

Land Acquisition Assessment

Rockbank Development
Contributions Plan (DCP)
Land Assessment

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Valuation Executive Summary

Rockbank Development Contributions Plan (DCP) Land Assessment



Property Description.

The Rockbank PSP relates to 110 properties with a total area of 699.35 hectares. The precinct is irregular in shape, generally bound by the Western Freeway to the north, Greigs Road to the south, Paynes Road to the west and the future Outer Metropolitan Ring Road (OMR) to the east.

As at the date of our inspection, the subject land generally comprised vacant, rural / farming land identified for future development. Our valuation excludes any development works carried out on the parent holdings to date

Property Type	Rockbank Precinct Structure Plan (PSP)
Total Area	699.35 ha.
Cumulative "Before" Area	623.61 ha.
Cumulative "After" Area	562.88 ha.

Instructions.

Instructing Party	Melbourne Planning Authority
Interest Valued	Freehold
Date of Instruction	17 July 2015
Applicant	Mr Nat Anson

Valuation Summary.

Date of Inspection	17 July 2015
Date of Valuation	17 July 2015 Refer to Assumptions / Qualifications - Date of Valuation
Cumulative Assessed Value "Before"	\$414,915,000 (Exclusive of GST) Four Hundred Fourteen Million Nine Hundred and Fifteen Thousand Dollars
Cumulative Assessed Value "After"	\$376,130,000 (Exclusive of GST) Three Hundred Seventy Six Million One Hundred and Thirty Thousand Dollars
Acquired Land Value	\$38,785,000 (Exclusive of GST) Thirty Eight Million Seven Hundred and Eighty Thousand Dollars

Prepared By.

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T/A Charter Keck Cramer

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NOTE - This Valuation Executive Summary should be read in conjunction with the Risk Profile / SWOT Analysis; Valuation Report and Assumptions / Qualifications.

J053285:CP:NM/JM

CHARTER.
KECK CRAMER

Valuation Report

Rockbank Development Contributions Plan (DCP) Land Assessment

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Land Use Budget

Instructions.

Instructing Party

Melbourne Planning Authority
Level 29
35 Collins Street
MELBOURNE VIC 3000
(Mr Nat Anson, Structure Planning Manager)

Telephone 03 9651 9648

Email nat.anson@mpa.vic.gov.au

Refer to Assumptions / Qualifications - Instructing Party / Terms of Reference

Refer to Assumptions / Qualifications - Definition of Market Value

Purpose

To assess the fair market value of the land within the Rockbank PSP, namely land identified or required for the following:

- Community facility.
- Indoor recreation.
- Sports reserve (local).
- Sports reserve (regional).
- Road widening.
- Government education.
- Potential non Government education.

The values assessed in this instance have been concluded in accordance with the API definition of market value being:

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

Elements traditionally associated with compensation as described within the *Land Acquisition and Compensation Act* 1986 including (but not limited to) severance, disturbance, enhancement / depreciation and special value do not form part of the assessed values.

The assessments of the individual holdings have been concluded from an external inspection and publicly available information relating to the development potential of each holding. Detailed development potential for each holding has not been provided at the time of valuation. Therefore, should information relating to encumbrances and development potential of the individual holdings be made available, this report should be returned to us for further consideration and, if necessary, re-assessment.

Our Reference

J053285:CP:NM

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Title & Land Description.

Title Particulars

Due to the large volume of individual Certificates of Title, we have not undertaken title searches for the purpose of this assessment and have relied upon information provided within the Rockbank PSP, prepared by the Metropolitan Planning Authority (MPA).

Accordingly, this assessment is prepared on the basis that individual Certificates of Title do not incorporate encumbrances of an adverse effect upon value.

Our valuation excludes any development works completed to date upon the subject parcels and reflects the known physical circumstances and configuration of the parent holdings at the inception of the Rockbank PSP.

Our assessment does not reflect the ownership of multiple titles but rather the assessments are provided on the basis that each parcel is within individual ownership.

Refer to Assumptions / Qualifications - Encumbrances

Planning Details.

Local Authority

Melton City Council.

