

**Laura Bowman**

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**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](http://www.ombudsman.parliament.nz) or freephone 0800 802 602.

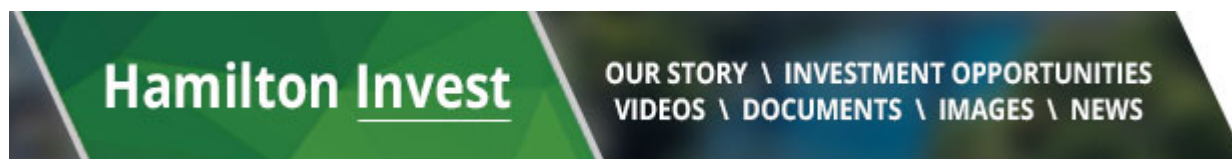
Kind Regards,

**Tatiyana** | Official Information & Legal Support Advisor  
Legal Services & Risk | People and Organisational Performance  
Email: [officialinformation@hcc.govt.nz](mailto:officialinformation@hcc.govt.nz)



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**From:** [REDACTED] <[\[REDACTED\]@ombudsman.parliament.nz](mailto:[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)

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



[REDACTED]  
Investigator IRT1

Office of the Ombudsman | Tari o te Kaitiaki Mana Tangata

[REDACTED] | [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz)

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



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## Tatiana Taunoa

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**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](mailto:officialinformation@hcc.govt.nz)

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

Hi Nigel

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

Should it have been OIA'd?

Thanks

[REDACTED]  
Waikato Reporter  
New Zealand Herald  
[REDACTED]

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**From:** [REDACTED] >  
**Sent:** Tuesday, December 1, 2020 1:09 PM  
**To:** Nigel Ward <[Nigel.Ward@hcc.govt.nz](mailto: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]

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**From:** Nigel Ward <[Nigel.Ward@hcc.govt.nz](mailto: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](mailto:nigel.ward@hcc.govt.nz)



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## APPENDIX 14

### 246-254 VICTORIA STREET, HAMILTON

**Date of Inspection** 18 June 2020

#### 246 Victoria Street

**Estate** Fee Simple  
**Area** 465m<sup>2</sup>  
**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** 772m<sup>2</sup>  
**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** 301m<sup>2</sup>  
**Legal Description** Lot 1 Deposited Plan 19882  
**Identifier** SA888/45  
**Interests**

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

#### Planning Provisions Location

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 277m<sup>2</sup> 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<sup>2</sup>)

#### 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
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**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  
Body Corporate charges  
Management expenses  
Costs associated with the building warrant of fitness
- **Lessors Outgoings** Structural maintenance

### Dough Bros/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

## Lessors Outgoings

Service contract charges;  
Structural maintenance

## Rear Tenancy

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

## Contract Rent Analysis

Component	Area	Rate	Rent
<b>Tenant: Mexico</b>			
Restaurant	254.0 m <sup>2</sup>	@ \$277.08 psr TOC	= \$70,379
Storage Mezz	8.3 m <sup>2</sup>	@ \$30.00 psr TOC	= \$249
First Floor	60.7 m <sup>2</sup>	@ \$260.00 psr TOC	= \$15,782
Balcony	14.7 m <sup>2</sup>	@ \$100.00 psr TOC	= \$1,470
Verandah	9.2 m <sup>2</sup>	@ \$100.00 psr TOC	= \$920
Less Recoverable Opex		@	(\$11,300)
<b>Passing Rent</b>			<b>\$77,500</b>
<b>Tenant: Naughty Naan</b>			
Restaurant	185.8 m <sup>2</sup>	@ \$305.60 psr TOC	= \$56,780
Less Recoverable Opex		@	(\$6,780)
<b>Passing Rent</b>			<b>\$50,000</b>
<b>Tenant: Vacant</b>			
Less Recoverable Opex		@	(\$4,520)
<b>Total passing rent</b>			<b>\$127,500</b>



## ■ Market Rent Analysis

Our assessment of the market rental value is as follows:

Component	Area	Rate	Rent
<b>Tenant: Mexico</b>			
Restaurant	254.0 m <sup>2</sup>	@ \$265.00 psm TOC =	\$67,310
Storage Mezz	8.3 m <sup>2</sup>	@ \$30.00 psm TOC =	\$249
First Floor	60.7 m <sup>2</sup>	@ \$240.00 psm TOC =	\$14,568
Balcony	14.7 m <sup>2</sup>	@ \$100.00 psm TOC =	\$1,470
Verandah	9.2 m <sup>2</sup>	@ \$100.00 psm TOC =	\$920
Carpark	4.0 space: @	\$40.00 per week =	\$8,320
Less Recoverable Opex	@		(\$11,300)
<b>Market Rent</b>			<b>\$81,537</b>
<b>Tenant: Naughty Naan</b>			
Restaurant	185.8 m <sup>2</sup>	@ \$250.00 psm TOC =	\$46,450
Carparks	4.0 space: @	\$40.00 per week =	\$8,320
Less Recoverable Opex	@		(\$6,780)
<b>Market Rent</b>			<b>\$47,990</b>
<b>Tenant: Vacant</b>			
Retail	174.3 m <sup>2</sup>	@ \$175.00 psm TOC =	\$30,503
Balcony	14.4 m <sup>2</sup>	@ \$70.00 psm TOC =	\$1,008
Carparks	3.0 space: @	\$40.00 per week =	\$6,240
Less Recoverable Opex	@		(\$4,520)
<b>Market Rent</b>			<b>\$33,231</b>
<b>Total market rent</b>			<b>\$162,758</b>

## ■ 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.

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

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.

<b>Income Capitalisation</b>	
<b>Net market income</b>	<b>\$162,758</b>
Net Market Income Capitalised @ 8.00%	
<b>Market value- fully leased at market level</b>	<b>\$2,034,480</b>
<b>Capital adjustments</b>	
■ 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)
<b>Total capital adjustments</b>	<b>(\$67,566)</b>
<b>Market value</b>	<b>\$1,966,914</b>
<b>adopt</b>	<b>\$1,965,000</b>

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:	<b>\$127,500</b>
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Market Income:	<b>\$162,758</b>
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Yield on Passing Income:	<b>6.38%</b>
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Yield on Market Income:	<b>8.14%</b>
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IRR:	<b>7.59%</b>
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■ **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**





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

Transaction Id: Historical Search Copy Dated 16/06/2014 5:57 pm, Page 1 of 3  
 Client Reference: khedge001

[illegible]

Transaction Id: Historical Search Copy Dated 16/06/2014 5:57 pm, Page 2 of 3  
 Client Reference: khodge001



SA656/134

Transaction Id  
Client Reference khodge001

## REGISTER



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 SA1266/85  
Land Registration District South Auckland  
Date Issued 29 August 1956

### Prior References

SA478/263 SA882/194

Estate	Fee Simple
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<b>Area</b>	772 square metres more or less
<b>Legal Description</b>	Deposited Plan 21270 and Lot 1 Deposited Plan South Auckland 4128

## Original Registered Owners

Donald Eon Fraser and Peter Stewart Morton

### 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

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

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

B625376.4 Memorandum of Priority making Mortgage B625376.3 and Encumbrance B373903 second and third mortgages respectively - 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 - 7.11.2006 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

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

8129192.4 Mortgage to ASB Bank Limited - 30.4.2009 at 9:26 am

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

11200167.1 Discharge of Mortgage 8129192.4 - 7.9.2018 at 12:03 pm

Transaction Id  
Client Reference Khodge001

Historical Search Copy Dated 16/06/20 4:58 pm, Page 1 of 5



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

[illegible]

Transaction Id: Historical Search Copy Dated 16/06/20 4:58 pm, Page 2 of 5  
 Client Reference: khodget001

Transaction Id: 1606204588  
Client Reference: khodce001



SA1266/85

Historical Search Copy Dated 16/06/20 4:58 pm, Page 4 of 5

SA1266/85

90

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





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 - 7.11.2006 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

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

HCC Year End Valuations 2020 ■ Our ref: WAI-176308 85



SA888/45

## REGISTER

Historical Search Copy Dated 16/06/20 4:58 pm, Page 3 of 3



## APPENDIX 15

### 260 VICTORIA STREET, HAMILTON – VICTORIA BUILDING

<b>Date of Inspection</b>	18 June 2020
<b>Estate</b>	Fee Simple
<b>Area</b>	241m <sup>2</sup>
<b>Legal Description</b>	Lot 2 Deposited Plan 19882
<b>Identifier</b>	SA891/75
<b>Interests</b>	<ul style="list-style-type: none"> <li>■ Appurtenant hereto is a right of way created by Easement Instrument 11224008.7 - 7.11.2018 at 4:53 pm</li> </ul>
<b>Planning Provisions</b>	City Centre Zone – Downtown Precinct
<b>Location</b>	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.
<b>Land</b>	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.
<b>Building</b>	
<ul style="list-style-type: none"> <li>■ <b>Description</b></li> </ul>	<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

