

B R I T E L Y

P R O P E R T Y

12 February 2020

General Manager
Inner West Council
7-15 Wetherill Street,
Leichhardt NSW 2040

Local Voluntary Planning Agreement (VPA) Draft Letter of Offer 1-5 Chester Street, Annandale

Dear General Manager,

The purpose of this letter is to make a draft letter of offer (**VPA Offer**) under section 93F of the *Environmental Planning and Assessment Act 1979 (EPA Act)* to enter into a Voluntary Planning Agreement (**VPA**) with Inner West Council (**Council**) in connection with the proposed amendments to the Leichhardt Local Environmental Plan 2013 (**LLEP 2013**) where it applies to Allotment 11 in DP 499846 (the **land**).

In summary, the terms of the VPA are proposed to be as follows:

1. Parties

The parties to the Planning Agreement will be:

- Corvas Pty Ltd (ACN 606 079 243) (**Developer**):
 - Ph: (02) 9896 7727
 - Mob: +64 11 678 018
 - Email: asicari@britely.com.au
- Inner West Council (**Council**).

In this Planning Agreement, the role of:

- The Developer is to deliver contributions as works in kind in accordance with the below to deliver public benefit in connection with proposed amendments to LLEP 2013 where it applies to the land.
- The Council is to apply the Contribution to implement public benefit works in accordance with the relevant local infrastructure plan.

BRITELY.COM.AU

T +61 (2) 9896 7727 F +61 (2) 9636 7729
LEVEL 2, 210 CLARENCE STREET, SYDNEY NSW 2000

2. Description of the land (s93F(3)(a))

The Planning Agreement will apply to Allotment 11 in DP 499846, otherwise known as 1-5 Chester Street, Annandale NSW 2038 (**land**). Under existing conditions, the land is in the ownership of Mr Peter Fitzhenry with arrangements in place for the Developer to finalise acquisition (settle) the land in the future. Confirmation of the owner's consent to the VPA offer is annexed to this letter.

3. Description of the development application/change to an environmental planning instrument (s93F(3)(b)(i))

The Planning Agreement relates to the proposed amendments to the LLEP 2013 where it applies to the land as follows:

- Land use zone: amended from IN2 Light Industrial to B7 Business Park, but include a special provision to allow Boarding House as an additional permitted use. The special provision will permit:
 - Minimum 0.75:1 FSR of Employment Use, for use as creative office, office, education, health or innovation use.
 - Permit Boarding House as a permitted use, exclusively for Student use
 - Maximum 2:1 FSR.
- Maximum height of buildings: From nil (N/A) to P2 – 17m.

The Planning Proposal and associated documentation are submitted together with this letter. Draft planning maps are attached in Appendix 1 of this letter.

4. Nature and extent of the provision to be made by the developer, and the times and manner in which the provision is to be made (s93F(3)(c))

The Planning Agreement provides that the Developer will make a contribution of \$1,025,000, in line with IWC VPA Policy and attached Hill PDA valuation, broken up as follows:

- Stratum dedication of through site link \$580,000
- Works in kind for through site link and upgrade design to 4 star Green Star including EV charging stations \$350,000
- Monetary contribution of \$95,000

Due to feasibility analysis and viability based on Councils preferred uses, heights, FSR and DCP controls, the contribution is required to be structured as above (and not in any other manner).

The above contributions are made to the Council in lieu of any local or regional infrastructure contributions payable to Council or the Department of Planning for regional infrastructure.

Additionally, the developer confirms their willingness to pay Council's reasonable legal fees and associated costs of preparing and notifying the Planning Agreement, up to a maximum of \$5,000.

Contributions are to be paid by the Developer via construction in line with the main works of the Project.

Works in Kind are subject to agreement between the parties and will be delivered during construction of the Project and be certified prior to issuing the final Occupation Certificate.

5. Mechanisms for resolution of disputes (s93(3)(f))

Disputes are to be resolved via mediation.

6. Enforcement of the agreement by a suitable means (s93F(3)(g))

The planning agreement is to be registered on title and released once the works in kind are delivered

A copy of the relevant Planning Proposal submission materials have been provided to Council along with this letter. These documents will provide you with a comprehensive understanding of this matter.

A Title Search and Letter of Authority to Lodge are included as Appendix 2 and 3 of this Letter.

We look forward to receiving the Council's response to the above VPA Offer. Please do not hesitate to contact the undersigned if you have any questions or would like to discuss the above.

This letter supersedes any prior draft letters on this matter.

