National Rural Market Overview

28 February 2018

Themes for 2017 – same as 2016

- Big is beautiful – but harder to find.
- Horticulture in demand – leading to change of land use.
- Reduced sales volumes but value trends firming – called last year and see this still to be theme for 2018.
- Commodity values shift now reflecting land value movements in most types.
- New players in town. Domestic and International.
- Rate of growth in 2016/17 equal to 4/5 years longer term growth.
- Growing leasing interest for all classes of property type.

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A REFLECTION ON THE LAST 5 YEARS

- 2013 – The year of the receiver
- 2014 – The year of the corporate buyer.
- 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.

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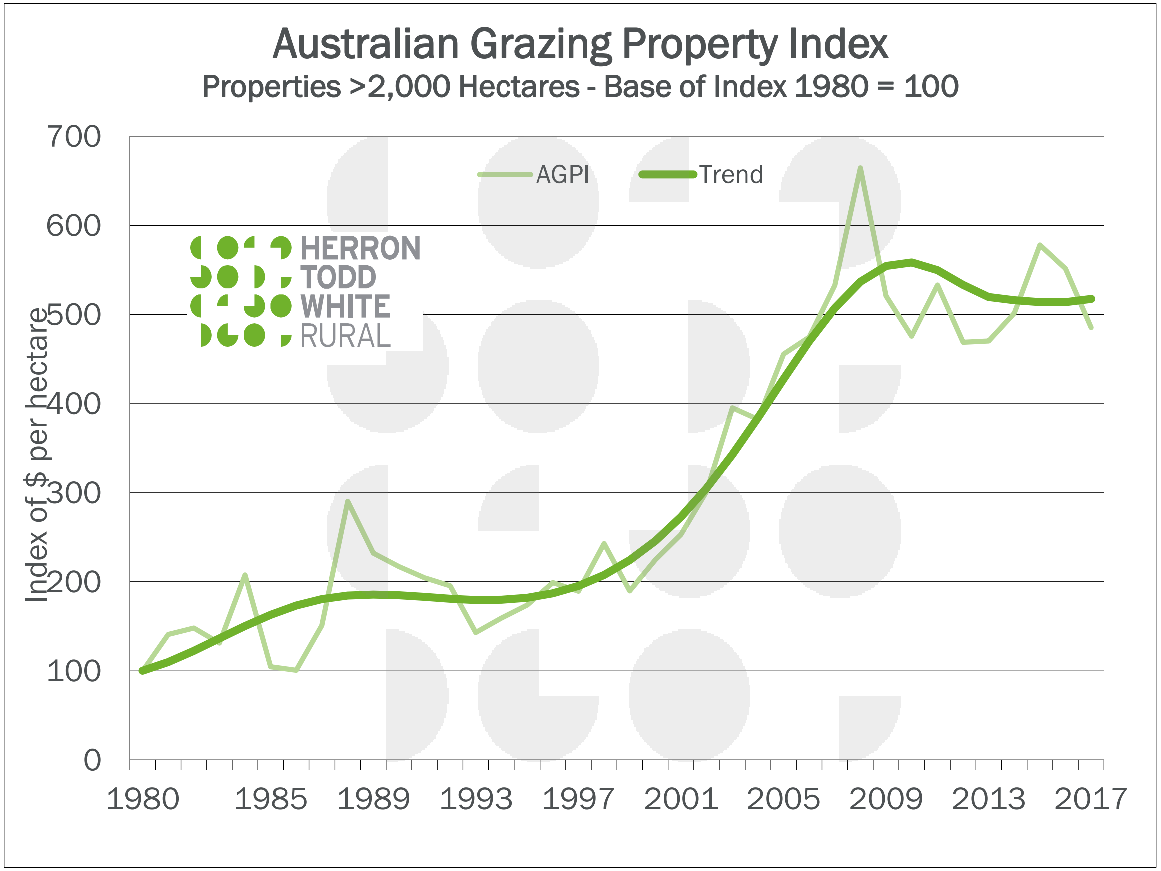
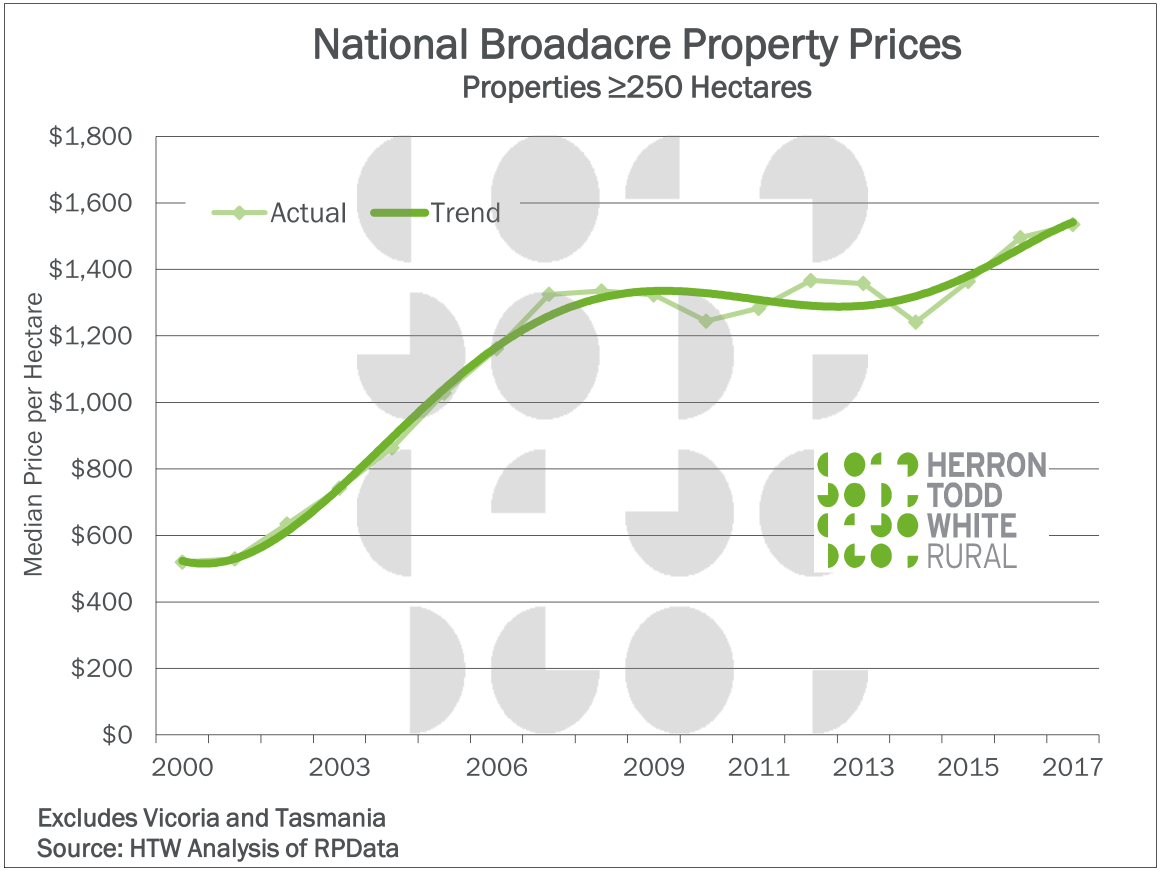


Growth Rates:

	AGPI
1980-2017	4.4%
1980-1988	14.2%
1988-1999	-3.8%
1999-2008	15.0%
2008-2017	-3.4%



Growth Rates:

2000-2017	NSW	7.0%
National 6.6%	QLD	8.0%
	WA	3.2%
	SA	6.4%
	NT	5.3%

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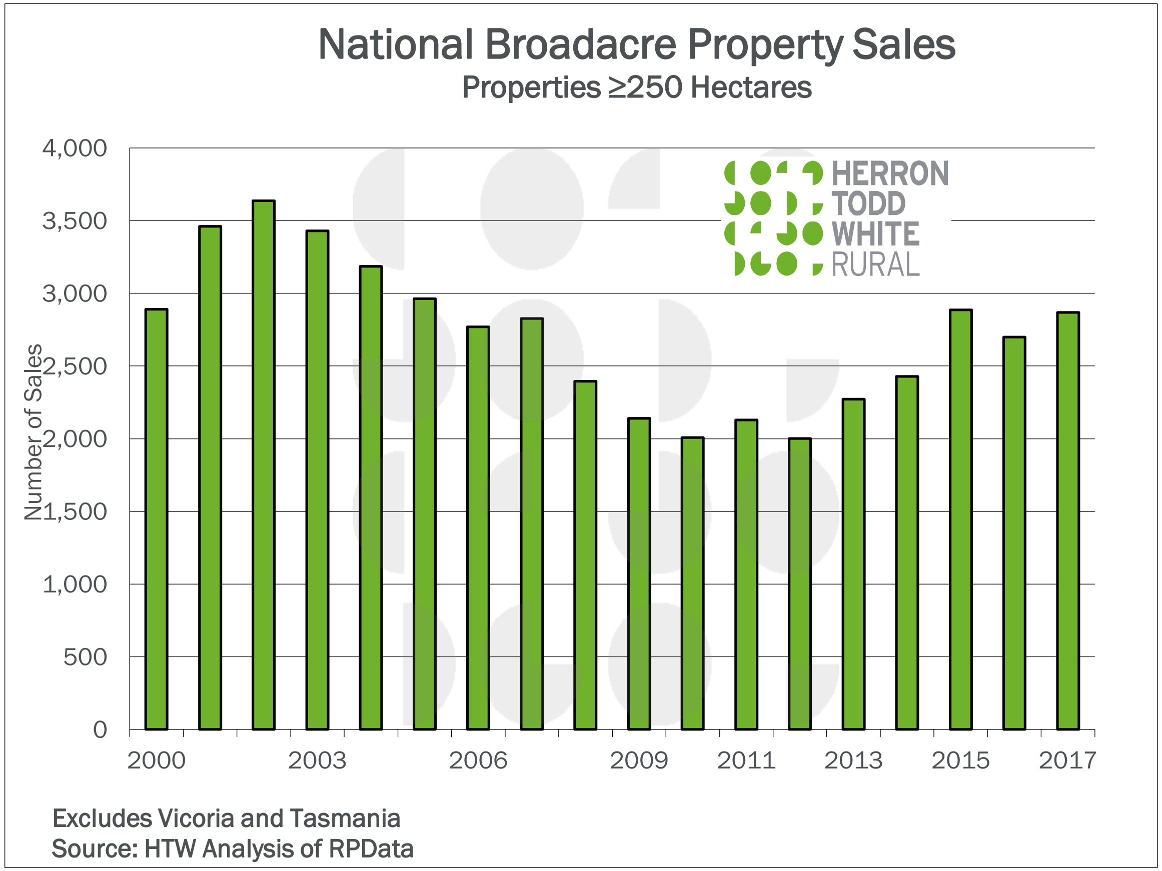

