

12 June 2015

Mark Muller
Active Medical
35 Southgate Avenue,
Cannon Hill QLD 4170

RE: 35 SOUTHGATE AVENUE, CANNON HILL QLD 4174

Dear Mark,

Thank you for the opportunity to submit my appraisal in relation to the above property on what it potentially could achieve in the current market conditions.

I have separated this following information into separate headings for ease of reference. If I have neglected to cover any issue you require covered please do not hesitate to contact me.

Property Details

Lot 1 on SP191431
Parish: Bulimba
Size: 1,384sqm*

Property Description – The opportunity

The property is situated in a highly sought after area of Cannon Hill which is located approximately 8 radial kilometres southeast from the Brisbane CBD and is within minutes' drive from the Gateway and Port of Brisbane Motorways. There is approx. 582sqm of office space split over two levels and presents to a high standard; the office space comprises of a mixture of open plan areas and enclosed offices all featuring high quality fixtures and fittings. The high bay, clear span warehouse is accessed via a total of three electric roller doors. The building is currently split into two separate tenancies which offer's flexibility in the future when leasing or selling the asset. This can also allow for higher rental rates to be achieved if separately tenanted.

Potential leasing range – whole building

LEASING

Total Building Area: 1,384sqm approx.

582sqm (approx.-Office)	@ \$240/sqm	= \$139,680 + outgoings + GST
	@ \$250/sqm	= \$145,500 + outgoings + GST
802sqm (approx.-Warehouse)	@ \$125/sqm	= \$100,250 + outgoings + GST
	@ \$135/sqm	= \$108,270 + outgoings + GST

1,384sqm	(Combined. - GLA)	@ \$173.36/sqm	= \$239,930 + outgoings + GST
		@ \$183.36/sqm	= \$253,770 + outgoings + GST

If the property was placed on the open market for lease as a whole building, we believe it would achieve the above range.

Potential leasing range – Individual Units

LEASING – Unit 1

Total Building Area: 989sqm approx.

502sqm (approx.-Office)	@ \$240/sqm	= \$120,480 + outgoings + GST
	@ \$250/sqm	= \$125,500 + outgoings + GST
487sqm (approx.-Warehouse)	@ \$125/sqm	= \$60,875 + outgoings + GST
	@ \$135/sqm	= \$65,745 + outgoings + GST

989sqm	(Combined. - GLA)	@ \$183.37/sqm	= \$181,355 + outgoings + GST
		@ \$193.37/sqm	= \$191,245 + outgoings + GST

LEASING – Unit 2

Total Building Area: 395sqm approx.

80sqm (approx.-Office)	@ \$270/sqm	= \$21,600 + outgoings + GST
	@ \$280/sqm	= \$22,400 + outgoings + GST
315sqm (approx.-Warehouse)	@ \$125/sqm	= \$39,375 + outgoings + GST
	@ \$135/sqm	= \$42,525 + outgoings + GST

395sqm	(Combined. - GLA)	@ \$155.88/sqm	= \$61,575 + outgoings + GST
		@ \$164.36/sqm	= \$64,925 + outgoings + GST

Method – Capitalisation – whole building

SALES

Medium of above leasing range:	\$246,850	@ 7.50%	=	\$3,291,333
		@ 8.00%	=	\$3,085,625

Summation Range = \$3,000,000 to \$3,300,000

The capitalisation method involves taking a market yield and applying it to the annual return for the property. (The above yield range is based on a minimum 5 year lease)

Method – Vacant Possession

SALES

Total Building Area:	1,384/sqm	@ \$2,100/sqm =	\$2,906,400
		@ \$2,000/sqm =	\$2,768,000

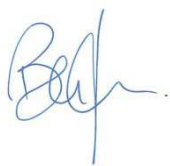
Summation Range = \$2,910,000 to \$2,750,000

We believe you could potentially achieve the above range if placed on the open market today.

Once again thank you for the opportunity to provide my appraisal on 35 Southgate Avenue on what we think it could potentially achieve in the current market conditions if placed on the open market. Should you have any questions or require further clarification on any of the information provided above please do not hesitate to contact me.

We trust that the above meets with your approval and look forward to discussing this further with you.

Yours sincerely,
CBRE



Ben Lyons | Manager
Industrial & Logistics Services
M: 0400 718 488
E: ben.lyons@cbre.com.au

Disclaimer

You should be aware that this market commentary is not a valuation in the conventional sense. It is a theoretical exercise involving relatively few variables; a short visual inspection of the property, coupled with zoning information and a general knowledge of the background market conditions; whereas a valuation involves a detailed investigation of all market variables. The market value could be greatly affected by such factors as encumbrances, restrictions or other impediments on the title which have not been considered in this opinion. Accordingly, we regard a market comment as indicative only and not authoritative, merely a precursor to a valuation, not as a substitute for it. No responsibility is accepted either to the recipient or to any third party for any loss or damage which may result from the market comments use including limitation, loss or damage arising from any financing, purchasing or leasing transaction.