5 October 2020

Eagers Automotive Limited
PO Box 199
Fortitude Valley
QLD 4006

VALUATION SUMMARY FOR 460 SCARBOROUGH BEACH ROAD, OSBORNE PARK WA 6017

Property comprises an 8,271 square metre parcel of land situated within the near city locality of Osborne Park and more particularly being to the northern side of Scarborough Beach Road with a secondary frontage to Sundercombe Street. In accordance with the City of Stirling Local Planning Scheme No.3 the property is zoned Development.

Improvements to the property comprise a purpose built car dealership that incorporates two modern showrooms with associated offices, an adjoining service workshop and surrounding display area.

The property is leased to Giant Autos (1997) Pty Ltd on a term of 15 years that commenced on 1 July 2018 and a passing rent of $973,750 pa net of GST and outgoings. Rent reviews are annually to 2.5% with a market review on 1 July 2023. The lease includes a single 10 year option.

Summary

Property	460 Scarborough Beach Road, Osborne Park WA.
Prepared for	Eagers Automotive Limited.
Valuation Purpose	Acquisition.
Dates of Inspection	19 June 2020.
Dates of Valuation	19 June 2020.
Interest Valued	100% freehold interest.
Valuation Approaches	Capitalisation of Net Income, Discounted Cash Flow and Direct Comparison.
Adopted Value	**AUD $13,500,000 (Thirteen Million Five Hundred Thousand Australian Dollars)**
Rate $/m² of GLA	$3,454/m².
Equivalent Yield	7.20%.
Initial Yield (Passing)	7.21%.
IRR (10 yr)	8.36%.

Jones Lang LaSalle Advisory Services Pty Ltd

Craig Carroll AAPI
Director
Valuation Advisory – WA
Certified Practising Valuer
(API Member: 65315; LVL Reg No. 44380)

Stuart Parry AAPI
Senior Director
Valuation Advisory – WA
Certified Practising Valuer

Date of Issuance: 5 October 2020
Job Number: 19276 Summary 460:sm

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated 2 September 2020 . The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

1. Introduction

Instructions

We refer to your instructions dated 11 June 2020 requesting that we undertake a market valuation of the 100% freehold interest in 460 Scarborough Beach Road, Osborne Park WA as at 19 June 2020 for Eagers Automotive Limited for Acquisition purposes.

This Summary Letter is a summary of the valuation only and should not be relied upon for the purpose of assessing the Property as an investment opportunity unless read in conjunction with the full valuation report (dated 19 June 2020), together with all of the risks and critical assumptions contained therein.

Valuation Reconciliation & Key Assumptions

The results and key assumptions of our valuation methods are:

Property	Passing Net Rental (p.a.)	Market Rental (AUD p.a.)	Adopted Capitalisation Rate	Adopted Discount Rate	Adopted Value	NLA (m^2)	$/m² GLA	Equiv Yeild
460 Scarborough Beach Road, Osborne Park	$973,750	$973,750	7.25%	8.00%	$13,500,000	3,909	$3,454	7.20%

Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

"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."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value of other advantages or benefits additional to market value, to the buyer incidental to ownership of the Property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Valuation Rationale

In arriving at our opinion of market value for each asset, we have adopted the **capitalisation of net income** and **discounted cash flow (DCF) approaches** as our primary methodologies.

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

Capitalisation Approach

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property, and the deduction of outgoings in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

We have adopted a core capitalisation rate of 7.25% on our adopted market rental profile and a 8.00% target discount rate.

Adjustments (for rental reversions, letting up allowances and capital expenditure) have been made where appropriate in order to derive the resultant value.

Direct Capitalisation Approach - Market Income		
Market Income		
Lettable Area Rental		$973,750
Ideal Outgoings Recovery (Full Net Leases)		$293,050
Total Market Rental		**$1,266,800**
Less Outgoings Expenditure		($293,050)
Net Market Rental		**$973,750**
Rental Adjustments		
Core Income		$973,750
Core Income Capitalised at 7.25%		**$13,431,034**
Value Adjustments		
Present Value of Existing Rental Reversions		$0
Present Value of All Outstanding Incentives		$0
Vacancies - Letting Up Allowances:		
Present Value of Downtime (6 months)	$0	
Present Value of Incentives (10%)	$0	
Present Value of Leasing Fees (10%)	$0	$0
Expires within the next 12 months - Letting Up Allowances:		
Present Value of Downtime (6 months)	$0	
Present Value of Incentives (10%)	$0	
Present Value of Leasing Fees (10%)	$0	$0
Present Value of Short Term Capital Expenditure: 12 months		($19,373)
Total Value Adjustments		**($19,373)**
Total Capitalised Value		**$13,411,662**
Adopted Capitalised Value		**$13,412,000**

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short term CAPEX) have been made where appropriate in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Rental Reversions

The property is leased at market rates and accordingly no rental reversions are applicable.

Outstanding Incentives

There are no outstanding incentives.

Letting Up Allowances – Vacancies

The property is subject to a long-term lease and accordingly there are no vacancy letting up allowances.

Letting Up Allowances – Expiries over the next 12 months

The property is subject to a long-term lease and accordingly there are no vacancy letting up allowances.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 12 months from the valuation date, which total $19,373.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $13,412,000.

Discounted Cash Flow Approach

The discounted cash flow analysis is undertaken over a 10 year investment horizon to derive a net present value for the Property. We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

Revenue Projections

Our revenue projections commence with the passing rents for the existing tenant and, where relevant, include structured rent reviews as provided for under existing leases. At lease expiry or a market review throughout the cash flow, the market rent is assessed based on our forecast market rents at this time, which are calculated from adopted growth rates.

Our rental growth forecasts are necessarily indicative, about which the actual results will inevitably fluctuate by virtue of lease renewals, market rent reviews and upgrading works to a greater or lesser degree.

Growth Rates

A summary of the growth rates adopted for the cash flow period are as follows:

Growth	1	2	3	4	5	6	7	8	9	10
Car Yard							10 year average		2.51%	
	0.00%	0.00%	1.90%	2.90%	3.20%	3.20%	3.40%	3.60%	3.50%	3.50%
Secondary Industrial							10 year average		0.00%	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CPI							10 year average		1.97%	
	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%
Capex							10 year average		1.97%	
	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%
Outgoings							10 year average		1.97%	
	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%

The rentals have been grown over the 10-year cash flow period by their respective growth rate as set out within the summary table above. In formulating our views as to the appropriate projected rental growth rates for the Property we have had regard to forecasts supplied by JLL Research and Access Economics. These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

Letting Up/Incentive/Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have also allowed for an incentive to the new tenant with associated probability for this incentive occurring.

