

Valuation Assessment

516 Frankton-Ladies Mile Highway
Queenstown

Queenstown Lakes District Council
C/- APL Property
Attn: Dan Cruickshank

February 2019

Contents

EXECUTIVE SUMMARY

1.0	INTRODUCTION	4
1.1	SCOPE OF WORK	4
1.2	IDENTIFICATION OF ASSET	4
1.3	BASIS AND PURPOSE OF VALUATION	4
2.0	LEGAL DESCRIPTION	6
3.0	SITE DESCRIPTION	8
3.1	GENERAL.....	8
3.2	PROVISION OF FUTURE SERVICES.....	9
3.3	GOVERNMENT INFRASTRUCTURE FUND.....	10
4.0	SITUATION AND LOCALITY	13
5.0	RESOURCE MANAGEMENT	14
5.1	OPERATIVE DISTRICT PLAN	14
5.2	PROPOSED DISTRICT PLAN	15
5.3	SPECIAL HOUSING AREAS	15
6.0	DESCRIPTION OF IMPROVEMENTS.....	22
7.0	PROPERTY MARKET COMMENTARY	24
7.1	ECONOMIC COMMENTARY	24
7.2	LOCAL QUEENSTOWN & ARROWTOWN MARKET	29
	VALUATION METHODOLOGY	34
8.0	SALES EVIDENCE.....	34
8.1	VACANT RESIDENTIAL SECTIONS SALES	34
8.2	DEVELOPMENT BLOCK SALES.....	38
9.3	HIGH END RURAL LIFE STYLE PROPERTY	40
9.0	SWOT ANALYSIS	42
10.0	VALUATION IN DETAIL	43
11.0	VALUATION CONCLUSION	45
12.0	CONDITIONS AND CERTIFICATION OF VALUATION	46
13.0	GENERAL.....	46

Appendices

1. Scope of Works
2. Title - Computer Freehold Register
3. Photos

EXECUTIVE SUMMARY

This Executive Summary must be read in conjunction with this report.

516 Frankton-Ladies Mile Highway, Queenstown

Brief Description

Under Consideration is 14.5591 hectares of land currently zoned rural general located around 12 kilometres North East of central Queenstown. The property is currently developed as a lifestyle property with a substantial residence and ancillary buildings, and attractively landscaped to the curtilage, with a large paddock of Lucerne and extensive groves of mature water chestnut and walnut trees occupying a significant area of land. The majority (around 12ha) is easy contour flat terrace land.



The operative zoning is Rural General, and consideration and application has been made for a rural residential scale lifestyle subdivision, however the value of this property is significantly enhanced due to its inclusion within QLDC's proposed 'Ladies Mile' indicative master plan via a special housing accord process. A 75 metre setback requirement from SH6 reduces the land area suitable for development. If approved around 8.2 hectares of land is identified suitable medium and high density residential development.

The proposed SHA area is reliant upon the QLDC supplying sufficient infrastructure to Ladies Mile, the funding for which has been approved via a central government loan to support development. NZTA have identified capacity concerns to transport routes, resulting in a maximum cap of 1,100 new residences being developed in this area. Any increase in the number of residences being conditional upon satisfactory upgrading of transport infrastructure including a roundabout, bus lanes and public transport strategies, and work on the Lower Shotover bridge to increase capacity. This is relevant as proposed competing developments working to a similar deadline potentially to lodge application and to seek approval for subdivision in the close locality. Our valuation places significant emphasis upon the subdivisional development potential of the property.

Instruction & Approach

Instructing Party	Dan Cruickshank of APL
Reliant Party/s	Queenstown Lakes District Council
Purpose of Report	Market Value for potential acquisition
Property Type	Rural Land with subdivision development potential
Interest Valued	Unencumbered Freehold Market Value 'As Is'
Effective Date of Valuation	4 February 2019
Date of Inspection	4 February 2019
Report Version	Final Report

516 Frankton - Ladies Mile, Queenstown
February 2019

Property Details

Legal Description	Lot 4 Deposited Plan 22156, Computer Freehold Register Identifier OT13D/878 (Otago Land Registration District)
Tenure	Freehold
Proprietary Owner	Janice Catherine Walker, Duncan Varnham Fea and Sonya Jane Walker
Land Area	14.5591 ha (more or less) – A further 1,738 sqm to be amalgamated to title.
Total Living Area	475 m ² of main residence plus 270 m ² of connected garaging and office.
Zoning	Rural General Zone – Identified as a potential Special housing area within an indicative master plan for high and medium density residential development.

Key Assumptions

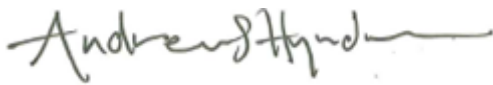
Standards	This valuation has been performed in accordance with the International Valuation Standards (IVS) 2017 plus New Zealand and Australian Guidance Notes and Technical Information Papers (TIP).
Special Assumptions	Our valuation places significant emphasis upon the development viability of the land. We have been provided with planning advice from Southern Planning. The subdivision development of the land is conditional upon
Significant Risks Identified	None apparent
Inspection	The property has been internally and externally inspected.
Standing Instructions	This report has been completed in accordance with the Residential Valuation Standing Instructions Version 1.2

Valuation Summary

Valuation:

With regard to available market evidence and factors outlined later in this report we advise that we assess the Market Value of the subject property as at 4 February 2019 to be **Twelve Million, Two Hundred & Fifty Thousand Dollars** **(\$12,250,000)** including chattels and exclusive of GST (if any).

Valuer/s

A handwritten signature in black ink, appearing to read "Andrew Hyndman", with a long horizontal flourish extending to the right.

Andrew Hyndman BCOM (VPM)
Registered Valuer
andrew.hyndman@colliers.com

Colliers International Otago
Otago Valuations Limited
Level 3, 10 Athol Street
PO Box 416
Queenstown 9348
Phone No. 03 441-0790

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

1.0 INTRODUCTION

1.1 SCOPE OF WORK

We have received instructions from Dan Cruickshank of APL Property Limited on behalf of the QLDC dated 22 January 2019 to assess the market value of the subject property.

We outline in the following subsections key assumptions, limitations and restrictions with regard to this valuation. We further note that this valuation is undertaken in accordance with the agreed written Scope of Work between the above instructing party and Colliers International. A copy of this Scope of Work is attached at **Appendix 1** and we confirm this meets the requirements of the International Valuation Standards 2017 (IVS 101 Scope of Work).

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

We confirm that the individual valuers who are signatories to this report are experienced in the location and category of the property valued.

1.2 IDENTIFICATION OF ASSET

The asset is a large rural land holding improved by a substantial single level four bedroom home at 516 Frankton – Ladies Mile, Queenstown, with strong underlying potential for intensive residential subdivision.

1.3 BASIS AND PURPOSE OF VALUATION

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

“market value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The concept of market value presumes a price negotiated in an open and competitive market where the participants are acting freely. The market for an asset could be international or local. The market could consist of numerous buyers and sellers or could be one characterised by a limited number of market participants. The market in which the asset is presumed exposed for sale is the one in which the asset notionally being exchanged is normally exchanged.

The inspection of this property was carried out for valuation purposes only and should not in any way be regarded as a site or structural survey.

This valuation has been prepared as part of a QLDC due diligence process relating to potential acquisition of the subject property.

Critical Assumptions

This report is prepared on the assumption that except where noted in this report:

- a) The buildings have been designed and built so that they are structurally sound and watertight.
- b) The buildings do not contain any latent or patent defects which could result in:
 - (i) The building ceasing to be watertight.
 - (ii) Gradual decay of the building including its structure.
- c) Where applicable, the building complies with the Building Act 2004 and the Building Code contained in the first schedule to the Building Regulations 1992 (or any amendment or substitution of that code).
- d) The improvements do not have any contamination (including methamphetamine).

This valuation has been performed in accordance with the International Valuation Standards (IVS) 2017 plus New Zealand and Australian Guidance Notes and Technical Information Papers (TIP) and we confirm that;

- The statements of fact presented in this report are correct to the best of the Valuer(s) knowledge;
- The analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer(s) have no interest in the subject property;
- The Valuer(s) fee is not contingent upon any aspect of this report;
- The valuation has been performed in accordance with an ethical code and performance standards;
- The Valuer(s) has satisfied professional education requirements;
- The Valuer(s) has experience in the location and category of the property being valued;
- The Valuer(s) has made a personal inspection of the property and
- No one, except those specified in the report has provided professional assistance in preparing the report

We are advised the property will include an additional 1,738 m² being a strip of land adjoining Howards Drive which will be amalgamated to provide the property with direct legal access to Howards Drive.

This valuation has been based on information provided to us by the client together with plans and specifications.

We confirm that this report has been completed independently with reference to market information.

Nature and Source of Information Relied Upon

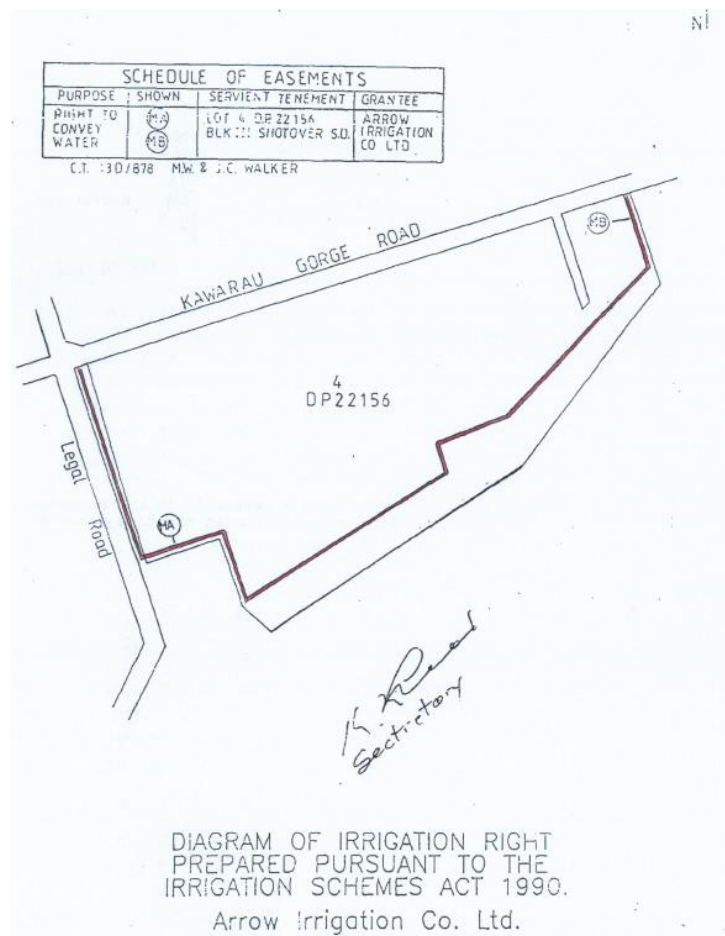
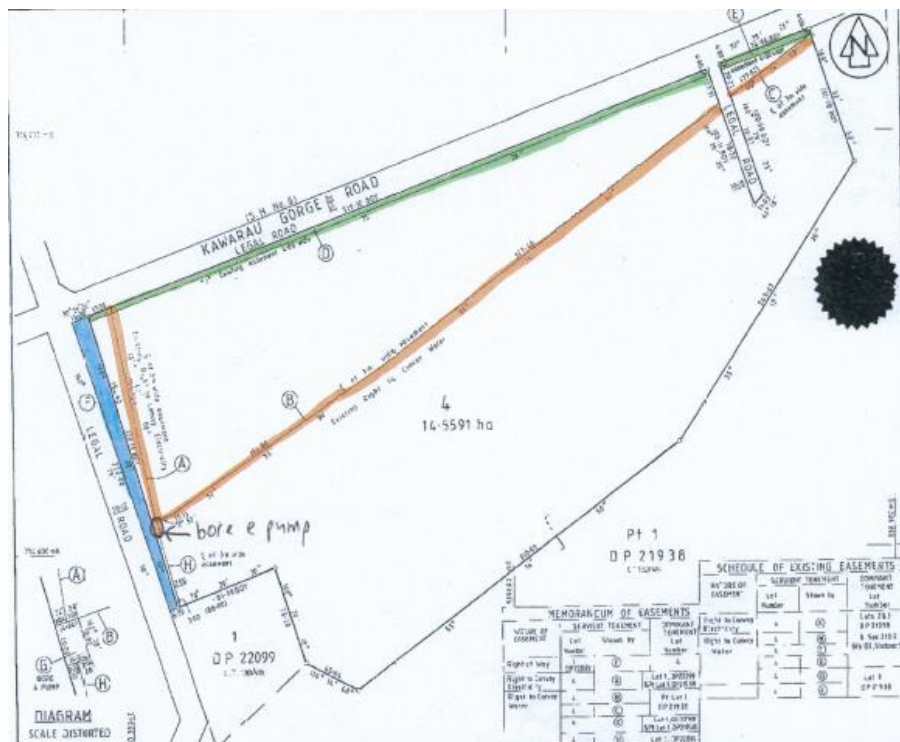
- Professional planning report from Southern Planning Group together with subsequent email correspondence to clarify the status of the HAASHA.
- Further planning input from Ian Bayliss of the QLDC.
- Desk top geotechnical advice from Geo Solve.
- Legal review of title and interests thereon.
- Indicative Master Plan information retrieved from QLDC
- Market Sales information

2.0 LEGAL DESCRIPTION

Tenure:	Freehold – Estate in Fee Simple
Legal Details:	Lot 4 Deposited Plan 22156, Computer Freehold Register Identifier OT13D/878 (Otago Land Registration District)
Registered Owner(s):	Janice Catherine Walker, Duncan Varnham Fea and Sonya Jane Walker
Site Area:	14.5591 ha (more or less)
Interests:	The following interests are registered against the title.

