

An aerial photograph showing a vast landscape. In the foreground, there are large, irregularly shaped green and brown fields, possibly agricultural or undeveloped land. In the middle ground, a dense urban area with many small buildings and roads is visible. In the background, more distant city areas and hills are visible under a blue sky with scattered white clouds.

Economic Report for the Peet Werribee Land Syndicate Product Disclosure Statement

March 2016

Prepared for

PEET

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1 – Introduction

1.0 Introduction

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Background, Purpose and Appreciation

- Peet Funds Management Limited (Peet) has appointed Urbis to prepare this economic report for inclusion in the Product Disclosure Statement (PDS) for the Peet Werribee Land Syndicate (the Syndicate). The Syndicate is looking to purchase an 86.5 hectare landholding on Black Forest Road in Werribee, Victoria. The site is within Melbourne's Western corridor, in the City of Wyndham.
- Urbis' report provides an analysis of the state of Victoria's economy and property market, a demographic overview, a summary of infrastructure investment in Melbourne's west and forecast revenue and Consumer Price Index (CPI) escalation.

DISCLAIMER

Urbis has consented to the inclusion of this report in the PDS, but is not providing advice about a financial product, or the suitability of the investment as set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. Urbis does not hold such a licence and is not operating under any such licence in providing this report. We have been retained by Peet Funds Management Limited and no other party to provide this report. We do not have a financial interest in Peet Funds Management Limited or Peet Limited and have provided this report solely in our capacity as an independent professional adviser. We have received a fee of \$18,000 (exclusive of GST) for our professional services in providing this report.

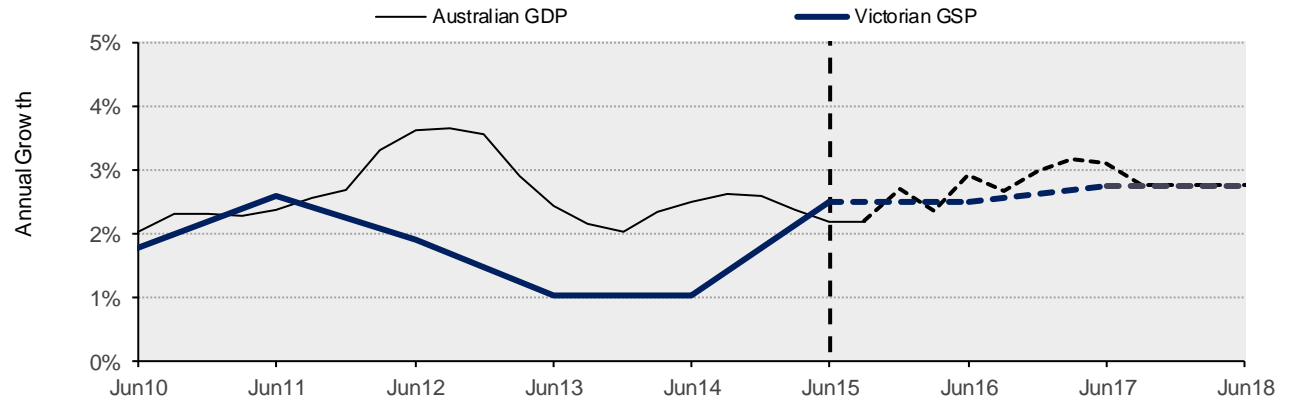
2 – Victorian Economy

Victorian Economy

Key Insights

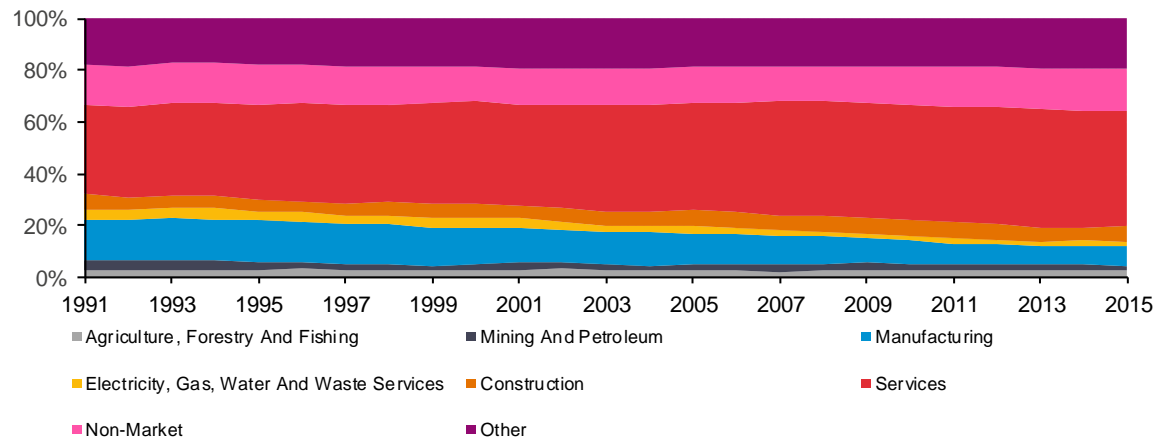
- The Victorian economy has performed relatively well in recent years due to strong population growth and a lack of exposure to the mining downturn and a growing service base. Infrastructure expenditure (led by a \$22 billion commitment over four years by the state government) as well as high levels of residential construction are also forecast to assist Gross State Product to grow at 2.75% in 2016/17 and 2017/18.
- Victoria is historically a large, and consistent, contributor to Australian Gross Domestic Product. In the aftermath of the Global Financial Crisis, Victoria's contribution waned as the mining states' economies strengthened. The annual growth rate is forecast to pick up over the next three years and be roughly on par with the national growth rate.
- Some of the key drivers for the improving Victorian economy are strengthening household consumption and growing services exports (largely financial services and education) aided by the lower exchange rate.
- Since at least 1990, "Services" have made the largest contribution to Victoria's Gross State Product. Considered one of Australia's key manufacturing economies, it is interesting to note "Manufacturing's" declining contribution to Gross State Product over the same period.
- Over the last 15 years the Victorian economy has been transitioning away from a manufacturing based economy to being far more focused on the services sector.

Australian Gross Domestic Product (GDP) and Victorian Gross State Product (GSP) Growth and Forecasts



Source: Urbis, Economic Intelligence Unit, ABS, State Treasury

Gross State Product - Components - VIC



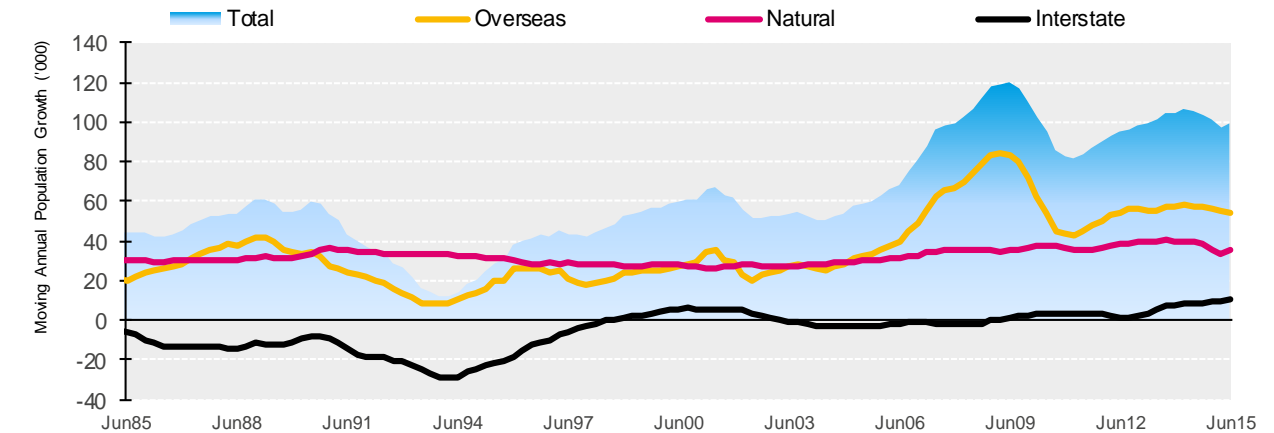
Source: Urbis, ABS

Population Growth

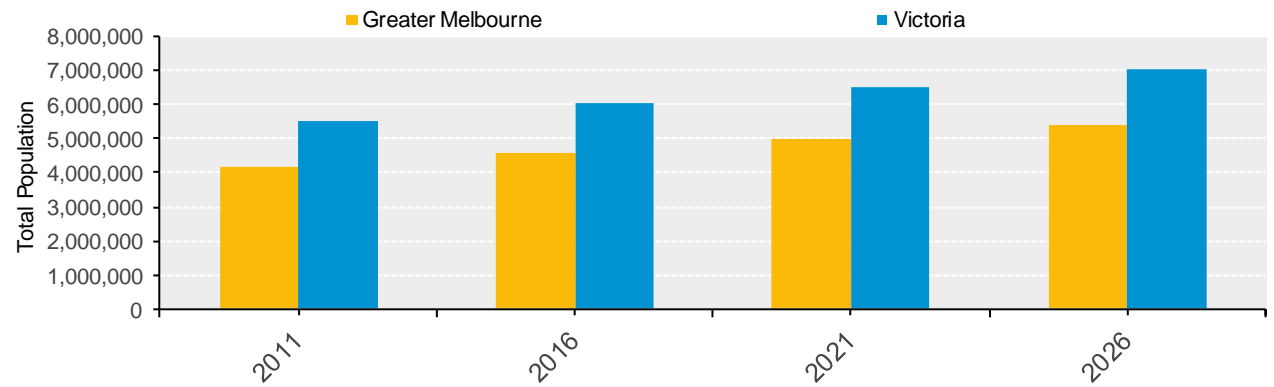
Key Insights

- Victoria is Australia's second most populous jurisdiction and has seen an increase in the rate of population growth in recent years.
- Interstate migration levels to Victoria in 2014 and the first half of 2015 are at historically high levels. After losing people to other states in the mid to late 2000's, net interstate migration to Victoria was 2,777 people in the 12 months to June 2015. This is only very slightly down on the level seen for 2014 which was the highest level on record.
- Some of the drivers for people moving to Victoria include; better affordability levels than Sydney, job growth and a falling unemployment rate.
- Greater Melbourne accounted for 75% of Victoria's population in 2011 and by 2026 this is expected to increase to 77%. Population growth for Greater Melbourne between 2016 and 2026 is forecast to average 1.6% and see the population for Greater Melbourne get to 5.42 million people.

