

Fishermans Bend Valuation Services – Updated June Scenario

Prepared for the Department of Transport and
Planning

Reliance Restricted

9 August 2023 | Version 3.0 (FINAL)

Ernst & Young was engaged on the instructions of Department of Transport and Planning ("Client") to provide estimates of value of specific sites in Fishermans Bend associated with the Development Contributions Plan ("DCP") in accordance with our proposal response to RFQ VP341180 submitted 18 January 2023.

The results of Ernst & Young's work, including the assumptions and qualifications made in preparing the report, are set out in Ernst & Young's report dated 9 August 2023 ("Report"). The Report should be read in its entirety including the transmittal letter, the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report.

Ernst & Young has prepared the Report for the benefit of the Client and has considered only the interests of the Client. Ernst & Young has not been engaged to act, and has not acted, as advisor to any other party. Accordingly, Ernst & Young makes no representations as to the appropriateness, accuracy or completeness of the Report for any other party's purposes.

Our work commenced on 15 February 2023 and was completed on 9 August 2023. This Report does not take account of events or circumstances arising after 9 August 2023. This version of the Report has been prepared on the specific instruction of the Client and excludes information that is sensitive and confidential.

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The analysis and Report do not constitute a recommendation on a future course of action.

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Fishermans Bend Urban Renewal Area Land Valuations Update: Updated June Scenario 9 August 2023

Dear Diana,

In accordance with your instructions, we have performed the work set out in our proposal response submitted 18 January 2023 (the "Proposal Response") in connection with providing an estimate of value of specific sites in Fishermans Bend associated with the Development Contribution Plan ("DCP") (the "Services") as at 3 March 2023 (the "Valuation Date").

EY have been instructed to undertake an estimate of value under an updated June scenario following previously completed works, with the inclusion of additional parcels. We are pleased to present the following report (the "Report") which sets out our estimate of value for 76 parcels of land ("Subject Properties"). This Report reflects the updated June scenario only.

Purpose of our Report and restrictions on its use

This Report was prepared on the specific instructions of Department of Transport and Planning ("DTP" or "you") for the purpose of assisting DTP in its allocation of the estimated Market Value of land parcels identified as being subject to a DCP as described within by you and referenced against the development outcomes proposed within the Fishermans Bend Framework Plan (the "Purpose").

This Report and its contents may not be quoted, referred to or shown to any other parties except as provided in the Engagement Agreement. We accept no responsibility or liability to any person other than to DTP or to such party to whom we have agreed in writing to accept a duty of care in respect of this Report, and accordingly if such other persons choose to rely upon any of the contents of this Report they do so at their own risk.

Nature and scope of the services

We performed our work considering applicable professional guidance. When we were performing our work, we acted as an independent valuer. The attached Report describes our valuation methodology, summarises the facts and data underlying our opinions, and presents our valuation conclusions. The values stated are subject to the definition of Market Value and our Statement of General Assumptions and Limiting Conditions.



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Please note our advice herein is an estimate only and does not constitute a formal valuation or assessment in accordance with legislation or government policy; including the Valuation of Land Act (1960) Land Acquisition and Compensation Act 1986; Planning and Environment Act 1987 (the “Acts”) or the Victorian Government Transaction Policy and Guidelines 2020. Our estimates are subject to all terms and conditions outlined within this report and special assumptions as detailed herein.

The contents of our Report have been reviewed by DTP, who have confirmed to us factual accuracy wherever possible.

Whilst each part of our Report addresses different aspects of our work, the entire Report should be read for a full understanding of the basis for our calculation conclusions.

We appreciate the opportunity to provide our services to DTP. Please do not hesitate to contact us if you have any questions about this engagement or if we may be of any further assistance.

Yours sincerely,

Luke Mackintosh
Partner, Real Estate Advisory Project Management

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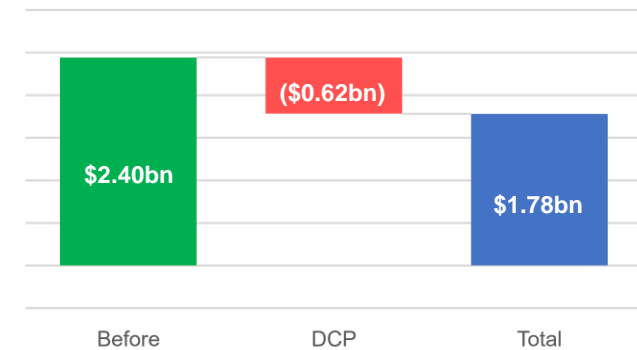
1 Executive Summary

Fishermans Bend Project Background

Subject Properties Valuation Dashboard

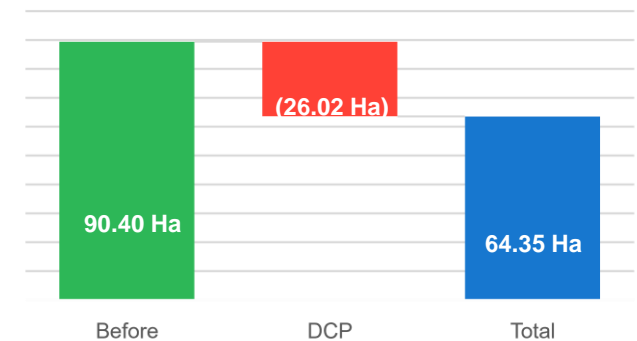
\$2.40bn Before Estimated Value	\$617.88M DCP Contribution Value	\$1.78bn After Estimated Value
90.40 Ha Total Before Site Area (Ha)	26.02 Ha Total DCP Site Area (Ha)	64.35 Ha Total After Site Area (Ha)

Estimated Value (\$bn) Scenario Waterfall



Source: EY Analysis, 2023

Site Area (Ha) Scenario Waterfall



Source: EY Analysis, 2023

Valuation Instructions

Subject Properties	Seventy-six (76) land parcels identified within the Lorimer, Wirraway, Sandridge and Montague precincts of Fishermans Bend and more specifically within the suburbs of Docklands, Port Melbourne, Southbank and South Melbourne ranging in land area between 217 square metres and 137,466 square metres in Gross Developable Area.
Instructing Party	Department of Transport and Planning (“DTP”).
Purpose of Valuation Estimate	Estimate of the Market Value of DCP-identified land.
Interests Valued	100% unencumbered freehold interest of the Subject Properties underlying land value assuming vacant possession.
Basis of Valuation	Estimate of Market Value “As Is”.
Date of Kerbside Inspections	3 March 2023
Date of Valuation Estimates	3 March 2023



Valuation

Methodology	Direct Comparison Approach (of the underlying Land Value).
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Value Conclusions

Disclaimer	This executive summary must only be read in conjunction with the body of the attached report. This includes any critical assumptions and our Statement of General Assumptions and Limiting Conditions.
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Issuer	EY
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Valuer	 Luke Mackintosh, AAPI Partner, Certified Practising Valuer No. 62918	 Ryan Costin, AAPI Director, Certified Practising Valuer No. 63292
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The opinion of value expressed in this report has been arrived at by the joint signatories who have undertaken the valuation, and verifies the report is genuine and endorsed by EY. We hereby certify that we have personally inspected the properties; and have no present or contemplated future interest in the properties; neither our employment nor our compensation in connection with this report is in any way contingent upon the conclusions reached or values estimated; this report sets forth all of the assumptions and limiting conditions affecting the analysis, values and conclusions contained herein; this report has been made in conformity with and is subject to the Professional Code of the Australian Property Institute; no persons other than the undersigned or those acknowledged in this report prepared the analysis, values or conclusions set forth in this report; and, to the best of my knowledge and belief, the statements of fact contained in this report are true and correct.

2 Introduction

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Valuation Purpose and Approach

Purpose

We are pleased to present the following report (the “Report”) which sets out our estimate of value for 76 properties (“Subject Properties”). This Report was prepared on the specific instructions of Department of Transport and Planning (“DTP” or “you”) for the purpose of assisting DTP in its allocation of Market Value for land identified as Development Contribution Plan (“DCP”) projects in relation to the Fishermans Bend Framework (the “Purpose”).

EY have been instructed to undertake an estimate of value under an updated June scenario following the previous base and alternative scenarios. **This Report reflects the June scenario only.**

This Report has been prepared for the purpose stated above only and must not be used for any other purpose. This Report or any part of this Report (including without limitation any conclusions as to value, the identity of EY or any individuals signing or associated with this Report, or the professional associations or organisations with which they are affiliated) must not be disseminated to any third party by any means without the prior written consent and approval of EY.

No third party may rely on this Report without the prior written consent and approval of EY. EY disclaims all liability to any third party for all costs, loss or damage and liability that the third party may suffer or incur arising from, related to, or any way connected with the provision of this Report to the third party without EY’s prior written consent and approval.

Scope of Our Services / Methodology

In accordance with your instructions, we have performed the work set out in our response to your RFQ VP341180 submitted 18 January 2023 (the “Proposal Response”) in connection with providing an estimate of value of specific sites in Fishermans Bend associated with the DCP (the “Services”) as at 3 March 2023 (the “Valuation Date”).

EY have undertaken these estimates of the underlying land value on a Highest and Best Use, site-specific basis as at the Valuation Date. Our primary valuation approach is the Direct Comparison Approach.

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Our Report includes relevant market commentary as it relates to the Subject Properties.

Basis of Valuation

Our estimate of value is subject to the following definition:

Definition of Market Value

This Report has been prepared in accordance with the definition of Market Value as defined by the International Valuation Standards Committee (IVSC) and as adopted by the Australian Property Institute as follows:

“Market Value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Each of the Subject Properties have been assessed on individual basis in estimating their market value as at the date of valuation.

Date of Valuation

3 March 2023, assumes no material change to the physical characteristics of the Subject Properties between the Date of Valuation and the Date of Inspection.

Date of Kerbside Inspection

3 March 2023

The estimate of value is current at the date of valuation only. The values estimated herein 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). Liability for losses arising from such subsequent changes in value is excluded as is liability where the estimate of value is relied upon after the date of valuation.

Methodology and Special Assumptions

Provided Information

We have been provided with the following information:

#	Item	Date
1	Base Case Land Budget	June 2022
2	Alternative Case Land Budget	January 2023
3	Mesh Fishermans Bend DCP – Base Structure Map	June 2022
4	Mesh Fishermans Bend DCP – Alternative Structure Map	February 2023

We have assumed the information provided is correct and it has been relied upon for the purpose of this valuation.

