

TIM ELLIOTT PROPERTY CONSULTANT

VALUATION – DEVELOPMENT - PLANNING.

LOCAL GOVERNMENT SPECIALIST

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VALUATION REPORT

IN RESPECT OF:

Lot 2 DP 1015218 Waterloo Street, Narrabeen
NSW.



DATE OF VALUATION:

5th November 2018.

UNDER INSTRUCTIONS FROM:

Byrne & Associates, Surveyors.

VALUATION:

\$2,175,00.00.

Valuation for: Byrne & Associates Surveyors
Property: Lot 2 DP 1015218 Waterloo Street, Narrabeen
Reference: 9112 val-1

INSTRUCTIONS:

Byrne & Associates Surveyors have instructed Tim Elliott, Property Consultant to carry out a valuation in respect of the property known as Lot 2 DP 1015218 Waterloo Street, Narrabeen, in order to determine the **Current Market Value** of the subject property.

MARKET VALUE DEFINITION:

The International Assets Valuation Standards Committee defines Market Value as follows:

"... the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an "arm's-length" transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion".

INTEREST TO BE VALUED:

Unencumbered fee simple in possession.

PROPERTY ADDRESS:

Lot 2 DP 1015218 Waterloo Street, Narrabeen.

DATE OF VALUATION:

3rd November 2018.

TITLE DETAILS:

Records held by Northern Beaches Council describe the subject property as being Lot 2 in Deposited Plan 1015218, parish of Manly Cove.

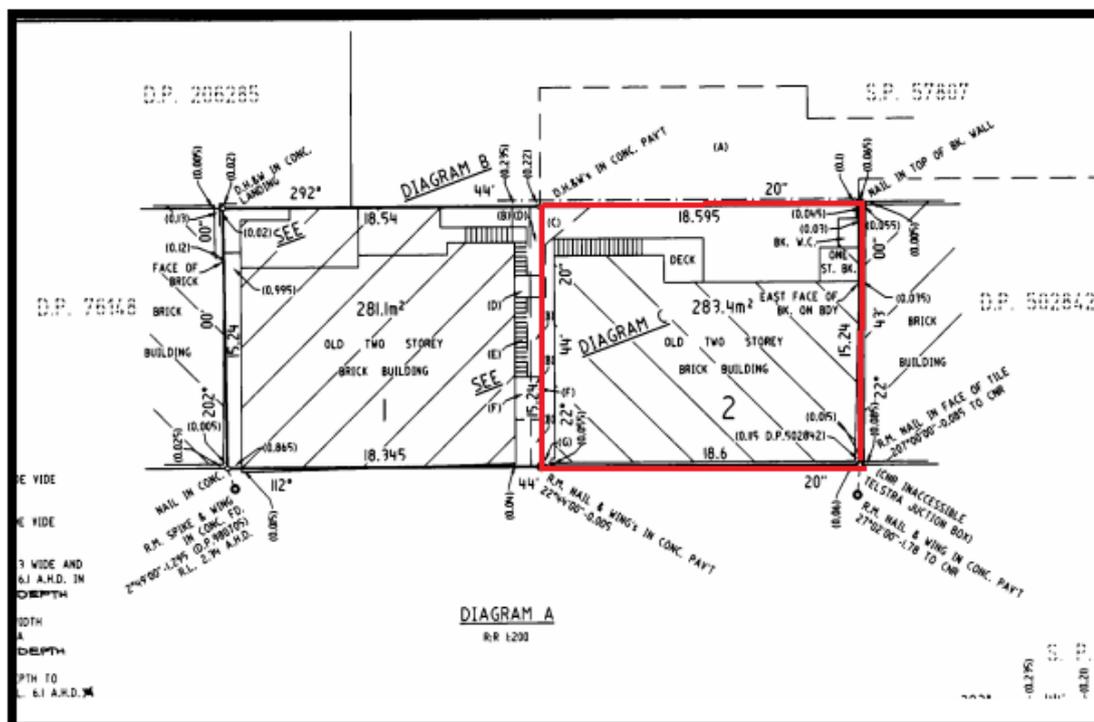
REGISTERED PROPRIETORS:

Certificate of Title Folio Identifier 2/DP1015218 indicates the registered proprietors of the subject property as being; Judith Ann Byrne $\frac{1}{4}$ share, Jeanette Byrne $\frac{1}{4}$ share, Michael Anthony Geros $\frac{2}{6}$ shares, JP Byrne Super Pty Ltd $\frac{1}{6}$ share as tenants in common. There are nine notifications in the second schedule of the title document.

LOCATION:

The subject property is located at Waterloo Street, Narrabeen, in the Narrabeen Local Commercial Centre.

The subject land (Lot 24 DP1015218) is a regular shaped parcel that is level for the most part. It has the following dimensions: 15.24m x 18.595m with a total area of some 283.4 square metres.



