



VALUE MADE VISIBLE

www.opg.net

Valuation Report

15 Wilmot Street
Hobart, Tasmania 7000

File Ref: 8015687

VALUATION REPORT



15 Wilmot Street Hobart, Tasmania 7000

Prepared For	Unique 15 Wilmot Trust
Report Purpose	Financial reporting purposes
Valuation Date	15 June 2017
Our Reference	8015687

Opteon Property Group

Opteon (Tasmania) Pty Ltd

ABN 32 159 055 133

24 Murray Street, Hobart TAS 7000

P (03) 6220 7555 E tas.info@opteonsolutions.com

F (03) 6224 2331 W www.opteonsolutions.com

VALUE MADE VISIBLE

Table of Contents

1.0	Executive Summary	4
1.1	Scope of Work	4
1.2	Property Details	5
1.3	Property Profile	5
1.4	Valuation Details	7
2.0	Basis of Valuation & Definitions	8
3.0	Date of Valuation	9
4.0	Location	9
5.0	Tenure.....	10
5.1	Title Particulars:.....	10
5.2	Easements, Encumbrances & Other Interests Noted on Title	10
6.0	Planning	11
7.0	Site	11
7.1	Site Details	11
8.0	Improvements.....	11
8.1	Main Building.....	11
8.2	Plant & Equipment	13
8.3	Fit-out	13
8.4	Building Areas	13
8.5	Other Improvements	13
8.6	Condition and Repairs	13
9.0	Environmental Issues	14
9.1	Contamination Commentary	14
9.2	Asbestos	14
10.0	Occupancy and Lease Details.....	14
10.1	Lease Summary.....	15
11.0	Financial Details & Analysis	15
11.1	Outgoings	15
11.2	Conclusion	15
12.0	General Comments.....	16
13.0	Market Evidence	16
13.1	Rental Evidence	16
13.2	Sales Evidence	17
14.0	Valuation Methodology & Conclusions	20
14.1	Adopted Valuation Approach	20
14.2	Income Approach	21
15.0	Goods & Services Tax	23
16.0	Rental Value.....	23
16.1	Market Rental Value – “Warwick Fabrics Tenancy”	23
16.2	Market Rental Value – “Butler McIntyre & Butler Car Parks”	23
17.0	Valuation	23
17.1	Market Value - Subject to the Existing Leases.....	23
18.0	Assumptions, Conditions & Limitations	24

1.0 Executive Summary

1.1 Scope of Work

This valuation has been undertaken in accordance with the Scope of Work summarised as follows:

Identity of Valuer	Opteon (Tasmania) Pty Ltd							
Independence of Valuer	We confirm the valuer is in a position to provide an objective and unbiased valuation.							
Instructing Party	Mr Phil Kimber, Unique 15 Wilmot Trust							
Client / Authorised Party	Unique 15 Wilmot Trust							
Valuation Purpose	Financial reporting purposes only							
Identification of Asset to be Valued	Land and buildings located at 15 Wilmot Street, Hobart, Tasmania 7000							
Basis of Value	Market Value							
Date of Inspection	15 June 2017							
Extent of Investigation	<p>The extent of investigation undertaken by the valuer in completing the valuation has included:</p> <ul style="list-style-type: none"> • collation of information from relevant parties regarding the subject property; • undertaking our own research regarding the subject property; • an inspection of the property and measurement of the buildings; • undertaking market research in terms of values and/or costs of similar properties; • preparation of valuation calculations, and; • preparation of this report. 							
Limitations of Investigation	This valuation has been based on information supplied which is assumed to have been provided in good faith and contain a full and frank disclosure of all information that is relevant to the valuation of the property. The valuer has not undertaken due diligence or verification of the information supplied.							
Material Assistance from Others	The valuation has been assessed independently by the valuer without material assistance from others.							
Nature and Source of Information	<p>Relevant information relied upon by the valuer without specific verification has included:</p> <table border="0"> <thead> <tr> <th>Nature of Information:</th> <th>Source:</th> </tr> </thead> <tbody> <tr> <td>Leasing information</td> <td>Mr Phil Kimber</td> </tr> <tr> <td>Building outgoings</td> <td>Mr Phil Kimber</td> </tr> </tbody> </table>		Nature of Information:	Source:	Leasing information	Mr Phil Kimber	Building outgoings	Mr Phil Kimber
Nature of Information:	Source:							
Leasing information	Mr Phil Kimber							
Building outgoings	Mr Phil Kimber							
Assumptions	<p>The instructions and subsequent information supplied contain a full disclosure of all information that is relevant;</p> <p>The entity is a going concern and the assets will continue to be used as part of the business of which they form part. This assumption does not apply in cases where it is clear that there is either an intention to liquidate the entity, to dispose of a particular asset or that there is a requirement to consider the sum that could be recovered from disposal or retirement of the asset.</p>							
Restrictions on Use	This valuation shall only be used for financial reporting purposes by our client / authorised party.							
Compliance with Valuation Standards	This valuation has been undertaken in accordance with the International Valuation Standards 2014.							
Applicable Financial Reporting Standards	AASB 13 Fair Value Measurement AASB 116 Property, Plant and Equipment							

	AABS 140 Investment Property
Specific Accounting Purpose	For inclusion in Statement of Financial Position / Balance Sheet
Asset Classification	Asset classified as an Investment Asset
Unit of Account	The assets have been valued on a stand-alone basis as single properties albeit assuming they are part of the going concern.
Level of Inputs	Level 2 inputs (observable market prices)

1.2 Property Details

Property Address	15 Wilmot Street, Hobart, Tasmania 7000
Property Description	The subject property comprises a heritage listed converted cottage together with forecourt car parking for approximately 15 vehicles, located in a quiet street in a central location close to St Davids Park and the waterfront Sullivans Cove precinct of Hobart.
Title Reference	Volume 51956 Folio 3
Tenure Type	Freehold
Registered Proprietor	Phillip Anthony Kimber and Con Tsamassiros
Total Site Area	507 sqm
Encumbrances	Refer section 5.2 for details on encumbrances.
Total Lettable Area	110 sqm
Gross Building Area	145 sqm
Zoning	Urban Mixed Use

1.3 Property Profile

Market

Marketability	Good
Market Activity	Moderate sales volumes with strong buyer demand for well leased investment properties.
Recent Market Direction	Steady after a period of strong growth
Market Volatility	The market for similar properties in this location in the past has generally demonstrated low market volatility.
Selling Period	Estimated 2-4 months, assuming proper marketing and a realistic asking price.
Likely Buyer Profile	Sitting tenant, investor or a future owner occupier.

