



Commercial Market Valuation for Capital Raising Purposes

**65B Main Highway
Ellerslie
Auckland**

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

Attention: Luke Kinney

Date: 22 September 2023

Reference: 0923-30

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1. Executive Summary

Instructed by: Luke Kinney

Intended Users: Prospective subscribers for units in PMG Direct Office Fund Trustees Limited and ASB Bank Limited as Security Trustee.

Purpose of Valuation: Commercial Market Valuation on the subject property for capital raising purposes including use within the Product Disclosure Statement as required by the Financial Markets Conduct Act.

Our report is confidential to the parties to which it is addressed and to the prospective subscribers for units in PMG Direct Office Fund Limited as part of a capital raising exercise. No responsibility is accepted to any other third parties.

Neither the whole of the report, nor any part of it, or reference to it, may be published in any document, statement or circular or in any communication with third parties without our prior written approval to the form and context in which it will appear. This does not preclude PMG Property Funds Management Limited from providing to prospective subscribers for units in PMG Direct Office Fund Limited.

Date of Inspection/Valuation: 22 September 2023

Valuation: **NZD\$24,300,000**
(TWENTY FOUR MILLION THREE HUNDRED THOUSAND DOLLARS)

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

Analysis

Value per sqm of NLA	\$5,331
Initial Yield	7.20%
Yield on Net Market Income	7.57%
Weighted Average Remaining Lease Term	5.84 years

Valuation Approaches: Capitalisation of income; land and buildings; and discounted cashflow.

Market Value Definition: Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion (IVS 104).

Purchase Price: N/A

Mortgage Recommendation: N/A



1.1 Assumptions

In preparing our valuation we have made the following assumptions:

- That the improvements are not categorised as earthquake prone, which if so, could affect value in certain market conditions.
- We have received a 10 year capital expenditure budget from PMG which we have used for our capital expenditure assumptions. Unless stated, we have assumed that expenditures occur at the middle of the year on the 30th June. The planned expenditure had a total of \$1,838,868. Given that we have the capex budget, we have not assumed any other annual capital expenditures.
- The Ministry of Justice fitout of \$209,581 will occur in December 2023 as per the Capital Expenditure Budget and as advised by the client.

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

1.2 Key Considerations

Condition:

An average quality suburban office development.

Saleability:

Average in a challenging market, providing a significant investment grade asset in the Southern Corridor office precinct with government tenancies representing 100% of the rentable area. There is typically an ongoing requirement for capital expenditure and tenancy contributions with this style of asset. Likely selective demand and somewhat price sensitive.

Property Type:

A 2003 completed development comprising 4 levels of above ground office and 3 levels of basement parking. 65B Main Highway, Ellerslie is 1 of 2 similar buildings being held by way of a Stratum in Freehold title on a 4,780sqm underlying parent site.

The property is 100% occupied and generates a net contract income of \$1,759,187 plus GST at an average net contract rent of \$302.11 per sqm for the office space and \$53.64 per week from 137 leased or licenced car parks. Additional income could be generated from the 25 vacant car parks. On expiry of the short term Electoral Commission part ground floor tenancy, that space is being backfilled by the Ministry of Justice for 9 years.

The offices are 100% occupied by 3 tenants including The Ministry of Justice through to July 2033 and The Ministry of Social Development through to February 2026.

In summary, an average specification suburban office building in the popular southern corridor area of Ellerslie, Auckland.



2. Property Description

2.1 Legal Description and Interests

Identifier	99584
Land Registration District	North Auckland
Estate	Stratum in Freehold
Legal Description	Unit B and Accessory Unit 1-8, 15-18, 23, 25-28, 32 Deposited Plan
Registered Owners	PMG Direct Office Fund Trustees Limited

Supplementary Record Sheet

Identifier	50292
Land Registration District	North Auckland
Date Issued	20 August 2002
Plan Number	DP 310188
Subdivision of	Lot 1 Deposited Plan 51483

Record of Title

Lot	DP	Identifier
Unit B	310188	99584
Accessory Unit 1-8	310188	99584
Accessory Unit 15-18	310188	99584
Accessory Unit 23	310188	99584
Accessory Unit 25-28	310188	99584
Accessory Unit 32	310188	99584

Outstanding Interests:

Interests include:

- 5320580.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 20.8.2002 at 3:20 pm
- 11408853.4 Mortgage to ASB Bank Limited - 18.4.2019 at 4:31 pm

Supplementary Record Sheet

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 –

- The body corporate owns the common property and
- The owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.



- Subject to Section 59 Land Act 1948 (affects part Allotment 7A Section 12 Suburbs of Auckland)
- Subject to Section 8 Coal Mines Amendment Act 1950 (affects part Allotment 7A Section 12 Suburbs of Auckland)
- Subject to an electricity right (in gross) over part marked A on DP 310188 in favour of Vector Limited created by Transfer D609189.2 - produced 31.5.2001 at 3.21 and entered 11.6.2001 at 9.00 am
- 5320580.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 20.8.2002 at 3:20 pm
- 5320580.4 Change of rules of the Body Corporate - 20.8.2002 at 3:20 pm
- 9292552.1 Notice of change of body corporate operational rules pursuant to Section 106 Unit Titles Act 2010 - 25.1.2013 at 8:48 am
- 9292552.2 Change of address of the Body Corporate - 25.1.2013 at 8:48 am

Interest Comments:

5320580.2 was a Consent Notice requiring a registered engineer to be engaged in the design and supervision of foundations.

5320580.4 was a change of rules of the Body Corporate relating to use and procedural matters.

9292552.1 was a notice of change of Body Corporate operational rules, concerning interference to the common property, vehicle parking, rubbish and pest control, security and leasing a unit among other matters.

9292552.2 was a change of the Body Corporate address to 525 Manukau Road, Epsom.

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

Body Corporate Minutes:

Body Corporate 310188 minutes from 22 May 2023 confirmed a Body Corporate budget for the year of \$90,059 excluding GST. We note that there are no expenses in the FY24 Proposed Budget that are expected to detrimentally affect the value of the subject property.

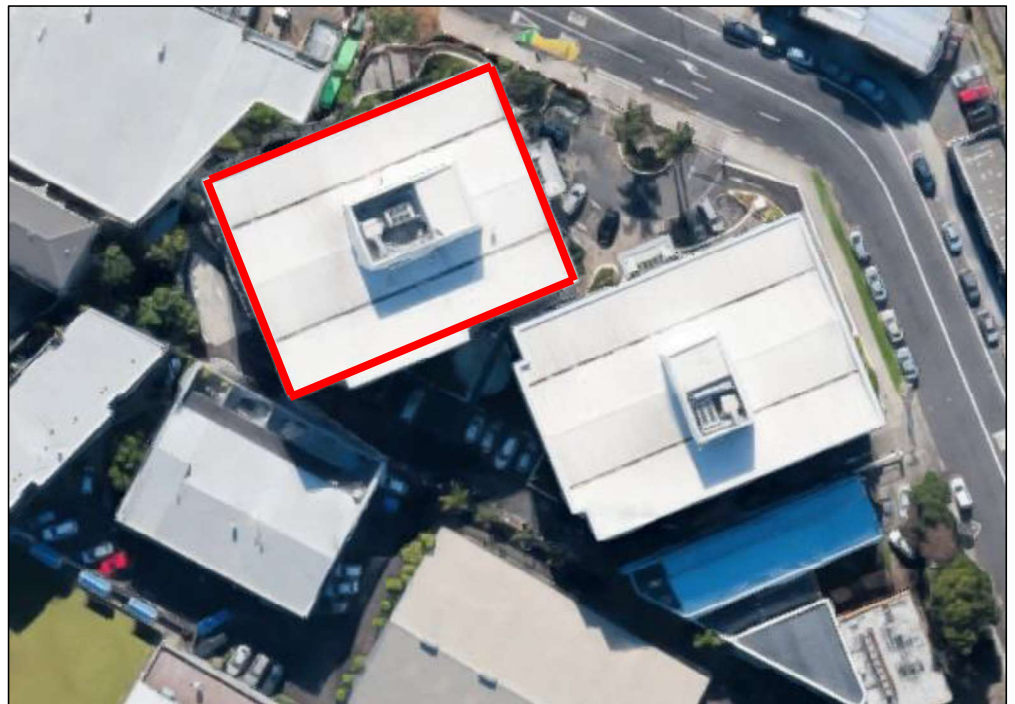
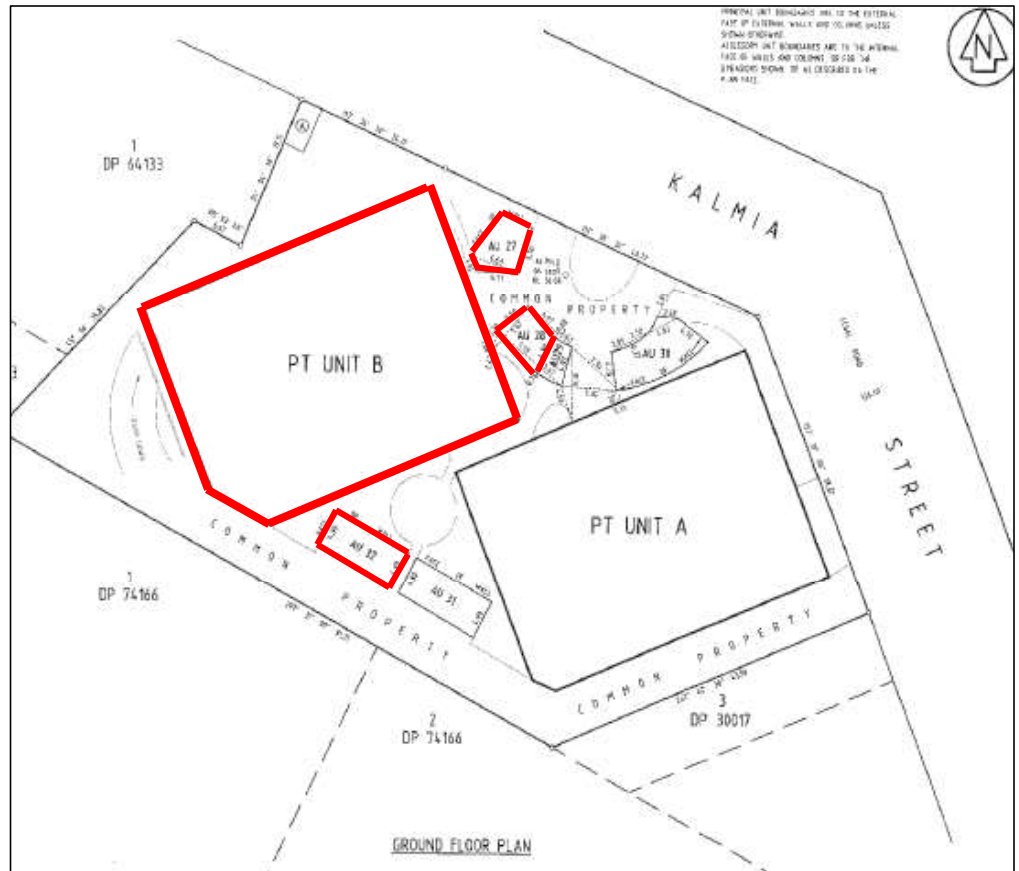
2.2 Land Description

Site Description:

The underlying parent site comprises an irregular shaped 4,780sqm front site with north-easterly aspect to Main Highway and/or Kalmia Street. The subject Unit B is situated to the north-western side of the site with the entire site excavated and retained to provide 3 basement levels and an effective podium above. Vehicle access to the site is available either directly off Kalmia Street with open parking situated in front of both Unit A and Unit B. Access to the basement parking is again off Kalmia Street with this tracking behind Unit A to the southern boundary and into the basement area to the western side of the subject Unit B. The aerial perspective shows both Unit A and Unit B with the subject Unit B highlighted in red.



A site plan of the Ground Floor follows.



Unitary Plan Operative in Part:

Under the Auckland Unitary Plan Operative in part from November 2016 the site is zoned **'Business - Mixed Use'**. The 'Business - Mixed Use' zone is typically located around centres and corridors served by public transport providing for residential activity and smaller scale commercial activity. It acts as a transition area between residential areas and Business zones.

Within this zone, Permitted Activities include:

Accommodation

- Dwellings
- Integrated residential development
- Supported residential care
- Visitor accommodation and boarding houses

Commerce

- Commercial services
- Drive-through restaurants
- Entertainment facilities
- Food and beverage
- Offices within the Central Fringe Office Control as shown on the planning maps
- Offices up to 500sqm gross floor area per tenancy
- Retail up to 200sqm gross floor area per tenancy
- Supermarkets up to 450sqm gross floor area per tenancy

Community

- Artworks
- Care centres
- Community facilities
- Education facilities
- Healthcare facilities
- Recreation facilities
- Tertiary education facilities

Industry

- Industrial laboratories
- Light manufacturing and servicing
- Repair and maintenance services
- Warehousing and storage

Mana Whenua

- Marae complex



Development

- Demolition of buildings
- Alterations to building facades that are less than 25sqm
- Additions to buildings that are less than:
 - a) 25% of the existing gross floor area of the building; or
 - b) 250sqm
 whichever is the lesser
- Internal alterations to buildings

In addition, a variety of discretionary and restricted discretionary activities are provided.

Non-complying activities include waste management facilities, industrial activities and cinemas.

Development controls within this zone include:

Building Height

The Business – Mixed Use zone permits an occupiable and total building height of 16m and 18m respectively. Height Variation Controls (as specified on planning maps) affect arbitrary sites in addition to isolated volcanic viewshaft overlays which provide additional maximum height parameters.

We note there is a volcanic viewshaft overlay for Mt Wellington however the maximum height permitted by the zoning supersedes this.

Buildings

Building Setback: 6m at 18m when opposite a Residential zone and 6m setback at 27m for all other zones.

Yards

Rear and side yards: 3m where a rear or side boundary adjoins a Residential zone or Special Purpose zone

Modification

Plan Changes, Plan Change 78 – Intensification, Multiple Layers, Proposed, 18.8.2022

Overlays

Natural Resources: High-Use Aquifer Management Areas Overlay [rp] – Onehunga Volcanic Aquifer

Natural Resources: Quality-Sensitive Aquifer Management Areas Overlay [rp] – Onehunga Volcanic Aquifer



Natural Heritage: Regionally Significant Volcanic Viewshafts and Height Sensitive Areas Overlay [rcp/dp] – W26, Mt Wellington, Viewshafts

Controls

Macroinvertebrate Community Index – Urban

Designations

Airspace Restriction Designations – ID 1102, Protection of aeronautical functions – obstacle limitation surfaces, Auckland International Airport Ltd

Proposed Plan Change 78:

Proposed Plan Change 78 provides for housing intensification in Auckland. The proposed plan change addresses the government's National Policy Statement on Urban Development and amendments to the Resource Management Act. To achieve this, Plan Change 78 seeks to:

- Enable more development in the city centre and at least 6-storey buildings within walking distance of the city centre, metropolitan centres, and rapid transit stops.
- Enable more intensive development in and around neighbourhood, local and town centres.
- Incorporate medium density residential standards that enable 3-storey housing in most residential areas.
- Implement qualifying matters that reduce the required height and density of development where there is a feature or value that should be protected or avoided.

