



**COURTICE NEILSEN
LAWYERS**

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1 September 2011

Your Ref:
Our Ref: BAC:110264
Email: courtice@courticeneilsen.com.au

By Express Post

Mr Mark Muller
Active Medical Supplies Pty Ltd
PO Box 3392
TINGALPA DC QLD 4173

Dear Mark

**Lots 1 and 2, 35 Southgate Avenue, Cannon Hill
Leases**

I now **enclose**:

1. Lease for Lot 1 (in duplicate)

- 1.1 The Landlord is "GM & JJ Muller Properties Pty Ltd as trustee for Marjan International Pty Ltd".
- 1.2 The Tenant is "Active Medical Supplies Pty Ltd as trustee for the M & J Muller Family Trust".
- 1.3 The property leased is Lot 1 on SP191431.
- 1.4 The term of the Lease is from 1 September 2011 to 31 August 2014.
- 1.5 Rent for the first year is \$141,270.00 plus GST (i.e.) \$11,772.50 per month plus GST.
- 1.6 Rent increases each year by the greater of the increase in CPI for the year or 4%.
- 1.7 There is a 3 year option that can be exercised by the Tenant. If the option is exercised then rent for the first year of the option is the greater than the rent for the previous year (increased by 4%) and the rent calculated pursuant to a market review. Rent for years 2 and 3 then increase in the same way as referred to in item 1.6.
- 1.8 The balance of the Lease is a standard lease for commercial premises.

2 Lease for Lot 2

- 2.1 The Landlord is "Marjan International Pty Ltd as trustee for the GM & JJ Muller Superannuation Fund".
- 2.2 The Tenant is "Active Medical Supplies Pty Ltd as trustee for the M & J Muller Family Trust".
- 2.3 The property leased is Lot 2 on SP191431.
- 2.4 The term of the Lease is from 1 September 2011 to 31 August 2014.
- 2.5 Rent for the first year is \$51,000.00 plus GST (i.e.) \$4250.00 per month plus GST.
- 2.6 Rent increases each year by the greater of the increase in CPI for the year or 4%.
- 2.7 There is a 3 year option that can be exercised by the Tenant. If the option is exercised then rent for the first year of the option is the greater than the rent for the previous year (increased by 4%) and the rent calculated pursuant to a market review. Rent for years 2 and 3 then increase in the same way is referred to in clause 1.6.
- 2.8 The balance of the Lease is a standard lease for commercial premises.

If satisfactory both Leases are to be signed by the directors of the companies where I have marked. The date that the Leases are signed should be inserted where I have indicated. You should keep the Leases in safe keeping. If your accountants want one copy they should be sent to them and that is why I have provided them in duplicate.

Finally, I **enclose** a statement of our fees and outlays incurred since we first received instructions on 29 June 2011. Our fee relates to:

- Preparation of original Leases.
- Perusal of Mari's comments.
- Preparation of fresh Leases.

Many thanks for your instructions.

Yours faithfully
Courtice Neilsen

Andrew Courtice
Partner

Enc

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VALUATION - INDUSTRIAL PROPERTY

The valuation is prepared for G.M. & J.J. Muller Properties Pty Ltd for Annual Report and Taxation purposes and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Applicant:	GM & JJ Muller Properties Pty Ltd		
Real Property Description:	Lots 1 and 2 on SP191431 County of Stanley Parish of Bulimba		
Registered Proprietor	GM & JJ Muller Properties Pty Ltd		
Property Address:	35 Southgate Avenue, Cannon Hill		
Land Description and Location:	<p>A regular shaped inside industrial allotment within a well established commercial and industrial area 6.5 kilometres to the east of the Brisbane Central Business District. The land has a westerly frontage to Southgate Avenue which is a bitumen sealed road carrying medium volumes of local traffic.</p> <p>Surrounding development comprises comparable industrial warehouses and commercial properties.</p>		
Total Site Area:	2,055 square metres		
Zoning:	Industrial		
Construction:			
<u>Type:</u>	A modern Office/Warehouse building		
<u>Walls (ext):</u>	Tilt slab concrete	<u>(Int):</u>	Tilt slab concrete
<u>Ceilings:</u>	Acoustic grid for the office areas	<u>Floor:</u>	Reinforced Concrete
<u>Foundations:</u>	Reinforced Concrete	<u>Roof:</u>	Metal roof sheeting

35 Southgate Avenue, Cannon Hill

Building Area: 1,344 square metres.