Occupancy/Cash Flow

Occupancy Status	The building and a single car park are leased to a single tenant. The remaining car parks are informally occupied on a monthly basis.
-------------------------	---

Asset Management

Asset Complexity	The property is a standard asset class.
Current Management	The property is currently managed by the owner.
Quality of Management	The property currently appears to be appropriately managed.

Assumptions & Recommendations:

Verifiable Assumptions

- The instructions and information supplied contain a full disclosure of all information that is relevant
 - The lease terms provided are true and accurate
-

1.4 Valuation Details

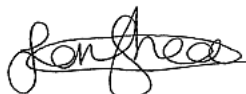
Market Value As Is:

Market Value subject to the Existing Leases:	\$750,000
Including a Notional Land Value:	\$500,000
Market Gross Rental Value	\$57,440 per annum

This valuation is exclusive of GST

Valuation Purpose	Financial reporting purposes
Date of Inspection	15 June 2017
Date of Valuation	15 June 2017
Date Issued	18 July 2017
Currency of Valuation	90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
Pecuniary Interest	We confirm that the valuer does not have any pecuniary interest that would conflict with the proper valuation of the property.

Signatory



Ian O'Shea BBus, GradDipPropVal, AAPI CPV
Managing Valuer
API Member 77195
Inspecting Valuer

Important	<i>This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.</i>
Third Party Disclaimer	<i>This report has been prepared for the private and confidential use of our client, Unique 15 Wilmot Trust for the specified purpose. It should not be reproduced in whole or part without the express written authority of Opteon (Tasmania) Pty Ltd or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.</i>
Digital Copies of Reports	<i>Where a report has been provided in digital copy and has not been received directly via our firm, the report contents, especially the valuations and critical assumptions, should be verified by contacting the issuing office to ensure the contents are bona fide. In particular if the reader of this report has suspicions that the report appears to be tampered or altered then we recommend the reader contact the issuing office.</i>
Reliance on Whole Report	<i>This valuation should be read in its entirety, inclusive of any summary and annexures. The valuer and valuation firm does not accept any responsibility where part of this report has been relied upon without reference to the full context of the valuation report.</i>

2.0 Basis of Valuation & Definitions

This valuation has been prepared in accordance with definitions and Valuation Applications of the International Valuation Standards Council (IVSC) and endorsed by the Australian Property Institute.

The following extracts (in italics) are considered to appropriately summarise the relevant IVS standards which became effective on 1 January 2012.

Market Value	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.
Market Rent	The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
Market Value As Is	"Market Value As Is" means a valuation that provides the Market Value of the property as it currently exists.
Fair Value (definition for Financial Reporting purposes)	<p>The International Financial Reporting Standards (IFRS) 13 Fair Value Measurement contains the following definition:</p> <p><i>"Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."</i></p> <p>This definition differs from that appearing in the IVS Framework and that is commonly used for purposes other than financial reporting.</p> <p>Fair value under IFRS is generally consistent with the concept of market value as defined and discussed in the IVS Framework. For most practical purposes, therefore, market value under IVS will meet the fair value measurement requirement</p>
Special Value	<p>Special value is an amount that reflects particular attributes of an asset that are only of value to a special purchaser.</p> <p>A special purchaser is a particular buyer for whom a particular asset has special value because of advantages arising from its ownership that would not be available to other buyers in the market.</p> <p>Special value can arise where an asset has attributes that make it more attractive to a particular buyer than to any other buyers in a market. These attributes can include the physical, geographic, economic or legal characteristics of an asset. Market value requires the disregard of any element of special value because at any given date it is only assumed that there is a willing buyer, not a particular willing buyer.</p>
Valuation Inputs	<p>IFRS 13 includes a "<i>Fair Value Hierarchy</i>" that classifies valuations according to the nature of the available inputs. In summary, the three levels of the hierarchy are as follows:</p> <ul style="list-style-type: none">• Level 1 inputs are "<i>quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date</i>".• Level 2 inputs are "<i>inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly</i>".• Level 3 inputs are "<i>unobservable inputs for the asset or liability</i>".

Impairment

Impairment arises where the carrying amount of an asset exceeds the amount that can be recovered from either its continued use and/or the sale of the asset. Under IAS 36 Impairment of Assets, an entity is required to review certain categories of asset at the date of each statement of financial position to determine whether there is any indication that an asset may be impaired. Impairment might be indicated by a reduction in the value of the asset because of market or technological changes, obsolescence of the asset, asset underperformance in comparison to the expected return, or an intention to discontinue or restructure operations. Certain assets (goodwill and intangibles with an indefinite life or not yet available for use) would be tested for impairment on an annual basis. If impairment is considered to have arisen, the carrying amount of the asset, whether derived from either historic cost or a previous valuation, should be written down to the “recoverable amount”. This is the higher of the asset’s “value in use” or its “fair value less costs to sell”.

Other Accounting Requirements

In addition to the above principles we draw to your attention that there are various requirements under the Corporations Law and additional accounting standards for valuations and Director’s or Trustee’s obligations for financial reporting purposes. We recommend you seek professional advice from a qualified accountant or auditor to ensure full compliance with the Law and relevant accounting standards.