Zoning

Pursuant to the provisions of the Melton Planning Scheme, the land is predominantly included within an *Urban Growth Zone (UGZ)*, together with a *Low Density Residential Zone (LDRZ)*, *Urban Floodway Zone (UFZ)* and *Public Park and Recreation Zone (PPRZ)*. The objectives of these zones are as follows:

Urban Growth Zone

- *To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.*
- *To manage the transition of non urban land into urban land in accordance with a Precinct Structure Plan.*
- *To provide for a range of uses and the development of land in accordance with a Precinct Structure Plan.*
- *To contain urban use and development to areas identified for urban development in a Precinct Structure Plan.*
- *To provide for a continued non urban use of the land until urban development in accordance with a Precinct Structure Plan occurs.*
- *To ensure that, before a Precinct Structure Plan is applied, the use and development of the land does not prejudice the future urban use and development of the land.*

Low Density Residential Zone

- *To implement the State Planning Policy Framework and the Local Planning Policy Framework, including the Municipal Strategic Statement and local planning policies.*
- *To provide for low-density residential development on lots which, in the absence of reticulated sewerage, can treat and retain all wastewater.*

Enquiries with the MPA confirm the properties zoned *Low Density Residential* should be assessed on the same basis as the properties zoned *Urban Growth*.

Urban Floodway Zone

- To implement the State Planning Policy Framework and the Local Planning Policy Framework including the Municipal Strategic Statement and local planning policies.
- To identify waterways, major flood paths, drainage depressions and high hazard areas within urban areas which have the greatest risk and frequency of being effected by flooding.
- To ensure that any development maintains the free passage and temporary storage of flood water, minimises flood damage and is compatible with flood hazard, local drainage conditions and the minimisation of soil erosion, sedimentation and silting.
- To reflect any declarations under Division 4 of Part 10 of the Water Act 1989.
- To protect water quality and waterways and its natural resources in accordance with the provisions of relevant State Environment Protection policies, and particularly in accordance with Clauses 33 and 35 of the State Environment Protection Policy (Waters of Victoria).

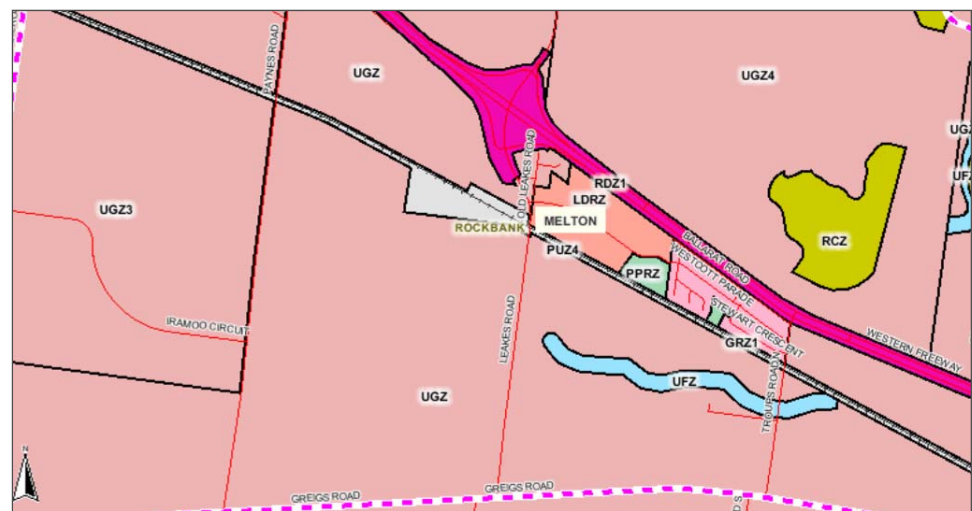
The *Urban Floodway Zone* traverses a number of properties in the Rockbank PSP. Enquiries with the EPA confirm the encumbrance has been reflected within the land use budget as encumbered waterways and has therefore been deducted from the developable area in the “before” and “after”.

Public Park and Recreation Zone

- To implement the State Planning Policy Framework and the Local Planning Policy Framework including the Municipal Strategic Statement and local planning policies.
- To recognise areas for public recreation and open space.
- To protect and conserve areas of significance where appropriate.
- To provide for commercial uses where appropriate.

We note Properties 52 and 53 are zoned *Public Park and Recreation* and have been identified within the land use budget for unencumbered sports reserves.

