



Registered Real Estate Valuer & Property Consultant
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VALUATION REPORT



**220 – 222A Burwood Road, Burwood, NSW, 2134 (Lot
C in Deposited Plan 27199)**

**Prepared for: The Wong Family Superannuation
Fund.**

Purpose: Market Assessment purposes only.

**Basis of Valuation: "As is" current market value
subject to existing tenancies.**

Instructed by: Mrs Daphne Kao.

Date of valuation: 17 October 2020

Date Inspection: 17 October 2020

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1.0 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.
- No issues raising environmental concern were raised during our inspection however we note that we are not experts in these matters therefore specialist independent advice should be sought (as required) on the matter and the valuation referred back to me for comment in the event of any adverse findings.
- The property is advised as being owner occupied and our valuation has been undertaken accordingly. Should information to the contrary be known then this valuation should be referred back to me for further comment.
- **Covid 19** – 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

2.0 DATE OF INSPECTION

17 October 2020.

3.0 DATE OF VALUATION

17 October 2020.

4.0 LEGAL DESCRIPTION

The property is legally described and identified as Lot C in Deposited Plan 27199 at Burwood, in the Local Government Area of Burwood.

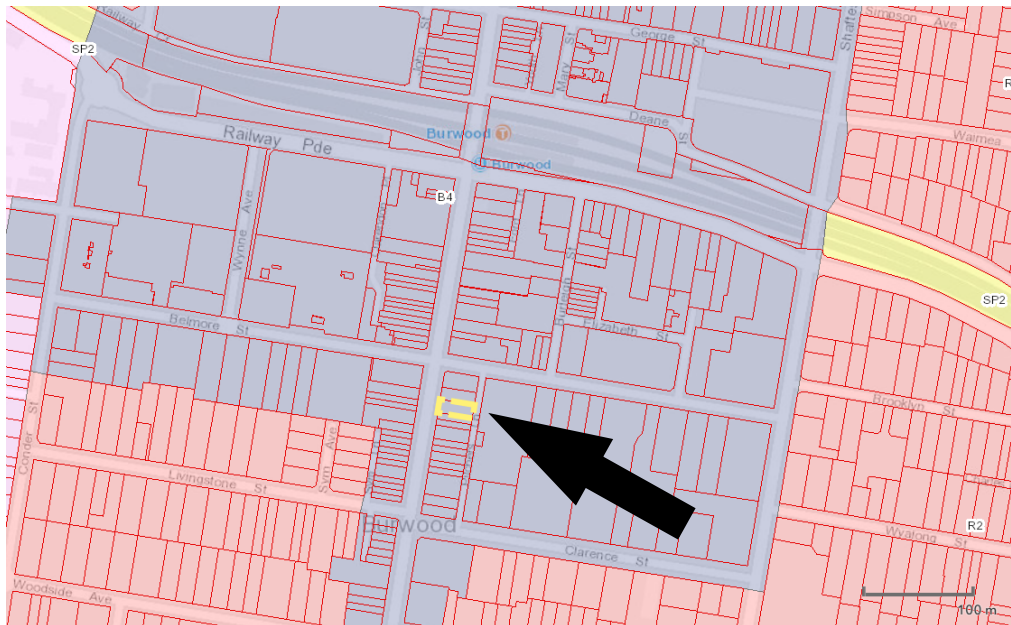
The current registered proprietor is Daphne Hong-Chuan Kao in 2675/10000 share; Kenneth Tsun-Kit Wong in 2675/10000 share; Daphne Hong-Chuan Kao in 2325/10000 share; and Kenneth Tsun-Kit Wong in 2325/10000 share.

