Research and
Forecast Report

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AGRIBUSINESS

AUSTRALIA & NEW ZEALAND | 2019

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NATIONAL OVERVIEW

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Australian Agribusiness resilient in 2018

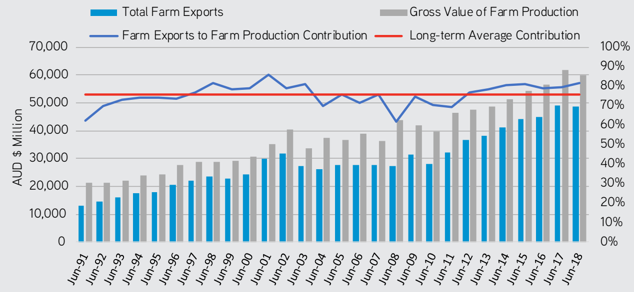
Agribusiness activity has continued growing gradually in 2018 despite the key challenges imposed by the severe weather activity, the slowdown of Chinese economic growth and the trade war between China and the United States.

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) reported that the agricultural sector contributed $49 billion to exports for YoY to June 2018. Meat and live animal export were one of the largest contributors with $13.2 billion in exports, including beef and veal exports of circa $8 billion up 11.9 per cent or $848 million for the past year. Grain products contributed $10.9 billion, down nearly 25 per cent due to the lack of Australian supply of wheat, chickpeas and canola. Wool, dairy and horticulture contributed $4.4 billion, $3.4 billion and $2.7 billion, with greasy wool, cheese and fruit export activity growing between 10 to 25 per cent. Industrial crop (cotton, sugar and wine) exports reached $6.6 billion for the YoY to June 2018, supported by the growth in wine and raw cotton exports.

China remains the main destination for Australian agricultural exports, reporting $11.8 billion for the YoY to June 2018, and comprising 24.1 per cent of the agricultural business activity in Australia. The large dependency on China agricultural trade activity imposes a moderate level of risk for the sector.

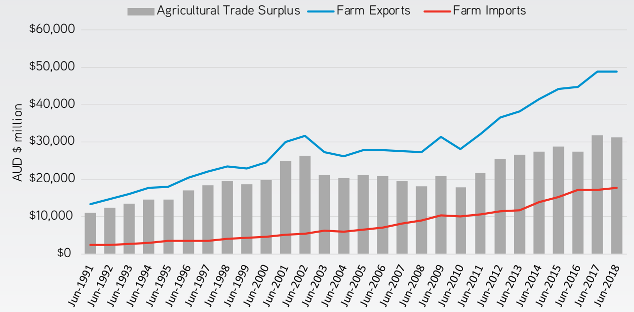
According to the Australian Farmland Index powered by NCREIF, the annualised total farmland returns (of a portfolio of corporate owned horticultural, pastoral, intensive livestock and cropping enterprises) increased 13.84 per cent for the YoY to December 2018. Due to the capital intense nature of the agribusiness industry, appreciation returns of 8.10 per cent plus income returns of 5.49 per cent for the YoY to December 2018. This result continues to outperform to the NCREIF U.S Farmland Index with a total return of 6.74 per cent comprising 4.47 per cent income and 2.19 per cent capital appreciation for the same 12 months to December 2018.

Australian Farm Production and Farm Exports (June 1991 - June 2018)



Source: Australian Government Department of Agriculture and Water Resources and Colliers International

Australian Agricultural Balance of Trade (June 1991 - June 2018)



Source: Australian Government Department of Agriculture and Water Resources and Colliers International

Australian agricultural trade surplus trending upwards

The Australian agricultural sector remains a large contributor to exports and economic activity in Australia, contributing to approximately 12 per cent of the total Australian export activity for the YoY to June 2018.

According to ABARES, a long-term average of 76 per cent of farm production has reached international markets, including China and United States.

The estimated gross value of Australian farm production for the YoY to June 2018 was circa $60 billion, with about 82 per cent of the production (or circa $49 billion) exported to international markets and exceeding the long-term average of 76 per cent by 6 percentage points.

The agricultural sector has historically been a generator of trade surplus and the surplus has grown sharply for the past decade. According to ABARES, the agricultural balance of trade has grown 72 per cent for the past decade, from $18.1 billion in June 2008 to $31.2 billion in June 2018.

The long-term gradual growth of farm production activity and agricultural trade surplus support the view that agricultural business activity continues to boom and provide a solid economic environment for property investment particularly for offshore institutional investors looking to diversify the risk exposure of their investment portfolio. However, the consistent drought in many agribusiness regions remains as the biggest threat to future investment mandates.

Market Forecast

The outlook for the Australian and New Zealand agribusiness sector for 2019 is influenced by divergent factors. Offshore demand for Australian and New Zealand products is on the rise particularly for wine, cherries, avocados, dairy products and beef. The weaker AUD has supported export activity, partially offsetting the downside risks. However, China, the main export destination, is experiencing a slowdown on economic activity as the GDP growth of 6.6 per cent in 2018 has slowed to levels not seen in 25 years.

Australian and New Zealand assets operating agribusinesses will continue to attract interest from offshore capital and high net worth groups. However, the downside risk for potential investors is the regulatory framework (OIO) in New Zealand and the extreme dry conditions in Australia.

The table outlines our forecast for the different agricultural industries and the sub-sector investment market for the rest of 2019.

Sector	Production Volume	Commodity Prices	Industry Outlook 2019	Investment Outlook 2019
Beef: Australia	↓	↑	Dry and hot weather to impact on production levels. Steady to rising price forecast driven by the lower production volumes and slowly recovering restocker market in Queensland initially.	The recent Australia-Indonesia free trade agreement improves the outlook of the sector. With the recent EYCI movements from 500 to 450 points, we will see continued pressure on supply as cattle starts to become restricted. Steady property market with buyers driving the market in recent rainfall areas.
Sheep, Beef & Wool: New Zealand	↔	↔	Beef prices have been solid, supported by strong demand and generally tight supply. Potential price softening if supply rises, but softer NZD/USD likely to keep prices above historical averages.	Existing farmers of smaller properties still in expansion mode. Dairy farmers purchasing support land in traditionally non-dairy areas generating additional demand.
Wine: Australia	↓	↑	Demand may outstrip supply as production trends downwards due to seasonal constraints Continued growth in the value of wine exports.	Higher volumes of property transactions are expected. High interest from overseas investors, particularly Chinese capital.
Wine: New Zealand	↑	↔	Steady grape prices potentially supporting steady wine prices. Volumes expected to increase based on new plantings coming into production. Profit margins narrowing.	Investors to continue chasing premium assets in prime locations. Colliers have been able to negotiate some deals to pass the OIO regulator.
Macadamia: Australia	↔	↑	Steady supply will continue. Strong offshore demand driving increase in prices.	Inflow of offshore capitals due to solid cashflow conditions. Greenfield development of sugar cane land rising very quickly in several regions from Bundaberg & south.
Avocado: New Zealand	↑	↑	Confidence within the industry is strong. Global and local demand reaching record highs supporting forecast price increases.	High returns achieved in the last couple of years underpinning significant recent investment and surge in orchard plantings. Positive industry outlook increasing capital values of suitable land for horticulture plantation.
Sheep: Australia	↓	↑	Lamb market will be stable at current high levels. Wool market will continue at current high levels for foreseeable future. Hot competition for store and breeding stock when drought breaks. Chinese economy to be watched with interest as will impact on wool prices.	Increase in stocking rates per hectare due to ag technologies therefore increase in returns per hectare. There has been a significant increase in property prices in the previous 5 years. Drought affected areas may come under some price pressure not noticeable at this point.
Poultry: Australia	↑	↔	Historical modest chicken meat prices to continue in the foreseeable future. Production on the rise as chicken meat becoming the preferred meat for consumers worldwide.	Production consolidation driving investments and industry cost efficiencies. Significant Colliers International deals completed in 2018 and 2019 support this view of the market.

Key themes in 2019

1. Globalisation Influences

The trade war imposing tariffs between China and United States adds a level of complexity and uncertainty to the global trade market. There are now precedents that the trade war has extended beyond China and US markets, with China banning Australian coal exports since mid-February 2019.

The International Monetary Fund has already warned that a full-blown trade war between China and the US would weaken the global economy. It seems that a deal between the US and China is approaching and could potentially eventuate in early to mid-April, a year after the trade war started. The absolute unpredictability of some global leaders add a level of geopolitical risk to everything, not just in agricultural commodity pricing.

The unresolved Brexit deal means that the conditions of the departure of the UK from the European Union are unclear. This could impact on economic activity of key export markets. As the UK is already Australia's largest farmland investor this could play strongly our way as capital finds a safe home here.

The recently endorsed Indonesia-Australia Comprehensive Economic Partnership Agreement is expected to have a positive impact on the beef and live cattle sector. The agreement proposes a gradual reduction in tariffs and a 4 per cent annual increase on the export head quota over the next five years.

2. Macro-economic Impacts

The forecast weaker Australian dollar, which according to Rabobank will reach AUD$1 for USD$0.68 in 2019, supports agricultural export activity, making investment in Australian assets more affordable by offshore investors. A potential cut in the official cash rate by the RBA in 2019 could magnify this impact.

Dairy Portfolio, SA & VIC
Valued by Colliers International

The current regulatory environment, particularly in New Zealand, imposes barriers for offshore investments on some agricultural assets. This could benefit the Australian investment market as offshore investors seeking a southern hemisphere production may look at shifting their interest from New Zealand agricultural assets to Australian assets particularly in viticulture, horticulture and dairy.

3. The Funding Story

The 2019 Royal Commission into the banking sector highlights recommendations to improve the assessment and management of funding requirements of agricultural enterprises.

Thus far, it appears that the lending environment has not changed as a result of the Royal Commission findings and recommendations. However, clearer rules to facilitate the recovery of farmers in distress due to natural disaster will provide a better framework to support continuity of the business.

The proposed National Farm Mediation Scheme and the ceasing of charging default interest when there is not a reasonable prospect of recovery will provide a fairer framework to arrive at a concerted resolution in times of distress, reducing the likelihood of formal appointments and trending towards turn around and restructuring processes.

Similarly, the proposal to approach land valuation on an arms' length basis is expected to increase transparency around the asset valuation process, potentially encouraging financial institutions to outsource valuations to external firms; or at least clearly demonstrates autonomy between the security valuer and the loan approver. We anticipate that the outsourced valuation firms will gradually build expertise in the field to be able to recognise the likelihood of external events affecting the land's realisable value and the time that may take to realise the land at a reasonable price.

Ultimately, the likely outcome for the agribusiness industry will be to strengthen the financial system and support the agribusiness sector in times of distress rather than limiting the access to funding options. Time will tell what the outcome will be for Australian agribusinesses.

With disruption on the rise globally within Supply Change Finance and Non-Bank Leading rising quickly in other sectors of the economy, we see the debt provider landscape changing over the next five years in agribusiness.

4. Ag-technology

Ag-technology capabilities in the Australia market are expanding to industries such as horticulture with automation in agriculture extending beyond the use of automated equipment and including the use of big data to support and improve decision making processes.

Ag-technology could be a standalone report with USD$16.9 billion in deals in 2018 alone, which is a fivefold increase in annual investment by established tech firms in the food and agriculture space since 2012.

5. Offshore investment changes in New Zealand

In November 2017 new rules for overseas investment were introduced that have changed the flow of foreign capital into the rural sector.

High value dairy farms with elevated capital requirements have experienced lower levels of interest, yet this has opened the sector to more local buyer enquiry.

Horticultural property markets have not experienced a notable change as local buyers have been the major driver of the sector.

In the forestry sector, offshore buyers are also required to meet more stringent criteria which is delaying some land purchase applications, however the sector remains in a strong position.

6. Weather Outlook

2019 is a continuation of the extreme weather experienced across the country with bushfires in Tasmania, devastating floods in North Queensland, and the central part of the eastern seaboard mainly affected by drought. There has been some recent rainfall in some parts of the country; however, there is considerable follow up required to replenish not only water sources for livestock but also soil moisture profiles and most importantly water storages for irrigation and human consumption along many of the large river systems.

According to the Bureau of Meteorology outlook for the upcoming April to June period, there is no evidence to suggest either way whether it will be a drier or wetter time of the year. The latest chance of El Nino is now at 70 per cent probability.