We do not expect Plan Change 78 to change use or demand for the subject property in the near future.

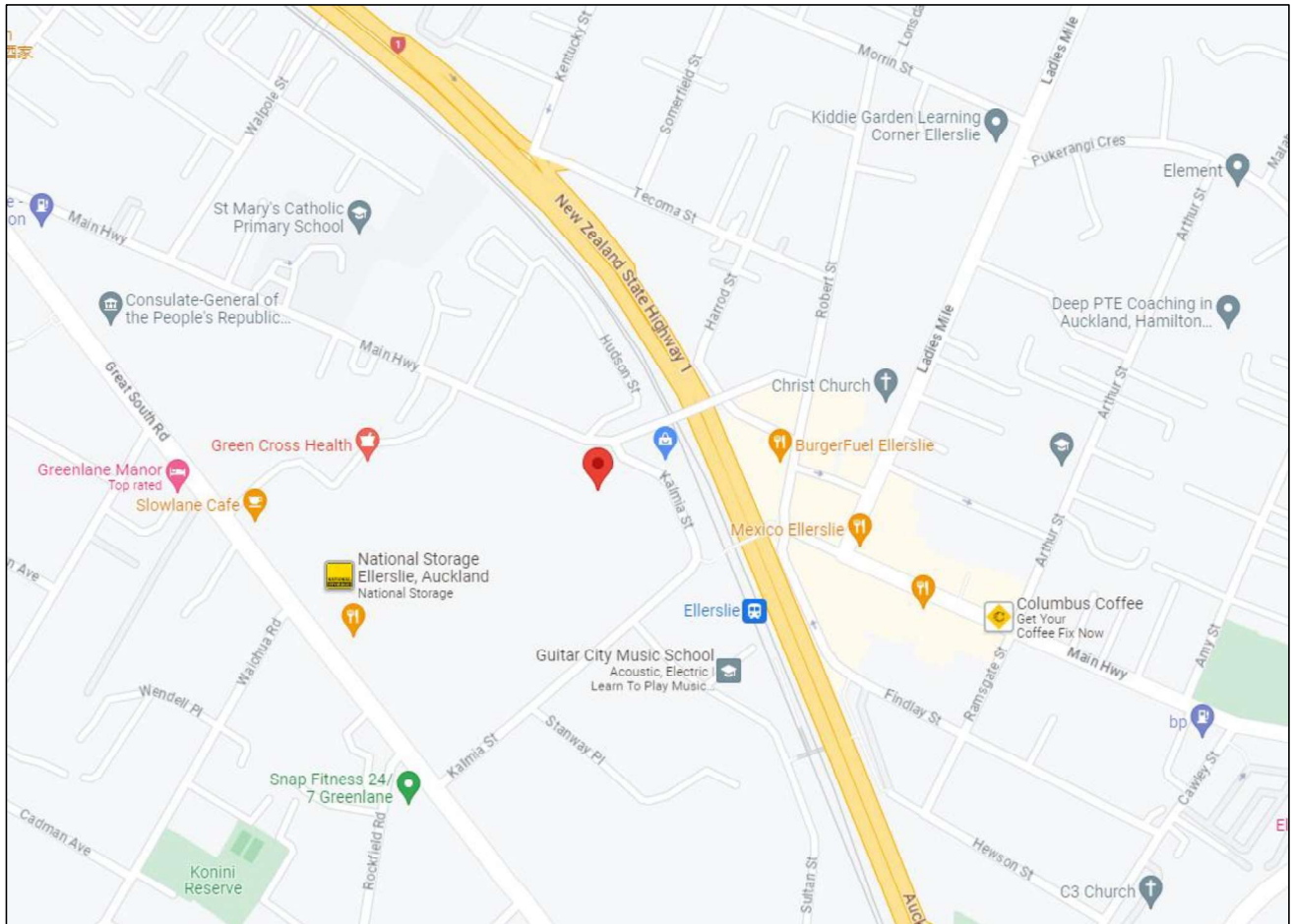
Situation & Locality:

Main Highway, Ellerslie is a sealed, curbed and channelled through-road extending from the Great South Road/Campbell Road intersection in the north in an area historically referred to as the Harp of Erin. The subject property is situated on the southern side of Main Highway just before the motorway overbridge which provides access via Robert Street and into Ellerslie township. Robert Street re-joins Main Highway which extends through to the Ellerslie-Panmure Highway.

Immediate surrounding development comprises a range of land uses, with Ellerslie School situated to the southern boundary, together with Ellerslie Bowling Club. Residential and apartment development, and some commercial and industrial uses are situated in and around Kalmia Street. Accessed off Main Highway and Great South Road is the Millennium Centre office park, while Central Park is situated approximately 400m to the south.



A clear feature of the property is its proximity to Ellerslie township, with both the motorway overbridge and footbridge providing easy access to Ellerslie commercial and retail services. The property is within 200m of Ellerslie Train Station, with regular public transport along Main Highway and Great South Road. It is also close to the southern motorway with interchanges available at Greenlane, Tecoma Street and Ellerslie.



In summary, we consider the property favourably located in the context of the southern corridor which is a popular commercial/office precinct close to Ellerslie township.



2.3 Description of Improvements

Floor Area: Rentable area plans as prepared by Harrison Grierson dated 3 October 2022 are summarised below.

Floor Area Summary			
Description	Occupier	Rentable Area sqm	Total Property %
Part Ground	The Electoral Commission (then Ministry of Justice)	565.40	12.4%
Part Ground	Ministry of Justice	495.14	10.9%
Level 1	Ministry of Justice	1165.44	25.6%
Level 2	Ministry of Social Development	1164.60	25.5%
Level 3	Ministry of Social Development	1167.55	25.6%
Adopted Rentable Area		4558.13	100.0%
Other Areas			
Carparking			
	Open Unsecure	8	
	Covered Secure	154	
Total Spaces		162	
Car Park ratio	1 space per	28.1	sqm

The car park ratio is particularly generous in a suburban office environment and potentially provides more spaces than demanded. Third party demand could exist which would require ongoing management.

General: A 2003 completed suburban grade 4 level office building being 1 of 2 to a Stratum in Freehold estate.

Construction: Construction consists of:

<i>Foundations:</i>	Reinforced concrete columns and beams
<i>Flooring:</i>	Concrete I-beams with timber inserts and concrete over-pour
<i>Exterior:</i>	Predominantly concrete with feature tile and alucabond flashing
<i>Roof:</i>	Unsighted but presumably long run iron
<i>Glazing:</i>	Aluminium framed single glazed.
<i>Stud Heights:</i>	Ground floor – 2.66m floor to the underside of the suspended ceiling
	Level 3 – 2.67m floor to the underside of the suspended ceiling



Interior linings consist of:

<i>Flooring:</i>	Carpet tiles
<i>Ceiling:</i>	Suspended ceiling on metal grid
<i>Lighting:</i>	Recessed fluorescent lighting in reflective diffuser trays
<i>Air-conditioning:</i>	Ducted in-ceiling
<i>Lifts:</i>	2 lifts – 900kg 13 person

The space is generally provided as open plan with selective partitioned offices.

Layout & Amenities:

The main entrance is off the ground floor lobby, with the Electoral Commission tenancy situated to the left and the Ministry of Justice to the right. A central lift provides access to the various floors including all basement levels. Bathrooms and amenities are centrally located on each floor and can be accessed from either the northern or southern side of the building which allows relatively easy subdivision of the floors. Fire exit stairs are positioned opposite the lift and also to the north-eastern corner of the building.

Fixtures & Fittings:

Standard fixtures and fittings within the tenancies include:

Lunchroom

- 2 4-plate electric ovens
- 2 Stainless steel sinks
- Vinyl topped benchtop and servery

Male Bathroom

- 2 ceramic WCs
- 3 ceramic urinals
- Laminated shower
- 3 ceramic hand basins

Female Bathroom

- 3 ceramic WCs
- Laminated shower
- 3 ceramic hand basins

Condition & Repair:

An average quality suburban office development.



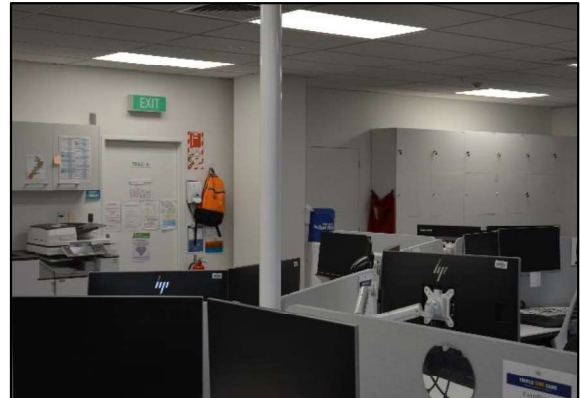
Site Improvements:	<p>These include an inward and outward road crossing from Main Highway and access to 5 open car parks to the front of Building B. The main carpark access is off Kalmia Street to the southern end of Building A, wrapping around the rear of the site and entrance to the western side of Building B. The 3 levels of basement carparking are all with security grill access and serviced by lift and stairs. The balance of the site has attractive landscaped gardens.</p> <p>A gymnasium with male and female bathrooms is on common property behind AU17 on Basement 1. However, these are currently unavailable for use.</p>
Reticulation of Services:	Telephone, electricity, sewage, storm water and town water are all available to the site.
Building Warrant of Fitness:	The building has a Warrant of Fitness to 9 February 2024 as issued by AssetCare Limited.
Code Compliance:	We assume all existing development on site has appropriate resource and building consent and has obtained Code Compliance Certification.
Seismic Rating:	We have assessed our value on the basis that all improvements have a seismic rating of not less than 67% of New Building Standard.



Photos:



Entrance lobby



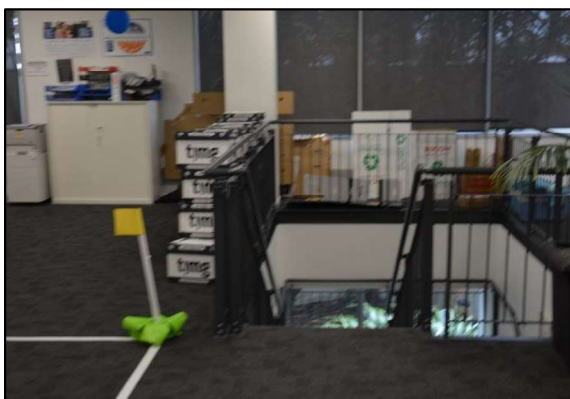
Ground floor tenancy



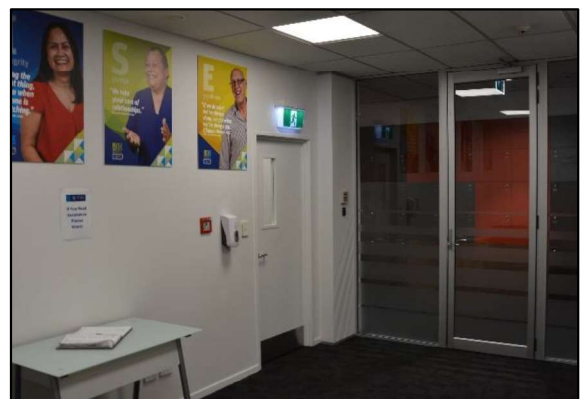
Ground floor tenancy



Ground floor tenancy



Internal stairs



Level 1 office





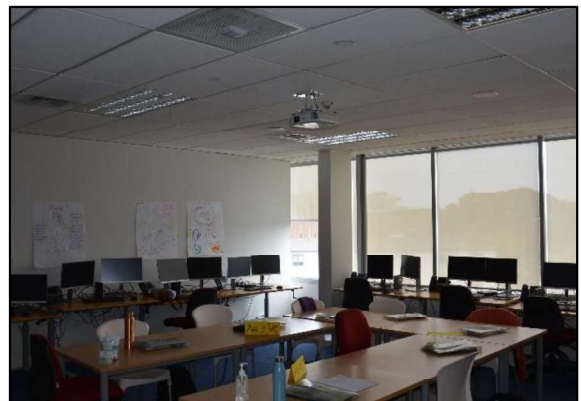
Level 1 office



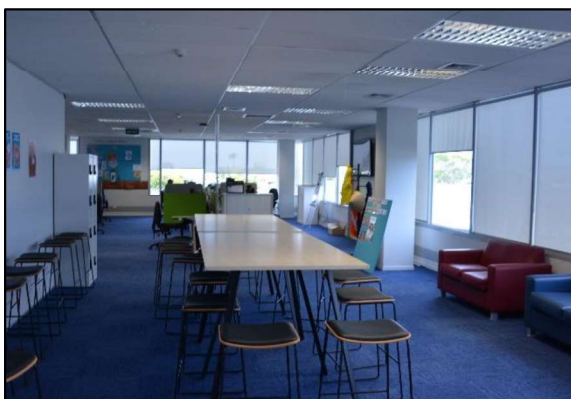
Level 1 office



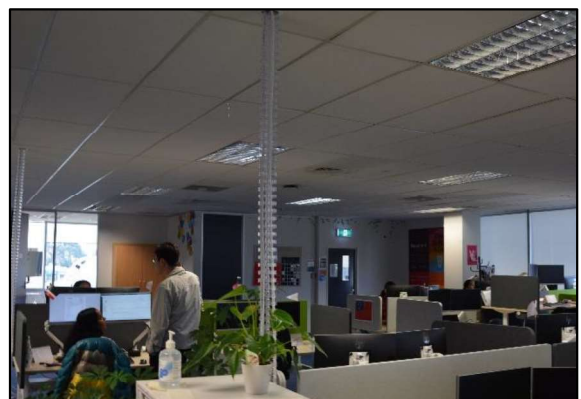
Male bathroom



Level 2 office



Level 2 office



Level 2 office

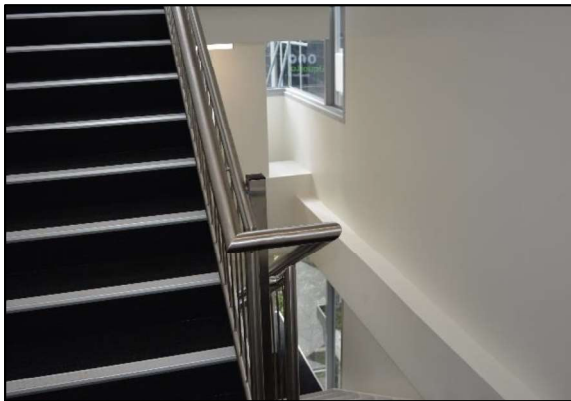




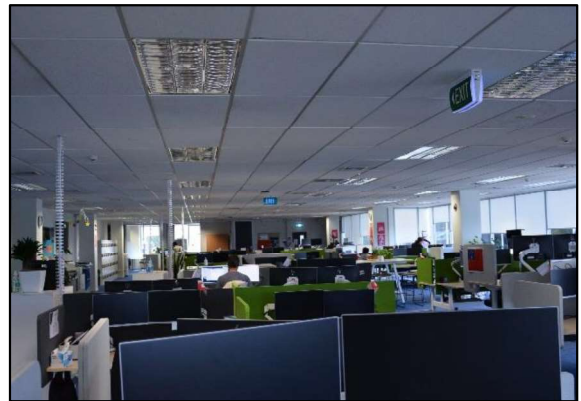
Level 2 kitchen



Level 3 kitchen



Stairwell



Level 3 office



Level 3 office



Basement parking





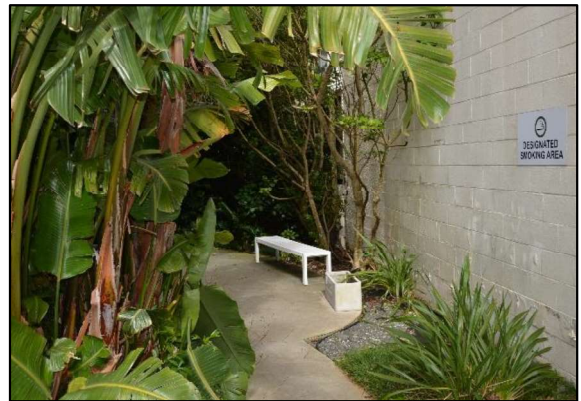
Basement parking



Basement parking



Site development



Site development

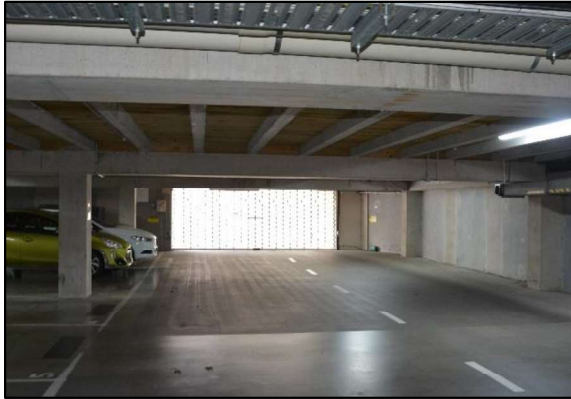


Underground parking access



Site development





Underground parking



North-eastern aspect



Northern aspect



3. Occupancy Arrangements

3.1 Lease Summaries

A summary of contractual occupancy agreements is contained below.

