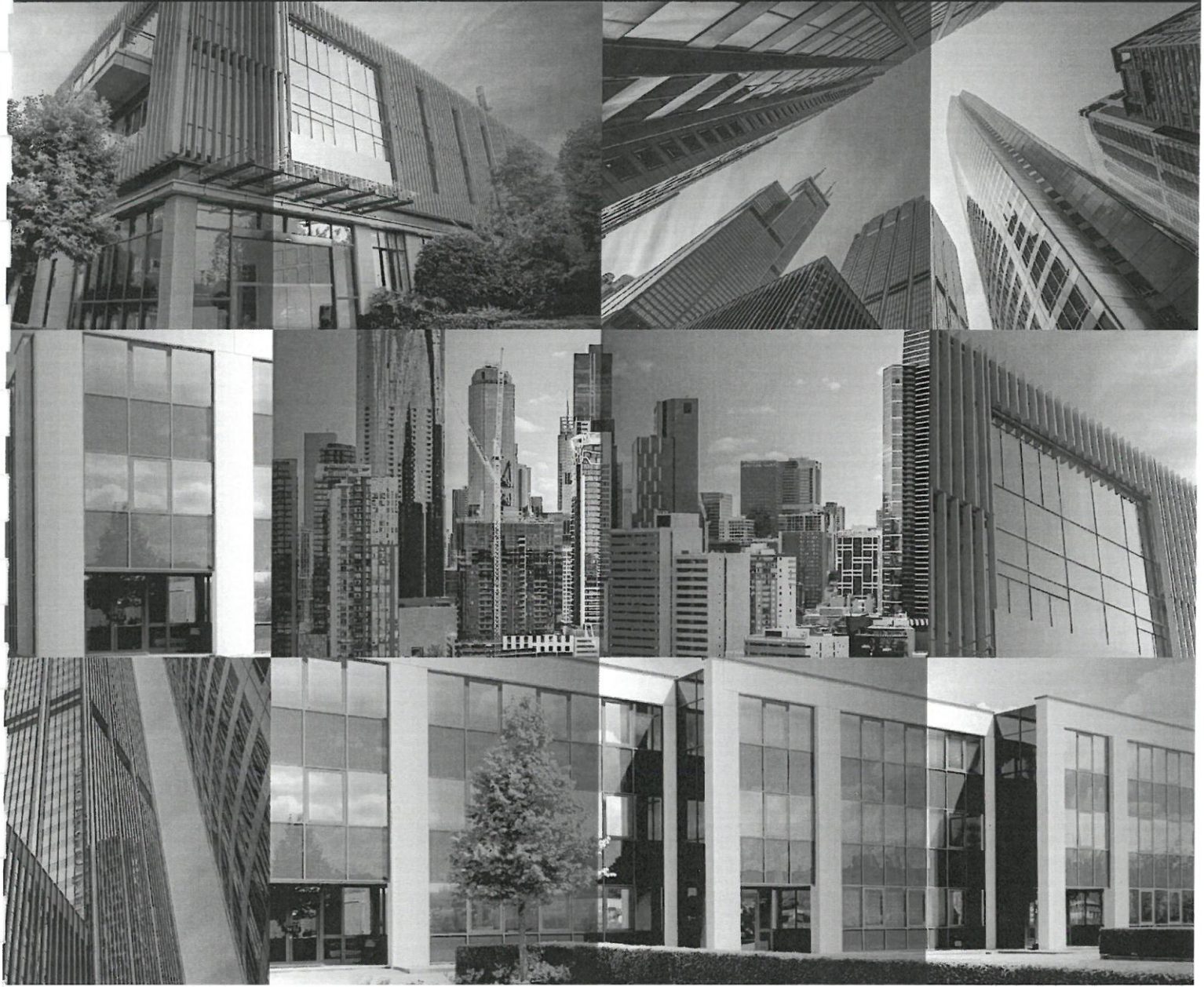




Preston Rowe Paterson

International Property Consultants and Valuers



Commercial Valuation Report

16/3/21

7 Warabrook Boulevard, Warabrook NSW 2304



VALUATION REPORT



Property Address	7 Warabrook Boulevard, Warabrook NSW 2304
Instructing Client	Stan McLean
Report Prepared For	Maynew Nominees Pty Ltd
Purpose of Valuation	Superannuation reporting purposes and for no other purpose
Date of Valuation	16 March 2021
PRP Reference	M.6455.B / 950960

Preston Rowe Paterson Newcastle & Central Coast Pty Ltd
ABN: 70 137 496 845

PO Box 48 WICKHAM NSW 2293
98 Hannell Street WICKHAM NSW 2293
Phone: 02 4922 0600
Fax: 02 4922 0688

PO Box 606 TERRIGAL NSW 2260
3/1 Campbell Crescent TERRIGAL NSW 2260
Phone: 02 4324 0355
Fax: 02 4324 0356

Email: newcastle@prp.com.au
Web: www.prp.com.au

Directors

David Rich AAPI CPV,
API Member No 69265
Mobile: 0413 052 166
Email: david.rich@prp.com.au

Colin Pugsley FAPI CPV, BEc BBus (Land Ec),
API Member No: 68496
Mobile: 0435 376 630
Email: colin.pugsley@prp.com.au

Adrian Christie AAPI CPV,
API Member No: 62909
Mobile: 0431 810 770
Email: adrian.christie@prp.com.au

Associate Directors

Robert Dupont LF API MSIZ CPV,
API Member No 67514
Mobile: 0418 681 874
Email: robert.dupont@prp.com.au

Karen Bates AAPI CPV, MAcc BBus (Prop)
API Member No 81519
Mobile: 0432 700 552
Email: karen.bates@prp.com.au



TABLE OF CONTENTS

1.0	Instructions	4
2.0	Valuation Dates	4
3.0	Conforming Standards	4
4.0	Property Summary	4
5.0	Improvements.....	5
6.0	Tenancies.....	6
7.0	Market Overview.....	6
8.0	Market Evidence	7
9.0	Valuation Rationale.....	16
10.0	Goods and Services Tax.....	17
11.0	Valuation Definitions.....	17
12.0	Market Value.....	18
13.0	Valuation Compliance Statement.....	18
14.0	Valuer Signatory	18
APPENDIX A	Instructions.....	19
APPENDIX B	PRP Terms and Conditions.....	20

1.0 INSTRUCTIONS

Date of Instruction	16 th March 2021
Instructing Client	Stan McLean 2/256 Union Street Merewether NSW 2291
Report Prepared For	Maynew Nominees Pty Ltd
Purpose of Valuation	To assess the market value of the subject property for superannuation reporting purposes and for no other purpose
PRP Reference	M.6455.B / 950960
Instructions	A copy of our instructions is annexed hereto. Refer to Appendices .

