



Department of Conservation

# Insurance Valuation of Buildings & Site Improvements

Chateau Tongariro, State Highway 48, Mt  
Ruapehu 3951

24 April 2023

Released under the Official Information Act

# Contents

- 1. Valuation Summary ..... 1
- 2. Market Uncertainty ..... 3
- 3. Valuation Scope & Instructions ..... 4
- 4. Basis of Valuation ..... 5
  - Purpose of Valuation ..... 5
  - Valuation Definitions ..... 5
- 5. Valuation Qualifications ..... 9
  - Goods and Services Tax ..... 9
  - Our Client ..... 9
  - Full Disclosure ..... 9
  - General Limitations ..... 9
  - Exclusions ..... 10
  - Losses Following Catastrophic Event ..... 11
  - Structural Assessment ..... 11
  - External/ Internal Building Cladding ..... 11
  - Heritage Listings ..... 12
  - Environmental Issues ..... 12
  - Loss of Land ..... 12
  - Contour ..... 12
  - Fire & Emergency New Zealand Levy ..... 12
  - Indemnity Value for Fire & Emergency Levy ..... 13
  - Valuation Date ..... 13
- 6. Valuation Certificate ..... 14
- 7. Schedule of Values ..... 15
- 8. Individual Building Details ..... 16

Released under the Official Information Act

9. Additional Photos..... 18

10. Instructions ..... 19

11. New Zealand Insurance Form..... 20

- Valuation for Insurance Purposes ..... 20
- Definitions of Insurance Valuation Terms..... 22

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## Section One

# Valuation Summary

Client Number & Job Number	CN101428624.VSP0086172
Instructing Party	Mr Kevin Martin Chief Financial Officer Department of Conservation Conservation House, 18 - 32 Manners Street Te Aro, Wellington 6011
Locations Valued	Chateau Tongariro, State Highway 48, Mt Ruapehu 3951
Valuation Purpose	Insurance Valuation of Buildings & Site Improvements
Valuer/s	s9(2)(a) MPINZ ANZIV
Valuer Certifying Report	s9(2)(a) MPINZ ANZIV Registered Valuer
Date of Inspection	13 <sup>th</sup> April 2023
Date of Valuation	13 <sup>th</sup> April 2023

## Valuation Comments

This is a valuation of buildings and site improvements located at Chateau Tongariro within the Tongariro National Park. The Chateau is a heritage listed hotel with the original front section being constructed and completed in 1930; and a modern rear extension being completed in 2005. The property has five levels (ground, lower ground, three above ground). Levels 1-3 generally comprise accommodation rooms along with store rooms and hallways. The ground level comprises reception, various dining and lounge areas, cafe, kitchen and back of house/staff areas. The below ground level includes cinema, spa (including built in pool), sauna, kitchen and staff area, gym laundry, workshop and open mixed use area which was an extension after original construction. The front of the building also includes a prominent Porte cochere and drive through access.

The building is considered to be earthquake prone by the local council with an NBS rating of 25% for the original section (which is the majority of the building). We have not been provided an NBS for the modern rear extension. We understand that seismic strengthening work will need to be completed by 30 Jun 2047.

The building is presently vacant. The hotel rooms have been updated approximately 15 years ago and present in an average condition given the age, however the common areas are generally below average in presentation.

There is anticipated to be geotechnical issues and additional costs involved with the establishing the site and foundations. We strongly recommend further engineering advice and costing be sought on the retaining walls/foundations which are a significant part of the site. Our estimate of replacing these is given "without prejudice" as further specialist input is needed.

Summary of Values

As per the individual building values and the qualifications outlined in this document, we have assessed the value of the building details and recommended the adoption of the following insurable value.

All values are in New Zealand Dollars

Reinstatement Value	\$89,000,000
Removal of Debris	\$4,200,000
Inflationary Cost Value	\$21,832,000
Total Estimated Insurable Value	\$115,032,000
Indemnity Value for Insurance Purposes	\$14,833,000
Indemnity Value for New Zealand Fire Service Levy	\$8,263,000

A summary of values by location is provided in this report.

The above Total Estimated Limit of Liability does not necessarily contain allowances for all sub-limits within a standard insurance policy. We recommend you review your specific policy before adopting the above value. The above values are also subject to a number of qualifications and limitations all of which have been detailed in the Assumptions, Conditions and Limitations of this report.

