

30 Alfred Street Milsons Point, NSW



- Iconic residential development site
- Development Approval for residential apartments
- Outstanding location overlooking the Sydney Harbour Bridge
- 3 street frontages
- Magnificent views
- 3,706 sqm (approx.) office building



Introduction

Extremely well located directly opposite Bradfield Park on Sydney Harbour's northern foreshore, 30 Alfred Street comprises a prominently positioned commercial office building with significant residential redevelopment upside.

Approval has been obtained allowing the construction of a mixed use development on the site comprising a minimum of 50 residential units, ground floor retail/commercial space and basement parking for 48 vehicles.

Contents

Section	Page
1: Introduction	3
2: Executive Summary	5
3: Key Investment/Development Highlights	6
4: Location	8
5: Development	10
6: Asset Overview	20
7: Market Commentary	22
8: Financial Information	23
9: Conclusion	27
10: Sales Process	28

30 Alfred Street is being offered for Sale by Expressions of Interest closing Thursday 20 June 2013 at 4pm AEST

On behalf of **Centuria Property Funds, Savills Australia and Chesterton International** are pleased to offer for sale a unique harbour side property, **30 Alfred Street, Milsons Point.**

30 Alfred Street provides an outstanding opportunity to acquire a commercial office building providing an existing cash flow with an approval for residential redevelopment.

The property commands a prime corner location within the prestigious lower north shore suburb of Milsons Point. Just metres from the waterfront, 30 Alfred Street is situated directly opposite Bradfield Park and the Sydney Harbour Bridge, providing spectacular views. The building also benefits from excellent local amenity and easy access to all forms of public transport, including rail, bus and ferry.

Approximately 90% occupied, the current leasing profile of the building allows the successful purchaser access to the site for redevelopment in the short to medium term. With an estimated passing net income of \$1,549,206 p.a. as at 31 May 2013 underpinned by fixed annual rental increases of predominantly 4%, 30 Alfred Street is a solid office asset offering the opportunity to capitalise on an undersupply in Sydney's residential apartment market.

The property is being offered for Sale by Expressions of Interest closing Thursday, 20 June 2013 at 4pm AEST.

Eastern elevation from Bradfield Park



Property	30 Alfred Street, Milsons Point NSW 2061
Location	The property is strategically located within the heart of the exclusive lower north shore suburb of Milsons Point on the corner of Alfred Street and Dind Street. Offering impressive views of Bradfield Park, the Harbour Bridge, CBD and Lavender Bay. Nearby Kirribilli offers an abundance of restaurants, cafes and transport facilities making this a highly desirable residential location.
Development Potential	Approval has been obtained allowing the construction of a mixed use development comprising a minimum of 50 residential units, ground floor retail/commercial space and basement parking for 48 vehicles. A S96 application will yield approximately 81 residential units plus limited lower ground retail (refer Section 5).
Building Description	A seven level commercial office building comprising a single level of basement parking, ground floor retail accommodation and six upper floors of office space.
Site Area	910.9 sqm
Estimated Passing Net Income	\$1,549,206 (as at 31 May 2013)
Estimated Fully Leased Net Income	\$1,819,218 (as at 31 May 2013)
Net Lettable Area (NLA)*	3,706.1 sqm
Car Parking	20 spaces - plus 4 storage units
Zoning	"Mixed Use" under the North Sydney Local Environmental Plan
NABERS	0 stars
Weighted Average Lease Expiry (WALE) by Income	1.87 years (as at 31 May 2013)
Method of Sale	For Sale by Expressions of Interest closing Thursday, 20 June 2013 at 4pm AEST.

*Approx



Key Investment/Development Highlights

Iconic Residential Development Opportunity

The property offers an outstanding opportunity for development of foreshore residential apartments within one of Sydney's most desirable harbour front locations. Given its position, outlook, and surrounding amenity, the site is ideally suited to residential development.

Consent has been granted allowing the construction of a mixed use development on the site comprising:

- 50 residential units
 - 2 x studios
 - 24 x 1 bedroom
 - 18 x 2 bedroom
 - 6 x 3 bedroom
- 908 sqm of retail/commercial space; and
- Basement parking for 48 vehicles.

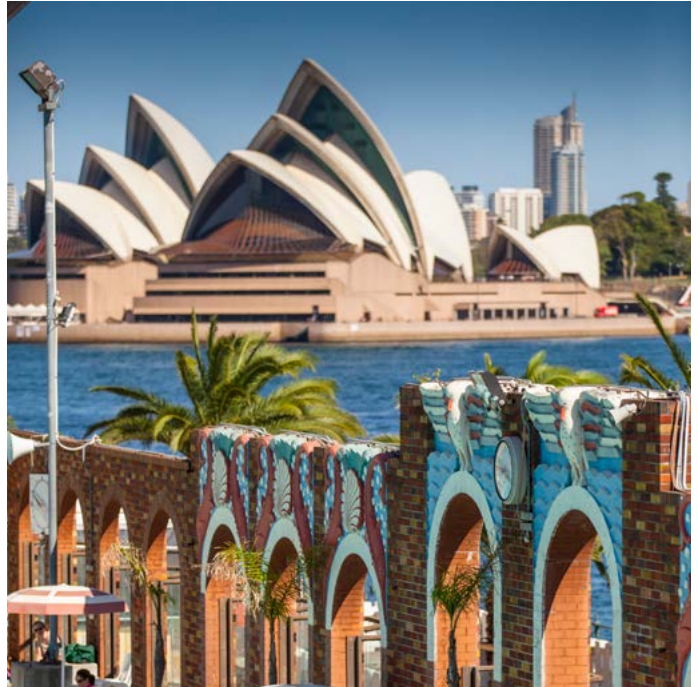
Substantial commencement has been obtained through construction of a stormwater conversion on Mary Wollstonecraft Lane and creation of a structure for the electricity substation. A copy of the Construction Certificate is contained within the due diligence material.

However, in order to maximise the value of the property a revised scheme incorporating 81 apartments is being discussed with North Sydney Council (See Section 5 - Development Potential for further information).

Premium Lower North Shore Location

30 Alfred Street forms part of what is considered to be the North Shore's premier apartment destination, where dwellings in close proximity to the water are high in demand. The area is home to numerous cafes, restaurants, parks, leisure facilities and has excellent access to both motorway connections and public transportation services. This easily cements it as one of the North Shore's best residential locations.

Furthermore, the locale is also particularly appealing to advertising, media, information technology and financial style tenants, providing the flexibility to retain the asset as a commercial investment.



Ability to Unlock Redevelopment Potential

The property has been well positioned for redevelopment the latest lease expiry is September 2016. In addition, a majority of leases contain Demolition Clauses whereby from 31 December 2015, the Lessor may terminate the lease providing six months written notice is given. This will enable residential development to occur in the short to medium term.

Strong Holding Income

30 Alfred Street is approximately 90% leased to a mix of quality tenants providing a stable net passing income of \$1,549,206 p.a. (as at 31 May 2013). Fixed annual increases of 4% are included within a large proportion of leases, which delivers strong, built-in rental growth. Both developers and investors alike can benefit from this strong holding income while potentially amending planning approvals, finalising schemes or repositioning the asset.

