CBRE VALUATION & ADVISORY SERVICES

VALUATION REPORT

Commercial Zoned Land

44-50 Waterloo Road, Macquarie Park NSW 2113

28 February 2025

Reliant Party: HSBC Bank Australia Limited; and
ESR Australia.

Subject Property

Aerial

CONTENTS

Appendices

1 Executive Summary

EXECUTIVE SUMMARY - 44-50 Waterloo Road, Macquarie Park, NSW

INSTRUCTIONS / RELIANCE

Instructing Party	Daniel McDonald of ESR Group
Instruction Date	22 January 2025
Reliant Party/Purpose	HSBC Bank Australia Limited for the purpose of First Mortgage Security only. Board of Directors of ESR Group Limited for the purpose of incorporation into a public document to be jointly issued by ESR Group Limited and MEGA BidCo under the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong.
Basis of Valuation	Market Value - As Is - Subject to Vacant Possession.
Interest Valued	Freehold (100%).

PROPERTY PARTICULARS

Brief Description	A regular allotment configured over two adjoining titles known legally as Lots 6-7 in Deposited Plan 1043041. Situated at the intersection of Waterloo Road, Collinga Street and Giffnock Avenue, Macquarie Park, Sydney NSW, the property slopes from north to south and from west to east and is improved with 2 x older style although functional office/warehouse facilities of full height concrete panel construction. Ancillary ground improvements include multiple driveway access points provided to three street frontages, site landscaping and extensive concrete/bitumen sealed hardstand incorporating line-marked car parking provisions.
Tenancy Profile	The property is currently partly leased to 4 separate tenants generating a net passing income of approximately $1,200,000 per annum and reflecting a WALE of 0.80 years by income. **Given the short WALE, basic nature of improvements and high underlying land value, the highest and best use of the property is deemed to be a development site and, as such, we have conducted our assessment herein on that basis.** However we note that the property provides for a reasonable holding income and is currently held as a passive investment.
Title Details	Lot 6-7 in Deposited Plan 1043041 - refer to body of report.
Registered Owner/s	ESR Investment Management 1 (Australia) Pty Limited. *We note ESR Investment Management 1 (Australia) Pty Limited is a is a wholly-owned subsidiary of ESR Group Limited.
Total Site Area	15,189 sqm
Zoning	E2 Commercial Centre.
Planning Scheme	Ryde Local Environmental Plan 2014.

VALUATION SUMMARY - As Is - Vacant Land

Direct Comparison Value	**$77,500,000 AUD**
Direct Comparison Rate - $/sqm on Site Area	$5,102

ASSESSMENT | **This valuation is exclusive of GST.** | **Date of Issue: 22 May 2025**

Valuation Approach	Direct Comparison Approach
Date of Inspection	10 February 2025
Date of Valuation	28 February 2025
ADOPTED VALUE (100% Interest)	**$77,500,000** AUD (Seventy Seven Million, Five Hundred Thousand Dollars)
Principal Valuer	Julian Volpato | AAPI Registered Valuer No. VAL015467 | Certified Practising Valuer Senior Director | Valuation & Advisory Services Property Inspection - Yes
Secondary Valuer	Freddie Kareh | AAPI Registered Valuer No. 109563 | Certified Practising Valuer Manager | Valuation & Advisory Services Property Inspection - No (desktop)* | Job Involvement - Valuation & Analysis Assistance
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.

CBRE Valuations Pty Limited | ABN 15 008 912 641 | Valuation & Advisory Services
Ground Floor, 10-14 Smith Street, Parramatta NSW 2150 | T 61 2 9891 3330 | F 61 2 9891 5533 | www.cbre.com.au

2 Valuation Synopsis

2.1 Reliance & Liability

Liability	▪ Liability limited by a scheme approved under Professional Standards Legislation.
Reliance	▪ This valuation is strictly and only for the use of the Reliant Party and for the Purpose specifically stated in the Instructions section.
Reliance Period	▪ We do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if the Reliant Party becomes aware of any factors that have any effect on the valuation.
Valuation Date	▪ This valuation has principally been prepared for incorporation into a public document to be jointly issued by ESR Group Limited and MEGA BidCo under the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong, and in accordance with International Valuation Standards the valuation date is defined as the date on which the opinion of value applies. This differs from mortgage reporting practices. Any party intending to rely on this valuation for mortgage purposes must satisfy itself that this valuation is suitable for their purposes, acknowledging: – that the valuation date (28 February 2025), is not the inspection date (10 February 2025), which would normally apply as the date of valuation for mortgage purposes; – that a critical assumption is that there will be no material change in the property market or the property between the date of inspection and the date of valuation; – that the property's cash flow and value is relevant at the date of valuation for Financial Reporting purposes. ▪ In conducting the valuation, we have fully complied with the requirements set out in Rule 11 of the Code on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission. Our reports will be compliant on this basis since they adhere to standard IVS standards.
Prudent Lending	▪ This valuation is prepared on the assumption that the lender as referred to in the valuation report (and no other), may rely on the valuation for first mortgage finance purposes only and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio.
Confidentiality	▪ This valuation report is strictly confidential between CBRE and the Reliant Party, however any such party may disclose all or part of this valuation report without the other parties' consent where: (a) it is required to do so by law, regulations and/or rules; (b) it is required to do so by a court, arbitrator or administrative tribunal in the course of proceedings or any determination to which the disclosing party is a party; or (c) which, in the reasonable opinion of the disclosing party, is required to be disclosed to any prospective lender, insurer or other consultant or professional adviser, provided that in each case it first obtains (and enforces if required by either of the other parties), an undertaking from each such person to keep this valuation in strict confidence on a non-reliance basis and subject to the Reliance provisions in this report.
Transmission	▪ Only an original valuation report received by the Reliant Party directly from CBRE or through a Panel Management System authorised by the client can be relied upon.
Restricted	▪ No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation.
Copyright	▪ As between CBRE, the Instructing Party and the Reliant Party, all intellectual property rights in this valuation report are owned by CBRE. Neither the whole nor any part of the content of this valuation may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.

Value Subject To Change

- 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 movement or factors specific to the particular property). For the avoidance of doubt, this may include global financial crises or force majeure events. We do not accept liability for losses arising from such subsequent changes in value.

Disclosure

- CBRE must be advised in the event that the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting CBRE first to reassess any effect on the valuation.

Valuer's Interest

- We hereby certify that the Principal Valuer is suitably qualified and authorised to practise as a valuer; has at least 5 years of continuous experience in valuation; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity/Instructing Party.

CBRE Staff

- In relying upon this report, any client or reliant party agrees that you will not bring any claim relating to this appointment (in contract, tort, negligence or otherwise) against any CBRE officer, director, employee, member or consultant in their personal capacity.

Potential Tax Liability

- With regards to any tax liability applicable to the subject property, we are not experts in this field and would recommend suitably qualified advice be sourced to determine any potential tax liabilities.
- If the property is disposed of at valuation, a capital gains tax on gross realisation will be assessed against the previous purchase price of the property and may be payable at the current corporate tax rate of 50% on the value uplift to the property owner. However, we are not experts in this regard and can't confirm the tax implications for the disposing party.
- As advised by ESR Investment Management 1 (Australia) Pty Limited, it is unlikely that such tax liability will be crystallised in the recent future as ESR Group Limited and its subsidiaries (the "Group") has no intention to dispose of or transfer the relevant property interests. According to our established practice, in the course of our valuation, we have neither verified nor taken into account such tax liability.

Qualifications of the Valuer

- This valuation has been prepared by Mr Julian Volpato of CBRE, Associate Member of the Australian Property Institute, and the National Director of the Industrial & Logistics Valuation business of CBRE Australia. Julian is suitably qualified to carry out the valuation assignment and has over 20 years' experience in the valuation of industrial properties and assets of this magnitude in Sydney.
- We are acting as an independent valuer as defined in the latest International Valuation Standards.
- Neither the valuer nor CBRE are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the property interests.

2.2 Market Value Definitions

Market Value Definition

- In accordance with the International Valuation Standard, the definition of market value is:

  "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."

AASB13 Fair Value Measurement

- We have also had regard to the requirements of the Australian Accounting Standards Board. In particular, we have considered AASB13 Fair Value Measurement, which adopts the following definition of Fair Value:

  "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."
- The fair value of a non-financial asset is based on its highest and best use to market participants.

Highest & Best Use

- In accordance with the Australian Property Institute and International Valuation Standards, the definition of highest and best use is:

  "The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible."

Highest & Best Use Comment

- The highest and best use of the subject property is deemed to be a development in accordance with the applicable planning controls.

2.3 Treatment of Goods and Services Tax (GST)

Treatment of GST

- Our valuation is expressed exclusive of Goods and Services Tax (GST).

We are not tax experts and have not been provided with tax or legal advice. The Reliant Party must make its own enquiries if they consider that GST applies.

2.4 Transaction History

Previous Sale

- The property has not sold within the last three years.

Contract of Sale

- We have requested but are not aware of any current contract of sale.

2.5 SWOT Analysis

Strengths

- Located within an established business park locality, popular with owner occupiers and investors, which benefits from good access to major transportation links;
- Large land holding with freehold Title;
- Regular configuration;
- E2 Commercial Centre zoning providing a Floor Space Ratio of 2:1 and height of building limit up to 37 metres;
- Excellent access and exposure characteristics via three street frontages;
- Configured over two adjoining titles providing flexible re-development/disposal opportunities;
- Functional improvements providing the benefit of holding income;
- Excellent local tenant amenity;
- Australia is experiencing strong underlying occupier fundamentals within the industrial & logistics sector;
- Overall vacancy for the sector remains low at around 2.50% nationally, with Sydney's vacancy rate currently sitting at 2.1%; and
- Australia currently has low unemployment.

Weaknesses

- Sloping topography;
- The property does not currently benefit from a secured development consent;
- Development sites are considered to be a higher risk in the current market and are more susceptible to market fluctuations than other asset classes of real estate;
- Development of the site will require project management from an experienced operator;
- The property is partially located within a low and medium risk flood prone area and may be subject to occasional flooding; and
- The Australian debt market has experienced unprecedented movement in the Official Cash Rate (OCR) moving 13 times since May 2022 resulting in the OCR increasing 425bps to its current rate of 4.35%, a 12-year high.

Opportunities

- Development of the subject parcel in line with the current zoning guidelines;
- Subdivision of the site;
- Continued improvement in the industrial leasing market, with rents continuing to rise; and
- Dispose of the site.

Threats

- We consider the current strength of the development site market to be putting pressure on development feasibilities. Recent sales of development sites may represent profit margins that are below long-term historical market expectations;
- Increases in statutory land values will potentially increase current holding costs, create higher building outgoings and overall tenant occupancy costs;

- Risk of vacancy rising, incentives increasing and rents falling; all could impact capital values. Furthermore, we are beginning to observe a slowdown in tenant demand/enquiry and an increase in sublease stock. This could potentially stagnate rental growth or cause rental values to fall;
- Potential for a further correction in the market noting that pricing for investment assets and development sites have been at historically high levels. This factor has become a key risk in recent times, particularly as interest rates continue to remain elevated;
- Geopolitical risks; war in Russia/Ukraine and the Middle East has the potential to impact confidence and economic stability;
- Inflation globally is at historically high levels; a key risk to economic stability and asset values;
- Australian Government bond yields have risen sharply over the past 24 months (circa 4.50% as at February 2025). There is potential for further increases in bond yields, which correlate with rising inflation/rising interest rates. Rising bond yields and the rising cost of debt (rates) have softened cap rates and eroded some asset values;
- Historically strong demand/liquidity for industrial & logistics assets slowed quite dramatically over the course of 2022 and 2023. Into 2024 and 2025, buyer depth and liquidity has moderated however there remains a lack of core transactions, which results in market value volatility. We do note the threat of rising rates and recession risks are being somewhat offset by the strong leasing fundamentals and rental growth that we are continuing to witness in the market;
- Environmental, social and governance (ESG) investing refers to a set of standards for the behaviour of companies by socially conscious investors. Environmental criteria considers how a company safeguards the environment, including policies addressing climate change. It is expected that ESG will compel owners of commercial property to be more environmentally and socially conscious and this may result in increasing levels of capital expenditure, which may impact the market value;
- Construction costs nationally are currently elevated due to multiple factors, including shortages in materials and labour. This is placing pressures on builder's profit margins and viability. There is risk that program delays may be encountered in sourcing materials and labour during construction. Construction and delivery risk are therefore heightened in this climate. We do note that costs appear to have stabilised to the most part, albeit remains a risk going forward;
- Further to the above, the construction risk is having a flow on effect onto the developer's project feasibility, whereby profit margins are not meeting historic parameters or expectations. This has resulted in projects being delayed or abandoned. We highlight the heightened risk in the current market conditions to any intending lending/investment reliant party; and
- Rising construction costs and higher borrowing costs are impacting on land values. This is somewhat being countered at present by rising market rents, however it is unclear to how sustainable and how long market rental growth will continue for.