Sales volumes back to 05-07 levels

Year	No	Hectares Sold
2015	2886	13,532,397
2016	2699	21,322,561
2017	2868	10,255,971

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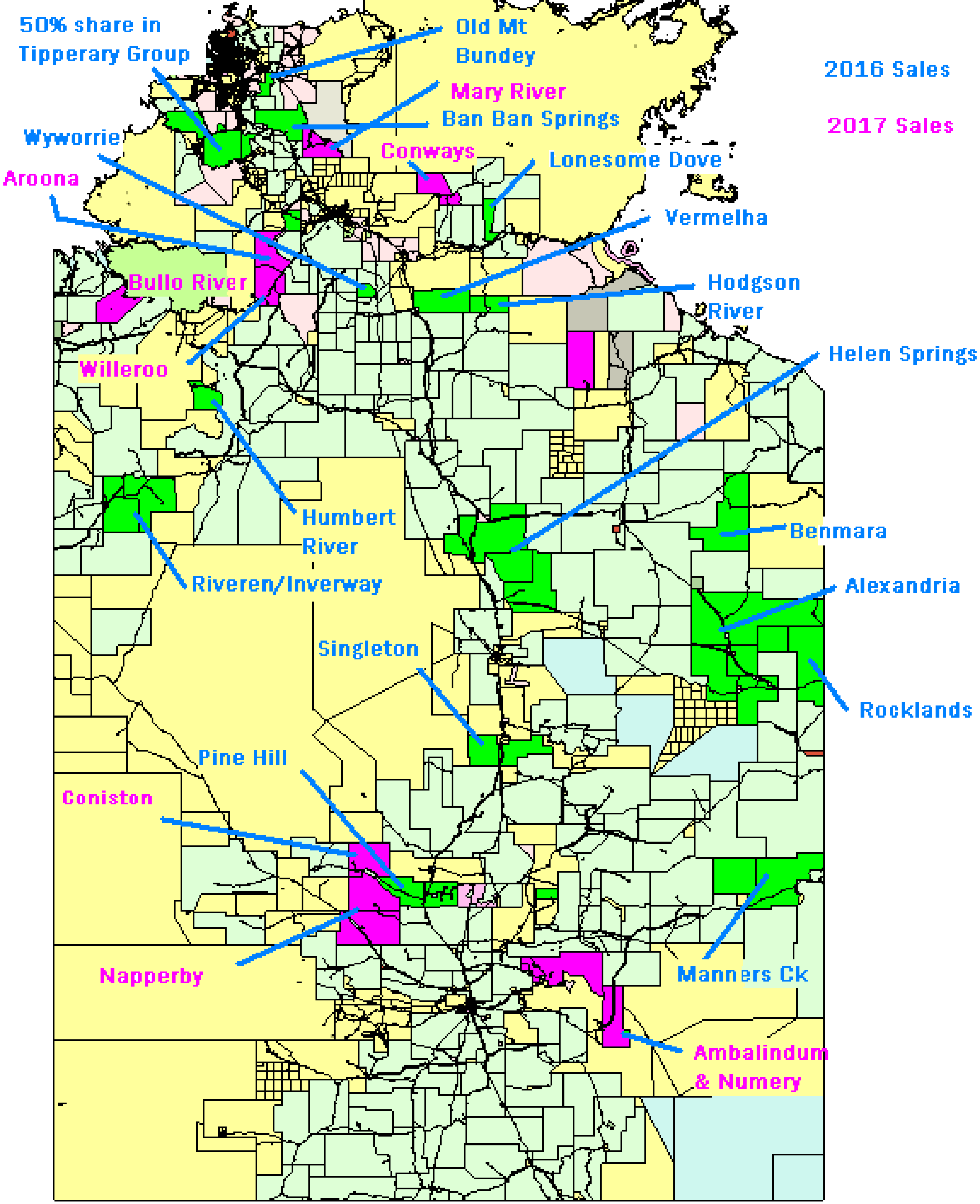

Key 2017 Sales

Hancock acquire "Willeroo" and "Aroona" in separate deals taking interests in NT/Kimberley to over 33,000sqkm.

Other northern NT sales: "Conways", "Bullo R.", "Mary R." and "Broadmere" confirm value levels have increased over 20% in last 12 months and eclipsed 2009 peak levels.

Tightly held Alice Springs region sales show at least 25% increase.

