Valuation Consultancy Report

WDC Residential Red Zone Recovery Plan
Kaiapoi

Waimakariri Red Zone Recovery Group
C/- Waimakariri District Council
Private Bag 1005
Rangiora 7440
Attention: Simon Markham

Date: 4 December 2015 Ref: 13054/GS

Contents

Appendices

Executive Summary

Property Address:	Kaiapoi Red Zone Kaiapoi
Brief Description:	The Kaiapoi Red Zone area is located in Kaiapoi on the northern and southern sides of the Kaiapoi River. Kaiapoi is a rural township of Christchurch located adjacent to State Highway No. 1 in North Canterbury, approximately 20 kilometres north of Christchurch. The Red Zone land was damaged in the Canterbury earthquake sequence. The Government identified areas known as the “Red Zone” where the worst affected residential homes in terms of land damage were located. The land has been cleared of almost all improvements although the existing road infrastructure and network remains in place.
Instructing Party:	Waimakariri Red Zone Recovery Group C/- Waimakariri District Council Private Bag 1005 Rangiora 7440 Attention: Simon Markham
Addressed To:	Waimakariri Red Zone Recovery Group C/- Waimakariri District Council Private Bag 1005 Rangiora 7440 Attention: Simon Markham
Interest Valued:	Unencumbered Freehold Market Value
Date of Valuation:	4 December 2015
Date of Inspection:	4 December 2015
Purpose:	Development Due Diligence

Development Potential:

The land comprising Areas A, B, C, D and E as defined on page 8 of this report originally comprised developed residential land which now forms part of the Red Zone and has been cleared of almost all improvements. In the case of Areas A and B we have adopted the original section layout and existing road network to determine the number of residential lots that can be developed in these areas.

In Areas C, D and E which have been identified by Waimakariri District Council ("WDC") as suitable for potential business land use, we have adopted lot sizes applicable for either large format retail or yard based business land development.

Land improvement costs were provided by Tonkin & Taylor Limited ("T & T"). T & T provided three cost estimates for each scenario, pessimistic, most likely and optimistic. For our feasibility analysis we have adopted the "most likely" cost estimate in each scenario. We understand all roading infrastructure, services and stormwater facilities will be provided by the existing networks which will be repaired and reinstated by WDC.

In order to complete our feasibility analysis we have estimated the additional development cost required to bring the residential and business land to the market.

The following is a summary of the lot yield from each block together with the land improvement cost estimated by T & T.

Development Potential & Land Improvement Cost

Area	Lot #	Land Impt Cost
A Residential	292	$28,300,000
B Residential	83	$11,300,000
C Residential	36	$ 3,489,041
A Rural Residential	41	$11,600,000
B Rural Residential	11	$ 4,200,000
C Large Format Retail	3	$ 5,500,000
D Large Format Retail	10	$31,500,000
E Large Format Retail	4	$ 8,800,000
C Yard Based Business	2	$ 1,200,000
D Yard Based Business	14	$ 6,300,000
E Yard Based Business	3	$ 1,700,000

Valuation Methodology: We have adopted the following accepted valuation methodology.

- Comparable Sales Approach
- Hypothetical Subdivision Approach

Feasibility Summary: We have completed hypothetical subdivision valuation feasibility analysis on each block on the following bases:

- Blocks A & B – residential and rural residential
- Blocks C, D & E – Large format retail and yard based business

The following is a summary of the results of our feasibility analysis.

Feasibility Analysis Summary – Residential/Rural - Residential		
Block	Residential Value	RR Value
A	-$8,970,000	-$4,920,000
B	-$4,900,000	-$2,230,000

Feasibility Analysis Summary – Large Format Retail/Yard Based Bus.		
Block	Large Format	Yard Based
C	-$ 2,620,000	$ 450,000
D	-$13,730,000	$1,140,000
E	-$ 3,290,000	$1,410,000

Our feasibility analysis of the development of the various land areas on either a residential section or rural residential lot basis indicates that this type of development is uneconomic on the basis of the most likely land improvement costs provided by T&T.

Our feasibility analysis of the development of Areas C, D and E on a large format basis again indicates that this type of development is uneconomic, however development is potentially economic in the case of the yard based business scenario.

Additional Comments: Property valuations are based on the latest available data drawn from the market place. The market for many types of property has been affected by the recent volatility in both global and local financial markets, and in Greater Christchurch by the earthquakes. Supply, demand and location have been key drivers in the Greater Christchurch residential and business land markets post-earthquakes. A significant amount of residential land has been rezoned or is in the process of rezoning and major subdivision development work is either completed or under construction.

In light of these market conditions while property valuations are based on the latest available data, values should not be considered immune from possible change even over very short periods, as the market continues to show volatility.

Accordingly if the addressee of this report has any concerns regarding the currency of the valuation consultancy, they should contact the Registered Valuer.

Valuer: **COLLIERS INTERNATIONAL VALUATION**

GARY SELLARS FNZIV, FPINZ
Registered Valuer, Director
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Inspection of Property:	Gary Sellars
Valuation Calculations:	Gary Sellars
Authoring of Report:	Gary Sellars

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1.0 INTRODUCTION

1.1 SCOPE OF WORK

We have received instructions from Andrew Willis of Planning Matters on behalf of Waimakariri District Council ("WDC") to complete research and provide consultancy advice on the economic feasibility of various development options for the Residential Red Zone Recovery Plan. We report as follows:

We outline in the following subsections key assumptions, limitations and restrictions with regard to this valuation consultancy. We further note that this valuation consultancy is undertaken in accordance with the agreed written Scope of Work between WDC and Colliers International Valuation.

This consultancy report covers the following agreed valuation related topics:

- Market demand and supply study of the district in terms of residential and lifestyle product
- Assessment of market input retail value of residential and lifestyle lots
- Feasibility analysis of residential and lifestyle subdivision – i.e. feasibility analysis of both scenarios
- Assessment of undeveloped residential and lifestyle block land – i.e. prior to development
- Market demand and supply study of the district in terms of business land (retail and industrial)
- Assessment of market input retail value of retail and industrial land
- Feasibility analysis of business development
- Assessment of undeveloped retail and industrial land – i.e. prior to development

We confirm that the individual valuer who is the signatory to this report is experienced in the location and category of the property valued.

1.2 BASIS AND PURPOSE OF VALUATION

The valuation consultancy has been completed in accordance with International Valuation Standards, API/PINZ Valuation Standards and the Statement of Valuation Conditions attached at Appendix 1 of this report.

We have adopted the International Valuation Standards definition of market value as follows:

> *"market value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*

This valuation advice has been prepared for development due diligence purposes.

1.3 INFORMATION SOURCES

Andrew Willis on behalf of WDC has provided the following information which has been adopted in the valuation process:

- Red Zone Area Plan
- Kaiapoi Town Centre Business Land Requirements Report by Property Economics
- Kaiapoi Red Zone Engineering Feasibility by Tonkin & Taylor Limited
- Rural – residential land improvement costs by Tonkin & Taylor Limited

We have utilised sales evidence from sources including RPNZ, Property IQ, Statistics New Zealand and from our own records.

1.4 ASSUMPTIONS

Verifiable

1. We have assumed that the instructions and subsequent information supplied contain a full and frank disclosure of all information that is relevant.

2. Our valuation advice is plus GST (if any) unless otherwise stated.

3. For the purposes of this analysis, WDC has advised that the following assumptions can be made in respect of valuation feasibility analysis:

    - The existing road network will be reinstated including all sub-ground services by WDC. Note - the original area was serviced by a conventional Gravity Sewer whereas any new sewer services to the area would be by way of a Pressure Sewer System, whereby each property will have its own on-site pump station and would pump sewage into a pressurised pipeline in the road. This is a system that has been used nearby at Beach Grove. The pump station remains the responsibility of the property owner.
    - No development contributions will be payable for existing lots, but would be payable on additional lots if these were created through subdivision.
    - There is no requirement for on-site stormwater containment for the residential areas.
    - The commercial areas will be required to manage stormwater on site.

We have assumed that this information is correct and have adopted this information in our assessment.

Opinion

The assumptions we have made in respect of our projections are as follows:

1. There will be no major economic downturn during the projection period, beyond that envisaged at the date of valuation.

2. A continued stable economy and reasonable levels of growth as currently predicted over the next five years.

3. There will be no new taxes or rates introduced which have a direct impact on the property over the projected period.

1.5 COMPLIANCE STATEMENT

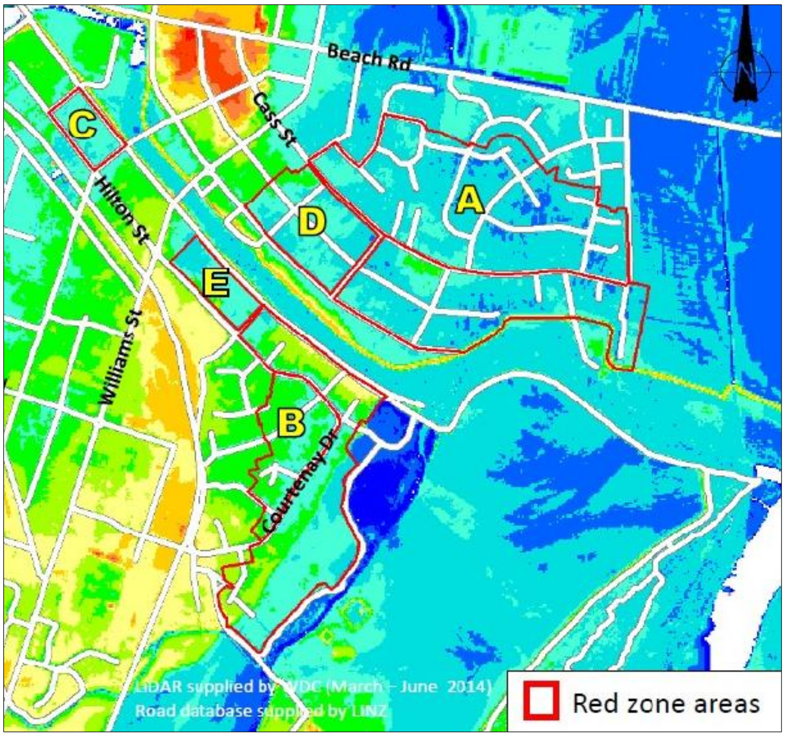
This valuation consultancy has been performed in accordance with the International Valuation Standards (IVS) and we confirm that;

- The statements of fact presented in this report are correct to the best of our knowledge;
- The analysis and conclusions are limited only by the reported assumptions and conditions;
- We have no interest in the subject property;
- Our fee is not contingent upon any aspect of this report;
- The valuation has been performed in accordance with an ethical code and performance standards;
- We have satisfied professional education requirements;
- We have experience in the location and category of the property being valued;
- The Valuer (as noted in the executive summary and final section of this report) has made a personal inspection of the property;
- No one, except those specified in the report has provided professional assistance in preparing the report; and
- In completing this report we are not aware of any conflicts of interest on the part of either Colliers International Valuation or its valuers.

2.0 RED ZONE SUMMARY

2.1 OVERVIEW

We refer to the following Red Zone area map which provides an overview of Kaiapoi Red Zone development areas A to E adopted for this consultancy work. The map also shows existing ground elevation.



The map defines five residential and business land development areas identified as Areas A to E on the map.

