

MARKET EVIDENCE

1. Introduction

Sales of established management rights businesses are analysed by deducting the contract price for the manager's residence from the total sale price and dividing the resulting business goodwill value by the net income to reflect a year's purchase factor. A cross section of sales follows.

Market data has been obtained from a range of sources, or as reported by real estate agents. As well as using such documented and generally reliable evidence or market transactions, it was also necessary to rely on hearsay evidence. Except as noted herein, a reasonable attempt has been made to verify all such information.

2. Management Rights Sales

Address	Sales Date	Real Estate	Business	Net Profit	Multiplier	Letting Pool	Net Profit Per Letting Unit	Rate per Letting Unit
Notting Hill Terraces & Bridgeman Greens	5/18 U/C	\$545,000	\$1,500,000	\$285,713	5.25	72	\$3,968	\$20,833

235 & 259 Albany Creek Rd, Bridgeman Downs

Comments: 'Notting Hill Terraces' comprises a circa 2000, semi-modern style, residential townhouse development consisting a total of 66 townhouses in three and four bedroom configuration designed predominately for permanent let purposes. Common improvements include a swimming pool, barbecue facilities, landscaped grounds, visitor parking, and on-site management/caretaker.

'Bridgeman Greens' comprises a circa 2010, semi-modern style, residential townhouse development consisting a total of 43 townhouses in three and four bedroom configuration designed predominately for permanent let purposes. Common improvements include landscaped grounds.

The manager's residence (Lot 1) is situated at 'Notting Hill Terraces' and comprises a 4 bedroom, 2 bathroom, detached townhouse of brick construction with a concrete tiled roof and 2 car garage. The manager's have an attached on-title office/reception (6sqm). In addition, management are assigned Exclusive Use of an attached yard and carspace (totalling 251sqm).

The complexes are situated adjacent each other with a connecting road between both complexes and are managed from 'Notting Hill Terraces'.

The Caretaking and Letting agreements had 16 years remaining for 'Notting Hill Terraces' and 18 years remaining for 'Bridgeman Greens'. The Body Corporate remuneration was \$91,042 per annum for 'Notting Hill Terraces' and \$44,796 per annum for 'Bridgeman Greens' annum. The combined Body Corporate remuneration totals \$135,838.

The Return on Investment (ROI) equates to 13.97% based upon Net Profit and the total purchase price (i.e. business and real estate).

In comparison to the subject: Similar size, two complex configuration of older age in a superior location. Similar quantum net profit from a slightly smaller letting pool which is generating a superior net profit per letting unit. Superior manager's residence with similar office tenure. Shorter remaining terms on the agreements and a superior Body Corporate remuneration. Overall considered a similar multiplier due to the shorter term.



Address	Sales Date	Real Estate	Business	Net Profit	Multiplier	Letting Pool	Net Profit Per Letting Unit	Rate per Letting Unit
Manly Views III & Tingalpa Green	6/17	\$490,000	\$1,500,000	\$285,479	5.26	70	\$4,078	\$21,429

10-11 Tripcony Pl, Wakerley
48 Tremain St, Tingalpa

Comments: Contract sighted. Manly Views III & Tingalpa Green is a two stage, circa 2010 & 2015, modern style, townhouse development, situated within the eastern Brisbane suburbs of Wakerley and Tingalpa, approximately 10 kilometres by road from the Brisbane CBD. The complex comprises a total of 102 townhouses in 3 bedroom attached configurations with single & double car garages designed for permanent accommodation purposes only. Common improvements include swimming pool, barbecue facilities, toilet amenities, visitor parking and on-site management/caretaker.

The manager's residence (Lot 1) is located at 'Manly Views III' and comprises a 3 bedroom, 2 bathroom detached townhouse with a double car garage. The manager's have an attached on-title reception (11sqm) & back office (12sqm).

Management are assigned Occupational Authority use of a storage shed (7sqm) at 'Manly Views III' & an office/toilet (14sqm), storage shed (7sqm), garden shed & carspace at 'Tingalpa Green'.

At the date of sale, there were 5 NRAS units in the letting pool.

The Caretaking and Letting agreements had 23 years remaining and the Body Corporate remuneration was \$119,021 per annum.

The Return on Investment (ROI) equates to 14.35% based upon Net Profit and the total purchase price (i.e. business and real estate).

In comparison to the subject: Similar size, two complex configuration of newer age in a comparable outer fringe location. Similar quantum net profit from a similar size letting pool which is generating a superior net profit per letting unit. Comparable manager's residence with similar office tenure and superior storage tenure. Similar remaining term on the agreements with a similar Body Corporate remuneration. This complex contains NRAS units which requires further reporting and management skills. Overall considered a slightly inferior multiplier due to the two complex configuration and NRAS component.



Address	Sales Date	Real Estate	Business	Net Profit	Multiplier	Letting Pool	Net Profit Per Letting Unit	Rate per Letting Unit
Richland Views & Richland Views III	3/18	\$340,000	\$1,620,000	\$303,367	5.34	83	\$3,655	\$19,518
19 Kathleen St, Richlands 20 Kathleen St, Richlands	U/C	\$340,000						

Comments: 'Richland Views' comprises a circa 2008, semi-modern style, residential townhouse development consisting a total of 54 attached townhouses in three bedroom configuration designed predominately for permanent let purposes. Common improvements include a swimming pool, bitumen roadways, visitor parking, basic landscaped grounds and on-site management/caretaker.

