

February 2017

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Valuation Report



15 Ferret Street, Eagle Farm



15A Ferret Street, Eagle Farm

Property Address

15 & 15A Ferret Street, Eagle Farm 4009

Date of Valuation

20 February 2017

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ANNEXURE 1

Additional Photographs

1. EXECUTIVE SUMMARY

PROPERTY

Industrial Property
15 & 15A Ferret Street
EAGLE FARM 4009

BRIEF DESCRIPTION

3415 square metre regular shaped inside site zoned "Industry Investigation" and comprising a level filled site located just to the north and the west of the Royal Queensland Golf Club and in a well regarded industrial locality.

Improvements comprise two approximate nine year old buildings providing office and warehouse accommodation and being of the same general design and construction. Buildings are of concrete tilt panel construction to warehouse areas and having cantilevered office areas over ground level car parking at the front of each of the buildings.

Building 'A' has a ground floor area of 1096 square metres and an upper level office of 250 square metres.

Building 'B' has a ground floor area of 633 square metres and an upper level office of 67 square metres together with additional store/showroom area of 140 square metres.

Fully developed surrounds with concrete parking and turning areas and incorporating a total of 26 car parking areas either beneath the cantilevered office areas or between the buildings. Additional ground improvements include vehicular crossovers, landscaping and fencing incorporating automatic sliding gates to street alignment.

Valuation of
15 & 15A Ferret Street
Eagle Farm 4009

Prepared for:
Stuart William JENSEN, Margaret JENSEN
Hilton Paul JENSEN and Scott Alan JENSEN

JOHN WATT & ASSOCIATES
Valuers and Development Consultants

PREPARED FOR

Stuart William JENSEN
Margaret JENSEN
Hilton Paul JENSEN
Scott Alan JENSEN
As Trustees under Instrument No.710373522
C/- Roof & Building Service (Qld) Pty Ltd
PO Box 426
HAMILTON QLD 4007

DATE OF VALUATION

20 February 2017

DATE OF INSPECTION

20 February 2017

2. INSTRUCTIONS

The report is prepared under verbal instructions from Nominated Trustees under Instrument No. 710373522 to assess Market Value of an Industrial Property at 15 & 15A Ferret Street, Eagle Farm, on an unencumbered fee simple basis.

All assessments and calculations within this report are exclusive of GST.

3. MARKET VALUE

The International Assets Valuation Standards Committee defines Market Value as:

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

4. REGISTERED OWNERS

Stuart William Jensen
Margaret Jensen
Hilton Paul Jensen
Scott Alan Jensen
as Trustee under Instrument No. 710373522

5. REAL PROPERTY DESCRIPTION

Freehold land in the County of Stanley, Parish of Toombul, being Lot 706 on Plan SL 1883.

6. AREA

3415 square metres.

7. EASEMENTS AND ENCUMBRANCES

Subject to Easement No. 704570893 benefiting the land over Easement B on Survey Plan 127410.

8. TITLE REFERENCE

16044100

9. LOCAL AUTHORITY

Brisbane City Council

10. SITUATION AND LOCALITY

The property is situated on the northern side of Ferret Street, at its western end at Eagle Farm, approximately eight kilometres by road east north-east of the Brisbane GPO.

