Insurance Valuation

8 Burnham Street
Petone, Lower Hutt

Instructing Party
Edith Boettcher

Insured Party
The Woolstore Seven Limited

Valuation Date: 23 May 2023 | Ref: 31083MH

Colliers

Contents

Appendices

1. Introduction

1.1 Scope of Work

We have received instructions from Edith Boettcher acting on behalf of The Woolstore Seven Limited (The Insured Party), to provide a valuation for insurance purposes for the property at 8 Burnham Street, Petone, Lower Hutt.

These figures are for insurance purposes and should solely be relied upon for this purpose by the addressee only.

We note that this valuation is undertaken in accordance with an exchange of emails which collectively form the agreed scope of work/terms of engagement between the Client and CVAS (WLG) Limited, trading as Colliers ("The Company"). We hold the various email exchanges which set out our terms of engagement on file, and we confirm this meets the requirements of the International Valuation Standards (IVS 101 Scope of Work).

1.2 Date of Valuation

Our valuation is effective 23 May 2023, being the date of inspection.

1.3 Valuation Standards

We confirm that the valuation has been undertaken in accordance with the requirements of International Valuation Standards (effective 31 January 2022) and the PINZ/NZIV Guidance Papers for Valuers & Property Professionals.

1.4 Reliance and Extension of Liability

This valuation has been prepared solely for reinstatement or indemnity insurance purposes and the reliance of the Insured Party, The Woolstore Seven Limited, only. No responsibility is accepted or assumed to any third parties, nor should there be any reliance upon this report by any third party other than the party explicitly noted above without our express written agreement.

This report is confidential between The Company and the Insured Party and any other party to whom The Company agrees in writing may rely upon the valuation report for the purpose stated.

2. Insured Property

2.1 Situation of Insured Property

Property Address

8 Burnham Street, Petone, Lower Hutt.

Location Map

A location map is provided below with the subject property represented by the yellow outline:

Location Overview

Situated within the tightly held mixed use/commercial precinct of Petone with dual access from Burnham and Bouverie Streets

Land Contour

Level

Subsoil Type

Unknown

As a geotechnical survey has not been undertaken, this description is without prejudice.

Aerial Photo

Zoning

Zoned General Business – HCC Operative District Plan

Site Contamination

We are advised by the Greater Wellington Regional Council that the subject property appears on their Selected Land Use Register (SLUR).

Site Name:

Fletcher Easysteel

File No:

SN/03/674/02

ANZECC:

Metal extraction, refining and reprocessing, storage and use

Category:

Verified History of Hazardous Activity or Industry

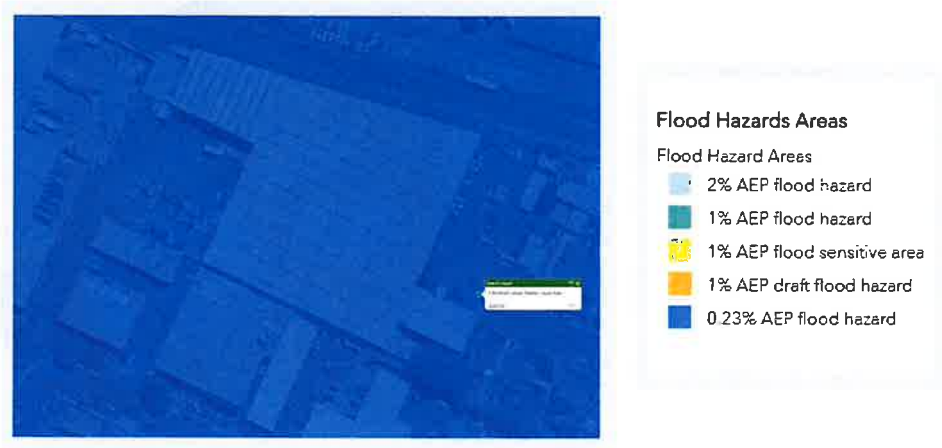
Site History:

September 2014: This site meets the Ministry for the Environment Hazardous Activity and Industry List classification for category D - Metal extraction, refining and reprocessing, storage and use, activity 5 - Engineering workshops with metal fabrication. Evidence of the HAIL activity was confirmed from aerial photographs, online directory listing from the yellow pages, and Google Earth Street View photographs. The full details of the listing are in the file note held by the Greater Wellington Regional Council [WGN document #1403256] and were confirmed as a HAIL site by a suitably qualified and experienced practitioner in accordance with NES (2012) requirements.