A current zoning map prepared by the Department of Planning and Community Development (DPCD) (not to scale) is as follows:

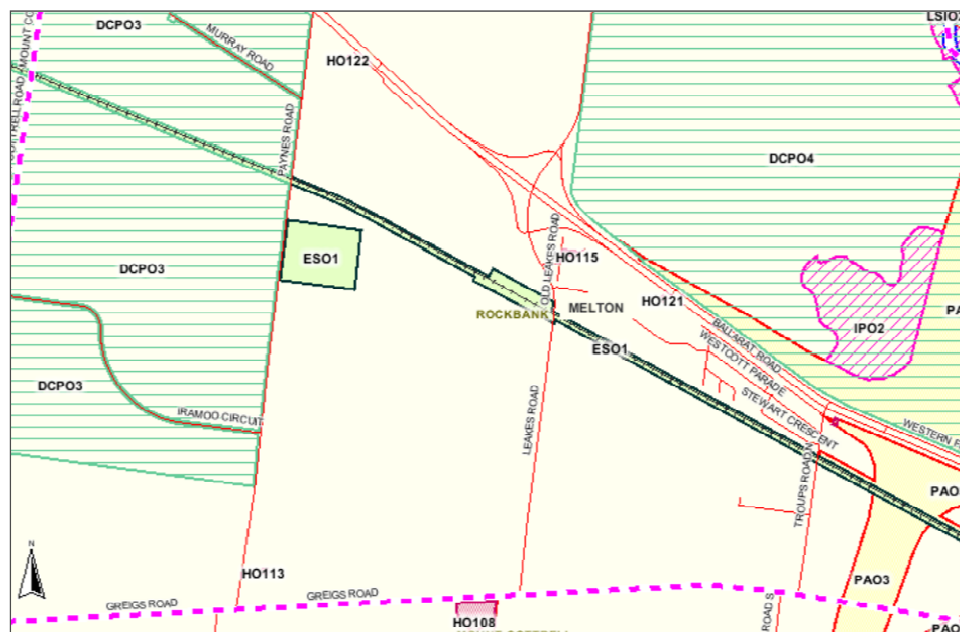


SOURCE - www.dse.vic.gov.au/planning/schemes [2015]

Properties 56, 57, 58, 59, 60, 108, 109 and 110 are subject to a *Public Acquisition Overlay (PAO)* in relation to the future construction of the Outer Metropolitan Ring Road - E6 Transport Corridor. Furthermore, Property 63 is encumbered by an *Environmental Significance Overlay (ESO)*. We note within the PSP a large portion of Property 63 has been identified for a local conservation area which has been deducted from the developable area.

Overlays

A copy of the Overlay Planning Scheme map is shown below:



SOURCE - www.dse.vic.gov.au/planning-schemes [2015]

Our valuation has been completed on the basis the area's extent of encumbered land identified by the respective zoning and/or overlays have been identified within the land budget prepared by the MPA and there are no encumbrances identified within the zoning and/or overlay particulars which would impact upon the development potential of the subject holding or required extended holding periods due to planning or incur additional costs for development.

Refer to Assumptions / Qualifications - Zoning

Current Use

As at the date of our valuation, the subject land generally comprised vacant rural / residential land. The land is improved with dwellings, sheds and associated infrastructure.

Potential / Future Use

Pursuant to the Planning Scheme, the potential uses for the subject property may be summarised as those where a planning permit is not required (Section 1 of the Planning Scheme) and those where a planning permit is required (Section 2 of the Planning Scheme). Those uses noted under Section 3 (prohibited) are not considered to place any undue restriction upon the future use or development of the site. We refer you to the ordinances provided as an annexure to this report with respect to the allowable and prohibited uses.

In undertaking our assessment of value of the subject parcels, we have had regard to the highest and best use of the individual unserviced parcels identified within the PSP's and current social and economic conditions within the western growth corridor.

The highest and best use of the individual holdings is summarised within the *Scope of Development - Highest and Best Use* section of this report.

Native Title

There are no attributes observed that would identify the property as having coexisting or likely coexisting Native Title interests.