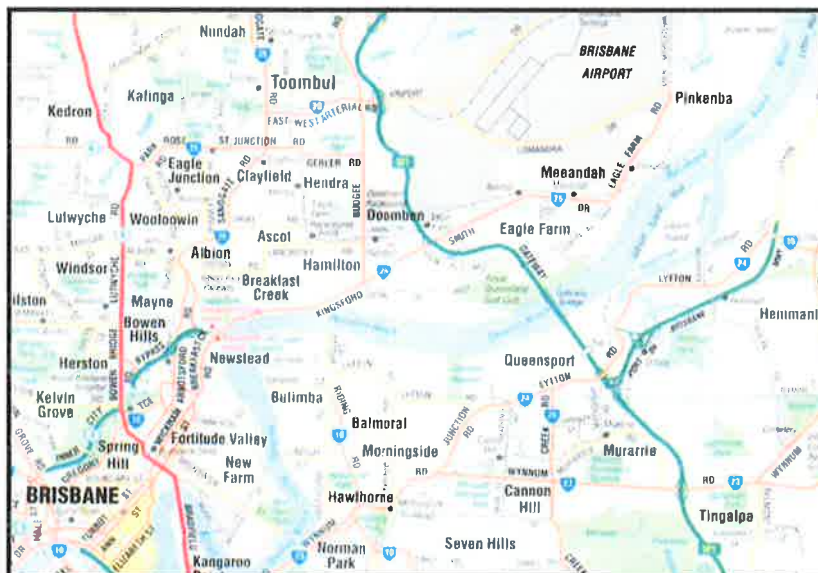
The property is contained within the original Hamilton Lands Industrial Area, being a large area of industrial development located between Kingsford Smith Drive and the Brisbane River and incorporating wharfage facilities to the Brisbane River. Area of land now cut by the Gateway Motorway and having the southern and western parts of the estate accessed via Curtin Avenue and Fison Avenue off Kingsford Smith Drive and with the northern and eastern sections accessed via Holt and Harvey Streets. Royal Queensland Golf Club occupying a large site adjoining the Brisbane River and with part of the Golf Course developed beneath the approaches to the Gateway Bridge.

The Hamilton Lands Industrial Area was originally developed under the auspices of the Department of Lands with Leases granted to applicants for development of the sites after the land had been filled to development levels. Improvements range from basic warehouse type buildings constructed in the late 1950's through to modern high clearance warehouse and storage facilities developed on large sites in the last few years. Sections of the original industrial estate now set aside for redevelopment as part of the North Shore Development area with the residential component extending from the existing Portside Wharf area to the Royal Queensland Golf Club between the Brisbane River and Curtin Avenue. Redevelopment of this area will provide low, medium and high rise apartment and townhouse buildings. Existing development within North Shore comprises areas to the eastern and western ends of the dedicated North Shore site with these areas generally having low and medium rise apartment buildings.

Overall North Shore Priority Development Area comprises 304 hectares of land with a two kilometre river frontage and includes land between Kingsford Smith Drive and the Brisbane River extending from former Bretts Wharf to the Gateway Motorway.

10. SITUATION AND LOCALITY....Continued

10.1 Locality Map



11. SERVICES AND AMENITIES

Water, sewerage, electricity, telephone and cleansing services are available to the subject property.

Retail facilities available within Racecourse Road, Ascot, approximately 2.5 kilometres west. Bus services operate along Kingsford Smith Drive with limited services extending into Holt Street and Fison Avenue.

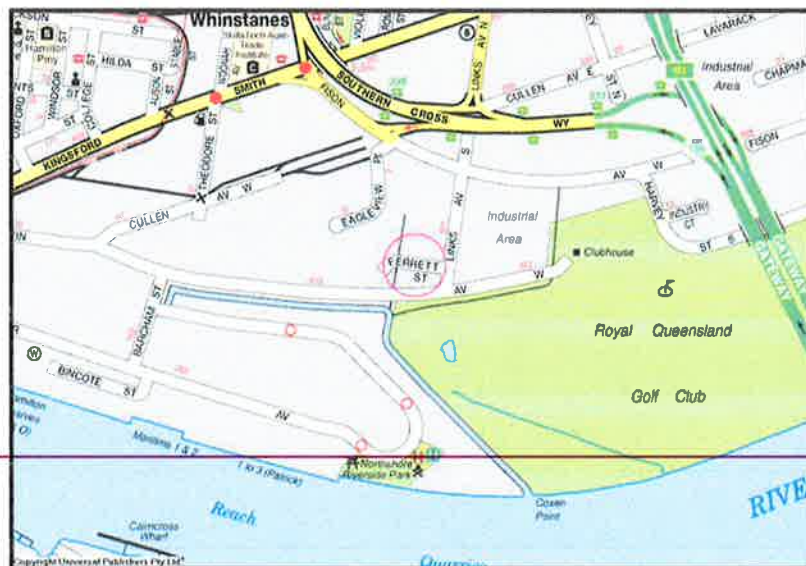
12. ROADS AND ACCESS

Ferret Street, along the alignment of the subject land, is a wide bitumen sealed carriageway developed to full industrial standards with concrete kerbing and channelling.