2.0 VALUATION DATES

Date of Kerbside Inspection	16 March 2021
Date of Valuation	16 March 2021

3.0 CONFORMING STANDARDS

The report conforms to the Professional Ethics and Practice Standards of the Australian Property Institute.

4.0 PROPERTY SUMMARY

Property Address	7 Warabrook Boulevard, Warabrook NSW 2304
Registered Owner/s	A.C.N. 620 006 779 PTY LTD
Title Details	Lot 35 DP 806784
Encumbrances	Nil known.
Dimensions	Irregular
Land Area	9,116 m ²
Zoning and Planning Instrument	B2 Local Centre under <i>Newcastle LEP 2012</i>
Location and Neighbourhood	<p>The subject property is located on the corner of Warabrook Boulevard and Angophora Drive. The subject property is located approximately 9 kilometres to the north west of Newcastle CBD.</p> <p>Surrounding development predominantly comprises similar style and quality office / industrial premises. In the wider Warabrook region there are modern residential dwellings constructed mainly circa 1980's and 1990's, and directly opposite the subject property across Angophora Drive to the north, is a small neighbourhood shopping centre anchored by Woolworths, with several speciality stores.</p> <p>The Warabrook industrial/commercial estate is close to the Pacific Highway with good access to the CBD via Industrial Drive. The Sydney to Newcastle M1 Pacific Motorway is 14 kilometres to the north-west. Access to Newcastle is approximately 10 minutes' drive. The property is approximately two hours' drive north of Sydney.</p>

Proximity to Amenities	The subject property is located adjacent to a neighbourhood shopping centre. Transport facilities including bus services are located approximately 200 metres from the subject property, while the Warabrook Train Station is within 1 kilometre.
Site Description and Access	<p>The site is irregular in shape and falls away from Warabrook Boulevard in a gentle to moderate contour throughout. The site has largely been levelled and retained to provide the present structure.</p> <p>Access to the property is via a concrete crossover at both the Warabrook Boulevard frontage and the Angophora Drive frontage. A concrete driveway and car parking area surrounds the improvements.</p>
Services Connected	The usual utility services are available and connected to the subject property including: - Sewer, water, electricity and telephone.
Environmental Issues	None evident.
Heritage Issues	Is not listed on any Heritage Registers

5.0 IMPROVEMENTS

5.01 Improvements Description

Main Building Style	<p>Erected upon the site is a circa 2002, single level commercial building of 1,676 square metres. In addition to the office space, there is a large courtyard area adjoining the lunchroom at the rear of the building. Externally there are 83 car parks on hardstand situated around the building.</p> <p>The building is of precast concrete panel construction on a reinforced concrete slab and incorporates large aluminium framed windows and doors and a metal deck roof. The building features a single occupancy design, however could be split to accommodate two separate tenancies, each with kitchen and bathroom facilities.</p> <p>This valuation has been undertaken with a kerbside inspection only, with no internal inspection carried out. For the purposes of this valuation, we have assumed the current fitout, condition and layout of the property is the same as at the commencement date of the current lease when we last inspected the property.</p> <p>The design / layout incorporates the following accommodation:</p> <p>Central reception area, large conference room, smaller meeting room, store room and four permanent offices. Adjoining the conference room is a small kitchenette.</p> <p>Two large open plan office areas with partitioning to the eastern and western ends of the building, large lunch room adjacent to a courtyard, conference room, server room, several private offices and both male and female amenities. Towards the western end of the building is an archiving and storage room, which can be accessed via a roller door from the western wall.</p> <p>The internal presentation is modern and includes predominately carpeted floors, a combination of drop grid and plasterboard lined ceilings, ducted air conditioning and fluorescent lighting.</p>
Age / Year Built	Circa 2002



Valuation of
7 Warabrook Boulevard, Warabrook NSW 2304
Prepared for Maynew Nominees Pty Ltd

Observations	Layout	Functional
	Air Conditioning	Ducted
	Internal Condition	Good
	External Condition	Good
Car Accommodation	Hardstand open air car parking for approximately 83 cars	
Ancillary Improvements	Concrete driveway access from Warabrook Boulevard and Angophora Drive, metal link boundary fencing, landscaping including some established shrubs and trees.	
Building Areas	1,676 m ²	

6.0 TENANCIES

6.01 Lease Overview

Lessor	Maynew Pty Limited
Lessee	Hunter Primary Care Ltd
Lease Term	5 years and 3 months
Commencing Date	1 May 2017
Terminating Date	31 July 2022
Option to Renew	2 x 5 years
Commencing Rental:	\$415,600
Current Rental	\$447,555
Outgoings	100% payable by Lessee
Rental Review	CPI or 2.5% whichever is higher (capped at 4%) on each anniversary of commencement date Market rent review on commencement date of any further term (capped at 5% increase or decrease)
Permitted Use	Commercial office
Special Conditions	Nil

6.02 Comments

The current tenants have been in occupation for almost four years, with just over a year remaining on the lease. Lease terms appear to be standard and in line with the market. The current rent equates to \$267 per square metre per annum net, which appears to be in line with comparable market evidence.

7.0 MARKET OVERVIEW

7.01 General Market Commentary

The suburban commercial property market has been relatively strong. There has been however some caution in the market that the effects of the COVID19 pandemic induced recession would have a negative flow-on impact on confidence in the commercial property markets. Suburban located property and specialised use property is likely to be less affected than CBD localities.

