

The market for higher priced investment assets, i.e. above \$10M, is reasonably thin within Hamilton, and there are only a fairly small number of potential local buyers that are currently active. For this reason the market above \$10M is largely influenced from the national investment environment, with the bulk of the buyers in this market coming from outside the region, encompassing a mixture of 'high wealth individuals', and property syndicators.

6.0 MARKET EVIDENCE

6.1 LEASING EVIDENCE & MARKET RENTS

6.1.1 OFFICE RENTAL EVIDENCE

In preparing this assessment we have had consideration to a wide range of office leasing transactions relating to a cross section of office buildings within the Hamilton marketplace. We have undertaken investigations into rental levels currently being achieved for similar quality office premises in the direct and wider locality, primarily relating to larger scale office tenancies within office towers or multi-level office buildings.

The most appropriate method of rental assessment is from leasing activity within the subject building or by comparison with other premises within the vicinity which have recently been leased or alternatively have been subject to recent rental reviews.

In most cases leases within the Hamilton office sector are structured on a net rental basis, where the tenant is responsible for a proportionate share of outgoings. Where information is available, we have analysed the rentals on a total occupancy cost basis, and further analysed these to remove any influence of fitout (i.e. on a bare shell basis).

We provide a summary of the comparable evidence considered in our assessment. We have analysed these on a net effective and gross occupancy cost bare ('GOCB') basis, with further allowance for car parking.

Of a wide range of market evidence, we provide a summary of the more recent leasing transactions to occur within the CBD for good quality office accommodation, within the following schedule:

Address	Tenant	Effective Date	Type	Outgoings	Component	Area (sqm)	Net Effective Rent (\$psm)	GOCB
Westpac 426-430 Victoria Street Hamilton CBD	MBIE	Oct 18	NL	\$57	Level 5 Office Car Parks	849.0 3.0	\$194 \$50	\$229
500 Victoria Street Hamilton CBD	Health Share Limited	Aug 18	NL	\$62	Level 3 - Office Car parks	862.1 5.0	\$200 \$35.0 car/wk	\$237
NWM House 44 London Street Hamilton CBD	Midlands Health	Jul 18	Ren	\$63	Ground Pl L2 Office L3 Office L4 Offices Car Parks - Open Car Parks - Basement	198.0 508.0 651.2 651.2 11.0 30.0	\$199 \$194 \$194 \$194 \$35.0 car/wk \$45.0 car/wk	\$240 \$235
KPMG Centre 85 Alexandra Street Hamilton CBD	Vector Limited	Jun 18	NL	\$60	Level 5 Office Car Parks	330.0 5.0	\$184 \$37.0 car/wk	\$224
65 Bryce Street Hamilton CBD	LINZ	Apr 18	NL	\$65	Level 3 - Office Level 4 - Office Fitout Rent Car Parks	695.7 695.6 1.0 5.0	\$156 \$156 \$184,025 \$35.0 car/wk	\$209 \$209
	Education Review Office	May 17	NL	\$65	Level 2 - Office Car Parks	713.1 8.0	\$185 \$35.0 car/wk	\$215
678 Victoria Street Hamilton CBD	Harrison Grierson Consultants Limited	Dec 17	NL	\$53	Office Covered Car Parks	190.0 2.0	\$222 \$37.0 car/wk	\$240
	Go Bus Transport limited	Nov 17	NL	\$51	Office Covered Car Parks	467.0 2.0	\$200 \$40.0 car/wk	\$216
	NAI Harcourts	Jan 17	NL	\$49	Office Storage Covered Car Parks Stacked Car Parks	263.0 10.0 9.0 3.0	\$250 \$145 \$40.0 car/wk \$25.0 car/wk	\$264
	Silverton Alexander	Nov 16	NL	\$55	Office Covered Car Parks	114.0 2.0	\$214 \$35.7 car/wk	\$234
ASB Building 500 Victoria Street Hamilton CBD	Accident Compensation Corporation	Sep 17	NL	\$62	Level 4 Office Level 5 Office	861.8 861.8	\$198 \$198	\$235 \$235
Deloitte House 24 Anzac Parade Hamilton East	New Zealand Transport Agency	Jun 17	RR	\$67	Level 1 Office Level 2 Office Deck Share of Amenity Share of Recycling Car Parks - Covered Car Parks - Open	1,129.0 473.7 36.1 5.9 23.5 17.0 4.0	\$269 \$269 \$0 \$269 \$50 \$40.0 car/wk \$22.5 car/wk	\$313
Westpac House 426-430 Victoria Street Hamilton CBD	MBIE	Jan 17	NL	\$54	Level 3 Office Car Parks	858.0 4.0	\$183 \$45.0 car/wk	\$214
	MBIE	Jan 17	NL	\$54	Level 2 Office Car Parks	858.0 10.0	\$183 \$45.0 car/wk	\$209
	MBIE	Jan 17	NL	\$54	Level 1 Office Car Parks	858.0 2.0	\$183 \$45.0 car/wk	\$209

As a general overview, average to good quality office accommodation within the Hamilton CBD is reflecting net effective rentals ranging between \$155 per sqm and \$205 per sqm, and \$209 per sqm to around \$240 per sqm on a gross bare basis.

We provide further detail on the information contained within the table above:

Subject Property

Although not provided within the above table, we are aware of a new lease within the subject property. New leases within the subject property are high comparable as less subjective adjustments required.

- Part level one has been leased as childcare accommodation comprising 234 sqm. The rent reflects a rate of \$215 per sqm for a six year term and annual CPI reviews. The accommodation is presented to a good standard and of comparable quality to other tenancies within the property.

Westpac House, 426-430 Victoria Street, Hamilton CBD

Ministry of Business Innovation and Employment who already occupy a significant portion of the building have taken a new lease over level five within the Westpac House on Victoria Street. We note the deal is yet to be executed, however the key commercial terms have been agreed with the rent reflecting a net effective rental of \$194 per sqm and \$229 on a GOCB basis and \$50 per park per week. The landlord has agreed to some basic refurb works including new ceiling tiles and floor coverings. Overall the accommodation is of a comparable quality to the subject, albeit significantly larger.

500 Victoria Street, Hamilton CBD

Health Share Limited committed to a new short term lease over level three of the Ex ASB building at 500 Victoria Street, previously occupied by Genesis Energy. The accommodation is presented to a good standard with Genesis leaving a significant amount of fit out within the space. The deal reflects a net effective rental of \$200 per sqm over the office or \$237 GOCB and \$35 per park per week. Overall the premises is of an inferior quality occupying a strong CBD location. Additionally we believe the rental is towards the upper limit and reflects the short term nature of the lease.

KPMG Centre, 85 Alexandra Street, Hamilton CBD

We are aware of a new lease over 330 sqm of office accommodation located on level 5 of the KPMG Centre committed to by Vector Limited for a six year term. The accommodation will be presented to a good standard and include new ceiling tiles and floor coverings and upgrade to the common shower facility. The rental was agreed at \$195 per sqm and reflects a net effective rental of \$184 per sqm after allowance for the three month rent free incentive. On a GOCB basis the deal reflects a rate of \$224 per sqm. Overall the deal is considered comparable to the subject having regard to size and quality.

NWM House, 44 London Street, Hamilton CBD

We are aware of a recent rent review over the Midlands Health tenancy within the Norris Ward McKinnon building occupying a site to the corner of London and Victoria Streets. Midlands occupy around 1,357 sqm of good quality office accommodation over four levels plus car parks. The accommodation provides functional sized floor plates which has been refurbished a number of times with the upper levels providing good views over the City. The deal reflects a net effective rental of \$194 per sqm or \$235 per sqm GOCB over the upper levels with the ground floor slightly higher to reflect the retail aspect of the space. Additionally the rent reflects \$45 per sqm for basement parks and \$35 per sqm for open parks.

65 Bryce Street, Hamilton CBD

Land Information New Zealand have taken a new eight year lease over levels three and four within the building located at 65 Bryce Street effective April 2018 at a gross annual rental of \$500,002. The accommodation comprises 1,391.26 sqm of office space presented on a bare shell basis with Air Conditioning and five car parks. The landlord is to complete and pay for the entire tenant's soft fitout and a new internal stair case subject to an annual fitout rental of \$184,025. The deal reflects a net effective rental of \$156 per sqm and \$209 per sqm gross and bare of fitout. Albeit we note this relates only to the base rental and comprises an air conditioned shell with all the additional accommodation rental provided within the fitout rent.

Another recent lease transaction of the evidence available is the lease to the Education Review Office over Level 2 of the 65 Bryce St. The tenant has taken a new nine year lease over 713 sqm of good quality office accommodation that is provided with air conditioning, ceilings and carpet floor coverings. The parties agreed to a stepped rental over the first five years, starting at a gross rental of \$186 per sqm in Year 1 and stepping to \$313 per sqm by Year 5. Overall, this lease transaction reflects a net effective rental of \$185 per sqm or \$215 on a gross basis, bare of fitout.

Overall the accommodation is inferior to the subject, albeit occupying a strong location with good profile.

678 Victoria Street, Hamilton CBD

Although not directly comparable to the subject tenancy, we are aware of a number of new leases within the recently refurbished building located on the corner of Victoria and London Streets. The premises comprises a three level commercial building refurbished to a high standard providing modern ground floor retail and office accommodation with two levels of office accommodation above. The deals reflect net effective rentals ranging between \$200 and \$250 per sqm and \$215 and \$265 on a gross basis bare of fitout. The property benefits from a strong profile and presents to a good standard providing comparable, albeit slightly superior accommodation to the subject property.

500 Victoria Street, Hamilton CBD

A new lease over levels four and five within the ASB building are committed to by the Accident Compensation Corporation. The tenant has taken a new two year lease over 1,724 sqm of good quality office accommodation that benefits from views over the city and is presented with air conditioning, floor coverings and partitioning of a good standard. The deal was agreed at a gross rental of \$260 per sqm, reflecting a net effective rental of \$198 per sqm and a gross occupancy cost bare of fitout of \$235 per sqm. This transaction is considered relevant having consideration of the location aspects, albeit is of an inferior quality and larger than the subject.

Deloitte Building, 24 Anzac Parade – New Zealand Transport Agency

Another recent transaction in the table comprises the rent review over the New Zealand Transport Agency space within the Deloitte Building situated at 24 Anzac Parade, effective June 2017. The tenancy comprises Level 1 and Part Level 2 of Deloitte House, a four level office building of almost 10 years old situated on the eastern bank of the Waikato River, to the north of Hamilton East. Accommodation is of a good quality, generally providing large open planned office space together with a share of amenities as well as open and covered parking. The deal reflects a net effective rental of \$269 per sqm of office accommodation and \$313 per sqm on a GOCB basis. Additionally, the car parks were agreed at \$40 per park per week for the covered parks and \$22.5 per park per week for the uncovered parks. The premises occupies an inferior location to the subject, albeit with river views and is of a superior quality.

Westpac House, 426-430 Victoria Street, Hamilton CBD

We are aware of a number of new lettings within the Westpac Building situated within the Hamilton CBD. The property comprises a multi-level office tower constructed in the late 1980s that provides good quality refurbished accommodation. MBIE have recently taken three new leases over Levels 1-3 at net effective rents of \$183 per sqm albeit the landlord is to undertake the fitout on Levels 1 and 2. Our analysis reflects a total occupancy cost bare of fitout ranging between \$205 per sqm and \$215 per sqm. These new deals demonstrate the current market for average quality office accommodation. The building provides comparable accommodation in terms of location and type with the subject providing superior quality accommodation and smaller floor plates.

6.1.2 RETAIL RENTAL EVIDENCE

We include a wide range of retail rental evidence which has been considered as part of our market rental conclusions for the ground floor retail component of the subject property.

Address	Tenant	Effective Date	Rental Type	Type	Area (sqm)	Net Effective Rate
ASB Bank 46 Bryce Street Hamilton CBD	ASB Bank			<i>Confidential</i>		
Westpac 426-430 Victoria Street Hamilton CBD	Westpac NZ Investments Limited	Jan 17	RR	Main Retail	500.0	\$300
				Ground Floor Rear Office	341.0	\$146
				Basement Storage	32.3	\$75
				Car Parks - Open	4.0	\$47.5 car/wk
				Car Parks Basement	7.0	\$37.5 car/wk
Eastern Tenancy 36 Ward Street Hamilton CBD	Cut Collective Central Limited	Jul 18	NL	Retail	85.3	\$388
Western Tenancy 36 Ward Street Hamilton CBD	Dekang Nutritional Limited	Apr 18	NL	Retail	84.1	\$352
299 Barton Street Hamilton CBD	AMI	Jun 18	NL	Retail	186.0	\$349
25 Ward Street Hamilton CBD	Ruby Apparel	May 17	NL	Retail	80.0	\$600
Wiseman Building 1 Ward Street Hamilton CBD	Gates Optometrist	2017	NL	Retail	122.0	\$500
Unit 4 39 Ward Street Hamilton CBD	Fish Tail Indian and Nepalese Cuisine	Jul 17	NL	Retail	107.9	\$354
				Car Parks	1.0	\$35.0 car/wk
ASB Building 500 Victoria Street Hamilton CBD	Hamilton Print Shop Limited	Jun 17	NL	Retail	130.0	\$231
				Car Parks	1.0	\$45.0 car/wk
437-441 Victoria Street Hamilton CBD	Shoe Clinic	Feb-17	NL-ST	Retail	188	\$259
				Car Park	1	\$45
	The Goldsmiths Gallery Ltd	Feb-17	NL-ST	Retail	101	\$395
				Mezzanine	50	\$75
				Car Park	1	\$45

As shown in the above table, recent lettings relating to retail tenancies within the Hamilton CBD reflect net effective rentals ranging between \$215 and \$500 per sqm, dependent upon location, size, profile, quality and exposure. We provide further comment on the most relevant deals as follows:

ASB Building, 46 Bryce Street – ASB Bank

We are aware the new lease to ASB Bank over their recently completed premises located on the corner of Bryce and Barton Streets. The property is to comprise modern ground floor retail accommodation plus two levels of office above. Whilst we are aware of the commercial terms of this agreement, we are unable to disclose this due to confidentiality obligations. However we note that the rental is above \$500 per sqm for the retail component. Given the age and modern nature of the premises, it is superior to the subject.

Westpac House, 426-430 Victoria Street – Westpac Bank

A highly relevant rent review in the above table is of the Westpac accommodation located adjacent to the subject property. The accommodation was subject to a market rent review in early 2017 and reflects a rate of \$300 per sqm over 500 sqm of retail space. Given its location, the accommodation is comparable to the subject albeit we note the subject is presented to a superior standard with the floor coverings, kitchen and amenities owned by the landlord within the subject, whilst these are owned by Westpac in their tenancy. In addition to this the market has since improved from then and accordingly we would expect a rental above this in today's market.

36 Ward Street, Hamilton CBD – Various Tenants

We are aware of two new leases for retail accommodation within the ground floor of the two level commercial building at 36 Ward Street. The building is currently being refurbished. Ward Street has continued to improve in recent times with a number of well-known national brands taking a position within the street. The deals reflect net effective rentals of \$352 per sqm and \$388 per sqm for Dekang and Cut Collective respectively. Although smaller than the subject, the rents reflect the current strength of the retail market in the immediate area.

299 Barton Street, Hamilton CBD – AMI

AMI Insurance committed to a new six year lease over 186 sqm of retail accommodation on Barton Street. The tenancy is of a regular configuration benefitting from strong pedestrian traffic flows and quality surrounding occupiers. We understand some basic refurbishment works were completed by the landlord including air conditioning and linings. Overall the premises provides comparable quality accommodation in a strong location.

Wiseman Building, 1 Ward Street – Gates Optometrist

We are also aware of a recent new lease over the ground floor accommodation within the Wiseman Building located in close proximity to the subject. The property comprises a well refurbished iconic CBD building providing ground floor retail space with first floor office. We understand Gates optometrist committed to a new eight year lease over 122 sqm of retail space located to the corner of Victoria Street and Ward Street. The space has full height glazing on both elevations with the rental reflecting a rate of \$500 per sqm. Overall the accommodation occupies a similar location to the subject, albeit is smaller and of superior quality.

