

22 May 2019

Conrad Pezula Resort And Spa
Lagoon View Drive, Sparrebosch
Knysna
6571

Attention: Johannes Lategan

**REINSTATEMENT VALUATION OF FIXED IMPROVEMENTS FOR INSURANCE PURPOSES
SS PEZULA HOTEL**

LAGOON VIEW DRIVE, SPARREBOSCH, KNYSNA



As requested please find attached herewith our reinstatement valuation of fixed improvements for insurance purposes in respect of the above property.

This valuation is based on replacement costs and no allowance has been made for normal wear and tear, repair or maintenance, nor for Public Authorities Requirements. It is essential that this valuation is reviewed and updated annually in order to accommodate cost changes resulting from possible alterations to the buildings and fluctuations in building costs.

A) IMMOVABLE INSURANCE VALUATION (REFER TO ANNEXURES FOR SUMMARY)

R 386 900 000

A handwritten signature in black ink, appearing to be 'D.V. Boucher'.

D.V. Boucher
Candidate Valuer
Registration No.6539/1

A handwritten signature in black ink, appearing to be 'P. C. Robinson'.

P. C. Robinson
Professional Valuer
Registration No.3811

REINSTATEMENT VALUATION OF FIXED IMPROVEMENTS FOR INSURANCE PURPOSES

- | | |
|-------------------------------|--|
| 1. NAME & ADDRESS | Conrad Pezula Resort And Spa
Lagoon View Drive, Sparrebosch
Knysna
6571 |
| 2. BROKER | Crawford & Dougall |
| 3. POLICY NUMBER | N/A |
| 4. STREET ADDRESS OF PROPERTY | Lagoon View Drive, Sparrebosch |
| 5. VALIDITY OF VALUATION | Site Inspection Date: 03 April 2019
Valuation Date: 22 February 2019
Insurance Period: 01 February 2019 to 31 January 2020 |
| 6. INFORMATION SOURCES | Drawings: Sectional Title Plans Used
Site Measurements: Building, Walkways, Siteworks and Immovable Property. |

7. BUILDING AND IMPROVEMENTS

Background:

The Resort was constructed in 2004 and offers two main buildings that includes the Hotel and Staff Building, which is interlinked by an underground passage. A third building used for child minding known as the puppy class is located alongside the staff building. Twenty suite blocks offering a total of 78 suites classified into various different categories are present. The site itself is well equipped and improved.

Hotel Basement level:

The basement level offers covered parking for guests and staff, storage and office facilities. The level is accessed from the northern side via the main entrance and also offers a lift and staircase leading to the lower ground and upper ground levels. Construction is that of floated concrete flooring, whilst the structure is supported by reinforced concrete pillars.

Hotel Lower Ground Floor:

This level offers a kitchen with cold room and office facilities, a dining area, restaurant with atrium and fireplace, a separate bar with lounge and cigar lounge, a small jewellery shop and ablution facilities. This area is connected to the spa and gym offering a reception area, indoor pool, fully equipped gymnasium, various treatment rooms and ablution facilities. An outside decked area is accessible via the southern exit of the building.

Hotel Upper Ground Floor:

This level comprises of a Porte Cochere where guests are received entering the reception/ main lobby area. This level also offers conference facilities with outside decking wrapped around the southern side of the building, a games room with offices and the management offices.

Staff Building:

Constructed over two levels and connected to the main building via an underground hallway, this building on the upper level comprises of a canteen and kitchen, computer room, offices and an external patio area. The lower level offers offices, change rooms, housekeeping department with laundry and a courtyard for deliveries.

Puppy Class:

A stand alone building with prefabricated dry walling super structure, boasting a double tier slate tile roof and wrapped around wooden deck. This building is used for childminding and is equipped with kitchen and ablution facilities.

Suites:

Comprising of a total of 78 suites, divided into three different classes. These suites are situated in a total of 20 separate building structures. The room count can be broken down as follows:

King Junior Suite 40 @ 58m²

King Superior Suite 36 @ 68m²

Grand Suite 2 @ 137m²

Access was not obtained to all suites as a result of guest occupancy but samples of each suite type has been viewed. Suites differ in terms of size and layout but generally conforms to the following layout/ finishes: King Junior and King Superior suites comprise of four units per block with two units on ground floor and two units on first floor level. Suits either face the lagoon or the ocean, depending on its position. King Junior Suites offer an open plan kitchen, bedroom and lounge area linked to a balcony/ patio. The room is equipped with a walk in cupboard situated between the bathroom and room. Each bathroom is equipped with a shower, bathtub and his/ hers basins and his and hers showers. King Superior Suites are similar in terms of finishes and layout but is larger in extent.