Victorian Population Growth Components Historical



Population Growth Forecasts

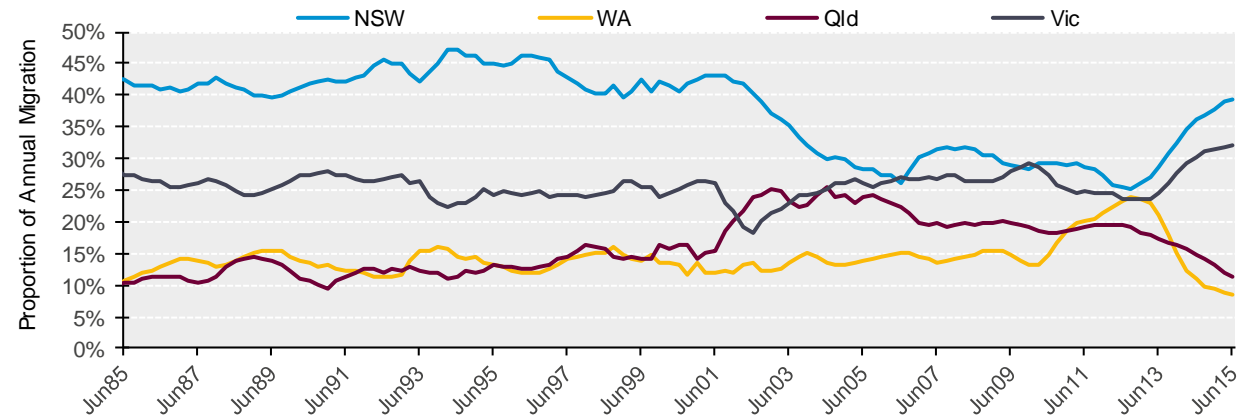


Migration Trends

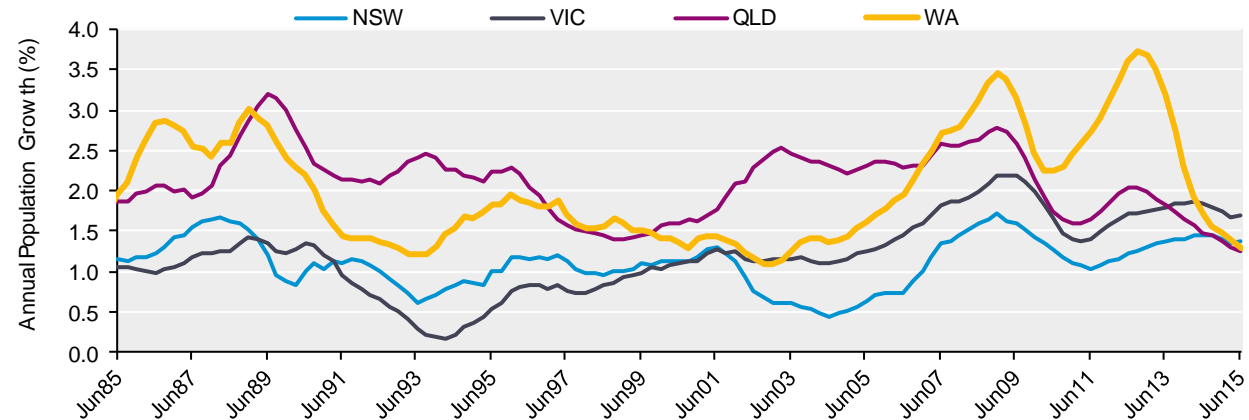
Key Insights

- Consistently ranking as one of the world's most liveable cities, new residents from overseas and interstate are particularly drawn to Melbourne.
- In the 12 months to June 2015 the Victorian population grew by 1.7% (99,371 people) which is the fastest rate of growth of all states.
- Victoria is now seeing the highest proportion on record of national overseas migration with 32% of overseas migrants choosing to migrate to Victoria in the 12 months to June 2015.
- The Victorian Treasury forecasts population growth of 1.8% p.a. between 2015-16 and 2018-19.

Proportion of Annual Overseas Migration



Annual Population Growth Rate by State

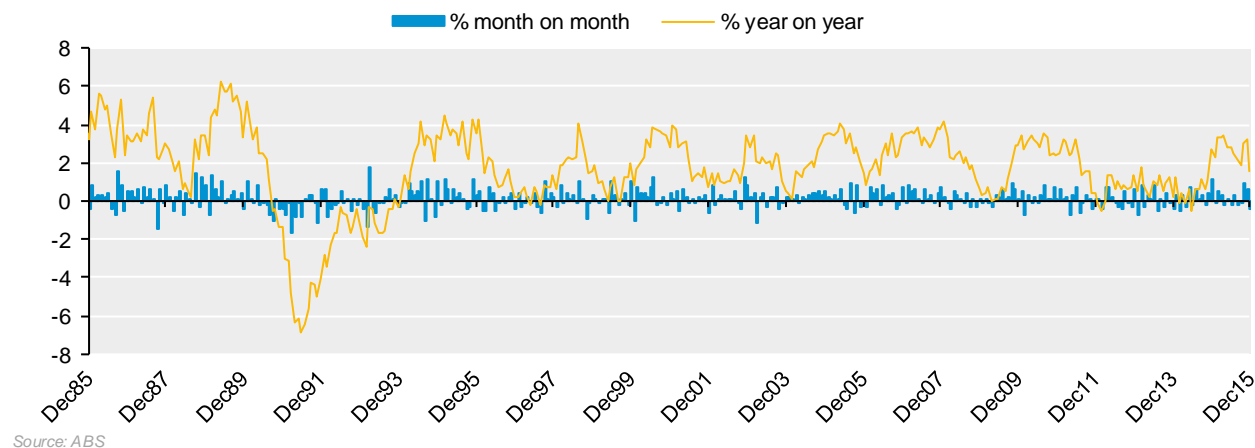


Labour Market

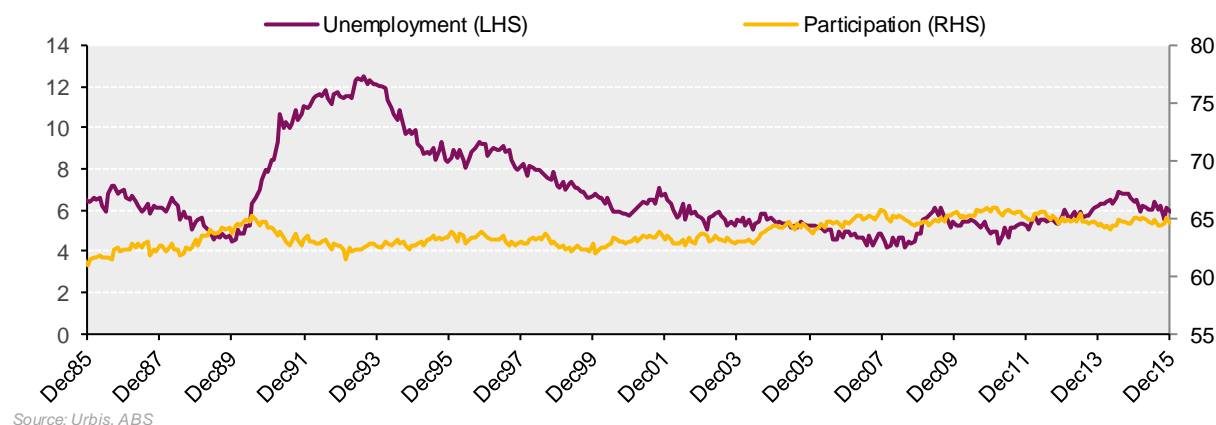
Key Insights

- The Victorian unemployment rate has fallen from 6.9% in July 2014 to 5.9% in December 2015. This fall has been driven by 168,847 new jobs being created in the 12 months to December 2015.
- The strongest areas for job growth in the 12 months to September 2015 was – accommodation and food services, retail trade and professional and technical services and transport and postal service which all saw over 10,000 new jobs. The construction sector also saw job growth and is expected to continue to be a contributor to growth.
- These areas of job growth are all consistent with the growth in the services sector in Victoria which is more than making up for the decline in the traditional manufacturing employment base.
- The latest Victorian Government Treasury forecasts are that employment will continue to grow at 1.5% per annum between 2015-16 and 2018-19 and that this level of growth will see the unemployment rate fall to 5.5% in 2018-19.
- One of the drivers for new jobs in Melbourne will be the Victorian Government's infrastructure investment program. It has plans to spend \$22 billion on infrastructure over the four years to 2019 and create 100,000 new jobs in the process.

