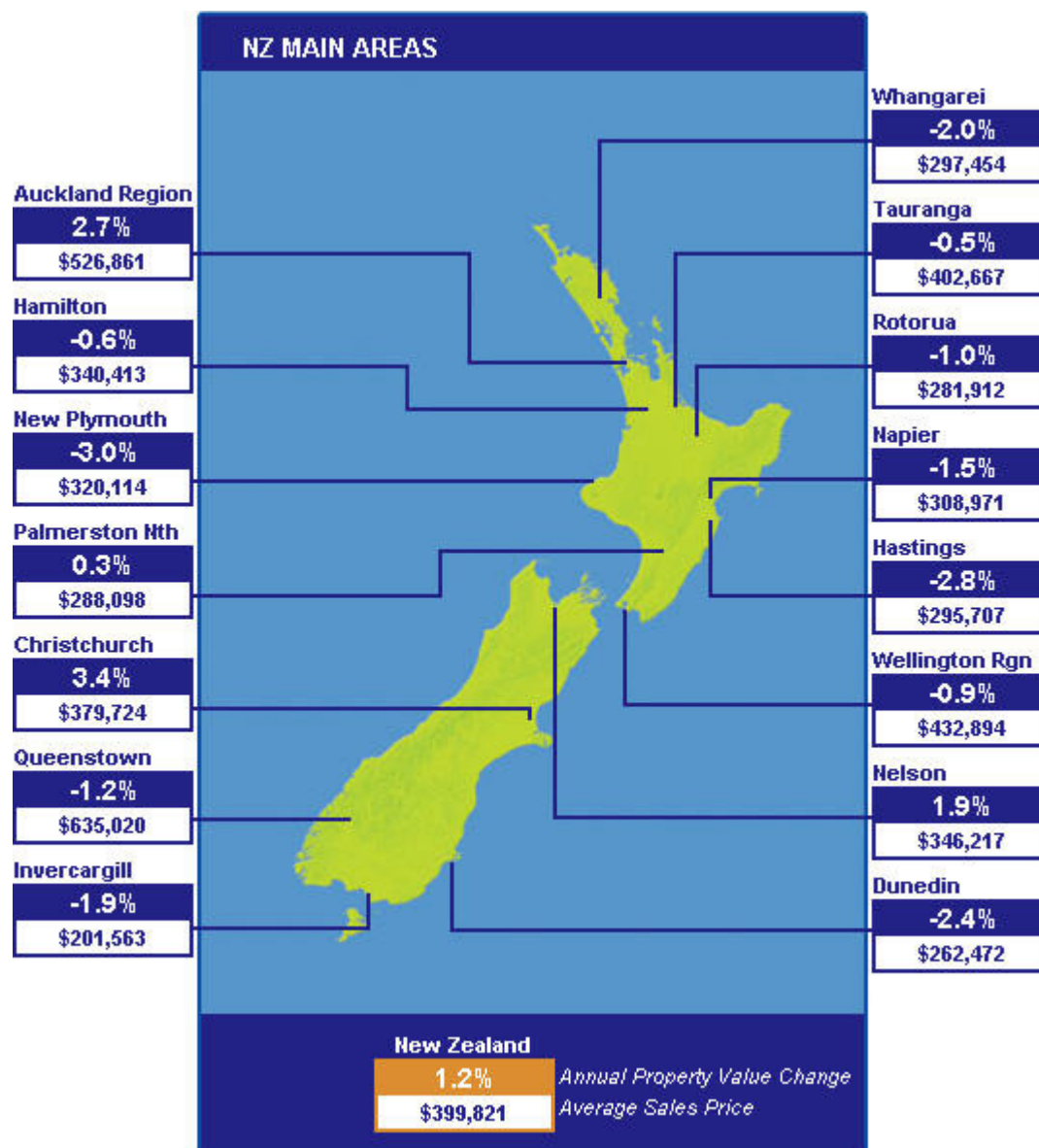


Property values rising across most of New Zealand

National property values have continued to gradually rise according to the QV residential property index for October.



“While initially the upward movement in values was being driven by Auckland and post-quake Christchurch, many other areas of the country are now increasing also” said Ingerson.

