

CITY OF MELVILLE

CIVIC SQUARE LIBRARY

Insurance Valuation

29 September
2020

Reference Number: VSP0066056.7306

Revision Number: 1

Issue Date: 5 October 2020

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EXECUTIVE SUMMARY

CLIENT & JOB NUMBER	VSP0066056.7306
INSTRUCTING PARTY	Mario Murphy Manager City Buildings City of Melville 10 Almondbury Road, Booragoon WA 6154
DATE OF INSPECTIONS	29 September 2020
DATE OF VALUATION	29 September 2020
ASSETS INSPECTED	10A Almondbury Rd, Booragoon WA 6154
VALUERS ASSIGNED	Craig Butler
VALUERS CERTIFYING REPORT	Craig Butler AAPI Licensed Valuer No. 44625

VALUATION COMMENTS

The valuation for insurance purposes have been provided on the basis of Reinstatement Value.

We have been advised by the City of Melville that the valuation is to include all buildings and site improvements situated on a 3,110 sq.m allotment as identified on the 'Proposed Land Transfer Plan' (refer Annexure A).

The valuation process included a physical inspection by qualified and experienced valuers. Within this process the identification and collation of technical data and information of all tangible assets, as covered by the appropriate Industrial Special Risk policy, was undertaken.

This valuation has been undertaken on a high level componentisation basis. For detailed explanation of valuation approach of individual asset please refer to the asset listing and the valuation approach within this report.

In accordance with our inspections, assumptions and qualifications noted in this report, we have assessed the value of the assets detailed herein and recommend the adoption of the insurance values listed in the Schedule of Value.

Please note, any costs associated with replacement of the existing Civic Centre chiller compound which falls within the 645 sq.m portion of the land swap (see Annexure A) are not included in the valuation (i.e. they are being addressed in a separate consultant's report as advised).

SCHEDULE OF VALUES

As per the individual asset values and the qualifications outlined in this document, we have assessed the value of the specified assets and recommend the adoption of the insurable value as at 29 September 2020 to be:

DESCRIPTION	REINSTATEMENT WITH NEW VALUE	REMOVAL OF DEBRIS	TOTAL LIMIT OF LIABILITY
Location			
Building	\$3,200,000	\$98,000	\$3,410,000
Site Improvements	\$600,000	\$40,000	\$ 657,000
GRAND TOTAL	\$3,800,000	\$138,000	\$4,067,000

This report has been prepared on the basis that the full information and facts which may affect the valuation has been provided to us. We do not accept any liability or responsibility whatsoever for the valuation if full disclosure has not been made. Further, we do not accept responsibility for any consequential error or defect in the valuation which has resulted for any error, omission or inaccuracy in the information supplied by the company, its officers and agents.

The valuation may only be used by the party to whom it is addressed and the entire report including qualifications must be read before any reliance is placed on its contents. Only a signed original of this report should be relied upon and no responsibility will be accepted for photocopied or reprinted versions of it.

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

For and on behalf of
ASSETVAL A COMPANY OF MARSH PTY LTD



Craig Butler AAPI
Certified Practising Valuer
29 September 2020

*Co-Signature



Adam Bray AAPI
Certified Practicing Value
29 September 2020

*The co-signing Peer Reviewer confirms having reviewed the valuation methodology and calculations, however the opinion of value expressed has been arrived at by the Primary Valuer alone.'

"Liability limited by a scheme approved under Professional Standards Legislation."

VALUATION SCOPE & INSTRUCTIONS

VALUATION INSTRUCTIONS

AssetVal have received instructions and directions from Mr Mario Murphy, Manager City Buildings at City of Melville to complete a valuation of the Civic Square Library building and land improvements assets for insurance purposes at the location listed in the summary of this report.

