CBRE VALUATION & ADVISORY SERVICES

VALUATION REPORT

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

75 WAINUI ROAD
WAIWHETU
LOWER HUTT

CLIENT: OYSTER INDUSTRIAL PROPERTIES LIMITED

VALUATION DATE: 31 DECEMBER 2021

CONTENTS

CBRE

VALUATION SUMMARY

Market Value (plus GST if any)

$31,500,000

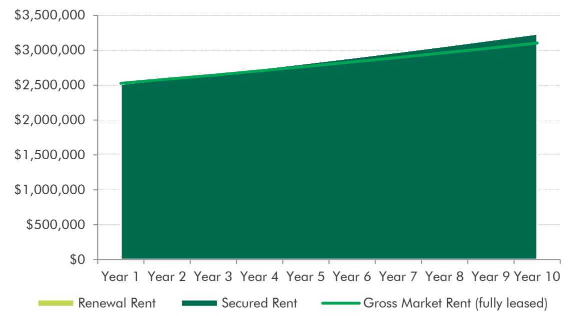
(Thirty One Million, Five Hundred Thousand Dollars)

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

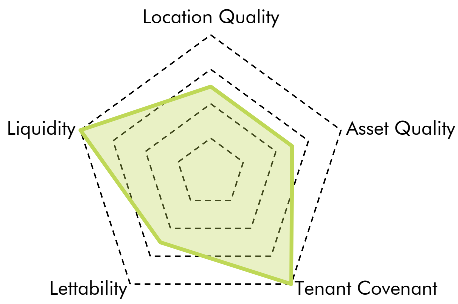
Key Valuation Metrics

Initial Yield:	5.43%	Net Passing Income:	$1,711,437 pa
Capital Value Rate:	$1,669 psm	Net Market Income:	$1,775,945 pa
Adopted Cap Rate:	5.50%	Rental Variance:	-4%
Adopted Target IRR:	6.75%	No. of Tenants:	1
Adopted Terminal Yield:	6.00%	WALT (Income):	11.08 years
Area (GLA):	18,871.0 sqm	Vacancy Rate:	Nil

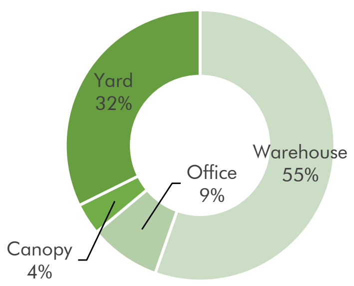
Tenancy Profile by Income



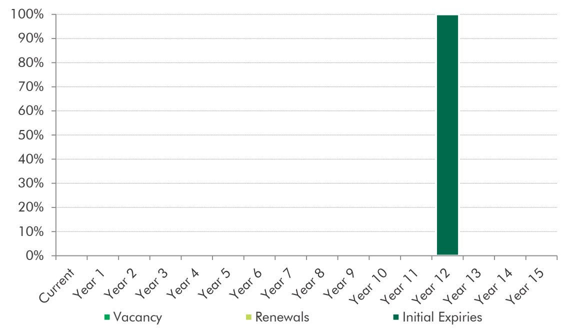
Property Risk Profile



Floor Area Breakdown



Lease Expiry (by rent)



Property Description

Erected as the Griffins Biscuit Factory and originally built in the 1950s. The property comprises a plastic forming manufacturing plant with associated amenities occupied by Flight Plastics, a subsidiary of Pact Group, an ASX listed company. Since then there have been significant new improvements built in 2009/2010 creating an integrated industrial complex situated on 'park like' ground occupying a 4.44 hectare site.

Alto Packaging Limited (Pact Group) have a 12 year lease with 11.1 years remaining. The commencing net rental is $1,722,470 per annum with 3% fixed annual rental increases and a market review at lease renewal with a soft ratchet clause and cap of 10%.

As part of the due diligence completed by the parties prior to purchase it was determined several buildings are of low seismic capacity. Within the Agreement in Respect to Seismic Works it is agreed the Landlord will complete strengthening works with the aim of achieving 67% NBS across all buildings with Pact Group to fund the works up to $3,500,000. Quantity Surveyors RLB determined as at October 2020 the cost to achieve 67% NBS was $3,253,000 plus the cost of external contractors. Although it would appear the $3,500,000 is sufficient to achieve 67% NBS given the cost increases over the previous 12 months we consider there may be some increase to cost – see Special Assumption Section 1.8.

Prepared by CBRE Limited

Wayne Nyberg, FNZIV, FPINZ, AREINZ
Registered Valuer
Director – Valuation & Advisory Services
Principal Valuer
Property Inspected: Yes

Hamish Merriman, BBS (VPM), MPINZ, ANZIV
Registered Valuer
Valuation & Advisory Services
Full Valuation & Analysis
Property Inspected: Yes

SWOT & RISK ANALYSIS

Strengths	Weaknesses
■ WALT of 11.1 years. ■ Pact Group, an ASX listed company, provided a strong covenant. ■ Established industrial location. A short distance to the Lower Hutt commercial centre and Petone commercial hub. ■ Limited exposure to strengthening costs. ■ Fixed annual rent increases. ■ High stud to the main manufacturing warehouse (5.5 metres to 9 metres). ■ Good site circulation and yard areas. ■ Buildings are well-maintained for age. ■ Building would suit a range of alternative uses and occupiers.	■ Large proportion of 1970's lower stud warehousing (4 metre to 5.5 metre stud). ■ High ratio of offices may not be required by alternative occupiers. ■ Low seismic integrity of some buildings.

Opportunities	Threats
■ Areas of the property could be sub-leased.	■ Rising interest rates may negatively impact on currently strong property yields. ■ Rising construction costs are likely to impact on seismic strengthening costs. ■ Subsoil testing is ongoing. ■ 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:	Dhilan Balia on behalf of Oyster Industrial Properties Limited.
Purpose of Valuation:	Inclusion in a product disclosure statement ("PDS") under the Financial Markets Conduct Act 2013 for the offer of shares in Oyster Industrial Properties Limited (the "Offer").
Basis of Valuation:	Market Value.
Date of Inspection:	26 January 2022.
Date of Valuation:	31 December 2021.

1.2 CONSENT (MARKET VALUE)

CBRE Limited provides its consent for the inclusion of this Full Valuation Report in the Register Entry for the Offer and for the inclusion of the Summary Letter (which is to be provided separately) in the PDS of Oyster Industrial Properties Limited, making recipients of the PDS and viewers of the Registry Entry aware of the liability disclaimers.

1.3 LIABILITY DISCLAIMER (MARKET VALUE):

(a) CBRE Limited is not operating as a NZ Authorised Financial Advisor when providing this Full Valuation Report and this document does not constitute financial product advice. Investors should consider obtaining independent advice from their financial advisor before making any decision relating to the Offer.

(b) CBRE Limited disclaims any liability to any person in the event of an omission from, or false and misleading statements included in the PDS and Register Entry, other than in respect to the Full Valuation Report.

(c) This Full Valuation Report is strictly limited to the matters contained within this document and are not to be read as extending, by implication or otherwise, to any other matter in the PDS and Register Entry. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.

(d) CBRE Limited has prepared this Full Valuation Report on the basis of, and limited to, the financial and other information (including market information and third party information) is accurate, reliable and complete and confirm that we have not tested the information in that respect.

(e) Any references to any property value within the PDS and Register Entry have been extracted from this Full Valuation Report. This Full Valuation Report draws attention to the key issues and considerations impacting value and provides a detailed assessment and analysis as well as key critical assumptions, assumptions, disclaimers, limitations and qualifications and recommendations. As commercial investments of this nature are inherently complex and the market conditions have changed and/or have been uncertain in recent times, we recommend that the extracts must be read in concert with this Full

Valuation Report. No responsibility is accepted for any loss or damage arising as a result of reliance upon the extracts set out in the PDS or Register Entry.

(f) This Full Valuation Report may be reproduced in whole or in part without prior written approval of CBRE Limited.

(g) CBRE Limited charges a professional fee for producing valuation reports and the fee paid by **Oyster Industrial Properties Limited** for this Full Valuation Report can be disclosed if requested.

(h) We confirm that the valuers do not have a pecuniary interest that would conflict with a proper valuation of the interest in the property.

This document is for the sole use of persons directly provided with it by CBRE Limited. Use by, or reliance upon this document by anyone other than those parties named above is not authorised by CBRE Limited and CBRE Limited is not liable for any loss arising from such unauthorised use or reliance.

1.4 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."

1.5 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.

1.6 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 members and representatives of the due diligence committees established for the purpose of the proposed initial public offer of shares in the proposed industrial fund.

<u>CBRE Limited acknowledges that this Full Valuation Report may be included in the Register Entry of Oyster Industrial Properties Limited for the purpose of the Offer.</u>

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.

1.7 INFORMATION PROVIDED

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

- Deed of lease and summary document including the Deed in Respect of Seismic Works.
- Outgoings budget.
- Capital expenditure budget.
- Due Diligence Report prepared by Greenstone Group.

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

1.8 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.

Particularly critical to our valuation are the following assumptions:

Seismic Strength:

Obligations under a side agreement within the Sale and Purchase Agreement (Alto Packaging as Vendor and Oyster as Purchaser) require all buildings to have a minimum 50% NBS rating but with a target NBS of 67% agreed between the parties. The Due Diligence Report outlines the preliminary seismic strengthening programme and cost estimates to address the strengthening of required buildings.

Within the due diligence report and confirmed by Oyster, RLB have determined the cost to achieve 67% NBS totals $3,253,000 excluding third party consultants. This includes a 20% contingency.

The vendor (Alto Packaging) is to make available to the purchaser (Oyster) funds totalling $3,500,000 for the completion of the strengthening works.

Given the time elapsed since the due diligence report we have allowed for construction cost inflation of 10% over the previous 12 months and further allowed third party consultants at 15% of the total works. This results in a current cost estimate to achieve 67% NBS of $4,115,000. As identified, the cost exceeds that to be paid by the Vendor (Alto Packaging) by $615,000. This represents Oyster's current exposure to the works and is included in our capital expenditure estimate.

Our valuation is strictly prepared on the basis all buildings have a minimum NBS rating of 67% and based on the above costs provided. Any variation to these costs will likely materiality affect our valuation.

We note that Tonkin and Taylor identified potential liquefaction issues for the site in a desktop assessment. Works are ongoing in order to determine the subsoil class. Any change in the subsoil class will likely affect the seismic integrity of the structures and impact on strengthening costs and outcomes. Within the due diligence document RLB estimate the cost to strengthen all buildings to 67% NBS if liquefaction is identified at $6,950,000. Given this higher cost it is likely that the strengthening of structures would be prioritised with those of a low priority strengthened to achieve the minimum NBS requirement of 50%.