“The Auckland City revaluation has now been completed and the capital value (CV) of every property updated. The QV residential property index is based on the ratio between sales price and these CVs. As a result of the changing CVs there has been a slight one-off adjustment to the indices for Auckland, making it appear as if values dropped slightly from September to October. The raw underlying data actually show that values have continued to increase, and the index next month is likely to once again show the upward trend we have seen in recent months” said Ingerson.

“Auckland Area values have increased 2.7 percent over the past year and are now only 0.1 percent below the previous

market peak. Within the Auckland council area values in old Auckland City have increased 3.8 percent over the past year, and are now 1.6 percent higher than the previous peak of 2007. Across the rest of the Auckland area values have increased by between 0.2 percent (Papakura) and 1.6 and 4.6 percent (Franklin) apart from Rodney where values have dropped slightly” said Ingerson.

“In Hamilton values have continued to edge up slightly and are now only 0.7 percent below the same time last year. Tauranga has also been increasing very slightly in recent months and is now 0.5 percent below last year. Both Hamilton and Tauranga remain about 12 percent below the market peak” said Ingerson.

“After declining for the first half of 2011, values in the Wellington area have started to rise again and are only 0.9 percent below last year and 7.3 percent below the market peak” said Ingerson.

“Christchurch values continue to increase due to demand for undamaged houses, particularly in the Northern and Western suburbs. Values are now 3.4 percent above last year and only 2.0 percent below the market peak. The areas surrounding Canterbury have also been increasing in value since the start of 2011, with Waimakariri up 5.4 percent and Selwyn District up 4.9 percent since January” said Ingerson.

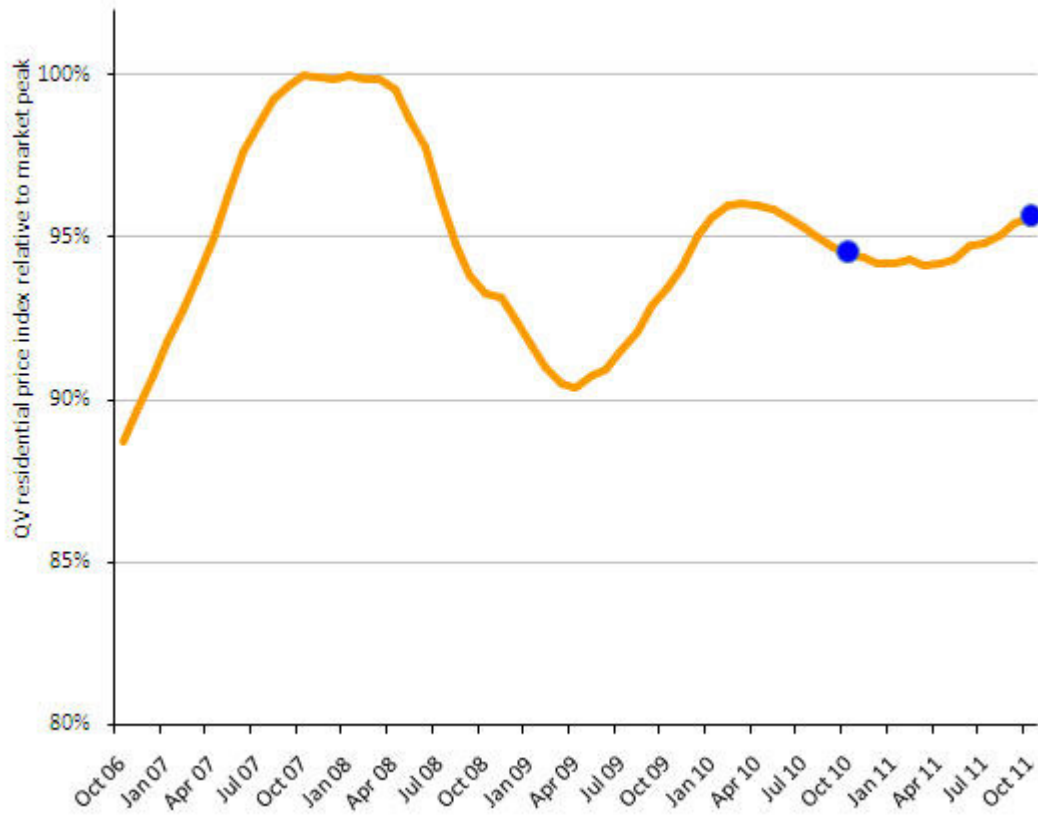
While values in Dunedin have been volatile over recent months they are currently about equal with where they started the year, but 2.4 percent below the same time last year and 6.8 percent below peak” said Ingerson.

