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Independent Property Advisors

INSURANCE REPLACEMENT COST ESTIMATE



27 OVERLORD PLACE, ACACIA RIDGE QLD 4110

Assessment Date 25 November 2010

Prepared For Oaklands Investments Pty Ltd *ATF*

Our Ref SM 68371

Brisbane

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Generally

Thank you for your instructions to prepare an Insurance Replacement Cost Estimate for the property located at 27 Overlord Place, Acacia Ridge Queensland 4110.

From your instructions we understand that you require an assessment of the current replacement cost of the building and its improvements together with other associated costs, to assist with the placement of appropriate insurance over the subject property.

Accordingly, our Report covers the following:-

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This Report has been prepared in accordance with correspondence dated 16 November 2010.

We trust this Report is self explanatory, however, should you require any clarification or additional information please feel free to contact us.

Limitations of our Inspection and Report

Please note that there are some limitations in respect of our inspection and Report. These limitations are generally outlined throughout this Report and in Section 6. We recommend you review this Section.

Site Inspection

In making our Assessment, we have previously conducted an inspection of the property. We have not however inspected the property for asbestos and recommend that a separate report be prepared by an expert in this field.

We note that this Insurance Replacement Cost Estimate is for the purposes of replacing the *cost of construction* of all building and external works items ONLY, and that all loose fittings and selected fixtures not forming part of the *typical* construction process, for example, Furniture, Fixtures and Fittings (FFE), specialist Plant and Equipment and the like, are deemed EXCLUDED from this Report.

In carrying out this Insurance Replacement Cost Estimate we have made regard to the definitions contained herein. We recommend that you review each of these definitions as they may materially affect the assessments with respect to the subject property:

'Demolition and Removal of Debris'

The estimated cost involved with the demolition and removal of debris from the site on which the building/s have been destroyed. This figure does not include the removal of contents debris nor any allowance for the removal of hazardous materials.

'Projected Replacement with New Value'

The amount it would cost to re-build the Building including its External Works (and improvements) to a condition equal to but not better than the existing improvements as though new, utilising the same (or similar) quality building materials.

Professional, Authority Fees and the like, are deemed included within the Projected Replacement with New Value.

An allowance for 'Rise and Fall' in building costs during the demolition, planning, tender and re-building periods, as well as provision for a further 12-month period (commencing from the completion date of the newly re-constructed building), is also included within the Projected Replacement with New Value.

'Date of Construction'

The estimated month and/or year that the building was originally constructed. Where noticeable major structural extensions and/or additions to the building(s) have been made, a comment to that affect is included within our Report.

General Notes, Inclusions and Exclusions

In determining the 'Projected Replacement with New Value', our Assessment has considered costs and fees that are deemed typical and generally commensurate with the existing building and with due regard to its quality, complexity of construction, inclusions, size, the location of the property as well as construction access to and from the site, the market supply and demand for labour and materials, in the event of the building's reconstruction.

Our Assessment assumes that the building(s) would be completely destroyed from the disaster and that normal access and egress to and from the site by heavy plant and equipment would deem any remaining concrete slab-on-ground, paving, landscaping and the like, to also be 'destroyed' and therefore also subject to full replacement, unless otherwise noted herein.

Fixtures within the building that are included, are those deemed permanently attached to the building and that cannot be removed such as built-in furniture, air conditioning units and the like. Fixtures within the building that are excluded, are those that can be removed without causing damage such as items of loose furniture and furnishings, tools and equipment, business inventory and stock, window blinds and the like.

We have not reviewed any conditions of any lease agreement (that may be in existence) and accordingly we have not made any assumptions other than those specifically included herein this Report.

Where applicable, internal fixed wall partitions, including doors, are deemed included and form part of our 'Building Works' calculations, whereas, moveable partitions are excluded as are all other loose or partially fixed items of furniture and/or equipment such as filing cabinets, desks, tables, chairs, workbenches, reception desks, side tables, and the like. In addition, all computers, PABX systems, whiteboards are also excluded. We recommend that a separate Assessment of all excluded items (identified throughout this Report) be undertaken as they would likely to be deemed 'contents', and accordingly be covered by a separate insurance policy. Where applicable, items forming part of 'contents' in strata or community title buildings, are excluded for our Assessment as these items would also be covered by separate insurance policies held by individual property owners.

