

Balance Sheet
for PUT on the
next 3 pages.
Property
Valuation starts
on page 5

John Ray Property Unit Trust

ABN 73 405 129 515

Detailed Statement of Financial Position as at 30 June 2020

	2020	Fair Value	Difference
	\$	\$	\$
Current Assets			
Cash Assets			
Cash at bank	29,501.30	29,501.30	0.00
Trade Debtors	28,211.64	28,211.64	0.00
Total Current Assets	57,712.94	57,712.94	0.00
Non-Current Assets			
Property, Plant and Equipment			
Land & Buildings - 282 Montague Rd	1,416,437.21	1,412,056.12	-4,381.09
Structural Improvements	20,780.88	20,780.88	0.00
Less: Accumulated depreciation	-2,837.00	-2,837.00	0.00
	1,434,381.09	1,430,000.00	-4,381.09
Other			
Formation Costs	498.00	498.00	0.00
Legal Fees Re Acquisition	5,993.50	5,993.50	0.00
	6,491.50	6,491.50	0.00
Total Non-Current Assets	1,440,872.59	1,436,491.50	-4,381.09
Total Assets	1,498,585.53	1,494,204.44	-4,381.09
Current Liabilities			
Financial Liabilities			
Unsecured:			
Rental Bond	41,250.00	41,250.00	0.00
West End Development Discretionary Trust	39,273.00	39,273.00	0.00
Loan: J J Ray and S R Ray	705,633.54	705,633.54	0.00
	786,156.54	786,156.54	0.00
Current Tax Liabilities			
GST payable control account	1,708.00	1,708.00	0.00
GST payable adjustment control account	2,564.46	2,564.46	0.00
Input tax credit control account	-393.00	-393.00	0.00
	3,879.46	3,879.46	0.00
Total Current Liabilities	790,036.00	790,036.00	0.00
Non-Current Liabilities			
Financial Liabilities			
Secured:			
Bank loans - ANZ 64379	0.00	0.00	0.00
	0.00	0.00	0.00
Total Non-Current Liabilities	0.00	0.00	0.00
Total Liabilities	790,036.00	790,036.00	0.00
Net Assets	708,549.53	704,168.44	-4,381.09
Equity			
Subscribed units	577,563.63	577,563.63	0.00
Capital profits reserve	13,901.00	13,901.00	0.00
Asset Revaluation Reserve	300,462.21	296,081.12	-4,381.09
Accumulated Losses	-183,377.31	-183,377.31	0.00
Total Equity	708,549.53	704,168.44	-4,381.09

Units on Issue	
Fully Paid	56,124
Partially Paid	400,000
Total Units on Issue	456,124

Net Assets	704,168.44
Value per units	\$ 1.54381

John Ray Property Unit Trust
ABN 73 405 129 515
Detailed Statement of Financial Position as at 30 June 2020

	2020 \$	2019 \$
Current Assets		
Cash Assets		
Cash at bank	29,501.30	9,869.04
	<u>29,501.30</u>	<u>9,869.04</u>
Receivables		
Trade debtors	28,211.64	
	<u>28,211.64</u>	
	<u>57,712.94</u>	<u>9,869.04</u>
Total Current Assets		
Non-Current Assets		
Property, Plant and Equipment		
Land & Buildings - 282 Montague Rd	1,416,437.21	1,416,437.21
Structural Improvements	20,780.88	20,780.88
Less: Accumulated depreciation	(2,837.00)	(2,317.00)
	<u>1,434,381.09</u>	<u>1,434,901.09</u>
Other		
Formation Costs	498.00	498.00
Legal Fees Re Acquisition	5,993.50	5,993.50
	<u>6,491.50</u>	<u>6,491.50</u>
	<u>1,440,872.59</u>	<u>1,441,392.59</u>
Total Non-Current Assets		
	<u>1,498,585.53</u>	<u>1,451,261.63</u>
Total Assets		

These financial statements are unaudited. They must be read in conjunction with the attached Accountant's
Compilation Report and Notes which form part of these financial statements.

John Ray Property Unit Trust
ABN 73 405 129 515
Detailed Statement of Financial Position as at 30 June 2020

	2020 \$	2019 \$
Current Liabilities		
Financial Liabilities		
Unsecured:		
Rental Bond	41,250.00	41,250.00
West End Development Discretionary Trust	39,273.00	39,273.00
Loan: J J Ray and S R Ray		73,511.09
	80,523.00	154,034.09
Current Tax Liabilities		
GST payable control account	1,708.00	2,500.00
GST payable adjustment control account	2,564.46	836.81
Input tax credit control account	(240.00)	(258.00)
GST clearing	(153.00)	
	3,879.46	3,078.81
Total Current Liabilities	84,402.46	157,112.90
Non-Current Liabilities		
Financial Liabilities		
Secured:		
Bank loans - ANZ 64379		628,191.35
Loan - John & Susan Ray	705,633.54	
	705,633.54	628,191.35
Total Non-Current Liabilities	705,633.54	628,191.35
Total Liabilities	790,036.00	785,304.25
Net Assets	708,549.53	665,957.38

These financial statements are unaudited. They must be read in conjunction with the attached Accountant's
Compilation Report and Notes which form part of these financial statements.

John Ray Property Unit Trust
ABN 73 405 129 515
Detailed Statement of Financial Position as at 30 June 2020

	2020	2019
	\$	\$
<hr/>		
Equity		
Subscribed units	577,563.63	577,563.63
Capital profits reserve	13,901.00	13,901.00
Asset Revaluation Reserve	300,462.21	300,462.21
Accumulated Losses	(183,377.31)	(225,969.46)
Total Equity	<u>708,549.53</u>	<u>665,957.38</u>

These financial statements are unaudited. They must be read in conjunction with the attached Accountant's
Compilation Report and Notes which form part of these financial statements.

Valuation Report

Industrial Property



282 Montague Rd, West End QLD 4101

As at 16 October 2017
Prepared for Australia and New Zealand Banking Group Limited
Borrower Arkdime Pty Ltd
Our Ref BNE587548
Client Ref ValEx ID: 8800772

Brisbane CBD

Herron Todd White (Brisbane) Pty Ltd
ABN 41 605 787 200

Level 19, 167 Eagle Street
Brisbane QLD 4000
GPO Box 2770
Brisbane QLD 4001

Telephone 07 3002 0900
briscommercial@htw.com.au
htw.com.au

EXECUTIVE SUMMARY - MORTGAGE FINANCE VALUATION

INSTRUCTIONS

Property Address	282 Montague Rd, West End QLD 4101.
Instructing Party	Ms Susan Hackett of Australia and New Zealand Banking Group Limited.
Prepared For	Australia and New Zealand Banking Group Limited.
Borrower Name	Arktime Pty Ltd.
Client Reference	ValEx ID: 8800772.
Interest Being Valued	The interest being valued is the unencumbered estate in fee simple in vacant possession.
Purpose of Valuation	Our valuation has been prepared for first mortgage security purposes only.
Date of Inspection and Valuation	16 October 2017.

TITLE AND STATUTORY DETAILS

Registered Owner	Arktime Pty Ltd (as per Title Search dated 13 October 2017).
Real Property Description	Lot 6 on Registered Plan No. 11114.
Encumbrances / Title Discussion	<p>There are no easements, encumbrances or restrictions documented on the title search. There is one lease registered on title. Its salient details are as follows:</p> <ul style="list-style-type: none">Lease No. 715343517 to A.C.N. 140 885 936 Pty Ltd A.C.N. 140 885 936 as Trustee Under Instrument No. 7153434517. <p>We have been provided with a copy of this lease which confirms the interest registered on title is accurate.</p>
Statutory Site Value	<p>\$840,000 as at 30 June 2017 for Local Authority Rating purposes.</p> <p>In accordance with the Queensland Office of State Revenue (OSR) land tax calculations, land tax has been calculated relative to (a) the three year unimproved value assessment averaging rule, (b) the most recent site value assessment, and (c) on the basis of a single company holding.</p> <p>We estimate the land tax attributable to the subject property to be \$9,780 per annum.</p>



TITLE AND STATUTORY DETAILS

Zoning

The property is classified within the 'Mixed Use (Inner City) Zone' under the Brisbane City Plan 2014.

Under the **Mixed Use Zone**, development provides for commercial, retail, residential, government, service, community and cultural activities.

Inner City zone precinct overall outcomes are:

- (a) Development capitalises on proximity to the City Centre and inner-city specialised centres and Special purpose zone precincts in the Inner city zone precinct.
- (b) Development provides for a specific mix of uses that respond to a particular location within the inner city and ensure that the use is appropriate given its proximity to the City Centre and surrounding specialised centres, Special purpose zone precincts and residential areas.

The property is also classified within the 'Buchanan and Davies Park Precinct' under the South Brisbane Riverside Neighbourhood Plan.

Buchanan and Davies Parks precinct overall outcomes are:

- (a) This precinct is a vibrant mixed use area, with residential uses predominantly focused towards the river and Bank Street.
- (b) A wide variety of recreational activities and community facilities will be provided at Davies Park, catering for residents and employees in the precinct, and the wider South Brisbane riverside area.
- (c) Along Hocking Street, Mollison Street, Jane Street and Montague Road, commercial and retail uses activate the area during the day, and may form part of mixed use developments with residential development above ground level. The current pattern of small lots and tenancies along Montague Road and Jane Street is maintained, with pedestrian amenity provided through awnings and landscaping.
- (d) Development along Jane Street is mixed use to ensure casual surveillance over Davies Park is maintained day and night. Ground level uses tend towards arts and craft, cultural uses or health and wellbeing services.
- (e) Development along Montague Road ranges in height, with taller buildings achievable on larger sites north of Vulture Street, consistent with built form along Montague Road to the north in the Kurilpa precinct (South Brisbane riverside neighbourhood plan/NPP-004) and the Riverside north precinct (South Brisbane riverside neighbourhood plan/NPP-005). Development frames the street, creating a continuous edge along Montague Road, softened by landscaping zones along the frontage.
- (f) Laneways to the west and service lanes east of Montague Road access new development from internal streets. Increased building height is achieved on amalgamated lots, with access points to Montague Road reduced to improve the function of the road for the CityGlider, and pedestrian and cyclist movement. An additional vehicle connection between Hocking and Donkin streets accesses new buildings near the river, while allowing more internal movement away from Montague Road. A new connection to the South Brisbane Riverside Lands Park in the vicinity of Donkin Street increases access to the river. Until the Australian Consolidated Industries and Hanson sites are redeveloped, residential uses are not located on the opposite side of Hockings Street.
- (g) On internal streets, buildings provide landscaping along the street frontage in a zone designed to deliver privacy to residences, while maintaining casual surveillance of the street and supplementing streetscaping. Existing trees are retained throughout the precinct, particularly in proximity to the South Brisbane Riverside Lands Park and on or adjacent to internal streets.