2018/19 drought while very bad is not causing the commodity price depreciation that the millennium and 1982 droughts did. These significant drought events occurred with a backdrop of both, flat or declining asset values along with inventory valuations under massive pressure. During this drought event only the dairy and sugar sectors have had balance sheet pressure with a backdrop of tough commodity pricing.

Water storages and allocation for irrigation farmers have been heavily affected by the drought. Some areas within the Murray Darling Basin have zero water allocation meaning that farmers have planned to reduce summer plantings for the 2018/19 season to ensure that they can produce a finished crop for cotton or summer grains and pulses. This restriction of water allocation has also spiked the temporary water market by 300 per cent in some regions in late summer 2018.

Planning and innovation strategies of water use and efficiency are becoming more relevant under the current weather challenges. However, if government reform cannot work alongside the farming community, there may be further disruptions to the planning and expansion of agriculture especially in the Murray Darling Basin. These regions have already contributed significantly to environmental flows which is already under the microscope. The upcoming 12 months will be crucial to engage all relevant stakeholders to participate in the planning and consultation process to achieve the best possible outcome for the Australian agricultural industry.

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VITICULTURE AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

- Interest from overseas investors in Australian wine industry assets, particularly for premium assets
- Continued growth in the value of wine exports
- Less favourable growing conditions in South Eastern Australia will lead to a circa 15 per cent lower 2019 wine grape tonnage compared to 2018
- The new Wine Equalisation Tax (WET) rebate eligibility causing further competition for fruit at the farm-gate level
- The cost of temporary water is now one of the largest wine grape production costs

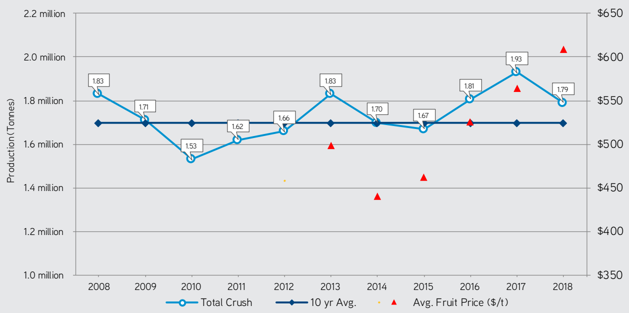
The Australian wine industry is showing strong growth after a challenging decade. Based on the current outlook, the industry is quickly approaching a point where demand will outstrip supply.

This has translated into significantly higher volumes of property transactions. Buyer enquiry has focussed on vineyards offering scale and efficiency or premium quality fruit. Larger producers are also offering three and five-year grape supply agreements in an attempt to secure supply and mitigate rising fruit prices.

The Supply Story

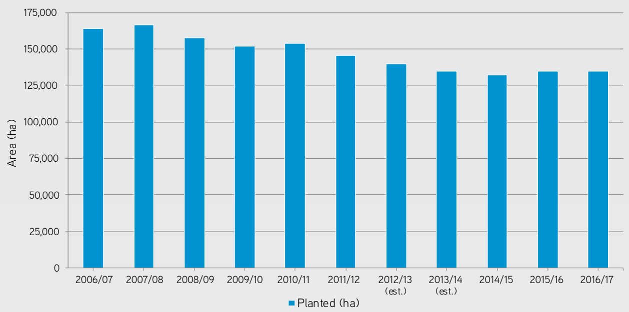
The chart depicts historical production over the past 10 years showing an average crush of around 1.76 million tonnes over the period. The 2018 vintage was approximately 1.79 million tonnes, a decrease of 10 per cent from the record 2017 harvest and slightly above the long-term average. Pleasingly, fruit prices increased across all varieties by an average of 8 per cent to $609 per tonne, the highest since 2008.

Australian Wine Grape Production



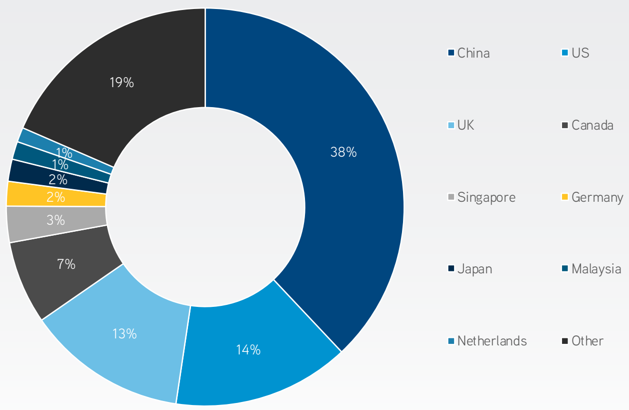
Source: Winemakers Federation of Australia, Australian Wine and Brandy Corporation, Colliers International Research

Australian Wine Grape Planting



Source: Winemakers Federation of Australia, Australian Wine and Brandy Corporation, Colliers International Research

Australian Export Destinations (Year ending June 2018)



Source: Wine Australia, Colliers International Research

According to publications released by ABARES, Australia had approximately 135,000 hectares of grape vines in production at the time of the 2016 vintage. This latest figure is a reduction of some 31,200 hectares from the 2007/08 peak, which is a significant correction (approximately 20 per cent). More recently we have seen growers look to expand as margins in key regions are once again making it economically viable to develop vineyards or bring mothballed plantings back into production.

South Australia remains the largest wine grape producing state, accounting for almost 50 per cent of the overall planted area. The largest grape producing regions are the warm climate regions reliant on irrigation water from the Murray Darling. The cost of temporary water is now one of the largest wine grape production costs.

The Demand Story

According to Wine Australia, in the 12 months to 30 June 2018, the value of Australian wine exports rose 20 per cent to AU$2.76 billion. This was underpinned by strong demand from China and demand from the UK. This is the strongest growth for more than 15 years, attributed partly to the easing of the exchange rate and increasing global competitiveness. This is the first time in history Australia has shipped $1 billion of wine to one country (China).

In the same year, Australian wine was exported to 127 destinations by approximately 2,298 separate exporters. Notably 70 per cent of exporters either began exporting in the 2017/18 financial year or grew the value of their exports. This contributed $653 million to the growth in overall export value. The top five export destinations, China, US, UK, Canada and New Zealand, accounted for approximately 74 per cent of Australia's wine exports by value.

The total value of exports increased by 3 per cent reflecting an average value of A$1.00 per litre. Export growth was driven by bottled exports at higher price points. To put this into context over the same period, Spain exported the equivalent of Australia's total production in bulk wine exports at two thirds of the price. Overall, the growth in wine exports has been driven by very high demand for premium red wine from China.

Overseas investors targeting Australian vineyards and wineries

Foreign investment has been particularly newsworthy over the past 24 months. Investors from Asia, UK, North America and New Zealand have been involved in prominent acquisitions in Australia's premium wine producing regions., We have seen this segment of the market focus on premium and super-premium assets in recognised wine areas with small to medium wine companies in the $2M+ to $20M range appearing to be more attractive.

Recent sales suggest that the market is now prepared to pay a premium for vineyard and winery assets which support established highly regarded wine businesses. The Barossa Valley has been the focus of the upsurge in demand. We cite three examples: Greenock Creek Wines, Hare's Chase Wines and Burge Family Winemakers, which Colliers International Agribusiness sold to Chinese entities. Targeted public marketing campaigns generated a great deal of interest and buyer competition.

Industry and Property Outlook

We observe continuing interest from overseas investors in Australian wine industry assets, particularly for premium assets, on the back of continued growth in the value of wine exports. Proven domestic industry operators are increasingly active. We expect this will increase competition for credentialed assets.

Generally, less favourable growing conditions in South Eastern Australia will lead to a smaller 2019 wine grape crop compared to 2018. This will increase demand for wine grapes and place upward pressure on fruit prices and vineyard values.

The new Wine Equalisation Tax (WET) rebate eligibility which applies from 1 July 2018 means producers must own 85 per cent or more of the source product of the wine throughout the wine-making process. Some wine producers can now no longer access tax benefits by buying bulk wine domestically, blending, and at some later date, exporting in bulk a derivative of a similar wine. This change is likely to cause further competition for fruit at the farm-gate level.

On a macro industry level, property values are at last showing signs of growth in both vineyard values and in wineries in key locations.

Barossa Vineyard
Valued by Colliers International

Research &
Forecast Report

VITICULTURE NEW ZEALAND

Agribusiness | 2019

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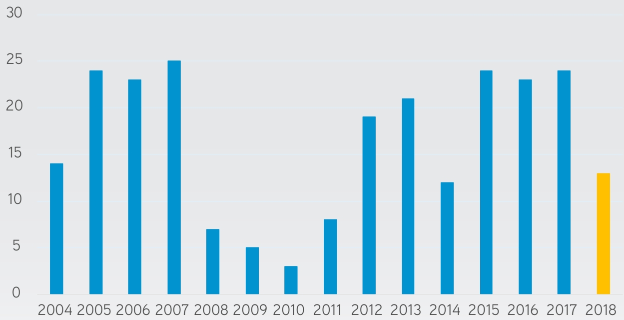
MARKET HIGHLIGHTS

- Increased production on the back of industry confidence
- Stable values after a period of strong growth
- Continued export demand for premium New Zealand wines

Marlborough NZ: Number of Sales 2004-2018



Source: Colliers International

Industry confidence strong

Figures from New Zealand Winegrowers show 419,000 tonnes of grapes were harvested nationally during vintage 2018. This is 6 per cent up on 2017 and near the record 436,000 tonne harvested in 2016.

Annual wine export revenue now exceeds $1.6 billion and grape plantings predicted in coming years reflect ongoing industry confidence.

The Marlborough region is the main viticulture region and accounts for 26,007 hectares or 68.5 per cent of the national producing area, with the main varieties grown including Sauvignon Blanc (88 per cent), Chardonnay (5 per cent), and Pinot Gris (5 per cent).

Predictions are for the local planted area to increase to 26,693 hectares by 2020. Vineyard profit for the 2018 Marlborough model vineyard has decreased to $10,000 per hectare before tax compared to $11,600 in 2017 and $14,823 in 2016. This is largely due to lower production and increased working expenses on a per hectare basis compared with previous years.

The average fruit price has again been affected by a challenging growing season, particularly with heavy rain prior to harvest resulting in some cases in reduced quality. This has impacted on growers' returns.

The volume of vineyard sales has decreased slightly throughout New Zealand over the past year, but still well above previous lows in 2008-2011.

Urlar Farms Ltd, Wairarapa
Sold by Colliers International

Strong growth in values appear to have stabilised throughout Marlborough. We are seeing strong interest in Central Otago with competition from cherry growers for land and water rights driving values upward.

Other wine regions within New Zealand have seen static prices over the past year with extended sales periods for smaller vineyards. Premiums are still being paid for strategic purchases in prime locations.

Foreign Investment Rules Changing

One of the restrictions on growth is the tightening of the rules of foreign investment in 'sensitive' land as outlined in the 2017 announcement of the Overseas Investment Office (OIO). The new OIO rules are likely to pose restrictions on multi-national companies that have led the charge on greenfield development in recent years. This means other domestic sources of capital will be required to fund new development, succession, productivity improvements, marketing and other investment activity.

Industry and Property Outlook

We are anticipating grape prices to remain at similar levels for the coming vintage, and depending on climatic conditions, volumes are expected to be up around 6 per cent based on new plantings coming into production and long-term average yield estimates.

Underlying industry confidence remains solid due to strong grower and winery relationships.

VITICULTURE

2017		2018
396,000 tonnes crushed	6%	419,000 tonnes crushed
36,943 ha producing area	3%	37,943 ha producing area

Vineyard value increases throughout the first part of 2018 but stabilised in the past six months

Lower volume of vineyard sales

110 Shalamar Drive, Cashmere, Christchurch
Sold by Colliers International

Research & Forecast Report

WATER AUSTRALIA

Agribusiness | 2019

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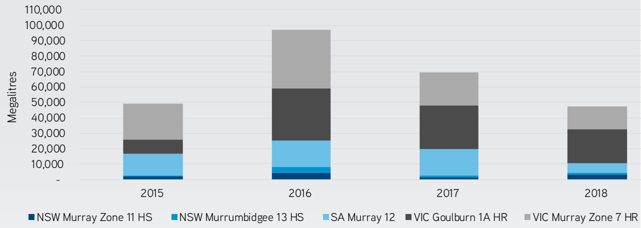
MARKET HIGHLIGHTS

- Potential concentration of water entitlements across a few market participants
- Solid appreciation of ground water prices
- Owners holding onto assets where water is owned

Entitlement Trade Volumes



Source: SA, NSW and VIC Registers and Colliers International

Water... The best Agri Investment

In 2018, the Southern Murray Darling Basin (SMDB) had inflows within the lowest 10 per cent on record. Over the past five years we have lived through the hottest period since modern measurement began, according to a National Oceanic and Atmospheric Administration (NOAA) report. This upswing in demand for water saw some eye watering investment returns achieved in 2018. Murrumbidgee High Security Entitlement, for example, showed capital growth of 33 per cent. The cost of diminished water allocations approached levels not seen since the millennium drought. Murrumbidgee General Security with the largest entitlement of available water (1,893GL) is seen as the canary in the coal mine for the SMDB. If allocations are low, (currently 7 per cent) water typically is scarce and costly. The 2016/17 and 2017/18 allocations were 100 per cent and 53 per cent respectively but the outlook for 2019/20 is for similar allocations to those offered at the time of preparing this report.