<b>Foundation</b>	Piles
<b>Flooring</b>	Wooden
<b>Exterior walls</b>	Masonry, concrete block to a small lean-to addition
<b>Framing</b>	Un sighted
<b>Roofing</b>	Iron
<b>Joinery</b>	Wooden
<b>Internal linings</b>	Plasterboard
<b>Ceilings</b>	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 <sup>2</sup> )	
<b>Tenant: Kampong Limited</b>	
Retail:	151.6
<b>Rentable Floor Area:</b>	<b>151.6</b>
<b>Tenant: Weasel Art</b>	
Retail:	70.5
<b>Rentable Floor Area:</b>	<b>70.5</b>
<b>Tenant: Vacant</b>	
Residential:	117.4
<b>Rentable Floor Area:</b>	<b>117.4</b>
<b>Total Rentable Floor Area</b>	<b>339.50</b>



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

#### Market Rent Analysis

Component	Area	Rate	Rent
<b>Tenant: Kampong Limited</b>			
Retail	151.6 m <sup>2</sup>	@ \$200.00 psm TOC	= \$30,320
<b>Market Rent</b>			<b>\$30,320</b>
<b>Tenant: Weasel Art</b>			
Retail	70.5 m <sup>2</sup>	@ \$240.00 psm TOC	= \$16,920
<b>Market Rent</b>			<b>\$16,920</b>
<b>Tenant: Vacant</b>			
Office	117.4 m <sup>2</sup>	@ \$200.00 psm TOC	= \$23,480
<b>Market Rent</b>			<b>\$23,480</b>
<b>Total market rent</b>			<b>\$70,720</b>

#### 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			
<b>Market income</b>			
■ Total Market Income		\$70,720	
■ Less Unrecovered Outgoings		(\$11,256)	
<b>Net market income</b>		<b>\$59,464</b>	
Net Market Income Capitalised	@	8.50%	
<b>Market value- fully leased at market level</b>		<b>\$699,572</b>	
<b>Capital adjustments</b>			
■ 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)	
<b>Total capital adjustments</b>		<b>(\$64,174)</b>	
<b>Market value</b>		<b>\$635,398</b>	
	<b>adopt</b>	<b>\$635,000</b>	

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

## ■ Market Value

**Adopt \$650,000**

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

## ■ Investment Summary

Passing Income:	<b>\$21,544</b>
Market Income:	<b>\$59,464</b>
Yield on Passing Income:	<b>3.31%</b>
Yield on Market Income:	<b>9.15%</b>

## ■ 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



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 VEREKEER-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 - 1.11.2017 at 3:49 pm  
10910181.2 Discharge of Charging Order 10331218.1 - 1.11.2017 at 3:49 pm  
10910181.3 Transfer to 260 Victoria Limited - 1.11.2017 at 3:49 pm  
10910181.4 Mortgage to ANZ Bank New Zealand Limited - 1.11.2017 at 3:49 pm

Transaction Id  
Client Reference khodge001

Historical Search Copy Dated 16/06/2014:58 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  
Client Reference khodge001

Historical Search Copy Dated 16/06/2014:58 pm, Page 2 of 4







## APPENDIX 16

### 266 VICTORIA STREET, HAMILTON – DOLD BUILDING

<b>Date of Inspection</b>	18 June 2020
<b>Estate</b>	Fee Simple
<b>Area</b>	241m <sup>2</sup>
<b>Legal Description</b>	Lot 3 Deposited Plan 19882
<b>Identifier</b>	SA900/181
<b>Interests</b>	<ul style="list-style-type: none"> <li>■ S239284 The above land is subject to certain conditions relating to the construction of a cellar - 9.8.1962 at 1.30 pm</li> </ul>
<b>Planning Provisions</b>	Appurtenant hereto is a right of way created by Easement Instrument 11224008.9 - 7.11.2018 at 4:53 pm
<b>Location</b>	City Centre Zone – Downtown Precinct
<b>Land</b>	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.
<b>Building</b>	
<ul style="list-style-type: none"> <li>■ <b>Description</b></li> </ul>	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.
<ul style="list-style-type: none"> <li>■ <b>Construction</b></li> </ul>	
<b>Foundation</b>	Concrete
<b>Flooring</b>	Concrete
<b>Exterior walls</b>	Concrete block and masonry
<b>Framing</b>	Un sighted
<b>Roofing</b>	Iron
<b>Joinery</b>	Aluminium
<b>Internal linings</b>	Plasterboard

#### Ceilings

Plasterboard

#### ■ Amenity

The two retail tenancies have direct access from Victoria Street and provide for clear open space.

Access to the basement and first floor offices is toward the centre of the building and comprises internal stairs.