Refer to Assumptions / Qualifications - Native Title

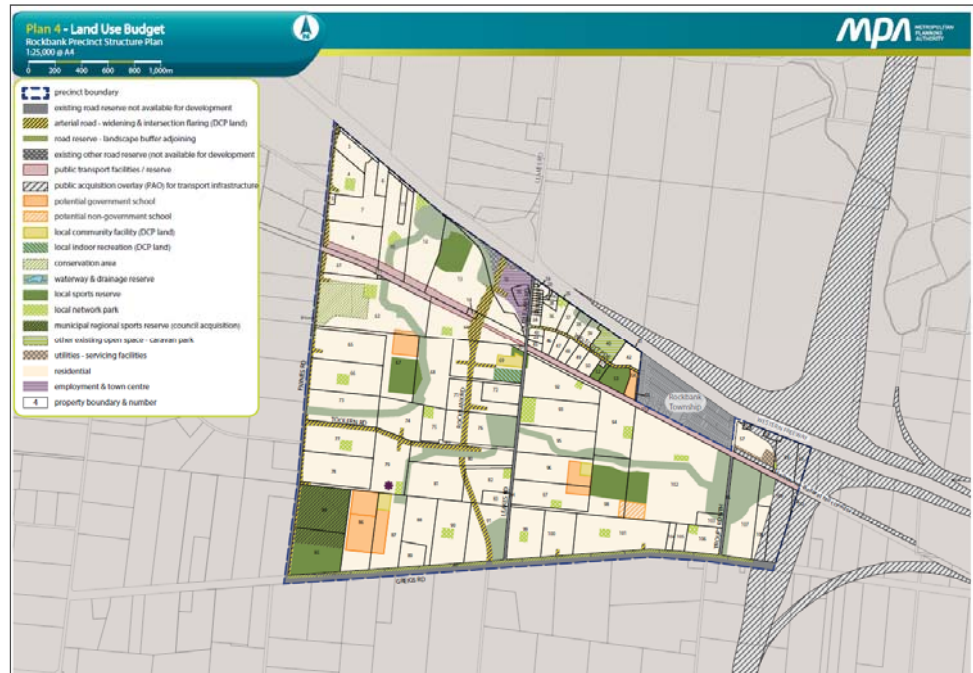
Environmental Details.

Environmental Statement	<p>A visual site inspection has not revealed any obvious signs of pollution or contamination. Nevertheless, we are not experts in the detection or quantification of environmental problems and, accordingly, have not carried out a detailed environmental investigation. Therefore, this valuation and our report is made subject to there being no actual or potential contamination issues or environmental hazards, including surface or sub-surface soil problems including instability, toxic or hazardous wastes or building material hazards issues affecting:</p> <ul style="list-style-type: none">- The existing or potential use of the property.- The value or marketability of the property.- The site. <p>Verification that the property is free from contamination or environmental hazards and has not been affected by pollutants of any kind may be obtained from a suitably qualified environmental expert. Should subsequent investigation show that the site is contaminated or has environmental hazards this valuation and report may require revision. The right is reserved to review, and if necessary, vary the valuation figure if any contamination or other environmental hazard is found to exist.</p>
Archaeological Considerations	<p>An archaeological assessment has not been provided for the subject precinct and accordingly, our valuation is subject to there being no archaeological classifications, nor materials contained upon the site which adversely affect its existing or potential use or reduce the marketability or development entitlement. We recommend the appointment of a suitably qualified Heritage Consultant to determine the extent of any affectation and the influence this may have on the precinct.</p> <p>Should any matter be known or arise, it should be referred back to us for further comment.</p>
Flora and Fauna Considerations	<p>A flora and fauna / native vegetation report has not been provided, therefore our valuation has been undertaken on the basis there are no flora and fauna issues other than that allowed for in the land use budget which would impact the development potential / require additional costs of the properties.</p> <p>Refer to Assumptions / Qualifications - Environmental Statement</p>

Locality.

Site Description	<p>As at the date of our inspection, the subject land generally comprised vacant, rural / farming land identified for future development. Our valuation excludes any development works carried out on the parent holdings to date.</p> <p>The Rockbank PSP prepared by the Metropolitan Planning Authority (MPA) (formerly Growth Areas Authority) identifies the holdings within the PSP to yield predominantly conventional residential and some pockets of business including retail and commercial, community facilities, Rockbank major town centre, local and regional sports reserves and the Rockbank railway station precinct.</p>
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An extract of the Rockbank PSP is shown below:



SOURCE - Rockbank PSP (Plan 4)

Refer to Assumptions/Qualifications - Land Description and Site Identification

Locality & Surrounding Development

Within the City of Melton, in the area known as Rockbank, Postcode 3335, the Rockbank PSP is located south of undeveloped urban growth zoned land and north of existing low density residential development.

The Rockbank PSP relates to a total of 110 properties with a total area of 699.35 hectares. The precinct is irregular in shape, generally bound by the Western Freeway to the north, Greigs Road to the south, Paynes Road to the west and the future Outer Metropolitan Ring Road (OMR) to the east.

The greater Rockbank township incorporates generally older style residential dwellings which have been developed in stages during times of economic expansion. The Rockbank township incorporates limited services and facilities. Forming part of the Rockbank PSP is the Melbourne to Ballarat railway line, with the Rockbank railway station being situated at the intersection of Leakes Road.

The Rockbank PSP area is situated approximately 5 kilometres south-west of the regionally significant township of Melton which provides supermarkets and specialty shops, together with primary and secondary schools and comprehensive services and facilities. Approximately 5 kilometres south-east of the subject precinct is the Caroline Springs residential development which has developed rapidly over the past five years and provides residential housing within a Master Planned Community (MPC) concept. The development incorporates a shopping centre, together with primary and secondary schools. Further east of Caroline Springs is the Brimbank Central Shopping Centre, situated at the intersection of the Western Highway and Station Street.