4 / 39 Ward Street – Fish Tail

A recent new lease of a retail tenancy within the Hamilton CBD comprises a 107.9 sqm tenancy situated on the ground level of 39 Ward Street. A food retailer, Fish Tail, has taken a new lease over a regular shaped shop with a 5.7 metre frontage to Ward Street. Accommodation is of a good quality with full height retail glazing to the street frontage albeit being provided on a bare shell basis. Although this area has been subject to high levels of vacancy over the past five years, vacancy levels are now fairly limited.

500 Victoria Street – Hamilton Print Shop Limited

Another relevant transaction in the table above is the new lease to Hamilton Print Shop Limited in a ground floor unit within the ASB Building. The unit comprises 130 sqm of average quality accommodation with profile to pedestrian and vehicular traffic along Victoria Street. We understand the tenancy was vacant for an extended period of time with the rent being agreed at a net face rental of \$230 per sqm and \$45 per week for the single carpark. We understand a two month rent free period was provided to the tenant, with the net effective rental reflecting \$215 per sqm of retail accommodation and \$42 per week for the carpark. This is considered to be highly relevant having consideration for the good profile to vehicular traffic flows, albeit limited pedestrian traffic.

437-441 Victoria Street – Various Tenants

We are aware of two new leases to sitting tenants within the building at 437-441 Victoria Street. The property occupies a strong position albeit within an area of the CBD that has been particularly affected by vacancy over the past five years. Notwithstanding, this part of the CBD has performed better in recent times and will be further enhanced following the completion of the Wiseman Central building being development by Stark Property. These deals reflect rates achievable for smaller scale accommodation.

Retail accommodation around Ward Street and Worley Place has significantly improved within the last 12 – 24 Months with a number of national retailers including Lululemon and Ruby opening operations along the Street. In addition to this there has been some refurbishment to building in the surrounding area and accordingly rental rates in proximity to the subject have been improving. We note that a number of new leases along Ward Street are above \$500 per sqm with this being reflective of the improving area. Ward Street and Worley Place has historically been a strong retail precinct benefiting from good pedestrian traffic, however the location struggled for a number of years with reputable tenants opting to be focused along Barton Street or mall locations (Centreplace and Te Awa, The Base). Several tenants have repositioned themselves on Ward Street from Te Awa, including Texas Radio and the Apple Dealership.

As noted above, these tenancies are generally of a smaller size than the subject tenancy, albeit reflect the current strength of the retail market in proximity to the subject as well as the Central business District.

6.1.3 CAR PARKING RENTALS

The subject car parks are currently leased at a rental of \$50 per week for secure stacking car parks and for \$50 per park per week for two parks to the rear of the premises.

We are aware of rental rates relating to a wide range of car parking tenancies within similar office buildings situated in the Hamilton CBD. As demonstrated in the evidence above, rental rates for centrally located parking spaces range between \$40 and \$55 per week for covered secure parks, with the rates predominantly being driven by location as well as the number of parks leased.

Based on the evidence detailed above together with our knowledge of comparable rentals achieved in the surrounding location, we have adopted a market rental of \$50.00 per week (or \$2,600 per annum) for the stacking and rear open car parks.

6.1.4 SIGNAGE RIGHT RENTALS

Given the height, profile and position of the subject building, we consider an acknowledgement for Naming and Signage rights to be appropriate and have analysed the contract rental on this basis.

In considering the market rental for the subject property, we have had regard to recent leasing evidence that includes naming and signage rights. We provide a schedule of the most relevant evidence as follows:

Tenant		Effective Date	Type	Lease Term	Component	Face Rent (\$psm)	Net Effective Rent (\$psm)
Bryce Street Hamilton CBD			Confidential				
21 Grantham Street Hamilton CBD	ANZ Bank New Zealand Limited	Nov 17	RR	12 yrs	Naming & Signage	\$17,500	\$17,500
London & Harwood Streets Hamilton CBD	Fonterra Co Operative Limited	Aug 17	NL	9 yrs	Naming & Signage	\$20,000	\$20,000
426 - 430 Victoria Street Hamilton CBD	Westpac Bank	Jan 17	RR	9 yrs	Naming & Signage	\$19,000	\$19,000
94 Bryce Street Hamilton CBD Fringe	Genesis Energy	May 16	NL	12 yrs	Naming Rights	\$15,000	\$15,000
354 Victoria Street Hamilton CBD	Bank of New Zealand	Mar 16	RR	9 yrs	Naming Rights	\$17,500	\$17,500
410 Victoria Street Hamilton CBD	Kiwibank Limited	Jan 16	NL	9 yrs	Naming Rights	\$15,000	\$13,788
500 Victoria Street Hamilton CBD	ASB Bank Limited	Oct 15	Ren	3 yrs	Naming Rights Signage	\$20,400 \$4,800	\$20,400 \$4,800
103 Ward Street Hamilton CBD	PWC	Aug 13	NL	12 yrs	Naming Rights	\$20,000	\$20,000
85 Alexandra Street Hamilton CBD	KPMG	Apr 13	Ren	6 yrs	Naming Rights	\$10,000	\$10,000

The majority of signage rental evidence from within the Hamilton CBD relates to large scale office buildings with good profile and exposure, similar to the subject building. Rentals typically range between \$15,000 to \$20,000 per annum with variances depending on location, scale (profile) and tenant demand. Signage rents have seen limited upward movement in recent years. Given they are associated with large office towers, there have been limited new leases or completion for signage around the city and accordingly the rental levels have been somewhat flat.

The subject building benefits from high profile to pedestrian and vehicle traffic along Victoria Street and is of a medium height. Given the individual characteristics of the subject building, we consider a market rental of **\$15,000 per annum** to be appropriate.

6.1.5 MARKET RENTAL CONCLUSION

In assessing the market rental for the subject property, we have had regard to the following:

- Prominent position within Hamilton's main commercial precinct, and is in close proximity to Hamilton's main central shopping malls and city amenities.
- Established office precinct, with good quality surrounding corporate occupiers.
- The external presentation of the building is considered to be of a good standard.
- The building provides good quality refurbished accommodation.
- Medium sized floor plates with some river views from the upper levels.
- The current market for office accommodation within the Hamilton CBD has improved over the past 24 months. Notwithstanding, there is expected to be a significant increase in vacancy for B & C Grade office accommodation over the next 24 months on the back of large occupiers vacating their existing premises for new buildings.

Having regard to the above, we outline our adopted market rentals as follows:

Component	Tenant	Lettable Area	Market Rent	
		NLA	\$ per sqm	\$ pa
Premises - 410 Vicotria Street				
Ground - Retail	KiwiBank Limited	422.0	\$350	\$147,700
Pt Level 1	Vendor Underwrite	180.0	\$215	\$38,700
Pt Level 1	Te Rito Maioha	234.0	\$215	\$50,310
Pt Level 1	Te Tume Paeroa	81.1	\$215	\$17,426
Pt Level 2	Vendor Underwrite	181.9	\$215	\$39,113
Pt Level 2	Internal Affairs	317.2	\$215	\$68,200
Pt Level 3	Jacobs (NZ) Limited	216.7	\$215	\$46,584
Pt Level 3	Quotable Value	278.2	\$215	\$59,811
Total Premises		1,911.0		\$467,844
Other Areas				
Naming Rights	KiwiBank Limited	1.0	\$15,000	\$15,000
Total Other Area				\$15,000
Car Parking				
Car Parks - Open		2.0	\$2,600	\$5,200
Car Parks - Stacker		32.0	\$2,600	\$83,200
Total Parking		34.0		\$88,400
Total		1,911.0		\$571,244

6.2 SALES EVIDENCE

In order to assess the market value of the subject property we have considered a wide range of transactional evidence from within the Hamilton market over the past few years. In terms of investment sales, there have been few sales which are directly comparable to the subject, particularly within the immediate area.

We have, where adequate information is available, undertaken a full sales analysis.

An overview of the sales considered as part of our assessment of market value are summarised within the following schedule.

Address	Sale Date	Sale Price	WALT (yrs)	Passing Yield	Equivalent Market Yield	IRR	Rate \$psm NLA
ANZ Building 527-529 Victoria Street Hamilton CBD	Jan-19	\$3,200,000	6.00	2.61%	9.08%	10.19%	\$1,753 psm
Bayleys Hamilton 96 Ulster Street Whitiora	Dec-18	\$4,630,000	6.74	4.84%	4.93%	6.61%	\$7,005 psm
Opus House 28 Harwood Street Hamilton CBD Fringe	Aug-18	\$6,200,000	1.90	9.68%	8.58%	9.48%	\$1,863 psm
Ex AMI Building 103 London Street Hamilton CBD	Aug-18	\$4,100,000	0.99	5.35%	7.39%	9.22%	\$3,017 psm
NZMA 94 Tristram Street Hamilton CBD Fringe	Aug-18	\$6,500,000	12.00	6.25%	6.22%	7.67%	\$4,047 psm
Bunnings 13A Quentin Drive Frankton	Feb-18	\$25,100,000	12.00	5.39%	5.39%	6.92%	\$2,155 psm
Winger 1 The Boulevard Te Rapa Park	Dec-17	\$9,500,000	9.98	5.94%	5.90%	7.73%	\$4,025 psm
ASB Building 46 Bryce Street Hamilton CBD	CONFIDENTIAL SALE						
Fonterra Building 80 London Street & 9-11 Harwood Street Hamilton CBD	Aug-17	\$22,000,000	6.00	7.68%	7.54%	8.84%	\$3,136 psm
163 Maui Street Pukete Te Rapa Park	Aug-17	\$4,800,000	VP	-	6.08%	7.41%	\$4,381 psm
LIC 140 Riverlea Road Hillcrest	Aug-17	\$7,200,000	10.00	6.91%	6.90%	8.09%	\$2,049 psm
241 Anglesea Street Hamilton CBD	Mar-17	\$4,700,000	4.75	5.42%	5.44%	6.87%	\$5,947 psm

As illustrated in the schedule above, recent commercial properties within the wider Hamilton market reflect initial yields ranging between 5.4% and 7.7%, equivalent yields between 5.4% and 8.0% and IRRs between 6.87% and 9.5%. We provide further commentary on the pertinent sales as follows:

ANZ Building, 527-529 Victoria Street, Hamilton CBD

Situated on the corner of Victoria and Bryce Streets, the ANZ Building comprises a five level office premises incorporating ground floor retail accommodation with 1267 sqm of office accommodation to the upper floors. Constructed circa 1980's the premises provides average quality accommodation that requires refurbishment. Detrimental to the functionality of the premises as office accommodation, no car parks are provided onsite with limited public parking in close proximity. Subject to a sale and leaseback to ANZ over the ground floor, the balance of the upper level accommodation was vacant and we would expect long lease periods for the office space.

The property went to auction and was subject to moderate bidding and sold 3 months post auction for \$3,200,000 reflecting an initial yield of 2.61%, an equivalent yield of 9.08% and an IRR of 10.19%. Overall the site benefits from a good profile similar to the subject, albeit provides inferior quality accommodation and a significant discount given the sites car parking limitations.

Bayleys, 96 Ulster Street, Whitiara

A recent sale in the above table is of the Bayley premises situated at 96 Ulster Street for \$4,630,000 reflecting an initial yield of 4.84% an equivalent yield of 4.93% and an IRR of 6.61%. The property comprises 661 sqm of good quality refurbished office accommodation situated on a 1,776 sqm corner site benefiting for high levels vehicular traffic and good onsite parking. Subject to a 10 year lease commencing December 2015 plus rights of renewal the property has a strong tenant covenant. Sold at auction in December 2018 the property has strong bidding with multiple bidders at this price range.

Overall the property is of a superior quality to the subject, occupying a strong location with a superior tenant covenant. We note a limited number of properties in Hamilton sell at this yield and reflects the strength of the current market and more importantly the demand for high quality investment properties such as this, that seldom come to the market.

Opus House, 28 Harwood Street, Hamilton CBD Fringe

Opus House sold in late 2018 for \$6,200,000 reflecting an initial yield of 9.68%, an equivalent yield of 8.58% and an IRR of 9.48%. The property comprises a six level office building presented to a tidy standard on a 2,104 sqm corner site to the fringe of the Hamilton CBD. The property provides 38 on grade car parks with an IEP rating of 100%. At the time of the sale the premises had a WALT of circa 18 months with Opus Consultants vacating the premises at the lease expiry. We understand the property sold with a six month delayed settlement with the purchasers intending to redevelop the building for other purposes. Overall the accommodation provides inferior quality accommodation in an inferior location with a short WALT.

Ex AMI Building, 103 London Street, Hamilton CBD

The EX AMI Building comprises a four level office building that was significantly refurbished in 2013 providing good quality accommodation presented to a high standard. The premises benefits from its high profile corner site fronting Anglesea and London Streets and includes ample onsite car parks are provided to the rear of the site with dual street access. Selling in August for \$4,100,000, reflecting an initial yield of 5.35%, an equivalent market yield of 7.39% and an IRR of 9.22%. The property was partially vacant with some other long term occupiers have short remaining lease terms. Overall the subject property has superior tenant and lease covenants.

NZMA, 94 Tristram Street, Hamilton CBD Fringe

We are aware of the recent sale of a 'to be built' office building situated at 94 Tristram Street. The property is to comprise a well presented single level office building totalling 1,600 sqm with space to build a 400 sqm mezzanine if required. The accommodation is to be completely occupied by NZMA and incorporate multiple training areas, classrooms and study rooms. The property sold off the plan effective August 2018 for \$6,500,000 reflecting an initial yield of 6.25%, an equivalent yield of 6.22% and an IRR of 7.67%. Overall the accommodation will be of a superior quality to the subject given its ages, however occupying a secondary office location with low levels of natural light and limited onsite car parking

Bunnings, 13A Quentin Drive, Frankton

Another recent sale in the table above is of the purpose built Bunnings premises located on the Corner of Kahikatea Drive and Quentin Drive, which sold effective February 2018 for \$25,100,000 reflecting an equivalent yield of 5.39% and an IRR of 6.92%.

The premises comprises a purpose built Bunnings Warehouse incorporating 5,187 sqm of Bulk retail accommodation plus mezzanine office space, a large garden centre and trade yard as well as extensive canopies. Situated on a 3.1 hectare corner site the premises benefits from good exposure to State Highway 1 and includes ample onsite car parking. The premises was subject to a new 12 year lease with fixed rental growth.

We understand from discussions with the agents that there were a number of interested parties, with numerous tenders submitted. The sale represents the local and national demand for good quality investment properties subject to a strong lease covenant.

Winger, 1 The Boulevard, Te Rapa Park

Another recent sale within the above table is of the Winger Subaru premises located at 1 The Boulevard effective December 2017 for \$9,500,000 reflecting an initial yield of 5.94% an equivalent yield of 5.90% and an IRR of 7.73%. The premises comprises a purpose built car dealership incorporating a large vehicle showroom and display yard as well as modern office accommodation and workshop to the rear. The building is subject to a new 10 year lease to Winger and occupies a strong industrial location surrounded by additional purpose built vehicle dealerships. Although not directly comparable to the subject, the sale reflects the markets willingness to pay sharp yield for good quality premises subject to long lease terms.

ASB Building, 46 Bryce Street, Hamilton CBD

In addition to the above, we are also aware of a conditional contract on the ASB Building, which is situated in the heart of the CBD. However, due to client confidentiality obligations, we are unable to disclose the key terms.

The property comprises a to be complete purpose built commercial building to be completely occupied by ASB Bank on the Corner of Barton and Bryce Streets. The premises will include 305 sqm of high specification ground floor retail accommodation with two office floors above totalling 1,134 sqm.

Fonterra Building, 80 London Street & 9-11 Harwood Street

A recent sale in the table above is of the Fonterra Building located at 80 London Street for \$22,000,000 reflecting an initial yield of 7.68% an equivalent market yield of 7.54% and an IRR of 7.73%.

The property comprises a 1987 built, eight level 'C Grade' office tower building as well as a 1,118 sqm vacant site that is utilised for car parking. Both properties are fully occupied by Fonterra Limited on a nine year lease subject to a break clause after Year 6.