ROADS & ACCESS:

Waterloo Street, Narrabeen is a tar-sealed road with concrete kerb and gutter where it adjoins the subject property. We note that the subject has a secondary access point via a rear lane. This access is preserved via a right of way registered on title as dealing no: 5681501.

TOWN PLANNING/ZONING:

Enquiries at the offices of Northern Beaches Council reveal the property to be within an area zoned "B2 Local Centre. With a height limit of 11.0 metres, under the provisions of Northern Beaches Local Environmental Plan. Under the current zoning the commercial use of the property is a conforming use, though somewhat underdeveloped.

The zoning information was obtained verbally from the Customer Service Department of Northern Beaches Council and should be confirmed by obtaining a Section 149 certificate.

EXTRACT FROM COUNCIL PLANNING PORTAL:

| | |
|-------------------|---------------------------------------|
| Address: | 65 Waterloo Street NARRABEEN NSW 2101 |
| | Property Status: Current |
| | Council Ward: Narrabeen |
| Title(s): | Lot 2 DP 1015218 |
| | Land Area: 283.40 SqM |
| Waste collection: | Friday (Click for further details) |

| Location | Rating | Applications | Documents | Planning | Show All |
|----------|--------|--------------|-----------|----------|----------|
|----------|--------|--------------|-----------|----------|----------|

Map

NARRABEEN
WATERLOO STREET
LAGOON STREET

20m

NORTHERN BEACHES COUNCIL
IMAGES © 2018
JACOBS & PEROMETRE

| | | | |
|---------|------------------|------------------|--------------|
| Aerials | Warringah Zoning | Pittwater Zoning | Manly Zoning |
|---------|------------------|------------------|--------------|

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EXTRACT SHOWING ZONING OF THE SUBJECT PROPERTY:

A detailed list of permissible uses can be found via this link:

<https://eservices.northernbeaches.nsw.gov.au/ePlanning/live/Public/XC.Track/SearchProperty.aspx?id=152130>



HERITAGE IMPACT:

As shown below, the subject property is a designated heritage item. We anticipate that this relates to the preservation of the façade of the building. Further investigations should be made with Council to confirm this and the extent of the impact of the heritage designation on any development potential.

