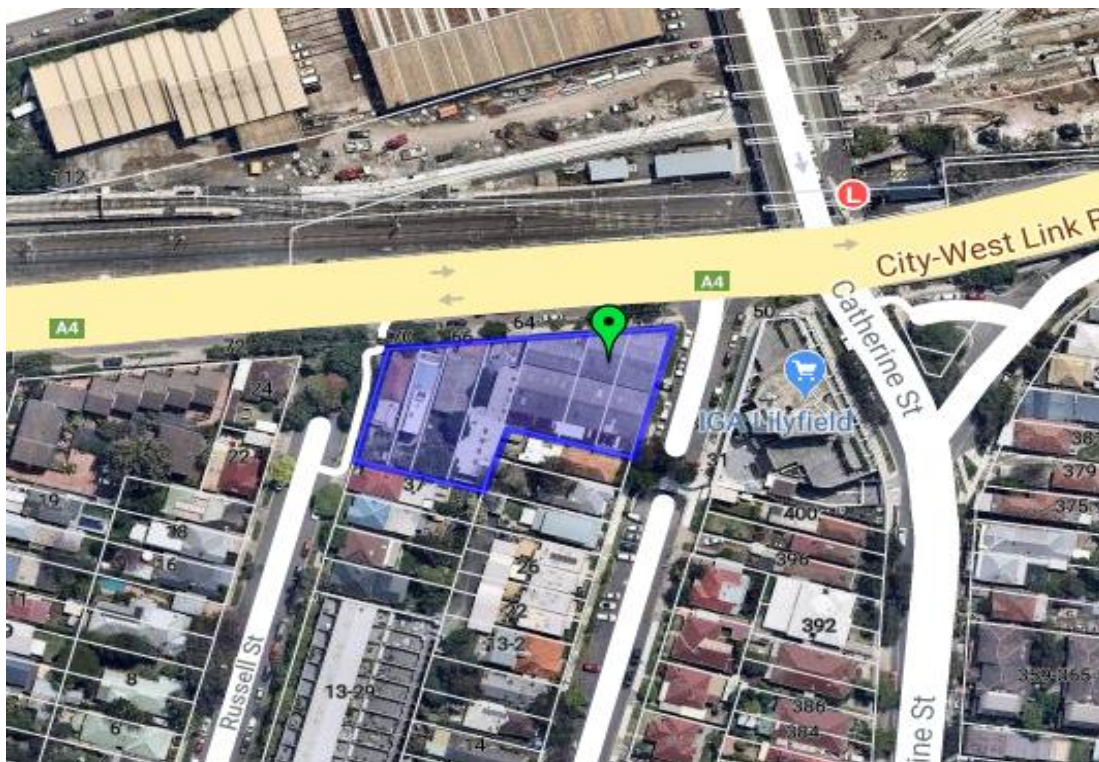




Registered Real Estate Valuers & Property Consultants
ABN: 57159211186

VALUATION ASSESSMENT FOR A PROPOSED VOLUNTARY PLANNING AGREEMENT (VPA)



36 Lonsdale Street & 64 – 70 Brennan Street, LILYFIELD

Date of Valuation: 10 December 2018

Instructed by: Remolo Nigro of Ozzy States Pty Ltd

Level 18, 25 Bligh St, Sydney, NSW, 2000
Mail: PO BOX 772 DRUMMOYNE NSW 1470
E: danny@propertylogicvaluers.com.au M: 0409 243 927
Property Logic.Com is owned by Zond Property Group Pty Ltd (ACN 159 211 186)

1 SUMMARY

1.1 PREPARED FOR & PURPOSE

This report, which assesses the value of the additional gross floor area as part of a proposed Voluntary Planning Agreement (as part of a Planning Proposal to rezone the land and increase the permissible Floor Space Ratio and Height Limits) has been prepared for Remolo Nigro of Ozzy States Pty Ltd, to inform discussions and negotiations with Leichhardt Council.

In undertaking my assessment herein, I have understood that the scope of this assessment is based on the following:

'Valuation Advice in respect of a proposed increase in FSR to be applied to the site as part of a Voluntary Planning Agreement'.

This report seeks to establish the value of each square metre of additional FSR that would be granted over and above the current planning guidelines to establish the likely uplift in land value as a result of the increase in FSR.

I confirm that this assessment has adopted the above approach.

1.2 INSTRUCTING PARTY

Under instructions from Remolo Nigro of Ozzy States Pty Ltd (Hereafter referred to as "The Developer").

1.3 BACKGROUND

The subject properties are owned by several different owners with some being under long term ownership; but in all cases under the effective control of The Developer (hereafter referred to as "the developer").

The subject land benefits from three street frontages (Lonsdale Street, Brenan Street City West Link and Russell Street) and current improvements built upon the land comprise four (4) freestanding brick residences and a generally redundant factory warehouse building. Having regard to the redevelopment being undertaken in the general locality (along with the revised Planning Controls proposed for the subject land), the current improvements are considered to add nominal value only to the underlying land; albeit in a market where there is a general paucity of stock.

The properties subject to the proposed Voluntary Planning Agreement (and subject to this assessment) are situated at 36 Lonsdale Street and at 64 – 70 Brenan Street, Lilyfield; herein referred to as the "englobo site" or "englobo land".

The total estimated (amalgamated) site area is 2,141 m².

The subject site is at present zoned “R1 General Residential” under the current planning controls pursuant to the Leichhardt Local Environmental Plan 2013. The total permissible maximum Gross Floor Area (based upon the current FSR control of 0.6:1) is therefore 1,285m² across the englobo site.

A Planning Proposal has been lodged with Council seeking to increase the effective FSR across the site to 2.15:1. Under this Planning Proposal a maximum estimated potential Gross Floor Area of 4,603 m² would result.

The additional gross floor area (GFA) potential is therefore 4,603 m² less 1,285 m² equating to 3,318 m².

Council and the developer have entered into preliminary discussions for the preparation of a draft Voluntary Planning Agreement (VPA) allowing for additional floorspace in return for the provision of material public benefit to the community. I note that provision (VPA parameters) to Council of public benefit to the community may generally include (but is not limited to):

- renewal and improvement to the amenity and activation of Council lands;
- amplification of services / infrastructure works generally;
- provision of, or contribution towards affordable housing;
- monetary contribution towards open space;
- monetary contribution towards a community facility.

I have been instructed to independently assess the value of each square metre of additional FSR (i.e. 3,318 m² in total) that would be granted over and above the current planning guidelines. We have done this whilst utilizing a ‘before’ and ‘after’ methodology.