Methodology

The estimate of value methodology has been developed in consultation with the DTP and the Fishermans Bend Taskforce (“the Taskforce”).

Valuation Methodology

DTP have specified that the land valuations are to be undertaken in the following manner for each Subject Property:

‘Before’ assessment

- ▶ The Subject Property is assessed on the whole parcel of land as it exists today and valued at its unencumbered, highest and best use.
- ▶ Any development potential will consider the maximum yield and/or building height, in accordance with the relevant planning scheme or equivalent strategic plan.

‘After’ assessment

- ▶ The Subject Property assessed on the whole parcel of land as it will exist after the land required for public infrastructure funded by the DCP is excised.

Special Assumptions

Our valuation is predicated on the following special assumptions:

1. Due to the kerbside nature of the estimates, we have been unable to undertake our usual valuation research including site inspections, and discussions with landowners in respect to the potential impacts.
2. Land is assumed to be ripe for development.
3. Demolition costs have not formed a part of our valuation calculations and considered to be reflected within the sales evidence analysed as the majority of the sales evidence analysed includes properties that have built improvements that are required to be demolished to facilitate redevelopment of the site.
4. We have been provided with a Preliminary Land Contamination Study from Golders dated 2012, which identifies contamination across Fishermans Bend and ranks the contamination risk for various sites and precincts in Fishermans Bend as ‘low’, ‘medium’ and ‘high’. We have considered the results of this study when undertaking our estimate of value of the Subject Properties. Importantly contamination levels are broadly consistent across each precinct and this reflected in the sales analysed.
5. Development potential of the site is in accordance with the Fishermans Bend Framework and associated planning provisions applicable to each site in the City of Melbourne or City of Port Phillip Planning Scheme.
6. All services are available to the site but may require upgrade works.
7. DCP infrastructure detailed in the Fishermans Bend Framework is not yet substantially delivered.
8. Land is unencumbered by leasehold interests and valued on a freehold/vacant possession basis.
9. Strata titled sites are assumed to be consolidated and unencumbered by an Owners Corporation and easements except for those in favour of utilities and service providers that will remain in place following consolidation of the strata titles.

General assumptions and limiting conditions

Special Assumptions (continued)

10. We have assumed the underlying allowable height limit and allowable dwelling density for sites earmarked for 100% DCP contribution by having consideration to surrounding sites and undertaking an assessment on the likely underlying outcome.
11. Some new localised infrastructure required to service developments will need to be funded via development where this does not reach the tests for inclusion in the DCP, as is typical in most redevelopment settings.
12. Any infrastructure proposed to be delivered beneath the surface of the land is assumed to require the land from the surface and below.

General assumptions and limiting conditions

This Valuation has been made with the following general assumptions and limiting conditions:

1. All information provided by the DTP is accurate and complete.
2. Our advice herein is an estimate only and does not constitute a formal valuation or assessment in accordance with legislation or government policy; including the Valuation of Land Act (1960) Land Acquisition and Compensation Act 1986; Planning and Environment Act 1987 (the "Acts") or the Victorian Government Transaction Policy and Guidelines 2016. Our estimate is subject to all terms and conditions outlined within this report and special assumptions as detailed herein.
3. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matter, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is further assumed to be free and clear of any or all liens, easements or encumbrances unless otherwise stated.
4. Information furnished by others, upon which all or portions of this Report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given to the accuracy of such information.

5. There has been no change in the land between the Date of Kerbside Inspection and the date of this Report.
6. This valuation estimate is of the unencumbered freehold interest in the Subject Properties, and is subject to vacant possession.
7. These estimates have been undertaken on a site-specific basis and do not consider contiguous ownership.
8. Areas and dimensions of the property were obtained from the title and/or public records. Maps and sketches, if included in this report, are only to assist the reader in visualising the property and no responsibility is assumed for their accuracy. No independent surveys were conducted.
9. No responsibility is taken, and no liability will be incurred by us, for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions which occur after the date hereof.
10. Full compliance with all applicable federal, state and local zoning, use, environmental and similar laws and regulations is assumed, unless otherwise stated.
11. This Report has been made only for the purpose stated and must not be used for any other purpose. This Report or any part of this report (including without limitation any conclusions as to value, the identity of Ernst & Young or any individuals signing or associated with this report, or the professional associations or organisations with which they are affiliated) must not be disseminated to any third party by any means without the prior written consent and approval of Ernst & Young. No third party may rely on this Report without the prior written consent and approval of Ernst & Young. Ernst & Young disclaims all liability to any third party for all costs, loss or damage and liability that the third party may suffer or incur arising from related to or in any connected with the provision of this report to the third party without Ernst & Young's prior written consent and approval.
12. The allocation, if any, in this report of the total valuation between components of the property applies only to the program of utilisation stated in this Report. The separate values for any component may not be applicable for any other purpose and must not be used in conjunction with any other appraisal.

General assumptions and limiting conditions

General assumptions and limiting conditions (continued)

13. These valuation estimates have been made in conformance with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Australian Property Institute.
14. The client acknowledges and recognises that the Valuer is not expert in identifying environmental hazards and compliance requirements affecting properties. The Valuer will endeavour to identify all matters of environmental concern and the effect they might have on the value of the property. However, the valuer will not be liable nor responsible for his 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; 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 Environmental Protection Authority to recover clean-up costs pursuant to the Environmental Protection Act.
15. Future income rates, expense costs and property values will be determined by market forces. The figures used in our analysis are not a representation of a known guaranteed future condition.
16. This valuation estimate expressly excludes any consideration of the impact of the GST on the value of the property. The valuer reserves the right to review the valuation following provision by the client of an independent professional review of the impact of GST on the property.
17. We advise that we have not sought any further encumbrance advice in relation to the Subject Properties and have for the purposes of this assessment, assumed these sites to be unaffected by any other easements, encumbrances, covenants or caveats which have not been disclosed on the Certificates of Title and plans.
18. Information has been obtained electronically from the Department of Transport and Planning (Planning Schemes Online) and this valuation is issued on the understanding that such information is correct. The Town Planning information should be checked by obtaining a certificate in accordance with the Planning and Environment Act 1987. We will not assume any liability or negligence for our reliance on information obtained from the Department of Transport and Planning.

Should any of these assumptions vary or prove incorrect, the advice should be forwarded to the valuer for comment, and we strictly reserve the right to review and amend our valuation estimates if necessary.

Market Movement

This valuation estimate is current at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the Date of Valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.

3 Project Background

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Fishermans Bend Project Background

Background¹

Fishermans Bend is Australia’s largest urban renewal project covering approximately 480 hectares in the heart of Melbourne. Fishermans Bend comprises of five precincts across two municipalities – the City of Melbourne and the City of Port Phillip – and connect Melbourne’s CBD to the bay. It is expected that by 2050, it will be home to approximately 80,000 residents and provide employment for up to 80,000 people.

The planning for Fishermans Bend is being led by the Fishermans Bend Taskforce, generally comprising team members from Development Victoria, the Department of Environment, Land, Water and Planning and other state government agencies including the Cities of Melbourne and Port Phillip.

An independent Ministerial Advisory Committee has been established under Section 151 of the Planning and Environment Act, 1987 to advise the Minister for Planning on the content of the Fishermans Bend Framework Plan and the associated planning controls proposed under Amendment GC81 of the Melbourne and Port Phillip Planning Scheme.

Further details can be found at www.fishermansbend.vic.gov.au

The Fishermans Bend Vision (September 2016)¹

Following consultation with the community and stakeholders, the Minister for Planning released the 2050 Vision for Fishermans Bend, to establish a clear direction for Fishermans Bend’s future planning work and delivery.

The Vision recognises the 480-hectare area near Melbourne’s CBD as an opportunity to set new benchmarks for inner city urban renewal, drive best practice sustainability outcomes and most importantly align with the refresh of Plan Melbourne - our city’s blueprint for growth and sustainability to 2050 across the areas of transport, building resilience to climate change, housing supply, diversity and choice and sustainability and energy efficiency measures.

¹Source: “Fishermans Bend Final Planning Framework”, DELWP, 2018.

Fishermans Bend Precinct Plan



Source: Fishermans Bend Final Planning Framework

The Final Fishermans Bend Framework and Planning Scheme Amendment GC81

The Fishermans Bend Taskforce released the Final Fishermans Bend Framework and Planning Scheme Amendment GC81 in October 2017 for stakeholder and community consultation.

It is intended the Framework will guide the transformation of an industrial precinct into a celebrated, prosperous, smart, inclusive and sustainable place. It will ensure that the whole area will transition through a considered integrated approach and that all new development will contribute to achieving the Fishermans Bend Vision (September 2016).

Planning Scheme Amendment GC81 (cont.)

The implementation of the Framework covers a 35 year period, and will provide certainty for the community, developers, businesses and investors. The Framework aims to encourage innovation and high quality urban design outcomes to create sustainable places for residents, workers, business and visitors.

The Framework is a long term planning guide for urban renewal to 2050. The majority of land in Fishermans Bend is privately owned, therefore the realisation of the Framework depends on a combination of government investment and incremental private sector development.

Fishermans Bend Planning Review Panel

The Fisherman Bend Planning Review Panel was appointed by Minister of Planning to consider the Final Planning Scheme Amendment GC81 affecting the City of Melbourne and City of Port Phillip planning schemes and public submissions made in response to it in accordance with the Fishermans Bend Planning Review Panel Terms of Reference. The public hearing commenced on 1 March 2018. Final submissions were heard in the week of 18 June 2018.

During the Planning Review Panel process, in response to the concerns expressed by the submitters, the Minister chose to pursue the preparation of a Contributions Plan to deliver essential infrastructure in Fishermans Bend.

Development Contribution Plan

DCP's are one of a number of options for funding infrastructure available to local governments and the State government. The DCP system is an established mechanism regularly adopted in greenfield development scenarios and urbanised areas, such as activity centres, to enable 'development contributions'. These contributions are levies on new developments for the provision of planned infrastructure needed by the future community. These levies are typically in the form of payments or works-in-kind for the infrastructure made by a developer.