The two grand suites are situated in one building, with one unit on each floor. It offers an entrance foyer with guest toilet, a large lounge and dining room area with separate kitchen, a bedroom with full en suite bathroom and two patios/ balcony areas. Each block has been equipped with a semi-submerged service room and double flower bed built on top. A single stair case provides access to upper levels for each block. Internally all units are equipped with wooden kitchen cupboards, walk in dresser areas, television cabinets, wooden headboards and one or more built in fireplace.

Construction and Finishes:

The development offers 5-star facilities, necessitating high quality finishes and a high level of maintenance. Suites and the main development predominantly offers a combination of wooden/ marble tiles and wall to wall carpets with other variances also present. Profiled and suspended ceilings are present with stainless steel balustrades and glass insets used. Brick walls are plastered and painted internally with exterior finishes combining stone cladding and fibre cement panels as wall cover. Two tier combination roofs are present throughout the development. Super structures are traditional brick and plaster finished. Aluminium steel framed and clear glazing have been used for window installations, whilst door frames are wooden with solid wooden doors. Centralised air conditioning is present throughout, with split unit air conditioning also noted.

The staff building offers a lower quality of finishes internally compared to the main development with block carpets, ceramic tiles and vinyl flooring, whilst internal walls are plastered and painted.

Generally the development is well kept with no major defects noted upon our inspection. We have not carried out a structural survey and assume that all structures are legal and that health and safety regulations are adhered to. The valuation includes all installed service infrastructure such as lifts, piping and cabling, boiler tanks, the centralised air conditioning as well as split unit systems, cold rooms with associated refrigeration systems, fire systems and generators/ fixed UPS Systems.

Site improvements include paved or wooded walkways and roads, plastered flower pots and retaining walls, fish ponds or earth dams. Gardens are landscaped and well-kept overall. The main building offers three koi ponds and a rimmed infinity pool above the structured parking area. Further is a indoor swimming pool located at the Spa.

8. CONDITION OF IMPROVEMENTS:

The buildings and the siteworks were inspected internally and externally. The buildings in generally are in a very good condition.

8.1 TYPE & CONDITION OF IMPROVEMENTS

Property Type	:	Exclusive Hotel
Property Rating	:	Equal to or 5 Stars
Condition & Structural Integrity	:	Good
Number of Buildings	:	23
Construction Type & Risk Rating	:	Concrete, Brick & Mortar
Height	:	Basement, Single & Double Storey
Type Walls	:	Concrete, Brick & Mortar
Type Roof	:	Mainly Pitched Tile Roof
Type Ceilings	:	Concrete & Rhino board
Type Floor	:	Concrete
External Finishes	:	Plastered & Painted Brick
Internal Finishes	:	Plastered & Painted Brick
Floor Covering	:	Wooden/Marble Tiles/Carpets
Window Panes	:	Mostly Aluminium
Quality Finishes / Standards Rating	:	Highly Exclusive
Air-conditioning Type	:	Console Split Units
Regional Location	:	Coastal Exposure
Maintenance Type	:	High Maintenance Category
Landscaping & Site Works	:	Excellent
Irrigation	:	Yes
Equipped Borehole	:	None

General Remarks & Comments:

Please note that this report includes all fixtures and fittings. Consideration has been taken for roads if any, parking areas and pathways. Provisions have been made in the construction costs and sundry amounts for services (power, water and sewerage).

9. FIRE FIGHTING EQUIPMENT

Fire Hoses, fire extinguishers & fire hydrants. It is a advised that a certificate from a reputable company be obtained to confirm that the fire fighting equipment is in good working condition and that the fire fighting equipment is sufficient for the use of the subject property.

