

Rural Property Market Update

Will McLay
February 2020

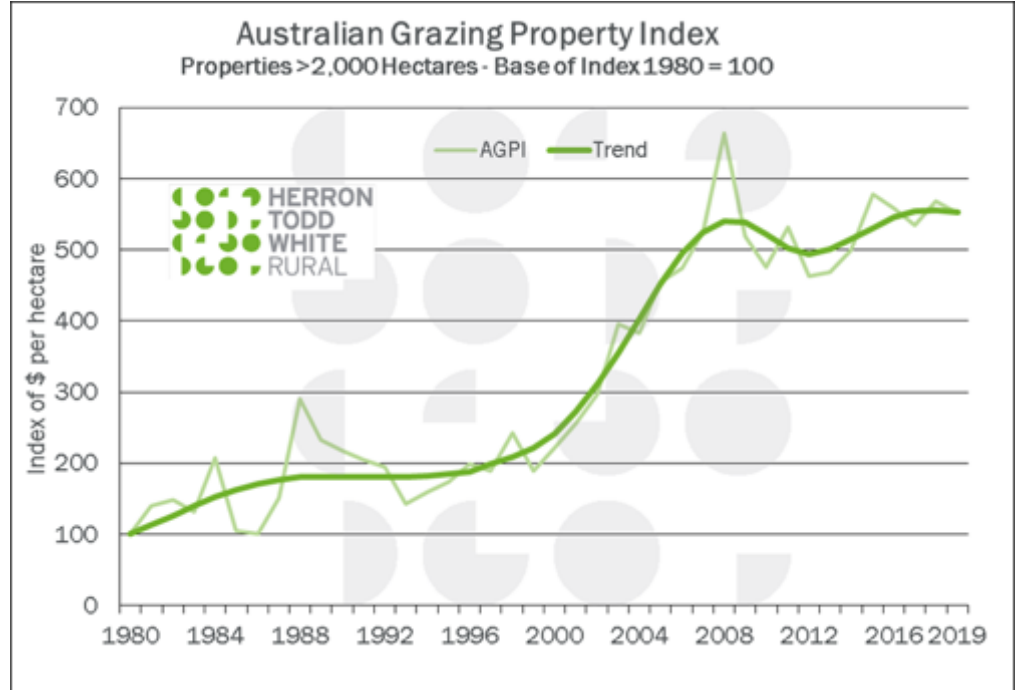


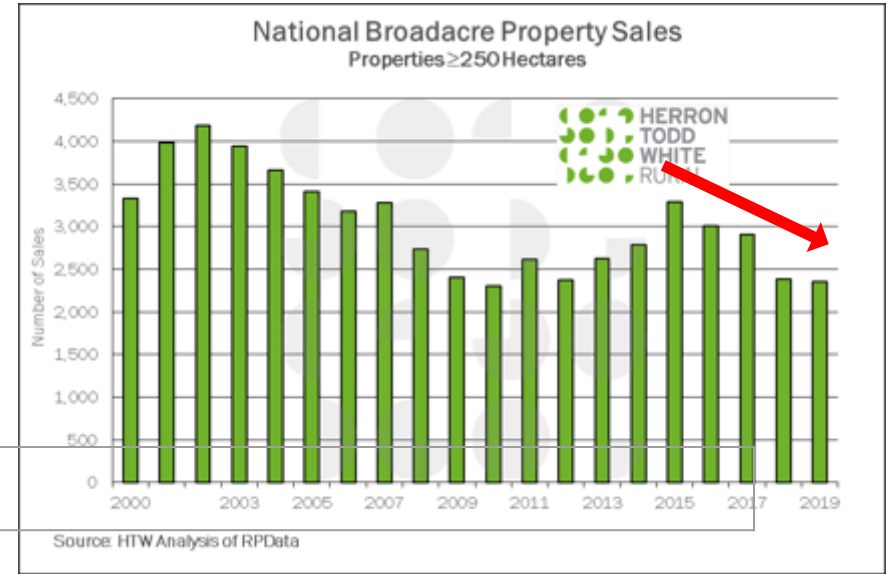
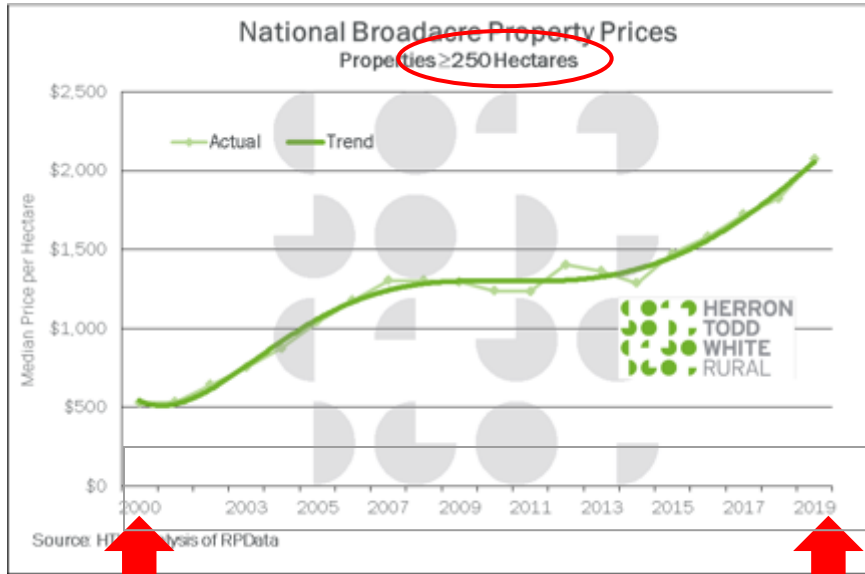
A reflection on the last 5 years

