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- A Valuation Certificate prepared for
689 South Road, Black Forest SA 5035
Under instructions from Mr Mark Thorp

Under instructions from:

Mr Mark Thorp

c/- mark@bluesl.com.au

McGees (SA) Pty Ltd
ABN 98 504 916 044

Liability limited by a scheme approved under Professional Standards Legislation

VALUATION CERTIFICATE

INSTRUCTIONS

Mr Mark Thorp
c/- mark@bluesl.com.au

ADDRESS

689 South Road
Black Forest SA 5035

BRIEF

To assess the market value and market rent of the freehold interest of the subject property for superannuation fund update purposes.

This report has been prepared for the private and confidential use of Mr Mark Thorp and it should not be reproduced in whole or in part or relied upon for any other purpose or by any party other than the above without our written authority.

The valuation is based on the following definitions and is current as 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). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuation is relied upon after the expiration of three months from the Date of the Valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

The valuer confirms that:

- The statements of fact presented in the report are correct to the best of the Valuer's knowledge.
- The analysis and conclusions are limited only by the reported assumptions and conditions.
- The Valuer's fee is not contingent upon any aspect of the report.
- The valuation was performed in accordance with an ethical code and performance standards.
- The Valuer has satisfied professional education requirements.
- The Valuer has experience in the location and category of the property being valued.
- The Valuer has made a personal inspection of the property.
- No one except those specified in the report has provided professional assistance in preparing the report.

This report complies with the International Valuation Standards (IVS) published by the International Valuations Standards Council (IVSC) as adopted by the Australian Property Institute (API), including the API's Guidance Papers (GP) and Protocols.

Market Value

The International Valuation Standards Council (IVSC) defines market value 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."

The value assessment assumes a professional marketing campaign and reflects a selling period of no more than six months unless otherwise stated.

Market Rent

The International Valuation Standards Council (IVSC) defines market rent as:

"The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The rental is assessed on the assumption that the vacant premises are fit for immediate occupation and ignore any lessee's improvements or goodwill attached to the premises by reason of the lessee's business.

Highest and Best Use

"Highest and best use" may be defined as that legal and profitable use found to be physically possible, appropriately supported and financially feasible, and which results in the highest value.

Valuer's Interest

Neither McGees Property nor its valuers have any pecuniary interest in, or with parties associated with the subject of this assessment that would conflict with the independent valuation of the property.

McGees Property Interest

McGees Property is a large company providing a variety of services to clients. If our instructing party or McGees Property become aware of an actual or potential conflict of interest, it will notify the other party as soon as practically possible. The parties will work together to attempt to resolve any such actual or potential conflict.

We are not aware of any direct conflicts/interests with the subject property at the time of preparing this valuation report.

GST

We are not experts in GST legislation or implementation. Unless otherwise stated our valuation has been completed on a GST exclusive basis. Furthermore all sales and leasing information herein has been detailed on a GST exclusive basis unless otherwise stated.

DATE OF INSPECTION

14 November 2023

DATE OF VALUATION

14 November 2023

TITLE PARTICULARS

Real Property Description

Allotment 153 in Filed Plan No. 9798
in the area named Black Forest, Hundred of Adelaide

Certificate of Title Volume 5210 Folio 4

Registered Proprietor(s)

Thorp Enterprises Pty Ltd

Easements, Encumbrances and Interests

- Nil.

Qualification

Our valuation is based on the attached copy of the current Title search obtained from the *South Australian Integrated Land Information System (SAILIS)* and assumes that the property is free of all easements, encumbrances and interests other than those recorded on the Title. A copy of the Title is contained within the Appendices of this report.

As no current survey has been sighted, the valuation is made on the basis that there are no encroachments or restrictions by or upon the property and this should be confirmed by a Survey Report and/or advice from a registered surveyor. If any encroachments are noted on the Survey Report, we should be consulted to reassess any affect on the value stated in this report.

PLANNING AND DEVELOPMENT CONTROLS

Zoning

As at the Date of Search of the Planning and Design Code (3 November 2023) the property is contained within the Suburban Activity Centre Zone, within the City of Unley.

The Desired Outcome of this zone is as follows:

- DO 1: An active commercial precinct supporting neighbourhood-scale shopping, business, entertainment and recreation facilities to provide a focus for business and community life and most daily and weekly shopping needs of the community. Buildings and pedestrian areas create a high quality, activated public realm that is integrated with pedestrian and cycle networks and establish well-defined connections to available public transport services.

Under this zone the present use as showroom is a complying use.

An extract of the relevant section of the Planning and Design Code is copied into the Appendices.

Heritage Listing

The subject property is not listed on any Local or State Heritage Registers.

Native Title

We are not aware of any Native Title claims or any aboriginal heritage sites associated with the subject property. Our assessment has been completed on the assumption that there are no actual or potential Native Title claims or impacts.

Certificate of Classification

For the purpose of this valuation we have assumed that all necessary town planning approvals and consents for the existing development have been obtained and are compliant.