SOURCE - Melbourne on CD Edn 41 - Standard

Road System and Access

The Rockbank PSP is broadly bound by the Western Freeway to the north, Greigs Road to the south, Paynes Road to the west and the future Outer Metropolitan Ring Road (OMR) to the east.

The Western Freeway provides access to the Melbourne CBD and inner western and northern localities.

Services and Amenities

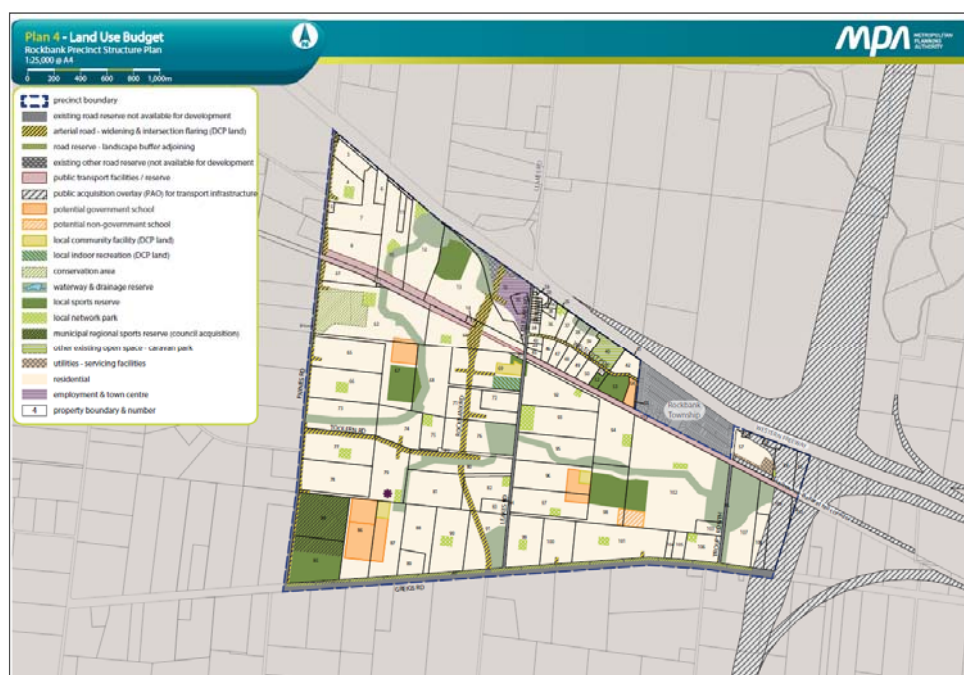
Our assessment has been provided on the basis infrastructure (services) has been extended to each parcel in accordance with the Rockbank PSP. Costs associated with the augmentation of services to the individual parcels are not reflected within our assessment of value.

Scope of Development.

Rockbank North Precinct Structure Plan (PSP)

The Rockbank PSP prepared by the Metropolitan Planning Authority (MPA) (formerly Growth Areas Authority) identifies the holdings within the PSP to yield predominantly conventional residential with some pockets of business uses including retail and commercial, community facilities, Rockbank major town centre, local and regional sports reserves and the Rockbank railway station precinct.

An extract of the Rockbank PSP is shown below:



SOURCE - Rockbank PSP (Plan 4)

In assessing value of the parent holdings subject to the relevant DCP projects, we have assessed the value of the holding before and after the acquisition.

The developable area for each holding in the “before” scenario has been adopted from the Land Use Budget prepared by the Metropolitan Planning Authority (MPA) and correspondence received from the MPA and from this we have deducted the acquisition areas as provided in the Land Use Budget to arrive at the remaining developable area in the “after” scenario. The area in the “before” scenario excludes land within the Property Specific Land Use Budget as encumbered land associated with the local conservation, waterways and drainage reserve to indicate a before area totalling 623.61 hectares.

A summary of the “before” and “after” areas for the PSP affected by DCP projects and adopted within our valuation is noted as follows:

Parent Area (Hectares)	Before Area (Hectares)	After Area (Hectares)	Acquired Area (Hectares)
699.35	623.61	562.88	60.74

Improvements

Each holding is assessed having regard to the proposed zoning and the notional highest and best use per the PSP’s Urban Structure Plan. This report relates to the assessment of the parent holdings within the precincts for the implementation of a DCP. Therefore, the values assessed relate to the underlying land values. Accordingly, the improvements have been excluded from the assessments.

