URBIS

LATHLAIN PARK ZONE 1 FUNDING ANALYSIS

Prepared for Town of Victoria Park

January 2024

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EXECUTIVE SUMMARY

Urbis was engaged by the Town of Victoria Park to inform funding decisions for Lathlain Park Zone 1 area within the broader Lathlain Park Redevelopment Precinct.

The Lathlain Zone 1 project includes AFLW and WAFL level football operations and spectator facilities, a Town operated community space, streetscape upgrades and on street parking, and creation of a vacant development site.

Following value management, the cost estimate for the facility is currently $23.832m. Secured funding currently totals $14.2m ($5m Town contribution, $4m State government grant, $4m Federal Government grant, $1m West coast eagles lease payment and $200,000 Western Australian Football Commission).

Exploration and analysis was required to understand options for the facility, including whether the adjacent development site can be leveraged to accommodate or offset additional capital funding required to deliver the project.

The incomes analysed in the Options are derived from market research, advice from the Town and the APC valuation report. Further works to support these figures may assist in the next steps for establishing a viable option forward for the Town.

FUNDING OPTIONS

A range of funding scenarios were considered, with this analysis affording focus to debt servicing and cost requirements for the following three options.

- **Base option** – no revenue from future development site.
- **Ground lease** – inclusion of rent derived from a ground lease of future development site.
- **Develop and lease** – inclusion of additional debt required to deliver a development on the development site and inclusion of rent derived from lease of commercial / community spaces.

DEBT / GRANT SCENARIOS

A series of funding scenarios were identified and tested based on discussions with the Town. These scenarios reflect a series of different debt obligations and grant assumptions. This allows the Town to assess their ongoing obligations and ability to service the debt.

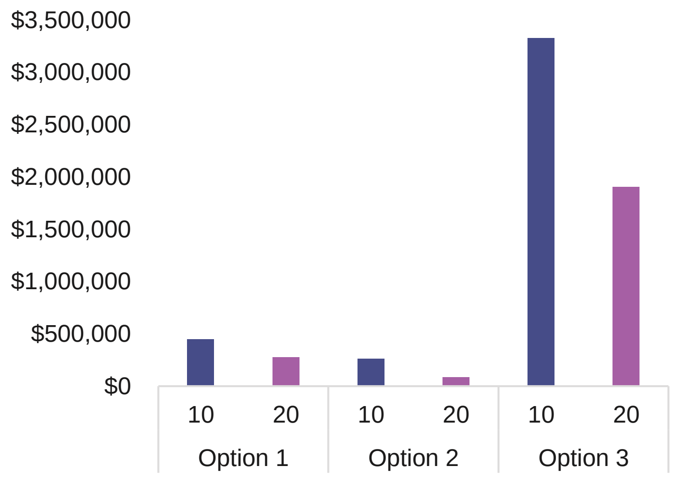
Additionally, alternative debt terms at an interest rate of 4.50% were considered (a 10-year repayment term and a 20-year repayment term).

In line with discussions with the Town, a target for Scenario 5 was adopted (a grant of $6,000,000 and the remaining debt at $3,632,000).

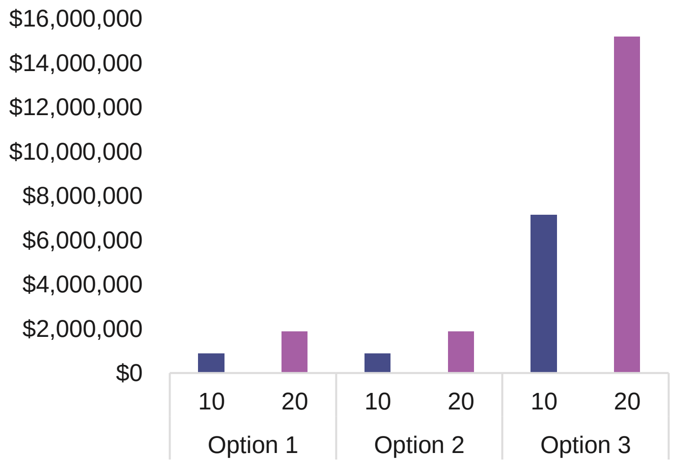
Other considerations that may affect the decisions adopted by the town would include:

1. Telecommunication lease revenue; and
2. Relocating current LGA services and / or sale of other Town assets.

Scenario 5 Annual Debt Servicing Summary



Scenario 5 Total Amount Spent on Interest



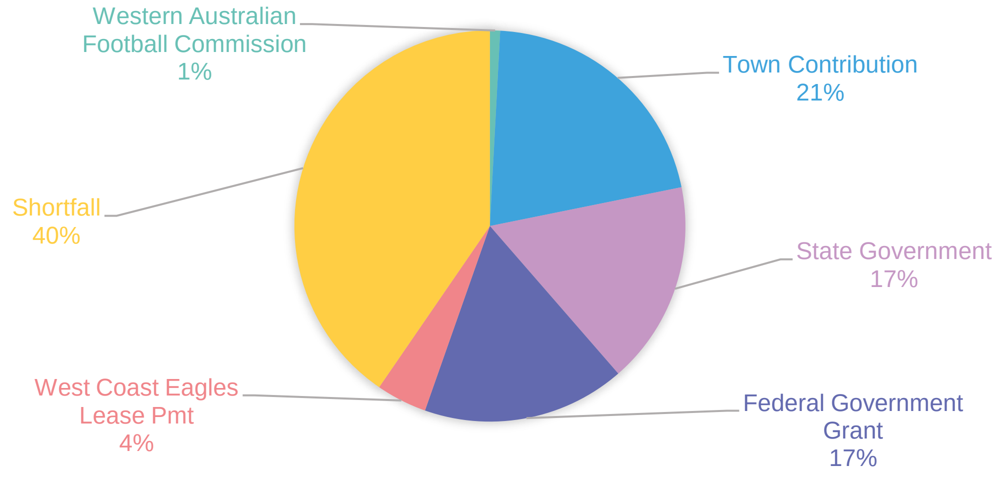
FUNDING GAP | OVERVIEW

The current estimated cost to develop the PFC facility is currently $23,832,000. The following funding is committed.

- $5,000,000 Town Contribution
- $4,000,000 State Government Grant
- $4,000,000 Federal Government Grant
- $1,000,000 West Coast Eagles Lease Payment
- $200,000 Western Australian Football Commission

The current funding commitment of $14,200,000 leaves a shortfall of $9,632,000. This is 40% of the total project cost.

Current Project Finance Structure



Source: Town of Victoria Park

FUNDING OPTIONS | OVERVIEW

There are four key funding options to support the delivery of the project. These can be pursued in combination or separately and have been explored further in this analysis.

It is understood that advocacy efforts are underway to support further grant funding which is considered the most advantageous outcome from the Town's perspective.