STATUTORY ASSESSMENT

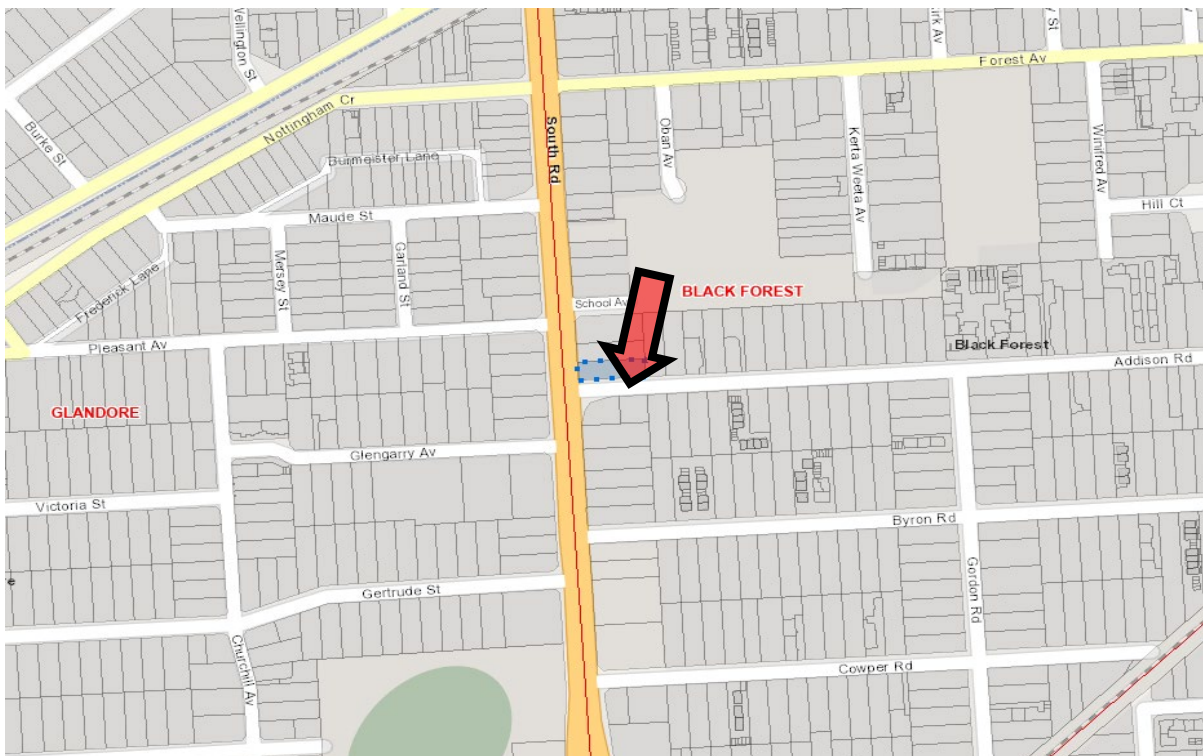
For rating and taxing purposes the statutory assessed values of the property as determined by the Office of the Valuer-General released 1 July 2023 and dated 1 January 2023 are as follows:

Valuation No.	CT Reference	Site Value	Capital Value
0900969001	5210/4	\$840,000	\$1,100,000

The statutory assessments are made as at 1 January 2023 and are not necessarily reflective of market value. This information was obtained from the SA Integrated Land Information System (SAILIS) administered by Land Services SA (LSSA) and is assumed to be correct.

LOCATION AND SERVICES

The subject property is located in the mixed-use suburb of Black Forest, some four kilometres south-west of the Adelaide Central Business District. More particularly, the subject property is positioned on the eastern side of South Road, at its intersection with Addison Road.



Surrounding land uses are mixed in nature. Retail showroom, office and consulting rooms and showroom workshop accommodation is prevalent along this stretch of South Road. A short distance north is the Black Forest Primary School. South Road development of this type intensifies further south towards the Edwardstown/Melrose Park precinct. Residential development is prevalent elsewhere within the suburb.

South Road is a primary transport corridor through metropolitan Adelaide, forming part of the North-South Corridor. This section of South Road currently provides for two lanes of traffic in each direction plus slip turning lanes. It is bitumen sealed with concrete gutters and median strip and paved footpaths to the periphery. A traffic light controlled pedestrian crossing is located a short distance north of the subject property. The property is accessible to both city inbound and city outbound traffic South Road.

According to the latest estimates released by the Department for Infrastructure and Transport this section of South Road carries approximately 57,000 vehicles over a 24-hour period.

The subject property is positioned nearby the works to be undertaken for the 'Torrens to Darlington (T2D) Project – Southern Tunnel Northern Portal to Anzac Highway'. According to the Department for Infrastructure and Transport's website, which illustrates the works for this section it appears as a result of the project the subject property will lose right-in and right-out access to/from South Road and retain only left-in and left-out access. It appears site exposure will be impacted marginally.

Services available include electricity, mains water, gas, sewerage and telephone/data and appear adequate for the property's current use.

LAND

Land Area

782 m² (approx.)

Dimensions and Topography

The site comprises a regular shape with generally level contour. It has westerly aspect over South Road and a southerly aspect over Addison Road. Dimensions are western and eastern boundaries of 15.24 metres, and northern and southern boundaries of 51.31 metres.

Site Contamination

The current use of the property for showroom purposes is not contained in the List of Potentially Contaminating Activities, Industries and Land Uses identified in Appendix 2 of the Australian Real Property Guidance Note 1 - Land Contamination Issues.

A visual site inspection does not reveal any obvious contamination. We are not aware of any environmental issues affecting the property. We are not experts in the detection or quantification of environmental problems and, have not carried out a detailed environmental investigation. This valuation is made on the assumption that there are no actual or potential contamination issues affecting the value or marketability of the property.

If verification is required that the property is free from contamination and has not been affected by contaminants of any kind, this could be obtained from a suitably qualified environmental professional. Should subsequent investigation show that the site is contaminated this valuation may require revision.

Qualification

We are unaware of any outstanding Governmental orders or the possibility of future orders being imposed, e.g. road resumptions or any other form of resumptions.

A detailed image is contained upon the Certificate(s) of Title appended hereto.

IMPROVEMENTS

Synopsis

The subject property is improved with a concrete block constructed showroom/workshop together with onsite car parking to the rear.

Building Area

420 m² (approx.)

The above building area is based on measurements taken on site at the Date of Inspection and comprises the following:

Description	Area
Showroom/amenities	350 m ²
Workshop/storage	70 m ²
Gross Building Area	420 m²

Accommodation

The improvements are built towards the South Road frontage. The built form comprises a sawtooth workshop with a front showroom component. In its current form the showroom has been extended into the rear workshop, comprising primarily open plan showroom which is partitioned off from a section of workshop/storage towards the rear. The building has vehicular access into this section via three roller doors which are positioned at the Addison Road elevation. Internally there is also a single partitioned study, bathroom, and kitchenette amenities. Pedestrian access is available at the rear. The property has been repainted internally as of recent.