9.1 PHYSICAL RISK AND EXPOSURE

Fire Risk	:	Low Risk Category
Smoke Risk	:	Low Risk Category
Explosion Risk	:	Low Risk Category
Gas Facilities on Site	:	Yes
Gas Facilities Enclosure	:	External
Lightning Risk	:	Low Risk Category
Lightning Extractor	:	None
Storm / Flooding	:	Low Risk Category
Storm Water Drainage	:	Low Risk Category
Public Liabilities	:	Yes

General Remarks & Comments:

The fire risk is considered low in view of the standard construction. Please obtain a certificate from a reputable company confirming that the filters in the kitchen extractors and ducting in the various kitchens are cleaned and serviced regularly. There are gas facilities on site. The buildings are well maintained and in good condition. The structures show no signs of rising damp nor water leaks.

9.2 GENERAL (EML / PML) AND SAFETY MEASURES

Distance between buildings	:	Buildings are in close proximity to each other
Fire Equipment on Site	:	Yes
Fire Warning Signs on Site	:	Yes
Fire Equipment Type	:	Fire Extinguishers, Fire Hoses and Fire Hydrants
Fire Equipment Maintenance	:	Well-maintained
Nearest Fire Station	:	Within a radius of 25 kilometre
Alarm	:	General Burglar Bars & Safety Doors
Connected To	:	None
CCTV	:	Yes
Number of Cameras	:	N/A
Biometrics	:	No
Biometrics Connected To	:	None
Intercoms	:	Yes
Number of Intercoms	:	1
Electric Fence	:	Yes
Number of Strands On Electric fence	:	16
Building Security	:	General Burglar Bars & Safety Doors
Perimeter Security	:	Electrified Walls
Crime Rate	:	Low

General Remarks & Comments:

Security consists of beams around the buildings and alarm systems.

10. EXCLUSIONS

The following are specifically excluded from the estimate for replacement cost:-

- Land Costs;
- Loose furnishings, fittings and equipment;
- Damage to adjacent property arising out of damage to the insured property;
- General expenses such as municipal rates, rental for alternative accommodation, sundry legal and other fees, and other consequential losses arising during the planning and reconstruction period;
- Public Authorities Requirements.

11. GENERAL

The estimates of reinstatement costs include the internal fixed finishes to the buildings and have been computed on the basis of reinstating with appropriate locally available materials.

12. PHOTOGRAPHS



12. PHOTOGRAPHS CONTINUED



12. PHOTOGRAPHS CONTINUED



STANDARD QUALIFYING NOTES

1. PURPOSES AND BASIS OF VALUATION

The purpose of this valuation is to establish a reinstatement value based on an estimate of the actual new replacement cost of fixed improvements to the subject property for the purchase of short term insurance cover.

Reinstatement value is based on the principle that, following a loss the amount payable by the insurer shall be the cost of replacing or reinstating on the same site of the same kind or type but not superior to, nor more expensive than, the insured property when new. No allowance is made for normal wear and tear nor for depreciation or obsolescence.

The reinstatement value does not relate to market or investment value derived on the basis of potential rental, nor any other form of value.

In assessing reinstatement value, the estimate of replacement cost has been computed on the basis of the construction of similar quality substitute fixed improvements which will not necessarily be an exact replica of the insured improvements. It has been assumed that appropriate locally available materials and equipment of a similar standard and function to the subject fixed improvements will be utilized in the replacement.

The exact reproduction approach has been adopted to estimating the cost of the fixed improvements ONLY in special circumstances, such as valuing historic or specially designed buildings or buildings that incorporate antique fixtures or fittings. When the valuation includes fixed improvements which are assessed on the basis of the reproduction method, these are detailed in Section B: Property and Valuation Details under the heading 'General'.

The estimated amounts include for professional and local authority plan approval fees and it is assumed that conventional architectural, quantity surveying and engineering services and municipal plan passing fees will be applicable.

It is essential that the property owner or authorized agent ensures that the basis of, and information contained in, this valuation complies with the conditions of insurance relevant to this property.

2. SCOPE AND CONDITION OF FIXED IMPROVEMENTS

Unless specifically detailed as excluded, the reinstatement valuation includes all fixed improvements comprising the structures together with building services and all external works and services. No reduction in value has been allowed for repair and maintenance costs, depreciation, or obsolescence. If a site visit is undertaken (refer Section 'B') the purpose is not to establish a detailed inventory of the construction, but rather to ascertain and confirm the general nature and extent of the fixed improvements to be valued.

