

Valuation Report

Lots 1 - 3
794 Burwood Highway &
Lots 4 - 7
1849 Ferntree Gully Road
Ferntree Gully
[NOTE THIS REPORT IS ONLY
VALID UNTIL 8 JUNE 2016]

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Valuation Executive Summary

Lots 1 - 3, 794 Burwood Highway &
Lots 4 - 7, 1849 Ferntree Gully Road, Ferntree Gully



Property Description.

Property Type	Semi modern showroom / bulky goods development (constructed circa 2005). The property incorporates two main buildings which have been subdivided into seven occupancy areas.
Building Area	6,852 sq.m.
Car Parking	236 spaces (or 3.4 spaces per 100 sq.m.)
Site Area	16,164 sq.m.
Zoning	Commercial 2 Zone (C2Z)
Overlays	None

Occupancy Summary.

No. of Occupancies	7
Vacancy	2 / 794 Burwood Highway is vacant and available for lease. The vacant showroom represents 26% of the total lettable area.
Tenancy Mixture	Petbarn, Wholefood Merchants, Carpet Call, Ray White Real Estate, Fernwood Gymnasium and My Pool Shop
Terms	3 - 10 Years
WALE	3.95 Years

Instructions.

Instructing Party	Faster Properties Investment Pty Ltd
Interest Valued	Freehold interest subject to existing leases.
Date of Instruction	22 January 2016
Applicant	Amazon Investment (Aust) Pty Ltd

Valuation Methodology.

Primary Method	Income Capitalisation
Secondary Method	Direct Sales Comparison

Valuation Summary.

Date of Inspection & Valuation	10 March 2016 Refer to Assumptions / Qualifications - Date of Valuation
Date of Expiry of Valuation Report	8 June 2016
Passing Rental	\$1,057,662 p.a. (semi-gross)
Assessed Net Rental	\$1,150,000 p.a. (fully leased basis)
Yield Adopted	8.5% (before adjustment)
Building Value Rate	\$1,950 p.s.m.
Valuation	\$13,350,000 (Exclusive of GST) Thirteen Million Three Hundred & Fifty Thousand Dollars

Purpose.

Purpose	This valuation has been completed in order to assist Faster Enterprises Limited in their deliberations.
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Disclaimer.

This valuation is for the sole use of the party to whom it is addressed and for no other purpose. Charter Keck Cramer will not accept any liability whatsoever connected to the use or reliance by any third party on the whole or any part of the content of this valuation. The Valuer prohibits publication of this report in whole or in part, or any reference thereto, or to the valuation assessment contained herein, or to the names and professional affiliation of the Valuers, without the written approval of the Valuer.

Prepared By.

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NOTE - This Valuation Executive Summary should be read in conjunction with the Risk Profile / SWOT Analysis; Valuation Report and Assumptions / Qualifications.

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CHARTER.
KECK CRAMER

Critical Matters.

- We have been advised that the Renewal of Lease relating to Showroom 4 / 1849 Ferntree Gully Road (Carpet Call (Vic) Pty Ltd), has not been formally exercised. Accordingly, this assessment is subject to the formal execution of a Renewal of Lease pursuant to the lease terms and conditions as detailed within this report.
 - In accordance with a copy of a Building Search Certificate, which was issued by the Knox City Council on 15 July 2014, we report that a permit PBS/2004/3087 was issued 16 January 2004 for the construction of four new warehouses and additions to existing warehouse. However, the property comprises seven occupancy areas, as illustrated on the Plan of Subdivision. Furthermore, there are various uses, including various showrooms, a real estate office and a gymnasium. We have not been provided with any other planning approval documentation and therefore, our assessment is subject to there being no matters of non-compliance with respect to the subject property.
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Assumptions / Qualifications.

Legend

square metres	sq.m.
gross lettable area - retail	GLAR
per annum	p.a.
per square metre	p.s.m.
per square metre per annum	p.s.m.p.a.
weighted average lease expiry	WALE
weighted average income expiry	WAIE

Date of Valuation

Due to possible changes in market forces and circumstances in relation to the subject property, this report can only be regarded as relevant as at the date of valuation.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

We draw attention to the provisions of our professional indemnity insurance that all valuations are only valid for 90 days from the date of valuation, no responsibility being accepted for clients' reliance upon reports beyond that period. Accordingly, any parties authorised to rely upon our opinion are advised that since the date of valuation the subject property has not been re-inspected and that no further investigation or analysis has been undertaken as to any changes since that date.

Our assessment is subject to there being no significant event that has occurred between the date of valuation and the date of issue of the valuation report that would impact on the value of the subject property.

Our report is concluded in the context of current Federal and State Legislation, Regulations and Policies as at the date of this report and does not anticipate or reflect possible changes in these matters that may impact upon the fundamentals of the project or property, its target market, cost structure, profitability or value. Adverse changes in such Legislation, Regulations and Policies (such as fiscal, taxation, FIRB, migration, international affairs and security), among others, are outside the control of the Valuer, and may result in material adverse impact on the valuation advice provided. Charter Keck Cramer and its affiliates do not accept any liability arising with respect to these matters.