Under the neighbourhood plan, development of a site less than 1,800 square metres within the Mixed Use Zone has a five (5) storey height limit and a 70% site coverage allowance. The subject property is a small, near level, 438 square metre elongated shaped site. Accordingly, we are of the opinion that the highest and best use of the site at this point in time is its current 'as is' use.



VALUATION SUMMARY

Property Description 'As Is'

The property comprises a level, 438 square metre, rectangular shaped internal allotment.

Erected on the property is an older style, two level industrial warehouse and retail showroom/office building which is estimated to have been constructed in the 1970's.

The building has a total Gross Lettable Area (GLA) of approximately 404 square metres. General construction comprises masonry block external walls and sheet metal roofing. Overall the building is in fair condition for its age and would benefit from a cosmetic refurbishment which would modernise its appearance.

The building is fully leased to a single tenant whose lease expires in 23 July 2018. No further option terms are available. Given there is only nine months remaining on the current term we have assessed the property as being available with vacant possession.

Valuation Summary

Passing Net Income: VP

Passing Yield: VP

Market Net Income: \$70,304 p.a.

Adopted Cap. Rate: 5.50%

Lease Term Certain: VP

Analysed Rate \$/m²: \$3,441*

**This is the analysed rate per square metre of GLA after applying a capital value over the open car spaces.*

Last Sale

The last recorded sale was in June 1995 for \$1,100,000 (excl. of GST).

We are not aware of any current contract of sale over the property.

Market Value 'As Is' \$1,430,000

(One Million Four Hundred And Thirty Thousand Dollars)

Our market value assessment is exclusive of any applicable GST. No allowance has been made for realisation expenses.

This valuation is subject to the assumptions and qualifications contained within and appended to this report.

Valuer



Isaac McConnell
AAPI / Certified Practising Valuer
API Number: 80398 - QLD Registration
Number: 4005



Alistair Weir
Director

Important

All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

The Counter Signatory, Simon Fox, has reviewed the report and is satisfied that the opinion of value contained in the report has been reached based on reasonable grounds. For the avoidance of doubt, the Counter Signatory has not inspected the property and as such (under the API Professional Practice) cannot be an author of this report, and is confirming prima facie that the methodology used by the author of the report (the prime signatory) is sound.

ASSUMPTIONS, CONDITIONS AND LIMITATIONS

Critical Assumptions

- This valuation report is provided subject to the definitions, assumptions, disclaimers, limitations and qualifications detailed within and annexed to this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements.



ASSUMPTIONS, CONDITIONS AND LIMITATIONS

Financier Recommendations and Lending Cautions

- The subject property is considered to offer suitable security for first mortgage purposes.
- We have been advised by the owner that a formal asbestos materials report has not been prepared. No asbestos containing materials were identified during our inspection, however we are not experts in this matter and are unable to conclusively determine if any asbestos containing materials are present in the improvements. We recommend the financier satisfy themselves in this regard.

Lender Specific Requirements

- This valuation has been prepared in accordance with the API's Australia and New Zealand Valuation and Property Standards (or RICS Valuation and Professional Standards) and ANZ's 'Professional Services Brief – Valuations' (November 2016).

RISK PROFILE

Cash Flow

- The property is currently fully occupied by a single tenant on a formal lease. However, there are only nine months remaining on the current lease term which provides poor income security. Given the very short lease term certain and the fact that the property would appeal more to an owner occupier, we have treated the property as being available with vacant possession for assessment purposes.
- We have calculated the present value of the remaining income stream (one month) as a capital adjustment in our calculations on a capitalisation approach. This equates to \$53,522 based on a passing net rent of \$70,304 per annum.
- We have been informed by the owner, Mr John Ray, that there is no rent in arrears.
- The current tenant has a bank guarantee in place of 12 months rent as well as a personal guarantor. This offers a good level of income security should the tenant default or not 'make good' the premises.

Overall Risk: MEDIUM-HIGH



RISK PROFILE

Asset

- The site is located in a well-regarded inner city suburb of Brisbane that is well serviced by major transport corridors and is within good proximity to retail amenities, schools and the CBD.
- The site is improved with an older style, industrial building which has a showroom/office to warehouse ratio reflecting 30:70. This is typical of industrial buildings situated within fringe CBD locations.
- No immediate capital expenditure was noted at the date of inspection, however a general cosmetic refurbishment would modernise and improve the property's overall appearance.
- The onsite parking reflects approximately one car space per 202 square metres of GLA. This is very low and considered a detriment to the property. This may deter some users of the property. However, we note that it is typical for fringe CBD precincts to have poor onsite parking that would reflect range in the vicinity of one bay per 100 to 200 square metres of GLA.
- The subject property is located within a known flood area noting that during the January 2011 flood event, inundation occurred up to the boundaries of the site. The extent of the flooding could potentially impose restrictions on access to the site. We are unaware if flood waters inundated the building, however the owner, Mr John Ray has informed us the improvements were not impacted.
- The subject property is positioned within the West End Buchanan and Davies Park Precinct and is in a locality where there has been a large amount of development and construction activity. Additionally, there have been a significant number of sales of development sites throughout the precinct, as the locality undergoes gentrification from an industrial area to a densely developed modern residential precinct. We do however note that the strip of buildings that the subject property lies within has not been redeveloped at present and is still predominately utilised for light industrial, office and retail uses.
- Noting the above, under the neighbourhood plan, development of a site less than 1,800 square metres within the Mixed Use Zone has a five (5) storey height limit and a 70% site coverage allowance. The subject property is a small, near level, 438 square metre elongated shaped site. Accordingly, we are of the opinion that the highest and best use of the site at this point in time is its current 'as is' use, however future redevelopment of this site and neighbouring properties is possible. The site could be amalgamated with adjoining sites which would appeal to developers.
- We have been advised that an Asbestos Materials Report has not been prepared for the property. It is possible that some of the improvements contain asbestos and we recommend that the financier satisfy themselves in this regard.

Overall Risk: MEDIUM



RISK PROFILE

Market Overview

- We note there is a discrepancy between the values of our two approaches. The capitalisation approach is indicating a lower value than our adopted market value. This can be attributed to a reduction in demand for development sites in this locale, particularly for properties with no immediate redevelopment potential (i.e. poorly shaped, smaller sites). This, in turn, has resulted in increased yields. Notwithstanding, demand from owner occupiers has remained consistent and we expect the property would transact for a higher capital value if it were offered to the market on a vacant possession basis.
- The general industrial and office/retail leasing market in fringe CBD locations is average at present with vacancy levels static. We note that over the past ten years a significant proportion of fringe industrial stock has been removed from the market and converted to higher order uses such as office accommodation or residential developments.
- Incentives for commercial properties are common in the current market and typically range between 0% and 10% of the first term's face rent depending on the size, location, quality and condition of the asset. We have allowed for an incentive of 10.00% of the initial term of the lease in our calculations.
- If offered for sale, we would anticipate the most likely buyer of the property to be an owner occupier given the availability with vacant possession and the sub \$1.5M price point. Given the property has redevelopment potential, we are also of the opinion that the property may still hold some appeal to a developer looking to land bank and amalgamate sites whilst capitalising on the income the property could generate in the short to medium term.
- We would anticipate a likely selling period of six months given an effective marketing campaign from a diligent and reputable selling agent.

Overall Risk: MEDIUM

Management

- Management is considered to be straight forward.

Overall Risk: LOW



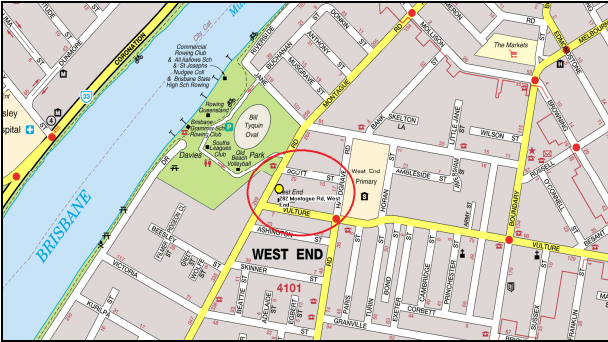
PROPERTY DESCRIPTION

LOCATION	
Locality	West End is a popular inner-city suburb adjacent to the suburbs of South Brisbane and Highgate Hill. The suburb comprises a mix of uses comprising detached housing, medium density residential unit developments, light industrial developments, commercial and office facilities. West End was one of the first suburbs of Brisbane settled circa 1885, and in the past 20 years has been subject to significant gentrification. There is a strong retail, café and restaurant presence along Boundary Street, being the hub of the area and additional bulky good uses along Montague Road. The suburb is also serviced by CityCat ferries. The low-lying areas of the suburb were severely affected by the 2011 flood.
Situation	The property is situated on the side of Montague Rd, being 60 metres north of its intersection with Vulture St.
Surrounding Development	The existing use is considered to be consistent with the surrounding development.
Infrastructure	The property is located close to the following infrastructure: arterial roads, motorways, major transport routes, public transport.

