

Valuation Report

Proposed Lot 11/760 Grand Boulevard,
Seaford Meadows, SA

Date of Valuation: 16 September 2021

M3property



Executive Summary



Instructions

Prepared for	Brett Gorman. MPG Funds Management.
Reliant Party	Commonwealth Bank of Australia and Bank Group Members.
Purpose	For first mortgage security purposes.
Interest Valued	Fee simple subject to the existing leases.



Property Details

Address	Proposed Lot 11/760 Grand Boulevard, Seaford Meadows, SA.
Registered Proprietor	Dayzis Pty Ltd.
Planning	Suburban Activity Centre zone.
Description	The subject comprises a ground floor office built circa 2013 disposed as two tenancies that is contained within Community titled development incorporating another commercial Lot and residential apartments to the first floor.
Gross Lettable Area (GLA)	523 square metres.
Vacancy	Nil.
Lease Expiry	4.68 years – area weighted. 4.68 years – income weighted.



Valuation

Valuation Approaches	Capitalisation of Net Income and Direct Comparison.
Date of Inspection	16 September 2021
Date of Valuation	16 September 2021.
Market Value	
'As If Complete'	\$2,510,000 exclusive of GST.



Valuation Comments

Comments	<p>The subject is under contract for sale and purchase for the reported consideration of \$2,510,000 (exclusive of GST). The subject is fully leased to two tenancies at a passing gross rental of \$205,356 per annum (exclusive of GST).</p> <p>The subject property forms portion of a Community Title Lot (Lot 10) that currently comprises a larger ground commercial holding and is proposed to be subdivided into two smaller Lots. As per the Sale Contract, the subject property is identified as Proposed Lot 11 with settlement to occur 14 days after deposit of the Substituted Plan of Community Strata Division.</p> <p>Our 'as if complete' value is predicated upon the creation of a separate Title for the subject property and our report is qualified to this extent.</p>
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Prepared By

Valuer	Neil Bradford B App Sc (Val) G Dip App Fin (Sec Inst) FAPI Certified Practising Valuer/Director Primary Signatory
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This valuation report is prepared subject to the [Critical Assumptions and Qualifications](#) and [Definitions and Disclaimers](#) detailed within this report.

This is a summary only and is not to be relied upon for any purpose. The valuation assessment for this property is subject to the assumptions, conditions and limitations as set out in the accompanying full valuation report.

This valuation report is prepared for the Lender named above for mortgage purposes and is not to be used or relied upon by any other party for any other purpose. It is subject to the terms and conditions, disclaimers, qualifications and limitations contained in this Valuation Report and any annexures thereto, including the Third Party Disclaimer and Lender's Customer Disclaimer.

Valuation Summary

Valuation Details

Date of Valuation	16 September 2021
Purpose of Valuation	First Mortgage Security
Interest Valued	100% Freehold

Income Assessment

	Net	\$/m ²	Gross	\$/m ²
Passing Income	179,718	351	205,356	402
Passing Income (fully leased)	179,718	351	205,356	402
Market Income	179,718	351	205,356	402
Outgoings \$ pa.	(25,638)	(50)	(25,638)	(50)
Vacancy Factor	-	-	-	-

Area & Occupancy Details

Total NLA	511.30
Occupied NLA	100.0% 511.30
Weighted Lease Duration By Area	4.68 Years
Weighted Lease Duration By Net Passing Income	4.68 Years



Valuation Conclusion and Metrics

Capitalisation Approach	2,500,000
Direct Comparison	2,450,000
Adopted Market Value 'As If Complete'	2,510,000
Initial Yield	7.16%
Initial Yield (After Abatements)	7.16%
Initial Yield (Fully Leased)	7.16%
Equivalent Market Yield	7.16%
Capital Value \$/m ² - NLA	4,909



Risk Assessment

Market

Investment

- Estimated selling period of up to six months.
- Likely buyer profile would be a private investor.
- Key positive attributes include modern standard of office accommodation and fully let nature with strong lease covenants.
- Key negative attributes include Community Strata Title tenure, outer metropolitan location that is not recognised as a strong commercial node and no-onsite car parking.

Tenant

- Fully leased to the Minister of Transport and Infrastructure for two tenancy areas with separate Memoranda of Lease.
- If the tenants were to vacate at lease expiry, the tenancies may experience extending letting up periods.

Asset

- Subject comprises ground floor office accommodation built circa 2013 held within a Community Title Lot that currently forms portion of a commercial ground floor holding (to be subdivided) with nine residential apartments to the first floor.
- The improvements are well suited to office accommodation or conversion to retail use should consumer demand exist.
- Outer metropolitan location with a lower socio demographic and little potential for change in medium term.
- Some water damage to ceiling tiles evident revealing leaking from the upper level (residential uses) that does not form part of the subject property.

Cash Flow Profile

- The passing rents are considered to accord with market levels, albeit towards the upper end of the range.
- The leases are structured on a gross basis with the Lessor responsible for the payment of all outgoings.

Asset Management

- Non-complex property which is suited to either professional management or being owner managed.



SWOT Analysis



Strengths

- Fully let nature to two Government tenants.
- Modern improvements that could be converted to retail use if demand is evident.



Weaknesses

- No on-site car parking.
- Secondary commercial location in outer metropolitan area.



Opportunities

- None-apparent.



Threats

- General potential impact upon investment demand due to continued economic uncertainty.