



VALUATION & ADVISORY REPORT

144 TAYLORS ROAD
NORFOLK ISLAND
NSW, 2899

PREPARED FOR: Team Brooks Superannuation Fund and Steven and Kerri-Ann Brooks
DATE OF VALUATION: 15/04/2023



CONTENTS

VALUATION SUMMARY

ASSUMPTIONS, DISCLAIMERS, LIMITATIONS & QUALIFICATIONS

1. INTRODUCTION

- 1.1 Instructions
- 1.2 Extension of Liability & Confidentiality
- 1.3 Prudent Lending Assumptions
- 1.4 Market Movement
- 1.5 GST
- 1.6 Reliance upon Report
- 1.7 Valuer's Interest
- 1.8 Market Value Definitions
- 1.9 Qualifications

2. SITE DETAILS

- 2.1 Location
- 2.2 Site & Services
- 2.3 Legal Details
- 2.4 Town Planning

3. IMPROVEMENTS

- 3.1 Property Description
- 3.2 Construction
- 3.3 Floor Areas
- 3.4 Condition & Repair

4. MARKET COMMENTARY

- 4.1 General Market Overview
- 4.2 Additional Comments
- 4.3 Sales Evidence

5. VALUATION RATIONALE

- 5.1 Introduction
- 5.2 Valuation Approach
- 5.3 Valuation Assessment
- 5.4 Rental Assessment

VALUATION SUMMARY

- Residential Property:** ■ 144 Taylors Road, Norfolk Island, NSW, 2899
- Legal Description:** ■ Currently known as Lot: 147, Section: 21, P: 52h6
- Instructed By:** ■ Team Brooks Superannuation Fund
- Prepared For:** ■ Team Brooks Superannuation Fund
Refer: 1.2 Extension of Liability & Confidentiality
- Registered Owner:** ■ Team Brooks Superannuation Fund and Steven and Kerri-Ann Brooks
- Purpose of Valuation:** ■ **Financial Reporting Purposes**
- Valuation Approach:** ■ Direct Comparison approach supported by the summation method.
- Date of Inspection:** ■ 15th April 2023 $21.8\% \times \$1,400,000 = \$305,200$
- Date of Valuation:** ■ 15th April 2023

Valuation: ■ **Current market value: \$1,400,000 (One Million Four Hundred Thousand Dollars) Exclusive of GST**

Assumptions, Disclaimers, Limitations & Qualifications: ■ This valuation report is provided subject to the assumptions, disclaimers, limitations and qualifications detailed both throughout this report and within the Assumptions, Disclaimers, Limitations & Qualifications section of this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Capped Liability Scheme: ■ Liability Limited under a scheme approved under Professional Standards Legislation

Prepared By: ■ Enterprise Property Solutions Pty Ltd.

ABN: 53 630 172 271
ACN: 630172271



AAPI CPV
Registered Valuer API No. 69741

In accordance with our internal Quality Assurance procedures, the co-signatory certifies that they have reviewed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signatory has not inspected the subject property.

ASSUMPTIONS, DISCLAIMERS, LIMITATIONS & QUALIFICATIONS

This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

The valuation is for the use of our client Team Brooks Superannuation Fund for Financial Reporting Purposes.

The report has been prepared for the private and confidential use of Team Brooks Superannuation Fund for Financial Reporting Purposes and should not be produced in whole or in part, or relied upon for any other purpose, or by any other party without express written authority of Enterprise Property Solutions (EPS).

This valuation is not a structural survey, nor should it be constructed as a pest inspection report.

This valuation is not a structural survey and is not an environmental audit.

The valuer has made this assessment based on the building's condition as at the date of valuation.

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 3 months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on this valuation. Liability limited by the Australian Valuers Institute's Professional Standards Scheme approved under the Professional Standards Act 1944 (NSW).

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This "Residential Valuation Assessment" has been prepared for the instructing party for the stated purpose and **HAS NOT** been prepared for mortgage security purposes.

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1 INTRODUCTION

1.1 Instructions

We refer to written instructions received from Team Brooks Superannuation Fund, dated 31st March 2023.

