CBRE VALUATION & ADVISORY SERVICES

VALUATION REPORT

Report prepared for Oyster Industrial Properties Limited for inclusion within a Product Disclosure Statement

101 MCLAUGHLINS ROAD
WIRI, AUCKLAND

VALUATION DATE: 31 DECEMBER 2021

CONTENTS


101
metrix
plumbingworld

VALUATION SUMMARY

Market Value (plus GST if any)

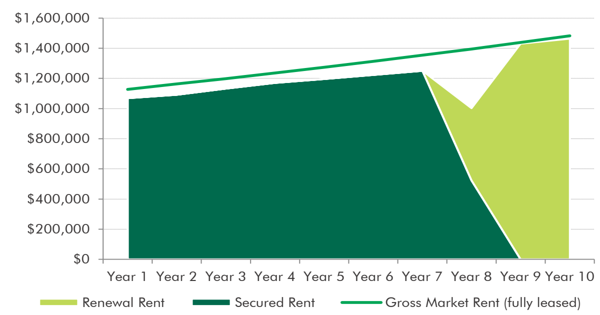
$22,650,000

The above valuation is subject to the Special Assumptions and Disclaimers within this Report.

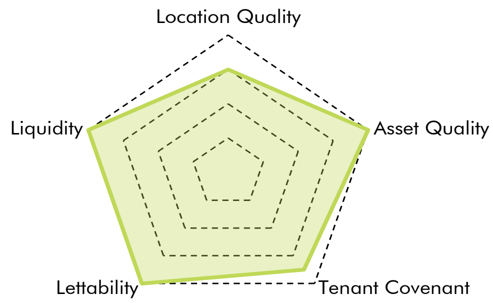
Key Valuation Metrics

Initial Yield:	3.90%	Net Passing Income:	$883,622 pa
Capital Value Rate:	$3,095 psm	Net Market Income:	$956,194 pa
Adopted Cap Rate:	4.125%	Rental Variance:	-8%
Adopted Target IRR:	6.375%	No. of Tenants:	1
Adopted Terminal Yield:	4.375%	WALT (Income):	7.41 years
Area (GLA):	7,317.5 sqm	Vacancy Rate:	Nil

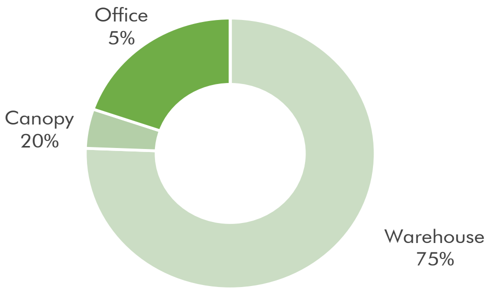
Tenancy Profile by Income



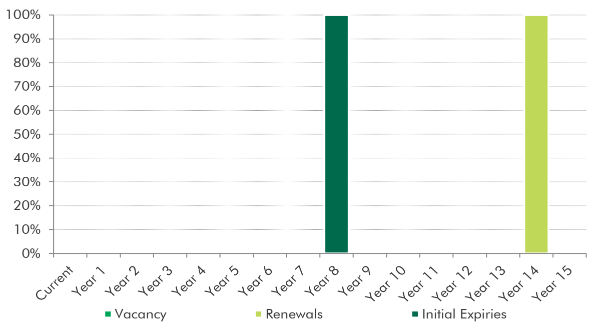
Property Risk Profile



Floor Area Breakdown



Lease Expiry (by rent)



Property Description

A modern high quality warehouse with a single level of associated offices constructed in 2019. The warehouse is clearspan with a stud height of 9.1 metres at the portal knee rising to 11.6 metres at the apex. The property is positioned to the western side of McLaughlins Road within the Stonehill Business Park being a fast-developing industrial subdivision to the western fringe of Wiri industrial precinct.

Prepared by CBRE Limited

Patrick Ryan, ANZIV, MRICS, SPINZ
Registered Valuer
Senior Director
Full Valuation & Analysis
External Property Inspected: Yes

Joseph Petty, Dip.Bus.Admin (Urban Valuation)
Registered Valuer

Valuation & Analysis
Property Inspected: Yes

SWOT & RISK ANALYSIS

Strengths	Weaknesses
■ Modern quality improvements built to a good specification. ■ Good stud height of 9.1 metres at the knee rising to 11.6 metres at the apex. ■ Good remaining lease term of 7.41 years with fixed 2% annual rental growth. ■ Strong market conditions for industrial assets of this type. ■ Land covenant specify building specifications which will enhance development of the wider area.	■ Secondary industrial location positioned to the outer fringe of the Wiri industrial precinct in a somewhat isolated locality with limited amenities and indirect access to major arterial routes.
Opportunities	**Threats**
■ Limited, the current development is considered to be the highest and best use of the property.	■ Further forecasted rising interest rates may have a tempering effect on the market. ■ We refer you to the Market Risk comment 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

1.1 INSTRUCTIONS

Instructing Party:	Tom Marshall on behalf of Oyster Industrial Properties Limited.
Purpose of Valuation:	Inclusion within a Product Disclosure Statement.
Basis of Valuation:	Market Value 'As Is'.
Date of Inspection:	19 January 2022.
Date of Valuation:	31 December 2021.
Date of Report Issue:	2 February 2022.

1.2 MARKET VALUE DEFINITION

In accordance with the International Valuation Standards (IVS), 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 2020. 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:

- Oyster Industrial Properties Limited for inclusion within a Product Disclosure Statement and internal evaluation 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.

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.
Copyright:	As between CBRE, the Instructing Party and the Reliant Parties, all intellectual property rights in this Valuation Report are owned by CBRE. Neither the whole nor any part of the content of this valuation may be published in any document, statement, circular or otherwise by any party other than CBRE, nor in any communication with any third party, without the prior written approval from CBRE, and subject to any conditions determined by CBRE, including the form and context in which it is to appear.

1.5 INFORMATION PROVIDED

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

- Tenancy Schedule and Lease Documentation provided by Oyster.
- Rentable Area Plan prepared by Harrison Grierson dated 14 May 2021.

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 reasonably be 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 valuation report.

2 LAND

2.1 LOCATION

Location Map:

View the subject property in [Google Maps].

Nearest Main Centre: The subject is located approximately 22.7 kilometres south-east of Auckland's Central Business District and 8.6 kilometres east of Auckland Airport.