We have assumed a new lease term for Industrial tenants of 5.0 years and associated agents/leasing costs of 10.00%. Our allowances are outlined in the table below:

Industrial Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive (Net)	Probability	Capex ($/m²)	Probability
Vacant	6 months	100%	10.0%	100%	$0	100%
Year 1	6 months	100%	10.0%	100%	$0	100%
Year 2	6 months	75%	10.0%	100%	$0	100%
Year 3	6 months	75%	10.0%	100%	$0	100%
Year 4	6 months	75%	10.0%	100%	$0	100%
Year 5	6 months	75%	10.0%	100%	$0	100%
Year 6	6 months	75%	10.0%	100%	$0	100%
Year 7	6 months	75%	10.0%	100%	$0	100%
Year 8	6 months	75%	15.0%	100%	$0	100%
Year 9	6 months	75%	15.0%	100%	$0	100%
Year 10	6 months	75%	15.0%	100%	$0	100%

Capital Expenditure

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	$20,000	**Year 6**	$21,544
Year 2	$20,180	**Year 7**	$22,018
Year 3	$20,402	**Year 8**	$22,547
Year 4	$20,688	**Year 9**	$23,133
Year 5	$21,081	**Year 10**	$23,711

Total CAPEX allowances amount to $215,304 ($55.08/m² of GLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.75% (0.50% a softening to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long range forecasts, the most likely market conditions should be considered. Long term factors dominate the outlook, however, cyclical factors and short term influences govern these projections.

Transaction Costs

We have made allowances for the following transaction costs within our discounted cash flow:

Transaction Costs	
Acquisition Costs	5.40% of the Adopted Value
Disposal Costs	0.50% of the forecast Terminal Value

Discount Rate

In assessing the appropriate target discount rate for the property, we have considered the following factors:

- Analysis of recent comparable sales;
- Current level of the 10 year Government Bond Rate;
- Dialogue with active institutional investors and property trust investors; and
- Property's lease covenants and quality of improvements.

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 8.00% to the cash flows to produce a present value of $13,834,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

The table below highlights a sensitivity analysis of the net present value around variations to the target discount rate and terminal yield:

Discount Rate	Terminal Yield		
	7.50%	7.75%	8.00%
7.75%	$14,311,000	$14,070,000	$13,844,000
8.00%	$14,069,000	**$13,834,000**	$13,613,000
8.25%	$13,834,000	$13,604,000	$13,388,000

Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$13,412,000
Discounted Cash Flow Approach	$13,834,000
Adopted Value	**$13,500,000**

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present industrial market investment sentiment, we have adopted a rounded valuation figure of **$13,500,000** plus GST (if any).

The assessed value reflects an initial passing yield of 7.21%, an equivalent yield of 7.20%, an internal rate of return of 8.36%, and a rate of $3,454/m^2 of Gross Lettable Area, as leased.

2. Qualification

We consent to the inclusion of this summary letter in material to be provided to shareholders of Eagers Automotive Limited ("Shareholder Material") on the following conditions:

- JLL and the Valuers were independent from Eagers Automotive Limited and the registered proprietor of the Property at the Date of Valuation and at all times in the previous 2 years."
- This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL has not been involved in the preparation of the Shareholder Material nor have we had regard to any material contained in the Shareholder Material. This letter does not take into account any matters concerning the investment opportunity contained in the Shareholder Material.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the Shareholder Material.
- The formal valuations and this summary letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the Shareholder Material. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this summary letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of JLL.
- JLL has prepared this summary letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL has received a fee from Eagers Automotive Limited for the preparation of the valuation reports and this summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

3. Valuer's Experience and Interest

The valuer who prepared the valuation report for Client is Craig Carroll. The Valuer has valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute to practise as valuers in the State of Western Australia.

The above mentioned Valuer does not have a pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property.

4. Liability Disclaimer

This summary letter and the valuation report has been prepared for Eagers Automotive Limited and is subject to the conditions referred to in Section 1, 2 and 3 of this summary letter. Neither JLL nor any of its directors make any representation in relation to the Shareholder Material nor accept responsibility for any information or representation made in the Shareholder Material, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the Shareholder Material.

This summary letter (which is subject to the conditions referred to in Section 1, 2 and 3 above) and the valuation report may not be relied on by any other party other than Eagers Automotive Limited. Responsibility is disclaimed for any loss or damage suffered by any person (including but not limited to any potential investors or shareholders) for any reason.

No liability for negligence or otherwise is assumed by JLL for the material contained in this summary letter or the valuation report.

Yours faithfully

Jones Lang LaSalle Advisory Services Pty Ltd

Craig Carroll AAPI
Director
Valuation Advisory – WA
Certified Practising Valuer
(API Member: 65315; LVL Reg No. 44380)

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Senior Director
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Discounted Cashflow Approach
Nissan and Hyandai Osborne Park - 460 Scarborough Beach Road, Osborne Park WA
19 June 2020

Discounted Cashflow Results		
PV of Rental Income	$7,223,990	52.2%
PV of Terminal Value	$7,356,988	53.2%
Acquisition Costs	($729,000)	-5.3%
Total Net Present Value	**$13,833,944**	100.1%
Adopted Net Present Value	$13,834,000	
Adopted Value	**$13,500,000**	
Adopted Discount Rate	8.00%	
Internal Rate of Return	8.36%	

Sensitivity Analysis*	Terminal Yield		
Discount Rate	7.50%	7.75%	8.00%
7.75%	$14,311,000	$14,070,000	$13,844,000
8.00%	$14,069,000	**$13,834,000**	$13,613,000
8.25%	$13,834,000	$13,604,000	$13,388,000

** Rounded Values*

Key Property Statistics	**Valuation Date**	**Terminal Period**
Weighted Average Lease Term - Income	13.00 years	3.00 years
Weighted Average Lease Term - Area	13.00 years	3.00 years
Occupancy	100.00%	100.00%
Initial Yield (Net Passing)	7.21%	7.41%
Initial Yield (Fully Leased)	7.21%	7.41%
Capex Assumptions		
Total Allowance over DCF Period	$215,304	$55.08 /sqm
Proportion of Adopted Value	1.59%	