Deed of Fixed Term Tenancy executed on the 19th October 2022

Landlord:	PMG Direct Office Fund Trustees Limited
Tenant:	The Electoral Commission, an Independent Crown Entity established under section 4B of the Electoral Act 1993
Deed Format:	PMG ATL
Building:	65B Main Highway, Ellerslie, Auckland
Premises:	Part Ground Floor of the Building, as shown outlined in red on the Premises Plan attached at Schedule A.
Rentable Area:	578.40sqm
New Lease Commencement Date:	13 February 2023
Term of New Lease:	10 months
Gross Annual Rent:	\$21,104 plus GST per month = \$253,248 per annum
Rent Reviews:	N/A
Permitted Use:	Electoral Offices
Outgoings:	<p>The rental is a gross rental inclusive of the landlord's building operating expenses and carpark rental.</p> <p>CI 5.1 The tenant shall pay their own direct consumables such as electricity, gas and telephone charges incurred by the Tenant in respect of the premises.</p>
Car Parking Spaces:	3 carparks
Car Park Rent:	Included
Additional Clauses:	<p>CI 3.2 If for any reason the Premises or any portion of the building are destroyed or so damaged as to become unfit to use or inaccessible, the Tenant may terminate the tenancy by notice in writing to the Landlord.</p> <p>CI 3.3 Should the Tenant with the consent of the Landlord continue to occupy the Premises beyond the Expiration Date the Tenant shall do so as a monthly tenant at the rental specified in clause 4.1 and determinable by one month's notice in writing given at any time by either party to the other and otherwise on the terms of this Deed but applicable to a monthly tenancy.</p> <p>CI 7.6 From the Commencement Date, the Landlord shall permit the Tenant to replace or rekey any locks to the Property at the Tenant's expense and a copy of any new keys will be provided to the Landlord. The Landlord agrees not to make duplicate copies of any new keys until after the termination of this Agreement. The Tenant agrees to provide all keys to the Landlord upon termination of the tenancy. If the Property is accessed by access card</p>



system, the Landlord agrees that no other person other than the Tenant and the Landlord shall have access card access during the term of the tenancy.

Cl 11.1 Prior to commencement of the Fixed Term Tenancy, the Landlord will, at the Landlord's cost:

- (a) Ensure the premises, including windows and glass are commercially cleaned throughout
- (b) Arrange inspection for a Certificate of Verification to be issued where power to the premises has been disconnected for a period of 6 months or more
- (c) Ensure all lighting in the premises is operational
- (d) Ensure all power outlets in the premises are operational
- (e) Ensure the heating and ventilating system in the building/premises is serviced and fully operational

Appendix

Schedule One:

The First Payment shall be \$10,407.45 plus GST, being rent (plus GST) calculated on a daily basis for the 15-day period starting on 14 February 2023 and ending on 28 February 2023 (both dates included)

The last payment (due on 1 December 2023) shall be \$9,019.79 plus GST, being rent (plus GST) calculated on a daily basis for the 13-day period starting on 1 December 2023 and ending on 13 December 2023 (both dates included).

Deed of Lease signed and executed 11 July 2023

** This Lease has yet to commence*

Landlord:	PMG Direct Office Fund Trustees Limited
Tenant:	His Majesty the King in right of New Zealand acting by and through the Ministry of Justice
Lease Format:	PMG Deed of Lease
Premises:	Ground floor of the building, such balance being known as "Tenancy A", having a rentable area of 565.40sqm.
Car Parks:the Landlord will also lease to the Tenant 2 car parks, such car parks being those numbered 1 and 2 in the Carpark Plan
Term:	9 years
Commencement Date:	17 January 2024
Rights of Renewal:	One of 6 years
Renewal Dates:	17 January 2033
Final Expiry Date:	16 January 2039



Annual Rental:	Part Ground 565.40sqm @ \$325 per sqm: \$183,755.00 plus GST 2 car parks @ \$55 per park per week: \$ 5,720.00 plus GST Total: \$189,475.00 plus GST
Rent Review Dates:	3 yearly from commencement date. <u>Clause 4.2</u> For the purposes of the first rent review date (17 January 2027), clause 2.4 of this Lease shall read as follows: Notwithstanding any other provisions in this clause 2, the annual rent payable as from the rent review date shall not be less than \$189,475.00 plus GST. <u>Clause 4.3</u> For the purposes of each subsequent rent review date, clause 2.4 of this Lease shall read as follows: Notwithstanding any other provisions in this clause 2, the annual rent payable as from the rent review date shall not be less than the rent payable during the 12 month period immediately preceding the previous rent review date (ignoring any rent abatement).
Business Use:	Commercial offices
Proportion of Outgoings:	The same proportion that the rentable area of the premises bears to the rentable area of the building from time to time.
Further Terms:	<u>5. Landlord Works</u> 5.1 As soon as reasonably practicable, the Landlord shall carry out the following works to the Premises: <ul style="list-style-type: none"> a. The installation of new LED lighting; b. The installation of new carpet; c. The repainting of the interior; and d. The demolition of any existing hard fitout, and the making good of any resulting damage.

Lease Comment:	<p>We note that the Landlord's Works in Clause 5 of the Ministry of Justice Deed of Lease dated 11 July 2023 has been included in the Capital Expenditure Budget for \$209,581 to be spent in December 2023.</p> <p>Given that we have received a signed and executed Deed of Lease between PMG and the Ministry of Justice for Tenancy A (currently occupied by The Electoral Commission), we have recognised this in our assessment of the market value.</p>
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Deed of Lease dated 5 September 2014

Deed of Renewal and Variation of Lease signed and executed on 15 July 2020

Deed of Rent Review dated 13 June 2023

Landlord	Mega Growth Too Limited																																		
	PMG Direct Office Fund Trustees Limited																																		
Tenant:	The Sovereign in Right of New Zealand Acting by and Through the Ministry of Social Development																																		
Guarantor:																																			
Lease Format:	Sixth Edition 2012 (2)																																		
Premises:	Level 2 comprising a net lettable area of 1,164.22sqm and Level 3 comprising a net lettable area of 1,169sqm of the building at 65B Main Highway, Greenlane, Auckland...																																		
Car Parks:	50 under cover car parks located on level B1 and B2 Plus an additional 15 basement car parks																																		
Term:	6 years																																		
Commencement Date:	1 February 2014																																		
Rights of Renewal:	1 right of 6 years subject to clause 32.1(i). The tenant exercised their 6 year right of renewal from 1 February 2020.																																		
Renewal Dates:	1 February 2020																																		
Final Expiry Date:	31 January 2026																																		
Annual Rental:	<table> <tr> <td>Level 2:</td><td>\$267,770.60 (\$230 per sqm)</td></tr> <tr> <td></td><td>\$311,428.85 (\$267.50 per sqm)</td></tr> <tr> <td></td><td>\$340,525.43 (\$292.49 per sqm)</td></tr> <tr> <td>Level 3:</td><td>\$268,870.00 (\$230 per sqm)</td></tr> <tr> <td></td><td>\$312,707.50 (\$267.50 per sqm)</td></tr> <tr> <td></td><td>\$341,923.57 (\$292.49 per sqm)</td></tr> <tr> <td>Premises:</td><td>\$536,770.60 plus GST</td></tr> <tr> <td></td><td>\$624,136.35 plus GST</td></tr> <tr> <td></td><td>\$682,449.00 plus GST</td></tr> <tr> <td>Car Parks:</td><td>\$104,000.00 plus GST representing \$40 per car per week</td></tr> <tr> <td>Original</td><td>\$136,500.00 plus GST representing \$52.50 per car per week</td></tr> <tr> <td>Original</td><td>\$149,500.00 plus GST representing \$57.50 per car per week</td></tr> <tr> <td>Additional</td><td>\$40,950.00 plus GST representing \$52.50 per car per week</td></tr> <tr> <td>Additional</td><td>\$44,850.00 plus GST representing \$57.50 per car per week</td></tr> <tr> <td>Total:</td><td>\$640,640.60 plus GST</td></tr> <tr> <td></td><td>\$801,586.35 plus GST from 1 February 2020</td></tr> <tr> <td></td><td>\$876,799.00 plus GST from 1 February 2023</td></tr> </table>	Level 2:	\$267,770.60 (\$230 per sqm)		\$311,428.85 (\$267.50 per sqm)		\$340,525.43 (\$292.49 per sqm)	Level 3:	\$268,870.00 (\$230 per sqm)		\$312,707.50 (\$267.50 per sqm)		\$341,923.57 (\$292.49 per sqm)	Premises:	\$536,770.60 plus GST		\$624,136.35 plus GST		\$682,449.00 plus GST	Car Parks:	\$104,000.00 plus GST representing \$40 per car per week	Original	\$136,500.00 plus GST representing \$52.50 per car per week	Original	\$149,500.00 plus GST representing \$57.50 per car per week	Additional	\$40,950.00 plus GST representing \$52.50 per car per week	Additional	\$44,850.00 plus GST representing \$57.50 per car per week	Total:	\$640,640.60 plus GST		\$801,586.35 plus GST from 1 February 2020		\$876,799.00 plus GST from 1 February 2023
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	\$876,799.00 plus GST from 1 February 2023																																		



Rent Review Dates:	<ol style="list-style-type: none"> 1. Market rent review dates: 1 February 2017, 1 February 2020 (being the renewal date, if the renewal is exercised), 1 February 2023 (if the renewal has previously been exercised) 2. CPI rent review dates: Annually on those anniversaries of the commencement date which are not a market rent review date
Business Use:	Office accommodation and call centre
Proportion of Outgoings:	25.3758% in respect of Level 2 and 25.4799% in respect of Level 3
Outgoings:	Full recovery of outgoings under the lease format
Additional Clauses:	<p><u>Cl 32.1 (i) Renewal of Lease</u></p> <p>It is a condition of the Tenant renewing this Lease that the Tenant takes on lease an additional 15 car parks for the renewal term such that for the renewal term the Tenant will lease 65 car parks... The parties agree that the rental payable for those 15 additional car parks will be the same weekly rental as is payable by the Tenant as at the renewal date in relation to the 50 car parks initially leased pursuant to this Lease.</p>
Further Terms:	<ol style="list-style-type: none"> 1. The following clause 2.7 is inserted in the Second Schedule of the Lease: <ol style="list-style-type: none"> 2.7 In determining the annual rent payable as from each market rent review date (including a market rent review date that is a renewal date), the valuers, the third expert of the arbitrator (as applicable) will completely disregard the initial fitout works carried out by the Tenant prior to and immediately following the commencement date, including: <ol style="list-style-type: none"> (a) Internal fitout/partitioning (b) Installation of kitchen fittings and fixtures (c) Installation of additional lighting to suit the Tenant's layout (d) Carpet tiles and flooring (e) Security system (f) Communications and telephone cabling and equipment (g) Business signage (h) Installation of any additional air-conditioning in the Premises to suit the Tenant's layout



Deed of Lease dated 15 July 2003

Deed of Variation of Lease dated 30 November 2018

Deed of Extension and Variation of Lease dated 11 July 2023

Landlord	Manson Enterprises Limited Mega Growth Too Limited PMG Direct Office Fund Trustees Limited
Tenant:	Her Majesty the Queen Department for Courts Her Majesty the Queen acting through and by The Ministry of Justice His Majesty the King in right of New Zealand acting by and through the Ministry of Justice
Guarantor:	
Lease Format:	Public Sector Standard Lease
Premises:	That part of the building being levels 1 and part ground floor... containing 1,668.8sqm of lettable area, together with the carparks as detailed in Item 4
Car Parks:	53 situated on the land and a further 10 car parks being those numbered 90-99 on the Car Park Plan if the option contained in clause 1.3 is exercised by the Tenant
Term:	9 years The current term of the lease is extended by a further 6 years so that the current term expires on 30 June 2027 and, for the avoidance of doubt, the final expiry date will be 30 June 2027. The term of the Lease is extended so as to expire on 16 January 2033. The Premises, the Covered Car Parks and The Uncovered Car Parks are leased to the Tenant and demised accordingly.
Commencement Date:	1 July 2003
Further Terms:	6 years The Tenant shall have an additional right of renewal, for a term of 6 years starting on 17 January 2023 and ending on 16 January 2039. To this end, the following details are substituted for the corresponding details in Item 5 of the First Schedule of the Lease.
Renewal Dates:	1 July 2012 17 January 2033
Final Expiry Date:	30 June 2018 16 January 2039



Annual Rental:	Ground:	(507.50sqm @ \$257 per sqm)	\$130,427.50
		(495.14sqm @ \$325 per sqm)	\$160,920.50
	Level 1:	(1,168.8sqm @ \$260 per sqm)	\$303,888.00
		(1,165.44sqm @ \$325 per sqm)	\$378,768.00
	51 covered car parks at \$50 per week:		\$132,600.00
	51 car parks @ \$55 per park per week:		\$145,860.00
	2 uncovered car parks at \$47 per week:		\$ 4,888.00
	2 car parks @ \$55 per park per week:		\$ 5,720.00
	Total Premises:		\$434,315.50
	Total Carparks:		\$137,488.00
	Total Rent:		\$571,803.50
			\$691,268.50

Rent Review Dates: Market rent review dates: 3 yearly from commencement date

Clause 2.4

Notwithstanding any other provisions in this Clause 2, the annual rental payable as from any relevant rent review date shall not be less than the annual rental payable as at the commencement date of the lease.