Ferret Street runs in a westerly direction from Links Avenue and services a limited number of properties.

Access onto the land, for pedestrian and vehicular traffic, is good.

12.1 Street Map



15. IMPROVEMENTS

Erected on the land are two buildings each approximately nine years old providing warehouse and office components and of the same general design and construction. Building 'A' erected to the western side of the site has a ground floor area of 1096 square metres with upper level offices of 250 square metres whilst Building 'B' has ground floor area of 633 square metres and upper level office, store and showroom of 207 square metres.

Construction:

- Timber piers with concrete perimeter beams
- Concrete ground and upper floor apart from showroom area to Building 'B' with particleboard floor supported off steel frame
- Painted concrete tilt panel walls to warehouse area
- High clearance roller doors facing on to central driveway
- Office areas have concrete columns with compressed fibro cement and corrugated colorbond external walls incorporating aluminum framed windows and fixed glass panels
- High clearance steel skillion roof frame with metal purlins and girts and with metal deck roof
- Office areas plasterboard lined with a mixture of plasterboard and suspended ceiling in a metal grid frame.

Accommodation:

Building 'A' provides warehouse area with a section of office component at the front of the ground level and originally providing entry with internal stairs to the upper level as well as male and female toilet facilities and disabled toilet. Area now extended to provide additional office areas and storage. Upper level offices providing various specialist offices, general office area, kitchen, Boardroom and store area.

Building 'B' has warehouse areas to the major part of the ground level with entry, a number of offices and male and female toilet facilities at the front of the warehouse. Internal stairs from the entry to the upper level which provides two specialists offices, open office area and Boardroom whilst having storeroom and showroom area to the rear. This rear area is further partitioned to provide a number of offices with wide door access from the rear and having stairs leading down to the warehouse floor.

15. IMPROVEMENTS....Continued

All necessary fixtures and fittings to kitchens and toilet areas with split system or ducted air conditioning where necessary. Floor coverings a mixture of carpet, vinyl and ceramic tiles.

Ground improvements include extensive concreted areas incorporating car parking and turning areas with concrete edge kerbing and having concrete crossovers from the street. Landscaped areas adjoining the front alignment which has chain wire security fencing rendered concrete block panels associated with automatic sliding metal gates. Side and rear boundaries, where not adjoined by buildings, having chain wire security fencing.

16. LEASE DETAILS

The property was the subject of a Lease Agreement to Roof and Building Service (Qld) Pty Ltd for a three year period with a three year option from 1 February 2011. As at the date of valuation there is no Lease in place and the operating company is continuing to occupy the premises on a month-to-month basis with the rental payable being \$36,300 per calendar month including GST.

17. ESTIMATED RENTAL

Whilst the property was the subject of a Lease Agreement, this Lease including the option period has expired. For the purposes of this report, the following figures are adopted as market rent.

Building 'A'

1096 square metres ground level area @ \$115 per square metre = \$126,040

Office

250 square metres upper level @ \$200 per square metre = \$ 50,000

Building 'B'

633 square metres ground level @ \$115 per square metre = \$ 72,795

Office

207 square metres upper level @ \$200 per square metre = \$ 41,400

Total = **\$290,235**

Say \$290,000 for practical real estate purposes on a net basis and exclusive of GST.

18. VALUATION RATIONALE

The subject property is primarily considered to be an investment one and, as such, the capitalisation of the expected net return from the premises is considered to be the appropriate method of valuation.

A check valuation has been carried out on a direct comparison method with the basis being an analysis of the sales evidence on a rate per square metre of building area with the rate adopted for the subject property considered to reflect the overall differences in age, style of construction and standard between the subject property and the analysed sales evidence.

18.1 Capitalisation Method

Under this approach the net income from the property is capitalised at an appropriate yield to establish the property's value with vacant possession. For valuation purposes I have adopted a rental at market levels of \$290,000 with this income considered to be net income.

