CBRE VALUATION & ADVISORY SERVICES

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VALUATION REPORT

BETHLEHEM TOWN CENTRE
19 BETHLEHEM ROAD
BETHLEHEM, TAURANGA

LENDER: ASB BANK LIMITED AS SECURITY TRUSTEE
CLIENT: PMG GENERATION FUNDS TRUSTEES LIMITED

VALUATION DATE: 31 DECEMBER 2021
REPORT ISSUED: 12 JANUARY 2022

CBRE

CONTENTS


hello sushi
Kmart
Domino's


countdown
open

VALUATION SUMMARY

Market Value (plus GST if any)

$99,000,000

Key Valuation Metrics

Initial Yield:	6.6%	Passing NOI:	$6,286,196
Rate $psm of GLA:	$4,421	Adopted NOI:	$6,264,952
Adopted Cap Rate:	6.375%	NOI CAGR (10 Yr):	1.8%
Adopted Target IRR:	6.75%	NCF:NOI Ratio (1 Yr):	60%
Adopted Terminal Yield:	6.875%	NCF:NOI Ratio (5 Yr):	79%
Spec Vacancy (Current):	2.1%	Majors WALT (Income):	3.9 years
% Under-Rented (Overall):	2.7%	Centre WALT (Income):	4.0 years

Income Analysis

Item	$pa	$psm
Majors Base Rental	2,484,769	217
Specs Base Rental	3,960,653	395
Outgoing Recovery	1,102,174	51
Percentage Rental	246,519	11
Gross Rent (as occupied)	**7,794,116**	**363**
Other Income	82,489	4
Less: Total Outgoings	-1,590,409	-74
Net Passing Income	**6,286,196**	**293**
Future Inc. from Vacancies	98,279	5
Vacancy Allowance	-119,522	-6
Net Operating Income	**6,264,952**	**292**

Turnover Analysis

Tenant/ Category	Last Year	This Year Annualised	Var. %	GOC %
Kmart				
Countdown				
Smiths City				
Total Majors				
Specialties	$34.6m	$41.1m	18.6%	7.5%
Monthly	$1.4m	$1.5m	6.0%	13.1%
Previous	$7.0m	$2.7m	-61.7%	
Total Specs	**$43.1m**	**$45.3m**	**5.1%**	
Total Centre	**$118.3m**	**$126.5m**	**6.9%**	

Property Description

The property is a predominantly single level Sub-Regional shopping centre, although has some of the characteristics of Neighbourhood and Bulky Goods shopping centres. There are 10 separate buildings (some adjoining), and all premises trade externally, except for the Level 1 offices. The Countdown supermarket was completed in 2003 and occupies the most prime part of the site. Smiths City and the specialty component was constructed over 2007 and 2008, the Kmart building store and sleeve retail was redeveloped in 2016, and BP added in 2019/2020. The improvements appear to be in good condition. On site car parking is provided for approximately 1,019 vehicles, all being on grade and uncovered. The carparking ratio is excellent but the layout is a little convoluted.

There is surplus land with estimated area of 3,500 sqm, held under the same Title as the centre. The parent site has frontage to State Highway 2. The suburb of Bethlehem features

Freehold

78,344 sqm

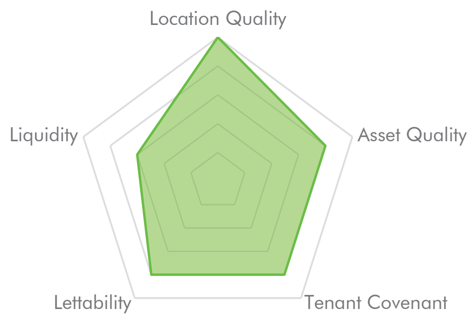
21,645 sqm

1,019 spaces (4.7 per 100 sqm of GLA)

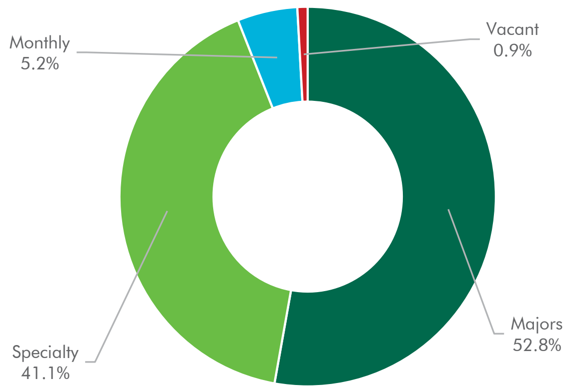
a relatively moderate socio-economic profile and a high rate of population growth. The buildings have a seismic resistance of 100% of NBS (ISA only).

Kmart strongly anchors the centre from the rear, . Smiths City occupy . Countdown are a solid anchor that trades well. There is opportunity to secure Countdown on a long term lease at a higher passing gross rental. There is a low level of specialty vacancy at present, the centre is trading strongly and average specialty GOC's are comfortable. Bethlehem Town Centre meets the needs of its surrounding catchment, and has good resilience to the potential further competitive impacts of Tauranga Crossing.

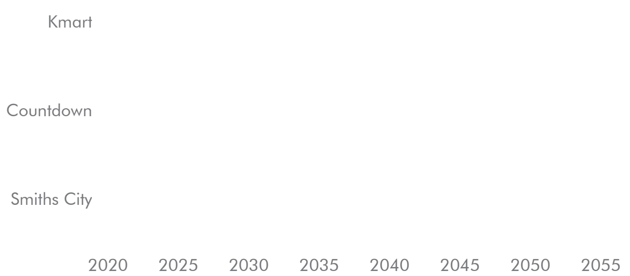
Property Quality Profile



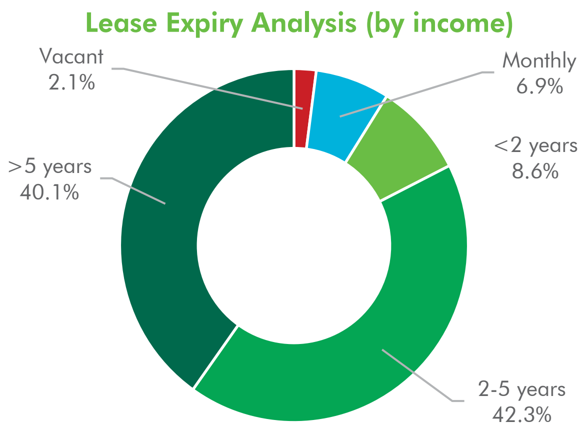
GLA Analysis



Majors Remaining Lease Term



Specialty Lease Expiry Profile (by rent)



General Retail Market Comment

The investment market enjoyed prolonged buoyancy until March 2020, but there were signs of a market correction such as had occurred in Australia, with some larger secondary centres failing to sell at prevailing price levels. Thereafter widespread concern about a global pandemic created great uncertainty in the markets and an almost complete cessation of transactional activity, but the subsequent period of control of COVID-19 that followed in New Zealand, extensive government spending, supportive banking, and a long term reduction in the cost of debt has stimulated the domestic economy and bolstered the property markets. Yields and IRR's have compressed the most at defensive prime properties across all sectors, and supermarkets and hardware stores are now achieving the highest prices in modern New Zealand history. What started as a flight to quality has since spread to other less prime and less liquid parts of the market, partly because of unappealing low returns from other non-property investments. Syndicators and large property institutions are active once-more and the larger assets commonly targeted by those buyer types are also attracting well capitalised private investors.

Buoyant house prices have created a wealth effect which has boosted consumer confidence, and retail spending has surged despite supply chain issues. Most centres have experienced trading increases, and almost all retailers are paying full rent and many are committing to new leases. The most recent lockdowns in Auckland/Waikato have impacted trading again, but the market is on the verge of a return to more normal spending behaviour due to generally high vaccination rates and an easing of restrictions. The exception are large international fashion retailers, with some successfully pushing for lower rents and occupational provisions that favour them more, and the border closures still continue to frustrate the opening of new stores for offshore brands which in turn is still impacting new developments. Whilst most anchor tenants remain uncommonly strong, the closure of David Jones in Wellington and the shuttering of 7 H&M stores in Australia causes concern given the agility offered by their leases. Global lockdowns have boosted online sales and many retailers have accelerated their omni-channel strategies.

The parts of the retail market that remain less robust are fashion, travel and cinemas, and medium to large secondary shopping centres. Many assets have seismic upgrading requirements and costed Detailed Seismic Assessments ("DSA") are now necessary to avoid discounted pricing and stalled transactions. Leasehold remains unpopular unless they are occupationally well leased. Border closures are still proving challenging to the entry of offshore capital, and risk remains around further outbreaks of COVID-19 in New Zealand, although vaccines appear to offer a solution. Banks are tightening their lending structures for shopping centres. Considerable stock is now entering the market and is likely to continue to do so, tipping the previously favourable supply/demand profile, and some are secondary centres that are requiring vendors to meet market pricing in a way that has not occurred over the past 24 months. A low return/high asset price environment is expected to continue, although increases in interest rates, continued outbreaks of the virus, a slowdown in house prices, debt cost/availability changes and an easing of government spending could cool some of current exuberance.

Prepared by CBRE Limited

SWOT & RISK ANALYSIS

Strengths

- Sound existing shopping centre within an establishing catchment.
- Strong population growth profile.
- Countdown and Kmart are good anchor tenants with strong tenancy covenant.
-
- Satisfactory majors floor area ratio.
- The Tauranga investment market is one of the most robust provincial investment markets.
- High profile site on a main arterial route with good vehicle access.
- All tenants receive good exposure to the carpark.
- The specialty tenants have comfortable GOC ratios, and a positive turnover trend.
- Nearly all specialty tenants pay outgoings.
- Excellent carparking ratio.
- Good physical condition.
- The buildings meet 100% of NBS (ISA only).
- The BP is an attractive low yielding component.
- Relatively low level of passing vacancy.

Weaknesses

- There is still a level of uncertainty in the investment market at present for shopping centres although sentiment has greatly improved since March 2020.
- Some tenants (mainly fashion) have high gross occupancy cost ratios, limiting their affordability and possible ability to pay rent in the future.
-
- The leases may complicate the subdivision of the centre into Stratum Estates. The lease prevents future titles being less than 500 sqm in size.
- The lease restricts some uses from being located on the site (strike out at expiry). Some investors may be unsettled by the short remaining lease to Countdown.
- The lease complicates the ability of the centre owner to change the carparking layout.
- The catchment is still relatively small to moderate, but is growing strongly.
-
- Parts of the property are located within a flood plain, flood prone area, and major and/or minor overland flow paths.
- The centre has been assessed by ISA only (less reliable than DSA).

Opportunities

- Hold the centre until greater liquidity returns.
- Continue to market the centre to its catchment.
- Nurse vulnerable tenants.
- A slow-down in competitive developments.
- Continued relatively low interest rates.
- Repaint the line marking in the carpark.
- Continued strong spending.
- Selectively increase specialty shop base rents at lease expiries.

Threats

- Increased competition from Tauranga Crossing.
- A DSA could result in a lower % of NBS.
- Robust management would be needed to secure Countdown on satisfactory commercial terms.
- Internet sales growth deterring retailers and more so investors.
- Refer to Section 7.1 for comments regarding the COVID-19 global pandemic.
- Reducing turnover rent from

- Less likelihood of future lockdowns given high vaccination rates.
- Complete a DSA.
- Develop the surplus land (potentially a childcare centre).
- Grow sundry revenue.
- Reduce the owner's contribution to the promotion fund.
- Create a new pedestrian concourse between Tenancies A04-06 and C02-04, which would link the playground area.
- The eventual return of large centre transactions will increase pricing certainty.

- Potential deterioration in property income performance from lower rents, increased vacancy, increased incentives and other income leakage.
- Aggressive posturing by large retailers at lease renewal.
- There are currently challenges with meaningfully accessing offshore capital due to border closures.
- The eventual return of large centre transactions could point to a decline in pricing (looking less likely).
- Refer to the Market Risk Comments below.

Market Risk Comment

Commercial property value growth has been strong for many sectors in recent years, even with the disruption caused by COVID-19 through 2020. This growth is largely attributable to historically low interest rates, alternative investment markets demonstrating more risk and volatility and low vacancy rates in some sectors (particularly industrial). Prime quality strongly leased property transactions continue to show some yields at historical lows.

Notwithstanding current buoyant conditions in many parts of the property market, the ongoing impact of COVID-19 on the global economy (including the emergence of more infectious strains) means that values and incomes may change more rapidly and significantly than during normal market conditions. We also note that the Reserve Bank increased the OCR from October 2021 with further rises signalled. Retail interest rates have risen sharply in recent months.

Historical cycles have shown that commercial property yields can soften rapidly in the event of a market downturn. Should economic and property market conditions deteriorate in the future, then the market value of this asset may decline. This inherent risk factor should be considered in any lending or investment decisions.

1 INTRODUCTION

This is a live-linked report which features dynamic hyperlinks throughout. If reading this report on-screen, all references in the side bar and appendices references are clickable, which will allow you to navigate the document. Other items such as maps, identified in blue underlined text, may link you to external sites.

1.1 INSTRUCTIONS

Instructing Party:	Mr Jamie Reid on behalf of PMG Generation Funds Trustees Limited.
Purpose of Valuation:	Mortgage Security and For Use Within Retail Product Disclosure Statement
Basis of Valuation:	Market Value 'As Is' subject to existing occupancy arrangements
Date of Inspection:	10 November 2021
Date of Valuation:	31 December 2021
Date of Report Issue:	12 January 2022

1.2 MARKET VALUE DEFINITION

In accordance with the International Valuation Standards, the definition of 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 arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

1.3 INDUSTRY PRACTICE

Subject to the assumptions and qualifications detailed within, this valuation report is issued in accordance with the 'Guidance Papers for Valuers & Property Professionals' effective 1 July 2021 and International Valuation Standards (IVS) effective 31 January 2022. Where these are at variance, the assumptions and qualifications included within this valuation report will prevail generally, and the International Valuations Standards will prevail over the 'Guidance Papers for Valuers & Property Professionals'.

We hereby certify that the Principal Valuer is suitably qualified and authorised to practise as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the property; and accepts instructions to value the property only from the Responsible Entity/Instructing Party.

1.4 RELIANCE

Reliance: This valuation is strictly and only for the use of the following Reliant Parties and Purposes:

- PMG Generation Funds Trustees Limited for internal evaluation purposes only
- ASB Bank Limited as Security Trustee ("the Lender") for first mortgage security purposes only

The Client acknowledges and agrees that all material or documents created by CBRE in providing the Services are provided for its benefit and the purposes set out in the Report and may not be relied on by anyone other than the Reliant Parties. We do not assume any responsibility or accept any liability in circumstances where this valuation is relied upon by any Reliant Party after the expiration of 90 days from the date of valuation, or such earlier date if the Reliant Parties become aware of any factors that have any effect on the valuation.

This valuation is not suitable for transaction purposes as it has not been completed to a Due Diligence standard.

Confidentiality: Any valuation service is confidential as between CBRE and the Reliant Party as specifically stated in the valuation advice/report. Neither the whole of the report, nor any part of it, may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third parties, without the prior written approval of CBRE of the form and context in which it is to appear, which may be conditional on relevant third parties first executing (i) a reliance letter on terms approved by CBRE where the third party wishes to use and/or rely on the relevant information; or (ii) a non-reliance letter where the third party wishes to use the report for information purposes only.

Transmission: Only an original valuation report (hard and/or soft copy) received by the Reliant Parties directly from CBRE without any third party intervention can be relied upon.

Restricted: No responsibility is accepted or assumed to any third party who may use or rely on the whole or any part of the content of this valuation.

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1.5 INFORMATION PROVIDED

We have been provided with the following key information which has been relied upon within our report:

- Tenancy schedule prepared by PMG.
- Lease documentation.
- Financial budgets for FY22 including recoverable operating expenses, capital expenditure and sundry income prepared by PMG.
- Unaudited moving annual turnover report.
- Answers to property specific queries as required.

Our valuation is undertaken on the basis that provided information is accurate. Should this not be the case, we reserve the right to amend our valuation.

1.6 SPECIAL ASSUMPTIONS

Assumptions are a necessary part of undertaking valuations. CBRE adopts assumptions for the purpose of providing valuation advice because some matters are not capable of accurate calculation or fall outside the scope of our expertise or our instructions. Assumptions adopted by CBRE will be formulated on the basis that they could be reasonably expected from a professional and experienced valuer. The Reliant Parties accept that the valuation contains certain specific assumptions, and acknowledges and accepts the risk that if any of the assumptions adopted in the valuation are incorrect, then this may have an effect on the valuation. Refer to the Disclaimers, Limitations and Qualifications Section, which is pertinent to this report.

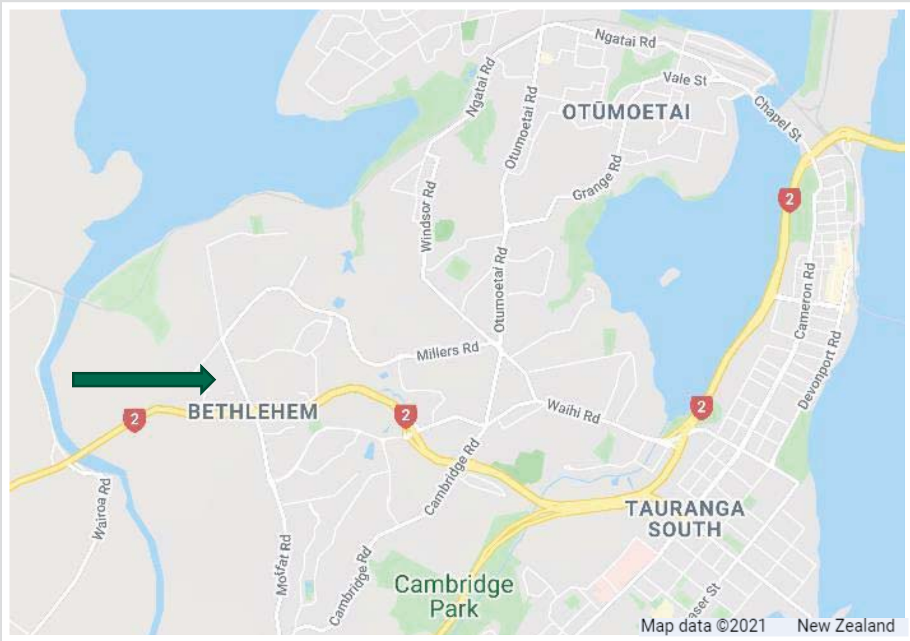
Particularly critical to our valuation are the following assumptions:

Management:	Any management agreement is surrendered and a hypothetical purchaser is able to implement its own management agreement. Our valuation is prepared on the basis of sound average efficient management and expertise, which is considered essential to operate the property.
Side Agreements:	There are no side agreements that would have an adverse effect on the market value of the property.
Rental Growth:	Our valuation calculations include rental growth assumptions throughout a defined cash flow period. These assumptions have been based on prevailing economic and market conditions as at the date of valuation.
Outstanding Rent Reviews:	All outstanding rent reviews will be settled in accordance with our forecast parameters.
Seismic Resistance:	In the absence of DSAs for many parts of the centre, CBRE has deducted allowances to compensate the purchaser for the risks of acquiring a property without DSAs. This is a broad deduction only and we do not recommend that the property is sold without first completing DSA's and detailed costings for any upgrades. In the event that actual costs vary from those adopted within the valuation, then the relevant person or entity should not rely upon the valuation and should provide all relevant cost details to CBRE for consideration and possible review of the valuation. Refer Section 3.9.
Lease Documentation:	Where any lease terms have modelled based on deal approval forms, answers to property specific queries or unexecuted lease documentation, we make our valuation on the basis that executed terms do not materially differ.
Countdown Outgoings Recoveries:	The previous property managers did not appear to be recovering rates for Countdown in accordance with their lease. We consider that the recovery for rates is higher than what is being captured in the outgoings allocation and recovery model for Countdown. Our valuation proceeds on the basis that PMG is able to recover the rates as assessed within this valuation and we reserve the right to review our valuation should this not be the case.
Surplus Land Area:	The surplus land area has been estimated by CBRE using aerial/GIS technology. We reserve the right to review our valuation should the surveyed area of the surplus land be materially different to what has been adopted in this valuation.
Turnovers:	In some cases monthly turnover figures for some tenants have been estimated where there has been a delay in that tenant providing this information to the property manager. CBRE reserve the right to review this valuation should there been major discrepancies between actual and estimated turnover.

2 LAND

2.1 LOCATION

Location Map:



View the subject property in Google Maps.

Nearest Main Centre: Approximately 7 kilometres west of Tauranga's Central Business District.

Surrounds: The area comprises predominantly low density, high quality residential dwellings. Adjoining the property on the north-eastern boundary of the site is Kempton Park Retirement Village. Within Bethlehem there are other retirement villages including Bethlehem Country Club, Bethlehem Shores, Woodlands Boutique Retirement Village and Bob Owens Retirement Village. The Bethlehem Medical Centre is located opposite the site and contains a chemist, doctors, dentist, and physio. Located to the north of the subject is Bethlehem Shores Retirement Village, a sister retirement village to Bethlehem Country Club.

A Palmers garden centre is situated to the south-east of the subject, at the intersection of Bethlehem Road and State Highway 2 ("SH2"). Bethlehem Community pre-school and primary school is located to the north of the subject, at the intersection of Bethlehem Road and Carmichael Road.

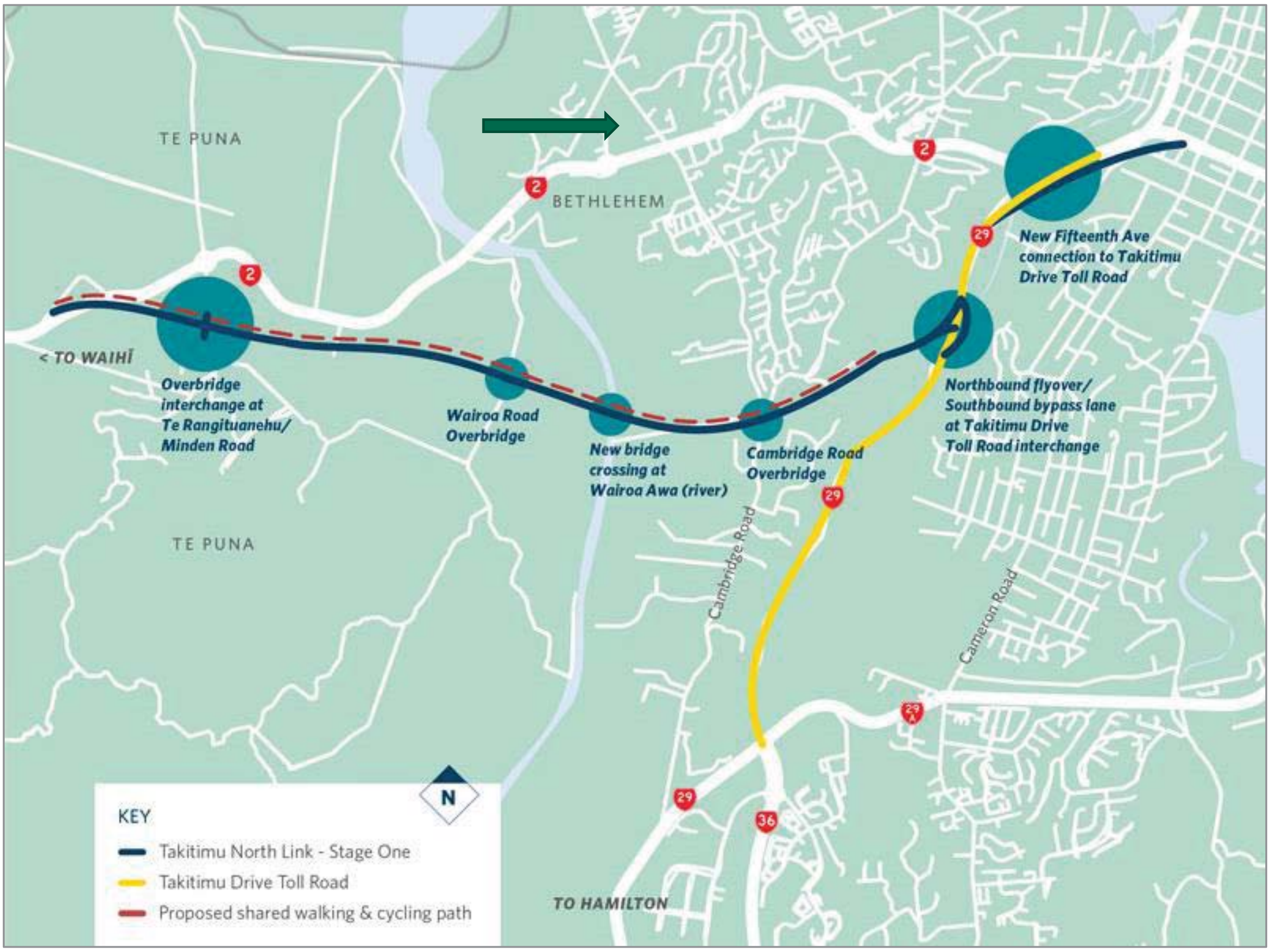
A Gull Service Station sits to the west of the subject, at the junction of Te Paeroa Road and SH2. There is a site adjacent to Gull that will accommodate residential or retail development in the future.

Transport Links: The property is situated towards the midpoint of Bethlehem Road approximately 350 metres north of the intersection of Bethlehem Road and SH2 and 350 metres south of its intersection with Carmichael Road.

$933m funding has been provided for Takitimu North Link ("TNL"), one of the Bay of Plenty's most significant roading projects. The TNL project is a new 14km four-lane expressway connecting Tauranga and Omokoroa, with a shared path for walking and cycling. It will be constructed in two phases. Stage One is a 6.8km four-lane expressway between Tauranga and Te Puna. Stage Two extends the expressway a further 7km between Te Puna and Omokoroa.

Once complete, the Takitimu North Link will significantly improve safety and access, contribute to more sustainable transport for local communities, and support economic growth across the region

Usage of the SH2 is expected to decrease significantly to regulate the flow of traffic in Tauranga by utilising the TNL. This alternative highway could result in a reduction of road users in Bethlehem which could negatively affect the inflow of customers to the centre. Geotechnical works have commenced, with construction contract expected to be award by the end of December 2021. The layout of Stage 1 TNL is displayed below with the subject site indicated by the green arrow:

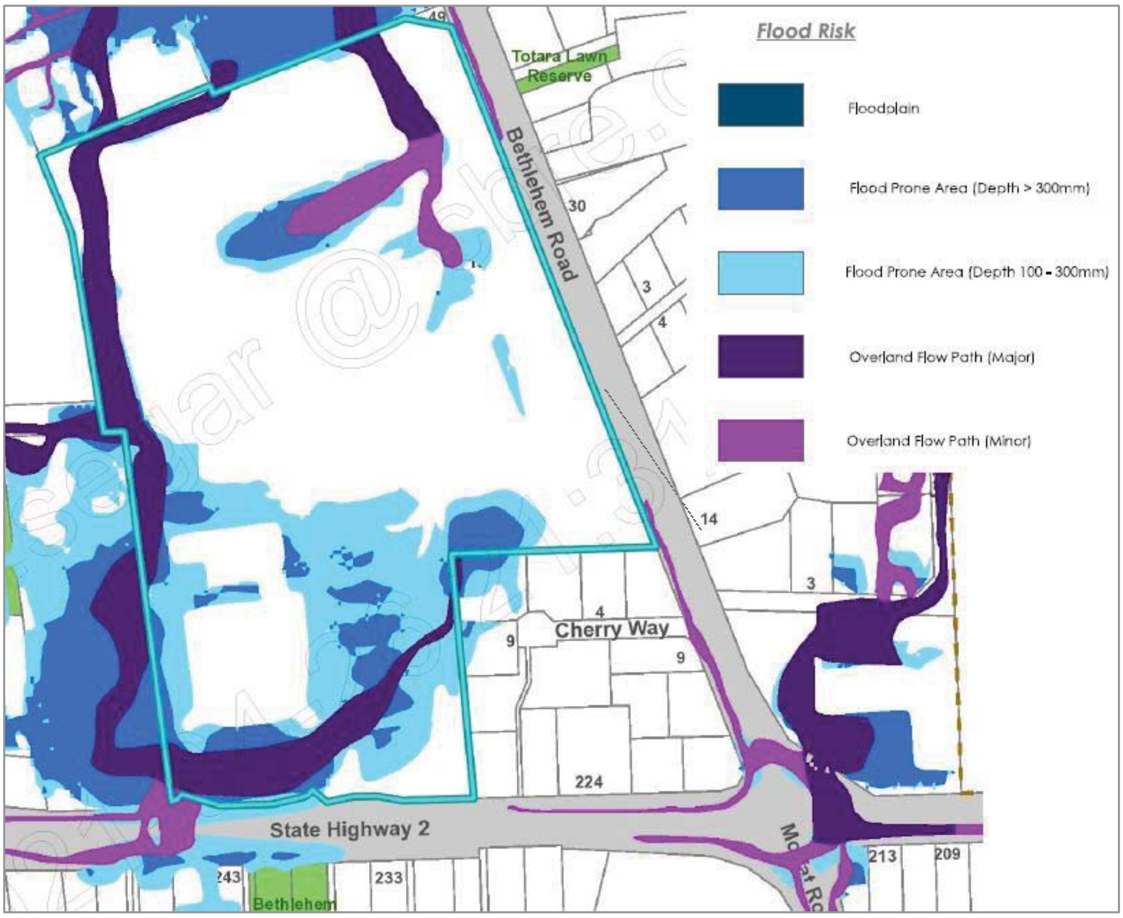


2.2 SITE DESCRIPTION

Aerial View

Indicative Title Boundaries

Land Area:	78,344 sqm (more or less).	
Contour:	Relatively level throughout.	
Services:	All typical municipal services appear to be connected to the site.	
Frontage:	Bethlehem Road:	297 metres
	State Highway 2:	144 metres
Potential Flooding:	Parts of the property are located within a flood plain, flood prone area, and major and/or minor overland flow paths as depicted below:	



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Contamination: The subject site is listed on HAIL Land Use Register due to land use history. The history is described as "persistent pesticide bulk storage or use including sports turf, market gardens, orchards, glass houses or spray sheds". The LIM states that the site classification is "at or below background concentrations".