- 2015 – The year of the local buyers competing with corporate.
- 2016 – The year of the Agent.
- 2017 - The year of off market sales – agents get competition, FIRB announcement may impact activity.
- 2018 – The year of family buyer – reduced supply.
- **2019 - What if it had rained!!!!**

Growth Rates

| Growth Rates 1 | AGPI | Trend |
|----------------|-------|-------|
| 1980-2019 | 4.5% | 4.5% |
| 1980-1988 | 14.2% | 7.6% |
| 1988-1999 | -3.8% | 1.9% |
| 1999-2008 | 15.0% | 10.4% |
| 2008-2019 | -1.7% | 0.2% |
| 1980-2019 | 4.5% | 4.5% |



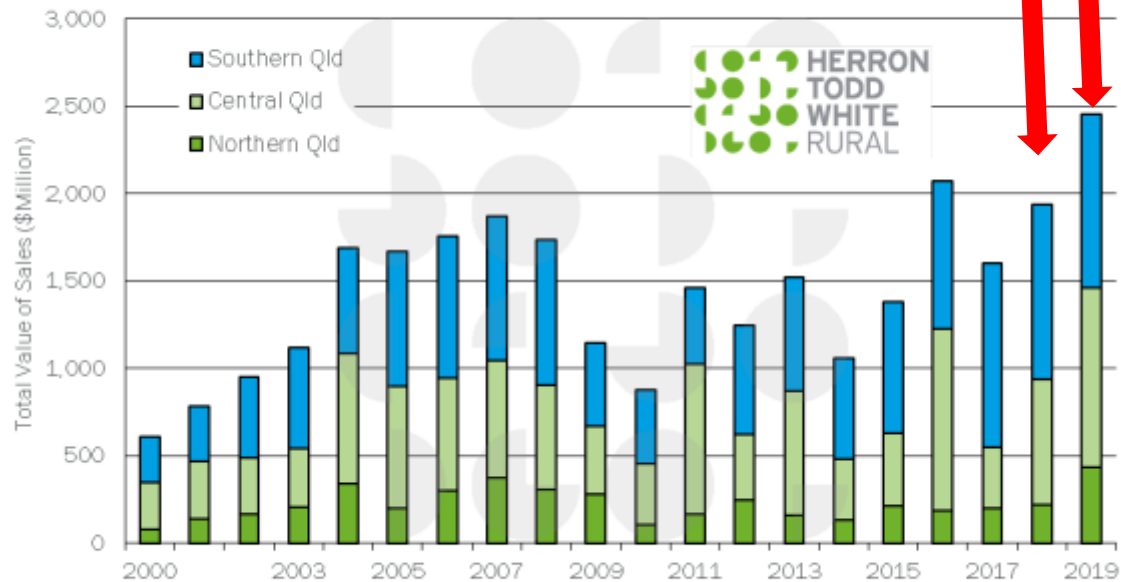


Key Details

| Factor | 2018 | 2019 | Change |
|--------------------|--------|--------|--------|
| Total Sales (\$BN) | \$5.75 | \$6.30 | 8.74% |
| Hectares Sold | 7.42M | 9.62M | 22.89% |
| No. of Sales | 2,386 | 2,353 | -1.40% |