We declare that:

- The valuation is completed in accordance with ANZVTIP 4 valuation for insurance purposes;
- This valuation has been completed in accordance with International Valuation Standards and API Valuation Standards;
- 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 valuers have no legal interest in the subject property;
- The valuer's fee is not contingent upon any aspect of this report;
- The valuers have satisfied professional education requirements;
- The valuers have experience in the location and category of the property being valued;
- The valuers have made a personal inspection of the assets; and
- No-one except those specified in the report, has provided professional assistance in preparing the report.

Throughout this valuation we have had dealings with and relied upon information received from Mr Mario Murphy at City of Melville.

VALUATION SCOPE

An independent valuation program is essential to provide a sound base of values and methodology for the calculation of insurance values. It removes the risk to officeholders and provides your insurers with the confidence that you have an adequate level of cover for your assets.

As part of the good corporate governance procedures and the insurance renewal process, City of Melville engaged AssetVal to undertake appropriate insurance valuation of the nominated tangible assets and ensure that City of Melville is not exposed to the risk's associated with under/ over insurance. AssetVal has an excellent understanding of the City of Melville insurance policy wording.

Our valuation looks at the Reinstatement Value of the existing assets as required under City of Melville insurance policy. The most likely loss is a partial loss and the declared value must reflect the cost to reinstate the existing assets so as to remove the potential risk of under or over insurance.

The objective of the valuation program is outlined below:

- In line with City of Melville insurance valuation program, update declared values to maintain the accuracy and integrity of declared values and for renewal negotiations;
- Help City of Melville understand clearly what they are insuring and the basis of declared values;
- Removal of potential liability of directors;
- Removal of potential risk of under or over insurance;
- Improve rating factors which in turn impact on premium; and
- Provisions for faster settlement of claims.

BASIS OF VALUATION

PURPOSE OF VALUATION

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

We have been advised by the City of Melville that the valuation is to include all buildings and site improvements situated on a 3,110 sq.m allotment as identified on the 'Proposed Land Transfer Plan' (refer Annexure B).

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 COST

May be defined as the amount of money determined as at the date of valuation to allow for reinstatement by similar property in a condition equal to but not better than nor more extensive than the condition when new. Where appropriate, due allowance has been made for freight, insurance, duty delivery, installation, commissioning, design, engineering costs and the like.

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 National Construction Code which impact the contraction 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.

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

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 INFLATIONS

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.

Further to this, 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.

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.

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.

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 increases in costs due to exceptional circumstances, e.g. general shortage of labour or materials caused by catastrophic disasters;
- 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.
- Please note, any costs associated with replacement of the existing Civic Centre chiller compound which falls within the 645 sq.m portion of the land swap (see Annexure A) are not included in the valuation (i.e. they are being addressed in a separate consultant's report as advised).

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.

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.

OVERHEAD MAP – LIBRARY & SITE IMPROVEMENTS



Source: RPData

VALUATION CERTIFICATE

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

Locations as per Summary of Values		29 September 2020
Declared Value		
Reinstatement Value	\$	3,800,000
Extra Cost of Reinstatement	\$	-
Removal of Debris	\$	138,000
Subtotal	\$	3,938,000
Allowances for Cost Inflation		
Allowance for Policy Period	\$	55,000
Allowance for Planning and Approvals	\$	45,000
Allowance for Rebuilding	\$	29,000
Subtotal	\$	129,000
Estimated Property Damage Limit of Liability	\$	4,067,000

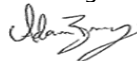
Marsh & McLennan accept no liability or responsibility whatsoever for the valuation if full disclosure of all information has not been made. We do not accept responsibility for any consequential error or defect in the valuation which has resulted from any error, omission or inaccuracy in the information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

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



Craig Butler CPV
WA State Manager

* Co-Signatory



Adam Bray CPV
Certified Practising Valuer

* 'The co-signing Peer Reviewer confirms having reviewed the valuation methodology and calculations, however the opinion of value expressed has been arrived at by the Primary Valuer alone.'

