

Wagerup Alumina Refinery Land Management Report 2014

Summary of Land Management Plan
Implementation for the period 2002 to
2014

Date: March 2014

Prepared by: Wagerup Land Management Team

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1. Introduction

1.1. Scope & purpose of the report

On 10 December 2013 the Western Australia Minister for Environment, Hon Albert Jacob gazetted the Environmental Protection (Wagerup Alumina Refinery Noise Emissions) Amendment Approval 2013 (the Approval).

The Approval provided Alcoa of Australia Limited (Alcoa) with approval to exceed the assigned noise levels specified in the Environmental Protection (Noise) Regulations 1997 (the Regulations), in the vicinity of its Wagerup alumina refinery, as allowed by Regulation 17(7).

As part of the Approval a range of conditions were placed on Alcoa, including a requirement for Alcoa to report on its land management plan for noise affected properties around the Wagerup refinery. The specific requirements were:

10(1) Alcoa must submit to the CEO within 3 months of the start day a report containing the information referred to in subclause (3) in respect of each of the 5 years immediately before the start day.

10(3) The report to be submitted to the CEO under subclause (1) and (2) must each contain the following information –

- (a) How many written offers to purchase noise affected-land have been made by Alcoa; and*
- (b) How many purchases of noise affected-land have been made by Alcoa.*

Start day means the day on which notice of the Environmental Protection (Wagerup Alumina Refinery Noise Emissions) Amendment Approval 2013 is published in the Gazette.

This document has been prepared to satisfy the requirements of clause 10(1).

For the sake of completeness this report covers aspects of Alcoa's Land Management Plan since its implementation in 2002.

1.2. Background

The Wagerup Alumina Refinery and associated bauxite residue storage facilities are located 120 kilometres south of Perth, 2 kilometres north of Yarloop, 7.5 kilometres south of Waroona and 3.5 kilometres South of Hamel (Figure 1). The Refinery is located close to the foot of the Darling Scarp and is separated from the residue storage areas (RSAs) by the South West Highway and the Perth-Bunbury rail line. Bauxite is supplied to the refinery by overland conveyor from the Willowdale Mine, located 15 kilometres to the east, and alumina produced at Wagerup is shipped via the Alcoa shipping terminal at Bunbury. Transport between the Refinery and Bunbury port is by rail.

The Refinery and residue operations are contained within freehold land owned by Alcoa. Land use on adjacent properties is primarily agricultural.

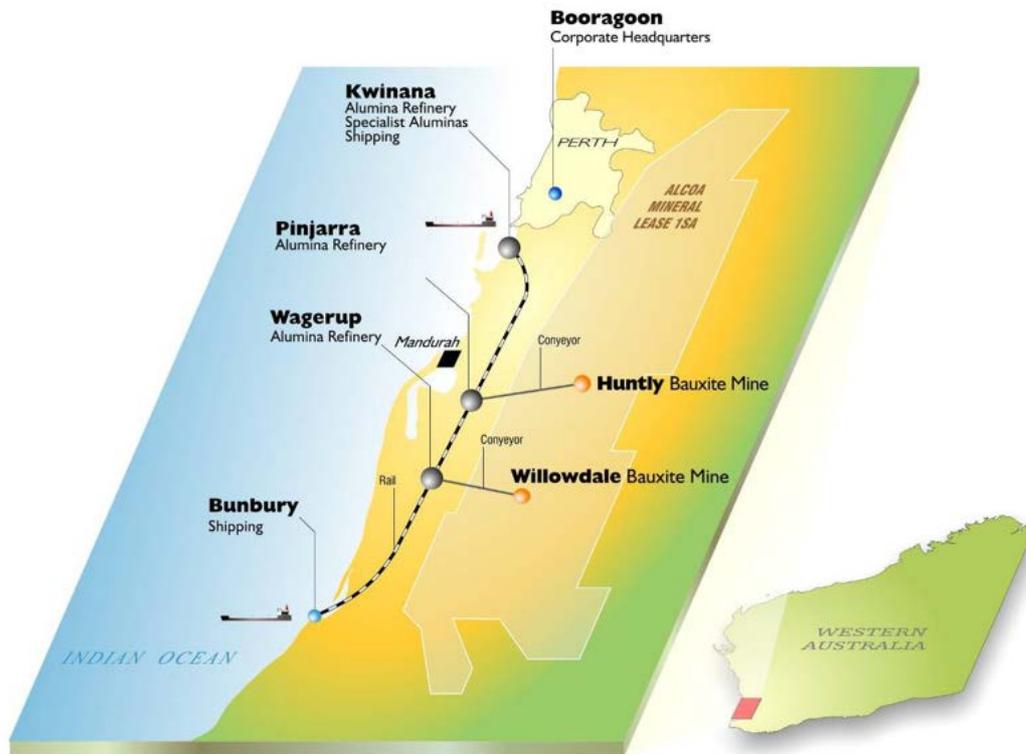


Figure 1. Location of Alcoa operations in Western Australia

2. Land Management

Alcoa first commenced land acquisitions at Wagerup in the 1970s when the site was identified as being suitable for the construction of an alumina refinery.

Refinery operations commenced in 1984 and land acquisitions continued on an ad hoc basis until 2001 when Alcoa conducted community consultation on a draft Land Management Proposal, designed to allow people that lived within a defined area around the refinery and residue area the opportunity to move away, should they wish to do so. The northern and southern boundaries of this area (now known as Area A) was based primarily on the 35dB(A) modelled refinery noise contour. People residing in Area A may experience noise levels greater than the assigned levels allowed under the Regulations. The proposal defined a land acquisition process that would facilitate equitable outcomes, transparency and consistency.

Following community feedback, Alcoa revised its Land Management Proposal and in 2002 implemented the Land Management Plan (see Appendix A, Land Management Plan Information Sheet), which contained two key elements:

1. People who own property within Area A would have for the life of the refinery the option to voluntarily decide if they want to sell their property to Alcoa. Properties purchased would be retained by Alcoa.

2. People who own property in the townships of Yarloop or Hamel, outside Area A, would have at least five years to decide if they wish to sell to Alcoa. During that time, Alcoa would conduct a benchmark survey of property values in the area and if values decline due to the refinery's presence, Alcoa's commitment to purchase properties would be extended for a further five years. Properties purchased by Alcoa in Area B would be on-sold.

In 2006, as a condition of approval for the proposed Wagerup Unit Three expansion project, the State Government announced the Supplementary Property Purchase Program (SPPP).

This program was administered by an independent State Government appointed Administrator and provided residents outside the boundary of the Wagerup Land Management Plan but within the localities of Wagerup, Hamel, Yarloop and Cookernup with the option to sell their property to Alcoa. The SPPP closed in 2007.

3. Wagerup Land Management Plan

The Wagerup Land Management Plan comprises two areas:

Area A

The area immediately surrounding the refinery, delineated to the north and south by the refinery 35 dB(A) modelled noise contour and to the west by the future expansion of the residue storage area. Consideration was given to existing cadastral boundaries.

Area B

The residential town sites of Hamel and Yarloop.

The Wagerup Land Management Plan was implemented by Alcoa and has no formal status in Statutory Planning Schemes. Area A is depicted by the purple boundary and Area B by the yellow boundaries in Figure 2.