Queensland Broadacre Property Sales Properties ≥ 250 Hectares

20.89% increase



Source: HTW Analysis of RPData

Queensland Broadacre Property Prices

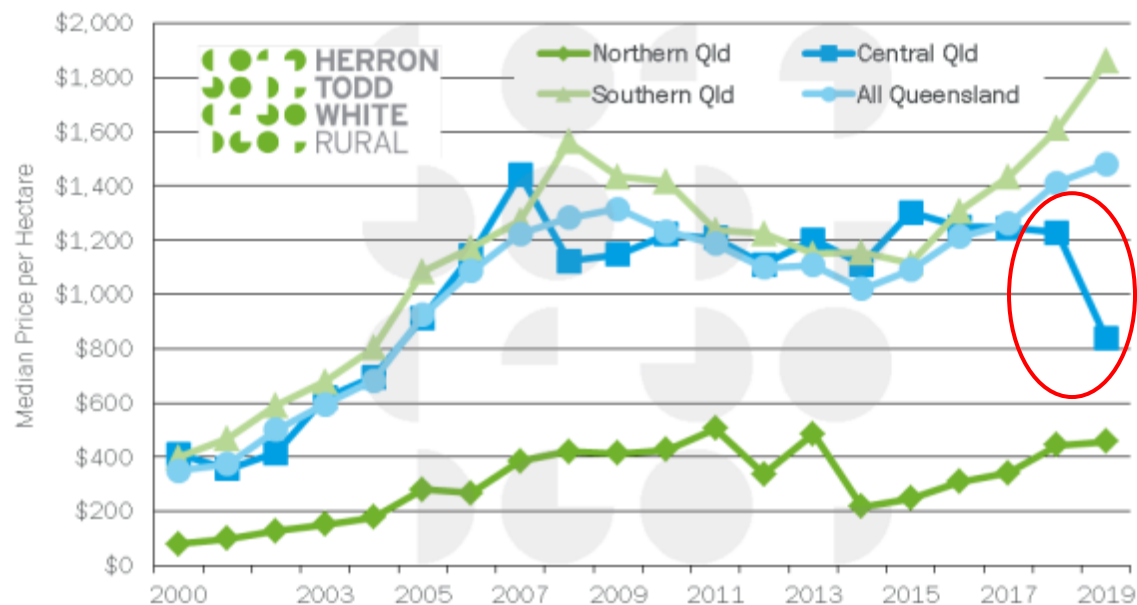
Properties ≥ 250 Hectares



Source: HTW Analysis of RPData

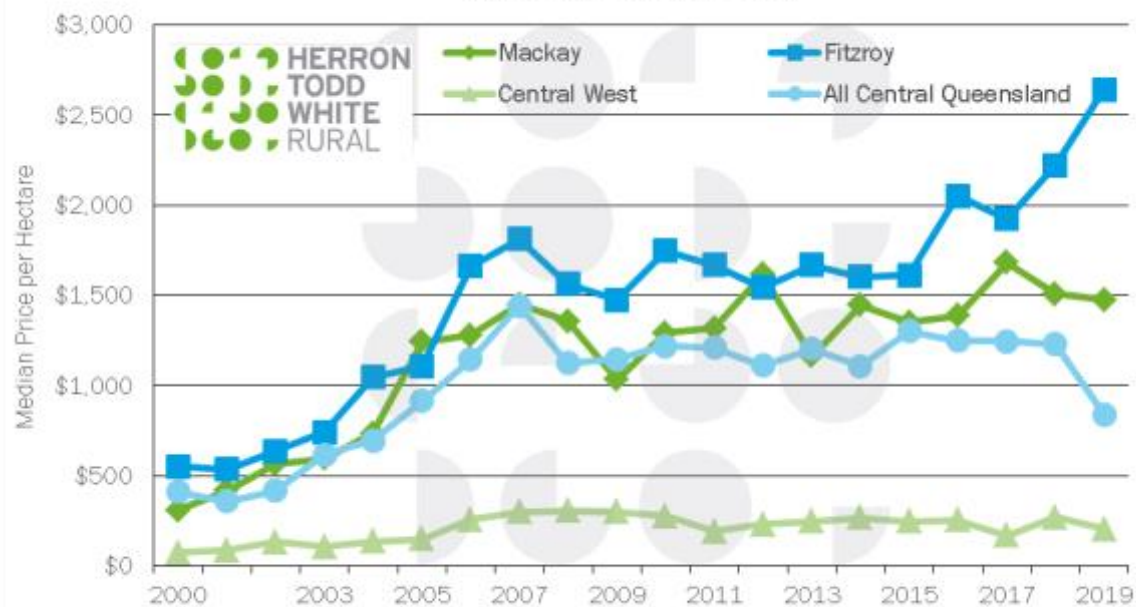
Queensland Broadacre Property Prices

Properties ≥ 250 Hectares



Source: HTW Analysis of RPData

Central Queensland Broadacre Property Prices Properties ≥ 250 Hectares



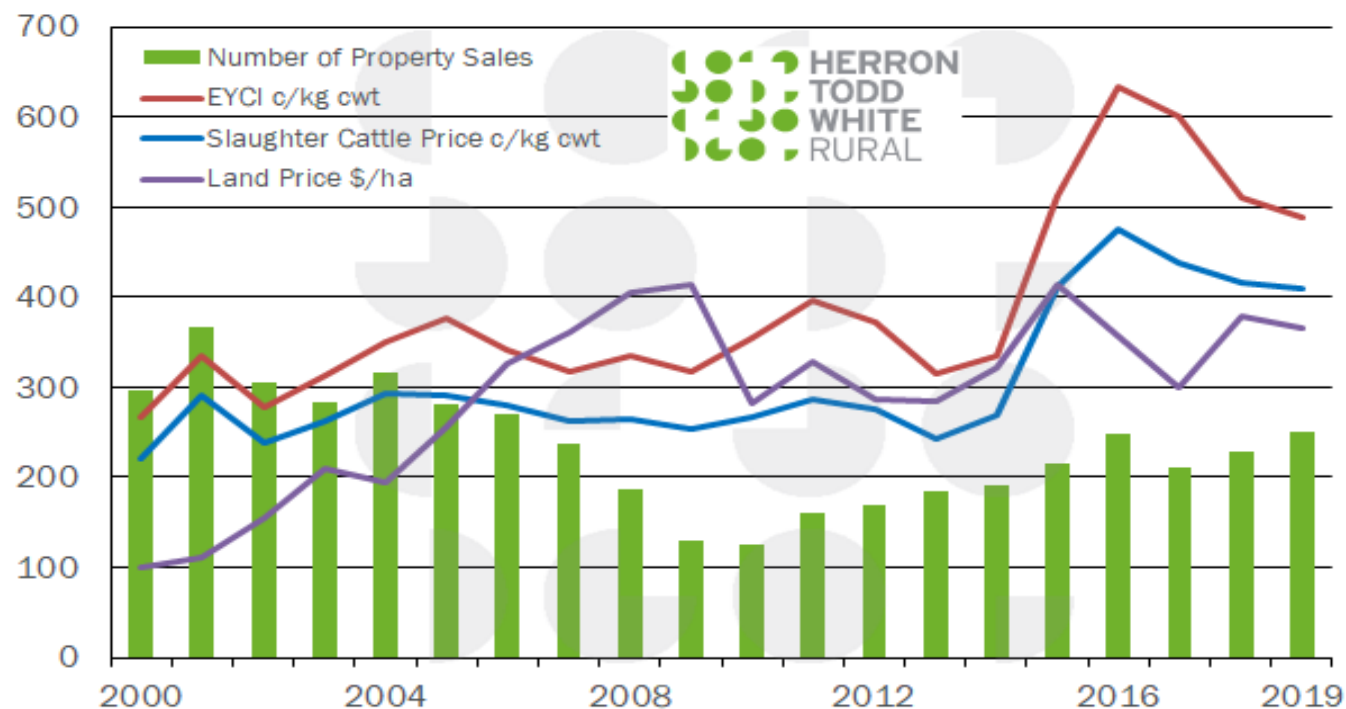
Source: HTW Analysis of RPData

Current Market Ranges

| District | | \$/AE Low | \$/AE High |
|--------------------|--|-----------|------------|
| Basalt | | \$1,250 | \$2,500 |
| Northern Downs | | \$2,750 | \$3,500 |
| Central QLD Scrub | | \$6,500 | \$10,000 |
| Central QLD Forest | | \$4,000 | \$6,000 |
| Longreach | | \$3,250 | \$4,000 |
| Blackall Tambo | | \$4,500 | \$5,500 |
| Maranoa South | | \$4,000 | \$6,000 |
| Maranoa North | | \$6,000 | \$8,000 |
| Western Districts | | \$2,000 | \$3,000 |
| Channel Country | | \$1,500 | \$3,000 |

