



Shire of Denmark

Where the Forest meets the Sea – South Coast - Western Australia

NOTICE OF INTENTION TO LEASE LOT 5, A PORTION OF RESERVE 41390 (Lot 8027) “AIRPORT HANGAR LEASE”

In accordance with the provisions of the Section 3.58 Local Government Act 1995, it is hereby advised that the Shire of Denmark intends to lease a portion of Reserve 41390 being Lot 5, to Mr Barry Heard for a term of six (6) years, seven (7) months and nineteen (19) days.

The site is known as the “Airport Hangar Lease HLS5”.

The proposed annual lease rental is \$420.00 per annum which was determined based on a commercial valuation undertaken by a licensed valuer.

Written submissions regarding the proposed lease arrangement are invited and should be submitted to the undersigned no later than Friday 6th September 2013.

For further information please contact Janet Paull on telephone 9848 0300 or email enquiries@denmark.wa.gov.au.

Dale Stewart
Chief Executive Officer

PO Box 183

Denmark WA 6333

Telephone: (08) 9848 0300 Email: enquiries@denmark.wa.gov.au Web: www.denmark.wa.gov.au



16 July 2013

Janet Paull
Administration Officer
Shire of Denmark
PO Box 183
DENMARK WA 6333

Dear Janet,

**RE: FAIR MARKET RENTAL - HANGAR SITES 5 & 8,
DENMARK AIRPORT, DENMARK, WESTERN AUSTRALIA 6333**

We refer to your recent correspondence that we provide an assessment of the fair market rental for Hangar Sites 5 and 8 at the Denmark Airport.

Hangar Site 5 has an area of 210.00 square metres and faces directly onto a taxiway to the east of the terminus building.

Hangar Site 8 has an area of 225.00 square metres and faces directly onto the taxiway to the east of the terminus building.

In assessing the fair market rental we have considered rental evidence of ground rents within Denmark, Albany and other regional centres and details of this evidence is as follows:

Denmark Airport -

Hangar Site 9 has an area of 225.00 square metres and was let in May 2010 for a term of 10 years at \$1.00 per square metre with no rent reviews.

Kalgoorlie Regional Airport -

We are advised that the current rental being paid for land upon which the hangers are constructed at Kalgoorlie Airport is between \$7.17 and \$9.72 per square metre, which were reviewed in July 2012. Other site leases at the airport for non-hanger purposes show between \$8.48 and \$10.00 per square metre.

Value made visible

Opteon (Albany & Great Southern WA) ABN 31 644 615 833
104 Aberdeen Street, Albany WA 6330
T 08 9841 7744 F 08 9841 7761
www.opteonproperty.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

20 August 2013 - Attachment 8.4.1 b)

Greater Geraldton -

City of Greater Geraldton advise that the most recent market reviews for ground rentals for hanger space were set at \$16.50 per square metre set in September 2012

Carnarvon Shire -

The Carnarvon Shire lease 1,200 square metre hanger sites at rental rates of \$3.36 per square metre with no rates payable, this rent being set in December 2007. This rental has not been increased since.

Manjimup Shire -

The Manjimup Shire lease 176.00 square metre hangar sites at between \$3.25 per square metre and \$6.95 per square metre inclusive of rates which was originally set in August 2005 with CPI increases thereafter. We are aware that a market review was due for a number of the hangar sites in June 2010, although we have been informed that current rates remain similar to 2005.

Bunbury City Council -

The Bunbury City Council lease land for hangar space of areas of some 250.00 square metres at \$5.00 per square metre inclusive of rates set in July 2011. This has been reviewed down from \$8.00 per square metre after numerous complaints from hangar site users.

Esperance Shire -

Discussions with the Esperance Shire have reviewed all site leases to market in 2010 at a rate of \$4.90 per square metre, however, given the new system the starting rentals were set at \$2.00 per square metre which is being ratcheted each year from 2010 to eventually rise to \$4.90 per square metre 2015, at which time a market review will be conducted.

