



West Coast Valuers

National Valuation Group Pty Ltd
ABN 93 658 855 906 ACN 646 874 802

SUPERNUATION FUND VALUATION

9 REDEPTORA ROAD, HENDERSON WA 6166

**PREPARED UNDER
INSTRUCTIONS FROM:**

DAVID MILROY
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PREPARED BY:

CYPRIAN UBAH AAPI
CERTIFIED PRACTISING VALUER
Australian Property Institute Member

DATE OF INSPECTION:

02 AUGUST 2023

DATE OF VALUATION:

02 AUGUST 2023

OUR REF:

WCV 99168 HENDERSON



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EXECUTIVE SUMMARY

| | |
|--------------------------------------|---|
| Address: | 9 Redemptora Road, Henderson WA 6166 |
| Purpose: | Superannuation Fund |
| Interest Valued: | Freehold |
| Certificate of Title Details: | Lot 109 on Plan 15819 Volume 1764 Folio 105 |
| Registered Owners: | Title not searched. A current/complete copy of Title has not been provided; therefore the valuation assumes a freehold, unencumbered title with no encroachments on or by the subject land. If a title search discloses any encumbrances/restrictions, land dimensions/area that differ with those contained in our report, we recommend a review of this valuation. |
| Encumbrances: | Certificate of Title not searched, as instructed. |
| Last Sale Date: | 11 October 2016- \$1,050,000 |
| Zoning: | "Strategic Industry" – City of Cockburn Planning Scheme No. 3. |
| Description of Property: | The subject property comprises a circa 1990 constructed, concrete tilt panel and metal deck roof, single level, office warehouse/factory, with mezzanine level, which provides a gross lettable area of 1,644 square metres and sits on a total site area of 3,457 square metre. |
| Comments: | Located within the established industrial locality of Henderson, being suitable for a variety of industrial uses. |
| Date of Valuation: | 02 August 2023 |
| Date of Inspection: | 02 August 2023 |
| Current Market Value: | \$2,775,000.00 (Two Million, Seven Hundred and Seventy-Five Thousand Dollars). (Excluding GST) |
| | WEST COAST VALUERS  CYPRIAN UBAH AAPI Certified Practising Valuer Australian Property Institute Member Licensed Valuer 45194 WA |

Our Ref: WCV 99168 HENDERSON



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1. INSTRUCTIONS

1.1 Valuation Instructions

We refer to your instructions dated 01 August 2023, in which you have requested a Superannuation Fund assessment for the above property. We confirm having inspected the property on 03 August 2023, and identified the property situated at 9 Redemptora Road, Henderson WA 6166 hereinafter referred to as the "subject property".

In preparing our Superannuation Fund assessment, we have inspected the premises and made independent market enquiries as to the price per square metre for similar type premises nearby and in other locations.

1.2 Market Value Definition

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.3 Interest Valued

Our market assessment assumes an unencumbered freehold title with vacant possession.

1.4 Date of Inspection

02 August 2023

1.5 Valuer's Interest

We hereby certify that West Coast Valuers does not have any direct, indirect, or financial interest in the property described herein.

Tel: (08) 6245 2131 **E:** valuers@westcoastvaluers.com.au
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2. TITLE PARTICULARS

2.1 Legal Description

The site is legally described as:

An estate in fee simple being Lot 109 on Plan 15819

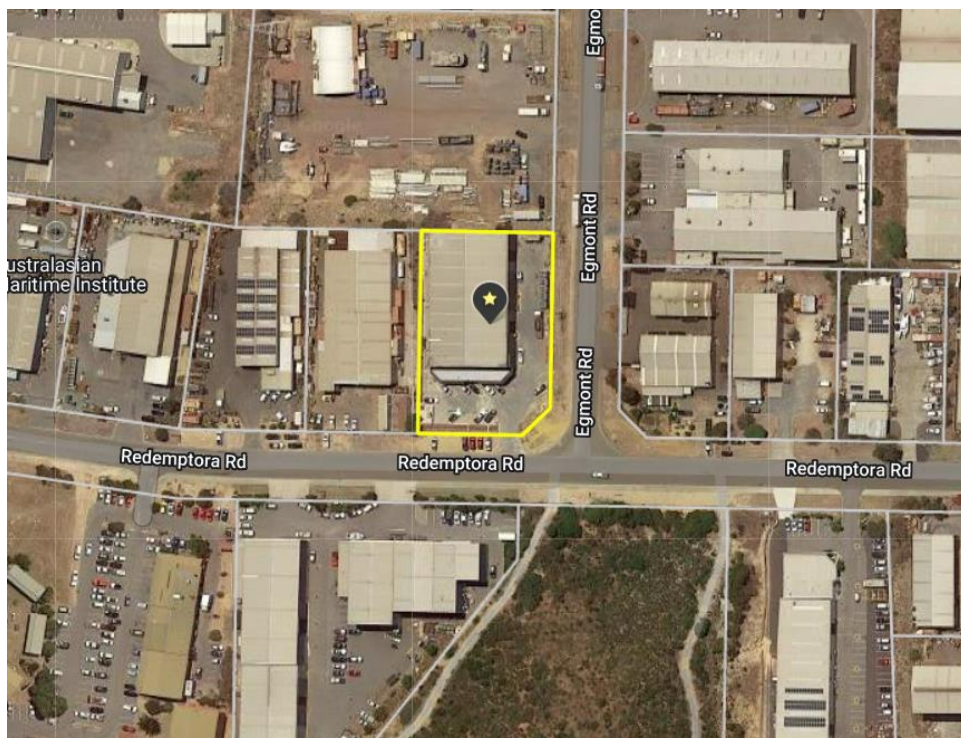
Certificate of Title not searched - as instructed.

