

## Western Bay of Plenty District Council

### Rangiuru Business Park Industrial Land Review 29 August 2012

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#### 1. Executive Summary

The Rangiuru Business Park (RBP) has been reviewed as part of the SmartGrowth industrial land study.

The focus of the review was:

- Development staging and timing
- Infrastructure investment and timing
- Market viability

The goal was to reduce the total development costs (financial contributions and developer costs) to improve financial viability.

The research has determined that the investment required to develop the RBP can be staged and reduced through a revision of standards and timing of infrastructure.

The financial summary of development costs as modelled are:

Financial contributions – provision of infrastructure	\$ 65 m <sup>2</sup>
Developer costs	\$ 50 m <sup>2</sup>
Margin, land	<u>\$ 40 m<sup>2</sup></u>
	\$155m <sup>2</sup>

A minimum of \$150 - \$160 m<sup>2</sup> improved land value is required to support development and the Tauranga City Council financial viability model calculates a range of \$200 - \$220 m<sup>2</sup>.

The current market suggests the improved land value is in the \$80 - \$120 range and therefore RBP is not currently viable.

The Tauranga City Council Financial Viability Model has been utilised in the other industrial land review studies. Accordingly the total development cost calculated by that model should be utilised in comparison with the other industrial land.

The indicative timing of RBP is 5 – 10 – 20 years.

The key piece of infrastructure required to enable RBP to proceed is the connection to SH2, the mid-block connection, as this will provide the business park with a safe connection to the transport network.

Based on the current cost estimates for this intersection, and link road to Young Road the connection represents approximately \$5 per m<sup>2</sup> of the modelled per m<sup>2</sup> development cost.

It is recommended that the SmartGrowth partners focus on achieving the midblock SH2 roundabout in order to facilitate the RBP development.

## **2. Background**

This report was prepared in response to a need to develop an economic and fundable solution for the Rangiuru Metroplex industrial zone. The basis of the report is the research brief developed with the Research Working Group.

The original design and structure plan was prepared for Quayside Holdings and Western Bay of Plenty District Council (WBOPDC) District Plan in 2005. The structure plan was subsequently revised in 2010 by Consultants Harrison and Grierson (H & G) including consideration of a 400 ha development.

A report by GHD from July 2010 on the connection from Young Road to SH2 was also reviewed.

Under the original (2005, and 2010) development models, the industrial zone is considered uneconomic in the current market.

## **3. Methodology**

The Plan change was developed on the basis that Quayside or a developer would be the funder of infrastructure and Council would not be banker. The funding model is not covered in this report.

This current report builds on the work of the above two reports, but is largely based on the subdivisional layout of the H & G report. This report suggested and investigated ways to reduce costs over the 2005 design. The final costs were then included in a financial model that was produced by Frazer Smith of Tauranga City Council. This is referred to as the 2010 Financial Model.

Input for the 2012 Financial Model and the current report has been provided from:

- Harrison & Grierson's Dave Napier, for overview of the 2010 H&G report, and general advice on potential fatal flaws.
- Frazer Smith, for advice on the use of the TCC financial model.
- Quayside Holdings consultant, Mike Horsley for general comment on an early draft.

- NZTA (Andrew Scott, Wayne Troughton and Alistair Talbot) for comment on TEL, SH2 central link issues.
- GHD report for NZTA "Report for State Highway 2 Maketu Rangioru Intersection Improvements, Project Feasibility Report, volume one: Report July 2010".
- WBOPDC Utilities Staff for water, waste water and storm water issues.
- Gary Main, Transportation Co-ordinator, WBOPDC, for review of central link road.
- Phil Martelli, Resource Management Manager, WBOPDC, for District Plan issues.
- Andries Cloete, Policy Analyst Resource Management, WBOPDC, for storm water low impact design issues and District Plan issues.
- Peter Clark, Procurement and Projects Manager, WBOPDC, for general development, roading, timing and reporting. A map of the proposal is shown in **Appendix 1**.
- Review by Gary Allis, Group Manager Engineering Services, WBOPDC.
- Review and reprogramming after meeting with Quayside.

The review focused on each of the utilities individually, assumptions identified and potential solutions discussed.

As a result of the meeting with Quayside Developments, a most likely construction programme was included in the Trial 4 of the Financial model.

## **4. Side Agreements**

It is assumed that conditions of side agreements can either be met or re-negotiated to reflect proposed changes within this report. A synopsis of side agreements state:

1. Quayside has agreed to provide funding for the construction of Pah Road Roundabout and will divert this funding to the mid-block Interchange (Intersection D on the attached plan).
2. A second agreement deals with making either Pah Road/SH2 intersection or the midblock alternative intersection operational. Maketu Road intersection is also referenced for possible closure.
3. NZTA has signed a legal agreement which requires a contribution of up to \$1.5m to the Pah Road roundabout and this contribution can transfer to the Midblock.

## **5. Assumptions**

A number of the assumptions utilised in the modelling and as the basis for this report are set out in **Appendix 2**.

## 6. Storm Water Review

The storm water system as described in 2010 H & G Report was reviewed, however no clear savings were identified.

Levels throughout the system are very finely controlled, and the open channel swale designs are part of the retention system. Culvert sizes have therefore not been reduced, nor the width of the swales changed.

The only practical cost savings identified for the storm water system would be to delay construction of the large pond to reduce the initial cost of capital.

For this reason the large pond costs have been spread to align with the three major development blocks. Changes to the discharge consent are not considered in this report.

The financial model includes NZTA installing the culverts under the TEL as part of the current TEL contract, and subject to Quayside approval and funding, positioned in the revised H&G 2010 location. The culvert installation has been approved by Quayside.

## 7. Water Supply Review

Water supply modelling indicates that Council water supply can be used to supply the industrial zone without connecting to the Waiari scheme.

This is a significant change when compared with previous modelling and has come about through a Council programme of water reallocation, and different assumptions on water demand.

Replacement of approximately 2km of pipework between Pongakawa and Rangiuru Business Park (RBP) is included in the water supply upgrade.

**The key difference** is the system design. This has been reviewed and is based on a demand of 5.5 HHE per hectare. This is based on the current average industrial lot size within WBOPDC of 1800 m<sup>2</sup> per lot.

The sensitivity of 5.5 HHE / ha has been tested at 11 HHE / ha and this can be provided with little change to the financial model.

The consequent water demand is therefore considerably reduced and design is governed by fire water supply. The system demand can therefore be met with a series of 300mm and 200mm ring mains, plus an on site permanent 3000m<sup>3</sup> reservoir, fire pressure booster pump and non return valves.

While the industrial park is unlikely to be the sole cause of any upgrade to Council's bore supply, a \$1m upgrade to Pongakawa Bore has been included in costs in year 2030.

It is proposed that each lot of 1800 m<sup>2</sup> or less will be provided with a 20mm water supply connection. Larger lots will be able to aggregate additional connections pro rata per 1800m<sup>2</sup>, ie. a 3600 m<sup>2</sup> lot will be entitled to two 20mm connections. However note, a 3500 m<sup>2</sup> lot will still only be entitled to a single connection.

The supply can be either connected to on site utilities, or where the business needs a larger water supply, several options can be made available:

1. Additional 20mm supply can be purchased from those who do not need additional water.
2. An on lot reservoir can be connected, filled by trickle supply. Note, this system is already in place at Katikati where a 20mm connection provides water to tanks at a concrete batch plant.

In effect, water supply units will become tradable between business owners, while other heavy water users may also install a bore supply. A change to the District Plan will be required to give effect to this proposal.

Note, the current financial contribution of approximately \$6,751.00 per HHE (2012 / 13) will still be chargeable for the off-site infrastructure component, ie. an additional cost of approximately \$3.70 / m<sup>2</sup> (see also **Appendix 3**). This cost is shown as a separate line item in the preferred option.

## **8. Waste Water**

It is envisaged that the first 20 ha will be developable with an on site waste water disposal system.

Based on the assumptions that the land use is restricted to bulk storage facilities, and light industry with low water use facilities only, advanced septic tank systems are considered a feasible solution.

Septic tanks with a discharge volume up to 2 cubic metres per day per lot (not being less than 1500m<sup>2</sup>) are permitted activities. A raised bed disposal field (soil category 1) is required to have a minimum area of 256 m<sup>2</sup>.

Industries discharging a higher volume can add further advanced septic tank disposal systems within their boundaries, providing the density does not exceed 1 field per 1500 m<sup>2</sup>.

If this can't be achieved storage facilities may be required for a delayed discharge eg. on the weekend, or pumped out and transported to a waste water treatment plant.

Owners would be advised that a fully reticulated pumped system is planned for no earlier than 2021, and that they would be required to connect their own pumping system at that stage. Advisory notes could be added each title. (This would follow the Maketu township waste water system design).

A full system of High Density Polyethylene (HDPE) pressure pipes reticulation and ducts across each intersection could be installed in the berms for future use, however it is recommended that only the ducting is installed initially. The cost of the full system is included in costings for the year 2021 ready for the next development block.

Major capital costs would therefore be delayed.

A sum of \$5,000 per lot (for the first 20ha based on average of 1800m<sup>2</sup> / lot) has been included in the financial model to reflect the additional costs that would be incurred for these lots to connect. If the developer wished to remove this cost, and allow a new owner to carry the cost, this would reduce the finco by approximately \$0.70 / m<sup>2</sup>.

**The key differences with** this system when compared to the 2010 system is that project costs are significantly reduced due to a pumped system that is significantly smaller than that of a traditional gravity system. Infiltration is minimised, and on site storage is largely at the cost of the site owner. Similarly upgrades to the Waste Water plant in Te Puke are reduced in size and timing delayed.

For the purposes of this exercise, the following assumptions are also made:

1. There will be no connection to AFFCO meat works waste water treatment plant.
2. Trade Waste bylaws still apply.
3. No new waste water infrastructure is required before 2021 (except ducting across intersections).
4. Design 2020.
5. Construct 2021.
6. The pumped system will minimise infiltration.
7. Waste water storage will still be required on site for all properties, ie. minimal mass storage will be provided at Council operated pump stations. While it may be more efficient for Council to provide mass storage, the initial capital and uncertain on-going finance cost of this mass storage, is likely to exceed the cost of incremental storage provided by users on site.
8. Waste water is to be pumped to Te Puke Waste Water Treatment Plant, along a 5.5km corridor.
9. Upgrades to Te Puke plant and discharge consents will be reprogrammed for completion in 2021. As quantities have been significantly reduced, costs for the upgrade of the Te Puke Waste Water Te Puke are reduced to \$4m in each of the years 2020/21 and 2040. (Note the \$8m is an estimate of cost that will be 100% attributable to RBP. It does not reflect the actual cost of the upgrade.)

A cost of \$8 m is included in costs for upgrades to the Te Puke Waste Water Plant and consent, directly attributable to RBP. This has been split into two equal tranches, in 2021 and 2040.

Off site financial contributions for waste water are not included in the Financial Model, and more comment is made in **Appendix 3**. It is estimated that some

contributions for the use of existing capacity may be made, however it should be relatively small, if at all.

For clarity, please note, the \$8m off site works which are as a result of the RBP development, are included in RBP's FC model. However consumption of existing capacity within Council's system is not included in RBP's FC model and is therefore included in a separate off site financial contribution (*Appendix 3*).

## 9. Transportation

An approved connection with SH2 is required in order for any development of RBP. Accordingly this is the key component to facilitate development. The most recent assessment estimates the cost of this intersection (midblock roundabout, link road to Young Road to be approximately \$9m). There is a legal agreement between Tauranga City Council, Western Bay of Plenty District Council, NZ Transport Agency and Quayside Properties Limited that sets out a cost sharing arrangement for the intersection. This advises that NZ Transport Agency would contribute up to \$1.5m, Quayside Properties Limited would contribute \$2.7m (plus escalation).

The funding of the balance has not been determined. Potential funding sources included NZTA block project, WBOPDC, Quayside and developer. Funding from Council and NZTA would reduce the estimated \$5m<sup>2</sup> for this roading connection, eg. a \$4.5m contribution would reduce the financial contribution by \$2.50m<sup>2</sup> approximately.

Modelling was undertaken to determine how much of RBP could be developed with a SH2 connection but without the TEL Interchange.

The proposal is to build the mid-block roundabout on SH2 at an early stage (2015-2016) of the business park development, and then to connect to the TEL at a later stage (2029-2030). The District Plan currently requires the business park to connect to the TEL prior to more than 25ha of the business park development being established. This was forecast to be in approximately 2016 which aligned with the opening of TEL. The construction of the midblock results in improvements to the Pah Road / SH2 intersection being minimised, and it would carry reduced traffic while Maketu Road / SH2 intersection would be closed.

A detailed model of the roundabout intersection and links was prepared (*Appendix 4 & 5*). It was used to assess the future flows on SH 2 west of the site in the conditions:

- a. Without TEL and without development on site, in 2026.
- b. With TEL and with 48% development on site in 2026. (Note this may be considered a maximum level of development, as the Financial Contribution model indicates 30% development at year 2026 and 43% at year 2030).

It showed:

- a. That the roundabout would operate satisfactorily at 100% development.

- b. It concluded that the mid-block roundabout on SH2 can service up to a level of 48% development without safety and efficiency impacts on SH 2 more severe than those previously considered tolerable, at least in the short term.

Hence, by delaying the connection to TEL, traffic issues do not compromise development.

## **10. Future of State Highway 2 – WBOPDC View**

NZTA has signalled its intention that once the TEL is completed to revoke SH2 to Council.

Council has advised that for a number of reasons it does not consider SH2 should become a local road, including maintenance costs, free parallel route to a toll road, current standard and condition of SH2.

The implications of the proposed revocation are not considered to materially affect the development time frame and financial model for RBP.

There are a number of items that will need to be considered in the NZTA / Council discussion on revocation.

A range of actions can be taken to encourage traffic to utilise TEL rather than SH2 through Te Puke (eg. lower speed limit, Te Puke town centre works). These actions can be undertaken irrespective of whether SH2 is a state highway or local road.

## **11. NZTA Response**

The proposal to develop RBP to 48% (72ha) from the current 15% (25ha) threshold prior to a TEL connection has been discussed with NZ Transport Agency.

The proposal to increase the level of development that can occur before the Rangioru Business Park is connected directly to TEL is not considered appropriate by NZTA. One of the benefits that TEL brings is the opportunity to remove traffic off the current SH2 likely to be generated by the RBP. It is accepted that a number of additional short-distance trips will need to use SH2 to access local destinations. However, TEL (via the Rangioru Interchange) is the most appropriate means for providing access for longer-distance trips (particularly trucks) generated by the RBP. By planning the network in this manner, the current side agreements protect the opportunity for TEL to support the revitalisation strategy of Te Puke (promoting the township as an attractive destination) by reducing traffic flow (including trucks) along the current SH2. The proposal to increase the amount of RBP development prior to direct access to TEL runs contrary to this.

The NZTA has signalled its intention to revoke SH2 (so that it becomes a local road) once TEL is complete.



Revoking SH2 to local road status may have implications for RBP depending on the timing of the revocation in relation to RBP development. The current most likely scenario would see RBP development after the TEL is open and after NZTA's timing for revocation.

The NZTA is currently undertaking a Form and Function study on SH2 post TEL for consultation with WBOPDC. This study will inform the revocation process for SH2 including what actions (eg. lower speed) could be undertaken to encourage vehicles to use TEL rather than SH2. The outcome of this revocation process may enable NZ Transport Agency to re-consider its position in respect to the need for the current 25ha development connection to TEL threshold to be retained unchanged.

## 12. Road Specific Review

A review of the development roading standards as undertaken to reduce costs.

The roading layout is based on the 2010 H & G report. The base layout is shown in Drawing No 129311-30 ref 4, and is replicated in the map in **Appendix 1**. Each intersection has been identified alphabetically and referenced.

It is proposed that all road reserves be 25m wide, which would allow for amenity, future upgrades to services, and should it be necessary, upgrades to road pavement widths.

The staging of the road is assumed to follow the patterns shown on the Map in **Appendix 1**.

Road Type A and B would follow the master plan layout, while Type C would be constructed only if needed to meet specific market design.

1. Initially it was assumed that the central entrance road (A - C) would be constructed connecting the proposed Tauranga Eastern Motorway to Young Road. The length from C - D would have been delayed until 2021. It was assumed that NZTA would construct this intersection.

However it is now understood that construction of intersection D and link C-D is the responsibility of the developer. In order to meet District Plan rules and facilitate development, the model was revised to show the link A-D being constructed in the years between 2014 and 2016; intersection A in 2013/2014 and the rest in 2015/2016. Finco trials 1 to 3 include this timing.