Should the subsoil class be determined as providing liquefaction issues and only some buildings be strengthened to the target NBS of 67% NBS our valuation would need to be reviewed lower.

Excess Buy Down:

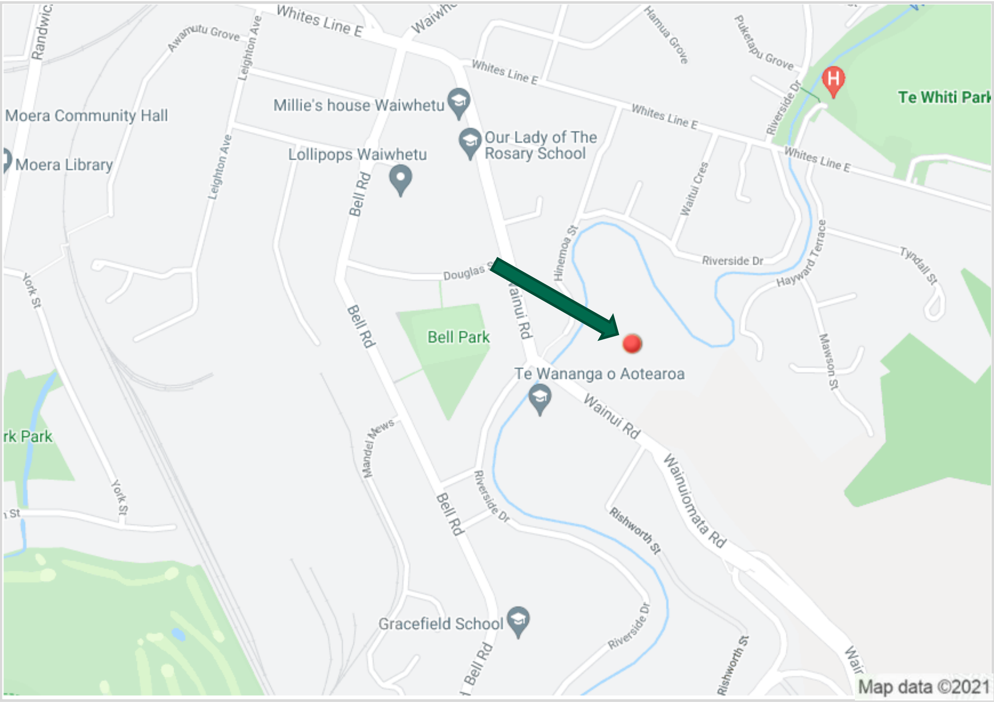
Oyster have opted to include a natural disaster excess buy down as part of the insurance policy of the property. This type of cover is not common in the market and under the terms of the lease, not required. We have therefore reduced our outgoings by the cost of the excess buydown ($46,088 plus GST) and made a 'below the line' adjustment for 1 year's cost.

Contamination: We are not land contamination experts and therefore out of necessity we have undertaken our assessment on the basis that the contamination (if any) would not affect the market value of the property and we have made no allowance in our valuation for site remediation works. Our valuation is therefore on the basis the site is free from elevated levels of contaminants that would limit its use as allowed under its permitted zoning and therefore have made no allowance in our valuation for further site remediation works. If further remedial works are required we reserve the right to review our valuation.

2 LAND

2.1 LOCATION

Location Map:



View the subject property in Google Maps.

Nearest Main Centre: The property is situated on the northern side of Wainui Road located at the foot of the Wainuiomata Hill Road being approximately 3 kilometres from the Lower Hutt Central Business District and 15 kilometres from Wellington City.

Situation/ Surrounds: Surrounding development predominantly comprises mixed industrial warehouse/ workshop accommodation with associated offices and yard areas. The Gracefield/Seaview industrial area is in close proximity and generally characterised by improvements of mixed age and construction, including many older industrial units developed in the 1970s. In recent years a number of newer premises have been established and older buildings refurbished to provide more contemporary industrial accommodation.

Transport Links: State Highway 2 is situated approximately 6 km to the west of the subject property via the Petone foreshore. State Highway 2 provides access to Upper Hutt to the north, State Highway 1 and the Wellington CBD to the south.

2.2 RESOURCE MANAGEMENT

Local Authority and Plan: Hutt City Council, District Plan 2003.

Zone: General Business Zone

The General Business Activity Area seeks to accommodate a mix of compatible commercial and industrial activities, including commercial activities which provide a supporting role to the central and suburban commercial centres. To do so, the activity areas focus is on enhancing the image of the main entrance routes of the city where they pass through the activity area, controlling effects on the amenity of the activity area and surrounding areas and protecting the adjoining foreshore.

Indicative Permitted Uses: Any activity which complies with the permitted activity conditions. Except for:

- Retail activities (exceptions apply – refer to Rule 6A 2.1.1(j)(i)-(viii));
- Residential activities (with the exception of caretaker quarters);
- Visitor accommodation (except in the Esplanade West Area);
- Waste transfer stations;
- Trading warehouses;
- Abattoir, slaughterhouse and packing house;
- Activities on sites which abut or are opposite a residential activity area;
- Brothels or commercial sexual services abutting or opposite residential activity areas, schools, pre-schools, churches and other similar facilities;
- Vehicle repairs, vehicle maintenance and servicing, engine and bodyworks, spray painting and panel beating or car wrecking which abut or opposite a residential activity area;
- Service stations along The Esplanade.

Height Limit: 12 metres.

Other Development Controls: Standards are also in place for yard requirements, setback requirements, recession planes, site coverage, storage, landscaping and screening, servicing hours, and pollution.

Present Use: The present use appears to comply with the underlying zoning.

Heritage Listing: No.

2.3 SITE DESCRIPTION

Aerial View

Indicative Title Boundaries

Land Area: The site comprises a total area of 4.4371 hectares.

Contour: Level.

Services: All typical municipal services appear to be connected to the site.

Accessibility: From Wainui Road.

Potential Flooding: The property is situated within a 1 in 100 year flood plain as is much of the surrounding area.

Contamination: We have not undertaken any formal searches, other than an online search of the Greater Wellington Regional Council's Selected Land Use Register (SLUR) for contaminated land. This search revealed no listing of the subject property. However, we note that not being listed on the register does not preclude the property from being contaminated. We assume that the site is free from elevated levels of contaminants and have therefore made no allowance in our valuation for site remediation works.

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	Registered Owner	Tenure
871447	Lot 1	DP 532424	2.2215 ha	Oyster Industrial Properties Limited	Freehold
WN465/182	Pt Lot 1	DP 7704	1.8033 ha	Oyster Industrial Properties Limited	Freehold
WN458/158	Lot 1	DP 11199	4,123 sqm	Oyster Industrial Properties Limited	Freehold

Registered Interests: Registrations include:

871447

- 11359488.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 28.3.2019
- Subject to a right of way over part marked A on DP 532424 created by Easement Instrument 11359488.3 -28.3.2019
- The easements created by Easement Instrument 11359488.3 are subject to Section 243 (a) Resource Management Act 1991
- Subject to a right to convey water, gas, electricity, telecommunications and computer media, and a right to drain water and sewage over part marked B on DP 532424 created by Easement Instrument 11359488.4 - 28.3.2019
- The easements created by Easement Instrument 11359488.4 are subject to Section 243 (a) Resource Management Act 1991
- 11980672.3 Lease Term 12 years commencing 29 January 2021 (Rights of Renewal) Record of Title 984523 issued - 29.1.2021

- 12103762.1 Variation of the conditions of the easement specified in/created by Easement Instrument 11359488.3 -1.6.2021

WN465/182

- 11980672.3 Lease Term 12 years commencing 29 January 2021 (Rights of Renewal) Record of Title 984523 issued - 29.1.2021

WN458/158

- Fencing Agreement in Transfer 235085 - 28.7.1937
- 11980672.3 Lease Term 12 years commencing 29 January 2021 (Rights of Renewal) Record of Title 984523 issued - 29.1.2021

Further Discussion:

Right of Way (A) this right of way allows parties associated with Lot 2, the adjoining hillside land, access over the subject land. A 3-metre access strip is required to be left unobstructed at all times to allow for vehicle access. Given the land is utilised as yard, there is considered to be no material effect on value.

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

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

2.5 SEISMIC

The introduction of The Building Act 2004 increased the scope and number of buildings that were to be considered earthquake prone and required that all councils adopt a policy regarding earthquake prone buildings. As a result of inconsistencies and non-compliance by some Councils, the Building (Earthquake-prone Buildings) Amendment Act 2016 was enacted by Parliament taking effect from 1 July 2017. The Act is administered by Councils and a publicly available national register of earthquake-prone buildings administered by MBIE was created.

The threshold for defining an earthquake-prone building remained unchanged, i.e. less than 34% of the New Building Standard (NBS).

Once a building is classified as earthquake prone it will need to be strengthened or, if appropriate, demolished. The objective is to improve safety and increase the likelihood of existing buildings withstanding earthquakes.

The new legislation defined risk areas throughout the country and dictated specific timings for earthquake strengthening processes. For example, Wellington is categorised as a high seismic risk area, with timeframes of 5 years for assessment, 15 years to upgrade, totalling 20 years.

The responsibility to ensure compliance with both the Building Act and the Council's Earthquake Prone Buildings Policy is placed with the building owner.

The legislation also required early remediation of earthquake-prone buildings when substantial alterations are undertaken and provided for exemptions from the requirement to remediate for some buildings, for example farm buildings and single residential buildings and others on a case-by-case basis. Some timeframes are able to be stretched, for example heritage buildings.

CBRE has also observed considerable increasing market resistance to buildings that sit below 67% of NBS which is typically considered the minimum market acceptable level of seismic strength, although this requirement does vary across different asset classes. In general, these buildings are more difficult to lease and sell compared to buildings above this level.

2.5.1 SEISMIC WORKS AND AGREEMENT

We are provided with a due diligence report dated November 2020 undertaken by Greenstone Group who were engaged to assist with the review of the seismic integrity of the structures. The report is a consolidation of other consultants work plus a recommendation to Oyster Management Limited on the execution of the strengthening programme. A site assessment was undertaken by the appointed group of consultants:

- Envelope Engineering – Structural Engineering
- Constructure – Structural Engineering
- Harrison Grierson – Structural Engineering
- Greenstone Group – Project Management
- Rider Levett Bucknall – Quantity Surveyors
- Tonkin + Taylor – Geotechnical Consultants (desktop assessment only).