Vic Employment Growth (seasonally adjusted %)



Victorian Unemployment Rate (%)

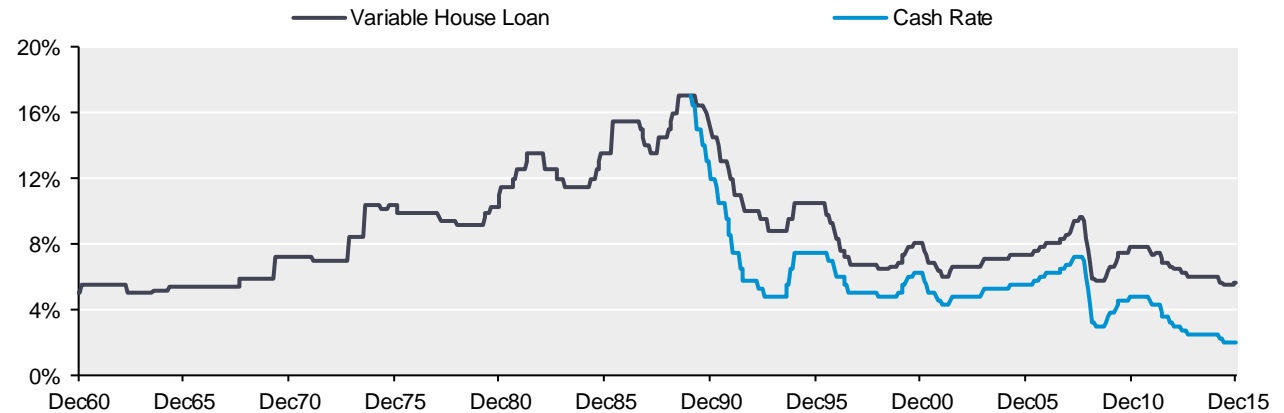


Interest Rates and Inflation

Key Insights

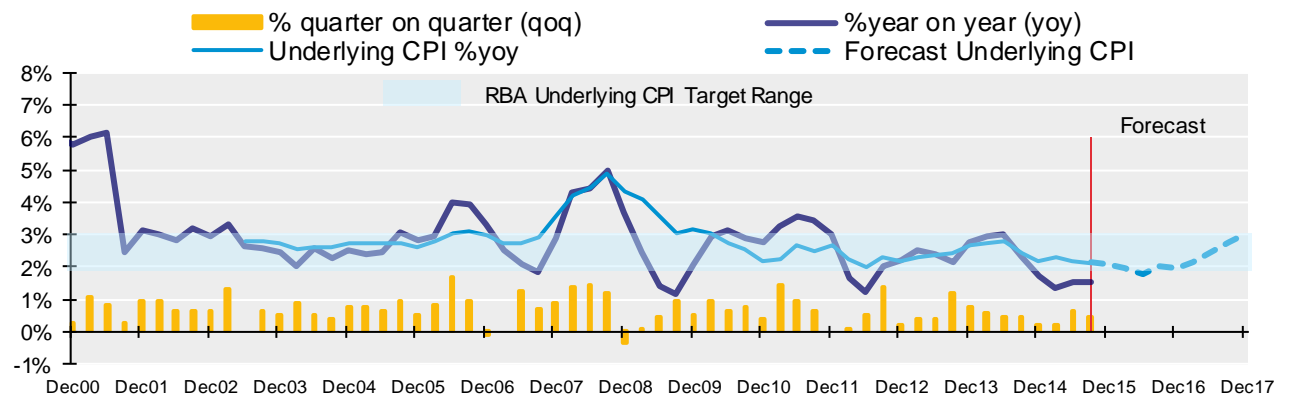
- Australian interest rates for variable home loans are at the lowest level since 1968. This is being driven by the Reserve Bank of Australia's (RBA) official cash rate being at its lowest level ever of 2.0%. Current expectations are that the RBA will not move the cash rate over the next 12 months.
- Urbis' forecast is that inflation will remain at between 2% and 3% over the next 12 months. A slight increase is attributed to Australia's weakened terms of trade which are increasing the price of imported goods.
- Urbis forecast for inflation to remain within the RBA's target range will assist in limiting pressure on interest rates in the short term. Urbis forecast that the RBA's cash rate will remain stable at 2.0% during 2016 before starting to see increases in 2017 which are forecast to see it increase to 3.0% by December 2017. This remains below the average level for the last 10 years which was 4.2%.
- Low interest rates have been a key driver for Australia's property markets and continuing low rates will assist in maintaining activity levels.

Interest Rates



Source: RBA

Headline & Underlying Consumer Price Index (CPI)



Source: Urbis, ABS

Economic Forecasts

Key Insights

- The residential property market is a function of the performance of the economy.
- After slow growth in FY 2012 to 2014 the Victorian economy is now starting to see increased momentum and is forecast to see Gross State Product growth pick up to 2.75% in FY 2017 to 2019. Importantly for the property market, it is also forecast that population growth will grow at 1.8% per annum which will continue to feed demand for new dwellings.
- In forecasting for costs and revenue escalation Urbis have assumed that the economy's performance is roughly in line with Treasury forecast. Future forecasts for economic and property market outlooks are subject to many external factors and are subject to variation.

Department of Treasury and Finance November 2015 Economic Forecasts

	Actual					Forecast			
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Real Gross State Product	2.58%	1.90%	1.01%	1.04%	2.51%	2.50%	2.75%	2.75%	2.75%
Employment Growth	2.81%	0.85%	0.81%	0.55%	2.07%	1.50%	1.50%	1.50%	1.50%
Unemployment Rate	5.04%	5.36%	5.65%	6.18%	6.43%	6.25%	6.00%	5.75%	5.50%
CPI (Australia Year Average)	3.30%	2.33%	2.15%	2.79%	1.40%	2.25%	2.50%	2.50%	2.50%
Wage Price Index Growth	3.77%	3.49%	3.31%	2.72%	2.67%	3.00%	3.25%	3.50%	3.50%
Populaton Growth	1.40%	1.71%	1.79%	1.84%	1.8%*	1.80%	1.80%	1.80%	1.80%

Source: Urbis, Department of Treasury and Finance

*2014-15 population growth was a forecast at the time these numbers were produced.
Actual population growth for 2014-15 was 1.7%.

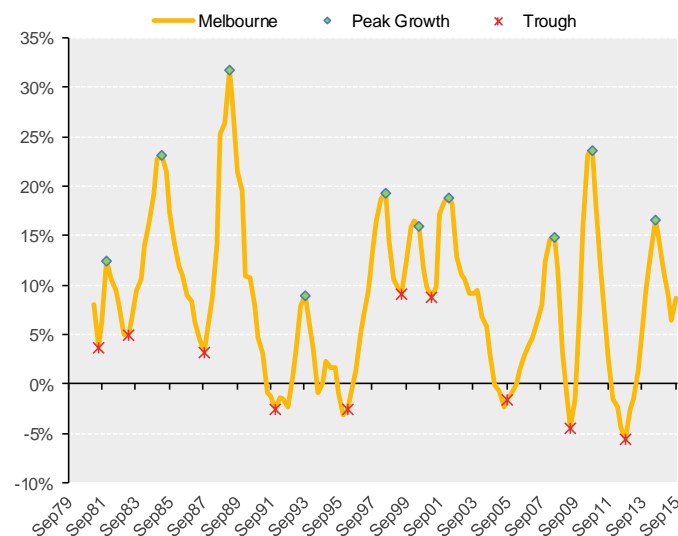
3 – Victorian Property Market Overview

Melbourne Housing Market Cycle Analysis

Key Insights

- Since 1980, Melbourne has seen 10 property market cycles.
- The most recent cycle peaked in June 2014 with an annual growth rate of 16.7% which compared to previous cycles was not particularly strong.
- On average the lowest level of growth (trough) occurs 1.6 years after the peak growth. Currently it is 1.5 years after the peak growth rate, however, the positive Victorian economic growth and population growth mean that the housing market continues to see reasonably solid price growth with 8.6% growth seen in the 12 months to September 2015.
- Whilst property prices growth is expected to continue to moderate over the course of 2016 (whilst still continuing to see positive growth) the solid economic fundamentals mean that the timing to get to a trough level of growth will be longer than average.
- Over the last 35 years, Melbourne has seen a compound growth rate of 8.2% per annum in house prices.

Melbourne Median House Price Cycle Growth: Peaks and Troughs



Source: Urbis, REIA

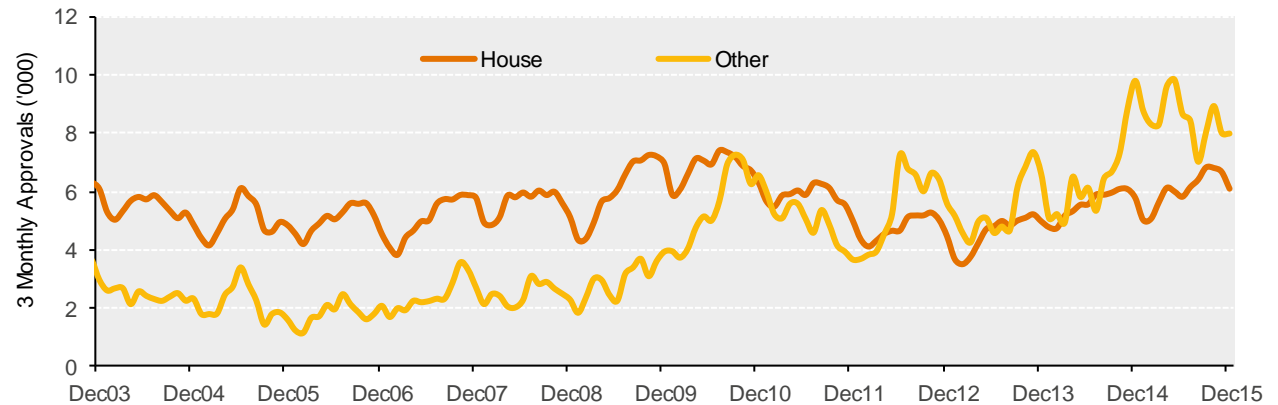
Quarter	Peak Growth	Years Since Trough	Trough Change	Years Since Peak
Dec-81	12.5%	0.5		
Mar-83			5.0%	1.3
Mar-85	23.2%	2.0		
Sep-87			3.2%	2.5
Mar-89	31.8%	1.5		
Dec-91			-2.5%	2.8
Sep-93	9.0%	1.8		
Mar-96			-2.6%	2.5
Jun-98	19.4%	2.3		
Jun-99			9.1%	1.0
Jun-00	16.0%	1.0		
Mar-01			8.9%	0.8
Mar-02	18.9%	1.0		
Sep-05			-1.6%	3.5
Jun-08	14.9%	2.8		
Jun-09			-4.4%	1.0
Sep-10	23.7%	1.3		
Sep-12			-5.6%	2.0
Jun-14	16.7%	1.8		
Average	18.6%	1.6	1.3%	1.7

Dwelling Approvals

Key Insights

- Melbourne is Australia's largest market for new houses. For the 12 months to December 2015 Melbourne's new dwelling approvals accounted for 31% of all capital city approvals with 24,332 new house approvals.
- Approvals have seen an increase in activity both on new housing (driving the residential land market) and other housing (mainly apartments) over the last three years. House approval levels in the 12 months to December 2015 were 31% higher than in the 12 months to December 2013.
- It is expected that approvals levels have now peak for the current cycle and activity will start to slow in 2016 / 2017.
- This significant increase in building activity for new houses is leading to a shortage of available land in many areas and starting to put pressure on land prices.
- A key driver for the increase in dwelling demand has been the increase in population growth as well as consumers being more confident about the economic outlook for Melbourne.