2. As a result of "1" above, no change is proposed for the intersection Pah Road and SH2. An agreement should be able to be reached with NZTA to ensure changes to the current District Plan, can be effected.
3. The width of the central road (Type A) will be reduced to minimise the pavement cost. This is shown on the cross sections in **Appendix 7**.

Property access from this road will be restricted, with a pavement link width of 9m, with a lane configuration of 1.0, 3.5, 3.5, 1.0.

A separate 2.5 m wide combined cycle and walkway path will be included on one side.

Should property access be allowed or required, then an additional 3m wide central flush median pavement would be added.

However it should be noted that a large swale drain parallels the Western side of the road from D to A, preventing easy direct access from that side. Access to properties would be provided using lower standard internal local Type C roads.

The width of link C - D will be subject to specific design as it tapers from intersection D (SH2 roundabout), and then flares at intersection C (Young Road).

Costs for link C - D, including intersections, have been adopted from the GHD report.

4. It is proposed to reduce the width of Collector roads (Type B) to a total pavement width of 12 m as shown in cross sections in **Appendix 7**. This cross section is similar to Type A, with a 3 m central flush median to allow for turning, and with no on road parking provided, traffic flows will be relatively free flowing.

Pedestrian refuges should be provided to enable safer road crossing.

A single 2.5 m wide off road cycle / walking lane would also be provided.

5. The District Plan may need to be amended to reflect off road business parking only. However for the purposes of this report, pavement costs for on road parking are included in the 2012 financial model.

However the additional 5m of pavement for on road parking provided by the developer, adds approximately \$2m to the total roading costs and approximately \$0.90c / m<sup>2</sup> in financial contributions.

If parking costs are not included, a business owner could fund the additional widening and on road parking at their own cost.

## 13. Other Factors

### Earthworks

The master plan earthworks levels shown in the H & G report was reviewed. It is recommended that these should remain unchanged due to the difficulty in assessing any sensible changes in the time available.

Note: Costs for lot development earthworks are additional to those derived within this report. They are included in the \$50 m<sup>2</sup> Developer cost estimate.

The H&G scheme plans appear to include many desirable amenity features, such as trees, swales and road reserves wider than Council's Development Code. These are considered appropriate and should remain as far as practicable.

A 25m wide road reserve should be maintained throughout the development for all roads considered by this report. This will ensure that any future infrastructure upgrades can be made without major disruption.

### **Heavy Buildings**

A contention that the land is unsuitable for large heavy load buildings has not been tested, however it is likely that specific geotechnical design can address this issue. This could be by way of low cost time dependant preload methods, or by way of specific engineering building techniques.

## **14. Resource Management**

There are a number of resource management issues that need to be resolved as part of the progression of the project.

### **a) Tauranga Eastern Motorway (TEM) Designation**

It is the intention to shift the Rangiuru interchange to the south-east (approximately 400m from the location as per the Rangiuru Structure Plan. Although this change is still in general accordance with the Structure Plan, it will be necessary to amend the TEM designation to accommodate the proposed interchange.

### **b) Intersection on SH2**

A new access road to Rangiuru from SH2 with an intersection in the vicinity of the SH2 turn-off to Affco is proposed.

To achieve this intersection an alteration to the SH2 designation is required, which will directly affect different landowners and parties.

Currently the future of Pah Road and Maketu Road intersections with SH2 are not clear. The landowners affected by future changes to these intersections need to be included in discussions regarding the future of these intersections.

The Rangiuru Structure Plan is clear on the capital works, which includes the upgrading of Pah Road (or Mid block intersection) and Maketu Road intersections, which have to be undertaken prior to the issuing of a Section 224 certificate for any subdivision or building consent or any industrial use of the land. Any subdivision or development that is not in general accordance with the Structure Plan will be non-complying. Alternatively, the Structure Plan can be amended through a Plan Change. Irrespective of the process followed, it will most probably be notified to the public.

**c) Utilities**

Included in the Rangiuru Structure Plan and District Plan are a number of rules to ensure that a certain level of service can be achieved in the structure plan area. If changes to the level of service are made, as proposed in this report, an amendment of the Structure Plan through a Plan Change has to be made. Included in Chapter 12 of the District Plan are a number of capital projects that have to be completed before a Section 224 certificate can be issued.

If some of these projects are no longer required, the District Plan has to be aligned with the current requirements through a Plan Change. However, a resource consent application for a non-complying subdivision or development can be lodged prior to a Plan Change.

## **15. Timing, Demand and Sensitivity**

Timing for each development block is based on demand for industrial land. The 2010 Financial Model indicates 2ha per year starting in 2016, rising to 8 ha per year in 2030. Development by 2022 shows 20 ha developed.

The 2012 Financial Model indicates sales of 4 ha per year from 2016 to 2029, then 6 ha per year from 2030 to 2039, 4 ha per year from 2040, tailing off from there. This is shown in the 2012 Financial Land Sales Model and in **Appendix 8** and Cashflow Capital Expenditure Table 4. (**Appendix 9**).

This initial demand has been assumed based on the premise that for development to commence, a substantial lead industrial development will be required. Once this has happened, the model is considered conservative.

While the model demand is assumed, it is also likely that initial demand will come from larger industrial owners seeking bulk storage rather than small block holders. Demand for lots of a similar size to those that can be found at the Port of Tauranga (Mt Maunganui) are likely to be triggers for development. Typical lots sizes at the Mount Port are 2 ha to 5 ha.

Staging has therefore been revised to ensure initial flexibility to cater for this assumed demand.

Once the central road A - D is constructed, all other infrastructure can be constructed incrementally as the demand requires.

**Note:**

As requested all land prices were removed from the modelling except for the land cost for the link from Young Road to SH2, ie. link C - D on the map, where land is not owned by Quayside.

Inflation is not included in the financial modelling.

A number of trials were completed with the Infrastructure Financial Contributing Model **Appendix 10**.

## Developer Costs Viability

Developer costs as shown in **Appendix 11** were modelled in Fraser Smith's Financial Viability Rangiuru Model.

While current model sale prices indicate \$113 / m<sup>2</sup>, the viability model indicates a required sale price between \$200 - \$220 / m<sup>2</sup>.

## 16. Economic Review

Veros Ltd were engaged to undertake a current market economic assessment of RBP and to provide advice on the type of tenant that may be attracted. (**Appendix 12**).

The Veros review concludes that the current improved value for RBP is \$80 - \$100 m<sup>2</sup> while the required sale price to support development is \$150 - \$160 m<sup>2</sup>.

This concludes RBP is not viable in the current market and potentially will require developer incentives to attract investors.

The Veros Report sets out the type of incentives that maybe required from an investors and occupiers perspective including:

- Discount for first anchor tenant
- Deferred payment for land
- Discounted land values

The SmartGrowth partners may also consider incentives. One key incentive is the construction of the SH2 Midblock intersection but noting that this represents approximately \$5 per m<sup>2</sup> of the current modelled per m<sup>2</sup> development cost dependant on other agency funding.

If this is funded by a number of agencies it assists RBP by reducing the upfront financial investment.

Potential funders of the Midblock intersection are:

- WBOPDC (JOG Funds)
- Quayside (Condition of Agreement)
- NZTA (Condition of Agreement)
- BOPRC (Infrastructure Fund)

## 17. Funding

The original model to fund the Rangiuru Business Park was that the developer (Quayside or other) would fully fund all the development costs, including going banker for the financial contributions. This is contained in the original Quayside / WBOPDC agreement.

Quayside has proposed that this agreement needs reviewing due to the changed timing and circumstances.

The best time to review the agreement and the responsibility for funding infrastructure is when the Rangioru Business Plan change is undertaken.

### **17.1 Comparison between Tauranga City Council Financial Viability Model and Veros Model**

The infrastructure financial contribution model used for this Rangioru Business Park (RBP) was originally developed by Frazer Smith for use in reports studying industrial development in TCC. This model is based on rough order cost estimates and an assessed time line acceptable to the industry.

By using this model with only minor modifications, contribution costs developed for RBP could be directly compared with TCC industrial areas.

This resulted in costs for infrastructure of \$60 - \$65 per m<sup>2</sup> for a full serviced model. The model does not include developer costs, land or margin cost.

When the infrastructure financial contribution is added into TCC's viability model (which includes all construction costs and operational Cash outflows), the outcome of that model calculates that land values need to be in the order of \$220 per m<sup>2</sup> when based on infrastructure costs of \$65/m<sup>2</sup>.

The viability model includes significant bank charges (approx. \$100m) as part of the operational cash outflows. These bank charges are dependent upon the rate charged for infrastructure financial contributions.

The Veros report uses the same \$65 for infrastructure cost, while assessing average land development costs at (\$40 - \$60) say \$50/m<sup>2</sup>, requiring an improved land value of \$150 - \$160/m<sup>2</sup>. In effect this values the land and margins at \$40. These latter figures are based on previous experience of similar types of projects, and intrinsic agricultural and horticultural land values. This results in a figure of \$155/m<sup>2</sup>.

Veros uses a mix of empirical and calculated figures, while the viability model is calculate based on assessed inputs and specific time costs.

The viability model appears to include a more conservative approach to risk and cost of capital over an extended time frame.

## **18. Reduced Level of Service Trial**

During the review of this report the issue of businesses requiring industrial land that was not serviced or had a lower level of service was raised. This was proposed to enable a lower development and subsequent purchase price.

A financial trial was undertaken based on reduced servicing to approximately 50% of RBP. Details of the trial are set out below. The trial shows reduced servicing lowers the financial contribution cost by approximately \$10m<sup>2</sup>

## Details of Reduced Servicing Trial

### Overall

Assume Development Block 1A, 1B, and 3 are un-serviced. This results in reduction in collector road, reduction in water services and waste water services.

### Roading

Type B currently at 3260m reduced to 1490m, ie all collector roads from within the above development blocks.

Dev Block 1 was in year 2016 and 2021, while Dev Block 3 roading was in year 2040. The corresponding seal widening for parking option was also removed.

All other roading remains unchanged.

### Water

- Loop lines CBGHN, a 200mm diameter line in year 2014 is removed.
- Loop lines BRE, a 200mm diameter line in year 2040 is removed.
- Total length of line removed = 2000m
- HHE reduced back to 5.5HHE/ha, => removal of \$2m bore upgrade from year 2028
- Fire supply system remains unchanged.

### Waste water

- Ring main reduced by 2000m
- Additional cost of upgrade to WWTP changed to only \$4m in year 2028
- All on site equivalent cost of grinder pumps removed.
- Pump station and rising main remain unchanged.

### Storm Water

- A change in timing by one year has made a small difference in the rate.

### Capital costs comparison

	Full service (\$59.49/m <sup>2</sup> )	Half service (\$49.17/m <sup>2</sup> )
Water	\$ 8,391,199.30	\$ 5,826,720.60
Waste water	\$ 20,567,439.45	\$ 11,290,639.60
Storm water	\$ 17,472,958.20	\$ 17,472,958.20
Transportation	\$ 39,628,688.50	\$ 32,548,687.95
Reserves	\$ 665,750.10	\$ 665,750.10
<b>TOTALS</b>	<b>\$ 86,726,035.55</b>	<b>\$ 67,804,756.45</b>

## 19. Proposed Staging

### Trial 4: Preferred Model

This section was written after consultation with Quayside Development Ltd. It includes a number of changes and additional testing. The programming reflects the current proposal.

#### Additional Testing

A proposal to test the effects of increasing the water and waste water demand was completed. This test assumed double the demand at 11 HHE per hectare.

#### Water

This results in the need for additional infrastructure, a new bore, together with either stand alone or upgraded treatment plant, to a value of \$2m, installed in year 2028. It is assumed that the treatment plant could be constructed on site. As there is already a substantial quality farm (frost protection) water supply bore, it is assumed that water would be available from the same aquifer.

#### Waste Water

Waste water infrastructure was checked. Assuming the flow is doubled to approximately 1000m<sup>3</sup> per day, the proposed 200mm diameter rising main will be adequate and upgrade is not required. The increased flow will however result in the need for changes to the Te Puke Waste Water Plant. Consequently a cost of \$4m was added to the model, also in the year 2028.

The result is shown as trial 4 in *appendix 10*, and repeated in this postscript.

### Trial 4: Proposed Staging

Staging most likely to suit Quayside was considered. See *Appendix 9* for estimated annual capital cost cashflow per year.

As at 31 July 2012 the following assumptions were made:

#### *Stage 1: Development Block 1 B 2012 - 2016*

##### Construct

1. Planning issues resolved. The funding of this cost could be shared between Council and the Developers.
2. Midblock project from B – D inclusive of intersections. Connection to the TEL is delayed until the end of stage 2, see below (Note: As detailed in the Transportation section of this report the NZTA does not support this approach which defers the TEL connections until the end of Stage 2).
3. Storm water ponds and swales to match the Development Block.



4. Build new Road G - H - N.
5. Rebuild Young Road from C to F at Maketu Road.
6. Utilities to match.
7. Commence landscaping.

**Years 2016-2020 inclusive**

8. Install on site waste water systems.

Approximately 35 ha becomes available for sale from 2016-2021. Note, much of this land is owned by Quayside.

Capital costs in period 2012 -2016: \$27.1 m  
Capital expenditure in period 2017-2020: \$ 1.4 m

***Stage 2 Development Block 1 A 2021 - 2030***

**Construct**

1. Young Road rebuild C – O (shown as Road Stage 2A).
2. Build pumped waste water scheme and connect.
3. Construct additional swales.
4. Construct connection to TEL approx. year 2029-30 (shown as Road Stage 2B).  
Note: cost estimates for connection to TEL as supplied by NZTA were increased by 60% to reflect difficulties of construction alongside a live motorway. Costs included in the FC model are \$9,074,688 for intersection "A", plus \$840,000 for link road "A-B". (Note: As detailed in the Transportation section of this report the NZTA does not support this approach which defers the TEL connections until the end of Stage 2).

This will release a further block of approximately 25ha (saleable) land.

Capital expenditure in period 2021-2030: \$47.4m

***Stage 3 Development Block 2: 2031-2040***

1. Construct additional connector roads.
2. Construct.

Approximately 45 ha.

Capital expenditure in period 2021-2030: \$7.5m

### ***Stage 3 Development Block 3: 2040***

Approximately 45 ha.

Capital expenditure in period post 2040: \$3.3m

#### **Note:**

1. General: All land costs have been removed (except C - D).
2. Roothing costs: NZTA and Quayside contributions have been removed from the revised costs. These were included as a deduction in the 2010 Financial Model.  
If NZTA and Quayside contributions are included the "debt" reduces and the finco per m<sup>2</sup> reduces.
3. Road lengths are rough order.
4. Rates and timing for utilities were developed by WBOPDC Utilities group.
5. The rates were processed through Frazer Smith's financial model.
6. Interest costs/rates are as supplied in TCC Frazer Smith's model. These vary for Interest Rate Earned from 3.5% - 6% with an average of 5.03%, and Interest Rate Paid between 6.45% and 7.15%, with an average of 6.95%. It should be noted that while these rates reflect likely rates to Council, rates for a Developers will be different.
7. District Plan changes proposed are achievable.