Instructing Party / Terms of Reference

Our report has been prepared in accordance with the January 2012 edition of the *Australia and New Zealand Valuation and Property Standards*, being the third joint publication of the standards by the Australian Property Institute (API) and the Property Institute of New Zealand (PINZ).

Any intending third party wishing to rely upon the contents of this valuation and its recommendations should note that in accordance with the provisions of our company's professional indemnity insurance policy, they must, in written form, seek our approval in response to which we will consider the authorisation of this report for their use. Under the provisions of our policy certain third party mortgagees may be ineligible for reliance upon our valuation. Otherwise, no responsibility is accepted for any third party which may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to and known by the parties to whom it is authorised.

Definition of Market Value

This valuation has been prepared in accordance with the following API definition of market value:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

Encumbrances

Our valuation is subject to there being no undisclosed or unregistered easements or encumbrances which would have an adverse effect on our valuation other than those previously described and noted on the Certificate of Title attached as an annexure at the rear of this report. Should it be discovered that further easements or encumbrances exist, this report should be referred back to Charter Keck Cramer for consideration, comment and amendment (if necessary).

Land Area & Dimensions

Measurements taken on site appear to substantially accord with those shown on title. A current survey has not been sighted. This valuation is subject to there being no encroachments by or upon the property and this should be confirmed by a current survey and/or advice from a Registered Surveyor. If any encroachments are noted by the survey report, the Valuer should be consulted to reassess any effect on the value stated herein.

Zoning

Although a Planning Certificate has not been sighted, the zoning particulars have been confirmed by the online Planning Scheme, which is an internet based copy of the Planning Scheme provided by the Department of Planning and Community Development (DPCD). Our assessment is completed subject to the planning information obtained being current and correct.

Please note that a Planning Certificate has not been provided or obtained. In the event that a Planning Certificate is obtained and the information thereon is materially different to that provided to Charter Keck Cramer via the approved internet based version, then we reserve the right to review our assessment and amend this report (as necessary).

Native Title

Pursuant to the *Native Title Act (Clth)* 1993, and as amended 30 September 1998, land with the exception of an “Exclusive Possession Grant”, may be claimed as the property of Indigenous Australians leading to the co-existence or likely co-existence of Native Title in relation to a particular piece of land, subject to the verification of a prior or continuing connection to the land.

We are not experts in Native Title or the property rights derived therefrom and have not been supplied with appropriate anthropological, ethnoecological and/or ethnographic advice. Therefore, the property valuation or assessment is made subject to there being no actual or potential Native Title affecting:

- The value or marketability of the property.
- The land.

The National Native Title Register (NNTR) was established under Section 192 of the *Native Title Act (Clth)* 1993. The NNTR contains determinations of Native Title made by the High Court of Australia, the Federal Court of Australia, or such similarly recognised bodies. Formal verification that the property is not subject to co-existing Native Title interests and/or subject to determination should be obtained by searching the Registry of Native Titles Claims, which is administered by the National Native Titles Tribunal. We have viewed maps prepared by the National Native Title Tribunal detailing Native Title Applications, determination areas and indigenous land use agreements. The map does not identify that the subject property is affected by applications and determinations as per the Federal Court on 31 March 2010.

This assessment is completed on the basis that the property is not affected by co-existing Native Title interests. Should subsequent investigation show that the land is subject to existing or potential co-existing Native Title interests, this property valuation or assessment will require revision and should be referred back to Charter Keck Cramer for consideration, comment and amendment.

Environmental Statement

We have perused the Environment Protection Authority's (EPA's) current Priority Sites Register, and we can confirm that the subject site is not listed.

Perusal of the current list of Issued Certificates and Statements of Environmental Audit discloses that the subject site is not listed.

In summary, a visual site inspection has not revealed any obvious signs of pollution or contamination. Nevertheless, we are not experts in the detection or quantification of environmental problems and, accordingly, have not carried out a detailed environmental investigation. Therefore, this valuation and our report is made subject to there being no actual or potential contamination issues or environmental hazards, including surface or sub-surface soil problems including instability, toxic or hazardous wastes or building material hazards issues affecting:

- The existing or potential use of the property.
- The value or marketability of the property.
- The site.

Verification that the property is free from contamination or environmental hazards and has not been affected by pollutants of any kind may be obtained from a suitably qualified environmental expert. Should subsequent investigation show that the site is contaminated or has environmental hazards this valuation and report may require revision. The right is reserved to review, and if necessary, vary the valuation figure if any contamination or other environmental hazard is found to exist.

General Construction

A Certificate of Compliance has not been sighted and accordingly, our assessment is subject to the building complying in all material respects with any restrictive covenants affecting the site and has been built, is occupied and being operated, in all material respects, in compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health bylaws (including asbestos), rules, regulations, orders and codes of all authorities and that there are no outstanding requisitions. Our assessment is also subject to full compliance with all Occupational Health and Safety legislation; as well as compliance with all Essential Services Maintenance legislation.

Fixtures & Fittings

All fixtures and fittings which are considered to be an integral part of the building and which would normally be sold with it, form part of our valuation. Our assessment specifically excludes non fixture items including plant, equipment, machinery, demountable partitions and loose furniture (if any) which have been installed by the occupant and/or which are used in connection with the business(es) operating from the property. These non fixture items are usually removable and are not a tangible part of the building.