Ingerson said “while there has been a slight increase in new listings in many areas, this has yet to translate into an increase in the number of sales. However looking back over the past 20 years while sales generally pick up in October and November, that trend has been largely absent in the last few years, with any increases tending to be in February and March”.

While unrelated to the QV index, and a less reliable measure of value change, the average New Zealand sales price over the last three months is \$399,821.

The index shows an increase in values in the last month for most of the Provincial centres in a further sign that values are rallying across the country. Despite these recent increases values remain below last year in most towns with Wanganui (-5.3 percent) and New Plymouth (-3.0) the furthest below. Gisborne and Palmerston North are both 0.3 percent above last year while Nelson is 1.9 percent up following six months of gradual increases.

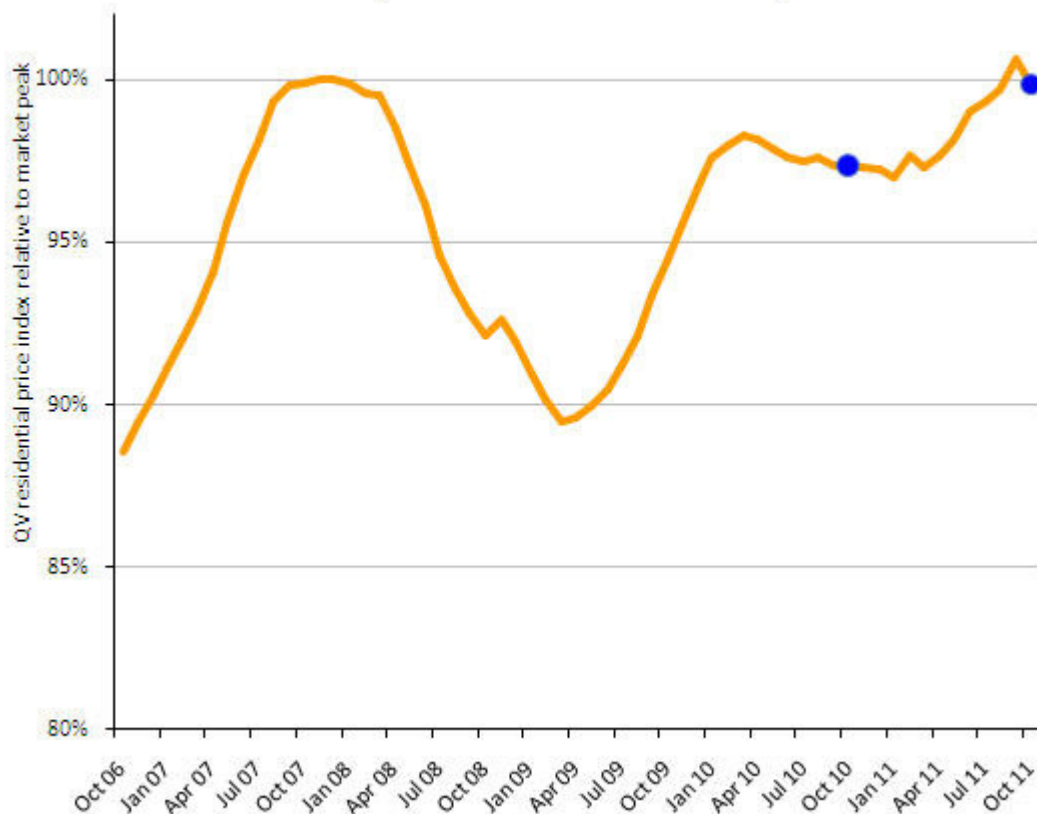
NZ price index relative to peak



Main Urban Areas Commentary

AUCKLAND

Auckland price index relative to peak



QV's Residential Price Index for September shows that property values in the Auckland region are 2.7% higher than the same time last year. The Auckland City revaluation has now been completed and the capital value (CV) of every property updated. The QV residential property index is based on the ratio between sales price and these CVs. As a result of the changing CVs there has been a slight one-off adjustment to the indices for Auckland, making it appear as if values dropped slightly from September to October. The raw underlying data actually show that values have continued to increase, and the index next month is likely to once again show the upward trend we have seen in recent months.

