



VALUATION OF 845 MOUNT MULLIGAN ROAD DIMBULAH FAR NORTH QUEENSLAND



MAREEBA OFFICE
(Servicing Papua New Guinea)
2/134 Byrnes Street
MAREEBA Q 4880
PH: 07 4092 7522

CAIRNS OFFICE
3/30-36 Rutherford Street
CAIRNS NORTH Q 4870
PH: 07 4032 1627

valuers@npvaluers.com.au
www.npvaluers.com.au

SUNSHINE COAST
Suites 101 & 106
Level 1, Tower 2
66 Plaza Parade
MAROOCHYDORE Q 4558
PH: 07 4017 2355

EXECUTIVE SUMMARY

This executive summary must be read in context of and in conjunction with the full valuation report. All comments, terms and conditions contained in the full valuation report relate directly to this Executive Summary.

- Property Address:** 845 Mount Mulligan Road, Dimbulah, Far North Queensland
- Instructions:** This valuation has been prepared in response to an instruction dated 17th October 2018 from Mr Danny Pietrograzia to assess the property for stamp duty and transfer purposes.
- Registered Owner:** Pietrograzia Brothers Pty Ltd, Chris Luke Pietrograzia and Danny John Pietrograzia
- Date of Inspection:** 25th October 2018
- Date of Valuation:** 25th October 2018
- Property Type:** Rural
- Our Reference:** 10971-3
- Site Area:** 1,143.10 hectares
- Planning:** Rural – Mareeba Shire Council Planning Scheme 2016
- Property Synopsis:** This is a large bush block to the north of Dimbulah. The land is gently undulating towards the east of the property into more steeply undulating and ridge type country towards the west. The property is suitable for running cattle and is improved with a low set masonry block dwelling which is in fair condition. Further improvements include a low set, CGI clad cottage in poor condition, an earth dam near the dwelling, stockyards and a work shed.
- Critical Assumptions:** This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied on after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.
- This valuation is for the use only of the party to whom it is addressed and of no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Valuation Approach: Direct Comparison and Summation Approach.

Previous Sale: 8th February 2017 \$480,000

Market Valuation: **As at 25th October 2018**
\$510,000 (Five Hundred and Ten Thousand Dollars)

Signature of Valuer:



Valuer: BRUCE COATES AAPI
Certified Practising Valuer
Registered Valuer No. 3436
DIRECTOR
NORTHERN PROPERTY VALUERS - MAREEBA



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1.0 INSTRUCTIONS

The instructions to Northern Property Valuers are summarised below:

1.1 *Property Address:*

We have been instructed to value the property located at 845 Mount Mulligan Road, Dimbulah, Far North Queensland.

1.2 *Instructing Party:*

We have been instructed by Mr Danny Pietrograzia to assess the Market Value of the above property for **Stamp Duty and Transfer** purposes.

1.3 *Market Definition:*

The *Australian Property Institute (API)* has adopted the international definition of *Market Value*, namely: "*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion*". We have adopted the definition above for the purpose of the present valuation.

2.0 TITLE DETAILS

2.1 *Real Property Description:*

Lot 189 on Crown Plan HG639 and Lot 51 on Crown Plan HG802699, County of Hodgkinson, Parish of Leasingham.

2.2 *Land Area:*

Lot 189	883.10 hectares
Lot 51	<u>260.00</u> hectares
Total	1,143.10 hectares

2.3 *Tenure:*

Lot 189	Freehold
Lot 51	Leasehold

2.4 *Registered Owners:*

PIETROGRAZIA BROTHERS PTY LTD, Chris Luke PIETROGRAZIA and Danny John PIETROGRAZIA as per RP Data Searches of Department of Natural Resources and Mines.

2.5 *Easements and Encumbrances:*

No Title Search of the property has been undertaken or sighted. Reliance should not be placed upon the valuation report unless or until a Title Search is undertaken, and in the event that the Title Search reveals any information or discrepancy which may affect the value of the property, the valuer's opinion should be obtained before reliance is placed on the valuation.

