



Commercial Market Valuation for Capital Raising Purposes

**26 Sharpe Road
Rukuhia
Hamilton**

**Prepared for:
PMG Generation Fund Trustees Limited
C/- Property Managers Group
PO Box 2034
Tauranga 3140**

Attention: Mr Nigel Lowe

Date: 31 March 2021

Reference: 0121-16

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1. Executive Summary

Instructed by:	Prisillia Woe of PMG Funds Limited (“The Company”)
Purpose of Valuation:	<p>Market Value Assessment on the subject property for capital raising purposes including use within the Product Disclosure Statement as required by the Financial Markets Conduct Act.</p> <p>Our report is confidential to the parties to which it is addressed and to the prospective subscribers for units in PMG Generation Fund as part of a capital raising exercise. No responsibility is accepted to any other third parties.</p> <p>Neither the whole of the report, nor any part of it, or any reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval to the form and context in which it will appear. This does not preclude PMG Property Funds Management Limited from providing to prospective subscribers for units in PMG Generation Fund.</p>
Coronavirus (COVID-19):	Local and international markets will come to terms with Coronavirus and the impact or unclear impact this may have on the property market. A regular review of our report should be undertaken as circumstances are prone to change over a short time frame. This is an integral part of any approved party relying on our report.
Date of Inspection:	15 February 2021 – an external inspection only
Date of Valuation:	31 March 2021
Valuation:	<p>NZD\$29,850,000 (TWENTY NINE MILLION EIGHT HUNDRED AND FIFTY THOUSAND DOLLARS)</p>

Our valuation is on the basis of plus GST (if any) and reflects the following

Analysis

Value per sqm of GLA	\$1,864
Value per sqm of Land Area	\$733
Initial Yield	5.20%
Yield on Net Market Income	5.32%
Weighted Average Remaining Lease Term	4.92 years

Valuation Approaches:	Capitalisation of income; land and buildings; and discounted cashflow.
Purchase Price:	N/A



1.1 Assumptions

In preparing our valuation we have made the following assumptions:

- An annual contract rent of \$1,551,751 plus GST from March 2019.
- The vendor undertook any identified deferred maintenance or capital expenditure as identified by a qualified building surveyor and completed prior to settlement.
- No material property or market changes between the date of inspection and date of valuation.

Should any of these assumptions change or not be met, we reserve the right to reassess our opinion of value accordingly.

1.2 Key Considerations

Condition:

The condition comments refer to our date of inspection of 7 November 2019.

Offices: Generally positioned within the shell of the warehouse and considered to provide average to good quality office accommodation in an industrial context.

Warehouse & Canopy: Good

Saleability:

Average to good, providing a significant industrial facility in the context of the Waikato region, leased to Torpedo 7 Limited which is wholly owned by the NZX listed The Warehouse Group, although at 4.92 years a slightly shorter than preferred unexpired lease term.

The property also has surplus land of some 1.7675ha which has an encumbrance to Waikato Regional Airport until 26 April 2114 but with both Deferral and Put Options at that time if not required for Core Airport Activities. That could allow further development opportunity in the interim.

Property Type:

A 2013 completed industrial building providing ground and first floor offices of some 577.68sqm of a total estimated rentable area of 16,009.69sqm. The floor area includes some 93.3% warehouse or canopy and occupies 3 sites with a combined land area of 40,710sqm. Site coverage is approximately 38.6%.

Torpedo 7 Limited lease Lot 2 DP 450467 and Lot 1 DP 44156 which contains a freehold land area of 23,035sqm. This Lease is for 10 years from 3 March 2016 with four 9-year rights of renewal available.

The property has a net annual contract rent of \$1,551,751 plus GST which represents an average rent of \$96.93 per sqm. That rent is likely to grow around 4% at the next rent review on 3 March 2022. Subsequent reviews are on 3 March 2026 and 3-yearly thereafter including any renewal dates. The Lease provides rent increases of the lower of CPI or 2.5% for every 12 months



since the last scheduled rent review date. A market review is available on each renewal date to between 90% and 110% of the annual rent payable immediately prior to the relevant review date.

The property occupies a north-eastern location in Titanium Park, a significant industrial subdivision adjoining Hamilton Airport some 15km south of Hamilton CBD. A variety of development has and continues to occur in the area. Industrial investment demand has included the 2019 sale of the nearby Visy Board manufacturing plant at an initial yield of 4.97% for a 36,000sqm facility, with Waikato property investment demand continuing throughout 2020 on the back of a low interest rate environment and fiscal stimulus.



2. Property Description

2.1 Legal Description and Interests

25 Sharpe Road

Identifier	576455
Land Registration District	South Auckland
Estate	Fee Simple
Area	1.7675 hectares more or less
Legal Description	Lot 1 Deposited Plan 450467
Registered Owners	PMG Generation Fund Trustees Limited

26 Sharpe Road

Identifier	576456
Land Registration District	South Auckland
Estate	Fee Simple
Area	1.9775 hectares more or less
Legal Description	Lot 2 Deposited Plan 450467
Registered Owners	PMG Generation Fund Trustees Limited

341 Airport Road

Identifier	SA38B/452
Land Registration District	South Auckland
Estate	Fee Simple
Area	3260sqm more or less
Legal Description	Lot 1 Deposited Plan South Auckland 44156
Registered Owners	PMG Generation Fund Trustees Limited

Records of Title

Address	Lot	DP	Identifier	Area (sqm)
25 Sharpe Rd	1	450467	576455	17,675
26 Sharpe Rd	2	450467	576456	19,775
341 Airport Rd	1	44156	SA38B/452	3,260
Total Land Area				40,710

Outstanding Interests:

Interests include:

576455

- B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm (affects part formerly Lot 13 DP 407016)
- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)



- 8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm
- Subject to a right (in gross) to convey water and sewage over part marked H on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey telecommunications, computer media and electricity over part marked H on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36pm
- The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991
- Appurtenant hereto is a right of way and a right to convey telecommunications and computer media created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm
- 8988849.18 Encumbrance to Waikato Regional Airport Limited - 3.4.2012 at 12:36 pm
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576456 and SA38B/452) - 1.11.2012 at 4:35 pm
- 10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 – 27.2.2019 at 7.00 am
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am
- 11721224.4 Mortgage to ASB Bank Limited 31.03.2020

576456

- B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm



- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)
- 8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm
- Subject to a right (in gross) to convey water and sewage over parts marked D and C and a right of way pedestrian over part marked J all on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right (in gross) to convey telecommunications, computer media and electricity over parts marked D and C on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right of way and a right to convey telecommunications and computer media over part marked C on DP 450467 created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm
- The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991
- Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and SA38B/452) - 1.11.2012 at 4:35 pm
- 9260357.1 Encumbrance to Waipa District Council - 12.3.2013 at 11:10 am
- Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 461788 in favour of WEL Networks Limited created by Easement Instrument 9667772.2 - 27.5.2014 at 9:54 am
- 10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 – 27.2.2019 at 7.00 am
- 11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and
- RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am



- 11721224.4 Mortgage to ASB Bank Limited 31.03.2020

SA38B/452

- B537026.1 Gazette Notice declaring the adjoining State Highway No. 21 (Narrows Bridge - SH3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm
- B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am
- 9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and 576456) - 1.11.2012 at 4:35 pm
- 10514109.3 Mortgage to Bank of New Zealand - 1.8.2016 at 4:13 pm
- 11721224.4 Mortgage to ASB Bank Limited 31.03.2020

Interest Comments:

576455

8988849.18 is an encumbrance between Titanium Park Limited and Titanium Park Development Limited as Encumbrancer and Waikato Regional Airport Limited as Encumbrancee. We have assumed the affected land (Lot 1 DP 450467 1.7675 ha) will be owned by PMG.

This encumbrance provides:

- a) The Encumbrancee (Waikato Regional Airport) have an option to acquire for Core Airport Activities but only after 99 years ("Option Date") from 27 April 2015
- b) If Land is not required by the Encumbrancee on Option Date, then the Option Date can be deferred 50 years (perpetual option) subject to payment of a deferral fee
- c) The Encumbrancer (assumed PMG) have a Put Option after the Option Date which if exercised requires the Encumbrancee to purchase the Land and Improvements for \$1
- d) If the Encumbrancee exercises the right to acquire the Land prior to the Option Date the effect and implications of this Encumbrance shall be taken into account in the calculation of compensation under the compensation provisions as set out in the Public Works Act 1981

576456

9260357.1 is an encumbrance to Waipa District Council as the northern wall of the building constructed on Lot 2 DP 450467 does not comply with clause C.3 or C.4 of Schedule 1 of the Building Regulations 1992 ("The Building Code") and that the north wall is not constructed so as to prevent the effects of the spread of fire to the neighbouring property. This encumbrance shall remain until the building on Lot 2 DP 450567 complies with the Building Code, or until such other time as the encumbrance is considered by the Encumbrancer to no longer be required.



Common Interests to 576455 and 576456

B537026.1 confirms the adjoining State Highway 21 to be a limited access road.

B632968.1 identifies SA38B/452 as being a limited access road crossing.

11369927.1 Court Order pursuant to Section 317 of the Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT for 24715 excluding the area marked B on DP 531319. Area B sits to the western side of Lot 1 DP 450467

Common Interests to 576455, 576456 & SA38B/452

9226243.1 is a certificate affecting all 3 lots specifying they must not be transferred or leased except in conjunction with the other allotments.

We have considered these interests in assessing our value of the property.

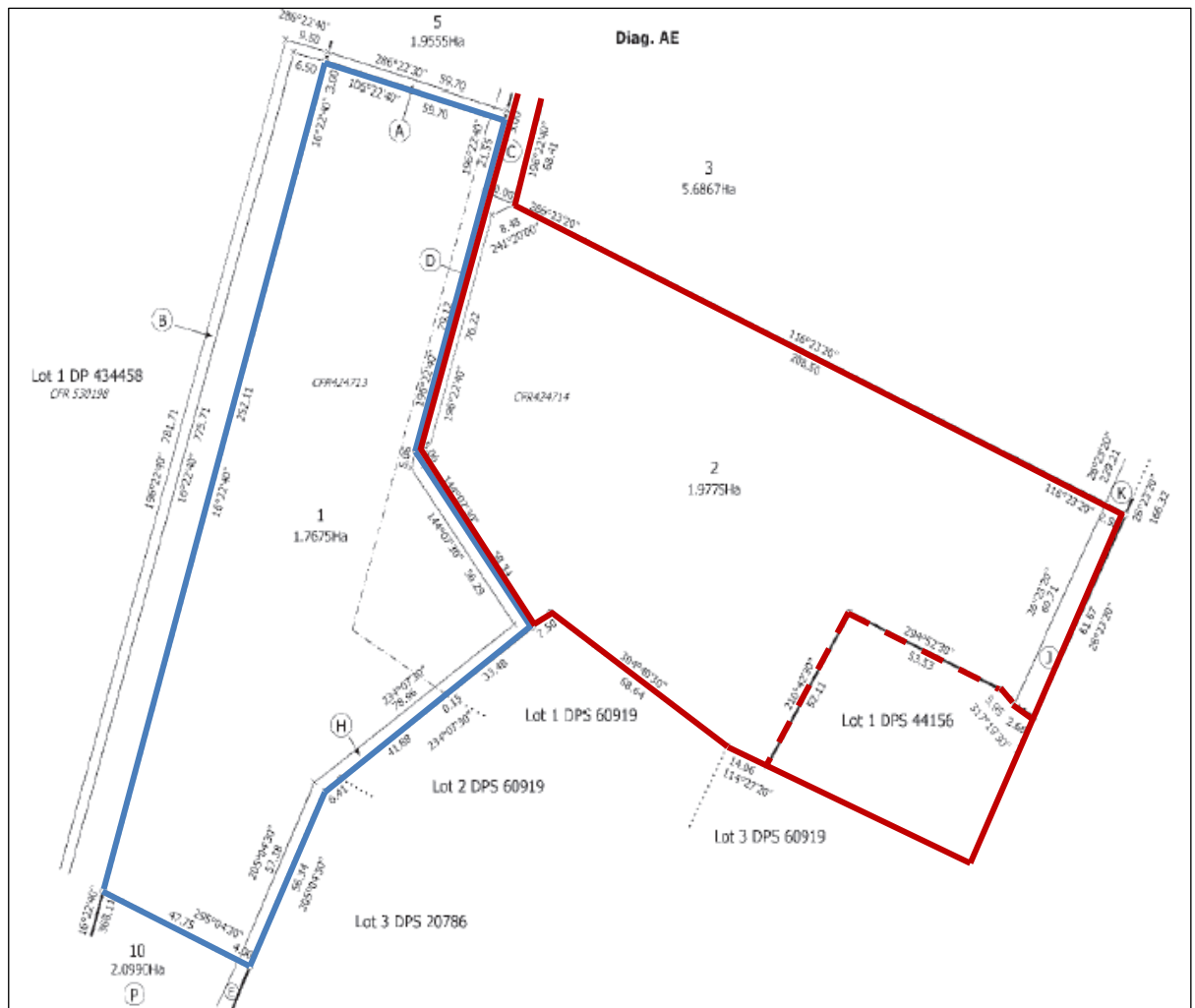
2.2 Land Description

Site Description:

The buildings occupy Lot 1 DP 44156 containing 3,260sqm and Lot 2 DP 450467 containing 1.9775ha representing a combined land area of 23,035sqm. These sites can be accessed off a 10m wide and 68.4m long ingress strip at the southern end of Sharpe Road providing secure access to the yard and canopy areas. The main warehouse occupies a large proportion of this land being positioned to its northern, eastern and southern boundaries.

The encumbranced site is comprised in Lot 1 DP 450467 and contains 1.7675ha. That is partly sealed with open car parks for some 106 spaces. There is a grassed area to both the northern and southern end of the parking. The land is of a generally level contour.







Zoning & Town Planning:

The land is zoned Airport Business Zone (Titanium Park) under the Waipa District Plan 2016. The zone recognises that Hamilton International Airport is a facility of economic and social importance to the Waikato region. The business zone associated with it (Titanium Park) has been established to leverage off the advantages of locating industrial and business activities adjacent to an airport. Stated objectives include the ability to enable development of a strategic important business park around the airport, including integration of development with the airport's operational requirements, integration with the State Highway network, provision for public transport and other alternative transport modes such as walking and cycling, and provision for safe and sustainable road access from the road networks.

Further policy includes ensuring that the costs of any infrastructural services or upgrades needed... are met by those parties that create the need for such services or upgrades.

Permitted activities include:

- General and commercial aviation activities and buildings
- Industrial activities
- Transport and freight depots, and bus depots
- Vehicle rental and valet services, vehicle parking and storage
- Emergency service facilities



- Helicopter pads and facilities for their servicing and management
- Utility services and utility structures, including navigational aids and control towers
- Storage and sale of aircraft fuel and lubricants
- Service stations and commercial garages
- Cafes, restaurants, takeaway food outlets and licensed premises
- Visitor accommodation
- Places of assembly
- Conference facilities
- Offices (excluding Titanium Park Southern and Northern Precinct)
- Titanium Park Southern and Northern Precinct offices ancillary to any permitted activity
- Laboratories and research establishments
- Hire facilities and building supply outlets
- Storage warehouses
- Education facilities
- Aviation education training
- Retail activities and wholesale shops, subject to Rules 10.4.2.11 and 10.4.2.12
- Earthworks
- Temporary construction buildings
- Signs
- Demolition and removal of buildings and structures
- Relocated buildings

A selection of controlled and restricted discretionary activities is also provided.