A current/complete copy of Title has not been provided; therefore the valuation assumes a freehold, unencumbered title with no encroachments on or by the subject land. If a title search discloses any encumbrances/restrictions, land dimensions/area that differ with those contained in our report, we recommend a review of this valuation.

3. LOCATION

3.1 Situation

The subject property is located within Henderson, which is approximately 33 kilometres southwest of the Perth CBD. The subject property is positioned on the northern alignment of Redemptora Road, at the intersection of Egmont Road, and east of Quill Way. The main transport routes are Cockburn and Rockingham Road. Surrounding development includes similar style commercial and industrial developments.



3.2 Parking

Ample on site, and informal off-street parking is available.

3.3 Services

Services available to the property include scheme water, deep sewer, electricity supply and telephone. In addition, all roads within the surrounding locality are fully constructed and bitumen sealed, with associated storm water drainage services installed.

4. LAND DETAILS

4.1 Site Description

The subject property comprises a generally rectangular shape green title corner allotment that is generally level throughout and situated slightly above road level, with bituminised sealed road access and kerbing.

5. TOWN PLANNING

5.1 Local Authority

City of Cockburn

5.2 Council Zoning

“Strategic Industry” – City of Cockburn Scheme No. 3

The above information has been obtained from the City of Cockburn. Our assessment 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.

6. IMPROVEMENTS

The subject property comprises a circa 1990 constructed, concrete tilt panel and metal deck roof, single level, office warehouse/factory, with mezzanine level, which provides a gross lettable area of 1,644 square metres and sits on a total site area of 3,457 square metre.

Basic construction details noted on inspection include concrete footings and slab floor, concrete tilt panel and metal wall elevations and a metal deck roof cover, with metal gutters and downpipes.

Accommodation includes reception/ open plan office, kitchenette, female toilet, conference room, storerooms, male toilet, mezzanine office, factory and warehouse. The interior appears to be in good condition.

External improvements include brick and concrete paving, driveway, car parking, crossover, metal security fencing and security gates to the front and rear boundaries.

6.1 Repair and Condition

The subject improvements appear to be structurally sound and in good condition, relative to their age.

We have inspected the exterior of the property and the interior of the premises. 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.

6.2 Inclusions & Exclusions

Where applicable, our assessment includes items which form an integral part of the building structure or service installations, such as plumbing, wiring, lighting, air conditioning, sprinklers etc, which would normally pass with the sale of the property. Excluded from the valuation are all items which are of a removable nature, such as plant, machinery, equipment, furniture and furnishings which have been installed by the occupant or used in connection with the occupation or business carried on at the property.

7. ENVIRONMENTAL ISSUES

7.1 Environmental Hazards

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|---------------------|---|
| Flooding/Inundation | The site appears to have reasonable site run-off drainage and does not appear to be subject to flooding during normal climatic conditions. |
| Landslip | The property is not within a publicly known landslip area however this could be confirmed by obtaining copies of relevant searches from the Council and other authorities should this be considered necessary. |
| Subsidence | The property is not within an area which is publicly known to be subject to subsidence however this could be confirmed by enquiries from the Council and other authorities should this be considered necessary. |
| Bushfire risk | Online database searches with the Department of Fire & Emergency Service Bushfire Prone database suggest that the subject property is not within a Bushfire Prone area. It must be recognised that I am not an expert in this field. Should it subsequently transpire that an expert report establishes that there is a Bushfire Prone risk, we reserve the right to review this valuation. |



7.2 Contamination

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|--|---|
| Current Use | Industrial. |
| Past Use | Unknown. |
| Site Contamination | Based on our site observations, current, along with surrounding uses, contamination of the site is considered likely. |
| API List of Potentially Contaminating Activities | The current and surrounding uses are listed on the API List of Potentially Contaminating Activities, Industries and Land Uses. 30 - Industrial Tailings Ponds. Heavy metals, organic compound, TPH, BTEX. 31 - Iron and Steel Works 32 - Oil Production, Treatment and Storage. |
| Contaminated Sites Register | On 1 December 2006 the Contaminated Sites Act (2003) took effect and the Department of Water and Environmental Regulation have made available a database of known or suspected Contaminated Sites. However, this Database does not provide a guarantee that the subject land or adjoining land is not contaminated, only that there is no known contamination present. A search of the Contaminated Sites Database indicates that the subject property is not listed as a contaminated site. Pursuant to valuation practice standards our valuation has been assessed assuming the property is free of any contamination. |
| Environmental Audit | We have not been provided with an environmental audit, nor are we aware of the property being affected by soil contamination. I have not investigated the site beneath the surface or undertaken vegetation or soil sampling. |

