



## VALUATION REPORT

**Property:** 135 Fitzroy Street  
COWRA NSW 2794

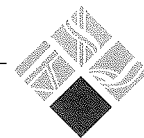
**Instructions:** Graham Berry  
Berry Family Superannuation Fund  
PO BOX 161  
COWRA NSW 2794



**Purpose:** To determine the fair market value of the subject retail/industrial property for asset valuation purposes.

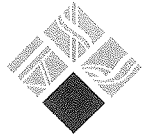
**Date:** Inspection: 13<sup>th</sup> February 2012  
Valuation: 13<sup>th</sup> February 2012

**Our Reference:** Word/2012/12-0357



## CONTENTS

1.0	EXECUTIVE SUMMARY .....	1
1.1	Instructions.....	1
1.2	Definitions .....	2
1.3	Inspection/Valuation Date .....	2
1.4	Assumptions and Qualifications .....	3
1.5	Fair Market Value.....	4
2.0	LOCATION.....	5
2.1	Subject Property .....	6
2.2	Access .....	7
3.0	LAND AND TITLE .....	8
3.1	Ownership.....	8
3.2	Lot Identification.....	8
4.0	TOWN PLANNING.....	9
5.0	THE LAND .....	10
5.1	Environmental Considerations .....	11
6.0	SERVICES.....	11
7.0	STATUTORY VALUE/CHARGES .....	11
8.0	IMPROVEMENTS .....	12
8.1	Existing Improvements.....	12
8.1.1	Layout.....	12
8.1.2	Building Areas.....	13
8.2	Comments on the Improvements .....	14
8.3	Asbestos Materials Report.....	14
9.0	MARKET EVIDENCE.....	15
9.1	Reconciliation of Market Evidence .....	17
9.2	Market Overview .....	18
10.0	MARKET SUMMARY.....	18
10.1	Activity.....	18
10.2	Direction.....	18
11.0	APPROACH TO VALUATION.....	19
11.1	Introduction .....	19
11.2	Direct Comparison Approach.....	19
11.3	Valuation Conclusions.....	19
11.4	Highest and Best Use .....	20
11.5	Insurance Value .....	20
11.6	Risk Analysis.....	20
12.0	SWOT ANALYSIS .....	21
13.0	GENERAL.....	21
14.0	VALUATION.....	22
14.1	Fair Market Value.....	22



## 1.0 EXECUTIVE SUMMARY

### 1.1 Instructions

We have been instructed by Graham Berry of Berry Family Superannuation Fund to assess the market value of industrial / retail property located at 135 Fitzroy Street Cowra.

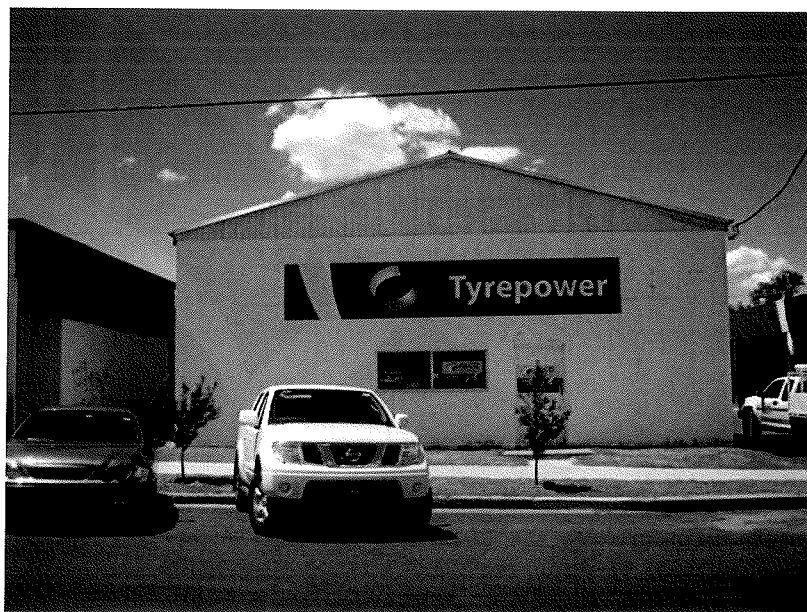
Our valuation has been prepared for asset valuation purposes and may only be relied upon by Graham Berry. The report is not available for any other purpose, nor is any liability extended to any third party, without the valuer's written authority and consent.

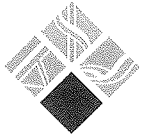
The interest being valued is the unencumbered fee simple of the subject industrial / retail property.

If it is intended that any other mortgagee rely upon this valuation for mortgage security purposes, they must seek an express written authorisation from Saunders & Staniforth. We will not accept any responsibility or liability for reliance upon this valuation without such an authorisation. This report has been prepared in accordance with the Australian Property Institute's Mortgage Valuation Practice. It is only suitable for an APRA approved lending institution.