Non-complying activities in the Northern Precinct include:

- Offices
- Retail activities and wholesale shops
- Visitor accommodation
- Healthcare facilities
- Education facilities

Development controls include:

Minimum Building Setback from Road Boundaries

Internal road boundaries not adjacent to a landscaped drainage swale:	3m
For sites adjacent to landscaped swale:	0m
For road boundaries fronting a State Highway:	5m
For all other sites fronting Raynes Road or a State Highway:	15m

Height

No building shall exceed 20m in height although some additional height requirements can apply.



Resource & Building Consent:

Building consents were issued for the erection of a new distribution centre/warehouse in October 2012 with Code Compliance Certification issued 20 June 2013. Further building consent was issued for the installation of a sprinkler and racking system in February 2013. A further building consent was issued to install extra racking into the existing warehouse in October 2018 with Code Compliance issued 30 April 2019.

We have proceeded on the basis that there are no outstanding building consents or Code Compliance Certification for the property as developed.



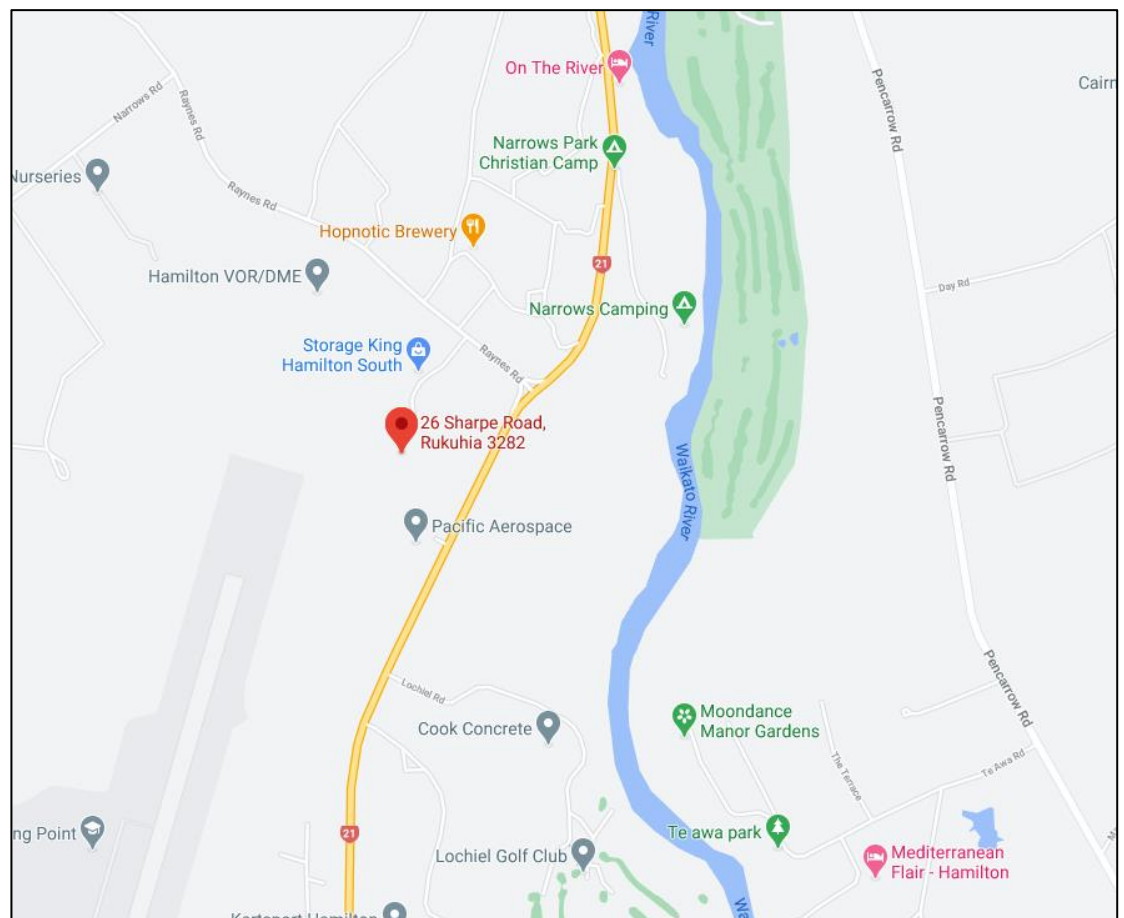
Situation & Locality:

Sharpe Road is a sealed no-exit road extending in a southerly direction off Raynes Road which in turn runs between Airport Road in the east and State Highway 3 effectively circling around Hamilton Airport.

Titanium Park is the industrial development occupying land to both the northern and southern end of Hamilton Airport to both its western and eastern sides. The location is seeing progressive development undertaken with the two most significant being the subject building occupied by Torpedo 7 and a freestanding building occupied by Visy Board. Other development includes smaller units whilst development is advanced for Tekplas in nearby Raynes Road. Also, Mystery Creek, where field days and a variety of events are staged, is within 2km. Beyond the airport are generally rural, agricultural, equine and horticulture land uses.

In this position, the property is approximately 15km south of Hamilton's CBD, a similar distance north of Cambridge and Lake Karapiro. Auckland City is some 150km to the north via various State Highway and Waikato Expressway roads.

The wider area is favourably accessed to Hamilton, Rotorua and Tauranga.



2.3 Description of Improvements

Floor Area:

We have reviewed the plans and rentable areas provided to us although no formal survey exists. On site we took selective check measurements which align with the areas provided. Accordingly, our estimation of rentable areas is contained in the following schedule.

Floor Area Summary

Description	Occupier	Rentable Area sqm	Total Property %
Ground Office	Torpedo 7 Ltd	288.84	1.8%
First Floor Office	Torpedo 7 Ltd	288.84	1.8%
Warehouse	Torpedo 7 Ltd	13245.05	82.7%
Charging Bay	Torpedo 7 Ltd	419.43	2.6%
Sprinkler Room	Torpedo 7 Ltd	37.82	0.2%
Loading Canopy	Torpedo 7 Ltd	1581.38	9.9%
Side Canopy	Torpedo 7 Ltd	105.63	0.7%
Workroom	Torpedo 7 Ltd	21.35	0.1%
Storage	Torpedo 7 Ltd	21.35	0.1%
Adopted Rentable Area		16009.69	100.0%

We estimate site coverage is approximately 38.6% over the entire land holding.

The Lease directive is for internal measurement which is contrary to the majority of externally measured industrial properties.

Construction:

Construction consists of:

Warehouse

<i>Foundations:</i>	Reinforced concrete slab on compacted hardfill
<i>Flooring:</i>	Concrete
<i>Structural:</i>	RSJ columns and beams with internal structural support
<i>Exterior:</i>	Precast concrete panel to dado height with vertical profiled metal above
<i>Roof:</i>	Profiled metal on netting and sisalation over galvanised metal purlins
<i>Sprinklered:</i>	Yes
<i>Roller Doors:</i>	6 automatic roller doors to the western canopy loading area
<i>Ventilation:</i>	Roof mounted ventilation system
<i>Stud Heights:</i>	9.0m to 13.3m



Offices

<i>Flooring:</i>	Concrete slab to ground floor and screwed particle board or similar to the first floor
<i>Glazing:</i>	Aluminium framed
<i>Ceiling:</i>	Suspended ceiling on metal grid
<i>Lighting:</i>	Recessed lighting in frosted trays
<i>Air-conditioning:</i>	Roof mounted cassette systems
<i>Lifts:</i>	No
<i>Sprinklered:</i>	Yes

Layout & Amenities:

Vehicle access to the site splits to the west for staff and visitor parking on part of the surplus land, and straight ahead for goods delivery. The goods delivery has secure gated entry and opens onto a large sealed concrete yard which extends through to the goods loading canopy. Adequate B train circulation is available for both ingress and egress. The canopy extends into the warehouse which is a large high stud building with central column supports. To the southern side of the warehouse is an electric vehicle charging station. To the south-western corner of the building within the shell of the warehouse is ground and first floor offices and amenities. Extending from the first floor is an open deck looking out towards Hamilton Airport. Below the deck is pedestrian access to the carpark.

Fixtures & Fittings:

Standard fixtures and fittings within the tenancy includes:

Lunchroom

- 2 stainless steel sinks
- Formica benchtop with island servery
- Dishwasher recess
- Ample cupboarding
- Linoleum flooring

Male Bathroom

- 4 ceramic urinals
- 3 ceramic WCs
- 3 ceramic hand basins
- Linoleum flooring
- Locker room adjacent

Female Bathroom

- 4 ceramic WCs
- 3 ceramic hand basins
- Linoleum flooring
- Locker room adjacent



Site Improvements: These include the sealed driveway off the southern end of Sharpe Road onto a 10m wide access strip which breaks to the west for staff and visitor parking. That area has an asphalt seal with 106 open car parks available to a flood-lit area. To both the north and south of these car parks are grassed fields. Wire and mesh fencing is generally to boundaries with a landscaped area with established trees to the eastern Airport Road frontage.

Reticulation of Services: Telephone, electricity and town water are all connected.

Building Warrant of Fitness: The building has a current Warrant of Fitness valid until 20 June 2021 as issued by Argus Fire Protection.

Code Compliance: Code Compliance Certification was issued for the following:

BC/0003/12	Stage 1 - Erect new distribution centre CCC issued 20 June 2013
BC/0028/13	Install sprinkler and racking systems in new building CCC issued 20 June 2013
BC/0944/18	Install extra racking into existing warehouse CCC issued 30 April 2019

We have proceeded on the basis that this is a complete summary of existing building consents and Code Compliance Certification, and that there are no outstanding Code Compliance Certificates.

Seismic Rating: BCD Group were structural engineers for the development of the building which was constructed by Foster Construction in 2013. In a letter dated 11 September 2019, BCD Group confirmed that the building was designed in compliance with the then building code, and all necessary consents/approvals from the relevant lawful authorities as of 2013. The building was designed to a seismic loading of no less than 100% ULS loading. On that basis BCD Group confirm that would equate to 100% of New Building Standard rating as at the date of their letter.

We have proceeded on the basis that the building has an NBS rating as indicated by the above letter.



Photos:



North-western aspect and carparking



Carparking



Surplus land



Surplus land toward carparking



Office and canopy



South-western aspect





Western aspect



Canopy and secure yard



Secure yard



North-eastern aspect



North-eastern aspect



Southern aspect



Photos from November 2019



Internal warehouse



Internal warehouse



Internal warehouse



Load out area



Internal warehouse



Internal warehouse





Internal warehouse



Internal warehouse



Canopy



Canopy



Yard and canopy



Yard and canopy





Yard



Sprinklers



Access road



Male locker room

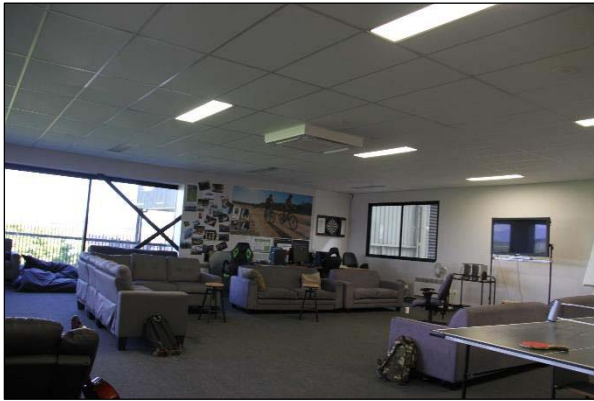


Male bathroom



Male bathroom





Level 1 office



Warehouse from Level 1



Level 1 office



Canopy from Level 1 deck



Level 1 kitchen



Level 1 deck



3. Occupancy Arrangements

3.1 Lease Summary

Executed Deed of Lease dated 4 March 2016

Landlord	Keewee Group Limited
Tenant:	Torpedo7 Limited
Guarantor:	
Lease Format:	Sixth Edition 2012 with variations
Premises:	All the land and building at Titanium Park, Hamilton Airport, the land being Lot 2 DP 450467 and Lot 1 DPS 44156 as more particularly described in identifiers 576456 and 38B/452 (South Auckland Land Registry) but excluding the area shown as area "C" on Lot 2 DP 450467 which the parties acknowledge is a shared accessway which may be used by the Tenant, its employees, customers and invitees in conjunction with the owner, occupiers, users and invitees from time to time of the adjacent land being Lot 1 DP 450467 and more particularly described in identifier 576455 (South Auckland Land Registry) (Adjacent Land).
Car Parks:	<ol style="list-style-type: none"> 1. The exclusive right to use the car parks which are located on Lot 2 DP 450467 and Lot 1 DPS 44156. 2. A licence to use those car parks situated on the Adjacent Land in the area hatched on the attached Carpark Plan on the terms set out in clauses 35.2, 35.3 and 35.4 during the term of this lease but subject to the right of the owner, occupiers, users and invitees from time to time of the Adjacent Land having the right to pass and repass over the vehicle lanes on the Adjacent Land and those car parks when they are not being used. To avoid doubt, the parties acknowledge that clause 35.1 shall not apply to the car parks situated on the Adjacent Land.
Term:	10 years
Commencement Date:	3 March 2016
Rights of Renewal:	Four rights of 9 years each
Renewal Dates:	3 March 2026, 3 March 2035, 3 March 2044 and 3 March 2053
Final Expiry Date:	2 March 2062
Initial Annual Rental:	Premises: \$1,450,000 plus GST
	Carpark: Nil
	Total: \$1,450,000 plus GST
Indexed Rent Review:	From 3 March 2019: \$1,551,751 plus GST
Rent Review Dates:	1 May 2016, 3 March 2019, 3 March 2022, 3 March 2026 and thereafter at 3 yearly intervals (including subsequent renewal dates)



Business Use:	Warehousing and distribution centre and subject to clauses 16.1 and 38.2, any other use permitted from time to time by the relevant territorial authority.
Proportion of Outgoings:	100%
Landlord's Insurance:	<p>Cover for the building and common areas against damage and destruction by fire, flood, explosion, lightning, storm, earthquake, and volcanic activity.</p> <p>Type of Cover: Full replacement and reinstatement (including loss, damage or destruction of windows and other glass), but subject to clause 23.5.</p> <p>Cover for the following additional risks: 12 month indemnity in respect of consequential loss of rent and outgoings; loss, damage or destruction of any of the Landlord's fixtures, fittings and chattels; and public liability.</p>
Outgoings:	Modified recovery of outgoings as provided under the Lease Format, specifically excluding management expenses, insurance valuation fees, and car parking maintenance and repair charges.
Additional Clauses:	<p><u>2.1 Rent Review</u></p> <p>Subject to clause 32.2, the annual rent may be reviewed by either party on each review date to the lower of:</p> <ul style="list-style-type: none"> a) The CPI adjusted rent; and b) The amount equivalent to the annual rent payable during the period of 12 months immediately preceding the relevant review date (disregarding any rent holiday) increased by 2.5% for every 12 months since the last scheduled rent review date (for example, if the last scheduled rent review date was 3 years prior, the increase would be 7.5%), <p>but in no circumstances shall the new rent on any rent review date be less than the rent payable at the commencement date of the then current term (disregarding any rent holiday). Neither party is entitled to initiate a rent review later than 6 months after a review date, time being of the essence.</p> <p><u>Floor Areas</u></p> <p>For the purposes of determining the rentable area of the premises (if applicable), reference shall be made to the definition of rentable area under Method of Measurement 3 in the "Guide for the Measurement of Rentable Areas" jointly published by Property Institute of New Zealand (PINZ) and the Property Council of New Zealand (PCNZ) (2006 revision) provided that:</p> <ul style="list-style-type: none"> a) pillars and abutments in the floor space shall be excluded from the rentable area; and b) the measurement of any parts of the premises which are enclosed by walls shall be taken to the internal face of those walls. <p><i>NB. Industrial premises are typically measured on a gross basis. The affect of this for the subject property is that the rentable area will be slightly smaller than an equivalent neighbouring property. However, the general indexation of the rent is unlikely to see this play any significant part in the establishment of rental. Upon expiry of the lease, it is likely to be of minor</i></p>



benefit to the Lessor as they should be able to lease out on a gross basis if that is the prevailing standard at that time.