An approved DCP is implemented through an amendment to the planning scheme by way of introduction of a Development Contributions Plan Overlay and schedule. The Development Contributions Plan Overlay indicates the area covered by the DCP. A DCP may provide for either or both the imposition of a development infrastructure levy, and or community infrastructure levy. The schedule indicates the levies that apply in a particular area. A DCP identifies infrastructure to be provided. This is outlined in section 46J of the *Planning and Environment Act 1987*.

An approved DCP is implemented through an amendment to the planning scheme by way of introduction of a Development Contributions Plan Overlay and schedule.

The Development Contributions Plan Overlay indicates the area covered by the DCP. The schedule indicates the levies that apply in a particular area. A DCP identifies infrastructure to be provided.

The infrastructure:

- ▶ must serve a neighbourhood or larger area;
- ▶ must be used by a broad section of the community, and;
- ▶ will in most cases serve a wider catchment than an individual development or small grouping of sites

It must be demonstrated that the new development to be levied is likely to use the infrastructure to be provided. New development should not be considered on an individual basis, but as part of the wider community that will use an infrastructure project.

A DCP may exempt certain land or certain types of development from payment of a development infrastructure levy or community infrastructure levy. Under existing statutory provisions a standard DCP can fund:

- ▶ Acquisition of land for roads; public transport corridors; drainage; public open space, and community facilities
- ▶ Plan preparation costs incurred by the responsible authority (other than the VPA)

Project Background

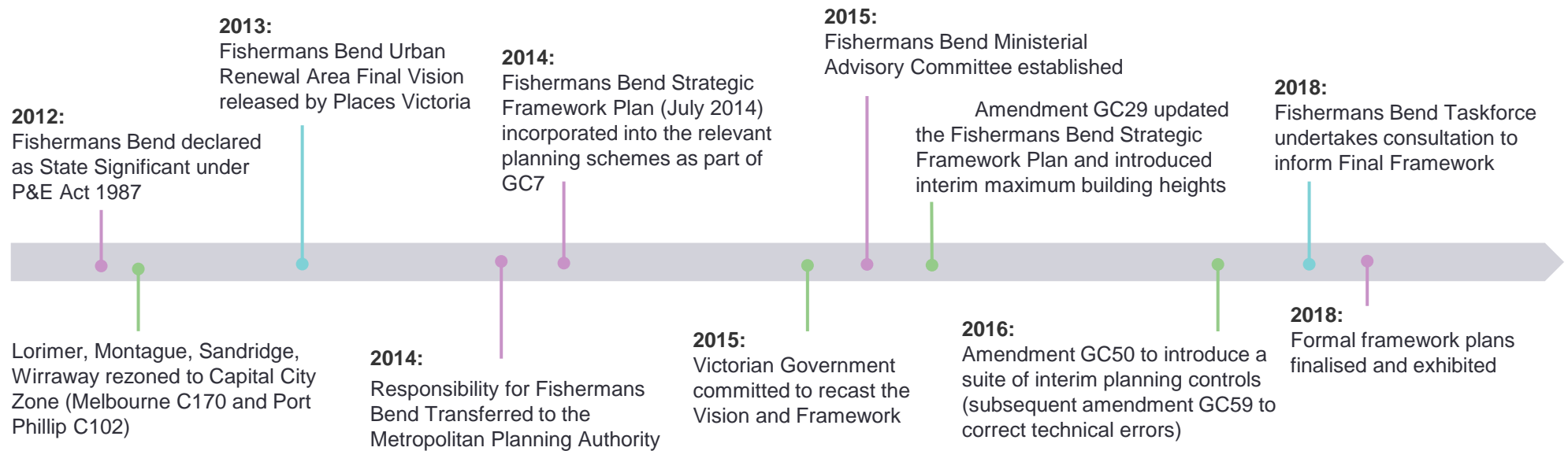
Development Contribution Plan (cont.)

- ▶ Construction of roads, including the construction of bicycle and foot paths, and traffic management and control devices.
- ▶ Construction of public transport infrastructure, including fixed rail infrastructure, railway stations, bus stops and tram stops.
- ▶ Basic improvements to public open space, including earthworks, landscaping, fencing, seating and playground equipment.
- ▶ Drainage works.
- ▶ Buildings and works for or associated with the construction of a maternal and child health care centre; a child care centre; a kindergarten, or; any centre which provides these facilities in combination.

Fishermans Bend Planning Changes Timeline

Fishermans Bend Planning Changes¹

The Fishermans Bend Precinct has been subject to several planning changes over the past decade, with planning amendments and interim controls being implemented into the planning schemes for the City of Melbourne and Port Phillip Councils. The key events related to the planning frameworks affecting Fishermans Bend are identified in the timeline below.



¹Source: EY, Fishermans Bend Planning Review Panel, 2023

Fishermans Bend Planning Changes Timeline

Fishermans Bend Proposed Community Infrastructure Delivery

The Fishermans Bend Precinct is a long-term urban renewal project with the delivery of key infrastructure including utilities, community infrastructure, schools and public transport to occur in stages over a number of decades to support 80,000 future residents and 60,000 future jobs¹.

Our understanding is that the timeline for the delivery of infrastructure is in part triggered by forecast and actual population levels within each precinct, particularly with respect to the delivery of public transport infrastructure including new tram(s) and rail lines. The likely direction of renewal and redevelopment of land will happen from east to west, outward from the CBD of Melbourne, with Montague precinct being progressively redeveloped followed by Lorimer, Sandridge and Wirraway precincts.

State Government Funding Objectives

The State Government has shown its commitment to the redevelopment of Fishermans Bend in successive budgets²:

The 2019/20 Victorian Budget allocated \$4.5 million to plan for potential tram services between Fishermans Bend and the CBD with an active business case underway. Major urban renewal infrastructure projects with committed State Government funding include the Fishermans Bend Secondary School, currently under construction, and the Fishermans Bend Community Hospital, with construction completion expected to be in 2024³.

The 2021/22 Victorian Budget allocated \$179.4 million to support stage one of the Fishermans Bend Innovation Precinct development, which will position the State at the forefront of global innovation in advanced manufacturing, engineering and design. This first step will involve remediation of the 32-hectare former General Motors Holden (GMH) site⁴.

The 2022/23 Victorian Budget allocated \$750,000 to support the planning processes for Fishermans Bend; this is in an effort to facilitate investment and jobs⁵.

¹Source: "Fishermans Bend Final Planning Framework", DELWP, 2018

^{2,3,4,5}Source: Victorian Department of Treasury and Finance, 2023

4 Land Particulars

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28 Precinct Summary

Town Planning

The Subject Properties are situated within two Local Government Areas being Melbourne City Council (Lorimer Precinct) and Port Phillip City Council (Montague, Sandridge and Wirraway Precincts). The Planning Schemes affecting the Subject Properties are to be relied upon to determine development potential and permit requirements of the site. We summarise the zoning and overlays within the Planning Schemes applicable to the Subject Properties as follows.

Zoning – Melbourne City Council¹

Zone	Applicable Precinct(s)	Zone Purpose	Schedule Purpose	Key Details
Capital City Zone – Schedule 4 (“CCZ4”)	▶ Lorimer	<ul style="list-style-type: none"> ▶ To enhance the role of Melbourne’s central city as the capital of Victoria and as an area of national and international importance. ▶ To recognise or provide for the use and development of land for specific purposes as identified in a schedule to this zone. ▶ To create through good urban design an attractive, pleasurable, safe and stimulating environment 	<ul style="list-style-type: none"> ▶ <i>Fishermans Bend Urban Renewal Area</i> ▶ To create a thriving urban renewal area. ▶ To create a highly liveable mixed-use area where the scale of growth is aligned with the provision of public transport and other infrastructure. ▶ To create an area that incorporates best practice sustainable design. ▶ To provide public benefit in the form of Social housing where development exceeds the nominated Dwelling density. ▶ To support the continued operation of strategically important existing uses and existing industrial uses. 	<ul style="list-style-type: none"> ▶ Retail must not exceed 1,000 square metres gross leasable floor area. ▶ Dwelling Density of 339 dw/ha throughout. ▶ Developments of more than 50 dwellings require 1 bicycle space per dwelling, 1 motorcycle space per 50 dwellings and 2 car spaces per 50 dwellings, plus 1 per 25 car spaces.

¹Source: “Melbourne Planning Scheme”, City of Melbourne, 2023

Town Planning (continued)

Zoning – Port Phillip City Council¹

Zone	Applicable Precinct(s)	Zone Purpose	Schedule Purpose	Key Details
Capital City Zone – Schedule 1 (“CCZ1”)	<ul style="list-style-type: none"> ▶ Montague ▶ Sandridge ▶ Wirraway 	<ul style="list-style-type: none"> ▶ To enhance the role of Melbourne’s central city as the capital of Victoria and as an area of national and international importance. ▶ To recognise or provide for the use and development of land for specific purposes as identified in a schedule to this zone. ▶ To create through good urban design an attractive, pleasurable, safe and stimulating environment 	<p><i>Fishermans Bend Urban Renewal Area</i></p> <ul style="list-style-type: none"> ▶ To create a thriving urban renewal area. ▶ To create a highly liveable mixed-use area where the scale of growth is aligned with the provision of public transport and other infrastructure. ▶ To create an area that incorporates best practice sustainable design. ▶ To provide public benefit in the form of Social housing where development exceeds the nominated Dwelling density. ▶ To support the continued operation of strategically important existing uses and existing industrial uses. 	<ul style="list-style-type: none"> ▶ Retail must not exceed 1,000 square metres gross leasable floor area. <p><i>Sandridge Dwelling Density</i></p> <ul style="list-style-type: none"> ▶ Core area: 349 dw/ha. ▶ Non-core area: 218 dw/ha <p><i>Wirraway Dwelling Density</i></p> <ul style="list-style-type: none"> ▶ Core area: 184 dw/ha. ▶ Non-core area: 174 dw/ha ▶ Developments of more than 50 dwellings require 1 bicycle space per dwelling, 1 motorcycle space per 50 dwellings and 2 car spaces per 50 dwellings, plus 1 per 25 car spaces.
Road Zone – Category 1 (“RDZ1”)	<ul style="list-style-type: none"> ▶ Sandridge 	<ul style="list-style-type: none"> ▶ To identify significant existing roads. ▶ To identify land which has been acquired for a significant proposed road. 	N/A	<ul style="list-style-type: none"> ▶ Permit not required uses include railway and tramway.