Area A

Area A is located north east of Cass Street and comprises 292 existing surveyed residential lots zoned Residential 2 in the Waimakariri District Plan. For the purposes of this valuation work we have adopted the existing section layout and section sizes. The following is a summary of the existing lots in Block A.

Block A Summary	
Lots #	292
Minimum Area	516 m²
Maximum Area	1,259 m²
Average Area	719 m²

Area B

Area B is located in Courtney Drive on the southern side of Kaiapoi River and comprises 83 existing surveyed residential lots zoned Residential 1 in the Waimakariri District Plan. For the purposes of this valuation work we have adopted the existing section layout and section sizes.

The following is a summary of the existing lots in Area B:

Block B Summary	
Lots #	83
Minimum Area	325 m²
Maximum Area	900 m²
Average Area	671 m²

Area C

Area C comprising an approximate area of 2.0 hectares is situated in the block bounded by Hilton Street, Black Street, Rich Street and Raven Quay on the western edge of Kaiapoi. The land is currently zoned Residential 1 and has been identified as potentially suitable for either large format retail or yard based business activities.

Area D

Area D comprises an approximate area of 14.56 hectares and is located in Charles Street on the northern side of the Kaiapoi River and is zoned a mix of Residential 1 and Residential 2. The land adjoins the existing Business 1 zone and has been identified as potential business land suitable for either large format retail or yard based business activities.

Area E

Area E comprises an approximate land area of 3.13 hectares and is located in Hilton Street just to the south of the Kaiapoi River and opposite the existing Kaiapoi Crossing Shopping Centre, which includes a Countdown supermarket. The land is currently zoned Residential 1 and has been identified as potentially suitable for large format retail or yard based business activities.

2.2 ASSUMPTIONS

It has been suggested that the assumption that the existing road network will be reinstated including all sub ground services by WDC may not apply.

Should this be the case then development costs will increase significantly above the costs adopted in this consultancy report for feasibility analysis under each scenario.

3.0 VALUATION METHODOLOGY

The generally accepted principal methods of approach when valuing residential and business land are as follows:

Comparable Sales Approach

In assessing land value and lot values for the numerous components we have adopted the comparable sales approach examining comparable sales of residential, rural-residential and business land or lots of similar type.

Hypothetical Subdivision Approach

The hypothetical subdivision or development residual approach has been the traditional method of valuing undeveloped block land.

The hypothetical subdivision approach commences with the assessment of gross realisation from lot sales, from which selling expenses (real estate commission and legal expenses) are deducted, followed by deduction of profit and risk to arrive at outlay. From the outlay, development costs such as roading, survey and engineering fees, development contributions, reserve contribution (if land not set aside), advertising and interest are deducted. The residual is the undeveloped block value of the land which is the sum a developer can afford to pay for the bare land for subdivision development.

Discounted Cashflow ("DCF") Approach

The DCF approach is an alternative residual valuation method which involves the discounting of the net cashflow on a monthly basis over the assumed cashflow period at an appropriate rate to reflect risk to derive a market value. The net cashflow comprises the cash inflows less the cash outflows over the cashflow period.

Cash inflows comprise the income from the property in the form of sales of lots, whilst cash outflows comprise all development and construction cost expenses and any costs associated with the sale of the lots. The present value is the price a purchaser can afford to pay for the property in its undeveloped state.

Summary

We are of the opinion the most appropriate methodology to complete the feasibility analysis is the hypothetical subdivision approach. Due to the number of blocks involved we have not completed discounted cashflow analysis although this can be completed at a later date if required.

The comparable sales approach to determine undeveloped block land value in this case is of only limited, if any, value because the land in the Kaiapoi Red Zone is unique in that no development contributions or roading and services infrastructure, nor stormwater detention is required to be completed by the developer but there are extraordinary land improvement costs.

To our knowledge there is no land of similar characteristics which has sold which is suitable for use as a comparison.

4.0 MARKET OVERVIEW

4.1 RESIDENTIAL LAND MARKET

Market Overview

The Greater Christchurch section market during the period from 1988 to 2000 averaged approximately 777 sales per annum. Significant growth in the volume of sales occurred in the period from 2001 to 2007 culminating in the peak of 2,558 sales in 2003 with an average of 1,386 section sales per annum over the seven year period. This growth, partially driven by immigration and changing lifestyle requirements together with the decline in availability of sections within the Christchurch section market, saw an increase in the number of section sales in the townships within the Waimakariri and Selwyn Districts. The initial popularity of Pegasus in Waimakariri and the continued growth of section sales in the Rolleston market combined with the lack of availability of sections within Christchurch due to RMA and resource consent issues resulted in a significant fall in the number of sections sold in Christchurch during the 2006 – 2007 period and a dramatic reduction in 2008 and 2009.

There was a surge in market activity within the residential section market in Greater Christchurch in 2009 with a significant increase in sales. In 2009, 831 sections sold compared with just 251 in 2008 however the average section price fell from $197,328 in 2008 to $189,660 in 2009.

Activity slowed in 2010 with 531 lots selling at a lower average price of $185,613.

Since 2010 there has been a significant increase in section sales with 1,264 recorded in 2011, 1,956 recorded in 2012, 2,622 in 2013 and 1,977 in 2014. The average sale price increased to $193,000 in 2011, $206,133 in 2012, $212,671 in 2013 and $213,386 in 2014.

Sales statistics recorded to date in 2015 indicate an increase in the average section sale price from $213,386 in 2014 and $224,513 in 2015.

The Greater Christchurch residential section market for the most part is very price sensitive with a number of developers including the substantial Pegasus Town at Woodend reconfiguring subdivision layout to create smaller lots to meet an affordable price market demand.

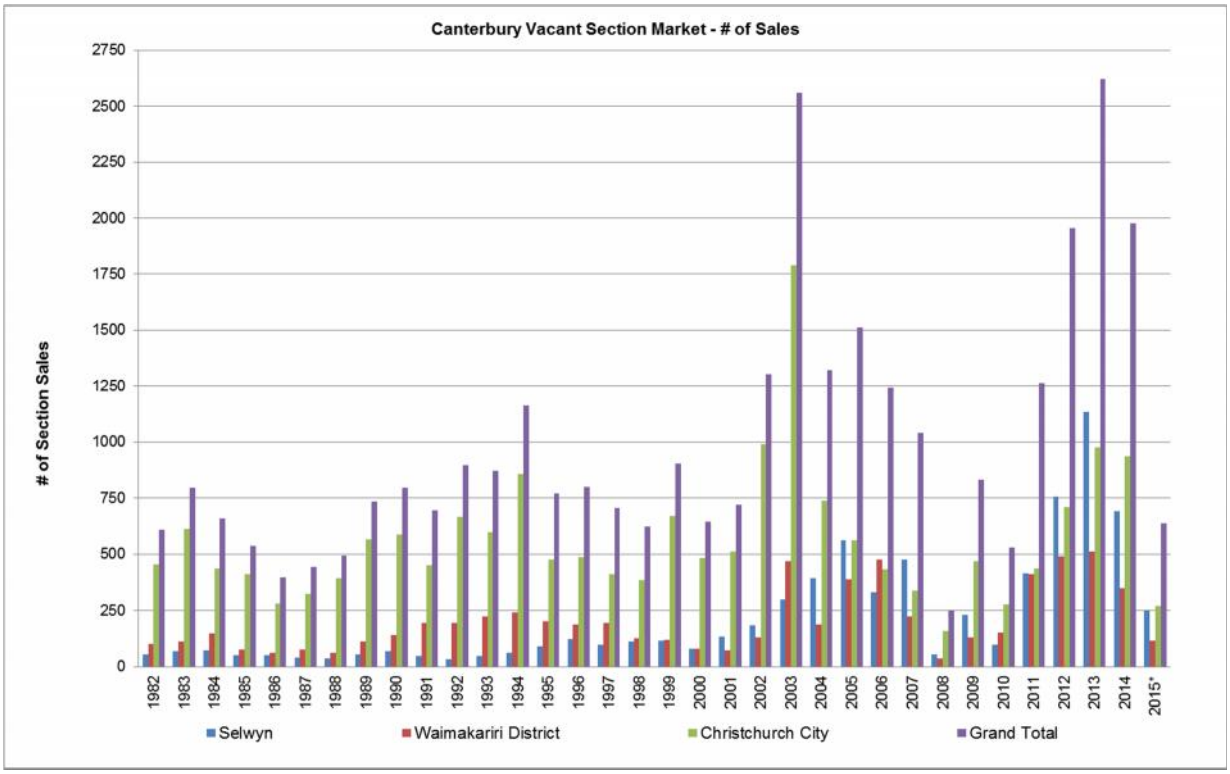
It must be noted that until titles are issued and settlement occurs, the sales data is not officially recorded and is therefore excluded from the above statistical information. Clearly there has been significant pre development sales activity in the Greater Christchurch residential land market and the above statistics for 2015 are therefore under stated.

The following is a summary residential section sales in the Greater Christchurch region.

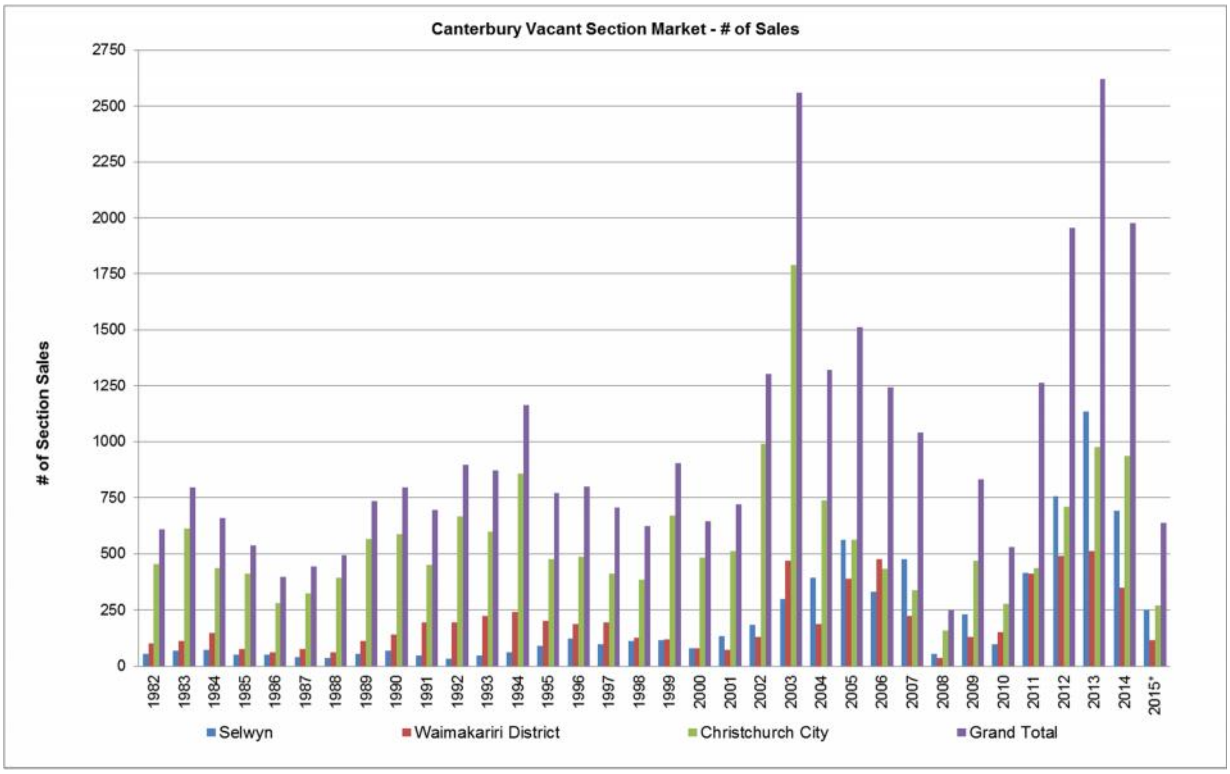
Greater Christchurch Residential Sales Volume		
Year	Sales No	Average Sale Price $
1988	493	28,908
1989	735	33,279
1990	798	37,016
1991	696	36,847
1992	897	45,989
1993	872	478,087
1994	1162	50,864
1995	772	62,021
1996	800	75,174
1997	707	75,923
1998	625	83,285
1999	904	85,323
2000	646	90,492
2001	722	83,588
2002	1305	121,879
2003	2558	118,304
2004	1323	116,523
2005	1513	161,864
2006	1242	173,494
2007	1040	207,001
2008	251	197,328
2009	831	189,660
2010	531	185,613
2011	1264	193,000
2012	1956	206,133
2013	2622	212,671
2014	1977	213,386
2015*	637	224,513

Source: Property IQ Limited – (Year Ended December)
*Part Year

The following graph illustrates sales volume trends in the Greater Christchurch region.