7.3 Asbestos

| | |
|-------------------------|---|
| Asbestos Register | We were unable to sight an asbestos register. However, we note it is good practice to maintain an asbestos register even where a property is expected to be clear of asbestos. |
| Inspection Observations | As there were only limited commercial building products with asbestos content available for sale from 1986, the likelihood of any being installed in the subject property is remote. However, should an asbestos audit detect installed asbestos products, we reserve the right to review this valuation. |

7.4 Acid Sulphate Soils

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|-------------------------|--|
| Acid Sulphate Soil Risk | An inspection of the property and search of available databases reveals that the property appears to have a low to moderate risk of acid sulphate soils being present. However, it must be recognised that we are not experts in this field. |
| Inspection Observations | We are not an expert in this area and therefore, in the absence of an environmental consultant's report concerning the presence of acid sulphate soils on the subject property, this valuation is made on the assumption that the property is unaffected by acid sulphate soils. Should it subsequently transpire that an expert report establishes that there is an acid sulphate soils risk we reserve the right to review this valuation. |

8. OCCUPANCY DETAILS

The property is currently owner occupied and in accordance with Valuation Standards, our valuation for Superannuation Fund purposes has been assessed on a vacant possession basis.

9. SALES HISTORY

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|--------------------|---------------------------------------|
| Prior Sale | \$1,050,000 |
| Prior Sale Comment | 11 October 2016 – not within 3 years. |

10. MARKET COMMENTARY

According to NAB Quarterly Australian Commercial Property Survey Q2 2023, commercial property market sentiment and confidence moderates in Q2 amid growing economic uncertainty.

NAB's Commercial Property Index weighed down by fading sentiment in Office markets in Q2 as Industrial and CBD Hotels markets continue to out-perform. Amid growing economic uncertainty and higher rates, the number of developers planning to start new building works in the next 18 months now below levels seen at the height of COVID uncertainty in mid-2020. Funding (debt & equity) remained difficult in Q2 and accessing funds in the next 3-6 months now expected to be harder than any time since early-2019.

Survey highlights

- Commercial property market sentiment (as measured by NAB's Commercial Property Index), continued to languish in Q2 with the Index inching down to -7 pts from -6 pts in the previous quarter and printing below the long-term survey average (-2 pts).



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- By sector, sentiment remains elevated and lifted further in the bouncy CBD Hotel sector (+38 pts), with property professionals reporting a big uplift in RevPAR growth and solid occupancy rates. After significantly out-performing since late-2020, the Industrial index is starting to “normalise”, falling to a 2½ year low +26 pts – though still printing well above average levels as capital values and rents continue to grow on the back of structural tailwinds. The Office Index fell quite sharply (-28 pts), with property professionals reporting lower capital and rental growth. The Retail index bounced but was still very weak at -17 pts, amid rising economic headwinds and sluggish consumer spend.
- NAB is now seeing increasing signs that activity is slowing sharply after a very strong period of growth in 2022. And with rates moving higher, the risks to growth continue to rise. Against this backdrop, overall commercial property confidence levels eased in Q2, with the 12 month measure falling to -3 pts and 2-year measure to +11 pts. Short-term confidence levels are highest among property professionals operating in CBD Hotels (+25 pts) and Industrial (+22 pts) property markets, and lowest in the Office sector (-18 pts). Longer-term confidence levels are highest for Industrial property (+30 pts), ahead of Office (+10 pts) and Retail (+3 pts).
- Market sentiment was negative in all states bar QLD (+8pts) in Q2, and lowest in VIC by a big margin at (-22 pts). Property professionals in WA (+14 pts) and QLD (+12 pts) are most confident about market conditions next year, and VIC least so (-12 pts). QLD is the only state with positive confidence readings for all market sectors in the next 12 months. VIC was the only state with a negative confidence print in the next 2 years (-4 pts) and the only state to print negative in all market sectors, particularly Office (-25 pts).
- Capital growth expectations are highest for Industrial property in the next 1-2 years (0.8% & 1.4%), with prospects highest in NSW (2.3% & 3.3%) and lowest in VIC (-1.2% & -1.9%). Expectations for CBD Hotel values were scaled back and now expected to fall (-1.3% & -4.9%). The outlook for Office property values also cut further (-3.4% & -1.5%) and falling in all states next year (from -2.1% in QLD to -5.1% in VIC). QLD is the only state where values are expected to grow in the next 2 years (0.6%) with the biggest falls predicted in VIC (-3.6%). The overall outlook for Retail is basically unchanged (-2.7% & -1.5%), with values falling in all states bar WA in 2 years’ time (2.3%).
- National Office vacancy eased to 9.6% in Q2 (9.9% in Q1) but is still trending above average (8.5%). Vacancy was reportedly lower in all states in Q2 and remained highest in WA (11.9%) and VIC (11.3%) and lowest in NSW (8.2%). Retail vacancy rose to 7.0% in Q2 (6.7% in Q1) but ranged from 13.7% in SA/NT to 5.9% in QLD. The national Industrial vacancy rate remained steady at a survey low 2.8% in Q2, with very low vacancy levels reported in all states ranging from 2.3% in NSW to 4.0% in SA/NT.
- Office rental markets expected to remain under pressure in the next 12 months (and incentives elevated), with average rents expected to fall -0.1%, and moderately positive returns in 2 years’ time (0.7%). QLD is expected to out-perform all states for income growth in the next 1-2 years (3.6% in both years), with VIC the clear under-performer (-3.0% & -1.9%). Property professionals are somewhat more buoyant about Retail rents, with average rents now expected to decline a more modest (-0.4% & -0.1%), with positive returns forecast in all states bar NSW (-1.5% & -1.6%) and VIC (-1.5% & -0.6%). Structural under-supply and strong demand continue to underpin a positive outlook for rental growth in the Industrial sector (2.5% & 2.0%), and in all states led by NSW (3.2% & 2.5%).