2.6 Marketability

Buyer Demand/ Purchaser Profile

- In the current market:
  - Anticipated buyer demand/liquidity: Liquidity and buyer depth remains subdued (refer threats).
  - Likely purchaser profile comprises: institutional investors (REITS, insurance groups, pension funds), developers, data centre operators.
  - Estimated selling period (with a professional marketing campaign) is: 3-6 months.

Market Instability

- We draw your attention to a combination of global inflationary pressures (leading to higher interest rates), together with the stress within global banking systems. These events have significantly increased the likelihood of constrained credit markets, negative capital value movements and enhanced volatility in property markets, over the short-to-medium term.
- Experience has shown that consumer and investor behaviour can change quickly during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.
- It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

2.7 Risk Assessment

Asset	▪ Based on our property inspection: – Quality of location and potential for change: low risk – Planning and environmental issues: the property is partially located within a low and medium risk flood prone area and may be subject to occasional flooding – refer to body of report.
Asset Management	▪ Asset management comments: – Current management performance: satisfactory. – Complexity of management required: basic.

2.8 Critical Assumptions

Our valuation is subject to the following critical assumptions:

Market Value Assessment	▪ Given the short Weighted Average Lease Expiry (WALE), basic nature of improvements and high underlying land value, the highest and best use of the property is deemed to be a development site and, as such, we have conducted our assessment herein on that basis.
Flooding	▪ The subject property is partially located within a low-medium risk flood prone area. We have assumed that the finished floor level of the property is above known flood levels and provides for a suitable on-going industrial use.
Financial Reporting	▪ That there will be no material change in the property market or the property between the date of inspection and the date of valuation.
Environmental	▪ We have not been provided with an Environmental Report. In the absence of such, we have assumed that the site is free of elevated levels of contaminants and have made no allowance in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject property. If a test is undertaken at some time in the future to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Independence	▪ All investigations have been conducted independently and without influence from a third party in any way.
Objective Information	▪ We assume that any objective information, data or calculations set out in this valuation report will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence.

2.9 Recommendations

Prior to relying on the report, the Reliant Party is to obtain the following information (where specified) or have regard to the following recommendations:

Expert Hydrologist's Report	▪ Given the subject property is partially flood affected, a Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary amend the valuation.
Heightened Market Volatility	▪ We draw your attention to a combination of global inflationary pressures (leading to higher interest rates), together with the recent failures/stress within global banking systems. These events have significantly increased the likelihood of constrained credit markets, negative capital value movements and enhanced volatility in property markets, over the short-to-medium term. ▪ Experience has shown that consumer and investor behaviour can change quickly during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions. ▪ It is important to note that the conclusions set out in this report are valid as at the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

2.10 Mortgage Recommendation

Mortgage Recommendation

- Based on the information supplied, the subject property is suitable for First Mortgage Security only, having regard to all issues, assumptions, and recommendations contained within this valuation report in its entirety.
- The lender should give careful consideration to the inherent risks of rising inflation and interest rates in their lending deliberations. Rising bond yields and the rising cost of debt (rates) have the potential to soften capitalisation rates and erode asset values. Refer SWOT analysis for more detail.

3 Location

Locality

- The subject property is situated at the intersection of Waterloo Road, Coolinga Street and Giffnock Avenue, Macquarie Park.
- Macquarie Park is a north-western suburb of Sydney which is approximately 12 kilometres north-west of the North Sydney CBD and 15 kilometres north-west of the Sydney CBD.

Surrounds

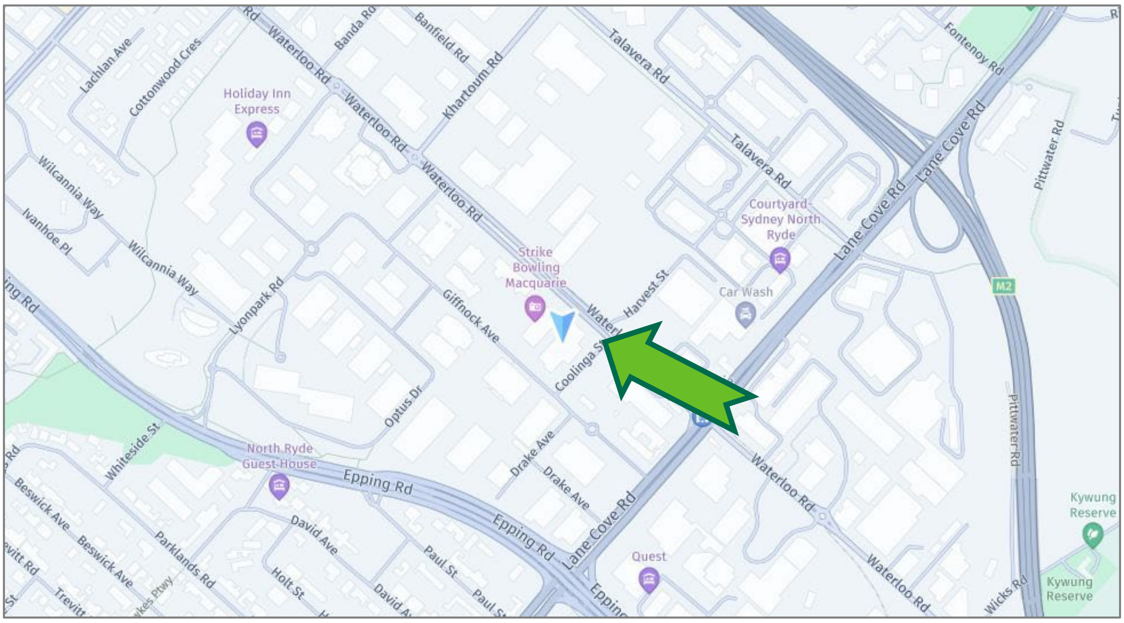
- Macquarie Park is widely regarded as the premier business park precinct in Australia and has been popular with electronics, computer, internet, publishing, medical research and pharmaceutical companies. It leverages off its proximity to Macquarie University.
- Surrounding development in comprises modern office and campus style business parks, older style research or warehouse buildings, industrial unit estates, hotels and residential apartments.
- Macquarie Regional Shopping Centre and Macquarie University are situated approximately 750 metres and 1 kilometre to the north-west.

Transport/Roads

- Macquarie Park Metro Station is situated approximately 250 metres to the south of the subject at the intersection of Waterloo Road and Lane Cove Road.
- Macquarie Park benefits from regular public buses servicing the area via Epping, Talavera, Waterloo and Lane Cove Roads which provide direct access to and from the Sydney and North Sydney CBDs, Chatswood, Eastwood, Epping, Macquarie Shopping Centre and Macquarie University.
- The property benefits from easy access to Lane Cove Road, situated approximately 250 metres to the south-east, and Epping Road, approximately 600 metres to the south. Lane Cove Road provides a link to the Pacific Highway, which is a main arterial road running throughout Sydney's northern suburbs, while Epping Road provides easy access to the M2 Motorway and Sydney's western suburbs.

Local Map

Source: Nearmap.



4 Title Details

4.1 Real Property Description (Freehold)

Lot/Plan	Title Reference	Area (sqm)	Registered Ownership
6/DP 1043041, 7/DP 1043041	Lot 6 of DP 1043041, Lot 7 of DP 1043041	15,189	ESR Investment Management 1 (Australia) Pty Limited
Total:		15,189	

Search Date: 12-February-2025

4.2 Land Identification

Verification Source

- The property has been identified by reference to the Registered Plan and on-site inspection. The building improvements appear to be erected within the title boundaries of the site and there do not appear to be any encroachments on or by the subject land. We note however, we are not experts in this field and that actual identification of title boundaries, encroachments and confirmation that improvements are contained within those boundaries would necessitate a check survey be undertaken by a qualified land surveyor.

4.3 Encumbrances & Registered Interests

Dealings

- Interests registered on Title (excluding liens) are summarised as follows:

6/1043041

1 Reservations and conditions in the crown grant(s)

2 The land above described is limited in stratum in the manner described in DP1043041

3 DP861428 Right of footway appurtenant to the land above described

4 DP1004697 Easement for electricity purposes 9 and 12 metre(s) wide appurtenant to the land above described

5 AN151208 Lease to Kidsxpress Limited of Suite 2.01, Level 2, 50 Waterloo Road, Macquarie Park. Expires: 14/1/2023. Option of renewal: 5 years.

AQ411886 Variation of lease AN151208

AS0804799 Variation of lease AN151208 expiry date now 31/12/2024. Option of renewal: relinquished.

6 AN151209 Lease to Stax of Fitness Pty Ltd of Suite 2.02, Level 2, 50 Waterloo Road, Macquarie Park. Expires: 31/8/2022. Option of renewal: 5 years.

7 AN719132 Lease to Macquarie University of lower ground floor office, upper ground level warehouse & level 1 office & mezzanine shown hatched in plan with AN719132. Expires: 30/6/2023. Option of renewal: 5 years.

AS889041 Variation of lease AN719132 expiry date now 31/12/2024. Option of renewal: is relinquished.

8 AP211358 Lease to Katrina Zhao Dentistry Pty Ltd of 2.03, Level 2, 50 Waterloo Road, Macquarie Park. Expires: 30/4/2024. Option of renewal: 5 years.

AT430727 Variation of lease AP211358 expiry date now 30/4/2029. Option of renewal: relinquished.

9 AS723500 Mortgage to the Hongkong and Shanghai Banking Corporation Limited

7/1043041

1 Reservations and conditions in the crown grant(s)

2 The land above described is limited in stratum in the manner described in DP1043041

3 DP608629	Easement for drainage affecting the part(s) shown so burdened in the title diagram
4 DP861428	Right of footway affecting the part(s) shown so burdened in the title diagram
5 DP1004697	Easement for electricity purposes 9 and 12 metre(s) wide affecting the part(s) shown so burdened in the Title diagram
6 AN246562	Lease to Macquarie University of building known as 44 Waterloo Road, Macquarie Park. Expires: 31/1/2023. Option of renewal: 5 years.
AS889042	Variation of lease AN246562 expiry date now 31/12/2024. Option of renewal: relinquished.
7 AS723500	Mortgage to the Hongkong and Shanghai Banking Corporation Limited

- DP861428 and DP1004697 make reference to a right of footway and easement for electricity purposes positioned to the northern corner of Lot 7 DP 1043041.
- DP608629 makes reference to an easement for drainage positioned to the south-eastern elevation of Lot 7 DP 1043041.
- While the easement for electricity purposes and easement for drainage can potentially impact upon the re-development of the site from a design perspective, we have had regard to these easements in our assessment of value, and do not consider their location or configuration to be onerous on value. We are not experts in this area, and should legal advice reveal this not to be the case, then we reserve the right to amend our valuation.
- Full details are provided in the Certificate of Title (refer to Appendices).

4.4 Title Disclaimers

Caveats	As at the search date, there are no caveats recorded on Title.
Liens	We have disregarded the presence of any mortgage or other financial liens pertaining to the property.
Title/Unregistered Interests	Our valuation is on an unencumbered basis and therefore assumes the mortgage/s to be released on sale/transfer of title. We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that a future title search is undertaken which reveals additional easements or encumbrances, CBRE should be consulted to reassess any effect on the value stated herein.

5 Site Description

5.1 Land Area & Dimensions

Land Area	▪ 15,189 sqm (derived from Deposited Plan).
Street Frontage	▪ Waterloo Road: 129.09 metres ▪ Coolinga Street: 110.06 metres ▪ Giffnock Avenue: 129.23 metres
Access	▪ Current access is available from Waterloo Road, Coolinga Street and Giffnock Avenue.
Site Survey	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Party should confirm this status by obtaining a current survey report and/or advice from a registered surveyor.

5.2 Shape & Topography

Shape	▪ Regular.
Topography	▪ The property slopes from south to north and from west to east.

5.3 Services & Amenities

Typical Services	▪ Electricity, water, gas, sewerage and telephone are connected or are available for connection to the property.

5.4 Flooding

Investigations

- We have reviewed Planning Scheme Maps, which indicate:
  - The property is partially located within a low and medium risk flood prone area and may be subject to occasional flooding.
- The extent of flooding is illustrated in the map below.
- We have assumed that the finished floor level of the property is above known flood levels and provides for a suitable on-going industrial use.

- Formal searches have not been undertaken.

Flooding Caution	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability or currency of the flood mapping reviewed. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary amend the valuation.

