

# Valuation Report

Strata Industrial Property



Unit 3, 119 Gavenlock Road, Tuggerah NSW 2259

**As at** 22 March 2017  
**Prepared for** Lyn Murray  
**Our Ref** NC099265

**Gosford**

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## EXECUTIVE SUMMARY

### INSTRUCTIONS

<b>Property Address</b>	Unit 3, 119 Gavenlock Road, Tuggerah NSW 2259.
<b>Instructing Party</b>	Lyn Murray of Yarram Group Pty Ltd.
<b>Prepared For</b>	Lyn Murray.
<b>Interest Being Valued</b>	The interest being valued is the unencumbered estate in fee simple in vacant possession.
<b>Purpose of Valuation</b>	Our valuation has been prepared for accounting purposes only.
<b>Date of Inspection and Valuation</b>	22 March 2017.

### TITLE AND STATUTORY DETAILS

<b>Registered Owner</b>	Yarram Group Pty Limited (as per Title Search dated 21 March 2017)
<b>Real Property Description</b>	Lot 3 in Strata Plan 50435 At Tuggerah Local Government Area Central Coast
<b>Encumbrances / Title Discussion</b>	There are no easements, encumbrances or restrictions documented on the title search.
<b>Lot Entitlement</b>	Contribution: 44 with an aggregate of 100
<b>Zoning</b>	<p>The property is classified within the IN2 Light Industrial Zone under the Wyong Local Environmental Plan 2013.</p> <p>The property is presently used as an industrial strata unit.</p> <p>The current use is considered a permitted use under the current planning guidelines.</p> <p>We are not aware of any approvals in place on site which may detrimentally affect our assessed valuation or the marketability of the property.</p> <p>An initiative by the New South Wales Government for stronger and more efficient councils across the state has resulted in an amalgamation of the Gosford City and Wyong Shire Councils. The amalgamation became effective on 12 May 2016 and the Local Government Areas comprising these two former councils will now be known as the Central Coast Council. These changes are not expected to affect the market value or marketability at this time.</p> <p>The Local Environmental Plans in place prior to the amalgamation will remain effective. Should the lender require confirmation of this, then we must recommend a Section 149 Planning Certificate.</p>



## VALUATION SUMMARY

**Property Description 'As Is'** The property comprises a 277 square metre internal industrial strata unit. Car parking is provided for six (6) vehicles. The complex was built circa 1995 and generally presents in fair condition. The property is owner occupied.

**Valuation Summary**

Passing Net Income: \$0 p.a.	Passing Yield: 0.00%
Market Net Income: \$24,930 p.a.	Adopted Cap. Rate: 8.25%
WALE (By income): 0.00 years	Analysed Rate \$/m <sup>2</sup> : \$1,083

**Last Sale** The last recorded sale was in March 2014 for \$300,000. This sale appears to be without the intervention of an agent.

We are not aware of any current contract of sale over the property.

**Market Value 'As Is' \$300,000**

**(Three Hundred Thousand Dollars)**

*Our market value assessment is exclusive of any applicable GST. No allowance has been made for realisation expenses.*

***This valuation is subject to the assumptions and qualifications contained within and appended to this report.***

**Valuer**



**Karen Wise**  
AAPI / Certified Practising Valuer  
API No: 80629

**Ed Thwaites**  
AAPI / Certified Practising Valuer /  
Director  
API No: 70186

**Important**

All data provided in this summary is wholly reliant on and must be read in conjunction with the information provided in the attached report. It is a synopsis only designed to provide a brief overview and must not be acted on in isolation.

The Counter Signatory, Ed Thwaites, has reviewed the report and is satisfied that the opinion of value contained in the report has been reached based on reasonable grounds. For the avoidance of doubt, the Counter Signatory has not inspected the property and as such (under the AAPI Professional Practice) cannot be an author of this report, and is confirming prima facie that the methodology used by the author of the report (the prime signatory) is sound.



## EXECUTIVE SUMMARY CONT'D

### ASSUMPTIONS, CONDITIONS AND LIMITATIONS

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**Critical Assumptions**

- This valuation report is provided subject to the definitions, assumptions, disclaimers, limitations and qualifications detailed within and annexed to this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements.
- Our visual site inspection indicates that mechanical oils are stored onsite and there are some oil stains evident onsite. Having regard to the nature of process or chemicals used or stored, has the potential to cause site contamination, however does not appear to have leached into the soil. We are not environmental expert and we assume no contamination from this source. The instructing party should satisfy themselves in this regard.

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**Recommendations and Cautions**

- This report has not been prepared for mortgage security lending purposes. We will not accept any responsibility or liability for reliance upon this valuation for such purposes.
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## EXECUTIVE SUMMARY CONT'D

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**Cash Flow** • The property is occupied by interests associated with the Registered Proprietor. While an internal lease agreement is advised to be in place, our valuation has been completed on the basis of vacant possession as per standard valuation guidelines.