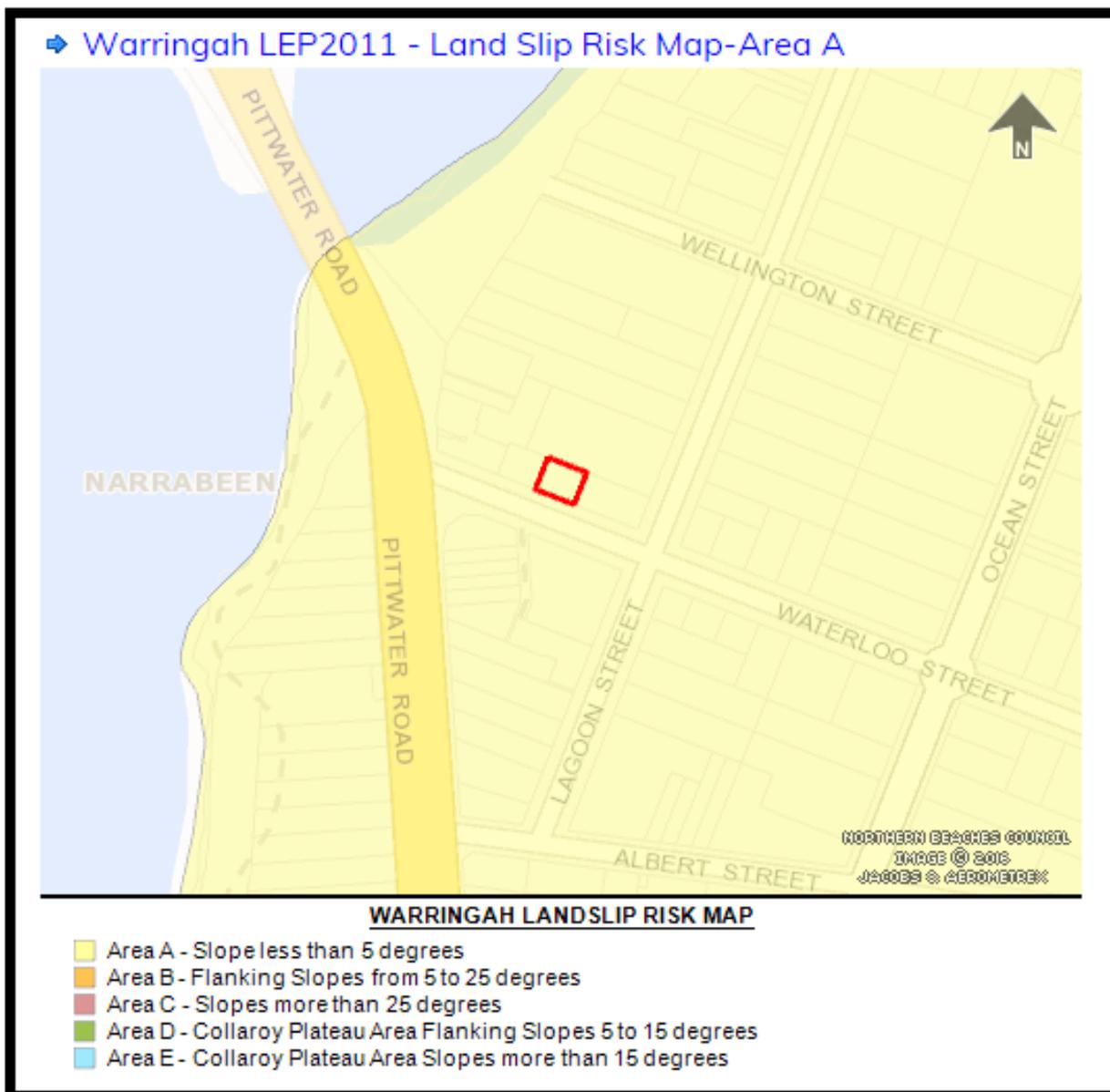


ACID SULPHATE SOILS:

The property is not impacted by acid sulphate soils.

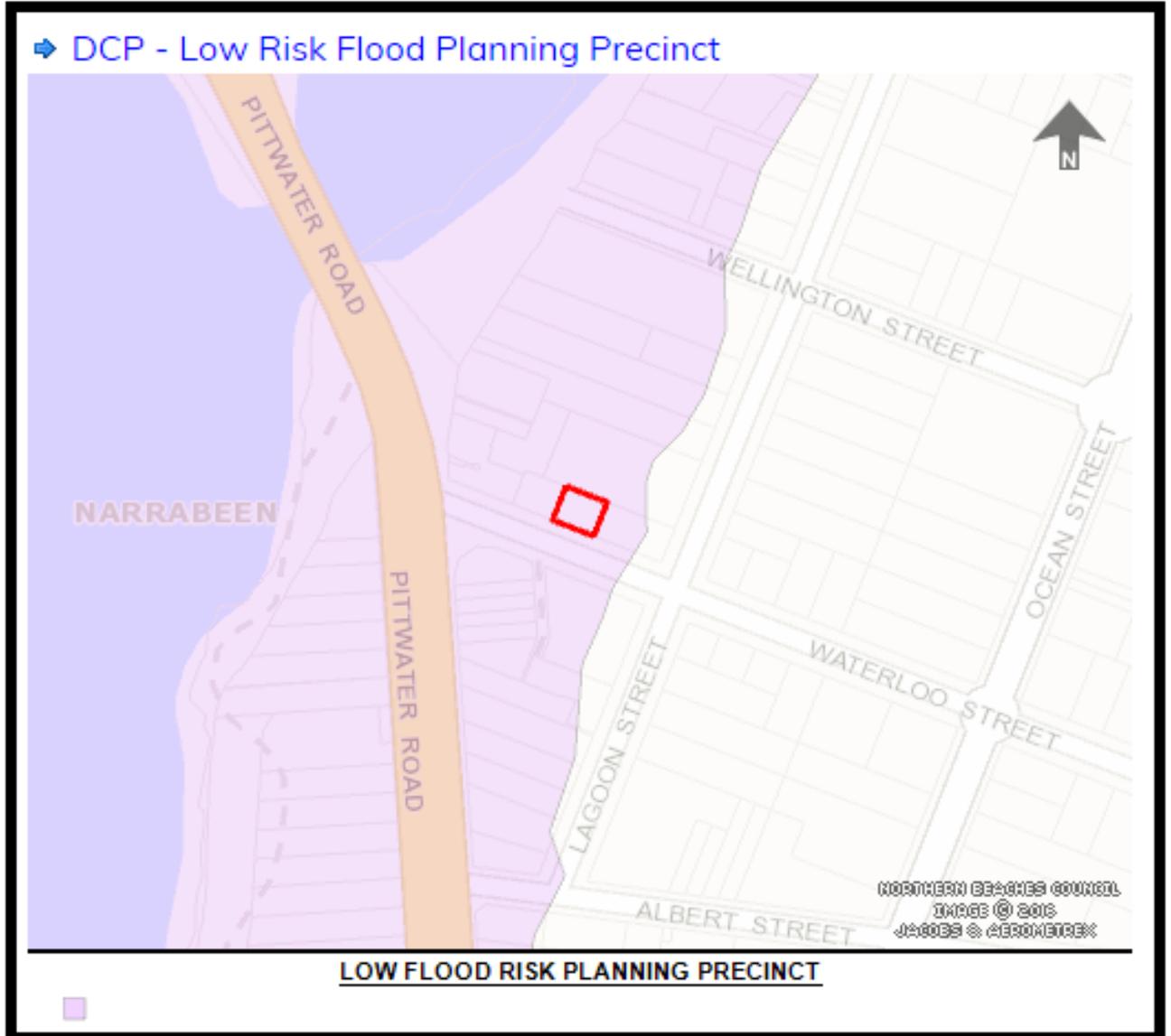
LAND SLIP:

The property is within a designated "land slip" zone.



