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2 March 2017

Mr Stephen Duerden  
Director  
Duxton Broadacre Farms Limited  
7 Pomona Road  
STIRLING SA 5152

Via Email: [stephen.duerden@duxtonam.com](mailto:stephen.duerden@duxtonam.com)

Dear Sir

### **Summary of Valuation Report Property – “Merriment Aggregation” Various Addresses Via Forbes NSW 2871**

#### **INSTRUCTIONS**

CBRE Valuations Pty Limited (“CBRE”) accepted instructions dated 28 February 2017 to prepare a Market Valuation for the interest in the property listed above. The Valuation is to be relied upon for Prospectus purposes only and is specifically addressed for use and reliance upon, by the parties named above. The Valuation is prepared in accordance with the Australian Property Institute Australia and New Zealand Valuation and Property Standards, having regard to ANZVGN 8 Valuations for use in Offer Documents. The instructions specifically request us to provide our opinion of the Market Value of the aggregation which CBRE undertook as at 2 March 2017 on the following basis:

#### 1. Market Value – As Is – Vacant Possession

CBRE has been instructed to provide a full Valuation Report in addition to this Summary Letter which is included in the Prospectus document. In accordance with ANZVGN 8, our Valuation Report draws attention to the key issues and considerations impacting value and, plus the report details our Critical Assumptions, General Assumptions, Disclaimers, Limitations, Qualifications and Recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, it is considered prudent to consider the entire contents of our Valuation Report. Therefore, we recommend that this Summary Letter be read and considered together with the Valuation Report. We accept no responsibility for reliance upon the Summary Letter. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of our Valuation Report.

#### **BRIEF DESCRIPTION OF THE PROPERTY**

“Merriment Aggregation” is a large scale mixed farming aggregation situated in proximity to Forbes in the Central West region of New South Wales.

The aggregation comprises three non-contiguous holdings, which are known as “Walla Wallah”, “Covaribin” and “Merriment”.

The aggregation currently supports a mixed irrigated and dryland cropping/grazing enterprise. The irrigated land primarily focuses on the production of cereal, canola, cotton and fodder crops. The grazing component supports a prime lamb and cattle grazing enterprise.

“Merriment Aggregation” features a total area of approximately 2,934 hectares which includes 368 hectares developed to irrigated row cropping, 1,104 hectares of land developed to flood irrigation and 1,327 hectares of dryland cropping / grazing land. The balance of land, 135 hectares, is timbered grazing land and remnant vegetation.

The aggregation features access to three separate irrigation water sources being, Upper Lachlan Groundwater aquifer, Lachlan Regulated River and Jemalong Irrigation Limited. We do however note that some of the aggregation’s water entitlements are subject to a long term lease-back arrangement and are thus not included in this valuation – refer to critical assumptions.

Structures include a numerous dwellings, extensive rural shedding and grain storage facilities.

A summary of the aggregation is provided below:

SUMMARY		
Property Name	Property Address	Area (ha)
"Walla Wallah"	1372 Lachlan Valley Way, Jemalong NSW	1,459.52
"Cowaribin"	Lachlan Valley Way, Warroo NSW	939.83
"Merriment"	346 Willawang Road, Warroo NSW	534.70
<b>Total</b>		<b>2,934.05</b>

### MARKET MOVEMENT

The valuation, within the valuation report referred to above represents the value of the property as at the date of valuation only (2 March 2017). The value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property or particular property sector). CBRE is not liable for losses arising from any subsequent changes in value.

