



**Preston
Rowe
Paterson**

International
Property Consultants
and Valuers

1.0 PRESTON ROWE PATERSON SYDNEY PTY LIMITED VALUATION TERMS AND CONDITIONS

1.01 General Terms and Conditions

1.01.01 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 Sydney Pty Limited.
2. These terms and conditions form part of the appointment of Preston Rowe Paterson Sydney Pty Limited by the Client to provide the Services.
3. Preston Rowe Paterson Sydney Pty Ltd and its valuers are members of a Limited Liability Scheme in the meaning of the NSW Professional Standards Act 1994.
4. The Valuation and all Valuation Services are provided by Preston Rowe Paterson Sydney Pty Limited subject to these Terms and Conditions;

1.01.02 Definitions

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

"Client" shall mean (INSERT CLIENT NAME);

'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 Companies (ASIC's) records for Preston Rowe Paterson Sydney Pty Ltd (ABN 61 003 139 188)

'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 NSW Professional Standards Act 1994.

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

'Quotation' means the 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, agencies 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 Sydney Pty Limited, our employees, contractors, servants and agents;

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

1.01.03 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.
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.

1.01.04 Limitation of Liability

8. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which We have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Valuation, Valuation Services or Services or the Use of the Valuation Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.

9. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of these Terms and Conditions. This indemnity shall include but not be limited to loss, liability, costs and expenses which We may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which We are a party.
10. You agree to this Limitation of Liability and these Terms and Conditions whether such liability arises under contract, at common law or under Statute.
11. You agree that this limitation of liability extends to all Our directors, employees and contractors. Every right, immunity, exemption and limitation in these Terms and Conditions available or applicable to Us shall also be available and shall extend to every employee, contractor, servant or agent of Ours;
12. No employee, contractor, servant or agent of Ours or any other person has any power to waive or vary any of these Terms and Conditions unless such waiver or variation is in writing and signed by one of Our Directors.

1.01.05 Your Obligations

13. 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.
14. 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.



15. 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.
16. You authorise and licence Us to incorporate Your intellectual property within Our report(s).
17. 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.
18. 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.
19. 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 misstatement) 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;
20. 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.
21. 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.
22. 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;
23. 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;
24. 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;

1.01.06 Valuation only for First Mortgage Security

25. 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.
26. Any waiver of this requirement must be approved in writing by one Our Directors.
27. We will not accept any liability or responsibility to second or subsequent mortgagees whom have not instructed Us;

1.01.07 Reliance on the Valuation or Valuation Services report (Solicitor Loans)

28. Where this valuation is used for 1st mortgage security for a loan controlled, managed, brokered or otherwise induced by a solicitor (Solicitor Loan) it cannot be relied upon where the Loan to Value Ratio exceeds 70% of the valuation sum. We will not accept any liability or responsibility for a solicitor originated loan where the loan to valuation rate exceeds 70% of the value of the property. A Solicitor Loan means any loan of money on mortgage security arranged, controlled, managed, brokered or otherwise induced by a solicitor or firm or partnership of solicitors.
29. Reliance on Our Valuation or Valuation Services and report should only be taken upon sighting the original report document that has been signed by the Valuer and counter signed by one of Our Directors. The counter signatory verifies that this report is genuine, is issued and endorsed by Us. The opinion of value expressed in the report, however has been arrived at by the valuer whom has undertaken the valuation in accordance with the instructions given to us.

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

30. 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 value of the property after the date of valuation.

1.01.09 Obligation for Prudent Lending Practises – Lender Client

31. 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 Lenders Clause) only applies if the lender is not a lender regulated by the Banking Act of 1959.

1.01.10 Assignment of Valuation or Valuation Services

32. 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.
33. Where We decline to provide an assignment We may be prepared to provide an updated valuation on terms to be agreed at that time.
34. 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.
- 1.01.11 Intellectual Property**
35. 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.
- 1.02 Property or Valuation Circumstance Specific Qualifications, Assumptions and Conditions Precedent**
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- (NB – Only to be included where they relate to the circumstances of the instruction and/or the property being valued)
36. 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.
37. 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.
38. 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.
39. These qualifications, assumptions and conditions precedent typically may 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) Current Passing Rents;
 - (k) The ongoing ability of tenants to pay lease rents;
 - (l) Rental Areas;
 - (m) Strata Title Certificates;
 - (n) Plant and Equipment within Buildings;
 - (o) The veracity of and sources of Sales and Letting Information and Transaction Data;



- (p) The nature of forecasting, future value assessment and discounted cash flow analysis;
 - (q) The basis of Value where access to the property is restricted; and
 - (r) Whether or not the property has been completed where a development.
40. 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.