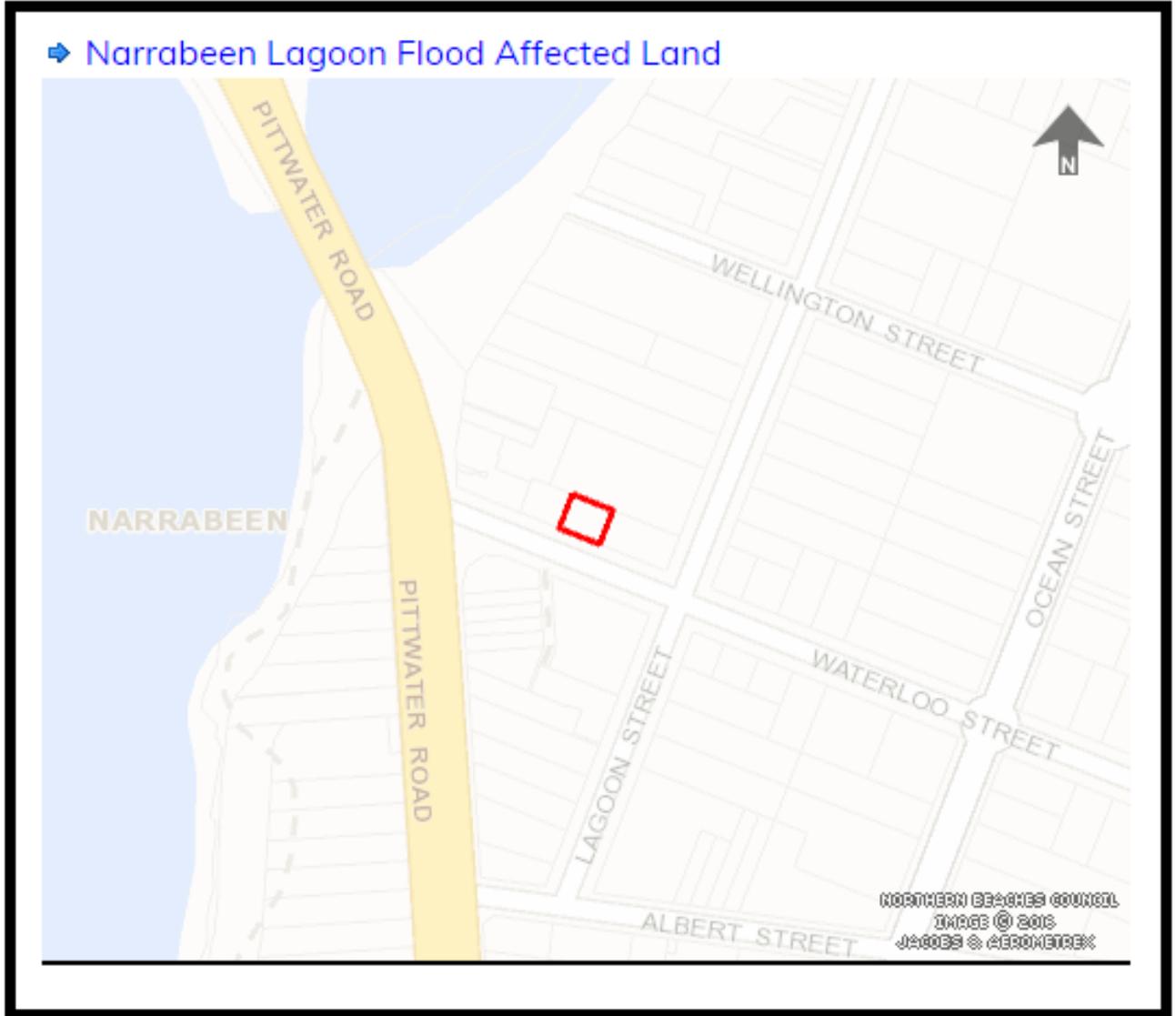
FLOOD PRONE LAND:

The subject is within a designated flood zone.



NARRABEEN LAGOON FLOOD AFFECTATION:

The subject is within a designated Narrabeen Lagoon Flood Prone Affection Zone:



SURROUNDING DEVELOPMENT:

Surrounding development is a mix of single and double storey commercial premises and medium to large residential/commercial adaptive re-use projects.

