

VALUATION REPORT

PROPERTY: 13 Waddikee Road

Lonsdale SA 5160

For: Gregory K Meyer and Linley M Meyer



Kofi Adih & Associates, Consultant Valuers-Company Profile.

The company commenced trading in 1991. It carries the simple purpose of providing a totally independent and boutique type professional property valuation services, and everything to do with property in general for the benefits of our clients. We are very much and unashamedly client focused. Our geographic coverage extends over the whole state. In this respect, we have undertaken valuations from Mount Gambier in the south to Mintebie in the north, from Frances on the Victorian border in the east to Ceduna on the edge of the Nullarbor Plains in the west. The main body of our valuation work is carried out in the Adelaide and surrounding areas.

In the light of our vision and guided by the purpose for which the valuation is required we pursue our passion for Valuation Excellence, and the Provision of Unrivalled Property Advice with consideration of fitness for purpose and justifiability. We are acknowledged for our professional and intellectual application to the solution of complex and sometimes litigious valuation problems always governed by our desire to help our clients solve their valuation problems by adhering to our values of:

Knowledge: The sum of market facts, and keen appreciation of valuation and financial principles.

Perspective: The ability to bring together market facts, and valuation and financial principles in a meaningful way to achieve both a valuation objective at the same time conceptual conformance to accepted definition of Market Value.

Passion: Enthusiasm to deliver quality service. Energy and Commitment.

Respect: For clients, other stakeholders, public and private institutions and ourselves.

Professionalism: Uncompromising in our ethics and standards. Doing the right thing in the right way.

Our services include:

- Valuation of all types of properties, and the provision of property advisory services.
- Development appraisal/valuation for both project and product – feasibility studies.
- Strategic Property Reviews.
- High level problem solving, valuation modelling and bringing complex property information into practical application.

Table of Contents

Kofi Adih & Associates, Consultant Valuers-Company Profile.	2
Report Summary	4
Introduction.....	6
Critical Assumptions.....	6
Definition of Market Value.....	8
Definition of Market Rental Value	8
Title details.....	8
Zoning.....	9
Highest and best use.....	10
Location	11
Site	12
Improvements	13
Environmental consideration	17
Market Rental Valuation.....	17
Valuation Considerations.....	19
Current Market Valuation	20
Comparable sales.....	20
Valuation Methodology.....	22
Value Estimation	22
Statement of Value.....	23
Disclaimer	23

Report Summary

Instructions: Mr. Greg Meyer.

Valuation elements:

Estate valued: Fee simple.

Method of valuation: The property is valued using Capitalisation Method and using the Direct Comparison Method as a check.

Date of inspection: 13 May 2021

Date of Valuation: 13 May 2021

Zoning:

The property is zoned Strategic Employment intended primarily for a range of higher impact uses including general industry, warehouse, transport distribution and the like supplemented by other compatible development.

The current development accords with the provisions of the planning and design codes.

Property description:

Location: The property is located about 26 kilometres southwest of Adelaide GPO and is situated approximately midway between Sherriffs Road to the north and O'Sullivan Beach Road to the south both roads being the main thoroughfares in Lonsdale. The locality is the pre-eminent industrial area in the southern metropolitan area developed in the 1970's purposely as an industrial estate and consequently has an industrial character with the

built form comprised predominantly of corrugated metal clad buildings interspersed with tilt up concrete buildings. The subject property fits in well within the overall character of the locality.

Site: The land is a rectangular shaped parcel of land with an expansive frontage of 33.00 metres onto Waddikee Road along its southern boundary and extends to a depth of 41.00 metres Land area is 1,353 square metres approximately.

Improvements: The site is improved with an office warehouse/workshop comprising a hebel clad front office, a central corrugated metal clad shed and a rear shed substantially clad with pre-cast concrete panels. Total area under cover is approximately 992 square metres of which 253 square metres is comprised within a canopy with the rest of the accommodation providing dual tenancies. Approximately 432 square metres of space is occupied by associated interest/owner occupied.

