



Registered Real Estate Valuers & Property Consultants  
ABN:57159211186

## VALUATION REPORT

We have been instructed to prepare a valuation report assessing the "as is" current market value of 91 - 101 Hutchinson Street & 114 - 116 May Street, St Peters (residential redevelopment site) for balance sheet (and Self-Managed Superannuation Fund) Assessment purposes.

**1. PROPERTY ADDRESS:** 91 - 101 Hutchinson Street & 114 - 116 May Street,  
St Peters, NSW, 2044

<b>instructions</b>	
<b>instructing party</b>	Instructed by John Keith – John R Keith Group of Companies.
<b>prepared for</b>	<b>John R Keith Group of Companies.</b>
<b>basis of valuation</b>	"As is" current market value subject to vacant possession.
<b>interest valued</b>	Fee simple in possession.
<b>purpose of valuation</b>	To establish the market value for Balance Sheet & Self-Managed Superannuation Fund Assessment Purposes.
<b>date of valuation</b>	30 June 2022.
<b>date of inspection</b>	18 October 2022.

**2. TITLE DETAILS:** Lot 18 in DP 4435 & Lots 11 – 12 in DP 771880.

**Current Registered Owner:** John R Keith Superannuation Pty Limited.

**Local Government Area:** Inner West.

**Encumbrances/Restrictions:**

1. Reservations and conditions in the Crown grant(s).
2. 531746 – Right of Way Appurtenant to the part of the land above described shown so benefited in the title diagram.

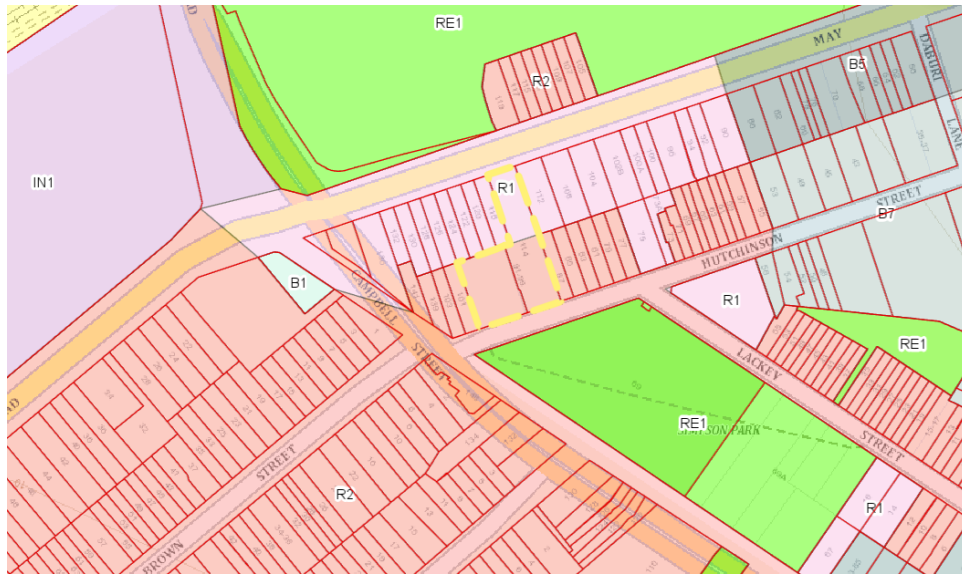
**Refer to annexure 2 for full schedule of notations.**

Should any further encumbrances, encroachments, restrictions, leases or covenants which are not noted in this report be discovered, the valuation should be requisitioned for comment.

### 3. ZONING & TOWN PLANNING:

The subject property is predominantly zoned "R2 Low Density Residential" (91- 101 Hutchinson Street) and part "R1 General Residential" (114 – 116 May Street) under the Marrickville Local Environmental Plan 2011. The prescribed Floor Space Ratio (FSR) is 1.6:1; with an applicable maximum building height of 17 metres under this zoning.

The subject property is not heritage listed. The property does not include or comprise critical habitat; nor is it situated within a flood planning zone.