The following graph illustrates the average section sale prices in the Greater Christchurch region:



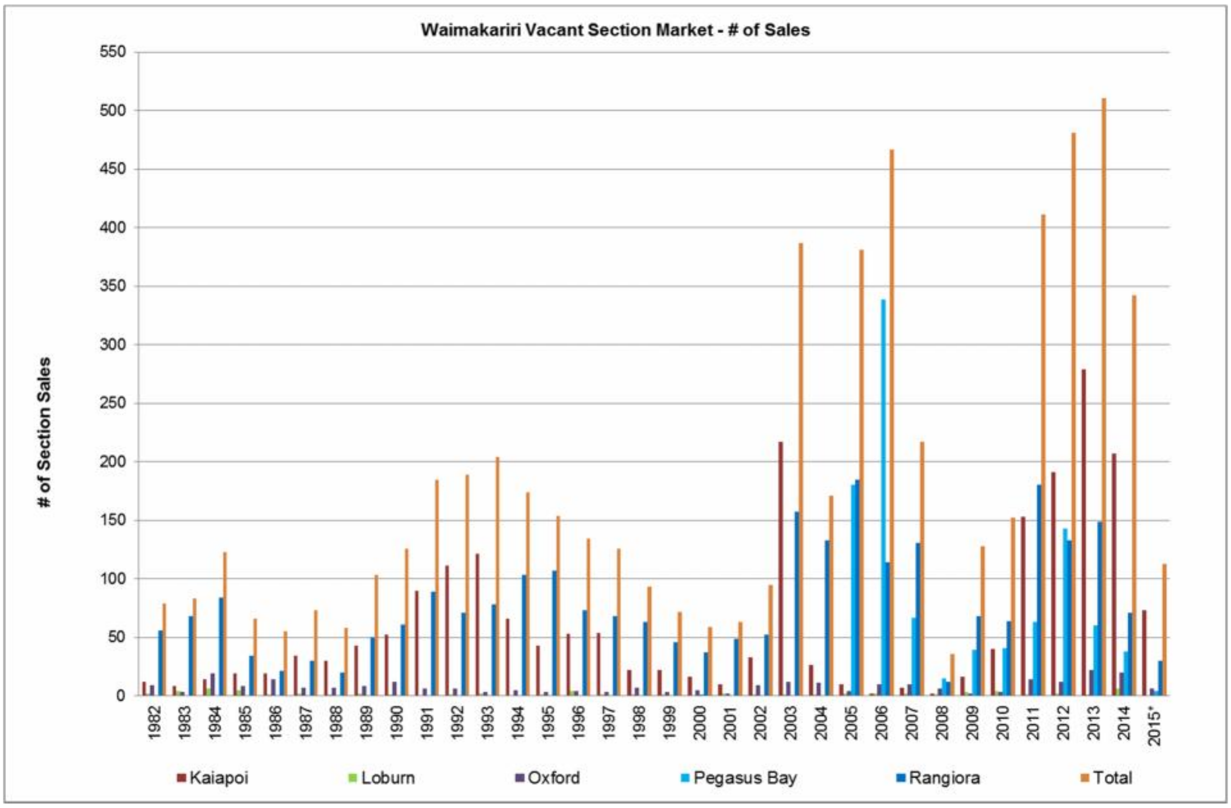
The following is a summary of residential section sales in Waimakariri District:

Waimakariri Residential Sales Volume		
Year	Sales No	Average Sale Price $
1988	58	19,520
1989	103	22,767
1990	126	27,262
1991	185	34,913
1992	189	32,950
1993	204	36,099
1994	174	41,106
1995	154	46,212
1996	134	45,203
1997	126	49,949
1998	93	50,580
1999	72	58,596
2000	59	98,423
2001	63	52,677
2002	95	52,795
2003	387	63,672
2004	171	78,429
2005	381	134,390
2006	467	142,375
2007	217	197,435
2008	36	159,476
2009	128	153,799
2010	152	149,687
2011	411	147,569
2012	481	159,932
2013	511	164,105
2014	342	171,449
2015*	113	218,295

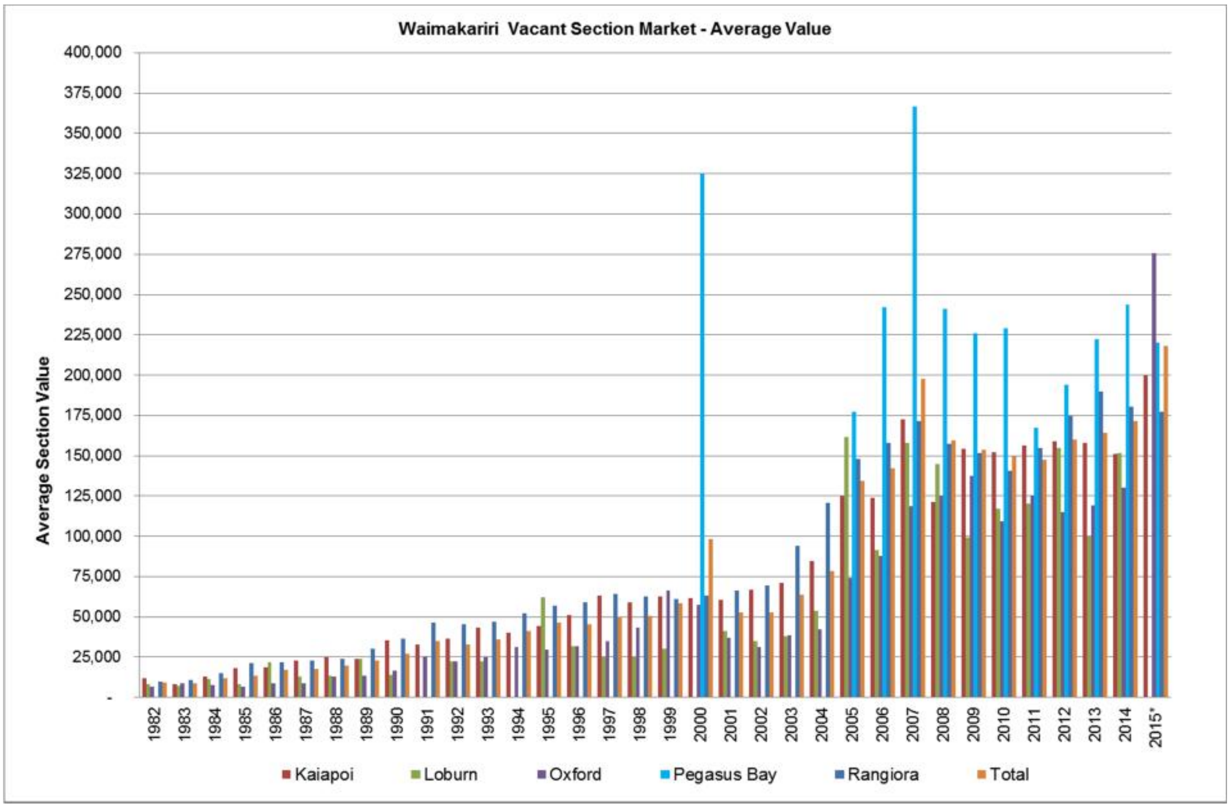
Source: Property IQ Limited – (Year Ended December)
*Part Year

During the last six full years from 2009 until 2014, 2,025 residential sections have sold in Waimakariri District with an average annual sale rate of 338 lots. The average sale price during this period has increased from $153,799 in 2009 up to $171,449 in 2014. Sales statistics in 2015 to date indicate 113 lot sales at an average sale price of $218.295. This average sale price appears to be an aberration and could be skewed by sales of larger lots in some of the new Greenfield subdivisions.

The following graph illustrates sales volume trends in the Waimakariri District.



The following graph illustrates the average section sale prices in the Waimakariri District:



Earthquake Impact

The earthquakes in Canterbury in 2010 and 2011 significantly altered the supply and demand dynamics of the Greater Christchurch residential land market with a forced demand on the limited initial supply of residential sections. Sales evidence indicates there was an initial increase in residential section prices and significant demand.

The 4 September 2010 earthquake and in particular the 22 February 2011, 13 June 2011 and 23 December 2011 earthquakes had a major impact on the Greater Christchurch residential property market in terms of activity and also locational preferences. The residential suburbs south and east of the city together the hillside suburbs of Cashmere and Mt Pleasant were particularly badly affected. These suburbs together with pockets within St Albans, Merivale and Fendalton suffered liquefaction to varying degrees. Parts of Kaiapoi and the nearby beach settlements were also badly affected by land damage in the form of liquefaction and lateral spread.

The northern and western suburbs of the city together with the commuter towns of Woodend, Rangiora, Prebbleton, Lincoln and Rolleston were comparatively unaffected in terms of liquefaction and experienced an escalation in demand for residential property. The Government identified an area known as the "Red Zone" where the worst affected residential homes in terms of land damage are located.

Residential sale transactions stagnated after the 4 September 2010 earthquake and that market state was compounded further by the 22 February 2011 earthquake. Following the earthquakes there was considerable uncertainty in terms of market sentiment and also difficulty in terms of funding and obtaining insurance. From mid - 2011 there has been a sharp surge in market demand with a large number of residential sections sold, mostly on a pre-sales basis prior to development. There is anecdotal evidence that the rate of sales in most of the large residential suburbs in the Greater Christchurch area has slowed in recent months. We understand some of the major home builders have stopped purchasing large blocks of sections as demand weakens.

CERA utilised its wide ranging powers and in addition to revoking PC1 and replacing it with Chapter 12A and more recently by the LURP, has rezoned various land areas to allow immediate residential subdivision.

