

Residential



Valuation Report

168 Freemans Drive, Morisset NSW 2264



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Executive Summary

This Executive Summary must be read in context of and in conjunction with the full valuation report of which this Executive Summary forms part. All comments, terms and conditions contained in the full valuation report relate directly to this Executive Summary.

**Property Address:**

168 Freemans Drive, Morisset NSW 2264

Client:

VentureCrowd Nominees Pty Ltd

Related Party:

Upcycled Homes Morisset Pty Ltd aff Welcome Home Unit Trust

Instructions:

To assess the various market values as instructed as follows;

- As Is
- As if DA approved Stage 1 – 1 into 4 Torrens Title subdivision
- As if DA approved Stage 2 – 1 into 11 Community Title subdivision
- As if DA approved – 3 Torrens Title lots and 11 Community Title lots – In One Line

Purpose of Valuation:

First Mortgage Security Purposes and for no other purpose

Date of Inspection:

8 March 2019

Date of Valuation:

8 March 2019

Property Type:

Residential development site

Brief Description:

The subject property is a rural residential style homesite occupying a land area of 6,867 square metres and improved with an aged dwelling and various sheds.

The client has recently contracted the property for sale at a purchase price of \$870,000. The Contract is as yet undated but notes a settlement period of 6 months. The client has also lodged a Development Application, DA173/2019, for a three lot Torrens Title and 11 lot Community Title subdivision. The development plans include the retention and renovation of the existing dwelling.

The property is located in the regional locality of Morisset approximately 50 kilometres south of Newcastle and 120 kilometres north of Sydney. The land is zoned R2 Low Density Residential under the Lake Macquarie LEP.

Land Area:

6,867 m²

Registered Proprietor:

Brett Kenneth Douglas as Sole Proprietor

Zoning:

R2 Low Density Residential under *Lake Macquarie Local Environmental Plan (LEP) 2014*

Assessed Interest:

100% of the freehold interest subject to critical assumptions as noted in the report

Basis of Valuation:

As Is

As if DA approved Stage 1 – 1 into 4 Torrens Title subdivision

As if DA approved Stage 2 – 1 into 11 Community Title subdivision

As if DA approved – 3 Torrens Title lots and 11 Community Title lots – In One Line

Valuation Approach:

Direct Comparison Approach

SWOT Analysis:**Strengths**

- Large, lightly improved site
- Dwelling to remain on site, adds some (limited) value
- Located close to amenities and transport
- Purchase contract allows for development application to be made prior to settlement

Weaknesses

- No development consent obtained
- The Community Title ownership structure of the rear lots may be less desirable to purchasers than Torrens Title
- Existing dwelling requires renovation
- Slightly busy road frontage
- Market appears to be softening

Opportunities

- Secure development consent from Council
- Commence marketing off the plan to secure presales of Lots
- Negotiate presales and development costs to show a feasible development project
- On-sell project to another developer
- Renovate dwelling and lease up to achieve rental income

Threats

- Development costs exceeds expectation, reducing feasibility of project
- Normal development risks around development costs and time frames, sales and settlement and funding
- Softening property market reduces the achievable sale prices of proposed lots
- General softening in national and global economic conditions
- Increase in interest rates and a tightening of lending policies may affect marketability and/or settlement of any potential presales

Critical Assumptions:

- In conducting the valuation, we have relied upon certain information provided by the owner or their representatives and we have assumed all information is correct.
- That the site has no contamination whatsoever.
- The Development Application, DA173/2019, is approved without unusual or onerous development conditions.
- The existing dwelling is suited to renovation as planned.
- Development to be completed in a timely manner and upon practical completion Titles are issued.
- As if complete valuations are based on proposed subdivision plan provided.
- Development costs have not been sighted or provided and we have assumed these will be within market expectations.
- Project will be completed in accordance with subdivision plan provided. Should there be any changes to this plan the report should be returned to the valuer for amendment.
- Our As If Complete valuations assume that all lots are subdivided and serviced and separate titles have issued.
- As if complete values provided are based on values as at the date of valuation and do not take into account value changes during the development period.
- The As If Complete values provided will likely include a GST liability and we have not provided GST exclusive values due to the potential differences in GST liability. The actual GST liability should be determined by a competent professional.

Market Value – As Is:**\$870,000 GST Exclusive****Market Value** - As if DA approved Stage 1 – 1 into 4 Torrens Title subdivision:

Lot No	Market Value GST Inclusive
31	\$250,000
32	\$250,000
33	\$280,000
Development Lot	\$700,000
Gross Realisation	\$1,480,000

Market Value - As if DA approved Stage 2 – 1 into 11 Community Title subdivision:

Lot No	Market Value GST Inclusive
2	\$200,000
3	\$200,000
4	\$220,000
5	\$220,000
6	\$220,000
7	\$220,000
8	\$220,000
9	\$220,000
10	\$220,000
11	\$220,000
TOTAL	\$2,160,000

Market Value - As if DA approved – 3 Torrens Title lots and 11 Community Title lots – In One Line:**\$2,360,000 GST inclusive****Valuer:**Signature of Valuer: on behalf of
Preston Rowe Paterson Newcastle & Central Coast**Adrian Christie, AAPI CPV**
API Member No 62909Signature of Director: on behalf of
Preston Rowe Paterson Newcastle & Central Coast**David A Rich, AAPI CPV**
API Member No 69265

1 Introduction

PRP File Reference:	814420 / M.10,079
Instructed By:	Tim Turpin of VentureCrowd Nominees Pty Ltd
Telephone:	0413 730 872
Email:	Tim.t@venturecrowd.com.au
Client:	Upcycled Homes Morisset Pty Ltd atf Welcome Home Unit Trust
Client Address:	c/- Living Joy Property Development, 98 Glebe Road, The Junction NSW 2291

2 Instructions

Date of Instruction:	7 March 2019
Property Address:	168 Freemans Drive, Morisset NSW 2264
Interest to be Valued:	100% of the freehold interest subject to critical assumptions as noted in the report
Basis of this Valuation:	Various valuations have been provided as disclosed within the report, land has been assessed on the basis of vacant possession.
Purpose of Valuation:	First Mortgage Lending Purposes and for no other purpose
Special Instructions:	Please see Appendix A for a copy of our instructions.

3 Date of Valuation

Date of Valuation:	8 March 2019
Date of Inspection:	8 March 2019

4 Brief Description

The subject property is a rural residential style homesite occupying a land area of 6,867 square metres and improved with an aged dwelling and various sheds.

The client has recently contracted the property for sale at a purchase price of \$870,000. The Contract is as yet undated but notes a settlement period of 6 months. The client has also lodged a Development Application, DA173/2019, for a three lot Torrens Title and 11 lot Community Title subdivision. The development plans include the retention and renovation of the existing dwelling.

The property is located in the regional locality of Morisset approximately 50 kilometres south of Newcastle and 120 kilometres north of Sydney. The land is zoned R2 Low Density Residential under the Lake Macquarie LEP.

Photographs:

House to be retained



Street frontage



Rear land



Rear land



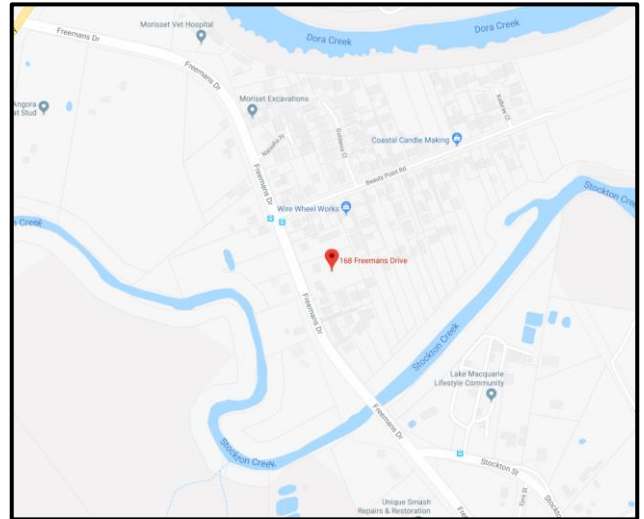
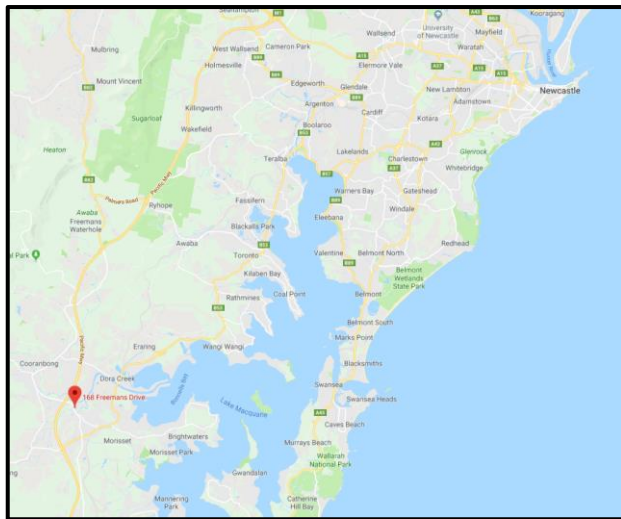
Rear land



Aged shed

5 Location**Physical Location:**

The subject property is located on the north-eastern side of Freemans Drive within the suburb of Morisset, just south of the intersection of Beauty Point Road. The property is approximately 2 kilometres north of the Morisset retail and commercial precinct, local schools and the Morisset train station.



Source: Google Maps

Surrounding Development:

Surrounding development comprises predominantly low density residential dwellings on varying size allotments ranging from 600 square metres up to multiple hectare blocks. Freemans Drive is a reasonably busy arterial road carrying local resident traffic between the suburbs of Cooranbong and Morisset.

