

RETROSPECTIVE VALUATION OF INDUSTRIAL PROPERTY



LOCATED AT

**15 PRECISION DRIVE
MOLENDINAR, QUEENSLAND, 4214**

Valuation Date: 13 July 2016

File No: GC-293363:TH:es

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VALUERS & PROPERTY CONSULTANTS

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1 EXECUTIVE SUMMARY

This valuation is based on certain conditions and contains a number of qualifications. Do not rely on this executive summary alone. This executive summary should be read in conjunction with and subject to our complete Valuation Report.

1.1 Subject Property 15 Precision Drive, Molendinar, Queensland, 4214

1.2 Instructions In this matter we have been instructed by Alan Richmond, to assess the Retrospective Market Value of the property described herein, for Financial Reporting purposes.

The interest being valued is the unencumbered freehold on an "as occupied" basis.

1.3 Prepared For Attention: Alan Richmond
 John Richmond
 William Kelly
 Email: alan@pmt.net.au
richmondjay@netspace.net.au
wkelly@ktag.com.au

This valuation has been prepared in accordance with the Practice Standards of the Australian Property Institute for Commercial Valuations and the IVSC Valuation Standard.

1.4 Registered Owners JC Richmond Superannuation Pty Ltd and AM Richmond Superannuation Pty Ltd

1.5 Brief Description The property comprises a 1,000m² site fronting the western corner of Barnett Place & Precision Drive at Molendinar. The property is designated 'Low Impact Industry' under City Plan 2016 for the Gold Coast area. It is situated in a well-established industrial estate, which is located just west of Ernest Junction Industrial Estate and can be accessed via left in/left out access to Smith Street.

Improvements comprise a semi modern steel framed, tilt-up concrete panel, industrial warehouse building having a total building area of 529m². It comprises clearspan warehouse, laboratory/workshop areas and two levels of office. The property includes onsite at grade car parking for 11 vehicles.

The subject property is owner occupied and therefore has been assessed on as 'as occupied' basis for the purpose of this report.

The market value of the property has been derived by reconciliation of the capitalisation of net income and direct comparison approaches.

In the capitalisation approach, we have applied a capitalisation rate of 6.50% to the assessed market net income of \$50,255 per annum. We have also made a capital adjustment for a lease up and incentive allowance.

In the direct comparison approach, we have adopted a rate of \$1,550/m² for the gross lettable area.

1.6 **Date of Inspection** 13 July 2016

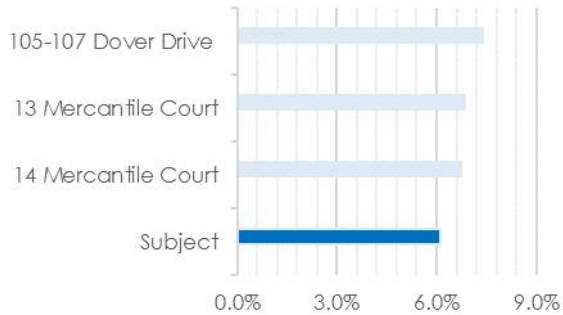
1.7 **Date of Valuation** 13 July 2016

1.8 **Valuation Summary**

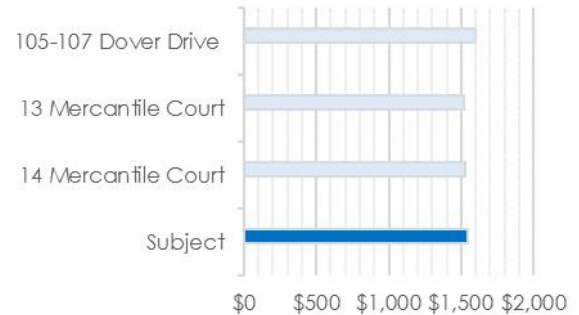
Adopted Valuation Parameters	Market
Rental Income	\$50,255
Recoverable Outgoings	<u>\$11,672</u>
Gross Income	\$61,927
Less Total Outgoings	<u>\$11,672</u>
Net Income (p.a.)	\$50,255
Capitalisation Approach	
Capitalisation Rate	6.50%
Capitalisation Valuation (Rounded)	\$775,000
Direct Comparison Approach	
Gross Lettable Area (GLA)	529 m ²
Adopted Value/m ²	\$1,550
Direct Comparison Valuation (Rounded)	\$820,000
Adopted Value	
Adopted Value	\$820,000
<i>Reflects:</i>	
Initial Yield:	Vacant
Equivalent Yield:	6.13%
Reversionary Yield:	6.13%
Adopted Value \$/m ² - Gross Lettable Area (GLA):	\$1,550

Sales Comparison

Equivalent Yield Comparison



Lettable Area Comparison \$/m²



1.11 Critical Conditions

We have assessed the subject on an 'as occupied' basis. This assessment is on the basis of a notional lease at market rental. We have assumed a notional lease with either a three or five year initial term plus options. Covenants would provide fair use of the premises for the lessee and protect the lessor's interest. The lease agreements would provide for annual CPI rental increases and market reviews at the option periods.

