

Hastings Commercial Property Market Rents & Yields Summary

Report Period Ending June 2008

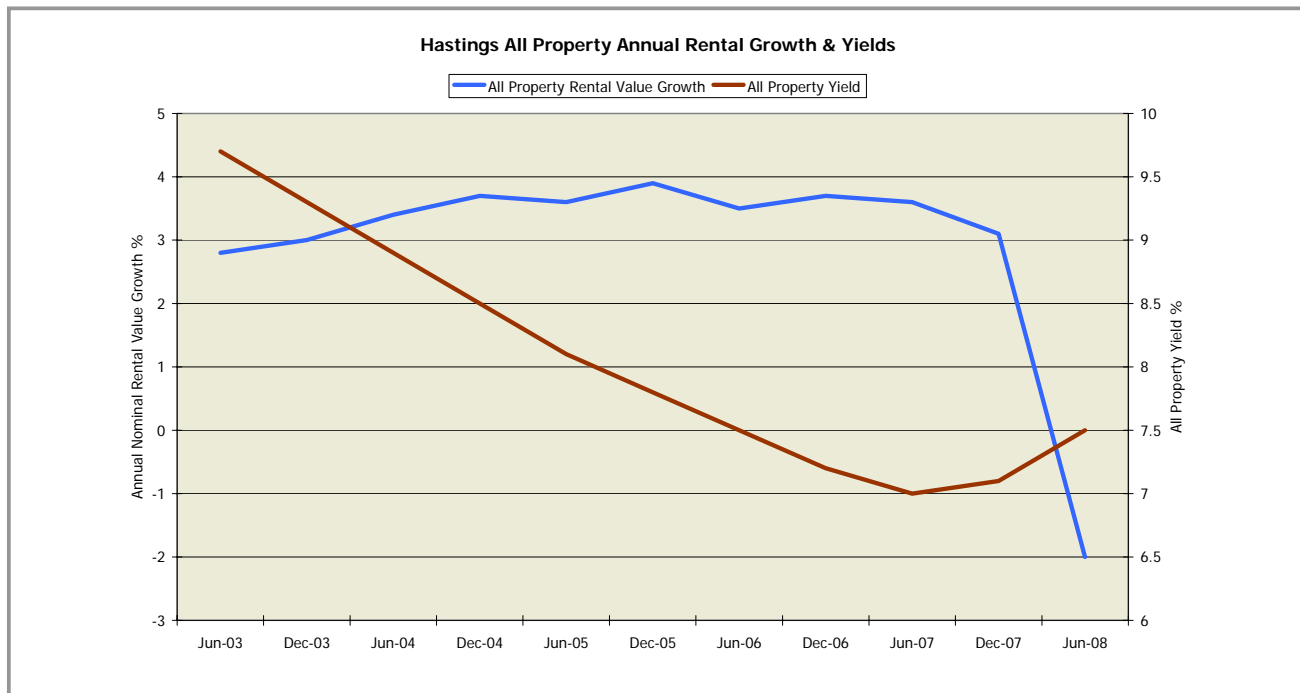
Rental Growth in Decline

- Amidst a deteriorating economic environment, average rents fell across the All Property index to -1.9% in the six months to June 08.
- This is a significant movement from previous periods which have shown a consistent rental growth between 3 – 4% per annum.
- The fall has been across all sectors of the commercial property market, but greatest in the industrial sector.
- Investment property yields have weakened, with the All Property yield down 50 basis points (bp) on the year ending June 08, finishing at 7.6%.
- The largest shift in yields has been in the office sector, although all sectors have moved.
- Property is now yielding almost 120bp above government bonds compared to 70bp a year ago.

The Morice average rent & yields summary property index returns are based upon a sample of actual properties that have been selected to be representative of the Napier commercial property market. These have been valued on hypothetical terms to reflect the likely market rent for that property if let in the current market, subject to prevailing market conditions. A consistent approach with establishing relative values ensures that reliable trends and indicators can then be identified.