Potential Flooding

The Wellington Regional Council GIS viewer identifies that the subject property is situated within a designated flood zone with a 0.23% AEP (Annual Exceedance Probability). This means that there is a 0.23% or 1 in 400 chance in any given year that a flood of this size or greater will occur.

This is depicted as follows:



Heritage Listing/Designations	Our research indicates the subject property is not heritage listed or subject to a designation.

2.2 Overview of Insured Improvements

Construction Date	Circa 1970s, extension 2010, part roof replacement and cladding repairs in 2018/2019
Nature of Occupation	Warehouse/office
Overview of Insured Accommodation	A large high stud steel manufacturing plant with associated office space constructed in the 1970s.
Seismic Strength	Holmes Consulting Group assessed a seismic strength of 67-79% NBS 6 March 2014. The building is not listed on the MBIE National Register of Earthquake Prone Buildings as at 29 May 2023
Upgrade Requirements	We assume reinstatement to comply with current Building Code.
Other Characteristics	Refer Section 2 herein.

2.3 Building Construction, Fittings and Services

Construction

A large high stud manufacturing plant with associated office space originally constructed circa 1970s. The warehouse structure comprises a steel portal frame with reinforced concrete columns and steel purlins supporting a long run steel clad roof (re roofed 2019). The exterior walls are clad in tilt slab concrete and long run steel. The warehouse has drive through access with roller door entry at the Burnham Street entrance and exit onto the rear yar with a driveway out to Bouverie Street. We note a large canopy extension was constructed at the rear of the former Winestone Wallboards tenancy in 2010. Internally, the warehouse features high bay industrial lighting with fire sprinklers reticulated throughout. The stud height is in excess of 10 metres to the apex. The office accommodation features good quality carpet tile flooring, suspended plaster ceiling tiles, fluorescent lighting fittings and fire sprinklers. The exterior is extensively glazed providing for good levels of natural light. The first floor was refurbished 2019 having been repainted with a new ceiling grid installed. There are bitumen sealed yard area to the front and rear of the warehouse. The front area is marked out as carparks. There is a portion of unsealed yard at the rear. Security fencing extends around the open boundaries of the site; these are of galvanised post and wire construction.

Building Services

HVAC	Split system air conditioning units to offices
Fire Services	Fire sprinklers
BWOF	Displayed and current to 30 June 2023

We comment on potentially relevant building materials as follows:

Asbestos	Whilst we did not find any obvious evidence of asbestos within building fabric, we are aware that the improvements are of an age where the presence of asbestos cannot be ruled out. Notwithstanding the potential for asbestos, the reliant party is advised that in this instance we have made no allowance in the valuation for any elevated demolition costs due to asbestos. If a more definitive asbestos statement is required, we would recommend that an Asbestos report be obtained from a suitably qualified professional. Should such a report be obtained and asbestos found to be present, we reserve the right to review the valuation.
Fire Risk Materials	The recipient of this report is advised the valuer(s) are not qualified to detect and qualify if materials present a direct fire hazard unless otherwise stated.

2.4 Site Improvements

Infrastructure	Unless otherwise advised, included within the valuation are connections to normal urban services.
Site Improvements	Asphalt and bitumen yard and security fencing

