

# Technical Due Diligence Report

3 School Road

Wellsford, Auckland 0900

CBRE Consulting Services Technical Due Diligence Report prepared for

PMG Direct Childcare Fund

20 January 2025

Final



# Contents

|   |           |
|---|-----------|
| <b>1. Executive Summary</b>               | <b>1</b>  |
| 1.1 Financial Summary                     | 2         |
| <b>2. Capital Expenditure Report</b>      | <b>3</b>  |
| <b>3. Synopsis</b>                        | <b>5</b>  |
| 3.1 Instructions                          | 5         |
| 3.2 Critical Assumptions                  | 5         |
| <b>4. Reliance and Reporting</b>          | <b>7</b>  |
| 4.1 Reliance and Liability                | 7         |
| 4.2 Reporting                             | 7         |
| <b>5. Asset Description</b>               | <b>9</b>  |
| 5.1 General                               | 9         |
| <b>6. Building Structure &amp; Fabric</b> | <b>11</b> |
| 6.1 Building Elemental Description        | 11        |
| 6.2 Comments & Recommendations            | 12        |
| 6.3 Photographs                           | 14        |
| <b>7. Building Services</b>               | <b>17</b> |
| 7.1 Building Services Description         | 17        |
| 7.2 Comments & Recommendations            | 18        |
| 7.3 Photographs                           | 20        |
| <b>8. Capex Qualifications</b>            | <b>22</b> |
| 8.1 Cost Estimates and Timing             | 22        |
| 8.2 Definitions                           | 22        |
| 8.3 Condition                             | 23        |
| 8.4 Risk Potential                        | 23        |
| <b>9. Limitations and Exclusions</b>      | <b>24</b> |
| <b>10. Terms &amp; Conditions</b>         | <b>26</b> |

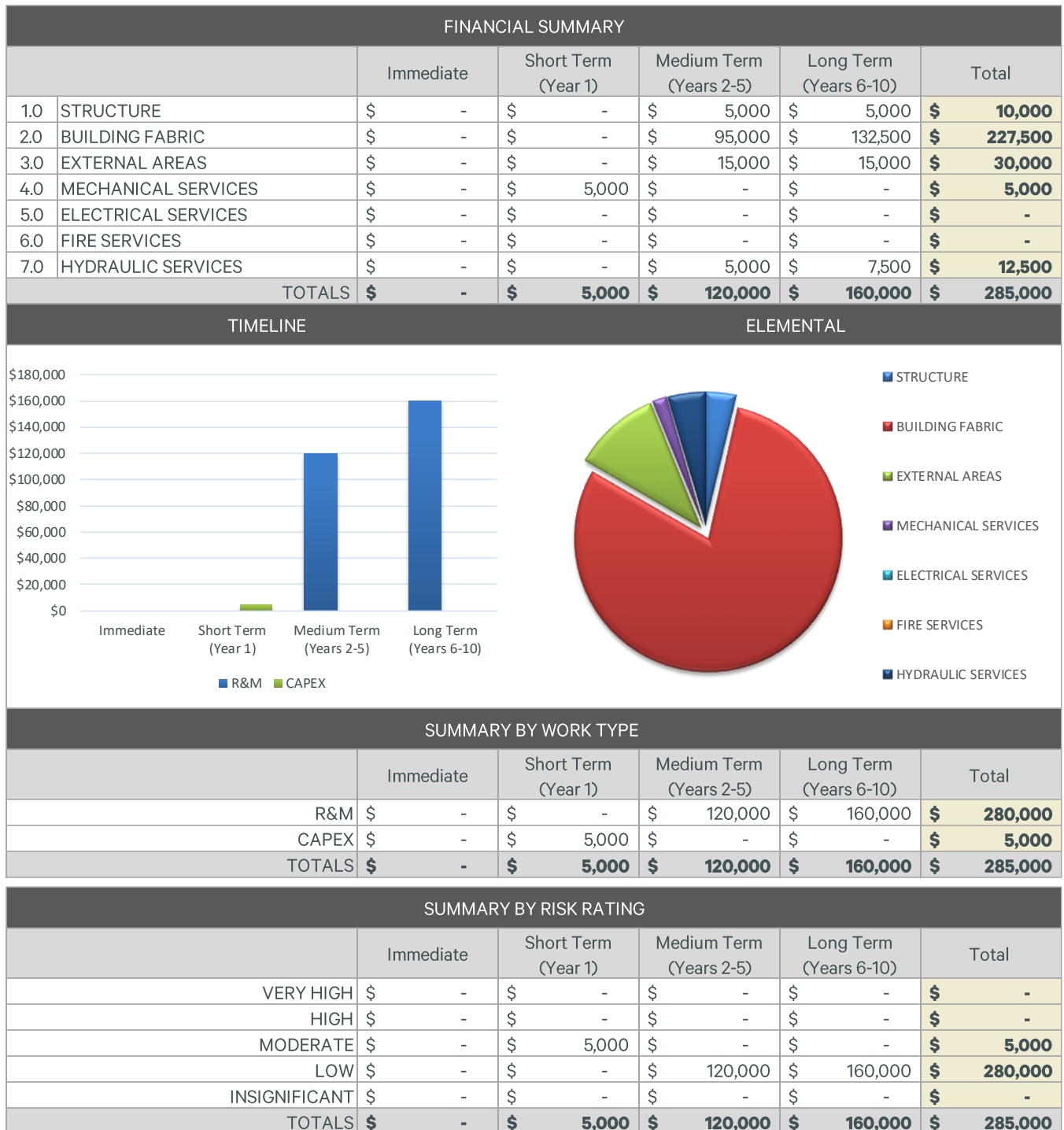
# 1. Executive Summary

The property comprises a newly constructed, purpose-built, two-storey childcare centre, with a floor area of 547m<sup>2</sup>. The building was completed in late 2024 and is now fit out ready for occupation. The building provides modern facilities including play areas, amenities and staff offices. External decks and play areas are also provided. All building elements and services installations are in as-new condition, with no significant defects. Typical cyclical maintenance will be required, with limited requirements for capital replacement works during the ten-year reporting period.

The user is advised to read this report in its entirety.

| Element     | Key Comments/Recommendations  | Risk |
|-------------|---|------|
| Structure:  | Appears sound; no significant concerns.   | Low  |
| Roof:       | Roof areas appear in good condition. Minor cyclical repairs anticipated.  | Low  |
| Façades:    | Building fabric elements are in good condition. Periodic redecoration required.   | Low  |
| Interior:   | Internal areas in as-new condition. Periodic redecoration, renewal of floor finishes required. Replacement of some fixtures and fittings likely to be required. | Low  |
| Externals:  | All areas in good condition.<br>Periodic redecoration of timber decks and fencing required.   | Low  |
| Mechanical: | Cyclical maintenance, and certification (ventilation) required.<br>No capital replacement anticipated.  | Low  |
| Electrical: | Cyclical inspection (thermographic) required.<br>No capital replacement anticipated.  | Low  |
| Fire:       | Cyclical maintenance and certification required.<br>No capital replacement anticipated.   | Low  |
| Hydraulic:  | Periodic inspection and minor repairs to drainage anticipated.<br>No other capital works anticipated.   | Low  |

