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VALUATION AND PROPERTY CONSULTANTS
(ESTABLISHED 1974)

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29 July 2018

Mr Phil Bland
Land Acquisitions Officer
Leasing and Land
City of Wanneroo
23 Dundobar Road
Wanneroo WA 6065

Dear Mr Bland

VALUATION REPORT COMMUNITY SITES - ALKIMOS AND EGLINTON, WESTERN AUSTRALIA

As requested in your email instructions of 17 July 2018, we provide an update herewith to our initial valuation report dated 23 February 2016 relevant to the above properties.

We advise that we inspected the subject localities on 23 July 2018 and we further advise that the localities remain as previously described in our updated valuation report dated 6 March 2017. We note that whilst there is ongoing estate subdivisions, selling prices and selling rates remain relatively subdued. In this regard, there is no indication that such factors will improve in the short to medium term.

Property details remain as indicated in our valuation reports as aforementioned. For the purposes of this update, we have not repeated our comments.

There are limited sales of englobo lots in the subject localities and accordingly it has been necessary to look at a variety of sales as follows:

Sales Evidence

101 Santorini Promenade, Alkimos

Sale Price: \$9,790,000 (GST inclusive)
Sale Date: 18 August 2017
Land Area: 90,001 m²
Zoning: "Public Use"
Improvements: Vacant land.
Comments: Purchased by Ministry for Education for high school and "Trinity Open Space". Services adjoin but the land was in an unsiteworked as at date of sale.
Analysis: \$100.00/m² rounded (nett of GST)

23 Portside Promenade, 25K Portside Promenade, 56 Scotthorn Drive and 58 Scotthorn Drive, Alkimos,

Sale Price: \$13,410,000
 Sale Date: 15 June 2017
 Land Area: 23 and 25 Portside Promenade adjoin with a total area of 128,738 square metres.
 56 and 58 Scotthorn Drive adjoin with a total area of 36,133 square metres.
 The total area of the land is 164,871 square metres and it should be noted that the two parcels described above do not adjoin but are well separated.
 Zoning: 23 Parkside Promenade is zoned "Urban Development" whilst the remaining sites are zoned "Parks and Recreation".
 Improvements: Vacant land.
 Comments: Undulating parcels of land purchased by WAPC
 Analysis: \$81.30/m² overall average

9 Headingley Crescent, Butler

Sale Price: \$1,386,000 (GST inclusive)
 Sale Date: 3 April 2017
 Land Area: 4,436 m²
 Zoning: Business
 Improvements: Vacant Land.
 Comments: A well located serviced lot which is considerably smaller than the subject realty.
 Analysis: \$284/m² nett of GST

Previous sales utilised in our 6 March 2017 update are still considered relevant and are summarised as herunder.

Lot 300 on Plan 402063, Pipidinny Road, Eglinton

Sale Price: \$5,750,000
 Sale Date: 1 November 2016
 Land Area: 57,991 m²
 Zoning: Urban Development
 Improvements: Vacant land.
 Comments: Situated in the general locality of the proposed Eglinton community site and comprising undulating land vegetated in coastal scrub.
 The sale land is a rectangular shaped lineal piece of land purchased by WAPC for railway purposes. It is of a similar nature to the subject land.
 Analysis: \$99.15/m²

1369 Wanneroo Road, Wanneroo

Sale Price: \$7,150,000
 Sale Date: 14 March 2016
 Land Area: 32,916 m²
 Zoning: Urban Development
 Improvements: Vacant land.
 Comments: Purchased by Bowra and O'Dea Pty Ltd. Accordingly the land may have a special use for their purpose.

An irregularly shaped lot with easements situated on the western side of Wanneroo Road adjoining commercial development on the south western corner of the intersection of Burns Beach Road and Wanneroo Road.

The site is below road level and may require substantial site works. The site has essential services available for connection on redevelopment and has display potential to Wanneroo Road.

Analysis: \$217.22/m²

Assuming the cost to provide services to the land is in the vicinity of \$100.00 per square metre, indicates a land value of \$117.00 per square metre for the subject realty before any deferral pending redevelopment is factored in.

245 Butler Boulevard, Butler

Sale Price: \$1,592,100 nett of GST
 Sale Date: 16 January 2017
 Land Area: 5,307 m²
 Zoning: Commercial
 Improvements: Vacant Land.
 Comments: A well located commercial site in central Butler, not far removed from the rail station.