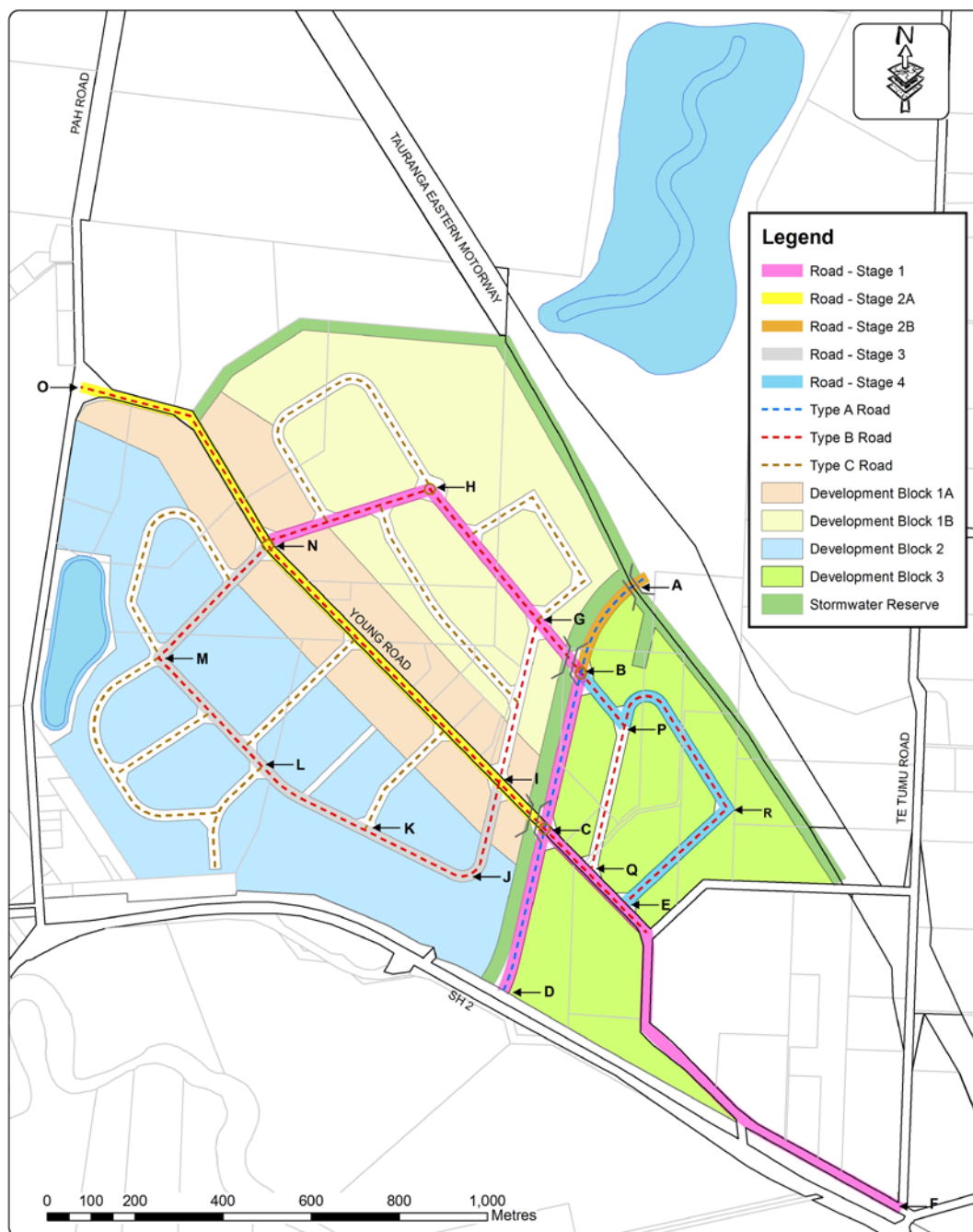
#### **Trial 4: Preferred Model**

<b>Infrastructure</b>	<b>Revised Cost</b>	<b>Key Feature</b>	<b>2010 Financial Model Costs</b>
Water Supply	\$ 8,391,199.30	11 HHE per ha. Additional \$2m upgrade to supply in 2028	\$ 45.3m
Wastewater	\$ 20,567,439.45	Pumped main 2021 with double flow from 11 HHE per ha. Upgrade WWTP in 2028	\$ 29.9m
Storm water	\$ 17,472,958.20	Substantial start 2013	\$ 24m
Transportation	\$ 39,628,688.00	Intersection A, link AB 2029-30; Link B-D and intersection D 2015-16	\$ 33.1m
Reserves	\$ 665,750.10		\$ 1.1
<b>TOTAL CAPITAL COSTS</b>	<b>\$86,726,035.05</b>		<b>\$ 133.5m</b>
	<b>\$ 59.49/m<sup>2</sup></b>		
Off site Finco estimate only	<b>\$ 5.00/m<sup>2</sup></b>	Estimate for capacity consumption of existing infrastructure	
<b>Likely Maximum Financial Contribution</b>	<b>\$ 64.50/m<sup>2</sup></b>		<b>\$ 123/m<sup>2</sup></b>

## **Appendices 1 - 12**

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## Appendix 1: Map



Produced using ArcMap by the Western Bay of Plenty District Council GIS Team.  
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 Location of services is indicative only. Council accepts no liability for any error.  
 Archaeological data supplied by NZ Archaeological Assoc/Dept. of Conservation.

Email: [gis@westernbay.govt.nz](mailto:gis@westernbay.govt.nz)  
 Date: 8/08/2012  
 Operator: mib  
 Map: E:\Shape\MLB\Map\Structure Plans\Rangiuru Structure Plan.mxd

Scale A3 - 1:8,000  
 0 50 100 200 300 400 500 600 Metres



**RANGIURU BUSINESS PARK  
 STRUCTURE PLAN  
 REVISION - 31 JULY 2012**

## Appendix 2: Initial Assumptions

The following initial assumptions were made:

1. The H & G Revised Structure Plan of 2010 forms the basis of this report. No change is suggested to the earthworks balance as shown on the H & G drawing "Plan of Proposed contours".
2. This industrial development will demonstrate the latest thinking in industrial subdivision design and construction, commensurate with the economic reality of the day.
3. Water use will be constrained to volumes sufficient to supply house hold equivalents of 5.5 HHE per hectare plus fire design. The Waiari Stream supply will be eliminated if possible. Water may be supplied from existing Council systems.
4. Waste Water systems will initially use on site systems, and be converted at a later date to a pre-treated pumped pressure system back to Te Puke. Timing for the conversion will be considered.
5. Storm water systems will be reduced using Low Impact Design principles where possible. If not, the existing system will be retained.
6. Modifying the roading layout. There appears to be an opportunity to reduce the quantity of collector roads. Widths and cross sections layouts are also considered. Costs from the GHD Report July 2010 have been adopted for the link road (C-D) with intersections at Young Road and SH2.
7. The focus of the industrial site will be on bulk storage facilities, and light industrial, i.e. low water use facilities initially.
8. Provision for land use change with time will be made, i.e. road reserves will be sufficiently wide.
9. Large heavy load buildings may be constructed, but will need specific geotechnical design.
10. The full area is understood to be approximately 200ha, with a design yield of approximately 145ha of developable land.
11. Staging and delaying construction to achieve reduced holding cost. Works included:
  - Delaying the construction of major infrastructure as much as practicable. Interim solutions were considered but have not been included.
  - Staging development blocks to match demand. Demand has been modified from the 2010 financial model. Initial demand has been assumed at 4 ha per year starting at 2016.

12. Land prices have been removed from the modelling.
13. Inflation is not to be included in the financial modelling.
14. Contributions from NZTA and Quayside are not included in the financial model as there is some doubt as to the amount of the contribution. Assessments for contributions subsequently made are indicative only, based on an understanding of side agreements already in place.
15. The District Plan may need to be changed to reflect changes proposed.

### **Appendix 3: Offsite Financial Contribution Cost Estimate**

The following additional costs are typically attributed to the Developer and are not included in financial contribution costs:

For water supply the current additional cost is \$6,751.00 per HHE, i.e. approximately \$3.70/m<sup>2</sup> at a density of 5.5 HHE per hectare.

Roading finco for off site connection is assumed to be \$0 as capacity in local roads is not consumed.

Waste water contribution calculations may result in a small charge, to recognise the consumption of capacity at the existing plant, while not affecting existing pipework. This fee has not been calculated and could result in no additional cost.

However for the purpose of this report, costs have been combined and assessed at \$5.00 per square metre. This is shown as a line item to the recommended option only.

## **Appendix 4: Notes on Traffic Aspects 23 August 2012**

### Notes on traffic aspects 23 August 2012

The proposal is to build the mid-block roundabout at an early stage to allow development of the business park to commence and then to build the connection to TEL at a later stage.

Investigations were undertaken to determine the capacity of the road system to accommodate that situation.

Recent modelling carried out by NZTA was available, which assumed that the grade separated connection to TEL and the mid-block roundabout were both in place.

Development of the site for the NZTA purposes was assumed at 48% in 2026 and 81% in 2031.

The results of those tests were used to assess the flows needed for the tests below.

A detailed model was prepared of the proposed mid-block roundabout.

The NZTA modelling was used as the base to assess the future flows at the roundabout and the operating conditions were examined in detail.

The condition analysed was for 2031 with 81% site development but with no connection to TEL.

The roundabout was shown to operate satisfactorily under those conditions with every indication that 100% development would also be satisfactory.

The NZTA modelling was also used to assess the future flows on SH2 west of the site in the conditions:

- a) Without TEL and without development on the site, in 2026.
- b) With TEL and with 48% development of the site in 2026.

The condition a) 2026, without TEL and without development on the site is the base case against which the proposal can be judged, since that was the time indicated for the construction of TEL had the tolling proposal not been approved.

The critical flows in conditions a) and b) were found to be similar, indicating that had construction of TEL not proceeded under a tolling situation, the conditions that would have then occurred on SH2 will not be exceeded under the 50% development case.

While the flows on SH2 at that time will be high, (around 21,000 vehicles per day) they are within the capacity of the road noting that at the hearings of Plan Change 33 it was assessed that a flow of 20,500 vpd would represent level of service D/E.



Since the TEL will be in operation, speed limits on SH2 can potentially be lowered to 90 km/h or 80 km/h with consequent improvements in safety. Such a move has the potential to shift further traffic from SH2 to TEL.

Accordingly it is concluded that the mid-block roundabout and existing SH2 can service up to a level of 48% developed without safety and efficiency impacts more severe than those previously considered tolerable at least in the short term.

## Appendix 5: Traffic Report:



### Memorandum

To: Gary Main  
Cc: Gary Allis  
From: Ian Carlisle  
Date: 20 August 2012  
Job N°: 9993.4  
Subject: Rangioru Business Park: Interim Mid-block Roundabout – No TEL Interchange  
Mid-Block Roundabout Performance and SH2 Mid-Block Capacity

---

#### Introduction

Interested parties in the Rangioru Business Park (RBP) have been investigating a proposal to delay construction of the RBP Interchange and instead rely on a mid-block roundabout connection to the existing SH2.

The scope of this memorandum is to address two questions:

- a) Can the proposed SH2/Affco mid-block roundabout as developed by NZTA Option 3a cater for the demand from RBP for 2026 or later without the TEL interchange in place.
- b) What is the equivalent area of RBP that would result in the same level of traffic on the mid-block section of existing SH2 immediately west of RBP that could have been expected without the TEL and RBP in place.

Modelling methodology is limited to the extent of the TTM model runs currently available and detailed below.

#### 1. Available Information

The following information has been provided and drawn on for this assessment:

- TTM model outputs as follows:
  - Model runs for with RBP but NO TEL
  - Model runs for TEL in place, no RBP interchange 2026 and 2031
  - Model runs for with TEL in place plus RBP and RBP interchange 2011, 2016, 2026 and 2031. (with turning flows for the SH2 mid-block intersection only).
- Draft notes "RBP Access Issues" dated July 2012 – Gary Main;

## 2. SH2 /Affco Mid-block Roundabout Capacity

A SIDRA model has been prepared for the proposed mid-block SH2 connection to serve the RBP and Affco as per Option 3a of NZTA Scoping Report. The model layout is also based on that used for the Scoping Report economics assessment.

Base assumptions are:

- 15% HCV applied to all movements
- Traffic turning volumes derived from 2031 with TEL and RBP Interchange with adjustment for omission of interchange. Inflow traffic from interchange has been added to the right turn in from SH2 east and the outflow has been added to the right turn out of RBP to existing SH2. This is a conservative adjustment as some of this flow is attributed to Affco and some of the outbound flow will turn left and not enter the roundabout. Further adjustments to the flows could be made if necessary, accordingly.

The modelled flows and Sidra output movement summary is attached.

In both the morning and evening peak flow periods for 2031 the worst level of service experienced at the roundabout is a Level of Service C and the worst queue 83m. For the reasons explained above this is a very conservative assessment based on the TTM modelling provided and is sufficient to show that the roundabout is not the critical element in the network that will determine the growth constraints for RBP.

The TTM model for 2031 assumes 81% development of RBP and based on the spare capacity evident in the above modelling it is estimated that the roundabout would be able to cater for the full RBP development in 2031. Some minor additional work could be completed to demonstrate this estimate.

## 3. SH2 Mid-Block Traffic Flows

Mid-block flows for the section of SH2 immediately west of the proposed mid-block roundabout have been assessed based on the above provided modelling runs. Unfortunately no model run was provided for the base case of existing SH2 without RBP and without the TEL.

Therefore based on the modelled scenario for no RBP with TEL the following peak hour volumes have been derived by combining the flows from the existing SH2 with the flows on the TEL. (Note that the model run with no TEL and with RBP appears to yield differing outputs and the reason for this is not apparent – further investigation is necessary to understand these differences). The principal assumptions for each scenario are:

- Flows for with RBP but no interchange based on TTM with TEL, interchange and RBP with manual adjustment of interchange flows based on 50% using the existing SH2 to the north and 50% using the SH2 to the south and thence the TEL.
- Base flows for scenario without TEL or RBP from TTM model with TEL but no RBP with TEL flows in total added to the existing SH2 volumes.

A comparison of the traffic flows on the existing section of SH2 west of Pah Road in the with and without TEL and RBP scenarios for 2026 Stage 2 model run, is given in Table 1 below:

Scenario	am		pm	
	Eastbound	Westbound	Eastbound	Westbound
2026 Stage 2				
No RBP, No TEL	976	1068	1039	1072
With TEL & RBP, No Interchange	965	751	753	1054

Table 1: SH2 Peak hour flows West of Pah Road : sourced from TTM

As readily apparent in Table 1 the traffic flows (critical movement for each of morning and evening peak) by 2026 the flows on SH2 west of Pah Road are equivalent (worst movement) to those that would have been experienced on the existing SH2 without the TEL or the RBP development.

#### 4. Other Network Constraints

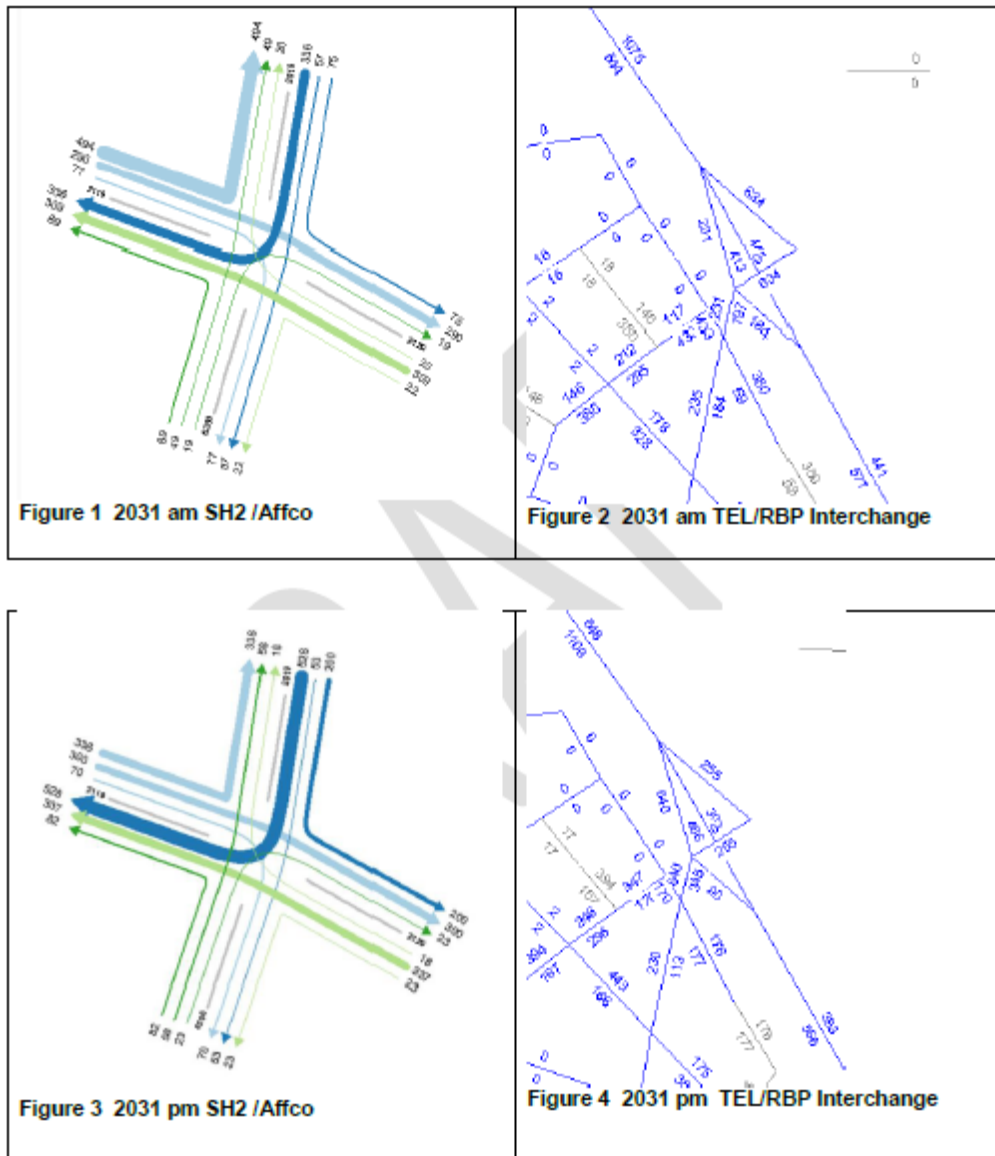
The assessment work herein focusses on the two principal constraints identified for investigation namely the mid-block roundabout and the mid-block flows west of Pah Road. While these answers will certainly be representative of the full network, it is suggested that a similar comparison of flows be completed for the full existing SH2 to verify there are no further constraints.