Sincerely,

Britely Property

Appendix 1 – Proposed amendments to Leichhardt Local Environmental Plan 2013

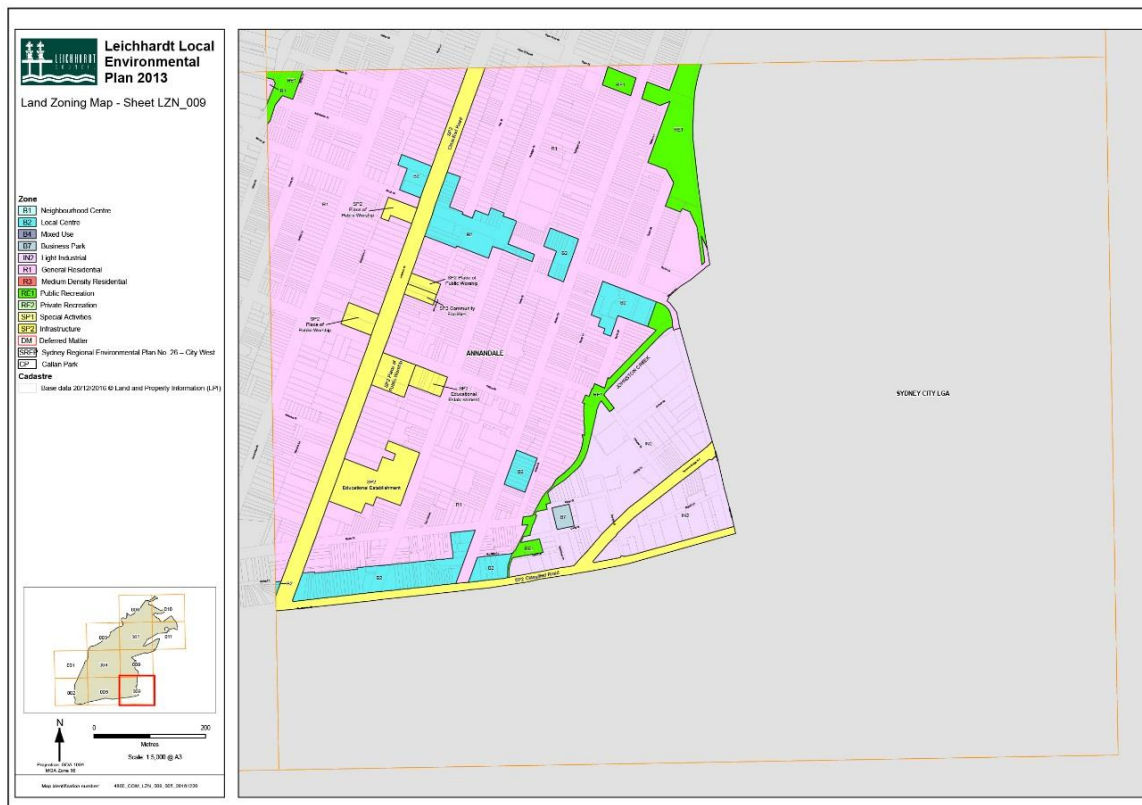


Figure 1: Current Land Use Zoning Map (no change)



Figure 2: Current Height of Buildings Map (no height limit)

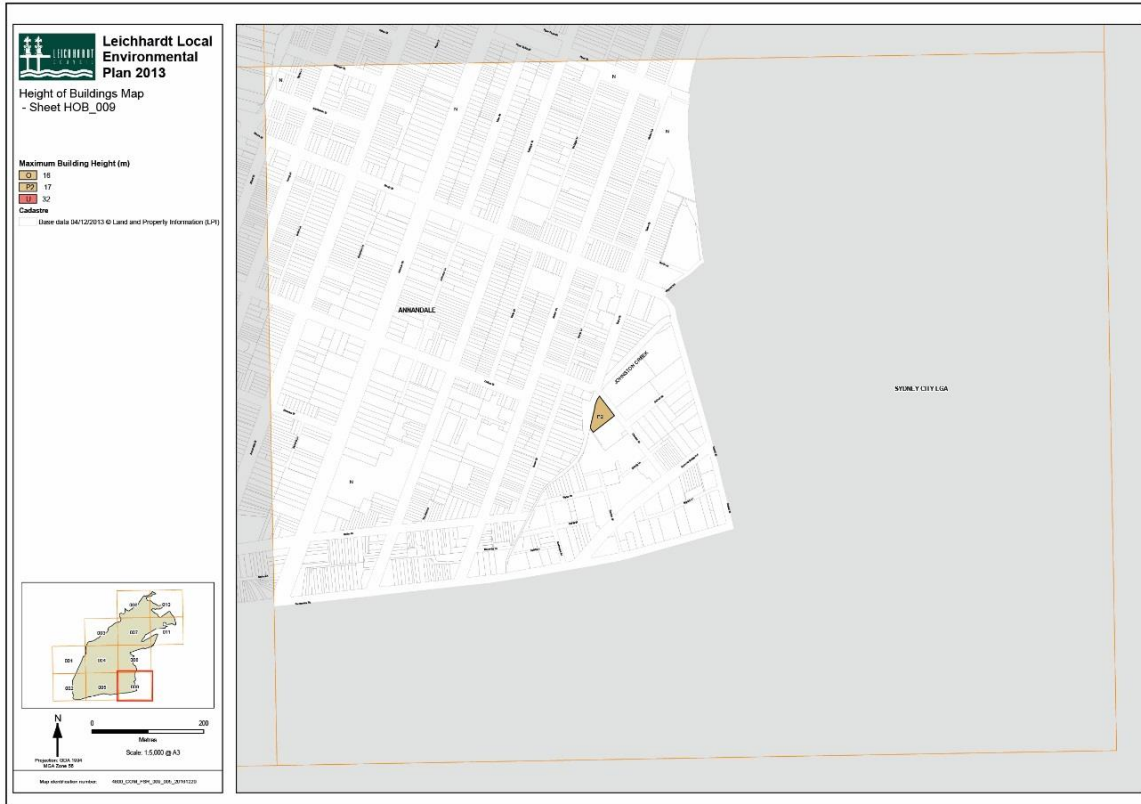


Figure 3: Amended Height of Buildings Map (17m)