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**Asset**

- The unit is in an established industrial estate in Tuggerah.
- The subject property is an industrial strata unit. The property presents in fair condition commensurate with its age and industrial use.
- There are a total of six (6) car parks assigned to the subject under the strata plan.
- The subject property is located within a designated bushfire prone area. This imposes additional bushfire protection standards for any building works within the designated area.
- There is no Owners Corporation or Body Corporate set up in this instance. This represents a higher than average risk given that there is no sinking fund to cover common property repairs and maintenance.

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**Market Overview**

- The recent strengthening of parts of the industrial market is widening the yield gap between good quality, well tenanted properties and secondary property which remains in a weak market state.
- We have seen steady activity in the smaller owner occupied strata unit market with activity coming largely in the form of super fund purchases, however, limited real value movement in terms of capital or rental growth have been evident over the past 12 months.
- The land market in this location has stabilised somewhat over the past 24 months with the rate of and sales improving from a very low base and some development activity present.
- If the property were to become vacant, the property is considered to be readily lettable in its current state within minimal or no significant capital expenditure, with the exception of any tenant specific fitout requirements.
- We would anticipate a six (6) month letting up period for the subject property, with an equivalent two (2) months rent free rental incentive.
- The likely buyer is an owner occupier or investor.
- The likely selling period for this property is considered to be six (6) months assuming an effective professional marketing campaign.

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**Management** • The subject would require a low/passive level of property management given the single tenancy nature of the asset.

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## PROPERTY DESCRIPTION

### LOCATION

**Locality** Tuggerah is situated within the Wyong Local Government Area at the convergence of the M1 Freeway, Wyong Road and the Pacific Highway. Tuggerah is well serviced by a small retail, car yard and bulky goods strip along the Pacific Highway known locally as the 'Tuggerah Straight'. Westfield Tuggerah is a large sub-regional shopping centre on the Central Coast, second only in size to Erina Fair Shopping Centre.

Tuggerah also accommodates a homemakers centre and Tuggerah Business Park which includes a mix of light industrial and office users including Ausgrid, ING Direct, Belkin Australia head office and a Centrelink Call Centre. Just outside the Business Park is the modern office complex known as the "Mariners Centre of Excellence" which includes a large medical centre, gymnasium with indoor pool, childcare centre, strata office building and sporting fields.

The northern railway line linking Newcastle with Sydney stops at the fringe of the suburb as well as neighbouring Wyong. Tuggerah is situated 96 kilometres to the north of the Sydney CBD and 75 kilometres to the south of the Newcastle CBD.

**Situation** The property is situated on the eastern side of Gavenlock Road, being 270 metres north-east of its intersection with Johnson Road.

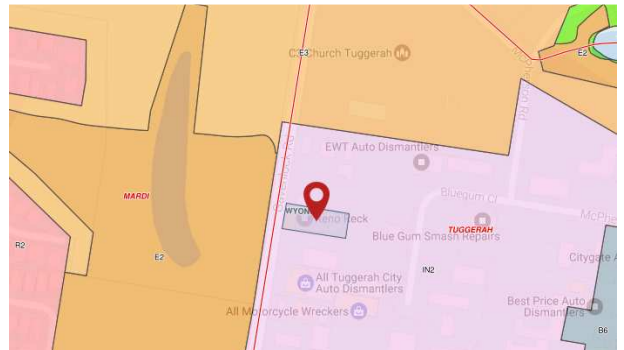
**Surrounding Development** The existing use is considered to be consistent with the surrounding development.

**Infrastructure** The property is located close to the following infrastructure: arterial roads, motorways, regional shopping centre.

### THE LAND - THE PARENT PARCEL



Source: Google Maps



Source: NSW Planning Maps



Source: RP Data



Source: RP Data



## THE LAND – THE PARENT PARCEL

<b>Land Area</b>	2,093 square metres.
<b>Frontage &amp; Depth</b>	The subject property's frontage to Gavenlock Road is approximately 28 metres. The depth of the site along the northern boundary is approximately 73 metres.
<b>Topography</b>	The parent parcel is a sloping, regular shaped internal allotment that is slightly above street grade; it has a gently sloping contour that falls from the rear boundary to the street. Overall, it provides a reasonable building contour that has undergone cut and/or fill works.
<b>Services</b>	The following major services are connected: reticulated water, sewerage, telephone, electricity.
<b>Road System</b>	The parent property has a single road frontage to Gavenlock Road.  Gavenlock Road is a bitumen sealed, two lane local road; it has grass verges and concrete kerbing and gutters with kerbside parking.
<b>Access and Exposure</b>	Vehicular access is easy and direct.  The property has adequate exposure to vehicular traffic.
<b>Flooding</b>	To the best of our knowledge, the property is located in an area that is not susceptible to flooding; we note however, that we are unable to confirm this without the benefit of a formal flood search. A formal flood search has not been undertaken and should this be an issue, then this report should be referred back to the valuer for comments.