5.5 Site Contamination

Past Use	▪ The past use of the property is difficult to ascertain as the current improvements have been in place for in excess of 20 years, however we are of the opinion that the previous use of the property would have been for general industrial/commercial purposes. We do not undertake historical site searches, and have therefore assumed former uses did not cause site contamination unless these have been identified in the following section.
Present Use	▪ The present use of the property is for general office/warehouse use.
Informal Contamination Comment (owner enquiry/site inspection)	▪ We have made enquiries of the owners as to whether any of the following existed on site: – Soil contamination, ground water contamination, underground storage tanks, drums and tanks, or other potentially contaminating or hazardous materials. ▪ To their knowledge none existed. During our limited site inspection, we did not observe any evidence to contradict this response.
Informal Contamination Comment (online search)	▪ We have undertaken an online search of the Environmental Protection Authority Register for Contaminated Land. The search revealed no listing of the subject property, nor any site in the immediate vicinity.
Formal Contamination Report Comment	▪ We have specifically requested a current contamination report (less than 12 months old) for the property in its entirety, and are advised a report has not been commissioned.
Surrounding Properties	▪ Our visual inspection of the surrounding properties revealed no obvious signs of potentially contaminating uses. Our valuation assumes no contamination issues associated with adjoining properties.
We Are Not Contamination Experts	Unless otherwise stated, we have assumed that the site is free of subsoil asbestos or any elevated levels of contaminants. We have no allowance in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition of the site. We make no representation as to the actual environmental status of the subject property. If any testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Site Conditions	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances.

6 Planning

6.1 Current Planning Controls

Local Authority	▪ Ryde City Council.
Local Plan	▪ Ryde Local Environmental Plan 2014
Zoning	▪ E2 Commercial Centre
Zoning Objectives (Item 1)	▪ To strengthen the role of the commercial centre as the centre of business, retail, community and cultural activity. ▪ To encourage investment in commercial development that generates employment opportunities and economic growth. ▪ To encourage development that has a high level of accessibility and amenity, particularly for pedestrians. ▪ To enable residential development only if it is consistent with the Council's strategic planning for residential development in the area. ▪ To ensure that new development provides diverse and active street frontages to attract pedestrian traffic and to contribute to vibrant, diverse and functional streets and public spaces.
Permitted without consent (Item 2)	▪ Home occupations
Permitted with consent (Item 3)	▪ Amusement centres; Artisan food and drink industries; Backpackers' accommodation; Building identification signs; Business identification signs; Centre-based child care facilities; Commercial premises; Community facilities; Entertainment facilities; Function centres; Hotel or motel accommodation; Information and education facilities; Light industries; Local distribution premises; Medical centres; Mortuaries; Oyster aquaculture; Passenger transport facilities; Places of public worship; Recreation areas; Recreation facilities (indoor); Recreation facilities (outdoor); Registered clubs; Respite day care centres; Restricted premises; Serviced apartments; Tank-based aquaculture; Vehicle repair stations; Veterinary hospitals; Any other development not specified in item 2 or 4
Prohibited (Item 4)	▪ Agriculture; Air transport facilities; Airstrips; Animal boarding or training establishments; Boat building and repair facilities; Boat launching ramps; Boat sheds; Camping grounds; Caravan parks; Cemeteries; Charter and tourism boating facilities; Correctional centres; Crematoria; Depots; Eco-tourist facilities; Electricity generating works; Environmental facilities; Exhibition homes; Exhibition villages; Extractive industries; Farm buildings; Forestry; Freight transport facilities; Heavy industrial storage establishments; Helipads; Highway service centres; Home-based child care; Home occupations (sex services); Industrial training facilities; Industries; Jetties; Marinas; Mooring pens; Moorings; Open cut mining; Port facilities; Recreation facilities (major); Residential accommodation; Resource recovery facilities; Rural industries; Service stations; Sewerage systems; Sex services premises; Signage; Tourist and visitor accommodation; Transport depots; Truck depots; Vehicle body repair workshops; Waste disposal facilities; Water recreation structures; Water supply systems; Wholesale supplies
Development Controls	▪ FSR: 2:1 to the majority of the site, albeit we note the western portion of the allotment comprises an FSR of 1.5:1. ▪ Height of building limit: 30 metres (southern portion of allotment) 37 metres (northern portion of allotment).
Existing/Conforming Use:	▪ Based on our inspection of the subject property, we are of the opinion that the current office/warehouse site uses conform with the above noted planning controls.
Heritage	▪ Our online search of Council records did not identify any heritage issues.
Native Title	▪ The subject property is not expected to be subject to native title issues. Searches were not undertaken.
Planning Information	We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us.

6.2 Development Application/Approvals

None Known	▪ We have requested but have not been provided with any development applications and/or approvals relating to the subject property.

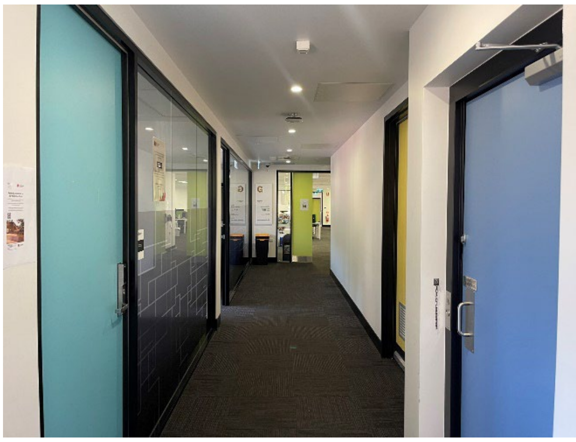
7 Improvements

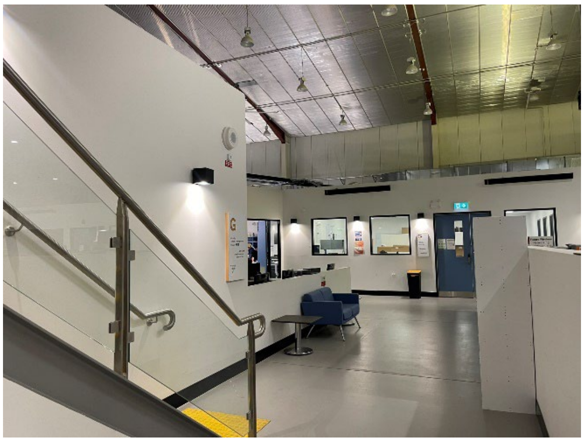
7.1 Aerial

7.2 Property Description

Site Overview

- A regular allotment configured over two adjoining titles known legally as Lots 6-7 in Deposited Plan 1043041. Situated at the intersection of Waterloo Road, Collinga Street and Giffnock Avenue, Macquarie Park, the property slopes from north to south and from west to east and is improved with 2 x older style although functional office/warehouse facilities of full height concrete panel construction. Ancillary ground improvements include multiple driveway access points provided to three street frontages, site landscaping and extensive concrete/bitumen sealed hardstand incorporating line-marked car parking provisions.
- The property is currently partly leased to 4 separate tenants generating a net passing income of approximately $1,200,000 per annum and reflecting a WALE of 0.80 years by income. Given the short WALE, basic nature of improvements and high underlying land value, the highest and best use of the property is deemed to be a development site and, as such, we have conducted our assessment herein on that basis.
- We have provided a sample of photos overleaf from our site inspection of the land.






MACQUARIE University
School of Engineering

7.3 Asbestos

Likelihood of Asbestos	▪ The principal improvements on the site are estimated to have been completed post 1990, and therefore the material presence of Asbestos Containing Materials is unlikely.
Informal Asbestos Comment	▪ We have made enquiries of the owner as to whether any asbestos containing materials exist within the improvements which could be drawn to our attention. To their knowledge none existed. During our inspection of easily accessible portions of the building, we did not observe any evidence to contradict this response.
Formal Asbestos Report	▪ We have requested a formal asbestos report, and are advised a current report has not been commissioned. We enquired (refer above) if any asbestos containing materials existed within the improvements which could be drawn to our attention. To their knowledge none existed. During our limited inspection, we did not observe any evidence to contradict this response.
We Are Not Hazardous Material Experts	Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. We have made no allowances in our valuation for site remediation works. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess the valuation.

7.4 Statutory Assessment

Statutory Assessment

- As at 1 July 2024 (source: Valuer General):
  - Site Value: $42,000,000 ($2,765 psm)
- The above is used for calculating the statutory charges / verifying the budgeted statutory charges provided.

8 Market Commentary

8.1 Economic Overview

Source: Reserve Bank of Australia

Global

- There have been favourable signs on goods price inflation abroad, however services price inflation has remained persistent and the same could occur in Australia. There also remains a high level of uncertainty around the outlook for the Chinese economy and the implications of the conflicts in Ukraine and the Middle East.

Australia

- At its December 2024 meeting, the Reserve Bank of Australia Board (RBA) decided to leave the cash rate target unchanged at 4.35 per cent and the interest rate paid on Exchange Settlement balances unchanged at 4.25 per cent.

Underlying inflation remains too high

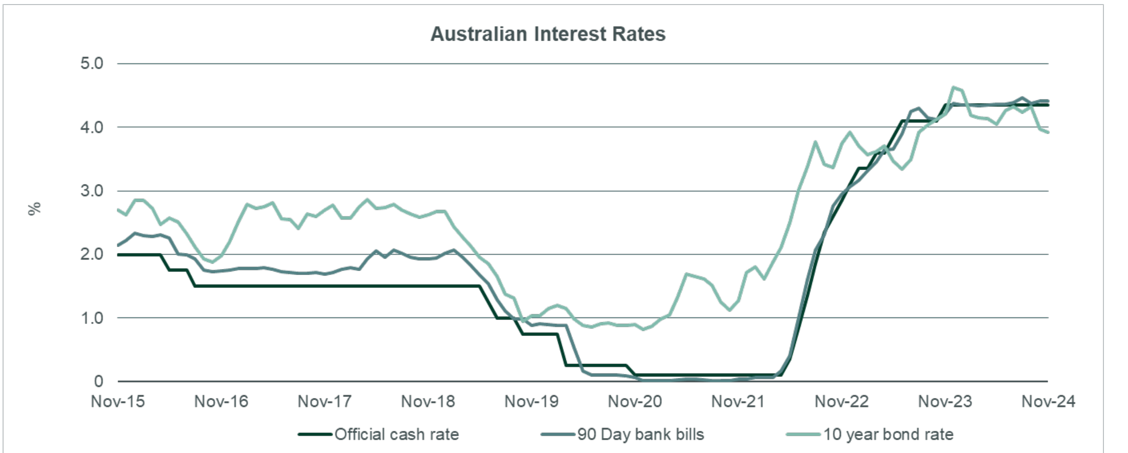
- Inflation has fallen substantially since the peak in 2022, as higher interest rates have been working to bring aggregate demand and supply closer towards balance. Measures of underlying inflation are around 3½ per cent, which is still some way from the 2.5 per cent midpoint of the inflation target.
- The most recent forecasts published in the November Statement on Monetary Policy (SMP) do not see inflation returning sustainably to the midpoint of the target until 2026. The Board is gaining some confidence that inflationary pressures are declining in line with these recent forecasts, but risks remain.

The outlook remains uncertain (as at Q4 2024).

- While underlying inflation is still high, other recent data on economic activity have been mixed, but on balance softer than expected in November 2024.
- Growth in output has been weak. National accounts for the September quarter show that the economy grew by only 0.8 per cent over the past year. Outside of the COVID-19 pandemic, this is the slowest pace of growth since the early 1990s. Past declines in real disposable income and the ongoing effect of restrictive financial conditions continued to weigh on household consumption spending, particularly on discretionary items.
- A range of indicators suggest that labour market conditions remain tight; while those conditions have been easing gradually, some indicators have recently stabilised. The unemployment rate was 4.1 per cent in October, up from 3.5 per cent in late 2022. That said, employment grew strongly over the three months to October, the participation rate remains close to record highs, vacancies are still relatively high and average hours worked have stabilised. At the same time, some cyclical labour market indicators, including youth unemployment and underemployment rates, have recently declined.
- Wage pressures have eased more than expected in the November SMP. The rate of wages growth as measured by the Wage Price Index was 3.5 per cent over the year to the September quarter, a step down from the previous quarter, but labour productivity growth remains weak.
- Taking account of recent data, the Board's assessment is that monetary policy remains restrictive and is working as anticipated. Some of the upside risks to inflation appear to have eased and while the level of aggregate demand still appears to be above the economy's supply capacity, that gap continues to close.
- The central projection is for growth in household consumption to increase as income growth rises. September quarter data suggest that both incomes and consumption had recovered a little slower than forecast, but more recent information has suggested a pick-up in consumption in October and November. There is a risk that any pick-up in consumption is slower than expected, resulting in continued subdued output growth and a sharper deterioration in the labour market. More broadly, there are uncertainties regarding the lags in the effect of monetary policy and how firms' pricing decisions and wages will respond to the slow growth in the economy and weak productivity outcomes at a time of excess demand, and while conditions in the labour market remain tight.
- There remains a high level of uncertainty about the outlook abroad. Most central banks have eased monetary policy as they become more confident that inflation is moving sustainably back towards their respective targets. They note, however, that they are removing only some restrictiveness and remain alert to risks in both directions, namely weaker labour markets and stronger inflation. Geopolitical uncertainties remain pronounced.