1.4 DATE OF INSPECTION & VALUATION

10 December 2018.

1.5 BRIEF DESCRIPTION

The subject site comprises of five (5) contiguous land holdings (over seven titles) and is located on the southern side of Brenan Street (City West Link); and bounded by intersections with Lonsdale Street (to the east) and Russell Street (to the west). The site is situated some 50 metres or so diagonally opposite the Lilyfield Light Rail Station.

The subject is currently improved with four (4) brick and tile (or clad) cottages of largely non-descript Federation character, along with a largely redundant factory warehouse building; each of which appear to be fully contained within their respective land titles. These improvements are considered to add nominal value to the underlying land.

The englobo site has a frontage of approximately 68.32 metres to Brenan Street and a combined frontage to Lonsdale Street of some 36.25 metres approximately. The subject site is generally

surrounded by freestanding residences of varying age and construction; with medium and high density redevelopment increasingly interspersed.

1.6 LAND AREA

The total site area of the subject property is estimated at 2,141 m² approximately (subject to survey).

1.7 PRIMARY VALUATION APPROACH

The primary method of valuation is the direct comparison method, utilising sales of similar properties (including both low density residences and high density residential development sites). The valuation of the factory warehouse has been undertaken utilizing the capitalization of net income approach; rationalized via direct comparison.

1.8 DEFINITION OF MARKET VALUE

"Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."

1.9 QUALIFICATIONS

This summary is a précis of the contents of the following valuation report. The valuation assessment and report is contingent upon a number of conditions, qualifications and critical assumptions which are fully described and set out in the body of the report.

It is essential that before the addressee relies on this valuation that they read the report in its entirety, including any annexures.

Should the addressee be or become aware of any issue or issues that cast doubt on or are in conflict with the conditions, qualifications or assumptions contained within this report they must notify Property Logic.Com so that any conflicts may be considered and if appropriate an amended report issued.

1.10 MATERIAL PROVIDED AND RELIED UPON

In undertaking this assessment, I have been provided the following documents, which have been relied upon in my assessment:

- Planning Proposal Report, prepared by "SJB Planning" and dated July 2018.
- Concept Plans prepared by DRA (Aus) Pty Limited (Job No. D1807 dated April 2018);

1.11 ASSUMPTIONS

It should be noted that this valuation does not purport to be a structural survey of the improvements nor was any such survey sighted or undertaken. Therefore, this assessment is subject to detailed reports in respect of the structure and serviced installations of the property would not reveal any defects requiring significant expenditure. Additionally, in the absence of a Building Certificate issued by Council or other approved certifier, this assessment is conditional upon the property complying with all relevant statutory requirements in respect of such matters as health, building and fire safety regulations.

1.11.1 VERIFIABLE ASSUMPTIONS

Verifiable assumptions primarily relate to matters of fact being generally detailed in Sections 2 to 4 of this report and summarised as follows:

1. Where possible, within the scope of our retainer and limited to our expertise as valuers, we have reviewed this information including by analysis against industry standards. Based upon that review, Property Logic has no reason to believe that the information is not fair and reasonable or that material facts have been withheld. However, Property Logic is necessarily limited by the nature of its role and Property Logic does not warrant that they have identified or verified all of the matters which a full audit, extensive examination or "due diligence" investigation might disclose. For the purpose of our valuation assessment, we have assumed that this information is therefore correct.
2. It should be noted that this valuation does not purport to be a structural survey of the improvements nor was any such survey sighted or undertaken. Therefore, this assessment is subject to detailed reports in respect of the structure and serviced installations of the property would not reveal any defects requiring significant expenditure. Additionally, in the absence of a Building Certificate issued by Council or other approved certifier, this assessment is conditional upon the property complying with all relevant statutory requirements in respect of such matters as health, building and fire safety regulations.
3. My valuation assumes that there are no archaeological, ethnographic or environmental problems with the land holding.
4. We have not been provided with an environmental report or condition report and our valuation assumes there to be no latent defects or environmental issues. Our search of the EPA "Contaminated Land Register" as at the date of valuation did not reveal any notifications or affectations pertaining to the subject. Our valuation is accordingly undertaken on a contamination free basis however this valuation should be referred back to us for further comment and/or review (as required) if in the event that any information to the contrary is known or made available.

5. We note that title to some of the subject properties is described as Limited Title; with the boundaries and areas not being subject to registered survey as per deposited plan. Our estimate of the site area is based upon calculation in the first instance and is therefore subject to verification via survey from a suitably qualified and experienced professional.
6. The subject properties are advised as being mostly owner occupied and in that regard we note there to have been no registered leases on title for the properties. Our valuation accordingly assumes short term vacant possession.

1.11.2 ASSUMPTIONS BASED ON OPINION

Assumptions based on opinion are detailed in Sections 4 to 5 of this report.

2 DEMISED PREMISES

2.1 PREAMBLE

The Developer and Leichhardt Council (Council) have commenced negotiations for the proposed terms of a draft Voluntary Planning Agreement (VPA) allowing for additional floorspace in return for the provision of material public benefit to the community.

I note that provision (VPA parameters) to Council of public benefit to the community in general can include (but is not generally limited to):

- renewal and improvement to the amenity and activation of Council lands;
- service amplification and / or infrastructure works generally;
- provision of, or contribution towards affordable housing;
- monetary contribution towards open space;
- monetary contribution towards a community facility.

