

AGENDA

Aorangi Stadium Trust Meeting

Tuesday, 26 March 2024

Date Tuesday, 26 March 2024

Time 10am

Location Meeting Room 1
Timaru District Council
2 King George Place
Timaru

File Reference 1659621

Order Of Business

1 Apologies 3

2 Identification of Items of Urgent Business 3

3 Identification of Matters of a Minor Nature 3

4 Declaration of Conflicts of Interest 3

5 Confirmation of Minutes 4

5.1 Minutes of the Aorangi Stadium Trust Meeting held on 7 November 2023 4

6 Reports 10

6.1 Aorangi Stadium Trust 6-monthly report 10

6.2 Stadium valuation 35

6.3 Aorangi Stadium Trust breaking of land lease 82

6.4 Utilisation of Trust funds 99

6.5 Options for the future of the Aorangi Stadium Trust 101

6.6 Aorangi Stadium Trust revised finanical forecast 2023/2024 106

7 Consideration of Urgent Business Items 108

8 Consideration of Minor Nature Matters 108

1 Apologies

2 Identification of Items of Urgent Business

3 Identification of Matters of a Minor Nature

4 Declaration of Conflicts of Interest

5 Confirmation of Minutes

5.1 Minutes of the Aorangi Stadium Trust Meeting held on 7 November 2023

Author: Jessica Kavanaugh, Team Leader Governance

Recommendation

That the Minutes of the Aorangi Stadium Trust Meeting held on 7 November 2023 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Attachments

1. Minutes of the Aorangi Stadium Trust Meeting held on 7 November 2023



MINUTES

Aorangi Stadium Trust Meeting

Tuesday, 7 November 2023

Ref: 1659621

Minutes of Timaru District Council
Aorangi Stadium Trust Meeting
Held in the Council Chamber, Timaru District Council, 2 King George Place, Timaru
on Tuesday, 7 November 2023 at 10.00am

Present: Clr Peter Burt (Chairperson), Clr Stu Piddington, Clr Allan Booth, Clr Sally Parker

In Attendance: Bede Carran (Chief Executive), Paul Cooper (Acting Group Manager Commercial and Strategy), Andrew Dixon (Group Manager Infrastructure), Beth Stewart (Group Manager Community Services), Stephen Doran (Communications Manager), John Liddiard (Senior Accountant), Amrita Singh (Finance Support Officer), Jessica Kavanaugh (Corporate Planner), Rachel Scarlet (Governance Advisor)

1 Apologies

1.1 Apologies Received

Resolution 2023/31

Moved: Chairperson Peter Burt
Seconded: Ms Sally Parker

That the apology of Clr Stacey Scott is received and accepted.

Carried

2 Identification of Items of Urgent Business

No items of urgent business were received

3 Identification of Matters of a Minor Nature

No matters of a minor nature were raised.

4 Declaration of Conflicts of Interest

No conflicts of interest were declared.

5 Confirmation of Minutes

5.1 Minutes of the Aorangi Stadium Trust Meeting held on 21 June 2023

Resolution 2023/32

Moved: Clr Sally Parker
Seconded: Clr Allan Booth

That the Minutes of the Aorangi Stadium Trust Meeting held on 21 June 2023 be confirmed as a true and correct record of that meeting and that the Chairperson's electronic signature be attached.

Carried

6 Reports

6.1 Annual Report/Financial Statements 2023

The Senior Accountant spoke to the report to present the Annual Report and Financial Statements and to present the affairs of the Trust during the financial year from 1 July to 30 June. This report is for the year ended 30 June 2023.

It is noted the half-yearly report was not presented to the Council and this will go to the Council meeting on 12 December 2023.

Clarification that the scaffolding is not holding up the roof. The discussion included the maintenance requirements. There is also discussion around the future of the stadium and the stadium in Canterbury, clarified there is a report being prepared for Council.

There is further discussion on the future ownership and possible structure of ownership and how these outcomes will affect the Aorangi Stadium Trust.

The timing differences in regard to funding are noted, and the financial notes are clarified.

Resolution 2023/33

Moved: Chairperson Peter Burt
Seconded: Allan Booth

That the audited Annual Report, including the financial statements for the year ended 30 June 2023 be adopted.

Carried

6.2 Aorangi Stadium Trust proposed Statement of Intent 2024

The Senior Accountant spoke to the report to present the Statement of Intent for the Aorangi Stadium Trust for 2024.

Resolution 2023/34

Moved: Chairperson Peter Burt
Seconded: Clr Sally Parker

That the Trustees receive and adopt the proposed Aorangi Stadium Trust Statement of Intent for 2024 for presentation to Timaru District Council.

Carried

6.3 Aorangi Stadium Trust Budget and Plan 2023/24

The Senior Accountant spoke to the report to present the budget and plan for 2023/24 supporting the Statement of Intent (SoI) for Aorangi Stadium Trust (AST) for 2023/24.

The committee discussed substantial costs and the requirement to seek further funding from the Council if required. There is no earthquake strengthening being completed during this time.

Resolution 2023/35

Moved: Chairperson Peter Burt
Seconded: Clr Allan Booth

That the Trustees receive and adopt the proposed Aorangi Stadium Trust budget and plan for 2023/24.

Carried

6.4 Aorangi Stadium Trust audit proposal 2023 - 2025

The Senior Accountant spoke to the report for the Aorangi Stadium Trust to agree to the appointment of the auditors for 2023 to 2025 and agree to the proposed fees.

Resolution 2023/36

Moved: Clr Allan Booth
Seconded: Clr Sally Parker

That Trustees agree that Nexia New Zealand be reappointed as auditor for the years 2023 to 2025 and agree the proposed fees (excluding GST) of $6,690, $7,608 and $8,548 respectively.

Carried

6.5 Aorangi Stadium Trust legal advice regarding stadium disposal

The Senior Accountant spoke to the report to present the received legal report regarding the potential disposal of the stadium and seek agreement from the Trustees regarding the subsequent process for discussing the sale to Timaru District Council.

It is discussed what the purpose of the trust is and what the process would be to move the trust to the Council or another charitable organisation. The use of the stadium by various community organisations. It is addressed that the trust has no employees, and the council would need to action any works. Noted that the valuers are aware the plan is to demolish the current stadium.

Resolution 2023/37

Moved: Chairperson Peter Burt
Seconded: Mr Stu Piddington

1. That Trustees receive the legal advice regarding the potential disposal of the stadium.
2. That Trustees note that a valuation of the stadium has been sought.
3. That following receipt of the valuation Trustees agree with entering discussions with Timaru District Council regarding purchasing the stadium from the Trust.

Carried

7 Consideration of Urgent Business Items

No items of urgent business were received

8 Consideration of Minor Nature Matters

No matters of a minor nature were raised.

The meeting closed at 10.57am .

.....

Clr Peter Burt

Chairperson

6 Reports

6.1 Aorangi Stadium Trust 6-monthly report

Author: **John Liddiard, Senior Accountant**

Authoriser: **Andrea Rankin, Chief Financial Officer**

Recommendation

That the 6-monthly report, including the financial statements for the six months to 31 December 2023 be adopted.

Purpose of Report

1 The six-month report and financial statements are prepared to present the affairs of the Trust for the six months from 1 July to 31 December. This report is for the six months ended 31 June 2023.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy. This is a semi-annual report on the unaudited financial statements, which is a statutory requirement.

Discussion

Assessment of Significance

3 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy. This is a yearly report on the Audited Financial Statements, which is a statutory requirement.

Discussion

4 **Financial Results & Key Issues**

5 The surplus for the 2024 year to 31 December 2023 was $46k (2023 full year: -$130k deficit) against a budgeted 6-monthly deficit of $13k after depreciation.

6 The insurance costs related to the stadium increased from a discounted $50k in 2023 to $98k. The insurance cost is regularly reviewed as with other insurances and a change in insurers in 2023 resulted in the lower cost last year but this year the full impact of insurance market changes combined with the specific stadium issues has taken effect. The increased cost has impacted on "Other Expenses" and also on "Grants" as the full cost is reimbursed by Timaru District Council.

7 Actual maintenance costs were all included under the maintenance provision so there are no significant maintenance costs against the budget of $26k.

8 As no substantial maintenance has been completed the cash available continues to be relatively high at $468k however the budget also assumed additional funding related to development costs to be channelled through the Trust which did not eventuate.

9 The building continues to be valued at written down cost at $183k.The only provision continues to be that for deferred maintenance (per the Babbage Report) which is currently at a combined total of $1,364k (2023: $1,389; 6-month budget: $1,571).

Attachments

1. Aorangi Stadium Trust six month accounts to 31 December 2023

AORANGI STADIUM TRUST

Report
for the six months to
31 December 2023

CONTENTS PAGE

Entity information: Who we are	**3**
Trustees' Report and what we do, with statement of service performance	**4**
Statement of Financial Performance	**5**
Statement of Financial Position	**6 - 7**
Statement of Cash Flows	**8**
Notes to the Financial Statements	**9 - 23**

Entity information: Who we are

Aorangi Stadium Trust ("the Trust") was incorporated on 14 August 2001 under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council as a council controlled organisation (CCO) as defined in section 6 of the Local Government Act 2002.

The registration number for the Trust on the Charities Register is CC22027.

Contact details

Physical address:	70 Morgans Road, Timaru 7910
Postal address:	P.O. Box 522, Timaru 7940
Phone:	(03) 687 7200
Email:	John.liddiard@timdc.govt.nz

The Trust has a Board of four Trustees who oversee governance of the Trust and Timaru District Council manage the facility and administer the Trust.

The Trustees during the six months to 31 December 2023 were:

Peter Burt (Chairman)

Allan Booth

Sally Parker

Stu Piddington

There were no changes in Trustees from the last balance date at 30 June 2023.

The main source of resources for the Trust is grants and support from the Timaru District Council. The Trust has engaged in external fundraising in previous financial years; and does not use volunteers.

Trustees' Report and what we do, with statement of service performance

The purpose of the Trust is to continue development, maintenance and operation of the Timaru (or Aorangi) Stadium and adjoining areas on Aorangi Park in Timaru.

The Stadium is leased to Timaru District Council which is responsible for day-to-day maintenance with the Trust being responsible for the landlord elements of the property.

The Trust works with Timaru District Council to manage the Stadium in the interests of the people of Timaru and South Canterbury and the Council provides expertise to assist in this process.

Statement of service performance:

There are specifically agreed objectives for the Trust as a Council Controlled Organisation to ensure that it is being managed effectively:

Description and outcomes of agreed targets for the Trust:	Six months actual: 2024	FY Actual 2023
Regular liaison occurs with the tenant (Timaru District Council) on at least a six-monthly basis.	Met	Met
Audited annual report completed within 3 months of financial year end.	Not applicable	Not met
Promote ongoing development and maintenance of Aorangi Stadium on Morgans Road Recreation Reserve.	Met	Met
Undertake, with Timaru District Council, a review of the future costs and funding of maintenance and depreciation; and the options for the ownership structure of the stadium.	Met	Partially met

During the first half of the 2024 financial year the Trust continued exploring options for the future ownership and funding of the stadium with Timaru District Council and the expectation is that the stadium move to Council ownership during the 2024 financial year.

No significant maintenance work has been performed on the stadium as its future is being considered, including deferred maintenance work provided for in the deferred maintenance provision or earthquake strengthening work included in contingent liabilities, however essential maintenance work continues to be done.

The 2024 budget has not yet been revised to take account of potential changes in funding or ownership. It is anticipated that the 2024 forecast will be substantially revised following the conclusion of discussions regarding the future of the stadium.

Statement of Financial Performance

for the six months to 31 December 2023

	Notes	Actual 6 months 2024 $	Budget 6 months 2024 $	Actual FY 2023 $
Revenue				
Subsidies and grants	2	160,982	105,000	102,901
Gain on sale of assets	2	-	-	30,219
Finance revenue	2	14,595	1,750	22,592
Total Revenue		**175,577**	**106,750**	**155,712**
Expenses				
Maintenance expenses	3	698	(25,000)	(56,046)
Other expenses	4	(107,679)	(71,860)	(184,506)
Depreciation	9	(22,806)	(22,806)	(45,611)
Total expenses		**(129,787)**	**(119,666)**	**(286,163)**
Net surplus/(deficit) for the year		**45,790**	**(12,916)**	**(130,451)**

Statement of Financial Position

as at 31 December 2023

	Notes	Actual 6 months 2024 $	Budget 6 months 2024 $	Actual FY 2023 $
Assets				
Current Assets				
Cash and cash equivalents	6	468,370	771,135	546,368
Receivables	8	108,830	10,000	240,233
Prepayments	8	-	-	4,242
Total Current Assets		**577,200**	**781,135**	**790,843**
Non-Current Assets				
Property, plant and equipment	9	182,551	133,468	179,079
Total Non-Current Assets		**182,551**	**133,468**	**179,079**
Total Assets		**759,751**	**914,603**	**969,922**
Liabilities				
Current Liabilities				
Payables and deferred revenue	10	(2,381)	(8,730)	(233,033)
Provisions	11	(309,136)	(425,393)	(334,443)
Total Current Liabilities		**(311,517)**	**(434,123)**	**(567,476)**
Non-Current Liabilities				
Provisions	11	(1,054,650)	(1,145,600)	(1,054,650)
Total non-current liabilities		**(1,054,650)**	**(1,145,600)**	**(1,054,650)**
Total Liabilities		**(1,366,167)**	**(1,579,723)**	**(1,622,126)**
Net Assets (Total Assets less Total Liabilities)		**(606,416)**	**(665,120)**	**(652,204)**

	Notes	Actual Six months 2024 $	Budget 6 months 2024 $	Actual FY 2023 $
Accumulated Funds				
Capital contributed by members	14	3,050,631	3,050,631	3,050,631
Accumulated surpluses/(deficits)	14	(3,657,047)	(3,715,751)	(3,702,835)
Total Accumulated Funds		**(606,416)**	**(665,120)**	**(652,204)**

_____ _____

Trustee Trustee

Statement of Cash Flows

for the six months to 31 December 2023

		Actual 6 months 2024 $	Budget 6 months 2024 $	Actual FY 2023 $
Cash Flows (to)/from Operating Activities				
Cash was received from:				
Donations, fundraising and other similar receipts		170,337	105,000	-
Interest, dividend and other investment receipts		5,240	1,750	22,592
Net GST		15,284	-	12,208
Cash was applied to:				
Payments to suppliers		(268,860)	(169,143)	(200,015)
Net Cash Flows from Operating Activities		**(77,999)**	**(62,393)**	**(165,215)**
Net increase/(decrease) in cash		**(77,999)**	**(62,393)**	**(165,215)**
Opening Cash		546,369	308,742	711,584
Closing Cash		468,370	371,135	546,369
This is represented by:				
Bank current account and short-term deposits	6	468,370	371,135	546,369

Notes to the Financial Statements

for the six months to 31 December 2023

1 Statement of Accounting Polices

REPORTING ENTITY

Aorangi Stadium Trust (the Trust) is a charitable trust incorporated on 14 August 2001 under the Charitable Trusts Act 1957 (CTA).

The Trust is controlled by Timaru District Council (the Council) as a Council Controlled Organisation (CCO) as defined in section 6 of the Local Government Act 2002 (LGA), with all Trustees being appointed by the Council.

It is fully domiciled and operated in New Zealand.

The purpose of the Trust is to continue the development, maintenance and operation of the Aorangi/Timaru Stadium and adjoining areas on Aorangi Park in Timaru. As a charity the Trust does not operate to make a financial return.

The annual reporting date of the Trust is 30 June.

The Trust has been designated as a Public Benefit Entity (PBE) for the purpose of complying with Generally Accepted Accounting Practice (GAAP).

These financial statements of the Trust are for the six months ended 31 December 2023.

The financial statements were authorised for issue by the Trustees on 26 March 2023.

BASIS OF PREPARATION

The financial statement are prepared in accordance with the Public Benefit Entity Simple Format Reporting – Accrual (Public Sector) or PBE SFR-A (PS), as the Trust is deemed to be a public entity subject to public sector standards and has total annual expenses of equal to or less than $2,000,000. All transactions are reported using the accrual basis of accounting. The Annual Report is prepared under the assumption that the Trust will continue to operate in the foreseeable future.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar.

Changes in accounting policies and disclosures

There have been no changes in accounting policies during the year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies which do not relate to a specific note are outlined below.

Goods and Services Tax

Items in the financial statements are stated exclusive of goods and services tax (GST) except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

The Trust is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions as it is deemed a charitable trust for taxation purposes.

Budget figures

The budget figures presented in this report are those approved by the Trustees for 2023/24 unless stated otherwise. The budget figures have been prepared in accordance with GAAP, using accounting policies that are consistent with those adopted by the Trust in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are:

- Estimating the provisions for deferred maintenance (Note 11)

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies:

- Valuation methodology for property, plant and equipment (Note 9)

Note 2: Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest

Interest revenue is recognised using the effective interest method.

Note 3: Maintenance Expenses

Maintenance expenses are expensed as they are incurred except that where related to a provision an offsetting release from that provision is made.

Note 6: Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Note 7: Reconciliation of net surplus/(deficit) after tax to net cashflow from operating activities

Cashflow statement

Operating activities include cash received from all revenue sources of the Trust, and expenditure payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of current and non-current securities, and any non-current assets.

Financing activities are those activities relating to the changes in equity, and debt structure of the Trust.

Note 9: Property, plant and equipment

Property, plant and equipment consists of operational assets including buildings and buildings improvements and furniture and equipment, which are utilised by the Trust to deliver services.

Buildings and building improvements and furniture and equipment are measured at cost less accumulated depreciation and impairment losses.

Unless specifically stated, acquisitions are initially valued at cost.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably and is greater than $3,000, subject to individual asset assessment.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and building improvements	1% - 30% Straight line

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount and the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in surplus or deficit.

Note 10: Payables and deferred revenue

Short-term creditors and other payables are measured at the amount payable.

Payables are generally non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of payables approximates their fair value.

Deferred revenue represents receipts the conditions of which have not yet been fulfilled but which are expected to be recognised as revenue within 12 months.

Note 11: Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

• there is a present obligation (either legal or constructive) as a result of a past event;

• it is probable that an outflow of future economic benefits will be required to settle the obligation; and

• a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed annually to determine their appropriateness, including the value of the provision.

Note 14: Equity/Accumulated Funds

Equity is the community's interest in the Trust and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

Contributed capital: this represents the funds initially contributed by the members of the Trust particularly from public fundraising;

Accumulated surpluses/(deficits): this represents the accumulation of all financial results since the inception of the Trust;

2 Revenue

i. Subsidies and grants

	Actual Six months 2024 $	Actual 2023 $
Grants from Timaru District Council: General funding	67,435	52,000
Grants from Timaru District Council: Insurance reimbursement	93,547	50,901
Total	160,982	102,901

There are no unfulfilled conditions and other contingencies attached to recognised grants.

ii. Finance revenue

	Actual Six months 2024 $	Actual 2023 $
Interest revenue:		
- term deposits	14,595	22,592
Total	14,595	22,592

iii. Other gains/(losses)

	Actual Six months 2024 $	Actual 2023 $
Gain on sale of assets	-	30,219
Total	-	30,219

3 Maintenance expense

	Actual Six months 2024 $	Actual 2023 $
Maintenance costs incurred	(24,609)	(77,757)
Maintenance provision release	25,307	21,711
Increase in provision for maintenance costs	-	-
Total maintenance costs	698	(56,046)

4 Other expenses

	Actual Six months 2024 $	Actual 2023 $
Audit fees for financial statement audit: current year	-	(6,690)
Audit fees: other	-	(689)
Insurance	(97,788)	(50,206)
Property valuation report	-	-
Stadium development review	-	(126,152)
Legal fees	(9,860)	-
Other expenses	(31)	(769)
Total	(107,679)	(184,506)

5 Tax

Aorangi Stadium Trust is a charitable organisation and not subject to income tax.