Ms Glenda Whitehead of QV Valuation said; "Statistics aside, our valuers on the ground report that little has changed over the past couple of months. With no real boost to spring listing numbers trends look similar to those experienced in the winter months. While we continue to see sale prices move positively in many suburbs, activity is patchy. Where there is strong demand it is often not matched by listing levels resulting in some fierce competition for desirable properties. Typically, these are suburbs close to the CBD. Activity in many of the outer suburbs remains flat."

"Within the Manukau area, particularly the eastern suburbs and Dannemora, we have noticed an increase in market activity. Many properties in these areas are achieving sale prices up to and above those at the height of the market in 2007" Ms Whitehead said.

Ms Whitehead said "Within the Southern investor orientated suburbs, 'property finders' and some speculators are re-entering the market doing properties up and on-selling them. However, from our analysis there hasn't been any real increase in market values being achieved in these areas as competition is not strong, but selling periods do appear to be shortening."

"A particular trend we have seen in recent months has been the lack of activity within the leasehold apartment market, particularly in the Quay Park and Viaduct areas. This is linked to the ground lease renewals that are either imminent or

underway in these locations, creating a great deal of uncertainty. Also, a number of developments in these areas have been subject to the fallout of BlueChip and weather-tightness issues. The converging of such issues along with the lease renewals has had a severe impact on activity and sale prices” Ms Whitehead said.

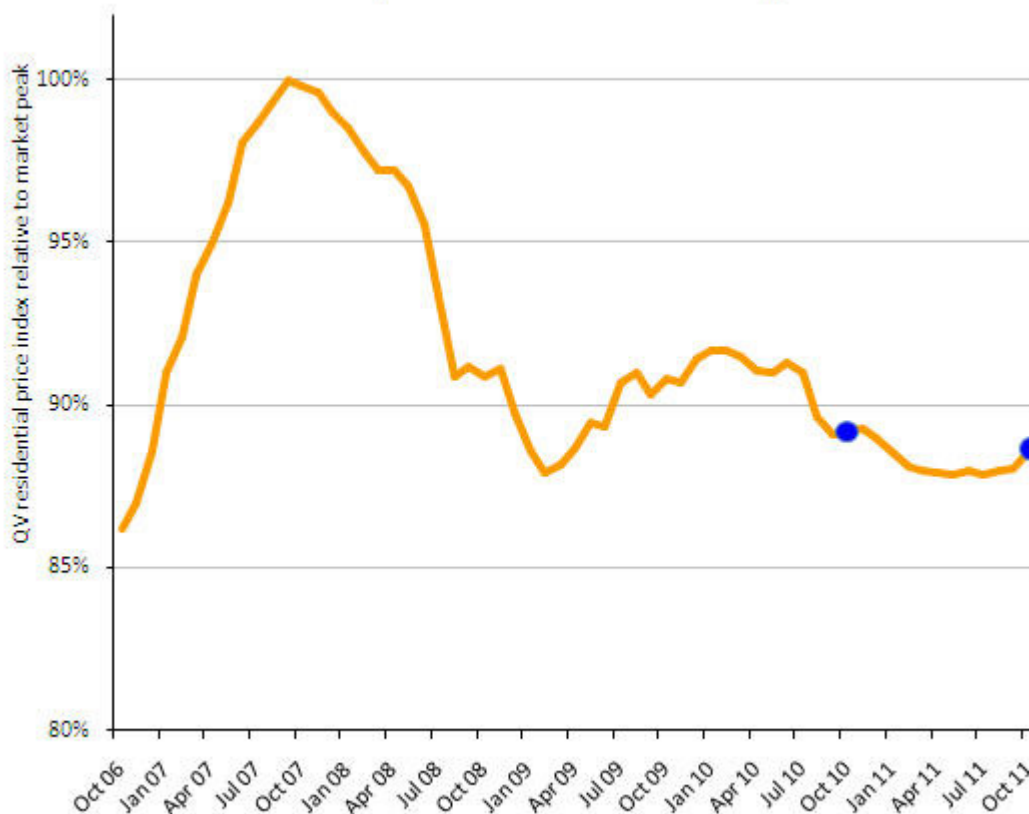
“There is an increased number of buyers in the market but they are being cautious, have set objectives, and often lack urgency unless they find exactly what they are looking for. There is also a growing trend of vendors selling privately, reducing their cost to sell, with the saving in some cases helping them purchase in the next value bracket” Ms Whitehead said.

