

Building 62, Bankstown Aerodrome NSW

PROPERTY CONDITION REPORT

5/11/2024

PREPARED FOR
BANKSTOWN AIRPORT PTY LIMITED

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Building 62, Bankstown Aerodrome NSW

Rev	Date	Description	Prepared By	Released By
1	5/11/2024	Final	Kris Gracey	Greg Millsopp

1 Introduction

1.1 Instructions & Brief

On the instructions of Bankstown Airport Pty Limited, Cushman & Wakefield have undertaken a condition assessment of the property known as Building 62, Bankstown Aerodrome NSW.

In accordance with our fee proposal dated 16 September 2024, we have prepared this report with the primary objective of providing sufficient commercial and technical information to assist the property owner with estate planning.

This report concentrates on the general standard and current condition of the property and any principal defects or shortcomings which may affect the investment interest or which may have an impact on periodic costs and capital expenditure. We have not focused on minor repairs or routine maintenance items unless they impact the overall performance of the building.

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1.2 Methodology

Our inspection was carried out on Wednesday, 25 September 2024 at which time the weather was dry and sunny.

The scope of work involved the following elements:

Section	Element
Building structure and fabric	Structure Façade Roof Internal fabric
External areas	Hard landscaping Soft landscaping Car parking
Services	Mechanical Electrical Fire Hydraulic

The inspection comprised a non-intrusive, visual and audible walkthrough of the property.

All areas were accessed during the inspection except for the following:

- Concealed structural elements.
- No inspection of underground infrastructure has been carried out.
- Parts of the sub-floor were viewed from the perimeter of the building.
- The roof was inspected from ground level only.

Where access was not permitted or possible, we cannot confirm that these areas are free from defects.

Please refer to the Report Exclusions and Limitations section for the full exclusions and limitations of this report.

1.3 Information Reviewed

The following information has been reviewed and relied upon during the preparation of this report:

- Technical Due Diligence Report prepared by KPMG, dated 8 June 2022.

Unless noted otherwise, we have not independently verified the information listed above. If the information relied upon is found to be inaccurate, this may affect the comments and advice in this report. Cushman & Wakefield accept no liability for any loss suffered as a result of inaccurate information provided by others.

2 General Description

2.1 Site Location

The site is referred to as Building 62, Bankstown Aerodrome NSW and is located approximately 25km southwest of the Sydney CBD.

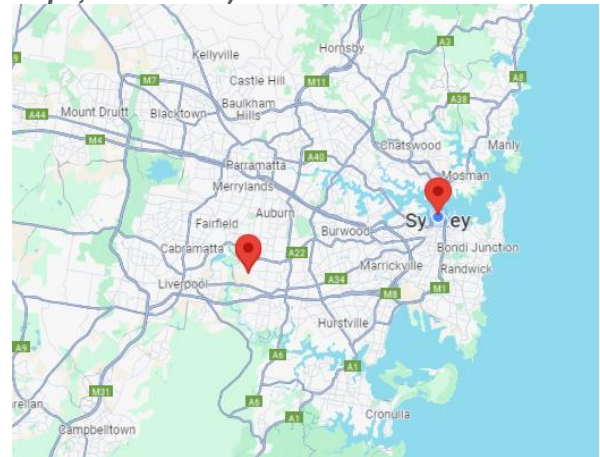
For the ease of reporting, we have assumed that the subject property is oriented to the west, fronting Airport Avenue.



