Valuation Report

Opteon

Australia's Property Advisors

"Palm Grove Emerald"	
Lot 20, 11 Roberts Street Emerald, Queensland 4720	
Prepared For	Consortium Group Australia Pty Ltd
Valuation Date	3 April 2013
Date Report Issued	11 April 2013
Our Reference	4426354 DS

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Value made visible

1.0 Executive Summary

Instructing Party	Kylie Ridings, Consortium Group Australia Pty Ltd
Client / Authorised Party	Consortium Group Australia Pty Ltd
Borrower/Client Reference	Vladimir Bradley Klendo and Luci Carla Mahar Klendo
Valuation Purpose	First mortgage security purposes
Property Address	"Palm Grove Emerald" Lot 20, 11 Roberts Street Emerald, Queensland 4720
Property Description	The property comprises a detached highset clad/colourbond roof 3 bedrooms, 2 bathroom townhouse, with a double car accommodation under which is to be constructed in 2013.
Certificate of Title	Lot Proposed Lot 20 Plan SP186086 Parish: Selma
Registered Proprietor	Development 10 Pty Ltd ATF the Development 10 Trust
Encumbrances	None disclosed or evident. Please notify valuer if search reveals otherwise
Title Searched?	No – Unregistered Strata title
Site Dimensions	Irregular shape
Site Strata Area	Approximately 211 sqm
Zoning	"Future Urban (E)"
Interest Valued	Fee simple vacant possession
Conditions Precedent to Issue of Mortgage Funds	• Issue of separate Certificate of Title; • Sighting council approved plans; • Confirmation of building structural integrity by suitably qualified professional (if considered necessary); • Confirmation of no adverse site contamination by suitably qualified professional (if considered necessary); • Confirmation of no encroachments by or upon subject property by surveyor (if considered necessary);
Key Assumptions	• The instructions and subsequent information supplied contain a full disclosure of all information that is relevant;
Recommended Documents to Sight	Nil

Valuation

Market Value As Is	$415,000
Date of Inspection	3 April 2013
Date of Valuation	3 April 2013
Currency of Valuation	Three months from the date of issue of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
Inspecting Valuer	Debbie Swindley Valuer 3396 AAPI CPV **Opteon (Central and Southern Qld) Pty Ltd**

Important	***All data provided in this Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report. Also the contents of the Report proper should be read in conjunction with the Assumptions, Qualifications and Disclaimers listed at the end of this Report.***

2.0 Location

The property is situated at "Palm Grove Emerald" Lot 20, 11 Roberts Street Emerald, on the southern side of the road, being the sixth allotment west of the intersection with Riverview Street. It is located approximately one kilometre from Emerald Central Business District.

Located in a modern and established residential area of Emerald. Surrounding developments comprises of generally residential dwellings of varying age, style and street appeal. Schools and shops are within a five minute drive.

3.0 Tenure

Tenure	Freehold interest.
Certificate of Title	Proposed Lot 20 Plan SP186086 Parish: Selma
Registered Proprietor	Development 10 Pty Ltd ATF the Development 10 Trust
New Title	Our valuation has been assessed assuming a (new) Certificate of Title will be issued for the property, free of any onerous encumbrances and restrictions. Reliance should not be placed on this valuation report until title is issued. We reserve the right to review our valuation upon sighting a copy of the new Certificate of Title.
Encumbrances	None disclosed or evident. Please notify valuer if search reveals otherwise
Unit Entitlement	1 out of 44 in the Strata Plan, and accordingly also has an interest in the common property.
Recommendation (Recent Title Search)	A recent title search of the property has not been undertaken or sighted. We recommend a recent title search be obtained to confirm title to the property, the title plan, and any encumbrances have not changed. We reserve the right to review our valuation in the event a recent title search reveals any information or discrepancies which may affect the value of the property.