## IMPROVEMENTS



Warehouse



Mezzanine Storage



Stainless Steel Sink



Amenities



Car Parking



Streetscape

## IMPROVEMENTS

<b>General Description</b>	Erected on the property is an older style, part two level strata unit. The strata unit is located rear.  The improvements are estimated to have been constructed circa 1995.
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## IMPROVEMENTS

### Floor Area

Description	% of Area	GLA (m <sup>2</sup> )
<b>1 - Reno Reck</b>		
Warehouse	97%	268
Office	3%	9
<b>Total Mixed</b>	<b>100%</b>	<b>277</b>

### Non GLA Components

Description	Size / Number
<b>1 - Reno Reck</b>	
Mezzanine Storage	101 m <sup>2</sup>
Yard	225 m <sup>2</sup>

<b>Construction</b>	Concrete foundation; concrete floor; steel portal frame; sheet metal external walls; sheet metal internal walls; unlined ceilings; metal and translucent sheeting roof; painted concrete floor covering.
<b>Layout</b>	Accommodation comprises warehouse with maximum clearance of 5.1 metres and three (3) roller doors, two (2) measuring 4.2 metres wide by 3.6 metres high and one (1) measuring 3.6 metres wide by 3.6 metres high, a small office, stainless steel sink and amenities with shower. There is also mezzanine storage measuring 101 square metres.
<b>Services</b>	Unisex amenities, shower/s; stainless steel sink; wall mounted air conditioning; access via 3 roller doors; exposed fluorescent lighting, mercury vapour lighting.
<b>Other Improvements</b>	Chain wire fencing; limited bitumen hardstand areas, yard allocated under the strata plan measuring 225 square metres.
<b>Parking</b>	There are 6 open car spaces allocated to the subject unit under the strata plan.
<b>Condition</b>	The improvements were presented in fair condition and their condition appears consistent with the age, construction and prevailing use of the building. During our inspection we did not notice any repairs which are considered essential in the short to medium term.

## ENVIRONMENTAL ISSUES

<b>Site Issues</b>	Previous potentially contaminating use	No
	Environmental planning overlay	No
	Contamination uses on adjoining properties	Not apparent
	Known contamination issues in surrounding areas	No
	Known groundwater contamination in surrounds	No
	Potentially contaminating processes or materials on site	Yes
	Known past underground storage of contaminant materials	No
	Listed on contaminated or environmental site registers	No
	Do operations require environmental licensing	No





## ENVIRONMENTAL ISSUES

Our visual site inspection indicates that mechanical oils are stored onsite and there are some oil stains evident onsite. Having regard to the nature of process or chemicals used or stored, has the potential to cause site contamination, however does not appear to have leached into the soil. We are not environmental expert and we assume no contamination from this source. The instructing party should satisfy themselves in this regard.

The subject property is located within a designated bushfire prone area. This imposes additional bushfire protection standards for any building works within the designated area.

Refer to annexures for Contaminated Land/Environmental Management Registers search dated 02 March 2017.

*Our valuation is based upon the assumption that the property is not contaminated or impacted by environmental issues that will affect the marketability or value of the property. It should be noted that environmental matters are outside of our expertise and that this valuation has been prepared without the benefit of soil tests or any other environmental studies.*

*We recommend that any party who has the right to rely upon this valuation report satisfy themselves in relation to any environmental risks or contamination issues, prior to reliance upon this valuation. Should any such issues become apparent, this valuation is not to be relied upon and the report must be returned to the valuer for review and comment.*

*The environmental checklist has been completed subject to the limitations of our site inspection and in the absence of specialist reports. Whilst we have provided broad commentary on the above questions, we advise that these matters are outside of our area of expertise and if doubt exists, specialist advice should be sought and if relevant, referred to the valuer for comment prior to relying upon the valuation.*

<b>Asbestos Materials</b>	Buildings predate 1 January 2004	Yes
	Asbestos containing material on site	Not apparent
	Asbestos register plan available	No

We advise that the inspection of the subject property did not reveal any obvious visible asbestos containing materials to the valuer. The valuer is not qualified to conclusively determine the existence of asbestos and will not be held liable nor responsible for his/her failure to identify any asbestos containing materials and the impact which any asbestos material has on the property and its value. Should any asbestos concerns become apparent, the valuer should be consulted and reserves the right to reassess any effect on the value stated in this report.

The presence of asbestos, change in community attitudes and the cost associated with dealing with its removal has the potential to reduce marketability and value of the property. The extent of this cannot be known.