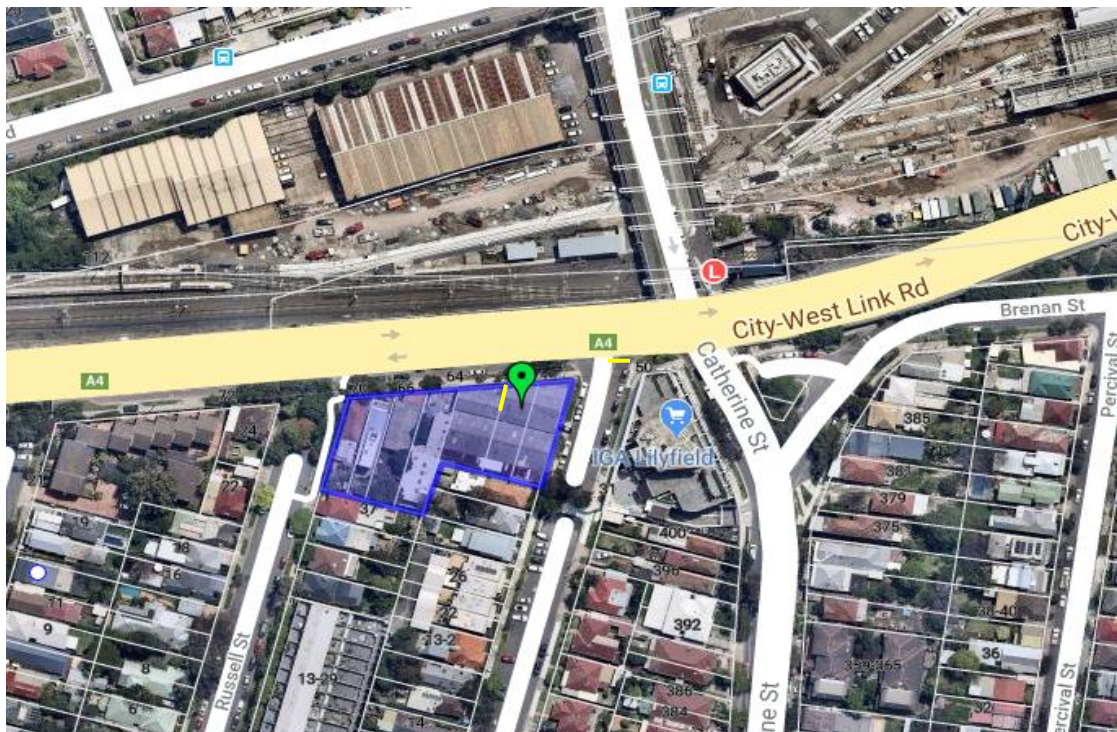
A Planning Proposal seeks to increase the applicable FSR across the site to 2.15:1. Under this Planning Proposal the maximum height limit is to increase to approximately 20 metres (approximately 6 storeys). The proposed FSR of 2.15:1 across the site would provide for a maximum Gross Floor Area potential of some 4,603m².

The additional potential gross floor area (GFA) is therefore 4,603 m² less 1,285 m² equating to 3,318 m².

I have been instructed to independently assess the value of each square metre of additional FSR (i.e. 3,318 m² in total) that would be granted over and above the current planning guidelines; being a task that we have undertaken utilizing the 'before' and 'after' methodology of valuation.

2.2 LOCATION

- Lilyfield is an established, predominantly residential suburb in Sydney's Inner West Region, situated some 5 ½ kilometres by road west of the Sydney GPO. The subject land is situated at the intersections of Brenan Street (City West Link), Lonsdale and Russell Streets generally.
- The subject lies some 50 metres or so diagonally opposite the Lilyfield Light Rail station and opposite a mixed use redevelopment that houses an IGA supermarket on the ground floor. More extensive (neighbourhood convenience / sub regional) shopping facilities are also situated at both Leichhardt and Birkenhead Point, within an approximate 3 – 4 kilometre radius.
- Immediately surrounding development mostly comprises freestanding and attached residential buildings of varying age and construction (including semi-detached residences & flat buildings) and older style flat / apartment buildings generally interspersed.
- Lonsdale and Russell Streets are secondary (non-arterial) neighbourhood destination roadways that connect with Brenan Street (City West Link); and in turn providing sequential access between Parramatta Road (to the West) and to Victoria Road / Sydney CBD to the east.
- Brenan, Lonsdale and Russell Streets are bitumen sealed roadways with concrete kerb and gutter and made footpath areas. Above ground electricity reticulation together with town water, gas, sewer and telephone are either available and/or connected to the properties.



locality map

2.3 SITE DESCRIPTION

The subject site is irregular in shape with a moderately sloping building contour from the south; situated above the Brenan Street elevation and then falling downwards towards the Brenan Street frontage generally.

From the (unsurveyed) Deposited Plans provided, the englobo site has a combined frontage of approximately 68.32 metres to Brenan Street and a combined frontage to Lonsdale Street of some 36.25 metres approximately.



36 Lonsdale Street



36 Lonsdale Street



64 Brenan Street (Street frontage)



64 Brenan Street



66 Brenan Street



68 Brenan Street



70 Brenan Street



Brenan Street / City West Link

2.4 REGISTERED PROPRIETORS

Current Folio Identifiers confirm that there are several registered proprietors of the subject englobo site and are as follows:

- JRNN Pty Ltd (Lots 18 - 20 in DP 977323);
- JRNN Pty Ltd (Lot 1 in DP 1057094);
- JRNN Pty Ltd (Lot 22 in DP977323);
- Hugo Stewart Adrian and Sophie Elizabeth Moran as joint tenants (Lot 2 in DP 529451);
- Peter George Drummond and Carole Anne Drummond as joint tenants (Lot 1 in DP 529451).

2.5 TITLE DETAILS

Title to the premises is held under the provisions of the Real Property Act and is described as follows:

- 36 Lonsdale Street - Lots 18 - 20 in Deposited Plan 977323;
- 64 Brenan Street – Lot 1 in Deposited Plan 1057094;
- 66 Brenan Street – Lot 22 in Deposited Plan 977323;
- 68 Brenan Street – Lot 2 in Deposited Plan 529451;
- 70 Brenan Street – Lot 1 in Deposited Plan 529451.

2.6 CURRENT ZONING

The subject property is at present mostly zoned “R1 General Residential” under the Leichhardt Local Environmental Plan 2013.

Under this current zoning, the property also has a current height limit of 8.5 metres and an FSR control of 0.5:1. We note that an FSR of 0.6:1 is permitted under Clause 4.4(2B)(a)(iv) for “...development for the purpose of residential accommodation... in the case of development on a lot with an area of 450 square metres or more...”

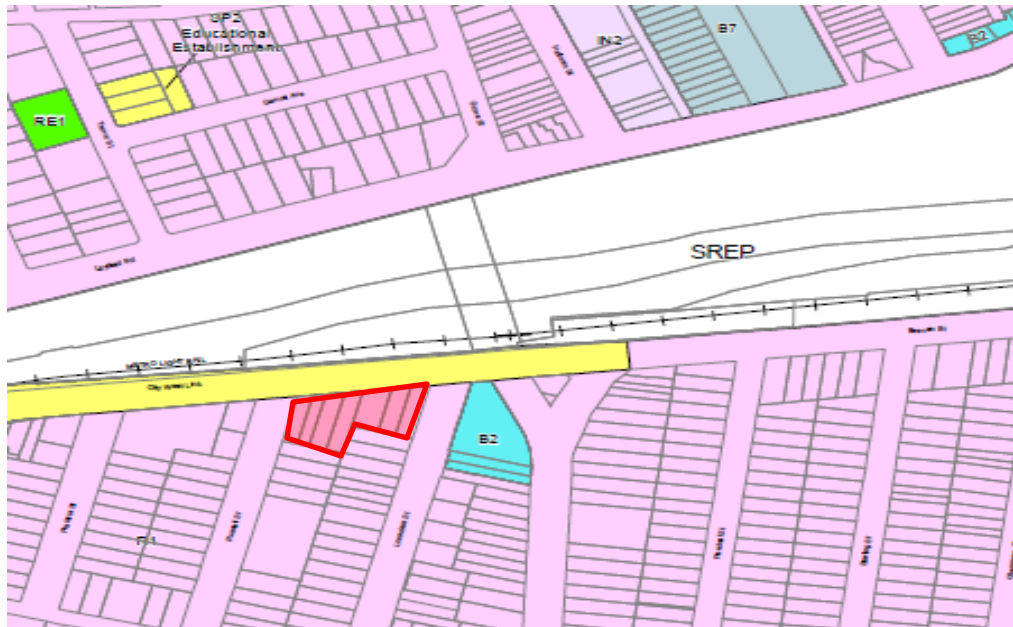
The objectives of the “R1 General Residential” zone are:

- To provide for the housing needs of the community within a low density residential environment.
- To enable other land uses that provide facilities or services to meet the day to day needs of residents.
- To ensure that land uses are carried out in a context and setting that minimises any impact on the character and amenity of the area.

2.7 DEVELOPABLE AREAS /APPROVALS

Based on the current FSR controls, the maximum developable area or GFA (Gross Floor Area) across the property is therefore calculated as follows:

2,141m² of site area @ 0.6:1 FSR = 1,285 m² of GFA



2.8 CURRENT IMPROVEMENTS

Generally described and summarized as follows:

- **36 Lonsdale Street** – Comprises a circa 1960's factory warehouse building with ancillary office / admin areas; occupying a site area of some 956 m² (estimated from the Deposited Plan). Building is comprised of masonry construction generally, with (assumed) metal sheet / CAC roof and has an estimated floor area of 830m². Situated on the corner of Brenan Street and Lonsdale Street with a moderate slope downwards towards the Brenan Street frontage generally.
- **64 Brenan Street** – A single level circa early 1900's, freestanding single fronted brick residence that has been converted and utilized as a commercial premises. Includes street front garage entrance and driveway. Estimated building area of 225m². Generally flat building platform situated above Brenan Street level; with moderate fall downwards to the street frontage generally.
- **66 Brenan Street** – A single level circa early 1900's, freestanding single fronted Federation Brick residence. Estimated building area of 130m². Public records indicate that the residence includes 3 bedrooms, bathroom, ensuite bathroom and modernized kitchen. Generally flat building platform situated above Brenan Street level; with moderate fall downwards to the street frontage generally. Includes street front garage entrance and driveway.
- **68 Brenan Street** – A single level circa early 1900's, freestanding single fronted Federation Brick and weatherboard clad residence. Estimated building area of 116m². Public records indicate that the residence includes 2 bedrooms; and that the property has been partially renovated

over the last 5 years or so. Generally flat building platform situated above Brenan Street level; with moderate fall downwards to the street frontage generally.

- **70 Brenan Street** – A single level circa early 1900's, freestanding single fronted Federation Brick residence. Estimated building area of 105m². Generally flat building platform situated above Brenan Street level; with moderate fall downwards to the street frontage generally. Secondary Frontage to Russell Street. Public records indicate that the property has been held under long term ownership.

In their current configuration, we note that the residential properties all provide for relatively modest freestanding residences generally typical of this locality and suitable to either owner occupiers or to residential tenants.

The residences present in generally fair to average condition generally, commensurate with age. The residences would appear to likely benefit from aesthetic upgrade generally.

We note that the site is currently zoned R1 General Residential and our valuation assumes that the factory warehouse (and 64 Brenan Street) have existing use rights to operate as commercial premises.

This valuation report does not purport to be a site or structural survey of the improvements, nor was any such survey undertaken. Overall, this assessment is conditional upon detailed reports with respect to the structure and service installations of the improvements not revealing any defects or inadequacies requiring significant capital expenditure.

3 PROPOSED VOLUNTARY PLANNING AGREEMENT

3.1 POLICY

NSW planning legislation allows Councils to enter into agreements with developers to provide community public benefits in conjunction with a development or rezoning. The agreements are voluntary and the public benefits can be provided in the form of cash (monetary), dedication of land or providing the public benefits directly or via a combination of actions.

Voluntary Planning Agreements (VPA) can have the contributions expressed as a rate per square metre for residential development exceeding the allowable FSR or in other instances, built form control if there are no FSR controls.

The State government has established a broad template format which sets the legal framework of the VPA for developers to enter into agreements with Councils as outlined in Division 6 of Part 4 Development Contributions of the Environmental Planning & Assessment Act 1979 (EP&A Act). In essence, Voluntary Planning Agreements may propose an increase in the FSR policy in association with the delivery of Community Infrastructure.

The EP&A Act establishes the principles for and process for preparing and executing a VPA but does not mandate a calculation of the value of in conjunction with a development proposal. Consequently, there is no consistent approach for establishing VPA's and the fact that VPA's relate to very specific projects, requires each project to be assessed on a "case by case" basis due to the differences of each site (scale of development, value of underlying land, locational characteristics and end value projections) and the relevant public benefits to be delivered. Applying a broad brush contribution rate is therefore unlikely to achieve the most beneficial outcomes for both parties.

3.2 PROPOSAL

The Developer and Council have commenced negotiations for the proposed terms of a draft Voluntary Planning Agreement (VPA) allowing for additional floorspace and the associated provision of material public benefit to the community. We have not as yet been provided with any details as to the nature and extent of the VPA as we understand that discussions are still at a "preliminary" stage.

As previously noted, a Planning Proposal has been lodged with Council seeking to increase the maximum building height and FSR controls. Under this Planning Proposal the proposed FSR / Height controls would deliver a maximum proposed Gross Floor Area of some 4,603 m².

The additional gross floor area (GFA) is therefore 4,603 m² less 1,205 m² equating to 3,318 m².

The subject site is located some 50 metres or so from the Lilyfield Light Rail station and adjacent to local (neighbourhood) retail / commercial amenity (IGA Supermarket).

We have not reviewed any Council meeting minutes or other such documentation pertaining to the proposed redevelopment. We have however sighted plans and specifications (prepared by DRA (Aus) Pty Limited; Job No. D1807 dated April 2018) which show a proposed mixed use redevelopment scheme providing for some fifty four (54) apartments above ground floor retail space and associated basement car parking.