Our assessment has been completed on the basis of certain critical assumptions and qualifications as detailed in Section 1.4 of this report.

The subject property comprises an older warehouse style rendered brick and corrugated metal building situated within 600m east of the main town centre of Cowra.





## **1.2 Definitions**

This valuation has been undertaken in accordance with the following definitions as issued by the Australian Property Institute.

### **Market Value**

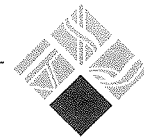
*"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms' length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."*

### **Highest and Best Use**

*"The use from among reasonably probable and legal alternative uses, found to be physically possible, appropriately justified and financially feasible which results in an optimum value for the asset valued."*

## **1.3 Inspection/Valuation Date**

The date of inspection/valuation is 13<sup>th</sup> February 2012.



#### 1.4 Assumptions and Qualifications

The valuation has been tendered on the basis of certain critical assumptions and qualifications which include:

- No Compliance Certificate/Certificate of Classification has been obtained and this valuation is subject to the building(s) complying in all material respects with any restrictive covenants affecting the site and has been built, occupied and was being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classifications, building, planning, fire and health by-laws (including asbestos and legionnaires disease), rules, regulations, orders and codes of all authorities and that there are no outstanding requisitions.
- To the best of the valuer's knowledge, the subject property is not affected by Heritage, landslip, pest infestation or resumption matters, however, no searches have been undertaken in this regard.
- This valuation report does not purport to be a site or structural survey of the land or improvements thereon and is not intended as such. Any opinion as to the site or the condition of improvements is not given in the capacity as an expert and should not be relied upon.
- To the best of the valuer's knowledge, the land is not affected by unstable, hazardous, or toxic soil material; however, no searches have been undertaken in this regard. This valuation assumes that there are no problems, however, should any such issues arise and then this matter should be referred to the valuer for further comment.
- This valuation assessment is exclusive of GST and has been completed on the basis that should GST be payable on the sale of this property, it would be recovered from the purchaser resulting in the vendor not being financially disadvantaged.
- The valuer has no pecuniary interest in the subject property either past, present or prospective at the date of preparing this report and the opinion expressed is free of any bias in this regard.
- This valuation report is for the use of any may be relied upon only by the party/parties to whom it is addressed. No other parties are entitled to use or rely upon it and the valuer does not assume any liability or responsibility to any other party who does so rely upon the valuation without the express written authority of Saunders & Staniforth.
- 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 this comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three 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.
- That the leases applicable to the subject property are properly constituted and fully enforceable.
- That the lease and rental information provided with our instructions is complete, accurate and correct.
- Any other assumptions and qualifications contained within this report.



### 1.5 Fair Market Value

We are of the opinion the current fair market value of the fee simple with vacant possession interest of the subject industrial/retail property, for asset valuation purposes, as at 13<sup>th</sup> February 2012 is:

**\$130,000**

**(One hundred and thirty thousand dollars)**

- The valuation amount is GST exclusive

### SAUNDERS & STANIFORTH

#### MARY SYMONS

AAPI Certified Practising Valuer  
Advanced Diploma Property Valuation  
Bachelor of Management (Farm Business)  
Registered Valuer No. 018437

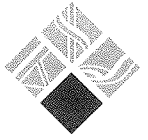
(Primary Signatory)

#### MITCHELL STANIFORTH

AAPI Certified Practising Valuer  
B Com & Land Econ  
Registered Valuer No. 5016

(Counter Signatory)

*The counter signatory, who has read and signed this report, verifies that the report is genuine and is endorsed by Saunders and Staniforth Valuers. The opinion of value expressed has been arrived at by the primary signatory who undertook the valuation*