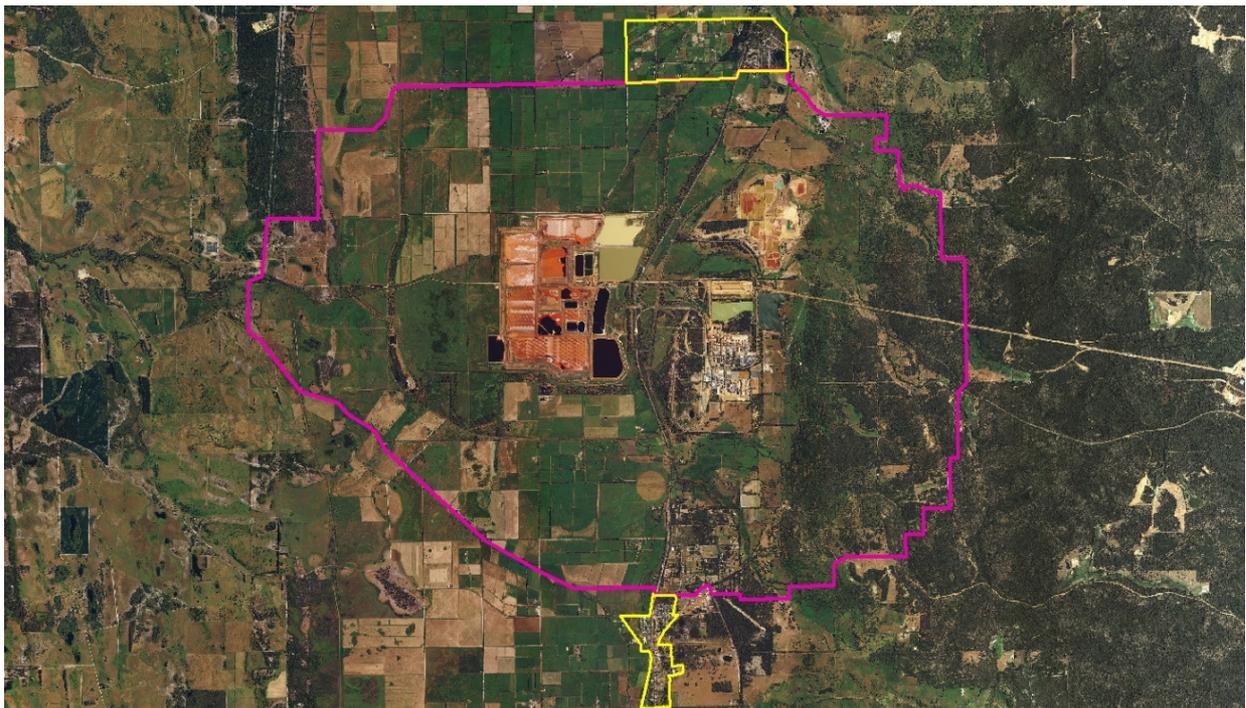


Figure 2 Wagerup Land Management Plan – Area A and Area B

4. Area A and Area B

Area A covers a geographic area of 8442 hectares, comprising 337 properties. Since January 2002 Alcoa has purchased 168 properties in Area A, increasing its ownership in Area A to a total of 265 properties. Forty titles with 14 residences remain eligible for purchase in Area A.

Area B is 358 hectares and comprises properties in the townships of Yarloop and Hamel. Since 2001 Alcoa has purchased 175 properties in Area B and on-sold 153 of these as per the intent of the Wagerup Land Management Plan. Twenty eight properties in Area B remain eligible for purchase under the terms of the Wagerup Land Management Plan. (Table 1)

As of January 2014, 87% of the eligible land within Area A has been purchased by Alcoa and will be held by the company for the life of its operations at Wagerup.

As of January 2014, 86% of the properties eligible for purchase within Area B had been bought with 87% of the purchased properties then sold back into the community.

Table 1. Wagerup Land Management Plan Purchase Data

AREA	Total Properties	Number of Properties Purchased by Alcoa	Privately Owned Properties eligible for purchase	% Title purchased
Area A	337 *	265	40	87%
Area B	203	175	28	86%
	Properties Purchased by Alcoa to be resold in Area B	Properties resold by Alcoa in Area B	Properties in Area B remaining to be resold by Alcoa	% Titles resold
Area B	175	153	22	87%

*32 Properties are not eligible for purchase as they are government owned or of a compatible land use

5. Implementation of the Wagerup Land Management Plan

From the commencement of the Wagerup Land Management Plan in January 2002 it has been a priority that the approach adopted for purchasing properties be consistent, transparent and equitable. The basic process that Alcoa has used and will continue to use during the period of the Approval is outlined below.

- Alcoa's Land Administrator(s) co-ordinate all aspects of the Land Management Plan.
- The Land Administrator maintains contact with Alcoa neighbours by letter, e-mail, telephone or face-to face meetings. Contact can be initiated by either the Land Administrator or the neighbour.

The method of contact and the frequency of any Alcoa initiated contact varies from neighbour to neighbour. This is primarily dependent on the wishes of each neighbour, based on their feedback during the previous contact. In some cases, contact may be circumstantial, for example if the Land Administrator meets a neighbour while in the area.

For those willing to participate in discussions, frank and open communication is undertaken with the landholder, which includes consideration of the individual neighbour's issues and requests, while maintaining consistency to the Land Management Plan.

Where the landholder has made it clear they do not wish to participate in discussions, then Alcoa will respect this decision.

For most neighbours, brief records of contact are maintained by the Land Administrator to ensure that Alcoa has current information about their wishes and to ensure that periodic contact is maintained at a frequency that meets the neighbour's expectations. These are informal notes that aim to record key discussion points and the date of contact.

One neighbour has requested that Alcoa does not keep any record of conversations with them. For this neighbour the only records of contact are property valuation reports and letters sent by Alcoa.

Periodically (roughly every two years) Alcoa will write to all remaining Area A neighbours reminding them of the Land Management Plan and Alcoa's wish to purchase their property. The latest letter was sent to neighbours in February 2014.

5.1. Property purchases by Alcoa in Area A

If a neighbour indicates that they wish to sell their property, the Land Administrator will organise one independent valuation of the property and the landowner will organise another independent valuation. Alcoa pays for both valuations. The valuation is based on:

- Unaffected market value using the Harvey Waroona Index post 2006
- 35% premium on the unaffected market value
- Building replacement value (optional at the request of the landowner)

Alcoa also pays \$7,000 towards residential relocation costs. The Alcoa Land Administrator is available to help the landowner initiate the valuation process and identify property features that could be highlighted to valuers if requested by the neighbour.

Both valuation reports are provided to the landowner and Alcoa for review. If the values are within 10% of each other then the higher amount is used. Alcoa keeps a record of all property valuations, even those that do not proceed to sale.

Depending on the outcome of the valuation, the landowner can choose to:

- End the process indefinitely.
- End the process and request another valuation at another time (note: Alcoa will pay for the initial two valuations; the landowner will need to pay for any further valuations).
- If the values are more than 10% apart, request that the valuers review the differences in their valuations with a view to reducing the margin to within 10%.

- Enter into a formal contract of sale (formal real estate offer and acceptance process).

Alcoa keeps records of all neighbour decisions following valuation, even those that do not proceed to sale or are not written as formal offers.

Explanatory notes;

Unaffected market value – This is determined by independent licensed property valuers, one acting for each party. Unaffected market value is derived using sales of comparable properties in other similar localities. The valuer ultimately decides which sales evidence to use in his or her report.

Harvey Waroona Index - In September 2006 Alcoa agreed to use a process known as the Harvey Waroona Index for valuations of properties in Area A and B. This means that sales data from the townships of Harvey and Waroona will be considered in determining unaffected market value, rather than limiting the use of sales data to the areas of Yarloop and Hamel.

Replacement value of buildings (Optional) is available for Area A property owners. The replacement value of improvements will be assessed by either a qualified builder, quantity surveyor or architect engaged by each party. Assuming the assessed values are within 10% of each other then the higher replacement value will be added to the land value plus 35% of the land value and \$7,000 relocation allowance. This amount will form the offer price for an eligible Area A property.

5.2. Additional Area A conditions & commitments

- The existing landowner must have owned the Area A property prior to 1 January 2002 to be eligible to receive the 35% premium.
- Alcoa will pay the costs of licensed property valuations on behalf of the landowner.
- Alcoa will pay reasonable settlement agent costs.
- Alcoa will hold Area A properties for the life of the Wagerup refinery.
- Alcoa has committed that where these properties form part of a deceased estate it will extend these conditions to the beneficiaries of the estate.

Once purchased, rural properties in Area A are operated by Alcoa Farmlands and on occasion leased back to the prior owner or nearby neighbouring farmers. Where deemed practical homes in Area A are rented.

5.3. Property purchases by Alcoa in Area B

If a landowner in Area B wishes to sell to Alcoa, the same process of obtaining valuations is followed. The valuations in Area B are based on unaffected market value using the Harvey Waroona Index.

Depending on the outcome of the valuation, the landowner can choose to:

- End the process indefinitely.

- End the process and request another valuation at another time (note: Alcoa will pay for the initial two valuations; the landowner will need to pay for any further valuations).
- If the values are more than 10% apart, request that the valuers review the differences in their valuations with a view to reducing the margin to within 10%.
- Enter into a formal contract of sale (formal real estate offer and acceptance process).

5.4. Additional Area B conditions & commitments

- Area B properties must have been owned prior to 1 January 2002 to be eligible for purchase by Alcoa.
- Once purchased, Alcoa will offer the property for sale in the open market.
- Alcoa will pay the costs of licensed property valuations on behalf of the landowner.
- Alcoa will pay reasonable settlement agent costs.

The Area B policy reached a milestone at the end of 2011 whereby eligible properties in Area B must now first be offered for sale on the open market for six months before Alcoa will purchase the property. Owners must demonstrate that they have been unable to sell the property before Alcoa will purchase. This change is consistent with the original conditions of the Land Management Plan.

6. Purchase history Area A & B (2002-2008)

In the period 2002-2008 many property owners actively participated in the Wagerup Land Management Plan. The Wagerup Land Management Plan criteria for Areas A & B provided a clear framework within which landowners could gather property valuations and successfully sell their property to Alcoa.

Area A and B purchases and area B sales 2002 to 2008 annually are presented below in Figure 3.