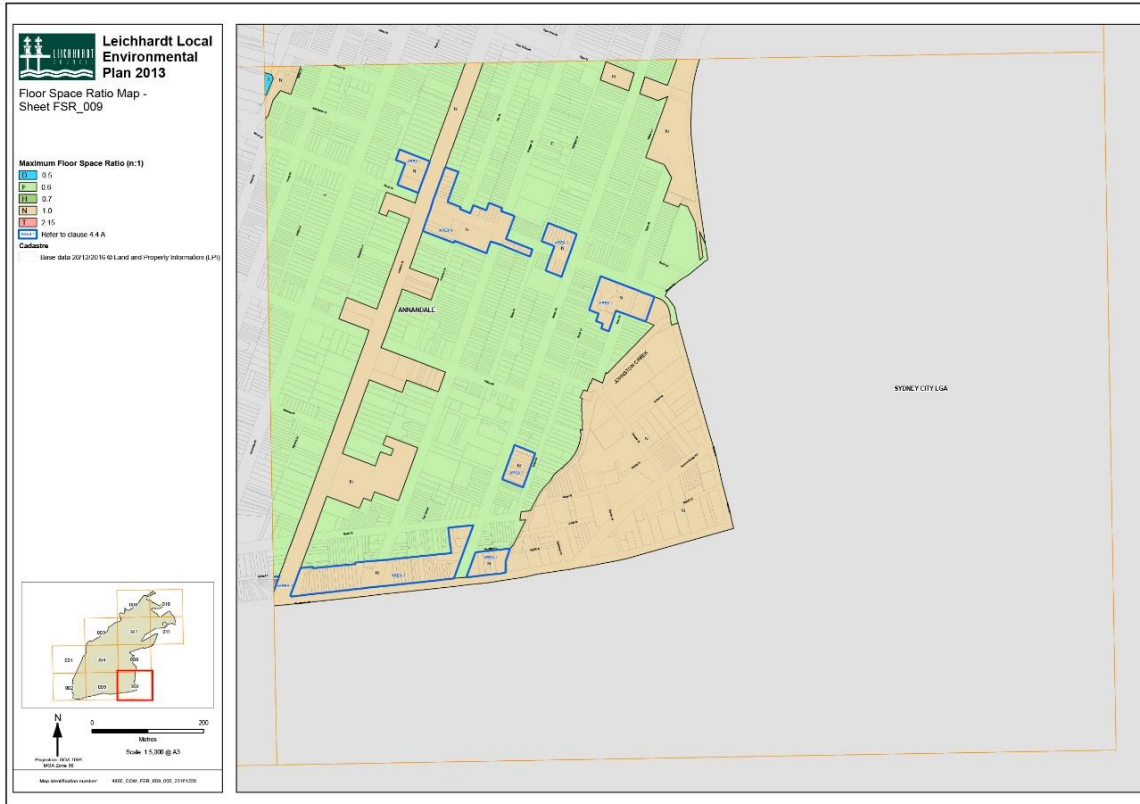


Figure 2: No change to FSR Map (Change in controls via site specific special clause)

Draft Key Site Special Provision clause 6.XX of Leichhardt LEP (2013)

6.XX Development of land at 1-5 Chester St, Annandale

- (1) The objective of this clause is to enable Boarding House as an additional permitted use.
- (2) This clause applies to 1-5 Chester St Annandale, Allotment 11 in DP 499846 as shown on the Key Sites map.
- (3) Despite clauses 4.4 and 4.4A, the maximum floor space ratio for development on land to which this clause applies is 2:1, but only if the consent authority is satisfied that:
 - (a) the Boarding House is made available for the exclusive use of Students only, and
 - (b) a minimum floor space ratio of 0.75:1 is provided for employment floorspace on the Ground level targeted at office, creative office, health, education and innovation users.
- (5) In this clause:

Boarding House has the same meaning as in State Environmental Planning Policy (Affordable Rental Housing) 2009.

Appendix 2 – Title Search



Order number: 48967288
Your Reference: 867560
23/01/18 15:39



NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 11/499846

SEARCH DATE	TIME	EDITION NO	DATE
23/1/2018	3:39 PM	2	12/1/2004

LAND

LOT 11 IN DEPOSITED PLAN 499846
AT CAMPERDOWN
LOCAL GOVERNMENT AREA INNER WEST
PARISH OF PETERSHAM COUNTY OF CUMBERLAND
TITLE DIAGRAM DP499846

FIRST SCHEDULE

PETER JOHN FITZHENRY

SECOND SCHEDULE (4 NOTIFICATIONS)

- 1 RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
- 2 A965109 EASEMENT APPURTENANT TO THE LAND ABOVE DESCRIBED AFFECTING THE LAND SHOWN SO BURDENED IN DP174289
- 3 A965109 EASEMENT AFFECTING THE PART OF THE LAND ABOVE DESCRIBED SHOWN SO BURDENED IN DP174289
- * 4 AM949456 CAVEAT BY CORVAS PTY LTD

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

PRINTED ON 23/1/2018

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register.
© Office of the Registrar-General 2018

Appendix 3 – Authority to Lodge

Annexure D Consent

To Inner West Council and Minister for Planning and any other authority

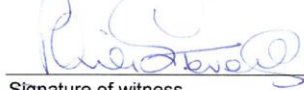
Property: 1-5 Chester Street Camperdown NSW 2050 (Folio Identifier 11/499846)

TAKE NOTICE THAT Peter John Fitzhenry is the registered proprietor of the above Property and hereby consent to Corvas Pty Ltd ACN 606 079 243 or its nominee:


- a) lodging any application, including any development application, in respect of or relating to the Property and related appeals;
- b) lodging any application to vary any approvals, including any development consents, arising from such applications;
- c) lodging any other documents or submitting any other correspondence in relation to any application or approval referred to in paragraphs a) and b) above;
- d) negotiating and pursuing a Voluntary Planning Agreement (VPA), or similar, for the relevant development application and consent to such process is hereby irrevocably given; and
- e) acting as the agent to deal as the 'Applicant' and enter into any agreements with consent authorities in respect to the Property and any associated development of the Property.

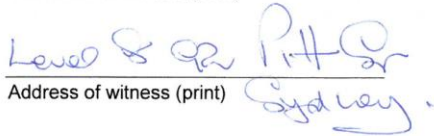
Dated: 9 June 2017

Signed, sealed and delivered by Peter John Fitzhenry in the presence of:


Signature of witness


Signature of Peter John Fitzhenry


Full name of witness (print)


Address of witness (print)

29 January 2020

Dear Alex,

Subject: Independent assessment of land value uplift of 1-5 Chester Street, Annandale

HillPDA has been engaged by Britely Property to provide an independent assessment of the land value capture associated with the planning proposal which seeks a rezoning and an uplift in permissible GFA for internal reporting purposes. We have provided advice regarding the following specific elements:

- Uplift in land value should the Planning Proposal achieve the exceedance of FSR (i.e. FSR uplift from 1:1 to 2: 1, from 1,307sqm to 2,614sqm)
- The rezoning of the land from 'IN2 Light Industrial' to 'B7 Business Park'
- Assessment of the through-site link by way of a stratum of 380sqm (subject to final survey) dedicated to the Council.