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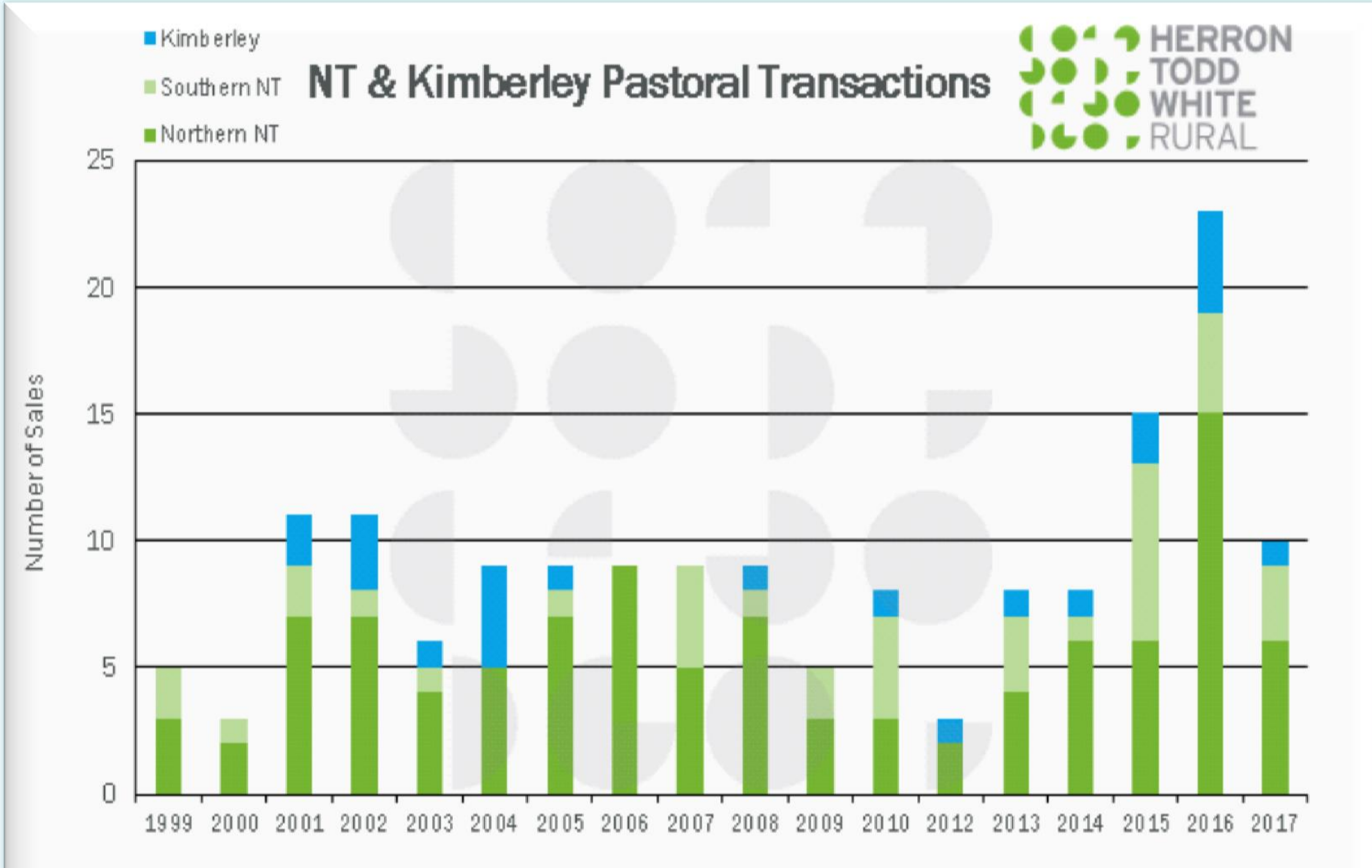
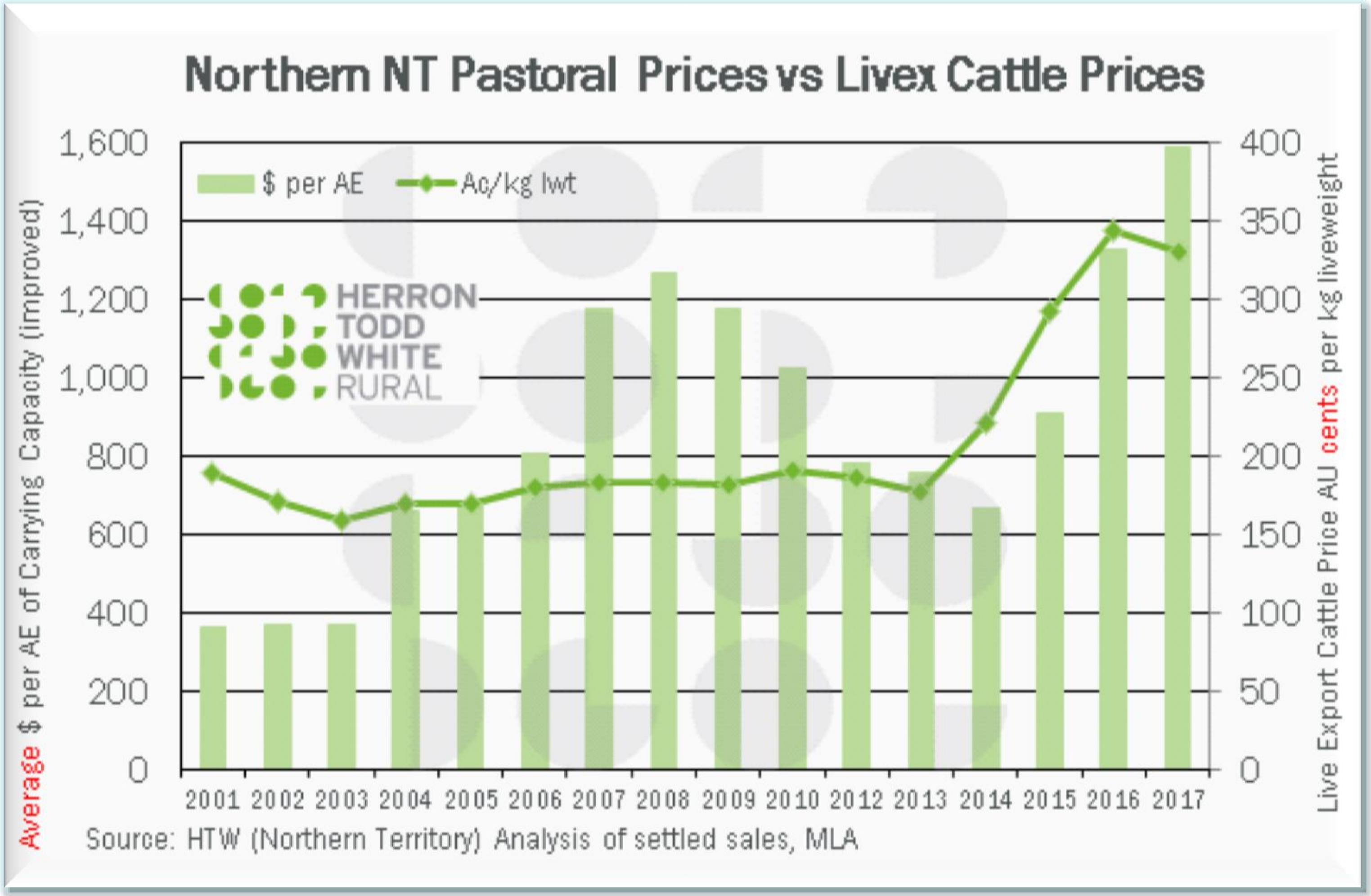
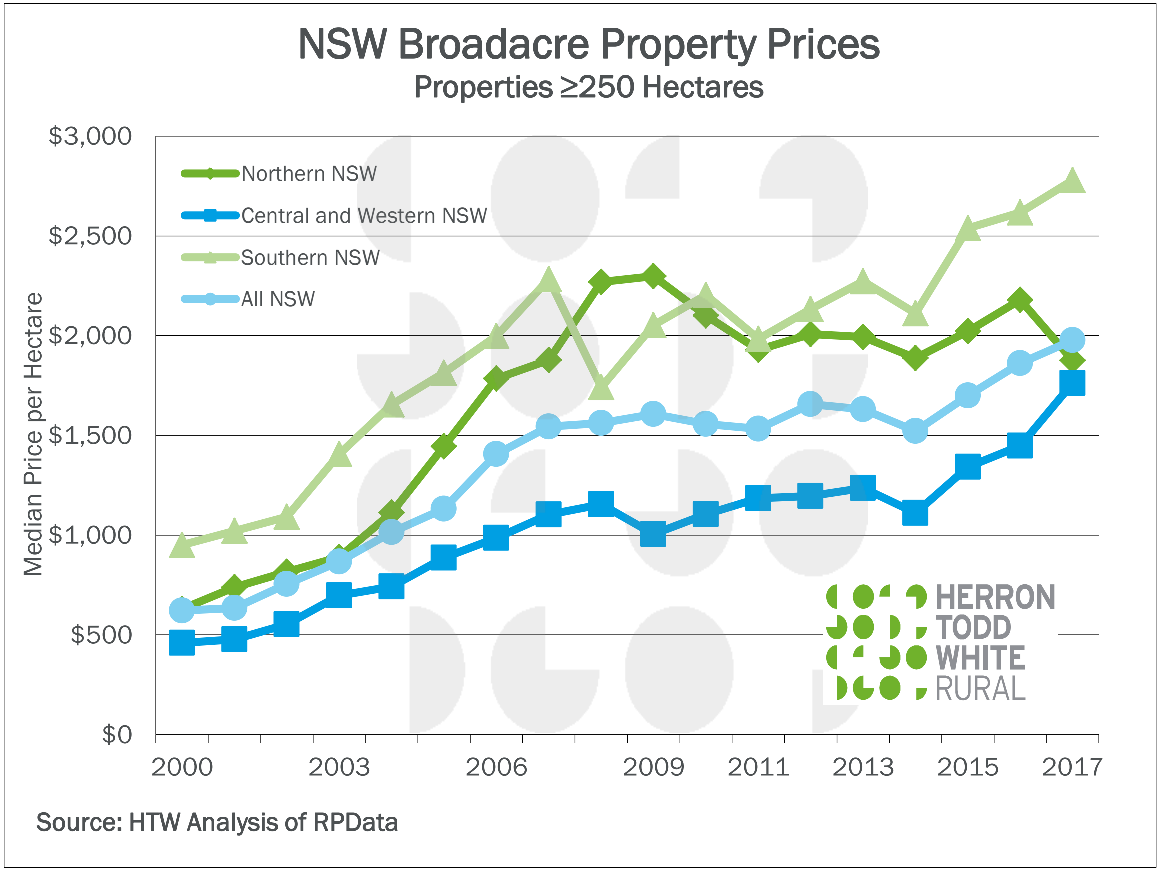


Source: HTW (Northern Territory) Analysis of settled sales.



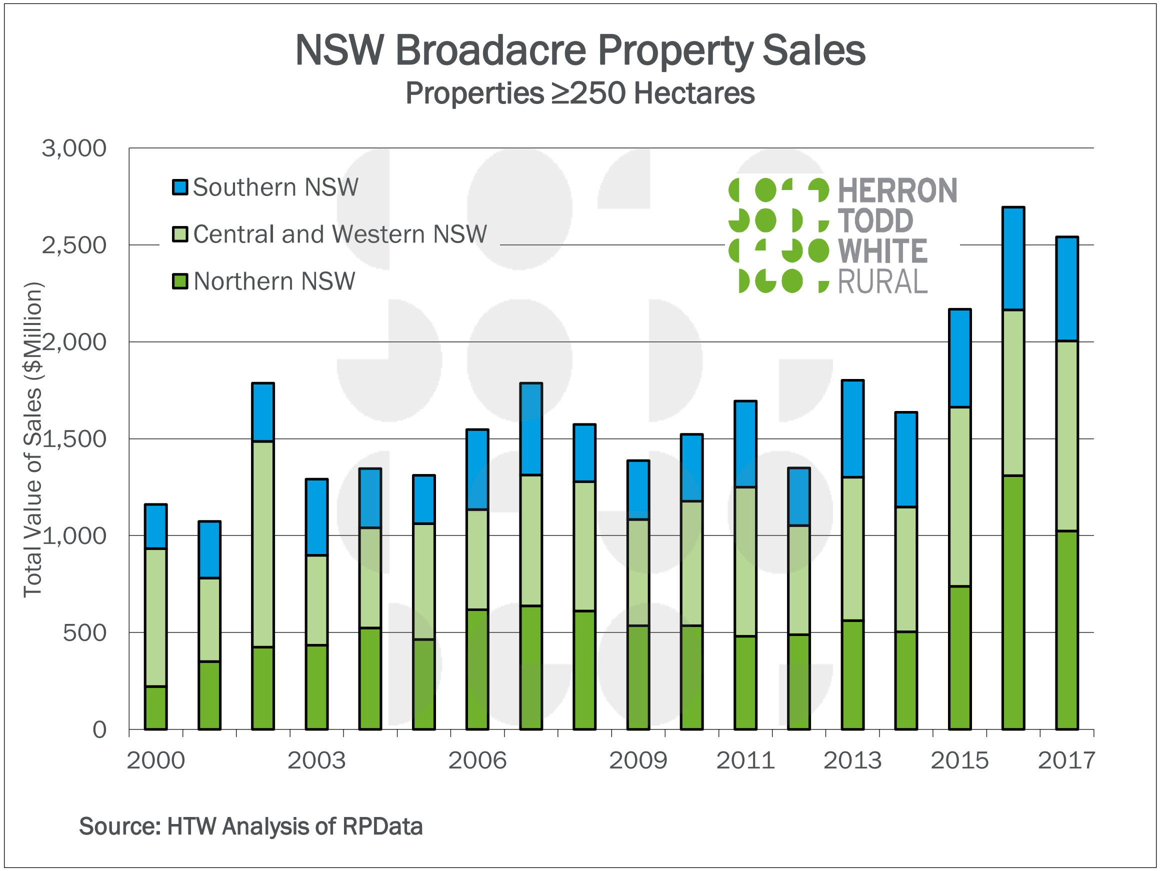
Northern NT Pastoral Prices vs Livex Cattle Prices
$ per AE
Ac/kg lwt
Average $ per AE of Carrying Capacity (improved)
Live Export Cattle Price AU cents per kg liveweight
1,600
1,400
1,200
1,000
800
600
400
200
0
400
350
300
250
200
150
100
50
0
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2012 2013 2014 2015 2016 2017
Source: HTW (Northern Territory) Analysis of settled sales, MLA