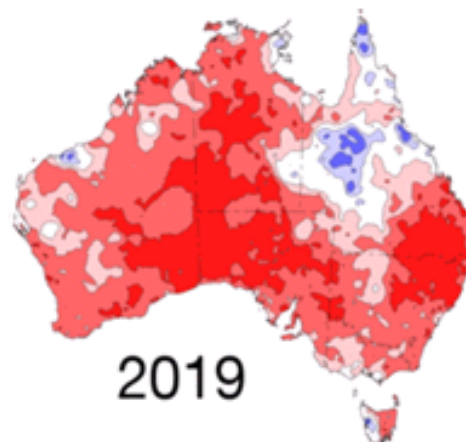
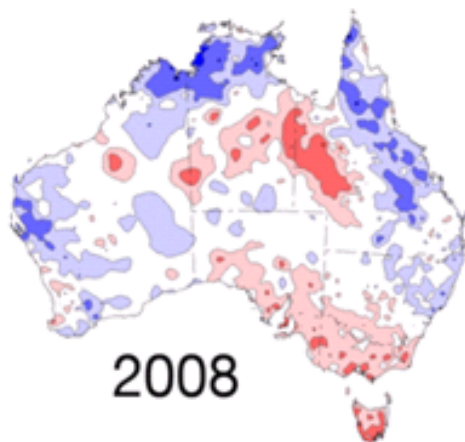
Queensland Grazing Property Values