Melbourne Dwelling Approvals



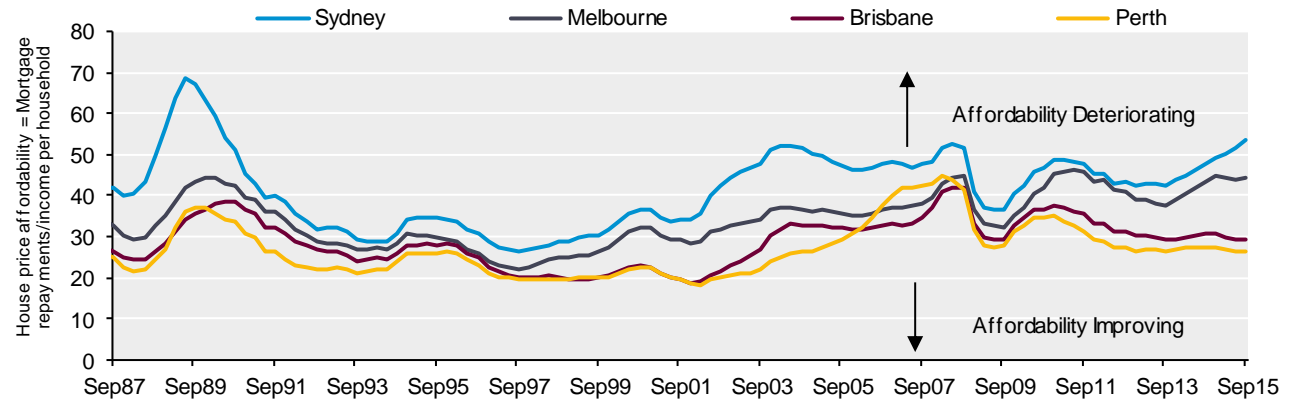
Source: Urbis, ABS

Housing Affordability in Melbourne

Key Insights

- Housing affordability has been deteriorating in Sydney and Melbourne whilst improving in Brisbane and Perth. However, the slowing rate of housing price growth and rising incomes in Melbourne is meaning that the affordability level in Melbourne has stabilised whilst Sydney continues to deteriorate.
- Affordability has always been the lowest in Sydney and Melbourne which relates to the size of the cities and continued growth in population. However, Melbourne has always offered a more affordable housing market than Sydney.
- There is potential that the relatively low levels of affordability in the broader Melbourne housing market will lead to increased demand for green field housing which offer more affordable housing options.

House Price Affordability



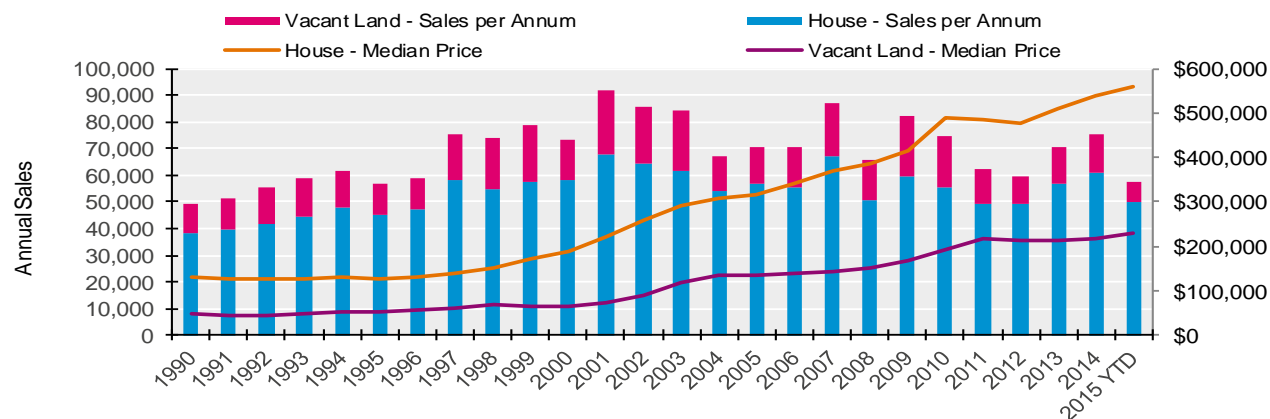
Source: REIA, ABS, RBA, Urbis

Median House Prices

Key Insights

- Since 1990, the median house price in Melbourne has shown reasonably consistent growth. As at September 2015 the median house price was \$560,000. Compound growth rates for the past three years were 5.3%, five years 3.3%, and ten years 5.9%.
- The median vacant land price has grown consistently, with the median land price being \$230,000 in the September 2015 quarter. Over the last 25 years compound growth in land prices has been 6.3% per annum with the last 10 years showing growth of 2.1%. This lower growth profile reflects the greater ability for supply to meet demand over time in the Melbourne market but also reflects that whilst prices have remained stable the price per square metre has gone up as lot sizes have been reduced as highlighted on page 26.
- House sales volumes averaged 53,000 sales per annum over the last 25 years. The high level of activity with 60,000 sales in 2014 highlights the demand levels that led to price growth. The year to date (YTD) sales for 2015 will increase once all sales for the year have settled and are recorded.
- Whilst in the medium term there is enough land supply to satisfy demand in the Melbourne land market, it takes time to bring land to the market and in times of high demand this means a short term mismatch in demand levels and available supply. This is currently being seen in the Melbourne market and as it did in 2010 this is leading to an increase in land prices despite house prices stabilising. This shortage of available supply will continue in 2016 and will continue to push prices up.

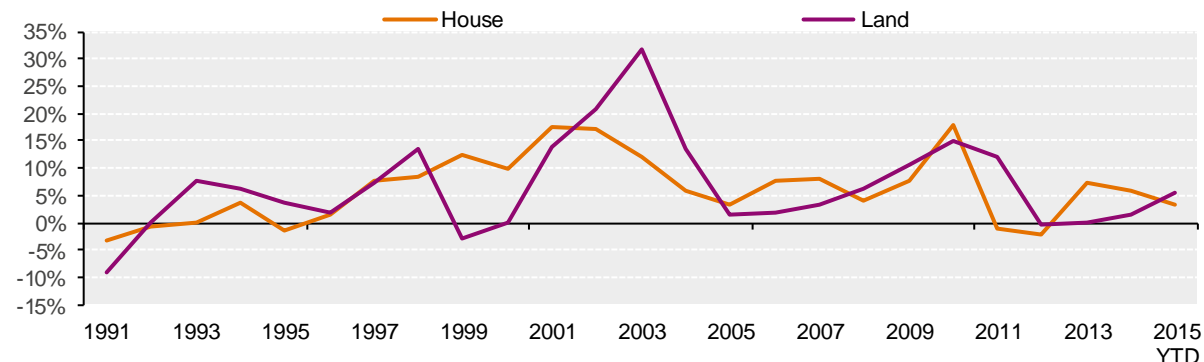
Melbourne Median House, Land Price and Sales Rates



Note - Based on settled sales recorded as at February 2015. Sales in 2015 will increase as all sales are recorded.

Source : Urbis, APM PriceFinder

Annual Change in Melbourne Median House and Land Price



Note - Based on settled sales recorded as at November 2015. Sales in 2015 will increase as all sales are recorded.

Source : Urbis, APM PriceFinder

4 – Microeconomic Overview

Local Amenity and Infrastructure

Melbourne's West

- Melbourne's west is one of the fastest growing population regions in Australia.
- According to projections by the Department of Employment (2015), Melbourne's West will be the strongest region nationally for job growth between 2014 and 2019 with the number of forecast jobs to increase by 49,900 positions, or 13.8%, (2.6% per annum). In comparison, Inner Melbourne is forecast to record employment growth of 12.9% (2.5% per annum), or 43,800 positions, over the same five year period. The West's key contributing sectors (in percentage growth terms) will be Arts and Recreation Services (27.2%), Health Care and Social Assistance (22.1%), Construction (20.0%) and Education and Training (20.0%).
- Werribee is approximately 23 kilometres from Avalon Airport. In 2015, Jetstar signed a new 10-year deal with the Victorian government allowing it to launch new routes and add extra flights.
- The University of Melbourne's Werribee Veterinary Hospital is one of the leading animal hospitals in Australia.
- Further details for some of the major projects that will occur in the area are detailed here. A key benefit for the region is that the future projects detailed here will lead to additional jobs both in the construction cycle and in worker population for projects such as the Werribee Hospital.

Key Future Infrastructure Projects

Western Distributor

The proposed Western Distributor comprises a tunnel and elevated motorway to relieve pressure on the West Gate Bridge. Three key sections (also including West Gate Freeway widening and access improvements to Webb Dock) will seek to alleviate existing logistical challenges in Melbourne's west.

CityLink Tulla Widening

Increasing CityLink's capacity by around 30% between the Melbourne CBD and Melbourne Airport (a distance of 24 kilometres), this \$1.3 billion widening project is due to reach completion before the end of 2018. Travel time savings and a reduction in commercial traffic on local roads are expected to ensue.