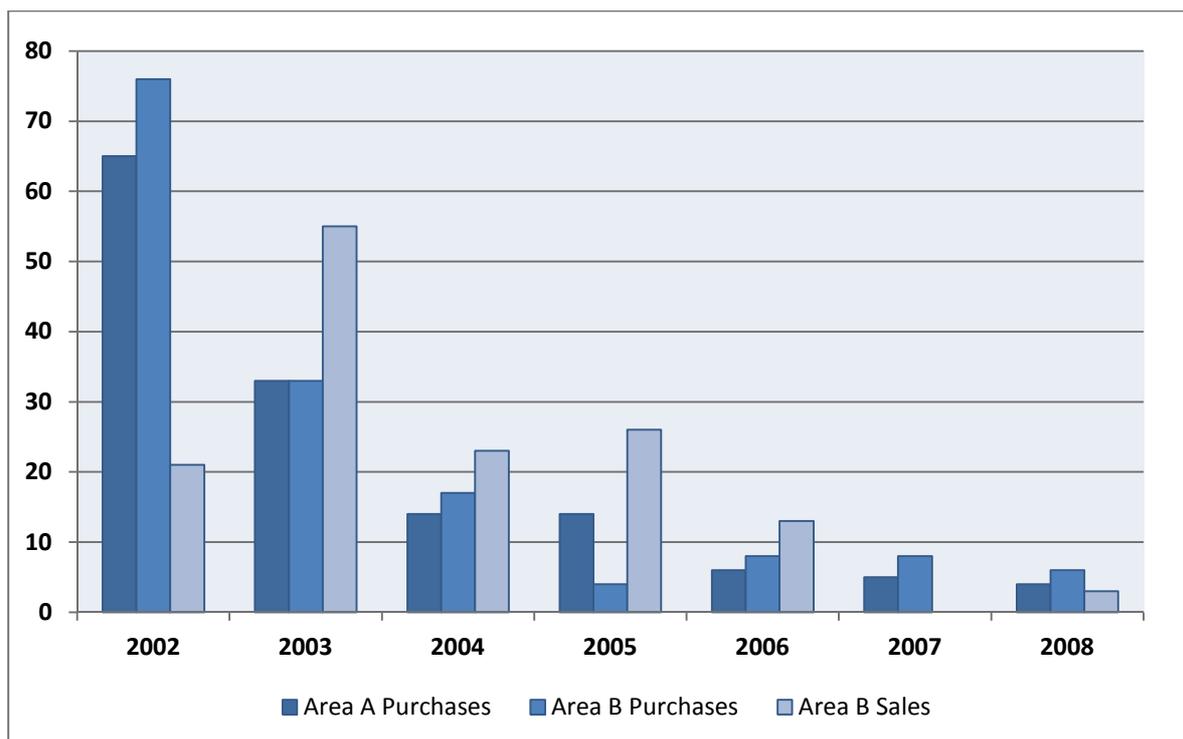


Figure 3. Property Purchases Areas A and B and Sales Area B (2002 – 2008)

Alcoa purchases in Area A and Area B peaked early after the introduction of the Wagerup Land Management Plan in 2002, and sales naturally declined as the pool of eligible properties was reduced.

From 2002-2008 a total of 141 Area A properties were purchased. A steady flow of eligible landowners in Area A has continued to participate in the program with only 21 landowners remaining by January 2014.

7. Acquisitions in Area A (2009-2013)

Alcoa has continued to purchase properties from a diminishing list of landowners during the past 5 years. A breakdown of these activities is provided below (Table 2) to satisfy the requirements of clause 10(1) of The Approval.

Table 2. Area A Acquisitions

Year	Number of written offers to purchase	Number of purchase offers accepted	Number of written offers declined	Assets acquired
2009	5 properties	5 properties	Nil	59 ha & 4 homes
2010	7 properties	7 properties	Nil	206 ha & 2 homes
2011	14 properties	14 properties	Nil	371 ha & 1 home
2012	2 properties	Nil	2 properties	Nil
2013	2 properties	1 property	1 property	1.9ha & 1 home

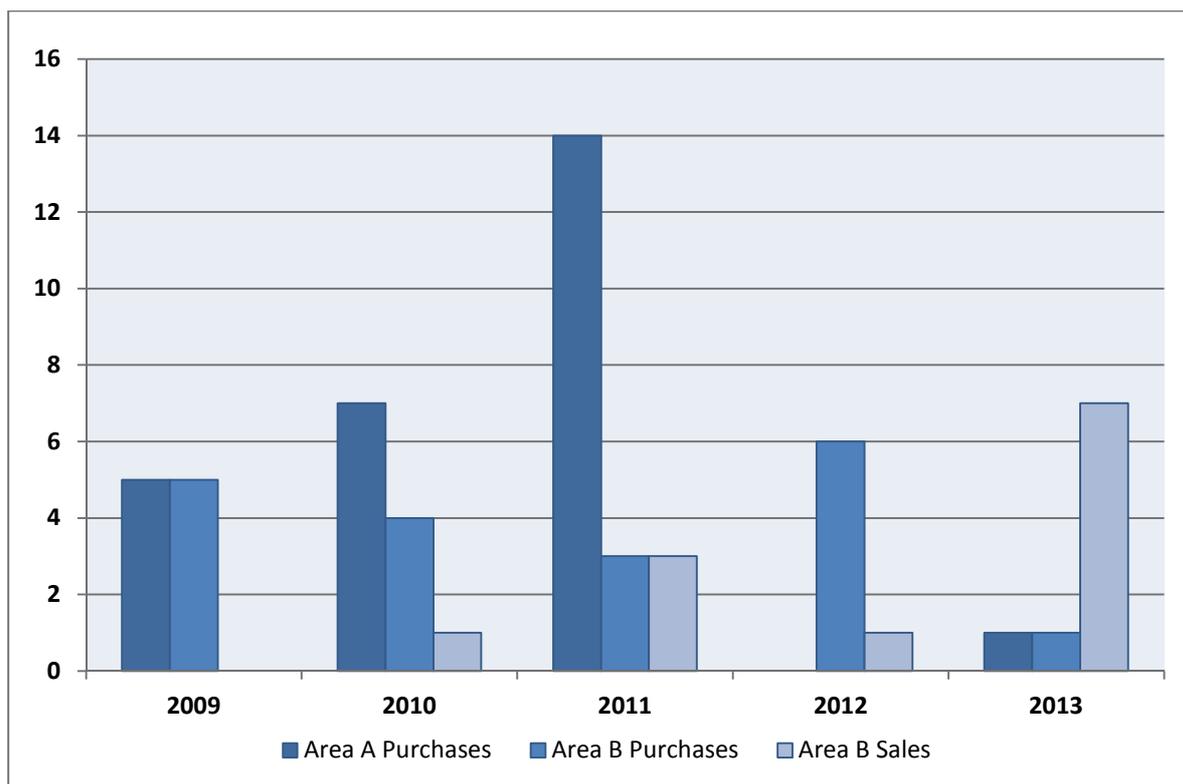


Figure 4. Property Purchases Areas A and B and Sales Area B (2009-2013)

8. Remaining eligible Area A landowners

There are twenty one remaining Area A owners who hold 40 titles, of these 14 properties have dwellings although not all are permanently occupied.

Responses from these owners to Alcoa's offers or discussions on potential sale include:

- they do not wish to sell at this time;
- they wish to live their lives out on the property; might sell if necessary in old age, prefer to leave the property to family descendents to decide;
- they are seeking better terms than what is on offer.

Alcoa remains committed and willing to buy the remaining Area A properties under the terms of the existing Land Management Plan.

Alcoa maintains frequent contact with owners through the Wagerup Community Relations and Land Administration personnel. Letters were sent to Area A owners in January 2012 and February 2014 reminding people of Alcoa's interest in purchasing their properties.

In the interim, a Residential Acoustic Treatment Program as outlined in the Noise Amelioration Plan is available to Area A landowners who do not wish to sell at this time and remain in noise affected homes.

Informally, due to the social nature of the local community and the fact that Alcoa owns neighbouring property with almost all remaining Area A landowners, face to face contact does occur. Several current Area A landowners have leased from Alcoa other Area A

properties purchased by the company in the past 10 years. These arrangements help facilitate ad hoc conversations between the Land Administration Team and remaining Area A landowners. While these discussions normally involve dealing with the usual neighbour issues (eg. fencing, stray livestock) invariably these conversations lead to the Land Management Plan.

Numerous neighbours indicate that they would like these discussion kept in confidence and will formally approach Alcoa when they are ready to sell. Alcoa employees who have these discussions believe that neighbours do understand the fundamentals of the Land Management Plan but it is important not to push people and instead permit them to come to Alcoa in their own time.

Many variables influence a landowner's willingness to sell. As per the main comments listed by landowners remaining in Area A some still have strong social, historical and family ties to the land and have made it clear to Alcoa employees "they wish to remain in the area". Alcoa endeavours to respect their wishes by maintaining polite and cordial relations with the associated families. These landowners may be elderly and have resided near the Wagerup refinery throughout the 30 years of its operation.

Based on the discussions Alcoa has had with landowners it believes that more than half of the remaining landowners in Area A can be categorised as desiring to retain or remain on their property. Respecting the wishes of these senior members of the community is important.

A recent purchase reflected this scenario where Alcoa successfully acquired a home and acreage from the family executors of an estate. The property had been held by an elderly member of the community who had resided for more than half a century in their home.