Sustainably returning inflation to target is the priority.

- Sustainably returning inflation to target within a reasonable timeframe remains the Board's highest priority. This is consistent with the RBA's mandate for price stability and full employment. To date, longer term inflation expectations have been consistent with the inflation target, and it is important that this remains the case.
- While headline inflation has declined substantially and will remain lower for a time, underlying inflation is more indicative of inflation momentum, and it remains too high. The November SMP forecasts suggest that it will be some time yet before inflation is sustainably in the target range and approaching the midpoint. Recent data on inflation and economic conditions are still consistent with these forecasts, and the Board is gaining some confidence that inflation is moving sustainably towards target.
- The Board will continue to rely upon the data and the evolving assessment of risks to guide its decisions. In doing so, it will pay close attention to developments in the global economy and financial markets, trends in domestic demand, and the outlook for inflation and the labour market. The Board remains resolute in its determination to return inflation to target and will do what is necessary to achieve that outcome.



Source: Reserve Bank of Australia (Nov-24)
Please note: bank bill and bond rates taken from last business day of the respective month

8.2 Sydney Industrial Market Commentary

Overview

Sydney rental growth ticks up and yields stabilise

- Gross take-up over the quarter has decreased significantly compared to 3Q24, totalling circa 123,000 sqm over 4Q24. The Manufacturing sector dominated total floorspace leased (50%).
- Average vacancy rate rises marginally and remains relatively low at 2.1% (as at 2H24).
- Around one-third of the CY2024 supply pipeline reached completion this quarter, bringing the total new supply for the year to c. 890,000 sqm.
- Rental growth increased over the quarter with super prime net face rents increasing by 2.2%. The y-o-y growth rate stands at 5.8% for average super prime grade assets across for Sydney market). Incentives across all asset grades continue to rise and currently average 16%.
- Average land values over the quarter for all lot sizes have remained relatively flat with 'infill' precincts demonstrating the strongest resilience on a y-o-y basis.
- A total of AUD 685 million of investment sales has been recorded in 4Q24, across 23 transactions (for sales ≥ AUD 5 million).
- Super prime and prime midpoint yields remain stable over the quarter and stand at 5.5% and 5.6%, respectively.

▲ 2.1%	▼ c. 281,000 sqm	▼ c. 123,000 sqm	► 5.5%
2H24 Sydney Industrial Vacancy	New Industrial supply 4Q24	Gross take-up 4Q24	Super prime midpoint yield

Note: Arrows indicate change from previous quarter.

Demand

Take-up volumes decrease significantly in 4Q24

- Gross take-up decreased significantly in 4Q24 compared to the previous quarter (c. 206,000 sqm in 3Q24), totalling c. 123,000 sqm. This 40% decline in floorspace take-up comes off the back of high take-up volume last quarter and a slowdown in pre-lease and existing deals.
- Notable lease transactions in 4Q24:
  - An existing warehouse leased by Parratech (Outer North West)
  - A pre-lease by Volvo (Outer South West)
  - An existing by Apex Steel (Outer South West).
- Pre-lease transactions made-up just under half of total floorspace leased over the quarter - this is in line with the share recorded in 3Q24. The share of pre-lease deals are expected to remain elevated over the next 12 months due to the amount of new supply expected to complete over 2025-2026, coupled with the fact lease terms are becoming more favourable for occupiers.
- The concentration of lease transactions over the quarter occurred within the Outer North West precinct, accounting for 57% of total take-up (by floorspace), followed by the Outer South West (24%). The Outer North West is expected to continue to dominate leasing volumes as 65% of Sydney's new supply is forecast for the precinct over the next three years.
- Total take-up activity for the CY2024 equates to 504,000 sqm (44% below the 10-year average). Despite demand normalising throughout the year, we expect to see greater leasing activity over the next 12-18 months as incentives have risen materially and occupiers are more likely to commit to new space requirements given a more favourable occupier market.

Manufacturing occupiers dominate the floorspace leased over the quarter

- The concentration of floorspace leased in 4Q24 shifted to occupiers within the Manufacturing sector (50%), followed by the Wholesale Trade Sector (34%).

FIGURE 1: Sydney gross take-up 2014-2024YTD, by precinct

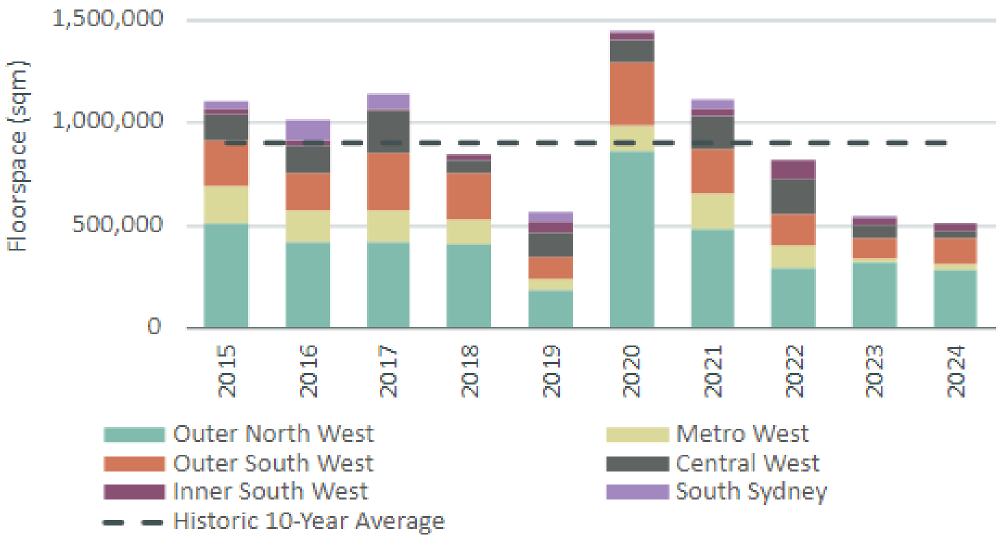
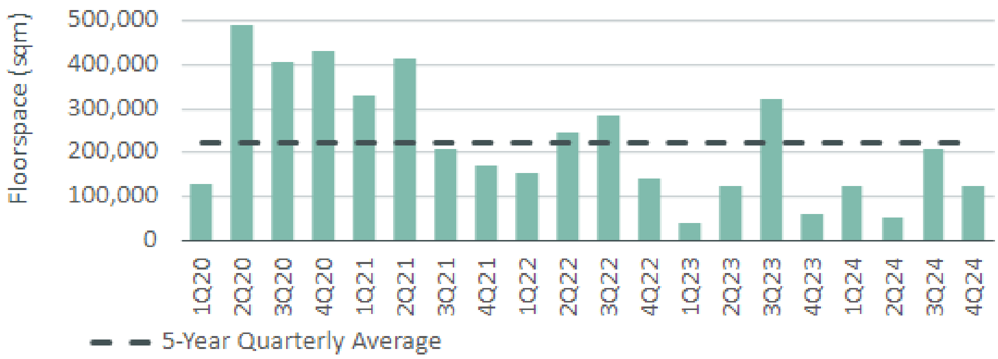


FIGURE 2: Sydney quarterly gross take-up, 4Q21-4Q24



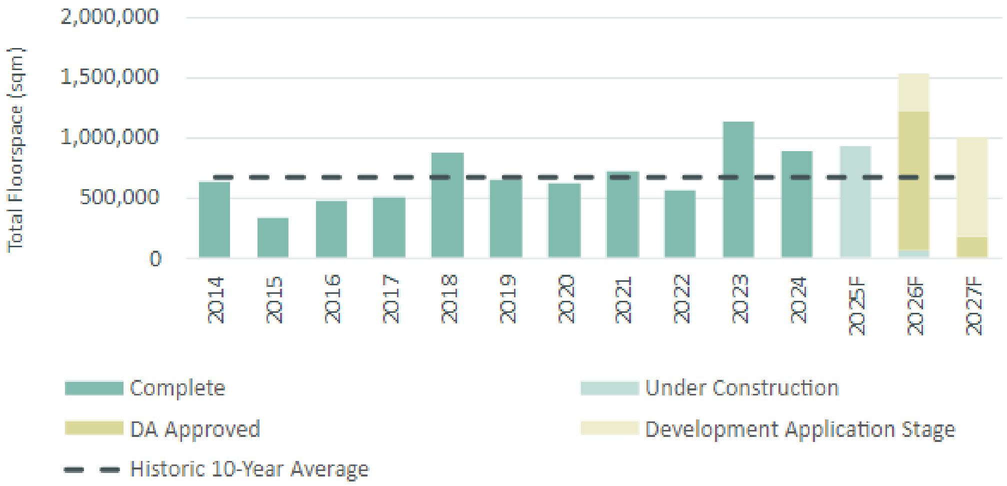
To note: Reflects leasing transactions >5,000 sqm.
Source: CBRE Research Q4 2024

Supply

Almost 50% of the 2025 pipeline is pre-committed

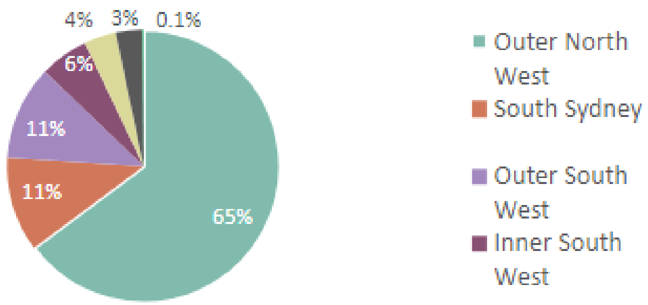
- New floorspace added to the market over the quarter totalled c. 281,000 sqm, bringing the CY2024 total to c. 890,000 sqm.
- Project completions over the quarter were concentrated in the Outer North West, accounting for 83% of total new floorspace.
- The CY2025 supply pipeline is anticipated to total c. 930,000 sqm, which is similar to the level completed in CY2024, and is 38% above the 10-year average. Despite higher than average new space expected to complete in 2025, the pre-commitment rate for this pipeline is relatively strong and currently stands at close to 50%.
- All developments due to complete in 2025 are under construction.
- Major projects that reached practical completion in 4Q24 included:
  - Leppington Industrial Estate (33,000 sqm)
  - Warehouse 4C, Oakdale West at Kemps Creek (c. 31,000 sqm)
- Around 220,000 sqm of space is expected to be added to the market over 1Q25. Major projects expected to reach practical completion are:
  - Burley Road Industrial Complex, Horsley Park
  - M7 Business hub, Eastern Creek
  - Marsden Park industrial
- Given the ongoing challenges of elevated construction costs and high land values, a significant portion of the 2025 pipeline from the previous quarter has now been deferred to 2026 or beyond.

FIGURE 3: Sydney development supply pipeline 2014-2027F



To note: Reflects new projects >5,000 sqm.
Source: CBRE Research Q4 2024

FIGURE 4: Development supply 2025F-2027F floorspace share, by precinct



To note: Reflects new projects >5,000 sqm.
Source: CBRE Research Q4 2024

Leasing Market

Rental growth increases marginally over the quarter

- Sydney's average super prime and prime rents rose by 2.2% and 1.0% (q-o-q), respectively. On a y-o-y basis, super prime rents increased by 5.8%, while prime and secondary rents grew by 5.1% and 3.3%, respectively.
- Super prime rents in the Metro West precinct saw the highest quarterly growth, up 14.0%, driven by sustained demand for in-fill locations. Incentives remained stable, though "early access" incentives offering rent-free periods were introduced to enhance deal appeal.
- Sydney's vacancy rate increased slightly to 2.1% (as of 2H24). New developments continue to be absorbed by tenants seeking scale and modern functionality. Positive rental growth is expected in select precincts, albeit at a slower rate, due to limited options for appropriately sized and fitted spaces. Average secondary face rents saw the lowest q-o-q growth at 0.9%, followed by prime rents at 1.0%, reflecting demand for super prime modern warehouses.
- Net effective rents decreased slightly across all asset grades in 4Q24, due to increased incentives. Incentives for super prime, prime and secondary grades rose by 1.4 percentage points, now averaging 15%, 16%, and 17%, respectively. This reflects pressure on landlords with older warehouses to compete with the influx of super prime developments. Some in-fill precincts also saw an increase in incentives as occupiers and landlords worked to close deals by year-end.
- We expect rental growth to remain positive throughout 2025, but at more normalized rates. Despite the forecast higher than average supply in 2025 and 2026, pre-committed developments are mitigating downward pressure on rental growth, with incentives becoming a key tool for landlords once existing leases expire. Incentives are expected to rise throughout 2025.