The development of BP has meant that the site will remain included on the Land Use Register due to the service station use.

Of necessity our valuation assumes that the aforementioned contamination does not have a material effect on the continuation of the current use, market value or marketability, or future development of the land.

2.3 LEGAL DESCRIPTION

Title Reference	Lot Number	Deposited Plan	Land Area (sqm)	Registered Proprietor
596929	Section 3	SO 439821	78,218 sqm	PMG Generation Fund Trustees Ltd
SA1728/51	Allotment 679	Parish of Te Papa	126 sqm	PMG Generation Fund Trustees Ltd
Total Land Area:			**78,344 sqm**	

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 1221\[Bethlehem Town Centre CMV 1221.xlsb]Statutory

Relevant Interests: Registrations of note include:

- Subject to and / or appurtenant to rights of way, rights to convey and drain sewage, water and stormwater, rights to convey electric power, telecommunications, computer media and gas.
- Some of the above easements are subject to Section 243 (a) Resource Management Act 1991.
- Subject to Section 8 Coal Mines Amendment Act 1950, which includes the reservation of all coal existing on or under the surface of the land, and subject to the reservation of the power to grant coal mining rights over the land.

We do not consider there to be any registrations which materially impact on market value or saleability.

Title Search: We refer you to the Appendix for copies of the relevant title documentation.

2.4 RESOURCE MANAGEMENT

Local Authority and Plan: Tauranga City Council, City Plan Operative 2013.

Zone: The bulk of the site is zoned Bethlehem Commercial Plan Area. The internal road which provides access to the subject site and Bethlehem Town Centre of Te Paeroa Road is zoned Suburban Residential.

Land zoned under Bethlehem Commercial Plan has regard to traffic management measures to ensure the safe and efficient use of the transport network, extensive on-site landscaping to enhance amenity and the appearance of the business activity and

	acoustic measures to ensure that the business activity does not create an unreasonable effect for the surrounding residential environment.	
Indicative Permitted Uses:	A variety of commercial and retail uses are permitted. However as part of the Bethlehem Commercial Plan, no development shall exceed 1,000 sqm of gross floor area as additions or alterations to an existing building, or be a standalone building, as a permitted activity.	
Key Development Controls:	Site Development:	The site development shall not exceed 24,400 sqm of GLA. All buildings shall be within a building envelope of 2 metre height and 45 degree angle into the site.
	Setback	Buildings shall be setback 30 metres from the northern boundary.
	Landscaping:	Landscaping should be contiguous to and a width of at least 5 metres from the Bethlehem Road boundary. Planting shall comprise of a mixture of native and exotic trees, and low-level shrubs. Furthermore, the Countdown Supermarket service area shall be appropriately screened to prevent direct views by eastbound traffic.
	Site Development:	The site development shall not exceed 24,400 sqm of GLA. All buildings shall be within a building envelope of 2 metre height and 45 degree angle into the site.
	Parking:	There are no minimum carparking requirements as a result of the National Policy Statement on Urban Development 2020 which restricts territorial authorities from including minimum carparking in the District Plan.
Present Use:	The present use appears to comply with the underlying zoning. If not, existing use rights would likely apply.	
Site Controls, Overlays & Designations:	The SH2 (southern) boundary of the site lies within a NZTA Reverse Sensitivity Plan Area, which affects residential development. Reverse Sensitivity relates to the effects of the development of a sensitive activity in an area that is already affected by an established activity. Therefore, Reverse Sensitivity Areas must be handled by the NZTA by effective noise management and planning to minimise unreasonable interference.	
Development Approvals:	None known.	
Highest and Best Use:	The current use is considered to be the highest and best use of the property. We note that the surplus land has future development potential.	
Heritage Listing:	No.	

3 IMPROVEMENTS

3.1 OVERVIEW

Summary:	Retail Property Classification:	Sub Regional Centre, although the centre has some of the characteristics of Neighbourhood and Bulky Goods shopping centres.
	Trading Format:	Unenclosed
	Number of Levels:	Predominantly single level, although Building G has second level.
	Year Built:	Countdown – 2003, Specialties – 2006, Kmart and sleeve retail – 2016, BP – 2020
	Year Last Refurbished:	2015/2016

Condition and Repair: Based on our visual inspection for valuation purposes the property appears to be in a good condition having regard to its age and use. The external elevations appear to be in sound repair, and the internal areas are clean and well maintained.

Capital Expenditure: As is often the case with shopping centres, the property appears to require a moderate level of capital expenditure. Refer to Section 3.9 for detailed capital expenditure budget.

BWOF: We confirm the subject property has a current Building Warrants of Fitness expiring as follows:

Building Description	BWoF Expiry Date
Centre	17 December 2021
Countdown	16 July 2022

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 1221\[Bethlehem Town Centre CMV 1221.xlsb]Statutory

We note that the centre BWOF expires prior to our valuation date hence our valuation proceeds on the basis that there are no issues in obtaining a current BWOF for this part of the centre.

Asbestos: We have received a letter from Ignite Architects Limited dated October 2018 which states that given the construction date of the buildings the use of Asbestos Containing Materials was not permitted and was therefore not included in architectural documentation or materials as part of the build.

We have undertaken our assessment assuming no adverse effect on the property's market value or marketability. If a more definitive asbestos statement is required, a report from a suitably qualified expert should be commissioned.

Seismic Comment: Under the Building (Earthquake-prone Buildings) Amendment Act 2016, Tauranga is considered to be a medium seismic risk area.

We hold regular discussions with investors active in the market, both as purchasers and owners of retail property, and it is clear that seismic resistance is an important focus for them. Whilst the statutory requirement is 34% of NBS, investors prefer to own buildings above 67% of NBS which have been concluded by a robust form of engineering assessment i.e. a Detailed Seismic Assessment ("DSA"). Ideally any DSAs are peer reviewed to determine the most cost effective solution, and reports need to work to the latest standards including the most recent soil classifications.

We have been provided with an ISA and PS4 completed by Stephen Mitchell Engineers Limited, dated April 2021 and November 2021 respectively. We detail the results as follows:

Assessed Area	Seismic Rating	Assessment Type	Assessment Date
Countdown	100%	PS4	Nov-2021
Block A	>100%+	ISA	Apr-2021
Block B	>100%+	ISA	Apr-2021
Block C	>100%+	ISA	Apr-2021
Block D	>100%+	ISA	Apr-2021
Block E	>100%+	ISA	Apr-2021
Block G	>100%+	ISA	Apr-2021
Block H	>100%+	ISA	Apr-2021
Block J	>100%+	ISA	Apr-2021
BP	100%	ISA	Apr-2021

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This is sufficiently above the minimum statutory requirement of 34% and would meet investors' preferences of owning a building above 67% of NBS, if it was a more reliable form of assessment i.e. a DSA. However, many parts of the centre have been assessed by an ISA only. We understand that DSA's are currently underway and will be available in February 2022.

In absence of a DSAs confirming the seismic resistance of the centre meets 67% or greater, we consider most hypothetical purchasers would now price in capital allowances for ISA deficiencies (seismic upgrade risk) relative to a more comprehensive and reliable DSA. A DSA could conclude a lower rating than 67%, meaning parts of the centre would require upgrading. We are aware of recent instances where buildings that had ISAs showing near 90% of NBS have been followed by DSAs revealing that the buildings were less than 34% of NBS.

CBRE does not have the relevant experience to form a reliable assessment of the potential seismic costs, but this places us in a similar position to a would-be purchaser, notwithstanding that they may be able to commission preliminary engineering advice with their assumed Due Diligence period. To frame the potential costs we have observed seismic upgrading costs at other centres. Our adopted seismic allowances are detailed further in Section 3.9.

3.2 LAYOUT & CONFIGURATION

Description: The retail accommodation is predominantly arranged over a single level with Countdown, Smiths City and Kmart located in the south-western, north-western and north-eastern corners of the site respectively.

The tenancies are located in 9 main blocks of shops with carparking located around these blocks.

Access to individual retail tenancies is now considered easy and direct, with most shops receiving good exposure to the respective carparking areas. There are good sightlines from the Countdown carpark to the Kmart entrance and carpark.

The surplus land is located to the eastern boundary of the site fronting Bethlehem Road.

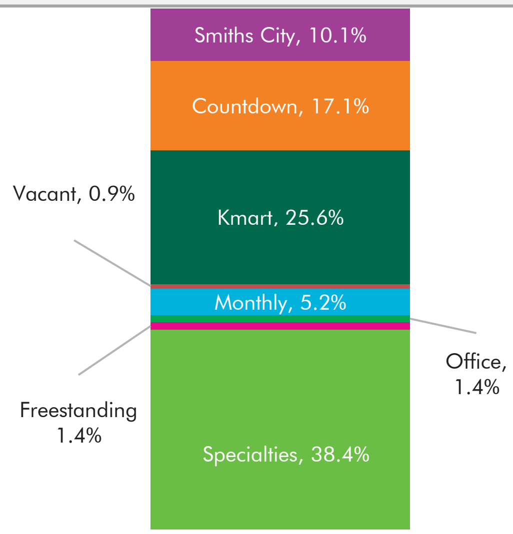
BP is situated on the southern part of the site with frontage to SH2.

Floor Plan: The layout of the subject centre is illustrated in the following floor plan:

3.3 FLOOR AREAS

The property's GLA based on the current tenancy configuration is calculated as follows:

Tenant Category	Total (#)	Area (sqm)	Proportion (%)
Kmart	1	5,548	25.6%
Countdown	1	3,709	17.1%
Smiths City	1	2,177	10.1%
Total Majors	**3**	**11,434**	**52.8%**
Specialties	46	8,305	38.4%
Kiosk	0	0	0.0%
ATM	1	1	0.0%
Freestanding	1	305	1.4%
Office	2	294	1.4%
Monthly	4	1,116	5.2%
Vacant	1	191	0.9%
Total Specialties	**55**	**10,211**	**47.2%**
Total Centre	**58**	**21,645**	**100.0%**



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Source: Provided tenancy schedule and/or certified plans.

3.4 CONSTRUCTION DETAILS

Reinforced concrete footings and slabs to ground level.

Reinforced concrete and steel framing throughout.

Concrete tilt slab to the rear elevations with the balance clad in a variety of materials including timber, schist and metal. Some tenancies are provided with extensive glazing along their frontage.

Long run iron.

3.5 INTERIOR FINISHES

General: Individual tenancy fitouts are generally the responsibility of tenants according to their particular requirements. Fitouts are typically relatively structural with an exposed roof and high bay lighting. Tenancy shopfronts usually incorporate full length aluminium framed windows and fixed signage.

Floors: Ceramic tile, vinyl, or carpeted.

Walls: Painted plasterboard or exposed structural.

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Ceilings:	Painted plasterboard, suspended tile, or exposed structural.
Canopies:	Long run iron canopies line the pedestrian walkways.

3.6 SERVICES

Central ducting and roof mounted units provided, although we have been advised that some of these are owned by the lessees. Additionally there are air curtains at Kmart's entrance, and suspended air conditioners internally.

Block E is fully sprinkled including Kmart, along with Countdown supermarket. The remaining blocks are not fitted with an automatic fire sprinkler system and instead have a separate fire cell. Hose reels, hydrants, smoke detectors and fire extinguishers are located throughout the complex.

Building management and security systems are installed within the complex. Surveillance cameras are used to monitor various areas of the centre.

Provided by various sets of stairs and a lift in block G.

Loading docks are strategically located throughout the complex to service both the major and specialty tenancies.

Male, female, disabled and parent room amenities are provided within the centre.

3.7 PHOTOS

CBRE

3.8 CARPARKING

General: Overall carparking provisions are excellent, largely due to the number of carparks.

Spaces & Ratio: Uncovered carparking for approximately 1,019 vehicles is provided on site, reflecting a rate of 4.7 car spaces per 100 sqm of GLA.

Comparison: The following table provides a comparison with similar properties:

Property	Area (sqm)	# Spaces	Ratio	Adj. Ratio	Layout	Adj. Ratio Comparison
Bethlehem Town Centre	21,645	1,019	4.7	4.7	Good	
Bayfair Shopping Centre	43,341	1,903	4.4	4.4	Good	
Tauranga Crossing	35,742	1,737	4.9	3.8	Good	
Papamoa Plaza	15,584	605	3.9	3.9	Good	
Bay Central Shopping Centre	17,097	504	2.9	2.9	Average	
Fraser Cove	17,041	1,250	5.8	4.0	Average	
Coast Plaza	19,793	515	2.6	3.7	Poor	
Hunters Plaza	16,843	842	5.0	5.0	Good	
Barrington	14,716	2,462	4.0	4.0	Good	
Average	**22,520**	**1,227**	**4.2**	**4.0**		

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Comparison: The current carparking ratio is considered higher than similar retail properties.

Layout: On grade carparking is situated towards the centre of the overall site. Primary access to the site is provided via two entrances extending off Bethlehem Road and an entrance off SH2. A secondary access point is provided via Te Paeroa Road. The layout is good.

Systems & Management: Customer carparking is provided free of charge.

3.9 CAPITAL EXPENDITURE

Capital Expenditure Adopted: Major retail assets require continual expenditure to maintain the aesthetic appeal, structural integrity, and hence their capital value. We have incorporated a specific capital expenditure allowance throughout the term of our cash flow analysis in recognition of the requirement for an ongoing refurbishment program.

We have been provided with budgeted capital expenditure details for the next 10 years, which we summarise as follows:

Capital Expenditure	Year 1	Year 2	Year 3	Year 4	Year 5
Structural Repairs:	$90,200	-	-	-	-
Building Management Systems:	$83,000	$50,000	$140,000	-	-
Air Conditioning Systems:	$20,000	$100,000	$30,000	$30,000	$30,000
Lifts & Escalators:	-	-	-	-	-
Fire Protection Systems:	-	-	-	-	-
Furniture Replacement:	-	$50,000	$50,000	$50,000	$50,000
Tenancy Reconfigurations:	-	-	-	-	-
Tenancy Fitouts:	$236,643	-	-	-	-
Building Refurbishment:	-	$5,000	-	-	$200,000
Professional/Consultant Fees:	$28,243	-	-	-	-
Total Capital Expenditure	**$458,086**	**$205,000**	**$220,000**	**$80,000**	**$280,000**

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Capital Expenditure	Year 6	Year 7	Year 8	Year 9	Year 10
Structural Repairs:	-	-	-	-	-
Building Management Systems:	-	-	-	-	-
Air Conditioning Systems:	$30,000	$30,000	$30,000	$30,000	$30,000
Lifts & Escalators:	-	-	-	-	-
Fire Protection Systems:	-	-	-	-	-
Furniture Replacement:	-	-	-	-	-
Tenancy Reconfigurations:	-	-	-	-	-
Tenancy Fitouts:	-	-	-	-	-
Building Refurbishment:	-	-	-	-	-
Professional/Consultant Fees:	-	-	-	-	-
Total Capital Expenditure	**$30,000**	**$30,000**	**$30,000**	**$30,000**	**$30,000**

In addition to the budgeted capital expenditure items provided we have made the following allowances:

- Capex escalation based on CPI.
- A minimum capital expenditure allowance equivalent to 1.0% of gross income per annum.

- A refurbishment allowance of $25 per sqm and $100 per sqm of total lettable area in Years 2 and 8 respectively, inflated by forecast CPI.

Additionally, you will note, we have made allowances for seismic upgrades (refer to Section 3.1 for seismic performance).

Investors are likely to be cautious approaching a building below 67% (or those which ratings are greater than 67% but substantiated by an ISA only), unless they can be upgraded. The costs would be deducted from the price, plus deductions would be made for any uncertainty in relation to those costs of which there is a great deal at present based on the limited information provided to CBRE.

These are large and unquantified adjustments, and in part reflects the risk that purchasers would currently face when acquiring a centre with potential upgrading requirements but no reliable costings for some buildings.

CBRE adopted allowances have been guided by a costing matrix developed from seismic works programmes at other centres throughout New Zealand. This costing matrix suggests a range of between $400 and $1,000 upgrade cost per sqm and an EQ Cost:Value ratio of between 3.0% to 12.5%.

Over and above the seismic costs, we have made a profit and risk allowance of 30.0%. Many of the cost assumptions are subjective, albeit necessary in order to complete the valuation exercise. The costs are uncertain and could vary.

This Profit & Risk allowance is a large sum in the context of the adopted seismic upgrade allowance, but is small in the context of the property's value. The current profit and risk total of $428,218 is equivalent to a 3.0 Basis Point elevation in Capitalisation Rate, which is a relatively small movement to compensate a purchaser for engaging with these seismic strengthening requirements. However because we have tightened the assumed expenditure programme to just the first two years (reflecting that the vendor may well complete the works), we therefore consider that a hypothetical purchaser is somewhat shielded from risk.

The adopted seismic allowances, including a profit and risk margin, total $2,283,829 and results in a EQ Cost:Value ratio of 2.3% and rate of $106 per sqm.

Assessed Area	Building Age	Upgrade NLA sqm	Upgrade Cost $psm	Upgrade Prob.	Upgrade Cost	Profit & Risk %	Profit & Risk $	Total Cost
Countdown	2003/2014	3,709 sqm	$250	0.0%	$0	30.0%	$0	$0
Block A	2006	1,231 sqm	$625	25.0%	$192,330	30.0%	$44,384	$236,713
Block B	2006/2007	437 sqm	$625	25.0%	$68,289	30.0%	$15,759	$84,048
Block C	2006/2016	2,998 sqm	$625	25.0%	$468,411	30.0%	$108,095	$576,506
Block D	2006	2,027 sqm	$625	25.0%	$316,655	30.0%	$73,074	$389,729
Block E	2015	6,490 sqm	$450	0.0%	$0	30.0%	$0	$0
Block G	2006/2016	2,211 sqm	$875	25.0%	$483,755	30.0%	$111,636	$595,390
Block H	2006/2007	1,314 sqm	$625	25.0%	$205,323	30.0%	$47,382	$252,706
Block J	2006	773 sqm	$625	25.0%	$120,848	30.0%	$27,888	$148,737
BP	2020	305 sqm	$0	0.0%	$0	30.0%	$0	$0
Total:		**21,495 sqm**			**$1,855,611**		**$428,218**	**$2,283,829**

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4 OCCUPANCY

4.1 TENANCY SUMMARY

Below we summarise the pertinent details as extracted from the tenancy schedule provided.

Please refer to Appendix 11.3 for a detailed tenancy schedule. The expanded appendix includes items such as percentage rent drivers, detailed renewal breakdown, comprehensive rent review frequency and drivers, and a per sqm analysis.

Tenant	Area	Base Rent $pa	Outgoings $pa	% Rent $pa	Gross Rent $pa	Expiry Date	RNL (yrs)	RR Type
Majors								
Kmart	5,548.4							
Countdown	3,708.8							
Smiths City	2,176.6							
Specialties								
Immerse Nail & Beauty Th…	143.4							
Bethlehem Ultrasound	88.6							
Jetts	280.3							
Vivo Hair & Beauty	134.6							
The Cakery	70.7							
Unichem Pharmacy	174.5							
Just Cuts	58.8							
Eden Sleep	89.4							
Vacant	190.5	-	-	-	-			-
You Travel	130.4							
Wild South	306.7							
Dilworth Hearing	264.1							
Chadwick Healthcare	228.6							
Pathlab	100.8							
Paper Plus	720.1							
Hammer Hardware	600.9							
Triton Hearing	101.0							
Chemist Warehouse	982.4							
Subway	83.5							
Omnitech	69.1							
Bayview Roast and Fish &…	85.7							
Noodle Canteen	109.2							
Turkish To Go	127.8							
Tank Juice Bar	49.8							
Hello Sushi	126.5							
LJs	69.6							
Domino's Pizza	116.2							
Burger Fuel	102.9							
Professionail	67.4							
Caroline Eve	183.1							
Bethlehem Eyecare	94.0							
George Edward	120.6							
Shoo	100.9							
Urban Vogue	91.1							
Options Gifts & Homeware	265.9							
Gateway Games	175.3							
La-Z-Boy	354.3							
Fulton Hogan	430.5							

Tenant	Area	Base Rent $pa	Outgoings $pa	% Rent $pa	Gross Rent $pa	Expiry Date	RNL (yrs)	RR Type
Ezitracker	159.1							
Eves Real Estate	253.3							
Patrick's Pies	150.9							
The Coffee Club	182.7							
Rodney Wayne	113.9							
Tango's Shoes	119.5							
Shape Studio	81.1							
After Hours Eventwear	121.4							
Columbus Coffee	141.9							
Bin Inn	149.3							
The Orchard Bethlehem	384.7							
House of Spice	120.1							
Bottle-O	268.7							
Maurice Trapp	134.8							
BP	305.0							
Centre Management Office	34.5	-	-	-	-			
Total	**21,644.7**	**6,445,422**	**1,102,174**	**246,519**	**7,794,116**			

4.2 TENANCY COMMENTARY

Major Tenant
Lease
Comment:

Introduction
Land
Improvements
Occupancy
Trading
Catchment
Market
Surplus Land
Valuation
Disclaimers
Appendices

Full majors lease summaries including estimates of future trading and rental performance are contained within Appendix 11.4.

Specialty Lease Format: The majority of specialty tenancies are occupied under a common form of lease, with typical lease terms ranging from 6 to 8 years. A number of leases incorporate additional renewal option periods. All leases provide for the payment of base rental and include provisions for rental reviews, which typically comprise either CPI based increases, fixed percentage increases or market reviews. Most leases include ratchet clauses which prevent the rental from reducing below the rental payable either prior to review or at lease commencement. Most of the specialty leases also incorporate provisions for reporting of sales turnover and payment of percentage rental if applicable. Most tenants are required to contribute to the centre promotion fund.

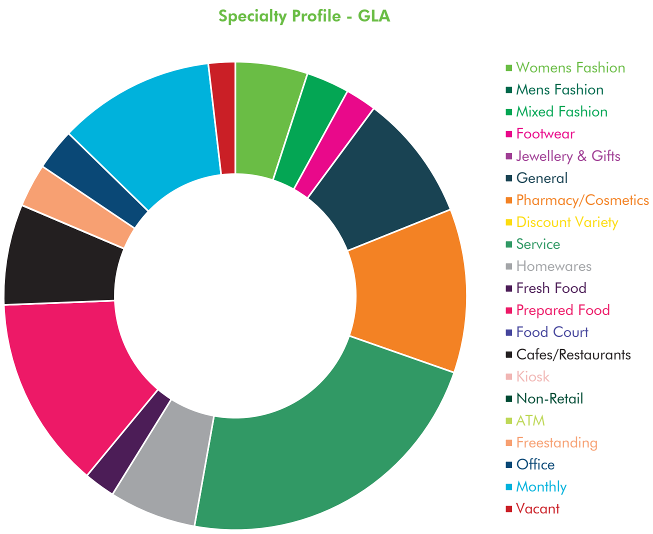
The majority of tenants are in occupation under net lease arrangements with individual tenants required to contribute to a proportionate share of statutory rates and operating expenses. Only Wild South have a gross lease of any duration.

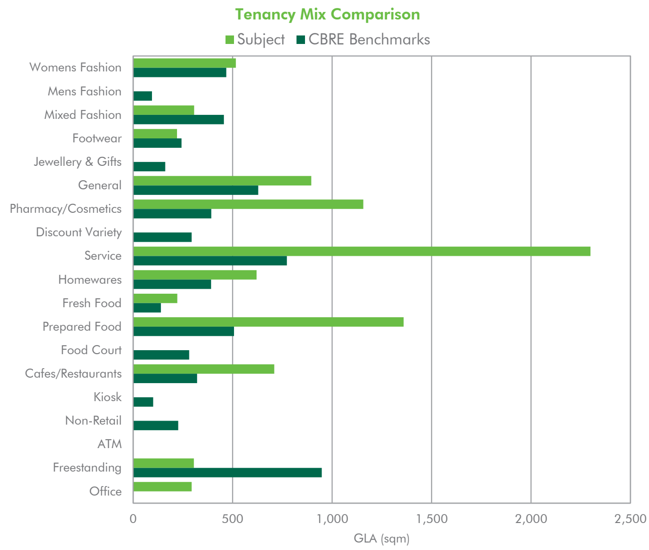
4.3 TENANCY MIX & PROFILE

The centre enjoys a broad tenancy profile with national and chain retailers dominating the specialty mix.

National and chain specialty tenants account for approximately 55.0% of total specialty shop area and provide approximately 56.4% of the gross income derived from the specialty component of the complex on a fully leased basis.

The following graph illustrates the overall tenancy profile of the specialty component of the complex:





The centre adequately services the shopping needs of the surrounding community and the tenancy mix is reasonably well spread between the various trade categories. However we note an over weighting in service, pharmacy/cosmetics, and prepared food retailers, and an under weighting in discount variety, food court, and mixed fashion.

The majors floor area ratio of 52.8% is a little lower than the averages of many properties, but is adequate for the location and style of the development.

4.4 TENANCY ISSUES

Vacant Tenancies:

Shop	Area sqm	Adopted Rent $pa	$psm
Specialties			
A12&A12A	190.5	$98,279	$516
Total	**273.8**	**$135,261**	**$494**

The current specialty vacancy reflects 2.1% of the gross specialty income. This is lower than Sub Regional Centre averages of 9.9%.

We have adopted an ongoing allowance of 2.5% of the gross specialty rental.

Appropriate leasing up, incentive and agents' commission allowances have been included within our calculations.

Monthly Tenancies:

There are currently 4 monthly tenants within the subject, including the management office which we have modelled as a monthly tenant in this valuation. We detail the monthly tenants as follows:

Shop	Tenant Name	Area sqm	Current Rent $pa	Current Rent $psm	Adopted Rent $pa	Adopted Rent $psm
Specialties						
C7	Hammer Hardware	600.9	$146,342	$244	$135,194	$225
E5	Tank Juice Bar	49.8	$51,808	$1,041	$57,118	$1,147
G11A	Fulton Hogan	430.5	$131,652	$306	$104,196	$242
A13A	Maurice Trapp	134.8	$49,473	$367	$49,743	$369
A13B	Centre Management Off	34.5	-	-	$4,917	$143
Total		**1,115.7**	**$329,802**	**$296**	**$301,425**	**$270**

For the purposes of this assessment, we have assumed that these tenancies would be converted to formal lease agreements within 9 months from the date of valuation.