163 Maui Street, Te Rapa

The property at 163 Maui Street sold on a vacant possession basis effective August 2017 for \$4,800,000 reflecting an equivalent yield of 6.08% and an IRR of 7.41%. Previously occupied by Fire Security Services the property comprises a two level office building of modern design and construction that includes a warehouse component with associated offices and a mezzanine storage area. The balance of the site is sealed, and provides 138 car parks. The building is positioned on a prominent 5,000 sqm corner site with a main frontage to Maui Street and secondary frontage to McKee Street, and is complemented with exposure to Te Rapa Road.

We note that this property previously sold for \$5,200,000 in 2016 with a 12 year lease to Fire Security services commencing 17 September 2014. The sale represents that the in the current market, there is strong demand from both investors and owner occupiers for good quality accommodation.

241 Anglesea Street, Hamilton CBD,

In March 2017, a recently completed commercial building situated on the corner of Collingwood Street and Anglesea Street within the Hamilton CBD sold for \$4,700,000 reflecting an initial yield of 5.42%. The building incorporates two levels of modern office accommodation as well as basement parking for 19 vehicles and open parking for five vehicles. The property occupies a good position within the Hamilton CBD, albeit slightly removed from the central office precinct. At the time of sale the building was fully leased to three tenants with a weighted average remaining lease term of 4.75 years. The sale demonstrates the market for quality assets albeit there was only one interested party bidding against the vendor at auction.

7.0 VALUATION CONSIDERATIONS

7.1 VALUATION METHODOLOGY

Contract Income Approach

The first method of valuation considered is that of direct capitalisation of passing income. This is considered to be a well proven method of determining value for an investment property where income is receivable for a reasonable term from secure tenants.

However, this method can prove less effective where the current contract rent varies from the assessed market rent due to over or under renting, vacant space and a number of other factors.

Market Income Approach

This approach requires the assessment of a current market rental for the property and capitalisation at an appropriate yield. It is then possible to make capital adjustments to allow for the difference between contract rent (either over or under) discounted until a notional equilibrium point in the lease term. Vacancies and other capital adjustments are made where appropriate.

Discounted Cashflow

In addition we have carried out a discounted cashflow valuation over a ten year horizon in accordance with established practice.

This method involves projecting the cashflow of the property over the 10 year period and making explicit forecasts for many variables within the property including:

- Discount Rate
- Growth Rates
- Sustainable Rental Levels
- Vacancy Allowances
- Capital Expenditure and Outgoings
- End of Period Valuation / Terminal yield

7.2 CAPITALISATION RATE CONCLUSION

Market sentiment remains strong at the current time, having continued from 2017. The present market is absorbing well positioned commercial / industrial properties and we have seen yields sharpen to historic levels with recent sales consistently reflecting yields between 5.5% and 7.0% for quality assets, even at investment quantum above under \$5M. We understand that those quality properties which have been offered to the market have been subject to strong demand from multiple investors. In addition, there also appears to be strong owner-occupier demand given the lack of quality rental properties available to the market.

Whilst interest rates remain at fairly low levels, banks are becoming more cautious with lending as banks approach lending limits imposed by the RBNZ. This is likely to have an impact on the investment market however a high number of equity investors remain active so we are yet to see any significant reduction in demand. Strong economic conditions, high immigration and limited alternative investments is likely to result in the market continuing to perform over the foreseeable future.

The subject property comprises a good quality office building situated on a high profile site within the central Hamilton CBD. The building provides good quality C Grade office accommodation with medium sized floor plates that have been subdivided into multiple tenancies. Although, two areas are vacant, these are subject to a vendor underwrite and accordingly provides time to find a suitable occupier. The occupiers within the premises are of a good quality with a remaining lease term of 3.26 years. The property occupies a strong central city location and benefits from ample car parks provided within the stacker on Alma Street. Accordingly, we think the property would be subject to strong levels of interest if offered to the market.

Bearing in mind the wide range of rental and sales evidence (detailed earlier in *Section 6.0*), together with the fundamentals of each component within the development, we have applied contract and market capitalisation rates to the units as follows:

<i>Contract Capitalisation Rate:</i>	6.70%
<i>Market Capitalisation Rate:</i>	6.70%

Our Capitalisation of Income Approaches are detailed as follows:

Capitalisation Approach		
	Passing Yield	Market Yield
Office	\$343,039	\$345,106
Retail	\$155,513	\$147,700
Naming	\$15,793	\$15,000
Parking	\$81,288	\$88,400
Other	\$8,000	\$0
Market Income	\$603,633	\$596,206
Add Recoverable Outgoings	\$91,508	\$91,508
Add Estimated Gross Rental Value on Vacant Space	\$7,800	
Total Gross Market Income	\$702,940	\$687,714
Less Outgoings \$69.48 per m²	\$132,783	\$132,783
Less Fitout Rental	\$8,000	
Less Vacancy Allowance	\$0	\$0
Net Income	\$562,158	\$554,931
Capitalised at	6.700%	6.700%
Capitalised Value	\$8,390,413	\$8,282,556
Capital Value Adjustments		
<i>Existing Vacant Tenancy Allowances</i>		
Downtime	(\$3,900)	(\$3,900)
Downtime for Deferred Tenancy Commencement	(\$3,551)	(\$3,551)
Agents Leasing Fees	(\$1,281)	(\$1,281)
Incentives	-	-
Refurbishment Allowance	-	-
<i>PV of Pending Vacancy Allowances (expiries within 24 months)</i>		
Downtime	(\$141,419)	(\$141,419)
Agents Leasing Fees	(\$35,502)	(\$35,502)
Incentives	-	-
Refurbishment Allowance	(\$75,440)	(\$75,440)
<i>PV Outstanding Current Incentives</i>	(\$20,530)	(\$20,530)
<i>PV Rental Shortfall / (Overage)</i>	-	\$30,778
<i>General Capital Expenditure Allowance (12 months)</i>	(\$4,738)	(\$4,738)
<i>Budgeted Capital Expenditure (12 months)</i>	-	-
<i>Pv of fitout Rental</i>	\$13,112	\$13,112
<i>PV of lease underwrite Tail</i>	\$3,551	\$3,551
Total Adjustments	(\$269,699)	(\$238,920)
Assessed Capital Value as at 20 February 2019	\$8,120,714	\$8,043,636
Rounded Market Capitalisation Value	\$8,100,000	\$8,050,000

7.3 DISCOUNTED CASHFLOW ANALYSIS

We have also analysed the property applying discounted cashflow analysis, adopting a 10 year cashflow time horizon and making appropriate allowances for rental income growth, leasing up allowances on expiries, along with a terminal value at the end of the time period. The resultant Net Present Value being a reflection of market based income and expenditure projections over the 10 year period.

The key assumptions adopted in the cashflow are as follows:

- Market Rental:** We have adopted market rental rates in our cashflow in line with our static valuation. These are summarised in Section 6.1.5.
- Rental Growth:** It is difficult to accurately predict rental growth rates for commercial property when demand is directly linked to the performance of the economy. Accordingly, we have projected growth rates generally ranging between 2.25% and 2.75% over the 10-year cashflow period, at a similar level to inflation. We believe that this is a conservative but realistic approach.

Calendar Year	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Inflation (CPI)	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%
Office (Gross Effective)	2.97%	3.01%	2.86%	2.50%	2.38%	2.38%	2.38%	2.38%	2.39%	2.39%
Office (Net Effective)	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Retail (Gross Effective)	2.90%	2.92%	2.74%	2.50%	2.34%	2.34%	2.34%	2.34%	2.34%	2.34%
Retail (Net Effective)	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Car Parking	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Statutories	7.50%	7.50%	7.50%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%
Operational	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%
Capital expenditure	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%

- Terminal Yield:** Discounted cashflow appraisal technique requires a consideration for the property to be sold at the end of the 10 year cashflow period. In adopting an appropriate terminal capitalisation rate, it is appropriate to recognise that the property by that stage is 10 years older and accordingly may warrant a higher capitalisation rate.

We have adopted a terminal capitalisation rate of 7.00%.

- Discount Rate:** We have adopted property discount rates (IRR's) which are in line with rates analysed from sales evidence as outlined in Section 6.2, adjusted for the properties individual fundamentals and property specific risk. In considering the above, we have adopted discount rate of 8.25%.
- Capital Expenditure:** We have adopted near term capital expenditure as outlined in Section 4.6. In addition, allowances have been incorporated to cover refurbishment and vacancy related costs during the cash flow.

Our Discounted Cashflow Approach is summarised as follows:

Year Commencing	Mar-2019	Mar-2020	Mar-2021	Mar-2022	Mar-2023	Mar-2024	Mar-2025	Mar-2026	Mar-2027	Mar-2028
Office	\$307,935	\$276,229	\$347,779	\$369,172	\$379,436	\$357,490	\$377,778	\$356,597	\$320,909	\$424,402
Retail	\$155,513	\$163,864	\$164,623	\$160,445	\$160,065	\$160,065	\$85,552	\$173,311	\$176,597	\$181,198
Naming	\$15,793	\$16,642	\$16,719	\$15,964	\$15,895	\$15,895	\$8,443	\$17,084	\$17,394	\$17,827
Parking	\$84,040	\$84,518	\$92,496	\$95,263	\$96,080	\$96,215	\$88,299	\$71,123	\$102,815	\$108,279
Other	\$8,000	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Warehouse	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outgoings Recoveries	\$81,359	\$87,417	\$93,904	\$102,129	\$104,774	\$99,100	\$90,414	\$101,182	\$105,839	\$120,155
Total Income	\$652,640	\$634,669	\$715,522	\$742,972	\$756,250	\$728,766	\$650,487	\$719,297	\$723,554	\$851,861
Outgoings	\$133,419	\$137,415	\$142,348	\$147,199	\$150,883	\$154,941	\$159,117	\$163,416	\$167,840	\$172,393
Net Income Before Capital Expenditure	\$519,222	\$497,253	\$573,174	\$595,773	\$605,367	\$573,825	\$491,369	\$555,881	\$555,715	\$679,468
Capital Expenditure (Budgeted & General)	\$4,738	\$4,825	\$4,917	\$5,013	\$5,108	\$5,218	\$5,330	\$5,445	\$5,562	\$5,681
Refurbishment Allowance	\$29,750	\$51,660	\$0	\$0	\$0	\$19,327	\$63,139	\$14,999	\$34,944	\$0
Agents Fees	\$8,206	\$14,112	\$19,213	\$0	\$0	\$8,665	\$31,598	\$22,590	\$25,308	\$0
Incentives	\$20,921	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income After Capital Expenditure	\$452,056	\$426,657	\$549,043	\$590,759	\$600,259	\$540,616	\$391,303	\$512,848	\$489,901	\$673,786
Terminal Value										\$10,030,258
Disposal Costs										\$0
Net Cash Flow	\$452,056	\$426,657	\$549,043	\$590,759	\$600,259	\$540,616	\$391,303	\$512,848	\$489,901	\$10,704,044
Adopted Value @ 8.250%	\$8,100,000									
Acquisition Costs	\$0									
Adopted Value before Acquisition Costs	\$8,100,000									
Running Yield - Before Capex & Adjustments	6.41%	6.14%	7.08%	7.36%	7.47%	7.08%	6.07%	6.86%	6.86%	8.39%
Running Yield - After Capex & Adjustments	5.58%	5.27%	6.78%	7.29%	7.41%	6.67%	4.83%	6.33%	6.05%	8.32%
Running Yield - Before Capex & incl. Adjustments	6.05%	5.96%	6.84%	7.36%	7.47%	6.98%	5.68%	6.58%	6.55%	8.39%
Running Yield - After Capex, Adjustments & incl. Acquisition Costs	5.58%	5.27%	6.78%	7.29%	7.41%	6.67%	4.83%	6.33%	6.05%	8.32%

8.0 VALUATION CONCLUSION

We refer you to **Appendix 1** that contains our Valuation Calculations and Cashflow in Detail. We summarise the result hereunder.

Valuation Reconciliation

<i>Contract Income Approach</i> Capitalised at 6.70%	\$8,100,000
<i>Market Income Approach</i> Capitalised at 6.70%	\$8,050,000
<i>Discounted Cashflow Approach</i> Discounted at 8.25%	\$8,100,000
Adopted Current Market Value As at 20 February 2019	\$8,100,000
Passing Initial Yield	6.84%
Equivalent Market Yield	6.65%
Internal Rate of Return (including capex)	8.27%
Direct Comparison	\$4,239
Weighted Lease Duration by Income	3.26 years

Having regard to available market evidence and factors outlined in the body of this report, we confirm our market value of the subject property at:

\$8,100,000 plus GST, (if any)
(EIGHT MILLION ONE HUNDRED THOUSAND DOLLARS)

Lender Security

Our report is undertaken for mortgage security purposes and may be relied upon by the ASB Bank Limited for the advance of first mortgage funds.

Subject to the conditions noted in this report, we consider the property to be suitable for first mortgage security purposes. This statement is made only with reference to the property itself and the property factor outlined in this report. We make no recommendation on the personal covenant of the mortgagor or their ability or willingness to meet their commitment under the proposed loan.

9.0 GENERAL

Our valuation is subject to The Company's Statement of Valuation Qualifications and Conditions as follows:

1. In accordance with PINZ Guidance Notes, all non-residential valuations are on the basis of **plus GST (if any)**. Valuations of residential property are stated as **including GST (if any)**.
2. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable but we can accept no responsibility if this should prove not to be so. Where information is given without being attributed directly to another party, this information has been obtained by our search of records and examination of documents or by enquiry from Government or other appropriate sources.
3. We have been engaged to provide a valuation only and while due care was taken to note obvious building defects in the course of our inspection, we have not been engaged for any purpose other than the valuation and we are not able to advise on matters such as structural or site surveys or any other defects in the building.
4. In preparing the valuation it has been assumed that all lifts, hot and cold water systems, electrical systems, ventilating systems and other devices, fittings, installations or conveniences in the building are in proper working order and functioning for the purposes of Government regulations and codes. We will not include in our valuation those fixtures and fittings owned and able to be removed by the tenant(s).
5. Where applicable, our valuation includes those items which form part of the building including special wall and floor finishes, toilet amenities, integrated heating and ventilation equipment, external lighting and all site works including landscaping.
6. In preparing the valuation and/or providing valuation services, it has been assumed that a full and frank disclosure of all relevant information has been made.
7. We do not hold ourselves out to be experts in environmental contamination. Our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.
8. In preparing the valuation, we have relied on photocopies of the Record of Title and the leases provided. It has been assumed that these are accurate copies of the original documents and that no dealings or changes have occurred since the date such photocopies were made.
9. This valuation and all valuation services are provided by us solely for the use of our client. We do not assume any responsibility to any person other than the client for any reason whatsoever by reason of or arising out of the provision of this valuation.

10. This report is relevant as at the date of preparation and to circumstances prevailing at the time. However, within a rapidly changing economic environment experiencing fluctuations in interest rates, availability of finance, rents, building expenditure and returns on investments, values can be susceptible to variation over a relatively short time scale. We therefore strongly recommend that before any action is taken involving acquisition, disposal, mortgage advance, shareholding restructure or other transaction, that you consult further with us.
11. **Confidentiality and Disclaimer of Liability**
Our valuation and report is strictly confidential to the party to whom it is addressed and is prepared solely for the specific purpose to which it refers. No responsibility whatever is accepted for reliance on the valuation report for other purposes. Further, no responsibility whatever is accepted to persons other than the party to whom the valuation and report is addressed for any errors or omissions whether of fact or opinion.
12. Neither the whole nor any part of this valuation and/or report or any reference to it may be included in any published document, circular, or statement without our written approval.
13. **PINZ: Valuation Standards & Guidance Notes**
All valuations are carried out in accordance with the Valuation Standards and Guidance Notes recommended by the Property Institute of New Zealand, where the definition of "Market Value" is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.
14. Please note that personnel in this firm will or may have stocks, shares or other interests in entities that directly or indirectly hold properties which are the subject of this valuation and/or may have direct or indirect personal relationships with third parties with interests in these same entities. The Company's valuers are required to abide by an industry standard disclosure regime and The Company's policies with respect to conflicts of interest, and will disclose any material conflict of interest that arises in its capacity as valuer concerning the property which is the subject of this valuation.
15. **Valuation Basis**
Unless otherwise stated no allowances are made in our valuations for any expenses of realisation, or to reflect the balance of any outstanding mortgages either in respect of capital or interest accrued.