- Fencing agreement 740650 – considered to be redundant
- Gazette Notice 474208 – State highway declared to be a limited access road.
- Right to convey water easement 780243 – The easement highlighted in green on plan below. A compulsory easement which cannot be surrendered without consent of the council.
- Right to convey electricity and water and take and convey water easement 788119.2 – Highlighted in orange on the plan below. The easement provides for a water scheme marked bore and pump on the plan and conveyed to the land benefiting from the easement. The owner of the bore and pump is obligated to maintain the bore and pump, and keep fully operational to service nine separate owners. with water. Costs to be shared. It appears the easement has been surrendered in part. Most of the easement would be clear of proposed subdivision land.
- Right to convey electricity and to take and convey Water 788299.2 – similar to the easement 788119.2 but would require the consent of fifteen owners to obtain surrender.
- Right of Way easement 790750 – Right of way across land to the Western boundary adjoining Howards drive. We are advised the vendor has negotiated to purchase the freehold of this land some 1738 sqm to be amalgamated into title.
- Easement Certificate 813740.1 – The property is subject to the right to convey water and telecommunications of the area highlighted green. A compulsory easement which cannot be surrendered without consent of the council.
- Right to convey water easement (in gross) 874155 – This easement is in favour of the Arrow irrigation company and would appear to run inside the perimeter of the property. The easement enables AIC to enter the property for maintenance and repairs.
- Surrender to convey electricity and to convey water 6056111.14 – Surrenders part of easement 788119.2 & 788299.2 in relation to certain land.
- Surrender to convey electricity and to convey water 6453562.5 – Surrenders part of easement 788119.2 in relation to certain land.
- Right to Convey electricity easement in Gross 8745604.2 – In favour of Aurora energy.

Approximately 1,738 m² of land between the sites western boundary and Howards Drive is to be added and amalgamated with the above title



3.2 PROVISION OF FUTURE SERVICES

The QLDC Detailed Business Case state's development will be staged to work in with developer readiness and transport interventions that are occurring concurrently. The project will include the following interventions:

Transport:

- o Roundabout (SH6/Howards Road)
- o One pair of bus stops and bus shelters on SH6 (location to be confirmed).
- o SH6 pedestrian/cycleway underpass near bus stops.
- o Footpaths along SH6 to underpass and bus stops.

3 Waters:

- o New water supply reservoirs (2 x 1000m³), with associated rising main from the Shotover Country bore field and falling main to service the proposed developments.
- o New wastewater rising main along SH6 from Howards Drive intersection, connecting to existing infrastructure at the Shotover Bridge.
- o Wastewater pump stations and rising mains for Areas A and B to connect to the existing network (Stage 2).
- o Stormwater will require the installation of two new pipelines; one connecting to the Queenstown Country Club stormwater discharge pipe and one discharging to the Shotover River south of the SH6 bridge. (the second pipeline is for Stage 2)

Economic analysis of the transport infrastructure indicates that the BCR increases as the number of dwellings also increases, because without the roundabout the delay time at the intersection of Howards Drive/SH6 fails to provide sufficient level of service. Once the roundabout is installed, Programme 1 offers a BCR of 2.17 for only 450 lots, while Program 2 provides a BCR of 2.75 for 750 lots.

Trigger points will also be required in the QLDC SHA Lead Policy to enable a review of the mode shift uptake to public transport and active travel according to the table below.

Sequence		Action / Intervention	Trigger	Funding Mechanism
1	Prior to first lots	Construct access Roundabout at Howards Drive	DA for Development	HIF
2	Prior to first lots	Construct Bus Stops and Underpass on SH	DA for Development	HIF
3	Prior to first lots	Improve PT Level of Service - Target 20%	DA for Development	ORC
4	By end of 450th lot	Construct Park & Ride East of Ladies Mile	Design @150. Construct @300.	NZTA
5	Park & Ride	Complete Improve PT Level of Service - Target 25%	Park & Ride Complete	ORC
6	By end of 750th lot	Construct Bus Priority Lane (Park & Ride to Shotover Bridge)	Design @450. Construct @600.	QLDC / NZTA
7	Priority Lane	Complete Improve PT Level of Service - Target 27%	Priority Lane Complete	ORC
8	By end of 900th lot	Implement Diversion Improvements	Design @750. Construct @825.	QLDC / NZTA
9	By end of 1,100th lot	Improve PT Level of Service - Target 29%	900 Lots	ORC
10	Prior to 1,101st lot	Future PT Infrastructure / Modal Shift	900 Lots	QLDC / NZTA / ORC

3.3 GOVERNMENT INFRASTRUCTURE FUND

Queenstown Lakes District Council (QLDC) is working with the Ministry of Business Innovation and Employment (**MBIE**) to progress three projects aimed at delivering critical housing infrastructure. The Ladies Mile Housing Infrastructure Fund Detailed Business Case is QLDC's formal request to obtain a \$19.2 million Housing Infrastructure Fund (**HIF**) loan and \$6.5 million New Zealand Transport Agency (**NZTA**) Funding Assistance Rate (**FAR**) funding (as HIF loan to National Land Transport Fund (**NLTF**)) to support a total investment of \$26.4 million that will provide infrastructure to unlock developable land for 1,100 dwelling equivalents in the Ladies Mile development corridor. To achieve this a suite of significant interventions will also be required to avoid breaching the capacity of the Shotover Bridge and state highway intersections.

In August 2018 the central government announced an agreement for a \$24 million interest free loan for infrastructure enabling housing at Ladies Mile.

Ladies Mile has been identified as a suitable area for residential development because of its proximity to the city and favourable topography. The land is located close to the existing Lake Hayes Estate and Shotover Country residential developments. In 2017 the land was incorporated into the QLDC Special Housing Area (SHA) Lead Policy, effectively encouraging development by minimising the planning constraints. Due to volume constraints on State Highway 6, the SHA Lead Policy includes a 'policy pause' at 1,100 consented residential units at Ladies Mile.

Transport issues are a key constraint to development at Ladies Mile. Studies across Queenstown confirm that there are District-wide transport issues which are not only isolated to the Ladies Mile corridor or the near capacity Shotover Bridge. It is recognised that car dependent development is not sustainable into the future as there is very limited opportunity to increase highway capacity in an affordable way. Numerous Queenstown transport studies recommend significant improvements to public transport and active travel are already required to reduce the use of private vehicles and delay the necessity of significant road network capacity improvements. For example, the Shotover Bridge is already over 90% capacity and will soon reach capacity with background growth alone, whether Ladies Mile is developed or not.

Developers will be responsible for the funding and construction of all their internal roading and services to lots. QLDC be responsible for the construction of all external transport and 3 waters infrastructure and will use the HIF loan to help fund it. The reservoir and water pipelines from the reservoir will be located upon land owned privately therefore the QLDC will need to acquire land and negotiate easements. QLDC will construct and fund using the HIF loan. Construction of the new roundabout on SH6, the underpass and bus stops will be funded by QLDC (using the HIF loan and an NZTA subsidy).

We understand infrastructure services of sufficient capacity will be made available to the development blocks boundary.

HIF Apportionments

The following budgets have been published.

Activity	Total	HIF Funding	HIF as a % of total
3-Waters	\$13.7m	\$13.0m	95%
Transport	\$12.7m	\$6.2m	49%
TOTAL	\$26.4m	\$19.2m	73%

Road Funding Assumptions (2018 \$)

Roading	P50 Estimate	FAR	NZTA Subsidy	QLDC HIF Portion
Roundabout	\$7.65m	51%	\$3.90m	\$3.75m
Bus Stop	\$2.37m	51%	\$1.21m	\$1.16m
Underpass	\$2.23m	51%	\$1.14m	\$1.09m
TOTAL	\$12.26m		\$6.25m	\$6.01m

Road Funding Assumptions (2018 \$ vs inflated \$)

Roading	Total	HIF Portion	NZTA Subsidy
2018 \$	\$12.26m	\$6.01m	\$6.25m
Inflated \$	\$12.70m	\$6.22m	\$6.47m

Indicative Development Contributions

Activity	Indicative Development Contribution per Dwelling Equivalent
Water Supply	\$5,170
Wastewater	\$3,466
Stormwater	\$2,121
District Wide Transport DC	\$4,960
TOTAL	\$15,717

Programme of Works

A preliminary programme of works, including pre-implementation is included in Appendix 10. The key dates are shown here.

Activity	Target Date	No Later Than
Development Agreement signed	August 2018	December 2018
Loan & Funding Agreement signed by the Crown	August 2018	October 2018
Construction start of 3 waters and road	July 2019	December 2019
Practical completion of 3 waters and road	July 2020	December 2020
Lodge subdivision consent	October 2018	December 2018
Award construction contract for Stage 1	July 2019	September 2019
Release Stage 1 sections to market	November 2020	January 2021

A developer of the subject land would need to make application to develop the land in accordance with the SHA process and indicative master plan prior to Sept 2019. We are aware proposed subdivision consent for the subject is not guaranteed at the present point of time. Applications to develop under SHA legislation expires in September 2019, and additionally there is the constraint of 1,100 residences being developed due to NZTA imposed limitations, accordingly there is some uncertainty around timing of the development of the subject. Assuming the above time line is adhered to and SHA approval was easily forthcoming potentially a subdivision of the subject could commence early 2020. However we believe the commencement would likely have delay until certainty was provided to a developer and we have estimated a period of planning and tendering to follow with construction commencing within two years.

4.0 SITUATION AND LOCALITY



The dwelling is located on a 14.5591 hectare lifestyle site between Frankton and Lake Hayes, fronting Frankton – Ladies Mile Highway, approximately 7 kilometres to the north east of Frankton and approximately 12 kilometres north east of Central Queenstown. Lake Hayes is around 1.5 kilometres to the east.

Other surrounding property includes predominantly rural farmland with a small number of homes constructed on the northern side of this area of the Ladies Mile Highway.

The closest amenities are located at the nearby Nerin Square within Lake Hayes Estate, a small commercial precinct comprising a café/bar, convenience store plus first floor office space. The precinct also contains a children's playground, basketball court and bicycle track. A similar small centrally located commercial precinct is proposed within Shotover Country.

Larger retail and recreational amenities, including a primary school, are located in Frankton and Remarkables Park. Further primary and secondary schooling, plus shopping facilities and recreational activities, are located in Central Queenstown.

The Queenstown Lakes District resident population figure now stands at 39,100 (June 2018 estimate) with the Queenstown urban population at 25,557. Due to the high number of visitors to the region the average population is 62,909, the Queenstown Lakes District Council projects this figure will increase to 80,765 by 2028. As one of the most popular tourist destinations in New Zealand, Queenstown and surrounds, has over 2,000,000 visitors each year over half arriving through the Queenstown airport. Three international ski slopes are within proximity to Queenstown and Lake Wakatipu provides a large selection of water activities with many further tourist related activities in the surrounding area.

Queenstown International Airport is located at Frankton, approximately 6 kilometres to the north-east. Dunedin is approximately 280 kilometres south-east of Queenstown, and Invercargill is 190 kilometres to the south.

5.0 RESOURCE MANAGEMENT

5.1 OPERATIVE DISTRICT PLAN

“**Rural General**” – Queenstown Lakes District Council Fully Operative District Plan. As per the District Plan development / subdivision or construction of buildings is a ‘Discretionary Activity’, unless the construction of a new dwelling or alteration of an existing dwelling is located within a ‘residential building platform’ approved by a prior resource consent, which would then be assessed as a Controlled Activity. **To date it would appear that any development / subdivision for residential purposes will result in applications being publicly notified.** The assessment criteria is very wide and stringent, including some of the following issues:

- Visibility of ‘development’ from any public place or public road
- Impact on any ridge or skyline
- Within a 1.1 kilometre radius of the centre of the proposed building platform if any owner or occupier of land within that area wishes alternative locations or methods to be taken into account as a significant improvement on the proposal being considered by Council – must be taken into account
- Recognition that if high densities are achieved on any allotment that may in fact preclude residential development and/or subdivision on neighbouring land because the adverse cumulative effects would be unacceptably large
- Cumulative effects of development on the landscape
- Whether further development is likely to lead to further degradation or domestication of the landscape such that the existing development and/or land use represents a threshold with respect to the vicinity’s ability to absorb further change

Within the Rural General zone there are predominately two visual land classifications arrived at through the Environment Court, defined as follows:

1. Outstanding Natural Landscape (ONL) and Outstanding Natural Features (ONF). Building Platforms in areas identified as Outstanding Natural Landscape will only be allowed if the visual effects are reasonably difficult if not impossible to see. These areas are typically highly visible and sensitive due to either higher altitude landscapes or proximity to lakefronts / rivers etc
2. Visual Amenity Landscapes (VAL). Generally lower lying and less visual rural areas. A greater chance of achieving Building Platforms.
3. Other Rural Landscapes. Those areas not classified as ONL or VAL. Similar assessment criteria apply as for ONL and VAL.

There are effectively three steps in applying the assessment criteria: first the analysis of the site and surrounding landscape; secondly determination of the appropriate landscape category; and thirdly the application of the assessment matters.

The subject site appears to be located within the Visual Amenity Landscape area as per Appendix 8 of the District Plan.

Site Standards include a minimum setback from internal boundaries of 15m and maximum earthworks of 1000m³ in volume. Zone Standards include a maximum height of 8m and a minimum setback from road boundaries of 20m – 50m.

5.2 PROPOSED DISTRICT PLAN

In 2015 the Council notified part one of the QLDC Proposed District Plan. Submissions for the Proposed District Plan closed 23 October 2015 and the Council is working through a hearings process. Further changes to the Rural General Zone in the Wakatipu Basin location were proposed within the Stage Two release of the Proposed District Plan notified in November 2017.

Under the QLDC Proposed District Plan the subject site appears to be unchanged from the current zoning however the QLDC is currently proposing changes to the District Plan that if confirmed the main changes will be as follows:

- The Rural General Zone will be replaced by the Rural Zone.
- The following items will be permitted without Resource Consent, providing a range of standards are met:
 - Buildings are located within approved building platforms
 - Alterations to houses located outside of building platforms (usually older houses)
 - Farm buildings
- Some areas in the Wakatipu Basin currently in the Rural General zone will be changed to Wakatipu Basin Lifestyle Precinct within the Wakatipu Basin Rural Amenity Zone. These areas have been identified as appropriate for more housing.

5.3 SPECIAL HOUSING AREAS

We summarise pertinent parts of the Housing Accords and Special Housing Areas Act 2013 Implementation Policy dated **26 October 2017** as follows:

1 Background

The purpose of the Housing Accords and Special Housing Areas Act 2013 (HASHAA) is to enhance housing affordability by facilitating an increase in land and housing supply in certain regions or districts, including Queenstown-Lakes District.

In October 2014 Queenstown Lakes District Council (Council) and Government entered into the Queenstown-Lakes District Housing Accord (Housing Accord). The Housing Accord is intended to increase housing supply and improve housing affordability in the district by facilitating development of quality housing that meets the needs of the growing local population.