## OCCUPANCY DETAILS

<b>Overview</b>	The property is owner occupied; accordingly, our valuation has been carried out on the basis of vacant possession.
<b>Outgoings</b>	<p>Outgoings have been requested but not provided by the owner. We estimate the outgoings to be \$3,600 per annum, this reflects approximately \$13 per square metre of lettable area. This is based on market research.</p> <p>There is no Owners Corporation or Body Corporate set up in this instance. This represents a higher than average risk given that there is no sinking fund to cover common property repairs and maintenance.</p>



## VALUATION CONSIDERATIONS

### MARKET EVIDENCE

**Rental Evidence** We have researched the local market for comparable lease information in our assessment of current market value. We have utilised the following leases in our assessment of current market value:

Address	Use	Commence Date	Term (Years)	Area (m <sup>2</sup> )	Rental P.A.	Rate (\$/m <sup>2</sup> )
Unit 1, 119 Gavenlock Road, Tuggerah NSW 2259	Industrial	07/04/2016	1	291	\$25,860	\$89 Net
Unit 6, 6 Morton Close, Tuggerah NSW 2259	Industrial	19/01/2016	5	200	\$29,309	\$147 Net
Unit 2, 10 Pioneer Avenue, Tuggerah NSW 2259	Industrial	23/09/2015	2	258	\$30,000	\$116 Net
Unit 2, 5 Bounty Close, Tuggerah NSW 2259	Industrial	01/07/2015	3	285	\$25,750	\$90 Net
Unit 8, 14 Reliance Drive, Tuggerah NSW 2259	Industrial	02/04/2015	1	183	\$22,000	\$120 Net
Unit 10, 13 Pioneer Avenue, Tuggerah NSW 2259	Industrial	10/02/2015	1	207	\$22,000	\$106 Net

**Rental Conclusion** A selection of the rental evidence above has been struck on a gross basis whereby the landlord is responsible for the payment of outgoings. We have deducted estimated or actual outgoings from these figures to come to net rental figures where appropriate for comparability purposes.

The rentals identified above reflect a broad rate range in the order of \$89 to \$147 per square metre per annum net plus GST.

Having regard to the above rental evidence, prevailing market conditions and the attributes of the subject property, we have adopted a rental rate for the subject property of \$90 per square metre per annum net.

Description	Net Passing Income		Net Market Income		Variance		Mths to Review
	\$pa	\$/m <sup>2</sup> or \$/unit	\$/m <sup>2</sup> or \$/unit	\$pa	\$/m <sup>2</sup>		
<b>1 - Reno Reck</b>							
Warehouse	-	-	90	24,120	90	-	-
Office	-	-	90	810	90	-	-
Mezzanine Storage	-	-	-	-	-	-	-
Yard	-	-	-	-	-	-	-
<b>Sub Total</b>	-	-	-	<b>24,930</b>	-	-	<b>1</b>
<b>Total Mixed</b>	-	-	-	<b>24,930</b>	-	-	-



**Sales Evidence**

We have examined market activity within the locality and have researched sales evidence provided by national sales data providers for details of comparable sales. The more relevant sales are summarised in the following schedule.

