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15 Banks sold under the hammer

Auckland, NZ, (9 September 2008)

CB Richard Ellis has successfully sold 15 National Bank properties during two auctions held in both Auckland and Christchurch earlier this week. The total portfolio fetched approximately 31 million with a portfolio yield recorded at an average of 6.58%.

National Director of CBRE's Private Client Group, Richard Kirke, described the prices as a stellar result, with the sales translating to yields as low as 5.37%.

"The yields were pretty sharp in the market; there was no indication of softening. The prices which were achieved are the same as those which could have been achieved at the height of market in mid 2007."

Kirke says the properties are a perfect example of 'flight to quality' (flow of funds from riskier to safer investments in times of marketplace uncertainty) which is demonstrated by the yields which were achieved.

The properties, offered with secure long-term leases of nine years and renewal options for a total term of up to 33 years, were hotly contested with over 100 people bidding for the branches. A crowd of between 150 and 300 attended each auction, with as many as 20 telephone bidders registering for one of the properties alone. The majority of purchasers were New Zealanders however one successful bidder phoned in from Germany and another from Holland. The dedicated website for the portfolio registered 2,100 people.

Christchurch managing director, Mark Macauley, says the excess of demand for portfolio purchases over the availability of portfolios for sale indicates that there is a strong demand for these types of transactions. He expects to see more deals of this nature.

The portfolio included regional and metropolitan branch sites across both the North Island and South Island. The North Island properties located in Auckland (Birkenhead, Onehunga, Pukekohe), Gisborne, New Plymouth and Palmerston North and 9 South Island properties, located in Blenheim, Nelson, Christchurch (Fitzgerald Ave), Ashburton, Timaru, Dunedin (Otago University), South Dunedin, Mosgiel and Invercargill.

Macauley 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 Macauley said.

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

According to Richard Horne, Senior Managing Director for CBRE, the successful portfolio sale is the result of a sound working relationship between CBRE and ANZ National.

"This successful portfolio sale clearly demonstrated the benefits of working with property advisors with both local and international capabilities and who clearly understand the commercial objectives and understood exactly what we were looking to achieve."

The final sale prices were:

Birkenhead: 26 Birkenhead Avenue, \$2.75 million,
Onehunga: 178-182 Onehunga Mall, \$1.89 million
Pukekohe: 108-114 King St, \$1.98 million
Gisborne: 36 Gladstone Rd, \$1.97 million
New Plymouth: 41 Devon St West, \$2.34 million
Palmerston North: 27-33 Rangitikei St, \$3.41 million
Blenheim: 40-42 Market St, \$2.25 million
Nelson: 248 Trafalgar St, \$4.18 million
Christchurch: 64 Fitzgerald Avenue, \$1.35 million
Timaru: 15-17 Church St, \$1.26 million
Cromwell: 3 The Mall, \$775,000
Dunedin: 62-68 Albany St, \$1.98 million
South Dunedin: 163-165 King Edward St, \$1.22 million
Mosgiel: 103 Gordon Rd, \$1.07 million
Invercargill: 55 Kelvin St, \$3.1 million.

About CB Richard Ellis

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