Albany Airport -

We are aware that current hangar site rentals at the Albany Airport range between \$8.39 per square meter and \$9.44 per square metre for sites between 232.00 square metres and 571.00 square metres. These rents were set to market between 2009 and 2010 and have been subject to CPI reviews since.

We note that some of the leases do not include a requirement to pay the base rates, however, some do. Where rates are payable in addition to the base rent, the rate analysed on a square metre basis is a fully exclusive rental ex GST. Some of the rents within the towns such as Carnarvon and Manjimup have not had any market reviews for some considerable time and the reviews are based purely on the CPI increase. It is obvious that a number of these rents are well below market levels.

After consideration of the rental evidence and given the Hanger site's location, area and likely low demand we consider a fair market rental to be as follows:

Hangar site 5: 210.00 square metres at \$2.00 per square metre equals \$420.00 per annum.

Hangar site 8: 225.00 square metres at \$2.00 per square metre equals \$450.00 per annum.

RENTAL VALUATION:

After consideration of the facts pertinent to the subject property, we are of the opinion that its current fair market rental for hangar site 11 as at 14 November 2012 is as follows:

Hangar site 5 - \$420.00 (FOUR HUNDRED AND TWENTY DOLLARS) per annum

Hangar site 8 - \$450.00 (FOUR HUNDRED AND FIFTY DOLLARS) per annum

The above value is net of GST and outgoings.

Yours faithfully



Grant Solomon DIP AG, FAPI
Partner
Licensed Valuer No. 404

Important

This correspondence is for the use of SHIRE OF DENMARK and may be relied upon only by the party to whom it is addressed. No other party is entitled to use or rely upon it and the valuer shall have no liability to any party who does so.

**Shire of Denmark
("the Lessor")**

and

**Barry Heard
("the Lessee")**

LEASE

FORM LC1

FORM APPROVAL NO. LAA-1022

WESTERN AUSTRALIA
LAND ADMINISTRATION ACT 1997
TRANSFER OF LAND ACT 1893 AS AMENDED

LEASE OF CROWN LAND (L)

DESCRIPTION OF LAND (Note 1)

Reserve 41390 (Lot 8027) Lot 5

EXTENT

Whole

VOLUME

3115

FOLIO

955

LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS (Note 2)

LESSOR/LESSORS (Note 3)

SHIRE OF DENMARK OF 953 SOUTH COAST HIGHWAY DENMARK WA 6333

LESSEE/LESSEES (Note 4)

BARRY HEARD of 16B MONTESSORI PLACE KINGSLEY WA 6026

TERM OF LEASE (Note 5)

Six (6) Years Seven (7) Months and Nineteen (19) Days : Expiration of Term of Lease being the Thirtieth day of April 2020.

Commencing from the Eleventh day of September in the year 2013

THE LESSOR HEREBY LEASES TO THE LESSEE the land above described subject to the encumbrances as shown hereon (Note 6)

for the above term for a rental of \$420 which shall be deemed to have been paid by the Lessee to the Lessor

RESERVE 41390 IS VESTED IN THE LESSOR FOR THE PURPOSE OF AERIAL LANDING GROUND WITH POWER TO LEASE FOR ANY TERM NOT EXCEEDING TWENTY-ONE (21) YEARS SUBJECT TO THE CONSENT OF THE MINISTER FOR LANDS AND THIS LEASE IS SUBJECT TO THE COVENANTS AND POWERS IMPLIED UNDER THE *LAND ADMINISTRATION ACT 1997* AND THE *TRANSFER OF LAND ACT 1893 AS AMENDED* (UNLESS HEREBY NEGATIVED OR MODIFIED) AND TO THE COVENANTS AND CONDITIONS CONTAINED HEREIN.

THIS LEASE is made the eleventh day of September 2013.

BETWEEN the Lessor named in Item 1 of the Schedule hereto and the Lessee named in Item 2 of the Schedule hereto.

WHEREAS:

The Lessor has agreed to lease and the Lessee has agreed to take on lease the land described in Item 3 of the Schedule hereto (which together with the buildings erections improvements fixtures and fittings thereon are collectively hereinafter "the Leased Premises") for the Term and on commencement date stated in Item 4 of the Schedule hereto.