3.0 LOCAL AUTHORITY DATA

3.1 Local Government Area:

Mareeba Shire Council

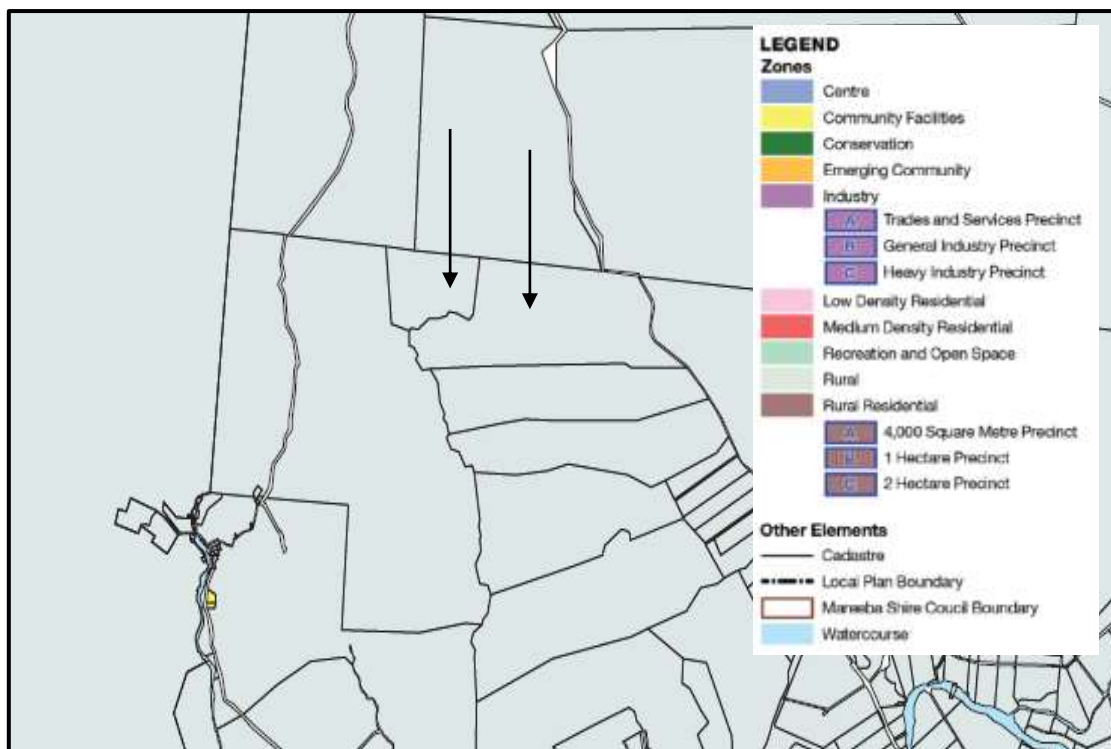
3.2 Department of Natural Resources and Mines Site Value:

\$410,000 effective 30th June 2017 for Local Authority Rating, Rental and Taxing purposes under the *Land Valuation Act 2010*.

3.3 Planning:

Town planning details are summarised as follows:

- Area Zoning: "Rural Planning Area" confirmed by on line reference to the local planning scheme.
- Planning Scheme: Mareeba Shire Council Planning Scheme which took effect on 1st July 2016.
- Planning Areas Map:



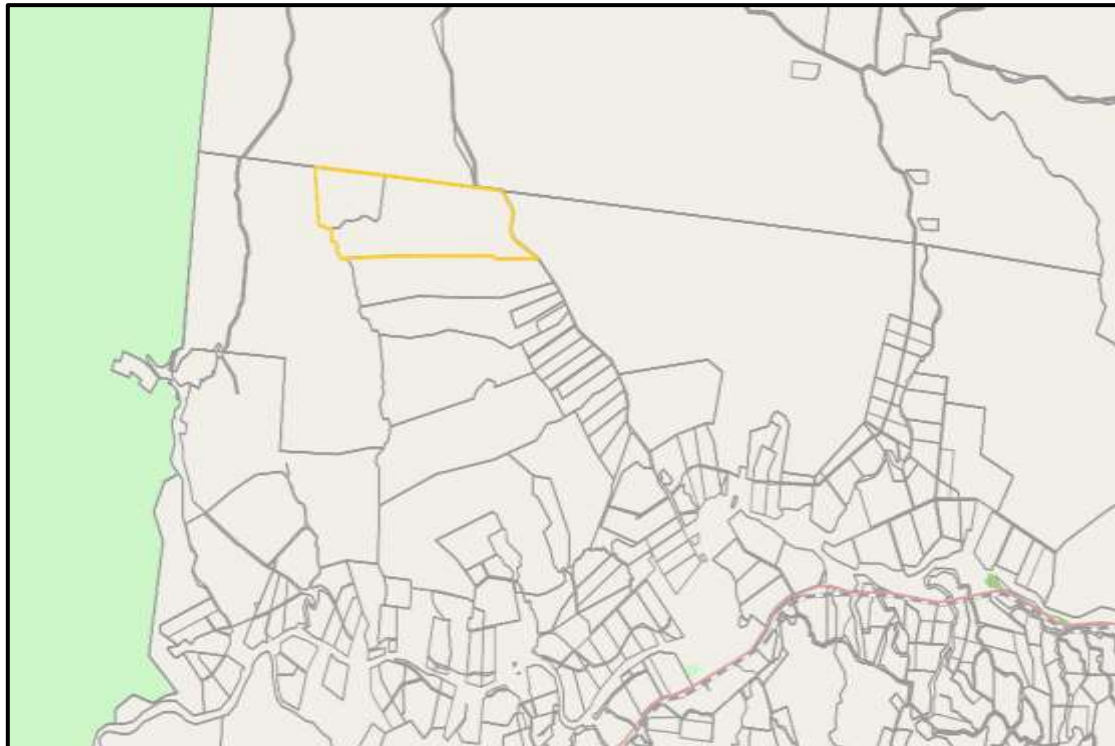
- Land Use Conformity: Conforms with zoning

4.0 LOCATION / SERVICES

4.1 *Situation and Identification:*

The subject aggregation is situated on the western side of Mount Mulligan Road approximately 8.5 kilometres north of its intersection with Leadingham Creek Road and approximately 14.5 kilometres north of Dimbulah, Far North Queensland.

The general locality and property being valued is highlighted below:



Source: RP Data

4.2 *Locality and Surrounding Development:*

The property is situated on the northern margin of the closer settled agricultural and orchard sections of the Mareeba-Dimbulah Irrigation Area and is served by the Tinaroo Falls Dam via Atherton on the Atherton Tablelands. This locality is regarded as a secondary lifestyle area due to the absence of reticulated mains water, irrigation water, limitations of the soils and the undulating nature of the timbered country. Properties to the south of the subject are used for mainly rural lifestyle purposes, including limited grazing of cattle, horses and goats. There are larger rural grazing properties adjoining to the north, west and east.

4.3 *Services:*

Solar power, dam water, bore water, rural radio phone and septic are connected. Mount Mulligan Road is a Council maintained formed gravel roadway with earth verges to the subject property frontage. Access is regarded as fair.

5.0 LAND REPORT

5.1 *Shape and Topography:*



This is an irregular shaped aggregation with gently undulating topography in the eastern section, running to low ridges and rough hills along the western boundary. The property has numerous gullies and small creeks being part of the head waters of 12 Mile Creek. It is timbered with a mix of native species, mainly ironbark and grassed with a mix of native grasses and herbage, mainly black and white spear grass. There is evidence of well-established verano and secca stylos through the native pastures.

The land is suited to livestock grazing, and the parcel provides an adequate house site with no obvious adverse features. There is seasonal water in creeks and two dams on the parcel. The main dam is located in the south eastern section of the parcel and the structures are located adjacent to this dam. The second dam is located in the south western portion toward the hilly ridges.

5.2 *Environmental Factors:*

None apparent.