Surrounds: The property is located to the western periphery of the Wiri industrial area being a semi brownfields location. The immediate locality is dominated by Puhinui Reserve to the west, Auckland Corrections Facilities to the east and Wiri Oil Terminal to the north east.

The surrounding area comprises high quality modern industrial buildings along with a limited amount of vacant industrial lots yet to be developed. The level of amenity in the immediate locality is poor. The nearest established residential area is 3.7 kilometres to the south.

Transport Links: The Southern Motorway is approximately 5.6 kilometres to the east, with the South Western Motorway extending off Roscommon Road approximately 2.2 kilometres to the north east providing good access to main arterial routes.

2.2 RESOURCE MANAGEMENT

Local Authority and Plan: Auckland Council, Auckland Unitary Plan Operative in part (15 November 2016).

Zone: Special purpose – Quarry Zone.

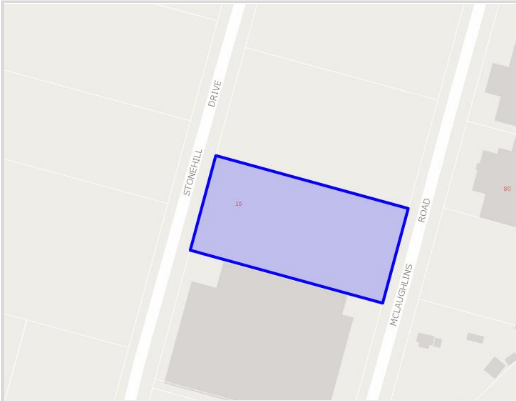
Mineral resources are important to Auckland's economy and development. The Special Purpose – Quarry Zone provides for significant mineral extraction activities to ensure that mineral extraction can continue in a manner that minimises adverse effects. These provisions seek to ensure that the demand for minerals can be met, where possible, from supply sources within Auckland.

View full details of the relevant zone planning controls.

Indicative Permitted Uses:	■ Service stations. ■ Trade suppliers. ■ Industrial activities. ■ Wholesaler. ■ Storage and lock-up facilities.
Key Development Controls:	Buildings must not exceed 20 metres in height, unless otherwise specified in the Height Variation Control on the planning maps. Various yard and Height in Relation to Boundary setback requirements apply.
Present Use:	The present use appears to comply with the underlying zoning.
Site Controls, Overlays & Designations:	Controls: Macroinvertebrate Community Index – Rural. Overlays: Mana Whenua: Sites and Places of Significance to Mana Whenua Overlay [rcp/dp] - 036, Maunga Matukutureia, 1. Natural Resources: High-Use Aquifer Management Areas Overlay [rp] – Manukau Southeast Kaawa. Natural Resources: High-Use Aquifer Management Areas Overlay [rp] – Manukau Waitemata Aquifer. Natural Resources: High-Use Stream Management Areas Overlay [rp]. Natural Resources: Quality-Sensitive Aquifer Management Areas Overlay [rp] – Wiri Volcanic Aquifer. Designations: Airspace Restriction Designations - ID 1102, Protection of aeronautical functions - obstacle limitation surfaces, Auckland International Airport Ltd.
Development Approvals:	None known.
Highest and Best Use:	The current use is considered to be the highest and best use of the property.
Heritage Listing:	No.

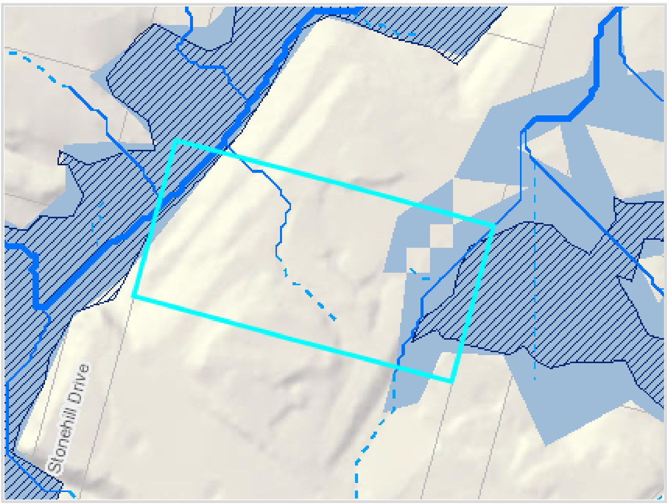
2.3 SITE DESCRIPTION

Aerial View



Indicative Title Boundaries

Land Area:	9,605 sqm (more or less).
Contour:	Relatively level throughout.
Services:	All typical municipal services appear to be connected to this site.
Accessibility:	Available from McLaughlins Road and Stonehill Drive.
Potential Flooding:	The property has three Overland Flow Paths and two sections (along the eastern and western boundary) of the property that are identified within a Flood Prone Area ( ) and a Flood Plain ( ). This is depicted on the plan below:



Contamination:	We have requested (but not been provided with) any contamination reports. Auckland Council do not hold a publicly available register of potentially contaminated sites. Further investigation requires the purchase of a LIM report or Contaminated Site Report, neither of which have been provided to us. Of necessity our valuation assumes that there are no contamination issues that would have a material effect on the continuation of the current use, market value or marketability, or future development of the land.

We are not environmental experts and we do not know the extent of contamination (if any). Should subsequent investigations reveal the presence of contaminated material, we reserve the right to revisit our valuation.

2.4 LEGAL DESCRIPTION

Identifier	Lot	Plan	Area (sqm)	Registered Owner	Tenure
841803	Lot 3	DP 525619	9,605	Oyster Industrial Properties Limited	Freehold

Relevant Interests: Registrations of note include:

- 10888755.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 26.9.2017.
- Land Covenant in Easement Instrument 10888755.5 - 26.9.2017.
  - The covenant requires the design of proposed buildings to reflect technology, innovation and enterprise in that it will have:
    - A clear crisp face on office exteriors;
    - Bold roof profiles;
    - Strong horizontal forms;
    - The use of neutral colours on the majority of the cladding on the building and roof;
    - Exposed concrete tilt-slab panels or concrete block walls with an architectural finish where they face onto any street frontage;
    - Incorporate all rooftop mechanical and communications equipment within the roof envelop or otherwise screen from street frontages;
    - Avoid so far as possible, abrupt contrasts in building scale or form;
    - In relation to access, no vehicle access way or driveway be greater than 10 metres wide for purposes of truck access, and 7.0 metres wide for other vehicles.
- 11505013.1 Variation of Land Covenant created by Easement Instrument 10888755.5 - 3.9.2019.
- 11573454.2 Mortgage to Westpac New Zealand Limited - 21.10.2019.
- 11927776.1 Variation of Mortgage 11573454.2 - 29.1.2021.

