

INDEPENDENT PERFORMANCE AUDIT REPORT BLUE WEALTH PROPERTY - RESEARCH METHODOLOGY PROCESS AUDIT

Audit Conclusion

We have audited the quality control systems and processes documented by Blue Wealth Property to ensure compliance with the Company's published research methodology.

Based on our performance audit, with respect to the documented quality control systems and processes developed by Blue Wealth Property, we conclude:

- (a) a clear philosophy behind the drivers of property value has been developed and documented;
- (b) the Research Model Tool developed attributes scores to various criteria that are consistent with the philosophy;
- (c) the Research Model Tool provides an assessment against the criteria based substantially on data and information sourced independently and external to Blue Wealth Property; and
- (d) quality control processes have been documented to validate the results produced by the research model and for final approval of research outputs for a research project

We conclude that application of Blue Wealth Property's research methodology, in accordance with the documented quality control systems and processes which have been subject to our audit, would produce consistent research outputs based substantially on externally sourced information.

Scope

Our audit has been performed to form an opinion on:

- (a) the existence of a documented philosophy which articulates the drivers of property value;
- (b) the existence of a research methodology that provides a consistent basis to assess the attributes of a specific property against the criteria established by Blue Wealth Property;
- (c) the documentation of quality control systems that govern the application of the research methodology and property selection; and
- (d) the adequacy of documentation to evidence decision making throughout the research process.

Management Responsibility for the Systems and Processes

Management is responsible for the development of the research methodology and the documentation of quality control systems and processes. This responsibility extends to ensuring that the research methodology applied to each subject geographic area and property complies with the quality control systems and processes that have been documented.

Auditor's Responsibility

Our performance engagement was conducted in accordance with applicable Standards on Assurance Engagements (ASAE 3500 *Performance Engagements*) to provide reasonable assurance over the existence of documented quality control systems and processes in respect of the application of Blue Wealth Property's research methodology.

An audit involves performing procedures to obtain audit evidence about the existence of the quality control systems and processes.

We have undertaken the following procedures in completing the performance audit:

- (a) Initial meeting to discuss and obtain an understanding of Blue Wealth Property's Research methodology including:
- philosophy and values in respect of property research
 - macro property value drivers
 - micro property value drivers
 - zero tolerance approach to certain attributes or shortcomings
 - identification of potential projects
 - tools used to document research for an individual project
 - validation of results
 - quality control processes
 - final approval
- (b) We reviewed the research for a sample project to validate our understanding of the quality control processes. Our review included:
- consideration of the independence of data sources
 - referencing of data to external sources
 - assessment of validation checks
 - assessment of documentation to support research criteria measurements
 - assessment of controls to ensure consistency of application of methodology across projects

- assessed the security and protection within research models to reduce risk of error
- (c) We reviewed the documented quality control processes including controls associated with:
- identification of subject property
 - assessment of project developer against the established performance criteria
 - preliminary project review
 - detailed research model assessment - Blue Wealth Index Score
 - validation of results
 - final approval

Findings

Based on our audit procedures, our findings were:

- (a) a clear philosophy describing the attributes which contribute to the value of investment property has been developed;
- (b) the Blue Wealth Research Model has been developed to measure the macro and micro level inputs that represent various attributes consistent with the philosophy;
- (c) the Research Model tool documents the source of information used to assess each project;
- (d) the source of the data representing the research model inputs are substantially objective;
- (e) the research model has in built guidelines, checks and balances to ensure consistency of outputs across different projects; and
- (f) quality control systems and processes were evidenced in the documentation considered during our audit

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit conclusion.

Use of Report - Inherent Limitations

The performance audit report was prepared for Blue Wealth Property. We have audited the documented quality control systems and not the individual property research reports produced by Blue Wealth Property. The audit scope therefore does not extend to providing an opinion on the effectiveness of these quality control systems and processes. Our audit was not a compliance audit, and as such, no such opinion is being provided. We disclaim any assumption of responsibility for any reliance on this report by any persons or users of the individual property reports, or for any purpose other than that for which it was prepared.



Nick Nancarrow CA
Partner

25 Bolton Street
Newcastle NSW 2300

Cutcher & Neale
Assurance Pty Limited
(An authorised audit company)

9 May 2019