	Actual Six months 2024 $	Actual 2023 $
Surplus/(deficit) before tax	45,790	(130,451)
Tax credit/(expense) at 28% (2023: 28%)	12,821	36,526
Non-taxable income @ 28%	49,161	43,599
Non-deductible expenditure @28%	(36,340)	(80,125)
Tax expense/(benefit)	-	-

6 Cash and cash equivalents

	Actual Six months 2024 $	Actual 2023 $
Cash at bank	61,372	546,369
Short term deposits maturing 3 months or less from date of acquisition	406,998	-
Total	468,370	546,369

7 Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Actual Six months 2024 $	Actual 2023 $
Surplus/(deficit)	45,790	(130,451)
Add/(less) non-cash items:		
Depreciation charges	22,806	45,611
Movement in impairment provision	-	(537)
Movement in provisions	(25,307)	(21,711)
Other movements	-	-
Add/(less) items classified as investing activities:		
(Gains)/losses on disposal of property, plant and equipment	-	(30,219)
Add/(less) movements in working capital items:		
Accounts receivable	156,061	229,424
Accounts payable	(277,349)	(257,332)
Net cash inflow/(outflow) from operating activities	(77,999)	(165,215)

8 Receivables

	Actual Six months 2024 $	Actual 2023 $
Other receivables	15,284	5,402
Related party receivables	93,546	234,831
	108,830	240,233
Prepayments	-	4,242
Total	108,830	244,475

No receivables are past due as at 31 December 2023 and no impairment provisions have been made relating to them.

9 Property, plant and equipment

Asset Class	Opening Carrying Value $	Purchases $	Disposals $	Depreciation/ Impairment $	Closing Carrying Value $
Six months 2024					
Buildings	**179,079**	26,278	-	(22,806)	182,551
Total	**179,079**	**26,278**	**-**	**(22,806)**	**182,551**
2023					
Buildings	317,432	4,436	(97,178)	(45,611)	179,079
Total	**317,432**	**4,436**	**(97,178)**	**(45,611)**	**179,079**

During 2023 a comprehensive review of Trust assets was undertaken. Previously some assets were depreciated on a diminishing value or on a straight line (current) basis and these have either been disposed of or moved to a straight line basis however the majority of the value of disposals relates to assets held by the Trust relating to the internal operation of the stadium, which has been contracted to Timaru District Council, and these assets have now been sold to Council at net written down book value. Assets held by Council which related to the Trust's stadium obligations have been acquired at net written down book value.

Insurance on assets

	Actual Six months 2024 $	Actual 2023 $
The maximum amount to which insured assets are insured	25,310,000	25,310,000
The total value of all Trust assets covered by insurance contracts*	25,310,000	25,310,000
The total value of all Trust assets covered by financial risk-sharing arrangements	-	-
Maximum amount available to the Trust under financial risk-sharing arrangements	-	-
Total value of assets that are self-insured	-	-
Value of funds maintained for self-insurance	-	-

*The carrying value of assets is calculated on deemed cost, separate insurance valuations are obtained for significant assets.

10 Payables and deferred revenue

	Actual Six months 2024 $	Actual 2023 $
Trade payables and accrued expenses	2,381	190,865
Amounts due to related parties	-	42,169
Total	2,381	233,034

All payable and deferred revenues are exchange transactions.

11 Provisions

i. Provision for deferred maintenance

Current provision	Actual Six months 2024 $	Actual 2023 $
Opening balance	334,443	265,204
Additional provisions made during the year		-
Transfer from non-current provision	-	90,950
Amounts used during the year	(25,307)	(21,711)
Closing balance	309,136	334,443

Non-current provision	Actual Six months 2024 $	Actual 2023 $
Opening balance	1,054,650	1,145,600
Additional provisions made during the year	-	-
Transfer from non-current provision	-	(90,950)
Closing balance	1,054,650	1,054,650

Total provision	Actual Six months 2024 $	Actual 2023 $
Opening balance	1,389,093	1,410,804
Additional provisions made during the year	-	-
Amounts used during the year	(25,307)	(21,711)
Closing balance	1,363,786	1,389,093

During 2021 a report was received regarding maintenance requirements for the stadium and partially provided for. In 2022 projected costs until 2024 were fully provided for. No additional provisions have been made in 2024.

12 Contingencies

Earthquake strengthening
Last year an updated report was received regarding earthquake strengthening requirements for the stadium. The estimate cost relating to this being $12m which continues in 2024. No contingent assets have been identified.

13 Commitments

There are no capital commitments or financial guarantees at balance date (2023: Nil).

14 Accumulated funds

December 2023

Description	Capital contributed by owns or members	Accumulated surpluses/ (deficits)	Total accumulated funds
Opening balance	**3,050,631**	**(3,702,837)**	**(652,206)**
Surplus/(deficit)		45,790	45,790
Closing balance	**3,050,631**	**(3,657,047)**	**(606,416)**

June 2023

Description	Capital contributed by owners or members	Accumulated surpluses/ (deficits)	Total accumulated funds
Opening balance	**3,050,631**	**(3,572,382)**	**(521,751)**
Surplus/(deficit)		(130,451)	(130,451)
Other movements		(2)	(2)
Closing balance	**3,050,631**	**(3,702,835)**	**(652,204)**

15 Related party transactions

During the 6 months to 31 December 2023, the Trust entered into various transactions with its parent, Timaru District Council. Related party disclosures have not been made for transactions with Council that are within normal supplier or client/recipient relationships and on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the Council at arm's length in the same circumstances.

		Value of transactions (cash received)		Amount outstanding	
Description of related party relationship	Transaction description (cash or in-kind)	Six months 2024 $	Full year 2023 $	Six months 2024 $	Full year 2023 $
General grant received from Timaru District Council	Cash	52,000	52,000	-	-
Insurance grant received from Timaru District Council	Cash	-	50,901	93,547	-
Sale of Assets / Purchase of Assets	Cash	26,278	131,930	-	-
Accounting Services	Cash	-	-1,000	-	-
Site lease fee	Cash	-	-105		

16 Explanation of major variances against budget

Revenue and expenditure	Actual Six months 2024 $
Planned surplus	(12,916)
Increases/(reductions)	
Grants	55,982
Gains/(losses) on disposal of assets	-
Finance revenue	12,845
Maintenance	25,698
Depreciation	-
Other expenses	(35,819)
6-monthly surplus/(deficit)	45,790

The major reasons for the variance between the actual and budgeted net surplus/(deficit) are:

- There was a positive variance for grants revenue of $55k primarily due to insurance costs being higher than anticipated ($40k) plus $15k relating to prior year audit adjustments reversing. Council provides a grant to the value of the insurance cost so therefore the grants are higher by that amount.

- Higher levels of cash were retained due to the delayed maintenance work plus higher interest rates resulted in the positive finance revenue variance of $12k.

- Maintenance costs were budgeted at $25k however $24k was covered by the provision.

- Other expenses are above budget by $35k due to the annual insurance payment being $40k higher than budgeted at $94k. However $8k of the expense relates to accounting adjustments for the one month prepayment which will be done at year-end. Other expenses, including solicitors fees relating to the future of the stadium of $10k, are nonetheless currently under budget by $5k.

17 Going concern

The Trust is considered to be a going concern due to the support that it has received from Timaru District Council. The Council guarantees the liabilities of the Trust for twelve months from the date of the approval of the audited financial statements. Trustees are confident therefore that the Trust has sufficient resources to support current planned expenditure and liabilities.

6.2 Stadium valuation

Author: **John Liddiard, Senior Accountant**

Authoriser: **Andrea Rankin, Chief Financial Officer**

Recommendation

That Trustees:

1. Receive the draft stadium valuation report as the final report; and
2. Note the suggested valuation of $1,800,000 ex. GST

Purpose of Report

1 To receive the draft valuation report and note the suggested valuation.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement and has little impact on or implications for Council policies or financing.

Discussion

3 Trustees requested that a valuation of the stadium be obtained prior to further decisions being made regarding the future of the stadium by the Trust, following from the legal advice received.

4 A valuer was identified which was independent of Timaru District Council, being Colliers, based in Christchurch.

5 They completed their review of the legal documents related to the stadium and visited the site and details of this review process and conclusions are included in the report.

6 They provided the draft valuation however further work to generate the final valuation was stopped as a consequence of wider discussions and decisions which obviated the need for a valuation but this work can be finalised and a final report presented if Trustees desire.

Attachments

1. Aorangi Stadium valuation report ⇩

Valuation Report

Aorangi Stadium

Aorangi Park, 70 Morgans Road, Timaru

Prepared For

Aorangi Stadium Trust & Timaru District Council

Address

c/- PO Box 522
Timaru
New Zealand

Attention

John Liddiard

Valuation Date: **30 January 2024** | Ref: **20083/wg**

Colliers

Contents

(i) Executive Summary 3

(ii) Property Specific Assumptions 4

(iii) SWOT Analysis 5

1. Introduction 6
   - 1.1 Scope of Work 6
   - 1.2 Basis of Valuation 6
   - 1.3 Valuation Standards 6
   - 1.4 Market Value Definition 7
   - 1.5 Information Sources 7
   - 1.6 Reliance and Extension of Liability 7

2. Location 8

3. Statutory Information 9
   - 3.1 Resource Management 9
   - 3.2 Rating Valuation 10
   - 3.3 Building Warrant of Fitness 10

4. Ground Lease Details 11

5. Improvements 12
   - 5.1 General Description 12
   - 5.2 Construction and Building Services 12
   - 5.3 Accommodation 14
   - 5.4 Other Improvements 15
   - 5.5 Floor Areas 15
   - 5.6 Building Condition and Repair 16
   - 5.7 Seismic 18
   - 5.8 Structural Repairs and Strengthening Options 21
   - 5.9 Repairs and Strengthening Cost Estimates 24

6. Valuation Method 27
   - 6.1 Basis of Valuation 27
   - 6.2 Depreciated Replacement Cost Method 28
   - 6.3 Concluding Comments 32

7. Valuation Conclusion 33
   - 7.1 Valuation Summary 33

8. Assumptions & Limitations 34
9. Compliance Statement 35
10. Report Reliance & Company Qualifications 36
11. Valuers 38

Appendices

Appendix A Scope of Works / Letter of Instruction

(i) Executive Summary

Valuation Details

Instructing Party
Aorangi Stadium Trust & Timaru District Council
C/- PO Box 522
Timaru,
New Zealand, 7940

Reliant Parties	Aorangi Stadium Trust (The Trust) & Timaru District Council (TDC)
Subject Property	Aorangi Stadium – 70 Morgans Road, Glenwood, Timaru
Purpose of Report	Market Value of Improvements for sale/purchase due diligence
Interest Valued	Lessee's Interest in the improvements on ground lease 3257
Basis of Valuation	'As Is' Market Value
Date of Valuation	30 January 2024
Date of Inspection	8 December 2023
Report Completed	30 January 2024

Property Overview

Aorangi Stadium, also known as 'Southern Trust Events Centre', is situated on a ground lease within Aorangi Park. More specifically the improvements are situated to the western side of Morgans Road, Glenwood approximately 3.5 kilometres west of the Timaru Town Centre.



The improvements are situated on a terminating ground lease to the Timaru District Council, having approximately 11.50 years remaining until lease expiry on 30 June 2035.

The improvements comprise a part-two storey, standalone sport and events stadium originally constructed circa 1974 with major subsequent renovations and extensions 1902 and 2006, now comprising a total floor area of approximately 4,280 square metres. The stadium provides a main auditorium, comprising various inter-changeable sport courts with perimeter spectator seating. Additionally, within the building, there is a main entrance foyer and stairs, ground floor offices and club rooms, a gymnasium, changing room/toilet facilities, and a catering area providing commercial cooking facilities. Also, there is a second entrance foyer with stairs and a lift to a mezzanine floor lounge, bar and kitchen.

A Detailed Seismic Assessment (DSA) was carried out in 2022 by Structex which reported an estimated NBS rating of <15% for the stadium improvements, ultimately constituting a very high seismic risk. Under consideration by the Trust is a long-term upgrading or redevelopment plan for the stadium, however, this valuation is on the basis of the improvements 'As Is'.

Property Data

Tenure	Leasehold
Seismic Rating (NBS)	<15% (DSA) See Section 5.7 for further details.

Valuation

Valuation Date	30 January 2024
Adopted Value	**$1,800,000 plus GST, if any**

Valuers

WARREN GLASSEY FNZIV, AREINZ, FPINZ, MPMI	**LAUREN THOMAS** BLPM
Registered Valuer	**Graduate Valuer**
Director | Valuation & Advisory Services	Valuation & Advisory Services

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

(ii) Property Specific Assumptions

Our valuation conclusion is subject to the following property specific assumptions:

- We have been provided with a Detailed Seismic Assessment (DSA) prepared by Structex dated 18 February 2022 which states the building at 70 Morgans Road has been assessed to have an NBS rating of less than 15%.
- The improvements owned by Aorangi Stadium Trust are situated on a terminating ground lease from Timaru District Council, with a lease expiry on 30 June 2035. The lease is of the stadium footprint only. If the improvements are transferred to the lessor (TDC), the lease will terminate without further payment or compensation payable by either party to the lease. If the lease is transferred to a third party or retained by the Trust, there is insufficient term certain remaining to undertake the structural upgrade works and gain a return or to amortise such works. Accordingly, we have assumed that the lease will be extended to the Trust or a third party.

DRAFT

(iii) SWOT Analysis

Strengths/ Opportunities	Weaknesses/Threats
• Largest stadium within Timaru District. • Stadium services wider South Canterbury • Situated in the midst of outdoor sports fields/courts and with significant car parks is complimentary to stadium indoor facilities. • Ability to cater to multiple sports and uses simultaneously (Auditorium, Lounge, Gym). • Catering facilities within the building. • First Level paraplegic access via lift. • Lease revenue potential from on-site offices. • Vehicle access to auditorium. • The stadium is well patronised by Timaru and environs residents. • Significant reproduction cost • Existing Stadium can be the "core" of future extensions/expansion.	• Structural strengthening upgrade required under both IL3 and IL4. • Elements of deferred maintenance require rectification. • Significant cost of structural upgrade and refurbishment to rectify deferred maintenance. • The stadium is now deemed too small to cater for indoor sports growth in South Canterbury. • Currently unable to be fully utilised to full capacity due to Earthquake Prone seismic rating. (Limited use first-floor lounge) • The stadium cannot cater for larger national indoor events due to constrained size (seismic reasons aside). • Stadium cannot generate economic returns from activities to meet private market financial return expectations. • Limited potential purchasers (possibly only one) given cost responsibilities of ownership and ground lease without economic return.

1. Introduction

1.1 Scope of Work

We have received instructions from John Liddiard on behalf of Aorangi Stadium Trust (The Trust) and Timaru District Council (TDC), dated 21 September 2023 to assess the market value of the lessee's improvements situated on a ground lease within Aorangi Park at 70 Morgans Road, Timaru.

The request is that we provide the value of the "improvements forming Aorangi Stadium, for possible sale and purchase deliberations on the basis of the As Is value, mindful of the strengthening and deferred maintenance issues.

We note that this valuation is undertaken in accordance with the agreed written Scope of Work between the above instructing party and CVAS (CHC) Limited ("The Company"). A copy of this Scope of Work is attached at Appendix A, and we confirm this meets the requirements of the International Valuation Standards. (IVS 101 Scope of Work).

1.2 Basis of Valuation

We confirm that this valuation has been prepared to establish the market value of the lessee's improvements for the purpose of sale and purchase due diligence.

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

1.3 Valuation Standards

We confirm that the valuation has been undertaken within all the requirements of the International Valuation Standards (effective 31 January 2022) and the Australia and New Zealand Standards. We have also had regard to relevant Guidance Papers for Valuers & Property Professionals (as amended 1 July 2023).

Specifically, our valuation has been prepared in accordance with the following:

General Standards

- IVS 101 Scope of Work
- IVS 102 Investigations and Compliance
- IVS 103 Reporting
- IVS 104 Basis of Value
- IVS 105 Valuation Approaches and Methods

In addition to the above, we note, with regards to all valuation standards and measurement of floor areas our valuation calculations have been undertaken in accordance with prevailing local standards.

1.4 Market Value Definition

We have adopted the International Valuation Standards (IVS) definition of "Market Value" as follows:

Market Value	*"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 arms-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*

1.5 Information Sources

John Liddiard on behalf of the Parties has provided the following information which has been adopted in the valuation process:

- Detailed Seismic Assessment (DSA) and Strengthening Concepts Report prepared for TDC by Structex Limited, dated 18 February 2022. (Structex DSA Report)
- Design Features Report prepared for TDC by Structex Limited, dated 18 February 2022. (Strutex DFR Report)
- Timaru District Council Deed of Ground Lease dated 30 June 2017.
- Trust Deed for Aorangi Stadium Trust dated 17 August 2001.
- Deed of Variation for Aorangi Stadium Trust dated 25 March 2014.
- Aorangi Stadium Trust Annual Report dated 30 June 2022.
- Timaru District Council Events Centre Redevelopment Feasibility Options (cost estimate) May 2023 prepared by Rawlinsons Quantity Surveyors. (Rawlinsons Estimate)
- Building Survey and Long-Term Maintenance Plan prepared by Babbage Consultants Limited, dated 2 November 2020. (Babbage Report)
- Timaru District Council Sports Centre Business Case prepared by "Morrison Low" dated June 2023. (Morrison Low Report)
- Aorangi Stadium Redevelopment Floor Plans designed by D J Wilson & Associates dated July 1996.
- Crombie Lockwood Insurance Schedule for insurance cover for the period 30 July 2022- 30 July 2023.

We have searched Record of Title details independently from public records.

1.6 Reliance and Extension of Liability

This valuation has been prepared for the following parties and for the following purposes:

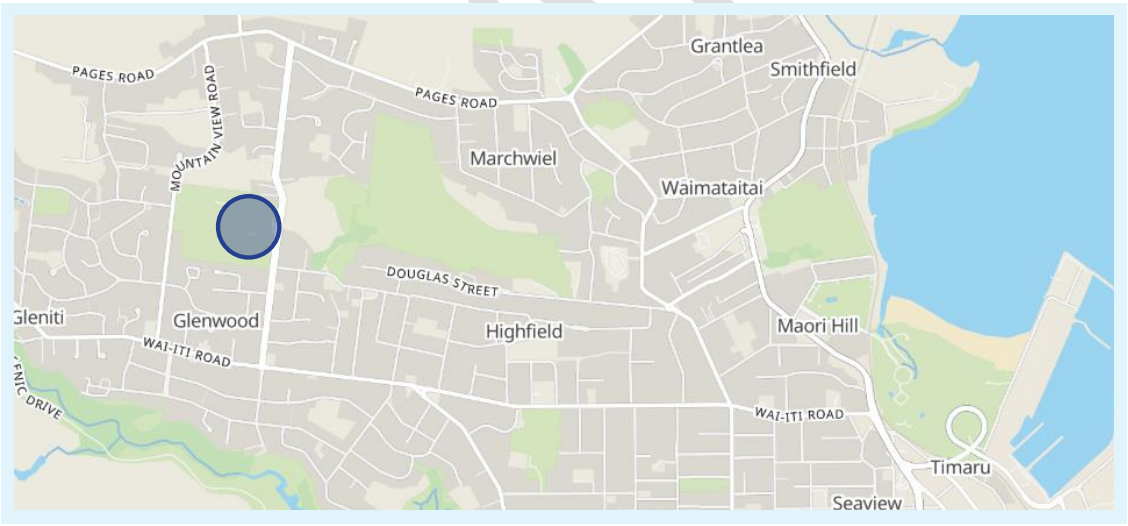
- Aorangi Stadium Trust and Timaru District Council for sale and purchase purposes only.