Other landowners have made it clear that they expect offers to increase beyond the terms and conditions of the Wagerup Land Management Plan that has operated since 2002. Anecdotal comments include:

"The last sellers will get the best price"

"Those that remain should be provided an additional premium"

"Last sellers will get the biggest pay day"

Other landowners have made it clear that they wish for additional property they own outside of Area A to be included in any purchase. In one case the landowner sought for more than 1000 acres to be included into the Area A program. Alcoa is not prepared to entertain such options and will not operate outside the existing Land Management Plan.

While Alcoa respects the rights of a seller to express their point of view, the company is very aware that it has committed to the local community, previous State Governments and previous sellers that the existing terms of the Wagerup Land Management Plan will be those applied. Alcoa considers a shift away from this long held position presented to the broad community and previous vendors would be inappropriate and likely result in claims for retrospective compensation on equal terms.

9. Current ownership of Area A

In addition to the land held by Alcoa (265 titles) and private individuals (40 titles) other owners hold titles (32) within Area A that are not eligible to be considered for purchase under the terms of the Wagerup Land Management Plan.

In Area A government agencies own 26 properties and six properties are held by infrastructure operators such as Alinta Cogeneration Wagerup Pty Ltd, Electricity Networks Corporation and other companies such as Timepath Holdings Pty Ltd and Bayhill Pty Ltd. Their operations are considered to be compatible with the Wagerup refinery.

Of the 305 titles eligible for purchase, Alcoa currently owns 265 of these properties or 87% of titles eligible for purchase in Area A. (Figure 5)

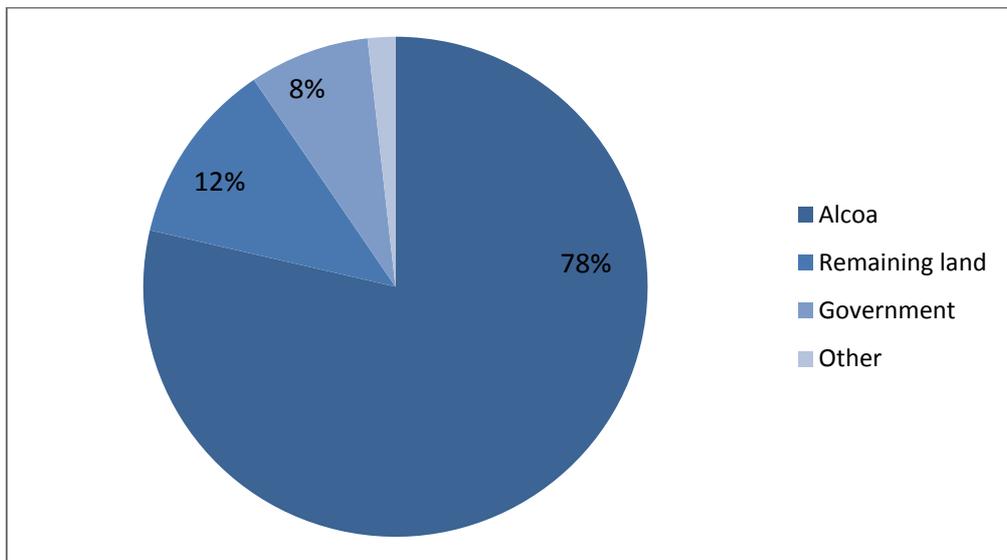


Figure 5. Current Ownership distribution of Area A

10. Case Studies

Alcoa is aware that some general comments regarding the nature of the purchases undertaken by Alcoa have from time to time been made to Government and in the public arena.

Summaries of four actual property purchases in Area A have been provided in Appendix 2. These have been provided to accurately reflect the equitable outcomes of the property purchase (names have been deleted to protect the privacy of landowners).

The case studies demonstrate that:

- The Land Management Plan is being implemented consistently and within the framework of the Land Management Plan.
- Valuations are consistent with the approach outlined in the Land Management Plan and result in a premium price.

Alcoa respects the wishes of the neighbour and will not force them to sell property.

11. Summary

Alcoa has a well established Land Management Plan at the Wagerup refinery and remains committed to a defined, consistent and transparent process. Alcoa's expenditure has exceeded \$250 million toward the implementation of the Land Management Plan at Wagerup since 2002.

Land transactions require a willing purchaser and a willing seller. Alcoa is willing to purchase the remaining Area A properties in accordance with the Wagerup Land Management Plan, however not all landowners wish to sell at this time and some want more generous terms than previous vendors.

Alcoa has purchased 168 properties since the commencement of the Wagerup Land Management Program in 2002 and holds in total 265 titles within Area A. This provides a strong demonstration that the fundamental principles of the existing Wagerup Land Management Plan are effective and equitable.

In balance with the objectives of the Wagerup Land Management Plan, and in making best endeavours to purchase the remaining eligible properties in Area A, Alcoa continues to respect the wishes of those landowners who for various reasons choose not to sell their property at this time, and remains cognizant of the need to ensure future purchases are consistent with the terms and conditions offered to previous landowners.

Appendix A

Land Management Plan Information Sheet



ALCOA

Australia's aluminium

July 2013

Land management

Alcoa Wagerup Refinery

Alcoa implemented a land management strategy in 2001/02 which enabled people living in the immediate vicinity of the Wagerup refinery, who felt impacted by the operations, to sell their property to Alcoa. The strategy comprises of two areas shown on the adjacent image.

Area A - immediately surrounding the refinery; and Area B - the townships of Hamel and Yarloop.

The land management strategy is implemented by Alcoa and has no formal status in planning schemes or legislation. The characteristics of Area A and B are outlined here.

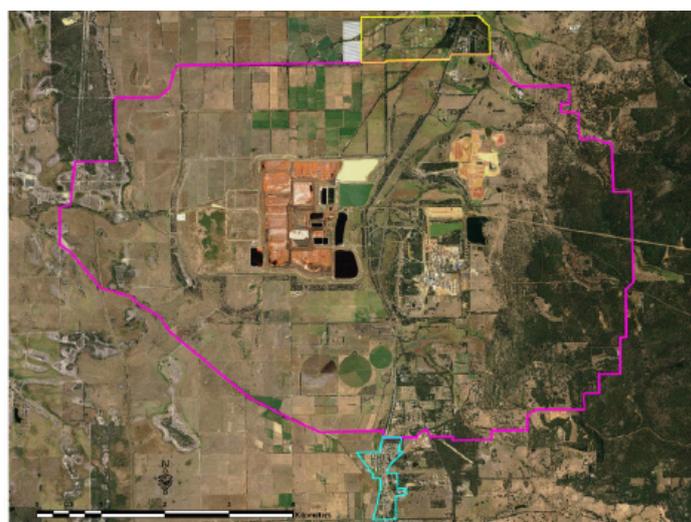
Area A

- Area A was delineated on to the north and south based on the 35dB(A) noise contour.
- It allows for future expansion of Alcoa's bauxite residue storage area to the west (the actual footprint of the refinery will stay the same, even if production is increased in the future).
- Alcoa does not on-sell properties purchased in Area A.
- Some Area A properties (northern Yarloop townsite) are rented out by Alcoa; sometimes to the previous owners.
- Properties in Area A are purchased at a premium of 35 percent above unaffected market value plus Alcoa contributes \$7000 towards residential relocation costs.

Area B

- Alcoa's land management strategy was extended to the townships of Yarloop and Hamel to enable people who owned property before 1 January 2002 to sell that property to Alcoa at unaffected market value. This area is known locally as Area B.
- No environmental factors influenced Area B boundaries. It was established to help ensure township viability into the future.
- Properties in Area B are resold to maintain property values and support the viability of the town sites.
- Alcoa will only purchase an Area B property once and no premium or relocation assistance is paid.
- Alcoa will purchase eligible properties after the property owners have marketed the property for sale on the open market for six months and they can demonstrate that they have been unable to sell the property.

Map of Area A and B



Legend

- Area A
- Hamel
- Yarloop

In September 2006 Alcoa agreed to use the 'Harvey Waroona Index' for valuations of property purchases in Area A and B. This means sales data from the townships of Harvey and Waroona will be considered in determining unaffected market value.

Note: The Supplementary Property Purchase Program (SPPP), established and administered by the WA government in 2006, is now closed.

For more information, please contact:

Community Relations Officer
Alcoa Wagerup Alumina Refinery
Ph: 9733 8768

Land Administrator
Ph: 9557 4087

Appendix B

Land Purchase Area A Case Studies

Case study A

In late 2007 Alcoa purchased several general farming lots from a neighbouring land owner. The properties were located in Area A within the Shire of Waroona.

Following is a summary of the property purchased, general description, property improvements, general comments, comparable property sales in the region and valuation. Text provided is drawn directly from the independent valuer's report.

DATE OF INSPECTION: July 2007

PROPERTY DESCRIPTION

The subject properties comprise five adjoining lots used in the main for farming purposes as summarised hereunder:

Lot [REDACTED] Road

Comprises an area of 47.70 hectares of which approximately 5 hectares is cleared with the remaining area of the site vegetated in mature timber including jarrah, wandoo and redgum. The land is undulating throughout and appears well drained with fertile soils.