1. THE LESSEE COVENANTS WITH THE LESSOR:

TO PAY RENT

To pay on or before the due date for payment the rent reserved at the times and in the manner stated in Item 5 of the Schedule hereto.

TO PAY OUTGOINGS

To pay and discharge on or before the due date for payment all present and future outgoings including all rates and taxes, charges, assessments, licence fees, duties, impositions, penalties and other outgoings whatever which now or at any time during the Term are assessed and charged upon or in respect of the Leased Premises or the use or occupation of the Leased Premises or any part of the Leased Premises and any amount for water, electricity or gas consumed in the Leased Premises.

COMPLY WITH LEGISLATION

At all times during the Term to duly and punctually comply with, observe and carry out and conform to the provisions of all statutes (State or Federal) and all subsidiary legislation now or hereafter in force and all requirements and orders of any authority, statutory or otherwise, which affect the leased premises or the use of the Leased Premises or which impose any duty or obligations upon the owner or occupier of the Leased Premises.

TO REPAIR AND MAINTAIN

All land maintenance and building maintenance repairs shall be at the expense of the Lessee including painting of internal surfaces, fire control and clean and free of refuse and vermin.

NOTICE OF DAMAGE

To inform the Lessor in writing of any damage to or defect in the Leased Premises likely to cause any injury to any persons thereon immediately the Lessee becomes aware of it.

NUISANCE

Not to allow anything to be done or to occur in or about the Leased Premises which is noxious, offensive or audibly or visually a nuisance.

NOT DAMAGE TREES

Not to destroy, cut down, prune or damage any living tree on the Leased Premises without the Lessor's consent.

PAY LESSOR'S EXPENSES

To pay to the Lessor on demand all sums of money which the Lessor may pay or expend in connection with performing, discharging or executing any requisition or works or abating any nuisance referred to in the preceding provisions of this Lease and which the Lessee fails to perform, discharge, execute or abate.

NO ASSIGNMENT

Not to assign, mortgage, sub-let or part with the possession of or dispose of the Lease Premises or any part of the Leased Premises or the benefit at law or in equity of this Lease without the prior written consent of the Lessor and, if required by law, of the Minister for Lands having first being obtained.

INDEMNITY

At all time to indemnify and keep indemnified the Lessor and its agents and employees against all claims which may be made by any person arising out of or incidental to the use of the Leased Premises by the Lessee or any of its officers, employees, agents, licensees or invitees.

PROPERTY INSURANCE

The Lessee will insure and keep insured the Leased Premises under its own policies of insurance and the Lessee shall at its own cost meet all other costs not met by the insurer. The Lessor may determine to not seek reinstatement or replacement of any structure so insured.

PUBLIC LIABILITY INSURANCE

To effect and keep effected in respect of the Leased Premises adequate public risk insurance in the names of the Lessor and the Lessee for their respective rights and interests in any amount not less than \$10,000,000 in respect of any one claim with an insurance company approved by the Lessor.

NOT TO INVALIDATE INSURANCES

Not to do or permit or suffer to be done in, about or upon the Leased Premises any act or thing whereby any policy of insurance may become void or voidable.

PROOF OF INSURANCE

To deliver to the Lessor on or before the expiration of each year of the Term and at any other time upon the request of the Lessor valid certificates of currency in respect of all such insurance policies issued by the insurance companies with which the policies have been effected by the Lessee.

TO YIELD UP

At the expiration or sooner determination of the Term of the Lease to yield up the Leased Premises in such state of repair and condition as is consistent with the proper performance by the Lessee of the covenants contained in this Lease and to remove from the Leased Premises such fixture, fitting, plant, equipment or other property in or upon the Leased Premises as the Lessor shall require the Lessee to remove and the Lessee must on such removal forthwith make good any damage which is occasioned by such removal.

2. THE LESSOR HEREBY COVENANTS WITH THE LESSEE:

NO INTERFERENCE BY LESSOR

That subject to the terms and conditions of this lease the Lessee may use and occupy the Leased Premises during the term of the Lease without any interference from the Lessor or any person claiming any interest in the Leased Premises through the Lessor.