Year Ending		**18-Jun-2021 Year 1**	**18-Jun-2022 Year 2**	**18-Jun-2023 Year 3**	**18-Jun-2024 Year 4**	**18-Jun-2025 Year 5**	**18-Jun-2026 Year 6**	**18-Jun-2027 Year 7**	**18-Jun-2028 Year 8**	**18-Jun-2029 Year 9**	**18-Jun-2030 Year 10**	**18-Jun-2031 Year 11**
Rental Income												
Lettable Area and Car Park Income		$973,750	$998,094	$998,094	$1,023,046	$1,048,622	$1,074,838	$1,101,709	$1,126,613	$1,154,779	$1,183,648	$0
Outgoings Recovery		$293,050	$295,687	$298,940	$303,125	$308,885	$315,680	$322,625	$330,368	$338,958	$347,431	$0
Other Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income		$1,266,800	$1,293,781	$1,297,034	$1,326,171	$1,357,507	$1,390,518	$1,424,334	$1,456,981	$1,493,736	$1,531,080	$0
Rental Deductions												
Unexpired Incentives - Rent Free/Abatements		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure		($293,050)	($295,687)	($298,940)	($303,125)	($308,885)	($315,680)	($322,625)	($330,368)	($338,958)	($347,431)	$0
Net Rental Cashflow		$973,750	$998,094	$998,094	$1,023,046	$1,048,622	$1,074,838	$1,101,709	$1,126,613	$1,154,779	$1,183,648	$0
Rental Adjustments												
Unexpired Incentives - Capital Contribution		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Letting Up Allowances - Leasing Fees		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditure		($20,000)	($20,180)	($20,402)	($20,688)	($21,081)	($21,544)	($22,018)	($22,547)	($23,133)	($23,711)	$0
Net Cashflow		**$953,750**	**$977,914**	**$977,692**	**$1,002,358**	**$1,027,542**	**$1,053,293**	**$1,079,690**	**$1,104,066**	**$1,131,646**	**$1,159,937**	**$0**
Purchase Price	$13,500,000											
Acquisition Costs @ 5.40%	$729,000											
Gross Purchase Price	$14,229,000											
Net Sale Price After Costs @ 0.50%												$15,883,185
Annual Cashflow		**($13,275,250)**	**$977,914**	**$977,692**	**$1,002,358**	**$1,027,542**	**$1,053,293**	**$1,079,690**	**$1,104,066**	**$1,131,646**	**$1,159,937**	**$15,883,185**
Running Yield (pre acquisition costs)		7.20%	7.37%	7.36%	7.53%	7.71%	7.89%	8.07%	8.24%	8.43%	8.63%	-
Running Yield (post acquisition costs)		6.83%	6.99%	6.98%	7.15%	7.32%	7.49%	7.66%	7.83%	8.01%	8.19%	-
Running IRR		0.01%	3.22%	5.24%	6.25%	6.92%	7.38%	7.75%	8.01%	8.22%	8.36%	-

Letting Up Allowances Speculative Leases	**Year Ending**	**18-Jun-2021 Year 1**	**18-Jun-2022 Year 2**	**18-Jun-2023 Year 3**	**18-Jun-2024 Year 4**	**18-Jun-2025 Year 5**	**18-Jun-2026 Year 6**	**18-Jun-2027 Year 7**	**18-Jun-2028 Year 8**	**18-Jun-2029 Year 9**	**18-Jun-2030 Year 10**	**18-Jun-2031 Year 11**
Downtime (Gross Rent)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Incentives (as Rent Free)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Growth and Cost Assumptions

	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average/Range
Car Yard	**Assumed Lease Term**	5.0 years	**Review Frequency**	1 yearly								
Rental Growth Rate (Net)		0.00%	0.00%	1.90%	2.90%	3.20%	3.20%	3.40%	3.60%	3.50%	3.50%	**2.51%**
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	**6 months**
Letting Up Probability	100%	100%	75%	75%	75%	75%	75%	75%	75%	75%	75%	**75% to 100%**
Applied Incentive (Net)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	15.00%	15.00%	15.00%	**11.4%**
Incentive Months Equivalent	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	9 months	9 months	9 months	**7 months**
Capex Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0 /sqm**

Growth Rates	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average
Ancillary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
Car Parking	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
CPI	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%	**1.97%**
Capex	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%	**1.97%**
Outgoings	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%	**1.97%**
Ground Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
Other Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**

5 October 2020

Eagers Automotive Limited
PO Box 199
Fortitude Valley
QLD 4006

VALUATION SUMMARY FOR 72 POLLARD STREET, GLENDALOUGH WA 6016

Property comprises a 6,521 square metre parcel of land within the established mixed-use suburb of Glendalough, which is approximately six kilometres north of the Perth Central Business District. More specifically, the property is located on the southern side of Scarborough Beach Road, just west of the Mitchell Freeway and the Glendalough Train Station. In accordance with the City of Stirling Local Planning Scheme No.3 the property is zoned Development.

The Property is improved with an older style automotive trade parts centre with a total Gross Lettable Area of1,866m² that includes an office with amenities together with an adjoining warehouse that includes a small office area and amenities. There is also an amenities level. In accordance with instructions the valuation has been undertaken for acquisition purposes.

As at the date of valuation the property was leased on a 15-year term to Automotive Holdings Group Limited commencing 1 July 2018 with a further 10-year term. Rent reviews are annually to 2.5% with a total passing rent of $331,317 pa net of GST and outgoings.

Summary

Property	72 Pollard Street, Glendalough WA.
Prepared for	Eagers Automotive Limited.
Valuation Purpose	Acquisition.
Dates of Inspection	2 September 2020.
Dates of Valuation	2 September 2020.
Interest Valued	100% freehold interest.
Valuation Approaches	Capitalisation of Net Income, Discounted Cash Flow and Direct Comparison.
Adopted Value	**AUD $5,100,000 (Five Million One Hundred Thousand Australian Dollars)**
Rate $/m² of GLA	$2,733/m².
Equivalent Yield	6.47%.
Initial Yield (Passing)	6.50%.
IRR (10 yr)	7.05%.