2.5 Key Exclusions

Plant & Chattels	Our valuation excludes any operational plant, beyond that detailed above, together with any furnishings, and stock in trade. If applicable, these items should be separately insured.
Tenant Improvements	No allowance has been made for tenant improvements or chattels (where these exist).
Extraordinary Infrastructure	Our valuation excludes any extraordinary infrastructure unless specifically stated above. If applicable, these improvements should be separately insured.
Work in Progress	Where applicable, it is assumed that any work in progress will be subject to a separate insurance policy and therefore, unless specifically noted, any work in progress is excluded from the valuation.
Occupancy Costs	The valuation is provided exclusive of, if applicable, the loss of rental income, typical building operating expenses including rates charges, the cost of alternative premises or any potential leasing incentives required to re-lease the building(s).
Finance Costs	The estimated reinstatement cost figure contained in the attached certificate does not include any allowance for interest on bridging finance during the course of reinstatement or reconstruction. In order to avoid the necessity to arrange for bridging finance, we recommend that the insurance policy allows for reinstatement monies to be made available by way of progress payments during the course of reconstruction.
Shoring Up Costs	No stabilisation/shoring up costs are allowed for in our reinstatement or demolition estimates.
Archaeological Works	Our demolition estimate does not allow for any archaeological works.
Retaining Wall	Retaining walls have been excluded unless otherwise specifically detailed.

2.6 Images of Insured Property

3. Insurance Valuation

Name of Client	The Woolstore Seven Limited
Address of Asset	8 Burnham Street, Petone, Lower Hutt
Asset Description	Refer Section 2 above for further details of the insured property and key exclusions
Land Contour	Level
Use/Occupation	Warehouse/office
Upgrade Requirements	We assume reinstatement to comply with current Building Code.
Other Characteristics	Refer Section 2 herein.
Subsoil Type	Unknown
Construction Date	Circa 1970s, extension 2010, part roof replacement and cladding repairs in 2018/2019

1	Reinstatement	
	A. Reinstatement Estimate	$21,800,000
	B. Inflationary Provision	$2,581,000
2	Indemnification	
	A. Market Related Value	$9,728,000
	B. Depreciated Reinstatement Cost Estimate	$10,560,000
	C. Inflation Provision (for the higher of "A" or "B" above during a 12 month insurance period)	$298,000
	D. Fire Service Levy Value (DRC Excluding Non-Leviable Elements)	Not Requested
	E. Fire Service Levy Value Inflation Provision	Not Requested
3	Functional Replacement	
	(Refer to the attached report/letter for the specification of the functional design)	
	A. Functional Replacement Cost Estimate	Not Requested
	B. Inflationary Provision	Not Requested
4	Demolition Estimate	$1,800,000

Valuers Signature

Name & Qualifications: Michael Horsley FNZIV, FPINZ | Registered Valuer

Valuation Date: 23 May 2023

All figures quoted are exclusive of Goods & Services Tax, Finance costs and other indirect costs.

The above valuation summary must be read in conjunction with the definitions of terms contained within this valuation report and the contents of the main body of the report.

4. Schedule of Buildings

A schedule of individual buildings is set out as follows:-

	Reinstatement Estimate		Indemnity (Depreciated Replacement Cost)		Fire Service Levy Value		Market Indemnity		Demolition Allowance
Building	Reinstatement Estimate	Inflation Provision	Indemnity Value	Inflation Provision	Assessed Value	Inflation Provision	Indemnity Value	Inflation Provision	Demolition Estimate
Main buildings	$19,540,000	$2,335,000	$8,790,000	$223,000	Not Requested	Not Requested	$9,728,000	Nil	$1,630,000
Warehouse Extension	$2,260,000	$246,000	$1,770,000	$75,000	Not Requested	Not Requested	Nil	Nil	$170,000
Total	$21,800,000	$2,581,000	$10,560,000	$298,000	Not Requested	Not Requested	$9,728,000	Nil	$1,800,000

Note: the Market indemnity Valuation relates to the overall property

5. Definitions of Insurance Valuation Terms

The following information forms an integral part of the valuation on the preceding pages.