Morisset is an outer suburb of Lake Macquarie that provides mainly modest, older style, freestanding houses in various stages of renovation up to larger, homestead style homes and some seniors living developments. The subject property is located towards the northern boundary of Morisset.



Surrounding development



Surrounding development

Proximity to Amenities and Services:

The nearest schools, shopping centre and recreational facilities are available in Morisset, within 2 kilometres. The Morisset train station lies on the Sydney – Newcastle Line and is within 2 kilometres. Public bus services run along Freemans Drive. Morisset also contains a local and expanding industrial precinct.

6 Title Details

Current Title details are summarised as follows:-

DESCRIPTION	LOT	PLAN	FOLIO
Freehold	3	DP 378500	3/378500

Registered Proprietor:	Brett Kenneth Douglas as Sole Proprietor
Encumbrances:	<p>Title shows the common Second Schedule notifications and a mortgage.</p> <p>The abovementioned encumbrances do not negatively impact on the market value or marketability of the subject property.</p>
Title Searches:	Title details were searched by us, as annexed to this report at Appendix B.
On Completion	Our "As If Complete" values provided assume that the proposed lots are registered and Titles issued with no other encumbrances than those noted above other than a reference to a Community Scheme where appropriate.

Title & Easements

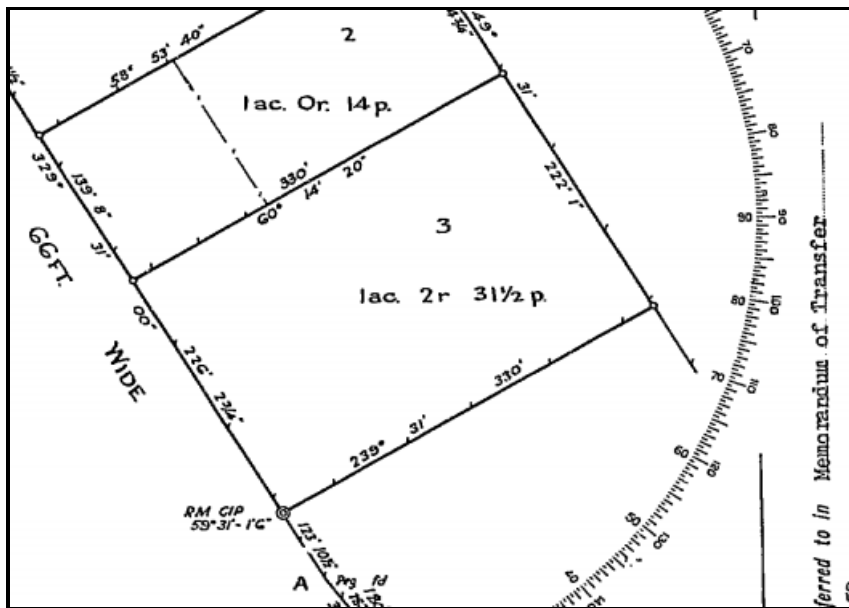
We have relied on a copy of titles which was searched on 15 March 2019. This valuation has been prepared on the understanding that no notations, encumbrances, easements, rights of way or encroachments exist by or on the subject property other than those detailed herein. We have not sighted boundary markers and for the purposes of this valuation, have assumed that all improvements have been erected within the legal confines of the land and that no adjoining improvements encroach onto the boundaries.

7 Land Description

Land Dimensions:

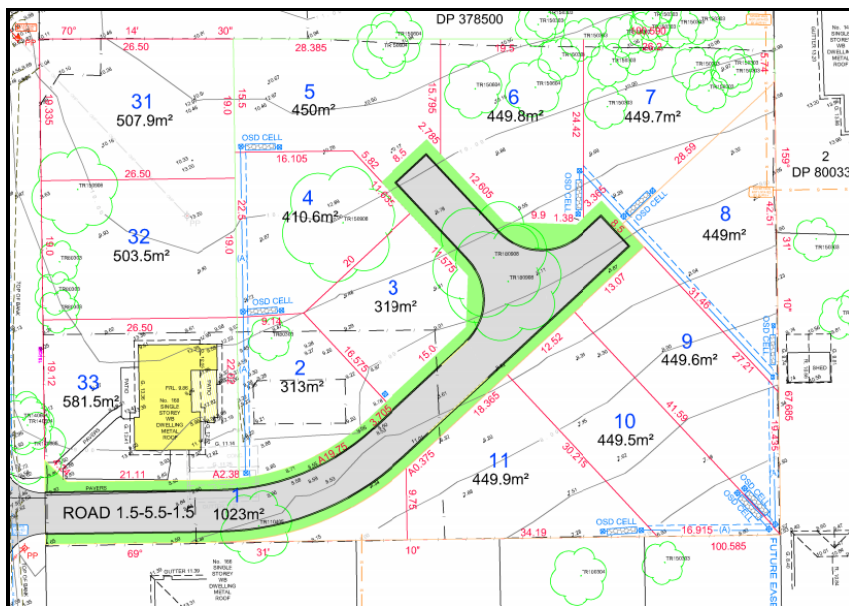
A rectangular shaped allotment with a street frontage of 68.955 metres and a total land area of 6,867 square metres.

A more precise understanding of the land's dimensions and areas can be obtained from the Deposited Plan, an extract of which is replicated below. A copy of the full plan is provided at Appendix B.



Extract of Deposited Plan 28759

The proposed allotments, post subdivision, are of varying sizes and shapes as illustrated in the below site plan.



Site Plan

Site Identification:

We have positively identified the subject property from our physical inspection.

Topography:

The subject property is generally level in topography and is positioned slightly above the road grad.

Aspect:

The subject property has an easterly and southerly aspect with views over neighbouring dwellings.

Roads:

Freemans Drive at this location comprises a bitumen sealed road with no constructed kerbs or street drainage.

Services:

The usual utility services are available to the subject property including electricity, sewerage, telephone and town water.

Mine Subsidence:

We are advised the site is not within a proclaimed mine subsidence area.

Site Contamination:

The property's use as a dwelling is not listed in Chapter 12 of the sixth edition of the Australian Property Institute's *Australia Real Property Guidance Note 1, Land Contamination Issues, Appendix 2 – Potentially Contaminating Activities, Industries and Land Uses*.

To the best of the valuer's knowledge, inquiry and site inspection, there is no visual or recorded evidence of past or present site-specific or nearby contamination that on current general information would have any adverse effect on the marketability or value of the property.

It is our opinion the likelihood of site contamination is remote. The valuer stresses that he is not an expert in contamination matters. Should the authorised user of the valuation experience concern about the possibility or extent of contamination, it may be prudent to commission an environmental audit from an appropriately qualified person, referring the valuation back to the valuer for review if contamination is revealed. In the interim, our valuation has been made on the basis of no site contamination.

We are unaware of any other environmental issues that may affect the property and have valued it accordingly.

Site Description – Environmental Risks

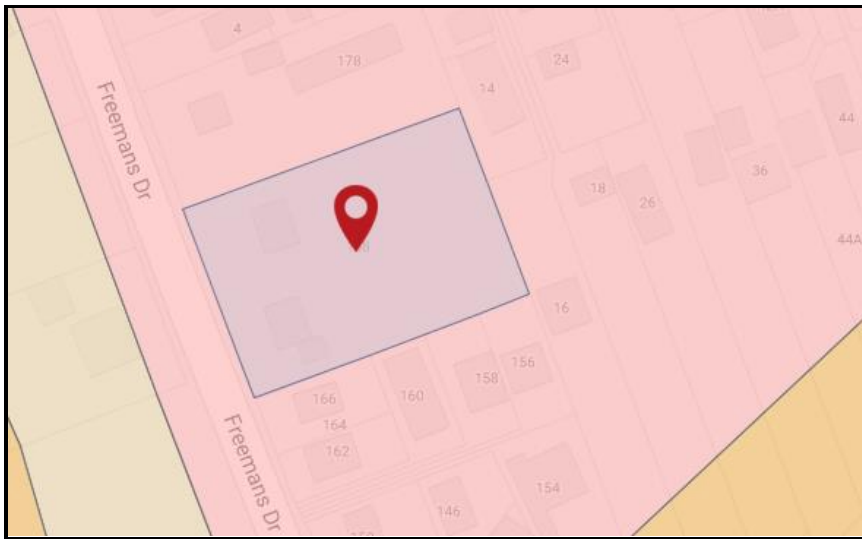
You acknowledge that We have endeavoured to comment on all areas of Environmental concern based on Our superficial inspection of the property. An actual environmental audit may reveal matters that affect Our valuation herein that were not readily discernible at the time of inspection. In such an event, We reserve the right to reconsider our Valuation figure herein;

You acknowledge and recognise that We are not expert in identifying environmental hazards and compliance requirements affecting properties. We have, however, endeavoured to superficially identify all matters of environmental concern and the effect they might have on the value of the property. However, We will not be held liable nor responsible for any failure to identify all such matters of environmental concern and the impact, which any environmental related issue has on the property and its value including loss arising from site contamination; or the non-compliance with any environmental laws; or costs associated with the clean up of a property in which an environmental hazard has been recognised, including action by the relevant Environmental Protection Authority to recover clean up costs pursuant to the relevant Environmental Protection Act.