Appropriate reversion adjustments have been included within our calculations for those monthly tenancies considered to be occupied at rentals which are above or below market parameters.

Rental Abatements:

We have been advised by centre management that there are no outstanding rental abatements that have been granted to tenants within the centre.

Please refer to Section 9.2 regarding our adopted rental abatements due to the COVID-19 crisis.

Outstanding Incentives: Allowances for outstanding tenant incentives have been incorporated within our calculations and total $241,642 (for tenants including Columbus Coffee, Subway, and The Orchard Bethlehem).

Rental Arrears: We have been provided with an aged receivables report for the subject complex dated 8 December 2021, which we have summarised in the following table:

1-30 Days	31-60 Days	61-90 Days	90+ Days	Total
$12,588	$1,480	$11,853	-$13,584	$12,337

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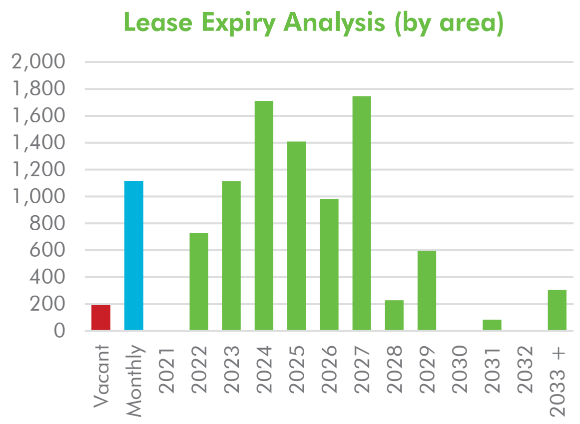
This reflects 0.2% of the subject property's gross operating income of $7,876,605, which is a low ratio relative to benchmarks.

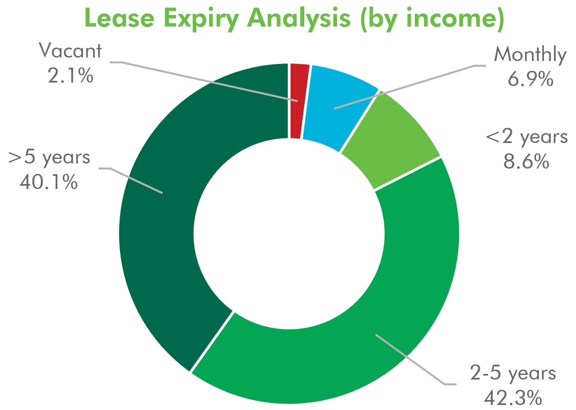
4.5 LEASE EXPIRY ANALYSIS

Majors' WALT Comment: The average weighted remaining majors lease term (by income) equates to 3.9 years.

Specialty WALT Comment: The specialty lease profile indicates that a significant proportion of specialty leases (by % of gross rental) are subject to expiry during Year 3 and Year 4 of the cashflow, with a relatively balanced expiry profile in other years.

The average weighted remaining lease term (by income) for the centre equates to 4.0 years. The majority of specialty tenancies appear to have reasonable occupancy costs, and as such, active centre management and concerted re-negotiation should mitigate any risks posed by impending expiries.





4.6 OUTGOINGS

We have been provided with budget outgoings information for the financial year ending 31 March 2022, in addition to actual outgoings information for the year ending 31 March 2021, which we have summarised in the following table. A comparison with CBRE and PCNZ averages for Sub Regional Centres is included.

Outgoings Comment:

The budget provided reflects an overall rate of $64 per sqm.

In comparison with outgoings expenditure within comparable properties in New Zealand, the level of total outgoings provided is considered to be lower than CBRE averages and lower than PCNZ averages.

Salaries/Wages and Administration/Management costs (SWAM) appear low when compared to CBRE benchmarks.

Outgoings Adjustments:

For the purposes of this assessment, we have made various adjustments to the outgoings provided in order to arrive at our opinion of the anticipated outgoings for the complex during Year 1 and Year 2 of the cash flows. Details of the various adjustments made to the budgeted outgoings figures are summarised as follows:

Year 1:

- Increased Municipal Rates by $77,268 to account for the actual increase in rates experienced for the year ending 30 June 2022;
- Increased Sinking Fund by $24,756, this expense appears to be run through a separate account in the PMG financials.

The adopted outgoings reflect an overall rate in Year 1 of $68 per sqm.

Year 2:

- Increased Insurance by $50,000. PMG appear to have obtained very favourable premium pricing and we do not consider a hypothetical purchaser of the subject property would necessarily achieve this.
- Increased Salaries & Wages by $150,000. The increased expense results in a SWAM ratio that aligns more appropriately with CBRE benchmarks.

The adopted outgoings reflect an overall rate of $84 per sqm in Year 2 of the cashflow.

Statutory Assessment:

Stat. Assessment 1 July 2018	Land Value	Improvements Value	Capital Value
195L-19 Bethlehem Rd	20,650,000	48,000,000	68,650,000
195L/R49 Bethlehem R‹	31,000	-	31,000
Total:	**20,681,000**	**48,000,000**	**68,681,000**

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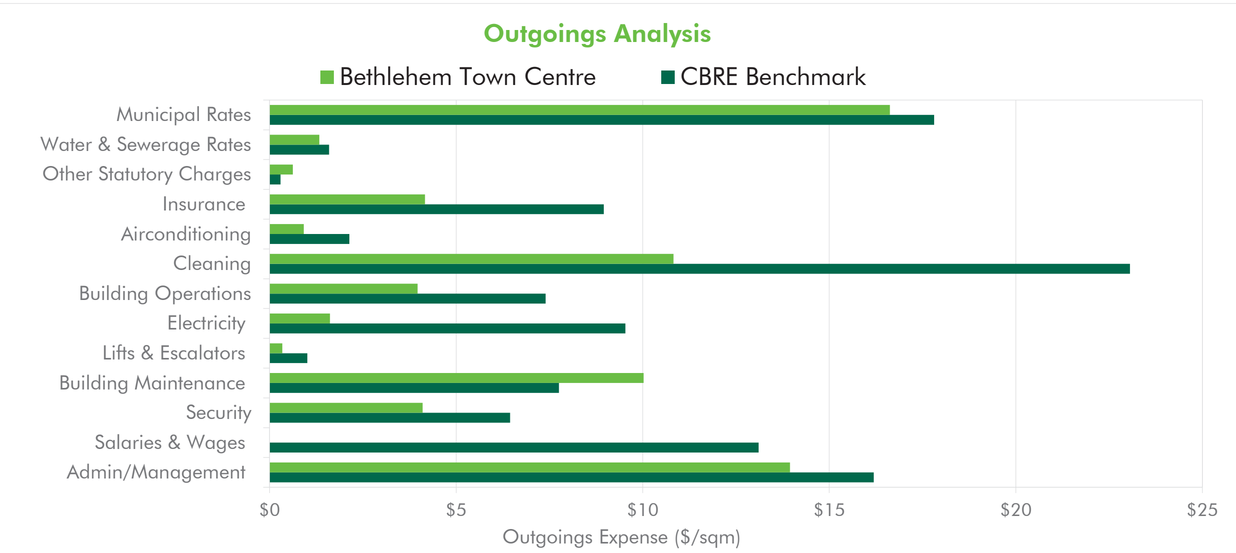
Tauranga City Council rates are based on Capital Value. The Capital Value assessed as at 1 July 2018 appears to be significantly under-assessed when compared to CBRE's assessment suggesting a likely increase in rates at the next revaluation round due 1 July 2021. The revaluations are due to be released in late December 2021 however these were not available as at the date of this report.

Non-Recoverable Outgoings: Additionally we have been provided with non-recoverable legal fees, other costs which total $50,000, which appears slightly low relative to benchmarks. Our adopted allowance for non-recoverable outgoings equates to $70,000.

Promotion Fund: The owner's promotion fund contribution is currently $236,258 per annum, reflecting 154.7% of total lessee contributions. A higher amount has been adopted in the current financial year due to the recent purchase of the asset.

We have adopted a stabilised ratio of 25.0% Centre owners previously targeted 20.0% of lessee contributions, however many owners are now tracking towards 10.0% to 15.0% contributions, but usually at larger centres that have large nominal contributions. We have adopted a higher amount to acknowledge the continued competition from Bayfair and Tauranga Crossing.

Outgoings Recovery: The standard specialty recovery rate is $71 per sqm.



Item	Actual 20-21	Budget 21-22		Adopted		CBRE	PCNZ
	$pa	$pa	$psm	$pa	$psm	Avg. $psm	Avg. $psm
Recoverable Outgoings							
Municipal Rates	283,588	282,558	13.05	**359,826**	16.62	17.81	30.20
Water & Sewerage Rates	13,857	28,840	1.33	28,840	1.33	1.59	1.02
Land Tax	-	-	-	-	-	-	-
Other Statutory Charges	-	13,430	0.62	13,430	0.62	0.29	0.39
Insurance	129,326	90,143	4.16	90,143	4.16	8.96	9.05
Airconditioning & Ventilation	15,789	19,795	0.91	19,795	0.91	2.14	2.54
Common Area Cleaning	206,688	234,278	10.82	234,278	10.82	21.20	25.64
Food Court Cleaning	-	-	-	-	-	1.70	-
Centre Supervision	-	-	-	-	-	0.02	-
Car Parking	7,306	40,628	1.88	40,628	1.88	2.13	1.27
Electricity	30,527	35,057	1.62	35,057	1.62	9.44	6.76
Fire Protection/Public Address	25,136	20,494	0.95	20,494	0.95	1.37	1.08
Gas & Oil	-	-	-	-	-	0.11	0.03
Lifts & Escalators	5,748	7,384	0.34	7,384	0.34	1.01	0.53
Pest Control	-	5,022	0.23	5,022	0.23	0.21	-
Repairs & Maintenance	102,212	132,844	6.14	132,844	6.14	6.03	8.72
Building Management Systems	-	-	-	-	-	0.11	-
Energy Management	-	-	-	-	-	0.10	-
Security/Access Control	85,472	88,757	4.10	88,757	4.10	6.45	10.63
Sewage Disposal & Sullage	-	-	-	-	-	0.17	-
Public Telephones	-	-	-	-	-	0.07	-
Uniforms	-	-	-	-	-	0.02	-
Salaries & Wages	-	-	-	-	-	13.11	-
Signs	-	-	-	-	-	0.03	-
Gardening/Landscaping	64,593	79,114	3.66	79,114	3.66	1.51	1.35
Administration/Management	279,465	301,866	13.95	301,866	13.95	16.19	33.86
Miscellaneous	-	-	-	-	-	0.32	-
Sinking Fund	-	-	-	**24,756**	1.14	3.22	-
Non-Recoverable Outgoings		Salaries/Wages/Admin/Management as % of Gross Passing Income			3.8%		
Owners Promotion Contribution	47,663	236,258	10.92	38,176	1.76	1.91	-
Other Non-Recoverable Expenses	-	50,000	2.31	70,000	3.23	3.17	-
Statutory Expenses (Incl Land Tax)	297,445	324,828	15.01	402,096	18.58	19.70	31.61
Operating Expenses	952,261	1,055,381	48.76	1,080,137	49.90	95.61	101.46
Sub-Total	1,249,706	1,380,209	63.77	**1,482,233**	68.48	115.30	133.07
Other Non-Recoverable Expenses	47,663	286,258	13.23	108,176	5.00	5.08	-
Total Outgoings	**1,297,369**	**1,666,467**	**76.99**	**1,590,409**	**73.48**	**120.38**	**172.57**

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CBRE

4.7 SUNDRY INCOME

Based on the tenancy schedule and the income and expenditure budgets provided, total sundry and other income derived from the various components of the subject complex is detailed in the following table:

Sundry & Other Income as at 31-Mar-22	Revenue $pa	Cost $pa	Net/Total $pa	Yr End Mar-21 $pa	Adopted $pa	Adopted $psm
Storage Income	17,000	-	17,000	17,000	17,000	0.79
Casual Leasing Income	-	-	-	-	-	-
Mall Merchandising Income	-	-	-	5,000	-	-
Telecommunications Facility Income	-	-	-	-	-	-
Extended Trading Hours	-	-	-	-	-	-
Sundry Recoveries	-	-	-	-	-	-
Signage & Billboard Income	31,609	-	31,609	34,945	31,609	1.46
Car Parking Income	-	-	-	-	-	-
Sundry & Other Income	-	-	-	-	-	-
Electricity Profit	33,880	-	33,880	33,880	33,880	1.57
Total Sundry & Other Income	**$82,489**	**-**	**$82,489**	**$90,825**	**$82,489**	**3.811**

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The ratio of Sundry & Other Income to Gross Passing Income is 0.6%. This is lower than the CBRE benchmarks for Sub Regional Centres and Bulky Goods Centres of 2.4% and 1.6% respectively.

We would expect this ratio to sit at the lower end of the range as there are no enclosed malls but we consider there is opportunity for growth, and have modelled increases within our cashflows.

4.8 NET INCOME SUMMARY

Based on the total occupied GLA of 21,645 sqm, the estimated fully leased net income (after deduction of an ongoing vacancy/bad debts allowance) demonstrates an overall rate of $292 per sqm which is in line with market parameters overall.

We summarise the property's net income as follows:

Tenant	Area sqm	Base Rent $pa	Outgoings $pa	% Rent $pa		Gross Rent $pa	Gross Rent $psm
Majors							
Kmart	5,548						
Countdown	3,709						
Smiths City	2,177						
Total Majors	11,434	2,484,769	454,076	172,656		3,111,502	272
Specialty							
Non-Food Specialty	3,716	1,179,184	239,837	0		1,419,020	382
Food Specialty	2,290	1,152,110	161,845	51,664		1,365,619	596
Retail Services	2,299	932,667	161,883	11,335		1,105,886	481
Other Tenancies							
Non-Retail	0	0	0	0		0	
ATM	1	13,218	0	0		13,218	13,218
Freestanding	305	314,454	18,327	0		332,781	1,091
Office	294	95,178	21,110	0		116,288	396
Monthly	1,116	273,842	45,097	10,863		329,802	296
Total Specialties	10,020	3,960,653	648,098	73,863		4,682,614	467
Gross Passing Rent	21,454	6,445,422	1,102,174	246,519		7,794,116	363
Sundry & Other Income (incl Electricity Profit)						82,489	
Gross Revenue						7,876,605	367
Less							
Statutory Expenses					-402,096		
Operating Expenses					-1,080,137		
Other Non-Recoverable Expenses					-108,176		
Net Passing Income						6,286,196	293
Vacant Tenancies					98,279		
Vacancy/Bad Debts Allowance (spec only)		2.50%			-119,522		
Net Income (Fully Lease after Vacancy Allowance)						**6,264,952**	**292**

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5 TRADING

5.1 TRADING ANALYSIS

We have been provided with unaudited sales turnover figures for the 12 month period ending 31 October 2021 and 31 October 2020, which we have summarised in the table below. The Moving Annual Turnover (MAT) detailed reflects only those tenancies that report sales turnover figures. The analysis excludes vacancies, banks, financial outlets, travel agencies, and other non-retail specialties.

			MAT - Last Year		MAT - This Year			
		Area	31 October 2020		31 October 2021			
No.	Tenant	sqm	$pa	$psm	$pa	$psm	% Var.	GOC %
Majors								
Major 2	Kmart	5,548.4						
Major 1	Countdown	3,708.8						
D1	Smiths City	2,176.6						
Specialties								
A1	Immerse Nail & Beauty Therapy	143.4						
A3	Bethlehem Ultrasound	88.6						
A4	Jetts	280.3						
A6	Vivo Hair & Beauty	134.6						
A7	The Cakery	70.7						
A8&A9	Unichem Pharmacy	174.5						
A10	Just Cuts	58.8						
A11	Eden Sleep	89.4						
A12&A12A	Vacant	190.5						
B1	You Travel	130.4						
B2	Wild South	306.7						
C1	Dilworth Hearing	264.1						
C2&C3	Chadwick Healthcare	228.6						
C4	Pathlab	100.8						
C5&C6	Paper Plus	720.1						
C7	Hammer Hardware	600.9						
C8	Triton Hearing	101.0						
C9-11	Chemist Warehouse	982.4						
E1A	Subway	83.5						
E1B	Omnitech	69.1						
E2	Bayview Roast and Fish & Chips	85.7						
E3	Noodle Canteen	109.2						
E4	Turkish To Go	127.8						
E5	Tank Juice Bar	49.8						
E6	Hello Sushi	126.5						
E7	LJs	69.6						
E8	Domino's Pizza	116.2						
E9	Burger Fuel	102.9						
E10	BNZ ATM	1.0						
G1	Professionail	67.4						
G2	Caroline Eve	183.1						
G3	Bethlehem Eyecare	94.0						
G4	George Edward	120.6						
G5	Shoo	100.9						
G6	Urban Vogue	91.1						
G7&G8	Options Gifts & Homeware	265.9						
G9	Gateway Games	175.3						
G10	La-Z-Boy	354.3						
G11A	Fulton Hogan	430.5						
G11B	Ezitracker	159.1						
H1&H1A	Eves Real Estate	253.3						
H1B	Patrick's Pies	150.9						
H2	The Coffee Club	182.7						
H3	Rodney Wayne	113.9						
H3a	Tango's Shoes	119.5						
H4	Shape Studio	81.1						
H5	After Hours Eventwear	121.4						

CBRE

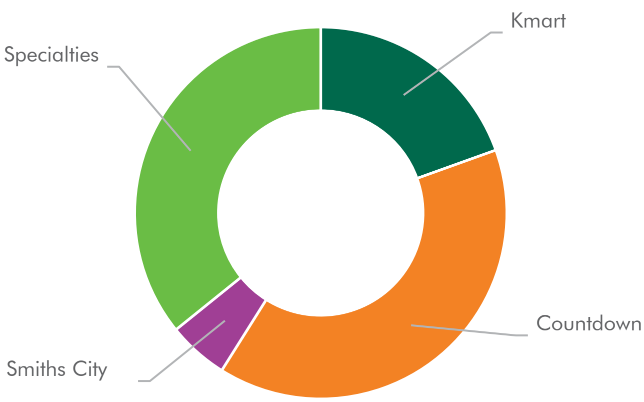
			MAT - Last Year		MAT - This Year			
		Area	31 October 2020		31 October 2021			
No.	Tenant	sqm	$pa	$psm	$pa	$psm	% Var.	GOC %
H6	Columbus Coffee	141.9						
H7	Bin Inn	149.3						
J1&J6	The Orchard Bethlehem	384.7						
J9	House of Spice	120.1						
J10	Bottle-O	268.7						
A13A	Maurice Trapp	134.8						
BP	BP	305.0						
A13B	Centre Management Office	34.5						
	Previous and Excluded Tenants		$6,989,494		$2,675,461			
Total		**21,644.7**	**$118,283,900**	**$6,379**	**$128,628,991**	**$6,807**	**8.7%**	

Please note the above summary and the analysis below reflects part year trade for both 2021 and 2020 as a result of Alert Level 3 and/or 4 lockdowns. Approximately 5 weeks of turnover is missing for 2021. The following turnover summary and GOC analysis includes the Alert Level 3 and 4 lockdowns as months "traded" but with turnover of nil. Put another way, we have not annualised the turnover data to reflect the closure period during Alert Level 3 and 4 lockdowns.

Sales turnover from former tenants that are no longer trading within the centre or are traders excluded from the analysis due to category type, however which are relevant to the period of analysis, comprise a total amount of $2,675,461 for the period ending 31 October 2021, and $6,989,494 for the period ending 31 October 2020.

With the inclusion of the previous tenants' MAT, the centre's total turnover for the 12 month period ending 31 October 2021 equates to $128,628,991. The current MAT reflects an increase of 8.7% over the previous 12 month period and demonstrates an overall rate of $6,807 per sqm of lettable area. This overall analysis is less reliable than Annualised or 12 Month Trader only analysis, and does not reflect 'like on like' growth.

It is noted that the following rate per square metre turnover analysis and occupancy cost ratios indicated for specialty tenancies include annualised sales turnover figures for those tenants that have not been trading for a full 12 month period.

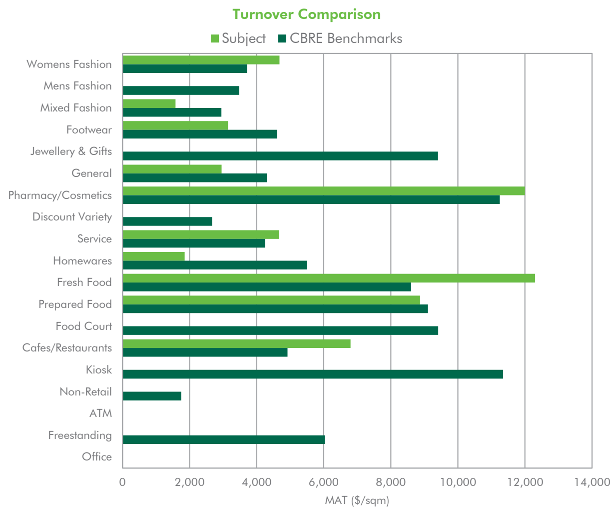


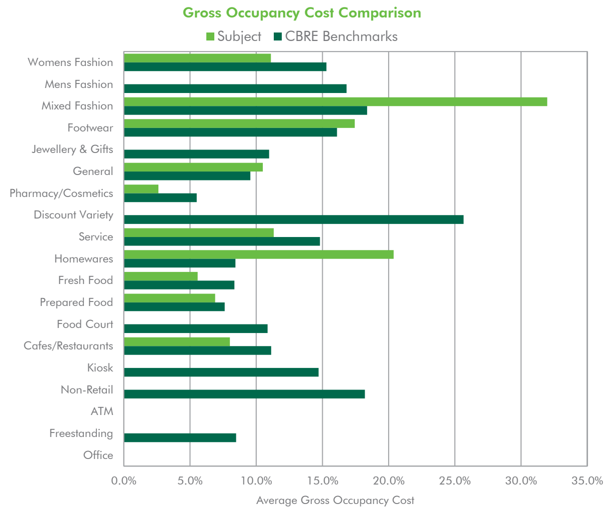
The following graphs illustrate the relative proportions of reported MAT currently derived from the subject complex:

Comparison of specialty trader performance against retail benchmarks produced by CBRE indicates that the majority of specialty shop categories within the subject complex achieve sales rates that are generally below New Zealand averages for Sub Regional Centres, but above averages for Bulky Goods Centres.

The MAT figures utilised for comparison purposes represent average turnovers of the various trade categories within the subject complex and as such, the following analysis should be utilised as a guide only.

When compared with New Zealand Sub Regional Centres turnover averages of circa $5,500 to $6,000 per sqm, the subject centre appears adequate to strong. Annualised MAT equates to $6,066 per sqm, or $6,678 per sqm for 12 Month Traders Only.





We have additionally considered the issue of specialty shop viability by examining the total gross rental (i.e. base rent, percentage rent and outgoings) as a proportion of sales turnover, known as the gross occupancy cost ratio.

The average gross occupancy cost ratio for the specialty tenancies within the subject complex equates to 7.5% which is below the range of CBRE average gross occupancy cost figures for Sub Regional Centres of between 8.5% and 13.5%. We detail below our analysis of trading performance for the specialty component.

Specialty Component - All Tenants	Oct-21	Mar-21
Specialty Occupancy Cost Ratio using Annualised Turnover	7.5%	7.8%
Specialty Occupancy Cost Ratio using 12 Month Traders Only	7.1%	7.7%
Specialty Turnover psm on Annualised Turnover Basis	$6,066	$5,566
Specialty Turnover psm 12 month Traders Only	$6,678	$5,583
Gross rent psm (Annualised)	$455	$432

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Better measures of viability are shown in the following table which is an analysis of the specialty component excluding the upper level and mini majors. This analysis shows slightly more comfortable occupancy cost ratios and more intensive turnovers.

Specialty Component - Excl Upper Level & Mini Majors	Oct-21	Mar-21
Specialty Occupancy Cost Ratio using Annualised Turnover	8.7%	8.7%
Specialty Occupancy Cost Ratio using 12 Month Traders Only	8.4%	8.6%
Specialty Turnover psm on Annualised Turnover Basis	$6,200	$5,950
Specialty Turnover psm 12 month Traders Only	$6,544	$5,981
Gross rent psm (Annualised)	$540	$516

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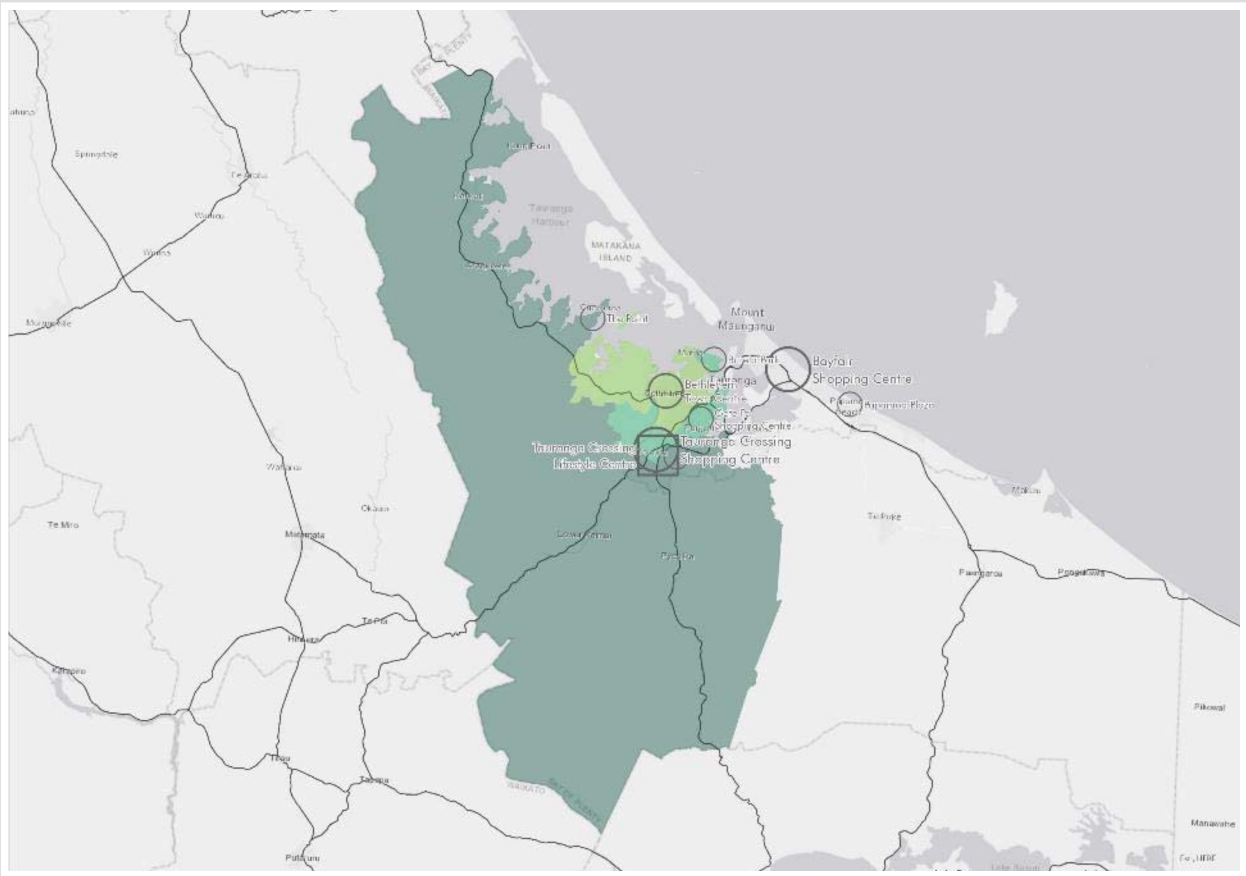
The average gross occupancy cost ratio for the specialty tenancies excluding the upper level and mini-majors increases to 8.7% which is still below the CBRE averages, and shows that the specialties are comfortable.