Only an original valuation report received directly from Marsh Valuation Services, without any third party intervention can be relied upon. This Valuation Summary forms part of, and should not be used or read independently from the complete report.

Neither the whole nor any part of this valuation nor any reference to it may be included in any document, circular or statement without our approval of the form and context in which it will appear.

We thank you for the opportunity to complete this assignment on your behalf.

For and on behalf of Marsh Valuation Services

s9(2)(a)

s9(2)(a) ANZIV MPINZ

National Valuation Manager, New Zealand

Marsh & McLennan Companies

## Section Two

# Market Uncertainty

The effects on the construction market following the COVID-19 pandemic, means that we are faced with an unprecedented set of circumstances on which to base our assessments. Construction costs are increasing at a pace not seen for decades, which is a product a range of issues but particularly, supply chain challenges and inadequate skilled workers brought on by immigration challenges. Given increased market volatility, as at the date of valuation, Marsh Valuation Services considers that we can attach less weight to previous market evidence for comparison purposes.

Since the onset of COVID-19 construction cost increases have remained fluent and evolving. To maintain equilibrium under these uncertain and prevailing conditions, Marsh Valuation conducts ongoing market research and economic analysis of all industry sectors which directly affect construction, professional and inflationary costs including:

- Statistics New Zealand published economic and inflationary statements;
- Statistics New Zealand published data, particularly the Capital Goods Price Index, Producers Price Index and a range of Labour Market Statistics;
- Analysis of recent building contracts where available;
- Discussions with local project managers, builders and material suppliers;
- Monitoring, identification and analysis of construction component values and their effects on overall replacement costs.

Our valuation is reported on the basis of 'Material Valuation Uncertainty'. Given the unknown future impact that COVID-19 and subsequent economic pressures might have on the construction market, we recommend that this valuation is reviewed with increased regularity to ensure market movements and changes are appropriately accounted for.

### Section Three

# Valuation Scope & Instructions

Marsh Valuation Services have received instructions and directions from Mr Kevin Martin on behalf of the Department of Conservation to complete a valuation of the building and site Improvements assets for insurance purposes at locations listed in the summary of this report.

We declare that:

- The valuer authorising this report is registered in New Zealand to value property by the Valuers Registration Board of New Zealand (VRB);
- The valuer has satisfied the professional requirements of the New Zealand Institute of Valuers (NZIV) and Property Institute of New Zealand (PINZ) and is a member of these organisations;
- This valuation has been completed in accordance with International Valuation Standards (effective 31 January 2020);
- The valuation is completed in accordance with ANZVGP 104 valuation for insurance purposes (effective 1 July 2021);
- The valuation has been prepared in accordance with Australia and New Zealand Valuation Guidance Papers
- The statements of fact presented in this 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 has no legal interest in the subject property;
- The valuer's fee is not contingent upon any aspect of this report;
- 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; and
- No-one except those specified in the report, has provided professional assistance in preparing the report.

We refer to our instructions from the Department of Conservation and respectfully provide our valuation report of the properties in this report based on Reinstatement with New value.

## Section Four

# Basis of Valuation

## Purpose of Valuation

The purpose of this valuation is to determine the insurable values of your building and improvement assets.

## Valuation Definitions

As per your instructions we have valued the assets specified within this report to determine their Total Estimated Limit of Liability. The total Estimated Limit of Liability is made up from the following values:

### Reinstatement with New

The Reinstatement Cost Estimate represents the cost as 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, materials and services. The modern equivalent asset is deemed to be fully compliant with current building ordinances and other regulatory requirements.

The Reinstatement Cost Estimate is broadly indicative assessment only and is not based on the detailed elemental and schedule of quantities approach. The estimates have been based on construction cost guides and analysis of contract constructions prices.

### Extra Cost of Reinstatement

Where we are aware of any major differences between the existing asset and complying modern equivalent asset we have incorporated these into the Extra Cost of Reinstatement Value. Extra Cost of Reinstatement makes allowance for the potential costs of complying with the requirements of the New Zealand Building Code which impact the construction of new buildings. The Insurer is not liable for any extra costs associated with the subject property where the current owner is already liable, we have not included any such costs within our assessment.

This valuation covers the reinstatement of the improvements on the basis of an estimated reinstatement cost excluding allowances for discounts.

Our assessment does not include the cost of complying with the Resource Management Act, Local planning or zoning requirements and any seismic strengthening requirements. Such planning and zoning requirements are subject to change and can be interpreted differently by different authorities so it is not possible to precisely estimate this allowance.