8 Planning

Town Planning details, which we have obtained from online source, are summarised as follows:-

Local Government Area:	Lake Macquarie City Council
Planning Scheme:	Lake Macquarie Local Environmental Plan (LEP) 2014
Zoning:	"R2 Low Density Residential" confirmed by online reference to local planning scheme
Objectives of Zoning:	<ul style="list-style-type: none"> 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 encourage development that is sympathetic to the scenic, aesthetic and cultural heritage qualities of the built and natural environment.
Permissible Land Uses:	<p>Permitted without Consent</p> <p>Home-based child care; Home occupations</p> <p>Permitted with Consent</p> <p>Bed and breakfast accommodation; Boarding houses; Boat sheds; Building identification signs; Business identification signs; Centre-based child care facilities; Community facilities; Dual occupancies; Dwelling houses; Emergency services facilities; Environmental facilities; Environmental protection works; Exhibition homes; Exhibition villages; Flood mitigation works; Group homes; Health consulting rooms; Home businesses; Home industries; Hostels; Kiosks; Neighbourhood shops; Oyster aquaculture; Places of public worship; Pond-based aquaculture; Recreation areas; Respite day care centres; Roads; Secondary dwellings; Semi-detached dwellings; Seniors housing; Sewage reticulation systems; Sewage treatment plants; Shop top housing; Tank-based aquaculture; Water recreation structures; Water recycling facilities; Water supply systems</p>
Planning Overlays:	<p>Acid Sulphate soils</p> <p>Bushfire Prone Land – Vegetation Buffer</p> <p>Maximum Build Height – 8.5 metres</p> <p>Sensitive Aboriginal Landscape</p> <p>Minimum Lot Size – 450 square metres</p>
Development Consents:	<p>We have sighted a Development Application, DA173/2019, which has been lodged with Council and which is noted on Councils DA Tracker website as being 'under review'. The development application requests approval for a 3 Lot Torrens Title and an 11 Lot Community Title subdivision.</p> <p>We note the development application is not yet approved and highlight that the values provided in this report are subject to DA consent and with no onerous or unconventional conditions being imposed as part of that consent.</p>
Heritage Notations:	The property is not noted on the local government planning scheme as heritage restricted and is not in a heritage precinct.



Zoning Map

Town Planning

You acknowledge that information has been obtained verbally from representatives of Lake Macquarie City Council, Council's web site and/or the NSW Planning Portal and this valuation is issued on the understanding that such information is correct. The Town Planning information should be checked by You by the obtaining of the relevant certificate from the Planning Consent Authority. We will not assume any liability or negligence for our reliance on the Local Authority's verbal advice or information obtained from its web site.

9 Proposed Improvements

General Description:

The property has been assessed on the basis of vacant land but for the aged timber dwelling which remains on site which is to be renovated as part of the development process.

An internal road is to be constructed to provide access to the proposed Community Title lots.

10 Development Costs

We have not been provided with any detailed development costs and have not undertaken a residual land value calculation. For the purpose of calculating the "as if complete" values we have assumed that the proposed lots are subdivided and serviced and that individual Titles have issued.

We have not been provided with a renovation budget for the existing dwelling which is to remain on the land and the As If Complete value provided for Lot 33 assumes the dwelling will remain in "As Is" condition.

11 Economic Overview

The Hunter Research Foundation Centre (HRFC) summarised the outlook for the national and local economies in their report, *Hunter Region Economic Indicators June – December 2018* (latest available), with some key points being:

National economy – Some Uncertainty

- **Housing market** – downward momentum picks up pace, cooling most markedly in Sydney and Melbourne.

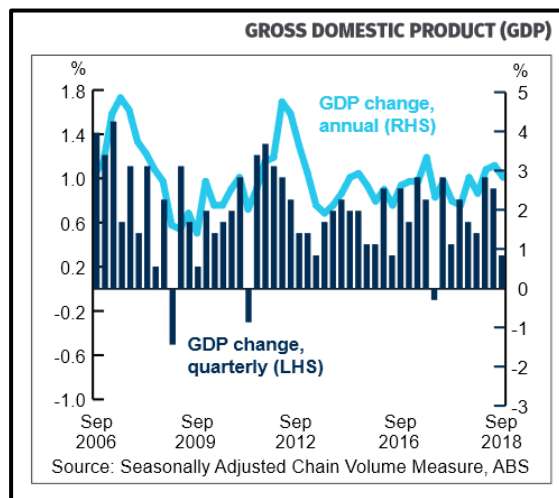
- **Business conditions** – positive, but evidence that the business sector lost some momentum in the second half of 2018.

Hunter economy – Robust for the Short-term

- **Housing market** – house prices stayed flat, moderate declines in Newcastle and Lake Macquarie over the year.
- **Business performance** – returned to elevated levels close to a decade high. Business confidence rebounded more moderately. Firms continue to report constraints in finding suitable labour.

Extracts from this report are provided below.

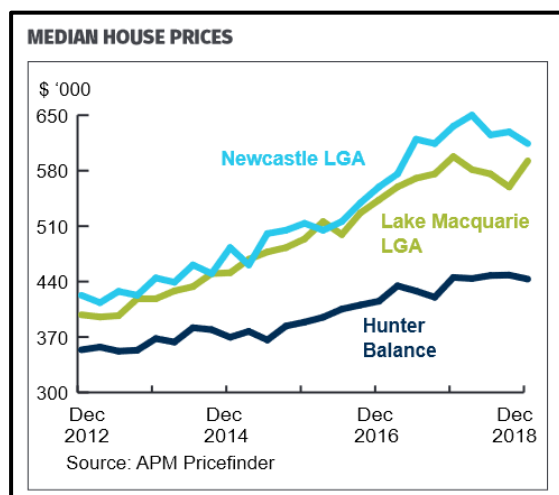
National Economy – Some Uncertainty



Following two quarters of reasonably robust growth, real Gross Domestic Product (GDP) for the September quarter growth eased to 0.3 per cent. While mining investment continued to decline, and household consumption was weak, public infrastructure spending contributed strongly to domestic demand. Mediocre household consumption may be attributed to rising levels of household debt, sluggish growth in real wages and the recent cooling of the housing market. Despite modest household consumption, savings continue to deteriorate. International economic conditions remain uncertain. The United States and China both recently implemented a fresh round of tariff hikes. Import levels in China and India have

slowed, weighing on trade-exposed economies. Import constraints have impacted on China's demand for Australian coal, and thermal coal prices have marginally weakened. Given the uncertainties, and weak inflationary pressures, interest rates remain at historic lows (1.5%). Many analysts are forecasting a potential rate cut in the second half of 2019.

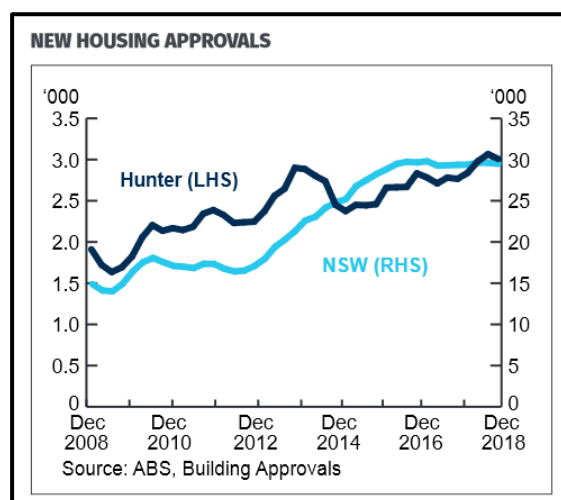
House Prices – Flat-lined



Hunter median house prices stayed relatively stable in the six months to December. There was no growth over the year. The absence of growth was in contrast to strong growth a year prior (7 per cent) and to the region's five-yearly average (5.6 per cent). Notably the Newcastle Local Government Area (LGA), which had continued to experience strong growth in the first half of 2018, declined by 1.6 per cent in the six months to December (3% over the year). House prices in Lake Macquarie rebounded by 2.7 per cent over the six-month period (declining by 1 per cent over the year). With the exception of Muswellbrook and Singleton, most other

Hunter LGAs experienced modest declines in the second half of 2018. The fall in prices across Sydney and Melbourne has now been ongoing for 18 months, and market activity has slowed. Sydney prices are now 12 per cent below their July 2017 peak and Melbourne has declined by 9 per cent since November 2017.

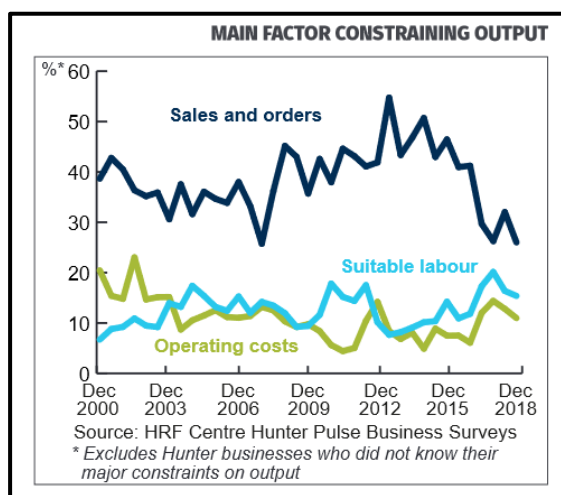
Residential Pipeline – Robust



The Hunter's growth in new house approvals outpaced that of NSW in the year to December. It grew by a healthy 8.7 per cent compared to 0.4 per cent for NSW. While the region's growth in approvals for new houses is above the five-year average of 4.3 per cent, it represents a slowing of the Hunter's annual growth rate of the previous two years. This slowing has been led by Lake Macquarie, where new housing approvals declined by 12 per cent. Residential approvals for semidetached buildings, terraces, apartments, etc. grew at 15 per cent within the region. Growth in this dwelling type has picked up pace in the last six months in Lake Macquarie, while higher density

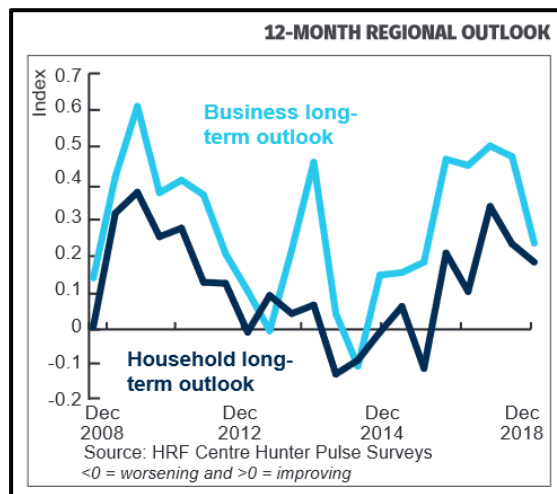
approvals appear to have begun declining in Newcastle LGA over the last six months. The value of the pipeline of residential and non-residential approvals still stands at \$2.6 billion across the region. Nationally, the Reserve Bank are predicting dwelling investment to decline by 10 per cent over the next two and a half years.