3.0 Date of Valuation

Valuation Date 15 June 2017

Date of Inspection 15 June 2017

Currency of Valuation 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

4.0 Location

Location The property is situated in a mixed use area, on the north western fringe of the historic, prestigious, inner city residential locality of Battery Point, approximately 850 metres south of Hobart’s Central Business District. The property is also situated approximately 500 metres west of the popular Salamanca/Sullivans Cove waterfront precinct, which in recent times has also become a popular office location for professionals and public sector departments.

Neighbourhood Properties in the immediate vicinity include the University of Tasmania music campus, the “Repatriation Centre” hospital, Anglesea Barracks, professional offices and various freestanding residential dwellings. The property is situated in close proximity to St David’s Park and the historic Salamanca precinct incorporating the Supreme Court buildings and Parliament House.

We consider the property’s location to be appropriate for commercial or residential type uses.

Specific Location Map



5.0 Tenure

5.1 Title Particulars:

Title Reference	Tenure	Registered Proprietor	Title Area
Volume 51956 Folio 3	Freehold	Phillip Anthony Kimber and Con Tsamassiros	507 sqm

5.2 Easements, Encumbrances & Other Interests Noted on Title

Encumbrances
<ul style="list-style-type: none">Reservations and Conditions in the Crown Grant if any

6.0 Planning

Local Government Area	Hobart City Council
Planning Scheme	Hobart Interim Planning Scheme 2015
Current Zoning	Urban Mixed Use
Overlays	Heritage Precinct H2
Existing Use	Showroom/office
Zoning Effect	The existing use is a permitted use under the current zoning.
Heritage Issues	Enquiries made with the relevant heritage authorities have indicated the following listings and registrations impacting the subject property: Municipal: Hobart City Municipal Inventory of Heritage Places State: Listed on Tasmanian Heritage Register; Federal: Australian Heritage Places Inventory;

7.0 Site

7.1 Site Details

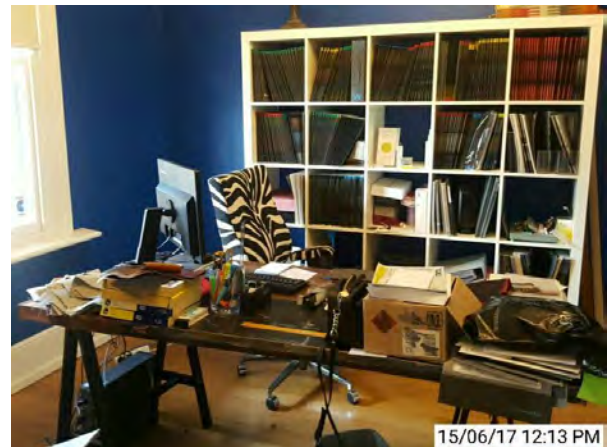
Site Description	The site comprises a regular shaped with a moderate cross fall.
Street Frontage	Approximately 16.54 metres
Dimensions	The shape and dimensions of the property are shown on the Title plan.
Source of Site Area	The site area has been obtained from the Title Plans.
Site Area	507 sqm
Identification	The property has been identified by reference to Title search statement in conjunction with online Cadastral Plan and our on-site inspection.

8.0 Improvements

8.1 Main Building



Front



Office



Open office area



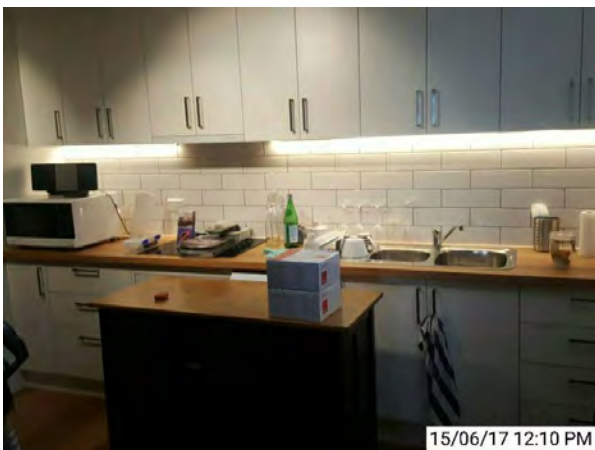
Sunroom



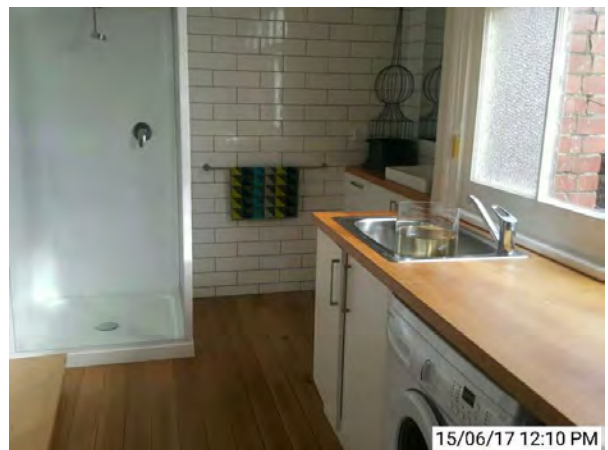
Side elevation



Storeroom



Kitchen



Bathroom

Main Building Type	Former dwelling converted to an office
Style	Single level, freestanding
Accommodation	The accommodation comprises an entry hallway, two offices one installed with a basin, open plan office area, kitchenette/lunchroom, sunroom, a store room with a toilet off and basic subfloor storage.

Construction:

Floors	Timber
Main External Walls	Brick, weatherboard
Windows	Timber
Roof	Corrugated galvanised iron
Main Interior Linings	Brick, plaster, hard board, render, timber and unlined.
Construction Year	Circa 1890 with more recent refurbishment circa 2015

Building Services

Lighting	Fluorescent, LED down-lighting and incandescent.
Air-conditioning / Ventilation	The building is fitted with various wall mounted electric panel heaters.
Electrical	The building has standard electrical services.
Security Systems	A building security alarm system is installed incorporating movement sensors.
Disability Access	Step access to the offices.