5.3 *Heritage Implications:*

None known

6.0 IMPROVEMENTS

6.1 *General Description:*

The property is improved with a dwelling, a cottage and a shed, described briefly below:

Dwelling:



Rear



Kitchen



Main Bathroom

This is a low set dwelling with a main floor area of 163m² and rear patio of 27m². General construction comprises concrete slab floor, masonry block external and internal walls, fibrous cement ceilings, aluminium windows and CGI roof cladding.

Accommodation is provided in four (4) bedrooms, kitchen, dining room, living room, bathroom, laundry and toilet suite. The basic kitchen fitout includes a single stainless steel sink and laminated cabinets. The bathroom has a vanity unit in poor condition, bath tub with shower over and separate WC. There are built-in robes with no doors fitted to all bedrooms.

The dwelling appears sound, and there were no major defects apparent from inspection.

Cottage:



Rear



Front

This is a low set cottage with a main floor area of 84m².

General construction comprises RHS piers supporting a timber floor and steel frame, CGI roof and external wall cladding, aluminium and timber casement windows, and fibrous cement and plasterboard internal walls and ceilings. Accommodation includes a bathroom/toilet/laundry and an open space living area with a part low partitioned sleeping area.

The cottage has a very basic internal fitout and the finish is of a modest standard. The structure is reportedly owner built and the standard of construction is slightly below general market expectation. There is evidence of loose flooring and termite damage. Located near the cottage is a detached 51m² car shelter with earth floor, steel posts and CGI roof cladding.

Shed:



110m² metal deck machinery shed with a concrete slab floor.

6.2 Land Improvements:



Land improvements forming part of the property are as follows:

- Portable and timber stockyards.
- Two earth dams providing good stock and domestic water.
- 7 fenced paddocks
- Fencing – Only part of the property boundary has been fenced. A large portion to the west remains unfenced
- Stock yards include loading ramp, vet crush and draft pound.

6.3 Condition and Appearance:

The subject property encompasses a conventional dwelling providing a fair standard of rural accommodation. At the time of inspection, we did not note any obvious outstanding repairs and maintenance or capital expenditure requirements in the dwelling. The cottage shows evidence of loose flooring and termite damage.

We advise that we have not completed a detailed structural survey, tested any of the services, or inspected unexposed or inaccessible portions of the building and are therefore unable to state categorically that these are free of defect, rot or infestation. We have viewed the general state of repair of the building and unless otherwise stated, the valuation is subject to the improvements being in a reasonable, structurally sound condition. No compliance certificate has been obtained and the valuation is subject to the buildings complying in all material respects with any restrictive covenants affecting the site and have been built and occupied and being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all authorities, and that there are no outstanding requisitions.

7.0 VALUATION CONSIDERATIONS

7.1 *Market Overview:*

The Dimbulah rural lifestyle property market has slowed after five years of unprecedented growth to mid 2008 and values have now weakened on account of the economic uncertainty of that time. Our investigations revealed an absence of recent sales of directly comparable rural properties within the immediate locality. By necessity we have been forced to have regard for slightly dated sales evidence.

7.2 *Highest and Best Use:*

Highest and best use is defined by the Australian Property Institute as:

“The use of an asset that maximises its potential and that is physically possible, legally permissible and financially feasible.”

Within the Town Panning Scheme, the property is designated as “Rural”.

The *Current Use* of the property for cattle grazing and breeding is considered to be the highest and best use.

7.3 *Valuation Approach:*

The appropriate method of valuation is the Comparable Sales Approach supported by the Summation Method.

The Direct Comparison Approach compares the property directly with recent sales of similar properties within the surrounding locality, having regard to the identified sales evidence and the various attributes and qualities of the property.

The Summation Method is a valuation method that provides an indication of the value of an entire asset by the addition of the separate values of its components.

8.0 SALES EVIDENCE

8.1 *Direct Comparison Approach:*

A brief summary is shown below as they are the most comparable to the subject property.