All assets included in this report have been valued free of all encumbrances.

### Functional Replacement

Functional Replacement Cost is the estimated cost required to replace all assets to perform similar tasks but under optimum current design and layout conditions with capacity requirements not greater than currently available. The value of any partial loss has been disregarded in this context.

We have not been instructed to provide an insurance estimate on a Functional Replacement Cost basis.



## Removal of Debris

The Removal of Debris estimate covers the cost of demolition of the whole of an asset and clearance of debris from the site. The estimate excludes the following:

- Any requirement for propping or shoring up of any structures on either the insured property neighbouring properties;
- The reinstatement of, or requirement for protection of, services and/ or utilities infrastructure damage or affected by the demolition;
- The removal of hazardous or contaminated material from either the demolished structure or the affect part of a site;
- Costs of extinguishing a fire at or in the vicinity of the property insured;
- Costs of making a damaged property safe, temporary repairs and/ or temporary protection of undamaged property;
- Costs of salvage, including removal of contents.

## Cost Inflation

Allowances for Cost Inflation is the amount for which the assets need to be insured to pay the cost of reinstatement at the time it is actually carried out. After a loss is sustained, an often lengthy period of time will be required to gain approvals and apply adequate planning in addition to the time taken to reconstruct the property. During this period of time construction costs can significantly increase or decrease which must be accounted for. Accordingly, we recommend the following adjustments to allow for these anticipated cost escalations:

- **During the policy period.** As an insurance policy is generally for a 12-month period, losses can occur up to 12 months after the policy commences and we have made allowance for this period.
- **During demolition, planning and approvals.** We have assumed there are no abnormal delays and have made allowance for the estimated period this process could take.
- **During rebuilding.** The rebuilding periods are based upon typical construction times assuming there are no unforeseeable delays such as excessive wet weather, non-availability of materials and industrial disputes affecting the building schedule.

## Indemnity Value

Indemnity Value is the cost necessary to replace, repair and or rebuild the asset to a condition and extent substantially equal to but not better or more extensive than its condition and extent at the date of inspection, taking into consideration the age, condition and remaining useful life of the asset.

In practice the Indemnity Value can be derived through either comparable sales or depreciated replacement cost methods.

For this valuation the Depreciated Replacement Cost approach has been applied to calculate an Indemnity Value to calculate a Fire Service Levy.

Schedule 3 of the Fire Service Act 1975 lists a number of assets that are exempt from a Fire Service Levy, it is assumed these exemptions apply to the Fire and Emergency New Zealand Act 2017, assets include:

1. Any ship or anything in a ship, except while the ship is on land:
2. Any standing bush or forest:
3. Any road, street, or path:
4. Any railway track or pole, or any tramway track or pole:

5. Any bridge or viaduct either completed or in course of construction, or any boxing or falsework used in construction of any bridge or viaduct:
6. Any tunnel or cutting:
7. Any retaining wall, dam, breakwater, mole, groyne, fence, or wall:
8. Any drain or channel:
9. Any reservoir, swimming bath, water tank (other than a water tank installed as part of the water supply system of any dwelling or farm building), water tower, or septic tank:
10. Any water reticulation pipe (other than a water reticulation pipe which in the opinion of the Earthquake and War Damage Commission, constitutes a structural part of any building):
11. Any electric supply, telegraph, or telephone pole, line, or cable:
12. Any mine or quarry:
13. Any aircraft or anything in an aircraft except while insured under a contract which is substantially a contract of fire insurance:
14. Any goods in transit, except while insured under a contract which is substantially a contract of fire insurance:
15. Any hazardous substance (as defined in [Section 2](#) of the Hazardous Substances and New Organisms Act 1996):
16. Any livestock:
17. Any growing crops (including fruit trees and vines):
18. Any ensilage insured in the open field:
19. Any hay or other cut crops insured in the open field:
20. Any offshore installation for petroleum mining operations as defined in the Petroleum Act 1937:
21. Any pipeline, electricity cable, or telecommunications cable which is located on the sea floor.

The Fire Service also considers the following not to be property within the definition of the Act, and therefore no levy is payable on:

- Demolition costs
- Fees
- Expediting costs following a claim
- Cost of property protection following a claim
- Money
- Employees tools and personal effects
- Employees vehicles whilst in use on insured's business

The above exemptions have been considered in Marsh Valuation Services assessment of Indemnity Value. This is a departure from the method described in ANZVGP 104 within the Australia and New Zealand Property Standards. As a result, the Indemnity Value should not be relied upon for any other purpose than assessing the Fire Service Levies.