¹Source: “Port Phillip Planning Scheme”, City of Port Phillip, 2023

Overlays – Melbourne City Council¹

Overlay	Applicable Precinct(s)	Overlay Purpose	Schedule Purpose/Objectives	Key Details
CityLink Project Overlay (“CLPO”)	▶ Lorimer	<ul style="list-style-type: none"> ▶ To ensure the efficient construction, operation and maintenance of the Melbourne CityLink Project, the Exhibition Street Extension Project and CityLink Tulla Widening Project. ▶ To ensure that the display of a Business identification sign on land no longer required for the Melbourne CityLink Project or the Exhibition Street Extension Project is limited to a level that does not compete with the display of signs shown on the plan titled "Melbourne CityLink Project - Advertising Sign Locations November 2003". 	N/A	<ul style="list-style-type: none"> ▶ In locations shown as “prohibited area for advertising signs” on the plan titled “Melbourne CityLink Project - Advertising Sign Locations November 2003”, a permit may be granted to display a Business identification sign.
Design and Development Overlay – Schedule 67 (“DDO67”)	▶ Lorimer	<ul style="list-style-type: none"> ▶ To identify areas which are affected by specific requirements relating to the design and built form of new development. 	<ul style="list-style-type: none"> ▶ To encourage a diversity of mid and high-rise scale developments, including communal open space on larger sites, with taller buildings located along the interface to the West Gate Freeway. ▶ To ensure built form protects sunlight penetration to identified public open spaces, streets and laneways, and facilitate comfortable wind conditions, to deliver a high quality public realm. ▶ To ensure high levels of internal amenity for all development. ▶ To encourage adaptable floorspace to facilitate a reduction in car dependence and an increase in commercial floor space over time. 	<ul style="list-style-type: none"> ▶ The building typology for the precinct is categorised as high-rise or mid-rise with some hybrid. ▶ Mid-rise is development of 7 storeys to 15 storeys. ▶ High-rise is development of 16 storeys and taller.

¹Source: “Melbourne Planning Scheme”, City of Melbourne, 2023

Overlays – Melbourne City Council (cont.)

Overlay	Applicable Precinct(s)	Overlay Purpose	Schedule Purpose/Objectives	Key Details
Environmental Audit Overlay (“EAO”)	<ul style="list-style-type: none"> ▶ Lorimer ▶ Wirraway ▶ Sandridge ▶ Montague 	<ul style="list-style-type: none"> ▶ To ensure that potentially contaminated land is suitable for a use which could be significantly adversely affected by any contamination. 	N/A	<ul style="list-style-type: none"> ▶ Prior to the commencement of a sensitive use, either a certificate of environmental audit must be issued or an environmental auditor must make a statement that the land is suitable for sensitive use.
Infrastructure Contributions Overlay – Schedule 1 (“ICO1”)	<ul style="list-style-type: none"> ▶ Lorimer 	<ul style="list-style-type: none"> ▶ To identify the area where an infrastructure contributions plan applies for the purpose of imposing contributions for the provision of infrastructure. ▶ To identify the infrastructure contribution imposed for the development of land. 	N/A	<ul style="list-style-type: none"> ▶ A permit may be granted to subdivide land, construct a building or construct or carry out works before an infrastructure contributions plan has been incorporated into this scheme.
Parking Overlay – Schedule 13 (“PO13”)	<ul style="list-style-type: none"> ▶ Lorimer 	<ul style="list-style-type: none"> ▶ To facilitate an appropriate provision of car parking spaces in an area. ▶ To identify areas and uses where local car parking rates apply. ▶ To identify areas where financial contributions are to be made for the provision of shared car parking. 	<ul style="list-style-type: none"> ▶ To identify appropriate car parking rates for various uses in the Fishermans Bend Urban Renewal Area. ▶ To provide for the future adaptation of car parking to other uses and innovations in transport technology. ▶ To encourage alternative forms of parking to be provided including car share and consolidated precinct based parking 	<ul style="list-style-type: none"> ▶ A permit is required to provide more than the maximum parking provision specified for a use (i.e. a rate of 0.5 to each dwelling and a rate of 1.0 to each 3 or more bedroom dwelling etc.)

Overlays – Melbourne City Council (cont.)

Overlay	Applicable Precinct(s)	Overlay Purpose	Schedule Purpose/Objectives	Key Details
Special Building Overlay (“SBO”)	<ul style="list-style-type: none"> ▶ Lorimer 	<ul style="list-style-type: none"> ▶ To identify land in urban areas liable to inundation by overland flows from the urban drainage system as determined by, or in consultation with, the floodplain management authority. ▶ To ensure that development maintains the free passage and temporary storage of floodwaters, minimises flood damage, is compatible with the flood hazard and local drainage conditions and will not cause any significant rise in flood level or flow velocity. ▶ To protect water quality in accordance with the provisions of relevant State Environment Protection Policies, particularly in accordance with Clauses 33 and 35 of the State Environment Protection Policy (Waters of Victoria). 	N/A	<ul style="list-style-type: none"> ▶ A permit is required to construct a building or to carry out works, including a fence, public toilets, domestic swimming pool/spa, verandah, a deck etc. ▶ A permit is required to subdivide land.
Specific Controls Overlay (“SCO”)	<ul style="list-style-type: none"> ▶ Lorimer ▶ Wirraway ▶ Sandridge 	<ul style="list-style-type: none"> ▶ To apply specific controls designed to achieve a particular land use and development outcome in extraordinary circumstances. 	<p><i>Schedule 27 (“SCO27”)</i></p> <ul style="list-style-type: none"> ▶ 451 Plummer Street, Port Melbourne <p><i>Schedule 28 (“SCO28”)</i></p> <ul style="list-style-type: none"> ▶ 111 Lorimer Street, Docklands <p><i>Schedule 29 (“SCO29”)</i></p> <ul style="list-style-type: none"> ▶ 277-289 Ingles Street, Port Melbourne <p><i>Schedule 35 (“SCO35”)</i></p> <ul style="list-style-type: none"> ▶ 365-391 Plummer Street, Port Melbourne <p><i>Schedule 36 (“SCO36”)</i></p> <ul style="list-style-type: none"> ▶ 150-160 & 162-188 Turner Street, Port Melbourne ▶ 22 Salmon Street, Port Melbourne 	<ul style="list-style-type: none"> ▶ Land affected by this overlay may be used or developed in accordance with a specific control contained in the incorporated document corresponding to the notation on the planning scheme map (as specified in the schedule to this overlay). The specific control may: <ul style="list-style-type: none"> ▶ Allow the land to be used or developed in a manner that would otherwise be prohibited or restricted. ▶ Prohibit or restrict the use or development of the land beyond the controls that may otherwise apply. ▶ Exclude any other control in this scheme.

Overlays – Port Phillip City Council¹

Overlay	Applicable Precinct(s)	Overlay Purpose	Schedule Purpose/Objectives	Key Details
CityLink Project Overlay (“CLPO”)	▶ Wirraway	<ul style="list-style-type: none"> ▶ To ensure the efficient construction, operation and maintenance of the Melbourne CityLink Project, the Exhibition Street Extension Project and CityLink Tulla Widening Project. ▶ To ensure that the display of a Business identification sign on land no longer required for the Melbourne CityLink Project or the Exhibition Street Extension Project is limited to a level that does not compete with the display of signs shown on the plan titled "Melbourne CityLink Project - Advertising Sign Locations November 2003". 	N/A	▶ In locations shown as “prohibited area for advertising signs” on the plan titled “Melbourne CityLink Project - Advertising Sign Locations November 2003”, a permit may be granted to display a Business identification sign.
Design and Development Overlay (“DDO”)	▶ Montague	▶ To identify areas which are affected by specific requirements relating to the design and built form of new development.	<i>Schedule 30 (“DDO30”)</i> <ul style="list-style-type: none"> ▶ To ensure, in Montague North, a mix of mid and high-rise scales with hybrid and podium–tower typologies. ▶ To ensure, in Montague South, a mid-rise scale encouraging hybrid and tooth and gap typology. 	<ul style="list-style-type: none"> ▶ The building typology for the precinct is categorised as mid-rise or hybrids (predominantly mid-rise) with some low rise. ▶ Mid-rise is development of 7 storeys to 15 storeys.
	▶ Sandridge	▶ To identify areas which are affected by specific requirements relating to the design and built form of new development.	<i>Schedule 32 (“DDO32”)</i> <ul style="list-style-type: none"> ▶ To ensure in the Core area a mix of mid-rise and high-rise podium towers that support significant commercial buildings. ▶ In Non-core areas, a range of mid-rise and hybrid developments. 	<ul style="list-style-type: none"> ▶ The building typology for the precinct is categorised as hybrids (predominantly mid-rise and high-rise) with some low-mid rise. ▶ Mid-rise is development of 7 storeys to 15 storeys. ▶ High-rise is development of 16 storeys and taller.

¹Source: “Port Phillip Planning Scheme”, City of Port Phillip, 2023

Overlays – Port Philip City Council (cont.)

Overlay	Applicable Precinct(s)	Overlay Purpose	Schedule Purpose/Objectives	Key Details
Design and Development Overlay (“DDO”)	▶ Wirraway	▶ To identify areas which are affected by specific requirements relating to the design and built form of new development.	<p><i>Schedule 33 (“DDO33”)</i></p> <ul style="list-style-type: none"> ▶ To create a predominantly low to mid-rise precinct with a diversity of housing choices including family-friendly building typologies. ▶ Slender, well-spaced towers included in Core areas and a ‘tooth and gap’ approach on both sides of Plummer Street and the Core. 	<ul style="list-style-type: none"> ▶ The building typology for the precinct is categorised as mid-rise or hybrids (predominantly mid-rise) with some low-mid rise. ▶ Mid-rise is development of 7 storeys to 15 storeys.
Environmental Significant Overlay (“ESO4”)	▶ Wirraway	<ul style="list-style-type: none"> ▶ To identify areas where the development of land may be affected by environmental constraints. ▶ To ensure that development is compatible with identified environmental values. 	<ul style="list-style-type: none"> ▶ Minimise the potential for future land use conflicts between the port and port environs. ▶ Ensure that any use and intensity of development in the overlay area does not constrain the ongoing operation and development of the commercial port. 	<ul style="list-style-type: none"> ▶ A permit is not required to construct a building unless the building is associated with the following use: accommodation, child care centre, education centre, place of assembly, office. ▶ A permit is not required to subdivide land or remove/destroy any vegetation.
Heritage Overlay (“HO”)	▶ Montague	<ul style="list-style-type: none"> ▶ To conserve and enhance heritage places of natural or cultural significance. ▶ To conserve and enhance those elements which contribute to the significance of heritage places. 	<ul style="list-style-type: none"> ▶ Schedule 4 (“HO4”) ▶ Refers to the City Road Industrial Area of South Melbourne 	▶ External paint controls apply
	▶ Sandridge	<ul style="list-style-type: none"> ▶ To ensure that development does not affect the significance of heritage places. 	<p><i>Schedule 165 (“HO165”)</i></p> <ul style="list-style-type: none"> ▶ Refers to the Former Australian Motor Industries Factory at 289 Ingles Street, Port Melbourne 	▶ External paint controls apply
	▶ Wirraway	<ul style="list-style-type: none"> ▶ To conserve specified heritage places by allowing a use that would otherwise be prohibited if this will demonstrably assist with the conservation of the significance of the heritage place. 	<ul style="list-style-type: none"> ▶ Schedule 246 (“HO246”) ▶ Refers to Gunnersens Pty Ltd at 112 Salmon Street, Port Melbourne 	▶ External paint controls apply

Overlays – Port Philip City Council (cont.)

Overlay	Applicable Precinct(s)	Overlay Purpose	Schedule Purpose/Objectives	Key Details
Infrastructure Contributions Overlay – Schedule 1 (“ICO1”)	<ul style="list-style-type: none"> ▶ Montague ▶ Sandridge ▶ Wirraway 	<ul style="list-style-type: none"> ▶ To identify the area where an infrastructure contributions plan applies for the provision of infrastructure. ▶ To identify the infrastructure contribution imposed for the development of land. 	N/A	<ul style="list-style-type: none"> ▶ A permit may be granted to subdivide land, construct a building or construct or carry out works before an infrastructure contributions plan has been incorporated into this scheme.
Parking Overlay – Schedule 1 (“PO1”)	<ul style="list-style-type: none"> ▶ Montague ▶ Sandridge ▶ Wirraway 	<ul style="list-style-type: none"> ▶ To facilitate an appropriate provision of car parking spaces in an area. ▶ To identify areas and uses where local car parking rates apply. ▶ To identify areas where financial contributions are to be made for the provision of shared car parking. 	<ul style="list-style-type: none"> ▶ To identify appropriate car parking rates for various uses in the Fishermans Bend Urban Renewal Area. ▶ To provide for the future adaptation of car parking to other uses and innovations in transport technology. ▶ To encourage alternative forms of parking to be provided including car share and consolidated precinct based parking. 	<ul style="list-style-type: none"> ▶ A permit is required to provide more than the maximum parking provision specified for a use (i.e. a rate of 0.5 to each 1 or 2 bedroom dwelling and a rate of 1.0 to each 3 or more bedroom dwelling etc.)
Special Building Overlay (“SBO”)	<ul style="list-style-type: none"> ▶ Wirraway 	<ul style="list-style-type: none"> ▶ To identify land in urban areas liable to inundation by overland flows from the urban drainage system as determined by, or in consultation with, the floodplain management authority. 	Schedule 1 (“SBO1”) <ul style="list-style-type: none"> ▶ Refers to the Melbourne Water Main Drain 	<ul style="list-style-type: none"> ▶ A permit is not required for the following buildings and works: a open sided carport, other open sided structure (i.e. verandah or pergola), a fence that is the same height and constructed of similar materials as an existing fence.
	<ul style="list-style-type: none"> ▶ Wirraway ▶ Montague 	<ul style="list-style-type: none"> ▶ To ensure that development maintains the free passage and temporary storage of floodwaters, minimises flood damage, is compatible with the flood hazard and local drainage conditions and will not cause any significant rise in flood level or flow velocity. 	Schedule 2 (“SBO2”) <ul style="list-style-type: none"> ▶ Refers to the Port Phillip City Council Local Drain 	<ul style="list-style-type: none"> ▶ A permit is not required for the following buildings and works: a open sided carport, other open sided structure (i.e. verandah or pergola), a fence that is the same height and constructed of similar materials as an existing fence.
	<ul style="list-style-type: none"> ▶ Sandridge 	<ul style="list-style-type: none"> ▶ To protect water quality in accordance with the provisions of relevant State Environment Protection Policies, particularly in accordance with Clauses 33 and 35 of the State Environment Protection Policy (Waters of Victoria). 	Schedule 3 (“SBO3”) <ul style="list-style-type: none"> ▶ Refers to the Melbourne Water Main Drain 	<ul style="list-style-type: none"> ▶ A permit is not required for the following building and works: construction of a building of less than or equal to 10 metres in height, construction of a garage where the floor levels are constructed to a minimum of 150 mm above flood level, extension of existing buildings etc.

Lorimer Precinct Map & Projections



Metric	2018	2025	2050
Population	280	3,440	12,000
Households	0	1,900	5,882
Jobs	1,820	2,290	6,000
Open Space (ha)	0.00	0.98	4.91

Source: DELWP, 2018; MESH, 2023

Wirraway Precinct Map & Projections



Metric	2018	2025	2050
Population	200	360	17,600
Households	155	200	6,822
Jobs	2,410	2,740	4,000
Open Space (ha)	12.49	12.49	27.43

Source: DELWP, 2018; MESH, 2023

Lorimer Precinct

“A vibrant, mixed-use precinct close to the Yarra River and connected to Melbourne’s CBD, Docklands and emerging renewal areas.”

Lorimer is located adjacent to the Yarra’s Edge Precinct along the northern alignment, with the east of the precinct in proximity to South Wharf and the Melbourne Convention and Exhibition Centre (“MCEC”). The southern boundary adjoins the West Gate Freeway and the western boundary adjoins the Citylink Overpass and Fishermans Bend Employment Precinct.

Valuation Estimate Considerations

We have had consideration to the location of the Subject Properties within the Lorimer Precinct when undertaking our valuation calculations. We consider sites located in the east, particularly those east of Ingles Street to be superior to those located in the west of the precinct. Sites located with frontage to Lorimer Street, east of Ingles Street are considered to be the best in the precinct adjoining Yarra’s Edge to the north and in proximity to South Wharf in the east. Sites located in the south and west adjoin major arterial roads and will likely experience noise emanating from these major arterial roads.

Wirraway Precinct

“A family friendly inner city neighbourhood close to the Bay and Westgate park.”

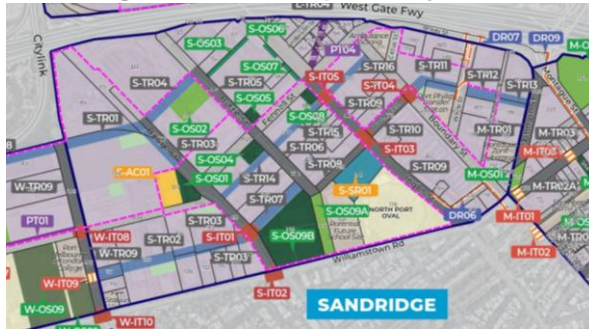
Wirraway is bound by the West Gate Freeway (north), Todd Road (west), Williamstown Road (south) and Graham Road (east). JL Murphy Reserve is a circa 12 hectare sports and recreation reserve already located in Wirraway with a proposed 27.43 hectares of open space to be delivered by 2050. Wirraway has the lowest allowable dwelling densities of the Fishermans Bend precinct but provides the greatest amount of open space and is in proximity to Port Melbourne Foreshore.

Valuation Estimate Considerations

We have had consideration to the location of the Subject Properties within the Wirraway Precinct when undertaking our valuation calculations. We consider sites bounded by the West Gate Freeway along the north and north-west of the precinct to be inferior to those along the south and east. Properties located in the north and west will likely experience noise emanating from these major arterial roads. Sites removed from the West Gate Freeway will benefit from an abundance of recreation amenity and proximity to the Port Melbourne Foreshore.

Precinct Summary

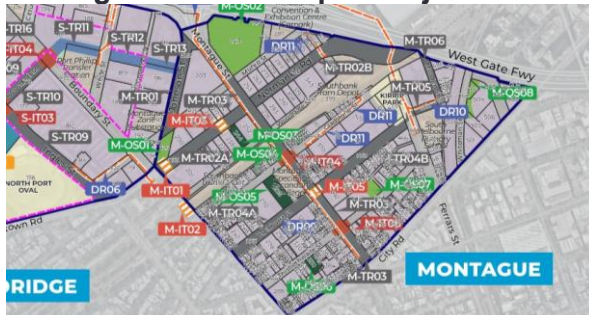
Sandridge Precinct Map & Projections



Metric	2018	2025	2050
Population	520	880	27,200
Households	287	487	13,787
Jobs	5,200	11,080	26,000
Open Space (ha)	3.45	4.99	13.02

Source: DELWP, 2018; MESH, 2023

Montague Precinct Map & Projections



Metric	2018	2025	2050
Population	280	4,450	23,200
Households	155	2,450	10,311
Jobs	3,240	3,400	4,000
Open Space (ha)	0.86	1.89	6.91

Source: DELWP, 2018; MESH, 2023

Sandridge Precinct

“One of Melbourne’s premium office and commercial centres, balanced with diverse housing and retail.”

Sandridge is bounded by the West Gate Freeway to the north and Williamstown Road and Normanby Road to the south and is characterised by large industrial sites and low-rise commercial office properties. A number of vehicle dealerships and manufacturers occupy sites within the north-west of the Precinct, with other major land uses including low-rise residential, North Port Oval which is home to Port Melbourne Football Club and a mix of smaller industrial tenancies and residential land uses. The western boundary adjoins the Wirraway precinct inclusive of the JL Murphy Reserve and the eastern boundary adjoins the Montague Precinct of Fishermans Bend.

Valuation Estimate Considerations

We have had consideration to the location of the Subject Properties within the Sandridge Precinct when undertaking our valuation calculations. We consider sites located in the north and north east, particularly those east of Ingles Street and those along Anderson Street to be inferior to those located in the south and west of the precinct. Sites located with frontage to North Port Oval or Williamstown Road as well as those with multiple street frontages are considered to be the amongst the most desirable in the precinct. Sites located in the north and east will likely experience noise emanating from the adjoining the West Gate Freeway. Sites along Anderson Street and Ingles Street provide less desirable access and are typically smaller and irregularly shaped.

Montague Precinct

“A diverse and well-connected mixed use precinct celebrating its significant cultural and built heritage, and network of gritty streets and laneways.”

Montague is bounded by the Johnstn Street and Boundary Street to the west, the West Gate Freeway to the north and City Road to the south. Montague is characterised by light industrial land uses and comparatively small land parcels, particularly to the west of the precinct, and is considered the superior precinct within Fishermans Bend due to strong existing public transport linkages, close proximity to the CBD of Melbourne and access to the retail and commercial precincts of South Melbourne and Albert Park.

Valuation Estimate Considerations

We have had consideration to the location of the Subject Properties within the Montague Precinct when undertaking our valuation calculations. To the west of Montague Street to be generally inferior to those to the east of Montague Street. Properties located along City Road or in close proximity to the West Gate Freeway will likely experience noise emanating from these major roads. Sites to the south and east will afford a premium due to proximity to established retail precincts and existing public transport linkages.

5 Market Commentary

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Fishermans Bend Market Commentary

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Fishermans Bend Market Commentary

In the lead up to the release of the final Fishermans Bend Framework in 2017 there was a surge of planning activity on the back of relative strength in the market. However, in 2018, twenty-six high rise development planning applications (estimated at close to \$4.5 billion worth of projects)¹ were called in, pending the development of new permanent planning controls.

The lack of certainty in the market has had an impact on both transactional activity and project delivery within the precinct. Until such time as there is planning certainty within Fishermans Bend, developers will continue seek opportunities in alternative adjoining locations such as Port Melbourne, South Melbourne and the Melbourne CBD².

Development Market Interventions – (2022) to (2023)

In undertaking our market research, and through discussions with real estate agents within the surrounding locality and broader Metropolitan Melbourne, we understand development sites within proximity to existing transport infrastructure and amenities continue to be well sought after. There still appears to be an appetite for mixed used development and high-density developments around Metropolitan Melbourne.

However, we acknowledge current inflationary pressure evident in the construction industry, attributed to material and labour supply shortages, are beginning to filter through to land values, with developers reflecting increased construction costs in feasibility modelling. The broader development market has showed signs of softening since December 2021, further fuelled by rising interest rates and inflationary pressures. We expect the development sector to continue to soften over the next 12-24 months before economic conditions begin to stabilise and improve.

^{1,2}Source: EY, 2023

Property Market Overview

CoreLogic reports that national dwelling values are down -7.9 per cent over the past year, with sales volumes continuing to decline as demand slows. A downward trend is expected to continue in 2023 as market activity continues its decline. Total listings across capital cities are currently down -6.2% annually.

Capital city residential rents rose again over the last month (3.3%), with the annual rise now at 27.0%, which is not unexpected given the vacancy rate again softened to 1.0% nationally in January according to SQM Research. Growth is expected to continue and vacancy to drop, with the return of international students.

Office vacancies are likely to remain elevated given the existing supply pipeline competes in a climate of subdued demand with the workforce spending most of its working week at home. CBD vacancy rates in Sydney is 14%, Melbourne 15.4%, Brisbane 13.9%, and Perth 19%. While rent growth is generally flat, there are pockets of growth particularly in good locations and with high quality assets. The industrial property sector is well positioned for another strong year of rent growth with tight vacancies, constrained supply and demand remaining solid.

Australia's longer term prospects will be supported by population growth, high levels of infrastructure spending and the opening of borders and re-establishment of supply chains disrupted by the global pandemic.

Economic Overview

The National economy showed resilience in 2022, fuelled by continued consumer spending despite high inflation and rising interest rates. However, economic growth is expected to slow as consumers continue to combat cost of living increases and tighter financial conditions, although the timing and extent of this change remains uncertain. Globally, growth is expected to slow from 3.4% in 2022 to 2.9% in 2023, impacted by the rise in central bank rates to fight inflation and Russia's war in Ukraine.

The RBA continues to increase the cash rate to combat rising price inflation with CPI inflation over 2022 reaching 7.8%. The cash rate is now raised to 3.35% in its ninth consecutive rate hike. It is now the highest it has been since September 2012, with the rate expected to further increase in the months ahead to eventually decline later in 2023 with a reduction in global and domestic pressures to get back to the target 2-3% band.

The deteriorating conditions are reflected by consumer surveys, which closed out 2022 in the negative territory as concerns mount about global and domestic economic growth. Still, business conditions remained strong (+18), increasing from previous months, along with business confidence (+6). Wage costs and availability of labour and materials are once again the top issues affecting business confidence, reflective of the tight labour market environment that businesses are facing.

The job market remains tight, however the latest data in January has shown an increase in the unemployment rate for the first time in over a year. This rise in unemployment looks to be due to seasonal factors, however, employment growth has fallen for two consecutive months.

The recent rate hikes appear to be having an effect along with rising costs of living in general, with the pace of borrowing for dwelling purchases and construction slowing down across all states. High construction costs will lead to a continued focus on risks and margins for development projects. However, construction cost growth is expected to ease reaching 2024 as supply chain costs subside.

Key Economic Indicators

Metric	Period	Current Value	Prior Value	Basis	Change on Prior Period
Reserve Bank Cash Rate	Mar-23	3.60%	3.35%	Monthly	Increase
GDP Annual Growth Rate	Dec-22	2.7%	5.9%	Quarterly	Decrease
Unemployment Rate	Jan-23	3.70%	3.50%	Monthly	Increase
Population Growth Rate	Jun-22	1.13%	0.91%	Quarterly	Increase
Business Confidence	Jan-23	+6	0	Monthly	Increase
Business Conditions	Jan-23	+18	+13	Monthly	Increase
Dwelling Unit Approvals	Dec-22	18.50%	-9.00%	Monthly	Increase

Source: RBA, NAB, ABS, 2023

National Economic Commentary

Key Economic Indicators

Gross Domestic Product

- ▶ The Australian economy grew 0.5 per cent in the December quarter. Households lifted their consumption by just 0.3 per cent in December quarter, much slower than in the previous two quarters, and below market expectations. Much of that was boosted by returning students and holiday makers spending up on transport, hotels and restaurants. Exports of travel services were more than double levels of a year ago and the highest since March 2020, although still below normal levels.

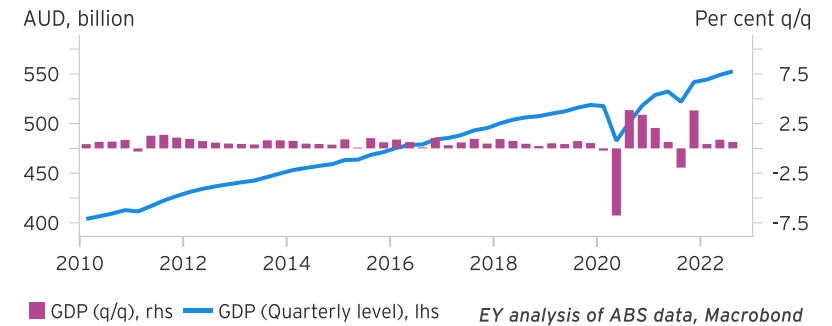
Labour Market

- ▶ The Australian labour market remains highly competitive, despite the unemployment rate increasing from 3.5 per cent to 3.7 per cent in January, the unemployment rate remains at one of the lowest levels since 1974.
- ▶ The underemployment rate, a measure of people in employment, but available to work additional hours, remained at 6.1 per cent in January. The underutilisation rate - the best measure of tightness in the economy – also remained at 9.8 per cent in January, however remains 4.1 pts lower than March 2020.
- ▶ The tightness in the labour market means wage growth is coming through and is expected to continue to lift. Wage growth is mainly driven by the private sector, where annual wages grew 3.3 per cent following the fastest growth rate in a decade in the December quarter. Nevertheless, wage growth continues to be lower than inflation meaning real wages continue to decline.

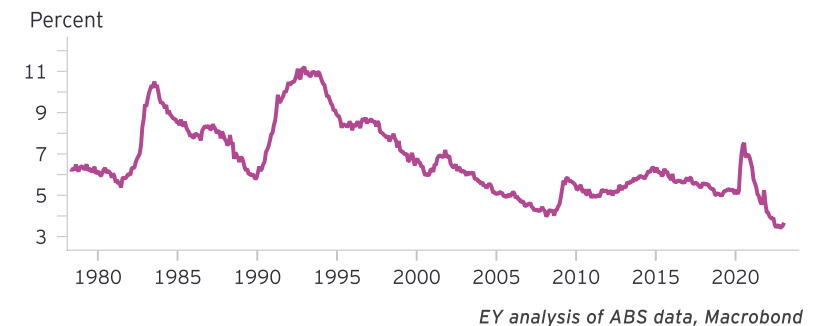
Job Ads

- ▶ ABS job vacancies October estimate sits at 450,500, a decrease of around 5% from August 2022. Despite the monthly decrease, the annual change remains positive, up 11.3% from November 2021 as the national economy continues to recover from the impacts of the pandemic.

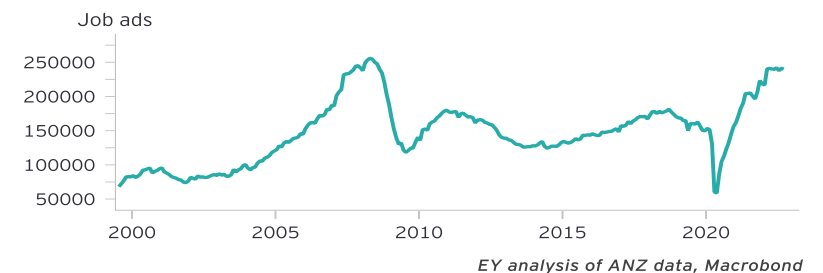
Gross Domestic Product



Unemployment Rate



Job Ads



National Economic Commentary

Key Economic Indicators

Inflation (CPI)

- ▶ The ABS reports that inflation rose 7.8 per cent over the previous twelve months to December 2022. New dwelling purchases by owner occupiers and fuel prices were key drivers. Rising fuel prices also impacted other areas of the economy via transportation costs, including food and other grocery item prices.
 - ▶ The RBA expects that inflation will decline this year due to both global factors and slower growth in domestic demand. Inflation is predicted to fall to 4.75 per cent throughout 2023 and further to 3 per cent by mid-2025, slowly getting back towards its 2-3 per cent target band.
- Global factors contribute to inflationary pressures, however strong domestic demand relative in a capacity constrained economy also continues to be an influential factor.

Producer Price (PPI)

- ▶ The producer price index rose 0.7 per cent in the December quarter 2022, bringing the growth to 5.8 per cent over the past twelve months. This rise is attributed to an increase in output of building construction; heavy and civil engineering construction; as well as an increase in computer and electronic equipment manufacturing. This was offset by decreased petroleum outputs and utility supply, as well as flood events effecting agricultural commodities.

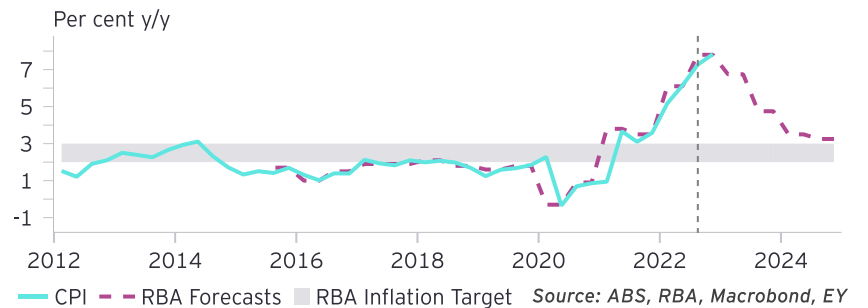
Wages (WPI)

- ▶ Overall, wages rose 0.8 per cent over the December quarter, up 3.3 per cent over the year. This is the eighth consecutive quarterly increase. Private sector wages have grown 3.6 per cent over the quarter, the highest rate of growth in a decade. Additionally, Treasury expects the WPI to grow by 3.75 per cent in 2023-24, 0.5 percentage points faster than forecast in the March Budget.

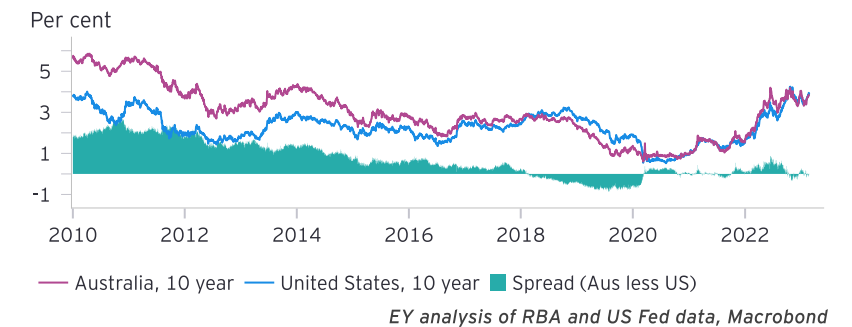
Interest Rates

- ▶ The cash rate again rose 25 basis points from 3.1 per cent to 3.35 per cent in February, reaching its highest level since 2012. This rise was in line with financial market pricing. The RBA Board is closely monitoring the global economy, household spending and wage and price setting behaviour. They expect to continue to further increase interest rates over the coming months in order to ensure inflation returns to target and this period of high inflation is temporary.

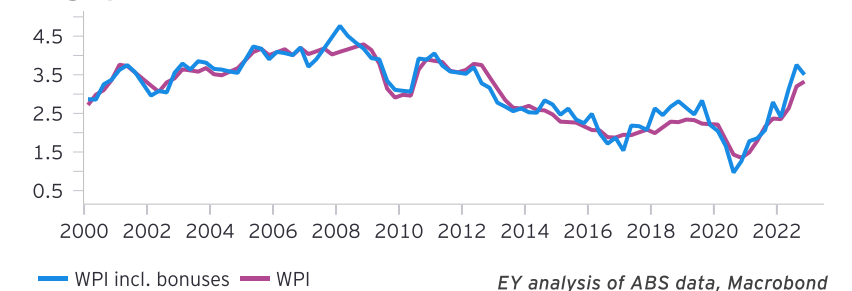
Consumer Price Inflation



10 year Bond Yields



Wage price Inflation



National Economic Commentary

Housing Indicators

Housing Finance

- ▶ The value of new loan commitments fell 4.3 per cent in December 2022, as investors, owner occupiers and first home buyers all scale back. Despite trending downwards, housing finance is still higher than pre-pandemic levels, though this gap is likely to continue to close as interest rate hikes continue.
- ▶ CommBank's Household Spending Intentions (HIS) index for homebuying rose by 1.8 per cent in February, due to stronger home buying spending intentions and an increase in transport spending, however there remains a significant amount of tightening still in the pipeline to impact on home buying intentions due to the lag at which RBA rate hikes impact the economy.

Dwelling Units Approved

- ▶ Dwelling approvals spiked upwards, having climbed by 18.5 per cent in December. Attributed to a 56.6 per cent surge in the private sector dwellings excluding houses (large apartment developments in NSW and Victoria), following a 21.8% fall in November. Approvals for private sector houses continued to fall by 2.3%. Despite this months increase, the annual building approval number is down 3.8% from last year.

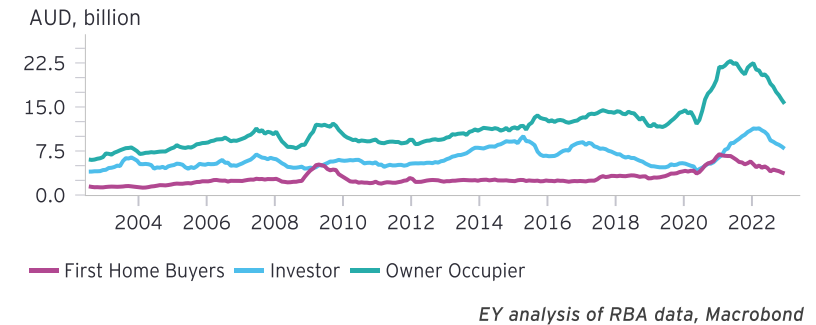
House Prices

- ▶ At a national level, housing prices in our capital cities fell again in January by 1.1 per cent according to CoreLogic, following the drop of 2.7 per cent in the previous month. All capital city dwelling markets once more saw falls in value, with Hobart again experiencing the biggest rate of change as dwelling values decreasing by a further 1.6 per cent over the month.
- ▶ Continual high interest rates, cost of living pressures and a strong pipeline of supply are all driving the relatively rapid downturn, though these may in part be offset by the underlying strength in the Australian economy and labour market and the return of migration. Despite this all capital cities are still recoding home values above pre-pandemic levels.

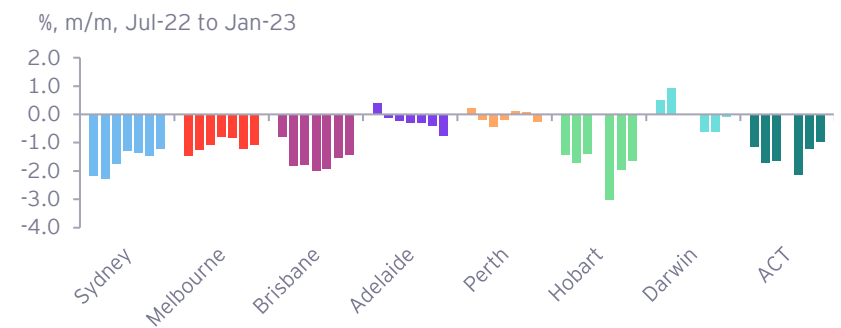
Rents

- ▶ National rent values rose 4.6% in the final quarter of 2022, picking up from a 3.1% rise in the September quarter. At the same time, rental prices remain historically high, and the rental vacancy rate low (1.03%). Annual growth in national rent values are up 13.1% from last year.

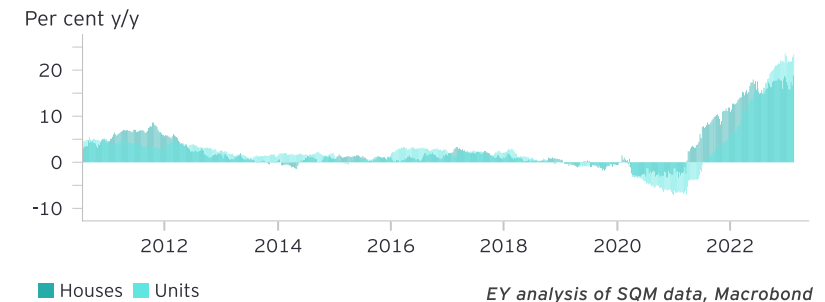
Value of Housing Finance



Capital Cities Home Value Index



Rents - National



Confidence Indicators

Retail Trade

- ▶ Retail trade leading up to the new year fell 3.9 per cent in December from the previous month, after 11 consecutive rises. Sales are still 7.5 per cent higher from the previous year. In volume terms, retail trade fell 0.2 per cent in the December quarter.
- ▶ The largest falls were witnessed in Department stores retailing (-14.3%) and Clothing, footwear and personal accessory (-13.1%). Food retailing (+0.3%) had the only increase in monthly turnover across the industry sectors, while Cafes, restaurants and takeaway food services were unchanged. Rising interest rates and cost of living pressures in 2022 are key drivers for the falls in household spending towards the end of the year, as consumers have adjusted their spending patterns, bringing forward spending during the Black Friday sales in November.

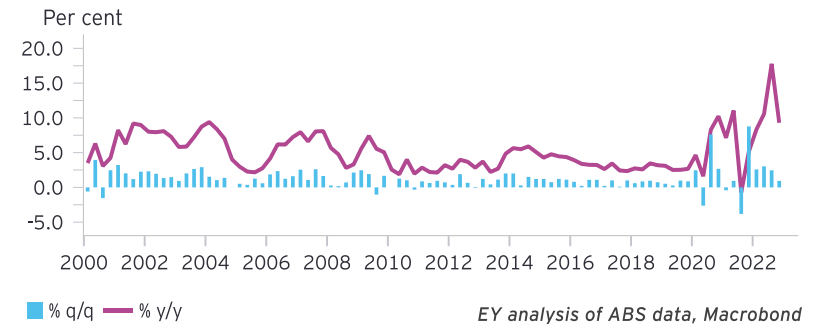
Consumer Confidence

- ▶ The ANZ-Roy Morgan Consumer Confidence Index has climbed 9 points off its record low to 83.4 during January, more than undoing its December fall. With the shocks of the RBNZ appearing to have worn off, subdued card spending within December is still evident as a result of the softening labour market creating long-running disconnections between consumers' intentions and actual spending, further keeping consumer confidence low.
- ▶ Consumers perception on buying major household items has lifted 5 points to -28% with the increase in confidence. Additionally, house price inflation expectations edged up and the proportion of mortgage-paying households who think it's a good time to spend continues to be lower than renters at -33% and -22% respectively.