1.12 Valuation

Subject to the stipulations and conditions contained within the body of this report, it is our opinion that the Retrospective Market Value of the subject property as at 13 July 2016 is:

“AS OCCUPIED”

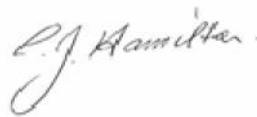
\$820,000

(Eight Hundred and Twenty Thousand Dollars)

Excluding GST

VALUER

Thomas Hewitt, AAPI, CPV
Registered Valuer No. 3662
TAYLOR BYRNE

ENDORSED

Laurie Hamilton, AAPI, CPV
Registered Valuer No. 1213
Director
TAYLOR BYRNE

I, the counter signatory, hereby confirm that I have reviewed the valuation in the capacity of Supervising Member and am satisfied that the opinion of value contained in the valuation has been reached based on reasonable grounds. This statement is to be read in addition to, and in conjunction with, statements contained elsewhere within this valuation.

2 INTRODUCTION

2.1 Instructions

In this matter we have been instructed by Alan Richmond, to assess the Market Value of the property described herein, for Financial Reporting purposes.

The interest being valued is the unencumbered freehold on an "as occupied" basis.

2.2 Definition of Market Value

The Australian Property Institute defines Market Value as 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.

2.3 Definition of Market Rent

The Australian Property Institute defines Market Rent as the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

2.4 Date of Inspection

13 July 2016

2.5 Date of Valuation

13 July 2016

2.6 Basis of Valuation

This valuation is made conditional upon the following:

1. That the property complies with all statutory requirements with respect to health, building, town planning, and fire safety regulations, and that all appropriate approvals have been obtained from the relevant authorities.
2. That a detailed structural survey would not reveal defects other than the maintenance items referred to in the body of this report.
3. That the improvements are sited within the title boundaries and without encroachment by adjoining properties.
4. That a comprehensive test of soils on the land would not reveal contamination of any kind which could affect the utility of the property.

5. That there are no orders of compulsory acquisition for the whole or part of the property currently issued by any Government Authority.

We recommend you make your own enquiries in regards to the above conditions. Should any issues arise, this report should be returned to the valuer for comment. We reserve the right to review and or amend our report if necessary, at that time.