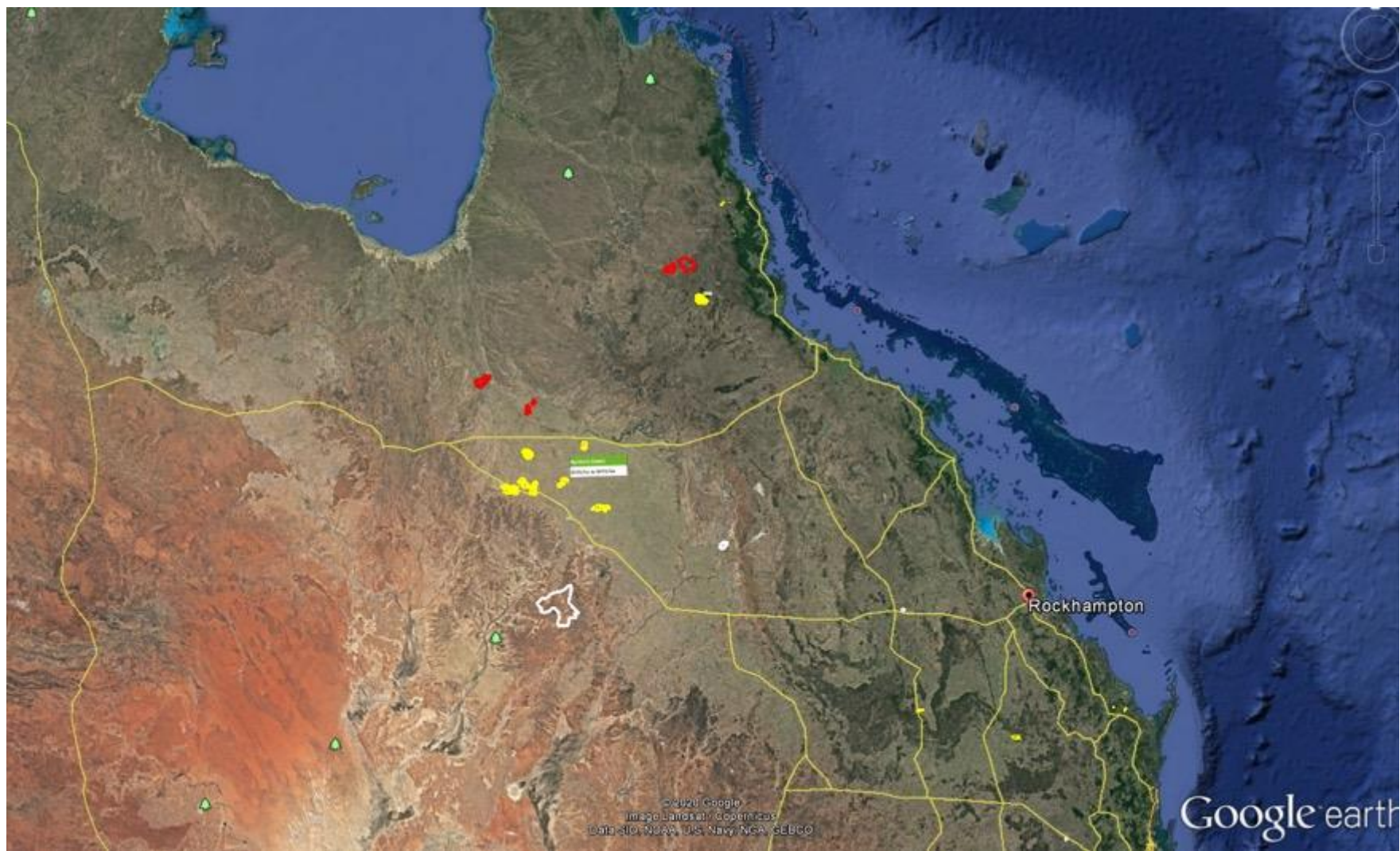
Properties >2,000 Hectares



Market Outlook – Key Drivers of Value

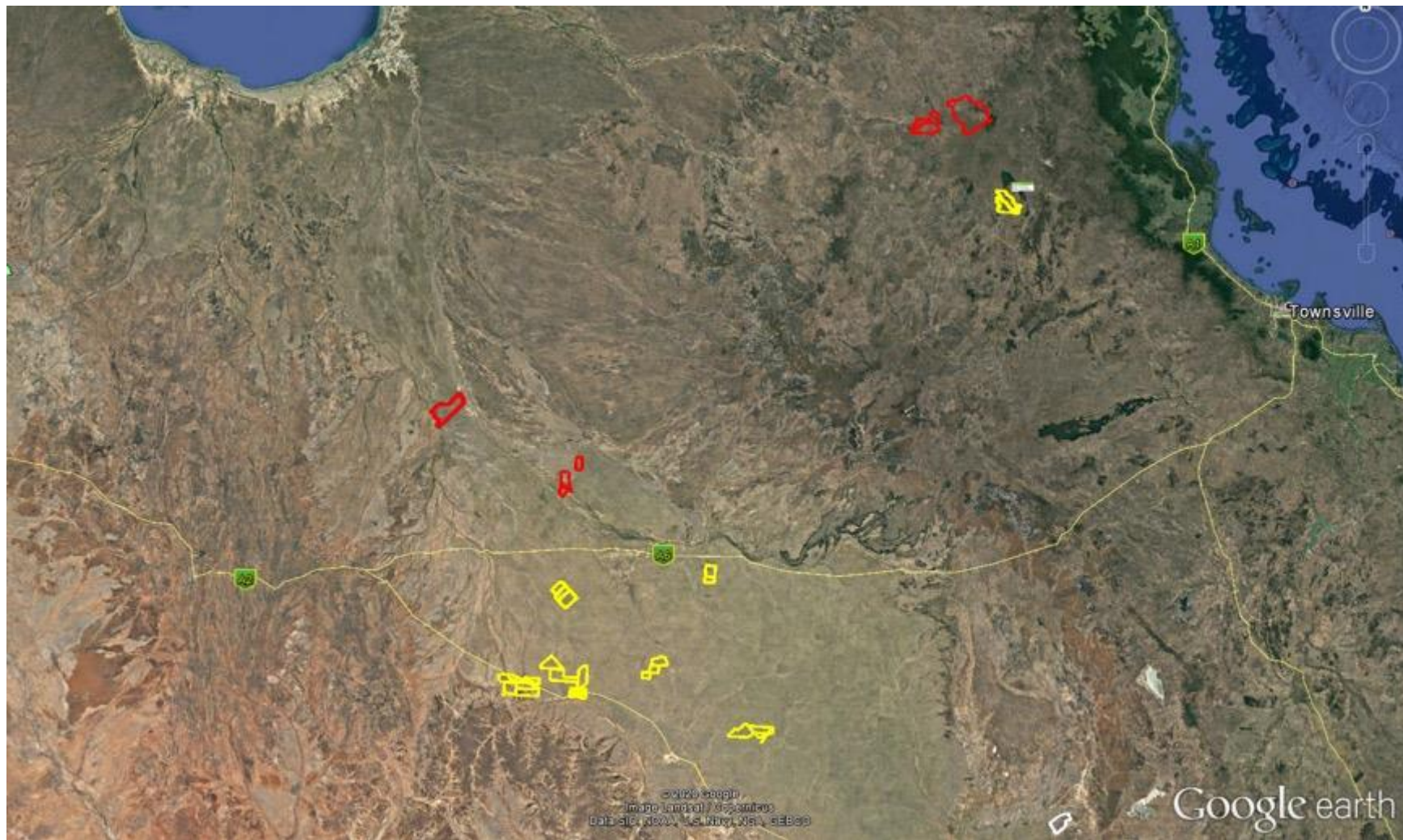
| Factor | Jun-08 | Feb-20 |
|-------------------|--------|--------|
| Cash Rate | 7.25% | 0.75% |
| Australia Dollar | \$0.96 | \$0.66 |
| EYCI | 330 | 700 |
| Season (QLD avg.) | 657 | 502 |