The seismic rating of the buildings is set out below:

Building	Seismic Rating (%NBS)
Silo Building	40%
Canopy Connection	50%
Dough Building	50%
Office Building	40%
Canteen	35%
Services Building	40%
Storage Warehouse (Original)	40%
Factory (2010)	35%

Obligations under a side agreement within the Sale and Purchase Agreement (Alto Packaging as Vendor and Oyster as Purchaser) require all buildings to have a minimum 50% NBS rating but with a target NBS of 67% agreed between the parties. The Due Diligence Report outlines the preliminary seismic strengthening programme and cost estimates to address the strengthening of required buildings.

Within the due diligence report and confirmed by Oyster, RLB have determined the cost to achieve 67% NBS totals $3,253,000 excluding third party consultants. This includes a 20% contingency.

The vendor (Alto Packaging) is to make available to the purchaser (Oyster) funds totalling $3,500,000 for the completion of the strengthening works.

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Our valuation is strictly prepared on the basis all buildings have a minimum NBS rating of 67% and based on the above costs provided. Any variation to these costs will likely materiality affect our valuation.

We note that Tonkin and Taylor identified potential liquefaction issues for the site in a desktop assessment. Works are ongoing in order to determine the subsoil class. Any change in the subsoil class could affect the seismic integrity of the structures and impact on strengthening costs and outcomes. Within the due diligence document RLB estimate the cost to strengthen all buildings to 67% NBS if liquefaction is identified at $6,950,000. Given this higher cost it is likely that the strengthening of structures would be prioritised with those of a low priority strengthened to achieve the minimum NBS requirement of 50%.

Should the subsoil class be determined as providing liquefaction issues and only some buildings be strengthened to the target NBS of 67% NBS our valuation would be lower.

3 IMPROVEMENTS

3.1 OVERVIEW

Brief Description:	The property comprises the Flight Group manufacturing plant, and 2 level offices formerly the Griffins Biscuit Factory originally built in the 1950s. Subsequently there have been significant new improvements built in 2009/2010 creating an integrated industrial complex occupying a large 4.4 hectare site with good yard circulation.
Age:	Originally built 1950s, significantly upgraded/extended in 2009/2010.
Condition and Repair:	Generally well maintained and presented.
Capital Expenditure:	We are provided with a capital expenditure budget through to 2024 which we have made allowance for within our valuation. See Section 3.8.
BWOF:	We have sighted a current Building Warrant of Fitness (BWOF) which expires 9 June 2022.
Asbestos:	An asbestos management plan has been requested but not provided as such 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.

3.2 COMPONENTS

Main Warehouse:	Built in 2009 comprising of a steel frame structure with concrete foundations and floor slab. A previous warehouse structure was removed however the pre-existing floor slab retained. The roof is clad in steel with intermittent translucent panels allowing good natural light. It is supported by a series of reinforced steel portal frames and steel purlins, with two rows of internal columns. Stud height is 5.5 metres to 9.0 metres. Internally the building has been partitioned by way of full height speed walls and part plasterboard linings. There is a substantial canopy built up to the eastern side of the building that was incorporated into the warehouse in 2016. This building and all on site are sprinklered.


Storage Buildings (1970s):

To the eastern side of the complex are older 1970s buildings with a stud height ranging from 4.0 metres to 5.5 metres. These buildings are set on concrete foundations and the roof comprises a series of separate gables with internal valleys. External walls are typically clad in trough section steel with a number of exterior roller door entry points. The roof is of galvanised steel. Internally the structures comprise a number of separate bays.


Front Building:

A two-storey structure built in 1965 on reinforced concrete foundations with reinforced concrete columns and beams, and concrete floors across both levels. This building was the former dough room within the former Griffins Biscuit Factory. Adjoining the building is a silo/ tower.

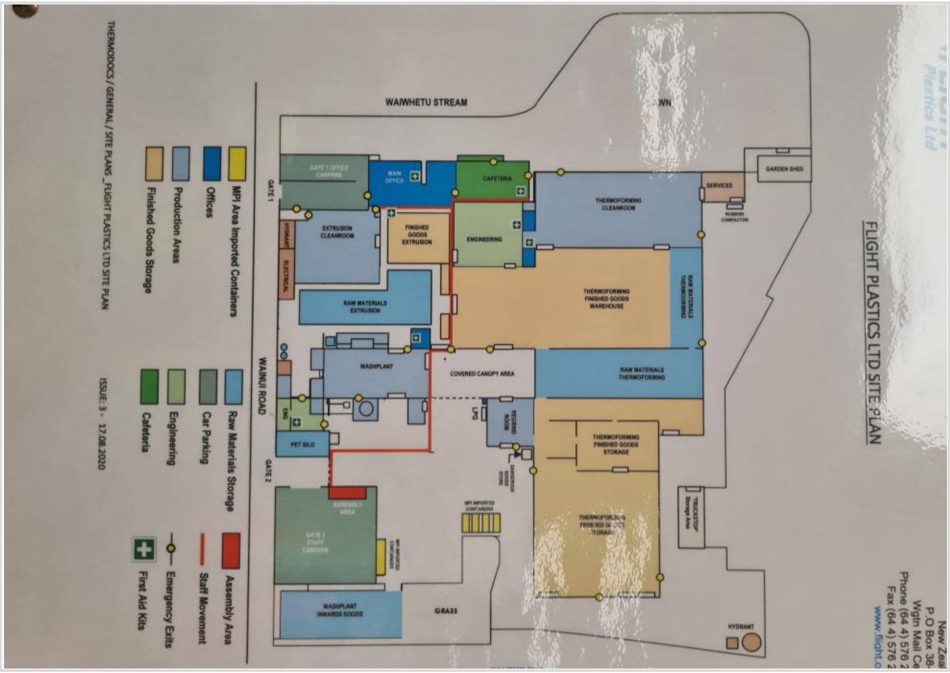
Administration Building:

Constructed in 1955 comprising of ground floor offices and first-floor boardroom/ meeting room. Construction includes concrete foundations with the exterior predominantly clad in reinforced concrete with a plastered and paint finish. Windows incorporate a mix of steel and timber framing. The administration building is partitioned to provide a series of large office workspaces, lunchroom, toilets and locker room and features heat pumps units for air-conditioning.


Other Improvements:	Areas of bitumen, part chip coated seal, concrete yard, used for car parking, circulation and hard stand storage. Other improvements include concrete water tanks, retaining walls with grass lawns.

3.3 FLOOR PLAN

Floor Plan:



3.4 FLOOR AREAS

Tenant Name	Component Name	GLA (sqm)
Vacant	Factory/Warehouse (2010)	9,048.0
	Enclosed Canopy	703.0
	First Floor - Dough Room	1,045.0
	Store (1970s) (Including 'Services')	5,287.0
	Office/Administration - Ground Floor	1,148.0
	Office/Administration - First Floor	190.0
	Ground Floor - Dough Room	1,045.0
	Resin Silo	369.0
	Skyline Garage	36.0
	Yards, including car parking	9,000.0
Sub-Total (Area)		18,871.0
Totals		18,871.0

Source: Provided by Oyster Industrial Properties Limited and assumed in accordance with the relevant method from the PCNZ/PINZ Guide for the Measurement of Rentable Areas.

3.5 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 been provided with budgeted capital expenditure details for the next 3 years.

In addition to the budgeted capital expenditure items provided, we have allowed:

- Capex escalation based on CPI.
- A minimum capital expenditure allowance equivalent to 1.50% of gross income per annum.
- Included an estimate of $615,000 in relation to Oyster's contribution to seismic strengthening.
- An allowance of $25 psm on each 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				
Roofing - Parapets	$22,002	-	-	$22,002
AC - Factory	$750	-	-	$750
Electrical - Earthing Cabling	$5,124	-	-	$5,124
Fire Protection	$40,713	-	-	$40,713
Seismic Strengthening Shortfall	$615,045	-	-	$615,045
Ambience - Dough Room	$37,500	-	-	$37,500
Plumbing & Drainage - Cold Water	$126	-	-	$126
Roofing - Office	$94,988	-	-	$94,988
Other - Dough Room	$67,628	-	-	$67,628
Plumbing & Drainage - Waste Pump	$88,000	-	-	$88,000
Electrical - Factory Lights	$28,141	-	-	$28,141
AC - Heat pumps	$12,248	-	-	$12,248
Electrical - Distribution Boards	$10,207	-	-	$10,207
Electrical - Factory Lights	$15,310	-	-	$15,310
Electrical - Ext Lighting	$3,062	-	-	$3,062
Fire Protection - Remedial Works	$95,000	-	-	$95,000
Environment - Water and Electrical	$16,000	-	-	$16,000
Total Client Advised Capital Expenditure	$1,151,843	-	-	$1,151,843
Refurbishment (on expiring leases)	-	-	$273,662	$273,662
General Capital Expenditure Allowance	-	$126,732	$278,061	$404,793
Budgeted CAPEX (incl. Refurb Allowance)	$1,151,843	-	-	$1,151,843
Total CAPEX (Adopted Overall)	$1,151,843	$126,732	$551,723	$1,830,298
Total CAPEX $psm	$61.04	$6.72	$29.24	$96.99
% of Adopted Value	3.66%	0.40%	1.75%	5.81%

Note: Year 11 represents values included in terminal valuation

4 OCCUPANCY

4.1 LEASE SUMMARY

Alto Packaging Limited

			$pa	$psm
Tenancy Area:	18,871.0 sqm	Contract Rent:	$1,722,470	$91.28
Lease Term:	12 years	Outgoings Recoveries:	$738,842	$39.15
Option Periods:	15 years	**Total Rent:**	$2,461,312	$130.43
Commencement:	29 January 2021			
Expiry:	28 January 2033			
Next Review:	29 January 2022			

Outgoings:	The Lease is structured on a net basis, with the Lessee required to pay the total property outgoings with the exception of Health and Safety items.
Rent Reviews:	Annual fixed 3% reviews. Reviewed to Market at lease renewal with a soft ratchet clause and maximum rental increase of 10%.
Incentive:	There are no outstanding incentives as at the date of valuation.
Maintenance Obligations:	The Tenant is responsible for the maintenance and repair of the Premises, the services, essential services and Tenants fixtures and fittings in good and substantial repair; for ensuring that normal, regular, preventative servicing and maintenance is carried out including the supply and installation of minor parts. The Tenant will keep the premises clean and free from dirt and rubbish and will undertake building washes. 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 is required to keep the premises structurally sound, watertight, weatherproof and safe and upgrade any services and essential services where they are malfunctioning.
Make Good:	The Tenant is entitled (but not obliged) to remove all the Tenant's fixtures and fittings, goods and property from the Premises and make good all damage caused by the removal. Any of the Tenant's fixtures and fittings, goods or property not removed within a reasonable time will be deemed abandoned by the Tenant and will become the property of the Landlord, without compensation being payable by the Landlord to the Tenant. Remove any alterations or additions (including Fitout Works): The Tenant must remove alterations and additions if requested by the Landlord in writing and must make good any damage caused by such removal. Remove signage: The Tenant must remove signage if requested by the Landlord in writing and must make good any damage or disfigurement caused by the method of removal.