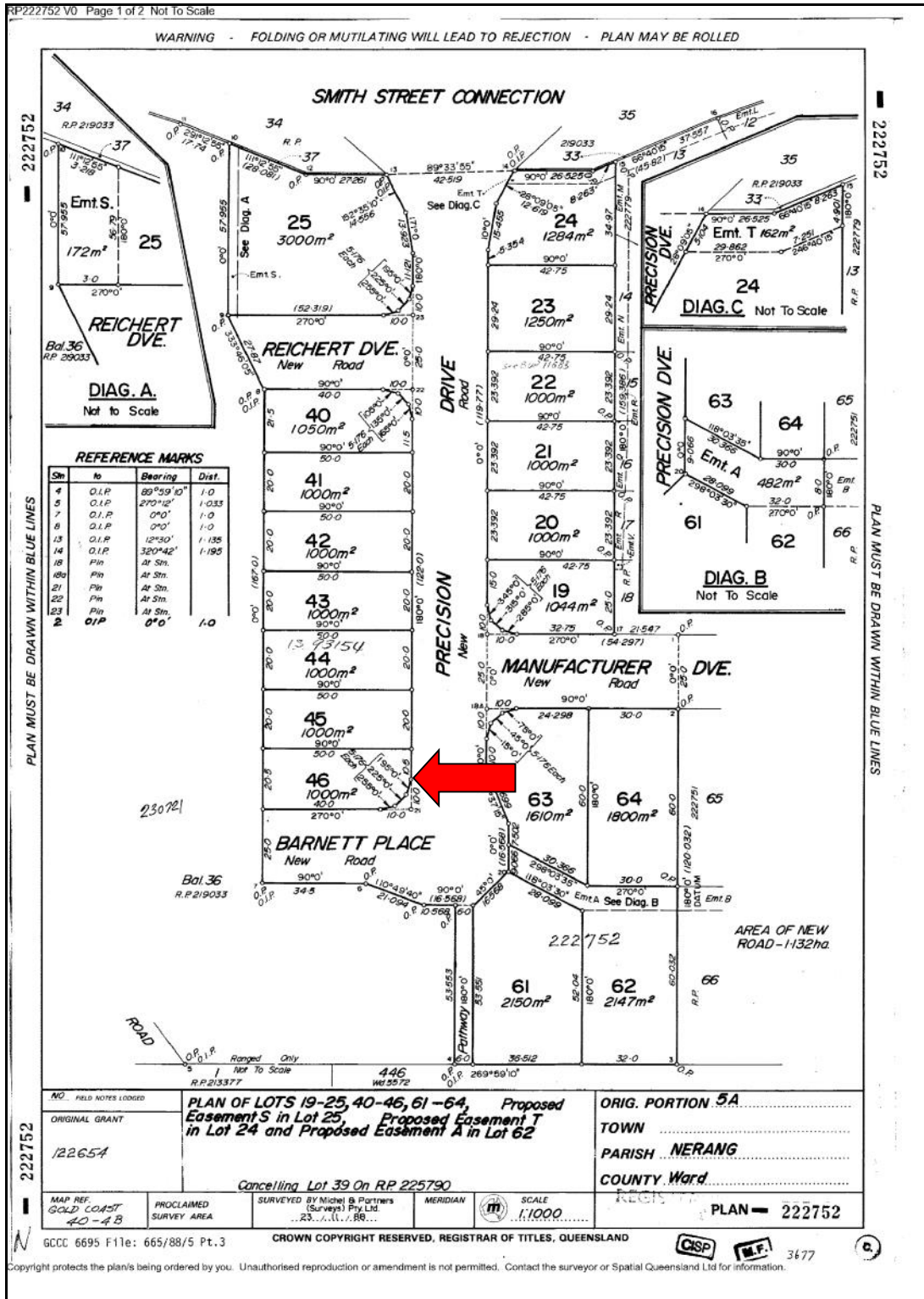
2.7 Qualifications and Disclaimers

- (i) This valuation has been prepared on specific instructions from Alan Richmond for Financial Reporting purposes. The report is not to be relied upon by any other person, or for any other purpose. We accept no liability to third parties, nor do we contemplate that this report will be relied upon by third parties. Any parties who may seek to rely on this report must seek the specific written consent of the valuer. We reserve the right to withhold our consent or to review the contents of this report in the event that our consent is sought. In any event this valuation cannot be assigned if the valuation is older than 90 days.
- (ii) We state that this report is for the use only of Alan Richmond. The report is to be used for no other purpose, and no responsibility is accepted to any third party for the whole or part of its contents and annexures. No responsibility will be accepted for photocopied signatures.
- (iii) This valuation cannot be relied upon for mortgage security purposes.
- (iv) This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three (3) months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
- (v) Buildings, including houses, built prior to 2004 may contain asbestos related products. Taylor Byrne is not expert in detection, remediation or disposal of asbestos or contamination of any kind. It is recommended that advice be sought from experts in that field should that issue affect your reliance on this valuation. The Professional Indemnity Insurance Policy for Taylor Byrne does not cover losses arising from any asbestos issues.
- (vi) We advise we do not have a pecuniary or other interest that would conflict with the proper valuation of the property.
- (vii) Taylor Byrne provides no warranty for claims arising out of, based upon directly or indirectly resulting from or in consequence of, or in any way involving the depreciation, failure to appreciate, or loss of any investments and/or property for investment purposes when such depreciation, failure to appreciate or loss is a result of normal or abnormal fluctuations in any financial, stock or commodity, or other markets which are outside the influence or control of the valuer.

- (viii) This valuation has been based on the condition of the structural improvements and the property in general as at the date of inspection. If the property has to be sold in circumstances where its condition has deteriorated and/or essential fixtures/fittings have been removed there is likely to be a significant fall in value compared to the current assessment. Under these circumstances neither the valuer nor Taylor Byrne will be responsible for any reduction in value.
- (ix) Unless stated as otherwise in this report we advise that we have not searched or been provided with a copy of the current Title or Registered Plans and that any dimensions or land areas quoted in this report have been obtained from third party information sources and whilst every endeavour has been made to verify such information we accept no responsibility for inaccuracy of any information provided and relied upon.
- (x) The instructing party acknowledges its responsibility for full disclosure of all relevant information and undertakes to provide all relevant documents in its possession that may have an effect on the service to be provided. This valuation is based upon information reasonably available to the valuer as at the date of issue in accordance with usual valuation practices.
- (xi) Taylor Byrne does not undertake or commission site surveys, nor has a site survey been provided to us. Our valuation assumes that there are no encroachments by or on to the subject property. The nominated parties who are relying on this report should seek their own advice in this regard from a registered surveyor. Should any encroachments be found this valuation should not be relied upon without consulting Taylor Byrne to assess any effect on the valuation.

2.8 Certification

The property has been identified by reference to the current title search listed in Section 3 and cross referenced against the Registered Plan reproduced below: -



3 PROPERTY SEARCH DETAILS

3.1 Real Property Description

An Estate in Fee Simple in the Gold Coast Local Government Area, being Lot 46 on Registered Plan 222752.

Current Title Reference: 17284052

A copy of the Current Title Search is shown below.

CURRENT TITLE SEARCH	
DEPT OF NATURAL RESOURCES AND MINES, QUEENSLAND	
Request No: 25943322	Title Reference: 17284052
Search Date: 15/05/2017 10:35	Date Created: 14/03/1989
Previous Title: 17234170	
REGISTERED OWNER	Interest
Dealing No: 712914978 07/12/2009	
JC RICHMOND SUPERANNUATION PTY LTD A.C.N. 139 558 259	1/2
TRUSTEE	
UNDER INSTRUMENT NO. 712914978	
AM RICHMOND SUPERANNUATION PTY LTD A.C.N. 139 557 485	1/2
TRUSTEE	
UNDER INSTRUMENT NO. 712914978	
AS TENANTS IN COMMON	
ESTATE AND LAND	
Estate in Fee Simple	
LOT 46	REGISTERED PLAN 222752
	Local Government: GOLD COAST
EASEMENTS, ENCUMBRANCES AND INTERESTS	
1. Rights and interests reserved to the Crown by	
Deed of Grant No. 11975164 (POR 5A)	
ADMINISTRATIVE ADVICES - NIL	
UNREGISTERED DEALINGS - NIL	
CERTIFICATE OF TITLE ISSUED - No	
** End of Current Title Search **	
COPYRIGHT THE STATE OF QUEENSLAND (DEPT OF NATURAL RESOURCES AND MINES) [2017]	
Requested By: D-ENQ ABR	

3.2 Registered Owner

JC Richmond Superannuation Pty Ltd as Trustee (Interest 1/2)
AM Richmond Superannuation Pty Ltd as Trustee (Interest 1/2)
As Tenants in Common

3.3 Easements and Encumbrances

Details of easements and encumbrances are shown on the title search above.