Rents	Nominal Rental Value Growth %	
	Jan 08 - Jun 08	Jul 07 - Jun 08
Retail	-1.6	2.8
Office	-1.5	0.6
Industrial	-2.6	-0.2
All Property	-1.9	1.5

Yields %	Actual Yield			Yield Shift	
	Jun 07	Dec 07	Jun 08	6 mths to Jun 08	12 mths to Jun 08
Retail	6.7	6.8	7.2	0.4	0.5
Office	7.0	7.3	7.8	0.5	0.8
Industrial	7.6	7.8	8.1	0.3	0.5
All Property	7.1	7.3	7.6	0.3	0.5
10 Yr Govt Bond Rate	6.40	6.46	6.42		
OCR	8.25	8.25	8.25		
CPI	2.00	3.20	4.00		
90 Day Bank Bill Rate	8.82	8.90	8.68		



Morice Hastings Commercial Property Index Returns

Year Ending 31 December 2007

Morice Hastings – Index Returns Annual Return 2007	Total Return %	Income Return %	Capital Return %
Retail	19.6	7.5	12.1
Office	11.9	7.4	4.5
Industrial	15.9	8.1	7.7
All Property	15.8	7.7	8.1

Annualised Total Return %	
3-Years	5-Years
23.7	25.3
19.7	20.5
21.8	23.3
21.7	23.0

Comparative Data

NZSX50 Index	- 0.35	-	-
Property Equities (NZX Property Index)	- 4.28	-	-
10-Year Government Bonds	6.26	-	-
Inflation	2.38	-	-

9.66	15.68
12.67	14.26
5.97	5.97
2.93	2.58

- Direct property investment ownership in Hastings produced strong returns of 15.8% in line with property performance nationally.
- The retail sector produced the strongest returns which is a consistent picture over the last 3 and 5 year periods.

Outlook

- 2008 will undoubtedly be a more challenging year performance wise but property's strong income stream may well stand it in good stead in comparison to alternative asset classes.
- The outlook for economic growth worldwide is now being materially affected by the credit crisis, and the NZ economy will be affected.

For further information please telephone (06) 835 3682 or contact via email:

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“Get more out of property”

Data Sources: *NZSX data provided by the New Zealand Stock Exchange. Securities and Commodities data provided by Bloomberg. Inflation and Bond data provided by the Reserve Bank.*

DISCLAIMER

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Napier Commercial Property Market Rents & Yields Summary