In line with our client approach we welcome the opportunity to discuss the above with you. If you or your insurer should require an Indemnity Value including exemptions for a IV:RV ratio, please contact the signing valuer.

Inflationary Provision is an allowance for when construction cost inflation is likely to exceed depreciation over the insurance period.

## Gross Building Area

We have provided an estimate of the Gross Building Area (GBA). The GBA is the area of a building at all levels, measured between the normal outside face of any enclosed walls (or the centre line of common walls between different properties), balustrades and supports. The enclosed and unenclosed areas shown separately and added together to give the total GBA. Open courtyards, light wells, decks, verandas, terraces and the like are not included in the measurement.

We note that all measurements contained herein are approximate only. While all care has been taken in providing these measurements they should be considered as estimates only and we do not warrant their accuracy. Where building plans have been supplied we have relied upon these to determine the areas contained herein.

## Extent of Investigations

The extent of our investigations has been to:

Physically inspect the properties to gather building information.

- Physical building measurements were taken on-site by the signing valuer, and supplemented by building plans provided by the instructing party, in order to calculate the building floor area.
- Our research is also based on upon construction costs sourced from our involvement with other similar assets throughout New Zealand and Australia; as well as general market information such as construction industry building cost guides.
- Review of build cost information of like projects in Marsh & McLennan's build cost database.
- Undertake a comprehensive market review to gauge market demand and supply of building materials and labour, professional services and planning and approval processes, which determine the timeframe of reinstatement.
- Review local government planning information, which could affect whether a building can be re-built in its present form as well as any identified heritage and protection issues.
- Review economic and building cost publications as prepared by NZIER and Quotable Value (QV Costbuilder).

## Section Five

# Valuation Qualifications

## Goods and Services Tax

Except for self-contained dwellings used for residential purposes and strata titled units, it is our understanding that the Goods and Services Tax (GST) liability on any construction activity can be claimed in the Business Activity Statement returns. Therefore, other than such properties the reinstatement values included within this report exclude GST.

Should it eventuate the assumptions we have made regarding GST are not correct, we reserve the right to re-assess any effect on the value stated in this report.

## Our Client

This valuation is prepared under the specific instructions of the party detailed in the Valuation Summary.

We accept no responsibility or duty of care in the event of the report being relied upon for any other purposes or by any party other than our client and their nominated broker or underwriter.

Our valuation has been prepared solely to provide figures for insurance valuation purposes.

This report has been prepared solely for the use of, and is confidential to, those outlined in the Valuation Summary.

The report is valid only when bearing the Valuer's original signature.

We neither acknowledge nor accept any other duty of care in respect of either the valuation or the report, and any person other than our client who relies upon any part of this document without direct reference to a written authorisation by the Valuer does so in all respects at their own risk.

## Full Disclosure

This valuation has been prepared on the basis that all information and facts which may affect the valuation have been given to us by you or on your behalf.

We do not accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made or for any error or defect in the valuation which has resulted from any error, omission or inaccuracy in information supplied by or on behalf of the client.

## General Limitations

Unless otherwise stated in estimates provided are current as at the date of valuation only. Our inflationary provision figures have been based on a 12 month policy period and we accept no responsibility beyond that period. The inflation provision figures are future projections based on known trends and information as at the date of valuation. Factors influencing future inflation rates are unable to be predicted with any certainty and we cannot be held responsible for any inaccuracy due to unknown future events.

The estimates provided have been prepared taking into account the assets in existence as at the date of our inspection. Any additions, alterations and significant changes which occur subsequently are not covered by our valuation.

This valuation is made on the basis that there appears to be no current regulations that would prevent reinstatement of the property following accidental loss. Territorial, Local and Regional Authorities will only formally confirm that a property can be reinstated when a resource consent application and/or permit is applied for. Any approval issued will, given compliance with the relevant rules, normally be subject to conditions. In non-complying cases, issue of consent will usually be subject to recourse under the Resource Management Act and the Building Act.

We have not carried out any investigation into the legal ownership or legal restrictions of any assets. The values are provided on the basis that there are no encumbrances or covenants that would affect the reinstatement of the assets within this report.