Unless otherwise noted, external improvements, carports, garages, paving, access ramps, driveways, soft landscaping, boundary fencing, driveway(s), gates, signage, line markings, car stops and the like, are included within the Assessment and generally referred to herein as 'External Works'.

Consultant Fees deemed required in the reconstruction of the building and its improvements are also included in our Assessment, namely provisions for a:-

- Land Surveyor,
- Architect, including Landscape Architect,
- Town Planner,
- Project Manager,
- Structural Engineer,
- Hydraulics Engineer, and
- Private Certifier.

In addition, the following have been excluded from our assessment:- Overtime work associated with restrictive contract periods; any Building Contract Form other than a Lump Sum Contract; staged construction; piling works; excavation in rock; ground blasting; site de-contamination costs; the land cost; finance costs; legal fees; sales, marketing and/or letting costs; loss of rent and/or the cost(s) associated with alternative accommodation during the demolition and rebuilding period whether emergency accommodation or not; loss of profit; increased costs caused by significant changes in planning and building regulations; substantial variations to the design of the building or works generally; delays in obtaining the necessary permits and documentation beyond usual timeframes; Council rates, taxes and the like; site investigation works; the identification and/or removal of asbestos from the site (if applicable).

We note that the descriptions of building materials and/or construction methods described within this Report are general only and are not an attempt to be an exhaustive description or are they intended to be a full list of building materials and/or construction methods, but rather serve as a broad and indicative representation and description of 'Building Works' and 'External Works'.

We note that our Assessment does not make any representation or attempt to make comment in regard to any probability of risk associated with any event of a disaster such as may be caused by the materials used in the construction of the building; the current, future or intended use of the building; any flammable or other materials stored on site; the adequacy or otherwise of the electrical wiring system; the effectiveness of the security, fire alarm and/or smoke detector systems (if applicable), or the effectiveness of fire-hose, fire sprinkler or other system(s); the surrounding or adjoining properties that may deem the building more vulnerable or susceptible to a disaster. We recommend that an independent report be prepared in this regard.

2. Location, Access, Building Design and Conditions

The location of the subject property, its site access as well as the overall type, style and complexity of its construction are important factors when determining the *Projected Replacement with New Value*.

Building costs can vary significantly between geographical locations and may also be affected by surrounding properties as would topography and local access / egress issues. For example, remote area construction can attract construction cost premiums, similarly, the complexity of a design, the materials used and its level of inclusion will also have a direct impact on the replacement cost of a building. Where applicable, we have made due allowance for such additional costs in our Assessment.

Accordingly, we make the following comments in relation to:-

Property Location

The subject property is located in the suburb of Acacia Ridge, Queensland, being approximately fourteen (14) radial kilometres south of Brisbane's General Post Office.

The reconstruction of the subject building in this suburb / location would have no major adverse impact on its Replacement Cost.

Site Access

In any demolition and reconstruction works, having poor access to and around the site, including the site's topography and general maneuverability, will impact on the overall speed and therefore efficiency of the construction program.

The reconstruction of the subject building, given its site access, would have no major adverse impact on its Replacement Cost.

Building Design, Construction Materials and Inclusions

The building's design, its construction materials and level of inclusions are generally considered acceptable and commensurate with its current use and, therefore, would have no major adverse impact on its Replacement Cost. We note, however, that in the event of a re-construction some selected building components may be replaced with more modern and cost effective building materials and/or methods.

Market Conditions

The costs provided herein this Report take into account -

- the availability (or otherwise) of Sub-contractors and Suppliers,
- current 'local-market' conditions,
- provisions for rise and fall, as a result of market conditions, and
- engaging of a suitably experienced Contractor and/or Project Manager.

Building Class / Type

Industrial – Warehouse Storage and Office.