## 1.1 Financial Summary



## 2. Capital Expenditure Report

| Item       | Element / Description / Location        | Suggested Remedy  | Work Type | Risk | Immediate | Short Term (Year 1) | Medium Term (Years 2-5) | Long Term (Years 6-10) | Total            |
|------------|---|---|-----------|------|-----------|---------------------|-------------------------|------------------------|------------------|
| <b>1</b>   | <b>STRUCTURE</b>                        |   |           |      |           |                     |                         |                        |                  |
| 1.1        | Structure generally.                    | Generally appears in good condition with no significant issues identified. Inspect structure every 5 years.   | R&M       | Low  | \$ -      | \$ -                | \$ 5,000                | \$ 5,000               | \$ <b>10,000</b> |
| <b>2</b>   | <b>BUILDING FABRIC</b>                  |   |           |      |           |                     |                         |                        |                  |
| <b>2.1</b> | <b>ROOF</b>                             |   |           |      |           |                     |                         |                        |                  |
| 2.1.1      | Roof areas generally.                   | Periodic jet washing of roof to comply with conditions of warranty. Excluded as Opex.   |           |      | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -             |
| 2.1.2      | Roof areas generally.                   | Allowance for periodic renewal of sealants, replacement of isolated fixing caps, re-alignment of flashings and sheeting, isolated replacements.   | R&M       | Low  | \$ -      | \$ -                | \$ 2,500                | \$ 5,000               | \$ <b>7,500</b>  |
| 2.1.3      | Roof access.                            | No fixed access to air conditioning unit on first floor facade. Consider installation of fixed access, or relocation of AC unit. Costs excluded here and allowed in mechanical section below, for relocation (the recommended option) |           |      | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -             |
| <b>2.2</b> | <b>FACADES</b>                          |   |           |      |           |                     |                         |                        |                  |
| 2.2.1      | Facades generally                       | Periodic building wash to comply with conditions of warranties. Excluded as Opex.   |           |      | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -             |
| 2.2.2      | Facades - previously decorated surfaces | Redecorate previously painted fibre-cement sheeting and concrete blockwork. Redecorate soffits to roof overhangs. Renew surface finish to cedar cladding.   | R&M       | Low  | \$ -      | \$ -                | \$ 7,500                | \$ 7,500               | \$ <b>15,000</b> |
| 2.2.3      | Aluminium joinery                       | Undertake cyclical inspections, cleaning, lubrication etc. as part of conditions of warranty. Costs excluded as Opex  |           |      | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -             |
| <b>2.3</b> | <b>INTERIOR</b>                         |   |           |      |           |                     |                         |                        |                  |
| 2.3.1      | Ceiling hatches                         | Ceiling hatches to be painted / completed by vendor. Costs excluded   |           |      | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -             |
| 2.3.2      | Ceilings                                | Periodic redecoration to previously painted surfaces. Anticipated to be required on a 6-year interval. Cost may rest with tenant  | R&M       | Low  | \$ -      | \$ -                | \$ -                    | \$ 12,500              | \$ <b>12,500</b> |
| 2.3.3      | Wall surfaces                           | Periodic redecoration to previously painted surfaces. Anticipated to be required on a 3-year interval. Cost may rest with tenant  | R&M       | Low  | \$ -      | \$ -                | \$ 12,500               | \$ 25,000              | \$ <b>37,500</b> |
| 2.3.4      | Floor finishes - vinyl                  | Allow for renewal on a 5-year interval. Cost may rest with tenant   | R&M       | Low  | \$ -      | \$ -                | \$ 15,000               | \$ 15,000              | \$ <b>30,000</b> |
| 2.3.5      | Floor finishes - carpet tiles           | Allow for renewal on a 5-year interval. Cost may rest with tenant   | R&M       | Low  | \$ -      | \$ -                | \$ 47,500               | \$ 47,500              | \$ <b>95,000</b> |
| 2.3.6      | Fixtures & Fittings                     | Allow for replacement of a portion of the fixed joinery fittings in the medium and long term. Cost may rest with the tenant   | R&M       | Low  | \$ -      | \$ -                | \$ 10,000               | \$ 20,000              | \$ <b>30,000</b> |

| Item     | Element / Description / Location                            | Suggested Remedy  | Work Type | Risk          | Immediate | Short Term (Year 1) | Medium Term (Years 2-5) | Long Term (Years 6-10) | Total      |
|----------|---|---|-----------|---------------|-----------|---------------------|-------------------------|------------------------|------------|
| <b>3</b> | <b>EXTERNAL AREAS</b>                                       |   |           |               |           |                     |                         |                        |            |
| 3.1      | Line markings to carpark.                                   | Cyclical renewal will be required. Cost excluded as Opex  |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 3.2      | Concrete surfaces to car park and perimeter pathway         | No capital expenditure anticipated  |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 3.3      | Timber decks, external stairs, fencing etc.                 | Allow for periodic renewal of surface finishes. Cost may rest with tenant                               | R&M       | Low           | \$ -      | \$ -                | \$ 15,000               | \$ 15,000              | \$ 30,000  |
| <b>4</b> | <b>MECHANICAL SERVICES</b>                                  |   |           |               |           |                     |                         |                        |            |
| 4.1      | Air-conditioning units                                      | Periodic inspection required through Opex. No capital replacement anticipated during reporting term.    |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 4.2      | Ventilation fans  | Periodic inspection required through Opex. No capital replacement anticipated during reporting term.    |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 4.3      | Outdoor air conditioning unit mounted at first floor level. | Consider relocating the outdoor unit to ground level, in the interests of H&S. Provisional Sum          | Capex     | Moderate      | \$ -      | \$ 5,000            | \$ -                    | \$ -                   | \$ 5,000   |
| <b>5</b> | <b>ELECTRICAL SERVICES</b>                                  |   |           |               |           |                     |                         |                        |            |
| 5.1      | Main switchboard  | Undertake annual thermographic inspections to identify any potential issues. Cost considered to be Opex |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 5.2      | Small power reticulation                                    | No capital expenditure anticipated  |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 5.3      | Lighting  | Lighting by way of LED technology, no anticipated capital expenditure.                                  |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 5.4      | Emergency lighting/exit signage                             | Lighting by way of LED technology, no anticipated capital expenditure.                                  |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| <b>6</b> | <b>FIRE SERVICES</b>  |   |           |               |           |                     |                         |                        |            |
| 6.1      | Fire alarm system   | Regular inspection and testing for BWoF required, through Opex. No capital replacement anticipated.     |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| <b>7</b> | <b>HYDRAULIC SERVICES</b>                                   |   |           |               |           |                     |                         |                        |            |
| 7.1      | Incoming water supply                                       | Vendor to complete installation of water meter to new supply. Cost excluded                             |           | Moderate      | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 7.2      | Hot water generation  | No capital replacement anticipated during the reporting period  |           |               | \$ -      | \$ -                | \$ -                    | \$ -                   | \$ -       |
| 7.3      | Stormwater and sewer drainage                               | Allow for periodic inspection and for minor repairs. Provisional Sum                                    | R&M       | Low           | \$ -      | \$ -                | \$ 5,000                | \$ 7,500               | \$ 12,500  |
|          |   |   |           | <b>Totals</b> | \$ -      | \$ 5,000            | \$ 120,000              | \$ 160,000             | \$ 285,000 |

# 3. Synopsis

## 3.1 Instructions

### Instructions

- Instruction established from proposal dated 19/12/2024.
- Written instructions received from PMG Direct Childcare Fund dated 08/01/25.

### Assessment Request

- Technical Due Diligence review of 3 School Road Wellsford, Auckland 0900.

### Reliant Party

- PMG Direct Childcare Fund.

### Scope of Service

- Building Structure.
- Building Fabric (roofs, facades & interior).
- External Areas.
- Building Services (Mechanical, Electrical, Fire, Hydraulic, Vertical Transportation).
- 10 Year Capital Expenditure (CAPEX) Forecast.

## 3.2 Critical Assumptions

### Information Supplied by Others

- This report contains information which is derived from other sources. Unless otherwise specifically instructed by you and/or stated in the report, we have not independently verified that information, nor adopted it as our own, or accepted its reliability.
- The Reliant Party accepts the risk that if any of the unverified information/advice provided by others and referred to in this report is incorrect, then this may have an effect on our review.
- Pertinent documentation relied upon in the preparation of this report has been referenced below:
  - Agreement to Lease [signed but undated], with attached Specification dated August 2021 from Larman Construction.
  - Code Compliance Certificate, Auckland Council, 20 November 2024.
  - Approved Building Consent Plans, 20 February 2020.
  - Fire Alarm As-Built, Crossroads Fire Limited
  - HVAC As-Built Drawings, Shane Robertson, 30 August 2024.

