations between the prospective Lot 3 tenant and Leyton Property, they are unable to provide any further detail until after completion of the Due Diligence period.

The proposed site area of Lot 3 = 6,000 m<sup>2</sup> which includes the easement (A/D) for the proposed access road and water/sewer services easement. Thus leaving approximately 5,499 m<sup>2</sup> for development/building area on Lot 3.

The proposed concept design (Attachment 2) with proposed slip lane entrance and exit for the commercial development will be subject to planning consent and statutory approvals and further detailed design.

#### 4.7 Land Division Costs & Options

Since the original Council Resolution in 2013, Council has attempted via EOI and conditional contracts, to sell the subject site as a whole without success. This was predominantly due to the limited number of developers/purchasers with the capacity to develop large commercial sites.

Further to market feedback and analysis, in the northern region it was found that there is more demand for smaller commercial lots in the current market rather than large superlots. As a consequence, various sub-division options were assessed including the construction of new internal roads.

Due to the island site with adjoining services, the preferred sub-division option was for the creation of four (4) serviced allotments with existing road frontages as per the revised land division plan (Attachment 1). The preferred sub-division option has a lower capital cost compared to the other options considered because there's no requirement for the construction of new roads, footpaths, street lighting or service augmentation costs. The proposed four allotments as per the revised land division plan (Attachment 1), the lots

vary in site area from 3000 m2 up to 17,200 m2 for Lot 1 which has approximately 160m frontage to Main North Road.

With the initial sale of Lots 1 & 2 to Leyton Property, Council was required to undertake the land division process. To mitigate the risk of contract failure and cost exposure to Council in the land division process, a two (2) stage process land division will be undertaken as follows:

Stage 1: create two Torrens Title lots, Lot 1 and Lot 2. The latter, to accommodate an X Convenience fuel outlet and carwash facility. The estimated time program for Stage 1 from contract execution to property settlement is 12 months.

Stage 2: sub-divide the remaining land into two Torrens Title allotments (Lot 3 & 4) as required by the market and due to the current offer submitted by Leyton Property for Lot 3 Mingari Street.

Right of Way (ROW): In reference to the proposed plan of division (Attachment 1), right of ways identified as A, B, C, D, E have been allowed for access across the four lots, improved traffic movements within the overall site and provide a master planned site.

The development costs for the two (2) stage land division process for the proposed four (4) lot sub-division plan (Attachment 1) is summarised as follows:

<b>Land Division Cost (all GST exclusive)</b>	<b>Stage 1 (Lot 1 &amp; 2) Cost (\$)</b>	<b>Stage 2 (Lot 3,4) Cost (\$)</b>	<b>Total Cost (\$)</b>
Real Estate Agent commission (0.6%) and contract fee (\$3750 per contract)	\$36,990	\$27,010	\$64,000
Internet, Advertisement, sign cost	\$14,600(*)	0	\$14,600
Land Division design and boundary survey	\$7,500	\$7,500	\$15,000
Service augmentation costs for additional new lots (sewer, water) including easement servicing Lot 1 & 2	\$100,000	\$92,000	\$192,000
Open space contribution	\$7,600	\$15,200	\$22,800
Consultants – detail survey and site contamination (completed)	\$8,520(*)	0	\$8,520
Site preparation and tree, signage clearing cost (Stage 1 work completed)	\$4,590 (*)	0	\$4,590
Infrastructure contribution for footpaths within road reserve – developers' contribution		\$50,000	\$50,000
Legal & conveyancing costs	\$5,000	\$5,000	\$10,000
Contingency (approx 5%)	\$10,000	\$10,000	\$20,000
<b>Total Land Division Cost</b>	<b>\$194,800</b>	<b>\$206,710</b>	<b>\$401,510</b>

**NOTE:**

- The costs associated with electricity augmentation associated with the existing transformer and the design and construction of a new Main North Road slip lane (entry only) will be borne by the purchaser, Leyton Property
- The Stage 1 costs (\*) have been expended for consultant costs (detail survey and site contamination report) and tree/signage removal costs in FY 2019/20. Total = \$13,110