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(API Member: 65315; LVL Reg No. 44380)

Stuart Parry AAPI
Senior Director
Valuation Advisory – WA
Certified Practising Valuer

Date of Issuance: 5 October 2020
Job Number: 20178 Summary CC:sm

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated 2 September 2020 . The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

1. Introduction

Instructions

We refer to your instructions dated 17 August 2020 requesting that we undertake a market valuation of the 100% freehold interest in 72 Pollard Street, Glendalough (the Subject/Property) as at 2 September 2020 for Eagers Automotive Limited for Acquisition purposes.

This Summary Letter is a summary of the valuation only and should not be relied upon for the purpose of assessing the Property as an investment opportunity unless read in conjunction with the full valuation report (dated 2 September 2020), together with all of the risks and critical assumptions contained therein.

Valuation Reconciliation & Key Assumptions

The results and key assumptions of our valuation methods are:

Property	Passing Net Rental (p.a.)	Market Rental (AUD p.a.)	Adopted Capitalisation Rate	Adopted Discount Rate	Adopted Value	NLA (m^2)	$/m² GLA	Equiv Yeild
72 Pollard Street, Glendalough	$331,317	$331,317	6.50%	7.00%	$5,100,000	1,866	$2,733	6.47%

Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

"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."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value of other advantages or benefits additional to market value, to the buyer incidental to ownership of the Property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Valuation Rationale

In arriving at our opinion of market value for each asset, we have adopted the **capitalisation of net income** and **discounted cash flow (DCF) approaches** as our primary methodologies. The direct comparison approach is used as a support methodology, where the value is analysed on a rate per square metre of NLA or rate per square metre of land area.

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

Capitalisation Approach

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property, and the deduction of outgoings in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

We have adopted a core capitalisation rate of 6.50% on our adopted market rental profile and a 7.00% target discount rate.

Adjustments (for rental reversions, letting up allowances and capital expenditure) have been made where appropriate in order to derive the resultant value.

Direct Capitalisation Approach - Market Income		
Market Income		
Lettable Area Rental		$331,317
Ideal Outgoings Recovery (Full Net Leases)		$33,810
Total Market Rental		**$365,126**
Less Outgoings Expenditure		($33,810)
Net Market Rental		**$331,317**
Rental Adjustments		
Core Income		$331,317
Core Income Capitalised at 6.50%		**$5,097,177**
Value Adjustments		
Present Value of Existing Rental Reversions		$0
Present Value of All Outstanding Incentives		$0
Vacancies - Letting Up Allowances:		
Present Value of Downtime (6 months)	$0	
Present Value of Incentives (10%)	$0	
Present Value of Leasing Fees (10%)	$0	$0
Expires within the next 12 months - Letting Up Allowances:		
Present Value of Downtime (6 months)	$0	
Present Value of Incentives (10%)	$0	
Present Value of Leasing Fees (10%)	$0	$0
Present Value of Short Term Capital Expenditure: 12 months		($19,434)
Total Value Adjustments		**($19,434)**
Total Capitalised Value		**$5,077,743**
Adopted Capitalised Value		**$5,078,000**

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short term CAPEX) have been made where appropriate in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Rental Reversions

The property is leased at market rates and accordingly no rental reversions are applicable.

Outstanding Incentives

There are no outstanding incentives.

Letting Up Allowances – Vacancies

The property is subject to a long-term lease and accordingly there are no vacancy letting up allowances.

Letting Up Allowances – Expiries over the next 12 months

The property is subject to a long-term lease and accordingly there are no vacancy letting up allowances.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 12 months from the valuation date, which total $19,434.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $5,078,000.

Discounted Cash Flow Approach

The discounted cash flow analysis is undertaken over a 10 year investment horizon to derive a net present value for the Property. We stress that the estimating of future rentals and values is a very problematic exercise, which at best should be regarded as an indicative assessment of possibilities rather than absolute certainties. The process of making forward projection of key elements includes assumptions regarding a considerable number of variables which are acutely sensitive to changing conditions, variation in any of which may significantly affect value.

Revenue Projections

Our revenue projections commence with the passing rents for the existing tenant and, where relevant, include structured rent reviews as provided for under existing leases. At lease expiry or a market review throughout the cash flow, the market rent is assessed based on our forecast market rents at this time, which are calculated from adopted growth rates.

Our rental growth forecasts are necessarily indicative, about which the actual results will inevitably fluctuate by virtue of lease renewals, market rent reviews and upgrading works to a greater or lesser degree.

Growth Rates

A summary of the growth rates adopted for the cash flow period are as follows:

Growth	1	2	3	4	5	6	7	8	9	10
	Industrial						10 year average		2.16%	
	0.00%	0.00%	1.90%	2.40%	2.70%	2.70%	2.90%	3.10%	3.00%	3.00%
	Secondary Industrial						10 year average		0.00%	
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	CPI						10 year average		1.97%	
	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%
	Capex						10 year average		1.97%	
	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%
	Outgoings						10 year average		1.97%	
	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%

The rentals have been grown over the 10-year cash flow period by their respective growth rate as set out within the summary table above. In formulating our views as to the appropriate projected rental growth rates for the Property we have had regard to forecasts supplied by JLL Research and Access Economics. These forecasts have been used as a base from which growth rates appropriate for the Property have been derived.

Letting Up/Incentive/Leasing Cost Allowances

We have allowed for a letting up period at the end of each existing lease (being the estimated time to secure a new tenant) and associated probability. We have also allowed for an incentive to the new tenant with associated probability for this incentive occurring.

We have assumed a new lease term for Industrial tenants of 5.0 years and associated agents/leasing costs of 10.00%. Our allowances are outlined in the table below:

Industrial Letting Up Allowances

Cash Flow Year	Letting Up	Probability	Incentive (Net)	Probability	Capex ($/m²)	Probability
Vacant	6 months	100%	10.0%	100%	$0	100%
Year 1	6 months	100%	10.0%	100%	$0	100%
Year 2	6 months	75%	10.0%	100%	$0	100%
Year 3	6 months	75%	10.0%	100%	$0	100%
Year 4	6 months	75%	10.0%	100%	$0	100%
Year 5	6 months	75%	10.0%	100%	$0	100%
Year 6	6 months	75%	10.0%	100%	$0	100%
Year 7	6 months	75%	10.0%	100%	$0	100%
Year 8	6 months	75%	15.0%	100%	$0	100%
Year 9	6 months	75%	15.0%	100%	$0	100%
Year 10	6 months	75%	15.0%	100%	$0	100%

Capital Expenditure

The table below outlines the total capital expenditure amount each cash flow year:

Cash Flow Year	Capital Expenditure	Cash Flow Year	Capital Expenditure
Year 1	$20,000	**Year 6**	$21,544
Year 2	$20,180	**Year 7**	$22,018
Year 3	$20,402	**Year 8**	$22,547
Year 4	$20,688	**Year 9**	$23,133
Year 5	$21,081	**Year 10**	$23,711

Total CAPEX allowances amount to $215,304 ($115.38/m² of GLA) over 10 years.