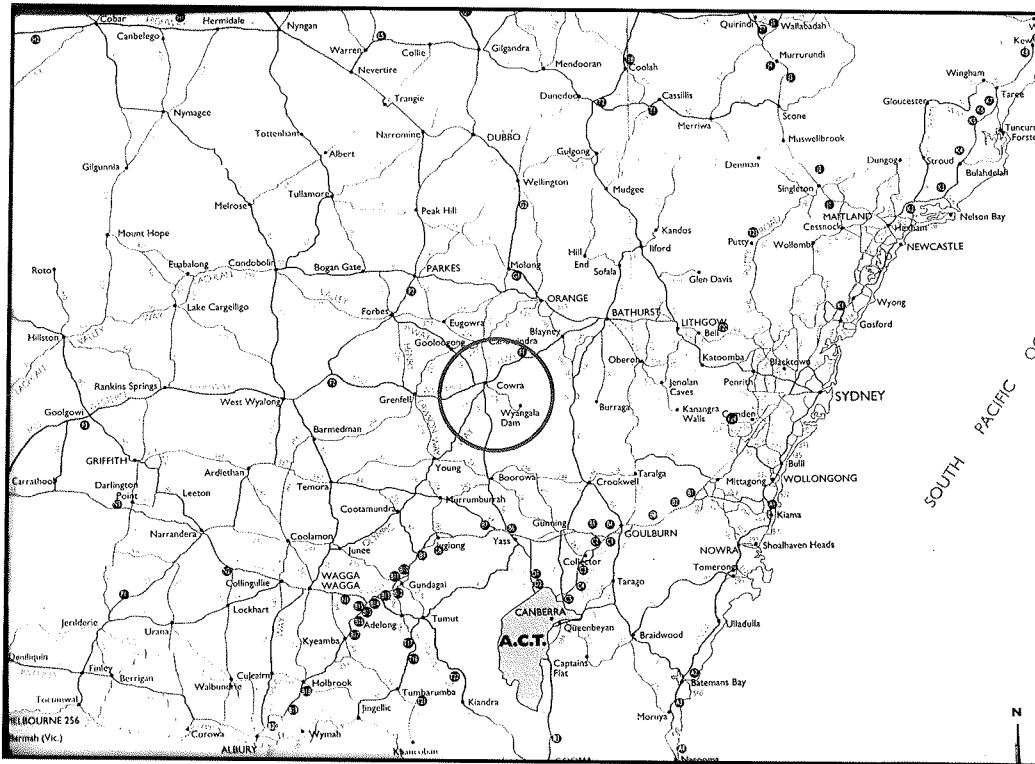


## 2.0 LOCATION

Cowra Shire is located in Central New South Wales, 310 kilometres driving due west of Sydney. The Shire area is 2,800 square kilometres and it is located between the Council areas of Blayney, Cabonne, Forbes, Weddin, Young and Boorowa Shires.

Population has shown steady growth and was 13,260 in 2006 census

A locality map below shows Cowra in Central Western NSW.