Lot [REDACTED] Road

Comprises an area of 22.20 hectares which has a seasonal creek and is approximately 20 per cent cleared with the remaining area of the site timbered.

Lot [REDACTED] Road

Comprises an area of 40.50 ha accommodating a small cottage and outbuildings. The site is undulating and is cleared providing prime agricultural land. [REDACTED] provides a permanent water supply. Approximately 4 ha of land is irrigated from the [REDACTED] comprising chocolate loam soils for horticulture purposes.

Lot [REDACTED]

Comprises an area of 8.10 ha which does not front a road. The site is predominately cleared with some shade trees. The site is generally sandy loam with some loam over gravel. The site is elevated and undulates throughout.

Lot [REDACTED] Road

Comprises an area of 16.20 ha and is an attractive elevated site comprising fertile soils with random stands of jarrah, wandoo and redgum. The site is located on the southern boundary of Lot [REDACTED].

IMPROVEMENTS

With the exception of Lot [REDACTED], there are no structural improvements on the remaining lots. Lot [REDACTED] is improved with a small cottage, aged approximately 100 years, which is three bedrooms and is of weatherboard and iron construction. In addition, there are a variety of aged outbuildings which essentially have utility value only.

The lots utilised for farming purposes are fenced including subdivisional fencing, with graded roads to various parts of the property. Approximately 4 ha of land is irrigated from [REDACTED] for horticultural purposes on Lot [REDACTED].

ROADS & SERVICES

██████ Road is gravelled whilst ██████ Road is partly gravelled and partly bitumened. There are no services connected to the sites other than electricity and telephone. Shopping facilities are in Waroona

VALUATION APPROACH

In our assessment of our values for the subject properties, we have had regard for the following relevant factors:

- Location of the subject properties
- The areas of the subject lots, their configuration and topography
- The zoning of the land and permissible uses in accordance with the Shire of Waroona's Town Planning Scheme
- The available comparable sales evidence of similiar land in elevated escarpment areas with coastal views
- The general state of the rural real estate market with particular regard to the properties in Yarloop, Waroona and Wagerup

Comparison of sales of similiar properties at the relevant date provides the best basis of valuation. In this regard we have generally confined our sales evidence to lots with similiar locations in the Darling Range escarpment.

SALES EVIDENCE

Sales evidence noted is as follows:

1.) Lot ██████ Weir Road, Waroona

Sale Price: \$1,450,000
Date of Sale: To settle in Jan 2007
Land Area: 53.34 ha
Improvements: Brick and tile residence with outbuildings
Zoning: Rural
Analysis: Land Value: \$20,000/Ha
(after discounting for adjoining owner purchase
Comments: Believed purchase by adjoining owner; site is predominantly cleared.

2.) Lot ██████ Huxley Road, Yarloop

Sale Price: \$280,000
Date of Sale: April 2006
Land Area: 16.20 ha
Improvements: Vacant land
Zoning: Rural
Analysis: Land Value: \$17,284/Ha
Comments: Smaller lot than subject with creek

3.) Lots ██████ and ██████, ██████ and ██████ Road, Yarloop

Sale Price: \$646,000
Date of Sale: Feb 2007
Land Area: 33.3756 ha
Improvements: Vacant land (predominantly bushland)
Zoning: Rural
Analysis: Land Value: \$19,350/Ha

Comments: The property is improved with a relatively large dam and may have potential for re-amalgamation and subdivision. The property was recently purchased by Alcoa and is believed to represent a non-blighted sale.

4.) Lot [REDACTED] Roads, Yarloop

Sale Price: \$19,000/Ha
Date of Sale: May/June 2007
Land Area: 46.6880 ha
Improvements: Small shed
Zoning: Rural
Analysis: Land Value: \$19,000/Ha

Comments: Elevated partly cleared life style lot. Purchased by Alcoa.

5.) Lot [REDACTED], Hall Road, Waroona

Sale Price: \$895,000
Date of Sale: March 2007
Land Area: 40.40 ha
Improvements: Essentially cleared farming land.
Zoning: Rural
Analysis: Land Value: \$22,116/Ha

Comments: A well located lifestyle lot on the eastern side of the South West Highway.

GENERAL COMMENTS

The subject lots provide attractive, relatively secluded lifestyle properties with elevated aspects. The properties are in relatively close proximity to Waroona and South Western Highway. Soils in the main appear fertile and the properties have the advantage of winter creeks together with the [REDACTED] Brook which we understand is of a permanent nature. The cleared properties are utilised for grazing purposes and have the advantage of stands of mature shade timber.

The generally uncleared lot (Lots [REDACTED] and [REDACTED]) are attractive lifestyle lots for which strong demand exists. We are of the opinion that the added value of the timber is reflected in our adopted land value. Similarly, whilst some of the lots may have the rights to mine minerals, it is our opinion that such value (if any) is also reflected in our adopted land value.

Sales evidence of similar properties in the locality is scarce and whilst we have endeavoured to analyse sales in areas other than that affected by Alcoa's operations, such sales evidence is also scarce. We have also considered it prudent to consider the threshold prevailing in the subject area.

VALUATION CALCULATIONS

for the following analysis of market evidence, we assess the value of the subject properties in accordance with the comments referred to earlier in this report as follows:

Lot [REDACTED]	47.70Ha	\$@20,000ha		\$954,000
Lot [REDACTED]	22.20Ha	\$@25,000ha		\$555,000
Lot [REDACTED]	40.50Ha	\$@25,000Ha	\$1,012,000	
		Added value of house/sheds	<u>\$ 65,000</u>	\$1,077,500
Lot [REDACTED] & [REDACTED]	8.10Ha			
	16.20Ha	\$@35,000Ha		<u>\$ 850,000</u>
TOTAL:				\$3,437,000
Adopted value rounded:				\$3,440,000

VALUATION

We assess the non-blighted market value of the subject properties as described in this report, as at the date of inspection, and subject to the detail referred to herein to be:

Three Million, Four Hundred and Forty Thousand Dollars (\$3,440,000)

(Valuation is net of GST)

PURCHASE SUMMARY:

Case study A demonstrates that for every lot purchased Alcoa negotiated in good faith and paid the owner a price above the comparative regional market. It should be noted that as per the commitments made to purchase properties in Area A an additional 35% premium was provided to the landowner.

	Area	\$/per ha	Valuation	Price Paid (35% Premium incl)
Lot [REDACTED]	47.70Ha	\$@20,000ha	\$ 954,000	\$1,287,900
Lot [REDACTED]	22.20Ha	\$@25,000ha	\$ 555,000	\$ 749,250
Lot [REDACTED]	40.50Ha	\$@25,000Ha	\$1,012,000	
		Added value of house/sheds	<u>\$ 65,000</u>	
			\$1,077,500	\$1,454,625
Lot [REDACTED]	8.10Ha	\$@35,000Ha rounded	<u>\$ 284,000</u>	<u>\$ 383,400</u>
TOTAL:			\$2,870,500	\$3,882,175

Final price paid to the landowner was \$3,882,715 (includes \$7,000 relocation allowance) as the owner withdrew a 16.20 ha lot from the sale.

The owner decided to retain this lot to pass on to family. This was valued at \$567,000. Adding the 35% premium this would have provided a further \$765,450 to the purchase price.

Case study B

In 2011 Alcoa purchased several lots from a neighbouring land owner located in Area A within the Shire of Waroona.

Following is a summary of the property purchased, general description, property improvements, general comments, comparable property sales in the region and valuation of five of the subject lots. Text provided is drawn directly from the independent valuer's report.

DATE OF INSPECTION: August 2011

LAND DETAILS

The property consists of [REDACTED] contiguous lots forming one property with land details as follows.

Total Area [REDACTED] ha

Description Located on the broad coastal plain towards the base of the Darling Scarp.

Topography

Overall the property is predominantly flat and low lying with some small sandy areas slightly elevated and above the plain. This general area is part of the broad Harvey River floodplain and the point where [REDACTED] and [REDACTED] flow into the Harvey River proper. Historically the area would have been swampy and subject to inundation in winter months however with the construction of man made drains the land is suitable for year round production.

Soil Types

Soil types are variable but are predominantly grey sands and sandy loams over a clay or gravel base. There are areas of silts along the floodplains of the old waterways together with a small area of deeper white quartz sands towards the north west corner mostly on Lot [REDACTED] but also on Lot [REDACTED].

Vegetation

Native Vegetation would have consisted of marri forests more apparent on the better soil types. These would be in-dispersed with stands of paperbarks in the lower wetter swampy areas while the tee tree shrub is still apparent on the smaller area of deeper sandy soils.

Ground Water

We understand ground water exists in the district of volume and quality suitable for stock.

DEVELOPMENT

Description

The majority of the land is classified as good quality agricultural land well suited to pasture growth and stock grazing.

Suitable for agriculture

The land is predominantly cleared with large areas established for cultivation and hay production.

Parkland clearing

There are several smaller areas of parkland clearing and a compact area of native bush and shrub on the lighter sandy soils located at the north west corner.

