

1 Executive Summary

INSTRUCTIONS/RELIANCE

Instructing Party	Brett Gorman of MPG Funds Management.
Instruction Date	17 January 2020
Applicant/Borrower	MPG Funds Management.
Reliant Party/Purpose	Commonwealth Bank of Australia (Bank) and Bank Group Members for First Mortgage Security only.
Interest Valued	Freehold (%)

PROPERTY PARTICULARS

Brief Description	The property comprises a 2,428 square metre site situated on the southern side of Brisbane Street within the Ipswich City Centre. The property is improved with a raised single level office building originally constructed in 2006 comprising basement carparking for 56 vehicles, two ground level foyers and 1,807 square metres of office accommodation.
Tenancy Details	The property is fully leased to the Queensland Government (Department of Communities Child Safety Services). The Weighted Average Lease Expiry (WALE) equates to 4.9 years.
Title Details	Lot 1 on SP197058 (Title Reference 50641883).
Registered Owner/s	JM National Property Pty Ltd.
Site Area	2,428.0 sqm
Lettable Area	1,807.0 sqm
Car Spaces Ratio	57 car parking bays, reflecting 1 bay per 32 sqm of lettable area.
Zoning	The property is classified as 'PC – CBD Primary Commercial Zone' under the Ipswich City Plan.

ASSESSMENT

This valuation is exclusive of GST.

Valuation Approach	Capitalisation, Discounted Cash Flow
Date of Inspection	24 January 2019
Date of Valuation	24 January 2019

MARKET VALUE

(100% Interest)

Market Value - As Is - Subject to existing occupancy arrangements

\$8,850,000

(Eight Million, Eight Hundred and Fifty Thousand Dollars)

Principal Valuer



Tristan Gasiewski | AAPI, MRICS
Registered Valuer No. 2564 | Certified Practising Valuer
Senior Director | Valuation & Advisory Services
Property Inspection - Yes

Co-Signatory *



David Clarke
Director | Quality & Risk Management (QLD Commercial)
Property Inspection - No | Job Involvement - Co-Signatory in capacity of Quality Assurance*

* The Quality Assurance Reviewer confirms having reviewed the valuation methodology and calculations, however the opinion of the value expressed has been arrived at by the Principal Valuer alone.

Conditional Terms

This summary must not be read independently of the valuation report in its entirety. This valuation is subject to all content, assumptions, disclaimers, qualifications and recommendations throughout the report. The report is prepared for the use of and reliance by the Reliant Party only and limited only to the Purpose specifically stated. No responsibility is accepted or assumed to any third party for the whole or any part of the report.

Important

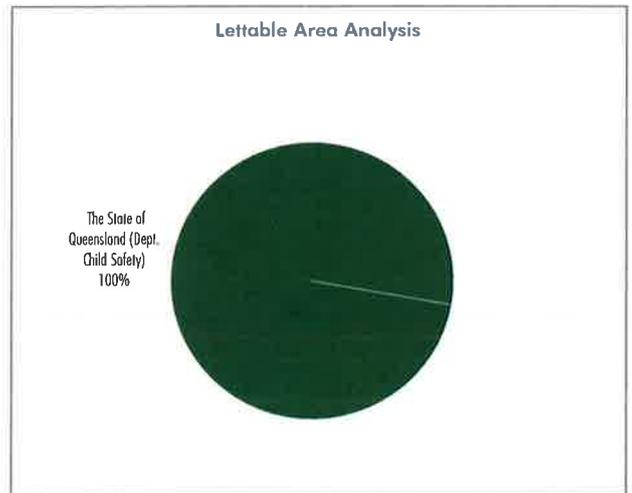
All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on

Liability limited by a scheme approved under Professional Standards Legislation.

CBRE Valuations Pty Limited | ABN 15 008 912 641 | Valuation & Advisory Services
Level 3, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 | T 61 7 3833 9833 | www.cbre.com.au

VALUATION SUMMARY (100% Freehold)

Valuation Approaches	Capitalisation & Discounted Cash Flow	
Net Lettable Area (sqm)	1,807.0	
Site Area (sqm)	2,428.0	
NABERS Rating	5 Stars Energy, Water not rated, Waste not rated.	
Date of Valuation	24 January 2019	
Market Value	\$8,850,000	
Net Passing Income Fully Leased	\$658,694	\$365 psm
Net Passing Income	\$658,694	\$365 psm
Net Market Income	\$658,694	\$365 psm
Average Gross Market Rent (Office)	\$420 psm	
Weighted Average Lease Term (by income/by area) on occupied areas	4.9 years	4.9 years
Weighted Average Lease Term (by Income) incl. cars, sundry and vacancies	4.9 years	
Outgoings (Adopted)	\$56 psm	
PV of Outstanding Tenant Incentives	\$0	
Capitalisation Rate	7.25%	
Terminal Yield	7.25%	
Target IRR (Discount Rate)	7.50%	
Ten Year IRR (Indicated)	7.25%	
Passing Initial Yield	7.44%	
Passing Initial Yield plus vacancies	7.44%	
Equivalent Yield	7.33%	
Reversionary (Market) Yield	7.44%	
Value psm of NLA	\$4,898 psm	
Percentage Over/Under Rented (Total)	0.00%	
Current Vacancy Rate	Nil	



VALUATION ASSUMPTIONS

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CPI (Deloitte Access Economics)	2.25% (10 yr avg)	1.77%	2.03%	2.26%	2.37%	2.24%	2.19%	2.44%	2.56%	2.42%	2.23%
Office Market Rent Growth (gross)	3.25% (10 yr avg)	2.00%	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Office Effective Rent Growth(gross)	3.25% (10 yr avg)	2.00%	2.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Car Parking Growth	3.00% (10 yr avg)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Sundry Growth	2.25% (10 yr avg)	1.77%	2.03%	2.26%	2.37%	2.24%	2.19%	2.44%	2.56%	2.42%	2.23%
Outgoing Escalation	2.25% (10 yr avg)	1.77%	2.03%	2.26%	2.37%	2.24%	2.19%	2.44%	2.56%	2.42%	2.23%
Incentives Yr 1 (Office)	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Renewal Probability (Office)	70%										
Leasing Up Period Yr 1 (Office)	9 mths										
Assumed New Lease Term (Office)	5 years										
Assumed New Lease Reviews (Office)	3.50%										
Assumed Leasing Commissions (new/renewal)	15%	7.5%									
Lessors Works/Make Good (\$psm) (Office)	\$100 psm										
Refurbishment Allowance (Yr 11)	\$100 psm										
Total Capital Expenditure (Yrs 1 to 11) *	\$918,113	\$508 psm									

* Includes Refurbishment and Lessors Make Good allowances.

TENANT PROFILE

	Area (sqm)	Passing Gross Rent	Market Gross Rent	Expiry
The State of Queensland (Dept. Child Safety)	1,807.0	\$759,392	\$759,392	Dec-23

Other Office Tenants

Retail Tenants

Monthly

Car Parking

Sundry

Total (Gross Passing)	1,807.0	\$759,392	\$759,392
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Vacant

Vacant Cars

Vacant Sundry

Total (Gross Passing Fully leased)	1,807.0	\$759,392	\$759,392
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Note: Gross rents include outgoings recovery (where applicable). Market rent shown for vacancies.