No	Address	Sale Date	Sale Price	Lettable Area (m <sup>2</sup> )	Passing Yield (%)	Analysed Market Yield (%)	\$/m <sup>2</sup> Lettable Area
1.	Unit 5, 16 Bluegum Close, Tuggerah, NSW, 2259	20/10/2016	\$260,000	160	N/A	7.38	\$1,625
<b>Comments:</b>	<p>The site is contained within an IN2 Light Industrial zone under Wyong LEP 2013. The property has a corner road frontage to Bluegum Close and McPherson Road.</p> <p>A concrete panel industrial unit with a metal roof. The complex was constructed circa 2005. Accommodation comprises warehouse and mezzanine storage of 37 square metres. Common car parking onsite.</p> <p>Sold with vacant possession. Based on an analysed net rental of \$19,200 per annum or \$120 per square metre, the sale analyses to a yield of 7.38%.</p>						
<b>Comparison:</b>	<p>Similar location. Superior quality building improvements. Superior age. Smaller floor area. No yard. Overall the subject property would be expected to reflect a lower rate per square metre of building area and a higher analysed yield.</p>						
2.	Unit 4, 9 Bluegum Close, Tuggerah, NSW, 2259	30/09/2016	\$255,000	231	N/A	8.15	\$1,104
<b>Comments:</b>	<p>The site is contained within an IN2 Light Industrial zone under Wyong LEP 2013. The property has a single road frontage to Bluegum Close.</p> <p>A masonry block industrial unit with a metal roof. The complex was constructed circa 1970's. Accommodation comprises warehouse with amenities.</p> <p>Sold with vacant possession. Based on an analysed net rental of \$20,790 per annum or \$90 per square metre, the sale analyses to a yield of 8.15%.</p>						
<b>Comparison:</b>	<p>Similar location. Inferior quality building improvements. Inferior age. Smaller floor area. No yard. Overall the subject property would be expected to reflect a similar rate per square metre of building area and a similar analysed yield.</p>						
3.	Unit 3, 32 Ace Crescent, Tuggerah, NSW, 2259	11/12/2015	\$300,000	222	N/A	7.40	\$1,351
<b>Comments:</b>	<p>The site is contained within an IN2 Light Industrial zone under Wyong LEP 2013. The property has a corner road frontage to Ace Crescent and Gavenlock Road.</p> <p>A brick industrial unit with a metal roof. The complex was constructed circa 1980's. Accommodation comprises warehouse with office (35 square metres), lunch room, amenities with shower and mezzanine storage of 136 square metres.</p> <p>Sold with vacant possession. Based on an analysed net rental of \$22,200 per annum or \$100 per square metre, the sale analyses to a yield of 7.40%.</p>						
<b>Comparison:</b>	<p>Similar location. Superior quality building improvements. Inferior age. Smaller floor area. No yard. Overall the subject property would be expected to reflect a lower rate per square metre of building area and a higher analysed yield.</p>						
4.	Unit 2, 32 Ace Crescent, Tuggerah, NSW, 2259	24/09/2015	\$335,000	260	N/A	8.54	\$1,288
<b>Comments:</b>	<p>The site is contained within an IN2 Light Industrial zone under Wyong LEP 2013. The property has a corner road frontage to Ace Crescent and Gavenlock Road.</p> <p>A brick industrial strata unit with metal roof. The complex was constructed circa 1980's. Accommodation comprises office (210 square metres) with kitchen, amenities and shower, warehouse (50 square metres) and mezzanine storage (78 square metres).</p> <p>Sold with vacant possession. Based on an analysed net rental of \$28,600 per annum or \$110 per square metre, the sale analyses to a yield of 8.54%.</p>						
<b>Comparison:</b>	<p>Similar location. Superior quality building improvements. Inferior age. Smaller floor area. No yard. Overall the subject property would be expected to reflect a lower rate per square metre of building area and a lower analysed yield.</p>						



No	Address	Sale Date	Sale Price	Lettable Area (m <sup>2</sup> )	Passing Yield (%)	Analysed Market Yield (%)	\$/m <sup>2</sup> Lettable Area
5.	Unit 9, 7 Teamster Close, Tuggerah, NSW, 28/04/2015 2259		\$300,000	286	N/A	8.58	\$1,049
<b>Comments:</b>	<p>The site is contained within a B7 Business Park zone under Wyong LEP 2013. The property has a single road frontage to Teamster Close.</p> <p>A concrete panel industrial unit with metal roof. The complex was constructed circa 2007. Accommodation comprises warehouse, office (66 square metres), kitchenette and amenities.</p> <p>Sold with vacant possession. Based on an analysed net rental of \$25,740 per annum or \$90 per square metre, the sale analyses to a yield of 8.58%.</p>						
<b>Comparison:</b>	<p><b>AN AGED SALE – Upward market movement since this sale. Superior location. Superior quality building improvements. Superior age. Larger floor area. No yard. Overall the subject property would be expected to reflect a similar rate per square metre of building area and a lower analysed yield</b></p>						

### Sales Conclusion

We refer the reader to our comparison comments within the above sales tables.

The yields identified above reflect an analysed market yield range of 7.38% to 8.58%. Having regard to the available sales evidence, prevailing market conditions and the attributes of the subject property, we have adopted a capitalisation rate of 8.25%.

The capital value rates identified above reflect a range in the order of \$1,049 to \$1,625 per square metre of lettable area. Having regard to the available sales evidence, prevailing market conditions and the attributes of the subject property, we have adopted an analysed rate for the subject property of \$1,050 to \$1,150 per square metre of lettable area.

### VALUATION RATIONALE

#### Highest and Best Use

We consider the existing use of the subject property to be consistent with the highest and best use of the land.

#### Methods of Valuation

Capitalisation of net income and Direct Comparison on a rate per square metre of floor area.

#### Selling Period

Up to six (6) months.

### VALUATION CALCULATIONS

#### Direct Comparison Approach

As a primary approach to value we have adopted a direct comparison method to assist the valuer in forming an opinion.

#### Direct Comparison Approach - Building

Sales evidence suggests a rate per square metre of building area range as follows:

Comparisons	GLA (m <sup>2</sup> )	\$/m <sup>2</sup> Building	Total (\$)
Low	277	1,050	290,850
High	277	1,150	318,550
<b>Core Value</b>		<b>1,100</b>	<b>304,700</b>
<b>Rounded for Valuation Purposes</b>			<b>300,000</b>



**Capitalisation Approach** The capitalisation approach examines potential net income available from the property, which is then capitalised at a rate that reflects the risk profile of that property, and the property market of the day. This approach attempts to mirror the typical property investors' view of the subject property and the market. Essentially the capitalisation approach takes the assessed net market income of the property and applies a market derived capitalisation rate to find the unadjusted market value of the property. From this figure various adjustments are made as appropriate which may include an allowance for anticipated capital works, allowance for letting up fees and agents fees if vacant and an adjustment if the properties current rent is either above or below acceptable market parameters.