Similarly, the roundabout modelling does not indicate any difficulty with the roundabout per se, however earlier work undertaken by Traffic Design Group Ltd indicated that one of the critical elements in the network may in fact be the rail crossing which would create queuing during the passing of a train albeit on an occasional basis.

We would be happy to provide further input into the above scenarios or any others you may wish to explore.



**Attachment A: TTM TRAFFIC MODELLING FLOWS and SIDRA Roundabout Output**



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 Tauranga 3141  
 Phone: +64 7 577 0555  
 www.tdg.co.nz  
 New Zealand

9993\_memo\_17\_08\_midblock\_main.docx

4

MOVEMENT SUMMARY										Site:
										SH2/Affco_2031_option3a_AM
SH2/Affco_option3a Roundabout										
Movement Performance - Vehicles										
Mov ID	Turn	Demand Flow	HV Deg. Satn	Average Delay	Level of Service	95% Back of Queue Vehicles	Distance	Prop. Queued	Effective Stop Rate	Average Speed
		veh/h	%	v/c	sec	veh	m		per veh	km/h
South: Affco										
1	L	94	15.0	0.175	12.1	LOS B	1.1	8.5	0.90	46.3
2	T	52	15.0	0.216	10.6	LOS B	1.1	8.6	0.86	39.1
3	R	20	15.0	0.216	23.4	LOS C	1.1	8.6	0.86	42.1
Approach		165	15.0	0.216	13.0	LOS B	1.1	8.6	0.88	43.7
East: SH2 east										
4	L	23	15.0	0.476	15.6	LOS B	2.7	21.1	0.71	62.2
5	T	325	15.0	0.476	15.4	LOS B	2.7	21.1	0.71	64.7
6	R	861	15.0	0.848	25.0	LOS C	10.5	83.3	0.91	47.8
Approach		1209	15.0	0.848	22.3	LOS C	10.5	83.3	0.85	52.2
North: Rangiora Business Park										
7	L	79	15.0	0.047	2.2	X	X	X	X	47.6
8	T	60	15.0	0.299	1.6	LOS A	1.6	13.0	0.50	43.8
9	R	597	15.0	0.299	14.5	LOS B	1.6	13.0	0.50	46.0
Approach		736	15.0	0.299	12.1	LOS B	1.6	13.0	0.45	46.0
West: SH2 west										
10	L	520	15.0	0.310	12.2	X	X	X	X	71.3
11	T	211	15.0	0.257	17.3	LOS B	2.4	19.2	1.00	61.2
12	R	81	15.0	0.257	24.4	LOS C	1.9	15.4	0.97	49.4
Approach		812	15.0	0.310	14.8	LOS B	2.4	19.2	0.36	65.9
All Vehicles		2922	15.0	0.848	17.1	LOS B	10.5	83.3	0.61	52.8

Table 2: SH2/Affco Roundabout 2031 am peak

MOVEMENT SUMMARY										Site:
										SH2/Affco_2031_option3a_pm
SH2/Affco_option3a Roundabout										
Movement Performance - Vehicles										
Mov ID	Turn	Demand Flow	HV Deg. Satn	Average Delay	Level of Service	95% Back of Queue Vehicles	Distance	Prop. Queued	Effective Stop Rate	Average Speed
		veh/h	%	v/c	sec	veh	m		per veh	km/h
South: Affco										
1	L	88	15.0	0.144	11.8	LOS B	0.8	6.6	0.87	46.6
2	T	61	15.0	0.248	10.9	LOS B	1.2	9.1	0.84	38.9
3	R	24	15.0	0.248	23.7	LOS C	1.2	9.1	0.84	41.9
Approach		172	15.0	0.248	13.2	LOS B	1.2	9.1	0.85	43.3
East: SH2 east										
4	L	24	15.0	0.640	21.4	LOS C	4.2	33.3	0.88	53.8
5	T	355	15.0	0.640	20.6	LOS C	5.0	39.4	0.89	58.3
6	R	382	15.0	0.640	24.0	LOS C	5.0	39.4	0.91	49.3
Approach		761	15.0	0.640	22.3	LOS C	5.0	39.4	0.90	53.7
North: Rangiora Business Park										
7	L	211	15.0	0.126	2.2	X	X	X	X	47.6
8	T	56	15.0	0.602	2.9	LOS A	4.4	35.1	0.66	42.1
9	R	1229	15.0	0.602	16.0	LOS B	4.4	35.1	0.67	45.3
Approach		1496	15.0	0.602	13.6	LOS B	4.4	35.1	0.57	45.4
West: SH2 west										
10	L	356	15.0	0.212	12.2	X	X	X	X	71.3
11	T	316	15.0	0.179	13.0	LOS B	1.3	10.0	0.64	65.2
12	R	74	15.0	0.179	19.1	LOS B	1.1	8.8	0.65	55.9
Approach		745	15.0	0.212	13.2	LOS B	1.3	10.0	0.34	67.0
All Vehicles		3174	15.0	0.640	15.6	LOS B	5.0	39.4	0.61	50.9

Table 3: SH2/Affco Roundabout 2031 pm peak

## **Appendix 6: NZTA Draft Response**

### **Rangiuru Business Park**

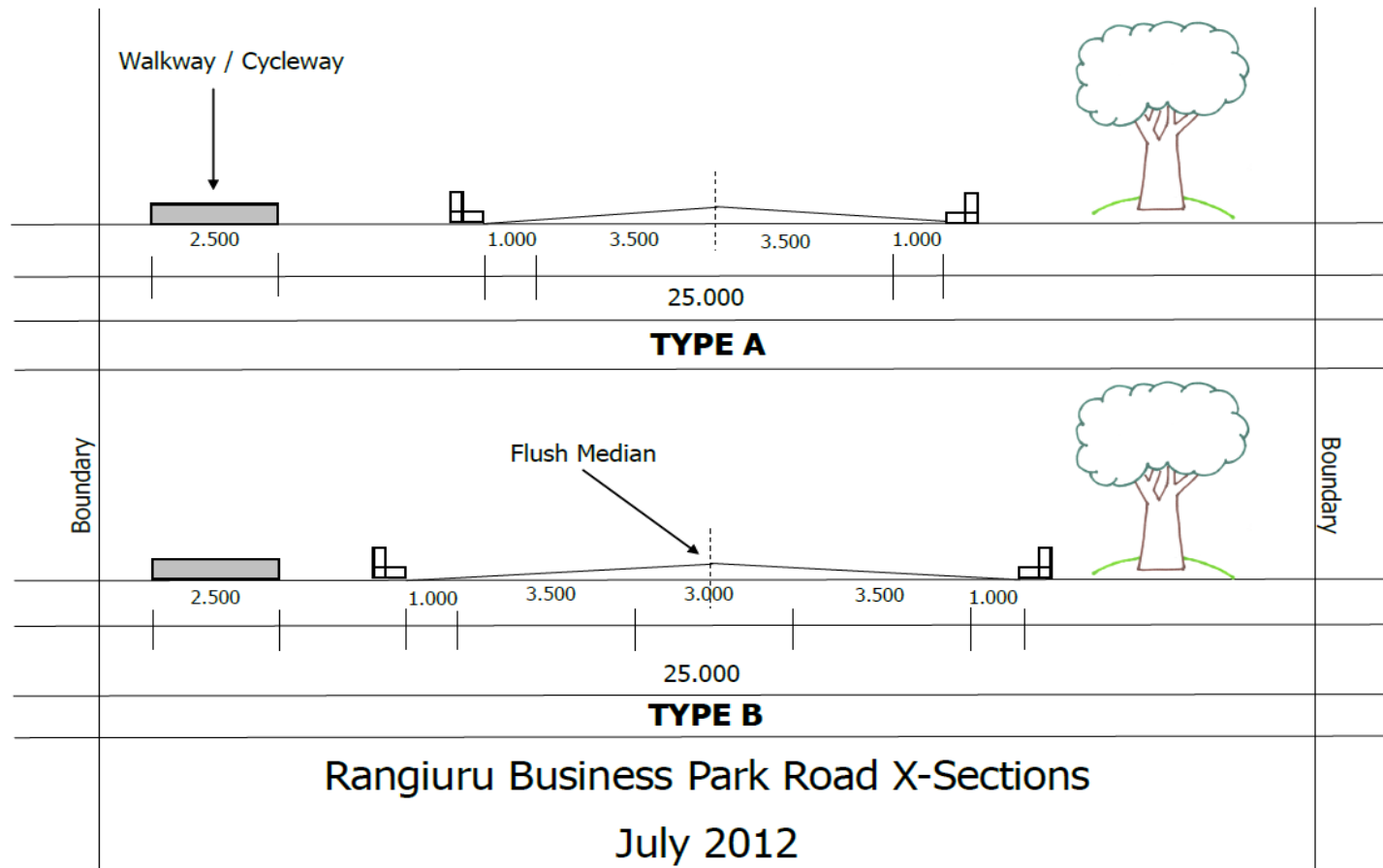
Notes on Traffic Aspects from an NZTA perspective

The proposal to increase the level of development that can occur before the Rangiuru Business Park is connected directly to TEL is of concern to NZTA because:

- A significant justification for TEL is to remove traffic from SH2 and in doing so to improve the safety and efficiency of SH2 and of the whole road system.
- TEL is intended to improve the environmental conditions in central Te Puke.
- The network plan sets out the intention to increase the efficiency of freight operations by focusing those movements on TEL.
- TEL is intended to serve and to assist the viability of the Business Park by allowing a direct connection.
- TEL is intended to reduce the maintenance commitment to SH2.

The proposal to develop a substantial proportion of the Business Park without direct access to TEL is seen as inconsistent with those justifications and intentions and works against and undermines the rationale for TEL.

## Appendix 7: Proposed Road Cross Sections





**Appendix 8: Financial Land Sales Model – hectares / year**

<b>Year</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Hectares	0.0	4.0	4.0	4.0	4.0	4.0

<b>Year</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
Hectares	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0

<b>Year</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>	<b>2034</b>	<b>2035</b>	<b>2036</b>	<b>2037</b>	<b>2038</b>	<b>2039</b>	<b>2040</b>
Hectares	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	4.0

<b>Year</b>	<b>2041</b>	<b>2042</b>	<b>2043</b>	<b>2044</b>	<b>2045</b>	<b>2046</b>	<b>2047</b>	<b>2048</b>
Hectares	4.0	4.0	4.0	4.0	4.0	3.0	2.0	0

### Appendix 9: Cash flow Capital Expenditure Trial 4

Cost 2011	Cost 2012	Cost 2013	Cost 2014	Cost 2015	Cost 2016	Cost 2017	Cost 2018	Cost 2019	Cost 2020
			\$	\$	\$			\$	\$
\$ -	\$ -	\$7,741,327.07	2,888,323.20	6,677,000.00	9,845,082.03	\$147,840.00	\$611,362.03	147,840.00	518,894.83

Cost 2021	Cost 2022	Cost 2023	Cost 2024	Cost 2025	Cost 2026	Cost 2027	Cost 2028	Cost 2029	Cost 2030
			\$						\$
\$15,188,560.00	\$1,866,602.86	\$ -	425,408.88	\$ -	\$432,438.69	\$ -	\$9,750,836.54	\$4,537,344.00	15,169,283.71

Cost 2031	Cost 2032	Cost 2033	Cost 2034	Cost 2035	Cost 2036	Cost 2037	Cost 2038	Cost 2039	Cost 2040
\$ -	\$90,048.00	\$ -	\$219,201.02	\$ -	\$ -	\$ -	\$ -	\$ -	\$7,188,644.80

Cost 2041	Cost 2042	Cost 2043	Cost 2044	Cost 2045
\$3,280,000.00	\$ -	\$ -	\$ -	\$ -

---

## **Appendix 10: Sensitivity Infrastructure Financial Contribution Model**

A number of options were considered. These are shown in more detail in appendix 3. All are similar however with various modifications. Off site financial contributions have not been included (nor were they in 2010) but an estimated \$5.00 / m<sup>2</sup> should be added to all fincos shown below.

### **Trial 1:**

This option defers costs, with the pumped rising main effective in 2021, and the mid block connection from A-D inclusive completed by 2015 / 2016.

- Finco is \$60.09/m<sup>2</sup>.

### **Trial 1A:**

As for Trial 1, but with a \$6m contribution from NZTA.

- Finco = \$53.92 / m<sup>2</sup>. The contribution is assumed for link C - D.

### **Trial 1B:**

Similar to Trial 1 but with connection A - B to the TEL in 2029 / 30, and with NZTA contribution of \$6m in 2016.

- Finco = \$50.40

### **Trial 1C:**

Similar to Trial 1B but with connection A-B to the TEL in 2029/30, but with **no** NZTA contribution.

- Finco = \$56.57

### **Trial 2:**

As for Trial 1, but with the full pumped waste water system completed in 2016.

- Finco = \$62.35 / m<sup>2</sup>. The higher finco is due to significant initial costs.

### **Trial 3:**

As for Trial 1, but with mid block C-D connection deferred to 2020/21.

- Finco = \$55.88 / m<sup>2</sup>. Changes to the District Plan and delays are unlikely to be acceptable to NZTA due to concerns with existing intersections.

### **Trial 3A:**

As for Trial 3, but with a \$6m contribution from NZTA in 2020 / 21.

- Finco = \$51.48. Similar comments to Trial 3 apply.

**Trial option 1 was recommended at \$60.09/m<sup>2</sup>, however Trial 4 in the Postscript section may now be more acceptable.**

### **Note:**

1. General: All land costs have been removed (except C - D).
2. Roading costs: NZTA and Quayside contributions have been removed from the revised costs. These were included as a deduction in the 2010 Financial Model.
3. Road lengths are rough order.

4. Road Cost rates were developed by WBOPDC using a different methodology to H & G. The final outcome rate per linear metre is very similar.
5. Rates and timing for utilities were developed by WBOPDC Utilities group.
6. The rates were processed through Frazer Smith's financial model.

<b>Trial 1</b>	<b>Midblock 2015/2016</b>		<b>Trial 1 A</b>		
<b>Infrastructure</b>	<b>Project costs</b>	<b>Comment</b>	<b>Infrastructure</b>	<b>Project costs</b>	<b>Comment</b>
Water Supply	\$ 6,391,199.80	2013/2014	Water Supply	\$ 6,391,199.80	2013/2014
Wastewater	\$ 16,567,439.00	Pumped rising main 2021	Wastewater	\$ 16,567,439.00	Pumped rising main 2021
Stormwater	\$ 17,472,958.20	Substantial start 2013	Stormwater	\$ 17,472,958.20	Substantial start 2013
Transportation	\$ 35,541,679.35	Midblock TEM to SH2 (A-D) 2015/16	Transportation	\$ 29,541,679.40	NZTA contribute \$6m: Midblock TEM to SH2 in 2015/16
Reserves	\$ 665,750.10	no change	Reserves	\$ 665,750.10	no change
	\$76,639,026.45				
	<b>\$ 60.09</b>	76.6m		<b>\$ 53.92</b>	
<b>Trial 1B Connection to TEL 2029/30, with NZTA contribs</b>			<b>Trial 1C Connection to TEL 2029/30, with no NZTA contribution</b>		
<b>Infrastructure</b>	<b>Project costs</b>	<b>Comment</b>	<b>Infrastructure</b>	<b>Project costs</b>	<b>Trial Comments</b>
Water Supply	\$ 6,391,199.80	2013/2014	Water Supply	<b>\$ 6,391,199.80</b>	2013/2014
Wastewater	\$ 16,567,439.00	Pumped rising main 2021	Wastewater	<b>\$ 16,567,439.00</b>	Pumped rising main 2021
Stormwater	\$ 17,472,958.20	Substantial start 2013	Stormwater	<b>\$ 17,472,958.20</b>	Substantial start 2013
Transportation	\$ 33,164,688.55	Link A-B at 50% loading - deferred to 2029/2030, Link C-D in 2015/16, \$6m contribution from NZTA in 2015/16	Transportation	<b>\$ 39,164,688.50</b>	Link A-B at 50% loading - deferred to 2029/2030, Link C-D in 2015/16, No contribution from NZTA
Reserves	\$ 665,750.10	no change	Reserves	<b>\$ 665,750.10</b>	no change
	<b>\$ 50.40</b>			<b>\$ 56.57</b>	/ m2

### Trial 2

Infrastructure	Project costs	Comment
Water Supply	\$ 6,391,199.80	2013/2014
Wastewater	\$ 15,828,239.15	Pumped rising main 2016, no site disposal
Stormwater	\$ 17,472,958.20	Substantial start 2013
Transportation	\$ 35,541,679.35	Midblock TEM to SH2 in 2015/16
Reserves	\$ 665,750.10	no change
	<b>\$ 62.35</b>	

### Trial 3

#### Midblock 2020/21

Infrastructure	Project costs	Comment
Water Supply	\$ 6,391,199.80	2013/2014
Wastewater	\$ 16,567,439.00	Pumped rising main 2021
Stormwater	\$ 17,472,958.20	Substantial start 2013
Transportation	\$ 35,541,679.35	Midblock TEM to SH2 in 2020/21
Reserves	\$ 665,750.10	no change
	<b>\$ 55.88</b>	

### Trial 3 A

Infrastructure	Project costs	Comment
Water Supply	\$ 6,391,199.80	2013/2014
Wastewater	\$ 16,567,439.00	Pumped rising main 2021
Stormwater	\$ 17,472,958.20	Substantial start 2013
Transportation	\$ 29,541,679.40	NZTA contribute \$6m Midblock TEM to SH2 in 2020/21
Reserves	\$ 665,750.10	no change
	<b>\$ 51.48</b>	

**Trial 4**

Infrastructure	Project costs	Trial Comments
Water Supply	\$ 8,391,199.30	Double flow over trial 1-3, i.e. 11 HHE per ha. Additional \$2m upgrade to supply in 2028.
Wastewater	\$ 20,567,439.45	Pumped main 2021 with double flow from 11 HHE per ha. Upgrade WWTP in 2028
Stormwater	\$ 17,472,958.20	Substantial start 2013
Transportation	\$ 39,628,688.50	Intersection A, link AB 2029-30; Link B-D and intersection D 2015-16; No NZTA contribution
Reserves	\$ 665,750.10	no change
	\$ 86,726,035	
	<b>\$ 59.49</b>	

## Appendix 11: Developer Costs: Viability

Additional Developer costs are included in the Financial Viability Rangiuru Model as developed by TCC's Frazer Smith.

