

19 April 2023

Licensee Realmark Commercial Pty Ltd
T/as Realmark Commercial
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Pedrag, Sasa and Danijela Ristic
Email : sasa.ristic@advancewindows.com

Dear Sasa,

RE: Market Assessment – Industrial Property: 1/5 Church Road, Maddington

We have been instructed by yourself to undertake an appraisal on the above property for a superannuation trust. This report should be read in conjunction with the disclaimers appended. Please note that this is not a valuation but only an appraisal brief.

Property Details

Registered Proprietors:

Pedrag Ristic, Sas Ristic and Danijela Ristic

Strata Area:

335 sqm (approx.)

Legal Description:

Lot 1 on Strata Plan 27337, on Certificate of Title Volume 2507 Folio 631

Zoning:

Industrial - City of Gosnells

Description:

The subject property is part of a strata complex consisting of 4 industrial units with street frontage to Church Road, Maddington . Maddington is situated approximately 20 kilometres East of the Perth CBD. Access to the property is through Albany Highway via Kelvin road. Unit 1 is constructed of brick and concrete elevation, a truss height of approximately 3.5 to 4.5 m truss height with an iron roof and concrete flooring. The unit has a small office. The property has parking in front of the complex and an open non-exclusive rear yard. The entire property is in need of refurbishing to maintain value in the market place.

Expected Rental Estimate

Realmark Commercial has considered the available rental evidence of strata properties for lease and those on the market and being cognisant of the attributes of the property, current economic and market conditions, we have concluded the following market structure: Currently there are no properties being marketed for lease in Maddington in the range of 300 to 400 sqm. The industrial vacancy rate is currently less than 1%.

Estimate Net rent: 335 sqm @ \$90/sqm = \$30,150 per annum plus outgoings and GST.

Current Property Status:

The property is currently tenanted, leasing details are as follows:

- Tenant: Davallia Corporation Pty Ltd
- With directors guarantor
- Net Rent: \$ 26,800 per annum (Rate \$ 80/sqm)
- Lease expires: 29th August 2023
- Rent Reviews: annually to CPI.
- Outgoings: \$9,071 per annum + GST
- Security Bond: 3 months rent + outgoings.

There are two methods considered in this Sales appraisal taking into consideration the length of security of tenure remaining on the lease, which will be affected by one of the following categories :

- a) Direct Comparison which determines a price achieved upon vacant possession
- b) With a leased property- Capitalisation of net return

Investors

With the rise of interest rates Investors are approaching the market with caution whilst banks are being more prudent with lending and are looking at purchasing the property on a secure lease offering an investment yield of 6.5% to 6.45% and in the absence of this, would need to allow a period of up to 1-2 months to secure a new tenant, the loss of income for rent and outgoings, additional incentives, agents' fees and marketing costs in the purchase price (\$10,500 approximately).

Owner Occupier

The property offered 'as is' will appeal primarily to the owner occupier who will often pay a higher price over an investor in order to secure premises and will see the opportunity to design their own layout to suit their business operations whether it be offices or a combination of a factory/Warehouse.

Price Realisation

Capitalisation Rate: Net Rental returns capitalised at an appropriate percentage rate to reflect investment risk, i.e. passing rent compared to market rent, less non-unrecoverable outgoings, repairs etc.

Taking into consideration the current conditions in the Sales and Leasing market, the length of the remaining portion of the current lease, the general condition presentation and what an astute investor would pay facing a possible vacancy-

Based on capitalisation of current net rental:

Net Rent	Rate/sqm	Cap Rate	Price	Area	Equates /sqm
\$ 26,800 pa	\$80/sqm	6.5%	\$412,307	335sqm	\$1,230

Adopt a range of \$410,000 to \$425,000

Disclaimer: Please note this is only an opinion and not a valuation for superannuation purposes only and it is based on data or sources which are believed to be reliable and Realmark Commercial disclaim any liability and responsibility to any person that may rely on this information for any purpose.

If you wish to discuss any aspect of the above please feel free to call me.

Yours sincerely,



Wayne Chorley
Director of Commercial and Industrial Sales and Leasing
Mobile: 0423 252 253
Email: wchorley@realmark.com.au

Disclaimers

No Liability to Other Parties

We state that this appraisal report is addressed to the instructing parties for superannuation purposes and is only for their use, and for no other purpose, and we disclaim responsibility and liability to any other party who might use or rely on the whole or any part of this report. Any such use by other parties is expressly forbidden. Neither the whole nor part of this report shall be printed or published in any circular, document or publication without first obtaining our approval of the form and context in which it is to appear.