- c) The Stage 1 costs (\*) have been expended for marketing costs in FY 2020/21. Total = \$14,600
- d) The Real Estate commission for the sale of Lot 1 & 2 (\$36,990) has increased compared to the initial offer due to the increased selling price = \$5.54M for the larger allotment area (17,372 sqm) in the revised Leyton Property offer
- e) Council as the developer of Lot 479 Mingari Street is required to fund the Infrastructure Agreement cost for the provision of additional footpaths. Cost estimate = \$50,000
- f) The water and sewer connection cost for the four proposed lots = \$192,000 – SA Water quote dated 31 January 2022

For Stage 1 & 2 of the land division process, \$192,000 has been allowed for the sewer and water supply connection costs for the overall development of the proposed four (4) lots. The latter cost was based on a quote received from SA Water which will be formalised during the land division process.

For Stage 1 & 2, marketing costs were only incurred during the initial EOI but no marketing costs were incurred for Stage 2 because the sale of Lots 3 & 4 since they were sold/under contract to the same purchaser, Leyton Property.

The increase in the total land division costs for Stage 1 & 2 of approximately \$160,000 since the previous Council Report (15 December 2020) was due to the unforeseen costs associated with the sewer extension along Mingari Street and Council's requirements for additional footpaths along Curtis Rd and Mingari Street (\$50K). In this case, whereby Council is acting as the land developer, the latter costs need to be funded by the land division project. This cost increase is covered by an increase in projected land division revenues as reported in the next section.

#### 4.8 Projected Land Division Revenue

The forecast land division (gross) revenue based on the current sale contract for Lots 1 & 2 (purchase price = \$5.54 Million) and the subsequent Leyton offers submitted for Lots 3 & 4 are as follows:

Lot	Estimated Area (refer revised site plan)	Selling Rate	Selling Price (ex GST)
1 & 2	17,372 m2	\$319/m2	\$5,540,000
Easement - Access Road	501 sqm	Access road to be constructed by purchaser, Leyton Property and easement A/D established for access road	
3	5,499 m2	\$190/m2 (excludes easement area = 501 m2)	\$1,045,000
4	4,013 m2	\$349/m2	\$1,400,000
<b>Total</b>	<b>27,385 m2</b>	<b>\$292/m2</b>	<b>\$7,985,000</b>

The total forecast land division revenue of \$7.985M has increased by approximately \$100,000 from the previously reported \$7.882M (Council Report December 2020) due to the increase in the selling rate for Lot 4.

In the proposed plan of division, Lot 3 will be created with an easement (marked A/D in Attachment 1) to allow for the access road. The access road will be constructed by the purchaser, Leyton Property and not at the developer's cost, in this case Council. Also, the future maintenance of the access road will be borne by the future owner of Lot 1.

The forecast total selling price and rate exceeds both the gross value forecast in the long term financial plan (LTFP) and the market valuation rate respectively. But as with all land

division development projects, there is a risk of not achieving the forecast selling rates thus the risk is mitigated by the allowance of a contingency or margin as follows:

- a) Total forecast Selling price above LTFP (\$7.2M) gross value: **margin = 11%**
- b) Total forecast Selling rate above Market Valuation rate (\$262/m2): **margin = 10%**

#### 4.9 Projected Land Division Revenue

Currently, the vacant site receives no rate revenue under Council ownership whereas following the sale of the subject site as a four (4) lot sub-division, Council will receive rate revenue as listed below.

For the revised four (4) Lot sub-division as per the land division plan (Attachment 1), the Council rate revenue based on General rate for 2020/2021 year including the Regional Landscape Levy for vacant land are summarised as follows:

Lot No.	Estimated Site Area	Selling Price	Rate Rebate	Estimated Rate Revenue
1 & 2	17,372sqm	\$5,540,000	Lot 1 – Yes Lot 2 - No	\$14,900 *
3	6,000 sqm	\$1,045,000	No	\$3,600 *
4	4,013 sqm	\$1,400,000	Yes	\$4,800 *
<b>Total</b>	<b>27,385 sqm</b>	<b>\$7,985,000</b>		

\* **Estimated** general rates based on 2021/22 rates in the dollar and a capital value based on the gross selling price for each lot

At the Ordinary Meeting on 14 December 2021, Council endorsed a rate rebate (25%) for a five (5) year period which commences from completion of the development whereas no rate rebate will be applicable for either Lots 2 & 3.

