

Laura Bowman

From: official information
Sent: Friday, 9 July 2021 3:51 pm
To: [REDACTED]
Cc: official information
Subject: Final / Full Response - LGOIMA 21041 - [REDACTED] - HCC Building Valuation Report - Ombudsman Investigation: Final Opinion (ref: 546285)
Attachments: 12.02.2021 - Acknowledgement of [REDACTED] Initial Request.pdf; LGOIMA 21041 - [REDACTED] Annual Asset Valuation 30 June 2020 - Report WAI-177456 - Telfer Young.pdf

Kia Ora [REDACTED],

We have recently received final opinion from the Ombudsman, in which we have been directed to supply all information requested pertaining to your Official Information Request # 21041.

I have attached your original request.

Please also find attached a copy of the relevant section of the Annual Asset Valuation Report for your request.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

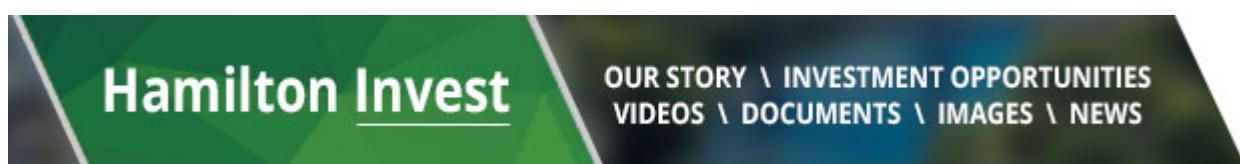
Kind Regards,

Tatiyana | Official Information & Legal Support Advisor
Legal Services & Risk | People and Organisational Performance
Email: officialinformation@hcc.govt.nz



Hamilton City Council | Private Bag 3010 | Hamilton 3240 | www.hamilton.govt.nz

[Like us on Facebook](#) [Follow us on Twitter](#)



From: [REDACTED] [@ombudsman.parliament.nz>
Sent: Tuesday, 6 July 2021 1:21 pm
To: official information <\[officialinformation@hcc.govt.nz\]\(mailto:officialinformation@hcc.govt.nz\)>; CEO <\[CEO@hcc.govt.nz\]\(mailto:CEO@hcc.govt.nz\)>
Subject: Ombudsman Investigation: Final Opinion \(ref: 546285\)](mailto:@ombudsman.parliament.nz)

Warning! This message was sent from outside your organization and we are unable to verify the sender.

Tēnā koe,

Please find attached a letter of today's date from Chief Ombudsman Peter Boshier, for your information.

Nāku noa, nā

Investigator IRT1

Office of the Ombudsman | Tari o te Kaitiaki Mana Tangata

| www.ombudsman.parliament.nz

PO Box 10152, Level 7, SolNet House, 70 The Terrace, Wellington

Ombudsman

Fairness for all

IMPORTANT: The information contained in this email may be confidential or legally privileged. It is intended solely for the recipient or recipients named in this message. Please note that if you are not the intended recipient you are not authorised to use, copy or distribute the email or any information contained in it. If you have received this email in error, please advise the sender immediately and destroy the original message and any attachments.

IMPORTANT: The information contained in this email may be confidential or legally privileged. It is intended solely for the recipient or recipients named in this message. Please note that if you are not the intended recipient you are not authorised to use, copy or distribute the email or any information contained in it. If you have received this email in error, please advise the sender immediately and destroy the original message and any attachments.

Tatiyana Taunoa

From: official information
Sent: Friday, 12 February 2021 1:26 pm
To: official information; [REDACTED]
Cc: Nigel Ward
Subject: LGOIMA 21041 - [REDACTED] - NZME - HCC Owned Victoria Street Buildings - interest costs on buildings

Kia ora

I write to acknowledge your information request of 1 December 2021 as below.

Please be advised that your request has been passed on to the relevant team within Council and you will be informed of the outcome.

The Local Government Official Information and Meetings Act 1987 requires that we advise you of our decision on whether the Council will provide the requested information as soon as reasonably practicable, and no later than 20 working days after the day we received your request. We will respond to your request urgently, given the date it was received by Council.

Kind regards, Michelle

Official Information Team

Email: officialinformation@hcc.govt.nz

From: [REDACTED]
Sent: Sunday, 7 February 2021 3:57 PM
To: Nigel Ward <Nigel.Ward@hcc.govt.nz>
Subject: Fw: interest costs on buildings

Hi Nigel

Could you please chase this for me on Tuesady as I still haven't had a response about this.

Should it have been OIA'd?

Thanks

[REDACTED]
Waikato Reporter
New Zealand Herald
[REDACTED]

From: [REDACTED] >
Sent: Tuesday, December 1, 2020 1:09 PM
To: Nigel Ward <Nigel.Ward@hcc.govt.nz>
Subject: Re: interest costs on buildings

Hi Nigel

Hope all is good.

Just one more thing I want to check re Victoria St buildings - have recent valuations been carried out on any of these buildings purchased in 2018 and if so can I please be provided with the valuations and the reports relating to these.

Thanks!

[REDACTED]
Waikato Reporter
New Zealand Herald
[REDACTED]

From: Nigel Ward <Nigel.Ward@hcc.govt.nz>

Sent: Friday, November 27, 2020 10:41 AM

To: [REDACTED]

Subject: interest costs on buildings

Hiya [REDACTED] – further to your query earlier this week here's the interest info. The reasons for drop in rental income against budget etc were listed on the spreadsheet (Covid rent relief, refurbishments, the fire in one of the premises etc). The GM for this area is on leave at the moment so I can't summarise those reasons into a quote from her for you but you already have the rationale anyway.

Here's the interest stuff – the reason its lower than last year is because interest rates have dropped like we talked about.

Council advised current annual interest costs on the \$6.49M purchase are \$203,786.