PENDING INFRASTRUCTURE:

The following elements of infrastructure are pending at this location and in our view add value to the subject properties value as a development site:

- Northern Beaches Tunnel link.
 - Will result in improved commute time between the Northern Beaches and the CBD.
- B-Line Rapid Bus Network.
 - Will provide regular rapid bus services (up to 3,000 a week) between the CBD and Northern Beaches.
- Northern Beaches Hospital.
 - Due for Completion in late 2018. The \$2.4b hospital 488 bed 9 level advanced medical facility will add value to the community and real estate prices.
- NSW State Government \$500m road and pedestrian upgrade.
 - Work on Warringah Road and the Wakehurst Parkway will reduce traffic congestion and improve commute times for Northern Beaches residents

STRUCTURAL IMPROVEMENTS:

Erected on the land is a double storey commercial building erected in about 1930. The building has a heritage listed façade in the “Art Deco” style. The building is comprised of three shops at the ground level with an upper level office component. The office area has been divided internally into several small offices includes a kitchen, bathroom and is accessed via a staircase off of a shared passageway with the adjoining building.

STATE OF REPAIR:

We understand the building to be in good condition with defects consistent with age.

However, we have not sighted a building report, a structural survey report, verified Council approval of any structures or tested any of the services that are connected and are therefore unable to give any assurance that the premises are free from defect.

VALUATION RATIONALE:

Our instructions specify that we provide an assessment as to the current market value of the subject property. Typically, the approach to the valuation of commercial premises (as a going concern) is the capitalisation of net income from standing leases, at a market acceptable cap rate, derived from comparable sales.

Though we have noted the status of the current leases, we have chosen to value the property as a “redevelopment site” due to:

- It’s underdeveloped status and subsequent highest and best being as a redevelopment site.
- Advice from agents active in the area that there is a steady demand from developers actively looking for sites at this location.

Derived Value:

Accordingly, we have analysed sales of properties of a similar profile in order to establish a value rate per square metre being paid for redevelopment sites at and around this location. From those sales, we have established that the rate is between \$7,500 and \$8,000 per square metre of land area per site.

We have adopted those rates as our value range and applied them to the subject property. The resultant calculation confirms a value range of \$2,125,000.00 to \$2,265,000.00 based on the land area of lot 2 being 283.4 square metres. After due consideration of all factors, we are of the opinion that an amount of **\$2,175,000.00** is a fair and reasonable estimate of market value in this instance.

Matters for consideration:

The fundamental matter for consideration in the redevelopment of the subject property is the potential need to retain the heritage listed façade of the building. Though not insurmountable, the added design cost will be a consideration when determining how much to pay for this opportunity.

We do not believe this would negatively impact the sale of the property.

Rear Lane Access:

As stated earlier in this report, the subject has rear lane access secured by a “right of accessway” noted on the title.

We are of the view that this enhances the desirability of the subject property.

Council designations:

As stated in this report there are several Council designations effecting this property such as; flooding and landslip.

We do not believe this negatively impacts the value of the property.

Standing leases:

We understand that the current lease profile of the premises is:

| <u>Tenant</u> | <u>Lease Expiry</u> | <u>Status</u> |
|-----------------------------|----------------------------|----------------------------------|
| Deli | 9/3/2021 with an option. | Ongoing tenancy. |
| Sushi Bar | 23/9/2025 with an option. | Ongoing tenancy. |
| Residential Unit | Expired 28/8/2016. | Ongoing Month to month. |
| Shoe repairs | Exp 2013 with an option | Ongoing Month to month. |
| Total rental income: | | <u>\$138,588.00 p.a.*</u> |

*Rental income amount supplied by owner.

It is our view that the income derived from the property serves to enhance its value proposition to a developer as it can be used to partially offset costs incurred during the design and development phase of the project.

FURTHER DEVELOPMENT CAPACITY:

Though we have not been instructed to investigate this aspect, it would be remiss of us not to mention that the potential exists for a "value uplift" (perhaps as much as 20%) if number 65 were to consolidation with number 67 and market as one offering. The resultant site would be highly attractive to developers. Consolidation with number 63 would not yield the same result in our view.

ENVIRONMENTAL CONSIDERATIONS:

Substances such as asbestos, other chemicals, toxic wastes, or other potentially hazardous materials could, if present, adversely affect the value of the property.

Unless otherwise stated in this report, the extent of a hazardous substance, which may or may not be present on or in the property, was not considered by the valuer in the conclusion of value.

The stated value estimate is on the assumption that there is no material on or in the property that would cause a loss in value.

No responsibility is assumed for any such conditions, and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial cost.

Should contamination of the site prove positive, we reserve the right to review our valuation assessed herein should we deem it necessary.