6 CATCHMENT

6.1 TRADE CATCHMENT AREA

We have paid regard to the likely boundaries of the subject's Trade Catchment Areas ("TCA") shown below:



6.2 DEMOGRAPHIC OVERVIEW

We have applied a market share weighting to each catchment to arrive at an Adopted Catchment.

The main demographic trends evident within the Adopted Catchment are as follows:

The Adopted Catchment shows a higher proportion of residents above 65 years old when compared to national averages. The median resident age is 43 years old.

The Adopted Catchment shows a higher proportion of residents of a European descent and a lower proportion of residents of a Pacific Island or Asian descent when compared to national averages.

There is a higher proportion of residents within the Adopted Catchment who are not in the labour force when compared to national averages.

The Adopted Catchment displays a lower proportion of residents with a Bachelor or Post Graduate qualification when compared to national averages.

In comparison to national averages, the Adopted Catchment has a higher proportion of residents earning between $20,000 and $30,000 per annum. The weighted median household income for the Adopted Catchment is approximately $72,000.

The adopted catchment shows a higher proportion of dwelling ownership when compared to national averages.

The population growth forecasts are positive across all years within the Adopted Catchment. The forecasts are in line with the national averages.

Overall, an older catchment with a relatively moderate socioeconomic profile and strong population forecasts.

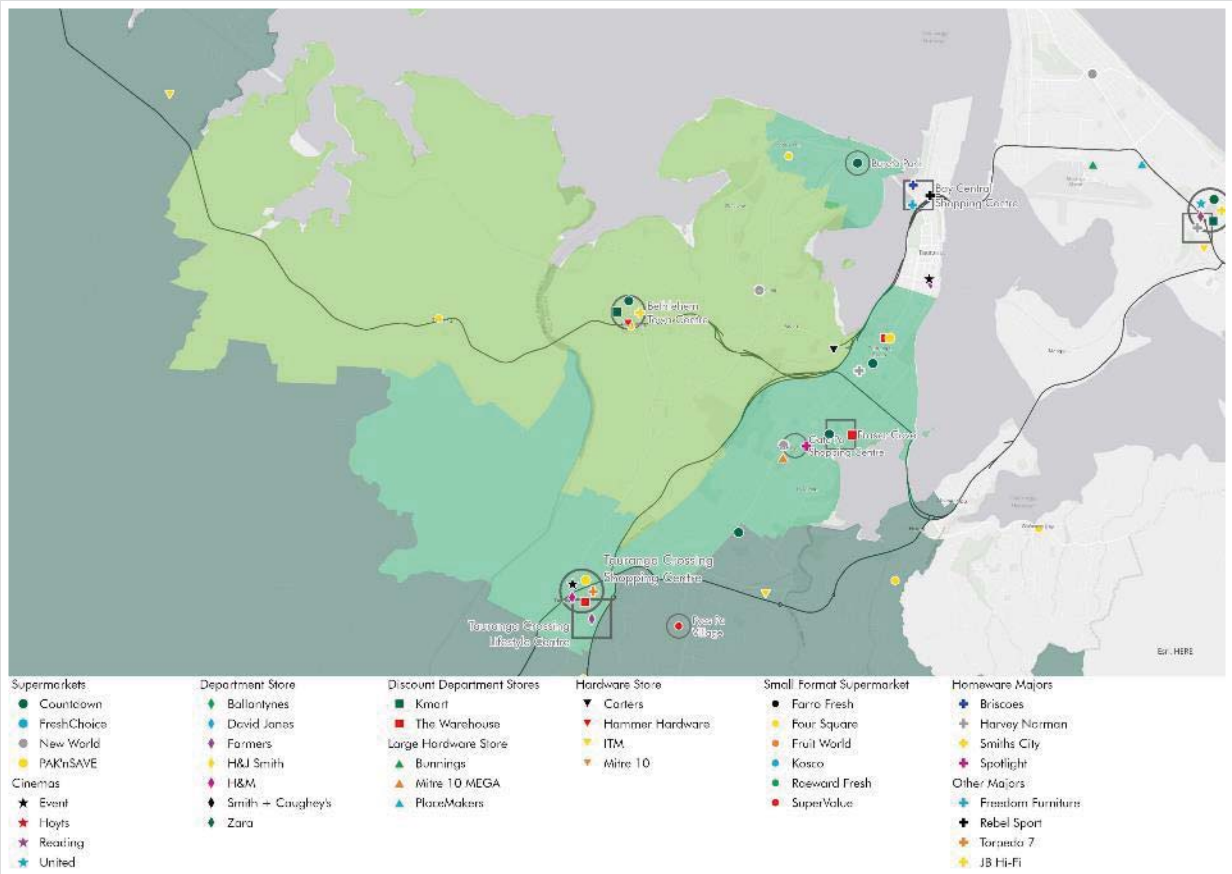
We summarise the main demographics of the Adopted Catchment in relation to Bay of Plenty and New Zealand averages as follows:

Demographics Summary Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Usual Resident Population	12,618	308,406	4,699,191
Weighted Median Age	42.5	40.0	38.0
European Ethnic Distribution	74.5%	63.9%	62.3%
Maori Ethnic Distribution	15.0%	25.3%	14.7%
Pacific Island Ethnic Distribution	2.3%	3.1%	7.2%
Asian Ethnic Distribution	6.6%	6.2%	13.4%
Employed Full Time	45.9%	46.8%	50.1%
Weighted Median Personal Income	$32,930	$30,400	$33,400
Weighted Median Household Income	$72,021	$68,100	$76,300
Proportion of Non-Car Ownership	3.1%	3.8%	5.3%
Dwelling Owned by Occupier or Family Trust	70.2%	66.9%	64.6%
Dwelling Owned by Housing New Zealand	5.2%	6.7%	11.8%
Weighted Median Rent $pw.	$369	$330	$350
2018-2023 Projected Population Growth pa.	1.1%	1.0%	1.1%
2023-2028 Projected Population Growth pa.	0.8%	0.7%	0.9%
2028-2033 Projected Population Growth pa.	0.7%	0.6%	0.7%
2033-2038 Projected Population Growth pa.	0.6%	0.5%	0.6%
2038-2043 Projected Population Growth pa.	0.5%	0.4%	0.5%

Please refer to Appendix 11.2 for further analysis of the demographics of the catchment.

6.3 RETAIL COMPETITION

The following map shows the positioning and type of shopping centres within the subject's catchment:



Tauranga Crossing & Lifestyle Centre:

Stage 1 of Tauranga Crossing opened in September 2016, and comprises a Bulky Goods/Sub-Regional centre anchored by two major tenants (The Warehouse and PAK'nSAVE). Stage 2 opened in two parts in late 2018 and April 2019, and comprises an enclosed mall anchored by Event Cinema and the Bay of Plenty's first H&M, with a complementary specialty tenancy mix including fashion, service, and food and beverage retailers. The total floor area of Tauranga Crossing is now 45,725 sqm.

Opposite Tauranga Crossing is Tauranga Crossing Lifestyle, a Bulk/Home Retail centre, which is currently anchored by Farmers and Gilmours.

Both Tauranga Crossing and the Lifestyle Centre have further development potential with substantial surplus land and consents obtained. The centres offer a high level of specification and amenity, and the complex enjoys a large site which is consented for 44,777 sqm of retail space.

Tauranga Crossing and Lifestyle Centre create critical mass in Tauriko and is situated 8 kilometres south of the subject and is likely to continue providing a strong level of competition to the subject. However, Bethlehem Town Centre's mix is oriented towards food, service and convenience and ongoing spend from customers in the Primary Catchment is expected.

Tauranga CBD: Tauranga City Centre comprises traditional strip retailing. COVID-19 and redevelopment in the CBD in recent months has resulted in increased vacancy with a number of well-known national and chains retailers departing the CBD.

The Farmers department store which once anchored the Tauranga CBD, has been demolished. A replacement store including a 10-storey apartment building is currently under construction and due to be completed in late 2021, although COVID-19 related lock downs may push this to early 2022.

The CBD houses Rialto Cinema in the Goddards Centre, a standalone The Warehouse discount department store on the corner of Cameron Road and Tenth Avenue, and local food and beverage operators including the recently developed Wharf Street dining precinct.

The Tauranga City Centre used to possess a large drawing power especially in relation to food spend, and The Warehouse trades well providing competition to the subject's Kmart. The CBD is now the weakest of the three major retail nodes in greater Tauranga for fashion.

Bayfair: Bayfair Shopping Centre is situated within Mt Maunganui, approximately 14 kilometres north east of the subject. It is a dominant Regional shopping centre historically at the top of the retail hierarchy in the Bay of Plenty region. The centre originally commenced trading during 1985 and has been periodically refurbished and extended most recently in 2019 and 2020 when United Cinemas opened. Bayfair is anchored by a Kmart discount department store, a Farmers department store, Countdown, JB Hi-Fi, and United Cinemas along with 133 specialty tenants. Bayfair provides car parking for 1,820 vehicles (707 of these are covered spaces), and the layout has been improved in the latest redevelopment.

Bayfair provides a level of competition to the subject which is somewhat mitigated due to the distance between the two centres.

Other: In addition to the facilities detailed above, a variety of other retail centres and supermarkets within the Tauranga area are considered to provide a further form of competition.

- Papamoa – Situated 23 kilometres away is the Papamoa retail hub which comprises an enclosed Neighbourhood centre known as Papamoa Plaza which is anchored by The Warehouse and Countdown. Also within the vicinity is Fashion Island a fashion oriented open air centre and Centa Max, a service and convenience oriented open air centre. Mitre 10 and PAK'nSAVE are located directly opposite Papamoa Plaza. This overall precinct provides a level of competition to the subject; however, this will be mostly mitigated due to the geographic separation.
- Fraser Cove – Situated approximately 6 kilometres east of the subject. Fraser Cove is anchored by Countdown, The Warehouse, Warehouse Stationery, and Big Save Furniture with 29 smaller format specialty tenants. The Warehouse and Countdown compete with the subject's Kmart and Countdown.
- Gate Pa - Situated approximately 6 kilometres east of the subject. Gate Pa is a convenience type centre with a focus on food and services uses, anchored by New World and Mitre 10 MEGA and provides a low to moderate level of competition to the subject.
- Bay Central – Situated approximately 8 kilometres north of the subject and comprises a number of retail/wholesale/warehouse premises for tenants including Rebel Sports and Briscoes. The development totals approximately 17,200 sqm in size with 504 car parks. This development competes on the northern fringe of the Tauranga Crossing catchment.

There are numerous competing standalone supermarkets presenting competition to the subject supermarket. These include PAK'nSAVE Tauranga, Countdown Greerton, New World Brookfield, Countdown Tauranga, Countdown Bureta Park, and New World Mount Maunganui.

Summary: Tauranga Crossing, the Tauranga CBD and Bayfair provide the most competition to Bethlehem Town Centre. A number of supermarkets in Tauranga also compete with the Countdown supermarket at the subject, as do other retail destinations further afield.

7 MARKET

7.1 COVID-19 MARKET UPDATE

The situation due to the COVID-19 pandemic has continued to evolve since the end of the first nationwide Alert Level 4 lockdown on 27 April 2020. Parts of the country, particularly Auckland, have undergone various Alert Level changes since then. Most recently, New Zealand was placed into a second Alert Level 4 lockdown from 18 August 2021 due to a Delta strain outbreak. Auckland exited Alert Level 4 on 22 September 2021 while the remainder of the country gradually eased restrictions from 1 September 2021.

Outside of these Alert Level changes, whilst domestic economic activity is essentially functioning in a normal manner and domestic and global vaccination programmes have commenced, New Zealand's borders remain largely closed. A brief exception was the Trans-Tasman 'Bubble' with Australia which commenced in April 2021 before being paused on 23 July 2021, due to the Delta strain outbreak on the Australian eastern seaboard.

Functioning Market Tests	Alert Level 4	Alert Level 3	Alert Level 2	Alert Level 1
Offshore Buyer Inspection	Not functioning. New Zealand borders remain closed. Determination of border closure is independent of Alert Level ratings.			
Onshore Buyer Inspection	Not functioning	Partly functioning - number of inspections and number of people at inspection restricted	Functioning	Functioning
Valuer Inspection	Not functioning	Partly functioning - number of inspections and number of people at inspection restricted	Functioning	Functioning
Technical Due Diligence Inspection	Not functioning	Partly functioning - number of inspections and number of people at inspection restricted	Functioning	Functioning
Real Estate Broker Inspection	Not functioning	Partly functioning - number of inspections and number of people at inspection restricted	Functioning	Functioning
Accounting Services	Partly functioning - Only services that can be provided remotely	Partly functioning - Only services that can be provided remotely	Functioning	Functioning
Legal & Conveyancing Services	Partly functioning - Only services that can be provided remotely	Partly functioning - Only services that can be provided remotely	Functioning	Functioning
Land Information New Zealand	Partly functioning - Reduced capacity and only services that can be provided remotely	Partly functioning - Reduced capacity and only services that can be provided remotely	Functioning	Functioning
Overseas Investment Office Services	Partly functioning - Reduced capacity and only services that can be provided remotely	Partly functioning - Reduced capacity and only services that can be provided remotely	Functioning	Functioning
Execution of Documentation	Partly functioning - electronic signatures only	Partly functioning - electronic signatures only	Functioning	Functioning

The market had shown better than expected sentiment after exiting the initial Alert Level 4 lockdown on 27 April 2020. Prime properties (particularly those leased to Government or healthcare providers, or those with long term leases to reputable tenants) remained strongly sought after with analysed investment yields showing no material discount from pre-lockdown, buoyed in part by interest rates which fell during 2020 to record low levels. Industrial property has proven to the be the least affected sector with historically firm investment yields achieved. The residential market has surged since restrictions were lifted with values in many locations increasing by 20% to 30% over a 12-month period.

Notwithstanding the above, there remains a degree of uncertainty in the market because of the economic impacts of COVID-19. Questions remain over parts of the short to medium term performance of the Office and Retail occupier markets. The Tourism, Retail and Hospitality sectors remain the worst affected by the pandemic and some material value discounting has been evident. The Reserve Bank commenced raising the OCR from October 2021 with further rises signalled. Lenders have increased retail interest rates sharply in recent months.

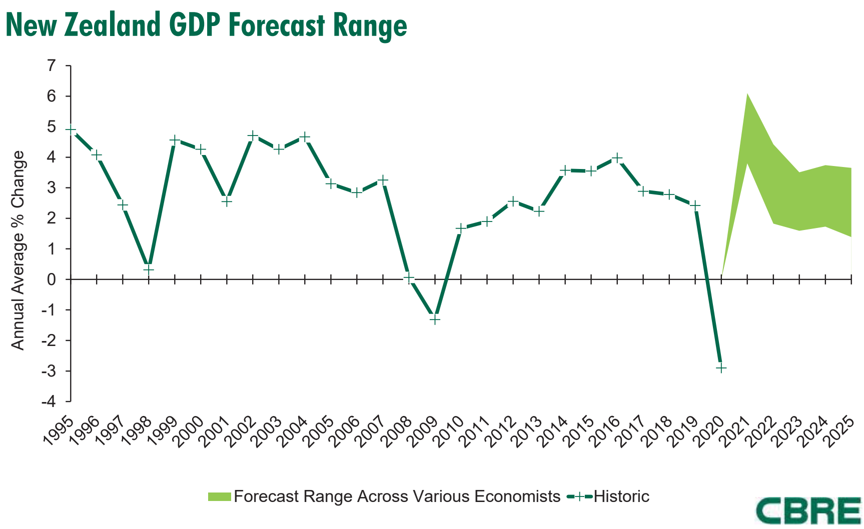
To assist the economy, the Government has set aside NZD$50 billion for the "COVID-19 Response and Recovery Fund", which encompasses a range of initiatives to support economic recovery, the most significant of which is the Wage Subsidy Scheme, supporting employers affected by Alert Level 4 lockdowns. Further economic stimulus has been announced including significant infrastructure investment.

Generally speaking, there has been a sufficient depth of recent transactions in most markets to provide considered valuation advice. However, given the wider uncertainty we recommend our valuations are reviewed periodically to reflect the duration and severity of impact that COVID-19 has on the local and international economy.

7.2 ECONOMIC & MONETARY TRENDS

New Zealand's success at containing COVID-19 and facilitating a return towards normal levels of activity across most industry sectors, coupled with significant fiscal and monetary stimulus and solid labour market outcomes, has seen economic activity rebound to such an extent that the current starting point for the New Zealand economic outlook is stronger than most dared to hope this time last year.

According to ANZ, demand is looking very strong across most pockets of the economy. Business confidence remains buoyant and points to steady recovery in employment. Investment appetites have improved considerably. The lack of international tourists and students is being felt, but it has become hard to see at the headline level. Housing-induced momentum is slowing, but the additional fiscal stimulus gives confidence that the economy will continue to improve and the labour market will continue to tighten. Medium term, demand will be sustained by the tight labour market, robust income growth, and sustained improvement in economic confidence. Once borders are open, immigration could also provide a potentially significant and sustained boost although indications are that the current government doesn't favour the permissive pre COVID immigration settings.

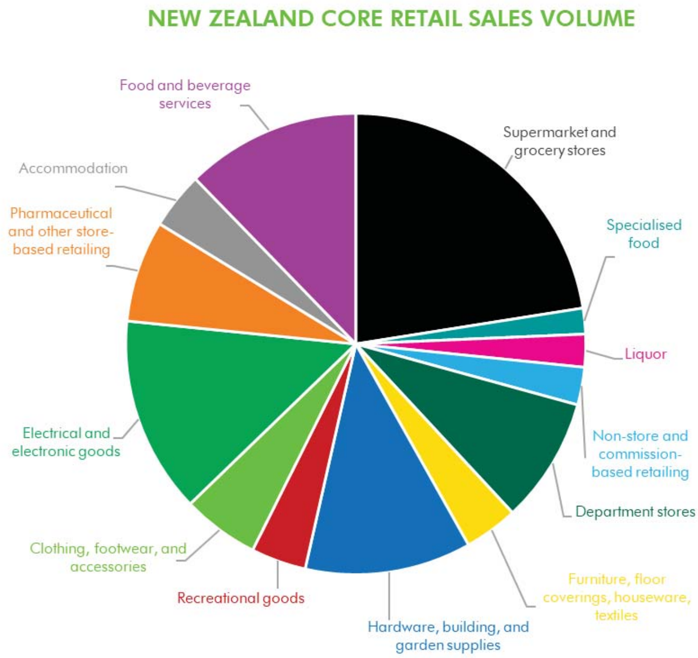


Improving growth expectations and inflationary concerns have resulted in considerable interest rate volatility since the start of the year. The key variable is inflation, with a significant level of uncertainty due to a complicated mix of demand and supply pressures occurring both domestically and globally that still needs to be worked through. On balance though, trends are pointing to strong near-term inflation pressures that could become more persistent than previously assumed. The market's ongoing inflation concerns will likely lead to a persistent steepening of global yield curves. Forecasts generally assume a gradual rise in US 10-year bond yields that will in turn put upward pressure on local long-end interest rates. Longer-term NZ yields are expected to continue to lift ahead of RBNZ tightening but still peak at historically low levels.

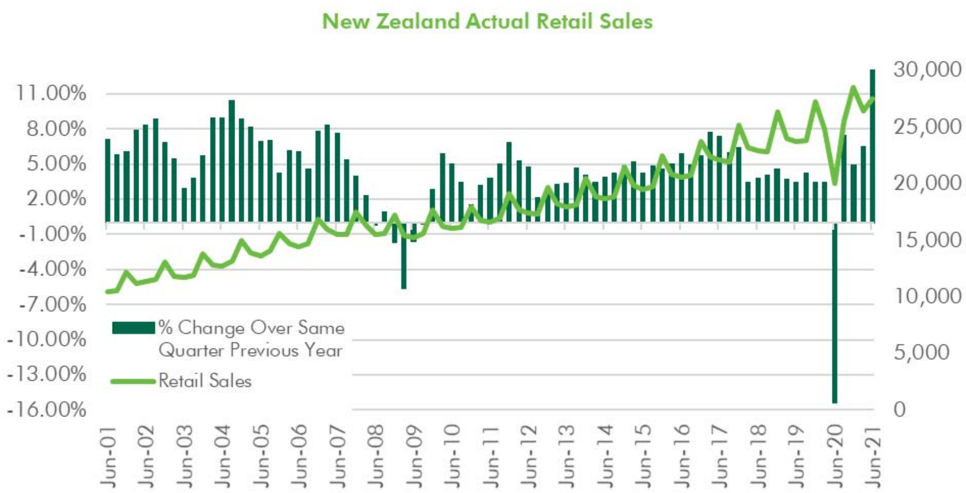
7.3 RETAIL TRADING TRENDS

Retail sales increased nationally by 37.1% in the year to June 2021. Total annual sales increased to $107.95 billion, reflecting an annual dollar value change of $12.13 billion.

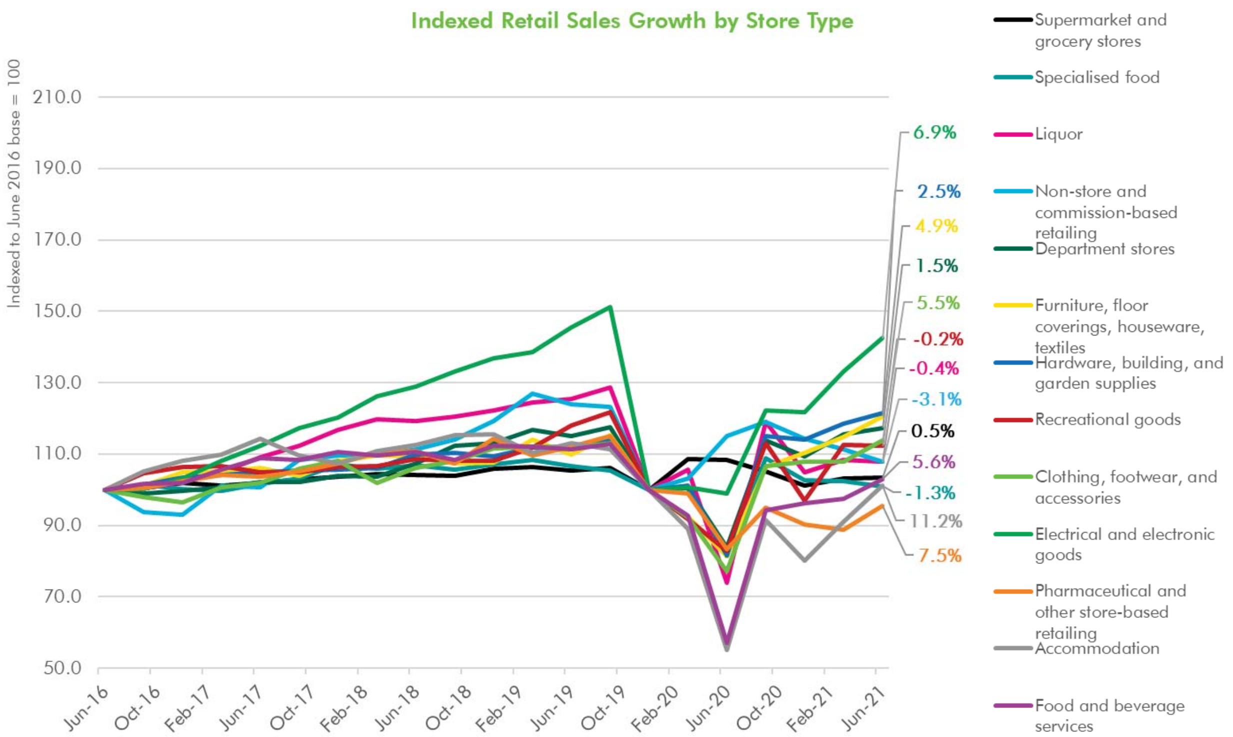
Changes in retail spending are best explained by seasonally adjusted sales volume which aims to eliminate the impact of regular seasonal events (i.e., annual cycles in agricultural production, winter, or annual holidays) on time series. This makes the data for adjacent quarters more comparable. On a quarterly basis, retail sales increased by 4.5% q-o-q in the June quarter. Seasonally adjusted retail sales volumes increased by 35.8% y-o-y or $7,403 million compared with the same quarter last year.



The largest increase in core retail sales was recorded in 'Accommodation' which increased by 11.2%. The retail category which saw the largest overall decline in sales was 'Non-store and commission-based retailing' which fell 3.1%.



The index chart below shows historic retail sales volume trends over the past five years by store type (excluding motor vehicle parts and fuel retailing). An index score of greater than 100 indicates a higher volume of retail sales compared to five years ago, and vice versa for a score below 100. In recent years 'Electrical and electronic goods' has been the top performing sector. 'Motor vehicle and parts retailing' and 'Hardware, building, and garden supplies' were the next strongest sectors.



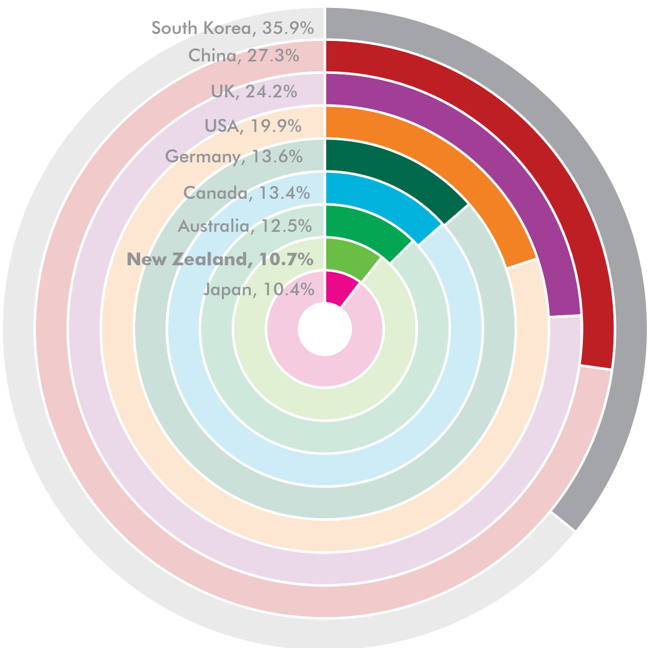
In early 2020 we saw a short term boost from panic buying followed by a severe downturn in spending from the lockdown restrictions, a re-opening surge (strong in the sectors detailed above due to spending deferral), and a strong Christmas spend. A buoyant housing market has created a 'wealth effect' and boosted consumer confidence. Border closures have partly diverted previous offshore tourism expenditure into domestic retail spending. In the longer term we expect a slow-down in spending from 2023/24 onwards.

7.3.1 INTERNET RETAILING

The uptake in online spending has been strong in New Zealand and globally. The chart to the right shows the latest statistics for online sales against the traditional bricks-and-mortar retail sales.

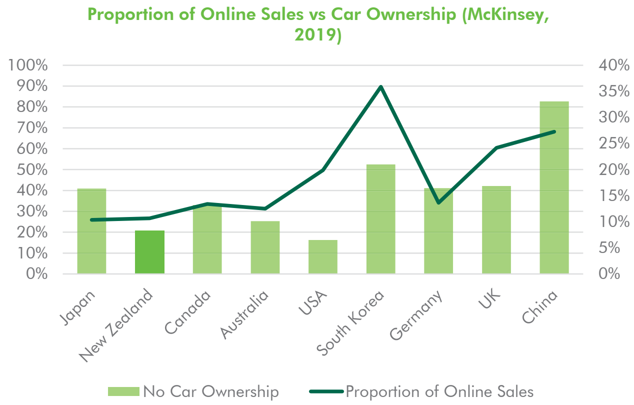
More than one third of all retail spend in South Korea now occurs online, an 18% compound average growth rate ("CAGR") of 17.9% in the past 5 years. Within China and the UK, approximately one fifth of all retail spend is now conducted online.

New Zealand currently sits at 10.7% which has increased at a CAGR of approximately 12.7% since 2015.



Some retail categories are affected by internet retailing more than others. Some retailers in New Zealand such as supermarkets are embracing the internet as part of their overall sales strategy ("bricks-and-clicks"), whereas others appear to be lagging.