Future demand for irrigation water will increase in the Sunraysia, Murrumbidgee and Riverland as irrigation requirements increase with the maturity of recent almond developments, said to be the greatest future demand on water into the future. In 2018, South Australia made changes to the approval process for greenfields horticulture development. Historically in this jurisdiction, it was harder to undertake a greenfield development. Additional land that was once unavailable for irrigation can now theoretically be irrigated subject to the relevant consents. This is likely to drive further investment in horticulture while commodity prices support such investment. The market appears to be cognisant of looming delivery constraints in the SMDB although authorities appear to be turning a blind eye and continue to approve developments in some instances in excess of five kilometres from the source.

Water entitlement concentrated across a few market participants

Forecast irrigation demand will therefore create further competition for water which will drive entitlement values further. The chart depicts the volume of entitlements which have sold according to the SA, NSW and VIC water registers between 2015 and 2018. The quantum of sold entitlements is declining, possibly suggesting market conditions are tighter and the ownership profile is changing. In 2018, approximately 47,000 megalitres of water entitlements with a monetary value transferred in the following five zones: NZW Murray, NSW Murrumbidgee, SA Murray, VIC Goulburn and VIC Murray. The decline in Zone 7 HR entitlement trades over the past three years possibly reaffirms that water is becoming harder to acquire and vendors in property sales where water is owned are increasingly retaining the asset as an investment rather than including it with the sale of the land.

Investors are growing market participants and holders of water entitlements. Blue Sky is one such participant and in their 2018 annual report announced their Blue Sky Water Fund returned an ungeared return of 18.99 per cent per annum since 2012 (net of fees, gross of tax) and an annual return of 34.4 per cent in the 2018 calendar year (net of fees, gross of tax). This is likely to have outperformed the majority of investment classes with the Australian Farmland Index prepared by NCREIF showing a total return (income and land appreciation) since inception (June 2017) of 13.9 per cent.

Similarly, Duxton Water produced total returns to shareholders of 40 per cent over the 2018 calendar year. With these strong returns it is no wonder Aware Water made a play for Blue Sky Alternatives Fund's interest in their Water Fund in November 2018 at book value.

Colliers International research suggests water entitlements across the SMDB achieved Internal Rates of Return (IRR) between 8 per cent and 13 per cent over the past decade, excluding transaction costs which vary depending on parcel size. Some water entitlements jumped in excess of 20 per cent in 2018.

Industry and Property Outlook

Ground water prices in the Lower Murray (NSW), Murrumbidgee (NSW) and Katunga (VIC) have seen a sharp appreciation in market values in line and have nearly doubled over the past 12 months.

It is likely these values will continue to firm in line with surface water values. Pumping costs however can range from $45 to $70 per megalitre depending on the aquifer depth. Looking forward, we anticipate aquifer water in South Australia's South East region to attract new market participants given its relative affordability compared to the SMDB and the potential for forestry right water to be converted to irrigation if further rotations are not viable.

The outlook for irrigators remains challenging as we approach the 2019/20 irrigation year. It is likely irrigators crop revenue will be impacted in 2019/20 due to low allocations in the SMDB which will result in higher water costs. We hold concerns that the viability of dairying in the Southern Riverina for example is unviable in the short term while water prices are above $300 per megalitre. The ongoing transfer of wealth to water investors is likely to continue unless we see substantial changes to current SMDB plan. There is the potential for water values to become cost prohibitive for the production of many annual crops which could see feed costs in Southern Australia continue to rise.

Colliers International anticipates that water entitlement prices will continue to rise in 2019 although it is difficult to see another year of strong capital appreciation as was experienced in 2018. In the unlikely scenario we receive normal inflows into the SMDB over the winter months we still believe this will have little bearing on water investors buying mandates into the future.

Research & Forecast Report

HORTICULTURE & PERMANENT TREE CROPS AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

Large parcels with permanent water entitlements attracting investors' interest for macadamias and almonds

Strong competitive domestic and international market in the stone fruit industry

Surge of enquiries and investment from pension funds into Australian Macadamias

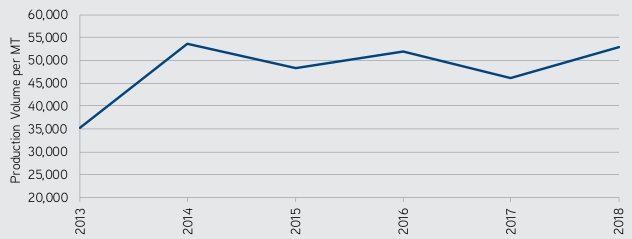
Macadamias

The Australian Macadamia Industry is streaking ahead with increasing prices yet steady nut supply. About 52,900 metric tonnes (at 10 per cent moisture) of nut in shell was produced in 2018. Since 2014 Australian production of Macadamias has been sitting around the 50,000 metric tonnes (at 10 per cent moisture) mark. However, with increased demand, the average yearly nut in shell price has continually increased over the previous five years to 2017.

The expanding Australian Nut industry is being noticed by domestic and international buyers. There has been a surge of enquiry and investment by pension funds into Australian agriculture, and the macadamia industry has definitely benefited from this current trend. The inflow of offshore capital is very familiar, with almond investments in California a success story.

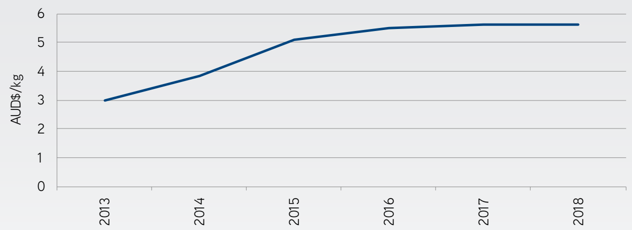
According to the RBA, the Australian dollar has depreciated 10 per cent for the YoY to January 2019 and over 20 per cent for the past three and half years. The decision to invest in Australia for an $US investor is more palatable when the exchange rate is trading where it is at present.

Macadamia In Shell Production Volume per MT (at 10% Moisture)



Source: Australian Macadamia Handlers Association (AMHA)

Macadamia In Shell Average Price AUD$/kg (at 10% moisture)



Source: Australian Macadamia Handlers Association (AMHA) (represents 90 per cent production in Australia)

Note: average price not including contract processed, 2018 price is an estimate only based on industry knowledge.

Sales evidence supports Macadamia surge

Recent sales in the Bundaberg and Maryborough region for Greenfield orchard development land parcels, reveals a price range of $20,000 to $30,000 per hectare for land and water entitlements included. Fully irrigated new 10-year old orchards have surged in value with some sales in excess of $100,000 per hectare.

Vertically integrated operators that are both growers and processors are capturing both on farm profits, and enjoying robust demand for macadamias, supporting the overall bullish sentiment in the Macadamia industry.

Colliers International predicts that established macadamia orchard demand will remain strong in 2019 and 2010. The recent cane land conversion sales in both Bundaberg and Maryborough demonstrates rapid expansion in the greenfield macadamia property space.

Australian Stone Fruit

Queensland's stone fruit market suffered a significant setback after a major hail storm hit late 2018. This situation placed pressure on the market supply to Queensland's east coast to cover the loss of fruit from the Kumbia district during these storms.

The Queensland stone fruit industry operates in a highly competitive domestic and international market with exports in strong demand. A notable change in the industry has been a domestic and export consumer preference shift from processed peaches and nectarines towards fresh fruit. There is also a high demand for workforce labour, an issue repeatedly raised in mainstream media as having no plan of action.

Although stone fruit crop yields are consistently high, recent high temperatures, limited water supplies, and costly labour have been drawbacks to the industry. Despite these drawbacks, the stone fruit industry has performed well to source a wide variety of stone fruit from top growers under rigorous conditions.

Colliers International Agribusiness has recognised the existence of a marketing and communications gap in early 2019. As a result, it has now established a new partnership with the horticultural peak body Growcom. The partnership has the purpose to provide commercial advisory services to businesses in Queensland's horticultural sector with the aim to ensure the financial and commercial viability of the industry (http://growcom.com.au).

The future demand of Australian stone fruit is high, approximately 80 per cent of stone fruit is sold fresh to the metropolitan wholesale markets in Brisbane, Sydney, Melbourne and Adelaide with smaller quantities into Perth and Hobart. A small but increasing quantity of stone fruit is exported at prices considerably above those in the domestic market. This increasing supply should satisfy demand from international markets such as China and USA in the short to medium term.

Tropical Fruit Crop

The strong growth is partly due to more favourable trade agreements with major importers of Australian produce such as Japan, South Korea and China. Australia's proximity to the Asia Pacific is a geographical advantage to this rapidly growing region. Expanding horticultural production was specifically identified in the Our North, Our Future: White Paper on Developing Northern Australia. This paper noted that better utilisation of water resources in North Australia by irrigated cropping (including high value premium horticultural crops and niche crops) was a key component of the strategy.

With regard to the mango and avocado industries specifically, there has been a steady rise in demand for mangos, while avocados have recently met with unprecedented demand with good marketing strategies promoting the benefits of the fruit. With an eye on this increasing demand, major experienced corporate horticultural investors are positioning themselves for year round supply, and this means investment in properties across a wide variety of geographic locations from the north through to the south of the major growing regions.

There have been a number of large scale transactions particularly in the avocado industry. Of note is the corporate scale investment by Macquarie Bank of "Avocado Estates" in Tolga, Atherton Tablelands for circa $30 million on a sale and leaseback basis. Similarly, "Coastal Avocados", located in northern New South Wales, sold for circa $19 million. Both these corporate scale transactions support strong interest in the avocado industry.

The Atherton Tablelands has been particularly busy with many transactions of mixed horticultural properties over the past couple of years, including cane land in conversion to tree crops. Properties with secure water and good soils are of key interest, as is a proven track record of yields.

1691 Korokipo Road, Hastings, Hawke's Bay
Sold by Colliers International

Almonds

Murray Darling Region Awash with Transactional Activity

The Australian horticulture sector has seen a diverse cross-section of assets transact in recent months. Unprecedented global demand for super foods resulting in strong returns, combined with secure off-take agreements for product are providing a level of certainty for product sales. Asset liquidity from highly transparent water markets has resulted in a continued increase in demand from institutional investors.

Despite the tens of thousands of young almond orchards in the US and Australia coming into production over the next two to three years, industry confidence is very strong. This trend could also pose a threat to the global almond price. We have also seen a number of transactions, including older orchards requiring redevelopment.

Colliers International has recently completed the sale of two almond orchards in the Riverland region of South Australia. Burdon Orchards (158-hectare mature orchard on 300 hectares of land and 1,700 megalitres of high-security water entitlements from the River Murray) was sold to a north American institutional investor. Another notable sale was Murtho Ridge (94 hectare holding with 53 hectares of almonds, 25 hectares of wine grapes and a 660 mega litre water licence) which was sold to a local private operator.

Both assets had limitations in respect of productive capacity due to the condition of the trees which was reflected in the dollar rate per hectare. We understand that the new owners have made significant improvements to the assets to increase performance.

Transactional activity has continued into 2019 with large parcels with permanent water entitlements attracting interest. A number of properties producing almonds are currently under contract.

Burdon Almonds, Moorook, SA
Sold by Colliers International

Research & Forecast Report

HORTICULTURE & PERMANENT TREE CROPS NEW ZEALAND

Agribusiness | 2019

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MARKET HIGHLIGHTS

Opportunities for further sector expansion as cherries become increasingly attractive to offshore markets

Kiwifruit property values are forecast to remain strong

Returns for the avocado industry over the 2017/2018 season set a new industry financial benchmark

Cherries

Chinese demand and new land development is driving cherry industry growth. Premium market positioning supports orchard profitability. Export revenue is forecast to increase 25 per cent in the June year over 2018.