8.6 Notwithstanding any other provision in this lease, if the Tenant is Torpedo7 Limited, the Tenant is not required to repaint or redecorate the interior and exterior of the building at the expiry or early termination of this lease.

11.1 Landlord's Maintenance

Subject to clause 8.3, the Landlord shall maintain all building services (including but not limited to air conditioning system) in the premises in good order and repair at all times. The Landlord shall replace major components of the building services at the Landlord's cost when their replacement is necessary to ensure the building services are in good order and repair. All replacements parts must be of no less a quality than the replaced part and all contractors undertaking the works must first be approved by the Tenant, such approval not to be unreasonably withheld or delayed. For the avoidance of doubt, the cost of consumables and regular service maintenance charges shall be payable by the Tenant as outgoings if the Tenant is not arranging the service maintenance contract directly pursuant to clause 8.3.

27.5 No Access in Emergency

If there is an emergency and the Tenant is unable to gain access to the premises to fully conduct the Tenant's business... because of safety reasons of the public or property...

(c) Restriction on occupation of the premises by any competent authority

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 to the premises to fully conduct the Tenant's business from the premises until the inability ceases.

32.2 Market Rent Review on Each Renewal Date

(d) Notwithstanding any other provision in this lease, the annual rent payable as from the relevant renewal date cannot be:

- (i) less than 90% of the annual rent payable immediately prior to the relevant renewal date; or
- (ii) more than 110% of the annual rent payable immediately prior to the relevant renewal date.

Landlord's Fixtures & Fittings:

- Whiteware
- All fixed floor coverings
- IT fit out
- Light and electrical fittings
- Security system cameras/alarm/smoke detectors
- Fixed joinery
- All heating and ventilation systems
- Lockers in men's/women's changing rooms
- Sanitaryware



-
- Landscaping
 - Hard fitout of the office
 - Lunchroom
 - Changing facilities
 - Sprinklers
 - 6 electronic mechanical doors
-

Overall Lease Comment

A comprehensive lease arguably slightly in favour of the Tenant. The overall rental change is to be the lower of CPI or 2.5% per annum but reviewed 3 yearly and 4 yearly from 2022. Arguably this may see the rent remain below market which could influence the occupiers' decision to relocate to alternate premises. It also could see lower rental reversion should an alternate occupier need to be secured.

Certain Landlord capital expenditure is likely at the end of the lease including repainting and general refurbishment. That is a cost that can be budgeted for prior to arising.

3.2 Outgoings

We have been provided with a budget of recoverable outgoings and show these in the following schedule.

Item	Adopted Outgoings	
	\$pa	\$psm
Rates	37,314	2.33
Other Adopted Charges	66,766	4.17
Total Adopted Outgoings	104,080	6.50

At \$6.50 per sqm, outgoings would appear to be low in a local industrial context and compare with industrial outgoings of typically between \$15 to \$20 per sqm in Auckland. Outgoings such as insurance valuation fees and management are a non-recoverable cost in the current situation.

In the situation of single tenant occupation, the tenant may meet some operating expenses directly.



3.3 Analysis of Existing Rent

Our analysis of the existing contract rent is contained in the following schedule.

Tenant	Tenancy	Area (sqm)	Passing Rent		Unrecovered Opex		Net Contract Rent	
			(\$pa)	(\$psm)	(\$pa)	(\$psm)	(\$pa)	(\$psm)
<i>Tenancies</i>								
Torpedo 7 Ltd	Ground Office	288.8	46,373	160.55	0	0.00	46,373	160.55
Torpedo 7 Ltd	First Floor Office	288.8	46,373	160.55	0	0.00	46,373	160.55
Torpedo 7 Ltd	Warehouse	13,245.1	1,324,505	100.00	0	0.00	1,324,505	100.00
Torpedo 7 Ltd	Charging Bay	419.4	37,749	90.00	0	0.00	37,749	90.00
Torpedo 7 Ltd	Sprinkler Room	37.8	3,404	90.00	0	0.00	3,404	90.00
Torpedo 7 Ltd	Loading Canopy	1,581.4	86,976	55.00	0	0.00	86,976	55.00
Torpedo 7 Ltd	Side Canopy	105.6	3,169	30.00	0	0.00	3,169	30.00
Torpedo 7 Ltd	Workroom	21.4	2,562	120.00	0	0.00	2,562	120.00
Torpedo 7 Ltd	Storage	21.4	641	30.00	0	0.00	641	30.00
Total		16,009.7	1,551,751	96.93	0	0.00	1,551,751	96.93

This is our own analysis of the existing contract rent which may have been agreed differently between the parties, and is a result of the indexation of the rent at the available March 2019 review.



4. Rental Evidence

An integral part of assessing an investment approach to value is assessing the relativity of the contract rent with the prevailing market rent, or in the situation where the premises is vacant, a probable market rent. A summary of recent larger leases from Hamilton and Auckland markets are summarised in the following schedules.

Address	Burbush	NL	10 yrs
Tenant	Hamilton	Net	Fixed annual, market yr 5 & on renewal w cap/collar
Date	2021		5 months rent free
Premises	Area sqm	\$p.a	\$per sqm
Office	250.0 sqm	\$58,750	\$235.00
Warehouse	1985.0 sqm	\$238,200	\$120.00
Canopy	275.0 sqm	\$17,875	\$65.00
Premises sub total	2510.0 sqm	\$314,825	\$125.43
Yard	830 sqm	\$20,750	\$25.00
		\$335,575	
Contract Rent		\$335,575	\$133.70

Address	Burbush	NL	8 yrs, 1*2yr renewals
Tenant	Hamilton	Net	2% p.a increases until market review start yr 5
Date	2021		6 months half rent from commencement
Premises	Area sqm	\$p.a	\$per sqm
Office	353.3 sqm	\$70,658	\$200.00
Warehouse	2080.9 sqm	\$237,223	\$114.00
Canopy	201.1 sqm	\$10,057	\$50.00
Premises sub total	2635.3 sqm	\$317,938	\$120.64
Yard	1662 sqm	\$33,246	\$20.00
		\$351,184	
Contract Rent		\$351,184	\$133.26

Address	Te Rapa	NL	9 yrs
Tenant	Hamilton	Net	8m stud
Date	Mar-20		
Premises	Area sqm	\$p.a	\$per sqm
Office	353.0 sqm	\$73,424	\$208.00
Warehouse	1512.0 sqm	\$199,584	\$132.00
Canopy	192.0 sqm	\$10,944	\$57.00
Level 1 deck	18.0 sqm	\$1,710	\$95.00
Premises sub total	2075.0 sqm	\$285,662	\$137.67
Annual Rent		\$286,000	



Address	Burbush	RR	
Tenant	Hamilton	Net	
Date	Jul-19		
Premises	Area sqm	\$p.a	\$per sqm
Office & Amenities	992.0 sqm	\$178,560	\$180.00
Warehouse	3840.0 sqm	\$422,400	\$110.00
Sorting area	1144.0 sqm	\$160,160	\$140.00
Loading bay	154.0 sqm	\$13,860	\$90.00
Canopy	2074.0 sqm	\$145,180	\$70.00
Bike shed	167.0 sqm	\$12,525	\$75.00
Premises sub total	8371.0 sqm	\$932,685	\$111.42
Courtyard	100 sqm	\$5,000	\$50.00
		\$937,685	
Annual Rent		\$938,000	

Address	Melville	RR	
Tenant	Hamilton	Net	
Date	Aug-19		
Premises	Area sqm	\$p.a	\$per sqm
Offices	481.5 sqm	\$72,225	\$150.00
Warehouse	3630.8 sqm	\$381,234	\$105.00
Canopy	724.0 sqm	\$28,960	\$40.00
Undercroft storage	69.3 sqm	\$4,158	\$60.00
Storage room	24.9 sqm	\$1,743	\$70.00
Mezzanine storage	112.5 sqm	\$5,625	\$50.00
Entry canopy	36.0 sqm	\$720	\$20.00
Premises sub total	5079.0 sqm	\$494,665	\$97.39
Annual Rent		\$495,000	

Address		NL	12 yrs
Tenant		Net	
Date			
Premises	Area sqm	\$p.a	\$per sqm
Office	375.0 sqm	\$67,500	\$180.00
Warehouse	3243.0 sqm	\$366,459	\$113.00
Premises sub total	3618.0 sqm	\$433,959	\$119.94
Sealed yard	3,060 sqm	\$55,080	\$18.00
		\$489,039	
Annual Rent		\$489,000	



4.1 Market Evidence Summary

More recent Waikato industrial leases, albeit for smaller tenancies, have achieved warehouse rentals of between \$114 and \$125 per sqm, and between \$200 and \$235 per sqm for the office. In addition, yard rentals have been established at between \$20 and \$25 per sqm. These smaller tenancies typically have rent rolls of between \$250,000 and \$350,000 per annum and are significantly smaller than the subject. Larger tenancies in Hamilton are achieving warehouse rentals of between \$100 and \$110 per sqm, and office rentals of between \$150 and \$180 per sqm. There are also examples of supplementary rents being paid for the likes of storage rooms, mezzanine and canopy in premises where the annual rental is in the range of \$500,000 through to \$950,000.

We have also considered some selective Auckland warehouse rentals for larger tenancies and show a summary of these in the following schedule.

Address	Wiri	NL	7 yrs
Tenant	Auckland	Net	
Date	2021		
Premises	Area sqm	\$p.a	\$per sqm
Ground & Logistics office	327.0 sqm	\$76,845	\$235.00
Warehouse	8060.0 sqm	\$1,007,500	\$125.00
Breezeway	2004.0 sqm	\$132,264	\$66.00
Canopy	51.0 sqm	\$3,366	\$66.00
Premises sub total	10442.0 sqm	\$1,219,975	\$116.83
Premises (excl breezeway/canopy)	8387.0 sqm	\$1,084,345	\$129.29
Carparks	51 spaces	\$0	\$0.00
		\$1,219,975	
Contract Rent		\$1,219,975	\$116.83

Address	Mangere	NL	15 yrs
Tenant	Auckland	Net	
Date	Sep-20		
Premises	Area sqm	\$p.a	\$per sqm
Office	286.0 sqm	\$74,360	\$260.00
Warehouse	9,406.0 sqm	\$1,316,840	\$140.00
Canopy	2,800.0 sqm	\$182,000	\$65.00
Premises sub total	12,492.0 sqm	\$1,573,200	\$125.94
Yard	5,470.0 sqm	\$82,050	\$15.00
Carparks	40	\$0	\$0.00
Total	17,962.0 sqm	\$1,655,250	\$92.15

Address	Mangere	NL	12 yrs
Tenant	Auckland	Net	Annual fixed 2.5%
Date	Aug-21		
Premises	Area sqm	\$p.a	\$per sqm
Office/Showroom	737.0 sqm	\$184,210	\$249.95
Warehouse	10,413.0 sqm	\$1,425,353	\$136.88
Breezeway	2,638.0 sqm	\$184,660	\$70.00
Total	13,788.0 sqm	\$1,794,223	\$130.13

In Auckland, warehouse rentals for new accommodation typically range between \$125 per sqm up to \$140 per sqm with the upper end of this range occurring more often than the lower end. The office rental range for new premises is typically between \$235 to \$260 per sqm for comfortable specification offices and superior to the subject. In addition, breezeway or canopy rentals typically range between \$60 and \$70 per sqm, whilst yard rentals are



sometimes charged separately and in addition. Separate car parks rents can be charged depending on the use and number of car parks required, but are less commonly paid in more traditional industrial situations.

Reflecting the above situation, we have applied a warehouse rent of **\$102.50 per sqm** which recognises the high stud warehousing offering good natural light and conventional layout options. The ground and first floor offices are of a relatively plain standard and we have adopted a market rent of **\$165 per sqm** for that component. For the large loading canopy, we have applied **\$55 per sqm**, whilst for sundry areas such as the charging bay and sprinkler room we have adopted **\$90 per sqm**.

4.2 Market Rent Assessment

Therefore, having regard to the above rental evidence and commentary we show our assessment of market rent for the subject tenancy in the following schedule:

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa)	(\$psm)	Unrecovered Opex (\$pa)	(\$psm)	Net Contract Rent (\$pa)	(\$psm)	Net Market Rent (\$pa)	(\$psm)
<i>Tenancies</i>										
Torpedo 7 Ltd	Ground Office	288.8	46,373	160.55	0	0.00	46,373	160.55	47,659	165.00
Torpedo 7 Ltd	First Floor Office	288.8	46,373	160.55	0	0.00	46,373	160.55	47,659	165.00
Torpedo 7 Ltd	Warehouse	13,245.1	1,324,505	100.00	0	0.00	1,324,505	100.00	1,357,618	102.50
Torpedo 7 Ltd	Charging Bay	419.4	37,749	90.00	0	0.00	37,749	90.00	37,749	90.00
Torpedo 7 Ltd	Sprinkler Room	37.8	3,404	90.00	0	0.00	3,404	90.00	3,404	90.00
Torpedo 7 Ltd	Loading Canopy	1,581.4	86,976	55.00	0	0.00	86,976	55.00	86,976	55.00
Torpedo 7 Ltd	Side Canopy	105.6	3,169	30.00	0	0.00	3,169	30.00	3,169	30.00
Torpedo 7 Ltd	Workroom	21.4	2,562	120.00	0	0.00	2,562	120.00	2,562	120.00
Torpedo 7 Ltd	Storage	21.4	641	30.00	0	0.00	641	30.00	641	30.00
Total		16,009.7	1,551,751	96.93	0	0.00	1,551,751	96.93	1,587,435	99.15

On this basis we consider the existing contract rent is broadly supported in the market. The next available review is in March 2022. At this stage, it is likely to increase to \$1,616,786 plus GST, being the lower of 2.5% p.a. or CPI movement since the March 2019 review.



5. Sales Evidence

We have had regard to a range of recent sales activity from both the Waikato and Auckland industrial investment market and summarise these below.