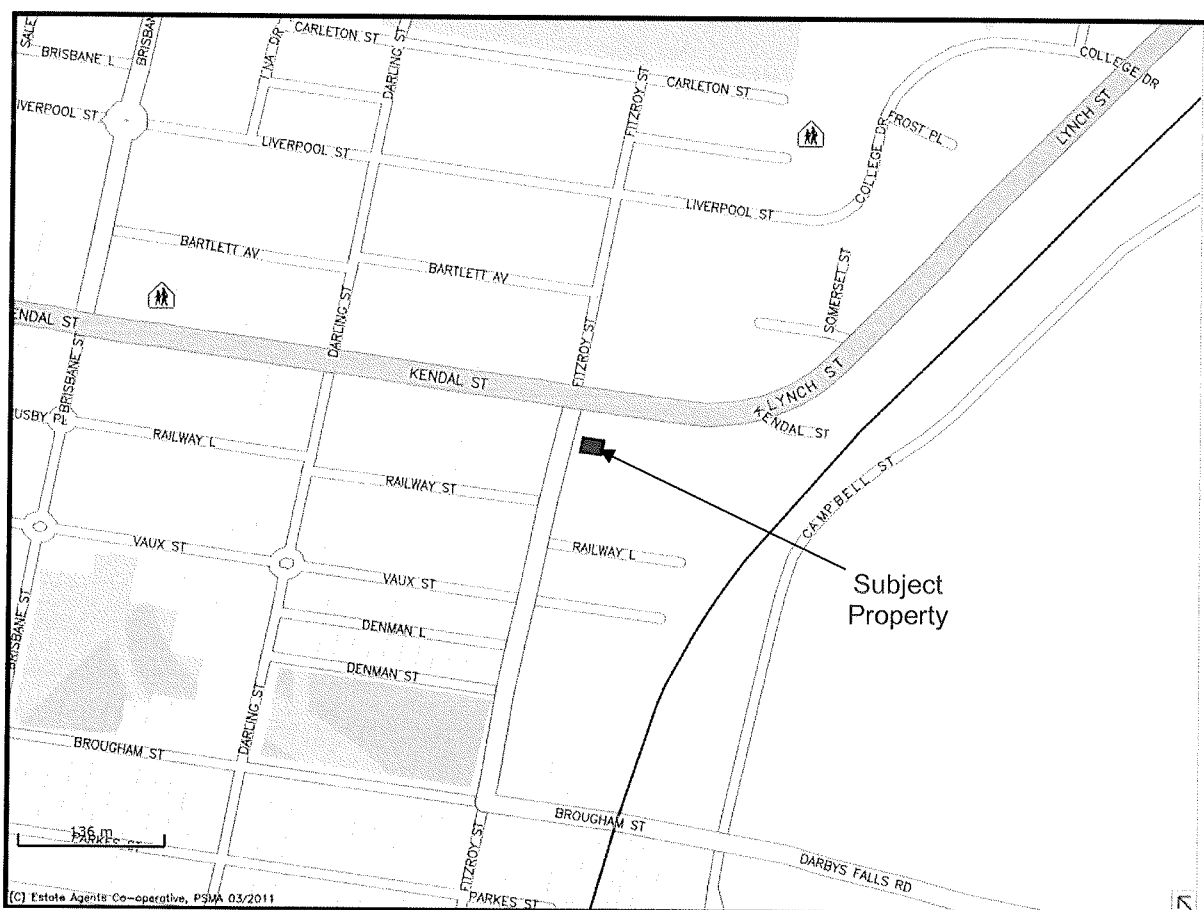


## 2.1 Subject Property

The subject property is located within 600 metres northeast of Cowra's town centre on the eastern side of Fitzroy Street.

Surrounding development comprises ALDI supermarket, car dealership located opposite, hotels and motels located nearby, second hand furniture store located directly north, and residential dwellings.

A map indicating the location of the subject property is provided below.







## 2.2 Access

Access to the subject property is available from Fitzroy Street. Fitzroy Street is a sealed carriageway and is in satisfactory condition. Access to the southern side of the building is via 133 Fitzroy Street. There is no vehicular access to the rear of the building.

Drainage is satisfactory.



View south along Fitzroy Street



View north along Fitzroy Street



### 3.0 LAND AND TITLE

The land comprises the estate in fee simple in:

Lot	C
Deposited Plan	161271
Folio Identifier	C/161271
Local Government Area	Cowra

The land is regular in shape and has an area of about 337.2 m<sup>2</sup>.

We are not aware of any published proposals of Public Authorities; however, these could be checked by obtaining the usual certificates from the Authorities concerned.

We have not made a current search of the title and the description given above is subject to legal confirmation.

### 3.1 Ownership

According to our computer search, the land is owned by Cowra Tyre and Brake Centre Pty Ltd.

### 3.2 Lot Identification

The property has been identified by reference to Deposited Plan.



#### **4.0 TOWN PLANNING**

The land is zoned 3 Business pursuant to Cowra Local Environmental Plan, gazetted on the 23rd November 1990 as amended.

##### **Zone No 3 Business Zone**

##### **2 Without consent**

Nil.

##### **3 Subject to conditions**

*“Commercial premises; shops (other than drive-in take-away food shops).”*

##### **4 Only with consent**

Any purpose other than a purpose included in item 3 or 5.

##### **5 Prohibited**

*“Abattoirs; amusement parks; caravan parks; garbage disposal areas; industries (other than home industries or light industries) institutions; junk yards; mines; sawmills; stables; stock and sale yards.”*

The existing use as a tyre business/storage is considered complying and does not require development consent.

The property does not appear to be affected by any road widening or other adverse planning proposals and none were evident on enquiry with Cowra Shire Council.

We recommend that the above information be confirmed by a Certificate issued under Section 149(5) of the Environmental Planning & Assessment Act, 1979.

In the event the Certificate reveals that the above information is incorrect, our valuation may require revision.

The current status of the approvals can only be confirmed by Cowra Shire Council; however, verbal enquiries indicate that Council is unaware of any significant outstanding development issues/requirements.



## 5.0 THE LAND

The subject property comprises a regular shaped allotment of 337.2 m<sup>2</sup>. The land has a westerly aspect.

The subject property is not fenced.



Front elevation



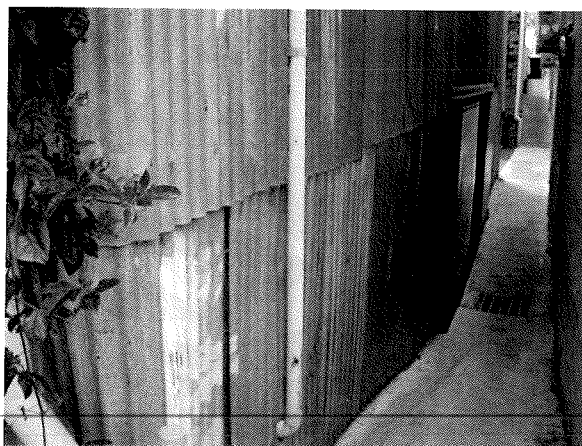
Southern elevation



Northern elevation



Northern elevation



Rear elevation



## 5.1 Environmental Considerations

A visual site inspection and enquiries with Cowra Shire Council have not revealed any obvious pollution or contamination.

In its current usage the property is not associated in any way with the manufacture, usage, storage or emission of significant toxic material (including fuel, oil, chemicals etc).

We are not aware of the full details with regard to usage of the site prior to the current use; however, we have no cause to believe that the site has been contaminated.

