

Fact Sheet – basic details of the Sale of the Wairarapa portfolio to the Masterton Licensing Trust (Trust House Limited)

Prepared 4 November 2009

- 1 Board paper prepared 17 Dec 1998
 - Identified 576 properties for sale
 - Negotiated sale price \$11.5m
 - The net book value was \$10.2m
 - Darroch Limited valued at \$8.7m to \$12.7m
 - Expected to realise \$1.3m for govt.
 - Average \$19,000 per unit
 - Covenant on sales for 5 years (no more than 10 sales per year during that period excluding tenant sales).
 - Required to provide access to rental accommodation for those in need
 - Services to be provided in a manner which not only reflects it's obligations to its Shareholding Trusts, but also contributes to the social needs of the communities in which the purchaser is involved.
 - Purchaser to enable tenants to purchase individual properties.

- 2 The Agreement was for 576 properties with an adjustment on a Pro Rata basis for properties sold between the agreement date and the settlement date. An outright sale with no lease, management or maintenance obligation from Housing New Zealand.

- 3 Appears settlement occurred sometime **1 March 1999**
 - The final number of properties transferred 541
 - **s9(2)(ba)** [REDACTED]
 - **Two** staff members transferred to Trust House.

- 4 The Trust has reported in the media and on their web site
 - July 2008 the assets were valued in their books at \$100m
 - July 2008 average rental income of \$146 per week per property. (they charge a discounted market rent)
 - Spent over \$6m through various property improvement programmes since 2000
 - July 2008 \$1m to be reinvested in the portfolio

5 Considerations for this model looking forward

- The real estate market was different 10 years ago
- Properties were at market rent so it was a commercial model rather than the a social model under SAS.
- The tenant make up was different, i.e. fewer gangs members and high need tenants.
- Package deals to large investors usually need to be discounted to provide a satisfactory yield to the investor.