The appointments include concrete floors with carpet coverings, suspended ceilings with plasterboard tile, recessed fluorescent lighting, and CCTV and alarm systems.

Site Improvements

The site is further improved with rear bitumen yard which provides car parking accommodation for approximately six vehicles accessible via Addison Road.

Condition and Repair

The subject property appeared in good condition at the Date of Inspection. Our assessment includes power installation to main board, electrical lighting, sprinkler systems, fixed partitions, air-conditioning plant/ducting; however excludes any non-owner fit out (carpets, plant/equipment, furniture etc).

An inspection of all readily accessible parts of the improvements on the land has been carried out, however as we are not building construction and/or structural experts, we are unable to certify as to the structural soundness of the improvements.

Furthermore, we have not tested any of the services and are therefore unable to give any warranty as to the structural soundness, lack of infestation or condition of the services; we have assumed for the purpose of this assessment that no major defects exist and that the improvements comply with relevant Statutory Authority codes and standards.

Asbestos

We have not been provided with an Asbestos Register or Audit in relation to the subject property. We are not experts in the area of asbestos. The valuation is made on the assumption there are no potential health risks within the property and that there are no asbestos related materials on the property.

Building Cladding

We are not building or construction experts and are not qualified to determine the existence of cladding. We are unable to identify from our visual inspection whether the cladding used, or method of attachment, is compliant/conforming or non-compliant/non-conforming.

This valuation report has been prepared under the assumption that the building materials used, as well as the application and installation of those materials, comply with all approvals, relevant law, legislation, legal codes and or standards. Should this not be the case, we reserve the right to review our valuation.

We are not experts in 'cladding' or methods of attachment and are not qualified to determine the existence of non-conforming or non-compliant cladding. We do not accept any responsibility or liability for any losses whatsoever arising from the Valuer failing to identify non-conforming or non-compliant cladding.

Prior to any reliance on the Valuation Report by any party nominated in the Report as being entitled by the Valuer to rely upon the Report, those parties must make their own enquiries regarding the cladding used, including the application, installation, specification and utilisation of the cladding, and its compliance with all approvals, relevant law, legislation, legal codes and or standards.

OCCUPANCY

Tenancy

We are advised that the subject property is subject to an internal lease with passing rent of \$58,800 net per annum GST exclusive. For the purpose of this assessment we have disregarded the lease.

Estimated Annual Outgoings

Based on our industry knowledge, checks with publicly available calculators and consultation with experienced property managers, the property's estimated statutory outgoings for FY 2023/24 are as follows:

Item	\$/yr
Council Rates	\$ 5,232
SA Water (excluding usage)	\$ 1,301
State Land Tax - single holding basis	\$ 860
Emergency Services Levy	\$ 1,339
Insurances (imputed)	\$ 3,500
Total (incl. Land Tax)	\$12,232

Total Annual Outgoings equates to \$29 per square metre of building area. The Lessee's outgoings liability (excluding State Land Tax) equates to \$27 per square metre. This is considered realistic given the condition, age and location of the property.

MARKET CONDITIONS AND POSITON

Market Commentary

The emergence of COVID-19 in South Australia in early 2020 had a significant impact on the local economy. Government enforced trading and social restrictions resulted in a closure of many businesses (albeit on a temporary basis) and a substantial impact to economic activity was realised.

Transaction volumes came to a halt in early 2020 during the initial wave of COVID-19. Buyer and tenant demand was non-existent, and owners opted to take a wait and see approach. As a result, the market came to a standstill. Economic data released later in 2020 crystalised the full impact of the initial phase of the virus with Australia experiencing its first recession in around 30 years.

In late 2020, throughout 2021, and into 2022 the property market and broader economy within South Australia rebounded strongly. As the state managed to keep case numbers low trading conditions returned to near normal and confidence improved across the market. The impact of the virus and associated restrictions has been varied across asset classes, with some sectors experiencing renewed demand including industrial, logistics, medical, and residential. Conversely, alternate asset classes including discretionary retail have proven less resilient.

The initial fears of the effect of COVID-19 on the property market appear to have not been realised. Instead, there has been record prices across multiple asset classes in recent times with a large number of buyers remaining active and a strong level of demand evident.

However, in May 2022 the Reserve Bank of Australia (RBA) raised the cash rate by 25 basis points, the first time in over a decade in face of inflationary pressures. In the four following meetings the cash rate was raised again, by 50 basis points on each occasion. In March 2023 the RBA increased the cash rate for a tenth consecutive meeting, this time by 25 basis points. The initial impact of the cash rate rises appeared to be a narrowing of the depth of market enquiry, and as a result a cooling in the price growth experienced in the preceding period. Towards the latter parts of 2022 and into early 2023 it has become apparent that the market has slowed. This is likely to result in a plateau or softening in prices over the short to medium term across most asset classes.

In April 2023 the RBA paused on rates, noting the lag effect of rate rises on economic activity, before additional rate rises in the May, June and November meetings. The full impact on recent rate rises on inflation and property markets will need to be monitored moving forward. The situation is continually evolving.

Market Position of the Subject Property

The subject property comprises a showroom/workshop which has been converted to provide showroom accommodation across the majority. The accommodation is rather basic albeit functional. The site has a corner position and is accessible to traffic on both sides of South Road.

As noted herein, the subject property will be likely be affected by the South Road upgrades with some loss of site access (retain only left-in and left-out access). Whilst this is a consideration, it is not considered major as the property will remain a desirable location with functional accommodation at an affordable price point.

If offered for sale, we would envisage a good level of interest to be forthcoming, primarily from owner occupiers.

MARKET RENT

In assessing the market rental value of the premises, we have obtained and analysed evidence of comparable properties.