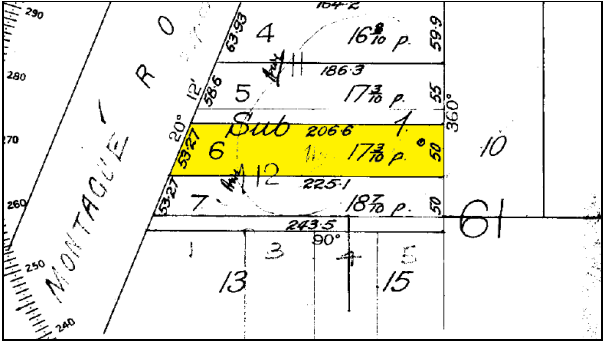
THE LAND



Source: Corelogic



Source: UBD Maps



Source: Registered Plan No. 11114



Source: Nearmap

Site Area	438 square metres.
Frontage & Depth	The subject property's frontage to Montague Rd is approximately 11 metres. The depth of the site along the southern boundary is approximately 45 metres.
Topography	The subject property is a level, irregular shaped internal allotment that is at street grade. Overall, it provides a reasonable building contour that has undergone cut and/or fill works.
Services	The following major services are connected: reticulated water, sewerage, telephone, electricity.



Road System	<p>The property has a single road frontage to Montague Rd.</p> <p>Montague Rd is a bitumen sealed, two lane collector road; it has bitumen verges and concrete kerbing and channelling with kerbside parking.</p>
Access and Exposure	<p>Vehicular access is easy and direct.</p> <p>The property has good exposure to vehicular traffic and good exposure to pedestrian traffic.</p>
Flooding	<p>We have been provided with a FloodWise Property Report for the subject property which indicates that it has a Minimum Ground Level of approximately 4.2 m AHD (Australian Height Datum) and a Maximum Ground Level of approximately 6.7 m AHD. The Defined Flood Level (DFL or 100 year ARI Flood Level) is reportedly 5.4 m AHD, which indicates that the minimum ground level is below the DFL. We also note the 2017 BRCFS 1.00% AEP was assessed at 6.3 metres which is also above the minimum ground level. Refer to the tables below:</p>

PROPERTY SUMMARY		LEVEL (mAHD)
Minimum Ground Level		4.2
Maximum Ground Level		6.7
Min Habitable Floor Level		Contact Council
Residential Flood Level (RFL)		6.1
Residential Flood Level Source		RIVER
Flooding may also occur from		RIVER,OVERLAND FLOW

DESCRIPTION	LEVEL (mAHD)	SOURCE
20% AEP	N/A*	
5% AEP	3.0	RIVER
2% AEP	4.3	RIVER
1% AEP	N/A*	RIVER
January 2011	6.1	RIVER
DFL	5.4	RIVER
RFL	6.1	RIVER
2017 BRCFS 1% AEP**	6.3	RIVER

Source: FloodWise Property Report



Flooding (cont)

Retrospective aerial photography of the subject property from January 2011 during the flood event confirms the sites around the subject property were inundated. Refer to the image below:



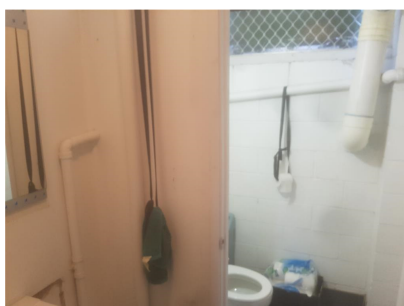
Source: Nearmap

We consider the subject property may have had some flooding issue; however we have been unable to confirm whether the improvements were impacted. The owner of the property has indicated there was no inundation. A copy of the FloodWise Property Search has been annexed to the rear of this report (Annexure 4).

IMPROVEMENTS



Retail Shop Accommodation



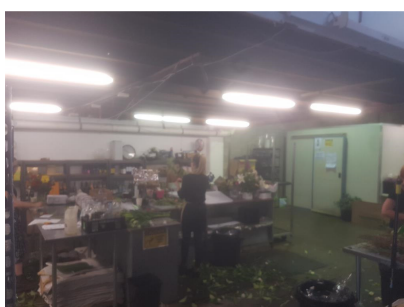
Bathroom Amenities



Kitchenette Amenities



Full Height Warehouse



Low Height Warehouse



Car Parking



General Description	Erected on the property is an older style, multi-level industrial building consisting of ground floor retail/office space and lower ground level warehouse accommodation. Overall it presents to an average standard and appears to be in average condition.																	
	Office/Retail (including amenities) – 30%																	
	The office component is located on the ground level and has a total lettable area of 123 square metres. The layout of the office is functional for most likely users of the property and consists of open plan retail accommodation and storage on the first floor. The lower ground floor comprises bathroom and kitchenette amenities. Access is via an internal stairwell.																	
	Warehouse – 70%																	
	The warehouse provides a combination of full height and low height clear span accommodation with a total lettable area of 281 square metres. It has an internal clearance of approximately 5.3 metres to the full height component and 2.4 to the low height component. It has access via a single roller shutter door (clearance of approximately 5.1 metres). Given the fringe location, this area could also be utilised as additional car parking for multiple vehicles.																	
Floor Area	The following floor areas are based on our own onsite measurements. These are subject to confirmation by survey:																	
	<table><tr><th>Description</th><th>% of Area</th><th>NLA (m²)</th></tr><tr><td colspan="3">1 - A.C.N. 140 885 936 Pty Ltd T/A 'Florist'</td></tr><tr><td>Office/Retail & Amenities</td><td>30%</td><td>123</td></tr><tr><td>Warehouse</td><td>70%</td><td>281</td></tr><tr><td>Total Mixed</td><td>100%</td><td>404</td></tr></table>			Description	% of Area	NLA (m²)	1 - A.C.N. 140 885 936 Pty Ltd T/A 'Florist'			Office/Retail & Amenities	30%	123	Warehouse	70%	281	Total Mixed	100%	404
Description	% of Area	NLA (m²)																
1 - A.C.N. 140 885 936 Pty Ltd T/A 'Florist'																		
Office/Retail & Amenities	30%	123																
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	<table><tr><th>Description</th><th>Size / Number</th></tr><tr><td colspan="2">1 - A.C.N. 140 885 936 Pty Ltd T/A 'Florist'</td></tr><tr><td>Car Park</td><td>2 spaces</td></tr></table>			Description	Size / Number	1 - A.C.N. 140 885 936 Pty Ltd T/A 'Florist'		Car Park	2 spaces									
Description	Size / Number																	
1 - A.C.N. 140 885 936 Pty Ltd T/A 'Florist'																		
Car Park	2 spaces																	
Construction	Concrete foundation and flooring and suspended timber flooring; steel portal framing; painted masonry block external walls; masonry block and plasterboard internal walls; plasterboard and exposed beam ceilings; sheet metal roofing; vinyl, tile, and bare concrete floor covering; aluminium framed plate glass glazing.																	
Layout	Considered functional for most likely users of the property.																	
Services	Split system air conditioning; male and female bathroom amenities; kitchenette with stainless steel sink; exposed fluorescent and mercury vapour lighting; access via a combination of swing and roller doors.																	
Other Improvements	Minimal landscaping; limited concrete hardstand areas; hoardings signage; single concrete crossover.																	
	The ground improvements are of an acceptable standard for the existing use of the property.																	
Parking	Open parking is available for two vehicles. This equates to a ratio of one bay per 202 square metres of lettable area. A typical ratio for this asset class in this locality would be one space per 100 square metres of lettable floor area.																	
	The parking provisions are inadequate and considered a negative aspect of the property. However, we do note that given the fringe location, it is not uncommon for parking to reflect between one car space per 100 and 200 square metres of GLA.																	
Condition	The improvements present to an average condition. We did not note any items during our inspection requiring immediate capital expenditure.																	



ENVIRONMENTAL ISSUES

Site Issues	Previous potentially contaminating use	No
	Environmental planning overlay	Yes
	Contamination uses on adjoining properties	Not apparent
	Known contamination issues in surrounding areas	No
	Known groundwater contamination in surrounds	No
	Potentially contaminating processes or materials on site	Not apparent
	Known past underground storage of contaminant materials	No
	Listed on contaminated or environmental site registers	No
	Do operations require environmental licensing	No

There are a variety of overlays over the site as a result of the current Town Plan which may have varying impacts over potential development. As we are not town planners, we are unable to conclusively determine the impacts of these overlays.

Environmental Management Register (EMR)

EMR is a land use planning and management register. Land that has been or is being used for a notifiable activity and is notified to the Department of Environment is recorded on the EMR. The EMR provides information on historical and current land use, including whether the land has been or is currently used for a notifiable activity, or has been contaminated by a hazardous contaminant. Sites on the EMR in most circumstances pose a “low risk” to human health or the environment under their current land use.

Entry on the Environmental Management Register does not mean that the land must be cleaned up or that the current land use must stop.

We note a search of the Environmental Land Register/Contaminated Land Register maintained by the Queensland Environmental Protection Agency revealed that the subject property **IS NOT** included in the Environmental Management Register, and **IS NOT** on the Contaminated Land Register. Refer to Annexure 5.

Our valuation is based upon the assumption that the property is not contaminated or impacted by environmental issues that will affect the marketability or value of the property. It should be noted that environmental matters are outside of our expertise and that this valuation has been prepared without the benefit of soil tests or any other environmental studies.

We recommend that any party who has the right to rely upon this valuation report satisfy themselves in relation to any environmental risks or contamination issues, prior to reliance upon this valuation. Should any such issues become apparent, this valuation is not to be relied upon and the report must be returned to the valuer for review and comment.

The environmental checklist has been completed subject to the limitations of our site inspection and in the absence of specialist reports. Whilst we have provided broad commentary on the above questions, we advise that these matters are outside of our area of expertise and if doubt exists, specialist advice should be sought and if relevant, referred to the valuer for comment prior to relying upon the valuation.



ENVIRONMENTAL ISSUES

Asbestos Materials

Buildings predate 1 January 1990

Yes

Asbestos containing material on site

Not apparent

Asbestos register plan available

No

As the improvements were constructed prior to 31 December 1989, State legislation stipulates that an 'Asbestos Register' must be prepared and kept at the workplace.

We were informed by the owner that no asbestos report has been prepared. Without the benefit of this a professionally prepared asbestos materials report we are unable to conclusively determine if there are any asbestos containing materials present in the improvements. Refer to Financier Recommendations for further information.

