



Valuation reference: 1234/4321  
Property ID (QPID): ABCDEFG  
Date of Inspection: 5/09/2016  
Date of Report: 5/11/2016

Earthquake Commission  
Canterbury Field Office  
PO Box 34-027  
Fendalton  
Christchurch 8540

**Property address:** 17 Sample Street, Sampleville, Christchurch 8001 (the Property)

#### VALUATION ASSESSMENT

The amount of Diminution of Value (DOV) assessed for the insured land on the Property as a result of Increased Flooding Vulnerability (IFV) and Increased Liquefaction Vulnerability (ILV) land damage is:

**\$ 24,800**

#### Valuation Assessment – IFV and ILV reduced the market value of the insured land on the Property

EQC has asked us to assess the reduction in market value of the insured land on the Property due to the IFV and ILV land damage. We have concluded that the increase in flooding and liquefaction vulnerability has reduced the market value of the insured land on the Property. The amount of the Diminution of Value of the insured land on the Property is set out above.

The assessment of DOV of the insured land on the Property took into account:

- the vulnerability of the insured land on the Property to flooding and liquefaction before and after the 2010-2011 sequence of Canterbury earthquakes (Canterbury Earthquakes), and
- the extent and location of the increase in flooding vulnerability, and the extent of the increase in the liquefaction vulnerability, on the insured land on the Property as a result of the physical changes to the land caused by the Canterbury Earthquakes.

The assessment of DOV of the insured land on the Property is for the combined impact of IFV and ILV. This was carried out by assessing the impact of IFV and ILV separately and exercising valuation judgement as to the combined impact of IFV and ILV on the value of the insured land on the Property.

### **Assessing the impact of IFV**

In assessing the impact of IFV and the market valuation of the insured land on the Property, we have relied on the assessment of:

Jonathon Dix, Valuation Partners (IFV Valuer)

They considered the following information:

- a land damage assessment map provided by EQC, and information and flood maps provided by EQC's engineers, Tonkin + Taylor. This material indicates specific changes in flooding vulnerability as a result of the 2010-2011 Canterbury Earthquake sequence,
- a kerbside inspection of the Property,
- comparable market evidence for the area, in order to assess the value of the insured land on the Property before the earthquakes, and
- database information available to us on the Property.

### **Assessing the impact of ILV**

We (the valuation advisors to EQC who have signed this report) assessed the impact of ILV, in so doing, we considered:

- the information provided by EQC's engineers, Tonkin + Taylor. This material includes information on changes in liquefaction vulnerability as a result of the 2010-2011 Canterbury earthquake sequence, and the practical implications of those changes, and
- adopted the market value of the insured land on the Property as at 3 September 2010. This valuation was carried out for EQC by the IFV Valuer.

### **Complying with accepted valuation standards and practice**

We carried out our valuation in accordance with the *Diminution of Value Methodology for properties with both Increased Flooding Vulnerability and Increased Liquefaction Vulnerability* (IFV/ILV DOV Methodology) which is available at [eqc.govt.nz/IFVandILV](http://eqc.govt.nz/IFVandILV). This methodology was established in November 2016 and complies with accepted valuation standards and practice. The methodology has been endorsed by an Expert Valuation Peer Review Panel and approved by EQC.

The market value of the insured land on the Property was assessed as at 3 September 2010, the day before the first of the 2010-2011 Canterbury earthquake sequence. The valuation is a fair market valuation at that date and is not distorted by the effects of the Canterbury Earthquakes on the property market.

The amount of the reduction in the value (the DOV) of the insured land on the Property as a result of IFV and ILV was assessed taking into account:

- the long-term reduction in market value from the market price that would have been paid for the Property on 3 September 2010,
- the physical change that occurred to the insured land as a result of the Canterbury Earthquakes, and
- the impact of the physical change on the vulnerability of the insured land to flooding and liquefaction.

### **Valuation is based on some assumptions**

We have carried out our valuation on the basis of the assumptions set out in the IFV/ILV DOV Methodology.

It has also been assumed that the information provided to us and to the IFV Valuer is accurate. In case that assumption is shown to be wrong, the right to review the valuation assessment is reserved.

### About this report

This report is prepared for EQC to assist EQC to determine its liabilities under the Earthquake Commission Act 1993. The report is not intended for any other purpose. It is understood that EQC will provide this report to the EQC customer.

Our assessment relied on information provided to us, including the valuation of the insured land on the Property as at 3 September 2010, and the impact of increased flooding vulnerability on the insProperty, both carried out by the IFV Valuer. We are satisfied that the IFV Valuer used an appropriate process in carrying out both assessments.

This report is a summary. As such, it does not provide all the material required by the International Valuation Standards (IVS) reporting standards for a full valuation report. Valuation workings are not included in this summary, but are available to EQC customers upon request by contacting EQC on 0800 326 243 between the hours of 7.00am to 9.00pm Monday to Friday, and 8.00am to 6.00pm on Saturday. The EQC customer should quote their claim number(s) when contacting EQC.

Signed by valuation advisors to EQC

Market Valuation Limited



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