HillPDA CONSULTING

# JUNEE SHIRE INDUSTRIAL AREA

## Feasibility Assessment

Prepared for Junee Shire Council

Adopted 19 December 2023
Minute No 8.12.23

December 2023

# Contents



# Tables



# Figures

# Quality Assurance

## Report Contacts

**Adrian Hack**
***Principal, Urban and Retail Economics***
M. Land Econ. B.Town Planning (Hons). MPIA
Adrian.Hack@hillpda.com

## Quality Control

This document is for discussion purposes only unless signed and dated by a Principal of HillPDA.

## Reviewer

| | | | |
|---|---|---|---|
| Signature |  | Dated | 13/12/23 |

## Report Details

| | |
|---|---|
| Job Number | C23103 |
| Version | Final |
| File Name | Junee Industrial Area Feasibility Assessment |
| Date Printed | 13/12/23 |

# 1.0 INTRODUCTION

Junee Shire has a current population of almost 6,500, which is expected to increase by a further 1,200 by 2040. In its Local Strategic Planning Statement Council identified a need for more serviced industrial land to provide jobs and services for the growing population. Junee has no available industrial zoned sites for future businesses.

Council had considered several location options for an industrial precinct and settled on the area immediately to the north of Junee township on the western side of Old Junee Road as identified in the LSPS.

HillPDA was engaged by Council under supervision of NDP Economic Development to assess the feasibility of and industrial precinct in this area. This report summarises the findings of that assessment.

This report is structured in the following chapters:

- Chapter 1: Introduction
- Chapter 2: Market appraisal: considers the market appetite for serviced industrial land in Junee, sales and other relevant data in Junee, Wagga Wagga and other surrounding towns.
- Chapter 3: Development option: provides a description of development and development costs
- Chapter 4: Feasibility assessment: summarises the key performance indicators from the financial modelling of a hypothetical development of the land for an industrial estate.
- Chapter 5: Discusses project risks and implementation steps to ensure delivery while mitigating those risks.

# 2.0 MARKET APPRAISAL

## 2.1 Stakeholder consultation

A workshop with Councillors was held on the 11 July 2023 to gage opinions on market appetite for industrial land uses in Junee. There was general consensus amongst the Councillors that Junee has no industrial sites available for new businesses yet there is latent demand for industrial sites. Most attention has been in Wagga Wagga and recently Coolamon has attracted market interest. Junee offers a cheaper alternative to Wagga Wagga. Most likely businesses in the industrial park would be light industrial land uses serving the local or sub-regional area including agri-businesses.

There were mixed opinions regarding possible use of the railway line and preferred locations for an industrial estate. Suggestions included Old Junee and Illabo as well as Junee. Notwithstanding there was general agreement that land was needed for an industrial estate.

Coolamon was often noted by Councillors as a successful business estate although it still hasn't been formally marketed. There are no confirmed sales transactions. This is a long piece of land stretching 1.1km fronting Wade Street and backing onto the railway line. Its main advantage is that little work is required to develop the site. It does not require the construction of a new road. Coolamon Shire Council advises that the lots will range in size from 2,000sqm to 2,900sqm and that there has been strong interest with an end sale price of around $125/sqm.

Conversations with local agents have indicated that due to the limited availability of industrial land in Junee, this is an untested product and the appetite for industrial land by locals is unknown. The price point of land in Junee would need to be economical to attract buyers from Wagga Wagga industrial estate which is about a 20 minute commute.

## 2.2 Industrial sales

Activity in the industrial property market in Junee has been quiet over the past three years with no new transactions or long-term leases. By contrast Wagga Wagga has been quite active. Recent transactions are summarised below.