Address	Physical location, including the street address at which the assets are situated.
Age	Estimated year of construction and dates of, or reference to any major additions and upgrades.
Asset Description	General description giving sufficient detail to identify the range of assets encompassed in the valuation. Any exclusions will have been noted.
Construction	Includes details of the principal & ancillary structures and describes the main construction materials.
Contour	Valuer's classification of the land contour containing building and immediate yard areas: • Level • Gentle • Easy • Medium • Steep Other – as specified
Demolition Estimate	For the purpose of valuation, it is assumed that 100% of the assets have been damaged beyond repair and have no salvage value. Unless otherwise noted the Demolition Estimate covers the cost of demolition and removal of debris of the assets described only and excludes the cost of removal and disposal of any noxious materials or removal of debris from adjoining premises unless otherwise specified. The Demolition Estimate does not include shoring up any structures, either on the insured property, or neighbouring properties; or the removal of building contents.
Depreciated Replacement Cost	This cost has been calculated utilising the estimated reinstatement cost allowing for normal physical depreciation only. If relevant it also takes due note of any significant upgrades or accelerated deterioration. This method is not market-based and accordingly, the value may bear little relationship to the market value of the building or the true insurable "indemnity value" as defined by case law. It is not an estimate of the loss that would be suffered by the insured in the event that the asset was destroyed.
Fire Service Levy Value	The Fire and Emergency New Zealand Act 2017 was passed into law on 11 May 2017, and this changed the way Fire Services Levies are calculated. Levies are to be based upon total sum insured rather than indemnity value which was earlier the case. The Fire and Emergency New Zealand guide published in July 2017 exempts fees, retaining walls, fencing, paved areas and underground services. These items remain included within the indemnity calculation expressed herein, however may be excluded upon separate instruction.

	For further details please consult the "Guide for Levy Payers" at the following website: https://fireandemergency.nz/about-us/about-the-levy/.
Functional Replacement	Where provided this is the estimated cost required to replace all assets to perform similar tasks but under optimum current design and lay-out conditions with capacity requirements not greater than currently available. The value of any partial loss has been disregarded in this context.
Inflationary Provisions	This amount has been estimated on the basis of a loss occurring on the last day of a 12 month insurance period, if appropriate. Inflation provisions on Reinstatement and Functional Replacement estimates incorporate an allowance for the additional time required for damage inspections, demolition, preparation of new preliminary proposals and their approval by the Territorial Authority, preparation of working drawings and specifications, schedules of quantities, in addition to an estimated period of construction contract. No allowance is made for any delay due to the need to comply with the provisions of the Resource Management Act. Inflationary provisions are future projections, based on recent trends and are given without prejudice. Inflation and in particular foreign exchange rate fluctuations affecting imported assets are notoriously difficult to predict and the valuer cannot be responsible for any inaccuracy. The valuation is assessed as at the date of valuation. Only the inflationary provisions have been calculated on the basis that the asset is destroyed on the last day of such a period (assuming a 12 month insurance period). Should the insurance contract be for a differing period, the inflationary provisions will require commensurate amendment.
Market Related Indemnity Value	Where provided this is an estimate of the loss that would be suffered by the insured in the event the asset was destroyed. This may be assessed using the sales comparison approach, income approach or the depreciated replacement cost approach as appropriate.
Name of Client	Normally the insured
Other Known Characteristics	Additional information that assists in quantifying the parameters of the risk to be insured.
Reinstatement Estimate	An estimate of the cost at the date of valuation (including relevant fees) of replacing the asset with a new modern equivalent asset, including, where appropriate, the use of current equivalent technology, material and services and assuming the existing building(s) has been completely destroyed/demolished. This is intended as a guide for the purpose of setting insurance premiums and, unless specified elsewhere, is not based on a detailed elemental and schedule of quantities approach as would be undertaken by a quantity surveyor or costing engineer. In construction, unanticipated problems often arise and actual rebuilding, repair or replacement costs may vary from the estimate. Geotech requirements for a replacement building may differ from those relating to the existing structure.

In the case of partial destruction no specific allowance has been made for any additional requirements that any Council, Government or other Authority may require as additional expenditure to upgrade, alter or amend the undamaged portion of the asset.

Reinstatement does not allow for cost escalation due to a catastrophic event causing a general or localised surge in demand for new assets or rebuilding/repairs. Where an asset has elements of an historic or heritage nature, unless otherwise specified, reinstatement does not include for reproduction of the existing asset with the original heritage features but allows for a modern asset of similar size.