There are additional options available to service debt and / or replenish municipal reserves such as direct and indirect savings and sale revenue from other Town assets (e.g. future development site or PFC facility provides community spaces that may allow existing facilities to close – reducing ongoing maintenance cost for these facilities and delivering revenue from sale of asset). These additional options were not explored following discussions with the Town that there were no immediate direct or indirect savings opportunities.

Funding Options Overview

FUNDING OPTION	DESCRIPTION
Town Reserves	▪ Drawing on existing municipal reserves.
Western Australian Treasury Corporation Loan	▪ Debt financing through WATC for an agreed term.
External Grant Funding	▪ External funding from state or federal governments.
Revenue from Future Development Site	▪ Utilising the ground lease or the income from the rent derived from the future development site to contribute to the income available.

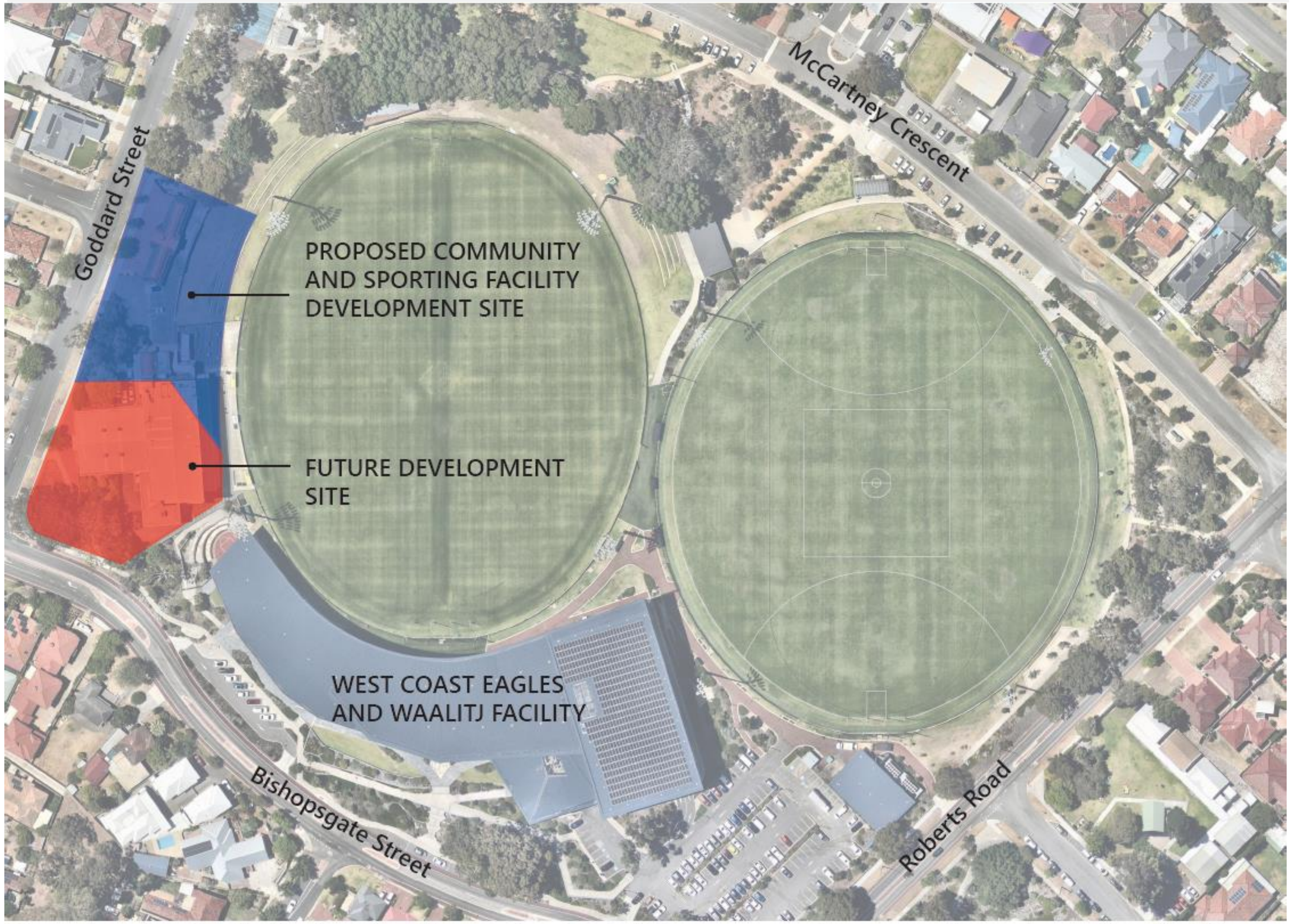
DEVELOPMENT SITE | OVERVIEW

The project includes the delivery of a development site adjacent to PFC. The assumed attributes of this development site are noted below.

- Total development site : 3150 sq.m
- Developable portion after required setbacks: 2,040 sq.m
- Building total floor area including carparking (4 storeys): 7500 sq.m
- Gross lettable space (excluding car parking area): 6230 sq.m

The site is Crown land with a management order for the Town of Victoria Park. The ability to maximise financial revenue from this site is limited due to the types of uses supported on the site (primarily, the need for the site to be for community purposes) and the inability to sell the site or any future development on the site.

Lathlain Park Development Site Location



Plan showing the indicative location and extent of the proposed community and sporting facility development site and the future development site.

FUTURE DEVELOPMENT SITE

PROPOSED COMMUNITY AND SPORTING FACILITY DEVELOPMENT SITE

Source: Town of Victoria Park

DEVELOPMENT SITE | DEVELOPMENT MODELS

There are four key development model approaches which can support financial returns from the development site. These are summarised on the table to the right and the merits and cons are identified at a high level on the following page.

Whilst there are permutations to these options, each has advantages and disadvantages in terms of financial return, risk, control over project outcomes, funding obligations, market appetite and strategic alignment.

Development Model Options

OPTION	DESCRIPTION
Joint Venture (SPV Structure)	The Town and a developer establish a special purpose vehicle (SPV) which is responsible for delivering the project. The Town's capital contribution is the land and returns comprise of dividends paid out of SPV (based on capital contribution split) from lease revenue.
Ground Lease	A ground lease (or land lease) is an agreement whereby the head lessee is permitted to develop a property during the lease period and at the end of the lease period the land and all improvements are turned over to the Town. The ground lease term would likely need to be of sufficient length in order to provide confidence and sufficient returns on capital for the head lessee.
Development Management Agreement (DMA)	A contractual arrangement between the Town and a developer to deliver the project. The Town could receive payments linked to lease revenue.
Town-Developed and Owned	The Town would (with the potential assistance of external development / project management) develop the site. It would need to fund the construction through internal and / or external sources. Upon completion, the Town would receive revenue from leasing the development.

Source: Urbis

DEVELOPMENT SITE | DEVELOPMENT MODELS (CONT.)