New Zealand currently produces around 5,000 tonnes of cherries each year from 826 canopy hectares (cha).

Within New Zealand there are around 90 growers, with only a small number of these being large exporters and with the majority being small tightly held family orchards.

The main producing area is Central Otago (85 per cent) due to its superior growing conditions. Expansion of around 30 to 50 cha per year has been occurring recently. The growth in New Zealand cherry exports is largely attributed to the increase in demand from countries that celebrate the Chinese New Year.

The 2017/18 season was unique with a late Chinese New Year and a particularly warm summer that saw fruit ripen 7–10 days early. The fast ripening meant that there were high quantities of fruit although smaller in size.

Although New Zealand is a reasonably minor producer of sweet cherries globally, within the southern hemisphere it is the fourth largest producer after Chile, Argentina and Australia.

New Cherry Orchards Development

Central Otago is currently in high demand for further development with circa 465 hectares of cherry plantings by 2021-22 and a further 495 hectares under feasibility, which if planted would see the cherry area increase by 116 per cent of current plantings.

Newer cherry developments have shifted to denser planting rates upward of 900-1,000 trees per cha. New tree training techniques (such as the Upright Fruiting Offshoots system (UFO)) ensure plantings at higher tree numbers do not incur issues with light interception.

The supply of root stock is unable to keep up with the increase in demand and there is a waiting list for young trees. There have recently been major pack house upgrades in Central Otago together with a newly constructed pack house building.

Industry and Property Outlook

The outlook for the cherry industry is bright, particularly with strengthening markets in China. New Zealand has the potential to position itself as a high-quality producer of premium fruit with New Zealand cherries currently achieving 137 per cent price premium in the Chinese market over our main competitor Chile.

New land development in the next few years reflects the industry confidence which is well supported by 25 per cent forecast increase in export revenue year on year (June 2019). Land values are supported by additional interest from the viticulture industry. Water rights are becoming increasingly important in deal negotiations, moving the prices up.

The New Zealand horticulture sector has been dealing with a critical shortage of seasonal labour for years now and this will also impact the cherry industry. The industry will have to accommodate additional seasonal labour required with the increase in productive cherry land.

CHERRIES

2018 season

5,025 tonnes

$71.2 mil
revenue from export

60%
compared to the 2012-2016 average of $44.3 million

Kiwifruit

Kiwifruit Crop Records

The Kiwifruit industry within New Zealand has reached unheralded levels of production and export returns, on the back of strong market fundamentals, industry investment and expansion, improving production levels and the development of new varieties.

The industry is led by Zespri, the world's largest marketer of kiwifruit, based in New Zealand. All kiwifruit growers in New Zealand are shareholders in the organisation.

We now have similar areas under production when compared to before 2010 and the PSA (Pseudomonas syringae pv actinidiae) outbreak which impacted plantings at that time. The main growing region in New Zealand is the Bay of Plenty with lesser plantings and development in other temperate areas of New Zealand.

The variety mix is however changing with the reduction in the green kiwifruit production area being taken up by increased Gold establishment.

Gold production is licenced and Zespri released 400 hectares of new gold licenses in both 2016 and 2017 and announced in October 2017 the further release of 750 hectares annually until 2022 as part of the industry strategy.

The national Kiwifruit crop for 2018/19 is close to 156 million trays which is a record for the New Zealand kiwifruit industry.

Increased Returns

The Orchard Gate Return (OGR) for kiwifruit growers has risen consistently in the post PSA era from $41,831 per hectare in 2010/11 to $79,352 in 2017/18. The 2018/19 season is tracking to be 18 per cent higher at $93,715.

The improved industry performance of the last four seasons was driven by either exceptional levels of production or returns.

The volumes in 2017-18 season were similar to 2015-16. However, unprecedented product prices in that season resulted in a new industry benchmark at that time.

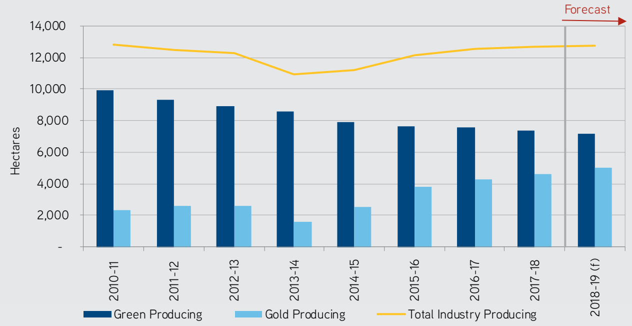
The 2018/19 season is tracking to be a perfect storm of unprecedented levels of production and the second highest Industry Average OGR per tray in the post PSA era resulting in a new industry financial benchmark.

Industry and Property Outlook

The analysis of recent sales indicates Gold Kiwifruit plantings are selling at up to $1,200,000 per canopy hectare for premium orchards while premium Green Kiwifruit orchards are selling at under half this amount at up to $500,000 per canopy hectare.

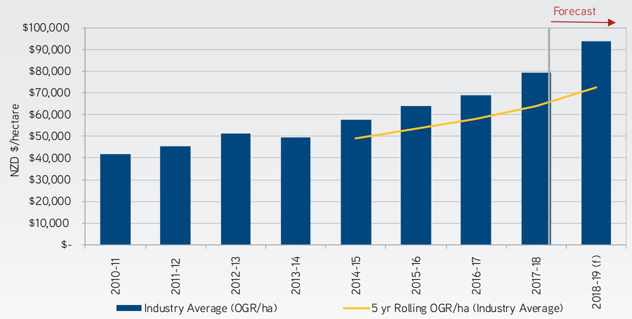
Confidence within the industry is at an all-time high with improving returns and significant investment in the industry signalled for the future from mostly current market participants. Property values are forecast to remain strong.

National Kiwifruit Production (hectares)



Source: Colliers International

New Zealand Orchard Gate Return (OGR)



Source: Colliers International

KIWIFRUIT

› 12,000 ha
total producing area

› 750 ha
of Gold Kiwifruit to be developed annually by 2022

ORCHARD GATE RETURNS (OGR)

2017/18		2018/19
$79,352/ha	18%	**$93,715/ha**

up to $1,200,000/cha

up to $500,000/cha

Avocado

New Zealand currently produces just 2 per cent of the global supply but is the ninth largest international avocado exporter. Global and local demand for the product is sky rocketing.

60-65 per cent of New Zealand's avocado crop is exported each year between August and February. 25-30 per cent is sold over the full year in the local market and 8-10 per cent is sold for processing (e.g. oil).

Australia is the largest export market for New Zealand avocados taking around 80 per cent of total export volumes. Exporters are developing opportunities in Asian markets including South Korea, Japan, Thailand, Taiwan, Singapore, India and China.

For the 2017-2018 season, the New Zealand Avocado Growers Association reports the sales revenue was $152.1 million, comprised of $104.7 million from export markets and $47.4 million from New Zealand consumption and processing.

There are close to 5,000 ha of avocado trees currently planted in New Zealand, with approximately 3,800 ha already in production with a further 1,000 ha likely to begin production in the next 3 to 5 years. All avocados are grown in the North Island, primarily in the Bay of Plenty and Northland regions.

These record returns follow improving market fundamentals and unprecedented production levels.

The 2016-17 season was marked by record production levels of 6.9 million trays in total, surpassing the previous high in 2014-15. However, due to the biennial nature of growing avocados, the following season derived fruit volumes of 4.1 million trays, which was 51 per cent of the previous year.

The 2017-18 season was a strong year for Orchard Gate Returns (OGR) avocado growers, with the highest per tray orchard gate returns achieved, reaching $40.00 per tray. This represents a significant improvement on the $10-12 per tray achieved five years ago.

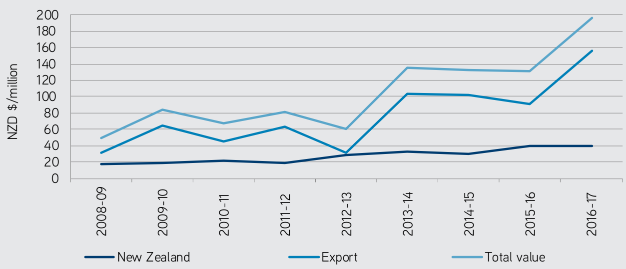
The positive industry performance is driving improved market sentiment in the sector with premium avocado properties attracting $300,000 to $400,000 per canopy hectare.

Industry and Property Outlook

Looking forward, expectations are for a continued firming of values and expansion within the industry. Industry confidence is expected to remain strong due to the high returns which led to significant investment and a surge in orchard planting.

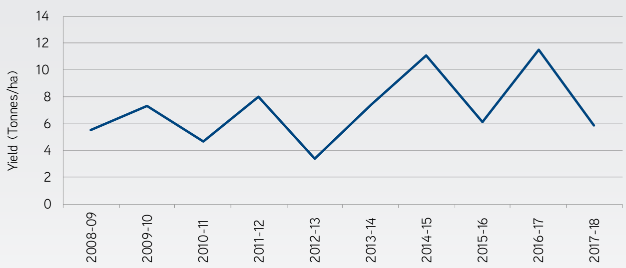
Property values are expected to firm reflecting the growing demand for avocados both in New Zealand and overseas.

New Zealand Avocado Industry Value ($ millions)



Source: Colliers International

Average Avocado Industry Yield 2008 - 2018



Source: Colliers International

Research & Forecast Report

Australian Wool Network

Colliers INTERNATIONAL

SHEEP AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

- Unprecedented record breaking lamb prices during a drought
- Wool market strength not seen since 1950s
- Lowest national flock numbers in over a century

Overview

Australian lamb and wool markets have seen a price surge in 2018 due to both domestic and international supply and demand factors. Low flock numbers mean that the Australian sheep industry has room to grow and capitalise on these prices. The wool and sheep industry has been slightly overlooked by investors yet with changing ag technologies and a break in the weather, it now has a bright future.

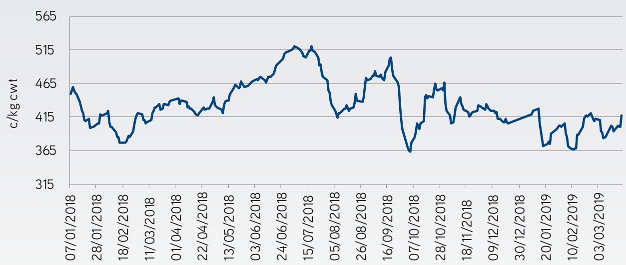
Record breaking lamb prices

Australian lamb prices rose strongly in 2018, with the sale yard trade lamb indicator smashing through the 700¢/kg and 800¢/kg cwt marks for the first time in June and July. The severe drought conditions along with high feed costs have led to a waning supply of finished lambs. This, combined with strong international demand, has resulted in fierce competition which is unprecedented in times of drought.

National Trade Lamb Indicator

Source: MLA & Colliers International

National Mutton Indicator



Source: MLA & Colliers International

The national heavy lamb indicator has performed particularly well also, rising above 900¢/kg cwt. Trade and heavy weights have been trading at a premium to the lighter weight categories, with fewer finished lambs available given the poor season and cost of feeding.

Lamb prices in most major exporting and consuming countries have rallied in 2018. Australia, NZ and the UK have all seen price records tumble in the last 12 months. In comparison to global lamb players, the Australian lamb prices are not too far off from their typical spread (on a currency-adjusted basis). The comparison indicates the potential sustainability of globally strong prices. Historically high Australian trade lamb prices, once adjusted to US$ currency, are yet to surpass the peak reached in 2011, when the Australian dollar was buying above US$1.05.

Surprisingly, the national mutton indicator has remained strong in 2018, averaging 437¢/kg cwt in August 2018 despite the substantial supply increase. This price represents an increase of 5 per cent year-on-year and 26 per cent above the five-year monthly average.

Strong performance throughout various wool diameters

Without doubt the 2018 wool market has experienced one of the best 12 months in recorded history. The sustained 12-month high prices for wool averaged above the 10-year 95th percentile. The Eastern Market Indicator (EMI) closed at 1862c/kg for 2018, an increase of 102c/kg (5.8per cent) for the year.