'Richland Views III' comprises a circa 2009, semi-modern style, residential townhouse development consisting a total of 49 attached townhouses in three bedroom configuration designed predominately for permanent let purposes. Common improvements include a swimming pool, unisex toilets, bitumen roadways, visitor parking, basic landscaped grounds and on-site management/caretaker.

'Richland Views' manager's residence (Lot 17) comprises a 3 bedroom, 2 bathroom attached townhouse with a single car garage. The manager's have an attached on-title office/reception (12sqm) and storage shed (8sqm). In addition, management are assigned Exclusive Use of an attached yard (115sqm).

Richlands Views III' manager's residence (Lot 17) comprises a two storey, semi-modern, 3 bedroom, 2 bathroom, attached townhouse of rendered brick & timber weatherboard construction with a colorbond roof and 2 car garage. The manager's have an attached on-title office/reception (14sqm) and storage shed (11sqm). In addition, management are assigned Occupational Authority use of a pump room (6sqm)

The complexes are situated opposite each other.

The Caretaking and Letting agreements had 19 years 10 months remaining for 'Richland Views' and 16 years 7 months remaining for 'Richland Views III'. The Body Corporate remuneration was \$66,619 per annum for 'Richland Views' and \$58,257 per annum for 'Richland Views III' annum. The combined Body Corporate remuneration totals \$124,876 per annum.

The Return on Investment (ROI) equates to 13.19% based upon Net Profit and the total purchase price (i.e. business and real estate).

In comparison to the subject: Similar size, two complex configuration of similar age in a comparable outer fringe location. Larger quantum net profit from a similar size letting pool which is generating a superior net profit per letting unit. Two real estate components with similar office tenure and superior storage tenure. Shorter remaining terms on the agreements with a similar Body Corporate remuneration. Overall considered a similar multiplier.



Address	Sales Date	Real Estate	Business	Net Profit	Multiplier	Letting Pool	Net Profit Per Letting Unit	Rate per Letting Unit
Kippa-Ring Outlook	10/17	\$360,000	\$2,220,250	\$406,533	5.46	123	\$3,305	\$18,051

**439 Elizabeth Av,
Kippa-Ring**

Comments: Kippa-Ring Outlook is a circa 2010, modern, townhouse development situated in Kippa-Ring on the outer, north-eastern fringe of Greater Brisbane. The complex comprises 135 attached townhouse units in three bedroom configuration with single and double car garages. Common improvements include a swimming pool, barbecue facilities, landscaped grounds, visitor parking and on-site management/caretaker.

The manager's residence (Lot 6) comprises a two-level, modern, three bedroom, two bathroom attached townhouse with a double car garage. The manager's have an attached on-title reception & back office.

At the time of the sale, 123 townhouses were in the letting pool, 3 owner occupied, 8 external agents & 1 manager's residence.

The Caretaking & Letting Agreements had 17 years, 7 months remaining and the Body Corporate remuneration was \$155,051 per annum.

The Return on Investment (ROI) equates to 15.76% based upon Net Profit and the total purchase price (i.e. business and real estate).

In comparison to the subject: Larger complex of similar age in an inferior location. Larger quantum net profit from a larger letting pool which is generating an inferior net profit per letting unit. Inferior manager's residence with similar office tenure. Shorter remaining term on the agreements with a superior Body Corporate remuneration. Overall considered a superior multiplier.



Address	Sales Date	Real Estate	Business	Net Profit	Multiplier	Letting Pool	Net Profit Per Letting Unit	Rate per Letting Unit
Northside Views II	2/17	\$445,000	\$1,540,000	\$280,002	5.50	97	\$2,887	\$15,876

**10 Radiant St,
Taigum**

Comments: Northside Views II is a circa 2014, modern, development situated in Taigum on the outer, northern fringe of Greater Brisbane. The complex comprises 104 townhouses in three bedroom configuration with single and double lock up garages designed predominately for permanent let purposes. Common improvements include a swimming pool, barbecue facilities, landscaped ground and on-site management/caretaker.

The manager's residence (Lot 15) comprises a two-level, modern, three bedroom, two bathroom attached townhouse with a double car garage. The manager's have an attached on-title office/reception (10sqm) & storage room (10sqm). Management are assigned Occupation Authority use of a storage shed (9sqm).

The letting pool comprises 51 NRAS units.

The Caretaking and Letting Agreements had 22 years remaining and the Body Corporate remuneration was \$107,262 per annum.

The Return on Investment (ROI) equates to 14.11% based upon Net Profit and the total purchase price (i.e. business and real estate).

In comparison to the subject: Similar size complex of newer age in a similar location. Similar quantum net profit from a larger letting pool which is generating an inferior net profit per letting unit. Inferior manager's residence with similar office tenure and superior storage tenure. Similar remaining term on the agreements with an inferior Body Corporate remuneration. This complex contains NRAS units which requires further reporting and management skills. The business sale price appears out of line with other sales evidence. Overall considered an inferior business, however, considered an above market multiplier.