There are no apparent adverse easements or encumbrances registered on title that would impact on value. Should any be discovered the valuer should be requested to comment.

3.4 Land Area

1,000m²

3.5 Local Authority

City of Gold Coast

3.6 Town Planning

Within the City Plan 2016 for City of Gold Coast, the subject property is designated "Low Impact Industry" zone.



Low impact industry,



Source: City Plan 2016 Interactive mapping

Purpose

The purpose of the Low impact industry zone code is to provide for service and low impact industry uses.

It may include non-industrial and business uses that support the industrial activities where they do not compromise the long-term use of the land for industrial purposes.

Activities considered appropriate in this zone are defined as low impact industry or service industry in the schedule of definitions.

The subject gained approval from Council in November 2011 for a Material Change of Use to an ERA Number 27 (Metal Recovery).

The current use appears to comply with the zoning.

We have searched the publicly available records for the relevant zoning and/or designation for the information noted above. We advise however, that a formal search with the appropriate Local Authority has not been carried out or obtained.

The valuation is made on the basis that all appropriate and necessary town planning and building approvals and/or certifications are in place.

3.7 Site Value

The Department of Natural Resources and Mines site value, effective for local authority rating and land tax purposes as at 30 June 2016 is \$350,000.

3.8 Local Authority Rates and Charges

Council Rates:	\$5,222 per annum
Water and Sewage Rates:	\$2,568 per annum

3.9 Land Tax

On a company ownership single holding basis land tax is assessed at \$1,450 per annum.

3.10 Contamination Factors

A search of the Department of Environment and Heritage Protection (Qld) has not been undertaken.

The reader should be aware that this valuation has been prepared without the benefit of appropriate tests or expert advice and presupposes that no contamination exists that would adversely affect market value.

This property is occupied by a business operating for metal treatment which use is identified as a potentially contaminating activity within APPGN 1-1 of the API Professional Practice Manual.

This property may contain asbestos related products. We have not been provided with or are aware of the existence of an Asbestos Management Plan or Register.

The client acknowledges and recognises that the valuer is not an expert in identifying environmental hazards and compliance requirements affecting properties. The valuer has endeavoured to identify all matters of environmental concern and the effect they might have on the value of the property. However, the valuer will not be held liable nor responsible for his/her failure to identify all such matters of environmental concern and the impact which any environmental related issue has on the property and its value including loss arising from site contamination; or the non-compliance with environmental laws; or cost associated with the clean-up of the property to which an environmental hazard has been recognised, including action by the Environmental Protection Agency to recover clean-up costs pursuant to the relevant Environmental Protection Act.

3.11 Environmental Factors

None apparent.

We advise that we have not undertaken a formal search to confirm whether or not the property is subject to flooding, or has previously been flooded. We recommend you undertake your own enquiries in this regard. Should any issues arise this report should be referred back to the valuer for comment and or amendment.