SALE 1

Address: 679 Mount Mulligan Road, Dimbulah **Sale Date:** 30/06/2018
Sale Price: \$455,000 **Site Area:** 603.80 hectares

Comments: This is a gently to steeply undulating 603.80 hectare rural property with access via a council maintained gravel road. It is improved with a circa 2005, liveable shed with trimdeck roof and wall cladding. Accommodation is provided in 4 bedrooms and 1 bathroom. Further improvements to the property include a four ensuite bedroom donga, a two bay lockable machinery shed, solar electricity, solar hot water and fenced boundary and internal paddocks.

Comparison: **Smaller land parcel, similar structural improvements. Overall inferior.**

SALE 2

Address: 845 Mount Mulligan Road, Dimbulah **Sale Date:** 8/02/2017
Sale Price: \$480,000 **Site Area:** 1,143.10 hectares

Comments: This is a gently to steeply undulating 1,143.1 hectare rural property. Access is fair via a built up gravel road with earth verges. Improved with a masonry block dwelling with approximately 190m² under roof, the property appears to be in average condition. Accommodation is provided in 4 bedrooms, 1 bathroom. Further improvements to the property include an old cottage which appears to be in poor condition, a two bay machinery shed, three earth dams.

Comparison: **Previous sale of the subject property. The owners have since installed an equipped bore.**

SALE 3

Address: 551 Mount Mulligan Road, Dimbulah **Sale Date:** 8/02/2017
Price: \$525,000 **Site Area:** 740.60 hectares

Comments: This is a gently to steeply undulating 740.60 hectare rural property with access via a council maintained gravel road. Improvements include a number of earth dams, irrigation plant and machinery, and internal and boundary fencing. A fenced homestead site with a cleared house pad is located adjacent to the large irrigation dam.

Comparison: **Smaller land parcel, inferior structural improvements, superior land improvements. Overall similar.**



SALE 4

Address: Lot 22 Lemontree Drive, Mutchilba **Sale Date:** 13/01/2017
Price: \$320,000 **Site Area:** 434.90 hectares
Comments: This is a gently to steeply undulating 434.90 hectare rural property with part boundary fencing. There are not structural improvements on the parcel.
Comparison: **Smaller land parcel, inferior structural improvements, inferior land improvements. Overall inferior.**

8.2 The Summation Method:

Is a valuation method that provides an indication of the value of an entire asset by the addition of the separate values of its component parts.

Taking into consideration vacant land sales evidence in the vicinity we have adopted a value of \$410,000 for the land.

Our enquiries with building companies and our experience in the valuation of dwellings being erected, confirm that building costs for dwellings in Far North Queensland generally range from \$1,100/m² to \$1,800/m² of building area. The cost of construction per square metre depends on the topography of the land being built upon, the size of the dwelling, the type of dwelling and the quality and level of fixtures and fit-out.

The subject property comprises a sloping/steep allotment, improved with an average size, low set, masonry block, dwelling with a basic quality of fixtures and fit-out. We have estimated construction costs at \$1,200/m² for the internal living, \$600/m² for the patio, \$1,000/m² for the cottage, and \$400/m² for the shed.

We have taken into consideration a depreciation figure of 70% due to the average age and condition of the structures.

Our calculations for the Summation Method are set out below:

	m ²		\$/m ²	\$ Value	\$ Value
Land:					410,000
Dwelling Improvements:					
Living	163	@	1,200	195,600	
Patio	27	@	600	16,200	
Cottage	84	@	1000	84,000	
Shed	110	@	400	44,000	
Improvements Subtotal				339,800	
Less depreciation				237,860	
Subtotal less depreciation				101,940	
Improvements Total:					101,940
Total					\$511,940

9.0 VALUATION

Having regard to the sales evidence and the summation calculations, we consider that the subject property lies in the range of \$500,000 to \$520,000. We have therefore adopted a **Market Value of \$510,000**, a notional apportionment of which follows.

