

Don't forget to vote

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Early voting is substantially down on 2020, which may reflect the conditions of the lockdowns at the time, but just as likely reflects the lack of enthusiasm for the major parties that is evident in all opinion polls. A low turnout, which would generally be expected to assist the centre-right, is in prospect at this year's election.

A weak government is the most likely outcome

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With NZ First looking as it will make a relatively strong return to Parliament, its votes will most likely be needed by National and Act. There must be a high likelihood of either NZ First or Act sitting on the cross-benches. That is a recipe for a government with a constrained agenda and limited to capacity to make rapid or significant policy reform decisions outside a narrow range.

Port Waikato and overhang

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The next Parliament will have 121 MPs because of the arcane, FFP-era rule covering the untimely death of a candidate during a campaign that requires a by-election. That doesn't change the political arithmetic – a governing arrangement will need 61 seats for a majority. However, a hung Parliament on election night force delay until after the Nov 25 Port Waikato vote. If the Maori Party does better in Maori electorates than in the party vote, a larger overhang could emerge.

Global bond are saying rates are staying structurally higher

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Global bond markets are signalling sticky inflation, structurally higher interest rates than have prevailed since the GFC, and a likely prolonged period of rates at around current levels. That is being reflected in NZ interest rates.

Big trouble for Fletcher Building; a bid for Sky TV

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Last month, Fletcher Building CEO Ross Taylor was saying the Iplex plumbing pipe failure issue in Western Australia looked as if it was down to installer error. This week, Perth construction firm BGC's claim that the product became faulty because of a change in manufacturing materials forced a three day trading halt. Meanwhile, Sky TV is subject to a non-binding indicative offer from an undisclosed party.

No precedent in Auckland flood relief package? Yeah, right

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The \$2b package of shared funding for Auckland anniversary weekend floods and landslides was presented firmly by Auckland mayor Wayne Brown as not representing a precedent for future such relief packages. However, the 50/50 split on buying out affected homeowners and the 95% compensation against valuation must be regarded as a reasonable guide to the future.

HUGOvision Extra on Sunday

We will publish an initial view and insights on Sunday.

A messy government beckons

NZ faces three years of minority or weak three-way coalition government on the basis of the consensus of opinion polls.

Most remarkable in this election campaign has been the National Party's inability to find momentum to lift itself beyond the mid-to-high 30s.

There will be much soul-searching in the aftermath. Christopher Luxon's relative inexperience and lack of political charisma is one thing, but it is not everything.

The quality of the party's policy offering has been too dependent on a tax relief policy whose credibility was successfully dented.

Much of the rest of its policy has either been belts and braces: "tough on law and order" and "get our kids back to school", or underwhelming.

There are new ideas in patches, but no big new ideas. The promise of momentum is undercut by the likelihood that a three-way government will take time to negotiate, blunting Luxon's desire to be seen to get cracking before Christmas.

Perhaps most fundamental has been the failure of National's scare tactics over Winston Peters and NZ First. **The decision to rule Peters in has clearly inflated NZ First's support**, with Act bleeding support late in the campaign to natural NZ First voters who saw similarities in Act's stances on "freedoms and rights" issues: guns, vaccine mandates, co-governance and the like.

Talking about the prospect of a second election appears only to have made voters even less inclined to line up behind National's hoped-for stable, two-party coalition.

To the extent that these were tactics driven by campaign manager Chris Bishop, **questions about Bishop's political acumen are inevitable**. He was, after all, one of the key backers of the ill-fated Todd Muller leadership bid that replaced Simon Bridges, who remains the highest polling Opposition leader National has had since losing office in 2017.

The result is **an electorate that appears both uninspired and hesitant about its choices**, evidenced in much lower than expected early voting and the weak support for both the traditional parties of government.

If large numbers of voters are undecided, that might also be expected to produce a low turnout, which would likely favour the centre-right parties.

We continue to regard speculation about a late surge for Labour producing a centre-left governing

combination as campaigning talk rather than a likelihood.

However, the reality at this late stage appears to be that NZ will replace a rare majority government that lost its way with a weak MMP government that will struggle for coherence.

Against a **difficult global economic and security backdrop, and with the prospect of a second mild recession in 2024**, it is difficult to see positives for NZ in such an outcome.

What to expect next week

A surge in support for NZ First and an unlikely by-election have cast a shadow of uncertainty over the last days of the election campaign.

But that uncertainty is less and less about the result, and more about how the parties that are most likely to form a government can actually work together.