In compiling the following market evidence, we have relied on a range of external sources including publicly available information, subscription to information databases and information generally provided verbally by others such as real estate agents, property managers, property valuers and consultants. In many instances we have not had access to the original source material. Although we have endeavoured to the best of our ability to confirm the accuracy of the information provided, we have had to rely on some of this information in good faith. We are unable to state with absolute certainty that the information upon which we have relied is consistent with the contractual arrangements between the relevant parties.

The following schedule details those most comparable transactions which we have relied on in making our assessment.

Leasing Evidence

No.	Address	Lettable Area (m ²)	Annual Rent (\$/m ²)	Term & Date
1	Richmond Road Keswick	367 m ²	\$177 NET	5 Yrs Mid 2023
General Comment A corner site improved with a circa 1980s showroom workshop. The showroom/amenities are circa 125 square metres, comprising open plan retail area with adjoining office, male and female bathrooms and kitchenette. The accommodation presents to a reasonably good standard. The workshop is approximately 242 square metres. It is of concrete block wall construction and provides clear span accommodation with roller door access. 11 onsite carparking bays. Exposure to approximately 20,200 vehicles over a 24-hour period. Leased for five years commencing mid-2023, with one right of renewal of five years. Commencing net rental was \$65,000 per annum GST exclusive, subject to 4% annual increases and market review on renewal.				
Additional Analysis Lessee outgoings liability of circa \$17,750 per annum (\$48/m ²), suggests equivalent gross rental of \$225/m ² .				
2	Manton Street Hindmarsh	420 m ²	\$167 NET	2 Yrs Mid-2023
General Comment A prominent office warehouse. The office/amenities provide circa 60 square metres of accommodation over two levels. The warehouse is approximately 360 square metres. It provides clear span accommodation with roller door access. Maximum internal height clearance of 8.0 metres. Additional mezzanine storage of approximately 54 square metres. Onsite carparking for six vehicles. Leased for two years commencing mid-2023, with two rights of renewal of three years and two years respectively. Commencing net rental was \$70,000 per annum GST exclusive, subject to 3.5% annual increase and market review on renewal. Exposure to approximately 21,600 vehicles over a 24-hour period.				
Additional Analysis Lessee outgoings liability of \$12,300 (\$29/m ²), suggests equivalent gross rental of \$196/m ² .				
3	Grange Road Flinders Park	332 m ²	\$181 NET	3 Yrs Apr 2023
General Comment Property comprises a corner land holding improved with a former dwelling which has been converted for office use together with rear warehouse. Offices present to a reasonable standard. Warehouse is of brick construction with roller door access. Rear car parking to site. Leased for three years commencing mid-2023, with a right of renewal of three years. Commencing net rental was \$60,000 per annum GST exclusive, subject to 4.0% annual increase and market review on renewal.				
Additional Analysis Lessee outgoings liability of \$13,000 (\$39/m ²), suggests equivalent gross rental of \$220/m ² .				

No.	Address	Lettable Area (m ²)	Annual Rent (\$/m ²)	Term & Date
4	Grange Road Flinders Park	813 m ²	\$123 NET	4 Yrs Dec 2022
<p>General Comment Improved with an office workshop facility circa 1970s to 1980s. The office and amenities areas provide a good standard of accommodation. The workshop space is divided into two areas, each provide low to medium height clearance with separate roller door access. There are internal offices to one workshop and a spray booth to the other. Onsite car parking for 16 vehicles. Leased for four years commencing December 2022, with two rights of renewal of three years. Commencing net rental was \$100,000 per annum GST exclusive, reviewed annually in line with CPI (Adelaide All Groups) and to market on renewal.</p>				
<p>Additional Analysis Lessee outgoings liability of \$12,000 (\$15/m²), suggests equivalent gross rental of \$138/m².</p>				

Methodology

We have utilised the Direct Comparison approach in our assessment of market rental of the subject property. This approach involves the comparison of the subject property with the available leasing evidence either in their entirety or on a rate per square metre basis.

Rationale

As a basis for assessing an appropriate market rental for the property, we have had regard to the general level of rents being achieved in the current marketplace for office warehouse premises.

The leasing transactions outlined above indicate net (or effective net) rents ranging from \$123 to \$181 per square metre of Gross Building Area.

The lower end of this range was for a dated workshop facility with larger footprint. The other transactions reflected a tighter range of \$167 to \$181 per square metre.

Whilst the subject property provides a generally basic standard of accommodation overall, it does comprise a majority of showroom accommodation, and includes good car parking and site access. On balance, we would, envisage a rate towards the upper end of the range.

We consider it appropriate to adopt a rate of \$175 per square metre for the subject property. Based on the Gross Building Area of 420 square metres, this equates to a (rounded) market rent of **\$73,500 (Seventy Three Thousand Five Hundred Dollars) net per annum exclusive of GST.**



MARKET VALUE


In assessing the market value of the property, we have obtained and analysed evidence of comparable properties.

Existing sales databases do not currently differentiate between or record whether or not a transaction is inclusive or exclusive of GST. Where we have not been able to verify the status of a transaction, we have assumed the recorded information is inclusive of GST and have made appropriate adjustments to establish a GST exclusive figure.

The following schedule(s) detail a selection of comparable transactions which we have relied on in making our assessment.