Once full commercial development is complete, the lots will be reassessed for land use and capital value. On assessment the properties will be rated as commercial properties and attract the higher rate in the dollar. Final rates cannot be estimated until the fully developed capital value is determined.

#### 4.10 Land Sale Contract and CEO Delegation

The original letter of offer and the subsequent negotiations associated with the Leyton Property offer for the purchase of Lot 3 provide the negotiated parameters which will form the basis of the land sale contract which is to be drafted for execution by both parties. The latter is subject to receiving Council approval to proceed with the revised offer for the sale of Lot 3 Mingari Street to Leyton Property.

The draft land sale contract and associated special conditions will be drafted by Council's legal advisers, Norman Waterhouse, and will be based on the standard contract for the sale of land prepared by the SA Law Society. As negotiated in the original executed Letter of Offer (Attachment 3) and subsequent negotiations, the key parameters to be included in the draft land sale contract for the revised Leyton property offer are as follows:

1. Purchase Price = \$1.045 Million (excluding GST)
2. No rate rebate application will be applicable for Lot 3
3. After completion of Due Diligence by Leyton Property, the Retention of Deposit (\$25,000) as agreed
4. Special Condition #1: The purchaser will be granted a period of ninety (90) days to undertake exclusive Due Diligence in relation to the land and secure tenants from the date of contract execution

5. Special Condition #2: The purchaser will be granted a period of six (6) months commencing upon the satisfaction of Special Condition #1 (Due diligence) to achieve planning approval for the proposed development on Lot 3 Mingari Street
6. Settlement to occur 45 days from the satisfaction of both Special Condition #1 and #2
7. Provision of right of way access over the rear lot boundaries to Lots 2, 3, and 4 on to Lot 1 and vice-versa
8. Complete the Two stage land division process

As done in previous land sales and associated contract execution by Council, to assist in the efficiency of the process, Council has the option to delegate to the CEO or other senior officer (eg General Manager) to finalise the drafting and execution of the land sale contract in accordance to the Local Government Act 1999

## 5. OPTIONS

### Recommendation

Council resolves:

- a) The sale of Lot 3 as per the revised land division plan (Attachment 1) which is a portion of the existing Lot 479 Mingari Street Munno Para (CT 6156/288) for the agreed price of \$1.045 Million (ex GST).
- b) The site area for the proposed Lot 3 (Attachment 1) will be subject to the Final Plan of Division.
- c) Pursuant to the Local Government Act 1999, the Chief Executive Officer be granted the delegation to finalise the drafting and execution of the land sale contract for the sale of Lot 3.

### Option 2

Council reject the recommendation and advise staff to recommence negotiations with Leyton Property with the following parameters:

- a) \_\_\_\_\_
- b) \_\_\_\_\_
- c) \_\_\_\_\_

### Option 3

Council reject the sale of Lot 3 which is a portion of Lot 479 Mingari Street Munno Para to Leyton Property.



## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

The recommended option to sell Lot 3 (Attachment 1) which is a portion of the whole site at Lot 479 Mingari Street Munno Para to Leyton Property will allow Council to achieve its objectives in debt reduction and the key principles of the Repurposing Assets Project such as maximising commercial/financial return, positive community outcomes, capital investment and employment opportunities.

The key benefits to Council and the community for the recommended option, are summarised as follows:

- a) The nett sale proceeds from the sale of Lot 3 will reduce Council's debt
- b) Aligns with Council's objectives to attract commercial capital investment, new services and associated employment opportunities
- c) Proposed commercial development for Lot 3 will complement the commercial development on the balance of the overall site per site concept plan (Attachment 2)
- d) New additional services to the City of Playford
- e) Additional capital investment and employment opportunities
- f) Council will receive rate revenue from both the vacant commercial sites initially followed by the future commercial development
- g) Positive public and commercial market perceptions created by new commercial developments
- h) The staging of the land division process will mitigate Council's risk to the timing of payment of the land division costs
- i) The contractual risk associated with the sale of Lot 3 to Leyton Property lies predominantly in the 90 day Due Diligence period which allows the purchaser to terminate the contract if they are unsuccessful of securing the tenant. Post the Due Diligence period, the risk of contract failure is reduced due to the likelihood of the purchaser finalising pre-commitment with the relevant commercial tenant for the proposed development on Lot 3