4.0 Planning

Local Government Area	Central Highlands Regional Council
Planning Scheme	Emerald Planning Scheme
Current Zoning	"Future Urban (E)"
Existing Use	Nil (residential vacant land)
Zoning Effect	We assume that the development complies with all zoning requirements

5.0 Land

Site Strata Area	Approximately 211 sqm
Identification	Street number in conjunction with online cadastral plan, Survey plan

6.0 Services

Electricity, town water, sewerage, bottled gas, telephone are all available

7.0 Improvements

7.1 Main Building

Style:	High-set townhouse

Construction:	
Floors	Concrete and timber
Main External Walls	Cladding
Window Frames	Aluminium
Roof	Colourbond
Main Interior Linings	Plasterboard
Construction Year	To be constructed

Accommodation:	Accommodation includes 3 bedrooms , 2 bathrooms kitchen/meals/living, separate toilet, laundry concealed in cupboard, EXTERNAL ACCOMMODATION, verandah
Prime Cost Items:	KITCHEN, 1.5 bowl sink, cook top+ under bench oven+ range-hood and dishwasher, BATHROOM(S), ensuite: shower+ vanity and toilet, bathroom: shower over bath and vanity, heat light/exhaust fan, LAUNDRY, laundry tub, OTHER, hot water service

Features & Fixtures:	CONDITION, average quality fit out, FLOOR COVERINGS, carpets, tiled wet areas, floor tiling, KITCHEN, laminated bench-tops, tiled splash-backs, laminated kitchen cupboards, built in pantry, STORAGE, ensuite and walk in robe to master bedroom, built in robes to minor bedrooms, linen/storage cupboards, HEATING/COOLING, two split system air conditioning

Interior Layout	Open plan
Car Accommodation	Basement/internal carspace
Number of Car spaces	2 cars

7.2 Building Areas

Main Building	Approx. 98 sqm
Outdoor Areas	Approx. 12 sqm
Vehicle Areas	Approx. 101 sqm

7.3 Other Improvements

Other improvements include common property features, common paths and gardens, visitor parking, landscaping, easy care low maintenance gardens, driveway, concrete driveway, paving, concrete paving, fencing

7.4 Condition and Repairs

Internal Condition	To be erected
External Condition	To be erected

8.0 Photography

Road Frontage East

Road Frontage West

Road Frontage North-west

Sale Advertising signage

9.0 *Environmental Issues*

Environmental Issues	The property is located in an area designated as a flood hazard with minimum habitable floor areas as per council building regulations and planning laws.

10.0 Sales History

Current/Proposed Sale of Subject Property:	$415,000
Date	7 March 2013
Sale in Line with Local Market?	Yes
Copy of Contract Sighted?	Yes

11.0 General Comments

The subject comprises an off the plan purchase of a detached high-set 211sqm strata area clad/colourbond roof 3 bedroom, 2 bathroom townhouse, enclosed under with colourbond cladding to provide a double garage.

We have been advised that most of the units have sold off the plan with prices in the high $300,000's to low $400,000's and that the market has received them well, with mainly investors purchasing the units.

The residence is subject to some flooding as is the majority of the Emerald Township. The local government authority does provide flood mapping/overlays. The mapping implies that to comply with council regulation there must be a minimal habitable finished floor level of 179.6 and 179.4 for that Roberts Street allotment. The townhouse is high-set with all living areas upstairs.

We have assessed the current market value of this property based on sales evidence in the prevailing market. The townhouse is under contract for $415,000 which is considered at the upper end of an acceptable market range. We note that the purchasers have paid a premium for purchasing a new property that might not be realised if sold in the second hand market. There is limited sales evidence for similar style townhouses; our valuation takes into account the subject property in its 'brand new' condition. The property's condition will depreciate due to normal everyday occupation and therefore, should the property be sold in the short term, it may result in a sale price below our valuation amount.

We have not sighted Council approval of the subject plans and specifications in preparation of this Valuation. The floor areas have been advised from the concept plan provided; if the final floor areas differ from the original plans the Valuer reserves the right to review the valuation.

Our Valuation assumes that all work will be carried out in a tradesman-like manner using first class new materials in accordance with plans and specifications, and the Building Act.