Total sales state wide over 250 ha

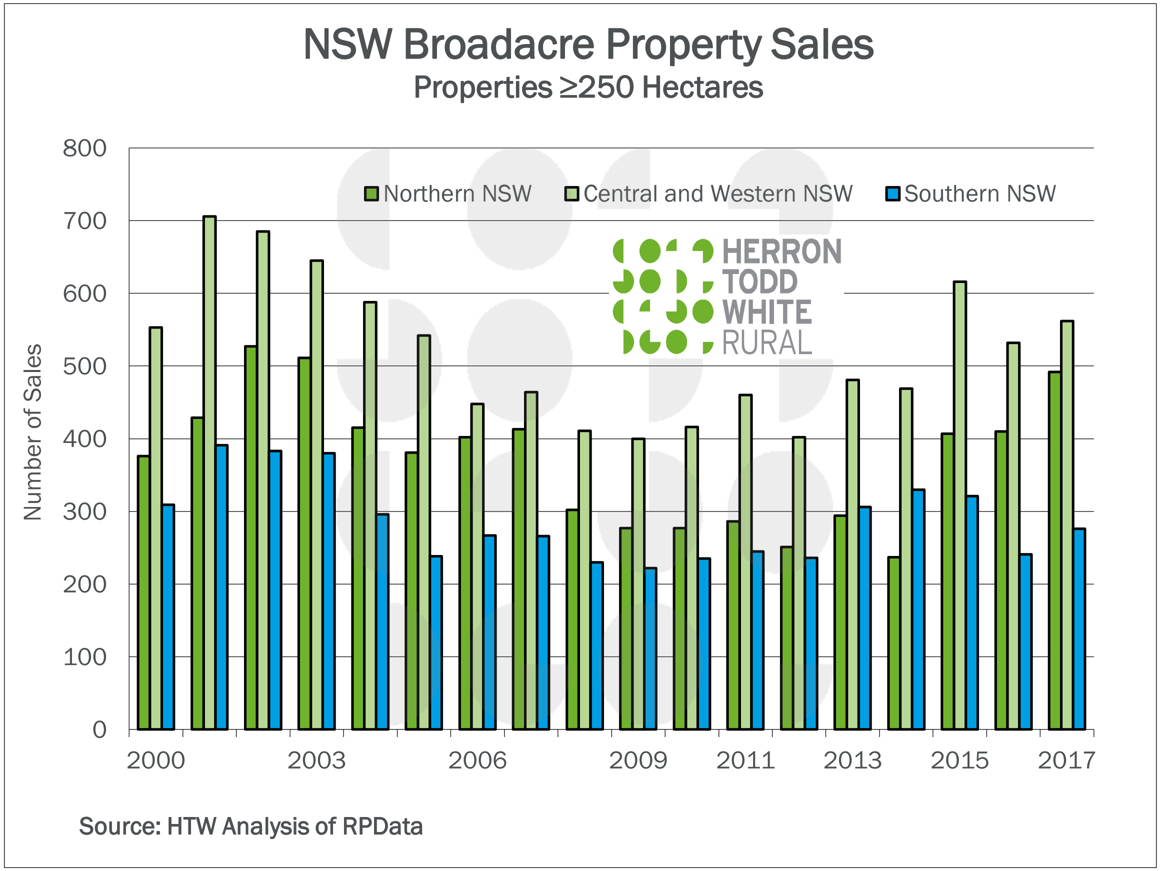
New high median point in cycle.

Annual growth rate compound since 2000 is 7%.



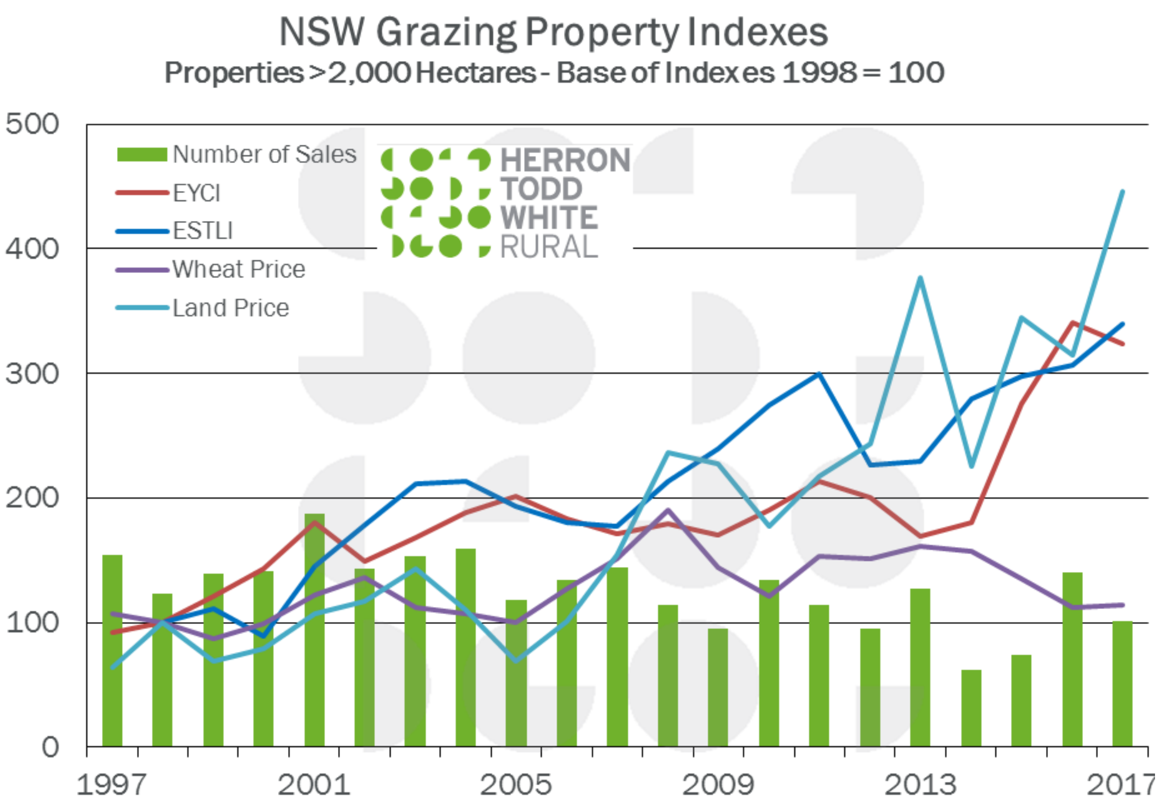
Total sales state wide over 250 ha

Total value $2.54B down slightly from 2016.



Total sales state wide over 250 ha

1330 in 2018 – highest volume since 2001 – 2003.



Cattle and lamb continue to influence the market activity

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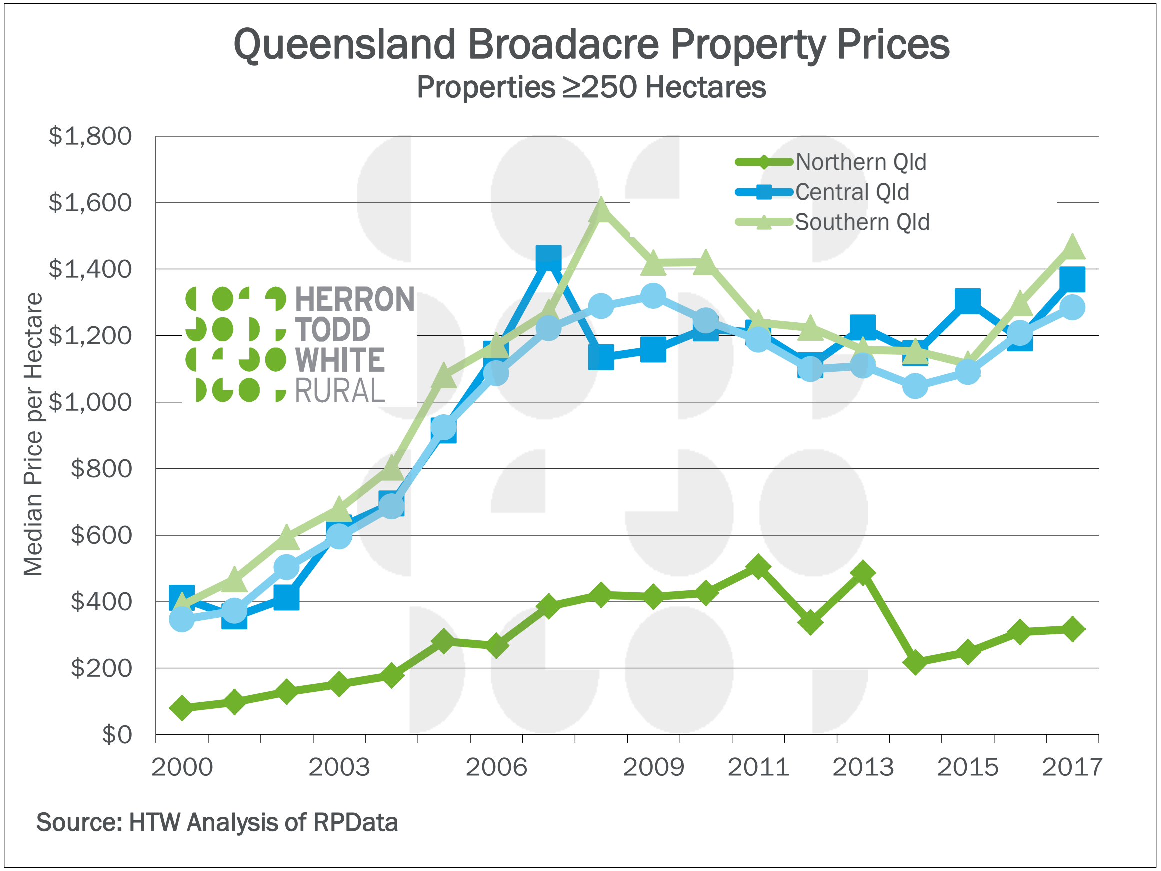
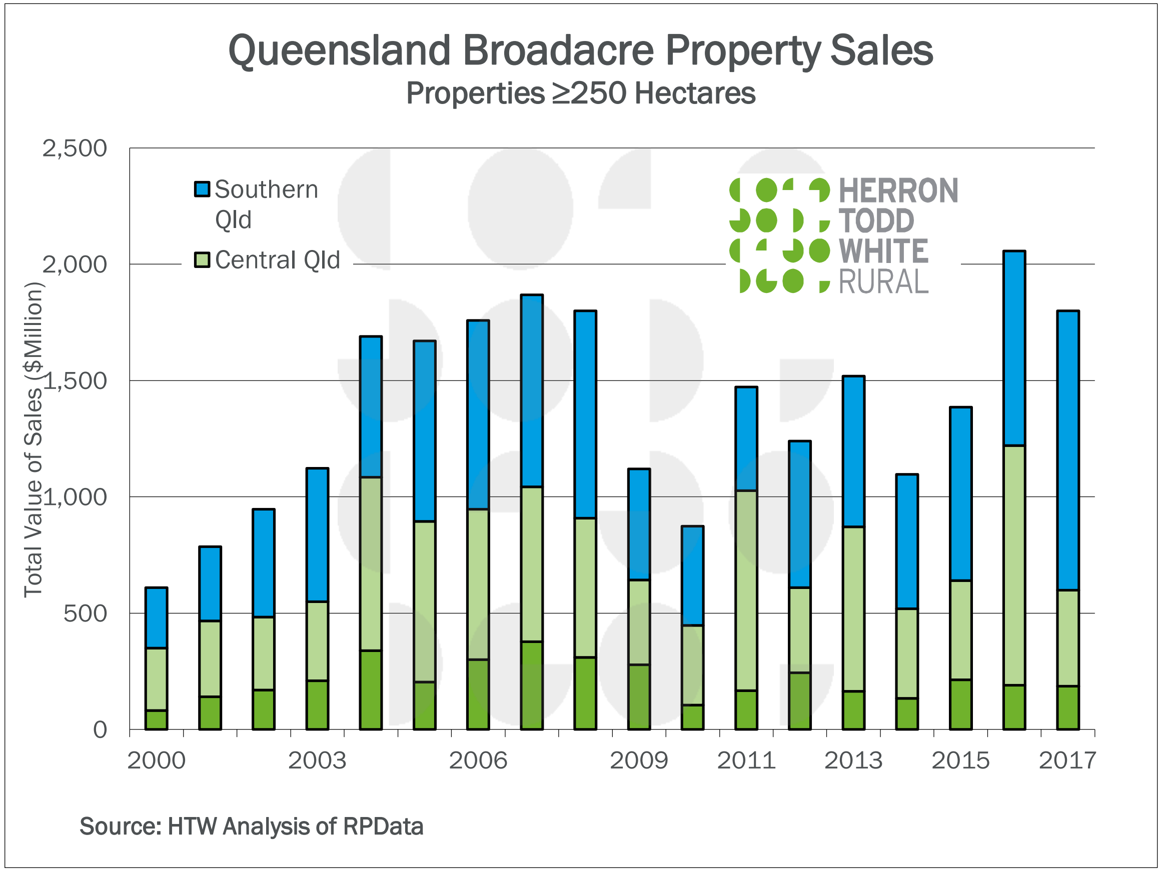