1.03 Property or Valuation Circumstance Specific Qualifications, Assumptions and Conditions Precedent

41. You acknowledge the following:-
- 1.03.01 Financial Services Reform Act – Property Trust Only**
42. That where Our Valuation or Valuation Services have been prepared for inclusion in a public offer document or Product Disclosure Statement (PDS) it is noted that We have merely undertaken a Valuation of the real property. We do not hold a licence under the Financial Services Reform Act 2001 and We are not giving advice in the meaning of the Financial Services Reform Act 2001. Giving of advice is the province of the responsible entity, manager or promoter of the scheme. The information contained in Our Valuation is not intended to give advice to influence any investor's decision;

43. That We have prepared a comprehensive and detailed valuation of the property. Any summary or précis valuation of the property included in an offer document or PDS, where authorised by one of Our Directors, must be read in the context of the comments, opinions, terms and conditions contained within Our full Valuation or Valuation Services report and the quotation We have provided. Our summary valuation letter outlines the key factors that We have been considered in preparing Our opinion of value. The summary letter alone does not contain all of the data, information and support information which is included in Our Valuation report. Whilst we have provided the responsible entity with a valuation report We note that the valuation is not a guarantee or prediction of the future value or performance of the property. Where a summary or précis of Our valuation is included in any PDS We specifically disclaim liability to any person in the event of any omission from, or false or misleading statement in, the offer document other than this Valuation and the Valuation summary/ précis;

1.03.02 Pecuniary Interest – Property Trust Only

44. 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;

1.03.03 Undertaking and Statement by the Valuer – Property Trust Only

45. That We confirm that the valuer whom has undertaken this Valuation or Valuation Services is registered and qualified to carry out the valuation of properties. Furthermore We confirm that the valuer has had 5 years continuous experience in valuation, including more than 2 years experience in Australia and including experience in valuing properties in the locality where the subject property is situated or in valuing properties of a similar nature.

1.03.04 Site Description - Environmental Risks

46. 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;
47. 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 Protection of the Environment Administration Act 1991 and the Protection of the Environment Operations Act 1997.

1.03.05 Town Planning

48. That information has been obtained verbally from representatives of the XX Council or the Council's web site 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.

49. That information has been obtained verbally from representatives of the XX Council and Roads and Maritime Services Authority or their web sites and this valuation is issued on the understanding that such information is correct. The information should be checked by the obtaining the relevant certificate from the Planning Consent Authority and the Roads and Maritime Services Authority. We will not assume any liability or negligence for our reliance on the Authorities' verbal advice or information on their web sites.
50. That information has been obtained verbally from representatives of the XX Council, Roads and Maritime Authority and Sydney Water or their web sites and this valuation is issued on the understanding that such information is correct. The information should be checked by the obtaining the relevant certificate from the Planning Consent Authority, Roads and Maritime Services Authority or Sydney Water. We will not assume any liability or negligence for our reliance on the Authority's verbal advice or information on their web sites.

1.03.06 Title & Easements

51. That We have relied on copies of title which were searched on (). Should any notations have been placed on title since the date of search which defect the Valuation or Valuation Services We reserve the right to reconsider our valuation findings herein.
52. That Certificates of Title have not been inspected and we reserve the right to reconsider the Valuation should the title documents indicate matters that may materially affect same.
53. That Certificates of Title have not been inspected in some instances and We reserve the right to reconsider the Valuation should the title documents indicate matters that may materially affect same.
54. That Certificates of Title have not been inspected in relation to () and We reserve the right to reconsider the valuation should the title documents indicate matters that may materially affect same.
55. That we have relied on Photostat copies of Certificates of Title provided and the valuation is issued on the understanding that no dealings or changes have occurred since the date of search.