3. PROGRAMME FOR REINSTATEMENT

3.1 Pre-Reinstatement

Comprises the period during which the decision to proceed with the reinstatement is made, existing structures are demolished, new drawings and documentation for tender purposes are prepared, tenders are obtained and evaluated, the contract is awarded and local authority plans are approved.

3.2 Reinstatement

Comprises the period during which new fixed improvements are reconstructed. The periods described above are based on the assumptions that:

- *A decision to proceed with the reinstatement is taken within one month of the occurrence of damage or destruction having taken place;*
- *Local authority approval of plans takes place concurrently with pre-reinstatement procedures;*
- *Conventional planning, documentation, tendering and contract arrangements are implemented.*

ESTIMATED REPLACEMENT COST / INSURANCE VALUE

The Estimated New Replacement Cost is the cost of replacing the improvements to the subject property as new and at the price applicable on the valuation date. Inclusive of professional fees, construction costs and general costs but exclusive of any finance charges.

Date of Valuation 22 May 2019

Description of Property Conrad Pezula Resort And Spa

ESTIMATED REPLACEMENT COST STRUCTURE INCLUSIVE OF PROVISIONAL COST (REFER TO SEPARATE SUMMARY INSURANCE REPORTS FOR STANDARD AND TIMBER BUILDINGS)

IMMOVABLE IMPROVEMENTS (BUILDINGS)	Area / m ²	Rate / m ²	ENRC	% Cov	MOVABLE IMPROVEMENTS	Rate / m ²	ENRC	% Cov
Standard Buildings - Other	13 919m ²	R24 172/m ²	R 336 450 000	100.00%	Standard Buildings - Other	-	R -	0.00%
Sub-total Value (VAT Excluded)	13 919m²	R24 172/m²	R 336 450 000		Sub-total Value (VAT Included)	R -	R -	

VAT @ 15% R 50 467 500

TOTAL NET REPLACEMENT COSTS (VAT Included) -	IMMOVABLE IMPROVEMENTS	R 386 917 500	100.00%	TOTAL NET REPLACEMENT COSTS (VAT Incl)	R -
	ROUNDED, SAY	R 386 900 000			

Estimated extent of main FIXED improvements in m ²	R 13 919	m ²
Estimated rate per m ² based over the extent of the main FIXED improvements	R 27 797	/m ²

TOTAL ESTIMATED INSURANCE VALUE	R 386 900 000.00
Portion of Movable Asset Value	R - /m ²
Total Estimated Immovable & Movable Rate / m ²	R 27 796.54 /m ²

Valuers note:

ESTIMATED REPLACEMENT COST / INSURANCE VALUE

The Estimated New Replacement Cost is the cost of replacing the improvements to the subject property as new and at the price applicable on the valuation date. Inclusive of professional fees, construction costs and general costs but exclusive of any finance charges. Construction costs normally vary between the different provinces of South Africa. Costs in the Western Cape and Kwazulu-Natal, are significantly higher in comparison to Gauteng.

Date of Valuation Wednesday, 22 May 2019
Description of Property Conrad Pezula Resort And Spa

ESTIMATED REPLACEMENT COST STRUCTURE

IMMOVABLE IMPROVEMENTS (BUILDINGS)	Area / m ²	Rate / m ²	ENRC	% Cov	MOVABLE IMPROVEMENTS	Rate / m ²	ENRC	% Cov
Standard Buildings - Other	13 919m ²	R16 221/m ²	R 225 784 750	100.00%		-	R -	0.00%
Sub-total Value (VAT Excluded)	13 919m²	R16 221/m²	R 225 784 750				R -	

