

## Valuation Information Sheet

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This information sheet accompanies the brief for the provision of valuation services relating to the offer of sale of reclaimed land to the owner of adjoining freehold land.

To assist the disposal process, RMS requires a valuation for sale purposes to be assessed on a current market basis having regard to the 'before and after' method of valuation.

In assessing the 'before' market value, matters the Valuer should consider include the following:

- The Land Value of the applicant's existing (total) freehold;
- The best practical use having regard to permitted use and zoning;
- Any impediments on title;
- If applicable, any inherent value for the occupation or potential for occupation by the applicant of adjoining RMS land (including reclaimed land), including approved wetland facilities thereon, by way of an exclusive lease from RMS for a term certain of twenty years with the high probability of such arrangements continuing beyond this term (any profit rental associated with a lessee's interest should be disregarded); and
- Enforceable rights and obligations regarding the seawall maintenance in accordance with applicable RMS lease provisions.

In assessing the 'after' market value, matters the Valuer should consider include the following:

- The Land Value of the resultant parcel (on a hypothetically consolidated basis), fee simple in possession;
- The best practical use having regard to permitted use and zoning;
- Any impediments on title;
- The benefit or detriment of any public utility services (sewage lines/stormwater drains) within, upon or over the reclamation;
- If applicable, any inherent value for the occupation or potential for occupation by the applicant of adjoining RMS land (excluding reclaimed land), including approved wetland facilities thereon, by way of an exclusive lease from RMS for a term certain of twenty years with the high probability of such arrangements continuing beyond this term (any profit rental associated with a lessee's interest should be disregarded); and
- Any easement for access or maintenance and/or covenant that will need to be created.

Generally, RMS's sale price would need to reflect the difference in value between:

- An existing parcel, excluding the RMS owned reclaimed land; and
- The resultant parcel including the RMS owned reclaimed land.

Other matters the Valuer should consider include the following:

- Ongoing maintenance and repair of any seawalls to be applicant's responsibility.
- Valuation reports should comply with the Practice standards and Guidelines of the Australian Property Institute.
- Any new lease granted by the Lessor over a reclamation includes the following standard Special Condition:

**'RECLAMATION**

In the event that the Lessor offers to sell the Reclamation to the Lessee, the Lessee agrees that the rental is not to be taken into account in any valuation of the Reclamation.'

- Capitalisation of the existing Roads and Maritime Services rentals is not an appropriate method of valuation to determine a market price for the sale of a reclamation, as rentals are based on the IPART recommended method of pricing for rentals to establish a rate per square metre for the occupation of both wet and dry land, utilising a significantly discounted 3 year rolling average of Statutory Land Values (SLVs) for applicable designated precincts. This method of valuation may also not properly address any added development potential upon consolidation of the reclamation with the applicant's freehold.
- Should a sale price be agreed, any existing approved facilities, upon adjoining RMS wetland leased to the applicant, will be the subject of a new separate 3 or 20 year lease (lessee's choice).

**Land Value** means the value of *land improvements* as defined by the Valuation of Land Act 1916, and specifically any retaining walls or other works associated with the reclamation but will not include the value of general improvements such as boatsheds, swimming pools, tennis courts and the like. The text of the Act is available at [www.legislation.nsw.gov.au](http://www.legislation.nsw.gov.au)

**Market Value** means the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.