The final television polls put the left bloc on 54 and 57 seats each. A clear National-Act victory is still possible but unlikely.

The right bloc is tantalisingly close in the TVNZ Verian poll on 58 seats, but further away on the Newshub Reid Research Poll which put it at 54 seats.

It's looking increasingly likely that National-Act plus NZ First is the only option. Adding NZ First to the mix gives the right a healthy 63 seats in the Newshub poll and a commanding 66 seats in the 1 News poll.

Of course, a clear result that involves NZ First is in some ways the most uncertain result of all.

A very close left/right result could also delay government formation until after the official count, which is not published until Nov 3.

Special votes tend to break for the left, benefiting Labour and the Greens by one or two seats.

If there is a clear path to government, however, on election night, we expect negotiation to be under way in earnest early next week.

Port Waikato and overhang

The requirement to hold a by-election on Nov 25 for Port Waikato because of the death of the Act candidate for the seat has highlighted a vestigial remnant of the first-past-the-post voting system. It may well be repealed now that its perverse impact has been revealed.

However, it does mean that there will be 161 MPs in the next Parliament. That doesn't change the political calculus requiring a government to have 61 votes for a majority.

However, that won't happen until National

presumably wins the safe seat in the by-election.

If the election night result were to produce a hung Parliament at 60 seats each for the left and right blocs - somewhat remote, but possible - the ability to form a new government could be delayed until late November.

Our guess, however, is that if the path to a majority with Port Waikato is clear, that the left bloc would be unlikely to risk the backlash that would result from being seen to promote a short-lived but anxious government vacuum for dubious political gain.

Other parties may choose, for example, not to stand a candidate in Port Waikato in the interests of certainty.

This potential to be blamed for an extended interregnum is one of the main reasons we regard a second election as highly unlikely.

One other potentially complicating scenario: if any party – most likely Te Pati Maori – wins more electorates than its party vote warrants.

At that point, an overhang of another two or three seats could appear. At 162 or 164 seats, the arithmetic of government formation could be further complicated.

However, rather than lay out a head-spinning array of possible permutations, we will analyse the outcome once we have one, in a HUGOvision Extra on Sunday.

Key dates

- Oct 16 – talks begin the Monday after election day if the result is clear on the night.
- Nov 3 – final result including special votes announced – likely date of talks accelerating if result is close, or if Winston Peters decides to wait for special votes.
- Nov 11 – earliest date for the State Opening of Parliament.
- Dec 22 – last date for State Opening of Parliament, although a government need not be formed by this date.

National's first 100 days – key elements

Aside from a desire to deliver a pre-Christmas mini-Budget that would recalibrate fiscal settings, National is proposing the following as its priorities in its first 100 days:

- Repeal Labour's clean car rebate and fee (the ute tax).
- Axe the Auckland Regional Fuel Tax (to the

consternation of Mayor Wayne Brown who has warned it will blow a \$2b hole in the city's transport budget).

- Repeal legislation establishing Labour's three waters entities, but keep water quality regulator Taumata Arawai.
- Return the RBNZ to a single mandate focused on keeping inflation between 1-3%.
- Reintroduce 90-day trials.
- Repeal Fair Pay Agreements legislation.
- Introduce a law and order package that bans gang patches in public, makes gang membership an automatic aggravating factor in sentencing, and introduce greater search powers for police searching gang members for firearms.
- Reinstate health targets including for ED wait times and cancer treatment.
- Introduce legislation to extend free breast cancer screening for those aged up to 74 years.
- Axe Auckland light rail.
- Withdraw from Let's Get Wellington Moving (likely precipitating the end of that programme).
- Issue a new draft Government Policy Statement on land transport, cancelling Labour's planned 12c fuel tax hike and redirecting money from public transport to roading.
- Introduce legislation to disestablish Te Aka Whai Ora – the Maori Health Authority.
- Initiate a review of Kāinga Ora looking at fears its debt burden has become unsustainable.

The question is whether it will get a free or early hand to achieve much of this.

A slimmed-down agenda?

One of the implications of National and Act having to work with NZ First is that such a government will need to settle on a jointly agreed agenda.

There are a few areas of obvious alignment:

- Focus on improved educational standards, particularly primary and secondary school.
- Possibly greater willingness to allow competitive provision of education and health services by private and community providers, although NZ First may be warier of this.

CTU campaign

Perhaps the standout campaign at this election has been the one mounted by the NZ Council of Trade Unions on behalf of Labour.

A combination of impactful online, print and outdoor advertising and the quality of the dissection of National's policies by economist (and former Grant Robertson adviser) **Craig Renney** cannot be disregarded as a factor in blunting National's ambitions.

POLITICS AND POLICY

- Law and order crackdowns (and a windback on lower speed restrictions).
- Public sector spending restraint and reductions.
- An interest in the “Irish model” for rejuvenating the country’s economic prospects and sense of potential. Winston Peters has been unexpectedly warm on this subject.
- Ending Maori co-governance outside of Treaty claim settlements that include elements of co-management of natural assets. This includes abolishing the Maori Health Authority.

Act’s negotiating position will be to put to a referendum a new law that would put limits around the potential for the Treaty to become more entrenched in law and public life.

This is unlikely to be accepted by National, which is concerned about the potential for more heated division than already exists on the rise of decisions taken through a te ao Maori lens by Labour.

The backlash against this trend is one of the major motivators for right-leaning voters at this election so action is inevitable on co-governance.

Sweeping it away would be welcomed by both NZ First and Act and may be the price National would be willing to pay in order to kill Act’s desire for a referendum.

Where there appears to be less alignment already is in the potential to more actively mobilise private capital to accelerate the provision of infrastructure.

NZ First is lukewarm on this and on user-pays concepts such as water metering and congestion charging.

What’s worrying NZers – Ipsos

The Ipsos NZ Issues Monitor found most of the top five concerns of NZers remained steady, with fuel costs becoming more of a concern.

The top five issues in Sept 2023 were:

- Inflation/cost of living at 62%, steady.
- Crime/law & order at 37%, up 1 point from last month.
- Healthcare/hospitals at 32%, up 1 point.
- Housing price of housing 31%, down 1 point.
- The economy at 24%, steady.
- Petrol prices at 24%, up 3 points.
- Climate change was sixth at 19%.

The Greens were considered most capable of tackling climate change, and Labour the most capable of tackling poverty/inequality (which ranked 8th).

National maintained its dominance in all other areas. The overall rating of the government’s performance was up to 4.7 out of 10 from the low of 4.5 in August, following a steady decline from the high of 7.6 in 2020. The survey was conducted between Sept 25 and Oct 2.

Late electioneering & promises

Labour said if elected it would review competition law with a view to giving the Commerce Commission the power to break up monopolies.

National said it plans to double the value of exports in 10 years with a focus on India, and trade deals in the Middle East and Latin America.

National announced a space policy with plans to appoint a minister for space, create a PM’s space prize for young people, improving immigration for highly skilled workers, two new aerospace testing zones, and improving government data procurement and sharing.

Israel-Hamas war casts shadow over election

The war between Israel and Hamas has splintered parties on the left.

Foreign Minister Nanaia Mahuta was roundly criticised for her equivocating statement on the conflict, which did not mention Hamas. Hipkins pulled her up for it and admitted it should have been more strongly worded.

He also hit “pause” on a policy to invite Palestine’s shadow ambassador to Australia to present credentials as an Ambassador to NZ. He’s also sought advice on whether to designate the political wing of Hamas as a terrorist organisation.

NZ is something of an outlier currently for only designating the military wing a terrorist organisation.

That advice will be delivered to the next government, whoever it is, who will have the final say.

The Greens are unhappy, saying that if Hamas is going to have its terrorist status upgraded, the Israeli Defence Force should be looked at too.

Hipkins swiftly ruled this out.

Meanwhile, a large delegation of NZ tech company representatives who were to have undertaken a study and trade tour in Israel next month has been postponed to next May.

The latest in big issues no one is talking about ...

Earlier this month, Environment Minister David

Parker established a Freshwater Working Group to examine “water allocation issues”.

The group is required under the replacement RMA legislation and will report back in October next year. National said it would keep the working group despite its promise to repeal the new RMA.

That leaves a Labour or National government with a confounding choice when the report comes.

Currently, freshwater rights are allocated based on a “first-in first-served” approach, which does not guarantee the most efficient use of water, and privileges those with existing water rights – a bugbear of Māori.

Any change from the status quo is likely to tilt the balance away from existing users and possibly towards Māori, aggravating an already angst-ridden farming community and fanning the fractious racial debate.

Luxon’s first BAU challenge?

One of Christopher Luxon’s first challenges could come as early as this Christmas.

A water crisis is brewing in the capital, where Wellington Water, the umbrella organisation managing water services for the region’s councils, has warned that residents may have to boil water this summer thanks to potential shortages.

The problem is not rain, nor reservoir capacity, although these issues don’t help and will become a problem in coming years, but the fact that 40% of the city’s drinking water seeps through leaks in decaying pipes as it is transferred from reservoir to home.

The real challenge comes not when Wellington actually runs out of water, but when reservoir levels drop low enough to cause parts of the network to depressurise, risking contamination. At that point, councils would be forced to issue boil water notices to keep residents safe.

Wellington Water said crisis point could have been reached last summer, but for the dumping received during Cyclone Gabrielle, which topped up reservoirs. This summer, dry El Nino conditions mean the city is unlikely to get lucky twice.

Three waters problems in Queenstown is bad enough for its potential to damage the tourist mecca, but a problem in the capital is potentially worse.

The politics are awkward too, given National is committed to repealing the three waters reforms by early next year, when any shortages are likely to strike.

National’s own plan hands far more power back to councils, although the relatively pro-Three Waters mayors of the Wellington region are likely to argue that local control is not clearly the solution to the challenge – in fact, it could be the problem.

Wellington local bodies have formed a working group, involving former Infratil director-turned-Wellington city councillor Tim Brown.

The intent is to present an incoming government with a practical solution that might also assist the increasingly urgent need to identify credible ways for cash-strapped local councils to finance new water infrastructure.

Auckland floods compensation package – precedent or not?

Auckland mayor Wayne Brown was at pains to stress that the property buyback package agreed between Auckland Council and central government for homeowners who lost property in the anniversary weekend floods sets no precedents.

However, it is difficult not to regard the broad terms as being at least indicative of how responses to forced retreat – if not necessarily managed retreat – are likely to evolve.

In the case of Auckland, homeowners with insurance are eligible for 95% compensation on assessed market value, with the 5% reduction acting as proxy for an insurance policy excess.

Uninsured property owners would be eligible for 85% compensation, or up to 95% in certain unspecified circumstances, presumed to be hardship.

The cost of that compensation is being split 50/50 between the Crown and Auckland Council.

Under the \$2b cost-sharing deal, the Crown will pay \$1.076b of the total cost, including \$380m (62% of project cost) for “making space for water” projects, and 79% of the \$390m in transport recovery funding.

Would he do it?

Early media speculation that government problem-fixer extraordinaire **Brian Roche** might replace **Peter Hughes** as CE of the **Public Service Commission** surprised Roche. It also drew swift responses from close associates who saw that prospect as most unlikely. He has little or no relationship with the likely next minister, Simeon Brown, among other factors.

The idea is, however, being strongly promoted to Christopher Luxon’s chief advisers. 🇳🇿

DOMESTIC ECONOMY

Bond markets signal indigestion with government debt issuance

New Zealand fixed income yields have continued to move higher, consistent with global indicators of a structural shift to a prolonged period of higher interest rates than have prevailed for more than a decade.

Ten year NZ government bond yields have traded above 5.5% for the first time since 2011 amid a global bond market sell-off in which US treasuries remain the primary driver.

Economic activity in the US has remained resilient – the latest example being the large upside surprise to nonfarm payrolls data for September – and market sentiment has been impacted by the heavy bond issuance required to finance the fiscal deficit while the US Federal Reserve undertakes quantitative tightening.

NZGBs have kept pace with the sell-off in treasuries and the spread at the 10-year point on the curve has been stable near 70bps. The move higher in yields has been concentrated in longer maturities resulting in a steeper yield curve.

From a peak inversion of near -80bp, the NZ 2y/10y curve is now back at -20bp. The pace of the sell-off has been relentless – 150bp since May in 10-year NZGBs – and suggests that a period of consolidation is required.

Mortgage rate implications

With an eye on wholesale funding costs, the risk profile for mortgage rates has shifted higher for longer.

The “peaking” narrative is becoming a “plateau” story and the short-term risk is for additional upward tweaks to longer-term rates, unless wholesale rates soon ease off.

At the same time, new RBNZ data on mortgage fixing shows that borrowers continue to strongly favour shorter terms, increasing sensitivities to higher-for-longer mortgage rates.

Mortgage stress

There were 18,600 mortgage accounts past due in August, up 28% on the year before. There were 1.49m mortgages held.

Late-cycle pressures on households can be expected to intensify next year. The average mortgage rate being paid will be closer to 6.5% from 5% currently.

OCR on hold

The Reserve Bank kept the official cash rate on hold

at 5.5% and offered little in the way of forward guidance. It said interest rates are constraining economic activity and reducing inflationary pressure as required. It did say that rates may have to remain higher for longer.

Westpac said it still expects the RBNZ to increase the cash rate by 25 basis points to 5.75% in November and expects no OCR cuts until early 2025.

Crown accounts

The government’s final audited accounts for the year to the end of June 2023 showed a deficit of \$9.4b, below the Prefu estimate of \$10b and below the previous year’s \$9.7b deficit.

QSBO – a bit less gloomy

The Institute of Economic Research’s Sept quarter business survey said a net 53% of respondents thought economic conditions would get worse in the coming year, compared with a net 63% in the previous survey.

More firms reported a decline in their own trading, while slightly fewer expected a worsening in the coming quarter. 68% of respondents faced increased costs and 45% expected to raise their future prices.

In short, the survey indicates little to no top-line growth, below average but improving profitability, parked investment intentions, and falling but still uncomfortably high cost and inflation pressures in an environment where labour is becoming markedly easier to find.

However, this morning’s **Performance of Manufacturing Index** is the seventh in a row below the neutral 50 mark and has slipped to 45.3 from 46.1 in August, indicating an entrenched trend of under-performance.

Job ads slow in September

September showed a 2.3% decline in job advertising, indicating that the bounce observed in August was not the start of recovery trend.

However, the previously aggressive rate of decline has slowed markedly to sit at pre-covid levels, although the Auckland job market is notably weaker.

Wellington was roughly even with 2019 levels and in Canterbury, job ads are running a bit above pre-covid rates, while smaller regions remained well above 2019 levels, albeit well off the peaks seen in 2022.

The conditions are now emerging for a sizeable increase in the unemployment rate, from 3.6% of the workforce at present to somewhere in the low 5%^s. ■

Manufacturing and construction

Fletcher Building shares were placed in a three day trading halt in response to what Jarden analysts called a “compelling” argument that its Ilex plastic pipes, which have been failing in Western Australia, may have been malfunctioning owing to a change in resin supplier in 2017. The report for Perth construction company BGC estimated the potential cost of claims against the faulty pipes at A\$1.8b. Fletcher expected to provide a response by close of play Friday (today), with shares to resume trading on Monday.

The company already faces a testy AGM on Oct 27, with at least influential proxyholders opposing a 25% increase in the board fee pool.

Oji Fibre Solutions completed its purchase of some of the assets left over by Norske Skog after it closed the Kawerau newsprint mill in 2021. The deal allows Oji to operate its mill at what were integrated facilities.

Robotics Plus is moving into commercial production of its autonomous farm vehicle at its Tauranga base with an initial focus on apple orchards and vineyards.

Fisher & Paykel Appliances contracted Naylor Love to build two of the three new Penrose buildings for its new headquarters.

Primary Sector

Fonterra raised its forecast farmgate milk price on the back of three improving global dairy trade auctions to between \$6.50 and \$8 per kilogram of milk solids with a new midpoint of \$7.25/kgMS – an increase of 50 cents. It comes after Fonterra made two big cuts early in the season as whole milk powder prices slid.

Tatua said it processed 14.85m kilograms of milksolids supplied by 101 shareholder farms for the 2022/23 financial year with income of \$537m and earnings available for payout of \$225m. It confirmed a cash payout to shareholders of \$12.30 per kilogram and retained \$2.90 per kilogram of milksolids, equivalent to \$43m before tax, for reinvestment.

Beef + Lamb NZ is forecasting farm profitability to fall by 31% for the 2023-24 year, following a decline of 32% in 2022-23, effectively halving returns in two years to be at a 15-year low.

Forestry industry groups filed for an urgent judicial review of the Ministry for Primary Industries’ new emissions trading scheme fees.

Westland Mineral Sands exported its first bulk shipment of heavy mineral concentrate to customers in China.

Energy and resources

Mercury’s generation portfolio manager, Phil Gibson said NZ needs to build new fast-fired gas electricity generation plant now to avoid blackouts and decarbonise.

Meridian Energy told shareholders at its annual meeting that it had signed an MoU with European-based Parkwind to explore the exploration offshore potential, focused principally on the Taranaki coast. Parkwind is already exploring the potential for 1 Gigawatt of installed offshore wind generation.

Banking, finance and insurance

KiwiBank will pay an \$812,500 penalty for failures in the way it communicated with customers about bank fee waivers.

Telecommunications, media & entertainment

Sky Network TV disclosed receipt of “a highly conditional, non-binding preliminary expression of interest from a third party to acquire the company. It has paused its share buyback programme in the meantime.

Warner Bros Discovery’s Newshub became the latest NZ publisher to join **Google’s News Showcase** platform.