Nevertheless, we are not experts in the detection or quantification for environmental problems and, accordingly, have not carried out detailed environmental investigation.

Therefore the valuation is made on the assumption that there are no actual or potential contamination issues affecting:

- (i) the value or marketability of the property; or
- (ii) the site

While the subject property appears suitable for the existing use, no soil tests or environmental studies have been made available to us. There are no signs of contamination and it is therefore presumed that there are no surface or sub-surface soil problems, toxic or hazardous wastes or building materials in or on the property that would adversely affect its existing or potential use or reduce its marketability – although we cannot and do not warrant that this site is contamination free.

Should subsequent investigations show that the site is contaminated this valuation will require revision.

## 6.0 SERVICES

Services connected include:

- Electricity
- Town Water
- Sewer
- Telephone

## 7.0 STATUTORY VALUE/CHARGES

Details with regard to Statutory Values and charges are summarised in the table below:-

<b>Property</b>	135 Fitzroy Street, Cowra
<b>Land Value @ 01/07/2011</b>	\$35,100
<b>Council Property Rates – 2011/2012</b>	\$1832.22
<b>Water Access Charges</b>	\$280



## 8.0 IMPROVEMENTS

### 8.1 Existing Improvements

Structural improvements include:

- Warehouse

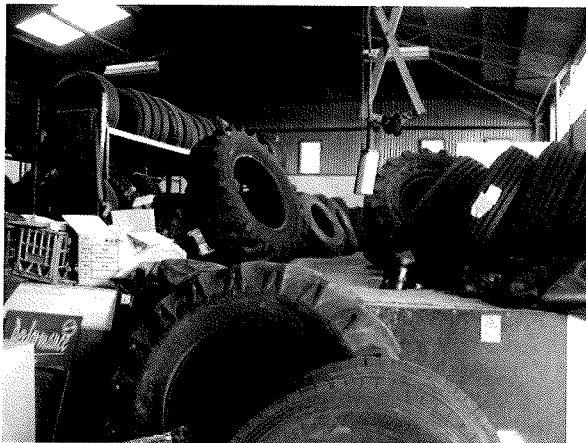
Construction of the main dwelling comprises:-

Component	Construction
Floor	Concrete, Timber Mezzanine Level
Walls	Rendered Brick, Corrugated Metal
Roof	Corrugated Metal
Internal Walls & Ceilings	Rendered Brick, Plasterboard on toilet

#### 8.1.1 Layout

This includes:

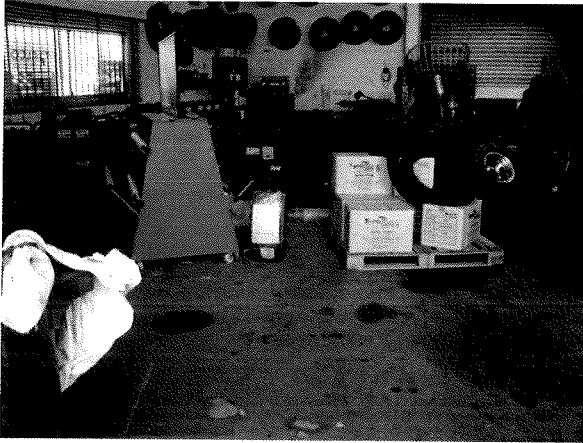
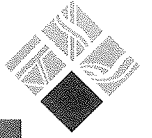
- Street level storage/workshop in front of warehouse
- Mezzanine level storage in rear of warehouse
- Lower level storage in rear of warehouse
- Toilet



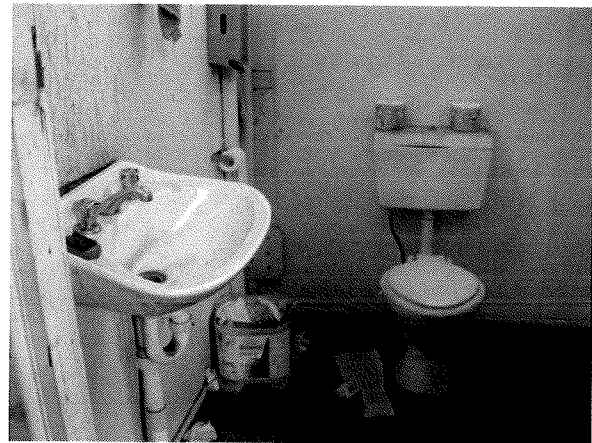
Mezzanine level storage



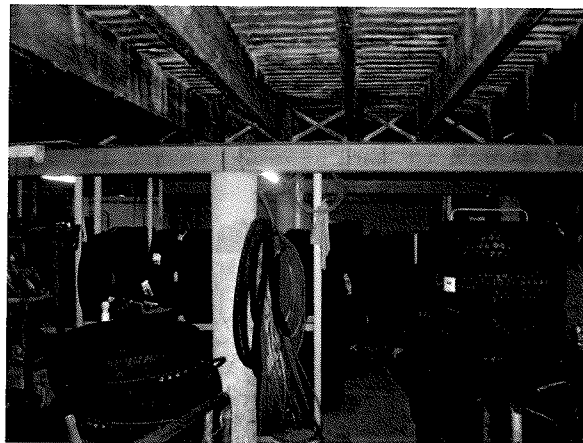
Lighting and skylight



Workshop at front of building



Toilet

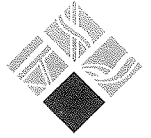


Lower level storage

### 8.1.2 Building Areas

	Area (m <sup>2</sup> )
Main Building (total area)	243.6
Mezzanine Level	144
Lower Level	144
Storage/Workshop in front	99.6

Building areas of existing improvements represent gross floor areas determined by external tape measurement.



## **8.2 Comments on the Improvements**

The warehouse is in satisfactory condition. The eave height is 5 metres. Access to the building is via two roller doors on southern side, personal access door at front, sliding doors and roller door on north and sliding doors on eastern side. The building will require ongoing maintenance due to its age.

We have not been provided with any engineering tests, structural survey or qualified building report and to this extent our valuation is qualified.

We recommend and if required by our client:

- a) Pest certificate to be obtained showing the property to be free from infestation.
- b) A building certificate, issued under Section 149D of the Environmental Planning and Assessment Act, 1979 (as amended) to be obtained in due course.
- c) A survey to confirm that the improvements are contained within the subject allotment.

If any of the above disclose matters which affect the property, our valuation may require revision.

## **8.3 Asbestos Materials Report**

We have not been provided with an Asbestos Materials Report, however, there was no asbestos observed at the date of inspection.





## 9.0 MARKET EVIDENCE

The following sales provided assistance in determining our valuation.

Property	Sale Date	Sale Price	Area (m <sup>2</sup> /ha)	Comments
100 Darling Street COWRA	February 2010	\$330,000	784m <sup>2</sup>	<p>Improved commercial property located on the western side of Darling Street at the northern corner of railway lane approximately 1 block south of Cowra's main street.</p> <p>A regular shaped level block town services are connected. Sealed road access with kerb and guttering is available.</p> <p>Improvements include a circa 1990 single storey brick veneer and metal roof commercial building. There is off street parking (gravel hard stand) available at the rear of the building for 5 vehicles. Disabled ramp access is available to the front of the building. Boundary fencing comprises brick and cyclone mesh and colorbond.</p> <p>The building appears to be in good condition although no internal access was available at the time of inspection. Landscaping was minimal and basic.</p> <p>Overall street appeal is good with the facade having some architectural design appeal.</p>
17-19 Vaux Street COWRA	March 2010	\$325,000	674m <sup>2</sup> 684m <sup>2</sup>	<p>Improved commercial/industrial property located on the southern side of Vaux Street at the corner of Brisbane Street 2 blocks south of Cowra town centre. The sale included PID 476695 being a vacant commercial lot located on the southern side of Vaux Street, near the corner of Brisbane street, 2 blocks south of Cowra town centre.</p> <p>Town services are connected to the lot and sealed road access with kerb and guttering is available from Brisbane Street.</p> <p>Improvements include a boundary to boundary brick and corrugated metal clad/roof high clearance warehouse containing approximately 350m<sup>2</sup> of storage space plus 2 levels of associated office area (500m<sup>2</sup>). Windows were aluminium and a metal roller door connected to the storage area.</p>



				<p>Separate entrance to the office and warehouse is available. Warehouse area is naturally ventilated at the roof. A wall mounted and reverse cycle air conditioner was connected to the office area.</p> <p>The building was sold with vacant possession. The lot is relatively level and town services are available for connection. Vaux Street is kerbed and guttered.</p>
44 Kendal Street COWRA	Feb 2010	\$332,000	449m2	<p>Commercial shop located in main CBD area of Cowra, restaurant and kitchen downstairs, 3br residential unit upstairs. Double carport and storage at rear of shop. Security fencing at rear.</p> <p>Currently operating as Chinese restaurant.</p>
49 Kendal Street COWRA	June 2011	\$195,000	177m2	<p>Commercial shop/café located in lower block of CBD area.</p> <p>Rendered masonry and corrugated metal roof, aluminium windows frontage with awning over.</p> <p>Has operated as a takeaway shop in the past.</p>
45 Young Road COWRA	July 2010	\$450,000	3747 m2	<p>Warehouse, shed, office, retail premises located within 5kilometres west of Cowra CBD area.</p> <p>Industrial zoning. Colourbond and brick veneer building. Decomposed granite parking area.</p> <p>Improved industrial property situated south western corner of Waratah Street and Young Road. Leased to Landmark Real Estate and Merchandising.</p> <p>Improvements comprise modern steel frame, colorbond metal clad warehouse of 508m<sup>2</sup>, 75m<sup>2</sup> within the attached brick offices and 138m<sup>2</sup> within the kenty levered awning to the northern side.</p> <p>Improvements also include a small 94m<sup>2</sup> colorbond and metal shed to one side, bitumen and concrete paving and security fencing.</p> <p>The property is leased to Landmark Real Estate and Merchandising at a rental of \$40,000 p.a. on a net basis for 5 years, indexed at 3% p.a. Sale indicates a yield of 8.9% on a net basis. Sold to the adjoining owner, Cowra Machinery Centre by direct negotiation between the parties without the intervention of an agent.</p>
18 Railway Street COWRA	July 2010	\$550,000	2023 m2	<p>Vacant commercial land located 200 metres east of the CBD on a main arterial road with double street frontage.</p>
86 Redfern Street COWRA	July 2011	\$130,000	961.10 m2	<p>Light industrial premises which is located on Redfern Street 1.9 kilometres from the Cowra CBD.</p>