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.

3 IMPROVEMENTS

3.1 OVERVIEW

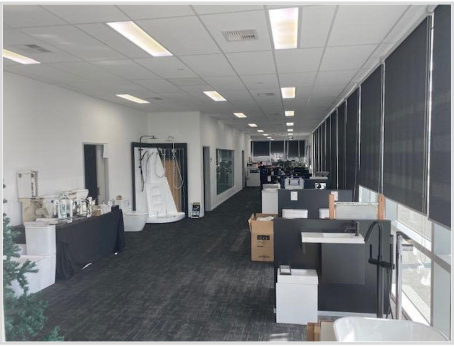
Brief Description:	A modern high quality unsprinklered warehouse with a single level of offices and canopy. The warehouse is clearspan with a stud height of 9.1 metres at the knee rising to 11.6 metres at the apex.
Age:	2019.
Condition and Repair:	The property is in excellent condition having regard to its age and use. The external elevations are in sound repair, and the internal areas are clean and well maintained.
Capital Expenditure:	None.
BWOF:	Expiry date 4 July 2022.
Asbestos:	The property is recently constructed and unlikely to have asbestos present. Whilst we did not identify asbestos during our inspection, we are not experts in this area and can give no warranty in this regard. 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 and if asbestos materials are found to be present on-site this valuation must be referred back to the Valuer for further consideration and possible re-assessment.
Seismic Comment:	We have requested, however have not been provided with, seismic strength assessment reports for the subject property. Given the modern nature of the improvements, it is unlikely that the lack of information would affect potential purchasers. Should we be provided with seismic strength reports, we reserve the right to review and possibly amend our valuation.

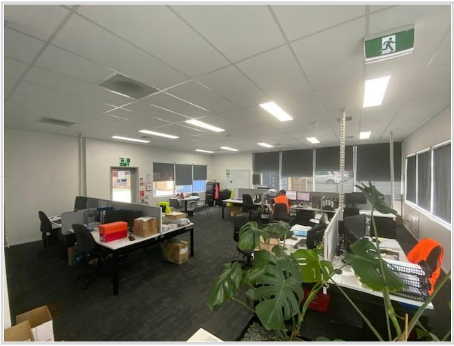
3.2 KEY PROPERTY ATTRIBUTES

Offices:

Positioned to the eastern end of the warehouse, fronting McLaughlins Road is a single level of attached offices. Access is via double swings doors which opens directly onto the main office area. This is predominantly open plan space except for a meeting room and partitioned office. The ceiling height to the offices is 2.9 metres.

A staff lunchroom is located to southern end and presents to a good overall standard and includes kitchenette facilities and access to a courtyard area. Male and female amenities are provided for and are of a modern standard.





Warehouse:

The warehouse is a single gable structure providing clear span unsprinklered space. The stud height is 9.1 metres at the knee rising to 11.6 metres at the apex.

Excellent natural light is via translucent roof strips, supplemented by hanging high bay LED lamps. Access to the warehouse is via four canopy protected roller doorstop the northern elevation.

A small warehouse amenities block is positioned to the north western corner of the building.

Canopy:

The canopy provides an excellent level of shelter to the four roller doors. It is unsprinklered and has a stud height of 6.4 metres at its lowest point rising to 7.5 metres. Natural lighting is via translucent roof strips supplemented with low bay lights fixed to the steel purlins. The entire area beneath the canopy is concrete sealed.

Site Improvements: The site incorporates concrete paved yard areas utilised for access and storage. A good level of asphalt sealed carparking is provided to the McLaughlins Road frontage. The property has dual access points off McLaughlins Road and Stonehill Drive. The site is fully secured with security fencing (wire mesh fence with 3 strand barbed wire top) and two automatic sliding gates.

3.3 FLOOR AREAS

Tenant Name	Component Name	GLA (sqm)
Plumbing World Limited	Office	343.6
	Warehouse	5,532.5
	Canopy	1,441.4
Sub-Total (Area)		7,317.5
Totals		7,317.5

Source: Rentable Area Plan prepared by Harrison Grierson dated 14 May 2021.

3.4 CONSTRUCTION DETAILS

Foundations & Floors: Reinforced concrete slab.

Structure: Reinforced concrete frame to the office component and steel portal frame to the warehouse component.

External Walls: Mixture of full height concrete pre-cast tilt slab and precast tilt slab walls with profiled metal above to the warehouse. A combination of painted concrete panels and full height aluminium framed glazing with aluminium louvers to the offices.

Roof: Meshed and insulated profiled metal clad roof supported on steel purlins and incorporating translucent skylight panels at regular intervals to the warehouse component.

3.5 INTERIOR FINISHES

Floors: Carpet to the offices and vinyl flooring to the lunchroom.

Walls: Painted plasterboard walls.

Ceilings: Suspended ceiling tiles to all office areas.

Amenities: Coved vinyl flooring with plasterboard lined walls and ceilings.

3.6 SERVICES

Air Conditioning: Ducted and wall mounted air conditioning throughout.

Fire Prevention: Break glass alarms, fire extinguishers, smoke/heat detectors, and illuminated exit signs.

3.7 CAPITAL EXPENDITURE

Capital Expenditure Adopted: Major 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 allowed:

- Advised capital expenditure.
- Capex escalation based on CPI.
- A minimum capital expenditure allowance equivalent to 1.50% of gross income per annum.
- An allowance of $15 psm on the industrial lease expiry as a general lessor make good allowance, weighted by the adopted probability of renewal in that year.