OTHER DEVELOPMENT

Fencing

This property is boundary fenced and subdivided internally into a number of paddocks serviced by a laneway system for ease of management. Fencing inspected included both new and older style fences suited to cattle grazing. Fences were generally in good to serviceable condition being considered stock proof.

Pasture

There is evidence of well balanced pastures including clovers, ryegrass and other grasses in the sword. Pastures appear to be well maintained with annual top dressing of fertiliser over an extended period of time.

Water

There are three (3) windmills on shallow bores providing stock water via a system of storage tanks and concrete troughs. Scheme water supplies an overhead tank on a metal stand at the north west corner of Lot [REDACTED] while there is a permanent soak into the water table along the norther boundary of Lot [REDACTED]. It would appear there are adequate water supplies to support the number of cattle presently run.

Noxious weeds

Our inspection identified a small number of arum lilies which we understand are control by annual spraying.

STRUCTURAL IMPROVEMENTS

General Description

Structures erected on the property consist of an older style hay shed and two sets of cattle yards.

The hay shed is constructed of steel water pipe frame and enclosed on three sides and roof with corrugated iron sheeting. It has an earth floor with an approximate area of 120m².

The main set of cattle yards includes a bugle style race, crush and loading ramp. It is constructed of railway iron posts and steel mesh. There is also an area of gravel hardstand for trucks.

There is a secondary set of timber cattle yards situated on Lot [REDACTED]. Both are in good serviceable condition.

Sales Evidence

Sales evidence is as follows;

1. Lot [REDACTED] South West Highway, Wokalup
Sale Price: \$1,300,000

Date of Sale: 18 Feb 2011
Land Area: 67.40 ha
Land Value: \$19,288/ha overall \$14,837/ha excluding structures

Comments: Mixed property rising from coastal plain into elevated Darling Scarp. Flat plain features strong soil types being typical bluegum country developed for irrigation pastures. Land rises up hill face to elevated ridge which is parkland cleared with some remnant native timber and granite outcropping.

Two newer homes developed towards the rear of the site, older original home at the base of the hill, larger older CGI farm shed, small rural style shed (\$300,000). Mixed farm on which their appears to be a small established vineyard, frontage to the main road. Viable property not directly comparable to the subject.

2. Lot [REDACTED] Field Rd, Harvey
Sale Price: \$499,000
Date of Sale: 4 April 2011
Land Area: 16.20 ha
Land Value: \$30,802/Ha

Comments: Two flat level contiguous small lots with good soil types. Developed for cattle grazing. Set of steel cattle yards. Sold to adjoining farmer for expansion. Some lifestyle influences in value. Smaller lot of comparable grazing land to subject.

3. Lot [REDACTED] Birbeck Rd, Cookernup
Sale Price: \$430,000
Date of Sale: 4 April 2011
Land Area: 26.10 ha
Land Value: \$16,475/Ha

Comments: Rising property with white gum timber. Sandy loam soils cleared and pastured for grazing. No improvements identified. Basic grazing block with some limited horse fencing. Not as productive land as subject.

4. Lot [REDACTED] Mitchell Rd, Wokalup
Sale Price: \$980,000
Date of Sale: 2 March 2011
Land Area: 94.65 ha
Land Value: \$10,354/Ha

Comments: Larger property on the flats along the [REDACTED] River floodplain. Grey sandy soil types with marri in the elevated areas, paperbarks in the swampy low lying parts with bluegums along the waterways. Property has been developed for stock grazing with some remnant timber. Serviceable timber cattleyards, sound grazing block with [REDACTED] River frontage, gravel road access. Large holding not as productive as subject.

5. Lot [REDACTED] Riverdale Rd, Cookernup
Sale Price: \$1,100,000
Date of Sale: 8 Feb 2011

Land Area: 23.08 ha
Land Value: \$47,640/ha overall \$36,813/ha excluding structures

Comments: Flat level elevated grazing land adjoining Cookernup townsite. Typical marri country with sandy loam soils. Brick tile home with double garage UMP, circa 1980s, detached workshop (\$250,000). Well located lifestyle property with well presented slightly dated home. Smaller lots not as productive farm land.

6. Lot [REDACTED] Meredith Rd, Cookernup
Sale Price: \$550,000
Date of Sale: 2 Dec 2010
Land Area: 40.50 ha
Land Value: \$13,580/ha overall \$9.877/Ha excluding structures

Comments: Flat level sandy lot including grey, white and quartz sands. Predominantly native bush. Smaller home, 3 bedroom 1 bathroom with a detached workshop and machinery shed (\$150,000). Basic lifestyle property only. Underdeveloped lot of lighter soil types. Does not compare readily to subject.

7. Lot [REDACTED] Clarke Rd, Harvey
Sale Price: \$700,000
Date of Sale: 25 Nov 2010
Land Area: 51.10 ha
Land Value: \$13,699/ha

Comments: Lower lying wetter flats cleared and pastured for stock with some remnant shrubs. Purchased by local farmer expanding. Grazing property with access via gravel road and track. Similar land not as well developed as subject.

8. [REDACTED] Gibbings Rd, Harvey
Sale Price: \$975,000
Date of Sale: 8 August 2010
Land Area: 38.30 ha
Land Value: \$25,457/ha overall \$17,624/ha excluding structures

Comments: Flat level site with good sandy loam soil types. Typical jarrah marri country cleared and pastured for grazing. Property has been well developed. Modern comfortable family home with double carport UMR (Peck Home), large fully enclosed high truss steel storage shed, steel machinery shed and separate hay shed enclosed three sides (\$300,000). Well presented property developed for horses and lifestyle influence. Similar country to subject property but in better location.

9. Lot [REDACTED] Leitch Rd, Harvey
Sale Price: \$540,000
Date of Sale: 5 July 2010
Land Area: 26.67 ha
Land Value: \$19,512/ha overall \$14,453/ha excluding structures

Comments: Flat low lying wet land being typical bluegum country. Established for grazing

with basic infrastructure. Older style fibro metal deck home with a detached garage (\$140,000). Basic standard of development with some lifestyle influence. Similar type of grazing land although not as well developed or productive as subject.

10. Lot ■ Bernies Rd, Benger
Sale Price: \$800,000
Date of Sale: 1 July 2010
Land Area: 53.00 ha
Land Value: \$15,094/ha

Comments: Lower lying country with good flats for cattle grazing and hay production. Partial irrigation land. No identifiable improvements. Larger lot generally with similar type of grazing country to the subject.

11. Lot ■ Hayward Rd, Cookernup
Sale Price: \$540,000
Date of Sale: 17 June 2010
Land Area: 27.67 ha
Land Value: \$19,512/ha overall \$14,453/ha excluding structures

Comments: Three contiguous lots forming a larger grazing property that was formerly a small dairy. Flat wet low lying property with strong soil types typical blue gum and paperbark country. Old irrigation land. Older style home, old brick dairy, numerous farm style sheds that have not been well maintained with some being obsolete (\$150,000). Bounded by Thompson and Brockman Roads the property is well located adjoining the town site of Cookernup. Larger multi-lot holding. Comparable property to subject but in slightly better location.

12. Lot ■ Bernies Rd, Wokalup
Sale Price: \$90,000
Date of Sale: 9 June 2010
Land Area: 40.11 ha
Land Value: \$22,436/ha overall \$18,697 excluding structures

Comments: Gently sloping country running up towards the scarp. Good sound soil types for cattle grazing and hay production. Old irrigation country. Comfortable brick and tile home, old brick dairy and farm style CGI shed (\$150,000). Originally developed as small dairy operation. Possible related party transfer. Similar type of grazing country to subject. Sold 9/06/2010.

13. Lot ■ Myalup Rd, Harvey
Sale Price: \$360,000
Date of Sale: 24 March 2010
Land Area: 34 ha
Land Value: \$10,588/ha

Comments: Mixed property running from lower wetter land into old sand dune system with deeper white sands. Mostly cleared with areas of remnant native bush. No improvements.

Smaller lifestyle property with limited application to farming. Overall not comparable to the subject.

14. Lot ■ Riverdale Rd, Cookernup
Sale Price: \$700,000
Date of Sale: 20 March 2010
Land Area: 20.00 ha
Land Value: \$34,992/ha

Comments: Flat level elevated grazing property with sandy loam soils. Typical marri country. Vacant land that is a well located lifestyle property. Small lot. Not as productive farm land.

15. Lot ■ Forrest Highway, Lake Clifton
Sale Price: \$946,000
Date of Sale: 28 Feb 2010
Land Area: 55.58 ha
Land Value: \$17,018/ha

Comments: Flat level floodplain, lying between ■ River and small waterway. Sandy loam soil types cleared and pastured for stock grazing. No structures identified. Vacant site situated between Forrest Highway and Harvey River. Larger lot in busy location. Not as productive as subject. Greater utility and more suited to alternative lifestyle purposes.