For clarity, our reinstatement estimate is not based on an elemental building cost analysis rather has been derived by our analysis of construction contract rates and/or building cost guides. Our valuation does not allow for any possible damage to the land underlying the asset and assumes the asset is able to be reinstated on the site without any extraordinary foundation costs, other than those that would be expected for the construction of a modern equivalent asset on an undamaged site with stable land.

Subsoil Type

As a geotechnical survey has not been undertaken the description is without prejudice and is based upon a visual inspection only.

Upgrade Requirements

Includes details of the principal & ancillary structures and describes the main construction materials. Any upgrade requirements will have been noted.

Use/Occupation

Nature of main activity carried out at the location. A separate schedule may be provided for multiple tenancy buildings.

6. Assumptions & Limitations

Our valuation is subject to The Company's Statement of Valuation Qualifications and Conditions as follows:

1. **Insurance Policy**

   We have not sighted the actual insurance policy pertaining to the property, neither are we experts in insurance contracts. We recommend the reliant party ascertains the suitability of our valuation with specific regard to the contract of insurance with either their broker or insurer.

2. **Inspection**

   We have inspected all readily accessible parts of the improvements considered necessary for the purposes of our valuation. We have not inspected unexposed or inaccessible portions of the premises.

3. **Contamination**

   We do not hold ourselves out to be experts in environmental contamination. Unless otherwise stated, we have not enquired with the territorial authority, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

4. **Land Condition**

   Unless otherwise stated, the figures contained in the insurance valuation assume that the insured property can be reinstated on the land and that this reinstatement can be achieved without incurring foundation costs greater than the costs assumed in the valuation assessment, noting that these costs would typically reflect the cost to replace a modern equivalent asset on subsoil conditions as assumed.

5. **Improvements Condition**

   We are not aware of any notices currently issued against the property and we have made no enquiries in this regard. Unless stated elsewhere in this report, we have assumed that the property complies with the appropriate statutory, building and fire safety regulations, and we have also assumed that there is no timber infestation, water penetration, or other defect and have made no investigations for them nor have we undertaken a structural survey or tested the building services.

6. We have not sighted a structural survey of the improvements prepared by a qualified engineer. The Valuer is not a building construction and/or structural expert, and is therefore unable to certify as to structural soundness of the improvements.

   We therefore cannot comment on the structural integrity of the improvements.

7. In preparing the valuation, unless stated otherwise, it has been assumed that all lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences in the building are in proper working order and functioning for the purposes of Government regulations and codes. We have not included in our valuation those fixtures and fittings owned and able to be removed by a tenant.

8. The expected remaining physical life of an asset is assessed on the basis that normal ongoing maintenance is carried out to preserve the existing use.

9. Resource Management Act

We have made no allowance in our inflationary provision for the possibility that resource management and building applications could unduly affect the completion of a replacement structure. Accordingly, we recommend that the policy allows for reinstatement on an approved alternative site. We have made no allowance for the extra cost which could be involved in acquiring an alternative site nor possible Council Development Levies that could apply.

10. Earthquake and War Damage Commission

As Earthquake and War Damage Commission cover has now been phased out for all commercial property, we recommend you discuss with your insurer your specific needs in respect of independent Earthquake and War Damage cover.

11. Force Majeure

The estimates in this report, do not allow for cost escalation due to a catastrophic event causing a general or localised surge in demand for new assets or rebuilding/repairs.

Our values do not take into account any other influences on costs and timing of the supply of materials resulting from a natural disaster such as a major seismic event. Implications of such events on the construction industry are unable to be predicated. As such, our values make no allowance for any increases in costs or delay in the construction programme that may result.