Item	Definition	Adopted (\$)
<b>Vacant Possession Capital Adjustments</b>		
Loss of Rent During Lease Up Period	The present value of the Gross rent foregone during the assumed let up period over all vacant and owner occupied tenancies	6 months for vacant tenancies. Discounted at the Discount Rate of 8.25% (14,078)
Agents Fees	The present value of the agents leasing fees of all existing or near pending vacancies	12% gross for new leases & 5% gross for renewed leases. Discounted at the Discount Rate of 8.25% (3,319)
New Tenant Incentives	The present value of all new tenant incentives (Fitout & Rent Free Periods)	Discounted at the Discount Rate of 8.25% (4,610)

<b>Capitalisation Summary - Vacant Possession</b>		
	<b>\$/m<sup>2</sup></b>	<b>Market \$pa</b>
Gross Income	103	28,530
Vacancy / Bad Debt Allowance (0.00%)		
<b>Gross Adjusted Income</b>		<b>28,530</b>
<b>Outgoings:</b>		
Municipal / Council Rates		(1,600)
Water & Sewerage Rates		(600)
Insurance Premiums		(1,400)
<b>Total Outgoings</b>	<b>(13)</b>	<b>(3,600)</b>
<b>Adopted Net Income</b>		<b>24,930</b>
<b>Capitalisation Rate</b>		<b>8.25%</b>
<b>Core Capital Value</b>		<b>302,182</b>
<b>Existing Adjustments</b>		
PV Loss of Rent During Lease Up Period		(14,078)
PV Agents Fees		(3,319)
PV New Tenant Incentives		(4,610)
<b>Total Below the Line Adjustments</b>		<b>(22,007)</b>
Sensitivity - lower Cap Rate of 8.00%		289,618
<b>Capitalised Value</b>		<b>280,175</b>
Sensitivity - higher Cap Rate of 8.50%		271,287
<b>Rounded for Valuation Purposes</b>		<b>280,000</b>

In this case the direct comparison approach has come in higher than the income approach and this is consistent with the market at present where owner occupiers are paying a premium from property over and above standard commercial returns. This can be attributed to pride of ownership, flexibility of use and also many properties at this price point are being purchased in superannuation funds by business owners where benefits other than investment returns are accrued to the entity.



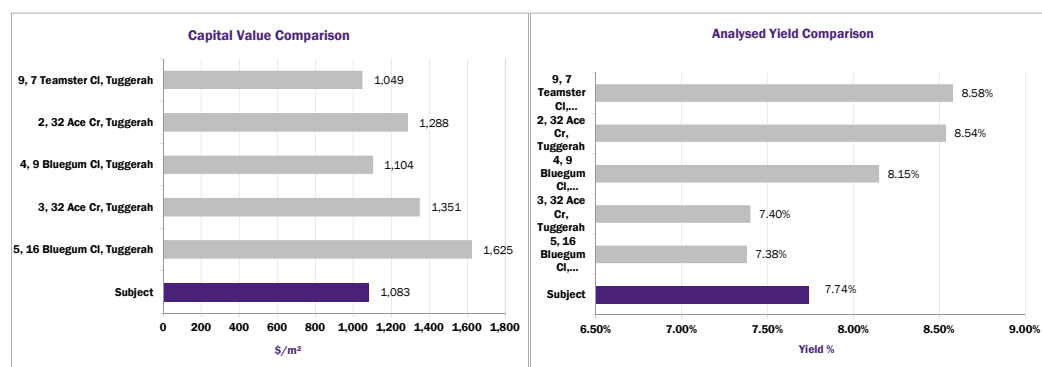
**Valuation Conclusions**

In valuing the subject property, we have relied upon the two different valuation approaches above being the capitalisation of net income approach and the direct comparison (improvements) approach.

The derived values from these approaches and our adopted value are shown below:

Valuation Summary - Vacant Possession	
Capitalisation Approach	\$280,000
Direct Comparison Approach (based on Building comparison)	\$300,000
<b>Vacant Possession Adopted Value</b>	<b>\$300,000</b>

Our resultant value rates in comparison to the sales evidence are graphically represented as follows:



**Contract of Sale**

We are not aware of any current contract of sale over the property.

**INSURANCE ESTIMATE**

**Summary**

The Owners Corporation is responsible for insuring the buildings, however, an owner should give consideration to insuring internal fit out.