In that regard, the proposal would generally appear to be suitable for the proposed increase in density, based upon its location characteristics being within walking distance to the Lilyfield Light Rail station and connectivity to Leichhardt / Annandale generally. We further note:

- The leveraging of existing infrastructure and services (light rail, City West Link) to best public use;
- Revitalisation of (generally redundant) industrial improvements for overall betterment of the streetscape and urban environment generally;

The scheme design accordingly appears to largely promote and reflect Local and State planning metropolitan initiatives for renewal and consolidation of sites near major transport nodes; with the scale and density of the proposed redevelopment appearing to also reflect nearby redevelopment (ie. the adjacent IGA mixed use redevelopment) and the evolving future character of redevelopment within and near the Leichhardt town centre generally.

In that respect the applicant proposes building heights between 5 and 6 storeys (up to approximately 20 metres) whilst taking advantage of the site topography generally; and a maximum FSR of 2.15:1.

We have assumed that any planning proposal would otherwise provide for corresponding amendments to the height and FSR controls under the Leichhardt Local Environmental Plan 2013.

4 VALUATION RATIONALE

4.1 VALUATION BASIS

It is considered that the most appropriate method of valuation in this instance is via the direct comparison method whereby sales of similar properties are directly compared to the subject in determining a current market value.

4.2 VALUATION APPROACH

For the purposes of this assessment we have assessed the value of the land, by way of direct comparison on a “before and after” basis.

Our “before” assessment (“as is where is” valuation) compares similar residential and industrial properties to the subject in order to establish a current market value. Whilst our “after” assessment compares similar (rezoned / R4 / B4 zoned or otherwise high density approved) sites on a \$/m² of land area and on a \$/m² of potential GFA potential basis in order to establish a value for the land following the implementation of the proposed revised town planning controls.

4.3 SITE SALES EVIDENCE

residential dwelling sales evidence - “as is where is” based on current zoning

address	sale date	sale price	land m ²	\$/m ² of site
9 Foucart Street Rozelle	12/18	\$1,225,000	258	\$4,748
Sale of an unrenovated, single level fibrous cement clad 1 bedroom 1 bathroom cottage. Zoned R1 General Residential.				
12 Starling Street Lilyfield	12/18	\$1,536,000	272	\$5,647
Sale of a single level weatherboard clad cottage with attic master bedroom and otherwise comprising 3 bedrooms, 2 bathrooms and modern kitchen. Off Street parking for 1 car. Non-main road location. Zoned R1 General Residential.				
136 Hubert Street Lilyfield	11/18	\$1,900,000	186	\$10,215
Sale of a split level weatherboard clad cottage; fully renovated and otherwise comprising 4 bedrooms, 3 bathrooms and modern (designer type) kitchen with quality fixoff. Off Street parking for 1 car at the rear. Non-main road location. Zoned R1 General Residential.				

address	sale date	sale price	land m ²	\$/m ² of site
17 Frazer Street Lilyfield	10/18	\$1,860,000	335	\$5,552
Sale of a single level brick and tile residence comprising 3 bedrooms, studio, modernised (but basic) kitchen, main bathroom and second bathroom / combination laundry. Elevated block with street front (undercroft) lock up garage. Zoned R1 General Residential.				
11 Gladstone Street Lilyfield	09/18	\$1,100,000	174	\$6,322
Sale of a single level brick clad cottage with attic master bedroom and otherwise comprising 3 bedrooms, bathroom and circa 1980's kitchen. No off street parking. Non-main road location. Zoned R1 General Residential.				
5 Lamb Street Lilyfield	09/18	\$1,025,000	149	\$6,879
Sale of an unrenovated, semi-detached Federation 2 bedroom residence. Zoned R1 General Residential.				
241 Balmain Road Lilyfield	05/18	\$1,530,000	291	\$5,258
Sale of a single level, fully renovated brick cottage comprising 3 bedrooms, designer kitchen, main bathroom, ensuite and attic storage. Main road location. Zoned R1 General Residential.				
18 Brenan Street Lilyfield	11/17	\$1,568,000	345	\$4,545
Sale of a single level weatherboard clad cottage; unrenovated and otherwise comprising 3 bedrooms, bathroom and kitchen. Single garage and driveway. Zoned R1 General Residential.				
60 Brenan Street Lilyfield	03/17	\$1,125,000	152	\$7,401
Sale of a single level, semi-detached brick residence comprising 2 bedrooms, circa 1980's kitchen and (unrenovated) bathroom. No off street parking. Zoned R1 General Residential.				

Factory / Warehouse Sales (Inner West / Inner South Regions)

address	sale date	sale price	bldg m ² (\$/m ²)	site m ² (\$/m ²)	yield %
395 West Botany St Rockdale	11/18	\$22,000,000	3,816 (\$5,765)	7,206 (\$3,053)	6.58% n
This property comprises an older style "large format retail" store retrofitted and re-leased to Fitness First and Repco; with frontage to a busy (secondary) road in Sydney's Inner South albeit hatchet shaped allotment. Zoned IN2 Light industrial. Reported WALE of 6.46 years and passing net income of \$1,446,685 pa (which equates to \$379/m ² pa). Includes 123 on-grade parking spaces.					
1/231 Princes Hwy St Peters	08/18	\$2,175,000	465 (\$4,677)	N/A	VP
This property comprises a strata titled combination office, showroom and warehouse unit; with frontage to a busy (main arterial) road in Sydney's Inner South. Zoned B6 Enterprise Corridor. Sold on a vacant possession basis. Includes 5 parking spaces on title.					

address	sale date	sale price	bldg m ² (\$/m ²)	site m ² (\$/m ²)	yield %
10 Cadogan St Marrickville	06/18	\$3,075,000	630 (\$4,881)	570 (\$5,395)	VP

This property comprises an older style circa 1950's industrial building of masonry construction and providing low clearance (open plan factory/warehouse accommodation) with mezzanine office. Rear lane access. The property was purchased at auction with vacant possession.

63 Sydenham Rd Marrickville	10/17	\$1,915,000	300 (\$6,383)	321 (\$5,966)	VP
--	--------------	--------------------	--------------------------	--------------------------	-----------

This property comprises an older style circa 1970's industrial building providing low clearance accommodation being utilised as a mechanical workshop and enjoys a total of 3 street frontages. The property was purchased at auction with vacant possession.

192 Euston Rd Alexandria	10/17	\$7,600,000	2,787 (\$2,727)	1,960 (\$3,878)	VP
-------------------------------------	--------------	--------------------	----------------------------	----------------------------	-----------

This property comprises a well presented circa 1979 triangular shaped industrial building providing a good standard of office and high clearance warehouse accommodation with an extensive freezer/cold storage fitout being suitable for food use or conventional warehouse space. The property is zoned IN1 General Industrial being situated opposite Sydney Park and was sold with vacant possession.