Condition of Improvements

We highlight the Valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. We have not sighted a qualified engineer's structural survey of the improvements, or its plant and equipment. Prospective purchasers or mortgagees would need to make their own enquiries in this regard.

We have not sighted a structural report on the property nor have we inspected unexposed or inaccessible portions of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials now considered hazardous.

GST Implications

Transactions of commercial properties are subject to GST from 1 July 2000, at an amount equivalent to one eleventh (1/11th) of the sale price, for which it is the responsibility of the vendor to remit same to the Government. Accordingly, the vendor/notional vendor can only pass on the GST through a specific condition in the sale contract. Most contracts now include a clause that requires the purchaser to pay any GST on the basis that the purchaser is a registered business and entitled to a full input tax credit. This results in GST being a cash flow issue for the vendor only. With regard to commercial property which is sold subject to commercial leases or which is viewed as a "going concern" under legislation, the supply can be GST free if:

- The supply is for consideration.
- The purchaser is registered (or required to be).
- The vendor and purchaser agree that the supply is to be the supply of a going concern.

Supply of a going concern is an agreement in which:

- The vendor gives the purchaser all things necessary for the continued operation of the enterprise.
- The vendor continues to carry on the enterprise to the date on which possession changes.

In accordance with the final ruling on "going concerns" as contained within GSTR 2001/5 and 2002/5 issued by the Australian Taxation Office, the use and definition of a "going concern" has been clarified, and therefore the majority of commercial buildings can be classified as "going concerns" and be GST - Free. Under the Rulings "Marketing Test", the GST - Free Rule applies to:

- Fully tenanted buildings.
- Partially tenanted buildings, being marketed for lease.
- New buildings being marketed for lease where at least one tenant has been secured.

Accordingly, the treatment of GST can be handled in a number of ways with respect to the subject property. Being a commercial property, it is most likely that the "going concern" method of handling GST will be adopted, and therefore the transaction can be GST free. Alternatively, a vendor/notional vendor may require a purchaser/notional purchaser to pay GST in addition to the purchase price, with such purchaser able to claim back this payment as an "input tax credit". As a third method, the vendor and purchaser (or notional vendor and purchaser) may elect to adopt the margin scheme, with the purchaser paying GST on the margin or difference in value of the property between the current date and 1 July 2000.

Our valuation is expressed exclusive of GST.

This valuation is based on the assumptions relating to GST set out above. If any of these assumptions are found to be incorrect, or if the party on whose instructions this valuation is provided wishes our valuation to be based on different assumptions, this valuation should be referred back to the Certified Practising Valuer for comment and, in appropriate cases, amendment.

Third Party Disclaimer

This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted for any third party who may use or rely on the whole or any part of the content of this valuation. No responsibility will be accepted for photocopied signatures. It should be noted that any subsequent amendments or changes in any form to the valuation and report would only be notified to and known by the parties to whom it is addressed. This report is a valuation report and is not intended as a structural survey. Charter Keck Cramer prohibit publication of this report in whole or in part, or any reference thereto, or to the valuation assessment contained herein, or to the names and professional affiliation of the Valuers, without the written approval of the Valuer.

Valuation Report

Lots 1 - 3, 794 Burwood Highway &
Lots 4 - 7 1849 Ferntree Gully Road, Ferntree Gully

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Instructions.

Instructing Party

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This valuation is valid for 90 days from the date of inspection, no responsibility being accepted for reliance upon reports beyond that period. Accordingly, any parties authorised to rely upon our opinion should be aware of the need for a review as necessary.

Refer to Assumptions / Qualifications - Instructing Party / Terms of Reference
Refer to Assumptions / Qualifications - Definition of Market Value

Purpose

This report has been prepared in order to assist Faster Enterprises Limited in their deliberations.

Our Reference

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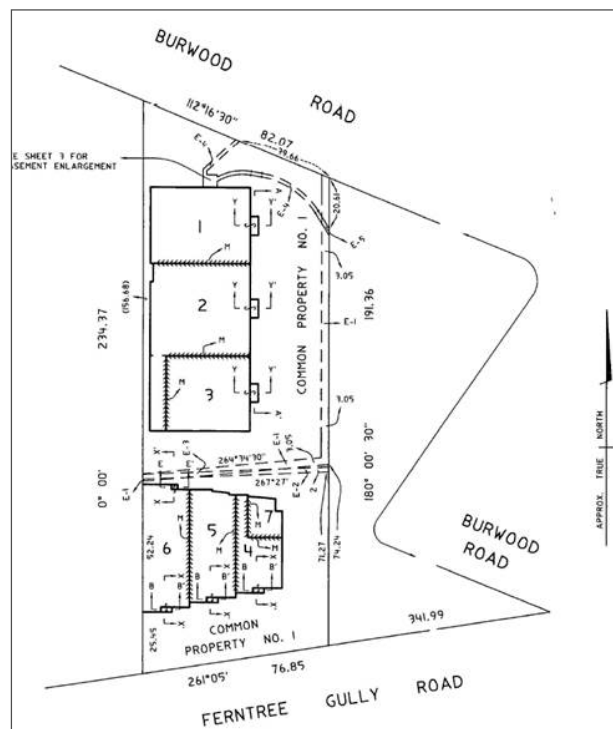
H:\STUART_MILES\FERNTREE GULLY - LOTS 1-3, 794 BURWOOD HIGHWAY & LOTS 4-7, 1849 FERNTREE GULLY ROAD (X0291536)\J068997\J068997-VALUATION REPORT_NOVEMBER 2016.DOCX

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Title & Land Description.

Title Particulars	<p>The property is described as Lots 1 - 7 on Plan of Subdivision 538059Q, contained within Certificates of Title Volume 10906 Folios 491 - 497 (inclusive).</p> <p>Certificates of Title searched - 29 February 2016.</p>
Registered Proprietor	<p>The Registered Proprietor is shown as Amazon Investment (Aust) Pty Ltd dated 24 October 2014.</p>
Encumbrances	<p>Encumbrances noted on Title are as follows:</p> <ul style="list-style-type: none"> - Mortgage AL443921P, registered 24 October 2014, in favour of Westpac Banking Corporation. - Drainage and sewerage easements market E1, E2, E3 and E5 as shown on the Plan of Subdivision. - Power line easements marked E4 and E5, positioned at the Burwood Road alignment. - Any encumbrances created by Section 98 <i>Transfer of Land Act</i> 1958 or Section 24 <i>Subdivision Act</i> 1988 and any other encumbrances shown or entered on the plan. <p>We have considered the abovementioned encumbrances in concluding value.</p> <p>Refer to Assumptions / Qualifications - Encumbrances</p>

Land Area & Dimensions	<p>Site Area 16,164 sq.m.</p> <p>In accordance with the attached Plan of Subdivision, the site incorporates the following principal dimensions:</p> <table> <tr> <td>Burwood Road Frontage</td><td>82.07 metres</td></tr> <tr> <td>Fern Tree Gully Road Frontage</td><td>76.85 metres</td></tr> <tr> <td>Western Boundary Alignment</td><td>234.37 metres</td></tr> <tr> <td>Eastern Boundary Alignment</td><td>191.36 metres</td></tr> </table>	Burwood Road Frontage	82.07 metres	Fern Tree Gully Road Frontage	76.85 metres	Western Boundary Alignment	234.37 metres	Eastern Boundary Alignment	191.36 metres
Burwood Road Frontage	82.07 metres								
Fern Tree Gully Road Frontage	76.85 metres								
Western Boundary Alignment	234.37 metres								
Eastern Boundary Alignment	191.36 metres								



SOURCE - www.abr.com.au

Refer to Assumptions / Qualifications - Land Area & Dimensions

Planning Details.

Local Authority	City of Knox.
Zoning	<i>Commercial 2 Zone (C2Z).</i> Planning Certificate Sighted - No.



SOURCE - www.land.vic.gov.au

Refer to Assumptions / Qualifications - Zoning

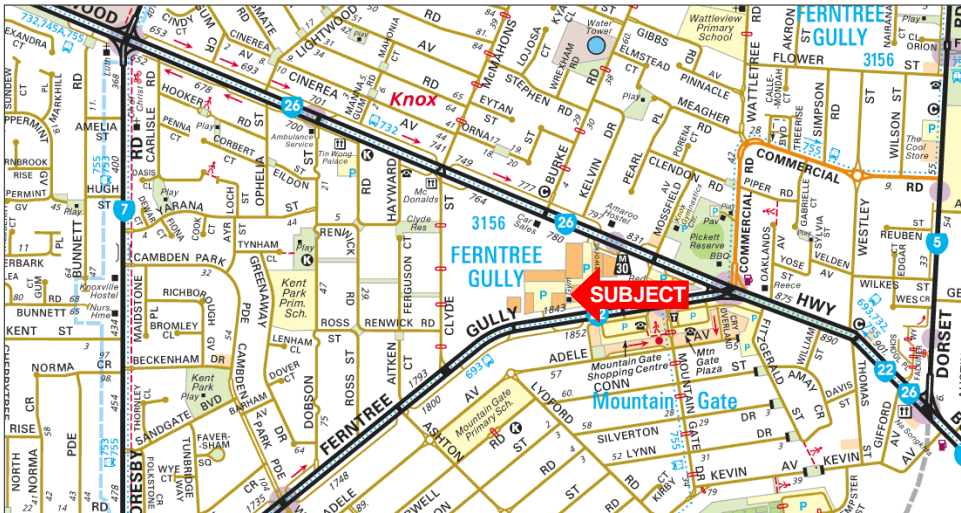
Overlays	None.
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Planning Approvals	<p>In accordance with a copy of a Building Search Certificate, which was issued by the Knox City Council on 15 July 2014, we report that a permit PBS/2004/3087 was issued 16 January 2004 for the construction of four new warehouses and additions to existing warehouse.</p> <p>The property comprises seven occupancy areas, as illustrated on the Plan of Subdivision. Furthermore, there are various uses, including various showrooms, a real estate office and a gymnasium. We have not been provided with any other planning approval documentation and therefore, our assessment is subject to there being no matters of non-compliance with respect to the subject property.</p>
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Environmental Statement	<p>We have no reason to suspect the subject property is adversely affected by any environmental issues.</p> <p>Refer to Assumptions / Qualifications - Environmental Statement</p>
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Locality.