Estimated Terminal Sale Price

We have applied a terminal yield of 7.00% (0.50% a softening to the going in capitalisation rate) to the market net income at the start of Year 11 in order to calculate the estimated terminal sale price. This value also includes reversions to the forecast market rent as at the end of Year 10, deferred until the next review date.

In estimating the terminal value, we have had regard to perceived market conditions at the end of Year 10 and the age, leasing profile and condition of the Property at that time. Whilst it is difficult to project long-range forecasts, the most likely market conditions should be considered. Long-term factors dominate the outlook, however, cyclical factors and short-term influences govern these projections.

Transaction Costs

We have made allowances for the following transaction costs within our discounted cash flow:

Transaction Costs	
Acquisition Costs	5.40% of the Adopted Value
Disposal Costs	0.50% of the forecast Terminal Value

Discount Rate

In assessing the appropriate target discount rate for the property, we have considered the following factors:

- Analysis of recent comparable sales;
- Current level of the 10 year Government Bond Rate;
- Dialogue with active institutional investors and property trust investors; and
- Property's lease covenants and quality of improvements.

Present Value

After careful consideration of the assumptions and comments contained in our report and relevant market evidence, we have applied a target discount rate of 7.00% to the cash flows to produce a present value of $5,109,000. Our DCF calculations are annexed to this report.

Sensitivity Analysis

The table below highlights a sensitivity analysis of the net present value around variations to the target discount rate and terminal yield:

Discount Rate	Terminal Yield		
	6.75%	7.00%	7.25%
6.75%	$5,306,000	$5,199,000	$5,100,000
7.00%	$5,213,000	**$5,109,000**	$5,012,000
7.25%	$5,122,000	$5,020,000	$4,925,000

Direct Comparison Approach

The direct comparison approach compares the property to sales of similar properties within the surrounding area analysed on a rate per square metre of GLA and on an improved land rate. The sales evidence presented in the full valuation report indicates broad a range of values between $1,144 to $5,168 per square metre of GLA and $353 to $1,314 per square metre of improved land. When analysing the sales evidence, we have taken into consideration the age, nature and size of the improvements erected thereon, locational attributes, date of purchase and aspect of the relevant sales in relation to the subject property.

Having regard to our comments above and available market evidence we are of the opinion the value of the subject property on a direct comparison basis is within the range of $2,600 to $2,800 per square metre of GLA and $750 to $800 per square metre of improved land.

Our adopted GLA rate of $2,600 to $2,800 when applied to the subject property reflects a value range of $4,851,600 to $5,224,800. Based on the evidence above, we have adopted a range of $750 to $800 per square metre of improved land area which when applied to the land area of 6,521 square metres it gives rise to a value range of $4,890,750 to $5,216,800. Having regard to the above and based on the characteristics of the subject we have adopted a direct comparison value range of $4,850,000 to $5,200,000.

Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$5,078,000
Discounted Cash Flow Approach	$5,109,000
Direct Comparison	$4,850,000 to $5,200,000
Adopted Value	**$5,100,000**

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present industrial market investment sentiment, we have adopted a rounded valuation figure of **$5,100,000** plus GST (if any).

The assessed value reflects an initial passing yield of 6.50%, an equivalent yield of 6.47%, an internal rate of return of 7.05%, and a rate of $2,733/m^2 of Gross Lettable Area, as leased.

2. Qualification

We consent to the inclusion of this summary letter in the material to be provided to shareholders of Eagers Automotive Limited ("Shareholder Material") on the following conditions:

- JLL and the Valuers were independent from Eagers Automotive Limited and the registered proprietor of the Property at the Date of Valuation and at all times in the previous 2 years.
- This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL has not been involved in the preparation of the Shareholder Material nor have we had regard to any material contained in the Shareholder Material. This letter does not take into account any matters concerning the investment opportunity contained in the Shareholder Material.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the Shareholder Material.
- The formal valuations and this summary letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the Shareholder Material. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this summary letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of JLL.
- JLL has prepared this summary letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL has received a fee from Eagers Automotive Limited for the preparation of the valuation reports and this summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

3. Valuer's Experience and Interest

The valuer who prepared the valuation report for Client is Craig Carroll. The Valuer has valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute to practise as valuers in the State of Western Australia.

The above mentioned Valuer does not have a pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property.

4. Liability Disclaimer

This summary letter and the valuation report has been prepared for Eagers Automotive Limited and is subject to the conditions referred to in Section 1, 2 and 3 of this summary letter. Neither JLL nor any of its directors make any representation in relation to the Shareholder Material nor accept responsibility for any information or representation made in the Shareholder Material, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the Shareholder Material.

This summary letter (which is subject to the conditions referred to in Section 1, 2 and 3 above) and the valuation report may not be relied on by any other party other than Eagers Automotive Limited. Responsibility is disclaimed for any loss or damage suffered by any person (including but not limited to any potential investors or shareholders) for any reason.

No liability for negligence or otherwise is assumed by JLL for the material contained in this summary letter or the valuation report.