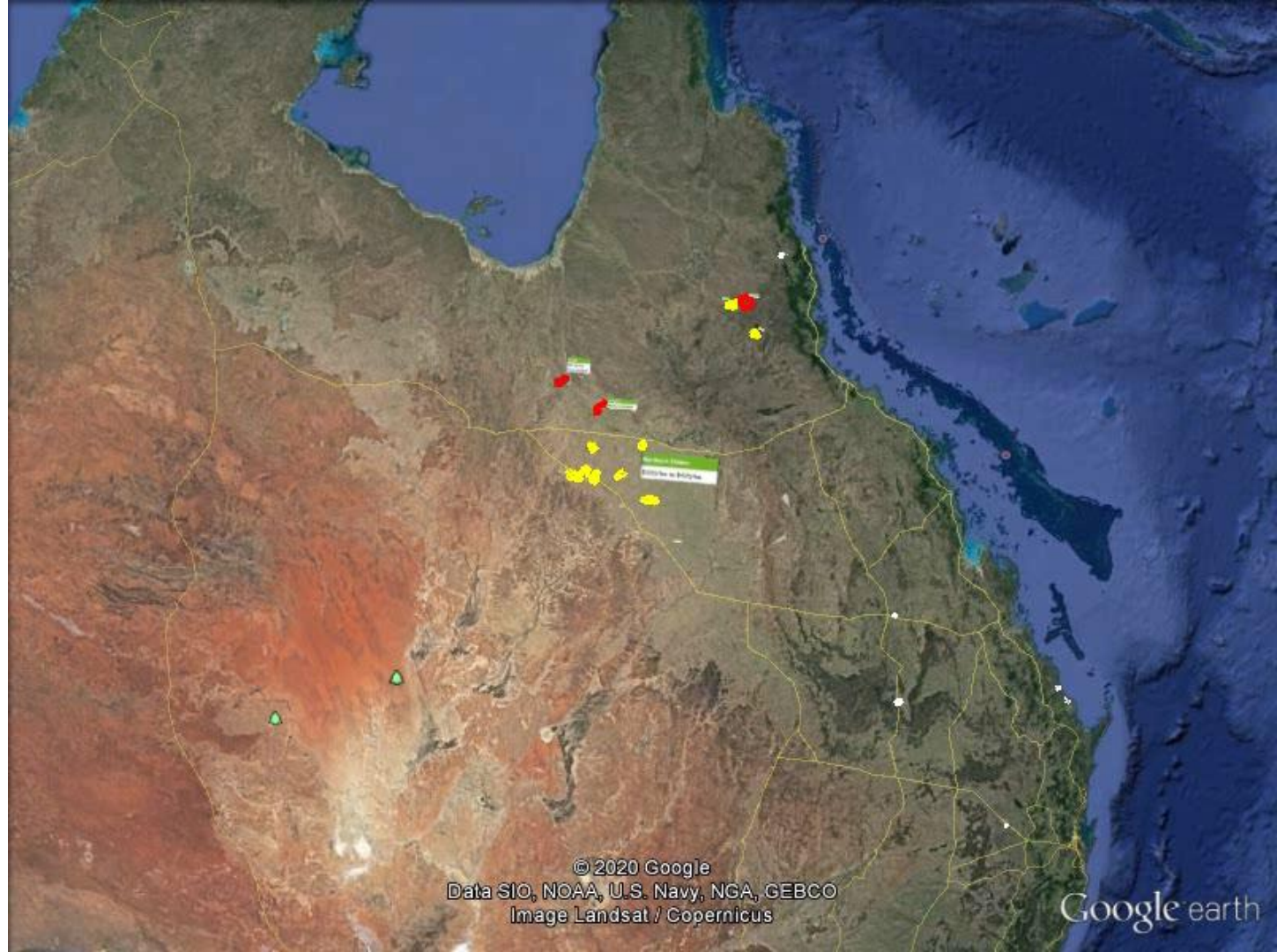




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**HERRON
TODD
WHITE
RURAL**



\$325/ha to \$425/ha

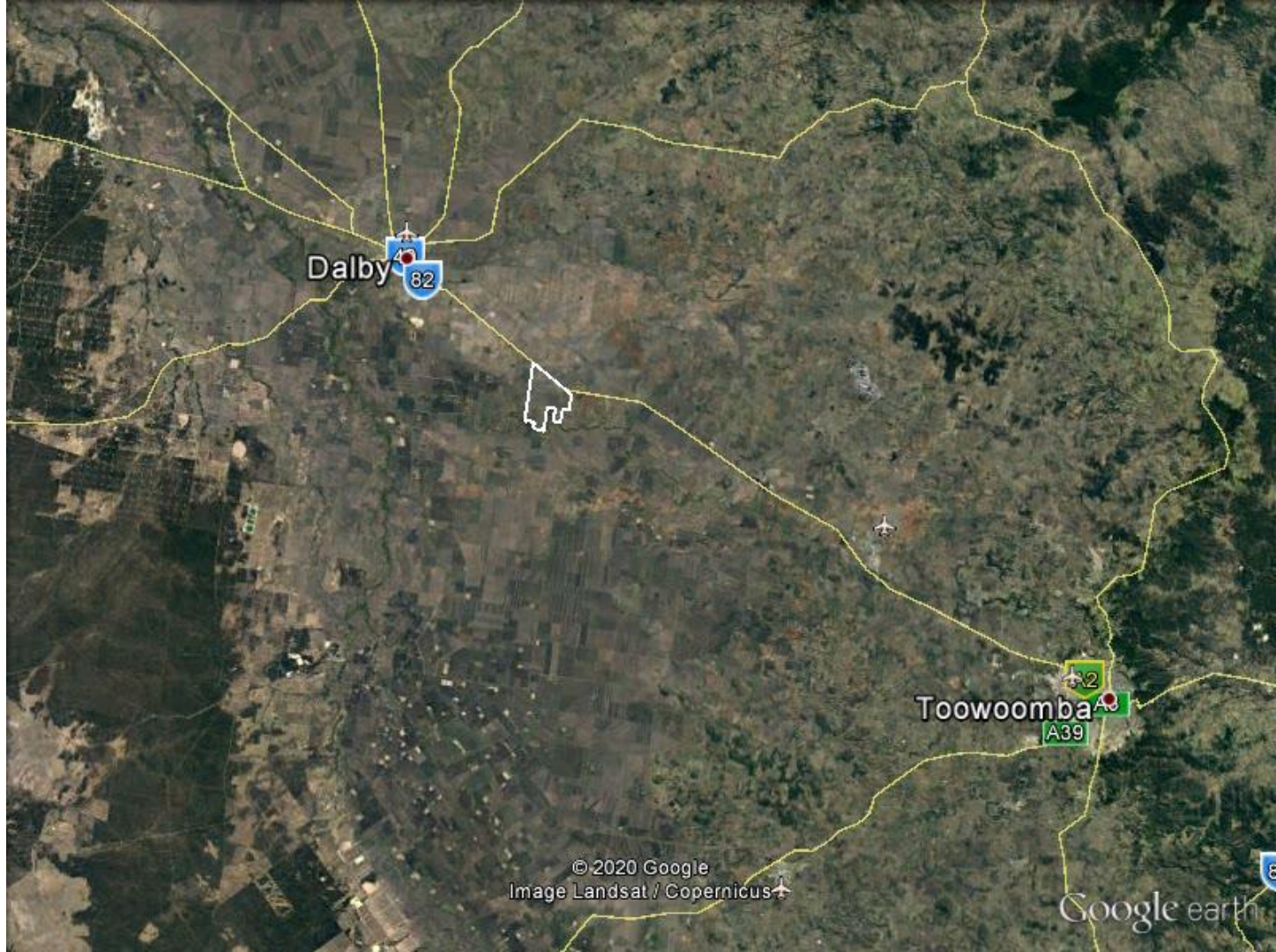
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HERRON
TODD
WHITE
RURAL