### Discussions with Others

- During our investigation, we made enquiries with the following personnel who assisted with providing verbal advice where relevant to the scope of our instruction:
  - Barry Larman | Larman Construction Ltd.

## Changed Information

- In the event that the Reliant Party becomes aware of any material changes to the property and/or that information supplied to us is incorrect, then this report must not be relied upon before first consulting CBRE Ltd (CBRE) to provide a review of the updated information.

# 4. Reliance and Reporting

## 4.1 Reliance and Liability

### Reliance

- The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Agreement and may not be relied on by any other parties.
- This report has been prepared strictly and only for the use of the Reliant Party and for the Purpose specifically stated (i.e., PMG Direct Childcare Fund for property transaction).
- For the avoidance of doubt, no other parties may be included in the list of reliant parties above, without the prior written approval of CBRE Ltd (which may be granted or withheld in its absolute discretion).

### Transmission

- Only an original report received by the Reliant Party directly from CBRE without any third-party intervention can be relied upon.

### Restriction

- No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this assessment.

### Copyright

- Neither the whole nor any part of the content of this report may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.

## 4.2 Reporting

### Industry Practice

- This review has been undertaken in line with the RICS Global Guidance Note for Technical Due Diligence of Commercial Property (1st edition January 2020).

### Inspection

- The inspection was carried out on Wednesday, 15 January 2025.
- The weather at the time of inspection was dry and sunny.
- As part of the survey, we were only able to inspect roof slopes over the ground floor, from a first-floor vantage point. No fixed access is provided to the roofs. We were not able to inspect any part of the first floor roof or certain portions of the ground floor roof.
- The report has been prepared by the CBRE personnel as stated below.

### Orientation

- References to the left- and right-hand side assume the reader is facing the element in question. The site is deemed to be facing north-east, onto School Road.

### Limitations

- Refer to the end sections of this report for CBRE's Capex Qualifications, Limitations and Exclusions and Terms & Conditions.

## Personnel

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Reviewed by: A. Cardno | Director | +61 432 052 082 | Alastair.Cardno@cbre.com.au

Signed: *CBRE LTD*

## Report Status

Report Issue: Final

# 5. Asset Description

## 5.1 General



Image from Core Logic

### Use

- Childcare Centre

### Configuration

- Two-storey, purpose built childcare building:
- The building is accessed via Fairwater Road and includes a car par, to the front of the property and outdoor play areas to the rear and sides of the property. The site slopes significantly downward towards the rear.
- The ground floor area has been fitted out for use as a childcare facility including reception, play areas, sleep room, kitchen, laundry, WC amenities and storerooms.
- The first-floor area incorporates a staffroom, offices, a waiting area and a further WC.

### Age

- Code Compliance Certificate issued in November 2024.

### Floor Area

- Understood to be 547m<sup>2</sup> gross floor area, over two storeys.

## Legal Description

- We understand that the site is currently being subdivided to form Part Lot 1-2 Deposited Plan 27508, Part Deposited Plan 28179 and Part Allotment E125 Parish of Oruawhoro.

## Site Area (once subdivided)

- Understood to be approximately 2,000m<sup>2</sup> [as stated in the Sale & Purchase Agreement]

## Surrounds

- The site is surrounded by farmland to the rear and development land to either side of the property.

# 6. Building Structure & Fabric

## 6.1 Building Elemental Description

### Substructure

- The substructure was fully concealed at the time of inspection and therefore could not be inspected.
- We understand, from drawings reviewed, that the substructure comprises a concrete rib-raft type ground floor constructed off a number of concrete bored piles. The ground floor slab appears to be partially founded upon concrete blockwork (off a presumed strip foundation on bored piles) to north west elevation.

### Superstructure

- The superstructure primarily comprises timber framing to external walls, internal walls, suspended floor and staircase, although some elements of steel framing are used in isolated locations.
- Roof structures are arranged as a number of monopitched roof slopes, generally in a lean-to configuration to ground floor slopes where they abut the first-floor structure, or to parapets at the perimeter. Roof structural elements are generally formed with trussed timber.

### Roofs

- The monopitched roof slopes are provided with a (trapezoidal) profiled steel sheet covering. The roof sheeting is laid over building paper, with a cavity and, at ceiling level, quilt insulation and vapour barrier. Soffits to roof overhangs are lined with fibre-cement boarding, with a painted finish.
- The roof slopes drain to external eaves gutters formed in metal. The eaves gutters drain, in turn, into matching circular section downpipes.
- A number of proprietary (Velux) rooflights are used, for daylighting into the ground floor area. These appear to be fixed, rather than openable, rooflights.
- There are no fixed access ladders or equipment to the roof slopes.

### Façades

- The front elevation incorporates stained cedar cladding (vertically laid) around the main entrance and left-hand side of the frontage. Cladding to the remaining façade areas comprises a proprietary (Linea Oblique) fibre-cement cladding board, with painted finishes. Façade detailing incorporates building paper to the internal face of an air cavity; with quilt insulation provided between the timber studs.
- Windows comprise aluminium framed powder coated, glazed units with double glazing. To all areas, windows typically incorporate a top-hung opening casement to facilitate passive (natural) ventilation.
- The main entrance door is formed as an aluminium framed, double-glazed, manual swing door, to match adjacent window joinery. A disabled call button is provided to the main entrance door.
- The aluminium door joinery to play areas includes sliding door sets to give access to external decks. Other external entry / egress doors are formed as manual swing doors in matching materials.

### Interior

- Ceilings are formed with painted plasterboard ceiling to all areas. In play areas, ceilings are affixed to the underside of the sloping roof members. Smaller rooms, and all rooms at first floor level, have flat ceilings. Proprietary access hatches are provided in selected areas.
- Internal partition walls, and linings to the internal face of external walls, are provided with painted plasterboard finishes.

- Floors finishes comprise sheet vinyl finishes to WC, kitchen, laundry, and ‘wet areas’ around art sinks in classrooms. Carpet tile finishes are provided to play areas, sleep room, circulation areas and offices.
- The kitchen is provided with typical fixed joinery with polished stone benchtops and inset sink. Two ovens, a hob and two dishwashers are provided as part of the landlord’s base build (the fridge freezer and microwave are tenant assets).
- The laundry area is also provided with typical fixed joinery with polished stone benchtops and inset sink. Laundry appliances are understood to be tenant assets.
- Children’s WC areas are provided in three locations as part of the base build, to typically include proprietary cubicles, WCs, wash hand basins, and two trough sinks. One area is provided with a low-level shower.
- Further WC amenities are provided for staff and visitors, comprising an Accessible WC off the laundry and a further WC at first floor level.
- A staffroom is provided at first floor level, to include typical kitchen joinery, with polished stone benchtops and sink.
- Other fixtures and fittings provided as part of the base build includes fixed joinery around art sinks in play areas, the reception desk, and fixed joinery behind the reception desk.

## Externals

- A concrete surfaced car parking area is provided at the front of the site, with one vehicle entry / egress from School Road. 18 car parking spaces are provided in total (to include two tandem car parking spaces for staff).
- To the right-hand side (north-west) and the rear of the property, timber decks are provided, with timber stairs leading from the large rear deck to the play area. Powder coated metal palisade fencing is provided to prevent falls from raised deck areas. Deck areas are partly covered by roof overhangs. Shade sails are understood to be tenant assets. All play equipment is in tenant ownership.
- Timber framing, constructed off piles, is used to support the external deck areas.
- The play area at the south-east of the site, and around the perimeter of the rear, is on-grade. Astroturf type covering has been installed by the tenant. In the south-east corner, a wet play area has been installed by the tenant (with the plumbing reticulation to that location forming part of the base build).
- At the rear, and to the sides of the site, solid timber fencing is provided as a boundary treatment. This is constructed as a timber ‘plank-and-pole’ retaining wall along the rear boundary.
- To the front of the site, powder coated metal, palisade fencing is provided at the site boundary.
- Open grate stormwater gullies are provided to drain the car park. Slot drainage is provided at the base of the front façade. We understand that stormwater drains via gravity to the council mains.