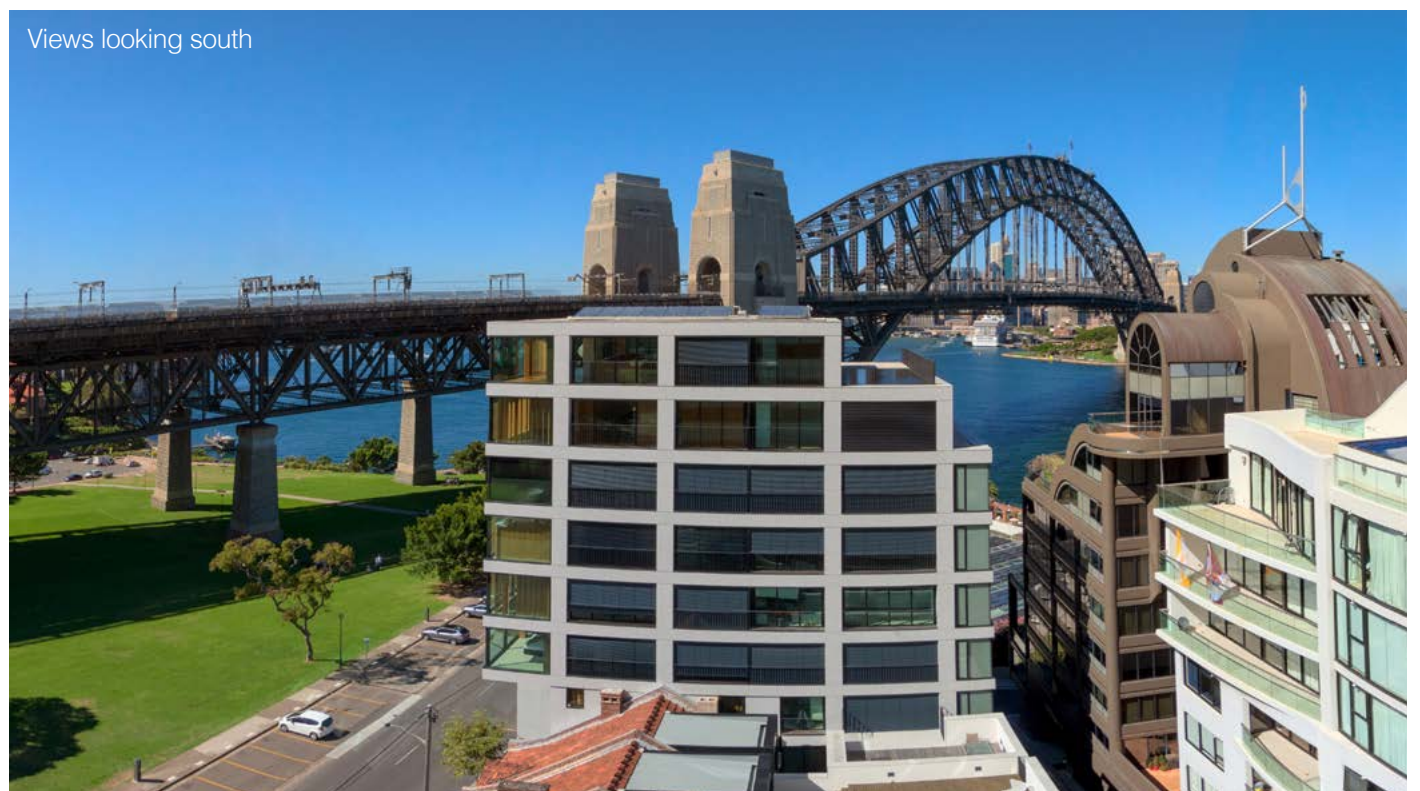
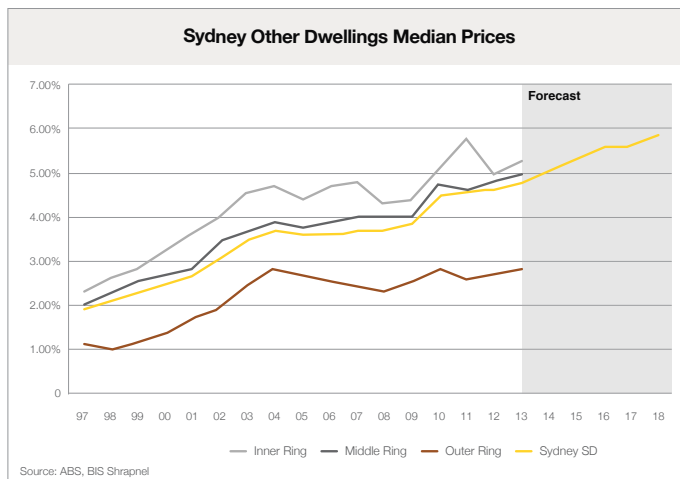


Attractive Residential Apartment Demand

The population growth within Milsons Point continues to grow at a healthy rate and at a level which is well above the remainder of the Sydney Metro area. According to the Australian Bureau of Statistics, over the 2001-2006 and 2006-2011 censuses, the average percentage growth per census period for Milsons Point was 24.7% while the Sydney Metro recorded 5.5%, which on an annual basis is 4.9% as compared to 0.9%. Furthermore, couples without children represented 64.8% of the population. This combined with its highly desirable location, potential for views, proximity to amenities and transport, will continue to drive strong demand for residential property in Milsons Point. Consequently, 30 Alfred Street is well positioned to capitalise on the resulting potential increases in median apartment prices.

Corner Position Enhancing Natural Light and Views

30 Alfred Street's corner position and three street frontages provide the building with generous natural light and magnificent views across the adjacent Bradfield Park, Sydney Harbour Bridge and through to CBD, as well as over Lavender Bay. The three street frontages will also be an advantage for a redevelopment by enabling better access to the site and enhance view corridors.



Location

30 Alfred Street is prominently located within the picturesque northern foreshore of Sydney Harbour on the corner of Alfred Street and Dind Street in Milsons Point.

30 Alfred Street occupies a prime position opposite Bradfield Park providing spectacular views of the Sydney Harbour Bridge, CBD and back over Lavender Bay.

The area is home to a range of cosmopolitan cafes, bars, village shops, fine dining restaurants and leisure facilities including North Sydney Olympic Pool, Aqua Dining, Ripples Cafe, the Kirribilli Club, Luna Park, McMahons Point and numerous scenic gardens near the waterfront.

Situated approximately three kilometres north across the Sydney Harbour Bridge, 30 Alfred Street is within walking distance from both the CBD and North Sydney. The property is also extremely well serviced by public transport with Milsons Point Railway Station just metres away and buses running frequently along Alfred Street. Furthermore, the Milsons Point/Luna Park Ferry Wharf is situated approximately 150 metres from the property.

Access by vehicle is also readily available via the Lavender Street and Alfred Street exits, for vehicles traveling from the north on the Bradfield Highway and Pacific Highway, as well as south over the Harbour Bridge from the CBD and beyond.

Milsons Point as a commercial office destination is relatively tightly held and continues to show strong tenant demand particularly from advertising, media and financial companies due to its proximity to the CBD, connectivity to North Shore residential locations, outstanding views and high level of amenity.

These attributes confirm that the location of 30 Alfred Street is perfectly suited for premium residential development.





30 Alfred Street

Development

30 Alfred Street is one of the best residential addresses north of Sydney Harbour. It offers the unique benefit of being secluded yet close to North Sydney, Kirribilli and within walking distance of the Sydney CBD. It offers unprecedented convenience and amenity.

This unique property offers the benefit of being close to Milsons Point and Kirribilli Village, with good connectivity to the train, ferry and bus network, whilst overlooking Sydney Harbour and the Sydney CBD.

Artist's impression of completed residential redevelopment of 30 Alfred Street, Milsons Point



Development Approval

Bligh Voller Nield (BVN) led the original consultant team that prepared the architectural plans, town planning and associated reports for submission of the development application. Development Approval (DA) was granted by North Sydney Council (Council) together with subsequent S96 approvals for the redevelopment of the property as a new residential apartment building of 50 apartments, 908 sqm of retail/commercial space at ground and lower ground levels, and basement car parking for 48 cars.

The Vendor separately purchased airspace from Council and this has been consolidated on Title. This airspace is approximately 4.6 sqm in area and unlimited in height. It consists of a small triangular shaped lot on the corner of Alfred and Dind Streets. Consolidation of this lot allows the whole property to be regular in its dimensions.

The DA was deferred (in June 2006) and 'commencement' required before DA expiry in June 2011. Commencement was achieved prior to expiry of the DA (primarily through the physical provision of stormwater infrastructure, property surveys and provisions for the electrical substation). Construction certification was obtained from the private certifier, which extends the life of the DA in perpetuity. This facilitates the rapid commencement of the next stage of redevelopment works, at the discretion of the property owner.

Refinement of Current Development Approval

The original DA was managed by Eclipse Property Group (EPG). EPG was subsequently acquired by Centuria. Centuria has, together with its small consultant team, reviewed the DA and developed plans that it believes are more efficient, will better meet residential market demand and will deliver better returns. The team led by Centuria includes Allen Jack + Cottier (AJ+C architects) and JBA (town and statutory planners) and has focused on addressing the following key issues:

- Maximise the Net Saleable Area (NSA) and Net Realisation of the development;
- Rationalise the building core to reduce the number of lift cores/fire stairs;
- Reconfigure the floor plans to reflect a better mix (ie. size, type, design, flexibility) of apartments that meet current market demand, optimise sales rates, purchaser price points and facilitate an effective project marketing campaign; and
- Increase the residential footprint (NSA) by rationalising the retail/commercial space on ground level and introduce residential apartments fronting Alfred Street.