Highest and Best Use

In accordance with Rockbank PSP, the parent holdings are proposed to yield primarily residential development (conventional density) and will also provide for employment uses, a local town centre and passive open space. Therefore, in assessing value, we have considered the highest and best use of the parent holdings as inglobo residential or employment / commercial use development land.

Valuation Rationale

Valuation - "Before" and "After"

We have valued the parent holdings subject to the partial acquisitions utilising the "before" and "after" methodology, reflecting the assumptions and qualifications detailed within this report and proposed underlying uses of the parent holdings.

In arriving at our assessment of value, we have assessed the individual parent holdings in the "before" scenario and a separate assessment "after" the acquisition, having regard to the sales evidence of land, highest and best use, market conditions and associated positive and negative attributes. In particular, we make note of the sales of similar sized and zoned properties as previously detailed.

To indicate value of the acquired land for the proposed DCP items we have assessed value in the "before" scenario and a separate assessment reflecting the holding "after" the acquisition. The difference between the "before" and "after" value assessments is the indicated value attributable to the land identified for the proposed road and intersection construction projects, community facilities and active open space. A summary of our assessment is as follows:

Parent Area (Hectares)	Before Area (Hectares)	Before Value	After Area (Hectares)	After Value	Difference
699.35	623.61	\$414,915,000	562.88	\$376,130,000	\$38,785,000

Critical Factors

Our valuation has been completed on the basis:

- The report relates to 110 parent parcels within the Rockbank PSP which have been identified as land for future development.
- Areas have been derived from the Rockbank PSP Land Use Budget prepared by the MPA.
- Underlying zones of the subject holding have been adopted from planning maps contained within the Department of Planning and Community Development (DPCD) website. Our valuation is provided on the basis the current adopted highest and best use accords with the zoning and overlay provisions.
- The parcels are considered to have future urban development potential in accordance with the PSP's, with existing improvements not being incorporated within our assessment.
- Land within the PSP's are unaffected by unsupervised fill, soil or groundwater contamination.
- The land within the PSP's are unaffected by Aboriginal or archaeological artefacts of significance.
- There is no cost and/or adverse implications identified within the current and/or future Cultural Heritage Management Plans (CHMP's).
- The land is unaffected by flora and fauna issues. Our valuation does not reflect the area and/or cost of the required offset for the removal of native vegetation.
- Land identified for conservation areas and waterways has been identified as encumbered land within the Rockbank PSP.
- Land incorporated within the *Urban Floodway Zone* has been identified as encumbered waterway corridor within the land budget and no further allowances or costs are required for the development of the parent holdings.
- The current highest and best use for the holdings within the precinct area has been adopted as inglobo residential or employment development land.
- The assessments of the individual holdings have been concluded from an external inspection and publicly available information relating to the development potential of each holding.
- Services and facilities are available to the precinct including water, gas, electricity, telephone and mains sewer. However, costs associated with augmentation of services to the individual parcels are not known. The costs associated with extending services to the land are not reflected in our assessment of value.
- Our assessment does not reflect site specific costs such as fill, extension of services, design, external site specific costs, holding periods due to planning requirements and/or buffered land.
- Our assessment has been concluded on the basis the identified parent holdings are assessed as individual titles, with our assessment not reflecting current ownership patterns for the holdings.

- Our assessment has been provided on the basis the land is zoned appropriately and issued appropriate Town Planning approval for residential or employment use as identified.
- Our assessment of value has been concluded on the basis that services are extended to each parcel, having occurred in accordance with the PSP's and such infrastructure and services are reticulated within the PSP's area and can be augmented to service the proposed underlying uses.
- Our assessments reflect that the Growth Areas Infrastructure Contribution (GAIC) liability affects all properties within the precinct.
- Discussions with the MPA have indicated that Property 15 is not to be assessed on a site specific basis as the DCP items in relation to the property are not to be acquired therefore no transaction will be necessary in securing the land. We have however been advised to assess the property on a 'before' and 'after' basis as the after area will represent developable land in the future.
- Our assessments are exclusive of Goods and Services Tax (GST).

GST Implications

Our valuation is expressed exclusive of GST.

Refer to Assumptions / Qualifications - GST Implications

Valuation & Valuation Compliance Statement.