Due to a shortage of comparable sales for the subject property, we have relied on sales evidence that does not fit within normal guidelines. There are limited comparable sales in the locality and therefore some of the sales evidence may be over 6 months old, may have a different number of bedrooms, or may fall outside of the preferred 15% price range. In this instance we are unaware of sales evidence that fits within normal guidelines and confirm the sales evidence used within this report is the best available with regard to comparability and is considered to be reflective of current market conditions.

I confirm I have sighted Contract of Sale dated 07/03/2013 confirming purchase price of $415,000. Our valuation assumes that the contract amount provided is correct and that there are no onerous annexures or conditions attached to the contract that have an adverse effect on, or distort the actual purchase price of the property. If the actual contract differs to that adopted within the report, or if there are any annexures or special conditions that have an adverse effect on the market value or marketability of the property, we strongly recommend immediate reassessment of security via full valuation prior to the advancement of settlement funds.

For the purposes of this report, we have assumed the subject will have a Strata Title. We have not sighted any Title documentation, and reserve the right to review and amend this report upon receipt of any information to the contrary of this assumption.

Risk Ratings

Based on the attributes of the property the valuer has considered the risk profile of the property. The risk profile is considered to be best illustrated graphically, as follows:

Property Risk* Ratings	1	2	3	4	5	Market Risk* Ratings	1	2	3	4	5
Location Neighbourhood:		2				Recent Market Direction:			3		
Land (incl planning, title):			3			Market Volatility:		2			
Environmental Issues:		2				Local Economy Impact:				4	
Improvements:		2				Market Segment Conditions:		2			
Risk Ratings: 1 = Low, 2 = Low to Medium, 3 = Medium, 4* = Medium to High, 5* = High											

Note: The above risk ratings are based on general knowledge and information currently available. Ultimately current perceptions of risks may not prove to be accurate.

11.1 Risk Ratings Comments

Comments on any risk ratings "3" or above:

Location and Neighbourhood:	No comment
Land (incl. planning, title):	Our Valuation assumes that the associated Survey Plan will be sealed by Council and that all services are connected to the subject in terms of the Development Approval issued by Council. Our Valuation also assumes that clear and unencumbered Certificate of Title will be issued. Upon doing so our "Land rating" will reduce to a "2".
Environmental Issues:	The property is located in an area designated as a flood hazard with minimum habitable floor areas as per council building regulations.
Improvements:	Our Valuation assumes that all work will be carried out in a tradesman-like manner using first class new materials in accordance with plans and specifications, and the Building Act.
Recent Market Direction:	The majority of market activity is investment driven and future market direction is very reliant on the coal mining industry. An abundance of property listings combined with a slight decreased in demand and reduced confidence levels has seen an increase in available rentals and a slight decline in market direction. Agents are reporting that the market is still steady but a drift to a buyers market with housing prices falling around 5% with days on the market longer, now 3 - 6 months.
Market Volatility:	No comment
Local Economy Impact:	Emerald is a mining service township and provides police and ambulance services, primary and secondary schools, local shops and some business houses. The Emerald Real Estate market has significantly firmed over the past years as a result of high employment levels within the surrounding mines. The town experienced low vacancy rates and high rental levels. However due to recent mine closures, the pressure is off the rental market with more properties available for rental and for sale and properties days on the market are longer.
Market Segment Conditions:	No comment

12.0 Market Evidence

12.1 Sales Evidence

In forming our opinion of value we have had regard to various sales transactions, a selection of which are detailed below.