Our research in the market found that there is a lack of directly comparable sales evidence and therefore the sales provided in this report are the most relevant available to us.

Comparable sales evidence used in this report may be slightly dated, however due to the nature and location of the subject property more recent comparable sales could not be sourced, despite our best efforts.

### 9.1 Reconciliation of Market Evidence

The above evidence has been reconciled / compared with the subject property as follows:-

Property	Classification/Comparability
100 Darling Street COWRA	Primary evidence / Superior lot size, superior improvements, overall superior.
17-19 Vaux Street COWRA	Primary evidence / Superior lot size, superior improvements, overall superior.
44 Kendal Street COWRA	Primary evidence / superior lot size, superior improvements, superior location, overall superior.
49 Kendal Street COWRA	Primary evidence / Inferior lot size, superior improvements, superior location overall superior.
45 Young Road COWRA	Primary evidence / Superior lot size, superior improvements, inferior location, overall superior.
18 Railway Street COWRA	Primary evidence / Superior lot size, superior location, inferior improvements, overall superior.
86 Redfern Street COWRA	Primary evidence/ Superior lot size, inferior improvements, inferior location, overall similar.



## **9.2 Market Overview**

Marketing agents continue to report some investor enquiry levels, but limited availability of prime stock.

However, there is early evidence that yield rates are starting to soften due to a number of factors, including difficulties in obtaining finance and more caution being exercised by investors.

If global economic conditions continue to worsen the investors in stock market related securities may retreat to the safe haven of real estate. However, due to the global economic crises being focused predominately on the debt market the ability to source funds to invest is becoming increasingly difficult resulting in an easing in demand and yields softening further. This situation appears to have started and investors are becoming hesitant to commit to some forms of investment properties. It is expected that the property market will soften with little opportunity for capital appreciation in the short term.

It should be noted, however, that future movements in industrial/retail property prices are determined by the interaction between supply and demand which is affected by a vast number of factors including interest rates, population growth, demographic changes, government policy, performance of alternate investments, affordability and the supply of new properties onto the market and so on. These and many other factors create a complex market in which future movements in prices cannot be confidently predicted.

## **10.0 MARKET SUMMARY**

### **10.1 Activity**

The commercial property market in Cowra is thinly traded; however several sales of landmark properties have been achieved over the past two years. The demand for commercial property is limited in Cowra.

### **10.2 Direction**

We anticipate contraction in this market.



## 11.0 APPROACH TO VALUATION

### 11.1 Introduction

We have adopted both the direct comparison approach and summation approach to assist us in forming an opinion of value. Both approaches are accepted and tested methodologies endorsed by the Australian Property Institute and law.

Current market value is the price the property should achieve if sold at the relevant date following an effective marketing campaign of up to six months prior to that date.

### 11.2 Direct Comparison Approach

Having regard to the sales evidence, together with prevailing market conditions, we consider the direct sales comparison method of valuation appropriate for the subject property.

The value on this basis is assessed as: **\$130,000**

As a check to valuation, we have carried out a summation of land and the depreciated value of improvements as follows:

Land	\$70,000
Main Building	\$60,000
Other Improvements	_____
	<b>\$130,000</b>
	_____
<b>Say</b>	<b>\$130,000</b>

We have assessed the fair market value, assuming vacant possession and are inclusive of fixed floor coverings, light fittings and curtains.

### 11.3 Valuation Conclusions

Based on the available evidence and the assumptions and qualifications contained within this report and having regard to all of the above valuation approaches, we have adopted a current market value of:

**\$130,000**

**(One hundred and thirty thousand dollars)**



### 11.4 Highest and Best Use

We consider the use of the property as a tyre / business storage to be consistent with the highest and best use of the land at this time.

