

# Valuation Report



Property 146 HERRIES STREET, TOOWOOMBA  
QLD 4350

Reliant party Commonwealth Bank of Australia (Bank  
and Bank Group Members.

Purpose First Mortgage Security only.

Instructed by Sheldon Taveira, Commonwealth Bank  
of Australia.



Date Assessment date 21 January 2019  
Inspection date 21 January 2019

Client ref CBA Ref ID: 190

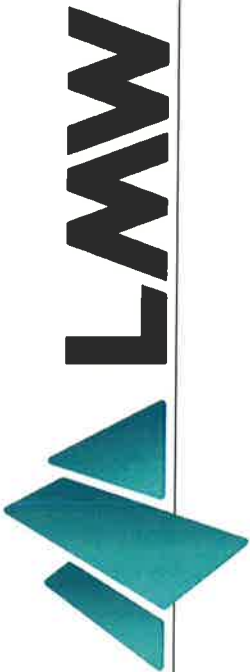
LMW reference 1901003297



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*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 in isolation. The Valuer/Firm (in addition to the principal valuer) has no Potential Conflict of Interest or Pecuniary Interest (real or perceived) relating to the subject property.*

*For the purpose of this report "LMW" means the company identified on the front of this report.*

## 1.1 Executive summary

Executive summary			
Property address	146 HERRIES STREET, TOOWOOMBA QLD 4350		
Reliant party	Commonwealth Bank of Australia (Bank) and Bank Group Members.		
Instructed by	Sheldon Taveira, Commonwealth Bank of Australia.		
Purpose	First Mortgage Security only.		
Description of property	A commercial office building providing two floors of office accommodation and a car parking component to the rear of the site. The building provides a total net lettable area of 1,615 square metres and a total of 61 car parking bays (58 single bays at the rear of the property and 3 single bays at the front of the property which includes a disabled car parking).		
Title searched	28 September 2018 and 26 October 2018. Refer to section Land Particulars for encumbrances noted on title.		
Registered proprietor	Macknade Investments Pty Ltd (TTE) and Cryton Investments No 9 Pty Ltd.		
Title reference/RPD	<p><b>Proposed Lot 1 is currently described as:</b></p> <p>Lot 2 on Registered Plan 42151. Certificate of title reference 13351081.</p> <p>Lot 3 on Registered Plan 813200. Certificate of title reference 18484128.</p> <p>Lot 1 on Registered Plan 5356. Certificate of title reference 15440085.</p> <p>Lot 5 on Registered Plan 5357. Certificate of title reference 14082167.</p> <p>Lot 4 on Registered Plan 5357. Lot 1 on Registered Plan 67904. Certificate of title reference 12595027.</p> <p>Lot 23 on Crown Plan D10375. Certificate of title reference 14746245.</p>		
Town planning	Mixed Use Zoning under Toowoomba City Council Planning Scheme.		
Interest valued	Freehold.		
Assessment type	Standard.		
Basis for assessment	Market Value subject to Existing Lease and subject to the issuance of a new title.		
Site area	3,619 square metres based on statutory plan.		
Lettable area (NLA)	1,615 square metres based on NLA.		
Primary approach	Capitalisation.		
Tenancy profile	Occupancy	100.00%	No. of Tenancies (exc. cars) 3
Gross income	Passing	\$736,954 pa	Market \$736,995 pa
Outgoings		-\$144,587 pa	-\$144,587 pa
Net income	Passing	\$592,367 pa	Market \$592,408 pa
Current vacant area		Nil	
Budget outgoings		-\$144,587 pa	-\$89.53/m <sup>2</sup> pa

Capitalisation approach				
Analysis based on adopted value	Cap rate	7.25%	Reversion Horizon	36 mths
	Initial yield	7.90%		
	Analysed market yield	7.25%	Rate/m <sup>2</sup> NLA	\$4,644
Capital adjustments	-\$675,360			
Assumptions				
Assumptions	Letting fees	11.25%	Letting up period	6 mths
	Renewal likelihood	50.00%	Incentives	25.00%
Weighted average lease expiry – occupied and vacant areas	Area	3.54 years	Income	3.3 years
Major issues	<p>Applying the capitalisation of face rents approach results in total reversions for the diminishing asset component of -\$21,843.</p> <p>The property subject to this assessment is currently part of a larger land parcel that is in the process of being subdivided. Our assessment is over Lot 1 on Proposed Survey Plan [TBC] having a land area of 3,619m<sup>2</sup>. Our valuation is conditional upon a new certificate of title being issued in accordance with the proposed plan as provided and we recommend that the lender satisfy themselves in this regard.</p> <p>We highlight that there are several locations where Aluminium Composite Panelling (ACP) has been used as cladding over the existing building in 2013. We are unable to identify from our visual inspection whether the cladding used (or method of attachment) is compliant or non-compliant.</p> <p>A Certificate of Compliance and Certification of building materials within the development has not been sighted nor confirmed. This valuation report has been prepared under the assumption that the building materials, as well as the application and installation of those materials, comply with all approvals, regulatory requirements and codes. Should this not be the case, we reserve the right to review our valuation. We recommend that, prior to reliance on the Report the Lender make their own enquires regarding the building construction (materials and methods) as well as confirmation that all appropriate insurances are in place.</p> <p>We have sighted a signed offer to purchase with MPG Funds Management dated 20 December 2018. It is noteworthy that the vendor has granted the Purchaser with an exclusive 21 days Due Diligence Period commencing on 1 February 2019. MPG Funds is also granted a further 21-day Capital Raising Period which commences upon expiry of the Due Diligence Period.</p>			
Date of assessment	21 January 2019.			
Market value	<b>\$7,500,000</b> excluding GST.			
Valuer	Paul Robbins MRICS AAPI CPV 2094 National Commercial Director			

This executive summary is a précis of the contents of the following valuation report. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of this report.

It is essential that before the addressee relies on this valuation, they read the report in its entirety, including any Annexures.