### CRITICAL ASSUMPTIONS AND RELIANCE ON INFORMATION PROVIDED

A summary of select Critical Assumptions noted in the full Valuation Report are noted as follows:

<b>Title</b>	The land is not subject to any encroachments or restrictions on title.
<b>Identification</b>	<p>All structures have been erected within the title boundaries of the site and there are no encroachments on or by the subject land.</p> <p>We note that in regard to rural properties, it is common for fencing to encroach either way between boundaries. Given that it is not practical to verify the status of boundaries due to the sheer size and scale of rural properties, we assume there to be no impact on productivity, marketability, or value.</p>
<b>Roads</b>	The aggregation is unaffected by any road alteration proposals.
<b>Approvals/Permits</b>	All Council approvals and permits have been obtained for the existing development.
<b>Accuracy of Information</b>	<p>In assessing this valuation, we have been provided with information by the reliant party.</p> <p>We advise that any objective information, data or calculations set out in the Valuation will be accurate so far as is reasonably expected from a qualified and experienced valuer, reflecting due skill, care and diligence. However, we have not independently verified third party information, adopted it as our own, or accepted its reliability. If any of the information provided by others and referred to in the valuation report is incorrect, it may have an impact on the valuation. The valuation is provided on the proviso that the reliant party accepts this risk.</p>
<b>Land Class Apportionment</b>	<p>In an effort to apportion the correct land classes across the aggregation, we have relied upon information provided by the Reliant Party in obtaining the appropriate areas. We have reconciled the areas provided by the Reliant Party via Google Earth Pro Mapping Software where possible.</p> <p>If any of the information is found to be incorrect, we reserve the right to review the valuation.</p>

**Water Access** We have been advised that the Jemalong Irrigation Limited surface water situated on the “Cowaribin” and “Merriment” properties and Lachlan Regulated River General Security irrigation water on “Walla Wallah” are currently subject to a sale and lease back agreement and as such are not to be included in this valuation. We have therefore requested the reliant party to confirm legal access of surface water to these properties. With respect to leased water held in Jemalong Irrigation Limited, we have requested confirmation as to whether the Water Share is separately leased to the Delivery Entitlement component of the Water Certificate. We have been advised by the reliant party that the irrigation water leases have been structured via Term Transfer thus allowing the properties to have legal access to water from Jemalong Irrigation Limited. It is an express assumption that the abovementioned is true and correct, should this be found incorrect we reserve the right to review our report.

**Water Lease** As previously mentioned, a portion of the aggregation’s water entitlements are subject to a long term lease-back arrangement and are not included in this valuation. These water entitlements are however utilised on the properties. A summary of these entitlements is provided below.

Certificate No / WAL	Property	Volume (ML)	Holding Ref	Category	Source
Certificate No. 421	"Merriment"	1,688	J25C	General Security	Jemalong Irrigation Limited
Certificate No. 422	"Cowaribin"	450	J24F	General Security	Jemalong Irrigation Limited
Certificate No. 423	"Cowaribin"	165	J24B	General Security	Jemalong Irrigation Limited
Certificate No. 424	"Cowaribin"	605	J24E	General Security	Jemalong Irrigation Limited
WAL1995	"Walla Wallah"	4,138	N/A	General Security	Lachlan Regulated River

**Groundwater & Quality** We have been advised that the irrigation groundwater quality varies throughout the aggregation; however we have not sighted any water tests. “Walla Wallah” has been advised as to having suitable groundwater quality for cropping irrigation purposes. It is an express assumption that the verbal advice given is correct. We do however recommend that the reliant party seek to confirm suitability by undertaking an appropriate water test prior to utilisation of this valuation for Public Offering purposes. Noting the aforementioned we have been provided with dated water tests which confirm the verbal advice received during inspection. With respect to “Merriment”, we have been advised that the irrigation groundwater quality is poor and requires “shandying” with surface water prior to application. It is an express assumption that irrigation water has been appropriately “shandied” in the past and that the soil quality is unaffected. We do however recommend that the reliant party seek to verify this via undertaking appropriate soil tests prior to utilisation of this valuation for Public Offering purposes.

**Market Movement** This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular water entitlement). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 90 days from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation. However, it should be recognised that the 90 day reliance period does not guarantee the value for that period; it always remains a valuation at the date of valuation only.