Under the LEP, we note that the objectives of the "R2 Low Density 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 provide for multi dwelling housing and residential flat buildings but only as part of the conversion of existing industrial and warehouse buildings.
- To provide for office premises but only as part of the conversion of existing industrial & warehouse buildings or in existing buildings designed & constructed for commercial purposes.
- To provide for retail premises in existing buildings designed and constructed for commercial purposes.

Under the LEP, we note that the objectives of the "R1 General Residential" zone are:

- To provide for the housing needs of the community.
- To provide for a variety of housing types and densities.
- To enable other land uses that provide facilities or services to meet the day to day needs of residents.
- To provide for retail premises in existing buildings designed and constructed for commercial purposes.
- To provide for office premises in existing buildings designed & constructed for commercial purposes or as part of the conversion of existing industrial or warehouse buildings.

The planning information noted has been largely obtained from Planning NSW's website. This information has been relied upon in our assessment of value and no responsibility is accepted for the accuracy of the planning information provided. Should an alternate interpretation be provided by a qualified Town Planning expert, we reserve the right to recast this valuation advice.

#### 4. LOCATION/NEIGHBOURHOOD:

- St Peters is a suburb in the Inner West of Sydney, in the state of NSW. St Peters is located 7 kilometres south of the CBD, in the Local Government Area of Inner West (formerly Marrickville Council).
- St Peters has a mixture of residential, commercial and industrial areas. The main shopping strip is located along the Princes Highway, leading into King Street at Newtown.
- Surrounding development ranges from older style industrial/commercial buildings, retail buildings, low density residential workers cottages and newly built medium/high density mixed use residential flat buildings interspersed.
- Sydney Park is a large recreation area close to the intersection of the Princes Highway, King Street and Sydney Park Road. Camdeville Oval sits between May Street and the railway line; with the subject property located opposite Simpson Park.
- The subject property is bounded by Hutchinson and May Streets; with May Street providing sequential access to the Princes Highway.
- The Princes Highway is a major arterial road in southern Sydney. It has its origins in St Peters at the intersection with King Street and Sydney Park Road. Also located at this intersection is St Peters railway station which is served by trains on the Bankstown Line of the Sydney Trains network.



**aerial view with the subject boundaries identified**

## 5. LAND DESCRIPTION:

The subject land comprises an irregular (hatchet) shaped allotment with a generally flat building contour.



Subject property viewed from Hutchinson St



Subject property viewed from May St

**land area:** A total land area of approximately 1,534.44 m<sup>2</sup> with a frontage to Hutchinson Street of 37.375 metres and a frontage to May Street of 12.635 metres.

**access:** Access to the property is available from both Hutchinson Street & May Street.

**services:** Electricity, gas, telephone and water / sewer services are either connected or available for connection.

**flood status:** Our enquiries indicate that the land is not identified as being flood prone.

**road widening & closures:** The property is not subject to any road widening or road alignments.

**bush fire prone land:** The land has not been identified as bush fire prone land.

**environmental hazards:** No.

No soil tests or environmental studies have been made available for our perusal. Therefore, it should be noted that our valuation is subject to there being no surface or sub-surface soil problems including instability, toxic or hazardous wastes, toxic mould, asbestos or building material hazards in or on the property that would adversely affect its existing or potential use or reduce its marketability. Should any problems be known or arise then the valuation should be referred to us for comment and review of the valuation as we deem appropriate.

## 6. IMPROVEMENTS:

**type:**

Currently erected upon the land is a circa 1960's intermediate clearance factory building of masonry construction with metal sheet clad roof; with interconnected structure (refurbished circa 1990's) comprised of low clearance factory / production space on the ground floor with first floor offices above. Aerial mapping tools indicate that that premises have an approximate total floor area of 1,500 m<sup>2</sup>.

Having regard to the zoning and the applicable town planning controls of the land however, I consider that the highest and best use to be as a residential redevelopment site. **The current improvements are accordingly considered to (for all intents and purposes) add nominal value to the underlying land.**



## 7. COMMENTS ON THE PROPERTY:

The subject property is located within the established Sydney Inner Southern suburb of St Peters. Princes Highway (in and around the subject property) traditionally housed "secondary" commercial and "highway" type uses in the past; uses typically associated with highway / arterial road frontage and utility. These included factory / warehouse facilities, service stations, car yards and automotive type applications generally. Mixed use / high density redevelopment has however become more prevalent in this locality over the last 5 – 10 years or so, particularly in the environs of Sydney Park and nearby (St Peters) Railway station; being a relatively commonplace trend in any case in the general Sydney Metropolitan area towards the deployment of former employment lands to higher and better use such as residential apartments / mixed use.