### Risk Appetite

The summarised risk assessment table including existing controls for the Lot 3 land sale and rate rebate is provided as follows:

Risk Description	Risk Appetite	Cause	Existing Description	Controls	Control Risk Rating
Current infrastructure is inadequate	Financial sustainability	<ul style="list-style-type: none"> <li>Increased traffic</li> <li>Existing sewer &amp; water services have insufficient capacity</li> </ul>	<ul style="list-style-type: none"> <li>Resolved during LD process</li> <li>Project contingency</li> </ul>		Low
Negative public opinion	Environmental Impact	<ul style="list-style-type: none"> <li>Removal of trees</li> <li>Site contamination</li> </ul>	<ul style="list-style-type: none"> <li>Contamination report completed – no issue</li> <li>Majority of trees within DIT road reserve</li> <li>Arborist/tree audit report required as part of DA process</li> <li>Regulated and significant trees to be retained where possible</li> </ul>		Low

Lot 3 land sale doesn't proceed	Financial sustainability	<ul style="list-style-type: none"> <li>DD not satisfied</li> <li>Special condition not achieved</li> </ul>	<ul style="list-style-type: none"> <li>Provision of rate rebate to tenants if required to provide a competitive advantage to other northern Councils</li> <li>Competitive sale price</li> <li>PDI Act provided improved and more flexible land uses</li> </ul>	Medium
Lot 1,2,4 are not developed	Service delivery	<ul style="list-style-type: none"> <li>Delay or non-commencement of construction phase</li> <li>No new services</li> </ul>	<ul style="list-style-type: none"> <li>BCF and X-Convenience are anchor tenants</li> <li>Form 1 has already been served – highlights level of commitment</li> <li>Major intersection and high profile – positive aspect for new commercial tenants</li> </ul>	Low
Vacant tenancies – does not meet Council expectations	Reputation	<ul style="list-style-type: none"> <li>High commercial rates</li> <li>Uncompetitive</li> <li>Site access</li> </ul>	<ul style="list-style-type: none"> <li>Quality anchor tenants</li> <li>Leyton Property have pre-committed tenants before commencing development</li> <li>Good access from MNR and Curtis Rd</li> <li>Masterplanned site</li> </ul>	Medium

The identified risks are mitigated with the listed control measures and thus reducing Council's risk exposure during the delivery of this land development project for Lot 479 Mingari St, Munno Para.

#### 6.1.2 Financial Implications

The financial implications for the recommended option for the sale of Lot 3 to Leyton Property are summarised in the table below. The land sale proceeds will be used to reduce Council's debt. In the financial year following the land disposal Council will generate new rate revenue from Lot 3 at General Rates.

	2021/22 \$'000	Ongoing \$'000
Operating Revenue		3.6**
Operating Expenditure		
Net Operating Impact		
Capital Sale Proceeds	1,045	
Capital Expenditure	(103)*	
Net Capital Proceeds	942	

\*Capital expenditure for Lot 3 is based on 50% of the total development expenditure for Stage 2 \$206k.

\*\*Operating revenue is estimated general rates based on 2021/22 rates in the dollar and a capital undeveloped land value of \$1.045m

Operating revenue of \$23,300 – **estimated** total rate revenue of four vacant lots represents rates revenue generated from the four (4) new Torrens Title serviced allotments as undeveloped vacant land with an estimated total gross selling price of \$7.985 Million. The latter is based on the assumption that the four lots are sold at their gross selling price (refer Section 4.8) and the property settlements occur during FY 2021/22 and FY2022/23.

