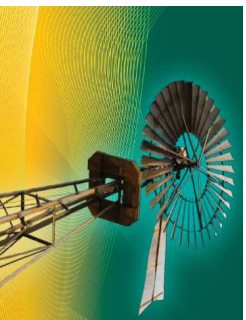


HERRON TODD WHITE

PROPERTY MARKET OVERVIEW



Victorian Overview

Mick Eason

Climate change – is it real?

Historical Trends

1998-2007 V 1961-1990

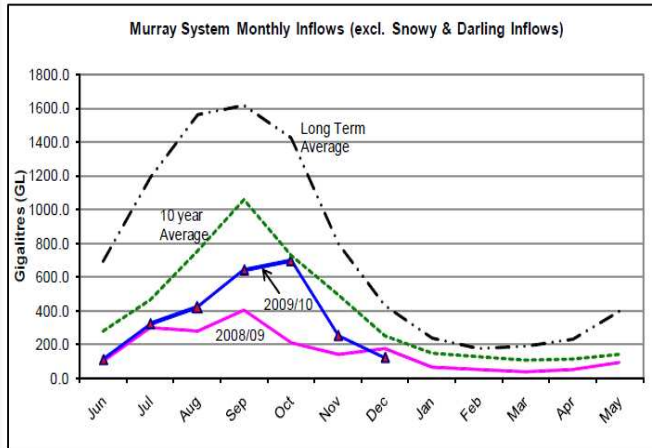
Region	Temperature	Rainfall
North East	0.5°C Warmer	12% reduction
Goulburn Broken	0.4°C Warmer	17% reduction
North Central	0.6°C Warmer	15% reduction
Mallee	0.4°C Warmer	13% reduction
Wimmera	0.1°C Warmer	16% reduction
Western District	0.2°C Warmer	10% reduction
West Gippsland	0.4°C Warmer	13% reduction
East Gippsland	0.6°C Warmer	10% reduction
Average		13% reduction

Source: HTW analysis of CSIRO data

Town	Average 1951 - 1980	Average 1981 - 2010	% Difference
Clydebank	612.21	574.39	-6%
Echuca	464.28	385.19	-17%
Koroit	845.88	735.04	-13%
Horsham	422.63	417.87	-1%
Irymple	301.96	255.65	-15%
Hume Reservoir	721.86	692.70	-4%
Average			-9%

Source: HTW analysis of CSIRO data

Inflows To The Murray System

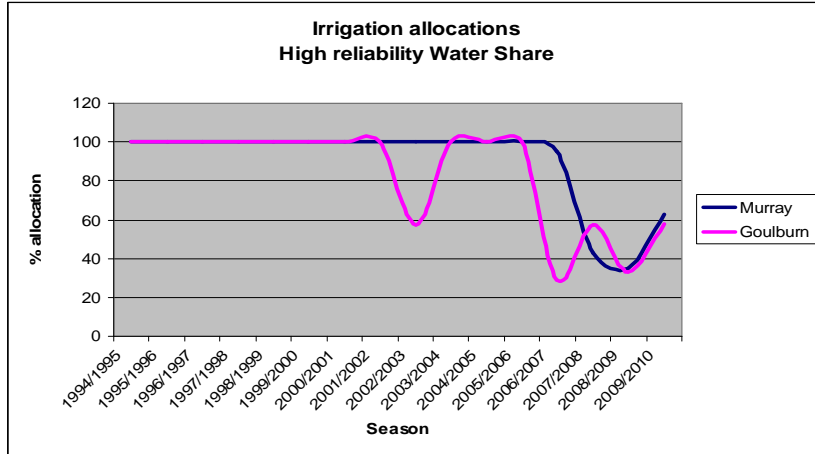


- Perceptions
 - regional
 - farmers
 - dry patch
 - natural cycle?
- Capital city beat up?

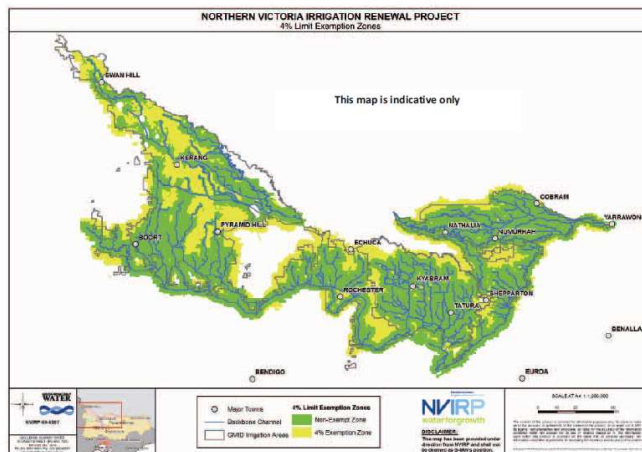
General Market Trends

- Price appreciation
- Water trading - recent price trend has been propped up by government buy back scheme
- Sales volumes – decrease
- Dairy sector – hard times recently – very few sales – closure of Leitchville factory
- Sale examples – Madowla Park Tandou
- Corporate buyers
- NVIRP – subsidizing irrigation rationalisation

Goulburn – Murray Irrigation Allocations 1995 - 2010



NVIRP



Irrigation Areas

- Current allocation Murray 63% - Goulburn 58%
- Values stable
 - More than 50% of sales now occurring whereby value of water is contracted separately to land.
 - Decisions are made on current tradable price for water plus and improvements value.
 - Significant number of “stripped” irrigation block sales
 - Prices vary greatly \$300-\$400/acre for poorer salt affected country ie Kerang to \$1,000-\$1,200 per acre Echuca
 - Variation affected by Delivery Share on land ie the amount of water permitted to be delivered to the land.
 - Location – in respect of Backbone channels
 - Horticultural properties – no demand - rationalization
 - Ageing profile of farmers a problem – skill transfer proving difficult.

Valuation of Water

- API Accredited Specialist Water Valuer
- HTW team members completed a course in October 2009
- Edward McEniry, John Henderson, Chris Cleary, David Shuter

Predictions

- Market activity to improve but not significant. Capital appreciation expected in short term
- Expectation of improved seasonal conditions,
- More corporate players in market
- Aggregation of smaller holdings to larger properties seeking economies of scale.
- As world emerges from the GFC - someone has to feed the world – China & India

Hot Issues

- Water - Sugarloaf Pipeline – Foodbowl modernization
- Farmers perception - City v Country
- Continuation of Govt buyback
- Peter Walsh – 60% of irrigation closed.

For further information please contact:-



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New South Wales – Robin Gardiner 02 6766 9898

Victoria – Mick Eason 03 5480 2601

Northern Territory – Frank Peacocke 08 8941 4833

Disclaimer

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