

# Valuation Report

**9-13 Auburn Street  
Moree NSW 2440**

8 November 2019

Under instruction from  
**Commonwealth Bank of Australia (Bank) and  
Bank Group Members**



Reference: MS/12720

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# Executive Summary



9-13 Auburn Street MOREE NSW 2440		
Instructing Party	Sheldon Taveira, Commonwealth Bank of Australia (Bank) and Bank Group Members	
Bank Applicant	MPG Funds Management Ltd ATF MPG Regional Cities Property Trust	
Interest Valued	Unencumbered Freehold Interest	
Relying Party and Purpose of Valuation	Commonwealth Bank of Australia (Bank) and Bank Group Members for first mortgage security purposes.	
Land Area	3,673.6 m <sup>2</sup>	
Title Details	Local Govt. Area (LGA) Moree Plains Deposited Plan (DP) 385414 Lot A 7 B & Lot 1 In DP226898	
Zoning	B3 Commercial Core subject to the Moree Plains LEP 2011	
Description	The subject Property comprises two freestanding office buildings occupied by Commonwealth of Australia (Dept of Human Services) and Property NSW (Family and Community Services). The DHS building enjoys a corner location on the corner of Auburn and Gwydir Street and is known as 9-11 Auburn Street. The FACS building is a cavity brick constructed building fronting Auburn Street. The subject Property is located in close proximity to the CBD of Moree.	
NLA	1,512 m <sup>2</sup>	
Valuation Methodology	Capitalisation and Direct Comparison Approaches	
Date of Inspection	8 November 2019	
Valuation Date	8 November 2019	
<b>Income Particulars</b>	<b>At Passing Rents</b>	<b>At Market Rates</b>
Gross Income	\$435,920 pa	\$435,920 pa
Adopted Outgoings	\$58,711 pa	\$58,711 pa
Estimated Net Income	\$377,209 pa	\$377,209 pa
Adopted Capitalisation Rate	8.50%	
Adopted Value	<b>\$4,100,000 (exclusive of GST)</b>	
Passing Initial Yield	9.20%	
Core Market Yield	8.55%	
Rate/m <sup>2</sup> of NLA	\$2,712/m <sup>2</sup>	
Valuer's Details	<b>Matthew Shaw AAPI</b> API Member No. 17321 Certified Practising Valuer Director	<b>Sean Fox AAPI</b> API Member No. 67552 Director <i>(Counter signatory only)</i>

### Key Points

- The subject Property has been marketed by CBRE in an 'off-market' campaign. We have been provided with an Offer to Purchase by MPG Funds Management Ltd (the Purchaser and Bank Applicant). This document nominates a purchase price of \$4,092,000 based on agreed Net Income of at least \$368,300 capitalised at a purchase price yield of 9.00%. The agreement sets a \$25,000 deposit to be paid on completion of the Due Diligence period. On completion of due diligence and capital raising to the complete satisfaction of the Purchaser and after signing of the Contract of Sale, a further \$50,000 is to be paid by the Purchaser and held in a Solicitors Trust Account. Interest earned on the Deposit amounts are to be paid to the Purchaser. At Settlement this deposit and the initial deposit are to form part of the Purchase Price moneys.
- We have not been provided with a 'Contract of Sale', however the Offer to Purchase document states the vendor's solicitor shall prepare a contract during the due diligence period. As per the Offer to Purchase, settlement of the Property is to occur within 30 days after signing the Contract of Sale.

### Critical Conditions

- This Valuation Report is prepared for the Lender named above for mortgage purposes and is not to be used or relied by any other party for any other purpose. It is subject to the terms and conditions, disclaimers, qualifications and limitations contained in the Report and any annexures thereto.
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- The valuation is also conditional upon the important notices, disclaimers and qualifications contained within the body of this report.

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## Strengths

- The improvements appear to be in good condition throughout, with no significant capital expenditure likely to be required in the short to medium term other than general maintenance and repair as required to keep the Property in good condition.
- Secure Commonwealth and NSW government lease covenants.
- Both tenants have occupied the buildings long term.
- Functional office accommodation with 4.5 star NABERS energy rating

## Weaknesses

- Short WALE of 2.1 years by area and income.
- Secondary regional location at Moree
- Lack of surplus land for development.

## Opportunities

- Sell the Property with leases in place.
- Hold the Property for potential capital gain.
- Sell each building as separate properties given they have individual titles

## Threats

- Rise in interest rates
- Medium term vacancy expected should either of the tenants vacate

## Buyer Profile

- The subject property would be well-received if brought to the market for sale particularly from small cap Real Estate Investment Trusts, privates syndicates and high-net worth individuals.