Notwithstanding any other provisions in this Clause 2, the annual rental payable during the 12 month period immediately preceding the previous rent review date (ignoring any rent abatement).

Business Use: Commercial offices

Proportion of Outgoings: Proportion of Common Property Outgoings: 18.39%
Proportion of Building Outgoings: 36.32%

The proportion of outgoings, for the purposes of Item 7 of the First Schedule of the Lease, shall be the same proportion that the Rentable area of the Premises bears to the Rentable Area of the Building from time to time.

Outgoings: Full recovery of outgoings as indicated in the Sixth Schedule of the lease including rates, utility charges, rubbish collection charges, fire service charges, insurance premiums, service contract charges, cleaning maintenance and repair charges, provisioning of toilets and other shared facilities, ground maintenance, yard and car parking area maintenance, Body Corporate charges, management expenses, Building Warrant of Fitness costs, Body Corporate levies in respect of the premises and cost of external cleaning of the premises.

Clause 3.1f

Item 5 of the Schedule of Outgoings insurance premiums and related valuation fees and any insurance excess in respect of a claim but not exceeding \$500.

Incentives: **CI 36.1**

The Landlord grants to the Tenant a rent holiday for the amount of \$217,157.75 plus GST, equivalent to 6 months' net office premises rental.



The rent holiday will be applied as a reduction in the rent otherwise payable by the Tenant equally over the 24 month period from 1 January 2019.

CI 37.2

~~Upon the expiry of the current lease to Digital Data Systems Limited, the Landlord will first submit to the Tenant an offer to lease the balance of the ground floor premises... comprising 578.4sqm... together with 25 car parks...~~

CI 38.1

The Landlord shall complete the following works at its cost in a good and workmanlike manner prior to 1 February 2019:

- (a) Upgrade of existing lighting to energy efficient LED light fitting
- (b) Replacement of all carpet tiles within the tenancy with new commercial grade carpet tiles to the Lessor's standard specification
- (c) Upgrade of the ground level entry lobby including the replacement of damaged floor tiles and redecoration of the interior
- (d) Upgrade of the ground floor and level 1 bathrooms
- (e) Replacement of ceiling tiles within the tenancy
- (f) Repaint perimeter and core walls within the tenancy were required to a neutral colour
- (g) Replacement of flooring in kitchen to new laminated flooring

Lease Comment:

Comprehensive leases with clear detailing of fixtures and fittings ownership, and rental and floor areas. In addition, licence income is generated from 16 car parks, at an aggregate annual rent of \$36,740 or an average rent of \$44.16 per week.



3.2 Outgoings

Budgeted outgoings for the property are shown in the following schedule. We understand that these costs are inclusive of the Body Corporate charge.

Item	Budgeted 2023-24	Adopted Outgoings	
		\$pa	\$psm
<i>Recoverable Expenses</i>			
Council Rates	112969	113,470	24.89
Water Rates	8000	8,000	1.76
Electricity - Common Area	60000	60,000	13.16
Fire R&M	1284	1,284	0.28
Fire PPM	1488	1,488	0.33
Fire Alarm Monitoring	2736	2,736	0.60
Insurance Premiums	47952	47,952	10.52
Air Conditioning PPM	13211	13,211	2.90
Air Conditioning R&M	12000	12,000	2.63
Auto & Roller Door PPM	1921	1,921	0.42
Auto & Roller Door R&M	1200	1,200	0.26
Lift & Escalator PPM	12574	12,574	2.76
Security Call Outs	500	500	0.11
Exterior Windows & Building PPM	15633	15,633	3.43
Plumbing PPM	1284	1,284	0.28
Plumbing R&M	2500	2,500	0.55
Electrical PPM	4509	4,509	0.99
Electrical R&M	3500	3,500	0.77
General R&M	4000	4,000	0.88
Cleaning PPM	10000	10,000	2.19
Access Control PPM	2718	2,718	0.60
Access control R&M	1200	1,200	0.26
Exterior Gardens PPM	2003	2,003	0.44
Health & Safety Compliance	3570	3,570	0.78
Management Fees	47160	47,160	10.35
BWOF Compliance Inspections	1785	1,785	0.39
Body Corp Annual Levy	52436	52,436	11.50
Total Recoverable Expenses	428,133	428,634	94.04
Non-Recoverable Expenses	0	0	0.00
Total Operating Expenses	428,133	428,634	94.04

On this basis, outgoings analyse to \$94.04 per sqm.



3.3 Analysis of Existing Rent

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

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa)	(\$psm)	Unrecovered Opex (\$pa)	(\$psm)	Net Contract Rent (\$pa)	(\$psm)
Tenancies								
The Electoral Commission	Part Ground	565.4	253,248	447.91	53,169	94.04	200,079	353.87
Ministry of Justice	Part Ground	495.1	149,713	302.36	(0)	(0.00)	149,713	302.36
Ministry of Justice	Level 1	1,165.4	344,796	295.85	(0)	(0.00)	344,796	295.85
Ministry of Social Development	Level 2	1,164.6	340,525	292.40	(0)	(0.00)	340,525	292.40
Ministry of Social Development	Level 3	1,167.6	341,924	292.86	(0)	(0.00)	341,924	292.86
Total		4,558.1	1,430,206	313.77	53,169	11.66	1,377,037	302.11
Total (excluding vacancies)		4,558.1	1,430,206	313.77	53,169	11.66	1,377,037	302.11

Ten. No. Tenant	Car Parks	Contract Rent (\$pa)	(\$pcpw)
Leased Parks			
1 The Electoral Commission	3	0	0.00
2 Ministry of Justice	53	151,060	54.81
2 Ministry of Justice	--	0	0.00
3 Ministry of Social Development	65	194,350	57.50
3 Ministry of Social Development	--	0	0.00
Licensed Parks - Non-Building Tenants			
1001 Various	16	36,740	44.16
Vacant Car Parks			
Vacant Car Parks	25	0	0.00
Total	162	382,150	45.36
Total (excluding vacancies)	137	382,150	53.64

Rent Summary	Contract Rent
Premises	1,377,037
Car Parks	382,150
Annual Rent	1,759,187

This is our own analysis of the rental which may have been agreed differently between the parties.



4. Rental Evidence

4.1 Rental Commentary

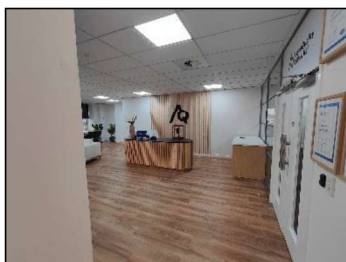
An integral part of undertaking an investment approach to value is assessing the relativity of the contract rent with the prevailing market rent, or in the situation where the premises is vacant, a probable market rent. A selection of these rentals is contained in the following schedules:

Address	Owens Road, Epsom	NL	6 yrs, 1 x 6 RoR
Tenant	Health	Net	Annual fixed 3% increases, To market on renewal
Date	Nov-23		6 months rent holiday
Premises	Area sqm	\$p.a	\$per sqm
Level 1 Office	815.0 sqm	\$232,275	\$285.00
Opex budget		\$73,350	\$90.00
Premises sub total	815.0 sqm	\$305,625	\$375.00
Carparks	15	\$42,900	\$55.00 pcpw
Net Annual Rent		\$275,175	\$337.64



Owens Road, Epsom. This is a first floor office tenancy situated on the corner of Owens Road and Manukau Road. The property is a 1980's commercial office providing 2 levels of office accommodation. The tenancy is 815sqm and was leased with a commencement date of November 2023 for a 6 year term at a net annual rent of \$275,175 plus GST. This analyses to **\$285 per sqm** and 15 car parks at **\$55 per park per week**. Budgeted operating expenses are \$90 per sqm. Additionally, the lease has fixed annual increases of 3% with rent reviews to market on renewal. The Lease has one further right of renewal of 6 years and a 6 month rent holiday was provided.

Address	Pacific Rise	NL	6 yrs, 2 x 3 RoR
Tenant	Quality Management	Net	Annual fixed 2.5% increases, To market in 2029 and 2032
Date	Q3 2023		\$50,000 fitout contribution, 3 mth rent holiday
Premises	Area sqm	\$p.a	\$per sqm
Part level 2	888.0 sqm	\$224,486	\$252.80
Opex budget		\$36,000	\$40.54
Premises sub total	888.0 sqm	\$260,486	\$293.34
Internal single carparks	12	\$21,840	\$35.00 pcpw
Internal stacked carparks	12	\$9,360	\$15.00 pcpw
Partially covered carparks	6	\$7,020	\$22.50 pcpw
Open carparks	3	\$2,340	\$15.00 pcpw
Carparks subtotal	33	\$40,560	\$23.64
Net Annual Rent		\$265,046	



Pacific Rise, Mt Wellington. This is a second floor office tenancy situated on Pacific Rise. Constructed in in the 2000s, it provides two levels of office accommodation with parking to the ground floor. The tenancy is situated on part Level 2 and occupies 888sqm of office space along with 12 internal single car parks, 12 internal stacked car parks, 6 partially covered car parks, and 3 open car parks. The lease commenced in the third quarter of 2023 for a 6 year term with two further rights of renewal of 3 years each for a net annual rent of \$265,046 plus GST. This analyses to a per sqm rate of **\$253 per sqm** for the office, with an average car park rent of **\$24 per park per week** which ranges between \$15 to \$35 per park per week. Additional lease terms include two further rights of renewal of 3 years each, annual fixed 2.5% rental increases, and market rent reviews in 2029 and 2032. The lease also provided a \$50,000 fitout contribution as well as a 3 month rent incentive.



Address	Pacific Rise	NL	6 yrs
Tenant	Charity	Net	2 yrly reviews to CPI + 1%
Date	Q3 2023		
Premises	Area sqm	\$p.a	\$per sqm
Part Office	956.0 sqm	\$286,800	\$300.00
Opex budget		\$60,228	\$63.00
Premises sub total	956.0 sqm	\$347,028	\$363.00
Carparks	50	\$117,000	\$45.00 pcpw
Net Annual Rent		\$403,800	



Pacific Rise, Mt Wellington. This is a 1990's commercial office tenancy providing two levels of office accommodation. The tenancy provides 956sqm of office space with 50 car parks. The lease began in the third quarter of 2023 for a net annual rent of \$403,800 plus GST over a 6 year term. This analyses to a net rent of **\$300 per sqm** and **\$45 per park per week**. Operating expenses were at \$63 per sqm and further lease terms included 2 yearly reviews at CPI + 1%.

Address	Central Park, Great South Road	NL	4 yrs, 2 x 2 RoR
Tenant	Food Importers	Net	3% fixed annual increases
Date	Apr-23		\$110,332.95 cash incentive, \$46,000 Lessee works contribution, 1 year free signage rental
Premises	Area sqm	\$p.a	\$per sqm
Level 2	534.3 sqm	\$157,619	\$295.00
Carparks	20 spaces	\$62,400	\$60.00
Premises sub total	554.3 sqm	\$220,019	\$396.93
Building Sign		\$20,000	
Net Annual Rent		\$240,019	



Great South Road, Central Park, Ellerslie. Part of Level 2 of this tenancy was leased for 4 years with two rights of renewal of 2 years each which is due to commence on 3 April 2023. The tenant for the premises is currently undergoing a fitout with the net annual rent for the premises agreed at **\$295 per sqm** and **\$60 per park per week** for 20 spaces. The lease provides for 3% annual increases with no market reviews. There was a \$110,332.95 cash incentive provided upon commencement of the lease. Our analysis of this suggests a net effective rent of some **\$250.34** for the premises, and

\$50.92 per park per week.

Address	Crowhurst St, Newmarket	NL	6 yrs, 2*3yr RoR
Tenant	Utility Infrastructure	Net	Annual fixed 2.5% increases, mkt on renewal(s), 6 mths gross rent guarantee
Date	Feb-23		12 mths rent free, base build upgrade
Premises	Area sqm	\$p.a	\$per sqm
Level 5 office	1122.4 sqm	\$404,064	\$360.00
Opex budget		\$101,016	\$90.00
Premises sub total	1122.4 sqm	\$505,080	\$450.00
Carparks	6	\$21,840	\$70.00 pcpw
Net Annual Rent		\$425,904	

Crowhurst Street, Newmarket. Level 5 of this tenancy was leased for 6 years with two 3-year rights of renewal commencing 1 February 2023. The premises underwent a base build upgrade, with the net annual rental agreed at **\$360 per sqm** and an operating expense budget of \$90 per sqm. 6 secure single car parks are leased at **\$70 per car per week**. The lease provides for 2.5% annual increases with a market review on renewal. 6 months' gross rent guarantee was provided. In addition, the tenant received a 12 month rent-free period as incentive. Our analysis of this rent suggests a net effective rent of **\$284 per sqm** for the offices and **\$55 per park per week** for parking.

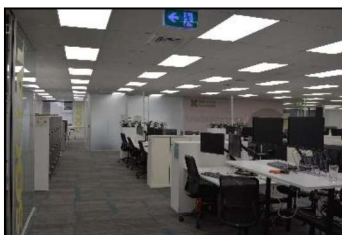


Address	Central Park, Great South Road	NL	7 yrs
Tenant	Construction	Net	2.75% fixed annual increases
Date	Dec-22		\$200,000 cash contribution
Premises	Area sqm	\$p.a	\$per sqm
Part Level 6	455.0 sqm	\$134,225	\$295.00
Net Annual Rent	455.0 sqm	\$134,225	\$295.00



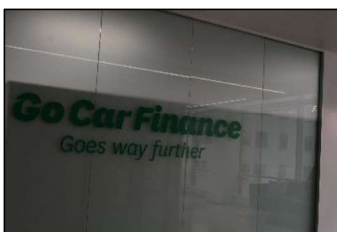
Great South Road, Ellerslie. Part Level 6 of this tenancy was leased for 7 years with no rights of renewal in December 2022. The net annual rental was agreed at **\$295 per sqm** with 2.75% fixed annual increases and no market reviews. In addition, a \$200,000 cash contribution was provided. Our analysis of this suggests an effective rent of **\$208.60 per sqm**.

Address	Khyber Pass Rd, Newmarket	RR	6 yrs from 1 Oct 2019, with 1 x 2 RoR
Tenant		Net	Market review every 3 years, fixed 3% increases annually on non market review years
Date	Oct-22		
Premises	Area sqm	\$p.a	\$per sqm
Level 2 Office	857.9 sqm	\$291,680	\$340.00
Level 3 Office	909.3 sqm	\$309,154	\$340.00
Net Premises Rent	1767.2 sqm	\$600,834	\$340.00
Budgeted Opex	1767.2 sqm	\$132,413	\$74.93
Total Occupancy Cost		\$733,247	\$414.93



Khyber Pass Road, Newmarket. Levels 2 and 3 of this building were subject to a rent review in October 2022 where the agreed upon rent was **\$340 per sqm** for both levels. Budgeted operating expenses were indicated at \$75 per sqm. The original lease was signed in October 2019 for 6 years with fixed annual increases of 3% except on the market rent reviews dates which are every 3 years. There is also one right of renewal for a further term of 2 years.