Address	Sale Date	Sale Price	Brief Comments	Comparison
2/10 Chandon Court, Emerald, Queensland	10-Sep-12	$394,000	Comprises a 2010 on-ground brick/colourbond roof 3 bedroom, 2 bathroom modern unit with a patio and single garage. 175sqm strata area. 2 unit complex.	Similar size unit, smaller strata area, inferior location to town, superior street-scape, inferior car accommodation. Overall inferior.
9/43 Loch Street, Emerald, Queensland	11-Sep-12	$405,000	Comprises a 1995 high-set detached hardiplank/colourbond roof, 3 bedroom, 1 bathroom townhouse, partly enclosed under with a double garage and colourbond shed with skillion attached. 1082sqm strata area. 9 unit complex.	Similar size unit, larger strata area, comparable location, and car accommodation, inferior bathrooms and street-scape, superior ancillary improvements. Overall slightly inferior.
1/54 Lakeside Drive, Emerald, Queensland	02-Oct-12	$390,000	Comprises a 2012 on-ground brick/colourbond roof 3 bedrooms, 2 bathroom modern unit with a patio and single garage. 188sqm strata area. 2 unit complex.	Similar size unit, smaller strata area, inferior location to town, superior street-scape, inferior car accommodation. Overall inferior.
12 Bridgeman Street, Emerald, Queensland	30-Oct-12	$405,000	Comprises a detached high-set 1980 hardiplank/iron roof 4 bedroom, 1 bathroom renovated dwelling, enclosed under with fibro, verandah, patio, double car accommodation under and a colourbond shed. A regular shaped 739sqm allotment rising gently from the road to a near level contour.	Similar size dwelling, Larger allotment, inferior location to town, inferior bathrooms, car accommodation and street-scape, superior bedrooms and ancillary improvements. Overall slightly inferior.
1/7 Calderwood Street, Emerald, Queensland	30-Nov-12	$430,000	Comprises a 2012 on-ground brick/colourbond roof 3 bedrooms, 2 bathroom modern unit with a patio and double garage. 168sqm strata area. 2 unit complex.	Larger unit, smaller strata area, inferior location to town, superior street-scape, comparable car accommodation. Overall superior.

13.0 Valuation

13.1 Market Value - As Is

Market Value	$415,000	(FOUR HUNDRED AND FIFTEEN THOUSAND DOLLARS)

13.2 Valuation Methodology

Methodology	The most appropriate method of valuation for a property of this nature is direct market comparison whereby the subject property is compared with sales of comparable properties, supported by the summation of land and improvements.

13.3 Rental Value

Market Rent	$450 pw

13.4 Insurance Value

Insurance Value	Building insurance arranged by strata corporation

Units in Development	1
Unit Entitlement	1 out of 44

Date of Valuation	3 April 2013
Inspecting Valuer	Debbie Swindley Valuer 3396 AAPI CPV Opteon (Central and Southern Qld) Pty Ltd

Important	*This valuation is subject to the definitions, qualifications and disclaimers and other comments contained within this report.*
Pecuniary Interest	*We confirm that the valuer does not have any pecuniary interest that would conflict with the proper valuation of the property.*

14.0 Mortgage Endorsement

Recommended as Suitability for Security?	Yes The valuation firm does not make any guarantee, promise, warranty, representation or undertaking that the provision of the valuation report as part of a loan/finance application will result in mortgage finance being obtained which is dependant upon other lending criteria.
Selling Period Greater Than 6 months	No The anticipated sales time is due to a narrow market segment
Lender Specific Information	N/A
Loan to Value Ratios	In accordance with our standard practice, loan to value ratios are not stated in our reports in the belief and understanding that such is the commercial decision and prerogative of the intending mortgagee.
Prudent Lender	This Valuation is given subject to the following Prudent Lending Clause, unless; the person or entity making such loan is an authorised deposit taking institution within the meaning of the Banking Act 1959 (including but not limited to any bank, building society or credit union). The Valuation is prepared on the assumption that the Lender as referred to in the valuation report (and no other) may rely on the valuation for mortgage finance purposes and the Lender has complied with its own lending guidelines as well as prudent finance industry lending practices, and has considered all prudent aspects of credit risk for any potential borrower including the borrowers ability to service and repay any mortgage loan. Further, the valuation is prepared on the assumption that the Lender is providing mortgage financing at a conservative and prudent loan to value ratio (LVR). The valuer accepts no liability whatsoever if prudent lending practices fail to be strictly observed and/or if the lender relies solely on this valuation, and no other criteria, to advance loan funds.