Sales Evidence

1		Address:	677 South Road Black Forest
		Purchase Price:	\$640,000
		Date:	Under Contract
		Land Area:	564 m ²
		Building Area:	225 m ²
		Land Analysis:	\$1,135/m ²
		Building Analysis:	\$2,844/m ²
		Passing Net Income	Vacant Possession
		Market Yield:	6.56%
		General Comment	
Comprises a rectangular site with frontage to South Road, improved with a circa 1980s standalone office building. The accommodation presents to a reasonable standard internally with carpet floors, acoustic ceilings, recessed fluorescent lighting, gyprock and glazing to partitions, and ducted reverse cycle air-conditioning. The property is further improved with bitumen driveway and rear car parking for six vehicles. Sold at public auction with vacant possession.			
2		Address:	36-38 Richmond Road Keswick
		Purchase Price:	\$2,500,000
		Date:	May 2023
		Land Area:	1,320 m ²
		Building Area:	808 m ²
		Land Analysis:	\$1,893/m ²
		Building Analysis:	\$3,094/m ²
		Net Passing Income:	\$92,529 (\$115/m ²)
		Passing Yield:	3.70%
		Market Yield:	4.75%
General Comment			
A corner site improved with a single level showroom warehouse. Front portion comprises retail display area which has been extended into the warehouse. Warehouse is iron clad steel frame structure with roller door access. Generous main road frontage with land holding over two Certificates of Title. Sold off market with a lease in place to "Choices Flooring" for a 10-year term commencing June 2020 with a further right to renew. The passing net rental was \$93,959 per annum GST exclusive, reviewed annually in line with CPI and to market on the 4 th , 8 th , 12 th and 16 th anniversaries. After allowance for non-recoverable State Land Tax the property derived a passing net income of \$92,529 per annum GST exclusive. Passing net rental is considered to be below market. Zoned Employment.			

3		Address:	314 Torrens Road Croydon Park
		Purchase Price:	\$2,235,000
		Date:	Under Contract
		Land Area:	1,327 m ²
		Building Area:	893 m ²
		Land Analysis:	\$1,684/m ² (improved)
		Building Analysis:	\$2,503/m ²
		Net Passing Income:	Refer to comments
		Market Yield	4.03%


General Comment

A corner site held over two Certificates of Title. Improvements comprise a showroom office to the front of the building with warehouse component contained within south lit sawtooth structure. Showroom has been aesthetically upgraded. Warehouse is lower clearance with sliding door access. On site car parking provided to front of site. The property sold at auction subject to a short term lease expiring in September 2023 with a net passing rental of \$60,000 per annum GST exclusive. Zoned Local Activity Centre. Sold at auction to owner occupier.

4		Address:	1052 South Road Edwardstown
		Purchase Price:	\$2,345,000
		Date:	July 2023
		Land Area:	1,127 m ²
		Building Area:	576 m ²
		Land Analysis:	\$2,081/m ²
		Building Analysis:	\$4,071/m ²
		Passing Net Income:	\$132,000 (\$229/m ²)
		Market Yield:	5.63%

General Comment

Comprises a near rectangular corner site with dual frontage to South Road and Deloraine Road. The property is improved with a showroom/office and workshop, which was utilized for a tyre retail and automotive services workshop. The property is further improved with concrete yard and car parking areas. The office/showroom presented generally well, whilst the workshop provided circa 4.4 to 5.3 metre internal clearance with multiple roller door access points. The property was reported to have been sold in an off-market transaction with vacant possession. The property was sold leased with remaining term of approximately three years. Passing net income was in the order of \$132,000 per annum net GST exclusive.

5		Address:	1098 South Road Edwardstown
		Purchase Price:	\$1,050,000
		Date:	July 2022
		Land Area:	710 m ²
		Building Area:	410 m ²
		Land Analysis:	\$1,479/m ²
		Building Analysis:	\$2,561/m ²
		Net Passing Income:	\$22,632 (\$55/m ²)
		Passing Yield:	2.16%
Market Yield:	5.10%		

General Comment

Comprises a rectangular site with single frontage to South Road which is improved with a concrete block workshop. The building has 3.5 metre minimum clearance the workshop and includes office and staff/bathroom amenities. The building is accessible via two roller doors situated at the front and rear elevation. Further improved with a front concrete yard providing four car parking spaces, together with a compact rear storage yard. The property was sold with holding income on a monthly basis of \$30,432 per annum gross exclusive of GST. Total of approximately \$7,800 per annum reflect a net holding income of \$22,632 GST exclusive.

6		Address:	155 Marion Road Richmond
		Purchase Price:	\$1,080,250
		Date:	September 2023
		Land Area:	897 m ²
		Building Area:	278 m ²
		Land Analysis:	\$1,204/m ² (improved)
		Building Analysis:	\$3,886/m ²
		Passing Net Income	Vacant Possession
		Market Yield:	4.63%
		General Comment	
A regular shaped land holding with a frontage to Marion Road of 15.24 metres. Improvements comprise a retail shopfront built to the street frontage with side driveway leading to rear store and ancillary shedding. Main build comprises showroom, store, offices and toilet facilities. Rear on site car parking provided. Accommodation functional however somewhat dated. Sold with vacant possession. Zoned Suburban Activity Centre. Sold at auction. Market rental of circa \$50,000 per annum GST exclusive.			
7		Address:	652 Goodwood Road Daw Park
		Purchase Price:	\$1,385,000
		Date:	June 2023
		Land Area:	915 m ²
		Building Area:	300 m ²
		Land Analysis:	\$1,514/m ²
		Building Analysis:	\$4,617/m ²
		Net Passing Income:	Vacant Possession
		Imputed Market Yield:	5.05%
		General Comment	
A regular shaped allotment improved with a single level building. Appears to be a former residence with shopfront addition. Accommodation comprises offices to the front which have been renovated, along with a dwelling to the rear providing three bedrooms and one bathroom. Some landscaping also provided. To the rear are storage sheds and minor landscaping. Zoned Local Centre. Market rental circa \$70,000 per annum GST exclusive.			

METHODOLOGY AND RATIONALE

Real property is valued in terms of its “highest and best use” which may be defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value for the property being valued. In this instance we consider the current use to be its highest and best and it is on this basis we have assessed its market value.

Direct Comparison

The Direct Comparison approach involves the comparison of the subject property with the available sales evidence either in their entirety or utilising a common unit of comparison, typically the dollar rate per square metre of the land or the improvements. The market derived rate is then applied to the subject, after first making appropriate adjustments to account for the individual traits of the subject, to arrive at the market value.