It is possible that international and national retailers will further dominate given their more advanced internet infrastructure, and times ahead could be even more challenging for local retailers if they do not fully embrace an omni-channel model. Continued expansion of online sales is a given.



There is widespread concern about the resilience of shopping centres to online retail. However almost all of the growth in total retail sales is still coming from bricks and mortar, because online in New Zealand is still a relatively small share.

A factor often overlooked is that countries that have high rates of car ownership appear to shop bricks-and-mortar more regularly (compare NZ and USA, versus China and UK). Well parked shopping centres will be partly insulated from online sales if Kiwis continue to own cars. However the COVID-19 crisis may continue to sharply accelerate online sales, with online increasingly taking "all of the cream".

7.3.2 SUMMARY

Retailing is becoming a more challenging sector, and notably:

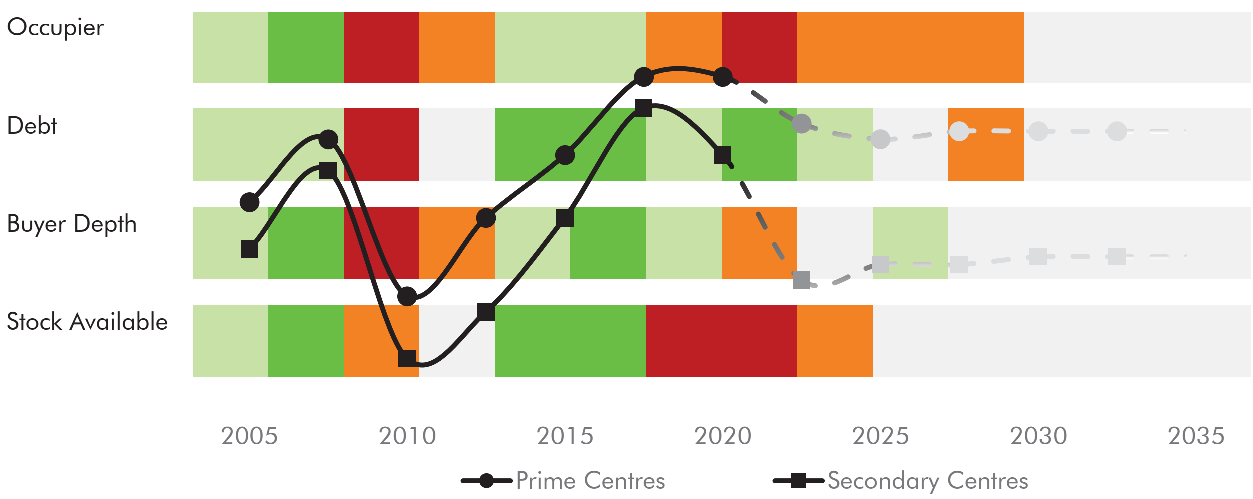
- Online based retailing, electrical and electronic goods, and liquor are performing strongly;
- Most other retail categories have bounced back to pre-COVID levels, reflecting some pent-up demand;
- It is still unclear how retail sales might be impacted following the easing of government stimulus.

7.4 RETAIL INVESTMENT MARKET COMMENTARY

7.4.1 SHOPPING CENTRE PRICE/VALUE TRENDS

Like many markets, retail property has shown a cyclical pattern.

Prices and values grew strongly over the mid to late 2000's, and the Global Financial Crisis in 2008 led to a significant correction, especially for secondary centres. A sustained recovery followed and a scarceness of prime stock again narrowed the differential from non-prime assets. The following image conceptually displays these factors, noting that individual properties and sub-markets may have performed differently:



A sharp reduction in values is expected (and is occurring) for large multi-tenanted retail properties, based on a likely deterioration in some of the key factors that underpin retail property. Many retailers are under pressure (competition from new international retailers, affordability, appetite, and multi-channel changes), and the balance of demand and supply looks set to change due to a flood of property on to the market over the next 12 to 24 months (largely non-prime). Fortunately at present banks are willing and able to lend to existing customers, although we expect a more selective approach to assets they consider are more at risk, particularly if there are concerns about major tenants on short remaining leases. Generally banks are not chasing new lending however. We anticipate ongoing buyer demand due to a steady weight of capital seeking placement in property, although purchasers will continue to look to enter at more favourable returns. Prime property should fare better, and assets in both groups will outperform the general trend indicated above if truly underpinned by vertical intensification and (even partial) market supported change in use.

Smaller scale and less complex retail assets have performed well generally, especially if the tenants are held in high regard and where remaining lease terms are long.

It should be noted however that predicting future trends is complex and is generally unreliable, especially in the longer run, and so limited reliance should be placed on CBRE's representations.

7.4.1 STANDALONE MAJOR TENANT PRICE/VALUE TRENDS

Standalone major tenants have shown a different pattern to shopping centres, with much less swing from peak to trough, and a relatively short period of pricing impact post-COVID. Values are now higher than before the pandemic, especially for supermarkets and hardware stores. Standalone major tenants are generally highly sought after investments with appeal to a wide range of buyer types, especially when remaining leases are long. This class of property is generally passive, is resilient in a downturn, and now attracts very low yields and high prices. Their smaller size increases liquidity, and the covenant on offer is regarded by many as sitting not far below that of a government tenant. Some investors view supermarkets as essential infrastructure.

Unlike offshore, most major tenants in New Zealand are generally in good health. Each major retail category (e.g. supermarkets, department stores, discount department stores, cinemas, and hardware stores) in New Zealand is represented by two to three brands, and in a global context this pool of tenants is small. However so is the market, and these established majors dominant their segments and create a high barrier to entry. Both New Zealand supermarket operators have strong market shares, and are well capitalised, as are Bunnings and Mitre 10 in the hardware store sector. The private owners of the Farmers Trading

Company are also rumoured to be well capitalised, with little debt. Kmart's star continues to rise in New Zealand, and whilst The Warehouse has been impacted, they still appear to trade solidly in most locations.

Viewed another way, New Zealand has avoided the situation where some major tenants are housed in formats that are now far too large (especially over multiple levels) or are in locations that are now considered to overlap other stores in their networks. There are few major tenants that owners consider are a default risk. These retailers are however becoming mobile given leases they continue to increasingly favour tenants, and they will exit centres and change locations to standalone formats, if the trading prospects are markedly better. Cinemas are trading poorly however, given the limited availability of product.

7.4.2 CURRENT & FUTURE ISSUES

Sustained strong management has often maximised tenant GOC%'s.

Increased globalisation and changes in demography will change customer demands.

New international fast fashion and other major tenant rollouts with lessee favourable terms, creating the division of prime and secondary centre especially for fashion apparel. Whilst the leases proposed are onerous for owners, to maintain a fashion presence these new anchors are becoming essential.

Seismic issues impacting on the saleability of large centres. Transactions are unlikely to proceed without recent DSA's and associated costings to strengthen all parts to at least 67% of NBS. Upgrade costs likely to increase in the future as will the awareness of materiality.

Tenant defaults/closures (likely to be small scale local tenants and Australian chains), with stronger retailers acquiring competitors.

New centre supply especially in Auckland, Tauranga, and potentially Wellington – pressure on rents/incentives/vacancy.

Internet sales and the embracing of multichannel retailing with adjusted distribution strategies. A trend that has been rapidly accelerated by the COVID-19 pandemic.

Strong demand for well leased single tenant retail property (e.g. supermarkets and hardware stores).

Low returns from non-property investments driving continued demand for property, especially syndication. The long term reduction in OCR has assisted.

Significant erosion in value of some secondary shopping centres in the future – many still appear over-priced and over-valued in light of the challenges they face.

Climate change (extreme weather events, sea level rise, and earthquake risk) affecting insurance costs and risk pricing. Green credentials.

Mixed use intensification especially in Auckland, but this is site specific and is often hampered by the location of existing buildings and controls in majors leases. It is not a panacea.

Institutions raising capital and then shying away from secondary retail assets.

Construction costs continue to rise aggressively in the short term.

Potentially a change (or partial change) in use for poorly performing centres e.g. office, hotels, private hospitals, distribution centres.

Over time the relative desirability of living in and investing in New Zealand should increase. Strong net migration when borders reopen, followed by a slow “brain drain”.

Closer link between turnovers and rent, due to already maximised tenant affordability. More GOC % caps in leases.

Major tenants and off-shore brands are likely to remain stable but will become more challenging/assertive over time.

Reintroduction of depreciation of building structure and services, which has slightly improved returns.

Outbreaks of COVID-19 and welfare concerns impacting turnovers, requiring rent rebates from owners. Acquisition volatility due to investor sentiment.

Despite COVID-19, in the longer run centres are likely to continue to evolve into social hubs.

Syndicator appetite continuing, motivated by investors chasing yield and perhaps less responsive to longer term threats and issues.

Syndicators listing in the future, amalgamating single property syndicates into multi-property funds, or selling to release capital.

A “wealth effect” from strong growth in house prices boosting spending, plus 2020 saw an increase in global household savings.

Banks becoming more selective in the short term, increases in interest rates may soften pricing, despite debt still remaining cheap by long run standards.

The importance of public transport is set to continue.

Travel aversion, loss of offshore investor participation. Reduced liquidity for large assets >$100m given border closures, which should improve when borders reopen.

In the longer term, increased taxation of wealth because of a reduced taxpayer base to pay for an ageing population and COVID-19 impacts.

After a rebound following the removal of social distancing, we expect a prolonged period of reduced spending from 2023/2024 as house prices stagnate and some consumers spend on overseas travel.

Continued disruptions in the supply chain and shortages of stock.

7.5 RENTAL EVIDENCE

In assessing market rental levels for the various components of the subject property, we have had regard to rentals currently being achieved within comparable retail properties throughout New Zealand, in addition to recent leasing transactions achieved within the subject complex.

7.5.1 MAJORS RENTAL EVIDENCE

New leases for modern The Warehouse stores have attracted gross rentals in the order of $200 to $240 per sqm. Those rentals were influenced by the costs of developing those stores – the rents needed to be at those levels otherwise the space was most likely unfeasible to develop. Kmart are entering terms at between $200 per sqm and $300 per sqm gross at present for new stores, and normally $210 to $260 per sqm gross. Some higher trading locations have achieved much higher rentals. Kmart will rapidly capitalise on any opportunity to resecure space at lower rents if they sense the owner is on the back foot.

Most recent supermarket lettings have averaged between $250 and $350 per sqm gross, where they have been situated in shopping centres. There has been some evidence of supermarket lettings for new stores that have been in excess of $400 per sqm gross.

7.5.2 SPECIALTY RENTAL EVIDENCE

We have assessed market rentals using both objective and subjective benchmarks. We have also investigated the rental that could be payable based on retailer affordability, referencing a database of over 5,100 New Zealand shopping centre tenancies. The weighting adopted reflects the next rent event, with expiries driven by a higher proportion of affordability, and market reviews by more objective rental tests.

The following table summarises the recent gross rentals achieved for a cross section of leasing transactions within the subject property:

Shop	Tenant	Rent Event Date	Rent Event Type	Area sqm	NER $psm	GER $psm
D1	Smiths City		New Lease	2,027		
		11-Nov-21	New Lease	71	$606	$677
		1-Oct-21	New Lease	89	$478	$549
		8-Jun-20	2 Yrly Market	101	$287	$356
		14-Jul-21	New Lease	101	$428	$499
		15-May-21	New Lease	84	$378	$448
		8-Jun-21	New Lease	266	$369	$440
		1-Sep-21	New Lease	175	$285	$356
		23-Jul-21	New Lease	354	$251	$322
		13-Oct-21	New Lease	81	$431	$502
		1-Oct-21	New Lease	121	$398	$469
		1-Jul-21	New Lease	142	$403	$474
		10-May-21	New Lease	269	$251	$322
		1-Oct-21	New Lease	118	$324	$394

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 1221\[Bethlehem Town Centre CMV 1221.xlsb]Rental Evidence

7.6 MARKET RENTAL ASSESSMENT

Based on our understanding of rental levels within comparable properties, the current rentals over the majority of specialty tenancies are considered to be in line with acceptable market parameters, and we have accordingly adjusted for this within our calculations. We consider the centre (including all occupied tenancies) to be under-rented by approximately 2.7%, and occupied specialties (including monthly tenancies) to be under-rented by approximately 3.1%.

The following table outlines our opinion of market rentals and calculates reversionary analysis for those tenancies which are considered to be leased at rentals above, or below, market levels. Note the rentals detailed are a gross comparison.

No.	Tenant (Note: Gross Rentals)	Area sqm	Passing Rental $pa	Passing Rental $psm	Market Rental $pa	Market Rental $psm	Current GOC %	Revised GOC %	Rent Variation	Reversion Date	Capitalised Reversion
Majors							Annualised Figures				
Major 2	Kmart	5,548.4									
Major 1	Countdown	3,708.8									
D1	Smiths City	2,176.6									
Specialties											
A1	Immerse Nail & Beauty Thera	143.4									
A3	Bethlehem Ultrasound	88.6									
A4	Jetts	280.3									
A6	Vivo Hair & Beauty	134.6									
A7	The Cakery	70.7									
A8&A9	Unichem Pharmacy	174.5									
A10	Just Cuts	58.8									

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No.	Tenant	Area	Passing Rental		Market Rental		Current	Revised	Rent	Reversion	Capitalised
(Note: Gross Rentals)		sqm	$pa	$psm	$pa	$psm	GOC %	GOC %	Variation	Date	Reversion
A11	Eden Sleep	89.4									
A12&A12	Vacant	190.5									
B1	You Travel	130.4									
B2	Wild South	306.7									
C1	Dilworth Hearing	264.1									
C2&C3	Chadwick Healthcare	228.6									
C4	Pathlab	100.8									
C5&C6	Paper Plus	720.1									
C7	Hammer Hardware	600.9									
C8	Triton Hearing	101.0									
C9-11	Chemist Warehouse	982.4									
E1A	Subway	83.5									
E1B	Omnitech	69.1									
E2	Bayview Roast and Fish & Chi	85.7									
E3	Noodle Canteen	109.2									
E4	Turkish To Go	127.8									
E5	Tank Juice Bar	49.8									
E6	Hello Sushi	126.5									
E7	LJs	69.6									
E8	Domino's Pizza	116.2									
E9	Burger Fuel	102.9									
E10	BNZ ATM	1.0									
G1	Professionail	67.4									
G2	Caroline Eve	183.1									
G3	Bethlehem Eyecare	94.0									
G4	George Edward	120.6									
G5	Shoo	100.9									
G6	Urban Vogue	91.1									
G7&G8	Options Gifts & Homeware	265.9									
G9	Gateway Games	175.3									
G10	La-Z-Boy	354.3									
G11A	Fulton Hogan	430.5									
G11B	Ezitracker	159.1									
H1&H1A	Eves Real Estate	253.3									
H1B	Patrick's Pies	150.9									
H2	The Coffee Club	182.7									
H3	Rodney Wayne	113.9									
H3a	Tango's Shoes	119.5									
H4	Shape Studio	81.1									
H5	After Hours Eventwear	121.4									
H6	Columbus Coffee	141.9									
H7	Bin Inn	149.3									
J1&J6	The Orchard Bethlehem	384.7									
J9	House of Spice	120.1									
J10	Bottle-O	268.7									)
A13A	Maurice Trapp	134.8									
BP	BP	305.0									)
A13B	Centre Management Office	34.5									
Total		**21,644.7**	**7,794,116**	**360**	**8,112,595**	**375**			**220,200**		**3,125,024**

7.7 SALES EVIDENCE

In order to assess the market value of the subject, we have considered the following cross section of sales transactions which have occurred within the wider retail market, some of which were concluded in pre-COVID-19 times:

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Centre Name	Sale Price	Sale Date	NLA	Initial Yield	Equiv. Yield	IRR	Majors WALT	Rate / Sqm NLA
The Palms Shirley, Christchurch	$88,800,000	Nov-2021	35,338					$2,513
Barrington Spreydon, Christchuch	$65,500,000	Aug-2021	14,716					$4,451
4 Carr Road Mt Roskill, Auckland	$36,000,000	Aug-2021	5,334					$6,749
Kensington Crossing Kensington, Whangarei	$20,000,000	Jun-2021	3,279					$6,099
Meridian Mall CBD, Dunedin	$40,000,000	Jun-2021	16,167					$2,474
Bethlehem Town Centre Bethlehem, Tauranga	$94,500,000	May-2021	21,668					$4,216
Countdown Petone Wellington	$37,300,000	May-2021	4,604					$8,101
67 Cavendish Drive Manukau, Auckland	$30,000,000	Apr-2021	5,386					$5,570
Fashion Island Papamoa, Tauranga	$19,700,000	Apr-2021	3,538					$5,568
Brackenfields Amberley, Canterbury	$19,750,000	Feb-2021	5,790					$3,411
Eastgate Shopping Centre Linwood, Christchurch	$43,450,000	Feb-2021	26,736					$1,625
Albany Lifestyle Centre Albany, Auckland	$87,500,000	Feb-2021	26,687					$3,279
Kelston Shopping Centre Kelston, Auckland	$43,400,000	Mar-2020	7,741					$5,607
The Landing Frankton, Queenstown	$25,000,000	Jan-2020	3,160					$7,911
Tauranga Crossing Shopping Centre Tauriko, Tauranga	$315,000,000 (100% Interest)	Nov-2019	45,746					$6,886

The most recent sales of comparable shopping centres have demonstrated Equivalent Yields generally ranging from 5.75% to 8.5%, Internal Rates of Return of between 6.0% to 8.5% and overall value rates of between $3,000 and $7,000 per sqm of lettable area.

Centres of Regional status have been relatively tightly held. Ownership remains dominated by Scentre Group/Westfield, Kiwi Property Group, AMP, Stride, NZRPG, Lend Lease and Fisher Funds. It is anticipated that the listed vehicles and institutions will continue to feature strongly in prime Major Regional and Regional shopping centre ownership, although syndicators are now becoming notable participants. Good quality smaller centres are generally still sought after. Regional and Sub-Regional centres are expected to experience a considerable erosion in value, especially secondary assets.

7.8 KEY SALES EVIDENCE COMPARABILITY

For context, we include our commentary on key sales evidence as follows.

Barrington, Spreydon, Christchurch

Description: Barrington went under contract for $65,500,000 in August 2021 with settlement in November 2021. Barrington is a partially enclosed Sub Regional shopping centre which originally commenced trading during 1973 and has been periodically refurbished and extended, most recently in 2012 when an enclosed mall was added. The centre is anchored by FreshChoice and The Warehouse with 58 specialties (including office, kiosks and ATM's). At the time of sale, FreshChoice had a long remaining lease term and The Warehouse had a short remaining term, with an overall majors WALT of . The specialties were comfortable and were slightly under-rented. Parts of the centre had been seismically upgraded to meet at least 67% of NBS with the vendor underwriting seismic upgrade costs against parts of the building that were below 67% of NBS, and the vendor completed the works before settlement. The centre is held in numerous Freehold Stratum Estates.

CBRE completed due diligence for the purchaser.

Comparability: A good comparable given the recent post COVID-19 transaction date. Barrington is a slightly smaller investment quantum when compared to the subject. However Barrington includes an enclosed mall component, which is slightly less desirable than the subject's entirely externally trading format. Barrington's Christchurch location would be considered slightly less desirable or equivalent to Tauranga. The remaining majors WALT at Barrington is broadly comparable to the subject. Overall Bethlehem is a superior asset although we note it is larger and currently less liquid than Barrington. On balance we would expect the Barrington transaction to set slight upper Yield and IRR limits for the subject.

Bethlehem Town Centre, Tauranga

Description: Bethlehem Town Centre went unconditional in June 2021 to PMG Generation Fund for $94,500,000. This is the recent sale of the subject centre. At the time a majors WALT of with Countdown approaching final expiry, presenting the purchaser with the opportunity to secure them on a longer term lease at a higher rental. The sale did not include the adjoining Bethlehem Montessori, this was sold separately to another party.

Comparability: Since June 2021 the centre's NOI has improved as a result of new leases (of vacancies), rent reviews, and renewals. The Countdown seismic strengthening works have been completed resulting in less outstanding strengthening works although construction costs have increased in general. The majors WALT overall has reduced slightly due to the passing of time, however the sentiment around likely renewal probabilities has not changed. Overall a direct benchmark for the subject.

Albany Lifestyle Centre, Auckland

Description: Albany Lifestyle Centre transacted in February 2021 for $87,500,000. The property is a split level Bulky Goods shopping centre of approximately 26,500 sqm anchored on the lower level by Mitre 10 MEGA, with Freedom and Danske Mobler on the level above. There are 11 specialty tenancies (including large office tenancies). Carparking resources are poor to average, with the upper level carparks patronised mainly by staff and office tenants. The linkage between the major tenant and the smaller format retailers is indirect, leaving most smaller tenants less robustly anchored. Loading access is also challenging. An attractive majors

WALT of 10 years was underpinned by a 12 year remaining lease to Mitre 10 MEGA. The centre has not shown a great deal of specialty rental growth in recent years and has required the use of incentives and rental underwrites. There is opportunity to subdivide the centre, own Mitre 10 MEGA, and dispose of the remaining tenancies.

The property was purchased by a local syndicator. The property was previously under contract for $88,976,951 in 2019, however the transaction did not complete, which resulted in the purchaser forfeiting the $4,525,000 deposit under the terms that were binding the parties.

Comparability: The Auckland location would be considered slightly superior to Tauranga. The layout of Albany Lifestyle Centre is inferior given its vertical nature. The majors WALT at Albany Lifestyle Centre is longer than the subject but the subject has stronger rental growth prospects. On balance this sale provide a good guide for the subject parameters and we expect a similar Equivalent Yield and similar IRR should apply.

Tauranga Crossing Shopping Centre, Tauranga

Description: A 60.0% interest in Tauranga Crossing went under contract conditionally to Oyster Property for $189,000,000 with management rights in November 2019. The property comprises an externally trading 'Bulky Goods' centre (Stage 1) which commenced trading in late 2016, and an enclosed 'Regional' centre (Stage 2), which partly opened in October 2018 and more substantially in April 2019. Tauranga Crossing has an additional circa 19,000 sqm of surplus land situated to the east of Stage 2 which has Resource Consent for further retail development and carparking (Stage 3). This component of the overall development is known as "Tauranga Crossing Shopping Centre". The property is also supplemented by an externally trading 'Bulky Goods' centre with circa 34,000 sqm of surplus land, known as "Tauranga Crossing Lifestyle Centre". The centres provide an excellent standard of physical improvements with a high level of finishes

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and presentation, including market leading landscaping, and an extensive outdoor garden and play area. On site carparking is provided for approximately 1,737 vehicles (including 1,430 bays at Tauranga Crossing and 307 bays at Tauranga Crossing Lifestyle). The centre is anchored by PAK'nSAVE, The Warehouse, Event Cinemas, H&M, Gilmours, and Farmers with 115 specialty tenancies. There was a long majors WALT of at the time of sale. The catchment has strong population growth but the centre will require a few years to stabilise given existing competition. We understand that the syndicate was close to being fully subscribed prior to COVID-19, however in late April 2020 the purchaser cancelled the contract. Whilst this sale did not eventuate, the parameters were agreed to by both parties thereby resulting in a market test at the date of agreement.

Comparability: This remains the most recent market pricing of a prime shopping centre in New Zealand. Although not a completed transaction it provides useful guidance for market benchmarking for the subject property. Tauranga Crossing is new built centre with its improvements presenting to an excellent standard. The majors WALT at Tauranga Crossing of is longer than the subject's . Both properties are within a high growth catchment, with strong rental growth expected, although the subject does not feature the same level of "trade up" risk. We would expect a much lower IRR to apply at the subject (given the trade-up risk of Tauranga Crossing), and a similar or slightly higher Equivalent Yield.

7.9 INVESTMENT PARAMETERS ASSESSMENT

In concluding the adopted investment parameters we have particularly taken note of the following value drivers for the subject property:

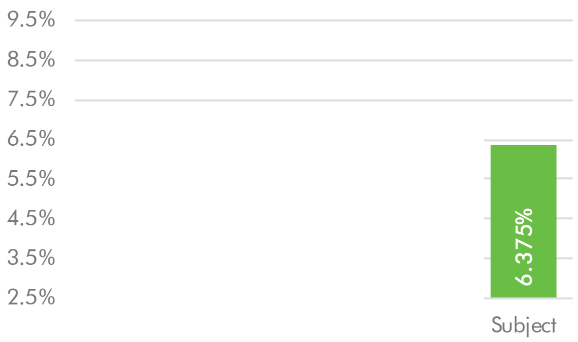
- The subject property services a catchment with a relatively average socio-economic profile, and strong population growth projections.

- Further competition is expected from Tauranga Crossing.
- The complex is well serviced by arterial roading connections and enjoys ample road frontages, offering reasonable access and good exposure to State Highway 2.
- Tenure is Freehold.
- Large short term seismic upgrading costs have been deducted, including Profit and Risk allowances.
- Major, national and chain tenants represent approximately 55.0% of the total lettable area of the centre and the revenue derived from these tenants underpins approximately 56.4% of the total gross passing rental income from the complex.
- The centre achieved a total turnover of $128,628,991 for the 12 month period ending 31 October 2021 reflecting an increase of 8.7% over the previous 12 month period. Annualised specialty turnover equates to $6,066 per sqm, which is adequate to strong in the context of New Zealand Sub Regional Centre averages.
- The average gross occupancy cost ratio for the specialty tenancies within the subject complex equates to 7.5% which is below the range of CBRE average gross occupancy cost figures for Sub Regional Centres of between 8.5% and 13.5%.
- The specialty tenancies (including monthly tenancies) are in line with market rental parameters.
- Credit has been generally readily available within the market at relatively low cost for many years now, with positive leverage generated typically, although interest rates are now increasing.
- The property market has been at an unprecedented high for a prolonged period, it fell following the arrival of COVID-19, then has rebounded and continued to strengthen before arguably weaking in the last few weeks due to increases in interest rates.

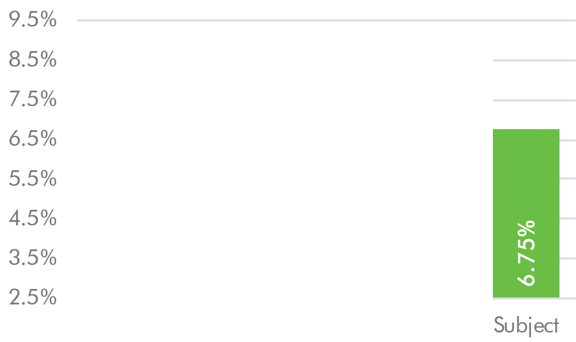
Considering all of the sales evidence discussed, together with the asset specific attributes in the SWOT & Risk Analysis Section of this report, we conclude investment parameters for the subject property as follows:

- Capitalisation Rate 6.375%
- Target IRR 6.75%
- Terminal Yield 6.875%

Adopted Capitalisation Rate (against Comp Equiv. Yield)



Adopted Internal Rate of Return (against Comp IRR)



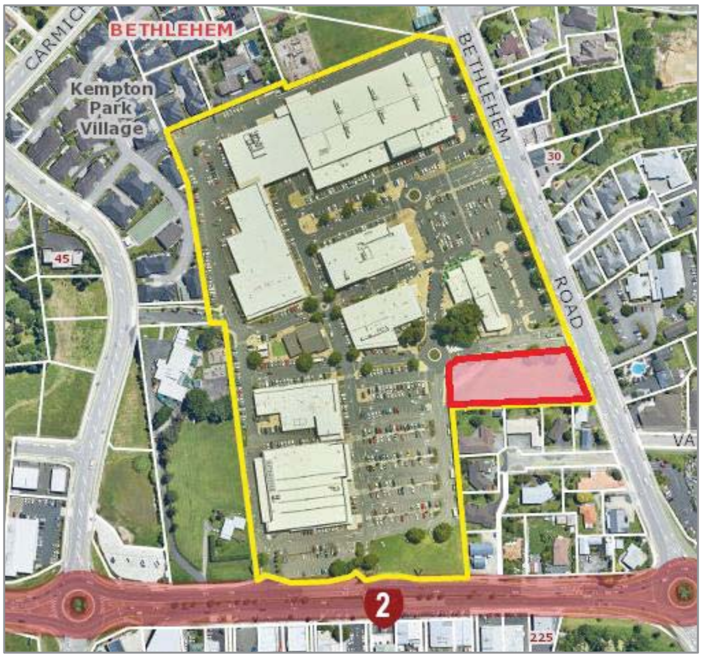
8 SURPLUS LAND

8.1 INTRODUCTION

The surplus land at the subject property is outlined in red below:

We note the following characteristics about the surplus land:

- We have estimated an area of 3,500 sqm;
- It does not have a separate Title but isn't subject to the subdivision controls in the lease;
- It has frontage to Bethlehem Road;
- Town planning allows for commercial development;
- The land is partly serviced by way of nearby roading and access;
- The site is relatively level;
- The lease prevents a DDS of greater than 1,000 sqm being developed on the land; and
- There is considerable critical mass created by the subject centre.