3.12 Heritage Implications

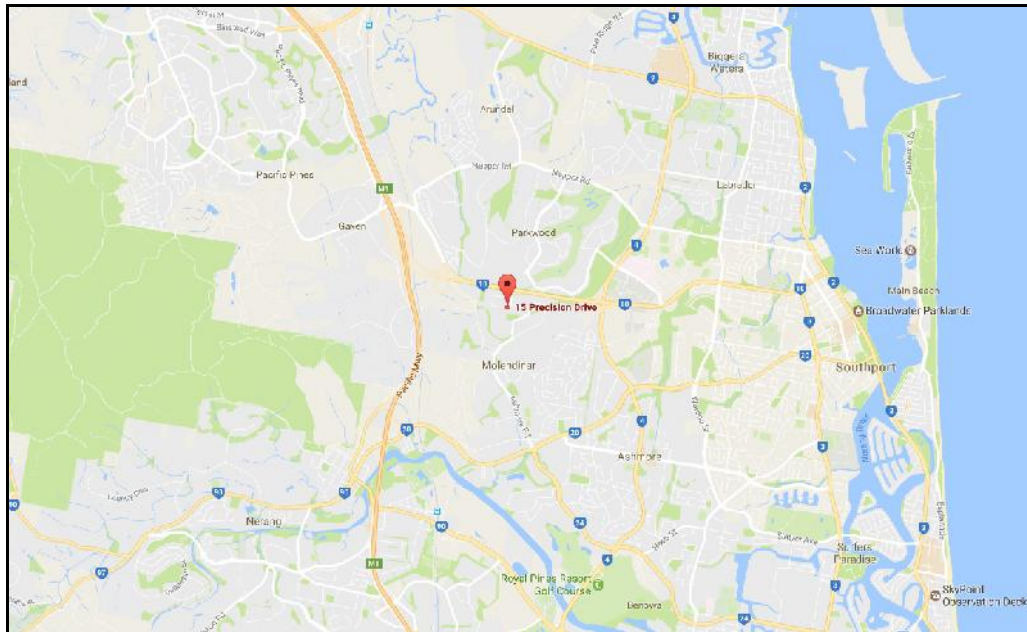
None apparent

4 PHYSICAL SITE DETAILS

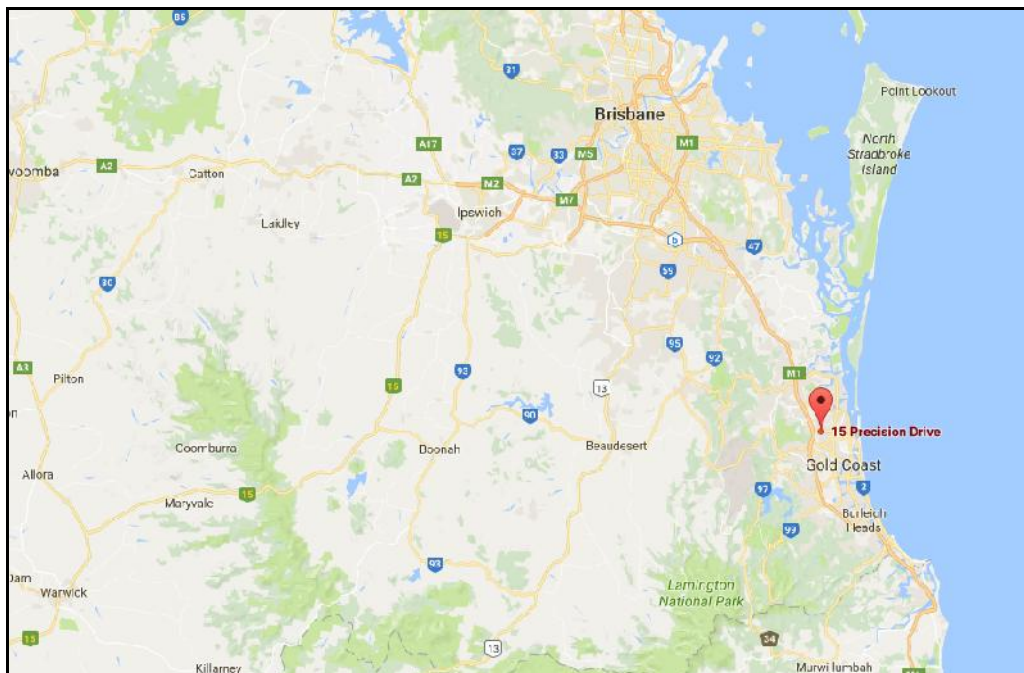
4.1 Situation and Locality

The property fronts the western corner of Barnett Place & Precision Drive, being the 7th allotment to the south of Reichert Drive at Molendinar. The property forms part of the Ernest Junction Industrial Estate which is an established industrial precinct. The precinct features average to good quality warehouse/factory type buildings, a number being strata titled.

The red dot shown on the Google map extract denotes the approximate locality of the subject property.



Source: Google Maps



Source: Google Maps

4.2 Roads and Access

Ernest Junction Estate has a left in/left out access with Smith Street. Alternative access is via Ashmore Road and the Government Industrial Precinct centred on Activity Crescent and Production Avenue. The area is fully developed with generally a good standard of industrial factories and warehouse buildings with some retail showroom outlets.

Precision Drive is a bitumen surfaced, 2-way street with concrete kerbing and channelling. The Pacific Motorway is located approximately 2 kilometres to the west via Smith Street.

4.3 Services and Amenities

Electricity, town water, sewerage, telephone and garbage collection services are available and connected to the property.

-) Local bus service is within 500 metres
-) Southport Central Business and Retail District within 5 kilometres

4.4 Land Description

The parcel comprises a near rectangular shaped corner allotment. It has an approximate frontage of 20.5 metres to Precision Drive and an approximate frontage of 50.0 metres to Barnett Place.

Taylor Byrne does not undertake environmental or geotechnical surveys, nor are we qualified to comment on the suitability of services and ground conditions for any proposed redevelopment of the site, including any redevelopment outlined in this report. Unless otherwise stated we have assumed that the site is capable of accommodating any proposed built form.

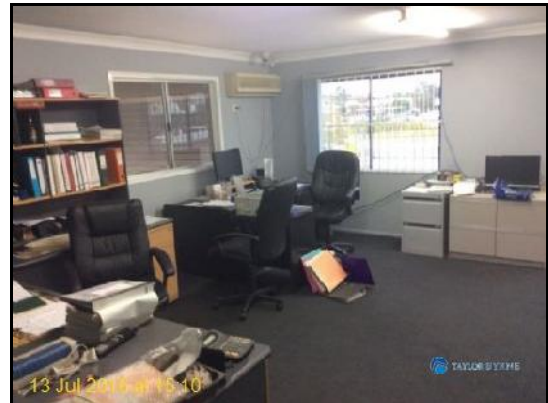


Source: RP Data

5 IMPROVEMENTS

5.1 General Description

Erected on the land and assumed to be contained wholly within the Title boundaries, the property is improved with a semi modern steel framed, tilt-up concrete panel, industrial warehouse building having a total building area of 529m². It comprises clearspan warehouse, laboratory/workshop areas and two levels of office. The property includes onsite at grade car parking for 11 vehicles.



5.2 Floor Areas

Warehouse	289 square metres
Office - Ground	46 square metres
Office – Mezzanine level	46 square metres
Laboratories and work areas:	<u>148 square metres</u>
Total:	529 square metres

5.3 Construction

Principal construction components comprise:

Footings:	Reinforced concrete strip footings
Floor:	Reinforced concrete slab
External Walls:	Concrete tilt-up panel
Internal Walls:	Plasterboard lined
Windows:	Aluminium
Floor Coverings:	Bare concrete, tiles and carpet
Roof:	Zincaneal steel sheeting on steel frame, acrylic skylights and insulation.
Ceilings and Lighting:	Suspended ceiling, fluorescent lighting
Air-Conditioning:	Split cycle air-conditioning unit to ground and mezzanine level.
Amenities:	Unisex

5.4 Accommodation - Warehouse/Laboratory Areas

Open warehouse accommodation, 3 laboratories, furnace room and work room. Access is via a 6x4 metre roller door. The workshop has vapour lighting, clear span, and insulated ceiling. It should be noted that the laboratory areas could easily be converted into general work space as they are not specialised.