Ms Whitehead said “October/November can be a turning point in the market setting a trend for the months that follow. If there is positivity in the wider market, this period can be hectic. Alternatively, when confidence is more fragile this can result in procrastination and many simply defer their financial decisions to the year following. This year, the general election could provide an additional excuse not to act.”

QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for the Auckland region in September was \$526,861.

HAMILTON

Hamilton price index relative to peak



QV’s Residential Price Index for September shows that property values in Hamilton are 0.6% lower than the same time last year and 11.4% below the market peak of late 2007.

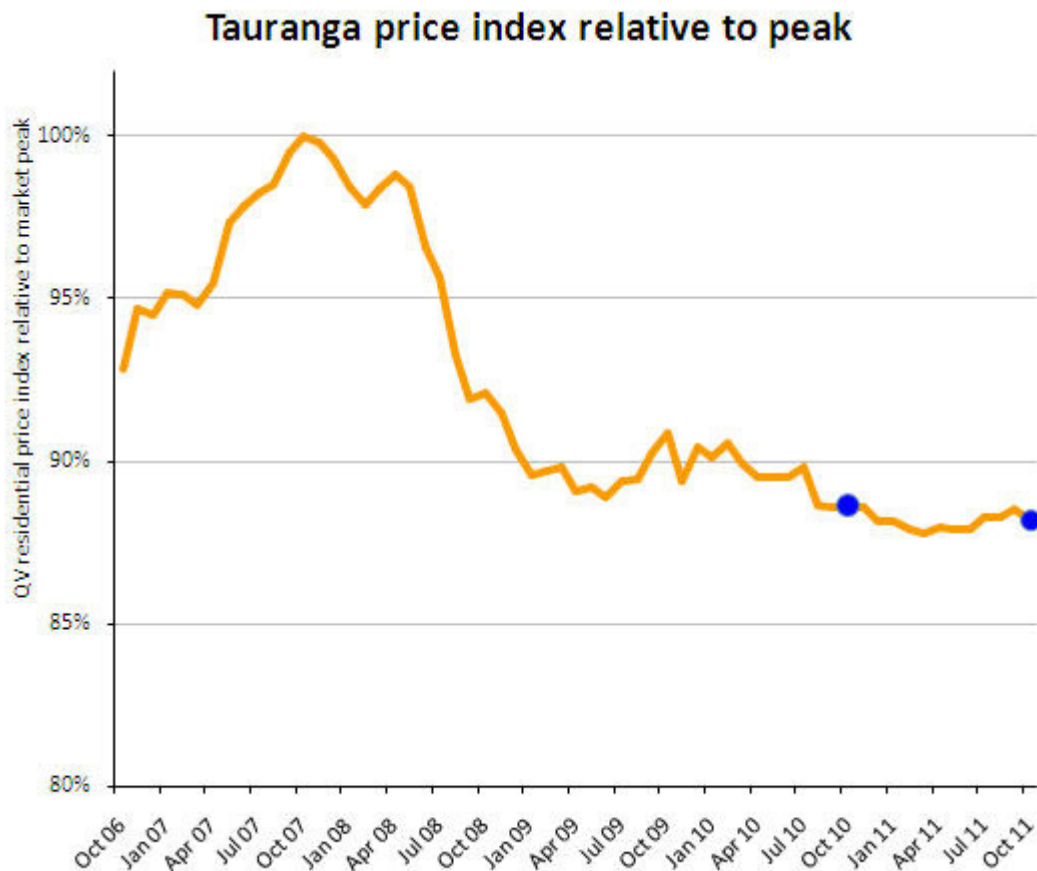
Mr. Richard Allen of QV Valuations said: “Over the last three months values have continued to move in a positive

direction, after being flat for several months prior to that.”

“Most areas within Hamilton City except the Central City/North West area increased in October. Although the residential property market in Hamilton may be improving, the number of listings has dropped slightly. There is still probably a need for cautious optimism as properties are still taking a little longer to sell and there is a feeling that it is still a buyers’ market” Mr. Allen said.

QV’s Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Hamilton in September was \$340,413.