The Housing Accord included agreed targets related to housing supply for Years 1-3 of the Accord. Targets for years 4-6 are to be agreed between the Council and the Minister for Building and Housing (Minister). The Housing Accord includes priority actions aiming to increase the supply of housing in the district and to guide the Council's exercise of powers provided by HASHAA. It also addresses governance, processes, monitoring and review

HASHAA then provides an alternative approach for applications for Resource Consent for qualifying developments in special housing areas to the usual process under the Resource Management Act 1991 (RMA). Under that alternative approach, applications for Resource Consent for qualifying developments must not be publicly notified, although there is provision for limited notification of adjoining property owners and occupiers. There are no appeal rights in relation to decisions on such applications, except where development over four storeys is proposed. In addition, while Part 2 (the purpose and principles) of the RMA and District

Plan provisions (both Operative and Proposed) are relevant assessment matters when considering applications for resource consent for qualifying developments, these matters are given a lower weighting than the purpose of HASHAA. In September 2016 HASHAA was amended to extend the deadline for establishing Special Housing Areas to 16 September 2019 and to extend the date of its repeal (for the purpose of consenting qualifying developments) to 16 September 2021.

2. Objectives

The Council's objectives in recommending the establishment of special housing areas to the Minister and considering applications for Resource Consent for qualifying developments.

3. Criteria and Process for considering Special Housing Areas and qualifying developments

In deciding whether to recommend a special housing area to the Minister the Council will consider the statutory criteria, as well as the following matters:

1. Location

The Council will group areas of land in the District into three categories:

- a. Category 1 includes areas that are considered suitable for establishment as Special Housing Areas. These areas have been identified or zoned in the Proposed District Plan for residential development or intensification and/or are located within the proposed urban growth boundary. Category 1 areas are listed in Attachment A.
- b. Category 2 includes areas that may be suitable for establishment as special housing areas, subject to further assessment against this policy.
This category can only be updated following resolution by full Council, which includes the addition and removal of areas from this category. The Council will not accept proposals or EOs from landowners or developers to include areas on this schedule. Category 2 areas are listed in Attachment A.
- c. Category 3 includes areas that are not considered suitable for establishment as special housing areas. Category 3 areas are listed in Attachment A.

2. Strategic Direction

3. Infrastructure

4. Affordability

5. Affordable housing contribution

The Council will engage with landowners and developers and the Queenstown Lakes Community Housing Trust (or other suitable affordable housing provider) to identify and make contractual arrangements for an appropriate affordable housing contribution. As guidance, the Council considers at least 10% of the residential component of the development by developed market value or by area (depending on the nature of the development) is identified for affordable housing.

6. Community feedback

7. Quality and design outcomes

8. Timely development

4. Agreements with Land Owners / Developers

For every EOI approved by Council, the Council will secure the agreed outcomes of negotiations with landowners and developers through a suitable and legally binding agreement to ensure their delivery in an appropriate and timely manner. This shall occur before the EOI is recommended to the Minister.

These agreements will cover matters including, but not limited to, the provision of infrastructure, securing housing affordability and community housing outcomes, securing design outcomes, and the timely resource consenting and development of special housing areas.

5. Recommendations to the Minister

The Council will only recommend the establishment of a special housing area to the Minister following a formal report to the Council, and the Council resolving to recommend the proposed special housing area to the Minister.

6. Expressions of interest within the Ladies Mile

The Council will require expressions of interest to be generally consistent with the following documents in Attachment D:

- The Ladies Mile Indicative Master Plan
- The Ladies Mile Indicative Landscape Strategy
- The Ladies Mile development objectives

Attachment A – Categories 1, 2 and 3

Category 1: Areas suitable for the establishment of Special Housing Areas

Queenstown

The following zoned areas within the Queenstown Urban Growth Boundaries of the Proposed District Plan:

- Low Density Residential Zone;
- Medium Density Residential Zone;
- High Density Residential Zone; and
- Business Mixed Use Zone.

This excludes any land that is located within the Queenstown Airport Air Noise Boundary and Outer Control Boundary.

Category 2: May be suitable for the establishment of special housing areas

Ladies Mile

Land within the 'Ladies Mile SHA Boundary' as shown on the Indicative Master Plan appended as Attachment D to this Policy.

Category 3: Not suitable for the establishment of Special Housing Areas

To be completed following further consideration by Council.

Attachment B – Infrastructure Requirements

The relevant infrastructure includes:

- Stormwater
- Wastewater
- Water
- Transport (including impact on state highways, impact on local roads, public transport, provision of public transport facilities, under passes, trails and tracks etc)
- Parks and Reserves
- Social and Community Infrastructure
- Education
- Network utilities (electricity, gas and telecommunications)

Attachment C – Quality and Design Outcomes

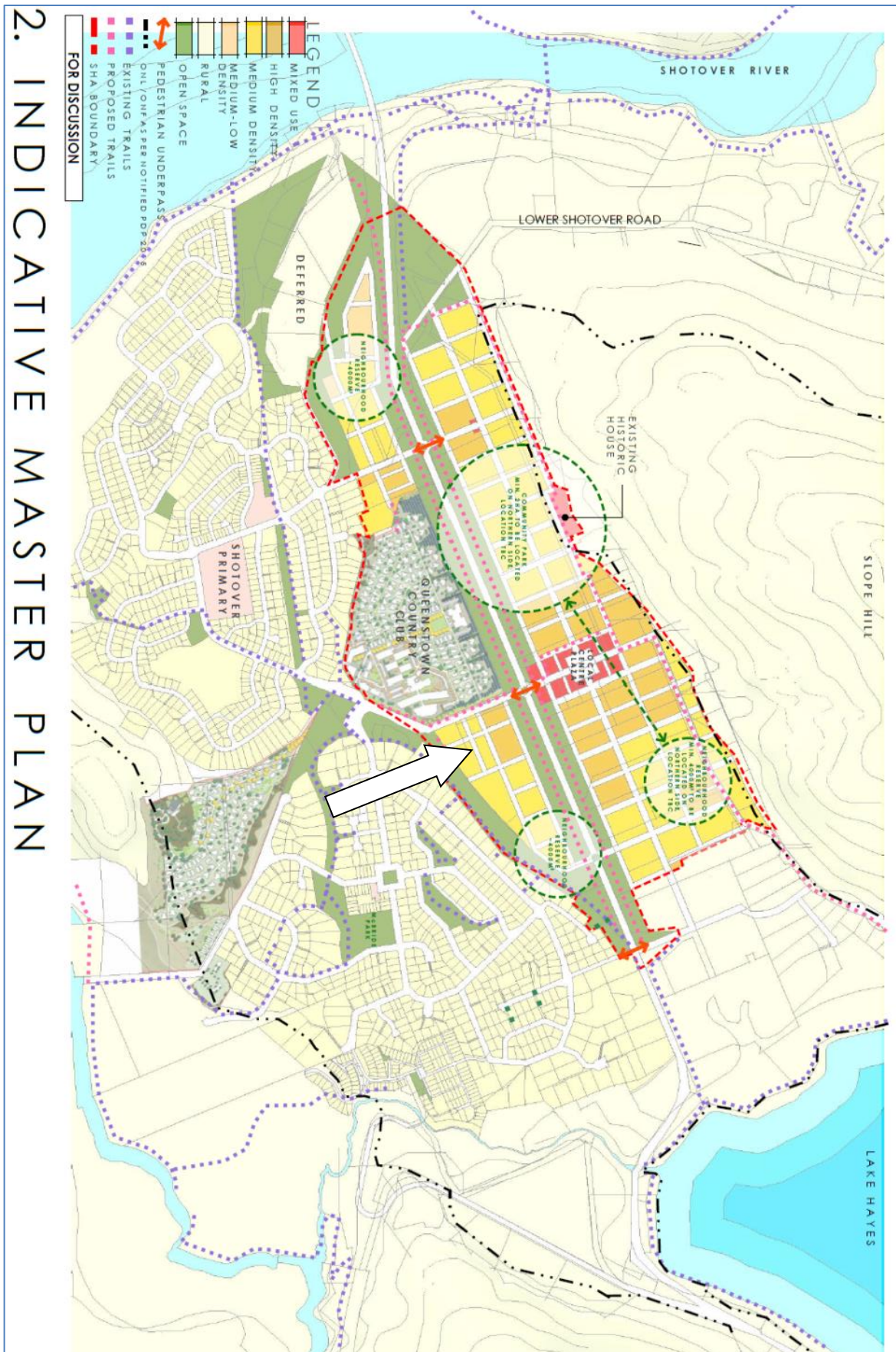
Defined as:

Residential development that integrates well into neighbourhoods (acknowledging it may be of significant higher density), contributes to place making and interacts with the public realm. It comprises well designed, comfortable homes with good amenity and storage, exceeding Building Code requirements wherever possible in terms of environmental performance to minimise ongoing living costs.

Attachment D – Ladies Mile Indicative Master Plan Design Statement

The Draft Ladies Mile Master Plan is designed around the key principles of Connectivity, Variation in built form and dwelling type, flexibility of use, and legibility. The design follows recognised urban design principles, based on the seven 'c's of the New Zealand Urban Design Protocol*, to development Mixed Use, Residential and Open Space areas with a potential development yield of 2,500-3,000 dwelling units (approximately 2,874 on the current design but this is likely to fluctuate). The principles are designed to encourage walkability, improve the relationship between buildings and the street, recognise CPTED** principles and encourage designs which are future proofed:

The QLDC have the following indicative master plan for the Frankton Ladies Mile area, which has been proposed to be approved via special housing accord application. The subject property containing high & medium density residential proposed zoning and open space to the perimeter.



VARIATION OF BUILT FORM AND DWELLING TYPE

The proposed master plan provides 4 different density types being:

- Mixed Use;
- High Density Residential;
- Medium Density Residential; and
- Medium to Low Residential

Each density type proposes different rules for site coverage, height, set-backs and outdoor living space requirements to encourage different building stock to be developed. Diversity and variation are considered important to meet market demands. There is a known shortage of one and two bedroom dwellings in Queenstown and in many other districts in New Zealand. Developments should seek to encourage diversity in building stock, unit type and character providing for a wider range of the community (budget and family type) which will encourage intensification and greater community interaction.

a. MIXED USE

While this density type has the ability for retail and office space to be developed, it is considered that the buildings will be predominantly residential in character but with the flexibility to change/adapt over time depending on market conditions and demands. Mixed use areas form the focal point for the design and should include high quality public spaces, plazas and laneways. Some streets would potentially be shared spaces with slow vehicle speeds encouraged and pedestrian priority. The provision of public transport is important to the success of this area. Buildings could be up to 12m high, 3 storeys with a site coverage up to 65%. The key design considerations of the Mixed-Use Activity area are:

- Large front setbacks would be discouraged, being only 0-3m with a maximum setback applied;
- No minimum lot size but likely to be 150-200m²;
- No height recession planes or side yards would apply. No street frontage recession plane will be required; and
- Communal carparking, the creation of laneways and the removal of minimum carparking provision would be permitted to provide for more flexible approaches to residential building types and functionality;
- It is envisaged that the overall density in the Mixed Use area would be +30Hh/Ha.

The current layout of the Ladies Mile Master Plan allows for 575 dwelling units based on a 3 storey, 360m² building with 5 residential units and one retail/office.

b. HIGH DENSITY RESIDENTIAL

This density type is purely residential and envisioned to be a mix of apartments and terrace houses. Buildings could be up to 12m high, 3 storeys with a site coverage up to 55%. The key design considerations of the High Density Residential Activity area are:

- Large front setbacks would be discouraged, being only 1-3m with a maximum setback applied;
- An average minimum lot size 150m²;
- No height recession planes or side yards would apply. No street frontage recession plane will be required; and
- Communal carparking, the creation of laneways and the removal of minimum carparking provision would be permitted to provide for more flexible approaches to residential building types and functionality;
- It is envisaged that the overall density in the High Density Residential area would be +30Hh/Ha.

The current layout of the Ladies Mile Master Plan allows for 963 dwelling units based on 64 units per development block ((160x100m).

c. MEDIUM DENSITY RESIDENTIAL

This purely residential area is envisioned to be mostly terrace house developments with vehicle access via a laneway. A second dwelling per lot would be allowed to be developed above the garage subject to design controls. Buildings could be up to 8m high, 2 storeys with a site coverage up to 45%. The key design considerations of the Medium Density Residential Activity area are:

- Large front setbacks would be discouraged, being only 3-6m with a maximum setback applied;
- A minimum lot size of 240m² but a second unit allowed per lot;
- No height recession planes or side yards would apply. No street frontage recession plane will be required; and
- Laneways required;
- It is envisaged that the overall density in the Medium Density Residential area would be +19Hh/Ha.

The current layout of the Ladies Mile Master Plan allows for 681+553 dwelling units based on 40+40 units per development block ((160x100m).

d. MEDIUM TO LOW RESIDENTIAL

This purely residential area is envisioned to be individual house developments with vehicle access via the street. Buildings could be up to 8m high, 1-2 storeys with a site coverage up to 35%. The key design considerations of the Medium Activity area are:

- Large front setbacks would be discouraged, being only 3-6m with a maximum setback applied;
- A minimum lot size of 400m² but a second unit allowed per lot;
- Height recession planes and side yards would apply.
- It is envisaged that the overall density in the Medium to Low Density area would be +11Hh/Ha. The current layout of the Ladies Mile Master Plan allows for 102 dwelling units based on 24 units per development block ((160x100m).

Southern Planning Report

QLDC have obtained a planning report from Southern Planning Group specific to the property and we refer you to that report for further detail. We have reviewed this report, and have had further email correspondence with Dan Cruikshank and the author of the report.

6.0 DESCRIPTION OF IMPROVEMENTS

Floor Area: (Measured from plans)

Total Living Area	427 m ²
Hangar/Garage	294 m ²
Facilities and office to garage	48 m ²
Covered Walkway	69 m ²
Barn	228 m ²



Style:

Single level dwelling constructed between November 1992 to 1994 providing four bedrooms with additional music room and office, three bathrooms plus powder room and a large open plan living area.

Design Appeal:

Good

Construction:

Foundations:	Reinforced concrete foundations and floor slab.
External Walls:	Timber framing clad in plaster with Murobond coating.
Roof:	Copper tray profile.
Main Interior Linings:	Predominately plasterboard walls and ceilings. Flooring comprises tiles to the entrance, hallway, kitchen, bar and part of the bathrooms, timber sprung floor to the music room/study plus carpet to the balance.
Joinery:	Argon filled, tinted double glazed aluminium and timber window and door joinery throughout.

Accommodation:

Four bedrooms plus study and a music room. Three bedrooms have built-in wardrobes, while the master bedroom has a walk-in wardrobe and ensuite bathroom.