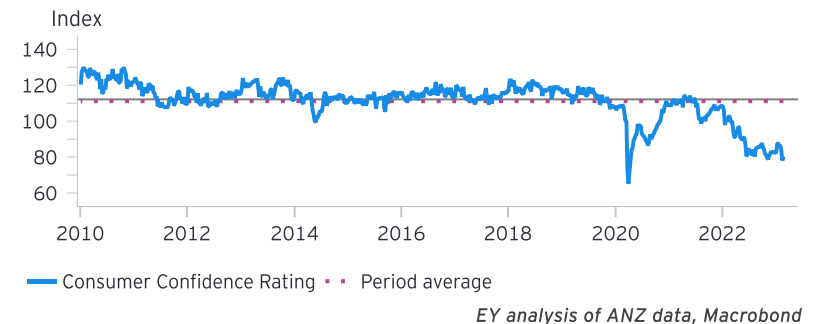
Business Conditions and Confidence

- ▶ The January 2023 NAB Business Survey indicated that both business conditions and confidence rose. Business confidence remains around long-run averages, while business conditions remain elevated. Business confidence rose by 6 points to +6 index points. Transport and utilities and wholesale industries drove the increase, with confidence remaining broadly steady across remaining industries.
- ▶ Business conditions rose 5 points to +18 index points, after 3 months of softening conditions. All three subcomponents- trading conditions, profitability and employment - rose. All industries remained in positive territory, with conditions still sitting significantly above long term averages.

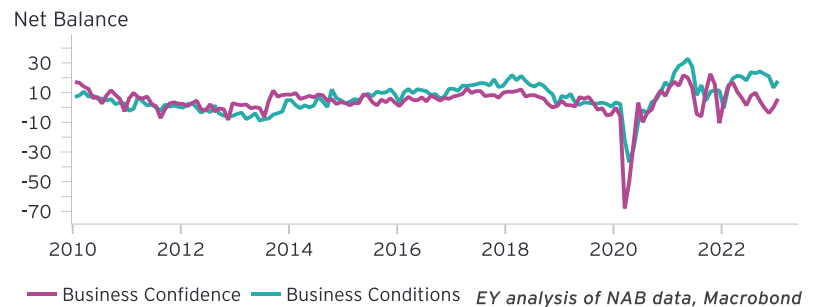
Australian Retail Trade



Consumer Confidence



Business confidence and Business Conditions



6 Market Evidence

38 Base Land Value Matrix

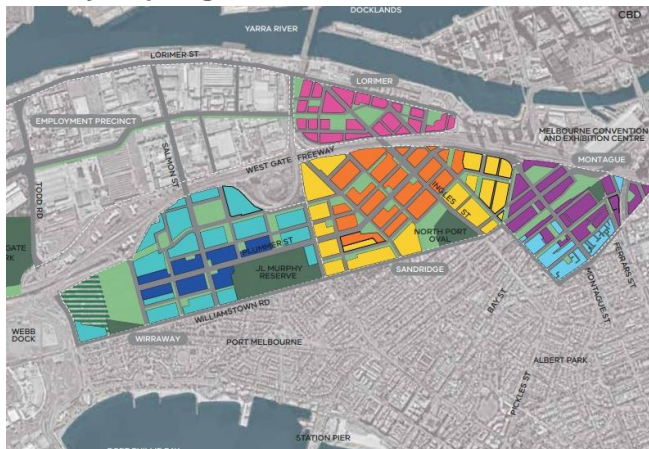
Base Land Value Matrix

Land Value Considerations

All sites are considered potential mixed use sites at various densities. The commercial decision of market participants will determine land use outcomes and development density. This matrix has been devised as a tool to understand the relativity of the development potential in each precinct under the framework.

Through sales analysis we have adopted base land value rates per hectare which we have applied to the Subject Properties, and where appropriate made adjustments for other value driving factors

Fishermans Bend Framework Allowable Dwelling Density Map, Figure 9



Source: DELWP, 2019

Indicative Land Value Rate Matrix

In determining the estimated Market Value of the land for the Subject Properties, we have had regard to sales evidence from within the Fishermans Bend Precinct and surrounding area. In assessing the comparability of the sales to the Subject Properties, we have had regard to key factors at the sale date such as location, land size, access, street frontage, planning controls, and development flexibility.

The below matrix summarises the indicative base land value rates observed in relevant sales within each precinct. Notwithstanding these rates are considered to set a base rate only upon which further adjustments for value driving factors have been made. The value matrix adopts the allowable dwelling densities within the Fishermans Bend Framework as reflected in the figure to the left, known as Figure 9 within the Fishermans Bend Framework Plan.

For properties where the land use is required for a public purpose, the underlying or adjacent allowable dwelling density has been adopted. Where multiple dwelling densities are located adjacent to a Subject Property we have undertaken an assessment on a case by case basis to determine the most likely underlying dwelling density with regard to the framework.

ID	Allowable Dwelling Density / ha	Area Range Rate (\$/sqm)					
		<0.05 ha	0.05 ha - 0.5 ha	0.5 ha - 1 ha	1 ha - 2 ha	2 ha - 3 ha	3 ha+
Lorimer Precinct							
339		\$5,250	\$5,000	\$4,500	\$3,750	\$3,000	\$2,750
Wirraway Precinct							
174		\$3,000	\$2,750	\$2,500	\$1,750	\$1,250	\$1,000
184		\$3,250	\$3,000	\$2,750	\$2,250	\$1,750	\$1,500
Sandridge Precinct							
218		\$3,500	\$3,500	\$3,500	\$3,250	\$3,000	\$2,750
349		\$3,500	\$3,750	\$3,750	\$3,500	\$3,250	\$3,000
Montague Precinct							
296		\$5,500	\$5,000	\$4,750	\$4,500	\$4,250	\$4,000
450		\$8,750	\$8,000	\$7,250	\$6,750	\$6,250	\$5,750

Source: EY, 2023

7

Valuation Methodology and Summary

Valuation Methodology

Valuation Methodology

In undertaking our Market Value estimates for the Subject Properties in accordance with the Fishermans Bend Framework, we have adopted the Direct Comparison Approach on a land value basis as our valuation approach.

Assessment Rationale

In conducting the Direct Comparison Approach, we have considered sold properties that demonstrate varying comparability with regard to their zoning, development potential, location, time of sale, site attributes, conditions of sale, etc.

The resulting indications of value lead to an assessment of price one might expect to realise upon the individual sale of the Subject Properties. Based on market evidence and attributes of each of the Subject Properties, we have considered the abovementioned factors in forming our valuations utilising a Direct Comparison Approach on an individual property basis.

We have considered development site transactions of improved and vacant land with varying levels of site contamination and required demolition. These characteristics are typical of the precinct and have been reflected in the land value rates adopted in our estimates.

We have assessed the Subject Properties on a “Before” and “After” basis, whereby we have assessed the Estimated Market Value of the underlying land for Subject Properties at the Date of Valuation (“Before”). In doing so each property has been assessed on the whole parcel of land as it exists today (excluding improvements) and valued at its unencumbered underlying land value, considering highest and best use.

In the “After” we have assessed on the whole parcel of land as it will exist (excluding improvements) after the land required for public infrastructure funded by the DCP is excised. In doing so we have had regard to the public infrastructure to be delivered as outlined in the Fishermans Bend Framework Plan and anticipated future timing of its delivery.

The “Before” and “After” approach is summarised as follows.

Estimated Value of the DCP Land Contributed

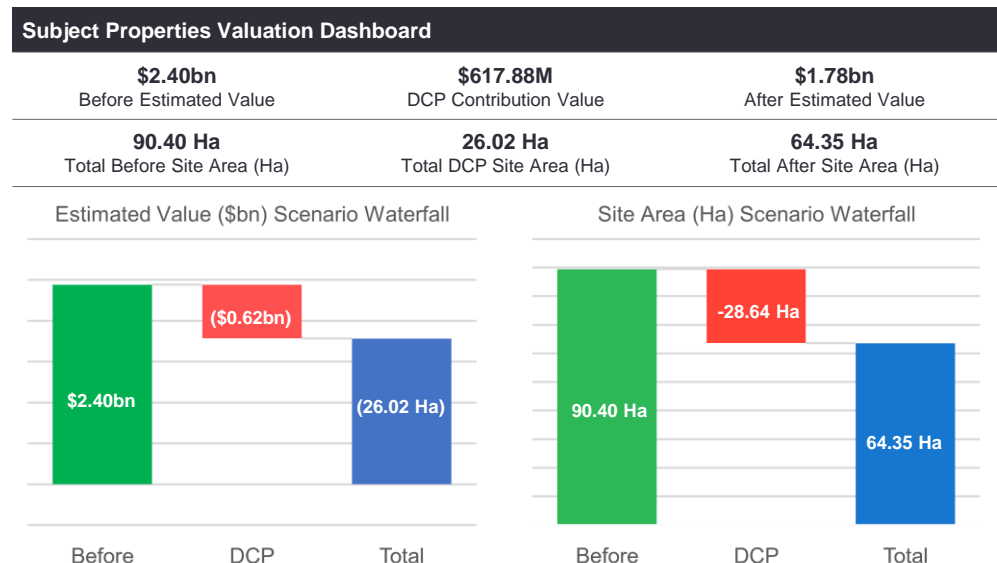
The estimated value of the DCP land contributed is the difference between the “Before” and “After” assessments.

We reiterate that we have utilised the Base Land Value Rate Matrix to provide a base land value rate for each of the Subject Properties in their relevant precinct, with sites categorised by applicable dwelling density and land size.

Adjustments have been made on a site by site basis for factors such as access, public transport proximity, proximity to open space, street frontage and development flexibility to establish a “Before” and “After” valuation assessment.

Summary of Estimate of Value

We offer the following summary of the estimate of value performed for the 76 subject properties.



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