Aerial View (Source: SIX Maps, 08/10/2024)



Front (west) elevation



Location map (Google Maps)

2.2 Brief Building Description

Item	Details
Approximate age	Originally constructed circa 1941
Refurbishments	Unknown
Site area	Approx. 7,719 m ²
Building size	Approx. 330 m ²
Structure	Single storey timber framed superstructure
Wall construction	Timber framed external walls clad with weatherboard
Roof construction	Timber framed hipped structure clad with asbestos sheeting
Internal finishes	<ul style="list-style-type: none"> • Ceiling: Suspended painted softboard sheeting or similar • Walls: Suspended painted softboard sheeting or similar / Laminate timber panels • Floors: Carpet / Vinyl
External awnings	External awning on main entrance on west elevation, formed with masonry columns and timber framed roof covering
External finishes	Grass and weed growth around the immediate external areas which are enclosed with timber framed construction hoarding, offset approx 2-4m from the perimeter of the building.
Mechanical Services	Wall and window air cooled A/C units.
Electrical services	Main Distribution Board, power points, general lighting and telecommunications system.
Fire Protection Services	No fire protection services installed to the building.
Hydraulic Services	Domestic water supply, sanitary fixtures, sewer drainage and stormwater drainage.
Hazardous Materials	<p>Hazardous Materials assessment is excluded from the scope of our assessment; however we note that Technical Due Diligence Report prepared by KPMG dated 8 June 2022 detected asbestos containing materials to roof fibre cement sheeting, exterior wall sheeting and internal partition wall sheeting.</p> <p>In addition, asbestos fibres are potentially present in dust within the ceiling, internal areas where ceilings have been damaged, roof gutters and ground surface adjacent to the building.</p> <p>Other hazardous materials referenced in the KPMG report include synthetic mineral fibre throughout, potential polychlorinated biphenyls, lead paint and ozone depleting substances (such as R22 gas).</p> <p>The KPMG Report concludes that the site presents a high hazardous materials risk.</p>

Environmental	<p>Environmental assessment is excluded from the scope of our assessment; however we note that the KPMG Report recommends undertaking an intrusive environmental investigation to assess whether historical site activities have impacted the site's underlying soil and groundwater.</p> <p>The KPMG Report concludes that the site presents a moderate environmental risk.</p>
Other	<p>Bankstown Airport was listed as an item of local heritage significance by Bankstown City Council under Schedule 5 of the Bankstown Local Environmental 2015 (LEP).</p>

3 Condition Assessment

3.1 Assessment Parameters

The condition and state of repair of the property described throughout this report is based on the following descriptors:

- **Good** - Item is functional and displays superficial defects only, or has minor signs of deterioration to surface finishes but does not require any major maintenance. No major defects exist.
- **Fair** - Item is functional but shows signs of moderate wear and tear. Deteriorated surfaces require attention. Services are functional but require attention. Backlog maintenance works may be required.
- **Poor** - Item functionality is reduced and has significant defects affecting major components. Deteriorated surfaces require significant attention. Services are functional but potentially failing. Significant backlog maintenance works are required.

3.2 Condition Assessment

We have prepared the following condition assessment to summarise our site inspection:

BUILDING ELEMENT	CONDITION	COMMENTS
Exterior & Structural		
Substructure / foundations	Poor / Fair	Masonry brick piers observed from the perimeter of the building. Generally appeared to be in fair to poor condition with deteriorated mortar beds and instances of 'leaning' piers.
Superstructure	Poor / Fair	Timber framed superstructure comprising timber framed external walls and suspended timber floor. The suspended timber floor was observed from the building perimeter and the wall framing was observed where the external and internal wall linings has been damaged or rotted. Localised rot and damp timber framing were noted in various locations.
Roof structure	Poor / Fair	Limited access was available to inspect the timber framed roof structure internally where the ceilings have collapsed due to water ingress. No significant evidence of rot was identified to the timber roof framing, however damp timbers were evident due to water ingress.
Roof covering	Poor	The roof is covered with profiled asbestos sheeting. The roof sheeting is in poor condition and beyond its economic life expectancy with significant water ingress damage noted internally.
Roof plumbing	Poor	Eaves guttering installed around the perimeter of the building. The guttering is severely corroded throughout.
External walls	Poor	External walls are clad with painted weatherboard. Timber rot and deteriorated finishes noted to the cladding.