The presence of asbestos, change in community attitudes and the cost associated with dealing with its removal has the potential to reduce marketability and value of the property. The extent of this cannot be known.

OCCUPANCY DETAILS

Overview

The property is currently fully leased to a single local tenant. We have been provided with a fully signed copy of the lease. We have perused this documentation and have retained it on file. We note the lease was negotiated on a net basis. We have grossed up the passing net rent in order to compare the property with the available evidence on a like-for-like basis.

The salient details of the lease are identified below:

Lease Synopsis

Lease Status:	Fully signed and executed.
Demised Premises:	282 Montague Road, West End.
Use:	Warehouse, office, and retail premises.
Area:	404 square metres of GLA.
Lessor:	Arktime Pty Ltd A.C.N. 050 410 538 as Trustee Under Instrument No. 710665106.
Lessee:	A.C.N. 140 885 936 Pty Ltd as Trustee for the Lakomy Family Trust.
Commencement Date:	24 July 2013.
Expiry Date:	23 July 2018.
Term/Option:	Five year initial term with no further option.
Commencement Net Rental:	\$50,000 per annum net plus GST and outgoings.
Current Net Rental:	\$70,304 per annum net plus GST and outgoings.
Outgoings:	100% recoverable from the lessee.
Passing Gross Rental:	
Rent Reviews:	Annually to 4.00% except for the commencement of lease year three which was a fixed review to \$65,000 per annum net.
Incentives:	Nil.
Car Parking:	Two parking bays are available onsite. They are included in the annual rental.
Security/Guarantees:	Cash bond equivalent to 12 months rent and personal guarantors.



VALUATION CONSIDERATIONS

MARKET EVIDENCE

Rental Evidence We have searched online and through our database for rental evidence of a comparable nature. The most pertinent evidence to this valuation is summarised in the table below:

Address	Commence Date	Term (Years)	Area (m ²)	Gross Rent P.A.	Gross Rate (\$/m ²)
2/15 Anthony St, West End	1/07/2017	1	190	\$41,250	\$217
7 Light St, Fortitude Valley	1/06/2017	2	300	\$85,000	\$283
40 Abbotsford Rd, Bowen Hills	1/05/2017	3	365	\$73,000	\$200
8/205 Montague Rd, West End	16/01/2017	5	161	\$53,000	*\$292
39 Balaclava St, Woolloongabba	28/11/2016	3	650	\$127,000	\$195

Address	No of Bays / Type	Commence Date	Term (Years)	Rate (\$/Bay/Month)
39 Sherwood Road, Toowong	Mix 5 secure open and secure basement	1/03/2017	3	\$145 \$190
2740 Logan Rd, Eight Mile Plains	1 Open	1/12/2016	5	\$80
36 Balaclava St, Woolloongabba	11 Open	1/08/2016	5	\$150
254 Milton Road, Toowong	3 Open	1/05/2016	3	\$110

Rental Conclusion The evidence identified above reflects a broad rate range in the order of \$195 to \$292 per square metre per annum gross plus GST. The car parking evidence shows a range of between \$80 and \$150 per calendar month per bay (pcmpb) for open parking spaces.

The passing gross rent for the subject property is \$97,145 per annum or \$240 per square metre.

Having regard to our knowledge of rents being achieved for similar premises, prevailing market conditions and the attributes of the subject property, we have adopted the passing rent within our assessment. The passing rent can be apportioned as **\$375** per square metre over the office component, **\$171** per square metre over the warehouse component, and **\$125** per calendar month per bay (pcmpb).

Description	Gross Passing Income		Gross Market Income	
	\$pa	\$/m ² or \$/unit	\$/m ² or \$/unit	\$pa
1 - Vacant				
Office/Retail & Amenities	-	-	375	46,125
Warehouse	-	-	171	48,020
Car Park	-	-	1,500	3,000
Sub Total	-	-		97,145
Total Mixed	-	-		97,145



Sales Evidence

We have examined market activity within the locality and have researched sales evidence provided by national sales data providers for details of comparable sales. The more relevant sales are summarised in the following schedule.

No	Address	Sale Date	Sale Price	Land Area (m ²)	Lettable Area (m ²)	Passing Yield (%)	Analysed Market Yield (%)	\$/m ² Lettable Area
1.	359 Montague Road, West End	15/08/2017	\$3,500,000	1,214	863	VP	5.66	*\$3,152
Comments:		<p>The property is a 1,214 square metre regular shaped, inside site classified within the "Mixed Use (Corridor) Zone" and the "Riverside South Precinct" under the Brisbane City Plan 2014. Under the current zoning the site can be developed up to a maximum of four storeys with a site coverage of 80%.</p> <p>Erected on the property is a semi-modern style, commercial office complex providing office and workshop accommodation. General construction consists of concrete tilt panel external walls and sheet metal roofing. Ancillary improvements include 22 basement car parks and seven open car parks.</p> <p>Apportionment: Office: 623 square metres (72%), Workshop: 240 square metres (28% approximately).</p> <p>The sale parameters are:</p> <ul style="list-style-type: none"> - Occupancy: Sold with vacant possession to a private investor; - Notional Gross Rent: \$288,210 per annum, after apportioning \$175 per calendar month per basement car park and \$125 per calendar month per open car park the assessed rental reflects \$270 per square metre of NLA; - Outgoings: Assessed at approximately \$75,498 per annum or \$87 per square metre of NLA; - Analysed Market Yield Adjustments: Six month lease up allowance on a notional three year lease term; <p>* Analysed rate equates to \$3,152 per square metre of GLA after apportioning a rate of \$20,000 per open parking bay and \$30,000 per secure basement parking bay.</p>						
Comparison:		<p>Larger sized industrial building situated in close proximity on Montague Rd. The property has slightly inferior zoning (four storey maximum), however was purchased with the intent of utilising the existing improvements. The improvements present to a superior standard and have a higher apportionment of office accommodation. Considered inferior on a rate per square metre primarily due to the larger lettable area, higher price point and slightly inferior zoning. Sold with vacant possession.</p>						
2.	35 Balaclava St, Woolloongabba	28/06/2017	\$1,180,000	306	329	VP	4.92	*\$3,526
Comments:		<p>The property comprises a sloping, 405 square metre rectangular shaped corner allotment. The property is classified within the Mixed Use (Inner City) Zone under the Brisbane City Plan 2014. Under the current classification in the Neighbourhood Plan the site has a maximum developable height of up to six storeys. However, the small size of the site (306 square metres) severely restricts the achievable built form and feasibility of potential redevelopment.</p> <p>Erected on the property is an older style, partially refurbished industrial office and warehouse building. Overall the improvements provide an average standard of accommodation with average presentation.</p> <p>Apportionment: Office: 182 square metres over two levels (55%); Warehouse: 147 square metres (45%).</p> <p>The sale parameters are:</p> <ul style="list-style-type: none"> - Occupancy: The property sold fully leased to a single tenant with one month remaining on their term certain. The property effectively sold with vacant possession. Albeit we adopted the present value of the remaining income stream as a capital adjustment in our assessment (\$3,577); - Market Gross Rent: \$78,960 per annum plus GST or \$275 per square metre over the office accommodation, \$180 per square metre over the workshop/warehouse and \$100 per parking bay per calendar month; - Outgoings: Approximately \$16,645 per annum or \$51 per square metre of GLA; - Market Net Rent: \$62,315 per annum plus GST; - Analysed Market Yield: Nine month lease up allowance and a 10% incentive (based on a notional three year term). <p>*The sale price reflects \$3,526 per square metre of GLA after adopting a capital value of \$10,000 per open car park (\$20,000).</p>						
Comparison:		<p>This is a smaller, older style industrial office and warehouse building situated within an inferior commercial precinct. The improvements provide a comparable standard of accommodation having a higher proportion of office accommodation. Overall it is considered superior to the subject on a rate per square metre of GLA basis having regard to the smaller GLA, higher office apportionment and slightly superior zoning. Sold with vacant possession.</p>						



No	Address	Sale Date	Sale Price	Land Area (m ²)	Lettable Area (m ²)	Passing Yield (%)	Analysed Market Yield (%)	\$/m ² Lettable Area
3.	131 Wellington Rd, East Brisbane	1/05/2017	\$1,400,000	405	450	VP	6.42	*\$3,022
Comments:		<p>This is a near level, 405 square metre rectangular shaped internal site classified within the 'Mixed Use (Inner City) Zone' under the Brisbane City Plan 2014. The property is also classified within the 'Wellington Road/Lytton Road Precinct' under the Kangaroo Point South Neighbourhood Plan. To qualify for redevelopment in this precinct sites must have a minimum area of 800 square metres.</p> <p>Erected on the property is an older style, fully refurbished industrial office and workshop building which is constructed of masonry block external walls and sheet metal roofing. The building has been refurbished and presents to a good standard overall. The property has approximately four (4) open car spaces onsite reflecting a ratio of approximately one bay per 113 square metres of GLA.</p> <p>Apportionment: Office: 267 square metres (59%); Workshop/Storage: 183 square metres (41%).</p> <p>The sale parameters are:</p> <ul style="list-style-type: none"> - Occupancy: Sold with vacant possession; - Market Gross Rent: \$128,550 per annum plus GST or \$350 per square metre over the office accommodation, \$166 per square metre over the workshop/storage and \$100 per calendar month per bay. - Outgoings: Approximately \$29,961 per annum or \$67 per square metre of GLA; - Market Net Rent: \$98,589 per annum plus GST; - Analysed Market Yield: Six month lease up allowance and a 15% incentive (based on a notional three year term). <p>*The sale price reflects \$3,022 per square metre of GLA after adopting a capital value of \$10,000 per open car park (\$40,000).</p>						
Comparison:		<p>This is a slightly larger, older style refurbished industrial office and warehouse building situated within an inferior commercial precinct. It has superior exposure to a higher volume of passing traffic. The improvements provide a superior standard of accommodation and it has a higher proportion of office accommodation. Whilst the improvements are superior, it is offset having regard to the inferior location and redevelopment potential. The sale price reflects the lower end of an expected range. Considered inferior on a rate per square metre basis due to the location, inferior zoning, and slightly larger lettable area. Sold with vacant possession.</p>						
4.	155 Wellington Rd, East Brisbane	22/02/2017	\$1,385,500	450	408	VP	4.93	*\$3,347
Comments:		<p>The property comprises a near level, 405 square metre, rectangular shaped inside site classified 'Mixed Use (Inner City) Zone' under the Brisbane City Plan 2014. The property is also classified within the 'Wellington Road/Lytton Road Precinct' under the Kangaroo Point South Neighbourhood Plan. To qualify for redevelopment in this precinct sites must have a minimum area of 800 square metres.</p> <p>Erected on the property is an older style, partly refurbished industrial office and warehouse building. General construction comprises brick and masonry block external walls and sheet metal roofing. The property has two open car spaces onsite reflecting a ratio of approximately one space per 204 square metres of GLA.</p> <p>Apportionment: Office: 216 square metres (53%); Warehouse: 192 square metres (47%).</p> <p>The sale parameters are:</p> <ul style="list-style-type: none"> - Occupancy: Sold with vacant possession to a local investor; - Market Gross Rent: \$98,280 per annum plus GST or \$235 per square metre of GLA per annum and \$100 per calendar month per bay (pcmpb); - Outgoings: Approximately \$24,883 per annum or \$61 per square metre of GLA; - Market Net Rent: \$73,397 per annum plus GST or \$174 per square metre of GLA and \$100 pcmpb; - Analysed Market Yield: Six month lease up allowance and a 15% incentive (based on a notional three year term); <p>*The sale price reflects \$3,347 per square metre of GLA after adopting a capital value of \$10,000 per open car park (\$20,000).</p> <p>We consider the sale price reflects the upper end of an expected range.</p>						
Comparison:		<p>This is a similar sized, older style partly refurbished industrial office and warehouse building situated within an inferior commercial precinct. It has superior exposure to a larger volume of passing traffic. The site has inferior zoning. The improvements provide a slightly superior standard of accommodation and it has a higher proportion of office accommodation. Onsite parking provisions are comparable. Overall the site is considered to be inferior on a rate per square metre basis due to the inferior underlying zoning. Sold with vacant possession.</p>						