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- NAB Survey findings for Q2 reinforce the continuing slow-down seen in construction and building approvals data, with the number of property developers expecting to start new building works in the next 6 months falling to a survey low 26% in Q2 (33% in Q1). With a further 37% planning to start within 6-18 months, a record low 63% of developers now plan to start within the next 18 months – below the previous low set during the height of COVID uncertainty in mid-2020 (68%).
- Recent ABS building approvals data points to further weakness in construction activity/dwelling investment down the track, with total approvals now well below their early-2021 peak. NAB's survey results also highlighted a lower number of developers planning to start new building works in the residential sector in Q2 to 47% (51% in Q1), and a below average 10% targeting Office and Retail space. But with ongoing shortages and strong demand still being reported for Industrial property, an above average 1 in 5 (18%) developers are looking to start new works in this sector.
- Funding conditions remain difficult. In Q2, the net number of property professionals who said it was harder to obtain debt to fund their businesses improved but remained elevated at -34% (-20% at the same time last year). The number who found it harder to get equity funding inched up to -27% (almost doubling from -14% at the same time last year). Looking ahead to the next 3-6 months, more property professionals believe debt funding conditions will be worse than now (-37%), with the net number expecting equity funding conditions to be worse also higher (-31%). This would make both debt and equity funding harder than at any time since early-2019.

Overall, the industrial property market is experiencing average demand by the owner occupier segment of the market for properties offered for sale with vacant possession. Investors are generally requiring longer term leases to A grade tenants.

Your reliance on the value contained in this report should have regard to the potential for market volatility. The values within this report may change significantly and unexpectedly over a relatively short period of time (including because of factors that the Valuer could not reasonably have known as at the date of valuation).

11. MARKET RENTAL EVIDENCE

In forming our opinion of market rental for the subject property, we have had regards to various lease transactions, a selection of which are detailed below.

Further, we note limited amount of recent lease evidence and have therefore considered leases contracted within 12 months to the Date of Valuation, and the evidence utilised is considered to provide the best cross section for assessment of our opinion of market rental.



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| 1. | |
| Address: | 35 Success Way, Henderson |
| Rental: | \$135,000 per annum net (advised) |
| Commencement date: | May 2023 (advised) |
| Rent review: | 3% annually, market at option |
| Lease Term: | 3 + 3 years |
| Gross Lettable Area: | 879 m ² |
| Rate per m ² of GLA | \$153.58 per square metre |
| Incentives: | 1 month net rent free |
| Outgoings: | \$35,484.84 |
| Comments: | <p>Premises comprise a part two storey, 879 square metres, office/warehouse/workshop. The lease commenced May 2023 for an initial term of 3 year with a further 3-year option. Commencement rental is \$135,000 per annum net plus GST which reflects \$153.58 per square metre plus GST. The rent is reviewed to 3% with market review at option. Outgoing sum is \$35,484.84 per annum net plus GST which reflects \$40.37 per square metre.</p> <p>Overall, the lease is considered superior on a rate per square meter basis.</p> |

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| 2 | |
| Address: | 50 Jessie Lee Street, Henderson |
| Rental: | \$220,000 per annum net (advised) |
| Commencement date: | December 2022 (advised) |
| Rent review: | Reviewed during the term and any extended term on each anniversary of the lease commencement. In reference to option 1 (CPI Increase) or option 2 (fixed 4% increase). |
| Lease Term: | 5 years |
| Gross Lettable Area: | 1636 m ² |
| Rate per m ² of GLA | \$134.47 per square metre |
| Incentives: | N/A |
| Outgoings: | \$38,000 |
| Comments: | <p>Premises comprise a two storey 1636 square metres, office/warehouse/workshop apportioned as 1,285 square metre of workshop and 351 square metres of warehouse. The property has 2 x 10 tonne gantry cranes. The lease commenced December 2022 for a term of 5 years with no option term. Commencement rental is \$220,000 per annum net plus GST which reflects \$134.47 per square metre plus GST. Outgoing sum is \$38,000 per annum net plus GST which reflects \$23.23 per square metre.</p> <p>Overall, the lease is considered generally comparable on a rate per square meter basis.</p> |