56. That 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 set out in title details or detailed herein.

57. That 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.

1.03.07 Building Areas

58. That the estimates of Lettable Area have been provided by the Client. We have assumed that they are a true and correct reflection of the actual lettable areas. We have not had the benefit of sighting a lettable area Survey. Should a Lettable Area Survey compliant with The Property Council of Australia's Method of Measurement (March 1997 Revision) be made available which reveals different areas to that which we have adopted, We reserve the right to reconsider our findings herein;

1.03.08 Warning - Aluminium Composite Panels (ACP) and Expanded Poly Styrene (EPS) – Building Cladding

(ACP)

59. That upon Our physical inspection we identified a type of Aluminium Composite Panels (ACP) affixed to the facades of the building/ subject property.

60. We emphasise that we are not experts in fire safety compliance and ACP fire rating testing and that we are unable to comment on whether or not the type of cladding affixed to the subject property is fire compliant and / or compliant with the Building Code of Australia (BCA).

61. As we have identified a type of ACP affixed to the subject property that may not comply we recommend that, prior to any dealings with the property (including inter alia leasing, purchase, sale or mortgage fund advance) that a fire and BCA compliance report be obtained. In the event that that report identifies the presence of non-compliant ACP or similar type of cladding the direct and indirect costs of rendering the building fire safe and BCA compliant (which may involve completely re cladding the building) will need to be deducted from our valuation herein.

(EPS)

62. That upon Our physical inspection we identified a type of Expanded Poly Styrene (EPS) on the facades of the building/ subject property. We emphasise that we are not experts in fire safety compliance and (EPS) fire rating testing and that we are unable to comment on whether or not the type of cladding present on the subject property is fire compliant and / or compliant with the Building Code of Australia (BCA).

63. As we have identified a type of (EPS) on the facades of the building/subject property that may not comply, we recommend that prior to any dealings with the property (including but not limited to inter alia leasing, purchase, sale or mortgage fund advance, that a fire safety and Building Code of Australia compliance report be obtained.

64. In the event that either of these reports identify the presence of non-compliant (EPS) or similar type of cladding the direct and indirect costs of rendering the building fire safe and (BCA) compliant (which may involve completely re cladding the building) will need to be deducted from our valuation assessment herein.

1.03.09 Building Compliance

65. That it has been assumed that all improvements to the property comply with the Environmental Planning and Assessment Act, 1979; Local Government Act 1993 and the Building Code of Australia except as detailed herein. Certain aspects of the improvements may not comply. No Certificate of Compliance has been obtained.



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66. That it has been assumed that all improvements to the property comply with the Terms and Conditions of all relevant statutory and other authorities except as detailed herein. No certification of compliance has been obtained.
- 1.03.10 Structural Survey**
67. That we emphasise that this report is for valuation purposes only and that it is not and should not be construed to be a structural survey.
- 1.03.11 Pest Survey**
68. That no enquiries or examination of any property or of any improvements erected thereon, has been made for any sign of timber infestation, asbestos or other defect. We recommend that a pest certificate be obtained.
- 1.03.12 Leases**
69. That leases have not been inspected and We reserve the right to reconsider the valuation should the leases indicate matters that may materially affect the value.
70. That leases have not been inspected in some instances and We reserve the right to reconsider the valuation should the leases indicate matters that may materially affect the value.
71. That leases have not been inspected in relation to () and We reserve the right to reconsider the valuation should the leases indicate matters that may materially affect the value.
72. That We have relied on Photostat copies of Leases provided and the Valuation is issued on the understanding that no dealings or changes have occurred since the date of search.
73. That we have assumed that all retail leases have been drafted in accordance with the Retail Leases Act 1994 and subsequent amendments. Should this not be the case we have adopted the overriding provisions of the Retail Leases Act 1994. Should Our assumptions in this regard prove to be incorrect We reserve the right to reconsider our Valuation findings herein;
- 1.03.13 Business (i.e. Pubs etc.)**
74. That this Valuation has been prepared on the understanding that the business operation remains profitable and that renewals are obtained for all licences and permits.
75. That it should be noted that as the basis of assessment is Current Market Value of the land and improvements, the value of the furniture, fitting and equipment as well as the business or goodwill are not included.
76. That this valuation has been prepared on the understanding that there is adequate potential profitability in the business when considered in relation to the Value of the total assets employed.
77. That it should be noted that as the basis of assessment is Current Market Value for Existing Use of the land and improvements, the value of the business or goodwill is not included.
78. That the trading figures have been provided by the Client and this valuation has been prepared in accordance with them. It was not possible to obtain audited figures. Should audited figures indicate matters that affect our valuation herein We reserve the right to reconsider same.
79. That the trading figures (Balance Sheet, Profit & Loss, Statement of Financial Position and Statement of Cash Flows) have been provided by the Client and this valuation has been prepared in accordance with them. It was not possible to obtain audited figures. Should audited figures indicate matters that affect Our valuation herein We reserve the right to reconsider same.
80. That this valuation has been prepared on the assumption that the hotel management will properly direct, supervise and operate the business in a good and efficient manner and to a good quality industry standard (not less than the standards from time to time prevailing in other similar properties and businesses) at competitive market room tariffs and prices for ancillary services. Further, it is assumed that hotel management will undertake planned and effective marketing of the property.
81. That it has not been possible to confirm Gaming Profits Tax and this valuation has been prepared on the understanding that the licensing authority has no outstanding orders issued against the property.
82. That it has not been possible to confirm any outstanding orders and this valuation has been prepared on the understanding that the licensing authority has no outstanding orders issued against the property.