No Access in Emergency:	The standard 'no access in emergency' clauses of the Auckland District Law Society Deed of Lease, 6th Ed 2012 (5) apply without amendment, which includes: (a) a rental abatement in the event of an emergency where the Tenant is unable to access the Premises to fully conduct its business from the Premises; and (b) a termination right mutually in favour of Landlord and Tenant in the event that such inaccessibility persists for 12 months from the date of initial access OR if a party establishes with reasonable certainty that the Tenant is unable to gain access to the Premises for that period.
Break Clause:	There is no Break Clause noted within the Lease.
Permitted Use:	Offices, PET processing, washplant, file extrusion and the production of thermoformed rigid packaging or any other use permitted by Law.

4.2 OUTGOINGS

Item	2021-2022		Adopted	
	$pa	$psm	$pa	$psm
Recoverable Outgoings				
Municipal/Council Rates	101,376	5.37	95,010	5.03
Insurance Premiums	443,271	23.49	397,183	21.05
Air Conditioning/Ventilation	11,980	0.63	11,980	0.63
Cleaning	3,000	0.16	3,000	0.16
Car Park Maintenance	12,000	0.64	12,000	0.64
Fire Protection/Public Address	34,784	1.84	34,784	1.84
Repairs & Maintenance	125,950	6.67	125,950	6.67
Energy Management/Building Automation Systems	2,330	0.12	2,330	0.12
Security Call Outs	500	0.03	500	0.03
Administration/Management Fee	53,485	2.83	53,485	2.83
BWoF/Compliance	2,620	0.14	2,620	0.14
Total Statutory Charges	101,376	5.37	95,010	5.03
Total Operating Expenses	689,920	36.56	643,832	34.12
Total Recoverable Outgoings	791,296	41.93	**738,842**	39.15
Non-Recoverable Outgoings	anagement as % of Gross Passing Income			2.17%
Health & Safety	11,033	0.58	11,033	0.58
Total Non-Recoverable Expenses	11,033	0.58	**11,033**	0.58
Total Outgoings	**802,329**	**42.52**	**749,875**	**39.74**

Source: Client outgoings schedule

Outgoings Comment:	Rates were budgeted at $101,376 per annum but we have adopted the actual Rates provided by Hutt City Council which are $95,010 per annum. Management expenses shall be 2% of the Rent payable during that period. Insurance - Oyster have opted to include a natural disaster excess buy down as part of the insurance policy of the property. This reduces the excess payable should a natural disaster occur from 5% to 2.5% of replacement cost. This type of cover is not common in the market and under the terms of the lease, not required. We

have therefore reduced our outgoings by the cost of the excess buydown ($46,088 plus GST) and made a 'below the line' adjustment for 1 year's cost.

Following the adjustments to rates, overall the outgoings rate per square metre appears to be in line with comparable properties in terms of size and use.

4.3 NET INCOME SUMMARY

We summarise the property's net income as follows:

Tenant Name	Component Name	GLA (sqm)	Net Pasisng Rent $psm	Net Pasisng Rent $pa	Gross Passing Rent $psm	Gross Passing Rent $pa
Alto Packaging	Factory/Warehouse (2010)	9,048.0	$93.31	$844,295	$132.47	$1,198,545
	Enclosed Canopy	703.0	$65.00	$45,695	$104.15	$73,219
	First Floor - Dough Room	1,045.0	$30.00	$31,350	$69.15	$72,264
	Store (1970s) (Including 'Services')	5,287.0	$60.00	$317,220	$99.15	$524,218
	Office/Administration - Ground Floor	1,148.0	$130.00	$149,240	$169.15	$194,187
	Office/Administration - First Floor	190.0	$125.00	$23,750	$164.15	$31,189
	Ground Floor - Dough Room	1,045.0	$60.00	$62,700	$99.15	$103,614
	Resin Silo	369.0	$60.00	$22,140	$99.15	$36,587
	Skyline Garage	36.0	$30.00	$1,080	$69.15	$2,489
	Yards, including car parking	9,000.0	$25.00	$225,000	$25.00	$225,000
Gross Occupancy Cost		18,871.0			$130.43	$2,461,312
Less: Outgoings						$738,842
Net Rental				$1,722,470		$1,722,470
Less: Non-Recoverable Outgoings				$11,033		$11,033
Net Income				1,711,437		$1,711,437

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5 MARKET

5.1 COVID-19 MARKET COMMENT

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

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

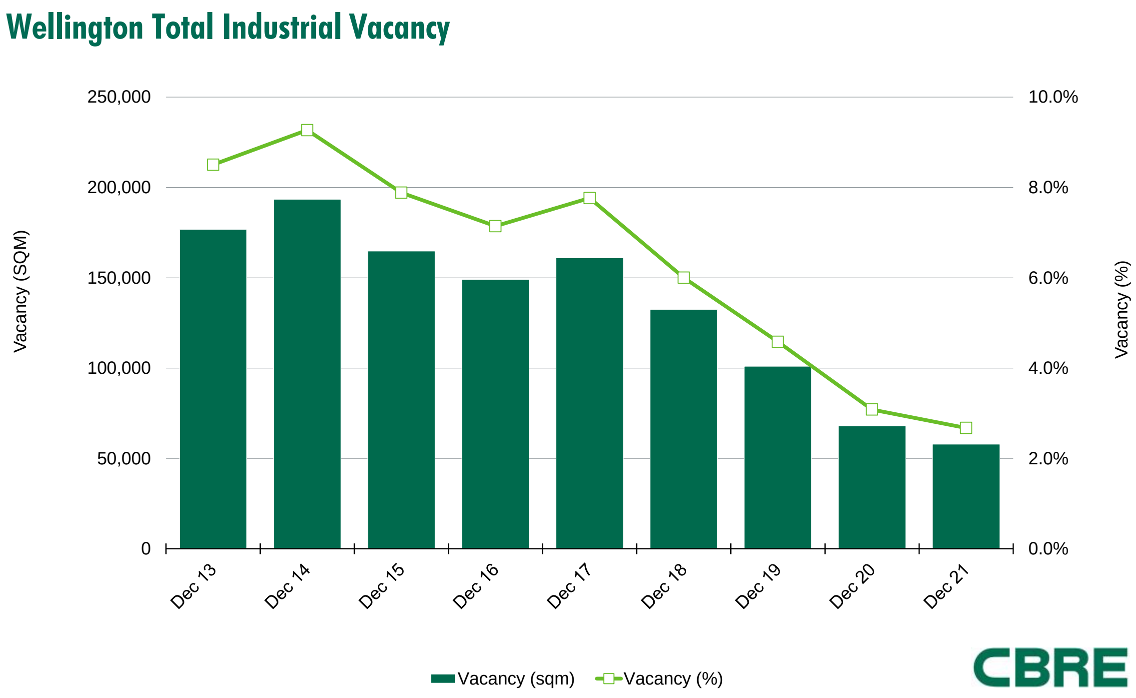
The market had shown better than expected sentiment after exiting the initial Alert Level 4 lockdown on 27 April 2020. Prime properties (particularly those leased to Government or healthcare providers, or those with long term leases to reputable tenants) remained strongly sought after with analysed investment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

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

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

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

5.2 INDUSTRIAL MARKET COMMENTARY

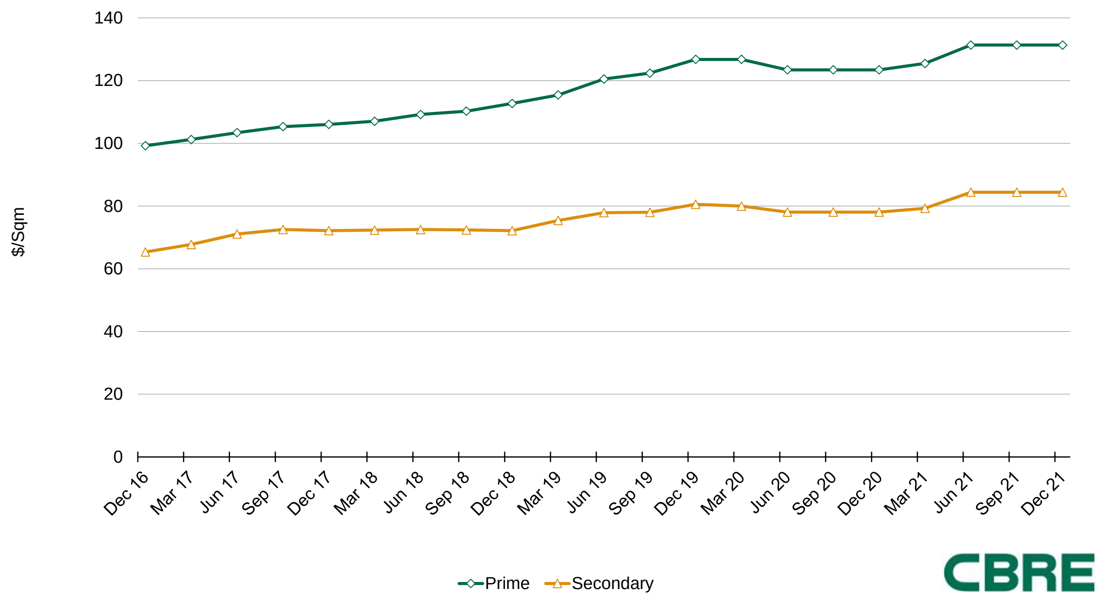


We updated some historical adjustments to reflect what happened in 2020 and 2021 better. Thus, during 2021, total market vacancy dropped from 3.1% to 2.7%. As for two submarkets, while the Prime market experienced upward movement from 0.8% to 1.3% which represents a single building recently vacated. Secondary stock vacancy declined from 3.7% to 3.0%. Positive demand especially in the logistics sector is still the theme so far in early 2022 despite uncertainty.

According to CBRE Research, as of October 2020, the industrial sector development pipeline continued to have a considerable amount of Long-Term Potential development projects, accounting for 74.6% or, 188,000 sqm of the 252,000 sqm development pipeline. Despite Covid disruptions, some industrial developments were finished in 2021, including 2,195 sqm of 37 Percy Cameron Street, 4,663 sqm of 50 Parkside Road, and 1,500 sqm of 52 Raiha Street.