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| 3 | |
| Address: | 86 Sparks Road, Henderson |
| Rental: | \$240,000 per annum net (advised) |
| Commencement date: | February 2023 (advised) |
| Rent review: | Reviewed to \$243,000, \$246,000, \$249,000 then market at option |
| Lease Term: | 4 + 2 years |
| Gross Lettable Area: | 1196 m ² |
| Rate per m ² of GLA | \$200.66 per square metre |
| Incentives: | N/A |
| Outgoings: | \$64,500 |
| Comments: | <p>Premises comprise a part two storey 1196 square metres, office/workshop apportioned as 200 and 134 square metres ground and first floor office, and 862 square metres of warehouse. The property has 2 x 10 tonne gantry cranes and 2,500 square metres hardstand/yard. The lease commenced February 2023 for an initial term of 4 years with 2 years option term. Commencement rental is \$240,000 per annum net plus GST which reflects \$200.66 per square metre plus GST. Outgoing sum is \$64,500 per annum net plus GST which reflects \$53.93 per square metre.</p> <p>Overall, the lease is considered superior on a rate per square meter basis.</p> |

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| 4. | |
| Address: | 2 Sepia Close, Henderson |
| Rental: | \$145,000 per annum net (advised) |
| Commencement date: | September 2022 (advised) |
| Rent review: | Reviewed to 3% annually, Market at option |
| Lease Term: | 5 + 3 + 3 years |
| Gross Lettable Area: | 1213 m ² |
| Rate per m ² of GLA | \$119.53 per square metre |
| Incentives: | N/A |
| Outgoings: | \$33,520 |
| Comments: | <p>Premises comprise a part two storey 1213 square metres, office/workshop apportioned as 129 and 129 square metres ground and first floor office, and 957 square metres of warehouse. The property has a 10 tonne gantry crane and hardstand/yard. The lease commenced September 2022 for an initial term of 3 years with 3 + 3 years option term. Commencement rental is \$145,000 per annum net plus GST which reflects \$119.54 per square metre plus GST. Outgoing</p> |



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| | <p>sum is \$33,520 per annum net plus GST which reflects \$27.63 per square metre.</p> <p>Overall, the lease is considered comparable on a rate per square meter basis.</p> |
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Market Rental Assessment

In arriving at a rental assessment for the subject premises, we have investigated and analysed leasing evidence from within Henderson from which we have drawn our conclusions. We note limited amount of directly comparable recent lease evidence and have therefore considered leases contracted within 12 months to the Date of Valuation.

The above market rental evidence reflects a rental range of \$119.53 - \$200.06 per square meter net excluding GST with the difference attributable to size, amenities, age, location, aspect, character and overall property condition.

Based on our market analysis, we are of the opinion 2 Sepia Close, Henderson which leased \$119.53 per square metre (\$145,000 per annum net) in September 2022 with a GLA of 1213 square metre and 50 Jessie Lee Street, Henderson which leased for \$134.47 per square metre (\$220,000 per annum net) in December 2022 with a GLA of 1636 square metre are most indicative of the lower and upper range applicable to the subject property.

Therefore, we have adopted a net rental rate of \$120 per square metre which reflects \$197,280 per annum net excluding GST.

Outgoings:

Outgoings are generally recoverable by the Lessor and payable by the lessee. Due to the owner-occupied nature of the property, outgoing is payable by the owner. We note we have not been provided with an outgoing statement or budget for the subject property. From the analysed lease evidence, outgoing amount for similar properties ranges between \$23.22 – \$40.37 per square metre. Therefore, we have adopted an outgoing rate of \$35 per square metre which reflects \$57,540 per annum net. This is reflected in our valuation computation.

12. SALES EVIDENCE

In forming our opinion of value, I have had regards to various sales transactions, a selection of which is detailed below.

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| 1. | |
| Address: | 39 Success Way Henderson WA 6166 |
| Sale Price | \$2,700,000 |
| Sale Date: | March 2023 |
| Sale Status: | Settled |
| Gross Lettable Area: | 1500m ² |
| Site Area | 3,250m ² |
| Property description | <p>Property comprise a circa 2011 constructed, part two storey industrial development of concrete floors and footings, steel frame, concrete panel elevations and metal deck clad roof, which provides an office warehouse accommodation of 1,557 square metre apportioned as 460 square metre of two storey office and 1,097 square metres of warehouse. The property is located within the established industrial locality of Henderson.</p> <p>The property sold going concern with a net annual passing rental of \$184,095.48 per annum plus GST and outgoings. Despite attempt, we note we were unable to confirm the lease expire from the selling agent. Therefore, we have assumed equivalent yield.</p> |
| Analysis | <p>Equivalent Yield: 6.81%</p> <p>Improve Site Area Rate: \$830.77/sqm.</p> |
| Comparability | In comparison to the subject property, this property is situated within similar location, has a relatively smaller site area with superior construction and presentation. The sale is overall considered slightly superior on an improved site area rate basis. |

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| 2. | |
| Address: | 20 Possner Way, Henderson WA 6166 |
| Sale Price | \$2,750,000 |
| Sale Date: | May 2023 |
| Sale Status: | Settled |
| Gross Lettable Area: | 912m ² |
| Site Area | 4,494m ² |
| Property description | Property comprise a circa 1996 constructed single storey industrial development of aluminium clad elevations and roof coverings which provides a workshop/warehouse accommodation of 912 square metre |