3. Physical Description of the Building

As part of our Assessment we have carried out an inspection of the subject property and make the following comments in relation to the building:

Building Type / Style:	Large modern-style Industrial complex consisting of Warehouse Storage and Office space, complete with Staff Amenity areas - all of high quality and generally constructed as detailed below:-
Foundations:	Reinforced concrete strip and pad footings
Floor:	Reinforced concrete slab-on ground
Frame:	Structural steel framed columns and rafters; Pre-cast concrete panels (to Office only)
External Walls:	Painted pre-cast concrete panels (to Office); 'Colorbond' metal clad / polystyrene filled 'sandwich' panels
Internal Walls:	Plasterboard lined and painted internal partitions (to Office and Amenity Areas), including glazed partitions to selected areas. <i>Note: Internal metal clad / polystyrene 'Dividing Wall' to Warehouse Storage - owned Lessee</i>
Ceilings:	Suspended grid system acoustic ceiling tiles; Colorbond' metal clad / polystyrene filled 'sandwich' panels as soffit to Warehouse Storage
Roof:	Sheet metal cladding
Floor Coverings:	Plain concrete (to Warehouse Storage); Carpet, tiles and vinyl flooring (to selected Office and Staff Amenity areas)
Windows:	Full and part height aluminum framed glazing to façade of Office
Doors:	'Colorbond' metal clad roller doors and Exit doors (to Warehouse Storage); Aluminum framed glass Entry door (to Office)
Services:	Ducted air conditioning and recessed light fittings in suspended 'lay-in' ceiling tiles (to Office); High-bay lights (to Warehouse Storage); Temperature control equipment to Warehouse Storage; Fire-fighting equipment, generally
Amenities:	Toilet and Staff Amenities – good quality fixtures and fittings
Other / Quality of Fittings:	Three (3) Dock Leveling Devices; Good quality fixtures and fittings
Non-building Plant & Equipment:	Refer later Sections (none included).

General Comments:

We have not inspected the property for asbestos and recommend that a separate report be prepared by an expert in this field, however, given the age of the building, we generally do not anticipate the presence of asbestos. We also note a recent refurbishment to selected areas of the Office Building.

External Works:

Included in our assessment is provision for the following External Work items:-

- Concrete slab-on-ground areas (as driveway, general car parking and circulation areas); Concrete kerbs and cross-over; Concrete wheel stops, etc.
- Entry stairs and balustrades,
- Perimeter fencing; Miscellaneous external items, and
- 'Soft' landscaping.

Construction Notes:

The Building appears to have been built using standard materials, inclusions and appointments, and can be considered generally consistent with other similar properties as at the time of its original construction.

Plant & Equipment (Non-Building Related):

Refer next - 'Specific Inclusions' and 'Specific Exclusions'.

Specific Exclusions:

Notwithstanding other notes contained within this Report, the following items are specifically excluded from our Assessment:

- Loss of Income,
- Alternative accommodation during the Demolition, Planning, Tender and Re-building periods,
- Non-Building related Plant & Equipment (other than those specifically included herein this Report),
- Loose furniture, fixtures and fittings; Inventory, and the like,
- Items belonging to any individual (and/or the Owner), including but not limited to:-
 - personal belongings,
 - loose / minor plant and equipment,
 - furniture, filing cabinets, demountable partitions,
 - computers, fax machines, phone systems, and
 - artwork, memorabilia, and the like.
- All other 'contents' items.

Specific Inclusions:

Notwithstanding other notes contained within this Report, the following items are specifically included within our Assessment:

- The cost of demolishing and subsequent removal of all Building Works and External Works.

4. Replacement Cost Estimate Calculations

In determining an appropriate *Projected Replacement with New Value*, we have considered the current construction costs of other similar buildings.

Based on our analysis, calculations for the subject property are as follows:-

Assessment Date:

25 November 2010

Building Address:

27 Overlord Place, Acacia Ridge QLD 4110

Building Type:

As described in Section 3 – ‘Physical Description of the Building’

Demolition & Removal of Debris:	\$160,820
Replacement Cost of Building Works:	\$4,502,080
Replacement Cost of External Works:	\$201,285
‘Rise & Fall’ Allowance:	\$256,636
<i>(During the Demolition, Planning, Tender, Re-building periods, and for a further 12-month period commencing from the completion date of the newly re-constructed building)</i>	
Authority & Professional Fees (Approvals, Architect, Engineer, etc.)	\$409,666
Plant and Equipment (non-Building Works)	n/a
Loss of Income and/or Accommodation	n/a

All figures quoted include the GST.