No responsibility is accepted or assumed to any third parties, nor should there be any reliance upon this report by any third party other than the party explicitly noted above without our express written agreement. This report is confidential between The Company and the above party to whom The Company agrees in writing may rely upon the valuation report for the purpose stated.

2. Location

Suburb/City	Glenwood, Timaru
Position	Aorangi Stadium is situated within the suburb of Glenwood, approximately 3.50 kilometres west of the Timaru Town Centre. More specifically the subject is situated within Aorangi Park, on the western side of Morgans Road.
Surrounding Development	Aorangi Stadium is situated within Aorangi Park, which also comprises outdoor sport courts and turfs, bowling grounds, a cricket oval and athletics track. The assets within Aorangi Park beyond Aorangi Stadium are excluded from this valuation. Surrounding Aorangi Park development is primarily single-level low-density residential in nature.
Location in Regard to Transport	Public transport is provided along Morgans Road. Adjacent to the Stadium are large areas of sealed and marked carpark (excluded from this valuation).

A location map is provided below with the subject property represented by the outline:



Source: Koordinates

3. Statutory Information

3.1 Resource Management

An overview of the main planning-related controls over the subject property is outlined as follows:

Local Authority	Timaru District Council
Planning Scheme	Timaru District Plan – operative 2005 We note the operative district plan is currently under review and is to be replaced by the proposed district plan, notified on 22 September 2022.
Zoning	Recreation 2 Zone (Urban) – Operative District Plan Sport and Active Recreation Zone – Proposed District Plan
Overview	Under the operative district plan, the Recreation 2 Zone (Urban) includes recreational land and open space along the coast, within urban areas and those recreational activities adjacent to residential zones where regard should be had to any adverse effects on residential zones. Under the proposed district plan the Sport and Active Recreation Zone primarily provides for active, organised and informal recreation, sports and community activities. The district's major sports facilities are located in the Sport and Active Recreation Zone. This zone is used predominantly for a range of indoor and outdoor sport and active recreational activities and associated facilities and structures. It contains large-scale buildings along with car parking, lighting and signage and activity that can create large volumes of traffic and noise. Major facilities, such as the Southern Trust Events Centre (the subject), not only provide for recreation activities, but also act as a venue for exhibitions, concerts, theatre and other public events.
Permitted Activity	Under the operative district plan, we note that the provision of buildings associated with recreational use appears to be a Permitted Activity (1.2), subject to complying with the performance standards and general rules of the recreational zone under the operative district Plan. Under the proposed district plan, the subject sport/events stadium falls under a recreation activity, as defined below: - *"The use of land, water bodies and/or buildings for the purpose of the active or passive enjoyment of organised sports (excluding motorsport), recreation or leisure, whether competitive or non-competitive, and whether a charge is made for admission or not".* A recreation activity is classified as a permitted activity (SARZ-R1), given the hours of operation do not exceed those outlined in the district plan.

	We understand the Aorangi Stadium as currently exists has resource consent approval for its development and community use.
Heritage Listing / Designations	Our research indicates the subject estate is not heritage-listed.

3.2 Rating Valuation

Date of Assessment	1 September 2020
Land Value	$ 1,890,000
Value of Improvements	$11,660,000
Capital Value	$13,550,000

We point out that rating valuations are carried out under statutory criteria and may not reflect market value at any point in time. We also note that this value assumes freehold tenure.

3.3 Building Warrant of Fitness

The Warrant of Fitness is current and displayed in the building.

Expiry date: 1 July 2024.

DRAFT

4. Ground Lease Details

Deed of Lease 3257 - 70 Morgans Road, Timaru	
Lessee	Aorangi Stadium Trust
Premises	The site of The Southern Trust Events Centre being approximately 4,251m^2 as more particularly outlined in red on the plan attached to the Lease.
Commencement	1 July 2016
Term	19 years
Expiry	30 June 2035
Right of Renewal	Nil
Current Passing Rental (pa)	Believed to be circa $120.0 plus GST per annum. Was $100pa at lease commencement.
Review Structure	Market rent reviews annually commencing 1 July 2017. Next Review 1 July 2024.
Outgoings	Net lease with the lessee to pay local body rates and other utility charges, rubbish collection charges, BWOF costs, maintenance charges in respect of fire detection and firefighting equipment, service contract charges, cleaning and maintenance of all improvements installed by the Lessee, ground and yard maintenance, and insurance premiums.
Prescribed Use	For the operation as a venue for sporting, cultural and community events.
Other notations	At the expiration or sooner determination of the ground lease, the land shall revert to the Lessor without compensation payable to the Lessee for any improvements thereon. The Lessee shall be entitled to remove from the leased land all buildings and improvements erected and shall leave the property in a clean and tidy condition. If the Lessee fails or neglects to remove any buildings or improvements erected on the property within three months from the expiry or earlier determination of the lease, then such buildings or improvements shall be deemed abandoned and become the property of the Lessor without compensation. The Lessee shall abide by the rules and regulations of the Council in relation to the Aorangi Park Management Plan.
Comments	The main concern we have with this ground lease is the terminating nature of the lease without automatic right of renewal or improvements compensation. The remaining term certain is circa 11 years.

We understand that the Aorangi Stadium Trust as lessee has entered into a management agreement with TDC for the daily operation of the Stadium. We have not been provided with this document but understand that the arrangement works well for each party.

5. Improvements

5.1 General Description

The subject comprises a part two-storey, stand-alone sports and events stadium constructed circa 1974, with a major redevelopment and extensions carried out circa 1996, and a minor extension again in 2006.

The improvements comprise on the ground floor an entrance foyer and administration offices, various indoor sports courts in the main auditorium with spectator seating via retractable bleachers, a gymnasium, a hockey club room, various offices and storage areas, toilet and changing room facilities and a catering area fully serviced with commercial cooking facilities. The first floor comprises a large open plan lounge inclusive bar and servery kitchen. The first floor is accessed by two stairwells and a passenger lift.

The improvements are owned by Aorangi Stadium Trust and situated on a ground lease from Timaru District Council.





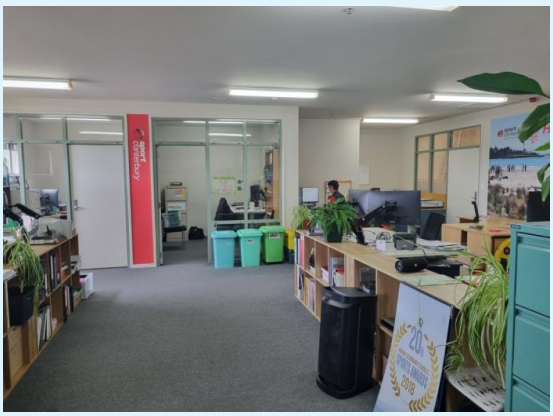
5.2 Construction and Building Services

General Construction	Construction of the complex comprises concrete foundations and concrete floor slab to the ground and first floor. The hockey club room has a timber subfloor on an upper level. The main auditorium, gymnasium and first-floor structure are constructed with steel portal framing, whilst the single-level extensions comprise timber framing and masonry brick walls. Roof cladding comprises galvanised standing seam metal roof sheets with skylights to the auditorium. The extensions to original building comprise a mixture of steel profiled sheets and mineral felt roof membrane over butyol roof membrane. External walls comprise a mixture of profiled steel cladding, brick veneer and fibre cement with a painted texture coat.

	Window joinery comprises powder coated aluminum, with a mixture of double and single glazing. Lighting throughout comprises surface-mounted fluorescent tube lighting, recessed pan lighting within the suspended ceilings, skylights provide natural light to the auditorium along with mercury vapour lighting suspended from the ceiling. Throughout the complex, ceiling linings are a mix of painted plasterboard or suspended ceiling tiles. The ceiling of the auditorium provides sarking to the roof. Internal wall linings are a mixture of painted plasterboard, horizontal timber board and plywood. The auditorium has inset sloping bonded acoustic timber shaving/cement panels which follow the rake of the walls above approximately 3.5 metres in height. The auditorium has a sprung timber floor affixed above a concrete underlying floor slab.
Floors Coverings	Carpets are provided throughout to the office and lounge areas and vinyl to the entrance foyer, stairs, amenity areas and gym. A section of the first-floor lounge is lined with timber parquet flooring.
Lifts	One 780kg 11-person lift is provided in the premises allowing access to the first-floor lounge from second foyer behind the gymnasium.
Amenities	Toilet, shower and kitchen facilities are provided throughout the premise. Kitchen cooking is via gas hobs and oven.
Heating & Ventilation	Heating to the main auditorium is provided from gas radiant panels suspended from the portal frames. A heat pump is provided to the general office. Extractor fans are installed throughout the auditorium. An air circulation system circulates fresh air into the venue.
Fire Services	Situated throughout the complex are smoke alarms, fire alarms, sprinklers, and hose reels.
Electricity	Three phase power supply is provided. Adjacent to the hockey rooms is a standby generator. We understand this is TDC-owned and has been excluded from this valuation.
Other Notations	The Health and Safety at Work (Asbestos) Regulations 2016 confer an obligation on a PCBU (Person Conducting a Business or Undertaking) to identify the confirmed or presumed presence of asbestos or Asbestos Containing Materials (ACM) where they know or ought reasonably to know that there is a risk of respirable asbestos fibres in the workforce. If asbestos is identified, the PCBU will need to prepare an Asbestos Register and Asbestos Management Plan. We are informed that independent testing has been carried out and such testing confirms there is no evidence of respirable asbestos in the premises. Whilst the above comments suggest environmental matters may not be an issue, the recipient of this report is advised that the Registered Valuer is not qualified to detect such substances, which in many cases are not visible, nor quantify the

DRAFT

impact on values without an environmental report.



5.3 Accommodation

The subject improvements are constructed over two levels. The original development was constructed circa 1973 and comprised the indoor auditorium which was subsequently extended in 1996 and 2006. The stadium auditorium currently provides multiple games markings for three basketball courts, three netball courts, six volleyball courts and 12 badminton courts. Permanent retractable bleachers provide spectator seating around the perimeter of the auditorium. The auditorium has a stud height of 10.0 metres.

Major renovations and extensions took place mid-1990s and minor extensions in 2006 to develop the stadium as exists today. An entrance foyer and canopy are located to the northeast of the building and comprises a reception/tickets desk behind two roller grilles, a staff office and public WCs. Also situated in the foyer is the main stairwell to the first floor.

Also situated on the ground floor to the north of the court area is a gymnasium. The gymnasium is available for hire by the public and also comprises changing rooms and a small administration office. To the rear of the gymnasium is a further entry foyer with a lift which provides access to the first-floor lounge area.

The first-floor lounge provides spectator windows over the auditorium and views over the Aorangi Park external courts and fields. The lounge also includes a small kitchen and bar for servicing functions, WC toilets, and a private meeting room.

To the east side of the ground floor within the eastern extension is an office area currently leased to Sport South Canterbury.

Behind this is the main changing rooms for the complex. There are four separate changing facilities each including showers, wcs, changing areas and hallway lockers. Additionally, there are two separate referees' change rooms and inclusive showers.

Hockey club rooms are positioned to the west of the complex with external access to the outside hockey turfs. The club room comprises a lounge, a small kitchen, male and female separate WC and shower, as well as a paraplegic WC.

A commercial kitchen is provided within the complex as the latest extension in 2006. The kitchen comprises stainless steel benches and a sink, a gas oven and hob, a Starline dishwasher, a hot water boiler and a servery room. There is a large storeroom with a roller door entry situated behind the catering area. The storeroom provides direct access to the auditorium.





5.4 Other Improvements

As the ground lease allows for only the footprint of the building, no other improvements are accounted for under the operation of the Aorangi Stadium Trust.

5.5 Floor Areas

We have been provided with architect plans for the complex and summarise our calculation of the approximate floor area as follows: -

Component	Floor Area
Ground Floor	4,055 m^2
First Floor	505 m^2
Total Floor Area	4,640 m^2

We reserve the right to amend our valuation in the event that a formal survey of areas determines floor areas that differ from those adopted herein.

5.6 Building Condition and Repair

The improvements are largely in original condition and reflective of the initial build and subsequent extensions. Although some areas are cosmetically dated, however, the Stadium does provide functional accommodation for the current uses. The improvements are considered to be in reasonable condition for their age, but some deferred maintenance issues are reported by the Babbage Report. Apart from the Structural issues referred to below, we are not aware of any notices currently issued against the building with respect to defects notifications issued by any lawful authority.

Babbage Consulting Limited (Babbage) undertook a building condition survey and long-term maintenance plan in 2020 (final report dated 2 November 2020 following inspections of June 2020). The report provides a condition grading matrix from 1-5 (1 being very good condition; 2- minor defects only; 3 -maintenance required; 4- Requires renewal; and 5 Asset Unserviceable (over 50% asset requires replacement).

Most of the building components viewed scored a 2 or a 3. No lower scores were recorded. Items of additional comment recorded included:

Asset Element	Summary of Condition
Sports Hall Roof	The roof is in a fair serviceable condition however, isolated areas of corrosion were observed. Polycarbonate cladding presents issues with condensation / water ingress noted to underside.
North Wing Roof	Serviceable condition however sections of corrosion noted and leaking reported to rooms below.
East & West Wing Roof	The roof covering to the structure is in serviceable condition however, sections of corrosion and condensation noted.
Portico Roof	Serviceable condition, de-bonding observed to some vertical sections and box gutter holding water.

Babbage major recommendations included:

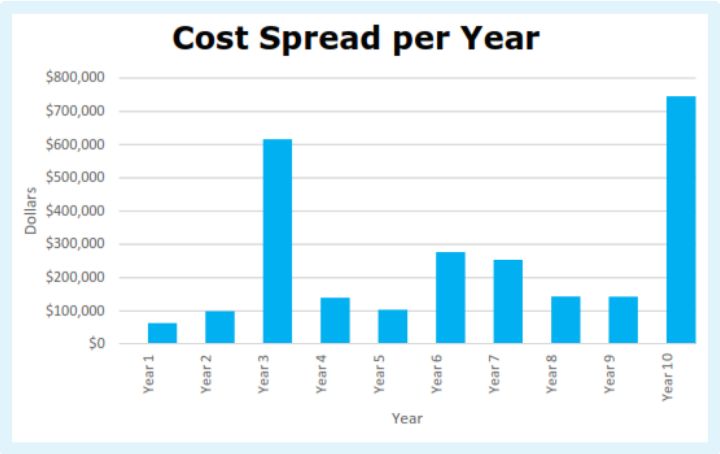
- Main Hall Roof and Polycarbonate Sheet Skylights – replace in year 10 ($372,800)
- North and East Wings Roofs - replace in year 10 ($310,000)
- Portico Canopy – inspection by the structural engineer of supporting cables required to determine the extent of the rust and overall condition.

- Felt roof covering – flat roof covering should be replaced within four years ($48,000)
- Plaster finished cladding – detailed invasive watertight inspection should be completed within two years and replacement in 5 years ($50,000)
- Fire Control Panel - consultants have advised the fire control panel is nearing the end of its serviceable life. Replace within two years.
- Mechanical Ventilation - consultants have advised the existing ventilation plant should be scheduled for replacement within 5-10 years. ($80,000 year 9
- Replace single-glazed windows in North and West elevations – year 3.
- Unspecified lift expenditure in year 3 ($125,000)
- Unspecified Bleachers seating maintenance year 3 ($383,500)
- North Wing suspended ceiling replacement year 7 ($200,000)
- Plaster finish fibre cement sheeting replacement year 5 ($50,000)
- Ducted heating and ventilation (air conditioning unit replacement) year 6 ($100,000)

Note the dollar sums are quoted in 2020 cost estimates without inflation escalation.

Babbage long term maintenance costs as at date of their 2020 report totalled $2.58 million averaging $260,000 per annum. These cost estimates do not allow for cost escalation, professional fees or GST. Below is the annualised breakdown.

Summary	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Avg per year
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
External Common Areas	$ 18,300	$ 16,000	$ 58,300	$ 48,900	$ 74,800	$ 1,000	$ 2,300	$ 1,000	$ 42,300	$ 683,500	$ 946,400	$ 94,640
Internal Common Areas	$ 33,300	$ 59,900	$ 421,250	$ 71,450	$ 11,750	$ 113,200	$ 221,550	$ 130,450	$ 1,300	$ 37,950	$ 1,102,100	$ 110,210
Building Services	$ 11,450	$ 22,550	$ 136,150	$ 18,900	$ 16,150	$ 162,200	$ 29,150	$ 11,300	$ 98,800	$ 23,100	$ 529,750	$ 52,975



Unless stated elsewhere in this report, we have assumed that the property complies with the appropriate statutory, building and fire safety regulations, and we have also assumed that there is no timber infestation, water penetration, asbestos or other defect and have made no investigations for them nor have tested the building services.

5.7 Seismic

The Building Act 2004 previously required Councils to adopt an earthquake-prone buildings policy to ensure all earthquake-prone buildings are strengthened to at least meet the minimum prescribed standard (or be demolished), with the general guidance that an earthquake-prone building will have strength that is 33% or less of the seismic loading standard NZS1170.5: 2004 (typically referred to as 33% NBS or less where NBS is the New Building Standard).

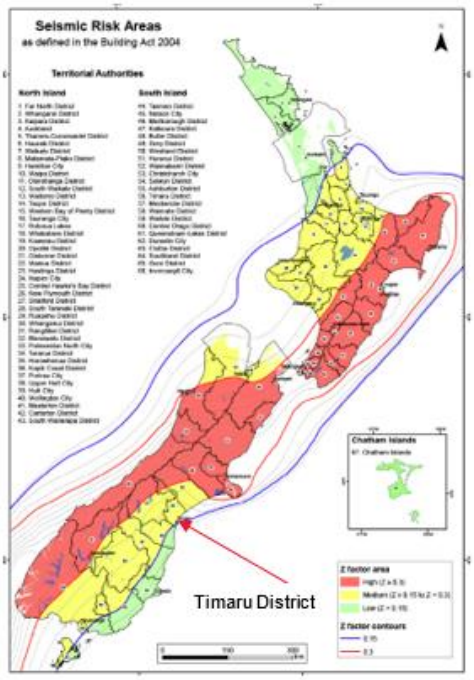
Building (Earthquake-prone Buildings) Amendment Act 2016

This legislation came into force from 1 July 2017 and introduced significant changes to the way earthquake-prone buildings are identified and managed under the Building Act. This now provides a standardised, national framework focussing on the most vulnerable buildings in terms of the safety of people.

The Amendment Act reinforces that the standard for when a building will no longer be considered an "earthquake-prone building" will remain at 34% of the New Building Standard (NBS). It categorises New Zealand into three seismic risk areas (as defined by the Z factor threshold, which is the seismic hazard factor that is applied to a location and the fundamental value used to determine the design of seismic action for buildings) and sets time frames for identifying and taking action to strengthen or remove earthquake-prone buildings.