Yours faithfully

Jones Lang LaSalle Advisory Services Pty Ltd

Craig Carroll AAPI
Director
Valuation Advisory – WA
Certified Practising Valuer
(API Member: 65315; LVL Reg No. 44380)

Stuart Parry AAPI
Senior Director
Valuation Advisory – WA
Certified Practising Valuer

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated Valuation Date. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

Discounted Cashflow Approach
72 Pollard Street, Glendalough
2 September 2020

Discounted Cashflow Results		
PV of Rental Income	$2,465,157	48.1%
PV of Terminal Value	$2,931,661	57.3%
Acquisition Costs	($275,400)	-5.4%
Total Net Present Value	**$5,120,320**	100.0%
Adopted Net Present Value	$5,120,000	
Adopted Value	**$5,100,000**	
Adopted Discount Rate	7.00%	
Internal Rate of Return	7.05%	

Sensitivity Analysis*	Terminal Yield		
Discount Rate	6.75%	7.00%	7.25%
6.75%	$5,318,000	$5,211,000	$5,112,000
7.00%	$5,225,000	**$5,120,000**	$5,023,000
7.25%	$5,134,000	$5,032,000	$4,937,000

** Rounded Values*

Key Property Statistics	**Valuation Date**	**Terminal Period**
Weighted Average Lease Term - Income	12.83 years	2.83 years
Weighted Average Lease Term - Area	12.83 years	2.83 years
Occupancy	100.00%	100.00%
Initial Yield (Net Passing)	6.50%	6.64%
Initial Yield (Fully Leased)	6.50%	6.64%
Capex Assumptions		
Total Allowance over DCF Period	$215,304	$115.38 /sqm
Proportion of Adopted Value	4.22%	

Year Ending		**01-Sep-2021 Year 1**	**01-Sep-2022 Year 2**	**01-Sep-2023 Year 3**	**01-Sep-2024 Year 4**	**01-Sep-2025 Year 5**	**01-Sep-2026 Year 6**	**01-Sep-2027 Year 7**	**01-Sep-2028 Year 8**	**01-Sep-2029 Year 9**	**01-Sep-2030 Year 10**	**01-Sep-2031 Year 11**
Rental Income												
Lettable Area and Car Park Income		$333,387	$341,722	$348,089	$350,265	$359,022	$367,997	$377,197	$384,315	$384,583	$384,583	$0
Outgoings Recovery		$33,810	$34,114	$34,489	$34,972	$35,637	$36,421	$37,222	$38,115	$39,106	$40,084	$0
Other Income		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gross Rental Income		$367,197	$375,836	$382,579	$385,237	$394,658	$404,418	$414,419	$422,430	$423,689	$424,667	$0
Rental Deductions												
Unexpired Incentives - Rent Free/Abatements		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Outgoings Expenditure		($33,810)	($34,114)	($34,489)	($34,972)	($35,637)	($36,421)	($37,222)	($38,115)	($39,106)	($40,084)	$0
Net Rental Cashflow		$333,387	$341,722	$348,089	$350,265	$359,022	$367,997	$377,197	$384,315	$384,583	$384,583	$0
Rental Adjustments												
Unexpired Incentives - Capital Contribution		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Letting Up Allowances - Leasing Fees		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Capital Expenditure		($20,000)	($20,180)	($20,402)	($20,688)	($21,081)	($21,544)	($22,018)	($22,547)	($23,133)	($23,711)	$0
Net Cashflow		**$313,387**	**$321,542**	**$327,687**	**$329,577**	**$337,941**	**$346,453**	**$355,179**	**$361,768**	**$361,450**	**$360,872**	**$0**
Purchase Price	$5,100,000											
Acquisition Costs @ 5.40%	$275,400											
Gross Purchase Price	$5,375,400											
Net Sale Price After Costs @ 0.50%												$5,767,020
Annual Cashflow		**($5,062,013)**	**$321,542**	**$327,687**	**$329,577**	**$337,941**	**$346,453**	**$355,179**	**$361,768**	**$361,450**	**$360,872**	**$5,767,020**
Running Yield (pre acquisition costs)		6.51%	6.65%	6.75%	6.76%	6.90%	7.04%	7.19%	7.29%	7.27%	7.24%	-
Running Yield (post acquisition costs)		6.18%	6.31%	6.40%	6.42%	6.55%	6.69%	6.83%	6.93%	6.91%	6.88%	-
Running IRR		(0.64%)	2.44%	4.34%	5.23%	5.82%	6.22%	6.54%	6.78%	6.92%	7.05%	-

Letting Up Allowances Speculative Leases	**Year Ending**	**01-Sep-2021 Year 1**	**01-Sep-2022 Year 2**	**01-Sep-2023 Year 3**	**01-Sep-2024 Year 4**	**01-Sep-2025 Year 5**	**01-Sep-2026 Year 6**	**01-Sep-2027 Year 7**	**01-Sep-2028 Year 8**	**01-Sep-2029 Year 9**	**01-Sep-2030 Year 10**	**01-Sep-2031 Year 11**
Downtime (Gross Rent)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Incentives (as Rent Free)		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Growth and Cost Assumptions

	Current Vacancies	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Average/Range
Industrial	**Assumed Lease Term**	5.0 years	**Review Frequency**	1 yearly								
Rental Growth Rate (Net)		0.00%	0.00%	1.90%	2.40%	2.70%	2.70%	2.90%	3.10%	3.00%	3.00%	**2.16%**
Letting Up Assumption	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	**6 months**
Letting Up Probability	100%	100%	75%	75%	75%	75%	75%	75%	75%	75%	75%	**75% to 100%**
Applied Incentive (Net)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	15.00%	15.00%	15.00%	**11.4%**
Incentive Months Equivalent	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months	9 months	9 months	9 months	**7 months**
Capex Allowance	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	**$0 /sqm**

Growth Rates	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**Average**
Ancillary	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
Car Parking	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
CPI	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%	**1.97%**
Capex	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%	**1.97%**
Outgoings	0.90%	1.10%	1.40%	1.90%	2.20%	2.20%	2.40%	2.60%	2.50%	2.50%	**1.97%**
Ground Rental	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**
Other Income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	**0.00%**

13 October 2020

Eagers Automotive Limited
PO Box 199
Fortitude Valley
QLD 4006

VALUATION SUMMARY FOR 345 SCARBOROUGH BEACH ROAD, OSBORNE PARK WA 6017

Property comprises a 14,931 square metre parcel of land within the established mixed-use suburb of Osborne Park, which is approximately seven kilometres north of the Perth Central Business District. More specifically, the property is located on the southern side of Scarborough Beach Road, just west of the Kwinana Freeway and the Glendalough Train Station. In accordance with the City of Stirling Local Planning Scheme No.3 the property is zoned Development.

The Property is improved with a relatively modern vehicle dealership with a total Gross Lettable Area of 4,585m² that includes a ground floor showroom with surrounding sales offices, rear workshop and rear wash bays.