We have derived from the above sales evidence that improved rates for land area range from \$1,135 to \$2,081 per square metre.

The lower end comprises a recent transaction (under contract) which is situated a very short distance from the subject property on South Road. It is a narrower site with inferior access, comprising a basic office building. It supports a higher rate for the subject.

The upper end of the range was for a showroom/workshop which had a stronger retail location nearby Bunnings Warehouse.

The sale of 314 Torrens Road is considered to provide a good benchmark for the subject property. It is a sawtooth showroom/warehouse of similar ilk with a corner, main road position in a generally comparable location. The property is under contract having sold at public auction for \$2,235,000, reflecting a rate of \$1,684 per square metre. We would envisage a broadly similar rate for the subject property.

We consider it appropriate to apply a rate in the range of \$1,650 to \$1,750 per square metre to the subject property.

Based on the land area of 782 square metres, adopting a rate of \$1,700 equates to a (rounded) market value of **\$1,330,000 (One Million Three Hundred and Thirty Thousand Dollars) exclusive of GST.**

Capitalisation of Net Income

Under this approach, we have assessed the Sustainable Net Annual Income for the property, based on the market income (less non-recoverable outgoings and land tax). This amount is capitalised at a market derived rate (yield) that adequately reflects the security of income, its growth potential and hypothetical lease terms and conditions.

We have assumed the following notional lease terms and conditions in our assessment:

Term:	Three years
Renewal Options:	One option of three years
Lease Structure/Outgoings:	Net Lease (outgoings recoverable except State Land Tax and structural repairs and maintenance)
Reviews:	Reviewed annually in line with CPI and to market at renewal

Rental Income

The market rent is assessed at \$73,500 per annum net GST exclusive.

Non-Recoverable Outgoings and Net Income

As detailed in this report, the outgoings for which the landlord is assumed responsible are estimated to be \$860 (State Land Tax).

Therefore, the resultant net sustainable annual income is assessed at \$72,640 GST exclusive.

Capitalisation Rate

As a basis for the selection of an appropriate rate of capitalisation to apply to the subject property, we have had regard to the general level of returns required by investors for a property of this class, including the sales evidence highlighted earlier.

As shown in the comparable sales evidence presented above, investment yields largely fall within a range of 4.03% to 6.56%. The property is considered to represent an investment asset that would fall within this range.

Based on the physical, financial and investment elements of the subject property we consider it appropriate to adopt a capitalisation rate of 5.50%.

Capital Adjustments

No capital adjustments are considered necessary in this instance.

Reconciliation

Applying the various estimates in respect to income, landlord's outgoings, capitalisation rate, capital adjustments, results in a (rounded) market value of **\$1,320,000 (One Million Three Hundred and Twenty Thousand Dollars) exclusive of GST.**

Summary and Conclusions

We have derived from the application of the two methodologies that the market value ranges from \$1,320,000 (Capitalisation) to \$1,330,000 (Direct Comparison). As the property's likely buyer profile comprises owner occupiers, we have adopted our primary approach in this instance, giving a market value of **\$1,330,000 (One Million Three Hundred and Thirty Thousand Dollars) exclusive of GST.**

VALUATION

In accordance with our instructions and any qualifications detailed herein, we assess the Market Rent and Market Value of **689 South Road, Black Forest SA 5035** as at **14 November 2023** to be:

Market Rent	\$73,500 net per annum GST Exclusive (Seventy Three Thousand Five Hundred Dollars)
Market Value	\$1,330,000 GST Exclusive (One Million Three Hundred and Thirty Thousand Dollars)

In addition to any qualifications detailed herein, this valuation has been prepared on the basis that:

- the property is free of all easements, encumbrances and interests other than those listed and there are no encroachments outside the boundaries of the Registered Plan;
- all necessary town planning approvals and consents for the existing development have been obtained and complied with;
- there are no actual or potential contamination issues affecting the value or marketability of the property;
- the improvements are structurally sound with no major service defects and comply with relevant Statutory Authority codes and standards.

This valuation is made subject to the details, remarks and qualifications contained in this report and 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.

Neither McGees Property nor its valuers have any interest financial or otherwise in, or with parties associated with the subject of this assessment that would conflict with the independent valuation of the property.

When a report has been provided in digital form only and has not been received directly from McGees Property the report should be verified with the issuing office as bona fide. If the reader of the report suspects that the report has been tampered with in any way we recommend the reader contact McGees Property.

McGees PROPERTY



ALEX CAPRILE
B. Bus. Prop. (Valuation)
B. Bus. (Finance)
Associate of the Australian Property Institute
Certified Practising Valuer



***NATHAN ROBINS**
Director
B. Bus. Prop. (Valuation)
Associate of the Australian Property Institute
Certified Practising Valuer

SIGNED this 23rd day of November 2023.

*The supervising member (Nathan Robins), who has read and signed this report verifies that the report is genuine and is endorsed by McGees (SA) Pty Ltd. The opinion of the value expressed has been arrived at by the prime signatory (Alex Caprile) alone.

LETTER OF INSTRUCTIONS

Subject:

FW: FW: Valuation - 689 South Road, Black Forest

From: Mark Thorp <mark@bluesl.com.au>
Sent: Tuesday, October 31, 2023 11:17 AM
To: Alex Caprile <acaprile@adl.mcgees.com.au>
Cc: Nathan Robins <nrobins@adl.mcgees.com.au>
Subject: Re: FW: Valuation - 689 South Road, Black Forest

Caution: This is an external email and may be malicious. Please take care when clicking links or opening attachments.

OK please go ahead

Thanks



On Tue, 31 Oct 2023 at 10:51, Alex Caprile <acaprile@adl.mcgees.com.au> wrote:

Hi Mark,

Thankyou for your enquiry, we'd be delighted to assist again.

For superannuation fund purposes we will provide a short form report of similar format to last time. This will also require a re-inspection.