Two large projects have commenced in June quarter 2020, the New Zealand Post depot in Grenada North, a 10,400 sqm processing facility, and Lane Street Film Studios, over 10,000 sqm in Upper Hutt. These two projects are expected to be introduced in H1 2022.

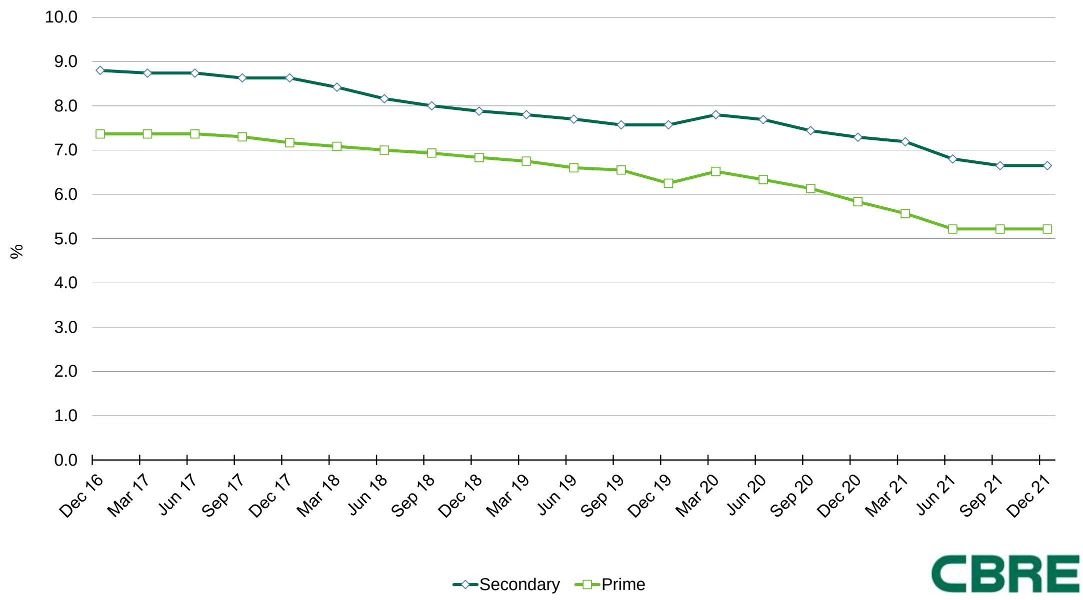
Wellington Industrial Rents (Net Effective Combined)



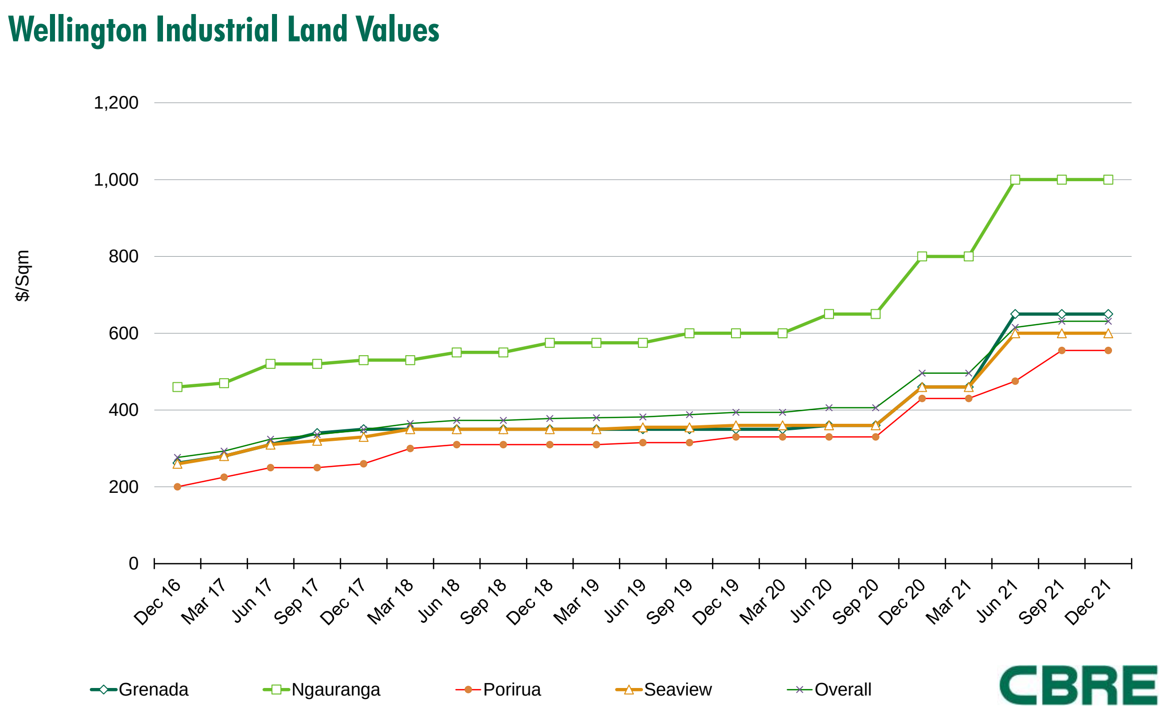
Wellington's industrial market rents increased again during 2021, a 6.4% y-o-y in Prime net effective rents and an 8.1% y-o-y increase in the Secondary market. Of note, rental growth was stagnant over H2 with minimal rent increases in both the Prime and Secondary markets after some sizeable increases in H1.

In 2021, both Prime and Secondary yields continued to firm (62 and 64 basis points respectively). Historically low-interest rates have assisted yields significant reduction since Q3 2020. With inflation now being at record levels it is widely anticipated that higher interest rates are likely. While in Q4 yields did not rise we expect in 2022 yields will face some upward pressures.

Wellington Industrial Indicative Yields



In 2021 vacant industrial land values have risen significantly. The average land value increased by 27.2%, or $135 from December 2020 to December 2021 mainly due to a lack of vacant land but strong demand. Ngauranga saw the largest annual increase of $200 per square metre given its near city location.



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 provided anonymised rental information to protect Landlords and Tenants privacy:

Location	Accom.	GLA (sqm)	Rent $psm	Comm. Date
Large Format Industrial Leasing Evidence				
Porirua	Warehouse	9,535.0	$72	Apr 22
	Office	230.0	$121	*New Lease*
	Yard - Fenced	2,878.0	$23	*Existing Tenant*
	Total	9,765.0	$80	
	Warehouse	8,326	$75	Mar 21
	Yard - Fenced	602.7	$23	*Renewal*
	Total	8,326.0	$77	
Seaview	Warehouse	2,387	$90	Oct 21
				New Lease
Moera	Warehouse	2,212.0	$82	Sep 21
	Office	181.0	$130	New Lease
	Carparks	10.0	$25	
	Total	2,393.0	$91	
	Warehouse	3,829.0	$118	Apr 20
	Office/Amenities	220.0	$176	Renewal
	Gantry Crane	1.0	$14,892	
	Yard A	415.0	$28	
	Yard B	1,050.0	$28	
	Yard C	410.0	$28	
	Total	4,049.0	$138	
Seaview	Warehouse	4,129	$110	Sep 21
	Office	382	$160	*New Lease*
	Yard - North	450	$32	
	Yard - South	2,650	$15	
	Carparks	9	$25	
	Total	4,511	$129	
Grenada North	Part A - Warehouse	7,755	$145	Aug 21
	Part A - Office Ground	435	$192	*Renewal*
	Part A - Office Level 1	193	$197	
	Part A - Secure Store	152	$181	
	Part A - Covered Entry	11	$135	
	Part A - Canopy	194	$72	
	Part A - Yard	2,700	$31	
	Part B - Warehouse	829	$150	
	Part B - Office	41	$166	
	Part B - Yard	661	$36	
	Total	9,609	$175	
Upper Hutt	Warehouse	4,478.0	$100	Sep 20
	Office & Amenities	414.0	$138	*New Lease*
	Warehouse	623.9	$120	May 21
	Total	5,515.9	$105	*New Lease*
Seaview	Warehouse	4,205.8	$119	Jun-21
	Office - Ground	208.6	$150	Rent Review
	Office - 1st	183.9	$160	
	Canopies	1,664.0	$65	
	Office Canopy	3.8	$60	
	Yard	2,020.2	$35	
	Overall	4,598.3	$161	

Continued…

Location	Accom.	GLA (sqm)	Rent $psm	Comm. Date
Seaview	Warehouse	1,929.9	$150	Oct 20
	Office - Ground	164.5	$185	New Lease
	Office - Level 1	157.8	$180	
	Carparks	20.0	$23	
	Total	2,252.2	$165	
Seaview	Warehouse	4,657.0	$88	Aug 20
	Offices	487.0	$143	New Lease
	Total	5,144.0	$93	

5.4 SUBJECT RENTAL EVIDENCE

Recent transactions within the subject property provide the most useful benchmarks for determining the market rentals applicable as less subjective adjustment is required:

Alto Packaging Limited

Description: Alto Packaging Limited occupy the entire premises with a 12-year net lease and three 5-year renewal options that commenced January 2021. Rent reviews are fixed at 3% annually.

We set out below the analysis of the contract rent on a gross basis:

Tenant Name	Accom.	GLA (sqm)	Gross $psm
Alto Packaging	Factory/Warehouse (2010)	9,048.0	$132.47
	Enclosed Canopy	703.0	$104.15
	First Floor - Dough Room	1,045.0	$69.15
	Store (1970s) (Including 'Services')	5,287.0	$99.15
	Office/Administration - Ground Floor	1,148.0	$169.15
	Office/Administration - First Floor	190.0	$164.15
	Ground Floor - Dough Room	1,045.0	$99.15
	Resin Silo	369.0	$99.15
	Skyline Garage	36.0	$69.15
	Yards, including car parking	9,000.0	$25.00
	Total	18,871.0	$130.43

5.5 RENTAL EVIDENCE COMMENTARY

The tabled leasing evidence comprises a range of industrial warehouse, office and yard/carpark leasing evidence from the surrounding areas and demonstrates the high level of activity in the past 12-18 months. During this period there has been strong uplift in industrial rental levels, partly attributable to a low level of vacancy.

Given the size of subject property our primary evidence located in close proximity being Gracefield and Seaview is also supported by those leasings in other Wellington industrial areas such as Grenada North, Porirua and Upper Hutt.

Warehouse rates range from $72 to $150 psm and vary due to factors such as size, location, stud height, condition, age and quality. The highest rentals are generally represented by those which are modern and provide the highest utility. A warehouse of high utility generally provides a high stud, clear span and good circulation.

Gross market rentals for office space range from $130 to $200 psm varying for size, quality and degree of fitout. Similar to the warehouse space, the highest rental levels are represented by new build or recently refurbished space with modern services.