- 16 Lot ■ Salisbury Rd, Cookernup
Sale Price: \$900,000
Date of Sale: 10 Feb 2010
Land Area: 31.42 ha
Land Value: \$28,639/ha

Comments: Flat level elevated grazing property adjoining Cookernup town site. Sandy loam soils being typical marri country. Old brick dairy and small shed (\$NVE). Well located lifestyle property. Not as productive farm land as subject.

17. Lot ■ Bristol Rd, Hamel
Sale Price: \$300,000
Date of Sale: 2 Feb 2010
Land Area: 18.06 ha
Land Value: \$16,604/ha

Comments: Gently undulating property being part of the Harvey River floodplain. Lighter grey and white sands with marri in elevated areas and paperbark in the lower wetter parts. Developed for grazing with some remnant stands of timber. Believed to be vacant land at date of sale. Since erected fully enclosed steel framed CGI shed. Corner of ■ Road the property has lighter soils with sandy coastal influence. Small lot with lifestyle influence. Not as well developed or productive as subject.

18. Lot ■ South West Highway, Wokalup

Sale Price:	\$1,450,000	
Date of Sale:	26 Jan 2010	
Land Area:	81.30 ha	
Land Value:	\$17,835/ha overall	\$12,300/ha excluding structures

Comments: Two slightly elevated contiguous lots falling away from highway to the west. Good sandy loam soils cleared and pastured for stock grazing. Large brick tile architectural designed home with garaged UMR, circa 1980s, small SF CGI workshop (\$450,000). Purchased by local farmer expanding. Good grazing property with overcapitalized residence. Larger lot with comparable grazing land to the subject.

VALUATION CALCULATION

	Area	\$/per ha	Total Price	Rounded
Lot A	10.887ha	@\$33,000/ha	\$359,291	\$360,000
Lot B	31.509ha	@\$21,500/ha	\$677,463	\$680,000
Lot C	3.9656ha	@\$65,000/ha	\$257,764	\$260,000
Lot D	21.3917ha	@\$27,000/ha	\$577,576	
	Structures		<u>\$ 10,000</u>	
			\$587,576	\$590,000
Lot E	57.0337ha	@16,000/ha	\$912,539	
	Structures		<u>\$ 5,000</u>	
			\$917,539	\$920,000

Summary Comparison:

Case Study B demonstrates that for every lot purchased from the landowner Alcoa negotiated in good faith and paid a price above the comparative regional market. In determining a value for the properties sales evidence ranging from south to Bengier, west to Lake Clifton and north to Coolup was used to make these decisions.

It should be noted that as per the commitments made to purchase properties in Area A an additional 35% premium was added to the final valuations provided in this report.

The final price paid for each of these lots as part of the total purchase was;

TITLE	Area	\$/per ha	Valuation	Price Paid (35% Premium)
Lot A	10.887ha	@\$33,000/ha	\$360,000	\$486,000
Lot B	31.509ha	@\$21,500/ha	\$680,000	\$918,000
Lot C	3.9656ha	@\$65,000/ha	\$260,000	\$351,000

Lot D	21.3917ha	@\$27,000/ha	\$577,576	
	Structures		<u>\$ 10,000</u>	
			\$587,576	
		Rounded	\$590,000	\$796,500
Lot E	57.0337ha	@16,000/ha	\$912,539	
	Structures		<u>\$ 5,000</u>	
			\$917,539	
		Rounded	\$920,000	\$1,242,000
TOTAL PAID (for properties A, B, C, D & E)				\$3,793,000

Final price paid to the landowner was \$3,793,000 for the 5 lots involved in this purchase. Adding the 35% premium to the initial valuation provided a further \$983,000 to the purchase price. This landowner entered into a lease back arrangement with Alcoa to enable continued operation of a farming business.

Case study C

In January 2009 Alcoa purchased a home located within Area A in the town of Yarloop. It was a 3 bedroom, 1 bathroom timber stumped weatherboard residence located on 2.12 hectares within the Shire of Harvey.

Following is a summary of the property purchased, general description, property improvements, general comments, comparable property sales in the region and valuation. Text provided is drawn directly from the independent valuer's report.

MAIN DWELLING - CONSTRUCTION & DESIGN

Built About (est): c1940s

Footings: Timber

Main Walls: Weatherboard

Roof: Zinalume

Internal Walls: Plasterboard



ACCOMMODATION

Comprises three bedrooms, bathroom, entrance, lounge, dining, kitchen, laundry and w/c

HOME AREA (based on external measurements taken on site)

Main House: 155 sqm

Workshop / Shed: 54 sqm

Attached carport: 36 sqm



FITTINGS

Kitchen: Gas upright stove, double sink, laminated bench tops, and polished timber floorboards.

Bathroom: Claw foot bath, shower, vanity, toilet and polished timber floor boards.

Laundry: Single trough, laminated floor.

FEATURES

- Carpet in bedrooms and lounge
- Polished timber floor boards
- Reverse cycle split system air conditioner
- Upgraded kitchen
- Upgraded bathroom

IMPROVEMENTS – ANCILLARY

- Detached steel frame and zinalume clad workshop with attached double car port
- Front verandah with timber balustrade
- Gravel driveway
- Good boundary fencing
- Established gardens surrounding the residence

GENERAL COMMENTS

The subject property comprises a 2.1220 hectare land holding positioned on the eastern side of the Yarloop town site. The property is improved with an older style weatherboard and iron cottage which at the date of valuation was well presented both internally and externally. Our enquiries suggest the residence was 'transported' to the site in 2002 and gradually upgraded since including timber stumping, electrical and plumbing. Fixtures and fittings throughout are of an average quality.

SALES EVIDENCE

It is conceded that not all properties examined are directly comparable however a range of evidence has been put forward to provide the best cross section for valuation purposes under the "Harvey Waroona Index".

VACANT LAND

Address	Sale	Date Price
██████ McDowell St, Waroona	04/08	\$355,000

Lot Size: 7,000sqm

Zoning: Special Residential

Comments: A smaller lot predominantly level and cleared. A higher land value should apply to the subject property.

██████ Tenth St, Harvey	04/08	\$390,000
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Lot Size: 4.005 hectares

Zoning: Intensive Farming

Comments: A larger lot predominantly level and cleared. Although larger a similar level of land value.

██████ Cheshire St, Coolup	10/07	\$390,000
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Lot Size: 2.0006 hectares

Zoning: Special Rural

Comments: A slightly smaller lot comprising cleared land positioned to the west of the Coolup townsite. A dated sale in a superior real estate market. A guide to land value

IMPROVED PROPERTIES

██████ Peel Rd, Waroona	06/07	\$625,000
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Lot Size: 4.56 hectares

Zoning: Rural 1 – General Farming

Comments: A larger land holding located north west of the Waroona town site with Pinjarra system soils. Improved with a cedar and iron home providing four bedroom, one bathroom accommodation plus workshop/studio. A dated sale in a stronger real estate market. A much larger land holding with slightly inferior improvements. Slightly superior level of value. Sale price subjectively analysed as:

Land: \$450,000

Improvements: \$175,000

██████ Ietto Way, Harvey	05/08	\$575,000
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Lot Size: 1.0580 hectares

Zoning: Special Residential

Comments: A smaller land holding, undulating in topography and positioned on the eastern side of Harvey within the "Hill View Estate". Improved with a 1995 built, hardiplank and iron residence providing four bedroom, two bathroom accommodation and detached workshop. Newer improvements in a similar hillside location. Smaller land holding. Slightly inferior level of value.

Sale price subjectively analysed as follows:

Land: \$300,000

Improvements: \$275,000

■ **Ninth St, Harvey** **06/08** **\$522,000**

Lot Size: 4.05 hectares

Zoning: Intensive Farming

Comments: A larger land holding comprising level cleared land improved with a barn style modern colorbond residence. Although modern somewhat basic improvements on a larger lot located to the west of the Harvey town site. Inferior level of value. Sale price subjectively analysed as:

Land: \$400,000

Improvements: \$122,000

■ **Cheyne Ct, Pinjarra** **01/08** **\$735,000**

Lot Size: 2.01 hectares

Zoning: Special Rural

Comments: A similar size lot improved with a similar age brick and tile residence providing four bedroom, two bathroom accommodation with a double garage and numerous workshop, sheds, stables and round yard. Superior improvements on a slightly smaller lot, in a superior location. Superior level of value. Sale price subjectively analysed as:

Land: \$450,000

Improvements: \$285,000

Case C VALUATION RATIONALE

In undertaking this assessment of market value, we have utilized the direct comparison and summation methodologies, whereby sales evidence has been compared with the subject property with reference to, inter alia, lot size, zoning, age, construction type and size, quality of ancillary improvements and overall appeal and aesthetics.

In section 10 of this report (above) we collated a summary of recent sales evidence. We have focussed on private transactions ie. sales between a willing buyer and willing seller on the open market – not involving Alcoa. We have had regard to the Harvey Waroona index analysing sales outside of the Yarloop locality.