**Table 1: Recent freehold sale transactions**

| Address | Sale price<br>Sale date | Land area<br>$/sqm (unimproved) | Comments |
|---|---|---|---|
| **35-37 Dobney Avenue, Wagga Wagga** | $3,600,000<br>Mar, 2022 | 2,744sqm<br>$364 | Near regular shaped parcel of land sold as an investment industrial/showroom asset. Underlying zone of E3 Productivity Support. Deducting an estimate of the value of the depreciated improvements shows an underlying unimproved land value of around $1m. |
| **5-7 Dobney Avenue, Wagga Wagga** | $1,250,000<br>Jul, 2022 | 2,087sqm<br>$263 | Older style multi-tenant industrial/showroom building. Underlying zone of E3 Productivity Support. Deducting an estimate of the value of the depreciated improvements shows an underlying unimproved land value of around $0.7m. |
| **27 Dobney Avenue, Wagga Wagga** | $1,300,000<br>Aug, 2022 | 2,144sqm<br>$373 | Older style industrial building. Underlying zone of E3 Productivity Support. Deducting an estimate of the value of the depreciated improvements shows |

| Address | Sale price<br>Sale date | Land area<br>$/sqm (unimproved) | Comments |
|---|---|---|---|
| | | | an underlying unimproved land value of around $0.8m. |
| **1 Mortimer Place, Wagga Wagga** | $720,050<br>Oct, 2022 | 1,043sqm<br>$479 | Older style industrial building. Underlying zone of E4 General Industrial. Deducting an estimate of the value of the depreciated improvements shows an underlying unimproved land value of around $0.5m. |
| **43 Dobney Avenue, Wagga Wagga** | $1,200,000<br>Dec, 2022 | 2,719sqm<br>$257 | Older style multi-tenant industrial/showroom building. Underlying zone of E3 Productivity Support. Deducting an estimate of the value of the depreciated improvements shows an underlying unimproved land value of around $0.7m |
| **2 Berthong Street Cootamundra** | $429,000<br>Jul, 2022 | 7,118sqm<br>$21 | Older style warehouse. Underlying zone of E4 General Industrial. Deducting an estimate of the value of the depreciated improvements shows an underlying unimproved land value of around $0.15m |
| **2-10 King Drive, Cootamundra** | $550,000<br>Mar, 2023 | 5,169sqm<br>$54 | Older style warehouse. Underlying zone of E4 General Industrial. Deducting an estimate of the value of the depreciated improvements shows an underlying unimproved land value of around $0.28m |

Recent strata sales in Wagga Wagga is shown in the table immediately below.

**Table 2: Recent industrial strata sale transactions**

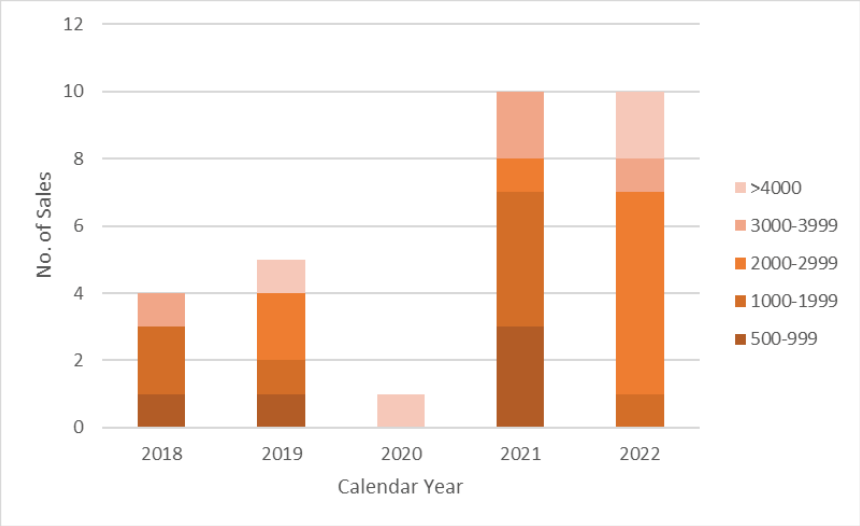
| Address | Sale price<br>Sale date | Building area<br>$/sqm | Comments |
|---|---|---|---|
| **1/181 Hammond Avenue East Wagga Wagga** | $731,500<br>June 2022 | 378sqm<br>$1,935 | Modern industrial unit built circa 2015 |
| **3/181 Hammond Avenue East Wagga Wagga** | $616,000<br>Mar. 2022 | 336sqm<br>$1,833 | As above |
| **7/181 Hammond Avenue East Wagga Wagga** | $390,000<br>May 2022 | 171sqm<br>$2,281 | As above |
| **7 & 8/24 Houtman Street, Wagga Wagga** | $605,000<br>Jul. 2021 | 261<br>$2,318 | Brand new complex |

No. 7/24 Houtman Street, Wagga Wagga is on the market with an an asking rent of $28,000 per annum which equates to $199/sqm of building area.

