MJDavis
Realty Appraisals
valuers & property consultants

VALUATION REPORT – PROPOSED ACQUISITION

[redacted]

Property: **The Leppington Triangle**

[redacted]

Instructed by: **The Commonwealth & Leppington Pastoral Company (LPC)**

[redacted]

Date: **31/07/2017**

[redacted]

EXECUTIVE SUMMARY

This Executive Summary should only be read in conjunction with our [redacted]. The contents herein are subject to the overriding stipulations contained in the body of the Report.

Property	The Leppington Triangle, [redacted]
Instructing Party	The Commonwealth & Leppington Pastoral Company (LPC)
For Use by	The Commonwealth & Leppington Pastoral Company (LPC) only
Purpose of Report	To assess Current Market Value for proposed acquisition.
[redacted]	
Brief Description	▪ The Leppington Triangle is located at the south-west corner of the proposed Western Sydney Airport (WSA) site, adjacent to the existing The Northern Road. The Airport Plan identifies the Leppington Triangle as a proposed land acquisition for inclusion in the airport site. ▪ The 13.62 hectare Leppington Triangle site is held in the ownership of LPC [redacted] ▪ We are specifically instructed to provide a market valuation of the land on an Englobo rate per square metre basis based upon existing planning parameters with highest and best use reflected in speculative industrial re-zoning potential within the Western Sydney Priority Growth Area (WSPGA) and Western Sydney Employment Area (WSEA).
Relevant Dates	*Of inspection (Kerbside only)* — 31 July 2017
	Of valuation — As at 31/07/2017
Valuation	Market Value Range of $28,500,000 - $32,000,000 GST Exclusive Assessed Market Value $30,000,000 GST Exclusive *Analyses to $220/m² of site area*
[redacted]	
Declarations	• I have carried out an Restricted Assessment inspection of the Subject property and completed all aspects of the valuation assessment described within this report; • I am an Associate of the Australian Property Institute ([redacted]) and am suitably qualified to value the class of property into which the subject falls, • [redacted] • [redacted]

2.0.6 . also contains details of the existing improvements on the Leppington Triangle but noting that in the context of this valuation these improvements do not add to the overall value of the land given its Englobo land status.

2.0.7 In line with our specific instructions this valuation has been undertaken on a Restricted Assessment - Desktop review, without the benefit of a detailed site inspection.

2.0.8 We are specifically instructed to provide a market valuation of the land on an Englobo rate per square metre basis based upon existing planning parameters with highest and best use reflected in speculative industrial re-zoning potential within the WSPGA and WSEA.

2.1 Critical Assumptions

2.1.1 In providing the Restricted Assessment instruction both LPC and the Commonwealth are assumed to agree and accept the commercial risks inherent in relying upon a Restricted Assessment. In utilising this service, the client agrees to waive the requirement for many of the processes that a Valuer would undertake in carrying out a full valuation of a property.

2.1.2 A Restricted Assessment is a qualified opinion of value of a property provided in accordance with these instructions and critical assumptions, in response to a specific instruction by the client not to carry out the usual enquiries and investigations associated with a market valuation.

2.1.3 A Restricted Assessment is: 'an indication of the value range that the market value of the property is likely to fall within should a fully researched valuation assessment of the property be undertaken within the definition of Market Value i

10.3.3 In our view, if the Land to be acquired had not been zoned *SP1– Infrastructure (Local Drainage)*, it would have been zoned *RU1 Primary Production* in line with surrounding lands and our assessment is based on this assumption.

- Therefore putting aside the public purpose zoning as a step in the acquisition process we believe it reasonable to assume that the subject land would be zoned RU1 Primary Production, however given its proximity within and adjoining those areas identified as "future industrial and employment land" hence speculative industrial re-zoning potential within the WSPGA and WSEA would likely be conveyed in any potential sale between a willing buyer and willing seller.
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- Values ascribed to the parent property should therefore be reflective of the present market which is reacting strongly to perceived future opportunities the Badgerys Creek Airport will provide for land adjoining the airport site or that is in reasonably close proximity to it.

, market parameters during Q4 2016 to Q1-2 2017 were operating at circa $100 to $150 per square metre

13.0.5 However, with the May 2017 Federal Government funding announcement, it would appear that the market significantly increased to $200 – $250 per square metre

13.0.6 Many of these investors will be purchasing to "land bank" in anticipation of future capital gains they expect to arise as servicing/rezoning of the airport site and its surrounding precincts draws nearer.

14.0.7 , market parameters during Q4 2016 to Q1-2 2017 were operating at circa $100 to $150 per square metre

14.0.8 However, with the May 2017 Federal Government funding announcement, it would appear that the market significantly increased to $200 to $250 per square metre

14.0.10 in order to compel a Vendor to sell the land at this point in time, it is apparent that rates of $200 to $250 per square metre would be required in order to facilitate a deal regardless of the scale of the site; though we note all of these sales are being undertaken under favourable purchase settlement terms in the way of either put and call options or delayed settlement terms.

14.0.13 For the purposes of this valuation we have assessed a Market Value range of circa $28,500,000 - $32,000,000 and assessed market value at $30,000,000 or $220 per square metre in line with our instructions.

Australian Government

Department of Infrastructure and Regional Development

Brief for valuation services

Background to valuation work

1. The Commonwealth and Leppington Pastoral Company (LPC) intend to procure services in respect of the valuation of land at Badgerys Creek NSW, as set out in this brief.

The valuation is relevant to the progress of the Western Sydney Airport (WSA) project. On 15 April 2014, the Commonwealth Government decided that Badgerys Creek would be the site of the future WSA. The determination of the Airport Plan by the Minister for Urban Infrastructure in December 2016 authorised construction and operations to commence on the WSA project. The Airport Plan sets out the vision for the development and operation of the WSA.

Scope of work – definition of relevant land interest

2. The scope of valuation work required is limited to the land referred to as the Leppington Triangle, a 13.62 hectare parcel l . The Leppington Triangle currently comprises part of LPC's dairy farm. .

The Leppington Triangle is currently zoned as SP1 – Special Activities, Commonwealth Activities.

Valuation required for the Leppington Triangle

3. The work the valuer would be required to perform is:

   a. assess the current market value of the Leppington Triangle sold by a willing but not anxious seller to a willing but not anxious buyer, having regard to the highest and best use, including industrial purposes, that may be undertaken on the Leppington Triangle;

   b. provide a per square metre value and a total value;

d. provide a final written valuation to and for the benefit of the Commonwealth and LPC;

e. work closely with the Commonwealth and LPC representatives as required; and

Valuation Approach

4. This work is to be undertaken via desktop valuation only.

Timing

5. This valuation work is required to be complete by 16 June 2017.

Other information

6. The NSW Roads and Maritime Services (RMS) is considering, as part of the existing The Northern Road realignment, to acquire a portion of the Leppington Triangle where it abuts this road. For the avoidance of doubt, valuation services should consider the whole Leppington Triangle. Should RMS acquire a portion of the Leppington Triangle, any valuation may be revised accordingly.

Administrative arrangements

7. The Commonwealth is procuring and will fund the valuation activities. LPC, as a key stakeholder in the WSA development, has been consulted in finalising the request for valuations work. These instructions are issued jointly by the Commonwealth and LPC.

Communications with and from the valuer will be transparent as between all parties.

Conflict of interest and confidentiality

8. The valuer will be required to confirm that you have no conflict of interest in relation to any of the parties listed at **Schedule 3**, and sign a Conflict of Interest Declaration to that effect.

A Deed of Confidentiality will also need to be signed. This will be provided separately.