Regional Rail Link

The multi billion dollar Regional Rail Link provides train services to Geelong, Bendigo and Ballarat with their own dedicated tracks between the metropolitan Melbourne stations of Sunshine and Southern Cross. The project reached completion in mid 2015.

Hospital Investment

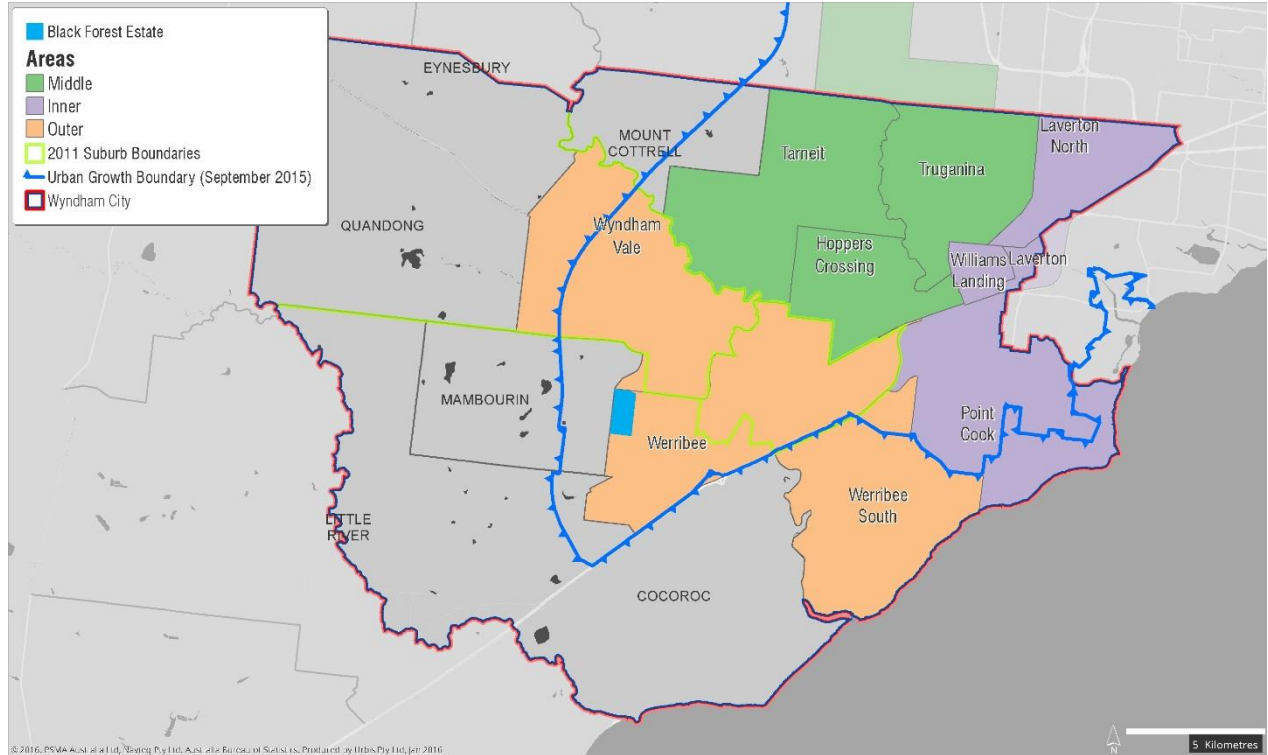
In 2015, the Victorian Government made several announcements regarding hospital upgrades in Melbourne's west. These include an \$85 million expansion of Werribee Mercy Hospital and the construction of a new \$200 million Western Women's and Children's Hospital, starting in late 2016.

Catchment Area

Key Insights

- For the purposes of analysing the demographics and land market within the Wyndham City Local Government Area (LGA) the key suburbs with land supply and land sales have been divided into three areas. Inner, Middle and Outer. The suburbs that make up these areas are shown here.
- The Inner areas have new supply but have been going for longer and being more centrally located to Melbourne are more expensive. The outer areas are focused on providing more affordable housing supply.
- The focus of the land development market to date has largely been the Inner area. However land in these suburbs is becoming scarce and future supply will be more focused on the Middle and Outer areas.
- Note - the analysis only includes the area of the suburb within the LGA area boundary. The suburb boundaries have changed since 2011 and the ABS demographics analysis of the 2011 Census statistics provided in this report are based on the 2011 suburb boundaries.

Wyndham City Land Sales Areas



Source: Urbis

Inner	Middle	Outer
Laverton	Hoppers Crossing	Werribee
Laverton North	Tarneit	Werribee South
Williams Landing	Truganina	Wyndham Vale
Point Cook		

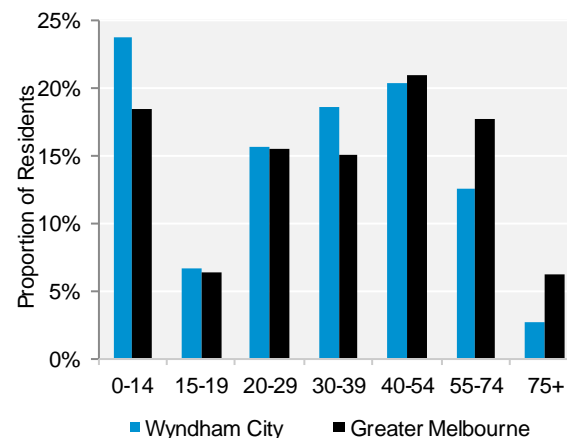
Source: Urbis

Demographic Review

Key Insights

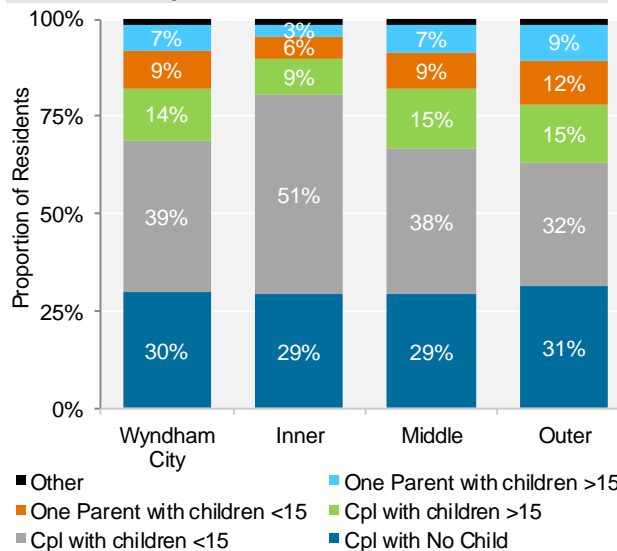
- The following provides a breakdown on the demographic characteristics of residents within the Wyndham City LGA, including age profile, household structure, household types and housing tenure.
- Key features of the catchment area (all of the areas analysed) is as follows:
 - The area is much higher than the average for Melbourne in the proportion of families with children (this accounts for 55% of households across the catchment area compared to 46% overall in the Greater Melbourne area). The parents in these families are typically in the 20-39 age bracket.
 - The expansion of the catchment area and sales in new greenfield estates is meaning that 52% of all households in the catchment area have a mortgage which has increased from 44% of households in 2001.
 - The catchment area has seen an increase in the proportion of renters which would be positive for purchasers looking to buy a house for investment purposes.

Age Profile



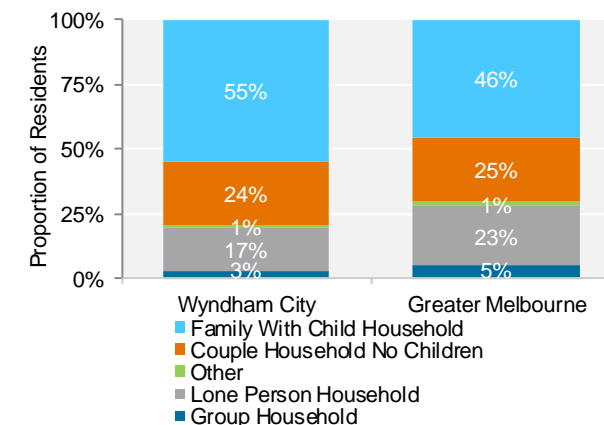
Source: ABS 2011 Census, Urbis

Household Types



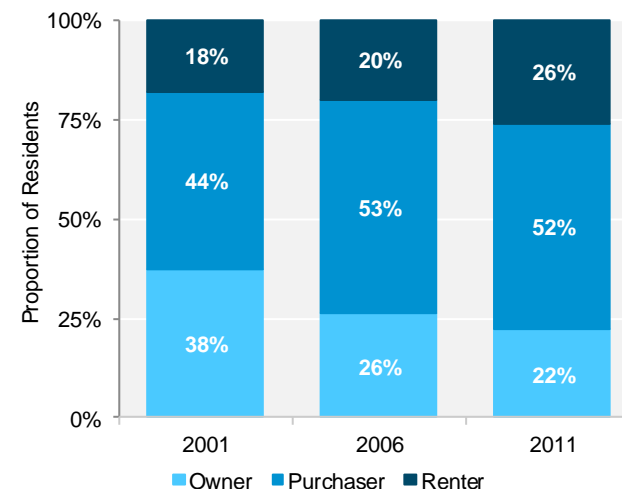
Source: ABS 2011 Census, Urbis

Household Structure



Source: ABS 2011 Census, Urbis

Wyndham City Housing Tenure



Source: ABS 2011 Census, Urbis

Employment Trends

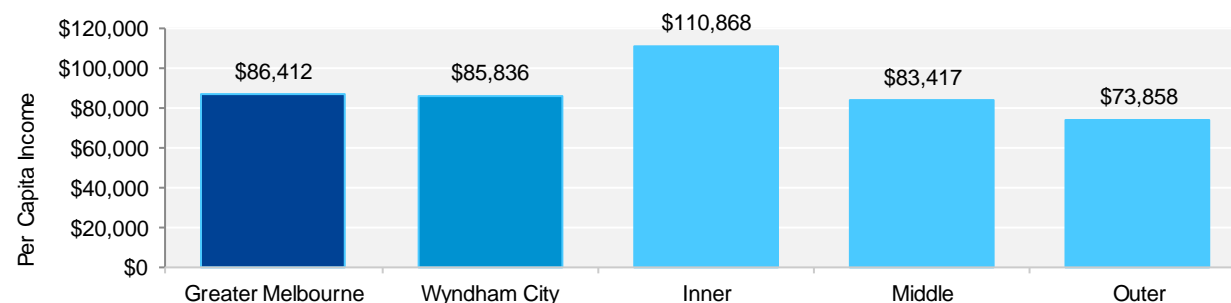
- People within the overall catchment tend to be employed as Professionals (although less so in the more outer areas), Technical and Trades (more represented in the more outer areas) and Clerical and administrative roles.
- Residents of the catchment area tend to also work within the area in which they live and along the corridor toward Melbourne. There is a clear western bias to place of employment but some residents commute larger distances to the CBD and beyond.
- Average household incomes within Wyndham City area are only slightly lower than the overall income levels for Greater Melbourne. However, income levels do vary across Wyndham City with higher incomes in the more inner areas down to the more outer areas within the catchment which are below the level of Melbourne. In the more outer areas, being able to offer affordable land will be a key driver for demand.