Total sales state wide over 250 ha

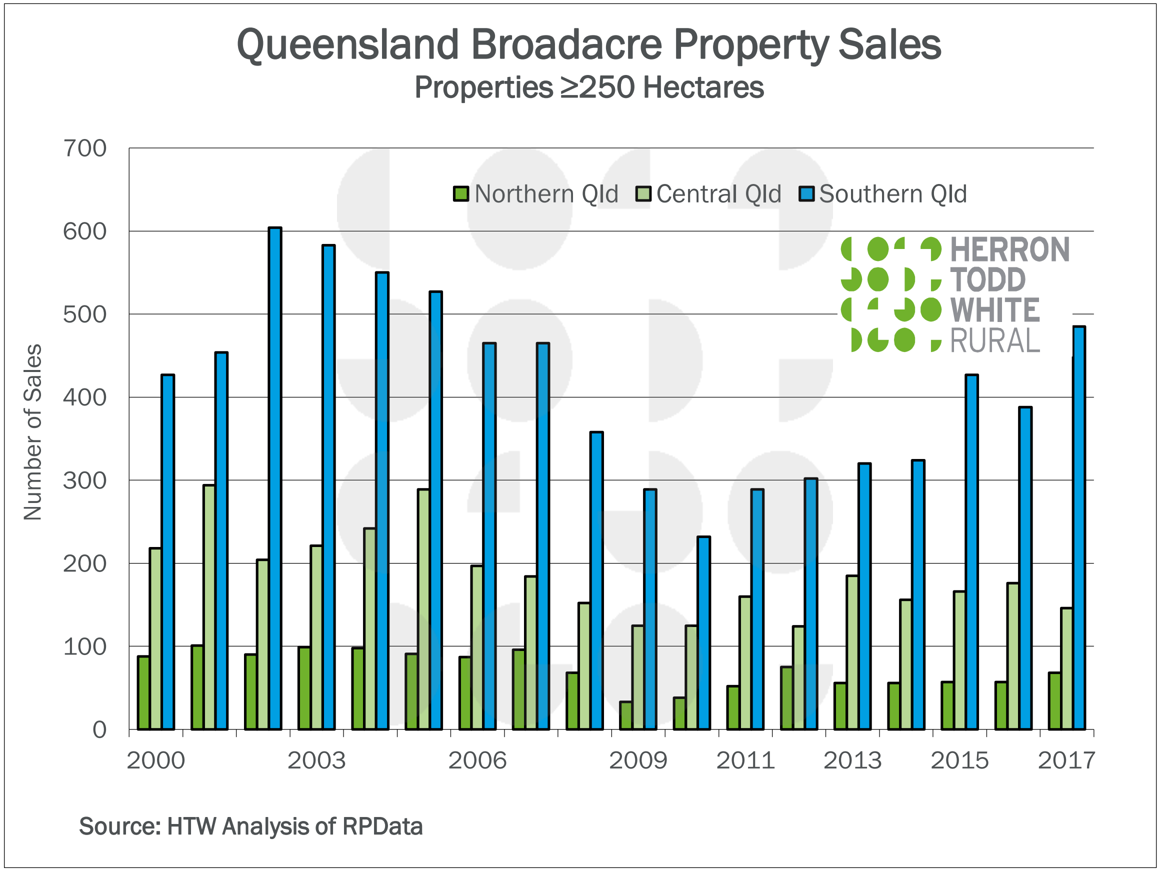
State wide median value almost back to peak of cycle from 2009 influenced by more sales in Northern region that last cycle peak.

Annual growth rate compound since 2000 is 8%



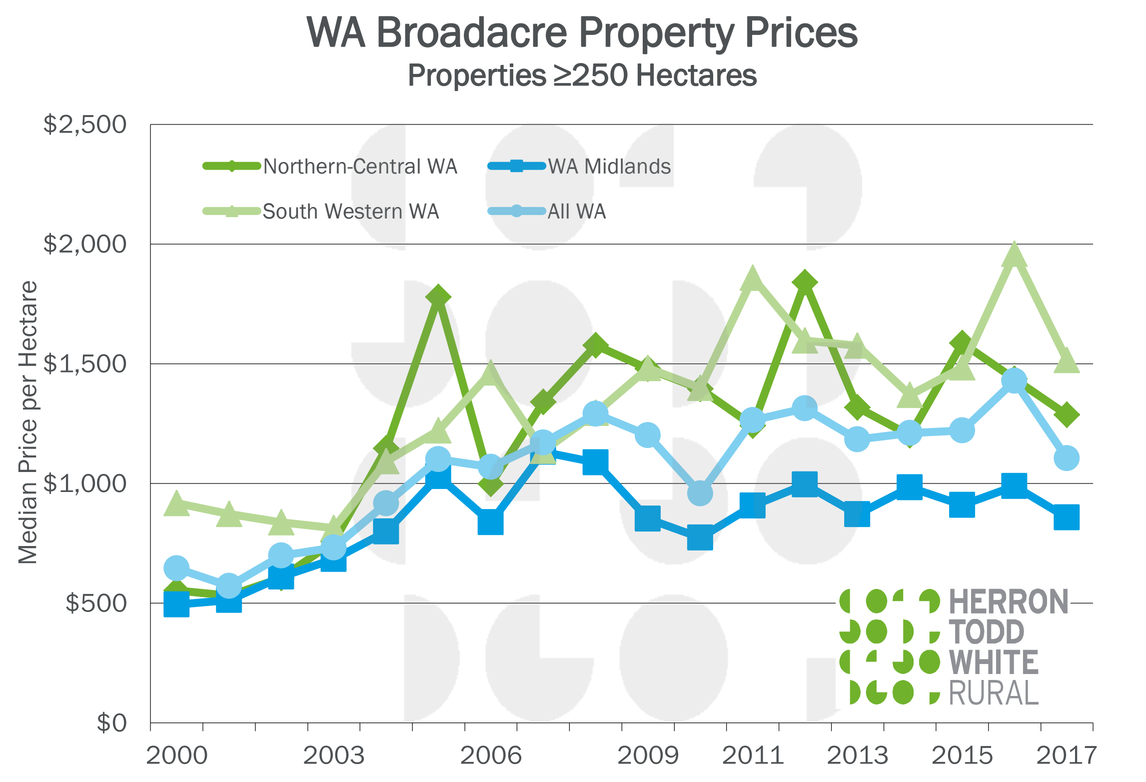
Total sales state wide over 250 ha

$1.8B in sales down from $2.057B prior year.