We have been requested to provide an assessment of the current market value of the subject tourist accommodation property for Financial Reporting Purposes located at 144 Taylors Road, Norfolk Island, NSW, 2899.

We note that the subject is currently legally identified as Lot:147, Section: 21, Portion: 52h6, however we have been advised that the subject development has undergone a boundary adjustment which will result in an adjusted site area for the subject allotment as well as new lot and portion numbers.

This valuation has been carried out on an "As if complete" basis subject to the boundary adjustment being formalized and registered.

We confirm that our report complies with the parameters of the instructions received subject to the Assumptions detailed within this report.

1.2 Extension of Liability & Confidentiality

This report may only be relied upon by Team Brooks Superannuation Fund to whom the report is addressed for the specific purpose to which it refers.

No responsibility is accepted or assumed to any third party, nor should there be any reliance upon this report by any third party other than Team Brooks Superannuation Fund to whom the report is addressed, without our express written agreement.

This report is confidential as between EPS and the instructing party, and any other party to whom EPS agrees in writing may rely upon the valuation report.

Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than EPS, nor in any communication with any third parties, without the prior written approval of EPS of the form and context in which it appears.

1.3 Market Movement

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movement or factors specific to the particular property). 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, nor should reliance be placed upon the valuation, or anything contained within the valuation report where this valuation report is relied upon after the expiration of 90 days from the date of valuation, or such earlier date if you or someone acting on your behalf with EPS prior written agreement become aware or are aware of any factors that have any effect on the valuation.

1.4 GST

Valuations of residential property for mortgage security purposes are undertaken on the basis that GST is not applicable. This valuation is prepared on the assumption that the subject property does not constitute a 'new residential premises' as defined under ATO Ruling GSTR 2003/3. Further it is assumed that the subject property will transact as a residential property between parties not registered (and not required to be registered) for GST. The market valuation herein reflects a market transaction to which GST is not applicable. Should the parties be registered for GST then our assessment herein can be considered on a GST inclusive basis.

1.6 Reliance upon Report

Only an original hard copy or electronic copy of the EPS Report and Valuation relating to the property addressed herein, received directly from EPS or an approved valuation and panel management company to the instructing party, can be relied upon for the use as stated within the report. Use by or reliance upon anything other than the above EPS Report and Valuation is not permitted. No responsibility is accepted to the intended party or any third party who may use or rely upon the whole or any part of any other copy of an EPS Report and Valuation.

1.7 Valuer's Interest

We hereby certify that the principal valuer is suitably qualified and authorised to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity.

1.8 Market Value Definitions

Market Value

The Australian Property Institute (API) has adopted the international definition of Market Value, namely: Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

1.9 Qualifications

This valuation report is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this report and to those included within the Assumptions, Disclaimers, Limitations & Qualifications section of this report.

2 SITE DETAILS

2.1 Location

- Suburb** ■ Norfolk Island
- Location** ■ This is an island location situated approximately 1500 kilometres east of the Australian mainland. The island is some 8 kilometres long and 5 kilometres wide being 2.5 hours flying distance from Sydney or 1.5 hours from Auckland.
- Surrounds** ■ Predominately free-standing residential dwellings of timber framed and various clad construction with metal roofing. Mostly modest dwellings with limited high-end construction due to shipping and freight costs. There is no Strata development on the island however a number of Hotels and various forms of holiday accommodation noted in order to cater for the tourism trade.

The following map indicates the location of the subject property within Norfolk Island:



2.2

Site & Services

Site Description	■	An irregular shaped inside allotment at road level with a slight slope. Easy access is available from an easement roadway off Taylors Road which carries a low volume of traffic.
Services	■	Mains electricity, tank water, island sewerage system, bottled gas, telephone, sealed road, earth formed shoulders
Site Area	■	Proposed 3,083 m ²
Site Dimensions	■	Refer to plan of subdivision plan

2.3

Legal Details

Real Property Description (Fee Simple Vacant Possession)

Currently known as Lot: 147, Section: 21, P: 52h6

Proposed boundary adjustment with result in a new lot and portion number (yet to be determined)

We have positively identified the subject property by measurement and comparison with Council Maps and Records, Street Address, Zoning map.