### 11.5 Insurance Value

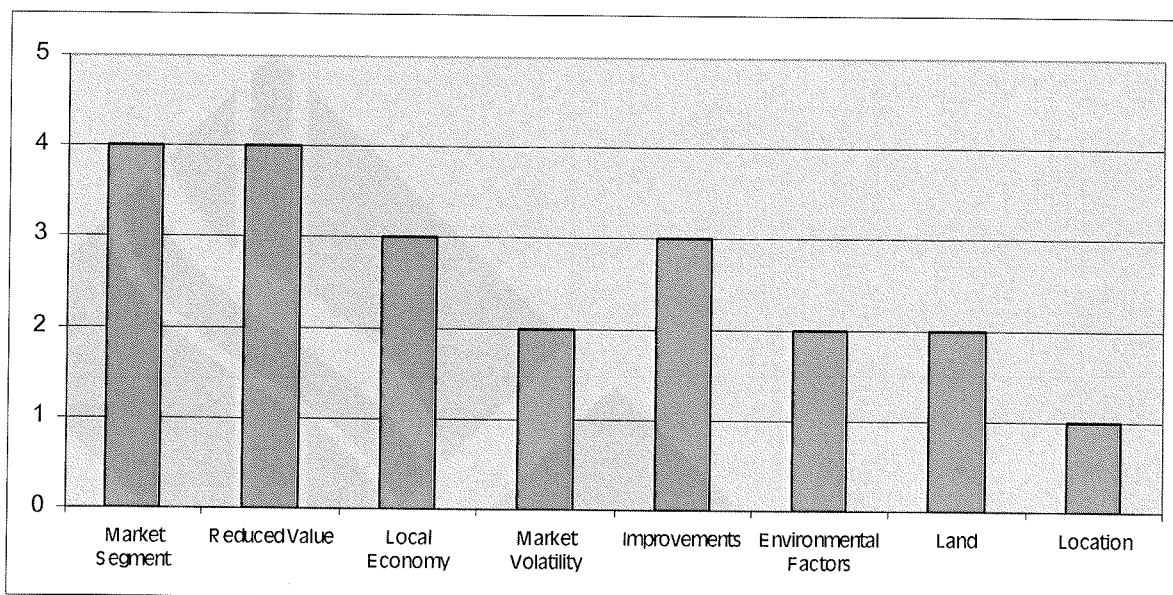
The insurable value of the improvements is assessed as **\$165,000**.

This valuation includes allowance for:-

- Replacement cost of all improvements.
- Current cost of incidental expenditure, such as demolition and removal of debris together with professional and statutory authority fees on rebuilding.
- Allowance for cost increases during the ensuing period of insurance.

### 11.6 Risk Analysis

Having regard to the above comments and factors generally affecting the subject property, we have carried out a risk analysis which is indicated graphically as follows:-



The risk ratings are categorised as follows:-

1	Low
2	Low to Medium
3	Medium
4	Medium to High
5	High



## 12.0 SWOT ANALYSIS

### Strengths

- Good location close to town centre and highway.

### Weaknesses

- Age of building and ongoing maintenance requirements.
- Difficulty of access to rear of building for vehicles, forklifts, etc.
- Vehicular access to southern side of building is via 133 Kendal Street.
- Obsolescence of improvements.

### Opportunities

- Redevelopment of site

### Threats

- N/A

## 13.0 GENERAL

Neither the whole nor any part of this report, nor any reference thereto, may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

This valuation is for the use of only the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

This valuation report is not a structural survey.

Saunders and Staniforth Valuers hereby declare that it makes no guarantee, promise, warranty, representation or undertaking that the lodgment of this valuation report will result in any predetermined requirements of the instructing party or client being satisfied.

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 any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

We direct your attention to the other qualifying statements contained within this report document.



## 14.0 VALUATION

### 14.1 Fair Market Value

We are of the opinion that the current fair market value of the fee simple with vacant possession interest of the subject industrial/retail property, for asset valuation purposes, as at 13<sup>th</sup> February 2012 is:

**\$130,000**

**( One hundred and thirty thousand dollars)**

- The valuation amount is GST exclusive

### SAUNDERS & STANIFORTH

#### MARY SYMONS

AAPI Certified Practising Valuer  
Advanced Diploma Property Valuation  
Bachelor of Management (Farm Business)  
Registered Valuer No. 018437

(Primary Signatory)

#### MITCHELL STANIFORTH

AAPI Certified Practising Valuer  
B Com & Land Econ  
Registered Valuer No. 5016

(Counter Signatory)

*The counter signatory, who has read and signed this report, verifies that the report is genuine and is endorsed by Saunders and Staniforth Valuers. The opinion of value expressed has been arrived at by the primary signatory who undertook the valuation*