Layout:

A large parking area between the garage / hanger and the dwelling leads to the main entrance on the southern side of the house. The entrance foyer leads north to the kitchen and dining area and east to an office area plus adjoining guest bedroom and ensuite bathroom. To the west of the entry is a music room currently utilised as an office., which is further adjoining by a large living area and a hallway to the western bedroom wing. The bedroom wing incorporates a guest toilet / bathroom, two bedrooms with a large shared ensuite bathroom plus a master bedroom that has a large walk-in wardrobe area plus an adjoining ensuite bathroom.

Amenities:

Good quality fittings and fixtures comprising a Granite bench top incorporating a 1.5 stainless steel sink, rubbish compactor, German imported custom made cupboard joinery, four ring ceramic hob and two Bosch wall ovens and chattels including an integrated dishwasher plus fridge/freezer to kitchen. The main bathroom contains a glassless tile shower, corner spa bath, dual bowl vanity unit, toilet, extraction fan and heated towel rail. The bathroom features part tiled floor and walls.

A further toilet is situated in the powder room which also provides a custom made vanity unit with glass bowl and automatic tap. The master ensuite incorporates a glassless tile shower, plus dual bowl vanity unit, heated towel rail, extraction fan and toilet. The ensuite features part porcelain tiled floors and walls to the shower and toilet area. The guest ensuite incorporates a tile shower, vanity unit, heated towel rail, extraction fan and toilet featuring part tiled floor and walls. Separate laundry and sewing room comprising cupboard joinery with Formica benchtop incorporating a stainless steel super tub, plus provision for a washing machine and dryer. All amenities are in good condition concurrent with the properties age.

Heating:

Open fire to the living area plus a Florad in slab heating system throughout heated via an electrical boiler.

Interior Condition:

Good.

Exterior Condition:

Good.

Other Improvements

Garage / Parking:

Detached hangar/ eight car garage facility having a high stud height and is fully lined and incorporates two large Cedar sectional doors with auto openers to the northern side, with sliding doors to the length of the southern side. The garage provides a garden bench area with stainless steel sink plus laundry and bathroom facilities with cabinet shower, toilet, wall hung vanity unit and tiled floor. Above this area is an office with small kitchen unit with stainless steel sink. The property is accessed via a compacted gravel driveway and parking area.

Site Development:

The property has a covered walkway with polished exposed aggregate concrete and a plywood soffit providing access to the garage. Landscaping includes post and rail fencing, stacked stone walls, paved patio areas, paved pool area with glass fencing plus an established lawn area, a Lucerne paddock to the north, approximately 352 chestnut trees and native shrubs and tussocks. There is an additional storage shed/barn to the lower southern terrace of the property of approximately 228m² that is partly enclosed corrugated iron with a roller door and seratone lined with three phase power.

Special Features:

Special features include.

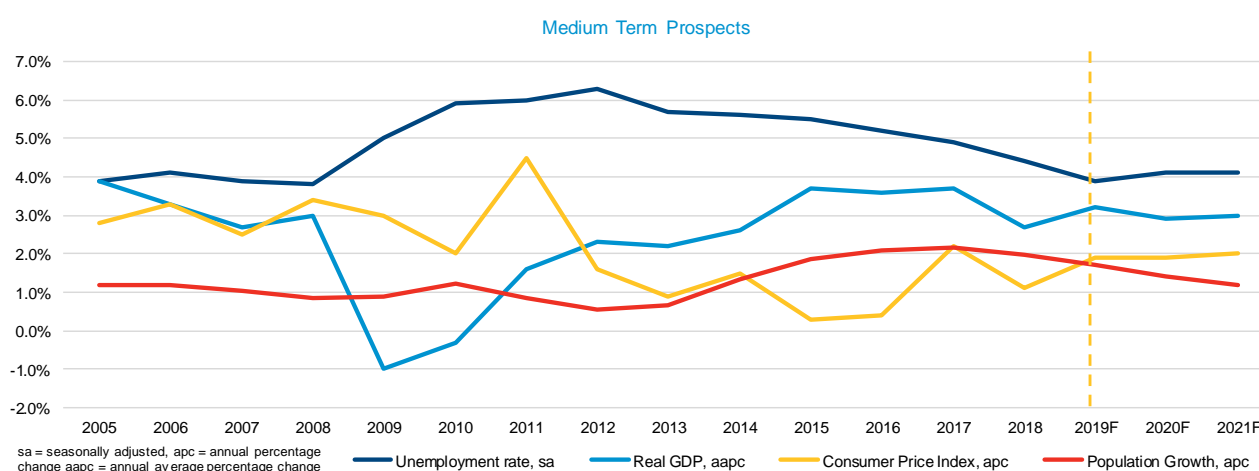
- Cedar louvres in main bedroom, guest bedroom, office and lounge
- Wool insulation batts in walls and roof
- Central vacuum cleaning system
- Two hot water cylinders
- Cedar shutters and vents to windows
- Western wing with access to pool
- Swimming pool with glass fencing and paved surround
- Swimming pool solar heated from copper roof

7.0 PROPERTY MARKET COMMENTARY

7.1 ECONOMIC COMMENTARY

In determining the current market value of the subject property, we have had regard to underlying economic conditions and the flow-on implications that these may have on investment and divestment decisions made across the broader property markets.

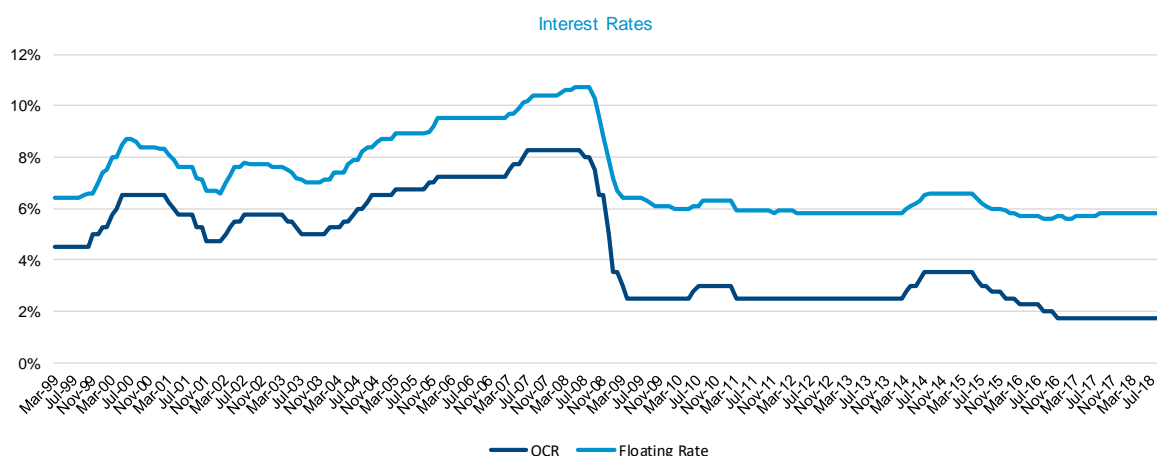
This commentary is effective as at February 2019 and is based on the most recently sourced data from Government and independent sources. The following graph provides an overview of key market indicators in recent times plus forecasts.



Interest Rates

The Official Cash Rate (OCR) has remained unchanged by the RBNZ at 1.75% since November 2016. Despite interest rates rising globally, the RBNZ have continued to indicate there is little urgency to raise the OCR with the potential to cut the OCR by up to 100 basis points should GDP not reach 3% over 2019. However, NZIER still expect an upward shift in the OCR suggesting a rise in early 2020.

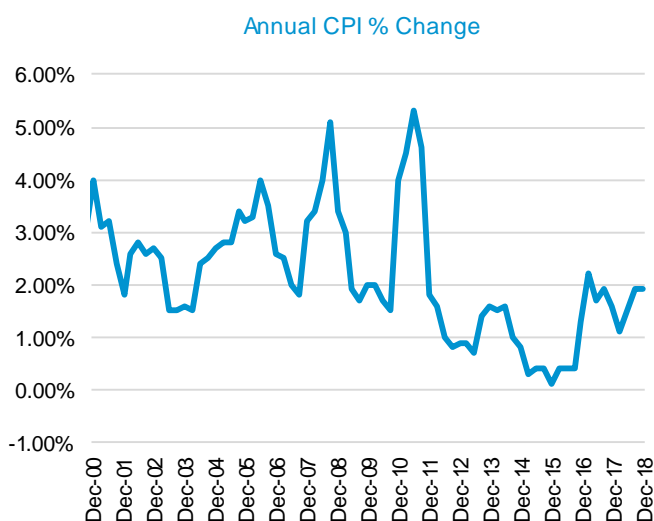
The suggestion towards cutting the interest rates further comes on the back of weaker business confidence and profitability. This move could leave little room to manoeuvre through the next downturn. The graph shows the downward trend in rates since 2014.



Inflation / CPI

Annual CPI change for the year to December 2018 increased 1.9 percent, close to the Reserve Bank's target mid-point of 2%. The sectors pushing inflation the highest was petrol (11%), local authority rates (5.1%) and construction costs (3.6%). Outside of petrol annual inflation was 1.5% for the December 2018 year.

Fuel prices have dropped off marginally over recent months which is likely a key reason in the easing of headline inflation for the December 2018 quarter, however NZIER expect annual headline inflation to lift over 2 percent over the course of 2019. The effects of higher global oil prices and downside risks to global growth and inflation have made the RBNZ cautious as to when it will begin tightening monetary policy, if at all.

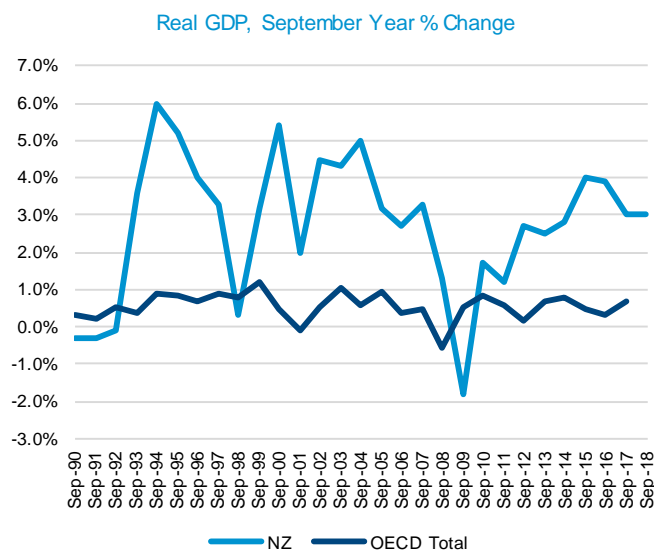


GDP

Gross Domestic Product (GDP), a measure of economic productivity, grew a mere 0.3% in the September 2018 quarter dropping 0.7% from the June 2018 Quarter. Annual GDP growth was 3.0% for the year ended September 2018 and is forecasted by NZIER to average around 3.0% over the next five years on the back of expected slower population growth.

NZIER measures business confidence within businesses own operations uninfluenced by the Government in office. Despite decreasing economic growth, firms are relatively positive regarding hiring and investment with intentions to invest in plant & machinery increasing with net 7% of businesses expecting to increase investment in this area. However, businesses remain cautious surrounding investment in buildings.

Business profitability has also deteriorated as cost pressures intensify and businesses struggle to pass these on, however demand has reportedly increased. The increasingly strong labour market is expected to support household income growth, and in turn household spending over the coming year.



Employment

The labour market is expected to continue to tighten with slowing migration and more Kiwis looking towards overseas job markets. Proposed changes to employment laws and immigration including increases in the minimum wage and elimination of the 90-day trial period are unlikely to deter employment.

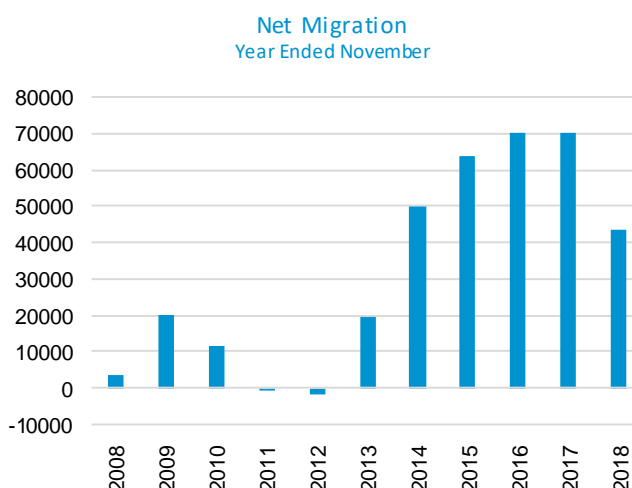
Strong demand for labour has had a balancing effect with the unemployment rate dropping to 3.9 percent in the September 2018 quarter, down from 4.5 per cent the previous quarter – the lowest in ten years. This is expected to be the result of strong employment demand across the economy and more youths going in to education after the introduction of free first year tertiary education, making the available workforce tighter as well as overseas job markets posing better opportunities than locally. Businesses continue to report acute labour shortages – particularly so in the construction sector. Firms continue to report an increasingly acute shortage for skilled and unskilled labour.



Population/Migration

Strong population growth is a key factor which has flowed through to many sectors of the economy including construction and retail spending. Despite remaining relatively strong by historical standards, there has been a decrease in the number of permanent & long-term migrants with annual net migration for November 2018 at 43,400, down 10,400 from the previous year.

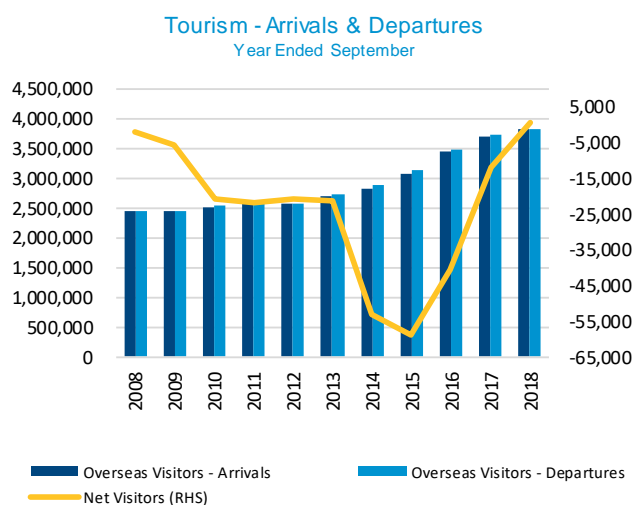
The drop in net migration is likely the effect of composition changes in visa types and lift in the minimum salary migrants must earn to be classified as skilled. However, the surge in the number of migrants on work visas continues to be offset by a significant drop in the number of student visas as a result of the crackdown on fraudulent visas.