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /site
Waikato Investment Sales								
Raynes Rd Rukuhia	Dec-20	\$16,500,000	6,000	15,599	4.29%	20.00 yrs	\$2,750	\$1,058
13A Quentin Dr Hamilton Lake, Hamilton	Nov-20	\$36,250,000	11,645	31,074	3.92%	8.83 yrs	\$3,113	\$1,167
400 Arthur Porter Dr Burbush, Hamilton	Nov-20	\$6,500,000	2,635	5,012	-	Vacant	\$2,467	\$1,297
11-19 Karewa Pl Te Rapa, Hamilton	Oct-19	\$19,430,000	5,300	15,900	5.15%	7.00 yrs	\$3,666	\$1,222
279 Kahikatea Dr Frankton	Oct-20	\$10,775,000	5,166	24,396	5.43%	3.44 yrs	\$2,086	\$442
122 Ingram Rd Rukuhia	Jul-19	\$71,020,000	36,320	85,105	4.93%	20.00 yrs	\$1,955	\$834
38D Northway St Te Rapa, Hamilton	Mar-19	\$17,000,000	8,771	19,915	6.06%	2.25 yrs	\$1,938	\$854

5.1 Waikato Investment Sales



Raynes Road, Rukuhia sold in December 2020 for **\$16,500,000** which reflected a **4.29%** initial yield. The property will be subject to a 20 year lease on completion of the development to a plastic injection moulding firm, Tekplas, at a net annual rental of \$707,260 per annum which reflects **\$117 per sqm** overall. The buildings have an approximate area of 6,000sqm all situated to a 15,599sqm freehold site. Surplus land for expansion exists. The sale price further represents **\$2,750 per sqm** on a combined land and buildings basis. A quality development close to Hamilton

airport.



13A Quentin Drive, Hamilton Lake, Hamilton sold in November 2020 for **\$35,250,000** which represented an initial yield of **3.92%**. This is a strongly located property occupied by Bunnings under a long term lease which had 8.83 years remaining at the time of transaction. Improvements comprise some 11,645sqm situated to a 31,074sqm Industrial zoned

site. The property occupies a high profile location to the corner of the Kahikatea Drive and Quentin Drive intersection which borders residential development generally to the east and south. The annual rental of \$1,420,000 represented **\$121.94 per sqm** overall. The sale price also represented **\$3,113 per sqm** on a combined land and buildings basis.





400 Arthur Porter Drive, Burbush, Hamilton, sold vacant in November 2020 for **\$6,500,000**. A 2019 completed industrial building providing ground and first floor office, and 5.6m - 6.8m column-free warehouse. The improvements have a rentable area of 2,635.33sqm plus a secure yard of 1,662sqm. The sale price represented **\$2,464 per sqm** on a combined land and buildings basis.



11-19 Karewa Place, Te Rapa, Hamilton sold in October 2019 for **\$19,430,000** which represented an initial yield of **5.15%**. The property is occupied by Kmart under a 12 year lease from October 2014 who pay a net annual rent of \$1,000,000 per annum plus GST. There is no provision in the Lease for reviews until any renewal, with the rent representing **\$188 per sqm**, with two 6 year terms provided. This is a large format retail offering directly opposite The Base in Te Rapa with immediate occupiers included Countdown, Mitre 10 Mega, Big Save Furniture and Super Cheap Autos. The sale price also represented **\$3,666 per sqm** on a combined land and buildings basis. We understand this property has resold at a higher price although do not have full details of that transaction.



279 Kahikatea Drive, Frankton sold in October 2020 for **\$10,775,000** which represented an initial yield of **5.43%**. The property provides a 1980's facility with high stud warehouse and ground and first floor offices. The warehouse is occupied by PBT and the offices by Admark. The rentable area is some 5,166sqm, whilst the property occupies a 2.4396 hectare site which has a secondary egress to Wickham Street. The property had a weighted average lease term of 3.4 years and we note it had previously transacted in September 2018 for \$8,300,000. The most recent price

is \$2,475,000, or 29.8% higher.



122 Ingram Road, Rukuhia sold in July 2019 for **\$71,020,000** representing the largest industrial transaction in Waikato history. The property consists of a brand new catering and distribution centre occupied by Visy Board under a 20 year lease providing annual fixed increases of 2.5% and a market review at the end of Year 12 and on each renewal. The

lease provides for five 10 year rights of renewal and constitutes a triple net lease whereby the tenant pays all outgoings including structural repairs and maintenance. Further the lease is guaranteed by Visy Industries Australia Pty Limited. The warehouse is fully sprinklered with a stud height of 8.4m rising to 13.4m at the apex. The transaction represented an initial yield of **4.93%**, and **\$1,955 per sqm** on a combined land and buildings basis. The average premises rental was **\$96.37 per sqm** inclusive of yard rent or **\$93 per sqm** excluding yard rent.



38D Northway Street, Te Rapa, Hamilton sold in March 2019 for **\$17,000,000** which represented an initial yield of **6.06%**. The property sold as part of a larger estate that had been offered to the market. The Lease to Steel and Tube had approximately 2.25 years remaining of a 14 year term, although provides 8 rights of renewal of 3 years each. Net annual rent excluding management is \$1,030,000 plus GST which represents **\$123 per sqm**. The property also occupies a 19,115sqm site whose rear boundary adjoins the railway, being south of The Base in a strong but rear industrial

location of Te Rapa.



5.2 Auckland Investment Sales

We have also included a selection of recent Auckland investment sales and summarise these below:

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /Site Area
Auckland Investment Sales								
17 Ha Cres Wiri	Dec-20	\$18,550,000	5,117	7,786	3.86%	6.56 yrs	\$3,625	\$2,382
48-60 Wilkinson Rd Ellerslie	Dec-20	\$54,000,000	26,659	35,021	5.31%	6.80 yrs	\$2,026	\$1,542
22 Aerovista Dr Wiri	Dec-20	\$9,500,000	3,004	5,674	4.37%	10.00 yrs	\$3,162	\$1,674
528-558 Rosebank Road Avondale	Sep-20	\$65,550,000	27,000	49,841	5.22%	6.00 yrs	\$2,428	\$1,315



17 Ha Crescent, Wiri sold in December 2020 for **\$18,550,000** which represented an initial yield of **3.86%**, and **\$3,625 per sqm** on a combined land and buildings basis. The property provided a rentable area of some 5,117sqm being situated to a 7,786sqm Business – Heavy Industry zoned site. The property had an unexpired lease term of 6.56 years with the net annual rental of \$715,252 representing \$140 per sqm overall. We are aware this was competitively bid during the sales campaign.



48-60 Wilkinson Road, Ellerslie sold in December 2020 to Stride Property Group's joint venture partner, Industrie, for **\$54,000,000**. The property is leased to NZME Group for their printing and distribution operations as publisher of the New Zealand Herald. At the time of sale, the property was generating net annual rental of \$2,869,120 plus GST with the price representing an initial yield of **5.31%**. At settlement, the property will have a weighted average lease term of 6.8 years with NZME accounting for 70% of net income.

The improvements occupy a 35,021sqm (3.5021ha) Business – Light Industry zoned site at the end of Wilkinson Road which immediately adjoins the southern motorway to the south-eastern side of the Ellerslie/Penrose interchange. Access to the site is towards the end of the no-exit road and is less likely suitable for retail or showroom uses. The site also adjoins the Penrose power substation and is close to residential development on Gavin Street. Our analysis of this transaction, after allowing for the added value of improvements at \$900 per sqm, shows an underlying land value of **\$857 per sqm**.





22 Aerovista Drive, Wiri sold in December 2020 for **\$9,500,000** which represented an initial yield of **4.37%**. The property was sold subject to a 10 year lease from settlement at a net annual rental of \$414,700 plus GST which represented \$138 per sqm overall. The sale price further analyses to **\$3,162 per sqm** on a combined land and buildings basis. A tidy and reasonable versatile property, with the sale price achieved after a longer than normal campaign.



528-558 Rosebank Road, Avondale sold for **\$65,550,000** and settled in December 2020. The 5ha estate includes approximately 27,000sqm of lettable area arranged over numerous buildings of varying age and quality. Whilst not directly comparable to the subject property due to its scale, it was purchased by the listed property company (Property for Industry) at an initial yield of **5.22%** on a weighted average lease term of 6 years, demonstrating the strong demand from institutional owners for property in the vicinity.

5.3 Industrial Land Sales

The most recent industrial land sales in the immediate area have achieved pricing of between \$200 and \$250 per sqm for sites ranging between 2,500sqm and 4,500sqm. That represents a strengthening in land prices from what prevailed typically during 2018 and 2019, with this being consistent with land value appreciation in the wider Hamilton industrial market. The Rukuhia location has lower land values than the northern parts of Hamilton, which are typically achieving between \$325 and \$375 per sqm in the current market.

A selection of land sales is contained below.

Address	Lot & DP	Suburb	Sale Date	Sale Price	Zone	Area sqm	\$per sqm
1/42 Airport Rd	Lot 3 DP 538512	Rukuhia	Jun-20	\$970,000	Airport Bus Zone	4,413 sqm	\$220 psm
151 Ingram Rd	Lot 3 DP 509352	Rukuhia	Mar-20	\$498,000	Airport Bus Zone	2,492 sqm	\$200 psm
36 Ossie James Dr	Lot 2 DP 532862	Rukuhia	Feb-20	\$1,116,500	Airport Bus Zone	4,466 sqm	\$250 psm
2 & 3/42 Airport Rd	Lot 4 & 5 DP 538512	Rukuhia	Oct-19	\$2,060,000	Airport Bus Zone	10,611 sqm	\$194 psm
1/42 Airport Rd	Lot 3 DP 538512	Rukuhia	Mar-19	\$713,400	Airport Bus Zone	4,413 sqm	\$162 psm
2 & 3/42 Airport Rd	Lot 4 & 5 DP 538512	Rukuhia	Jul-19	\$1,411,250	Airport Bus Zone	10,611 sqm	\$133 psm
1 & 2/123 Ingram Rd	Lot 20 & 21 DP 534070	Rukuhia	Jan-19	\$1,054,620	Airport Bus Zone	7,533 sqm	\$140 psm
3/123 Ingram Rd	Lot 22 DP 534070	Rukuhia	Dec-18	\$395,000	Airport Bus Zone	2,606 sqm	\$152 psm
6/123 Ingram Rd	Lot 25 DP 534070	Rukuhia	Mar-19	\$583,000	Airport Bus Zone	3,763 sqm	\$155 psm
125 Ingram Rd	Lot 19 DP 534070	Rukuhia	Jan-19	\$390,000	Airport Bus Zone	2,730 sqm	\$143 psm
142A,B,&C Ingram Rd	Lot 27, 28, & 29 DP 535595	Rukuhia	Oct-18	\$3,141,396	Airport Bus Zone	16,830 sqm	\$187 psm
137 & 139 Ossie James Dr	Lot 13 & 14 DP 532727	Rukuhia	Aug-18	\$1,225,000	Airport Bus Zone	7,498 sqm	\$163 psm
5 Sharpe Rd	Lot 4 DP 473207	Rukuhia	Aug-18	\$1,197,995	Airport Bus Zone	7,729 sqm	\$155 psm
16 Airport Rd	Lot 1 DP 532862	Rukuhia	Aug-18	\$1,225,000	Airport Bus Zone	5,580 sqm	\$220 psm
18 Airport Rd	Lot 2 DP 532862	Rukuhia	Jun-18	\$3,750,000	Airport Bus Zone	30,016 sqm	\$125 psm
12 Sharpe Rd	Lot 2 & 3 DP459846	Rukuhia	Jul-18	\$7,108,125	Airport Bus Zone	57,675 sqm	\$123 psm

These sites are all situated within the Airport Business Zone and have sold at prices ranging between \$123 per sqm up to \$220 per sqm. Larger sales at 12 Sharpe Road, which is an adjoining site being developed for Trade Depot, sold at \$123 per sqm whilst the sites at 142A, B and C Ingram Road sold for the equivalent of \$187 per sqm



comprising 3 adjoining subdivided lots acquired for storage purposes. The other large sale was at 16 Airport Road in June 2018 being a 3.0016ha site which sold for \$125 per sqm.

The availability of sites in the immediate area has diminished with many strategic positions having been taken. We anticipate the land which the subject occupies would have a current value in the order of **\$150 per sqm** however the land subject to the encumbrance is likely to be slightly less than that, reflecting the terms and conditions of the encumbrance. That said, we consider there is sufficient time before the Option Date that development of the surplus land could be considered.

5.4 Investment Sales Conclusion

2020 saw a continuation of strong activity in the industrial market, particularly for larger assets when they have been offered. Demand has typically come from the listed property trust, syndicators, and high net worth individuals. To a certain extent, the larger the size of the asset, the stronger the demand from these purchasers which has continued to see yields drive down, assisted by virtue of the low interest rate environment. In a number of transactions and including the Visy Board facility near to the subject, initial yields which were previously achieving between 4.9% and 5.4% have tracked down to typically between 4.5% and 5.3%. Those that have higher yields either have shorter weighted average lease terms, high site coverage, an element of specialisation, or more dated improvements.

Relating to the subject, it provides a modern, quality industrial facility in the popular Titanium Park surrounding Hamilton Airport. This subdivision has been progressively developed since the early 2010's and has matured over that time with significant development undertaken and further development earmarked on remaining land. It is arguably at a stage where critical mass is sufficient to offer natural appeal to the occupier market. The location to the south of Hamilton city provides strong access to the regional roading network with State Highway 1 conveniently located, whilst access to Auckland is via the less direct Cambridge or Gordington routes.

The unexpired remaining lease term at slightly under 5 years is starting to track down with it being too early to gauge the intention of the tenant this far out from any renewal. If the facility remains functional and adaptable, and the rent competitive, it would appear difficult to offer another facility below the prevailing contract rental. That could work in favour of tenant retention.

The Lease also requires certain capital expenditure obligations from the Landlord on any lease expiry with limited make good requirement. Also selected outgoings including management, carparking and yard repairs and maintenance, and insurance valuation fees are non-recoverable expenses under the Lease. Accordingly, these become grounds to apply a higher yield.

On balance, we have applied an initial yield of **5.25%** to both the contract rental and our market assessed rental, before making allowances for capital expenditure. We have also applied **\$1,875 per sqm** on a combined land and buildings basis, reflecting among other factors, the high warehouse and canopy ratio.



5.5 SWOT Analysis

Strengths

- Adaptable and versatile large warehouse
- Considered leased at market levels
- Location growing in profile
- Surplus land

Weaknesses

- Arguably large in the context of the Waikato industrial market
- Unusual encumbrance on the surplus land
- Position of the existing carpark bisecting the surplus land
- Shorter lease term certain than many of the comparable sales, but with 4 renewals of 9 years each available

Opportunities

- Demonstrate strong and active management and achieve long term occupation
- Evaluate development options on surplus land

Threats

- Slowdown in the economy contributing to reduced occupier demand
- The tenant outgrowing the space and relocating
- Any yield expansion
- An extended lockdown due to Covid-19 and opportunity for rent relief

5.6 Discounted Cashflow Parameters

We have also modelled the property on the basis of discounted cashflow, with key assumptions outlined below.