The Sydney Metropolitan area generally is undergoing significant transformation with respect to business use lands generally. The loss of business lands (in Infrastructure growth Corridors in particular), combined with the impetus towards urban consolidation by Local and State Governments generally, has led to the redevelopment of such properties (and in particular those perceived as "secondary" quality) to residential uses. Combined with a significant proportion of the existing building stock being older and obsolete, this has had the effect of restricting land available; which in turn has contributed to the values of such properties increasing in value in recent years.

This market sector (as at the date of valuation) was generally characterised by a paucity of stock, under circumstances where both investors and owner occupiers were active in a low interest rate / low inflation environment generally. I do however consider that the residential development site market at the present time has since passed its high point in the current cycle; considered to have occurred from mid-2018 or so. However, this market subsector still appears to be demonstrating buoyant demand; although at this point in the cycle the market can change relatively quickly due to demand or affordability issues.

## 8. INCOME ANALYSIS:

### 8.1 Lease details

The subject property is at present owner occupied and has therefore been valued on a vacant possession basis.

### 8.2 outgoings

The following outgoings have been estimated based on the available information:

expenditure	\$ pa (approx.)
Council Rates	\$19,530
Land Tax	\$48,868
Water Rates (Allowance)	\$4,000
Insurance (Allowance)	\$5,000
<b>total</b>	<b>\$77,398</b>

The outgoings represent approximately \$52/m<sup>2</sup> of total estimated GBA, which is considered to lie within an acceptable range for this type of property in this locality.

### 8.3 net market income assessment

Having regard to (lease) market evidence retained on file, the net market income for the subject property is accordingly assessed as follows:

Annual gross market rental (@ \$275/m <sup>2</sup> pa gross)	\$	412,500
<b>Less</b>		
Total Outgoings	\$	77,398
<b>Net maintainable annual income</b>	<b>\$</b>	<b>335,102</b>

The assessed rental therefore equates to approximately \$275/m<sup>2</sup> pa gross or \$223/m<sup>2</sup> pa net of the total estimated GBA area, which is considered to lie within the acceptable range for this type of premises and which we note sits within that range generally established by the above rental evidence.

### 9. DEFINITION OF 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 arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

### 10. SALES AND RENTAL EVIDENCE:

#### 10.1 residential redevelopment site sales

address	sale date	sale price	Units (\$/unit)	area m <sup>2</sup> (\$/m <sup>2</sup> )	FSR (m <sup>2</sup> ) (\$/m <sup>2</sup> of FSR)
<b>130 Joynton Avenue ZETLAND</b>	<b>04/22</b>	<b>\$183,000,000</b>	<b>608 (\$300,987)</b>	<b>28,600m<sup>2</sup> (\$6,399)</b>	<b>53,625 (\$3,412)</b>

Sale of an irregular shaped site situated providing for a near levelled topography and encapsulating an amalgamation of nine (9) contiguous lots containing various (redundant) commercial / industrial improvements. Zoned 'B4 Mixed Use' under the Sydney Local Environmental Plan, with a base FSR of 1.25:1 and a permitted maximum height limit of up to 50 metres. Site sold with existing masterplan approval for up to eight (8) buildings ranging in height from 9 to 16 levels. Purchased by Deicorp from Transgrid, following a sales marketing campaign by Colliers International. Assuming an 85% efficiency based upon a unit average of 75m<sup>2</sup>, then a 608-unit equivalent results; on which basis **analyses to \$300,987 / unit site equivalent**. Sale details are as advised but not yet confirmed.