Irrigation Markets

- Dry seasons
- Low or zero announced allocations
- Solid commodities
- Drought impacted market with only really two key sales



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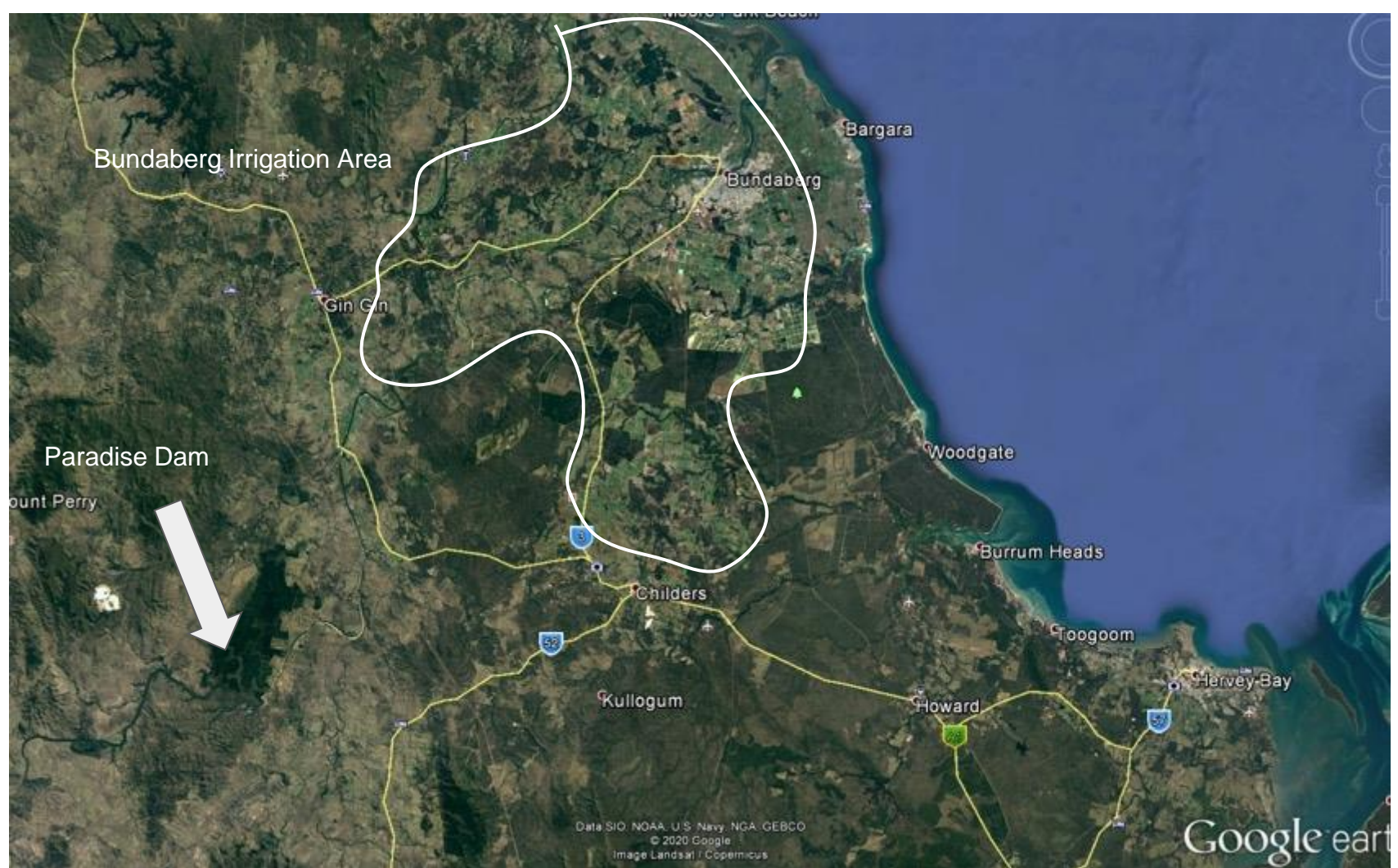
Water Markets

- Dry seasons
- Low or zero announced allocations
- Increased in high priority demand, from permanent crop.

Water Markets

| Water Plan Area | Water Year | Number of Transfers | Volume Transferred (ML) | Weighted Average Price \$/ML |
|-------------------------------|------------|---------------------|-------------------------|------------------------------|
| Mareeba Dimbulah | 2019 | 80 | 4,138 | \$3,875 |
| | 2018 | 96 | 5,436 | \$2,989 |
| Burdekin Haughton | 2019 | 16 | 5,070 | \$1,465 |
| | 2018 | 30 | 15,002 | \$235 |
| Burnett | 2019 | 77 | 7,918 | \$850 |
| | 2018 | 90 | 5,296 | \$770 |
| Fitzroy (inc Nogoa Mackenzie) | 2019 | 71 | 14,579 | \$1,328 |
| | 2018 | 58 | 7,967 | \$1,831 |
| Pioneer | 2019 | 7 | 950 | \$394 |
| | 2018 | 28 | 5,210 | \$284 |
| Whitsunday (Proserpine River) | 2019 | 14 | 2,372 | \$850 |
| | 2018 | 5 | 1,014 | \$530 |