Costs include:

1. Sale Revenue
2. Direct Sales costs
3. Land Use Consent fees
4. Subdivision consent fees
5. Estate direct construction costs
6. Estate direct maintenance Cost
7. Per Square metre direct construction costs (Industrial)
8. S223 Consent fees
9. S224 Consent fees
10. Per Ha Industrial development contribution costs (taken from the 2012 Financial Contributions Infrastructure Model at \$64.50 / m<sup>2</sup>).
11. Per lot S224 Costs
12. Per lot Direct Refunds
13. Stage Direct Maintenance Costs
14. Other miscellaneous costs
15. Developer management and project management costs
16. Indirect costs

Using model with sales

Calculated Sales price

- At Current Finco Charge = \$64.50 / m<sup>2</sup>
- Current Sales Price = \$113 / m<sup>2</sup>
- Sales price to give desired margin = \$193 / m<sup>2</sup>

Sensitivity Test:

The model was then tested using land sales figures assumed for the Infrastructure Financial contribution model as set out in **Appendix 10**.

Calculated Sales Price

- At Current Finco Charge = \$64.50 / m<sup>2</sup>
- Current Sales Price = \$113 / m<sup>2</sup>
- Sales price to give desired margin = \$233 / m<sup>2</sup>



Heading				
<b>Sales Revenue</b>	<b>Charges per unit excl GST</b>	<b>Unit</b>	<b>Charges per unit inc GST</b>	<b>Charges per lot inc GST</b>
Sale - Base Land	100,000	per ha	115,000	
Sale - Industrial Land (per m2)	112.50	per m2	129	
<b>Direct Sales Costs</b>	<b>Charges per Unit</b>	<b>Unit</b>		
Sales Legal Fees	750	per lot		
Marketing	1,000	per lot		
Comm. On Sale - Industrial	1.50%	of Sales Revenue		
Sales Agent Fee				
<b>Land Use Consent Fees</b>	<b>Unit Costs excl GST</b>	<b>Unit Costs inc GST</b>		
Land Use Consent Fees (Limited Notification)	3,990	4,489		
<b>Subdivision Consent Fees</b>	<b>Unit Costs excl GST</b>	<b>Unit Costs inc GST</b>		
Generation of Development Master Plan	500,000	575,000		
Generation of Stage Development Plan	50,000	57,500		
Generation of Earthworks Stage Development Plan	50,000	50,000		
Subdivision Consent Fees (Limited Notification)	2,861	3,219		
Development Plan Approval Fee (Base Charge)	1,467	1,650		
Development Plan Approval Fee (Variable Charge on works)	0.62%	0.7%		
<b>Estate Direct Construction Costs</b>	<b>Costs per unit</b>	<b>Unit</b>		
Earthworks	82,700	per ha		
Standard Residential Pump Station	0	per item		
Large Residential Pump Station	0	per item		
Stormwater Pond Construction	525,000	ha of pond reserve		
Reserve Development	250,000	per ha		
<b>Estate Direct Maintenance Costs</b>	<b>Costs per unit per month</b>	<b>Unit</b>	<b>Charged on</b>	
Road cleaning		per linial m	Roads	
Berm mowing		per linial m	Roads	
Pump station maintenance		per item	Pump Stations	
Stormwater Pond maintenance	1,000	per ha	stormwater Ponds	
Stormwater Reserve maintenance (mowing)		per m2	Stormwater Res	
Reserve maintenance		per m2	Reserves	
<b>Per Square meter Direct Construction Costs (Industrial)</b>	<b>Charges per net m2</b>			
Earthworks	32.52			
Roading	7.55			
Water	4.21			
Stormwater	1.45			
Sewerage	1.81			
Other	0.97			
<b>Total Direct Construction Costs per m2</b>	<b>48.50</b>			
<b>S223 Consent Fees</b>	<b>Unit Costs excl GST</b>	<b>Unit Costs inc GST</b>		
S223 Consent Fees	478	538		
<b>S224 Consent Fees</b>	<b>Unit Costs excl GST</b>	<b>Unit Costs inc GST</b>		
S224 Consent Fees	961	1,081		
As-Built Plans and Survey Benchmark Records (Base)	142	160		
As-Built Plans and Survey Benchmark Records (per lot)	44	50		
<b>Per Ha Industrial Development Contribution Costs</b>	<b>Charges per Ha</b>			
Development Contribution	645,000			
<b>Total Direct DC Costs per Ha</b>	<b>645,000</b>			
<b>Per Lot S224 Costs</b>	<b>Charges per lot</b>			
Legal Subdivision Fee	275			
Council Bonds				
<b>Total Direct S224 Costs per lot</b>	<b>275</b>			
<b>Per Lot Direct Refunds</b>	<b>Charges per lot</b>			
Refund of Council Bonds	0			
<b>Stage Direct Maintenance Costs</b>	<b>Charges per Ha per month</b>			
Landscaping	100			
Section maintenance (mowing)				
<b>Total Direct Maintenance Costs per ha</b>	<b>100</b>			
<b>Other Costs</b>	<b>Charge</b>	<b>Basis Charged</b>		
TCC Council Rates UAGC	620	One Charge		
TCC Council Rates Charge per \$ of Value	0.001737	per \$1 of Capital Value		
Wastewater UAC	300	One Charge		
Regional Council Rates UAGC	52	One Charge		
Regional Council Rates Charge per \$ of Value	0.000164	per \$1 of Capital Value		
<b>Developer Management and Project Management</b>	<b>Charges per Unit</b>	<b>Unit</b>		
Developer Management and Project Management	3.0%	% of Sales Revenue		
		Spread over whole development		
<b>Indirect Costs</b>	<b>Charges per month</b>			
Security Patrols				
Legal Fees				
Valuations				
Undeveloped land Maintenance cost				
Accounting Fees				
<b>Total Indirect Costs per month</b>	<b>10,000</b>			

## Appendix 12: Veros Property Partners Review



### Commercial Overview

### Rangiuru Industrial Business Park

Prepared by :  
Duarne Lankshear & Peter Williams  
August 2012



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### Executive Summary

Most industrial land values excluding Mt Maunganui have returned to 2003 / 2004 levels, whilst the costs of development and financial contributions have increased substantially. As a consequence land values that are required to support development of raw industrial land do not currently exist. Furthermore with the large supply of zoned land within the sub region it is difficult to see fundamentals improving within the medium term.

Industrial land pre 2004 was in short supply, rezoning initiatives from both councils has created approximately 600 ha of zoned industrial land in the sub region. The sub region is now very well placed to receive growth and industrial land uptake, however the healthy supply of land will moderate land value growth over the medium to long term and therefore constrain the development of new land. As a consequence we have seen raw zoned land values soften back to agricultural and horticultural land values.

Based on intrinsic agricultural and horticultural land values, and the average development costs of \$40m2 – \$60 m2 and financial contributions of circa \$60 - \$65 m2 current Rangiuru land owners will need a minimum improved land value of \$150 - \$160 m2 to support development.

**We assess the current developed industrial land value for Rangiuru Metroplex at \$80 - \$100m2 based on the market overview below.**

The challenge Rangiuru Metroplex land owners and stakeholders face, is identifying strategies to bring developed or useable land to the market at a price that will stimulate and bring forward demand in an environment that doesn't support development of new industrial land. The uses that will identify more readily with Rangiuru are those that are already operating along the eastern corridor, Rotorua, Whakatane and the central plateau :

- Forestry related
- Horticultural and agricultural service providers
- Post Harvest
- Attracting port related storage and transportation will be difficult in the short to medium term.
- Light industrial manufacturing

The likely buyer will be the person or company that identifies Rangiuru as a location of the future but is first and foremost attracted on price. Price will expand the market as it will enable users and buyers to procure more land than what they require, surplus land for yard, storage and future growth, but importantly, they will also identify the extra land as being a good investment, and in the case of the owner with extra land, they will see this as an opportunity to lock in future upside and value. Essentially price will bring forward demand from other zones and hinterland locations as they can buy more than what they need and the surplus provides for growth and value upside.

On this premise, Rangiuru would not be productive as it should be in the short to medium term, however short term activity will set the platform for long term activity and therefore value growth.



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The commercial environment has changed significantly for both the Public and Private sector. Land values and demand assumptions need to be recalibrated to the new market. Rangiuru stakeholders will need a long term investment horizon, importantly they will need to identify sensible strategies to stimulate demand and to cashflow services and infrastructure alongside on in advance of that demand.

The alternative is to wait for industrial expansion and value growth in other industrial locations to push demand and value growth to Rangiuru. The likely timeframe for this trend to manifest itself could be 5 – 10 years, but could well be 10 – 20 years.

If the Rangiuru stakeholders are willing to explore other solutions then they could revisit the structure plan and identify opportunities to blend residential activities within or beside the zone. As a consequence, a greater number of users will firstly create critical mass to support the cost of infrastructure and services, and secondly will provide a residential catchment to support the industrial zone. We believe there would be a demand for residential sections in this location on the basis they were priced competitively relative to other locations.



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#### Overview of the sub region industrial market

Industrial vacant land uptake in the Western Bay of Plenty sub region has been at very low levels since 2008. Recent absorption and low vacancies in Mt Maunganui and moderate industrial land uptake particularly in Tauriko business estate are evidence of a small recovery in industrial expansion within the Western Bay of Plenty, albeit at low levels.

Over the last 18 months Mt Maunganui has absorbed vacant space predominantly for transportation, storage and some logistics. The continued growth and expansion of the port should underpin the continued expansion of the transportation, storage and logistics activities. It will be interesting to observe how long this situation continues as there will ultimately be a **tipping point where the underlying land values and rents required to make development affordable will simply become too expensive compared to short run freight costs. If this situation occurs, secondary industrial locations will again be back in vogue.**

As a consequence of continued demand in Mount Maunganui, we will see industrial users outside of transportation and logistics, be displaced to alternate locations. The other established industrial zones such as Birch Ave and Maleme St have no or limited land for expansion. Therefore on the basis this trend continues, expansion will then naturally occur in the zoned and serviced industrial greenfield locations. These locations in order of market preference are:

- Tauriko
- Te Maunga
- Papamoa East ( Wairakei /Te Tumu)
- Northern Corridor – Te Puna, Omokoroa, Kati Kati.

At this stage Rangiuru Metroplex and Te Puke West have not been listed, as neither location is developed or available. If they were developed and available they would rank in value below all other industrial offers.

#### Tauriko Business Estate

Tauriko Business estate with easy and effective arterial connectivity to the port and proximity to Hamilton and Auckland is positioned as the preferred location for industrial expansion. The land is now well serviced with essential in ground infrastructure and roading networks, as a consequence this location is ready and able to receive the majority of the land uptake.

Land Values have established a range of \$140 - \$200 m2. The lower end of the range reflects land requiring ground improvement or improved foundations to accommodate geotechnical conditions. The upper end of the range is for well positioned land with good access and frontage.

Most recent sales for larger lots have occurred at \$180 - \$190 m2.

#### Te Maunga ( Trueman Lane)



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Te Maunga would likely rank equally beside Tauriko in terms of preference if it was developed and readily available as freehold industrial land.

The location is considered next best to Mt Maunganui.

It is well serviced with industrial grade road and will shortly have improved access to the TEL via the Sandhurst interchange. Access to Te Maunga sewage plant and settlement ponds will suit some wet industrial users, however food based processing and manufacturing may have issues with odour.

The tenure is leasehold and the geotechnical conditions will require some ground improvement works. The lease term and the ground rent structure will suit some industrial land users, specifically some owner occupiers will find this ownership commercially suitable. However the majority of investors and developers are likely not to participate in this land as capital growth will be limited and low interest rate environments do not offset the ground rent percentage (5 -7 %) relative to the cost of capital.

A large land user has recently purchased a portion of land and will subject to finalising building and financial matters build a large manufacturing, distribution and office. As a consequence they will act as a catalyst for other industrial users.

The current developed land value for this area is considered to be in the \$160 - \$220 m2 range.

Overall this industrial location is very desirable however demand will be tempered by the leasehold tenure.

#### Papamoa East ( Wairakei / Te Tumu )

The first stages of this employment zone not easily accessed from the TEL. Arterial connections is via Domain Rd roundabout and Tara Rd extension which will not suit all industrial users.

Proximity to residential activity will preclude some industrial and commercial users from a reverse sensitivity perspective.

The land is predominantly better quality flat land, sand and therefore easy to develop. Located beside a large Greenfield residential catchment, it will therefore suit smaller commercial and industrial land users.

Design covenants and development controls will create significant difficulties for commercial and industrial users, specially wet or heavy industrial or storage activities. The controls are such that any developer of the land must first secure Council's approval to the footprint and design outcomes before proceeding – this situation may turn away some interest in the zone

There is currently very little demand for land in this area. A large 4000 sqm building previously occupied by a furniture manufacturer has remained predominantly vacant for the last 4 years. Rents are very low and do not reflect a reasonable return on replacement cost.



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A recent conditional sale in the area has been confirmed at \$125 m2 for 1 hectare of land, but other market interest would suggest values actually range between \$120 to \$190 m2.

#### Te Puke

Established industrial land in Te Puke proper for smaller lots is assessed at circa \$80 - \$120 m2.

The West industrial block has recently been exchanged at raw agricultural land values, approximately \$50,000 ha or \$ 5m2. We understand the new owners have no intention of developing the site for some time. This sale is a true reflection of the market attitude towards industrial zoned land at the present time, the market has placed no extra value in the industrial zoning.

Notwithstanding, the West land is difficult land to develop and will be disconnected from TEL. However in time this purchase will be viewed as "well bought".

#### Northern Corridor

Industrial land is available in three northern corridor locations :

- a) Te Puna
- b) Omokoroa
- c) Kati Kati

These locations are secondary industrial locations that predominantly suit smaller sites and light industrial and horticultural service activities servicing the local communities.

They will play an important role in the growth and support services for the northern corridor economy.

In all three locations there exists significant supply which will suppress land values for some time. Very little sales evidence exists.

We assess the current land value in the northern corridor for smaller industrial lots at \$100 - \$140 m2

#### How does demand categorise industrial locations

Demand for industrial land will be influenced by the following:

- a) Location and proximity to port and city centre.
- b) Price
- c) Cost of development :
  - a. Consenting costs such as compliance with design covenants ( e.g. Employment zone Papamoa)
  - b. Ground improvement costs relating to geotechnical conditions
- d) Access to services – water, sewer, storm and transportation.

#### Summary of Land Values & Market Preference of Green field Industrial Land

( large lots 4000 sqm +)



Ranking	Location	Land Value ( \$ /m2)
1	Mt Maunganui	\$285 - \$400 m2
2	Tauriko	\$140 - \$200 m2
3	Te Maunga	\$160 - \$220 m2
4	Papamoa East	\$120 - \$190 m2
5 =	Northern Corridor	\$100 - \$140 m2
5 =	Te Puke ( established)	\$80- \$120 m2

#### Preliminary Feasibility Review

The feasibilities have been prepared from a buyers perspective of the developed land. It takes into the account issues that any 3<sup>rd</sup> person or group would face when considering Rangiora to an industrial estate. In all cases the sites will have to stack up both operationally and financially.