8.2 Plant & Equipment

Included within our valuation is all plant and equipment (such as air-conditioning plant and equipment, fire services, or the like) which forms an integral part of the property. Our valuation excludes all non-integral plant and equipment, fit-out, furniture and equipment and personal items/contents.

8.3 Fit-out

Fitout Assumption	For buildings of this type it is normal leasing terms and conditions for the lessee (tenant) to be responsible for tenancy fit-out and our valuation has been assessed on this basis.
--------------------------	---

8.4 Building Areas

Total Lettable Area	110 sqm (IMPS 3 – Office (Net Lettable Area))
Gross Building Area	142 sqm
Source of Areas	The building areas have been obtained from on-site measurements.

8.5 Other Improvements

Other Improvements	Other improvements include a raised front verandah, boundary fencing and sealed asphalt front yard utilised for the parking of approximately 15 cars. The car parking area slopes down from the south western boundary towards the north eastern boundary of the site.
---------------------------	--

8.6 Condition and Repairs

Condition	<p>Generally appears in good condition internally and externally. The property was refurbished circa 2014/2015 at an estimated cost of \$50,000-\$60,000. The works undertaken included:</p> <ul style="list-style-type: none"> • Rewiring • Installation of electric panel heaters • Polished floorboards
------------------	---

- New kitchen and bathroom
- Restumped rear section
- Installation of two skylights; and
- Internal and external painting

Repairs & Maintenance At the time of inspection the building appeared to be in reasonable condition with no significant requirements for repairs being noted, other than items which would normally be undertaken as part of regular repairs and maintenance.

9.0 Environmental Issues

9.1 Contamination Commentary

Current Use	Showroom/offices
Past Use	Residential
Site Contamination	We confirm that a visual site inspection has not revealed any obvious pollution or contamination. At the Date of Inspection we have no knowledge of any contamination of the land. Based on our site observations, current and past uses along with surrounding uses, contamination of the site is considered unlikely.
API List of Potentially Contaminating Activities	The current and past uses are not listed on the API List of Potentially Contaminating Activities, Industries and Land Uses.
Contaminated Sites Register	Given site contamination is considered unlikely we have not searched the contaminated sites register.
Environmental Audit	We have not been provided with an environmental audit, nor are we aware of the property being affected by soil contamination. We have not investigated the site beneath the surface or undertaken vegetation or soil sampling.
Contamination Assumption	Our valuation has been based upon the assumption that there are no actual or potential contamination issues affecting the property.

9.2 Asbestos

Asbestos Register	We were not able to sight an asbestos register. Given the use of building materials with asbestos content is possible we recommend an asbestos register and management plan be prepared and retained on site to avoid potential asbestos related health risks to occupants and contractors.
Inspection Observations	Given the construction era of the building or subsequent alterations, the use of building materials with asbestos content is possible. We understand that provided any asbestos remains in reasonable condition and is not disturbed, it is unlikely to present a health risk however its removal may be required at some time in the future that would incur a financial cost.

10.0 Occupancy and Lease Details

Occupancy Status	The building and a single car park are leased to a single tenant. The remaining car parks are informally occupied on a monthly basis for \$150 per calendar month.
Leases Sighted	We have not been provided with a copy of the current leases and have only been provided with a summary of the lease terms. We reserve the right to review our valuation upon being provided with a copy of the fully executed lease.

10.1 Lease Summary

Lessee	Warwick Fabrics
Demised Premises	The building and 1 car space (the one adjacent at the top side) and fixtures and fittings (including new electrical appliances)
Commencement Date	1 September 2015
Initial Term	2 years
Options	2 years
Expiry Date	31 August 2017
Commencing Rent	\$24,500 per annum
Current Rent	\$24,794 per annum
Rent Reviews	The rent is reviewed annually in accordance with movements in the CPI to a maximum increase of 3%. The rent is reviewed to market at the commencement of the option.
Net or Gross	Gross
Outgoings	The tenant pays for water and sewerage, and utility charges and internal repairs. The landlord is responsible for all other outgoings.
Permitted Use	Office and storage

11.0 Financial Details & Analysis

Passing and Market Income Analysis

Level/Tenancy	Tenant		Passing Rent	Recovered Outgoings	Passing Income	Passing Rate	Market Rate	Market Rent	Recoverable Outgoings	Market Income
Ground floor	Warwick Fabrics	94 sqm	\$23,294	\$0	\$23,294	@ \$248	@ \$260	\$24,440	\$0	\$24,440
Basement store	Warwick Fabrics	16 sqm	\$1,500	\$0	\$1,500	@ \$94	@ \$94	\$1,500	\$0	\$1,500
Car Parking	Warwick Fabrics	1 car/s	\$2,100	\$0	\$2,100	@ \$175	@ \$175	\$2,100	\$0	\$2,100
Car Parking	Various	14 car/s	\$25,200	\$0	\$25,200	@ \$150	@ \$175	\$29,400	\$0	\$29,400
Totals:			\$52,094	\$0	\$52,094	\$474	\$522	\$57,440	\$0	\$57,440

11.1 Outgoings

The income as detailed above has been assessed on a gross basis and accordingly it is necessary to examine outgoings in arriving at a net rental.

From information provided and market benchmarks, we have determined outgoings for the property as follows:

Outgoings Analysis

Outgoings Schedule

		\$ psm:	
Statutory Outgoings:	Land Tax	\$2,730	\$24.82
	Council Rates	\$3,301	\$30.01
	Water & Sewerage Rates (estimate)	\$1,000	\$9.09
Total Outgoings:		\$7,031	\$63.92

Outgoings Assumption This valuation assumes the financial information provided to us is reasonably accurate.

11.2 Conclusion

Current Net Income	\$52,094 per annum
Market Net Income	\$57,440 per annum

12.0 General Comments

The property presents to a very good standard and we have taken this into consideration in preparing our valuation calculations.