Our adopted Capital Expenditure is summarised as follows:

Capital Expenditure Summary	Years 1 to 3	Years 4 to 6	Years 7 to 11*	Total
Client Advised Programmed General Capital Expenditure				
Sustainability	$8,000	-	-	$8,000
Total Client Advised Capital Expenditure	$8,000	-	-	$8,000
Refurbishment (on expiring leases)	-	-	$63,523	$63,523
General Capital Expenditure Allowance	$49,401	$53,829	$121,477	$224,707
Budgeted CAPEX (incl. Refurb Allowance)	$8,000	-	-	$8,000
Total CAPEX (Adopted Overall)	$57,401	$53,829	$185,001	$296,230
Total CAPEX $psm	$7.84	$7.36	$25.28	$40.48
% of Adopted Value	0.25%	0.24%	0.82%	1.31%

Note: Year 11 represents values included in terminal valuation

4 OCCUPANCY

4.1 LEASE SUMMARY

Plumbing World Limited

			$pa	$psm
Tenancy Area:	7,317.5 sqm	Contract Rent:	$883,622	$120.75
Lease Term:	10 years	Outgoings Recoveries:	$171,488	$23.44
Option Periods:	10 years	**Total Rent:**	$1,055,110	$144.19
Commencement:	1 June 2019			
Expiry:	30 May 2029			
Next Review:	1 June 2022			

Outgoings:	The Lease is structured on a net basis, with the Tenant to pay 100% of outgoings associated with the building.
Rent Reviews:	Annual fixed 2% reviews with a mid term market review on 1 June 2024, subject to a 5% cap and collar.
Maintenance Obligations:	The Tenant is generally responsible for the maintenance and repair of the interior of the premises including Landlord's fixtures and fittings, in the same condition as at the commencement of the initial occupation date (18 June 2018), excluding fair wear and tear. The Tenant is also responsible for minor breakages, make good of any damage caused by the Tenant or persons under their control, and maintenance of the grounds, drains, downpipes, and other works to the property as the Landlord may require in respect of which outgoings are payable by the Tenant. The Landlord shall keep and maintain the building, services within, and carparks in good order and repair and weatherproof.
Fitout Ownership:	Landlord's Fixtures and Fittings include but are not limited to the following: - All office partitioning, floor coverings, and LED lighting. - Airconditioning and ventilation systems.
Make Good:	The Tenant will if required by the Landlord, at the end or earlier termination of the term reinstate the premises back to the condition in which they were prior to the commencement of the Tenant Works. The Tenant may elect by notice in writing to the Landlord to transfer ownership of the Tenants Works to the Landlord for no consideration and leave all Tenant Works on the premises at the end or earlier termination. The Tenant will fill in any holes in the warehouse floor with heavy duty epoxy.
Emergency Provision:	If there is an emergency and the Tenant is unable to occupy the premises due to restriction on occupation by a competent authority, then a fair proportion of the rent and outgoings shall cease to be payable for the period commencing on the date when the Tenant became unable to gain access, until the inability ceases.
Permitted Use:	Warehousing, storage, and distribution.

4.2 OUTGOINGS

Item	Adopted $pa	$psm
Recoverable Outgoings		
Municipal/Council Rates	78,948	10.79
Water and Sewerage Rates	1,164	0.16
Insurance Premiums	38,177	5.22
Air Conditioning/Ventilation	3,341	0.46
Common Area Cleaning	9,040	1.24
Fire Protection/Public Address	4,723	0.65
Repairs & Maintenance	8,540	1.17
Building Intel & Emergency Systems	3,400	0.46
Administration/Management Fee	24,155	3.30
Total Statutory Charges	80,112	10.95
Total Operating Expenses	91,377	12.49
Total Outgoings	**171,488**	**23.44**

Source: Client outgoings schedule

Outgoings Comment: We have been provided with an outgoings expense budget for the subject property for the year ending March 2023 by the instructing party. The outgoings detailed above (particularly the Council Rates) are at the upper end of market parameters for an asset of this type.

4.3 NET INCOME SUMMARY

We summarise the property's net income as follows:

Tenant Name	Component Name	GLA (sqm)	Net Passing Rent $psm	$pa
Plumbing World Limited	Office	343.6	$235.00	$80,746
	Warehouse	5,532.5	$129.49	$716,392
	Canopy	1,441.4	$60.00	$86,484
Sub-Total (Area)		7,317.5	$120.75	$883,622
Totals		7,317.5	$120.75	$883,622

5 MARKET

5.1 COVID-19 MARKET COMMENT

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, albeit most commentators are predicting house prices to be flat or even fall through 2022.

Notwithstanding, 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.

Rising interest rates and inflationary pressures are the key issues currently affecting the property market. The Reserve Bank commenced raising the OCR in October 2021 from 0.25% to a current level of 0.75% with further rises signalled, potentially peaking at 2.6% by late 2023. Lenders have increased retail interest rates sharply in recent months and credit availability is becoming tight.

Whilst interest rates have risen, this has yet to flow through to a softening in capitalisation rates or yields for commercial property, as borrowing costs still remain low relative to historical levels. Nonetheless we are anecdotally aware of some transactions not proceeding due to funding issues at higher rates. From our discussions with a wide range of market participants, the sentiment is that record low borrowing is at an end and many expect a possible softening of commercial property yields in 2022.

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.

5.2 INDUSTRIAL MARKET OVERVIEW

General market sentiment was shocked by the March 2020 Level 4 lockdown, however the New Zealand economy rebounded strongly from the second half of 2020 into mid-2021.

The Covid-19 pandemic has been proven to be especially stimulatory on the industrial sector. Key metrics of the industrial market continue to attain all-time highs, including capitalisation rates, discount rates and land values.

Historically low interest rates have encouraged strong investor demand, whilst the resurgent economy and limited new supply has led to nominal vacancy rates. These factors along with a lack of alternative investment options is driving competition for industrial assets.