In accordance with instructions the valuation has been undertaken on a vacant possession basis.

Summary

Property	345 Scarborough Beach Road, Osborne Park WA 6017.
Prepared for	Eagers Automotive Limited.
Valuation Purpose	Acquisition.
Dates of Inspection	19 June 2020.
Dates of Valuation	19 June 2020.
Interest Valued	100% freehold interest.
Valuation Approaches	Capitalisation of Net Income and Direct Comparison.
Adopted Value	**AUD $12,700,000 (Twelve Million Seven Hundred Thousand Australian Dollars).**
Rate $/m² of GLA	$2,770/m².
Rate $/m² of Land	$851/m².
Equivalent Yield	4.98%.

Jones Lang LaSalle Advisory Services Pty Ltd

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Date of Issuance: 13 October 2020
Job Number: 19276 Summary CC:sm

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1. Introduction

Instructions

We refer to your instructions dated 11 June 2020 requesting that we undertake a market valuation of the 100% freehold interest in 345 Scarborough Beach Road, Osborne Park WA (the Subject/Property) as at 19 June 2020 for Eagers Automotive Limited for Acquisition purposes.

This Summary Letter is a summary of the valuation only and should not be relied upon for the purpose of assessing the Property as an investment opportunity unless read in conjunction with the full valuation report (dated 19 June 2020), together with all of the risks and critical assumptions contained therein.

Valuation Reconciliation & Key Assumptions

The results and key assumptions of our valuation methods are:

Property	Passing Rent (p.a.)	Market Rental (AUD p.a.)	Adopted Cap Rate	Adopted Discount Rate	Adopted Value	NLA (m^2)	Land Area (m^2)	$/$m^2$ GLA	$/$m^2$ of Land	Equiv Yield
345 Scarborough Beach Road, Osborne Park	Nil	$754,175	8.00%	8.25%	$12,700,000	4,585	14,931	$2,770	$851	4.98%

Basis of Valuation

Market Value

The value given herein is that of the market value of the Property as defined by the International Valuation Standards Committee (IVSC), and endorsed by the API and PINZ, which is as follows:

"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."

We confirm that this valuation has been undertaken on the basis of the price that might reasonably be expected if the Property was sold at the date of valuation assuming:

- a willing, but not anxious, buyer and seller;
- a reasonable period within which to negotiate the sale, having regard to the nature and situation of the Property and the state of the market for property of the same kind;
- that the Property was reasonably exposed to that market;
- that no account is taken of the value of other advantages or benefits additional to market value, to the buyer incidental to ownership of the Property being valued;
- that the current proprietor has sufficient resources to allow a reasonable period for the exposure of the Property for sale; and
- that the current proprietor has sufficient resources to negotiate an agreement for the sale of the Property.

Valuation Rationale

In arriving at our opinion of market value for each asset, we have adopted the **capitalisation of net income and direct comparison**.

Our valuation has been undertaken utilising the Jones Lang LaSalle proprietary valuation model.

Capitalisation Approach

The capitalisation approach involves the addition of our opinion of market rent for the various components of the Property, and the deduction of outgoings in order to determine the net market income of the Property. This net market income is capitalised at the adopted capitalisation rate to derive a core value.

We have adopted a core capitalisation rate of 8.00% on our adopted market rental profile and an 8.25% target discount rate.

Adjustments (for rental reversions, letting up allowances and capital expenditure) have been made where appropriate in order to derive the resultant value.

Direct Capitalisation Approach - Market Income		
Market Income		
Lettable Area Rental		$754,175
Ideal Outgoings Recovery (Full Net Leases)		$353,100
Total Market Rental		**$1,107,275**
Less Outgoings Expenditure		($353,100)
Net Market Rental		**$754,175**
Rental Adjustments		
Less Long Term Vacancy Allowance @ 0.00%		$0
Core Income		$754,175
Core Income Capitalised at 8.00%		**$9,427,188**
Value Adjustments		
Present Value of Existing Rental Reversions		$0
Present Value of All Outstanding Incentives		$0
Vacancies - Letting Up Allowances:		
Present Value of Downtime (18 months)	($1,573,664)	
Present Value of Incentives (20%)	($655,007)	
Present Value of Leasing Fees (12%)	($119,155)	($2,347,827)
Expires within the next 24 months - Letting Up Allowances:		
Present Value of Downtime (18 months)	$0	
Present Value of Incentives (20%)	$0	
Present Value of Leasing Fees (12%)	$0	$0
Present Value of Short Term Capital Expenditure: 24 months		($93,384)
Total Value Adjustments		**($2,441,210)**
Total Capitalised Value		**$6,985,977**
Adopted Capitalised Value		**$6,986,000**

From our core value, present value adjustments (for rental reversions, letting up allowances, incentives, future lease agreements and short term CAPEX) have been made where appropriate in order to derive the resultant capitalised value.

Our adopted adjustments are detailed as follows:

Rental Reversions

The property has been valued on a vacant possession basis and accordingly there are no rental reversions applied.

Outstanding Incentives

The property has been valued on a vacant possession basis and accordingly there are no outstanding incentives.

Letting Up Allowances – Vacancies

Within our capitalisation calculations we have made present value letting up allowances for those tenancies that are vacant. This letting up allowance includes rental and outgoings void (downtime) as well as incentives and leasing/agent's fees associated with leasing up the vacancies. These amounts are apportioned as follows:

- Rental Void: $1,573,664
- Incentives: $655,007
- Leasing/Agent's Fees: $119,155

Total letting up allowances for current vacancies equates to $2,347,827.

Letting Up Allowances – Expiries over the next 24 months

The property is vacant with no vacancy allowances required over the next 24 months.

Capital Deductions

We have allowed for the present value of CAPEX allowances over the next 24 months from the valuation date, which total $93,384.

Calculation Summary

Having made these adjustments to the core value, we derive a total value of $6,986,000.

Direct Comparison

As noted above, in addition to the capitalisation of income approach we have undertaken on a direct comparison approach on a land basis due to the prime location of the site, the underlying and potential zoning, and the vacant nature of the improvements. From our assessed land value we have made an allowance for the removal of the existing improvements.