The improvements are set at the rear of the site and have limited profile to passing traffic.

Economic conditions in Hobart have improved significantly in recent years with evidence of employment growth, high tourist/visitor numbers, solid retail turnover and considerable building activity. At present a number of major building projects are underway including the construction of Parliamentary Square office precinct, a number of hotels and the redevelopment of the Royal Hobart Hospital. The improvement in economic conditions is having a positive influence on consumer and business sentiment and the Greater Hobart property market. Property markets for inner residential areas, development sites and investment property in particular are witnessing strong demand and capital growth.

At present there is comparatively strong investor activity with demand from local and mainland based investors and self-managed superannuation funds for this type of property as well as owner occupiers.

Yields have compressed although we expect we are approaching the bottom of the yield cycle. An increase in yields could have an adverse impact on the value of the subject property.

13.0 Market Evidence

13.1 Rental Evidence

In forming our opinion of the Market Rental Value of the subject property, we have had regard to various lease transactions, which for confidentiality reasons cannot be disclosed however have been retained on our files.

The current passing rents for both the Warwick Fabrics tenancy and the car parks are considered to be slightly below market. Given the pending lease expiry for the Warwick Fabrics tenancy and the monthly nature of the car parking rents the effect on the market value of the property is minimal.

13.2 Sales Evidence


In forming our opinion of value we have had regard to various sales transactions, a selection of which are detailed below:


Property	394 Macquarie Street, South Hobart, TAS			
Sale Price	\$520,000			
Sale Date	22-Sep-16			
Site Area	545 sqm			
Zoning	Inner Residential			
Lettable Area	119 sqm			
Property Description	The property comprises a circa 1880 residential dwelling that has been converted to consulting rooms, located in a mixed use area of South Hobart. The building is constructed of brick external walls and a corrugated colorbond roof. The property includes 7 off street car parks. The property was sold with vacant possession and purchased by an adjoining owner.			
Analysis	Market Net Yield	7.29 %	Reversionary Yield	7.29 %
	Site Rate	\$954/sqm	Gross Building Area Rate	\$4,370/sqm
Comparability	Similar size building. Smaller car parking provisions. Superior profile. Inferior location. On balance considered inferior.			





Property	143 Murray Street, Hobart, TAS			
Sale Price	\$565,500			
Sale Date	15-Jan-16			
Site Area	158 sqm			
Zoning	Commercial			
Lettable Area	189 sqm			
Property Description	The property comprises a two level commercial/residential building, which includes ground floor office accommodation and a two-bedroom residence on the first floor and on site car parking for two vehicles. The property is located between Brisbane and Melville Streets, on the western fringe of the Hobart central business district, with a site area of approximately 158 sqm. The building is constructed of brick and rendered external walls and was originally constructed circa 1870. The improvements have a gross building area of approximately 189 sqm. The property was sold with vacant possession.			
Analysis	Market Net Yield	7.01 %	Reversionary Yield	7.01 %
	Site Rate	\$3,579/sqm	Gross Building Area Rate	\$2,992/sqm
	Lettable Area Rate	\$2,992/sqm		
Comparability	Larger building. Superior profile. Inferior car parking provisions. Inferior location. On balance considered inferior.			



Property	4 Warwick Street, Hobart, TAS		
Sale Price	\$575,000		
Sale Date	30-Jun-16		
Site Area	521 sqm		
Zoning	Urban Mixed Use		
			
Lettable Area	189 sqm		
Property Description	The property comprises a part two level former residential dwelling that has been converted and utilised as a laboratory and office accommodation in recent times. The improvements are constructed of brick external walls with a tile roof and were originally constructed circa 1910 with more recent internal and external refurbishment albeit the accommodation was of a fair standard. The property was sold off market without the intervention of a real estate agent with vacant possession and was purchased by an owner occupier.		
Analysis	Market Net Yield	6.31 %	Reversionary Yield 6.31 %
	Site Rate	\$1,104/sqm	Gross Building Area Rate \$2,396/sqm
	Lettable Area Rate	\$3,042/sqm	
Comparability	Larger improvement of an inferior condition. Superior profile but inferior location. Similar sized site. Inferior car parking provisions. On balance considered inferior.		

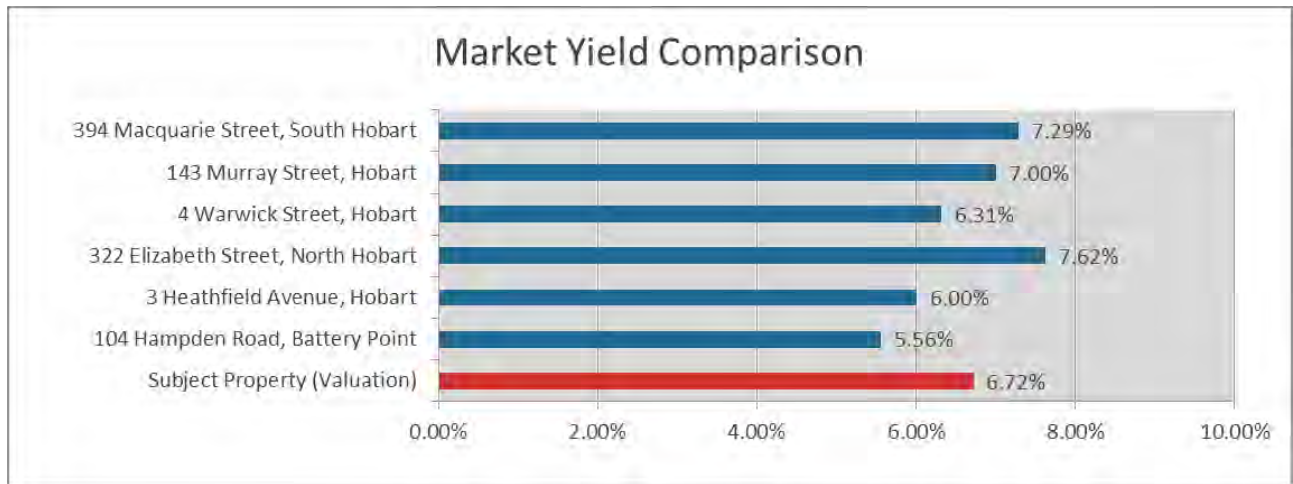
Property	322 Elizabeth Street, North Hobart, TAS		
Sale Price	\$750,000		
Sale Date	15-Mar-16		
Site Area	423 sqm		
Zoning	Urban Mixed Use		
			