Locality & Surrounding Development	<div>Physical Location</div> <p>The property occupies a site that benefits from frontages to two busy thoroughfares, incorporating an 82.07 metre frontage to Burwood Highway and a 76.85 metre to Ferntree Gully Road, the site commencing approximately 342 metres west of Ferntree Gully Road's intersection with Burwood Road, as shown on the locality map below.</p> <div>Surrounding Development</div> <p>The immediate precinct comprises a number of showroom developments occupied by various national traders including Officeworks, Snooze, Beaumont Tiles, as well as a number of car dealerships and we note the Mountain Gate Shopping Centre, and Mountain Gate Plaza is situated on Ferntree Gully Road.</p>
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SOURCE - Melbourne on CD Edn 41 - Standard

Improvements.

General	<p>Comprises two freestanding buildings. The building at 794 Burwood Highway is subdivided into three areas occupied by Petbarn, Wholefood Merchants as well as the vacant showroom (2/794 Burwood Highway), whilst the building at 1849 Ferntree Gully Road has been subdivided and incorporates four occupancy areas being leased to Carpet Call, Ray White Real Estate, Fernwood Gymnasium and My Pool Shop.</p>
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General Construction

External Walls	Full height concrete panel.
Roof	Metal sheeting.
Internal Walls / Linings	Plasterboard lined walls and / or exposed concrete tilt panels.
Internal Ceilings	Various including plasterboard, as well as exposed underside of roofing to the Petbarn, vacant Showroom 2 and Whole Food Merchants.
Floor Coverings	Combination of tile, polished concrete, exposed concrete and carpeted floor coverings.

Refer to Assumptions / Qualifications - General Construction

Building Services

Lighting	A combination of fluorescent lights, spotlights and sodium vapour downlighting.
Air Conditioning	Controlled air conditioning in the majority of the showrooms.
Fire Services	Appropriate fire services.

Description

In summary, the development is occupied by high profile traders, all benefiting from expansive open parking accessed via Ferntree Gully Road or Burwood Road.

794 Burwood Highway, Ferntree Gully

The showrooms provide clearspan accommodation, with 1 / 794 Burwood Highway (Petbarn) benefiting from exposure to Burwood Highway. Showrooms 2 and 3 / 794 Burwood Highway do not benefit from main road frontage, although incorporate exposure to the centre car park, noting that Showroom 2 is currently vacant, being formerly utilised as a motorcycle showroom and repairs centre, whilst the smaller Showroom 3 is occupied by Whole Food Merchants.

The respective showrooms incorporate a modern shopfront entry with extensive glazing, loading facilities together with appropriate staff amenities including lunch rooms, toilets and offices.

We refer you to the following photographs for particulars:



1 / 794 Burwood Highway - Petbarn



Petbarn - Internal View



2 / 794 Burwood Highway - Vacant Showroom



2 / 794 Burwood Highway - Loading Area



2 / 794 Burwood Highway - Internal View



3 / 794 Burwood Highway - Whole Food Merchants



Whole Food Merchants - Internal View
1849 Ferntree Gully Road, Ferntree Gully

This building is subdivided into four occupancy areas shown as Lots 4 and 7 on the Plan of Subdivision. Lot 4 is occupied by Carpet Call, providing clearspan accommodation in an L-shaped configuration, benefitting from a kitchen, amenities and loading area.

Lot 5 is occupied by Ray White Real Estate and has been fitted out to accommodate its use as a real estate agency and incorporates a variety of partitioned offices, boardrooms, meeting areas as well as staff room and appropriate amenities.

Lot 6 is occupied by Fernwood Gymnasium and incorporates a modern shop front entry and open plan accommodation fitted out for its use as a gymnasium with appropriate change room facilities and offices. The accommodation also benefits from a mezzanine floor level being accessed via a central internal stairway.

Finally, Lot 7 is occupied by My Pool Shop, and is positioned to the rear of Lot 4, and therefore does not benefit from street exposure. The accommodation provides clearspan accommodation, with amenities and a mezzanine storage / office area.

We refer you to the following photographs for particulars:



4 / 1849 Ferntree Gully Road - Carpet Call



Carpet Call - Internal View



5 / 1849 Ferntree Gully Road (Ray White)
Ground Floor Reception / Meeting Room



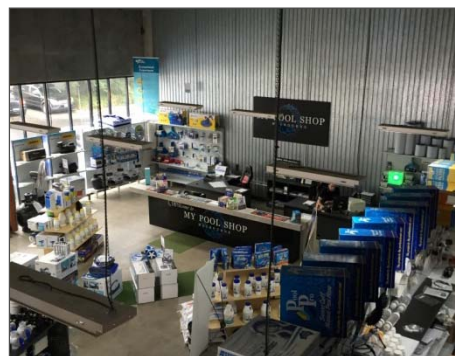
Ray White - First Floor Offices



6 / 1849 Ferntree Gully Road -
Fernwood Gymnasium



7 / 1849 Ferntree Gully Road - My Pool Shop



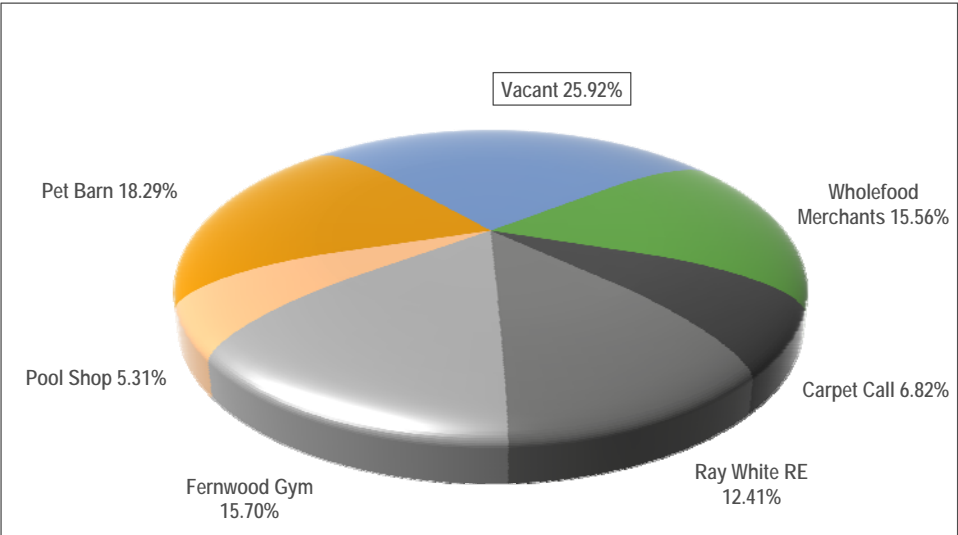
My Pool Shop - Internal View

Floor Area

In accordance with the Property Council Australia's recommended method of measurement guidelines, we provide a summary of the lettable areas as follows:

Tenancy	Lettable Area (sq.m.)
1/794 Burwood Highway	1,253
2/794 Burwood Highway	1,776
3/794 Burwood Highway	1,066
4/1849 Ferntree Gully Road	467
5/1849 Ferntree Gully Road	850
6/1849 Ferntree Gully Road	1,076
7/1849 Ferntree Gully Road	364
Total	6,852

We refer you to the following diagram which illustrates the various occupancies as a percentage of area.



Car park ratio	The subject centre comprises a conventional car parking ratio of 3.4 car parks per 100 sq.m. of GLA.
Fixtures & Fittings	Refer to Assumptions / Qualifications - Fixtures & Fittings
Secondary Improvements	Secondary improvements include bitumen paved and marked car parks for approximately 236 vehicles (which is equivalent to 3.4 : 100 sq.m.); each of the showroom occupants comprise substantial signage panels affixed to the front facades of the showroom; appropriate landscaping; and concrete and bitumen paved driveways for deliveries and ingress / egress.

We refer you to the following photographs:



Condition of Improvements	We have carried out inspection of all exposed and readily accessible areas of the improvements and advice that the property appears sound and presents in a good condition, with no obvious structural decay or failure. We note the current use of the facility for bulky good / showroom purposes has not caused any damage structurally to the building.
	Refer to Assumptions / Qualifications - Condition of Improvements

Occupancy Details.

Status

In accordance with lease documentation supplied by the Managing Agent (Ray White), which includes copies of Executed Lease Agreements as well as a Tenancy Schedule dated 2 February 2016, we have considered this information but maintained these details on file.

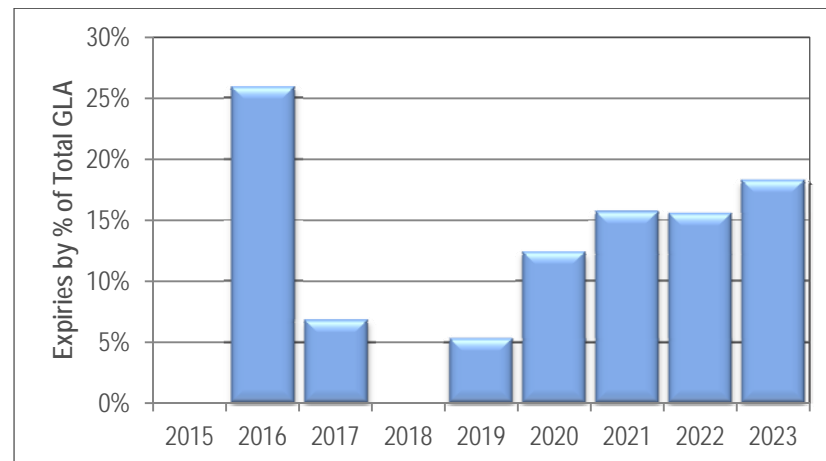
Expiration Report

Based on the leasing information provided, we have calculated the WALE and WAIE as follows:

- **WALE - 3.95 years (overall).**
- **WAIE - 4.53 years (overall).**

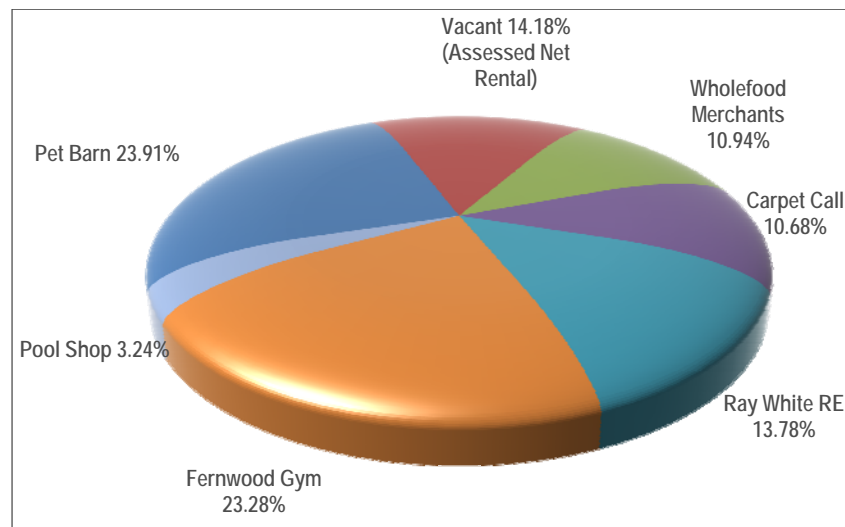
We also refer you to the following graphical representation in respect to the lease expiry of the subject centre as follows:

Lease Expiry Profile by Percentage of GLA



Proportion of Income Analysis

The Petbarn gross rental represents approximately 24% of the centre's total semi gross income whilst the Fernwood Gymnasium net rental represents 23%. We refer you to the diagram below as a graphical representation of the income spread of the centre.



Outgoings

In accordance with the information provided by the property manager, we provide a summary of the advised outgoings as follows:

Outgoings	Amount
Statutory Outgoings	
Municipal Rates	\$ 35,398
Land Tax (2015 Assessment - Single Holding Basis)	\$ 54,360
Sub-total - Statutory Outgoings	\$ 89,750
Variable Outgoings	
Essential Services	\$ 7,333
Owners Corporation Fees	\$ 22,595
Rubbish Removal	\$ 960
Repairs & Maintenance	\$ 17,000
Water Rates	\$ 13,344
Sub-total - Variable Outgoings	\$ 61,232
Total Outgoings	\$150,982

Non Recoverable Outgoing Analysis

In accordance with the lease documentation and as advised by the managing agent of Ray White, the majority of the rental as provided under the leases is payable on a net basis, with Council rates, water rates, Owners Corporation fees and repairs and maintenance payable by the lessees. However, we note that the lease to Petbarn is structured on a gross basis and we also note other non-recoverable outgoings include essential safety measures, and Land Tax on a single holding basis.

We refer you to the following table which summarises the non-recoverable outgoings as follows:

Outgoings	Amount p.a.
Non-Recoverable Outgoings - Petbarn	\$19,288
Essential Safety Measures	\$ 6,693
Land Tax (2016 Assessment - Single Holding Basis)	\$54,360
Total	\$80,341

Income Assessment.

In analysing the passing rental levels in respect of the subject property's various tenancies, we have had regard to the following:

- The locality within Ferntree Gully, the centre benefitting from frontages to both Burwood Highway and Ferntree Gully Road, forming part of an established bulky goods / showroom precinct.
- The accommodation is representative of a semi modern bulky goods centre.
- The overall trading synergies associated with the centre, which in our view is likely to enhance patronage over a seven day trading period.
- Our review of prevailing rental levels in respect of the various occupancy profiles.
- Consequently, given the various occupancies, we have retained particulars on file.

Based upon the abovementioned considerations and a review of rental evidence (retained on file) we provide a summary of the total rental assessment as follows:

Assessed Semi-Gross Annual Rental	\$1,214,810
Less Non-Recoverable Outgoings	(\$ 61,053)
Assessment	\$1,153,757
For Practical Valuation Purposes Adopt \$1,150,000 p.a. (Exclusive of GST)	

Valuation Rationale.

Valuer's Market Considerations

In respect of the subject property, we provide a summary of its key marketable attributes as follows:

- The centre forms part of the Ferntree Gully peripheral sales precinct, the subject site benefitting from frontages to both Burwood Highway and Ferntree Gully Road. There are also a number of other national bulky goods operators, together with the presence of the Mountain Gate Shopping Centre and Mountain Gate Plaza.
- The property is improved with a semi modern designed bulky goods centre (constructed circa 2005), complemented by onsite car parking for approximately 236 vehicles.
- We acknowledge the centre demonstrates an analysed WALE of 3.95 years and a WAIE of 4.53 years. The relatively low rates may detract from the overall marketability of the property.

Sales Evidence

In consideration of Comparable Sales Evidence, we have had regard to the recent sales of investment holdings, ranging from standalone showrooms, multiple tenanted showroom developments and larger scale homemaker centres.

In general terms, we note a broad yield range across the asset classes of say 6% to in excess of 9%, with the rates varying as to the nature of the holding; the strength of lease covenants; the quantum value; and the locational attributes etc.

We retain comprehensive analysis of comparable Sales evidence relating to a variety of asset classes on file.