Development Model Option Considerations

ATTRIBUTE	DESCRIPTION
Control	▪ A Town-developed approach, followed closely by a joint venture, affords the Town the greatest control over the built form and land use mix. ▪ Ground lease has the ability to control built form and use through contract conditions. ▪ Under the DMA option, the Town has limited control. However, the DMA approach allows for control of public realm, infrastructure delivery and timing through contractual conditions.
Risk	▪ The DMA option exposes the Town to credit risk and developer default risk. Ground lease additionally carries lessee credit risk. ▪ The Town is exposed to cost and leasing risk for the Town-developed and joint venture approach. Whilst this risk is shared with the development partner for the joint venture, this option brings with it a high degree of developer default risk, a reduced degree of security over financial return, increased credit risk and potentially a higher degree of liability.
Financial Return	▪ The Town-developed and joint venture options are expected to generate the highest level of financial return on capital as the Town is participating in built form development (and is exposed to higher risk).
Funding	▪ The DMA approach places limited responsibility for funding project costs for the Town as the developer is responsible for delivering and funding all infrastructure, public realm and built form works. ▪ The Town-developed approach requires the Town to acquire all funding for the construction.
Market Appetite	▪ There is a small but strong pool of developers capable of delivering the project under the DMA, ground lease and joint venture models. This however is subject to market sounding to determine interest.

Source: Urbis

FUNDING SCENARIOS | LONG LIST

A series of funding scenarios were identified and tested based on discussions with the Town. These scenarios are summarised below.

These scenarios reflect a series of different debt obligations and grant assumptions. This allows the Town to assess their ongoing obligations and ability to service the debt.

Additionally, alternative debt terms at an interest rate of 4.50% were considered (a 10-year repayment term and a 20-year repayment term).

Scenario 1

Considers 100% debt funding (with no further grant funding).

Scenario 2

Considers a grant of 25% and the remaining debt equivalent to 75% of the total shortfall amount.

Scenario 3

Considers 50% / 50% split of debt and grant funding.

Scenario 4

Considers a grant of 75% and the remaining debt equivalent to 25% of the total shortfall amount.

Scenario 5

Considers a grant of $6,000,000 and the remaining debt at $3,632,000.

Alternative options were considered in relation to servicing the debt, with consideration given to:

- Base option – no revenue from development site;
- Ground lease – inclusion of rent derived from a ground lease of development site; and
- Develop and lease – inclusion of additional debt required to deliver a development on the development site and inclusion of rent derived from lease of commercial / community spaces.

The tables summarise the equity and debt amounts for each scenario and option. As ground lease does not incur additional funding requirements for the development sites, equity and debt levels are the same as the base option. For the develop and lease option, additional debt is incurred to fund the construction of the development site.

Further information on the other key assumptions is appended.

Grant Assumptions for Base Option

		Equity	Debt
S1	No Grant	$ -	$ 9,632,000
S2	Grant at 25%	$ 2,408,000	$ 7,224,000
S3	Grant at 55%	$ 4,816,000	$ 4,816,000
S4	Grant at 75%	$ 7,224,000	$ 2,408,000
S5	Grant at $6m	$ 6,000,000	$ 3,632,000

Grant Assumptions for Ground Lease

		Equity	Debt
S1	No Grant	$ -	$ 9,632,000
S2	Grant at 25%	$ 2,408,000	$ 7,224,000
S3	Grant at 55%	$ 4,816,000	$ 4,816,000
S4	Grant at 75%	$ 7,224,000	$ 2,408,000
S5	Grant at $6m	$ 6,000,000	$ 3,632,000

Grant Assumptions for Develop & Lease

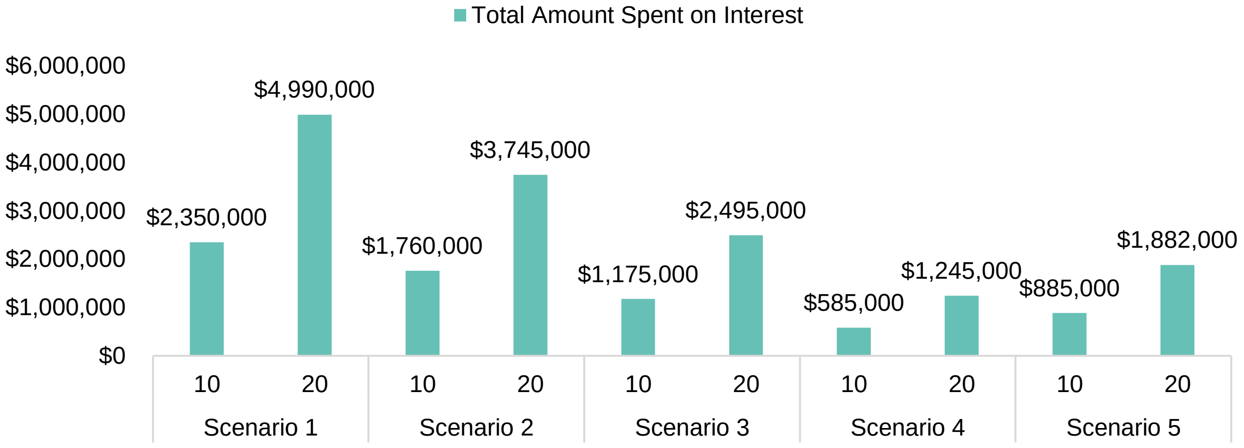
		Equity	Debt
S1	No Grant	$ -	$ 30,763,333
S2	Grant at 25%	$ 2,408,000	$ 28,355,333
S3	Grant at 55%	$ 4,816,000	$ 25,947,333
S4	Grant at 75%	$ 7,224,000	$ 23,539,333
S5	Grant at $6m	$ 6,000,000	$ 24,763,333

FUNDING SCENARIOS | BASE MODEL (OPTION 1)

The "Annual Debt Servicing Amount" reviews the annual cost obligation to service the principal and interest over the loan term (assessed on each scenario at a repayment period of 10 and 20 years at an interest rate of 4.50% p.a.). The "Total Amount Spent on Interest" reviews the total amount that will be spent on interest in real terms over the repayment period.