Vacancy Period:	9 months
New Lease Term:	6 years
Rent Reviews:	3 yearly
Net Rent Incentive:	5 months
Make Good Allowance:	\$150 per sqm for the ground and first floor office, \$15 per sqm for the warehouse and industrial component
Renewal Probability:	50%
Terminal Yield:	5.40%
Target IRR:	6.55%
Growth:	Between 1.0% and 2.5% per annum
Capital Expenditure:	We have allowed 4% per annum reflecting certain aspects of the Lease

Rating Valuations

Rating Valuations as at 1 August 2019

Address	LV	VI	CV
25 Sharpe Rd	\$2,030,000	\$0	\$2,030,000
26 Sharpe Rd	\$2,970,000	\$20,830,000	\$23,800,000
341 Airport Rd	\$475,000	\$0	\$475,000
Combined Total	\$5,475,000	\$20,830,000	\$26,305,000



6. Valuation

First, we have considered the capitalisation of income approach, whereby our assessed market income is capitalised into perpetuity at an appropriate capitalisation rate, with adjustments made for the variance between contract and market rent.

CAPITALISATION OF INCOME APPROACH				
		Market Rent		Contract Rent
FULLY LEASED GROSS INCOME		\$ 1,778,102		\$ 1,742,419
Less: Outgoings				
Recoverable Outgoings		\$ (190,668)		\$ (190,668)
FULLY LEASED NET INCOME		\$ 1,587,435		\$ 1,551,751
Capitalised at		5.25%		5.25%
Capitalised Value		\$ 30,236,850		\$ 29,557,168
Capital Adjustments				
Vacancies: Lease-Up Allowance	9 mths	-		
Leasing Commission	16.0%	-		
Total Lease-Up Costs		-	-	-
Rent-Free Incentive	5 mths	-	-	-
P.V. of Rental Surplus/Shortfall	5.25%	\$ (154,784)		
Deferred Capitalised Rental Surplus/Shortfall	5.25%		\$ 528,502	
Rent Shortfall (New Leases)		-	-	-
P.V. of Unexpired Incentives		-	-	-
Total Capital Adjustments		\$ (304,520)		\$ 378,766
		\$ 29,932,330		\$ 29,935,934
INDICATED VALUE		\$ 29,950,000		\$ 29,950,000

Second, we have had regard to the land and buildings approach, whereby we apply our analysed rate per sqm to the total lettable area of the improvements.

Our calculations are detailed as follows.



LAND & BUILDINGS APPROACH

26 Sharpe Rd	16,009.7 sqm	@	\$1,775 per sqm	\$	28,417,200
		@	\$1,875 per sqm	\$	30,018,169
		@	\$1,975 per sqm	\$	31,619,138
		adopt		\$1,875 per sqm	

INDICATED VALUE	\$ 30,000,000
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Our assessments are summarised and weighted as follows.

VALUATION SUMMARY

	<u>Weighting</u>	<u>Assessment</u>
Capitalisation of Income Approach	50%	\$ 29,950,000
Land and Buildings Approach	25%	\$ 30,000,000
Discounted Cash Flow Approach	25%	\$ 29,850,000

ADOPTED MARKET VALUE	\$ 29,850,000
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6.1 Value Conclusion

In light of the contents of this report, and in particular the caveats in relation the Covid-19 lockdown, we confirm our opinion of market value for capital raising purposes of 26 Sharpe Road, Rukuhia, Hamilton as at 31 March 2021 at:

NZD\$29,850,000
(TWENTY NINE MILLION EIGHT HUNDRED AND FIFTY THOUSAND DOLLARS)

This valuation assessment is on the basis of plus G S T (if any) and reflects the following:

Analysis

Value per sqm of GLA	\$1,864
Value per sqm of Land Area	\$733
Initial Yield	5.20%
Yield on Net Market Income	5.32%
Weighted Average Remaining Lease Term	4.92 years



Compliance Statement

This valuation has been performed in accordance with International Valuation Standards (IVS) and we confirm that:

- IVS 104 define Market Value as 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 where the parties had each acted knowledgeably, prudently and without compulsion;
- The statements of fact presented in the report are correct to the best of the Valuer's knowledge and the analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer has no interest in the subject property and the valuation fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards. The Valuer has satisfied professional education requirements and holds Professional Indemnity Insurance together with a current Valuers Practicing Certificate;
- The Valuer has experience in the location and category of the property being valued and has made a personal inspection of the property;
- No one, except those specified in the report, has provided professional assistance.

Our valuation is subject to the attached Disclaimers.

Yours faithfully



Matt Tooman
Registered Valuer
ANZIV, SPINZ



Disclaimers

1. **Valuation Subject to Change** This valuation is only current as at the date of valuation and is based on available information as at that date. The value assessed herein may change over a relatively short period including as a result of general market movement or factors specific to the property. These may include changes in national or international circumstances, environmental circumstances or force majeure events. Therefore, this valuation should be reviewed periodically, and no warranty is given by AIM Valuation Limited ("AIM") as to the maintenance of this value into the future. AIM does not accept liability for losses arising from subsequent changes in value.
2. **Information Supplied by Others** This valuation report includes information derived from other sources, provided by the Client. We have reviewed that information and have assumed that it is accurate. Unless otherwise stated, we have not independently verified that information. The Client acknowledges that AIM is not a specialist in the information from other sources and accepts that AIM is not liable in the event that that information is incorrect. If the information is found to be incorrect AIM reserve the right to reassess our opinion of value.
3. **Our Investigations** This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we have identified certain limitations to our investigations, you may instruct further investigations if you consider this appropriate. AIM is not liable for any loss occasioned by a decision not to conduct further investigations.
4. **Assumptions** Assumptions may be a necessary part of this valuation. AIM adopts assumptions because some items are unable to be accurately calculated or fall outside the scope of our expertise, or our instructions. Assumptions adopted by AIM will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer undertaking a similar valuation. However, the risk that any of the assumptions adopted in this document may be incorrect and have a material impact on the concluded value(s) should be taken into account.
5. **Property Documentation** Where applicable, our assessment of value is provided on the assumption that all Agreements, Leases, Licences, Deeds, Variations and other documentation relevant to establishing the value have been supplied in full. Our assumption includes that all Agreements, Leases, Licences, Deeds and Variations are executed or have been agreed to be executed without any changes and other documentation is the latest accurate available information.
6. **Side Agreements** In the event that the Client becomes aware of any side agreements, this valuation must not be relied upon before first consulting AIM to reassess any effect on the valuation.
7. **Disclosure** AIM must be advised in the event that the Client becomes aware of any changes relating to the information and advice provided by the Client. 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 AIM first to reassess any effect on the valuation.
8. **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 AIM at the date of this valuation. AIM does not warrant that such statements are accurate or correct.
9. **Site Survey** We do not commission site surveys and will acknowledge if one is provided to us. We have assumed there are no encroachments by or on the property, and the Instructing/Reliant Parties should confirm the status by obtaining a current survey report and/or advice from a registered surveyor.
10. **Property Titles** Our Record of Title search identifies all current easements, interests or encumbrances. In the event that a future title search is undertaken which reveals new or different easements, interests or encumbrances AIM should be consulted to reassess any effect on our assessed value.
11. **Contamination** Unless otherwise stated, we have assumed that the site is free of contaminants that would prevent the continuation of the current use or the planned development of the site. Unless otherwise noted, we have assumed that the improvements are free of contamination, or should contaminants 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 contamination within the property. We make no representation as to the actual environmental status of the property. If any formal testing is undertaken to assess the presence, if any, of contamination of the property and this is found to be positive, this valuation must not be relied upon without first consulting AIM to reassess any effect on the valuation.
12. **Hazardous Materials** Where the current use includes the storage and/or processing of hazardous materials, we assume the storage and processing to be compliant. We make no representation as to the actual status of hazardous materials on the property. If any testing or auditing is undertaken and identifies issues with hazardous materials on site, this valuation must not be relied upon before first consulting AIM to reassess the valuation.
13. **Earthquake-Prone Buildings** If the property is earthquake-prone, as defined by the Building Act and local government policies on Earthquake-Prone Buildings, then unless otherwise stated, our value estimate makes no allowance for any costs of investigation, upgrading,



demolition or other steps which may be incurred by the building owner to meet policy and Building Act requirements. We are not qualified to determine the Earthquake Rating of buildings. An assessment by a suitably qualified building engineer may be needed. If the building is later found to be earthquake-prone this valuation must not be relied upon before first consulting AIM to reassess the valuation.

14. Site Conditions Unless otherwise specified we have assumed the site is suitable for the current use. In the case the property has redevelopment potential, we proceed on the assumption the site is suitable for the planned redevelopment and would not incur development costs above those which prevail in the market.
15. Council Records Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Property File (PF) or Planning Advice from the Territorial Authority. In the case that the Client provides us with a LIM or PF we assume that these are current and accurate. In the event that the LIM or PF is provided later and found to be materially different to the resource management information detailed within the valuation, we reserve the right to amend our valuation.
16. Inclusions & Exclusions Unless otherwise stated, 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 or operator or are used in connection with the enterprise carried on within the property.
17. Floor Area Where we have not undertaken the floor area measurement, we have proceeded on the assumption that the floor areas provided have been calculated in accordance with the Property Council of New Zealand (PCNZ) and Property Institute of New Zealand (PINZ) Guide for the Measurement of Rentable Areas (GMRA). In those circumstances where specific areas are not covered by the GMRA the Client must provide any separately agreed definitions of Rentable Area. In the event that there is a material variance in Rentable Area, we reserve the right to review our valuation. Any measurement undertaken by AIM is an estimate of rentable area only.
18. Condition & Repair Unless otherwise stated, our valuation proceeds on the assumption that the structure and service installations of the building do not reveal any defects requiring significant expenditure that would have a material impact on the valuation conclusions. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.
19. Currency All values are in New Zealand Dollars \$NZD.
20. Valuation Standards The valuation report is carried out in accordance with the International Valuation Standards (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS).
21. Value Conclusion Our Value Conclusion does not include any deduction for the cost of realisation or the balance of any outstanding mortgages or other charges
22. Lease Covenant Strength Unless specifically requested, 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. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease as and when they fall due and that there are no arrears of rent or undisclosed breaches of covenant.
23. Taxation and GST In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation has been undertaken on a plus GST (if any) basis, unless otherwise stated.
24. Confidentiality Our valuation report and its contents are confidential. It is prepared for the Client and Intended Users and for the Purpose stated. AIM accepts no responsibility or liability for use of and reliance on the valuation report by other parties for the same Purpose or other Purposes. Further, no responsibility is accepted to parties other than the Client for any errors or omissions whether of fact or opinion.
25. Publication Our valuation report or any part of it, may not be published or form a part of any other material or communication, without prior written approval of AIM. Such approval is required whether or not AIM is referred to by name and whether or not the report is combined with others.
26. Valuation Report Review This valuation report is signed by a Director of AIM, signifying that the valuation report has been peer-reviewed and the valuation methodology, calculations and the valuer's opinion of value have been discussed with the valuer.



Appendix I – Records of Title

25 Sharpe Road



**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy**



Identifier 576455
Land Registration District South Auckland
Date Issued 03 April 2012

Prior References

424713 424714

Estate Fee Simple
Area 1.7675 hectares more or less
Legal Description Lot 1 Deposited Plan 450467

Registered Owners

PMG Generation Fund Trustees Limited

Interests

B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm (affects part formerly Lot 13 DP 407016)

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)

8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm

Subject to a right (in gross) to convey water and sewage over part marked H on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey telecommunications, computer media and electricity over part marked H on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991

Appurtenant hereto is a right of way and a right to convey telecommunications and computer media created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991

Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm

8988849.18 Encumbrance to Waikato Regional Airport Limited - 3.4.2012 at 12:36 pm

9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576456 and SA38B/452) - 1.11.2012 at 4:35 pm

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630, 829631, 829632, 829636, 824711, 834909, 569313, 754449, 775884, 775885, 815574, 815575, 815576, 815577, 829629, 829634, 839191, 860028, 860029, 860030, 860031, 860032, 860033, 860034, 776836, 776837, 776839, 776841, 793241, 824710, 829633, 605012, 605013 - 27.2.2019 at 7.00 am

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created

Transaction Id
Client Reference vthomson001

Search Copy Dated 27/01/21 9:39 am, Page 1 of 8
Register Only



Identifier **576455**

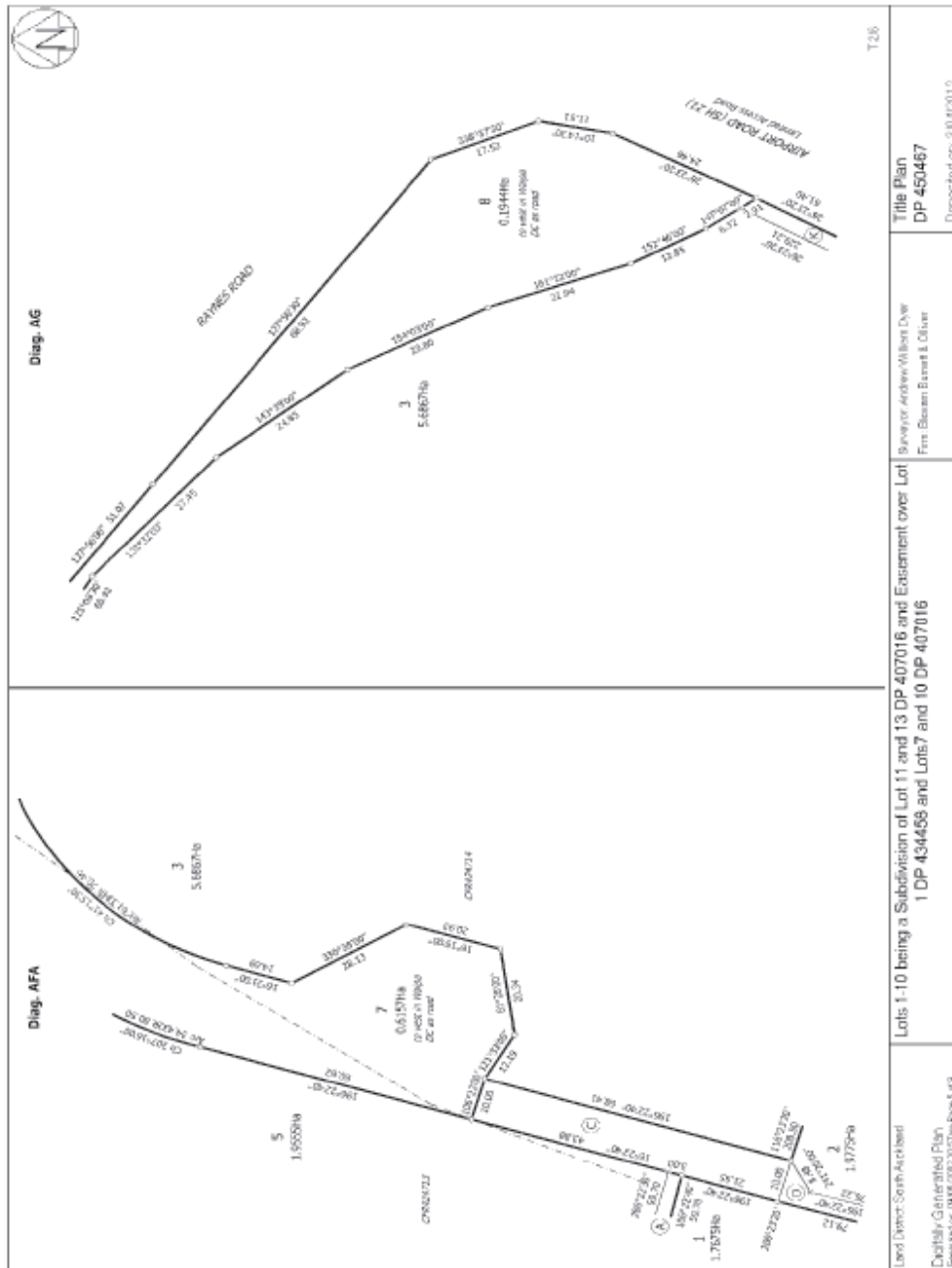
by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am