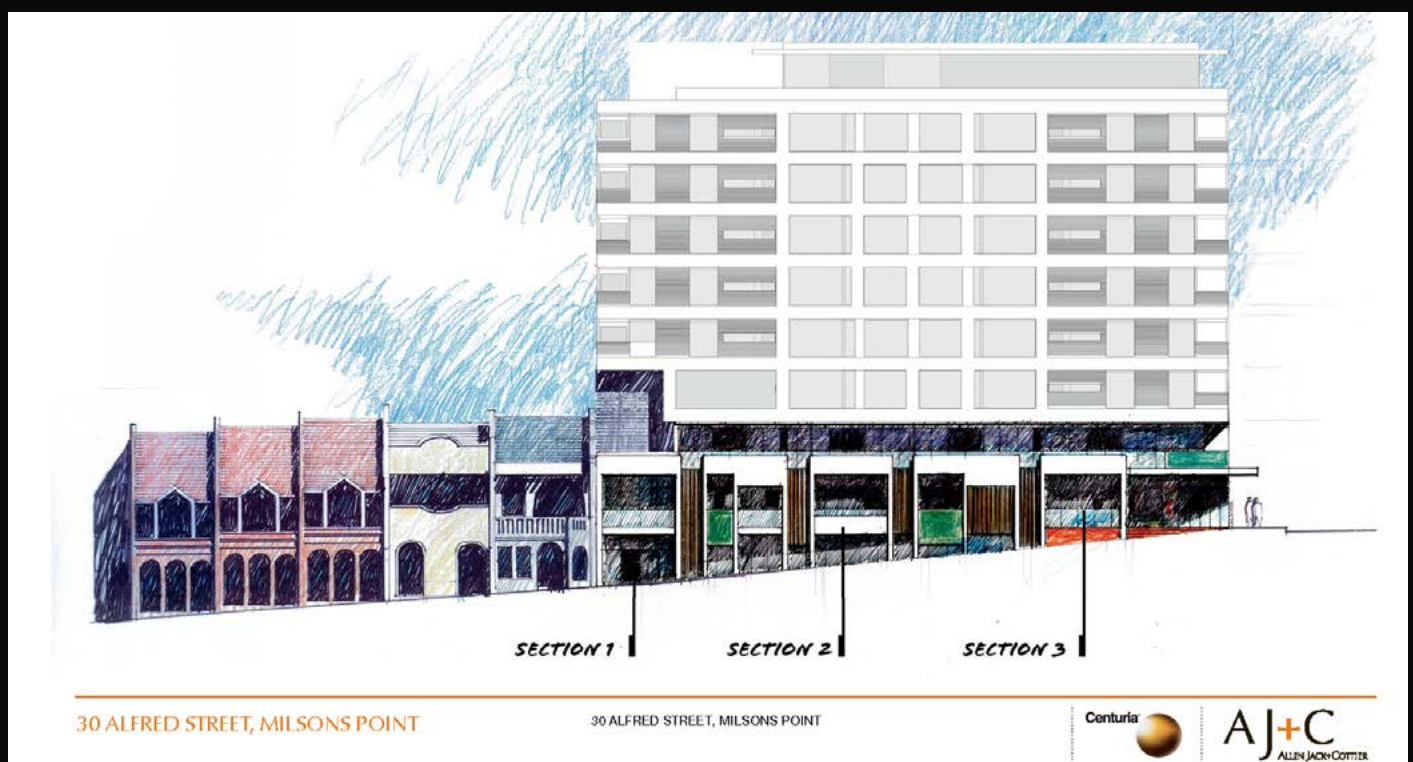
To assist in guiding its review Centuria also consulted several prominent residential marketing, advisory and sales agents. The current apartment mix reflects this advice.

Centuria has met several times with Council to present its proposed revisions and discuss the matters outlined above. Advice was also sought on how best to amend the current DA and gain the necessary approval from Council. Based on advice from JBA and Council, the suggested revisions are deemed not to require a new DA but can be submitted through a S96 application, which is a much more streamline approval process.

The first step in this process was to articulate the design changes and undertake a dialogue with Council. Centuria and its team undertook meetings with Council to understand their requirements and gauge their support for the proposed amendments. In part, the previous BVN design was informed and guided by specific design principles, which are not necessarily applicable now.

Maintaining the approved building envelope and the preserved view corridors is important to Council and cannot be altered, therefore Centuria's proposed amendments do not seek to amend these parts of the development. However, reworking the internal floor layouts, rationalising the core and services, and reconfiguring the ground floor retail to residential can be achieved and are supported by Council, subject to S96 application.

Sketch design of completed residential redevelopment of 30 Alfred Street, Milsons Point



Development

Reconfiguring the floor plans and apartment mix delivers approximately 81 apartments in total. This is significantly more than the 50 apartments approved in the current DA and is achievable through improved planning, design, and efficiency.

DA Approved Apartment Mix

Units	Studio	1 Bed	2 Bed	3 Bed	Commercial/Retail
No	2	24	18	6	908 sqm
%	4%	48%	36%	12%	
Total Apartments¹				50	
Total NSA				5,929	

Proposed Apartment Mix

Units	Studio	1 Bed	2 Bed	3 Bed	Commercial/Retail
No	8	44	26	3	665 sqm
%	10%	54%	30%	6%	
Total Apartments²				81	
Total NSA				6,518	

1. Based on residential net saleable area of approx. 5,021 sqm plus 908 sqm retail/commercial NLA. 48 car spaces.

2. Based on residential net saleable area of approx. 5,853 sqm plus 665 sqm retail/commercial NLA. 58 car spaces.

It is envisaged that with the increase in the number of units some additional car parking will be required. Initial forecasts are that a percentage of the smaller apartments (ie. studios and some 1 bedroom apartments) can be sold successfully without a dedicated car parking space due to the excellent location and forecast sale price points. Council policy is to actively encourage the use of public transport, cycling and pedestrian traffic to reduce the dependence on cars. Therefore, an overall decrease in the ratio of cars per apartment will be viewed positively.

In this context the additional 30 apartments will result in approximately 10 additional car parking spaces, which is not considered significant and unlikely to present traffic issues.

Street Activation

In response to Council's requirement to activate the street frontage and include business uses on the ground (street) level, Centuria has presented a proposal that meets this requirement but also integrates new residential apartments fronting the street. The property has a significant gradient (level change) from North to South, which creates a split level along Alfred Street and Mary Wollstonecraft Lane.

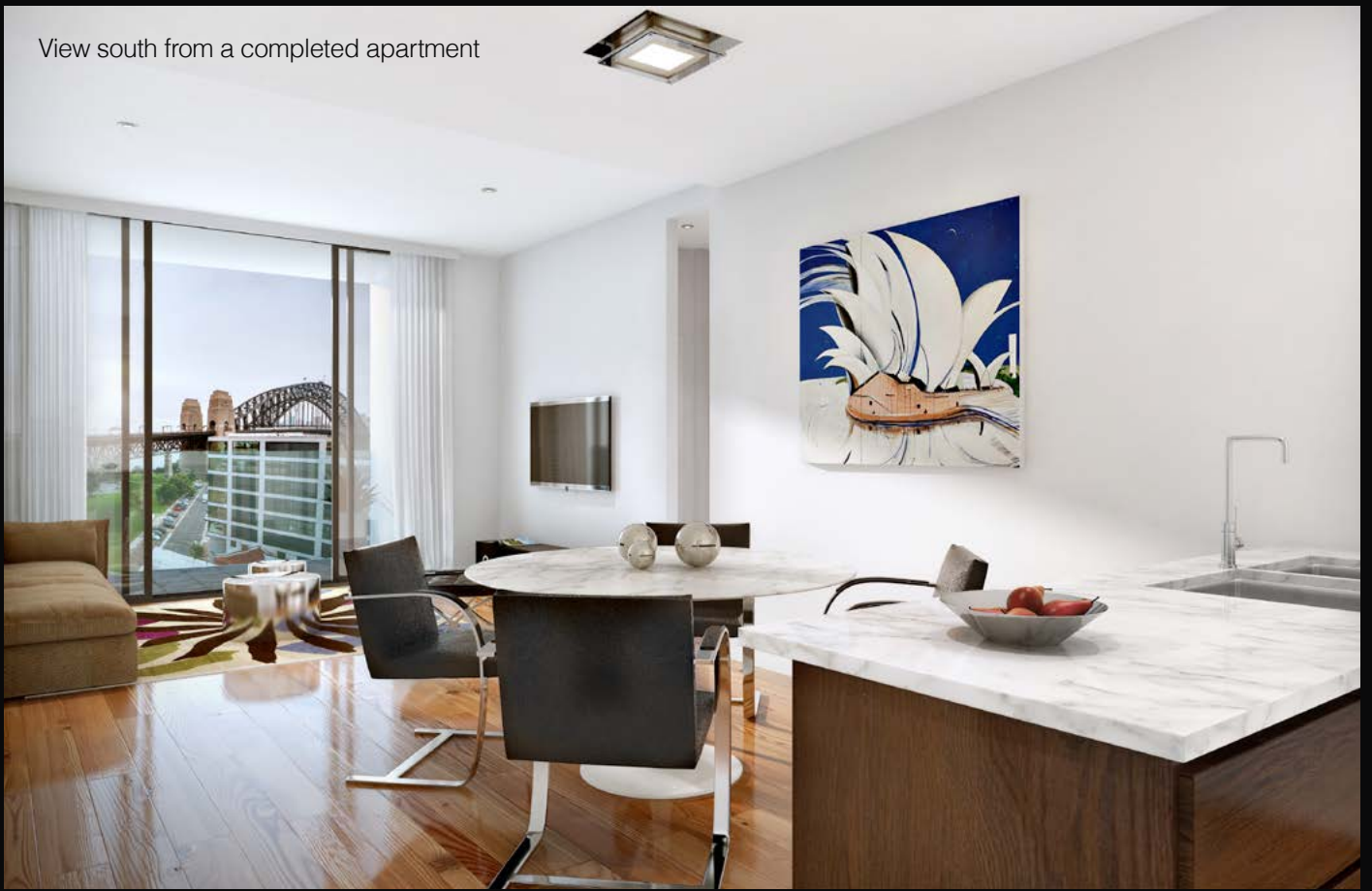
As shown on the revised plans this allows business uses at the street (ground level) with residential above.

Re-orienting the entry from the lower (south eastern) side to the corner of Alfred Street and Dind Street (north eastern), provides a much improved and more visible address for the development. It also facilitates a new residential terrace apartment alongside the existing terrace house at the south eastern corner of the building. This, together with a new facade module that replicates the adjoining terrace houses, creates a much more sympathetic and appealing scale at street level.

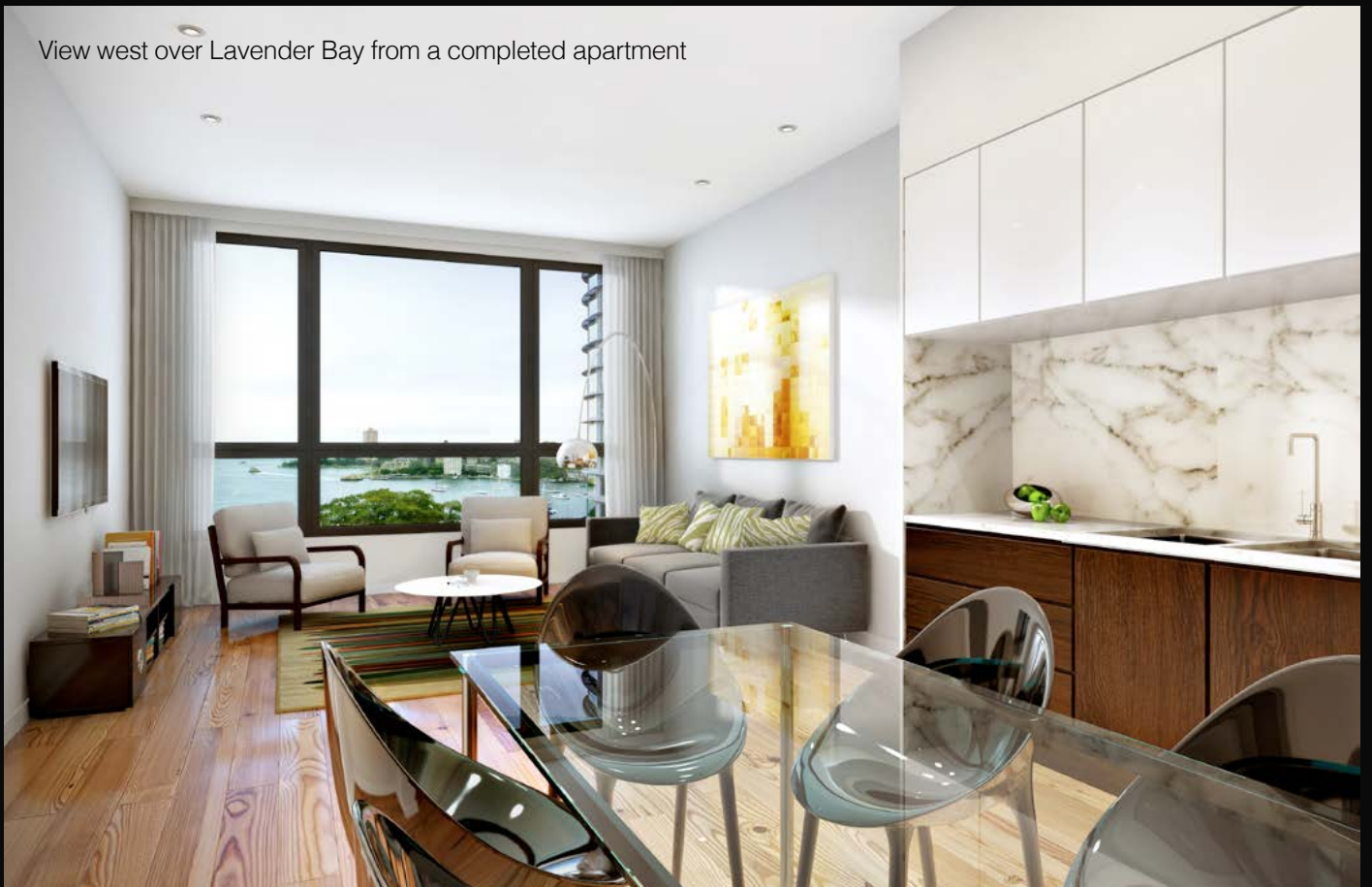
Increasing Residential Use

The ground/lower ground floor will be for commercial/retail use and accessible from the Alfred Street frontage (refer AJ&C plans). The objective has been to increase the residential floor space but also create commercial space that will meet market demand and suit the street character. 30 Alfred Street's commercial/retail space is likely to be attractive to smaller, destination based businesses. This has been identified and supported by an independent consultant.

View south from a completed apartment



View west over Lavender Bay from a completed apartment



Development

Authority Approval Process

Council were supportive 'in principle' with the proposed amendments, and Centuria formed its' design based on their comments and feedback. The next step was to meet with North Sydney Council's Design Excellence Panel. The Panel is an independent advisory group that consults Council on design matters and is a precursor to making a formal application to Council. Whilst the Panel is not the referral authority, their advice is considered closely by Council and is important in garnering support for any amendments.

A presentation (and SEPP 65 compliance table) was prepared and made to the Panel on 11 April 2013. This information is available to prospective purchasers upon request. The design as presented satisfies Council's SEPP 65 requirements and delivers benefits over the current approved DA scheme.

Design Excellence Panel

The panel had some constructive comments which can be worked through prior to the S96 application being made, however in summary the panel viewed the ammended scheme as a significant improvement on the current DA. Their support has been outlined in the attached letter by JBA (Centuria's planning consultants).

A Typical AJ+C apartment building



Artists' impression of completed development on the corner of Alfred Street and Dind Street





ARCHITECTURE
URBAN DESIGN
HERITAGE
INTERIORS
GRAPHICS

PRINCIPALS
& NOMINATED
ARCHITECTS (NSW)
Michael Heenan 5264
Peter Ireland 6661

CEO
Michael Heenan

HEAD OFFICE - SYDNEY
79 Myrtle Street
Chippendale NSW 2008
AUSTRALIA
tel +61 2 9311 8222
fax +61 2 9311 8200

www.architectsajc.com

ALLEN JACK+COTTIER
Architects Pty Ltd
ABN 53 003 782 250

BEIJING
SYDNEY

PI

13 May 2013

Mr Andre Bali
Head of Development
Centuria Property Funds
L23, 111 Pacific Highway
NORTH SYDNEY NSW 2060

Dear Andre

RE: RESIDENTIAL REDEVELOPMENT
30 ALFRED STREET, MILSONS POINT (JP13_18)

We are pleased to provide this letter of support for the redevelopment of 30 Alfred Street, Milsons Point. The property has great potential as a new quality residential apartment building in a unique and valuable location overlooking Sydney Harbour.

Allen Jack + Cottier (AJ+C) has been engaged by Centuria to review the approved DA and develop a more efficient and improved scheme within the DA envelope. AJ+C has also assisted in liaising with North Sydney Council on planning & design matters, particularly regarding any Section 96 amendments to the approved DA.

In our view 30 Alfred Street is one of the best residential addresses in Milsons Point, and north of the harbour. The property offers the unique benefit of being secluded yet close to North Sydney, Kirribilli and within walking distance of the Sydney CBD. With its close connectivity to the train, ferry and bus network and overlooking North Sydney Pool, Sydney Harbour and Lavender Bay, it offers unprecedented convenience and amenity.

The Milsons Point precinct and surrounds has matured over the past decade as a sought after residential location. Over this time many of the commercial buildings have been redeveloped into residential, also many older style and heritage residences have been refurbished, as well creating a rich and diverse character. Alfred Street is a mix of new residential and heritage residences.

Together with Centuria and the consultant team we have redesigned the building such that the number of apartments has been increased from 50 to 81. They are designed to meet the current market demand for smaller apartments, and meet both the investor and owner occupier markets. Council has provided 'in principle' support for a reconfiguration of the current approved development, and will allow a Section 96 submission to be made.

ALLEN JACK+COTTIER

AJ+C is one of Australia's pre-eminent and established architectural firms having completed many iconic and successful residential projects around the country. Through our long experience we have come to identify buyer preferences. We have worked successfully with developers, owners and Councils in creating well designed commercial solutions which contribute to the urban landscape and built environment.

30 Alfred Street has the opportunity of offering a diverse and flexible mix of residential product from investor apartments through to larger, more unique owner occupier stock. The apartment type, size and configuration however requires further market analysis. The site allows for quality smaller 1 and 1+1 bedroom apartments through to larger 2 and a few 3 bedroom apartments on the upper levels, taking advantage of the views over Sydney Harbour and roof terraces. A short walk to Kirribilli Village and the amenity of North Sydney Pool will be an attractive proposition to purchasers.

We believe 30 Alfred Street would be a sought after address that would be well received by the market. We have no hesitation in supporting this development and look forward to the opportunity of working with either you and/ or other parties in bringing this exciting residential project to fruition. 30 Alfred Street will be a great address and make a very valuable and positive contribution to Sydney and this precinct.

Yours sincerely
ALLEN JACK+COTTIER



Peter Ireland
Principal
Architect No 6661



13121
9 May 2013

Mr Andre Bali
Head of Development
Centuria Funds Management Pty Ltd
Level 23
111 Pacific Highway
NORTH SYDNEY NSW 2060

Dear Andre

**30 ALFRED STREET, MILSONS POINT
RESIDENTIAL REDEVELOPMENT SCHEME**

Further to recent discussions we are pleased to provide the following planning advice to Centuria Funds Management Pty Ltd (Centuria) with regards to the proposed redevelopment of 30 Alfred Street, Milsons Point. This advice has been informed by our understanding and involvement with the property and proposal to date.

- Land at 30 Alfred Street is presently occupied by a commercial office building.
- The site is currently the subject of an existing development consent (D563/03) for demolition of the existing building and erection of a multi-level mixed use development comprising commercial space, 50 residential apartments and basement car parking.
- On the 14th June 2011 a Stage 1 Construction Certificate Approval was issued by Advance Building Approvals Pty Ltd relating to the excavation for and construction of stormwater conversion on Wollstonecraft Lane and structure for electricity substation. We understand these construction works were physically commenced for the purposes of Clause 95 of the *Environmental Planning and Assessment Act 1979*, and as such the development consent remains valid and operable.
- Centuria together with JBA and AJ+ C Architects, have been in recent discussions with North Sydney Council regarding a Section 96 application to amend development consent D563/03. To this end AJ+ C Architects have prepared a revised concept scheme for the site for the purpose of facilitating discussions and gaining an 'in principle' agreement from Council.
- The revised scheme involves an amendment to the design and configuration of the approved building and results in an overall increase in the number of apartments on the site from the approved 50 to 81. Changes include amendments to the apartment configuration, mix and number; adjustments to the ground floor layout including the provision of some residential floorspace; changes to the building facade design and minor alterations to the basement layout (additional car spaces).
- Two pre-application meetings have been held with North Sydney Council Planning Officers to date and a separate meeting has been held with the North Sydney Design Excellence Panel. The revised scheme was positively received by both Council officers and the Design Excellence Panel, specifically we note that the Design Excellence Panel stated that the proposed modifications were considered *"to be a significant improvement to the approved plans."*

JBA Urban Planning Consultants Pty Ltd ABN 84 060 735 104 [w jbaplanning.com.au](http://jbaplanning.com.au)
North Sydney **t** +61 2 9956 6962 **Wollongong t** +61 2 4254 1025 **Newcastle t** +61 2 4927 0980

30 Alfred Street, Milsons Point ■ Residential Redevelopment Scheme | 9 May 2013

- Discussions with Council officers has confirmed that they are satisfied that the revised scheme is able to be dealt with via an application under Section 96(2) of the *Environmental Planning and Assessment Act 1979*. In principle agreement has therefore been reached on the assessment process for the proposed development.
- Further to the above based on our review of the revised scheme prepared by AJ+ C Architects, we are of the opinion that it is generally consistent with the relevant controls and standards set out in the North Sydney Local Environmental Plan 2001, the North Sydney Development Control Plan 2002, and the soon to be adopted Draft LEP and DCP 2012. It is noted that our review to date has been limited by the conceptual nature of the current proposal plans, and is subject to further review of detailed plans as and when they become available.
- Given the pre-application discussions to date, the next step in the process is to finalise the revised scheme for DA purposes and to submit the Section 96 application to North Sydney Council. Based on pre-application discussions to date we would expect that the Section 96 application would be assessed and determined by Council in a timely manner.

In providing the above advice, we note that JBA is a specialist and independent planning practice with some 50 staff and offices in North Sydney, Wollongong and Newcastle. Our practice in North Sydney has an established and long standing relationship with Council.

We provide the full range of planning and design services and specialise in medium to large scale planning and development projects and more complex statutory and policy issues. Over the past twenty years JBA has been involved in over 4,000 projects including many landmark and award-winning developments. We are committed to working with our clients to achieve results that are sound, creative and sustainable – environmentally, socially and economically.

I trust the above is what you require at this stage, however should you have any queries about this matter please do not hesitate to contact me on (02) 9956 6962 or bcraig@jbaplanning.com.au.

Yours faithfully



Benjamin Craig
Principal Planner

Centuria engaged BIS Shrapnel to prepare a market commentary on the outlook for Sydney Residential. A letter is contained in the due diligence material for prospective purchasers to read. Some extracts from their commentary, and other recent BIS Shrapnel Reports, are outlined below:



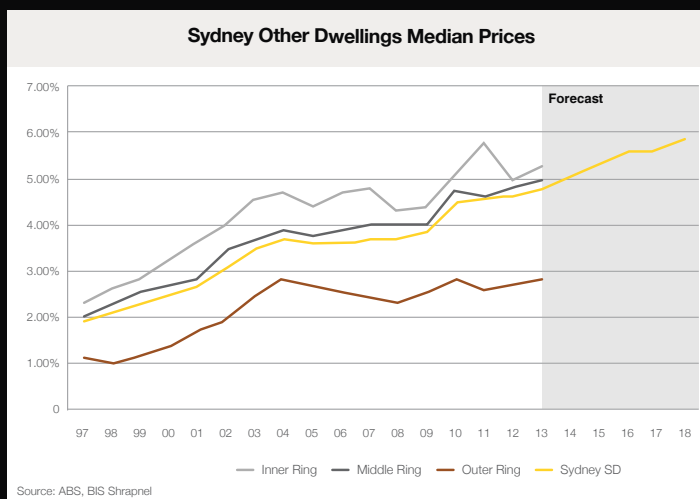
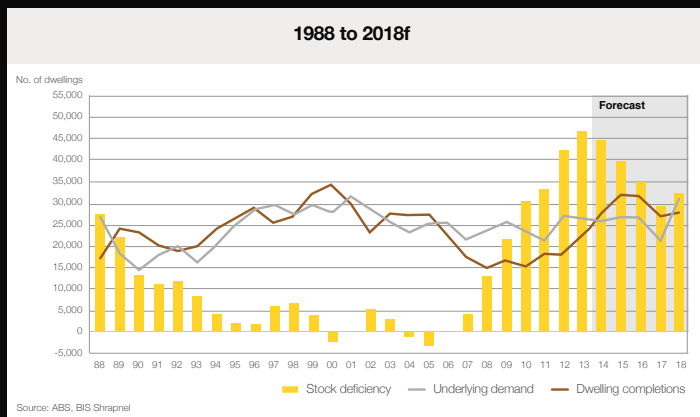
“A recovery in residential property and construction will largely drive the next leg of the growth story – particularly so for Sydney – providing stimulus to related service and manufacturing industries, with a strong multiplier to the domestic economy.”

“Signs that the long-awaited housing recovery is finally here are evident; dwelling approvals to both the residential apartment and greenfield housing markets improving. Steady population growth and the estimated shortage of around 46,800 dwellings at June 2013 will underpin this process, with the improved affordability from lower interest rates flushing out demand. Should this continue, then it will underpin growth in the rest of the state.”

“Limited house price growth since 2004, and more recently the cuts to interest rates over the last 12 months, has bought affordability in Sydney back to 2001 levels. This should be a catalyst for stronger growth to emerge in the Sydney market, with the median house price forecast to rise by 17% over the three years to June 2015.”

“With sustained price growth finally coming through in the Sydney market, rising owner occupier demand will be joined by speculative purchases by investors. This is anticipated to drive a further 7% rise in the median house price over 2014/15. However, with solid economic growth continuing in 2014/15 as improvement in other sectors of the economy help to offset some of the anticipated decline in resource investment, wages and inflationary pressures are anticipated to become more acute. Overall, median house prices in Sydney are forecast to lift by a cumulative total of 17% or 5.3% per annum, to \$750,000 over the three years to June 2015. This reflects a total rise of 6.1% in real terms.”

“In our opinion, the market fundamentals are in place for the continued strength of the sector through the forecast period; robust underlying demand, a favourable economic climate, and moderate price growth – forecast at a compound annual 5.3% (Chart below).”



Asset Overview

6.1 Overview

Title Particulars	The property is described as Lot 100 in Deposited Plan 1170079	
Site Dimensions	Alfred Street frontage	37.39 metres
	Dind Street frontage	24.37 metres
	Mary Wollstonecraft Lane frontage	37.33 metres
	Southern boundary	20.64 metres
Site Area	910.9 sqm	
Net Lettable Area*	3,706.1 sqm	

*Approx

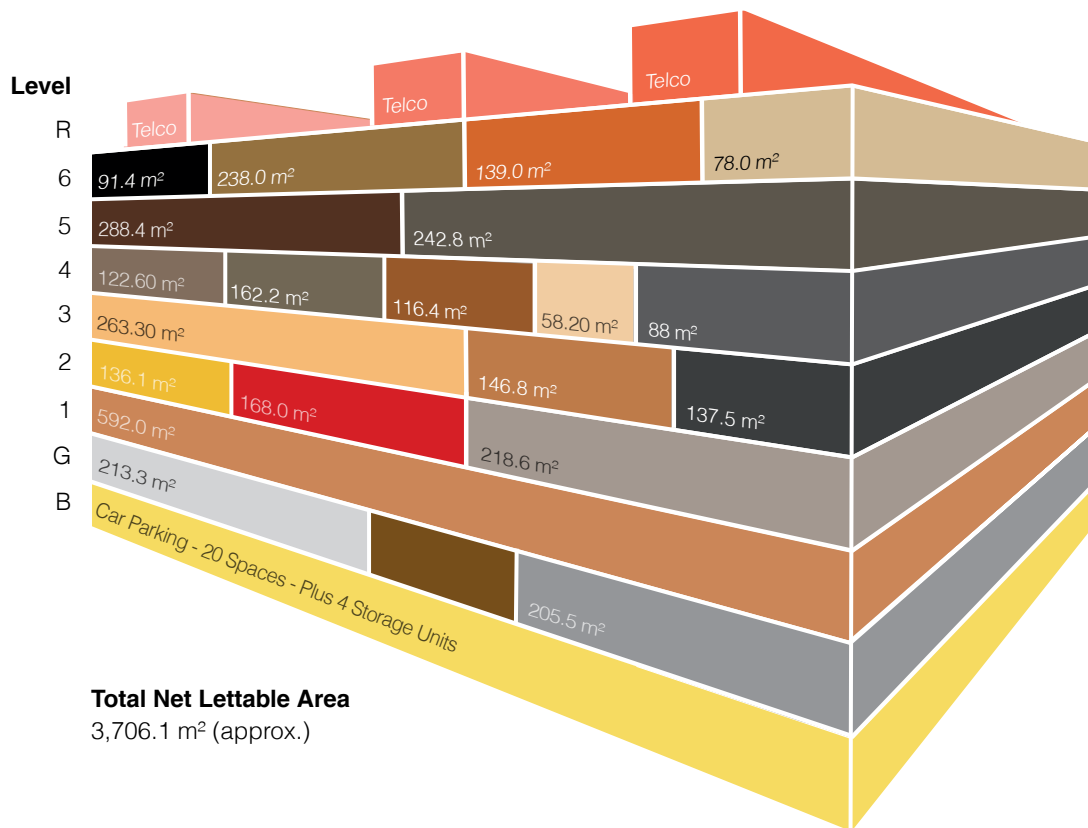
6.2 Building Description

30 Alfred Street is a seven level commercial office building comprising a single level basement car park for 20 vehicles, 6 floors of office accommodation and two ground floor retail tenancies. Constructed in circa 1975 and refurbished in 1996, the property contains typical floor plates of approximately 590 sqm.



Eastern elevation from Bradfield Park

6.3 Stack Plan



Total Net Lettable Area
3,706.1 m² (approx.)

Car Parking 20 Spaces	Retail Information Systems Pty Ltd NLA 116.4 m²
Observatory Crest Australia Pty Ltd NLA 213.3 m²	Cephas Pty Ltd NLA 58.2 m²
Toll Priority DX Solutions	Intellitek Pty Ltd NLA 88 m²
Integrated Design Solutions Pty Ltd NLA 205.5 m²	Eclipse Administration Pty Ltd NLA 288.4 m²
Elizabeth Arden (Australia) Pty Ltd NLA 592.0 m²	Vacant NLA 242.8 m²
Brandscreen Pty Ltd NLA 136.1 m²	Gattorna Alignment Ltd NLA 91.4 m²
Brandscreen Pty Ltd NLA 168.0 m²	FST Media Pty Ltd NLA 238.0 m²
CHU Underwriting Agencies Pty Ltd NLA 218.6 m²	Vacant NLA 139.0 m²
Vision Training Institute Pty Ltd NLA 263.30 m²	Commercial Eyes Pty Ltd NLA 78.0 m²
Streaming Media Pty Ltd NLA 146.8 m²	Telstra Corporation Ltd Telco
Thought Equity Motion Incorporated NLA 137.5 m²	3GIS Pty Ltd Telco
PHR Consulting Pty Ltd NLA 122.6 m²	Optus Mobile Pty Ltd Telco
Sentinal Wealth Management Pty Ltd NLA 162.2 m²	

Residential Market

Overview

The residential market in Australia is steadily moving towards a growth cycle due to a low interest rate environment, improvement in building approvals, healthy population growth, rising rental yields, expanding buyer enquiry levels, increasing sales volumes and recent equity market growth. All are necessary pre-conditions for a market geared towards recovery. The recent positive trend in consumer confidence will also provide some momentum for healthy capital growth, particularly in late 2013 and early 2014.

Sydney Vacancy

Vacancy levels for Sydney currently sit below 2%, indicating a shortage of residential rental properties, which has continued to underpin attractive rental growth. However, building approvals are showing upward growth, partly in response to stable economic conditions but also from the longer term position of a supply shortage that was difficult to rectify, predominately due to a challenging planning regime and problems associated with obtaining credit. Whilst these problems have not yet completely been rectified, building activity is gradually improving from the subdued conditions experienced during and after the Global Financial Crisis.

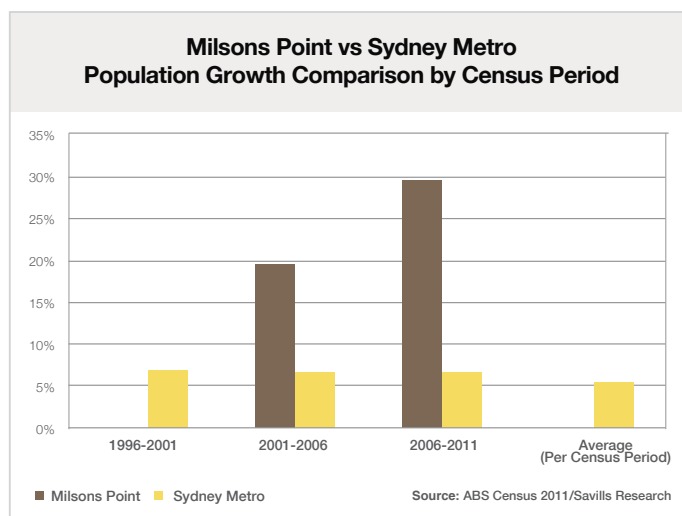
North Shore Demand

The Sydney residential market remains highly segmented with different areas recording varying demand levels. However, the North Shore has seen properties priced below \$700,000 strengthening with selling periods contracting as demand levels accelerate. These conditions are likely to result in a stock shortage and upward price movement. Furthermore, low interest rates have also assisted in the high end of the market in excess of \$1 million, which is expected to see capacity for capital growth through improved consumer confidence.

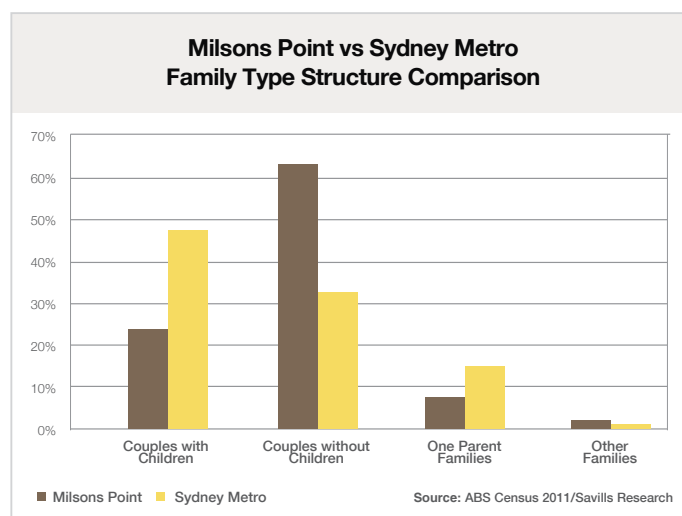
In the 12 months to January 2013, there have been approximately 85 residential apartment sales in Milsons Point with prices ranging between \$425,000 and \$5,300,000 interestingly just over 30 were in excess of \$1,000,000. Over this period the median unit sale price was \$935,750, as compared \$656,300 within the North Sydney LGA.

Milsons Point Demographics

Milsons Point recorded greater population growth than the Sydney Metro in both the 2001-2006 and 2006-2011 censuses. The average percentage growth per census period for Milsons Point was 24.7% while the Sydney Metro recorded 5.5%, which on an annual basis is 4.9% as compared to 0.9%.



As at 2011, the 25-54 years age bracket was the largest age category in Milsons Point and couples without children represented 64.8% of the population.



Furthermore, approximately 89% of the workforce was identified as being employed in a white collar profession, which was higher than the Sydney Metro area with 66%.

All characteristics indicate that Milsons Point is an ideal location for high end, residential apartment development.

8.1 Income Summary

Income Summary as at 31 May 2013		\$/p.a.
Rental Income		
Office		\$1,385,610
Parking		\$78,525
Telecommunications		\$120,844
Storage		\$17,600
Subtotal		\$1,602,579
Add: Outgoing Recoveries		
		\$464,712
Gross Passing Income		\$2,067,291
Less: Total Budgeted Outgoings		
Statutory Expenses		\$149,708
Operating Outgoings		\$368,377
Subtotal		\$518,085
Net Passing Income		\$1,549,206
Add: Potential Income from Vacancies		
S502	288.5sqm at \$558.07/sqm gross	\$161,003
S603	177.7sqm at \$558.07/sqm gross	\$99,169
Car Spaces	2 at \$4,920/bay	\$9,840
Subtotal		\$270,012
Estimated Fully Leased Net Income		\$1,819,218

8.2 Outgoings Schedule

Budgeted FY2012/2013		\$ p.a.
Statutory Expenses		
Council Rates		\$29,587
Water Rates		\$18,258
Land Tax		\$101,863
Subtotal		\$149,708
Operating Expenses		
Insurance		\$16,554
Air Conditioning		\$34,350
Cleaning		\$56,455
Management Fees		\$39,795
Electricity		\$130,859
Gas		\$19,251
Fire Protection		\$17,993
Lifts		\$18,074
Pest Control		\$1,120
Repairs & Maintenance		\$21,500
Security		\$10,000
Gardening		\$880
Audit Fees		\$1,545
Subtotal		\$368,377
Total		\$518,085

Financial Information

8.3 Tenancy Schedule as at 31 May 2013

Shop/Unit	Tenant	NLA sqm	Lease Comm.	Lease Expiry	Option (years)
Retail					
GF01	Observatory Crest Australia Pty Limited	213.3	1/10/12	31/12/15	
GF02	Intergrated Design Solutions Pty Limited	205.5	1/02/13	31/12/15	
Level 1	Elizabeth Arden (Australia) Pty Limited (1)	592.0	1/09/11	31/08/15	
S201	Brandscreen Pty Limited	136.1	24/09/12	8/09/14	
S202	Brandscreen Pty Limited (2)	168.0	9/05/11	8/09/14	
S203	CHU Underwriting Agencies Pty Limited	218.6	1/11/11	31/10/15	2
S301	Vision Training Institute Pty Limited	263.3	31/05/11	30/05/14	
S302	Streamingmedia Pty Limited (2)	146.8	1/02/11	31/08/15	
S304	Thought Equity Motion Incorporated (2)	137.5	15/02/12	14/02/14	
S401	PHR Consulting Pty Limited (3)	122.6	1/01/13	31/12/16	
S402	Sentinel Wealth Management Pty Limited	162.2	1/01/13	31/12/15	
S403	Cephas Pty Limited	58.2	1/01/13	31/12/13	2
S404	Retail Information Systems Pty Limited	116.4	15/04/11	14/04/14	
S405	Intellitek Pty Limited	88.0	1/12/12	30/11/14	1
S501	Eclipse Administration Pty Limited (4)	288.4	1/01/13	31/12/15	
S502	Vacant	242.8			
S601	Gattorna Alignment Limited	91.4	1/11/11	31/10/14	1
S602	FST Media Pty Limited	238.0	1/07/13	30/06/14	1
S603	Vacant	139.0			
S604	Commercial Eyes Pty Limited	78.0	1/06/13	30/11/14	
Subtotal		3,706.1			
Other					
Storage	Observatory Crest Australia Pty Limited		1/10/12	31/12/15	
Foyer	Toll Priority DX Solutions		Monthly	Monthly	
Storage	Elizabeth Arden		Monthly	Monthly	
Telco	Optus Mobile Pty Limited		28/09/10	27/09/25	
Telco	Telstra Corporation Limited		1/02/07	31/01/17	
Telco	3GIS Pty Limited		Monthly	Monthly	
CPKS	Vacant				
Subtotal					
Total		3,706.1			

Notes:

- (1) Market review due 1/9/13 and fixed 4% increases thereafter.
- (2) Car parking can be reviewed to market each anniversary, however, a ratchet clause does apply.
- (3) Lease includes a Demolition clause providing 6 months notice from 31/12/15.
- (4) Eclipse Administration Pty Limited lease is able to be terminated on 31/12/13 by providing notice during 1/9/13 and 30/9/13.

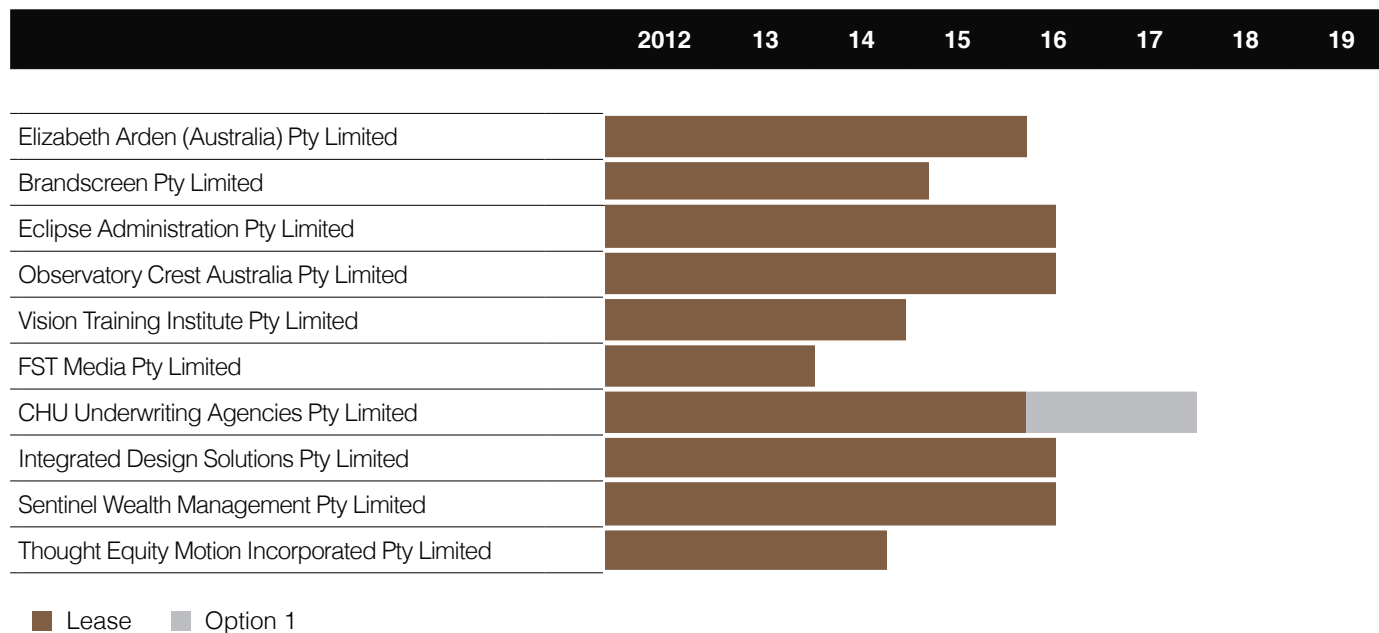
A majority of leases include Demolition/Redevelopment and Relocation clauses. Please refer to the individual leases within the due diligence materials for further information.

Section 8

Rent \$/p.a.	Rent \$/sqm	Rental Basis	Outgoings Recoverable	Car Spaces	Car Park p.a.	Next Rental Review	Rent Review Type
\$89,586	\$420.00	Net	\$29,818	2	\$8,400	1/10/13	Fixed 4%
\$86,310	\$420.00	Net	\$28,727	2	\$9,600	1/02/14	Fixed 4%
\$240,731	\$406.64	Net	\$82,757	4	\$16,198	1/09/13	MKT
\$57,162	\$420.00	Net	\$19,026			24/09/13	Fixed 4%
\$76,318	\$436.80	Net	\$23,485	1	\$4,800	9/05/14	Fixed 4%
\$95,484	\$436.80	Net	\$30,559			1/11/13	Fixed 4%
\$101,504	\$376.10	Net	\$36,807	1	\$4,879		
\$58,466	\$398.27	Net	\$20,522	1	\$4,800	1/02/14	Fixed 3.75%
\$61,608	\$448.06	Net	\$19,221	1	\$5,000		
\$49,040	\$400.00	Net	\$17,139			1/01/14	Fixed 4%
\$68,124	\$420.00	Net	\$22,674			1/01/14	CPI
\$24,444	\$420.00	Net	\$8,136				
\$52,879	\$454.29	Net	\$16,272				
\$33,000	\$375.00	Net	\$12,302	1	\$4,900	1/12/13	< 3% and CPI
\$118,285	\$410.00	Net	\$40,316	2	\$10,080	1/01/14	Fixed 4%
\$37,839	\$414.00	Net	\$12,777	1	\$4,968	1/11/13	Fixed 3.5%
\$100,800	\$454.28	Net	\$33,271	2	\$4,900		
\$34,070	\$436.80	Net	\$10,904			1/06/14	Fixed 4%
\$1,385,610			\$464,712	18	\$78,525		
\$7,488						1/10/13	Fixed 4%
\$7,112							
\$3,000							
\$30,944						28/09/13	Fixed 5%
\$47,141						1/02/14	Fixed 5%
\$42,759							
				2			
\$138,444				2			
\$1,524,054			\$464,712	20	\$78,525		

8.4 Tenancy Profile by Expiry

The chart highlights the tenant expiry profile by income of the top 10 tenants.



30 Alfred Street provides a rare opportunity to acquire an iconic harbourfront residential development site.

In summary the asset offers the following characteristics to prospective purchasers:

- Significant residential development potential as approval has been obtained allowing the construction of a mixed use development on the site comprising 50 residential units, 908 sqm of retail/commercial space and basement parking for 48 vehicles. However, there is the possibility to revise and increase the scope of the consent in order to maximise the value of the property.
- Excellent location situated opposite the picturesque Bradfield Park and Sydney Harbour Bridge and in close proximity to world class entertainment, recreational and sporting facilities.
- The property is easily accessed via all forms of public transport with Milsons Point railway station, ferry wharf and bus stops all within close proximity.
- 3,706 sqm (approx.) office building approximately 90% leased with an attractive net passing income of \$1,549,206 per annum as at 31 May 2013.
- Leasing profile and existence of Demolition Clauses, enable access to the site for development.



30 Alfred Street is being offered for sale by Expressions of Interest closing Thursday, 20 June 2013 at 4pm AEST.

For further information or to arrange an inspection of the property, please contact the exclusive selling agents, Savills and Chesterton International. Inspections of the property are by appointment only and all parties must be accompanied by a member of the sales team.

10.1 Registration and Lodgement

The property is available for purchase through Expressions of Interest to be submitted no later than Thursday, 20 June 2013 at 4pm AEST.

Expressions of Interest are to be lodged at the following office locations:

Savills
Level 7, 50 Bridge Street
Sydney NSW 2000

Chesterton International
Level 7, 2 Elizabeth Plaza
North Sydney NSW 2060

To assist in the assessment of this offering, due diligence information is available via an online data room.

10.3 Close of Expressions of Interest

An assessment period will follow the close of the Expressions of Interest, after which the Vendor may choose to deal with one or more parties. Please note that the Vendor reserves the right in its absolute sole discretion, to accept or reject any bid or withdraw from the sale process or amend the terms and conditions of the proposed sale prior to the execution of the formal Contract of Sale.

10.2 Information to be Provided

Expressions of Interest are not required to be lodged in any prescribed form, however as a minimum, must include the following information:

1. The name of the interested party, together with the principals supporting the interested party and any detail of the holding company or entity if the interested party is a subsidiary of part of that group of companies.
2. The purchase price of 30 Alfred Street together with proposed deposit, settlement and any conditions of purchase including internal and external approval processes.
3. A list of consultants including the purchaser's solicitors.
4. Full details of the interested party's capacity to complete the transaction in a timely manner, including their ability to fund the purchase and proposed financing structure.



Disclaimer:

This report has been prepared by Centuria Property Funds (ABN 11 086 553 639) (Centuria) for distribution by Chesterton International (ABN 43 003 053 183) (CI) and Savills (98 088 260 673). This document does not constitute an offer or contract of sale. It is intended only as a guide and an aid to further investigation by potential purchasers.

Potential investors accept this document on the condition that they will make their own enquiries and obtain their own independent advice in order to verify the accuracy of the information presented in this document. The content of this document has been derived, in part, from sources other than CI, Savills and Centuria and may be based on assumptions. In passing this information on, CI, Savills and Centuria do not warrant that such information or assumptions are accurate or correct. Parties should seek their own independent verifications and advice on such information.

To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based upon the information known to CI, Savills and Centuria at the date of preparing this document and assumptions which may be correct. CI, Savills and Centuria do not warrant that such statements are or will be accurate or correct.

CI, Savills and Centuria provide this document on the condition that, subject to any statutory limitation on their ability to do so, CI, Savills and Centuria disclaim liability under any cause of action including negligence for any loss arising from reliance upon this document.

This confidential document is for the sole use of persons directly provided with it CI, Savills and Centuria and is not to be supplied to any other person without the prior written consent of CI, Savills and Centuria. Use by, or reliance upon this document by any other person is not authorised by CI, Savills and Centuria and without limitation to the above disclaimers, CI, Savills and Centuria are not liable for any loss arising from such unauthorised use or reliance.

While Centuria has taken reasonable care in providing the information, Centuria or its directors, officers or employees do not provide any representation or warranty of any kind in relation to the accuracy, reliability or completeness of the information now or in the future. Centuria accepts no responsibility for any errors or omissions from the information memorandum or for any action taken in relying on it.

GST Disclaimer:

CI, Savills and Centuria advise that the financial information provided in this report, relating to income, outgoings and the like is provided without reference to the possible impact of GST, if any. Purchasers should make their own assessment of the impact of GST on the investments and the returns derived there from after obtaining expert professional advice.





We look forward to confirming your interest. All inspections are to be scheduled via the exclusive selling agents:



Chesterton International
Level 7, 2 Elizabeth Plaza
North Sydney NSW 2060

Michael Stokes
T: +61 8238 0017
M: +61 418 251 579
E: mstokes@chesterton.net.au

Bevan Kenny
T: +61 9458 2311
M: +61 411 223 213
E: bkenny@chesterton.net.au



Savills Australia
Level 7, 50 Bridge Street
Sydney NSW 2000

Simon Fenn
T: +61 8215 8830
M: +61 438 573 431
E: sfenn@savills.com.au

Stuart Cox
T: +61 8215 8810
M: +61 438 770 867
E: scox@savills.com.au