Option	Land Value	Return Equity	Return Debt	Rental	Cap Rate	Margin	Likely Owner
Warehouse with Office (conventional layout)	\$80psm	5.01%	9.84%	\$60 / \$100psm	8.5%	-30.53%	Owner Occupier & Investor
Industrial with Office (conventional layout)	\$80psm	3.59%	8.89%	\$75 / \$100psm	8.5%	-37.25%	Owner Occupier
Warehouse with Office (storage layout)	\$80psm	1.93%	7.79%	\$60 / \$100psm	8.5%	-45.03%	Owner Occupier
Industrial with Office (storage layout)	\$80psm	2.08%	7.89%	\$75 / \$100psm	8.5%	-44.31%	Owner Occupier

(refer attached spread sheet summaries)

#### Assumptions;

1. The Land Value takes into account other industrial estates in the wider Tauranga Region. The land value is also the residual land price that generates a minimal return for the capital employed.
2. Construction rates are based on costs secured from Marra Construction and Brunel Construction
3. Rentals have been determined by taking into account other industrial estates in the wider Tauranga Region and then assessing a competitive rate to attract interest
4. Coverage rates have been confirmed by Arrow Construction and Ignite Architects
5. WBDC car park requirements and 'rule of thumb' ratios have been advised by Traffic Design Group
6. There are no Development levies payable as advised by WBDC
7. No commissions will be paid for selling the property because the likely owner will not be a seller on completion of the developer



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8. There is a holding period estimate of 36 months before starting construction

Who are the potential buyers industrial land ?

In any given market there is a pool of buyers – the key strategy is providing a product to the market that can meet the needs of each possible buyer.

1. Developer
2. Investor
3. Syndication
4. Developer who is also prepared to Invest i.e. fallback position
5. Owners Occupier
6. Speculator

Up until 2007/08, industrial land in Tauranga has sold to Investors, Developer whom are prepared to Invest, Investors, Owner Occupiers and Speculators. However, in the last 3 years only Investors and Owners Occupiers have shown continued interest in industrial land as land values and rentals have softened. Speculators have been burnt and are trying to dispose of their properties and in some cases are be forced to do so, and the Developer whom is prepared to be an investor is less motivated by the single value creation option without the real opportunity of a development margin.

Why would a 3<sup>rd</sup> party invest?

1. Developer – typically a developer is seeking a margin of 12% to 20% plus, and therefore it is extremely unlikely to take any medium term interest in Rangioru
2. Investor – typically an investor will be seeking a minimum return of 6% plus. We believe the conventional Warehouse concept would be of interest to a traditional investor providing the tenant is sound and the lease covenants strong. However, an investor by nature is a buyer and not the developer. Therefore, creating the opportunity in the first instance could be problematic.
3. Syndication – typically a mum and dad investors owing product with at least an 8.5% return and therefore investment opportunities at Rangioru are unlikely.
4. Developer / Investor - typically these players are high net worth individuals who are prepared to take on more risk than others as they are able to accept a worst case scenario to hold the product and 7% plus. Because their due diligence would likely show there to be little upside, this buyer interest will be moderated.
5. Owner Occupier – the buying pattern of owner occupiers are varied. We believe the owner occupier to be the most likely buyer at Rangioru but will be influenced by other opportunities in the market. Key drivers for owner occupiers are not simply a property return nor margin, as they almost always recognize that the requirements of their day to day business take priority. Reasons for an owner occupier to purchase could be as follows;
  - a) Cash rich and simply want to stop paying rent to 3<sup>rd</sup> parties
  - b) Cash rich and want to move cash into an arm's length account i.e. Trusts
  - c) Have a property division/department and see property as a meaningful asset on their balance sheet i.e. Fletcher Challenge
  - d) Are of a size that they want autonomy to make decisions i.e. Port of Tauranga



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6. Speculator – these buyers have little property expertise and generally are driven by market hype at any point of time. They end up with a sense that they must own asap otherwise they will miss an opportunity. Sadly, we often see these buyers getting caught out in a slow market

Who is the best owner of Rangiuru and in what order?

1. Owner Occupier
2. Investor
3. Developer whom is prepared to Invest (hold)

What/Who will influence the preferred buyers decision?

1. The bank – they will want assurances that the buyer has the cash flow and asset backing to meet the banks obligations. Depending on the resource of the buyer, the bank could be seeking a 'rule of thumb' return on their debt of between 7% to 14%.
2. The accountant / financial advisor – they will be giving advice to their clients on how the buyer can protect their income. With regard to the Owner Occupier, a structure is typically set up to allow profits to be transferred to another legal entity.
3. The board – many industries require large property areas to accommodate and support their business. This usually means they administer and own property in order to maintain flexibility and autonomy to make decisions.
4. The individual – they are high net worth earners and for a variety of reasons will make their own decisions independent of the bank, the advisors and others

What will attract the preferred buyers to Rangiuru?

New zones or areas will often establish beach head activities or essential pieces of infrastructure or anchor tenants that stimulate other users. In a residential sense this would be a shopping centre or a primary or high school, or a park. With industrial land, transportation connection, access to sea or air ports and proximity to residential and commercial catchment are essential.

Rangiuru will be supported by good TEL access and linkage to the port. However it is not on a east/west or north/south carriage way limiting its immediate benefit to only the eastern corridor. Furthermore, it is dislocated from residential and commercial catchment and is therefore considered a secondary location.

The early industrial land users and investors for Rangiuru must be given a reason to locate and anchor the location. This challenge is difficult and will require innovative and extra ordinary strategies. Doing nothing is not an option as this will mean the land will remain undeveloped for some time.

Given the competitive nature of industrial land in the wider sub region, Rangiuru will need to differentiate itself in either some, or all of the following areas.

- a) Price
- b) None or minimal development controls
- c) Size of lots



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- d) Wide range of use
- e) Good access
- f) Incentives
- g) Services and essential infrastructure

Having given consideration to other established and greenfield locations in the wider Tauranga region taking into account that at some point of time in the future both Mt Maunganui and Tauriko will reach a tipping point and be considered too expensive, we consider the following attributes will need to be articulated to the market to stimulate and bring forward demand.

- a) Price
- b) None or minimal development controls
- c) Size of lots

We recognize that we are stating the obvious, however price is the single biggest signal to initially stimulate demand, thereafter the product, in this case the land, must then easily understood so that the individual seeking to invest their capital can easily see that the investment is stable and has upside with commercial returns. To achieve the latter, the stakeholders need to make the land, easy to develop with limited restrictions as to use and controls. Clearly this needs to be achieved within sensible reverse sensitivity limits and impacts on the environment.

We recognize that the above statement is easy for the private sector to articulate with no reference to infrastructural constraints and local government responsibilities; however the key challenge is:

- how to deliver attractively priced land
- that is easy to develop that suits a wide range of uses.

It is important that Rangiuru recognises its position within the overall market and does not seek to be “too much” or to be “too selective” with covenants and development controls and lots sizes.

What is the most likely development concept / user for Rangiuru

Large lots are the most likely and natural use for Rangiuru, however this is not a major point of difference, as other areas can deliver large lots, therefore do not think that large lots on their own will attract demand from other areas.

Price as well as large lots and limited development controls will find favour with the market.

The uses that will identify more readily with Rangiuru are those that are already operating along the eastern corridor, Rotorua, Whakatane and the central plateau :

- Forestry related
- Horticultural and agricultural service providers
- Post Harvest
- Attracting port related storage and transportation will be difficult in the short to medium term.
- Light industrial manufacturing



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The likely buyer will be the person or company that identifies Rangiuru as a location of the future but is first and foremost attracted on price. Price will expand the market as it will enable users and buyers to procure more land than what they require, surplus land for yard, storage and future growth, but importantly, they will also identify the extra land as being a good investment, and in the case of the owner with extra land, they will see this as an opportunity to lock in future upside and value. Essentially price will bring forward demand from other zones and hinterland locations as they can buy more than what they need and the surplus provides for growth and value upside.

On this premise, Rangiuru would not be productive as it should be in the short to medium term, however short term activity will set the platform for long term activity and therefore value growth.

Stakeholders will need a long term investment horizon and identify strategies to cashflow and generate demand in the short term.

Where should the land value should be positioned to secure interest?

1. Initially \$80 - \$90 per square metre and/or
2. Leasehold tenure with an \$0 entry pint at 5% to 6% of land value with 21 year rights of renewals, and 7 yearly reviews adjusted to CPI.

Where will rentals be positioned to secure interest?

1. \$60 per square metre for warehouse
2. \$75 per square metre for industrial
3. \$100 per square metre for office

What Development controls to be relaxed?

1. All.....within reason i.e. recognising statutory obligations and reasonable standards that cannot be compromised. Provide for good landscaping without being to onerous.

How long will this all take?

1. The timing of the market is extremely difficult to predict. A proactive approach by , incentivising and attracting a large land user could establish activity in 18 months – 3 years. One large user will attract another and so on ..... Conservatively, with no extraordinary initiatives you would likely see very little occur for 5 – 10 years, or not until value growth in Tauriko displaced users.

Will the proposed level of services and infrastructure impact on the demand for industrial land?

The recently proposed level of services and infrastructure will not suit some categories of industrial users, specially wet industries with significant levels of water requirements and trade waste such as, food processing and food manufacturing. This is a small percentage of the industrial users. There are many other industrial users that limited water and sewage would not effect, such as:



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- a) Transport and logistics
- b) Storage
- c) Dry manufacturing
- d) Industrial services
- e) Commercial services

Further modelling should be undertaken to analyse these categories of industrial users and specifically identify their water and waste water requirements.

If additional industrial land was rezoned Tauriko area would it have an impact on Rangiuru.

....Yes

Tauriko is the natural and preferred location for industrial land therefore it will divert and thin demand for industrial land in the Eastern Corridor.



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# APPENDICES

## INDUSTRIAL FEASIBILITY MODELS



Property Advisory + Investment + Development Management

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PRELIMINARY FEASIBILITY		SUMMARY			
Rangiuru Industrial - Industrial		Land Value	\$ 800,000		
Date 28-Aug-12		Land Value ( \$m2)	\$ 80		
DEVELOPMENT COSTS		TENANTS	SIZE m2		
LAND PURCHASE	\$ 810,000				
UP FRONT PLANNING - RC	\$ 25,500				
CONSTRUCTION \$ 1,285	\$ 5,718,300				
CONSTRUCTION: P&G and MARGIN	\$ -				
CONSULTANTS TO DEVELOPMENT 6.46%	\$ 369,491				
SUBDIVISION & TITLE COSTS	\$ -				
LEGAL	\$ 25,000				
HOLDING COSTS - 12 months	\$ 17,000				
PROJECT ADVISORY	\$ 3,500				
TENANT INDUCEMENT COSTS	\$ 35,903				
MARKETING	\$ 10,000				
COUNCIL COSTS	\$ 52,500				
FINANCIAL CONTRIBUTIONS	\$ -				
CONTINGENCY (excludes construction)	\$ 53,889				
DEVELOPMENT COSTS before SALES & FUNDING \$ 1,600	\$ 7,121,083				
SALES & LEASING	\$ 60,836				
PRECONSTRUCTION FUNDING	\$ 43,095				
CONSTRUCTION FUNDING	\$ 85,835				
POST CONSTRUCTION FUNDING	\$ -				
TOTAL DEVELOPMENT COST \$ 1,643	\$ 7,310,849	Total	0 m2		
REVENUE / INCOME					
TYPE OF USE	Coverage	Area m2	Rate	TOTAL	
Warehouse	98%	0	\$60	\$ -	
Industrial	98%	3925	\$75	\$ 294,368	
Office	98%	436	\$100	\$ 43,610	
Carparks		100	\$0	\$ -	
	Totals			\$ 337,978	
		Rent Roll	Yield	Value	
SALE OF SURPLUS LAND		\$0	8.00%	\$ -	
COMMERCIAL YIELD SENSITIVITY		Capitalisation Rate	Value	Margin	Development %
Developers perspective	7.75%	\$4,361,000	-\$2,949,849	-40.35%	
	8.00%	\$4,224,719	-\$3,086,130	-42.21%	
	8.25%	\$4,096,697	-\$3,214,152	-43.96%	
	8.50%	\$3,976,206	-\$3,334,643	-45.61%	
	8.75%	\$3,862,600	-\$3,448,249	-47.17%	
	9.00%	\$3,755,306	-\$3,555,543	-48.63%	
	9.25%	\$3,653,811	-\$3,657,038	-50.02%	
	Cost	Income	Yield		
RETURN ON COST (investors perspective)	\$7,310,849	\$337,978	4.62%		
RETURN ON EQUITY (owners perspective)	\$2,924,339	\$52,854	1.81%		
RETURN ON DEBT (banks perspective)	\$4,386,509	\$337,978	7.70%		
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PRELIMINARY FEASIBILITY

TITLE: Rangioru Industrial - Industrial

Date 28-Aug-12

		AREA(m2)	RATE	TOTAL	
<b>LAND PURCHASE</b>					<b>\$810,000</b>
Land		10,000	\$80	\$800,000	
Set up Costs			sum	\$10,000	
Other					
<b>UP FRONT PLANNING - RC</b>					<b>\$25,500</b>
Costs to Date			sum	\$0	
Architect / Structural Designer			sum	\$4,500	
Geo-tech			sum	\$2,000	
Planner			sum	\$5,500	
Traffic			sum	\$5,000	
Landscape & Visual Architect			sum	\$3,500	
Acoustic			sum	\$0	
Engineering			sum	\$3,000	
Other			sum	\$2,000	
<b>CONSTRUCTION</b>					<b>\$5,718,300</b>
Demolition	100%	10,000	\$0	\$0	
Siteworks including services and car park area	56%	5,550	\$40	\$222,000	
Piling			sum	\$0	
Car park	16%	1,550	\$25	\$936,900	
Concrete Yard / Hardstand	40%	4,000	\$45	\$180,000	
Warehouse (basic managers office / ablutions)	0%	0	\$600	\$0	
Industrial (basic managers office / ablutions)	45%	4,450	\$820	\$3,649,000	
Office (seperate)	10%	445	\$1,400	\$623,000	
Warehouse (office area credit)		0	\$600	\$0	
Industrial (office area credit)		445	\$820	(\$364,900)	
External connections - water, power, telecon etc.	100%		sum	\$75,000	
Rubbish			sum	\$0	
Landscaping			sum	\$30,000	
Sign			sum	\$20,000	
Retaining			sum	\$0	
Fencing			sum	\$0	
Transformer			sum	\$75,000	
Contingency			5.00%	\$272,300	
<b>CONSTRUCTION: P&amp;G and MARGIN</b>					<b>\$0</b>
Contractors Margin			0.00%	\$0	
Preliminary and General (in costs above)			0.00%	\$0	
Scaffolding			sum	\$0	
Cranage			sum	\$0	
<b>CONSULTANTS TO DEVELOPMENT</b>		<b>6.46%</b>			<b>\$369,491</b>
Architecture			2.30%	\$131,521	
Traffic			sum	\$2,000	
Planner			sum	\$2,000	
Surveyor			sum	\$4,407	
Structural			1.80%	\$102,929	
Geo-Tech			0.10%	\$5,718	
Mechanical			0.15%	\$8,577	
Fire			0.15%	\$8,577	
Electrical			0.15%	\$8,577	
Quantity Surveyor			0.00%	\$0	
Banks Quantity Surveyor			sum	\$35,000	
Civil/Drainage/Roading			1.00%	\$57,183	
Project Manager			0.00%	\$0	
Acoustic			0.00%	\$0	
Landscape			sum	\$0	
Hydraulic			0.00%	\$0	
Valuer			sum	\$3,000	
<b>SUBDIVISION &amp; TITLE COSTS</b>					<b>\$0</b>
Surveyor - Site			sum	\$0	
Engineer - Site			sum	\$0	
Planner - Site			sum	\$0	
223 & 224c fee - Site		0	\$1,200	\$0	
LINZ fee - Site			sum	\$0	
Surveyor - Unit Title			sum	\$0	
Engineer - Unit Title			sum	\$0	
Planner - Unit Title			sum	\$0	
223 & 224c fee - Unit Title		0	\$1,200	\$0	
LINZ fee - Unit Title			sum	\$0	
<b>LEGAL</b>					<b>\$25,000</b>
Project Set up			sum	\$5,000	
Lease Negotiations			sum	\$5,000	
Legal Funding			sum	\$10,000	
Legal Disposal			sum	\$5,000	
Other			sum	\$0	