**The co-signatory is registered in Western Australia however is a member of the Australian Property Institute
'Liability limited by a scheme approved under Professional Standards Legislation'


SCHEDULE OF VALUES

STATE ADDRESS AND NAME	ESTIMATED DECLARED VALUE		ALLOWANCES FOR COST INFLATION			TOTAL LIMIT OF LIABILITY
	REINSTATEMENT VALUE	REMOVAL OF DEBRIS	POLICY PERIOD	PLANNING & APPROVALS	REBUILDING	
WA						
10A Almondbury Rd, Booragoon						
Civic Square Library	3,200,000	98,000	46,000	40,000	26,000	\$3,410,000
Site Improvements (Civic Square Library)	600,000	40,000	9,000	5,000	3,000	\$657,000
10A Almondbury Rd, Booragoon Sum	3,800,000	138,000	55,000	45,000	29,000	\$4,067,000
Grand Total	3,800,000	138,000	55,000	45,000	29,000	\$4,067,000

INDIVIDUAL BUILDING DETAILS

Building 1

Address 10A Almondbury Rd, Booragoon **Name** Civic Square Library



Building

Occupancy	Public services	Gross Building Area	815m ²
Site Slope	Easy	Security	Door locks, Security System, CCTV

Construction

Levels	One (1) plus basement	Heritage Listed	No
Floors	Concrete	Walls	Concrete Block, Brick
Roof	Metal flat	Windows	Aluminium framed
Attachments	Covered Entry		

Fitout

Coverings	Carpet, Tile	Ceilings	Plasterboard
Fitout	A contemporary style concrete block and metal clad civic library building comprising reception, staff offices and amenities, kitchen / lunch room, general open plan library area, attached public amenities and basement offices/storage with separate external entry.		


Services

Electrical	Reticulation, fluorescent, incandescent		
Fire	Hose reels, Detectors, Extinguishers, Exit Signs		
HVAC	Ducted and split air conditioning		
Plumbing	Sanitary fixtures	Transport	Not applicable