## **6.2 Option 2 Analysis**

### **6.2.1 Analysis & Implications of Option 2**

For the EOI campaign, the asking price rates were set at the high end with the expectation it would be negotiated at a lower rate and consequently lower purchase price. The probability of achieving a successful outcome by re-negotiating the parameters of the Lot 3 sale with Leyton Property are low and high risk. Council must also consider the reputational risk if this current marketing campaign is unsuccessful due to the past unsuccessful attempts with Emmett Property and Kaufland Australia.

In accordance to Council's Long Tern Financial Plan (LTFP), the property settlement is scheduled for FY 2021/22 thus the associated capital revenue and ongoing rate revenue. This potential risk of the withdrawal of the Leyton Property offer for Lot 3 will have an impact on achieving the LTFP objective and the reduction of Council's debt.

### **6.2.2 Financial Implications**

The financial implication of Option 2 will need to be assessed once the parameters for the sale of Lot 3 with Leyton Property are determined.

## **6.3 Option 3 Analysis**

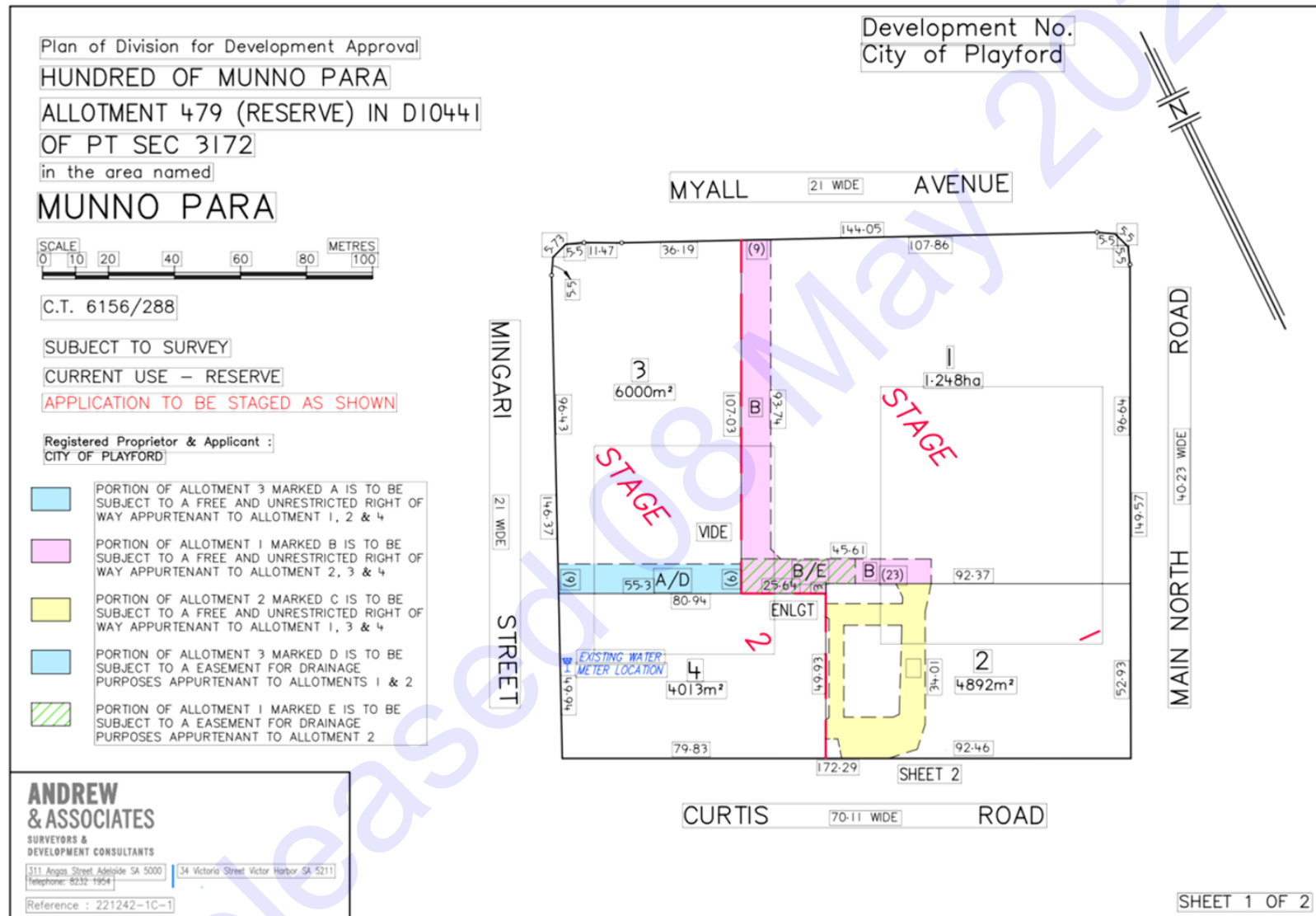
### **6.3.1 Analysis & Implications of Option 3**