High Risk:	*5 years for assessment, 15 years to upgrade. Total: 20 years. Includes: Gisborne Wellington Region, Palmerston North, Napier/Hastings Blenheim and Christchurch.*
Medium Risk:	*10 years for assessment, 25 years to upgrade. Total: 35 years. Includes: Hamilton, Tauranga, New Plymouth, Nelson, and Invercargill.*
Low Risk:	*15 years for assessment, and 35 years to upgrade. Total: 50 years. Includes: Northland, Whangarei, Auckland, Oamaru and Dunedin.*

As shown on the indicative below plan Timaru District is classified as “medium risk”.



Buildings classified as “Priority Buildings” within medium or high seismic risk areas have shorter timeframes for strengthening or removal. These timeframes are – “High-Risk Areas- 7.5 years or Medium Risk Areas – 12.5 years. Such buildings include hospitals, or buildings likely to be needed as an emergency shelter or an emergency centre in an emergency, or that enable emergency response services to carry out their jobs in an emergency. We understand that prior to a 2022 seismic assessment for the subject building the stadium was designated to be used as a civil defence centre and public gathering place for civil defence purposes in the event of an emergency. We understand parts of the building were/are used to store emergency supplies and equipment.

Impact on the Subject Property

We have been provided with a Detailed Seismic Assessment (DSA) prepared by Structex, dated 18 February 2022. The improvements were assessed to have an overall seismic rating of less than 15%NBS (Importance Level 4 (IL4)). The building is expected to constitute a very high seismic risk (25 times greater than that of an equivalent building designed to new building standards). We show beside a summary of the seismic ratings for different areas of the building, exported from the Structex DSA: -



We note that under the above seismic assessment the lowest rating is adopted, notwithstanding other portions of the building having greater NBS ratings.

The Strutex report states" Several critical structural weaknesses have been identified which have the potential to cause a significant hazard to human life safety both inside and outside the building. Global collapse of the building over the Courts is expected to initiate at around 35%NBS (IL4)."

To be suitable for use in civil emergencies as a public gathering place or operational centre the building must meet Importance Level 4 (IL4) criteria. Under IL3 the building could operate for its sports stadium uses but would not be suitable for civil defence centre purposes.

The Structex report notes that while downrating the building from importance Level IL4 to IL3 reduces the seismic demand against which the structure is assessed, "it would still fail to meet the 34% NBS threshold established under the Earthquake-prone Building legislation". Therefore, Colliers have interpreted this to mean structural upgrading will still be required but to a lesser standard and cost.

It is noted that the Structex report aims to quantify how the building is expected to perform in an extreme Ultimate Limit State (ULS) – the structure shall survive an extreme 1-in-2500-year earthquake without collapse or loss of support to elements that represent a hazard to human life inside and outside the building. For comparison, normal-use buildings are designed to a 1-in-500-year ULS.

The Structex report notes existing structural damage. Structex carried out a series of investigations as part of its seismic assessment. They observed damage to the underside of the first floor above the gym. Specifically, they noted significant cracks at corners of some precast units along "GL 13" (The north wall of the auditorium). Follow-up inspections established that the location of these cracks corresponds with the locations of the portal frames.

Structex suspects that "the cracks were caused when the portal frames engaged to resist significant lateral loads, possibly during the Christchurch earthquake. Because the bases of the frames are detailed as pin connections (which Structex advise is typical), the baseplates have the flexibility to rotate". Structex "suspect that this rotation caused a localised torsion demand at the corners of the floor units".

At Structex's recommendation, temporary propping was installed in August 2021 to mitigate immediate risks.

Strutex concluded that the North Extension (first-floor lounge and gym) and the West Extension (Hockey Club) are the most vulnerable areas as shown in the below table extracted from the Strutex report.

DRAFT

5.8 SUMMARY OF SEISMIC RATINGS

Building	Description	Seismic Rating (%NBS)		Governing Failure Mechanism(s)
		(IL4)	(IL3)	
A	Courts	35%	50%	Buckling of steel struts in walls and roof
B	North extension (lounge and gym)	< 15%	< 15%	Buckling of steel struts on GL 13 at roof level Break-out of portal frame anchors from concrete beam Yielding of concrete diaphragm perimeter ties Loss of seating for precast floor units
C	Entrance (foyer and canopy)	50%	70%	Soil bearing failure for cantilevered columns
D	East extension (admin offices, storage and change rooms)	70%	95%	Nail slip in plasterboard wall linings
E	Southeast extension (kitchen and storage)	70%	95%	Roof bracing (strut buckling)
F	West extension (hockey club rooms)	< 15%	< 15%	Sliding of subfloor from timber piles

The above summary also shows the percentage NBS rating expressed as a percentage of IL3. It is worthwhile noting that the assessments are against a 1 in 2500-year ULS.

Structex concludes the seismic rating for the overall building is < 15%NBS (IL4), which is largely governed by the capacity of elements added as part of the 1996 re-development. Failure of other areas of the building will begin to occur at around 35%NBS (IL4). These failures have the potential to initiate a series of structural failures which could pose a life safety hazard to people both inside and outside the building.

Damage to the precast floor units above the gym has compromised the capacity of the floor under gravity load and needs to be repaired irrespective of earthquake considerations.

Subsequent to the above, Structex DSA report, a second Structex Report – "Design Features Report" was prepared.

5.8 Structural Repairs and Strengthening Options

The second Structex – "DFR" report" was prepared also bearing the same date of 22 February 2022.

This report provides 3 structural design Options for remediation of the damage identified and low NBS rating to at least the legal minimum of 34%NBS (IL3) or alternatively <67%NBS (IL4).

We repeat the overview of each of the 3 options from the Strutex Report as follows:

"Option 1

The objective of Option 1 is to increase the seismic rating of the building to the legal minimum of 34%NBS. The priority here is optimising for capital expenditure, potentially at the expense of non-cost factors like amenity and post-disaster function, etc.

The building will need to be downgraded to Importance Level IL3. This will reduce performance requirement but will make the building unsuitable as a Civil Defence Centre in the event of a major earthquake.

Occupancy restrictions will be required for the first-floor lounge to reduce live load and corresponding seismic weight. The first-floor lounge should no longer be used as a mass assembly space.

Key features of Option 1:

- Retain all existing structure
- Repair damaged hollow-core floors and support units along the southern edge (GL13) with steel strongbacks
- Strengthen the first-floor diaphragm and improve anchorage of Front portal frames
- Improve displacement compatibility between the Front and Courts
- Strengthen wall and roof bracing in the Courts (North-South direction)
- Strengthen wall bracing in the Front building (East-West direction along GL 1 and GL 13)
- Suppress foundation rocking (Courts portal frames in North-South direction)
- Add subfloor bracing to hockey clubroom

No work will be required for the Entrance, east or southeast extensions.

Option 2
The objective of Option 2 is to increase the seismic rating of the building to 67%NBS(IL4), allowing for its continued use as a Civil Defence Centre. The priority here is to optimise seismic resilience and capital expenditure, with a loss of amenity accepted as a potential consequence.

The Front of the building is to be demolished down to the ground floor slab (to remain). The exposed walls on grid lines GL13 and GL AF' will be reconstructed to form part of the exterior building envelope.

The existing slab and foundations of the Front building will remain to allow for the possible construction of a lightweight single-storey building at a later date. It is assumed that the future building will largely re-use the existing slab and foundations and a seismic separation will limit any interaction with adjacent structure. The future construction is not in our current design scope but will be included in the concept for the quantity surveyor to price on the basis of an indicative square metre rate.

Demolishing the Front building will simplify the extent of strengthening retrofits required, specifically with respect to the hollow core floors.

Key features of Option 2:

- Demolish Front building (Gym and Lounge)
- Retain the rest of the structure
- Reconstruct exposed walls on grid lines GL13 and GL AF' to form part of the exterior building envelope
- Strengthen wall and roof bracing in the Courts (North-South direction)
- Strengthen wall bracing in the Front building (East-West direction along GL 1 and GL 13)
- Suppress foundation rocking (Courts portal frames in North-South direction)
- Add subfloor bracing to the hockey clubroom
- Reconstruct the asphalt yard at the front Entrance as a thick reinforced concrete slab to restrain the cantilevered columns

No work will be required for the east or southeast extensions.

Option 3

Option 3 is very similar to Option 1. The key differences are that Option 3 aims to achieve a seismic rating of 67%NBS(IL4)-allowing for its continued use as a Civil Defence Centre-and the hollow-core floors are to be demolished and reconstructed with a composite floor supported on a steel ground floor structure.

Reconstructing the large portion of the first floor with a composite system will eliminate concerns related to the hollow-core units and diaphragm and will substantially improve the building's seismic resilience.

The requirements for the remainder of the building are similar to Option 1, adjusted for the higher loads at 67%NBS (IL4).
From a user perspective, the amenity of the retrofitted building will remain similar to the current facility. The first-floor lounge, however, should no longer be used as a mass assembly space as the Comflor system can only support live loads of up to 4kPa.

Key features of Option 3:

- Demolish existing hollow-core floor and reconstruct with composite floor system; retain rest of structure
- Construct a new steel ground floor structure and foundations to support a new composite floor

- Improve anchorage of portal frames into new diaphragm
- Improve displacement compatibility between the Front and Courts
- Strengthen wall and roof bracing in the Courts (North-South direction)
- Strengthen wall bracing in the Front building (East-West direction along GL 1 and GL 13)
- Suppress foundation rocking (Courts portal frames in North-South direction)
- Add subfloor bracing to the hockey clubroom
- Reconstruct the asphalt yard at the front Entrance as a thick reinforced concrete slab to restrain the cantilevered columns

No work will be required for the east or southeast extensions.

5.9 Repairs and Strengthening Cost Estimates

Subsequent to the presentation of the above Structex reports and in particular the Strutex DFR report, Rawlinsons Quantity Surveyors prepared a brief Feasibility Cost Estimate for the structural strengthening of the existing building and refurbishment of various parts of the existing facility to align to Structex Option 3 "(67%NBS (IL4)". The brief included an extension of the complex by way of a link "change Room block and a new auditorium of 6 basketball courts. Excluding the new buildings, the structural upgrade and partial refurbishment of the existing building is estimated at circa $12 million, plus cost escalation, as below:

Existing Events Centre Strengthening

Item	Area Description	Area	UoM	$/m2	Sub Totals		Totals
1	Strengthening, Repairs and Reinstatement						
1.10	Construction works - refer appended detailed estimate breakdown	1	item	-	4,700,000		
1.11	Replace existing roofing - all areas	1	item		950,000		
1.12	Remove and replace HVAC Systems - main sports areas	1	item		930,000		
1.13	Refurbish and upgrade existing change room and toilet facilities	342	m2	2,600	889,200		
1.14	Refurbish and upgrade existing Health and fitness centre	380	m2	1,500	fitout by tenant		
1.15	Refurbish and upgrade existing Sports Administration Areas, offices (Existing)	442	m2	1,200	excluded		
1.16	Refurbish and upgrade existing Front of House, reception, etc (Existing)	232	m2	1,500	excluded		
1.17	Refurbish and upgrade existing Function Rooms (Reinstatement of existing)	392	m2	2,200	included		
1.18	Refurbish and upgrade existing Kitchen (Existing retained)	55	m2	9,400	excluded		
1.19	Preliminary and General and Margins	1	item	-	1,350,000		
	Sub Total (Construction)						**8,820,000**
1.2	**Design & Construction Contingency**	**10.0%**	**%**			**$**	**880,000**
1.3	**Direct TDC Costs (Allowance)**	**1**	**sum**			**$**	**150,000**
1.4	**Professional Fees and Consent Costs**	**10.0%**	**%**			**$**	**1,580,000**
1.5	**Project Contingency**	**5.0%**	**%**			**$**	**570,000**
	STRENGTHENING ESTIMATE TOTAL					**$**	**12,000,000**

From our discussion with Leonard Pagan of Rawlinsons, we understand that no alternative costings were sought or done to structurally upgrade the existing building to <34%NBS (IL3) aligning to Structex Option 1. Rawlinsons believes that it should not be a large job to rework the costs for Option 1 if required.

We have also been provided with "Timaru DC Sports Centre Business Case – June 2023" report prepared by Morrison Low for TDC.

The Morrison Low report considers 8 options (SC-1 to SC-8) and examines the benefits, shortcomings, costs and funding issues applicable to each. The options considered included:

- SC-1 Status quo – Do nothing.
- SC-2 Upgrade and strengthen the existing facility, no further indoor courts added.
- SC-3 Build a new facility outside of Aorangi Park to the agreed specification.
- SC-4 Upgrade other existing facilities across Timaru to cover requirements by the network.
- SC-5 Upgrade and strengthen the existing facility and add 3 further indoor courts.
- SC-6 Demolish the existing stadium and build a new 6-court stadium at Aorangi Park.
- SC-7 Upgrade and strengthen the existing facility and add 6 further indoor courts.
- SC-8 Demolish the existing stadium and build a new 9-court stadium at Aorangi Park.

As part of the investigations undertaken by Morrison Low, it became apparent that the existing stadium "As Is" lacks capacity and struggles to accommodate a variety of sporting codes at convenient times unaffected by weather conditions. The stadium cannot meet anticipated future demands of the user sporting codes and therefore the report investigated ways of achieving a viable Sports Stadium for the future.

The report concludes Option 7 appears to be the preferred option as it aligns with the Aorangi Park master plan and is more affordable and delivers the required future-proof functionality sought by stakeholder sporting codes. It should be noted that the addition of "6 further indoor courts" is likely to be by way of adjacent link and additional building so that the current Stadium building footprint is mostly unchanged.

Morrison Low advise:

> "Having been rebuilt in 1997 and extended to 3 courts with a lounge and gym. The existing facility is ageing, and the asset condition is deteriorating. There is some anecdotal evidence of deferred maintenance on the facility and recent engineering assessments have identified structural deficiencies. At some point in the near future, the age and condition of the building alone will require a significant investment intervention to arrest further deterioration of the building. In addition, the surrounding outdoor hockey and netball courts are nearing points for renewal expenditure to make them fit for purpose moving forward.
>
> Recent large-scale emergency events throughout New Zealand have also focussed the attention of Councils on the need for reliable community facilities to be available to house significant numbers of displaced people. Community facilities are valuable assets in the post-emergency aftermath as centres for various support agencies to be located temporarily to provide support to affected

residents. In a regional centre such as Timaru, there is an ongoing need to have access to a range of reliable facilities to support civil defence responses for natural disasters".

Morrison Low referenced the Rawlinsons cost estimates Option 3 as outlined above in its financial considerations. Below is extract of Morrison Low report table (highlighted in yellow) showing their concluded cost estimate to upgrade and strengthen the current facility.

Project Costs	SC-1 Status Quo	SC-2 Upgrade & strengthen facility
Scheme GFA (approximate m^2)	4,250	4,250
Construction		
Strengthening, repair and refurbishment	$ -	$ 7,100,000
Deferred maintenance	$ -	$ 1,900,000
New build construction*	$ -	$ -
Demolition & site preparation	$ -	$ -
Relocation & construction of hockey turf	$ -	$ -
Design & professional fees	$ -	$ 1,600,000
Design & construction contingency	$ -	$ 900,000
Total	$ -	$ 11,500,000
Additional Project Costs		
Project Contingency	$ -	$ 600,000
Escalation	$ -	$ 700,000
Optional 2,000 retractable seats	$ -	$ -
Total	$ -	$ 1,300,000
Project Total (incl. additional costs)	$ -	$ 12,800,000

The above-concluded cost varies slightly from the Rawlinsons costs, primarily on account of deferred maintenance provisioning which in Rawlinsons cost estimate is in part captured through re-roofing allowances and changing rooms refurbishment/upgrades.

On a like-with-like basis, Rawlinson's structural upgrade, repairs and refurbishment are estimated at $11,850,000 plus cost escalation, Morrison Low's $12,100,000) plus cost escalation.

So, in "ballpark" terms the cost to remediate and repair is said $12m, plus the unresolved Babbage report items (as re-roofing and changing rooms upgrade included in the $12m), plus cost escalation, plus GST to return the As Is building to IL4 status and in modernised condition ready for use for many years to come.

6. Valuation Method

6.1 Basis of Valuation

In undertaking the subject valuation, we have applied the following accepted methods of valuation which are considered to be appropriate in concluding a "market" value for the subject property. Below is a brief outline of the methods and how each impacts the adopted valuation.

Firstly, we reconfirm the brief is to determine market value for sale and purchase purposes. Market value has previously been defined in **Section 1.4** of this report and is not restricted to what TDC would pay but what a prudent willing buyer would pay, and the willing seller would accept.

TDC have a "special interest" in the acquisition of the property given its community well-being requirement for the district's residents (sporting use in Aorangi Park and district-wide, cultural use and community-wide civil defence requirements) beyond that of an alternative purchaser, say a sports foundation focused on the use of the three-court auditorium to further its own sporting code growth. This hypothetical alternative purchaser may not consider the current NBS rating for the building an impediment to its use "As Is' until the expiry of the ground lease when at that point they either relinquish the building without compensation or endeavour to negotiate a new lease.

However, given the terminating nature of the lease in 11 years and the lack of compensation payable at that time the alternative purchaser would need to write off the price paid today over the remaining ground lease term certain, plus meet the annual insurance, rates , utility and maintenance cost to comply with the lease ($100k per annum minimum) and ultimately undertake the structural upgrading as required by law within the 25 year period. It is unlikely that sufficient revenue would be obtained from use activities in the stadium to generate sufficient return on the purchase price, annual operating costs and the capital needed for deferred maintenance and structural upgrade.

Our experience is that the likely sporting body type purchaser is normally financially constrained and thus would not pay a large enough purchase price to entice the Trust to sell. Accordingly, we have discounted the possibility of the stadium being offered on the open market for disposal and the sale, if it occurs, will be between the Trust and TDC.

As TDC is the ground lease lessor and there appears to be a special relationship between it and the Trust we have also assumed that in the event no sale transacted, the Trust would be afforded the opportunity of a further ground lease particularly if the Trust was to embark on the structural upgrade and maintenance refurbishment as prudently it could not undertake such expense itself with the remaining ground lease term available.

If TDC acquires the building, then the ground lease is merged and extinguished, and the property is afforded long-term use availability in the equivalent of a fee simple title basis.

DRAFT

6.2 Depreciated Replacement Cost Method

The depreciated replacement cost value method calculates the value as the depreciated value of the improvements. The depreciated value of the improvements takes into account the cost of replacing the existing building with a structure that provides similar utility and this cost is depreciated to allow for the existing building's age, condition, functional and physical obsolescence. If relevant it also takes due note of any significant upgrades or accelerated deterioration.

The above approach is deemed appropriate given that there are no known transactions of Stadiums within the market. There are transactions of clubrooms and smaller scale gyms and suchlike but nothing of the size, scale and complexity of the subject, including its structural and maintenance issues.

Given the subject improvements are situated on a terminating ground lease, no value in association with the underlying land has been included.

The issue of the amount of depreciation and obsolescence incurred by the subject building is complicated by the fact that the Structex DSA report has identified that parts of the structure are earthquake-prone (less than 15%NBS) and structural repairs and upgrading are required at significant cost. Currently, unrestricted use of the complex as originally planned is not possible (first floor and gym) and even with repairs, there will be limitations on the first-floor usage unless a total north building rebuild is undertaken.

Similarly, the Morrison Low report commissioned by TDC has identified that the current building is now of insufficient size to cater for current or future demand for internal sports usage.