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| | <p>with a 5 tonnes gantry crane. The property sits on a total site area of 4,494 square metre.</p> <p>Sold vacant possession. We have estimated a net annual market rental of \$95,760 per annum which reflects \$105 per square metre. We note the sale price appears to be inclusive of GST, as such, our analysis has been done on a GST exclusive sales price (\$2,500,000). Further we note, within our calculations, we have allowed for 6 months letting up period and 1 month's new tenant incentives.</p> |
| Analysis | <p>Market Yield: 3.83%</p> <p>Improve Site Area Rate: \$556.29 /sqm.</p> |
| Comparability | <p>In comparison to the subject property, this property is situated within similar location, has a larger site area with inferior construction and presentation. The sale is overall considered inferior on an improved site area rate basis.</p> |

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| 3. | |
| Address: | 11 Success Way Henderson WA 6166 |
| Sale Price | \$3,000,000 |
| Sale Date: | October 2022 |
| Sale Status: | Settled |
| Gross Lettable Area: | 1897m ² |
| Site Area | 4,000m ² |
| Property description | <p>Property comprise a circa 2006 constructed part two storey industrial development of aluminium clad elevations and roof coverings which provides an office/workshop/warehouse accommodation of 1897 square metre apportioned as 207 and 70 square metres of ground and first floor office accommodation respectively and 1,620 square metre of workshop space and sits on a total site area of 4000 square metre.</p> <p>The property sold going concern with a net annual passing rental of \$205,480.95 per annum plus GST and outgoings. The lease goes until 31 May 2027.</p> |
| Analysis | <p>Initial Yield: 6.85%</p> <p>Improve Site Area Rate: \$750/sqm.</p> <p>WALE: 4.67 years</p> |
| Comparability | <p>In comparison to the subject property, this property is situated within similar location, has a larger site area with comparable construction and presentation. The sale is overall considered slightly inferior on an improved site area rate basis.</p> |



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| 4. | |
| Address: | 22 Sparks Road Henderson WA 6166 |
| Sale Price | \$1,330,000 |
| Sale Date: | October 2022 |
| Sale Status: | Settled |
| Gross Lettable Area: | 600m ² |
| Site Area | 2,001m ² |
| Property description | <p>Property comprise a circa 1995 constructed single storey industrial development of brick/aluminium clad elevations and roof coverings which provides an office/workshop/warehouse accommodation of 600 square metre apportioned as 50 square metre of office accommodation and 550 square metre of workshop/workshop space and sits on a total site area of 2,001 square metre.</p> <p>The property sold going concern. Discussion with selling agent revealed the passing rental was \$65,000 per annum net. The lease goes until 30 September 2023.</p> |
| Analysis | <p>Initial Yield: 4.89%</p> <p>Improve Site Area Rate: \$665/sqm.</p> <p>WALE: 1 year</p> |
| Comparability | In comparison to the subject property, this property is situated within similar location, has a smaller site area with inferior construction and presentation. The sale is overall considered inferior on an improved site area rate basis. |

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| 5. | |
| Address: | 836 Cockburn Road Henderson WA 6166 |
| Sale Price | \$6,200,000 |
| Sale Date: | July 2023 |
| Sale Status: | unsettled |
| Gross Lettable Area: | 2,506m ² |
| Site Area | 20,200m ² (2.02-ha) |
| Property description | <p>Property comprise a circa 1967 constructed single storey industrial development with two separate workshops and an office. Workshop 1 and 2 provides a GLA of 1,515 and 701 square metres respectively. Office is approximately 290 square metres.</p> <p>Sold vacant possession. We have estimated a net annual market rental of \$275,660 per annum which reflects \$110 per square metre. Within our calculations, we have allowed for 6 months letting up period and 3 month's new tenant incentives.</p> |
| Analysis | <p>Market Yield: 4.45%</p> <p>Improve Site Area Rate: \$306.93/sqm.</p> |



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| Comparability | In comparison to the subject property, this property is situated within similar location, has a superior site area with comparable construction and presentation. The sale is overall considered inferior on an improved site area rate basis due to its superior site area. |
|---------------|--|

Sales Conclusion

The above sales evidence reflects a quantum value range of \$1,330,000 - \$6,200,000 (exclusive GST), an improved site area rate range of \$306.93 - \$830.77 per square metre and a yield range of 3.83% - 6.85% with variations attributed to size, age location, aspect, character and overall property condition.

With reference to specific attributes of the subject property which includes but not limited to size, location, accessibility, and overall presentation, we consider the below sales evidence most indicative of the improved site area rate applicable to the subject as at the date of valuation.

- 39 Success Way Henderson WA 6166 which sold March 2023 for \$2,700,000 and reflects an improved site area rate of \$830.77 per square metre and a yield of 6.81%
- 11 Success Way Henderson WA 6166 which sold in October 2022 for \$3,000,000 and reflects an improved site area rate of \$750 per square metre and a yield of 6.85%.

Comparable comments are provided to each of the sales within the Sales Evidence section of this report.