Analysis: \$300/m² nett of GST

Discount for magnitude applies on comparison with the subject realty which we believe is in the order of 20 per cent. Servicing costs are likely to be in the vicinity of \$100 per square metre indicating a gross land value, excluding services, of \$140.00 per square metre.

The sale land is ripe for redevelopment whereas the subject land is possibly 5 years away from redevelopment which if deferred for this period at 6.0 per cent indicates a rounded land value of \$105.00 per square metre.

This analysis provides a guide to value only as we are of the view that the underlying value of the prospective subject lots is "Residential R40".

103 Booderee Road, Yanchep

Sale Price: \$1,050,000 nett of GST
 Sale Date: 9 April 2016

Land Area: 4,833 m²
 Zoning: Residential
 Improvements: Vacant Land.
 Comments: The site has potential for a small lot subdivision (270 square metres plus).
 Analysis: \$217.26/m² nett of GST
 The subject site is considerably larger and discount for magnitude is appropriate - say 20 per cent indicating a value for the subject realty of \$174.00 per square metre less servicing costs of say \$80.00 per square metre, indicating a land value for the subject realty of \$94.00 per square metre.

Conclusions

As previously instructed, our valuations are to be based on the assumption that the subject sites are notional englobo parcels of land with no services, site works, or roadways. The sites are each required for a library, community centre and indoor recreation centre, for both localities. The sites are not clearly defined at this stage as the land where the uses are proposed are currently undeveloped.

The above comparative evidence suggests a value for the subject realty of around \$100 per square metre.

We have also considered a hypothetical subdivisional analysis as a check approach to valuation, adopting a land area in total of 31,000 square metres for each locality.

Our HSA is accordingly as follows:

Hypothetical Subdivisional Analysis

Developable Area: 80% of 31,000 m² = 24,800 m²

Number of Lots, say 400 m² (average) = 62

Gross Realisation (including GST)

62 lots @ \$200,000/lot =	\$12,400,000
Less GST @ 10%:	<u>\$1,127,273</u>
	\$11,272,727
Less Sales & Legal Fees @ 4% of Gross Realisation:	<u>\$496,000</u>
	\$10,776,727
Less Profit & Risk @ 15%:	<u>\$1,405,660</u>
	\$9,371,067

Less Estimated Costs of Subdivision (nett of GST)	
(a) Development Costs - 62 lots @ say \$70,000/lot:	\$4,340,000
(b) Project Management @ 1% of Gross Realisation:	\$124,000
(c) Interim Rates & Taxes, say:	<u>\$50,000</u>
	\$4,514,000
(d) Interest on Development Costs - say 6 months @ 7%:	<u>\$157,990</u>
	<u>\$4,671,990</u>
Gross Land Value:	\$4,699,077
Less Interest on Englobo Land Purchase, say 12 months @ 7%; net value:	\$4,391,660
Less Acquisition Costs @ 5%; net value:	\$4,182,534
Less Scheme Contribution Costs - 31,000 m ² @ say \$11.11/m ² :	<u>\$344,410</u>
Land Value:	\$3,838,124
Defer 3 years @ 7% pending improvement in market conditions:	\$3,133,052
Land Value (rounded) nett of GST:	\$101.00/m²

We comment that the HSA approach above is very much a check approach to valuation as this approach would normally require appropriate subdivided lot plans to be prepared and costed. We have not done this and lot provisions as well as costings are very much an approximation.

Considering both approaches to valuation, we maintain our previous value of \$101.00 per square metre as indicated in some detail in our initial valuation report of 23 February 2016.

Our valuations are accordingly as follows:

Valuation Calculations

Alkimos Community Site(s)

31,000 m² @ \$101.00/m²: \$3,130,000

Eglinton Community Site(s)

31,000 m² @ \$101.00/m²: \$3,130,000

We comment that we see no difference in values for a Community Site in Alkimos and that of a Community Site in Eglinton.

VALUATIONS

In accordance with our valuation approach indicated above, we assess values of the subject Community sites to be as follows:

ALKIMOS COMMUNITY SITE(S)

THREE MILLION, ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$3,130,000)

EGLINTON COMMUNITY SITE(S)

THREE MILLION, ONE HUNDRED AND THIRTY THOUSAND DOLLARS (\$3,130,000)

Our adopted valuations are exclusive of GST.

Should you have any queries in this matter, please do not hesitate to contact the undersigned.

Yours sincerely



**B.E. ZUCAL AAPI
CERTIFIED PRACTISING VALUER
LICENSED VALUER NO. 100
FOR THE STATE OF WESTERN AUSTRALIA**