Outside of the CBD and major centres, new supply is constrained and is generally only provided to the ground floor in new mixed-use developments. The lack of new supply has generally underpinned rents, and these have been relatively stable throughout the region. The strongly trading strips and villages have very low vacancy rates and little opportunity for lessees to set themselves up. Secondary centres are experiencing lesser tenant demand and longer let up periods will normally be required in these localities.

The Property Council of Australia's latest Office Market Report shows that Newcastle is one of the strongest metropolitan office markets in the country with an overall vacancy rate only slightly increasing from 7.6% to 7.8 per cent. The increase in vacancy was due to negative demand and despite this marginal increase, Newcastle continues to be a strong, emerging regional office market.

From an investment perspective, recent commercial auctions indicate that prime commercial property at sub \$3 million is finding a market with surprisingly firm yields despite uncertainty surrounding the Covid-19 Pandemic, with some recent yields showing in the vicinity of 6% for prime premises. Prime properties are those with strong "blue chip" tenants on lengthy leases or properties that are presented in superior condition, being in prime locations with good exposure and access to transport links, which have growth potential.

The emergence of self-managed super funds has seen strong interest in investment properties at the lower end, especially in the low interest environment where there are few alternative high yield investments available.

Despite recent uncertainty, investors are active in the market as investment returns in other asset classes reduce. There appears to be a perception that commercial property will continue to provide security and long-term capital gains and investors are accepting lower rental returns in order to secure property. Yield compression has resulted from these demand drivers, low levels of stock available and cheaper access to money.

7.02 COVID-19 (Coronavirus) Pandemic

We caution that the marketability and overall valuation of the subject property provided herein may be detrimentally impacted by the current Coronavirus pandemic, which has caused a downturn in market confidence and general economic conditions, reduced demand from potential buyers and restricted the availability of bank credit. The Coronavirus situation developed rapidly and has already caused significant downturns in worldwide stock markets, and an economic recession in Australia.


We highlight the fact that sales analysed in this valuation assessment are settled, therefore are historic sales, some of which may have taken place before this Coronavirus issue arose. However, to ensure we remain in touch with local market trends, we are in regular contact with local estate agents and market participants to determine what effect the Coronavirus pandemic is having on the level of buyer enquiry and sale negotiations in this property segment. Whilst the changing market is not yet reflected in the market evidence analysed, these issues are carefully considered in our overall assessment of the subject property both in terms of value and marketability.

8.0 MARKET EVIDENCE

Our market investigations revealed a range of transaction evidence in the immediate locality. We also expanded our search to source market evidence that can be considered relevant. We have inspected the evidence externally and made comparisons with the property.

The analysis of the market evidence is as follows.

8.01 Sales Evidence

160 Pacific Highway, Charlestown NSW 2290		
	Sale Price:	\$5,075,000
	Sale Date:	25-Mar-2021 (unsettled)
	Land Area (m2):	892
	Building Area (m2):	1,205
	Rate (pm2) Building:	\$4,212
	Yield (%):	6.75%
Description:		
<p>Large commercial property with good exposure to the highway, situated within the main commercial and retail centre of Charlestown. Zoned B3 Commercial Core. Dual street frontages being the Pacific Highway and Pearson Street. Property improved with a three storey 5 star NABERS rated commercial building comprising five separate tenancies, presenting in good, modern condition internally and externally, with 27 secure basement car spaces and two open air car spaces. Fully leased at the time of sale, with a reported total net income of \$342,694 per annum, equating to \$284 per square metre per annum. Sale price reflects an initial yield of 6.75%. Sold at auction.</p>		
Comparison to Subject Property:		
<p>Smaller lettable area with building presenting in superior condition. Superior commercial location with superior road frontage and exposure. Superior, multi-tenanted investment. Overall, would expect a softer yield for the subject property and lower building area rate per square metre.</p>		

60 Nelson Street, Wallsend, NSW 2287




Sale Price:	\$7,400,000
Sale Date:	4-Dec-2020
Land Area (m2):	2,350
Building Area (m2):	1,632
Rate (pm2) Building:	\$4,534
Yield (%):	7.68%


Description:

Older style, two-storey plus basement, brick and iron roof commercial office building in corner location on the fringe of Wallsend's commercial district. The building was constructed circa 1990 and has separate entries for ground and first floor, with basement car parking (total area of 847 square metres) for 25 cars and open space parking for a further 22 vehicles. Total building area reported as 1,632 square metres after updated survey. Internal office space is a mix of open plan and glass partitioned office space, training rooms, staff amenities, and new ducted air conditioning throughout. Advertised as having a 5 star NABERS rating. Fully leased to Commonwealth Government as a Centrelink office with a lease commencement date of 1 June 2019 on a three-year and six-month term with 2 x 3 year options at a gross rental of \$606,800 per annum plus GST. Outgoings, were stated by the agent at \$38,513 per annum or approximately \$24 per square metre per annum, demonstrating a net rental of \$568,287 per annum or \$348 per square metre net per annum.

Comparison to Subject Property:

Similar size lettable area in similar quality location with similar single tenancy layout. Superior building with secure basement car parking presenting in updated condition. Overall, would expect a slightly softer yield for the subject property, and lower building value rate per square metre.

116 Hunter Street, Newcastle, NSW 2300		
	Sale Price:	\$2,040,000
	Sale Date:	26-Nov-2020
	Land Area (m2):	420
	Building Area (m2):	1,321
	Rate (pm2) Building:	\$1,544
	Yield (%):	8.19% (est.)
<p>Description:</p> <p>Four-storey, rendered brick and iron roof commercial building in Newcastle CBD's East End, with one ground floor retail shop and three levels of offices. Harbour views from upper levels. Ground floor with mezzanine, comprising 451 square metres, occupied by long term tenant, Gentlemen's Outfitters, at \$67,362 per annum plus GST with annual fixed 3% increases. Level 2, comprising 290 square metres, also leased by a longstanding tenant, Hunter Community Legal Centre, at \$46,779 per annum plus GST with annual CPI increases. At date of sale, Levels 1 and 3 of 290 square metres each, were vacant, with potential net rentals of \$35,000 and \$42,000 per annum plus GST, respectively. Building's outgoings estimated at \$55,350 per annum. Shows a net income at date of sale of \$90,032.04 plus GST and a potential net income of \$167,032.04 plus GST if fully leased. Shows an initial yield of 4.41% or 8.19% if fully leased at face rents.</p>		
<p>Comparison to Subject Property:</p> <p>Smaller lettable area in superior CBD location with superior multi-tenancy layout. Inferior condition and layout across four levels. Overall, would expect a slightly softer yield for the subject property, and higher building value rate per square metre.</p>		