Background

The subject site encloses a land area of approximately 1,307sqm and is zoned 'IN2 Light Industrial'. Britely Property has an option over the property and has submitted a planning proposal seeking a rezoning and an exceedance of the GFA from 1,309sqm to 2,614sqm. This may be achieved within a VPA that includes a land value capture contribution based on the assessed uplift in land value.

The existing improvements to this site includes one and two storey industrial buildings.

A planning proposal has been prepared to facilitate the development of a five storey mixed-use building to provide 980sqm of non-residential floor space "to accommodate a range of business premises, office premises and light industries in the technology, bio-medical, arts, production and design sectors" and a boarding house to accommodate 51 rooms. Built over a basement level for 18 car spaces.

The existing and proposed planning scheme are summarised below.

Table 1: Summary of existing and proposed scheme

	Existing planning controls	Proposed Scheme
Site area	1,307sqm	1,307sqm
Zoning	'IN2 Light Industrial'	'B7 Business Park'
FSR	1:1	2:1, where: -min 0.75: FSR employment office -up to 1.25:1 FSR residential
Gross Floor Area (GFA)	1,307sqm	2,614sqm
Public benefit associated with the FSR uplift	Land value uplift of an additional 1,307sqm of GFA.	

Valuation Basis

We have used the Direct Comparison basis as the primary approach to assist with our assessment of the land value uplift and public benefit by:

- Establishment of the Base Case (current Market Land Appraisal)
- Regard to development site land values (expressed as \$/sqm of GFA) derived from the Base Case to assess the land value uplift.

1.0 SUBJECT SITE

Below is an extract from SIX Maps with the subject site indicated.

Figure 1: Aerial map with subject site indicated



The site has the following characteristics:

- Shape and Topography: Irregular trapezoid shaped allotment
- Site Area: 1,307sqm (subject to survey).
- Site Access: The site is accessible from the Chester Street frontage.
- Surrounding development: The subject site is surrounded by industrial buildings of varying age and style.

1.1 Locality and surrounds

Annandale is located 5 kilometres from the Sydney Central Business District in the local government area of Inner West Council. The subject site is located at the end of Chester Street and is situated approximately 250 metres from Pymont Bridge Road.

The closest shopping facilities are located on Norton Street, Leichardt, approximately 1.5 kilometres to the west and Broadway Sydney shopping centre is located approximately 2.1 kilometres to the east. Public buses are available along Great Western Highway and Booth Street providing a good level of public transport services.

Immediate surrounding development comprises industrial buildings of varying style and condition.

The subject site has relatively ease of access to Great Western Highway which links the Sydney CBD to the western Sydney metropolitan areas.

1.2 Current Planning Framework

The land is zoned 'IN2 Light Industrial' under the Leichardt Local Environmental Plan 2013. The objectives of this zone are as follows:

- To provide a wide range of light industrial, warehouse and related land uses.
- To encourage employment opportunities and to support the viability of centres.
- To minimise any adverse effect of industry on other land uses.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.
- To support and protect industrial land for industrial uses.
- To retain existing employment uses and foster a range of new industrial uses to meet the needs of the community.
- To ensure the provision of appropriate infrastructure that supports Leichardt's employment opportunities.
- To retain and encourage waterfront industrial and maritime activities.
- To provide for certain business and office premises and light industries in the arts, technology, production and design sectors.

1.3 Proposed Planning Framework

The planning proposal proposes a rezoning to 'B7 Business Park' and the objectives of this zone are as follows:

- To provide a range of office and light industrial uses.
- To encourage employment opportunities.
- To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.
- To provide for limited residential development in conjunction with permissible active ground floor uses.
- To provide for certain business and office premises and light industries in the arts, technology, production and design sectors.

The planning proposal also seeks site specific permitted uses, such as:

- min 0.75: FSR non-residential *“to accommodate a range of business premises, office premises and light industries in the technology, bio-medical, arts, production and design sectors”*
- up to 1.25:1 FSR residential to allow for boarding houses or student accommodation.

2.0 LAND VALUE CAPTURE ANALYSIS

2.1 Base Case Land Value

The land value would be based on the existing planning controls and land constraints:

- Area: 1,307sqm
- Zoning: 'IN2 Light Industrial'
- Floor Space Ratio (FSR): 1:1
- Existing permissible GFA: 1,307sqm

2.1.1 Base case assessment

The most appropriate method of valuation for a property of this nature is by the 'Direct Comparison' where the subject property is compared directly with sales of other properties in similar locations and adjustments made for points of difference.

Market research was undertaken for recent IN2 zoned properties in Annandale and the surrounding locality and it revealed no recent transaction in Annandale. Therefore we have relied upon sale transactions in Leichhardt and Lilyfield to set market parameters to assist with our estimates of the base case.

Further details on the sale transactions are found in Table 3: IN2 and equivalent zoned property transactions in the Appendices.

2.1.2 Rationale in our approach

In assessing the market value of the base case, we have had regard to the sales in Table 3: IN2 and equivalent zoned property transactions as well as the merits of the property which includes (but not limited to):

- Improved allotment zoned 'IN2 Light Industrial' and located within an established industrial area
- Confined street access for large vehicles due to narrow street width as well as street parking that impedes on access
- The following sales are relevant to set the market parameters:
 - **19-23 Moore Street, Leichhardt** sold for \$3,080,000 in March 2019. The land encloses 828sqm with an underlying zoning of 'IN2 Light Industrial'. Sold as vacant land. The sale price equates to **\$3,720/sqm of unimproved site area**. Smaller sized allotment. This sale is considered to set the upper limit.
 - **37 John Street, Leichhardt** sold for \$2,500,000 in December 2019. The land encloses 771sqm with an underlying zoning of 'IN2 Light Industrial'. Sold improved and on a summation basis, the sale price equates to **\$2,983/sqm of unimproved site area**. This sale is considered to set the lower limit.