The strength in the merino wool market was not isolated to the finer micron classes. Fine merino micron of 19 closed the year with 2,247c/kg and had a high of 2,472c/kg at the Fremantle sale in August. Crossbred wools (28 micron and finer) hit historically high levels midway through the year (1048c/kg), while coarser wools (30 + microns) tracked sideways with little to no change. The demand for microns 19 to 23 was so strong that the price spread (basis) shrank back to the lowest levels historically seen (see graph 19 -23 AWEX MPG mid-2016 to 2018).

Australian wool production in 2018/19 is expected to have the lowest production levels since 1924. Sales of wool at auction in the past six months are already 167,000 bales (-18 per cent) behind last year's sales. National wool production is expected to only reach 305 million kilograms (-10.8 per cent from last year) due to drought conditions. Australia's wool export volumes were 15 per cent lower by volume yet 15 per cent higher by value in the first four months of the 2018/19 season. A big player in wool exports is China, buying 70-75 per cent of Australia's wool export. Therefore, the trade tensions between the US and China will be watched with interest by wool growers.

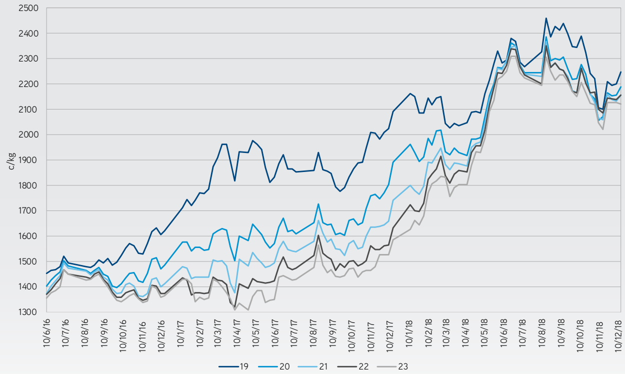
The growing middle class in China plus wool's environmentally friendly story along with shrinking global wool production are the major reasons why wool prices have remained so buoyant over the past two years.

Resurgence ripe for the Merino

The current high wool and lamb prices plus low Australian national flock equals a perfect opportunity for the sheep and wool industry to have profound growth. The national sheep flock population is currently at record low levels not seen since 1905 with the Merino ewe comprising 74 per cent of the national breeding flock.

The Merino ewe is hardy, well suited to vast areas of inland Australia and is represented in all states of Australia, except NT. This breed is the foundation of Australia's wool industry and the majority of Australian sheep meat breeds. Given average seasonal conditions sheep numbers can breed up relatively quickly. Due to the insatiable international demand for both wool and meat the ability for Australia to grow its flock size means greater opportunity to capitalize on current high price trends.

Wool Price 19 - 23 AWEX MPG



Source: AWN Network

Category	
Natural Breeding Ewe Flock	42,846,414
Merino Ewes Comprise	31,847,066
Merino % of National Ewe Flock	74%
Merino Ewes joined to Merino	55%
Merino Ewes joined to other Breeds	45%

Source: MLA and AWI Wool and Sheepmeat Survey Report - Sheepmeat June, 2018 Prepared by Kynetec

Sheep Numbers By State

Reports are based on AWI Wool Production Forecasting Committee. AWI & Meat Livestock Australia (MLA) joint survey and statistical models.

Value in the sheep and wool industry for the investor

In recent years there has been an increasing trend for larger agri investors to pursue intensive agricultural investments such as permanent crops, horticulture and intensive livestock systems. Whilst these enterprises offer high cash flows and reliable production, they are often associated with high input costs (i.e. labour, water, power), limited diversity and versatility risk.

An excellent alternative and one that has largely been overlooked in recent times is the traditional Australian sheep and wool enterprise. Returns are outstanding at present with both wool and prime lambs reaching record highs despite the severe drought conditions being experienced over the eastern seaboard over the past two years.

With rapid change in technology in the Ag sector in recent years, we are witnessing significant performance gains in fertility management, reproduction, wool production and parasite controls not to mention the significant reduction in labour costs. Ultimately, this new trend has led to substantially increased returns per hectare and overall profitability.

Recent property sales throughout 2018 have created a snapshot of property price per DSE for the following regions. South Western Queensland $415/DSE, Western Division NSW $472.5/DSE, South West Slopes NSW $781/DSE, Central West NSW $925/DSE and New England $633/DSE.

Reports are based on AWI Wool Production Forecasting Committee. AWI & Meat Livestock Australia (MLA) joint survey and statistical models.

Industry and Property Outlook

Due to the potential ongoing severe drought conditions across the nation, the next 12 months will be difficult for wool producers. Microns are likely to fall along with cut per head. This will put negative price pressure on finer microns as they become more numerous and reduce production in the medium microns, creating greater competition. While no one can predict the direction of the wool market for the next 12 months, we anticipate that it will take a few years for wool production to increase substantially.

In 2019, we expect strong demand to continue for properties suitable for sheep and wool production with property values likely to increase further. At present demand for high quality grazing assets in both pastoral and high rainfall regions is currently outstripping supply.

A significant increase in property prices in the previous five years demonstrates an upswing in the cycle. Property prices are predicted to continue with strength yet stabilize dependent on drought. Drought affected areas may come under some price pressure not noticeable at this point.

New Merrigal, Collie, NSW
Sold by Colliers International

Research & Forecast Report

BEEF SOUTHERN AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

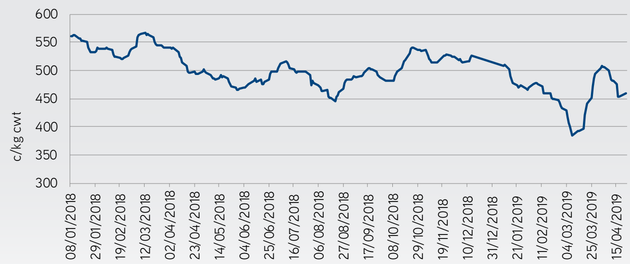
- Eastern Young Cattle Indicator (EYCI) showing low price trend
- Cattle slaughter number in Australia low compared to 2015
- Significant high grain pricing effecting cattle on feed margins
- Positive outcome from the free trade agreement

The beef cattle market in the southern part of Australia has largely been influenced by the prolonged drought in 2018 mostly affecting the eastern seaboard and South Australia. Due to the decrease in feed, supply of young cattle to market has increased. Lot feeders have experienced increased input cost on the back of solid finished cattle prices. 2018 slaughter numbers were slightly higher than 2017 with an increasing number of breeding stock sent to slaughter.

Decreased demand for young cattle through 2018

The eastern young cattle indicator (EYCI) values in 2018 show a decrease in demand for young cattle. This can be attributed to continued poor seasonal conditions and an increased cost of fodder, moving more young cattle onto the market with subdued restocked demand. The EYCI has risen and fallen in the eastern states throughout the back end of 2018 and early 2019 as sporadic rainfall continues to drive the young cattle numbers onto the market. Late March sees the EYCI heading towards the $5 mark again as Queensland experiences late season rainfall and increases restocker demand.

National EYCI Jan 2018 - April 2019



Source: MLA & Colliers International

The flooding in North Queensland has had significant impact on the local producers, with catastrophic cattle losses producing a profound effect on their future calf production. The losses will contribute to the effect of the drought on female numbers.

Record number of cattle on feed

Feedlot numbers have continued to grow throughout 2018 (MLA). Due to seasonal conditions many grass fed producers and backgrounders have turned off and finished their stock early. Finished cattle prices have remained firm throughout 2018, with increased commodity costs driving ration prices higher. A number of cattle have gone onto feed early due to poor seasonal conditions. Feedlot capacity has also increased as long-fed Waygu programs continue to evolve. Consequently, the number of cattle on feed reached 1.13 million head at the end of September 2018 (MLA). Carrying these cattle has come at a high in-put cost, tightening margins, as producers tried to purchase limited feed.

2018 Slaughter Numbers slightly higher than 2017

2018 slaughter numbers in Australia were slightly higher than 2017 (MLA) yet still well below the heights of numbers slaughtered in 2015. There were 8.3 million head of cattle slaughtered in Australia in 2018 (MLA Global Snapshot). The drier conditions resulted in a large increase in females being slaughtered in both cows and heifers as the feed source tightened. When some normality returns to the season, producers in those effected areas will be looking to rebuild their herd numbers as well as retain heifers for joining.

Free trade agreement leading positive outcome for the beef industry

Australia is one of the largest red meat exporters in the world, therefore is affected by global market conditions. After the instigation of the 'ASEAN-Australia-New Zealand Free Trade Agreement' (AANZ-FTA), Australian boxed beef export to Vietnam have begun to ramp up with the elimination of the 5 per cent trade tariff. Australian exports to Vietnam have grown in the boxed beef (112 per cent) and live cattle (15 per cent) trades (MLA Australian beef gains strong momentum in Vietnam). In the 2017-18 financial year, Australia exported $AU1,005 million worth of beef and veal to China (ABARES Ag Commodities Dec Report, 2018). Therefore, the trade tensions between China and the US is an area to watch for Australian beef market.

Industry and Property Outlook

2019 will be an interesting year ahead for the beef market with a number of global factors set to impact the export markets (circa 70 per cent of Australian beef sold) including trade tensions with the US and China, the effects of Free Trade Agreements, exchange rate and increased production from competing supply channels. Cattle supply and slaughter numbers will again be dependent on the season with the Bureau of Meteorology forecasting 'near-equal' chances of a wetter or drier second quarter in 2019. Demand for good quality grazing assets in higher rainfall areas should remain solid as the appetite for reliable beef production of both breeding and weight gain and finishing operations continues. Corporate, institutional and family enterprises continue to show strong interest in quality beef properties in southern Australia.

Clifton Hills Birdsville Track, SA
Sold to local beef syndicate by Colliers International

Research & Forecast Report

FORESTRY AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

- Australian pine log prices pushing the property market
- Increase in domestic dwelling construction driving rise in demand
- Australian Government is heavily investing in renewable timber and wood-fibre industry to meet forecast demand

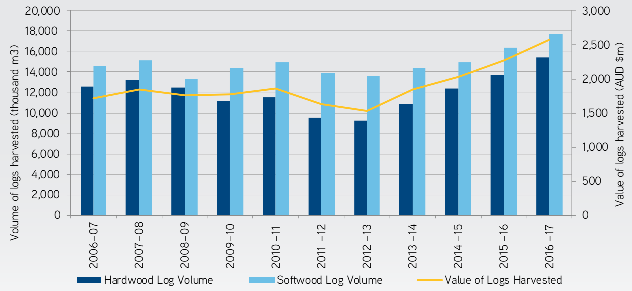
China's demand for Australia's wood products increasing

Australian forest and wood productions industry continued its positive trends with export values up for the fifth consecutive year to $3.6 billion on the back of strong demand for woodchips, paper/paper board products and round wood. Australia's key export destinations in 2017/18 were China, Japan and New Zealand accounting for a combined 70 per cent of total wood product exports.

Since 2012/13 Australia's trade in wood products has grown strongly. Woodchip exports represented over one third of Australia's total wood product exports by value, reaching a record $1.3 billion in 2017/18, up 6.1 per cent over the YoY to June 2018. The value of paper and paperboard, and roundboard exports also reached record highs.

China, Japan and New Zealand increased their imports of Australian wood products. Export volumes to China reached a record high of $1.2 billion, a 4.2 per cent increase. Direct selling to China is now a trend with radiator pine logs being listed on Alibaba.com, potentially disrupting the traditional market channels of loggers and marketers.

Volume and Value of Logs Harvested in Australia



Source: ABARES and Colliers International

Japan was the second largest wood products export destination up 11.1 per cent to $510 million. Exports to New Zealand again showed an increase of 3.2 per cent, accounting for 9 per cent of Australia's total wood products by value.

Domestic wood product demand increased

Australian dwelling constructions were up by 3.1 per cent in 2017/18 with growth in new house commencement and residential building commencement rebounding following a decrease in 2016/17. Australia has sustainably managed forests and plantations that produce timber for wall framing, roof trusses, panels for flooring, joinery and bespoke furniture. According to ABARES, Australian dwelling construction is a major market for wood products. The main driver of domestic wood product demand is houses rather than high-density buildings. Colliers International residential land sales remain very strong consequently indicating strong future domestic wood demand.

Plantation and Harvest

Log harvest volume and value is estimated to have stabilised in 2017/18 with the estimated Hardwood/Softwood log harvest to have slightly decreased to 32.9 million cubic metres and the estimated value (at the mill door) of total logs harvested falling to $2.6 billion.