## 2.3 No. of Sales in Wagga Wagga

Activity has been high in the post COVID period as depicted by the number of sales shown in the chart immediately below.

**Figure 1: Sales volume by size between 2018 and 2022**




Source: Source: CoreLogic RPData

## 2.4 Vacant land sales

Recent vacant land sales are shown in the table immediately below.

**Table 3: Vacant industrial land**

| Address | Sale price<br>Sale date | Land area<br>$/sqm (unimproved) | Comments |
|---|---|---|---|
| **64 Pearson Street, Wagga Wagga** | $7,970,000<br>Feb. 2022 | 46,720sqm<br>$171/sqm | Near regular shaped parcel of land purchased by Bunnings which indicated interest in relocating to the site. Minimally improved. Underlying zone of E3 Productivity Support. |
| **5 Barrett Street Cootamundra** | $137,500<br>July 2022 | 4,101sqm<br>$34/sqm | Irregular shaped and flat parcel of land. Sealed street frontage, kerbed and guttered, power and water available. Underlying zone of E4 General Industrial. |
| **101-173 Cowcumbla Street Cootamundra** | $850,000<br>Mar. 2023 | 23.45ha<br>$3.62/sqm | Irregular shaped of land. Partly flood prone land. Recently being used as a 5 megawatt solar farm with battery energy storage facility |
| **3 Dangar Place, East Wagga Wagga** | $740,000<br>Oct. 2022 | 6,167sqm<br>$120/sqm | Near regular shaped parcel of land. Located within a new industrial subdivision. Underlying zone of E4 General Industrial. |
| **6 Dangar Place, East Wagga Wagga** | $552,640<br>May 2023 | 5,024sqm<br>$110/sqm | Near regular shaped parcel of land. Located within a new industrial subdivision. Underlying zone of E4 General Industrial. |

As shown in the above table there is considerable variation in sale price on dollar per square metre basis. Due to the limited availability of industrial land in Junee and inactivity over the past several years serviced industrial land is an untested product and the appetite for industrial land is unknown.

However effective demand is restricted by supply. Inactivity can be the result of supply constraints rather than lack of demand and that the market could be more active if the level of supply was increased. The view from Councillors and industry representatives is that there is some latent demand for industrial land but without increasing supply the market will remain inactive. In the implementation section we'll look at options for providing industrial lands with methods to de-risk the process for Council.

# 3.0 DEVELOPMENT OPTION

Several locations for an industrial park were previously investigated by Council. The preferred location was immediately north of the town. This land was preferred due to its proximity to the town centre and relatively straightforward to service. The land is currently zoned RU1 and would require rezoning. It was identified in the LSPS for investigation for future industrial land as depicted in the diagram immediately below.

**Figure 2: Industrial land investigation area**


Source: Junee Local Strategic Planning Statement 2020

For the purpose of the feasibility testing we have assumed a hypothetical industrial estate 18.9 hectares in size comprising an internal road and 60 industrial lots with an average size of 2,700sqm. This is a preferable size for small lot subdivision predominantly for urban services although there is flexibility to have varying lot sizes.

MJM Consulting Engineers costed the hypothetical development including subdivision, road construction and servicing (water, sewer, drainage, power and NBN) at around $15.55m net of GST. This includes design costs, application fees and contingencies but excludes land costs, developer contributions, finance and marketing costs. This calculates to $96/sqm of developable land.

# 4.0 FEASIBILITY ASSESSMENT

## 4.1 Feasibility methodology

The feasibility of the proposed industrial estate was done using the Argus Estate Master Development Feasibility (EM) model (which was developed by HillPDA prior to the sale of Estate Master to Argus). The model provides a forecast cashflow of project revenues and costs discounted to a net present value (NPV) based on a target discount rate that reflects the level of project risk including planning, market, financial and procurement risks.