Business Performance – Mixed Signals



Business performance, profitability and forward orders improved in the latter half of 2018. Measures returned to the elevated performance levels observed at the end of 2017. Business confidence improved more moderately from the sharp drop observed in the first half of 2018. Confidence remains below the highs observed over 2017. A number of forward-looking measures are also exhibiting more moderated expectations. Employment intentions, while positive, have weakened. Capital expenditure intentions also declined over 2018. The share of businesses reporting their main business constraint as a lack of 'sales and orders' is the lowest since

December 2007. There has been a higher share of businesses reporting difficulties in finding suitable labour in the recent recovery period, indicative of a tightening labour market. This trend confirms that the business recovery from the mining investment downturn continues, although confidence over the longer term appears to be softening.

Regional Outlook – Weakening from 2017 Highs

Household confidence in the regional outlook remains at elevated levels, although the long-term outlook weakened in 2018. Households' confidence in the short-term outlook rebounded slightly in the second half of 2018. Optimists outnumber pessimists, and household confidence remains well above 2014-15 lows. Business expectations of the regional economy softened further in the last six months. Business confidence in the regional long-term outlook fell sharply in the second half of 2018, back to values recorded 18 months ago. Nationally, weak consumption and dwelling investment appear to be dragging down growth

and sentiment. However, the region has protective factors. They include renewed activity in the mining sector, a relatively strong labour market and a relatively robust housing market and construction pipeline to date. Downside risks include greater momentum in house price falls, slow wage growth and concerns around global trade wars and political uncertainty.

Source: newcastle.edu.au/hrfc

12 Market Overview

The property market in this area is varied. It is a rural and residential locality which is being further developed to provide a higher proportion of conventional sized residential allotments. The area could be considered to be a "tree change" location, being within one hour's drive from Newcastle and Gosford, and 1.5 hours' drive to the northern suburbs of Sydney. The nearby train station at Morisset provides commuter options for residents. The likely purchaser profile will be local existing residents upgrading to newer premises, owner occupiers looking to relocate to a quieter locality with local employment or happy to commute and, to a lesser extent, investors.

There are a number of small estates being developed to add new supply of residential lots to this region as well as the large master planned estate, Watagan Park. The supply will, however, likely be released in a staged manner so as to not oversupply the local market. Marketability of the new allotments has been positively influenced by the planned creation of further infrastructure and amenities, the proximity to Lake Macquarie and the retention of natural bushland surrounds.

We have recently noticed a softening in property market conditions across the whole east coast of Australia. Media commentary is often confined to the capital cities and it appears that the property markets in those cities is noticeably softening. The local Newcastle / Central Coast market has outperformed the capital cities in terms of market conditions with the property market locally experiencing some resilience in the face of more difficult lending criteria, flat wages growth and out-of-cycle interest rate increases by some banks. Population growth and the lower price points available will explain some of this resilience.

The local market cannot be immune to macroeconomic events however and the latest Hunter Research Foundation Centre's Economic Overview summarises that the housing market is cooling and that business performance and confidence has fallen from a decade high. The research suggests that median house prices are now stable rather than rising. New house approvals also increased but at a lower rate of growth than that seen previously.

Reflective of the current softer market conditions, we note there are now being advertised some 'incentives' for purchasers of land within the region which is a common practice to encourage demand. These incentives mainly relate to stamp duty rebates and landscaping and/or fencing installation which the developer can provide relatively cheaply and which will also benefit the developer of the estate. We are advised that land sale prices being achieved are remaining relatively steady but that the rates of sales are slowing and are showing more volatility as the market softens.

13 Valuation Rationale

We have been requested to provide As Is and As If Complete Gross Realisation value outcomes as well as an In One Line value outcome.

We have provided an As Is value of the subject property as a rural residential homesite based on a Direct Comparison approach.

We have provided As If Complete values of the proposed allotments assuming they are subdivided, serviced and individual Titles have issued. We have supported our valuations of these allotments utilising a Direct Comparison method of valuation.

From the gross realisation we have calculated an In One Line Value to determine what a hypothetical purchaser would be willing to pay for the whole property, As If Complete, to on-sell the subdivided lots and return a desired profit margin.

14 Sales History and Evidence

Sale History – The Subject Property:

The property is currently under contract for \$870,000.

The property was sold by a Newcastle based real estate agent as a rural residential homesite without DA consent.

Sales Evidence – Established Large Lot Houses

Property Address	Sale Date	Sale Price	Area
Sale 1 68 Marconi Road Morisset	1/03/2018	\$800,000	3.43 ha
Comments: Large double storey brick dwelling providing 4 bedroom, 2 bathroom plus two studies, two powder rooms, multiple living areas and wrap around balconies on both levels. Unrenovated condition and significant renovation and repairs required. Additional improvements comprise garage/workshop, double carport and pergola. Rear frontage to Main Road and located opposite a sewerage treatment plant. E4 zoned land.			
Comparison: Much larger allotment, superior dwelling, inferior zoning and no further development potential. Overall slightly inferior.			

Property Address	Sale Date	Sale Price	Area
Sale 2 168 Station Street Bonnells Bay Comments: Large, aged, single storey brick and tile dwelling providing 4 bedrooms, 2 bathroom accommodation, front and rear verandahs, single garage, double garage/shed plus additional shed, unrenovated condition. RU4 zoned corner allotment. Located close to Lake foreshore and newly developing residential estate. Comparison: Slightly larger allotment, similar location, superior dwelling, inferior zoning with no further development potential. Overall superior.	23/04/2017	\$1,000,000	8,252 m ²
Sale 4 31 Douglass Street Dora Creek Comments: Circa 1990's era single storey brick veneer dwelling providing 4 bedroom 2 bathroom accommodation plus multiple living areas, rear pergola, garage and carport and shed in rear yard. Well presented. R2 zoned. Comparison: Smaller allotment in similar location, superior improvements, same zoning but limited development potential. Overall inferior.	29/09/2017	\$700,000	2,321 m ²
Sale 5 185 Freemans Drive Morisset Comments: A large renovated single storey weatherboard home providing 5 bedroom 3 bathroom accommodation, wrap around verandah, four car garage and studio/flat, cleared and elevated allotment. RU4 zoning. Comparison: Smaller size allotment in similar location, superior dwelling, inferior zoning and development potential. Overall inferior.	31/08/2018	\$730,000	3,139 m ²
Sale 6 163 Freemans Drive Morisset Comments: Irregular shaped site backing on to Stockton Creek, main double storey residence with 4 bedrooms and 4 bathrooms, multiple living areas, verandah and double garage, plus 2 bed 1 bath guest house, plus large barn with office plus inground pool. RU2 and E2 zoning. Comparison: Larger allotment in similar location, superior improvements, inferior zoning and development potential. Overall superior.	10/11/2017	\$1,100,000	1.34 ha
Sale 7 205 Freemans Drive Morisset Comments: An irregular shaped allotment zoned RU5 and E2 backing on to Stockton Creek. Improved with an aged three bedroom dwelling which offers renovation or knock down rebuild potential. Considered to reflect land value. Comparison: Larger size allotment in similar location, superior dwelling, inferior zoning and development potential. Overall inferior.	9/10/2017	\$620,000	1.01 ha

The above market evidence shows sale prices ranging from \$620,000 up to \$1,100,000. Sale prices are generally reflective of land size and location, dwelling size/quality/accommodation and zoning/development potential.

Sales Evidence – Residential Lots

To determine the gross realisation for the residential lots, we have investigated sales within the immediate and surrounding areas. The following is a brief list of a selection of settled sales of vacant residential lots as confirmed by RPData.

Address	Area m ²	Sale Date	Sale Price
178 Awaba Street, Morisset	600	26-June-18	\$260,000
62 Awaba Street, Morisset	805	21-May-18	\$247,000
50 Freemans Drive, Morisset	503	25-May-18	\$250,000
189 Bridge Street, Morisset	880	18-May-18	\$354,000
191 Bridge Street, Morisset	1,617	21-Dec-18	\$369,000

Given that Freemans Drive is a busy road frontage, we have also considered older dated sales transactions along this arterial road, as follows;

Address	Area m ²	Sale Date	Sale Price
72 Freemans Drive, Morisset	735	23-June-17	\$220,000
72 Freemans Drive, Morisset	525	17-May-17	\$249,000
62 Freemans Drive, Morisset	510	23-Aug-17	\$249,000
58 Freemans Drive, Morisset	521	22-Feb-17	\$249,000
54 Freemans Drive, Morisset	565	10-Feb-17	\$244,000

These older dated sales broadly support the more recent sales and show there to have been very limited price growth in land values over the preceding few years.

Our market investigations have revealed limited recent settled sales transaction evidence in the immediate locality. We have therefore expanded our search to source additional market evidence that can be considered relevant.

We are aware that the estate known as Scarborough Park is currently being marketed for sale. Scarborough Park will contain 47 residential lots access off Skye Street, to the eastern fringe of the town, closer to amenities and the Lake frontage. The lots are not yet registered but are being marketed 'off the plan' with asking prices ranging from \$285,000 with land sizes ranging between 500 and 800 square metres. We have been advised of the most recent (unsettled) sales as follows;

Address	Area m ²	Sale Date	Sale Price
Lot 34, Scarborough Park	777	Unsettled	\$340,000
Lot 31, Scarborough Park	647	Unsettled	\$310,000
Lot 23, Scarborough Park	502	Unsettled	\$295,000

In addition to market evidence within Morisset, we have considered sales evidence from nearby Cooranbong. The following settled sales are located within the large master planned estate known as Watagan Park, Cooranbong.