5.5 Other Improvements

- J Concrete crossover and concrete surfaced driveway, parking areas and hardstand
- J Steel chain wire, man-proofed fencing with barbed wire to the road boundary
- J Line marked car parks (11 in total)
- J Electronic security gate
- J Video intercom

5.6 Condition and Appearance

The building appears structurally sound and presents well for this style of operation.

5.7 Structural Survey / Pest & Termite Infestation

This report is not a structural survey and is not intended as such.

We have carried out an inspection of exposed and readily accessible areas of the improvements. However, the valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries.

The inspection did not reveal any obvious past or present termite infestations within reasonably accessible areas. The client acknowledges that we are not pest inspectors or experts in this field. The absence of pests can only be determined by an expert. If you have any concerns, we recommend you seek independent advices. Our report should be returned for comment and/or amendment at that time.

5.8 Utility Services

We advise that we have not tested any of the services. Should any utility concerns become apparent, this report should be returned to the valuer for comment and/or amendment at that time.

6 INCOME ANALYSIS

6.1 Tenancy Overview

The subject property is owner occupied. We have therefore assessed the subject on an 'as occupied' basis. This assessment is on the basis of a notional lease at market rental.

6.2 Lease Expiry Profile

We have assumed a notional lease with either a three or five year initial term plus options.

6.3 Quality of Lease Covenants

Covenants would provide fair use of the premises for the lessee and protect the lessor's interest. The lease agreements would provide for annual CPI rental increases and market reviews at the option periods.

Interpretation of lease terms and conditions falls in the domain of the legal profession. Our assessment is based on what we consider to be the intent of the lease. Should subsequent legal advice contradict our interpretation this valuation should not be relied upon until the valuer has been able to comment on any impact on the valuation.

6.4 Outstanding Arrears or Incentives

None advised

6.5 Rental Evidence

The following rental evidence has been used as a guide in assessing the rental value of the subject property.



Address:	2/23 Expansion Street, Molendinar
Building Area:	506m ²
Commencement Date:	April 2016
Term:	3 years + 1 x 3 year option
Rental:	\$55,000 per annum net + GST
Value/m ² :	\$109/m ² net + GST

Comment: Comprises a 506m² modern industrial duplex unit of concrete tilt panel and steel frame construction. The building comprises high clearance clearspan warehouse and office accommodation. Access to the warehouse is provided via a single container height roller door.



Address:	Units 1, 2 & 7, 38 Jade Drive, Molendinar
Building Area:	541m ²
Commencement Date:	May 2016
Term:	5 years + 2 x 3 year options
Rental:	\$53,770 per annum net + GST
Value/m ² :	\$99/m ² net + GST

Comment: Comprises 3 modern industrial units of concrete tilt panel and steel frame construction with a total floor area of 541m². The building comprises high clearance clearspan warehouse and office accommodation. Access to the warehouse is provided via a container height roller doors.

The lease has a commencing base rent of \$70,000 per annum gross (\$129/m²). For analysis purposes we have assessed outgoings at \$16,230 per annum (\$30/m²) which reflects a net rental income of \$53,770 per annum (\$99/m²).



Address:	Unit 1, 20 Kamholtz Court, Molendinar
Building Area:	530m ²
Commencement Date:	March 2016
Term:	3 years + 1 x 3 year option
Rental:	\$50,931 per annum net + GST
Value/m ² :	\$96/m ² net + GST

Comment: Comprises a 530m² semi modern industrial building of concrete block and steel frame construction. The building comprises warehouse and office accommodation. Access to the warehouse is provided via two roller doors.

The lease has a commencing base rent of \$64,181 per annum gross (\$121/m²). For analysis purposes we have assessed outgoings at \$13,250 per annum (\$25/m²) which reflects a net rental income of \$50,931 per annum (\$96/m²).

6.6 Comparison of Rents and Rationale

The rental evidence indicates a range in values of between \$96/m² and \$109/m² net.

After review of the above evidence, and the positive and negative attributes of the subject, we have assessed a market rental income of \$95/m² net for the lettable area.

6.7 Analysis of Cash Flow

Property Component	Lettable Area	Market Rent \$/m ² p.a.	Market Rent \$ p.a.
Office Warehouse	529 m ²	\$95 /m ²	\$50,255
Annual Net Rent			\$50,255

6.8 Outgoings

Outgoing Item	Source	Amount
Council Rates & Charges	Rates Notice	\$5,222
Water Charges	Rates Notice	\$2,568
Land Tax		\$1,450
Insurance	Allowance	\$1,500
Repairs & Maintenance	Allowance	\$2,000
Total		\$12,740
Gross Lettable Area (GLA)	529 m ²	\$24/m ²
Recoverable Outgoings		\$12,740
Non Recoverable Outgoings		\$0

Total outgoings reflect \$24/m² of the gross lettable area which is considered to be within market parameters.

