

VALUATION**SUITE 509A & 509B, 530 LITTLE COLLINS STREET
MELBOURNE, VICTORIA 3004****PREPARED UNDER
INSTRUCTIONS FROM:****PREPARED BY:**

TAMAS (TOM) NAGY AAPI
CERTIFIED PRACTISING VALUER
Australian Property Institute Member 65878

DATE OF INSPECTION:

4 AUGUST 2020

DATE OF VALUATION:

7 DECEMBER 2020


OUR REF:

200807 MELBOURNE





EXECUTIVE SUMMARY

Address:	Suite 509A & 509B, 530 Little Collins Street, Melbourne VIC 3000
Purpose:	Self-Managed Super Fund (SMSF)
Interest Valued:	Freehold
Certificate of Title Details:	Lot 509A & 509B PS428030F Volume: 10844 Folios: 134 & 135
Registered Owners:	Certificate of Title not provided or searched.
Encumbrances:	Certificate of Title not provided or searched.
Last Sale Date:	Lot 509B: 6 April 2012 (\$265,000); Lot 509A: 17 August 2015 (\$605,000)
Zoning:	"CCZ1" (Capital City Zone – Schedule 1); DDO10; 1-A2 (Design & Development Overlays); PO1 (Parking Overlay Precinct 1).
Description of Property:	The subject property comprises a fifth floor office with a total area of approximately 94m ² , situated in the Exchange Tower, constructed about 2001.
Comments:	Located within Melbourne, being suitable for an office.
Date of Valuation:	7 DECEMBER 2020
Date of Inspection:	4 AUGUST 2020
Current Market Value of Lot 509A:	\$226,000 <i>(Two Hundred and Twenty-Six Thousand Dollars)</i>
Current Market Value of Lot 509B:	\$269,000 <i>(Two Hundred and Sixty-Nine Thousand Dollars)</i>
Current Market Value of Lot 509A & 509B:	\$495,000 <i>(Four Hundred and Ninety-Five Thousand Dollars)</i>
	VALUATIONS VIC
	
	TAMAS (TOM) NAGY AAPI Certified Practising Valuer Australian Property Institute Member No. 65878

Our Ref: 200807 MELBOURNE

VALUATION INSTRUCTIONS

Our instructions are to assess the current market freehold value of the subject property for SMSF purposes and confirm that our report can be relied upon by THANH TRAN. We confirm the property was inspected on 4 AUGUST 2020 and our report and valuation is provided hereunder.

BASIS OF VALUATION

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

LOCATION

Distance from CBD:	Within the CBD	Services: Usual provided
Surrounding Development:	Predominantly commercial	Access: Good

TITLE PARTICULARS

An estate in fee simple being Lot 509A & 509B on PS428030 and being the whole of the land contained within Volume N/A Folio N/A. The registered proprietor cannot be confirmed as a certificate of Title was not provided or searched.

Our valuation assumes an unencumbered freehold title with vacant possession.

TOWN PLANNING

Zoning:	CCZ1 (Capital City Zone – Schedule 1)	Local Authority: City of Melbourne
Overlays:	DDO10; 1-A2; (Design & Development Overlays); PO1 (Parking Overlay – Precinct 1)	
	Current Use:	Approved

Our valuation has been undertaken on the assumption that the buildings comply with the full requirements of the law including the current zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all authorities and that there are no outstanding requisitions.

LAND DESCRIPTION & SERVICES

The whole of the land comprises the following:

Area: 1,123m ² (Parent allotment)	Topography: Level	Soils: Sandy, free draining
Services: Sewer, water, power, telephone, bitumen roads		

The subject improvements appear to be correctly located within the lot boundaries, with no encroachments evident either by or upon the land. A site survey is therefore not considered necessary.

IMPROVEMENTS

The subject property comprises a fifth floor office with an approximate total area of approximately 94m² within the Exchange Tower.

Exchange Tower:

The former Wool Exchange House. A seventeen storey concrete office building with basement parking and ground level retail. Built in 1976. Subdivided and converted into commercial office units in 2001.