The subject property is encumbered by the following notations on title:

1. Reservations and conditions in the crown grant(s).
2. C698122 – Cross easements (S.181B Conveyancing Act, 1919) affecting the party wall(s) shown on the common boundary of Lot C in DP27199 and Lot 5 in DP10833 shown in DP27199.
3. AP116046 – Lease to Min Dong of the first floor, 222A Burwood Road, Burwood. Expires: 28/2/2022. Option of Renewal: 3 years.
4. AP116051 – Lease to Bassam El-Youssef & Sarkis Sarkis of the Ground Floor, 222 Burwood Road, Burwood. Expires: 31/12/2021. Option of Renewal: 3 years.
5. AP910185 – Lease to Feng Ying Zhang of 220 Burwood Road, Burwood. Expires: 16/1/2025. Option of Renewal: 5 years.

5.0 ZONING

The subject property is zoned “B4 Mixed Uses” under the Burwood Local Environmental Plan 2012; with an applicable FSR of 3.0:1 and with a height limit of 30 metres.



The subject property comprises a mixed-use retail strip commercial premises. Having regard to the planning controls, the highest and best use of the land is considered to be as a mixed-use redevelopment site.

6.0 PARENT LAND AREA AND SITE DESCRIPTION

The site occupies that land situated on the eastern side of Burwood Road, some 100 metres or so to the south of the intersection with Railway Street; and having pedestrian access and street frontage to Burwood Road. The property also has rear lane access with both vehicular & pedestrian access from Pilchers Lane.

The land provides for a generally flat building contour, situated at street level. The site is rectangular in shape; with some 11.81 metres frontage to Burwood Road and enclosing a total site area of 354 m².



aerial view with the subject property identified

7.0 LOCATION

- The subject property is located on the eastern side of Burwood Road, some 100 metres or so to the south of the intersection with Railway Parade / Burwood Railway Station; within the increasingly popular Inner Western Sydney suburb of Burwood situated some 12 kilometres by road north-west of the Sydney GPO.
- The subject is situated towards the southern periphery of the Burwood Town Centre/commercial precinct centred along Burwood Road. This is a relatively vibrant and active suburban town centre in Sydney's Inner West, which hosts a reasonably active restaurant / café culture.
- Immediately surrounding development to the subject mostly comprises a mix of older style freestanding & attached commercial buildings; & residential / mixed use redevelopments increasingly interspersed.
- The property is situated within approximately 300 metres of the Westfield Subregional Shopping Centre. Also situated within an approximate 1-kilometre radius is Burwood Girls High School, Burwood Primary School, Croydon Primary School, Santa Sabina College, Burwood Primary School, a TAFE College, the MLC School, Burwood Park and a number of other parks. The Strathfield Town Centre and Bus/Railway Interchange are furthermore situated approximately 1 kilometre to the north-west.
- Burwood Road is a bitumen sealed roadway 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 subject property. (Restricted) kerbside parking is permitted in Burwood Road.

8.0 IMPROVEMENTS

Erected upon the land is a circa early 1900's double fronted retail strip premises with first floor commercial accommodation above. The building is at present configured as two (2) retail shops; each having a mix of (framed, glass fronted) open plan retail / commercial accommodation and back of house amenity.

The first-floor offices were uninspected as at the date of valuation but advised as comprising a mix of open plan and partitioned offices; accessed via a ground floor staircase from the Burwood Road frontage. The first-floor area is advised as including common area amenities.

Other improvements include a suspended awning (over Burwood Road frontage); and off-street parking at the rear lane frontage (for 4 cars approximately).

Externally, the properties present in a generally average to fair condition and state of repair.

At the time of our inspection the property was fully leased; the broad details of which are as follows:

- **Shop 1 (220 Burwood Rd)** – Occupied on a five (5) year lease expiring 16/01/2025, with 1 x five (5) year option. The lessee is F Zhang (Utilised as a Chinese restaurant); paying \$84,445 pa gross (+ GST) with rent subject to fixed annual 3% pa reviews.
- **Shop 2 (222 Burwood Rd)** – Occupied on a monthly tenancy. The lessee is Sarkis & Youseff (Trading as Money Lent); paying \$67,774 pa gross (+ GST) with rent subject to annual CPI reviews.
- **First Floor** – Occupied on a three (3) year lease expiring 28/02/2022, with 1 x three (3) year option. The lessee is Min Dong (for the purposes of a music school); paying \$42,230 pa gross (+ GST) with rent subject to fixed 3% pa annual increases.