202-204 Hannell Street, Maryville, NSW, 2293		
	Sale Price:	\$2,575,000
	Sale Date:	10-Sept-2020
	Land Area (m2):	538
	Building Area (m2):	635
	Rate (pm2) Building:	\$4,055
	Yield (%):	6.52%
<p>Description:</p> <p>A light industrial zoned corner allotment on two titles, improved with two conjoined buildings that have been adapted into modern industrial chic commercial offices. Each building has their own amenities including modern kitchens and bathrooms, ducted air conditioned with a mix of internal materials of steel, plaster and timber. Onsite car parking is provided, each unit having stacked spaces for two vehicles. The net lettable area at 202 Hannell Street is 220 square metres and 204 Hannell Street is 335 square metres, giving a total net lettable area of 635 square metres. Sold as a leased investment with 202 Hannell Street on a 3 + 3 year term, which commenced on 1 August 2020 at a passing rent of \$65,000 per annum net (\$295 per square metre per annum) and 204 Hannell Street on a 3 + 2 year term, which commenced on 13 March 2020 at a passing rent of \$109,272 per annum gross (\$326 per square metre per annum). Net rental income at time of sale was \$167,878 per annum. Sale reflects initial net yield of 6.5%.</p>		
<p>Comparison to Subject Property:</p> <p>Smaller building and allotment size. Superior commercial location with superior exposure. Inferior metal clad construction but superior internal presentation. Would expect a softer yield and lower building area value rate for the subject property.</p>		

13 Babilla Close, Beresfield NSW 2322



Sale Price:	\$3,630,000
Sale Date:	1-Jun-2020
Land Area (m2):	3,616
Building Area (m2):	1,936
Rate (pm2) Building:	\$1,875
Yield (%):	6.06% (est.)

Description:

Prominent two-level showroom/office of 638 square metres in immaculate condition and high clearance warehouse with wash bay of 1,298 square metres. The warehouse has clearance of up to 8.5 metres at the eaves, a large undercover awning and is accessible via seven roller doors. The warehouse also features an internal wash bay and is engineered to accommodate an overhead crane, should it be required. Externally, the property offers a large concrete hardstand with 23 car spaces and further display yard/storage area which fronts John Renshaw Drive. A heavy vehicle loading area also sits at the front of the site. The property includes substantial solar power installation. Agent was asking \$220,000 rental net per annum, which equates to a yield of 6.06% on face.

Comparison to Subject Property:

Larger building area but smaller allotment size with superior main road exposure. Smaller office space with additional industrial warehouse area. Would expect a softer yield and higher building area value rate for the subject property.

67-73 McMichael Street, Maryville, NSW, 2293




Sale Price:	\$1,400,000
Sale Date:	31-Jul-2020
Land Area (m2)	1,072
Building Area (m2)	817
Rate (m2) Building:	\$1,714
Yield:	8.57% (est.)

Description:

Two adjoining allotments on the corner of McMichael and Harrison Streets, improved with essentially a single storey brick and iron clad building configured to provide two tenancy areas. 67 McMichael is a single level building providing office space of a reasonable commercial standard and leased on a new 3 + 3 + 3 year lease to Forum Engineering at \$65,000 per annum net. 73 McMichael is an office warehouse with high clearance warehouse and double storey office/amenities component which is currently vacant but has an expected market rent of \$55,000 per annum net, which equates to a passing net income of \$120,000 and a yield of 8.57% on face. Combined building provides 282 square metres of warehouse, 451 square metres of offices and amenities and 84 square metres roof storage area giving a total building area of 817 square metres. Zoned IN2.

Comparison to Subject Property:


Smaller building on smaller allotment with large warehouse area. Inferior more dated presentation. Would expect a higher building area value rate and similar yield for the subject property.

81 Chatham Street, Broadmeadow, NSW 2292		
	Sale Price:	\$1,470,000
	Sale Date:	15-Jun-2019
	Land Area (m2)	1,028
	Building Area (m2)	383
	Rate (m2) Building:	\$3,838
	Yield:	6.31%
Description:		
<p>Freestanding building located at the "Nineways" intersection in Broadmeadow, in a highly visible location. Net building area 383 square metres (approximately) and site area 1,028 square metres. Leased to a Telstra Business Centre until 2021. Annual income \$92,742 (\$242/sqm) net at date of sale. Appears rental was slightly lower than a market rate showing a stronger yield.</p>		
Comparison to Subject Property:		
<p>Smaller building with superior exposure and main road location. Would expect a lower building area value rate and softer yield for the subject property.</p>		

The sales analysis above indicates gross building rates of between \$1,714 per square metre for an older style, part industrial building in inferior condition, and \$4,534 per square metre for a well presented office building in a prominent position with secure basement car parking. Given the size, location, condition and level of fitout, the applicable building rate of the subject property would sit towards the mid-point of this range, and we believe a rate of between \$3,100 and \$3,200 per square metre of building area for the subject would be appropriate.

On an investment basis, sales analysed reflect yields of between 6.06% and 8.57%. Taking into account the current configuration of the subject property providing a single tenancy, with just over a year remaining on the current lease, we believe a softer yield of around 8.5% would be suitable.