Supply Overview

Major subdivisions which are impacting on the Greater Christchurch residential land market include:

Living G (Yaldhurst) – Gillman Wheelans Limited, Enterprise Homes & Noble Investments Limited
Living G (North West Belfast) – Johns Road Horticultural Limited, Eminence Limited and others
Living G (East Belfast) – Belfast Estate Limited
Living G (Prestons) – Ngai Tahu Property Limited & CDL Limited
Living G (Halswell West) – Fulton Hogan Limited
Living G (Highsted) – Various Owners
Living WM (West Melton) – Preston Downs - Gillman Wheelans Limited
Wigram Skies together with land adjoining in the Living G (Awatea)
Te Whariki – Ngai Tahu Property Group Limited & Lincoln University
Sovereign Palms – Suburban Estates
Pegasus at Woodend – Todd Property Group Limited
Ravenswood at Woodend – Ravenswood Developments Limited
Silverstream Estates – H Investments (NZ) Limited

A clear trend in zoning policy and subdivision design has been the preference to incorporate high density living components within new Greenfields subdivision design. Examples of this include Northwood, Pegasus, Linden Grove, and in the Living G zone at Yaldhurst, Wigram Skies, Living G (East Belfast) and Living G (North West Belfast).

Colliers International Valuation regularly completes in depth research on the Greater Christchurch residential section market, concentrating principally on Greenfields land around the periphery.

Our most recent detailed survey was completed in September 2014.

The following is a summary as at September 2014 for the Greater Christchurch area which includes Christchurch City and the close in rural townships in Waimakariri District and Selwyn District:

Residential Land Supply – Greater Christchurch				
Status	Christchurch Lots	Waimakariri Lots	Selwyn Lots	Greater Christchurch Lots
Developed	612	1,199	746	2,557
Zoned Potential	10,275	4,506	3,613	18,394
Rezoned Phase 1	2,550			2,550
Rezoned Phase 2	8,241			8,241
LURP		5,463	7,046	12,509
Total	21,678	11,168	11,405	44,251

The following is an updated summary as at December 2015 for the Kaiapoi and Woodend areas of Waimakariri District.

Residential Land Supply – Kaiapoi & Woodend				
Location	Potential Lots	Developed Lots	LURP Lots	Total Lots
Kaiapoi	1,465	252	947	2,664
Woodend	1,827	680	1,479	3,986
Total	3,292	932	2,426	6,650

Within Kaiapoi there are 252 developed vacant lots, a majority of these located in Sovereign Palms (107 lots) and Silverstream Estates (100 lots).

In terms of land available for further development there is 29.7 hectares in Beech Grove which has the potential to yield a further 565 lots. There is still potential for a further 116 lots to be developed at Sovereign Palms and 726 lots at Silverstream Estates. Two areas of land adjoining the western and northern sides of Beach Grove are identified in the LURP and have the potential for the development of approximately 947 residential lots.

Ravenswood Village located north of Kaiapoi and opposite Pegasus has the potential for 1,525 lots. Marketing has been postponed on this large development although we understand it will be re-launched in mid-2016. Land adjoining the south western and south eastern edge of Woodend has been identified in the LURP with the potential for the development of a further 1,200 residential lots.

In summary there appears to be a significant land supply either zoned or in the LURP to cater for future demand in Kaiapoi and the nearby Woodend locations.

4.2 BUSINESS LAND MARKET

We have reviewed the Property Economics report on the Kaiapoi Town Centre Business Land Requirements dated October 2015 prepared for WDC.

Property Economics was engaged by WDC to undertake an economic assessment of the Kaiapoi Town Centre with specific focus on quantifying the future business land requirements of the town in terms of demand generated by the Town Centre's core market (current and future), and how best to cater for Kaiapoi's future business requirements.

The report stated that in respect of the retail market, Kaiapoi is predominantly a supermarket based convenience centre with a small scattering of comparison store types. Kaiapoi has a significant level of competition both within the district (Rangiora Town Centre and the burgeoning Southbrook locale) and in Christchurch (primarily Northwood Supa Centa, Northlands, and in the future Styx Town Centre).

The following is a synopsis by Property Economics of the Kaiapoi additional land requirements by activity type where an allowance is made for existing vacant land supply.

Kaiapoi Business Land Summary

Kaiapoi Core Catchment	Additional Land Requirement Ha
Retail	2.5
Commercial Service	1.7
Industrial	33.0
Commercial Office	2.6
Total	39.8
Less Vacant B1/B2 Land	12.2
Net Land Requirement	**27.6**

The areas identified in the Red Zone as potentially suitable for large format retail or yard based business activities are the following:

Business Land Areas

Block	Area Ha
Area C	2.00
Area D	14.56
Area E	3.13
Total	19.69

Kaiapoi currently has two supermarkets and in our opinion there is unlikely to be any further requirement for a supermarket in the short term. Just to the north of Kaiapoi, in Woodend, is the Ravenswood Village development which is located opposite Pegasus. Ravenswood Village proposes a commercial centre where Foodstuffs has agreed to develop a supermarket. The Ravenswood business area proposes 16 commercial lots ranging in size from 794 m² to 1.0923 ha together with 39 industrial lots ranging in size between 518 – 4,000 m². The net total business land area at Ravenswood is 6.13 ha.

We are aware that Progressive Enterprises has purchased the former Woodend Tavern site at the southern entrance to Woodend and potentially plan a supermarket on this property.

In Smith Street adjacent to the Northern Motorway, a large area of land comprising approximately 7.6 hectares is zoned Business 5 which provides for trade supplier and large floor plate office activities. This land known as the Clampett Investments block has been developed with roading infrastructure and a new PlaceMakers DIY building was recently opened. There is a large area of land available for further development of similar type activities.

The industrial land market in Kaiapoi is heavily weighted towards yard based type activities both on the southern edge of the township close to the Waimakariri River and in Kaiapoi itself.

In terms of industrial competition for Kaiapoi, there is a reasonably large industrial district in the Southbrook area of Rangiora where a significant vacant land area is available for development.

5.0 MARKET EVIDENCE

5.1 RESIDENTIAL SALES EVIDENCE

We have examined recent comparable sales evidence of residential sections in Kaiapoi and Woodend. The following is an abbreviated summary of recent comparable sales evidence in specific residential subdivision locations in and around Kaiapoi.

Kaiapoi

The following is a summary of recent sales of vacant residential sections in Kaiapoi:

Kaiapoi - Sales Evidence			
Address	Sale Date mth.yr	Sale Price	Area sqm
330 Beach Road	05.15	$165,000	646
332 Beach Road	05.15	$165,000	600
4 Dale Street	03.15	$185,000	605
6 Dale Street	03.15	$189,000	600
8 Dale Street	03.15	$190,500	600

The properties at 330 and 332 Beach Road are located on the northern side of Beach Road just east of the Williams Street intersection in an existing residential area. The property at 330 Beach Road comprises a rear site and 332 Beach Road is a front site.

The sections in Dale Street adjoin the golf course and have a golf course outlook.

Beach Grove

The following is a summary of recent sales in this new subdivision located north of Beach Road on the north eastern edge of Kaiapoi:

Beach Grove - Sales Evidence			
Address	Sale Date mth.yr	Sale Price	Area sqm
35 Johnson Street	01.15	$162,500	600
3 Ranginui Drive	01.15	$162,500	600
5 Ranginui Drive	01.15	$162,500	600
26 Waiotahi Road	03.15	$149,000	399
32 Waiotahi Road	03.15	$149,000	400

Sovereign Palms

Sovereign Palms is a large subdivision on the northern periphery of Kaiapoi developed by Suburban Estates, east of Williams Street. Development is well advanced with significant sales concluded and settled. The following is a summary of recent sales at Sovereign Palms:

Sovereign Palms - Sales Evidence			
Address	Sale Date mth.yr	Sale Price	Area m²
45 Bayliss Drive	02.15	$179,000	709
47 Bayliss Drive	03.15	$179,000	711
49 Bayliss Drive	12.14	$179,000	711
39 Beachvale Drive	08.15	$168,000	649
61 Beachvale Drive	02.15	$155,000	657
68 Beachvale Drive	04.15	$179,000	732
1 Cattermole Street	03.15	$167,000	682

Silverstream

Silverstream is a large subdivision with the potential for 1,115 lots, located on the northern western periphery of Kaiapoi, west of SH.1. Development is well advanced with significant sales concluded and settled. The following is a summary of recent sales at Silverstream:

Silverstream Estates - Sales Evidence			
Address	Sale Date mth.yr	Sale Price	Area m²
3 Barnard Street	04.15	$160,000	375
10 Bate Place	10.15	$150,000	334
12 Candy Crescent	10.15	$156,000	335
16 Candy Crescent	03.15	$148,000	320
27 Candy Crescent	05.15	$163,000	477
12 Silverstream Boulevard	05.15	$170,000	474

Pegasus

Pegasus Town ("Pegasus") comprises a substantial partially completed new town subdivision development located on the north eastern periphery of Woodend township. Stages 10, 12 and 13 located at the northern end of the development adjacent to the lake and wetland reserve are almost fully developed. The following is a summary of recent sales at Pegasus:

Pegasus - Sales Evidence			
Address	Sale Date mth.yr	Sale Price	Area sqm
10 Aroha Street	02.14	$159,000	405
14 Aroha Street	05.15	$138,000	405
16 Aroha Street	03.14	$147,000	405
36 Aroha Street	04.15	$135,000	467
8 Awarua Road	09.15	$150,000	615

5.2 RESIDENTIAL SECTION VALUES

The most comparable sales evidence is considered to be within the Kaiapoi township and in the nearby Greenfield subdivisions of Beach Grove, Sovereign Palms and Silverstream.

After examining the sales evidence of residential sections in the general locality we have assessed a range of section values depending on section size. The value assessed includes an allowance for the likely stigma associated with former Red Zone land, notwithstanding land improvement work will have been completed. Section sales evidence and values where quoted are inclusive of GST. For a standard 600 m² lot we have assessed a value of $157,500 including GST.

We have assessed residential section values based on increments of 25 m². The following is a summary of section values assessed for each area band:

Kaiapoi Red Zone Recovery Land Values

Area Band m² - m²	Value
300 – 400	$137,500 - $150,000
400 – 500	$150,000 - $152,500
500 – 600	$152,500 - $157,500
600 – 700	$157,500 - $167,500
700 – 800	$167,500 - $180,000
800 – 900	$180,000 - $190,000
900 – 1,000	$190,000 - $197,500
1,000 – 1,100	$197,500 - $200,000

All quoted sale prices and values assessed include GST.

For the purposes of this development feasibility analysis we have adopted the same section layout that existed prior to the earthquakes. Modern Greenfield subdivisions now provide for a higher density style of development with a greater number of smaller section sizes. We are of the opinion the application of a greater density than previously existed would have little impact on the results of our feasibility analysis with any increment in value offset by additional development contribution liability.

5.3 RURAL – RESIDENTIAL SALES EVIDENCE

We have reviewed recent comparable sales evidence for rural residential lots in the general locality.

The following is a summary:

Rural Residential Sales Evidence

Address	Sale Date mth.yr	Sale Price	Area m²
1 Northside Drive, Waikuku	03.14	$235,000	5,620
13 Northside Drive, Waikuku	07.15	$230,000	4,505
20 Northside Drive, Waikuku	09.14	$235,000	4,069
25 Northside Drive, Waikuku	02.15	$225,000	5,144
36 Northside Drive, Waikuku	01.15	$238,000	4,349
87 Northside Drive, Waikuku	01.15	$250,000	7,049
44 Bradleys Road, Ohoka	01.14	$310,000	4,393
91 Cullen Avenue, Swannanoa	12.14	$237,000	4,069
933 Tram Road, Ohoka	09.15	$250,000	5,000
1128 Tram Road, Swannanoa	01.15	$215,000	5,293

Northside Drive is a relatively modern rural residential subdivision located to the northern side of Waikuku Beach Road close to Waikuku Beach. The rural residential lots in this subdivision are provided with reticulated sewer infrastructure.