We have relied upon information provided by Duxton Broadacre Farms Limited.

Our valuation is based upon the most current information available at the time the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to market conditions.

In the current market, it is our view that a 6-12 month marketing period may be required to effect a disposal of the interest in the asset assuming a professional marketing campaign.

### REPORT CONTENT

Our Valuation Report, in addition to the content noted earlier, contains detailed information and description pertaining to: Instructions; Use and Reliance; Site Details including Location, Legal, Environmental and Town Planning; and Building Improvements. This is followed by a comprehensive Agriculture and Water Market Overview and details of the sales evidence regarded. Finally, the report considers the value and marketability of the property. We again refer the reader of this letter to our Valuation Report for detail in respect of the above items.

### VALUATION METHODOLOGY

In arriving at our opinion of market value in accordance with the instructions, we have placed primary emphasis on the Direct Comparison approach.

### VALUATION SUMMARY

In accordance with the instructions, we summarise our valuation conclusions for the subject aggregation as at 2 March 2017 as follows:

1. Market Value “As Is” Vacant Possession

VALUATION SUMMARY	
Property Name	
"Walla Wallah"	\$7,000,000
"Cowaribin"	\$2,100,000
"Merriment"	\$2,000,000

“Walla Wallah”  
\$7,000,000 (Seven Million Dollars), exclusive of GST.

“Cowaribin”  
\$2,100,000 (Two Million, One Hundred Thousand Dollars), exclusive of GST.

“Merriment”  
\$2,000,000 (Two Million Dollars), exclusive of GST.

### CONSENT

CBRE provides its consent for the inclusion of this Summary Letter within the Prospectus for Duxton Broadacre Farms Limited subject to Duxton Broadacre Farms Limited making recipients of the Prospectus aware of the following liability disclaimers.

### LIABILITY DISCLAIMER

- (a) CBRE is not operating under an Australian Financial Services Licence when providing the full Valuation Report or this Summary Letter and those documents do not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision to invest in/with Duxton Broadacre Farms Limited.
- (b) CBRE disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the Prospectus, other than in respect to this Summary Letter and the full Valuation Report.
- (c) The Valuation Report and this Summary Letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- (d) CBRE has prepared the full Valuation Report and this Summary Letter relying on and referring to information provided by third parties including financial and market information (“Information”). CBRE assumes that the Information is accurate, reliable and complete and it has not tested the information in that respect.
- (e) References to the Aggregation’s value within this Summary Letter or the Prospectus have been extracted from CBRE’s Valuation Report. The Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, general assumptions, disclaimers, limitations, qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, CBRE recommends that this Summary Letter and any references to value within the Prospectus must be read and considered together with the Valuation Report. This Summary Letter is to be read in conjunction with our full Valuation Report dated 2 March 2017 and is subject to the Assumptions, Limitations, Disclaimers and Qualifications contained therein. We refer the reader to Duxton Broadacre Farms Limited to obtain a copy of the Full Valuation Report.
- (f) No responsibility is accepted for any loss or damage arising as a result of reliance upon this Summary Letter and the Full Valuation Report.
- (g) Neither this Summary Letter nor the full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE.
- (h) CBRE charges a professional fee for producing valuation reports, and the fee paid by Duxton Broadacre Farms Limited for the Valuation Report and this Summary Letter was \$12,650 inclusive of GST.

- (i) We confirm that the valuer does not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.
- (j) This document is for the sole use of persons directly provided with it by CBRE. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE and CBRE is not liable for any loss arising from such unauthorised use or reliance.

Yours sincerely  
CBRE Valuations Pty Limited



Tom Burchell  
Certified Practising Valuer  
Associate Director - Agribusiness  
Valuation & Advisory Services



Ben Grice  
Certified Practising Valuer  
Valuer – Agribusiness  
Valuation & Advisory Services



Tim McKinnon  
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