For a project of this scale to be viable we would expect to achieve an internal rate of return of around 14% to 17% and a development margin of 17% or more.

Please note that recent conditions have been highly unfavourable for the development industry including recent rises in interest rates, tightening of lending requirements, an increase in market risk combined with a sharp fall in pre-sales, increasing developer contributions and planning risk, recent escalation in construction costs, supply chain constraints and an increase in procurement risk and cost overruns. In theory these conditions should push hurdle rates up, but this is having significant impacts on residual land values making it difficult to procure development sites. For the purpose of the feasibility testing, we have assumed that conditions will improve over the next year or two.

## 4.2 Feasibility results

The summary of the feasibility results is shown in the table immediately below.

**Table 4: Summary of Project Returns**

| | Total AUD | AUD Per Saleable hectare | AUD Per Ha of Site Area | % of Total Net Costs | Total Exc GST |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| **Gross Sales Revenue** | 23,496,525 | 1,450,403 | 1,243,202 | 125.1% | 23,496,525 |
| Less Selling Costs | (499,024) | (30,804) | (26,403) | -2.7% | (499,024) |
| NET SALES REVENUE | 22,997,501 | 1,419,599 | 1,216,799 | 122.4% | 22,997,501 |
| Less GST paid on all Revenue | - | - | - | 0.0% | |
| **TOTAL REVENUE (after GST paid)** | **22,997,501** | **1,419,599** | **1,216,799** | 122.4% | 22,997,501 |
| **Costs** | | | | | |
| Land Purchase Cost | 567,000 | 35,000 | 30,000 | 3.0% | 567,000 |
| Land Acquisition Costs | 23,440 | 1,447 | 1,240 | 0.1% | 23,440 |
| **Construction Costs** | 15,592,158 | 962,479 | 824,982 | 83.0% | 15,592,158 |
| Professional Fees | 372,959 | 23,022 | 19,733 | 2.0% | 372,959 |
| Statutory Fees | 52,971 | 3,270 | 2,803 | 0.3% | 52,971 |
| Section 7.12 | 159,301 | 9,833 | 8,429 | 0.8% | 159,301 |
| Project Contingency (Reserve) | 1,138,605 | 70,284 | 60,244 | 6.1% | 1,138,605 |
| Pre-Sale Commissions | 88,389 | 5,456 | 4,677 | 0.5% | 88,389 |
| Finance Charges (inc. Fees) | 76,096 | 4,697 | 4,026 | 0.4% | 76,096 |
| Interest Expense | 712,750 | 43,997 | 37,712 | 3.8% | 712,750 |
| **TOTAL COSTS (after GST reclaimed)** | **18,783,669** | **1,159,486** | **993,845** | 100.0% | 18,783,669 |

| **Performance Indicators** | | Per Saleable hectare | Per Ha of Site Area | Total Exc GST |
|---|---|---|---|---|
| [1] Net Development Profit | 4,213,832 | 260,113 | 222,954 | |
| [3] **Development Margin (Profit/Risk Margin)** | **22.43%** | | | |
| [4] Residual Land Value | 1,083,783 | 66,900 | 57,343 | 1,083,783 |
| [5] **Net Present Value** | **459,364** | | | |
| [6] Benefit Cost Ratio | 1.0359 | | | |
| [7] **Project Internal Rate of Return (IRR)** | **18.00%** | | | |
| [8] Residual Land Value | 1,018,440 | 62,867 | 53,886 | 1,018,440 |

**Footnotes:**

1 Development Profit: is total revenue less total cost including interest paid and received
3 Development Margin: is profit divided by total costs (exc selling & leasing costs)
4 Residual Land Value: is the maximum purchase price for the land whilst achieving the target development margin.
5 Net Present Value: is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax.
6 Benefit:Cost Ratio: is the ratio of discounted incomes to discounted costs and includes financing costs but excludes interest and corp tax.
7 Internal Rate of Return: is the discount rate where the NPV above equals Zero.
8 Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.