**ANNEXURES**

- Definitions, Assumptions, Qualifications & Disclaimers
- Current Title Search
- Extract from Strata Plan
- Contaminated Land Search



## DEFINITIONS, ASSUMPTIONS, QUALIFICATIONS & DISCLAIMERS

### DEFINITIONS

<b>Market Value</b>	“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”.
<b>Market Rent</b>	“the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.
<b>Highest and Best Use</b>	“the use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible”.
<b>‘As Is’</b>	Means a valuation that provides the current market value of the property as it currently exists rather than the value of the proposed development.
<b>‘As If Complete’</b>	<p>Means a valuation that assumes the proposed development to be in a completed state as at the date of valuation and reflects current market conditions at the date of valuation.</p> <p>The valuer, when assessing the value of an asset from plans and specifications “as if complete”, assesses the value having regard to the market at the date that the assessment was made. The valuer reserves the right to review, and if necessary vary the valuation if there are changes to the project itself or in market conditions and prices.</p> <p>Please note the assessment ‘as if complete’ is not a forward projection of value but is a today’s value assuming all proposed works are fully completed.</p>
<b>Permanent Vacancy Allowance</b>	An on-going vacancy allowance that can be created by physical vacancy, changeover of tenant, incentives, bad debts and legal expenses necessary to recover both rental and/or outgoings from tenants.
<b>Passing Yield</b>	Net passing income divided by sale price or adopted value.
<b>Initial Yield Fully Leased</b>	Net passing income plus vacancies at market rents divided by sale price or adopted value plus any capital adjustments to the core value (capex, outstanding incentives and letting up allowances). Also known as ‘Equated Initial Yield’.
<b>Analysed Yield</b>	Assessed net market income after permanent vacancy allowance, divided by total sale price or adopted value plus any capital adjustments to the core value (capex, PV of reversions and letting up allowances). Also known as ‘Equated Market Yield’ or ‘Equated Reversionary Yield’.
<b>WALE</b>	The Weighted Average Lease Expiry (WALE) is a weighted measure in years of the overall lease profile. The weighting is based upon either the gross income or the floor areas. The higher the measure of WALE, the lower the risk of the property’s security of cash flow. Conversely, the lower the measure of WALE, the higher the risk of the property’s security of cash flow.

### ASSUMPTIONS

<b>Identification Survey</b>	<p>We have physically identified the boundaries upon inspection and there do not appear to be any encroachments. However, we are not surveyors and no warranty can be given without the benefit of an identification survey.</p> <p>To the best of the valuer’s knowledge, the subject property is not affected by landslip, pest infestation or resumption matters, however, no searches have been undertaken in this regard.</p>
<b>Easements</b>	This valuation is subject to there being no other encumbrances (other than those noted within this report), which may have an adverse effect on our valuation. Should any such easement or encumbrance become apparent, we reserve the right to review our valuation.
<b>Town Planning</b>	<p>We assume that planning data provided to us by the relevant Local Planning Authority is accurate. In the event that a Town Planning Certificate or any other relevant Planning Certificate or document is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.</p> <p>A search of the permitted use with the Authority has <u>not</u> been provided or obtained and therefore this valuation has been undertaken on the basis that all necessary and appropriate town planning and/or building, consents, approvals and certifications have been issued for the use of occupation of the improvements as more fully described in this report.</p>
<b>Owners Corporation</b>	This valuation report assumes that an Owners Corporation search would confirm that there are no latent defects or orders or use restrictions concerning the subject unit or subject building that would adversely affect the value of the unit.
<b>Floor Areas</b>	<p>The adopted floor areas are based on the registered Strata Plan and are subject to confirmation by survey.</p> <p>It is assumed that measurements are in accordance with the Property Council of Australia’s appropriate recommended method of measurement for the specific premises type.</p>
<b>Condition of Improvements</b>	Whilst we have carried out a building inspection, we have not completed a detailed structural survey, verified the condition of the plant and machinery, tested any of the services or inspected unexposed or inaccessible portions of the building. We are therefore unable to state that these are free from defect, rot or infestation. We have viewed the general state of repair of the building and have assumed that the improvements are reasonably structurally sound considering their age