Yard rentals throughout the surrounding areas are generally leased for $22.5 - $35.0 psm and canopy rentals are predominantly around $50 - $60 psm.

5.6 RENTAL EVIDENCE CONCLUSIONS

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

- Well located within an established industrial area.
- Improvements are of mixed age. The main factory provides modern high stud warehouse of high utility and is well interconnected with older medium stud storage areas. Administration and cafeteria areas are refurbished and provide a good standard of basic office accommodation albeit proportionately large for modern requirements.
- Yard areas provide the improvements with excellent circulation and carparking.
- 67% NBS when strengthened.
- Limited quality industrial stock of a similar size available to lease.
- Continued strengthening of the local industrial market.

We note the gross rental for the subject premises is set towards the upper levels of our evidence. This is reflective of the above noted features and the overall level of rent is considered to be at or about a market level.

5.7 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	Net Pasisng Rent		Gross Passing Rent		Gross Market Rent		Net Market Rent	
		(sqm)	$psm	$pa	$psm	$pa	$psm	$pa	$psm	$pa
Alto Packaging	Factory/Warehouse (2010)	9,048.0	$93.31	$844,295	$132.47	$1,198,545	$135.00	$1,221,480	$95.85	$867,230
	Enclosed Canopy	703.0	$65.00	$45,695	$104.15	$73,219	$100.00	$70,300	$60.85	$42,776
	First Floor - Dough Room	1,045.0	$30.00	$31,350	$69.15	$72,264	$50.00	$52,250	$10.85	$11,336
	Store (1970s) (Including 'Services')	5,287.0	$60.00	$317,220	$99.15	$524,218	$100.00	$528,700	$60.85	$321,702
	Office/Administration - Ground Floor	1,148.0	$130.00	$149,240	$169.15	$194,187	$180.00	$206,640	$140.85	$161,693
	Office/Administration - First Floor	190.0	$125.00	$23,750	$164.15	$31,189	$175.00	$33,250	$135.85	$25,811
	Ground Floor - Dough Room	1,045.0	$60.00	$62,700	$99.15	$103,614	$100.00	$104,500	$60.85	$63,586
	Resin Silo	369.0	$60.00	$22,140	$99.15	$36,587	$100.00	$36,900	$60.85	$22,453
	Skyline Garage	36.0	$30.00	$1,080	$69.15	$2,489	$50.00	$1,800	$10.85	$391
	Yards, including car parking	9,000.0	$25.00	$225,000	$25.00	$225,000	$30.00	$270,000	$30.00	$270,000
Gross Occupancy Cost		18,871.0			$130.43	$2,461,312	$133.85	$2,525,820		
Less: Outgoings						$738,842		$738,842		
Net Rental				$1,722,470		$1,722,470		$1,786,978		$1,786,978
Less: Non-Recoverable Outgoings				$11,033		$11,033		$11,033		$11,033
Net Income				1,711,437		$1,711,437		$1,775,945		$1,775,945

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5.8 SALES EVIDENCE

In order to assess the market value of the subject property, we have considered a cross section of higher value sales transactions which have occurred within the local market.

We summarise the sales evidence considered in undertaking our assessment within the following tables:

Property	Sale Date	Sale Price	GLA (sqm)	Initial Yield	Equiv Yield	IRR	GLA $psm	WALT (yrs)
Wellington Region Sales Evidence								
48 Seaview Road Seaview	Dec 21 *Incl./Excl. Balance Development Land	$10,000,000	1,912	3.86%	3.87%/5.09%*	2.69%/6.84%*	$5,228/$3,964*	6.3
176 Gracefield Road Seaview	Aug 21 Sep 20	$7,500,000 $5,100,000	4,511 4,527	6.37% VP	6.75% 8.25%	8.70% 8.92%	$1,663 $1,127	6.0 VP
29 Parkway Wainuiomata, Lower Hutt	Jul 21	$7,950,000	8,799	7.66%	7.79%	9.14%	$904	2.5
14-16 Shakespeare Avenue Trentham, Upper Hutt	May 21	$11,100,000	6,276	5.03%	6.69%	8.00%	$1,769	3.0
5 Mohuia Crescent Elsdon, Porirua	May 21	$4,840,000	2,159	5.70%	5.66%	7.26%	$2,242	8.0
16-26 William Durant Drive Trentham, Upper Hutt	Apr 21	$9,800,000	4,630	3.98%	5.73%	7.05%	$2,117	3.5
11-13 Gough Street Seaview	Mar 21 Dec 20 Nov 19	$13,100,000 $11,500,000 $8,105,000	5,407 5,407 5,407	4.46% 5.09% 7.02%	4.53% 5.08% 7.04%	6.63% 6.43% 8.38%	$2,423 $2,127 $1,499	8.7 8.9 10.0
75 Wainui Road Waiwhetu, Lower Hutt Subject*	Jan 21	$29,400,000	18,871	5.63%	5.95%	6.57%	$1,558	12.0
26-32 Hautonga Street Petone	Jan 21	$7,000,000	7,930	8.90%	7.55%	8.80%	$883	2.0
14 Makaro Street Elsdon, Porirua	Nov 20	$35,600,000	5,324	4.94%	4.94%	6.12%	$6,687	11.1
410 Eastern Hutt Road Silverstream, Upper Hutt	Sep 20	$14,300,000	2,250	4.71%	4.37%	5.61%	$6,356	10.0

5.9 KEY SALES EVIDENCE COMMENTARY

48 Seaview Road, Seaview, Lower Hutt

Description: The property comprises multiple modern freestanding industrial buildings together with a BP truckstop facility, a surplus land area, as well as associated sealed/concrete yard, parking and driveway areas.

Multispares building was constructed in circa 2011 and provides a good quality light industrial premises. The warehouse has an 8 metre stud and is clear span space. Bridgestone building was constructed in circa 2008 and also provides good quality light industrial space with associated secure yard, canopy and parking areas. The warehouse area is clear span with a stud height of 9 metres. Offices and amenities are of a good quality.

The surplus land relates to areas at the rear of the Multispares building as well as land to the front northern end of the property. This had the former Gough's building which has been demolished and has good exposure to Seaview Road.

Comparability: Lower WALT. More modern buildings of good seismic capacity in a high profile area. Leased to multiple tenants. Lesser value where yields tend to be set at lower levels.

176 Gracefield Road, Seaview, Lower Hutt

Description: This property has sold twice in the previous 18 months. Firstly with vacant possession and then with a 6-year net lease with set rental to a transport operator and following seismic strengthening to 67% NBS and modernisation. The building comprises the former Northpower Depot and includes two levels of administration areas at road frontage together with 4 bays of medium to high stud warehouse space which is column interrupted and of basic standard and average condition.

Comparability: An older structure of average quality. Shorter WALT to a tenant of a lesser covenant.

29 Parkway, Wainuiomata, Lower Hutt

Description: The property is known as Parkway Industrial Area and is situated on the base of the Wainuiomata Hill 6km from Lower Hutt CBD and 20km from Wellington City.

It was purpose built for a car seat manufacturer circa 1970's but has since been divided to comprise multiple warehouse units together with office, storage lockups and 40 carparks.

The premises occupies a 12,950 sqm land area with the building meeting a 67% NBS rating. The property was sold fully tenanted with 9 tenants and a WALT of 2.5 years.

Comparability: Situated in a less desirable location. Low WALT to a wide range of tenants. Average quality building.

11-13 Gough Street, Seaview, Lower Hutt

Description: A large industrial property comprising multiple adjoining warehouse structures which were developed in stages from the late 1950s through to as recently as 2010. In total there are 5 warehouse areas of differing size and stud height. A single-level office and amenities block is situated adjoining the main warehouse at the street frontage and further office and amenities space is provided within the western warehouse. NBS ratings of between 67% and 100% depending on structure.

The property has drive-through access with concrete yard areas to both the eastern and western sides. Perimeter security fencing is provided to the site with secure gated access.

Situated to the northern side of Gough Street at its western end. Access to Gough Street is via Seaview Road, the main arterial road through Seaview.

The tenant (Asmuss) previously sold and leased the property back in 2019. The terms of the net lease include a 10 year initial term with 20 years of renewals. Annual fixed rent increases of 2.75% with a market review on renewals.

In December 2019 the property sold at a 7.04% equivalent yield with a WALT of 10 years. The resale which occurred 12 months later now shows an equivalent yield of 5.08% with a WALT of 8.9 years. An experienced local investor purchased the property but has since sold the property again. In March 2021 the transaction now shows 4.53% with a slightly shorter WALT of 8.7 years, it has been purchased by a syndicator.

Comparability: Lower value quantum. Similar mixed age property but presented to a higher standard. Well positioned in Seaview, a superior position. Similar WALT to a single tenant.

EDI Downer - 14 Makaro Street, Porirua

Description: A large land holding providing substantial sealed yard areas and improved by a modern 4-star green rated office building with associated basement parking built in 2011 and meeting 80% NBS. There are also two separate warehouse structures situated on site.

The initial lease term was for 20 years and at the time of sale the lease had 11 years remaining with a further 30 years of renewals available to the Tenant. This fully net lease allows for the recovery of all outgoings including management expenses agreed at 5.5% of net rent. A feature of the lease is annual rental increases to the greater of CPI or 3%. There is a market rent review mid-term with a hard ratchet and a collar of 10%.

Comparability: Similar value quantum, WALT, lease terms and tenant covenant. Improvements are of a very high standard.

410 Eastern Hutt Road, Silverstream, Upper Hutt

Description: The Silverstream Business Park comprises an industrial subdivision which provides a mix of developed buildings, yards and undeveloped land. Construction commenced in 2017. The Northpower and Fliways properties have recently sold.

Northpower comprises a purpose-built medium stud warehouse (6m at the knee rising to 9m at the apex) and an adjoining 2-level office block together with an extensive yard and carparking areas. The building has only recently been completed and is leased to Northpower for an initial 10 year term with a stepped rental from Years 1-3, then annual 2% increases thereafter.

Comparability: Brand new purpose-built industrial accommodation. Less preferred position. Long WALT to single tenant. Lower value quantum.

5.10 SALES EVIDENCE CONCLUSION

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

- Well located near the major industrial location of Seaview/Gracefield.
- A mixed age property which is well maintained.
- Net lease with fixed rental growth of 3% pa.
- 11.1 years to run on the initial 12 year lease to Alto Packaging, a subsidiary of Pact Group, an ASX listed company which provides an excellent covenant.
- Will be strengthened to 67% NBS.
- Exposed to some cost escalation risk to obtain 67% NBS.