11721224.4 Mortgage to ASB Bank Limited - 31.3.2020 at 4:54 pm



Identifier

576455



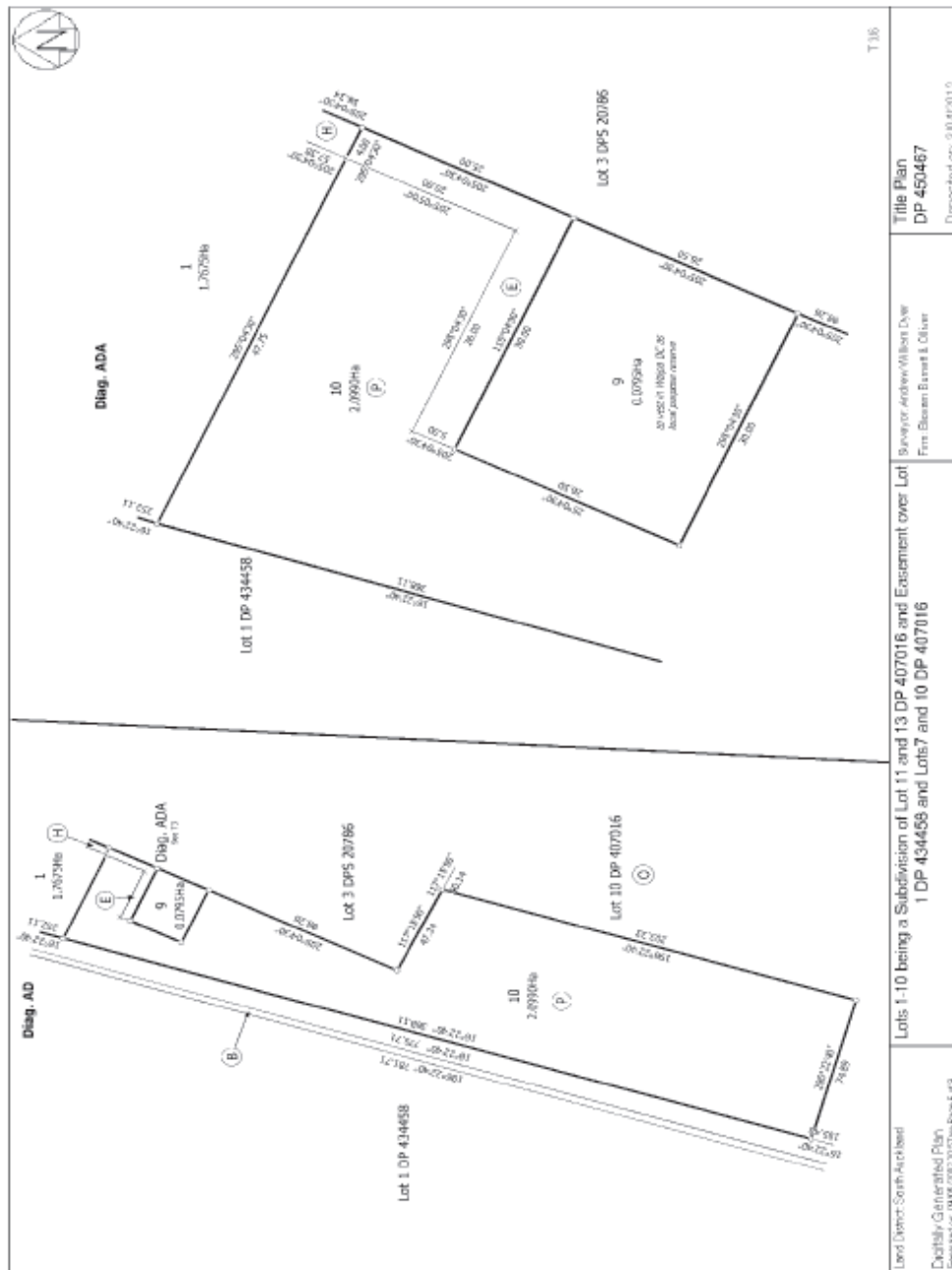
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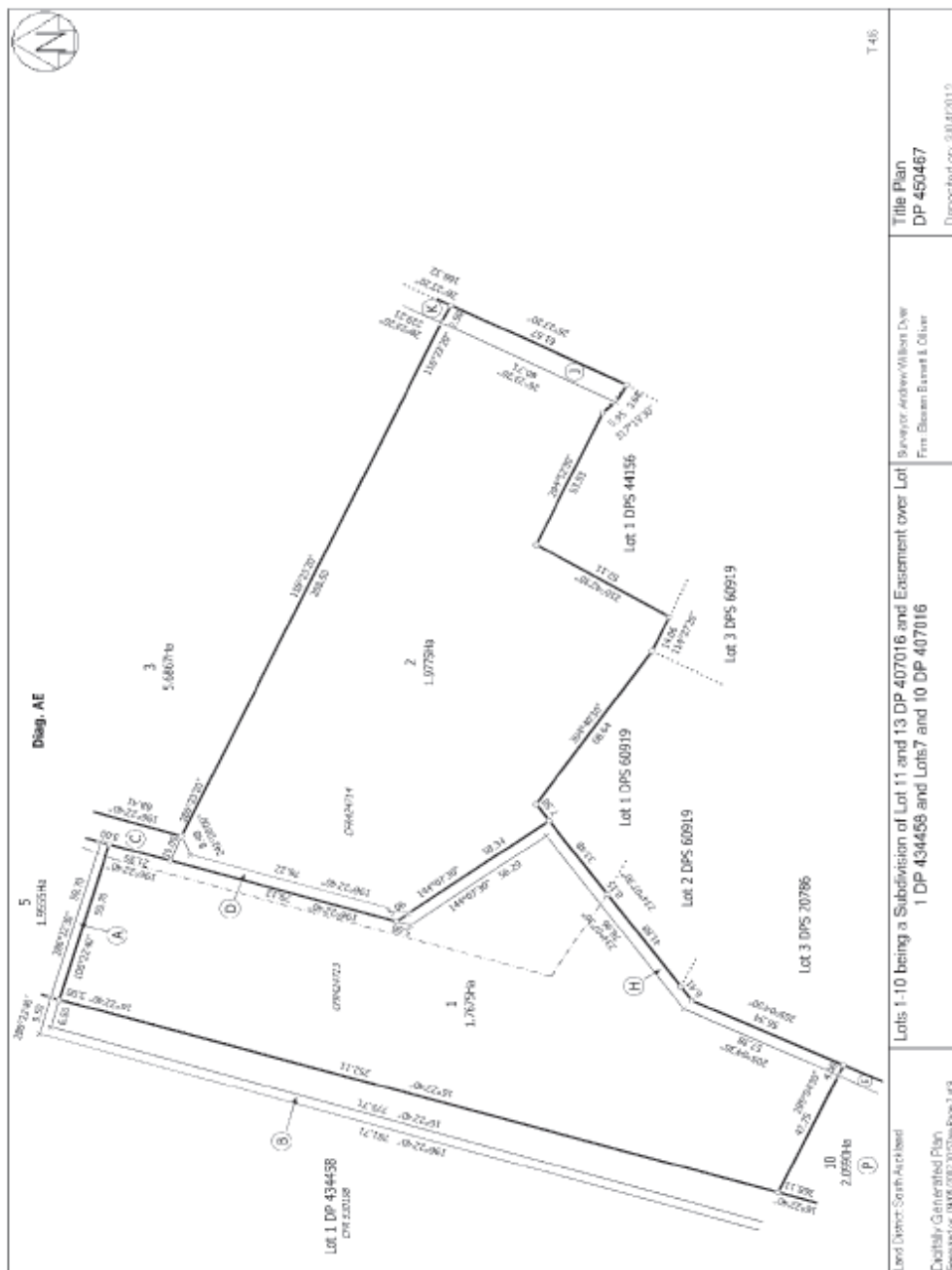
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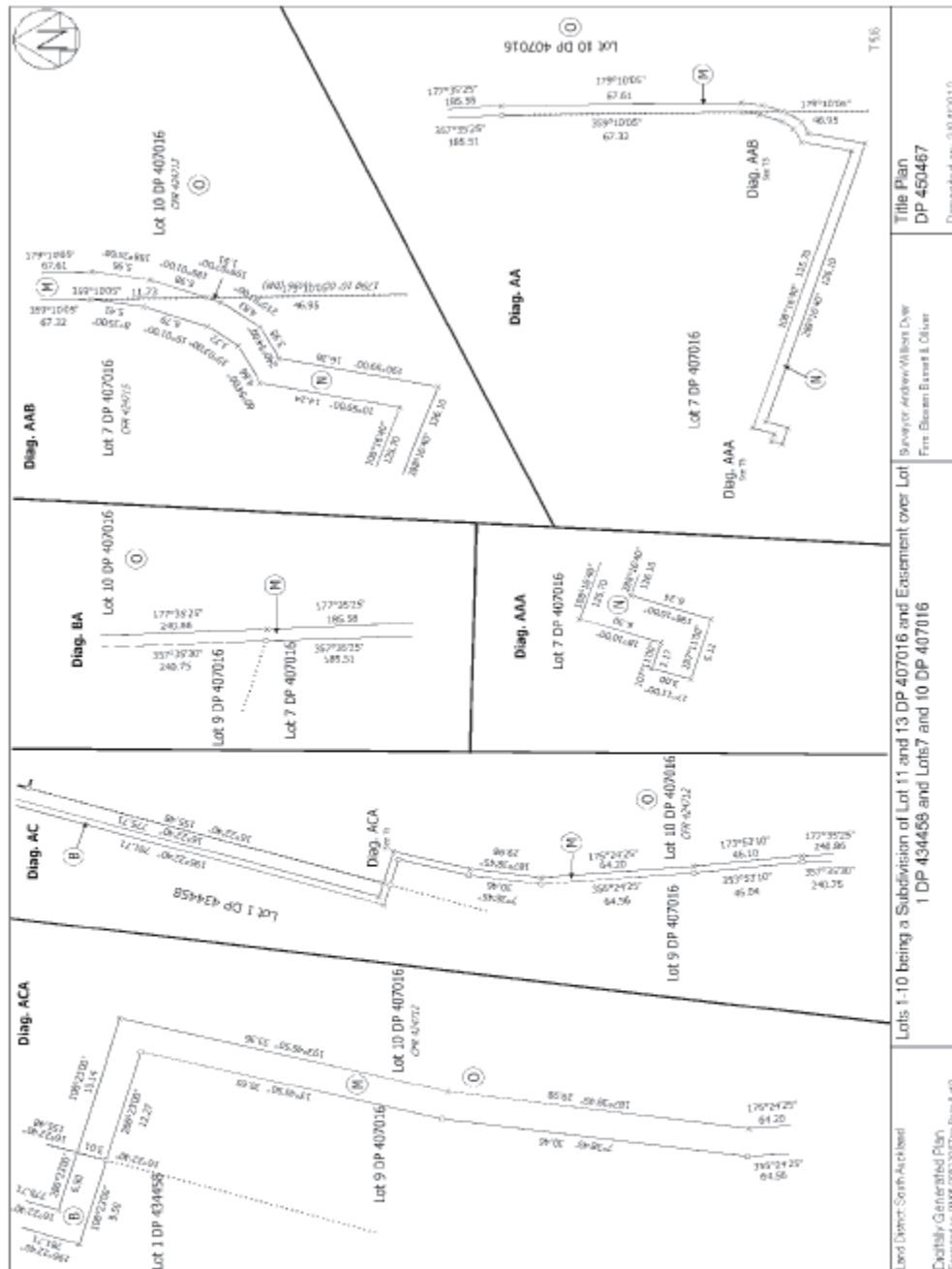
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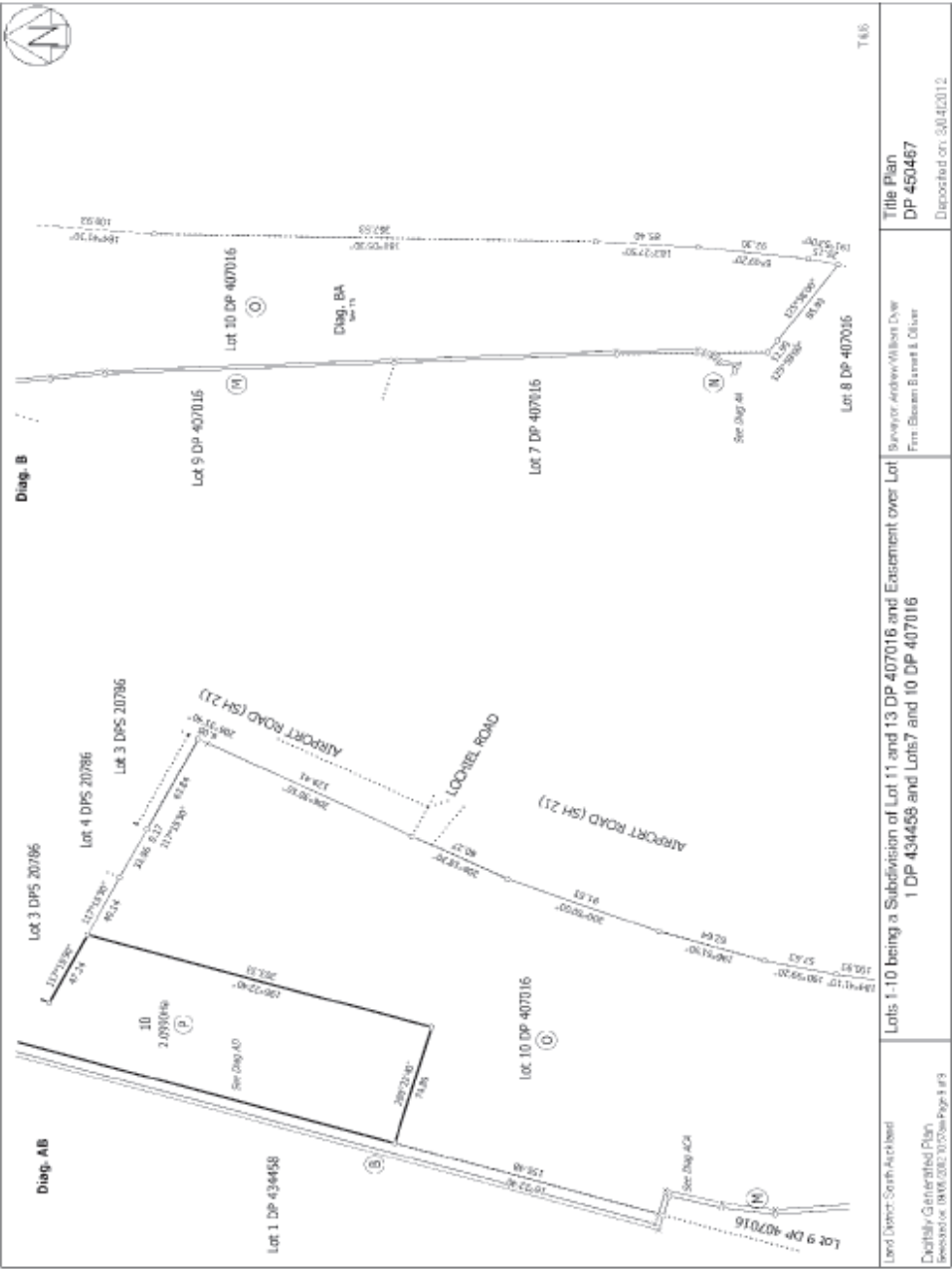