**Market Evidence** 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.

## QUALIFICATIONS & DISCLAIMERS

<b>Supporting Memorandum</b>	This valuation pro-forma is a concise summary made in accordance with the Australian Property Institute Practice Standard currently in force and the instructing party's Standing Instructions.
<b>Accuracy of Information</b>	We advise that any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the valuation report is incorrect, it may have an impact on the valuation. The valuation is provided on the proviso that the reliant party accepts this risk.
<b>Conflict of Interest</b>	Neither the valuer, nor to the best of their knowledge, any member of this firm, has any conflict of interest, or direct, indirect or financial interest in relation to this property that is not disclosed herein.
<b>Excluded Searches</b>	The following searches have not been undertaken: Land Survey Plan, Building Survey Plan, Formal Flood, Detailed Town Planning, Heritage Register, Local/State Road Widening, Vegetation Protection, Native Title. Our valuation assumes such searches would identify no issues that may affect the value and/or liquidity of the property. Should any person relying on the contents of this report be aware or become aware of an issue that may affect value and/or liquidity then the searches should be referred to the valuer for comment.
<b>Goods and Services Tax (GST)</b>	<p>We stress we are not experts in assessment of GST. We are not privy to the financial circumstances of the owner(s), any agreements executed (or to be executed) between the parties or the previous transactions relating to the property which may impact upon the status of the property for GST. We recommend any party relying upon this valuation seek independent advice in regard to any GST liabilities which may attach to the property.</p> <p>All rentals, outgoings and sale prices quoted in this report are net of GST unless otherwise stated.</p>
<b>Land Not Affected</b>	To the best of the valuer's knowledge, the land is not affected by unstable, hazardous or toxic soil material, pest infestation or resumption matters however, no searches have been undertaken in this regard. This valuation assumes that there are no problems, however, should any such issues arise, then this matter should be referred to the valuer for further comment
<b>Limited Liability</b>	Liability limited by a scheme approved under professional standards legislation. This scheme does not apply in Tasmania.
<b>Market Movement</b>	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.
<b>No Compliance Certificate</b>	No Compliance Certificate/Certificate of Classification has been obtained. This valuation is subject to the building(s) complying in all material respects with any restrictive covenants affecting the site. Furthermore, it is assumed that the site improvements have been built, occupied and operated in full compliance with all requirements of law, including all zoning, land-use classifications, building, planning, fire and health by-laws (including asbestos and legionnaires disease), rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions.
<b>No Pecuniary Interest</b>	The valuer has no pecuniary interest in the subject property either past, present or prospective at the date of preparing this report and the opinion expressed is free of any bias in this regard.
<b>Not to be reproduced without permission</b>	Neither the whole nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement, nor published in part or full in any way, without written approval of the form and context in which it may appear.
<b>Other Taxation Implications</b>	Herron Todd White are not taxation experts and we provide our valuation assessment and any associated sales, rental or feasibility analysis, independent of any consideration of income tax, capital gains tax or any other property related tax implications that may be associated directly or indirectly with the subject property.
<b>Reliance on Valuation</b>	This valuation report is for the use of, and may be relied upon for the stated purpose, only by the party/parties to whom it is addressed. No other parties are entitled to use or rely upon it and the valuer does not assume any liability or responsibility to any other party who does so rely upon the valuation without the express written authority of Herron Todd White (Newcastle & Hunter Region) Pty Ltd.
<b>Structural Survey</b>	This valuation report does not purport to be a site or structural survey of the land or improvements thereon, and any advice provided is not given in the capacity as an expert.





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**Title Search**



LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH  
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FOLIO: 3/SP50435  
 -----

SEARCH DATE	TIME	EDITION NO	DATE
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21/3/2017	1:48 PM	4	7/4/2014

LAND  
 -----

LOT 3 IN STRATA PLAN 50435  
 AT TUGGERAH  
 LOCAL GOVERNMENT AREA CENTRAL COAST

FIRST SCHEDULE  
 -----

YARRAM GROUP PTY LIMITED (T AI495327)

SECOND SCHEDULE (1 NOTIFICATION)  
 -----

1 INTERESTS RECORDED ON REGISTER FOLIO CP/SP50435

NOTATIONS  
 -----

UNREGISTERED DEALINGS: NIL

\*\*\* END OF SEARCH \*\*\*

NC099265

PRINTED ON 21/3/2017

\* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register. InfoTrack an approved NSW Information Broker hereby certifies that the information contained in this document has been provided electronically by the Registrar General in accordance with Section 96B(2) of the Real Property Act 1900.







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For business and industry

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Media and information

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**Contaminated land**

- + Management of contaminated land
- + Consultants and site auditor scheme
- + Underground petroleum storage systems
- Guidelines under the CLM Act
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- + Further guidance
- Record of notices
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- List of NSW contaminated sites notified to EPA
- Frequently asked questions
- Forms
- + Other contamination issues
- + Contaminated Land Management Program

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**Search results**

Your search for: LGA: Wyong Shire Council

Matched 11 notices relating to 5 sites.

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Suburb	Address	Site Name	Notices related to this site
BATEAU BAY	The Entrance ROAD	<a href="#">Former landfill</a>	1 current
CRANGAN BAY	555 and 565 Pacific HIGHWAY	<a href="#">Big T Road House</a>	2 current
WARNERVALE	Aldenham and Railway ROADS	<a href="#">Former Timber Treatment Plant</a>	3 former
WYONG	Lot 4 Warner AVENUE	<a href="#">Drum Dump - Wwong</a>	2 former
WYONG	16 Lucca ROAD	<a href="#">Wwong Bayer/Kemcon</a>	3 former

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2 March 2017