Tourism

Strong tourism will continue to be a major supporter in economic activity around a range of sectors including retail spending and commercial construction. Visitor arrivals in November 2018 were up to 132,800 on November 2017.

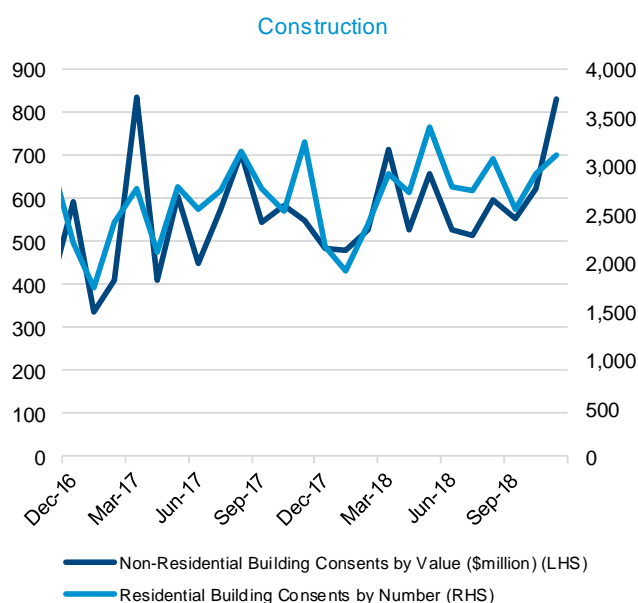
NZIER expects tourism to remain strong over the coming years due to a buoyant Chinese economy and a more competitive New Zealand Dollar. Tourism spending will be an important contributor to New Zealand's regional economic development and NZIER's global demand forecast expects this positive momentum to continue. Demand remains strongest in Auckland, but activity has plateaued with the Auckland tourism sector reaching capacity as the region waits the arrival of new hotel developments. Christchurch is recovering back to pre-earthquake levels as new accommodation comes on board.



Construction

Effects of high tourism and net migration continue to impact the construction sector. The construction pipeline remains strong, however changes in Government spending and capacity constraints are leading to increased uncertainty as to which projects will be going ahead. NZIER's business confidence survey indicates there is a softening in new demand for infrastructure spending from government. The year ending December 2018 saw an increase of 9.0% on the value of non-residential building activity, compared to the December 2017 year. The year ended December 2018 saw a 6.1% rise in actual number of dwellings consented. For standalone houses only, the number of consents issued was down 3.2%, demonstrating the increase in multiunit developments.

Cost pressures remain intense in the sector impacting negatively on profitability, pushing some firms off projects and others in to receivership. Building sector firms no longer expect a recovery in profitability, with many expecting profitability to worsen in the next quarter. Uncertainty remains in the economy as the effects are yet to be fully realised.



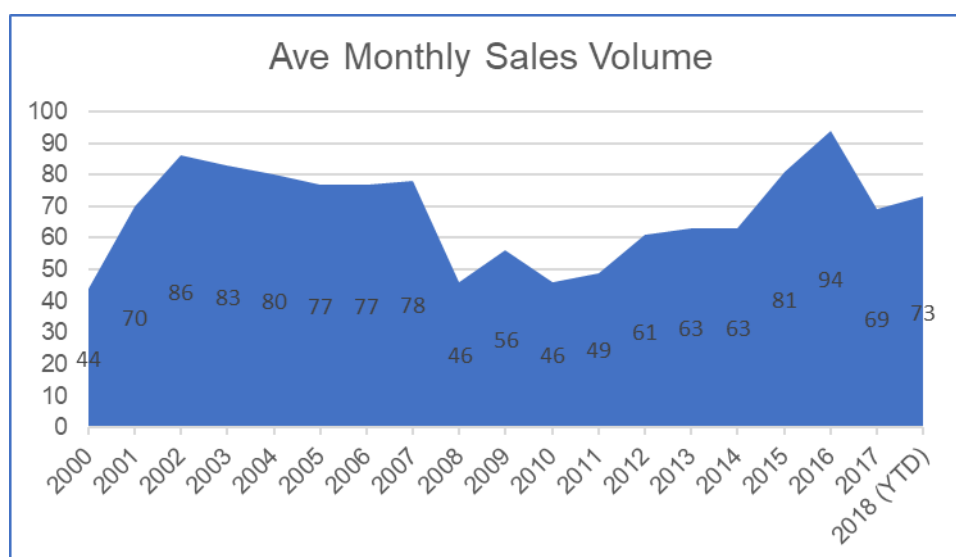
7.2 LOCAL QUEENSTOWN & ARROWTOWN MARKET

Tourism is a key driver behind the recent growth in the Queenstown property market. This growth continues to position the region well for the long term in what is recognised as the jewel in New Zealand's Tourism Crown. The past 36 months have shown a consistent strong improvement in tourism numbers, guest nights and airline capacity. Total visitor numbers to Queenstown are now approximately 2.7m per annum and this growth is expected to continue in the medium term. Population growth has been a key driver of the housing and construction markets in Queenstown. The regions growth rate far exceeds the national average.

One of the flow on effects from this increase in tourism is a sharp increase in demand for services and consequently increased numbers of people to support increased tourist numbers. The increase in population has put pressure on housing stocks for both rental accommodation and home ownership. The current limited supply has fuelled the property market resulting in a marked increase in residential rentals and residential value levels particularly strong since the first quarter of 2016 through to the present day.

2017 saw a consolidation of the market with sales volumes decreasing approximate 27% while the median house prices crept marginally higher. YTD 2018 average monthly sales volumes are tracking marginally higher at 74, predominantly due to the release of the first stages of Hanley's Farm.

The average monthly sales volume for previous years is as follows:



Home mortgage interest rates are currently at historic levels. The RBNZ has not changed the official cash rate since November 2016 however, banks have increased rates over this period due to funding availability. The low interest rate environment appears to have fuelled property prices and speculation over the previous 24 months.

Demand for Queenstown rental accommodation is high with a significant increase in rental rates in 2016/2017, these rates appear to be stabilising as rental affordability becomes an issue. There is strong demand from investors interested in purchasing residential rental property. This appears to be on the basis that rents will remain at current levels, plus stable medium term interest rates, thereby providing solid returns.

Demand for 'entry level' property still appears good with units and dwellings being signed up by first time homeowners and investors looking to enter the Queenstown rental market. While the majority of sections sold within Shotover Country appear to be to first home buyers and long term local based investors, recent sales of improved property have far exceeded replacement cost, driving the market into a speculative phase. Entry level buyers are now being priced out of the market due to the strong uplift in values. Other entry level developments and subdivisions include Hanley Downs, Bullendale and Bridesdale.

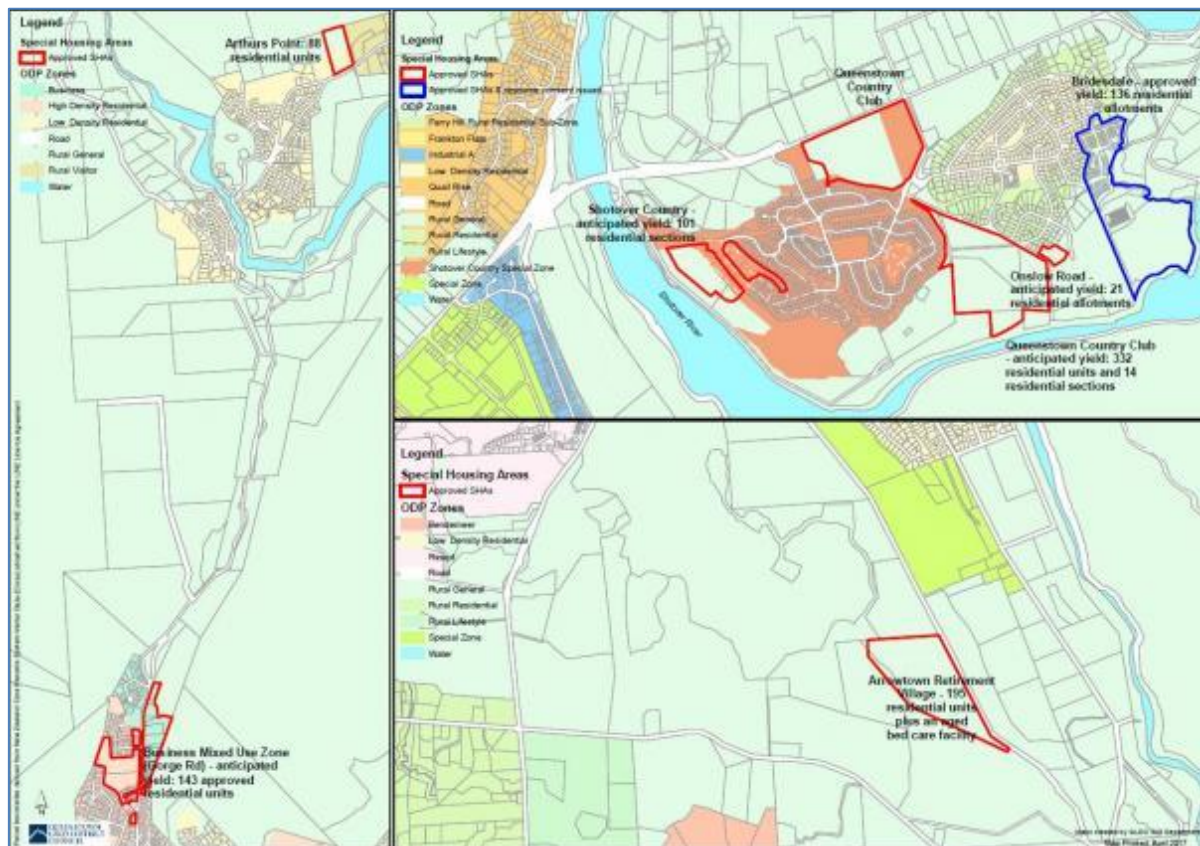
Bridesdale Farm, a 134 lot subdivision located at the eastern end of Lake Hayes Estate, construction is complete with Titles issued mid 2017. A number of on-sales of sections showing marked increases in value from the original sales levels achieved in late 2015. Residential homes on smaller freehold sites have been completed with further homes under construction.

Hanley Downs, a residential subdivision under construction next to Jacks Point has released their first stages of smaller residential sites to the market and this was well received with good interest from investors as well as first home buyers with speculative purchasers. Average site area is around 500m². Hanley Downs is positioned to deliver a significant supply of residential sites over the next 1-5 years, with first titles having been issued in the first half of 2018

Section values within Jacks Point have experienced a strong increase in value over the past 12-15 months and demand noted for all sites with premium values for sites with good views. Sales volumes within Jacks Point have increased and section supply is now much reduced.

The Queenstown Housing Accord was agreed in August 2014 with the purpose of increasing the quantity of new housing in the area through fast-tracking the consent process. The accord set a target of 350 new sections and dwellings in its first year, 450 in its second, and 500 in its third. Strong progress on building and section consents in the Wakatipu Basin in the first year has led to targets being increased nearly 50% for the next two years. The revised Accord target has been increased from 950 to 1400 for the remaining two years of the accord. Seven Special Housing Areas (SHA's) have been approved with a further two applications lodged.

	Estimated Homes	Aged Care Facility	Status
Gorge Road - Business Mixed Use Zone	143		Some apartments being sold off plans
Arthurs Point Road	88		Housing Under Construction
Arrowtown Retirement Village	195	100	Housing Under Construction
Shotover Country	101		Subdivision Underway
Queenstown Country Club & Retirement Village	332	72	Housing Under Construction
Onslow Road, Lake Hayes Estate	21		Approved
Bridesdale Farm, Lake Hayes Estate	134		Housing Under Construction
Total	1,014	172	
Housing Infrastructure Loan – QLDC			
Kingston	950		Funding Approved
Quail Rise South	900		Funding Approved
Ladies Mile	1,100		Funding Approved
Total	3,964	172	



For high value residential and lifestyle property, there has been good activity, however, high value properties traditionally experience extended sales periods. We note that enquiry level and sales for this part of the market has been good with an increase in construction of larger residences in Dalefield and other rural locations.

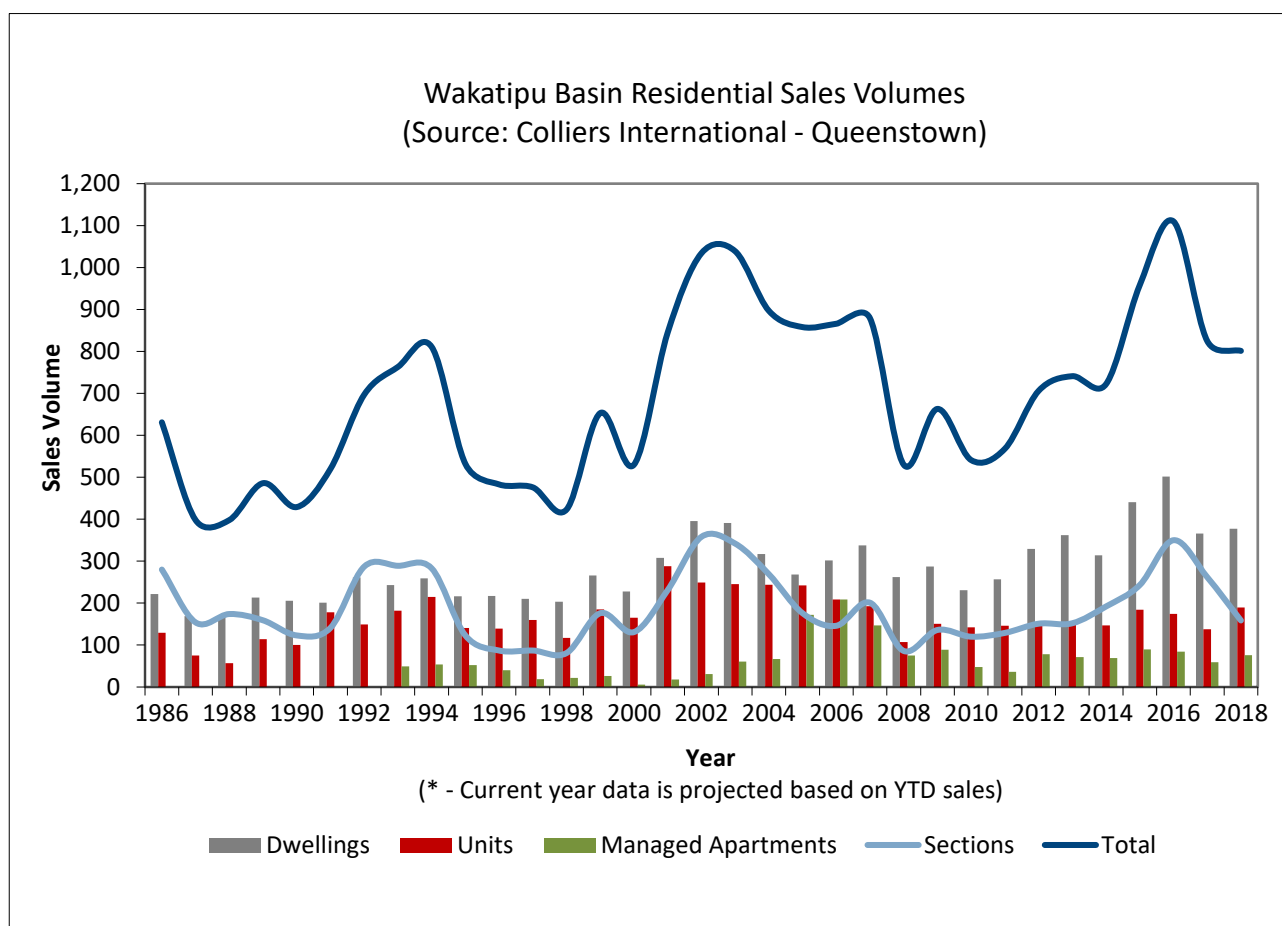
Value of consents for new dwellings has increased by 16% for the 12 months ending June 2018 when compared with the corresponding 12 month period. The total value of construction of all new buildings has increased 5.7% from the previous 12 months. The total value of consents for the 12-month period ending June 2018 totalled \$462m, surpassing the previous 12 month period by \$25m resulting in the highest recorded level since 2007.