6.9 Net Annual Income Assessment

Net Annual Income Assessment	Market
Rental Income	\$50,255
<i>Add</i>	
Recoverable Outgoings	<u>\$12,740</u>
Gross Income	\$62,995
<i>Less</i>	
Total Outgoings	<u>\$12,740</u>
Net Annual Income	\$50,255
ADOPT	<u>\$50,255</u>

6.10 Letting Prospects

Letting prospects are considered to be average. The subject provides an average standard of industrial accommodation, and is within an established locality, with good access to the Pacific Motorway.

It is considered that an appropriate lease up and incentive allowance would be equivalent to six months gross rental plus agent's fees.

7 MARKET OVERVIEW

A fair level of demand is currently being generated across the board for commercial property in the Gold Coast region. The bulk of the demand has been generated by owner occupiers being small business operators seeking smaller sized and lower priced properties.

With interest rates remaining at record lows, it is becoming more viable for businesses to owner-occupy rather than rent. In addition, investors are actively seeking better returns and have an increased risk appetite.

Discussions with agents active within this locality confirm the market for commercial properties is currently experiencing a slight increase in activity but no substantial increase in sale prices.

On the leasing front, potential tenants are still taking the time to shop around and compare available space. The level of incentives previously being employed to entice prospective tenants has reduced somewhat with a number of recent leases negotiated on the basis the landlord undertakes minor refurbishments. However, this will depend upon the size of the respective tenancy with larger areas still requiring some form of incentive to attract tenants.

Rental rates are still not meeting acceptable levels of return to many buyers/investors in the market. The levels of capital value are attributed to the demand from predominantly owner occupiers. There has been no recorded evidence of any increase in rental rates.

8 VALUATION CONSIDERATIONS

8.1 Highest and Best Use

Highest and best use is defined by the Australian Property Institute as:

"The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible."

Within the Town Planning Scheme the property is designated as "Low Impact Industry".

In this instance we consider the highest and best use of the property is the continuation of the existing industrial use.

8.2 Valuation Process

The appropriate method of valuation is by direct comparison with sales evidence and by capitalisation of assessed net income.

8.3 Recent Sales History of the Subject

No recent transactions have been recorded against the subject property.

8.4 Sales Evidence

The following sales have been used as a guide in assessing the market value of the subject property.



Sale 1:

Sale Price:	\$1,275,000 excluding GST
Sale Date:	21/06/16
Zoning:	Low Impact Industry
Assessed Net Rental Income:	\$90,000 p.a.
Equivalent Yield	6.73%
Land Area:	1,505 m ²
Gross Lettable Area (GLA)	832 m ²
\$/m ² - Gross Lettable Area (GLA)	\$1,532

14 Mercantile Court, Molendinar

Comment: The subject property comprises a regular shaped 1,505m², 'Low Impact Industry' designated allotment within an established industrial locality of Molendinar. Improved on the site is a freestanding warehouse building of concrete tilt panel construction with a total gross floor area of 832m². The building has been divided into two tenancies.

Unit 1 (front tenancy) has a total floor area of 488m². It comprises 368m² of warehouse accommodation and 120m² of office over two levels plus 19m² of mezzanine storage.

Unit 2 (rear tenancy) has a total floor area of 344m² and comprises 286m² of warehouse accommodation and 58m² of office over two levels.

The property was reportedly purchased with a month to month tenancy in Unit 1 and with a leaseback arrangement to the vendor in Unit 2. As a term of the contract the vendor could terminate the tenancy agreement prior to settlement without any repercussions.

The sale has been analysed on a vacant possession basis and our analysis adopts a market rental equivalent to \$125/m² gross with outgoings assessed at \$14,000 per annum. A leasing up and incentive allowance equivalent to the present value of six months' loss of gross rental income and agent's commission of 12% of gross rental has been made.



Sale 2:

Sale Price:	\$1,025,000 + GST
Sale Date:	17/09/15
Zoning:	Low Impact Industry
Assessed Net Rental Income:	\$74,030 p.a.
Equivalent Yield	6.87%
Land Area:	1,517 m ²
Gross Lettable Area (GLA)	673 m ²
\$/m ² - Gross Lettable Area (GLA)	\$1,523

**13 Mercantile Court,
Molendinar**

Comment: Comprises a 1,517m² regular shaped inside 'Industry 1' designated allotment situated above road height and improved with a 673m² office warehouse building of concrete tilt panel and steel frame construction. The building comprises clearspan warehouse accommodation and two levels of office. Access to the warehouse is provided via 3 roller doors.

The sale has been analysed on a vacant possession basis and our analysis adopts a market rental equivalent to \$130/m² gross with outgoings assessed at \$20/m². A leasing up and incentive allowance equivalent to the present value of six months' loss of gross rental income and agent's commission of 12% of gross rental has been made.



Sale 3:

Sale Price:	\$950,000 excluding GST
Sale Date:	5/05/16
Zoning:	Low Impact Industry
Assessed Net Rental Income:	\$65,450 p.a.
Equivalent Yield	7.37%
Land Area:	1,615 m ²
Gross Lettable Area (GLA)	595 m ²
\$/m ² - Gross Lettable Area (GLA)	\$1,597

**105-107 Dover Drive,
Burleigh Heads**

Comment: Comprises a 1,615m² near regular shaped inside 'Low Impact Industry' designated allotment improved with an industrial building of metal cladding and steel frame construction. The building has reported total ground floor area of 595m² plus 44m² of mezzanine office (does not appear to be Council approved). Access to the warehouse is provided via 2 roller doors.