Address	Khyber Pass Rd, Newmarket	NL	4 yrs, 1*4 yr RoR
Tenant	Finance	Net	Annual fixed 2.5% increases
Date	Sep-22		8 mths rent free or cash equivalent, \$236,437 bank guarantee
Premises	Area sqm	\$p.a	\$per sqm
Level 4 office	895.0 sqm	\$290,875	\$325.00
Opex budget		\$41,228	\$46.06
Net Annual Rent		\$290,875	



Khyber Pass Road, Newmarket. Level 4 of this building was leased for 4 years with one 4-year right of renewal from September 2022. The net annual rental was agreed at **\$325 per sqm** whilst budgeted operating expenses were indicated at \$46 per sqm although appear concessionary. The lease provides for annual fixed increases of 2.5% whilst a \$236,000 bank guarantee was provided. 8 months' rent-free or cash equivalent was provided.

Address	Central Park, Great South Road	NL	5 yrs, 1 x 5 RoR
Tenant		Net	2.75% fixed annual increases
Date	Jun-22		No Incentive
Premises	Area sqm	\$p.a	\$per sqm
Part Level 4	449.5 sqm	\$132,594	\$295.00
Premises sub total	449.5 sqm	\$132,594	\$295.00
Carparks	10	\$28,600	\$55.00
Net Annual Rent	449.5 sqm	\$161,194	\$358.63





Great South Road, Ellerslie. Part Level 4 of these premises was leased for 5 years with one 5-year right of renewal from June 2022. The net annual rent was agreed at **\$295 per sqm** for the premises and **\$55 per park per week** for 10 car parks. The lease provides for 2.75% fixed annual increases with no market reviews.

Address	Great South Road, Ellerslie	NL	6 yrs + 4 RoRs
Tenant	Confidential	Net	2% indexed, Mkt reviews on renewal
Date	Apr-22		6 mnths incentive
Premises	Area sqm	\$p.a	\$per sqm
Level One Office	592.0 sqm	\$157,472	\$266.00
Budgeted Opex		\$21,904	\$37.00
Total Occupancy Cost - Premises	592.0 sqm	\$179,376	\$303.00
Carparks uncovered	16 spaces	included	
Net Annual Rent	592.0 sqm	\$157,472	\$266.00



Great South Road, Ellerslie leased in April 2022 for 6 years at a net annual rental of \$157,472 plus GST which analyses to circa **\$266 per sqm**. These Level 1 premises comprise a basic standard of office accommodation situated to the eastern side of the southern office corridor. Outgoings were budgeted at \$21,904 per annum which analyses to a total occupancy cost of **\$303 per sqm** inclusive of 16 uncovered car parks. The lease included a 6 month rent incentive along with 4 further rights of renewal, rent indexation at 2% per annum and market reviews on renewal.

4.2 Market Rent Conclusion

We have considered office rental evidence from a variety of suburban locations such as Epsom, Pacific Rise in Mt Wellington, Newmarket and the Southern Corridor. The office rents typically range from \$250 per sqm to \$360 per sqm.

We highlight the lease at Owens Road which is our most recent lease evidence. This is a first floor tenancy of 815sqm with a net annual rent of \$275,175 plus GST reflecting a net rate of \$285 per sqm and \$55 per park per week. On balance, a more desirable location however within lower quality premises.

Within the Southern Corridor, our evidence ranges from \$266 per sqm to \$295 per sqm on a net basis. We also highlight the leases within the subject building. Part ground floor of 65B Main Highway was leased to a government entity on a semi-gross rent basis beginning in February 2023. Lease details include a commencement date of February 2023 for 11 months at a gross rent of \$253,248 plus GST reflecting a gross rate of \$421 per sqm. We have analysed this to a net rent of \$330 per sqm. Additionally, we note the rent review that occurred at Levels 2 and 3 of the subject. This rent review was effective February 2023 with a review to market. The agreed net annual rent was \$876,799 reflecting \$292 per sqm to the office and \$57.50 per park per week.

We also note that the property may have an excess of carparking spaces available, given its 25 vacant carparks and 16 licensed carparks which are leased at a lower average rate.

On this basis, we believe that the subject property would achieve net rates of **\$300 per sqm** to the existing offices, **\$325 per sqm** to the ground floor Tenancy A on completion of its refurbishment, and a car park rate of **\$57.50 per park per week** to the leased carparks, whilst the licensed and vacant carparks would achieve a rate of **\$45 per park per week**.



4.3 Market Rent Assessment

Having regard to the above rental evidence we show our opinion of net market rent for the subject as follows:

Tenant	Tenancy	Area (sqm)	Passing Rent (\$pa) (\$psm)	Unrecovered Opex (\$pa) (\$psm)	Net Contract Rent (\$pa) (\$psm)	Net Market Rent (\$pa) (\$psm)
Tenancies						
The Electoral Commission (then Ministry of Justice)	Part Ground	565.4	253,248 447.91	53,169 94.04	200,079 353.87	183,755 325.00
Ministry of Justice	Part Ground	495.1	149,713 302.36	(0) (0.00)	149,713 302.36	148,542 300.00
Ministry of Justice	Level 1	1,165.4	344,796 295.85	(0) (0.00)	344,796 295.85	349,632 300.00
Ministry of Social Development	Level 2	1,164.6	340,525 292.40	(0) (0.00)	340,525 292.40	349,380 300.00
Ministry of Social Development	Level 3	1,167.6	341,924 292.86	(0) (0.00)	341,924 292.86	350,265 300.00
Total		4,558.1	1,430,206 313.77	53,169 11.66	1,377,037 302.11	1,381,574 303.10

Ten. No. Tenant	Car Parks	Contract Rent (\$pa) (\$pcpw)	Market Rent (\$pa) (\$pcpw)
Leased Parks			
1 The Electoral Commission (then Ministry of Justice)	3	0 0.00	8,970 57.50
2 Ministry of Justice	53	151,060 54.81	158,470 57.50
2 Ministry of Justice	--	0 0.00	0 0.00
3 Ministry of Social Development	65	194,350 57.50	194,350 57.50
3 Ministry of Social Development	--	0 0.00	0 0.00
Licensed Parks - Non-Building Tenants			
1001 Various	16	36,740 44.16	37,440 45.00
Vacant Car Parks			
Vacant Car Parks	25	0 0.00	58,500 45.00
Total	162	382,150 45.36	457,730 54.34
Total (excluding vacancies)	137	382,150 53.64	399,230 56.04

Rent Summary	Contract Rent	Market Rent
Premises	1,377,037	1,381,574
Car Parks	382,150	399,230
Annual Rent	1,759,187	1,780,804
Market Rent on Vacant Cars	58,500	58,500
Annual Rent	1,817,687	1,839,304

On this basis, we consider the existing contract rent is representative of market.



We have received an executed Deed of Lease between PMG and the Ministry of Justice for the part ground floor tenancy currently occupied by The Electoral Commission. This is due to commence on 17 January 2024 with a net contract rent of \$183,755 plus GST per annum to the premises, and \$5,720 plus GST per annum for the car parks, reflecting a net rate of \$325 per sqm and \$55 per park per week. This rent takes into consideration the Landlord's works included in our Capital Expenditure Summary. On this basis, we have included an additional rental summary to reflect this below:

Rent Summary	Contract Rent	Market Rent
Premises	1,360,713	1,381,574
Carparks	387,870	396,240
Annual Rent	1,748,583	1,777,814
Market Rent on Vacant Cars	60,840	60,840
Annual Rent	1,809,423	1,838,654

This contract rent will fall slightly reflecting the higher rent the Electoral Commission were paying for a short term, although the new Lease provides assured income for 9 years.



5. Sales Evidence

In establishing our opinion of value, we have had regard to the following transactions.

Address	Sale Date	Price	GLA (sqm)	Site (sqm)	Initial Yield	WALT	Price /GLA	Price /Site Area
317-319 New North Road Kingsland	Sep-23	\$33,000,000	4,486	5,544	6.29%	2.5 yrs	\$7,356	\$5,952
137 Great North Road Grey Lynn	Aug-23	\$7,800,000	1,400	987	2.85%	0.58 yrs	\$5,571	\$7,903
18-20 Northcroft Street Takapuna	Jun-23	\$10,500,000	2,653	2,018	4.40%	0.99 yrs	\$3,958	\$5,203
31A Normanby Road Mt Eden	May-23	\$4,900,000	852	Strata	6.34%	6.75 yrs	\$5,753	-
7a Pacific Rise Mt Wellington	Dec-22	\$17,000,000	2,755	5,374	5.03%	0.91 yrs	\$6,171	\$3,163
4 Bond Street Grey Lynn	Oct-22	\$6,715,000	1,349	1,628	-	Vacant	\$4,977	\$4,125
190 Great South Road Epsom	Sep-22	\$6,615,000	1,096	1,587	-	Vacant	\$6,037	\$4,168
8 Rockridge Avenue Penrose	Aug-22	\$15,750,000	3,149	4,900	3.71%	-	\$5,001	\$3,214
27 Nugent St Grafton	Jun-22	\$6,800,000	671	397	-	Vacant	\$10,130	\$17,128
22 Dundonald St Eden Terrace	May-22	\$5,400,000	1,063	1,104	0.81%	-	\$5,080	\$4,891
60 Khyber Pass Road Grafton	Apr-22	\$21,000,000	5,060	2,293	2.87%	3.24 yrs	\$4,150	\$9,158

5.1 Sales Commentary



317-319 New North Road, Kingsland sold in September 2023 for **\$33,000,000**. Originally an industrial property, it was converted into a two level office building circa 2010s featuring 4,486 sqm and 108 carparks. The property was sold tenanted with approximately 95% occupancy, returning a net annual rent of \$2,075,635 plus GST. The sale reflects an initial yield of **6.29%** and a combined land and buildings rate of **\$7,356 per sqm**. The premises are situated on 5,544sqm of Business - Mixed Use zoned land with site coverage of approximately 40%. Although we have considered separating the value of the surplus land, there are complexities involved including

the income generated from the existing carpark tenancies on the land. However, if separating the existing lots from the main parcel, we are left with 1,214 sqm of surplus land currently used for 49 carparks. When excluding the present value of the income from the carparks along with the value of the surplus land at **\$4,000 per sqm**, we are left with a residual value of **\$27,800,000**. On this basis, the balance of the property demonstrates an initial yield of **6.84%**.



137 Great North Road, Grey Lynn sold in August 2023 for **\$7,800,000**. The property was sold partly tenanted returning an annual rent of \$222,271 plus GST. This represents an initial yield of 2.85%, however on a net market income with a fully occupied basis, we expect the annual net market income to be some \$445,225 plus GST which would reflect a market yield of **5.71%**. Additionally, the sale price represents a combined land and buildings rate of **\$5,571 per sqm**. The property



comprises of some 1,400sqm of accommodation over 4 levels including basement parking and storage areas on a 987sqm site to the northern corner of Scanlan Street.



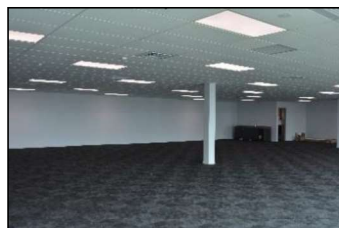
18-20 Northcroft Street, Takapuna sold partially tenanted in June 2023 for **\$10,500,000**. The premises are two neighbouring properties situated on separate titles comprising some 1,594sqm of office space and 22 car parks to 18 Northcroft Street. 20 Northcroft Street comprises of 1,059sqm across 3 levels including 72sqm of storage space and 17 car parks. 18 and 20 Northcroft Street are situated on

separate freehold titles of 1,004sqm and 1,014sqm, totalling 2018sqm of land. The land is zoned Business – Metropolitan Centre, with high rise development a feature of this location. Existing tenancies occupy 87.2% of the floor area. The properties are currently leased at a total analysed net contract income of \$489,819 per annum, reflecting an initial yield of **4.4%**. At full occupancy including notional rents based on the last rentals achieved for the vacant tenancies, we have analysed a net annual rent of \$559,302 plus GST. This reflects an estimated notional initial yield of **5.33%**. The sale price also represented **\$3,958 per sqm** on a combined land and buildings basis, or **\$5,200 per sqm** of land.



31A Normanby Road, Mt Eden sold in May 2023 for **\$4,900,000** reflecting an initial yield of **6.34%**. The property comprises a modernised 1980s commercial unit with a seismic rating of 80% New Building Standard and occupies a front position within a unit title development on the eastern side of Normanby Road within a mixed-use location. The property provides some 852sqm of accommodation and consists of a high stud warehouse, showroom, first floor office accommodation, a mezzanine and 20 car parks. The property was subject to a new 7-year lease in February 2023 to an

existing tenant, Artisan Flooring Limited, for an initial net annual rent of \$310,619 plus GST. The lease provided for 2% fixed annual rental growth and two rights of renewal of 3 years. We have analysed the sale to represent **\$4,886 per sqm** on a combined land and buildings basis excluding the value of the car parks.



7A Pacific Rise, Mt Wellington sold tenanted in December 2022 for **\$17,000,000**. Originally a warehouse converted to office in 2008. The property provides a rentable area of 2,755sqm plus storage and a level 1 deck, and 111 carparks with 34 covered and secure. It occupies a 5,374sqm Business Park zoned site. Bought for part owner occupation with 3 existing

tenancies over 86.7% of the floor area at an average office rent of \$297 per sqm, and carpark rent of \$38.55 per park per week. Features including lift access to all floors, grey water harvesting, and individual amenities for each tenancy. The net contract income per annum was \$854,533 which analyses to an initial yield of **5.03%**. At full occupancy, the premises would achieve an estimated net annual market rental of \$1,131,811 plus GST. On this basis, the sale reflects a market yield of **6.66%**. The sale price also represented **\$6,170 per sqm** on a combined land and buildings basis.



4 Bond Street, Grey Lynn sold vacant in October 2022 for **\$6,715,000** to an owner occupier. The property is a 1970's built commercial building comprising ground and first floor office, showroom space, storage and warehouse accommodation situated to a Business - Mixed Use 1628sqm site with an 18m height limit. It is located on the eastern side of Bond Street and has dual access from Bond Street and Dean Street to



the east of the property. The sale price represented **\$4,977 per sqm** on a combined land and buildings basis.



190 Great South Road, Epsom. This property sold vacant to an owner occupier in September 2022 for **\$6,615,000**. The property is located on the north-eastern side of Great South Road and enjoys frontage to both Great South Road and Patey Road. The sale price represented **\$6,037 per sqm** on a combined land and buildings basis, or **\$5,492 per sqm** excluding the value of the car parks. A visible property handy to public transport options, although a less recognised commercial location.



8 Rockridge Avenue, Penrose sold to a part owner occupier in August 2022 for **\$15,750,000**. At the sale date, the property returned a net income of \$583,779 per annum plus GST. The premises had a vacancy rate of 37.5%. Four tenants leased 1,928sqm of floor area at an average rent of **\$263 per sqm** and 99 of the property's 144 car parks are leased at an average rent of **\$35.02 per park per week**. The property had undergone a base build upgrade. The sale price represented **\$5,001 per sqm** on a combined land and buildings basis, or **\$3,457 per sqm** excluding the value of car parks. We analysed this sale to a market yield of **6.96%** based on full occupancy.



27 Nugent Street, Grafton sold vacant in June 2022 for **\$6,800,000**. The property is a comprehensively refurbished 3-level building, with the ground floor providing car parking, and two upper levels providing office accommodation. The sale analyses to **\$10,130 per sqm** on a combined land and buildings basis excluding the parking floor area. Larger, superior finish, less natural light.



22 Dundonald Street, Eden Terrace sold in May 2022 for **\$5,400,000** representing an initial yield of **0.81%**. At the sale date, the building was circa 85% vacant. The property's ground floor provides covered and secure carparking and one small office suite, together with a formal entry and stair lobby. The upper two levels provide relatively modern office accommodation. As at the date of analysis, out of the 1,063sqm available for rent, only 35sqm of the ground floor, and 115sqm of the second floor are tenanted. The sale also analyses to **\$5,080 per sqm** on a combined land and buildings basis.



60 Khyber Pass Road, Grafton sold in April 2022 for **\$21,000,000** representing an initial yield of 2.87%. At the sale date the building was 64% vacant. This modernised 1980's building provides some 5,060sqm of rentable area over 6 levels. Recent refurbishments were made to the building's exterior, the lobby and HVAC. In addition, the property has a total of 93 car parks located in the basement and to the rear of the site. The sale analyses to **\$4,150 per sqm** on a combined land and buildings basis. Outlook is restricted to a southern aspect.



5.2 Valuation Considerations

The subject property is situated in the Southern Corridor albeit within the suburb of Ellerslie which is less recognised than the main strip of Great South Road. However, the benefit of this location is that there is access to more on-street parking as well as being within walking distance from the Ellerslie town centre.

We have considered commercial office sales in fringe or suburban locations however there is a lack of evidence for larger strata title offices. Although we have considered 31A Normanby Road as evidence, this property is situated in a small commercial complex with several other tenants. Additionally, the premises include some showroom and warehouse uses. Although it may offer some comparison given its title, it does not provide as much in the way of quality and commercial office use.

317-319 New North Road sold in September 2023 for \$33,000,000 with a net lettable area of 4,486 sqm and a net annual rent of \$2,075,544 plus GST, reflecting an initial yield of 6.29%. This property features a low site coverage of approximately 40% with the surplus land currently being used for associated office carparking. It is likely that some value in the purchase price would be attributed to the surplus land. On balance, we consider this a superior asset.

Another notable sale that occurred in August 2023 was 137 Great North Road, which sold for \$7,800,000. This property was partially tenanted for a net annual rent of \$222,271, reflecting an initial yield of 2.85%, however with a net market income on a fully occupied basis the expected net market income is some \$445,225 plus GST reflecting a market yield of 5.71%. This property occupies a strategic corner site with a Mixed Use zoning and provides a variety of ownership options over the medium to long term.

On balance, the subject property offers an average suburban office building, the property has been well maintained and having a comprehensive capital expenditure budget. It is situated in the popular Southern Corridor close to Ellerslie Town Centre. The property is well occupied by government tenancies, and although The Electoral Commission has only short tenure, there is already a signed and executed Lease in place for the Ministry of Justice to take over the premises in January 2024. We have taken into consideration the impact of the new Lease along with the budgeted capital expenditure for its fitout. The strata title sees restricted development or ownership options in comparison to a fee simple equivalent.

Reflecting these factors, we have adopted a capitalisation rate of **7.125%** before adjusting for approaching lease up allowances, incentives and capital expenditure over a 48 month period. On a combined land and buildings basis we have adopted **\$5,500 per sqm**.



5.3 Programmed Capital Expenditure

We have been provided with a programmed capital expenditure budget for the property and summarise this in the following schedule.

Item	Item Cost	Planned Spend Date	Time from Val Date
Air Conditioning & BMS	\$322,370	Various	Various
Auto & Roller Door, Gates	\$13,000	Various	Various
Electrical & Generator	\$228,917	Various	Various
Exterior	\$645,000	Various	Various
Lift & Elevator	\$185,000	Jun-30	81 mths
Roof & Waterproofing	\$100,000	Jun-26	33 mths
Security	\$15,000	Jun-24	9 mths
Health & Safety	\$20,000	Jun-26	33 mths
NABERS	\$100,000	Dec-23	3 mths
Basebuild upgrade GF tenan	\$209,581	Dec-23	2 mths
Total Planned Expenditure	\$1,838,868		

Any capital expenditure can change, whilst actual prices can vary from those budgeted. Notwithstanding, we have incorporated these programmed capital expenditure items in forming our opinion of value which replaces our usual approach of adopting a percentage of net annual income.

5.4 SWOT Analysis

Strengths

- An appropriate standard of suburban office accommodation
- Potential to subdivide the floors
- Central core
- At 1 space per 28sqm, generous car parking
- Proximity to Ellerslie township and public transport
- MSD have committed to a 6 year renewal from 1 February 2020
- MoJ have committed to a 6 year renewal from 17 January 2023
- MoJ have committed to taking additional floor area on the ground floor on termination of the existing Electoral Commission Lease.

Weaknesses

- Fairly generic accommodation
- Some evidence of historic leaking
- Relatively tight on site

Opportunities

- Work with tenants on base building upgrade
- Continue active management of the asset



Threats

- Slowdown in the economy contributing to reduced occupier demand
- Any yield expansion
- The competitive nature of the Southern Corridor office market

5.5 Discounted Cashflow Parameters

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

Renewal Probability:	50%
Make Good Allowance:	\$50 per sqm
Vacancy Period:	6 months
New Lease Term:	6 years
New Lease Reviews:	2 yearly
Net Rent Incentive:	3 months
Capital Expenditure Allowance:	We have received a capital expenditure budget from PMG and have assumed these figures for our allowance. The total planned expenditure was \$1,838,868.
Terminal Yield:	7.40%
Target IRR:	8.50%

Our DCF calculations are contained in Appendix II of this report.

Rating Valuation

Assessed as at 1st June 2021, Land Value \$8,200,000, Improvements Value \$18,300,000, Capital Value \$26,500,000.



6. Valuation

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

CAPITALISATION OF INCOME APPROACH			
		Market Rent	Contract Rent
Passing Income			
Occupied Space		\$ 1,381,574	\$ 1,360,713
Other Income		-	-
Leased Car Parks		\$ 358,800	\$ 351,130
Licensed Car Parks		\$ 37,440	\$ 36,740
Total Passing Income		\$ 1,777,814	\$ 1,748,583
Plus: Recovered Outgoings		\$ 428,634	\$ 428,634
Total Gross Income		\$ 2,206,448	\$ 2,177,217
Plus: Gross Income from Vacancies			
Vacant Floor Space		-	-
Vacant Other Income		-	-
Vacant Car Parks		\$ 60,840	\$ 60,840
FULLY LEASED GROSS INCOME		\$ 2,267,288	\$ 2,238,057
Less: Outgoings			
Recoverable Outgoings		\$ (428,634)	\$ (428,634)
Non-Recoverable Outgoings		-	-
Ground Rent		-	-
FULLY LEASED NET INCOME		\$ 1,838,654	\$ 1,809,423
Capitalised at		7.13%	7.13%
Capitalised Value		\$ 25,805,670	\$ 25,395,411
Capital Adjustments			
Vacancies: Lease-Up Allowance	6 mths	\$ (30,420)	
Leasing Commission	16.0%	\$ (9,734)	
Total Lease-Up Costs		\$ (40,154)	\$ (40,154)
Rent-Free Incentive	3 mths	\$ (15,210)	\$ (15,210)
P.V. of Rental Surplus/Shortfall	7.13%	\$ (46,481)	
Deferred Capitalised Rental Surplus/Shortfall	7.13%		\$ 365,231
Rent Shortfall (New Leases)		\$ (80,438)	\$ (80,438)
P.V. of Unexpired Incentives		-	-
P.V. of Future Lease-up Allowances	48 mths	\$ (268,126)	\$ (268,126)
P.V. Of Future Lease Incentives	48 mths	\$ (75,967)	\$ (75,967)
P.V. of Annual Capital Expenditure	48 mths	-	-
P.V. of Make Good Allowance	48 mths	\$ (53,087)	\$ (53,087)
P.V. of Programmed Capital Expenditure	48 mths	\$ (1,254,049)	\$ (1,254,049)
P.V. of Future Refurbishment Allowance	48 mths	-	-
Total Capital Adjustments		\$ (1,833,512)	\$ (1,421,800)
		\$ 23,972,158	\$ 23,973,610
INDICATED VALUE		\$ 23,950,000	\$ 23,950,000



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

Our calculations are detailed as follows.

LAND & BUILDINGS APPROACH					
65B Main Highway	4,558.1 sqm	@	\$5,400 per sqm	\$	24,613,902
		@	\$5,500 per sqm	\$	25,069,715
		@	\$5,600 per sqm	\$	25,525,528
		adopt			\$5,500 per sqm
INDICATED VALUE				\$	25,050,000

Our assessments are summarised and weighted as follows.

VALUATION SUMMARY			
	<u>Weighting</u>		<u>Assessment</u>
Capitalisation of Income Approach	50%	\$	23,950,000
Land and Buildings Approach	20%	\$	25,050,000
Discounted Cash Flow Approach	30%	\$	24,350,000
ADOPTED MARKET VALUE		\$	24,300,000

6.1 Value Conclusion

In light of the contents of this report we confirm our opinion of market value for capital raising purposes for 65B Main Highway, Ellerslie, Auckland as at 22 September 2023, at:

NZD\$24,300,000
(TWENTY FOUR MILLION THREE HUNDRED THOUSAND DOLLARS)

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

<u>Analysis</u>	
Value per sqm of NLA	\$5,331
Initial Yield	7.20%
Yield on Net Market Income	7.57%
Weighted Average Remaining Lease Term	5.84 years



Compliance Statement

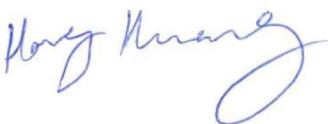
This valuation has been performed in accordance with International Valuation Standards effective 31 January 2022 (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS) and we confirm that:

- IVS 104 define Market Value as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion;
- The statements of fact presented in the report are correct to the best of the Valuer's knowledge and the analysis and conclusions are limited only by the reported assumptions and conditions;
- The Valuer has no interest in the subject property and the valuation fee is not contingent upon any aspect of the report;
- The valuation was performed in accordance with an ethical code and performance standards. The Valuer has satisfied professional education requirements and holds Professional Indemnity Insurance together with a current Valuers Practicing Certificate;
- The Valuer has experience in the location and category of the property being valued and has made a personal inspection of the property;
- No one, except those specified in the report, has provided professional assistance.
- The authors of this report have had the following involvement in its preparation:

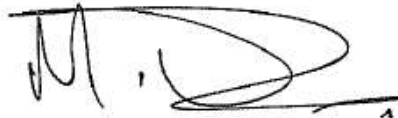
	Matt Tooman	Samuel Huang
<i>Inspection:</i>	Yes	Yes
<i>Report Preparation:</i>	Joint	Joint
<i>Opinion of Value:</i>	Joint	Joint

Our valuation is subject to the attached Disclaimers.

Yours faithfully



Samuel Hong Huang
Registered Valuer
MPINZ, BCom, BProp



Matt Tooman
Registered Valuer
ANZIV, SPINZ



Disclaimers

1. **Valuation Subject to Change** This valuation is only current as at the date of valuation and is based on available information as at that date. The value assessed herein may change over a relatively short period including as a result of general market movement or factors specific to the property. These may include changes in national or international circumstances, environmental circumstances or force majeure events. Therefore, this valuation should be reviewed periodically, and no warranty is given by AIM Valuation Limited ("AIM") as to the maintenance of this value into the future. AIM does not accept liability for losses arising from subsequent changes in value.
2. **Information Supplied by Others** This valuation report includes information derived from other sources, provided by the Client. We have reviewed that information and have assumed that it is accurate. Unless otherwise stated, we have not independently verified that information. The Client acknowledges that AIM is not a specialist in the information from other sources and accepts that AIM is not liable in the event that that information is incorrect. If the information is found to be incorrect AIM reserve the right to reassess our opinion of value.
3. **Our Investigations** This valuation is conducted on the basis that we are not engaged to carry out all possible investigations in relation to the property. Where in our report we have identified certain limitations to our investigations, you may instruct further investigations if you consider this appropriate. AIM is not liable for any loss occasioned by a decision not to conduct further investigations.
4. **Assumptions** Assumptions may be a necessary part of this valuation. AIM adopts assumptions because some items are unable to be accurately calculated or fall outside the scope of our expertise, or our instructions. Assumptions adopted by AIM will be formulated on the basis that they could reasonably be expected from a professional and experienced valuer undertaking a similar valuation. However, the risk that any of the assumptions adopted in this document may be incorrect and have a material impact on the concluded value(s) should be taken into account.
5. **Property Documentation** Where applicable, our assessment of value is provided on the assumption that all Agreements, Leases, Licences, Deeds, Variations and other documentation relevant to establishing the value have been supplied in full. Our assumption includes that all Agreements, Leases, Licences, Deeds and Variations are executed or have been agreed to be executed without any changes and other documentation is the latest accurate available information.
6. **Side Agreements** In the event that the Client becomes aware of any side agreements, this valuation must not be relied upon before first consulting AIM to reassess any effect on the valuation.
7. **Disclosure** AIM must be advised in the event that the Client becomes aware of any changes relating to the information and advice provided by the Client. This includes, without limitation, any changes to information and advice provided in relation to encumbrances, registered/unregistered interests, title, and land area/dimensions. In any such event, this valuation must not be relied upon without consulting AIM first to reassess any effect on the valuation.
8. **Future Matters** To the extent that the valuation includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to AIM at the date of this valuation. AIM does not warrant that such statements are accurate or correct.
9. **Site Survey** We do not commission site surveys and will acknowledge if one is provided to us. We have assumed there are no encroachments by or on the property, and the Instructing/Reliant Parties should confirm the status by obtaining a current survey report and/or advice from a registered surveyor.
10. **Property Titles** Our Record of Title search identifies all current easements, interests or encumbrances. In the event that a future title search is undertaken which reveals new or different easements, interests or encumbrances AIM should be consulted to reassess any effect on our assessed value.
11. **Contamination** Unless otherwise stated, we have assumed that the site is free of contaminants that would prevent the continuation of the current use or the planned development of the site. Unless otherwise noted, we have assumed that the improvements are free of contamination, or should contaminants be present then they do not pose significant risk to human health, nor require immediate removal. Our visual inspection is an inconclusive indicator of the actual condition/presence of contamination within the property. We make no representation as to the actual environmental status of the property. If any formal testing is undertaken to assess the presence, if any, of contamination of the property and this is found to be positive, this valuation must not be relied upon without first consulting AIM to reassess any effect on the valuation.
12. **Hazardous Materials** Where the current use includes the storage and/or processing of hazardous materials, we assume the storage and processing to be compliant. We make no representation as to the actual status of hazardous materials on the property. If any testing or auditing is undertaken and identifies issues with hazardous materials on site, this valuation must not be relied upon before first consulting AIM to reassess the valuation.
13. **Earthquake-Prone Buildings** If the property is earthquake-prone, as defined by the Building Act and local government policies on Earthquake-Prone Buildings, then unless otherwise stated, our value estimate makes no allowance for any costs of investigation, upgrading, demolition or other steps which may be incurred by the building owner to meet policy and Building Act requirements. We



are not qualified to determine the Earthquake Rating of buildings. An assessment by a suitably qualified building engineer may be needed. If the building is later found to be earthquake-prone this valuation must not be relied upon before first consulting AIM to reassess the valuation.