‘PROJECTED REPLACEMENT WITH NEW VALUE’ TOTAL (incl. GST) *	\$5,530,487
‘PROJECTED REPLACEMENT WITH NEW VALUE’ TOTAL (excl GST) *	\$5,027,715

Please note that any Loss of Income and/or Accommodation is specifically EXCLUDED from our Assessment.

() Please consult with your insurance broker to determine whether or not the insurance policy requires the sum to include or exclude the GST.*

5. Summary of Replacement Cost Estimate

Summary

Based on our analysis and calculations, we have assessed the *Projected Replacement with New Value* for the subject building to be the sum of –

- **\$5,530,487** (including GST) or,
- **\$5,027,715** (excluding GST).

Generally / Comments

Whilst we recommend the improvements are insured for the *Projected Replacement with New Value*, each insurance policy is different and the application of this Assessment may vary in individual cases. We therefore recommend that your insurance adviser confirm that this definition and Assessment is consistent with the terms of your policy.

Furthermore, as construction costs vary considerably over time, we strongly advise that you update this Report on a regular basis.

6. Certification and Limitations

The assessments contained within this Report have been carried out by Herron Todd White (Brisbane Commercial) Pty Ltd and based on the Assessment Date stated herein throughout this Report.

Limitations and Disclaimers:

This Report has been prepared on specific instructions from the Client, for the purposes of providing an Insurance Replacement Valuation. It is not to be relied upon by any other person(s) / party, or used for any other purpose. We accept no liability to third parties nor do we contemplate that this Report will be used by another person(s) / party for any other purpose other than for that it was intended.

Neither the whole nor any part of this Report or any reference thereto may be included in any published document, circular or statement, nor published in part or in full in any way, without the prior written consent of Herron Todd White (Brisbane Commercial) Pty Ltd.

We have no direct or indirect pecuniary or other interest in the subject property or with the owner.

The calculations contained herein are current as at the Assessment Date, and may change significantly and/or unexpectedly over a relatively short period, including changes caused by economic conditions, the cost of construction, legislation, and/or other factors specific to the particular property.

This Insurance Replacement Valuation is current as at the Assessment Date only. Some or all of the costs or values 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 subject building). Herron Todd White (Brisbane Commercial) Pty Ltd does not accept any liability for losses arising from such subsequent changes in costs or value.

Without limiting the generality of the above comment, we do not assume responsibility or accept any liability where this Valuation is relied upon after the expiry of three (3) months from the date of our Assessment, or such earlier date if you become aware of any factors that have any effect on this Insurance Replacement Cost Estimate.

Comments regarding Construction, Faults, Defects or other Risks:

Whilst every care has been taken to identify issues associated with the demolition and subsequent reconstruction of the building, it should be noted that the information provided in this Report is not intended to represent a building survey, or thorough inspection of the property nor is it intended to identify any risks or likelihood of a disaster associated with the building's design, use or possession of hazardous materials, and we therefore recommend that a separate report or recommendations be made in this regard.

To the best of our knowledge the subject property is not affected by Heritage, resumption matters, unstable / hazardous or toxic soil material. However no searches have been undertaken to confirm this. Should you have any concerns, we recommend that you discuss this with your solicitor or appoint a suitably qualified professional to carry out the relevant searches and/or inspections. If the property is affected by any of these issues please advise us as this may impact on our Assessment of the projected new cost of the building and/or any of its improvements.

Please note that we are not qualified to conclusively determine whether or not asbestos is present in the building and recommend that you satisfy yourself in this regard. The presence of asbestos will incur additional costs associated with the *Demolition and Removal of Debris* and is not allowed in our Report. If you are aware of any asbestos, please advise us as this will impact our calculations.

7. Conclusion

We trust that the information provided in this Report satisfies your requirements, however, if we can be of further assistance or you require further information or clarification, please feel free to contact us.

Herron Todd White (Brisbane Commercial) Pty Ltd also offers professional property services that may assist you with other decisions regarding your investment property including property valuations, 'make good' assessments, tax depreciation schedules, as well as research and strategic property advice.

Sebastian Muscolino

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