The property is leased to a long standing tenant with a new 5 year lease term and an additional 5 year option available. It has a reported net annual income of \$80,000 (\$134/m²). The passing rent is considered to be above market. We have assessed a market net rental of \$110/m². After allowing for the present value of the rental overage for the term remaining certain of the lease, this reflects an equivalent yield of 7.37%.

8.5 Summary of Evidence

Sale No.	Address	Sale Price	Sale Date	Equivalent Yield	\$/m ² GLA
1	14 Mercantile Court	\$1,275,000	21/06/16	6.73%	\$1,532
2	13 Mercantile Court	\$1,025,000	17/09/15	6.87%	\$1,523
3	105-107 Dover Drive	\$950,000	5/05/16	7.37%	\$1,597

8.6 Conclusions and Application of Evidence

The evidence indicates a range in values of between \$1,523/m² and \$1,597/m² of gross lettable area and equivalent yields of between 6.73% and 7.37%.

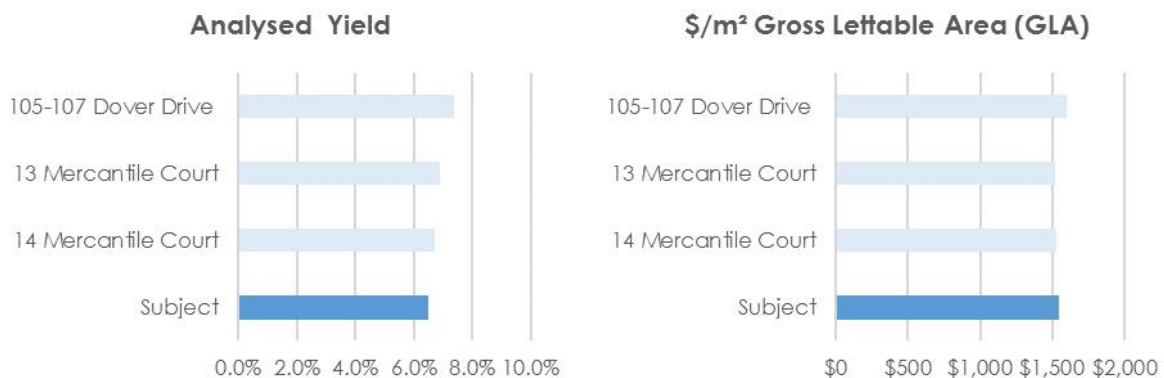
Sales 1 and 2 comprise larger allotments in a similar location. Improved with larger buildings of superior quality. Sale 1 was analysed on a vacant possession basis due to weak leaseback covenant and month to month tenancy. Considered similar on a rate per square metre and slightly softer on a yield basis due to the relative affordability of the subject.

Sale 3 comprises a larger allotment in a superior location. Improved with a larger building of inferior quality. Sold with passing rental above market. Considered superior on a rate per square metre due to lower site cover and softer on a yield basis due to rental overage from the current tenancy.

Based on the above evidence, and the positive and negative attributes of the subject property, we adopt \$1,550/m² of gross lettable area and a capitalisation rate of 6.50% on an 'as occupied' basis.

Adopted Value Parameters

Capitalisation Rate	6.50%
\$/m ² - Lettable Area	\$1,550



8.7 Valuation Calculations

Direct Comparison Assessment - Lettable Area	
Gross Lettable Area (GLA)	529 m ²
Adopted Value - \$/m ²	\$1,550
Direct Comparison Value	\$819,950
ADOPT	\$820,000

Capitalisation Assessment	
Adopted Net Income	\$50,255
Capitalisation Rate	6.50%
Capitalised Value	\$773,154
ADOPT	\$775,000

8.8 Valuation Conclusion

We have adopted a market value of \$820,000 in line with the direct comparison approach which is supported by the capitalisation approach.

Valuation Conclusion	
Adopted Value	\$820,000
<i>Reflects:</i>	
Initial Yield:	Vacant
Equivalent Yield:	6.13%
Reversionary Yield:	6.13%
<u>Adopted Value \$/m² - Gross Lettable Area (GLA):</u>	<u>\$1,550</u>

8.9 Goods and Services Tax (GST)

It is anticipated that GST would be added to the sale price of the property when sold, if the vendor is required to remit GST to the Australian Tax Office following a sale. Our valuation is made exclusive of GST components.

9 VALUATION

Subject to the stipulations and conditions contained within the body of this report, it is our opinion that the Retrospective Market Value of the subject property as at 13 July 2016 is:

“AS OCCUPIED”

\$820,000

(Eight Hundred and Twenty Thousand Dollars)

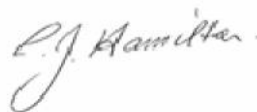
Excluding GST

VALUER

A handwritten signature in black ink, appearing to read 'TH Hewitt'.

Thomas Hewitt, AAPI, CPV
Registered Valuer No. 3662
TAYLOR BYRNE

ENDORSED

A handwritten signature in black ink, appearing to read 'L. J. Hamilton'.

Laurie Hamilton, AAPI, CPV
Registered Valuer No. 1213
Director
TAYLOR BYRNE

I, the counter signatory, hereby confirm that I have reviewed the valuation in the capacity of Supervising Member and am satisfied that the opinion of value contained in the valuation has been reached based on reasonable grounds. This statement is to be read in addition to, and in conjunction with, statements contained elsewhere within this valuation.