Considering all of the sales evidence covered, 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: 5.50%
- Target IRR: 6.75%

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 5.50%, which we consider 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 – see section 3.5.
- An allowance for the anticipated future letting-up expenses and associated capital expenditure over a 24 month period. This is not merely an arbitrary period, but a consistent approach that we take for the majority of properties that we value and sales which we analyse.

Our valuation calculations are detailed as follows:

Market Capitalisation Analysis			
INCOME		Area (sqm)	Market Rent
Gross Rental Income	Alto Packaging Limited	18,871.0	2,525,820
	Total Lettable Area / Total Market Rental Income	18,871.0	2,525,820
GROSS MARKET INCOME (Fully Leased)			2,525,820
OUTGOINGS	Statutory Expenses		(95,010)
	Operating Expenses		(643,832)
	Non-Recoverable Outgoings		(11,033)
	Total Outgoings:		(749,875)
NET MARKET INCOME (Fully Leased)			1,775,945
CAPITALISED VALUE	@ 5.50%		32,289,905
CAPITAL ADJUSTMENTS			
Rent Adjustments	PV of Rent Reversions		212,401
	PV of PV of Insurance Excess Buyback		(44,737)
	PV of General Capital Expenditure	*24 months*	(1,079,417)
	Total Capital Adjustments		(911,753)
		Capitalised Value	31,378,152
MARKET CAPITALISATION RESULT (rounded)			31,400,000

Capitalisation Sensitivity Analysis	
5.25%	32,900,000
5.50%	31,400,000
5.75%	30,000,000

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	2.31%	50%	6 months

Sinking Fund Allowance:	1.50% of Gross Income.
Capital Expenditure:	Refer to Capital Expenditure section for specific comments.
Terminal Yield:	6.00% This adopted rate reflects that at the end of the cash flow period the building will be 10 years older.
Target IRR:	6.75% 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:

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	2.43% / 2.44%	2.45%	2.33%	2.48%	2.45%	2.43%	2.44%	2.45%	2.46%	2.47%	2.48%
Gross Face Rent (Industrial)	2.32% / 2.31%	2.36%	2.23%	2.37%	2.33%	2.30%	2.31%	2.31%	2.31%	2.32%	2.32%

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)	-	-	-	-	-	-	-	-	-	-
Letting Up	(mths)	6	6	6	6	6	6	6	6	6	6
New Lease Term		6 years		Review Frequency		3 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)	40.2%	2.8%	2.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Generic Refurbishment Allowance @ Expiry	Industrial	$25 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	1,770	1,823	1,878	1,934	1,992	2,052	2,114	2,177	2,243	2,310
Recoverable Outgoings	748	766	784	804	823	843	864	885	907	929
Other (Special Income/Expenses)	-46	-	-	-	-	-	-	-	-	-
Total Income	2,472	2,589	2,662	2,738	2,816	2,895	2,977	3,062	3,149	3,239
Less										
Statutory Expenses	-97	-102	-107	-113	-118	-124	-131	-137	-144	-151
Operating Expenses	-650	-663	-677	-691	-705	-719	-733	-748	-763	-778
Non-Recoverable Outgoings	-11	-11	-12	-12	-12	-12	-13	-13	-13	-13
NET INCOME	1,713	1,812	1,866	1,923	1,980	2,040	2,101	2,164	2,229	2,296
Capital Adjustments										
Capital Expenditure (budgeted/explicit)	-1,012	-72	-68	-	-	-	-	-	-	-
General Capital Expenditure Allowance	-	-	-	-41	-42	-43	-45	-46	-47	-49
CAPITAL ADJUSTMENTS	-1,012	-72	-68	-41	-42	-43	-45	-46	-47	-49
Selling Considerations									Net Market Rent End Yr 10	
									Sale Price	35,785
									Agent Commissions	-358
									Legal & Other Fees	-45
NET CASH FLOW	701	1,740	1,799	1,882	1,938	1,996	2,057	2,118	2,182	2,248
Running Yield (Cash Flow)	2.26%	5.35%	5.45%	5.62%	5.70%	5.80%	5.89%	5.99%	6.10%	6.21%
Running IRR (Cash Flow)	5.31%	6.16%	6.49%	6.67%	6.78%	6.86%	6.93%	6.98%	7.03%	6.80%

DISCOUNTED CASH FLOW RESULT (ROUNDED) 31,600,000

Purchase Considerations		
Purchase Price	31,500,000	
Stamp Duty	0	0.00%
Legal Fees/Due Diligence	39,375	0.13%
	31,539,375	
Selling Considerations		
Terminal Yield		6.00%
Disposal Cost	402,578	1.13%
Net Sale Proceeds		35,382,148

NPV @ Target Discount Rate	
Discount Rate	6.75%
DCF Result	31,600,000
Yr 1 Cash Flow Yield	2.23%
Partitioned IRR Analysis	
Income %	41.86%
Terminal Value %	58.14%

Terminal Value Calculations		
Gross Market Income		3,175,177
Less Adopted Outgoings		-954,025
Net Market Income		2,221,152
Core Capital Value @	6.00%	37,019,194
Reversions		124,252
Exp. Allowances (2.0 yrs)		-993,413
Capex & Misc		-365,307
Terminal Value (before disp. costs)		35,784,726

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	$31,400,000
	Adopted Capitalisation Rate	5.50%
Discounted Cash Flow Analysis	Assessed Value	$31,600,000
	Adopted Discount Rate	6.75%
	Adopted Terminal Yield	6.00%
Adopted Value		**$31,500,000**
Initial Yield		5.43%
Equivalent Yield		5.48%
10 Year IRR		6.80%
Rate $psm of GLA		$1,669
WALT (by income)		11.1 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:	Sold for $29,400,000 on 21 January 2021. This price is 7.14% below our valuation which following a period of strong growth is considered fair.
Contract of Sale:	None of which we are aware.
Reasonable Selling Period:	Circa 6-9 months assuming a typical marketing campaign.
Anticipated buyer demand/liquidity:	Moderate/strong.
Likely purchaser profile:	High net worth investors, institutions, owner occupiers, private investors, syndicates, syndicators.

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Market
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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 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.

8 APPENDICES

RECORD OF TITLE

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier 871447
Land Registration District Wellington
Date Issued 28 March 2019

Prior References
WN490/14 WN491/31

Estate	Fee Simple
Area	2.2215 hectares more or less
Legal Description	Lot 1 Deposited Plan 532424

Registered Owners
Oyster Industrial Properties Limited

Interests

11359488.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 28.3.2019 at 4:56 pm

Subject to a right of way over part marked A on DP 532424 created by Easement Instrument 11359488.3 - 28.3.2019 at 4:56 pm

The easements created by Easement Instrument 11359488.3 are subject to Section 243 (a) Resource Management Act 1991

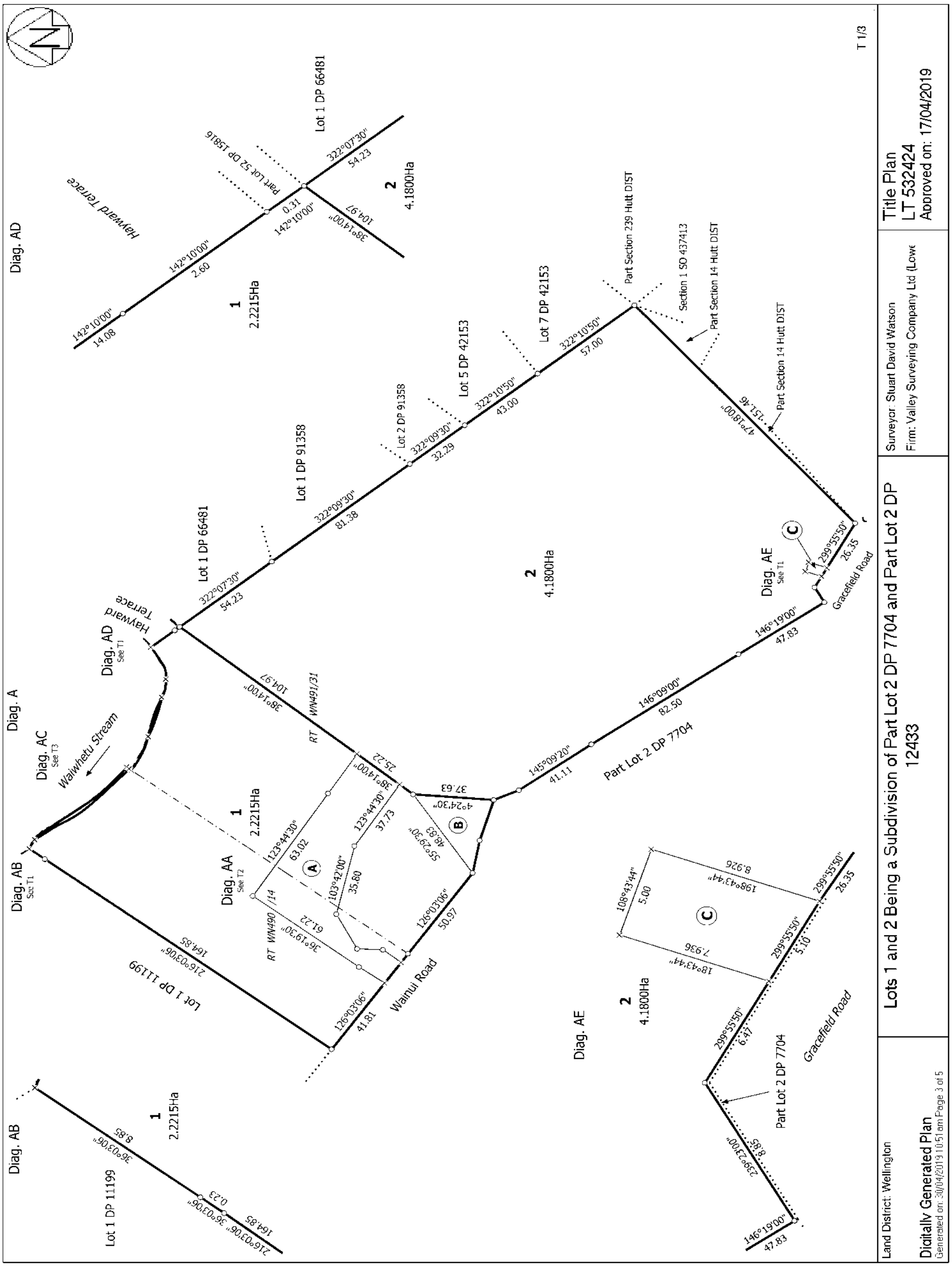
Subject to a right to convey water, gas, electricity, telecommunications and computer media, and a right to drain water and sewage over part marked B on DP 532424 created by Easement Instrument 11359488.4 - 28.3.2019 at 4:56 pm

