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ANZ National announces sale and lease back of retail sites

Auckland, NZ (25 July 2008)

ANZ National has announced the sale and lease back of 16 of its National Bank branch buildings across New Zealand as part of its long-term property strategy.

The properties are available with secure long-term leases of nine years with several renewal options for up to 24 years.

The sale and lease back of the property portfolio will be managed by commercial real estate services company CB Richard Ellis.

“The move is part of our wider property strategy and provides us with long-term use of these premium retail locations while releasing capital to reinvest for growth,” said Lindis Jones, Head of Property for ANZ National.

“Branches are a crucial part of our business and we remain committed to maintaining our presence in our communities. At the same time we have plans to expand our footprint in several key regions, especially Auckland.”

The sale and lease back of the National Bank property portfolio includes regional and metropolitan branch sites across both the North Island and South Island.

CBRE Managing Director Richard Horne said that he expected strong market interest in these properties which comprise one of the largest property portfolios to come onto the New Zealand market this year.

“The branches offer buyers strong investment opportunities and secure long-term leases. We expect the sale will appeal to astute investors, given the key locations of these branches, the security of tenure and the growth provided through the bank leasebacks.”

The National Director of CBRE's Private Client Group, Richard Kirke, described the portfolio sale as part of a continuing trend for corporates to unlock the value of their real estate holdings and reinvest funds in their core business activities.

"In the marketplace generally, many corporates are looking to reinvest capital in their business. Releasing the capital tied up in their properties is a common means of achieving this," Mr Kirke said.

"Through a sale and leaseback program companies can unlock funds, retain long-term occupancy of their sites and deploy capital more efficiently."

The ANZ National portfolio is expected to attract particularly strong purchaser interest.

While general investment market sentiment has softened, the evidence for this softening has been tainted by the volume of low quality of assets available to the market.

By contrast, several transactions this year continue to demonstrate that investor demand remains strong for quality assets. Values that have been achieved in provincial locations also reflect the favourable economic fundamentals of these locations.

"This portfolio is going to appeal to a wide cross section of investors," Mr Kirke said.

"Investors generally accept that banks represent the strongest lease covenant in the marketplace, and the nine year term being provided by ANZ National will be a significant drawcard for prospective purchasers."

ANZ National Bank is recognised as one of New Zealand's leading financial institutions and the country's largest company based on profit and assets. Founded in 1872 the National Bank brand has grown to become one of New Zealand's top rated bank brands in terms of customer service, with over 900,000 customers.

The National Bank Brand holds leading positions in the home lending, small business, and rural markets with a reported rural market share of 39%.

"Single assets of a similar ilk that have come to the market have sold extremely well. The ANZ National branches are located in the best retail locations in each town and we expect interest from both private investors and syndicators looking to buy more than one property," Mr Kirke said.

"We also expect to have interest from offshore investors, particularly out of Australia. With New Zealand having no stamp duty, capital gains or land tax, it remains an appealing investment destination for investors."

The wide range of rentals on offer is expected to further fuel buyer demand, with the branches being offered on rental returns ranging from \$48,547 a year for a branch on the Mall in the popular lakefront town of Cromwell up to \$283,241 for Trafalgar Street branch in the growing tourist and retirement centre of Nelson.

All of the leases provide for three yearly, market rent reviews.

"The 10 branches on the South Island are all well located in vibrant towns and cities," Mr Kirke said.

"In the North Island, three are located in the greater Auckland region, with the remaining three branches situated in strong regional towns servicing the rural community."

CBRE Christchurch Managing Director Mark Macauley said the South Island branches stretched from Nelson in the north to Invercargill in the south.

"They are all in prime locations, with some of the branches located in buoyant rural towns which are currently benefiting from the strong economic conditions in the dairy sector, Mr Macauley said.

"We expect there will be extremely strong local interest for the individual branches and that these assets will be particularly appealing for farmers and family trusts. They are hands off investments, being modern and well maintained, backed by a nine-year bank lease covenant."

ANZ National will also provide finance packages to selected purchasers.

The branches will be sold at two separate CBRE auctions to be held in the first week of September, 2008. The ten South Island branches will be auctioned from 11am on September 2 at the Russley Golf Club in Christchurch. The six North Island properties will be offered at a second auction on September 4 to be staged in Auckland's Copthorne Hotel, also starting at 11am.

Public auctions are proving to be an increasingly popular means of selling and buying real estate. At the most recent CBRE auctions in Hamilton, six investment properties were offered for sale with 34 cash bids being received in a little less than one hour. CBRE Hamilton Managing Director Theo de Leeuw said much of the bidding had come from the rural sector from farmers looking for off-farm investments.

The ANZ properties are situated at 3 The Mall, Cromwell (a 263sqm branch offering a rental of \$48,547), 103 Gordon Road, Mosgiel (436sqm, \$63,472), 163 King Edward Street, South Dunedin (389sqm, \$68,900), 64 Fitzgerald Avenue, Christchurch (430sqm, \$84,762), 15-17 Church Street, Timaru (771sqm, \$92,027), 26 Birkenhead Avenue, Birkenhead (681sqm, \$147,625), 178-182 Onehunga Mall, Onehunga (350sqm, \$116,835), 62 & 68 Albany Street, Dunedin (462sqm, \$117,657), 36 Gladstone Road, Gisborne (571sqm, \$125,570); 110 King Street, Pukekohe (587sqm, \$125,185), 40-42 Market Street, Blenheim (677sqm, \$141,835), 150-158 Tancred Street, Ashburton (1,268sqm, \$148,918), 41 Devon Street, New Plymouth (1,018sqm, \$175,594), 55 Kelvin Street, Invercargill (1,226sqm, \$255,244), 27-33 Rangitikei Street, Palmerston North (1,075sqm, \$258,409), and 248 Trafalgar Street, Nelson (991sqm, \$283,241).

A dedicated website, [www.nationalbankportfolio.co.nz](http://www.nationalbankportfolio.co.nz), has been established containing information in relation to each of the properties.

### About CB Richard Ellis

CB Richard Ellis Group, Inc. (NYSE:CBG), a Fortune 500 and S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2007 revenue). With over 29,000 employees, the Company serves real estate owners, investors and occupiers through more than 300 offices worldwide (excluding affiliate offices). CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CB Richard Ellis is the only commercial real estate services company named one of the 50 "best in class" companies by BusinessWeek, and was also named one of the 100 fastest growing companies by Fortune. Please visit our Web site at [www.cbre.com](http://www.cbre.com).