Accordingly, these factors impact upon the ultimate net value "As Is" as the longevity of worthwhile usage is impaired.

Added into the above matrix of issues is the Babbage report on the current (2020) building condition and 10-year maintenance plan. That plan showed a cost estimate of circa $2.5m in 2020 prices to maintain and replace wearing parts of the building fabric. Given what has happened to build costs since 2020 the cost today is likely closer to $3.5m and will continue to rise over the 10 years projected to undertake the work. It is noted that within the building maintenance plan is full roof replacement and stadium HVAC replacement estimated in 2020 to be circa $830,000 or 33% of the 2020 estimated total long-term maintenance costs. The reason we identify these cost elements is that they are also part of the Rawlinsons costs estimate for the repairs and structural upgrade and therefore we need to ensure there is no double up within our valuation. Accordingly, the residual costs of the long-term maintenance plan total circa $1.7m as at 2020 or circa $2.4m today, plus GST. We have therefore allowed a **$2.4 million** present value on account of future maintenance obligations not resolved in the structural upgrade.

The Rawlinsons/Morrison Low conclusions estimate the remedial costs and structural upgrade to IL4 functional use at $12m plus GST as at mid-2023. Over the period mid-2023 to the present day construction cost increases have slowed on the back of reduced construction industry activity and return to more normal international transportation costs. We have therefore allowed **$12.4 million** in costs as at the date of this report.

Given that the project will take 12 months in planning and 24 months to complete the works we need to allow for further inflation in costs during this development period. A mid-point of 18 months is adopted with inflation at 4% per annum over that period.

Another cost is that of the finance estimate for the project and timeframe. We have adopted full financing costs over half the period given that construction will be paid for by finance drawdowns.

Finally, we consider it appropriate to allow a profit and risk allowance on the projected expenditure given the uncertainties that exist where an existing structure is invasively broken into/partly demolished. We have allowed a 12.5% risk margin. This margin includes the closure of the complex while the repairs and remediation works are undertaken.

Having made these subjective but realistic assumptions we can move to the valuation.

The starting point in consideration of the subject as an As-Is facility is the reinstatement cost of the current building as exists. We are aware of the 2022 insurance cover valuation and the "present day" cost equivalent estimates of other facilities as reported in the Morrison Low report. We are also aware of Rawlinson's cost estimate for the proposed 6-court auditorium extension building. We have adopted individual per square metre rates for the component parts of the building which overall equate to approximately $4,250 psm. To this rate, we have added professional design and consenting costs of 12% and finance costs of 8% per annum for the full cost over half the development period. The Reinstatement cost is estimated at **$26,220,000**. The cost estimate is plus GST, if any.

Having established the current new build cost we have then depreciated the cost over an expected 80-year life. This straight-line depreciation of 1.25% reflects that normal maintenance and refurbishments would be undertaken annually to maintain the building in usable modern condition. However, in this instance, the complex has undergone additions and rebuild so that parts of the complex have differing ages and utility values. There is also the obsolescence factor to be accounted for where it is being reported that the building is now insufficient to meet future needs. To account for this, we have adopted a hybrid effective age of 34 years, reflective of an effective construction date of 1990 which takes account of the various differing construction dates for parts of the building and the refurbishment works that have been undertaken to date. The depreciation is calculated at -**$11,145,000**.

Having established the net building value at **$15,075,000** under a normal structural (>67%NBS) basis and well maintained we then need to make a deduction of the estimated costs and risk allowance as identified in the Babbage and Structex reports to rectify the building faults that need to be rectified to allow normal use.

As above we have identified these costs and allowances for inflation, finance and risk. Risk is on account of the possible unknowns identified throughout the project and the council time and potential costs involved in organising alternative use space during the repairs and rebuilding works. Those total costs/allowances are estimated at -**$18,235,000 (**Structural $12.4m; Long-term maintenance $2.4m; Inflation $0.59m; Finance $1.185m and risk $1.66m)**.**

Resultantly the costs of repairs and remediations are greater than the depreciated value under the normal depreciated value. The indicated As Is value is **-$3,160,000.** This indicates that the vendor would need to pay this sum to the intended purchaser who would then undertake all the identified works, repairs and upgrades.

However, what this fails to recognise is that once this work is completed the complex has been returned to a structural condition suited to IL4 civil emergency status use, the building will have been reroofed, the HVAC will have been replaced, the first floor rebuilt, and the works identified in the Babbage report completed in one expenditure project. To all intents and purposes the building life will have been extended such that no additional

major expenditure would be required for more than 10 years. The building is then set up as the "core" of any future expansion options as outlined in the Morrison Low report including Option 7 extension.

We believe the extended life is in the 15-to-20-year range – say 20 years at added back depreciation of 1% per annum – 20% as some parts of the building components won't all have been replaced under the above works. With this add-back of "recaptured depreciation" of **$5,245,000** the indicated net building value is **$2,085,000**.

The below table shows the calculations outlined above:

Description				Improvements Estimated Reinstatement Cost
Auditorium/Courts				$10,106,000
Entry Foyer				$1,120,000
Admin offices, storage, changing rooms				$2,270,000
Kitchen and Storage				$790,000
Hockey Club Rooms				$650,000
Canopy				$260,000
Gymnasium				$2,234,000
First Floor Lounge				$2,290,000
Construction Cost				**$19,720,000**
Fees	@	12%		$2,365,000
Subtotal				**$22,085,000**
Inflation	36	months @	4%	$1,325,000
Inflated Total				$23,410,000
Finance	36	months @	8%	$2,810,000
Total Replacement Cost Incl Finance				**$26,220,000**
Less Depreciation effective 34 years			42.50%	-$11,145,000
Indicated Value assuming normal maintenance and structure >67% NBS				**$15,075,000**
Less structural upgrade/refub costs				
Construction Cost - Structural /refurbishment				-$12,400,000
Long Term Maintenance Cost				-$2,400,000
Inflation	24	months @	4%	-$590,000
Finance	24	months @	8%	-$1,185,000
Risk		@	10%	-$1,660,000
Indicated As-Is Value				**-$3,160,000**
Add back life extension value uplift say 15-20 years			20%	$5,245,000
Net Building Value "As Is"				**$2,085,000**

The above-indicated value is plus GST, if any.

An alternative way of expressing the above is to say that once the works contemplated are completed the net building value will be $20,320,000 being the cost of purchase of $2,085,000 plus structural upgrade and refurbishment costs and allowances of $18,235,000 (including $1,660,000 on account of risk). This total building figure of $20,230,000 represents 77.50% of reinstatement cost or an effective age of about 20 years if the 80-year straight-line depreciation rate is used. Put another way the finished complex would represent a building built in say 2004-2006 and would expect to have a residual life of circa 62 years.

Another method is the residual approach whereby the value that can be paid to acquire the complex today is calculated by deductions from the completed value. As above the indicated completed value is $20,320,000. The following are the calculations by the residual approach.

Residual Approach - Aorangi Stadium					
Gross Realisation					
Stadium on Completion	(Plus, GST)		@	$20,320,000	$20,320,000
Net Realisation					**$20,320,000**
Less Profit & Risk			@	10.00%	$1,847,273
Outlay					**$18,472,727**
Less Development Costs					
Construction Cost			@	$12,400,000	$12,400,000
Maintenance Cost			@	$2,400,000	$2,400,000
Cost Inflation (50% period		24 mths	@	4.00%	$590,000
					$15,390,000
Less Holding Costs					
Cost of Capital (On Outlay) 50% period		24 mths	@	8.00%	$1,477,818
					$1,477,818
Subtotal					**$1,604,909**
Indicated As-Is Value	**(Plus, GST)**				**$1,600,000**

The difference in conclusion from the above two approaches is due to the residual approach applying both holding costs (finance) and Profit and Risk to the outlay whereas the first approach applies the finance to only the costs incurred post-acquisition. From a technical viewpoint, the residual approach is more correct. However, the residual approach starts from the completed value at $20,320,000.

From a sensitivity position, if the building is more heavily depreciated then the resulting value “As Is” is reduced. By way of example under the residual approach if the building was depreciated to a post-completed works value of $18.4m (70% of reinstatement cost) or less, then the price that can be paid to acquire the complex “As Is” diminishes to nil. At $18.4m completed value the residual life expectancy of the completed building is less than 55 years.

Physically the building if maintained will exist far longer or this timeframe but it is more likely that the economic use constraints will exert redevelopment pressures ahead of say 55-60 years, but of course, this is funding dependent. The greater the cost of an alternative and the difficulty in obtaining funding for such an enlarged and future-proofed rebuild, the longer the life of the subject and the more enhanced its value, both As Is and as refurbished and structurally upgraded.

6.3 Concluding Comments

The indicated value range as above is $1.6m to $2.085m based upon an upgrade to IL4 and refurbishment to remediate the long-term maintenance issues identified.

It appears possible that a lesser structural upgrade could be undertaken to IL3 standard aligning to Strutex Option 1, but no costs have been calculated by Rawlinsons on what would appear to be a lesser cost for this option. We suspect this is because TDC would not be comfortable with a 34%NBS facility suited only to sports uses and with limited use of the north building's first floor available. It does not send the right signals to Timaru District property owners who are charged with building upgrades that the council opts for the bare minimum. It also leaves the building vulnerable to any changes in the requirements for safe building in the future if the minimum 34%NBS is raised to 40%NBS by way of example. Option 1 does not also address the long-term maintenance issues as it doesn't contemplate re-roofing, HVAC etc which remain on the table as future costs.

This lesser option may be that an alternative purchaser or the Trust would opt for but likely only if a ground lease extension is available. Only TDC or a similar local government or government agency could justify IL4 repairs costs.

Also, actioning the Aorangi Park Master Plan could be compromised if an alternative party acquired the stadium (with or without lease extension) as the motivations of that party will be different to that of TDC and the Trust.

Morrison Low have identified the difficulty in funding a total redevelopment of the stadium and logically appear to have settled on the existing building having longevity of life as the "core" building in any expanded Stadium complex. This enhances the current base value, despite the physical issues with the current building. With current and likely future funding issues for local authorities, we believe the repaired building will stand for many years to come with potentially extensions over time as and when funding allows.

Whether the above $1.6m-$2.085m concluded range strictly meets the definition is debatable for this specialist building without economic return requiring significant expenditure on a terminating ground lease without compensation for improvements and no readily identifiable purchasers. However, the range appears fair to the vendor and TDC as it secures the long-term future of the building and maintains the intended use as a community asset both under the lease and as identified in the current and proposed district plans.

On balance, we adopt a concluded value of $1,800,000 plus GST as appropriate.

DRAFT

7. Valuation Conclusion

7.1 Valuation Summary

We assign the following value to the subject property improvements as at **30 January 2024** subject to the existing lease, comments, terms, conditions and assumptions contained within our report,

$1,800,000

(ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS)

The above value is plus GST, if any.

The above value

- assumes no changes have occurred to the building since our inspection on 8 December 2023.
- Excludes the value of the land under the building footprint which is subject to the existing terminating ground lease.
- Assumes the rental for the ground lease will remain at a peppercorn rental rate per annum.

DRAFT

8. Assumptions & Limitations

Our valuation is subject to The Company's Statement of Valuation Qualifications and Conditions as follows:

1. Information

   We have assumed that the instructions and subsequent information supplied contain a full and frank disclosure of all information that is relevant.

2. Inspection

   We have not inspected the plant and equipment or obtained any advice on its condition or suitability.

   We have inspected all readily accessible parts of the improvements considered necessary for the purposes of our valuation. The Valuer is not a building construction and/or structural expert and is therefore unable to certify as to structural soundness of the improvements. We have accepted at face value the Structex Reports conclusions. We have been engaged to provide a valuation only and while due care was taken to note obvious building defects in the course of our inspection, we have not been engaged for any purpose other than the valuation. The valuer is not a building construction and/or structural expert and is therefore unable to detect any ingress of water, liquid, moisture or mould-type substances or effects from these, other than to parts of the improvements readily accessible and visible. A prospective purchaser would need to make their own enquiries in this regard. We have not inspected unexposed or inaccessible portions of the premises. We therefore cannot comment on defects, rot or infestation of the improvements.

3. Title

   A current survey has not been sighted. The valuation is made on the basis that there are no encroachments by or upon the property as detailed in the ground lease. If any encroachments are noted by a subsequent survey report, we reserve the right to review our valuation.

   Other than the NBS notifications, we are not aware of any notices currently issued against the property and we have made no enquiries in this regard.

DRAFT

9. Compliance Statement

This valuation has been performed in accordance with the International Valuation Standards (IVS) 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 the NZIV Code of Ethics and performance standards.
- The Valuer(s) have satisfied professional education requirements.
- The Valuer(s) have experience in the location and category of the property being valued.
- The signatories to this report have both made a personal inspection of the property and
- No one, except those specified in the report, has provided professional assistance in preparing the report.
- The principal valuer(s) is a Registered Valuer in accordance with the Valuers Act 1948 and holds an Annual Practising Certificate.
- Further, we also confirm that we are not aware of any conflicts of interest or pecuniary interests of the property being valued on the part of either CVAS (CHC) Limited or the valuer(s).

DRAFT

10. Report Reliance & Company Qualifications

Our valuation is subject to The Company's Statement of Valuation Qualifications and Conditions as follows:

1. In accordance with PINZ Guidance Papers, unless otherwise stated, all non-residential valuations are on the basis of plus GST (if any). Valuations of residential property are stated as including GST (if any).

   We have attempted to ascertain whether the sales evidence and/or leasing evidence is inclusive or exclusive of Goods and Services Tax (GST). The national database of sales evidence does not identify whether or not GST is included in a sale price. If we have not been able to verify GST, we have assumed residential property sales are inclusive of GST (if any), and plus GST (if any) for non-residential properties. If this proves to not be the case for any evidence, we reserve the right to reconsider our valuation.

2. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable, but we can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from the Government or other appropriate sources.

3. We have been engaged to provide a valuation only and while due care was taken to note obvious building defects in the course of our inspection, we have not been engaged for any purpose other than the valuation and we are not able to advise on matters such as structural or site surveys or any other defects in the building beyond matters referred to in the report.

4. As the valuation has been undertaken in accordance with the definition of market value outlined herein, we note that it explicitly excludes any consideration and/or allowance for the potential benefit or otherwise to the owner(s) due to debt structuring and/or tax and depreciation factors.

5. In preparing the valuation it has been assumed that all lifts, hot and cold-water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences in the building are in proper working order and functioning for the purposes of Government regulations and codes. We will not include in our valuation those fixtures and fittings owned and able to be removed by the tenant(s).

6. It is a critical assumption that the subject site and building(s) are of an acceptable physical and structural condition to be insured and to thereafter maintain an appropriate full replacement insurance policy in accordance with the standard mortgage requirements of New Zealand's major banks.

7. Where applicable, our valuation includes those items which form part of the building including special wall and floor finishes, toilet amenities, integrated heating and ventilation equipment, external lighting and all site works including landscaping.

8. In preparing the valuation and/or providing valuation services, it has been assumed that a full and frank disclosure of all relevant information has been made.

DRAFT

9. We do not hold ourselves out to be experts in environmental contamination. Unless otherwise stated our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

10. In preparing the valuation, we have relied on a copy of the ground lease provided. It has been assumed that this is an accurate copy of the original document and that no changes have occurred since the date such photocopies were made.

11. This valuation and all valuation services are provided by us solely for the use of our client. We do not assume any responsibility to any person other than the client for any reason whatsoever by reason of or arising out of the provision of this valuation.

12. Confidentiality and Disclaimer of Liability

    Our valuation and report are strictly confidential to the parties to whom it is addressed and are prepared solely for the specific purpose to which it refers. No responsibility whatever is accepted for reliance on the valuation report for other purposes. Further, no responsibility whatever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.

13. Neither the whole nor any part of this valuation and/or report or any reference to it may be included in any published document, circular, or statement without our written approval.

14. PINZ: Valuation Standards & Guidance Papers

    All valuations are carried out in accordance with the Valuation Standards and Guidance Papers recommended by the Property Institute of New Zealand.

15. Please note that personnel in this firm will or may have stocks, shares or other interests in entities that directly or indirectly hold properties which are the subject of this valuation and/or may have direct or indirect personal relationships with third parties with interests in these same entities. The Company's valuers are required to abide by an industry-standard disclosure regime and The Company's internal policies with respect to conflicts of interest and will disclose any material conflict of interest that arises in its capacity as Valuer concerning the property which is the subject of this valuation.

16. Valuation Basis

    Unless otherwise stated no allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued.

17. Currency

    Unless otherwise stated all figures including the valuation contained within this report are expressed in New Zealand Dollars (NZD).

DRAFT

11. Valuers

We trust that this report is suitable for current purposes. If you have any questions, please contact the writer directly.