8.2 EVIDENCE

In arriving at our opinion of the surplus land value, we have sourced comparable land sales within Tauranga. We have also considered large commercial land sales nationally. These are noted as follows:

Address	Sale Price	Sale Date	Area sqm	Rate $psm of Land	Zoning
Confidential, Tauranga	$10,800,000	UC	7,681	$1,410	Commercial
Confidential, Tauranga	$7,200,000	Jun-2021	2,024	$3,475	Commercial
	$3,565,000	May-2021	956	$3,785	City Centre Business
	$7,769,400	May-2021	12,949	$600	Bethlehem Commercial
Confidential, Tauranga	$6,500,000	Feb-2021	2,192	$3,000	City Centre Business
	$4,376,565	Dec-2020	10,606	$413	Industrial
	$3,300,000	Nov-2020	2,385	$1,384	Commercial
	$440,000	Nov-2020	2,019	$2,110	City Centre Business
	$1,036,000	Oct-2020	1,823	$568	Industrial
	$2,090,000	Feb-2020	781	$2,676	City Centre Business
	$3,025,000	Nov-2019	863	$3,505	City Centre Business
	$2,800,000	Nov-2019	816	$3,070	Commercial
	$10,800,000	Nov-2019	7,681	$1,406	Commercial
	$3,100,000	Jul-2019	2,502	$1,270	Commercial
	$2,585,600	Mar-2019	2,959	$874	Commercial

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Recent land sales within Tauranga CBD range between $1,500 per sqm and $3,500 per sqm, and set an upper limit for the subject surplus land given the CBD location, generally smaller sites, and more intensive zoning. The commercially zoned Auckland land sales also set upper limits given the superior location (larger scale catchment and population growth factors). Conversely the industrial sales within Tauriko ranging between $400 per sqm and $580 per sqm set a lower limit for the subject due to the less intensive zoning.

The recent transaction of is useful as it adjoins the subject centre to the west. The site is improved with a childcare facility and residential dwelling with a short remaining lease term. PMG on sold the property to Classic Builders as part of the subject transaction for $7,769,400, reflecting $600 per sqm over 12,949 sqm of land, hence setting a lower limit due to the larger land area and narrow shape.

The sale of is useful given its proximity to the subject and similar zoning. A slightly irregular shaped site of approximately 2,959 sqm adjoining the Gull service station purchased by a residential developer with the intention of developing medium density terraced housing/apartments. The sale reflected a rate $874 per sqm, reflecting a lower limit for the subject (if it were on a separate Title) given the subject's superior frontage and regular shape. Furthermore the market has firmed since March 2019.

8.3 APPROACH

We have undertaken a Direct Comparison Approach. This approach considers sales of development sites analysed on a rate per sqm of site area basis. If any of the sites are improved, allowances are added to the purchase price to provide for the estimated costs to remove the improvements and render the site ready for redevelopment. A range of positive and negative adjustments have been made to the rates indicated by the sales of the comparable properties to reflect differences between the evidence and the subject site.

Based on the evidence we consider the subject land if it were on a separate Title would attract $1,050 per sqm. However an adjustment needs to be made to reflect that it forms part of the parent site. We have adopted a discount of 10.0% to acknowledge the cost of creating a separate Title for the surplus land.

A surplus land value of $3,307,500 results or $945 per sqm.

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9 VALUATION

9.1 VALUATION APPROACHES

In arriving at our opinion of value, we have considered relevant general and economic factors and have investigated recent sales and leasing transactions of comparable properties (as previously detailed).

A variety of approaches have been considered and we detail below our principal approaches to value:

- Capitalisation Approach plus surplus land
- Discounted Cash Flow Approach plus surplus land

9.2 VALUATION APPROACH TO COVID-19

We have modelled the following within our valuation:

- Increased turnover in Year 1 to reflect that the turnover provided has been partly impaired by the August/September Alert Level 3 and 4 lockdowns. Thereafter stabilising in Year 2 with subdued growth forecasts over the short to medium term;
- Decreased specialty market rents in Year 1, rebounding partially in Years 2 and 3, with subdued growth forecasts over the short to medium term;
- Increased the vacancy and bad debts allowance, but not greatly so because this is a long term allowance;
- Increases in downtime and reductions in renewal probabilities in Years 1 to 4 of the DCF;
- Increased incentive allowances;
- Maintenance of all existing contractual lease mechanisms unless contrary terms have been agreed between the lessee and lessor. For deals not concluded, we expect that most owners will maintain the fabric of the lease and deal with affordability issues by way of rental relief (i.e. protection of NOI by using "below the line" capital);
- Adopted forecast rental rebates based on the following parameters:
  - Tenants have been assigned as "High, Medium, or Little Impact" based on tenant category and relationship to the Alert Level system in New Zealand. For example; food and beverage and entertainment trade categories, cinemas, and gyms have been classified as "High Impact", fashion, footwear, general merchandising, and electronic have been classified as "Medium Impact", and supermarkets, pharmacies, banks, government tenants, telcos and external ATMs have been classified as "Low Impact". Our assignment of the categories takes into account Central Government's earlier position on the COVID-19 Alert Levels.
  - If an ongoing rebate and deferral agreements have been reached between the Landlord and Tenant, we have modelled these;
  - Tenants with GOC% caps do not receive rebates;
- The adopted rental rebates for each impact category have been calculated monthly. We have tracked the benefits from the rebates on projected viability. We summarise these on an annual basis as follows:

CBRE Adopted Rebates Year End	**Year 1 Dec-22**	**Year 2 Dec-23**	**Year 3 Dec-24**
High Impact	95% of gross rent payable	97% of gross rent payable	100% of gross rent payable
Adopted Rental Rebate	$88,792	$57,497	$0
Medium Impact	98% of gross rent payable	99% of gross rent payable	100% of gross rent payable
Adopted Rental Rebate	$60,303	$20,401	$0
Low Impact	100% of gross rent payable	100% of gross rent payable	100% of gross rent payable
Adopted Rental Rebate	$0	$0	$0
Total Rebates	**$149,095**	**$77,898**	**$0**
Rebate:Gross Rent	**2%**	**1%**	**0%**

9.2.1 FUTURE CHANGE

The COVID-19 situation is now abating as a risk but could foreseeably be more severe if shopping centres were again required to close temporarily. Furthermore, large shopping centres were already identified (for right or wrong) as a sector at risk, and the COVID-19 crisis has re-rated pricing. This will further exacerbate the decline of secondary centres.

9.3 CAPITALISATION APPROACH

In undertaking our valuation analysis, we have considered an investment approach whereby the estimated gross passing income has been adjusted to reflect anticipated operating costs, potential future income from existing vacancies and an ongoing vacancy and bad debts allowance to produce a net income on a fully leased basis (after a vacancy allowance).

The adopted fully leased net income is capitalised in perpetuity from the valuation date at an appropriate investment yield. The adopted yield reflects the nature, location and tenancy profile of the property together with current market investment criteria, as evidenced by the sales evidence previously detailed. Thereafter, various capital adjustments are made to the calculated core value.

We consider a capitalisation rate of between 6.25% and 6.5% is appropriate, and we have adopted **6.375%**.

Based on the above assumptions, our capitalisation approach calculations indicate a value of $99,900,000.

Our full valuation calculations are detailed overleaf:

CAPITALISATION APPROACH

		Area	Base	Outgoings	% Rent	Total
Income	Kmart	5,548.4				
	Countdown	3,708.8				
	Smiths City	2,176.6				
	Specialties	10,020.5	3,960,653	648,098	73,863	4,682,614
	Total	21,454.2	6,445,422	1,102,174	246,519	
GROSS PASSING RENTAL						7,794,116
Other Income	Storage Income			17,000		
	Casual Leasing Income			-		
	Mall Merchandising Income			-		
	Telecommunications Facility Income			-		
	Extended Trading Hours			-		
	Sundry Recoveries			-		
	Signage & Billboard Income			31,609		
	Car Parking Income			-		
	Sundry & Other Income			-		48,609
GROSS PASSING INCOME (Excluding electricity profit)						7,842,725
Outgoings	Statutory Expenses:			(402,096)		
	Operating Expenses:			(1,080,137)		
	Non-Recoverable Outgoings:			(108,176)		(1,590,409)
NET PASSING INCOME (Excluding electricity profit)						6,252,316
Income Adjustments	Potential Future Income - Vacant Tenancies			98,279		
	Spec Vacancy/Bad Debts Allowance		2.50%	(119,522)		(21,243)
FULLY LEASED NET INCOME						6,231,072
CAPITALISED VALUE			**Capitalise In Perpetuity @**	**6.375%**		**97,742,313**
Capital Adjustments						
	Vacant Tenancies - Letting Up Allowance				(101,766)	
	Vacant Tenancies - Agents Commissions				(14,742)	
	Vacant Tenancies - Incentive Allowance				(30,530)	
	Unexpired Tenant Incentives:				(241,642)	
	Rental Shortfall - New Tenancies:				-	
	Present Value of Capitalised Rental Reversions				3,125,024	
	Electricity Profit (capitalised @ 10%)			33,880	338,800	
	Added Value of Balance Land		$945	3,500	3,307,500	
	Present Value of Remaining Tenant Fitout Rentals			-	-	
	Present Value of Abatements - COVID-19			3 years	(222,067)	
	Present Value of Deferrals - COVID-19			4 years	-	
	Present Value of Other Capital Allowance			2 years	(281,515)	
	Present Value of Future Net Letting Up Allowances			2 years	(149,713)	
	Present Value of Future Leasing Commissions			2 years	(64,440)	
	Present Value of Future Incentive Allowances			2 years	(256,141)	
	Present Value of Capital Expenditure			2 years	(629,234)	
	Present Value of Seismic Uncertainty Capex			2 years	(2,140,559)	
	Present Value of Future Refurbishment Allowances			2 years	(502,591)	2,136,382
	Sensitivity Analysis					99,878,694
	6.13%	104,000,000				
Adopt	6.38%	99,900,000				99,900,000
	6.63%	96,100,000				

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9.4 DISCOUNTED CASHFLOW APPROACH

This form of analysis allows an investor or owner to make an assessment of the long term return that is likely to be derived from a property with a combination of both rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected Internal Rate of Return, rental growth, sale price of the property at the end of the investment horizon, costs associated with the initial purchase of the property and also its disposal at the end of the investment period.

Having regard to these factors, we have carried out a discounted cash flow analysis over a 10 year investment horizon in which we have assumed that the property is sold at the commencement of the eleventh year of the cash flow. The cash flow analysis, which comprises annual income streams, is based upon the following assumptions:

Valuation Period	1	2	3	4	5	6	7	8	9	10	11	
Year Ending	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32	Average
CPI (NZIER Forecast)	2.44%	1.77%	2.17%	2.04%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.04%
Specialty Rent Growth	3.55%	2.82%	2.95%	1.37%	1.83%	2.55%	3.54%	2.95%	2.44%	2.45%	2.21%	2.64%
Sales Growth												
Kmart												0.42%
Countdown												-0.25%
Smiths City												1.23%
Sundry/Other Income	8.55%	2.82%	2.95%	1.37%	1.83%	2.55%	3.54%	2.95%	2.44%	2.45%	2.21%	3.14%
Vacancy Allowance	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Outgoing Escalation	22.38%	4.90%	3.90%	6.70%	5.74%	3.45%	3.86%	2.77%	2.78%	3.18%	3.20%	5.97%
Capital Expenditure (% of Gross Income)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Renewal Probability	68%	70%	73%	70%	70%	73%	75%	75%	78%	78%	78%	73%
Letting Up Allowance	12 mths	12 mths	11 mths	10 mths	9 mths	8 mths	8 mths	8 mths	8 mths	8 mths	8 mths	9 mths
Incentive Allowance	4 mths	4 mths	3 mths	4 mths	4 mths	3 mths	3 mths	3 mths	3 mths	3 mths	3 mths	3 mths
Acquisition Cost	0.38%											
Disposal Cost											1.19%	
Terminal Yield											6.88%	
Target Internal Rate of Return		6.75%										
Current 10 year Bond Rate		2.70%										
Indicated Margin		4.05%										
Net Income Growth (10yrs)		1.84%										

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Please refer to the appendices for a more detailed breakdown of our specialty market rental growth forecasts. As you will note, we consider that both turnover and rental performance will be driven by the following issues:

- CPI movement.
- Real population growth.
- Real growth in per capita spend.
- Market dominance issues, competitive elements, and occupancy cost considerations.

You will note that we have also given consideration to operating expense and rates escalations, and analysed performance on a gross occupancy cost and affordability basis.

The analysis proceeds on a before tax basis, and whilst we have not qualified any potential taxation benefits associated with the property, we are of the view that this is an issue which a prospective purchaser would reflect in its consideration.

The analysis is based on the assumption of a cash purchase. No allowance for interest and other funding costs have been made.

We have discounted the income for each year of the cash flow on a midpoint basis which assumes an income of six months in arrears and six months in advance.

We have investigated the current market expectations for an investment return over a 10 year period from retail property. We hold regular discussions with investors active in the market, both as purchasers and owners of retail assets. From this evidence, we conclude that market expectations for the subject property are currently in the order of 6.5% to 7.0%.

The derived value of $98,000,000 reflects an Internal Rate of Return of **6.75%**. The Internal Rate of Return appears realistic when compared to returns available from alternative forms of investment and indicates a reasonable premium over the prevailing 10 year bond rate which is currently trending between 1.6% and 2.7%. This margin reflects the risk premium associated with direct property investment and its illiquidity compared to other forms of investment. However the IRR's resulting from recent transactions of secondary centres are lower than those of prime centres, and total returns at this level are likely to be unsustainable in the long run.

A Terminal Yield of 6.875% has been adopted, which results in 7.0% against forecast terminal market income.

In terms of key variables, it should be noted that while many market participants adopt a similar methodology (i.e. DCF), the treatment of certain key variables, such as the term of the cashflow, treatment of refurbishments, growth rates and the terminal yield, vary significantly. Therefore key variables discussed in the wider market place need to be treated with caution.

Our discounted cash flow analysis is detailed overleaf:

Valuation Period	1	2	3	4	5	6	7	8	9	10	11
Year Ending	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32
Growth Forecast											
CPI (NZIER Forecast)	2.44%	1.77%	2.17%	2.04%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Average compound CPI					5yrs	2.08%				10yrs	2.04%
Market Rent Growth	3.55%	2.82%	2.95%	1.37%	1.83%	2.55%	3.54%	2.95%	2.44%	2.45%	2.21%
Average compound market rental growth					5yrs	2.50%				10yrs	2.64%
Statutory Expenses Growth	25.00%	13.00%	8.00%	17.00%	13.00%	6.00%	7.00%	4.00%	4.00%	5.00%	5.00%
Average compound rates growth					5yrs	15.06%				10yrs	10.02%
Sundry/Other Income Growth	8.55%	2.82%	2.95%	1.37%	1.83%	2.55%	3.54%	2.95%	2.44%	2.45%	2.21%
Average compound sundry rental growth					5yrs	3.47%				10yrs	3.13%

Purchase Considerations

Purchase Price	98,000,000	
Stamp Duty	-	0.00%
Legals/Due Dilligence	367,500	0.38%
	98,367,500	
Selling Considerations		
Terminal Yield		6.88%
Agents Commission		1.00%
Legal Fees		0.19%
Exit Tax (NSW only)		0.00%

Target Internal Rate of Return

I R R	PRICE
6.75%	94,720,000
Add Land:	3,307,500
ADOPT:	$98,000,000
Year 1 Cashflow Yield	3.79%
Income %	42.07%
Terminal Value %	57.93%

Sensitivity Analysis

		6.63%	6.875%	7.13%
Internal	6.50%	101,900	99,800	97,800
Rate of	6.75%	100,100	98,000	96,100
Return	7.00%	98,300	96,300	94,400
		Terminal Yield on Mkt	7.01%	
		Terminal Yield Fully Occ. Majors	7.03%	

Cashflow Criteria

Assumed New Lease Term (yrs)	6	
Assumed New Lease Review Type	Fixed	
Assumed New Lease Review Frequency (Yrs)	1	
Fixed Review % Inc.	3.0%	
Leasing Commission (new leases)	15.0%	

		1	2	3	4	5	6	7	8	9	10	11
Renewal Probability		68%	70%	73%	70%	70%	73%	75%	75%	78%	78%	78%
Specialty Expiry for year (sqm)		486	2,052	2,139	987	1,007	1,216	1,460	2,737	1,471	1,901	972
Leaseup	Retail (mths)	12	12	11	10	9	8	8	8	8	8	8
Incentive	Retail (mths)	4	4	3	4	4	3	3	3	3	3	3
Vacancy & Bad Debts Allowance		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Capital Expenditure (% of Gross Income)			1.0%									
Future Building Refurbishment Allowance			Year 2	$25 psm		Year 8	$100 psm					

CASHFLOW FORECAST (All figures shown as $1,000's)

	1	2	3	4	5	6	7	8	9	10	11
Major Tenant Income											
Kmart											
Countdown											
Smiths City											
Specialty Tenant & Other Income											
Base Rental	4,038	4,363	4,357	4,414	4,699	4,812	5,097	5,245	5,359	5,523	5,651
Recoverable Outgoings	648	793	832	864	922	975	1,009	1,048	1,077	1,107	1,142
Specialty % Rent/GOC Caps	109	73	58	43	16	7	8	8	8	8	10
Other Income	49	53	54	56	57	58	59	61	63	65	66
Electricity Profit	34	35	35	36	37	38	38	39	40	41	41
Total Income	**7,898**	**8,407**	**8,479**	**8,535**	**8,819**	**9,245**	**9,325**	**9,779**	**10,053**	**10,162**	**10,314**
Less											
Statutory Expenses	409	501	568	619	718	810	863	921	959	998	1,048
Operating Expenses	1,099	1,296	1,339	1,367	1,395	1,423	1,452	1,481	1,510	1,540	1,571
Non-Recoverable Outgoings	108	111	113	115	118	120	122	125	127	130	132
Vacancy/Bad Debts Allowance	120	131	131	133	141	145	153	158	161	166	170
NET INCOME 1.84%	**6,161**	**6,369**	**6,328**	**6,301**	**6,448**	**6,748**	**6,736**	**7,096**	**7,295**	**7,327**	**7,393**
Capital Adjustments											
Net Letting Up Allowances	116	150	150	63	76	59	37	141	25	51	22
Leasing Commissions	32	52	62	40	47	48	49	101	54	69	55
Future Incentive Provisions	104	204	224	156	182	173	158	330	159	201	160
Capital Expenditure (% Income)	458	205	220	80	280	30	30	30	30	30	103
Seismic Uncertainty Capex	1,142	1,142	-	-	-	-	-	-	-	-	-
Future Refurbishment Allowance	-	554	-	-	-	-	-	2,496	-	-	305
Tenant Fitout Rentals	-	-	-	-	-	-	-	-	-	-	-
Other Capital Allowance	198	99									
Unexpired Tenant Incentives	242										
Rental Shortfall - New Tenancies	-										
Abatements - COVID-19	154	80	-								
Selling Considerations										Sale Price	106,890
										Agent's Commission	(855)
										Legal Fees	(200)
NET CASH FLOW 6.15%	**3,715**	**3,882**	**5,672**	**5,962**	**5,863**	**6,437**	**6,462**	**3,997**	**7,027**	**6,977**	**105,835**
Running Yield (Cash Flow)	**3.79%**	**3.96%**	**5.79%**	**6.08%**	**5.98%**	**6.57%**	**6.59%**	**4.08%**	**7.17%**	**7.12%**	

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9.5 VALUATION RECONCILIATION

Having regard to these analyses and the available market evidence, we have reconciled the market value for the subject property as follows:

Summary of Values		
Capitalisation Approach	Assessed Value:	99,900,000
	Capitalisation Rate:	6.375%
Discounted Cash Flow Approach	Assessed Value:	98,000,000
	Target IRR:	6.75%
	Terminal Yield:	6.875%
ADOPTED VALUE		99,000,000
Initial Yield (excluding balance land):		6.57%
Initial Yield (Passing rents from unresolved rent reviews, excluding balance land):		6.47%
Initial Yield (excl. balance land and seismic capex):		6.43%
Indicated IRR:		6.61%
Value per square metre of lettable area (excluding balance land):		$4,421

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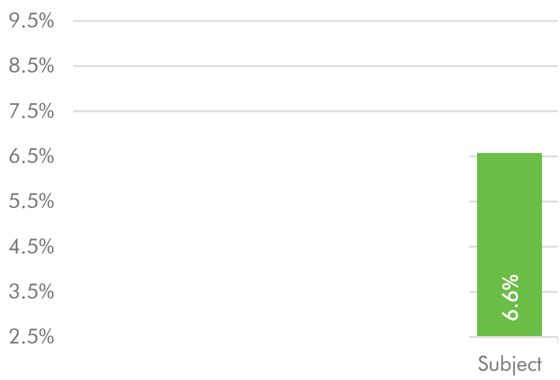
This valuation is on a plus GST (if any) basis.

We have applied an equal weighting between the adopted approaches, but considerable focus has been placed on the conclusions from the Discounted Cashflow when choosing our Capitalisation Rate.

The Initial Yield (excluding surplus land and seismic capex) of 6.4% sits appropriately between the comparable transactions of Tauranga Crossing , Albany Lifestyle Centre , and Barrington . We also note that the Initial Yield of 6.6% aligns with the June 2021 transaction of the subject centre , noting that the NOI has increased since May 2021.

Initial Yield Comparison



9.6 MORTGAGE RECOMMENDATION

Our report is undertaken for mortgage security purposes and may be relied upon by the Lender for the advance of first mortgage funds only. In undertaking our valuation, we have observed the requirements of International Valuation Standards – Asset Standards – IVS 400 Real Property Interests and PINZ ANZV TIP 12 – Valuations for Mortgage and Loan Security Purposes. We confirm that the property is satisfactory for the advance of first mortgage funds only and recommend lending within normal first mortgage lending parameters.

9.7 LAND & BUILDINGS APPORTIONMENT

We provide a hypothetical apportionment of our market value as follows:

Value Component Apportionment				
Land Value	78,344 sqm	@	$525 psm	41,100,000
Improvements Value				57,900,000
Adopted Value				**99,000,000**

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We retain relevant land sales evidence supporting the above assessment on file. Note the above apportionment has been undertaken for financial reporting only and cannot be used for any other purposes, including reinstatement insurance valuations.

9.8 ADDITIONAL REQUIREMENTS

Previous Sale:	The property transacted in May 2021 for $94,500,000. We have reconciled our current adopted investment parameters against the parameters concluded in the May 2021 transaction in Section 7.8.
Contract of Sale:	None of which we are aware.
Reasonable Selling Period:	Circa 3 to 6 months assuming a typical marketing campaign.
Anticipated buyer demand/liquidity:	Moderate.
Likely purchaser profile:	Syndicators, private investors, and some institutions. Offshore buyers may be unable to treat in a normal manner until border controls are lifted.

10 DISCLAIMERS

Valuation Subject To Change	This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movement or factors specific to the particular property). For the avoidance of doubt, this may include global financial crises or force majeure events. We do not accept liability for losses arising from such subsequent changes in value. Furthermore, values vary from time to time in response to changing market circumstances. The valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. Therefore, it should be reviewed periodically.
Extent of Investigations	We are not engaged to carry out all possible investigations in relation to the property. Where in our report we identify certain limitations to our investigations, this is to enable the Reliant Party to instruct further investigations where considered appropriate or where we recommend as necessary prior to Reliance. CBRE is not liable for any loss occasioned by a decision not to conduct further investigations.
Information Supplied By Others	This document contains information which is derived from other sources. Where this information is provided by experts and experienced professionals, we have relied upon the expertise of such experts and by necessity we have relied upon the information provided being accurate, whether prepared specifically for valuation purposes or not. Unless otherwise specifically instructed, we have not independently verified that information, nor adopted it as our own. Notwithstanding the above, we have reviewed the provided information to the extent that such a review would be reasonably expected from a professional and experienced valuer having regard to normal industry practice undertaking a similar valuation/consultancy service. The Reliant Parties acknowledge that the valuer is not a specialist in the areas from which the expert information is derived and accepts the risk that if any of the information/advice provided by others and referred to in the valuation is incorrect, then this may have an effect on the valuation.
Lease Documentation	Where applicable, our assessment of value is provided on the assumption that all leases are executed and that individual lease provisions are in accordance with the tenancy information provided.
Disclosure	CBRE must be advised in the event that the Reliant Party becomes aware of any changes relating to the information and advice provided by the Instructing/Reliant Party during the Reliance Period. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting CBRE first to reassess any effect on the valuation.
Future Matters	To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to CBRE at the date of this document. CBRE does not warrant that such statements are accurate or correct.
Taxation & GST	Unless otherwise stated, all financial information and valuation calculations and assessments in this report are on a plus GST (if any) basis. We are not tax experts and have not been provided with tax or legal advice. The Reliant Party must make its own enquiries if they consider that GST applies.
Site Survey	We do not commission site surveys and a site survey has not been provided to us. We have assumed there are no encroachments by or on the property, and the Reliant Parties should confirm this status by obtaining a current survey report and/or advice from a registered surveyor.
Property Titles	We have assumed that there are no further easements, unregistered interests or encumbrances not disclosed by this brief title search which may affect market value. However, in the event that

	a future title search is undertaken which reveals additional easements or encumbrances, CBRE should be consulted to reassess any effect on the value stated herein.
Environmental Conditions	Unless otherwise stated, we have assumed that the site is free of elevated levels of contaminants or subsoil asbestos that would prevent the continuation of the current use of the property. Note our visual inspection is an inconclusive indicator of the actual site condition. We make no representation as to the actual environmental status of the subject property. If any formal testing is undertaken to assess the degree, if any, of contamination of the site and this is found to be positive, this valuation must not be relied upon without first consulting CBRE to reassess any effect on the valuation.
Flooding Caution	The quality, completeness and accuracy of flood mapping varies widely between localities and Councils. We have not verified, and make no representation as to the appropriateness, accuracy, reliability or currency of the flood mapping reviewed. The Reliant Party may wish to confirm the flood mapping information by obtaining an expert hydrologist's report. If further flooding data is obtained, we reserve the right to review and if necessary amend the valuation.
Asbestos/ Hazardous Materials	Unless otherwise noted, we have assumed that the improvements are free of asbestos and hazardous materials, or should these materials be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of asbestos/hazardous materials within the property. We make no representation as to the actual status of the subject property. If any testing is undertaken and the presence of any asbestos/hazardous materials on site is found to be positive, this valuation must not be relied upon before first consulting CBRE to reassess the valuation.
Planning Information	We assume information provided by the relevant responsible authority is current and accurate. We do not commission formal investigations to verify information provided to us. In the event that a Land Information Memorandum (LIM) report is obtained and the information therein is later found to be materially different to the town planning information detailed within the valuation, we reserve the right to amend the valuation.
Inclusions & Exclusions	Our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting, etc., that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed (by the occupant/operator) or are used in connection with the enterprise carried on within the property.
Side Agreements	In the event that the Reliant Party becomes aware of any side agreements, this valuation must not be relied upon before first consulting CBRE to reassess any effect on the valuation.
Floor Areas	Unless stated otherwise in the valuation, we have assumed that the floor areas have been calculated in accordance with the Property Council of New Zealand (PINZ PCNZ) Guide to Measurement of Rentable Areas or as specifically instructed by the party who we have agreed to provide this valuation. We recommend that the person or entity relying upon this report should obtain a survey to determine whether the areas provided differ from PINZ PCNZ guidelines. In the event that the survey reveals a variance in areas, then the relevant person or entity should not rely upon the valuation and should provide all relevant survey details to CBRE for consideration and possible review of the valuation.
Condition & Repair	We are not building/structural experts and are therefore unable to certify the structural soundness of the improvements. Unless otherwise stated, we have not sighted a qualified engineer's structure survey of the improvements, or its plant and equipment. Any Reliant Parties would need to make their own enquiries in this regard. Unless otherwise stated, we have not sighted a structural report on the property, nor have we inspected unexposed or inaccessible portion of the premises. We therefore cannot comment on the structural integrity, defect, rot or

infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials considered hazardous.