Nigel Ward

Team Leader – City Growth | Communication and Engagement Unit

DDI: 07 838 6666 | [REDACTED] | Email: nigel.ward@hcc.govt.nz



Hamilton City Council | Private Bag 3010 | Hamilton 3240 | www.hamilton.govt.nz

 Like us on Facebook  Follow us on Twitter

This email and any attachments are strictly confidential and may contain privileged information. If you are not the intended recipient please delete the message and notify the sender. You should not read, copy, use, change, alter, disclose or deal in any manner whatsoever with this email or its attachments without written authorisation from the originating sender. Hamilton City Council does not accept any liability whatsoever in connection with this email and any attachments including in connection with computer viruses, data corruption, delay, interruption, unauthorised access or unauthorised amendment. Unless expressly stated to the contrary the content of this email, or any attachment, shall not be considered as creating any binding legal obligation upon Hamilton City Council. Any views expressed in this message are those of the individual sender and may not necessarily reflect the views of Hamilton City Council.

This email and any attachments are strictly confidential and subject to copyright. They may contain privileged information. If you are not the intended recipient please delete the message and notify the sender. You should not read, copy, use, change, alter or disclose this email or its attachments without authorisation. The company and any related or associated companies do not accept any liability in connection with this email and any attachments including in connection with computer viruses, data corruption, delay, interruption, unauthorised access or unauthorised amendment. Any views expressed in this email and any attachments do not necessarily reflect the views of the company or the views of any of our related or associated companies.

Any information contained in this e-mail in relation to an advertising booking are subject to, and should be read in conjunction with, our standard advertising [Terms & Conditions](#)

NZME Ltd / NZME Holdings Ltd / NZME Publishing Ltd / NZME Radio Ltd / NZME Educational Media Ltd / GrabOne Ltd

APPENDIX 14

246-254 VICTORIA STREET, HAMILTON

Date of Inspection 18 June 2020

246 Victoria Street

Estate Fee Simple

Area 465m²

Legal Description Lot 9 Deposited Plan 19882

Identifier SA656/134

Interests

- Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 478744 in favour of WEL Networks Limited created by Easement Instrument 9873072.1 - 24.4.2015 at 11:54 am
- Appurtenant hereto is a right of way created by Easement Instrument 11224008.5 - 7.11.2018 at 4:53 pm

250 Victoria Street

Estate Fee Simple

Area 772m²

Legal Description Deposited Plan 21270 and Lot 1 Deposited Plan South Auckland 4128

Identifier SA1266/85

Interests

- Appurtenant hereto is a right of way and a light and air right created by Transfer S110342
- Subject to a light and air right over part coloured yellow on DPS 4128 created by Transfer S110341 - 29.8.1956 at 2.11 pm
- S147202 Partial Surrender of a right of way created by Transfer S110341 - 28.8.1958 at 11.55 am
- S110341 - 28.8.1958 at 11.55 am
- S168140 Partial Surrender of a right of way created by Transfer S110341 - 29.9.1959 at 11.10 am
- B373903 Encumbrance to The Hamilton City Council - 18.10.1996 at 9.03 am

- Appurtenant hereto is a right of way and rights to convey water, drain sewage and stormwater, and gas, telecommunications and electricity rights specified in Easement Certificate B562608.1 - 20.8.1999 at 10.10 am
- The easements specified in Easement Certificate B562608.1 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey electricity, telecommunications and computer media over part DP 21270 marked B, over part Lot 1 DPS 4128 marked C all on DP 478744 in favour of WEL Networks Limited created by Easement Instrument 9873072.1 - 24.4.2015 at 11:54 am

254 Victoria Street

Estate Fee Simple

Area 301m²

Legal Description Lot 1 Deposited Plan 19882

Identifier SA888/45

Interests

Planning Provisions

Location

- Appurtenant hereto is a right of way created by Easement Instrument 11224008.5 - 7.11.2018 at 4:53 pm

City Centre Zone – Downtown Precinct
The property is situated to the eastern side of Victoria Street in the heart of Hamilton's CBD. It is outside of the more sought-after retail areas. Surrounding property comprises a mix of multi-level offices, apartments and traditional strip retail.
The rear of the site overlooks the Waikato River and the northern boundary adjoins the neighbouring public park.

Land
Rectangular shaped section with frontage of 8.97m to the eastern side of Victoria Street. The site is flat and level with the road frontage except the rear portion of approximately 277m² which comprises steep riverbank. All City services are available.

Building
■ **Description**
Dated retail development that currently provides for two restaurant premise and an attached structure at the rear which requires refurbishment.

■ **Construction**
Foundation Concrete

Flooring Concrete with wooden to first floor and mezzanine

Exterior walls Concrete block

Framing Largely unsighted, noted there are wooden trusses within the northern premise

Roofing Iron

Joinery Wooden, steel and aluminium

Internal linings Plasterboard

Ceilings Plasterboard

■ **Amenity**
Mexico
Large restaurant comprising an open dining area, with additional clientele space at first floor level. There is a balcony overlooking Victoria Street and at the rear a small storage mezzanine with difficult access.

Dough Bro's/Naughty Naan
Open restaurant area with storage at the rear. The main area has a polished concrete floor. All fitout pertaining to the restaurant is in the ownership of the tenant.

■ **Floor Areas**

Vacant Premise
A rear premise that comprises open space and a covered deck area. Internally there is limited partitioning and carpet floor coverings to some areas. Some walls are unlined and bathroom amenities have been removed.

