

John Olive & Associates Pty Ltd

Real Estate Valuers

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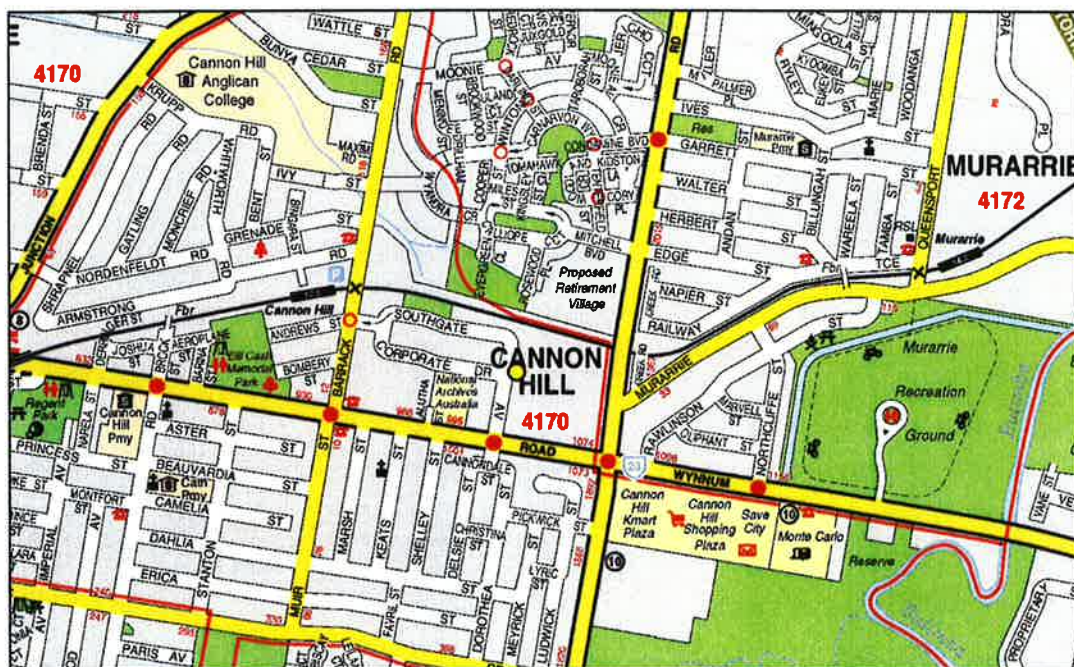
VALUATION - INDUSTRIAL PROPERTY

The valuation is prepared for George Mark Muller and Janice Jean Muller for transfer 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:	George Mark Muller and Janice Jean Muller		
Real Property Description:	Lot 17 on SP128048 County of Stanley Parish of Bulimba		
Registered Proprietor	George Mark Muller and Janice Jean Muller		
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>		
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 6 years old with a rear area of 355 square metres being recently completed.
- 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 recently completed 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:**
- | | | | |
|------------------|------|------------------|------|
| <u>External:</u> | Good | <u>Internal:</u> | Good |
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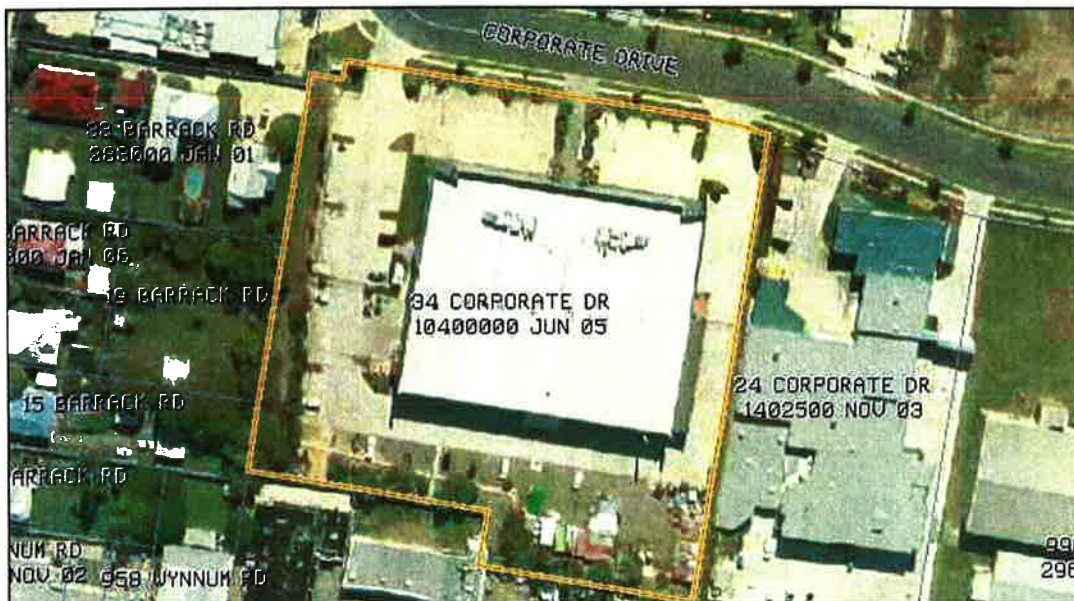
Market Commentary:

The industrial property market in this area is relatively buoyant with a good volume of sales being achieved in the surrounding area over the past 18 months. We consider that a sale period of 3 months would be required to achieve a sale at the Valuation figure.

The following sales were considered in the assessment of the value of this property.

1. Tyco Building 34 Corporate Drive, Cannon Hill.

A modern office/warehouse building of 5,565 square metres built in 2000 purchased by Merrill Lynch Property Trust on 1 June 2005 for \$10,400,000 at a yield of 8.2 % on a net income of \$850,000 per annum. 100% leased to Tyco Australia Limited until 31 July 2010 plus two, five year options. Average rent \$152.00 per square metre.



2. 6 Eagleview Place, Pinkenba

A modern office/warehouse building purchased by Aria Property Group for \$6,554,000 on 1st December 2005 reflecting a yield of 8.6%. Land area 9,540 square metres building area 4,981 square metres. The building was sold leased to GE Australia Limited on a 10 year lease commencing in 1997. The passing rental is about \$115 per square metre net.



3. 172 Robinson Road, Geebung

An office/warehouse complex of 4 metal clad industrial buildings purchased by Xiao Hong Darveniza for \$7,150,000 on 9th August 2005 reflecting a yield of 7.35%. Land area 19,250 square metres building area 10,691 square metres. The building was sold leased to 8 tenants.





4. 121 Wharf Street, Spring Hill.

The sale of a refurbished office building with a net lettable area of 4,395 square metres for \$22,250,000 on 22 September 2006 reflecting a yield of 6.97%. The sale equated to a rate per square metre of NLA of \$5,063.



5. 555 Coronation Drive, Toowong.

The sale of a 3 level office building with 178 car bays with a net lettable area of 5,870 square metres for \$28,500,000 on 28 June 2006 reflecting a yield of 6.39%. Equated to a rate per square metre of NLA of \$5,870.



6. 108 Wickham Street, Fortitude Valley.

Trafalgar Corporate Group and Lainge O'Rourke Australia have sold 108 Wickham Street 11 months after purchasing the asset from the Uniting Church. In November 2005 the joint venture partners paid \$50 million with an initial yield of 7.97% for the fully leased 13,212 square metre building with an approved DA for a 6 storey office building on the adjoining site. Fortius Funds Management have now purchased the building with the intention of developing the site into the proposed 12,000m² Centenary Square. The "off market" transaction included the novation of a fixed price building cost with Laing O'Rourke for the approved office development.

The \$66 million sale in September 2006 was apportioned with approximately \$11.9 million (\$100/ m² of NLA) attributed to the potential development land and approximately \$54.1 million to the 14 storey office tower. Trafalgar Group has accounted a strong profit from the sale with equity IRR of 69.9%.

Yield on purchase 6.85%, Capital value \$4,095 per square metre.

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	\$	180.00	\$	45,180
First Floor Office	251	\$	180.00	\$	45,180
Warehouse	487	\$	120.00	\$	58,440
Stage 2 Office	80	\$	180.00	\$	14,400
Stage 2 Warehouse	315	\$	120.00	\$	37,800
Total	1384	\$	145.23	\$	201,000
Capitalisation Rate					7.50%
Capitilised Value				\$	2,680,000
Apportioned as					
Stage 1 Building Shell				\$	1,217,581
Stage 2 Building Shell				\$	486,294
Land Value	2,055		\$475.00	\$	976,125
Land Apportioned as					
Building 1 Component	67.40%			\$	657,908
Building 2 Component	32.60%			\$	318,217

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	Area M2		Rate per m2		Total
Insurable Value	1384	\$	1,500.00	\$	2,076,000

856,711.00

\$2,680,000


(Two Million Six Hundred and Eighty Thousand Dollars)

VALUATION DATE:

20 March 2007

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

John Olive & Associates Pty Ltd



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