Occupation of Employment

	Wyndham City	Inner	Middle	Outer
Managers	11%	15%	9%	9%
Professionals	18%	27%	16%	14%
Technicians & Trades	15%	12%	15%	16%
Community & Personal Service	10%	8%	10%	11%
Clerical & Administrative	18%	17%	18%	18%
Sales	10%	9%	10%	10%
Machinery Operators & Drivers	10%	6%	12%	11%
Labourers	9%	6%	10%	11%

Source: ABS 2011 Census, Urbis

Average Household Income for Wyndham City as at 2011



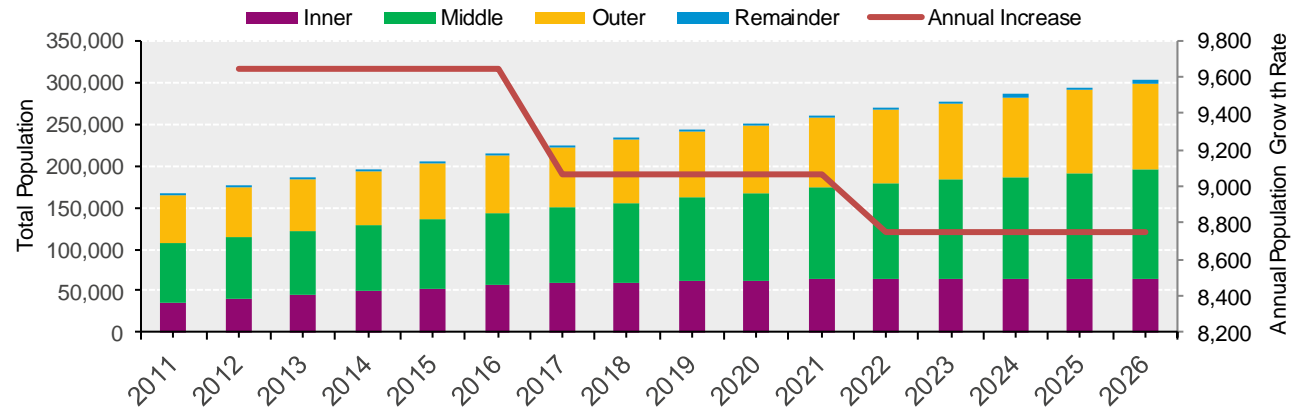
Source: ABS, Urbis

Population Projections

Key Insights

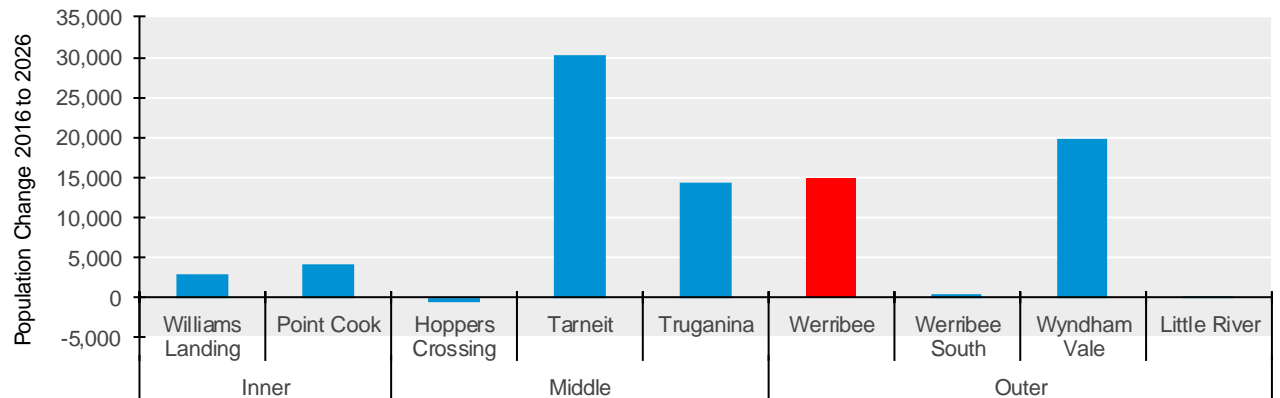
- Between 2016 and 2026 leading demographic forecasters .id in their Small Area Forecast information (SAFi) forecasts are forecasting that the Wyndham City LGA will be the fastest growing LGA in Victoria and one of the fastest growing LGA's nationally.
- The population is forecast to grow by 89,000 residents between 2016 and 2026, representing growth of 40% (averaging 8,900 people and 3.5% annually).
- The Inner sector suburbs are now at close to capacity and it will be the Middle and Outer suburbs that drive population growth. The Outer area will account for 37% of the growth in the Wyndham City area.
- Werribee is forecast to be the third fastest growing suburb in the area with an additional 15,000 people in the area between 2016 and 2026. This is a 36% increase in population and reflects annual growth of 6.4%.

Wyndham City Population Growth Forecasts (2011-2026)



Note the SAFi forecasts used are for 2016, 2021 and 2026. Growth has been averaged between these years.

Population Growth 2011 to 2026 by Key Suburbs



Source: Urbis, SAFi by .id

Local Area House Prices

Key Insights

- In Werribee house prices show up as having the lowest median house prices. This reflects the lack of new housing stock to date in the area and the fact that the houses that have been selling are mainly older houses.
- As is to be expected house prices generally highlight that the highest prices are in the Inner areas. However, as land availability becomes scarcer in the Inner area there will be more pressure on the Middle and Outer areas.

Local Area House Prices

	House					
	Median Sale Price (Sales for 12 Months)	Median Price Change 12 Months	Compound Growth Rates in Median Price for last...			12 Month Sales
			3 Yrs	5 Yrs	10 Yrs	
INNER						
Laverton	\$360,000	4.3%	4.0%	1.1%	6.8%	125
Williams Landing	\$467,000	23.2%	4.4%	4.7%	2.1%	155
Point Cook	\$475,000	6.7%	2.6%	1.8%	3.4%	1,302
MIDDLE						
Hoppers Crossing	\$345,450	1.6%	3.1%	1.9%	4.4%	628
Tarneit	\$390,000	2.6%	2.7%	2.2%	3.6%	611
Truganina	\$375,000	4.2%	3.3%	2.0%	3.2%	370
OUTER						
Werribee	\$320,000	3.2%	1.6%	1.6%	4.3%	737
Wyndham Vale	\$330,000	3.1%	2.1%	1.3%	4.9%	470
Melbourne (SD)	\$560,000	3.7%	5.3%	3.3%	5.9%	65,005

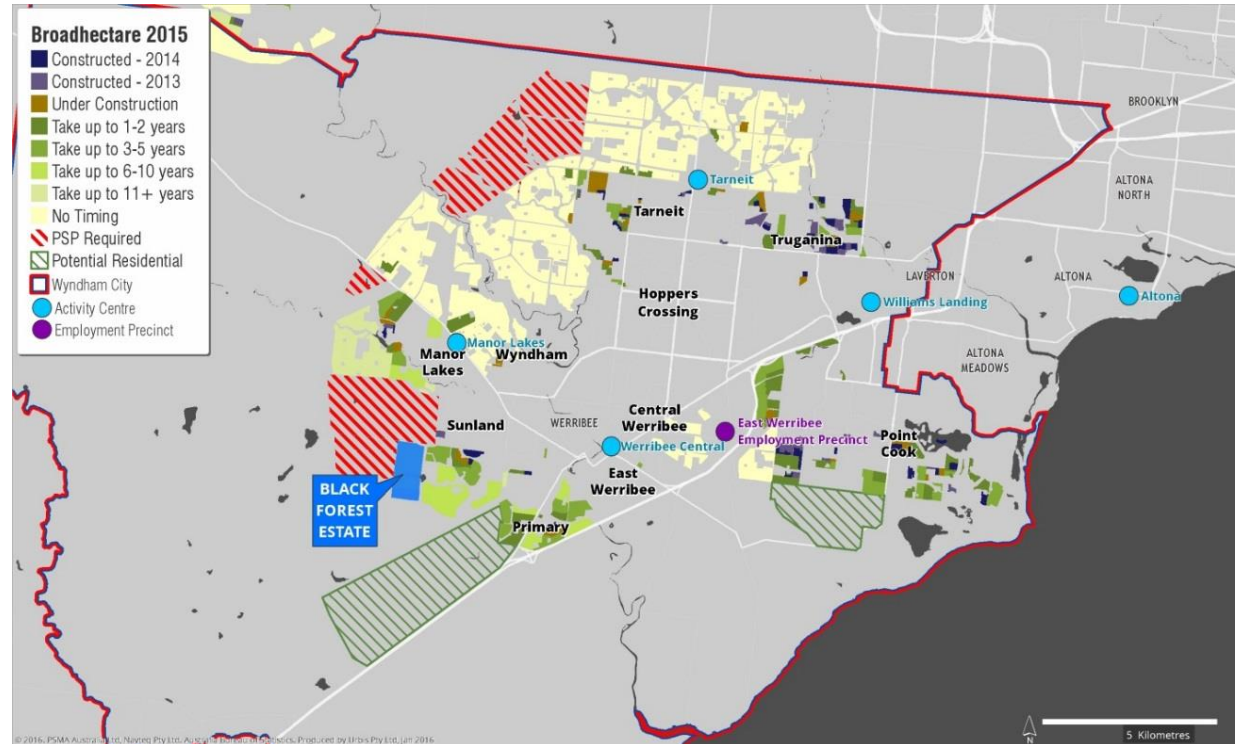
1. Median prices are for the sales for the 12 months to the end of Sep-15
Source: APM PriceFinder; Urbis