QUALIFICATIONS:

This report is made subject to:

- (i) a satisfactory, comprehensive search of title including all covenants & 88B instruments;
- (ii) a satisfactory Zoning Certificate issued under Section 149 of the Environmental Planning and Assessment Act 1979 confirming the town planning information contained herein;
- (iii) a satisfactory Survey Certificate issued ensuring that the property stands wholly within its boundaries and that there are no encroachments by or upon the subject land;
- (iv) the property not being affected or reserved by any road realignment, or road widening proposal;
- (v) the existing improvements are as noted within our report; and
- (vi) the real estate market at the time of valuation which may be subject to fluctuations.

DISCLAIMER:

This valuation is for the use only of the parties for the purpose to which it refers 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 contents of this valuation.

Neither the whole nor any part of this report, nor any reference thereto, may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

CERTIFICATE OF VALUATION:

Having regard to the comments and qualifications contained within this report:

We assess the current market value of 65 Waterloo Street, Narrabeen, being Lot 2 DP 1015218, on the basis outlined in this report, as at our date of valuation, being 5th November 2018, to be:

\$2,175,000.00

(Two million, one hundred & seventy-five thousand dollars)

A handwritten signature in black ink, appearing to read 'Tim Elliott', written in a cursive style.

Tim Elliott

Valuer

REGISTRATION No. 3078

CERTIFIED PRACTISING VALUER

CERTIFIED DEVELOPMENT PRACTITIONER

A.A.V.I.

SALES:

Sale utilised in the preparation of this report include but are not necessarily limited to the following:
(All sales evidence referenced has been cross check via third party sources, Council websites and/or with the marketing agents for the properties concerned, hence its inclusion verbatim in our report.)

Sale 1: 1131 Pittwater Road, Collaroy.



SOLD

1131 Pittwater Road

Collaroy, NSW 2097

Development Sites & Land • Shop & Retail

SOLD PRICE

Contact Agent

\$2.8m

Land area
369.0m²

Floor area
194.0m²

Car spaces
4

Property extent
Whole

Tenure type
Tenanted Investment

Sold on
04 May 2018

Also zoned B2 local centre, the sale equates to \$7,588.00 per square metre.

See over the page for more details:

Valuation for: Byrne & Associates Surveyors
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Reference: 9112 val-1

1131 Pittwater Road, Collaroy:**Outstanding Collaroy Beachfront Freehold with Future Upside**

- Freestanding property on Collaroy Beach
- Commanding position on Pittwater Road
- Multiple future usages

An absolute unbeatable and prominent position opposite Collaroy Beach this freehold property possesses endless possibilities and huge exposure to passing vehicles and pedestrians. Surrounded by booming businesses, this asset ticks so many boxes and offers the smart investor/developer the opportunity to be a part of a thriving precinct that is continuing its growth.

- Site area of 369m² and internal of approx. 194m² offering a sunny north-east aspect
- Favourable B2 zoning permits a multitude of future usages including shop-top housing
- Expansive views to the Pacific Ocean with massive exposure to Pittwater Road
- Directly opposite the soon to be reopened 'The Collaroy' by Merivale
- Conveniently positioned next to Liquorland and IGA
- Located opposite the beach with ample public parking available
- Beaches, restaurants, bars, cafes and boutique shopping on the doorstep
- Express CBD transport only metres away, parking for 4 cars at the rear

Sale 2: 1344 Pittwater Road, Narrabeen.



Also zoned B2 local centre, the sale equates to \$7,542.00 per square metre.

See over page for more details:

I N V E S T M E N T P R O F I L E

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| | |
|--------------------|------------------------------------|
| OVERVIEW | |
| Address: | 1344 Pittwater Road, Narrabeen NSW |
| Lots & Strata Plan | Lot 1 in DP1084432 |
| Land Area: | 411 m ² * |
| Building Area: | 306 m ² * |
| Car Parking: | Parking for two cars |

LEASE DETAILS / FINANCIALS

| PLUS FITNESS 24/7 | | SUMMARY | |
|-----------------------|---|-------------------|------------------------------------|
| CURRENT NET INCOME | \$127,500 | Plus Fitness | \$127,500 |
| ADDITIONAL INCOME | \$9,091** | Westpac | \$14,490 |
| OUTGOINGS | 100% paid by lessee | Additional Income | \$9,091** |
| LEASE TERM | 5 years (June 2018 – June 2023) plus one five (5) year option | Total Net Income | \$151,081 |
| BANK GUARANTEE | Four (4) months gross rental (\$54,306) | Outgoings | \$22,182* (Paid in full by lessee) |
| PERSONAL GUARANTEE | Director Guarantee from all four directors | | |
| ANNUAL INCREASE | 4% annually (June Anniversary) | | |
| NET LETTABLE AREA | 299 m ² * | | |
| WESTPAC (ATM) LICENCE | | | |
| NET INCOME | \$14,490 (as at November 2018 anniversary) | | |
| OUTGOINGS | Electricity and telecommunication services paid by Licensee | | |
| LICENCE TERM | 5 years (November 2017 – November 2022) | | |
| GUARANTEE | Corporation Guarantee | | |
| ANNUAL INCREASE | 3.5% annually (November Anniversary) | | |
| NET LETTABLE AREA | 7 m ² * | | |