BUILDING ELEMENT	CONDITION	COMMENTS
External windows	Poor	Timber framed single glazed units. Timber rot and deteriorated finishes throughout the window frames and evidence of water ingress. Cracked, damaged and missing glazing throughout.
External doors	Poor	Painted timber doors to the façade are in poor condition and at the end of their economic life expectancy.
Internal Fabric & Finishes		
Generally	Poor	The building is derelict and its last known use was as an office / training facility. Finishes throughout are in poor condition and the building is not fit for occupation.
Internal walls & screens	Poor	Internal walls are timber framed partitions lined with a fibro softboard. Generally in poor condition with localised impact damages throughout.
Internal finishes	Poor	Internal finishes are in poor decorative order throughout.
Floor finishes	Poor	Carpet and vinyl floor coverings are in poor condition throughout.
Ceilings	Poor	Ceilings are lined with a painted fibro softboard. Ceilings are in poor condition with water ingress damage and risk of further collapse in various locations.
Fixtures	Poor	Bathroom and kitchen fixtures are in poor condition and have exceeded their serviceable life.
Services		
Mechanical	Poor	Wall and window air cooled A/C units appear obsolete and well beyond their economic life expectancy.
Electrical	Poor	Main Distribution Board (MDB) old style surface mounted lights and communications system all appear in poor condition and beyond their economic life expectancy.
Fire		No fire protection services installed to the building.
Hydraulic	Poor	Hydraulic infrastructure and sanitary fixtures are all in poor condition and beyond their economic life expectancy.
External Areas		
Grounds & landscaping	Poor / Fair	Grass and weed growth around the immediate external areas which are enclosed with timber framed construction hoarding, offset approx 2-4m from the perimeter of the building. Maintenance appears fair to poor.

3.3 Floor Plan Condition Mark Up

As part of our assessment, we have been requested to mark up an architectural floor plan to annotate the extent of the parts of the building that are deemed to be in poor condition.

Based on our visual inspection, all parts of the building are generally considered to be in poor condition – refer to red mark-up in floor plan below.



4 Feasibility Analysis

4.1 Facility Condition Index

The Facility Condition Index (FCI) is a facility management index used to objectively assess the current and projected condition of a building asset and can be expressed as a percentage using the following formula:

$$\text{FCI} = \frac{\text{Maintenance, Repair, and Replacement Deficiencies of the Facility(-ies)}}{\text{Current Replacement Value of the Facility(-ies)}}$$

The FCI index is split into four ratings; Good (0-5%), Fair (5-10%), Poor (10-30%), Critical (>30%); source: National Association of College and University Business Officers.

4.2 Maintenance, Repair, and Replacement Deficiencies of the Facility

Preparation of rectification costs on a building elemental basis is excluded from the scope of our assessment. In order to determine the maintenance, repair and replacement deficiencies of the facility, we have adopted the KPMG TDD Report Rectification Cost Schedule allowance for Years 1 – 3 (2022-2024).

Costs have been escalated to current day rates and allowance has been budgeted for preliminaries, builders profit and margin, and professional fees, as summarised below.

Escalation between June 2022 and current day has been calculated at 10.96%, utilising data obtained from Rawlinsons Australian Construction Handbook 2024 and Handbook October 2024 Quarterly Update.

KPMG Technical Due Diligence Report dated 8 June 2022 – Rectification Cost Schedule – Years 1-3	
KPMG Report – costs from Years 1 – 3 (including 10.96% escalation)	\$ 1,202,000.20
Preliminaries @ 10%	\$ 110,211.02
Builders Profit & margin @ 10%	\$ 110,211.02
Professional Fees @ 10%	\$ 110,211.02
TOTAL ESTIMATED COST (EXCL GST)	\$ 1,432,743.26

4.3 Current Replacement Value of the Facility

The table below summarises the total 'Day One' reinstatement cost estimate exclusive of Goods and Services Tax (GST). This is our estimate of the cost of reinstating the property excluding any allowance for inflation during the insurance year and the time it would take to clear debris, plan, design and reconstruct the building.