	Rentable floor areas (m ²)
Tenant: Mexico	
Restaurant:	254.0
Storage Mezzanine:	8.30
First Floor:	60.7
Balcony:	14.7
Verandah:	9.20
Rentable Floor Area:	346.9
Tenant: Dough Bro's/Naughty Naan	
Restaurant:	185.8
Rentable Floor Area:	185.8
Tenant: Vacant	
Retail:	174.3
Deck:	14.4
Rentable Floor Area:	188.7
Total Rentable Floor Area:	721.4

Lease Detail**Mexico**

■ Commencement Date	1 February 2013
■ Lease Term	Ten years
■ Rights of Renewal	Two of six years
■ Current Annual Rent	\$77,500
■ Rental Reviews	Annually
■ Lessees Outgoings	Rates or levies to any local or territorial authority Utility charges Rubbish collection charges Fire Service charges Insurance premiums, excess and related valuation fees Service contract charges Cleaning, maintenance and repair charges (excluding structural) The provisioning of toilets and other shared facilities Ground maintenance Yard and carpark area maintenance and repair charges Management expenses Costs associated with the building warrant of fitness
■ Lessors Outgoings	Structural maintenance

Dough Bro's/Naughty Naan (Assigned 23/08/2019)

■ Commencement Date	20 October 2014
■ Lease Term	Three years
■ Rights of Renewal	Five of three years (first exercised in 2017)
■ Current Annual Rent	\$50,000

Rental Reviews

Two yearly

Lessees Outgoings

60% of rates or levies to any local or territorial authority

100% of the following:

Utility charges

Rubbish collection charges

Fire Service charges

Insurance premiums, excess and related valuation fees

Cleaning, maintenance and repair charges (excluding structural)

The provisioning of toilets and other shared facilities

Ground maintenance

Yard and carpark area maintenance and repair charges

Management expenses

Costs associated with the building warrant of fitness

Service contract charges;

Structural maintenance

Lessors Outgoings

A short-term lease to a community group rent free is in place and has reverted to a month to month agreement.

Rear Tenancy**Contract Rent Analysis**

Component	Area	Rate	Rent
<i>Tenant: Mexico</i>			
Restaurant	254.0 m ²	@ \$277.08 psnr TOC	= \$70,379
Storage Mezz	8.3 m ²	@ \$30.00 psnr TOC	= \$249
First Floor	60.7 m ²	@ \$260.00 psnr TOC	= \$15,782
Balcony	14.7 m ²	@ \$100.00 psnr TOC	= \$1,470
Verandah	9.2 m ²	@ \$100.00 psnr TOC	= \$920
Less Recoverable Opex		@	(\$11,300)
Passing Rent			\$77,500

Tenant: Naughty Naan

Restaurant	185.8 m ²	@ \$305.60 psnr TOC	= \$56,780
Less Recoverable Opex		@	(\$6,780)
Passing Rent			

Tenant: Vacant

Less Recoverable Opex	@	(\$4,520)
Total passing rent		

■ Market Rent Analysis

Our assessment of the market rental value is as follows:

Component	Area	Rate	Rent
Tenant: Mexico			
Restaurant	254.0 m ²	@ \$265.00 psm TOC	= \$67,310
Storage Mezz	8.3 m ²	@ \$30.00 psm TOC	= \$249
First Floor	60.7 m ²	@ \$240.00 psm TOC	= \$14,568
Balcony	14.7 m ²	@ \$100.00 psm TOC	= \$1,470
Verandah	9.2 m ²	@ \$100.00 psm TOC	= \$920
Carpark	4.0 space	@ \$40.00 per week	= \$8,320
Less Recoverable Opex		@	(\$11,300)
Market Rent			\$81,537

Tenant: Naughty Naan

Restaurant	185.8 m ²	@ \$250.00 psm TOC	= \$46,450
Carparks	4.0 space	@ \$40.00 per week	= \$8,320
Less Recoverable Opex		@	(\$6,780)
Market Rent			\$47,990

Tenant: Vacant

Retail	174.3 m ²	@ \$175.00 psm TOC	= \$30,503
Balcony	14.4 m ²	@ \$70.00 psm TOC	= \$1,008
Carparks	3.0 space	@ \$40.00 per week	= \$6,240
Less Recoverable Opex		@	(\$4,520)
Market Rent			\$33,231
Total market rent			\$162,758

■ WALT

WALT of 1.7 years over the leased areas and 1.3 years inclusive of vacancy

■ Valuation

Our assessment is based on two approaches being the capitalisation of the passing income based on a market return and alternatively a discounted cash flow analysis over a ten-year forecast.

Based on our analysis of sales we have adopted a return of 8.00% which has been applied to the contract cashflow for the leased premise and assessed market rental for the vacant tenancy. The yield reflects the risk of securing a tenant for the vacant space.

A sum of \$25,000 plus GST has been made to allow for works to prepare the rear tenancy for lease.

Income Capitalisation

Total Contract Income	\$127,500
Market Income Rear Premise	\$33,231
Less Unrecoverable Outgoings	\$0
Total net income	\$160,731
Net Income Capitalised	@ 8.00%
Present Value of Short Term Capital Expenditure	(\$23,202)
Total capital adjustments	(\$23,202)
Market value	\$1,985,932
Adopt	\$1,985,000

As part of the property is in essence vacant, we have also looked to an assessment under the income capitalisation approach based on an equivalent yield. The assessment assumes that the property is fully leased at market levels. Deductions are made to allow for the costs of leasing and vacancy. In this instance we consider a vacancy period of 12 months appropriate.

Income Capitalisation

Net market income	\$162,758
Net Market Income Capitalised	@ 8.00%
Market value- fully leased at market level	\$2,034,480
Capital adjustments	
Present Value of Rental Reversions	(\$2,377)
Present Value of Initial Vacancy Void	(\$31,882)
Leasing Costs	(\$5,649)
Present Value of OPEX During Vacancy	(\$4,510)
Present Value of Short Term Capital Expenditure	(\$23,148)
Total capital adjustments	(\$67,566)
Market value	\$1,966,914
Adopt	\$1,965,000

With the discounted cashflow approach we establish a cashflow budget for the property over a ten-year horizon. Within this budget we make allowance for potential vacancies and rental growth. We establish a terminal value and then discount the cashflows to arrive at net present value.

We have adopted the following parameters within this approach:

- Terminal Yield 7.75%
- Discount Rate 8.25%
- Twelve months initial vacancy for the rear tenancy
- Six months vacancy upon expiry of existing leases
- \$25,000 plus GST allowance for short term CAPEX

We have determined the Market Value of \$1,910,000 under the discounted cashflow approach.