- Average outgoings for all asset grades in 4Q24 increased by 3.7% q-o-q and 20% y-o-y, driven largely by a 9.1% q-o-q rise in 3Q24. Similar trends are expected in the future but with smaller quarterly rises and a sharp increase in 3Q25 due to the increase in surcharge land tax and council rates at 1Q25, which make up two-thirds of outgoings. Tenants absorbing these increases face higher operational costs, which may limit their capacity to tolerate further rent hikes, potentially moderating face rent growth in the market.

FIGURE 5: Average Sydney Net Face Rent Growth y-o-y, by Asset Grade (2014-2024)

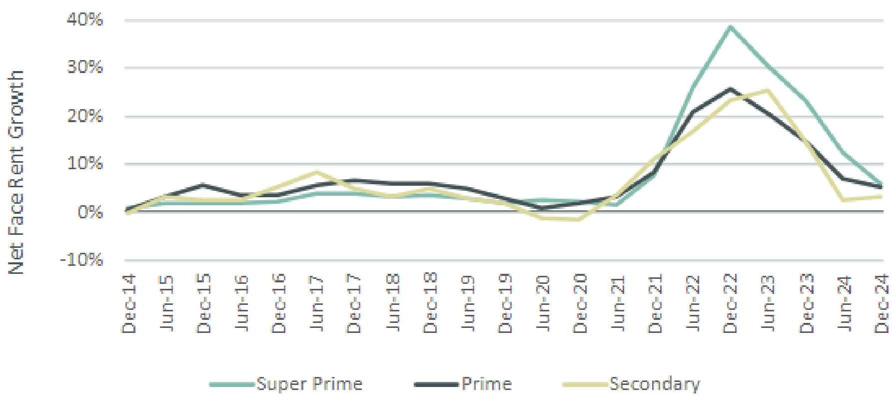
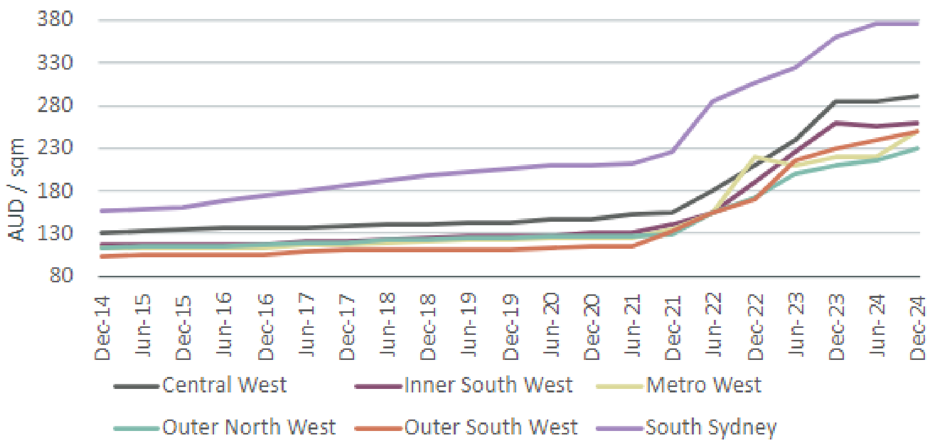


FIGURE 6: Average Super Prime Net Face Rents, by Precinct (2014-2024)



Land Values

Land values show resilience in 2024

- Demand for all lot sizes of industrial zoned land in Sydney remained relatively flat over the quarter. Average land values for all lot sizes decreased or remained stagnant on a y-o-y basis, except for Metro West 0.25 ha lots and Outer North West 3-5 ha lots that grew by 11% and 4.2%, respectively. There were marginal declines in land values for 0.25ha lots, 1.6 ha and 3-5 ha lot sizes of -1.1%, -1.7% and -1.2%, respectively.
- Uncertainty around interest rate trends and elevated capital costs have created a cautious environment for institutional investment in industrial land. The rising cost of borrowing has not only increased project financing expenses but also narrowed profit margins, making such investments less appealing in the short term. Furthermore, many investors have adopted a wait-and-see approach, anticipating potential shifts in monetary policy that could create more favourable conditions in 2025. Additionally, the rising pressure on construction costs has further contributed to the hesitation, as it impacts the overall feasibility of new projects.
- Average land values in Metro West and South Sydney were the most resilient in 2024. Metro West saw an 11% y-o-y increase for 0.25 ha lots, while 1.6 ha lots remained stable. South Sydney's values were flat, while other Sydney precincts recorded declines or no change. Growth in these 'infill' markets is driven by their strategic location and strong connectivity to key infrastructure, including major transport corridors and the CBD, with land values more than double those of Outer Western precincts. Metro West has recently benefited from these connectivity advantages due to ongoing infrastructure upgrades, resulting in significant growth in land values, outpacing all other precincts.

FIGURE 7: Average Land Values (0.25 ha lots), by precinct (4Q23 vs. 4Q24)

FIGURE 8: Average Land Values (1.6 ha lots), by precinct (4Q23 vs. 4Q24)

Investment Market

<u>Investment sales increase in 4Q24</u>

- A total of AUD 685 million of investment sales were recorded in 4Q24 across 23 transactions (for sales ≥ AUD 5 million). The largest investment transaction was Gateway Capital's 2-34 Davidson Street, Chullora for AUD 115 million. Other notable transactions include 118-124 Bourke Road, Alexandria acquired by Goodman Group for AUD 76 million and Leda Holdings' sale of 91 Kurrajong Avenue, Mount Druitt for AUD 50 million.
- Investment Sales over 2024 totalled c. AUD 2.1 billion across more than 100 transactions. Despite this year being 31% lower than the 10-year average of c. AUD 3.1 billion, we expect sales to increase over the next 12-18 months as interest rates are expected to decrease, making financing more accessible.
- Midpoint yields across all asset grades remained unchanged during the quarter, with super prime and prime grade assets continuing to yield 5.46% and 5.63%, respectively. This stability has been underpinned by limited transactional activity and recent deal evidence over 2H24, which has reinforced current yields.

FIGURE 9: Midpoint Yields 4Q20-4Q24, by Precinct

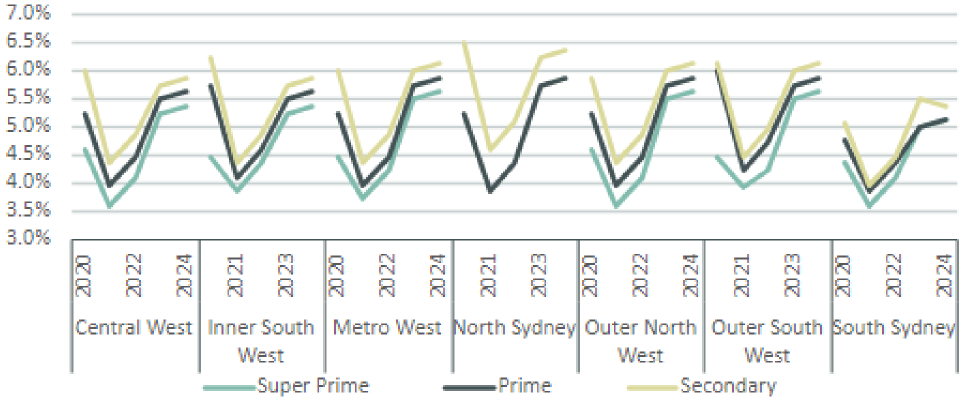
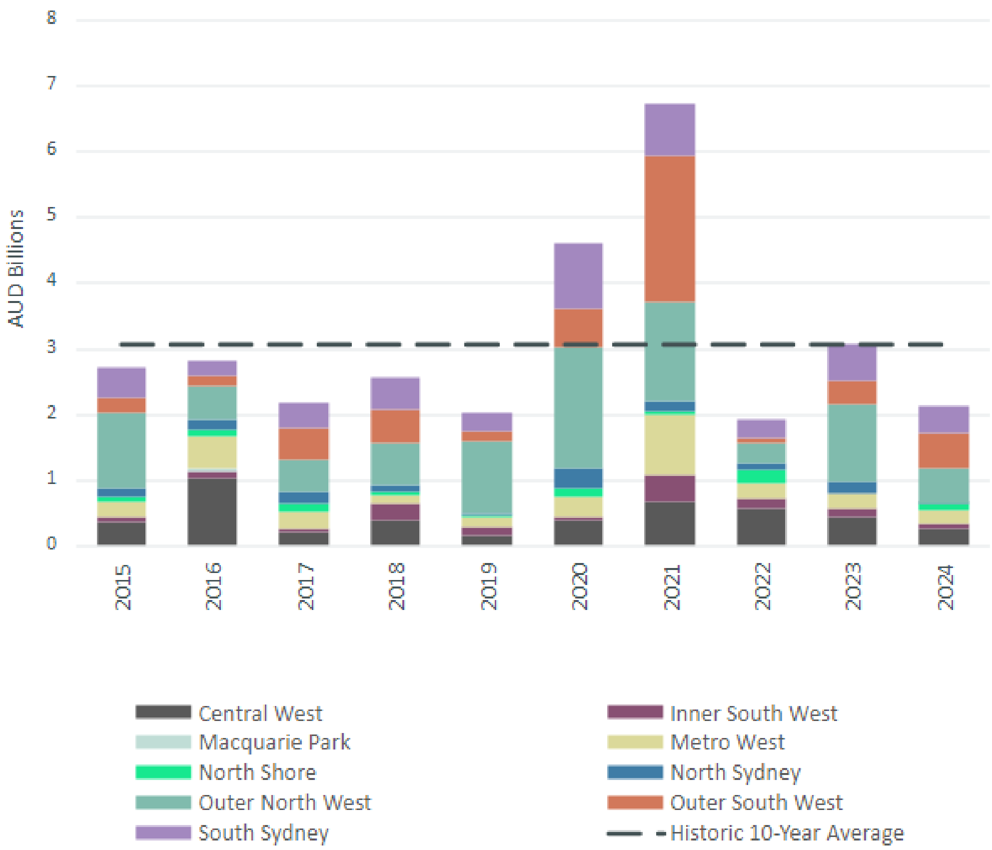


FIGURE 10: Sydney Industrial Investment Sales (greater than AUD 5 million)



To note: Does not include land/development sales.
Source: CBRE Research Q4 2024.

FIGURE 11: Average Sydney Net Face Rents, by Asset Grade (2014-2024)

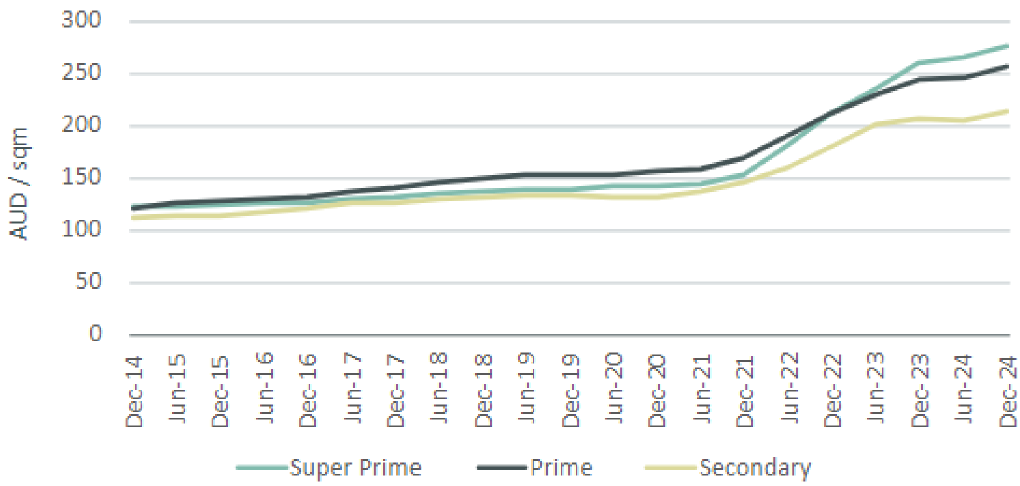


FIGURE 12: Average Sydney Historical Outgoings, 2014-2024 (excludes Strata and Hi-Tech)