We have provided coordinates for each building within our report. Whilst best efforts have been made to determine accurate coordinates we note that these are for indicative purposes only and show not be relied upon as being precise.

## Exclusions

The valuation figures exclude all chattels, furniture, plant, machinery (not associated with the building function), tools and stock-in-trade, and the cost of removal/disposal of these.

This assessment covers the assets outlined within this report only. It excludes all other site buildings and infrastructure. Items included in our valuation are shown in the improvements sections of this report.

We note particular items which are to be excluded:

- Land;
- Stock materials, work in progress and finished goods;
- Employee's personal effects;
- Leased buildings that we have not been advised to include;
- Any construction work in progress;
- Assets in which senior management have advised us to exclude; and
- Cost of replacing existing mature trees or plants.

It should be noted that the valuation also excludes any allowance for the following:

- Goods and Services Tax;
- Claim preparation cost;
- Expediting costs;
- Temporary accommodation;
- Any costs relating to third party liability losses;
- Costs and expenses incurred in extinguishing a fire;
- Any finance costs;
- Costs associated in making property safe after a loss; and
- Temporary protection of undamaged property.

## Losses Following Catastrophic Event

Recent global examples of catastrophic loss situations have shown that reconstruction costs often increase significantly post these widespread events. Contributing factors for potential replacement cost increases are identified as:

- Surge in demand for resources and materials;
- Delays in making repairs and prioritising of reinstating critical services causing inflationary pressures and cost escalations; and
- Increased claims activity causing difficulties for insurers to police against possible exaggeration of claims

Due to the unknown size, severity and impact of specific events, we are unable to provide a set allowance for such occurrences within this valuation. If catastrophic events remain a concern we recommend these issues be addressed with your Marsh Valuations Services contact, broker or insurer.

## Structural Assessment

In preparing this report we have used all reasonable skills as a valuer but we are not qualified to assess the structural integrity of the improvements on the property, or impact on building services. We give no warranty as to these issues in respect of the buildings.

This report has been prepared for valuation purposes only and is not a geotechnical or environmental survey. If any defect is found, including structural defects, this information could impact on the value of the property.

We have not conducted a land survey of the subject property and assume all improvements lie within the title boundaries.

We have not sighted a current Land Information Memorandum for the subject property during the course of this valuation. Our report is subject to there being no outstanding requisitions or adverse information affecting the property.

## External/ Internal Building Cladding

Where a building comprise external or internal cladding and 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 the following forms part of this Valuation Report:

- 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 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 client and any other 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.

## Heritage Listings

The heritage listing of an asset can have a direct impact on the elements forming the reinstatement cost and declared values of an asset.

Where a building has been identified as being heritage listed, either the whole building or part thereof, within this report, Marsh Valuation Services have considered the implications of this listing in the assessment of the asset.

## Environmental Issues

We confirm that we are not qualified to:

- Detect contaminants such as asbestos, chemicals, toxic wastes or other hazardous materials nor confirm that the property complies with current noise and air pollution requirements;
- Estimate the cost of remediation of such contaminants; or
- Quantify the impact of such contaminants on the value of the items assessed.

Our estimate assumes there are no contaminants at any of the locations assessed. If you or your consultants have advised us of, or if subsequent enquiries reveal the presence of such contaminants, we recommend a specialist consultant be engaged to determine the likely additional cost of its demolition and removal. This information should also be communicated with your broker.

## Loss of Land

We have made no assessment as to the potential loss of land value as a result of the destruction of part, or all of the buildings located on the subject property.

Similarly, we have not made any assessment as to the potential for the destruction of all or part of the buildings on the subject property to increase the underlying land value of the property.

The occurrence of either of these events occurring could impact on the final insurance payout following as insured loss occurring to the subject property. Should you wish to discuss this matter further, please feel free to contact the Certifying Valuer for this assignment.

## Contour

Valuer's classification of the land contour containing building and immediate yard areas, being one of:

- Level;
- Gentle;
- Easy;
- Medium;
- Steep;
- Other – as specified.

## Fire & Emergency New Zealand Levy

The New Zealand Fire Service Commission ("Commission") is responsible for the administration of the Fire and Emergency New Zealand Act 2017 ("the Act").

All property owners who insure property in New Zealand against the risk of fire pay a levy.

"Property" means any real or personal property situated in New Zealand; but does not include the categories of property set out in Schedule 3 of the Fire Service Act, or any property which is the subject of cover under a contract of marine insurance as defines the Act.