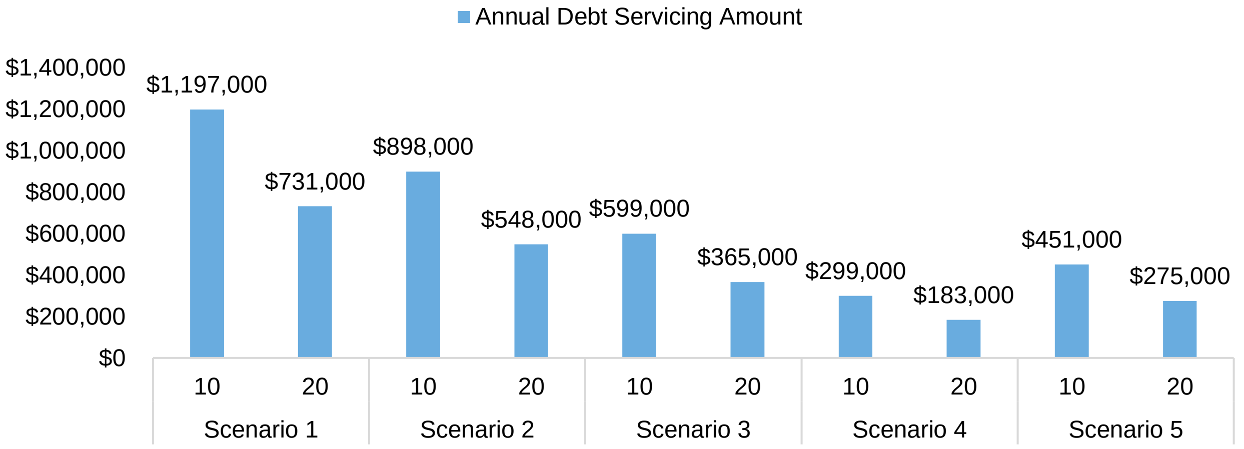
As the analysis demonstrates, the higher level of grant results in reduced interest and servicing costs.

Total Sum of Interest Obligations



Source: *Urbis*
**See Appendix for raw data and other assumptions. Figures represent the total interest obligation over the two different loan terms.*

Annual Debt Servicing Amount



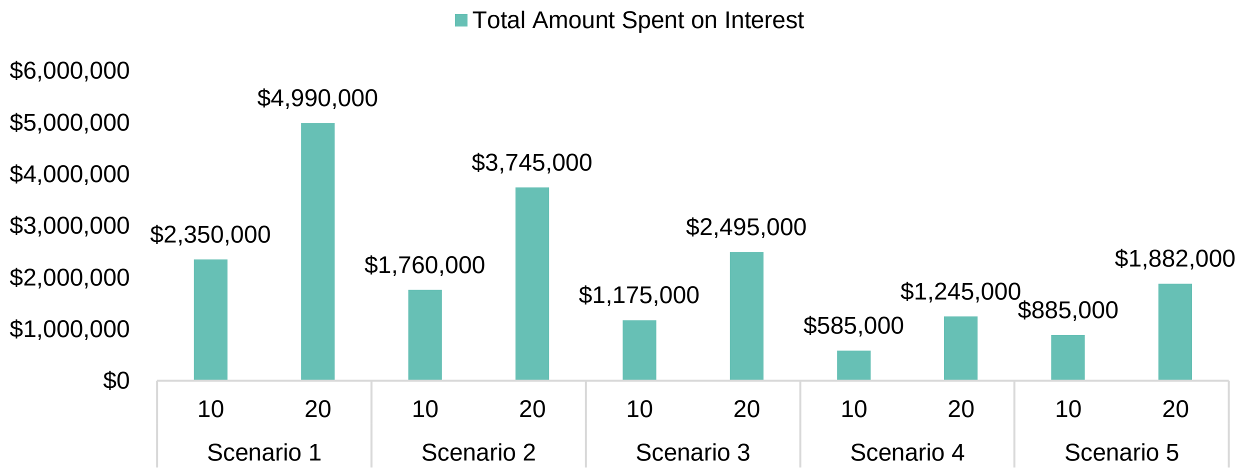
Source: *Urbis*
**See Appendix for raw data and other assumptions. Figures represent the principal and interest payments under the two different loan terms.*

FUNDING SCENARIOS | GROUND LEASE (OPTION 2)

To support servicing the required debt, revenue was ground leasing the development site was explored (as per terms described in the appendix).

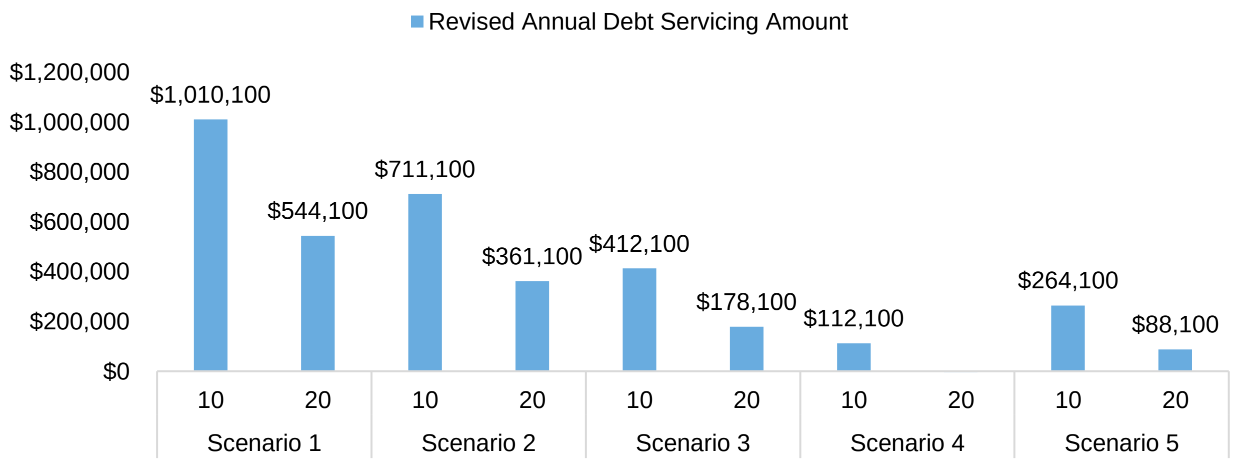
Noticeably as evidence in the Annual Debt Servicing Amount chart, Scenario 4 (under a 20-year loan term) is at a figure below $0 (-$3,900 p.a.). This is because under this scenario, Option 2 generates a cashflow from the Future Development Site that is higher than the annual debt servicing amount.