8.02 Lease Evidence

202 Hannell Street, Maryville, NSW 2293		
	Tenant Name:	Unknown
	Lettable Area m2 / Rate pm2:	264 / \$295
	Annual Rental:	\$65,000
	Lease Commencement:	1-Aug-2020
	Lease Term:	3
	Lease Expiry:	31-Jul-2023
	Lease Option:	3
	Rent Reviews:	Annual CPI
	Outgoings Basis:	Net
<p>Description:</p> <p>The property consists of a warehouse conversion with a modern commercial layout. Internally the property comprises reception and waiting area, large boardroom, open plan work area, staff breakout space, mezzanine work area, kitchenette and single amenity. There are two undercover stacked car spaces available whilst unmetered parking is available in the surrounding street network. The prominent corner position on the main arterial road leading into Newcastle CBD offers excellent exposure adjacent to the signalised intersection of Hannell Street and Downie Street. Net Lettable area of 264 square metres (including 104 square metres of mezzanine). The new lease commences 1 August with net rental of \$65,000 per annum. Outgoings \$7,708 per annum totalling Gross Rental of \$72,708 per annum. We note that the lessor extinguished the previous lease 3.5 years into a 5 year term on similar rental figures. The agent took approximately 8 weeks to find the new tenant in the market with campaign during Covid-19.</p>		
<p>Comparison to Subject Property:</p> <p>Smaller building area in superior commercial location. Similar internal condition but inferior car parking. Would expect a slightly lower rental rate for subject.</p>		



3/6 Babilla Close, Beresfield, NSW 2322



Tenant Name:	Unknown
Lettable Area m2 / Rate pm2:	1,125 / \$120
Annual Rental:	\$135,000
Lease Commencement:	8-Jan-2021
Lease Term:	3
Lease Expiry:	7-Jan-2024
Lease Option:	3
Rent Reviews:	Annual CPI
Outgoings Basis:	Net

Description:

A three-storey office space with attached warehouse providing a total lettable area of 1,125 square metres, comprising warehouse of 870 square metres and offices of 255 square metres. 3 + 3 year lease with a rental of \$135,000 per annum net. Rent review of 1.5% per annum and market review at option. 24.4% of outgoings paid by lessee including council rates, water rates, land tax, insurance, maintenance and repairs and maintenance of crane. Security deposit of 2 months rent.

Comparison to Subject Property:

Smaller lettable area but with large proportion being warehouse space. Inferior location. Overall, would expect a higher rental rate for the subject property.

95 Pacific Highway, Charlestown, NSW 2290



Tenant Name:	Allianz
Lettable Area m2 / Rate pm2:	2,310 / \$402
Annual Rental:	\$1,084,285
Lease Commencement:	1-Mar-2020
Lease Term:	6
Lease Expiry:	28-Feb-2026
Lease Option:	6
Rent Reviews:	Annual CPI
Outgoings Basis:	Net

Description:

Circa 2010, four-level office block on the fringe of Charlestown Shopping Centre leased to Allianz Insurance as anchor tenant occupying 71% of the space on a 6 + 6 year lease from 1 March 2020. Leasing agent advised a variation to the existing lease occurred to provide a new 6 + 6 year term with the agreed net face rent of \$472 per square metre per annum net with annual CPI increases and market review at commencement of option period. Rental incentive of \$500,000 was provided with a reduction in rental of \$6,944 per month over a 72 month period (six-year term). Effective net rental rate equates to \$402 per square metre per annum net plus outgoings of \$79 per square metre.

Comparison to Subject Property:

Larger lettable area. Superior location and exposure, presenting in superior condition. Would expect a lower rental rate for the subject property.

4/5 Channel Road, Mayfield West NSW 2304



Tenant Name:	AON
Lettable Area m2 / Rate pm2:	405 / \$160
Annual Rental:	\$64,717
Lease Commencement:	1-Dec-2018
Lease Term:	3 years
Lease Expiry:	30-Nov-2021
Lease Option:	3 years
Rent Reviews:	Annual CPI
Outgoings Basis:	Net
Incentive Comment:	Nil

Description:

Leased by AON. Attached strata title industrial unit of 405 square metres that has been fitted out fully as office space including reception, boardroom, meeting room, partitioned offices, lunchroom, and two sets of amenities including shower. Rent equates to \$160 per square metre per annum.

Comparison to Subject Property:

Similar quality location. Smaller lettable area in inferior strata industrial building with shared car parking. Dated lease. Would expect a higher rental rate for the subject property.

Part Level 5/28 Honeysuckle Drive, Newcastle, NSW 2300



Tenant Name:	Yancoal Australia Ltd
Lettable Area m2 / Rate pm2:	588 / \$390
Annual Rental:	\$229,320
Lease Commencement:	1-May-2019
Lease Term:	10
Lease Expiry:	30-Apr-2029
Lease Option:	5
Rent Reviews:	Annual CPI
Outgoings Basis:	Net

Description:

Modern office tower constructed circa 2000, situated opposite the harbour in the Honeysuckle precinct. Building is in fair condition but is starting to show signs of age. Foyer and internal fitout would benefit from some upgrading. Relatively high outgoings of \$120 per square metre per annum, including management. Lease shows approximately \$390 per square metre per annum net face rent excluding incentives, and \$510 per square metre per annum gross rent.

Comparison to Subject Property:

Smaller net lettable area in superior condition in superior location. Would expect a lower rental rate for the subject property.

The above rental evidence shows a net rent range of between \$120 per square metre per annum for an office and warehouse tenancy in a secondary location, up to \$402 for a modern office space in a primary location with good exposure. We consider the current passing rental rate of \$267 per square metre net per annum to be in line with market evidence. As such, we have utilised this rate in our income capitalisation valuation approach.

9.0 VALUATION RATIONALE

9.01 Introduction

To consider our valuation of the subject property we have adopted two valuation approaches to establish the Highest and Best Use Market Value. These valuation approaches include the Direct Comparison Approach which involves comparing the subject property to comparable sales and letting transactions, on a rate per square metre of lettable building area basis; and the Income Capitalisation Approach, which involves estimating the net maintainable income receivable from the property and capitalising this to derive a value. In the case of the Investment Capitalisation Approach, we draw on elements of Direct Comparison as to the input parameters of this approach.

As the property is currently leased as an investment property, we have adopted the Income Capitalisation Approach as our primary method of valuation, and the Direct Comparison Approach as our secondary method of valuation.

9.02 Income Capitalisation Approach

To consider our Investment Capitalisation Approach we have:

- Adopted the current net rental per annum for the subject property as market rental;
- Capitalised the net maintainable income in perpetuity at 8.5% to arrive at our capitalised value.