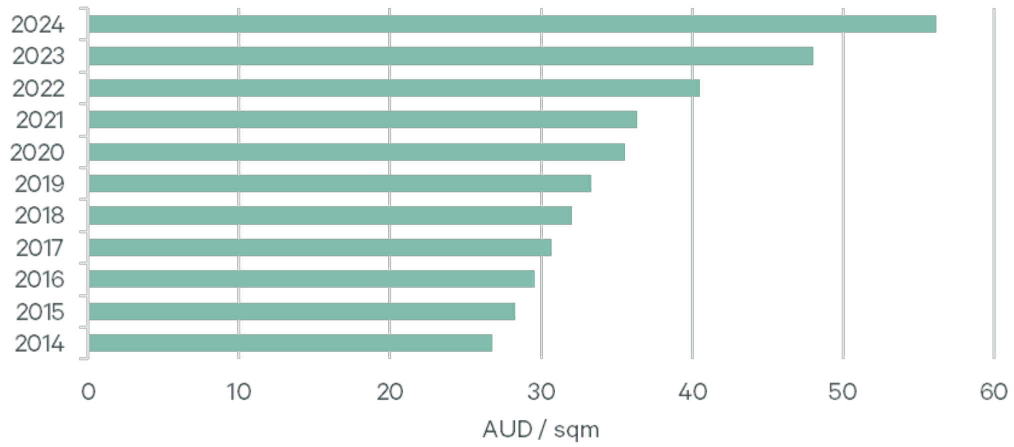


FIGURE 13: Average Sydney Super Prime Rents and Incentives (2014-2024)

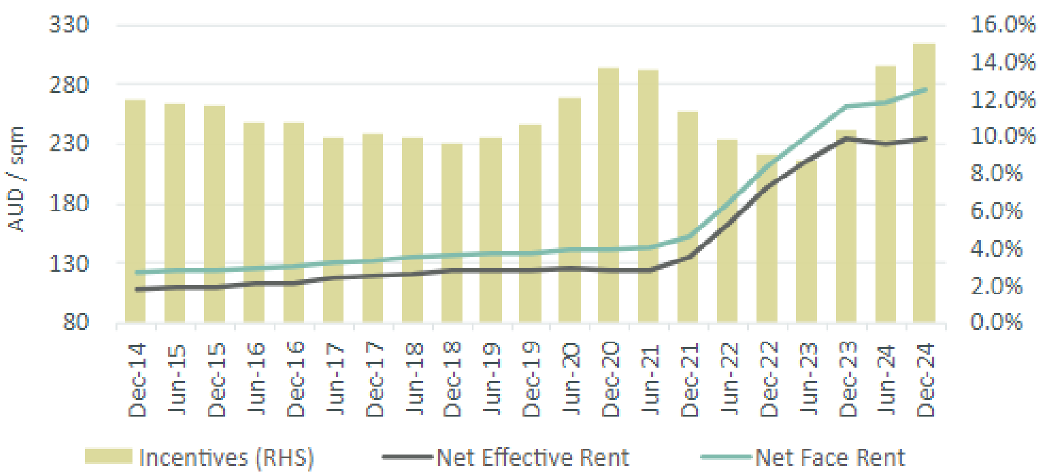
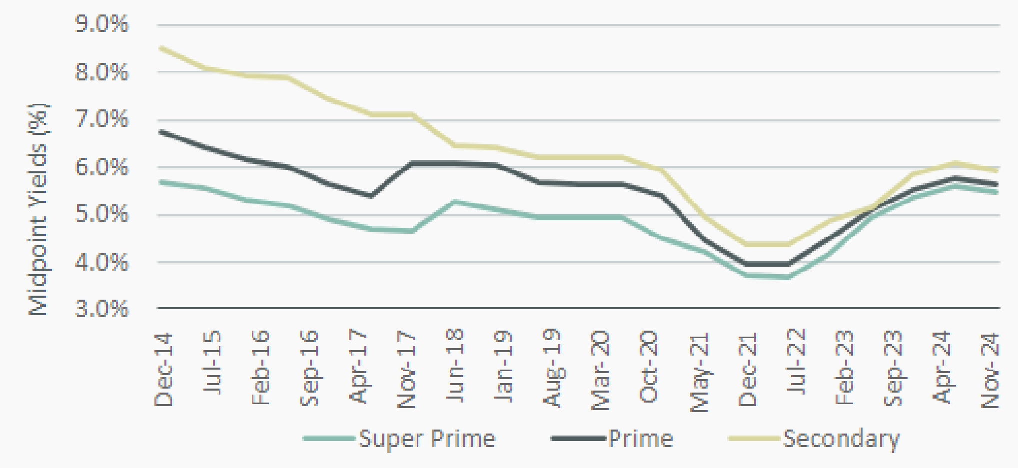
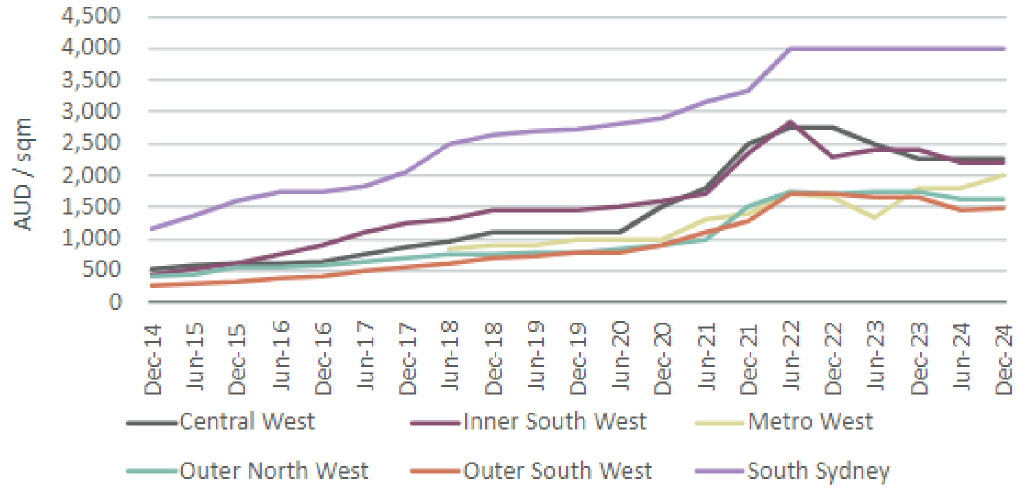


FIGURE 14: Midpoint Sydney Yields, by asset grade (2014-2024)



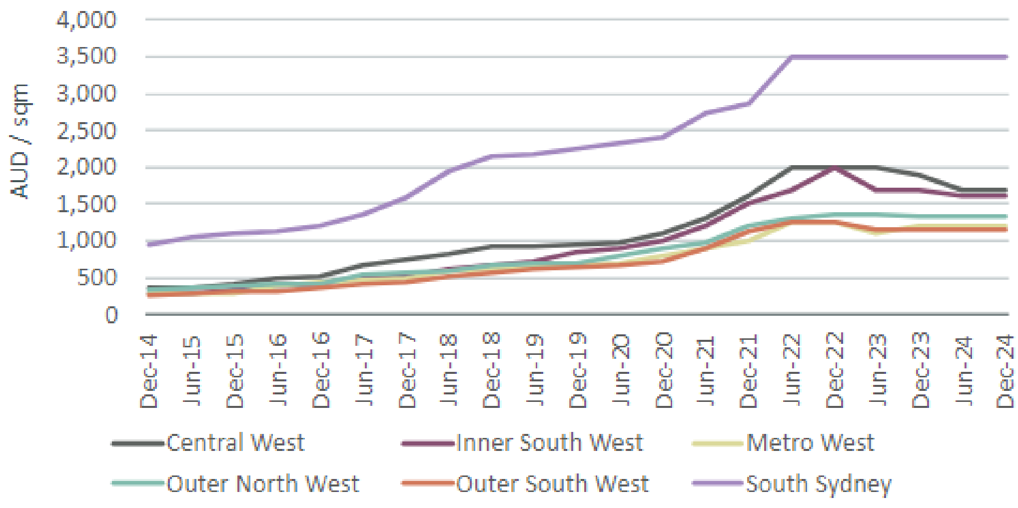
Source: CBRE Research Q4 2024

FIGURE 15: Average Land Values (0.25 ha lots), by Precinct (2014-2024)

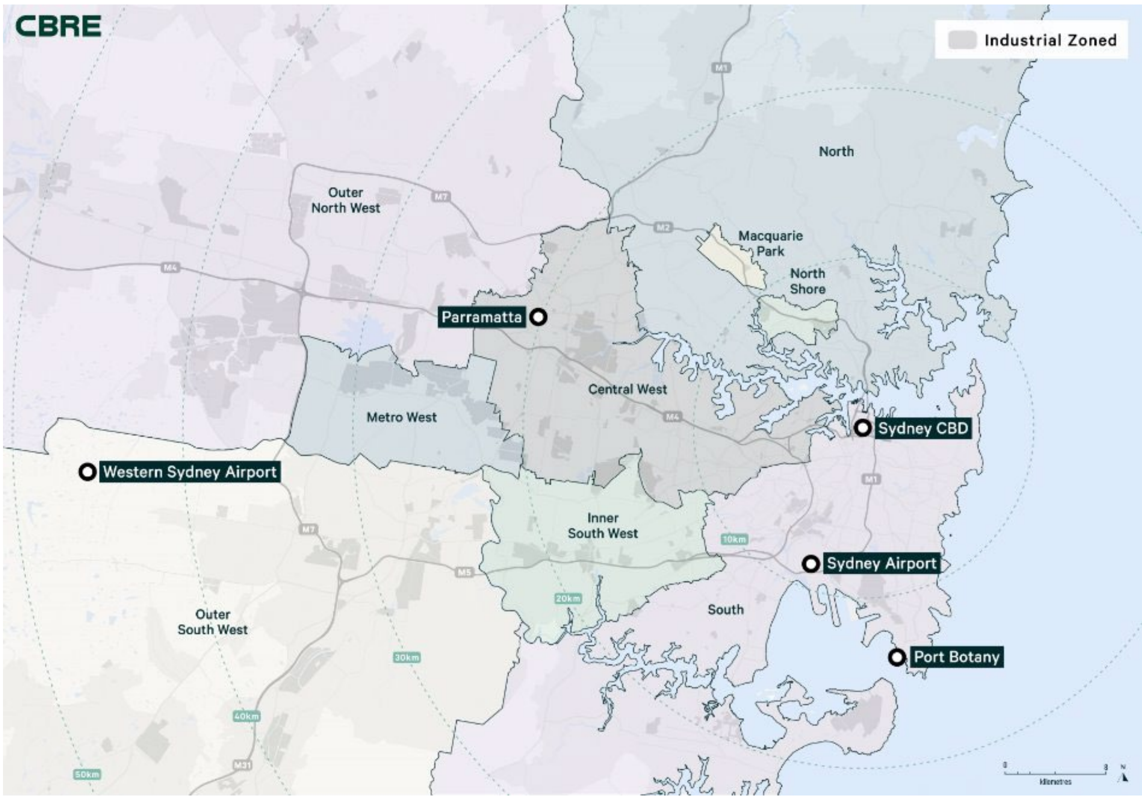


Source: CBRE Research Q4 2024

FIGURE 16: Average Land Values (1.6 ha lots), by Precinct (2014-2024)



Market Area Overview



Definitions

- Super Prime: Less than 6 years old, height clearance between 13.7m and 14.6m. Buildings showcasing design excellence with combination of ESFR sprinklers and docks / on-grade doors, as well as strong truck articulation for loading/unloading.
- Prime: Generally, between 6 and 15 years old, height clearance over 10m and up to 13.7m.
- Secondary: Buildings that are older style but still very functional, height clearance in the ranges of 8-11m, over 15 years old.

9 Sales Evidence

9.1 Sales Evidence

Overview

- We have had regard to recent sales transactions of comparable properties within the immediate and surrounding areas. Transactions that we have considered as a guide to the investment parameters applicable to the subject are summarised below.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
14 Campbell Street Artarmon	Jan 22	Goodman	$90,050,000	E4 General Industrial	14,006	21,009	$6,429	$4,286

Comments: Arranged over five contiguous titles, the property comprises an older style television production facility known as Studio 26. Situated at the southern intersection of Lanceley Place and Campbell Street, at Artarmon, the property is regular in nature, slopes from west to east and comprises various industrial warehouses, office components and car parking facilities. Zoned IN1 General Industrial under the Willoughby LEP 2012, the property benefits from a maximum potential FSR of 1.5:1 together with excellent access to Pacific Highway, the M2 Motorway and St Leonard's Train Station. The property was sold via an on-market expressions of interest campaign and was purchased by Goodman subject to a 12-month settlement period. Vendor was Australian Broadcasting Corporation.