Total Sum of Interest Obligations



Source: *Urbis*
**See Appendix for raw data and other assumptions. Figures represent the total interest obligation over the two different loan terms.*

Annual Debt Servicing Amount



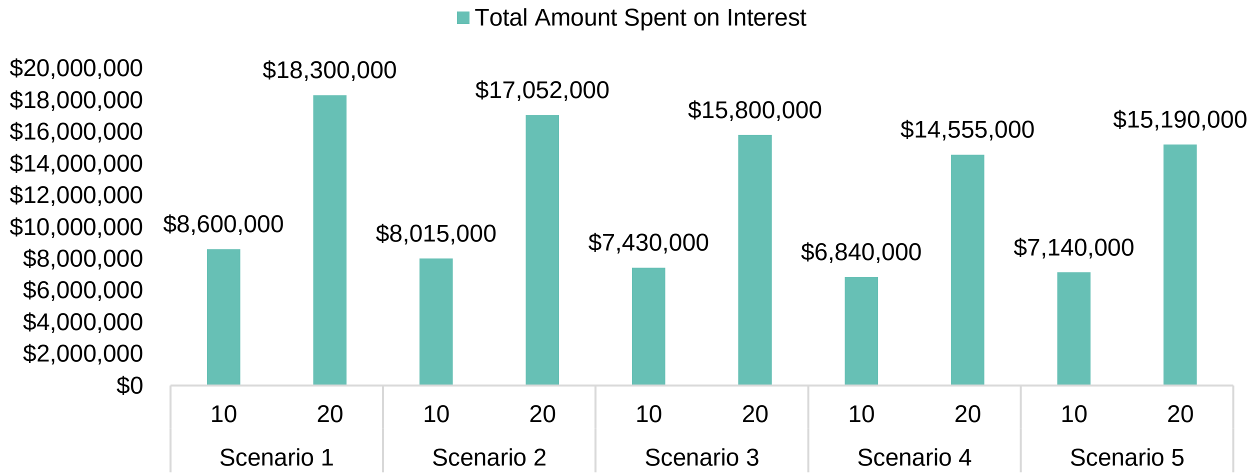
Source: *Urbis*
**See Appendix for raw data and other assumptions. Figures represent the principal and interest payments under the two different loan terms.*

FUNDING SCENARIOS | DEVELOP AND LEASE (OPTION 3)

This option reviews the implications of the Town developing the future development site and then the leasing of the site at the mid-point of the amount provided for by APC Valuations.

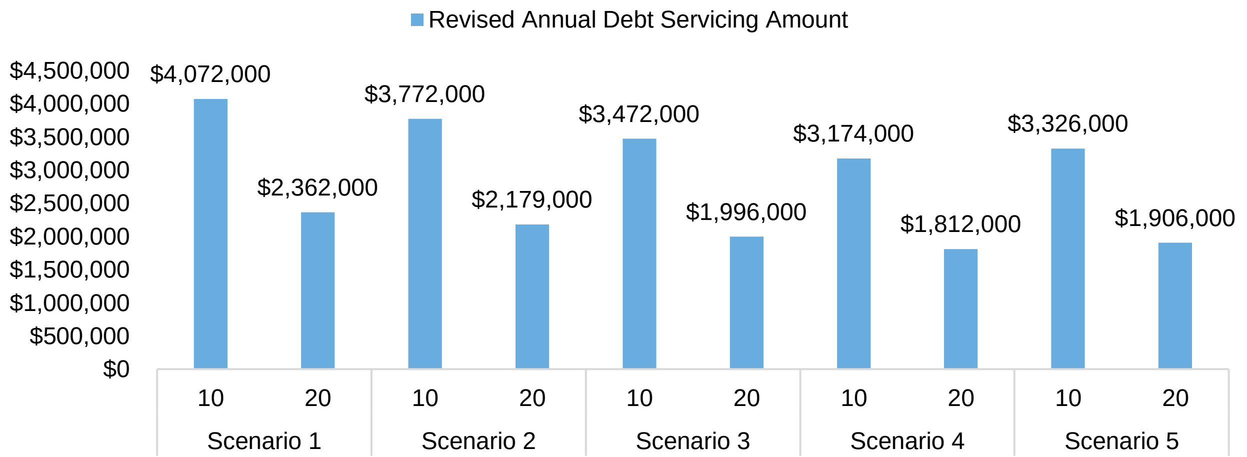
The rental increases likely under this Option as prescribed by the APC Valuations net rent have not been considered in the Annual Debt Servicing Amount. However, the effect these rental rate increases (at 3.00% rental rises) can be reviewed over the assessed period from the calculations completed in the Appendix section of the report. This will over time will push down the annual debt servicing amount as the obligation to the debt remains consistent but the income from the investment increases. This exact amount of this effect can be reviewed in the Appendix under the Assumptions for Option 3.

Total Sum of Interest Obligations



Source: *Urbis*
**See Appendix for raw data and other assumptions. Figures represent the total interest obligation over the two different loan terms.*

Annual Debt Servicing Amount



Source: *Urbis*
**See Appendix for raw data and other assumptions. Figures represent the principal and interest payments under the two different loan terms.*

FUNDING SCENARIOS | SCENARIO FIVE

A review of Scenario five (5) was undertaken in more detail as requested by the Town. Scenario five (5) targets a grant of $6,000,000. The below graphs reveal the how this grant will affect the ongoing costs to the Town under each option.

Option 2 (which allows for income under a ground lease model) shows that under a longer debt term, the Town’s obligation per annum is only $88,100.

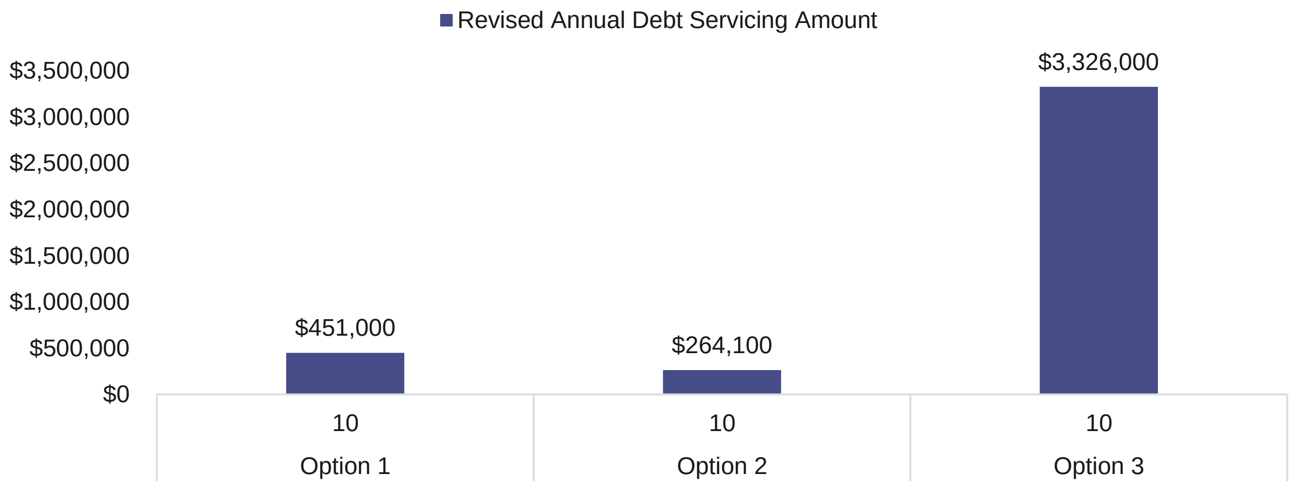
Option 3’s obligations are substantially higher than the other two options because of the high cost to develop the Future Development Site.

Accordingly, from a financial commitment perspective, Option 2 provides the lowest ongoing commitment to service the debt under both a 10 year and 20-year loan period.