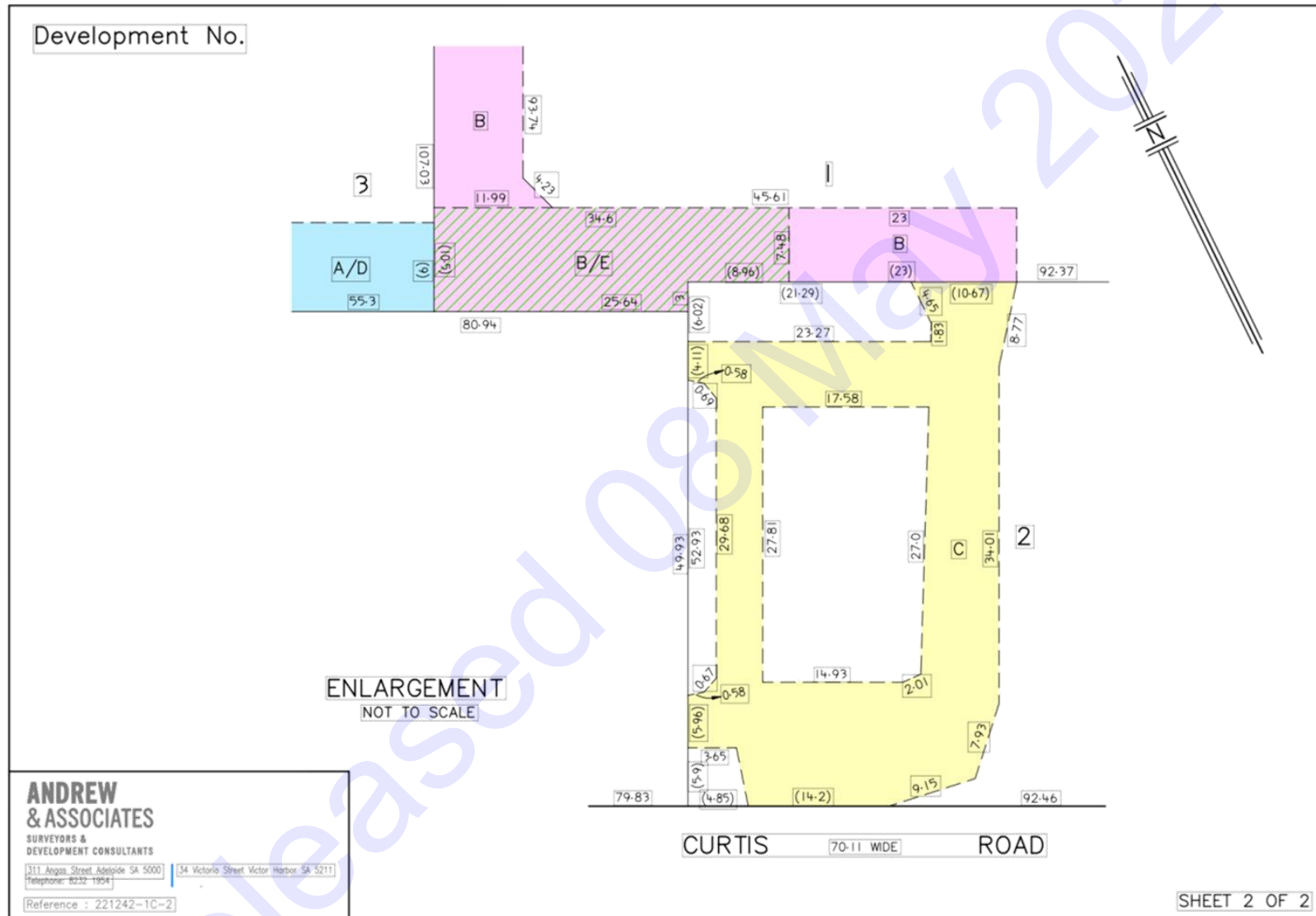
For Option 3, Council will retain ownership of the vacant site Lot 3 Mingari Street Munno Para and will need to reconsider the repurposing options for the subject site which align with the Council's strategic objectives. Due to current market conditions, the key risk is that the site will remain vacant and contribute to a negative market perception towards the subject site, thus increasing the difficulty in selling or redeveloping the site in future.