In consideration to our above comments, we would consider an appropriate rate per sqm of site area (unimproved) to be \$3,500/sqm of site area to be reasonable for the subject property.

Base Case Land Value = \$4,550,000 reflecting \$3,481/sqm of site area

2.2 Land Value Uplift

2.2.1 Proposed scheme land value

The land value would be based on the following assumed changes in the planning controls and land constraints

- Area: 1,307sqm
- Zoning: 'B7 Business Park'
- Floor Space Ratio (FSR): 2:1 where:
 - min 0.75: FSR employment office
 - up to 1.25:1 FSR residential
- Gross Floor Area (GFA): 2,614sqm
- Public benefit based on the value uplift of an additional **1,307sqm** of GFA to be negotiated under a VPA.

2.2.2 Market research findings

Market research was undertaken of recent boarding houses sites and B2 zoned properties in Annandale and the surrounding locality.

Our research revealed no recent boarding house sites in Annandale; therefore we have relied upon sale transactions in Ashfield, Petersham and Leichardt to set market parameters to assist with our estimate of the Uplift Value.

Recent transactions considered to set the market parameters include:

Commercial zoned land

- **159 Parramatta Road, Annandale** sold for \$2,000,000 in June 2018. The land encloses 310sqm with an underlying zoning of 'B2 Local Centre'. Sold improved with a heritage listed building. The property has limited development potential in isolation. The sale price equates to **\$3,226/sqm of current GFA** and **\$1,613/sqm of proposed GFA**. Superior commercial location with a frontage to a prominent road.
- **161 Parramatta Road, Annandale** sold for \$2,200,000 in November 2018. The land encloses 310sqm with an underlying zoning of 'B2 Local Centre'. Sold improved with a commercial building. The property has limited development potential in isolation. The sale price equates to **\$3,441/sqm of current GFA** and **\$1,707/sqm of proposed GFA**. Superior commercial location with a frontage to a prominent road.

There are no recent transactions of commercial development sites in the Inner West therefore, we have relied upon the above sale transactions. The above results may be interpreted as a blended rate (commercial and residential) however, we have also considered residential and mixed-use development sites in Leichardt and Petersham that show a rate of \$5,245 to \$7,306/sqm of GFA. Comparatively, the above rates seem reasonable as commercial GFA rates, albeit considered to be superior to the subject due to their exposure to high levels of vehicular traffic. In addition, HillPDA has undertaken feasibility testing in Macquarie Park and Chatswood (established commercial markets) of commercial only development and our studies showed a rate of \$1,000 to \$1,500/sqm of GFA.

In consideration to the subject's industrial setting and quiet street location with lack of vehicular and pedestrian traffic, we consider an appropriate rate per square metre of permissible GFA based on the above comments to range between \$1,000/sqm and \$1,250/sqm, exclusive of GST.

Boarding house sites

- **89 Balmain Road, Leichhardt** sold for \$2,100,000 in August 2019. The land encloses 544sqm with an underlying zoning of 'R1 General Residential'. Sold with the benefit of development approval, allowing a discount of 10% to account for this benefit a rate of **\$3,475/sqm of GFA** has been derived. Smaller sized project. A similar to lower rate per sqm of GFA is considered to be reasonable for the subject.
- **28 Chandos Street, Ashfield** sold for \$2,470,000 in August 2018. The land encloses 697sqm with an underlying zoning of 'R3 Medium Residential'. Sold without development approval. The sale price equates to **\$2,955/sqm of current GFA**. Inferior location. Smaller sized project. A similar to higher rate of GFA is considered reasonable for the subject.

We have relied upon the above transactions which represents the dollar rate per sqm of GFA that a boarding house developer and/or investor would be prepared to pay. This represents a different buyer profile which would typically perceive the investment as a long-term asset rather than a build and sell strategy. Therefore, we have had no regard to the residential GFA rates being achieved for a typical development site.

As per the above analysis, we consider an appropriate rate per square metre of permissible GFA for the boarding house component based on the above sales evidence to range between \$3,250/sqm and \$3,500/sqm, exclusive of GST.

2.2.3 Land uplift value calculation

Our calculation of the uplift value are as follows:

	Min		Max
Site Area		1,307sqm	
Residential			
Residential GFA (FSR 1.25:1)		1,634sqm	
Residential \$/sqm of GFA	\$3,250		\$3,500
Residential value range	\$5,300,000		\$5,700,000
Result		\$5,500,000	
Non-residential			
Non-residential GFA (FSR 0.75:1)		980sqm	
Non-residential \$/sqm of GFA	\$1,000		\$1,250
Non-residential value range	\$980,000		\$1,250,000
Result		\$1,100,000	
Adopted uplift value		\$6,600,000	

Accordingly, we assess the uplift value of the subject site based on the planning proposal to be \$6,600,000, exclusive of GST, equates to \$5,049/sqm of site area.

2.3 Development Contribution Calculation

	Value	\$/sqm of site area
Base case	\$4,550,000	\$3,481
Land value uplift	<u>\$6,600,000</u>	\$5,049
Total estimate of land value uplift	\$2,050,000	
Development contribution (50% of uplift)	\$1,025,000	

This land value uplift estimate is not intended to be a prescriptive outcome but rather to facilitate commercial negotiations within the VPA framework which provides for voluntary negotiations within guidelines.

3.0 PUBLIC BENEFIT ANALYSIS

We have provided commentary on a reasonable developer’s contribution and public benefits arising from the land value uplift assessed above in Section 2.0 – Land Value Capture.

This advice is provided within the VPA framework that is intended to create an opportunity for developers and Councils to reach an agreement to lower Council’s costs for the provision of public services and infrastructure by granting density concessions to developers.