3 Shirlow St Marrickville	09/17	\$2,410,000	600 (\$4,017)	367 (\$6,567)	VP
--------------------------------------	--------------	--------------------	--------------------------	--------------------------	-----------

This property comprises an older style circa 1970 industrial building providing office and low clearance warehouse accommodation constructed over 2 levels currently fitted out for food preparation, storage and distribution purposes with part of the fitout to remain as part of the sale terms. The property is zoned IN1 General Industrial and enjoys rear lane access from Sloane Lane. The property was purchased with vacant possession.

617 – 619 Parramatta Rd Leichhardt	07/17	\$2,160,000	446 (\$4,843)	446 (\$4,843)	3.38% n
---	--------------	--------------------	--------------------------	--------------------------	----------------

This property comprises an older style circa 1960's factory building providing low clearance accommodation being utilised as an automotive workshop and enjoys a total dual street access and frontage to a major arterial road in Sydney's Inner West region. Zoned industrial. Reported passing income of \$73,000 pa (which equates to \$164/m² pa). Proposed to be rezoned to "B4 Mixed Uses" with a 2.4:1 FSR, under the "Parramatta Road Urban Transformation Strategy".

120 Dunning Ave Rosebery	07/17	\$8,675,000	1,370 (\$6,332)	2,934 (\$2,957)	5.48% n
-------------------------------------	--------------	--------------------	----------------------------	----------------------------	----------------

This property comprises a former circa 1960's industrial building which has been converted to provide a good standard of creative style showroom and office accommodation with associated parking for 12 cars being zoned B7 Business Park and was sold with a new 5+5 year lease agreement in place to fashion designer Zimmerman based on an initial rental of \$475,515 pa net.

46-48 McCauley St Alexandria	03/17	\$4,600,000	876 (\$5,251)	465 (\$9,892)	4.88% n
---	--------------	--------------------	--------------------------	--------------------------	----------------

This property comprises a circa 1980's industrial building which has been substantially upgraded and converted to provide modern office accommodation. Zoned Business Park and was sold at auction being fully leased by a single tenancy known as Restaurant Brands P/L (who manage 42 KFC restaurants in NSW) under the provisions of a 3+3 year lease agreement based on a passing rental of \$224,508 pa net.

Site sales of raw & approved (R4 / B4) redevelopment sites

site address	sale date	sale price	site area m ² (\$/m ²)	rate per site	FSR (m ²) \$/m ² of FSR
74 Carlton Crescent, Summer Hill	11/18	\$14,025,000	2,891m² (\$4,851)	N/A	4,337 \$3,234/m² of FSR

Sale of a site without DA consent; improved with a redundant industrial building. Site zoned B2 Local Centre and permitting shop top housing redevelopment. A total GFA of 4,337m² is permissible under the planning controls of an FSR that allows 1.5:1 and a height limit of 10.0m. The site is located within close proximity to the Summer Hill Railway Station and the Lewisham Light Rail station.

3 Ralph Street, Alexandria	07/17	\$8,300,000	988m² (\$8,401)	\$286,207 (29)	1,976 \$4,200/m² of FSR
---------------------------------------	--------------	--------------------	---------------------------------------	---------------------------	---

Sale of a site currently zoned B4 Mixed Use under the Sydney Local Environmental Plan 2012 with a permissible FSR of 2:1 and a height limit of 22 meters. The site is of regular shape and has frontages to both Ralph Street and Beaconsfield Lane. At the time of sale the property benefited from a deferred commencement consent (D/2016/802) providing for the demolition of existing structures and erection of 29 units plus 2 levels of basement parking.

2-2A Gladstone Street Newtown	07/17	\$7,120,000	1,445m² (\$4,927)	\$284,000 (25)	2,167 \$3,285/m² of FSR
		**(\$7,720,000)	(\$5,342)	(\$308,800)	\$3,562/m² of FSR

Sale of a site without DA consent, improved with various industrial buildings. Zoned B7 Business Park under the Marrickville Local Environment plan 2011 with a permissible FSR of 1.5:1 and a 14 metre height limit, the land has capacity to accommodate both creative and residential uses of approx 2,167m² of GFA; including a requirement to allocate 788m² of floorspace of commercial (under the provisions of the planning instrument) for the purpose of "creative uses". The site has two street frontages and is improved with older style industrial buildings. **Sale price excludes an advised "nomination payment" in addition to the contract price of \$600,000 and duly factored in accordingly.

20-22 Sadlier Cres & 13 Gordon Cres, Petersham	05/17	\$6,300,000	934m² (\$9,937)	\$315,000 (20)	1,495 \$4,214/m² of FSR
---	--------------	--------------------	---------------------------------------	---------------------------	---

Sale of a site with DA lodged (but not approved) for 20 apartments. Site zoned R4 High Density Residential. A total GFA of 1,495m² is permissible under the planning controls of an FSR that allows 1.6:1 and a height limit of 17.0m. The site is located within close proximity to the Petersham Hill Railway Station.

141 Allen Street Leichhardt	04/17	\$55,000,000	7,143m² (\$7,700)	\$395,683 (139)	10,714 \$5,133/m² of FSR
--	--------------	---------------------	---	----------------------------	--

Sale of a (formerly industrial) residential redevelopment site zoned 'R1 – General Residential' under the Leichhardt LEP. The permissible FSR is 1.5:1, the allowable GFA for the site is therefore calculated at 10,714 m² GFA potential. Reportedly sold to Changfa Group (Chinese buyer) with plans to redevelop the site for 139 dwellings.

11-15 Ralph Street Alexandria	10/16	\$16,600,000	2,419m² (\$6,862)	\$286,207 (58)	4,838 \$3,431/m² of FSR
--	--------------	---------------------	---	---------------------------	---

Sale of a site comprising a regular shaped allotment of approximately 2,419m². Site sold without development consent and improved with various industrial buildings. Zoned B4 Mixed Use under the Sydney Local Environmental Plan 2012 with a permissible FSR of 2:1 and a height limit of 22 metres. Deduced yield of 58 unit equivalent, based upon an efficiency of 90% and an average internal unit area of 75m².

site address	sale date	sale price	site area m ² (\$/m ²)	rate per site	FSR (m ²) \$/m ² of FSR
556-558 Botany Road Alexandria	08/16	\$6,880,000	955m² (\$7,204)	\$299,130 (23)	1,910 \$3,602/m² of FSR

Sale of a site without DA consent and improved with various industrial buildings. Zoned B7 Business Park in accordance with the Sydney Local Environmental Plan 2012. Applicable FSR of 2.0:1 and a 22 metre height limit. Site has two street frontages being Botany Road & Beaconsfield Lane. Based on the planning controls a potential maximum GFA (Gross Floor Area) of 1,910m² is permissible or a deduced yield of 23 equivalent units. Site transacted with a 3 month settlement.