Market Movement Clause

This appraisal is current as at the date of appraisal only. The value assessed herein may change significantly 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 appraisal is relied upon after the expiration of 3 months from the date of the appraisal, or such earlier date if you become aware of any factors that have any effect on the appraisal.

Realmark Commercial (WA) Pty Ltd cannot extend liability, reissue or confirm the initial appraisal after a period of three months from the date of appraisal, without undertaking a reinspection of the property and further investigation and analysis.

Site Summary & Title Details

A current survey has not been provided. This appraisal is made on the basis that there are no encroachments by or upon the property and this should be confirmed by obtaining a current survey report and / or advice from a registered surveyor. If any encroachments are noted by the survey report, we should be consulted to reassess any affect on the value stated herein.

Heritage & Native Title

Enquiries to the Heritage Council of WA, National Trust and the Local Authority indicate the subject property is not listed or considered to have any historical significance.

For the purpose of this appraisal, we have assumed the property is not subject to any Native title claims. A search of claims lodged under the Native Title legislation has not been undertaken.

We have assumed that the property being freehold is not subject to any Native Title Claims. A search of claims lodged with the Native Title Legislation has not been undertaken.

Structural Condition

We have not sighted or requested a Structural Report on the property nor have we inspected unexposed or inaccessible portions of the improvements, therefore we are unable to comment on the presence of any defect, rot, subsidence, infestation or building defects. We have however viewed the general state of repair of the property and advise that during our inspection we did not notice obvious areas requiring major repair or maintenance. This appraisal assumes that:-

A detailed report of the structure and service installations of the buildings would not reveal any defects requiring significant expenditure.

The building complies with all relevant statutory requirements in respect to matters such as health, building, and fire safety regulations and has been built in accordance with the provisions of the Building Code of Australia and the local authorities' provisions.

All improvements and buildings existing on the land have all necessary development approvals from the relevant local, state and national governing bodies.

We state that this is an appraisal report, and not a Structural Survey

Plant & Equipment

For the purpose of this appraisal, we have included those items that form part of the building service installations and would normally pass with the sale of the property, and excluded furniture and other movable items which were installed or are used wholly or primarily in connection with an occupier's business.

General Limitations

Information provided by the managing agents, the client and consultants with respect to tenancy details, outgoing, building areas and any offer to lease, development costs, subdivision works, planning and lot yield is assumed to be true and correct, should this vary, we reserve the right to amend our appraisal accordingly.

Plans, costings, specification and areas that have been provided by the client or consultants would appear to be supported by quantity surveyors journals. However, should these costings, plans, specifications and areas vary significantly from the final Building Licence, Development Approvals and completed project; we reserve the right to reassess our appraisal figure.

Any areas mentioned in this report are approximate only and should not be relied upon for any other purpose other than this appraisal. If utilised for any other purpose than this appraisal, the areas should be verified by a licensed surveyor.

Our appraisal is on the assumption that if there is a requirement to resume or acquire the land buy a relevant authority, the owners will be fully compensated.

Appraisal Methodology

The appraisal methodology used by Realmark Commercial is the best estimate of value Realmark Commercial can produce, but is an estimate and not a prediction or guarantee of value. This methodology uses market derived assumptions obtained from analysed transactions. A cross-section of transactions is detailed in this report. We do not represent

ourselves as experts for data, such as economic, demographic or construction costs, which has been obtained from external sources.

GST

In analysing the sales and / or leasing evidence we have provided, it is noted we have attempted to ascertain if the sale price / rental is inclusive or exclusive of Goods and Services Tax (GST). With regard to sales evidence, it is emphasised the Land Titles Office in Western Australia does not differentiate between or record, if the sale price is inclusive or exclusive of GST. Where we have not been able to verify if GST is included in the sale price or rental, we have assumed the Land Titles Office record of sales price or the rental is inclusive of GST. Should this not be the case for any particular sale or letting used as evidence, we reserve the right to reconsider our appraisal.

It is accepted not all properties are directly comparable, however, a range of evidence has been provided to suggest the best evidence for our purposes.

There are several exclusions affecting the payment of GST on a sales transaction after 1st July 2000 e.g., property sold as going concern and existing residential real estate. As we have not been informed of any particular arrangements whereby sales transactions of the property will not attract GST, we have assumed the Market Value stated in the Certificate of Appraisal is exclusive of GST. For newly created residential real estate, we have assumed the market value to be inclusive of GST. Should it eventuate the assumptions we have made regarding GST are not correct, we reserve the right to re-assess any effect on the value stated in this report.

No Clause 42 has been applied so we have assumed no road widenings are in place on the property.

This assessment is current at the date of Assessment only. The worth assessed herein 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). Liability for losses arising from such subsequent changes in worth is excluded as is liability where this Assessment is relied upon after the date of the Assessment.