■ **Current Market Value**

Adopt \$2,000,000

The valuation is excluded of Goods and Services Tax (if any).

■ **Investment Summary**

Passing Income:	\$127,500
Market Income:	\$162,758
Yield on Passing Income:	6.38%
Yield on Market Income:	8.14%
IRR:	7.59%

■ **Comments**

The retail rental market within Hamilton's CBD is soft. It is likely that the market has seen further downturn as a result of the lockdown and current economic climate, although there has been no market activity to justify this to date.

Currently the WALT is short and there is little potential for rental growth. The rear premise is vacant, and it could take an extended period to secure a tenant.

Properties with hospitality based tenants have been the greatest affected by the lockdown.

■ **Valuation Assessment 2019**

\$2,150,000



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD

Historical Search Copy



R. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier **SA656/134**
Land Registration District **South Auckland**
Date Issued **31 August 1984**

Prior References
SA537/260

Estate Fee Simple
Area 465 square metres more or less
Legal Description Lot 9 Deposited Plan 19882

Original Registered Owners
Donald Eon Fraser and Peter Stewart Morton

Interests

Appurtenant hereto is a right of way created by Transfer B603402.2 - 20.4.2000 at 9:45 am
B616737.2 Mortgage to Southern Cross Building Society - 17.7.2000 at 9:00 am

B625376.3 Mortgage to Southern Cross Building Society - 11.9.2000 at 11:46 am
6868975.1 Discharge of Mortgage B625376.3 - 18.5.2006 at 9:00 am

6868975.2 Variation of Mortgage B616737.2 - 18.5.2006 at 9:00 am
7101177.4 Mortgage to Southern Cross Building Society - 7.1.2006 at 9:00 am

7542359.1 Discharge of Mortgage B616737.2 - 24.9.2007 at 9:12 am

7542359.2 Discharge of Mortgage 7101177.4 - 24.9.2007 at 9:12 am

7542359.4 Mortgage to Southern Cross Building Society - 24.9.2007 at 9:12 am

7909356.1 CAVEAT BY PERRY DEVELOPMENTS LIMITED - 15.8.2008 at 9:00 am

8129192.1 Withdrawal of Caveat 7909356.1 - 30.4.2009 at 9:26 am

8129192.2 Discharge of Mortgage 7542359.4 - 30.4.2009 at 9:26 am

8129192.5 Mortgage to ASB Bank Limited - 30.4.2009 at 9:26 am

8145191.1 CAVEAT BY PERRY DEVELOPMENTS LIMITED - 30.4.2009 at 3:26 pm

Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A

on DP 478744 in favour of WEL Networks Limited created by Easement Instrument 9873072.1 - 24.4.2015 at 11:54 am

10971176.1 Withdrawal of Caveat 8145191.1 - 28.11.2017 at 9:12 am

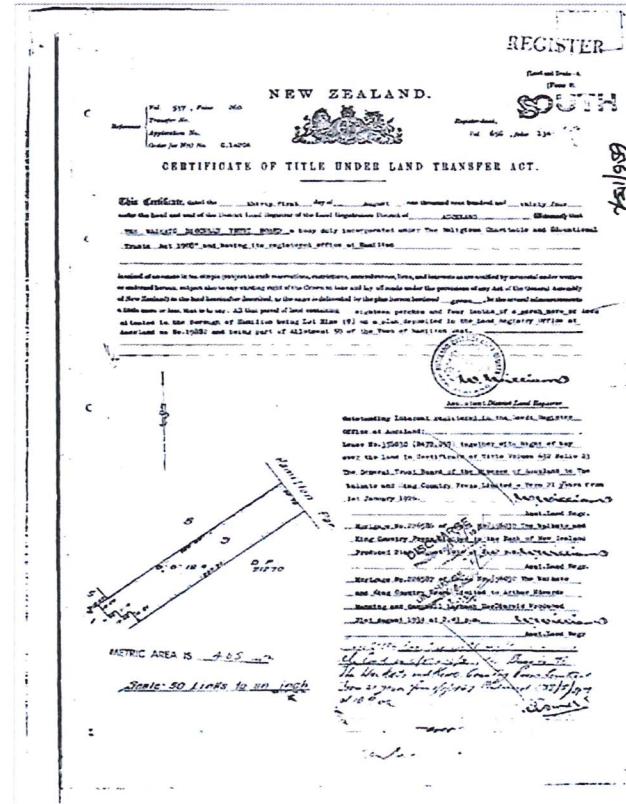
11200167.2 Discharge of Mortgage 8129192.5 - 7.9.2018 at 12:03 pm

11200167.3 Transfer to Hamilton City Council - 7.9.2018 at 12:03 pm

11224008.4 Surrender of the easement created by Transfer B603402.2 - 7.11.2018 at 4:53 pm

Appurtenant hereto is a right of way created by Easement Instrument 11224008.5 - 7.11.2018 at 4:53 pm

Identifier **SA656/134**



Transaction Id
Client Reference

Historical Search Copy Dated 16/06/2014 5:57 pm, Page 1 of 3

Transaction Id
Client Reference

Historical Search Copy Dated 16/06/2014 5:57 pm, Page 2 of 3

Identifier SA1266/85
11200167.3 Transfer to Hamilton City Council - 7.9.2018 at 12:03 pm

Identifier

SA 1266/85

Identifier

SA 1266/85

CERTIFICATE OF TITLE : 1266/83

RE16737.2 Mortgage to Southern Cross Building
Society

RE16737.3 Memorandum of Priority ranking
mortgages RE16737.2 and 0317903 first and
second mortgages respectively

all 17.7.2000 at 9.00

For NCL
RE22376.3 Mortgage to Southern Cross Building
Society

RE22376.4 Memorandum of Priority ranking
mortgages RE22376.3 and Encumbrance 0317903
second and third mortgages respectively

all 11.9.2000 at 11.15

SD

Transaction Id
Client Reference khodge001

Historical Search Copy Dated 16/06/2014 5:58 pm, Page 4 of 5

Transaction Id
Client Reference khodve00

Historical Search Copy Dated 16/06/2014 5:58 pm, Page 5 of 5



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Historical Search Copy



P. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier **SA888/45**
Land Registration District **South Auckland**
Date Issued **15 October 1947**