No	Address	Sale Date	Sale Price	Land Area (m ²)	Lettable Area (m ²)	Passing Yield (%)	Analysed Market Yield (%)	\$/m ² Lettable Area
5.	236 Montague Rd, West End	1/07/2016	\$2,400,000	556	641	1.45	7.05	*\$3,580
Comments:		<p>This is a near level, 556 square metre, inside site that is classified within the "Mixed Use (Inner City)" Zone under the Brisbane City Plan 2014. It is further classified within the South Brisbane Riverside Neighbourhood Plan. The property has a single road frontage to Montague Road.</p> <p>Erected on the property is fully refurbished, converted commercial office building that was previously utilised as an industrial office and warehouse building. It provides a multi-tenanted layout over two levels with a total NLA of 641 square metres. Overall, the improvements present to an average standard. Open car parking is available for seven vehicles reflecting a ratio of one bay per 92 square metres.</p> <p>The ground floor provides 275 square metres of accommodation and currently operates as a Yoga studio. It has been fitted out with a small reception area, open plan air-conditioned studio area with floating timber floors, and a kitchen and amenities area. The first floor provides 366 square metres of office accommodation. It has been fitted out with a reception area, partitioned office and meeting areas, kitchen facilities and amenities.</p> <p>Apportionment: Office: 641 square metres (100%).</p> <p>The sale parameters are:</p> <ul style="list-style-type: none"> - Occupancy: Sold part leased (ground floor) and part vacant (55% of the achievable gross income). The lease expires 7 October 2022; - WALE (by income): 2.82 years remaining; - Passing Gross Rent: \$77,378 per annum or approximately \$281 per square metre of NLA and \$125 pcmpb (2 bays). This is considered below market parameters and as such we have adjusted it within our analysis; - Market Gross Rent (Ground Floor Tenancy): \$106,125 per annum or approximately \$375 per square metre of NLA and \$125 pcmpb (2 bays); - Notional Gross Rent (First Floor Tenancy): \$130,110 per annum or approximately \$335 per square metre of NLA and \$125 pcmpb (5 bays); - Outgoings: Approximately \$45,495 per annum or \$71 per square metre of NLA; - Analysed Market Yield Adjustments: Nine month lease up allowance and a 15% incentive over the initial term of a notional three year lease term; <p>*This is the analysed rate per square metre of NLA after applying a capital value of \$15,000 per open car park (\$105,000).</p>						
Comparison:		<p>This is a larger, fully refurbished commercial office building situated in close proximity to the subject property. The improvements provide a superior standard of office accommodation and it has a superior level of parking. Sold partially leased reflecting a WALE of 2.82 years which provides an average level of cash flow security. It is considered superior to the subject on a rate per square metre of GLA basis having regard to the superior improvements and higher order use of the property (100% office accommodation). Considered inferior on an investment basis due to the higher price point.</p>						

Sales Conclusion

We refer the reader to our comparison comments within the above sales tables.

The yields identified above reflect an analysed market yield range of 4.92% to 7.05% and the capital value rates identified above reflect a range in the order of \$3,022 to \$3,580 per square metre of GLA. The capital value for the car parks within the sales evidence ranges between \$10,000 and \$20,000 per car park depending on the location and style of car park.

Having regard to the available sales evidence, prevailing market conditions and the attributes of the subject property, we have adopted a capitalisation rate of **5.50%** and adopted an analysed rate for the subject property of **\$3,350 to \$3,550** per square metre of GLA and **\$20,000** per open car park.

We are also aware of the recent sale at 379 Montague Rd on 11 July 2017 for \$3,500,000 (Excl. of GST). We consider this sale price to be above market parameters and is not supported by available evidence. We do not, therefore, consider it to be useful evidence for the assessment of the subject property.



VALUATION RATIONALE

Highest and Best Use	We consider the existing use of the subject property to be consistent with the highest and best use of the land.
Methods of Valuation	Capitalisation of net income and Direct Comparison on a rate per square metre of floor area.
Selling Period	Up to six months assuming a marketing campaign by a reputable and diligent sales agent.

VALUATION CALCULATIONS

Direct Comparison Approach As our primary approach to value we have adopted a direct comparison method to assist the valuer in forming an opinion. This approach allows the valuer to assess an overall rate of the property over the GLA.

Having regard to the sales evidence, we have adopted a rate per square metre range of **\$3,350 to \$3,550** per square metre over the GLA. We have also applied a capital value of **\$20,000** per open car park.

Direct Comparison Approach - Building

Sales evidence suggests a rate per square metre of building area range as follows:

Comparisons	GLA (m ²)	\$/m ² Building	Total (\$)
Low	404	3,350	1,353,400
High	404	3,550	1,434,200
Core Value		3,450	1,393,800
Adjustments			
Car Parks			40,000
Adjusted Value			1,433,800
Rounded for Valuation Purposes			1,430,000

Capitalisation Approach The capitalisation approach examines potential net income available from the property, which is then capitalised at a rate that reflects the risk profile of the property, and the property market of the day. This approach attempts to mirror the typical property investors' view of the subject property and the market.

Item	Definition	Adopted (\$)
Major Drivers		
Market Gross Income	The total market income receivable from a property on a fully leased basis	97,145
Market Net Income	The assessed current market net annual income	70,304
Capitalisation Rate	The appropriate yield derived from comparable sales evidence and applied to the market income	5.50%

Item	Definition	Adopted (\$)
Capital Adjustments		
Loss of Rent During Lease Up Period	The present value of the Gross rent foregone during the assumed let up period over all vacant and owner occupied tenancies	9 months for vacant tenancies. Discounted at the Discount Rate of 5.50% (72,012)
Agents Fees	The present value of the agents leasing fees of all existing or near pending vacancies	12% gross for new leases & 5% gross for renewed leases. Discounted at the Discount Rate of 5.50% (11,353)
New Tenant Incentives	The present value of all new tenant incentives (Fitout & Rent Free Periods)	Discounted at the Discount Rate of 5.50% (28,381)
PV of Remaining Income Stream	The value of the additional PV of Remaining Income Stream on the subject property	No discounting 53,408



VALUATION CALCULATIONS

We have been provided with a copy of the current Brisbane City Council rates notice and water charges for the property and annual insurance premiums. Land tax has been assessed on a single company holding basis. We have assessed outgoings such as general repairs and maintenance and an annual management fee, using industry benchmarks together with our own knowledge.

The assessed outgoings for the subject property reflect approximately \$66 per square metre of GLA per annum. The sales evidence reflects outgoings of between \$51 and \$87 per square metre of GLA per annum. Accordingly, the outgoings fall within an acceptable range. We have adopted these figures within our calculations.

Capitalisation Summary				
	Passing		Market	
	\$pa	\$/m ²	\$/m ²	\$pa
1: Vacant (incl Car Parks)			233	97,145
Gross Income				97,145
Potential Future Income - Vacant Tenancies (404m ²)	97,145			
Gross Adjusted Income	97,145			97,145
Outgoings:				
Municipal / Council Rates	(8,648)			(8,648)
Water & Sewerage Rates	(2,032)			(2,032)
Land Tax	(9,780)			(9,780)
Insurance Premiums	(2,400)			(2,400)
Repairs & Maintenance	(2,481)			(2,481)
Administration / Management Fee	(1,500)			(1,500)
Total Outgoings	(26,841)	(66)	(66)	(26,841)
Adopted Net Income	70,304			70,304
Capitalisation Rate				5.50%
Core Capital Value				1,278,255
Existing Adjustments				
PV Loss of Rent During Lease Up Period				(72,012)
PV Agents Fees				(11,353)
PV New Tenant Incentives				(28,381)
PV of Remaining Income Stream				53,408
Total Below the Line Adjustments				(58,338)
Sensitivity - lower Cap Rate of 5.25%				1,280,786
Capitalised Value				1,219,917
Sensitivity - higher Cap Rate of 5.75%				1,164,340
Rounded for Valuation Purposes				1,220,000



VALUATION CALCULATIONS

Valuation Conclusions

In valuing the subject property, we have relied upon the two different valuation approaches above being the capitalisation of net income approach and the direct comparison (improvements) approach.