Current Market Rental Value: **\$30,240 p.a. plus outgoings and GST for the owner occupied space**

Current Market Value: **\$706,000 exclusive of GST:**

Introduction

Instructions were received from Mr. Greg Meyer to provide a current Market Valuation and a Current Market Rental Valuation of the property situated at 13 Waddikee Road Lonsdale SA 5160 and described in more details elsewhere in this report.

The report is required for self-managed super fund compliance purposes.

The property was inspected on 13 May 2021 and this date shall be the effective date for the assessment.

The instructing party, in relying on this report, agrees to indemnify, hold harmless and hereby release Kofi Adih Pty Ltd from and against any claims, liabilities, costs, expenses or damages made or brought against or paid or incurred by Kofi Adih Pty Ltd at any time and in any way arising out of or relating to this valuation.

Critical Assumptions

While all reasonable endeavours have been made to clarify the accuracy of the information provided, it is assumed that the information provided by the instructing party consists of a full and frank disclosure of all information that is relevant.

The following information and assumptions have been utilised in our assessment of the valuation:

- That the land is not subject to any encroachments or onerous restrictions on use or enjoyment.
- That the land does not require any contamination remediation works.
- That any buildings on the land have been constructed in accordance with law and are not subject to any structural defects, design defects or pest infestation.
- That the buildings, on the land, have been erected and are being used in compliance with all applicable town-planning, Occupational Health and Safety

and fire prevention requirements. Further they are not subject to any outstanding requisitions imposed by any public authority.

- That all structural improvements on the land are wholly within the title boundaries.
- That the property is unaffected by any road alteration proposals.
- That we have been provided with all information about the property known to the client, which might reasonably be expected to affect its valuation.
- During this valuation we have also relied upon third party provided information. We have reviewed this information for consistency and reasonableness. We are unable to independently verify the information provided. We have no reason to believe the sources utilised are other than reliable, however, we are unable to assume any liability for their accuracy or otherwise.
- The measurements denoted herein have been based on information gathered from one or more of the following sources. The Certificate of Title, SAILIS website of the Department of Planning, Transport and Infrastructure, third party sources such as Core Logic Sales data base, real estate agents and other industry participants, and the instructing party. The valuer assumes no responsibility for the accuracy of the information provided by third parties and assumes no variations in the area as provided. If this is not the case, we reserve the right to review this valuation.
- Unless otherwise specified comparable properties were inspected externally and are not independently measured. Areas adopted are those advertised or reasonably estimated and or publicly available and or sourced from third parties. Such areas have not been independently verified.
- This valuation is current as at the relevant date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including because of general market movements or factors specific to the 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 any responsibility or accept any liability where this valuation is relied

upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

- We have prepared the report for the benefit of the instructing party and have considered only the interest of the instructing party. We have not been engaged to act and have not acted as adviser to any other party. Accordingly, we make no representation as to the appropriateness, accuracy or completeness of the Report for any other party's purposes for example mortgage security. Any other person seeking to rely on same may not do so without our express consent. Any other person wishing to rely on this valuation is invited to discuss our terms for granting our consent.

Definition of Market Value

For this report, Market Value means the most probably price that the property can reasonably be expected to sell for between a willing seller and a willing buyer in an arm's length transaction as at the effective date of valuation after proper marketing wherein the parties have acted prudently, knowledgeably and without compulsion.

Definition of Market Rental Value

The Australian Property Institute defines Market Rental Value as "the estimated amount for which a premises should rent at the relevant date, between a willing lessor and a willing lessee in an arm's length transaction, wherein the parties had each acted knowledgeably, prudently and without compulsion, and having regards to usual market terms and conditions for a lease of similar premises."

Title details

The title has not been searched. However, ownership and other details discovered through other LTO searches as at the relevant date of valuation are as follows:

The property is legally described as follows:

Allotment 18 : Deposited Plan: 10019

Certificates of Title Register Book Volume 5096 Folio 45.