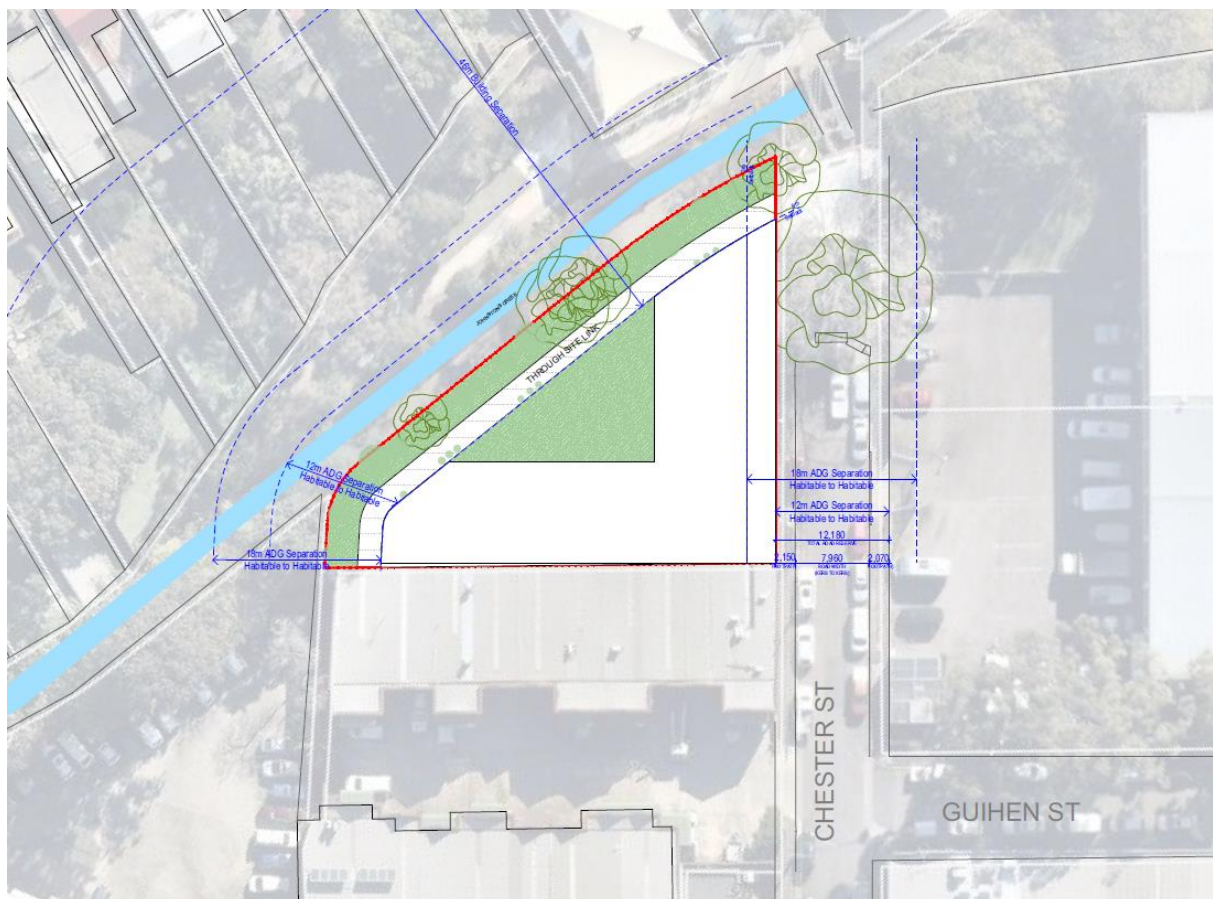
The VPA framework allows a voluntary outcome for these parties on the basis of commercial negotiation. A guideline exists indicating a reasonable consideration may equate to 50% of the land value uplift.

In this scenario, the Developer’s Contribution amounts to \$1,025,000 (Land value uplift x 50%).

3.1 Dedication of through-site link

We have reviewed the Planning Proposal prepared by FPD Pty Ltd which addresses the redevelopment potential of the site and provides a recommendation of a public benefit by way of through site link under a stratum arrangement. We have been advised that the stratum to be dedicated is approximately 380sqm (subject to survey). The through-site link will provide pedestrian and cycle access along the Johnston Creek alignment and is illustrated below in Figure 2: Subject site with the through-site link indicated. This supports the objectives of the Parramatta Road Corridor Urban Amenity Improvement Plan and Camperdown Public Domain Master Plan and provides a public benefit to the community.

Figure 2: Subject site with the through-site link indicated



Source: Extract of Concept Plans prepared by DKO, Revision P5.

3.1.1 Land Value of Dedication on a Planning Approach

A common basis of land rate adjustment reflected in many commercial negotiations involving an FSR transfer to the balance of the site is a reduction of 75% (or alternatively multiplying the derived rate by 25%).

25% of Market Value Often Applies to the Pricing of Land Subject to an FSR Transfer

There is precedence in commercial negotiations and various Council Contribution Plans (where this FSR transfer upon acquisition often occurs) for adopting a basis of 25% of Market Value for the acquisition of where:

- The developer/vendor is able to preserve total development density by a FSR transfer to the retained land; and
- In Contribution Plans where the land is identified by Council’s Open Space (acquisition) objectives.

This basis has been found to occur in the City of Sydney Open Space Strategy and S94 Contributions Plan.

The percentage is specifically adopted in the Section 94 and Community Infrastructure Contributions (Review of Land Dedication Rates) as found in the extract below:

Figure 3: City of Sydney S94 Contribution Rates Plan Extract

*Section 94 and Community Infrastructure Contributions: Review of Land Dedication Rates
Final*

Executive Summary

Background and Context

The delivery of local community infrastructure is procured through a variety of mechanisms across the Sydney LGA. Specifically relevant in Green Square, payment for the dedication of land depends on the mechanism under which the land is required for dedication.

- **City of Sydney Development Contributions Plan (s94 Plan)**
Payment of 25% of generic market value is made where the floorspace potential of the dedicated land can be transferred and developed elsewhere on the development site.

A generic market value of \$2,150/sqm applies in the Southern Precinct, of which 25% equates to \$537.50/sqm of site area.