## Indemnity Value for Fire & Emergency Levy

For the purpose of the calculation of the levy, the term Indemnity Value of any property shall mean the actual Indemnity Value in relation to the replacement value of the property. In the instance of this report, the Indemnity Value has been calculated using the Depreciated Replacement Cost method, defined as:

- The current cost of replacing an asset with its modern equivalent less deductions for age and physical depreciation.
- This value does not represent Market Value, or the value of replacing the asset with a comparable second hand asset.

## Valuation Date

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (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 date of the valuation.

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Section Six

# Valuation Certificate

The below constitutes the total insurable value for the assets outlined within this report:

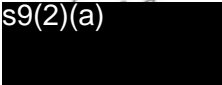
Locations as per Summary of Values		13 April 2023	
Declared Value			
Reinstatement Cost Estimate	\$		89,000,000
Extra Cost of Reinstatement	\$		-
Removal of Debris	\$		4,200,000
<b>Subtotal</b>	<b>\$</b>		<b>93,200,000</b>
Allowances for Cost Inflation			
Allowance for Policy Period	\$		5,600,000
Allowance for Planning and Approvals	\$		7,103,000
Allowance for Rebuilding	\$		9,129,000
<b>Subtotal</b>	<b>\$</b>		<b>21,832,000</b>
<b>Estimated Property Damage Limit of Liability</b>			
	\$		115,032,000
<b>Indemnity Value</b>	<b>\$</b>		<b>14,833,000</b>
<b>Fire Service Levy Indemnity Value, not suitable for Insurance Policy Cover</b>	<b>\$</b>		<b>8,263,000</b>

Marsh & McLennan accept no liability or responsibility whatsoever for the valuation if full disclosure of all information has not been made. We do not accept responsibility for any consequential error or defect in the valuation which has resulted from any error, omission or inaccuracy in the information supplied by the company, its officers and agents.

We thank you for the opportunity to complete this assignment on your behalf.

s9(2)(a)  


\* Co-Signatory

s9(2)(a)  


s9(2)(a) MPINZ, ANZIV, MRICS  
 National Valuation Manager, New Zealand

s9(2)(a) AAPI  
 Principal

‘Whilst not having inspected the subject property, I the counter-signatory, acting in the capacity as a Supervising Member, have reviewed the draft Valuation Report and working papers, and based upon that review and questioning of the Primary Valuer (as appropriate), I am satisfied there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Primary Valuer.’

Section Seven

# Schedule of Values

Address and Name	Estimated Declared Value			Allowances for Cost Inflation			Total Limit of Liability	Indemnity Value	Indemnity Inflationary Value	Indemnity Value for FENZ Levy	Indemnity Inflationary Value for FENZ Levy
	Reinstatement Value	Extra Cost	Removal of Debris	Policy Period	Planning & Approvals	Rebuilding					
NZ											
State Highway 48, Mt Ruapehu 3951											
Chateau Tongariro	89,000,000	0	4,200,000	5,600,000	7,103,000	9,129,000	\$115,032,000	14,833,000	420,000	8,263,000	234,000
State Highway 48, Mt Ruapehu 3951 Sum	89,000,000	0	4,200,000	5,600,000	7,103,000	9,129,000	\$115,032,000	14,833,000	420,000	8,263,000	234,000
<b>NZ TOTAL</b>	<b>\$ 89,000,000</b>	<b>\$ -</b>	<b>\$ 4,200,000</b>	<b>\$ 5,600,000</b>	<b>\$ 7,103,000</b>	<b>\$ 9,129,000</b>	<b>\$ 115,032,000</b>	<b>\$ 14,833,000</b>	<b>\$ 420,000</b>	<b>\$ 8,263,000</b>	<b>\$ 234,000</b>
<b>Grand Total</b>	<b>\$ 89,000,000</b>	<b>\$ -</b>	<b>\$ 4,200,000</b>	<b>\$ 5,600,000</b>	<b>\$ 7,103,000</b>	<b>\$ 9,129,000</b>	<b>\$ 115,032,000</b>	<b>\$ 14,833,000</b>	<b>\$ 420,000</b>	<b>\$ 8,263,000</b>	<b>\$ 234,000</b>