15.0 Assumptions, Qualifications and Disclaimers

Scope of Work Undertaken	*The scope of work undertaken by the valuer in completing the valuation has included:* • *Collation of information from relevant parties regarding the subject property;* • *Undertaking our own research regarding the subject property;* • *An inspection of the property and measurement of buildings where required;* • *Undertaking market research in terms of values and/or costs of similar properties;* • *Preparation of valuation calculations; and* • *Preparation of this report.*
Third Party Disclaimer	*This report has been prepared for the private and confidential use of our client, Consortium Group Australia Pty Ltd for the specified purpose. It should not be reproduced in whole or part; or any reference thereto; or to the valuation figures contained herein; or to the names and professional affiliation of the Valuer(s) without the express written authority of Companies. Company Name or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.*
Full Disclosure Disclaimer	*Whilst we have attempted to confirm the veracity of information supplied, the scope of work did not extend to verification of all information supplied or due diligence. Our valuation and report has been prepared on the assumption the instructions and information supplied has been provided in good faith and contains a full disclosure of all information that is relevant. The valuer and valuation firm does not accept any responsibility or liability whatsoever in the event the valuer has been provided with insufficient, false or misleading information.*
Digital Copies of Reports	*Where a report has been provided in digital copy and has not been received directly via our firm, the report contents, especially the valuations and critical assumptions, should be verified by contacting the issuing office to ensure the contents are bona fide. In particular if the reader of this report has suspicions that the report appears to be tampered or altered then we recommend the reader contact the issuing office.*
Reliance on Whole Report	*This valuation should be read in its entirety, inclusive of any summary and annexures. The valuer and valuation firm does not accept any responsibility where part of this report has been relied upon without reference to the full context of the valuation report.*
Publication of Report	*The publication of the valuation or report in whole or any part, or any reference thereto, or the names and professional affiliations of the Valuers is prohibited without the prior written approval of the valuer as to the form and context in which it is to appear.*
Market Change Disclaimer	*This valuation is current as at the Date of Valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three months from the date of issue of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. We recommend the valuation be reviewed at regular intervals.*
Land and Building Area Disclaimer	*In the event actual surveyed areas of the property are different to the areas adopted in this valuation the survey should be referred to the valuer for comment on any valuation implications. We reserve the right to amend our valuation in the event that a formal survey of areas differs from those detailed in this report.*
Title Assumption	*Our valuation assumes the property would be offered for sale subject to encumbrances noted on the Title but otherwise unencumbered by mortgages, caveats, or priority notices etc which would prevent transfer of the property.*
Native Title Assumption	*We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.*

Site Survey Disclaimer	*This report is not a site survey and no advice is given in any way relating to survey matters. Any comments given in relation to the property are not given in the capacity as an expert, however, are based on our inspection of the property and review of the Certificate of Title plans. Should the addressee require absolute certainty in relation to encroachments we recommend that a surveyor be engaged to provide appropriate advice and a survey of the property if considered necessary.*
Unit Entitlement	*If the property is strata titled this valuation assumes the property has an equitable allocation of unit entitlement.*
Geotechnical Assumption	*We have not sighted a geotechnical engineers' survey of the property. We are not experts in the field of civil or geotechnical engineering and we are therefore unable to comment as to the geotechnical integrity of the ground and soil conditions. It is specifically assumed that there are no adverse geotechnical conditions that compromise the utility of the property for the current or highest and best use. In the event there is found to be adverse ground conditions we recommend the matter be referred to this Company for comment.*
Planning Disclaimer	*Town planning and zoning information was informally obtained from the relevant local and State Government authorities. This information does not constitute a formal zoning certificate. Should the addressee require formal confirmation of planning issues then we recommend written application be made to the relevant authorities to obtain appropriate current zoning certificates.*
Environmental Disclaimer	*This report is not an environmental audit and no advice is given in any way relating to environmental matters. Any comments given as to environmental factors in relation to the property are not given in the capacity as an expert. This assessment of value is on basis that the property is free of contamination. In the event the property is found to contain contamination the matter should be referred to this office for comment. Given contamination issues can have a significant impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.*
Information Availability (Market Evidence)	*In preparing this valuation the valuer has researched market evidence from various sources. While we believe the information to be accurate, not all details have been formally verified. Due to privacy laws, confidentiality agreements and other circumstances beyond our control, the valuer may not have had access to: Personal details of parties involved in transactions and is therefore unable to confirm whether such dealings are arm's length transactions; Information on recent transactions which are yet to become public knowledge; Copies of leases/contracts to confirm rents/prices and to ascertain whether or not rents/prices are inclusive or exclusive of GST. In the event additional market evidence information becomes available regarding these circumstances this may affect the opinion expressed by the valuer. Nevertheless the valuation is based on information and market evidence reasonably available to the valuer as at the date of the valuation in accordance with usual valuation practices.*