The above financial returns are quite good for an industrial land development of this type. The development margin appears healthy at more than 22% but this performance indicator is less relevant than the project IRR given the project life of 7 plus years.

Project IRR is strong at 18% and is above the target of 14% to 17% as mentioned above. However this is predicated on the assumptions of eight lots being sold per annum with a sale value of $125/sqm and escalating at 4% per annum. Any change to one or more of these assumptions would impact the financial returns considerably.

## 4.3 Assumptions

Assumptions in the modelling include the following:

1. Project commencement is January 2024
2. Rest period is months.

3. An upfront land cost was included at $30,000 per hectare sourced from comparable non-urban site sales of broad acreage land in the Junee LGA since July 2000.
4. Early planning commences immediately.
5. Development occurs in two stages.
6. Construction for Stage 1 commences in Month 15 and spans 9 months.
7. Pre-selling lots commences in Month 9.
8. Average sales rate is 8 lots per annum.
9. The cost of roads, kerb and gutter, landscaping and services was sourced from MJM.
10. The cost of professional services and application fees was sourced from MJM.
11. A 7.0% contingency on total project costs (net of land and finance costs) was included.
12. Professional fees and application fees (development application, construction certification, long service levy and miscellaneous fees) were sourced from MJM.
13. A Section 7.12 was included at 1% of design and construction cost paid immediately before construction for each stage of works.
14. All above costs were escalated a 4.0% per annum up to commencement of each stage of works.
15. Sale of lots is assumed at $125/sqm net of GST.
16. Revenues are assumed to escalate at 4.0% per annum up to exchanged dates.
17. Sales commission, marketing and legal costs on sale was included at 2.5% of gross sales revenue.
18. All costs above are expressed net of GST.
19. The project is funded using developer's equity of $2m drawn down first. Thereafter future costs are funded by debt and project revenue. Debt is unlimited and interest is charged monthly in arrears and capitalised at 7% per annum (0.58% per month).

## 4.4 Risk assessment

As shown in the summary table above the project is viable if development is staged and the lots are sold at a rate of 8 lots per annum with a current price of $125/sqm. The project IRR is 18% which is a good return.

However there is a considerable level of market risk with the project and in particular there is a high level of uncertainty with the rate of sale of lots. Scenario analysis was undertaken to test the impact of slower rates of sale on project returns – 6 lots per annum and 4 lots per annum. The results are shown in the table below.

**Table 5: Scenario Testing – Project returns under varying market take-up rates**

| Scenarios | Strong | Medium | Slow |
|---|---|---|---|
| | Good market - Project life = 7 years | Medium Market - Project life = 9 years | Slow Market - Project life = 13 years |
| **Junee Industrial Land Subdivision** | Industrial Land Subdivision - Sale of 8 lots per annum | Industrial Land Subdivision - Sale of 6 lots per annum | Industrial Land Subdivision - Sale of 4 lots per annum |
| | 60 Lots | 60 Lots | 60 Lots |
| **Revenues** | | | |
| Gross Sales Revenue | 23,496,525 | 24,601,096 | 26,422,006 |
| Less Selling Costs | (499,024) | (524,375) | (566,775) |
| TOTAL REVENUE (after GST paid) | 22,997,501 | 24,076,721 | 25,855,231 |
| **Costs** | | | |
| Land Purchase Cost | 567,000 | 567,000 | 567,000 |
| Land Acquisition Costs | 23,440 | 23,440 | 23,440 |
| Construction (inc. Construct. Contingency) | 15,592,158 | 16,158,336 | 17,025,350 |
| Professional Fees | 372,959 | 384,736 | 402,272 |
| Statutory Fees | 52,971 | 55,038 | 58,124 |
| Section 7.12 | 159,301 | 165,101 | 173,976 |
| Project Contingency (Reserve) | 1,138,605 | 1,179,770 | 1,242,745 |
| Pre-Sale Commissions | 88,389 | 90,653 | 93,775 |
| Finance Charges (inc. Fees) | 76,096 | 77,350 | 79,919 |
| Interest Expense | 712,750 | 863,137 | 1,228,629 |
| TOTAL COSTS (after GST reclaimed) | 18,783,669 | 19,564,561 | 20,895,231 |
| **Performance Indicators** | 1 | 2 | 3 |
| [1] Gross Development Profit | 4,213,832 | 4,512,160 | 4,960,000 |
| [3] Development Margin (Profit/Risk Margin) | 22.43% | 23.06% | 23.74% |
| [4] Residual Land Value (Target Margin) | 1,083,783 | 1,150,276 | 1,189,056 |
| [6] Net Present Value | 459,364 | 14,330 | (585,924) |
| [9] Project Internal Rate of Return (IRR) | 18.00% | 15.08% | 11.91% |
| [10] Residual Land Value (NPV) | 1,018,440 | 581,084 | (14,078) |