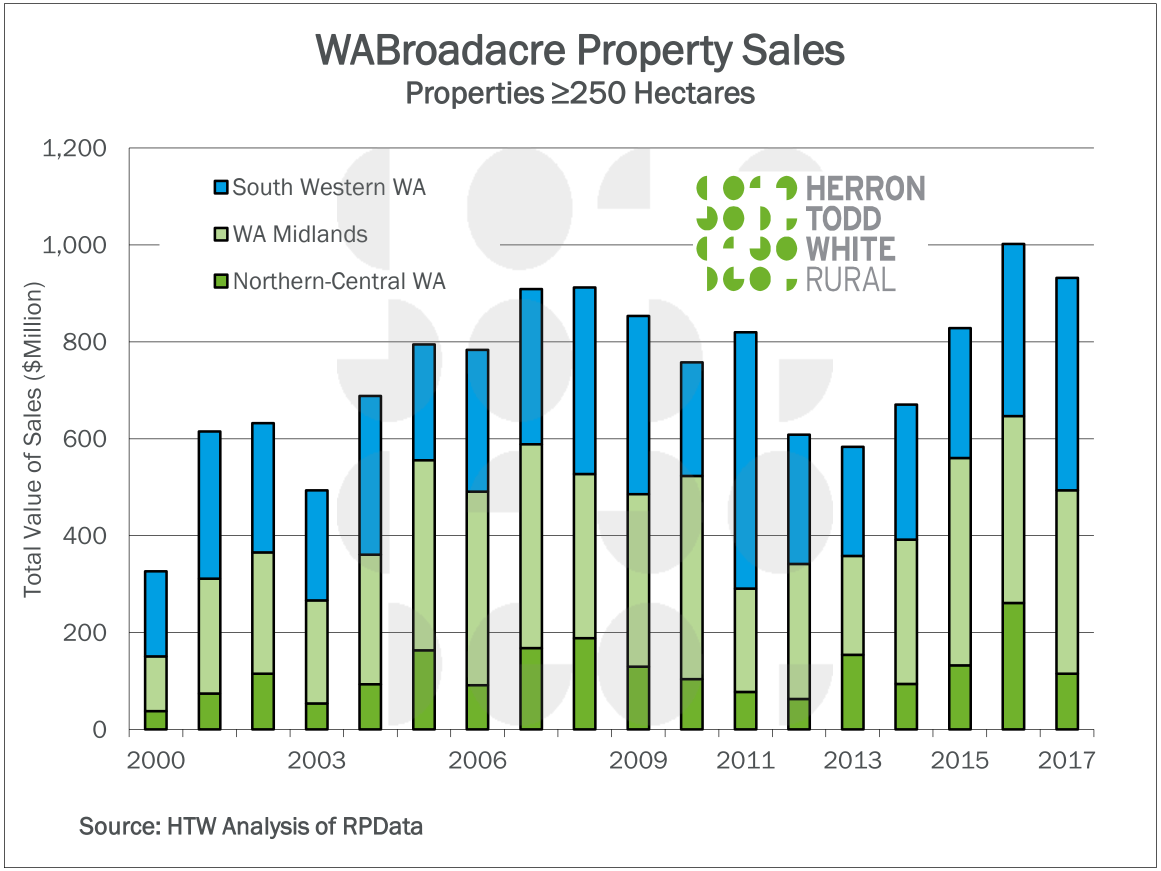


Total sales state wide over 250 ha

Volume not yet back to 2000 – 2007 levels with 699 transactions for the year.

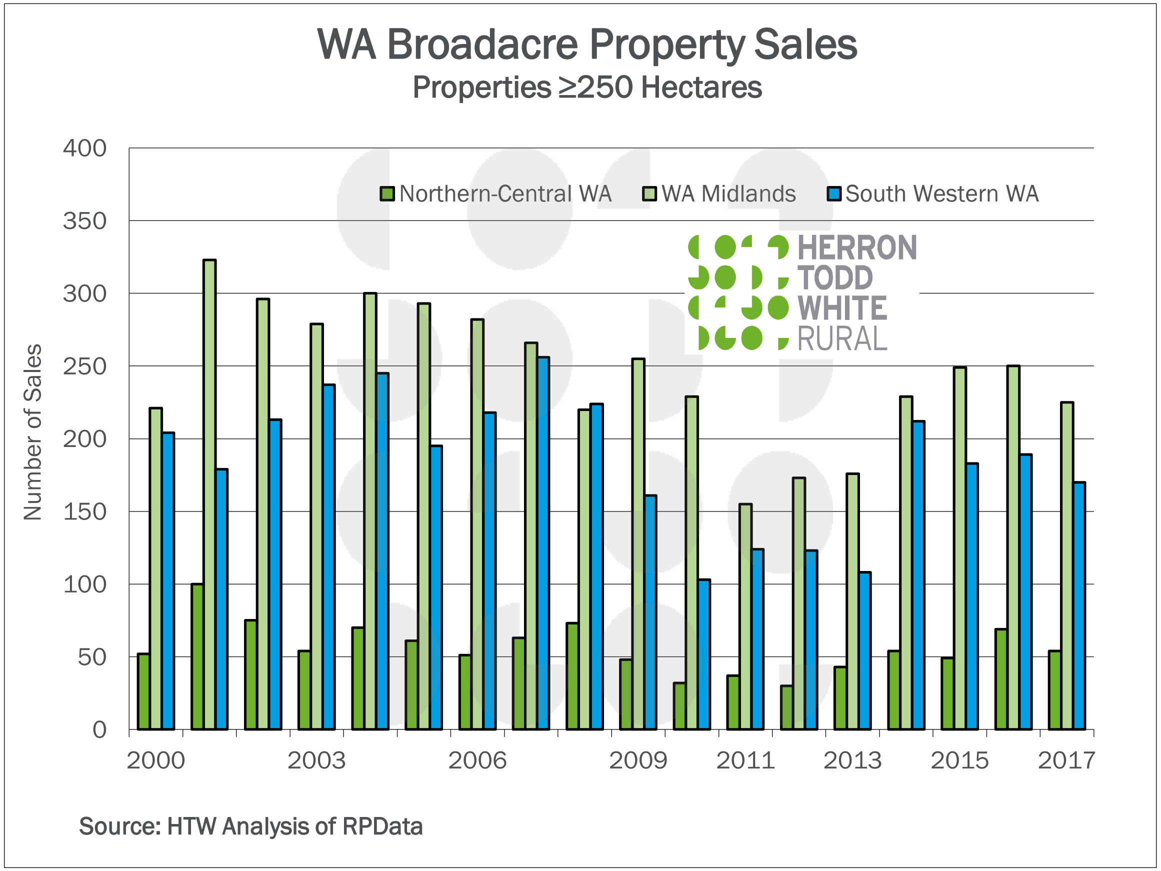


Source: HTW Analysis of RPData



Sales over 250 hectares

Just under $1 billion in sales on lower volume see next slide.



Sales over 250 hectares

448 sales slightly above the 10 year average. Tightening supply in demand areas expected to continue.

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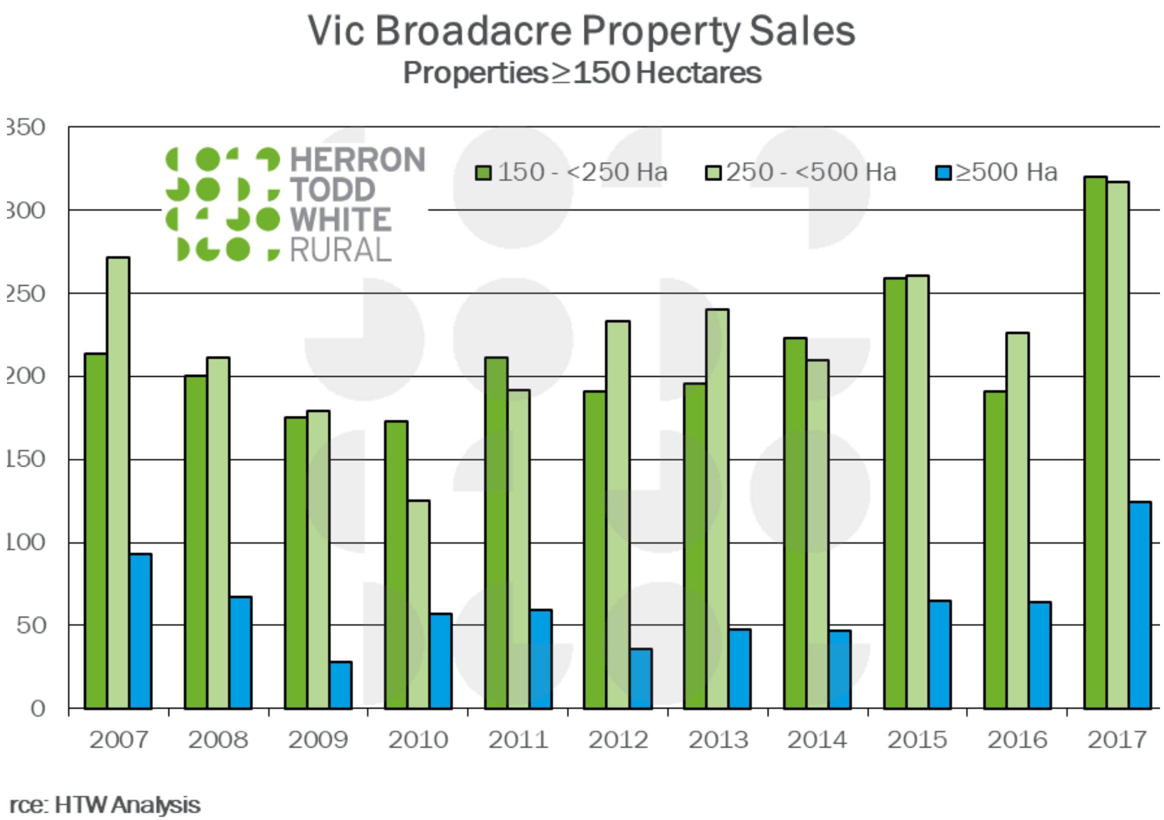

Volume of Sales by property size

280,000 hectares sold in 2017, up from 130,000 hectares in 2016.

Impacted by combination of corporate scale assets transaction in the year, buyers chasing scale.