5.4 RURAL RESIDENTIAL LOT VALUES

The most comparable sales evidence for rural residential land in Kaiapoi is the Northside Drive rural residential subdivision in Waikuku where lots of between 4,000 and 7,000 m² have sold for at or around $230,000 including GST. Taking into account the proximity of the proposed rural residential lots in the Kaiapoi Red Zone Recovery Area to amenities and the proposed ground improvement to be completed to building platforms we are of the opinion an appropriate average land value is $315,000 including GST for a 5,000 m² lot in Area A and $325,000 including GST for a 5,000 m² lot in Area B, which is considered to be more desirable.

5.5 BUSINESS LAND SALES EVIDENCE

We have reviewed recent comparable sales evidence for commercial and industrial business land in Christchurch and in the outlying townships.

Commercial Land

The following is a summary of recent sales evidence:

(1) 52 Charles Street, Kaiapoi

Vacant commercial site of 4,174 m² situated in central Kaiapoi. The land was formerly a shopping centre which was extensively damaged and subsequently demolished following the September 2010 earthquake. The land was purchased by the adjoining supermarket for additional carparking. The property sold in January 2011 for $1,200,000 ($287.50 per m²).

(2) 2 Main North Road, Woodend

The Woodend Tavern site containing an area of 7,854 m² situated on the eastern side of Main North Road, at the intersection with Woodend Beach Road at the southern entrance to Woodend, sold to Wholesale Distributors Limited in 2013 for $2,100,000 ($267.38 per m²).

(3) Cnr Rolleston Drive, Masefield Drive & McCauley Street, Rolleston

Triangular shaped site with good high visibility comprising 1.1460 hectares sold in April 2010 for $2,612,880 ($228.00 per m²). The land sold to General Distributors Limited (Progressive Enterprises Limited).

(4) Lot 5, The Landing, Wigram Skies

6,931 m² site in The Landing commercial neighbourhood centre in Wigram Skies sold to a supermarket operator for $2,855,572 ($412.00 per m²).

(5) Lot 6, The Landing, Wigram Skies

887 m² commercial site located on the periphery of The Landing neighbourhood commercial centre within Wigram Skies sold in early 2014 for $386,000 ($435.17 per m²).

(6) Lot 7, The Landing, Wigram Skies

1,421 m² commercial site located on the periphery of The Landing neighbourhood commercial centre within Wigram Skies sold in early 2014 for $596,820 ($420.00 per m²).

(7) 2 Chappie Place, Hornby

Substantial 2.2937 hectare site located at the intersection of Main South Road (SH.1) and Chappie Place in the Hornby commercial district. The land is zoned Business Retail Park and sold in October 2010 for $9,006,597 plus costs associated with infrastructure development of $579,502. The total cost of $9,586,099 equates to $417.93 per m².

(8) 148 Langdons Road, Papanui

Large 1.5350 hectare site located on the former Firestone factory property sold in May 2012 for $2,456,800 ($160.05 per m²). This land is zoned Business 4 and was purchased for the development of a Mitre 10 Mega development.

(9) Ravenswood Village, Woodend

Foodstuffs has an unconditional contract to purchase Lot 7 comprising 1.0923 hectares at Ravenswood Village close to SH.1 in the commercial precinct. We are aware of the confidential sale price but cannot disclose this in this report however we have taken the sale price into account in our valuation considerations.

Adjoining land at Ravenswood is also under negotiation for a quick service restaurant and service station. We are aware of the parameters of the negotiations however again we cannot disclose this confidential information but we have taken this information into account in our considerations.

Industrial Business Land

We have reviewed recent sales evidence in Kaiapoi and the nearby Rangiora industrial districts.

The following is a summary of recent sales evidence:

Industrial Business Land Sales Evidence – Kaiapoi and Rangiora

Address	Sale Date mth.yr	Sale Price	Area m²	Analysis $/m²
Kaiapoi				
11 Kaikanui Street	08.14	$690,000	6,030	$114.43
19 Kaikanui Street	03.14	$220,000	951	$231.34
37 Kaikanui Street	06.14	$180,000	700	$257.14
15B Stone Street	06.15	$250,000	700	$357.14
Rangiora				
5 Kingsford Smith Drive	06.14	$460,000	2,808	$163.82
10 Kingsford Smith Drive	12.13	$227,900	1,200	$189.92
12 Kingsford Smith Drive	07.14	$205,000	1,208	$169.70
24 Kingsford Smith Drive	11.13	$285,000	1,712	$166.47
631 Lineside Road	10.14	$402,700	4,380	$ 91.94

5.6 BUSINESS LAND VALUE INPUTS

Large Format Retail

In Christchurch large format retail land is selling at or around $400.00 per m². A good example of that is the supermarket land sale at The Landing in Wigram Skies where 6,931 m² was purchased by Foodstuffs at $412.00 per m².

Large format retail sites in the outlying townships surrounding Christchurch have sold for a value level of between $200.00 and $290.00 per m². Wholesale Distributors Limited (Progressive Enterprises) purchased the former Woodend Tavern site comprising 7,854 square metres in 2013 at $267.38 per m². Progressive Enterprises purchased 1.1460 hectares in Rolleston in 2010 at $228.00 per m² and at 52 Charles Street, 4,174 m² was purchased by the adjoining owner in January 2011 for $287.50 per m².

We are of the opinion an appropriate land value for well-located large format retail land in Kaiapoi is in the range of $225.00 to $280.00 per m². Area E located immediately opposite Kaiapoi Crossing Shopping Centre and the existing Countdown supermarket is considered to be the preferred large format retail location of the three areas suggested for this type of activity

Yard Based Business

Taking into account the sales evidence available, particularly in the industrial areas of Kaiapoi and Rangiora, we are of the opinion an appropriate yard based land value where the land would not be suitable for any significant building structure is between $100.00 and $150.00 per m².

Summary

The following is a summary of the business land value inputs utilised in our development feasibility analysis:

Business Land Value Inputs

Location	Larger Format Retail $/m²	Yard Based Bus. $/m²
Area C	$225.00	$125.00
Area D	$225.00	$100.00
Area E	$280.00	$150.00

6.0 DEVELOPMENT COSTS

6.1 LAND IMPROVEMENT COSTS

We have reviewed the T & T Kaiapoi Red Zones Engineering Feasibility of Potential Land Uses – Stage 1 Report dated October 2015. Specifications and estimated costs for ground improvement work are provided in the T & T Report for the residential, large format retail and yard based business land. Estimated land improvement costs for the rural residential land were provided in emails dated 26 November 2015 and 4 December 2015.

In all cases three separate cost scenarios were presented:

- Pessimistic
- Most likely
- Optimistic

For the purposes of our feasibility valuation work we have adopted the most likely scenario although we have also provided a summary table examining the sensitivity of the undeveloped land values for the residential and rural residential options resulting from adoption of the optimistic cost scenario.

T & T Ground Improvement Cost Estimates – Kaiapoi Red Zone Recovery Area

Activity/Area	Lots #	Pessimistic	Most Likely	Optimistic
Residential				
A	314	$44.2m	$28.3m	$16.6m
B	84	$16.5m	$11.3m	$ 8.4m
Rural - Residential				
A	41	$14.6m	$11.6m	$11.0m
B	11	$ 5.3m	$ 4.2m	$ 3.8m
Large Format Retail				
C	2.00 ha	$ 7.2m	$ 5.5m	$ 5.0m
D	14.56 ha	$41.0m	$31.5m	$27.3m
E	3.13 ha	$11.4m	$ 8.8m	$ 8.1m
Yard Based - Business				
C	2.00 ha	$ 1.6m	$ 1.2m	$ 1.1m
D	14.56 ha	$ 8.1m	$ 6.3m	$ 6.0m
E	3.13 ha	$ 2.2m	$ 1.7m	$ 1.6m

The T & T report provides indicative time-frames to complete the ground improvement work, and refers to the considerable disruption caused by traffic movements transporting the fill material to the various sites. In the case of the residential land option area, it is estimated it could take between three and five years for Area A and between two and three years for Area B. Completing land improvement work to the yard based business areas is expected to take less than one year and in the case of the large format retail scenarios ground improvement work is estimated to take between one and two years for Area C and between one and three years for Areas D and E.

The time-frame to complete the ground improvement work prior to any normal development work being carried out impacts on the undeveloped land value. A complicating factor in the development timeframe is the potential conflict between WDC repairing and upgrading the roading and infrastructure network and at the same time the developer completing ground improvement works which will necessitate significant heavy traffic movement to the various sites transporting the ground improvement material.

6.2 SUBDIVISION COSTS

Excluding the significant ground improvement costs, there are only limited other development costs involved in the subdivision development. On the basis that all roading, services and stormwater infrastructure is provided in a repaired condition by WDC and no development contributions payable then the costs are limited to completing connections and right of way construction for rear sites together with standard survey and design fees and also in this case an allowance for onsite sewer pump stations.

The following is a summary of our estimated costs of subdivision for each component:

Additional Subdivision Cost Estimates	
Subdivision Component	Cost Range Per Lot
Residential	$17,876 - $20,089
Rural Residential	$15,249 - $15,755

These costs are based on our knowledge of other similar costs for residential subdivisions throughout Greater Christchurch but should be confirmed by a consulting engineer.

There are other costs associated with development however these are referred to later in the report under our feasibility methodology section.

Subdivision of the large format retail or yard based business land will incur some subdivisions costs although these are relatively limited to creating smaller titles from the larger blocks with no significant infrastructure work required. In the case of the large format retail and yard based business land we have estimated additional subdivision costs based on a rate per hectare. The following is a summary of these additional subdivision costs.

Additional Subdivision Costs	
Component	Cost Per ha
Commercial – Large Format	$83,333 - $125,000
Yard Based Business	$75,000

6.3 DEVELOPMENT TIME-FRAMES

An important component of a development feasibility analysis is the time-frame allowed for development and sale of the sections or commercial/industrial lots. Important considerations in estimating the development and sell down timeframes in each case include subdivision and planning for the first stage, land improvement works and lot construction together with the sell down period based on market supply and demand.

The following is a summary of the time-frames we have allowed:

Development and Sale Realisation Timeframes

Subdivision Component	Lot No.	Timeframe yrs
Area A - Residential	292	6.50
Area B - Residential	83	3.00
Area C – Residential	36	2.00
Area A – Rural Residential	41	3.75
Area B – Rural Residential	11	2.00
Area C – Large Format Retail	3	2.50
Area D – Large Format Retail	10	6.50
Area E – Large Format Retail	4	3.50
Area C – Yard Based Business	2	1.50
Area D – Yard Based Business	14	6.50
Area E – Yard Based Business	3	2.00

7.0 FEASIBILITY ANALYSIS

7.1 METHODOLOGY

We have adopted the comparable sales approach in arriving at the input values for residential and rural-residential section values and lot values for the large format retail and yard based business components.