Lettable Area	127 sqm		
Property Description	The property comprises a former residential dwelling that has been converted and utilised as a restaurant. The improvements are constructed of brick external walls and a corrugated colorbond roof and were built circa 1890 with more recent internal and external refurbishment. The improvements are in good condition. Ancillary improvements include a front alfresco area, rear courtyard and external storage shed. The property was sold subject to a lease and was purchased by an investor.		
Analysis	WALE	1.4 years	Initial Net Yield 7.62 %
	Market Net Yield	7.62 %	Reversionary Yield 7.62 %
	Site Rate	\$1,773/sqm	Gross Building Area Rate \$5,906/sqm
	Lettable Area Rate	\$5,906/sqm	
Comparability	Superior profile. Larger improvements. Superior commercial location. Further development potential. Inferior car parking. On balance considered comparable to the subject property.		

Property	3 Heathfield Avenue, Hobart, TAS		
Sale Price	\$770,000		
Sale Date	31-May-16		
Site Area	290 sqm		
Zoning	Urban Mixed Use		
			
Lettable Area	248 sqm		
Property Description	The property comprises a part two level former residential dwelling that has been converted and utilised as office accommodation in recent times. The improvements are constructed of brick external walls with a tile roof and were originally constructed circa 1935 with more recent internal and external refurbishment. The improvements have a net lettable area of approximately 248 sqm and a gross building area of approximately 314 sqm. The property was sold with vacant possession and was purchased by an owner occupier for conversion to short term accommodation.		
Analysis	Market Net Yield	6.00 %	Site Rate \$2,665/sqm
	Gross Building Area Rate	\$2,452/sqm	Lettable Area Rate \$3,105/sqm
Comparability	Similar location and profile. Far larger improvements. Sold vacant. Inferior car parking provisions. On balance considered superior to the subject property and market conditions have improved significantly since.		

Property	104 Hampden Road, Battery Point, TAS		
Sale Price	\$905,000		
Sale Date	06-Oct-16		
Site Area	619 sqm		
Zoning	Urban Mixed Use		
			
Lettable Area	171 sqm		
Property Description	The property comprises a dated but well maintained, circa 1840, detached part two storey residence, of brick construction, with a galvanised iron roof. The accommodation has previously been utilised as office accommodation albeit we understand the purchaser intends to utilise the property as a 4 bedroom, 1 bathroom dwelling with open onsite sealed car parking for 6 vehicles.		
Analysis	Market Net Yield	5.22 %	Reversionary Yield 5.22 %
	Site Rate	\$1,567/sqm	Gross Building Area Rate \$4,110/sqm
	Lettable Area Rate	\$5,673/sqm	
Comparability	Larger building of a similar standard. Superior location. On balance considered superior to the subject property.		

Sales Evidence Conclusions:

Sales Analysis Summary								
Address	Sale Price	Date	Land Area	Lettable		\$ psm Land	\$ psm Lettable	Market Yield
				Area				
394 Macquarie Street, South Hobart	\$520,000	Sep-16	545 sqm	119 sqm		\$954	\$4,370	7.29%
143 Murray Street, Hobart	\$565,000	Jan-16	158 sqm	189 sqm		\$3,576	\$2,989	7.00%
4 Warwick Street, Hobart	\$575,000	Jun-16	521 sqm	189 sqm		\$1,104	\$3,042	6.31%
322 Elizabeth Street, North Hobart	\$750,000	Mar-16	426 sqm	127 sqm		\$1,761	\$5,906	7.62%
3 Heathfield Avenue, Hobart	\$770,000	May-16	290 sqm	248 sqm		\$2,655	\$3,105	6.00%
104 Hampden Road, Battery Point	\$905,000	Oct-16	619 sqm	171 sqm		\$1,462	\$5,292	5.56%
Subject Property (Valuation)	\$750,000	Jun-17	507 sqm	110 sqm		\$1,479	\$6,818	6.72%



The value of the subject property is underpinned by a high underlying land value (represented by the high \$ psm lettable area rate) and the ability to utilise the improvements as a residence.

14.0 Valuation Methodology & Conclusions

14.1 Adopted Valuation Approach

The most appropriate method of valuation for a property of this nature is the capitalisation of income supported by direct comparison on a rate psm.

Due regard has been given to sales of comparable properties, as discussed under the market evidence section of this report.

Following is a brief description of the main Valuation Approaches and Methods. A full description is provided within International Valuation Standards and Technical Information Papers.

14.2 Income Approach

Capitalisation Method

The *capitalisation* method is a method that can be applied across a broad cross-section of asset types (including income producing property, going concerns, specialised assets, and intangible assets) and can be applied to varying types of income. Typically in assessing the *Market Value* of “property” the capitalisation method is applied to rents whilst in assessing the *Market Value* of “going concerns” the method is applied to net profits.

The *capitalisation* method is based on the concept that for income producing assets the price a prospective purchaser will be prepared to pay will be based on (amongst other things) the level of income and the return required for the investment of capital.

The *capitalisation* method is most commonly used as the primary valuation method to determine the *Market Value* of *income producing assets* (ie including investment properties whether leased properties, owner occupied properties, or vacant properties intended to be held as an investment).