LEASE COSTS

The Lessee shall at its own expense pay for all costs for the preparation stamping and registration of this Lease.

3. THE LESSOR AND THE LESSEE AGREE THAT:

DEFAULT BY LESSEE

If during the Term the Lessee makes default in the due performance or observance of any of the Lessee's Covenants and such default is not remedied within 30 days after notice thereof is given by the Lessor or if the Lessee is wound up or ceases to operate then the Lessor may terminate this lease and the rights of the Lessee under this lease provided that if the default is capable of being remedied by the Lessor, then the Lessor may in its discretion itself remedy the default or cause it to be remedied (for which purpose the Lessor by agents, workmen or otherwise has full power to enter upon the Leased Premises) and the costs and expenses incurred by the Lessor in remedying the default or causing it to be remedied are a debt payable by the Lessee to the Lessor on demand.

TERMINATION OF LEASE

The Lessor may terminate this Lease by giving twelve (12) months' written notice to the Lessee, notwithstanding that the Lessee is not in default and notwithstanding that the term of the Lease has not expired and the Lessee may terminate this Lease by giving twelve (12) months written notice to the Lessor notwithstanding that the term of the Lease has not expired. Such termination by either party does not waive the rights of the Lessor and/or the Lessee to seek a payment for compensation.

If this lease is terminated by the Lessor in accordance with the above then the Lessor shall at their expense relocate any building or hangar as may be erected on the land to another site on Reserve 41390 and a new lease shall be offered for the remainder of the term of the original lease.

OPTION FOR RENEWAL

Within six months of the expiry of the term, the lessor shall offer to the lessee a further term of ten years, subject to the lessee complying with all terms and conditions of this lease.

RENT REVIEW

For any further term that may be agreed at the expiry of the initial term, a review of the rent payable by the lessee shall be undertaken by a licensed land valuer, appointed by agreement of both parties, with such review to take effect upon commencement of any new lease.

Thereafter a rent review is to be undertaken every five year period.

It is noted that any such valuation shall be undertaken on the basis that the land specifically prohibits any commercial activities or use.

HOLDING OVER

If the Lessee remains in possession of the Leased Premises with the permission of the Lessor after the expiration or sooner determination of the Term the Lessee will hold the Leased Premises as a monthly tenant subject to all the covenants and conditions contained in this Lease as far as they are applicable to a monthly tenancy and the tenancy so constituted may be terminated by one month's notice given by either party which notice may be given so as to expire at any time.

ARBITRATION

Any dispute or difference arising between the parties in respect of any of the matters referred to in this Lease shall be referred to arbitration under the provisions of the Commercial Arbitration Act 1985.

NOTICES

Any notice to be served on the Lessee under this Lease is to be served by the Lessor by delivery to the Lessee at the Leased Premises.

SPECIAL TERMS

The Lessor and the Lessee will each comply with and observe and perform their respective obligations under any special term or condition shown at Item 7 of the Schedule hereto.

The Schedule

1. Lessor Shire of Denmark of 953 South Coast Highway, Denmark WA 6333.
2. Lessee Barry Heard
3. Leased Premises Lot 5 (As denoted on attached map)
- Term of Lease Six (6) years, seven (7) months and nineteen (19) days commencing on 11 September 2013 and expiring 30 April 2020.
5. Annual Rent Four hundred and twenty dollars (\$420) (\$2.00 per m2) per annum plus GST for each year of the Term of Lease.
6. Rent Due Date
7. Special Conditions
 - 7.1 Upon expiry of the Term, a further lease period of ten years will be offered by the Lessor to the Lessee, subject to the Lessee having met and adhered to all terms and conditions of this lease.
 - 7.2 For any subsequent term that may be agreed to under Special Condition 7.1 the annual rent for the lease is to be reviewed every five years.
 - 7.3 This lease is acknowledged by the lessee as being for the specific purpose of developing private aircraft hangar facilities at the Denmark Airport and their use shall be in accordance with the provisions of Shire of Denmark Town Planning Policy No 25.
 - 7.4 The Lessee acknowledges that the leased premises are to be considered rateable land by the Shire of Denmark and will be responsible for the payment of all municipal rates as adopted annually by the Shire.
 - 7.5 The lessee acknowledges that the land shall be developed and completed to the satisfaction of the Shire of Denmark (being the erection of a suitable aircraft hangar) within two years from the commencement of the lease. In the event that such development has not occurred the lessee will be considered in default of this lease and will be required to vacate the premises within three months from receiving such notice from the lessor.
 - 7.6 The Lessee acknowledges that access to the site will be from the unmade road at the rear of the leased site and further that Council has no plans to upgrade this road to a constructed standard.
 - 7.7 Council reserves the right to review the rent applicable if additional facilities are constructed on Reserve 41390 that will directly benefit the lessee. Such review will be done in consultation with the lessees at the time of the development and will be conducted in accordance with the principles of Clause 3 Rent Review.