Supply and Demand

Key Insights

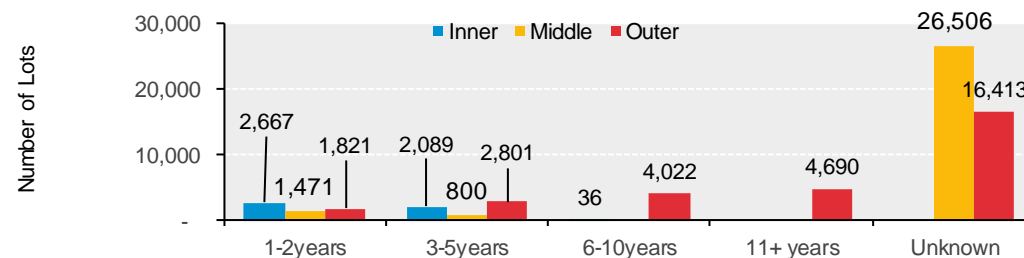
- The following map highlights the land parcels which are designated as broadhectare land for future development, thus contributing to the majority of population growth for the area.
- Whilst the land supply in the Inner area is not expected to last beyond the next five years there is significant long term land supply in the Middle and Outer areas of Wyndham City.
- In total there is the potential for 63,000 lots in the area based on currently identified land development parcels. Based on the developer land sales rates in the area over the last five years this land supply would provide 36 years worth of supply.
- Whilst there is a significant amount of land highlighted as having No Timing for release, much of this land is constrained by lack of services and fragmented ownership. Hence these areas are more likely to be long term development prospects and the focus will be on the land identified as being likely to be released within the next 10 years.

Wyndham City Broadhectre Land Status (as at 2015)



Source: Urbis, Victorian Government, Urban Development Program

Urban Development Program Wyndham City Land Supply Outlook



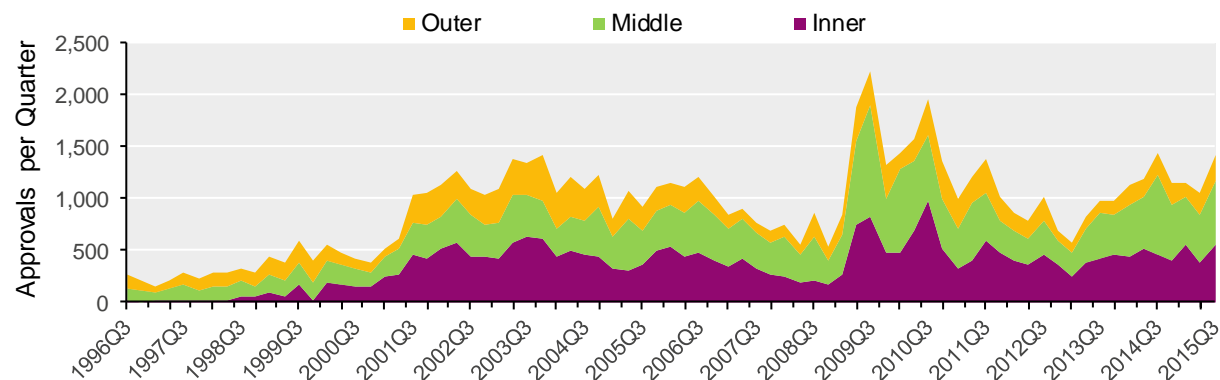
Source: Urbis, Victorian State Government Urban Development Program

Demand – New Dwelling Approvals – Wyndham City Precincts

Key Insights

- Demand for land in Wyndham City LGA has been high over the last 12 month and this is reflected in new dwelling approvals which for the 12 months to September 2015 saw 4,754 houses approved. This reflects 23% of all new house approvals within the Melbourne Metropolitan area.
- New dwelling approvals in the 12 months to September 2015 were 54% higher than the level seen in 2013.
- The Outer precinct of Wyndham City accounted for 16% of the approvals in the 12 months to September 2015.
- This increase in approvals over the last 12 month has led to a lack of available and ready to sell lots in a number of the estates in the area. This is leading to a long lead time between purchasers purchasing a lot and titles being issue. In some cases this can be as long as nine months or in some cases in excess of this.
- This lack of available stock is leading to upward price pressure.

New Dwelling Approvals - Houses in the Wyndham City Area



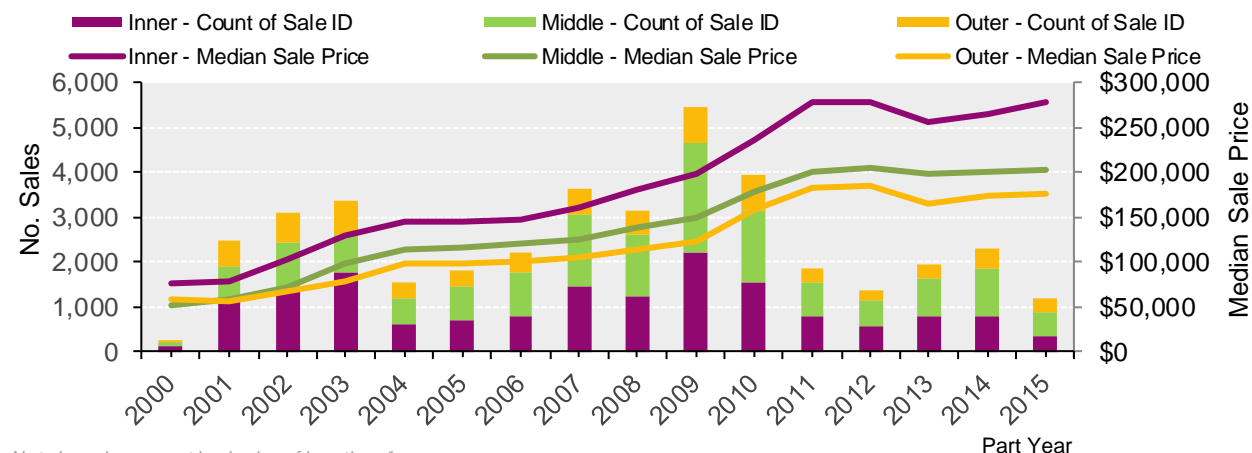
Source: Urbis, ABS New Dwelling Approvals

Developer Land Settled Sales Analysis

Key Insights

- Following from very high sales activity in 2009 and 2010, the market slowed through to 2012. Since then demand has picked up and 2015 has continued to see very good level of demand.
- 2015 sales volumes have performed significantly better than the graph indicates. This is due to the lag between the sale date (date of contract) and settlement date (currently up to nine months in this area) and then the reporting of the sale which can take an additional three months. These factors mean that sales activity shown here for 2015 will increase as more sales are reported and recent price pressure is also likely to be reflected.
- Median Sale price has an overall positive trend, seeing 7% annual growth between 2010 and 2015 (non-inflation adjusted).
- There has been a reduction in the size of lots being sold. In total lot sizes have reduced by 35% between 2000 to 2015. The reduction in lot sizes has been driven by government planning policy as well as developers trying to provide more affordable stock.
- Whilst lot sizes have been decreasing, price per square metre has increased 405% (or 11% p.a) from 2000 to 2015.
- Whilst the reduction in lot sizes has driven the very strong growth in the price per sqm, there is not expected to be any further significant fall in the median lot size over the next five years. This will mean that price growth on a sqm basis may moderate.