1.03.14 Strata Title

83. That the Valuation is issued on the understanding that there are no claims, orders or resolutions pending which would result in any extraordinary levies being raised against the Strata Title holder that would give rise to a need to deduct these levies from the estimate of market value ascribed to the property herein.
84. We have not made an application to the Owner's Corporation/Strata Manager under the relevant provisions of the Strata Schemes Management Act of 2015, Strata Schemes Development Act 2015 and Strata Schemes Management Act 2015. As we have not made such an application, we recommend that before any action is taken in respect of the subject property including purchase, sale, mortgage fund advance or any other dealings with the property that such application is made. In the event that there are claims, orders or resolutions pending that would result in an extraordinary levy being raised against the strata title holder that we are not aware of, We reserve the right to reconsider our valuation herein.

1.03.15 Plant & Equipment

85. That it is emphasised that each and every one of our valuation figures herein excludes any plant or equipment erected on or associated with the respective properties. If the Client requires valuations of any plant and equipment, We would be only too happy to arrange this through our plant and machinery valuation division.
86. That We are not building services engineers and Our valuation assumes that the plant and equipment within the building including, inter alia, lift equipment, air conditioning equipment, fire services, security equipment and building maintenance equipment forms part of the Building and that they have been adequately designed to cater for a building of the size of the subject building. We have also assumed that all equipment has been maintained to a high standard. Should this not be the case We reserve the right to reconsider Our findings herein.
87. That We are not building services engineers and have not undertaken engineering inspections or taken advice on any of the plant and equipment and We therefore take no responsibility for the condition or suitability thereof.

1.03.16 Restricted Assessment – General

88. That where this Valuation or the Valuation Services are provided in circumstances where we have had restricted or no internal access to the property we have inspected the property from the nearest public road based on your Instructions. The resultant figure is an indicative estimate only and may vary significantly upon internal inspection for any one of a number of reasons. The Assessment/ Indicative Estimate is not and should not be construed to be a full and formal market valuation. It should not be relied upon as a formal valuation for any dealings with the property including sale, purchase, mortgage or loan fund advance. We recommend that a full and detailed valuation be undertaken including an internal inspection prior to any dealings with the property. We will not assume any negligence or liability for the Client's reliance on the Restricted Assessment/ Indicative Estimate herein.