## 6.2 Comments & Recommendations

### Substructure

- No significant movement was noted to the inspected building to suggest possible issues with the substructure.

### Superstructure

- No significant movement was noted to the inspected building to suggest possible issues with the superstructure.
- Given that the building was constructed in 2024, we expect that the building has been designed to the current building code, and approved under the current building code by the Territorial Authority, to thereby achieve a minimum NBS rating of 100%.

## Roof

- No defects were noted during our inspection suggesting any significant issues. Cyclical maintenance should be carried out in accordance with warranty requirements, which will include (but not be limited to) regular inspections and jet washing of roofs and rainwater goods (through Opex). Periodic repairs should be planned following inspections, anticipated to include renewal of sealants, replacement of isolated fixing caps, re-alignment of flashings and sheeting and potential isolated replacements.
- We recommend that you request warranties from the vendor for the roof sheeting, gutters and downpipes, and for the proprietary (Velux) rooflights.
- Consideration should be given to providing dedicated fixed access to the roof slope over Play Area 4 (to the south of the building) to facilitate maintenance of the outdoor air conditioning unit mounted on the first-floor façade (see Photograph 4). Alternately, relocating the outdoor unit to ground level would avoid the need for high-level access. This would be preferable in terms of health and safety, although this may involve some disruptive internal works to re-route and extend refrigerant pipework.

## Façades

- No defects were noted to the cladding installations at the time of our inspection, other than for minor soiling. Cyclical maintenance should be carried out in accordance with warranty requirements, which will include (but not be limited to) regular inspections and cleaning (through Opex) and also periodic redecoration. We have included allowance for periodic redecoration in our Capex forecast.
- Concrete blockwork (below slab level) at the rear of the building will require periodic redecoration.
- No defects were noted to the aluminium joinery installation during our survey. Cyclical maintenance should be carried out in accordance with warranty requirements, which will likely include (but not be limited to) regular inspections, cleaning, and lubrication of moving parts. Subject to adequate maintenance, we do not anticipate any requirements to replace gaskets or perimeter sealant during the reporting period.
- We recommend that you request warranties from the vendor for the aluminium joinery installation and also the proprietary (Line Oblique) fibre-cement cladding.

## Interior

- Ceiling access hatches have currently been left undecorated pending completion of all works. This work is to be completed by the vendor.
- Interior finishes (other than the ceiling hatches) are all in 'as new' condition, given that the property is not yet in use. Periodic redecoration will be required to all ceiling and wall surfaces. Given the use type of the property, levels of wear and tear are likely to be relatively high. Budget allowance should be made for replacement of floor finishes (particularly at ground floor level) in the long term.
- Fixtures and fittings are also in 'as new' condition. In play areas, levels of wear and tear may require that fixtures have a shorter life cycle. We have made allowance for replacement of some fixtures and fittings in the long term.

## Externals

- Hardstandings are in 'as new' condition, with no significant defects noted. No capital expenditure is anticipated during the reporting period. Line marking will require periodic renewal, through Opex.
- Timber decks, stairs and fencing etc. will require periodic renewal of surface finishes, to protect the timber. No capital expenditure for significant repairs or replacement of these elements is anticipated during the reporting period.
- All play equipment and on-grade surface finishes around the rear and sides of the property are tenant assets, with no landlord expenditure anticipated.

### 6.3 Photographs



1. General view of property



2. View over ground floor roof



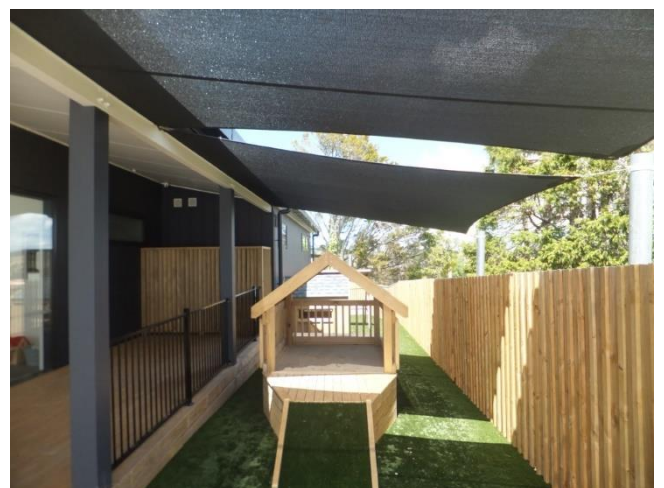
3. View over ground floor roof



4. Air con unit visible above ground floor roof



Front facade



Right hand (north-west) elevation



Rear elevation



Left-hand (south-west) elevation



Play area



Play area, with art sink



Kitchen



Laundry



Rear play area



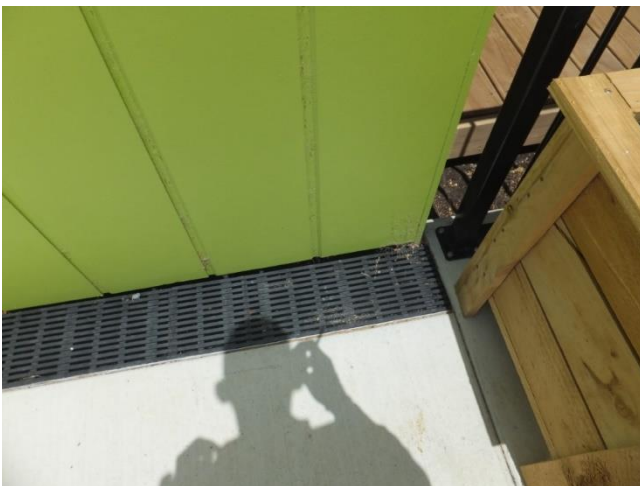
Retaining wall to rear boundary



Rear play area



Car park and front boundary



Slot drainage to front facade



Stormwater drainage gully

# 7. Building Services

## 7.1 Building Services Description

### Mechanical

- The air conditioning system installed differs from that shown on the design plans.
- The split system outdoor units are predominantly installed at ground level, within protective housings and therefore could not be inspected fully. There appear to be seven Daikin outdoor split system units, operating on R32 refrigerant. Capacities cannot be confirmed, are anticipated to be <5kW.
- Internal split system units comprise of wall mounted units located at high level within the play areas, offices and reception. These units are also by Daikin, utilising R32 refrigerant, with capacities around 3kW.
- Temperature control is by way of local remotes located within areas served.
- The mechanical ventilation installation is shown on as-built plans to supply outside air into the main circulation corridor and also the quiet room at ground floor level, and to the circulation area at first floor level. Two outside air fans are installed. Mechanical extract ventilation is provided to WC and kitchen areas via five fans.
- Ventilation is supplemented via operable windows throughout.

### Electrical

- Power is understood to be provide via an authority underground street connection.
- The main switchboard (MSB) is a proprietary board, located within the laundry. Capacity is 100 Amps, with authority metering in place.
- MSB includes circuit breakers for all general light & power, air-conditioning units, ventilation fans, hot water unit and kitchen equipment. Several circuits have residual current device (RCD) breakers installed.
- Small power is reticulated to wall mounted sockets, with a nominal base build supply of 1 double outlet per 10m<sup>2</sup>.
- General lighting generally comprises surface mounted strip lighting to play areas and recessed circular luminaires to other internal areas. External general lighting comprises recessed circular fittings to soffits and wall mounted floodlights. All luminaires are LED.
- Feature lighting installed over the reception desk is a landlord asset.
- Lighting control is via a combination of motion sensors and manual switching.
- Emergency lighting is via recessed circular ‘spitfire’ type fittings internally and wall mounted twin lamp fittings to external facades.
- Exit signage ‘running man’ single point luminaires are installed to final exits and egress routes.
- Incoming telecoms consists of a fibre connection to the property. Data reticulation around the premises forms part of the base build.
- A security system is installed, with keypad control to the main entrance area. The front door is secured via a maglock. The security alarm system forms part of the landlord’s base build (whereas the cctv system is a tenant installation).