<b>1a Hill Street DULWICH HILL</b>	<b>02/22</b>	<b>\$18,000,000</b>	<b>71 (\$253,521)</b>	<b>2,883m<sup>2</sup> (\$6,243)</b>	<b>5,853 (\$3,075)</b>
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Sale of an irregular shaped residential redevelopment site of relatively level topography. Zoned 'R1 General Residential' under the Marrickville LEP 2011 with an FSR of 1.75:1 and a height limit of 29 metres. The site was occupied with older style industrial improvements at the time of sale. The site sold with an existing DA and Section 4.55 Modification Consents for the demolition of the existing structures and the construction of a 9-storey lifted residential flat building comprising 71 home units (21 x one bedroom, 42 x two bedroom and 8 x three bedroom) over 3 levels of basement car parking for 86 vehicles. the site was sold by way of a Put & Call Option in an 'off market' transaction without the intervention of an Agent in March 2021 which subsequently exchanged in March 2022 and is due to settle in April 2022.

address	sale date	sale price	Units (\$/unit)	area m <sup>2</sup> (\$/m <sup>2</sup> )	FSR (m <sup>2</sup> ) (\$/m <sup>2</sup> of FSR)
<b>35 – 41 Addison Road &amp; 53 – 55 Philpott Street MARRICKVILLE</b>	<b>05/21</b>	<b>\$15,275,000</b>	<b>43 (\$337,209)</b>	<b>2,329m<sup>2</sup> (\$6,225)</b>	<b>3,982 (\$3,641)</b>

Sale of a Development site zoned 'B5 – Business Development' under the Marrickville LEP with an FSR of part 2.0:1 / part 1.2:1 and height limit of part 17 / part 11 metres. Situated in a flood prone area and with 3 street frontages. Sold as a raw site; but with preliminary studies (based upon a GFA of 3,931) for redevelopment as 35 apartments, 8 townhouses and 210 of retail space. Redundant (industrial) improvements at the time of sale, leased to multiple tenants on a short-term basis at the time of sale. Situated approximately 2 kilometres north east of the Marrickville Railway Station.

<b>94 Addison Road MARRICKVILLE</b>	<b>03/21</b>	<b>\$5,900,000</b>	<b>35 (\$168,571)</b>	<b>797m<sup>2</sup> (\$7,402)</b>	<b>1,395 (\$4,229)</b>
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Sale of a Development site zoned 'B4 – Mixed Use' under the Marrickville LEP with an FSR of 1.75:1 and height limit of 14 metres. Sold with DA Consent for redevelopment as 35 studio apartments, ground floor 400m<sup>2</sup> gym and basement parking for 17 cars. Redundant (industrial) improvements at the time of sale, leased to 5 tenants and returning \$143,327 pa at the time of sale. Ground floor pre-committed to Plus Fitness for \$145,000 pa on a 5 + 5-year lease term. Situated approximately 1 ½ kilometres north east of the Marrickville Railway Station. **Last sold in December 2019 for \$1,750,000, representing a 237% uplift.**

<b>88 Liverpool Road SUMMER HILL</b>	<b>07/20</b>	<b>\$1,975,000</b>	<b>9 (\$219,444)</b>	<b>319m<sup>2</sup> (\$6,191)</b>	<b>319 (\$6,191)</b>
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Sale of a Development site zoned 'B4 – Mixed Use' under the Ashfield LEP with an FSR of 1.0:1 and height limit of 13 metres. Sold with DA Consent for redevelopment as 8 apartments and 1 commercial tenancy. Sold as vacant land "ready to build". Busy main road location. Triangular shaped site. Situated approximately 1 kilometre east of the Ashfield Railway Station.

#### dated sales evidence

site address	sale date	sale price	site area m <sup>2</sup> (\$/m <sup>2</sup> )	rate per site	FSR (m <sup>2</sup> ) \$/m <sup>2</sup> of FSR
<b>14 – 26 Wattle Street, Pyrmont</b>	<b>12/18</b>	<b>\$235,000,000</b>	<b>12,130m<sup>2</sup> (\$19,373)</b>	<b>\$605,670 (388)</b>	<b>48,520 \$4,843/m<sup>2</sup> of FSR</b>

Sale of a site without DA consent; comprising the former City of Sydney stone quarry. Site zoned B4 Mixed Use under the Sydney LEP 2012. A total GFA of 48,520m<sup>2</sup> is permissible under the planning controls of an FSR that allows 4.0:1 and a height limit of 27m. Purchased by Landream; with DA Application since lodged for Stage 1 seeking approval for 4 - 7 storey building envelopes for a total of 45,000m<sup>2</sup> GFA with an indicative mix of 25,000m<sup>2</sup> in apartments (with water views) and 15,000m<sup>2</sup> of A-Grade office space.