Market Income Capitalisation Method

Our valuation calculations are summarised as follows:

Passing and Market Income Analysis										
Level/Tenancy	Tenant		Passing Rent	Recovered Outgoings	Passing Income	Passing Rate	Market Rate	Market Rent	Recoverable Outgoings	Market Income
Ground floor	Warwick Fabrics	94 sqm	\$23,294	\$0	\$23,294	@ \$248	@ \$260	\$24,440	\$0	\$24,440
Basement store	Warwick Fabrics	16 sqm	\$1,500	\$0	\$1,500	@ \$94	@ \$94	\$1,500	\$0	\$1,500
Car Parking	Warwick Fabrics	1 car/s	\$2,100	\$0	\$2,100	@ \$175	@ \$175	\$2,100	\$0	\$2,100
Car Parking	Various	14 car/s	\$25,200	\$0	\$25,200	@ \$150	@ \$175	\$29,400	\$0	\$29,400
Totals:			\$52,094	\$0	\$52,094	\$474	\$522	\$57,440	\$0	\$57,440

Market Income Capitalisation Method

Market Annual Rent:		\$57,440
Recoverable Outgoings:		\$0
Market Income:		<u>\$57,440</u>
<u>Less</u> Permanent Vacancy Factor:	@ 0.00%	\$0
<u>Less</u> Outgoings:		<u>-\$7,031</u>
Net Market Annual Income:		\$50,409
Capitalised		<u>@ 6.75%</u>
Capitalised Value (before adjustments):		\$746,800
Capital Adjustments:		
Rental Reversion/Profit Rent		-\$556
Letting Up Allowance		\$0
Leasing Costs		\$0
New Tenant Incentives		\$0
Outstanding Incentives		\$0
Cap X Required		\$0
Value of Ancilliary Income (eg Signage or Naming Rights)		\$0
Value of Surplus Land		\$0
Other		\$0
Sub-Total:		<u>-\$556</u>
Total Market Value:		<u><u>\$746,244</u></u>

Indicates, Total Market Value:	\$750,000
---------------------------------------	------------------

Sensitivity Analysis:

Net Market Annual Income:	\$50,409	\$50,409	\$50,409
Capitalised	@ 6.25%	@ 6.75%	@ 7.25%
Capitalised Value:	<u>\$806,544</u>	\$746,800	<u>\$695,296</u>
Capital Adjustments:	<u>-\$556</u>	-\$556	<u>-\$556</u>
Total Market Value:	<u>\$805,988</u>	\$746,244	<u>\$694,740</u>
Indicates Total Market Value:	<i>Rounding</i> \$25,000	\$800,000	\$750,000

Reflecting:	Initial Yield	5.63%	6.01%	6.44%
	Reversionary Yield	6.30%	6.72%	7.20%
	\$ psm Lettable Area	\$7,273	\$6,818	\$6,364
	\$ psm Land	\$1,578	\$1,479	\$1,381

15.0 Goods & Services Tax

Treatment of GST All amounts and values expressed in this report are exclusive of GST unless otherwise specified.

Recommendation If there is any uncertainty as to the treatment of GST then we recommend you seek advice from a qualified accountant regarding the nature of any potential transaction or services supplied, the GST status of the parties involved, and confirmation of any potential GST liability.

16.0 Rental Value

16.1 Market Rental Value – “Warwick Fabrics Tenancy”

We are of the opinion that the Market Gross Rental Value of the tenancy, as at 15 June 2017 subject to the comments in this report, is:

\$28,040 per annum

16.2 Market Rental Value – “Butler McIntyre & Butler Car Parks”

The rental of the premises subject to the existing lease, as at 15 June 2017, is hereby determined at:

\$175 per car park per calendar month

17.0 Valuation

17.1 Market Value - Subject to the Existing Leases

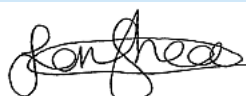
We are of the opinion that the Market Value of the freehold interest of the property subject to the existing leases for financial reporting purposes, as at 15 June 2017 subject to the comments in this report, is:

\$750,000

(Seven Hundred and Fifty Thousand Dollars)

Date of Inspection	15 June 2017
Date of Valuation	15 June 2017
Date Issued	18 July 2017
Currency of Valuation	90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Signatory



Ian O'Shea BBus, GradDipPropVal, AAPI CPV
Managing Valuer
API Member 77195
Inspecting Valuer

Important

This valuation is subject to the definitions, qualifications and disclaimers and other comments contained within this report.