PROVISIONAL COSTS (IMMOVABLE PROPERTY)	Estimates	At %	Period				
Provision for demolition costs:	R 9 031 390	4.00%					
Annual building cost escalations as from date of valuation:	R 22 578 475	10.00%					
Escalation in building cost over a 12 month period to allow for the possibility of destruction on the last day of validity of the insurance policy calculation compounded per month as at date:	R -	0.83%	Mnth's				
Escalation in building cost up to the building contract tender date compounded per month:	R 5 668 832	0.83%	3 Mnth's				
Escalation in building costs during the building period since the commenced date calculated from the building contract base month, using the Haylett-formula, compounded per month:	R 37 130 157	0.83%	18 Mnth's				
Total Estimate of the Escalated Building Costs	R 300 193 605						
Professional Fees	R 36 023 233	12.00%					
Provision for Sundry & Legal Fees	R 112 892	0.05%					
Plan Scrutiny	R 112 892	0.05%					
	R 336 442 622						
Contingency for allowance of sundries and possible fluctuations in excess of those predicted above	R 7 378						
Sub-total	R 336 450 000						
VAT @ 15%	R 50 467 500						
TOTAL NET REPLACEMENT COSTS	R 386 917 500						
TOTAL NET REPLACEMENT COSTS - ROUNDED, SAY	R 386 900 000						
					VAT Included	Plus	R -
Estimated extent of main FIXED improvements in m ²	13 919 m ²				TOTAL ESTIMATED INSURANCE VALUE		R 386 900 000
Estimated rate per m ² based over the extent of the main FIXED improvements	R 27 797 /m ²				Portion of Movable Asset Value		R - /m ²
					Total Estimated Immovable & Movable Rate/m ²		R 27 797 /m ²

IMMOVABLE INSURANCE INVENTORY

Property Profile	Exclusive Hotel
Client	Conrad Pezula Resort And Spa
Profile Type	Exclusive Hotel
Broker	Crawford & Dougall
Inspection Date	03 April 2019
Valuation Date	22 May 2019

Description	Size(m²)/ Qty	Standard Buildings - Other		Size(m²) / Qty	Standard Buildings - Thatch		Size(m²) / Qty	Canvas / Tented Structures		Size(m²) / Qty	Timber / Wooden Structures	
		Rate	Amount		Rate	Amount		Rate	Amount		Rate	Amount
Hotel Building Basement	1 200m²	R6 800/m²	R 8 160 000		R -	-		R -	-		R -	-
Hotel Building Lower Ground	1 941m²	R20 000/m²	R 38 820 000		R -	-		R -	-		R -	-
Hotel Building Upper Ground	1 038m²	R20 000/m²	R 20 760 000		R -	-		R -	-		R -	-
Hotel Building Porte Cochere	117m²	R4 750/m²	R 555 750		R -	-		R -	-		R -	-
Staff Building Lower Ground	347m²	R12 000/m²	R 4 164 000		R -	-		R -	-		R -	-
Staff Building Upper Ground	195m²	R12 000/m²	R 2 340 000		R -	-		R -	-		R -	-
Puppy Class	73m²	R9 000/m²	R 657 000		R -	-		R -	-		R -	-
Puppy Class Deck	32m²	R1 750/m²	R 56 000		R -	-		R -	-		R -	-
King Junior/Superior Blocks	3 220m²	R20 000/m²	R 64 400 000		R -	-		R -	-		R -	-
King Junior/Superior Balconies	800m²	R4 000/m²	R 3 200 000		R -	-		R -	-		R -	-
King Superior Block Balconies	3 276m²	R20 000/m²	R 65 520 000		R -	-		R -	-		R -	-
King Superior Blocks	720m²	R4 000/m²	R 2 880 000		R -	-		R -	-		R -	-
Grand Suites	286m²	R21 000/m²	R 6 006 000		R -	-		R -	-		R -	-
Grand Suites Balconies	74m²	R4 000/m²	R 296 000		R -	-		R -	-		R -	-
Common Areas	320m²	R4 000/m²	R 1 280 000		R -	-		R -	-		R -	-
Service Rooms	280m²	R5 000/m²	R 1 400 000		R -	-		R -	-		R -	-
Walkways/ Internal Roads	6 000m²	R450/m²	R 2 700 000		R -	-		R -	-		R -	-
Walling/ Fencing	450lm	R3 500lm	R 1 575 000		R -	-		R -	-		R -	-
Spa Pool	1 Item	350 000/Item	R 350 000		R -	-		R -	-		R -	-
Outdoor Pool	1 Item	320 000/Item	R 320 000		R -	-		R -	-		R -	-
Koi Ponds	3 Item	115 000/Item	R 345 000		R -	-		R -	-		R -	-
GROSS BUILDING AREA	13 919m²		R 225 784 750	0	R -	-	0	R -	-	0	R -	-