We have also had regard to larger homemaker centre style holdings, which generally support higher yields of 8% to in excess of 9%.

However, we highlight that such sales represent a larger retail/showroom offering and/or greater quantum of occupancies, and therefore may well provide prospects of extended vacancies and/or certainly higher management requirements; occupying an inferior outer urban location, rather than an established showroom/commercial precinct, as associated with the subject property.

Valuation Methodology

In recognition of the passive investment attributes of the subject holding, we consider the most appropriate valuation methodology to be by the income capitalisation approach. As a check method of assessment, we have considered the direct sales comparison and discounted cash flow / IRR approaches.

Income Capitalisation Approach

In consideration of an appropriate capitalisation rate, we have had regard to a number of considerations:

Having considered the comparable sales evidence, we have adopted a yield of 8.5% as being a yield / return at which notional investor interest could be triggered. The capitalisation of the assessed market net annual rental of \$1,150,000 at a yield of 8.5%, results in an indicated assessment of \$13,529,412. However, as Showroom 2 / 794 Burwood Highway is vacant and available for lease, we have adjusted our capitalised value to reflect the rental shortfall during the leasing period (6 months), together with likely incentives in respect of a 3 month rent free period, given the shell accommodation and / or a capital contribution to fitout.

Accordingly, we refer you to our calculations, as follows:

Assessed Market Net Annual Income		\$ 1,150,000
Capitalised @ 8.5%		\$13,529,412
Less Anticipated Holding Costs (2 / 794 Burwood Highway)		
6 months vacancy period	\$87,500	
3 months lease incentive	\$43,750	
10% agent's commission	\$17,500	
Advertising and legal costs	\$ 7,500	
Rates and taxes (est.)	\$ 7,500	\$ 163,750
Assessment		\$13,365,662
For Practical Valuation Purposes, Say \$13,350,000 (Exclusive of GST)		

Direct Sales Comparison Approach

As a secondary or check method of assessment, we have considered the direct comparison approach, based on the analysis of comparable sales on an overall leasable area value rate equivalent.

Consequently, we are satisfied that our adjusted capitalised value of \$13,350,000, or say the GLA value rate equivalent of approximately \$1,950 p.s.m., to be supported by our review of comparable sales evidence.

Accordingly, we refer to our calculations as follows:

GLA - 6,852 sq.m. @ \$1,950 p.s.m.	\$13,361,400
For Practical Valuation Purposes, Say \$13,350,000 (Exclusive of GST)	

Discounted Cash Flow Approach / Internal Rate of Return (IRR)

As a further check method of assessment, we have undertaken an internal rate of return analysis based on existing lease terms and conditions.

By calculation, our analysis supports an IRR of 10.3% based on an initial capitalised value of \$13,350,000. The rate is exclusive of any depreciation allowance benefit.

By comparison, the subject property's IRR is generally consistent with the previously referred sales evidence and the respective analysed IRRs, although is consistent with market expectations for an asset of this investment class.

We retain the cash flow analysis particulars on file.

GST Implications

The assessed value detailed within this Valuation Report has been concluded exclusive of GST.

Refer to Assumptions / Qualifications - GST Implications

Valuation & Valuation Compliance Statement.

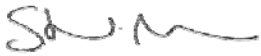
Valuation

Subject to the assumptions and qualifications contained within this report, we have assessed the current market value of the subject property (exclusive of GST) at:

\$13,350,000

Thirteen Million Three Hundred & Fifty Thousand Dollars

Prepared by
Charter Keck Cramer



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Certified Practising Valuer
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Associate
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Bernard J Cussen
Counter Signatory
API Member No 62798
National Executive Director

The counter signatory has reviewed the valuation based on the data presented in the report for the accuracy of calculations, the reasonableness of data, the appropriateness of methodology, and compliance with client guidelines, regulatory requirements and professional standards. The counter signatory is satisfied that the valuation is based on reasonable grounds. The data presented has not been independently confirmed and the property has not been inspected by the counter signatory.

Date of Issue of the Valuation Report - 13 May 2016

Liability limited by a scheme approved under Professional Standards Legislation.

Valuation Compliance Statement

Charter Keck Cramer confirms that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge.
- The analyses and conclusions are limited only by the reported assumptions and conditions.
- The Valuer has no interest in the subject property.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the property being valued.
- The Valuer has made a personal inspection of the property.
- No one, except those specified in this report, has provided professional assistance in preparing the report.

We confirm that neither Charter Keck Cramer nor any of its Directors or employees has any pecuniary interest that could conflict with the proper valuation of this property.

Refer to Assumptions / Qualifications - Third Party Disclaimer

Advisory

Corporate Property Strategy
Project Feasibility
Transaction Structuring &
Divestment Management
Acquisition Advisory
Strategic Asset Management
Accommodation Solutions

Research

Market Analysis
Project Benchmarking Analysis
National Apartment Database
National Land Survey Program
Urban Economics & Policy
Briefings & Workshops

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Pre-Purchase & Pre-Sale Advice
Financial Reporting Valuation
Compensation Valuation
Legal & Litigation Valuation
Business Valuation
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Development Strategy
Project Management
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Land Surveying
Civil Engineering

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