The basement runs the full length of the building and provides in the main clear open space interspersed with columns.

First floor offices have shared amenities and are fitted with air conditioning and floor coverings.

#### ■ Floor Areas

Rentable Floor Areas (m <sup>2</sup> )	
<b>Tenant: Nivara Limited</b>	
Basement	224.0
<b>Tenant: Banh Mi</b>	
Retail	46.0
<b>Tenant: Victoria Dentists Limited</b>	
Retail	46.0
<b>Tenant: Alumia</b>	
Office	89.0
<b>Tenant: Victoria Dentists Limited</b>	
Office	121.0
<b>Tenant: Clive Hair Clinics Limited</b>	
Office	98.0
<b>Total Rentable Floor Area</b>	<b>624.0</b>

#### ■ Other Improvements

Nil



#### Lease Detail

##### Nivara Limited

- **Lease Term** Month to month agreement
- **Current Annual Rent** \$12,000 (plus GST)
- **Rental Reviews** N/A
- **Lessees Outgoings** 20.0% share of all property expenses.
- **Lessors Outgoings** Structural repairs and maintenance, Management

##### Banh Mi

- **Commencement Date** 1 April 2019
- **Lease Term** Three years, four months and four days
- **Rights of Renewal** One of 18 months
- **Current Annual Rent** \$18,000 (plus GST)
- **Rental Reviews** Upon renewal
- **Lessees Outgoings** Proportionate share of all property expenses including management
- **Lessors Outgoings** Structural repairs and maintenance
- **Comments** Three-month rent-free period from commencement of the lease.

##### Victoria Dentists Limited – Ground Floor

- **Commencement Date** 1 May 2015
- **Lease Term** Six years
- **Rights of Renewal** Two of three years
- **Current Annual Rent** \$15,600 (plus GST)
- **Rental Reviews** Two yearly

- **Lessees Outgoings** Proportionate share of all property expenses including management

- **Lessors Outgoings** Structural repairs and maintenance

##### Alumia

- **Commencement Date** 1 April 2019
- **Lease Term** One year
- **Rights of Renewal** Four of six months
- **Current Annual Rent** \$16,000 (plus GST)
- **Rental Reviews** Two yearly
- **Lessees Outgoings** Proportionate share (20%) of all property expenses including management
- **Lessors Outgoings** Structural repairs and maintenance

##### Victoria Dentists Limited – First Floor

- **Commencement Date** 1 April 2019
- **Lease Term** Six years
- **Rights of Renewal** Two of three years
- **Current Annual Rent** \$22,935 (plus GST)
- **Rental Reviews** Two yearly
- **Lessees Outgoings** Proportionate share of all property expenses including management
- **Lessors Outgoings** Structural repairs and maintenance

##### Clive Hair Clinics Limited

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

■ **Market Rent Analysis**

Component	Area	Rate	Rent
<b>Tenant: Nivara Limited</b>			
Basement	224.0 m <sup>2</sup>	@ \$100.00 psm TOC =	\$22,400
Less Recoverable Opex		@	(\$3,983)
<b>Market Rent</b>			<b>\$18,417</b>
<b>Tenant: Banh Mi</b>			
Retail	46.0 m <sup>2</sup>	@ \$500.00 psm TOC =	\$23,000
Less Recoverable Opex		@	(\$4,979)
<b>Market Rent</b>			<b>\$18,021</b>
<b>Tenant: Victoria Dentists Limited</b>			
Retail	46.0 m <sup>2</sup>	@ \$425.00 psm TOC =	\$19,550
Less Recoverable Opex		@	(\$3,983)
<b>Market Rent</b>			<b>\$15,567</b>
<b>Tenant: Alumia</b>			
Office	89.0 m <sup>2</sup>	@ \$230.00 psm TOC =	\$20,470
Less Recoverable Opex		@	(\$3,983)
<b>Market Rent</b>			<b>\$16,487</b>
<b>Tenant: Victoria Dentists Limited</b>			
Office	121.0 m <sup>2</sup>	@ \$230.00 psm TOC =	\$27,830
Less Recoverable Opex		@	(\$2,988)
<b>Market Rent</b>			<b>\$24,842</b>
<b>Tenant: Clive Hair Clinics Limited</b>			
Office	98.0 m <sup>2</sup>	@ \$240.00 psm TOC =	\$23,520
Less Recoverable Opex		@	(\$1,146)
<b>Market Rent</b>			<b>\$22,374</b>
<b>Total market rent</b>			<b>\$115,707</b>

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

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

## ■ Comments

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

## ■ Valuation Assessment 2019

**\$1,500,000**