Registered Owner

Team Brooks Superannuation Fund and Steven and Kerri-Ann Brooks

2.4

Town Planning

Local Government Authority	■	Norfolk Island Regional Council
Classification	■	Mixed Use
Local Plan	■	Norfolk Island Plan 2022
Zoning Effect	■	Permitted development and use with council approval.
Heritage	■	Not applicable
Development Approvals/Applications	■	No current active development approvals or applications noted
Perceived Impact on Marketability and Value	■	Not applicable
Proposed Zoning Changes	■	None known
Existing Use Rights	■	Not applicable
Registered Lease on Title	■	Not known

3 IMPROVEMENTS

3.1 Property Description

Erected upon the subject land component is a tourist accommodation property known as Channers on Norfolk which comprises of a separate freestanding residence that accommodates 4 units, a detached managers unit, two (2) x One (1) Bedroom units, a recently constructed detached one (1) bedroom unit as well as a series of outbuildings.

The following is a break-up of the accommodation provided.

Front House:

Unit 1	One Bedroom
Unit 3	One Bedroom
Unit 2	Two Bedroom/Two Bathroom (ground floor)
Unit 4	Two Bedroom/Two Bathroom (upper floor)

Side/Side down the driveway:

Unit 5	One Bedroom
Unit 6	One Bedroom

Stand-alone new unit:

Unit 7	One Bedroom
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Plus, outbuildings and managers unit

3.2 Construction

Floors	■ Concrete slab and timber
Windows	■ Aluminium and timber
External Walls	■ Timber weatherboard and various light-weight cladding materials
Internal Linings	■ Plasterboard
Roof	■ Metal
Fixtures & Fittings	■ One walk in robe, three built in robes, smoke detectors, high ceilings, ornate ceilings, ornate cornices
	Floor Coverings: Tiles, vinyl planks and carpet.
Car Accommodations	■ On-site parking
Other Improvements	■ Mixed fencing, bitumen and concrete driveway, and good landscaping

3.3 Floor Areas

The building areas based on the current configuration are:

Front house:

Living: 283 sqm Outdoor: 131 sqm Car area: n/a

Stand-alone new unit:

Living: 55 sqm Outdoor: 10 sqm Car area: n/a

Units 5 and 6 combined:

Living: 96 sqm Outdoor: 34 sqm Car area: n/a

Managers unit:

Living: 68 sqm Outdoor: 8 sqm

Outbuilding: 100 sqm

3.4 Condition & Repair

- The property appears to be in satisfactory condition having regard to its age and use. The external elevations appear to be in satisfactory repair and the interior presented in good condition.

4 MARKET COMMENTARY

4.1 General Market Overview

Traditionally, Norfolk Island has only moderate levels of real estate turnover. This is a combination of isolation and a relatively confined market base.

Traditionally many island sales can be subject to lengthy marketing periods. Some selling periods can exceed 12 months, especially the mid to higher end market sector and any listings pitched above market level.

The island real estate agencies have all advised that the stock levels within the lower end market sector have diminished. This is evident within the island sales registrar confirming an increase in settled sales over the past 18–24-month period within this lower market sector.

We consider that the lower market segment has seen an increase in values however we are cautious to quantify a percentage increase given the limited market base and susceptibility to a relatively broad range of values within this remote island locale. Listings are often subject to extended selling periods and can be seasonal with reliance on the tourism trade. Overall, the market throughout 2023 has remained steady.

Sales are typically sold by private treaty due to the confined market base and we are aware of no Auction campaigns on the island. Many sales are subject to lengthy selling periods, this is particularly the case for the higher end market sector. Buyer profile is a combination of island residents as well as buyers from the Australian and New Zealand mainland seeking a permanent holiday premises or lifestyle change.

4.2 Additional Comments

The subject property is located on Norfolk Island, situated some 1500 kilometres off the east coast of the Australian mainland. The island is approximately 40 square kilometres and the population as at the 2021 census comprised 2,188 residents. The tourist contingent generally ranges between 300 and 700 depending on the season and economy. A regular flight service is operated by Qantas from the Australian mainland and Air Chathams from Auckland.