Registered proprietor: Gregory Keith Meyer and Linley Margaret Meyer

Registered encumbrances: Encumbrance to the South Australian Housing Trust

Since the Certificate of Title has not been inspected we reserve the right to reconsider the Valuation should the title documents indicate matters that may materially affect same.

Zoning

In the Planning Development and Infrastructure Act, the property is zoned Strategic Employment.

The desired outcome of the Assessment Provisions call for a range of industrial, logistical, warehousing, storage, research and training land uses together with compatible business activities generating wealth and employment for the state.

Regarding Performance Outcomes, the Assessment Provisions call for development primarily for a range of higher impact uses including general industry, warehouse, transport distribution and the like supplemented by other compatible development.

Code-Assessed Deemed-To-Satisfy developments include fuel depot, general industry, light industry, warehouse, service trade premises, store and shop among others.

Code Assessment relates to the application for assessable development and requires assessment of a proposal against all relevant development codes which the subject site is located within the jurisdiction of.

The current development which is an office/warehouse and factory satisfies the provisions of the Code.

Highest and best use

Highest and best use analysis is an extension of economic analysis and is generally the most profitable use from among proposed uses, which are physically possible, appropriately justified, legally permissible, financially feasible and expected to generate the highest rate of net return over the investment horizon in relation to the total capital invested.

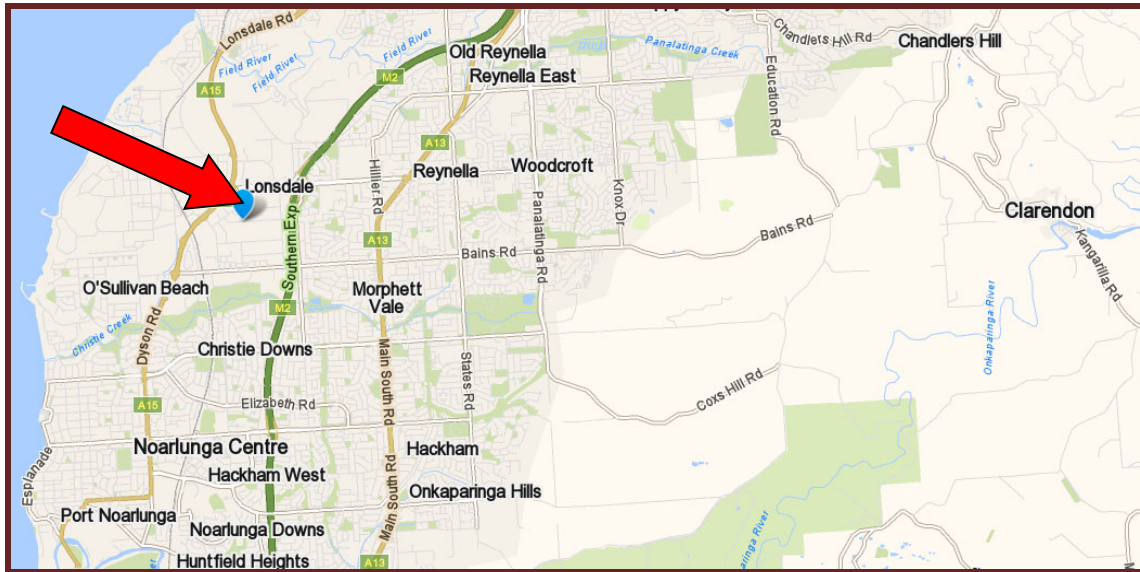
Where land is developed, and the benefits of existing improvements are unexhausted this principle requires that the property is valued based on the most profitable legal and possible use of the improvements with the credible potential to maximise returns to land and hence its value.

To be considered as the Highest and Best Use of a property, any potential use must pass a series of tests. In general, the use must be:

- legally allowable
- physically possible
- financially feasible
- maximally productive

The current use of the premises has a credible potential to maximise returns and hence value of the property.