We trust that this report is suitable for current purposes. If you have any questions, please contact the writer directly.

Yours faithfully

CIVAS Limited trading as Colliers International



MATT SNELGROVE / BBS, SPINZ, ANZIV
Registered Valuer
Director / Valuation & Advisory Services



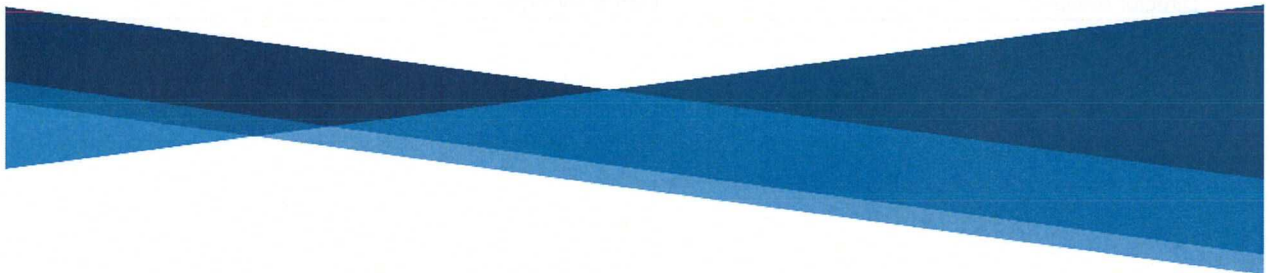
CONNOR MCCASHIN / BBS
Valuer
Valuation & Advisory Services

CIVAS Limited trading as Colliers International
69 Victoria Street, Hamilton Central, Hamilton 3204
PO Box 19093, Hamilton 3244
Phone No. (07) 839 2538

Inspection of Property:	Matt Snelgrove & Connor McCashin
Valuation Calculations:	Matt Snelgrove & Connor McCashin
Authoring of report:	Connor McCashin
Director Review:	Matt Snelgrove

APPENDIX 1

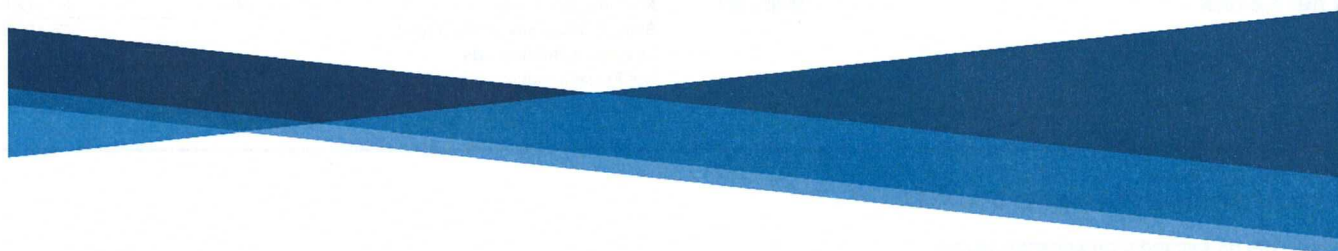
Valuation in Detail



Valuation Calculations

Under Instruction From

PMG Direct Office Fund



As At

20 February 2019

Reference: 21046

VALUATION DETAILS

Valuation Date	20 February 2019	Cash Flow Model Date	1 March 2019
Interest Valued	Freehold Interest	Purpose of Valuation	First Mortgage Security

CORE VALUATION ASSUMPTIONS

Financial Details

Gross Passing Income (Fully Let)	\$702,940
Outgoings (pa)	\$132,783
Net Passing Income (Fully Let)	\$562,158
Net Passing Income (Current)	\$562,358

Passing Income is \$15,226 above current market levels

Over / Under rented % 1.34%

Fully Leased - over / under rented % 1.30%

Total NLA 1,911.04 m²

Total Carparks 34 parks

Office NLA 1,489.04 m²

Proportion of Occupied Office Area 100.00%

	Net	Gross
Average Passing Office Rental*	\$214/m ²	\$276/m ²
Average Market Office Rental	\$215/m ²	\$278/m ²

*Passing rental averages are based on the proportion of occupied area.

Global Assumptions

Agents Leasing Fees (Gross)	16.00%
Renewal Leasing Fee (Gross)	5.00%

Office

Lease Term	6 years
Letting Up - Market	12 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months whole floors / 6 months suites
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

Traditional Valuation Approach

Core Initial Capitalisation Rate	6.700%
Core Market Capitalisation Rate	6.700%
Pending Vacancies Allowances within	24 months
Capital Expenditure Allowances for	12 months
Rental Reversions (PV)	Current tenants at expiry/market review with subsequent leases at 24 months

Adopted Gross Market Income	\$687,714
Outgoings (pa)	\$132,783
Adopted Net Market Income	\$554,931

Total Vacancy -

Retail NLA 422.00 m²

Proportion of Occupied Retail Area 100.00%

	Net	Gross
Average Passing Retail Rental*	\$361/m ²	\$423/m ²
Average Market Retail Rental	\$350/m ²	\$413/m ²

Refurb Allowance - Initial Expiries	\$75/m ²
Refurb Allowance - Secondary Expiries	\$50/m ²

Retail

Lease Term	6 years
Letting Up - Market	12 months
Retention Probability (Letting Up & Leasing Fees)	50.0%
Letting Up - Applied	6 months
Renewal Probability (Incentives)	0.0%
Reviews	2 yearly rent reviews to market rent

Discounted Cash Flow Approach

Cash Flow Term	10 years
Terminal Capitalisation Rate	+30.00 bps 7.000%
Terminal Allowances & Reversions within	12 months
Discount Rate	8.250%
10 Yr Rental Growth	Office (Net Effective) 2.39%
(compounded)	

VALUATION CONCLUSIONS

Traditional Valuation Approach

Initial Yield Approach	\$8,100,000
Market Yield Approach	\$8,050,000

Discounted Cash Flow Approach

Discounted Terminal Value	56%	\$4,536,805
NPV of Cash Flows	44%	\$3,572,800
Sum of Discounted Cash Flows		\$8,109,604
Less Acquisition Costs		-
Net Present Value		\$8,109,604
Rounded DCF Value		\$8,100,000

ADOPTED VALUE

\$8,100,000 - plus GST (if any)
(EIGHT MILLION ONE HUNDRED THOUSAND DOLLARS)

RESULTANT YIELDS AND IRR'S ON ADOPTED VALUE

Direct Comparison	\$4,239 per m ² NLA	Terminal Initial Yield	6.82%
Passing Initial Yield	6.84%	Terminal Market Yield	7.00%
Equivalent Initial Yield	6.72%	Terminal Capital Value	\$5,249 per m ² NLA
Equivalent Market Yield	6.65%	Rate of Increase in Capital Value	2.16%
Average Lease Duration	3.09 years	IRR (Incl. Capex)	8.27%
Weighted Lease Duration by Area	3.26 years	IRR (Excl. Capex)	8.60%
Weighted Lease Duration by Income (inc vacancy)	3.41 years		
Weighted Lease Duration by Income (exc vacancy)	3.43 years	3 Year IRR (incl. Capex)	8.87%
Total Capital Expenditure (Nominal)	\$266,138	5 Year IRR (incl. Capex)	8.74%
% of Adopted Value (Nominal)	3.29%	7 Year IRR (incl. Capex)	8.12%



Level/Suite	Tenant	Use	Lettable Area NLA	Lease Commence	Lease Term	Lease Expiry	Type	% NLA	Lease Option	Next Review Date	Base Passing		Adopted Market		PV of Rental Reversion
											Rent	Rent \$/m²	Rent	Rent \$/m²	
1 Ground - Retail	KiwiBank Limited	Retail	422.00	8-Apr-16	9.00	7-Apr-25	Net	22.08%	3x3	8-Apr-20	155,513	368.51	147,700	350.00	20,970
2 Pt Level 1	Vendor Underwrite	Office	180.00	14-Dec-18	1.00	13-Dec-19	Net	9.42%	-	13-Dec-19	38,700	215.00	38,700	215.00	(254)
3 Pt Level 1	Te Rito Maohia	Office	234.00	1-Apr-18	6.00	31-Mar-24	Net	12.24%	3x3	1-Apr-19	50,310	215.00	50,310	215.00	280
4 Pt Level 1	Te Tume Paeroa	Office	81.05	1-Sep-17	3.00	31-Aug-20	Gross	4.24%	-	31-Aug-20	21,883	269.99	22,506	277.68	(1,543)
5 Pt Level 2	KiwiBank Limited	Office	181.92	1-Apr-19	6.00	31-Mar-25	Net	9.52%	1x6	1-Apr-22	41,842	230.00	39,113	215.00	3,126
6 Pt Level 2	Internal Affairs	Office	317.21	15-Sep-14	6.00	14-Sep-20	Gross	16.60%	3x3	14-Sep-20	83,910	264.53	88,083	277.68	(8,500)
7 Pt Level 3	Jacobs (NZ) Limited	Office	216.67	1-Jul-17	2.00	30-Jun-19	Net	11.34%	-	30-Jun-19	46,584	215.00	46,584	215.00	-
8 Pt Level 3	Quotable Value	Office	278.19	21-Nov-17	3.00	20-Nov-20	Net	14.56%	1x3	21-Nov-19	59,810	215.00	59,811	215.00	(307)
9 Fitout Rental	Quotable Value	Other	1.00	21-Nov-17	3.00	20-Nov-20	Net	0.00%	1x3	21-Nov-19	8,000	8,000.00	0	0.00	12,528
10 Naming & Signage	KiwiBank Limited	Naming	1.00	8-Apr-16	9.00	7-Apr-25	Net	0.00%	3x3	8-Apr-20	15,793	15,793.46	15,000	15,000.00	2,635
11 Car Parks - Slacker	KiwiBank Limited	Parking	3.00	8-Apr-16	9.00	7-Apr-25	Net	0.00%	3x3	8-Apr-20	8,213	2,737.53	7,800	2,600.00	1,107
12 Car Parks - Rear	KiwiBank Limited	Parking	2.00	8-Apr-16	9.00	7-Apr-25	Net	0.00%	3x3	8-Apr-20	5,475	2,737.53	5,200	2,600.00	738
13 Car Parks - Slacker	Te Rito Maohia	Parking	2.00	1-Apr-18	6.00	31-Mar-24	Net	0.00%	2x2	1-Apr-19	5,200	2,600.00	5,200	2,600.00	-
14 Car Parks - Slacker	Te Tume Paeroa	Parking	2.00	1-Sep-17	3.00	31-Aug-20	Gross	0.00%	-	31-Aug-20	5,200	2,600.00	5,200	2,600.00	-
15 Car Parks - Slacker	Jacobs (NZ) Limited	Parking	1.00	1-Jul-17	2.00	30-Jun-19	Net	0.00%	-	30-Jun-19	2,600	2,600.00	2,600	2,600.00	-
16 Car Parks - Slacker	Westpac Bank	Parking	20.00	-	Monthly	29-Feb-20	Net	0.00%	-	31-Jan-20	52,000	2,600.00	52,000	2,600.00	-
17 Car Parks - Slacker	Propellor Properties	Parking	1.00	-	Monthly	29-Feb-20	Net	0.00%	-	31-Jan-20	2,600	2,600.00	2,600	2,600.00	-
18 Car Parks - Slacker	Vacant	Parking	3.00	-	-	-	Net	0.00%	-	-	-	-	7,800	2,600.00	-
20 Total			1,911.04					100.00%			603,633		596,206		30,778

(Initial) Passing Yield Calculations

Office	343,039
Retail	155,513
Naming	15,793
Parking	81,288
Other	8,000
Current Passing Income	603,633
Add Recoverable Outgoings	91,508
Add Estimated Gross Rental Value on Vacant Space	7,800
Potential Gross Income Fully Let	702,940
Less Fitout Rental	8,000
Less Vacancy Allowance	0.00%
Less Outgoings	\$69.48/m ²
Net Income	562,158
Capitalised at	6.450%
Capitalised Value	\$8,715,623
Capital Value Adjustments	\$8,390,413
Existing Vacant Tenancy Allowances	(3,900)
Downtime	(3,900)
Downtime for Deferred Tenancy Commencement	(3,551)
Agents Leasing Fees	(1,281)
Incentives	-
Refurbishment Allowance	-
PV of Pending Vacancy Allowances (expiries within 24 months)	(141,419)
Downtime	(141,419)
Agents Leasing Fees	(35,502)
Incentives	-
Refurbishment Allowance	(75,440)
PV Outstanding Current Incentives	(20,530)
General Capital Expenditure Allowance (12 months)	(4,738)
Budgeted Capital Expenditure (12 months)	-
Pv of fitout Rental	13,112
PV of lease underwrite Tail	3,551
Total Adjustments	(269,699)
Assessed Capital Value as at 20 February 2019	\$8,445,924
Value \$/m ²	\$4,420
Rounded Initial Capitalisation Value	\$4,249
Adopted Value as at 20 February 2019	\$8,100,000
Capital Value Analysis	
Actual Net Passing Income	\$562,358
Initial Yield	6.84%
Equivalent Initial Yield	6.72%
Rate per metre of NLA	\$4,239/m ²

Market Yield Calculations

Office	345,106
Retail	147,700
Naming	15,000
Parking	88,400
Other	0
Market Income	596,206
Add Recoverable Outgoings	91,508
Total Gross Market Income	587,714
Less Outgoings	132,783
Net Market Income	554,931
Less Vacancy Allowance	0.00%
Net Income	554,931
Capitalised at	6.450%
Capitalised Value	\$8,603,586
Capital Value Adjustments	\$8,282,556
Existing Vacant Tenancy Allowances	(3,900)
Downtime	(3,900)
Downtime for Deferred Tenancy Commencement	(3,551)
Agents Leasing Fees	(1,281)
Incentives	-
Refurbishment Allowance	-
PV of Pending Vacancy Allowances (expiries within 24 months)	(141,419)
Downtime	(141,419)
Agents Leasing Fees	(35,502)
Incentives	-
Refurbishment Allowance	(75,440)
PV Outstanding Current Incentives	(20,530)
PV Rental Shortfall / (Overage)	30,778
General Capital Expenditure Allowance (12 months)	(4,738)
Budgeted Capital Expenditure (12 months)	-
Pv of fitout Rental	13,112
PV of lease underwrite Tail	3,551
Total Adjustments	(238,920)
Assessed Capital Value as at 20 February 2019	\$8,364,665
Value \$/m ²	\$4,377
Rounded Market Capitalisation Value	\$4,209
Adopted Value as at 20 February 2019	\$8,100,000
Capital Value Analysis	
Equivalent Market Yield	6.65%
Rate per metre of NLA	\$4,239/m ²

Growth Assumptions

Calendar Year	Code	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	10 Yr CAGR
Inflation (CPI)	1	1.90%	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%
Office (Gross Effective)	3	2.97%	2.97%	3.01%	2.86%	2.50%	2.38%	2.38%	2.38%	2.38%	2.39%	2.39%	2.39%	2.55%
Office (Net Effective)	5	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.39%
Car Parking	10	2.75%	2.75%	2.75%	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.39%
Statutory	11	7.50%	7.50%	7.50%	7.50%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	4.80%
Operational	12	1.80%	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%
Capital expenditure	13	1.80%	1.80%	1.90%	2.00%	1.80%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.15%	2.05%