44.50% Site Coverage  
4,450 Total GFA  
\$1,285 m2 GFA  
45 per 100 GFA  
100 parks  
16 parks - area ratio

100 parks required  
0 surplus/shortfall



OTHER HOLDING COSTS - 12 months		1			\$17,000
Rates			\$15,000	\$15,000	
Insurance			\$2,000	\$2,000	
PROJECT ADVISORY					\$3,500
Development Management (average)		0	\$7,800	\$0	
Accountancy		1	\$3,500	\$3,500	
TENANT INDUCEMENT COSTS					\$35,903
Fitout incentive			sum	\$0	
Rent Free provision		3	months	\$35,903	
MARKETING					\$10,000
Concepts / Artist Impression			sum	\$0	
Printing			sum	\$0	
Signage			sum	\$5,000	
Advertising			sum	\$5,000	
COUNCIL COSTS					\$52,500
Resource Consent			sum	\$7,500	
Building Consent			sum	\$45,000	
Sub Division Consent - Site			sum	\$0	
Sub Division Consent - Unit Title			sum	\$0	
FINANCIAL CONTRIBUTIONS					\$0
BIF ( \$X per 100m2)		0.0			
Wastewater		0.0	\$1,958	\$0	
Water		0.0	\$3,552	\$0	
Stormwater		0.0	\$0	\$0	
Roading		0.0	\$704	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
SIF ( \$X per ha)		0.0	\$0		
Wastewater		0.0	\$0	\$0	
Water		0.0	\$0	\$0	
Stormwater		0.0	\$0	\$0	
Roading		0.0	\$0	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
CONTINGENCY			10.00%	\$53,889	\$53,889
DEVELOPMENT COSTS before SALES & FUNDING				\$7,121,083	\$7,121,083
SALES & LEASING					\$60,836
Sales commission (% of value)			0.00%	\$0	
Leasing			18.00%	\$60,836	
PRECONSTRUCTION FUNDING					\$43,095
Total			\$810,000		
Equity		45.00%	\$364,500		
Prime		55.00%	\$445,500		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.00%	\$40,095	
Cash flow effect			100.00%		
Term of borrowing - months			18		
Less Net Effective Income (say)		100.00%	\$0	\$0	
CONSTRUCTION FUNDING					\$85,835
Total			\$6,371,919		
Equity		40.00%	\$2,548,767		
Prime		60.00%	\$3,823,151		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$82,835	
Cash flow effect			50.00%		
Term of borrowing - months			8		
POST CONSTRUCTION FUNDING					\$0
Total			\$0		
Equity		0.00%	\$0		
Prime		0.00%	\$0		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$0	
Interest rate for Prime			7.00%	\$0	
Cash flow effect			100.00%		
Term of borrowing - months			0		
Less Income (say)		100.00%	\$0	\$0	
TOTAL DEVELOPMENT COST				\$7,310,849	\$7,310,849
PROPERTY FUNDING					\$288,123
Total			\$7,310,849		
Equity		40.00%	\$2,924,339		
Prime		60.00%	\$4,386,509		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$285,123	
Cash flow effect			100.00%		
Term of borrowing - months			12		

\$0.00 check

PRELIMINARY FEASIBILITY				SUMMARY	
Rangiuru Industrial - Industrial and Storage				Land Value	\$ 800,000
Date 28-Aug-12				Land Value ( \$m2)	\$ 80
DEVELOPMENT COSTS				TENANTS	SIZE m2
LAND PURCHASE			\$ 810,000		
UP FRONT PLANNING - RC			\$ 25,500		
CONSTRUCTION	\$ 1,159		\$ 3,825,045		
CONSTRUCTION: P&G and MARGIN			\$ -		
CONSULTANTS TO DEVELOPMENT	6.86%		\$ 262,522		
SUBDIVISION & TITLE COSTS			\$ -		
LEGAL			\$ 25,000		
HOLDING COSTS - 12 months			\$ 17,000		
PROJECT ADVISORY			\$ 3,500		
TENANT INDUCEMENT COSTS			\$ 33,085		
MARKETING			\$ 10,000		
COUNCIL COSTS			\$ 52,500		
FINANCIAL CONTRIBUTIONS			\$ -		
CONTINGENCY (excludes construction)			\$ 42,911		
DEVELOPMENT COSTS before SALES & FUNDING	\$ 1,548		\$ 5,107,063		
SALES & LEASING			\$ 45,114		
PRECONSTRUCTION FUNDING			\$ 83,190		
CONSTRUCTION FUNDING			\$ 59,448		
POST CONSTRUCTION FUNDING			\$ -		
TOTAL DEVELOPMENT COST	\$ 1,604		\$ 5,294,815	Total	0 m2

REVENUE / INCOME				
TYPE OF USE	Coverage	Area m2	Rate	TOTAL
Warehouse	98%	0	\$60	\$ -
Industrial	98%	2911	\$75	\$ 218,295
Office	98%	373	\$100	\$ 37,340
Carparks		74	\$0	\$ -
	Totals			\$ 250,635
		Rent Roll	Yield	Value
SALE OF SURPLUS LAND		\$0	8.00%	\$ -

COMMERCIAL YIELD SENSITIVITY		Capitalisation Rate	Value	Margin	Development %
Developers perspective	7.75%		\$3,234,000	-\$2,060,815	-38.97%
	8.00%		\$3,132,938	-\$2,161,878	-40.83%
	8.25%		\$3,038,000	-\$2,256,815	-42.62%
	8.50%		\$2,948,647	-\$2,346,168	-44.31%
	8.75%		\$2,864,400	-\$2,430,415	-45.90%
	9.00%		\$2,784,833	-\$2,509,982	-47.40%
	9.25%		\$2,709,568	-\$2,585,248	-48.83%

		Cost	Income	Yield
RETURN ON COST (investors perspective)		\$5,294,815	\$250,635	4.73%
RETURN ON EQUITY (owners perspective)		\$2,117,926	\$44,137	2.08%
RETURN ON DEBT (banks perspective)		\$3,176,889	\$250,635	7.89%

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**PRELIMINARY FEASIBILITY**

**TITLE:** Rangiuru Industrial - Industrial and Storage

**Date:** 28-Aug-12

		AREA(m2)	RATE	TOTAL	
<b>LAND PURCHASE</b>					<b>\$810,000</b>
Land		10,000	\$80	\$800,000	
Set up Costs			sum	\$10,000	
Other					
<b>UP FRONT PLANNING - RC</b>					<b>\$25,500</b>
Costs to Date			sum	\$0	
Architect / Structural Designer			sum	\$4,500	
Geo-tech			sum	\$2,000	
Planner			sum	\$5,500	
Traffic			sum	\$5,000	
Landscape & Visual Architect			sum	\$3,500	
Acoustic			sum	\$0	
Engineering			sum	\$3,000	
Other			sum	\$2,000	
<b>CONSTRUCTION</b>					<b>\$3,825,045</b>
Demolition	100%	10,000	\$0	\$0	
Siteworks including services and car park area	67%	6,700	\$40	\$268,000	
Piling			sum	\$0	
Car park	12%	1,200	\$25	\$30,000	
Concrete Yard / Hardstand	55%	5,500	\$45	\$247,500	
Warehouse (basic managers office / ablutions)	0%	0	\$600	\$0	
Industrial (basic managers office / ablutions)	33%	3,300	\$820	\$2,706,000	
Office (seperate)	10%	330	\$1,400	\$462,000	
Warehouse (office area credit)		0	\$600	\$0	
Industrial (office area credit)		330	\$820	(\$270,600)	
External connections - water, power, telecon etc.	100%		sum	\$75,000	
Rubbish			sum	\$0	
Landscaping			sum	\$30,000	
Sign			sum	\$20,000	
Retaining			sum	\$0	
Fencing			sum	\$0	
Transformer			sum	\$75,000	
Contingency			5.00%	\$182,145	
<b>CONSTRUCTION: P&amp;G and MARGIN</b>					<b>\$0</b>
Contractors Margin			0.00%	\$0	
Preliminary and General (in costs above)			0.00%	\$0	
Scaffolding			sum	\$0	
Cranage			sum	\$0	
<b>CONSULTANTS TO DEVELOPMENT</b>		<b>6.86%</b>			<b>\$262,522</b>
Architecture			2.30%	\$87,976	
Traffic			sum	\$2,000	
Planner			sum	\$2,000	
Surveyor			sum	\$4,407	
Structural			1.80%	\$68,851	
Geo-Tech			0.10%	\$3,825	
Mechanical			0.15%	\$5,738	
Fire			0.15%	\$5,738	
Electrical			0.15%	\$5,738	
Quantity Surveyor			0.00%	\$0	
Banks Quantity Surveyor			sum	\$35,000	
Civil/Drainage/Roading			1.00%	\$38,250	
Project Manager			0.00%	\$0	
Acoustic			0.00%	\$0	
Landscape			sum	\$0	
Hydraulic			0.00%	\$0	
Valuer			sum	\$3,000	
<b>SUBDIVISION &amp; TITLE COSTS</b>					<b>\$0</b>
Surveyor - Site			sum	\$0	
Engineer - Site			sum	\$0	
Planner - Site			sum	\$0	
223 & 224c fee - Site		0	\$1,200	\$0	
LINZ fee - Site			sum	\$0	
Surveyor - Unit Title			sum	\$0	
Engineer - Unit Title			sum	\$0	
Planner - Unit Title			sum	\$0	
223 & 224c fee - Unit Title		0	\$1,200	\$0	
LINZ fee - Unit Title			sum	\$0	
<b>LEGAL</b>					<b>\$25,000</b>
Project Set up			sum	\$5,000	
Lease Negotiations			sum	\$5,000	
Legal Funding			sum	\$10,000	
Legal Disposal			sum	\$5,000	
Other			sum	\$0	

33.00% Site Coverage  
3,300 Total GFA  
\$1,159 m2 GFA  
45 per 100 GFA  
74 parks  
16 parks - area ratio

74 parks required  
0 surplus/shortfall

OTHER HOLDING COSTS - 12 months		1			\$17,000
Rates			\$15,000	\$15,000	
Insurance			\$2,000	\$2,000	
PROJECT ADVISORY					\$3,500
Development Management (average)		0	\$7,800	\$0	
Accountancy		1	\$3,500	\$3,500	
TENANT INDUCEMENT COSTS					\$33,085
Fitout incentive			sum	\$0	
Rent Free provision		3	months	\$33,085	
MARKETING					\$10,000
Concepts / Artist Impression			sum	\$0	
Printing			sum	\$0	
Signage			sum	\$5,000	
Advertising			sum	\$5,000	
COUNCIL COSTS					\$52,500
Resource Consent			sum	\$7,500	
Building Consent			sum	\$45,000	
Sub Division Consent - Site			sum	\$0	
Sub Division Consent - Unit Title			sum	\$0	
FINANCIAL CONTRIBUTIONS					\$0
BIF ( \$X per 100m2)		0.0			
Wastewater		0.0	\$1,958	\$0	
Water		0.0	\$3,552	\$0	
Stormwater		0.0	\$0	\$0	
Roading		0.0	\$704	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
SIF ( \$X per ha)		0.0	\$0		
Wastewater		0.0	\$0	\$0	
Water		0.0	\$0	\$0	
Stormwater		0.0	\$0	\$0	
Roading		0.0	\$0	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
CONTINGENCY			10.00%	\$42,911	\$42,911
DEVELOPMENT COSTS before SALES & FUNDING				\$5,107,063	\$5,107,063
SALES & LEASING					\$45,114
Sales commission (% of value)			0.00%	\$0	
Leasing			18.00%	\$45,114	
PRECONSTRUCTION FUNDING					\$83,190
Total			\$810,000		
Equity	45.00%		\$364,500		
Prime	55.00%		\$445,500		
Mezz	0.00%		\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.00%	\$80,190	
Cash flow effect			100.00%		
Term of borrowing - months			36		
Less Net Effective Income (say)	100.00%		\$0	\$0	
CONSTRUCTION FUNDING					\$59,448
Total			\$4,342,177		
Equity	40.00%		\$1,736,871		
Prime	60.00%		\$2,605,306		
Mezz	0.00%		\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$56,448	
Cash flow effect			50.00%		
Term of borrowing - months			8		
POST CONSTRUCTION FUNDING					\$0
Total			\$0		
Equity	0.00%		\$0		
Prime	0.00%		\$0		
Mezz	0.00%		\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$0	
Interest rate for Prime			7.00%	\$0	
Cash flow effect			100.00%		
Term of borrowing - months			0		
Less Income (say)	100.00%		\$0	\$0	
TOTAL DEVELOPMENT COST				\$5,294,815	\$5,294,815
PROPERTY FUNDING					\$209,498
Total			\$5,294,815		
Equity	40.00%		\$2,117,926		
Prime	60.00%		\$3,176,889		
Mezz	0.00%		\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$206,498	
Cash flow effect			100.00%		
Term of borrowing - months			12		

\$0.00 check



PRELIMINARY FEASIBILITY SUMMARY			
Rangioru Industrial - Warehouse		Land Value	\$ 800,000
Date 28-Aug-12		Land Value ( \$/m2)	\$ 80
DEVELOPMENT COSTS		TENANTS	SIZE m2
LAND PURCHASE	\$	810,000	
UP FRONT PLANNING - RC	\$	25,500	
CONSTRUCTION	\$ 1,029	\$ 5,196,345	
CONSTRUCTION: P&G and MARGIN		\$ -	
CONSULTANTS TO DEVELOPMENT	6.54%	\$ 340,000	
SUBDIVISION & TITLE COSTS		\$ -	
LEGAL		\$ 25,000	
HOLDING COSTS - 12 months		\$ 17,000	
PROJECT ADVISORY		\$ 3,500	
TENANT INDUCEMENT COSTS		\$ 111,608	
MARKETING		\$ 10,000	
COUNCIL COSTS		\$ 52,500	
FINANCIAL CONTRIBUTIONS		\$ -	
CONTINGENCY (excludes construction)		\$ 58,511	
DEVELOPMENT COSTS before SALES & FUNDING	\$ 1,317	\$ 6,649,964	
SALES & LEASING		\$ 62,357	
PRECONSTRUCTION FUNDING		\$ 23,048	
CONSTRUCTION FUNDING		\$ 156,460	
POST CONSTRUCTION FUNDING		\$ -	
<b>TOTAL DEVELOPMENT COST</b>	<b>\$ 1,365</b>	<b>\$ 6,891,829</b>	<b>Total 0 m2</b>

REVENUE / INCOME				
TYPE OF USE	Coverage	Area m2	Rate	TOTAL
Warehouse	98%	4949	\$60	\$ 296,940
Industrial	98%	0	\$75	\$ -
Office	98%	495	\$100	\$ 49,490
Carparks		63	\$0	\$ -
	<b>Totals</b>			<b>\$ 346,430</b>
		<b>Rent Roll</b>	<b>Yield</b>	<b>Value</b>
<b>SALE OF SURPLUS LAND</b>		\$0	8.00%	\$ -

COMMERCIAL YIELD SENSITIVITY	Capitalisation Rate	Value	Margin	Development %
Developers perspective	7.75%	\$4,470,065	-\$2,421,765	-35.14%
	8.00%	\$4,330,375	-\$2,561,454	-37.17%
	8.25%	\$4,199,152	-\$2,692,678	-39.07%
	8.50%	\$4,075,647	-\$2,816,182	-40.86%
	8.75%	\$3,959,200	-\$2,932,629	-42.55%
	9.00%	\$3,849,222	-\$3,042,607	-44.15%
	9.25%	\$3,745,189	-\$3,146,640	-45.66%

	Cost	Income	Yield
<b>RETURN ON COST (investors perspective)</b>	\$6,891,829	\$346,430	5.03%
<b>RETURN ON EQUITY (owners perspective)</b>	\$2,756,732	\$77,649	2.82%
<b>RETURN ON DEBT (banks perspective)</b>	\$4,135,097	\$346,430	8.38%