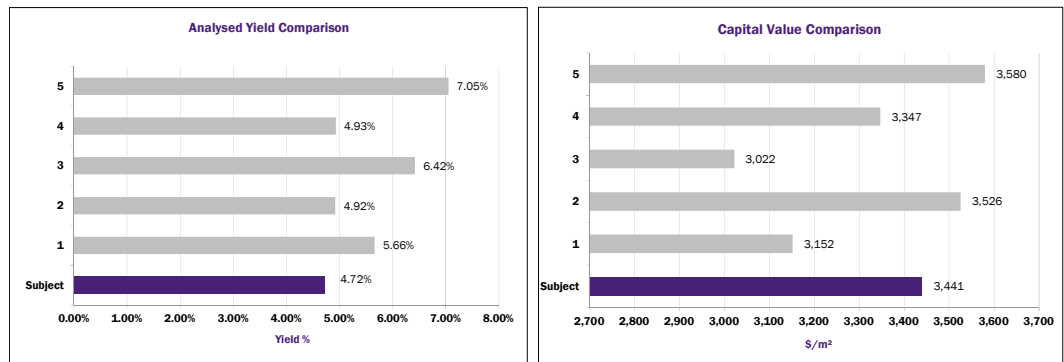
As we consider the subject property will appeal primarily to owner occupiers considering there is only nine months remaining on the current lease term and the sub \$1.5M price point. The redevelopment potential of the site will also appeal to owner occupiers/developers.

We note there is a discrepancy between the values of our two approaches. The capitalisation approach is indicating a lower value than our adopted market value. This can be attributed to a reduction in demand for development sites in this locale, particularly those with no immediate redevelopment potential (i.e. poorly shaped, smaller sites). This has, in turn, resulted in increased yields. Notwithstanding, demand from owner occupiers has remained consistent and we expect the property would transact for a higher capital value if it were offered to the market on a vacant possession basis.

The derived values from these approaches and our adopted value are shown below:

Valuation Summary	
Capitalisation Approach	\$1,220,000
Direct Comparison Approach (based on Building comparison)	\$1,430,000
Adopted Value	\$1,430,000
Which equates to	
a passing yield of	0.00%
an initial yield fully leased of	4.72%
an analysed market yield of	4.72%
an adopted value rate per square metre of lettable area of	\$3,441

Our resultant value rates in comparison to the sales evidence are graphically represented as follows:



Contract of Sale

We are not aware of any current contract of sale over the property.

INSURANCE ESTIMATE

Summary

Insurance Assessment

Replacement with New Value as at:	16 October 2017
Replacement with New Value:	540,000
Escalation	40,000
Removal of Debris	20,000
Loss of Gross Income	130,000

Total Replacement Value (Net of GST)	\$730,000
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ANNEXURES

Definitions, Assumptions, Qualifications & Disclaimers
Letter of Instruction
Current Title Search
Registered Plan
FloodWise Property Report
EMR/CLR Search

DEFINITIONS, ASSUMPTIONS, QUALIFICATIONS & DISCLAIMERS

DEFINITIONS

Market Value	The estimated amount for which an asset or liability should exchange on the valuation date 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.
Market Rent	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.
Highest and Best Use	The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.
'As Is'	A valuation that provides the current market value of the property as it currently exists rather than the value of the proposed development.
Passing Yield	Net passing income divided by sale price or adopted value.
Initial Yield Fully Leased	Net passing income plus vacancies at market rents divided by sale price or adopted value plus any capital adjustments to the core value (capex, outstanding incentives and letting up allowances). Also known as 'Equated Initial Yield'.
Analysed Yield	Assessed net market income after permanent vacancy allowance, divided by total sale price or adopted value plus any capital adjustments to the core value (capex, PV of reversions and letting up allowances). Also known as 'Equated Market Yield' or 'Equated Reversionary Yield'.

ASSUMPTIONS

Identification Survey	<p>We have physically identified the boundaries upon inspection and there do not appear to be any encroachments. However, we are not surveyors and no warranty can be given without the benefit of an identification survey.</p> <p>To the best of the valuer's knowledge, the subject property is not affected by landslip, pest infestation or resumption matters, however, no searches have been undertaken in this regard.</p>
Easements	<p>This valuation is subject to there being no other encumbrances (other than those noted within this report), which may have an adverse effect on our valuation. Should any such easement or encumbrance become apparent, we reserve the right to review our valuation.</p>
Town Planning	<p>We assume that planning data provided to us by the relevant Local Planning Authority is accurate. In the event that a Town Planning Certificate or any other relevant Planning Certificate or document is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.</p> <p>A search of the permitted use with the Authority has <u>not</u> been provided or obtained and therefore this valuation has been undertaken on the basis that all necessary and appropriate town planning and/or building, consents, approvals and certifications have been issued for the use of occupation of the improvements as more fully described in this report.</p>
Floor Areas	<p>The adopted floor areas are based on building plans, our own on site measurements, the registered Survey Plan, the registered Building Units Plan, surveyed Lease Plans, the current tenancy schedule, together with supplementary advice provided by the property manager, and are subject to confirmation by survey.</p> <p>It is assumed that measurements are in accordance with the Property Council of Australia's appropriate recommended method of measurement for the specific premises type.</p>
Condition of Improvements	<p>Whilst we have carried out a building inspection, we have not completed a detailed structural survey, verified the condition of the plant and machinery, tested any of the services or inspected unexposed or inaccessible portions of the building. We are therefore unable to state that these are free from defect, rot or infestation. We have viewed the general state of repair of the building and have assumed that the improvements are reasonably structurally sound considering their age.</p>
Tenancy Details	<p>The tenancy schedule (lease synopsis) has been produced after perusal of lease documentation or advice supplied.</p> <p>We are not qualified at law and the above summary should not be construed as a legal opinion of terms and conditions by which the property is occupied. In this regard a solicitor's advice should be sought. In the event any onerous legal matter was revealed, we would reserve the right to revise this report.</p> <p>We have assumed that the tenant/s is/are being charged in accordance with the lease documentation. The information provided by the owner/property manager has not been verified and therefore the valuation is undertaken on the assumption and basis that such information is correct and that there are no arrears.</p>



Market Evidence	Market data has been obtained from a range of sources, or as reported by real estate agents. As well as using such documented and generally reliable evidence or market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.
Insurance Estimate	Our calculations have been undertaken on the basis that if the property were completely destroyed the debris would be removed from the site and a new building of similar size and style erected in its place. Any party relying on this advice must be aware that valuers are not quantity surveyors or qualified in the field of building or construction and accordingly we cannot extend any professional liability in this area and recommend properly qualified advice is sought. Should you require a precise estimate, this should be supplied by a quantity surveyor and/or architect.

QUALIFICATIONS & DISCLAIMERS

Supporting Memorandum	This valuation pro-forma is a concise summary made in accordance with the Australian Property Institute Practice Standard currently in force and the instructing party's Standing Instructions.
Accuracy of Information	We advise that any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the valuation report is incorrect, it may have an impact on the valuation. The valuation is provided on the proviso that the reliant party accepts this risk.
Assignment of Valuation	Our valuation has been prepared for first mortgage security purposes (only), and it has been prepared in accordance with the Australia Property Institute's Mortgage Valuation Practice Standards. Any mortgagee intending to rely upon this valuation must seek an express written authorisation from Herron Todd White (Brisbane) Pty Ltd, and we will not accept any responsibility or liability for reliance upon this valuation without such an authorisation.
Conflict of Interest	Neither the valuer, nor to the best of their knowledge, any member of this firm, has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein.
Excluded Searches	The following searches have not been undertaken: Land Survey Plan, Building Survey Plan, Formal Flood, Detailed Town Planning, Heritage Register, Local/State Road Widening, Vegetation Protection, Native Title. Our valuation assumes such searches would identify no issues that may affect the value and/or liquidity of the property. Should any person relying on the contents of this report be aware or become aware of an issue that may affect value and/or liquidity then the searches should be referred to the valuer for comment.
First Mortgage	This valuation is provided on the basis that it may be used for assessing and providing first mortgage over the asset. We do not accept liability for losses arising from the assessment and/or provision of non-first mortgages.
Goods and Services Tax (GST)	We stress we are not experts in assessment of GST. We are not privy to the financial circumstances of the owner(s), any agreements executed (or to be executed) between the parties or the previous transactions relating to the property which may impact upon the status of the property for GST. We recommend any party relying upon this valuation seek independent advice in regard to any GST liabilities which may attach to the property. All rentals, outgoings and sale prices quoted in this report are net of GST unless otherwise stated.
Land Not Affected	To the best of the valuer's knowledge, the land is not affected by unstable, hazardous or toxic soil material, pest infestation or resumption matters however, no searches have been undertaken in this regard. This valuation assumes that there are no problems, however, should any such issues arise, then this matter should be referred to the valuer for further comment.
Limited Liability	Liability limited by a scheme approved under professional standards legislation. This scheme does not apply in Tasmania.
Market Movement	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 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. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.
No Compliance Certificate	No Compliance Certificate/Certificate of Classification has been obtained. This valuation is subject to the building(s) complying in all material respects with any restrictive covenants affecting the site. Furthermore, it is assumed that the site improvements have been built, occupied and operated 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.
No Pecuniary Interest	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.
Not to be reproduced without permission	Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear.
Other Taxation Implications	Herron Todd White are not taxation experts and we provide our valuation assessment and any associated sales, rental or feasibility analysis, independent of any consideration of income tax, capital gains tax or any other property related tax implications that may be associated directly or indirectly with the subject property.



Prudent Lending	This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other) may rely on the valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lenders Clause) only applies if the lender is not a lender regulated by the Banking Act 1959 (Cth).
Reliance on Valuation	This valuation report is for the use of, and may be relied upon for the stated purpose, 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 Herron Todd White (Brisbane) Pty Ltd.
Structural Survey	This valuation report does not purport to be a site or structural survey of the land or improvements thereon, and any advice provided is not given in the capacity as an expert.