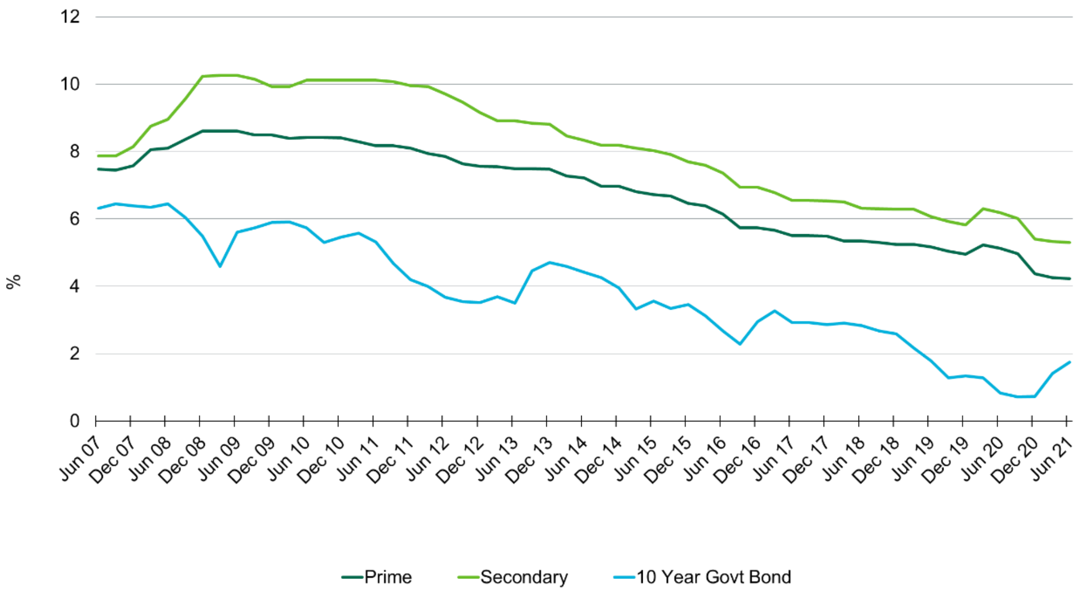
The very low interest rate environment underpins positive gearing opportunities even at comparatively low capitalisation rate/yield levels. The result of this has been strong transactional activity for large scale industrial assets in the first half of 2021 following a latent 2020. There have now been numerous sales at equivalent yields under 4.0%, regardless of size.

Rents have continued to show some growth however incentives remain prevalent, in the order of 5% - 7% of net rent for Prime assets.

Transactional activity for smaller scale industrial assets is also at records levels in most Auckland industrial precincts. Unit prices, measured on a $psm basis, are at all-time highs, up to and in excess of $5,000 psm for new high quality units. Demand has been fuelled by both investors, and owner occupiers who's purchasing decisions are less yield based.

Long leased well located industrial assets, and particularly those with strong tenant covenants continue to be the most sought after.

Auckland Industrial Yields & 10 Year Govt Bond



Source: CBRE, Westpac

The impact on the industrial leasing market due to COVID-19 has been minimal. The degree of impact is mixed and dependant on the circumstances of individual occupiers. Many essential services and logistics entities have not suffered business disturbance at all but instead have been seeking additional space. New leasing transactions are generally indicating a small increase to rental rates with incentives typically at half a month rent free per year of lease term.

CBRE Research indicates that in the six months to June 2021, Prime net effective rents increased by 3.4% and Secondary rents by 2.9%. Over the last five years, Prime rents increased by 2.9% per annum on average and secondary rents by 4.6% per annum.

Auckland industrial vacancy rates remains in a very healthy state with overall industrial vacancy in the six months to June 2021 decreasing from 1.5% to 1.0%. The reduction in vacancy levels was seen across all grades, with C/D grade assets in particular seeing the largest reduction by 0.75%. Prime grade vacancy is at a near all time low of 0.86%.

5.3 RENTAL EVIDENCE

In establishing our opinion of market rental for the subject property, we have had regard to recent rental transactions within the wider market. We provide details of the most relevant market evidence below:

	Accom.	Area (sqm)	Rent ($psm)	Event Date	Annual Rent ($pa)
Mangere	Warehouse	6,657.8	$137	Oct 21	$1,250,000
	Offices	631.8	$245	*New Lease*	
	Sprinkler Valve Room	10.3	$142		
	Canopy	1,431.0	$71		
	Carparks	24.0	$9		
	Total	8,730.9	*$143		
East Tamaki	Warehouse	4,161.0	$148	Aug 21	$810,535
	Offices	408.0	$240	*New Lease*	
	Warehouse Amenites	120.0	$200		
	Breezeway Canopy	957.0	$75		
	Total	5,646.0	$134		
Mangere	Warehouse	1,690.0	$145	Aug 21	$366,575
	Office	301.0	$275	*New Lease*	
	Canopy	414.0	$75		
	Carparks	15.0	$10		
	Total	2,405.0	$152		
Mangere	Warehouse	2,346.0	$135	Jun 21	$450,000
	Office	516.0	$235	*New Lease*	
	Canopy	213.0	$55		
	Total	3,075.0	$146		
Mangere	Warehouse	4,570.0	$140	May 21	$847,850
	Office	400.0	$255	*New Lease*	
	Canopy	450.0	$70		
	Yard	1,870.0	$35		
	Carparks	35.0	$5		
	Total	5,420.0	$156		
Wiri	Warehouse	10,250.0	$140	May 21	$1,727,790
	Office	806.4	$240	*Renewal*	
	Warehouse Office	50.0	$200		
	Canopy	1,275.0	$70		
	Total	12,381.4	$140		
Mangere	Warehouse	5,005.2	$129	Feb 21	$841,694
	Office	436.5	$222	*New Lease Sitting Tenant*	
	Canopy	594.3	$63		
	Carparks	61.0	$10		
	Total	6,036.0	*$139		
East Tamaki	Warehouse	4,006	$128	Feb 21	$781,266
	Office	658	$215	*New Lease*	
	Canopy	502	$64		
	Yard	1,056	$26		
	Total	5,166	$151		
Wiri	Warehouse	4,148.0	$135	Nov 20	$799,190
	Office	500.0	$242	*New Lease*	
	Canopy	1,438.0	$63		
	Total	6,086.0	*$127		

**Net Effective Rents Shown*

5.4 RENTAL EVIDENCE CONCLUSIONS

The key rental attributes of the subject property are detailed as follows:

- Modern quality unsprinklered improvements of an excellent overall quality.
- Clearspan warehouse with an excellent stud height of 9.1 metres at the portal knee rising to 11.6 metres at the apex.
- Dual access available from McLaughlins Road and Stonehill Drive.
- Very strong market demand at present for good quality industrial space.

A market rental range for the warehouse is $125 - $140 psm and we have adopted a rental to the upper end of the range at $140 psm reflecting the size, quality, stud height. The most comparable office evidence indicates a rental between $220 - $250 psm and we have adopted $235 psm. Over the canopy the adopted rental is at $70 psm reflecting the standard of protection it gives to the building.