1.03.17 Restricted Assessment – Company Takeover

89. That where this Valuation or the Valuation Services are provided for the purposes of or in relation to a takeover or proposed takeover of a company or firm, unless otherwise stated, no inspection of any property referred to has taken place other than an inspection of the exterior of such property from the nearest public road based on Your instructions. The resultant figure is an indicative estimate only and may vary significantly upon internal inspection for any one of a number of reasons. The Assessment/ Indicative Estimate is not and should not be construed to be a full and formal market valuation. It should not be relied upon as a formal valuation for any dealings with the property including sale, purchase, mortgage or loan fund advance. We recommend that a full and detailed valuation be undertaken including an internal inspection prior to any dealings with the property. We will not assume any negligence or liability for the Client's reliance on the Restricted Assessment/ Indicative Estimate herein.

1.03.18 Restricted Access Assessment – Residential

90. That this Restricted Access Assessment has been prepared in accordance with the Australian Property Institute's Supporting Memorandum for Residential Valuations within Professional Practice June 2008. It has been conducted by way of external inspection from the street only, as specifically instructed by the Client. The resultant figure is an indicative estimate only and may vary significantly upon internal inspection for any one of a number of reasons. The Assessment/ Indicative Estimate is not and should not be construed to be a full and formal market Valuation. It should not be relied upon as a formal Valuation for any dealings with the property including sale, purchase, mortgage or loan fund advance. We recommend that a full and detailed valuation be undertaken including an internal inspection prior to any dealings with the property. We will not assume any negligence or liability for the Client's reliance on the Restricted Assessment/ Indicative Estimate herein.

1.03.19 Discounted Cash Flow

91. That where We have forecast cash flows, future rental rates, expense costs, development costs, end project sale values and property values, will be determined by market forces. The figures and projections used in Our analysis and valuation are not a representation of a known or guaranteed future condition. Should the assumptions that We have made as to timing, cash inflows and cash outflows prove to be incorrect We reserve the right to reconsider our findings herein.

1.03.20 Market Transaction Evidence

92. That the sales or leasing evidence which We have utilised has been obtained from reliable sources including RP Data (Sales data produced from the NSW Land Registry Services and Valuer General's Department), and the Commercial Property Monitor. 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 or leasing 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.

93. That where sales data has been obtained from the RP Data/Land Registry Services and Valuer General's database, 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 Land Registry Services records. Accordingly with this type of transaction, We rely on separate enquiries to attempt to obtain all available sales data.

94. That 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.

95. That in most instances it has not been possible for us to inspect sale and lease evidence properties internally, however they have been externally inspected for purposes of carrying out our valuation.

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

97. That in analysing the sales and/or leasing evidence referred to herein, it is noted that we have attempted to ascertain whether or not the sale price/rental is inclusive or exclusive of the Goods and Services Tax (GST). Apropos sales evidence, it is emphasised that the New South Wales Land Registry Services does 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 Land Titles Office 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.

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

1.03.21 Risk Assessment Matrix

99. That the Risk Analysis provided within Our report has been prepared based on information available to Us at the date of preparation of this report. Accordingly, We will not be held responsible, liable or negligent for any unforeseen future market downturns.

100. That the risk ratings in Our Valuation or Valuation Services Reports are provided as a guide to alert the reader of the report to issues which impact the value of the property. Each risk rating and feature should be considered in the context of the comments, terms and conditions contained within the report. We have, in some instances, estimated risk ratings based on matters identified at the time of inspection or upon review of documentation available. Should there be matters that impact upon the valuation and risk rating assessment herein that we are not aware of, we reserve the right to reconsider the risk ratings and valuation herein. Where the risk rating may be seen by You to contradict any comment or statement in Our report, to avoid any doubt, the comments and statements in Our report prevail.

1.03.22 Progress Claim

101. That in undertaking the progress inspection for the loan draw down purposes We emphasise that We have not supervised the work on a day to day basis. We have merely inspected the property on the date in the report. Furthermore, we have assumed that all work is carried out in accordance with the approved plans and specifications, the Local Government Act 1993 and the Building Code of Australia in a good and workmanlike manner.

1.03.23 Executive Summary

102. That 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 this executive summary forms part. All comments, terms and conditions contained in the full valuation report and Quotation relate directly to this Executive Summary.

1.03.24 Statutory Valuation

103. That We have relied on information supplied by the NSW Office of State Revenue or the relevant Local Authority. If this information proves to be incorrect We reserve the right to reconsider our valuation herein.