The comparable sales approach is not relevant for determining the undeveloped block value because of the following extraordinary issues:

- Major land improvement cost
- No roading, services and stormwater infrastructure costs required
- No development contributions payable

We are of the opinion the most appropriate methodology to measure the economic feasibility of each scenario and to arrive at undeveloped land value is to complete a hypothetical subdivision approach which commences with retail value inputs for section sales, deducts all development costs, profit and risk margin and holding costs to arrive at a residual undeveloped land value. Essentially this produces the value or price that a prudent developer could pay for the land after allowing for all of the costs associated with the development together with a margin for profit and risk and also an allowance for interest or opportunity cost.

7.2 VALUATION INPUTS

The following is a summary of the valuation inputs and allowances made in our hypothetical subdivision valuation feasibility for each area utilising Area A as an example.

- **Gross Realisation**
  The following is a summary of our gross realisation calculation where differential values have been assessed for various section sizes.

Gross Realisation Summary – Area A Residential

Area m^2	Average Area m^2	Lot No	Average Value	Gross Realisation
500 – 599	557	9	$154,722	$ 1,392,500
600 – 699	632	164	$160,640	$26,345,000
700 – 799	737	45	$172,778	$ 7,775,000
800 – 899	819	35	$181,643	$ 6,357,500
900 – 999	935	20	$191,375	$ 3,827,500
1,000 plus	1,093	19	$199,342	$ 3,787,500
Total		**292**	**$169,469**	**$49,485,000**

GST is subsequently deducted in the valuation process.

- **Sales Commission**
  We have adopted a sales commission rate of 3.50% plus $500 per lot.

- **Legal Expenses on Sale**
  We have adopted an average of $600 per lot.

- **Profit and Risk**
  We have allowed for profit and risk of 25.0% on outlay which is an industry standard for residential subdivisions of this type.

- **Construction Costs**
  We have estimated the cost of completing subdivision of the property on the basis of all infrastructure work being completed by WDC including stormwater retention at $17,876 per lot. This cost is based on our knowledge of other similar costs for residential subdivisions throughout Greater Christchurch.

- **Land Improvement Costs**
  We have adopted the costs provided by T & T.

- **Marketing**
  We have allowed $1,500 per lot for marketing including signage.

- **Overheads & Management**
  We have allowed $1,000 per week over the duration of the development and sale timeframe.

- **Interest on Outlay**
  We have allowed interest on outlay or effectively opportunity cost at a rate of 7.00% over half of the timeframe which in this case is 6.50 years in total.

7.3 FEASIBILITY MODEL

The following is a sample hypothetical subdivision feasibility valuation, which in this case relates to the Area A residential block. Detailed hypothetical subdivision valuation analysis is attached at Appendix 2 for each area.

Hypothetical Subdivision Feasibility Valuation – Area A			
Gross Realisation			$49,485,000
Less GST @ 15.00%			$ 6,454,565
Net Realisation			$43,030,435
Less Selling Costs			
Sale Commission	@ 3.50% plus $500 per lot	$ 1,877,975	
Legal Costs	@ $600	$ 175,200	$ 2,053,175
Net Realisation			$40,977,260
Less Profit & Risk	@ 25.00%		$ 8,195,452
Outlay			$32,781,808
Less Development Expenses			
Developer Construction Costs	292 @ $17,876	$ 5,219,720	
Road Construction		-	
Stormwater		-	
Geotechnical Remediation	292 @ $96,918	$28,300,000	
Marketing	292 @ $ 1,500	$ 438,000	
Development Contribution Levy		-	
Overheads & Management	@ $1,000 pwk	$ 338,000	
Interest on Outlay	6.50 yrs @ 7.00% @ 50.00%	$ 7,457,861	$41,753,581
Net Block Value			($ 8,971,773)
Adopt			**($ 8,970,000)**

Our feasibility analysis of Area A adopting the above inputs indicates that completing a conventional residential subdivision of the land is uneconomic with a negative or deficit of $8,970,000.

7.4 FEASIBILITY ANALYSIS SUMMARY

The following is a summary of the results of our feasibility analysis of each area adopting the most likely and optimistic T & T land improvement cost scenarios:

Residential

	Likely			Optimistic		
	Area A	**Area B**	**Area C**	**Area A**	**Area B**	**Area C**
# of Lots	292	83	36	292	83	36
Average Lot Area	719	671	556	719	671	556
Average Lot Value	169,469	168,494	167,500	169,469	168,494	167,500
Gross Realisation	49,485,000	13,985,000	5,243,478	49,485,000	13,985,000	5,478,261
Developer Costs - Per Lot	17,876	19,412	20,089	17,876	19,412	20,089
Geotechnical Remediation - Per Lot	96,918	136,145	96,918	56,849	101,205	56,849
Geotechnical Remediation - Total	28,300,000	11,300,000	3,489,041	16,600,000	8,400,000	2,046,575
Develop/Sell period (yrs.)	6.50	3.00	2.00	6.50	3.00	2.00
Adopted Value	**- 8,970,000**	**- 4,900,000**	**- 600,000**	**2,730,000**	**- 2,000,000**	**950,000**

Area E has been identified as suitable for large format retail or yard based business. In this case we have also tested the residential option on this land.

The feasibility analysis of the residential land adopting the likely ground improvement costs indicates that residential subdivision development of Areas A, B and in this case C is uneconomic if the development purchaser is responsible for geotechnical remediation. We have also tested the optimistic scenario which produces a positive result for Areas A and C but a negative or uneconomic result for Area B.

The following is a summary of the rural residential development scenarios for Areas A and B adopting the likely and optimistic T & T land improvement cost scenarios:

Rural Residential

	Likely		Optimistic	
	Area A	**Area B**	**Area A**	**Area B**
# of Lots	41	11	41	11
Average Lot Area	5,000	5,000	5,000	5,000
Average Lot Value	315,000	325,000	315,000	325,000
Gross Realisation	12,915,000	3,575,000	12,915,000	3,575,000
Developer Costs - Per Lot	15,249	15,755	15,249	15,755
Geotechnical Remediation - Per Lot	282,927	381,818	268,293	345,455
Geotechnical Remediation - Total	11,600,000	4,200,000	11,000,000	3,800,000
Develop/Sell period (yrs.)	3.75	2.00	3.75	2.00
Adopted Value	**- 4,920,000**	**- 2,230,000**	**- 4,320,000**	**- 1,660,000**

In all cases rural residential subdivision is uneconomic.

The following is a summary of the large format retail development scenarios for Areas C, D and E:

Commercial - Large Format Retail	Area C	Likely Area D	Area E
# of Lots	3	10	4
Land Area	20,000	145,600	31,300
Average Lot Area	6,667	14,560	7,825
Land Value $/m2	225	225	280
Average Lot Value	1,500,000	3,276,000	2,191,000
Gross Realisation	4,500,000	32,760,000	8,764,000
Developer Costs - Per ha	83,333	125,000	125,000
Geotechnical Remediation - Per Lot	1,833,333	3,150,000	2,200,000
Geotechnical Remediation - Total	5,500,000	31,500,000	8,800,000
Develop/Sell period (yrs.)	2.50	6.50	3.50
Adopted Value	**- 2,620,000**	**- 13,730,000**	**- 3,290,000**

In all cases large format retail subdivision development is uneconomic, and even if it was, we question the demand for any further significant large format retail in areas D and E within Kaiapoi. In each case the geotech remediation cost alone exceeds or is close to exceeding the gross realisation for retail value of the land prior to allowance for other costs such as profit and risk and interest.

The following is a summary of the yard based business development scenarios for Areas C, D and E:

Business - Yard Based	Area C	Likely Area D	Area E
# of Lots	2	14	3
Land Area	20,000	145,600	31,300
Average Lot Area	10,000	10,400	10,433
Land Value $/m2	125	100	150
Average Lot Value	1,250,000	1,040,000	1,565,000
Gross Realisation	2,500,000	14,560,000	4,695,000
Developer Costs - Per ha	75,000	75,000	75,000
Geotechnical Remediation - Per Lot	600,000	450,000	566,667
Geotechnical Remediation - Total	1,200,000	6,300,000	1,700,000
Develop/Sell period (yrs.)	1.50	6.50	2.00
Adopted Value	**450,000**	**1,140,000**	**1,410,000**

In all cases yard based business land subdivision development indicates a positive result, however the indicated residual land value is very low being $22.50 per m^2 in Area C, $7.83 per m^2 in Area D and $45.05 per m^2 in Area E.

8.0 CONCLUSIONS

Our development feasibility analysis of the residential, rural-residential of large format retail scenarios adopting the "most likely" land improvement costs provided by T & T indicate development is uneconomic.

Our analysis of the yard based business land scenarios indicates a modest undeveloped land value.

The feasibility analysis results are exacerbated by the relatively low input values for residential and business land in Kaiapoi.

The development of TC3 land of any size in greenfield residential subdivisions in Greater Christchurch where land values are in the low to medium price bracket is uneconomic. We are aware of a number of examples where developers have either utilised the TC3 component of the site for stormwater mitigation or alternatively do not intend to develop at all. Ground improvement work to TC3 land of any magnitude is uneconomic and therefore it is not surprising that the ground improvement work to Red Zone land, which is potentially less stable than TC3 land, is uneconomic also.

The key component contributing to the uneconomic feasibility is the extraordinary land improvement cost. In most cases the land improvement cost either exceeds or is close to exceeding the gross realisation of each development prior to the allowance of any other costs including profit and risk and interest.

We trust that this report is suitable for current purposes. If you have any questions, please contact the writer directly.

Yours faithfully
COLLIERS INTERNATIONAL VALUATION

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Valuation Calculations:	Gary Sellars
Authoring of Report:	Gary Sellars

APPENDIX 1

Statement of Valuation Conditions

STATEMENT OF VALUATION CONDITIONS	
1.	**Publication** - Neither the whole nor any part of this Report or its findings or conclusion or any reference to it may be included in any published document, circular or statement, without our written approval of the form and context in which it may appear. Copyright is held by Colliers International Valuation.
2.	**Responsibility** - Unless otherwise stated within this Report or any separate letter of authority relating specifically to this report, our responsibility in connection with the report and its contents is limited to the client to whom the report is addressed and to that client only. We disclaim all responsibility and will accept no liability to any other party. Any other party who uses or relies upon this report without our express authority, does so at their own risk. Where information has been supplied to us by a third party, this information is believed to be reliable but we do not accept any responsibility if this should not prove to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate authorities. In preparing the valuation and/or providing valuation services, it has been assumed that a full and frank disclosure of all relevant information has been made.
3.	**Boundaries** - We have made no boundary survey of the property and assume no responsibility in connection with such matters. Unless otherwise stated it is assumed that all improvements are, or will be, within the Title boundaries. Any sketch, plan or map included within this report is intended to assist the reader visualise the property and should not be relied upon as being definitive.
4.	**Sales/Leasing Evidence** - The sales/leasing evidence quoted within this report has in some instances been obtained through property industry information sources. We have relied upon such information as being accurate.
5.	**Consumer Guarantees Act 1993** - Where there is conflict between any statement within this report and the Consumer Guarantees Act 1993, the latter shall prevail.
6.	**Plant and Equipment** - Unless otherwise provided in this report, our valuation figures herein exclude any plant or equipment erected on or associated with the property. We have not undertaken engineering inspections or taken advice on any plant and equipment and we therefore take no responsibility for the condition or suitability thereof.
7.	**Computer Freehold Registers** - For the purposes of this report, where we have relied upon photocopies of Computer Freehold Registers, this report is issued on the understanding that these are accurate copies and there are no undisclosed changes to the documents or dealings that have not been advised to us. Where copies of Computer Freehold Registers have not been sighted by us, this valuation is on the basis that the documents contain no matters or reveal details that may materially affect value. In that eventuality, we reserve the right to reconsider our report findings.
8.	**Leases and Rentals** - For the purposes of this report, where we have relied upon photocopies of leases, this report is issued on the understanding that these are accurate copies and there are no undisclosed changes or dealings that have not been advised to us. Unless otherwise stated, it is assumed that all lease rentals referred to in this report are being paid in full and when due and payable under the terms and conditions of any lease contract. Further, it is assumed that all lease rents referred to in this report represent the rental arrangement stipulated in the relevant leases, to the extent that such rents have not been pre-paid, abated, rebated, or inflated to reflect extraordinary or undisclosed circumstances. It is assumed that the lessee and lessor will continue to perform their respective obligations under any lease relevant to this report. Where no leases have been sighted by us, this valuation is on the basis that the documents contain no clauses or conditions that may materially affect value. In that eventuality, we reserve the right to reconsider our report findings.
9.	**Buildings** - Where applicable, our valuation includes those items which form part of the building including special wall and floor finishes, toilet amenities, integrated heating and ventilation equipment, external lighting, and all site works including landscaping. Unless otherwise advised, we have excluded all tenant's improvements from our assessment of value.