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Section Eight

# Individual Building Details

Building 1

Address State Highway 48, Mt Ruapehu 3951 Name Chateau Tongariro



Building

Age	1930; 2005	Gross Building Area	8653m <sup>2</sup>
Site Slope	Gently sloping	Security	Door Locks, Cameras
GPS Coordinates	-39.19986381763398, 175.53937409757802	NBS % (if known)	0.25

Construction

Levels	Ground, Lower Ground, Three Upper Levels	Heritage Listed	Yes
Floor Material	Timber, Concrete	Wall Material	Brick, Rendered Concrete
Roof Material	Corrugated Metal	Window Frames	Timber, Aluminium framing
Attachments	Porte Cochere at front, various covered entries and awnings		

Fitout

Floor Coverings	Carpet, Tiles, Vinyl	Ceiling Material	Plaster, ornate features to original common/dining areas
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General Layout	<p>A heritage listed hotel with the original front section being constructed and completed in 1930; and a modern rear extension being completed in 2005. The property has five levels (ground, lower ground, three above ground). Levels 1,2,3 generally comprise accommodation rooms along with store rooms and hallways. The ground level comprises reception, various dining and lounge areas, cafe, kitchen and back of house/staff areas. The below ground level includes cinema, spa (including built in pool), sauna, kitchen and staff area, gym laundry, workshop and open mixed use area which was an extension after original construction. The front of the building also includes a prominent Porte cochere and drive through access. The building is considered to be earthquake prone by the local council with an NBS rating of 25% for the original section (which is the majority of the building). We have not been provided an NBS for the modern rear extension. We understand that seismic strengthening work will need to be completed by 30 Jun 2047. The building is presently vacant. The hotel rooms have been updated approximately 15 years ago and present in an average condition given the age, however the common areas are generally below average in presentation.</p>
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Services

Electrical	Reticulation, incandescent, fluorescent		
Fire	Sprinklers, Alarm, Hose Reels, Extinguishers, Exit Signs, Detectors		
HVAC	Heating		
Plumbing	Sanitary fixtures	Transport	Internal Stairs, 2 Passenger Lifts

Site Improvements	Driveway, paving, landscaping and retaining immediately surrounding the building		
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Reinstatement Value	\$ 89,000,000	Removal of Debris	\$ 4,200,000	Cost Inflation Provision	\$ 21,832,000
Total Estimated Limit of Liability			\$ 115,032,000		

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Section Nine

# Additional Photos



Front



Typical Room



Porte Cochere



Internal - Cafe



Internal – Dining/Lounge Area



Internal – Dining/Lounge Area

Section Ten

# Instructions

Please arrange for a copy of this letter to be signed and returned back to us at your earliest convenience to indicate that it is in accordance with your understanding.

Signed: s9(2)(a)

Name: Kevin Martin

Position: CFO

Date: 13 March 2023



If you require clarification of any part of this quotation, please do not hesitate to contact me.

s9(2)(a)

s9(2)(a) ANZIV MPINZ  
Registered Valuer & Chartered Surveyor  
National Valuation Manager, New Zealand  
Marsh & McLennan Companies



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Section Eleven

# New Zealand Insurance Form

## Valuation for Insurance Purposes

**Name of Client:** Department of Conservation

**Address of Assets:** Chateau Tongariro, State Highway 48, Mt Ruapehu 3951

**Asset Description:** Hotel and Function Centre

**Upgrade Requirements:** The Reinstatement Cost Estimate assumes compliance with current Building Code.

**Age:** 1930; 2005      **Use/ Occupation:** Hotel, Function Centre

**Land Contour:** Gently Sloping      **Subsoil Type:** No Geotechnical survey undertaken, assumed firm natural ground

**Other Known Characteristics:** There is anticipated to be geotechnical issues and additional costs involved with the establishing the site and foundations. We strongly recommend further engineering advice and costing be south on the retaining walls/foundations which are a significant part of the site. Our estimate of replacing these is give "without prejudice" as further specialist input is needed.

<b>1 Reinstatement</b>		
A	Reinstatement Cost Estimate	\$89,000,000
B	Inflationary Provision	\$21,832,000
<b>2 Indemnity</b>		
A	Market Related Estimate	Not Requested
B	Fire Service Levy Indemnity Value (not suitable for insurance policy cover)	\$8,263,000
B1	Inflationary Provision	\$234,000
C	Indemnity Value	\$14,833,000
C1	Inflationary Provision	\$420,000
<b>3 Functional Replacement (Refer to valuation report/ letter for the specification of the functional design)</b>		
A	Functional Replacement Cost	Not Requested
B	Inflationary Provision	Not Requested
<b>4 Demolition Estimate</b>		
A	Removal of Debris	\$4,200,000

**Valuers Signature** s9(2)(a)

**Name & Company** s9(2)(a), ANZIV, MPINZ on behalf of Marsh Valuation Services

**Valuation Date** 13<sup>th</sup> April 2023

Please note: This report summary must be read in conjunction with the attached covering letter/ report.