1. Development Profit: is total revenue less total cost including interest paid and received
3. Development Margin: is profit divided by total costs (exc selling & leasing costs)
4. Residual Land Value: is the maximum purchase price for the land w hilst achieving the target development margin.
6. Net Present Value: is the project's cash flow stream discounted to present value. It includes financing costs but excludes interest and corp tax.
9. Internal Rate of Return: is the discount rate w here the NPV above equals Zero.
10. Residual Land Value (based on NPV): is the purchase price for the land to achieve a zero NPV.

Project IRR is considerably lower when market take-up is reduced to four lots per annum. However an IRR of 12% is still a good result under this pessimistic scenario. A greater risk is if there is no escalation in end sale values and/or the price of the lots need to be discounted to sell. This could result in negative profit. A sales rate of four lots per annum combined with no escalation in end sale values results in a negative margin of 10% and a project IRR of 0.4%.

In the next section we consider some options for implementation to facilitate the delivery of the industrial estate while minimising risk to Council.

# 5.0 RISK MANAGEMENT AND IMPLEMENTATION

As discussed above the main risk the project is market risk. Other risks include planning risk and procurement risk including capital costs and cost overruns. Planning risk is unlikely to impact Council's budget as significantly as market and procurement risk. It can however affect the timing of the project and delay economic development and job creation.

As stated above construction costs and procurement risk has increased considerably over the past couple of years, but we expect conditions to normalise over the next few years and that capital works can be delivered cost effectively through more price competitive tendering.

Market risk is the strongest risk to project success. Below are some options and/or steps to assist in reducing project risk while ensuring project objectives are met. Some of these options can be combined.

## 5.1 Rezone the land.

Council could rezone the land and then simply leave it to the land owners to develop. The main advantage with this option is little capital outlay for Council and little financial risk. The main disadvantage with this option is that it will not ensure delivery of the industrial estate. It is dependent on the land owners committing to development.

Note that whatever delivery method is used, rezoning will be necessary to develop the land for industrial purposes.

## 5.2 Council develops the land

In this option Council acquires the land or portion of land, rezones it, and develops it themselves. While this option gives Council more certainty of outcome it means that Council accepts full project risk. On the upside there is an opportunity for Council to make an investment return.

This option relies on a land owner willing to sell their site to Council. To avoid possible escalation from speculation, Council should negotiate and acquire the site prior to rezoning.

## 5.3 Private public partnership

In this option Council undertakes the development on the land without acquiring the land. This is a joint venture whereby the land owner contributes the land to the project and Council develops it into industrial lots. Revenue sharing between the equity partners is arranged through a legal contractual agreement. There are some advantages with this arrangement which can reduce financial exposure to Council and reduce various ancillary costs such as stamp duty on acquisition and interest costs. However it can involve considerable legal and accounting costs.

## 5.4 Grant funding

Council could prepare a business case for State or Federal Government funding for enabling infrastructure. The main case for grant funding is that infrastructure costs are high and neither Council nor the land owners have the budget for it. Grant funding is therefore essential to ensure the project objectives of job growth and economic development in Junee and the delivery of essential services.

## 5.5 Pre-selling

Pre-selling lots 'off-the-plan' helps to de-risk the project by reducing market risk. If bank financing is sought, then the bank is likely to require a proportion of pre-sales before lending.

