

Summary of Pak'nSave and Farmers leases

1. Pak'nSave

- 1.1. The Pak'nSave supermarket occupies the western end of the main mall building. The lease is held by Foodstuffs (South Island) Properties Limited and is operated under the well known brand name "Pak'nSave." Foodstuffs (South Island) Properties Limited is a wholly owned subsidiary of Foodstuffs South Island Limited (**FSIL**). FSIL is one of the two major supermarket operators in the South Island. It operates or supplies Pak'nSave, New World and Four Square supermarkets, and Raeward Fresh, Henry's and On the Spot convenience store brands. FSIL is a significant New Zealand retailer, the company's 2016 annual report states an annual revenue of \$2.875 billion and annual operating profit of \$266 million.
- 1.2. Pak'nSave's lease commenced in March 2005 and has a substantial length of term to run.
- 1.3. The deed of lease form is a modified Property Council of New Zealand Lease form (May 2001 version). The lease provides market rent reviews every two years. The lease also includes a percentage rental based on the tenant's gross sales plus GST. Pak'nSave pays operating expenses as a specified proportion of all operating expenses associated with the property.

2. Farmers

- 2.1. The Farmers department store is located at the eastern end of the main mall building and occupies two floors (ground floor and level 1). The lease is held by The Farmers' Trading Company Limited, which is wholly owned by James Pascoe Limited a privately held company. Farmers is a nationwide department store brand which was founded in 1909 with its original store in Auckland.
- 2.2. The Farmers lease commenced in September 2014 and has a substantial length of term to run.
- 2.3. The agreement to lease was signed in 2012 in a bespoke form. The draft of the deed of lease is currently being finalised and is based on the current edition of the Auckland District Law Society Deed of Lease form, although heavily modified.
- 2.4. The lease provides for rent reviews based on the percentage change in the consumer price index every 3 years. Farmers have a gross lease and therefore it is not separately charged for its contribution to property outgoings, but is responsible for its own utilities. The Farmers lease has been operating under a negotiated partial rent holiday since its commencement, with the full rental automatically payable from September 2018.
- 2.5. The Farmers and Pak'nSave premises have a combined lettable floor area of approximately 12,428m².

NB: Some of the commercial terms of the two major tenancies have been combined to avoid any issues with disclosure of confidential information to the public.