The Arrowtown property market has seen a marked increase in sales values in the last 18 months. There has been good demand for well-located properties, in particular those within close proximity to the town centre. Limited supply has also contributed to the strong demand. There are a number of smaller residential subdivisions proposed on the fringes surrounding Arrowtown, has helped alleviate demand to a certain extent however a number of these sites will not be available until later in 2018. In the meantime, existing older style homes are in strong demand for potential future redevelopment or refurbishment.

Projections:

- Total sales volume for 2019 slightly below 2018 as prices stabilise.
- Stabilisation of recent high value levels, particularly in entry level areas.
- Reduced demand for residential investment property due to increasing supply.
- Managed apartment returns to stabilise after recent increases from increasing in tourist numbers.
- Reduction in demand for off-plan properties for entry level purchasers due to rising construction costs
- Reduction in demand for development land as underlying section prices and property prices stabilise reducing viability.
- Large construction projects continue to fuel rental and investment demand for residential properties, in the short term.
- Some forced sales activity towards the end of 2019 as investors.
- Reduced demand from overseas investors as the Overseas Buyers Amendment Act takes effect. New apartment developments excepted.

The graph below shows actual residential sales volumes (by sector) and projected sales volumes for 2018 mapped against the last 30 years.



*Note that these stats exclude an estimate of sales direct from developers or some, which have not yet settled.
We estimate this could be 10-15% of the current market.*

For further research information please visit our website
www.colliers.co.nz

VALUATION METHODOLOGY

We have utilised the Market Approach (Direct Comparison) and Hypothetical Subdivision Approach in determining the market value of the subject property. We summarise these approaches as follows;

- **Direct Comparison Approach.** This approach compares other development block sales on a per site and per square metre rate with adjustments for factors such as views, contour and location.
- **Hypothetical Subdivision Approach.** This approach utilises relative residential sales evidence and estimates the total income that could be derived from developing and selling the sites by way of subdivision, and deducting development costs including GST, sales and marketing expenses, profit and risk, construction costs, local authority fees and levies plus holding costs.

The indicative master plan illustrates an approximate area of 8.2 around hectares available for residential subdivision development. Around 1.5 hectares would appear to be for HDR with the remaining 6.7 hectares for MDR. Land within the 75 metre setback from SH6 and buffer land around the east and south perimeter is to be classified as open space with no development permitted. Circulation space to create access roads to future sections will be required. Minimum lot sizes are 150 sqm for HDR, and 240 sqm for MDR. While it is entirely possible sections of this size will be titled, our analysis has been based upon the HDR land being sold as a single block, and the MDR sections to have an average lot size of 340 sqm. This lot size is common within the Bridesdale development, to which we have strong recent sales information, and we believe this provides the valuer with good evidence, with reference to value and demand which we can apply consistently to the subject.

8.0 SALES EVIDENCE

We have undertaken research and analysis of sales within the direct and wider Queenstown Lakes locality, which offer a similar standard of amenity. We summarise the more recent sales, as follows.

8.1 VACANT RESIDENTIAL SECTIONS SALES

Bridesdale Farm

Sections within Bridesdale Farm were to be developed in stages however strong demand resulted in seen all sections sold within the first 12 months after release to the market in 2016. Lot sizes range from 270m² to 500m² with sales initially ranging from \$190,000 for the smaller lots to \$300,000 for the larger lots that have no design restrictions. Most sites have been allocated specific house designs. There are nine house designs to choose from and the sections were sold with working drawings.

We are aware that there have been number of on-sales of sections within the development we note, the following most recent sales.

St No	Address	Suburb	Sale Price	Sale Date	Land Area (m ²)	Comments
1	Bellamore St	Bridesdale Farm	\$320,000	Apr-18	340	A rectangular shaped corner site located on the corner of Red Cottage Drive and Dewar Street, to the northern entrance of Bridesdale Farm.

St No	Address	Suburb	Sale Price	Sale Date	Land Area (m ²)	Comments
6	Longlands St	Bridesdale Farm	\$330,000	Jan-18	329	A rectangular shape site located on the western side of Longlands Street within the Bridesdale Farm subdivision.
17	Dewar St	Bridesdale Farm	\$355,000	Aug-18	349	A rectangular shape site located on the south eastern corner of Bellamore and Dewar Streets, Bridesdale Farm.
5	Bellamore St	Bridesdale Farm	\$346,000	Nov-18	340	A regular rectangular shape inside lot.

Shotover Country

St No	Address	Suburb	Sale Price	Sale Date	Land Area (m ²)	Comments
22	Silver Street	Shotover Country	\$325,000	Jan-18	532	Irregular shap leg-in site limiting building size and shape. Gentle contour.
18	Silver Street	Shotover Country	\$330,000	Jan-18	451	An irregular shape site with a small frontage to Silver Street. North-eastern aspect and gentle to level contour.
20	Silver Street	Shotover Country	\$330,000	Jan-18	451	North facing site of semi rectangular shape and gentle contour.
14	Silver Street	Shotover Country	\$345,000	Jan-18	467	A semi rectangular site of gentle contour with an eastern aspect.
2	Silver Street	Shotover Country	\$350,000	Jan-18	509	A predominantly regular shaped 509m ² site that borders Jones Avenue, Springfield Road and Silver Street. Sold off plan.
4	Silver Street	Shotover Country	\$355,000	Jan-18	540	An irregular shape section measuring 540m ² , bordering reserve land to the west and Jones Avenue to the north. Sold off plan
10	Silver Street	Shotover Country	\$355,000	Jan-18	465	A semi rectangular site of gentle contour with an eastern aspect.
25	Walton Way	Shotover Country	\$360,000	Oct-18	553	A regular shaped section measuring 533m ² accessed by a shared driveway with two other properties.
8	Silver Street	Shotover Country	\$365,000	Jan-18	455	Semi rectangular site with a large frontage and eastern aspect. Gentle contour.
15	Walton Way	Shotover Country	\$380,000	Nov-18	400	A regular shape 400m ² site situated off the southern side of Walton way.
6	Springfield Road	Shotover Country	\$390,000	Jan-18	516	A slightly irregular shaped section located on the western side of Springfield Road. Site are of 516m ² . Sold for \$339,130 excluding GST between GST registered parties. Adjusted for GST.
63	Toni's Tce	Shotover Country	\$419,000	Jan-18	663	A regular shaped 663m ² site located on the south western side of Toni's Terrace.

St No	Address	Suburb	Sale Price	Sale Date	Land Area (m ²)	Comments
17	Toni's Tce	Shotover Country	\$426,000	Dec-18	607	An irregular shaped site located on the sweeping bend of Toni's terrace. Views are obtained to the south towards the southern end of The Remarkables plus views of Ben Lomond to the west.
25	Walton Way	Shotover Country	\$360,000	Oct-18	553	A regular shaped section measuring 533m ² accessed by a shared driveway with two other properties.
15	Walton Way	Shotover Country	\$380,000	Nov-18	400	A regular shape 400m ² site situated off the southern side of Walton way.

Hanley Farm – Latest Release

On 28 November 2018 the developer released and sold a stage 5E of 33 yet to be constructed sites at an average of \$325,606. The sites are of gentle to easy contour and will receive good sun and mountain views. Titles are expected late 2019. The sites have an area in the range of 400 sqm to 448 sqm.

St No	Address	Suburb	Sale Price	Sale Date	Land Area (m ²)	Comments
Lot 6146	Hanleys Farm	Hanleys Farm	\$310,000	Nov-18	400	A irregular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6158	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A irregular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6159	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6161	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6162	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A irregular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6164	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6165	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.

St No	Address	Suburb	Sale Price	Sale Date	Land Area (m ²)	Comments
Lot 6167	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6168	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6169	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	400	A regular shaped 400m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6163	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	447	A regular shaped 447m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6170	Hanleys Farm	Hanleys Farm	\$315,000	Nov-18	447	A regular shaped 447m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6145	Hanleys Farm	Hanleys Farm	\$320,000	Nov-18	448	A regular shaped 448m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.
Lot 6153	Hanleys Farm	Hanleys Farm	\$320,000	Nov-18	448	A regular shaped 448m ² middle site. Situated in Stage 5E of Hanleys Farm development. Views of the Remarkables are obtained towards the east.

Land Sales Summary

There has been an ongoing trend towards smaller houses being erected upon smaller sections. Section pricing continues to increase. The entry level value for a section in the Queenstown market is now in excess of \$300,000. The indicative master plan indicates an intention for sections of minimum of 150 sqm in HDR and 240 sqm in MDR. To date there is minimal evidence of open market sales of this size in Queenstown, although we are aware sites of this size are being sold in a new subdivision in Wanaka. Bridesdale farm is the closest comparable to the subject, providing small sections of around 340 sqm, located in close proximity, and being a master planned development. The sales of sections included architectural house plans. We believe section sales in this development provide the best indication as to the value of proposed MDR sections potentially developed upon the subject land and we have made some allowance for the value to a purchaser of approved architectural house plans.

High Density Land

High density land sales are generally located in central Queenstown where land suitable for development have sold over the past few years for values in the range of \$2,000 to \$4,000 psm. Higher density land for residential use on the Frankton Flats selling in the range of \$500 to \$800 psm. Land at Arthurs Point permitting development to 12 metres selling sold for \$300 psm three years ago. Developing multi-level buildings with base level car parking is more extensive than building light timber frame or steel frame structures with timber floors. The viability of developing multi level structures on the subject land would test viability. We believe multi-level terrace style housing would create stronger viability.

8.2 DEVELOPMENT BLOCK SALES

We have considered the following development block sales.

Address	Sale Date	Sale Price (Plus GST if any)	Zone	Area (m ²)	Comments	\$ per Site / Unit
Lot 403 Onslow Road, Lake Hayes Estate, Queenstown	Jul-16	\$1,815,000	RG	11,689	An irregular shaped leg-in site that has SHA approval at local authority level. Approximately 25 sites.	\$72,600
McDonnell Road, Arrowtown	Mar-16	\$2,700,000	RG	80,000	An 8 ha development site on the southern periphery of Arrowtown. The consented development provides for 20 residential lots restricted to 20% of the overall site area with the balance to be private open space land. The balance land is to be landscaped and maintained by a management company under a body corporate type structure.	\$135,000
163 Frankton-Ladies Mile	Aug-14	\$3,800,000	RG	71,350	A 7.135 hectare parcel of land zoned Rural General. The property included a 4 bedroom 2 bathroom family home. The land adjoins the latest stage release of Quail Rise and is located opposite the recently completed Stage 2 of the Shotover Park Industrial development. We understand a Resource Consent application was lodged early 2016 to commence the process to rezone this land to enable a 150 section residential subdivision.	\$31,667
57 Stalker Road	Nov-12	\$3,300,000	SC	30,375	A semi rectangular site located within the Shotover Country residential development. The site is of easy to gentle contour. The land was sold to the MOE, and was developed and now occupied as Shotover primary school.	
46 Jims Way, Quail Rise	Dec-16	\$4,200,000	Quail Rise	33,260	A residential development block with Resource Consent for 12 sites and an intention of creating 17 sites, inclusive of one with an older style 1990's single level dwelling with a large detached double garage.	\$223,529
111 Frankton - Ladies Mile	Jun-17	\$5,500,000	MDR	39,937	A Rural General site with an established home, zoned part residential under PDP. Half of the site is of easy contour with the balance rising at easy contour to the north. Located adjacent to the Five Mile development.	