Market Value As If Complete	*"Market Value As If Complete" means a valuation that assumes the proposed development work is already complete at the Date of Valuation and reflects the market at the Date of Valuation.* *The As If Complete valuation is based on the plans and specifications having regard to the market at the Date of Valuation.* *The As If Complete valuation does not purport to predict the market conditions and value at the actual (ie future) completion of the improvements.* *The As If Complete valuation should be confirmed by a further inspection by the Valuer on completion of the improvements. The Valuer reserves the right to review and if necessary vary the valuation in this report if there are any changes in relation to the project itself or in market conditions and prices.* *The As If Complete valuation is subject to the following specific assumptions:* • *Satisfactory completion of the improvements in accordance with the plans, specifications, cost estimates and details provided;* • *An inspection by the Valuer following practical completion of the construction;* • *Confirmation or variation of the original valuation figure relevant to the original valuation date following an inspection of the project and any leases after practical completion;* • *Issue of all relevant approvals including a satisfactory building completion certificate under the appropriate legislation;* • *Sighting of any reports from other experts who have provided advice in aspects of the construction of the building(s);* • *The right to review and if necessary vary the valuation if there are changes in the project design, specification or proposed leases (if applicable); and* • *Issue of new Certificate(s) of Title, free of any encumbrances, if applicable.* *It is recommended that expert advice from quantity surveyors or engineers be obtained if considered necessary in relation to the construction specifications and costs to ensure the proposal comprehensively covers the proposed specification, scope of works, and that the estimated construction cost is sufficient to complete the project.*
GST	*Valuations of residential property are undertaken on the basis that GST is not applicable. This valuation is prepared on the assumption that the subject property does not constitute a 'new residential premises' as defined under ATO Ruling GSTR 2003/3. Further it is assumed that the subject property will transact as a residential property between parties not registered (and not required to be registered) for GST. The market valuation herein reflects a market transaction to which GST may not be applicable. The client should satisfy themselves of the GST position of the parties involved.*
Insurance Value Recommendations	*Some or all of the itemised cost factors could be automatically excluded in the insurance policy; therefore it is important to establish the extent of such inclusions with the insurer. We recommend you investigate the terms and conditions of your insurance policy to determine the extent of inclusions and exclusions or discuss this issue with your insurance broker or insurer.*
Basis of Insurance Valuation	*Our insurance replacement value has been assessed assuming a total loss situation and reinstatement with a building of similar size and materials.* *The insurance replacement value includes: the estimated current construction cost; provision for cost escalation during period of insurance and rebuilding process; allowances for demolition and clean up; and professional fees.* *The insurance replacement value excludes: computer or electrical equipment, furniture, and personal items (ie contents); loss of rent or rent for alternative accommodation; any allowance for loss in land value as a consequence of the existing improvements not being permitted to be rebuilt due to changes in planning controls, development standards or the extinguishment of existing use rights; any increase in proportionate costs as a consequence of a partial loss, particularly in the case of heritage buildings; costs for removal of asbestos; and increased costs as a consequence of widespread catastrophic events.*

Appendices

1. Instructions
2. Certificate(s) of Title and Title Plans