This property contains 201 businesses, 5 shops and 8 food and drink outlets.

Office currently presents as one office, with Lot 509A being more of an open plan than Lot 509B which has partitioned offices. There is only one entrance and no division between the lots on the title.

Basic construction details noted on inspection include concrete floor, concrete elevations; metal roof.

Accommodation comprises an entry, boardroom, store, open office area, 5 partitioned offices, access to shared amenities.

General internal finishes include plasterboard walls and T-grid commercial ceiling with recessed fluorescent lighting and carpeted floors.

Refer to attached photographs.

We have inspected the exterior of the property. However, no structural survey has been made, but in the course of our inspection we did not note any serious defects. We are not however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services

LEASE DETAILS

Our valuation assumes an unencumbered by lease covenant.

CURRENT LEASE DETAILS:

<i>Landlord</i>	Tee Squared Properties Pty Ltd (ACN 138 063 304)
<i>Lessee</i>	Tailor Made Pty Ltd (ACN 061 440 711)
<i>Lease Term</i>	Three (3) years
<i>Commencement Date</i>	1 July 2018
<i>Lease End Date</i>	1 July 2021
<i>Option of Renewal</i>	3 years
<i>Commencement Rental</i>	\$37,827.11 per annum (\$431.56 per square metre) + GST + Outgoings
<i>Current Rental</i>	\$40,130.78 per annum (\$457.85 per square metre) + GST + Outgoings
<i>Use of Premises</i>	Office

Outgoings Not applicable

We have been informed that the Lease is of a standard commercial nature for a property of this type, with no onerous or extraordinary conditions imposed upon either the Lessor or Lessee.

Lease includes fixtures and fittings: office/room partitions, shelving, boardroom desks, work stations, chairs, marble table, PC in boardroom, painting in boardroom, reception desks, leather chairs, white table with globe, clock, AMP feature at entrance, plants.

VALUATION COMMENTS

In providing our assessment for the subject property, regard has been given to the following relevant factors:

- The location of the property and the surrounding land uses;
- The area of the land, its configuration and topographical features;
- The zoning of the land;
- The availability of utility services;
- The available comparable sales evidence within reasonable proximity; and
- The general state of the Melbourne commercial real estate market today, with particular regard to the demand which exists for premises of this nature within the Melbourne locality.

RETAIL COMMENT (Jones Lang Lasalle) 1ST HALF

COVID-19 was declared a global pandemic by the World Health Organization (WHO) on the 11th March. What started as a health crisis quickly morphed into an economic crisis with Global GDP projections revised down significantly for 2020. Most base case economic forecasts have a deep recession in 2020 followed by a recovery in 2021 and 2022.

Every economic downturn has led to changes in consumer and business behaviour. Some of the changes are temporary, while others are structural and influence public and private sector investment and consumption patterns. Post the financial crisis of 2008-09, we had the New Normal, while the post COVID-19 world is being called the Next Normal.

The trajectory of the economic recovery will have significant implications for commercial property markets in Australia and New Zealand. In the short term, space dynamics will soften as tenant demand is lower and vacancy is likely to increase across most sectors and geographies. A clear hierarchy is emerging with prime grade industrial & logistics and commercial office proving to be the most resilient sectors. The greatest income risk is in the retail sector, while secondary grade assets across all sectors are expected to experience higher vacancy and income challenges.

We caution there is potential for fluctuations in property values to continue across the commercial property sector due to significant market uncertainty.

Direct Comparison Approach

In determining value, regard has been given to the direct sales comparison approach, whereby we have investigated and analysed the available sales evidence within Melbourne (3000) and surrounding localities, depending upon such factors as location, building area, land area and services provided.

Address: **116/838 Collins Street, Melbourne**
Sale Price: \$650,000
Sale Date: 6 November 2020
Building Area: 81.4m²
Rate per m² of Building Area: \$7,985/m²

Comments: The property comprises a modern first floor office of 81.4m². Superior improvements.