Location



The property is located about 26 kilometres southwest of Adelaide GPO and is situated approximately midway between Sherriffs Road to the north and O'Sullivan Beach Road to the south both roads being the main thoroughfares in Lonsdale.

This locality is accessible from the city via roads extending to the south-western metropolitan area including the southern expressway exiting the expressway at the Sherriffs Road ramp a short distance from the site.

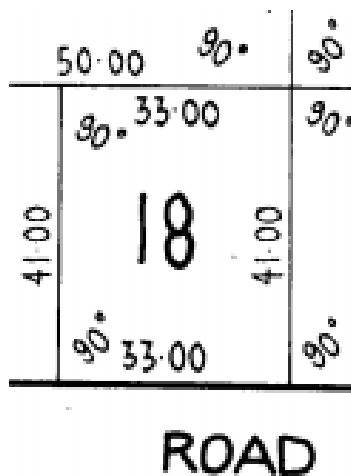
Bus services are available to this locality with the nearest bus route being Kitiwah Road a short distance from the site.

The locality is the pre-eminent industrial area in the southern metropolitan area developed in the 1970's purposely as an industrial estate and consequently has an industrial character with the built form comprised predominantly of corrugated metal clad buildings interspersed with tilt up concrete buildings.

The subject property fits in well within the overall character of the locality.

The Southgate Plaza Shopping centre is about 2.5 kilometres away from the site. The locality adjacent the Southgate Plaza Shopping Centre accommodates a decent range of facilities. The Noarlunga regional centre with a comprehensive range of retail, commercial, civic, entertainment and educational facilities is about 5.5 kilometres to the south. Other facilities are largely within a range of three kilometres from the site

Site



Site Dimensions:	The land is a rectangular shaped parcel of land with an expansive frontage of 33.00 metres onto Waddikee Road along its southern boundary and extends to a depth of 41.00 metres
Site Area:	Land area is 1,353 square metres approximately.
Topography:	Cross falls with the predominant slope being down to the rear.
Subject to slip:	No.
Site Drainage:	Satisfactory
Subject to flood:	No.
Road sealed:	Yes. Bituminised.
Kerbs:	Concrete.
Power lines:	Overhead.
Paths:	None

Corner site/rear access: No.
Services: All the usual services are provided on site and or can be easily extended onto the land.

Waddikee Road is an industrial grade road with wide carriages.

Kerbside parking is available in front of the site.

Improvements

The land is improved with an industrial building originally built in the 1970's but has since being reclad and added to.

The building comprises a single storey hebel clad office building with aluminium frame windows and corrugated metal roof with area of 37 square metres. Attached to the rear of the office are two warehouse/workshops with total area of 702 square metres and a canopy of 253 square metres.

The office is partitioned into an air conditioned managers office, an air conditioned reception area, kitchen and toilet facilities one of which is accessed from the warehouse.

Finishes within the office comprise carpet and tiled floors, painted plasterboard internal walls and ceilings, extensive built in cupboards in both the office and reception areas and hand basins in each toilet.

The accommodation presents well.



The warehouse adjacent the above office is 395 square metres in size and has corrugated metal cladding to the walls and roof. Additionally, it has intermittent translucent roof sheets, one roller door about 4.0 metres wide and approximately 4.5 metres high, internal clearance ranging from approximately 5.7 metres at the eaves to 9.0 metres at the ridge, clear span except for structural bracing tying the beams and columns that intrude diagonally into the space, good levels of natural light supplemented with hanging industrial grade lamps and florescent lights

Extending behind the office is a mezzanine area measuring 6.4 metres by 18.5 metres providing an area of 118 square metres approximately.



Located to the rear of the above shed is a second tenancy area of 307 square metres. The building is substantially of concrete panel construction and has internal offices and amenities of approximately 26 square metres partitioned into an office, lunchroom and one toilet.



Finishes within the office include painted plasterboard walls and ceilings, carpet floors to the offices and tiles to kitchen and wet area and florescent lighting. The kitchen is well appointed.