Based on our rental evidence included in this report, the current rental rate of \$267 net per square metre per annum appears to be in line with market evidence. As such, we have adopted the current net rent of \$477,555 per annum in our calculations.

Our detailed calculations are outlined below:

VALUATION SUMMARY	
Annual Rent:	\$477,555
Capitalisation Rate:	8.5%
Capitalised Value:	\$5,265,353
But Say Round To:	\$5,250,000

9.03 Direct Comparison

We have adopted the Direct Comparison Approach as our secondary method of assessment. To consider our valuation of the subject property using this approach, we have had regard to the individual characteristics of the subject property relative to our analysis of the available market evidence.

The sales information discussed earlier herein indicates gross building rates of between \$1,714 per square metre for an older style, part industrial building in inferior condition, and \$4,534 per square metre for a well presented office building in a prominent position with secure basement car parking. Given the size, location, condition and level of fitout of the subject property, the applicable building rate of the subject property would sit towards the mid-point of this range, and we believe a rate of between \$3,100 and \$3,200 per square metre of lettable area for the subject would be appropriate.

The above results in the following calculations:

Building Area (m ²)	Rate per m ²	Amount
1,676	\$3,100	\$5,195,600
1,676	\$3,200	\$5,363,200
Say		\$5,250,000

9.04 Valuation Reconciliation

VALUATION RECONCILIATION	
Income Capitalisation Approach	\$5,250,000
Direct Comparison Approach	\$5,250,000
Say:	\$5,250,000

10.0 GOODS AND SERVICES TAX

Inclusive or Exclusive of GST	Exclusive
GST Statement	<p>We have adopted the following approach to valuation apropos Goods and Services Tax: Irrespective of whether or not the Lessee is required to pay Goods and Services Tax over and above rental and outgoings payments under their lease we have assumed, for valuation purposes, that the Lessor would charge Goods and Services Tax over and above rental and outgoings for the Taxable Supply and that the Lessee, would pay the GST and recover an appropriate Input Tax Credit; and</p> <p>If the property is be sold as a "Going Concern" and GST would not be payable;</p> <p>If the property is sold with Vacant Possession GST would be payable over and above our valuation amount herein. (In this case we have also assumed that the implied purchaser would be registered for GST, and pay the GST over and above the purchase price and claim an appropriate Input Tax Credit).</p>

11.0 VALUATION DEFINITIONS

Definition	<p>MARKET VALUE is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion.¹</p> <p>MARKET RENT is 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.²</p>
------------	--

¹ As defined by the International Valuation Standards 2020

² As defined by the International Valuation Standards 2020

Valuation of

7 Warabrook Boulevard, Warabrook NSW 2304

Prepared for Maynew Nominees Pty Ltd



12.0 MARKET VALUE

We are of the opinion that the **Market Value** of **7 Warabrook Boulevard, Warabrook NSW 2304, subject to Existing Lease**, as at 16 March 2021 is **\$5,250,000 (Five Million Two Hundred and Fifty Thousand Dollars)**.

13.0 VALUATION COMPLIANCE STATEMENT

Preston Rowe Paterson Newcastle & Central Coast confirms that:

- The statements of fact presented in this report are correct to the best of the Valuer's knowledge.
- The analyses and conclusions are limited only by the reported assumptions, terms and conditions.
- The Valuer has no interest in the subject property.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the property being valued.
- The Valuer has made a personal kerbside inspection of the property.
- No one, except those specified in this report, has provided professional assistance in preparing the report.
- We confirm that neither Preston Rowe Paterson Newcastle & Central Coast nor any of its Directors or employees has any pecuniary interest that could conflict with the proper valuation of this property.

14.0 VALUER SIGNATORY

Valuer who has undertaken this valuation

Sarah Hanson

MRICS AAPI CPV, API Member No 106945

Reliance on this report should only be taken upon sighting the original document that has been signed by the Inspecting Valuer who has undertaken this valuation. The opinion of value expressed herein has been solely arrived at by the Valuer who undertook the inspection and prepared this valuation report.

APPENDIX A INSTRUCTIONS

MAYNEE Nominees
P/L

of STAN MCHENRY

2/26 Union ST

MEREWELL

16.3.21

0476 631726

TO BOB DUPONT
PRP Valuer
1/1 HANWELL ST
WICKHAM

Hi Bob,
Re Valuation 7 Warabrook Ave Warabrook

As discussed.

Find enclosed copy of Lease. Expires 31/7/22

Re Hunter Premises care

at the above address

Please prepare upto date Valuation for

Superannuation purposes.

Regards

STAN MCHENRY

0476 631726

APPENDIX B PRP TERMS AND CONDITIONS

Explanation

1. The following terms and conditions are the standard terms and conditions that apply to all Valuations or the Valuation Services or consultancy services and Services provided by Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.
2. These terms and conditions form part of the appointment of Preston Rowe Paterson Newcastle and Central Coast Pty Ltd by the Client to provide the Services.
3. Preston Rowe Paterson Newcastle and Central Coast Pty Ltd and its valuers are members of a Limited Liability Scheme in the meaning of the Professional Standards Act 1994.
4. The Valuation and all Valuation Services are provided by Preston Rowe Paterson Newcastle and Central Coast Pty Ltd subject to these Terms and Conditions.

Definitions

5. The following definitions apply to these Terms and Conditions and the provision of our Valuations, Valuation Services and Services:-

"Client" shall mean Maynew Nominees Pty Ltd.

'Confidential information' means information that:

- (a) Is by its nature confidential;
- (b) Is designated by Us as confidential;
- (c) You know or ought to know is confidential; and
- (d) Includes, without limitation:
 - (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
 - (ii) The Quotation which We have provided to You.

'Date of Valuation' means, in relation to any Valuation, Valuation Services, Services or consultancy services or advice, the date of preparation of our report or the specific date as at which our opinions are stated to apply (the Relevant Date).

'Director' means a Director noted on the Australian Securities and Investment Commission's (ASIC's) records for Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.

'Fee' means the amount agreed to be paid for the Services by You as set out in the Quotation.