1.03.25 Insurance Replacement Cost – Residential

104. That Our insurance Replacement Cost estimate has been prepared on the assumption that Our insurance valuation includes:-

- (a) demolition and removal of debris;
- (b) physical replacement;
- (c) a contingency; and
- (d) fees; only.

105. No allowance has been included for escalation during a town planning application period or rebuilding period or for loss of rental during any re-building period which, if included, by definition, is an opinion of Insurance Reinstatement Value.

106. That Our insurance replacement cost estimate has been prepared on the basis of current values with no allowance being made for escalation during the ensuing twelve month period. Further, We have not made allowance for escalation for any planning, application or extended re-building period. To deal with the problem of escalating costs during the ensuing 12 months and any extended re-building period; We suggest that you discuss an appropriate escalation clause with your insurance broker. However it excludes any fitout or further fitting or equipment.

107. That Our insurance replacement cost estimate has been prepared on the assumption that the insurance assessment is prepared on the basis of replacement. Such assessment includes fixtures and fittings and such other items normally considered to form part of the building;
108. That Our insurance replacement cost estimate has been prepared on the assumption that the requirements of The Building Code of Australia, Local Government Act 1993 and the Board of Fire Commissioners are taken into account as is, in Our experience, appropriate.
109. That Our insurance replacement cost estimate has been prepared on the assumption that the improvements may be reconstructed without any undue delays for planning and development approvals/ consents. To deal with the problem of potential planning or development consent delays We suggest that you discuss an appropriate policy clause with your insurance broker.
- 1.03.26 Insurance Reinstatement Cost – Non – Residential**
110. That Our Insurance Reinstatement Cost estimate includes:-
- (a) Demolition and removal of debris;
 - (b) Physical replacement cost (which we have considered on a rate per square metre basis from the Rawlinson’s Australian Construction Cost Handbook);
 - (c) A contingency;
 - (d) Fees;
 - (e) An estimated time allowance for planning and development application and approvals;
 - (f) An estimated time allowance for a re-building period;
 - (g) An estimated time allowance for a re-letting period beyond the re-building period (relative to an assessment of loss of rental time allowance where an investment property as opposed an
- (h) An allowance for annual growth in costs (inflation) relative to the above time periods which we have considered from the historic price indices in Rawlinson’s Australian Construction Handbook and CPI Inflation forecasts where available.
111. Should Our estimates of time allowances for planning development approvals, re-building periods, re-letting periods or Our estimates of cost/cost growth/inflation prove to be incorrect we reserve the right to reconsider same.
112. We have included the above items in Our assessment of Insurance Reinstatement Cost which We understand typically are included in the Industrial Special Risks (IRS) Mark 5 policy wording. You should check your policy wording to confirm that these items are inclusions in Your insurance cover. In the event that they are not inclusions or that other items need to be added to or included You should contact us to revise the estimate so that it aligns with Your ISR policy wording.
113. We also note that Our estimate of Insurance Reinstatement Cost excludes any allowances for site or building contamination clean-up costs. Where land is contaminated the clean-up of the land following an insurance event that leads to a redevelopment application may protract timing allowances for planning and development approvals, demolition and removal of debris and the overall reconstruction period it may also add to rebuilding costs. In the event that any unforeseen contamination clean-up leads to an additional time allowance for re-building as a result of contamination clean-up or any additional costs are to be included we reserve the right to reconsider our Insurance Reinstatement Assessment herein.
114. That Our insurance Replacement and/or Reinstatement cost estimate is based on a building cost estimate prepared on a rate per square metre basis wherein we have relied on composite construction cost rates from the most recent edition of the Rawlinson’s Construction Cost Guide. Our estimate is not based on elemental construction cost guides that would normally be prepared by a cost planner or quality surveyors.

1.03.27 Tenant Viability

115. That in preparing our valuation we have assumed that the tenant/all tenants business (es) will remain economically viable and that the tenant(s) will continue to meet their rental obligations under the lease. Should this not be the case, we reserve the right to reconsider our valuation herein. Where rent reviews have been overlooked we have assumed that they may be implemented.