Discounted Cash Flow Assumptions

Lease Renewal Assumptions

Valuation Date	20 February 2019	Agents Fees - New Tenant (Year 1 Gross Rent)	16.0%
Commencement of Cash Flow	1 March 2019	Agents Fees - Renewal (Year 1 Gross Rent)	5.0%
Term of Cash Flow	10 years		
Discount Rate	8.250%	Office	
Terminal Yield	7.000%	Renewal Lease Term	6.0 years
Terminal Yield Variance over Market Cap Rate	+30.00 bps	Letting Up Period - Market	12 months
Acquisition Costs	0.00%	Retention Probability (Letting Up, Leasing Fees)	50%
Disposal Costs	0.00%	Letting Up Period - Applied	6 months
		Incentive Probability	0%
		Review Structure	2 yearly rent reviews to market rent
Total Budgeted Capital Expenditure	\$0 pa (Real) \$0 pa (Nominal)	Retail	
		Renewal Lease Term	6.0 years
		Letting Up Period - Market	12 months
		Retention Probability (Letting Up, Leasing Fees)	50%
		Letting Up Period - Applied	6 months
		Incentive Probability	0%
		Review Structure	2 yearly rent reviews to market rent
General Capital Expenditure Allowance applied from 1-Mar-2019		Car Parking	
		Renewal Lease Term	6.0 years
		Letting Up Period - Market	12 months
		Retention Probability (Letting Up, Leasing Fees)	50%
		Letting Up Period - Applied	6 months
		Incentive Probability	0%
		Review Structure	2 yearly rent reviews to market rent
Refurbishment Allowance on Initial Expiries			
Refurbishment Allowance on Secondary Expiries			
Total Capital Expenditure (Real)	\$244,760		
% of Adopted Value (Real)	3.02%		
Total Capital Expenditure (Nominal)	\$266,138		
% of Adopted Value (Nominal)	3.29%		
1 Yr Summary	\$34,488 (Nominal)		

Level/Suite	Tenant	Year 1 1-Mar-19	Year 2 1-Mar-20	Year 3 1-Mar-21	Year 4 1-Mar-22	Year 5 1-Mar-23	Year 6 1-Mar-24	Year 7 1-Mar-25	Year 8 1-Mar-26	Year 9 1-Mar-27	Year 10 1-Mar-28
Ground - Retail	KiwiBank Limited	178,776	187,912	189,640	186,407	186,718	187,471	99,708	202,392	208,402	211,852
Pl Level 1	Vendor Underwrite	37,487	38,817	52,172	54,162	55,004	56,836	57,693	29,686	60,976	61,904
Pl Level 1	Te Rito Maohia	65,916	67,316	68,888	70,484	71,928	37,309	75,427	77,010	79,045	80,707
Pl Level 1	Te Tuna Paeroa	21,883	16,866	23,698	24,019	24,985	25,286	26,188	16,641	20,832	21,776
Pl Level 2	KiwiBank Limited	48,865	53,663	54,108	55,045	55,416	55,774	44,291	59,774	61,550	62,644
Pl Level 2	Internal Affairs	83,910	41,955	93,402	93,402	98,361	98,361	103,097	103,097	54,676	109,352
Pl Level 3	Jacobs (NZ) Limited	30,328	61,728	62,679	65,303	66,091	68,518	57,401	48,303	72,881	75,046
Pl Level 3	Quotable Value	77,642	59,253	61,721	82,923	85,772	87,102	89,939	91,277	46,984	96,474
Flood Rental	Quotable Value	8,000	6,000	0	0	0	0	0	0	0	0
Naming & Signage	KiwiBank Limited	15,793	16,642	16,719	15,964	15,895	15,895	8,443	17,084	17,394	17,827
Car Parks - Stacker	KiwiBank Limited	8,213	8,654	8,694	8,473	8,453	8,453	4,518	9,153	9,326	9,569
Car Parks - Rear	KiwiBank Limited	5,475	5,769	5,796	5,649	5,635	5,635	3,012	6,102	6,217	6,379
Car Parks - Stacker	Te Rito Maohia	5,289	5,386	5,489	5,596	5,702	2,962	5,967	6,081	6,239	6,357
Car Parks - Stacker	Te Tuna Paeroa	5,200	2,600	5,487	5,487	5,761	5,761	6,023	6,023	3,184	6,368
Car Parks - Stacker	Jacobs (NZ) Limited	1,310	2,659	2,683	2,800	2,823	2,934	2,445	2,068	3,102	3,196
Car Parks - Stacker	Westpac Bank	52,000	49,088	53,551	56,120	56,353	58,792	59,014	30,913	62,390	63,573
Car Parks - Stacker	Propellor Properties	2,600	2,454	2,678	2,806	2,818	2,940	2,951	1,546	3,119	3,179
Car Parks - Stacker	Vacant	3,953	7,907	8,119	8,332	8,535	8,738	4,369	9,238	9,238	9,658
	Total Passing Income	652,640	634,689	715,522	742,972	756,250	728,766	650,487	719,397	723,554	851,861
Total Gross Passing Income		652,640	634,689	715,522	742,972	756,250	728,766	650,487	719,397	723,554	851,861
Outgoings		133,419	137,415	142,348	147,199	150,883	154,841	159,117	163,416	167,840	172,393
Vacancy Allowance		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Net Income before Capital Expenditure		519,222	497,253	573,174	595,773	605,367	573,925	491,369	555,881	555,715	679,468
Capital Expenditure		4,738	4,825	4,917	5,013	5,108	5,218	5,330	5,445	5,562	5,681
Refurbishment Allowance		29,750	51,660	-	-	-	19,327	63,139	14,999	34,944	-
Agents Fees		8,206	14,112	19,213	-	-	8,665	31,598	22,590	25,308	-
Incentives		20,921	-	-	-	-	-	-	-	-	-
Ground Rent		-	-	-	-	-	-	-	-	-	-
PV of lease underwrite Tail		3,551	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Net Income after Capital Expenditure		452,056	428,657	548,043	590,759	600,259	540,616	391,303	512,848	489,901	673,786

Terminal Value Calculations

Kiwi Bank, 410 Victoria Street, Hamilton CBD, Hamilton



Level/Suite	Tenant	NLA	Terminal Rent		Shortfall/ Overage	Next Review or Expiry	Number of Months	PV (within 12mths) Reversions
			Market	Passing				
Ground - Retail	KiwiBank Limited	422.00	187,000	181,198	5,803	1-Oct-29	7.0	3,333
Pt Level 1	Vendor Underwrite	180.00	48,997	48,726	272	30-Nov-32	45.0	-
Pt Level 1	Te Rito Maioha	234.00	63,697	63,109	588	30-Sep-30	19.0	-
Pt Level 1	Te Tume Paeroa	81.05	28,947	27,776	1,171	1-Jun-29	3.0	293
Pt Level 2	KiwiBank Limited	181.92	49,520	47,717	1,803	1-Jul-29	4.0	596
Pt Level 2	Internal Affairs	317.21	113,292	109,352	3,941	1-Sep-29	6.0	1,952
Pt Level 3	Jacobs (NZ) Limited	216.67	58,979	58,111	868	30-Jun-32	40.0	-
Pt Level 3	Quotable Value	278.19	75,725	73,648	2,077	1-Dec-29	9.0	1,523
Fitout Rental	Quotable Value	1.00	0	0	0	1-Dec-29	9.0	0
Naming & Signage	KiwiBank Limited	1.00	18,372	17,827	545	1-Oct-29	7.0	313
Car Parks - Stacker	KiwiBank Limited	3.00	9,875	9,569	306	1-Oct-29	7.0	176
Car Parks - Rear	KiwiBank Limited	2.00	6,584	6,379	204	1-Oct-29	7.0	117
Car Parks - Stacker	Te Rito Maioha	2.00	6,584	6,523	61	30-Sep-30	19.0	-
Car Parks - Stacker	Te Tume Paeroa	2.00	6,584	6,368	216	1-Sep-29	6.0	107
Car Parks - Stacker	Jacobs (NZ) Limited	1.00	3,292	3,243	48	30-Jun-32	40.0	-
Car Parks - Stacker	Westpac Bank	20.00	65,836	65,229	608	30-Sep-32	43.0	-
Car Parks - Stacker	Propellor Properties	1.00	3,292	3,261	30	30-Sep-32	43.0	-
Car Parks - Stacker	Vacant	3.00	9,875	9,658	217	29-Feb-32	36.0	-
Total		1,911.04	756,452	737,693				8,412

Terminal Value Calculations - Market Approach

Office	439,158
Retail	187,000
Naming	18,372
Parking	111,922
Other	0
Market Income	756,452
Add Recoverable Outgoings	122,941
Total Gross Market Income	879,394
Less Outgoings	\$92.24/m ² 176,280
Net Market Income	703,113
Vacancy Allowance	0.00%
Net Income	703,113
Capitalised at	7.00%
Capitalised Value	10,044,473

Terminal Value Adjustments

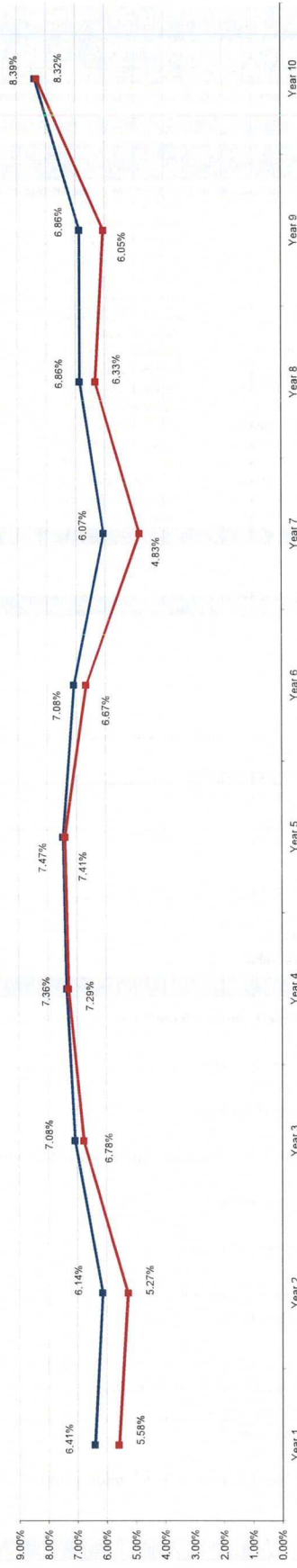
Existing Vacant Tenancy Allowances	
Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-
Pending Vacancy Allowances (expiries within 12 months)	
Downtime	-
Agents Leasing Fees	-
Incentives	-
Refurbishment Allowance	-
NPV Outstanding Current Incentives	-
PV Rental (Shortfall) / Overage	8,412
General Capital Expenditure Allowance (12 months)	5,803
Budgeted Capital Expenditure (12 months)	-
PV of lease underwrite Tail	-
Total Adjustments	14,215
Assessed Terminal Value as at 20 February 2029	10,030,258
Value \$/m²	5,249

Terminal Value Analysis

Terminal Initial Yield	6.82%
Equivalent Market Yield With Vacancy Factor	7.00%
Equivalent Market Yield Without Vacancy Factor	7.00%
Rate per metre of NLA	\$5,249/m ²

For Year Commencing	Year 1 1-Mar-19	Year 2 1-Mar-20	Year 3 1-Mar-21	Year 4 1-Mar-22	Year 5 1-Mar-23	Year 6 1-Mar-24	Year 7 1-Mar-25	Year 8 1-Mar-26	Year 9 1-Mar-27	Year 10 1-Mar-28
Office	307,935	276,229	347,779	369,172	379,436	357,490	377,778	356,597	320,909	424,402
Retail	155,513	163,864	164,623	160,445	160,065	160,065	85,552	173,311	176,597	181,198
Naming	15,793	16,642	16,719	15,964	15,895	15,895	8,443	17,084	17,394	17,827
Parking	84,040	84,518	92,496	95,263	96,080	96,215	88,299	71,123	102,815	108,279
Other	8,000	6,000	0	0	0	0	0	0	0	0
Outgoings Recoveries	81,359	87,417	93,904	102,129	104,774	99,100	90,414	101,182	105,839	120,155
Total Income	652,640	634,669	715,522	742,972	756,250	728,766	650,487	719,297	723,554	851,861
Outgoings	133,419	137,415	142,348	147,199	150,883	154,941	159,117	163,416	167,840	172,393
Net Income Before Capital Expenditure	519,222	497,253	573,174	595,773	605,367	573,825	491,369	555,881	555,715	679,468
Capital Expenditure (Budgeted & General)	4,738	4,825	4,917	5,013	5,108	5,218	5,330	5,445	5,562	5,681
Refurbishment Allowance	29,750	51,660	-	-	-	19,327	63,139	14,999	34,944	-
Agents Fees	8,206	14,112	19,213	-	-	8,665	31,598	22,590	25,308	-
Incentives	20,921	-	-	-	-	-	-	-	-	-
PV of lease underwrite Tail	3,551	-	-	-	-	-	-	-	-	-
Net Income After Capital Expenditure	452,056	426,657	549,043	590,759	600,259	540,616	391,303	512,848	489,901	673,786
Terminal Value	-	-	-	-	-	-	-	-	-	10,030,258
Disposal Costs	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	452,056	426,657	549,043	590,759	600,259	540,616	391,303	512,848	489,901	10,704,044
Adopted Value @ 8.250%	\$ 8,100,000									
Acquisition Costs	\$ -									
Adopted Value before Acquisition Costs	\$ 8,100,000									
Running Yield - Before Capex & Adjustments	6.41%	6.14%	7.08%	7.36%	7.47%	7.08%	6.07%	6.86%	6.86%	8.39%
Running Yield - After Capex & Adjustments	5.58%	5.27%	6.78%	7.29%	7.41%	6.67%	4.83%	6.33%	6.05%	8.32%
Running Yield - Before Capex & Incl. Adjustments	6.05%	5.96%	6.84%	7.36%	7.47%	6.88%	5.88%	6.58%	6.55%	8.39%
Running Yield - After Capex, Adjustments & Incl. Acquisition Costs	5.58%	5.27%	6.78%	7.29%	7.41%	6.67%	4.83%	6.33%	6.05%	8.32%

Projected Running Yield Analysis



Note: This running yield analysis is based upon the projected net income and includes potential downtime and associated re-letting costs, as per our specific assumptions.

COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES

DCF Summary

Kiwi Bank, 410 Victoria Street, Hamilton CBD, Hamilton



Present Value of Cash Flows	\$8,109,604	
Discount Rate	8.250%	
Terminal Value	\$10,030,258	
Less Disposal Costs	-	
Net Terminal Value	\$10,030,258	
Discounted Terminal Value	\$4,536,805	55.94%
Discounted Cash Flow	\$3,572,800	44.06%
Sum of Discounted Cash Flows	\$8,109,604	
Less Acquisition Costs	-	
Present Value	\$8,109,604	
Rounded Present Value	\$8,100,000	
Rate \$/m ²	\$4,239	
Rate of Increase in Capital Value	2.16%	
IRR (incl. Capex)	8.27%	
IRR (excl. Capex)	8.60%	
3 Year IRR (incl. Capex)	8.87%	
5 Year IRR (incl. Capex)	8.74%	
7 Year IRR (incl. Capex)	8.12%	

Net Present Value Matrix

		Terminal Yield		
		6.750%	7.000%	7.250%
Discount Rate	7.750%	8,576,072	8,399,824	8,235,731
	8.000%	8,425,233	8,253,026	8,092,695
	8.250%	8,277,872	8,109,604	7,952,941
	8.500%	8,133,898	7,969,470	7,816,382
	8.750%	7,993,222	7,832,538	7,682,936

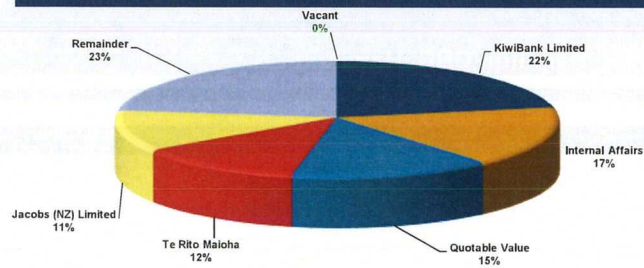
IRR Matrix

		Terminal Yield		
		6.750%	7.000%	7.250%
Adopted Value	7,310,250	10.05%	9.76%	9.48%
	7,695,000	9.30%	9.01%	8.73%
	8,100,000	8.56%	8.27%	7.99%
	8,505,000	7.87%	7.57%	7.29%
	8,930,250	7.19%	6.89%	6.61%

Major Occupants by Area

Major Tenants	Area
1 KiwiBank Limited	422.00 m ²
2 Internal Affairs	317.21 m ²
3 Quotable Value	278.19 m ²
4 Te Rito Maioha	234.00 m ²
5 Jacobs (NZ) Limited	216.67 m ²
Remainder	442.97 m ²
Vacant	-
Total NLA	1,911.04 m²