More than 75 per cent of Australia's 1.9 million hectares commercial plantation area is owned by the private sector (ABARES; Department of Agriculture and Water Resources), with majority of these replanted after harvest (Department of Agriculture and Water Resources).

Government Support Assured

The Australian Government is heavily investing in the renewable timber and wood-fibre industry with $20 million allocated to spend between 2018–19 and 2021–22. To meet the future demands of Australia, the forestry sector has determined that one billion trees or 400,000 hectares of new plantations are required over the next decade. The Australian government has selected nine sites around Australia to become Regional Forestry Hubs. This plan and federal investment is projected to create 18,000 jobs in our forest industries in the next decade and 1.25 million jobs by 2050.

Industry and Property Outlook

ABARES anticipates that the demand for wood products will rise by 30 per cent by 2050. An estimated 4,773 hectares of new hardwood plantations, and 24,009 hectares of new softwood plantations, could be established over the coming decades. Considerate of our recent track record of sales the market has increased by 25 per cent for mature established plantations, this trend is expected to continue over the next few years.

The future of the forestry industry in Australia is sensitive to international wood product demand and exchange rates. However, with the federal government policy focus and China's continuing increase in demand, the growth of Australian plantations and property outlook looks to be the best we have seen in many decades.

Wyoming Plantation & Sawmill, Niangala, NSW
Sold by Colliers International

Research & Forecast Report

FORESTRY NEW ZEALAND

Agribusiness | 2019

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MARKET HIGHLIGHTS

- Strong buying interest for all forests and farmland that may be suitable for conversion to forestry
- Returns to growers increase with strong export demand and significantly higher carbon prices
- Government offers grants to encourage replanting

Demand continues to rise

A perfect storm is brewing in NZ Forestry fuelled by several factors.

The planting boom of 1993-1995 is now reaching maturity and this is creating massive demand for all inputs into the harvesting process: logging contractors and machinery, skilled employees, trucking capacity, and port space being some of the key bottlenecks.

The new Labour Government has taken some tentative steps towards carbon neutrality and has promoted the idea that New Zealand needs to plant a billion trees over the next 10 years.

While half of this will be replanting, the remaining (approximately 500,000 hectares worth) is expected to be planted on farmland of varying quality. To this end, the Government is offering grants to encourage this result. A mix of native and exotic species will be used.

Significant numbers of private investors and public companies are now targeting farmland for conversion into production forestry and/or conservation or carbon forestry.

Returns from forestry increase

The New Zealand Emissions Trading Scheme (ETS) has seen dramatic increases in traded carbon prices over the past few years and now sits at historical highs. Continuing signals from the Government around industries included in the ETS and removal of price caps is strengthening sentiment around cashflows to be derived from exotic plantations and native forests. This is providing increased cashflows for established forests and strong incentives for new development. In March, the Government signalled a change in accounting rules for new afforestation projects which will dramatically reduce future uncertainty around carbon liabilities.

Export log prices continue to push higher as China and India compete for export volume, and financial return to growers increases.

These factors have resulted in strong buying interest for all forests that come to market and farmland that may be suitable for conversion to forestry, increasing returns to growers and a busy time for all contracting services to the industry.

Two key examples of these market forces at work came in the sales of the Clutha Forest Estate near Dunedin, and Te Manawa o Tuhoe forestry right in the Eastern Bay of Plenty. Clutha totalled some 2,993ha with even woodflow coming from 14yr old through to 24yr old crop. While this estate does have some of the lowest production costs in the country, it achieved exceptional value with the Colliers specialist forestry team selling it at over $80 million. Te Manawa being just a single rotation forestry right removed any influence on land value and possible emissions trading scheme. With a sale price of $18 million for 1,450ha of 8 to 10 year old crop, it shows the underlying confidence in the timber industry both in terms of domestic supply to mills and export markets that we supply.

Industry and Property Outlook

Heading into 2019 we are continuing to see strong enquiry for forests right across the country. There is particular demand for assets 1,000 hectares or larger by the bigger corporate foresters and institutional investors. Smaller mature woodlots are pursued by log traders especially with cutting rights only.

Research &
Forecast Report

GREENFIELDS HORTICULTURE DEVELOPMENT AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

Greenfield development in both Almonds and Macadamias has increased steadily over the past few years

High water prices for southern Australia and low sugar prices for northern coastal Australia have led to an increase in property purchases to convert to higher value crops

Greenfield Macadamias

Greenfield Macadamias assisted by low world sugar price

Greenfield Macadamia developments have been assisted by already depressed and decreasing world sugar prices and good water infrastructure within coastal Queensland. Low world sugar prices are not encouraging landowners to invest and focus on their traditional land use of sugarcane production. According to ABARES estimates, world sugar prices are expected to fall 5 per cent for the YoY to June 2019 to a 10-year low of USc 12/lb in 2018/19. Elevated world production and record carry-over stocks are the main drivers behind the forecast.

Low prices combined with an ageing demographic of canefarmers has seen many landowners looking to offer their properties for sale to be repurposed to macadamia orchards. ABARES forecasts a reduction in the Australian area allocated to sugar production of 5.6 per cent from 402,000 hectares in June 2017 to 380,000 hectares in June 2019.

Coastal Queensland has also benefited from dam infrastructure investments that now provides cost effective irrigation entitlements when compared to other regions throughout Australia. A recent sale off market for 200ml at $800/ml is in line with valuation estimates of $800 to $1,000ml for irrigation entitlements in the Bundaberg and Maryborough regions.

Recent sales in the Bundaberg & Maryborough region for Greenfield orchard development land parcels reveals a price range of $20,000 to $30,000 per hectare for land and water entitlements included. A significant saving from buying established orchards.

Macadamia greenfield developments overlay existing cane farms, therefore this sector is not limited by land supply. Rather, factors that may limit speed to market include the availability of trees to plant from nursery stock and the capital-intensive nature of the development, typically the same as the land price (circa $25,000 per hectare). The recent cane land conversion sales demonstrate rapid expansion which we predict will continue aligning with high macadamia prices.

Greenfield Almonds

Land use Shifting to Higher Value Crops

Due to pressure of increasing River Murray Water prices on operators, we have already seen irrigators shift from lower value crops to higher value crops, particularly from wine grapes and potato land converting to almonds. Colliers International has the view that this is just the tip of the iceberg as it is receiving enquiry from investors looking to take advantage of undervalued groundwater resources in less traditional horticultural regions.

The extent of this movement is largely dependent on climate, soil type, water quality and access to markets. However with on-farm desalination technology becoming more affordable, genetic breeding of trees for frost resistance and other capabilities becoming more prevalent, Colliers International anticipates that it will continue receiving enquiries from investors targeting regions with underutilised water resources and located in more traditional farming regions. Examples of this include the Midlands region of Tasmania and the Limestone Coast region of South Australia.

Considering that the price of water entitlements in some jurisdictions has doubled in less than 12 months and continues following an upward trend, Colliers International anticipates that greenfield developments will slow down until there is a reprieve in drought conditions. We also understand that there is talks to start water allocations sub-50 per cent next financial year, which will only contribute to increase cost of permanent and temporary water for irrigation.

Research & Forecast Report

DAIRY AUSTRALIA

Agribusiness | 2019

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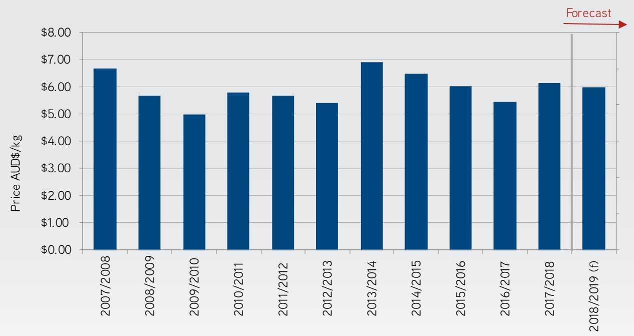
MARKET HIGHLIGHTS

- Positive milk price signals but dairy to track sideways as feed and water costs erode margins
- Limited to nil returns on dairy not driving land values
- Dairy farmers will continue exiting the market due to limited returns

FY19 has so far proven to be another challenging year for agriculture, and particularly dairy throughout Australia. Most dairy regions of Victoria, NSW and QLD apart from South Gippsland, Tasmania, parts of Western Victoria and Southern NSW had well below average rainfall throughout 2018 which led to significant fodder shortages. With drought widespread throughout Australia demand for stockfeed was high and production of grain has been low, forcing the cost of purchased feed well above industry averages and almost twice that of 12 months prior.

Due largely to processors competing for milk, the industry has received higher milk prices in FY18 and FY19 than prior years, this has been eroded by the high cost of purchased feed and growing grass in the irrigated regions. Most processors will finish the year with a weighted average price just over $6 per kgMS. However, the recent positive Global Dairy Trade (GDT) events may lead to a late step up prior to the end of FY19. Based on current economic conditions, and a positive GDT, the outlook for milk price in FY20 is positive and could translate to a stronger price than received in FY19. However, with a reduced milk pool across the nation, loss of processor efficiency may impact negatively on milk price. Seasonal conditions will also play a vital role in dairy farm profitability in FY20.

Australian Farm Gate Milk Prices ($/kgMS)



Source: Colliers International

With the high current cost of feed and a milk price of around $6, it is likely at best dairy farms will be in a breakeven position, with those having to irrigate likely to be in a negative cashflow position for FY19. There have been some dairies that have had to shut down and others reduce cow numbers to maintain viability (excluding A2 contracts).

Throughout Victoria we have seen a significant increase in land values particularly beef, sheep and cropping holdings which has translated through to dairy values. We understand that some dairy properties have been purchased for beef and sheep with the dairy infrastructure mothballed. At present the returns on dairy are not driving land values, making it more difficult to purchase turnout blocks with tight competition from beef and sheep. Another factor in the market is water demand particularly in the Murray Goulburn region generating dairy sales that are inclusive of large water entitlements to alternative water users in the horticulture sector.

Industry and Property Outlook

We anticipate there will continue to be dairy farmers exiting the market due to the low returns and high cost of production over the next 12 months. However, the market remains "a buyers' market" as those investors with the financial capacity and a long-term view may step in to purchase exiting dairies.

Research &
Forecast Report

DAIRY NEW ZEALAND

Agribusiness | 2019

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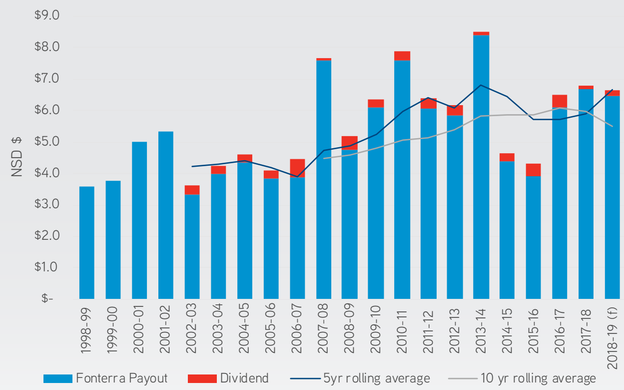
MARKET HIGHLIGHTS

- New Zealand dairy farm values likely to continue easing throughout 2019
- Market sentiment is sluggish despite continued low interest rates and an above average milksolid price forecast
- Buyer liquidity is constrained following bank and government policies, vendors in some locations will need to adjust their expectations to meet the market

Fonterra Milk Payout History



Source: Fonterra and Colliers International

A year of caution and rebuilding

2018 was a year of caution and rebuilding for the New Zealand dairy industry. The weakening milk price, together with the mixed performance of Fonterra, an unexpected change of Government and mounting bank pressure has resulted in fewer farm sales and reduced market confidence.

Milk Price

Fonterra's final payout for the 2017/18 season was confirmed at $6.69 on 13 September 2018. Although the price remained firm, the dividend of 10 cents/kgMS was below expectations and reflected the poor performance of the cooperative. The key theme for the year was of balance sheet recovery with a farmgate payout above the historical average of $6 kgMS.