Description			
Assessed Net Annual Rental		\$290,000	
Capitalisation Rate	7%	To	7.5%
Investment Value as Calculated	\$4,142,057		\$3,866,666
Less Adjustments:			
<i>Letting up allowance^(a)</i>		\$145,000	
<i>Rental incentive^(b)</i>		\$145,000	
<i>Leasing charges^(c)</i>		\$43,500	
Total Adjustments		\$333,500	
Value range as calculated	\$3,808,557	To	\$3,533,166
Adopt		\$3,670,000	

- (a) Equivalent of six month's rent
(b) Equivalent of six month's rent
(c) Equivalent of 15% of 1st year's rent

Note: This assessment is on a vacant possession basis.

18. VALUATION RATIONALE....Continued

18.1 Capitalisation Method (Continued)

As the property was the subject of a Lease Agreement to an associated entity and is likely to continue to be so, should the property be offered to the market it would be on the basis of a Lease in place to the associated company. For the purposes of this assessment, it is assumed that a new Lease has been entered into on the same terms and conditions as the previous Lease apart from the rent with this Lease to operate from 1 February 2017.

An Investment Value calculation would then be as follows:

Description			
Assessed Net Annual Rental		\$290,000	
Capitalisation Rate	7%	To	7.5%
Investment Value as Calculated	\$4,142,057		\$3,866,666
Less Adjustments:			
<i>Letting up allowance</i>		Nil	
<i>Rental incentive</i>		Nil	
<i>Leasing charges</i>		Nil	
Total Adjustments		Nil	
Value range as calculated	\$4,142,057	To	\$3,866,666
Adopt		\$4,000,000	

18.2 Direct Comparison Method

An assessment on this basis is made on a rate per square metre of building area in comparison to the sales evidence within the report. Adjustments are made within the calculation for the size of buildings, age and type of construction as well as site differentials and location. Evidence of buildings of a similar usage within the general locality as well as other areas of Brisbane and surrounds indicates rates of between \$1,247 per square metre and \$5,890 per square metre of building.

18. VALUATION RATIONALE....Continued

18.2 Direct Comparison Method (Continued)

The sale at the lower end of the range was of a smaller but older building in an inferior location whilst the sale at the top of the range was to an investor who acquired a fully fitted out laboratory/warehouse subject to a 10 year lease at a rental which reflected the extensive fit-out for the specialist purpose. The majority of the sales are in the range of \$1,560 per square metre to \$3,136 per square metre.

Reflecting the good standard of the building, the location of the property and the size of the land, a rate of \$1,850 per square metre of building is adopted resulting in an assessment of \$4,044,100

ADOPT \$4,000,000 for practical real estate purposes.

18.3 Valuation Reconciliation

The assessments of value show figures of between \$3,670 and \$4,044,100 on a capitalisation basis as well as by direct comparison. Some of the sales evidence in both the adjoining area and in other parts of Brisbane included within this report have been purchased by investors whilst other sales are to owner occupiers. In addition, included within the report are sales within the immediate area of sites which have been purchased for redevelopment or as a holding proposition awaiting redevelopment.

Taking into account all of the sales evidence together with the assessments as indicated, \$4,000,000 is adopted as market value based on continued existing use and occupation of the property by the operating company.

19. SALES EVIDENCE

The following sales have been used as a guide in making this assessment. It is noted that some of the sales indicated may have GST component in the sale price recorded. In compiling the sales evidence we have relied on a range of external sources including, but not limited to, publicly available information, information databases and information provided by parties such as real estate agents and consultants, property managers and property valuers. We have no reason to doubt the accuracy of the information provided to us and we have relied on this information in good faith. We are unable to state with certainty that the information upon which we have relied is consistent with the contractual arrangements between the relevant parties as we have not sighted such contracts.

Detailed analysis of sales evidence is held on file.