Address: **202/480-490 Collins Street, Melbourne**
Sale Price: \$132,000
Sale Date: 11 August 2020
Building Area: 28.2m²
Rate per m² of Building Area: \$4,681/m²

Comments: Suite 202 on the 2nd floor of Collins Street Tower is an open plan workspace ideal for up to six people with an area of 28.2m².

Address: **1111/530 Little Collins Street, Melbourne**
Sale Price: \$250,000
Sale Date: 5 August 2020
Building Area: 46m²
Rate per m² of Building Area: \$5,435/m²

Comments: The property comprises an 11th floor office of 46m² within the Exchange Tower building. Most recent sale reflecting the state of the market.

Address: **213/530 Little Collins Street, Melbourne**
Sale Price: \$220,000
Sale Date: 6 July 2020
Building Area: 42.3m²
Rate per m² of Building Area: \$6,997/m²

Comments: The property comprises a 6th floor office of 42.3m² within the Exchange Tower building.

Address: **112/365 Little Collins Street, Melbourne**
Sale Price: \$281,500
Sale Date: 12 August 2020
Building Area: 42m²
Rate per m² of Building Area: \$6,702/m²

Comments: The property comprises a 1st floor modern office of 42m² within a 10 storey office building.

Address: **111/365 Little Collins Street, Melbourne**
Sale Price: \$281,500
Sale Date: 12 August 2020
Building Area: 44m²
Rate per m² of Building Area: \$6,398/m²

Comments: The property comprises a 1st floor modern office of 42m² within a 10 storey office building.

Taking into consideration the sales evidence analysed, together with the above mentioned property factors, we consider the subject property to have a value range in the order of \$5,000 to \$5,500 per square metre of building area (approx. 94 square metres), reflecting a value range of \$470,000 to \$517,000.

We have apportioned the area of the lots as follow:

Lot 509A: 43m² (Approximately)

Lot 509B: 51m² (Approximately)

Summary

Having regard for the above, a summary of values is disclosed as follows:

Direct Sales Comparison Approach:

Building: \$ 470,000 - \$517,000

For finite valuation assessment purposes, we have adopted a mid-range value of \$495,000 as being reflective of the current fair market value of the subject property.

RISK ANALYSIS

Property Risk* Ratings	1	2	3	4	5	Market Risk* Ratings	1	2	3	4	5
Location & Neighbourhood:		✓				Reduced Value next 2-3 yrs:			✓		
Land (incl. Planning, title):			✓			Market Volatility:			✓		
Environmental Issues:		✓				Local Economy Impact:				✓	
Improvements:		✓				Market Segment Conditions:			✓		
* Risk Ratings: 1 = Low, 2 = Low to Medium, 3 = Medium 4* = Medium to High 5* = High											
Comments: (Include comments for ratings over 3)											

Land (Incl. Planning and Titles: Risk Rating 3): The subject Title was not made available and not searched. This valuation is subject to the land and Title being free of any restrictive encumbrances, covenants, easements or other planning restrictions which might detrimentally affect the value of the land, and the valuation is made on the basis that the improvements are located within Title boundaries.

Market Volatility Risk Rating 3): There is considerable uncertainty within the general real estate market in relation to the declaration of the State of Emergency and more recently a State of Disaster in Victoria as a result of the coronavirus pandemic. Furthermore, the second State Government lockdown throughout metropolitan Melbourne has particularly impacted many industry sectors with the associated rise in unemployment throughout Victoria.

Local Economy Impact Risk Rating 4): We caution that the real estate market may be dramatically impacted due to the significant global and domestic economic changes currently occurring in relation to the coronavirus and its possible negative impact on buyer sentiment and the complications associated with the Declaration of a State of Emergency and more recently a State of Disaster imposed in Victoria. Although there is considerable negative sentiment in the general Victorian real estate market, the current market is yet to experience any dramatic changes as a result of the Global and Domestic health crisis, we will continue to watch for any reaction and market movement and advise caution in these uncertain times.