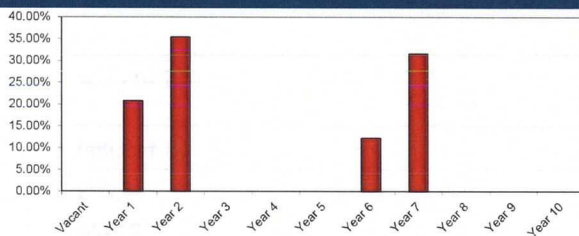
Major Tenant Composition by Area



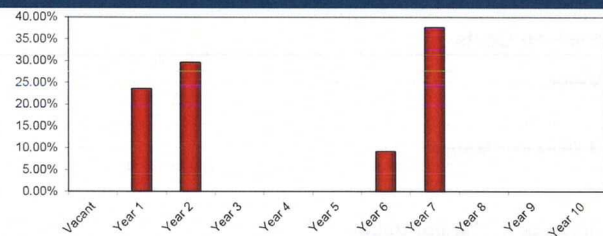
Lease Expiry Profiles

	Vacant	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Lease Expiry by Area	0.00%	20.76%	35.40%	0.00%	0.00%	0.00%	12.24%	31.60%	0.00%	0.00%	0.00%
Lease Expiry by Income	0.00%	23.60%	29.62%	0.00%	0.00%	0.00%	9.20%	37.58%	0.00%	0.00%	0.00%

Lease Expiry by Area



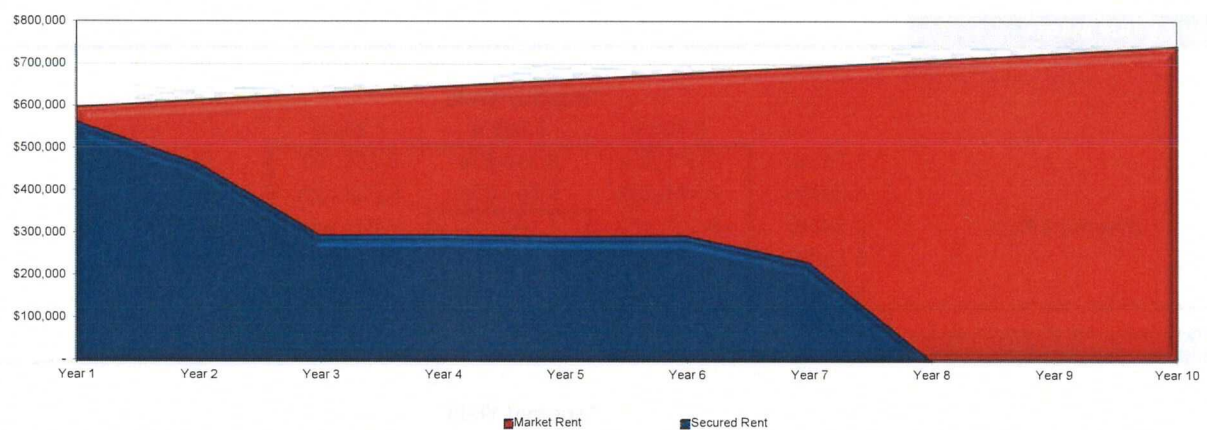
Lease Expiry by Income



Expiries by Rental

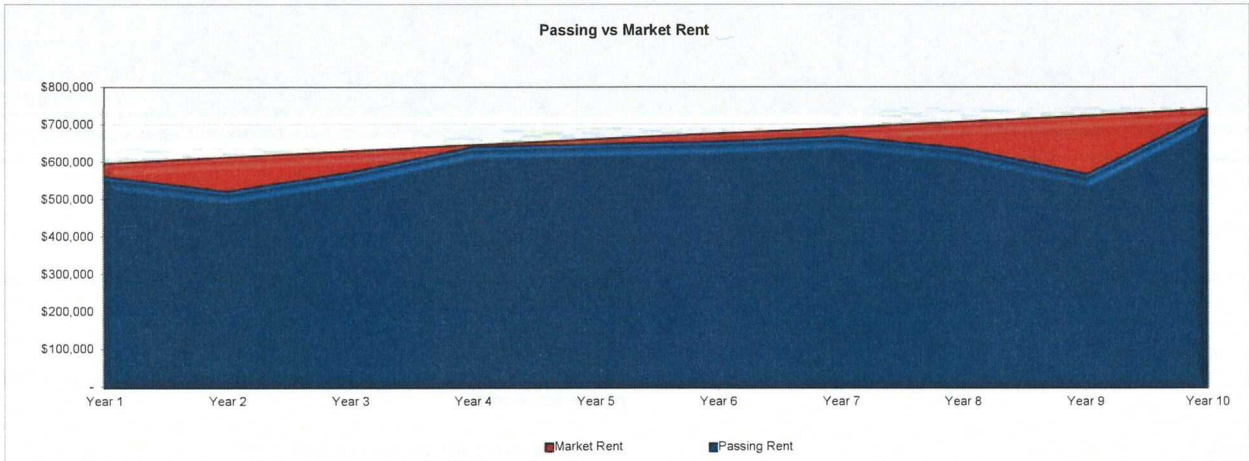
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Secured Rent	\$561,791	\$463,420	\$295,256	\$296,365	\$292,272	\$293,401	\$232,436	-	-	-
Market Rent	\$596,206	\$612,718	\$629,390	\$645,353	\$661,038	\$676,054	\$691,413	\$707,125	\$723,196	\$739,636

Expiries by Rental



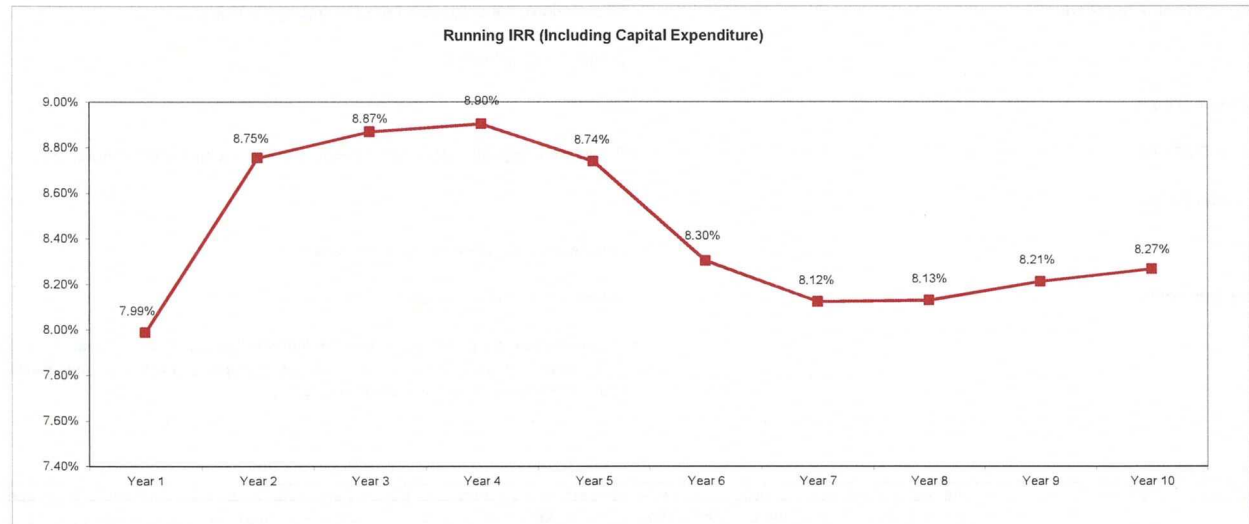
Annualised Passing versus Market

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Passing Rent	\$561,791	\$521,635	\$572,321	\$640,018	\$647,466	\$654,669	\$668,371	\$635,248	\$567,589	\$726,890
Market Rent	\$596,206	\$612,718	\$629,390	\$645,353	\$661,038	\$676,054	\$691,413	\$707,125	\$723,196	\$739,636



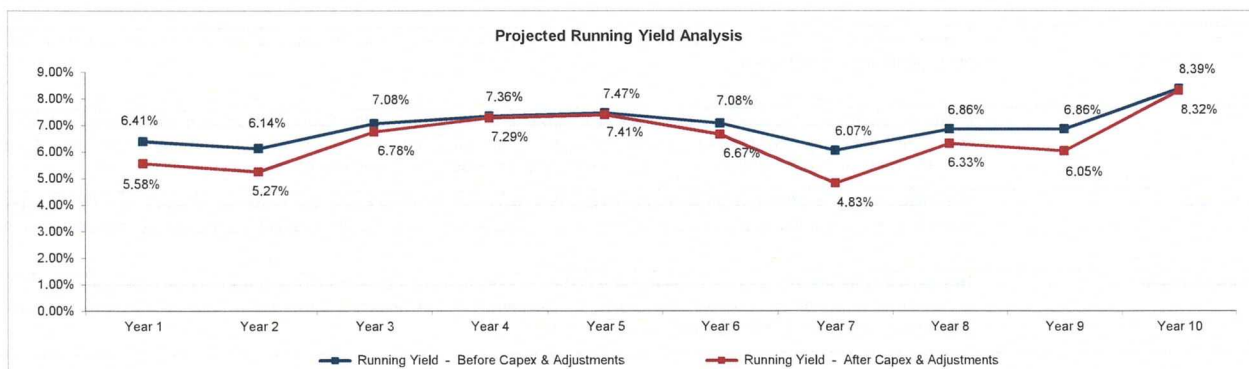
Running IRR (incl. Capex)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Running IRR	7.99%	8.75%	8.87%	8.90%	8.74%	8.30%	8.12%	8.13%	8.21%	8.27%



Running Yield Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Running Yield - Before Capex & Adjustments	6.41%	6.14%	7.08%	7.36%	7.47%	7.08%	6.07%	6.86%	6.86%	8.39%
Running Yield - After Capex & Adjustments	5.58%	5.27%	6.78%	7.29%	7.41%	6.67%	4.83%	6.33%	6.05%	8.32%



Purpose of the Report	First Mortgage Security
Type of Property	Investment Style
Method of Arriving at the Discount Rate	Analysis of comparable sales, discussions with industry participants, consideration of the long term bond rate plus adjustment factors.
Purchase and Sale Costs	Included in the Discounted Cash Flow * Costs are based upon the normal market terms of each party paying their own purchase/sale costs
Rest Periods	Monthly, assumed cash received in arrears
Term of the cash flow (years)	10 Years
Terminal Value	Calculated using the market capitalisation approach * We have taken the rental value in the 121 month, capitalised this and deducted or added the value of the shortfalls or overages.
Financing Costs and Taxation	All cash flows are calculated before financing costs and tax.
Returns	Quoted in annual terms.
Commencement Date	Mar-19
Inflows and Outflows	The inflow comprises estimated revenue and the outflows the estimated costs.
Specific Exceptions	None
Debt	Calculations prepared on a pre-debt basis.
Cash Flow Developer	Colliers International Valuation & Advisory Services
Tax	All calculations are prepared on a net of Income Tax and other general taxes, including GST, basis but after the deduction of direct property taxes including Rates etc., if applicable unless specifically stated as below.

Some definitions

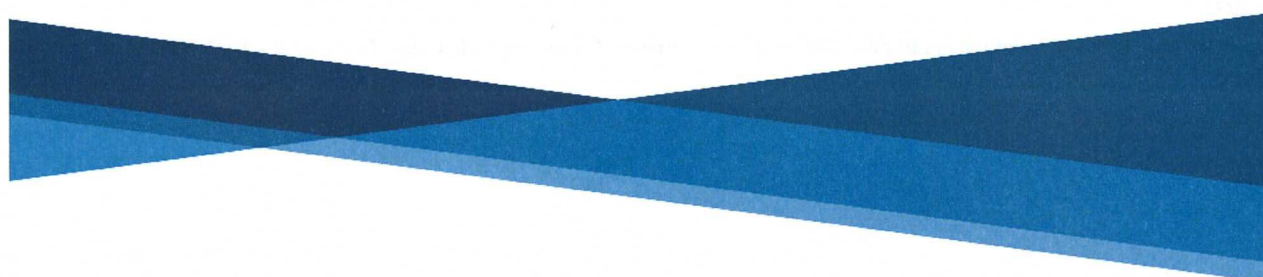
Discounted Cash Flow	The method involves the discounting of the net cash flow on a monthly basis over the assumed cash flow period at an appropriate rate to reflect risk to derive a market value. The net cash flow comprises the cash inflows less the cash outflows over the cash flow period, with the addition of the terminal value in the final cash flow period.
Initial yield	The initial net income at the date of transaction or valuation expressed as a percentage of the sale price or valuation.
Market yield	The assessed net market income divided by the sum of the sale price or the adopted value plus any capital adjustments to the core value such as letting up allowances, capital expenditure and present value of reversions (to obtain this net market income).
Terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period or property resale value.
Discount rate	A rate of return used to convert a monetary sum, payable or receivable in the future, into present value. Theoretically it should reflect the opportunity cost of capital, i.e., the rate of return the capital can earn if put to other uses having similar risk. (Determined with reference to 10-year bond and risk margin - Also referred to as the required rate of return).
Net Present Value	The measure of the difference between the discounted revenues, or inflows, and the costs, or outflows, in a DCF analysis. In a valuation that is done to arrive at Market Value, where discounted inflows and outflows and the discount rate are market derived.
Internal Rate of Return	The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects the total return over an investment horizon having regard to the assumed inherent growth and cost assumptions.

Notes

The future values quoted for property, rents and costs are projections only formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income that may not prove to be accurate.

APPENDIX 2

Records of Title





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



R. W. Muir
Registrar-General
of Land

Identifier 300443
Land Registration District South Auckland
Date Issued 09 November 2007

Prior References

SA60A/907 SA60D/682

Estate	Fee Simple
Area	255 square metres more or less
Legal Description	Lot 2 Deposited Plan 374486 and Lot 2 Deposited Plan South Auckland 74799

Registered Owners

PMG Capital Fund Limited

Interests

Excepting pursuant to Section 19 Public Works Act 1928 any mines of coal and other minerals not taken by Proclamation S165717

Subject to Section 11 Crown Minerals Act 1991

Subject to Part IV A Conservation Act 1987

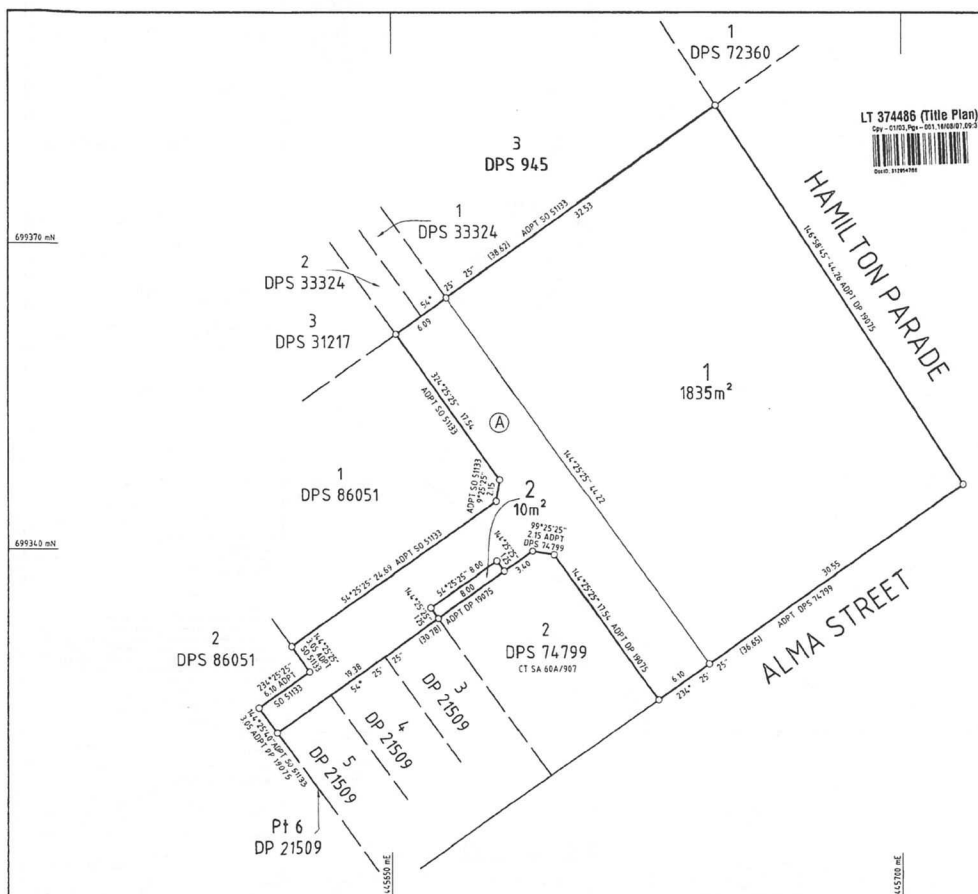
Subject to Section 241(2) and Section 242(1) Resource Management Act 1991(affects DP 374486)

Appurtenant hereto is a right of way created by Easement Instrument 7609180.11 - 9.11.2007 at 9:00 am

The easements created by Easement Instrument 7609180.11 are subject to Section 243 (a) Resource Management Act 1991

Subject to a right of way over part marked A DP 397919 created by Easement Instrument 7877247.2 - 15.7.2008 at 9:00 am

11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm



LT 374486 (Title Plan)
 Date: 11/09/2006

WARNING — DO NOT FOLD OR CREASE THIS PLAN. Such actions will render it unacceptable for use as evidence in any legal proceedings. All signatures and Company Stamps must be endorsed using Black Ink. Always post in a rigid tube.