CVAS (CHC) Limited trading as Colliers



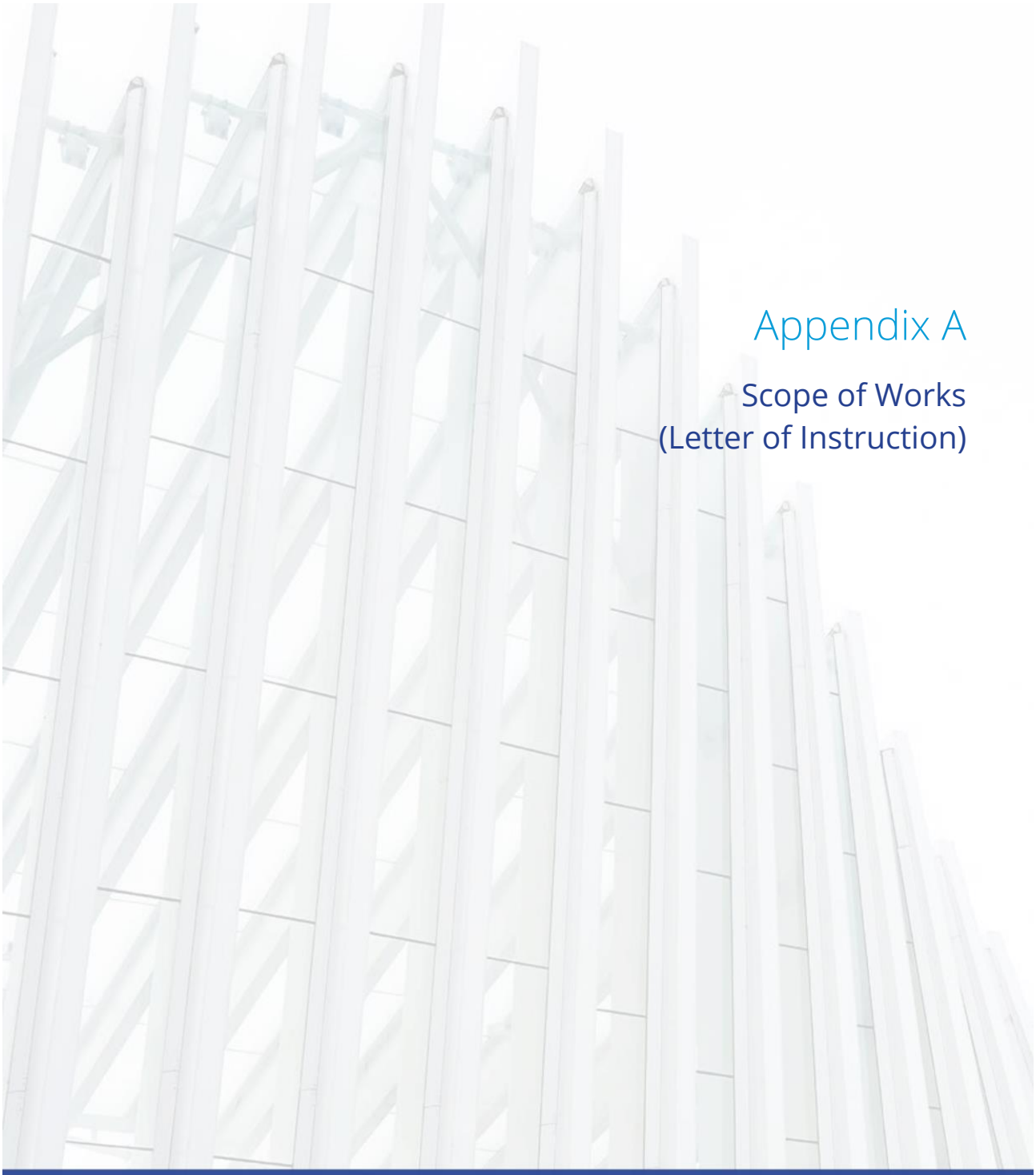
Warren Glassey FNZIV, AREINZ, FPINZ, MPMI
Director | Valuation and Advisory Services
Registered Valuer
M: +64 274 337 581
E: warren.glassey@colliers.com
Date: 30 January 2024



Lauren Thomas BLPM
Valuation and Advisory Services
Graduate Valuer
DD: 03 371 3348
E: lauren.thomas@colliers.com
Date: 30 January 2024

Inspection of Property	Warren Glassey
Valuation Calculations	Warren Glassey / Lauren Thomas
Authoring of Report	Warren Glassey / Lauren Thomas
Valuation Review	John Pryor

DRAFT



Appendix A

Scope of Works
(Letter of Instruction)

Colliers

Anthony Harper Tower, Level 2
62 Worcester Boulevard
PO Box 13478, Christchurch 8013
New Zealand
www.colliers.co.nz

MAIN +64 3 379 6280
FAX +64 3 366 1240
Email valuationchch@colliers.com

22 September 2023

Timaru District Council
PO Box 522
Timaru 7940

Attn: John Liddiard

Dear John

Scope of Work and Terms of Engagement
Market Valuation – Aorangi Sports Stadium, Aorangi Park, Timaru

Further to your recent correspondence thank you for the opportunity to provide in summary, a Scope of Work, Terms of Engagement and information required of you to enable the provision of valuation services by CVAS (CHC) Limited trading as Colliers ("The Company"). Confirmation of details relevant to the services are as follows:

Subject Property/ies:	Aorangi Sports Stadium, Aorangi Park, 70 Morgans Road, Timaru.
Reliant Party/ies:	Timaru District Council.
Interest to be Valued:	Freehold.
Basis of Valuation:	Market Value.
Purpose of Valuation:	This valuation is to be prepared for Sale and Purchase Due Diligence.
Date of Valuation:	The date of valuation will be the date of inspection, unless for retrospective valuation instructions.
Report Type:	Full Valuation Report.
Valuation Standards:	The valuation will be completed in accordance with International Valuation Standards (effective 31 January 2022) (IVS).
Valuer(s) Involved:	This instruction will principally be completed by Warren Glassey and John Prior. This may or may not be in conjunction with input from other members of our team.
Estimate of Cost:	We estimate our fee at inclusive disbursements, plus GST.

Report Delivery:	We will provide the report within four working weeks following confirmation of the enclosed terms and receipt of the requested information (see below). We will endeavour to bring the delivery date forward if circumstances allow. Delays in receipt of required information will likely result in delay in delivery date.
Information Request:	Thank you for providing the information to date. We will be relying on this information together with publicly available property data and market evidence from our own internal sources. If we require further information or clarification of that already held we will revert.
Standard Conditions:	All opinions of value expressed by CVAS (CHC) Limited trading as Colliers are subject to the appended Terms and Conditions of Engagement.
Limitations and Restrictions:	Nil

Appended to this correspondence are our Terms and Conditions of Engagement.

Should you wish to activate this instruction please confirm your acceptance by return email. Confirmation of this instruction constitutes acceptance of the enclosed terms and conditions.

Thank you for the opportunity to provide a fee proposal. Should you have any queries on any matter please do not hesitate to contact the undersigned. We look forward to confirmation of your instruction.

For and on behalf of:
CVAS (CHC) Limited trading as Colliers



Warren Glassey VAL.PROF (URBAN), FNZIV, AREINZ, FPINZ, MNZIM
Registered Valuer
Director | Valuation & Advisory Services

TERMS AND CONDITIONS OF ENGAGEMENT

GENERAL

1. CVAS (CHC) Limited trading as Colliers ("The Company") through its registered valuers provides independent valuation, consultancy and advisory services (the Services). The Services include all advice, documents, written work, electronic communications and any other work of whatsoever kind produced by us.
2. All opinions and conclusions expressed by The Company or its employees are (or are deemed to be) subject to the Statement of General Valuation Conditions and any specific conditions as contained within our report.
3. Any instructions from you pertaining to the Services or the scope of services must be acknowledged and agreed in writing by The Company.
4. By engaging the Services you agree to be bound by these Terms and Conditions of Engagement and that this engagement shall be governed by the laws of New Zealand, and the Courts of New Zealand shall have exclusive jurisdiction to hear and decide any dispute which may arise out of or in connection with this engagement.
5. The Services are provided on the basis that you have provided The Company with full and frank disclosure of all information and facts, including all secrecy clauses and side agreements which may affect the conclusions in respect of the assignment. The Company accepts no responsibility or liability whatsoever unless such full disclosure has been made to us.
6. Neither the whole nor any part of any valuation or consultancy report, or any reference to the same may be included in any published document, circular or statement without The Company's written approval including that as to form and context in which it may appear. The Company retains and reserves all copyright in its work. Upon payment of its fees and any other sums owing to it in full, you will have a non-exclusive licence to use The Company's work. This licence is personal and may not be assigned without The Company's written permission.
7. Unless stated otherwise The Company does not purport to provide a site or structural survey in respect of the property(s) under consideration, or determine the earthquake prone status of the building(s), nor is The Company suitably qualified to provide professional advice in respect of building or site contamination.
8. Unless otherwise stated The Company assumes all Territorial Local Authority (TLA) building codes, regulations and bylaws have been complied with including all matters relevant to the Resource Management Act 1991, the Building Act 2004 and any Historic Places Trust Registration. For new construction it is assumed a Code of Compliance Certificate will be obtained at the completion of the work and any new work is undertaken strictly in accordance with the relevant product manufacturer's instructions, plans and specifications in a tradesman like manner and meets all requirements of the building code. Where a LIM report is not obtained/provided, The Company assumes there is no adverse information recorded on the TLA property file.
9. Where you are a business (as defined by the Consumer Guarantees Act 1993) or are acting on behalf of a business, the parties acknowledge and agree that the Services provided by The Company in this engagement are not of a kind ordinarily supplied for personal, domestic, or household use or consumption and that the Services are supplied for business purposes and that the Consumer Guarantees Act 1993 does not apply this engagement.
10. In preparing the report and in reaching advisory conclusions, The Company shall exercise the degree of skill, care and diligence normally expected of a competent professional services company. Whilst every effort is made to ensure the accuracy of information and forecast expressed by The Company, no liability is accepted for any incorrect information provided by you or third party(s) or any forecast of future expectations.

FEES & DISBURSEMENTS

11. On request, The Company will tell you its charge out rates for the people working on this engagement and (where it can) give you an estimate of the cost of its Services.

.

12 If you are engaging The Company with any other person then each of you agrees to be jointly and severally liable to The Company under these terms and conditions

13 For time based invoicing our professional fees charged for the provision of the Services shall include all time spent on the engagement by The Company and any of its employees, contractors, or other persons utilised by it, whether at your premises, the property(s) or elsewhere. The Company reserves the right to submit interim invoices for the Services where it is considered necessary to do so

14. All disbursements incurred by The Company in the provision of the Services shall be fully recoverable from the Client. Additional fees will be charged for readdressing and resending of completed reports, if required.

15 The Company's invoices are payable in full on receipt in New Zealand currency. If a payment is not made within 30 days, then without prejudice to The Company's other rights it may:

(a) charge interest on the outstanding amount at the rate of 2.5% compounding monthly;
(b) charge you all recovery costs including any collection fees, legal fees, or other costs on a solicitor and own client basis; and
(c) cease any on-going work for you.

16 You may terminate this engagement at any time by written notice to The Company. From the date notice is received The Company shall stop performing the Services in respect to this engagement. Termination shall not prejudice or affect the accrued rights or claims and liabilities of either party to the engagement. If the engagement is terminated then you are liable to pay The Company for work undertaken up to receipt of the termination notice.

17. Any quotation or estimate for the provision of valuation services is valid for 30 working days, commencing on the date it is received by you.

EFFECTIVE DATE OF VALUATION

18 Unless otherwise stated, the effective date of valuation is the date of the inspection of the property. The valuation is current as at the date of valuation only.

19. Due to possible changes in market forces and circumstances in relation to the subject property, the Services can only be relied on at the effective date.

20 Where you rely upon our valuation or consultancy report after the effective date, you accept the risks associated with market movement between the effective date and the date of such reliance.

21 Without limiting the generality of clause 19 we expressly exclude any liability for reliance placed on The Company's valuation or consultancy report:

(a) After the expiry of three months from the effective date;
(b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation or consultancy report.

22 The report cannot be reassigned for any purpose beyond 90 days from the effective date of valuation. This policy has been set to meet professional indemnity insurance and internal Company requirements. Any report needing to be reassigned beyond this time-frame may require re-inspection and updating by the valuer. We may charge an additional fee for such further Services.

VALUATION FOR FIRST MORTGAGE SECURITY

23. Where the services are provided for mortgage security purposes, you agree that you will not use the valuation or consultancy report where the property:

(a) Is used as security other than by first registered mortgage;
(b) Is used as part of a group of securities (except where the property forms part of a trust); or
(c) Is used as security for more than one loan.

24 The Company reserves the right, at our absolute discretion, to determine whether or not to assign our valuation to any third party. Without limiting the extent of our discretion, The Company may decline a request for assignment where:

(a) The proposed assignee is not a major recognised lending institution (such as a major bank);
(b) The assignment is sought in excess of three months after the date of valuation;
(c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
(d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with your agreement at clause 23; or
(e) The Company's fee has not been paid in full.

25. Where The Company declines to provide an assignment on either of 24(b) or (c), it may be prepared to provide an updated valuation on the same terms as this engagement or on other terms agreed in writing at that time. For the avoidance of doubt, where no further terms are agreed then any such engagement will occur on these terms.

26. In the event that you request The Company to assign its valuation and it agrees to do so, you authorise us to provide to the assignee a copy of these terms and conditions, the quotation and any other document, including instructions provided by you, relevant to the scope of our services. You further agree that The Company may require the assignee to agree to the same terms and to acknowledge the basis on which the Services are provided and any exclusions or limitations on our liability.

BUILDING AREAS AND LETTABLE AREAS

27. Where a survey is provided to us for consideration, The Company will assume that information contained in the survey is accurate and has been prepared in accordance with the PCNZ/PINZ Guide for the Measurement of Rentable Areas.

28 If you do not provide us with a survey, The Company will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the PCNZ/PINZ Guide for the Measurement of Rentable Areas.

LIMITATION OF LIABILITY

29. The report will be provided solely for the purpose as described and only for the use of the client(s) named on the report. The Company does not accept responsibility to any other party. Furthermore The Company does not accept any liability or responsibility for the use of the valuation otherwise than for the purpose communicated and agreed with The Company.

30. To the maximum extent permitted by law, you agree that neither The Company nor any of its employees, contractors, related companies, or other persons utilised by it shall have any liability to you, and you agree to release The Company and hold it harmless (including any employees, contractors, related companies, or other persons utilised by it) from all liability to you, in relation to:

(a) Any claims (whether in contract, tort (including negligence) or otherwise), demands, suits, proceedings, loss of profits, costs and expenses (including legal costs and expenses), savings, or wasted expenditure whatsoever; and
(b) For any direct, indirect, incidental, special, or consequential damages or any other damages of whatsoever kind arising from the Services or your use of any information provided as part of the services.

31. The exclusion of liability and release granted to The Company in clauses 30(a) and 30(b) shall not apply in the case of any gross negligence or wilful misconduct by The Company in the provision of the services but The Company's liability in any such case shall be limited to NZ$100,000 or five times the agreed net fee excluding GST, whichever is the lower.

32. For the avoidance of doubt, the Services are provided by The Company and no individual valuer or any other employee, contractor, related company, or person utilised by The Company assumes any personal liability or responsibility for the Services or any other matter whatsoever.

33. If The Company provides any Services to any persons or entities related to or associated with you or to anyone else at your request (whether or not we also advise you) on an engagement (or series of engagements) on which you engage us, then our aggregate liability

to you and all those persons and entities in respect of any such engagements will be subject to the limitations, exclusions and releases from liability set out in clauses 30 and 31.

34. To the extent The Company may be liable to you for breach of contract, negligence, or in any other way, The Company's liability shall be limited to a just and equitable proportion of your loss having regard to the extent of responsibility of any other party. The Company's liability shall not increase by reason of a shortfall in recovery from any other party, whether that shortfall arises from an agreement between you and them, your difficulty in enforcement, or any other cause. In no circumstances will The Company's liability exceed that set out in clause 31.

MISCELANEOUS PROVISIONS

35. Under no circumstances may you assign your rights or obligations under these terms or conditions or in relation to any engagement with The Company.

36 Under no circumstances may a third party rely on The Company's Services without its express written consent and we accept no liability to any third parties whether or not they are connected with, or otherwise a related party to, you.

37 The Company shall provide its Services through any persons considered appropriate on its behalf but you acknowledge that the Services are provided solely by The Company and that The Company or any references to it in these terms (however described) includes any successor company.

38 Unless otherwise stated our calculations and reported figures are in New Zealand dollars (NZD).

6.3 Aorangi Stadium Trust breaking of land lease

Author: **John Liddiard, Senior Accountant**

Authoriser: **Andrea Rankin, Chief Financial Officer**

Recommendations

1. That the Trustees agree to surrender to the leaseholder the lease on the site of Aorangi Stadium, also known as the Southern Trust Events Centre, being located at 70 Morgans Road, Timaru, with immediate effect under Clause 26.1 of the Deed of Lease, dated 30 June 2017.
2. That the Trustees agree that the improvements on the leased site cannot be removed and are therefore abandoned under Clauses 26.2 and 26.3 of the Deed of Lease also with immediate effect.
3. That the leaseholder be advised of the surrender of the lease and the abandonment of the improvements on the leased site in writing within three (3) working days of the date of this resolution.

Purpose of Report

1 The Aorangi Stadium is located on leased land and the purpose of this report is to establish the conditions for surrender of the lease to the leaseholder.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement.

3 Note that this is not assessing the significance or feasibility of the Aorangi Park and Stadium refurbishment/replacement project but only that of the lease of the stadium location.

Discussion

4 In 2017, Aorangi Stadium Trust agreed the current lease for the land which is the site of the Aorangi Stadium, also known as the Southern Trust Events Centre, for the site located at 70 Morgans Road, Timaru, under a Deed of Lease dated 30 June 2017.

5 The lease agreement is due to expire on 30 June 2035.

6 The funding for the necessary maintenance and improvements of the stadium is primarily sourced from Timaru District Council and the future requirements for this has increased substantially over the last two years.

7 While Timaru District Council has provided a letter of comfort for liabilities incurred by the Trust, funding these through the Trust will be increasingly complex due to the proposed development changes to the facility. It is considered that funding the stadium directly by Timaru District Council is both more efficient and sustainable and will better facilitate community discussion and consultation regarding the future of the stadium.

8 Clause 26.1 implicitly allows that the lease might be surrendered in advance of the stated lease end date.

9 Clause 13(d) of the Trust Deed explicitly states that the Board may "lease and take on lease freehold or leasehold lands for such terms at such rents and subject to such terms and conditions as the Board in its absolute discretion think fit".

10 Once the lease is surrendered then Clauses 26.1 and 26.2 take effect which require that the Trust remove any improvements, including the stadium itself, within three (3) months and if that is not done then any improvements will be considered abandoned and ownership transfer to the lessor. Note that three months is not a mandatory period but rather a maximum period and the lessee can abandon the improvements prior to the end of that time frame. Trustees agreement to the second resolution is intended to give effect to that immediate abandonment.

11 Regardless of when the abandonment is actualised maintenance work will need to continue on the stadium for health and safety reasons and therefore waiting out the three month period might complicate that process.

12 Separate legal advice has not been sought on this matter.

Attachments

1. Deed of Lease for 70 Morgans Road, Timaru ⇩

DEED NUMBER	3257	CURRENT
SCANNED DOCUMENT NO.		EXPIRED
FIRST PARTY	TDC	HISTORICAL
SECOND PARTY	AORANGI STADIUM TRUST	
START DATE	1 JULY 2016	
REVIEW DATE	1 JULY ANNUALLY	
EXPIRY DATE	30 JUNE 2035	
VAL ASS NO	25032/727.00 (AA AB & AC)	
STREET ADDRESS	70 MORGANS RD TIMARU	
LEGAL DESCRIPTION	PART LOT 1 DP 13654	

RENT $ 100.00 incl / ~~excl~~ GST payable W/F/M/Q/Y/6M

DESCRIPTION SITE FOR AORANGI STADIUM

FILE NO: P3/4/3

OTHER DEEDS

DOCUMENT HELD: DEEDS SYSTEM / DESTROYED

ENTERED:

- Property Database ☐
- Copy on File ☐
- Original in Deeds ☐

Doc# 658860

TIMARU
TDC
DISTRICT COUNCIL

DEED OF LEASE

TIMARU DISTRICT COUNCIL

AND

AORANGI STADIUM TRUST

SITE OF AORANGI STADIUM
(THE SOUTHERN TRUST EVENTS CENTRE)
AORANGI PARK, 70 MORGANS ROAD, TIMARU

2 King George Place
PO Box 522 Timaru 7940 - Telephone 03 687 7200

1031006

TABLE OF CONTENTS

PARTIES 1
BACKGROUND 1
1.0 OPERATIVE 1
2.0 RENT 2
3.0 OUTGOINGS 2
4.0 INDEMNITY 2
5.0 INSURANCE 2
6.0 PRESCRIBED USE OF THE PROPERTY 2
7.0 LESSEE'S OBLIGATIONS 3
8.0 RUBBISH REMOVAL 3
9.0 LESSOR'S RIGHT OF INSPECTION 3
10.0 LESSOR MAY REPAIR 3
11.0 ACCESS FOR REPAIR 4
12.0 SIGNS AND PAINTING 4
13.0 ADDITIONS AND ALTERATIONS AND STRUCTURES 4
14.0 COMPLIANCE WITH STATUTES AND REGULATIONS 4
15.0 NO NOXIOUS USE 5
16.0 LESSEE NOT TO VOID INSURANCES 5
17.0 DESTRUCTION OF LESSEE'S BUILDINGS 5
18.0 RE-ENTRY 6
19.0 QUIET ENJOYMENT 6
20.0 ASSIGNMENT OR SUBLETTING 6
21.0 HOLDING OVER 6
22.0 LESSEE TO INDEMNIFY THE LESSOR 6
23.0 SALE OF ALCOHOL 6
24.0 FENCES 7
25.0 NO RIGHT TO FREEHOLD INTEREST 7
26.0 NO COMPENSATION FOR IMPROVEMENTS 7
27.0 RIGHT OF RENEWAL 7
28.0 ARBITRATION 7
29.0 INTERPRETATION 7
SECOND SCHEDULE 9
THIRD SCHEDULE - OUTGOINGS 10
AERIAL MAP OF SITE 12

1031006

DEED OF LEASE OF TIMARU DISTRICT COUNCIL RESERVE LAND

PARTIES
THE TIMARU DISTRICT COUNCIL of 2 King George Place (PO Box 522) Timaru ("The Lessor")

AND

AORANGI STADIUM TRUST of 70 Morgans Road (PO Box 522) Timaru ("The Lessee")

BACKGROUND

- The land set out in the attached Second Schedule ("the Property") and more particularly described in the Aorangi Park Management Plan is subject to the Reserves Act 1977 and the Lessor is responsible for the land under the Act.
- The Lessee has requested a Lease of the Land as is shown outlined in red in the attached diagram or otherwise described in the attached Second Schedule to the Lease.
- The Lessor has agreed to Lease the Land to the Lessee on the terms hereinafter appearing, together with any special conditions contained in the said Second Schedule.