'Limited Liability Scheme' means a scheme pursuant to the Professional Standards Legislation in the State of New South Wales.

'Parties' means You and/or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Relevant Date' means the specific date that our opinion is stated to apply where we are instructed to value at a specific date other than the date of inspection.

'Services' means the Valuation, Valuation Services, asset management, property management, facilities management or consultancy services or advice provided by Us pursuant to these Terms and Conditions and the Quotation.

'Valuation' shall include a Valuation, Valuation services, or feasibility study, made or given in relation to any real or personal property, freehold or leasehold property, asset, liability or item or items of plant and machinery, proposed development, infrastructure, carbon, water or native title property right, business, fixtures, fittings or other property.

'Valuation Services', shall include any oral or written advice, opinion, recommendation or statement communicated to the Client by Us consequent upon or incidental to the request for a Valuation.

'Valuer' means the individual valuer that has undertaken the Valuation or Valuation Services.

'We', 'Us', 'Our(s)' means Preston Rowe Paterson Newcastle and Central Coast Pty Ltd, our employees, contractors, servants and agents.

'You', 'Your' means the Client engaging Us to perform the Valuation, Services or Valuation Services.



**Valuation of
7 Warabrook Boulevard, Warabrook NSW 2304
Prepared for Maynew Nominees Pty Ltd**

Quotation

6. Prior to commencing work We will provide you with a Quotation that sets out who the report is for; the purpose for which the report is being prepared and the fee to be charged. You agree that:
 - (a) you will not use any advice we provide for any purpose other than as stated in the Quotation;
 - (b) you will not pursue any claim against Us for any loss you suffer because you have used Our advice for any other purpose;
 - (c) you will keep this report confidential, unless otherwise agreed by Us in writing; and
 - (d) you will indemnify Us in relation to any loss suffered by a third party that relies on Our advice without first receiving our written consent to do so.

Limitation of Liability

7. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which We have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Valuation, Valuation Services or Services or the Use of the Valuation Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.
8. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of these Terms and Conditions. This indemnity shall include but not be limited to loss, liability, costs and expenses which We may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which We are a party.
9. You agree to this Limitation of Liability and these Terms and Conditions whether such liability arises under contract, at common law or under Statute.
10. You agree that this limitation of liability extends to all Our directors, employees and contractors. Every right, immunity, exemption and limitation in these Terms and Conditions available or applicable to Us shall also be available and shall extend to every employee, contractor, servant or agent of Ours.
11. No employee, contractor, servant or agent of Ours or any other person has any power to waive or vary any of these Terms and Conditions unless such waiver or variation is in writing and signed by one of Our Directors.

Your Obligations

12. You agree that:
 - (a) You will not use any advice We provide for any purpose other than as stated in the Quotation;
 - (b) You will not pursue any claim against Us for any loss You suffer because You have used Our advice for any other purpose;
 - (c) You will keep this report confidential, unless otherwise agreed by Us in writing; and
 - (d) You will indemnify Us in relation to any loss suffered by a third party that relies on our advice without first receiving Our written consent to do so.
13. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Valuation, Valuation Services or Services. You also accept all risk and any loss that might occur should you withhold any relevant information from Us.
14. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Valuation, Valuation Services or Services are provided with the authority of the authors of those reports.
15. You authorise and licence Us to incorporate Your intellectual property within Our report(s).
16. The Valuation and all Valuation Services are provided by Us solely for the use of the Client. You will not release any part of Our Valuation or consultancy report or its substance to any third party without the written consent of one of Our Directors. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions must be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided. You are obligated to provide any such recipient with a copy of these Terms and Conditions.
17. If You release any part of the Valuation or consultancy advice or its substance with Our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this Valuation, Valuation Services, Services or consultancy advice.



**Valuation of
7 Warabrook Boulevard, Warabrook NSW 2304
Prepared for Maynew Nominees Pty Ltd**

18. You agree that We do not and will not assume any responsibility to any person other than the Client for any reason whatsoever including, without limiting the generality of the foregoing, for breach of contract, negligence (including negligent mis-statement) or wilful act or default of itself or others by reason of or arising out of the provision of the Valuation, Valuation Services or Services and notwithstanding that any damages have been suffered or incurred by that person as a result of the provision of this Valuation or those Valuation Services to the Client or the use of either of them (or any part of either of them) by the Client for any purpose whatsoever.
19. You must pay our Fees within 14 days of the date of a correctly rendered invoice, unless otherwise dealt with in the Quotation. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof.
20. You agree that We reserve the right to reconsider or amend the Valuation, Valuation Services, Services or consultancy advice, or the Fee set out in Our Quotation to You, if we identify information or facts that were not provided to Us in the at the time of quoting that reveal that the task is much greater than we initially anticipated from the information you provided. In such circumstances, once We have identified additional issues that necessitate additional work, we will advise you of the additional fees for additional time required to complete the task.
21. You agree that neither the whole nor any part of Our Valuation or the substance of any of Our Valuation Services or Services may be communicated to any third party (whether by way of inclusion in a document, circular, statement, prospectus, Product Disclosure Statement (PDS), public offer document or otherwise) without first obtaining the written consent of one of Our Directors. Neither the whole nor any part of Our Valuation report or Valuation Services report or any reference to it may be included in any published document, circular or statement, prospectus, Product Disclosure Statement (PDS), public offer document, nor published in any way, without written approval by one of Our Directors as to the form and context in which our Valuation or Valuation Services may appear. Notwithstanding the foregoing, the Client agrees that in the event that it does communicate to a third party the whole or any part of this Valuation or the Valuation Services it shall also communicate to that third party these Terms and Conditions. Furthermore You agree to indemnify Us in the event of any failure so to do.
22. You agree that every right, immunity, exemption and limitation or liability in these terms and conditions shall continue to have its full force and effect in all circumstances notwithstanding any breach of contract or the Terms and Conditions hereof by Us or any person entitled to the benefit of these Terms and Conditions.
23. You agree that if any provision or any part of a provision hereof is unenforceable for any reason whatsoever, such unenforceability shall not affect any other part of such provision or any other provision of these Terms and Conditions.
24. You will only use the Valuation or Valuation Services for the specific purpose stated by us. You agree that you will not use the Valuation or Valuation Services for any other purpose, unless you have our expert's written consent to do so.