5.5 MARKET RENT ASSESSMENT

Having regard to the market evidence and consideration of the subject property, we assess the current market rental, in comparison with our analysis of the current contract rental, as follows:

Tenant Name	Component Name	GLA (sqm)	Net Passing Rent $psm	Net Passing Rent $pa	Net Market Rent $psm	Net Market Rent $pa
Plumbing World Limited	Office	343.6	$235.00	$80,746	$235.00	$80,746
	Warehouse	5,532.5	$129.49	$716,392	$140.00	$774,550
	Canopy	1,441.4	$60.00	$86,484	$70.00	$100,898
Sub-Total (Area)		7,317.5	$120.75	$883,622	$130.67	$956,194
Totals		7,317.5	$120.75	$883,622	$130.67	$956,194

5.6 SALES EVIDENCE

In order to assess the market value of the subject property, we have considered a cross section of sales transactions which have occurred within the local market. We summarise the sales evidence considered in undertaking our assessment within the following table:

Property	Sale Date	Sale Price	Area (sqm)	Initial Yield	Equiv Yield	IRR	Area ($psm)	WALT (yrs)
35 Hugo Johnston Drive Penrose	Oct 21	$60,500,000	17,713	3.75%	3.14%	3.71%	$3,416	9.5
121 Hugo Johnston Drive Penrose	Oct 21	$56,400,000	14,262	3.46%	3.67%	5.65%	$3,955	11.3
89 Richard Pearse Drive Mangere	Sep 21	$30,500,000	6,974	3.59%	3.41%	4.90%	$4,445	10.0
11 Greenmount Drive East Tamaki	Aug 21	$18,200,000	3,409	2.89%	*3.91%	*6.03%	$5,339	2.3
259-265 Church Street Onehunga	Aug 21	$34,400,000	10,499	3.64%	4.23%	6.22%	$3,277	5.9
6 Rymer Road Mangere Bridge	Jun 21	$17,500,000	6,548	4.44%	4.43%	5.98%	$2,673	8.0
77 Westney Road Mangere	May 21	$31,500,000	10,314	3.99%	4.08%	5.80%	$3,054	8.5
13 Ha Crescent Wiri	Apr 21	$13,960,000	5,052	3.78%	4.32%	5.71%	$2,764	3.9
168 Roscommon Road Wiri	Mar 21	$25,500,000	4,818	3.76%	3.79%	5.46%	$5,293	9.4
11 Stonehill Drive Wiri	Feb 21	$37,000,000	13,000	VP	4.54%	6.41%	$2,846	VP

**Excluding surplus land*

5.7 SALES EVIDENCE CONCLUSION

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

- A fast developing industrial subdivision to the outer fringe of the Wiri industrial precinct.
- Modern quality improvements built to a good specification.
- Good remaining lease term of 7.41 years.
- Fixed 2% rental growth annually with a mid term market review in June 2024.
- Strong market demand for properties of this type.

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

- Capitalisation Rate: 4.125%
- Target IRR: 6.375%

6 VALUATION

6.1 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).

- Capitalisation Approach.
- Discounted Cash Flow Approach.

6.2 CAPITALISATION APPROACH

The estimated net effective market rental has been adjusted to reflect anticipated operating costs to produce a net income on a fully leased basis. The adopted fully leased net income has been capitalised in perpetuity from the valuation date at a capitalisation rate of 4.125%, which we feel reflects the nature, location and tenancy profile of the property when compared with current market investment criteria. We have then made various capital adjustments to the calculated core value, including:

- Calculation of reversions to market rent.
- Capital expenditure allowances.

Our valuation calculations are detailed as follows:

Market Capitalisation Analysis			
INCOME		Area (sqm)	Market Rent
Gross Rental Income	Plumbing World Limited	7,317.5	1,127,682
	Total Lettable Area / Total Market Rental Income	7,317.5	1,127,682
GROSS MARKET INCOME (Fully Leased)			1,127,682
OUTGOINGS	Statutory Expenses		(80,112)
	Operating Expenses		(91,377)
	Total Outgoings:		(171,488)
NET MARKET INCOME (Fully Leased)			956,194
CAPITALISED VALUE	@ 4.125%		23,180,461
CAPITAL ADJUSTMENTS			
Rent Adjustments	PV of Rent Reversions		(560,146)
	PV of General Capital Expenditure	*24 months*	(39,282)
	Total Capital Adjustments		(599,428)
		Capitalised Value	22,581,033
MARKET CAPITALISATION RESULT (rounded)			22,600,000

Capitalisation Sensitivity Analysis	
3.875%	24,050,000
4.125%	22,600,000
4.375%	21,250,000

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6.3 DISCOUNTED CASHFLOW APPROACH

The Discounted Cash Flow 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. A wide range of assumptions are made including a target or pre-selected internal rate of return, rental growth, occupancy, sale price of the property at the end of the investment horizon, potential capital expenditure, 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 11th year. The cash flow analysis comprises monthly income streams which we have discounted on a monthly basis.

The analysis proceeds on a before tax basis, and while we have not qualified any potential taxation benefits associated with the property, we are of the view that these are an issue which a prospective purchaser would reflect in its consideration. The analysis is predicated on the assumption of a cash purchase. No allowance for interest and other funding costs have been made.

Our key assumptions are detailed as follows:

Accommodation Type	Forecast Rental Growth (10 year average)	Renewal Probability	Lease Up Period
Industrial	3.01%	50%	6 months

Sinking Fund Allowance: 1.50% of Gross Income.

Capital Expenditure: Refer to Capital Expenditure section for specific comments.

Terminal Yield: 4.375%

This adopted rate reflects that at the end of the cash flow period the building will be 10 years older.

Target IRR: 6.375%

This adopted rate has been assessed based on our analysis of recent transactions, and the allowance and projections in our cash flow.