Address	Sale Date	Sale Price (Plus GST if any)	Zone	Area (m ²)	Comments	\$ per Site / Unit
1 Hansen Road	Jan-16	\$4,550,000	LDR & RG	34,022	Parcel of land located close to the Frankton Round a bout, the land comprises a large flat portion of approximately 1.7 hectares with the balance steep and unusable. Potentially has stability issues to resolve.	
182 Arthurs Point Road	Aug-16	\$7,000,000	Rural Visitor	21,540	A development site currently held in three Titles with a number low value buildings thereon. Parts of the site obtain good Shotover River views.	\$1,666,667
420 Frankton-Ladies Mile Road	Dec - 2016	\$8,685,049	Rural General	236,578	An easy contour parcel of land with frontage to SH6 and to Howards Drive. The property included a 5 bedroom lifestyle residence. The property was contracted subject to the developer obtaining Resource Consent to intensively develop the land. The Resource Consent was granted via an SHA process permitting the development of the Queenstown Country Club retirement village. Setback preventing development within 75 metres of the highway. The sale was agreed in Dec 2015.	
444 Frankton Ladies Mile Road	Apr -18	\$11,500,000	Rural General	225,519	Land located below the Ladies Mile Terrace between Lake Hayes Estate and Shotover Country, adjoining river reserve. A large part of the land is ONL and hillside and it is estimated eight hectares is available for residential development. The sale was agreed around Jan 2016 and settlement was prolonged due to complications with obtaining separate title.	\$70,312
497 Frankton Ladies Mile Road	Mar-18	\$5,100,000	Rural General (proposed SHA)	45,941	A 4.59ha parcel of land developed with two dwellings and utilised for visitor accommodation. The property is located within a Medium Density area in the Ladies Mile Special Housing Area indicative master plan. We estimate the usable development land to be around 2.88ha making allowance for retaining the existing residence and setback required from SH6.	\$70,052
6 Layton Lane	Apr-18	\$5,000,000	Rural General (proposed SHA)	93,800	Two titles totalling 9.38ha and improved by a good quality 3 bedroom home. The property is located within a Medium Density area in the Ladies Mile Special Housing Area master plan. We estimate the usable development land to be around 5.5ha. Application has been made for the approval of a subdivision to deliver 156 residential sections.	\$62,500

9.3 HIGH END RURAL LIFE STYLE PROPERTY

The property is currently utilised as rural lifestyle property developed with a substantial residence and associated buildings and established trees and landscaping. There is market demand for this type of property within the Wakatipu and there have been several sales within the market at premium value levels over an extended period of time. We are of the opinion the highest and best value of the property is attributable to its sub-divisional potential. If the property was to be intensively subdivided, we have estimated the existing residence could be retained and contained on a separate smaller title of round 5,800 sqm. The value of the residence if available for sale on a titled allotment of 5,800 sqm versus the alternative net value of 17 x 340 sqm sections has been considered.

903 Lake Hayes – Arrow Junction Hwy \$6,250,000 July 2018

A three bedroom, two bathroom architecturally designed residence of a pavilion style, erected upon a superior 8.9 hectare undulating lifestyle site overlooking Lake Hayes. The residence is dated by modern day standards. The property is positioned near the highpoint of the land to the west of Bendemeer within the Wilding Estates development approximately fifteen kilometres to the north-east of Queenstown. The property features panoramic elevated mountain and lake views, good sun, a high level of privacy plus established grounds and site improvements inclusive of a swimming pool. We understand the property sold for a price of around \$6,250,000 however the sale price has not yet been confirmed by official statistics.



Total Living Area: 302m² Net Rate: \$2,000/m² Land Area: 8.9732 ha

886 Lake Hayes – Arrow Junction Hwy \$7,010,000 October 2017

A lifestyle property developed with an architecturally designed two bedroom, two bathroom residence with separate two bedroom with triple garage and a two bathroom guest accommodation. The improvements feature high quality fixtures and fittings. The property is positioned upon a large 59.97 ha block to the east of Lake Hayes, located approximately 7 kilometres from Arrowtown and 15 kilometres from Central Queenstown. The land is potentially sub-dividable. The curtilage around the residence is attractively landscaped with established gardens and good outdoor living site improvements, turfed tennis court, and games pavilion.



Total Living Area: 360m² Net Rate: \$6,750/m² Land Area: 59.97 ha

40 Fitzpatrick Road, Dalefield	\$4,375,000	February 2018
---------------------------------------	--------------------	----------------------

A spacious three bedroom, three bathroom dwelling featuring a good standard of construction built 1998. The dwelling features a large study, billiard room, formal dining, open plan kitchen, dining and living area, separate lounge and a loft that can be utilised as a fourth bedroom. The property is situated off Fitzpatrick Road approximately twelve kilometres north east of Queenstown's Town Centre. The dwelling obtains a panoramic mountain view of the surrounding farmland with a backdrop of surrounding mountains including The Remarkables to the south and Coronet Peak to the north.



Total Living Area: 407 m²	Net Rate: \$6,750/m²	Land Area: 1.9742 ha
---	--	-----------------------------

204 Tucker Beach Road	\$6,950,000	January 2018
------------------------------	--------------------	---------------------

An attractive contemporary style two level dwelling with extensive glazing to the north designed by Gary Todd Architecture of Dunedin. The home was completed in 2012. The dwelling provides a three car garage and entry at ground floor level with feature polished concrete stairs to a two level landing that has direct access to the south to a laundry. To the west of the landing is the guest wing that provides for three bedrooms, one with an ensuite bathroom and a further shared main bathroom. To the east of the landing is a feature glazed wine storage room, guest toilet plus an open plan living, dining and kitchen area with scullery. To the south off the dining area there is a snug / media room and louvered outdoor area with a built in barbeque. The master bedroom suite is further to the east off the kitchen and provides for a spacious bedroom area, study, large walk-in wardrobe plus a spacious bathroom. The property has extensive site improvements including a swimming pool and obtains uninterrupted northerly views of the Shotover River and Coronet Peak.



Total Living Area: 385m²	Net Rate: \$8,961/m²	Land Area: 3.707 ha
--	--	----------------------------

120 Slope Hill Road, Dalefield	\$5,400,000	September 2016
---------------------------------------	--------------------	-----------------------

A substantial 5 bedroom, 4 bathroom dwelling designed by Auckland Architect Wendy Shacklock. The design incorporates two separate pavilions which have been offset and interlinked via a glazed central passage. The northern pavilion comprises a formal dining/living area, kitchen/family room with a scullery, laundry area, master-bedroom and ensuite bathroom. The southern pavilion comprises 3 guest bedrooms, 2 communal bathrooms plus one ensuite bathroom, wine cellar, drying room, study, 2 vehicle garaging with laundry facility and first floor loft providing an informal semi self-contained bedroom and living area. The 415 m² dwelling has been constructed over an elevated 17.8553 ha rural site which obtains uninterrupted views to the northwest.



Total Living Area: 415m²	Net Rate: \$6,325/m²	Land Area: 17.8553 ha
--	--	------------------------------

9.0 SWOT ANALYSIS

Strengths

- Large land holding of 14.7329 hectares with a net area of around 8. hectares suitable for residential subdivision development.
- Included in Frankton Ladies Mile indicative master plan, permitting medium and high-density residential development, with attractive open space to the perimeter.
- Strong long-term demand for residential housing projected, and while reduced activity prices for sections remain steady.
- QLDC have identified the land as suitable for residential subdivision and have obtained funding to create the infrastructure required to support such development.
- A self-contained parcel of land which is not reliant upon neighbouring property owner cooperation for development.
- Gentle land contour with preliminary geotechnical advice indicating good ground conditions.
- Elevated terrace with good views and excellent all day sun exposure.
- Existing high- quality residence with ancillary buildings and swimming pool, attractive landscaping, and mature groves of nut trees.
- Legal access from Howards Drive.
- Proposed master plan development provides for a perimeter of open space reserve land, which is currently well presented with mature trees and grass land.
- Close proximity to Lake Hayes Estate and Shotover Country including the primary school.

Weakness

- Subject to an easement running through the property in favour of up to 24 neighbouring properties to provide water via a bore contained within the subject land. Part of the proposed easement has been surrendered, however part is located across proposed development land, and will need to be relocated or fully surrendered.
- 10% of titled sections must be given to the QLCHT.

Opportunity

- Proceed to develop a medium to high density residential subdivision
- Retain the existing residence.
- Potentially the land could be developed in conjunction with a school who could utilise open space land for playing fields.

Threats

- The deadline for making application for establishing a Special housing area is 16 September 2019. The date to repeal the HASHAA has been extended until 16 September 2021 (for the purpose of consenting qualifying developments). Therefore there is urgency for a purchaser to make an application under the SHA process.
- Delays in obtaining planning approval and objections from surrounding land owners.
- Delays in the delivery of critical infrastructure such as the three waters to be provided by the QLDC etc.
- Competition from surrounding developments creating residential units to be contained within the capped limit of 1100 residences.
- Real estate market down turn resulting in reduced demand for sections and lower prices.
- Competition for section buyers from other affordable developments such as Hanleys farm.

10.0 VALUATION IN DETAIL

Direct Comparison Approach

Our analysis of 497 Frankton Ladies Mile Road applying various methodology would indicate a value for the subject in the range of \$9,760,000 to \$12,560,000. We believe the subject land has superior development characteristics to this land due extensive flat land to the north, ensuring the site retains excellent sun exposure throughout the year, and from the perspective the subject land is self-contained within an area not requiring extensive consultation and cooperation with neighbours. We believe the subject is well suited to residential development.

Our analysis of Layton Lane applying various methodology would indicate a value for the subject in the range of \$7,400,000 to \$ 10,700,000. We believe this land is inferior to the subject, and contains land of a sloping contour and accordingly considerably less useable area. We are aware a development proposed is targeted at maximising section yield and developing within the SH6 setback to create additional sections which could similarly applied to the subject.

444 Frankton Ladies Mile applying various methodology would indicate a value for the subject in the range of \$10,720,000 to \$13,350,000. This property will provide a practical subdivision on easy contour land, with significant surrounding buffer land but will be at a lower elevation than the subject. In our opinion the subject is superior. This sale was negotiated in Jan 2016.

The property has the significant benefit of being easy contour development land with good geotechnical characteristics, with good access availability from Howards drive, an attractive established open space land as a buffer. The property is effectively self-contained within the indicative master plan, and therefore a developer will not be constrained by neighbouring properties integrating into a proposed subdivision.

Based on direct comparison we are of the opinion the subject properties value sits in the range of \$12,000,000 to \$13,000,000 plus GST.

Hypothetical Subdivision

We have analysed the property using a hypothetical subdivision analysis. Our analysis is based upon the following assumptions;

- Application for the land to be developed as per the indicative master plan and approved via special housing accord, and included within the capped 1,100 lot restriction, prior to September 2019.
- A 5 year development period to obtain consent for the subdivision, planning and construction, and all lots, titled, marketed and sold.
- A 1,738 sqm strip of land adjoining Howards Drive to be amalgamated with Lot 4 DP 22156.
- Medium Density Residential lots of average lot size of 340 sqm
- Average lot value of \$315,000 including GST per lot.
- 10% of titled lots will be gifted to the QLCHT.
- A High Density development lot. When developed will incur QLCHT contribution from future development.
- Reserve Contributions will be paid via gifting of land located within the 75m setback, and perimeter surrounding the proposed high and medium density zoned sites.

Hypothetical Subdivision		516 Frankton - Ladies Mile SH6, Queenstown	
Retain House and subdivide sections around.			
Profit and Risk Allowance		30.0%	
Cost of Sales As a Percentage of Sale Price		6.4%	
Hold, Develop and Sale Period (years)		5	
Total Direct Costs (Incl. Contingency)		\$14,708,588	
Holding Costs		\$1,851,076	
Rates / Maintenance allowance until completion		\$63,423	
Lots gifted to QLCHT		14	
Total Lots		142	Average Value Per Lot
Gross Realisation Values (inclusive GST)	Lots		
Sections (inclusive of GST)	128	\$40,208,824	\$315,000
Existing House on 5,780 sqm site (inclusive of GST)	1	\$2,250,000	
High density lot of 13,500 sqm (exclusive of GST)	1	\$3,300,000	
Block Value - (exclusive GST)		\$12,330,000	plus GST

Hypothetical Subdivision		516 Frankton - Ladies Mile SH6, Queenstown	
Demolish House and subdivide			
Profit and Risk Allowance		30.0%	
Cost of Sales % of Sale Price		6.5%	
Hold, Develop and Sale Period (years)		5	
Total Direct Costs (Incl. Contingency)		\$16,200,588	
Holding Costs		\$1,918,031	
Rates / Maintenance		\$176,603	
Total Lots		159	Average Value Per Lot
Gross Realisation Values (inclusive GST)	Lots		
Lots gifted to QLCHT	16		
Sections (inclusive of GST)	143	\$44,933,824	\$315,000
High density lot of 13,500 sqm (exclusive of GST)	1	\$3,300,000	
Block Value - (exclusive GST)		\$12,200,000	plus GST

11.0 VALUATION CONCLUSION

We summarise the valuation approaches and our conclusion of value following analysis and reconciliation of the different methods as follows;

Approach	
Direct Comparison	\$12,000,000 - \$13,000,000
Hypothetical Subdivision	\$12,200,000 - \$12,330,000

Adopted Value – Plus GST (if any)	Adopt:	\$12,250,000
--	--------	---------------------

The above analyses to:

Market Value	\$12,250,000
Area - hectares	14.7329
Rate per Hectare	\$690,806
Total Proposed Sites (incl QLCHT)	158
Rate per Proposed Sites	\$77,531

Our assessment is plus GST (if any).

12.0 CONDITIONS AND CERTIFICATION OF VALUATION

- This valuation has been prepared on specific instructions from our client. The report is not to be relied upon by any other person or for any other purpose. We accept no liability to third parties, nor do we contemplate that this report would be relied upon by third parties.
- This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.
- We can give no guarantee as to outstanding requisitions in respect to the subject building. It assumes all Local Authority building codes, regulations and by-laws have been complied with, including all matters relevant to the Resource Management Act 1991 and the Building Act 2004, unless otherwise stated. For any new construction it is assumed a Code Compliance Certificate is obtained at the completion and any new work is completed strictly in accordance with the relevant produce manufacturer's instructions and meets all requirements of the Building Code.
- Otago Valuations Limited has a policy of not contracting out of the provisions of the Consumer Guarantees Act. Accordingly, where there is any conflict between any statement in this report and Consumers Guarantees Act 1993, the latter shall prevail.
- Neither the whole nor any part of this valuation report or any reference to the same may be included in any published document, circular or statement without our written approval as to the form and context in which it may appear. This valuation complies with the reporting standards of the New Zealand Institute of Valuers.
- The undersigned holds a current Practising Certificate, is a registered valuer and the valuer has professional indemnity insurance in force.
- Our valuation is subject to the property being free from contamination. Should you have any concerns regarding contamination of the building we recommend you engage a suitably qualified tester. We do not accept liability for potential changes in value due to contamination of the property.

13.0 GENERAL

Rating Assessment

Rateable Value:	Land	\$3,600,000
(as at 1/7/17)	Rating Value	\$6,410,000

We point out that rating valuations are carried out under statutory criteria and may not reflect market value at any point in time. The assessment is produced utilising mass appraisal techniques and in most cases an inspection of the property was not undertaken.