Viticulture & Horticulture

	Low	High	Trend over last 12 mths	Industry Expanding ?
Wine grape vineyards (excluding water)	$17,000/ha	$24,000/ha	Up 25%	Shrinking

	Low	High	Trend over last 12 mths	Industry Expanding ?
Citrus orchards (excluding water)	$25,000/ha	$45,000/ha	Up 40%	Strongly

	Low	High	Trend over last 12 mths	Industry Expanding ?
Almond orchards (excluding water)	$45,000/ha	$75,000/ha	Up circa 15% (few sales)	Strongly

	Low	High	Trend over last 12 mths	Industry Expanding ?
Table grape vineyards (excluding water)	$45,000/ha	$75,000/ha	Up 10%	Strongly

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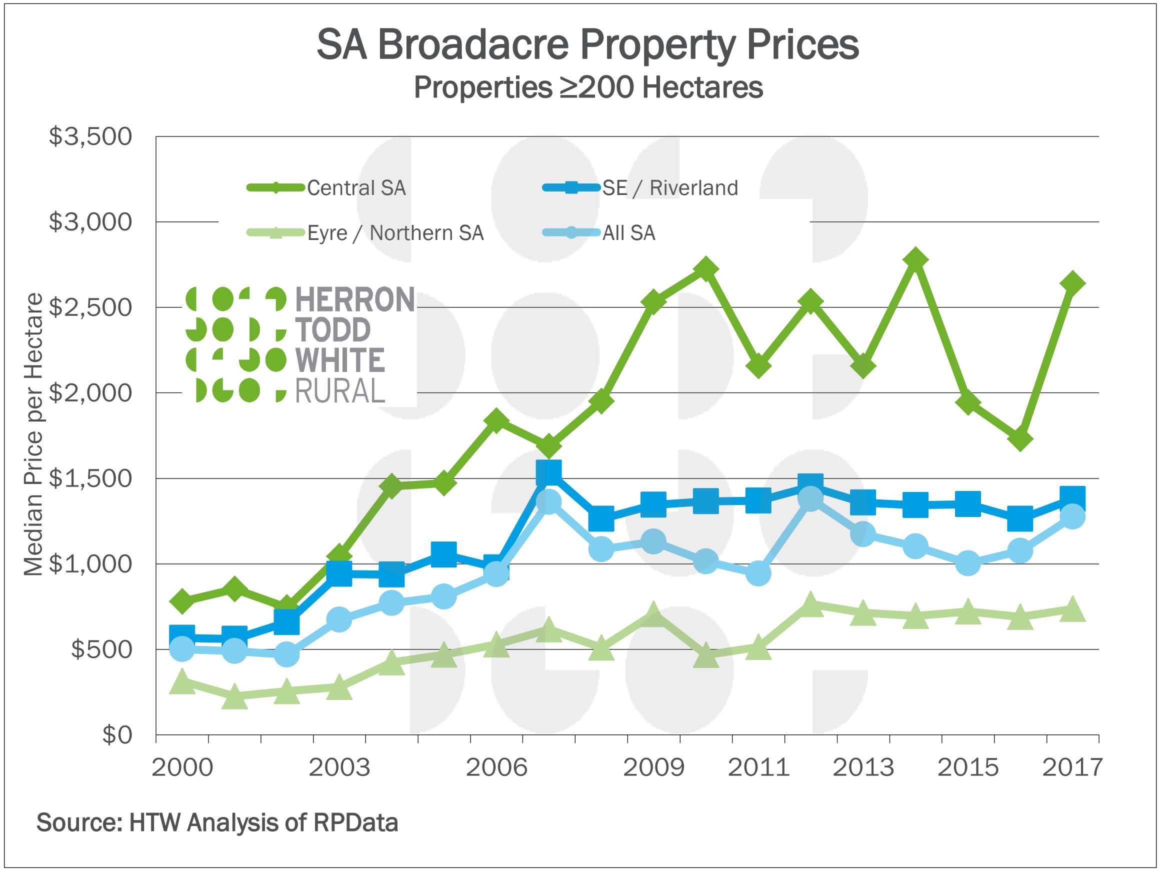
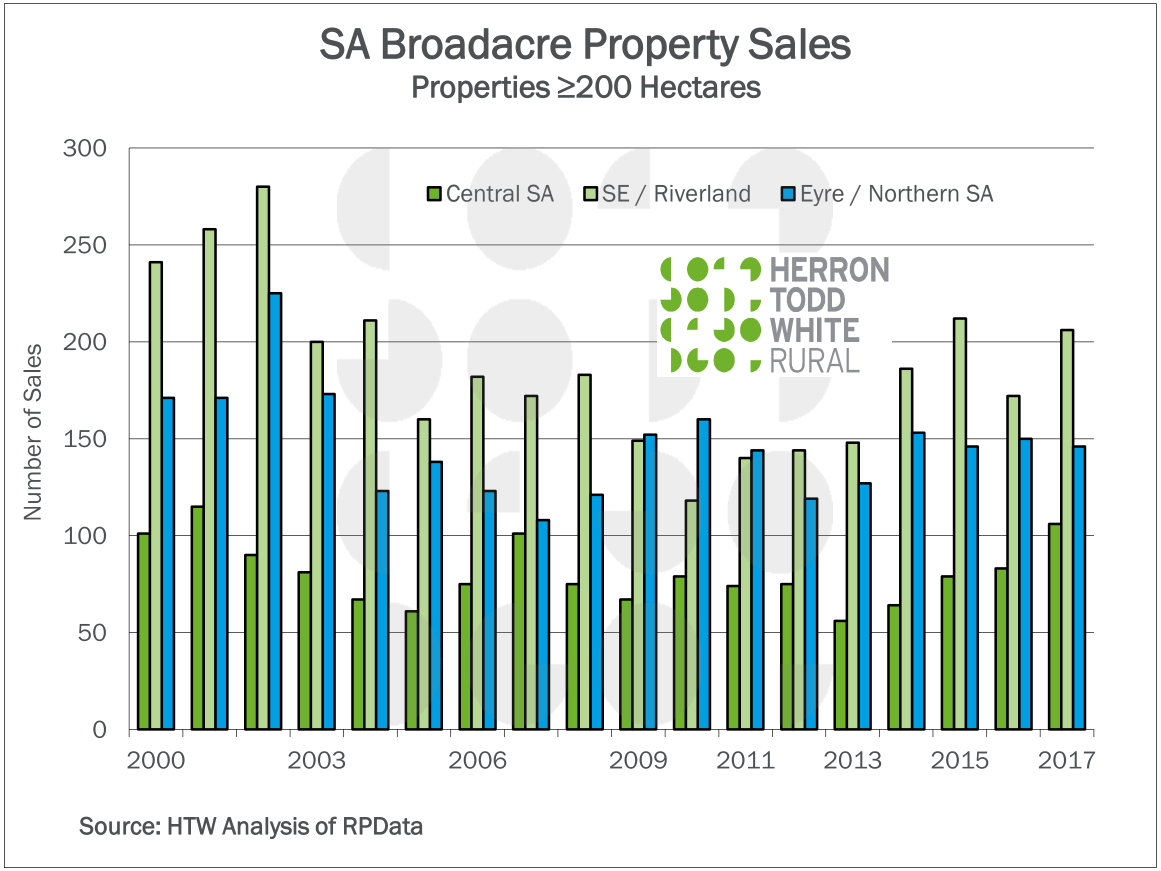
Dairy

- Dairy land values remains static in most regions.
- Majority of lenders are supporting their clients.
- Potential for longer term upside remains.



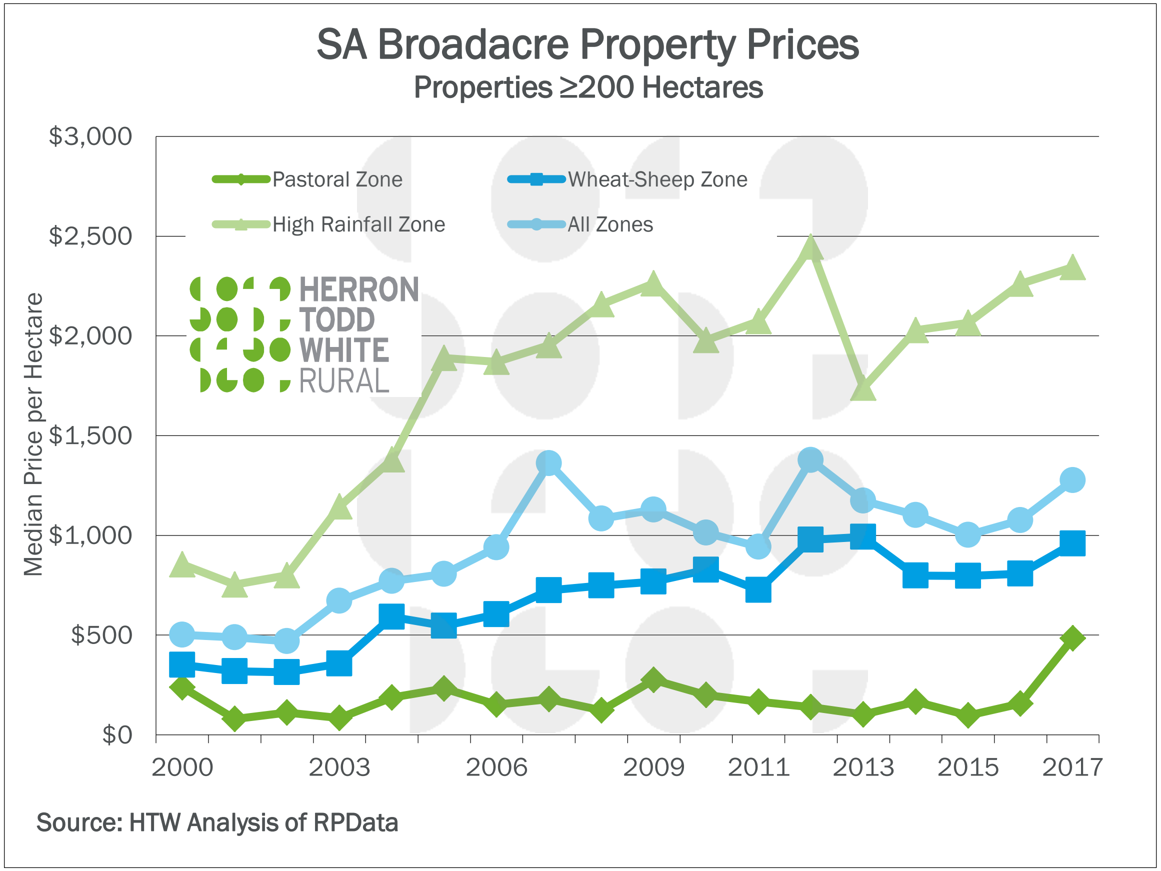
State wide sales over 200 ha

Overall increase in value for the year 18.6% shift in median value.