The opening Fonterra farmgate milksolids payout for the 2018/19 season of $7 kgMS was greeted with enthusiasm when it was released on 24 May 2018. However, the ability of Fonterra to maintain the payout was questioned following a succession of poor Global Dairy Auction (GDT) results in the second half of 2018. After dropping the forecast payout a couple of times to $6, the revised forecast as at 20 March 2019 is in the range of $6.30-$6.60 with a forecast dividend of $0.15-0.25 per share. Whilst it should ensure that most dairy farmers are profitable, the downward revision of the price throughout the season added to the general apathy in the dairy property market.

Fonterra

The performance of Fonterra was under the spotlight in 2018, considering the departure of the Fonterra Chairman, CEO and other leading executives, the continued problems with its Chinese investments and the intention to sell some brands (such as Tip Top and its Farm Source Livestock Division). Ultimately, the direct impact of Fonterra's performance has been the reduced forecast dividend payments, which is adding to the negative market sentiment.

Change of Government

Since the 2017 Election, we are not aware of any new dairy farm sales having gained Overseas Investment Office approval throughout New Zealand. Under the current investment restrictions, a number of proposed larger scale transactions have not progressed, triggering a pronounced lack of liquidity particularly in the Canterbury region.

Larger scale dairy farms (above $10 million) have been particularly difficult to sell as they are beyond the reach of the buying power of most New Zealand based market participants. Vendors of these larger scale properties may need to consider subdivision or reducing their pricing expectations if they are committed to sell under the current foreign investment restrictions.

Bank Pressure

Following the milksolids price shock of 2014/15 and 2015/16, both the Reserve Bank of New Zealand and the Australian Prudential Regulation Authority, realised that dairy farm debt placed the economy and the banks at risk. Therefore they sought to tighten some lending policies and strengthened farm balance sheets against the future risk of milksolids price slumps.

The continued low interest rates have been a positive influence on the market. However, we are aware that most banks now require both interest and principal to be repaid, introducing a higher threshold of profitability required in order for a potential purchase to be approved by the bank.

Industry and Property Outlook

Market sentiment is currently subdued, due to the limited liquidity, the removal of international purchasers, the risk of further environmental regulations and the performance of Fonterra.

Within the Canterbury region, at the market peak, competition led to an under-pricing of irrigation cost and reliability. We are seeing potential purchasers now taking a more discerning view. It is anticipated that due to the smaller pool of buyers, the value gap between higher quality and poorer quality properties is likely to widen further. In many cases we understand that there is some pressure from financiers for these properties to be sold and debt repaid after the recent dairy downturn.

All other things remaining equal, we would anticipate that Canterbury dairy farm land receiving water from those irrigation schemes providing the lowest cost water at the best reliability would be more sought after in the market compared to farms receiving higher cost water or at a lower level of reliability.

The removal of international purchasers has been keenly felt in the Canterbury and Southland regions of the South Island where investors were focussed due to the larger scale farming operations, development potential and access to water for irrigation.

Overall, we anticipate that Canterbury dairy farm prices will continue to soften leading into 2019, particularly for those larger scale assets which are feeling liquidity constraints.

The North Island dairy regions such as the Waikato and Taranaki are more traditional dairying localities comprising smaller farm sizes, less reliance upon irrigation and lower overall values. This holds greater appeal to New Zealand based-owner operators.

Whilst overall market liquidity is limited, well located properties with a good physical water, soil and climatic resource mix still hold appeal to New Zealand based purchasers. Within the Waikato region dairy farm values have ranged between $20,000 to $70,000 per hectare depending on the contour and location of the property, with those farms supplying the Tatua cooperative commanding a market premium.

Taramea Farm, 447 Conlans Road, North Otago
Sold by Colliers International

Research &
Forecast Report

POULTRY AUSTRALIA

Agribusiness | 2019

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MARKET HIGHLIGHTS

On-going consolidation into bigger farms in key production regions

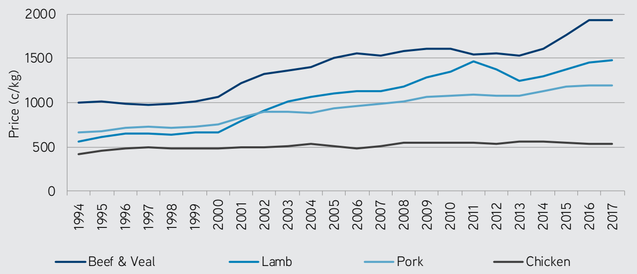
Chicken meat prices generally growing below CPI

The chicken meat industry has a strong presence in many rural and regional communities throughout Australia. It plays an integral role in Australian agriculture and in the broader Australian economy, with the industry averaging approximately 4 per cent growth per year over the past decade.

20 years ago the global demand for all meat was 173 million tonnes, of which poultry made up 23 per cent. Today, the annual global demand for meat sits at 260 million tonnes, with poultry now comprising 35 per cent or 90 million tonnes.

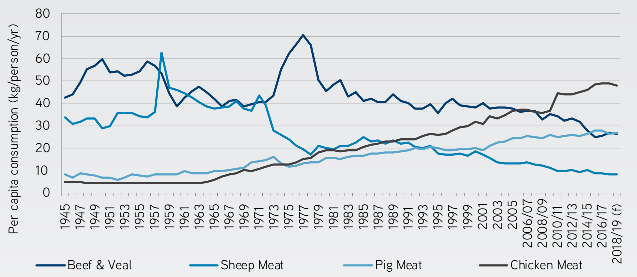
Australia's demand for chicken meat mirrors this global trend. In the last 20 years, Australia's production of chicken meat has increased by over 160 per cent, with Australians now eating chicken more than any other meat according to the Australian Chicken Meat Federation Inc.

Australian Retail Prices of Meat



Source: ACMF website utilising data from ABARES Agricultural Commodity Statistics, December 2017 and Colliers International

Per Capita Consumption of Chicken, Beef, Pig Meat & Sheep Meat



Source: ACMF website utilising data from the ABARES publication "Australian Commodities, March Quarter 2018" and earlier versions of this publication & Colliers International

Notes: The above charts have been sources from the Australian Chicken Meat Federation with Australian Retail Prices of Meat statistics sourced by the ACMF from the ABARES publication "Agricultural Commodity Statistics, December 2017".

A cost-efficient industry

Importantly, the production of chicken meat in Australia is highly efficient in comparative terms with one kilogram taking 35 days, 2 kilograms of grain and 3,000 litres of water to produce. This compares very favourably with beef (365 days/ 4 kilograms of grain/ 16,000 litres of water) and pork (180 days/ 3 kilograms of grain/ 6,000 litres of water).

Colliers International research suggests that prices for chicken meat have increased at an average rate of only 1.5 per cent annually for the past 30 years ($7 to $11 per kilogram) due to huge efficiencies gained through improved genetics and growing systems over that period. This compares to an annual growth in beef meat prices of 5.5 per cent $6.00 to $30+ per kilogram over the past 30 years.

Industry consolidation driving economies of scale

The Australian chicken meat industry is continuing to go through significant consolidation, as major processors seek to increase economies of scale in every facet of their supply chain from breeder farms through to processing facilities. On one hand, this is driving major investment in the sector. On the other hand, some contract growers located in regions that have become too expensive for processors to operate, are having to find alternate uses for their facilities due to broiler contracts not being renewed. This shift is due to the processor's preference for bigger broiler farm operators where greater supply-chain efficiencies can be achieved.

Value in poultry for institutional investors

The poultry sector has high establishment costs which represent a significant barrier to entry. Broiler farm operators tend to remain in the industry for the long term and this may be regarded as indicative of the stability and favourable production and cash flow characteristics offered by the sector.

In the drive for scale-based efficiency, we have seen the emergence of large multi-farm operators in the sector. The favourable cash flow characteristics have also encouraged brand new investors to the sector and there is now significant institutional investment participation. In one recent development, ProTen Limited; one of Australia's largest poultry farm operators; has been acquired by First State Super, with the funds under management being overseen by ROC Capital Partners for a reported $372 million. ProTen has undergone significant expansion in the last decade developing new broiler farms In New South Wales.

Industry and Property Outlook

Current demand for well-developed modern broiler farms (both free range and closed system enterprises) is solid, provided several key criteria is met;

- The farm needs to be well located within one of the main poultry production hubs,
- Be of good scale (indicatively 8 sheds or more and preferably with scope for expansion),
- The farm needs to have a demonstrated history of efficient production, and
- The farm needs to be securely contracted, ideally to one of the two main processors in Biaida or Inghams Poultry

Farms that satisfy the above criteria are currently attracting investor interest in the 11 per cent to 12 per cent range based on capitalising the net sustainable earnings.

The poultry meat industry is expected to continue to consolidate into the future, with industry investment predicted to increase with bigger players moving into this sector.

SA Poultry Farm Portfolio, Port Wakefield, SA
Sold by Colliers International

Research &
Forecast Report

AUSTRALIAN AGRI INVESTMENT

Agribusiness | 2019

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MARKET HIGHLIGHTS

- Diverse performance for Agribusiness public listed companies
- Diversified players in the investment market
- Agribusiness property values to hold firmly despite challenges faced by the sector

Listed company investments

Cash and equity return for Australia's Agribusiness sector can be variable due to climatic conditions and commodity price movements. Hence it is important that investors analyse the entire investment horizon before plunging into either listed or unlisted firms.

Colliers International has analysed the share price trend of 30 Australian companies listed on the Australian Stock Exchange (ASX). The results of our analysis reveal that 17 per cent have had share price pressure in the past three years with two of these still paying dividends, which is representative of other ASX market sub-sectors.

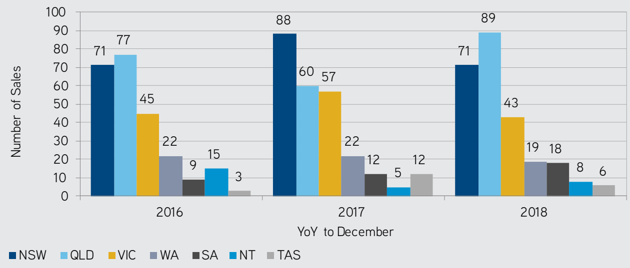
Furthermore over 50 per cent of ASX listed Agribusiness exposed firms have experienced everything from huge share price growth, like A2 Milk Company (162.5 per cent growth for FY2018), to more moderate growth numbers with the balance trending sideways.

2016 Peak national rural land sales above $5 million

Prime Farmland cash and equity returns for Australian and USA landholders have exceeded both the ASX & SP500 indices over the past 40+ years.

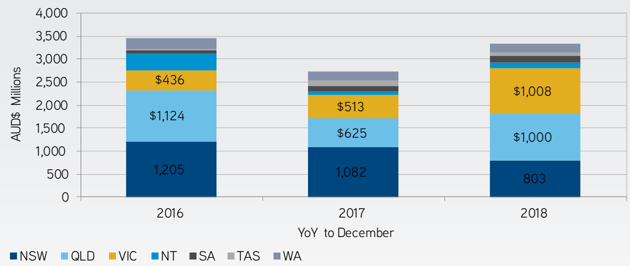
Significant price growth has been seen in Australian land starting in the 1980's with some significant super cycles driven by land and water use changes, having an impact on balance sheet and cashflow returns for landholders.

Agribusiness Number of Sales by State above $5 million - 2016 to 2018



Source: Colliers International

National Agribusiness Sales by State above $5 million - 2016 to 2018 (AUD$ millions)



Source: Colliers International
Sale values may include bare or WIWO sales

The active participants in the Australian Agribusiness investment market is very diversified including neighbouring farmers, offshore Agribusiness firms, institutional investors, wealthy private investors and private-family funds, all seeking to add to existing assets or diversifying their investment portfolio.

Colliers International has analysed the Agribusiness investment landscape in Australia for farmland sold for $5 million and above from 2016 to 2018. The results reveal that 2016 was peak capital year with a total spend at $3.5 billion on the back of 242 transactions, since then total capital spent has fallen by 3 per cent in 2018, to $3.3 billion. In 2017 and 2018, we have seen higher transaction numbers as the neighbour to neighbour market really kicked into gear fuelled by cheap debt and higher commodity prices with 254 deals over $5 million completed in 2018. This calculation does not include three large deals executed in 2018 and settled in Q1 2019. If these deals had dropped as planned in 2018, this would have created a new peak capital year.

Agribusiness investment market outlook 2019

The 18th May 2019 federal election has already paused two large portfolio applications for the Foreign Investment Review Board (FIRB), as the buyers are making conservative decisions waiting for the political and economic outlook to become clearer for the next few years. The industry is also facing climate challenges, impacting on cashflows and cash reserves, except for Western Australia. The outlook of the banking enquiry is now well-known and financial institutions have confirmed a willingness to improve the internal risk management framework without compromising lending targets.