Considering efficiencies gained from our previous assessment, I would envisage cost to complete of \$ +GST plus any necessary government searches at cost (circa \$45)

Turnaround will be approximately 15 business days.

If this suits, please confirm acceptance by return email.

Kind regards,



Alex Caprile Certified Practising Valuer

M 0404 389 984 F 08 8231 1143 E acaprile@adl.mcgees.com.au

Level 10, 60 Waymouth Street, Adelaide, S.A. 5000 W adl.mcgees.com.au

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McGees Property takes the risk of cyber-fraud seriously.

For your own security, it is important that you take extra steps and verbally verify our bank account details before you transfer any funds.

Do not reply to an email from McGees asking for payment before verifying its authenticity with us.

To confirm our telephone number, please independently look up the telephone number rather than using the details in this correspondence.

CURRENT TITLE SEARCH

REAL PROPERTY ACT, 1886



The Registrar-General certifies that this Title Register Search displays the records maintained in the Register Book and other notations at the time of searching.



Certificate of Title - Volume 5210 Folio 4

Parent Title(s) CT 2292/152
Creating Dealing(s) CONVERTED TITLE
Title Issued 24/08/1994 Edition 8 Edition Issued 27/01/2023

Estate Type

FEE SIMPLE

Registered Proprietor

THORP ENTERPRISES PTY. LTD. (ACN: 661 075 636)
OF PO BOX 352 GREENWITH SA 5125

Description of Land

ALLOTMENT 153 FILED PLAN 9798
IN THE AREA NAMED BLACK FOREST
HUNDRED OF ADELAIDE

Easements

NIL

Schedule of Dealings

NIL

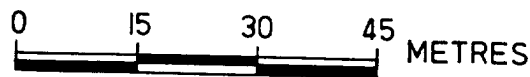
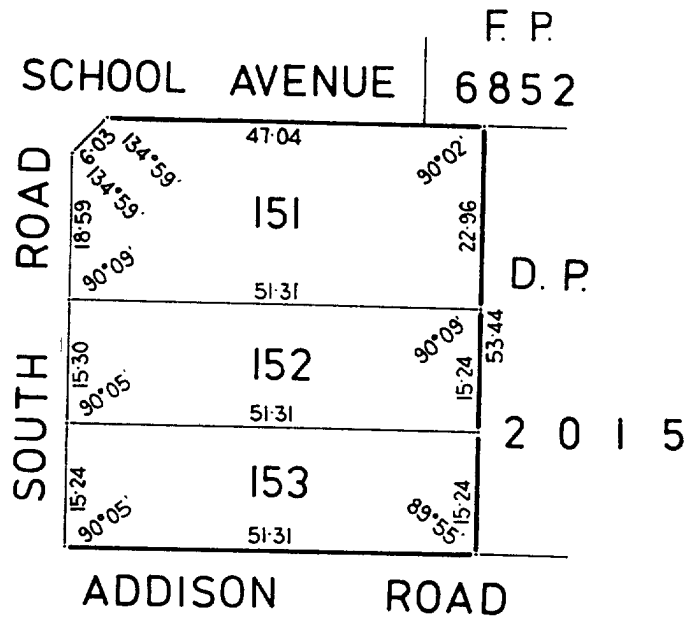
Notations

Dealings Affecting Title NIL
Priority Notices NIL
Notations on Plan NIL

Registrar-General's Notes

PLAN FOR LEASE PURPOSES VIDE G831/1991
APPROVED FX24579

Administrative Interests NIL



PLANNING AND DESIGN CODE EXTRACT

689 SOUTH RD BLACK FOREST SA 5035

Address:

Click to view a detailed interactive [SAILIS](#) in SAILIS

To view a detailed interactive property map in SAPPA click on the map below



Property Zoning Details

Zone

Suburban Activity Centre

Overlay

Airport Building Heights (Regulated) (*All structures over 15 metres*)

Advertising Near Signalised Intersections

Building Near Airfields

Major Urban Transport Routes

Prescribed Wells Area

Regulated and Significant Tree

Traffic Generating Development

Local Variation (TNV)

Maximum Building Height (Metres) (*Maximum building height is 9m*)

Maximum Building Height (Levels) (*Maximum building height is 2 levels*)

Interface Height (*Development should be constructed within a building envelope provided by a 30 or 45 degree plane, depending on orientation, measured 3m above natural ground at the boundary of an allotment*)

Development Pathways

- Suburban Activity Centre

1. Accepted Development

Means that the development type does not require planning consent (planning approval). Please ensure compliance with relevant land use and development controls in the Code.

- Brush fence
- Building alterations
- Building work on railway land
- Consulting room
- Excavation
- Filling of land
- Ground intruding activity
- Office
- Partial demolition of a building or structure
- Public service depot
- Shade sail
- Shop
- Solar photovoltaic panels (roof mounted)
- Storage of material or equipment
- Temporary stockpiling
- Water tank (above ground)
- Water tank (underground)

2. Code Assessed - Deemed to Satisfy

Means that the development type requires consent (planning approval). Please ensure compliance with relevant land use and development controls in the Code.

- Advertisement
- Consulting room
- Office
- Replacement building
- Shop
- Temporary accommodation in an area affected by bushfire

3. Code Assessed - Performance Assessed

Performance Assessed development types listed below are those for which the Code identifies relevant policies.

Additional development types that are not listed as Accepted, Deemed to Satisfy or Restricted default to a Performance assessed Pathway. Please contact your local council for more information.

- Advertisement
- Consulting room
- Demolition
- Dwelling
- Fence
- Land division
- Office
- Retaining wall
- Shop
- Store
- Telecommunications facility
- Tree-damaging activity
- Verandah

4. Impact Assessed - Restricted

Means that the development type requires approval. Classes of development that are classified as Restricted are listed in Table 4 of the relevant Zones.