Building Age: Approximately 9 years old with Stage 2 of 355 square metres being completed in 2008.

Accommodation: 502 square metres over 2 levels of high quality carpeted and air-conditioned office space with toilets and staff facilities.

487 square metres of clear span warehouse space.

395 square metres of additional warehouse and 2 level office space known as stage 2.

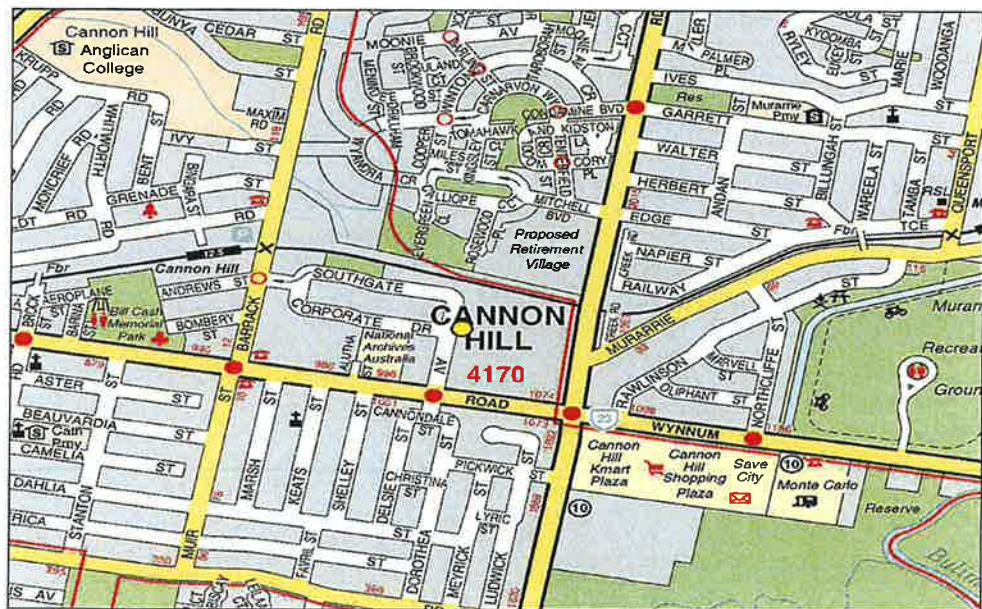
Services Available: All the usual public utilities are available and connected to the property including reticulated water, electricity, and telephone.

Site Improvements: 14 car parking bays, landscaping and concrete manoeuvring areas.

General Condition:

External: Good

Internal: Good



LOCATION PLAN



STREET FRONTAGE



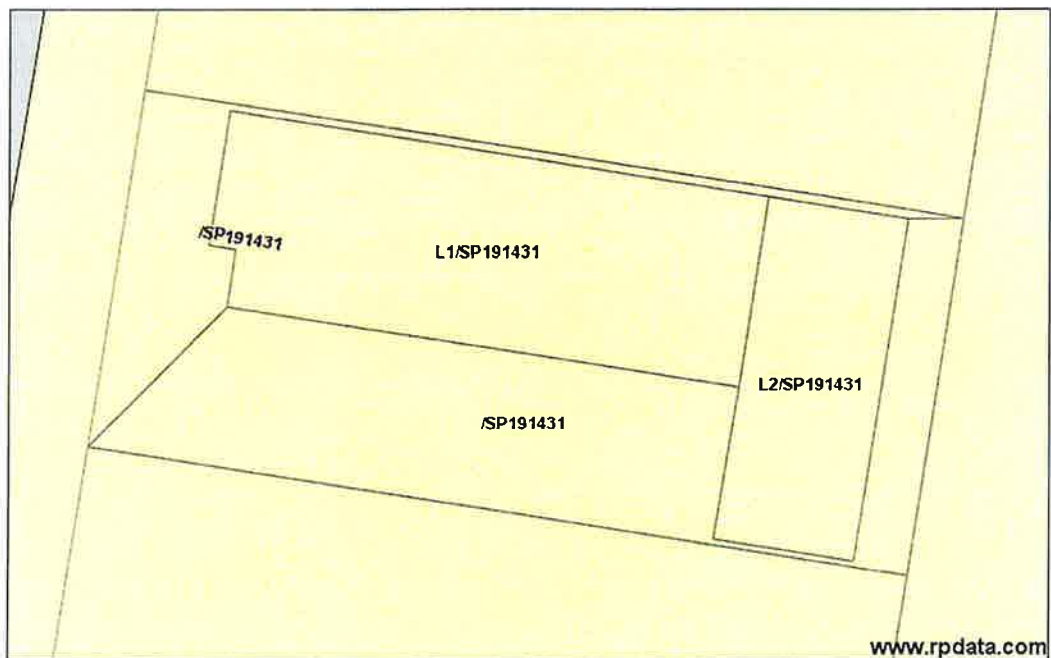
WAREHOUSE



OFFICE



AIR PHOTOGRAPH



SITE PLAN

Market Commentary:

Recent Market Transaction Activity

LEASING ACTIVITY						
Address	Suburb	Start Date	Area (sq m)	Net Face Rent (\$/sq m pa)	Term (months)	Tenant
Australia TradeCoast						
*Lamandra Drive	Eagle Farm	Sep-10	5,625	\$231	120+120	Enerflex Australia
231 Holt Street	Eagle Farm	Oct-10	5,000	\$110	120+120	Sevco Logistics
50 Theodore	Eagle Farm	Feb-11	2,960	\$68	60	BMI
1094 Lytton Rd	Murarie	Apr-11	10,800	\$110	36	Avims
6 Terrace Pl	Murarie	Mar-11	6,300	\$69	36	Farrer Transport
Lytton Industrial Estate	Lytton	D & C	56,000	Circa \$115	Undisclosed	Kmart
Trade Coast Central	Eagle Farm	Q1 2011	26,000	Circa \$112	Undisclosed	Reece
17 Sugarhill Rd	Pinkieba	Mar-11	3,000	\$115	72 + 72	CV Signs
North Side						
20 Shannon Place	Virginia	Mar-11	6,000	\$130	84	Store Enzo
501 Eilan Road	Geebung	Feb-11	4,900	\$91	60 + 60	Byrne Ford
Outer North						
Saltwater Circuit	Nurungba	Dec-10	3,850	\$132	84+60	ABRA Metals
South Side						
333 Bradman Street	Acacia Ridge	Oct-10	2,693	\$111	60	Colmar EEP Pty Ltd
25 Industrial Circuit	Acacia Ridge	Nov-10	9,714	\$111	n/a	Ceva Logistics
43 Paradise Road	Acacia Ridge	Oct-10	9,350	\$110	72	P&O Trans Australia
836 Boundary Road	Coopers Plains	Feb-11	5,877	\$90	60	LaFarge Plasterboard
Outer South West						
117 Formation Street	Wacol	Dec-10	2,855	\$140	60	Ausco
784 Progress Road	Wacol	Nov-10	5,297	\$100	120+60+60	Band-Worx
65 Cobalt Street	Carole Park	Oct-10	2,665	\$131	36	Cement Australia

*Warehouse and office

Source: Colliers International Research

SALES ACTIVITY								
Address	Suburb	Sale Price (\$)	Date of Sale**	GLA sq m	GLA Rate \$/sq m	Reversionary Yield*	Vendor	Purchaser
670 Macarthur Avenue	Pinkieba	\$3,195,000	Aug-10	5,577	\$1,469	8.25%	Property Solutions	Growthpoint
150 Fison Avenue	Eagle Farm	\$8,250,000	Oct-10	5,612	\$1,524	8.4%	Private Investor	Private Investor
66 Alexandra Place	Murarie	\$7,640,000	Jan-11	5,320	\$1,398	8.26	Owner Occupier	Private Investor
North Side and Outer North								
1840 Sandgate Road	Virginia	\$14,500,000	Dec-10	14,426	\$1,005	7.86% (Initial)	Opus	Burrings
64 South Pine Road	Brendale	\$7,500,000	Oct-10	7,763	\$966	n/a	Joyce Indpac Pty Ltd	Icen Plastics
56 Depot Street	Banyo	\$6,350,000	Oct-10	4,008	\$1,584	7.90%	Private Investor	Jane Darvenisa
432 Newman Road	Geebung	\$5,000,000	Jul-10	1,220	\$4,098	8.70%	One Steel	Private Investor
South Side and Outer South								
101 Balm Road	Archerfield	\$20,500,000	Nov-10	24,450	\$839	n/a	AMP capital Investors	Dexus
29-41 Lysaght Street	Acacia Ridge	\$16,000,000	Oct-10	18,488	\$974	8.81%	Private Investor	Dexus
243 Bradman Road	Acacia Ridge	\$6,100,000	Sep-10	4,931	\$1,263	8.24	Rosi Savio	D&M Lyons Holdings
51 Axis Place	Larapinta	\$33,375,000	Aug-10	15,720	\$2,123	8.00%	Toll Ipec	Private Investor
82 Noosa Street	Heathwood	\$50,200,000	Jul-10	37,980	\$1,322	8.40%	Selta Properties	GIC Real Estate
62 Stradbroke Street	Heathwood	\$26,900,000	Jul-10	24,791	\$1,166	8.60%	Selta Properties	GIC Real Estate
64 Axis Place	Larapinta	\$5,400,000	Feb-11	3,742	\$1,443	7.9%	Private Investor	Private Investor
16 Lennox Street	Coopers Plains	\$5,005,000	Jan-11	4,949	\$1,032	8.6%	Vacant Possession	Alto Pty Ltd
2 Weippen St	Cleveland	\$22,750,000	Nov-10	23,318	\$976	n/a	Fisher & Paykel	Sentinel
Outer South West								
514 Boundary Road	Richlands	\$26,675,000	Oct-10	14,585	\$1,843	8.17%	Russo Investments	Lend Lease
473 Freeman Road	Richlands	\$12,000,000	Aug-10	9,625	\$1,247	8.40%	Julinger Diversified Property Group	Private Investor
163 Cobalt Street	Carole Park	\$9,176,742	Aug-10	7,195	\$1,275	8.58%	Private Investor	Private Investor
Yatala								
29 Business Street	Yatala	\$10,679,842	Aug-10	3,630	\$1,290	8.14%	Property Solutions	Growthpoint
13 Business Street	Yatala	\$14,939,379	Aug-10	3,951	\$1,669	8.41%	Property Solutions	Growthpoint
10 Goszmen Drive	Yatala	\$4,956,012	Aug-10	3,163	\$1,555	7.91%	Property Solutions	Growthpoint

*Yields quoted are equivalent reversionary yield

**Sale date refers to date of exchange

Source: Colliers International Research

MARKET VALUATION:

"Market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

	Area M2	Rental Rate	Rental
Ground Floor Office	251	\$165.00	\$41,415
First Floor Office	251	\$165.00	\$41,415
Warehouse	487	\$120.00	\$58,440
Stage 2 Office	80	\$165.00	\$13,200
Stage 2 Warehouse	315	\$120.00	\$37,800
Total	1384	\$138.92	\$192,270

Capitalisation Rate 8.00%
Capitilised Value \$2,403,375

Adopt \$2,400,000

\$2,400,000

(Two Million Four Hundred Thousand Dollars)

VALUATION DATE:

24 August 2011

We are not aware of any previous or current use that may have contaminated the site.

John Olive & Associates Pty Ltd


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JOHN J. OLIVE AAPI
Certified Practicing Valuer
Registered Valuer No. 1567 (Qld)

CURRICULUM VITAE

JOHN J OLIVE AAPI

2 Gibbins Street, Sunnybank Hills QLD 4109

Qualifications

Queensland University (Gatton College)

Diploma in Real Estate Valuation 1982-1985

Queensland University of Technology

Introduction to Town Planning 1987

Property Investment Analysis 1990

Professional Details

Associate of Australian Property Institute (Certified Practicing Valuer)

Registered Urban Real Estate Valuer No. 1567 (29 May 1986)

Registered Rural Real Estate Valuer No. 1593 (11 Nov 1986)

Expertise

John's property career has focused on South East Queensland commencing in the sale and management of a wide range of property types on the Gold Coast in 1978. During the past 33 years, he has provided detailed expert advice and direction on many major properties, developments and portfolios throughout Queensland and New South Wales.

His early career concentrated mainly in the areas of sales and leasing of residential, rural, commercial and retail properties; and 4 years with the Queensland State Government Lands Department, followed by 12 years specialized valuation experience with L.J. Hooker International and Colliers Jardine, and 16 years in specialist private practice trading as John Olive & Associates Pty Ltd