The sales evidence for residential, industrial and englobo redevelopment sites provide for a generally broad range of rates / values; the parametres for which can be defined as follows:

- The market evidence for **freestanding residences** generally indicates values between \$1,025,000 – \$1,900,000 in the general locality.
- The market evidence for **(Inner West) factory warehouses** generally indicates value rates between \$2,727/m² to \$6,383/m² of GLA/GBA and a capitalisation rate range between 3.38% pa net to 5.48% pa net.
- The market evidence for **(englobo) residential/mixed use redevelopment sites** generally indicates a range in values between \$4,851/m² to \$9,937/m² of site area and between \$3,234/m² to \$5,133/m² of GFA potential; for similarly zoned sites mostly situated within the general region and with generally similar GFA redevelopment potential.

4.4 VALUATION ASSESSMENT OF THE (RESIDENTIAL) LAND “As Is”

The market evidence presented is considered to be generally indicative of the size, style and appointment/inclusions of such freestanding dwellings such as the subject properties that occupy the general vicinity.

In determining appropriate values for the subject dwellings “as is where is”, we have had regard (but not limited to) the following factors:

- Location and position of the subject dwellings;
- Size and quality of improvements;
- Standard of finishes and presentation;
- Land size, access and exposure; and
- Market sentiment as at the date(s) of valuation.

Based on the sales evidence and factors noted above therefore, we have ascribed a Gross Realisation market value “as is where is” for the subject residential properties of **\$6,300,000**; apportioned as follows:

Address	land (sqm)	Existing Improvements	value "as is"	rate (\$/m ²)
64 Brenan Street	373.9	Freestanding split level brick residence.	\$1,800,000	\$4,814
66 Brenan Street	342.7	Freestanding split level brick residence.	\$1,550,000	\$4,522
68 Brenan Street	214.9	Freestanding 2 level brick residence.	\$1,450,000	\$6,748
70 Brenan Street	253.3	Freestanding split level brick residence.	\$1,500,000	\$5,923
	1,184.8		\$6,300,000	\$5,317

Therefore, the value of the residential land based on the 'before' scenario is \$6,300,000.

4.5 VALUATION ASSESSMENT OF THE FACTORY WAREHOUSE "As Is"

The market evidence presented above is considered to be generally indicative of secondary (older style) factory warehouse type premises in Sydney's Inner West generally in terms of size, configuration and utility.

There are no leases registered on title and we are advised that the property is at present owner occupied.

We have not been provided with outgoings for the subject property; however Land Tax has been calculated at \$36,916 pa (for 2018) via our reference to NSW OSR records.

We have also had regard to the following market rental evidence that we consider to be indicative of market rental levels for factory / warehouse space in Sydney's Inner West Region generally:

address	lease date	area m ²	rate \$/m ²
Unit 4 / 17-19 Chester Street Camperdown	11/17	240	\$229 gross
Lease of a circa 2000's high clearance strata warehouse unit of brick construction, situated within a nearby Sydney "City Fringe" locality. Leased on an undisclosed term (greater than 3 years) for \$55,000 pa gross. Includes off street parking for 2 cars.			
Unit 6 / 17 – 19 Gould Street Strathfield South	11/17	185	\$227 gross
Lease of a modern high clearance warehouse unit of concrete tilt-panel construction, situated within a secondary (and similar) Sydney inner central west industrial locality. Leased on a 3 year term for \$42,000 pa gross. Fixed annual reviews to greater of CPI or 3%. Includes off street parking for 2 cars.			

address	lease date	area m ²	rate \$/m ²
Unit 6 / 53-57 Burrows Road Alexandria	09/17	579	\$210 net \$235 gross
Lease of a circa 1985 Strata title industrial unit providing a dated standard of office and high clearance warehouse accommodation occupied by an industrial tenancy known as Unilode Aviation Solutions P/L under the provisions of a 2+2 year lease agreement based on an initial rental of \$121,590 pa net or \$136,040 pa gross. The agreement includes 1 month rent free incentive			
212 – 220 Parramatta Road CAMPERDOWN	08/17	958	\$313 gross
Lease of 2 interconnected circa 1900 and 1970 warehouse buildings which have been extensively refurbished to provide a good standard of showroom accommodation with associated onsite parking being occupied by Barbeques Galore under the provisions of a 5+5 year lease agreement based on an initial rental of \$299,854 pa gross with annual CPI reviews.			
Unit 2 / 476-492 Gardeners Road Alexandria	08/17	1,217	\$280 gross \$239 net
Lease of a well presented Strata titled industrial unit situated towards the O'Riordan Street frontage of the Century Estate development being occupied by Nida Foundation under the provisions of a 3 year vendor leaseback agreement based on an initial rental of \$290,930 pa net equating to \$340,837 pa gross with annual CPI reviews. It is noted this tenancy includes 13 basement level car spaces.			
Unit 2 / 71 – 73 Lords Road Leichhardt	07/17	363	\$143 gross
Lease of a circa 1950's low clearance (sawtooth) warehouse unit of brick construction, situated within a nearby Sydney "City Fringe" locality. Leased on a 1 year term for \$52,000 pa gross.			
Unit 1 / 347 Princes Highway ST PETERS	04/17	369	\$234 gross
Lease of a low to medium clearance industrial unit being occupied by Dynamo Automotive P/L under the provisions of a 3+3+4 year lease agreement based on a passing rental of \$86,248 pa gross with annual 3% review.			
Unit 2 / 347 Princes Highway St Peters	05/17	173	\$329 gross
Lease of a low to medium clearance workshop occupied by a glass fencing supplier known as New City Glass P/L under the provisions of a 3+3 year lease agreement based on a passing rental of \$56,875 pa gross.			

The above rental evidence demonstrates a range between \$143/m² pa gross and \$329/m² pa gross.

The rental transactions at **347 Princes Highway, St Peters** (\$234/m² pa gross and \$329/m² pa gross) were considered to provide a general guide given their Inner Western Sydney locality; albeit reflecting a slight premium overall given their smaller applicable tenancy areas.

The rental transactions at **Lords Road, Leichhardt** (\$143/m² pa gross) was considered to be clearly inferior on account of its lower clearance configuration.

Based upon the rental evidence noted above, the net market income for the subject property is accordingly assessed as follows:

Assessed annual market rental

830 m² @ \$200/m² pa net \$ 166,000

A net rental in the order of **\$166,000 pa net**; reflecting not only the secondary nature of the existing improvements but also having regard to its generally sound access, visibility and general paucity of such residual accommodation in the Inner West Region generally.