Building 62, Bankstown Aerodrome NSW	
Date of Assessment (Base Date):	5 November 2024
Cost of complete demolition and disposal of debris as at base date	\$ 90,000
Contingency for Environmental & Hazardous Materials (KPMG cost including 10.96% escalation)	\$ 375,044.80
'Day One' Reinstatement Cost of complete building	\$ 772,200.00
Professional Fees as at base date (10%)	\$ 123,724.48
TOTAL REINSTATEMENT COST (excl GST)	\$1,360,969.28

4.3.1 Assumptions, Principles & Limitations

- The total reinstatement cost provided in Section 5 above is our assessment of the cost of rebuilding the property as at the base date and has taken into consideration complete demolition, debris removal, temporary shoring, external works including site drainage, and professional fees likely to be incurred in its reconstruction.
- The reinstatement figure is on the basis of building costs and may not, in all circumstances, reflect the lowest tender price available which, on the basis of current tender price evidence, may in some cases be lower than the figure stated. However, the assessment is considered to represent an appropriate sum for which the property should be insured within the present market conditions affecting the Australian construction industry.
- The reinstatement figure has been calculated using an estimated building area of 330 m². Cushman & Wakefield accept no liability for any loss suffered as a result of inaccurate information or measurements.
- In estimating the cost of reinstatement, it has been assumed that the building and its use will be similar to that existing. It has further been assumed that the rebuilding will be to the original design, in modern materials and using modern techniques, to a standard equal to the existing property and will comply in all aspects with current legislation and statutory requirements.
- We have made allowance for the reinstatement of external areas, services and the like within 5 metres of the property which may be damaged as a result of a fire or similar loss and none of these items should be excluded from the insurance policy.
- We have not included within our assessment allowances for the tenant's / occupier's fit-out works, fixtures, fittings or furnishings. However, in assessing the extent of the building structure, services and fittings we

have made reasonable assumptions in respect of the inclusion of items which may have been installed by tenant's but which, by nature of their degree of permanence and annexation to the structure, have inured to the benefit of the owner.

- We have made no investigation or allowance for any remediation works which might be required by the local authorities under legislation relating to contaminated land which might arise in the event of rebuilding being necessary, since the extent and costs of such cannot be reasonably determined without detailed investigation which is beyond the extent of this instruction. This should be drawn to your insurers attention.
- Our assessment does not include allowances for providing alternative accommodation from the date of damage to the date of re-occupation. Neither does it make allowance for loss of rent or other pecuniary loss that may arise from the destruction of the building. When considering the implications of loss of income or the cost of providing alternative accommodation, we recommend you quantify that cost on the basis of the rebuilding periods provided in Section 5.

4.3.2 Exclusions

For the avoidance of doubt, we note that our reinstatement cost assessment excludes the following items:

- Goods and Services Tax (GST)
- Land costs
- Cost of renting alternative accommodation and consequential losses
- Cost of professional fees incurred in the preparation or negotiation of a claim following a loss
- Cover in respect of other property insurances such as plant and machinery, contents, Third Party and Public Liability matters
- Inflation during the insurance year and during the time it would take to re-build the building
- Minor items of loose furniture, fittings and works of art
- Tenant fit-out works, fixtures, fittings or furnishings (except where noted otherwise)
- Road closures, traffic management and diversions of major services
- External works beyond the boundary of the site including in ground drainage
- Any works in connection with abnormal ground conditions
- Finance charges for reconstruction
- Loss of rent, relocation expenses and leasing up period on completion
- Unexpected delays in obtaining approvals caused by appeals or abnormal factors
- Works in connection with abnormal planning conditions and heritage building approvals
- Council or Authority charges such as open space contributions, rates, levies and the like
- Building Green Star Rating / NABERS upgrade (or equivalent sustainability rating)
- 'Disaster Inflation' where the reconstruction of the building is affected by resources or pricing constraints due to local or national disasters
- Removal of asbestos and other hazardous waste materials (except where noted otherwise)
- Contaminated soil removal (except where noted otherwise)
- Special insurance policy conditions and requirements

4.4 Conclusion

Based on the current deficiencies of the facility of \$1,432,743.26 (year 1 to 3 costs) and a replacement cost of circa \$1,360,969.28, the FCI score is rated at critical (105%).