The rest of the space provided adaptable and flexible industrial accommodation with clear span, clearance of ranging from 4.2 metres to 8.4 metres approximately, one roller door 4.0

metres wide and 4.7 metres high, hanging industrial grade lamps and good levels of natural lighting, reflective foil insulation (sisalation) and intermittent translucent roof sheets.



Other improvements include a canopy, concrete drives and hardstand areas and perimeter fencing.



Externally, the building appeared to be in satisfactory condition with no visible signs of any structural failures.

Environmental consideration

The property is used for the production of shop fittings.

The Environment Protection Authority (EPA) does not maintain a list or register of contaminated sites. It does, however, provide a public register directory in the form of Ground Water Notification Index. This index is a list of notifications of actual or potential ground water contamination which have been received by the EPA since 1/7/2009 ordinarily referred to as Section 83A notifications under the Environmental Protection Act 1993. These are notifications only and not evidence that contamination has been confirmed. My enquiries indicate that the property is not included on this Site Contamination Groundwater Notifications Index as last updated on 17/2/2021.

Further, we were not provided with an asbestos register. It is, however, known that there is asbestos in over 3,000 building materials with the most common being as backing for vinyl floor cover, eaves and as insulation in hot water systems and electrical switches. Buildings built prior to 1982 may have asbestos containing materials. Even buildings constructed after this date up until the early 1990's may contain some asbestos. Most materials containing asbestos are usually embedded within the building fabric and are not readily accessible and or visible. Given the age of the improvements it is possible that there is asbestos present within the fabric of the building.

If, subsequent to our valuation, contamination of the land is found to exist, this could seriously impact upon our valuation assessment and the valuation should be referred back to the Valuer for comment and if necessary a reassessment of this valuation

Market Rental Valuation

The rear shed is tenanted returning \$22,727.27 per annum approximately on a one year lease renewed annually. This rent equates to approximately \$74/m² which is consistent with market expectation

The front office and attached warehouse together about 432 square metres is occupied by associated interest and has no prima facie evidence of current rental income. The likely rent for this space will be assessed.

The traditional and usually unexceptionable method of assessing rents is to seek out a reasonable number of relatively contemporaneous transactional evidence between parties at arm's length unaffected by special circumstances such as incentives and use these as yardstick for the valuation of the subject premises.

Market evidence considered include.

1. 2/19 Aldenhoven Road Lonsdale. One of two industrial units. Lease from 3/2021 on a five year lease at \$32,400 per annum plus outgoings and GST. Office warehouse of corrugated metal construction with brick façade and internal offices. Floor area of 587m² equating to \$55.20/m² approximately. CPI annual rent reviews. The shed has clear span and low clearance. Paved hardstand. Inferior presentation.
2. 2/11 Ellemsea Circuit Lonsdale. Modern looking corrugated metal clad workshop with shop front display windows to the front and one roller door leased from 2/2021 on a 3+2 year lease at a starting rent of \$21,960 plus outgoings and GST. One of three units within the complex . Building has area of 345m², clear span, good clearance, good lighting and small internal offices plus concrete hardstand and car parking at the front. Security perimeter fencing. Rent equates to approximately \$64/m². CPI/Market rent reviews. Comparable appeal but lacks the extensive canopy of the subject property.
3. 1/49 Ellemsea Circuit Lonsdale. One of a pair of industrial units. Leased from 1/2021 on a 2+1+1+1 year lease with one month rent free period. Initial rent of \$31,584 per annum plus outgoings and GST. CPI annual rent reviews with market in 2023 and 2025. Modern concrete panel construction with glass showroom front façade and one front roller door fronting concrete hardstand and car parks. Floor area of 429m² equating to approximately \$74/m². Better building.
4. 10 Bredbo Street Lonsdale. Leased from 12/2021 on a 3+3 year lease with CPI/market rent reviews. Starting rent of \$28,000 for a building with area of 375m².