Annexure 1 Instructions

Service Type	Commercial Report
Address	282 MONTAGUE Road WEST END QLD 4101 8800772
ValEx ID	
Ordered By	Susan Hackett Email: hackets1@anz.com Phone: (07) 3182 5005 Mobile:
Funder	Australia and New Zealand Banking Group Limited - ANZ BANK Email: doNotReply@corelogic.com.au Phone: 1300 715 264
Client Agreement Level	Level 2
Client	Australia and New Zealand Banking Group Limited - ANZ - BUSINESS BANKING Email: anz@valex.com.au Phone: 1300 715 264
Client Type	Bank
Valuation Firm	Herron Todd White (Brisbane) Pty Ltd Email: brisresidential@htw.com.au Phone: 07 3353 7500 Fax: 07 3359 4150
Valuer	Isaac McConnell Email: isaac.mcconnell@htw.com.au Phone: (07) 3002 0900 Fax: (07) 3359 4150
Valuation Type	Standard Mortgage
Order Date	Wed 11th October 2017, 2:41pm AEST
Ordered Via	CoreLogic
Banker Name	Sue Hackett
Banker Email	Sue.Hackett@anz.com
Banker ID	7432172
Loan Ref	R0900
Borrower(s)	Arktime Pty Ltd
Prices	\$1,500,000 (estimated)
Transaction	Check Valuation
Purpose	Mortgage
Property Type	Office
Occupancy	Leased to 3rd Party
Number of Units/Lots	1
Previous Sale	N/A
Property Value	N/A
Complex Security	No
Communication	Communication Path - Valfirm to ValEx Indicates that the Valfirm can only liaise with CoreLogic
Property Type	Where do I source documentation from? Client to Provide Ensure you add a Delay to request the Documentation Office
Additional Property Description	Building area 400.9 m2. Site area 438 m2.
Contact(s)	John Ray - Owner Company: Arktime Pty Ltd Mobile: 0412 741 976



CURRENT TITLE SEARCH
DEPT OF NATURAL RESOURCES AND MINES, QUEENSLAND

Request No: 27094157
Search Date: 13/10/2017 14:14

Title Reference: 50436991
Date Created: 29/04/2003

Previous Title: 50400794
50400795

REGISTERED OWNER

Dealing No: 710665106 08/06/2007

ARKDIME PTY LTD A.C.N. 050 410 538
TRUSTEE
UNDER INSTRUMENT 710665106

ESTATE AND LAND

Estate in Fee Simple

LOT 6 REGISTERED PLAN 11114
Local Government: BRISBANE CITY

EASEMENTS, ENCUMBRANCES AND INTERESTS

1. Rights and interests reserved to the Crown by
Deed of Grant No. 19559144 (WSA 61)
2. MORTGAGE No 710818028 17/07/2007 at 12:17
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED A.C.N. 005
357 522
3. LEASE No 715343517 01/10/2013 at 16:27
ACN 140 885 936 PTY LTD A.C.N. 140 885 936 TRUSTEE
UNDER INSTRUMENT 715343517
OF THE WHOLE OF THE LAND
TERM: 24/07/2013 TO 23/07/2018 OPTION NIL

ADMINISTRATIVE ADVICES - NIL
UNREGISTERED DEALINGS - NIL

CERTIFICATE OF TITLE ISSUED - No

Caution - Charges do not necessarily appear in order of priority

**** End of Current Title Search ****

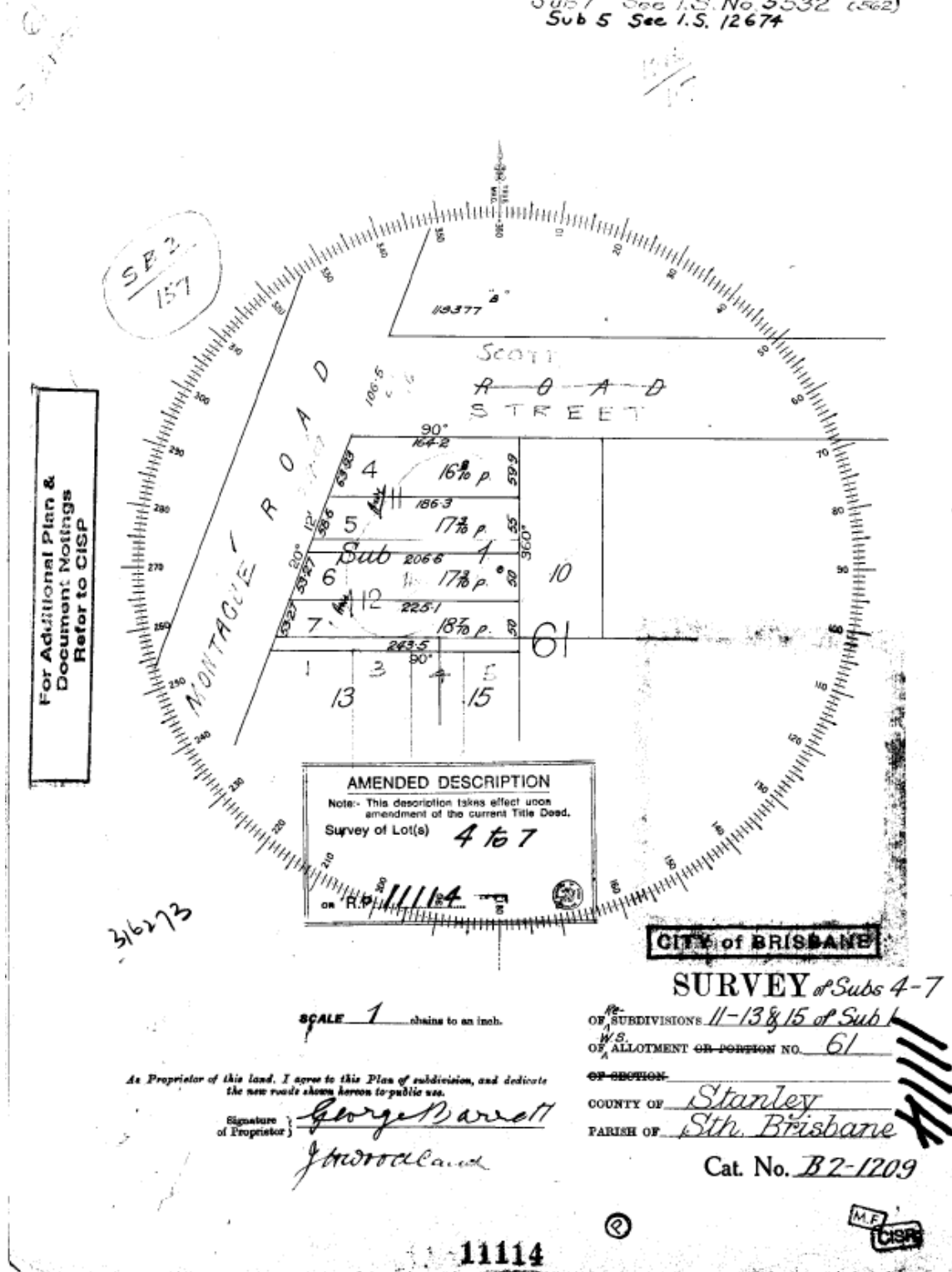
COPYRIGHT THE STATE OF QUEENSLAND (DEPT OF NATURAL RESOURCES AND MINES)
[2017]
Requested By: D-ENQ INFOTRACK PTY LIMITED



Annexure 3 Extract of Registered Plan

RP11114 V0 Page 1 of 1 Not To Scale

Sub 7 See I.S. No. 5532 (562)
Sub 5 See I.S. 12674



Copyright protects the plan/s herein referred to by you. Unauthorised reproduction or amendments are not permitted



282 Montague Rd, West End QLD 4101
Job No. BNE587548
Date of Valuation: 16 October 2017



Brisbane City Council FloodWise Property Report

Report Reference

1507868327378

13/10/2017 14:18:47

Dedicated to a better Brisbane

THIS REPORT IS FOR BUILDING AND DEVELOPMENT PURPOSES ONLY

The FloodWise Property Report provides property or lot-based flood information for building and development requirements. This report provides information on estimated flood levels, habitable floor level requirements and more technical information on the four sources of flooding: river, creek / waterway, storm tide and overland flow. Refer to the Useful Definitions section for a glossary of terms.

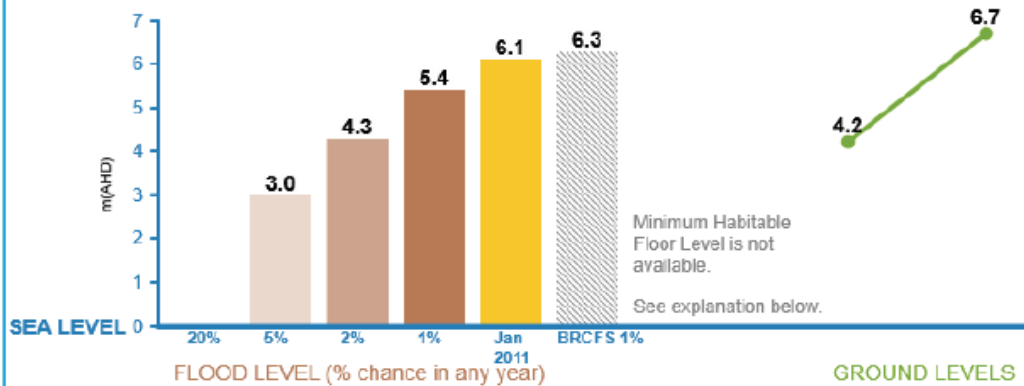
To find out more about how the contents of this report may affect building or development on this property, please visit www.brisbane.qld.gov.au/planning-building. For more general information about understanding your flood risk and how to prepare your property, family or business for potential flooding visit www.brisbane.qld.gov.au/beprepared

THIS IS A REPORT FOR:

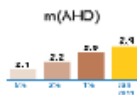
Rateable Address: 282 MONTAGUE RD, WEST END QLD 4101

Lot Details: L.8 RP.11114 This is a report for this Lot only

FLOOD LEVEL INFORMATION



EXPLANATION



m(AHD) - Metres Australia Height Datum. The level of 0.0m AHD is approximately mean sea level.