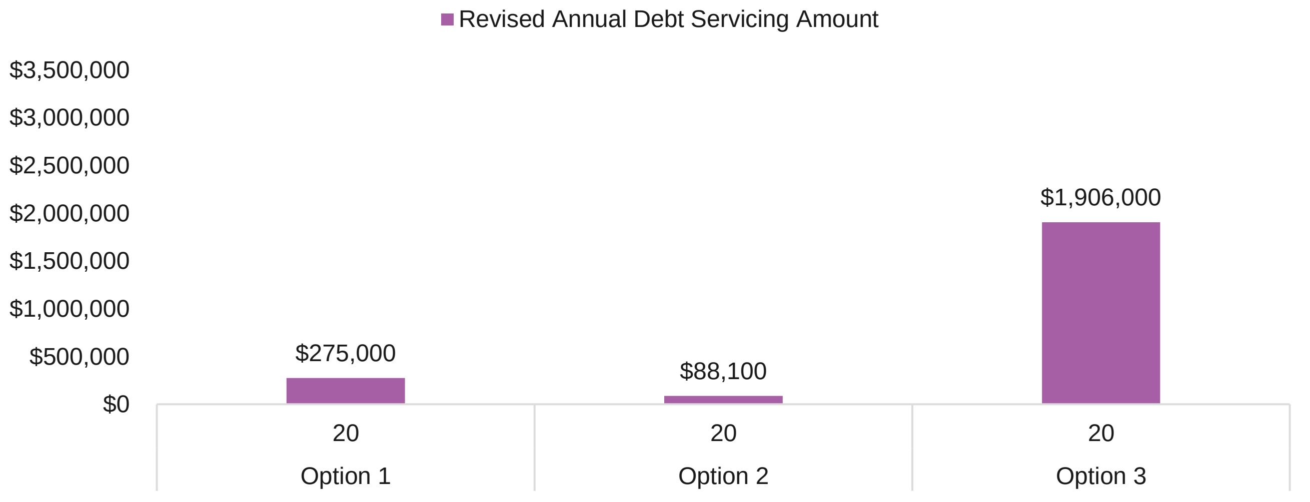
Other steps that may alleviate any ongoing commitment to service debt could include the following.

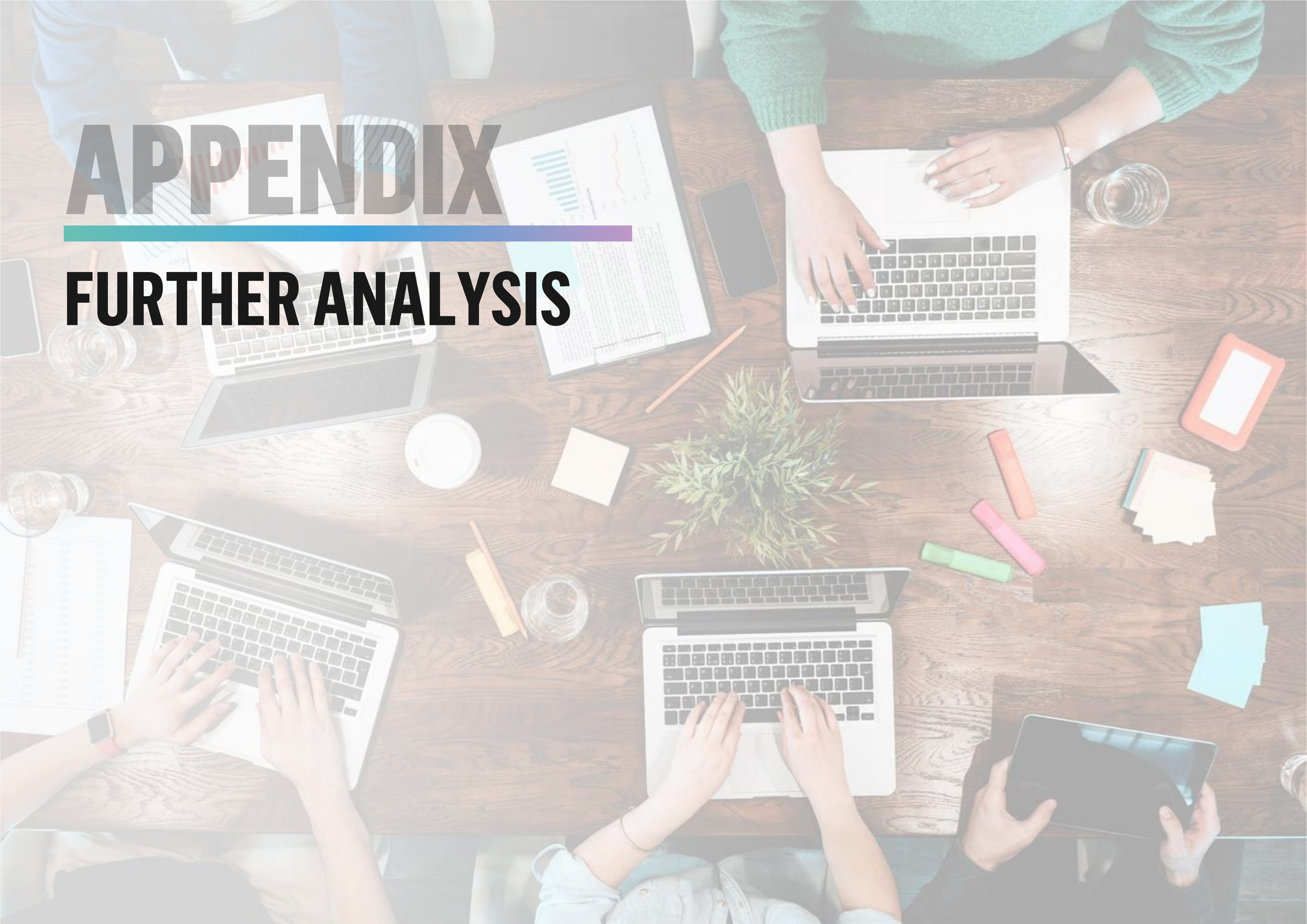
1. **Telecommunication leases** – organizing or renewing any telecommunication leases associated with the broader site
2. **Sale of an existing asset** – the considered sites could include space to accommodate services currently provided elsewhere and enable sale of those existing sites that have been accommodating this use/s.
3. **Life cycle cost savings** – the above would also provide ongoing lifecycle cost savings (less spending on maintenance of new build versus older existing building).