Prior References
SA537/259

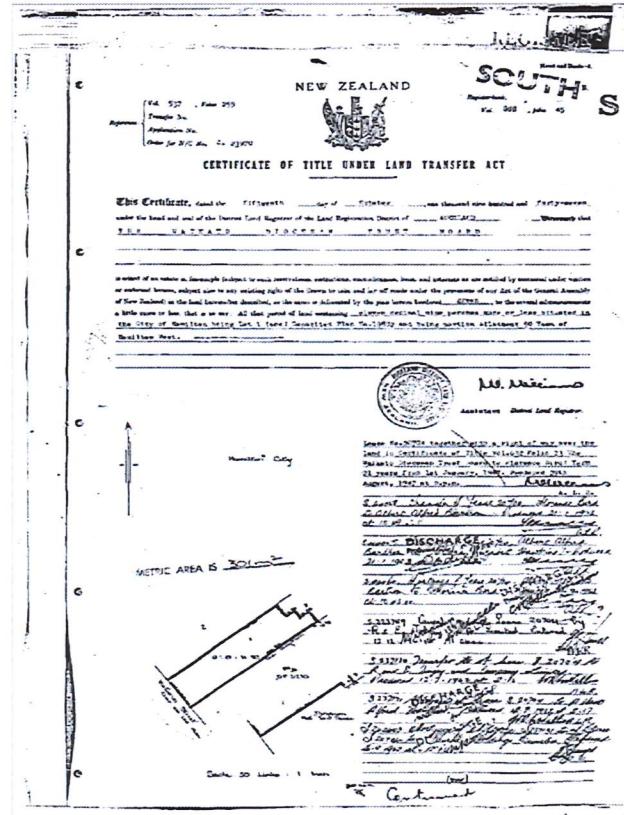
Estate **Fee Simple**
Area **301 square metres more or less**
Legal Description **Lot 1 Deposited Plan 19882**

Original Registered Owners
Donald Eon Fraser and Peter Stewart Morton

Interests

Appurtenant hereto is a right of way created by Transfer B603402.2 - 20.4.2000 at 9:45 am
B616737.2 Mortgage to Southern Cross Building Society - 17.7.2000 at 9:00 am
B625376.3 Mortgage to Southern Cross Building Society - 11.9.2000 at 11:46 am
6868975.1 Discharge of Mortgage B625376.3 - 18.5.2006 at 9:00 am
6868975.2 Variation of Mortgage B616737.2 - 18.5.2006 at 9:00 am
7101177.4 Mortgage to Southern Cross Building Society - 7.11.2000 at 9:00 am
7542359.1 Discharge of Mortgage B616737.2 - 24.9.2007 at 9:12 am
7542359.2 Discharge of Mortgage 7101177.4 - 24.9.2007 at 9:12 am
7542359.4 Mortgage to Southern Cross Building Society - 24.9.2007 at 9:12 am
7909356.1 CAVEAT BY PERRY DEVELOPMENTS LIMITED - 15.8.2008 at 9:00 am
8129192.1 Withdrawal of Caveat 7909356.1 - 30.4.2009 at 9:26 am
8129192.2 Discharge of Mortgage 7542359.4 - 30.4.2009 at 9:26 am
8129192.5 Mortgage to ASB Bank Limited - 30.4.2009 at 9:26 am
8145191.1 CAVEAT BY PERRY DEVELOPMENTS LIMITED - 30.4.2009 at 3:26 pm
10971176.1 Withdrawal of Caveat 8145191.1 - 28.11.2017 at 9:12 am
11200167.2 Discharge of Mortgage 8129192.5 - 7.9.2018 at 12:03 pm
11224008.4 Surrender of the easement created by Transfer B603402.2 - 7.11.2018 at 4:53 pm
Appurtenant hereto is a right of way created by Easement Instrument 11224008.5 - 7.11.2018 at 4:53 pm

Identifier **SA888/45**



Transaction Id: **160620458**
Client Reference: **Kludge001**

Historical Search Copy Dated 16/06/2014 5:58 pm, Page 1 of 3

Transaction Id: **160620458**
Client Reference: **Kludge001**

Historical Search Copy Dated 16/06/2014 5:58 pm, Page 2 of 3

REGISTER

Transaction Id
Client Reference khodge001

Historical Search Copy Dated 16/06/2014 4:58 pm, Page 3 of 3

APPENDIX 15

260 VICTORIA STREET, HAMILTON – VICTORIA BUILDING

Date of Inspection	18 June 2020
Estate	Fee Simple
Area	241m ²
Legal Description	Lot 2 Deposited Plan 19882
Identifier	SA891/75
Interests	<ul style="list-style-type: none"> ■ Appurtenant hereto is a right of way created by Easement Instrument 11224008.7 - 7.11.2018 at 4:53 pm
Planning Provisions	City Centre Zone – Downtown Precinct
Location	The property is situated to the eastern side of Victoria Street in the heart of Hamilton's CBD. It is outside of the more sought-after retail areas. Surrounding property comprises a mix of multi-level offices, apartments and traditional strip retail.
Land	Rectangular shaped section with frontage of 8.80m to the eastern side of Victoria Street. The site is flat and level with the road frontage. All City services are available.
Building	<p>■ Description</p> <p>Development comprises a heritage structure built in approximately 1915. Currently the building is partitioned to provide two ground floor retail tenancies and living accommodation to the first floor.</p> <p>The property reportedly has had an engineer's assessment carried out in respect of the seismic capacity of the structure. It has achieved a score of 15% NBS and is therefore earthquake prone. No information is available as to the requirements to strengthen or the cost associated with construction if carried out. This is a heritage structure therefore the façade of the building would be protected and full demolition of the building could not be carried out.</p>

■ Construction

Foundation	Piles
Flooring	Wooden
Exterior walls	Masonry, concrete block to a small lean-to addition
Framing	Unsighted
Roofing	Iron

Joinery

Internal linings	Plasterboard
Ceilings	Plasterboard

■ Amenity

The two ground floor tenancies are long and narrow in shape with glazed frontages. Each premise has a separate entrance from Victoria Street. Bathroom amenities for each premise is situated at the rear and are basic.