Approvals:

I hereby certify that this plan was approved by the Hamilton City Council pursuant to section 223 of the Resource Management Act 1991 on the 14th day of 09/2006 subject to the granting or reserving of easements set out in the Memorandum hereon and subject to the amalgamation condition set out hereon, and for the purposes of Section 224(c) of the Resource Management Act 1991, that some of the conditions of the subdivision consent have been complied with to the satisfaction of the said Council and that a band has been entered into in respect of those conditions that have not been complied with.

[Signature]
 Planning Guidance Manager
 (Authorised Officer)

Your Ref: 48/2/455

AMALGAMATION CONDITION:
 That Lot 2 hereon be transferred to the owner of Lot 2 DP 74799 (CT SA60A/907) and that one certificate of title be issued to include both parcels.
 See Reg. 535108

MEMORANDUM OF EASEMENTS			
Purpose	Shown	Serv. Ten.	Dom. Ten.
Right of way	(A)	Lot 1 hereon	Lot 2 hereon, Lot 2 DP 74799, Lot 3 DP 945, Lot 1 DP 72360

SCHEDULE OF EXISTING EASEMENTS			
Purpose	Shown	Serv. Ten.	Creating Documents
Right of way	(A)	Lot 1 hereon	8278679, H307819, H587279 5

NEW C.T. ALLOCATED		
Lot	C.T.	Reference
1	300442	
2	300443	

CLASS OF SURVEY — I

Total Area: 1845m²

Comprised in C.T. SA 600/678-680, SA 73A/943, S.R.S. — SA 600/682

I, JOHN STEWART CURTIS being a person entitled to practise as a licensed cadastral surveyor, certify that —

(a) The surveys to which this dataset relates are accurate, and were undertaken by me or under my direction in accordance with the Cadastral Survey Act 2002 and Surveyor-General's Rules for Cadastral Survey 2002/2

(b) This dataset is accurate, and has been created in accordance with that Act and those Rules.

(Signature) *[Signature]*
 (Date) 15 November 2006

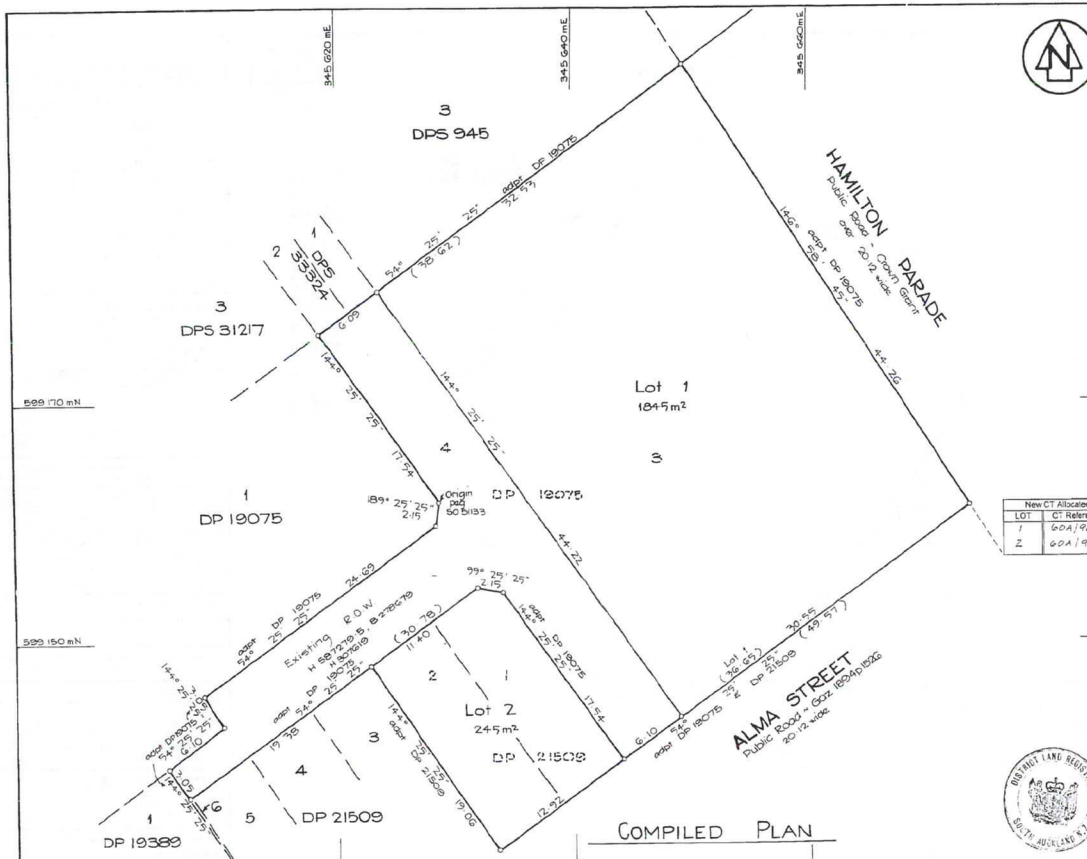
Field Book P Traverse Book P
 Reference Plans:
 Examined Correct

Approved as to Survey by Land Information NZ on 14/9/2007

Deposited by Land Information NZ on 09/11/2007

File: 14348
 Received: 6-11-2006
 Instruct: DP 374486

LAND DISTRICT: SOUTH AUCKLAND	LOTS 1 AND 2 BEING SUBDIVISION OF LOT 1 DP 74799	TERRITORIAL AUTHORITY: HAMILTON CITY
SURVEY BLK. & DIST.: NZMS 261 SH1		Surveyed by: MCPHERSON GOODWIN SURVEYORS LTD
RECORD MAP No.:		Scale: 1:250 Date: JULY 2006



Approvals
 Approved pursuant to Sec. 223 of the Resource Management Act 1991 on the 20 day of September 1996.
 The Common Seal of the Hamilton City Council is affixed hereto in the presence of

Edgar I. Alexander
 Councillor
General Manager Corporate

Origin of Coordinates ~ 50 51133
 Reg 50 51133 ~ 50 51133 78mN 545 628 78mE
 Datum ~ Geodetic 1949
 Mt Eden Circuit Coordinates
 Origin ~ Mt Eden 700000mN 300000mE
 Bearings from DP 19075 have been adjusted by -15' to bring into Geodetic terms ~ see note 50 51133, DP 31217

Approved by Owners
Alma Properties No 1 Ltd
Alma Properties No 2 Ltd
 Subject to Pt IVA Conservation Act 1987

New CT Allocated	
LOT	CT Reference
1	604/906
2	604/907

Total Area 2090m²
 Comprised in CT 15/528

I, Rodney Bernard Keucke
 Registered Surveyor and holder of an annual practicing certificate for who may act as a registered surveyor pursuant to section 28 of the Survey Act 1980, hereby certify that this plan has been made from surveys executed by me or under my directions, that both plans and surveys are correct and have been made in accordance with the Survey Regulations 1972 or any regulations made in substitution thereof.
 Dated at Hamilton this 18 day of September 1996

Field Book B
 Reference Plans DP 19075, DP 21509, 50 51133
 DPS 31217
 Examined A 4. Correct 31 Keucke

Approved as to Survey
13/11/96
Chief Surveyor

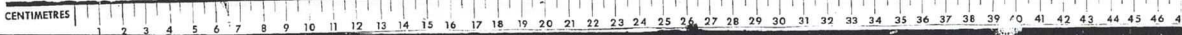
Deposited this 16 day of December 1996
Disputant Land Registrar

File Received 3-10-96
 Instructions
DPS 74799

LAND DISTRICT SOUTH AUCKLAND
 SURVEY BLK. & DIST. II HAMILTON
 NZMS 261 SH1 RECORD MAP No

LOTS 1 AND 2 BEING
 SUBDIVISION OF LOTS 3 & 4 DP 19075
 AND LOTS 1 & 2 DP 21509

TERRITORIAL AUTHORITY HAMILTON CITY
 Surveyed by CARTER KEUCKE & LATHAM
 Scale 1:200 Date AUGUST 1996




23 JAN 1997



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




R. W. Muir
Registrar-General
of Land

Identifier SA10A/1377
Land Registration District South Auckland
Date Issued 24 February 1969

Prior References
SA80/64

Estate Fee Simple
Area 134 square metres more or less
Legal Description Part Lot 44-45 Deposited Plan 1566

Registered Owners
PMG Capital Fund Limited

Interests

H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM
11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm

100.0
Alma Siree.

Pt Sec 44

30.3

Pt Sec 44

Pt Sec.
44

109.9

109.9

5.3p

Pt Sec 45

Pt Sec 45

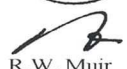
Pt Sec 45

30.3



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




R. W. Muir
Registrar-General
of Land

Identifier SA10A/1378
Land Registration District South Auckland
Date Issued 24 February 1969

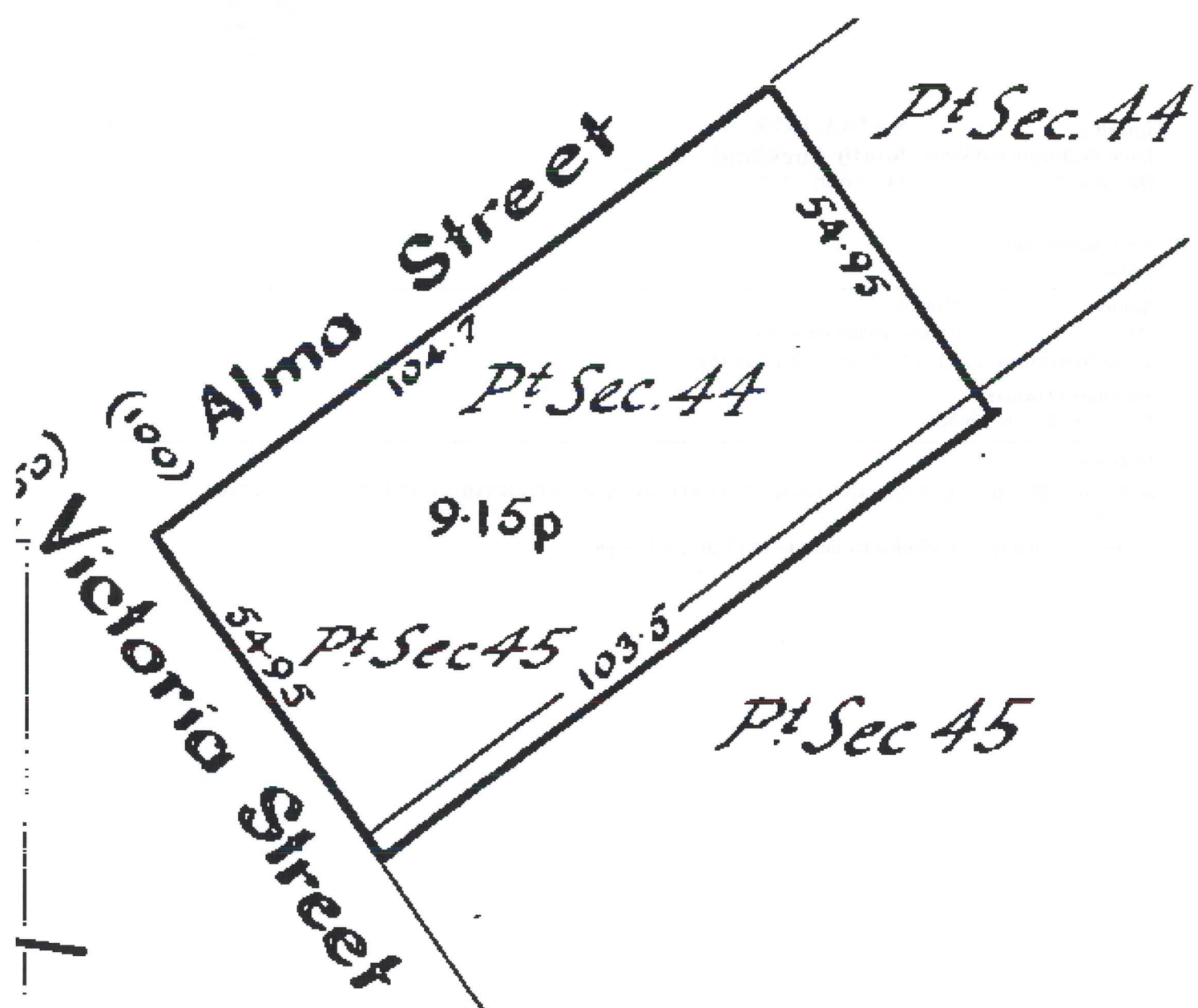
Prior References
SA80/64

Estate Fee Simple
Area 231 square metres more or less
Legal Description Part Lot 44-45 Deposited Plan 1566

Registered Owners
PMG Capital Fund Limited

Interests

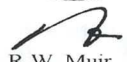
H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM
11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm





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




R.W. Muir
Registrar-General
of Land

Identifier SA10A/1379
Land Registration District South Auckland
Date Issued 24 February 1969