<b>20-22 Sadlier Cres &amp; 13 Gordon Cres, Petersham</b>	<b>05/17</b>	<b>\$6,300,000</b>	<b>934m<sup>2</sup> (\$9,937)</b>	<b>\$315,000 (20)</b>	<b>1,495 \$4,214/m<sup>2</sup> of FSR</b>
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Sale of a site with DA lodged (but not approved) for 20 apartments. Site zoned R4 High Density Residential. A total GFA of 1,495m<sup>2</sup> 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.

<b>141 Allen Street Leichhardt</b>	<b>04/17</b>	<b>\$55,000,000</b>	<b>7,143m<sup>2</sup> (\$7,700)</b>	<b>\$395,683 (139)</b>	<b>10,714 \$5,133/m<sup>2</sup> of FSR</b>
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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 m<sup>2</sup> GFA potential. Reportedly sold to Changfa Group (Chinese buyer) with plans to redevelop the site for 139 dwellings.

## 10.2 Valuation Rationale

In assessing the current market value for the subject property, we consider the most appropriate method of assessment to be a reconciliation between the capitalisation and direct comparison methods of valuation.

The direct comparison approach identifies comparable sales on a dollar rate per square metre of site area basis and compares the equivalent rates to the subject in order to establish the property's current market value.

The capitalisation approach is undertaken by capitalising the potential net market rental at a yield derived from the analysis of market evidence; with appropriate adjustments then made to reflect the specific cash flow profile and general characteristics of the property.

In arriving at our assessment of value we have had regard (but not limited) to the following factors:

- Location and position of the property;
- Size of the land and it's access and exposure;
- Access / egress characteristics both to and from the site;
- Improvement and their utility;
- Highest and best use of the land; and
- Prevailing market sentiment.

## 10.3 Direct Comparison Method

The above sales indicate rates between \$ \$3,075/m<sup>2</sup> up to \$6,191/m<sup>2</sup> of GFA Potential.

I have (primarily) had regard to the following sales:

The **Dulwich Hill sale (\$3,075/m<sup>2</sup> of GFA potential)** and **Philpott Street Marrickville sale (\$3,641/m<sup>2</sup> of GFA potential)** are situated in less desirable albeit nearby (Inner Western Sydney) localities and with generally larger site areas and are clearly inferior. The **Zetland sale (\$3,412/m<sup>2</sup> of GFA potential)** whilst situated in a nearby locality, comprises a larger site (with higher inherent delivery risk exposure) and was also considered to demonstrate a higher rate when compared to the subject. When these sales are removed, then a tighter value range of between **\$4,229/m<sup>2</sup> to \$6,191/m<sup>2</sup>** accordingly results.

The **94 Addison Road Marrickville sale (\$4,229/m<sup>2</sup> of GFA potential)** is situated in a nearby (but less desirable) Inner Western Sydney locality (albeit with a smaller site area) and a similar to higher rate is accordingly expected for the subject property.

The **Pymont sale (\$4,843/m<sup>2</sup> of GFA potential)** was also considered to provide a guide on account of its Inner Western Sydney locality. A lower overall value rate is accordingly expected for the subject property on account of its generally inferior locality compared to this sale. Given the somewhat dated nature of the Pymont transaction, we would nonetheless expect that it would achieve a higher sale price if offered for sale in the current market.

The **Summer Hill sale (\$6,191/m<sup>2</sup> of GFA potential)** provides for a smaller site (occupying a busy main road location) with DA Consent and situated in a nearby Inner Western Sydney locality and is clearly superior.



With regard to all the above and taking into consideration the various features discussed, I consider an appropriate value on a \$ rate / m<sup>2</sup> of GFA Potential to therefore lie between **\$4,000 - \$4,500/m<sup>2</sup>**, as applied to the subject.