18.0 Assumptions, Conditions & Limitations

Area Disclaimer	<i>In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.</i>
Asbestos Disclaimer	<i>We are not experts in the identification of Asbestos and therefore, in the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no asbestos material present; health risk from asbestos within the property; or there is any material expense relating to the repair, management or replacement of asbestos materials in the foreseeable future. Should an expert's report establish that there is an asbestos related health risk or a requirement to undertake asbestos remediation works then we reserve the right to review this valuation.</i>
Building Services Disclaimer	<i>No documentation or certification has been sighted to verify the condition of building services, and we have assumed that all building services are: adequate in specification; in good operational condition; and satisfactorily maintained.</i>
Encroachments	<i>The valuation is made on the basis that there are no encroachments (unless otherwise noted) by or upon the property and this should be confirmed by a current survey report and/or advice from a land surveyor. If any encroachments are noted by the survey report the valuer should be consulted to assess any effect on the value stated in this report.</i>
Environmental Disclaimer	<i>This report is not an environmental audit and no advice is given in any way relating to environmental or pollution matters. Any comments given as to environmental or pollution factors in relation to the property are not given in the capacity as an expert. This assessment of value is on basis that the property is free of contamination or environmental issues affecting the property not made known to the valuer. In the event the property is found to contain contamination the matter should be referred to this office for comment. Given contamination issues can have an impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.</i>
Full Disclosure Disclaimer	<i>Whilst we have attempted to confirm the veracity of information supplied, the scope of work did not extend to verification of all information supplied or due diligence. Our valuation and report has been prepared on the assumption the instructions and information supplied has been provided in good faith, is not in any way misleading or deceptive, contains a full disclosure of all information that is relevant, there are no undisclosed agreements in place that affect the property and the sale price includes GST. The valuer and valuation firm does not accept any responsibility or liability whatsoever in the event the valuer has been provided with insufficient, false or misleading information.</i>
Future Value	<i>Any comments are made in relation to future values are based on general knowledge and information currently available. These comments should not be construed as a prediction of future value levels or a warranty of future performance as the property market is susceptible to potential rapid and unexpected change caused by multiple factors. Ultimately current expectations as to trends in property values may not prove to be accurate. Due to possible changes in the property market, economic conditions, occupancy status and property specific factors, we recommend the value of the property be reassessed at regular intervals</i>
Geotechnical	<i>We have not sighted a geotechnical engineers' survey of the property. We are not experts in the field of civil or geotechnical engineering and we are therefore unable to comment as to the geotechnical integrity of the ground and soil conditions. It is specifically assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use. In the event there is found to be adverse ground conditions we recommend the matter be referred to this Company for comment.</i>
Heritage Disclaimer	<i>Our valuation has been assessed having regard to the nature of any buildings on the property and any known heritage listings. However we have not obtained formal confirmation of heritage listings beyond what is available in the public domain and identified in this report. Our valuation assumes, unless otherwise specified, that any heritage issues (including Aboriginal) do not impact on the continued and/or highest and best use of the property. If there is doubt in relation to such issues we recommend written application be made to the relevant authorities.</i>
Identification	<i>The property has been identified as per details provided within this report. The identification comments are not provided in the capacity of an expert, and a surveyor (not a valuer) would be able to confirm the identification of the property and/or any encroachments by way of undertaking a site survey.</i>
Inconsistencies in Assumptions	<i>If there is found to be any variance, inconsistency or contradiction in any of the assumptions within this report then this may have an impact on the market value of the property and we recommend this valuation be referred back to the Valuer for comment.</i>
Leases and Rents	<i>This valuation is based on the lease terms and conditions summarised within this report sourced from a review of the available lease documentation and tenancy schedules made available. This valuation is made on the basis that the tenants are paying rent in accordance with the lease agreements and there are no undisclosed rental subsidies, rent free periods or other incentives that have been provided by the lessor. Our valuation assumes there are no material breaches of the essential terms of existing Leases by the existing Lessees and no material rental arrears at the date of Valuation.</i>
Market Change	<i>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 or factors that the Valuer could not have reasonably become aware as at the date of the Report). 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 any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.</i>

<p>Market Evidence Information Availability</p>	<p><i>In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the market evidence information and any other information provided to be accurate, not all details can and have been formally verified. Due to privacy laws, confidentiality agreements and other circumstances beyond our control, the valuer may not have had access to:</i></p> <ul style="list-style-type: none"> • <i>Personal details of parties involved in transactions (including the relationship of the parties);</i> • <i>Information on recent transactions that are yet to become public knowledge; and</i> • <i>Copies of leases or contracts to confirm rents or prices and to ascertain whether or not rents or prices are inclusive or exclusive of GST.</i>
<p>Native Title Assumption</p>	<p><i>We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.</i></p>
<p>Planning Disclaimer</p>	<p><i>Town planning and zoning information was informally obtained from the relevant local and State Government authorities and is assumed to be correct. Should the addressee require formal confirmation of planning issues then we recommend formal application be made to the relevant authorities to confirm planning details.</i></p>
<p>Publication of Report</p>	<p><i>The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.</i></p>
<p>Site Survey Disclaimer</p>	<p><i>This report is not a site survey and no advice is given in any way relating to survey matters. Any comments given in relation to the property are not given in the capacity as an expert, however, are based on our inspection of the property and review of the Certificate of Title plans. Should the addressee require absolute certainty in relation to the site area, dimensions or possible encroachments we recommend that a surveyor be engaged to provide appropriate advice and a survey of the property if considered necessary. In the event there are any fundamental inconsistencies between any site survey undertaken and site detail adopted in this valuation, the survey should be referred to the valuer for comment on any valuation implications (including amendment of our valuation if considered necessary).</i></p>
<p>Structural Disclaimer</p>	<p><i>This report is not a structural survey and no advice is given in any way relating to structural matters. Any opinion given as to the condition of the improvements on the property is not given in the capacity as an expert. A structural report on the building and/or its plant and equipment has not been sighted, and nor have we inspected unexposed or inaccessible portions of the premises. Therefore we cannot comment on the structural integrity, any defects, rot or pest infestation (or damage from pest infestation) of the improvements, any use of asbestos or other materials now considered hazardous or areas of non-compliance with the Building Code of Australia, other than matters which are obvious and which are noted within this report. This valuation assumes the building is structurally sound; that building services are adequate and appropriately maintained; the building complies with applicable Council, building, health, safety and fire regulations, laws, bylaws, rules, licences, permits and directives; and is free of asbestos or other defects, unless specified otherwise. Should an expert's report establish that there is any damage of the varieties noted above then we reserve the right to review this valuation.</i></p>
<p>Third Party Disclaimer</p>	<p><i>This report has been prepared for the private and confidential use of our client, Unique 15 Wilmot Trust for the specified purpose. It should not be reproduced in whole or part without the express written authority of Opteon (Tasmania) Pty Ltd or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.</i></p>
<p>Title and Unregistered Instruments</p>	<p><i>For the purpose of this report we have assumed that the title information provided to us is correct. Our Valuation has been assessed assuming the property is only affected by encumbrances noted on Title with the exception of registered instruments (eg. mortgages or caveats) that are normally and expected to be discharged prior to transfer of the property. If there are any encumbrances, encroachments, restrictions, leases or covenants which are not noted on the title, they may affect the assessment of value. If there are errors or omissions found to exist on the title documents we should be notified and we reserve the right to review our valuation.</i></p>