The building has a front single storey office attached to a corrugated metal clad shed with multiple roller doors equating to approximately \$75/m². The demised area is the whole of the land with area of 1950m² affording expansive concrete hardstand areas. Comparable

5. 34 Donegal Road Lonsdale. Leased in April 2020 for \$31,000 equating to approximately \$89/m² plus outgoings estimated at approximately \$4,700 on a 2+2+1-year lease. This property is improved with an office warehouse of 350m² on a site of 1560m². The warehouse has evaporative cooling. The office includes showroom and new carpets and repainted. Extensive hardstand areas provided. Fully fenced yard.

Based on the market intelligence considered and having regards to the extensive canopy area available the current market rental value of the area occupied by associated interests which is about 432 square metres is estimated to be approximately:

\$30,240 per annum plus outgoings and GST (70/m² approximately).

The total property income is estimated at approximately:

\$52,967.27 per annum plus outgoings and GST

Valuation Considerations

The property is located within the pre-eminent industrial estate in the southern metropolitan area. Access to this locality is good with the locality enjoying good connectivity to the Southern Expressway, Lonsdale Highway and South Road

The property has flexible zoning that allows for a range of possible uses including general and light industry, shop, office and service trade premises.

The land is rectangular in shape, has no easements and a good frontage of 33.00 metres and area of 1,353 square metres approximately.

Total area under cover is approximately 992 square metres of which 253 square metres is comprised within a canopy with the rest of the accommodation providing dual tenancies.

The commercial real estate market is buoyant. The effective containment of the pandemic, the swift economic recovery, the abolition of stamp duty on commercial property transactions which coupled with the low cost of capital and the general low interest regime is increasing appetite from cashed up private investors to switch or redeploy capital to direct commercial property investment, particularly properties with quality fundamentals in terms of location, asset quality and quality of tenant.

Furthermore, such is the weight of money looking for a home that properties of quality nature that possess these strong fundamentals being primarily location, quality of building and quality of tenant are achieving strong results.

Occupier demand for space in all sectors of the industrial market is good broadly underpinned largely by infrastructure spend and defence activities.

Buyer demand for industrial properties in Adelaide has been good. Demand is coming from both owner occupiers and investors with the stimulus in the market provided by both the low cost of capital and stamp duty abolition providing impetus for tenants to become owner occupiers.

Current Market Valuation

Comparable sales

The traditional and usually unexceptionable method of assessing market value of land is to seek out a reasonable number of relatively contemporaneous sales evidence between parties at arm's length passing the test of a market transaction and unaffected by special circumstances and use these as a yardstick for the valuation of the subject premises.

Sales considered as capable of providing a stable and consistent basis for the valuation are described below:

1. 58 O'Sullivan Beach Road Lonsdale. Sold 5/2021 for \$825,000. A strata titled corrugated metal clad unit further partitioned into five workshop units each about 180m² providing a total building area of 936m². The property is fully tenanted and returning \$67,769 per annum plus outgoings of \$9700 per annum approximately. The site is fully fenced and paved with poured concrete. O'Sullivan Beach Road is the main thoroughfare affording the site good exposure and great accessibility. Yield is approximately 8.2%. Inferior title. Better exposure. Inferior improvements.
2. 11 Enterprise Court Lonsdale. Sold 12/2020 for \$550,000. Corrugated metal clad warehouse with an attached single storey front office. The land has area of 1500m² with frontage of 30m. Building area is 432m². Comparable size land. Smaller improvements. Sold with vacant possession.
3. 4 Kiwi Court Lonsdale. Sold 2/2021 for \$800,000. A pair of office warehouses comprising corrugated metal clad warehouse with attached front single storeyed brick offices. Building area of 857m². Leased but details not available. Site area of 2391m² with frontage of 23.24m and is situated in a cul de sac and enjoys exposure to Dyson Road.
4. 2 Kiwi Court Lonsdale. Sold 7/2020 for \$570,000. Office warehouse comprising a single storey brick offices and an attached corrugated metal clad workshop in an "L" configuration. Building area of 749m² on a site with area of 1840m². Inferior improvements. Lesser site cover.
5. 15 Farrow Circuit Seaford. Sold 1/2021 for \$735,000. A group of three self-contained industrial units built in 2008. The units are comprised in two corrugated metal clad sheds with total building area of 748m² plus bituminised hardstand. Site area is 2333m² and fully fenced. The units are fully tenanted and returning approximately \$52,042 per annum net plus outgoings and GST. This shows a yield of 7% approximately.
6. 2 Virginia Road Newton. Sold 1/2021 for \$1,480,000. A circa 1970's cement block office warehouse with an attached solid brick single storey office. The accommodation comprises 175m² of offices plus 774m² of warehouse summing up to a total of 949m².

