



18 September 2019

Midcoast Pty Ltd
C/- Level 6,
9 Beach Road
Surfers Paradise Qld 4217

Dear Sirs,

RE: Appraisal as at 30 June 2019
Lot 6 BUP 10490 / 9 Beach Road, Surfers Paradise

Further to your request the writer has undertaken research in order to establish an appraisal of the subject property as at 30 June 2019.

The property comprises the whole of the top level of a 27 year old, 7 level, commercial building in the centre of the corporate sector of Surfers Paradise. The building combines 14 ground level commercial lots, the "Surfers Paradise RSL Club" which occupies levels 1 and 2, APC Education College on level 3, professional offices on levels 4 – 6 and a 39 car basement security car park.

Lot 6 (level 6) presents extremely well with an extensive fitout and encompasses the entire top floor with a total strata area of 596m² and a net lettable area of 502m². The floor is split into two professional office tenancies and has the exclusive use of 5 single car bays and 1 tandem bay in the basement security car park.

Tenancy Details

Tenancy 1:

Tenant: Steindls Solicitors
Net Lettable Area: 356m²
Term: 3 years
Commenced: 1 February 2018
Net Annual Rent: \$156,000 + gst (including 5 single & 1 tandem car bay)
Outgoings: Paid by tenant – body corporate, council rates & water
Rent Reviews: Nil

Tenancy 2:

Tenant: PKF Accountants
Net Lettable Area: 146m² plus 17m² balcony
Term: 5 + 5 years
Commenced: 1 July 2017
Gross Annual Rent: \$52,351.60 + gst
Outgoings: Nil excepting utility charges
Rent Reviews: 4% annual increase and reviewed to market at option

In order to undertake the following appraisal the writer has researched sales of similar strata office lots on both an investment yield and \$/m² of net lettable area.

Recent Sales

Address	N.L.A.	Sale Date	Sale Price	\$/m ²
Level 5 / 9 Beach Road Surfers Paradise	500m ² (7 car bays)	12 / 2018	\$1.95m	\$3,900/m ²
Comments: The whole of Level 5, including the balcony areas, comprise a gross strata area of 596m ² (N.L.A 500m ²) plus it has the exclusive use of 6 single and 1 tandem car bay in the basement security car park. This property was leased to a long term tenant, PKF Accountants and at the time				

of sale had 8½ years to run on its current term with a net annual return of \$152,000 (excluding land tax). This equated to a gross return of \$360/m ² /annum, excluding car parks, which showed a net return of 7.8% excluding land tax and management.				
Lot 12 / 142 Bundall Road Bundall	283m ² (7 car bays)	5 / 2019	\$825,000	\$2,915/m ²
Comments: An inferior level 3 office in an inferior corporate location & building and included the exclusive use of 4 security car parks and 3 open air car bays. A new 4 + 4 year lease had just commenced at the time of sale with an annual net income of \$61,000 plus outgoings. This equated to a gross annual rent of \$321/m ² with the sale price showing a net return of 7.4% excluding land tax and management.				
Level 1 / 6 Waterfront Place Robina	263m ² (6 car bays)	12 / 2018	\$1,070,000	\$4,068m ²
Comments: This sale comprised two vacant commercial lots on Level 1 in a modern 12 year old office building near the Robina Town Centre, with the exclusive use of 6 car bays. The property presented extremely well with an extensive fitout.				
Lot 19 / 33 Elkhorn Avenue Surfers Paradise	311m ² + 4m ² balcony (7 car bays)	10 / 2018	\$1,000,000	\$3,215m ²
Comments: This vacant lot comprised the majority of Level 7 (2 nd top floor) with the internal area very dated and requiring a refurbishment.				

Financial Summary

Annual Gross Income \$208,351 + gst

Outgoings (2018 – 2019 year)

Body corporate, rates & water \$ 44,414 (including discount for on-time payment & excluding gst)
\$163,937

Recoverable Outgoings \$ 31,489+ gst (Tenancy 1)

Net Annual Income \$195,427 + gst (approximate)

The majority of the net lettable area (70.9%) of the property is occupied by Tenancy 1 which only has a relatively short period to run on its lease with Tenancy 2 having approximately three years remaining.

After assessing the research the writer believes the most appropriate appraisal is on a \$/m² of net lettable area.

Similar commercial strata lots have ranged from \$2,915/m² for an inferior office premises at Bundall to \$4,068/m² for an extensively fitted vacant office premises in a well located corporate office building at Varsity Lakes.

A similar style, extensively fitted office premises encompassing the whole of level 5 directly below the subject property also sold in December 2018 for \$1.95 million, which equated to \$3,900/m² of net lettable area.

After assessing all of the research the writer gives an appraisal, as at 30 June 2019, of approximately \$4,000/m² of net lettable area.

Market Appraisal

502m² @ \$4,000/m² = **\$2,008,000**

Please call the writer on 0419 772 867 for any questions you have in regards to the above.

Yours faithfully
WAYNE ROBBIE & ASSOCIATES



Wayne Robbie