Comparison: A similar sized allotment comprising superior configuration characteristics albeit inferior topography characteristics relative to the subject. Superior locational characteristics, inferior underlying land zoning. Overall, considered to reflect a higher rate/sqm on underlying land area and potential GFA than applicable to the subject given the superior property location.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
28-30 Burrows Road St Peters	May 22	Logos	$36,000,000	E4 General Industrial	7,961	11,942	$4,522	$3,015

Comments: Comprises a regular shaped allotment arranged over two titles, with land area from 3,914m² to 8,094m², situated on the southern alignment of Burrows Road, approximately 120 meters east of its intersection with Campbell Road, St Peters. At the time of sale, the property comprised predominately bitumen sealed hardstand, improved with two older-style warehouses, zoned IN1 General Industrial under Sydney LEP 2012, permitting an FSR of 1.5:1. We understand the purchaser attained the site due to a pre-lease agreement with Qantas to develop a purpose built Qantas Training Facility on a long term lease comprising a total GLA of approximately 6,919sqm upon completion.

Comparison: A smaller allotment comprising broadly comparable configuration and topography characteristics to the subject. Superior locational characteristics, inferior underlying land zoning and access/exposure characteristics. Overall, considered to reflect a lower rate/sqm on underlying land area than applicable to the subject given the inferior underlying land zoning and access/exposure characteristics. Considered to reflect a higher rate/sqm on potential GFA given differing economies of scale and the superior property location.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
269 Lane Cove Road Macquarie Park	Nov 22	NextDC Limited	$95,000,000	E2 Commercial Centre	22,500	50,700	$4,222	$1,874

Comments: Comprises a mostly regular allotment situated on the south-eastern alignment of Lane Cove Road, and also benefiting from a secondary frontage to Waterloo Road and immediate access to Macquarie Park Metro Station, within the well-sought north-western Sydney business park locality of Macquarie Park. The property slopes gradually from south to north and, at the time of sale, was improved with 2 x older style commercial buildings albeit was purchased for its underlying land value given the incoming purchasers intention to re-develop the site to accommodate a data centre. Zoned B3 Commercial Core under the Ryde LEP 2014 permitting a FSR ranging from 2:1 to 3:1 and height of building limit ranging from 9.5 metres to 44.5 metres.

Comparison: A larger allotment of inferior configuration situated within proximity of the subject. Comparable underlying land zoning and topography characteristics. Overall, considered to reflect a lower rate/sqm on underlying land area than applicable to the subject given differing economies of scale and the inferior configuration characteristics.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
9-13 O'Riordan Street Alexandria	Mar 23	Undisclosed	$78,000,000	E3 Productivity Support	9,022	37,441	$8,646	$2,083

Comments: An irregular, mostly level allotment situated on the north-western alignment of O'Riordan Street, approximately 150 metres south of its intersection with Wyndham Street and Green Square Train Station, Alexandria. At the time of sale, the property was improved with a modern office/warehouse estate comprising three adjoining strata units of full height concrete panel construction providing a total lettable area of 7,530sqm leased to an ASX listed tenant on a 2-year term generating $4,680,000 per annum. Zoned E3 Productivity Support under the Sydney LEP 2012 permitting a 33-metre height of building limit and 37,441sqm of potential GFA.

Comparison: A superior located allotment of a smaller scale and inferior configuration relative to the subject. Comparable topography characteristics, superior existing improvements and underlying zoning controls. Overall, considered to reflect a higher rate/sqm on underlying land area than applicable to the subject given the superior property location and the superior underlying zoning controls.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
57-83 Church Street Parramatta	Mar 23	JQZ	$110,000,000	MU1 Mixed Use	13,608	97,757	$8,083	$1,125

Comments: The property comprises five allotments across three detached sites, each of which are broadly irregular in configuration and sold subject to vacant possession. As at the date of sale, 'Site 1' (83 Church Street) presented as a mostly cleared allotment with large hardstand and a single level office development with amenities building. 'Site 2' (63 Church Street) presented with an older style three (3) storey commercial development of concrete tilt-up construction as well as a two-storey car workshop and warehouse building. 'Site 3' (57 Church Street) presented with a small older style single level showroom and hardstand / car parking area. All properties were vacant at the time of sale.

'Site 1' and 'Site 2' are each zoned partially MU1 Mixed Use and E2 Commercial Centre, while 'Site 3' is zoned wholly RE1 Public Recreation unde Parramatta Local Environmental Plan 2023. Key planning controls include a Height of Building Limit ranging between 36 metres to 118 metres and 7.2:1 FSR to 'Site 1'; as well as a Height of Building Limit ranging between 36 metres to 90 metres and FSR of 6.4:1 to 'Site 2'. There are no prescribed planning controls to 'Site 3'. The property sold with DA Approval, as summarised below:

- Site 1 carries approval for the demolition of existing improvements and construction of a 10-storey hotel containing 275 rooms and associated activitie fronting Church Street, two residential towers (20 storey and 40 storey respectively) containing a total of 538 apartments over two storeys of a retail/commercial podium located at the rear of the site.
- Site 2 carries approval for the demolition of existing improvements and construction of 235 residential apartments across a 22-storey building and 1(storey commercial building which extends to 15,692sqm of commercial GFA and 536sqm of retail GFA.
- Site 3 carries approval for the demolition, consolidation of lots and carrying out of works to the site for the purposes of a park. Site 3 is to be dedicate as a public park.

In summary, the total proposed residential GFA is in the order of 58,656sqm and the total proposed retail/hotel/commercial GFA is in the order of 39,101sqm. This reflects a total approved GFA of 97,757sqm. We understand the site possesses approval for 773 residential apartments and that as at the date of sale, the project had 153 residential pre-sales in Building D of Site 1.

Transaction reflects a sale price of $92,593 per unit.

Comparison: An amalgamated land holding of a smaller scale relative to the subject. Benefits from superior locational characteristics/underlying zoning controls and sold with a secured development consent and apartment pre-sales in place. Overall, considered to reflect a higher rate/sqm on underlying land area than applicable to the subject given the superior property location, underlying zoning controls and benefit of secure development consent/apartment pre-sales in place.

888 Bourke Street Zetland	May 23	Greystar	$79,200,000	MU1 Mixed Use	7,070	10,605	$11,202	$7,468

Comments: An irregular allotment situated at the southern intersection of O'Dea Avenue and Bourke Street, Zetland, approximately 600 metres north of Green Square Train Station. At the time of sale, the property was devoid of improvements with preliminary foundation work having commenced on a 182-apartment project and was purchased by build to rent developer Greystar. Vendor was Toplace.

Comparison: A superior located allotment of a smaller scale comprising inferior configuration characteristics albeit superior topography characteristics relative to the subject. Sold with the benefit of a secured development consent in place. Overall, considered to reflect a higher rate/sqm on underlying land area and potential GFA to the subject given differing economies of scale, the superior property location and the secured development consent in place.

Kings Bay Village 129-153 Parramatta Road & 53-75 Queens Road Five Dock	Aug 23	Deicorp	$260,000,000 *Estimated	MU1 Mixed Use	31,200	90,000* *Approx.	$8,333* *Approx	$2,889* *Approx

Comments: Comprises a generally level and regular allotment situated at the intersection of Queens Road, Harris Road and Parramatta Road, at Five Dock. The property is zoned MU1 Mixed Use under the Canada Bay Local Environmental Plan 2013 and, at the time of sale, was improved with older style albeit functional industrial facilities leased to various tenancies including car yards, a bottle recycling centre and a fire protection equipment supplier, amongst other businesses. The property was sold by the Dodaro and Drivas families and was purchased by Deicorp with a preliminary scheme in place for four residential towers together with a five-level podium incorporating offices and retail providing a total gross floor area of approximately 93,618sqm.

Comparison: A larger allotment comprising comparable configuration characteristics albeit superior topography characteristics relative to the subject. Superior locational characteristics and underlying zoning controls. Overall, considered to reflect a higher rate/sqm on underlying land area and potential GFA than applicable to the subject given the superior property location and the superior underlying zoning controls.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
132 Wentworth Avenue Banksmeadow	Sep 23	Ausgrid	$61,000,000	E4 General Industrial	18,500	18,500	$3,297	$3,297

Comments: An irregular allotment comprising predominately concrete sealed hardstand accommodation together with an older style office/warehouse facility of approximately 7,000sqm (~38% site coverage ratio). The property falls naturally from east to west albeit has been cut and filled to provide a mostly level building and hardstand platform, and is situated at the intersection of Wentworth Avenue, Corish Circle and Wight Street, Banksmeadow. The site is fully secured by perimeter fencing with access available via 2 x concrete crossover driveways positioned of Wight Street and was sold off market by Colliers International. Purchaser was Ausgrid. Vendor was Leda Holdings.

Comparison: A slightly larger allotment comprising inferior configuration characteristics albeit comparable topography characteristics to the subject. Superior locational characteristics, inferior underlying zoning controls. Overall, considered to reflect a lower rate/sqm on underlying land area than applicable to the subject given the inferior configuration characteristics and inferior underlying zoning controls. Considered to reflect a higher rate/sqm on potential GFA given the superior property location.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
27-31 Doody Street Alexandria	Nov 23	Mitsis Property/GAW Capital Partners	$70,000,000	E3 Productivity Support	12,150	18,225	$5,761	$3,841

Comments: Comprises a generally regular and level allotment situated on the southern alignment of Doody Street, between O'Riordan Street and Ralph Street, within the southern Sydney industrial locality of Alexandria. The property is improved with a four-level office positioned to the Doody Street frontage together with a free-standing warehouse comprising a combination of low, medium and high internal clearance situated to the rear. The improvements are approaching the end of their economic life and are considered of nominal value, extending to a total lettable area of approximately 4,468sqm (36.8% site coverage ratio). The remainder of the site comprises concrete sealed hardstand accommodation and general site landscaping, with access provided via a single dual width concrete cross-over driveway positioned off Doody Street.

The property was purchased off market by Mitsis Property/GAW Capital Partners who intend to re-develop the site to accommodate multi-level warehousing incorporating ground floor showroom, storage, and office accommodation.

Comparison: A smaller allotment comprising inferior configuration characteristics albeit comparable topography characteristics relative to the subject. Superior locational characteristics, comparable underlying zoning controls. Overall, considered to reflect a higher rate/sqm on underlying land area and potential GFA than applicable to the subject given the superior property location.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
75 Mary Street St Peters	Dec 23	P75 Investments Pty Ltd	$65,000,000	MU1 Mixed Use	15,250	32,788	$4,262	$1,982

Comments: An irregular allotment situated at the intersection of Mary Street, Edith Street and Roberts Street, St Peters. The property slopes gradually from north to south and, at the time of sale, was improved with extensive older style albeit functional commercial/industrial improvements providing the benefit of holding income. The property was sold off-market by CBRE with a DA approval in place for 200 Build to Rent apartments and 15,000sqm of office, totalling 31,246sqm of approved GFA. 6-month settlement.

Comparison: A similar sized allotment of inferior configuration situated in a an inferior commercial/industrial locality. Inferior existing improvements and access/exposure characteristics, superior underlying zoning controls. Overall, considered to reflect a lower rate/sqm on underling land area and potential GFA than applicable to the subject given the inferior property location, configuration characteristics and existing improvements.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
43 Hotham Parade Artarmon	Apr 24	Suttons	$40,000,000	E4General Industrial	3,948	3,948	$10,132	$10,132

Comments: An irregular allotment of approximately 3,948sqm located on the northern alignment of Hotham Parade, approximately 200 metres west of its intersection with Pacific Highway, Artarmon. The property slopes gradually from south to north and from west to east and is improved with a substantial industrial facility historically operating as an automotive service centre. Ancillary ground improvements include 2 x concrete crossover driveways, basic site landscaping and a concrete sealed hardstand envelope positioned to the eastern corner of the site. The property is zoned E4General Industrial under the Willoughby Local Environmental Plan 2012 permitting an FSR of 1:1 and was purchased off market by Suttons for owner occupation.

Comparison: A smaller allotment of inferior configuration situated in a superior commercial/industrial locality. Superior existing improvements, comparable topography characteristics. Inferior underlying zoning controls and access/exposure characteristics. Overall, considered to reflect a higher rate/sqm on underlying land area and potential GFA than applicable to the subject given differing economies of scale, the superior property location and the superior existing improvements.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
20-26 Bourke Road Alexandria	Apr 24	City West Housing Pty Limited	$24,500,000	E3 Productivity Support	3,307	13,724	$7,409	$1,785

Comments: A regular allotment configured over four contiguous titles and situated on the southern alignment of Bourke Road, approximately 140 metres west of its intersection with Wyndham Street, Alexandria. The property is generally level in nature and features older style although functional improvements utilised for light industrial purposes and is zoned E3 Productivity Support under the Sydney Local Environmental Plan 2012 permitting a FSR of 4.15:1 and 45 height of building limit.