Whilst the FCI is at a critical level, this does not diminish the heritage value of the building and a separate report is being undertaken to consider this factor.

Based on the age and defects noted to the timber framed superstructure, the vast majority of the building fabric and services being at or beyond the end of their economic life, and the above-mentioned cost analysis, we consider that the subject building would not be suitable for refurbishment or relocation to a new location within the Bankstown Aerodrome precinct, and therefore demolition is the most economical outcome.

5 Photographs



Asbestos roof sheeting and deteriorated cladding



Deteriorated mortar beds and 'leaning' pier



Building fabric in poor condition



Rotted timber frame



Rotted timber frame



Corroded downpipe



Corroded guttering



Rotted timber cladding



Main pedestrian entrance



Rotted timber frame



Damp timbers to suspended floor structure



Amenities in fair condition



Window frame in poor condition



Amenities fixtures in poor condition



Interior finishes in poor condition



Kitchen cabinetry in poor condition



Water damaged ceiling



Impact damaged wall



Partially collapsed ceiling



Partially collapsed ceiling



Timber framed roof structure



Main distribution board



Rotted timber frame



General view of external and perimeter fence



Attachment A – *Report Exclusions & Limitations*

1. The site inspection is of a non-intrusive nature. Parts of the building built in, covered up or otherwise made inaccessible during construction, alteration or fit-out have not been inspected. This generally relates to all voids, wall cavities and service risers. Where access to these areas is unavailable, we are unable to comment as to whether such elements are free from defect or infestation. Where risks exist in this regard, we will note these in the report and make recommendations to open up the structure or fabric, only if we consider such intrusive investigation to be necessary.
2. As part of a typical inspection we endeavour to inspect all roof areas where safe access is provided, facades from ground level or other safe vantage points, the base building plant rooms and back of house areas where access is available and a reflective sample of the common areas and tenanted areas. If there are inaccessible locations which we consider it necessary to inspect, we may arrange to re-attend site with a mobile elevated platform or other such access equipment.
3. The staff undertaking the inspection have inspected diligently but were not required to undertake any action that would risk damage to the property or injury to himself, herself or any other party.
4. Unless Cushman & Wakefield were specifically instructed appropriate consent was obtained, we did not remove any furniture or disturb fixtures, fittings, trade articles or goods, remove items from retail or storage shelving, cupboards or like areas, remove any floor coverings, floorboards raised access floors, wall linings, fixed or suspended ceilings.
5. Our Scope of Service is detailed within our proposal and we have not allowed for any other service beyond those expressly noted. If additional scope items are required, these will be subject to additional fees and may be subject to different terms and conditions, to be agreed in writing.
6. The building services have been visually inspected where exposed to view only. No internal inspections have been undertaken of plant, equipment and machinery or where services are covered up or hidden by the building's structural elements or finishes.
7. Unless noted otherwise in this report, the building services have not been tested and no design calculations have been undertaken. If it is thought that a specific item of plant or equipment requires further testing or inspection, we will advise of this requirement in the report.
8. We have not undertaken any work of a specific engineering nature, such as structural engineering calculations, structural analysis, concrete testing or measurements. If it is thought that a structural element requires further testing or investigation, we will advise of this requirement in the report.
9. In relation to the building structure and fabric, our work involves the inspection of the building and does not include for the sampling or testing of materials. We are unable to state that deleterious materials or non-conforming building products were or were not used during construction or any subsequent refurbishments, as this would involve sampling and analysis which is beyond the scope of our instruction.
10. Our inspection of the external façades has been undertaken from ground level and from various vantage points around the site. Unless noted otherwise, we have assumed that all external cladding is made of a consistent material. This includes, but is not limited to, Aluminium Composite Panels (ACP). Any comments made in this report as to the combustibility of the external cladding are for indicative purposes only. A definitive view on the combustibility of the cladding will require intrusive inspection and destructive testing which is beyond the scope of our instruction. This report does not provide expert or legal advice as to the compliance with any laws or standards relating to the combustibility of external cladding.
11. New and innovative materials and system technologies (including imported products) are increasingly being utilised for building construction. These relatively new technologies, products or practices in the market place have not yet established an industry benchmark life expectancy or suitability for purpose data. Building technology and building services (like any new or established technology) can fail and break down without prediction. No technical due diligence report can wholly eliminate uncertainty regarding the presence of physical deficiencies and the performance of a building's systems.
12. Opinions on costs and capital expenditure are to assist in developing a general understanding of the physical condition of the subject property. They are provided for material physical deficiencies, not for repairs or improvements that could be classified as cosmetic or decorative, part of a building renovation program, tenant enhancements to re-position the subject property in the market place, and / or routine preventive maintenance.
13. The condition and life expectancy of the building elements have been assessed in relation to the systems as a whole, and not the individual parts or components which may be, or have been, subject to repairs, maintenance or replacement.
14. Where a variety of multiple units or building elements (such as windows and doors) are present, a random selection of each type of unit has been inspected and used for the basis of the report.
15. Where reasonable access was available, the site inspection included boundaries, grounds and permanent outbuildings but did not include temporary buildings or structures unless specifically included within the Scope of Service or noted in this report.
16. The property has not been inspected specifically for pest, vermin, or termite infestation.