Valuation

To indicate value of the acquired land for the proposed road widening and intersections, bridge and open spaces, we have assessed value in the “before” scenario and a separate assessment reflecting the holding after the acquisition. The difference between the “before” and “after” value assessments is the indicated value attributable to the land identified for the proposed road widening and intersections. A summary of our assessment is as follows:

Parent Area (Hectares)	Before Area (Hectares)	Before Value	After Area (Hectares)	After Value	Difference
699.35	623.61	\$414,915,000	562.88	\$376,130,000	\$38,785,000

Prepared by
Charter Keck Cramer



Claudio Petrocco
B.Bus (Prop), AAPI
Certified Practising Valuer
API Member No 62402
Executive Director



Bradley W Papworth
Counter Signatory
National Executive Director

The counter signatory has reviewed the valuation based on the data presented in the report for the accuracy of calculations, the reasonableness of data, the appropriateness of methodology, and compliance with client guidelines, regulatory requirements and professional standards. The counter signatory is satisfied that the valuation is based on reasonable grounds. The data presented has not been independently confirmed and the property has not been inspected by the counter signatory.

Date of Issue of the Valuation Report - 23 July 2015

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Valuation Compliance Statement

Charter Keck Cramer confirms that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge.
- The analyses and conclusions are limited only by the reported assumptions and conditions.
- The Valuer has no interest in the subject property.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the property being valued.
- The Valuer has made a personal inspection of the property.
- No one, except those specified in this report, has provided professional assistance in preparing the report.

We confirm that neither Charter Keck Cramer nor any of its Directors or employees has any pecuniary interest that could conflict with the proper valuation of this property.

Refer to Assumptions / Qualifications - Third Party Disclaimer

Assumptions / Qualifications.

Legend

square metres	sq.m.
hectares	ha.
per annum	p.a.
per hectare	p.ha.

Date of Valuation

Due to possible changes in market forces and circumstances in relation to the subject property, this report can only be regarded as relevant as at the date of valuation.

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

We draw attention to the provisions of our professional indemnity insurance that all valuations are only valid for 90 days from the date of valuation, no responsibility being accepted for clients' reliance upon reports beyond that period. Accordingly, any parties authorised to rely upon our opinion are advised that since the date of valuation the subject property has not been re-inspected and that no further investigation or analysis has been undertaken as to any changes since that date.

Our assessment is subject to there being no significant event that has occurred between the date of valuation and the date of issue of the valuation report that would impact on the value of the subject property.

Our report is concluded in the context of current Federal and State Legislation, Regulations and Policies as at the date of this report and does not anticipate or reflect possible changes in these matters that may impact upon the fundamentals of the project or property, its target market, cost structure, profitability or value. Adverse changes in such Legislation, Regulations and Policies (such as fiscal, taxation, FIRB, migration, international affairs and security), among others, are outside the control of the Valuer, and may result in material adverse impact on the valuation

Instructing Party / Terms of Reference

We note that this valuation is not for mortgage purposes.

The assessments of the individual holdings have been concluded from an external inspection and publicly available information relating to the development potential of each holding. Development potential details have not been provided. Therefore, should information relating to encumbrances and development potential of the individual holdings be made available, this valuation may need to be re-assessed in light of circumstances not previously known.

Should the basis in which the valuation has been constructed or methodology change, this valuation should be referred back to us for reassessment.

Any intending third party wishing to rely upon the contents of this valuation and its recommendations should note that in accordance with the provisions of our company's professional indemnity insurance policy, they must, in written form, seek our approval in response to which we will consider the authorisation of this report for their use. Under the provisions of our policy certain third party mortgagees may be ineligible for reliance upon our valuation. Otherwise, no responsibility is accepted for any third party which may use or rely upon the whole or any part of the contents of this report. It should be noted that any subsequent amendments or changes in any form thereto will only be notified to and known by the parties to whom it is authorised.

Definition of Market Value

This valuation has been prepared in accordance with the following API definition of market value:

"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."

Encumbrances

Our valuation is subject to there being no undisclosed or unregistered easements or encumbrances which would have an adverse effect on our valuation other than those previously described and noted on the Certificates of Title attached as an annexure at the rear of this report. Should it be discovered that further easements or encumbrances exist, this report should be referred back to Charter Keck Cramer for consideration, comment and amendment (if necessary).

Land Area & Dimensions

Measurements taken on site appear to substantially accord with those shown on title. A current survey has not been sighted. This valuation is subject to there being no encroachments by or upon the property and this should be confirmed by a current survey and/or advice from a Registered Surveyor. If any encroachments are noted by the survey report, the Valuer should be consulted to reassess any effect on the value stated herein.

Zoning

Although a Planning Certificate has not been sighted, the zoning particulars have been confirmed by the online Planning Scheme, which is an internet based copy of the Planning Scheme provided by the Department of Planning and Community Development (DPCD). Our assessment is completed subject to the planning information obtained being current and correct.