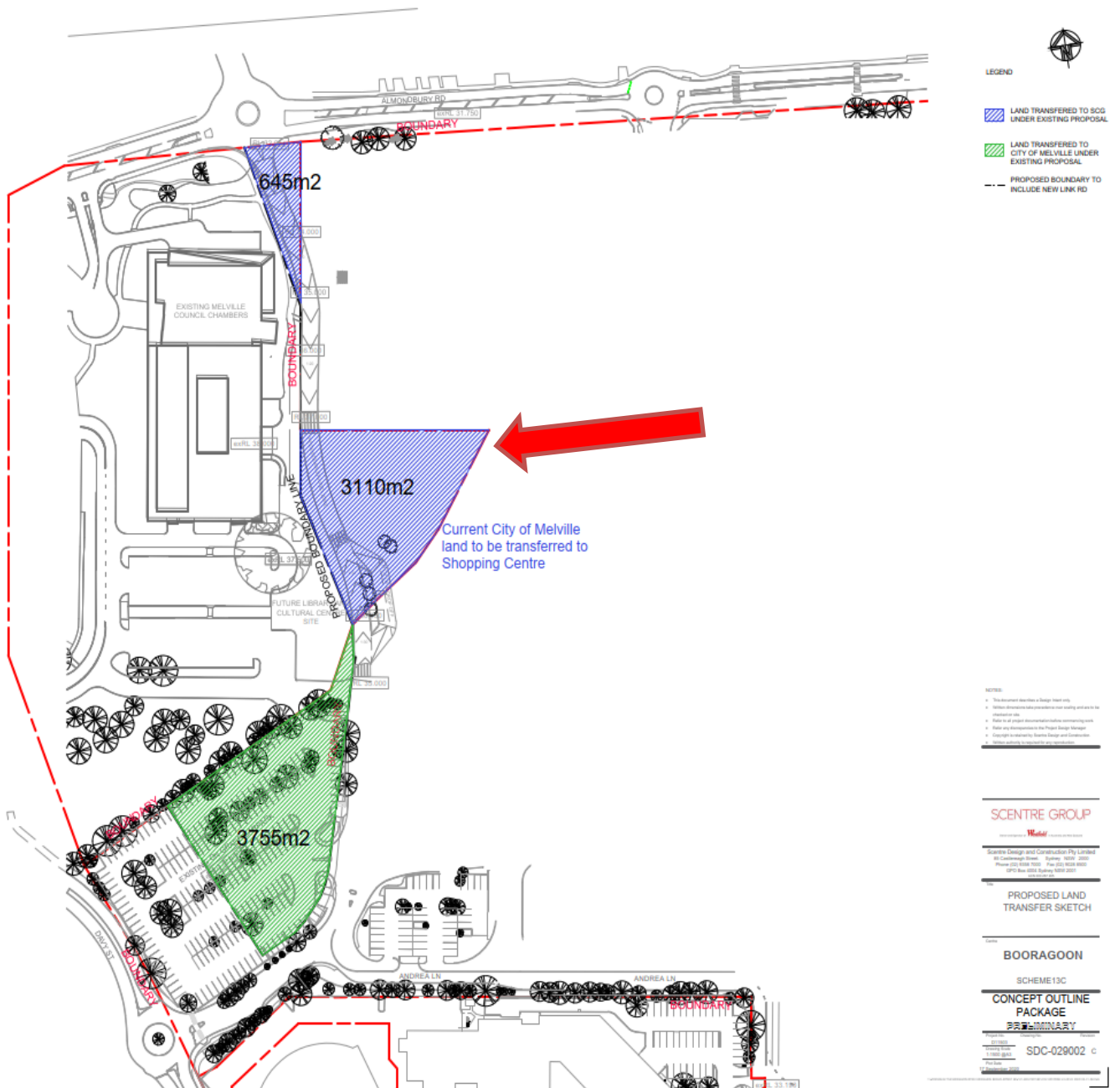
Site

Improvements	See Site Improvements sheet		
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Reinstatement Value	\$ 3,200,000	Removal of Debris	\$ 98,000	Cost Inflation Provision	\$ 112,000
Total Estimated Limit of Liability			\$ 3,410,000		

Building	2				
Address	10A Almondbury Rd, Booragoon		Name	Site Improvements	
					
Site Improvements	Includes limestone war memorial clocktower, paving, lighting, drinking fountain, sculptures, 7-tier amphitheatre, limestone retaining walls and ship masts.				
Reinstatement Value	\$	600,000	Removal of Debris	\$	40,000
			Cost Inflation Provisions	\$	17,000
Total Estimated Limit of Liability				\$	657,000

ANNEXURE A - PROPOSED LAND TRANSFER



ANNEXURE B - INSTRUCTIONS



Purchase Order

AssetVal Pty Ltd
 Level 3, 170 Railway Parade
 WEST LEEDERVILLE WA 6007
 Australia

Order Number: IN14235
 Date Issued: 7/09/2020
 Creditor #: 16317
 Date Required: 7/10/2020
 Page: 1 of 5

Deliver To:
 Infrastructure Serv
 City of Melville
 10 Almondbury Rd
 Booragoon WA 6154

Requisitioner: Steven Vo

Product Code	Description	Qty.	Incl. Unit Price	Exclusive Amount	GST	Inclusive Amount
MP0030	Valuation of City of Melville Library	0.00 HOUR	0.00			
Total Order Amount :						

10 Almondbury Road Booragoon WA 6154 Postal Address: Locked Bag 1, Booragoon WA 6954
 Tel: 08 9364 0666 Email: procurement@melville.wa.gov.au Web: www.melville.wa.gov.au

Submit invoices to accounts.payable@melville.wa.gov.au