Annual Debt Service – 10 years



Annual Debt Service – 20 years





APPENDIX

FURTHER ANALYSIS

ASSUMPTIONS| BASE MODEL (OPTION 1)

Option 1 Output Numbers

Scenario One (1)

	10 years	20 years
Reserves / Grants Amount	0	0
Debt Amount	$9,632,000	$9,632,000
Annual Debt Servicing Amount	$1,197,000	$731,000
Total Amount Spent on Interest	$2,350,000	$4,990,000
Total Interest and Principal Pmt	**$11,982,000**	**$14,622,000**
Difference		*-$2,640,000*

Scenario Two (2)

	10 years	20 years
Reserves / Grants Amount	$2,408,000	$2,408,000
Debt Amount	$7,224,000	$7,224,000
Annual Debt Servicing Amount	$898,000	$548,000
Total Amount Spent on Interest	$1,760,000	$3,745,000
Total Interest and Principal Pmt	**$8,984,000**	**$10,969,000**
Difference		*-$1,985,000*

Scenario Three (3)

	10 years	20 years
Reserves / Grants Amount	$4,816,000	$4,816,000
Debt Amount	$4,816,000	$4,816,000
Annual Debt Servicing Amount	$599,000	$365,000
Total Amount Spent on Interest	$1,175,000	$2,495,000
Total Interest and Principal Pmt	**$5,991,000**	**$7,311,000**
Difference		*-$1,320,000*

Source: *Urbis*

Scenario Four (4)

	10 years	20 years
Reserves / Grants Amount	$7,224,000	$7,224,000
Debt Amount	$2,408,000	$2,408,000
Annual Debt Servicing Amount	$299,000	$183,000
Total Amount Spent on Interest	$585,000	$1,245,000
Total Interest and Principal Pmt	**$2,993,000**	**$3,653,000**
Difference		*-$660,000*

Scenario Five (5)

	10 years	20 years
Reserves / Grants Amount	$6,000,000	$6,000,000
Debt Amount	$3,632,000	$3,632,000
Annual Debt Servicing Amount	$451,000	$275,000
Total Amount Spent on Interest	$885,000	$1,882,000
Total Interest and Principal Pmt	**$4,517,000**	**$5,514,000**
Difference		*-$997,000*

ASSUMPTIONS| GROUND LEASE (OPTION 2)

Rental Assumptions		
Estimated Site Area (Future Development Site)		7,500
Likely Gross Lettable Area Composition		6,230
$/sqm Ground Lease Rate		$ 30.00
Potential Net Ground Lease Amt	**$**	**186,900**

Source: Town of Victoria Park, Urbis

Effect on Debt Servicing Via Rent Increase (assumes 3.00% PA increases achievable over 20 years)

Ground Lease Rental Amount	**$186,900**
Rental Increase Provision	**3.00%**

Year	1	2	3	4	5
Rental Amount	$ 186,900	$ 192,507	$ 198,282	$ 204,231	$ 210,358
Annual Reduction Effect on Debt Service Obligation	*$ -*	*-$ 5,607*	*-$ 11,382*	*-$ 17,331*	*-$ 23,458*
Year	6	7	8	9	10
Rental Amount	$ 216,668	$ 223,168	$ 229,863	$ 236,759	$ 243,862
Annual Reduction Effect on Debt Service Obligation	*-$ 29,768*	*-$ 36,268*	*-$ 42,963*	*-$ 49,859*	*-$ 56,962*
Year	11	12	13	14	15
Rental Amount	$ 251,178	$ 258,713	$ 266,475	$ 274,469	$ 282,703
Annual Reduction Effect on Debt Service Obligation	*-$ 64,278*	*-$ 71,813*	*-$ 79,575*	*-$ 87,569*	*-$ 95,803*
Year	16	17	18	19	20
Rental Amount	$ 291,184	$ 299,920	$ 308,917	$ 318,185	$ 327,730
Annual Reduction Effect on Debt Service Obligation	*-$ 104,284*	*-$ 113,020*	*-$ 122,017*	*-$ 131,285*	*-$ 140,830*

Source: Urbis

Option 2 Output Numbers

Scenario One (1)

	10 years	20 years
Reserves / Grants Amount	0	0
Debt Amount	$9,632,000	$9,632,000
Annual Debt Servicing Amount	$ 1,010,100	$ 544,100
Total Amount Spent on Interest	$2,350,000	$4,990,000
Total Interest and Principal Pmt	**$11,982,000**	**$14,622,000**
Difference		*-$2,640,000*

Scenario Two (2)

	10 years	20 years
Reserves / Grants Amount	$2,408,000	$2,408,000
Debt Amount	$7,224,000	$7,224,000
Annual Debt Servicing Amount	$ 711,100	$ 361,100
Total Amount Spent on Interest	$1,760,000	$3,745,000
Total Interest and Principal Pmt	**$8,984,000**	**$10,969,000**
Difference		*-$1,985,000*

Scenario Three (3)

	10 years	20 years
Reserves / Grants Amount	$4,816,000	$4,816,000
Debt Amount	$4,816,000	$4,816,000
Annual Debt Servicing Amount	$ 412,100	$ 178,100
Total Amount Spent on Interest	$1,175,000	$2,495,000
Total Interest and Principal Pmt	**$5,991,000**	**$7,311,000**
Difference		*-$1,320,000*

Scenario Four (4)

	10 years	20 years
Reserves / Grants Amount	$7,224,000	$7,224,000
Debt Amount	$2,408,000	$2,408,000
Annual Debt Servicing Amount	$ 112,100	-$ 3,900
Total Amount Spent on Interest	$585,000	$1,245,000
Total Interest and Principal Pmt	**$2,993,000**	**$3,653,000**
Difference		*-$660,000*

Scenario Five (5)

	10 years	20 years
Reserves / Grants Amount	$6,000,000	$6,000,000
Debt Amount	$3,632,000	$3,632,000
Annual Debt Servicing Amount	$ 264,100	$ 88,100
Total Amount Spent on Interest	$885,000	$1,882,000
Total Interest and Principal Pmt	**$4,517,000**	**$5,514,000**
Difference		*-$997,000*

Source: Urbis

ASSUMPTIONS| DEVELOP AND LEASE (OPTION 3)

Cost to Develop

Option 4A		
	Perth Football Club Scope	Future Development Site
Building	$ 8,840,000	$ 10,614,000
External Works and Services	$ 1,293,005	$ 1,586,995
Below the Line Costs	$ 4,107,086	$ 5,040,914
Escalation	$ 713,000	$ 2,507,000
Total Excl. GST	$ 14,953,091	$ 19,748,909
Escalation Allowed	30.00%	$ 5,924,673
Revised Building Cost	**$**	**25,673,582**

Source: Urbis and Rawlinson's Initial Cost Guide with a manual adjustment to allow for escalation at 7.00%

Rental Assumptions

Tenancy	Area (sqm)	Net Rent P.A.	Rate per sqm
*Offices	1 ,642	$205,000 - $290,000	$125-$175
Art Centre	432	$1 - $20,000	N/A
Medical Centre	213	$55,000 - $65,000	$250 - $300
Total	**Mid Point @ $318,000**		**$261,000 - $375,000**