Intellectual Property

25. All Our intellectual property contained within any advice We provide, remains Our property. We only grant you licence to use Our intellectual property to carry out the purpose for which the advice was provided.

Length of Time Our Valuation or Valuation Services can be relied upon

26. Our Valuation and/or Valuation Services are current at the Date of Valuation only. The value assessed in Our Valuation or Valuation Services Report may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, We do not assume responsibility or accept any liability where the Valuation is relied upon after the expiration of ninety (90) days from the Date of the Valuation, or such earlier date if you become aware of any factors that have any effect on the Valuation. Notwithstanding the above You accept that our Valuation and or Valuation Services are current as at the Date of Valuation only and no representation or warranty is made as to the future value of the property.

Assignment of Valuation or Valuation Services

27. You acknowledge that We reserve the right, at Our absolute discretion, to determine whether or not to assign Our Valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
 - a) the proposed assignee is not a major recognised lending institution (such as a bank or other lender regulated by the Banking Act 1959);
 - b) the assignment is sought in excess of 3 months after the Date of Valuation;
 - c) we consider that there has been a change in conditions which may have a material impact on the value of the property;
 - d) the proposed assignee seeks to use the Valuation for an inappropriate purpose; or
 - e) Our Fee has not been paid in full.
28. Where We decline to provide an assignment We may be prepared to provide an updated Valuation on terms to be agreed at that time.
29. In the event that You request us to assign Our Valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms and Conditions, the original Quotation and any other document, including instructions provided by You, relevant to the scope of Our Valuation or Valuation Services.



Valuation of
7 Warabrook Boulevard, Warabrook NSW 2304
Prepared for Maynew Nominees Pty Ltd

Property or Valuation Circumstance Specific Qualifications, Assumptions and Conditions Precedent within our reports

30. We are providing You with our professional opinion as valuers. Our opinion is usually provided by way of a Valuation report. That report will set out a number of important qualifications, assumptions and conditions precedent which We may need to make, in addition to these Terms and Conditions, relative to the circumstances of the particular property or properties (real or personal property) under consideration.
31. You agree to read these qualifications, assumptions and conditions precedent carefully, and understand that if the assumptions that we have made or relied on are circumstances that do not prevail or eventuate, or are found later to be inaccurate, Our opinion as to value may be materially different. You agree to solely bear the risk in relation to any loss you might suffer, should this occur.
32. The qualifications, assumptions, and conditions precedent that We make will usually depend on the circumstances of the property being valued and are made in relation to matters that We do not have expertise to verify or We cannot verify information provided to Us within the time required to complete the Valuation. These will be set out in detail in the Valuation, Valuation Service report or Services report that We provide to You.
33. These qualifications, assumptions and conditions precedent typically will relate to:-
 - (a) Land contamination and environmental risk; (b) Town Planning Information; (c) Town Planning and Development Controls and Consents; (d) Title including Notifications on Title such as Easements, Caveats, Restrictions and other dealings; (e) Building Areas; (f) Building Structural Integrity; (g) Building Compliance with the Building Code of Australia; (h) Pest Infestation; (i) Leases, Licences and Tenancies; (j) Strata Title Certificates; (k) Plant and Equipment within Buildings; (l) The veracity of and sources of Sales and Letting Information and Transaction Data; (m) The nature of forecasting, future value assessment and discounted cash flow analysis; (n) The basis of Value where access to the property is restricted; and (o) Whether or not the property has been completed where a development.
34. You agree that we will include property specific qualifications, assumptions and conditions precedent within Our reports as circumstances require. Furthermore You agree that it is Your responsibility to carefully read and consider these qualifications, assumptions and conditions precedent and discuss them with Us if they cause You any concern.

Executive Summary

35. Our Executive Summary in Our Valuation or Valuation Services Report must be read in context of and in conjunction with the full Valuation report of which the Executive Summary forms part. All comments, terms and conditions contained in the full Valuation report and Quotation relate directly to this Executive Summary.

Expert Witness Services for Litigation

36. If you retain us to provide services as an expert for any litigation, whether that be for a court or tribunal, you will provide us with a copy of the relevant rules that apply to expert witness reports and testimony. Those rules will take precedence over these terms and conditions in the event of any inconsistency, noting that:
 - (a) Court rules usually oblige an expert witness to acknowledge that their duty is solely to assist the court in resolution of the dispute
 - (b) Any expert witness that is considered to be acting as an advocate (rather than an independent expert) can be held liable for contempt of court; and
 - (c) An expert acting pursuant to the rules of the court or tribunal is immune from any claim for damages, given that our sole duty is to the court and not the client that engages us.

COVID-19

37. Our valuation has been prepared at a time when the COVID-19 (Coronavirus disease) is having a profound and unprecedented impact on global economies, stock markets and capital markets.

The World Health Organisation has now declared COVID-19 a pandemic.

Because of the lag in real estate market transactions there has not yet been a body of sales or leasing transaction evidence that reflects the prospect of worsening economic and or real estate market conditions.

Early signs are that certain industries are being affected more so than others at this time. Governments around the world, who have all but exhausted the prospect on monetary policy stimulus given the already low interest rate environment, are rapidly developing fiscal stimulus strategies to avert a prolonged recessionary environment and underpin economic activity.

In preparing our valuation we have considered sales and leasing transaction evidence that occurred recently and possibly prior to the onset of the current circumstances. We have also, where possible, considered transactions that have occurred since the circumstances of the Coronavirus were known to real estate market participants (buyers and sellers, lessors and lessees).

We have also considered the supply and demand characteristics for the subject property asset class at the date of valuation. To do this we have had extensive discussions with real estate agents and market participants to consider the rental and capital markets for the subject property in the current environment.

Where necessary we have attempted to reflect the circumstances as they may affect the subject property in our valuation herein. Should our basis of assessment of the impact of the current circumstances for the subject property prove to be incorrect, we reserve the right to reconsider our findings herein.