## 5.6 Staging

The financial modelling assumed a two staged development. A further option is a three staged development with the first lots directly fronting the existing road infrastructure (Old Junee Road). The advantage with this option is it advances some revenue ahead of capital works which improves the cash flow and reduces interest costs. The disadvantage with this option is that it results in a higher number of properties with direct frontage to the existing road. It would require an extension of the 50kmph zone along the Old Junee Road.

## 5.7 Suggested next steps for Council

Suggested next steps for Council is provided immediately below. These steps have been suggested to assist in advancing the industrial precinct without Council over-committing or exposing itself to significant risks.

1. Meet and discuss with land owners interested in developing industrial land in Junee LGA.
2. Provide contextual information and support that might facilitate development of additional industrial land.
3. Investigate what suitable grants might be available to help to deliver the necessary infrastructure to support industrial land development.
4. Consider any suitable planning proposals for additional industrial land on their merits and with reference to Council's relevant strategies.
5. In consultation with the NSW Department of Planning, take the necessary steps to rezone land for industrial uses.
6. Continue working with the land owners to encourage development for industrial uses promptly.

## Disclaimer

1. This report is for the confidential use only of the party to whom it is addressed ("Client") for the specific purposes to which it refers and has been based on, and takes into account, the Client's specific instructions. It is not intended to be relied on by any third party who, subject to paragraph 3, must make their own enquiries in relation to the issues with which this report deals.

2. HillPDA makes no representations as to the appropriateness, accuracy or completeness of this report for the purpose of any party other than the Client ("Recipient"). HillPDA disclaims all liability to any Recipient for any loss, error or other consequence which may arise as a result of the Recipient acting, relying upon or using the whole or part of this report's contents.

3. This report must not be disclosed to any Recipient or reproduced in whole or in part, for any purpose not directly connected to the project for which HillPDA was engaged to prepare the report, without the prior written approval of HillPDA. In the event that a Recipient wishes to rely upon this report, the Recipient must inform HillPDA who may, in its sole discretion and on specified terms, provide its consent.

4. This report and its attached appendices are based on estimates, assumptions and information provided by the Client or sourced and referenced from external sources by HillPDA. While we endeavour to check these estimates, assumptions and information, no warranty is given in relation to their reliability, feasibility, accuracy or reasonableness. HillPDA presents these estimates and assumptions as a basis for the Client's interpretation and analysis. With respect to forecasts, HillPDA does not present them as results that will actually be achieved. HillPDA relies upon the interpretation of the Client to judge for itself the likelihood of whether these projections can be achieved or not.

5. Due care has been taken to prepare the attached financial models from available information at the time of writing, however no responsibility can be or is accepted for errors or inaccuracies that may have occurred either with the programming or the resultant financial projections and their assumptions.

6. This report does not constitute a valuation of any property or interest in property. In preparing this report HillPDA has relied upon information concerning the subject property and/or proposed development provided by the Client and HillPDA has not independently verified this information except where noted in this report.

7. In relation to any valuation which is undertaken for a Managed Investment Scheme (as defined by the Managed Investments Act 1998) or for any lender that is subject to the provisions of the Managed Investments Act, the following clause applies:

   *This valuation is prepared on the assumption that the lender or addressee as referred to in this 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 risk 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 the lender is providing mortgage financing at a conservative and prudent loan to value ratio.*

8. HillPDA makes no representations or warranties of any kind, about the accuracy, reliability, completeness, suitability or fitness in relation to maps generated by HillPDA or contained within this report.

*Liability limited by a scheme approved under the Professional Standards Legislation*


**SYDNEY**

Level 3, 234 George Street
Sydney NSW 2000
GPO Box 2748 Sydney NSW 2001
t: +61 2 9252 8777
f: +61 2 9252 6077
e: sydney@hillpda.com

**MELBOURNE**

Suite 114, 838 Collins Street
Docklands VIC 3008
t: +61 3 9629 1842
f: +61 3 9629 6315
e: melbourne@hillpda.com

**WWW.HILLPDA.COM**