We provide our full workings as follows overleaf:

Discounted Cash Flow Analysis

GROWTH RATE FORECAST

Valuation Period / Year Ending	[CAGRs]	Year 1 Dec 22	Year 2 Dec 23	Year 3 Dec 24	Year 4 Dec 25	Year 5 Dec 26	Year 6 Dec 27	Year 7 Dec 28	Year 8 Dec 29	Year 9 Dec 30	Year 10 Dec 31
Growth Forecast	5 yrs / 10 yrs										
CPI	2.02% / 2.01%	2.07%	1.94%	2.07%	2.03%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Outgoings	3.47% / 3.51%	3.47%	3.36%	3.52%	3.50%	3.49%	3.51%	3.53%	3.55%	3.58%	3.60%
Net Face Rent (Industrial)	3.02% / 3.01%	3.07%	2.94%	3.07%	3.03%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

CASH FLOW ASSUMPTIONS

Lease Renewal Assumptions (Industrial)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Renewal Probability		50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%	50.00%
Expiry/Renewal for year	(sqm)	-	-	-	-	-	-	-	7,318	-	-
Letting Up	(mths)	6	6	6	6	6	6	6	6	6	6

New Lease Term	6 years	Review Frequency	2 yearly	Leasing Commissions - New	16%
New Lease Recoveries	Market	New Lease Reviews	ME	Leasing Commissions - Renewal	-

Capital Expenditure Assumptions	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overall Capital Expenditure (% of Gross Income)	2.2%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	7.8%	1.5%	1.5%
Generic Refurbishment Allowance @ Expiry	Industrial	$15 psm	-	$0 psm						

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

Valuation Period / Year Ending		Year 1 Dec 22	Year 2 Dec 23	Year 3 Dec 24	Year 4 Dec 25	Year 5 Dec 26	Year 6 Dec 27	Year 7 Dec 28	Year 8 Dec 29	Year 9 Dec 30	Year 10 Dec 31
Income											
Industrial		894	912	946	977	996	1,016	1,036	836	1,201	1,225
Recoverable Outgoings		174	180	187	193	200	207	214	166	230	238
Total Income		1,068	1,092	1,133	1,170	1,196	1,223	1,251	1,002	1,430	1,463
Less											
Statutory Expenses		-82	-86	-91	-95	-100	-105	-110	-116	-121	-128
Operating Expenses		-92	-94	-96	-98	-100	-102	-104	-106	-108	-110
NET INCOME		894	912	946	977	996	1,016	1,036	780	1,201	1,225
Capital Adjustments											
Leasing Commissions		-	-	-	-	-	-	-	-114	-	-
Capital Expenditure (budgeted/explicit)		-8	-	-	-	-	-	-	-	-	-
Refurbishment Allowance on Expiry		-	-	-	-	-	-	-	-64	-	-
General Capital Expenditure Allowance		-16	-16	-17	-18	-18	-18	-19	-15	-21	-22
CAPITAL ADJUSTMENTS		-24	-16	-17	-18	-18	-18	-19	-193	-21	-22
Selling Considerations										Net Market Rent End Yr 10	
										Sale Price	29,358
										Agent Commissions	-294
										Legal & Other Fees	-37
NET CASH FLOW		870	895	929	959	978	998	1,018	588	1,179	1,203
Running Yield (Cash Flow)		3.90%	3.90%	3.95%	3.97%	3.94%	3.91%	3.95%	2.22%	4.26%	4.24%
Running IRR (Cash Flow)		5.08%	5.85%	6.16%	6.31%	6.41%	6.18%	6.26%	6.34%	6.38%	6.42%

DISCOUNTED CASH FLOW RESULT (ROUNDED) 22,750,000

Purchase Considerations		
Purchase Price	22,650,000	
Stamp Duty	0	0.00%
Legal Fees/Due Diligence	28,313	0.13%
	22,678,313	
Selling Considerations		
Terminal Yield		4.38%
Disposal Cost	330,282	1.13%
Net Sale Proceeds		29,028,134

NPV @ Target Discount Rate	
Discount Rate	6.38%
DCF Result	22,750,000
Yr 1 Cash Flow Yield	3.84%
Partitioned IRR Analysis	
Income %	31.26%
Terminal Value %	68.74%

Terminal Value Calculations		
Gross Market Income		1,528,497
Less Adopted Outgoings		-242,129
Net Market Income		1,286,368
Core Capital Value @	4.38%	29,402,705
Reversions		-
Exp. Allowances (2.0 yrs)		-
Capex & Misc		-44,288
Terminal Value (before disp. costs)		29,358,417

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6.4 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 Analysis	Assessed Value	$22,600,000
	Adopted Capitalisation Rate	4.125%
Discounted Cash Flow Analysis	Assessed Value	$22,750,000
	Adopted Discount Rate	6.375%
	Adopted Terminal Yield	4.375%
Adopted Value		**$22,650,000**
Initial Yield		3.90%
Equivalent Yield		4.11%
10 Year IRR		6.42%
Rate $psm of GLA		$3,095
Rate $psm of Land Area		$2,358
WALT (by income)		7.4 years

We have applied an equal weighting between the adopted approaches.

The above valuation is plus GST (if any).

6.5 ADDITIONAL REQUIREMENTS

Previous Sale: The subject property sold in conjunction with 12 Harbour Ridge Drive for $31,159,000 plus GST on 17 June 2019. We have been advised by Oyster the sale price apportionment as follows:

- 101 McLaughlins Road: $18,159,000 plus GST.
- 12 Harbour Ridge Drive: $13,000,000 plus GST.

Contract of Sale: None of which we are aware.

Reasonable Selling Period: Circa 3 months assuming a typical marketing campaign.

Anticipated buyer demand/liquidity: Strong.

Likely purchaser profile: Institutions and syndicates.

7 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 our title search which may affect market value. However, in the event that a

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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.

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8 APPENDICES

RECORD OF TITLE

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD

Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **841803**
Land Registration District **North Auckland**
Date Issued 08 August 2018

Prior References
697042 697046

Estate Fee Simple
Area 9605 square metres more or less
Legal Description Lot 3 Deposited Plan 525619
Registered Owners
Oyster Industrial Properties Limited