10.	**Structural, Services, and Pests** - This report does not include a structural survey and while due care was taken to note building defects in the course of our inspection, no structural survey was made and accordingly, no guarantee is given in respect of rot, termite or pest infestation or other defects. For the purpose of this Report, during our inspection and Valuation, it has been assumed hot and cold water systems, electrical systems, lifts, ventilation systems and other devices, fittings and conveniences as are provided to the buildings are in working order and functioning to the standard required by any government/local government regulations or codes for the purpose for which they were designed. Accordingly, no responsibility is accepted concerning any of the above subsequently found defective or malfunctioning.
11.	**Contamination** - Substances such as asbestos, chemicals, toxic waste, or other potentially hazardous materials, could, if present, adversely affect the value of the property. Unless otherwise stated, any value estimates within this report are on the assumption that there is no material on or in or under the property that would cause loss in value. No responsibility is assumed for any such conditions and the recipient of this report is advised that the valuer is not qualified to detect such substances or estimate the remedial costs. This report does not constitute an environmental audit and in the preparation of this document, no account has been taken of the effect on value due to contamination or pollution.
12.	**Projections** - Future rental rates, expense costs and property values will be determined by market forces applicable at the time. Where figures are provided within this report in analytical or forecast nature, such are not a representation of a known or guaranteed future position.
13.	**LIM/PIM** - Unless otherwise advised within this report, this valuation has been completed without the benefit of obtaining a Local Authority Land Information Memorandum (LIM) or Property Information Memorandum (PIM) and it is assumed that such memorandums would not disclose information which is detrimental to the property or its value.
14.	**GST** - All financial data and valuation conclusions contained within this report is exclusive of Goods and Services Tax unless otherwise stated. In accordance with PINZ Guidance Notes, all non-residential valuations are on the basis of **plus GST (if any).** Valuations of residential property are stated as **including GST (if any).**
15.	**Mortgage Recommendation** - Unless otherwise stated, a mortgage recommendation has not been requested by the client and is not included within this report.
16.	**General** - No responsibility is assumed for legal matters, questions of survey, Resource Management, opinions of Title, hidden or unapparent conditions of the property, soil or sub-soil conditions, engineering or other technical matters which might render the property more or less valuable than as stated herein.
17.	**Report Ownership** – Until payment in full is received by us this report remains the property of Colliers International Valuation (ChCh) Limited. We reserve the right to withdraw use and/or reliance upon this report until such payment obligation has been met.
18.	**Tenants Property** – Fixtures and fittings owned by any Tenant within the property and capable of being removed are excluded from our valuation.
19.	**Valuation Basis** – Unless otherwise stated no allowances are made in our valuation for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued.
20.	**Conflicts of Interest -** Personnel in this firm may have stocks, shares or other interests in entities that directly or indirectly hold properties which may be the subject of this valuation and/or may have direct or indirect personal relationships with third parties with interests in these same entities. Colliers' valuers are required to abide by an industry standard disclosure regime and Colliers internal policies with respect to conflicts of interest, and will disclose any material conflict of interest that arises in their capacity as valuer concerning the property which is the subject of this valuation.
21.	**Photocopies** - In preparing the valuation, we have relied on photocopies of the Computer Freehold Register and leases provided. Unless otherwise advised it has been assumed that these are accurate copies of the original documents and that no dealings or changes have occurred since the date such photocopies were made.

APPENDIX 2

Feasibility Analysis Schedules

Kaiapoi Red Zone - Development Feasibility Analysis Summary

Appendix 2.1

Residential

	Likely			Optimistic		
	Area A	Area B	Area C	Area A	Area B	Area C
# of Lots	292	83	36	292	83	36
Average Lot Area	719	671	556	719	671	556
Average Lot Value	169,469	168,494	167,500	169,469	168,494	167,500
Gross Realisation	49,485,000	13,985,000	5,243,478	49,485,000	13,985,000	5,478,261
Developer Costs - Per Lot	17,876	19,412	20,089	17,876	19,412	20,089
Geotechnical Remediation - Per Lot	96,918	136,145	96,918	56,849	101,205	56,849
Geotechnical Remediation - Total	28,300,000	11,300,000	3,489,041	16,600,000	8,400,000	2,046,575
Develop/Sell period (yrs.)	6.50	3.00	2.00	6.50	3.00	2.00
Adopted Value	**- 8,970,000**	**- 4,900,000**	**- 600,000**	**2,730,000**	**- 2,000,000**	**950,000**

Rural Residential

	Likely		Optimistic	
	Area A	Area B	Area A	Area B
# of Lots	41	11	41	11
Average Lot Area	5,000	5,000	5,000	5,000
Average Lot Value	315,000	325,000	315,000	325,000
Gross Realisation	12,915,000	3,575,000	12,915,000	3,575,000
Developer Costs - Per Lot	15,249	15,755	15,249	15,755
Geotechnical Remediation - Per Lot	282,927	381,818	268,293	345,455
Geotechnical Remediation - Total	11,600,000	4,200,000	11,000,000	3,800,000
Develop/Sell period (yrs.)	3.75	2.00	3.75	2.00
Adopted Value	**- 4,920,000**	**- 2,230,000**	**- 4,320,000**	**- 1,660,000**

Commercial - Large Format Retail

	Likely		
	Area C	Area D	Area E
# of Lots	3	10	4
Land Area	20,000	145,600	31,300
Average Lot Area	6,667	14,560	7,825
Land Value $/m2	225	225	280
Average Lot Value	1,500,000	3,276,000	2,191,000
Gross Realisation	4,500,000	32,760,000	8,764,000
Developer Costs - Per ha	83,333	125,000	125,000
Geotechnical Remediation - Per Lot	1,833,333	3,150,000	2,200,000
Geotechnical Remediation - Total	5,500,000	31,500,000	8,800,000
Develop/Sell period (yrs.)	2.50	6.50	3.50
Adopted Value	**- 2,620,000**	**- 13,730,000**	**- 3,290,000**

Business - Yard Based

	Likely		
	Area C	Area D	Area E
# of Lots	2	14	3
Land Area	20,000	145,600	31,300
Average Lot Area	10,000	10,400	10,433
Land Value $/m2	125	100	150
Average Lot Value	1,250,000	1,040,000	1,565,000
Gross Realisation	2,500,000	14,560,000	4,695,000
Developer Costs - Per ha	75,000	75,000	75,000
Geotechnical Remediation - Per Lot	600,000	450,000	566,667
Geotechnical Remediation - Total	1,200,000	6,300,000	1,700,000
Develop/Sell period (yrs.)	1.50	6.50	2.00
Adopted Value	**450,000**	**1,140,000**	**1,410,000**

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Kaiapoi Red Zone - Development Feasibility Analysis
Area - A

Appendix 2.2

HYPOTHETICAL SUBDIVISION VALUATION - Residential - Likely

Gross Realisation			**Average Area**	**Lot #**		**Average Value**	**Total**
500 - 599			557	9	@	154,722	1,392,500
600 - 699			632	164	@	160,640	26,345,000
700 - 799			737	45	@	172,778	7,775,000
800 - 899			819	35	@	181,643	6,357,500
900 - 999			935	20	@	191,375	3,827,500
1000 & over			1,093	19	@	199,342	3,787,500
Sub Total				292	$	169,469	$ 49,485,000
Less GST						15.00%	$ 6,454,565
							$ 43,030,435
Less Selling Costs							
Sales Commission	per lot	$	500	3.50%	$	1,877,975	
Legal			$	600	$	175,200	$ 2,053,175
Net Realisation							$ 40,977,260
Less Profit & Risk				25.00%			$ 8,195,452
Outlay							$ 32,781,808
Less Development Expenses							
Developer construction costs			292 $	17,876	$	5,219,720	
Road Construction					$	-	
Stormwater					$	-	
Sewer					$	-	
Geotechnical Remediation			292 $	96,918	$	28,300,000	
Marketing			$	1,500	$	438,000	
Overheads & Management			$	1,000	$	338,000	
Development Contribution Levy					$	-	
Interest on Outlay	6.50		0.5	7.00%	$	7,457,861	$ 41,753,581
Net Block Value							-$ 8,971,773
Adopt			21.038 ha				**-$ 8,970,000**

Kaiapoi Red Zone - Development Feasibility Analysis
Area - B

Appendix 2.3

HYPOTHETICAL SUBDIVISION VALUATION - Residential - Likely

Gross Realisation		**Average Area**	**Lot #**		**Average Value**	**Total**
300 - 399		346	5	@	141,000	705,000
400 - 499		425	14	@	150,536	2,107,500
500 - 599		527	8	@	153,125	1,225,000
600 - 699		653	2	@	162,500	325,000
700 - 799		754	32	@	174,766	5,592,500
800 - 899		830	20	@	182,500	3,650,000
900 - 999		899	2		190,000	380,000
Sub Total			83	$	168,494	$ 13,985,000
Less GST					15.00%	$ 1,824,130
						$ 12,160,870
Less Selling Costs						
Sales Commission	per lot $	500	3.50%	$	530,975	
Legal			$ 600	$	49,800	$ 580,775
Net Realisation						$ 11,580,095
Less Profit & Risk			25.00%			$ 2,316,019
Outlay						$ 9,264,076
Less Development Expenses						
Developer construction costs		83	$ 19,412	$	1,611,200	
Road Construction				$	-	
Stormwater				$	-	
Sewer				$	-	
Geotechnical Remediation		83	$ 136,145	$	11,300,000	
Marketing			$ 1,500	$	124,500	
Overheads & Management			$ 1,000	$	156,000	
Development Contribution Levy				$	-	
Interest on Outlay	3.00	0.5	7.00%	$	972,728	$ 14,164,428
Net Block Value						-$ 4,900,352
Adopt		5.46 ha				**-$ 4,900,000**