Address	Area m ²	Sale Date	Sale Price
1 Murdoch Way, Cooranbong	629	1/02/19	\$295,888
18 Patrick Drive, Cooranbong	779	11/02/19	\$358,888
1 Piper Avenue, Cooranbong	747	18/12/18	\$338,888
7 Cossentine Street, Cooranbong	524	14/12/18	\$270,888
30 McDowell Street, Cooranbong	584	23/11/18	\$288,888
56 Carroll Circuit, Cooranbong	714	29/10/18	\$358,888
31 McDowell Street, Cooranbong	604	25/10/18	\$298,888
6 Murdoch Way, Cooranbong	616	2/10/18	\$295,888
26 McMahon Avenue, Cooranbong	698	19/09/18	\$299,888
30 McMahon Avenue, Cooranbong	627	31/08/18	\$299,888
32 McDowell Street, Cooranbong	598	5/09/18	\$290,888
29 Johanson Road, Cooranbong	450	25/09/18	\$258,888
5 Cossentine Street, Cooranbong	639	3/09/18	\$299,888
32 Carroll Circuit, Cooranbong	733	16/08/18	\$326,888

We have also been provided with verbal advice directly from the Watagan Park developer which shows they have exchanged on a number of additional lots in the current stages being offered to the market. These sales have not settled however we are advised that sale prices ranged from \$258,888 through to \$388,888.

Another small lot estate is currently being marketed at 13-15 Avondale Road, Cooranbong. Known as Willowdale Estate, this 19 lot estate has lot sizes ranging from 516 to 838 square metres with current asking prices ranging between \$225,000 and \$285,000 with two recent sales results at \$250,000 and \$290,000.

These Cooranbong located sales broadly support the land value range being achieved in Morisset.

Sales Evidence – Residential Development Sites

The following sales of small scale residential development sites were analysed.

34 Albert Warner Drive, Warnervale, NSW 2259

Sale Price:	\$1,700,000
Sale Date:	2-Feb-2018
Land Area (m2) / Rate (pm2):	11,600 / \$147
Zoning:	R2
No. of Lots / Rate per Lot:	14 / \$121,428

Description:

Triangular shaped allotment with slightly busy road frontages, improved with aged 4 bedroom home plus pool and flat, zoned part R2 and part RE1 and with Council currently undergoing process to rezone RE1 section to R2, 400 metres to train station, no DA consent but concept plans for 14 large lot subdivision, all with street frontages. Concept plan reflects lot yield of 1 lot per 828 square metres.

Comparison to Subject Property:

Larger allotment in slightly superior location, no DA at time of sale, same zoning. Expect slightly lower land value rate and lower rate per lot for the subject property.

29 Garawon Place, Maryland, NSW 2287

Sale Price:	\$900,000
Sale Date:	13-Dec-2017
Land Area (m2) / Rate (pm2):	8,034 / \$112
Zoning:	R2 Low Density Residential
No. of Lots / Rate per Lot:	14 / \$64,285

Description:

Large irregular shaped and undulating lot at end of cul-de-sac, partly cleared, adjoining a local school. Sold with concept plan for 14 lot subdivision. Low lying block and large portion adjoins wetlands. No DA consent at time of sale. Zoned R2 Low Density Residential.

Comparison to Subject Property:

Larger site with environmental issues, no DA, fringe metropolitan location, same zoning. Expect slightly higher land value rate and similar to slightly higher rate per lot for the subject property.

30 Terrigal Street, Morisset NSW 2264

Sale Price:	\$1,100,000
Sale Date:	15-May-2017
Land Area (m2) / Rate (pm2):	12,100 / \$91
Zoning:	R2 Low Density Residential
No. of Lots / Rate per Lot:	12 / \$91,667

Description:

Corner allotment improved with an aged single storey brick and tile dwelling providing 4 bedroom, 3 bathroom accommodation, wrap around verandah and rear patio. Zoned R2 with minimum lot size of 450 square metres providing subdivision potential and 12 lot subdivision subsequently approved.

Comparison to Subject Property:

Larger site in superior location, no DA at time of sale, same zoning. Expect higher land value rate and lower rate per lot for the subject property.

6 Highland Avenue, Cooranbong NSW 2265

Sale Price:	\$1,900,000
Sale Date:	30-Oct-2017
Land Area (m2) / Rate (pm2):	50,000 / \$38
Developable Land Area (m2) / Rate (pm2):	31,000 / \$61.3
Zoning:	R2 Low Density Residential
No. of Lots / Rate per Lot:	30 / \$63,333

Description:

Slightly irregular shaped englobo land parcel located on north-eastern fringe of Cooranbong township, gently undulating and partly cleared vacant land, rear land impacted by Jigadee Creek and this land is zoned E2 and E3. R2 zoned developable land is approximately 3.1 hectares. Land sold with concept plan for 30 lot subdivision with some preliminary planning works already undertaken, sale is subject to DA consent being obtained for the 30 lot subdivision. Sale settled November 2018.

Comparison to Subject Property:

Much larger site but with environmental issues, sold subject to DA, inferior location, same zoning. Expect higher land value rate and slightly higher rate per lot for the subject property.

125-137 Warnervale Road, Hamlyn Terrace, NSW 2259

Sale Price:	\$3,700,000
Sale Date:	14-Sep-2017
Land Area (m2) / Rate (pm2):	40,046 / \$92
Zoning:	R2 Low Density Residential

Description:

Two separate lots purchased by adjoining owner for amalgamation with adjoining subdivision. Approximately 1.3 hectares required for open space and wetland retention in conjunction with adjoining lot at a cost of approximately \$400,000 with this land zoned E3, E2 and RE1. Houses existed on both sites however these are considered to contribute limited value. Cleared and level land. No DA consent at time of sale.

Comparison to Subject Property:

Much larger site but with environmental issues, no DA, slightly superior location, same zoning. Expect higher land value rate for the subject property.

361 Freemans Drive, Cooranbong, NSW 2265

Sale Price:	\$1,200,000
Sale Date:	23-Aug-2017
Land Area (m2) / Rate (pm2):	22,000 / \$55
Zoning:	RU2 Rural Landscape

Description:

Regular shaped but gently undulating allotment with a long frontage to Freemans Drive, improved with an aged 5 bedroom timber dwelling and garage/shed in fair condition only. Zoned RU2 Rural Landscape and positioned on fringe of Cooranbong township. Partly affected by Bushfire and Flood overlays. Sold off market without DA but subsequent development application for an aged care/seniors living development on the site.

Comparison to Subject Property:

Much larger site but with environmental issues, sold without DA, inferior location, inferior zoning. Expect higher land value rate for the subject property.

5 Babers Road, Cooranbong, NSW 2265

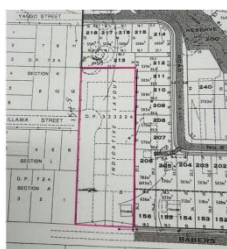
Sale Price:	\$470,000
Sale Date:	15-Aug-2017
Land Area (m2) / Rate (pm2):	3,955 / \$119
Zoning:	R2 Low Density Residential

Description:

Irregular shaped and gently sloping vacant allotment with frontages to Freemans Drive, Martinsville Road and Babers Road. Zoned R2 Low Density Residential and positioned on fringe of Cooranbong township. Sold off market without DA but subsequent development application for a single dwelling on the site.

Comparison to Subject Property:

Smaller site with multiple street frontages, sold without DA, inferior location, similar zoning. Expect similar to slightly higher land value rate for the subject property.

72-74 Babers Road, Cooranbong NSW 2265

Sale Price:	\$800,000
Sale Date:	28-Jun-2016
Land Area (m2) / Rate per m²:	8,094 / \$98.80
No. of Lots / Sale Rate per Lot:	11 / \$72,727
Zoning:	R2 Low Density Residential

Description:

Sale of two adjoining undeveloped allotments in the developing southern fringe of Cooranbong. Long narrow shape but with side road access providing easier subdivision option. No DA at time of sale, however concept plan for 10 lot subdivision. Eventual subdivision approval for 11 lot subdivision with lots of around 500 square metres each. Total land area zoned R2. Reflects density of one lot per 735 square metres.

Comparison to Subject Property:

Larger site, inferior location. Expect slightly higher land area rate and similar to slightly lower per lot rate for the subject property.

92 Alton Road, Cooranbong, NSW 2265

Sale Price:	\$350,000
Sale Date:	2-May-2017
Land Area (m2) / Rate (pm2):	2,202 / \$159
Zoning:	R2 Low Density Residential

Description:

Regular shaped vacant allotment with a gentle slope down toward the rear boundary. Zoned R2 Low Density Residential and positioned on fringe of Cooranbong township. Sold by local agent with DA for single residence, subsequent amendment application to DA.

Comparison to Subject Property:

Smaller site, sold with DA for single residence only, inferior location, same zoning. Expect lower land value rate for the subject property.

7 & 8 Gladioli Avenue, Hamlyn Terrace NSW 2259

Sale Price:	\$5,700,000
Sale Date:	5-Aug-2016
Land Area (m2) / Rate (pm2):	55,200 / \$103
No. of Lots / Sale Rate per Lot:	62 / \$91,955
Zoning:	R2 Low Density Residential

Description:

Improved by an older style single-level residence together with large rural sheds, which are considered to add nil value. R2 zoning with minimum lot size of 450 square metres. Sold with DA approval for a subdivision of 62 lots, which reflects a density of one lot per 890 square metres. DA977/2014C.