Source: Urbis and APC valuation advice

ASSUMPTIONS| DEVELOP AND LEASE (OPTION 3)

Effect on Debt Servicing Via Rent Increase (assumes 3.00% PA increases achievable over 20 years)

Ground Lease Rental Amount	**$318,000**
Rental Increase Provision	**3.00%**

Year	1	2	3	4	5
Rental Amount	$ 318,000	$ 327,540	$ 337,366	$ 347,487	$ 357,912
Annual Reduction Effect on Debt Service Obligation	$ -	-$ 9,540	-$ 19,366	-$ 29,487	-$ 39,912

Year	6	7	8	9	10
Rental Amount	$ 368,649	$ 379,709	$ 391,100	$ 402,833	$ 414,918
Annual Reduction Effect on Debt Service Obligation	-$ 50,649	-$ 61,709	-$ 73,100	-$ 84,833	-$ 96,918

Year	11	12	13	14	15
Rental Amount	$ 427,365	$ 440,186	$ 453,392	$ 466,994	$ 481,004
Annual Reduction Effect on Debt Service Obligation	-$ 109,365	-$ 122,186	-$ 135,392	-$ 148,994	-$ 163,004

Year	16	17	18	19	20
Rental Amount	$ 495,434	$ 510,297	$ 525,606	$ 541,374	$ 557,615
Annual Reduction Effect on Debt Service Obligation	-$ 177,434	-$ 192,297	-$ 207,606	-$ 223,374	-$ 239,615

Source: Urbis

Option 3 Output Numbers

Scenario One (1)

	10 years	20 years
Reserves / Grants Amount	0	0
Debt Amount	$ 35,305,582	$ 35,305,582
Annual Debt Servicing Amount	$4,072,000	$2,362,000
Total Amount Spent on Interest	$8,600,000	$18,300,000
Total Interest and Principal Pmt	**$43,905,582**	**$53,605,582**
Difference		*-$9,700,000*

Scenario Two (2)

	10 years	20 years
Reserves / Grants Amount	$2,408,000	$2,408,000
Debt Amount	$ 32,897,582	$32,897,582
Annual Debt Servicing Amount	$3,772,000	$2,179,000
Total Amount Spent on Interest	$8,015,000	$17,052,000
Total Interest and Principal Pmt	**$40,912,582**	**$49,949,582**
Difference		*-$9,037,000*

Scenario Three (3)

	10 years	20 years
Reserves / Grants Amount	$4,816,000	$4,816,000
Debt Amount	$ 30,489,582	$30,489,582
Annual Debt Servicing Amount	$3,472,000	$1,996,000
Total Amount Spent on Interest	$7,430,000	$15,800,000
Total Interest and Principal Pmt	**$37,919,582**	**$46,289,582**
Difference		*-$8,370,000*

Scenario Four (4)

	10 years	20 years
Reserves / Grants Amount	$7,224,000	$7,224,000
Debt Amount	$28,081,582	$28,081,582
Annual Debt Servicing Amount	$3,174,000	$1,812,000
Total Amount Spent on Interest	$6,840,000	$14,555,000
Total Interest and Principal Pmt	**$34,921,582**	**$42,636,582**
Difference		*-$7,715,000*

Scenario Five (5)

	10 years	20 years
Reserves / Grants Amount	$6,000,000	$6,000,000
Debt Amount	$ 29,305,582	$29,305,582
Annual Debt Servicing Amount	$3,326,000	$1,906,000
Total Amount Spent on Interest	$7,140,000	$15,190,000
Total Interest and Principal Pmt	**$36,445,582**	**$44,495,582**
Difference		*-$8,050,000*

Source: Urbis

COVID-19 AND THE POTENTIAL IMPACT ON DATA INFORMATION

The data and information that informs and supports our opinions, estimates, surveys, forecasts, projections, conclusion, judgments, assumptions and recommendations contained in this report (Report Content) are predominantly generated over long periods, and is reflective of the circumstances applying in the past. Significant economic, health and other local and world events can, however, take a period of time for the market to absorb and to be reflected in such data and information. In many instances a change in market thinking and actual market conditions as at the date of this report may not be reflected in the data and information used to support the Report Content.

The recent international outbreak of the Novel Coronavirus (COVID-19), which the World Health Organisation declared a global health emergency in January 2020 and pandemic on 11 March 2020, has and continues to cause considerable business uncertainty which in turn materially impacts market conditions and the Australian and world economies more broadly.

The uncertainty has and is continuing to impact the Australian real estate market and business operations. The full extent of the impact on the real estate market and more broadly on the Australian economy and how long that impact will last is not known and it is not possible to accurately and definitively predict. Some business sectors, such as the retail, hotel and tourism sectors, have reported material impacts on trading performance. For example, Shopping Centre operators are reporting material reductions in foot traffic numbers, particularly in centres that ordinarily experience a high proportion of international visitors.

The data and information that informs and supports the Report Content is current as at the date of this report and (unless otherwise specifically stated in the Report) does not necessarily reflect the full impact of the COVID-19 Outbreak on the Australian economy, the asset(s) and any associated business operations to which the report relates. It is not possible to ascertain with certainty at this time how the market and the Australian economy more broadly will respond to this unprecedented event and the various programs and initiatives governments have adopted in attempting to address its impact. It is possible that the market conditions applying to the asset(s) and any associated business operations to which the report relates and the business sector to which they belong has been, and may be further, materially impacted by the COVID-19 Outbreak within a short space of time and that it will have a longer lasting impact than we have assumed. Clearly, the COVID-19 Outbreak is an important risk factor you must carefully consider when relying on the report and the Report Content.

Where we have sought to address the impact of the COVID-19 Outbreak in the Report, we have had to make estimates, assumptions, conclusions and judgements that (unless otherwise specifically stated in the Report) are not directly supported by available and reliable data and information. Any Report Content addressing the impact of the COVID-19 Outbreak on the asset(s) and any associated business operations to which the report relates or the Australian economy more broadly is (unless otherwise specifically stated in the Report) unsupported by specific and reliable data and information and must not be relied on.

To the maximum extent permitted by law, Urbis (its officers, employees and agents) expressly disclaim all liability and responsibility, whether direct or indirect, to any person (including the Instructing Party) in respect of any loss suffered or incurred as a result of the COVID-19 Outbreak materially impacting the Report Content, but only to the extent that such impact is not reflected in the data and information used to support the Report Content.

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All surveys, forecasts, projections and recommendations contained in or made in relation to or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

Urbis has made all reasonable inquiries that it believes is necessary in preparing this report but it cannot be certain that all information material to the preparation of this report has been provided to it as there may be information that is not publicly available at the time of its inquiry.

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Urbis acknowledges the important contribution that Aboriginal and Torres Strait Islander people make in creating a strong and vibrant Australian society.

We acknowledge, in each of our offices, the Traditional Owners on whose land we stand.

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