When analysing the sales evidence, we have taken into consideration and made adjustment for the location attributes, zoning, date of purchase, terms of sale, whether the site is serviced or un-serviced, development costs, etc. of the sales and we have compared the adjusted sales rates to the subject property.

In reviewing our development site sales evidence there have been a number of core assumptions made to assess a net effective value for each individual sale and then after this is complete one must compare it against the subject property where further assumptions are required. Several core factors should be considered when utilising sales evidence for development sites of these magnitudes. They are as follows:

- The variance in development costs associated with a particular site needs to be considered especially when comparing the slightly differing locations. We note that even sites within the same suburb vary from site to site due to topography issues, servicing issues, drainage issues and the like.
- The timeframe that particular sites take to have various approvals granted through a master plan or servicing plan. All these factors influence the ability to market the site correctly and allow development to proceed in a reasonable period of time.
- The fact that many purchasers acquire sites with specific core assumptions and conditions attached to the purchase. These assumptions and conditions may well be something significantly different.
- The relevance of the site sale in comparison to the subject property as at the date of sale. Many assumptions are made in allowing the sales to be brought back in line with the subject property so that an accurate comparison can be made.

Other items not noted above include allowances for factors such as the date of sale, the potential end revenues assessed, the timing of the planning and approval process and the underlying precinct and/or master plan.

Below, we have included a summary of the evidence included previously within this report:

Property	Date	Sale Price	Land Area	Zoning	Land Rate
8 Parkland Road, Osborne Park WA	December 2018	$2,200,000	2,181m²	Development	$1,009/m²
125 Howe Street, Osborne Park WA	August 2018	$2,200,000	2,957m²	Development	$744/m²
35 Walters Drive, Osborne Park WA	October 2019	$7,800,000	7,790m²	Development	$1,001/m²
2B (Lot 601) Rawlins Street, Glendalough WA	November 2017	$17,900,000	28,373m²	AR2 – Residential R100	$631/m²
89 Herdsman Parade, Wembley WA	May 2020	$3,500,000	4,745m²	Residential R60	$738/m²
187 Salvado Road, Jolimont WA	June 2019	$3,500,000	2,305m²	Residential	$1,518/m²
4 Pearson Place, Churchlands WA	March 2019	$2,950,000	2,608m²	Residential R80	$1,131/m²
592 to 616 Hay Street, Jolimont WA	April 2017	$13,000,000	9,984m²	Commercial/Residential	$1,302/m²

While the above evidence is considered the most pertinent, we have included the other evidence with values ranging from $738/m² to $1,518/m² to show values that are applicable to lots that generally have a lower level of potential albeit that the risk with timing and the ultimate potential of the property is less than the subject property.

Having regard to the above evidence and the assets characteristics, namely its street frontages, zoning and exposure to Scarborough Beach Road we consider a value attributable to the subject property to be in the order of $825 to $925 per square metre which when applied to the land area of 14,931 square metres it gives rise to a value range of $12,318,075 to $12,811,175, from which we have adopted a rounded figure of $13,000,000. As noted above the existing improvements are significant and accordingly an allowance has been made of $65 per square metre of GLA or $300,000 has been allowed for the removal of the improvements resulting in a value of $12,700,000.

Our assessed value has been undertaken on a GST exclusive basis and assumes that GST would be a payable over and above our assessed value, if applicable.

Valuation Reconciliation

The results of our valuation methods are:

Methodology	Valuation
Capitalisation Approach - Market Income	$6,986,000
Direct Comparison Approach	$12,700,000
Adopted Value	**$12,700,000**

Having regard to the results from the valuation methods described above, together with available market evidence, the comments made within this report, and present car yard and development site market we have adopted a rounded valuation figure of $12,700,000 plus GST (if any). As can be seen above, our assessment shows the current Highest and Best Use to be a future development site.

2. Qualification

We consent to the inclusion of this summary letter material to be provided to shareholders of Eagers Automotive Limited ("Shareholder Material") on the following conditions:

- JLL and the Valuers were independent from Eagers Automotive Limited and the registered proprietor of the Property at the Date of Valuation and at all times in the previous 2 years."
- This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- JLL has not been involved in the preparation of the Shareholder Material nor have we had regard to any material contained in the Shareholder Material. This letter does not take into account any matters concerning the investment opportunity contained in the Shareholder Material.
- JLL has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the properties or the investment opportunity contained in the Shareholder Material.
- The formal valuations and this summary letter are strictly limited to the matters contained within them, and are not to be read as extending, by implication or otherwise, to any other matter in the Shareholder Material. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this summary letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of JLL.
- JLL has prepared this summary letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report and is subject to the assumptions, limitations and disclaimers contained therein.
- JLL has received a fee from Eagers Automotive Limited for the preparation of the valuation reports and this summary letter.
- JLL are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under Professional Standards legislation and is compulsory for all API members.

3. Valuer's Experience and Interest

The Valuer who prepared the valuation report for Client is Craig Carroll. The Valuer has valuation experience in a range of property types and all are authorised under the requirements of the Australian Property Institute to practise as Valuers in the State of Western Australia.

The above mentioned Valuer does not have a pecuniary interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the Property's value or that could conflict with a proper valuation of the Property.

4. Liability Disclaimer

This summary letter and the valuation report has been prepared for Eagers Automotive Limited and is subject to the conditions referred to in Section 1, 2 and 3 of this summary letter. Neither JLL nor any of its directors make any representation in relation to the Shareholder Material nor accept responsibility for any information or representation made in the Shareholder Material, other than this summary letter.

JLL was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in, the Shareholder Material.

This summary letter (which is subject to the conditions referred to in Section 1, 2 and 3 above) and the valuation report may not be relied on by any other party other than Eagers Automotive Limited. Responsibility is disclaimed for any loss or damage suffered by any person (including but not limited to any potential investors or shareholders) for any reason.

No liability for negligence or otherwise is assumed by JLL for the material contained in this summary letter or the valuation report.

Yours faithfully

Jones Lang LaSalle Advisory Services Pty Ltd

Craig Carroll AAPI
Director
Valuation Advisory – WA
Certified Practising Valuer
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Stuart Parry AAPI
Senior Director
Valuation Advisory – WA
Certified Practising Valuer

This letter is a summary of the valuations only and has not been prepared for the purpose of assessing the Property as an investment opportunity. It is an abstract of the contents of the valuation report dated Valuation Date. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.