- All figures quoted are exclusive of Goods & Services Tax, finance costs and other indirect costs;
- All figures are exclusive of any allowance for land value;
- This form must be read in conjunction with the definitions of terms on the reverse hereof;
- The information in this report has been prepared to establish insurance values and may not be used for other purposes without the written consent of the Valuer;
- All figures assume compliance with building regulations and bylaws.

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# Definitions of Insurance Valuation Terms

The following definitions pertain to and form an integral part of the Valuation on the reverse hereof

<p><b>GENERAL</b></p> <p>Name of Client</p> <p>Normally the insured</p> <p>Address</p> <p>Physical location, including street address at which the assets are situated</p> <p>Asset Description</p> <p>General description giving sufficient detail to identify the range of assets encompassed in the valuation including details of principal structure showing main construction materials. Any exclusions should be noted</p> <p>Upgrade Requirements</p> <p>Typically, it will be helpful to summarise major differences between the insured asset and the modern equivalent assets.</p> <p>Age</p> <p>Estimated year of completion and dates of any major additions and upgrades.</p> <p>Use/ Occupation</p> <p>Nature of main activity carried out at location.</p> <p>Contour</p> <p>Valuer's classification of the land contour containing building and immediate yard areas:</p> <ol style="list-style-type: none"> <li>1. Level</li> <li>2. Gentle</li> <li>3. Easy</li> <li>4. Medium</li> <li>5. Steep</li> <li>6. Other – as specified</li> </ol> <p>Subsoil Type</p> <p>General classification of land supporting building and immediate yard areas:</p> <ol style="list-style-type: none"> <li>1. Bedrock</li> <li>2. Firm natural ground</li> <li>3. Filled ground</li> <li>4. Unknown</li> <li>5. Other – as specified</li> </ol> <p>As a geotechnical survey has not been undertaken the description is without prejudice.</p> <p>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.</p>	<p><b>1. REINSTATEMENT</b></p> <p>a. Reinstatement Cost Estimate is an estimate of the cost at date of valuation (including relevant fees) of replacing asset, including, where appropriate, the use of current equivalent technology, material and services. 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 engineering. In construction, unanticipated problems often arise and actual rebuilding, repair or replacement costs may vary from the estimate</p> <p>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.</p> <p>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.</p> <p>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 similar size.</p> <p>b. Inflationary Provision this amount had been estimated on the basis of a loss occurring on the last day of a 12 month insurance period, if appropriate.</p> <p>The inflation provision under 1B and 3B incorporates 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.</p> <p>All 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.</p>	<p><b>2. INDEMNITY</b></p> <p>a. Indemnity Value Estimate is an estimate of the loss that would be suffered by the insured in the event the asset was destroyed.</p> <p>This may be assessed using the Sales Comparison approach, Income Approach or the Depreciated Replacement Cost approach, as appropriate (See valuation report for guidance).</p> <p>b. Inflationary Provisions is the estimated amount by which cost inflation exceeds depreciation over a 12 month period.</p> <p><b>3. FUNCTIONAL REPLACEMENT</b></p> <p>a. Functional Replacement Cost is the estimated cost required to replace all assets to perform similar tasks but under optimum current design and layout conditions with capacity requirements not greater than currently available. The value of any partial loss has been disregarded in this context.</p> <p>b. Inflationary Provision this is calculated as per 1B but based on 3 Functional Replacement.</p> <p><b>4. DEMOLITION ESTIMATE</b></p> <p>For the purpose of valuation, it is assumed that 100% of the assets have been damaged beyond repair and have no salvage value.</p> <p>Unless otherwise noted in the valuation covering letter, Demolition Estimate covers the cost of demolition and removal as debris of the asset valued only excluding the cost of removal of any noxious materials, or removal of debris on adjoining premises.</p> <p>The Demolition Estimate does not include for:</p> <p>a. Shoring up and structures, either on the insured property, or neighbouring properties</p> <p>The removal of building contents.</p>
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