Please note that a Planning Certificate has not been provided or obtained. In the event that a Planning Certificate is obtained and the information thereon is materially different to that provided to Charter Keck Cramer via the approved internet based version, then we reserve the right to review our assessment and amend this report (as necessary).

Native Title

Pursuant to the *Native Title Act (Clth)* 1993, and as amended 30 September 1998, land with the exception of an “Exclusive Possession Grant”, may be claimed as the property of Indigenous Australians leading to the co-existence or likely co-existence of Native Title in relation to a particular piece of land, subject to the verification of a prior or continuing connection to the land.

We are not experts in Native Title or the property rights derived therefrom and have not been supplied with appropriate anthropological, ethnoecological and/or ethnographic advice. Therefore, the property valuation or assessment is made subject to there being no actual or potential Native Title affecting:

- The value or marketability of the property.
- The land.

The National Native Title Register (NNTR) was established under Section 192 of the *Native Title Act (Clth)* 1993. The NNTR contains determinations of Native Title made by the High Court of Australia, the Federal Court of Australia, or such similarly recognised bodies. Formal verification that the property is not subject to co-existing Native Title interests and/or subject to determination should be obtained by searching the Registry of Native Titles Claims, which is administered by the National Native Titles Tribunal. We have viewed maps prepared by the National Native Title Tribunal detailing Native Title Applications, determination areas and indigenous land use agreements. The map does not identify that the subject property is affected by applications and determinations as per the Federal Court on 31 March 2010.

This assessment is completed on the basis that the property is not affected by co-existing Native Title interests. Should subsequent investigation show that the land is subject to existing or potential co-existing Native Title interests, this property valuation or assessment will require revision and should be referred back to Charter Keck Cramer for consideration, comment and amendment.

GST Implications

Transactions of commercial properties are subject to GST from 1 July 2000, at an amount equivalent to one eleventh (1/11th) of the sale price, for which it is the responsibility of the vendor to remit same to the Government. Accordingly, the vendor/notional vendor can only pass on the GST through a specific condition in the sale contract. Most contracts now include a clause that requires the purchaser to pay any GST on the basis that the purchaser is a registered business and entitled to a full input tax credit. This results in GST being a cash flow issue for the vendor only. With regard to commercial property which is sold subject to commercial leases or which is viewed as a “going concern” under legislation, the supply can be GST free if:

- The supply is for consideration.
- The purchaser is registered (or required to be).
- The vendor and purchaser agree that the supply is to be the supply of a going concern.

Supply of a going concern is an agreement in which:

- The vendor gives the purchaser all things necessary for the continued operation of the enterprise.
- The vendor continues to carry on the enterprise to the date on which possession changes.

In accordance with the final ruling on “going concerns” as contained within GSTR 2001/5 and 2002/5 issued by the Australian Taxation Office, the use and definition of a “going concern” has been clarified, and therefore the majority of commercial buildings can be classified as “going concerns” and be GST - Free. Under the Rulings “Marketing Test”, the GST - Free Rule applies to:

- Fully tenanted buildings.
- Partially tenanted buildings, being marketed for lease.
- New buildings being marketed for lease where at least one tenant has been secured.

Accordingly, the treatment of GST can be handled in a number of ways with respect to the subject property. A vendor/notional vendor may require a purchaser/notional purchaser to pay GST in addition to the purchase price, with such purchaser able to claim back this payment as an “input tax credit”. Alternatively, the vendor and purchaser (or notional vendor and purchaser) may elect to adopt the margin scheme, with the purchaser paying GST on the margin or difference in value of the property between the current date and 1 July 2000.

Our valuation is expressed exclusive of GST.

This valuation is based on the assumptions relating to GST set out above. If any of these assumptions are found to be incorrect, or if the party on whose instructions this valuation is provided wishes our valuation to be based on different assumptions, this valuation should be referred back to the Certified Practising Valuer for comment and, in appropriate cases, amendment.

Third Party Disclaimer

This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted for any third party who may use or rely on the whole or any part of the content of this valuation. No responsibility will be accepted for photocopied signatures. It should be noted that any subsequent amendments or changes in any form to the valuation and report would only be notified to and known by the parties to whom it is addressed. This report is a valuation report and is not intended as a structural survey. Charter Keck Cramer prohibit publication of this report in whole or in part, or any reference thereto, or to the valuation assessments contained herein, or to the names and professional affiliation of the Valuers, without the written approval of the Valuer.

Land Use Budget.

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