Interests

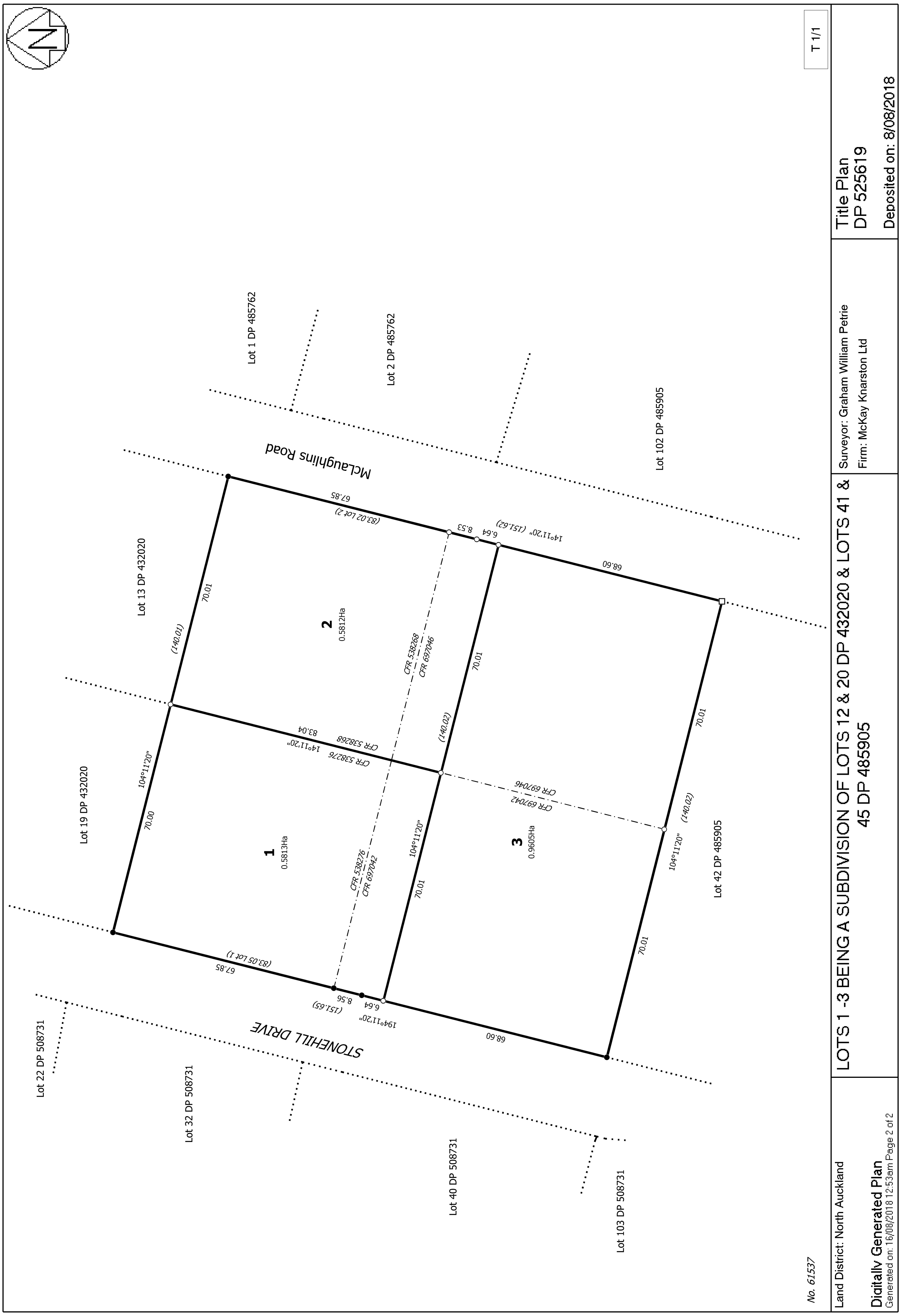
10888755.3 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 26.9.2017 at 3:12 pm

Land Covenant in Easement Instrument 10888755.5 - 26.9.2017 at 3:12 pm

11505013.1 Variation of Land Covenant created by Easement Instrument 10888755.5 - 3.9.2019 at 4:39 pm

11573454.2 Mortgage to Westpac New Zealand Limited - 21.10.2019 at 4:34 pm

11927776.1 Variation of Mortgage 11573454.2 - 29.1.2021 at 3:05 pm


T 1/1
Title Plan
DP 525619
Deposited on: 8/08/2018
Surveyor: Graham William Petrie
Firm: McKay Knarston Ltd
LOTS 1 -3 BEING A SUBDIVISION OF LOTS 12 & 20 DP 432020 & LOTS 41 & 45 DP 485905
Land District: North Auckland
Digitally Generated Plan
Generated on: 16/08/2018 12:53am Page 2 of 2
No. 61537
McLaughlins Road
STONEHILL DRIVE
Lot 1 DP 485762
Lot 2 DP 485762
Lot 102 DP 485905
Lot 13 DP 432020
Lot 19 DP 432020
Lot 42 DP 485905
Lot 22 DP 508731
Lot 32 DP 508731
Lot 40 DP 508731
Lot 103 DP 508731
1
0.5813Ha
2
0.5812Ha
3
0.9605Ha
CFR 538268
CFR 697046
CFR 538276
CFR 697042
67.85
(83.02 Lot 2)
8.53
6.64
14°11'20" (151.62)
68.60
70.01
(140.01)
83.04
14°11'20"
104°11'20"
70.00
(140.02)
(83.05 Lot 1)
8.56
(151.65)
194°11'20"

VALUATION DEFINITIONS AND TERMINOLOGY

Net Income Estimate, Fully Leased	The total current net income for the subject property plus the estimated income from vacant tenancies. The total current net income is the sum of the current base, outgoings recoveries and sundry income, less total outgoings expenses (including non-recoverable expenses). The estimated income from vacant tenancies reflects our market assessment of gross rent for these tenancies.
Net Passing Income	The sum of the current base, outgoings recoveries and sundry income, less total outgoings (including non-recoverable expenses).
Outstanding Tenant Incentives	The total cost of all outstanding tenant incentives as at the date of valuation including unexpired rent free periods, outstanding fitout or cash contributions and rental discounts.
Initial Yield	Initial yield reflects the net contract income (including any outgoings for vacant tenancies) as a percentage of the assessed value.
Adopted Capitalisation Rate (or Equivalent Yield)	The capitalisation rate applied within our valuation to the net income estimate fully leased (as defined above). The term equivalent yield (as utilised within our analysis of comparable sales) essentially reflects a derived capitalisation rate based on the analysed purchase price adjusted for any under/over renting, surplus land, capital expenditure, vacancy allowances and other below the line adjustments.
Terminal Yield	The capitalisation rate applied within our valuation to the net passing income forecast during Year 11 of our Discounted Cash Flow (DCF) analysis. From this capitalised amount capital adjustments are made to arrive at a selling price for the property at the end of Year 10 of the DCF. Our adopted Terminal Yield is supported by the estimated terminal occupancy profile and the capital expenditure allowed throughout the cash flow, and at the end of the projection, which reflects efficient asset management practices in ensuring the property maintains its competitive position with its peer group.
Target Internal Rate of Return (IRR)	The discount rate applied to the annual net cash flows of the property and the hypothetical sale of the property at the end of Year 10 to arrive at the adopted value (excluding any balance land) using the Discounted Cash Flow 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.

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