Accordingly, we have adopted a rate of \$800 per square metre of improved site area for our Direct Comparison approach and a Capitalisation rate of 6.5% for the Income approach.

Further, we stress we have utilised the Income approach, in this instance, only as a secondary check method to our Direct Comparison approach.

13. VALUATION & METHODOLOGY

The most appropriate method of valuation for a property of this nature is the Direct Comparison on an improved site area rate per square metre basis supported by Capitalisation of Income.

13.1 Comparable Transactions Method/Direct Comparison

In determining the current market value, regard has been given to the direct sales comparison approach, whereby we have investigated and analysed the available sales evidence within Henderson depending upon such factors as location, level of fit-out, quality of construction, economies, and level of demand and market conditions for this asset type at the date of valuation.

Based on our adopted rate of \$800 per square metre of improved site area, we have arrived at a market value of \$2,775,000 (as rounded). Our calculation is as follows.



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Comparable Transactions (Direct Comparison) - Land Area

| | | | Market Value |
|--------------|-----------|-------|--------------|
| Lower Range: | 3,457 sqm | \$775 | \$2,679,175 |
| Mid Range: | 3,457 sqm | \$800 | \$2,765,600 |
| Upper Range: | 3,457 sqm | \$825 | \$2,852,025 |

| | | | |
|-------------------------|----------|----------|-------------|
| Indicates Market Value: | Rounding | \$25,000 | \$2,775,000 |
|-------------------------|----------|----------|-------------|

13.2 Capitalisation of Net Income Approach

In respect to assessing the current market value of the subject property utilising the capitalisation of net income approach, we have capitalised our total annual net income of \$197,280 at a rate of 6.50% as determined from analyses of our sales evidence.

We note we have made consideration to the subjects' location within Henderson, quality of improvements, availability of car parking, level of demand and market conditions for this asset type at the date of valuation, prevailing macro and micro economic conditions, current high interest rate environment and market evidence available at the date of valuation in adopting of capitalisation rate. This yields a **Capital Value (Before Adjustment) of \$3,035,077.**

Due to the vacant possession nature of the subject property, we have further made allowance for letting up cost, thereby resulting in a market value of **\$2,825,000** (as rounded) with an upper and lower range of **\$2,950,000** and **\$2,700,000** respectively. Our capitalisation calculation is set out as follows:



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| Market Income Capitalisation Method - with Vacant Possession | | | | | |
|--|-----------------------|-------------|-------------|-------------|-------------|
| Market Annual Rent: | | | \$197,280 | | |
| Recoverable Outgoings: | | | \$57,540 | | |
| Market Income: | | | \$254,820 | | |
| Less Outgoings: | | | -\$57,540 | | |
| Net Market Annual Income: | | | \$197,280 | | |
| Capitalised | | | @ 6.50% | | |
| Capitalised Value (before adjustments): | | | \$3,035,077 | | |
| Capital Adjustments: | | | | | |
| Letting Up Allowance | | | -\$127,410 | | |
| Leasing Costs | | | -\$24,208 | | |
| New Tenant Incentives | | | -\$65,760 | | |
| Sub-Total: | | | -\$217,378 | | |
| Total Market Value: | | | \$2,817,699 | | |
| Indicates, Total Market Value: | Rounding | \$25,000 | \$2,825,000 | | |
| Sensitivity Analysis: | | | | | |
| Net Market Annual Income: | | \$197,280 | \$197,280 | \$197,280 | |
| Capitalised | | @ 6.25% | @ 6.50% | @ 6.75% | |
| Capitalised Value: | | \$3,156,480 | \$3,035,077 | \$2,922,667 | |
| Capital Adjustments: | | -\$217,378 | -\$217,378 | -\$217,378 | |
| Total Market Value: | | \$2,939,102 | \$2,817,699 | \$2,705,289 | |
| Indicates Total Market Value: | Rounding | \$25,000 | \$2,950,000 | \$2,825,000 | \$2,700,000 |
| Reflecting: | Reversionary Yield | | 6.69% | 6.98% | 7.31% |
| | \$ /sqm Lettable Area | | \$1,794 | \$1,718 | \$1,642 |
| | \$ /sqm Land | | \$853 | \$817 | \$781 |



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14. VALUATION RECONCILIATION & CONCLUSION.

| Valuation Reconciliation | |
|---|--------------------|
| Comparable Transactions (Direct Comparison) - Land Area | \$2,775,000 |
| Capitalisation Method (Vacant Possession) | \$2,825,000 |
| Adopted Valuation: | \$2,775,000 |
| Valuation Outputs: | |
| Site Area Rate: | \$803 |
| Market Yield: | 6.59% |

We note the slight discrepancy between our Direct Comparison approach and our Capitalisation approach. We have ultimately adopted the market value indicated by the Direct Comparison approach (our primary approach) given the subject's vacant possession nature and appeal to the owner occupier market rather than an investor.

Having regard to the market evidence and above calculations, and after taking into account the attributes of the property, we are of the opinion that the Market Value of the property is

\$2,775,000.

(Two Million, Seven Hundred and Seventy-Five Thousand Dollars).