A stairway in the centre of the frontage leads to the upper level. The first floor is currently being refurbished to provide office accommodation. The final form of this space will not be determined until a tenant is secured.

■ Floor Areas

Rentable Floor Areas (m ²)		
Tenant: Kampong Limited		
Retail:	151.6	
Rentable Floor Area:	151.6	
Tenant: Weasel Art		
Retail:	70.5	
Rentable Floor Area:	70.5	
Tenant: Vacant		
Residential:	117.4	
Rentable Floor Area:	117.4	
Total Rentable Floor Area	339.50	

■ **Other Improvements** Nil

Lease Detail

Kampong Limited

■ **Commencement Date** 1 November 2017

■ **Lease Term** Three years

■ **Rights of Renewal** One of three years

■ **Current Annual Rent** \$30,200 (plus GST)

■ **Rental Reviews** Annually

■ **Lessees Outgoings** Gross lease

Weasel Art

■ **Lease Term** Month to month agreement

■ **Rights of Renewal** Nil

■ **Current Annual Rent** \$2,600 (plus GST)

■ **Rental Reviews** Nil

■ **Lessees Outgoings** Gross lease

■ **Contract Rent Analysis**

Component	Area	Rate	Rent
<i>Tenant: Kampong Limited</i>			
Retail	151.6 m ²	@ \$199.21 psm TOC	= \$30,200
Passing Rent			\$30,200
<i>Tenant: Weasel Art</i>			
Retail	70.5 m ²	@ \$36.88 psm TOC	= \$2,600
Passing Rent			\$2,600
Total passing rent			\$56,313

■ **Market Rent Analysis**

Component	Area	Rate	Rent
<i>Tenant: Kampong Limited</i>			
Retail	151.6 m ²	@ \$200.00 psm TOC	= \$30,320
Market Rent			\$30,320

<i>Tenant: Weasel Art</i>	70.5 m ²	@ \$240.00 psm TOC	= \$16,920
Market Rent			\$16,920

<i>Tenant: Vacant</i>	117.4 m ³	@ \$200.00 psm TOC	= \$23,480
Market Rent			\$23,480
Total market rent			\$70,720

■ **WALT**

1.2 years remaining in respect of the northern ground floor tenancy with other agreements on a monthly basis.

■ **Valuation**

The property is positioned in central location, outside of the prime retail area of Hamilton's CBD.

Being earthquake prone the structure would be expected to have a limited economic life.

Our assessment is based on two approaches being the capitalisation of the passing income based on a market return and alternatively a sales comparison approach which allows for the limited life of the buildings.

Based on our analysis of sales we have adopted a return of 8.50% which has been applied to the market cashflow and reflects the status of the structure as being earthquake prone and nature of the short term cashflow.

■ Valuation

Income Capitalisation	
Market income	
■ Total Market Income	\$70,720
■ Less Unrecovered Outgoings	(\$11,256)
Net market income	\$59,464
Net Market Income Capitalised @ 8.50%	
Market value- fully leased at market level	\$699,572
Capital adjustments	
■ Present Value of Rental Reversions	(\$3,571)
■ Present Value of Initial Vacancy Void	(\$22,471)
■ Leasing Costs	(\$3,992)
■ Present Value of Short Term Capital Expenditure	(\$18,433)
■ Imminent Vacancy Allowance (expiry within 12 month)	(\$15,707)
Total capital adjustments	(\$64,174)
Market value	\$635,398
adopt	\$635,000

With the second approach it is assumed that the building will have a remaining economic life of ten years. We establish a cashflow budget for the property over its remaining economic life and within this budget we make allowance for potential vacancies and rental growth.

To this we add the land value which also makes allowance for demolition of the existing building. In this instance it would also have regard for the requirement to retain the façade.

Sales Comparison Approach				
Component	Area (m ²)	Rate (\$/m ²)	Adjustment	Value
Site	240	@ \$1,700.00	@ 100%	= \$408,000
Demolition			=	-\$45,000
Present Value of Cashflow (10 years)			=	\$293,152
Market value				\$656,152
			adopt	\$655,000

■ Market Value

Adopt \$650,000

The valuation is excluded of Goods and Services Tax (if any).

■ Investment Summary

\$21,544

Passing Income: **\$21,544**

Market Income: **\$59,464**

Yield on Passing Income: **3.31%**

Yield on Market Income: **9.15%**

■ Comments

There is limited demand for earthquake prone buildings, particularly if the cost to strengthen has not been determined.

■ Valuation Assessment 2019

\$650,000



**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD**
Historical Search Copy



R. W. Muir
Registrar-General
of Land

Constituted as a Record of Title pursuant to Sections 7 and 12 of the Land Transfer Act 2017 - 12 November 2018

Identifier **SA891/75**
Land Registration District **South Auckland**
Date Issued 26 November 1947

Prior References
SA537/258

Estate Fee Simple
Area 241 square metres more or less
Legal Description Lot 2 Deposited Plan 19882