9.1 Valuation Apportionment:

Land	\$410,000
Structural Improvements	<u>\$100,000</u>
Total Valuation	\$510,000

(Five Hundred and Ten Thousand Dollars)

Signed:



BRUCE COATES AAPI
Certified Practicing Valuer
Registered Valuer No. 3436
DIRECTOR
NORTHERN PROPERTY VALUERS - MAREEBA

10.0 ANNEXURES

1. Definition of Market Value
2. Limitations and Warranties
3. General Locality Map

10.1 Definition of Market Value:

Market Value is defined as:

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

10.2 Limitations and Warranties:

This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied on after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

This report has been prepared for the private and confidential use of our client. It should not be reproduced in whole or any part without the express written authority of Northern Property Valuers or relied upon by any other party for any other purpose. Reliance on this report should only be taken upon sighting a signed original document.

The comparative sales evidence used in this report are considered to be the most relevant sales based on our research. In many cases, we have relied upon sales evidence from online property databases such as RP Data and information provided by Estate Agents. As we have not physically inspected the interior of the sales evidence quoted we cannot guarantee the accuracy of the information provided.

This valuation assumes that all improvements have been constructed in accordance with the appropriate planning and building regulations in force at the time of construction, and that all appropriate approvals have been obtained from the relevant authorities. The valuation is made on the basis that there are no encroachments by or upon the property. If the instructing party has any concerns regarding encroachments, they should be referred to a Registered Surveyor for advice or current survey report.

This Valuation inspection and Report does not constitute a structural survey and is not intended as such. We have carried out an inspection only of the exposed and readily accessible areas of the improvements. Note, the Valuer is not a building construction or structural expert and is therefore unable to certify the structural soundness of the improvements. Readers of this report should make their own enquiries. This Valuation has been based on the condition of the structural improvements and the property in general as at the inspection date, and if the property has to be sold in circumstances where its condition has deteriorated and/or essential fixtures/fittings removed there is likely to be a significant write down in the asset value when compared to the current assessment. Under these circumstances the Valuer will not be responsible for any reduction in value.

Unless stated as otherwise in this report we advise that we have not searched or been provided with a copy of the current Title or Registered Plans and that any dimensions or land areas quoted in this report have been obtained from third party information sources and whilst every endeavour has been made to verify such information we accept no responsibility for inaccuracy of any information provided and relied upon.

A Certificate of Title search has not been undertaken and this valuation is made on the assumption that the property is free of any easements or encumbrances that would detrimentally affect the fair market value of the subject property. If any encumbrances or onerous restrictions apply, the valuer reserves the right to amend the valuation accordingly.

The client acknowledges and recognizes that the Valuer is not expert in identifying environmental hazards and compliance requirements affecting properties. The Valuer has endeavoured to identify all matters of environmental concern and the effect they might have on the value of the property. However, the Valuer will not be held liable nor responsible for his/her failure to identify all such matters of environmental concern and the impact which any environmental related issue has on the property and its value including loss arising from site contamination; or the non-compliance with environmental laws; or costs associated with the clean up of the property to which an environmental hazard has been recognized, including action by the Environmental Protection Agency to recover clean up costs pursuant to the relevant Environmental Protection Act.

We advise that we have not undertaken any search to confirm whether or not the property is subject to flooding or other impediments caused by excess water saturation. Should any flooding or other impediments caused by excess water saturation concerns become apparent, the valuer should be consulted and reserves the right to reassess any effect on the value stated in this report.

Unless stated as otherwise in this report we advise that at the time of inspection, the subject property did not reveal any obvious signs of pest or termite infestation. The valuer is not a pest inspector/expert and the absence of pests/termites can only be confirmed by a suitable qualified expert with the use of specialist equipment. Should any pest or termite infestation concerns be detected, the valuer reserves the right to reassess any effect on the value stated in this report.

If the property contained in this report is subject to strata title then we advise that we have not conducted a search of the Body Corporate records and our valuation assumes there are no outstanding requisitions or legal liabilities. We recommend the Introducer/Funder conduct a search of the Body Corporate records prior to the advancement of mortgage funds should they deem this necessary.

The Valuer has no pecuniary interest in the said property, past, present or prospective, and the opinion is free of any bias in this regard. This valuation has been made in conformity with the Code of Professional Ethics and Conduct laid down by the Australian Property Institute.

LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION.

10.3 General Locality Map:

