



1 December 2020

BY E-MAIL

Dear Purchaser

OTTO APARTMENTS, 260 WAKEFIELD STREET, WELLINGTON

This is the first of the newsletters we will be providing to update you on the development of your new OTTO apartment.

The agreement you signed was conditional upon 260 Wakefield Street Limited (the Vendor) satisfying or waiving the various conditions contained in clause 23.1 of the agreement by 6pm Monday, 30 November.

We are pleased to advise that the agreement between us is now unconditional. We instructed our solicitor yesterday to advise your solicitor that the conditions contained within clause 23.1 have either been satisfied or waived.

The conditions to be satisfied or waived included the Vendor;

- a. Completing the purchase of the property at 260 Wakefield Street from Gilmer Towers Limited. We have contracted to purchase the property from Gilmer Towers Limited, settlement is scheduled to occur at the end of March next year and have arranged the funding needed to complete the purchase. As such, we waived this condition;
- b. Arranging finance from a Lender in an amount and on terms satisfactory to itself for the development works. Whilst we have yet to conclude funding arrangements for the development works, we have received expressions of interest from a number of financiers and are making good progress towards satisfying the various pre conditions to confirm funding (the most significant of which is pre-sales). As mentioned above funding arrangements for the purchase of the property are in place and we are confident that the funding pre-conditions for the development works will be satisfied in the new year so waived this condition;
- c. Obtaining all necessary consents required for the Development on terms and conditions satisfactory to itself in all respects. We have obtained a resource consent



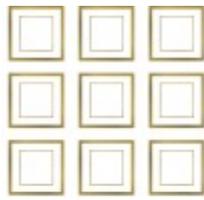
for the development but have still to obtain MBIE multi-proof consent for the modules to be used in the construction and Building consent. However, we are confident that these consents will be forthcoming as our architect has recently obtained “multi-proof” approvals from MBIE for a similar project in Wellington and have waived this condition;

- d. Securing a satisfactory number of unconditional pre-sales. As of today, we have achieved 68 unconditional pre-sales of the apartments (85% of the apartments in the development) and have offers on a further 4 apartments. As such, we consider this condition to be satisfied.

When we launched OTTO back in April 2020, we anticipated that construction would have commenced by now. However, because we are piggybacking the work our architect is completing on his other project this has caused a delay. For risk management reasons we decided to hold off commencing the detailed drawings and work required for our multi-proof application until he had obtained approval for his existing project. This was received at the end of October and our architect expects to have our application lodged with MBIE at the beginning of February 2021. We expect the overall impact of this delay to the timing of practical completion will be less than six months and are now targeting 30 September 2022 as being the expected day. Whilst commencement of construction has been delayed, we are confident that we will be able to reduce the actual construction period.

Some of our purchasers have expressed an interest in purchasing carparks and storage facilities should they become available. As our focus has been on the design of the apartments and apartment sales, we have still to finalise the configuration of the Ground Floor. Prior to doing so we would be keen to obtain some feedback from our Purchasers as to what the likely demand for facilities could be. If you have an interest in either purchasing or renting car parks and/or storage facilities, then we would appreciate you registering your interest by emailing us.

Finally, we would like to thank you for supporting our development. We believe you have made a very good choice in purchasing an OTTO apartment. Parties associated to the Vendor have purchased 28 of the apartments as long-term investments. They consider the OTTO apartments to be very reasonably priced compared to new apartment developments and have brought to our attention that the developer of the Sunset West apartments has recently released a further 5 one bedroom, apartments. The apartments are priced from \$685,500 and we understand that they are approximately 50m² in size.



We trust you have an enjoyable Christmas Holiday break and look forward to updating you on further progress in the new year.

Yours sincerely

Kevin Podmore

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