ATTESTATION SHEET

Executed by the parties as a Deed on the _____ day of _____ in the year 2013.

LESSOR SIGNS HERE

The Common Seal of)
SHIRE OF DENMARK)
was hereunto affixed)
in the presence of)

Cr Ross Thornton
Shire President

Mr Dale Stewart
Chief Executive Officer

LESSEE SIGNS HERE

Signed

Signed

In the presence of

In the presence of

Name

Name

INSTRUCTIONS

1. If insufficient space in any section, Additional Sheet, Form B1 should be used with appropriate headings. The boxed sections should only contain the words "see page..."
2. Additional Sheets shall be numbered consecutively and bound to this document by staples along the left margin prior to execution by the parties.
3. No alteration should be made by erasure. The words rejected should be scored through and those substituted typed or written above them, the alteration being initialled by the persons signing this document and their witnesses.
4. Where issued, the Duplicate Certificate of Title is required to be produced or if held by another party then arrangements must be made for its production.

NOTES

1. DESCRIPTION OF LAND

Lot and Diagram/Plan/Strata/Survey-Strata Plan number or Location name and number to be stated.
 Extent - Whole, part or balance of the land comprised in the Certificate of Title to be stated. If part, define by recital and/or sketch.
 The Volume and Folio number to be stated.

2. LIMITATIONS, INTERESTS, ENCUMBRANCES and NOTIFICATIONS

In this panel show (subject to the next paragraph) those limitations, interests, encumbrances and notifications affecting the land being leased that are recorded on the certificate(s) of title:
 a) In the Second Schedule;
 b) If no Second Schedule, that are encumbrances.
 (Unless to be removed by action or document before registration hereof)

Do not show any:

- (a) Easement Benefits or Restrictive/Covenant Benefits; or
- (b) Subsidiary interests or changes affecting a limitation, etc, that is to be entered in the panel (eg, if a mortgage is shown, do not show any partial discharges or any document affecting either).
 The documents shown are to be identified by nature and number. The plan/diagram encumbrances shown are to be identified by nature and relevant plan/diagram. Strata/survey-strata plan encumbrances are to be described as "Interests on strata/survey-strata plan".
 If none show "nil".

3. LESSOR

State the full name of the Lessor/Lessors (REGISTERED PROPRIETOR) as shown in certificate of title and the address/addresses to which future notices can be sent.

4. LESSEE

State full name of the Lessee/Lesseees and the address/addresses to which future notices can be sent. If two or more state tenancy e.g. Joint Tenants, Tenants in Common. If Tenants in Common specify shares.

5. TERM OF LEASE

Must exceed 3 years.
 Term to be stated in years, months and days or as the case may be. Commencement date to be stated. Options to renew to be shown.

6. RECITE ANY EASEMENTS TO BE CREATED

Here set forth any Easements to be created as appurtenant to the lease commencing with the words "together with" and/or any Reservations hereby created encumbering the lease commencing with the words "reserving to".

7. State amount of yearly rental in figures.

8. State term of payment.

9. Insert any Covenants required.

10. LESSOR/LESSEE EXECUTION

A separate attestation is required for every person signing this document. Each signature should be separately witnessed by an Adult Person. The address and occupation of the witness must be stated.