Recent trades to \$2,000/ML

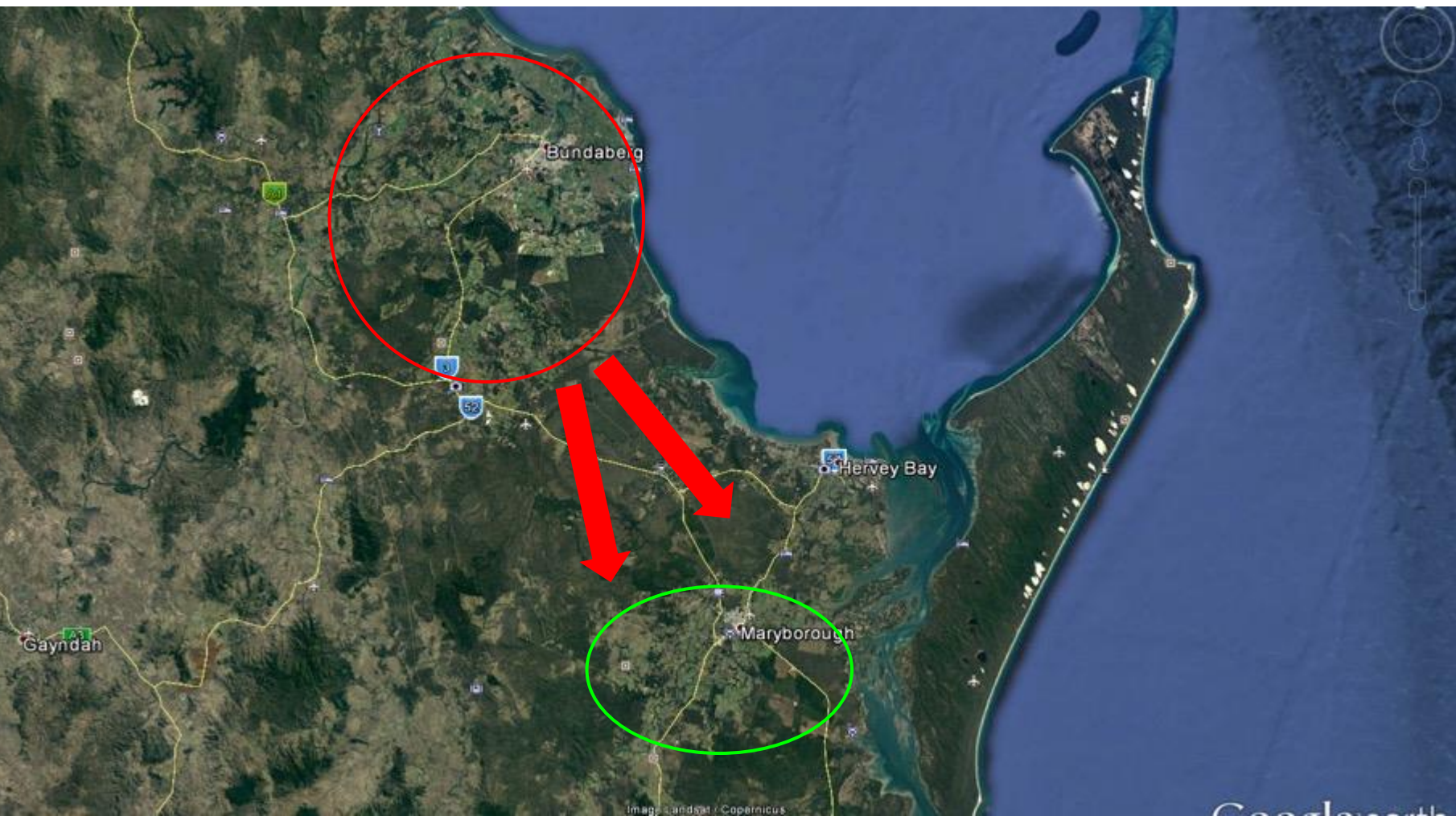


Paradise Dam

- Paradise Dam was constructed in 2004/05 and commissioned in 2006
- Purpose to supply the Bundaberg Irrigation Area
- 2013 Floods caused structural issues with the dam wall
- 2019 a report identified some concern about structural integrity
- From Sep 2019 the dam level was reduced from 100% to 42% to facilitate essential works.
- 2020/21 Water Year Outcomes (announced allocations):
 - Dam Operated Normally 100% AA
 - Dam with reduced capacity 45% AA

Market Impacts

- Conversion of use - cane farm with 2-3ML/ha acquired for conversion to macadamia requiring 5-6ML/ha.
- Surplus system water may no longer be available
- Existing irrigators now faced with a '**best case**' 45% announced allocation.
- Approx 5,000ha of new macadamia's planting in last 5 years.
- Estimated expansion of 2,000ha per annum.
- Full capacity of the dam at this stage will not be reinstated.
- Obvious impacts to investment case studies????



Sugar Cane

| Location | | Lower Range (\$/ha) | Upper Range (\$/ha) | Change |
|------------------|--|---------------------|---------------------|-----------------------|
| Mareeba | | \$10,000 | \$15,000 | Steady |
| | | | | |
| Tully/Innisfail | | \$6,000 | \$10,000 | Steady |
| | | | | |
| Burdekin | | \$14,000 | \$25,000 | Steady/Slight Firming |
| | | | | |
| Mackay / Pioneer | | \$10,000 | \$15,000 | Steady |
| | | | | |
| Bundaberg | | \$15,000 | \$25,000 | Rising – Alter. Use |
| | | | | |

Horticulture

- Continued corporate investment for \$20M +
- Reduced sale volumes
- More stable realistic rates achieved for owner operator scale assets.
- Avocados and Macadamias remain favourable
- Hancock Sale - Bundaberg - c\$59M
- Harvard Management Sale - Mareeba - c\$60M WIWO

Key Contributors

Danny Glasson - Carins

Roger Hill - Townsville

Chris Dyer - Aramac

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Disclaimer

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