Comparison to Subject Property:

Much larger site, superior location, same zoning. Expect slightly higher land area rate and lower per lot rate for the subject property.

The above sales analysis shows sale rates in the range \$55 to \$159 per square metre of developable land area with the most directly comparable sales being within the range \$90 and \$159 per square metre.

Similarly, analysis shows sale rates in the range \$63,333 to \$91,955 per lot, with the most directly comparable sales being within the range \$65,000 and \$72,727 per lot.

These rates have been compared to the subject development lot component with due allowance for size, location, planning approval status and development density/yield in arriving at our value.

Sales Evidence

The sales evidence which We have utilised has been obtained from reliable sources including RP Data (licensed resellers of State Government sales data). We have also, where possible, had discussions with Estate Agents to undertake a process of verification of the data. Should it be revealed that any of the sales information stated herein, upon which We have relied, is incorrect or misleading, We reserve the right to reconsider our opinion of Market Value as determined herein.

Where sales data has been obtained from the RP Data (licensed resellers of State Government sales data), We have considered it to be the most current sales data available. However, sales which have occurred during the course of the last three months or sales which have been the subject of deferred settlement terms may not necessarily appear immediately on the State government records. Accordingly, with this type of transaction, We rely on separate enquiries to attempt to obtain all available sales data.

It is noted that We have relied on sales data information services as being a true and correct reflection of the terms of any sale considered at arm's length. We have not sighted copies of transfer notices, nor have we sighted copies of contract documents between the vendor and purchaser which may reveal matters that affect the sale price and necessitate adjustment to apply to the subject property. In the event that contract documents reveal matters that necessitate adjustment of the sales evidence We reserve the right to reconsider our valuation herein.

Where there is a paucity of directly comparable sales evidence in a locality, it is necessary for us to either consider other comparable localities and/or to consider sales evidence which is dated in the immediate area to gain an understanding of the historical sales and leasing value base for the area.

In analysing the sales evidence referred to herein, it is noted that we have attempted to ascertain whether or not the sale price is inclusive or exclusive of the Goods and Services Tax (GST). Apropos sales evidence, it is emphasised that the State government sales records do not currently differentiate between or record whether or not the sale price is inclusive or exclusive of GST. Where we have not been able to verify whether or not GST is included in the sale price, we have assumed that the State Government sales record sale prices exclusive of GST. Should this not be the case for any particular sale used as evidence, we reserve the right to reconsider our valuation.

In relation to the sales evidence, Contracts of Sale, Special Conditions within Contracts and Side Agreements have not been sighted. We reserve the right to reconsider the Valuation should these documents indicate any matters that materially affect our valuation.

15 Valuation Approach

Introduction:

We have been instructed to provide a number of value outcomes for this project, essentially reflecting the two development stages that are planned plus an In One Line value of the whole completed project, fully subdivided.

In order to support these values we have undertaken research into relevant recent market transactions in the immediate and surrounding localities and adopted a Direct Comparison Approach to determine respective market values for each allotment.

We highlight that a Development Consent has not yet been obtained for the planned subdivision and the As If Complete values provided assume that such approval is secured and that there are no attached conditions to that consent which make the project unfeasible.

We have not been provided with any development costs to create the proposed subdivision and therefore we have been unable to undertake a 'residual land value' calculation. The As If Complete values provided assume that all subdivision works are fully completed to the satisfaction of Council, that plans are registered and titles issued for all of the allotments.

The value outcomes are provided below;

Market Value - As Is

On an As Is basis, the property reflects a large rural residential homesite with a dwelling in reasonably poor condition.

Sales evidence on this basis shows a value range of between \$620,000 and \$1,100,000 with the most directly comparable sales suggesting a more precise value range of between \$850,000 and \$900,000.

This analysis supports a value in the vicinity of \$875,000 which is very close to the recently negotiated purchase price of \$870,000.

We therefore adopt \$870,000 as being a good reflection of the property's current market value.

As if DA approved Stage 1 – 1 into 4 Torrens Title subdivision

This scenario assumes that the three street fronting allotments (Lots 31 – 33) are Torrens Title subdivided and the rear balance land is subdivided into a development lot to be Community Title subdivided into 11 lots. Lot 33 is to retain the existing aged dwelling and the value ascribed to Lot 33 includes a small added value for the existing improvements over and above the underlying land value. The added value ascribed to the dwelling assumes its current condition prior to any renovation works which are planned.

Direct Comparison Approach – Gross Realisation “As if Complete (Post Subdivision)”

We have assessed the value of the sites under a Direct Comparison Approach. The three street front allotments have been directly compared to market evidence to deduce a land value. As noted, Lot 33 also includes an added value component for the existing dwelling which is to remain on site. The development lot has been assessed on both a rate per lot as well as a rate per square metre basis. For the development lot calculation we have calculated a land area of 5,040 square metres from the site plan provided.

Sales of individually titled allotments in the immediate and surrounding areas range from \$220,000 to \$369,000 and are considered to support values for the three Torrens Titles street fronting allotments of \$250,000 each.

As noted above, Lot 33 benefits from the added value contributed by the existing dwelling remaining on site. The dwelling is in poor condition and is not considered to add significant value to the land. Without the benefit of an internal inspection we have included an added value of \$30,000 for the dwelling.

Sales of the above development sites range from \$63,333 up to \$91,955 per lot. Taking into account those features of the subject property and the current stage of development, we would expect a value in the order of \$70,000 per lot to be achievable.

On a land value rate per square metre, the above sales range from \$55 to \$159. Based on location factors and scale of the proposed site we would expect a land rate in the vicinity of \$120 to \$140 per square metre to be appropriate.

Direct Comparison Analysis on a Per Lot Basis:

Number of Lots	Rate per Lot	Site Value
10 lots	\$70,000	\$700,000

Direct Comparison Analysis on a Per Square Metre Basis:

Land Area	Rate per Square Metre	Site Value (rounded)
5,274.1 m ²	\$130	\$685,633
Rounded to		\$685,000

The above calculations derive a land value range between \$685,000 and \$700,000. Weighing up the various attributes of the development lot and the current market conditions we have ascribed a value of \$700,000 on this Lot.

Our valuation calculations are summarised as follows:

Lot No	Land Area m ²	Market Value As If Complete
31	507.9	\$250,000
32	503.5	\$250,000
33	581.5	\$280,000
Development Lot	5,040	\$700,000
Gross Realisation		\$1,480,000

Note that the Gross Realisation amount calculated above is a summation of the individual values only and not an "In One Line" assessment of the allotments.

The As If Complete values provided will likely include a GST liability and we have not provided GST exclusive values due to the potential differences in GST liability. The actual GST liability should be determined by a competent professional.

As if DA approved Stage 2 – 1 into 11 Community Title subdivision

Direct Comparison Approach – Gross Realisation "As if Complete (Post Subdivision)"

We have assessed individual market values for the proposed Community Title lots on an "As if Complete" basis. These values assume that the Community Plan would be registered and individual Titles would be issued. We have adopted values for the lots accounting for the individual features of each lot and their comparison to market evidence.

The lots will be differentiated from the more conventionally allotments being of a smaller size and of a Community Title ownership structure. Whilst it is difficult to precisely determine any value difference which may be experienced due to this ownership structure and land size, our assessed values have taken into account some expected market resistance. The land values assessed are necessarily toward the lower end or below the sales evidence available.

Assessed market values "As If Complete" are summarised below:

Lot No	Land Area m ²	Market Value As If Complete
2	313	\$200,000
3	319	\$200,000
4	410.6	\$220,000
5	450	\$220,000
6	449.8	\$220,000
7	449.7	\$220,000
8	449	\$220,000

Lot No	Land Area m ²	Market Value As If Complete
9	449.6	\$220,000
10	449.5	\$220,000
11	449.9	\$220,000
Gross Realisation		\$2,160,000

Note that the Gross Realisation amount calculated above is a summation of the individual values only and not an "In One Line" assessment of the allotments.

The As If Complete values provided will likely include a GST liability and we have not provided GST exclusive values due to the potential differences in GST liability. The actual GST liability should be determined by a competent professional.

As if DA approved – 3 Torrens Title lots and 11 Community Title lots – In One Line

As instructed we have provided an In One Line assessment of the whole project "As If Complete" assuming full subdivision of all allotments and issuance of individual Titles. The In One Line assessment calculates what a prospective purchaser may be prepared to pay for the whole site on a fully subdivided basis in order to sell of the individual allotments and achieve a desired profit margin. We have adopted a profit margin expectation of 10% of Gross Realisation. The Gross Realisation has been adopted from the lot values as assessed above. The calculation follows;

Gross Realisation		\$2,940,000
Margin on Gross Realisation (% of Costs)	10.0%	\$261,393
Selling costs	2.2%	\$64,680
Subdivision costs		\$0
Holding costs (interest %)	5.0%	\$124,473
Purchasing costs	5.5%	\$129,782
"As if complete" in one line value (including GST)		\$2,359,673 (Actual)
Rounded "As if complete" in one line value		\$2,360,000 (Rounded)

The In One Line Calculation shows a prospective purchaser may be willing to pay \$2,360,000 for the subject lots on a fully subdivided, serviced and Titled basis to achieve the desired profit margin after sales.

The As If Complete value provided will likely include a GST liability and we have not provided GST exclusive values due to the potential differences in GST liability. The actual GST liability should be determined by a competent professional.

16 Goods and Services Tax Approach

We have adopted the following approach to valuation apropos Goods and Services Tax: -

In regard to GST on the land values provided, there may be a GST liability on the Client after creating these lots. Depending on the Client's taxation circumstances, some GST relief via the Margin Scheme may be possible. We recommend any party relying on this report obtain specific taxation advice in relation to GST liability of the subject proposed Lots.