LEASE OF CROWN LAND (L)

LODGED BY

ADDRESS

PHONE No.

FAX No.

REFERENCE No.

ISSUING BOX No.

PREPARED BY

ADDRESS

PHONE No.

FAX No.

INSTRUCT IF ANY DOCUMENTS ARE TO ISSUE TO OTHER THAN LODGING PARTY

TITLES, LEASES, DECLARATIONS ETC LODGED HEREWITH

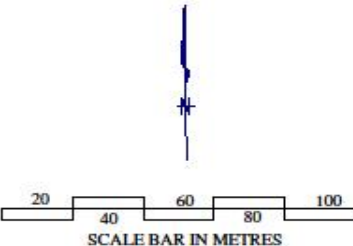
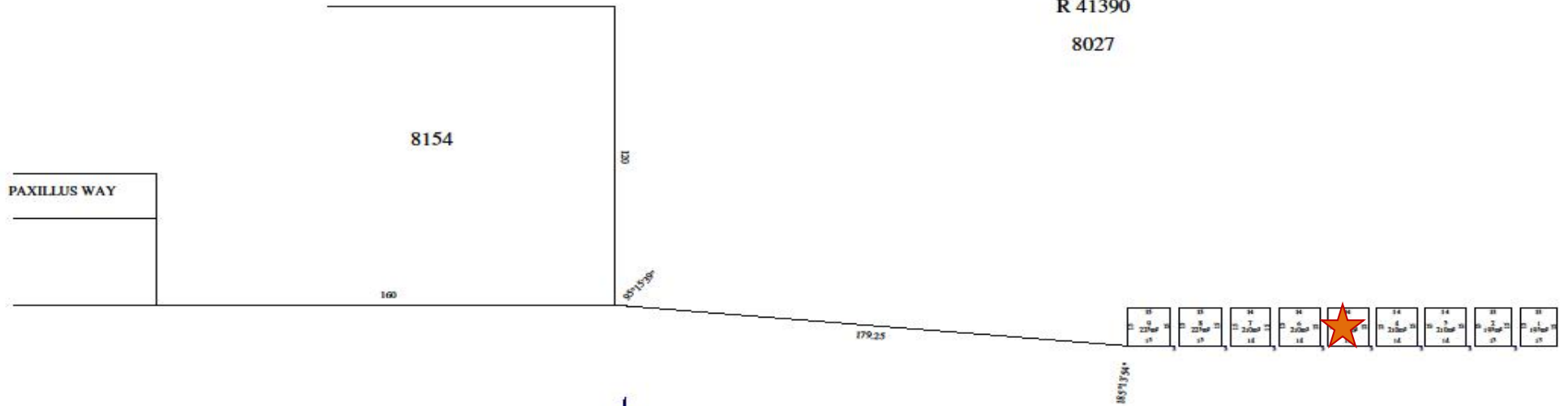
1. _____	Received Items
2. _____	Nos.
3. _____	
4. _____	
5. _____	Receiving Clerk
6. _____	

Registered pursuant to the provisions of the TRANSFER OF LAND ACT 1893 as amended on the day and time shown above and particulars entered in the Register.

EXAMINED

**DENMARK AIRPORT
PROPOSED LEASE
HANGER BLOCKS**

R 41390
8027



DENMARK SURVEY & MAPPING

LICENSED SURVEYORS
 Andrew Le Fort PO Box 339 Tel : (08) 9848 2262
 Mob : 0420 482 262 1/25 Stockland Street Fax : (08) 9848 2228
 Stephen Bomble DENMARK WA 6333 Email : ds@norminc.net.au
 Mob : 0427 115 347 A.B.N : 65 801 497 860
 JOB: 1424 CAD CON

LOCATION: RESERVE 41390 LOT 8027
 EAST RIVER ROAD
 DENMARK WA 6333
CLIENT: SHIRE OF DENMARK
 PO BOX 183
 DENMARK WA 6333
 ATTN GARY BIRD