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Identifier 576455



26 Sharpe Road



**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy**



Identifier 576456
Land Registration District South Auckland
Date Issued 03 April 2012

Prior References
424714

Estate Fee Simple
Area 1.9775 hectares more or less
Legal Description Lot 2 Deposited Plan 450467

Registered Owners
PMG Generation Fund Trustees Limited

Interests

B537026.1 Gazette Notice declaring the adjoining State Highway 21 (Narrows Bridge - SH 3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm

B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am (affects part formerly Lot 6 DP 307815)

8988849.10 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 3.4.2012 at 12:36 pm

Subject to a right (in gross) to convey water and sewage over parts marked D and C and a right of way pedestrian over part marked J all on DP 450467 in favour of Waipa District Council created by Easement Instrument 8988849.13 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.13 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right (in gross) to convey telecommunications, computer media and electricity over parts marked D and C on DP 450467 in favour of WEL Networks Limited created by Easement Instrument 8988849.14 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.14 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way and a right to convey telecommunications and computer media over part marked C on DP 450467 created by Easement Instrument 8988849.16 - 3.4.2012 at 12:36 pm

The easements created by Easement Instrument 8988849.16 are subject to Section 243 (a) Resource Management Act 1991

Land Covenant in Easement Instrument 8988849.17 - 3.4.2012 at 12:36 pm

9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and SA38B/452) - 1.11.2012 at 4:35 pm

9260357.1 Encumbrance to Waipa District Council - 12.3.2013 at 11:10 am

Subject to a right (in gross) to convey electricity, telecommunications and computer media over part marked A on DP 461788 in favour of WEL Networks Limited created by Easement Instrument 9667772.2 - 27.5.2014 at 9:54 am

11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RTs 30510, 829635, 424709, 449041, 449042, 829630,

Transaction Id
Client Reference vthomson001

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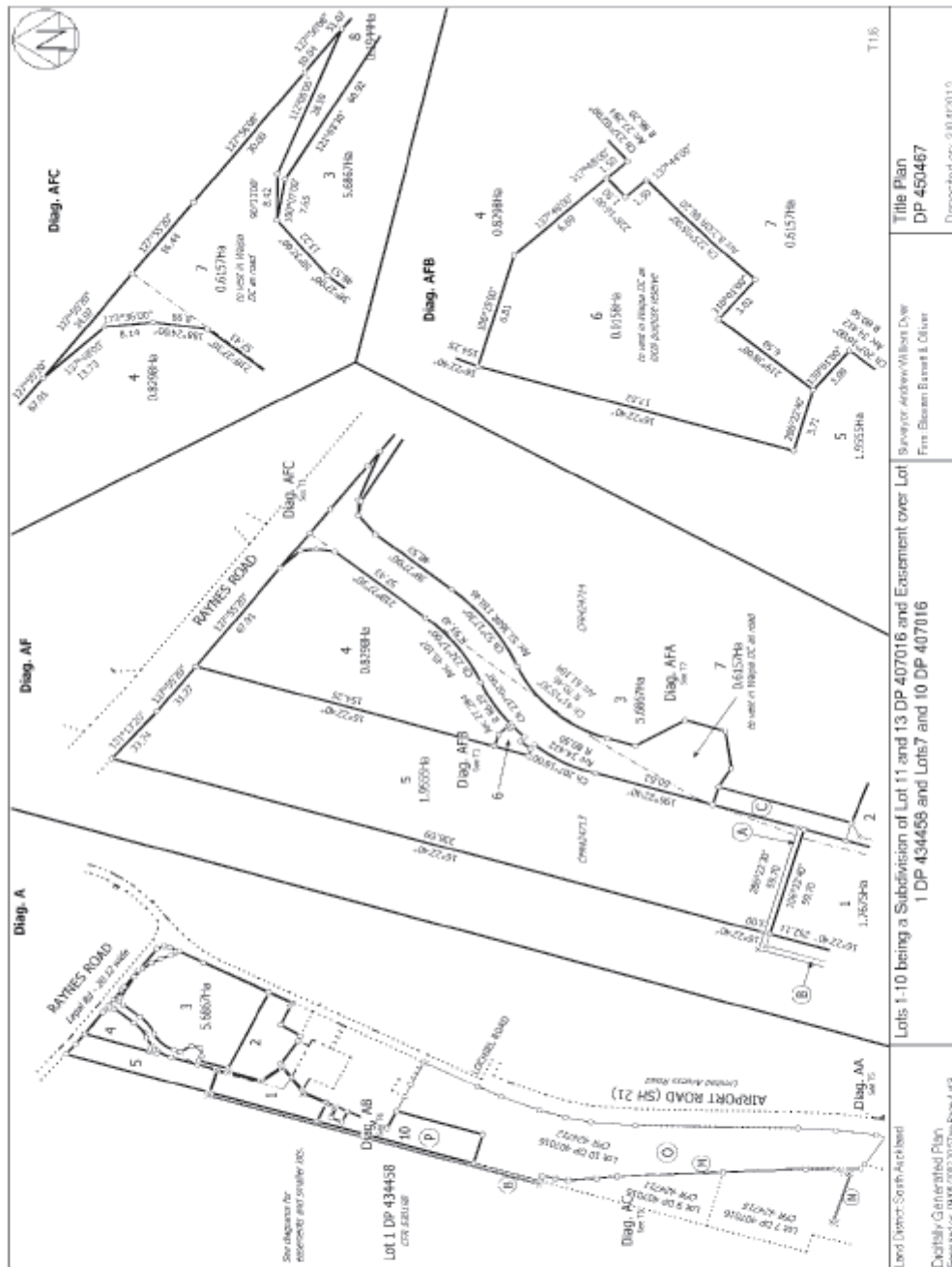
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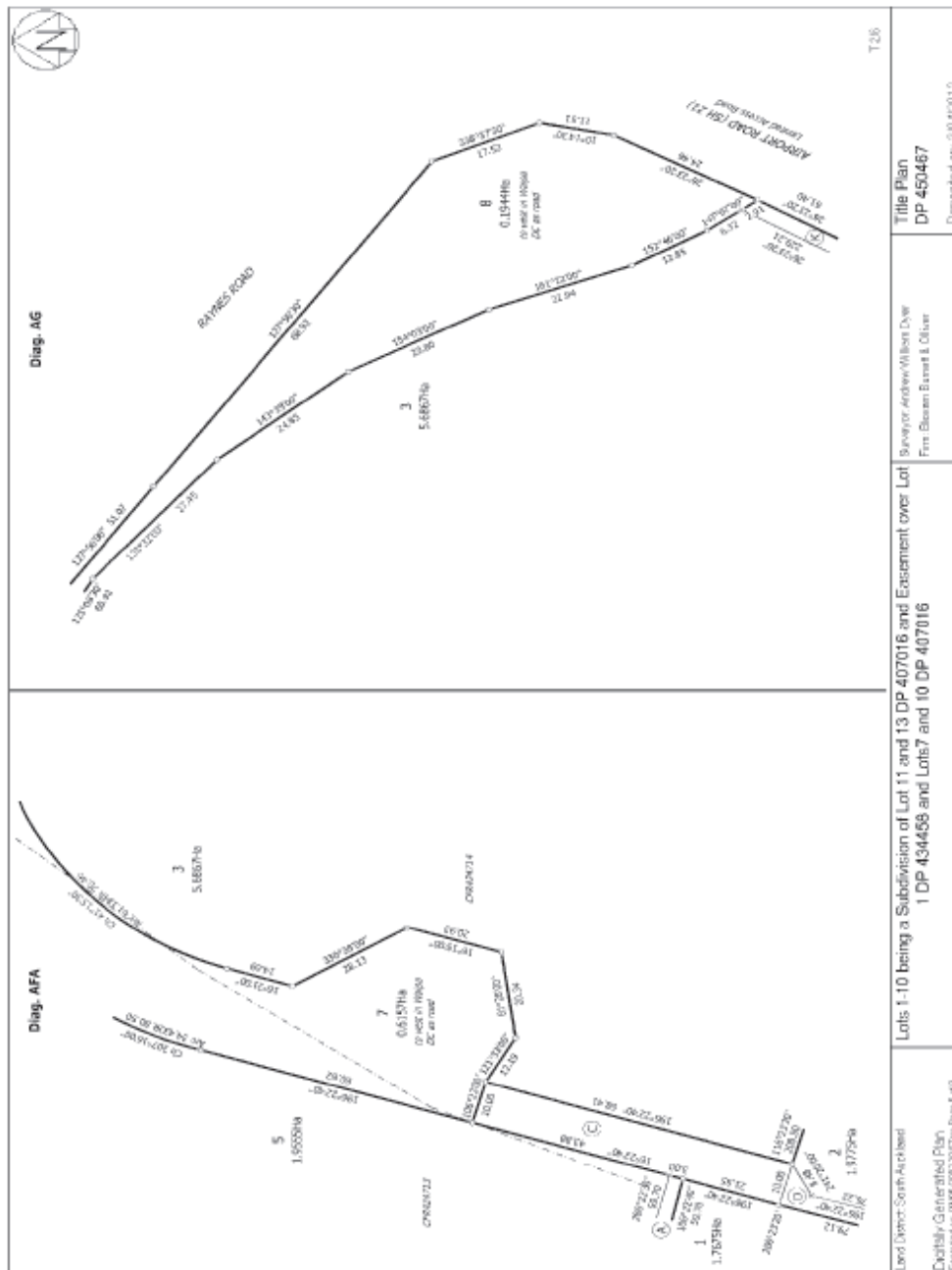
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11369927.1 Court Order pursuant to Section 317 Property Law Act 2007 extinguishing the land covenant created by Easement Instrument 8988849.17 as appurtenant to RT 424715 excluding the area marked B on DP 531319 and RT 839192 excluding the area marked A on DP 531319 – 27.2.2019 at 7.00 am

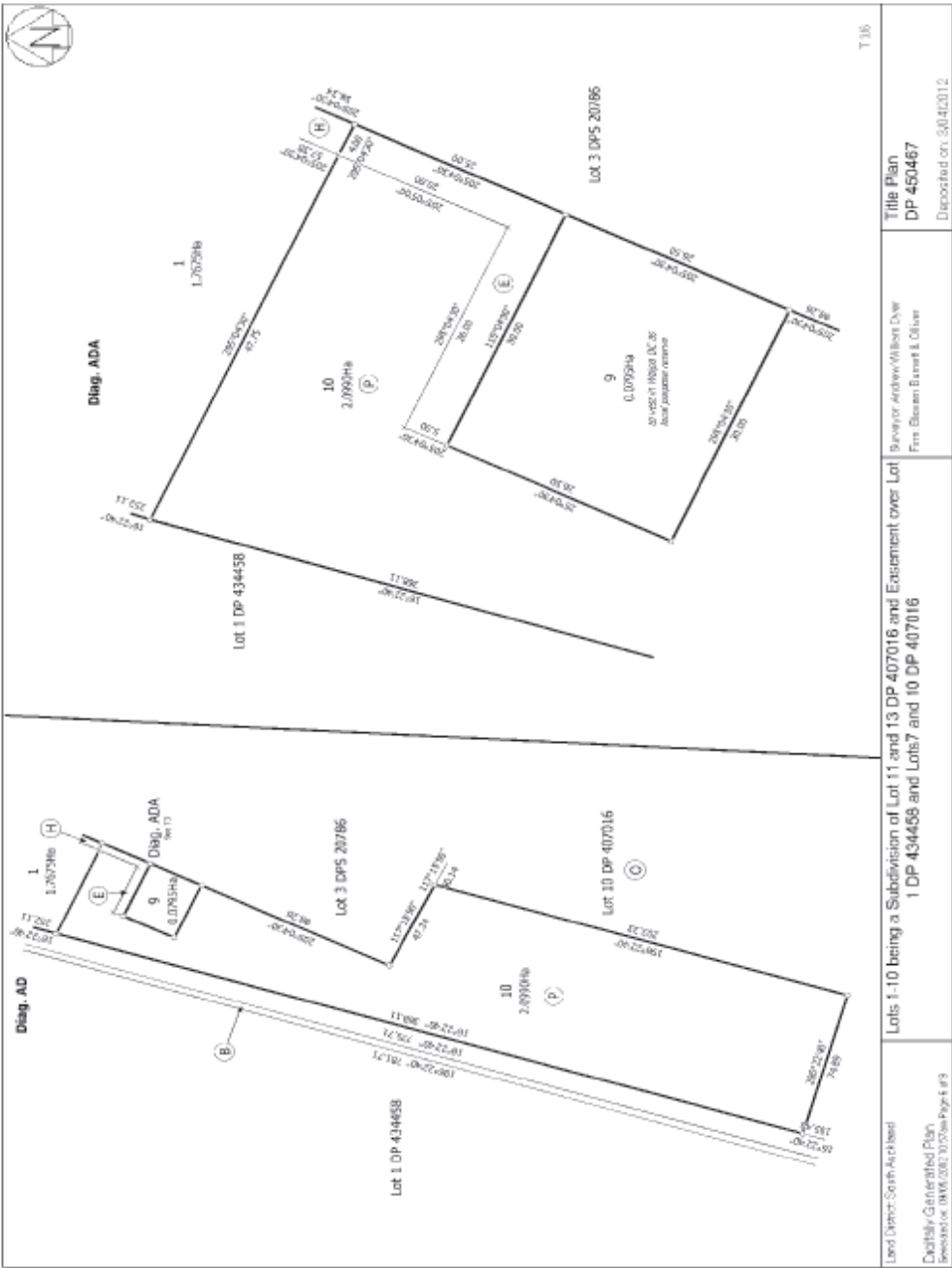
11721224.4 Mortgage to ASB Bank Limited - 31.3.2020 at 4:54 pm