Having regard to the zoning and other town planning controls, we consider however that the highest and best use of the land is as a (mixed use) redevelopment site. The existing improvements are however occupied / tenanted and clearly continue to add value to the underlying land.



Subject Property



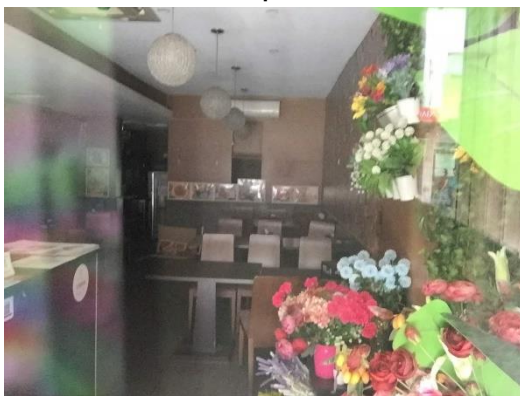
Burwood Road



Shopfront



Shopfront



Shop Internal (Shop 1)



Staircase to first floor

9.0 INCOME ANALYSIS

I have been provided with outgoings information which indicates that the current outgoings equate to approximately \$307/m² pa of building area, which is generally in line with market-based outgoings for a property of its type.

Together with leasing information also provided by yourselves (and referenced to market rental evidence retained by us on file); to which I have ascribed the following market rental income assessment to the property:

tenancy	tenant	NLA (m2)	passing rent (\$pa)	market rental (\$pa gross)	rate (\$/m2 pa gross)	rate (\$/mth gross)
Shop 1	F Zhang	115.00	\$84,445	\$84,445	\$734	\$7,037
Shop 2	Sarkis & Yousef	70.00	\$67,774	\$67,774	\$968	\$5,648
First Floor	M. Dong	86.00	\$42,230	\$42,230	\$491	\$3,519
		271.00	\$194,449			
Outgoings		\$ amount pa (approx)				
Council Rates		\$13,192				
Water Rates		\$3,711				
Land Tax		\$50,520				
Insurance		\$3,558				
BCA Compliance (Allow)		\$2,000				
Repairs/Maintenance (Allow)		\$5,000				
Management (Allow @ 3%)		\$5,833				
Sundry		\$1,000				
Total				\$84,814	\$313	/m2
Net Market Income (\$ pa net)				\$109,635		

I have been provided with tenancy and outgoings information by yourselves; and (with regard to outgoings) I have also relied upon our own enquiries.

It is therefore assumed that the information provided consists of a full and frank disclosure of all information that is relevant. Should the occupancy / lease profile of the properties differ significantly from my assessment then this valuation should be referred back to me for further comment and/or amendment as required.

10.0 SALES EVIDENCE

address	sale date	sale price	bldg m ²	(\$/m ²)	yield %
148 Burwood Road BURWOOD	10/19	\$3,980,000	201	\$19,801	2.80% n

Sale of a retail strip premises, situated to the north of the railway line, within close proximity to Westfield. Prime Burwood Retail strip position. Property has an FSR of 6.0:1. Zoned "B4 Mixed Use" with a 70-metre height limit. Leased for 5 years expiring 09/22 at a passing gross rental of \$131,059 pa. Assuming 15% outgoings, then a net annual income of \$111,400 pa results.

55-55a Burwood Road BURWOOD	05/17	\$4,210,000	186	\$22,634	2.22% n
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Sale of a retail strip premises, situated on the northern periphery of the Burwood Retail strip and with rear lane access. Property has an FSR of 4.5:1. Zoned "B4 Mixed Use". Residual lease tail generating \$93,509 pa gross. Assuming 15% outgoings, then a net annual income of \$79,483 pa results. Estimated building floor area of 185m².