Currency	All dollars are NZ$.
LIM & PIM	Unless otherwise stated, we have not obtained Land Information Memoranda (LIM) or Project Information Memoranda (PIM) from the Territorial Authority.
Lease Covenant Strength	We do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. We assume that tenants are capable of meeting their financial obligations and there are no undisclosed rental arrears or breaches of covenant.
Site Conditions	We do not commission site investigations to determine the suitability of ground conditions and services, nor do we undertake environmental or geotechnical surveys. We have assumed that these aspects are satisfactory and also that the site is clear of underground mineral or other workings, methane gas or other noxious substances. In the case of property which may have redevelopment potential, we proceed on the basis that the site has load bearing capacity suitable for the anticipated form of redevelopment without the need for additional and expensive foundations or drainage systems (unless stated otherwise).
Not a Structural Survey	We state that this is a valuation report, and not a Structural Survey.
Director's Clause	Under required circumstances, this report may have been co-signed by a Director of CBRE. In accordance with our internal Quality Assurance procedures, the co-signing Director certifies that he has discussed the valuation methodology and calculations with the prime signatory, however the opinion of value expressed herein has been arrived at by the prime signatory alone. The co-signing Director may or may not have inspected the subject property.

CBRE

11 APPENDICES

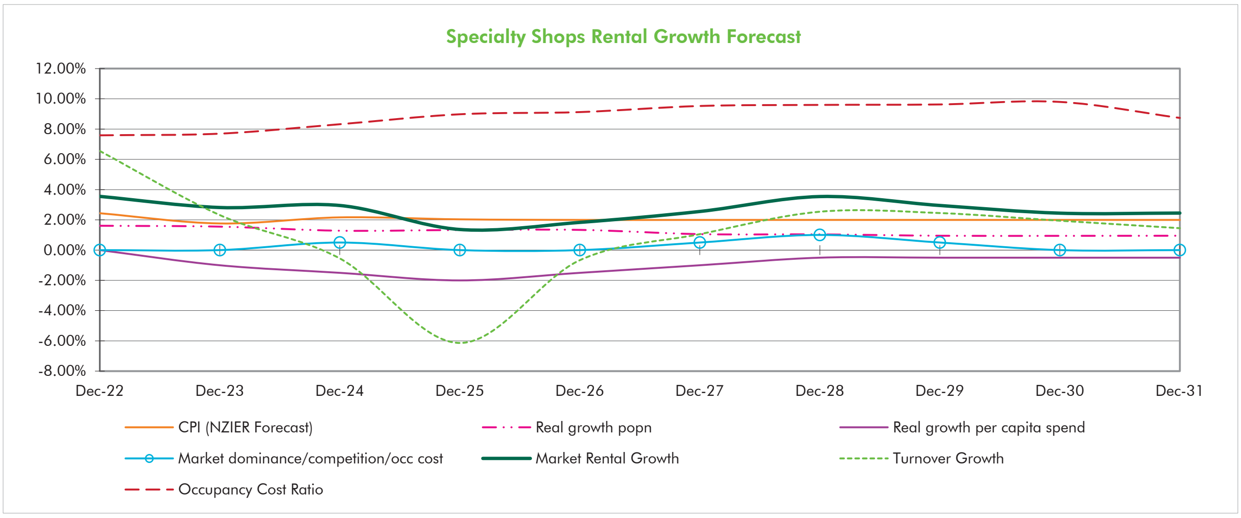
11.1 SPECIALTY FORECAST GROWTH

SPECIALTY RENTAL GROWTH FORECAST

Valuation Period	0	1	2	3	4	5	6	7	8	9	10	Comp.
Year End	Dec-21	Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Avg.
CPI (NZIER Forecast)		2.44%	1.77%	2.17%	2.04%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.04%
Real growth popn		1.61%	1.55%	1.28%	1.33%	1.33%	1.05%	1.04%	0.95%	0.94%	0.95%	1.20%
Real growth per capita spend		0.00%	-1.00%	-1.50%	-2.00%	-1.50%	-1.00%	-0.50%	-0.50%	-0.50%	-0.50%	-0.90%
COVID-19		-0.50%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%
Market dominance/competition/occ cost		0.00%	0.00%	0.50%	0.00%	0.00%	0.50%	1.00%	0.50%	0.00%	0.00%	-0.76%
Market Rental Growth	**0.0%**	**3.5%**	**2.8%**	**2.9%**	**1.4%**	**1.8%**	**2.6%**	**3.5%**	**2.9%**	**2.4%**	**2.4%**	**2.6%**
Operating Expenses Growth		21.41%	1.77%	2.17%	2.04%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	3.79%
Statutory Expenses Growth		25.00%	13.00%	8.00%	17.00%	13.00%	6.00%	7.00%	4.00%	4.00%	5.00%	10.02%
Weighted Opex Growth		**22.4%**	**4.9%**	**3.9%**	**6.7%**	**5.7%**	**3.5%**	**3.9%**	**2.8%**	**2.8%**	**3.2%**	**5.8%**
CPI (NZIER Forecast)		2.44%	1.77%	2.17%	2.04%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.04%
Real growth popn		1.61%	1.55%	1.28%	1.33%	1.33%	1.05%	1.04%	0.95%	0.94%	0.95%	1.20%
Real growth per capita spend		0.00%	-1.00%	-1.50%	-2.00%	-1.50%	-1.00%	-0.50%	-0.50%	-0.50%	-0.50%	-0.90%
COVID-19		2.50%	1.50%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.50%
Market dominance/competition		0.00%	-1.50%	-3.50%	-7.50%	-2.50%	-1.00%	0.00%	0.00%	-0.50%	-1.00%	-1.78%
Turnover Growth		**6.5%**	**2.3%**	**-0.6%**	**-6.1%**	**-0.7%**	**1.1%**	**2.5%**	**2.4%**	**1.9%**	**1.4%**	**1.0%**
Specialty Component - All Tenants (Turnover Reporters)												
Turnover psm	6,066	6,464	6,613	6,577	6,173	6,132	6,197	6,354	6,510	6,636	6,733	6,439
Rent psm	388	393	419	420	424	455	464	501	516	527	545	466
Opex psm	67	67	83	87	90	96	101	105	109	112	115	97
Gross Rent psm	455	460	502	506	514	551	566	606	625	639	660	563
Occupancy Cost Ratio	7.5%	7.1%	7.6%	7.7%	8.3%	9.0%	9.1%	9.5%	9.6%	9.6%	9.8%	8.7%
Specialty Component - Excl Upper Level (Turnover Reporters)												
Turnover psm	6,066	6,464	6,613	6,577	6,173	6,132	6,197	6,354	6,510	6,636	6,733	6,439
Gross Rent psm	455	460	502	506	514	551	566	606	625	639	660	563
Occupancy Cost Ratio	7.5%	7.1%	7.6%	7.7%	8.3%	9.0%	9.1%	9.5%	9.6%	9.6%	9.8%	8.7%
Specialty Component - Excl Upper Level & Mini Majors (Turnover Reporters)												
Turnover psm	6,200	6,606	6,759	6,721	6,309	6,267	6,333	6,494	6,653	6,782	6,880	6,580
Gross Rent psm	540	551	593	600	607	655	676	695	725	744	762	661
Occupancy Cost Ratio	8.7%	8.3%	8.8%	8.9%	9.6%	10.5%	10.7%	10.7%	10.9%	11.0%	11.1%	10.0%

Source Population Statistics: NZ Stats & CBRE *Turnover, GOC and Gross Rent reflect annualised trading*

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 1221\[Bethlehem Town Centre CMV 1221.xlsb]Forecast Growth



11.2 DEMOGRAPHIC ANALYSIS

Population, Sex & Age Distribution Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Usual Resident Population	12,618	308,406	4,699,191
% Males	48.1%	48.7%	49.4%
% Females	51.9%	51.3%	50.6%
Weighted Median Age	42.5	40.0	38.0
Age Distribution			
0-14 Years	19.8%	20.8%	19.6%
15-19 Years	6.1%	6.0%	6.4%
20-29 Years	10.1%	11.4%	14.1%
30-39 Years	10.8%	11.5%	13.0%
40-49 Years	13.0%	12.6%	13.0%
50-59 Years	13.1%	13.1%	13.0%
60+ Years	27.1%	24.5%	20.8%

Ethnic Distribution Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
% New Zealand Born	78.4%	81.1%	72.6%
% Overseas Born	21.6%	18.9%	27.4%
Ethnic Distribution			
European	74.5%	63.9%	62.3%
Maori	15.0%	25.3%	14.7%
Pacific Island	2.3%	3.1%	7.2%
Asian	6.6%	6.2%	13.4%
Other	1.6%	1.5%	2.4%

Labour, Occupation and Education Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Labour Force Statistics			
Employed Full Time	45.9%	46.8%	50.1%
Employed Part Time	15.7%	15.3%	14.7%
Unemployed	3.2%	4.5%	4.0%
Not in Labour Force	35.2%	33.4%	31.3%
Occupation			
Managers & Professionals	40.9%	38.2%	41.0%
Technicians & Trades Workers	12.9%	12.6%	12.1%
Community Workers	9.3%	9.8%	9.5%
Administrators	11.4%	10.5%	10.9%
Sales Workers	9.3%	9.0%	9.2%
Machinery Operators & Labourers	16.3%	19.8%	17.3%
Highest Qualification Gained			
No Qualification	17.9%	20.4%	18.2%
Secondary School Qualification	38.2%	38.3%	38.3%
Diploma	22.5%	22.4%	18.7%
Bachelor Degree	13.1%	11.8%	14.6%
Post Graduate Qualification	8.2%	7.1%	10.2%

Student Population Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Not Studying	76.6%	76.7%	75.5%
Part Time Study	3.2%	2.9%	3.2%
Full Time Study	20.3%	20.4%	21.3%

Personal Income Distribution Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Weighted Median Personal Income	$32,930	$30,400	$33,400
Weighted Median Household Income	$72,021	$68,100	$76,300
Personal Income Distribution			
Up to $5,000	10.8%	11.1%	12.9%
$5,001-$10,000	3.9%	4.4%	4.7%
$10,001-$20,000	17.6%	19.4%	16.9%
$20,001-$30,000	16.3%	16.3%	13.7%
$30,001-$50,000	21.4%	21.0%	20.2%
$50,001-$70,000	14.1%	13.4%	14.4%
$70,001+	15.9%	14.4%	17.2%

Dwelling Ownership Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Occupier or Family Trust	70.2%	66.9%	64.6%
Not Owned by Occupier or Family Trust	29.8%	33.1%	35.4%

Dwelling Owner Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Private Person, Trust or Business	89.6%	88.5%	83.9%
Local Authority	1.5%	1.6%	2.1%
Housing New Zealand	5.2%	6.7%	11.8%
Other State Owned Entity	0.7%	0.7%	0.8%

Median Rent Census 2018	Adopted Catchment	Bay of Plenty Region	New Zealand
Weighted Median Rent $pw.	$369	$330	$350

Population Growth Annualised Population Growth Projections	Adopted Catchment	Bay of Plenty Region	New Zealand
2018-2023	1.1%	1.0%	1.1%
2023-2028	0.8%	0.7%	0.9%
2028-2033	0.7%	0.6%	0.7%
2033-2038	0.6%	0.5%	0.6%
2038-2043	0.5%	0.4%	0.5%

11.3 DETAILED TENANCY SCHEDULE

Shop	Tenant	Category	Area	Base Rent		Outgoings			Percentage Rent			GOC	Gross Rent		Term	Opt.	Com	Expiry	Next	Review
No.	Name		sqm	$pa	$psm	$pa	$psm	Rate	Type	MC %	$pa	Caps	$pa	$psm	yrs	yrs	Date	Date	Review	Type
Majors																				
Major 2	Kmart		5,548.4																	
Major 1	Countdown		3,708.8																	
D1	Smiths City		2,176.6																	
Specialties																				
A1	Immerse Nail & Beauty Therapy	Service	143.4																	
A3	Bethlehem Ultrasound	Service	88.6																	
A4	Jetts	Service	280.3																	
A6	Vivo Hair & Beauty	Service	134.6																	
A7	The Cakery	Fresh Food	70.7																	
A8&A9	Unichem Pharmacy	Pharmacy/Cosmetics	174.5																	
A10	Just Cuts	Service	58.8																	
A11	Eden Sleep	Service	89.4																	
A12&A12A	Vacant	Vacant	190.5																	
B1	You Travel	Service	130.4																	
B2	Wild South	Mixed Fashion	306.7																	
C1	Dilworth Hearing	Service	264.1																	
C2&C3	Chadwick Healthcare	Service	228.6																	
C4	Pathlab	Service	100.8																	
C5&C6	Paper Plus	General	720.1																	
C7	Hammer Hardware	Monthly	600.9																	
C8	Triton Hearing	Service	101.0																	
C9-11	Chemist Warehouse	Pharmacy/Cosmetics	982.4																	
E1A	Subway	Prepared Food	83.5																	
E1B	Omnitech	Service	69.1																	
E2	Bayview Roast and Fish & Chips	Prepared Food	85.7																	
E3	Noodle Canteen	Prepared Food	109.2																	
E4	Turkish To Go	Prepared Food	127.8																	
E5	Tank Juice Bar	Monthly	49.8																	
E6	Hello Sushi	Prepared Food	126.5																	
E7	LJs	Prepared Food	69.6																	
E8	Domino's Pizza	Prepared Food	116.2																	
E9	Burger Fuel	Prepared Food	102.9																	
E10	BNZ ATM	ATM	1.0																	
G1	Professionail	Service	67.4																	
G2	Caroline Eve	Womens Fashion	183.1																	
G3	Bethlehem Eyecare	Service	94.0																	
G4	George Edward	Womens Fashion	120.6																	
G5	Shoo	Footwear	100.9																	
G6	Urban Vogue	Womens Fashion	91.1																	
G7&G8	Options Gifts & Homeware	Homewares	265.9																	
G9	Gateway Games	General	175.3																	
G10	La-Z-Boy	Homewares	354.3																	
G11A	Fulton Hogan	Monthly	430.5																	
G11B	Ezitracker	Office	159.1																	
H1&H1A	Eves Real Estate	Service	253.3																	
H1B	Patrick's Pies	Fresh Food	150.9																	
H2	The Coffee Club	Cafes/Restaurants	182.7																	
H3	Rodney Wayne	Service	113.9																	
H3a	Tango's Shoes	Footwear	119.5																	
H4	Shape Studio	Service	81.1																	
H5	After Hours Eventwear	Womens Fashion	121.4																	
H6	Columbus Coffee	Cafes/Restaurants	141.9																	
H7	Bin Inn	Prepared Food	149.3																	
J1&J6	The Orchard Bethlehem	Cafes/Restaurants	384.7																	
J9	House of Spice	Prepared Food	120.1																	
J10	Bottle-O	Prepared Food	268.7																	
A13A	Maurice Trapp	Office	134.8																	
BP	BP	Freestanding	305.0																	
A13B	Centre Management Office	Monthly	34.5																	
Total	**58**		**21,645**	**6,445,422**	**298**	**1,102,174**	**51**				**246,519**	**-**	**7,794,116**	**360**						

11.4 MAJOR TENANT LEASE SUMMARIES

Lease Summary

Lessee:	Kmart
Tenancy Area (sqm):	5,548.4
Lease Term (yrs):	
Option Period/s (yrs):	
Commencement Date:	
Expiry Date:	
Next Review:	

Rental

Base Rental
Current Outgoings
Percentage Rental
Gross Rental

Outgoings Contribution:

Percentage Rental:

Rental Reviews:

Permitted Use:

Turnover Analysis

Comments

		1	2	3	4	5	6	7	8	9	10	11
Lease Year Ending		Mar-22	Mar-23	Mar-24	Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32
Turnover - CPI												
Turnover - Adopted Catchment Popn Growth												
Turnover - Var. in Per Capita Retail Spend												
COVID-19												
Turnover - Market Dominance/Competition												
Turnover Forecast Growth Adopted												
Turnover / m2												
Turnover pa												
Gross Rent based on Turnover												
Actual Base Rent After Vacancy and Incentives												
Outgoings												
% Rent												
Gross Rent												
GOC%												
Market GOC %												
Gross Market Rental												
Over-Under-renting												
Fully Occupied Base Rent												
Renewal Probability												
Leaseup	Retail (mths)											
Incentive	Retail (mths)											
Leasing Commissions (new lease)	20.0%											
Actual Base Rent After Vacancy and Incentives												
Rental - CPI												
Rental - Adopted Catchment Popn Growth												
Rental - Variance in Per Capita Retail Spend												
COVID-19												
Rental - Mkt Dominance/Competition/GOC%												
Rental - Forecast Growth Adopted												
Net Market Rental / m2												
Allocated Outgoings												
Allocated Statutory Expenses												
Allocated Operating Expenses												
Total Allocated Outgoings pa												
Total Allocated Outgoings / m2												
Recoverable Outgoings												
Recoverable Statutory Expenses Growth												
Recoverable Operating Expenses Growth												
Recoverable Statutory Expenses												
Recoverable Operating Expenses												
Total Recoverable Outgoings												
Recoverable Outgoings Charge / m2												
Gross Market Rental / m2												
Retail Net Market Rental pa												
Outgoings Charge pa												

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Lease Summary

Lessee:	Countdown
Tenancy Area (sqm):	3,708.8
Lease Term (yrs):	
Option Period/s (yrs):	
Commencement Date:	
Expiry Date:	
Next Review:	

Rental

Base Rental
Current Outgoings
Percentage Rental
Gross Rental

Outgoings Contribution:

Percentage Rental:

Rental Reviews:

Permitted Use:

Turnover Analysis

Comments

Introduction
Land
Improvements
Occupancy
Trading
Catchment
Market
Surplus Land
Valuation
Disclaimers
Appendices

		1	2	3	4	5	6	7	8	9	10	11
Lease Year Ending		Dec-22	Dec-23	Dec-24	Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32
Turnover - CPI												
Turnover - Adopted Catchment Popn Growth												
Turnover - Var. in Per Capita Retail Spend												
COVID-19												
Turnover - Market Dominance/Competition												
Turnover Forecast Growth Adopted												
Turnover / m2												
Turnover pa												
Gross Rent based on Turnover												
Actual Base Rent After Vacancy and Incentives												
Outgoings												
% Rent												
Gross Rent												
GOC%												
Market GOC %												
Gross Market Rental												
Over-Under-renting												
Fully Occupied Base Rent												
Renewal Probability												
Leaseup	Retail (mths)											
Incentive	Retail (mths)											
Leasing Commissions (new lease)	20.0%											
Actual Base Rent After Vacancy and Incentives												
Rental - CPI												
Rental - Adopted Catchment Popn Growth												
Rental - Variance in Per Capita Retail Spend												
COVID-19												
Rental - Mkt Dominance/Competition/GOC%												
Rental - Forecast Growth Adopted												
Net Market Rental / m2												
Allocated Outgoings												
Allocated Statutory Expenses												
Allocated Operating Expenses												
Total Allocated Outgoings pa												
Total Allocated Outgoings / m2												
Recoverable Outgoings												
Recoverable Statutory Expenses Growth												
Recoverable Operating Expenses Growth												
Recoverable Statutory Expenses												
Recoverable Operating Expenses												
Total Recoverable Outgoings												
Recoverable Outgoings Charge / m2												
Gross Market Rental / m2												
Retail Net Market Rental pa												
Outgoings Charge pa												

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 12

Introduction
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Lease Summary

Lessee:	Smiths City
Tenancy Area (sqm):	2,176.6
Lease Term (yrs):	
Option Period/s (yrs):	
Commencement Date:	
Expiry Date:	
Next Review:	

Rental

Base Rental
Current Outgoings
Percentage Rental
Gross Rental

Outgoings Contribution:

Percentage Rental:

Rental Reviews:

Permitted Use:

Turnover Analysis

Comments

Lease Year Ending		1 Jul-22	2 Jul-23	3 Jul-24	4 Jul-25	5 Jul-26	6 Jul-27	7 Jul-28	8 Jul-29	9 Jul-30	10 Jul-31	11 Jul-32
Turnover - CPI												
Turnover - Adopted Catchment Popn Growth												
Turnover - Var. in Per Capita Retail Spend												
COVID-19												
Turnover - Market Dominance/Competition												
Turnover Forecast Growth Adopted												
Turnover / m2												
Turnover pa												
Gross Rent based on Turnover												
Actual Base Rent After Vacancy and Incentives												
Outgoings												
% Rent												
Gross Rent												
GOC%												
Market GOC %												
Gross Market Rental												
Over-Under-renting												
Base Rent												
Improvements Rent												
Fully Occupied Base Rent												
Renewal Probability												
Leaseup	Retail (mths)											
Incentive	Retail (mths)											
Leasing Commissions (new lease)	20.0%											
Actual Base Rent After Vacancy and Incentives												
Rental - CPI												
Rental - Adopted Catchment Popn Growth												
Rental - Variance in Per Capita Retail Spend												
COVID-19												
Rental - Mkt Dominance/Competition/GOC%												
Rental - Forecast Growth Adopted												
Net Market Rental / m2												
Allocated Outgoings												
Allocated Statutory Expenses												
Allocated Operating Expenses												
Total Allocated Outgoings pa												
Total Allocated Outgoings / m2												
Recoverable Outgoings												
Recoverable Statutory Expenses Growth												
Recoverable Operating Expenses Growth												
Recoverable Statutory Expenses												
Recoverable Operating Expenses												
Total Recoverable Outgoings												
Recoverable Outgoings Charge / m2												
Gross Market Rental / m2												
Retail Net Market Rental pa												
Outgoings Charge pa												

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11.5 COMPARISON TO PREVIOUS CBRE VALUATION

Date of Valuation:		31-Dec-21	4-May-21	Variance	Variance
Valuation Approach:		Capitalisation & DCF	Capitalisation & DCF	(+/-)	(Percentage)
Interest Valued:		Freehold	Freehold		
Market Value:		$99,000,000	$94,800,000	$4,200,000	4.4%
Value Based on Capitalisation Method:		$99,900,000	$95,300,000	$4,600,000	4.8%
Value Based on DCF:		$98,000,000	$94,200,000	$3,800,000	4.0%
Added Value of Balance Land:		$3,307,500	$3,150,000	$157,500	5.00%
Quoted Capitalisation Rate:		6.4%	6.4%	0.0%	0.0%
Quoted Electricity Profit Capitalisation Rate:		10.0%	10.0%	0.0%	0.0%
Terminal Capitalisation Rate:		6.9%	6.9%	0.0%	0.0%
Initial Yield (Passing Income excluding Balance Land):		6.6%	6.4%	0.2%	3.3%
Initial Yield (Passing Rents from Unresolved Rent Reviews):		6.5%	6.4%	0.1%	1.7%
Target IRR:		6.8%	6.9%	-0.1%	-1.8%
Ten Year IRR (Indicated, excluding Land):		6.6%	6.8%	-0.2%	-2.6%
Equated Reversionary Yield:		6.9%	6.9%	0.0%	-0.1%
Adopted Value psm of Net Lettable Area:		$4,574	$4,375	$199	4.5%
Adopted Value % of MAT		77.0%	80.7%	-3.7%	-4.6%
Present Value of Capitalised Rental Reversions:		$3,125,024	$4,048,899	($923,876)	-22.8%
Total Capital Adjustments:		$2,136,382	$3,590,415	($1,454,033)	-40.5%
10 Year Capital Expenditure Items:		$10,579,389	$9,698,631	$880,758	9.1%
Unresolved Rent Reviews:		($94,976)	-	($94,976)	-
Centre Configuration:					
Gross Lettable Area:		21,644.7 sqm	21,668.5 sqm	(23.8)	-0.1%
Land Area (sqm):		78,344.0 sqm	78,344.0 sqm	-	0.0%
Car Parks:		1019	1019	0	0.0%
Car Parks per 100 sqm of Lettable Area:		4.7 sqm	4.7 sqm	0.0 sqm	0.1%
Alternative Car Parks per 100 sqm of Lettable Area:		4.7 sqm	4.7 sqm	0.0 sqm	0.1%
Majors:	No. Tenancies:	3	3	-	0.0%
Specialties / Kiosks / ATM's (Occupied):	No. Tenancies:	47	48	(1)	-2.1%
Other:	No. Tenancies:	3	3	-	0.0%
Monthly:	No. Tenancies:	4	1	3	300.0%
Vacant:	No. Tenancies:	1	4	(3)	-75.0%
Total:	No. Tenancies:	58	59	(1)	-1.7%
Majors:	GLA:	11,433.7 sqm	11,458.7 sqm	(25.0)	-0.2%
Specialties / Kiosks / ATM's (Occupied):	GLA:	8,305.9 sqm	8,904.6 sqm	(598.7)	-6.7%
Other:	GLA:	598.9 sqm	598.9 sqm	-	0.0%
Monthly:	GLA:	1,115.7 sqm	34.5 sqm	1,081.2 sqm	3135.8%
Vacant:	GLA:	190.5 sqm	671.8 sqm	(481.3)	-71.6%
Total:	GLA:	21,644.7 sqm	21,668.5 sqm	(23.8)	-0.1%
Income:					
Majors Base Rental:		$2,484,769	$2,440,043	$44,726	1.8%
Specialties Base Rental:		$3,960,653	$3,696,368	$264,286	7.1%
Outgoings Recovery:		$1,102,174	$1,028,826	$73,349	7.1%
Percentage Rental:		$246,519	$98,791	$147,728	149.5%
Other Income:		$82,489	$90,825	($8,336)	-9.2%
Gross Passing Income:		$7,876,605	$7,354,851	$521,753	7.1%
Total Outgoings:		($1,590,409)	($1,526,592)	($63,817)	4.2%
Net Passing Income:		$6,286,196	$5,828,260	$457,936	7.9%
Future Income from Vacancies:		$98,279	$236,626	($138,347)	-58.5%
Vacancy Allowance:		($119,522)	($183,192)	$63,670	-34.8%
Net Operating Income:		$6,264,952	$5,881,693	$383,260	6.5%
Net Operating Income:	psm of GLA:	$289	$271	$18	6.6%
NCF:NOI Ratio		60%		60%	-
NCF:NOI Ratio 5 Yr		79%		79%	-
Rental:					
Average Gross Contract Rental psm:	- Majors:				
Average Gross Market Rental psm:	- Majors:				
Gross Contract Rental (including Monthly Tenants) pa:	- Specialties (Occupied):	$4,682,614	$4,343,180	$339,434	7.8%
Gross Market Rental (including Monthly Tenants) pa:	- Specialties (Occupied):	$4,830,989	$4,420,849	$410,140	9.3%
Under / Over Renting:		-3.1%	-1.8%	-1.3%	74.8%
Majors Gross Contract Rental:					
Majors Gross Market Rental:					
Under / Over Renting:		-2.3%	-6.2%	3.9%	-63.4%
Average Net Contract Rental psm:	- Specialties (Occupied):	$398	$390	$9	2.3%
Average Net Market Rental psm:	- Specialties (Occupied):	$413	$398	$15	3.9%
Net Contract Rental (including Monthly Tenants) pa:	- Specialties (Occupied):	$3,991,792	$3,715,326	$276,466	7.4%
Net Market Rents (including Monthly Tenants) pa:	- Specialties (Occupied):	$4,140,168	$3,792,995	$347,173	9.2%
Under / Over Renting:		-3.6%	-2.0%	-1.5%	75.0%

