

VALUATION PROCESS

High Value Properties i.e. those with an estimated value over \$300,000

1. The Crown and the claimants each commission a registered valuer (at their own cost);
2. Each party obtains a market valuation based on agreed instructions to valuers (in the form attached), which is then exchanged with the other party;
3. If the valuations differ, the parties are required to enter into discussion, which would involve a comparison of valuation reports and adjustments for any technical issue overlooked by either valuers;
4. If the parties are unable to reach a mutually acceptable valuation, the parties will refer the matter to arbitration (process under the Arbitration Act 1908), which will be binding on both parties, for determination of fair market value; and
5. Each party is responsible for the cost of their own valuers and half of the cost of any arbitration process.

Low value properties i.e. those with an estimated value less than \$300,000

6. The Crown and the claimants jointly commission a registered valuer;
7. The valuer is instructed to prepare a market valuation based on agreed instructions to valuers (in the form attached) which is binding on both parties; and
8. Each party is responsible for fifty percent of the cost of the valuation.

General

9. All valuations will be based on:
 - a) Instructions to valuers;
 - b) the due diligence information provided by the vendor agency;
 - c) the standard terms and conditions for transfer of commercial properties that will be attached to the Agreement in Principle;
 - d) all existing leases, licences and other encumbrances disclosed by the Crown; and
 - e) a practical valuation date agreed by the parties (in the event that a Deed of Settlement is not agreed within 12 months of the valuation date then the properties will need to be revalued).

FORM OF INSTRUCTIONS TO VALUERS

CROWN – NGĀ RAURU SETTLEMENT NEGOTIATIONS

Introduction

- 1 The Crown and the Mandated Representatives of Ngā Rauru are negotiating the settlement of Treaty of Waitangi and other claims of Ngā Rauru. Ngā Rauru may, as part of the settlement of those claims, have the opportunity to purchase certain properties from the Crown. The purpose of these valuations is to establish the value at which the properties would transfer from the Crown to Ngā Rauru.
- 2 [The Crown and Ngā Rauru are each instructing separate valuers to value the Properties.
- 3 The Crown and Ngā Rauru have agreed procedures to, when necessary, to resolve differences between the valuations.]²

Properties

- 4 The [Leaseback] Properties are specified in the attached schedule. [A copy of the terms and conditions of the lease (s) which will be entered into on transfer of the [Leaseback] Property (ies) is attached for each Valuer's consideration].

Requirements

- 5 The Crown and Ngā Rauru, have agreed the following requirements for these valuations:
 - 5.1 The effective date of valuation is to be [](Valuation Date);
 - 5.2 The value required is the market value of the Leaseback Property being the estimated amount, exclusive of GST, at which the Property should if being transferred, be transferred on the Valuation Date from a willing seller to a willing buyer in an arms length transaction, after proper marketing with each party to the transfer acting knowledgeably, prudently and without compulsion. The following should be taken into account:
 - 5.2.1 any encumbrances or interests or other matters affecting or benefiting the Property as are noted on the certificate of title for the Property on the Valuation Date or as are disclosed in writing by the Crown, provided that the Valuer shall not take into account any claim by, or on behalf of, Ngā Rauru over that property.[In particular the valuer should consider the value of the lease as an integral part of the valuation]; and
 - 5.2.2 the terms of transfer.

² For separate valuations only

- 5.3 [Both Valuers are to inspect the Property on a day to be agreed between them and the vendor agency. The Valuers will attempt to resolve between them any matters arising from their inspections by the end of the following day.]²
- 5.4 [Before the inspection of the Property, both Valuers are to agree on:
- 5.4.1 The valuation method or methods applicable to the property; and
 - 5.4.2 The applicable comparable sales to be used in determining the value of the property interest if relevant and comparable rentals]²
- 5.5 Each Valuation Report provided by a Valuer shall:
- 5.5.1 include an assessment of the Market Value of the Property being valued as at the Valuation Date;
 - 5.5.2 meet the minimum requirement set out in Section 5 of the “New Zealand Institute of Valuers Valuation Standard 1: Market Value Basis of Valuation”, and other relevant standards, insofar as they are relevant.
 - 5.5.3 include an executive summary containing:
 - a. a summary of the valuation along with key valuation parameters;
 - b. a summary of key issues affecting value, if any;
 - c. the name of the Valuer and his or her firm; and
 - d. the signature of the Valuer and lead valuer (if applicable).
 - 5.5.4 include a property report based on the standard referred to in paragraph 5.5.2; and
 - 5.5.5 attach appendices setting out:
 - a. a statement of valuation methodology and policies; and
 - b. relevant market and sales information.
- 6 The Valuer is to supply two copies of the Valuation Report.

Timing

- 7 Valuation reports are to be submitted to Clients no later than [].