Market Segment Conditions Risk Rating 3): There have been limited sales of directly comparable properties, some; including additional sales evidence listed may not fit within normal guidelines. Some of the sales evidence may be over 6 months old, be within neighbouring suburbs, or may fall outside of the preferred 15% price range. In this instance we are unaware of sales evidence that fits within normal guidelines and

confirm the sales evidence used within this report is the best available with regard to comparability and is considered to be reflective of current market conditions.

ENVIRONMENTAL CONSIDERATIONS

In our opinion, the subject property does not contain any specific factors that may warrant an environmental hazard in the future. The property appears to be free of specific factors including asbestos insulation, PCBs, waste water treatment, storm water system, air emission, hazardous waste storage, non-hazardous waste and trash storage and chemical storage.

A visual site inspection has not revealed any obvious asbestos contamination. Nevertheless, we are not experts in the detection or qualification of environmental problems and, accordingly, have not carried out a detailed environmental investigation. Therefore, this valuation is made on the assumption that there are no actual or potential contamination issues affecting the subject property. Should a subsequent investigation undertaken by a suitably qualified expert show that the site is contaminated we reserve the right to amend our valuation.

ASSUMPTIONS, CONDITIONS AND LIMITATIONS

This valuation is subject to an unencumbered freehold title being obtained to the land.

This valuation is for the use only of THANH TRAN for SMSF purposes. No responsibility is accepted to any third party who may use or rely on the whole or any part of the contents of this valuation.

It is assumed that no significant event occurs between the date of inspection and the date of valuation that would impact on the value of the subject property.

We are not aware of any notices currently issued against the property and we have made no enquiries in this regard. This valuation has been undertaken on the assumption that the buildings comply in all material respects with any restrictive covenants affecting the site and have been built and are occupied and being operated, in all material respects, in full compliance with all requirements of the law, including all zoning, land-use classification, building, planning, fire and health by-laws (including asbestos), rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions.

The property was searched on 4 AUGUST 2020 and is not listed or considered to have historical significance by the National Trust or the Heritage Council of VIC. For the purposes of this valuation, it is assumed the property is unaffected.

A visual site inspection has not revealed any obvious asbestos contamination. Nevertheless, we are not experts in the detection or qualification of environmental problems and, accordingly, have not carried out a detailed environmental investigation. Therefore, this valuation is made on the assumption that there are no actual or potential contamination issues affecting the subject property. Should a subsequent investigation undertaken by a suitably qualified expert show that the site is contaminated we reserve the right to amend our valuation.

The value and utility of land can be adversely affected by the presence of aboriginal sacred sites and/or sites of aboriginal heritage significance. We have made no investigations in this regard, as aboriginal requirements can only be determined by the appointment of an appropriate expert. Under these circumstances we cannot warrant that there are no such sites on the land if subsequently determined that the realty is so affected, we reserve the right to review the situation.

The land comprises topsoils, which appear to be relatively free draining; however, as no geo-technical investigations have been either undertaken or commissioned, we are unable to report on the underlying nature of the site.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors

specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept any liability where the valuation is relied upon after the expiration of ninety (90) days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Should this valuation be subject to assignment, confirmation, reissue or any other act we state that the signing valuer(s) have not reinspected the property nor undertaken further investigation or analysis as to any changes since the initial valuation and accept no responsibility for reliance upon the initial valuation other than as a valuation of the property as at the date of the initial valuation.

The valuation assessment has been completed net of GST calculated on the sale of the subject property.

We have carried out an inspection of exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.

Finally, the writer of this report certifies that he has no pecuniary interest in the subject property or a relationship with the registered proprietor.

VALUATION

Accordingly, after consideration of the factors contained in this report and the sales evidence analysed, we are of the opinion that the current fair market value of the subject property known as Suite 509A & 509B, 530 Little Collins Street, Melbourne Victoria, as at the date of valuation and in accordance with the assumptions outlined in this report can be fairly expressed in the total sum of:

\$495,000

(FOUR HUNDRED AND NINETY-FIVE THOUSAND DOLLARS)

The above assessment of value is net of GST calculated on the sale of the property.