Address	Date of Sale	Sale Price
101 Links Avenue Eagle Farm 4009	4 July 2016	\$6,000,000
114 Links Avenue Eagle Farm 4009	3 June 2015	\$1,530,000
320 Curtin Avenue Eagle Farm 4009	12 October 2016	\$2,775,000
340 Curtin Avenue Eagle Farm 4009	17 March 2016	\$5,075,000
39 Harvey Street North Eagle Farm 4009	29 September 2016	\$5,100,000
289 Cullen Avenue & 57 Harvey Street Eagle Farm 4009	19 December 2015	\$6,100,000

19. SALES EVIDENCE....Continued

Address	Date of Sale	Sale Price
156 Laverack Avenue Eagle Farm 4009	12 February 2016	\$2,850,000
192 Laverack Avenue Eagle Farm 4009	19 September 2016	\$4,300,000
109 Holt Street Eagle Farm 4009	15 September 2016	\$2,520,000
28 Weyba Street Banyo 4014	23 December 2016	\$3,850,000
73 Toombul Road Northgate 4013	15 August 2016	\$3,275,000
8/231 Holt Street Pinkenba 4008	21 June 2016	\$6,480,000
57 Unwin Street Pinkenba 4008	4 October 2016	\$3,808,474
41 Borthwick Avenue Murarrie 4172	29 September 2016	\$4,900,000
20 Proprietary Street Tingalpa 4173	7 October 2016	\$2,080,000

19. SALES EVIDENCE....Continued

Address	Date of Sale	Sale Price
37 Commercial Drive Shailer Park 4128	22 August 2016	\$4,130,000
1/140 Mica Street Carole Park 4300	10 December 2016	\$2,350,000

20. SEARCHES AND REQUISITIONS

Whilst we have taken every reasonable care both during our inspection of the property and in making relevant inquiries, we have not undertaken or requested a written flood search, written Town Planning Certificate, inspection of the property by the Local Authority, identification survey by a licensed Surveyor, Main Roads search and soil survey.

In the absence of the benefit of these formal searches or inquiries we have assumed that the results of any of same would not disclose any matters which would significantly affect the value of the property.

Specifically 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 is not aware of any significant environmental problems which may affect the subject or surrounding properties.

The Valuer will not be liable nor responsible for his 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; the non compliance with any environment laws; or costs associated with the clean up of a property in which an environmental hazard has been recognised including action by the Environmental Protection Authority to recover clean up costs pursuant to the Environmental Protection Act.

Buildings, including houses, built prior to 1983 may contain asbestos related products. John Watt & Associates are not experts 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.

21. TITLE BOUNDARIES

We advise that we have not carried out a detailed site survey and we have of necessity assumed for the purposes of this valuation that all structural improvements have been erected within the Title boundaries.

22. STRUCTURAL SURVEY

Whilst we have carried out a careful building inspection, we advise that we have not completed a detailed structural survey, tested any of the services, or inspected unexposed or inaccessible portions of the building, and are therefore unable to state that these are free of defect, rot or infestation. We have viewed the general state of repair of the building and have assumed that the improvements are reasonably structurally sound considering their age.

23. LIMITATION

We state that this report is for the use only of the party to whom it is addressed and for no other purpose, and no responsibility is accepted to any third party for the whole or part of its contents.

Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear.

24. QUALIFICATIONS

24.1 Assumptions

Assumptions are a necessary part of this valuation. John Watt & Associates adopts assumptions because some matters are not capable of accurate calculation, or fall outside of the scope of our expertise, or our instructions. The risk that any of the assumptions adopted in this document may be incorrect should be taken into account. John Watt & Associates does not warrant or represent that the assumptions on which this valuation is based are accurate or correct.

24.2 Information Supplied By Others

This document contains a significant volume of information that is directly derived from other sources, without verification by us including, but not limited to tenancy schedules, planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by John Watt & Associates as our own, even when it is used in our calculations. Where the content of this document has been derived, in whole or in part, from other sources, John Watt & Associates does not warrant or represent that such information is accurate or correct.

24.3 Market Movement

~~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, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.~~

25. VALUATION

The subject property has been inspected and all known facts and relevant features have been carefully taken into account.

MARKET VALUE IS ASSESSED AT

FOUR MILLION DOLLARS

... \$4,000,000 ...



B D R STANAWAY, AAPI

Certified Practising Valuer

API Member: 66004, QVRB: 633

8 March 2017

ANNEXURE 1 – ADDITIONAL PHOTOGRAPHS