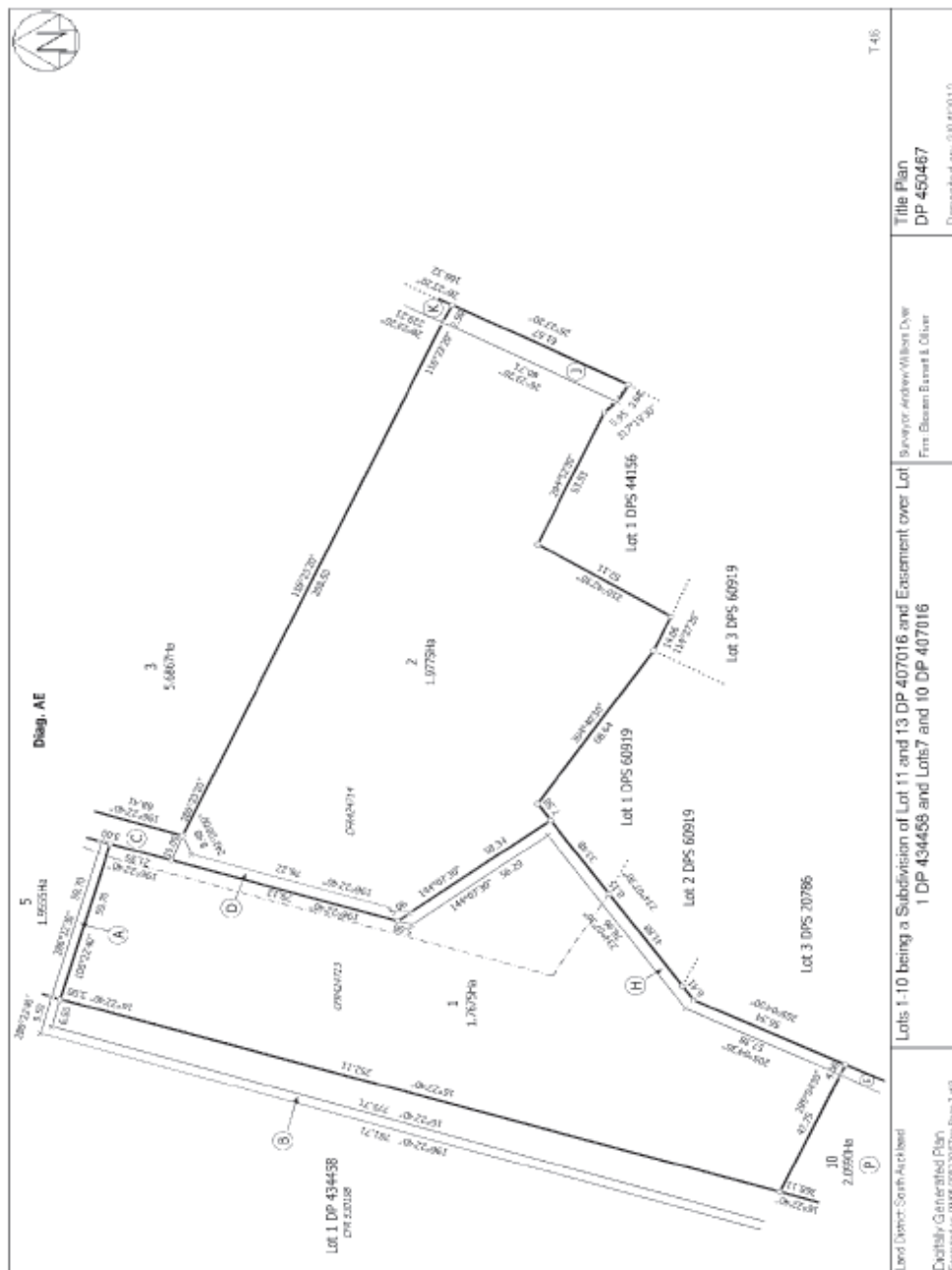






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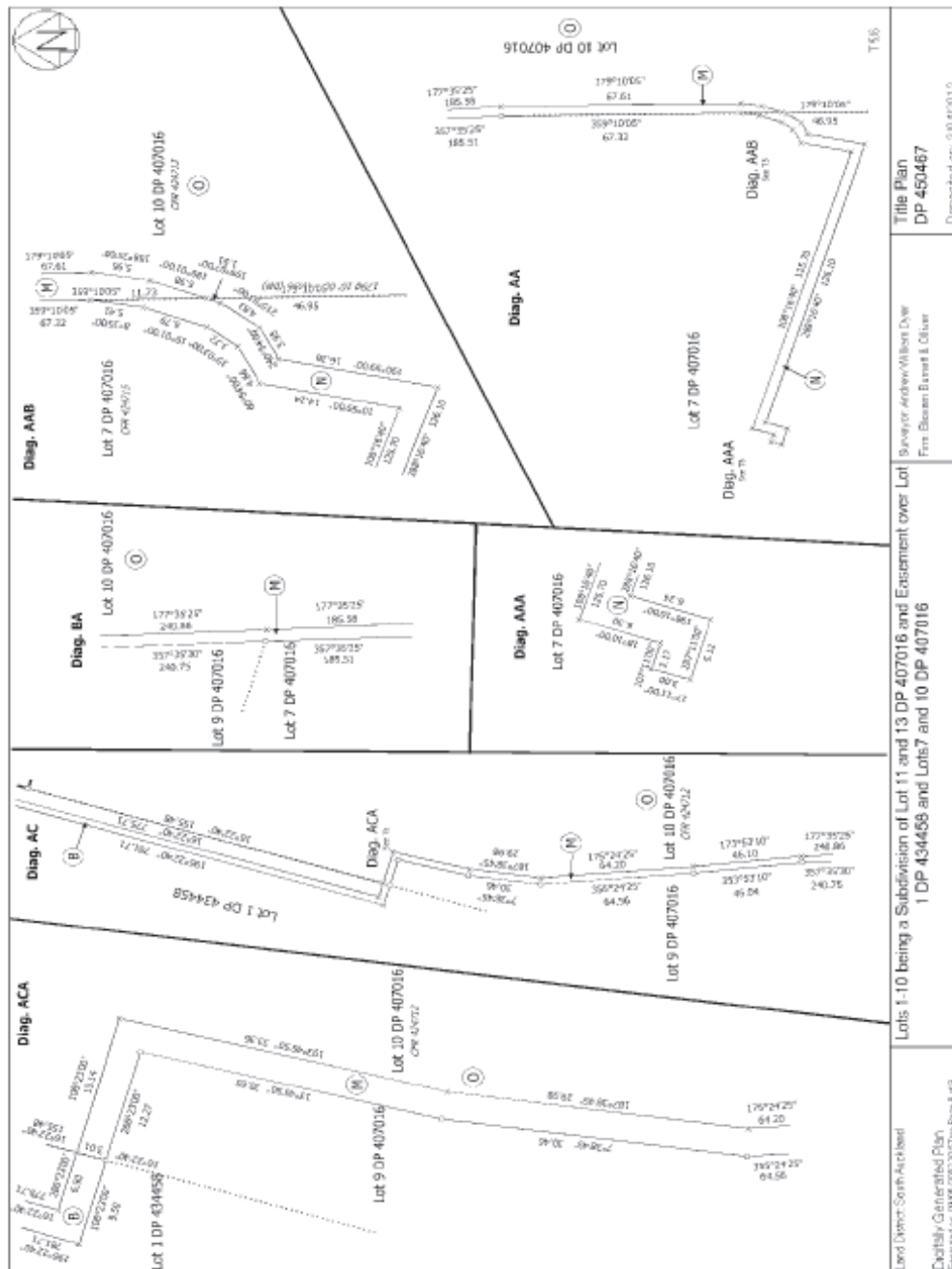


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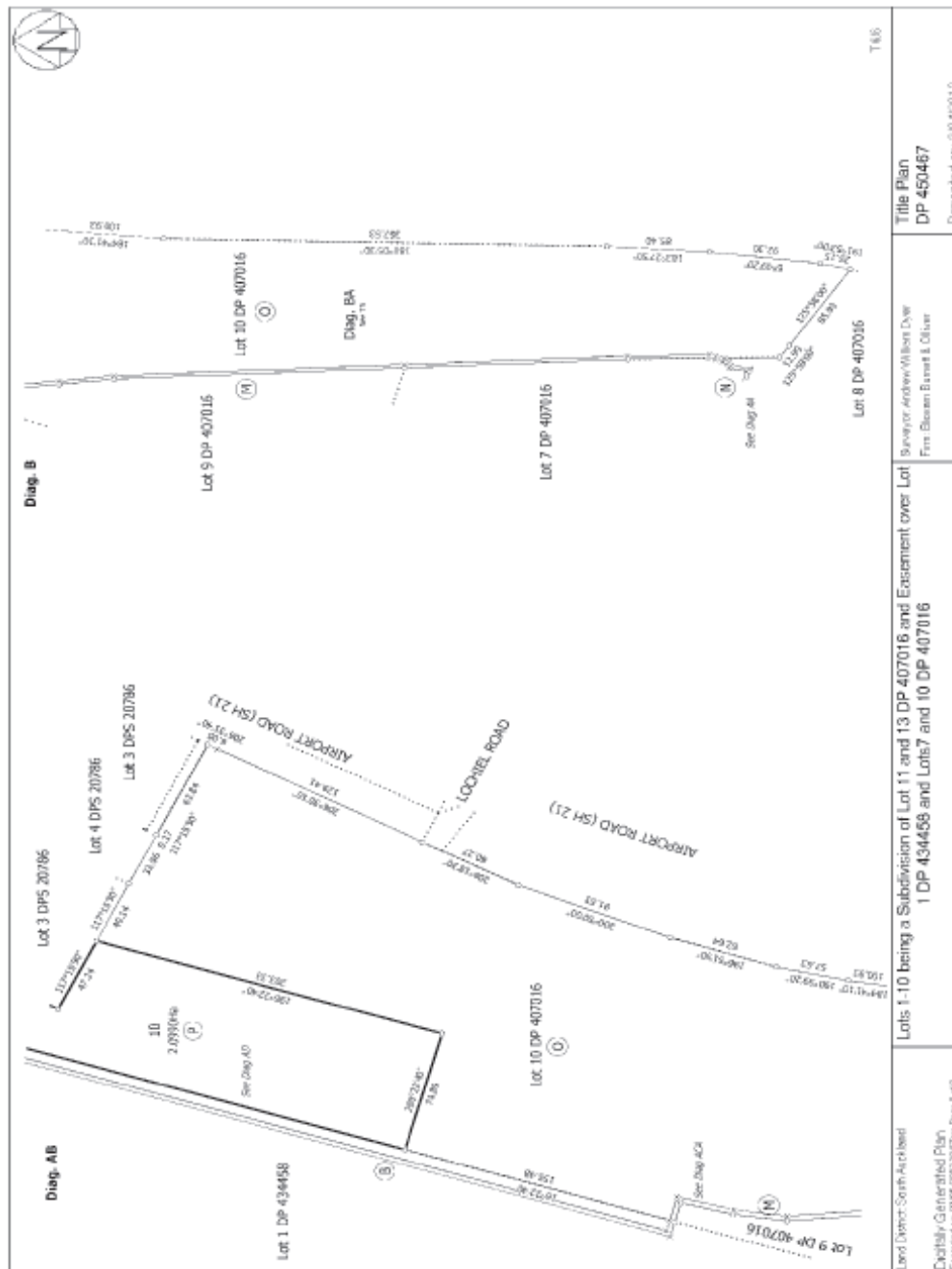


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Identifier 576456



Transaction Id
Client Reference vthomson001

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Register Only



341 Airport Road



**RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy**



Identifier SA38B/452
Land Registration District South Auckland
Date Issued 30 April 1987

Prior References
SA17D/1254

Estate	Fee Simple
Area	3260 square metres more or less
Legal Description	Lot 1 Deposited Plan South Auckland 44156

Registered Owners
PMG Generation Fund Trustees Limited

Interests

B537026.1 Gazette Notice declaring the adjoining State Highway No. 21 (Narrows Bridge - SH3 Intersection) to be a limited access road - 12.4.1999 at 1.11 pm
B632968.1 Notice pursuant to Section 91 Transit New Zealand Act 1989 - 3.11.2000 at 11.45 am
9226243.1 CERTIFICATE PURSUANT TO SECTION 77 BUILDING ACT 2004 THAT THIS COMPUTER REGISTER IS SUBJECT TO THE CONDITION IMPOSED UNDER SECTION 75(2) (ALSO AFFECTS 576455 and 576456) - 1.11.2012 at 4:35 pm
11721224.4 Mortgage to ASB Bank Limited - 31.3.2020 at 4:54 pm

Transaction Id
Client Reference vthomson001

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Register Only



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Appendix II – Discounted Cashflow Analysis

DISCOUNTED CASH FLOW SUMMARY											
Selling Considerations			Target IRR			Purchase Considerations					
Terminal Yield	5.40%		6.55%			Purchase Price	29,850,000				
Agent Commission	1.00%		29,838,496			Legal Fees	149,250	0.50%			
Legal Fees	0.50%		29,850,000			Cost of Purchase	29,999,250				
			INDICATED VALUE								
Valuation Year Year Ending	1 Mar-22	2 Mar-23	3 Mar-24	4 Mar-25	5 Mar-26	6 Mar-27	7 Mar-28	8 Mar-29	9 Mar-30	10 Mar-31	11 Mar-32
Income											
Passing Rent (as occupied)	1,557,171	1,616,786	1,616,786	1,622,878	1,549,071	0	0	0	0	0	0
Car Park Rent	0	0	0	0	0	0	0	0	0	0	0
New Leases	0	0	0	0	0	1,163,622	1,745,433	1,745,433	1,834,905	1,879,640	1,879,640
Future Car Park Income	0	0	0	0	0	0	0	0	0	0	0
Recovered Outgoings	104,080	106,682	109,349	112,083	105,208	78,352	120,348	123,236	126,194	129,223	132,324
Rent Shortfall (New Leases)	0	0	0	0	0	0	0	0	0	0	0
Total Income	1,661,251	1,723,468	1,726,135	1,734,961	1,654,280	1,241,974	1,865,781	1,868,669	1,961,099	2,008,863	2,011,964
Less											
Recoverable Outgoings	(104,080)	(106,682)	(109,349)	(112,083)	(114,773)	(117,527)	(120,348)	(123,236)	(126,194)	(129,223)	(132,324)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	0	0	0	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	5%	0	0	0	0	0	0	0	0	0	0
Total Net Income	1,557,171	1,616,786	1,616,786	1,622,878	1,539,507	1,124,446	1,745,433	1,745,433	1,834,905	1,879,640	1,879,640
Adjustments											
New Lease Commissions	0	0	0	0	0	(151,287)	0	0	0	0	0
New Lease Incentives	0	0	0	0	0	(363,632)	0	0	0	0	0
Annual Capital Expenditure (% of Income)	(62,287)	(64,671)	(64,671)	(64,915)	(61,963)	(46,545)	(69,817)	(69,817)	(73,396)	(75,186)	(75,186)
Make Good Allowance	0	0	0	0	(174,232)	0	0	0	0	0	0
Programmed Capital Expenditure	0	0	0	0	0	0	0	0	0	0	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
Net Sale Price	0	0	0	0	0	0	0	0	0	0	0
											35,652,432
NET CASH FLOW	1,494,884	1,552,114	1,552,114	1,557,963	1,303,312	562,983	1,675,616	1,675,616	1,761,508	1,804,455	35,652,432



Appendix III – Tenancy Schedule

Tenant	GLA (sqm)	Car Parks	Contract Rent (\$pa)	Other Income	Outgoings (\$pa)	Car Park Rent (\$pa)	Lease Start	Lease Term	Lease Expiry	Option(s) (years)	Option Notice	Standard Review	Ratchet Clause	Next Review
Tenancies														
1 Torpedo 7 Ltd	16,009.7		1,551,751	96.93	190,668	11.91	3-Mar-16	10.00	2-Mar-26	4	3 mths	3.0 yrly Indexed 4.2% (I	Soft	3-Mar-22
Car Parks														
Licensed Car Parks							Various		Various					
Vacant Car Parks														
Total	16,009.7		1,551,751	96.93	190,668	11.91								
Total Annual Rent			1,551,751 (excluding outgoings from net leases)		Weighted Average Lease Term: 4.92 years									