Report Period Ending June 2008

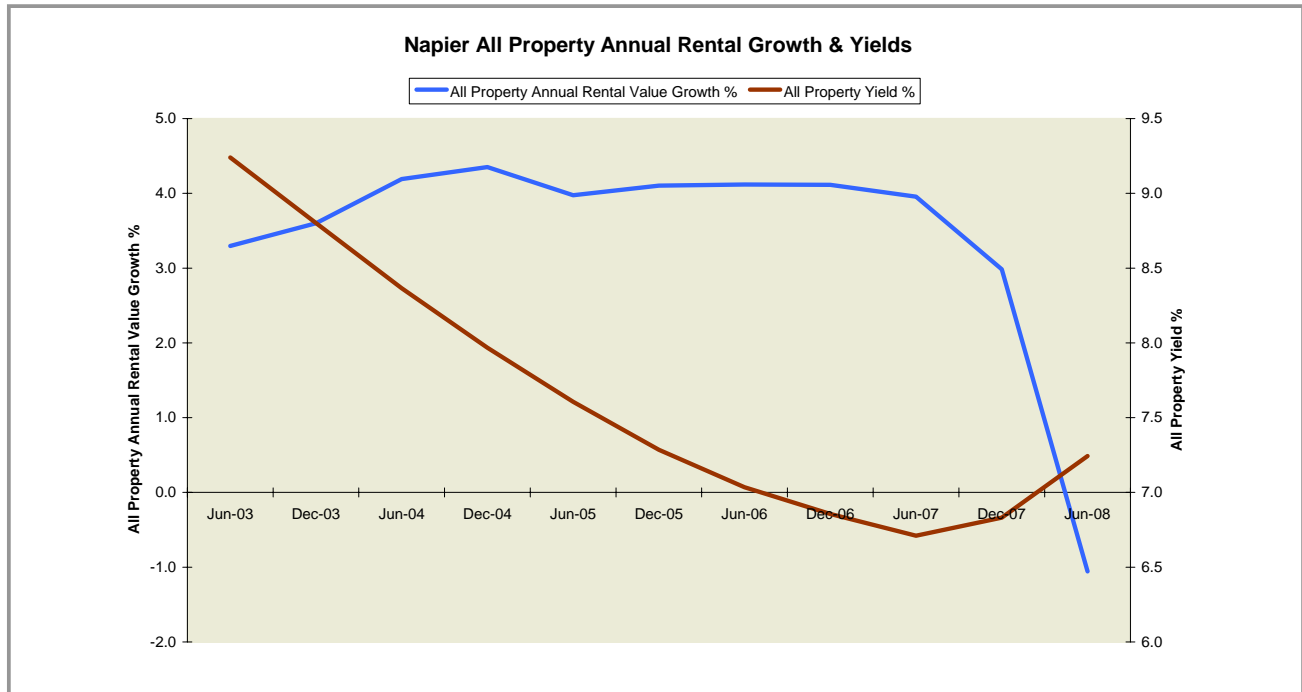
Commercial Property Weakening

- Amidst a deteriorating economic environment, average rents fell across the All Property index to -1.1% in the six months to June 08.
- This is a significant movement from previous periods which have shown a consistent rental growth between 3 – 4% per annum.
- The fall has been across all sectors of the commercial property market, but greatest in the industrial sector.
- Investment property yields have weakened, with the All Property yield down 60 basis points (bp) on the year ending June 08, finishing at 7.3%.
- The largest shift in yields has been in the office sector, although all sectors have moved.
- Property is now yielding almost 90bp above government bonds compared to only 30bp a year ago.

The Morice average rent & yields summary property index returns are based upon a sample of actual properties that have been selected to be representative of the Napier commercial property market. These have been valued on hypothetical terms to reflect the likely market rent for that property if let in the current market, subject to prevailing market conditions. A consistent approach with establishing relative values ensures that reliable trends and indicators can then be identified.

Rents	Nominal Rental Value Growth %	
	Jan 08 - Jun 08	Jul 07 - Jun 08
Retail	0.0	2.1
Office	-0.9	-0.8
Industrial	-2.3	0.2
All Property	-1.1	0.5

Yields %	Actual Yield			Yield Shift	
	Jun 07	Dec 07	Jun 08	6 mths to Jun 08	12 mths to Jun 08
Retail	6.3	6.3	6.8	0.5	0.5
Office	6.5	6.7	7.3	0.6	0.8
Industrial	7.3	7.3	7.7	0.4	0.4
All Property	6.7	6.8	7.3	0.5	0.6
10 Yr Govt Bond Rate	6.40	6.46	6.42		
OCR	8.25	8.25	8.25		
CPI	2.00	3.20	4.00		
90 Day Bank Bill Rate	8.82	8.90	8.68		



Morice Napier Commercial Property Index Returns Year Ending 31 December 2007

Morice Napier – Index Returns Annual Return 2007	Total Return %	Income Return %	Capital Return %
Retail	21.4	6.8	14.6
Office	8.9	6.8	2.1
Industrial	12.7	7.6	5.1
All Property	14.3	7.1	7.2

Annualised Total Return %	
3-Years	5-Years
25.1	27.6
17.5	21.8
21.1	22.6
21.2	24.0

Comparative Data

NZSX50 Index	- 0.35	-	-
Property Equities (NZX Property Index)	- 4.28	-	-
10-Year Government Bonds	6.26	-	-
Inflation	2.38	-	-

9.66	15.68
12.67	14.26
5.97	5.97
2.93	2.58

- Direct property investment ownership in Napier produced strong returns of 14.3% in line with property performance nationally.
- The retail sector produced the strongest returns which is a consistent picture over the last 3 and 5 year periods.

Outlook

- 2008 will undoubtedly be a more challenging year performance wise but property's strong income stream may well stand it in good stead in comparison to alternative asset classes.
- Well established business operations on a large format are expected to cope with the downturn best.
- August BNZ Confidence Survey reports that respondents expect the economy to improve in the coming year. This represents a large shift in view from March to August.

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