TAURANGA



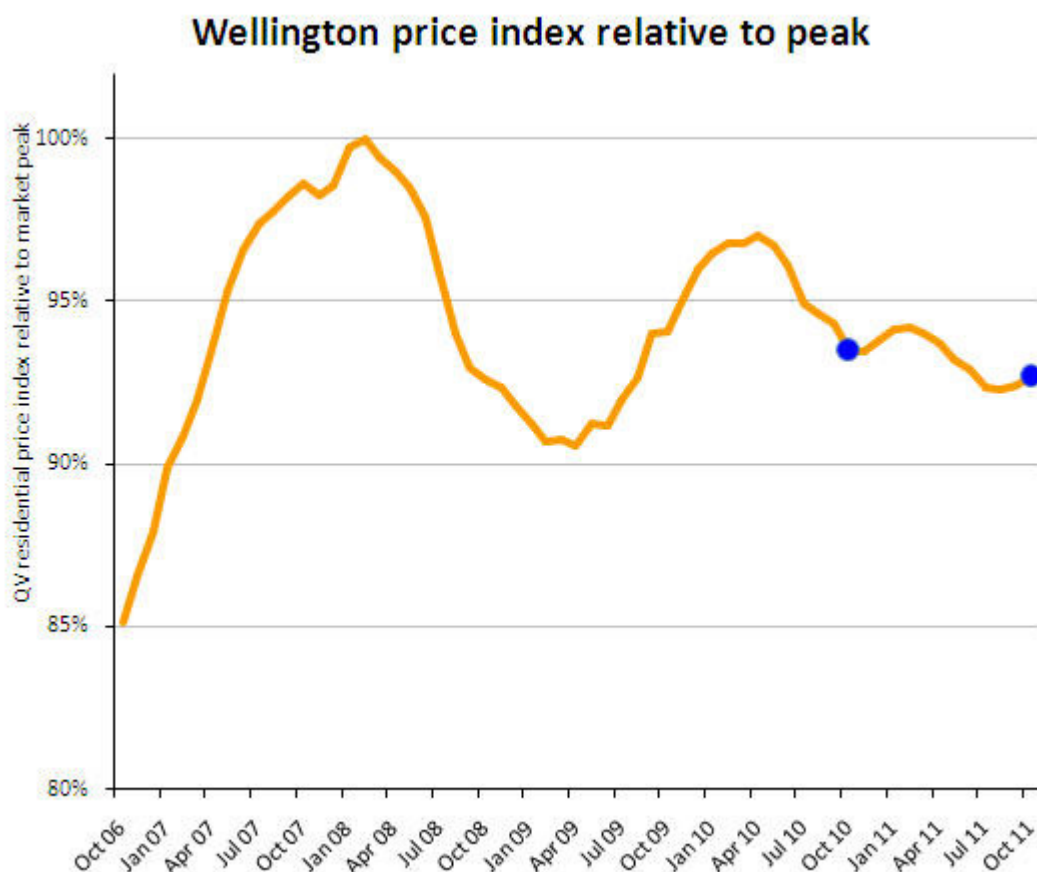
QV’s Residential Price Index for September shows that property values in Tauranga are 0.5% lower than the same time last year. Values have been flat for most of 2011 but there are signs of slight increases in recent months.

Mr. Shayne Donovan-Grammer of QV Valuations said; “The traditional lift in activity during spring has not really eventuated at this point in time. Perhaps the world cup, shipping disasters and the school holidays has drawn some attention away from the property market.”

“Low interest rates have given the market a much needed level of composure during what has been a prolonged stagnant period. With other household expenses rising (and discretionary income tightening) low interest rates has helped to contain what is often a household’s biggest expense, the mortgage” said Mr. Donovan-Grammer.

QV's Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Tauranga in September was \$402,667.

WELLINGTON



QV's Residential Price Index for September shows that property values in the Wellington region are 0.9% lower than the same time last year. After falling for the first half of 2011, values in Wellington have picked up slightly in the last few months.