Date of Valuation:		31-Dec-21	4-May-21	Variance	Variance
Valuation Approach:		Capitalisation & DCF	Capitalisation & DCF	(+/-)	(Percentage)
Weighted Average Lease Term:					
Weighted Average Lease Term:		4.0 years	4.7 years	(0.7)	-14.7%
Weighted Average Lease Term (Specialties Only):		4.1 years	4.8 years	(0.7)	-14.3%
Trading Performance:					
Total Centre MAT pa:		$128,628,991	$117,495,190	$11,133,802	9.5%
Total Centre MAT per sqm:		$6,807	$5,422	$1,384	25.5%
Total Majors MAT pa:		$81,192,496	$78,224,286	$2,968,210	3.8%
Total Majors MAT per sqm:		$7,101	$6,827	$275	4.0%
Total Specialty/Monthly/Previous/Freestanding MAT pa:		$47,436,495	$38,833,014	$8,603,481	22.2%
Annualised Specialty MAT per sqm:		$6,066	$5,566	$500	9.0%
Annualised Specialty MAT per sqm (12 mth Traders only):		$6,678	$5,583	$1,095	19.6%
Annualised Specialty GOC%:		7.5%	7.8%	-0.3%	-3.3%
Specialty GOC% (12 mth Traders only):		7.1%	7.7%	-0.6%	-8.3%
DCF:					
Adopted Average Specialty Renewal Probability:		72.8%	72.8%	0.0%	0.0%
Adopted Average Specialty Downtime (mths):		9.4	9.4	-	0.0%
Adopted Average Specialty Incentive (mths):		3.3	3.3	-	0.0%
Average Major Renewal Probability:	Nominal:	83.3%	82.2%	1.1%	1.4%
Average Major Letting Allowance:	Nominal:	12.0	12.0	-	0.0%
Average Major Incentive Allowance:	Nominal:	10.0	10.0	-	0.0%
Average CPI Growth (10 Year):		2.0%	1.9%	0.2%	8.3%
Average Rates Growth (10 Year):		10.0%	4.3%	5.7%	133.0%
Average Specialty Market Rental Growth (10 Year):		2.6%	2.6%	0.0%	1.7%
Average Specialty Turnover Growth (10 Year):		1.0%	1.3%	-0.3%	-21.4%
Average Sundry / Other Income Growth (10 Year):		3.1%	3.1%	0.0%	1.0%
Average Outgoings Growth (10 Year):		6.0%	3.6%	2.4%	67.1%
Year 11 Net Income:		$7,393,050	$7,189,886	$203,164	2.8%
Year 11 Total Capital Adjustments:		$645,214	$508,227	$136,987	27.0%
Year 11 Sale Price:		$106,890,065	$104,071,936	$2,818,129	2.7%
Outgoings Analysis:					
Municipal Rates:	pa:	$359,826	$313,864	$45,962	14.6%
Water & Sewerage Rates:	pa:	$28,840	$14,730	$14,110	95.8%
Land Tax:	pa:	-	-	-	-
Other Statutory Charges:	pa:	$13,430	-	$13,430	-
Insurance:	pa:	$90,143	$153,594	($63,451)	-41.3%
Airconditioning & Ventilation:	pa:	$19,795	$19,795	-	0.0%
Common Area Cleaning:	pa:	$234,278	$253,820	($19,542)	-7.7%
Food Court Cleaning:	pa:	-	-	-	-
Centre Supervision:	pa:	-	-	-	-
Car Parking:	pa:	$40,628	$22,778	$17,850	78.4%
Electricity:	pa:	$35,057	$35,057	-	0.0%
Fire Protection/Public Address:	pa:	$20,494	$18,508	$1,986	10.7%
Gas & Oil:	pa:	-	-	-	-
Lifts & Escalators:	pa:	$7,384	$7,088	$296	4.2%
Pest Control:	pa:	$5,022	-	$5,022	-
Repairs & Maintenance:	pa:	$132,844	$93,278	$39,566	42.4%
Building Management Systems:	pa:	-	-	-	-
Energy Management:	pa:	-	-	-	-
Security/Access Control:	pa:	$88,757	$90,077	($1,320)	-1.5%
Sewage Disposal & Sullage:	pa:	-	-	-	-
Public Telephones:	pa:	-	-	-	-
Uniforms:	pa:	-	-	-	-
Salaries & Wages:	pa:	-	-	-	-
Signs:	pa:	-	-	-	-
Gardening/Landscaping:	pa:	$79,114	$79,114	-	0.0%
Administration/Management:	pa:	$301,866	$303,066	($1,201)	-0.4%
Miscellaneous:	pa:	-	-	-	-
Sinking Fund:	pa:	$24,756	$22,109	$2,647	12.0%

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 1221\[Bethlehem Town Centre CMV 1221.xlsb]Comparison Report Ver

11.6 VALUATION DEFINITIONS AND TERMINOLOGY

Valuation Terminology Definitions	
Net Income Est., Fully Leased	The total current net income for the centre plus the estimated income from vacant tenancies. The total current net income is the sum of the current base and percentage rental, recoverable outgoings and sundry income, less un-recovered outgoings and non recoverable expenses. The estimated income from vacant tenancies reflects our market assessment of base rent and recoverable outgoings.
Net Passing Income	The sum of the current base and percentage rental, recoverable outgoings and sundry income, less un-recovered outgoings and non recoverable expenses.
Outstanding Tenant Incentives	The sum of rental shortfall relating to unexpired rent free periods and outstanding fitout or cash contributions.
Passing Initial Yield	The net passing income (as defined above) as a percentage of the assessed value less the value of any excess land.
Reversionary Yield	The gross market income plus sundry income less recoverable outgoings, non recoverable expenses and ground rent (if applicable), as a percentage of assessed value less the value of any excess land.
Quoted Capitalisation Rate	The capitalisation rate applied within our valuation to the Net Income Est., Fully Leased (as defined above), although excluding electricity profit and including a negative adjustment for ongoing vacancy (the ongoing vacancy allowance is a percentage of the Net Income Est., Fully Leased). The resultant figure is the Capital Value before Capital Adjustments: $97,742,313.
Terminal Yield	The capitalisation rate applied within our valuation to the net passing income (less an allowance for vacancy) at the end of Year 11. From this capitalised amount capital adjustments are made to arrive at a selling price at the end of Year 11.
Target IRR	The discount rate applied to the net cash flow of the property to arrive at the adopted value (excluding any balance land) using the Discounted Cashflow Approach.
Ten Year IRR (Indicated)	The Internal Rate of Return which the property would achieve over a 10 year period given the forecast Net Cash Flow and Assessed Value. This analysis excludes the value of any balance land.
Value psm of GLA	The Adopted Value (excluding the value of any balance land) per square metre of Gross Lettable Area.
Vacancy Allowance (Spec. G.R.)	A percentage of fully leased income from specialty tenants applied as an income deduction to allow for vacancy within the Capitalisation Approach.
Current Vacancy Rate (Spec. G.R.)	The estimated rental from vacant specialty tenants as a percentage of the fully leased income from specialty tenants.

N:\NZ-AKL-Vals_Retail_Closed\Centres\Bethlehem Town Centre\CMV 1221\[Bethlehem Town Centre CMV 1221.xlsb]Definitions Sheet

11.7 TITLE DOCUMENTATION

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **596929**
Land Registration District **South Auckland**
Date Issued 19 September 2012

Prior References
SA22B/1429

Estate Fee Simple
Area 7.8218 hectares more or less
Legal Description Section 3 Survey Office Plan 439821
Registered Owners
PMG Generation Fund Trustees Limited

Interests

Subject to a right (in gross) to convey gas over part marked H, I, J, K, L, M, N, O, P, Q, R and S on SO 439821 in favour of Vector Gas Limited created by Easement Instrument 8077974.1 - 19.2.2009 at 9:00 am

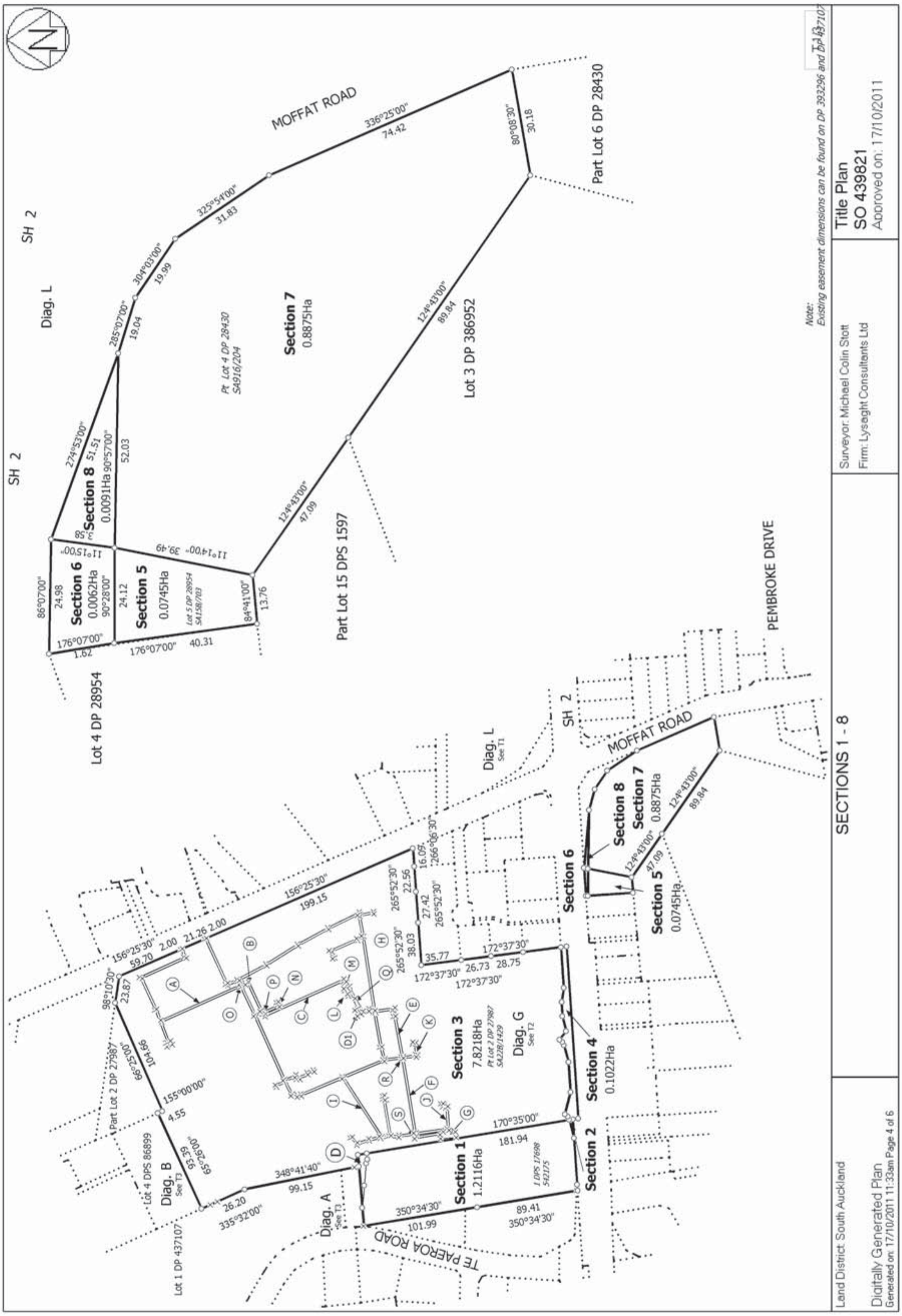
Subject to a right (in gross) to convey electricity over part marked A, B, C, D1, E, F, G, O P, Q, R and S on SO 439821 in favour of Powerco Limited created by Easement Instrument 8285076.1 - 14.9.2009 at 9:00 am

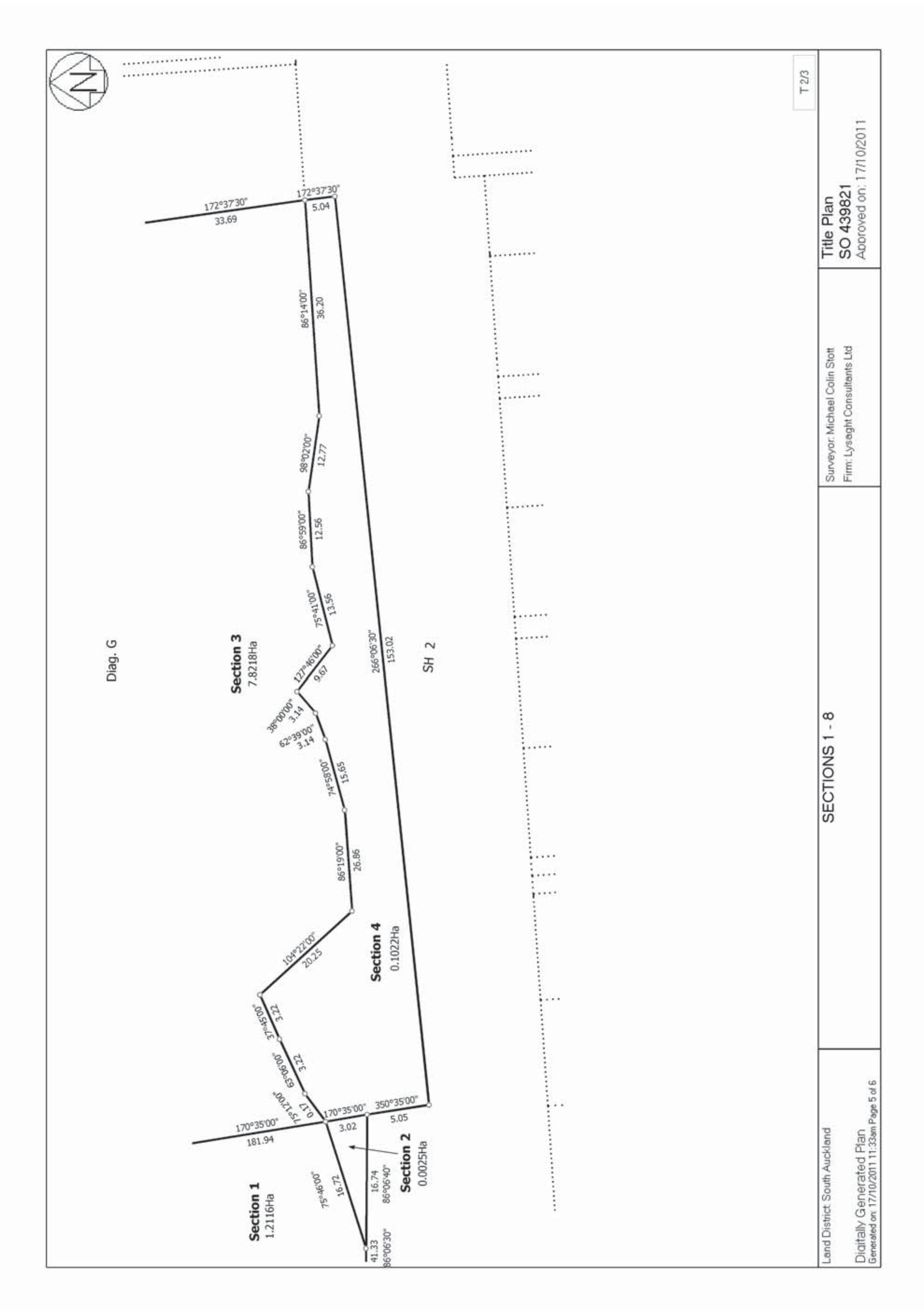
Appurtenant hereto is a right of way and rights to drain water and convey water, electricity, telecommunications, computer media and gas created by Easement Instrument 8659391.2 - 24.12.2010 at 4:44 pm

The easements created by Easement Instrument 8659391.2 are subject to Section 243 (a) Resource Management Act 1991

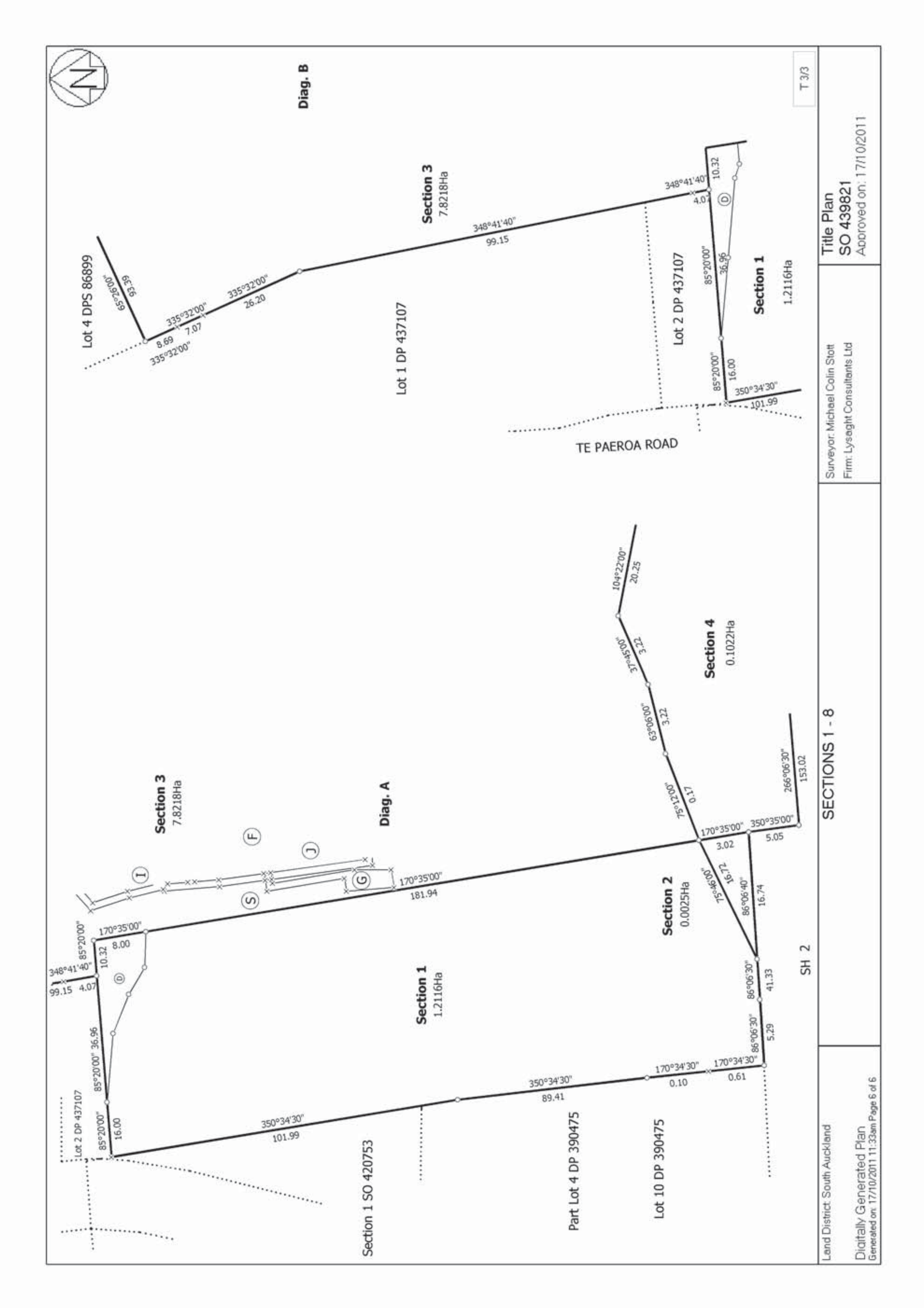
Subject to a right (in gross) to convey electricity over part marked A, B and C on DP 561745 in favour of Powerco Limited created by Easement Instrument 11726629.2 - 18.6.2021 at 11:26 am

12183825.3 Mortgage to ASB Bank Limited - 30.7.2021 at 4:19 pm


MOFFAT ROAD
SH 2
Diag. L
Section 7
0.8875Ha
Pt Lot 4 DP 28430
SA916/204
Section 8
0.0091Ha
Section 6
0.0062Ha
Section 5
0.0745Ha
Lot 5 DP 28954
SA158/703
Part Lot 6 DP 28430
Lot 3 DP 386952
Part Lot 15 DPS 1597
Lot 4 DP 28954
PEMBROKE DRIVE
Section 3
7.8218Ha
Pt Lot 2 DP 27987
SA22B/1429
Diag. G
Section 4
0.1022Ha
Section 2
Section 1
1.2116Ha
1 DPS 17698
542175
Diag. A
Diag. B
TE PAEROA ROAD
Part Lot 2 DP 27987
Lot 4 DPS 86899
Lot 1 DP 437107
Note:
Existing easement dimensions can be found on DP 393296 and DP 437107
Land District: South Auckland
Digitally Generated Plan
Generated on: 17/10/2011 11:33am Page 4 of 6
Surveyor: Michael Colin Stott
Firm: Lysaght Consultants Ltd
SECTIONS 1 - 8
Title Plan
SO 439821
Approved on: 17/10/2011



Title Plan
SO 439821
Approved on: 17/10/2011
Surveyor: Michael Colin Stott
Firm: Lysaght Consultants Ltd
SECTIONS 1 - 8
Land District: South Auckland
Digitally Generated Plan
Generated on: 17/10/2011 11:33am Page 5 of 6
T 2/3
Diag. G
Section 3
7.8218Ha
Section 4
0.1022Ha
Section 1
1.2116Ha
Section 2
0.0025Ha
SH 2
172°37'30"
33.69
172°37'30"
5.04
86°14'00"
36.20
98°02'00"
12.77
86°59'00"
12.56
75°41'00"
13.56
127°46'00"
9.67
38°00'00"
3.14
62°39'00"
3.14
74°58'00"
15.65
86°19'00"
26.86
104°22'00"
20.25
37°45'00"
3.22
63°06'00"
3.22
75°12'00"
0.17
170°35'00"
181.94
170°35'00"
3.02
350°35'00"
5.05
266°06'30"
153.02
75°46'00"
16.72
16.74
86°06'40"
41.33
86°06'30"


Title Plan
SO 439821
Approved on: 17/10/2011
Surveyor: Michael Colin Stott
Firm: Lysaght Consultants Ltd
SECTIONS 1 - 8
Land District: South Auckland
Digitally Generated Plan
T 3/3
Diag. A
Diag. B
Section 1
1.2116Ha
Section 2
0.0025Ha
Section 3
7.8218Ha
Section 4
0.1022Ha
Lot 1 DP 437107
Lot 2 DP 437107
Lot 4 DPS 86899
TE PAEROA ROAD
SH 2
Section 1 SO 420753
Part Lot 4 DP 390475
Lot 10 DP 390475

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **SA1728/51**
Land Registration District **South Auckland**
Date Issued 30 May 1960

Prior References
WA S181685

Estate	Fee Simple
Area	126 square metres more or less
Legal Description	Allotment 679 Parish of Te Papa

Registered Owners
PMG Generation Fund Trustees Limited

Interests

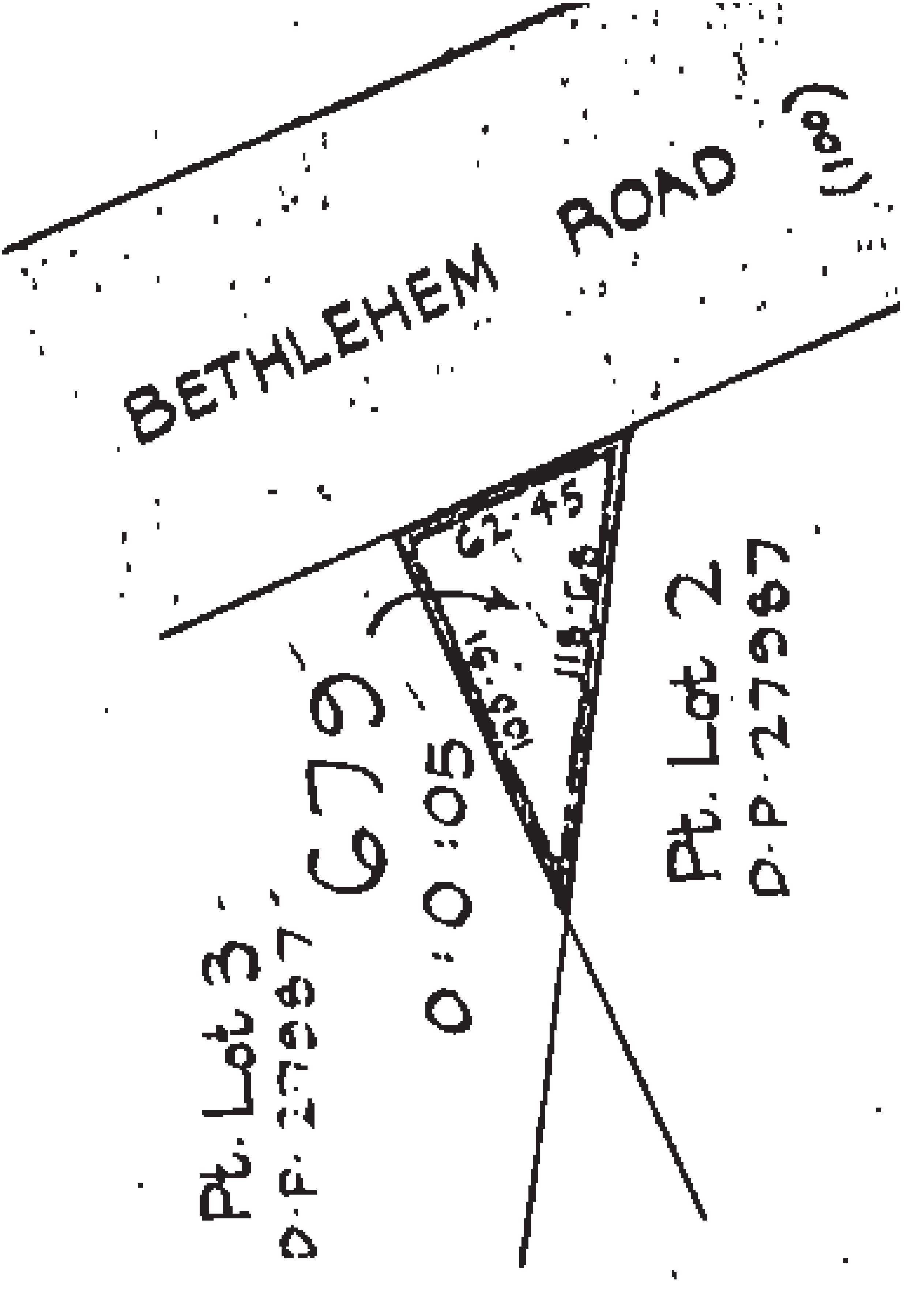
Subject to Section 8 Coal Mines Amendment Act 1950

Appurtenant hereto is a right of way and rights to drain water and convey water, electricity, telecommunications, computer media and gas created by Easement Instrument 8659391.2 - 24.12.2010 at 4:44 pm

The easements created by Easement Instrument 8659391.2 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey electricity over part marked D on DP 561745 in favour of Powerco Limited created by Easement Instrument 11726629.2 - 18.6.2021 at 11:26 am

12183825.3 Mortgage to ASB Bank Limited - 30.7.2021 at 4:19 pm


BETHLEHEM ROAD
62.45
679
0.0.05
Pt. Lot 3
Pt. Lot 2
D.P. 27987

CBRE VALUATION & ADVISORY SERVICES

Tim Arnott
Registered Valuer
Director

+64 21 22 66 333
+64 9 359 5382
tim.arnott@cbre.com

Anisha Segar
Registered Valuer
Director

+64 21 981 890
+64 9 359 5338
anisha.segar@cbre.com

Arabella Rose
Assistant Valuer

+64 21 661 297
+64 9 359 5390
arabella.rose@cbre.com

Anna Creahan
Assistant Valuer

+64 21 130 6466
+64 9 355 3384
anna.creahan@cbre.com

CBRE Auckland
Level 14, ANZ Centre
23-29 Albert Street
Auckland 1010
New Zealand

CBRE Wellington
Level 12, Harbour Tower
2 Hunter Street
Wellington 6011
New Zealand

CBRE Christchurch
Level 4, CBRE House
222 High Street
Christchurch 8011
New Zealand

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