17. Unless noted otherwise in this report, we have not made enquiries with any statutory authorities concerning the property and have assumed that the site is not subject to any onerous restrictions, obligations or covenants.
18. Any commentary relating to building compliance is limited to the deemed-to-satisfy provisions of the latest Building Code of Australia (BCA). Except where specifically stated, other legislative requirements have not been considered. In addition, our assessment does not incorporate the detailed requirements of the Australian Standards beyond the reasonable expertise of a building surveyor.
19. This report is not a certification document, warranty, guarantee, specification of works or a list of repair works and is not an exhaustive list of all minor defects or imperfections or those which are thought not to have a material bearing upon the proposed interest.
20. This report comments on the condition of the property at the time of our inspection only. We cannot guarantee that the property may be subject to damage or other adverse events following our inspection.
21. Our investigation and report does not waive or relieve the project design team or contractor from their statutory and design obligations under their respective contracts.

DEFINITIONS

22. The condition and state of repair of the property described throughout this report is based on the following descriptors:
 - Very Good** - Item is new or near new and has no defects.
 - Good** - Item is functional and displays superficial defects only, or has minor signs of deterioration to surface finishes but does not require any major maintenance. No major defects exist.
 - Fair** - Item is functional but shows signs of moderate wear and tear. Deteriorated surfaces require attention. Services are functional but require attention. Backlog maintenance works may be required.
 - Poor** - Item functionality is reduced and has significant defects affecting major components. Deteriorated surfaces require significant attention. Services are functional but potentially failing. Significant backlog maintenance works are required.
 - Failed** - Item is not functional and is severely deteriorated or has serious structural problems. General appearance is poor, elements are broken and services are not performing. Significant number of major defects exist.
23. **Capital Expenditure (Capex)** - Expenditure used for capital improvements, being those that change the nature of the property, extend its useful life, or otherwise improve it beyond the natural improvement to be expected with routine repairs and maintenance.
24. **Repairs & Maintenance (R&M)** - All regular and routine actions necessary for retaining an item or asset in, or restoring it to, its original condition, as far as practicable. This excludes all costs typically associated with Operational Expenditure (Opex) for planned routine maintenance and reactive repairs.

RELIANCE

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27. Cushman & Wakefield are entitled to rely upon all information provided to them and consider it to be accurate. Unless noted otherwise, we have not independently verified the information provided by others and no documentation searches were undertaken with any public authorities. If the information relied upon is found to be inaccurate, incomplete or misrepresented, this may affect the comments and advice in this report. Cushman & Wakefield accept no liability for any loss suffered as a result of inaccurate, incomplete or misrepresented information provided to them by others.
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