State wide sales over 200 ha

Sales volume 80 more than the 10 year average volume. Focus on scale where able to be found, largely however local buyer interest for adjoining property.

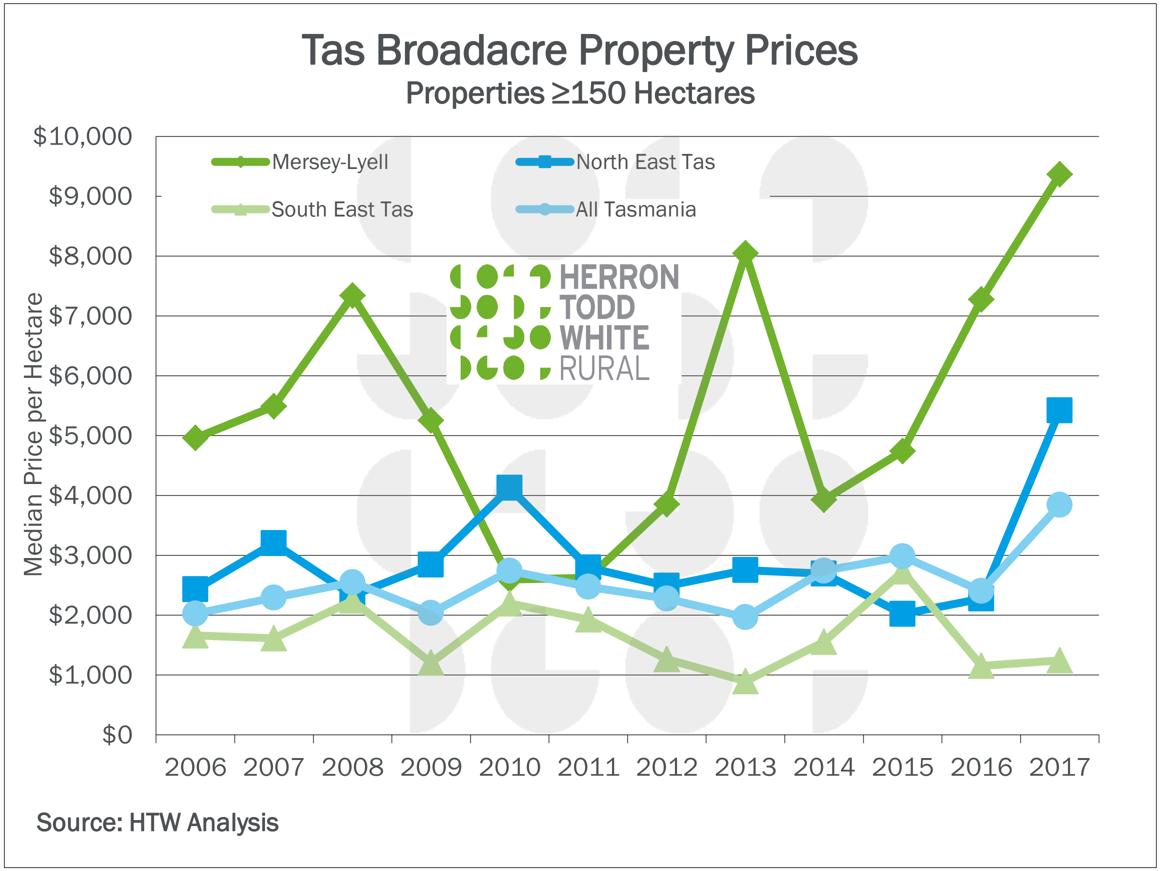


State wide sales over 200 ha

Pastoral zone median price up 300%

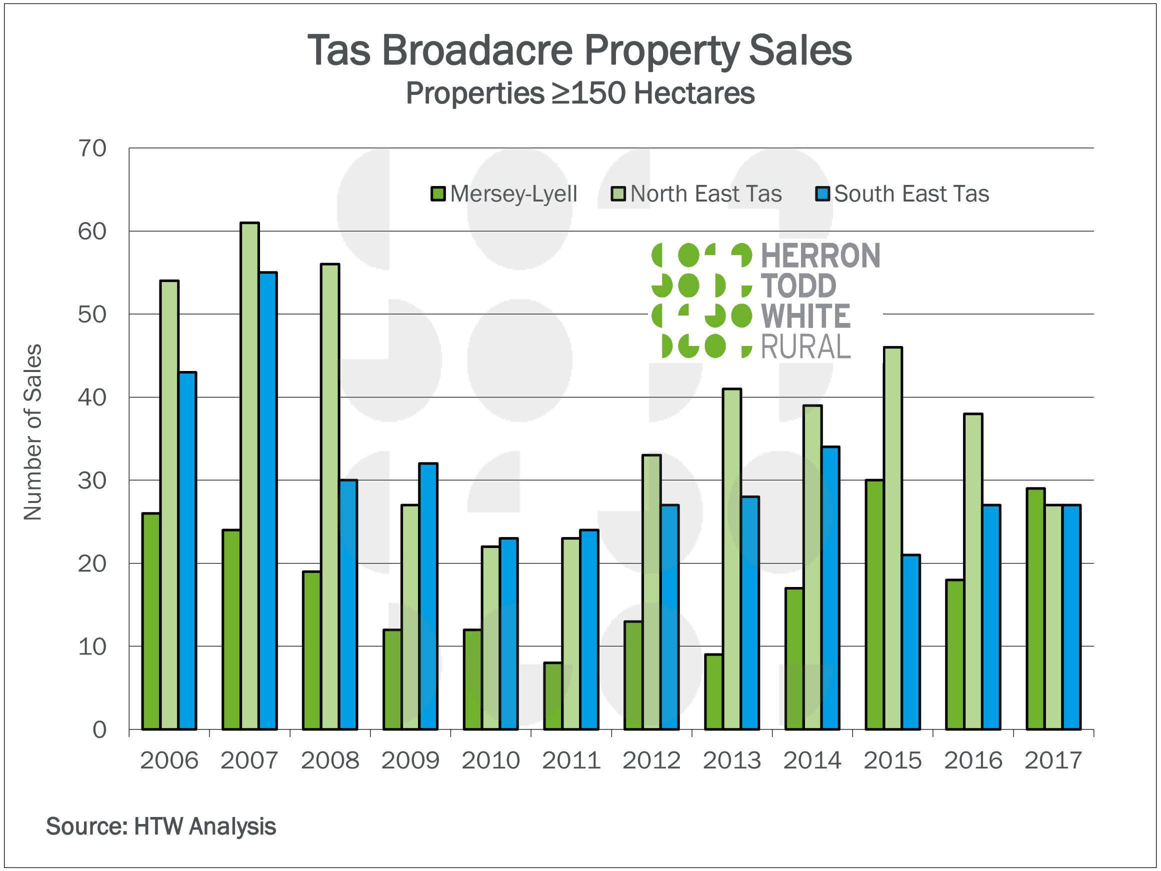
Sheep wheat zone up 18.7%

High rainfall up 3.6%



State wide sales over 150ha since 2006

State wide annual growth since 2006 is 6% pa compound.



State wide sales over 150ha since 2006

Total sales of 83 down on 11 year average of 88 pa.

Emerging Risks

- FIRB announcement re on market buying for foreign entities.
- Proposed Vegetation Laws in Qld.
- Macro fundamentals shifting in negative direction.
- Poultry industry re consolidation of processing Vic and Qld.

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FIRB Announcement 1 February 2018

- Too early to see impact yet.
- Quick review of the team nationally suggest 5% of recent sales may be impacted, could be higher in some localities.
- Sales impacted generally larger scale assets that get the headlines.
- Will impact neighbour to neighbour if your neighbour is a foreign controlled entity. Some vendors prefer to keep a sale quiet as well.
- Unclear if new advertising requirement impacts foreign entities with preapproved buying exemptions.

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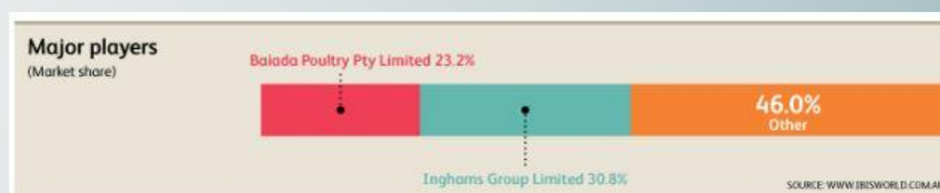
Poultry

Timeline

- October 2016 - Baiada announced closure of Victorian processing and ceased grower contracts. Effective January 2017.
- November 2016 - Ingham's listed on the ASX.
- 2017 saw very few sales of poultry assets nationally.
- August 2017 Baiada announced closed of QLD Ipswich processing and ceased QLD contracts. Effective Dec 2017/Jan 2018.
- December 2017 – Ingham's purchased Baiada QLD feedmill and built a new Brisbane distribution centre.

- Trend continues further towards free range shedding.
- Processors currently have the upper hand.
- Likely to see grower profits decline.
- Recent sales display declines in value.



Queensland Vegetation Bill Reintroduction - Core Points of the 2016 Proposed Legislation

- Extending Regulation on Category C Lands.
- Extending Regulation on Category R Lands.
- Prohibition on clearing of High Value Agriculture and Irrigated High Value Agriculture.
- Reverse onus of Proof.

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Queensland Vegetation Bill Reintroduction
Anticipated Implications/Remedies

- A heightened level of uncertainty within the market place.
- Has the potential to stifle development and investment.
- Has the potential to taken out development premium in sale property.
- PMAV's even more important.
- Maintain the Status Quo.

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