Comparison: A smaller allotment of comparable configuration situated in a superior commercial/industrial locality. Superior topography characteristics and underlying zoning controls, comparable topography characteristics. Inferior access/exposure characteristics. Overall, considered to reflect a higher rate/sqm on underlying land area than applicable to the subject given the superior property location, topography characteristics and underlying zoning controls. Considered to reflect a lower rate/sqm on potential GFA than applicable to the subject given the differing underlying zoning controls.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
26 Smith Street Chatswood	May 24	Kennards Self Storage	$23,050,000	E4General Industrial	5,644	11,288	$4,084	$2,042

Comments: An irregular, battle-axe shaped allotment situated on the southern alignment of Smith Street, approximately 100 metres west of its intersection with Eastern Valley Way, within the well-sought commercial/industrial precinct of Chatswood. The property is improved with a 5-storey commercial office building comprising a GLA of 5,269sm, 2.0-star NABERS Energy Rating, ceiling heights ranging from 4.5 metres to 7 metres and a loading dock which was previously utilised as a data centre/disaster recovery centre by Westpac. The property is zoned E4 General Industrial under the Willoughby Local Environmental Plan 2012 providing an uplifted FSR of 2:1 and was purchased by Kennards Self Storage who plan to re-purpose the building and owner occupy.

Comparison: A smaller allotment of inferior configuration situated in a well-sought northern Sydney commercial/industrial locality considered of reasonable comparison to the subject. Inferior access/exposure characteristics, comparable existing improvements, topography characteristics and underlying zoning controls. Overall, considered to reflect a lower rate/sqm on underlying land area and potential GFA to the subject given the inferior property configuration and the inferior access/exposure characteristics.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
263 King Street Mascot	May 24	Goodman	$72,000,000	E3 Productivity Support	12,500	37,500	$5,760	$1,920

Comments: Comprises an irregular allotment situated on the northern alignment of King Street, approximately 100 metres east of its intersection with O'Riordan Street, within the well-sought southern Sydney commercial/industrial precinct of Mascot. The property is generally level in nature and, at the time of sale, was improved with an older style office and warehouse facility of approximately 6,431sqm (51.4% site coverage ratio) generating a net passing rent of $1,065,600 per annum with a short WALE of 0.50 years. The property was purchased by Goodman for its underlying land value given their intention to re-develop the site to accommodate a modern industrial and logistics development in accordance with adjoining landholdings. Zoned E3 Productivity Support under the Bayside LEP 2021 permitting an FSR of 3:1 and 22 metre height of building limit.

Comparison: A similar sized allotment comprising inferior configuration characteristics albeit superior topography characteristics relative to the subject. Superior locational characteristics and underlying zoning controls. Inferior access/exposure characteristics and existing improvements. Overall, considered to reflect a higher rate/sqm on underlying land area than applicable to the subject given the superior property location, topography characteristics and underlying zoning controls. Considered to reflect a lower rate/sqm on potential GFA given the inferior configuration characteristics and differing underlying zoning controls.

Property	Sale Date	Purchaser	Sale Price	Zoning	Land Area (sqm)	Potential GFA (sqm)	$psm Land Area	$psm Potential GFA
247 King Street Mascot	May 24	Goodman	$75,000,000	E3 Productivity Support	13,684	41,052	$5,481	$1,827

Comments: Comprises a functional office/warehouse business park originally constructed circa 1980s and subsequently refurbished circa 2003. Situated on the northern alignment of King Street, approximately 200 metres east of its intersection with O'Riordan Street, at Mascot, the estate comprises two free-standing buildings providing a total GLA of approximately 10,536sqm currently configured to accommodate 11 separate tenancy areas ranging in size from 78sqm to 3,277sqm. Ancillary ground improvements include 3 x concrete sealed driveways, basic site landscaping, on-grade and roof-top car parking and reasonable concrete sealed hardstand accommodation.
As at the date of sale, we are advised that the property was generating a net passing income of $1,927,500 per annum and had a short WALE of 0.30. The property was purchased by Goodman for its underlying land value given their intention to re-develop the site to accommodate a modern industrial and logistics development in accordance with adjoining landholdings.

Comparison: A similar sized allotment comprising comparable configuration characteristics albeit superior topography characteristics relative to the subject. Superior locational characteristics and underlying zoning controls. Inferior access/exposure characteristics and existing improvements. Overall, considered to reflect a higher rate/sqm on underlying land area than applicable to the subject given the superior property location, topography characteristics and underlying zoning controls. Considered to reflect a lower rate/sqm on potential GFA given differing underlying zoning controls.

Indicative Rates

- The sales analysis indicates capital value rates ranging between $3,297 psm to $11,202psm of underlying site area and $1,125 psm to $10,132 psm of potential GFA. Not all of the sales are considered to be directly comparable, however they do provide a range of evidence and set the parameters upon which we have based our assessment of value of the subject property.

9.2 Sales Evidence Comment

Overview

- These sales demonstrate investment activity during the last 36 months. Not all of the sales are considered to be directly comparable, however they do provide a range of evidence and set the parameters upon which we have based our assessment of value of the subject property.

Rates Adopted

- With regard to the subject allotment, we have particularly taken note of the following:
  - The location of the subject lot and access to major infrastructure;
  - The topography, size and shape of the allotment;
  - The underlying demand for development sites in the area;
  - Competing stock of commercial zoned land within Macquarie Park and surrounding localities; and
  - Prevailing market conditions.
- Considering the characteristics of the subject allotment relative to the evidence above, we have adopted a direct comparison range as follows:
  - **$5,100 psm to $5,300 psm** of total site area.
  - **$2,500 psm to $2,700 psm** of potential GFA.
- We note that whilst we have had regard to the transactions above, appropriate adjustments have also been made based on our experience and opinion in determining the drivers of market value that have been applied to the subject property.
- Our opinion has been formed from our regular discussions with a variety of market participants, including but not limited to senior sales operatives, intending purchasers/developers, financiers and industry analysts in light of prevailing market sentiment.

9.3 Concluded Investment Parameters

Summary

- In considering the above evidence in comparison to the subject, we have been mindful of the above key comparability issues and the individual characteristics of each sale property in comparison to the subject.

Rates Adopted

- Based upon our analysis, we have adopted the following direct comparison ranges on a rate per square metre of the subject property:

  Total Site Area
  - Lower Direct Comparison Range: **$5,100** per sqm;
  - Upper Direct Comparison Range: **$5,300** per sqm.

  Potential GFA
  - Lower Direct Comparison Range: **$2,500** per sqm;
  - Upper Direct Comparison Range: **$2,700** per sqm.
- The reliant party should also keep in mind that we consider the current strength of both the development site and general industrial/commercial markets to be putting pressure on development feasibilities. Many recent sales of development sites may have been sold with development proposals that represent profit margins that are below long-term historical market expectations further adding to potential future value volatility. As experienced in past market cycles, land values can undergo rapid and significant price corrections. This inherent risk should be given careful consideration in any lending decisions.

10 Valuation Methodology

10.1 Introduction

Overview

- In arriving at our opinion of value, we have employed industry recognised valuation methodologies. We have considered relevant general and economic factors and in particular have investigated recent sales transactions of comparable properties (as previously detailed).

Valuation Approaches

- Direct Comparison.
- We have relied solely on the direct comparison approach to derive the 'As Is' value of the subject property in accordance with our instructions.

10.2 Direct Comparison – 'As Is' Vacant Land

Overview

- The market evidence detailed earlier has been compared with the subject property.
- Sales have been analysed on a rate per square metre of land area basis and potential GFA basis.
- Our direct comparison analysis for the subject property is summarised below.

DIRECT COMPARISON APPROACH			
Total Site Area (sqm)			15,189
Potential GFA			30,378
Direct Comparison – Total Site Area Value Rate Range	$5,100		$77,463,900
	$5,200		**$78,982,800**
	$5,300		$80,501,700
Direct Comparison – Potential GFA Value Rate Range	$2,500		$75,945,000
	$2,600		**$78,982,800**
	$2,700		$82,020,600
Less			
Demolition allowance @ $150psm		$1,431,226	
DIRECT COMPARISON - ASSESSED VALUE			**$77,500,000**
Rate $psm Total Site Area			$5,102
Rate $psm Potential GFA			$2,551

11 Additional Reporting Requirements

11.1 IFRS Requirements

International Financial Reporting Standards

- Total Outstanding Incentives:
  - Nil.
- Selling Costs:
  - Our valuation excludes any selling costs associated with disposing of the property.
- Income Support Arrangements:
  - There are no income support arrangements associated with the subject property.

11.2 Future Value Prospects

Future Value Prospects

- Refer to our SWOT Analysis and Risk Assessment for key issues which may affect the value of the subject property in the short to medium term.

11.3 Net Realisation

Net Realisation

- The current assessed market value less selling costs is summarised as follows:

NET REALISATION		
Assessed Market Value		$77,500,000
Less Agent's Fees @ 1.00%	$775,000	
Legal Fees @ 0.10%	$77,500	
Total Disposal Costs @ 1.10%		$852,500
Net Realisation Value		$76,647,500

12 Qualifications

The report must be read in accordance with and subject to the following qualifications:

Reliance	For the avoidance of doubt, nothing in this valuation report will constitute any legal recommendation or advice in relation to investment, or an offer or solicitation for the purpose of or for sale of any securities, financial instrument or products or other services. CBRE are not liable to any purchasers and/or investors in their own decisions in relation to any purchasing or investments from the services provided.
Market Movement	Values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Extent of Investigations	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct further investigations where considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Assumptions	Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise, or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer. The Reliant Party accepts that the valuation contains certain specific assumptions, and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation.
Information Supplied By Others	This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity we have relied upon the information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed by you, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. The Reliant Party acknowledges that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Future Matters	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
Industry Practice	Subject to the assumptions and qualifications detailed within, this valuation report is issued in accordance with the Australian Property Institute Valuation and Property Standards (ISBN 0-9975414-0-1) and International Valuation Standards (ISBN 978-0-9931513-3-3-0). Where these are at variance, the assumptions and qualifications included within this valuation report will prevail generally, and the International Valuations Standards will prevail over the Australian Property Institute Valuation and Property Standards.

A. Valuation Terminology & Definitions

Terminology	Definition
Net Income Estimate, Fully Leased	The total current net income plus the estimated income from vacant tenancies. The total current net income is the sum of the current base rent, outgoings recoveries and sundry income, less total outgoings expenses (including non-recoverable expenses).
Net Passing Income	The sum of the current base rent, outgoings recoveries and sundry income, less total outgoings expenses (including non-recoverable expenses), i.e. the current net income.
Outstanding Tenant Incentives	The total cost of all outstanding tenant incentives including unexpired rent-free periods, outstanding fitout or cash contributions and rental discounts.
Initial Yield	The net passing income (as defined above) as a percentage of the assessed value less the value of any excess land.
Reversionary Yield	The gross market income plus sundry income less total outgoings (including non-recoverable expenses), as a percentage of assessed value less the value of any excess land.
Adopted Capitalisation Rate (or Equivalent Yield)	The capitalisation rate applied to the net income estimate fully leased (as defined above). The term equivalent yield (as utilised within our analysis of comparable sales) essentially reflects a derived capitalisation rate based on the analysed purchase price.
Terminal Yield	The capitalisation rate applied to the net passing income forecast during Year 11 of our Discounted Cash Flow (DCF) analysis. From this capitalised amount capital adjustments are made to arrive at a selling price for the property at the end of Year 10 of the DCF.
Target Internal Rate of Return (IRR)	The discount rate applied to the annual net cash flows of the property and the hypothetical sale of the property at the end of Year 10 to arrive at the adopted value (excluding any balance land) using the Discounted Cash Flow approach.
Ten Year IRR (Indicated)	The Internal Rate of Return which the property would achieve over a 10 year period given the forecast net cash flow and assessed value. This analysis excludes the value of any balance land.
Weighted Average Lease Expiry (WALE)	The weighted average lease term remaining to expire. It is weighted by rental income and area (including vacant areas).

CBRE VALUATION & ADVISORY SERVICES

OFFICES

Adelaide
Brisbane
Canberra
Gold Coast
Melbourne
Parramatta
Perth
Sunshine Coast
Sydney

COVERAGE

Agribusiness
Building Consultancy
Commercial Mortgage
Compensation
Cost Consulting
Depreciation Consultancy
Development Advisory
Government
Hotels & Leisure
Industrial
Insurance Assessments
Multifamily/Build to Rent
Office
Rating & Taxing
Residential
Retail
Retirement & Healthcare
Specialised Assets

www.cbre.com.au