

18 July 2017

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Mr Michael Wann
Director
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Dear Mr Wann

884-894 SOUTH ROAD, EDWARDSTOWN SA 5039

Pursuant to your instructions we provide herein our opinion of market rental of portion, and market value of the whole, of the above named property. This desktop assessment is based on the below definitions and is current as at the Date of Assessment only. The assessment is prepared for superannuation fund update purposes only.

Please note that we have not inspected the property and this does not constitute a formal valuation. Our assessment is based on previous involvement with the property by our firm (McGees Property), information held on file and advice provided by the instructing party. We accept no liability for any party relying upon this correspondence for any other purpose than its known intent.

The Australian Property Institute defines market rental value as:

"The estimated amount for which a property would 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."

The rental is assessed on the assumption that the vacant premises are fit for immediate occupation and ignore any lessee's improvements or goodwill attached to the premises by reason of the lessee's business.

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 where the parties had each acted knowledgeably, prudently and without compulsion."

The value assessment assumes a professional marketing campaign and reflects a selling period of no more than six (6) months unless otherwise stated. The market value calculated is GST exclusive.

This report complies with the Australian Property Institute's Seventh Edition of the Australia and New Zealand Valuation and Property Standards (dated January 2012).

The correspondence has been prepared for the private and confidential use of the instructing party and it may not be reproduced in whole or in part or relied upon for any other purpose or by any party other than the above without our written authority.

DATE OF INSPECTION

Desktop Only

DATE OF ASSESSMENT

18 July 2017

SUBJECT PROPERTY

Real Property Description

The subject property is known as Allotment 201 in Filed Plan No. 10795 in the area named Edwardstown, Hundred of Adelaide. Contained within Certificate of Title Register Book Volume 5829 Folio 439.

The property is vested in the name Wann Holdings Pty Ltd and has no easements, encumbrances or third party interests registered on the Title.

Zoning

Under *The Development Plan for the Marion Council* (consolidated 28 April 2016) the land is situated in the COMMERCIAL ZONE – SOUTH ROAD POLICY AREA 2.

Property Synopsis

As the instructing party is intimately familiar with the subject property we have provided a brief description herein.

The property comprises a near rectangular shaped allotment of 1,811 square metres or thereabouts. The site is located on the corner of South Road and De Laine Avenue, within Edwardstown, approximately five (5) kilometres south of the Adelaide Central Business District.

The property has been divided into two (2) separate areas, one (1) of which comprises a display yard the other is improved with an office workshop facility.

Display Yard

The display occupies the absolute corner position and is approximately 700 square metres of bitumen sealed yard. We are advised that a former office and shed have been removed and presently there is a transportable office onsite. Given this is not a permanent fixture it has been disregarded in our assessment of the freehold asset.

This portion of the site was advised to be leased for a one (1) year term commencing 1 August 2016 and expiring 31 July 2017, however we are advised that the tenant vacated early and was released from their lease. The advised gross rental was \$2,500 per month (\$30,000 per annum) with the Lessee responsible for electricity and water usage/consumption only. This portion of the property is vacant as at the Date of Valuation.

Additional improvements include metal tubular perimeter fencing.

Office Workshop

The remainder of the subject property comprises an 'L' shaped land parcel which wraps around the display yard. The site is improved with a relatively basic brick office with an attached high clearance workshop with drive-through access to the rear. The workshop also has internal staff amenities. Based on measurements taken onsite previously the office workshop has an area of approximately 415 square metres. There is also mezzanine storage of approximately 28 square metres.

To the rear of the workshop is a small wash bay with iron clad roof of approximately 25 square metres together with two (2) iron clad storage areas with a combined area of approximately 71 square metres. In addition there is bitumen sealed onsite car parking which fronts De Laine Avenue.

Additional site improvements include two (2) attached iron clad carports to the South Road frontage with six (6) car parking bays and metal tubular perimeter fencing.

LEASE SYNOPSIS AND DISCUSSION

We have been requested to provide a market rental of the currently owner occupied portion of the property, namely the office workshop. In doing so we have assumed the following notional lease terms:

Term:	Three (3) years
Renewal Options:	One (1) right of renewal of three (3) years
Lease Structure/Outgoings:	Net Lease. Outgoings recoverable from the Lessee with the exception of State Land Tax and structural maintenance and repairs.
Reviews:	Annually in line with CPI (Adelaide All Groups), and reviewed to market on renewal.

RATIONALE AND METHODOLOGY

Real property is valued in terms of its “highest and best use” which may be defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value for the property being valued. In this instance we consider the redevelopment in the medium to long term to be its highest and best and it is on this basis we have assessed its market value.

Market Rental of Office Workshop

In assessing the market rental value of the property, we have obtained, inspected and analysed leasing evidence of comparable properties, a sample of which is tabulated as follows:

No	Address	Lettable Area (m ²)	Annual Rent \$/m ²	Term & Date
1	Walsh Avenue St Marys	437 m ²	\$110 NET	3 Yrs Apr 2016
General Comment Constructed circa 2005 and improved with an attached office warehouse of pre-cast tilt up concrete slab construction. The high clearance warehouse is accessed via a single roller door and features three (3) phase power. Further improved with nine (9) on-site car parks. Leased for an initial term of three (3) years commencing April 2016 with a further right of renewal of two (2) years. The commencing annual net rental was \$48,000 GST exclusive, with fixed annual increases of 2.5% and reviewed to market upon lease renewal.				
2	Conmurra Avenue Edwardstown	262 m ²	\$76 NET	4 Yrs Jun 2016
General Comment Property comprises a converted dwelling which provides office accommodation of a fair standard, together with a rear storage workshop. Rear car parking/yard area. Zoned Industry. The property is leased for four (4) years commencing June 2015, with one (1) right of renewal of four (4) years. Commencing net rental was \$20,000 per annum, with fixed 4% annual increases.				
3	Kinkaid Avenue North Plympton	562 m ²	\$84 NET	5 Yrs Jan 2017
General Comment This property comprises an office warehouse facility. The property is improved with a kitchenette, and basic male and female amenities. The site is sealed and provides onsite car parking at the front and the rear. The property is leased for an initial term of five (5) years, commencing January 2017 with one (1) further five (5) year option available. The property is leased for \$47,000 net per annum, which is reviewed annually to CPI with market on renewal.				
4	Daws Road Ascot Park	788 m ²	\$76 NET	5 Yrs Feb 2017
General Comment A corner allotment with exposure to a busy roadway. The building comprises showroom and warehouse/storage accommodation. The property is leased for a term of five (5) years commencing February 2017 with one (1) additional five (5) year option available. The property is leased for \$60,000 net per annum, with annual CPI reviews and market on renewal.				

We have utilised the Direct Comparison approach in our assessment of the market rental of this portion of the subject property. The approach involves the comparison of the subject property with the available leasing evidence either in their entirety or utilising a common unit of comparison, typically the dollar rate per square metre of the land or the improvements. The market derived rate is then applied to the subject, after first making appropriate adjustments to account for the individual traits of the subject, to arrive at the market rental value.

The leasing transactions of broadly similar office/showroom workshop type assets reflect an analysed rental range of \$76 up to \$110 per square metre of building area. The differences appear to primarily be a factor of size and standard of building improvements (noting the highest rate is a more modern (circa 2005) built facility). The balance of transactions indicates a narrower range of \$76 to \$84 per square metre of building area, which is considered most comparable to the subject.

After giving consideration to the specific attributes of this portion of the subject property we have adopted the following rates over the component parts:

Component	Building Area (m ²)	Rental Rate	Apportioned Rental
Office	52 m ²	\$140/m ²	\$ 7,280
Workshop (with amenities)	363 m ²	\$ 80/m ²	\$29,040
Mezzanine	28 m ²	\$ 70/m ²	\$ 1,960
Wash Bay	25 m ²	\$ 40/m ²	\$ 1,000
Storage Shed	71 m ²	\$ 40/m ²	\$ 2,840
Market Rental (rounded)	\$42,000 net per annum (GST exclusive)		

We have concluded that a net rental of **\$42,000 per annum exclusive of GST** is fair and reasonable. Based on measurements taken onsite this equates to approximately \$78 per square metre of Gross Building Area, which is considered to be supported.

Market Value

We have utilised the Direct Comparison approach in our assessment of market value. We have given consideration to sales transactions of broadly similar properties within the locality, those considered most pertinent are tabulated as follows:

1		Address:	26-30 Woodlands Terrace Edwardstown
		Purchase Price:	\$1,400,000
		Date:	May 2015
		Land Area:	2,108 m ²
		Building Area:	1,888 m ²
		Land Analysis:	\$664/m ²
		Building Analysis:	\$742/m ²
		Net Passing Income:	Vacant Possession
General Comment			
<p>A corner allotment improved with a good quality office warehouse facility. The office is approximately 232 square metres and provides a functional, albeit somewhat dated accommodation including carpeted flooring, suspended ceilings, recessed bulb lighting and ducted air-conditioning. The warehouse comprises a three (3) bay structure of steel frame and iron wall and roof cladding. Two (2) rows of internal supports. Onsite car parking for 10 vehicles. Zoned Industry/Commerce Edwardstown Policy Area 5. Sold with vacant possession.</p>			
2		Address:	1 Lindfield Avenue Edwardstown
		Purchase Price:	\$1,495,000
		Date:	March 2015
		Land Area:	2,103 m ²
		Building Area:	1,267 m ²
		Land Analysis:	\$711/m ²
		Building Analysis:	\$1,180/m ²
		Net Passing Income:	Vacant Possession
General Comment			
<p>The property is located on the corner of Lindfield Avenue and Railway Terrace with access from both frontages. The built form comprises three (3) adjoining office warehouse units of brick and concrete block construction. The units are approximately 393, 403 and 471 square metres respectively. The warehouses provide clear span clearance of circa 5.4-6 metres, all with roller door access. Shared onsite car parking for 14 vehicles. Sold with vacant possession.</p>			

3		Address:	1-3 Tobruk Avenue St Marys
		Purchase Price:	\$950,000
		Date:	October 2016
		Land Area:	1,538 m ²
		Building Area:	1,194 m ²
		Land Analysis:	\$618/m ²
		Building Analysis:	\$796/m ²
		Net Passing Income:	Vacant Possession

General Comment

The property is held over two (2) Certificates of Title and is improved with a 1970s office/showroom workshop facility of a basic standard only. The showroom and office accommodation is circa 236 square metres and provides functional accommodation. The warehouse is split into two (2) areas of circa 150 and 808 square metres respectively. The buildings are of timber and steel frame with sawtooth roof construction, and provide clearance of circa 3.5-3.6 metres with six (6) roller door access. Attached canopy of approximately 108 square metres. Small concrete hardstand/car parking area. Zoned Commercial (South Road). Sold with vacant possession.

4		Address:	5 Coongie Avenue Edwardstown
		Purchase Price:	\$538,000
		Date:	March 2017
		Land Area:	760 m ²
		Building Area:	760 m ²
		Land Analysis:	\$708/m ²
		Building Analysis:	\$708/m ²
		Net Passing Income:	Vacant Possession

General Comment

The property is improved with a dated office workshop facility. It is of sawtooth construction and the building covers the whole site. The workshop provides clearance of circa 2-4.8 metres with roller door access. Sold with vacant possession.

5		Address:	4 Rothesay Avenue St Marys
		Purchase Price:	\$737,500
		Date:	February 2015
		Land Area:	1,419 m ²
		Building Area:	880 m ²
		Land Analysis:	\$520/m ²
		Building Analysis:	\$838/m ²
		Net Passing Income:	\$60,514 (\$69/m ²)
Passing Yield:	8.21%		

General Comment

A corner site held over two (2) allotments and improved with dated, albeit functional office workshop accommodation. Small hardstand area. The property is leased to two (2) tenants with a short term holding income of circa \$60,514. Zoned Commercial (South Road).

6		Address:	7 Lindfield Avenue Edwardstown
		Purchase Price:	\$710,000
		Date:	April 2015
		Land Area:	1,062 m ²
		Building Area:	732 m ²
		Land Analysis:	\$669/m ²
		Building Analysis:	\$970/m ²
		Net Passing Income:	\$59,690 (\$82/m ²)
		Passing Yield:	8.41%

General Comment

Improved with an office warehouse facility providing clearance of circa six (6) metres and attached workshop in a cul-de-sac location. The roller door access to the warehouse has a clearance of 4.2 metres and the sliding door access has a clearance of 4.7 metres. The office comprises a front reception area with two (2) partitioned offices, kitchenette and male and female bathrooms. Hardstand provides for on-site car parking. Leased for \$60,000 per annum net for a term of 1+2+2+2+2+2 years. After allowance for non-recoverable State Land Tax, net income equates to \$59,690 per annum. Zoned Commercial Policy Area 2 (South Road).

7		Address:	4 Tobruk Avenue St Marys
		Purchase Price:	\$335,000
		Date:	September 2015
		Land Area:	732 m ²
		Land Analysis:	\$458/m ²
		Net Passing Income:	\$24,840
		Passing Yield:	7.41%

General Comment

The subject property comprises a regular shaped allotment which is vacant and utilised for storage purposes. The property is subject to a registered Memorandum of Lease for a term of five (5) years commencing November 2007 together with two (2) further rights of renewal of five (5) years. The commencing net rental as at November 2007 was \$22,000 per annum subject to annual CPI reviews and a market review upon renewal. The annual net rental is \$24,840 as at the Date of Sale. The property is situated within the Commercial (South Road) Zone within the Mitcham Council. Sold at auction.

8		Address:	802-804 Port Road, Woodville South
		Purchase Price:	\$1,000,000
		Date:	January 2017
		Land Area:	1,547m ²
		Building Area:	400m ²
		Land Analysis:	\$646/m ²
		Building Analysis:	\$2,500/m ²
Net Passing Income:	Refer to comments		

General Comment

Held over two (2) Certificates of Title and situated on the corner of Port Road and Koolunda Avenue, the property is improved with a mechanical workshop of circa 240 square metres and dwelling of approximately 160 square metres. The dwelling was rented on a short-term lease at the time of sale. Sealed site. Zoned Mixed Use.

9		Address:	1178-1180 South Road Clovelly Park
		Purchase Price:	\$1,150,000
		Date:	November 2015
		Land Area:	1,463m ²
		Building Area:	553m ²
		Land Analysis:	\$786/m ²
		Building Analysis:	\$2,080/m ²
		Net Passing Income:	Vacant Possession
General Comment			
A large site held over two (2) Certificates of Title. Improved with an office/showroom warehouse facility of a reasonably good standard. Onsite car parking/display yard space to the front of the site. Zoned Commercial Policy Area 2 (South Road).			

We have derived from the sales evidence that improved rates for land area broadly range from \$520 up to \$800 per square metre, with the majority of sales reflecting rates in excess of \$600 per square metre of improved land area.

After giving consideration to the specific attributes of the subject property as detailed herein we consider a rate of \$600 to \$625 per square metre of improved site area to be fair and reasonable. Adopting the approximate midpoint equates to rounded desktop assessment of **\$1,110,000 (One Million One Hundred and Ten Thousand Dollars) exclusive of GST.**

The above market value can be further apportioned over the two sections of the subject property as follows:

Component	Value Apportionment
Display Yard	\$ 450,000 exclusive of GST
Office Workshop	\$ 660,000 exclusive of GST
Market Value	\$1,110,000 exclusive of GST

We trust this brief letter clearly articulates our desktop opinion of market rental and market assessment as requested. We thank you for your instruction in this matter and should you have any queries please do not hesitate to contact the undersigned.

Yours sincerely

TOM ROWE
B. Bus. Prop. (Valuation)
 Associate of the Australian Property Institute
 Certified Practising Valuer

CURRENT TITLE SEARCH

REAL PROPERTY ACT, 1986



The Registrar-General certifies that this Title Register Search displays the records maintained in the Register Book and other notations at the time of searching.



Certificate of Title - Volume 5829 Folio 439

Parent Title(s) CT 4085/972
Creating Dealing(s) CONVERTED TITLE
Title Issued 13/12/2000 Edition 2 Edition Issued 16/08/2007

Estate Type

FEE SIMPLE

Registered Proprietor

WANN HOLDINGS PTY. LTD. (ACN: 008 766 041)
OF 4 THE PIAZZA PASADENA SA 5042

Description of Land

ALLOTMENT 201 FILED PLAN 10795
IN THE AREA NAMED EDWARDSTOWN
HUNDRED OF ADELAIDE

Easements

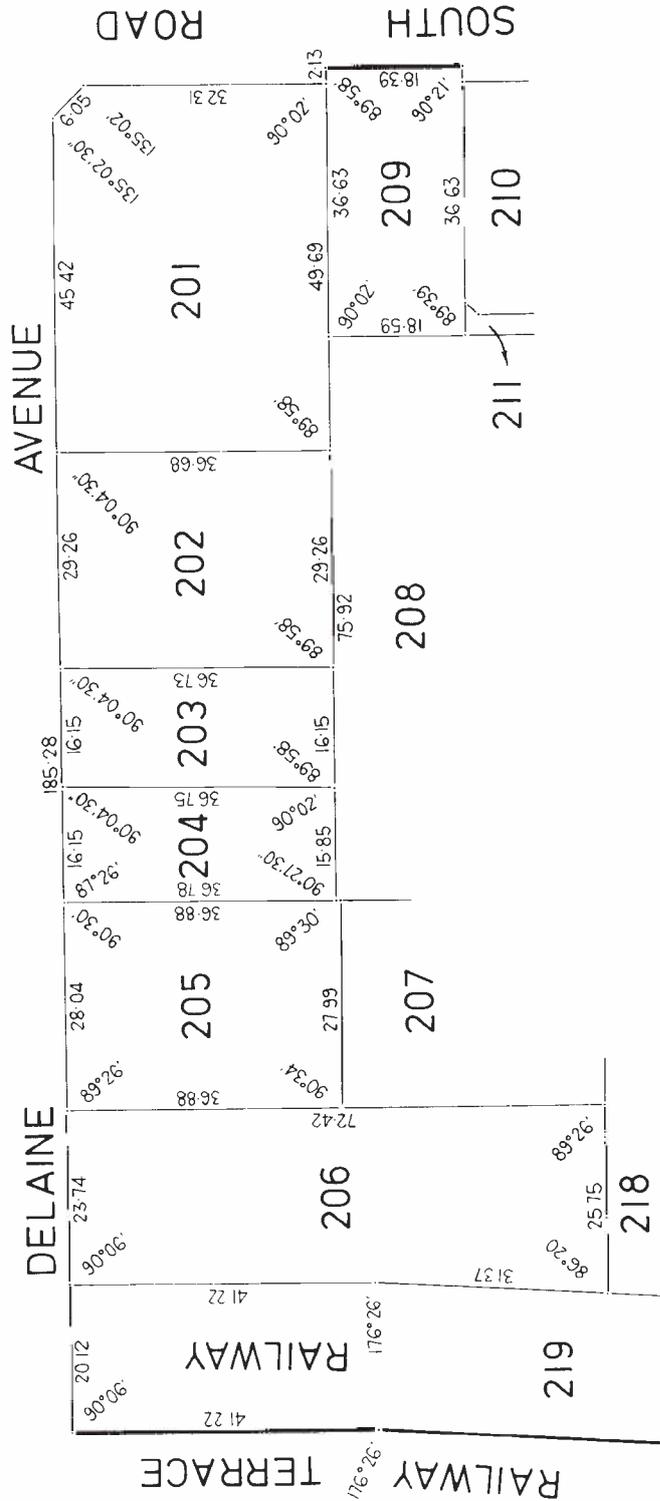
NIL

Schedule of Dealings

NIL

Notations

Dealings Affecting Title NIL
Priority Notices NIL
Notations on Plan NIL
Registrar-General's Notes NIL
Administrative Interests NIL



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