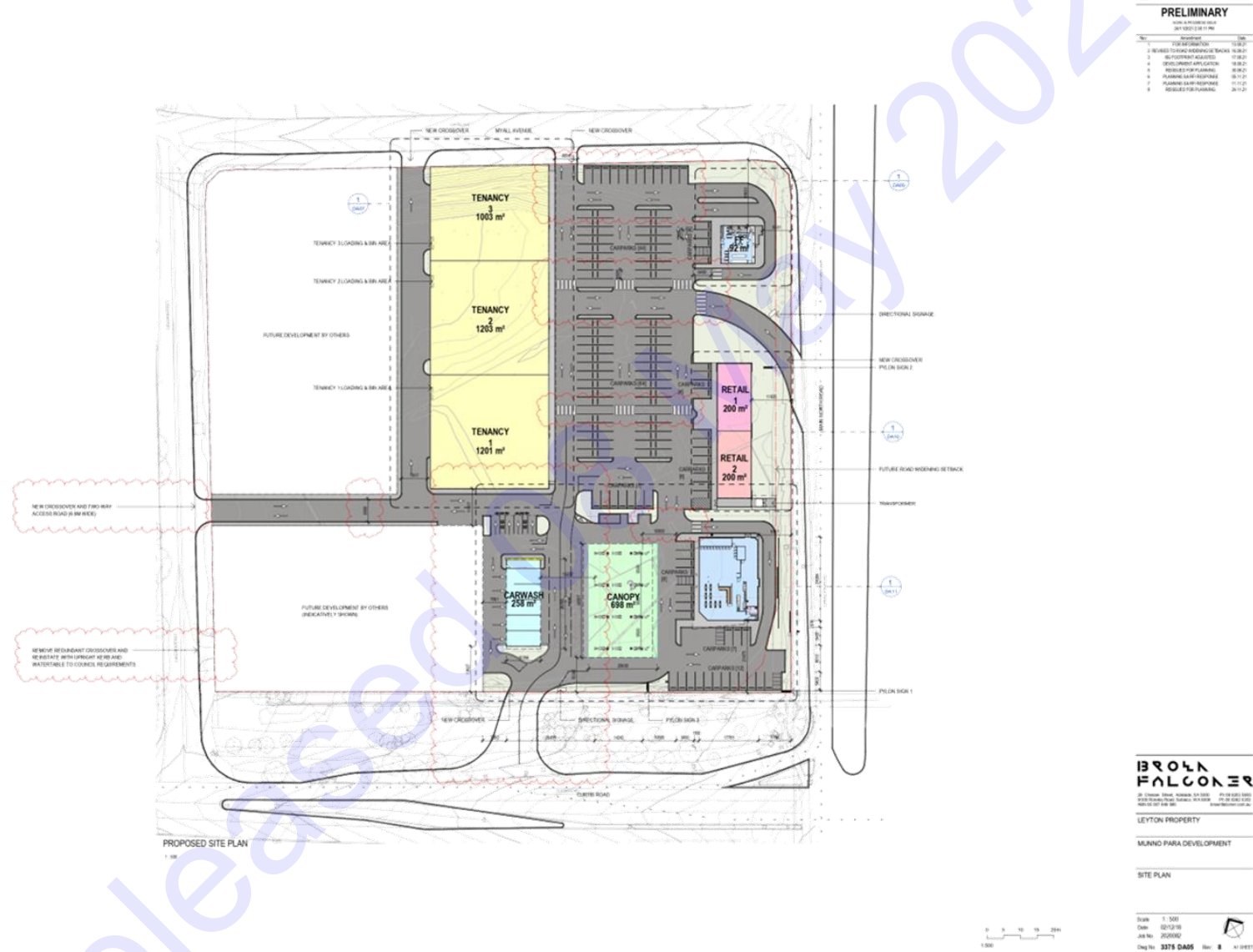
In accordance to Council's Long Tern Financial Plan (LTFP), the property settlement is scheduled for FY 2021/22 thus the associated capital revenue and ongoing rate revenue. This delay will have an impact on achieving the LTFP objective and the reduction of Council's debt.