### Fire

- A Pertronic F16E Conventional fire alarm panel with manual evacuation control is provided. This serves a Type 4 automatic system with five zones.

- Automatic detection is via ceiling mounted thermal detectors and smoke detectors throughout the interior. Encapsulated thermal detectors are installed to external soffits. The as-built drawings show linear detection within the ceiling voids over the Quiet Room and adjacent WC (zone 4), and also over the front offices at first floor level (zone 5).
- Manual detection is via Manual Call Points (break glass) located at final exits and at the head of the staircase.
- Fire alarm sounders largely comprise recessed circular speakers internally and to external soffits. A strobe (visual warning device) is provided to the front façade at the main entrance.
- Fire extinguishers are assumed to be a tenant installation.

## Hydraulics

- Domestic water supply understood to be from local authority supply, not sighted during inspection.
- Hot water is provided by a Rheem 177l electric hot water cylinder, reticulated under mains pressure.
- Roof and stormwater drainage connect into an underground system and drain by gravity to council mains.
- Sewer drainage is also via gravity to council mains.

## 7.2 Comments & Recommendations

### Mechanical

- The split system air conditioning equipment is in ‘as-new’ condition. It is anticipated that a 12-month warranty will be available from the vendor. Periodic inspection and maintenance (through Opex) will be required as a condition of the warranty and should be continued to preserve the lifespan of the equipment. With a nominal serviceable life of 12-15 years, life cycle replacement is anticipated to be outside the reporting period.
- Consideration should be given to providing dedicated fixed access to the roof slope over Play Area 4 (to the south of the building) to facilitate maintenance of the outdoor air conditioning unit mounted on the first-floor façade (see Photograph 4). Alternately, relocating the outdoor unit to ground level would avoid the need for high-level access. This would be preferable in terms of health and safety, although this may involve some disruptive internal works to re-route and extend refrigerant pipework.
- The mechanical ventilation system is in ‘as-new’ condition. It is anticipated that a 12-month warranty will be available from the vendor. Periodic inspection and maintenance will be required (through Opex) as a condition of the warranty and as part of the annual Building Warrant of Fitness requirements. Life cycle replacement is anticipated to be outside the reporting period.

### Electrical

- The electrical power system is in ‘as-new’ condition. It is anticipated that a 12-month warranty will be available from the vendor.
- We recommend that periodic thermographic inspections are undertaken for the main switchboard. Subject to adequate maintenance, no capital replacement works are anticipated during the reporting period.
- The LED lighting installation is in ‘as-new’ condition. It is anticipated that a 12-month warranty will be available from the vendor. No capital replacement works are anticipated during the reporting period.

### Fire

- The fire alarm panel and all equipment are in ‘as-new’ condition. It is anticipated that a 12-month warranty will be available from the vendor.
- Regular inspection and certification of the system will be required (through Opex) as a condition of the warranty and as part of the annual Building Warrant of Fitness requirements.
- No capital replacement works are anticipated during the reporting period.

## Hydraulics

- We understand that the vendor awaits installation of the water meter at the boundary of the property. You should take steps to ensure that this work is completed.
- The hot water cylinder is in ‘as-new’ condition. It is anticipated that a 12-month warranty will be available from the vendor. With a typical life expectancy of over ten years, no capital replacement is anticipated during the reporting period.
- Sewer and stormwater drainage systems will have required inspection by the Territorial Authority during the construction period as part of the requirements for a Code Compliance Certificate. As such, they are anticipated to be in good condition. We recommend periodic inspection of the installations and have made allowance in our Capex forecast for minor repairs in the long term.

### 7.3 Photographs



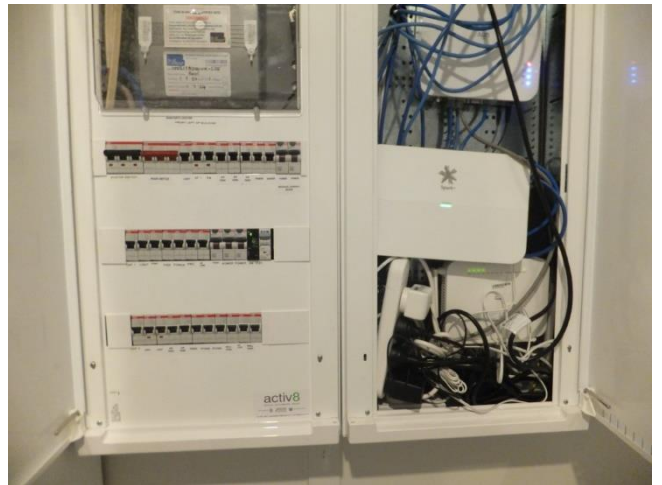
Outdoor split system AC units (condensers)



Indoor split system Air-Conditioning unit



Mechanical ventilation



Electrical switchboard



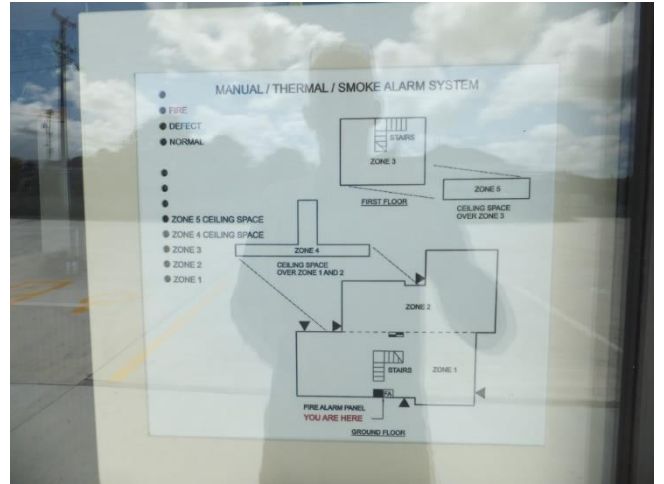
LED strip lighting



External general lighting and emergency lighting



Illuminated exit sign and manual call point



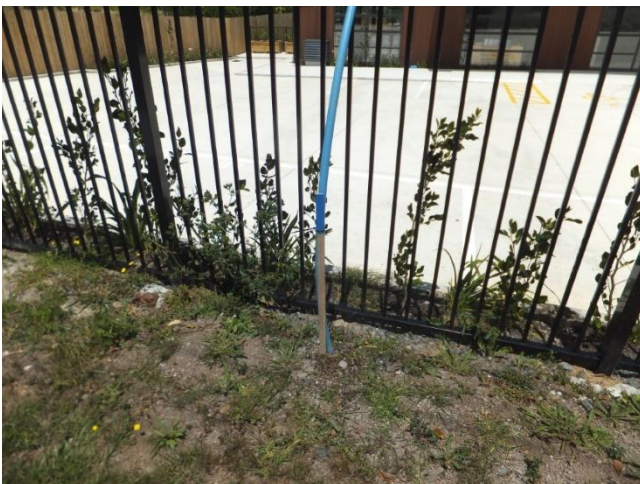
Type 4 fire alarm panel



External thermal detector



Hot water cylinder / generator



Mains water supply at boundary



Stormwater drainage gully

# 8. Capex Qualifications

## 8.1 Cost Estimates and Timing

- Our cost estimates associated with due diligence are generally concerned with capital expenditure (CAPEX) forecasts, normally reflecting a 10-year planning period as follows:
  - **Immediate** – where the work is urgent.
  - **Short Term** – work that should be undertaken within one year.
  - **Medium Term** – work that should be undertaken within two to five years.
  - **Long Term** – work that should be undertaken towards the end of the ten year reporting period.
- These estimates are indicative only and are provided as an “order of magnitude cost allowance” for specifically identified works. Items of work are often not fully described or detailed reflecting the high-level nature of the assessment, the amount of information available, a reasonable course of action, and the purpose for which they are prepared. We will consider and review any pre-existing CAPEX records or budgets, where they are made available.
- Our costs are a present day estimate for undertaking the works as a stand-alone project and do not include the following (unless otherwise stated):
  - preliminaries, builder’s margins, overheads or contingencies;
  - negotiated, staged or other special forms of contract;
  - approval, consents or compliance orders;
  - costs associated with the further investigations (unless otherwise stated);
  - professional/consultant fees for further investigation and testing, the design, documentation and the management of rectification works, or any resulting change in the scope of rectification works;
  - costs associated with the relocation, temporary accommodation, disruption to business or loss of profit of the building owner or tenants;
  - work outside site boundaries;
  - work outside normal business hours;
  - goods and services tax (GST); and
  - future escalation (unless otherwise agreed).