General Comment

The subject property following land amalgamation will comprise 14.7329 hectares and is currently developed with a substantial residence with large ancillary garaging attached via a covered walkway. After deducting land for open space and setback around 8.2 hectares of near flat contour will remain for potential medium to high density residential development. Residential subdivision as proposed within the indicative master plan is contingent upon SHA approval. Due to the subject being located close to the residential areas of Shotover Country and Lake Hayes Estate plus being adjacent to the Sanderson Retirement village proposal, we believe the subject land would be looked upon favourably for residential development under the Special Housing Area regime or by way of an amendment to the Proposed District Plan.

The indicative master plan has been proposed by the QLDC and central government funding has been approved to pay for infrastructure to service residential development in this locality. It would therefore seem highly likely the proposed indicative master plan will be approved. There is some uncertainty however in relation to timing of applying for and obtaining consent through the SHA process, and with the timing of the delivery of infrastructure. The NZTA have imposed conditions upon development which restricts the number of additional residences created in this area to 1100, until road infrastructure is upgraded to reduce traffic congestion. Public transport systems are also proposed to reduce the pressure on the road network.

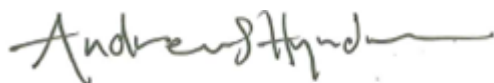
In terms of development, demand remains strong for residential sections and section values are generally in excess of \$300,000. Smaller sections are being delivered to market and as at the current point in time demand remains strong. Queenstown continues to experience strong population growth dynamics, on the back of a burgeoning tourism and construction sector. Property values are very strong and affordable housing limited. Our hypothetical analysis of the property is reliant upon similar demand continuing and values remaining steady over the term of the proposed development.

The property contains large areas identified as open space. Potentially an alternative occupier could benefit from usable open space land. Potentially part of the site could be utilised for the location of a school. We are aware of a private entity seeking land to develop a school. Land values in Queenstown have made it very difficult to find a suitable site, however by utilising a mix of residential zoned and open space land would deliver useable land, and potentially increase the realisable value for such land.

We trust that this report is suitable for your current requirements, but should you need any further assistance please do not hesitate to contact the writer.

Yours Faithfully

COLLIERS INTERNATIONAL OTAGO



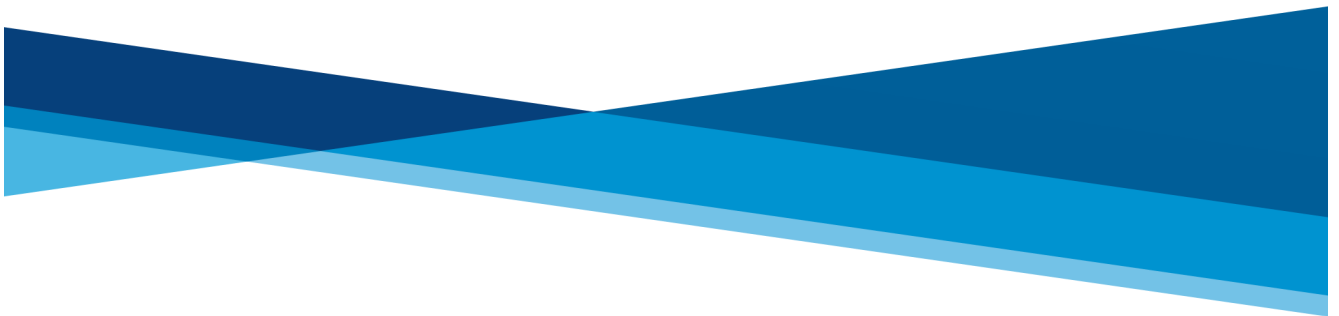
Andrew Hyndman BCOM (VPM)
Registered Valuer
andrew.hyndman@colliers.com

Appendices
Ref:

Scope of Works / Title - Computer Freehold Register / Photos
516 Frankton L Mile Feb 2019

APPENDIX 1

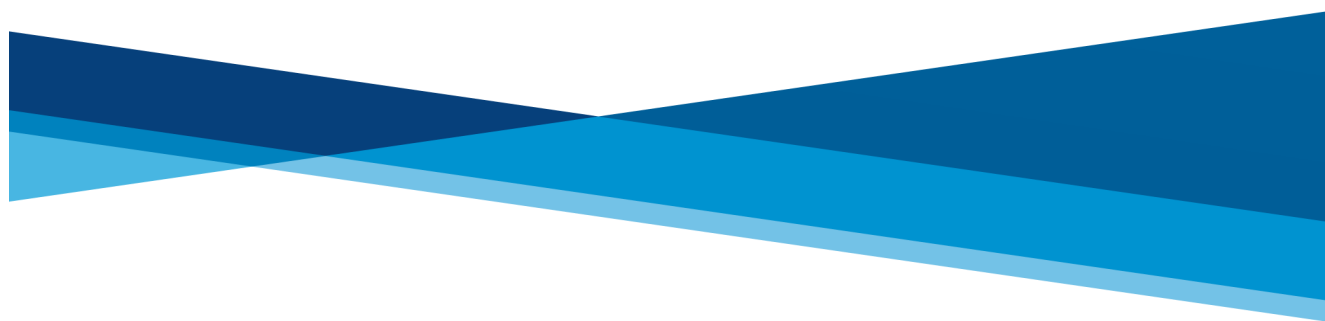
Scope of Works / Velocity Order



Scope of Works pursuant to IVS 101	
Valuer:	Doug Reid / Andrew Hyndman
Company:	Otago Valuations Limited
Is the valuer in a position to provide an objective and unbiased valuation:	Yes
Has the valuer any material connection or involvement with the subject of the valuation assignment or the party commissioning the assignment:	No
Is the valuer competent to undertake the valuation assignment:	Yes, the valuer is a Registered Valuer and experienced in this type of property assessment.
The valuation assignment is commissioned for:	QLDC C/- APL Property
Property Address / Legal Description:	516 FRANKTON-LADIES MILE - QUEENSTOWN (LOT 4 DP 22156) and Part 466 Frankton - Ladies Mile (Lot 1 DP 22099 and Lot 403 DP322452)
Interest to be Valued:	Freehold
Basis of Value and Purpose:	Market Value in NZ\$ for possible purchase purposes
Valuation Date:	As at the date of inspection date anticipated to be 4 February 2019.
Any limitations or restrictions on the inspection, inquiry and analysis for the purpose of the valuation assignment:	None envisaged.
Nature and source of the information to be relied upon:	QLDC Records for resource consent and hazards information. APL provided planning information.
Assumptions to be made:	No special assumptions are envisaged.
Restriction of Use:	The report is restricted to the above mentioned client.
Reporting Requirements:	The report will be completed in accordance with International Valuation Standard (IVS) 2017
Type of Report:	Full written report
Valuation Fee:	In the range of NZ \$10,000 - \$12,000 plus disbursements plus GST. Fee to be paid prior to the release of the report. Any variation / further work outside this scope of works will incur a further charge of \$250 per hour plus GST.
Timeframe for Completion:	The report is expected to be completed on 11 February 2019.

APPENDIX 2

Computer Freehold Register





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



R. W. Muir
Registrar-General
of Land

Identifier OT13D/878
Land Registration District Otago
Date Issued 11 September 1991

Prior References
OT13D/414

Estate Fee Simple
Area 14.5591 hectares more or less
Legal Description Lot 4 Deposited Plan 22156

Registered Owners
Janice Catherine Walker, Duncan Vamham Fea and Soyna Jane Walker

Interests

740650 Fencing Agreement

474208 Gazette Notice declaring the State Highway No.6 adjoining the within land to be a limited access road from 14.2.1976 - 4.3.1977 at 10:18 am

Subject to are rights to convey water over part marked A and B on DP 21938 specified in Easement Certificate 780243 - 31.5.1991 at 10:43 am

The easements specified in Easement Certificate 780243 are subject to Section 309 (1) (a) Local Government Act 1974

Subject to a right convey electricity and water over part marked A, convey water marked B and part of C, take and convey water shown marked Bore and Pump all shown in Transfer 788119.2 and created by the said Transfer - 13.9.1991 at 9:29 am

Subject to a right to convey electricity over part marked A and a right to convey water marked B and C and take and convey water shown marked Bore and Pump all shown in Transfer 788299.2 created by Transfer 788299.2 - 16.9.1991 at 10:39 am

Appurtenant hereto is a right of way created by Transfer 790750 - 21.10.1991 at 10:00 am

The easements specified in Easement Certificate 813740.1 are subject to Section 309 (1) (a) Local Government Act 1974

Subject to a right (in gross) to convey water over part marked MA and MB in Transfer 874155 in favour of Arrow Irrigation Company Limited created by the said Transfer - 25.1.1995 at 9:25 am

6056111.14 Surrender of the right to convey electricity marked A and the right to convey water marked B and C as to Lots 1 to 14 and Lots 16 to 43 on DP 336365 specified in Transfer 788119.2 - 25.6.2004 at 9:00 am

6056111.14 Surrender of the right to convey electricity marked A and the right to convey water marked B and C as to Lots 1 to 14 and Lots 16 to 43 on DP 336365 specified in Transfer 788299.2 - 25.6.2004 at 9:00 am

6453562.5 Surrender of the right to convey electricity marked A, right to convey water marked B, C and take & convey water marked Bore and Pump shown on the diagram attached to Transfer 788119.2 as to lots 15 and 65-71 DP 345265 created by said Transfer - 10.6.2005 at 9:00 am

Subject to a right (in gross) to convey electricity over part marked A on DP 441022 in favour of Aurora Energy Limited created by Easement Instrument 8745604.2 - 12.10.2011 at 1:42 pm

Transaction Id
Client Reference hbeard002

Search Copy Dated 5/02/19 4:12 pm, Page 1 of 4
Register Only

LAND DISTRICT ... CHAGO
 SURVEY BLK. & DPT. JTC. SHOOTOVER, S.O.
 RUMS N1 S1E T4L, RECORD MAP No. 1815
 LOT 1, DP 2193B

APPROVED BY THE CHAIRMAN AND THE BOARD OF THE CHICAGO LAND DISTRICT
 CHAIRMAN
 BOARD

THE CHICAGO LAND DISTRICT HAS REVIEWED THE PLAT AND FINDS IT TO BE IN ACCORDANCE WITH THE CHICAGO LAND DISTRICT ACT AND THE CHICAGO LAND DISTRICT REGULATIONS. IT IS HEREBY APPROVED AND THE PLAT IS ORDERED TO BE RECORDED.
 CHAIRMAN
 BOARD

APPROVED BY THE CHAIRMAN AND THE BOARD OF THE CHICAGO LAND DISTRICT
 CHAIRMAN
 BOARD

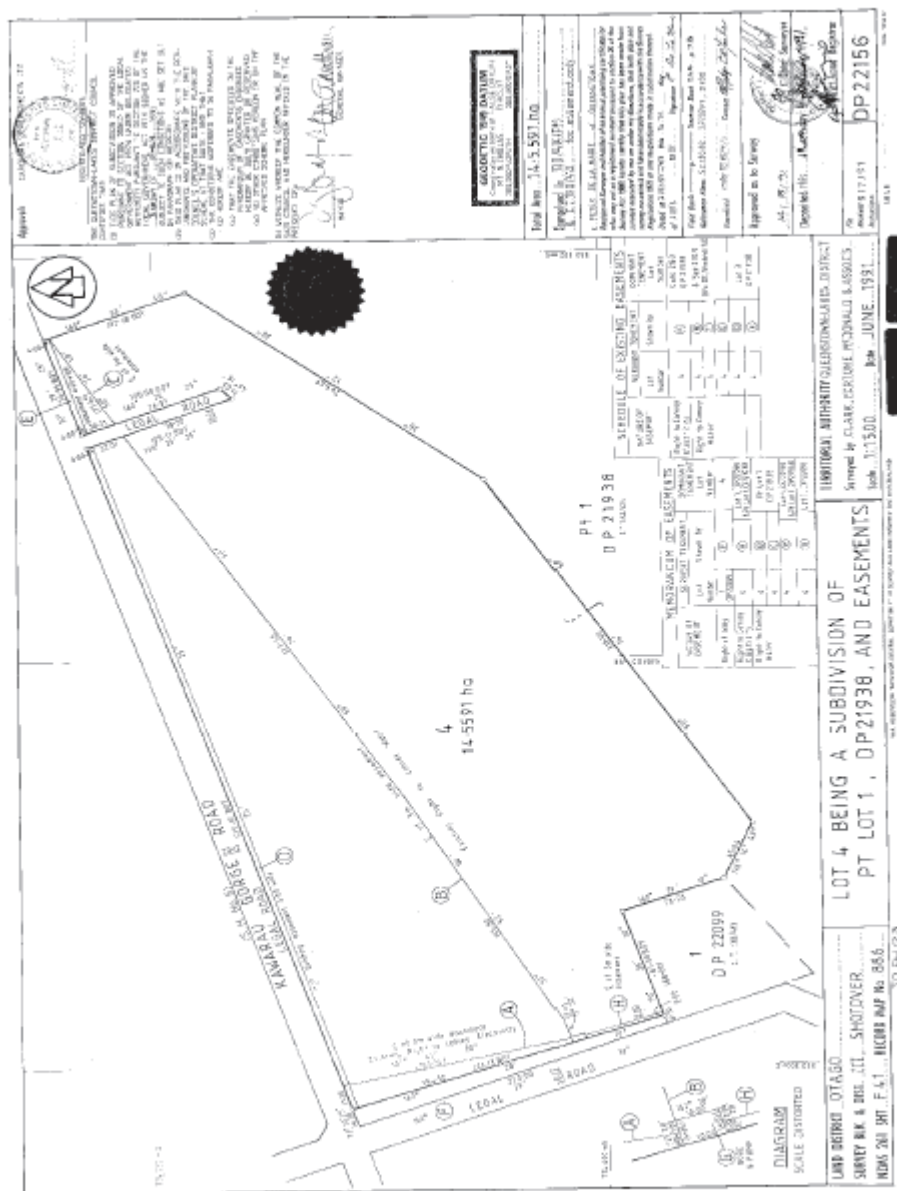
APPROVED BY THE CHAIRMAN AND THE BOARD OF THE CHICAGO LAND DISTRICT
 CHAIRMAN
 BOARD

APPROVED BY THE CHAIRMAN AND THE BOARD OF THE CHICAGO LAND DISTRICT
 CHAIRMAN
 BOARD

APPROVED BY THE CHAIRMAN AND THE BOARD OF THE CHICAGO LAND DISTRICT
 CHAIRMAN
 BOARD

APPROVED BY THE CHAIRMAN AND THE BOARD OF THE CHICAGO LAND DISTRICT
 CHAIRMAN
 BOARD

[illegible]



APPENDIX 3

Photos



516 Frankton Ladies Mile Road, Queenstown



