

1 Executive Summary

INSTRUCTIONS/RELIANCE

Instructing Party	Brett Gorman of MPG Funds Management.
Instruction Date	10 March 2021
Reliant Party/Purpose	Commonwealth Bank of Australia (Bank) and Bank Group Members for First Mortgage Security purposes only.
Reliance Period	Reliance on our Valuation Report is extended to the Reliant Party for a maximum period of 90 days from the date of valuation (refer to the Valuation Synopsis for further qualifications).
Interest Valued	Freehold (100%)
Basis of Valuation	Market Value - As Is - Subject to existing occupancy arrangements

PROPERTY PARTICULARS

Brief Description	A 2,020 square metre allotment situated on the south eastern side of Lennox Street, Maryborough. The property is improved with a single level freestanding building providing 964 square metres of lettable area. As at the date of valuation the property was fully leased to Centrelink/Medicare. On site car parking is provided for approximately 25 vehicles.
Tenancy Details	The property is fully leased to Centrelink/Medicare under a 3 year lease which is due to expire 25 March 2023. The property has a remaining lease term of 2.0 years by income at the date of valuation.
Title Details	Lot 17 on SP194384 (Title Reference 50625414).
Registered Owner	Trust Company Ltd.
Site Area	2,020 sqm
Lettable Area	964 sqm
Car Spaces Ratio	25 bays, reflecting a rate of 2.59 bays per 100 sqm of lettable area.
Zoning	The property is classified 'Activity Centre Core Precinct' under the Maryborough Principal Activity Centre Local Plan and is further contained within the 'Principle Centre Zone' under the Fraser Coast Planning Scheme 2014.

ASSESSMENT

This valuation is exclusive of GST.

Valuation Approach	Capitalisation, Discounted Cash Flow, Direct Comparison
Date of Inspection	23 March 2021
Date of Valuation	23 March 2021

MARKET VALUE

(100% Interest)

\$4,100,000

(Four Million, One Hundred Thousand Dollars)

Principal Valuer



Jared Armstrong | AAPI
Registered Valuer No. 3305 | Certified Practising Valuer
Director | Valuation & Advisory Services
Property Inspection - Yes

Co-Signatory **



Andrew Sutton
Director | Valuation & Advisory Services
Property Inspection - No | Job Involvement - Co-Signatory in capacity of Peer Reviewer**

** The Peer 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.

Liability limited by a scheme approved under Professional Standards Legislation.

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VALUATION OVERVIEW

Valuation Summary				Rental Analysis				
Gross Lettable Area	964.0 sqm			Item	Passing Rent		Market Rent	
Valuation Approach	Capitalisation, DCF, DC				\$pa	\$psm	\$pa	\$psm
Date of Valuation	23-Mar-2021			Tenant/Component				
Market Value	4,100,000			Centrelink/Medicare	359,751	373	359,751	373
Net Passing Income	307,735			Mini Majors	-	-	-	-
Net Income, Fully Leased	307,735			Specialties (incl Non-Retail)	-	-	-	-
Net Market Income, Fully Leased	307,735			Office	-	-	-	-
Outstanding Tenant Incentives	Nil			Pad Sites	-	-	-	-
Passing Initial Yield	7.51%			Gross Rent (as occupied)	359,751	373	359,751	373
Reversionary Yield	7.51%			Other Income	-	-	-	-
Capitalisation Rate	7.50%			Electricity Profit	-	-	-	-
Equivalent (Market) Yield	7.49%			Gross Income	359,751	373	359,751	373
Terminal Yield	7.75%			Statutory Expenses	(15,908)	(17)	(15,908)	(17)
10 Year IRR (Target / Indicated)	8.75%	8.41%		Operating Expenses	(36,108)	(37)	(36,108)	(37)
DCF Apportionment (Cash Flow / Terminal Value)	46.95%	53.05%		Non Recoverable Expenses	-	-	-	-
Capital Value \$psm	\$4,253			Net Income	307,735	319	307,735	319
		By Area	By Income	Future Income from Vacancies	-	-	-	-
Vacancy Allowance - Specialties			Nil	Net Income (Fully Leased)	307,735	319	307,735	319
Current Vacancy - Specialties	0.00%	0.00%		Vacancy/Bad Debts Allowance	-	-	-	-
Current Vacancy - Whole Centre	Nil	Nil		NET INCOME	307,735	319	307,735	319

Note: Net income figures above are before deduction of vacancy/bad debts allow.

Tenancy Profile				Moving Annual Turnover					
Tenant/Category	Area (sqm)	Gross Rent	Expiry / % G.Rent	Tenant/Category	Last Year	This Year	% Var	Current % GOC	Rev % GOC
Centrelink/Medicare	964.0	359,751	Mar-23	Centrelink/Medicare	-	-	0.0%	0.0%	0.0%
Major (1)	964.0	359,751	100.0%	Total Majors	-	-	0.0%		
TOTAL (Fully Leased)	964.0	359,751	100.0%	TOTAL	0	0	-		

VALUATION PERIOD	1	2	3	4	5	6	7	8	9	10	Terminal	10 Yr
YEAR ENDING	Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Yr 11	Avg
CPI (Deloitte Access Economics)	0.91%	1.75%	2.28%	2.23%	2.19%	2.18%	2.37%	2.49%	2.22%	2.17%		2.08%
<u>Forecast Rental Growth</u>												
Centrelink/Medicare	0.91%	1.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%		2.67%
Sundry/Other Income (avg)	-	-	-	-	-	-	-	-	-	-		-
Vacancy Allowance	-	-	-	-	-	-	-	-	-	-		-
Statutory Escalation	1.53%	2.14%	2.24%	2.20%	2.18%	2.32%	2.46%	2.29%	2.18%	2.10%		2.16%
Operating Escalation	1.53%	2.14%	2.24%	2.20%	2.18%	2.32%	2.46%	2.29%	2.18%	2.10%		2.16%
<u>Adopted Capital Expenditure</u>												11 Yr Avg
(Min. 2.5% of Gross Income)	9	9	10	10	10	10	11	11	11	12	12	10
Refurbishment Allowance	-	-	-	-	-	-	-	-	-	-	118	-
<u>Letting Up Allowances</u>												
- Renewal Probability	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%		75%
- Letting Up	9 mths		9 mths									
- Incentive - New Leases	6 mths		6 mths									
- Incentive - Renewals	3 mths		3 mths									

PV of Adjustments ('000)	Year 3	Year 5	Year 7	Year 10
Letting Up	56	56	56	99
Leasing Commissions	15	15	15	26
Future Incentives	94	94	94	165
Capital/Refurbishments	25	39	52	69

Weighted Average Lease Expiry	By Area	By Income (incl. vacancies)	By Income (occupied areas)	Sundry & Other Income
				\$ As % of Total Income
Total Centre	2.01	2.00	2.00	-

IRR Analysis				
Target Internal Rate of Return	8.75%	Indicated IRR		
Current 10 year Bond Rate	1.32%	3 Year	6.21%	Terminal Yield
Indicated Margin	7.43%	5 Year	7.80%	Acquisition Cost
Net Income Growth (10 yrs)	2.99%	10 Year	8.41%	Disposal Cost
				7.75%
				5.66%
				1.20%