Flood Levels - The Flood level bar chart above shows the possible flooding level and percentage chance of that level being reached or exceeded in any year. If an orange bar shows, it is the calculated January 2011 flood level at this address or lot. If a hatched bar shows, it is the 1% AEP flood level from the 2017 Brisbane River Catchment Flood Study (BRCFS). Refer to 'Useful Definitions' for further information.

Minimum Habitable Floor Level - Applies to residential development only. Please refer to Council's planning scheme to learn how this may affect you. If a property is in an overland flow path, or a large allotment, a minimum habitable floor level cannot be provided. Refer flood and planning development flags below.

Ground Levels - The green line above shows this property's approximate lowest and highest ground levels based on latest available information (2014 airborne laser survey) to Council. If you are building, please confirm with a surveyor.

For further information and definitions please refer to the Useful Definitions page

FLOOD AND PLANNING DEVELOPMENT FLAGS

DEVELOPMENT
FLAG(S)

This property may also be affected by one or more flood or property development overlays or flags. These include: OVERLAND FLOW PATH

Please review the technical summary over page and refer to Council's planning scheme for further information.



Brisbane City Council FloodWise Property Report

Report Reference

1507868327378

13/10/2017 14:18:47

Dedicated to a better Brisbane

TECHNICAL SUMMARY

This section of the FloodWise Property Report contains more detailed flood information for this property so surveyors, builders, certifiers, architects and engineers can plan and build in accordance with Council's planning scheme. For more information about building and development in Brisbane please visit www.brisbane.qld.gov.au/planning-building or talk to a Development Assessment Planning Information Officer via Council's Contact Centre on (07) 3403 8888.

THIS IS A REPORT FOR:

Rateable Address: 282 MONTAGUE RD, WEST END QLD 4101

Lot Details: L.6 RP.11114 *This is a report for this Lot only*

PROPERTY INFORMATION (Summary)

The following table provides a summary of flood information for this property. More detailed flood level information is provided in the following sections of this report.

PROPERTY SUMMARY	LEVEL (mAHD)
Minimum Ground Level	4.2
Maximum Ground Level	6.7
Min Habitable Floor Level	Contact Council
Residential Flood Level (RFL)	6.1
Residential Flood Level Source	RIVER
Flooding may also occur from	RIVER, OVERLAND FLOW

ESTIMATED PEAK FLOODING LEVELS

The table below displays the peak estimated flood levels by probability for this property. Estimated flood level data should be used in conjunction with applicable planning scheme requirements - Refer to Flood Planning Development Information.

Note that the overland flow flooding level may be higher than the levels below from other sources.

DESCRIPTION	LEVEL (mAHD)	SOURCE
20% AEP	N/A*	
5% AEP	3.0	RIVER
2% AEP	4.3	RIVER
1% AEP	N/A*	RIVER
January 2011	6.1	RIVER
DFL	5.4	RIVER
RFL	6.1	RIVER
2017 BRCFS 1% AEP**	6.3	RIVER

* Council does not hold flood levels for this probability event, or it is not applicable for your property. If the source for the 1% AEP is River, refer to the DFL. Otherwise, refer to the BRCFS 1% AEP for information purposes only.

** This is the 1% AEP flood level from the 2017 Brisbane River Catchment Flood Study (BRCFS). The new flood study data is yet to be adopted for application in planning schemes and is for information purposes only.



FLOOD PLANNING DEVELOPMENT INFORMATION

This section of the FloodWise Property Report contains information about Council's planning scheme overlays. Overlays identify areas within the planning scheme that reflect distinct themes that may include constrained land and/or areas sensitive to the effects of development.

FLOOD OVERLAY CODE

The Flood overlay code of Council's planning scheme uses the following information to provide guidelines when developing properties. The table below summarises the Flood Planning Areas (FPAs) that apply to this property. Development guidelines for the FPAs are explained in Council's planning scheme, which is available from www.brisbane.qld.gov.au/planning-building.

FLOOD PLANNING AREAS (FPA)		
RIVER	CREEK/WATERWAY	OVERLAND FLOW
FPA2b		Applicable
FPA3		
FPA4		
FPA5		

COASTAL HAZARD OVERLAY CODE

There are currently no Coastal Hazard Overlays that apply to this property.

PROPERTY DEVELOPMENT FLAGS

Overland Flow Path - Mapping indicates this property may be located within an overland flow path. Overland flow flooding usually occurs when the capacity of the underground piped drainage system is exceeded and/or when the overland flow path is blocked. It is recommended you consult a Registered Professional Engineer of Queensland to determine this property's habitable floor level and flooding depth. Please refer to Council's planning scheme for further information.



Brisbane City Council Floodwise Property Report

Report Reference

1507868327378

13/10/2017 14:18:47

Dedicated to a better Brisbane

Useful Definitions

Australian Height Datum (AHD) - The reference level for defining ground levels in Australia. The level of 0.0m AHD is approximately mean sea level.

Annual Exceedance Probability (AEP) - The probability of a flood event of a given size occurring in any one year, usually expressed as a percentage annual chance.

Defined Flood Level (DFL) - The DFL for Brisbane River flooding is a level of 3.7m AHD at the Brisbane City Gauge based on a flow of 6,800 m³/s.

Maximum and Minimum Ground Level - Highest and lowest ground levels on the property based on available ground level information. A Registered Surveyor can confirm exact ground levels.

Minimum Habitable Floor Level - The minimum level in metres AHD at which habitable areas of development (generally including bedrooms, living rooms, kitchen, study, family and rumpus rooms) must be constructed.

Council's Planning Scheme - The City Plan (planning scheme) has been prepared in accordance with the Sustainable Planning Act as a framework for managing development in a way that advances the purpose of the Act. In seeking to achieve this purpose, the planning scheme sets out the Council's intention for future development in the planning scheme area, over the next 20 years.

Residential Flood Level (RFL) - Residential flood level (RFL) for Brisbane River flooding equates to the flood level applicable to the extent of January 2011 floods as depicted by mapping on the Queensland Reconstruction Authority website or the Council's defined flood level (DFL) for the Brisbane River, whichever is higher.

Rateable Address - A Lot or Property may have more than one street address. The address shown on this report is the address used by Council for the Lot or property selected.

Property - A property will contain 1 or more lots. The **Multiple Lot Warning** is shown if you have selected a property that contains multiple lots.

2017 Brisbane River Catchment Flood Study (BRCFS) - The BRCFS is a project led by the Queensland Government. The flood study was released in 2017. The 1% AEP flood levels from the flood study is yet to be adopted for application in planning schemes and is for information only. Other % AEPs will be updated with new information from the flood study as part of any relevant changes to City Plan 2014 as soon as is practicable.

Brisbane City Council's Online Flood Tools

Council provides a number of online flood tools:

- to guide planning and development
- to help residents and businesses understand their flood risk and prepare for flooding.

Planning and Development Online Flood Tools

Council's online flood tools for planning and development purposes include:

- Floodwise Property Report
- Flood Overlay Code

For more information on Council's planning scheme and online flood tools for planning and development:

- phone 07 3403 8888 to talk to a Development Assessment Customer Liaison Officer
- visit www.brisbane.qld.gov.au/planning-building
- visit a Regional Business Centre.

Helping residents and businesses be prepared for flooding

Council has a range of free tools and information to help residents and businesses understand potential flood risks and how to be prepared. This includes:

- Flood Awareness Maps
- Flooding in Brisbane - A Guide for Residents
- Flooding in Brisbane - A Guide for Business
- Early Warning Alert Service. Visit www.brisbane.qld.gov.au/earlywarning to register for email, home phone or SMS severe weather alert updates.

Note: The Flood Awareness Maps show four levels of flood likelihood from high likelihood (flooding is very likely to occur) through to very low likelihood (very rare and extreme flood events).

For more information on Council's online flood tools for residents and business:

- Visit www.brisbane.qld.gov.au/beprepared
- Phone (07) 3403 8888.



Brisbane City Council FloodWise Property Report

Report Reference
1507868327378
13/10/2017 14:18:47

Dedicated to a better Brisbane

Disclaimer

1. Defined Flood Levels and Residential Flood Levels, and the Minimum Habitable Floor Levels are determined from the best available information to Council at the date of issue. These flood levels, for a particular property, may change if more detailed information becomes available or changes are made in the method of calculating flood levels.
2. Council makes no warranty or representation regarding the accuracy or completeness of a FloodWise Property report. Council disclaims any responsibility or liability in relation to the use or reliance by any person on a FloodWise Property Report.



Planning to build or renovate?

For information, guidelines, tools and resources to help you track, plan or apply for your development visit www.brisbane.qld.gov.au/planning-building

You can also find the Brisbane City Plan 2014 and Neighbourhood Plans as well as other information and training videos to help with your building and development plans.





Department of Environment and Heritage Protection (EHP)
ABN 46 640 294 485
400 George St Brisbane, Queensland 4000
GPO Box 2454, Brisbane QLD 4001, AUSTRALIA
www.ehp.qld.gov.au

SEARCH RESPONSE
ENVIRONMENTAL MANAGEMENT REGISTER (EMR)
CONTAMINATED LAND REGISTER (CLR)

Isaac McConnell
GPO Box 2770
Brisbane QLD 4001

Transaction ID: 50411883 EMR Site Id: 13 October 2017
Cheque Number:
Client Reference:

This response relates to a search request received for the site:

Lot: 6 Plan: RP11114
282 MONTAGUE Road
WEST END

EMR RESULT

The above site is NOT included on the Environmental Management Register.

CLR RESULT

The above site is NOT included on the Contaminated Land Register.

ADDITIONAL ADVICE

All search responses include particulars of land listed in the EMR/CLR when the search was generated.

The EMR/CLR does NOT include:-

1. land which is contaminated land (or a complete list of contamination) if EHP has not been notified
2. land on which a notifiable activity is being or has been undertaken (or a complete list of activities) if EHP has not been notified

If you have any queries in relation to this search please phone 13QGOV (13 74 68)

Administering Authority