1.0 OPERATIVE

The Lessor leases the Land to the Lessee pursuant to Section 54 of the Reserves Act 1977 and the Lessee accepts such Lease on the term set out herein and for the term at the rental and payable as mentioned in the said Second Schedule.

FIRST SCHEDULE

LESSEE PAYMENTS

2.0 RENT

2.1 The Annual Rental is payable to the Lessor in advance and as specified in the Second Schedule.

2.2 The annual rent may be reviewed by the Lessor on the rent review dates as specified in the Second Schedule. The annual rent specified by the Lessor upon any rent review shall be the annual rent set in accordance with the then current criteria of the Lessor for Recreation and Sporting charges relating to land owned by or reserves administered by the Lessor.

3.0 OUTGOINGS

The Lessee shall be responsible for the prompt payment of all charges in connection with services to the Property during the term of this lease which are specified in the Third Schedule attached hereto. Where any outgoing is not separately assessed, the Lessee shall pay such a fair proportion as shall be agreed upon.

4.0 INDEMNITY

The Lessee shall indemnify the Lessor against all damage or loss resulting from any act or omission on the part of the Lessee or the Lessee's employees, contractors or invitees. The Lessee shall recompense the Lessor for all expenses incurred by the Lessor in making good any damage to the property resulting from any such act or omission. The Lessee shall be liable to indemnify only to the extent that the Lessor is not fully indemnified under any policy of insurance.

5.0 INSURANCE

5.1 The Lessee shall be responsible at its sole cost for insuring all buildings, chattels and other items belonging to the Lessee situated on the property.

5.2 The Lessor shall not be required to insure any Lessee's improvement on the Property.

5.3 The Lessee shall at its sole cost effect and maintain during the term of this Lease a public liability insurance policy for the minimum amount specified in the Second Schedule hereto in respect of the Property and the activities carried out thereon in the joint names of the Lessor and the Lessee providing cover acceptable to the Lessor.

6.0 PRESCRIBED USE OF THE PROPERTY

6.1 The Lessee will use the premises and the property solely for the purposes of the Lessee and its general activities as set out under the heading "Prescribed Use" in the Second Schedule and for no other purposes unless prior written approval is obtained from the Lessor.

6.2 If the Lessor after making such inquiries as it thinks fit and giving the Lessee the opportunity of explaining the usage of the Property, is satisfied that the Property is not being used or being sufficiently used for the Prescribed Use then the Lessor may terminate this lease on such terms as it thinks fit but without prejudice to any antecedent right or action which the Lessor may have against the Lessee however it arose.

6.3 The Lessor may impose with reasonable cause from time to time such reasonable restrictions or conditions upon the 'prescribed use' as may be necessary in the administration of the land and/or buildings."

MAINTENANCE AND CARE OF PROPERTY

7.0 LESSEE'S OBLIGATIONS

7.1 The Lessee shall keep and maintain any buildings or improvements that it may be permitted to erect on the property in good order and repair and shall comply with any reasonable requirements of the Lessor in respect to any such buildings or improvements.

7.2 Without in any way limiting the Lessor's rights pursuant to Clause 7.1 above, the Lessee shall comply with any reasonable requirement of the Lessor to repair all vandalism, glass breakages and any electrical fittings, paint and decorate any part of the exterior of any buildings or improvements erected on the property and repair and keep in good order any storm or wastewater drainage system.

7.3 The Lessee shall, in a proper and workmanlike manner and to the reasonable requirements of the Lessor's Parks & Recreation Manager or his nominee.

a) Keep any grounds, yards, fences and surfaced areas in a tidy condition and maintain any garden or lawn areas in a tidy and cared for condition.

b) Remove within 7 days of being brought to its attention any graffiti placed upon the property or Lessees improvements.

c) Carry out such works to the property as the Lessor may require in respect of which outgoings are payable by the Lessee.

8.0 RUBBISH REMOVAL

The Lessee shall regularly remove, to an appropriate disposal site, all rubbish generated from the Property and will keep any rubbish bins or containers in a clean and tidy condition. The Lessee will also, at the Lessee's own expense, cause to be removed all trade waste boxes and other goods or rubbish not removable in the ordinary course by the Local Authority. It is not acceptable to use litter receptacles within parks to dispose of lessee's waste.

9.0 LESSOR'S RIGHT OF INSPECTION

The Lessor and its agents and workers may, at all reasonable times enter upon the premises, to view the condition thereof and may give notice in writing to the Lessee of all defects and wants of repair and the Lessee will, with all reasonable dispatch after receipt of such notice, repair and make good the same according to such matters so far as the Lessee is liable so to do.

10.0 LESSOR MAY REPAIR

10.1 If default is made by the Lessee in the due and punctual compliance with any notice given by the Lessor relating to repair, painting or maintenance the Lessor without prejudice to the Lessor's other rights and remedies, shall, at the Lessor's option, without suit or further notice be entitled by its agents and workers with all necessary equipment and material at all reasonable times to enter upon the premises to execute any works as may be specified in the notice.

10.2 All monies expended by the Lessor by reason of the Lessee's default shall be payable by the Lessee to the Lessor upon demand, together with interest at the default interest rate from the date of expenditure down to the date of payment.

11.0 ACCESS FOR REPAIR

The Lessee shall permit the Lessor and the Lessor's employees and contractors at all reasonable times to enter the Property to view the condition thereof and to carry out repairs to the Property and to install, inspect, repair, renew or replace any services, where the same are not the responsibility of the Lessee, all such repairs, inspections and work to be carried out with the least possible inconvenience to the Lessee.

12.0 SIGNS AND PAINTING

12.1 The Lessee shall not erect, affix, paint or exhibit or permit to be affixed, painted or exhibited any name, sign, nameplate, signboard or advertisement of any description on the outside of any building on the property or upon any part of the land without first obtaining Council's written approval both as Lessor and in its regulatory capacity.

12.2 Any signage or advertising permitted shall comply with clause 5.24 and 5.25 of the Aorangi Park Management Plan.

12.3 The Lessee will not repaint the exterior of any building or improvements without the written consent of the Lessor to any colour scheme intended to be used.

12.4 The Lessee will not affix to the exterior of any building any lights, fittings or structures of any kind without the prior written consent of the Lessor.

13.0 ADDITIONS AND ALTERATIONS AND STRUCTURES

13.1 The Lessee shall not commence or permit the erection, construction or placing of any structure, building or improvement of a structural nature on the land nor allow to be made any alterations or additions to any existing building on the property previously erected by the Lessee without first producing to the Lessor on every occasion plans and specifications and obtaining the written consent of the Lessor for that purpose.

13.2 The Lessee will at all times, including when undertaking any "building work" to the premises (as that term is defined in the Building Act 2004), comply with all statutory requirements including the obtaining of Building Consents and Code Compliance Certificates pursuant to the Act.

14.0 COMPLIANCE WITH STATUTES AND REGULATIONS

14.1 The Lessee shall ensure that the Lessee at all times complies with the provisions of the Building Act 2004, the Fire Safety and Evacuation of Buildings Regulation 2006, the Health and Safety at Work Act 2015, the Reserves Act 1977, the Resource Management Act 1991, and the Local Government Act 2002 and any amendment thereto in respect of its activities at the property.

14.2 The Lessee shall comply with the provisions of all other Statutes, Ordinances, Regulations, Timaru District Plan, Resource Consents and By-Laws relating to the use of the land and/or premises by the Lessee or its invitees and will also comply with the provision of all licences, requisitions and notices issued by any competent authority in respect of the premises or their use by the Lessee or other occupant.

14.3 The Lessee shall pay the costs incurred in obtaining a Building Warrant of Fitness and/or reports required by Sections 108-111 of the Building Act 2004 if the need to comply with such Act arises from the Lessee's use of the property.

14.4 The Lessee shall ensure that all exit doors are kept clear at all times and are unlocked and operational whenever its building is being occupied.

14.5 Without limiting the Lessee's obligations under clause 14.1 herein, the Lessee shall maintain an accident register (to record instances of physical harm and injury occurring on the premises) and a hazard identification register to enable the Lessee to identify and rectify potential risks to the health and safety of occupiers and invitees at the premises and to assist the Lessee to take all reasonably practicable steps to eliminate such risks or to sufficiently reduce or mitigate those risks.

14.6 The Lessee shall regularly review the registers required pursuant to clause 14.5 herein and shall provide to the Lessor upon request copies of those registers and any minutes (or other documentation) recording the Lessee's reviews of those registers.

15.0 NO NOXIOUS USE

The Lessee shall not use the Property or allow it to be used in any noisome, noxious, illegal or offensive manner or allow any act or thing to be done which may be or grow to be a nuisance, disturbance or annoyance to the Lessor, other Lessee of the property or any other person. Generally the Lessee shall conduct the Lessee's use of the Property in a clean, quiet and orderly manner free from damage, nuisance, disturbance or annoyance to other persons.

16.0 LESSEE NOT TO VOID INSURANCES

The Lessee shall not allow any act or thing to be done which shall make void or voidable any policy of insurance on the property.

DAMAGE TO OR DESTRUCTION OF PROPERTY

17.0 DESTRUCTION OF LESSEE'S BUILDINGS

17.1 The Lessee will insure within the meaning ascribed to those words in the Fourth Schedule to the Land Transfer Act 1952, its buildings and improvements it may be permitted to place on the leased land and will produce to the Lessor on demand the receipt or receipts for the annual or other premiums payable on account thereof and the policy or policies and all monies received pursuant to any such insurance shall be expended in or toward repair, reinstatement and re-erection of such buildings and/or improvements on the leased land PROVIDED HOWEVER that if the Lessee determines that such destroyed or damaged buildings are not to be repaired, reinstated or re-erected, then:

a) The Lessee shall forthwith remove the damaged or destroyed building or buildings or the remains thereof and shall forthwith restore the area to the satisfaction of the Lessor;

b) That in such event the cost of restoring the area shall be paid from the proceeds of the insurance as aforesaid and the balance shall be paid to the Lessee or other persons entitled to the same; and

c) The lease shall terminate following the restoration of the land to the satisfaction of the Lessor and a fair proportion of the rent and outgoings shall cease to be payable but any such termination shall be without prejudice to the rights of either party against the other.

17.2 The Lessor shall not be responsible for any damage to the Lessee's property as a result of natural disaster, eg fire, flood, storm, explosion, earthquake etc.

DEFAULT BY LESSEE

18.0 RE-ENTRY

Notwithstanding any other Clause in this lease the Lessor may re-enter the Property at the time or at any time thereafter:

a) If the rent shall be in arrears fourteen (14) days after any of the rent payment dates;
b) In case of breach by the Lessee of any covenant or agreement on the Lessor's part herein expressed or implied;
c) If the Lessee shall make or enter into or endeavour to make or enter into any composition assignment or other arrangement with or for the benefit of the Lessee's creditors;
d) In the event of insolvency bankruptcy or liquidation of the Lessee;

and the term shall terminate on such re-entry but without prejudice to the rights of either party against the other.

19.0 QUIET ENJOYMENT

The Lessee paying the rent and performing and observing all the covenants and agreements herein expressed and implied shall quietly hold and enjoy the Property throughout the term without any interruption by the Lessor or any person claiming under the Lessor.

GENERAL

20.0 ASSIGNMENT OR SUBLETTING

The Lessee shall not assign, sublet or otherwise part with the possession of the Property or any part thereof without first obtaining the written consent of the Lessor.

21.0 HOLDING OVER

If the Lessor permits the Lessee to remain in occupation of the Property after the expiration or sooner determination of the term, such occupation shall be a monthly Lease only terminable by one month's written notice at the rent then payable and otherwise on the same covenants and agreements (so far as applicable to a monthly tenancy) as herein expressed or implied.

22.0 LESSEE TO INDEMNIFY THE LESSOR

The parties acknowledge that the Lessor shall not be liable for any claims in respect of accident, injury or damage suffered by any person or property as a result of the Lessee's use of the property and the Lessee shall comply with all obligations imposed on an employer or on an occupier of a place of work by the Health and Safety in Employment Act 1992 (and any amendment thereof) and will indemnify the Lessor against any expense which the Lessor may incur by virtue of the Act arising from any event which may occur on the property during the term of the lease.

23.0 SALE OF ALCOHOL

In the event that the Lessee wishes to sell alcohol on the property, permission must first be obtained in writing from the Lessor's Group Manager Community Services before a licence may be applied for by the Lessee from the District Licensing Committee under the Sale and Supply of Alcohol Act 2012.

24.0 FENCES

In the event that the Lessor requires fencing to be erected upon the Property then the Lessor may provide instructions to the Lessee requiring the fence to be so erected including the location and type of fence required and the Lessee shall erect such fence at the sole cost of the Lessee forthwith.

25.0 NO RIGHT TO FREEHOLD INTEREST

25.1 The Lessee acknowledges that nothing in this lease shall confer any right to acquire the fee simple interest in the leased land.

25.2 The Lessee will not require or call upon the Lessor to grant to the Lessee a registerable lease of the leased land and nor shall the Lessee lodge a caveat against the Certificate of Title for the leased land.

26.0 NO COMPENSATION FOR IMPROVEMENTS

26.1 At the expiration surrender or sooner determination of the within lease the leased land shall revert to the Lessor without compensation payable to the Lessee for any improvements thereon.

26.2 The Lessee shall be entitled to remove from the leased land all buildings and improvements erected thereon by the Lessee and shall leave the property in a clean and tidy condition to the satisfaction of the Lessor's Parks & Recreation Manager or his nominee.

26.3 If the Lessee fails or neglects to remove any buildings or improvements erected on the property within three calendar months from expiry or earlier determination of the lease then such buildings or improvements shall be deemed to have been abandoned and then become the property of the Lessor, which shall be under no liability in such case to account to the Lessee for any payment by way of compensation, damages or otherwise.

27.0 RIGHT OF RENEWAL

If the Lessee shall have up to the date of the expiration of this lease duly and punctually paid the rent and observed the covenants and conditions herein contained or implied on the Lessee's part to be observed and performed then the Lessees shall be entitled to a renewal of this lease for the term(s) specified in the Second Schedule hereto.

28.0 ARBITRATION

All disputes and differences between the parties shall be submitted to the arbitration of a single arbitrator if one can be agreed upon or to two arbitrators (one to be appointed by each party) and their umpire (appointed by them prior to their arbitration) such arbitration to be carried out in accordance with the provisions of the Arbitration Act 1996 or any then statutory provisions relating to arbitration. This clause shall not prevent the Lessor suing the Lessee for arrears of rent or other moneys payable by the Lessee.

29.0 INTERPRETATION

In this lease:

a) The "Lessor" and the "Lessee" means where appropriate the executors, administrators, successors and permitted assigns of the Lessor and the Lessee.

b) The "property" means the land leased by the Lessee pursuant to this Deed of Lease and, where the context requires or admits, means any buildings or improvements erected on the property.

c) The "premises" means any building or improvement erected on the property.
d) Whenever words appear in this lease that also appear in the Second Schedule then those words shall mean and include the details supplied before them in the Second Schedule.
e) Where the context requires or admits, words importing the singular shall import the plural and vice versa.

SECOND SCHEDULE

THE PROPERTY:	Site of The Southern Trust Events Centre being approximately 4,251m2 as more particularly outlined in red on the attached plan.
SITUATED:	Aorangi Park, 70 Morgans Road, Timaru
TERM OF LEASE:	Nineteen (19) years
COMMENCEMENT DATE:	1 July 2016
RIGHTS OF RENEWAL:	N/A
FINAL EXPIRY DATE:	30 June 2035
ANNUAL RENT: *(Water meter charges invoiced separately if applicable)*	Site Rent per annum: $100.00 Plus Service Fees *(Includes Sewer & Refuse charges)*
HOW PAYABLE:	Annually in advance
RENT PAYMENT DATES:	The 1st day of July in each year Commencing on the 1st day of July 2016
RENT REVIEW DATES: (Including Service charges)	Annually commencing 1st day of July 2017
MINIMUM PUBLIC LIABILITY INSURANCE COVER REQUIRED:	$2,000,000.00 minimum
DEFAULT INTEREST RATE	The default interest shall be calculated as 3% above the Trading Bank overdraft rate payable by the Lessor to its bankers in New Zealand from time to time.
LESSEE'S PRESCRIBED USE:	For the operation as a venue for sporting, cultural, and community events
SPECIAL CONDITIONS:	Should the Lessee wish to make rules for Management and control of the property then: 1 Before any rules come in to force management must have the prior written consent of the Lessor's Parks & Recreation Manager. 2 All such rules when approved and adopted shall be displayed in a conspicuous place in the property for the information and guidance of all persons entering upon the property.

THIRD SCHEDULE - OUTGOINGS

Where applicable outgoings from the schedule below will apply

Outgoings

1. Rates or levies payable to any Local or Territorial Authority if required.
2. Charges for water, gas, electricity, telephones and other utilities or services.
3. Rubbish collection charges.
4. New Zealand Fire Service charges and the maintenance charges in respect of all fire detection and fire fighting equipment.
5. Service contract charges for air-conditioning, lifts and other building services.
6. Cleaning, maintenance and repair charges including charges for repainting, decorative repairs and the maintenance and repair of building services and all improvements erected or installed by the Lessee.
7. The provisioning of toilets and other shared facilities.
8. The cost of ground maintenance - ie lawns, gardens and planted areas including plant hire and replacement.
9. Yard and car parking area maintenance including fences and repair charges.
10. The costs incurred and payable by the Lessor in supplying to the Territorial Authority a building warrant of fitness and obtaining reports as required by Sections 108-111 of the Building Act 2004.
11. Insurance premiums and related valuation fees.