The easements created by Easement Instrument 11359488.4 are subject to Section 243 (a) Resource Management Act 1991

11980672.3 Lease Term 12 years commencing 29 January 2021 (Rights of Renewal) Record of Title 984523 issued - 29.1.2021 at 4:02 pm

11980672.4 Mortgage to Westpac New Zealand Limited - 29.1.2021 at 4:02 pm

12103762.1 Variation of the conditions of the easement specified in/created by Easement Instrument 11359488.3 - 1.6.2021 at 2:08 pm


Title Plan
LT 532424
Approved on: 17/04/2019
Lots 1 and 2 Being a Subdivision of Part Lot 2 DP 7704 and Part Lot 2 DP 12433
Surveyor: Stuart David Watson
Firm: Valley Surveying Company Ltd (Lowe
Land District: Wellington
Digitally Generated Plan
T 1/3
Diag. AD
Diag. A
Diag. AB
Diag. AC
Diag. AA
Diag. AE
Hayward Terrace
Waiwhetu Stream
Wainui Road
Gracefield Road
Lot 1 DP 66481
Lot 1 DP 91358
Lot 2 DP 91358
Lot 5 DP 42153
Lot 7 DP 42153
Lot 1 DP 11199
Part Lot 2 DP 7704
Part Lot 52 DP 15816
Part Section 239 Hutt DIST
Section 1 SO 437413
Part Section 14 Hutt DIST
1
2.2215Ha
2
4.1800Ha

RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **WN465/182**
Land Registration District **Wellington**
Date Issued 08 September 1938

Prior References
WN362/148

Estate	Fee Simple
Area	1.8033 hectares more or less
Legal Description	Part Lot 1 Deposited Plan 7704

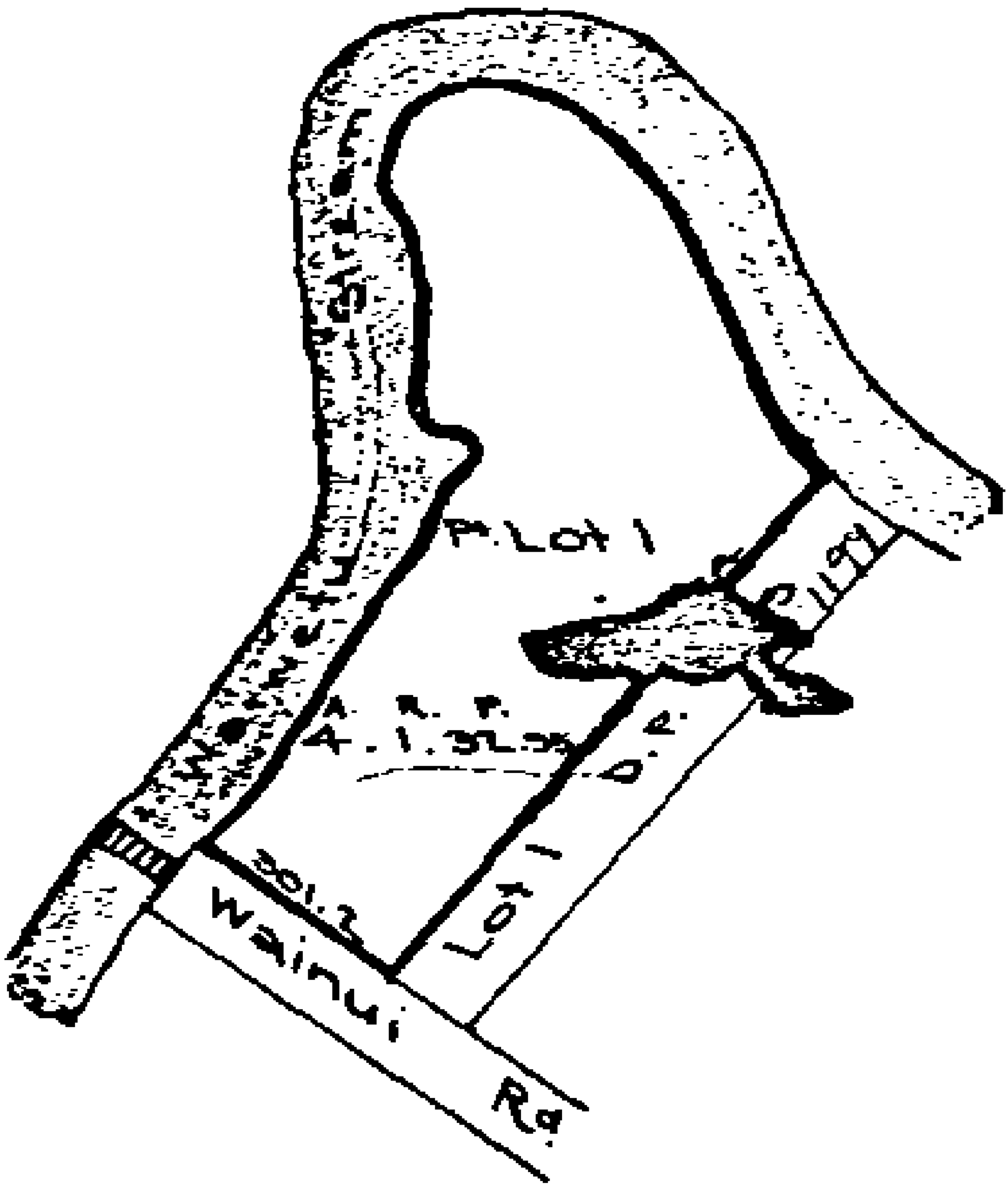
Registered Owners
Oyster Industrial Properties Limited

Interests

11980672.3 Lease Term 12 years commencing 29 January 2021 (Rights of Renewal) Record of Title 984523 issued - 29.1.2021 at 4:02 pm

11980672.4 Mortgage to Westpac New Zealand Limited - 29.1.2021 at 4:02 pm

Identifier **WN465/182**



RECORD OF TITLE
UNDER LAND TRANSFER ACT 2017
FREEHOLD
Search Copy

R.W. Muir
Registrar-General
of Land

Identifier **WN458/158**
Land Registration District **Wellington**
Date Issued 28 July 1937

Prior References
WN362/149

Estate	Fee Simple
Area	4123 square metres more or less
Legal Description	Lot 1 Deposited Plan 11199

Registered Owners
Oyster Industrial Properties Limited

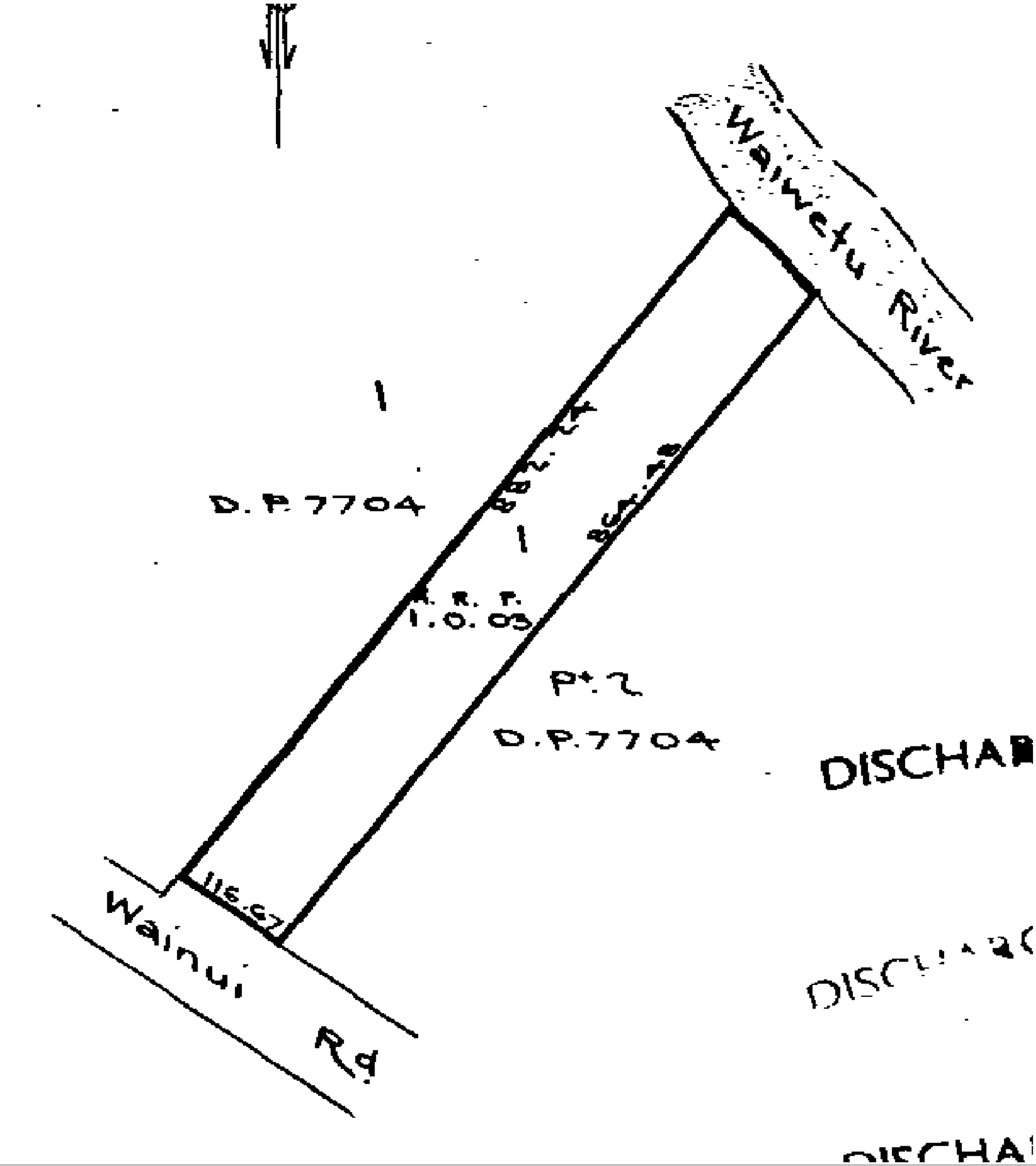
Interests

Fencing Agreement in Transfer 235085 - 28.7.1937

11980672.3 Lease Term 12 years commencing 29 January 2021 (Rights of Renewal) Record of Title 984523 issued - 29.1.2021 at 4:02 pm

11980672.4 Mortgage to Westpac New Zealand Limited - 29.1.2021 at 4:02 pm

Identifier **WN458/158**



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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