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

WEST COAST VALUERS

CYPRIAN UBAH AAPI
CERTIFIED PRACTISING VALUER
Australian Property Institute Member
Licensed Valuer 45194 WA



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ASSUMPTIONS, CONDITIONS AND LIMITATIONS

Valuation Uncertainty

The market that the property/asset is transacted and/or valued in is being impacted by the uncertainty that the current high interest rate environment has caused. Market conditions are changing daily at present.

As at the date of valuation we consider that there is a market uncertainty resulting in significant valuation uncertainty.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value.

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

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

This valuation is for the use only of **David Milroy** for **Superannuation Fund Advice 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. This valuation **HAVE NOT** been prepared for Mortgage Security purposes.

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 improvements appeared to lie within the lot's boundaries, but we have not sighted a survey of the property and are therefore unable to ascertain whether there is any encroachment over the boundaries.

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.



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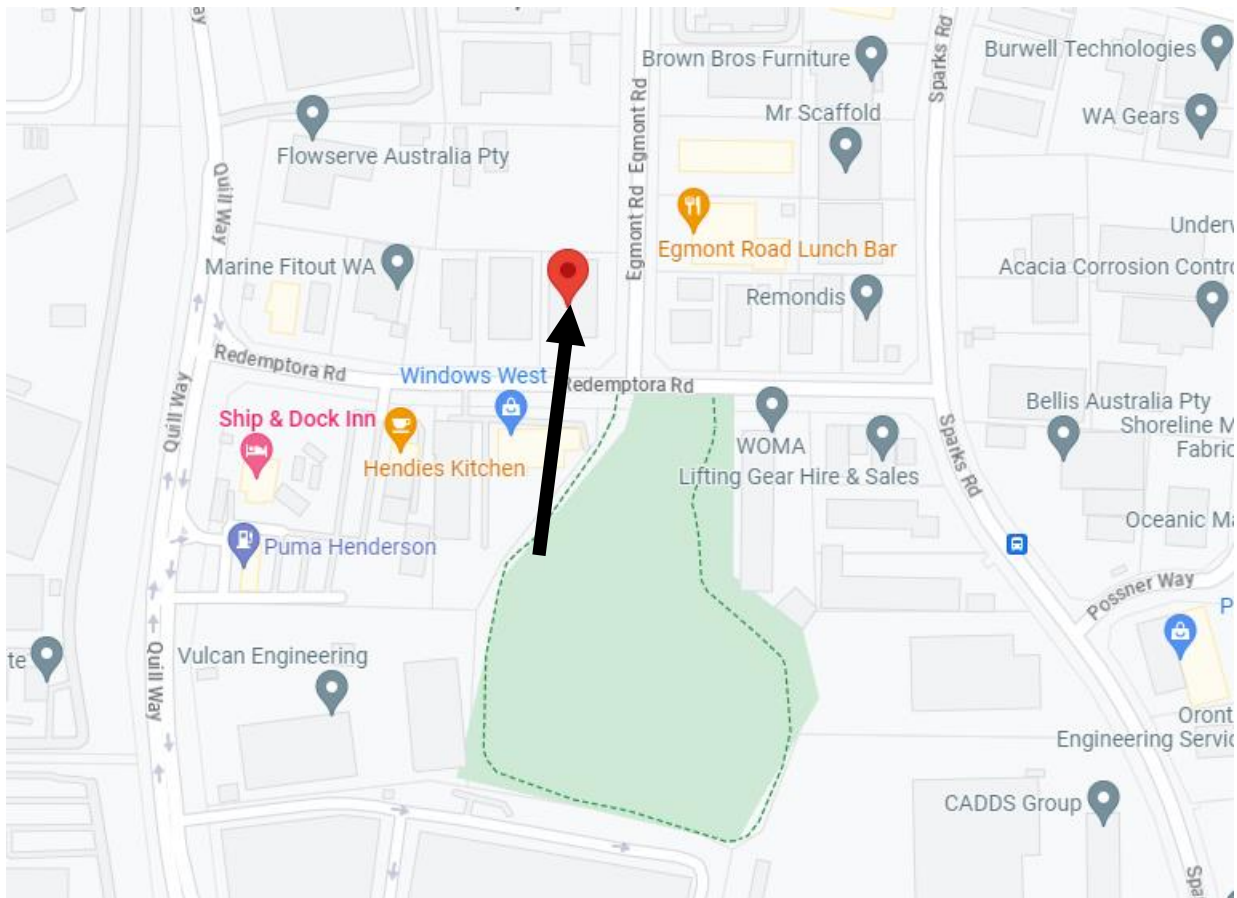
ENCLOSURES

LOCATION MAP
PHOTOGRAPHS
LETTER OF INSTRUCTION



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Location Map:





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Photographs:





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Photographs:





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Letter of Instruction:

VALUATION INSTRUCTION - REAL PROPERTY

TO: NATIONAL VALUATION GROUP PTY LTD

Dear Sir,

Property Address: 9 Redemptora Rd, Henderson, WA, 6166

Registered Proprietors:

Title Details: **Lot: Deposited Plan:**

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

Purpose of Valuation:

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: 02 August 2023

Inspection Date (and Time): 02 August 2023

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 current market valuation for the above property.

Verbal instructions to proceed received.