DATED this 30th day of June 2017

Signed on behalf of the TIMARU DISTRICT COUNCIL as Lessor by Its duly authorised officer

In the presence of:

Signature:

Name: Symon Leggett

Address: 2 King George St

Timaru

Signed by the Lessee the said AORANGI STADIUM TRUST

Witnessed in the presence of:

Signature:

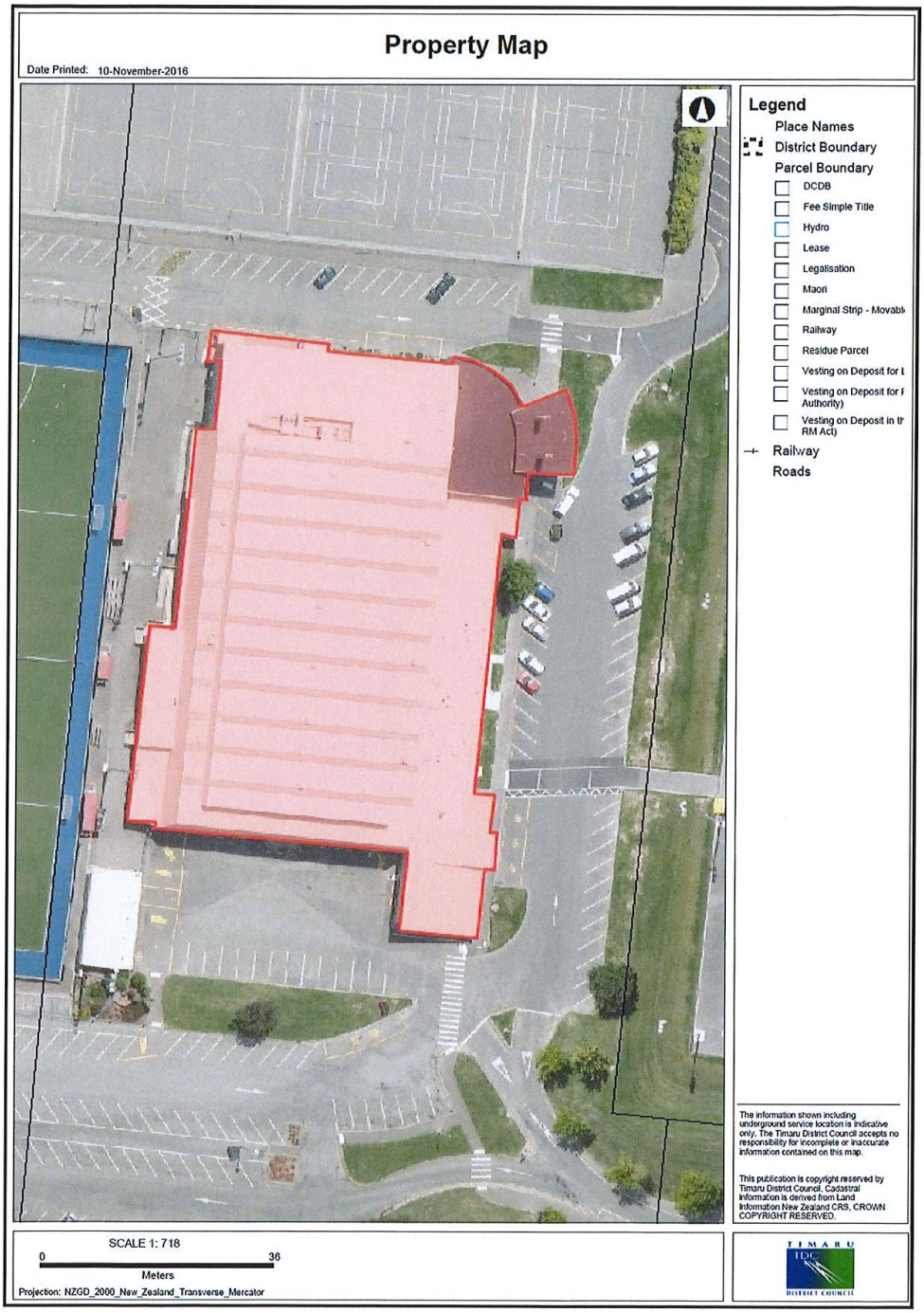
Name: Tina Rogers

Address: 2 King George Place

Timaru

Occupation: Accountant

AERIAL MAP OF SITE



1031006

Page 12

6.4 Utilisation of Trust funds

Author: **John Liddiard, Senior Accountant**

Authoriser: **Andrea Rankin, Chief Financial Officer**

Recommendation

1. That Trustees approach Timaru District Council to enter into an arrangement for the Trust to utilise any current and future funds exclusively, on the part of both parties, for the maintenance and development of the Aorangi Stadium, also known as the Southern Trust Events centre, conditional upon the grant of such funds to be solely used by Timaru District Council for that purpose, except as required for the ongoing administration of the Trust.

Purpose of Report

1 The purpose of this report is to consider continued Trust funding for the Aorangi Stadium, also known as Southern Trust Events Centre.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement and has little direct impact on or implications for Council policies or financing.

Discussion

3 The objectives of the Trust, as set out in Clause 2: "Objects" of the Trust Deed, are to promote and develop the stadium and other sporting facilities.

4 Through the life of the Trust, however, it has exclusively supported the Aorangi Stadium, also known as the Southern Trust Events Centre.

5 Following the abandonment of the stadium after relinquishing the site lease the Trust still retains funds. The primary source of these funds are grants from Timaru District Council intended for the operation of the Trust, e.g. audit fees and the maintenance costs of the stadium.

6 It was identified in the Babbage Report that there was deferred maintenance work required for the stadium and the provision for deferred maintenance as at December 2023 is $1,363,786 and extra funding would be required to remedy this and complete all the required work. Additionally, the earthquake remediation is currently included as a contingent liability of $12m but probably would exceed that once the remediation is undertaken.

7 Discussions regarding the future of the stadium will subsume these issues into the final decided plan, however the cost of the next stage of the stadium's life will exceed the costs currently identified in the Trust accounts.

8 While the Trustees have the authority to utilise the funds elsewhere the legal advice which was received on 7 November suggested in paragraphs 21 and 22 under "Sales Proceeds and Remaining Trust Funds" that:

22 Clause 2(a) of the Trust Deed records that one of the purposes of the Trust "promote the development and ongoing maintenance of the Aorangi Sports Stadium … and for that purpose enter into satisfactory arrangements with the owner of the land, the Timaru District Council." This purpose supports application of Trust funds toward the maintenance and development of the Stadium, irrespective of whether this is in the ownership of the Trust or Council.

23 If the Trust Board did decide to proceed with a sale there will likely be additional funds held by Trust following settlement of the same. Given the objectives in clause 2(a) of the Trust Deed, the Trust Board could enter into arrangements with the Council to support the development works Council intends to undertake on the Stadium, to assist with the same. For example, this could be by way of a funding agreement or memorandum of understanding between the Trust Board and Council recording the Trust's contribution to the Stadium upgrade, or other works on the property.

9 The principle espoused here remains, that regardless of the occurrence of a sale an arrangement can be entered into with Council to grant funds to Council for the specified purpose of supporting the development and maintenance of the stadium.

10 Some funds will be required for the Trust for ongoing administration if the Trust, e.g. audit fees.

Attachments

Nil

6.5 Options for the future of the Aorangi Stadium Trust

Author: **John Liddiard, Senior Accountant**

Authoriser: **Andrea Rankin, Chief Financial Officer**

Recommendation

That Trustees consider and agree the future of the Trust.

Purpose of Report

1 The purpose of this report is to assess the options regarding the future of the Trust assuming that ownership of the stadium has moved to Timaru District Council.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement and has little impact on or implications for Council policies or financing.

Discussion

3 The options for the future of the Trust after the stadium has moved to Council ownership relate to the purpose and viability of the Trust.

4 Within that context, the primary decision is to what is the practical purpose of the Trust if retained and therefore whether to close the Trust.

5 If the Trust continues, it is likely that Council would wish to see the Trust removed as CCO due to the compliance and reporting requirements, although that would need to be determined by Council.

6 The argument for retaining the Trust is generally framed around its fundraising potential although there has been little practical fundraising through the Truist for over a decade.

7 Nonetheless the Trust can be used as a focus for fundraising however there are other potential fundraising vehicles and options.

8 Retaining the Trust as a CCO would mean that it would need to comply with CCO reporting requirements, with concomitant costs.

9 It is not the purpose of this discussion to assess the likelihood of fundraising success using either the Trust or any other model.

Attachments

1. Aorangi Stadium Trust future options ⇩

Assessment of options for the future of the Aorangi Stadium Trust

Option 1: Continuation of the Trust

Option 2: Closure of the Trust

Note that no legal guidance has been specifically sought regarding the Trust's future.

Option 1: Continuation of the Trust

The justification for continuing the Trust is predicated on the repurposing of the Trust primarily as a fund-raising vehicle for the stadium and potentially other similar facilities.

The Trust Deed presupposes this purpose with the use of a broad description in the objects of the Trust (see Trust Deed attached separately) and does not specify "running the stadium" as an object in itself.

Historically there was considerable discussion, even prior to the inception of the Trust, as to the funding and ownership model for the stadium, with argued proposals for Council to own it. The Trust objects therefore reflect the agreed desire for the Trust to be a fundraising body first.

There would therefore be no requirements for a change to the Trust Deed for the Trust to continue in a fundraising role (note that no separate legal advice has been sought regarding this).

There would however be ongoing administration and compliance costs particularly annual audit fees and Trustee insurance, and, as historically agreed, administration fees paid to Council for the operation of the Trust. There would certainly be a reduction in the audit fees from the 2024/25 financial year, but these would probably still be around $4k so it is estimated that there would be a need for around $10k per annum for the practical operation and compliance of the Trust. It is unlikely that Council would continue to provide a grant to cover either the operational costs or, as currently, the insurance costs.

If the Trust retained, say, a base of funds of $100k then this could be used for such purposes for a reasonable period.

It is unlikely that the Trust would be able to retain its registered GST status as it would no longer receive any source of income that is subject to GST therefore all costs would be GST inclusive.

The purpose of the Trust would in future therefore be fundraising, particularly accessing funding which might not be available for Council, however if the Trust continued to focus on solely supporting the stadium and as a Council Controlled Organisation this might not be viable as a fundraising model.

As a CCO the Trust would need to continue to provide Statements of Intent to Council with agreed targets and comply with wider CCO requirements and Council Group reporting requirements.

It is probable therefore that the Trust would be more likely to achieve the wider fund-raising objective and reduce compliance requirements and costs as an independent body.

Withdrawal of the Trust's CCO status would require substantive reversal of the Trust Deed amendments of 2014 which effectively established the Trust as a CCO. Trustees would be appointed under the rules of the Trust Deed independently of Council.

Prior to this it would probably be incumbent on Council to appoint/reappoint Trustees who would administer the Trust after such a change of status.

Note that if existing Trustees continue in their capacity in a non-CCO Trust then they would be likely to be determined to have a conflict of interest regarding the discussions of the potential stadium development.

Conclusions

1. The Trust can continue as a registered charitable Trust with the same objects after the stadium has moved to Council ownership.
2. It is unlikely that Council will continue to provide grants to the Trust after the stadium has moved ownership.
3. If it continues as a CCO then it would continue to have significant annual compliance costs and reporting requirements.
4. If it continued but was no longer a CCO then it would have substantially lesser compliance costs and reporting requirements, however a change would be required in the amendments to the Trust Deed and appointed Trustees would need to be individually responsible for the future of the Trust.
5. It is recommended that the Trust not continue as a CCO to save the costs of operation and compliance, and if the option is chosen to continue the Trust's existence, that potential Trustees be approached to serve on the Trust Board.

Option 2: Closure of the Trust

Closure of the Trust would remove the trust as a statutory body or as a registered charity.

It would also be deregistered from the IRD for GST.

This would mean that other than a final set of audited accounts there would no longer be any compliance or administration costs, however, though it was deregistered as a formal charity fund-raising for the purposes of the Trust could continue using a different model (as per the CPlay Committee for example).

Such a model would be more informal and would also be more flexible. It would not be a CCO so it would no longer need to comply with the specific rules relating to either registered charities or CCOs.

Although this alternative would not be a "registered body", it, and those conducting the fund-raising, would still need to comply with general statutory requirements for charitable activities and fund-raising.

No assessment has been made regarding the likelihood of success of fund-raising endeavours, nor to the commitment required for this from Trustees (assuming that they were responsible for the fund-raising).

Conclusions

1. Closure of the Trust would save compliance and administration costs.
2. The option of a non-Trust fund-raising vehicle is possible.
3. The Trustees of such an endeavour would be responsible for determining its actions and be flexible and be personally responsible for operating the new vehicle.
4. This would almost certainly provide potential access to funding options not available to Council.
5. It is unlikely that Council would provide support or funding to the new vehicle.

Proposed resolutions for the options:

1. No resolution is required if the Trust is to continue as a CCO.
2. If the Trust is to continue, but not as a CCO, the following would be required to effectuate that:
    a. That Trustees agree to approach Council to assent to amending the Trust Deed to remove the Aorangi Stadium Trust as a Council Controlled Organisation.
    b. That prior to the removal of the Trust as a CCO, Council appoint Trustees to continue as such following the removal of the Trust as a CCO.
    c. That requisite reporting requirements be prepared and audited as required at the date of removal of the Trust as a CCO.
3. If the Trust is to close:
    a. That Trustees agree that the Aorangi Stadium Trust be dissolved following completion of requisite reporting and audit requirements.
    b. Agree that the Trust be de-registered from the IRD, Charities Services and any other registrations.

c. That any remaining funds be disbursed in line with the agreement with Timaru District Council regarding support for the stadium.

6.6 Aorangi Stadium Trust revised finanical forecast 2023/2024

Author: **John Liddiard, Senior Accountant**

Authoriser: **Andrea Rankin, Chief Financial Officer**

Recommendation

That Trustees note the revised financial forecast for 2024.

Purpose of Report

1 The purpose of this report is to present Trustees with a revised financial forecast for the 2023/24 financial year following the ownership change of the stadium.

Assessment of Significance

2 This matter is assessed to be of low significance under the Council's Significance and Engagement Policy as this report does not require any community engagement and has little impact on or implications for Council policies or financing.

Discussion

3 A revised financial forecast has been prepared for the 2023/24 financial year predicated on the assumption that the stadium ownership has changed as at 31 March 2024.

4 This is not a cashflow forecast as most of the impact is non-cash.

5 The 2023/24 net surplus is projected to be $1,339k, primarily due to the reversal of the deferred maintenance provision.

6 The significant assumptions for this forecast are:

- 6.1 Funds held by the Trust will be held until June and therefore earning interest;
- 6.2 There will be no "proportionate refund" of grants from Council;
- 6.3 There will be a refund of insurance following the transfer of ownership;
- 6.4 Invoices for the scaffolding will be paid until March, other maintenance invoices may be paid if the work is commissioned prior to March but that is not included in this forecast.
- 6.5 The net value of the building as at 31 March has been expensed as a loss on disposal.
- 6.6 "Other Expenses" is primarily solicitors fees and valuation fees.

7 A reforecast for future years beyond 2023/24 has not yet been done.

Attachments

1. Aorangi Stadium Trust reforecast 2023/24

Aorangi Stadium Trust

Aorangi Stadium Trust

Budget	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24	2023/24	2023/24	2023/24
					6 month	(21/22)		6 months	Disposal scenario
(uninflated)	Actual	Actual	Actual	Actual	YTD	Plan	Budget	Budget	Forecast
Income									
Grants - Other: TDC	52,000	52,000	311,212	52,000	67,435	602,354	52,000	52,000	52,000
Grants - Insurance reimbursement: TDC	38,117	39,190	42,345	50,901	93,547	58,224	53,000	53,000	93,547
Interest	2,292	773	4,636	22,592	14,595	2,500	3,500	1,750	29,000
Other Income				30,219					
	92,409	91,963	358,193	155,712	175,577	663,078	108,500	106,750	174,547
Expenditure									
Insurance	38,117	39,190	39,014	50,206	97,788	58,224	53,000	53,000	62,365
Repairs & maintenance	1,116	5,788	1,055,971	56,046	-698	90,950	50,000	25,000	-698
Deferred maintenance provision		415,712		0	0	-90,950	0	0	-1,460,908
Earthquake strengthening provision			71,061						
Accounting & admin. fee: TDC	1,000	2,000	2,000	126,841	0	5,000	5,000	0	5,000
Audit fees	5,000	3,850	3,900	6,690	0	5,000	7,608	0	7,608
Loss on disposal of stadium asset									172,029
Other	-465	5	5,228	769	9,891	500	18,860	18,860	16,847
	44,768	466,545	1,177,174	240,552	106,981	68,724	134,468	96,860	-1,197,757
Depreciation	172,839	172,396	176,953	45,611	22,806	148,985	45,611	22,806	33,328
Net Surplus/(Deficit)	**-125,198**	**-546,978**	**-995,934**	**-130,451**	**45,790**	**445,369**	**-71,579**	**-12,916**	**1,338,976**
Assets									
Bank	9,210	8,311	12,584	546,368	61,372	10,000	308,742	371,135	279,770
Investments	298,065	304,062	699,000	0	406,998	736,992	400,000	400,000	407,000
Other current assets	53,074	91,190	14,356	244,475	108,830	10,000	10,000	10,000	
	360,349	403,563	725,940	790,843	577,200	756,992	718,742	781,135	686,770
Land and Buildings	666,783	494,385	317,432	179,079	182,551	0	133,468	133,468	0
Work in Progress									
Total non-current assets	666,783	494,385	317,432	179,079	182,551	0	133,468	133,468	0
Total assets	1,027,132	897,948	1,043,372	969,922	759,751	756,992	852,210	914,603	686,770
Liabilities									
Creditors & accrued expenses	5,972	8,054	153,782	233,033	2,381	5,000	5,000	8,730	
Revenue in advance				0		609,212			
Provision for maintenance <12 months		256,962	265,204	334,443	309,136	0	425,393	425,393	
Total current liabilities	5,972	265,016	418,986	567,476	311,517	614,212	430,393	434,123	0
Provision for maintenance >12 months		158,750	1,146,137	1,054,650	1,054,650	5,355,801	1,145,600	1,145,600	
Total non-current liabilities >12 months	0	158,750	1,146,137	1,054,650	1,054,650	5,355,801	1,145,600	1,145,600	0
Total liabiities	5,972	423,766	1,565,123	1,622,126	1,366,167	5,970,013	1,575,993	1,579,723	0
Net assets	**1,021,160**	**474,182**	**-521,751**	**-652,204**	**-606,416**	**-5,213,021**	**-723,783**	**-665,120**	**686,770**
Equity									
Capital	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631	3,050,631
Accumulated surpluses/deficits b/fwd	-2,047,392	-2,225,754	-2,576,448	-3,572,384	-3,702,837	-8,709,021	-3,702,835	-3,702,835	-3,702,837
Current year surplus/deficit	-125,198	-546,978	-995,934	-130,451	45,790	445,369	-71,579	-12,916	1,338,976
Transfers to/from reserves	-53,164	196,283		0		0			
Accumulated surpluses/deficits c/fwd	-2,225,754	-2,576,449	-3,572,382	-3,702,835	-3,657,047	-8,263,652	-3,774,414	-3,715,751	-2,363,861
Maintenance reserve b/fwd	143,119	196,283		0	0	0	0	0	
Transfers to reserve	54,280	0		0	0	0	0	0	
Transfers from reserve	-1,116	-196,283		0	0	0	0	0	
Maintenance reserve c/fwd	196,283	0	0	0	0	0	0	0	0
Total equity	**1,021,160**	**474,182**	**-521,751**	**-652,204**	**-606,416**	**-5,213,021**	**-723,783**	**-665,120**	**686,770**
Difference			*0*	*0*	*0*	*0*	*0*	*0*	*0*
Equity to Total Assets ratio (90% target)	*99.4%*	*52.8%*	*-50.0%*	*-67.2%*	*-79.8%*	*-688.6%*	*-84.9%*	*-72.7%*	*100.0%*

0

7 Consideration of Urgent Business Items

8 Consideration of Minor Nature Matters