Original Registered Owners
Tunwell Corporation Limited

Interests

Appurtenant hereto is a right of way created by Transfer B603663.6 - 26.4.2000 at 10:46 am
B639244.2 Mortgage to The National Bank of New Zealand Limited - 15.12.2000 at 11:55 am
5595085.1 Discharge of Mortgage B639244.2 - 21.5.2003 at 9:00 am
5595085.2 Transfer to Netherby Holdings Limited - 21.5.2003 at 9:00 am
5595085.4 Mortgage to Rice Craig Nominees Limited - 21.5.2003 at 9:00 am
6882860.1 Variation of Mortgage 5595085.4 - 29.5.2006 at 9:00 am
7477974.1 CAVEAT BY PERRY DEVELOPMENTS LIMITED - 26.7.2007 at 9:00 am
7582950.1 Variation of Mortgage 5595085.4 - 18.10.2007 at 9:00 am
8242815.1 Change of Name of Rice Craig Nominees Limited to Rice Craig Solicitors Nominee Company Limited in
Mortgage 5595085.4 - 31.7.2009 at 11:15 am
8243600.1 Withdrawal of Caveat 7477974.1 - 5.8.2009 at 2:49 pm
8344464.1 CAVEAT BY MCCARTHY & COMPANY MORTGAGE TRUST LIMITED - 17.11.2009 at 9:45 am
8528698.1 Withdrawal of Caveat 8344464.1 - 30.6.2010 at 11:34 am
8533218.1 CAVEAT BY OMAKA FARMS LIMITED - 2.7.2010 at 10:15 am
8869031.1 CAVEAT BY MURRAY JOHN VEREKER-BINDON - 20.9.2011 at 3:57 pm
8877621.1 Withdrawal of Caveat 8869031.1 - 26.10.2011 at 9:34 am
8893625.1 Discharge of Mortgage 5595085.4 - 26.10.2011 at 5:24 pm
8893625.2 Withdrawal of Caveat 8533218.1 - 26.10.2011 at 5:24 pm
8893625.3 Transfer to Golden Pagoda Limited - 26.10.2011 at 5:24 pm
8893625.4 Mortgage to ANZ National Bank Limited - 26.10.2011 at 5:24 pm
10331218.1 CHARGING ORDER DATED 5.2.2016 BETWEEN GOLDEN PAGODA LIMITED AND GLOBAL
CONCEPT RESOURCES LIMITED - 11.2.2016 at 7:00 am
10910181.1 Discharge of Mortgage 8893625.4 - 1.1.2017 at 3:49 pm
10910181.2 Discharge of Charging Order 10331218.1 - 1.1.2017 at 3:49 pm
10910181.3 Transfer to 260 Victoria Limited - 1.1.2017 at 3:49 pm
10910181.4 Mortgage to ANZ Bank New Zealand Limited - 1.1.2017 at 3:49 pm

Transaction Id: *khodge001*
Client Reference: *khodge001*

Historical Search Copy Dated 16/09/2014:58 pm, Page 1 of 4

Identifier **SA891/75**

11036465.1 Variation of Mortgage 10910181.4 - 4.4.2018 at 3:19 pm
11236948.1 Discharge of Mortgage 10910181.4 - 28.9.2018 at 4:07 pm
11236948.2 Transfer to Hamilton City Council - 28.9.2018 at 4:07 pm
11224008.6 Surrender of the easement created by Transfer B603663.6 - 7.11.2018 at 4:53 pm
Appurtenant hereto is a right of way created by Easement Instrument 11224008.7 - 7.11.2018 at 4:53 pm

Transaction Id: *khodge001*
Client Reference: *khodge001*

Historical Search Copy Dated 16/09/2014:58 pm, Page 2 of 4

APPENDIX 16

266 VICTORIA STREET, HAMILTON – DOLD BUILDING

Date of Inspection	18 June 2020	Ceilings	Plasterboard
Estate	Fee Simple	Amenity	The two retail tenancies have direct access from Victoria Street and provide for clear open space.
Area	241m ²		Access to the basement and first floor offices is toward the centre of the building and comprises internal stairs.
Legal Description	Lot 3 Deposited Plan 19882		The basement runs the full length of the building and provides in the main clear open space interspersed with columns.
Identifier	SA900/181		First floor offices have shared amenities and are fitted with air conditioning and floor coverings.
Interests	<ul style="list-style-type: none"> ■ S239284 The above land is subject to certain conditions relating to the construction of a cellar - 9.8.1962 at 1.30 pm 		
Planning Provisions	Appurtenant hereto is a right of way created by Easement Instrument 11224008.9 - 7.11.2018 at 4:53 pm		
Location	City Centre Zone – Downtown Precinct	Floor Areas	Rentable Floor Areas (m²)
Land	The property is situated to the eastern side of Victoria Street in the heart of Hamilton's CBD. It is outside of the more sought-after retail areas. Surrounding property comprises a mix of multi-level offices, apartments and traditional strip retail.	Tenant: Nivara Limited Basement	224.0
Building		Tenant: Banh Mi Retail	46.0
<ul style="list-style-type: none"> ■ Description 	A two level commercial development that also incorporates a basement, constructed in the early 1960's. Refurbishment has been completed over time and there are currently six separate tenancies.	Tenant: Victoria Dentists Limited Retail	46.0
<ul style="list-style-type: none"> ■ Construction 		Tenant: Alumia Office	89.0
Foundation	Concrete	Tenant: Victoria Dentists Limited Office	121.0
Flooring	Concrete	Tenant: Clive Hair Clinics Limited Office	98.0
Exterior walls	Concrete block and masonry	Total Rentable Floor Area	624.0
Framing	Unsighted		
Roofing	Iron		
Joinery	Aluminium	Other Improvements	Nil
Internal linings	Plasterboard		