We have also considered the following facts:

- Council also benefits from the through site link as it supports of the objectives of the Parramatta Road Corridor Urban Amenity Improvement Plan and Camperdown Public Domain Master Plan,
- The land dedication is by way of a stratum arrangement and has no FSR entitlement. Hence provides an ‘intrinsic’ land value that is less than market would be anticipated.

In consideration of the above points, we consider 30% of the uplift value to be reasonable.

Our assessment of the uplift value shows a rate of \$5,049 per sqm of site area, allowing for a 70% discount our calculations are as follows:

Through-site link: 380sqm x \$5,049/sqm of site area x 70% discount = **\$580,000**

We have determined that \$580,000 for the through-site link to be reasonable in this assessment.

3.1.2 Works in Kind

We have been provided with an estimate of **\$350,000, exclusive of GST** by the developer which would encompass the provision of hard and soft landscaping, and lighting improved on the through-site link dedication. This represents a rate of \$921/sqm of through-site link.

We have not been provided with Quantitative Costings and we are not an expert in this field; however we have referred to the Rawlinson Construction Handbook which indicates a lower cost rate per sqm. However, the through-site link is a small area, therefore this rate may be reasonable in this scenario. We would recommend the cost estimate be confirmed by an appropriately qualified Quantity Surveyor or builder.

3.1.3 Public Benefit calculation

The following calculations shows our assessment of the developer contribution below:

Table 2: Calculations for the dedication of through-site link

	Calculations	Results
Development contribution (50% of uplift)		\$1,025,000
Minus		
Stratum dedication (30% of Market Value)	380sqm x \$5,049sqm of GFA x 70% discount	\$580,000
Works in kind		\$350,000
Sub-total		-\$930,000
Developer contribution balance		\$95,000

We have determined that the outstanding developer contribution amounts to \$95,000 in our assessment.

4.0 CONCLUSION

We have identified the following for the assessment of the public benefit contribution, being:

- Market assessment of the subject as a development site (expressed as \$/sqm of GFA) where we have derived the Base Case to be \$4,550,000 and an uplift of land value of \$6,600,000 equating to a Developer's Contribution of \$1,025,000 (50% x uplift of land value)
- Market assessment of the through-site link dedication is based on a planning adjustment of 70% discount of the surrounding land and has been determined to be \$580,000 plus \$350,000 of work in kinds has also been allowed for in our assessment. This totals to \$930,000.
- Therefore, the developer contribution has been determined to be \$95,000 (50% x uplift of land value minus land dedication minus WIK).

This assessment was completed as detailed herein with rationale contained within the body of this letter and sales evidence annexed.

Sincerely,



Catherine Huynh

Senior Valuer

GradDipProDev, Adv Dip Val, BComSci, AAPI Certified Practicing Valuer

Catherine.Huynh@hillpda.com

Martin Hill

Director

M.Real Estate (UNSW), M.Property Development (UTS), BSc (Hons), Certified Practicing Valuer (Unrestricted), FAPI, MRICS

Martin.Hill@hillpda.com

APPENDIX A: MARKET RESEARCH

A.1 Industrial properties

Tabulated below are of 'IN2 Light Industrial' and equivalent zoned lands that indicate a rate of \$2,983 to \$4,651/sqm of site area have been achieved based on sold prices.

Table 3: IN2 and equivalent zoned property transactions

Address	Sale Price Date	Site Area (sqm)	Controls	Comments	Analysis
7 Fred Street, Lilyfield	\$1,785,000 July 2018	258	'IN2 Light Industrial' FSR 1:1	Improved with an office and warehouse. On a summation basis, the sale shows a land value of \$1,200,000.	\$4,651/sqm (unimproved site)
19-23 Moore Street, Leichhardt	\$3,080,000 March 2019	828	'IN2 Light Industrial' FSR 1:1	Sold as vacant land.	\$3,720/sqm (unimproved site)
37 John Street, Leichhardt	\$2,500,000 December 2019	771	'IN2 Light Industrial' FSR 1:1	Improved with numerous dated sheds and office accommodation. Dual frontage property. On a summation basis, the sale shows a land value of \$2,300,000. Sale as advised and not yet confirmed (settled).	\$2,983/sqm (unimproved site)
15 Meeks Road, Marrickville	\$2,950,000 October 2019	809	'B7 Business Park' FSR 0.95:1	Improved with a two storey industrial building with low clearance. On a summation basis, the sale shows a land value of \$2,500,000.	\$3,090/sqm (unimproved site)

A.2 Commercial sales

Tabulated below are of commercial property sales that indicate a rate of \$1,635 to \$2,151/sqm of proposed GFA have been achieved based on sold prices.

Table 4: Commercial property transactions

Address	Sale Price Date	Site Area (sqm)	Controls	Comments	Analysis
117 Parramatta Road, Annandale	\$1,175,000 March 2019	158	'B2 Local Centre' FSR 1.5:1 Proposed FSR 3:1	Heritage affected two storey building. On a summation basis, the sale shows a land value of \$775,000	\$4,905/sqm (unimproved site) \$3,270/sqm of GFA \$1,635/sqm of proposed GFA
159 Parramatta Road, Annandale	\$2,000,000 June 2018	310	'B2 Local Centre' FSR 1.5:1 Proposed FSR 3:1	Heritage affected two storey building. On a summation basis, the sale shows a land value of \$1,500,000	\$4,839/sqm (unimproved site) \$3,226/sqm of GFA \$1,613/sqm of proposed GFA
161 Parramatta Road, Annandale	\$2,200,000 Nov. 2018	332	'B2 Local Centre' FSR 1.5:1 Proposed FSR 3:1	Older style commercial building. On a summation basis, the sale shows a land value of \$1,700,000	\$5,120/sqm (unimproved site) \$3,414/sqm of GFA \$1,707/sqm of proposed GFA

A.3 Boarding house sites

Market research was undertaken to investigate recent boarding house sites within the Inner West LGA to set market parameters, revealed the following site sales which showed a dollar rate per sqm of GFA of \$1,642 to \$3,475/sqm or \$58,929 to \$110,811/room on the assumption of a raw site within DA approval.

A.3.1 89 Balmain Road, Leichhardt

The property is an internal allotment, zoned 'R1 General Residential' under the Leichhardt Local Environmental Plan 2013 and a permissible FSR of 0.5:1. Located on the fringe of the Leichhardt main retail strip along Norton Street.

Sold with DA for the construction of a 3 storey boarding house to comprise 24 self-contained rooms, manager's room and communal facilities. Car parking for 12 vehicles will be provide onsite.

Address	89 Balmain Road, Leichhardt
Purchase date	August 2019
Purchase price	\$2,100,000
Areas	544sqm (site) 544sqm (approved GFA)
Analysis	\$3,860/sqm of site area
Rate \$/sqm/room	\$3,860/sqm of approved GFA \$87,500/room
Number of rooms	24
DA Status	Sold with approval



Comparative comments: Sold with the benefit of development approval, allowing a discount of 10% to account for this benefit a rate of \$3,475/sqm of GFA or \$80,000/room has been derived. Smaller sized project. A similar to lower rate per sqm of GFA is considered to be reasonable for the subject.

A.3.2 33 Ormond Street, Ashfield

The property is an internal allotment, zoned 'R3 Medium Residential' under the Ashfield Local Environmental Plan 2013 and a permissible FSR of 0.7:1. Located on the northern side of the Ashfield railway station and the main retail precinct along Liverpool Road.

Sold with DA approval for the construction of a 3/4 storey boarding house with 37 boarding rooms & managers room. Built over basement car parking for 9 vehicles, 8 motorcycle & 10 bicycle spaces.

Address	33 Ormond Street, Ashfield
Purchase date	November 2019
Purchase price	\$4,100,000
Areas	923sqm (site) 1,108sqm (permissible GFA)
Analysis	\$4,442/sqm of site area
Rate \$/sqm/room	\$3,700/sqm of approved GFA \$110,811/room
Number of rooms	37
DA Status	Sold with approval



Comparative comments: Inferior market, although with superior transport options. Sold with development approval allowing a discount of 10% to account for this benefit a rate of \$3,330/sqm of GFA or \$100,000/room has been derived. Smaller sized project. A similar rate per sqm of GFA is considered to be reasonable for the subject.

A.3.3 28 Chandos Street, Ashfield

The property is an internal allotment, zoned 'R3 Medium Residential' under the Ashfield Local Environmental Plan 2013 and a permissible FSR of 0.7:1. Located in close proximity to Ashfield railway station and the main retail precinct along Liverpool Road.

Sold without DA and the owner has subsequently lodged an application for the construction of a 4 storey boarding house with 34 rooms to comprise 4 single rooms, 30 double rooms, communal open space & living room. Each room has a kitchenette & bathroom. Car parking for 17 vehicles, 7 motorcycle & 7 bicycle spaces will be provided on-site. The application is still under evaluation.

Address	28 Chandos Street, Ashfield
Purchase date	August 2018
Purchase price	\$2,470,000
Areas	697sqm (site) 836sqm (approved GFA)
Analysis Rate \$/sqm/room	\$3,544/sqm of site area \$2,955/sqm of approved GFA \$72,647/room
Number of rooms	34
DA Status	Sold without approval



Comparative comments: Older sale in an inferior market, although with superior transport options. Sold without development approval. Smaller sized project. A higher rate per sqm of GFA is considered to be reasonable for the subject.

A.3.4 3-7 Crystal Street, Petersham

The property is an internal allotment, zoned 'B2 Local Centre' under the Marrickville Local Environmental Plan 2011 and a permissible FSR of 1.5:1. Located in close proximity to Parramatta Road and Leichhardt main retail strip along Norton Street.

Sold with DA for the construction of a part 4/part 5 storey mixed use development comprising 4 serviced apartments on the ground level, a commercial tenancy (on basement & ground floor level & a 56 room boarding house on levels 1-4. Built over 2 levels of basement for car parking of 41 vehicles. However it has been noted on Cordell Connect that the project is deferred indefinitely. We note that the property is subject to proposed increase in FSR to 3:1 under the Parramatta Road Corridor Urban Transformation Strategy.

Address	3-7 Crystal Street, Petersham
Purchase date	August 2018
Purchase price	\$3,300,000
Areas	1,126sqm (site) 1,689sqm (permissible GFA)
Analysis Rate \$/sqm	\$2,931/sqm of site area \$1,954/sqm of approved GFA \$58,929/room
Number of rooms	56
DA Status	Sold with approval



Comparative comments: Older sale in a similar market. Sold with development approval. Similar sized project. A higher rate per sqm of GFA is considered to be reasonable for the subject.

A.3.5 32 Albert Parade, Ashfield

The property is an internal allotment, zoned 'R2: Low Density Residential' under the Ashfield Local Environmental Plan 2013 and a permissible FSR of 0.7:1. Located on the northern side of the railway corridor.

Sold without DA and the owner has subsequently lodged an application for the construction of a 2 storey boarding house with 42 x 1 beds, common room & communal open space. Car parking for 23 vehicles, 79 motorcycle & 9 bicycle spaces. Will be provided onsite. The proposed GFA is unknown, for the purpose of analysis we have applied a bonus FSR of 0.5:1 as per State Environmental Planning Policy (Affordable Rental Housing) 2009.

Address	32 Albert Parade, Ashfield
Purchase date	July 2018
Purchase price	\$2,430,000
Areas	1,248sqm (site) 1,480sqm (permissible GFA)
Analysis Rate \$/sqm	\$1,947/sqm of site area \$1,642/sqm of permissible GFA \$57,857/room
Number of rooms	41
DA Status	Sold without approval



Comparative comments: Older sale in an inferior market. Sold without development approval. Similar sized project. A higher rate per sqm of GFA is considered to be reasonable for the subject.