Prior References
SA80/64

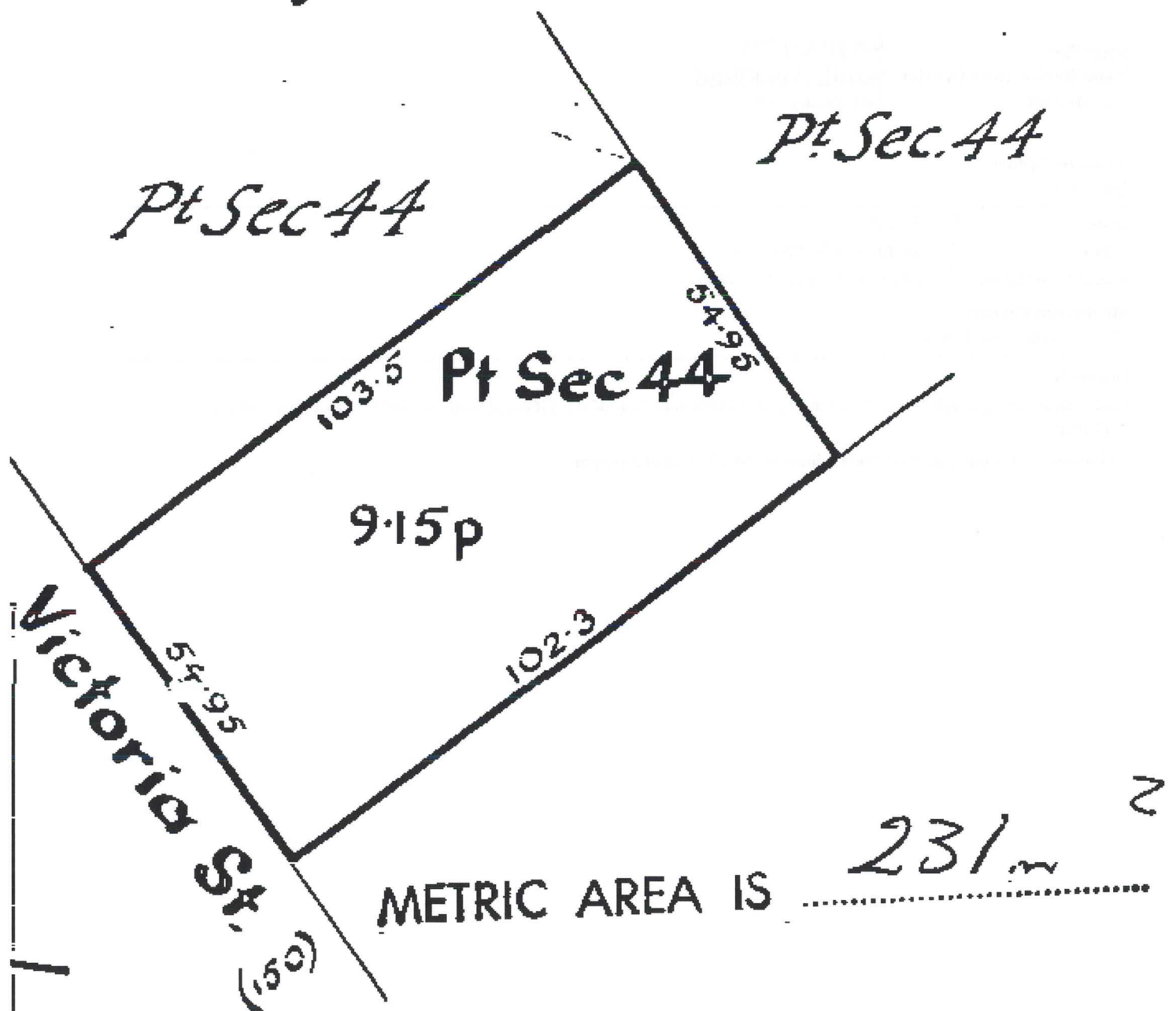
Estate Fee Simple
Area 231 square metres more or less
Legal Description Part Lot 44 Deposited Plan 1566

Registered Owners
PMG Capital Fund Limited

Interests

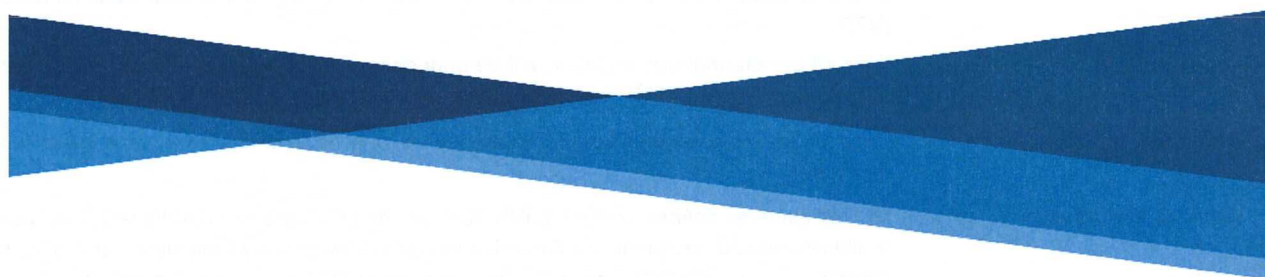
H449246 CERTIFICATE PURSUANT TO SECTION 643(2) LOCAL GOVERNMENT ACT 1974 - 26.1.1983 AT 1.45 PM
11310393.3 Mortgage to ASB Bank Limited - 14.12.2018 at 5:00 pm

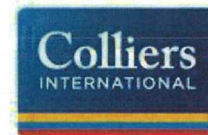
City of Hamilton



APPENDIX 3

Scope of Works





19 February 2019

PMG Capital Limited
C/- Property Managers Group
PO Box 99334
Newmarket
AUCKLAND 1149

Via E-mail: nigel@propertymgr.co.nz

Attention: Nigel Lowe

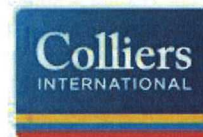
Dear Nigel,

SCOPE OF WORKS

KIWIBANK CENTRE, 410 VICTORIA STREET, HAMILTON

Further to your email instructions received on Monday 18 February 2019, and our further exchange in email, we thank you for the opportunity to quote for the provision of professional valuation services. Confirmation of details relevant to the services is as follows:

Subject Property:	Kiwibank Centre, 410 Victoria Street, Hamilton
Interest to be Valued:	Freehold
Service Provider:	CIVAS Limited trading as Colliers International ("The Company")
Our Client:	PMG Capital Limited, C/- Property Managers Group
Form of Valuation:	Full report.
Purpose of Valuation:	<p>The valuation is to be prepared for first mortgage security purposes only and should not be relied upon for any other purpose.</p> <p>Unless otherwise stated our calculations and reported figures are in New Zealand dollars (NZD).</p> <p>We further note that the valuation will be undertaken in accordance with the International Valuation Standards (IVS), specifically in accordance with IVS 2017.</p>
Reliance:	Reliance for first mortgage security purposes will only be extended to a major bank, to be confirmed.
Basis of Valuation:	Market Value as defined under the IVS 2017 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 and where the parties had each acted knowledgeably, prudently and without compulsion.
Early Termination:	<p>Where the brief is terminated prior to its conclusion, you (the client) will be invoiced for the cost of work completed at an hourly rate of \$325 per hour plus GST, to a maximum of 80% of the total fee, along with all disbursements at cost. A copy of partially completed work will not be provided.</p> <p>The Company reserves the right at any time prior to issuing a final report to terminate this instruction at its sole discretion. If such a decision is made by The Company no fee will be charged for work to date and any fee paid in advance to The company will be reimbursed in full to the payer.</p>



Additional Fees:

Any additional advice/consultation beyond the scope of the initial valuation brief, including re-addressing the report to a particular third party, will incur an additional fee at a rate of \$325 / hour plus GST, unless otherwise agreed in writing (your written request will be required).

Payment:

Our fees are due for settlement within 7 days of submission, submission being on a delivery of the valuation. Fees unpaid for 30 days will attract an administration charge of 2.5% per month or part thereof.

Personnel:

Matt Snelgrove, Director & Registered Valuer will complete the valuation of **Kiwibank Centre, 410 Victoria Street, Hamilton** on behalf of **PMG Capital Limited, C/- Property Managers Group**. Connor McCashin will provide valuation assistance.

We note that the principal valuer is suitably qualified and authorised to undertake the subject valuation(s). In addition we confirm that the valuer(s) does not have a pecuniary interest, financial or otherwise, that could conflict with the proper and valuation of subject property(s).

Required Information:

This submission is predicated on the basis of the following information relating to the subject property being provided to us:-

	Required	Provided	Not Required
1. Contact details for inspections.		✓	
2. Current Audited Tenancy Schedule.			✓
3. Copies of any recent and active deals and lease / rental negotiations.		✓	
4. Access to all lease documentation, heads of agreement(s), including side agreements and rebate documentation, if applicable.		✓	
5. PCNZ/PINZ building area survey.	✓		
6. Details of outstanding current incentives.	✓		
7. Schedule of all relevant outgoings base years and associated amounts, if applicable.	✓		
8. Actual Audited Outgoings for past 2 years and current budget and YTD figures.	✓		
9. Copies of statutory charge notices. (including but not limited to Council Rates & Water Rates)	✓		
10. Rental and outgoings arrears report.	✓		
11. Technical / building services specification report.	✓		
12. Building fabric and dilapidation report and any other details of structural issues.	✓		
13. Capital expenditure budget.	✓		
14. Confirmation of whether an environmental audit has been undertaken in relation to the subject site. If such a study has been undertaken, we require a copy of same.	✓		
15. Details of any known outstanding orders over the subject (planning, building, health, etc).	✓		



16. Any reports and/or details regarding earthquake risks and/or potential costs associated with earthquake strengthening.

Required	Provided	Not Required
✓		

Valuation Date: As at date of inspection.

Completion Date: Within 5 working days from the acceptance of these terms, subject to the provision of any required information.

Standard Conditions: All opinions of value expressed by the firm or its employees are subject to The Company's Terms and Conditions attached to this correspondence.

Please indicate your acceptance to the Terms and Conditions outlined herein by signing and returning a copy of this letter by e-mail to abi.long@colliers.com

Should you have any queries regarding this matter, please do not hesitate to contact the writer on 021 355 597 or by e-mail.

We look forward to your confirmation of instructions.

Yours faithfully

CIVAS Limited trading as Colliers International

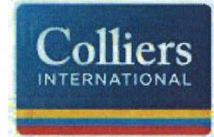
MATT SNELGROVE BBS, ANZIV, SPINZ
Registered Valuer
Director | Valuation & Advisory Services

Cnr Victoria & Knox Streets
PO Box 19093
Hamilton 3244
New Zealand

MAIN +64 7 839 2538

FAX +64 9 358 1999

www.colliers.co.nz



Acknowledgment

I hereby accept the "CIVAS Limited Terms and Conditions", including the fee proposal, which I have read and agree to be the terms thereof.

I acknowledge that I/we will be contracting exclusively with CIVAS Limited and not with any other member of the Colliers International Group.

Signed:

Name & Title:

Dated:

Invoice to be issued to:

Account details for payment:

BANK OF NEW ZEALAND, 80 Queen Street, Auckland

Account Name: CIVAS Limited

Account Number: BSB: 02-0108-0351291-000

IT IS AGREED AS FOLLOWS

1. DEFINITIONS

'Confidential information' means information that:

- (a) Is by its nature confidential
- (b) Is designated by Us as confidential
- (c) You know or ought to know is confidential
- (d) And includes, without limitation; Information comprised in or relating to any of Our intellectual property in the services or any reports or certificates provided as part of the services, and

'Effective date' means, in relation to any valuation or consultancy report, the date as at which our professional opinion is stated to be current.

'Fee' means the amount agreed to be paid for services as set out in the quotation.

'Parties' means You or Us as the context dictates.

'Quotation' means the written quote provided by Us in relation to the Services.

'Services' means the valuation or consultancy services provided pursuant to these Terms & Conditions and the Quotation and includes any documents, reports or certificates provided by Us in connection with the services.

'We', 'Us', 'Our' means CIVAS Limited.

'You', 'Your' means the entity engaging Us to perform the Services as set out in the Quotation.

2. PERFORMANCE OF SERVICES

2.1 We will provide the services in accordance with:

- (a) The Terms & Conditions contained herein; or
- (b) As specifically instructed by You for the purposes of the Services, and
- (c) The required provisions of the current NZ Property Institute Professional Practice Standard.

3. CONDITION OF THE PROPERTY

3.1 In undertaking the Services, We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.

3.2 We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.

3.3 We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.

3.4 We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.

3.5 No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

4.1 We will obtain only verbal town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.

4.2 We do not hold ourselves out to be experts in environmental contamination. Our inspection of the site did not reveal any contamination or pollution affectation, and our valuation has been prepared on the assumption that the land is not contaminated and has not been affected by pollutants of any kind. We would recommend that this matter be checked by a suitably qualified environmental consultant. Should subsequent investigation show that the site is contaminated, our valuation may require revision.

5. BUILDING AREAS AND LETTABLE AREAS

5.1 Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of NZ Method of Measurement.

5.2 If you do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, deposited plans, and our own measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Institute of New Zealand / Property Council of New Zealand Method of Measurement.

5.3 Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or consultancy advice back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

6.1 Unless otherwise notified by You, We will assume:

- (a) There are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title.
- (b) All licenses and permits can be renewed and We will not make any enquiries in this regard.

6.2 Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyors' reports, environmental audits, structural/dilapidation reports), We will rely upon the apparent expertise of such experts/specialists. We will not verify the accuracy of this information or reports.

7. VALUATION FOR FIRST MORTGAGE SECURITY

7.1 Where the Services are provided for mortgage purposes, You agree that You will not use the valuation or consultancy report where the property:

- (a) Is used as security other than by first registered mortgage;
- (b) Is used as part of a group of securities (except where the property forms part of a trust); or
- (c) Is used as security for more than one loan.

7.2 We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:

- (a) The proposed assignee is not a major recognised lending institution (such as a major bank);
- (b) The assignment is sought in excess of 3 months after the date of valuation;
- (c) We consider that there has been a change in conditions which may have a material impact on the value of the property.
- (d) The proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at Clause 7.1); or
- (e) Our fee has not been paid in full.

7.3 Where we decline to provide an assignment on either of the basis at 7.2(b) or (c), we may be prepared to provide an updated valuation on terms to be agreed at that time.

7.4 In the event that You request us to assign Our valuation and We agree to do so, You authorize Us to provide to the assignee a copy of these Terms and Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.

8. ESTIMATED SELLING PRICE

8.1 Where you instruct Us to provide an Estimated Selling Price, You agree that the Services:

- (a) Are limited to the provision of an opinion based on Our knowledge of the market and informal enquiries.

- (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search of Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
- (c) Provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.

8.2 No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an Estimated Selling Price.

9. EFFECTIVE DATE OF VALUATION

9.1 Due to possible changes in market forces and circumstances in relation to the subject property, the Services can only be regarded as relevant as to the Effective date.

9.2 Where You rely upon Our valuation or consultancy report after the Effective date, You accept the risks associated with market movement between the Effective date and the date of such reliance.

9.3 Without limiting the generality of 9.2, You should not rely upon Our valuation or consultancy report:

- (a) After the expiry of 3 months from the Effective date;
- (b) Where circumstances have occurred during that period which may have a material effect on the value of the property or the assumptions or methodology used in the valuation of consultancy report.

10. MARKET PROJECTIONS

10.1 Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

10.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.

10.3 Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

11. YOUR OBLIGATIONS

11.1 You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.

11.2 You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.

11.3 You authorize and license us to incorporate Your intellectual property within our report(s).

11.4 You will not release any part of Our valuation or consultancy report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms and Conditions be provided to such third party. This clause shall not apply to persons noted as recipients in Your prior instruction to Us or in the Quotation provided that You shall provide any such recipient with a copy of these Terms and Conditions.

11.5 Our fees and instalments are payable by the 20th day of each month following invoicing. Fees that remain unpaid at the due date may be liable for all costs of recovery (including collection fees) and shall attract an administration charge at the rate of 2.5% of the total invoice due calculated per calendar month or part thereof.

11.6 We reserve the right to reconsider or amend the valuation or consultancy advice, or the Fee set out in Our Quotation to You, if:

- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value of the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in Clause 3 materially affect or may alter the value of the property, the subject of the Services.

11.7 If You release any part of the valuation or consultancy advice or its substance without written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or consultancy advice.

12. CONFIDENTIALITY

12.1 You must not disclose or make any of the Confidential Information available to another person without Our written consent.

12.2 If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

12.3 You agree that You will indemnify, hold harmless and defend Us from and against any and all loss, liability, costs or expenses (including but not limited to professional or executive time) We may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.

13. PRIVACY

13.1 We may obtain personal information about You in the course of performing Our Services. We respect your privacy. The Privacy Act 1993 requires us to advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organization other than Us. A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

14. SUB-CONTRACTING

14.1 We may sub-contract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms and Conditions, with Your consent.

15. LIABILITY

15.1 You agree to release Us (and any related Company) and hold Us harmless from all liability to You in relation to:

- (a) any claims (whether in contract, tort (including negligence) or otherwise), demands, suits, proceedings, loss of profits, costs and expenses (including legal costs and expenses), savings, or wasted expenditure whatsoever; and
- (b) for any direct, indirect, incidental, special or consequential damages arising from the Services or Your use of any information provided as part of the Services.

15.2 The release in Clause 15.1 shall not apply in the case of any gross negligence or wilful misconduct by Us in the provision of the Services but our liability in any such case shall be limited to NZ\$100,000 or five times the agreed net fee excluding GST, whichever is the lower.

15.3 For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

16. ENTIRE AGREEMENT

16.1 No further agreement, amendment or modification of these Terms and Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorized officers.

16.2 If there is inconsistency between these Terms and Conditions and the Quotation, any letter of instruction from You, or other specific request or information shall prevail to the extent of the inconsistency.