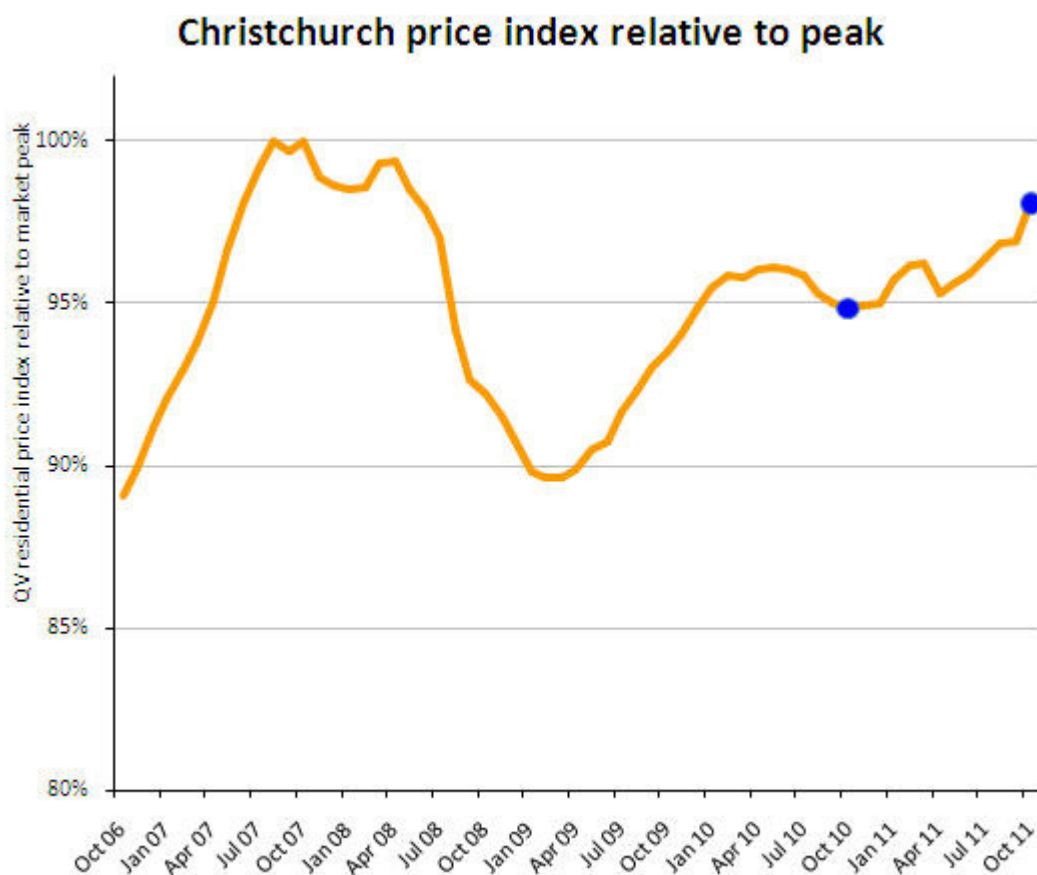
Mr Pieter Geill of QV Valuations said; "Values in the Wellington Region appear to be fluctuating within a narrow band over the last three months. With the exception of Lower Hutt, which fell marginally, the rest of the region has shown a slight increase."

Mr Geill said "We are seeing some positive signs in the market. This includes more activity in the first home buyer segment. However, purchasers continue to be very cautious."

"There are a greater number of properties being listed and we are having more people requesting valuations to enable them to set asking price. However, the increase in listings doesn't appear to directly translate into a corresponding increase in the number of potential buyers. Also, sellers lack the confidence to commence their search for their next property until they are sure their existing one has sold. So, while we are seeing increased activity, sales volumes are still low" Mr Geill said. Mr Geill said. "There are very early signs of an increase in sales volumes, which may in turn lead to an increase in prices over the months ahead."

QV's Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Wellington in September was \$432,894.

CHRISTCHURCH



QV's Residential Price Index for September shows that property values in Christchurch are 3.4% higher than the same time last year. Values continue to increase, driven by activity in unaffected areas.

Mr. Brendon Bodger of QV Valuations said; "House prices are continuing to show a positive upward trend. As expected, demand is for relatively undamaged suburbs, particularly in the South West to North West."