Kaiapoi Red Zone - Development Feasibility Analysis
Area - C

Appendix 2.4

HYPOTHETICAL SUBDIVISION VALUATION - Residential - Likely

Gross Realisation		**Average Area**	**Lot #**		**Average Value**	**Total**
Lots		556	36	@	167,500	6,030,000
Less GST					15.00%	$ 786,522
			36			$ 5,243,478
Less Selling Costs						
Sales Commission	per lot $	500	3.50%		$ 229,050	
Legal			$ 600		$ 21,600	$ 250,650
Net Realisation						$ 4,992,828
Less Profit & Risk			25.00%			$ 998,566
Outlay						$ 3,994,263
Less Development Expenses						
Developer construction costs		36	$ 20,089		$ 723,200	
Road Construction					$ -	
Stormwater					$ -	
Sewer					$ -	
Geotechnical Remediation*		36	$ 96,918		$ 3,489,041	
Marketing			$ 1,500		$ 54,000	
Overheads & Management			$ 500		$ 52,000	
Development Contribution Levy					$ -	
Interest on Outlay	2.00	0.5	7.00%		$ 279,598	$ 4,597,839
Net Block Value						-$ 603,577
Adopt		2.00 Ha				**-$ 600,000**

*Geotechnical Remediation cost adopted form Area A - Likely

Kaiapoi Red Zone - Development Feasibility Analysis

Appendix 2.5

Area - A

HYPOTHETICAL SUBDIVISION VALUATION - Rural Residential - Likely

Gross Realisation		**Average Area**	**Lot #**	**Average Value**	**Total**
Rural Residential Lots		5,000	41	315,000	12,915,000
Less GST				15.00%	$ 1,684,565
			41		$ 11,230,435
Less Selling Costs					
Sales Commission	per lot	$ 500	3.50%	$ 472,525	
Legal			$ 600	$ 24,600	$ 497,125
Net Realisation					$ 10,733,310
Less Profit & Risk			25.00%		$ 2,146,662
Outlay					$ 8,586,648
Less Development Expenses					
Developer construction costs		41	$ 15,249	$ 625,200	
Road Construction				$ -	
Stormwater				$ -	
Sewer				$ -	
Geotechnical Remediation		41	$ 282,927	$ 11,600,000	
Marketing			$ 1,500	$ 61,500	
Overheads & Management			$ 500	$ 97,500	
Development Contribution Levy				$ -	
Interest on Outlay	3.75	0.5	7.00%	$ 1,126,998	$ 13,511,198
Net Block Value					-$ 4,924,550
Adopt					**-$ 4,920,000**

Kaiapoi Red Zone - Development Feasibility Analysis

Appendix 2.6

Area - B

HYPOTHETICAL SUBDIVISION VALUATION - Rural Residential - Likely

Gross Realisation		**Average Area**	**Lot #**	**Average Value**	**Total**
Rural Residential Lots		5,000	11	325,000	3,575,000
Less GST				15.00%	$ 466,304
			11		$ 3,108,696
Less Selling Costs					
Sales Commission	per lot	$ 500	3.50%	$ 130,625	
Legal			$ 600	$ 6,600	$ 137,225
Net Realisation					$ 2,971,471
Less Profit & Risk			25.00%		$ 594,294
Outlay					$ 2,377,177
Less Development Expenses					
Developer construction costs		11	$ 15,755	$ 173,300	
Road Construction				$ -	
Stormwater				$ -	
Sewer				$ -	
Geotechnical Remediation		11	$ 381,818	$ 4,200,000	
Marketing			$ 1,500	$ 16,500	
Overheads & Management			$ 500	$ 52,000	
Development Contribution Levy				$ -	
Interest on Outlay	2.00	0.5	7.00%	$ 166,402	$ 4,608,202
Net Block Value					-$ 2,231,026
Adopt					**-$ 2,230,000**

Kaiapoi Red Zone - Development Feasibility Analysis
Area - C

Appendix 2.7

HYPOTHETICAL SUBDIVISION VALUATION - LF Retail - Likely

Gross Realisation									
Lot 1	6,667	@	$	225				$	1,500,000
Lot 2	6,667	@	$	225				$	1,500,000
Lot 3	6,667	@	$	225				$	1,500,000
Total	**20,000**							**$**	**4,500,000**
Less Selling Costs									
Sales Commission				2.00%	$	90,000			
Legal		3	$	5,000	$	15,000		$	105,000
Net Realisation								$	4,395,000
Less Profit & Risk				25.00%				$	879,000
Outlay								$	3,516,000
Less Development Expenses									
Construction		per ha	$	125,000	$	250,000			
Geotech Remediation					$	5,500,000			
Advertising Cost/Signage		3	$	5,000	$	15,000			
Overheads & Management			$	500	$	65,000			
Development Contribution Levy					$	-			
Interest on Outlay	2.50	7.00%		0.50	$	307,650		$	6,137,650
Net Block Value								**-$**	**2,621,650**
Adopt								**-$**	**2,620,000**

Kaiapoi Red Zone - Development Feasibility Analysis
Area - D

Appendix 2.8

HYPOTHETICAL SUBDIVISION VALUATION - LF Retail - Likely

Gross Realisation								
Lot 1	14,560	@	$	225			$	3,276,000
Lot 2	14,560	@	$	225			$	3,276,000
Lot 3	14,560	@	$	225			$	3,276,000
Lot 4	14,560	@	$	225			$	3,276,000
Lot 5	14,560	@	$	225			$	3,276,000
Lot 6	14,560	@	$	225			$	3,276,000
Lot 7	14,560	@	$	225			$	3,276,000
Lot 8	14,560	@	$	225			$	3,276,000
Lot 9	14,560	@	$	225			$	3,276,000
Lot 10	14,560	@	$	225			$	3,276,000
Total	**145,600**						**$**	**32,760,000**
Less Selling Costs								
Sales Commission				2.00%	$	655,200		
Legal		10	$	5,000	$	50,000	$	705,200
Net Realisation							$	32,054,800
Less Profit & Risk				25.00%			$	6,410,960
Outlay							$	25,643,840
Less Development Expenses								
Construction		per ha	$	125,000	$	1,820,000		
Geotech Remediation					$	31,500,000		
Advertising Cost/Signage		10	$	5,000	$	50,000		
Overheads & Management			$	500	$	169,000		
Development Contribution Levy					$	-		
Interest on Outlay	6.50	7.00%		0.50	$	5,833,974	$	39,372,974
Net Block Value							**-$**	**13,729,134**
Adopt							**-$**	**13,730,000**

Kaiapoi Red Zone - Development Feasibility Analysis

Appendix 2.9

Area - E

HYPOTHETICAL SUBDIVISION VALUATION - LF Retail - Likely

Gross Realisation								
Lot 1	7,825	@	$	280			$	2,191,000
Lot 2	7,825	@	$	280			$	2,191,000
Lot 3	7,825	@	$	280			$	2,191,000
Lot 4	7,825	@	$	280			$	2,191,000
Total	**31,300**						**$**	**8,764,000**
Less Selling Costs								
Sales Commission				2.00%	$	175,280		
Legal		4	$	5,000	$	20,000	$	195,280
Net Realisation							$	8,568,720
Less Profit & Risk				25.00%			$	1,713,744
Outlay							$	6,854,976
Less Development Expenses								
Construction		per ha	$	125,000	$	391,250		
Geotech Remediation					$	8,800,000		
Advertising Cost/Signage		4	$	5,000	$	20,000		
Overheads & Management			$	500	$	91,000		
Development Contribution Levy					$	-		
Interest on Outlay	3.50	7.00%		0.50	$	839,735	$	10,141,985
Net Block Value							**-$**	**3,287,009**
Adopt							**-$**	**3,290,000**

Kaiapoi Red Zone - Development Feasibility Analysis **Appendix 2.10**
Area - C

HYPOTHETICAL SUBDIVISION VALUATION - Yard Based - Likely

Gross Realisation								
Lot 1	10,000	@	$	125			$	1,250,000
Lot 2	10,000	@	$	125			$	1,250,000
Total	**20,000**						**$**	**2,500,000**
Less Selling Costs								
Sales Commission				2.00%	$	50,000		
Legal		2	$	5,000	$	10,000	$	60,000
Net Realisation							$	2,440,000
Less Profit & Risk				25.00%			$	488,000
Outlay							$	1,952,000
Less Development Expenses								
Construction		per ha	$	75,000	$	150,000		
Geotech Remediation					$	1,200,000		
Advertising Cost/Signage		2	$	5,000	$	10,000		
Overheads & Management			$	500	$	39,000		
Development Contribution Levy					$	-		
Interest on Outlay	1.50	7.00%		0.50	$	102,480	$	1,501,480
Net Block Value							**$**	**450,520**
Adopt							**$**	**450,000**

Kaiapoi Red Zone - Development Feasibility Analysis
Area - D

Appendix 2.11

HYPOTHETICAL SUBDIVISION VALUATION - Yard Based - Likely

Gross Realisation								
Lot 1	10,400	@	$	100			$	1,040,000
Lot 2	10,400	@	$	100			$	1,040,000
Lot 3	10,400	@	$	100			$	1,040,000
Lot 4	10,400	@	$	100			$	1,040,000
Lot 5	10,400	@	$	100			$	1,040,000
Lot 6	10,400	@	$	100			$	1,040,000
Lot 7	10,400	@	$	100			$	1,040,000
Lot 8	10,400	@	$	100			$	1,040,000
Lot 9	10,400	@	$	100			$	1,040,000
Lot 10	10,400	@	$	100			$	1,040,000
Lot 11	10,400	@	$	100			$	1,040,000
Lot 12	10,400	@	$	100			$	1,040,000
Lot 13	10,400	@	$	100			$	1,040,000
Lot 14	10,400	@	$	100			$	1,040,000
Total	**145,600**						**$**	**14,560,000**
Less Selling Costs								
Sales Commission				2.00%	$	291,200		
Legal		14	$	5,000	$	70,000	$	361,200
Net Realisation							$	14,198,800
Less Profit & Risk				25.00%			$	2,839,760
Outlay							$	11,359,040
Less Development Expenses								
Construction		per ha	$	75,000	$	1,092,000		
Geotech Remediation					$	6,300,000		
Advertising Cost/Signage		14	$	5,000	$	70,000		
Overheads & Management			$	500	$	169,000		
Development Contribution Levy					$	-		
Interest on Outlay	6.50	7.00%		0.50	$	2,584,182	$	10,215,182
Net Block Value							**$**	**1,143,858**
Adopt							**$**	**1,140,000**

Kaiapoi Red Zone - Development Feasibility Analysis
Area - E

Appendix 2.12

HYPOTHETICAL SUBDIVISION VALUATION - Yard Based - Likely

Gross Realisation								
Lot 1	10,433	@	$	150			$	1,565,000
Lot 2	10,433	@	$	150			$	1,565,000
Lot 3	10,433	@	$	150			$	1,565,000
Total	**31,300**						**$**	**4,695,000**
Less Selling Costs								
Sales Commission				2.00%	$	93,900		
Legal		3	$	5,000	$	15,000	$	108,900
Net Realisation							$	4,586,100
Less Profit & Risk				25.00%			$	917,220
Outlay							$	3,668,880
Less Development Expenses								
Construction		per ha	$	75,000	$	234,750		
Geotech Remediation					$	1,700,000		
Advertising Cost/Signage		3	$	5,000	$	15,000		
Overheads & Management			$	500	$	52,000		
Development Contribution Levy					$	-		
Interest on Outlay	2.00	7.00%		0.50	$	256,822	$	2,258,572
Net Block Value							**$**	**1,410,308**
Adopt							**$**	**1,410,000**

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