17 Valuation Definitions

MARKET VALUE is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.¹

18 Terms and Conditions

Explanation

1. The following terms and conditions are the standard terms and conditions that apply to all Valuations or the Valuation Services or consultancy services and Services provided by Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.
2. These terms and conditions form part of the appointment of Preston Rowe Paterson Newcastle and Central Coast Pty Ltd by the Client to provide the Services.
3. Preston Rowe Paterson Newcastle and Central Coast Pty Ltd and its valuers are members of a Limited Liability Scheme in the meaning of the Professional Standards Act 1994.
4. The Valuation and all Valuation Services are provided by Preston Rowe Paterson Newcastle and Central Coast Pty Ltd subject to these Terms and Conditions.

Definitions

5. The following definitions apply to these Terms and Conditions and the provision of our Valuations, Valuation Services and Services:-

"Client" shall mean Upcycled Homes Morisset Pty Ltd atf Welcome Home Unit Trust

'Confidential information' means information that:

(a) Is by its nature confidential;

(b) Is designated by Us as confidential;

(c) You know or ought to know is confidential; and

(d) Includes, without limitation:

(i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and

(ii) The Quotation which We have provided to You.

'Date of Valuation' means, in relation to any Valuation, Valuation Services, Services or consultancy services or advice, the date of preparation of our report or the specific date as at which our opinions are stated to apply (the Relevant Date).

'Director' means a Director noted on the Australian Securities and Investment Commission's (ASIC's) records for Preston Rowe Paterson Newcastle and Central Coast Pty Ltd.

¹ As defined by the International Valuation Standards 2017.

'Fee' means the amount agreed to be paid for the Services by You as set out in the Quotation.

'Limited Liability Scheme' means a scheme pursuant to the Professional Standards Legislation in the State of New South Wales.

'Parties' means You and/or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Relevant Date' means the specific date that our opinion is stated to apply where we are instructed to value at a specific date other than the date of inspection.

'Services' means the Valuation, Valuation Services, asset management, property management, facilities management or consultancy services or advice provided by Us pursuant to these Terms and Conditions and the Quotation.

'Valuation' shall include a Valuation, Valuation services, or feasibility study, made or given in relation to any real or personal property, freehold or leasehold property, asset, liability or item or items of plant and machinery, proposed development, infrastructure, carbon, water or native title property right, business, fixtures, fittings or other property.

'Valuation Services', shall include any oral or written advice, opinion, recommendation or statement communicated to the Client by Us consequent upon or incidental to the request for a Valuation.

'Valuer' means the individual valuer that has undertaken the Valuation or Valuation Services.

'We', 'Us', 'Our(s)' means Preston Rowe Paterson Newcastle and Central Coast Pty Ltd, our employees, contractors, servants and agents.

'You', 'Your' means the Client engaging Us to perform the Valuation, Services or Valuation Services.

Quotation

6. Prior to commencing work We will provide you with a Quotation that sets out who the report is for; the purpose for which the report is being prepared and the fee to be charged. You agree that:
 - (a) you will not use any advice we provide for any purpose other than as stated in the Quotation;
 - (b) you will not pursue any claim against Us for any loss you suffer because you have used Our advice for any other purpose;
 - (c) you will keep this report confidential, unless otherwise agreed by Us in writing; and
 - (d) you will indemnify Us in relation to any loss suffered by a third party that relies on Our advice without first receiving our written consent to do so.

Your Obligations

7. You agree that:
 - (a) You will not use any advice We provide for any purpose other than as stated in the Quotation;

- (b) You will not pursue any claim against Us for any loss You suffer because You have used Our advice for any other purpose;
- (c) You will keep this report confidential, unless otherwise agreed by Us in writing; and
- (d) You will indemnify Us in relation to any loss suffered by a third party that relies on our advice without first receiving Our written consent to do so.
8. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Valuation, Valuation Services or Services. You also accept all risk and any loss that might occur should you withhold any relevant information from Us.
 9. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Valuation, Valuation Services or Services are provided with the authority of the authors of those reports.
 10. You authorise and licence Us to incorporate Your intellectual property within Our report(s).
 11. The Valuation and all Valuation Services are provided by Us solely for the use of the Client. You will not release any part of Our Valuation or consultancy report or its substance to any third party without the written consent of one of Our Directors. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions must be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided. You are obligated to provide any such recipient with a copy of these Terms and Conditions.
 12. If You release any part of the Valuation or consultancy advice or its substance with Our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this Valuation, Valuation Services, Services or consultancy advice.
 13. You agree that We do not and will not assume any responsibility to any person other than the Client for any reason whatsoever including, without limiting the generality of the foregoing, for breach of contract, negligence (including negligent mis-statement) or wilful act or default of itself or others by reason of or arising out of the provision of the Valuation, Valuation Services or Services and notwithstanding that any damages have been suffered or incurred by that person as a result of the provision of this Valuation or those Valuation Services to the Client or the use of either of them (or any part of either of them) by the Client for any purpose whatsoever.
 14. You must pay our Fees within 14 days of the date of a correctly rendered invoice, unless otherwise dealt with in the Quotation. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof.
 15. You agree that We reserve the right to reconsider or amend the Valuation, Valuation Services, Services or consultancy advice, or the Fee set out in Our Quotation to You, if we identify information or facts that were not provided to Us in the at the time of quoting that reveal that the task is much greater than we initially anticipated from the information you provided. In such circumstances, once We have identified additional issues that necessitate additional work, we will advise you of the additional fees for additional time required to complete the task.

16. You agree that neither the whole nor any part of Our Valuation or the substance of any of Our Valuation Services or Services may be communicated to any third party (whether by way of inclusion in a document, circular, statement, prospectus, Product Disclosure Statement (PDS), public offer document or otherwise) without first obtaining the written consent of one of Our Directors. Neither the whole nor any part of Our Valuation report or Valuation Services report or any reference to it may be included in any published document, circular or statement, prospectus, Product Disclosure Statement (PDS), public offer document, nor published in any way, without written approval by one of Our Directors as to the form and context in which our Valuation or Valuation Services may appear. Notwithstanding the foregoing, the Client agrees that in the event that it does communicate to a third party the whole or any part of this Valuation or the Valuation Services it shall also communicate to that third party these Terms and Conditions. Furthermore You agree to indemnify Us in the event of any failure so to do.
17. You agree that every right, immunity, exemption and limitation or liability in these terms and conditions shall continue to have its full force and effect in all circumstances notwithstanding any breach of contract or the Terms and Conditions hereof by Us or any person entitled to the benefit of these Terms and Conditions.
18. You agree that if any provision or any part of a provision hereof is unenforceable for any reason whatsoever, such unenforceability shall not affect any other part of such provision or any other provision of these Terms and Conditions.
19. You will only use the Valuation or Valuation Services for the specific purpose stated by us. You agree that you will not use the Valuation or Valuation Services for any other purpose, unless you have our expert's written consent to do so.

Intellectual Property

20. All Our intellectual property contained within any advice We provide, remains Our property. We only grant you licence to use Our intellectual property to carry out the purpose for which the advice was provided.

Valuation only for First Mortgage Security

21. Where the Services are provided for mortgage purposes, You agree that You will not use the Valuation or Valuation Services report where the property:-
 - a) is used as security other than by first registered mortgage;
 - b) is used as part of a group of securities (except where the property forms part of a trust); or
 - c) is used as security for more than one loan.
22. Any waiver of this requirement must be approved in writing by one Our Directors.
23. We will not accept any liability or responsibility to second or subsequent mortgagees whom have not instructed Us.

Length of Time Our Valuation or Valuation Services can be relied upon

24. Our Valuation and/or Valuation Services are current at the Date of Valuation only. The value assessed in Our Valuation or Valuation Services Report may change significantly and unexpectedly over a relatively short period of time (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 responsibility or accept any liability where the Valuation is relied upon after the expiration of ninety (90) days from the Date of the Valuation, or such earlier date if you become aware of any factors that have any effect on the Valuation. Notwithstanding the above You accept that our Valuation and or Valuation Services are current as at the Date of Valuation only and no representation or warranty is made as to the future value of the property.

Obligation for Prudent Lending Practises – Lender Client

25. This Valuation is prepared on the assumption that the lender as referred to in the Valuation report (and no other), may rely on the Valuation for mortgage finance purposes and the lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risks for any potential borrower, including the borrower's ability to service and repay any mortgage loan. Further, the Valuation is prepared on the assumption that any such lender is providing mortgage financing at a conservative and prudent loan to value ratio. This clause (Prudent Lends Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959.

Assignment of Valuation or Valuation Services

26. You acknowledge that We reserve the right, at Our absolute discretion, to determine whether or not to assign Our Valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
- a) the proposed assignee is not a major recognised lending institution (such as a bank or other lender regulated by the Banking Act 1959);
 - b) the assignment is sought in excess of 3 months after the Date of Valuation;
 - c) we consider that there has been a change in conditions which may have a material impact on the value of the property;
 - d) the proposed assignee seeks to use the Valuation for an inappropriate purpose; or
 - e) Our Fee has not been paid in full.
27. Where We decline to provide an assignment We may be prepared to provide an updated Valuation on terms to be agreed at that time.
28. In the event that You request us to assign Our Valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms and Conditions, the original Quotation and any other document, including instructions provided by You, relevant to the scope of Our Valuation or Valuation Services.

Property or Valuation Circumstance Specific Qualifications, Assumptions and Conditions Precedent within our reports

29. We are providing You with our professional opinion as valuers. Our opinion is usually provided by way of a Valuation report. That report will set out a number of important qualifications, assumptions and conditions precedent which We may need to make, in addition to these Terms and Conditions, relative to the circumstances of the particular property or properties (real or personal property) under consideration.