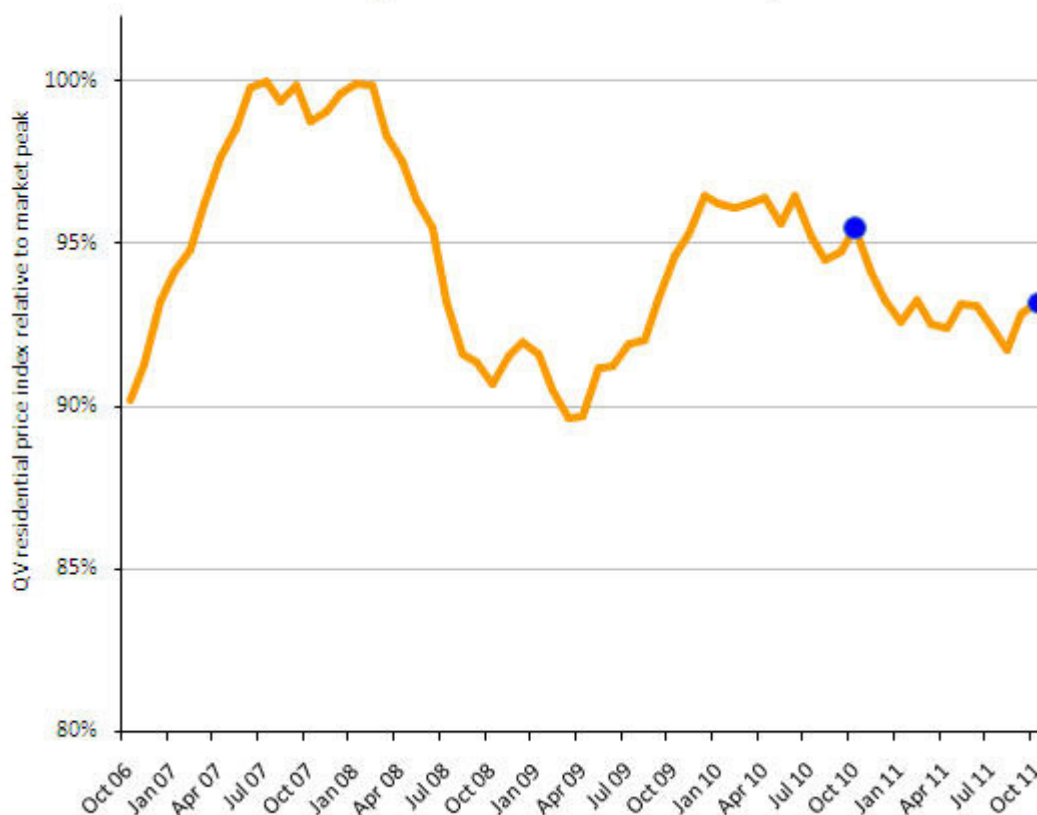
"Whilst market activity has increased, the spring lift in listings is lower than expected and sales volumes continue to be well below the high activity years of 2006/2007" Mr Bodger said.

Mr Bodger said "As has been evident over the past few months, demand for property in the wider Canterbury area continues to be strong, particularly for vacant sections and small lifestyle blocks. Values in the Selwyn District Values are 4.9% higher than last year and in Waimakariri values are 3.1% higher."

QV's Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Christchurch in September was \$379,724.

DUNEDIN

Dunedin price index relative to peak



QV's

Residential Price Index for September shows that property values in Dunedin are 2.4% lower than the same time last year. Values continue to be volatile in a narrow band.

Mr. Tim Gibson of QV Valuations said; "The Dunedin real estate market is starting to gain some spring traction. There has been a noticeable increase in activity within the market, whether that be sales or refinancing for alterations."

"Value levels have started to show a slow increase over the past three months reflecting the increase in confidence. A major factor is the reported shortage of listings within the market often causing two or more parties having to negotiate more aggressively for a property than was evident earlier in the year" Mr. Gibson said.

Mr. Gibson said "The true test of the market will come if the volume of new listings entering the market increases to a more traditional level."

"Current value levels are now 6.8% below the market peak of July 2007" Mr. Gibson said. Mr. Gibson said "The decreasing average sale price we are seeing is reflective of more sales occurring in the lower value bracket than in previous months. This is reflective of good demand by the first home buyer or investor for well presented homes in an affordable bracket."

QV's Residential Price Index is calculated using sales data from the 3 months leading up to the month being reported. It is not the same as the average sales price, which fluctuates in line with the mix of properties selling in upper or lower price brackets. The average sales price for Dunedin in September was \$262,472.