14. Site Conditions Unless otherwise specified we have assumed the site is suitable for the current use. In the case the property has redevelopment potential, we proceed on the assumption the site is suitable for the planned redevelopment and would not incur development costs above those which prevail in the market.
15. Council Records Unless otherwise stated, we have not obtained a Land Information Memorandum (LIM) or Property File (PF) or Planning Advice from the Territorial Authority. In the case that the Client provides us with a LIM or PF we assume that these are current and accurate. In the event that the LIM or PF is provided later and found to be materially different to the resource management information detailed within the valuation, we reserve the right to amend our valuation.
16. Inclusions & Exclusions Unless otherwise stated, our valuation includes those items that form (or will form) part of the building service installations such as heating and cooling equipment, lifts, sprinklers, lighting etc, that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed by the occupant or operator or are used in connection with the enterprise carried on within the property.
17. Floor Area Where we have not undertaken the floor area measurement, we have proceeded on the assumption that the floor areas provided have been calculated in accordance with the Property Council of New Zealand (PCNZ) and Property Institute of New Zealand (PINZ) Guide for the Measurement of Rentable Areas (GMRA). In those circumstances where specific areas are not covered by the GMRA the Client must provide any separately agreed definitions of Rentable Area. In the event that there is a material variance in Rentable Area, we reserve the right to review our valuation. Any measurement undertaken by AIM is an estimate of rentable area only.
18. Condition & Repair Unless otherwise stated, our valuation proceeds on the assumption that the structure and service installations of the building do not reveal any defects requiring significant expenditure that would have a material impact on the valuation conclusions. Additionally, we assume that the building complies with all relevant statutory requirements in respect of matters such as health, building and fire safety regulations.
19. Currency All values are in New Zealand Dollars \$NZD.
20. Valuation Standards The valuation report is carried out in accordance with the International Valuation Standards effective 31 January 2022 (IVS) and the Australia and New Zealand Valuation and Property Standards (ANZVPS).
21. Value Conclusion Our Value Conclusion does not include any deduction for the cost of realisation or the balance of any outstanding mortgages or other charges
22. Lease Covenant Strength Unless specifically requested, we do not make detailed enquiries into the covenant strength of occupational tenants but rely on our judgement of the market's perception of them. Any comments on covenant strength should therefore be read in this context. Furthermore, we assume, unless otherwise advised, that the tenant is capable of meeting its financial obligations under the lease as and when they fall due and that there are no arrears of rent or undisclosed breaches of covenant.
23. Taxation and GST In preparing our valuations, no allowances are made for any liability which may arise for payment of income tax or any other property related tax, whether existing or which may arise on development or disposal, deemed or otherwise. We also specifically draw your attention to the fact that our valuation has been undertaken on a plus GST (if any) basis, unless otherwise stated.
24. Confidentiality Our valuation report and its contents are confidential. It is prepared for the Client and Intended Users and for the Purpose stated. AIM accepts no responsibility or liability for use of and reliance on the valuation report by other parties for the same Purpose or other Purposes. Further, no responsibility is accepted to parties other than the Client for any errors or omissions whether of fact or opinion.
25. Publication Our valuation report or any part of it, may not be published or form a part of any other material or communication, without prior written approval of AIM. Such approval is required whether or not AIM is referred to by name and whether or not the report is combined with others.
26. Valuation Report Review This valuation report is signed by a Registered Valuer in the employ of AIM, and confirms the Registered Valuer has inspected the property, peer-reviewed the report, and been integral to the concluded value(s).



Appendix I – Record of Title



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



Identifier 99584
Land Registration District North Auckland
Date Issued 01 July 2003

Prior References		Supplementary Record Sheet
40127	40128	50292

Estate Stratum in Freehold
Legal Description Unit B and Accessory Unit 1-8, 15-18, 23,
25-28, 32 Deposited Plan 310188

Registered Owners
PMG Direct Office Fund Trustees Limited

The above estates are subject to the reservations, restrictions, encumbrances, liens and interests noted below and on the relevant unit plan and supplementary record sheet
5320580.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 20.8.2002 at 3:20 pm
11408853.4 Mortgage to ASB Bank Limited - 18.4.2019 at 4:31 pm

Transaction Id
Client Reference vthomson001

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Register Only



Identifier

99584



**SUPPLEMENTARY RECORD SHEET
UNDER UNIT TITLES ACT 1972**

Search Copy

Identifier **50292**
Land Registration District **North Auckland**
Date Issued 20 August 2002
Plan Number DP 310188
Subdivision of
Lot 1 Deposited Plan 51483 and Lot 2 Deposited Plan 51483
Prior References
NA1A/794 NA1C/1176
Unit Titles Issued
99583 99584

Interests

OWNERSHIP OF COMMON PROPERTY

Pursuant to Section 47 Unit Titles Act 2010 -

- (a) the body corporate owns the common property and
- (b) the owners of all the units are beneficially entitled to the common property as tenants in common in shares proportional to the ownership interest (or proposed ownership interest) in respect of their respective units.

The above memorial has been added to Supplementary Record Sheets issued under the Unit Titles Act 1972 to give effect to Section 47 of the Unit Titles Act 2010.

Subject to Section 59 Land Act 1948 (affects part Allotment 7A Section 12 Suburbs of Auckland)

Subject to Section 8 Coal Mines Amendment Act 1950 (affects part Allotment 7A Section 12 Suburbs of Auckland)

Subject to an electricity right (in gross) over part marked A on DP 310188 in favour of Vector Limited created by Transfer D609189.2 - produced 31.5.2001 at 3:21 and entered 11.6.2001 at 9:00 am

5320580.2 Consent Notice pursuant to Section 221 Resource Management Act 1991 - 20.8.2002 at 3:20 pm

5320580.4 Change of rules of the Body Corporate - 20.8.2002 at 3:20 pm

9292552.1 Notice of change of body corporate operational rules pursuant to Section 106 Unit Titles Act 2010 - 25.1.2013 at 8:48 am

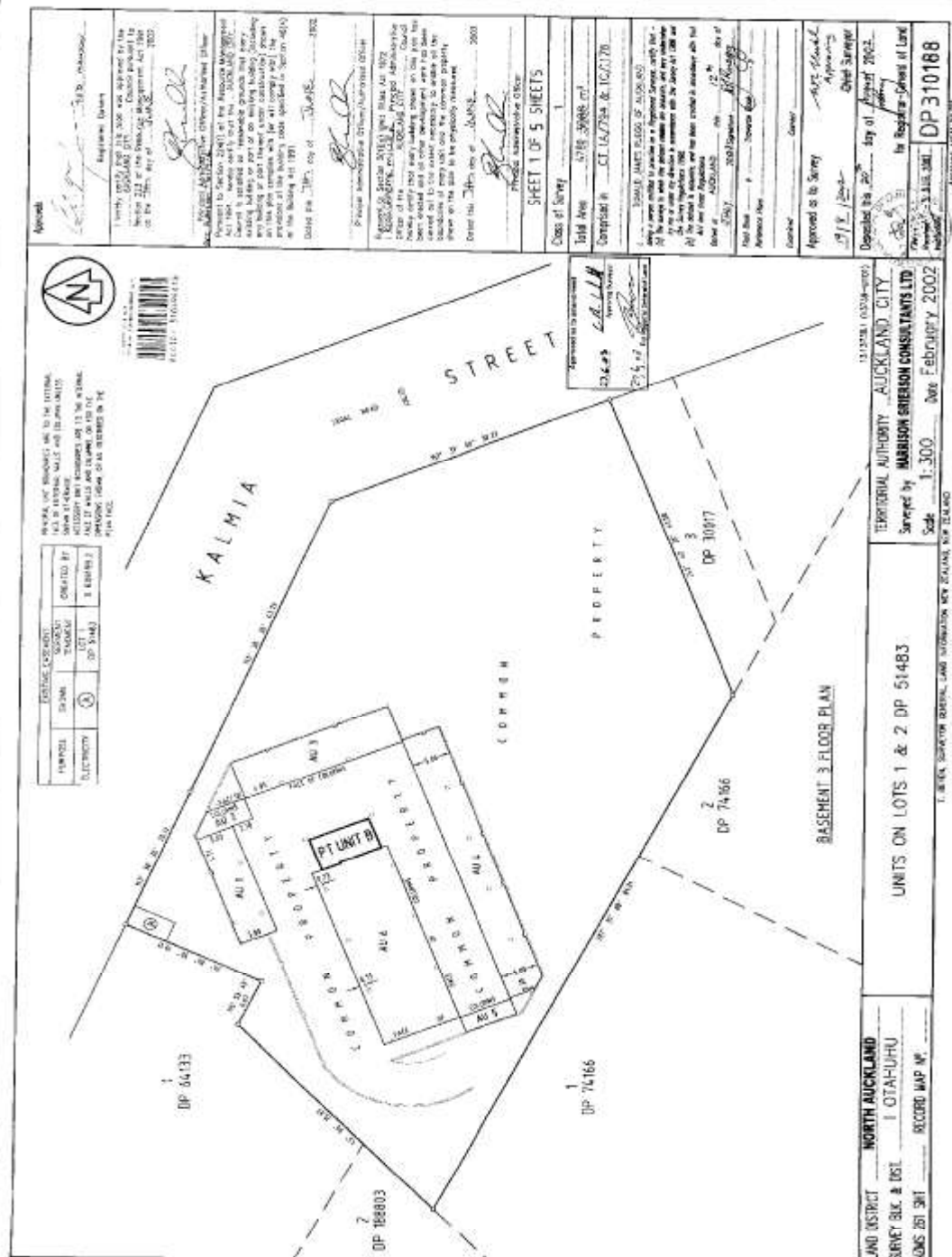
9292552.2 Change of address of the Body Corporate - 25.1.2013 at 8:48 am

Transaction Id
Client Reference vthomson001

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Register Only



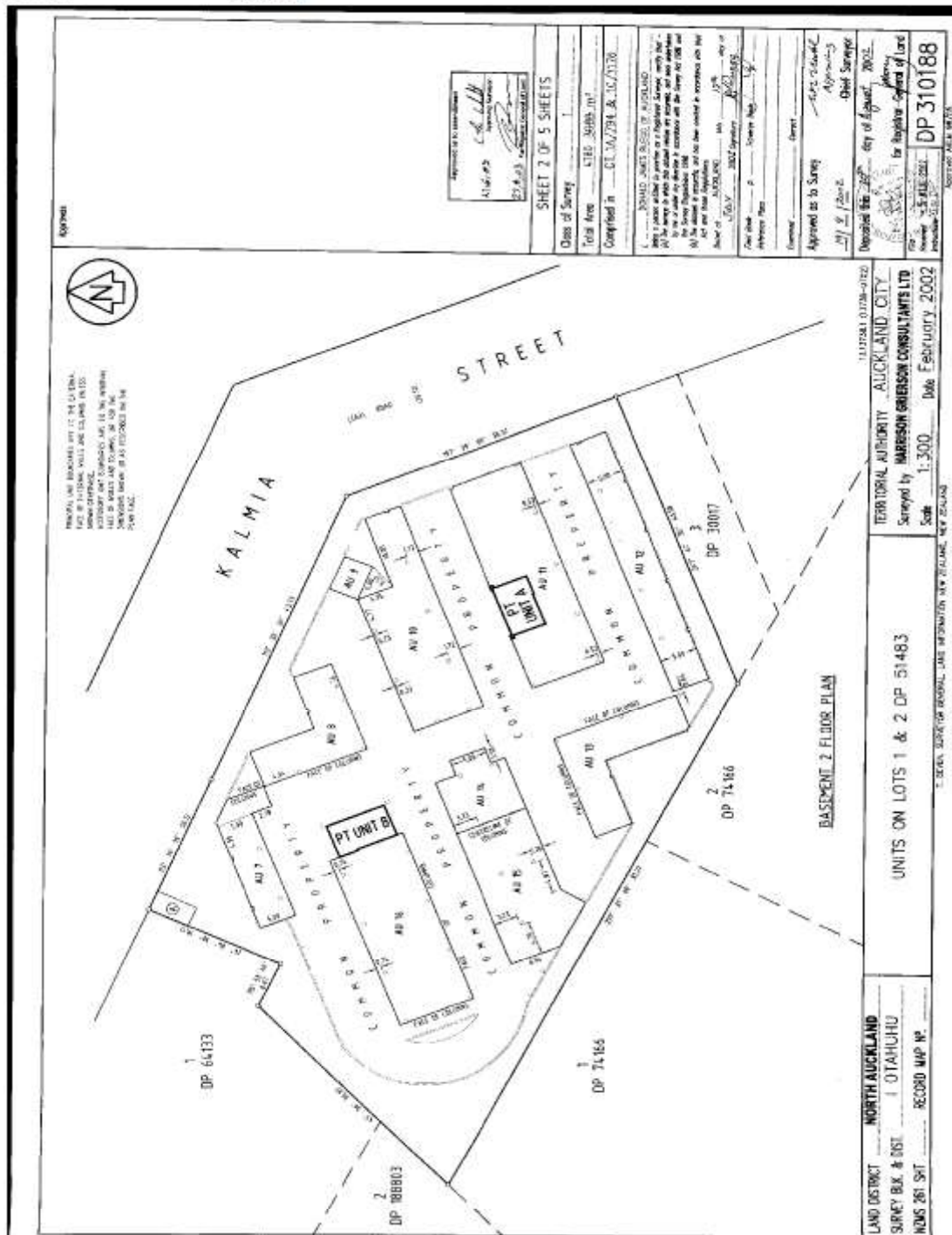
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Transaction Id
Client Reference vthomson001