In March 2015, the Australian Government announced comprehensive reforms for Norfolk Island. The action was taken to address issues of sustainability which have arisen from the model of self-government requiring Norfolk Island to deliver local, state and federal functions since 1979. Subsequently, in May 2015, the Norfolk Island Legislation Amendment Act 2015 and related Acts came into effect. They provide for the Australian Government to assume responsibility for funding and delivering national and state level services and to establish an elected Norfolk Island Regional Council from 1 July 2016. As at this date, mainland taxation, social security, immigration, biosecurity, customs and health arrangements, including Medicare and the Pharmaceutical Benefits Scheme have been integrated to Norfolk Island.

The main village on the island is known as Burnt Pine and comprises two small to medium sized supermarkets as well as general stores, various cafés, restaurant's and numerous speciality shops catering for the tourist trade. Due to the remote island location, food and household goods can be expensive and fresh produce is seasonal. There is a network of bitumen sealed roads enabling easy vehicular access throughout the island.

Erected upon the subject land component is a tourist accommodation property known as Channers on Norfolk which comprises of a separate freestanding residence that accommodates 4 units, a detached managers unit, two (2) x One (1) Bedroom units, a recently constructed detached one (1) bedroom unit as well as a series of outbuildings.

Whilst traditionally the capitalisation of gross income would be adopted in similar style investment type developments, we do note that this is NOT considered appropriate on this remote island location in this instance. This is due to the fact that many transactions on the island are not at arm's length, representing sales from related parties and the bona fide

details of the sales are generally not available. On that basis, it would be extremely difficult to derive at the true yield of the sale which would result in an inaccurate capitalisation rate.

Traditionally, Norfolk Island has only moderate levels of real estate turnover. This is a combination of isolation and a relatively confined market base.

Sales suggest a broad range of value and can be seasonal. Norfolk Island is remote with limited market base. This has resulted in limited sales data in which to interpret market trends. Considered a secondary or lifestyle market which will result in a tendency to be more susceptible to periods of market downturn.

We have conducted research into the recent sales history and can report that many transactions on the island are not at arm's length, representing sales from related parties. We have, to the best of our ability, identified these sales which have been omitted from the attached sales evidence.

We advise that the attached sales analysis is a combination of the most recent and appropriate sales given the confinement of this island locality and the above comments.

4.3 Sales Evidence

The following sales evidence has been researched by us and used as a guide in making this assessment:

38k13 Taylors Road Norfolk Island NSW 2899. AKA: Hibiscus Tudor Apartments

Sale Price: \$695,000
Sale Date: 24/01/2022
Site Area: 1374 m²
Year Built: 1960's

Description: Site Area: 1374m², Older style, single storey, Multiple Dwellings on one title, c1960, timber construction, 12 bedrooms, 7 bathrooms, Tourist accommodation style complex featuring 1 x 3 bed, 2 bath cottage, 4 x 2 bed, 1 bath cottages and 1x managers residence with single bathroom., Settled Sale, Source: Third Party Database

Comparability: Inferior positioning, smaller land component, inferior standard of improvements with inferior accommodation content and inferior standard of finish. Overall inferior.

138e New Cascade Road Norfolk Island NSW 2899. AKA: Callam Court Apartments

Sale Price: \$885,000
Sale Date: 20/09/2022
Site Area: 3963 m²
Year Built: 1985

Description: Site Area: 3963m², Detached, single storey, Multiple Dwellings on one title, c1985, timber construction, 8 bedrooms, 8 bathrooms, Tourist accommodation property comprising of 4 x 1 bedroom, 1-bathroom self-contained apartments, 1 x 2-bedroom, 2-bathroom self-contained cottage and 2 x studios. Features good ocean and mountain views. Good original condition. Solar hot water with gas boosters. Concrete water tank with 12,000-gallon storage capacity & access to an additional 42,000 gallon, Settled Sale, Source: Selling Agent

Comparability: Inferior positioning, larger land component, inferior standard of improvements with inferior accommodation content and inferior standard of finish. Overall inferior.