The sales evidence analysed has varied from smaller 1.0 hectare properties to larger 4.56 hectare properties with value ranges between \$355,000 for a smaller vacant lot to \$735,000 for a superior special rural property within Pinjarra. Given the size of the subject land holding and the quality of improvements thereon we have adopted a value of \$600,000 for possible acquisition purposes. Our assessed value can be notionally apportioned as follows:

Land: \$390,000

Improvements: \$210,000

Total: \$600,000

Case C PURCHASE SUMMARY

Post the property report the landowner took up the option to have the replacement value of the building assessed to maximise the potential outcome. In accordance with the Wagerup Land Management Plan the following values were reached.

Valuations are;

Land values - Landowner's valuer 12/08	\$380,000
Alcoa's valuer 12/08	\$390,000
	Variance 2.63%
Building Replacement Assessments -	
Landowner's valuer 12/08	\$375,503
Alcoa's valuer 01/09	\$366,869
	Variance 2.35%

Calculation - Land value	$\$390,000 \times 1.35 =$	\$526,500
Building Replacement		\$375,503
Relocation		\$ 7,000
Total		\$909,003

Total purchase price paid by Alcoa was \$909,003 for a 3 bedroom, 1 bathroom timber stumped weatherboard residence located on 2.12 hectares.

Case study D

In May 2010 Alcoa purchased a home located within Area A in the town of Yarloop. The home was a basic fibro home with additional small sheds located on 2.18 hectares within the Shire of Harvey. Following is a summary of the property purchased, general description, property improvements, general comments, comparable property sales in the region and valuation.

Text provided is drawn directly from the independent valuer's report.

MAIN DWELLING - CONSTRUCTION & DESIGN

Built About (est): c1960s

Footings: Timber stumps

Main Walls: Asbestos/Fibro

Roof: Democrastic tile

Internal Walls: Plasterboard

ACCOMMODATION

Comprises four bedrooms, one bathroom, lounge, dining and kitchen, toilet and detached laundry

HOME AREA (based on external measurements taken on site)

Main House: 103 sqm

Deattached carport: 21 sqm



FITTINGS

Kitchen: Gas upright stove, old wood stove, single sink, tiled flooring

Bathroom: Shower, vanity, toilet and tiled flooring.

Laundry: Double concrete trough.

FEATURES

- Slow combustion heater
- Wall mounted air conditioning
- High ceilings

IMPROVEMENTS – ANCILLARY

- Detached laundry
- Detached garage
- Attached timber and metal deck patio
- Bore/well
- Basic wood shed
- Store shed and attached lean to
- Rainwater tank
- Chicken pen
- Fruit trees
- Basic fencing
- Basic wood shed



GENERAL COMMENTS

The subject property comprises a 2.18 hectare land holding positioned on the northern side of the Yarloop town site. The property is improved with a modest home with basic ancillary improvements. An open irrigation culvert extends north- south through the western portion of

the land.

The land is zoned Residential under the Shire of Harvey Town Planning Scheme and Urban under the greater Bunbury Region Scheme. The land therefore has potential to be further subdivided. Due to this potential and the age, style and mode of construction of the improvements, the improvements are considered to have minimal added value. The highest and best use of the site is considered redevelopment.

Deep sewerage is not available to the land and from discussions with the Water Corporation, not within any current future plan. The planning department at the Shire of Harvey have indicated that subdivision to the land without sewerage has a potential density of R10 or minimum 1000sqm.

We have also discussed the subdivision potential with the Department of Planning and Infrastructure Bunbury office whom indicated that the site may be able to be developed to this density without deep sewerage services, however each application for subdivision needs to be treated on its merit and the site capability for onsite waste water treatment.

Assuming the site can be developed to this density, we estimate the site has the potential for approximately 16 lots after allowances for roads and servicing.

SALES EVIDENCE

It is conceded that not all properties examined are directly comparable however a range of evidence has been put forward to provide the best cross section for valuation purposes under the "Harvey Waroona Index".

RURAL SALES

Address

■■■■ Cheshire St, Coolup

Sale Date

06/09

Price

\$565,000

Lot Size: 2.0 hectares

Zoning: Special Rural

Comments: Improved with a recently constructed steel frame and colorbond clad residence providing four bedroom, two bathroom accommodation. Ancillary improvements include a large zincalume clad shed with attached 3 bay carport, basic stables and good fencing.

Superior improvements in comparison to the subject property on a smaller lot with an inferior zoning. Overall inferior. Sales price subjectively analysed as follows;

Land: \$315,000

Improvements: \$250,000

■■■■ George Street, Waroona

06/09

\$500,000

Lot Size: 2.0512 hectares

Zoning: Rural 2 – Irrigated Agriculture

Comments: Improved with an approximately 4 year old, brick and zincalume conventional style residence providing four bedroom, two bathroom accommodation with a double garage under the main. Basic ancillary improvements including paving, gravel base driveway and fencing. Sold under mortgagee instructions. Superior improvements in comparison to the subject property on a smaller lot with an inferior zoning. Overall inferior. Sales Price subjectively analysed as follows;

Land: \$325,000

Improvements: \$175,000

█ Fifth Street, Harvey **07/09** **\$520,000**

Lot Size: 4.05 hectares

Zoning: Intensive Farming

Comments: Improved with an older style, brick and tile residence providing three bedroom, one bathroom accommodation. The property is divided into paddocks and set up for horses or cattle with an old brick dairy, small workshop/car shed, hay shed, cattleyards and a loading ramp. Broadly similar improvements on a larger lot with an inferior zoning. Overall inferior. Sale price subjectively analysed as follows:

Land: \$400,000

Improvements: \$120,000

█ Tenth Street, Harvey **05/09** **\$495,000**

Lot Size: 4.05 hectares

Zoning: Intensive Farming

Comments: Improved with an older style, fibro and iron cottage providing three bedroom, one bathroom accommodation. A largely cleared lot with good fencing. The Uduc Brook crosses the property. Harvey Water allocation of 27 megalitres. Broadly similar improvements on a larger lot with an inferior zoning. Overall inferior. Sale price subjectively analysed as:

Land: \$400,000

Improvements: \$95,000

URBAN SALES

█ Third St, Harvey **10/06** **\$1,400,000**

Lot Size: 2.95 hectares

Zoning: Urban

Comments: A larger irregular shape land holding improved with a modern brick and iron home. Located to the north west of the Harvey town site. Has been subdivided into 27 lots known as the Harvey Orchard Estate. A lower rate should apply to the subject due to inferior density. A dated sale in a superior real estate market.

Analysis: (1) Sale price shows \$47/sqm of land area
(2) Sale price shows some \$51,852 per proposed lot.

█ Fourth St, Harvey **10/07** **\$2,175,000**

Lot Size: 4.06 hectares

Zoning: Urban

Comments: A larger holding on a combined basis comprising a vacant site and a site improved with an old asbestos residence and shed of little added value. Purchase price subject to Development Approval. Has been developed into 44 residential lots, known as "Tuart Estate". A lower rate should apply to the subject due to inferior density. A dated sale in a superior real estate market.

Analysis: (1) Sale price shows \$54/sqm of land area
(2) Sale price shows some \$49,432 per proposed lot.

█ Logue St, Waroona **11/06** **\$1,500,000**

Lot Size: 4.2023 hectares

Zoning: Urban

Comments: A larger holding with brick and tile house and sheds. Has been developed into 44 lots (33 standard and 11 cottage) known as "Golf View Estate". Adjoins Waroona Cemetery. To develop the site required the extension of sewer from the western side of the Waroona town site. A lower rate has been applied to the subject. A dated sale in a superior real estate market.

Analysis: (1) Sale price shows \$36/sqm of land area
(2) Sale price shows some \$34,091 per proposed lot.

██████████ Logue St & Recreation Rd, Harvey 10/06

\$2,500,000

Lot Size: 4.3694 hectares

Zoning: Urban

Comments: Three adjoining sites of 2.27 hectares, 1.05 hectares and 1.05 hectares located to the south of the Waroona town site. Basic style improvements. Offer subject to WAPC approval. Has been subdivided into 44 lots known as Drakesbrook Vista. A lower rate should apply to the subject due to inferior density. A dated sale in a superior real estate market.

Analysis: (1) Sale price shows \$57/sqm of land area
(2) Sale price shows some \$56,818 per proposed lot.

VALUATION

Land Value: \$650,000

Improvements: \$65,000

Total: \$715,000

PURCHASE SUMMARY

Post the property report the landowner took up the option to have the replacement value of the building assessed to maximise the potential outcome. In accordance with the Wagerup Land Management Plan the following values were reached.

Valuations are;

Land values - Landowner's valuer 12/08	\$ 600,000
Alcoa's valuer 12/08	\$ 650,000
Building Replacement Assessments - Landowner's valuer 12/08	\$ 413,332
Alcoa's valuer 01/09	\$ 416,434
Calculation - Land value \$650,000 x 1.35 (35% premium)	\$ 877,500
Building Replacement	\$ 416,434
Relocation	\$ 7,000
Total	\$1,300,934

Purchase price paid by Alcoa was \$1,300,934 for a basic 4 bedroom, 1 bathroom fibro home with additional small sheds located on 2.18 hectares, that had some potential for subdivision into the future.