## 8.2 Definitions

- Our CAPEX forecast also includes deferred repairs and maintenance (R&M) items which ought to have been carried out or should be planned for as a preventive measure. Routine repairs, maintenance and typical operational costs associated with the normal occupation and management of the asset are excluded unless otherwise stated. These exclusions typically are (without limitation):
  - Service maintenance contract costs for air-conditioning, gardening, cleaning, etc.
  - Statutory maintenance costs for testing fire protection equipment, cooling towers, electrical systems etc.
  - Operational costs such as property management fees, security, insurance, etc.
  - Unplanned maintenance or repairs for breakdowns or failures which cannot be forecast.

- Repairs & Maintenance (R&M):
  - **R&M** – is defined as works necessary for retaining an item or asset in, or bringing it back to, an improved or acceptable condition, as far as is reasonably practicable.
- Capital Expenditure (Capex):
  - **Capex** – is defined as major expenditure for lifecycle replacement and/or substantial repairs or remediation works deemed necessary due to end of life or complete failure of an element or major plant item. These works could be forecast to coincide with predicted end of life or programmed on a cyclical basis.

### 8.3 Condition

- Condition is also noted as part of the report and intended as a guide to the current physical condition of the item, element or asset. Categories are defined as follows:
  - **Failed/End of Life** – The building element or component has reached the end of its economic life and should be replaced unless some mitigating circumstance dictates that life can be extended.
  - **Poor** – The condition of the component or building element is below expectation given its age and usage, showing signs of excessive wear & tear and damage. It is likely that replacement will be recommended but most certainly overhaul or refurbishment will be needed.
  - **Fair** – The condition of the component or building element is as good as would be expected for its age and use, with signs of wear & tear, and natural degradation without damage. It is likely that refurbishment or upgrade will be recommended but replacement is a possibility.
  - **Good** – The condition of the component or building element is as would be expected considering its age and usage, with no notable wear & tear evident.
  - **As New/Excellent** – The condition of the component or building element exceeds expectation and usually represents a state of the art product or service, or has recently been installed/constructed.

### 8.4 Risk Potential

- Our cost estimates have been assessed on the basis of their likelihood (i.e. how likely is it that it will occur) and consequence (what is the impact if the event does occur). These two values are combined to give an overall ‘risk rating’ which as per the table below:

| Likelihood     | Consequence    |            |          |           |              |
|----------------|----------------|------------|----------|-----------|--------------|
|                | Insignificance | Minor      | Moderate | Major     | Catastrophic |
| Almost Certain | Low            | Moderate   | High     | Very High | Very High    |
| Likely         | Low            | Moderate   | Moderate | High      | Very High    |
| Possible       | Low            | Low        | Moderate | High      | High         |
| Unlikely       | Negligible     | Low        | Moderate | Moderate  | High         |
| Rare           | Negligible     | Negligible | Low      | Moderate  | High         |

## 9. Limitations and Exclusions

Although a detailed and thorough inspection will be undertaken, the investigation and report will be subject to the following standard limitations:

- Parts of the building built in, covered up or otherwise made inaccessible during construction, alteration or fitting out, have not been inspected. This generally relates to ceiling voids, wall cavities, service risers, etc. Therefore, no comment as to whether such elements are free from defect or infestation can be offered as these are hidden from view.
- Areas or building components that are covered up or permanently enclosed will not be inspected. Where potential risks may exist in this regard, the report will comment accordingly and recommend opening up of the structure or fabric where it may be merited to inspect such areas.
- No specific engineering work has been undertaken. This includes, but is not limited to, verifying design, modelling, engineering calculations, structural analysis, testing, or measurements. The report reflects CBRE's interpretation of the condition of the building as apparent from the inspection.
- Unless a detailed façade engineering inspection by an industry expert is instructed, a representation of the façade will be inspected from ground level and other vantage points including internal areas only. Allowances provided in the Capex Report are provisional in nature and would require a detailed inspection via rope access/BMU to more accurately assess condition and quantify costs.
- In regard to the services portion of this report, it has been assumed that the services associated with the existing internal fit out are the tenant's responsibility and as such are not to be included within the review.
- Building services have been visually inspected where exposed to view only. No internal inspections have been undertaken of plant, equipment and machinery, or where services are covered up or hidden by the building structural element or finishes.
- The services have not been tested and no design calculations have been undertaken. If it is thought that a specific service or building element requires further testing or inspection, the report will advise of this requirement. Further fees may be chargeable for these services if the visual inspection identifies areas of concern that require further intrusive investigation.
- Fire alarm systems have been visually inspected and component age assessed where evidence has been made available. If the age or condition of a monitoring or control panel such as a fire indicator panel (FIP) or emergency warning intercom system (EWIS) suggests it be replaced, unless evidence has been provided to the contrary, existing cabling and end devices will be considered compatible with upgraded panels.
- Existing pipework for fire services, mechanical services, hydraulic services, etc. will be considered viable unless physical, written, or verbal evidence to the contrary is available. Non-destructive testing may be suggested if the condition of the pipework is in doubt.
- Unless otherwise instructed, the assessment of the vertical transportation plant and equipment has been carried out by a 'generalist' building services engineer. Accordingly, this component of the review is more high level in nature, and if concerns are raised or noticed, a review by a specialist lift engineer will be recommended.
- The remaining life of components has been estimated based upon the observed condition and age of the component. No guarantee of the remaining life is offered or intended.
- The property has not been inspected specifically for termite infestation and the report will only comment on such if termite evidence was apparent during the inspection.
- Where a variety of multiple areas exist (e.g. tenancies, units, rooms, etc.), a random selection and sample of each area will be inspected and used for the basis for this report. Those areas inspected will be deemed to be representative of the balance.
- This report does not constitute an exhaustive list of minor defects, imperfections or wants of repair.
- This report is not a certification, a warranty or guarantee and has been scoped in accordance with the instructions given, the time allowed, and the client's intended use of the property.
- The scope of the report is described within the body of this proposal and disciplines not specifically included are excluded from this report.
- The report has been prepared for the benefit of the instructing entity only. This report is not to be reproduced, in whole or in part, without the express written authorisation of CBRE. The report may not be relied upon by any third party.
- No allowance has been made to provide vertical access equipment to allow for safe inspection of the roof. If there is a requirement for vertical access equipment, the cost will be charged in addition to the agreed fee. A 15% surcharge will apply.
- It should be noted that the cost estimates provided as part of the report are not a statement of absolute cost and are intended to provide an order of magnitude only for budget purposes.

- Within this report, unless otherwise stated, commentary on the condition of the property is at the time of the inspection only, and there is no guarantee that the property may be subject to damage or other adverse event following the inspection.
- In respect of the development/construction of the asset, the investigation and report does not waive or relieve the project design team or contractor(s) from their statutory and design obligations under their respective contracts and applicable legislation.