Property Policy Information for above selection

Part 2 - Zones and Sub Zones

Suburban Activity Centre Zone

Assessment Provisions (AP)

Desired Outcome (DO)

Desired Outcome	
DO 1	An active commercial precinct supporting neighbourhood-scale shopping, business, entertainment and recreation facilities to provide a focus

	for business and community life and most daily and weekly shopping needs of the community. Buildings and pedestrian areas create a high quality, activated public realm that is integrated with pedestrian and cycle networks and establish well-defined connections to available public transport services.
--	--

Performance Outcomes (PO) and Deemed-to-Satisfy (DTS) Criteria / Designated Performance Feature (DPF)

Performance Outcome	Deemed-to-Satisfy Criteria / Designated Performance Feature
Land Use and Intensity	
<p>PO 1.1</p> <p>Shops, office, entertainment, health and recreation related uses and other businesses that provide a range of goods and services to the surrounding neighbourhood and district.</p>	<p>DTS/DPF 1.1</p> <p>Development comprises one or more of the following:</p> <ul style="list-style-type: none"> (a) Advertisement (b) Child care facility (c) Cinema (d) Community facility (e) Consulting room (f) Dwelling (g) Educational facility (h) Emergency services facility (i) Hospital (j) Hotel (k) Indoor recreation facility (l) Library (m) Office (n) Place of worship (o) Recreation area (p) Residential flat building (q) Retail fuel outlet (r) Retirement Facility (s) Shop (t) Supported Accommodation (u) Tourist accommodation.
<p>PO 1.2</p> <p>Residential development does not prejudice the operation of existing non-residential development and the long-term provision of services and facilities for wider community benefit.</p>	<p>DTS/DPF 1.2</p> <p>None are applicable.</p>
<p>PO 1.3</p> <p>Dwellings are developed only in conjunction with non-residential uses to support business, entertainment and recreational activities.</p>	<p>DTS/DPF 1.3</p> <p>Dwellings are developed only in conjunction with non-residential uses and sited:</p> <ul style="list-style-type: none"> (a) at upper levels of buildings with non-residential uses located at ground level or (b) behind non-residential uses on the same allotment.
<p>PO 1.4</p> <p>Where residential development is appropriate having regard to other performance outcomes of the zone, residential development achieves medium to high densities.</p>	<p>DTS/DPF 1.4</p> <p>None are applicable.</p>
<p>PO 1.5</p> <p>Development sited and designed to achieve or maintain a vibrant and interesting streetscape within retail areas.</p>	<p>DTS/DPF 1.5</p> <p>Any of the following:</p> <ul style="list-style-type: none"> (a) shop, other than a bulky goods outlet with a gross leasable floor area more than 500m² (b) cinema (c) hotel (d) licensed premises.

<p>PO 1.6</p> <p>Changes in the use of land encourage the efficient reuse of commercial premises to maintain and enhance vibrancy within activity centres.</p>	<p>DTS/DPF 1.6</p> <p>A change of use to a shop, office, consulting room or any combination of these uses where all of the following are achieved:</p> <ul style="list-style-type: none"> (a) the area to be occupied by the proposed development is in an existing building and is currently used as a shop, office, consulting room or any combination of these uses (b) if the proposed change of use is for a shop that primarily involves the handling and sale of foodstuffs, areas used for the storage and collection of refuse are sited at least 10m from the site of a dwelling (other than a dwelling directly associated with the proposed shop) (c) if the proposed change of use is for a shop that primarily involves heating and cooking of foodstuffs in a commercial kitchen and is within 30m of any neighbourhood-type zone boundary or a dwelling (other than a dwelling directly associated with the proposed shop), an exhaust duct and stack (chimney) exists or is capable of being installed for discharging exhaust emissions (d) if the change in use involves a gross leasable floor area greater than 250m² and has direct frontage to an arterial road, it achieves either (i) or (ii): <ul style="list-style-type: none"> (i) the primary vehicle access (being the access where the majority of vehicles access / egress the site of the proposed development) from a road that is not an arterial road (ii) the development is located on a site that operates as an integrated complex containing two or more tenancies (and which may comprise more than one building) where facilities for off-street vehicle parking, vehicle loading and unloading, and the storage and collection of refuse are shared (e) off-street vehicular parking exists in accordance with the rate(s) specified in Transport, Access and Parking Table 1 - General Off-Street Car Parking Requirements or Table 2 - Off-Street Car Parking Requirements in Designated Areas to the nearest whole number, except in any of the following circumstances: <ul style="list-style-type: none"> (i) the building is a local heritage place (ii) the required contribution will be made into a relevant car parking offset scheme (other than where a relevant contribution has previously been made) (iii) the development is located on a site that operates as an integrated complex containing two or more tenancies (and which may comprise more than one building) where facilities for off-street vehicle parking, vehicle loading and unloading, and the storage and collection of refuse are shared.
Built Form and Character	
<p>PO 2.1</p> <p>Development complements adjacent development within the zone, and mitigates interface impacts on adjoining residential uses in neighbourhood-type zones through appropriate building siting, scale and design.</p>	<p>DTS/DPF 2.1</p> <p>None are applicable.</p>
<p>PO 2.2</p> <p>Buildings are sited and designed to create pedestrian, vehicular, open space and visual linkages between the various built-form elements within the zone and adjoining main roads and thoroughfares.</p>	<p>DTS/DPF 2.2</p> <p>None are applicable.</p>
<p>PO 2.3</p> <p>Vehicular access points and car parks are coordinated and consolidated to enable the shared use of parking spaces.</p>	<p>DTS/DPF 2.3</p> <p>None are applicable.</p>
<p>PO 2.4</p> <p>Development promotes the use of pedestrian and cyclist connections to centre facilities and services.</p>	<p>DTS/DPF 2.4</p> <p>None are applicable.</p>
Building height and setbacks	
<p>PO 3.1</p> <p>Building height is consistent with the form expressed in any relevant</p>	<p>DTS/DPF 3.1</p> <p>Building height is:</p>

PHOTOGRAPHS





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