Assessed current market value “as is where is”

In determining an appropriate value for the subject factory warehouse premises “as is where is”, we have therefore had regard (but not limited to) the following factors:

- Location and position of the subject property;
- Size and quality of improvements;
- Standard of finishes and presentation;
- Exposure and access; and
- Market sentiment as at the date(s) of valuation.

The property at **3 Shirlow Street Marrickville** (\$4,017/m²) provides for a similar size range older style industrial building but with inferior exposure and was considered to provide a broad lower benchmark. The property at **617 – 619 Parramatta Rd, Leichhardt** (\$4,843/m²) comprises a smaller industrial building occupying a more desirable locality but offering redevelopment potential, and is clearly superior.

Having regard to the abovementioned sales and after adjustment for criteria affecting value, we have adopted a range therefore between \$4,000/m² to \$4,500/m² of gross lettable area for the subject factory warehouse property “as is where is” with the capital value calculated as follows:

Direct Comparison Approach

830 m ² of GLA	@	\$4,000/m ²	=	\$ 3,320,000
830 m ² of GLA	@	\$4,500/m ²	=	\$ 3,735,000
Adopt midpoint				\$ 3,527,500
Rounded to say				\$ 3,525,000

Which equates to **\$4,246/m² of estimated GLA.**

Capitalisation of Net Income Approach

Net Market Income		\$ 166,000
Capitalised @ 4.25% pa net		\$ 3,905,882
Capitalised @ 4.75% pa net		\$ 3,494,736
Adopt midpoint		\$ 3,700,308

Adjustments:

Allowance for Capex / Upgrades	\$ 100,000	
Lease up period & incentive, say 6 months rental	\$ 83,000	
Leasing Agents Fee (12%)	\$ 19,920	<u>\$ 202,920</u>
Resultant Value		\$ 3,497,388
Or Say		\$ 3,500,000

Which equates to **\$4,216/m² of estimated GLA** and which sits comfortably within that range as established by the available market evidence.

4.6 VALUATION ASSESSMENT OF THE LAND AFTER FSR UPLIFT

The most comparable sales are considered as follows:

The **Summer Hill** sale (\$3,234/m² of GFA potential) and **Newtown** sale (\$3,285/m² of GFA potential) were considered to provide a general guide as to value on account of their (nearby) Inner Western Sydney localities, "raw" status and similar site size / redevelopment potential (and risk exposure generally). A higher rate would however be expected overall for the subject on account of its more desirable (Lilyfield) suburban address.

The sale at **3 Ralph Street, Alexandria** sale (\$4,200/m² of GFA potential) provides for a smaller site with DA Consent (albeit less desirable South Sydney address); whilst the sale at **Sadlier Crescent at Petersham** (\$4,214/m² of GFA potential) also provides for a smaller (nearby, Inner Western Sydney) redevelopment site; with these sales accordingly expected to demonstrate higher overall \$/m² of GFA rates when compared to the subject.

We also note the **Leichhardt sale** (\$5,133/m² of GFA potential) which provides for a "landmark" redevelopment site sale (generating overseas buyer interest) and more centrally situated to Leichhardt town centre and clearly superior.

With regard to all of the above sales evidence noted above, we consider an appropriate value on a per FSR (maximum potential floor space or GFA) basis to therefore lie between \$3,750/m² to \$4,000/m².

Therefore:

4,603 m² of maximum GFA @ \$3,750/m² = \$17,261,250

4,603 m² of maximum GFA @ \$4,000/m² = \$18,412,000

Approximate Midpoint Value = \$17,836,625

Rounded for Practical Real Estate Purposes to: \$17,850,000

Accordingly, we assess the value of the site “assuming adoption of the proposed town planning controls” with the potential to yield 4,603 m² of potential floorspace (GFA) to be **\$17,850,000** (adopting rounded approximate midpoint of the value range above); with the following value indicators noted:

- **\$8,337/m²** of total site area;
- **\$3,878/m²** of total GFA potential; and
- **\$330,556/unit site** potential (assuming an 90% efficiency with 76m² unit average; or 54 unit equivalent).

All being value indicators that sit comfortably relative to the parameters established by the available market evidence.

Therefore, the value based on the ‘after’ scenario is adopted as \$17,850,000.

4.7 VALUATION SUMMARY

Having regard to the abovementioned factors therefore, the Valuation “as is” is summarized as follows:

Value of sum of existing (low density) residential properties	–	\$ 6,300,000
Value of Factory Warehouse Building	–	\$ 3,500,000
TOTAL	–	\$ 9,800,000

Therefore, it is considered that the value uplift as a result of the proposed Planning Proposal (allowing an FSR of 2.15:1 and otherwise generally in accordance with the Planning Proposal) is **\$17,850,000 less \$9,800,000 equating to \$8,050,000, reflecting \$2,426/m².**

4.8 RATE PER SQUARE METRE OF FLOOR SPACE RATIO

With regard to all of the above sales evidence noted above and the value derived for the subject site, I assess the value of each square metre of additional FSR that would be granted over and above the current planning guidelines for the purposes of a draft Voluntary Planning Agreement to be **\$2,426/m²**.

**Value Rate \$/m² of additional FSR
\$2,426/m² Exclusive of GST**

disclaimers

This valuation is for the private and confidential use only of Remolo Nigro of Ozzy States Pty Ltd and Leichhardt Council for the specific purpose for which it has been requested.

No third party is entitled to use or rely upon this report in any way and any other use is prohibited without expressed written consent.

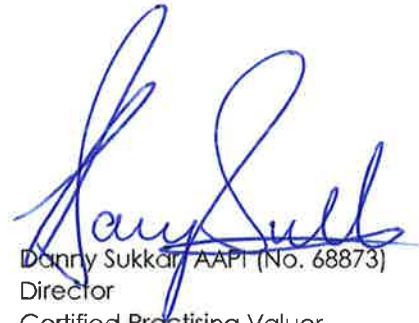
No part of this valuation or any reference to it may be included in any other document or reproduced or published in any way without written approval of the form and context in which it is to appear.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period including as a result of general market movements or factors specific to the particular property. We do not accept liability for losses or damage arising from such subsequent changes in value including consequential or economic loss. 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 three months from the date of the valuation, or such earlier date if you become aware of any factors that have any affect on the valuation.

PROPERTY LOGIC.COM



Dean Galanos AAPI (No. 14700)
Certified Practising Valuer



Danny Sukkar, AAPI (No. 68873)
Director
Certified Practising Valuer