Lot 2, 1-17 Elsie Street BURWOOD	02/17	\$1,500,000	129	\$11,628	VP
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Sale of a strata titled retail shop, situated on the ground floor of a circa 2010 mixed use building. The retail stratum was later subdivided in 2016. Lot 2 in SP93494 is located along the corner of Victoria Street and Elsie Street and within a short walking distance to Burwood Road. The lot includes an outdoor area along with 1 car space.

7/114 Majors Bay Rd CONCORD	01/17	\$1,375,000	142	\$9,683	VP
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Sale of a strata titled retail shop, situated on the ground floor of a modern, low-rise mixed use redevelopment situated in the nearby, active Inner Western Sydney retail strip of Concord. Includes 4 parking spaces. Sold Vacant Possession.

63 Majors Bay Rd CONCORD	12/16	\$6,610,000	394	\$16,777	4.80% n
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Sale of a 2 level retail strip premises, situated on a prominent corner within the active and popular Concord retail strip / town centre area. Comprised of ground floor retail premises leased to Priceline Pharmacy on a newly renegotiated 9+5 year basis. First floor leased to a Physiotherapist expiring 01/2021. Includes on-site parking for 3 cars. Leased at a passing net income of \$317,609 pa.

83 Burwood Rd BURWOOD	05/16	\$5,510,000	234	\$23,547	4.58% n
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Comprises a retail / commercial strip premises situated within the Burwood retail strip with rear lane access. Property has an FSR of 4.5:1. Zoned "B4 Mixed Use". Residual lease tail generating \$93,509 pa gross.

11.0 VALUATION RATIONALE

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

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.

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.

11.1 CAPITALISATION APPROACH

The above sales evidence demonstrates a range in values between \$9,683 up to \$23,547/m²; with the sales yields demonstrating a range between 2.22% to 4.80% pa net;

In determining an appropriate current market value for the subject property "as is", we have had regard (but not limited to) the following factors:

- Location and position of the subject property;
- Size and quality of improvements;
- The general strength of the Sydney non-residential (development and investment) markets generally;
- Age, condition and general functional amenity (suitability for alternate occupants);
- Car Parking;

Having regard to the abovementioned factors, I have adopted an investment yield rate range of **2.85% to 3.0%** per annum net.

The investment calculation is accordingly provided as follows:

Net Market Income (see Section 9.0 above)	\$ 109,635
Capitalised @ 2.85% pa net	\$ 3,846,842
Capitalised @ 3.0% pa net	\$ 3,654,500
Adopt midpoint	\$ 3,750,671
Rounded to, Say	\$ 3,750,000

11.2 DIRECT COMPARISON METHOD – CHECK METHOD

The sales evidence scheduled in section 12.1 indicate rates between **\$9,683 up to \$23,547/m²** of building area for (largely similar) retail strip premises in this general locality / region.

The subject property as valued via the direct comparison method above at **\$3,750,000** analyses to **\$13,838/m² of GLA**, which sits comfortably within the abovementioned range and is therefore considered to be fair and reasonable.

12.0 VALUATION

Based on the sales evidence noted above and taking into account the abovementioned factors, we are of the opinion that a market value "as is" for **220 – 222a Burwood, Road, Burwood**, as at the date of valuation being **17 October 2020**, would be in the order of:

CURRENT MARKET VALUE (excluding GST)
\$3,750,000
(THREE MILLION SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS).

disclaimers

This valuation is for the private and confidential use only of The Wong Family Superannuation Fund and for the specific purpose only for which it has been requested.

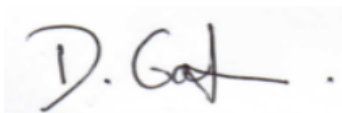
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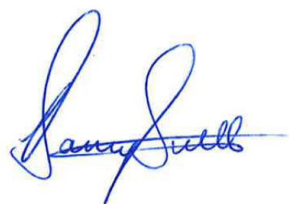
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Trusting this satisfies your requirements.

PROPERTY LOGIC



Valuer: Dean Galanos AAPI (No. 14700)
Certified Practising Valuer



Counter signatory: Danny Sukkar AAPI
Director