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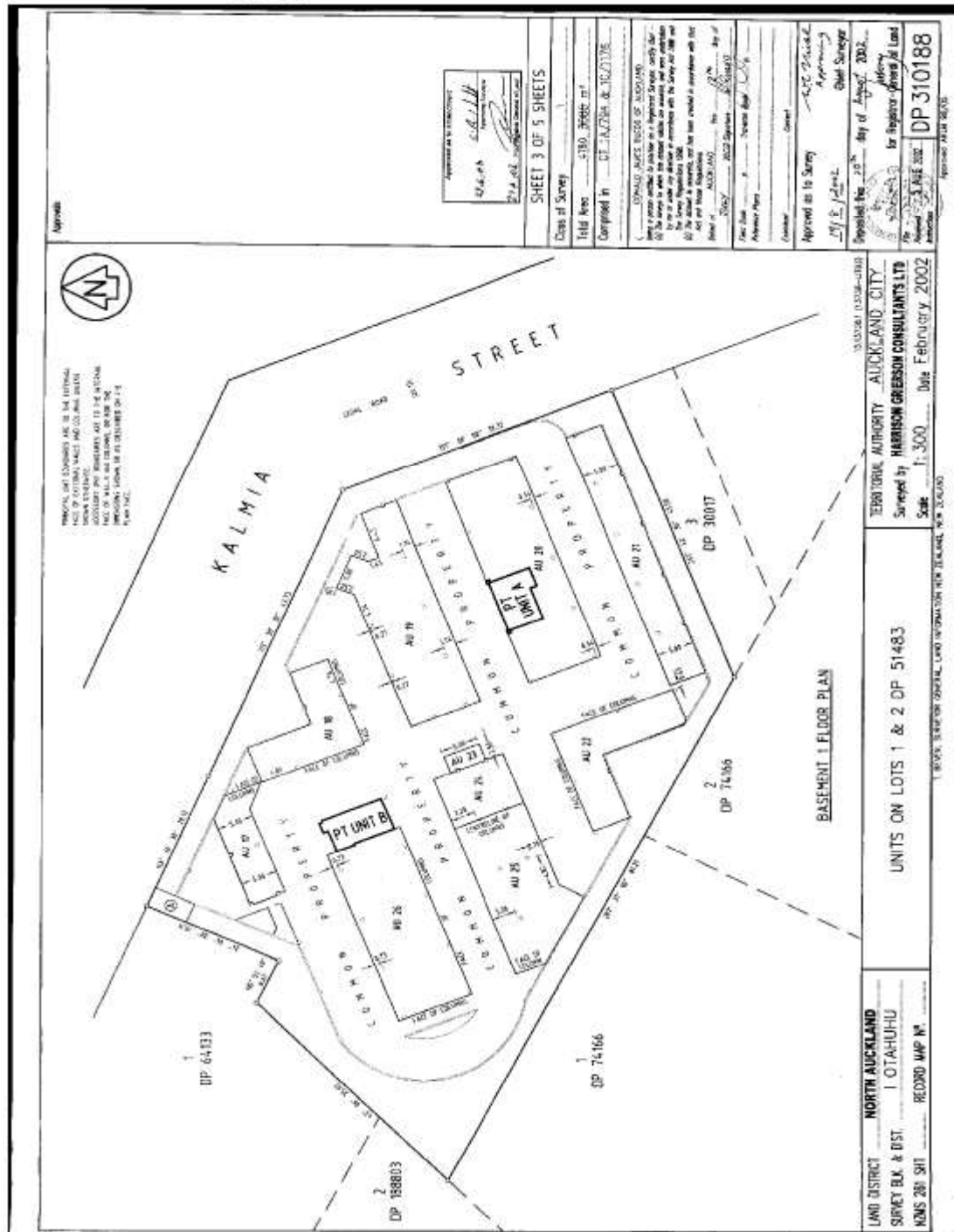
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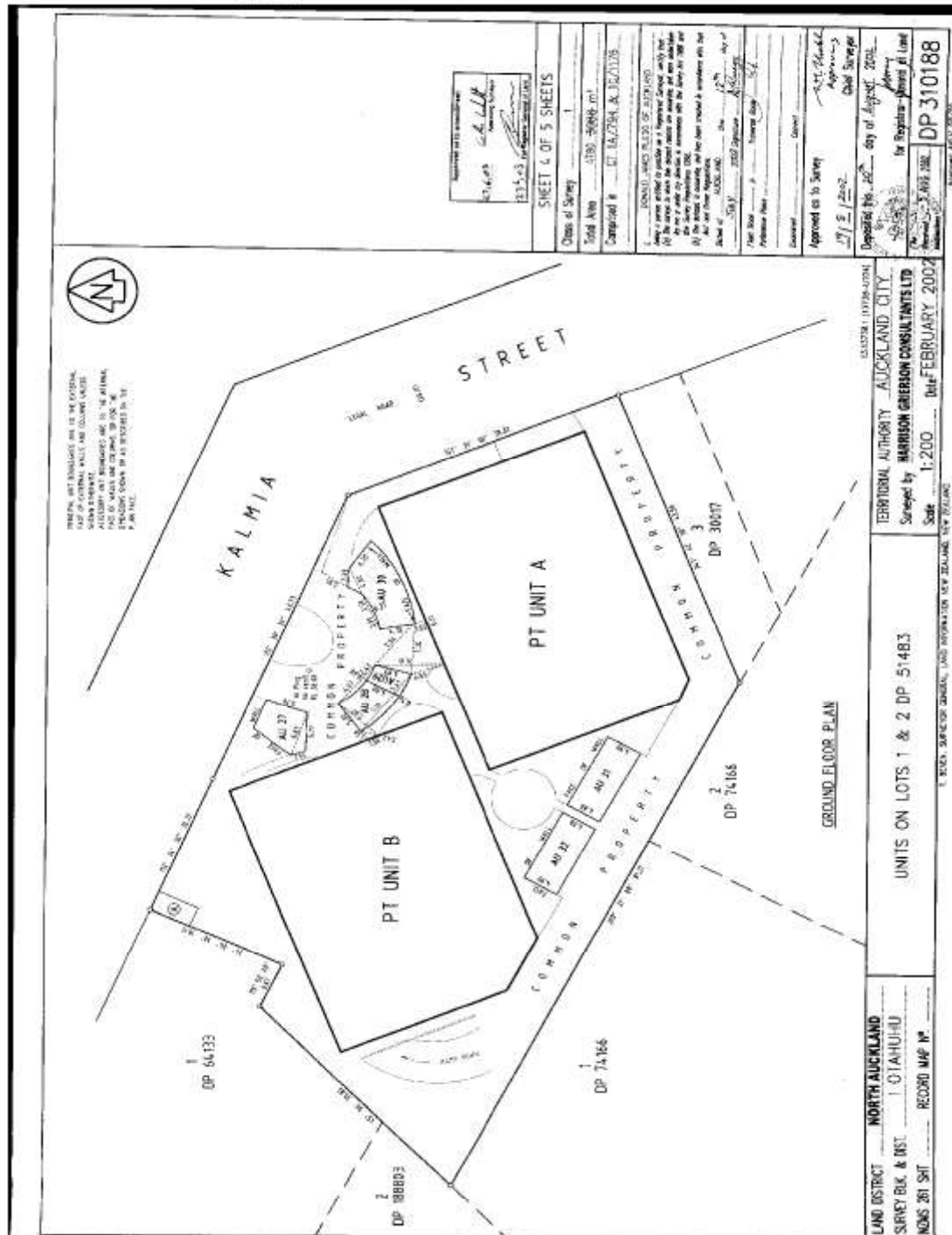
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Transaction Id
Client Reference vthomson001

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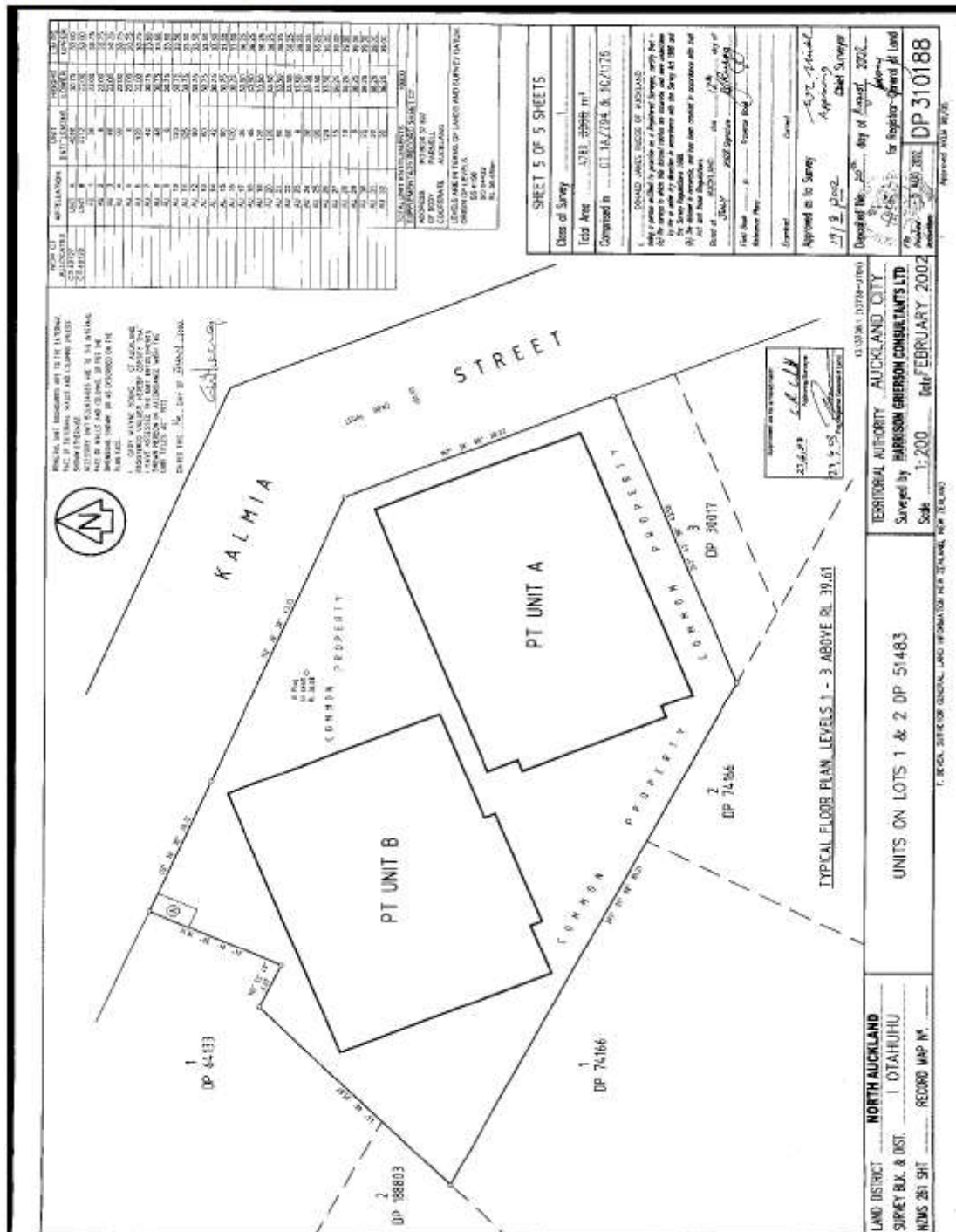
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Transaction Id
Client Reference vthomson001

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Appendix II – Discounted Cashflow Analysis

DISCOUNTED CASH FLOW SUMMARY											
Selling Considerations	Terminal Yield	7.40%	Target IRR		8.50%		Purchase Considerations				
	Agent Commission	1.00%	Net Present Value		24,356,857		Purchase Price		24,350,000		
	Legal Fees	0.50%	INDICATED VALUE		24,350,000		Legal Fees		121,750		
							Cost of Purchase		24,471,750		
Valuation Year	1	2	3	4	5	6	7	8	9	10	11
Year Ending	Sep-24	Sep-25	Sep-26	Sep-27	Sep-28	Sep-29	Sep-30	Sep-31	Sep-32	Sep-33	Sep-34
Income											
Passing Rent (as occupied)	1,395,789	1,415,355	932,403	703,153	728,258	728,258	748,632	781,609	781,609	481,846	0
Car Park Rent	396,199	373,244	235,707	168,804	176,077	176,077	179,544	189,029	189,029	138,376	0
New Leases	0	0	304,253	730,208	744,054	763,437	779,201	801,271	608,582	960,129	1,701,114
Future Car Park Income	61,257	100,438	237,644	311,424	318,431	325,962	334,111	342,464	351,025	414,496	576,049
Recovered Outgoings	415,342	441,493	396,571	468,380	477,747	487,302	497,048	506,989	450,982	463,073	538,021
Rent Shortfall (New Leases)	(63,312)	0	0	0	0	0	0	0	0	0	0
Total Income	2,205,274	2,330,530	2,106,579	2,381,969	2,444,567	2,481,036	2,538,537	2,621,362	2,381,228	2,457,920	2,815,185
Less											
Recoverable Outgoings	(428,634)	(441,493)	(454,737)	(468,380)	(477,747)	(487,302)	(497,048)	(506,989)	(517,129)	(527,472)	(538,021)
Non-Recoverable Outgoings	0	0	0	0	0	0	0	0	0	0	0
Unexpired Incentives	0	0	0	0	0	0	0	0	0	0	0
Ground Rent	0	0	0	0	0	0	0	0	0	0	0
Vacancy Allowance - Licensed Car Parks	5%	(1,913)	(1,948)	(1,992)	(2,037)	(2,085)	(2,137)	(2,191)	(2,246)	(2,302)	(2,359)
Total Net Income	1,776,640	1,887,124	1,649,893	1,911,597	1,964,783	1,991,649	2,039,351	2,112,182	1,861,854	1,928,147	2,274,804
Adjustments											
New Lease Commissions	0	0	(77,530)	0	0	0	0	0	(89,431)	(23,577)	(65,841)
New Lease Incentives	0	0	(91,276)	0	0	0	0	0	(70,587)	(72,987)	(77,595)
Annual Capital Expenditure (% of Income)	0	0	0	0	0	0	0	0	0	0	0
Make Good Allowance	0	0	(62,363)	0	0	0	0	0	(70,395)	(68,588)	0
Programmed Capital Expenditure	(953,531)	(24,904)	(275,536)	(82,389)	(151,118)	(57,075)	(288,753)	(41,567)	(42,398)	(43,246)	0
Future Refurbishment Allowance	0	0	0	0	0	0	0	0	0	0	0
Net Sale Price	0	0	0	0	0	0	0	0	0	0	30,354,926
NET CASH FLOW	823,109	1,862,220	1,145,188	1,829,208	1,813,665	1,934,574	1,750,598	2,070,615	1,589,043	1,719,748	30,354,926



Appendix III – Tenancy Schedule

Tenant	NLA (sqm)	Car Parks	Contract Rent (\$pa)	Contract Rent (\$psm)	Other Income	Outgoings (\$pa)	Outgoings (\$psm)	Car Park Rent (\$pa)	Car Park Rent (\$pw)	Lease Start	Lease Term	Lease Expiry	Option(s) (years)	Option Notice	Standard Review	Ratchet Clause	Next Review	
Tenancies																		
1 The Electoral Commission (then Ministry of Justice)	565.4	2	183,755	325.00		53,169	94.04	5,720	55.00	17-Jan-24	9.00	16-Jan-33	1	3 mths	3.0yrly Market	Hard	17-Jan-27	
2 Ministry of Justice	1,660.6	53	494,509	297.79		156,156	94.04	151,060	54.81	1-Jul-18	15.00	30-Jun-33	1	3 mths	3.0yrly Market	Hard	1-Jul-24	
3 Ministry of Social Development	2,332.2	65	682,449	292.63		219,309	94.04	194,350	57.50	1-Feb-20	6.00	31-Jan-26			Ann. CPI/3.0 yrly Market	Soft	1-Feb-24	
Car Parks																		
Licensed Car Parks		16						36,740	44.16	Various		Various						
Vacant Car Parks		26																
Total	4,558.1	162	1,360,713	298.52		428,634	94.04	387,870	46.04									
Total Annual Rent			1,748,583	(excluding outgoings from net leases)												Weighted Average Lease Term: 5.84 years		