The financial market is tipping a 70 per cent chance of a cash rate cut occurring sometime in 2019, potentially taking the cash rate to their lowest level since the 1950s. The cash growth total return measurement.

As Colliers International Agribusiness is one of the founding external subscribers to the Australian Farmland Index (AFI) prepared by NCREIF, this data demonstrates a total return (income and land appreciation) since inception (June 2017) of 14.11 per cent a year for Q4 2018. As the AFI data includes subscribers holding over $1 billion in farmland under management, this data set will continue to add a level of comfort for future institutional investors in agricultural land in the coming years.

The Australian farmland market generally follows the other commercial property market cycles, therefore Colliers International see no immediate pressure on values as nearly all commercial asset markets remain at record highs.

Macadamia Aggregation, Bundaberg, QLD
Marketed by Colliers International

OUR EXPERIENCE AGRIBUSINESS

RECENTLY SOLD

In 2018 **61** properties totalling over **3 million** hectares with a value in excess of **$398.6 million**

SA Poultry Farm Portfolio
Port Wakefield, SA

Circa $34 million

32 broiler sheds totalling 89,000m^2 production area.

Millewa Vineyard
Cullulleraine, VIC

$15 million

Commercial 370 ha vineyard producing circa 10,000 tonnes, additional land for development and a water use limit of 2,412 megalitres.

Wyoming Plantation and Sawmill
Niangala, NSW

Confidential

373 ha property with circa 160 ha of harvest ready Radiata pine forest, recently upgraded sawmill and quality grazing land.

Knockavanon
Emerald, QLD

$13.5 million

1,284 ha property of prime cropping land sold to Emerald cotton grower and investment partner.

Freshzest
Caniaba, NSW

Confidential

Well established development and substantial glasshouse infrastructure with further council approval for glasshouse expansion, sold on a WIWO basis.

Colanya
Longreach, QLD

Confidential

Beef and sheep asset sold on behalf of retiring Hegarty family. Purchased by a NSW Wagyu operator.

New Merrigal
Collie, NSW

$16.3 million

'Blue Chip' mixed wheat and sheep enterprise in central NSW purchased by local cotton grower.

Clifton Hills
Birdsville Track, SA

Confidential

The world's second largest station sold to local beef syndicate inclusive of herd sale WIWO.

Glendon Park
Armidale NSW

$14 million

Approx. 3,234.65 ha aggregation in the heart of the New England table-lands, sold to HPPL.

Burdon Almonds
Moorook, SA

Confidential

160 ha almond orchard sold to US institutional investor.

Aussie Cherries
Huon Valley, TAS

$5.85 million

Moderate scale cherry farm sold to High Net Worth Indiviual.

50% interest in AFF to Pension Fund
Moree, NSW

Confidential

Capital placement appointment with offshore pension fund partnering with a highly-regarded cotton grower in Australia.

Accelerating success.

How else can we help you?
Speak to one of our property experts today.
colliers.com.au/agribusiness

AUSTRALIA

2019

RECENTLY VALUED

In 2018 **843** assets totalling approximately **17 million** hectares with a value in excess of **$7.95 billion**

Viticulture Portfolio
Barossa, McLaren Vale, Clare Valley & Coonawarra, SA

Wineries & Vineyards

41 premium and iconic winery and vineyard assets.

Poultry Portfolio
NSW, VIC, TAS, QLD, SA & WA

Poultry

Portfolio of 27 properties which are utilised within the poultry meat production chain, including 20 breeder farms, 3 hatcheries and 4 feed mills.

Forestry Portfolio
Snowy Mountain, Southern Cross & Hume Forests, NSW

Forestry

140 forestry properties a land footprint of 66,803 ha.

Large Portfolio
NSW, VIC & WA

Cropping and Grazing

National portfolio of grazing and cropping holdings comprising 56 properties in 9 aggregations with a land footprint of 152,000 ha.

Legune Station
NT

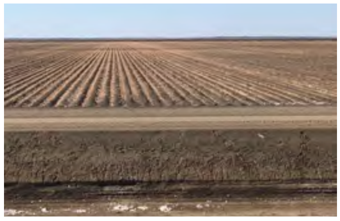
Grazing & Water Infrastructure

Complex rural asset with significant and unique development opportunities. Currently utilised for grazing, irrigation, cropping and aquaculture.

Prime High Rainfall Grazing Portfolio
SA

Grazing

Large scale, high rainfall, beef aggregation acquired for future conversion to a prime lamb enterprise.



Cubbie Station
QLD

Cotton

Largest irrigation holding in Australia with production capability in excess of 200,000 bales. The asset also includes its own cotton ginning facility.

Mort and Co Grassdale Feedlot
QLD

Intensive Livestock

Largest feedlot operation in Australia with plans to expand capacity by an additional 20,000 SCU.

Southern Cotton Ginning
NSW

Cotton

Large scale ginning enterprise with the second largest individual ginning capacity in one site in Australia.

Protected Cropping Asset
SA

Horticulture

Modern protecting cropping asset in Adelaide food bowl.

Viticulture Asset
VIC

Wineries & Vineyards

Portfolio of super premium vineyards and wineries in the Yarra Valley.

Dairy Portfolio
SA & VIC

Dairy

Portfolio of 13 dairies in South Australia and Victoria.

For more information about Colliers International
and working with us visit:
www.colliers.com.au

Colliers INTERNATIONAL

OUR EXPERIENCE AGRIBUSINESS

RECENTLY SOLD

Matapuna Station
Elsthorpe, Central Hawke's Bay

NZ$10.3 million

815 ha 'summer-safe' pastoral farm with a mix of dairy grazes, beef finishing, breeding ewes and lamb finishing. $12,638/ha.

Trelinnoe Station
Te Pohue, Hawke's Bay

NZ$8.5 million

503 ha sheep/beef breeding and finishing farm. $16,898/ha.

192 & 294 Station Rd East
Takapau, Central Hawke's Bay

NZ$10.5 million

387 ha arable land. Sold in an off-market and confidential campaign with large irrigation consents. $27,131/ha.

305 Ngatarawa Rd
Hastings, Hawke's Bay

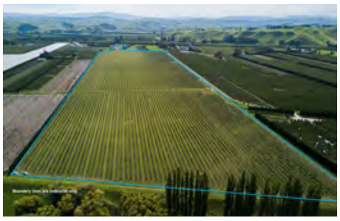
NZ$4 million

29.6 ha over two titles consisting of stables, character villa and fully functioning winery with an annual production of 250 tonnes.

Mt Herbert Rd
Waipukurau, Central Hawke's Bay

NZ$4.6 million

101 ha orchard and farm sold in an off-market and confidential campaign.



1691 Korokipo Rd
Hastings, Hawke's Bay

NZ$4.7 million

28 ha large scale orchard development with a redevelopment in 2014-2016 in Galaxy and Pacific Queen.

Tegel Poultry Farm
Weedons, Canterbury

NZ$4.75 million

Tegel Poultry Farm – well established business with excellent cash flow. Consented for 118,797 birds with 5,640m^2 of shed space.

375 Rakaia Gorge Road
Windwhistle, Canterbury

NZ$3.8 million

Dairy Farm with 40 bail rotary shed on 332 ha but has options for alternative uses.

694 Timaru Track Road
Maronan, Ashburton

NZ$11.5 million

Dairy Farm with 60 bail rotary shed on 225 ha with centre pivot irrigation and 4 farm houses.

Dansey's Pass Station
North Otago

NZ$4.95 million

1,934 ha of freehold land. Excellent sheep and beef breeding unit running 5,500 stock units.

Cracroft Cheese (Winery)
Cashmere, Christchurch

Confidential

9 ha property with 5 ha of Piont located in the sheltered and picturesque Cashmere Valley.

Mt White Station
Cass, Central Canterbury

Confidential

40,041 ha of extensive high country farming (sheep and beef) predominantly pastored lease tenure.

RECENTLY VALUED

In the past 12 months, in excess of **800** assets totalling over **520,000** hectares with a value in excess of **$5.3 billion NZD**

Glasshouse Operation
Christchurch, Auckland

Glasshouse

Valuation of substantial glasshouse operations on 3 separate locations across New Zealand for financial purposes.

Breeding & Finishing Piggery
Canterbury

Intensive Livestock

Valuation of large-scale modern 1,100 sow piggery.

Large Scale Dairy Portfolio
Southland

Dairy

Valuation of a dairy farm portfolio for finance purposes.

High Country Station
Otago

Sheep & Beef

Valuation, of circa 17,000 ha of sheep and beef grazing located near Queenstown with very high amenity values.

Vineyard and winery portfolio
Marlborough, Hawkes Bay, Gisborne

Wineries & Vineyards

One of New Zealand's largest wine company assets including 3 wineries and over 3,000 ha of land.

Land Information New Zealand
South Island

High Country

Various valuations of South Island high country pastoral leases for tenure review purposes.

Dairy Farm
Canterbury

Dairy

Valuation of a dairy unit in a highly sensitive environmental catchment.

Litigation Support
South Westland

Deer

Relationship property valuation: retrospective and current values of deer unit.

Cherry Orchard
Central Otago

Horticulture

80 ha cherry orchard development in Central Otago.

Large-scale Viticulture Operation
Marlborough

Wineries & Vineyards

1,800 ha vineyard portfolio located in Marlborough with 22,000 tonne processing capacity winery.

Litigation Support
Bay of Plenty

Forestry

Rent reviews of 2,500 ha in 2 leases of forestry land for Valuation Tribunal.

Forestry Portfolio
Nelson, Tasman

Forestry

Market valuation of mixed age tree crop of 3,000 ha of forests.

For more information about Colliers International
and working with us visit:
www.colliers.co.nz

Colliers
INTERNATIONAL

UNRIVALLED EXPERIENCE

We are the leading provider of strategic rural and agribusiness property solutions and advice to corporate and rural Australia and New Zealand. From aquaculture to viticulture, rural retreats to sheep and cattle stations, the team provides agency, consultancy and valuation services, representing the largest rural and agribusiness specialisation residing in a first tier international property services provider.

We offer a full range of agricultural property solutions...

- Disposals and acquisitions advice and recommendations
- Lease deals and agreements
- Transaction management
- Single asset and portfolio assignments
- Trust requirements
- Balance sheet compliance
- Merger and acquisition
- Capital raising
- Corporatisation and privatisation
- Insurance purposes
- Feasibility studies and highest and best use analysis
- Legal/expert witness including compulsory acquistions

Across every agribusiness property and business type...

We have the local and global strength and coverage to ensure a successful outcome for this sale process. In the local market we have expertise in;

- Irrigation including cotton production and ginning
- Agribusiness infrastructure including post farm gate production
- Large scale beef and sheep grazing
- Poultry
- Vineyards, wineries and cellar door enterprises
- Horticulture
- Sugar production
- Broad hectare cropping
- Dairies
- Piggeries
- Seafood
- Agribusiness plant and machinery
- Blood stock breeding and agistment

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Everywhere

- ***24 offices*** across ***Australia***
- ***22 offices*** in ***New Zealand***

UNRIVALLED EXPERIENCE

From dairy to viticulture, lifestyle blocks to high country stations, our team provides agency, consultancy and valuation of agriculture assets, including medium to large scale agribusiness enterprises involved in all aspects of primary production and post farm gate processing assets. We provide strategic rural and agribusiness property solutions to corporate and rural New Zealand.

We offer a full range of agricultural property solutions...

- Disposals and acquisitions advice and recommendations
- Transaction management
- Sales and marketing advice
- Complex deal structuring and transaction negotiation
- Tailored strategic asset marketing
- Balance sheet compliance
- Financing and refinancing
- Merger and acquisition
- Capital raising
- Corporatisation and privatisation
- Insurance purposes
- Feasibility studies and highest and best use analysis
- Legal/expert witness including compulsory acquisitions
- Compensation assessments
- Rural Enterprise Valuation
- Economic analysis and modelling

Across every agribusiness property and business type

- Dairy farms
- Large scale beef and sheep grazing
- Vineyards, wineries and cellar door enterprises
- Forestry
- Poultry
- Piggeries
- Specialised assets
- Single asset and portfolio assignments

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554 offices in
68 countries on
6 continents

$2.275
billion in
annual revenue

2
billion square feet
under management

15,000
professionals
and staff

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