7. Report Reliance & Company Qualifications

Our valuation is subject to The Company's Statement of Valuation Qualifications and Conditions as follows:

1. The valuation is assessed on a GST exclusive basis.
2. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable but we can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate sources.
3. We have been engaged to provide a valuation only and while due care was taken to note obvious building defects in the course of our inspection, we have not been engaged for any purpose other than the valuation and we are not able to advise on matters such as structural or site surveys or any other defects in the building.
4. In preparing the valuation and/or providing valuation services, it has been assumed that a full and frank disclosure of all relevant information has been made. We do not accept any consequential error, omission, or inaccuracy in the valuation that results from any error, omission or inaccuracy in information supplied by the client, or its representative.
5. This valuation and all valuation services are provided by us solely for the use of our client. We do not assume any responsibility to any person other than the client for any reason whatsoever by reason of or arising out of the provision of this valuation. We invite other parties who may come into possession of this report to seek our written consent to them relying on this report. We reserve the right to withhold our consent or to review the contents of this report in the event that our consent is sought.
6. In accordance with instructions received, the valuation has been prepared in order to supply figures for reinstatement costs and indemnity purposes only. No responsibility is accepted in the event of these figures being used for any other purpose. Further, no responsibility whatever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.
7. Neither the whole nor any part of this valuation and/or report or any reference to it may be included in any published document, circular, or statement without our written approval.
8. The Valuer(s) have no interest in the subject property.
9. Currency

   Unless otherwise stated all figures including the valuation contained within this report are expressed in New Zealand Dollars (NZD).
10. Currency of Valuation

    The valuation is assessed as at the date of valuation. Only the inflationary provisions have been calculated on the basis that the asset is destroyed on the last day of such a period (assuming a 12 month insurance period). Should the insurance contract be for a differing period, the inflationary provisions will require commensurate amendment.

    For clarity, the valuation does not constitute an opinion of reinstatement, indemnity or demolition estimates at a future date.

8. Valuer(s)

CVAS (WLG) Limited has a Quality Management System (QMS) which sets out specific procedures to be carried out in the valuation process to ensure each valuation is completed to a high standard.

This valuation has been completed by CVAS (WLG) Limited trading as **COLLIERS.** Should the insured party, or its agent, wish to discuss the contents of this report, they are advised to contact the undersigned.

Michael Horsley FNZIV, FPINZ
Director, Valuation & Advisory Services
Registered Valuer
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Inspection of Property:	Michael Horsley/Laura Malone
Valuation Calculations:	Michael Horsley/Laura Malone
Authoring of Report:	Michael Horsley/Laura Malone

COLLIERS
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36 Customhouse Quay
Wellington, 6011
Tel: +64 4 473 4413

This report has been checked by ...MAH.... The purpose of the report check is for the correction of grammatical and basic arithmetic errors only. The person who has checked this report does not necessarily carry any responsibility in relation to the final figures adopted within this report.

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Appendix A

Certificate of Registration

Telarc.
The Mark of Success

This is to certify that

CVAS (WLG) Limited

36 Customhouse Quay Wellington New Zealand

having been assessed by Telarc Limited and having been found to operate a quality management system conforming to

ISO 9001:2015

is hereby designated

Telarc Registered No. QEC13885

for the following goods and services

The provision of property valuation services from the Wellington office.

Certificate Issued:	20 September 2021	Original Registration:	15 February 2002
Current Registration:	20 September 2021	Expiry Date:	25 October 2024

Chairperson
David Bone

Chief Executive
Philip Cryer

Telarc. Registered
Quality
ISO 9001

JAS-ANZ

IAF
MEMBER OF MULTILATERAL RECOGNITION ARRANGEMENT

Telarc.
The Mark of Success

SCHEDULE TO CERTIFICATE OF REGISTRATION

Registration Number: QEC13885 *Certificate Issued: 20 September 2021*

CVAS (WLG) Limited

Site Details:

Organisation	*Address*	*Suburb*	*City*	
CVAS (WLG) Limited - Wellington (Q03639)				
CVAS (WLG) Limited	*36 Customhouse Quay*		*Wellington*	*NZ*

Scope of certification:

The provision of property valuation services from the Wellington office.

DISCLOSURE STATEMENT

1. The following information has been supplied to Capital Commercial (2013) Limited ("Bayleys") to be made available for distribution on the vendor's behalf to potential purchasers to assist purchasers with their due diligence and to use at the purchaser's discretion.
2. Bayleys and the Vendor do not warrant the accuracy or completeness of the information and recommends that all recipients undertake their own due diligence, obtain their own reports to their satisfaction and seek independent advice prior to committing to purchaser.