#### **Market Volatility**

- We draw your attention to a combination of global inflationary pressures, supply chain disruption, labour shortages and recent failures/stress in banking systems that have increased the potential for constrained credit markets, and greater volatility in property and construction markets.
- Material costs, labour costs and supply chains are unusually volatile, with the market experiencing price increases in some, or all of these areas from 2022, and continuing into 2024. This has created significant volatility and uncertainty in cost estimates, which is likely to continue.
- Furthermore, the likelihood of ongoing cost escalations and sourcing delays is high. This may place additional pressure on builder's profit margins and viability.
- Experience has shown that construction industry drivers can quickly change during periods of such heightened volatility. Investment decisions should reflect this heightened level of volatility in construction markets.
- It is important to note that the conclusions set out in this report are valid as at the assessment date only. Where appropriate, we recommend that this assessment is closely monitored, as we continue to track how construction markets respond to evolving events.

# 10. Terms & Conditions

These terms and conditions form part of the Agreement between CBRE (A) Pty Ltd – 21 083 694 320 (“**CBRE**”) and the Instructing Party (“**Client**”) for the Services described within this report.

- 1 Fees & Disbursements All disbursements, including travelling and other reasonable expenses incurred by CBRE in the provision of the Services are fully recoverable from the Client as and when incurred.

All invoices are payable within 14 days of the date of invoice, unless otherwise stated in the Agreement. A late payment fee of 2% per month (or part thereof) for any overdue amount may be charged by CBRE.

All legal and debt recovery costs which CBRE may incur in recovering overdue account balances from the Client shall be fully recoverable from the Client as and when incurred.

CBRE may suspend its performance of the Services until it receives payment in full.

References to \$ are to Australian Dollars for Services carried out in Australia and to New Zealand Dollars for Services carried out in New Zealand.
- 2 Purchase Order **The Client may initiate the commencement of Services hereunder by way of a purchase order** or other document. It is expressly agreed that any terms and conditions appearing thereon shall have no application and only the provisions of this Agreement shall apply.
- 3 GST

  - (a) For Services completed in Australia, capitalised terms in this Clause (a) have the meaning given to them in the GST Law (A New Tax System (Goods and Services Tax) Act 1999 (Cth)). All Consideration provided under the Agreement is exclusive of GST. If GST is payable on a Supply made under the Agreement, the party required to provide Consideration to the other (Supplier) for that Supply must pay an additional amount to the Supplier equal to the amount of the GST at the same time as Consideration is to be provided for that Supply.
  - (b) For Services completed in New Zealand, a word or expression in this Clause (b) defined in the Goods and Services Tax Act 1985. If a party makes a supply under or in connection with this Agreement in respect of which GST is payable, the consideration for the supply but for the application of this Clause (b) (GST exclusive consideration) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.
- 4 Standard of Services Each party must perform its obligations under the Agreement in accordance with its terms. CBRE must perform the Services diligently and competently and using personnel who are qualified and experienced. The Client hereby appoints CBRE as its agent to do all things necessary for CBRE to perform the Services in accordance with this Agreement, including entering into all relevant contracts as disclosed agent of the Client.
- 5 Client Information, Assistance and Warranty

  - (c) The Client:
    - (i) warrants that all information it provides to CBRE for the purposes of this Agreement shall be true, complete and not misleading (“Client Information”); and
    - (ii) acknowledges and agrees that (1) CBRE has not made their own enquiries or verified the accuracy of any Client Information; and (2) it bears all risk in CBRE’s use of Client Information; and
    - (iii) must indemnify CBRE from and against all claims arising out of CBRE’s use of Client Information.
  - (d) The Client must promptly provide CBRE with all Client Information, assistance and resources CBRE reasonably requires, including (as applicable), access to all sites that are owned or controlled by the Client and relevant to the performance of the Services. If there is any delay or failure by the Client to perform its obligations under this Agreement, CBRE is not responsible for the delay or failure to provide the Services as a consequence, the Client must pay any additional cost incurred by CBRE as a consequence of such delay.
  - (e) The Client must ensure that whenever CBRE, or their respective personnel are present on any site owned or controlled by the Client there is no risk to the health, safety and welfare of such persons and all such persons are appropriately inducted.
  - (f) The Client represents and warrants that it has authority to enter into the Agreement.
- 6 Acknowledgement The Client acknowledges that:

  - (g) the CBRE will not verify the accuracy or completeness of information or materials provided to the CBRE;
  - (h) the report or advice provided (Deliverables) is current at the date of the production of Deliverables;
  - (i) Deliverables produced in the course of providing the Services are for the benefit of the Client only and may not be relied on by any other party unless expressly stated in this Agreement;

|    |                              |   |
|----|------------------------------|---|
|    |                              | (i) CBRE does not accept any liability or responsibility howsoever arising to any other person acting upon or relying on Deliverables.  |
| 7  | Indemnity                    | The Client indemnifies CBRE from and against any losses, liabilities, damages, costs, claims and expenses (including legal fees on a full indemnity basis) suffered or incurred by or awarded against CBRE as a result of any use of, or reliance upon, the information contained in the advice/report issued by CBRE to the Client, by any party authorised by the Client or Reliant Party.  |
| 8  | Exclusions                   | CBRE are not experts in and are not responsible for providing or the accuracy or completeness of financial, legal, regulatory, tax, investment, accounting, engineering, environmental or other technical matters or services related to the Services.  |
| 9  | Intellectual Property Rights | <p><b>Background Intellectual Property Rights</b> means Intellectual Property Rights in existence prior to the date of the Agreement or developed by or on behalf of a party independently of this Agreement.</p> <p><b>Foreground Intellectual Property Rights</b> means Intellectual Property Rights created by or on behalf of CBRE in the course of performing the Services, excluding Background Intellectual Property Rights.</p> <p><b>Intellectual Property Rights</b> means all intellectual property rights and other rights or protections of a similar nature.</p> <p><b>Background Intellectual Property Rights</b></p> <ul style="list-style-type: none"><li>(i) Nothing in this Agreement affects the ownership of Background Intellectual Property Rights.</li><li>(ii) The Client grants to CBRE a non-exclusive, royalty-free and irrevocable licence to use, copy and modify all Client Background Intellectual Property Rights needed to perform Services in accordance with the Agreement.</li><li>(iii) CBRE grant to the Client an irrevocable, perpetual, royalty-free, non-transferrable and non-exclusive licence to use and copy all CBRE Background Intellectual Property Rights for the purpose(s) contemplated in the Agreement.</li></ul> <p><b>Foreground Intellectual Property Rights</b></p> <p>All Foreground Intellectual Property Rights are owned by CBRE and it grants the Client an irrevocable, perpetual, royalty-free, non-transferable and non-exclusive licence to use and copy all Foreground Intellectual Property Rights for the purpose(s) contemplated in the Agreement.</p> <p><b>Third Party Intellectual Property Rights</b></p> <p>Where:</p> <ul style="list-style-type: none"><li>(k) a third party owns Intellectual Property Rights; and</li><li>(l) a licence of such rights is needed by CBRE to efficiently perform Services in accordance with the Agreement, the Client must promptly:<ul style="list-style-type: none"><li>(iv) grant to CBRE; or</li><li>(v) or procure the granting to CBRE, a non-exclusive, royalty-free and irrevocable licence to use, copy and modify such Intellectual Property Rights to perform the Services in accordance with this Agreement.</li></ul></li></ul> |
| 10 | Confidentiality              | The Client must not disclose or permit to be disclosed to any third party any information provided to it under this Agreement that is not already in the public domain, other than for the provision of the Services or as required by law or regulation.   |
| 11 | Privacy                      | CBRE will only collect, store, use and disclose Personal Information in accordance with its privacy policy as it applies from time-to-time (located at <a href="https://www.cbre.com.au/about/australia-privacy-policy">https://www.cbre.com.au/about/australia-privacy-policy</a> ) and as permitted under the Privacy Act 1988 (Cth) in order to perform its duties under this Agreement.   |
| 12 | Data Storage                 | CBRE may store data outside of Australia. CBRE may also use outsourced third-party companies located inside and outside of Australia for data hosting and related services. CBRE may also utilise the services of CBRE owned and operated offices in the Philippines to provide administrative services. CBRE will ensure compliance with Australian Privacy Principles in accordance with CBRE's Privacy Policy.   |
| 13 | Reliance                     | <p>The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Agreement and may not be relied on by any other parties. The Client and anyone on its behalf must not:</p> <ul style="list-style-type: none"><li>(m) disclose to a third party all or any part of this Agreement or any information provided to the Client by or on behalf of CBRE pursuant to this Agreement; or</li><li>(n) otherwise make public all or any such information, without the prior written consent of CBRE, which may be conditional upon some or all relevant third parties first executing:</li></ul>   |