An expansive canopy of 268m² is also provided. The property is leased and returning \$80,000 net plus outgoings and GST showing a yield of 5.4%.

Valuation Methodology

It is proposed to value the property using the Capitalisation approach.

To consider our Capitalisation Approach, we have: -

- Firstly, considered the potential property rental income which in this case has been estimated at \$55,727.27 per annum plus outgoings and GST.
- Deducted non-recoverable outgoings if any in this case land tax.
- Capitalised the net maintainable income in perpetuity at an appropriate market determined capitalisation rate of 7.5%.

Value Estimation

The property is valued exclusive of GST as follows:

Estimated income		52,967.27
Less		
Estimated Land Tax	\$	-
Other usual owners outgoings	\$	-
Net Income	\$	52,967.27
Yield		7.50%
CURRENT MARKET VALUE	\$	706,230.27
Say	\$	706,000.00
Value/m ² land area	\$	521.80
value/m ² building area	\$	1,005.70

Summary of Sales

Address	Date	Sale Price	Building Area	\$/m2 Bld Area	Land area	\$/m2 Land area
58 O'Sullivan Bch	May-21	\$ 825,000.00	936	\$ 881.41		
11 Enterprise	Dec-20	\$ 550,000.00	432	\$ 1,273.15	1,500	\$ 366.67
4 Kiwi	Feb-21	\$ 800,000.00	857	\$ 933.49	2,391	\$ 334.59
2 Kiwi	Jul-20	\$ 570,000.00	749	\$ 761.01	1,840	\$ 309.78
16 Farrow	Jan-21	\$ 735,000.00	748	\$ 982.62	2,333	\$ 315.05
Subject		\$ 706,000.00	702	\$ 1,005.70	1,353	\$ 521.80

The rate per square metre building area compares favourably with that disclosed using the Direct Comparison Approach without explicitly accounting for the value subsumed in the rate by the value of the canopy.

Both methods are therefore considered as corroborating and supportive of each other.

Statement of Value

Based on the analysis of the sales listed above and other general market intelligence the property is valued exclusive of GST at

Seven Hundred and Six Thousand Dollars (\$706,000)

Disclaimer

This valuation is for the use of the party to whom it is address and for the purpose disclosed in our instructions. No responsibility is accepted to any third party who may rely in whole and or in part on the content of this report.

This valuation is not a structural survey and any comment made on the structural integrity of the building is limited to that which is obvious and visible.

This valuation does not warrant that the property is free from defects, infestation, and contamination or conforms to existing building regulations. Also, the valuation does not warrant that the improvements are contained within the allotment boundaries and that there is no encroachment either onto adjoining lands or that adjoining properties do not encroach onto the subject.

This report does not make allowance for contamination that may have occurred as result of past or present land use. Should any environmental hazard be found to exist this report should be referred to me for reappraisal.

The outbreak of the Novel Coronavirus (COVID-19) was declared as a 'Global Pandemic' by the World Health Organisation on 11 March 2020. We have seen global financial markets and travel restrictions and recommendations being implemented by many countries, including Australia. The real estate market is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a significant market 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.



Kofi Adih -AAPI

Certified Practising Valuer

API No 63950