Lease Detail		
Nivara Limited		
■ Lease Term	Month to month agreement	■ Lessees Outgoings Proportionate share of all property expenses including management
■ Current Annual Rent	\$12,000 (plus GST)	■ Lessors Outgoings Structural repairs and maintenance
■ Rental Reviews	N/A	Alumia
■ Lessees Outgoings	20.0% share of all property expenses.	■ Commencement Date 1 April 2019
■ Lessors Outgoings	Structural repairs and maintenance, Management	■ Lease Term One year
Banh Mi		■ Rights of Renewal Four of six months
■ Commencement Date	1 April 2019	■ Current Annual Rent \$16,000 (plus GST)
■ Lease Term	Three years, four months and four days	■ Rental Reviews Two yearly
■ Rights of Renewal	One of 18 months	■ Lessees Outgoings Proportionate share (20%) of all property expenses including management
■ Current Annual Rent	\$18,000 (plus GST)	■ Lessors Outgoings Structural repairs and maintenance
■ Rental Reviews	Upon renewal	Victoria Dentists Limited – First Floor
■ Lessees Outgoings	Proportionate share of all property expenses including management	■ Commencement Date 1 April 2019
■ Lessors Outgoings	Structural repairs and maintenance	■ Lease Term Six years
■ Comments	Three-month rent-free period from commencement of the lease.	■ Rights of Renewal Two of three years
Victoria Dentists Limited – Ground Floor		■ Current Annual Rent \$22,935 (plus GST)
■ Commencement Date	1 May 2015	■ Rental Reviews Two yearly
■ Lease Term	Six years	■ Lessees Outgoings Proportionate share of all property expenses including management
■ Rights of Renewal	Two of three years	■ Lessors Outgoings Structural repairs and maintenance
■ Current Annual Rent	\$15,600 (plus GST)	Clive Hair Clinics Limited
■ Rental Reviews	Two yearly	■ Commencement Date 1 June 2019
		■ Lease Term Five years
		■ Rights of Renewal Two of five years

- **Current Annual Rent** \$23,500 (plus GST)
- **Rental Reviews** Two yearly
- **Lessees Outgoings** Gross lease with the tenant paying for utilities, rubbish collection and other items within their premise.

■ Contract Rent Analysis

Component	Area	Rate	Rent
<i>Tenant: Nivara Limited</i>			
Basement	224.0 m ²	@ \$71.35 psm TOC	= \$15,983
Less Recoverable Opex		@	(\$3,983)
Passing Rent			\$12,000
<i>Tenant: Banh Mi</i>			
Retail	46.0 m ²	@ \$499.55 psm TOC	= \$22,979
Less Recoverable Opex		@	(\$4,979)
Passing Rent			\$18,000
<i>Tenant: Victoria Dentists Limited</i>			
Retail	46.0 m ²	@ \$425.73 psm TOC	= \$19,583
Less Recoverable Opex		@	(\$3,983)
Passing Rent			\$15,600
<i>Tenant: Alumia</i>			
Office	89.0 m ²	@ \$224.53 psm TOC	= \$19,983
Less Recoverable Opex		@	(\$3,983)
Passing Rent			\$16,000
<i>Tenant: Victoria Dentists Limited</i>			
Office	121.0 m ²	@ \$214.24 psm TOC	= \$25,923
Less Recoverable Opex		@	(\$2,988)
Passing Rent			\$22,935
<i>Tenant: Clive Hair Clinics Limited</i>			
Office	98.0 m ²	@ \$251.49 psm TOC	= \$24,646
Less Recoverable Opex		@	(\$1,146)
Passing Rent			\$23,500
Total passing rent			\$108,035

■ Market Rent Analysis

Component	Area	Rate	Rent
<i>Tenant: Nivara Limited</i>			
Basement	224.0 m ²	@ \$100.00 psm TOC	= \$22,400
Less Recoverable Opex		@	(\$3,983)
Market Rent			\$18,417
<i>Tenant: Banh Mi</i>			
Retail	46.0 m ²	@ \$500.00 psm TOC	= \$23,000
Less Recoverable Opex		@	(\$4,975)
Market Rent			\$18,021
<i>Tenant: Victoria Dentists Limited</i>			
Retail	46.0 m ²	@ \$425.00 psm TOC	= \$19,550
Less Recoverable Opex		@	(\$3,983)
Market Rent			\$15,567
<i>Tenant: Alumia</i>			
Office	89.0 m ²	@ \$230.00 psm TOC	= \$20,470
Less Recoverable Opex		@	(\$3,983)
Market Rent			\$16,487
<i>Tenant: Victoria Dentists Limited</i>			
Office	121.0 m ²	@ \$230.00 psm TOC	= \$27,830
Less Recoverable Opex		@	(\$2,988)
Market Rent			\$24,842
<i>Tenant: Clive Hair Clinics Limited</i>			
Office	98.0 m ²	@ \$240.00 psm TOC	= \$23,520
Less Recoverable Opex		@	(\$1,146)
Market Rent			\$22,374
Total market rent			\$115,707

■ WALT

Weighted average lease term (WALT) of 0.8 years by income.

■ Valuation

The property is positioned in a central position within the CBD.

Our assessment is based on two approaches being the capitalisation of the passing income based on a market return and alternatively a discounted cash flow analysis over a ten year forecast.

Based on our analysis of sales we have adopted a return of 7.25% which has been applied to the contract cashflow.

Income Capitalisation**Income**

■ Total Market Income	\$108,035
■ Less Unrecovered Outgoings	(\$1,982)
Net Contract Income	
	\$106,053
Net Income Capitalised	@ 7.25%
Market value	\$1,462,800
Adopt	\$1,465,000

With the discounted cashflow approach we establish a cashflow budget for the property over a ten-year horizon. Within this budget we make allowance for potential vacancies and rental growth. We establish a terminal value and then discount the cashflows to arrive at net present value.

We have adopted the following parameters within this approach:

- Terminal Yield 7.50%
- Discount Rate 8.00%
- 3 – 12 months vacancy upon final expiry of the leases

We have determined the Market Value of \$1,555,000 under the discounted cashflow approach.

■ Market Value**Adopt \$1,470,000**

The valuation is excluded of Goods and Services Tax (if any).

■ Investment Summary

Passing Income:	\$106,053
Market Income:	\$113,725
Yield on Passing Income:	7.21%
Yield on Market Income:	7.74%
IRR:	7.66%

■ Comments

There is potential to increase the rental income as reviews fall due by approximately 7.0%.

■ Valuation Assessment 2019**\$1,500,000**