- (vi) a reliance letter on terms approved by CBRE where the third party wishes to use and/or rely on the relevant information; or
- (vii) a non-reliance letter where the third party wishes to use the report for information purposes only.
- 14 Exclusion of Liability CBRE are not experts in and are not responsible for providing or the accuracy or completeness of financial, legal, regulatory, tax, investment, accounting, engineering, environmental or other technical matters or services related to the Services.
- 15 Limitation of Liability
- (o) Application of clause
- Nothing in this clause operates to exclude, restrict or modify the application of any implied condition or warranty, the exercise of any right or remedy or the imposition of any liability, implied or conferred under the Australian Consumer Law or any other law, the exclusion, restriction or modification of which would contravene that law or cause any term of this engagement to be void ("Non-Excludable Obligations").
- (p) Exclusion of implied obligations
- Except in relation to the Non-Excludable Obligations, all conditions, warranties, guarantees, rights, remedies, liabilities and other terms implied or conferred by law that impose any liability or obligation on CBRE are expressly excluded under this engagement.
- (q) Limitation of liability
- (viii) Except for services of a kind ordinarily acquired for personal, domestic or household use or consumption, CBRE's liability to the Client for a failure to comply with any Non-Excludable Obligation is limited to (at CBRE's election):
- a. supplying the relevant Services again; or
  - b. paying the Client the cost of having the relevant Services supplied again.
- (ix) To the fullest extent permitted by law, CBRE's maximum aggregate liability to the Client and its personnel under or arising out of this Agreement or any law is capped at the lower of (A) value of the fees received for the particular service under the Agreement and (B) the sum of FIVE HUNDRED THOUSAND (\$500,000) DOLLARS.
- (x) To the fullest extent permitted by law, neither party will have any liability to the other or its personnel (whether arising in contract, tort (including negligence), statute, equity or otherwise) for any indirect, special or consequential loss under or arising out of this Agreement, including:
- a. loss of revenue, use, production, goodwill, profit, business, contract or anticipated savings;
  - b. financing costs or increase in operating costs; or
  - c. other financial or economic loss or any other special or indirect loss or damage.
- (xi) For the purposes of engagements carried out in New Zealand, where there is any conflict between any term in this Agreement and the provisions of the Consumer Guarantees Act 1993, the latter shall prevail.
- 16 Termination Either party may terminate this Agreement by giving written notice to the other if the other party: (a) commits a material breach of this Agreement that is not capable of remedy; or (b) breaches this Agreement and fails to remedy that breach within 30 days after it receives a notice from the other party to do so. Termination of this Agreement does not affect any accrued rights or remedies of either party.
- 17 Insurance Both parties will maintain insurance sufficient to comply with their obligations hereunder, including professional indemnity, public liability and workers' compensation insurance.
- 18 Variation This Agreement cannot be amended or varied except in writing signed by the parties.
- 19 Dispute Resolution
- If a dispute arises out of or in any way relates to this engagement or the breach, validity or subject matter thereof ('the dispute'), the aggrieved party shall, within 7 days of becoming aware of the dispute, by notice in writing notify the other party/parties that the dispute exists.
- The parties agree to first endeavour to settle the dispute by mediation conducted in accordance with the Australian Dispute Centre (ADC) mediation guidelines and administered by the ADC or as otherwise agreed by the parties.
- The costs of the mediation shall be borne equally by the parties.
- In the event that:
- (r) the parties have not agreed upon a mediation or have not requested the ADC to appoint a mediator within twenty-eight (28) days (or other such time period as agreed to in writing between the parties) after the notification of the dispute; or

- (s) the dispute has not settled at mediation or otherwise within twenty-eight (28) days (or such time period as agreed to in writing between the parties) after the mediation, the parties have liberty to commence proceedings in respect of the dispute in a court of competent jurisdiction subject to compliance with the Governing Law clause in this Terms of Engagement.
- 20 Governing Law In relation to Services carried out in Australia, this Agreement is governed by the laws of the state or territory in which the subject property is located and each party submits to the non-exclusive jurisdiction of the courts of that state or territory. In relation to Services carried out in New Zealand, this Agreement is governed by the laws of New Zealand and each party submits to the non-exclusive jurisdiction of the courts of New Zealand.
- 21 Survival Clauses 1, 3, 5, 6, 9, 11 and 17-21 survive the expiry or termination of this Agreement.
- 22 Joint and Several In this Agreement an agreement on the part of, or in favour of, two or more persons binds, or is for their benefit, jointly and severally.
- 23 Assignment
- (t) The Client may not assign this Agreement without the prior written consent of CBRE.
- (u) CBRE may assign or novate this Agreement to any of its related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth) or any of its related companies (as defined in the Companies Act 1993) without the consent of the Client.
- (v) CBRE may sub-contract performance of its obligations under any part or the whole, of this Agreement.
- (w) CBRE may, without the consent of the Client, assign all or part of its rights and obligations under this Agreement relating to the Services to Turner & Townsend Pty Limited, or any related entity, whether a Subsidiary, Related Body Corporate or Associated Entity (as those terms are defined under the *Corporations Act 2001 (Cth)*) of Turner & Townsend Pty Limited, provided that CBRE is not released from and remains responsible for the performance of its obligations under this Agreement relating to the Services.
- 24 Electronic communication
- If the Client asks CBRE to send any documents by email, the Client will be deemed to have accepted the risk of (and CBRE will have no responsibility for) the message being intercepted, not being received or not being viewed by the recipient.
- If the Client asks CBRE to provide the Client with a copy of a document by email or disk, CBRE will do so on the basis that CBRE does not warrant that the disk or email communication will be virus or defect free and on the basis that:
- (x) CBRE will not be responsible for any loss or damage sustained by the computer system which reads the disk or email; and
- (y) precautions will be taken by the Client to ensure that the disk or email does not cause any loss or damage.
- 25 Order of Precedence In the event of any inconsistency, ambiguity or discrepancy within or between the engagement letter, the General Terms of Business (Annexure 1) and Special Terms of Business (Annexure 2), the following order of precedence will apply:
- (1) engagement letter;
- (2) General Terms of Business.
- 26 Escalating construction costs and increased construction sector volatility and uncertainty
- Recent supply issues with some building materials along with supply chain and labour disruption are adversely impacting costs and construction timeframes. There remains the potential for ongoing construction industry volatility and corresponding cost uncertainty to exist for a significant period.
- Impacts on some building sectors and products have in some instances been rapid and increasingly difficult to quantify. While we have utilized the most recent cost information available to us, the rate of cost increases may make cost advice and construction bids subject to additional uncertainty and less reliable. We have attempted to adjust for these factors to the best of our ability although uncertainty remains. This inherent risk should therefore be given careful consideration when relying on our report.

# CBRE Valuation & Advisory Services Consulting Services

## Australia

### Melbourne

Level 34, 8 Exhibition Street  
Melbourne VIC 3000

### Sydney

Level 21, 363 George Street  
Sydney NSW 2000

### Canberra

Level 4, 2 Constitution Avenue  
Canberra ACT 2601

### Brisbane

Level 3, 1 Eagle Street  
Brisbane QLD 4000

### Adelaide

Level 20, 83 Pirie Street  
Adelaide SA 5000

### Perth

Level 25, 250 St Georges Terrace  
Perth WA 6000

## New Zealand

### Auckland

Level 37, 23-29 Albert Street  
Auckland 1010

### Christchurch

Level 4, 222 High Street  
Christchurch Central 8011