### **6.3.2 Financial Implications**

The financial implication if Council rejects the sale of Lot 3 to Leyton Property will be that the current site will remain in Council ownership as undeveloped vacant land in the short to medium term, consequently no capital investment or annual rate revenue will be generated.







# Leyton Property

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21<sup>st</sup> December 2021

Simon Lambert  
Managing Director  
McGees Property  
Level 9, 60 Waymouth Street  
ADELAIDE SA 5000

Via email: [slambert@adl.mcgees.com.au](mailto:slambert@adl.mcgees.com.au)

Dear Simon

RE: Letter of Offer – Proposed Lot 3, Corner Main North Road and Curtis Road, Munno Para

Further to our discussions, please find an offer to purchase the land detailed below for your clients acceptance.

PURCHASER:	Leyton Property Pty Ltd (or related entity) Level 1, 22/26 Vardon Avenue, Adelaide SA 5000
LAND:	Land identified as proposed allotment 3 on the plan attached as Annexure A
LAND AREA:	Approximately 5,499sqm square metres approx.
PURCHASE PRICE:	\$1,045,000 (One Million and Forty Five Thousand Dollars) (plus GST if applicable)
DEPOSIT:	\$25,000 payable upon execution of a contract of sale. Upon satisfaction of Special 1 and 2 a further deposit of \$25,000 is payable. Both deposits are to remain refundable up until the satisfaction of Special Condition 1 and 2.

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**Leyton  
Property**

Level 1, 22-26 Vardon Ave, Adelaide SA 5000

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# Leyton Property

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**SPECIAL CONDITIONS:**

1. The Purchaser will be granted a period of Ninety (90) days to undertake exclusive Due Diligence in relation to the Land and to secure tenant from the date of the contract signing.
2. The Purchaser will be granted a period of Six (6) months commencing upon the satisfaction of Special Condition 2 to and achieve Planning Approval

**SETTLEMENT:** To take place 45 days from the satisfaction of all Special Conditions.

Thank you for the opportunity to present this offer. Please do not hesitate to contact us should you have any queries.

Yours sincerely,



William Brown  
Director  
Leyton Property  
william@leytonproperty.com.au  
0412 560 740



Hamish Brown  
Managing Director  
Leyton Property  
hamish@leytonproperty.com.au  
0417 846 687

**ACCEPTANCE**

As Vendor of the subject land, I hereby accept the terms and conditions as set out in this letter.

Signed for and on behalf of the Vendor \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_



**Leyton  
Property**

Annexure A  
Location Plan

**Leyton  
Property**

24 St Helena Place, ADELAIDE SA 5000

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**C. COUNCIL TO DECIDE HOW LONG ITEM 17.1 IS TO BE KEPT IN CONFIDENCE****Purpose**

To resolve how long agenda item 17.1 is to be kept confidential.

**STAFF RECOMMENDATION**

Pursuant to Section 91(7) of the Local Government Act 1999, the Council orders that the following aspects of Item 17.1 be kept confidential in accordance with Council's reasons to deal with this item in confidence pursuant to Section 90 (3) (b) of the *Local Government Act 1999*:

- Report for Item 17.1
- Attachment(s) for Item 17.1
- Minutes for Item 17.1

This order shall operate until property settlement for Lot 3 has been finalised, or will be reviewed and determined as part of the annual review by Council in accordance with Section 91(9)(a) of the *Local Government Act 1999*, whichever comes first.