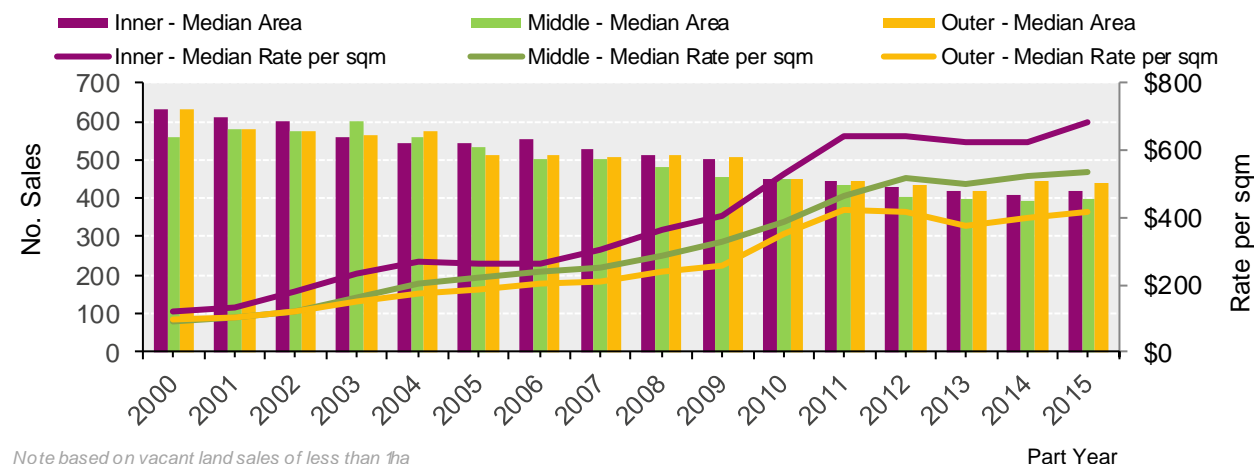
Developer Land Settled Sales and Median Price for Wyndham City by Sector



Note based on vacant land sales of less than 1ha

Source: Urbis Analysis of PriceFinder APM Sales Data for Settled Vacant Land Sales

Developer Land Sales and Median Rate per sqm and Lot Size for Wyndham City by Sector



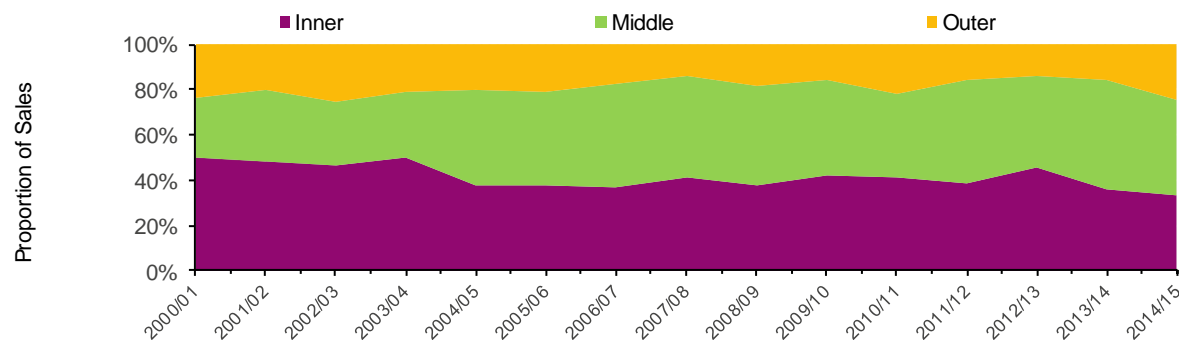
Note based on vacant land sales of less than 1ha

Source: Urbis Analysis of PriceFinder APM Sales Data for Settled Vacant Land Sales

Proportion of Lot Sales

- There has been a total of 9,196 developer lot sales across Wyndham City since 2010/2011, the majority (81%) of which have been in the Inner and Middle locations.
- As shown in the Outer Area Lot Sales Analysis table the Outer location (which includes Werribee) performed well in 2014/2015 recording 475 sales well above the 5 year average of 365 sales.
- The new Werribee-Harpley by Lend Lease project coming to the marketing 2014/15 has been a key driver for the increase in activity in the Outer sector. This project recorded 186 lot sales in 2014/2015 performing well in terms quantum of sales in comparison to other locations across the Wyndham City LGA.
- Werribee-Riverwalk by Places Victoria have averaged 53 lot sales per annum over the last 5 years and record another 59 sales in 2014/2015.
- Given the long lead times between sales and settlements currently occurring in the area the number of sales in 2014/15 will see some increase as further sales settle.

Proportion of Lot Sales



Source: Urbis analysis of APM Price Finder Sales Data

Outer Area Lot Sales Analysis

Outer	559	250	189	352	494	1,844
Werribee - Harpley - Lend Lease					161	161
Werribee - Riverwalk - Places Victoria	37	30	28	104	76	275
Wyndham Vale - Bluestone - Sunland	124	62	42	68	20	316
Wyndham Vale - Major Lakes - Dennis Family	194	72	46	108	155	575
Other Areas	204	86	73	72	82	517
Total Lots Sold for Wyndham City	2,402	1,605	1,326	2,265	2,013	9,611

Source: Urbis analysis of APM Price Finder Sales Data

Estates Sales Price Comparison

Key Insights

- Looking at the most active estates for 2014 / 2015, highlights that there is a clear price banding across the three areas within the Wyndham LGA. The Outer area is providing more affordable product compared to the reasonably premium lots provided in the Point Cook area. This is important as it caters to the local demographics.
- Since 2014/2015 the shortage of available lots in these areas is meaning that prices have grown. An example of this is that the most recent stage of Harpley estate has prices that are around 5% higher than the median prices for 2014/15.

2014/15 Settled Sales Analysis for the Most Active Estates in the Wyndham Area

	Median Sale Price	Median Area	Median Rate per sqm	Number of Sales
Inner	\$270,000	416	\$657	650
Point Cook - Featherbrook Estate - Central Equity	\$245,000	400	\$613	25
Point Cook - Paragon - Pask	\$235,000	392	\$582	39
Point Cook - Saltwater Coast - FKP	\$258,100	420	\$654	177
Williams Landing - Williams Landing - Cedar Woods	\$339,000	420	\$806	113
Other Areas	\$267,500	418	\$649	296
Middle	\$200,000	399	\$527	816
Tarneit - The Heartlands - Asset 1	\$198,000	400	\$490	131
Truganina - Allura - Stockland	\$225,000	354	\$605	125
Truganina - Bellevue - Southern Cross Land	\$221,000	400	\$555	86
Truganina - Forsyth Park - ISPT	\$183,500	318	\$590	104
Truganina - Gateway - Central Equity	\$251,500	388	\$643	28
Truganina - Westbourne Fields	\$198,000	389	\$509	67
Other Areas	\$193,500	399	\$488	275
Outer	\$175,000	445	\$411	494
Werribee - Harpley - Lend Lease	\$188,000	443	\$445	161
Werribee - Riverwalk - Places Victoria	\$184,500	420	\$446	76
Wyndham Vale - Bluestone - Sunland	\$178,000	557	\$320	20
Wyndham Vale - Major Lakes - Dennis Family	\$171,000	456	\$373	155
Other Areas	\$149,800	374	\$406	82
Total Lots Sold	\$211,200	400	\$547	1,960

Source: Urbis analysis of APM Price Finder Sales Data

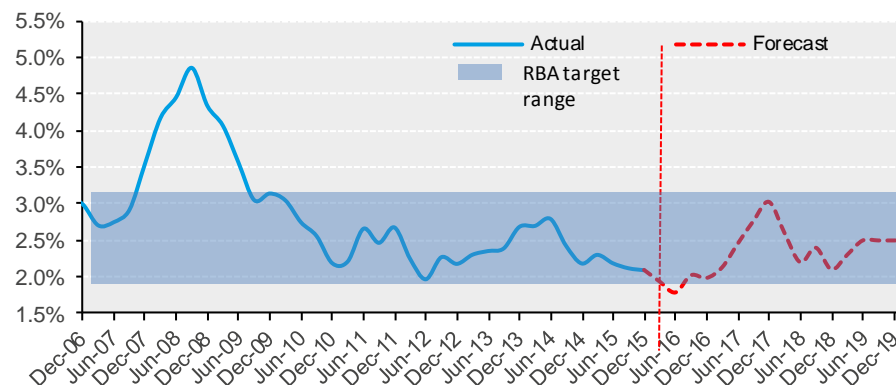
5 – Forecasts

Forecasts

Key Insights

- Despite the fall in the exchange rate the RBA expects that subdued labour cost growth will keep inflation within the target range over the short term. Urbis' inflation forecasts suggest that in the current environment underlying inflation will remain broadly within the RBA's target band of 2% to 3% over the forecast period to 2020. In the longer term inflation is expected to continue to be around the mid point of the target rate at 2.5%.
- Building cost escalations are expected to be influenced by bottlenecks in key trades and price rises in imported materials, but offset to some degree by freeing up of capacity in the sector, favourable fuel prices and interest rates.
- The forecast easing of the Melbourne residential market from cyclical highs is likely to mean that civil works cost pressures will ease after 2016 and will be broadly in line with inflation.
- Land prices in the Wyndham City area are expected to continue to be driven up during 2016 due to demand being above the current low level of lot availability.
- Property price escalation is expected to soften as the anticipated moderating of the Melbourne residential land market starts to emerge over the latter part of 2016 and into 2017.
- In the medium and longer term (2017/18) there is plenty of land availability in the Wyndham City area and supply will catch up with demand. This together with a more balanced Melbourne property market are likely to mean that property price growth is more limited than has been seen over recent years.
- Given the historical 25 year growth rate for Melbourne land prices has been 6.3% compound growth per annum which is well above inflation, the longer term growth rate would be expected to increase from the reasonably low growth rates forecast for 2018 to 2020.

Actual and Forecast Underlying Consumer Price Index



* CPI trimmed mean, seasonally adjusted

Source : ABS, Urbis

Urbis July 2016 to June 2020 Forecasts

Wyndham Area Property Price

Year to June	Escalation	CPI
2017	5.0%	2.5%
2018	3.0%	2.2%
2019	2.5%	2.5%
2020	3.0%	2.5%

Source: Urbis

Disclaimer

This report is dated March 2016 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (Urbis) opinion in this report. Urbis prepared this report on the instructions of Peet Funds Management Limited (Instructing Party) for the purpose of a Product Disclosure Statement (Purpose) and not for any other purpose or use. Urbis expressly disclaims liability to any person who relies upon this report for any purpose other than the Purpose and to any party other than the Instructing Party and investors in the Peet Werribee Land Syndicate who relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events including wars, civil unrest, economic disruption, financial market disruption, business cycles, industrial disputes, labour difficulties, political action and changes of government or law, the likelihood and effects of which are not capable of precise assessment.

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

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

This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading bearing in mind the necessary limitations noted in the previous paragraphs. Further, no responsibility is accepted by Urbis or any of its officers or employees for any errors, including errors in data which is either supplied by the Instructing Party, supplied by a third party to Urbis, or which Urbis is required to estimate, or omissions howsoever arising in the preparation of this report, provided that this will not absolve Urbis from liability arising from an opinion expressed recklessly or in bad faith.