FUTURE DEVELOPMENT POTENTIAL

The property benefits from a flexible zoning permitting a multitude of possible usages, most notably shop top housing allowing the construction of residential apartments over a commercial ground floor, subject to council approval.

| | |
|--------------|------------------------------|
| Council | Northern Beaches - Warringah |
| Zoning | B2 - Local Centre |
| Height Limit | 11 metres |
| FSR | None Prescribed |

Permitted with consent:

Boarding houses; Centre-based child care facilities; Commercial premises; Community facilities; Educational establishments; Entertainment facilities; Function centres; Information and education facilities; Medical centres; Passenger transport facilities; Recreation facilities (indoor); Registered clubs; Respite day care centres; Restricted premises; Roads; Service stations; Shop top housing; Tourist and visitor accommodation; Any other development not specified in item 2 or 4

FUTURE COMMERCIAL EXPANSION

In addition to the potential for mixed-use development, the property offers significant scope for commercial expansion. The Plus Fitness business model allows for a larger floor space footprint and as such there may be future potential to expand the premises specifically for Plus Fitness or any other future commercial operator. The area lacks any quality office or commercial space and this could be an excellent future usage for the property.

The property's fantastic corner location, facing a main arterial road, would also lend itself to exceptional signage possibilities, which of course would be subject to council approval.

N.B. This information was provided to us by the vendor and should not be taken as a definitive future outcome.

TITLE SEARCH:

| | | | |
|---|---|--|---|
|  | LAND REGISTRY SERVICES | Title Search |  |
| NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH | | | |
| ----- | | | |
| FOLIO: 2/1015218 | | | |
| ----- | | | |
| SEARCH DATE | TIME | EDITION NO | DATE |
| ----- | ----- | ----- | ----- |
| 5/11/2018 | 12:52 PM | 8 | 13/1/2017 |
| | | | |
| LAND | | | |
| ----- | | | |
| LOT 2 IN DEPOSITED PLAN 1015218 | | | |
| AT NARRABEEN | | | |
| LOCAL GOVERNMENT AREA NORTHERN BEACHES | | | |
| PARISH OF MANLY COVE COUNTY OF CUMBERLAND | | | |
| TITLE DIAGRAM DP1015218 | | | |
| | | | |
| FIRST SCHEDULE | | | |
| ----- | | | |
| JUDITH ANNE BYRNE | | | |
| IN 1/4 SHARE | | | |
| JEANETTE BYRNE | | | |
| IN 1/4 SHARE | | | |
| MICHAEL ANTHONY GEROS | | | |
| IN 2/6 SHARE | | | |
| J & P BYRNE SUPER PTY LTD | | | |
| IN 1/6 SHARE | | | |
| AS TENANTS IN COMMON (TZ AM55988) | | | |
| | | | |
| SECOND SCHEDULE (9 NOTIFICATIONS) | | | |
| ----- | | | |
| 1 | RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S) | | |
| 2 | 5681501 | RIGHT OF ACCESS 3.59, 5.1 & 7 WIDE APPURTENANT TO THE LAND ABOVE DESCRIBED AFFECTING THE PART OF CP/SP57807 DESIGNATED (A) IN PLAN WITH 5681501 | |
| 3 | DP1015218 | RIGHT OF FOOTWAY AND RIGHT OF ACCESS 0.3 METRE(S) WIDE AND VARIABLE LIMITED IN HEIGHT AFFECTING THE PART(S) SHOWN SO BURDENED IN THE TITLE DIAGRAM | |
| 4 | DP1015218 | RIGHT OF FOOTWAY 0.6 METRE(S) WIDE AND VARIABLE LIMITED IN HEIGHT APPURTENANT TO THE LAND ABOVE DESCRIBED | |
| 5 | DP1015218 | RIGHT OF FOOTWAY 0.93 METRE(S) WIDE LIMITED IN DEPTH AND HEIGHT APPURTENANT TO THE LAND ABOVE DESCRIBED | |
| 6 | DP1015218 | RIGHT OF FOOTWAY VARIABLE WIDTH LIMITED IN DEPTH AND HEIGHT APPURTENANT TO THE LAND ABOVE DESCRIBED | |
| 7 | DP1015218 | EASEMENT FOR ELECTRICITY PURPOSES 0.25 METRE(S) WIDE AFFECTING THE PART(S) SHOWN SO BURDENED IN THE TITLE DIAGRAM | |
| 8 | AF881099 | LEASE TO TOURBOX PTY LIMITED OF 65 WATERLOO STREET, NARRABEEN. EXPIRES: 23/9/2015. OPTION OF RENEWAL: 5 YEARS. | |
| | AG90338 | TRANSFER OF LEASE AF881099 LESSEE NOW FRAN & | |
| END OF PAGE 1 - CONTINUED OVER | | | |
| geros byrne | | | |
| PRINTED ON 5/11/2018 | | | |

NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 2/1015218

PAGE 2

SECOND SCHEDULE (9 NOTIFICATIONS) (CONTINUED)

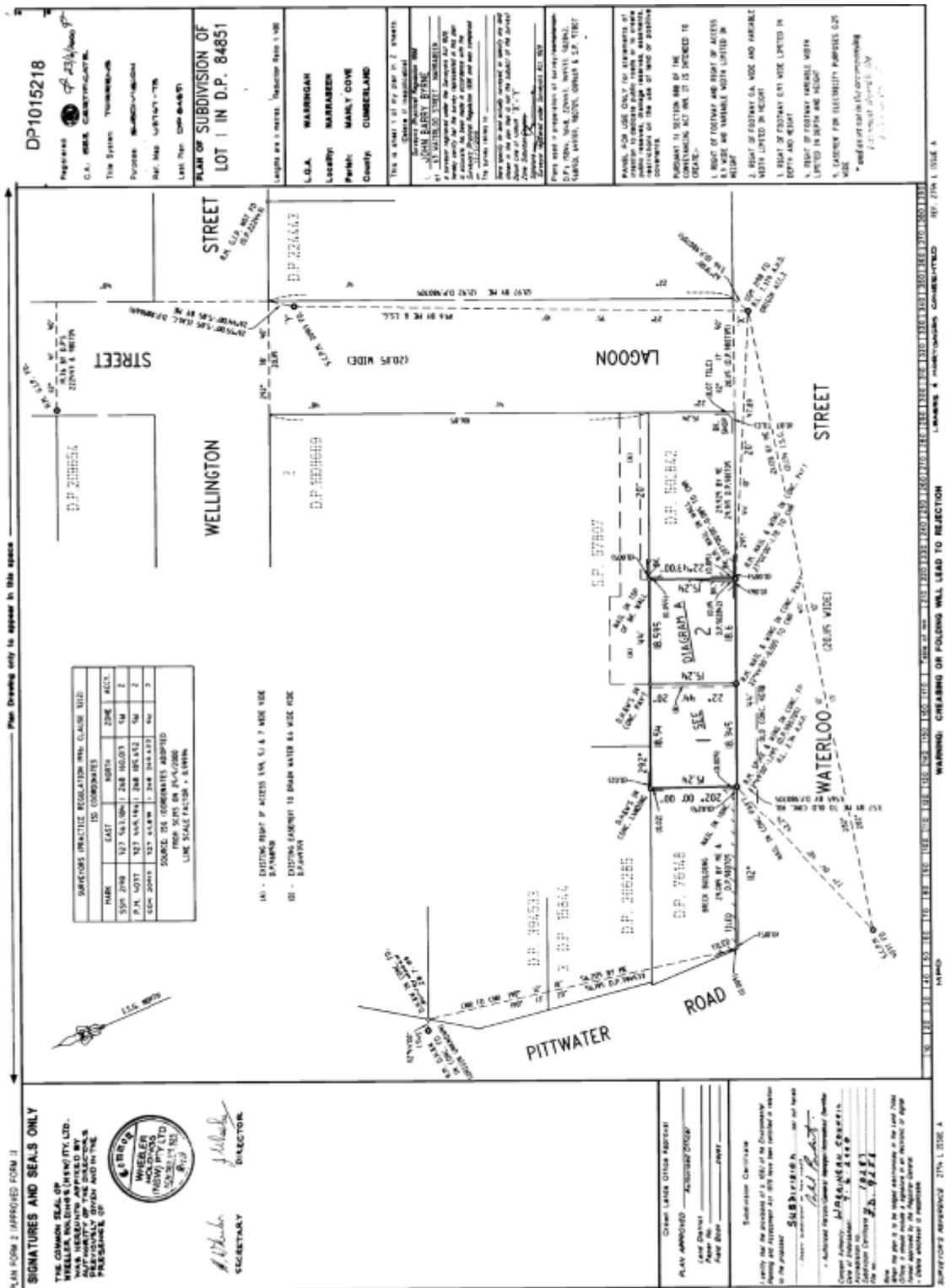
FRAN PTY LTD
9 AK89096 LEASE TO FRAN & FRAN PTY LIMITED OF NO. 65 WATERLOO
STREET, NARRABEEN. EXPIRES: 23/9/2020. OPTION OF
RENEWAL: 5 YEARS.

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

DEPOSITED PLAN No 1015218:



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