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**PRELIMINARY FEASIBILITY**

**TITLE:** Rangioru Industrial - Warehouse

**Date:** 28-Aug-12

		AREA(m2)	RATE	TOTAL	
<b>LAND PURCHASE</b>					<b>\$810,000</b>
Land		10,000	\$80	\$800,000	
Set up Costs			sum	\$10,000	
Other					
<b>UP FRONT PLANNING - RC</b>					<b>\$25,500</b>
Costs to Date			sum	\$0	
Architect / Structural Designer			sum	\$4,500	
Geo-tech			sum	\$2,000	
Planner			sum	\$5,500	
Traffic			sum	\$5,000	
Landscape & Visual Architect			sum	\$3,500	
Acoustic			sum	\$0	
Engineering			sum	\$3,000	
Other			sum	\$2,000	
<b>CONSTRUCTION</b>					<b>\$5,196,345</b>
Demolition	100%	10,000	\$0	\$0	
Siteworks including services and car park area	50%	4,950	\$40	\$198,000	
Piling			sum	\$0	
Car park	10%	950	\$25	\$936,900	
Concrete Yard / Hardstand	40%	4,000	\$45	\$180,000	
Warehouse (basic managers office / ablutions)	51%	5,050	\$600	\$3,030,000	
Industrial (basic managers office / ablutions)	0%	0	\$820	\$0	
Office (seperate)	10%	505	\$1,400	\$707,000	
Warehouse (office area credit)		505	\$600	(\$303,000)	
Industrial (office area credit)		0	\$820	\$0	
External connections - water, power, telecon etc.	100%		sum	\$75,000	
Rubbish			sum	\$0	
Landscaping			sum	\$30,000	
Sign			sum	\$20,000	
Retaining			sum	\$0	
Fencing			sum	\$0	
Transformer			sum	\$75,000	
Contingency			5.00%	\$247,445	
<b>CONSTRUCTION: P&amp;G and MARGIN</b>					<b>\$0</b>
Contractors Margin			0.00%	\$0	
Preliminary and General (in costs above)			0.00%	\$0	
Scaffolding			sum	\$0	
Cranage			sum	\$0	
<b>CONSULTANTS TO DEVELOPMENT</b>		<b>6.54%</b>			<b>\$340,000</b>
Architecture			2.30%	\$119,516	
Traffic			sum	\$2,000	
Planner			sum	\$2,000	
Surveyor			sum	\$4,407	
Structural			1.80%	\$93,534	
Geo-Tech			0.10%	\$5,196	
Mechanical			0.15%	\$7,795	
Fire			0.15%	\$7,795	
Electrical			0.15%	\$7,795	
Quantity Surveyor			0.00%	\$0	
Banks Quantity Surveyor			sum	\$35,000	
Civil/Drainage/Roading			1.00%	\$51,963	
Project Manager			0.00%	\$0	
Acoustic			0.00%	\$0	
Landscape			sum	\$0	
Hydraulic			0.00%	\$0	
Valuer			sum	\$3,000	
<b>SUBDIVISION &amp; TITLE COSTS</b>					<b>\$0</b>
Surveyor - Site			sum	\$0	
Engineer - Site			sum	\$0	
Planner - Site			sum	\$0	
223 & 224c fee - Site		0	\$1,200	\$0	
LINZ fee - Site			sum	\$0	
Surveyor - Unit Title			sum	\$0	
Engineer - Unit Title			sum	\$0	
Planner - Unit Title			sum	\$0	
223 & 224c fee - Unit Title		0	\$1,200	\$0	
LINZ fee - Unit Title			sum	\$0	
<b>LEGAL</b>					<b>\$25,000</b>
Project Set up			sum	\$5,000	
Lease Negotiations			sum	\$5,000	
Legal Funding			sum	\$10,000	
Legal Disposal			sum	\$5,000	
Other			sum	\$0	

50.50% Site Coverage  
5,050 Total GFA  
\$1,029 m2 GFA  
80 per 100 GFA  
63 parks  
15 parks - area ratio

63 parks required  
0 surplus/shortfall

Date 31 July 2012  
Subject Rangioru Business Park Industrial Land Review

OTHER HOLDING COSTS - 12 months		1			\$17,000
Rates			\$15,000	\$15,000	
Insurance			\$2,000	\$2,000	
PROJECT ADVISORY					\$3,500
Development Management (average)		0	\$7,800	\$0	
Accountancy		1	\$3,500	\$3,500	
TENANT INDUCEMENT COSTS					\$111,608
Fitout incentive			sum	\$0	
Rent Free provision		3	months	\$111,608	
MARKETING					\$10,000
Concepts / Artist Impression			sum	\$0	
Printing			sum	\$0	
Signage			sum	\$5,000	
Advertising			sum	\$5,000	
COUNCIL COSTS					\$52,500
Resource Consent			sum	\$7,500	
Building Consent			sum	\$45,000	
Sub Division Consent - Site			sum	\$0	
Sub Division Consent - Unit Title			sum	\$0	
FINANCIAL CONTRIBUTIONS					\$0
BIF ( \$X per 100m2)		0.0			
Wastewater		0.0	\$1,958	\$0	
Water		0.0	\$3,552	\$0	
Stormwater		0.0	\$0	\$0	
Roadway		0.0	\$704	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
SIF ( \$X per ha)		0.0	\$0		
Wastewater		0.0	\$0	\$0	
Water		0.0	\$0	\$0	
Stormwater		0.0	\$0	\$0	
Roadway		0.0	\$0	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
CONTINGENCY			10.00%	\$58,511	\$58,511
DEVELOPMENT COSTS before SALES & FUNDING				\$6,649,964	\$6,649,964
SALES & LEASING					\$62,357
Sales commission (% of value)			0.00%	\$0	
Leasing			18.00%	\$62,357	
PRECONSTRUCTION FUNDING					\$23,048
Total			\$810,000		
Equity		45.00%	\$364,500		
Prime		55.00%	\$445,500		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.00%	\$20,048	
Cash flow effect			50.00%		
Term of borrowing - months			18		
Less Net Effective Income (say)		100.00%	\$0	\$0	
CONSTRUCTION FUNDING					\$156,460
Total			\$5,902,321		
Equity		40.00%	\$2,360,928		
Prime		60.00%	\$3,541,393		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$153,460	
Cash flow effect			100.00%		
Term of borrowing - months			8		
POST CONSTRUCTION FUNDING					\$0
Total			\$0		
Equity		0.00%	\$0		
Prime		0.00%	\$0		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$0	
Interest rate for Prime			7.00%	\$0	
Cash flow effect			100.00%		
Term of borrowing - months			\$0		
Less Income (say)		100.00%	\$0	\$0	
TOTAL DEVELOPMENT COST				\$6,891,829	\$6,891,829
PROPERTY FUNDING					\$271,781
Total			\$6,891,829		
Equity		40.00%	\$2,756,732		
Prime		60.00%	\$4,135,097		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$268,781	
Cash flow effect			100.00%		
Term of borrowing - months			12		

\$0.00 check

PRELIMINARY FEASIBILITY SUMMARY	
Rangioru Industrial - Warehouse and Storage	Land Value \$ 800,000
Date 28-Aug-12	Land Value ( \$m2) \$ 80

DEVELOPMENT COSTS		TENANTS	SIZE m2
LAND PURCHASE	\$	810,000	
UP FRONT PLANNING - RC	\$	25,500	
CONSTRUCTION \$ 985	\$	2,955,750	
CONSTRUCTION: P&G and MARGIN	\$	-	
CONSULTANTS TO DEVELOPMENT 7.22%	\$	213,407	
SUBDIVISION & TITLE COSTS	\$	-	
LEGAL	\$	25,000	
HOLDING COSTS - 12 months	\$	17,000	
PROJECT ADVISORY	\$	3,500	
TENANT INDUCEMENT COSTS	\$	76,450	
MARKETING	\$	10,000	
COUNCIL COSTS	\$	52,500	
FINANCIAL CONTRIBUTIONS	\$	-	
CONTINGENCY (excludes construction)	\$	42,336	
DEVELOPMENT COSTS before SALES & FUNDING \$ 1,410	\$	4,231,443	
SALES & LEASING	\$	37,044	
PRECONSTRUCTION FUNDING	\$	43,095	
CONSTRUCTION FUNDING	\$	92,921	
POST CONSTRUCTION FUNDING	\$	-	
<b>TOTAL DEVELOPMENT COST</b> \$ 1,468	\$	4,404,502	Total 0 m2

REVENUE / INCOME				
TYPE OF USE	Coverage	Area m2	Rate	TOTAL
Warehouse	98%	2940	\$60	\$ 176,400
Industrial	98%	0	\$75	\$ -
Office	98%	794	\$100	\$ 29,400
Carparks		38	\$0	\$ -
	<b>Totals</b>			<b>\$ 205,800</b>
		<b>Rent Roll</b>	<b>Yield</b>	<b>Value</b>
<b>SALE OF SURPLUS LAND</b>		\$0	8.00%	\$ -

COMMERCIAL YIELD SENSITIVITY	Capitalisation Rate	Value	Margin	Development %
Developers perspective	7.75%	\$2,655,484	-\$1,749,018	-39.71%
	8.00%	\$2,572,500	-\$1,832,002	-41.59%
	8.25%	\$2,494,545	-\$1,909,957	-43.36%
	8.50%	\$2,421,176	-\$1,983,326	-45.03%
	8.75%	\$2,352,000	-\$2,052,502	-46.60%
	9.00%	\$2,286,667	-\$2,117,836	-48.08%
	9.25%	\$2,224,865	-\$2,179,637	-49.49%

	Cost	Income	Yield
<b>RETURN ON COST</b> (investors perspective)	\$4,404,502	\$205,800	4.67%
<b>RETURN ON EQUITY</b> (owners perspective)	\$1,761,801	\$34,024	1.93%
<b>RETURN ON DEBT</b> (banks perspective)	\$2,642,701	\$205,800	7.79%

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**PRELIMINARY FEASIBILITY**

TITLE: Rangioru Industrial - Warehouse and Storage

Date 28-Aug-12

		AREA(m2)	RATE	TOTAL	
<b>LAND PURCHASE</b>					<b>\$810,000</b>
Land		10,000	\$80	\$800,000	
Set up Costs			sum	\$10,000	
Other					
<b>UP FRONT PLANNING - RC</b>					<b>\$25,500</b>
Costs to Date			sum	\$0	
Architect / Structural Designer			sum	\$4,500	
Geo-tech			sum	\$2,000	
Planner			sum	\$5,500	
Traffic			sum	\$5,000	
Landscape & Visual Architect			sum	\$3,500	
Acoustic			sum	\$0	
Engineering			sum	\$3,000	
Other			sum	\$2,000	
<b>CONSTRUCTION</b>					<b>\$2,955,750</b>
Demolition	100%	10,000	\$0	\$0	
Siteworks including services and car park area	70%	7,000	\$40	\$280,000	
Piling			sum	\$0	
Car park	10%	1,000	\$25	\$25,000	
Concrete Yard / Hardstand	60%	6,000	\$45	\$270,000	
Warehouse (basic managers office / ablutions)	30%	3,000	\$600	\$1,800,000	
Industrial (basic managers office / ablutions)	0%	0	\$820	\$0	
Office (seperate)	10%	300	\$1,400	\$420,000	
Warehouse (office area credit)		300	\$600	(\$180,000)	
Industrial (office area credit)		0	\$820	\$0	
External connections - water, power, telecon etc.	100%		sum	\$75,000	
Rubbish			sum	\$0	
Landscaping			sum	\$30,000	
Sign			sum	\$20,000	
Retaining			sum	\$0	
Fencing			sum	\$0	
Transformer			sum	\$75,000	
Contingency			5.00%	\$140,750	
<b>CONSTRUCTION: P&amp;G and MARGIN</b>					<b>\$0</b>
Contractors Margin			0.00%	\$0	
Preliminary and General (in costs above)			0.00%	\$0	
Scaffolding			sum	\$0	
Craneage			sum	\$0	
<b>CONSULTANTS TO DEVELOPMENT</b>		<b>7.22%</b>			<b>\$213,407</b>
Architecture			2.30%	\$67,982	
Traffic			sum	\$2,000	
Planner			sum	\$2,000	
Surveyor			sum	\$4,407	
Structural			1.80%	\$53,204	
Geo-Tech			0.10%	\$2,956	
Mechanical			0.15%	\$4,434	
Fire			0.15%	\$4,434	
Electrical			0.15%	\$4,434	
Quantity Surveyor			0.00%	\$0	
Banks Quantity Surveyor			sum	\$35,000	
Civil/Drainage/Roading			1.00%	\$29,558	
Project Manager			0.00%	\$0	
Acoustic			0.00%	\$0	
Landscape			sum	\$0	
Hydraulic			0.00%	\$0	
Valuer			sum	\$3,000	
<b>SUBDIVISION &amp; TITLE COSTS</b>					<b>\$0</b>
Surveyor - Site			sum	\$0	
Engineer - Site			sum	\$0	
Planner - Site			sum	\$0	
223 & 224c fee - Site		0	\$1,200	\$0	
LINZ fee - Site			sum	\$0	
Surveyor - Unit Title			sum	\$0	
Engineer - Unit Title			sum	\$0	
Planner - Unit Title			sum	\$0	
223 & 224c fee - Unit Title		0	\$1,200	\$0	
LINZ fee - Unit Title			sum	\$0	
<b>LEGAL</b>					<b>\$25,000</b>
Project Set up			sum	\$5,000	
Lease Negotiations			sum	\$5,000	
Legal Funding			sum	\$10,000	
Legal Disposal			sum	\$5,000	
Other			sum	\$0	

30.00% Site Coverage  
3,000 Total GFA  
\$985 m2 GFA  
79 per 100 GFA  
38 parks  
26 parks - area ratio

38 parks required  
0 surplus/shortfall

OTHER HOLDING COSTS - 12 months		1			\$17,000
Rates			\$15,000	\$15,000	
Insurance			\$2,000	\$2,000	
PROJECT ADVISORY		0	\$7,800	\$0	\$3,500
Development Management (average)					
Accountancy		1	\$3,500	\$3,500	
TENANT INDUCEMENT COSTS					\$76,450
Fitout incentive			sum	\$0	
Rent Free provision		3	months	\$76,450	
MARKETING					\$10,000
Concepts / Artist Impression			sum	\$0	
Printing			sum	\$0	
Signage			sum	\$5,000	
Advertising			sum	\$5,000	
COUNCIL COSTS					\$52,500
Resource Consent			sum	\$7,500	
Building Consent			sum	\$45,000	
Sub Division Consent - Site			sum	\$0	
Sub Division Consent - Unit Title			sum	\$0	
FINANCIAL CONTRIBUTIONS					\$0
BIF ( \$X per 100m2)		0.0			
Wastewater		0.0	\$1,958	\$0	
Water		0.0	\$3,552	\$0	
Stormwater		0.0	\$0	\$0	
Roading		0.0	\$704	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
SIF ( \$X per ha)		0.0	\$0		
Wastewater		0.0	\$0	\$0	
Water		0.0	\$0	\$0	
Stormwater		0.0	\$0	\$0	
Roading		0.0	\$0	\$0	
Community Infrastructure		0.0	\$0	\$0	
Reserves		0.0	\$0	\$0	
CONTINGENCY			10.00%	\$42,336	\$42,336
DEVELOPMENT COSTS before SALES & FUNDING				\$4,231,443	\$4,231,443
SALES & LEASING					\$37,044
Sales commission (% of value)			0.00%	\$0	
Leasing			18.00%	\$37,044	
PRECONSTRUCTION FUNDING					\$43,095
Total			\$810,000		
Equity		45.00%	\$364,500		
Prime		55.00%	\$445,500		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.00%	\$40,095	
Cash flow effect			50.00%		
Term of borrowing - months			36		
Less Net Effective Income (say)		100.00%	\$0	\$0	
CONSTRUCTION FUNDING					\$92,921
Total			\$3,458,487		
Equity		40.00%	\$1,383,395		
Prime		60.00%	\$2,075,092		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$89,921	
Cash flow effect			100.00%		
Term of borrowing - months			8		
POST CONSTRUCTION FUNDING					\$0
Total			\$0		
Equity		0.00%	\$0		
Prime		0.00%	\$0		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$0	
Interest rate for Prime			7.00%	\$0	
Cash flow effect			100.00%		
Term of borrowing - months			\$0		
Less Income (say)		100.00%	\$0	\$0	
TOTAL DEVELOPMENT COST				\$4,404,502	\$4,404,502
PROPERTY FUNDING					\$174,776
Total			\$4,404,502		
Equity		40.00%	\$1,761,801		
Prime		60.00%	\$2,642,701		
Mezz		0.00%	\$0		
Establishment fees for Mezz			4.00%	\$0	
Interest rate Mezz			14.00%	\$0	
Establishment fees for Prime			sum	\$3,000	
Interest rate for Prime			6.50%	\$171,776	
Cash flow effect			100.00%		
Term of borrowing - months			12		

\$0.00 check

## Reference Documents

1. Private Plan Change Request Metroplex Rangiuru Business Park Report (Vols 1-7): Harrison and Grierson, November 2005 (A269832+)
2. Rangiuru Business Park: August 2010 Structure Plan Design/Costings by Harrison and Grierson, August 2010 (A358421)
3. Expanded Rangiuru Business Park Summary Report, by Harrison and Grierson, April 2009 (A275813)
4. Report for State Highway 2 Maketu Rangiuru Intersection Improvements, Project Feasibility Report, volume one, Report July 2010. Produced by GHD for NZTA (A459943).