1,534.44 m <sup>2</sup> site area @ 1.6:1 FSR	=	2,455 m <sup>2</sup> GFA Potential		
2,455 m <sup>2</sup> of maximum GFA	@	\$4,000/m <sup>2</sup>	=	\$ 9,820,000
2,455 m <sup>2</sup> of maximum GFA	@	\$4,500/m <sup>2</sup>	=	\$11,047,500
<b>Approximate Midpoint Value</b>			=	<b>\$10,433,750</b>
<b>Rounded for Practical Real Estate Purposes to:</b>				<b>\$10,425,000</b>

#### 10.4 Capitalisation Method - Check

As noted previously, the subject property is (for all intents and purposes) owner occupied and we have valued the property accordingly on a direct comparison basis.

We note the rental estimate provided in Section 8 of this report at \$335,102 pa net. Based upon our assessment of value ascribed utilising the direct comparison method at **\$10,425,000**, that value (relative to the rental estimate) accordingly equates to:

- An **initial yield of 3.21% pa net**; and
- An **analysed market yield of 3.17% pa net** (assuming a letting up allowance of 3 months gross rental + 12% agents commission totalling \$152,625).

The analysed market yield on that basis at 3.21% pa net is accordingly sharp; albeit still representing a premium of some 40 bps above the current risk-free rate of return as at the date of this valuation and notionally adequate in that regard as a holding income for a hypothetical prudent developer (and having regard to locational attributes of the subject and its vacant, unimproved nature).

We further note that the ascribed current market value at **\$10,425,000** reflects a rate per m<sup>2</sup> of site area of **\$6,794/m<sup>2</sup>**; being a value indicator that sits well relative to that range as demonstrated by the available market evidence.

We have therefore ascribed a value of **\$10,425,000**. This value is exclusive of GST.

## 11. ASSUMPTIONS:

- Should any encumbrances, encroachments, restrictions, leases or covenants not noted in this valuation be discovered the valuation should be requisitioned for comment.
- That the property is unaffected by any road alteration proposals.
- That the site is not contaminated and no remediation works are required.
- **Verifiable assumptions** relate to environmental issues, structural integrity of the improvements, condition of building services, road alterations, zoning and encroachments, and can be confirmed by obtaining appropriate documentation relating to each.
- 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, we have assumed that detailed reports in respect to 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, we have assumed that the property complies with all relevant statutory requirements in respect of such matters as health, building and fire safety regulations.
- Property outgoings were not made available at the time of the Valuation and we have therefore relied upon our own enquiries in order to establish appropriate estimates. Should our estimates vary significantly then this valuation should be referred back to us for further comment.
- The outbreak of the COVID-19 virus (novel coronavirus) since the end of January 2020 may potentially result in market uncertainty and volatility. Whilst the economic impact of a contagion disease generally arises from the uncertainty and loss of consumer confidence, its potential impact on the market (if any) is unknown at this stage, until the wider/global situation can be controlled. The extent of the impact on the property market will be mixed across the various market sectors, not only limited to the actual sale/transaction process, but may extend considerably beyond the normal sale period, depending on the nature, market sector and size of the property. Given the prevailing global uncertainty arising from the Coronavirus, and the potential impact on local property markets, we recommend that the nominated reliant parties of this report regularly seek our property advice and valuation updates.
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**12. VALUATION:**

Subject to the qualifications and assumptions within the body of this report, we have assessed the Market Value "as is" of 91 – 101 Hutchinson Street & 114 – 116 May Street, St Peters (Lot 18 in DP 4435 & Lots 11 – 12 in DP 771880) as at 30 June 2022, exclusive of GST to be:

**CURRENT MARKET VALUE**  
**\$10,425,000**  
**(TEN MILLION FOUR HUNDRED AND TWENTY-FIVE THOUSAND DOLLARS)**

**disclaimers**

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This advice is current at the date of advice only. The sale advice provided herein may change significantly and unexpectedly over a relatively short period including as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this advice is relied upon after the expiration of three months from the date of the advice, or such earlier date if you become aware of any factors that have any effect on the advice in general.

Dean Galanos AAPI (No.14700)  
Certified Practising Valuer

Danny Sukkar AAPI  
Director

**annexures**

1. *title search*
2. *deposited plan*