PROPERTY VALUATION

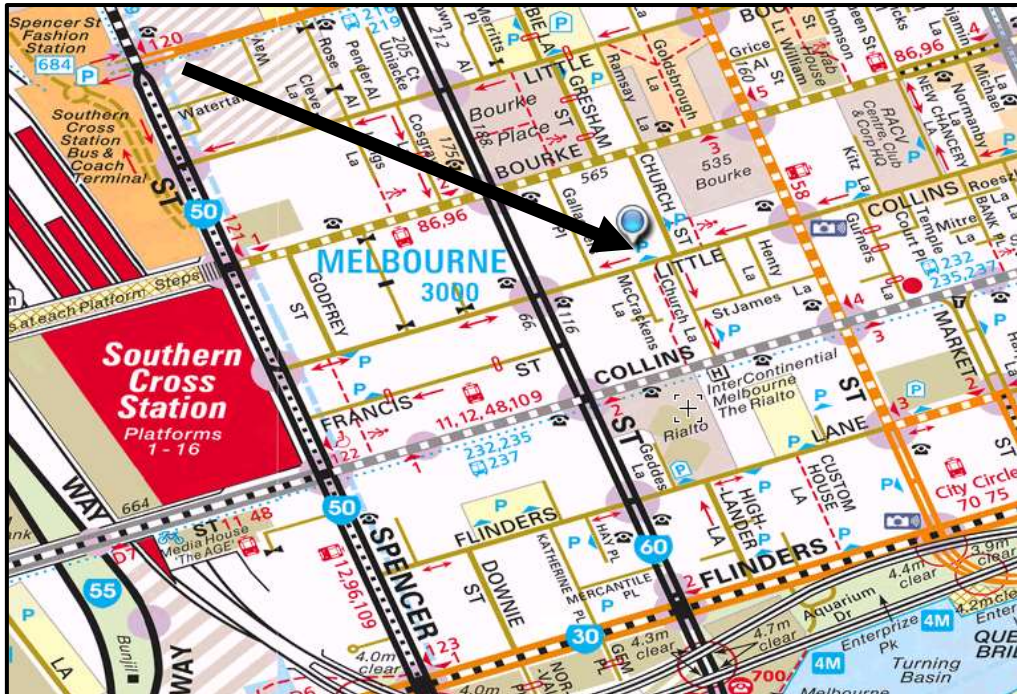


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ENCLOSURES

LOCATION MAP
PHOTOGRAPHS
LETTER OF INSTRUCTION

LOCATION MAP



Suite 509A & 509B, 530 Little Collins Street, Melbourne







Letter of Instruction:

VALUATION INSTRUCTION - REAL PROPERTY

TO: PROPERTY VALUATION

Dear Valuer,

Property Address: Suite 509A & 509B, 530 Little Collins Street, Melbourne

Registered Proprietors: Certificate of title not provided

Title Details: Lots: 509A & 509B PS 428030F

Date Property Purchased: **Purchase Price**.....

Purpose of Valuation: SMSF

Contract For Sale: **Purchase Price**
Subject to
Settlement

Current Zoning:

Zoning Change Proposal:

If Mortgage Valuation, is it first, second third or other mortgage?

“as is” Valuation? Yes

“as if complete” Valuation? No

Occupant name and contact details

Interest Valued:

Nature of the Property:
(owner occupied, tenanted)

Date of Valuation: 7 DECEMBER 2020

Inspection Date (and Time): 4 AUGUST 2020

Any additional matters that the valuation should address:.....

Supporting Documentation:.....

Report Qualifications:
(eg completion of buildings, lease details, etc)

Any other matters either existing or proposed?
(e.g. Heritage, contamination etc)

This letter will serve as my/our authority to provide a current market valuation for the above property.

Verbal instructions to proceed received 3 DECEMBER 2020