30. You agree to read these qualifications, assumptions and conditions precedent carefully, and understand that if the assumptions that we have made or relied on are circumstances that do not prevail or eventuate, or are found later to be inaccurate, Our opinion as to value may be materially different. You agree to solely bear the risk in relation to any loss you might suffer, should this occur.
31. The qualifications, assumptions, and conditions precedent that We make will usually depend on the circumstances of the property being valued and are made in relation to matters that We do not have expertise to verify or We cannot verify information provided to Us within the time required to complete the Valuation. These will be set out in detail in the Valuation, Valuation Service report or Services report that We provide to You.
32. These qualifications, assumptions and conditions precedent typically will relate to:-
- (a) Land contamination and environmental risk; (b) Town Planning Information; (c) Town Planning and Development Controls and Consents; (d) Title including Notifications on Title such as Easements, Caveats, Restrictions and other dealings; (e) Building Areas; (f) Building Structural Integrity; (g) Building Compliance with the Building Code of Australia; (h) Pest Infestation; (i) Leases, Licences and Tenancies; (j) Strata Title Certificates; (k) Plant and Equipment within Buildings; (l) The veracity of and sources of Sales and Letting Information and Transaction Data; (m) The nature of forecasting, future value assessment and discounted cash flow analysis; (n) The basis of Value where access to the property is restricted; and (o) Whether or not the property has been completed where a development.
33. You agree that we will include property specific qualifications, assumptions and conditions precedent within Our reports as circumstances require. Furthermore You agree that it is Your responsibility to carefully read and consider these qualifications, assumptions and conditions precedent and discuss them with Us if they cause You any concern.

Pecuniary Interest

34. You acknowledge that We do not have any pecuniary interests in the subject property, the property owner, the Responsible Entity or the manager/ promoter of the scheme or the Product Disclosure Statement.

Executive Summary

35. Our Executive Summary in Our Valuation or Valuation Services Report must be read in context of and in conjunction with the full Valuation report of which the Executive Summary forms part. All comments, terms and conditions contained in the full Valuation report and Quotation relate directly to this Executive Summary.

19 Market Value

We have determined values as follows;

Market Value - As Is:

\$870,000 GST exclusive

**Market Value - As if DA approved Stage 1 – 1
into 4 Torrens Title subdivision**

Lot No	Land Area m ²	Market Value As If Complete (inc GST)
31	507.9	\$250,000
32	503.5	\$250,000
33	581.5	\$280,000
Development Lot	5,040	\$700,000
Gross Realisation		\$1,480,000

**Market Value - As if DA approved Stage 2 – 1
into 11 Community Title subdivision**

Lot No	Land Area m ²	Market Value As If Complete (inc GST)
2	313	\$200,000
3	319	\$200,000
4	410.6	\$220,000
5	450	\$220,000
6	449.8	\$220,000
7	449.7	\$220,000
8	449	\$220,000
9	449.6	\$220,000
10	449.5	\$220,000
11	449.9	\$220,000
Gross Realisation		\$2,160,000

**Market Value - As if DA approved – 3 Torrens
Title lots and 11 Community Title lots – In One
Line**

\$2,360,000 inclusive of GST liability

As at the date hereof and subject to:-

1. The assumption that the valuation figure herein is **Exclusive** of Goods and Services Tax (except where noted otherwise);
2. Good and marketable title(s), free from any encumbrances;
3. Vacant possession being available;
4. The comments contained herein; and
5. The terms and conditions contained herein.

20 Valuer Signatories

Reliance on this report should only be taken upon sighting the original document that has been signed by the Valuer and counter signed by a director of Preston Rowe Paterson Newcastle & Central Coast. The counter signatory verifies that this report is genuine, is issued and endorsed by Preston Rowe Paterson Newcastle & Central Coast. The opinion of value expressed in this report, however has been arrived at by the valuer whom has undertaken the valuation in accordance with the instructions given.

Valuer who has undertaken this valuation:

Adrian Christie, Associate Director
AAPI CPV, API Member No 62909



Counter-signatory:

David A Rich, Director
AAPI CPV, API Member No 69265



Appendix A Letter of Instruction

**Preston Rowe Paterson Newcastle & Central Coast**

98 Hannell Street
WICKHAM, NSW 2293
E newcastle@prp.com.au

Dear Sir/Madam,

Re: Quotation Acceptance

168 Freemans Drive, Morisset, NSW 2264

We refer to your quotation 814420 and dated 28 February 2019, to undertake independent property advice for the above property.

INSTRUCTING PARTY'S NAME	Tim Turpin	DATE:	7/03/2019
COMPANY	VentureCrowd Nominees Pty Ltd		
PHONE	0413 730 872	FAX	
EMAIL	tibor@livingjoy.com.au		
REPORT IN THE NAME OF	Upcycled Homes Morisset Pty Ltd ATF Welcome Home Unit Trust		
REPORT MAILING ADDRESS			
INVOICE ADDRESSEE AND MAILING ADDRESS	c/- Living Joy Property Development, 98 Glebe Road, The Junction NSW 2291		
PURPOSE OF VALUATION	"As Is" and "As If Complete" for Accounting Purposes To assess the market value for mortgage purposes		
RELATIONSHIP TO PROPERTY	Owner representative		
ACCESS DETAILS	Name: Tibor Grubits		
	Phone: 0414 654 855		
TOTAL FEE	\$3,850 (inclusive of GST)		

We accept your quotation and agree to the Terms and Conditions outlined in the quotation.


Please proceed on this basis.

Yours faithfully

Tibor Grubits
for Upcycled Homes Morisset Pty Ltd


Mr Tim Turpin
For VentureCrowd Nominees Pty Ltd

Appendix B Title Searches and Deposited Plan



**LAND
REGISTRY
SERVICES**

Title Search



NEW SOUTH WALES LAND REGISTRY SERVICES - TITLE SEARCH

FOLIO: 3/378500

SEARCH DATE -----	TIME ----	EDITION NO -----	DATE ----
15/3/2019	12:16 PM	3	22/9/2018

NO CERTIFICATE OF TITLE HAS ISSUED FOR THE CURRENT EDITION OF THIS FOLIO.
CONTROL OF THE RIGHT TO DEAL IS HELD BY NEWCASTLE PERMANENT BUILDING
SOCIETY LIMITED.

LAND

LOT 3 IN DEPOSITED PLAN 378500
LOCAL GOVERNMENT AREA LAKE MACQUARIE
PARISH OF MANDOLONG COUNTY OF NORTHUMBERLAND
TITLE DIAGRAM DP378500

FIRST SCHEDULE

BRETT KENNETH DOUGLAS (AD AK604686)

SECOND SCHEDULE (3 NOTIFICATIONS)

- 1 RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
- 2 B91167 LAND EXCLUDES MINERALS
- 3 AK666527 MORTGAGE TO NEWCASTLE PERMANENT BUILDING SOCIETY
LIMITED

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

Adrian / 814420

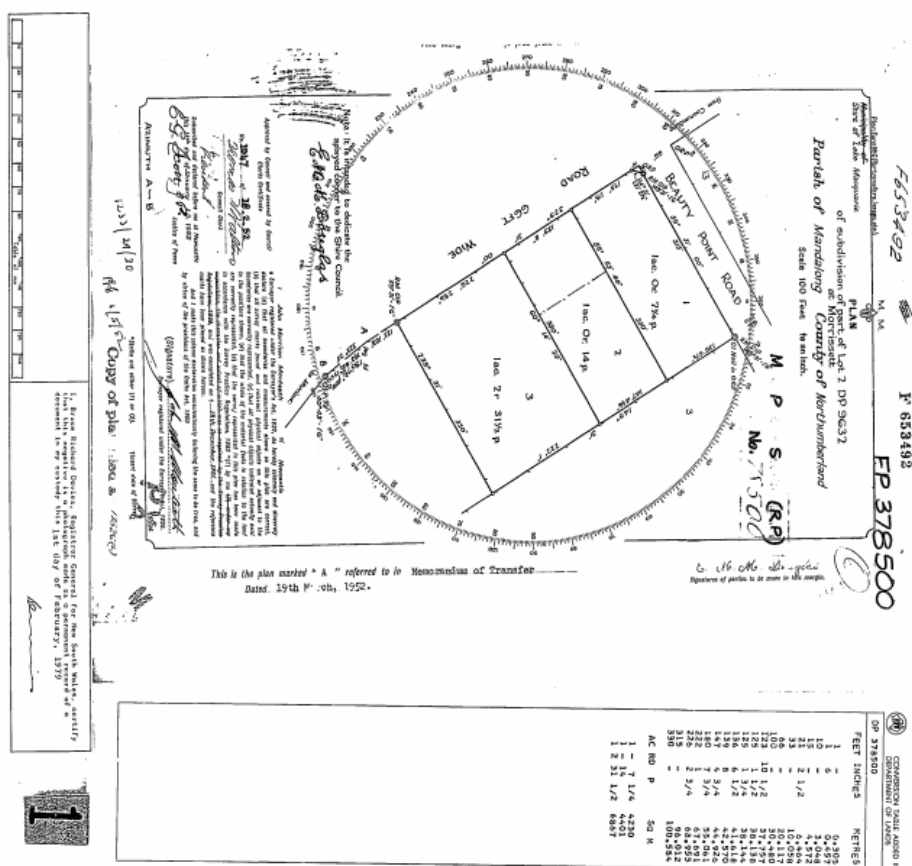
PRINTED ON 15/3/2019

* 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. InfoTrack an approved NSW Information Broker hereby certifies that the information contained in this document has been provided electronically by the Registrar General in accordance with Section 96B(2) of the Real Property Act 1900.

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Req:R104742 /Doc:DF 0378500 P /Rev:26-Nov-1992 /Sts:OK,OK /Pgs:ALL /Prt:15-Mar-2019 12:17 /Seq:1 of 1
Ref:Adrian / 814420 /Src:M



Appendix C Proposed Subdivision Plan