1.03.28 Specific Client Instructed Assumptions

116. That, as instructed by You, We have prepared Our valuation based on the assumption that (INSERT ASSUMPTION). Should these circumstances not prevail We reserve the right to reconsider Our valuation herein. At the date of preparation the likely value adjustment of the circumstances not prevailing would be approximately (INSERT ADJUSTMENT).

1.03.29 Time Base Assumption

117. That Our valuation or valuation services have been prepared at a time when (ADD CIRCUMSTANCE/MAJOR ECONOMIC OR WORLD EVENT). Our valuation assumes that both economic and real estate markets will remain relatively stable subject to usual economic and real estate circumstances. In the event that there is an impact of the above events or abnormal circumstances on the economy and real estate markets in general, we reserve the right to reconsider our valuation herein.

1.03.30 Time Base Assumption 23.10.2018

118. That Our valuation or Valuation Services have been prepared at a time when markets are declining in certain sectors due to a number of economic and real estate market circumstances including, inter alia:-

- (a) The continuing uncertainties regarding the global geopolitical environment including the potential for further escalation of global trade wars;
- (b) The general impact of the Hayne Financial Services Royal Commission and the tightening of lending and credit availability from major banks in certain market sectors that has resulted;

(c) The increase in the cost of debt and terms offered for that debt available from the non-bank lending sector as opposed to that previously available from the banks ;

(d) The prospect of rising interest rates in Australia given the continuing disparity between Australia's Reserve Bank Cash Rate and the United States Federal Reserve Rate as well as the disparity between 10 year term to maturity bonds which, notwithstanding the current Australian inflationary environment, will continue to put upward pressure on interest rate movements in Australia;

(e) The immediate noticeable and widely reported impact of the above circumstances on residential property markets and residential development site markets particularly in Sydney; and

(f) The prospect of further contagion occurring, not only at an economic level, but also into other real estate sectors and geographic locations.

119. Notwithstanding these circumstances, Our Valuation assumes that both economic and real estate markets will remain relatively stable for the next 3 months subject to usual economic and real estate circumstances.

120. We have attempted to identify recent sales and /or leasing transactions to prepare our valuation. Where there is a paucity of recent sales and or leasing evidence we have, to the best of our ability, adjusted sales and or leasing evidence being mindful of the current circumstances. In the event that there is further decline in the economy and or real estate markets in general, we reserve the right to reconsider our valuation herein.

1.03.31 Publication Report Disclaimer

121. The information provided within this publication should be regarded solely as a general guide. We believe that the information herein is accurate however no warranty of accuracy or reliability is given in relation to any information contained in this publication. Nor is any responsibility accepted for any loss or damage whatsoever arising in any way for any representation, act or omission, whether expressed or implied (including responsibility to any person or entity by reason of negligence) accepted by Preston Rowe Paterson Sydney Pty Ltd or any of its associated offices or any officer, agent or employee of Preston Rowe Paterson Sydney Pty Limited.

1.03.32 COVID-19 (Coronavirus disease)

122. Our valuation has been prepared at a time when the COVID-19 (Coronavirus disease) is having a profound and unprecedented impact on global economies, stock markets and capital markets.

The World Health Organisation has now declared COVID-19 a pandemic.

Because of the lag in real estate market transactions there has not yet been a body of sales or leasing transaction evidence that reflects the prospect of worsening economic and or real estate market conditions.

Early signs are that certain industries are being affected more so than others at this time.

Governments around the world, whom have all but exhausted the prospect on monetary policy stimulus given the already low interest rate environment, are rapidly developing fiscal stimulus strategies to avert a prolonged recessionary environment and unpin economic activity.

In preparing our valuation we have considered sales and leasing transaction evidence that occurred recently and possibly prior to the onset of the current circumstances. We have also, where possible, considered transactions that have occurred since the circumstances of the Coronavirus were known to real estate market participants (buyers and sellers, lessors and lessees).

We have also considered the supply and demand characteristics for the subject property asset class at the date of valuation. To do this we have had extensive discussions with real estate agents and market participants to consider the rental and capital markets for the subject property in the current environment.

Where necessary we have attempted to reflect the circumstances as they may affect the subject property in our valuation herein. Should our basis of assessment of the impact of the current circumstances for the subject property prove to be incorrect, we reserve the right to reconsider our findings herein.