UK-based **Brand Finance** estimated the value of the **All Blacks** brand at US\$282m, making it the most valuable brand in world rugby. The value of the world’s most valuable sporting brand, the **Dallas Cowboys**, is estimated at US\$6.5b.

Wholesale and retail

Turners Automotive said it was heading for a record half-year result for the six months to Sept 30, predicting profit before tax of at least \$25m.

Transport

Higher fuel costs and softening domestic travel demand saw **Air NZ** revise its 1H24 pre-tax earnings guidance to between \$180m and \$230m.

Toyota NZ is purchasing **Ezi Car Rental**. Ezi, which has 24 locations nationwide and employs 130 staff, has a fleet of about 2,500 vehicles. The company would be housed under Toyota Finance NZ but run as a separate business.

KiwiRail said there’s a funding shortfall for the Interislander replacement project, but the govt has given it undisclosed options to ensure work can continue.

Courts, legal and regulation

The **Financial Markets Authority** recommended

CORPORATE ROUND-UP

policymakers revisit the rejected proposal to include custodians in its licensing regime following its review into convicted Ponzi scheme promoter **Barry Kloogh**.

Technology and IT

Rocket Lab is taking over the lease on SailGP Technologies Warkworth-based manufacturing complex as the materials manufacturer relocates to the UK. SailGP has been a supplier of composite materials to Rocket Lab for its Electron rockets and Rocket Lab Rocket Lab will the equipment in the 6,500 square metre facility and retain at least 90% of SailGP's 55 local employees.

The govt is providing **Tāwhaki Aerospace Centre** with a \$5.4m grant to fund most of new facilities. Tāwhaki is a joint venture half-owned by the govt and half by two local iwi. The runway and hangar will cost total \$6.1m, with the balance of \$700,000 to be paid by the iwi through their co-owned company, Kaitorete.

The value of **Infratil's** investment in CDC Data Centres has increased from an estimated A\$3.4b (NZ\$3.67b) to A\$3.88b over the past six with the new estimate the midpoint of a valuation range of between A\$3.64b and A\$4.19b.

Service industries and healthcare

Brothers Beer administrators have suggested a plan to help it trade through its \$5m debt and avoid liquidation.

Pacific Edge shares fell after the US Food and Drug Administration said it intends to regulate lab-developed tests, including CxBladder, as a medical device adding to the current regulatory pathway.

WasteCo completed the acquisition of the waste collection business of Bond Contracts. It operates waste collection services and transfer stations in Southland for Invercargill City Council, Southland District Council, and Gore District Council.

Tourism

The Commerce Commission signed off on **RealNZ's** purchase of the Spirit of Queenstown boat from its southern lakes' tourism competitor, Southern Discoveries.

Air NZ extended the expiration date for credits issued due to covid for the sixth time until Jan 31

2026 with \$200m in unclaimed credit remaining.

Property

Arvida reported sales volumes were up 6% year-on-year with 285 sales of occupation rights – new and resale – settled in the six months ended Sept 30. From 183 resales of occupation rights there were gains of \$27m.

Robt. Jones Holdings bought an 18-level Auckland office tower purchase at 51-53 Shortland St valued at \$70m. It already owns the neighbouring tower at 55 Shortland St.

Investore Property expects a gross reduction in fair value of its portfolio for the six months ended Sept 30 of \$70m, a 6.6% decrease due to inflation and interest rates.

Summerset reported 260 sales for the third quarter of 2023 – 133 new sales and 127 resales, up 19% compared to the same quarter in 2022.

Stride Property expects a decrease in the fair value of its directly held office and town centre portfolio for the six months ended Sept 30 of \$50.7m, a 4.7% decrease.

Corporate actions

Cannasouth says it needs to raise capital due to its constrained cash position as it waits for its medicinal cannabis products to be verified by relevant agencies.

Good Spirits Hospitality entered into a conditional agreement to sell its business and assets to **Brew On Quay** for \$20m. If the sale is approved, the company intends to distribute a dividend of \$600,000 to shareholders and then be delisted and eventually liquidated or deregistered. Independent directors said failure to approve the sale may result in enforcement action by the company's financier, Pacific Dawn.

Capital markets

Black Pearl is to raise approximately \$4m with a price of \$0.51 per share, a 13.5% discount to the five-day volume weighted average price of its shares.

People

Infratil announced **Andrew Carroll** will be its new chief financial officer succeeding **Phillippa Harford**, who has been in the role for 8 years. 