109a Collins Head Road Norfolk Island NSW 2899

Sale Price: \$1,150,000
Sale Date: 21/09/2022
Site Area: 1.89 Ha
Year Built: 2019

Description: Site Area: 1ha, Detached, two storey, Dwelling, c1980, timber construction, 3 bedrooms, 2 bathrooms, renovated and extended circa 2019 with very good presentation and finish. Currently operated as popular tourist accommodation 'Ball Bay House'. Set on over 5 acres of land, much of it stretches out in front of the home to Ball Bay reserve. Separate studio/ garage. Good ocean and valley views., Settled Sale, Source: Third Party Database

Comparability: Larger land component with superior views, however inferior standard of improvements with inferior accommodation content and inferior standard of finish. Overall inferior.

148 Collins Head Road Norfolk Island NSW 2899. AKA: Seascape Holiday Apartments

Sale Price: \$1,360,000
Sale Date: April 2023 (under contract)
Site Area: 6622 m²
Year Built: 1990

Description: Site Area: 6622m², Development features a main residence which accommodates 4 bedrooms with 2 bathrooms, a separate freestanding cottage to the rear occupying 2 bedrooms with 2 bathrooms whilst also featuring two semi-detached villas with each occupying 2 bedrooms and 2 bathrooms. Under contract, Source: Third Party Database

Comparability: Similar style of set up. Larger land component, however, slightly inferior total accommodation content with inferior ancillary and ground improvements. Overall, slightly inferior.

18 George Hunn Nobbs Road Norfolk Island NSW 2899.

Sale Price: \$1,650,000
Sale Date: 22/03/2023
Site Area: 5.24 Ha
Year Built: 1970's

Description: Site Area: 5.24ha, Older style, Two storey, Tourist accommodation property, c1970, 13 bedrooms, 9 bathrooms, Tourist accommodation complex comprising of nine, one and two bedroom fully self-contained units. In addition, there is a tennis court, a plunge pool and extensive fruit orchard. This property has extensive grounds inclusive of native trees and forest - situated on approximately 13 acres. Large under and above ground water storage tanks exist, with a functional bore to consolidate water security.

Comparability: Inferior positioning and standard of finish, however larger land component, superior standard of improvements with superior accommodation content, superior ground, and ancillary improvements. Overall superior.

5 VALUATION RATIONALE

5.1 Introduction

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales of comparable properties.

5.2 Valuation Approach

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated both recent and dated sales of comparable properties.

The appropriate method in assessing the market value of the subject property is by the direct comparison approach whereby sales of similar residential properties across Norfolk Island and surrounding localities have been compared with the subject property.

As a secondary check method, we have utilised the summation approach as a check method, whereby sales of comparable properties have been analysed to derive a land value component which is then summated with the existing value of improvements.

In determining the market value of the subject property for financial reporting purposes, we have taken the following factors carefully into consideration:

- The market appeal of the location and position of the subject property.
- The age, condition, design, and utility of the improvements.
- Recent and dated sales for similar residential property.
- Value level and likely buyer profile.
- Market conditions at the time of valuation.

5.3 Valuation Assessment

We are of the opinion that the current market value of the property subject to the proposed boundary adjustment being registered as at the valuation date of 15th April 2023 for financial reporting purposes only is **\$1,400,000 (One Million, Four Hundred Thousand Dollars)**.

This valuation has been prepared on specific instructions from the instructing party for **Financial Reporting Purposes**. The report is not to be relied upon by any other person or any other purpose. We accept no liability to third parties, nor do we contemplate that this report will be relied upon by third parties. We invite other parties who come into possession of this report to seek our written consent to them relying on this report. We reserve our right to withhold consent or to review the contents of this report in the event that our consent is sought. This valuation is current at the date of valuation only. The value assessed herein may change significantly 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 3 months from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

5.4 Rental Assessment

N/A

Filename: 144 Taylors Norfolk-Channers
Directory: C:\Users\bader\Documents
Template: C:\Users\bader\AppData\Roaming\Microsoft\Templates\Normal.dotm
Title: OldTOPS_AULongForm_Word
Subject:
Author: Bader Naaman
Keywords:
Comments:
Creation Date: 1/06/2023 11:41:00 AM
Change Number: 61
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